

BUDGET SUMMARY



VOLUME ONE
FY 2024/25 Budget

Adopted FY 2024/25 Budget

City of Scottsdale, Arizona

Volume One Budget Summary



City Council

David D. Ortega, Mayor
Barry Graham, Vice Mayor
Kathy Littlefield
Tammy Caputi
Tom Durham
Betty Janik
Solange Whitehead

Administrative Staff

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Sonia Andrews, City Treasurer/CFO	Trey Nilles, Sr. Budget Analyst
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FY 2024/25 Adopted Budget – Volume One

Budget Summary

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Scottsdale: Building Community in the Desert

Scottsdale’s dedication to building a community known for outstanding livability, community prosperity and distinctive character is evident in thoughtfully designed civic spaces and engaging programs. These resources invite residents of many backgrounds and experiences to gather, connect and engage. Each park, plaza and public venue is a testament to Scottsdale’s commitment to strengthening community bonds and celebrating the unique spirit of the city through placemaking. This focus is guided by General Plan 2035, which was approved by voters in November of 2021, and envisions Scottsdale as a city that provides exceptional experience, outstanding livability, community prosperity and distinctive character.

Scottsdale’s General Plan 2035 comprises seven different community values, which provide focus to this year’s achievements and next year’s objectives. Continue reading to learn how Scottsdale is striving to fulfill the community’s aspirations and ensuring a sustainable and successful future for residents.

If you have comments or suggestions on how we can improve this document, please contact the City Manager’s Office: 480-312-2800 | citymanager@ScottsdaleAZ.gov.

Connecting the Community through Civic Center and Old Town Events



25,000+

visitors attended events at Scottsdale Center for the Performing Arts



130,000

people attended the 2024 Spring Training season



11,400

children and their parents sat in for storytelling at Civic Center Library



30+

residents graduated the Government 101 Citizen Academy



Respect Character and Culture

Scottsdale protects and enhances the community’s unique features



Learn more at [ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search “get involved”

Highlighted Accomplishments

- This year’s Arabian Horse Show saw its highest participation ever recorded, with 250,000 attendees. This longstanding event, running for 68 years in Scottsdale, supports charitable organizations including Phoenix Children’s Hospital and March of Dimes with its proceeds.
- The Development Review Board approved amendments to the Old Town Scottsdale Urban Design & Architectural Guidelines to ensure the community’s aesthetic vision for Scottsdale’s downtown area aligns with recent City Council-adopted amendments to the Old Town Scottsdale Character Area Plan and the city’s Zoning Ordinance.



Looking Forward

- In 2024/25, the city will once again conduct the National Community Survey, a biennial effort to gather community wide feedback through a random sample survey. Results are used throughout the organization to improve service and identify emerging priorities.



Conserve and Preserve the Environment

Scottsdale leads in the stewardship of the Sonoran Desert environment

Highlighted Accomplishments

- The Parks and Recreation team participated in the Tree City USA program for the 42nd consecutive year, planting 471 trees for a total of over 24,000 trees across Scottsdale.
- Scottsdale residents have saved 9.3 million gallons of water, thanks to the WaterSmart portal leak detection system. This tool monitors water usage, alerts customers to potential leaks, and optimizes water conservation.

Looking Forward

- The Solid Waste Transfer Station will be upgraded to enable businesses to divert green waste from the landfill by bringing it to the transfer station, where it will be repurposed for mulch or compost. These diversion initiatives support sustainability by reducing landfill waste and provide resources for residents.



Learn more at [ScottsdaleAZ.gov](https://scottsdaleaz.gov), search "preserve"



Collaborate and Engage

Scottsdale fosters transparent, responsive and collaborative community involvement



Scottsdale 101 Citizens Academy

Highlighted Accomplishments

- The Protect and Preserve Scottsdale Task Force provided a final recommendation to City Council on a financial strategy to maintain open spaces in the city.
- Scottsdale was named the Top Digital City for 2023 by the Center for Digital Government (CDG) for cities of our size. This award is an annual recognition given to cities across the United States that demonstrate exemplary use of technology to improve public service, enhance transparency, and engage citizens effectively.
- The Neighborhood College program provides residents and HOAs with resources, information, and tools to become active community leaders. During 2023, 20 classes were held both in-person and virtually, with 642 participants.

Looking Forward

- There will be public engagement opportunities about sustainability in Fall 2024. Topics for discussion will include energy, water, waste, air quality and extreme heat.

The **48 square miles** of Scottsdale's McDowell Sonoran Preserve is the equivalent to **36 of New York City's Central Park**



Reporting issues is EZ

SCOTTSDALE EZ

Residents made 39,184 requests using Scottsdale EZ last year. The number one request? Residential container repair. Have a broken recycling container or other issues? Report it at [ScottsdaleAZ.gov](https://scottsdaleaz.gov), search "EZ".



Foster Well-Being

Scottsdale promotes a culture of physical and mental health, safety and well-being

Highlighted Accomplishments

- Through the Bridge Housing Program, Human Services achieved an 86 percent success rate providing a safe and stable place to stay for seniors and families with minor children who have been displaced from their Scottsdale home. The program includes supportive services to assist participants with securing stable housing within 120 days and has served 168 participants since its start.
- Scottsdale Police Department hosted the largest department event in history, a Town Hall to address the dinnertime burglaries. 1,500 residents attended the event in-person, and another 2,000 joined the session online!

Looking Forward

- The construction of the Thomas A. Hontz Police and Fire Training Facility is scheduled to be completed in Fall 2024. This public safety facility is a Bond 2019 project.
- An ambulance program will launch services in January 2025. The addition of ambulatory training to the fire department will improve the level of emergency medical care for Scottsdale residents.



6:07 minutes average police response time.



5:22 minutes average fire response time.



Fire Department public education and outreach connected with **45,000 people**.



Scottsdale libraries welcomed more than **109,519 visitors**.



322 volunteers with Vista del Camino & Paiute neighborhood centers.



20,001 food boxes provided at senior and community centers.



Scottsdale's McDowell Sonoran Preserve had **815,000 visits**.



Connect the Community

Scottsdale connects all community members through safe and efficient mobility options

Highlighted Accomplishments

- The Council's policy decisions and the infrastructure initiatives led by the Transportation and Streets Department have resulted in a nearly 66 percent decrease in serious vehicular collisions over the last 30 years, accompanied by a reduction in fatal collisions. Initiatives include roundabouts, enhancements at intersections, safety upgrades and the strategic diversion of city traffic to freeways.
- Scottsdale received the gold-level Bicycle Friendly Community award from the League of American Bicyclists for the 4th year in a row. Achieving the gold level has many requirements which span across five categories, known as "the 5 Es": engineering, education, encouragement, evaluation and planning, and equity and accessibility.

Looking Forward

- The construction of a pedestrian tunnel will provide residents with a safe route under Chaparral Road connecting Chaparral and Camelback parks. This project exemplifies ongoing infrastructure efforts aimed at enhancing pedestrian safety and reducing injuries from vehicular accidents.



Advance Innovation and Prosperity

Scottsdale embraces a diverse and innovative economy

Highlighted Accomplishments

- In support of the Buy Local initiative, Scottsdale sponsored participants for the ImpactAZ 2025 program, resulting in public education workshops to assist local businesses with bidding and contracting procedures that will allow them to do business with the city.

Looking Forward

- The High Performance and Innovation Team relaunched as the Scottsdale Innovation team. In Fiscal Year 2024/25, this team has secured new funding to launch innovative pilot projects throughout the city. The funding will provide seed funds to develop projects using innovative technologies, programs and services.
- The Scottsdale College Promise agreement was approved by City Council in June of 2024, giving way to the creation of a scholarship fund for Scottsdale high school graduates and Scottsdale residents. Looking ahead, the city will work with its educational partners to develop an accompanying internship program to encourage public service career pathways for students.



Revitalize Responsibly

Scottsdale vigorously evaluates the short and long-term impacts of development and redevelopment decisions

Highlighted Accomplishments

- On May 6, 2024, the City Council passed ordinance changes to address negative impacts of vacation rentals. These include prohibiting minors from renting properties, adding promoters as a responsible party, and giving police authority to ask non-residents to leave a property after a nuisance party is declared.

The typical Scottsdale household pays less for monthly water, wastewater, trash and recycling services than the average rates for other Valley cities.
 Source: 2024 Comparative Cost of Services

City	Monthly Cost
CHANDLER	\$74
SCOTTSDALE	\$106
AVERAGE*	\$116
MESA	\$147

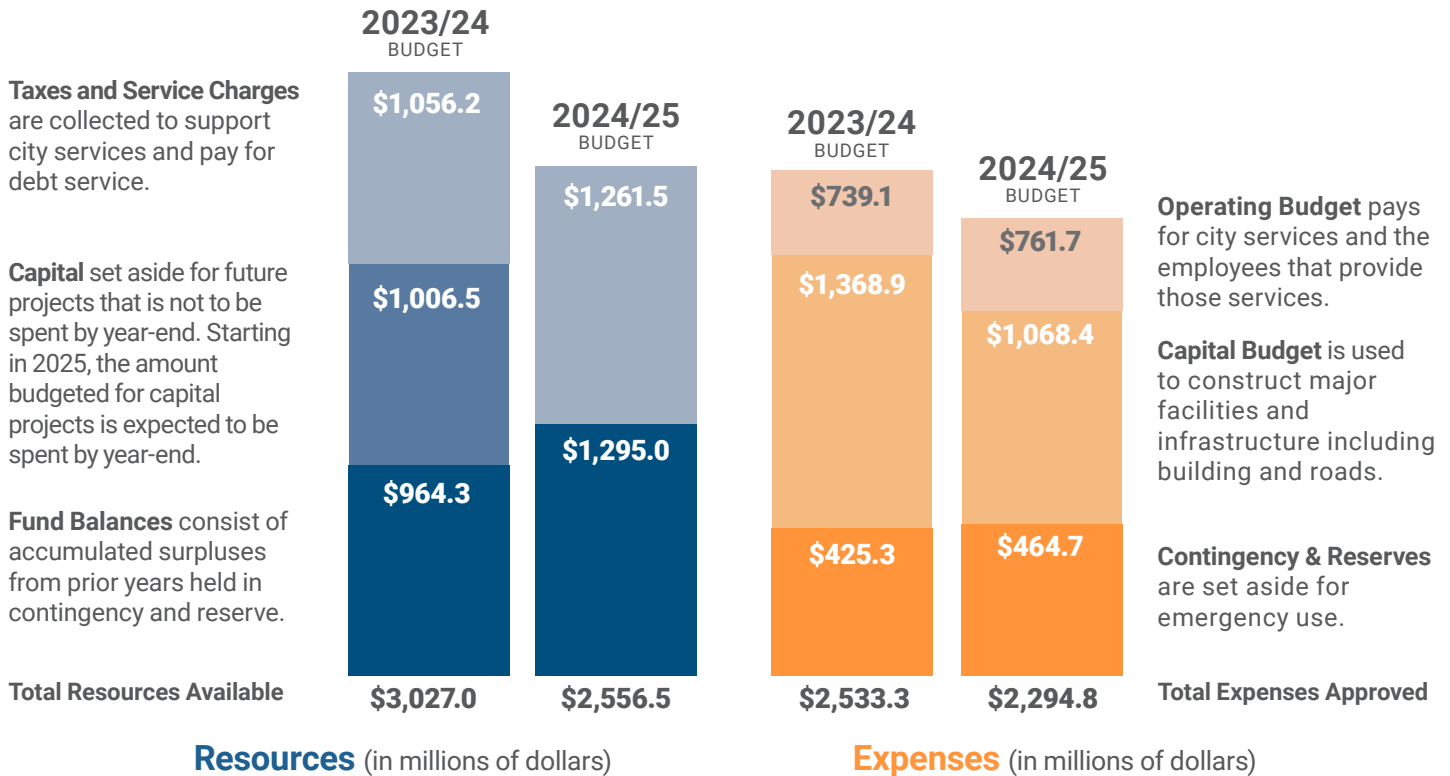
Values are rounded to the nearest dollar. Bills may vary based on actual usage and size of property
 *Average of the eight largest cities in the Valley

Looking Forward

- The Special Noise Violations Ordinance staff working group continues to address sound concerns while balancing special events and business needs with residents' quality of life. A City Council Work Study has been completed, and a draft ordinance is in progress to be presented to the public for community input this fall. The ordinance seeks to maintain a vibrant entertainment culture while managing impacts of sound on nearby residential neighborhoods.

Resources and Expenses

Scottsdale is required by law to adopt a budget each year and cannot spend more than the total budgeted amount. This includes all city funds for the fiscal year ending June 30. City Council adopted the Fiscal Year 2024/25 budget in June 2024. The city's financial statements are audited annually by an independent auditor.





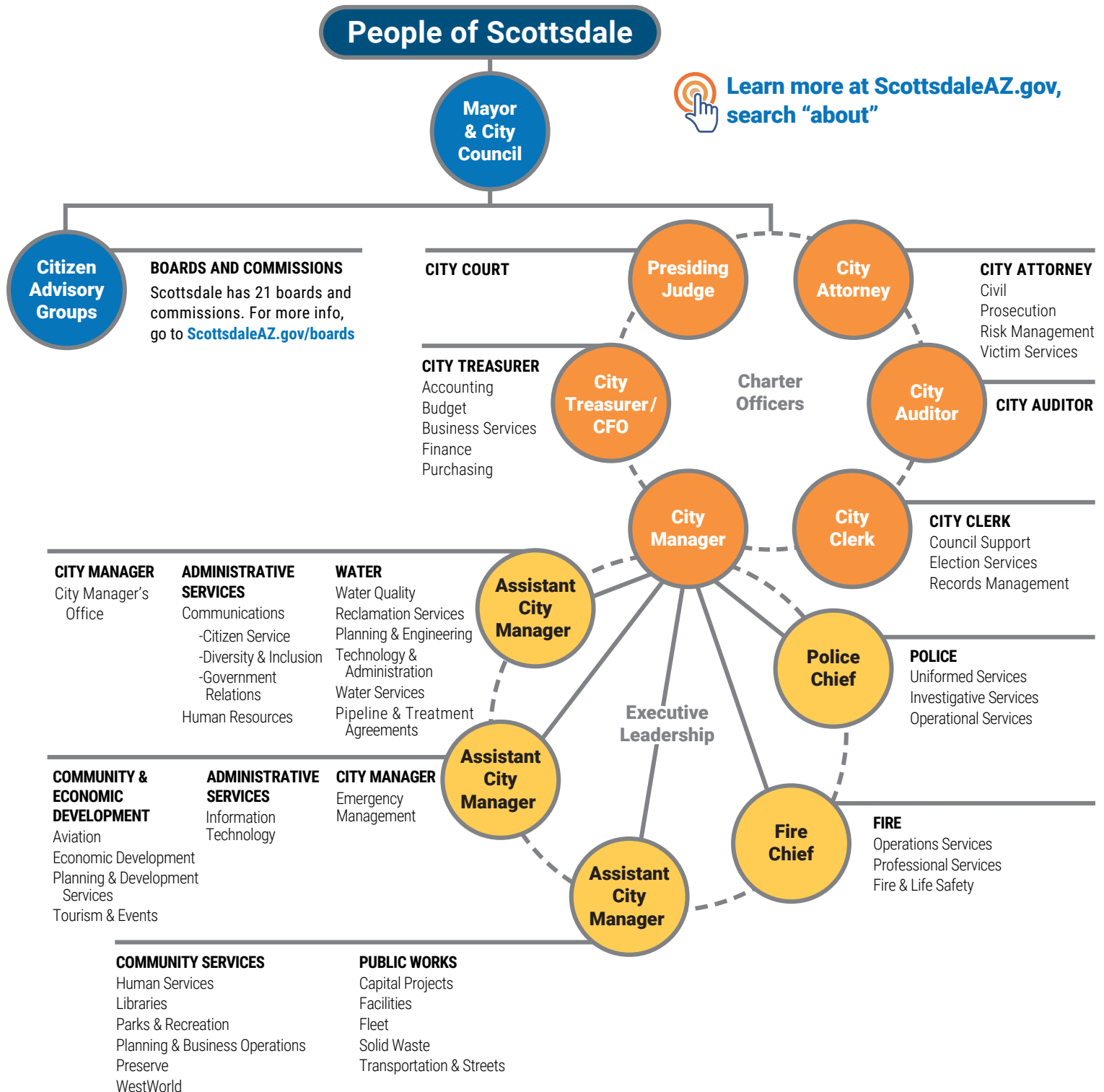
An Introduction to Our Leadership

The voter-approved City Charter established the Council Manager form of government which combines the strong political leadership of elected officials with the professional experience of an appointed local government manager.

People of Scottsdale



Learn more at ScottsdaleAZ.gov, search "about"



Scottsdale City Council

The City Council consists of the mayor and six council members who are elected to represent the city at large and serve overlapping, four-year terms. These seven residents oversee city government and set policy, approve programs, appropriate funds, enact laws, select charter officers, and appoint the members of the city's advisory boards and commissions. The mayor is the chair of the Scottsdale City Council and presides over its meetings, which are typically held on Tuesdays in the City Hall Kiva Forum located at 3939 N. Drinkwater Blvd. in Old Town Scottsdale.



Mayor David D. Ortega began his first term as mayor in January 2021. He is focused on safeguarding public health and safety, maintaining Scottsdale's family-friendly neighborhoods, protecting the McDowell Sonoran Preserve and strengthening Scottsdale's world-renowned reputation. As mayor, he is committed to equal rights for all, responsive citizen-driven government, economic vitality and community wellness. Mayor Ortega is a registered Arizona architect and designed many landmark buildings in Old Town Scottsdale. He is a graduate of the University of Arizona and was an apprentice architect to Bennie Gonzales FAIA, the award-winning designer of Scottsdale City Hall, Civic Center Library and Scottsdale Center for the Performing Arts. Throughout his life, Mayor Ortega has served on numerous city, county and state commissions, and on many civic and nonprofit organizations including serving as a Scottsdale City Councilman from 2000 to 2004, on the Scottsdale Downtown Architectural Guidelines Committee, Scottsdale Development Review Board, the State of Arizona School Facilities Board and the Governor's Latino Advisory Council. He is a member of the American Institute of Architects, Scottsdale Leadership and McDowell Sonoran Conservancy. He is a past president of the Scottsdale Sunrise Rotary Club. Mayor Ortega and his wife, Rosemary Gannon, have been married for 44 years. They live in the Park Scottsdale neighborhood near Saguaro High School where they raised their children Alexandra and Luke.

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Councilwoman Caputi began her first term on the City Council in January 2021. She has lived and worked in Scottsdale for over 20 years. She is the president and owner of Yale Electric West, Inc., a company she founded in Scottsdale in 2001. Councilwoman Caputi holds a Bachelor of Arts degree in Economics from Wellesley College in Wellesley, Massachusetts,

and a Master of Business Administration from Simmons University in Boston. Councilwoman Caputi is a Fellow with the Flinn-Brown Arizona Center for Civic Leadership and Leading for Change and current chair of the Scottsdale Coalition of Today and Tomorrow (SCOTT), an organization dedicated to promoting, enhancing, and improving Scottsdale's quality of life and economic vitality through community education and involvement in public policy issues. Councilwoman Caputi, along with her husband, Steve, enjoys many outdoor activities and physical pursuits. They have three young daughters who attend local public schools.

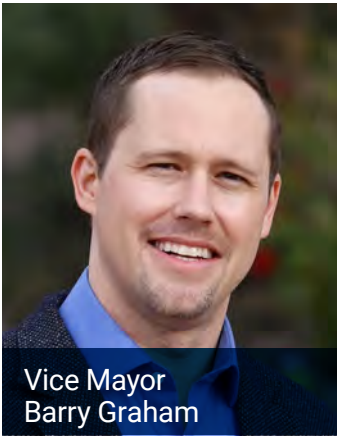
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Councilmember Durham began his first term on the City Council in January 2021. He grew up in a small town in Iowa and attended Cornell College in Mt. Vernon, Iowa, where he graduated Phi Beta Kappa and magna cum laude in 1977, with majors in philosophy and history. After graduating from Cornell College, he attended New York University Law School. He

then joined international law firm Mayer Brown, where he specialized in tax controversy, representing the firm's clients in audits, trials, and appeals of local, state, and federal tax cases. During his time at Mayer Brown, he was recognized by Chambers USA as one of the top 25 tax controversy lawyers in the nation. Councilmember Durham retired from Mayer Brown in April 2015 and soon thereafter became a full-time resident of the city of Scottsdale. He served as treasurer of the Protect Our Preserve political action committee and has also volunteered as a mock trial coach at a local high school, teaching trial skills, teamwork, and the rules of evidence. His wife Martha is a retired Episcopal deacon, and they have two sons who live in the Midwest.

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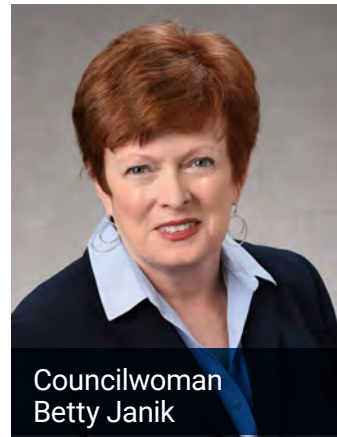


Vice Mayor
Barry Graham

Councilmember Graham began his first term on the City Council in January 2023. He grew up in northern Scottsdale and was an all-state athlete at Chaparral High School. Today he lives in southern Scottsdale where he and his wife, Farrah, are raising their twin sons. He is a Certified Public Accountant (CPA) for one of the most prestigious accounting firms in

Arizona. He specializes in auditing the financial statements and analyzing the performance of private businesses, most of which are based in Arizona. Barry spent several years after high school in Massachusetts, earning undergraduate degrees from Boston University in Economics and International Relations. While working as an analyst in the Massachusetts State Legislature, Barry graduated from the University of Massachusetts with a Master of Science in Accounting where he delivered the commencement address. Barry has served as a precinct committeeman since 2012 and was twice-elected treasurer of his political party's local legislative district.

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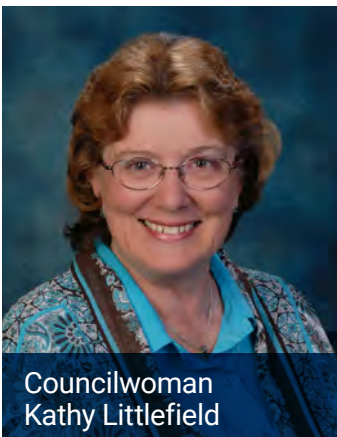


Councilwoman
Betty Janik

Councilwoman Janik began her first term on the City Council in January 2021. She was born and raised in Chicago and earned a Bachelor of Science in Chemistry from the University of Illinois Chicago. After college, she was employed by GD Searle, where her primary research concentrated on dissolving blood clots—an endeavor which

was awarded in international publication. Thereafter she took time off to start a family. She taught math and science for nearly 10 years at both the middle school and high school levels in the Denver area. After relocating to Scottsdale, she has served in many volunteer roles including as the past treasurer of Protect Our Preserve and past president of the Board of the Coalition for Greater Scottsdale. She and her husband, Joe, a pediatric surgeon (now retired), have been married over 50 years. They have three grown children, all physicians, and nine delightful grandchildren.

BJanik@ScottsdaleAZ.gov | 480-312-2374



Councilwoman
Kathy Littlefield

Kathy Littlefield began her third term on the City Council in January 2023. She has 25 years of financial and management experience. She co-founded (with her husband Bob Littlefield, who served three terms on the Scottsdale City Council from 2002 to 2015) and continues to manage ...and continues to manage their successful Scottsdale-based company, NetXpert Systems, Inc. dba

Flight Skills. Her previous professional experience includes working in the Budget Office of the City of Plano, Texas, as an office manager for a local greetings company, and as the finance director for Girls Ranch, a nonprofit organization formerly in Scottsdale. She served as president of her Civitan Club (an organization that helps developmentally disabled and underprivileged children), where she was chosen "Civitan of the Year" for her efforts. Councilwoman Littlefield is a Scottsdale native. She attended the Scottsdale Unified Schools Ingleside Elementary and Arcadia High and graduated with distinction from Arizona State University in 1970 with a bachelor's degree in business education.

KLittlefield@ScottsdaleAZ.gov | 480-312-7412



Councilwoman
Solange Whitehead

Councilwoman Whitehead began her second term on the City Council in January 2023. She came to Scottsdale in 1996 from San Diego for 'just six months', fell in love with everything Arizona and never went back. She is an electrical engineer, a Granite Reef Senior Center volunteer, and a former Scottsdale Preserve Commissioner. During

her tenure, Scottsdale has increased protections for the McDowell Sonoran Preserve, dedicated new parks, expanded water conservation programs, and increased funding for the city's infrastructure and public safety. Councilwoman Whitehead and her husband have three grown children and spend a lot of time outdoors.

SWhitehead@ScottsdaleAZ.gov | 480-312-7423

Charter Officers

The City Council hires six officers to advise them on policy issues and run day-to-day operations. They are collectively known as the charter officers because their positions are spelled out in the City Charter, a voter-approved document which describes the organization and authority of the city government in Scottsdale. These positions are the city manager, city attorney, city auditor, city clerk, city treasurer/chief financial officer, and presiding city judge. The city manager is the chief executive officer and is responsible for about 90 percent of the city's work force.



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Lai Cluff
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Ben Lane
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Sonia Andrews
City Treasurer & Chief
Financial Officer
SAndrews@ScottsdaleAZ.gov
480-312-2364



Marianne Bayardi
Presiding Judge
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480-312-7604

Highlighted Recognition

Scottsdale Airport Receives FAA Western-Pacific Region Outstanding Airport Award

The Federal Aviation Administration (FAA) is responsible for managing air traffic in U.S. airspace. The award recognizes airports that excel in various aspects of airport management and development. Scottsdale was lauded for its dedication to operational excellence and innovation, safety and community engagement in completing substantial improvement and construction projects. 171,675 take offs and landings occurred at Scottsdale Airport in 2023, making it one of the busiest single-runway general aviation airports in the state, and among many reasons Scottsdale Airport was inducted into the Scottsdale History Hall of Fame in 2023.

Civic Center Wins the Crescordia Award

Arizona Forward awarded Scottsdale Civic Center the Crescordia award for "Civic Buildings, Structures, and Landscape Design." This award recognizes outstanding achievements in various categories of environmental design, including civic buildings, structures, and landscape design, highlighting projects that exemplify exceptional sustainability and harmony with the environment. Designed with sustainability in mind, the project features bioswales for stormwater management, permeable pavements with underground water systems, roof water collection at the East Bowl to support existing trees, and new low-water plants.

Scottsdale Water Achieves Excellence and Receives 15 Awards from AZ Water Association

Scottsdale Water won the Water Distribution System of the Year award for the Large System category, showing Scottsdale's sophisticated water delivery system. Team members not only surpass industry metrics but also play a crucial role in enhancing the public outreach program.

Scott Piros of the Gainey Ranch Treatment Facility won the Small Treatment Plant Supervisor of the Year. Scott was recognized with the award for enhancing preventive maintenance processes, boosting operator engagement, and applying proactive methods to address treatment issues.

Finally, Scottsdale Water's facilities and departments won thirteen of the association's Safety awards. This recognition is given to those who create safe working environments and protect the health and well-being of employees and the public.



Find more recognitions and rankings at [ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search "recognition and rankings"

Welcome to Scottsdale, Arizona

A World-Class Community

Located in the beautiful Sonoran Desert, Scottsdale is nestled at the foot of the McDowell Mountains in the Valley of the Sun. Scottsdale is a premier community known for a high quality of life with attractive residential, working and shopping areas. Our community is an internationally recognized visitor destination and a thriving location for businesses of all kinds.

Scottsdale consistently ranks among the nation's best places to live, with top-rated schools, award-winning parks, low crime rates and a vibrant economy. Old Town Scottsdale is home to many restaurants, retail shops, art galleries and resort hotels. Scottsdale's McDowell Sonoran Preserve is a permanently protected Sonoran Desert habitat encompassing nearly 48 square miles. There are recreational opportunities for everyone with many golf courses, tennis and pickleball courts, parks, pools, and hundreds of miles of bike paths and trails.

Scottsdale was founded by Army Chaplain Winfield Scott in 1888 but was not incorporated until 1951 when Scottsdale was a small community of 2,021 residents situated on about two square miles of land. Today, Scottsdale is home to more than 244,000 residents enjoying the rich diversity of experiences offered within the city's 185 square miles.



Juneteenth Celebration



Western Week – Dancers



Veterans Day – Boy Scouts of America



Dogs Day Out - Tail Waggin' Tales Scottsdale Public Library

Western Heritage, Extraordinary Living

Business

Scottsdale features a diverse economy with key sectors like IT services, finance, healthcare innovation, logistics, tourism and corporate headquarters. The city has over 31,000 companies and more than 220,000 jobs. Notable business districts include Old Town Scottsdale, a charming glimpse into the city's history with its Western-themed storefronts, galleries and restaurants. The Scottsdale Airpark, to the north, is the city's largest employment area, housing corporate headquarters, technology firms and aviation-related businesses. In southern Scottsdale, the McDowell Road Corridor provides access to freeways, Sky Harbor International Airport and SkySong, ASU's Innovation Center, where companies can collaborate and innovate.

Tourism

With its excellent weather, stunning landscapes and a bustling calendar of events, Scottsdale attracts nearly 11 million visitors each year. Scottsdale's visitors contribute an estimated \$3.5 billion annually to the local economy and additionally, they generate nearly \$73.8 million in tax revenue, representing more than 20 percent of the city's total tax income.

Scottsdale's destination marketing organization, Experience Scottsdale and city staff used the newly updated Tourism and Events Strategic Plan to improve experiences for tourists and residents. Scottsdale created targeted promotions for the Arts District and Museum of the West and successfully launched the Fall in Love campaign for the Civic Center renovation with over 70 events held in October and November 2023. Partnerships with Old Town businesses enhanced annual events such as Scottsdazzle and Western Week. The Tourism Development Commission funded 38 events, with a marketing impact valued at \$2.3 million, nearly double the funding provided at \$1.2 million. The Commission's funding comes from the "Bed Tax" and is a crucial part of maintaining Scottsdale's appeal as a destination.

Special Events

Every year, residents, visitors and TV viewers alike enjoy Scottsdale's world-class sporting and cultural events. Scottsdale resorts host Fiesta Bowl teams, while Old Town becomes a hub for sports enthusiasts. The Barrett-Jackson Collector Car Auction headlines a week of automotive attractions, featuring over 40 hours of live TV coverage. Scottsdale's events season includes the festive Parada del Sol Historic Parade and Trail's End Festival and the Scottsdale Arabian Horse Show—one of the nation's largest. In March, Major League Baseball takes center stage as Old Town Scottsdale becomes the spring training home of the San Francisco Giants.

With the NCAA Men's Final Four in Arizona, Scottsdale's Waterfront became a fan destination attracting 23,000 visitors to its basketball-themed installation, the Canaley-Oop. With the help of the Local Organizing Committee, Scottsdale transformed the Marshall Way Bridge with a sports court, "live" NCAA tournament bracket board, a 13-foot cactus hoop basketball statue and hosted three event days.



Scottsdale Top Attractions



⑥ Talesin West



⑦ McCormick-Stillman Railroad Park



⑧ Indian Bend Wash Greenbelt



⑨ Scottsdale Fashion Square



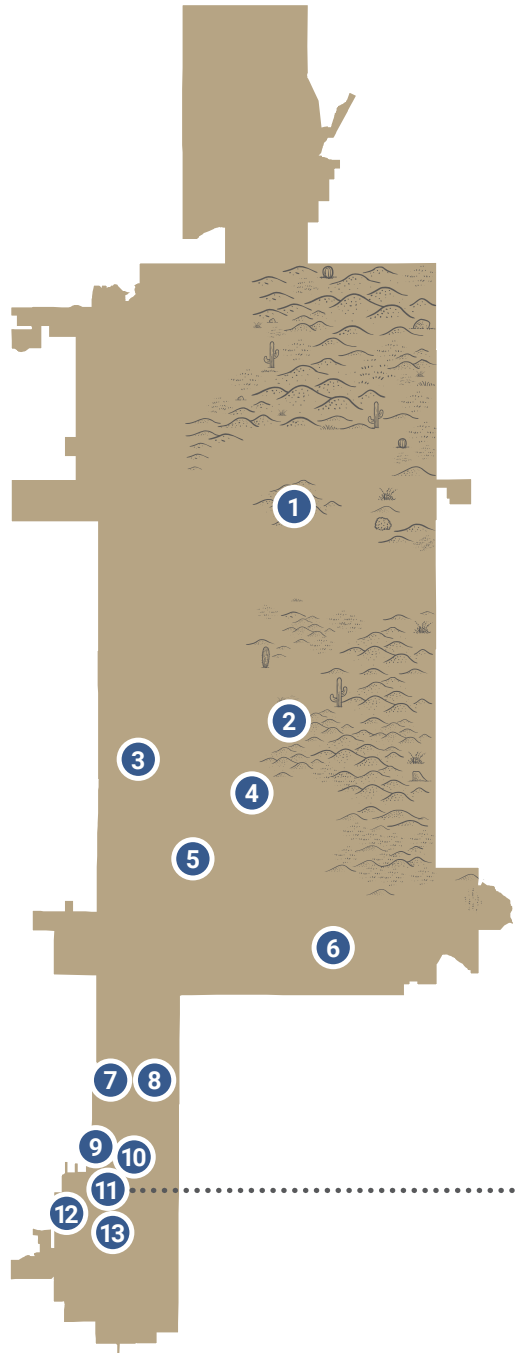
⑤ Scottsdale Airport/Airpark



⑩ Scottsdale Waterfront



④ WestWorld



⑪ Civic Center



③ TPC Scottsdale



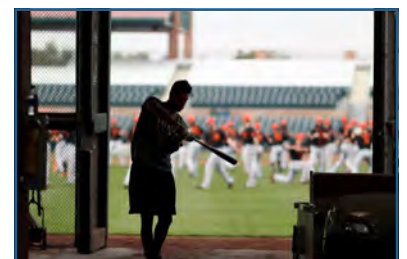
⑫ Scottsdale's Museum of the West



② Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



① Pinnacle Peak Park



⑬ Scottsdale Stadium

Connecting Residents to Physical and Digital Civic Spaces

As a world class desert city and destination, Scottsdale invests in public spaces that connect and engage residents with the city and each other. Scottsdale is a community of choices, welcoming to, and inclusive of, diverse cultures and lifestyles and seeks to create both physical and digital civic spaces for our residents.

Premier Community Spaces

The newly remodeled and award-winning Scottsdale Civic Center is a vibrant testament to the city's commitment to public engagement. Realizing the vision developed by the community, Civic Center returned as a signature venue, perfect for events and gatherings, casual strolls and relaxation in the historic heart of Scottsdale. Approved by voters in the 2019 Bond election, this project includes a new 360 Stage with surrounding lawns, splash pad and new water features and landscaping, saving 400,000 gallons of water. Residents can enjoy new outdoor activities, events and concerts as well as enjoy the world-class public art and access key community spaces such as the Civic Center Library, City Hall, Scottsdale Museum of Public Arts and the Scottsdale Center for Performing Arts.



Scottsdale Civic Center, Photo by Aero Drone Visions

Innovative Digital Civic Engagement

To foster community engagement, the City of Scottsdale developed innovative digital platforms that enable residents to connect and provide feedback on important issues. Through the use of QR codes strategically placed in physical locations, residents can easily access Hello Scottsdale, a mobile/SMS engagement platform, to voice their opinions on various matters. Moreover, Scottsdale boasts a robust online presence, with 110,000 followers across social media channels, 13,000 subscribers to the city's weekly e-newsletter and 6,258 residents actively participating in the city's questionnaire platform, Polco. These digital spaces allow Scottsdale more avenues of contact and communication so residents can stay up to date in the community and provide important feedback.

Through digital and physical spaces, Scottsdale progresses as a sophisticated city while maintaining our small-town charm.



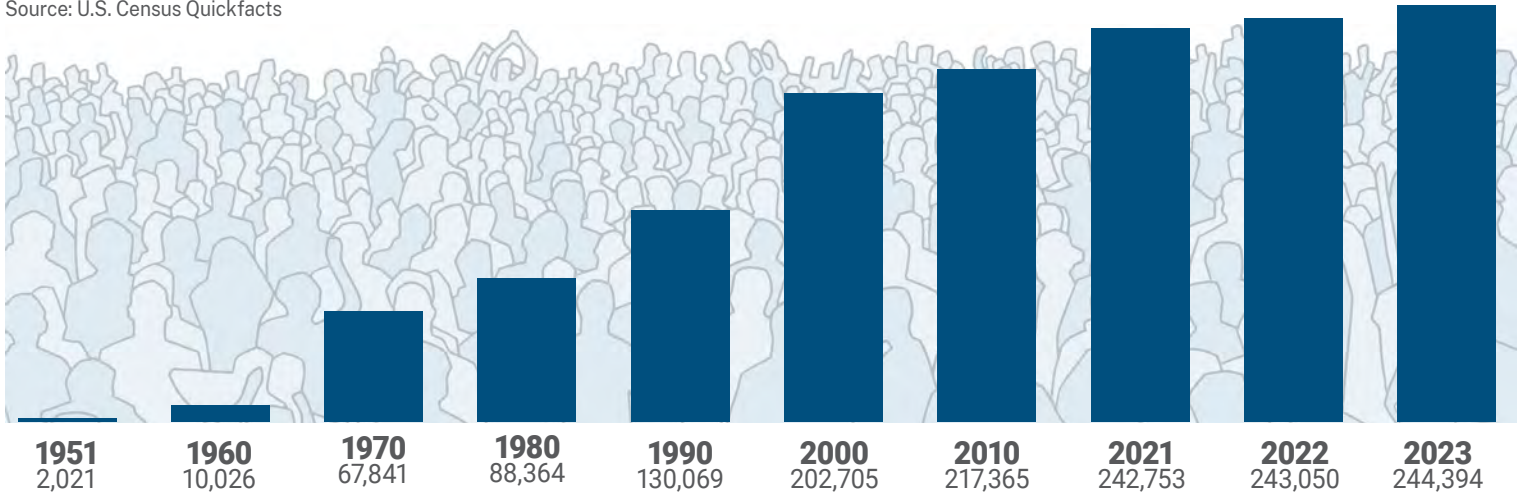
Books to Boogie Event



Jazz Ambassadors Event

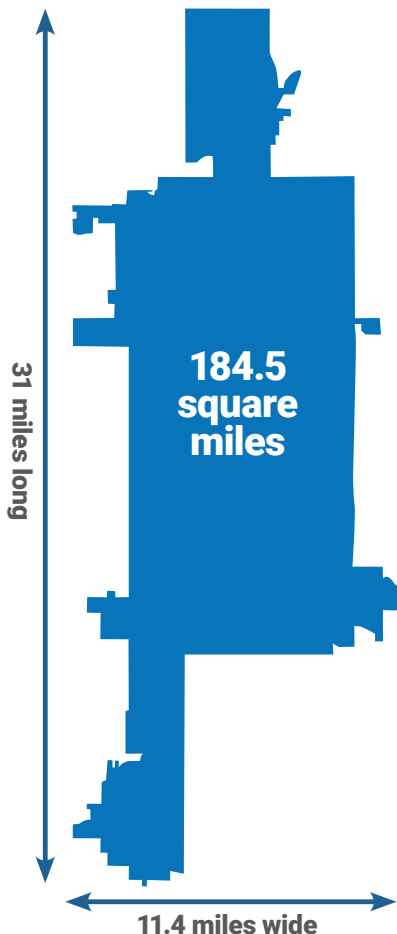
Scottsdale by the Numbers: A Demographic Summary

Source: U.S. Census Quickfacts



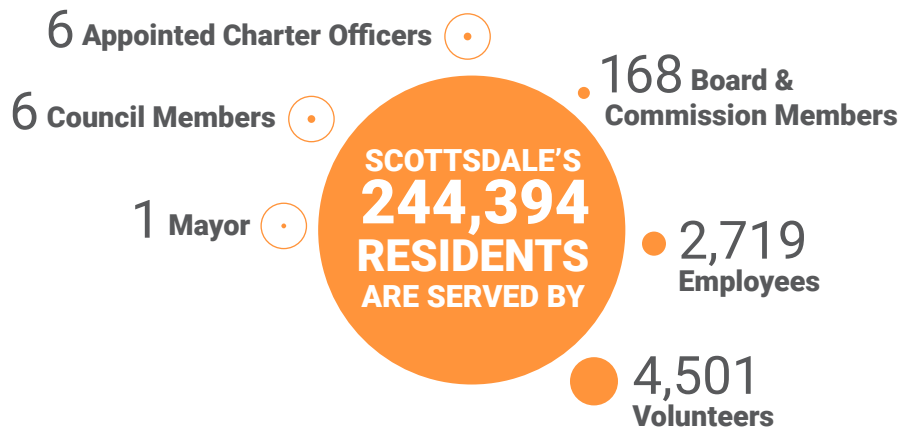
Scottsdale is the 48th largest city in the U.S. by area.

U.S. Census Bureau Quickfacts and City of Scottsdale



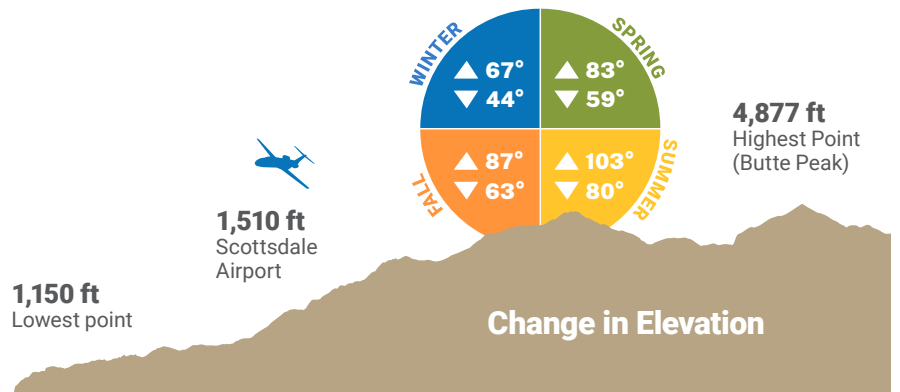
Over 6,000 people directly serve the residents of Scottsdale.

Source: U.S. Census Bureau Quickfacts and City of Scottsdale



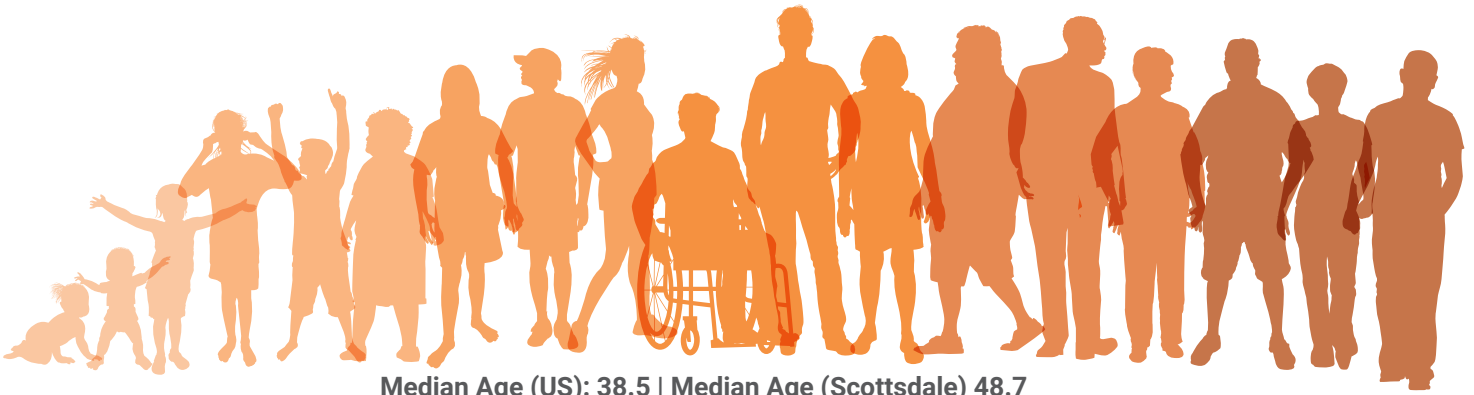
Scottsdale's elevation rises by nearly 4,000 feet from south to north.

Source: City of Scottsdale and Scottsdale Airport Weather Station



Scottsdale Residents

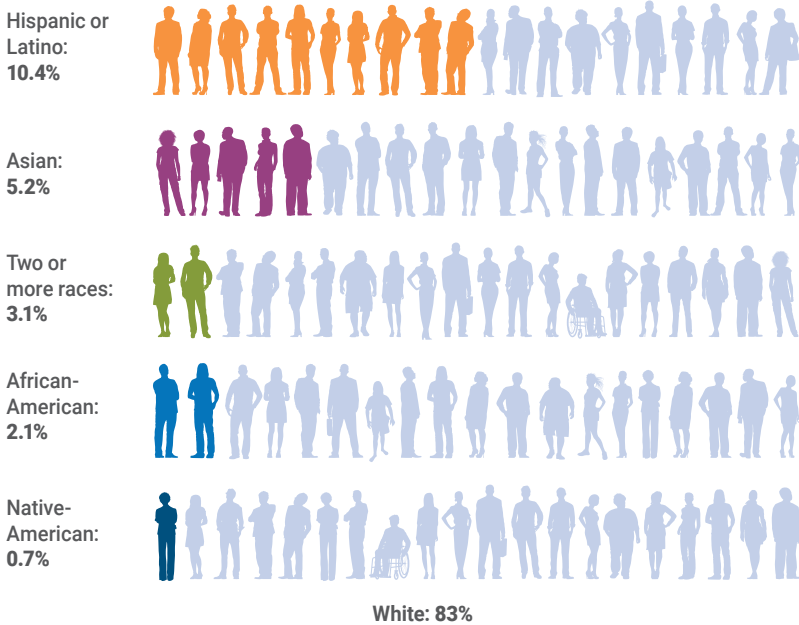
Scottsdale's median age of 48.7 is more than 10 years older than the U.S. median age of 38.5.



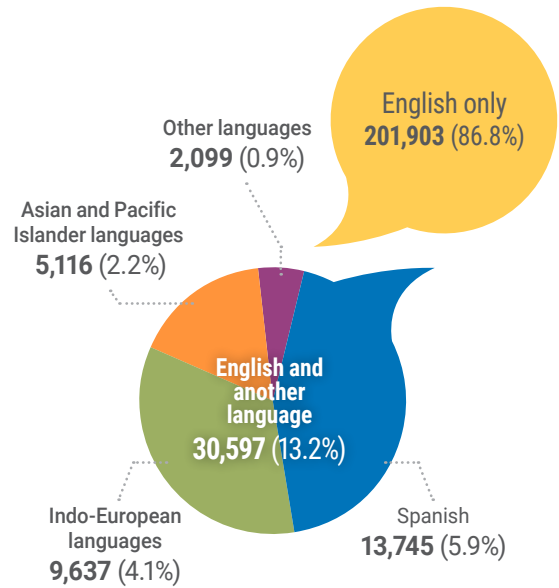
Median Age (US): 38.5 | Median Age (Scottsdale) 48.7

Age Under 5	5-19	20-24	25-54	55-74	75+
7,686	29,213	12,953	92,365	67,540	32,388

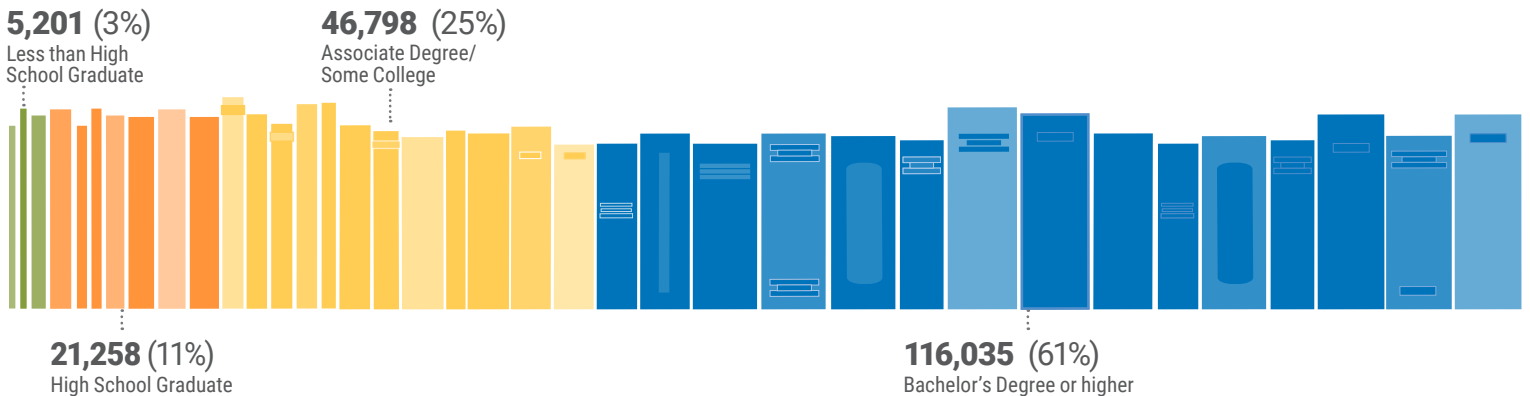
1 in 5 Scottsdale residents is a person of color.



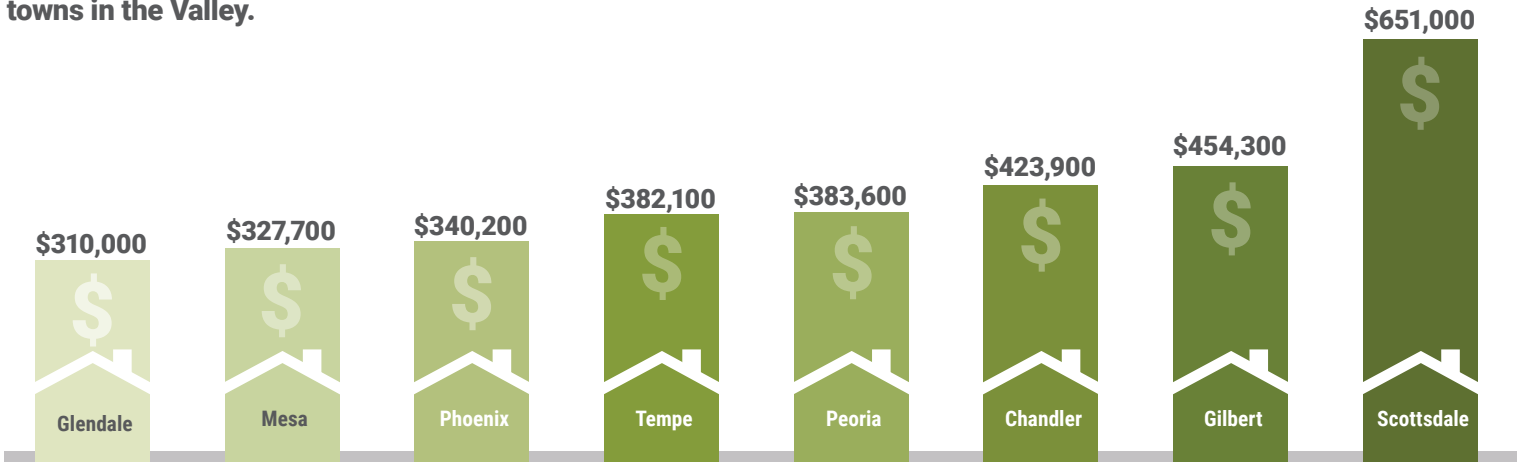
While most Scottsdale residents speak English, 1 in 8 can also speak another language.



3 in 5 Scottsdale residents over age 25 have earned a bachelor's degree or higher.

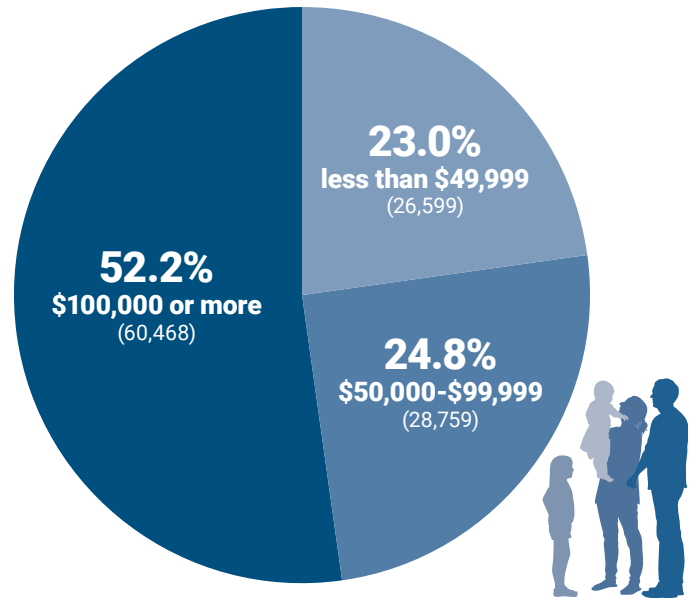
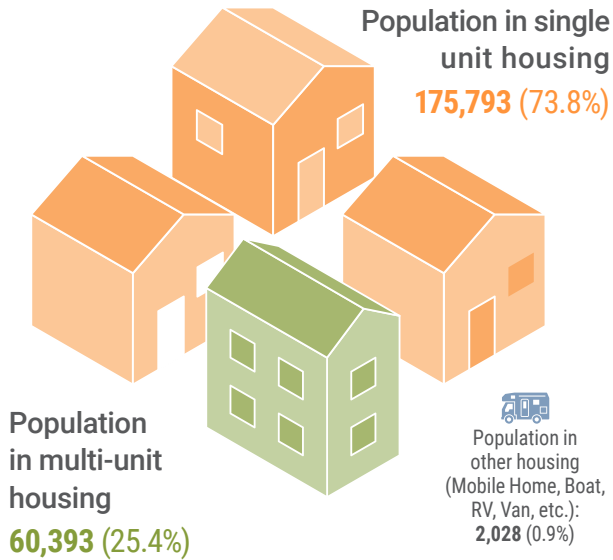


Scottsdale has the highest median housing price of any of the large cities and towns in the Valley.

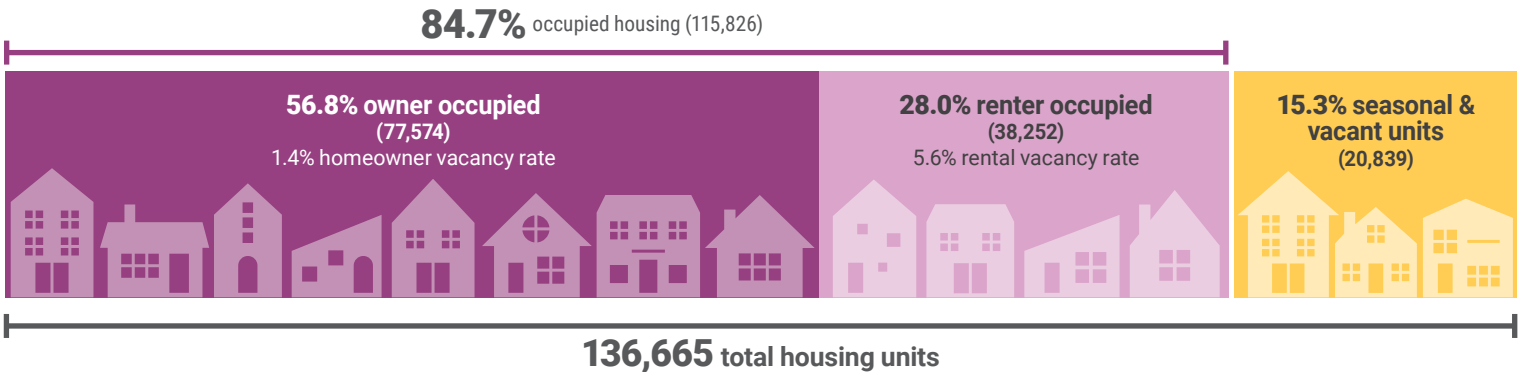


Almost 3 in 4 Scottsdale residents live in single unit housing

More than half of all Scottsdale households make more than \$100,000 a year.



The majority of housing units in Scottsdale are owner occupied.



Source: U.S. Census Bureau

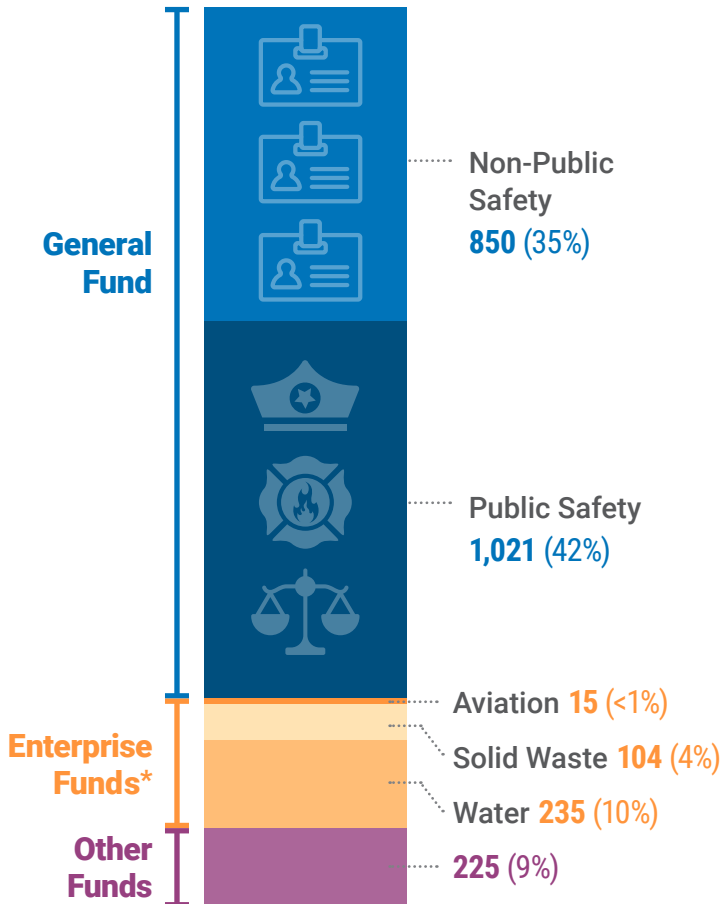
7,459 employees

Healthcare and finance firms lead the list of top employers.

Source: City of Scottsdale Economic Development Department (2024)



City of Scottsdale Full-time Employees and Their Funding Sources




*An Enterprise Fund operates similarly to a private business. Instead of taxes, revenues are generated from user fees or charges which cover all operating and capital expenses

More people come to work in Scottsdale each day than leave to work in other communities.

Source: U.S. Census Inflow/Outflow Analysis (2020)

Scottsdale businesses and organizations have 199,995 employees



 To view additional demographic information, visit ScottsdaleAZ.gov and search "about"

Note: Total population is determined by the Decennial Census. Demographic numbers are based on five-year estimates.

Scottsdale employees provide Simply Better Service that helps keep the community clean and healthy.



Learn more at [ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search "about"

8 WATER FACILITIES

68.7
MILLION
GALLONS OF DRINKING
WATER
DELIVERED
DAILY

54 SOLID WASTE
TRUCKS

1,538
MILES OF
SANITARY
SEWERS

2,167 MILES OF WATER MAINS



Scottsdale employees provide Simply Better Service that help keep our World-Class Community safe.

4 POLICE STATIONS

365 POLICE VEHICLES

15 FIRE STATIONS

41 FIRE RESPONSE VEHICLES

313 TRAFFIC SIGNALS

2,801 LANE MILES OF ROADS

11,676 FIRE HYDRANTS

Scottsdale employees provide Simply Better Service that enhance the quality of life of residents and visitors.

45 PARKS

30,500 ACRES OF PRESERVE LAND

11 TRAILHEADS AND 230 MILES OF NON-MOTORIZED TRAILS IN THE PRESERVE

1,116 TOTAL ACRES

37 PLAYGROUNDS

5 URBAN LAKES

74 ATHLETIC FIELDS

39 BASKETBALL COURTS

3 OFF-LEASH AREAS

4 AQUATIC FACILITIES

36 VOLLEYBALL COURTS

30 PICKLEBALL & RACQUETBALL COURTS

6 SPRAY FEATURES

2 SKATE PARKS

**51 TENNIS COURTS
2 TENNIS CENTERS**

1 RAILROAD PARK

10 OUTDOOR EQUESTRIAN ARENAS

1 BASEBALL STADIUM

125 MILES OF PAVED PATHWAYS, 162 UNPAVED

2 SENIOR CENTERS

6 COMMUNITY CENTERS

4 PUBLIC LIBRARIES

Scottsdale has a vibrant business community and is a destination for arts, dining and tourism.

53 HOTELS
9,591 ROOMS

1 AIRPORT

31,986 COMPANIES DOING BUSINESS IN SCOTTSDALE

7 MUSEUMS

183 ART GALLERIES & ART DEALERS

31 PUBLIC SCHOOLS
20,061 ENROLLMENT

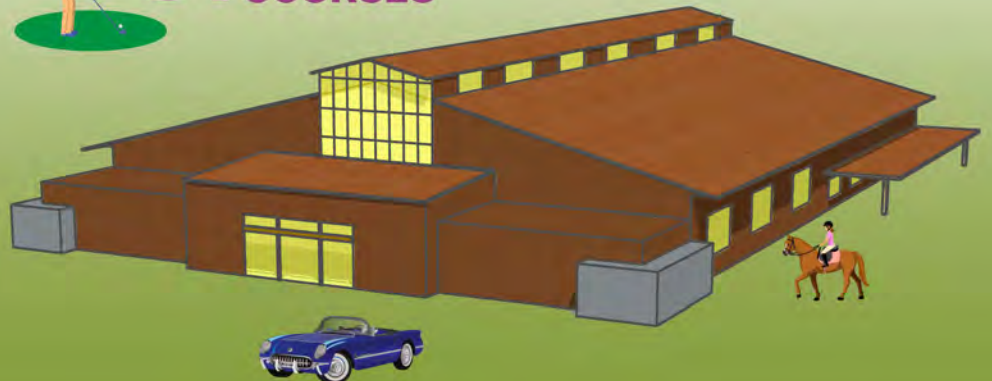
960 RESTAURANTS

3 FREE TROLLEY ROUTES

9 BUS ROUTES

51 GOLF COURSES

398 COMBINED SPECIAL EVENT DAYS AT WESTWORLD



Making Cents of Numbers

The City of Scottsdale implements the priorities of the residents through funding of programs and services. The budget is the highest form of policy by the City Council and is presented in multiple formats to accommodate a variety of audiences. The city invites Scottsdale residents to provide input annually throughout the budget development and adoption. Scottsdale is always looking to improve while ensuring providing Simply Better Service for a World-Class community.

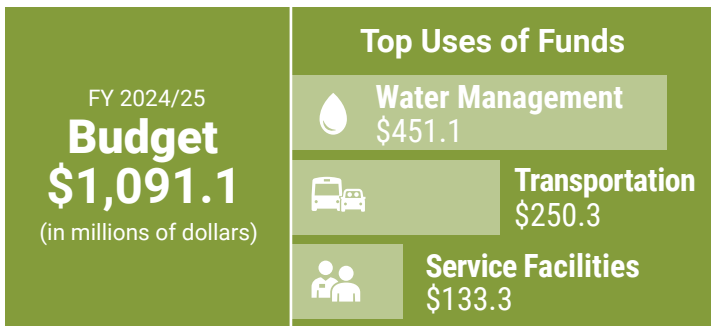


Scottsdale's Budgets

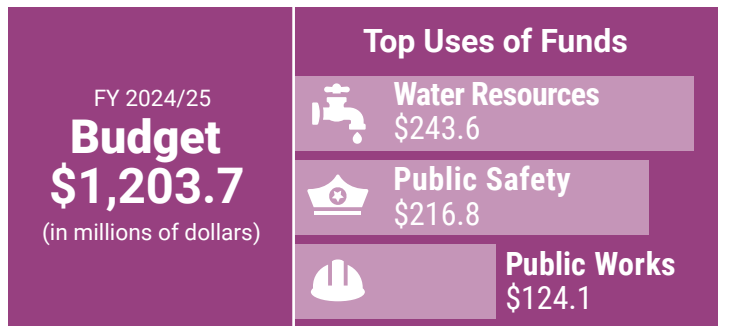
Scottsdale's annual budget includes two main components, one is for capital projects that become long-time assets and the other is for city operations, which fund services for the public.

Capital Budget
Funds long-term investments in the city such as building, acquisition and improvement of infrastructure and facilities.

Operating Budget
Funds the day-to-day city operations and services.

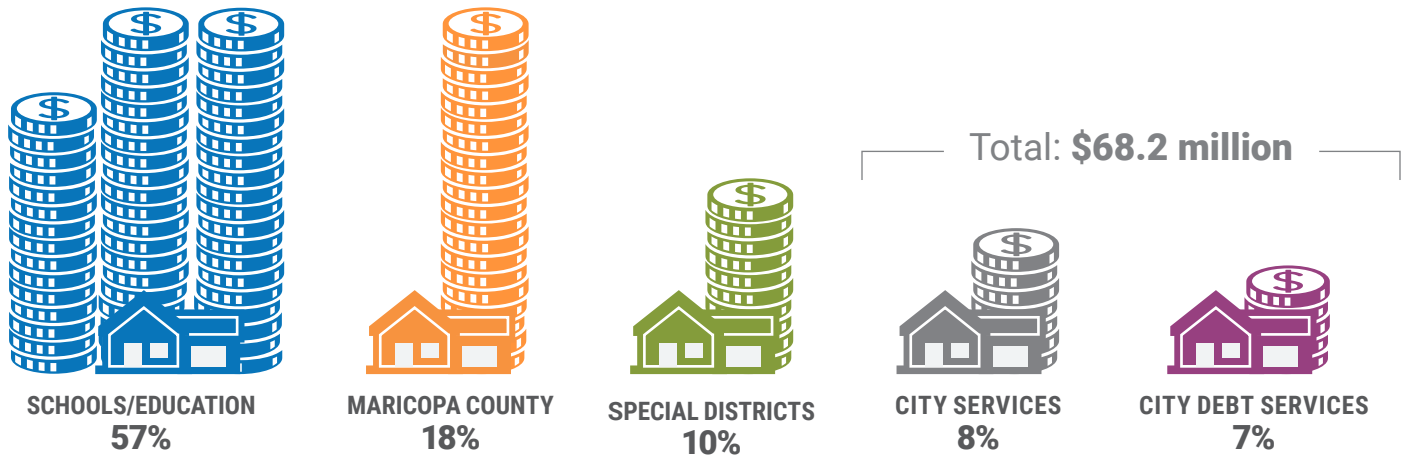


All other uses of funds: \$256.4



All other uses of funds: \$619.2

Where Do My Property Taxes Go?



Some property tax numbers may vary based on location in Scottsdale

Scottsdale has one of the lowest property and sales tax rates in the Valley.

Property tax on a \$300,000 house



Sales tax on a \$30,000 car

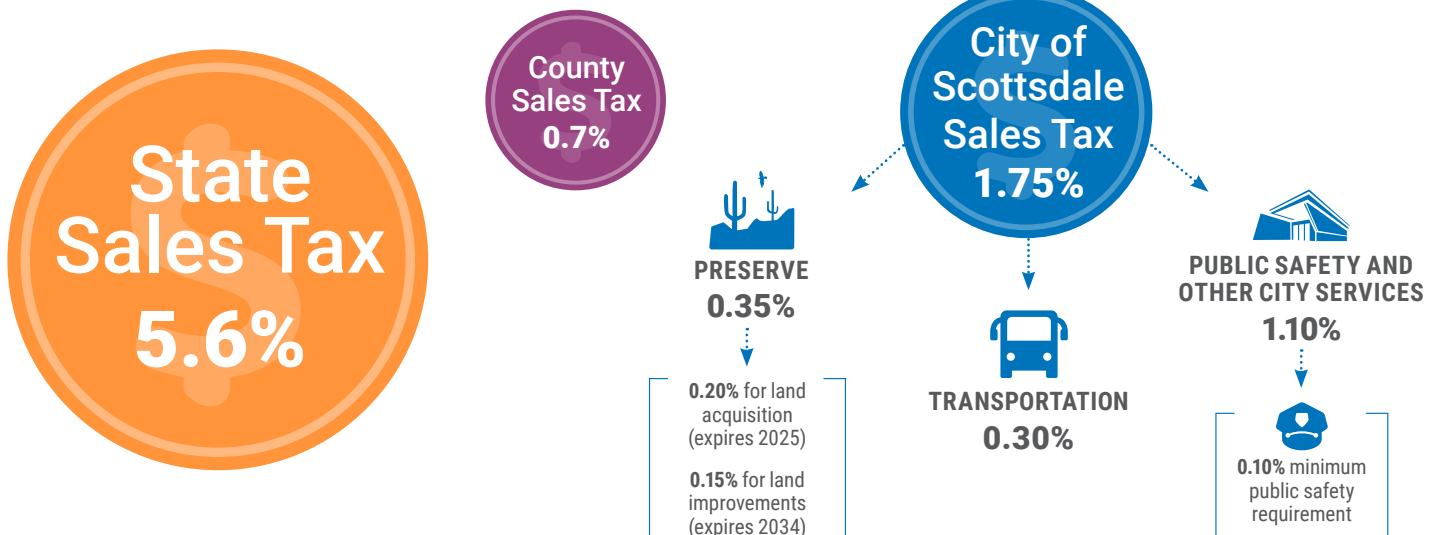


This year, Scottsdale's property tax rate dropped by 5.1%!

*Average of the eight largest cities in the Valley. The housing figures are reflective of the assessed value

Where Do My Sales Taxes Go?

Total: **8.05%**





EXECUTIVE SUMMARY

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2024/25. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

The adopted FY 2024/25 budget anticipates a decline in sales tax revenues from the state's elimination of the residential rental tax offset by continued consumer spending, although at a slower pace as inflation risks persist despite being down considerably. Scottsdale's economy and tourism activities continue to be resilient, however with future uncertain economic conditions and anticipated reductions in state shared revenues, we must ensure the split between ongoing sustainable revenues and one-time revenues is appropriate.

CITY COUNCIL POLICY DECISIONS

The following are the major policy items included in the city's adopted FY 2024/25 budget:

- \$42.1 million General Fund transferred to the CIP ensuring compliance with Scottsdale's Financial Policies Appendix A – Budgeting Governing Guidance.
- \$8.0 million General Fund for the cost of implementing a comprehensive classification and compensation study (\$11.3 million all funds).
- \$2.8 million General Fund (\$4.1 million all funds) for the citywide pay for performance program to eligible employees.
- \$4.7 million General Fund for market adjustment (\$5.9 million all funds).
- \$0.4 million General Fund decrease (\$0.6 million all funds) mostly from PSPRS retirement rate adjustments.
- \$1.0 million General Fund (\$1.1 million all funds) for the vacation buyback program for eligible employees.
- \$5.6 million to establish Phase I of ambulance transportation operations. This includes hiring 29 additional staff.
- \$1.4 million to equip and staff the newly constructed Fire Station 612. This includes hiring 22 additional staff.

STAFFING CHANGES

The city's total FTE count for FY 2024/25 is 2,700.45 which is a net increase of 61.56 FTE from the prior year adopted budget.

A grant-funded Police Forensic Scientist I position was added after the FY 2023/24 budget was adopted. The positions that were added in FY 2024/25 were spread across divisions where needs had been identified. For example:

- Administrative Services: 1) a Human Resources Analyst (1.00 FTE) position; and 2) a Human Resources Supervisor (1.00 FTE) position who will be responsible for Strategic Human Resources Initiatives.
- Public Safety - Fire: 1) the staffing of Fire Station 612 which will include seven Firefighters (7.00 FTE Sworn), eight Fire Captains (8.00 FTE Sworn), four Fire Engineers (4.00 FTE Sworn), and three Battalion Chiefs (3.00 FTE Sworn); 2) the staffing for Phase I of the new ambulance service which includes the addition of 20 Firefighters (20.00 FTE Sworn), one Fire Captain (1.00 FTE Sworn), one Fire Captain (1.00 FTE Non-Sworn), one Equipment Coordinator (1.00 FTE), one Senior Administrative Assistant (1.00 FTE), one Warehouse Supervisor (1.00 FTE), one Systems Integrator (1.00 FTE), one Medical Director (1.00 FTE), one Ambulance Billing Specialist (1.00 FTE), and an Ambulance Transportation Manager (1.00 FTE); and 3) staff associated with the training facility, which includes: two Fire Captains (2.00 FTE Sworn), one Training Specialist (1.00 FTE), one Equipment Coordinator (1.00 FTE), and a Senior Administrative Assistant (1.00 FTE).
- Public Works: a Fleet Technician III position to work on the increased number of Fire Department vehicles, including ambulances.

These staffing changes are summarized in the following schedule, using full-time equivalent positions (FTEs).

FY 2023/24 Adopted FTEs	2,638.89		
<i>PUBLIC SAFETY - Police</i>		<i>PUBLIC SAFETY - FIRE</i>	
POLICE FORENSIC SCIENTIST I ^(a)	1.00	AMBULANCE BILLING MANAGER	1.00
	<u>1.00</u>	AMBULANCE TRANSPORTATION MANAGER	1.00
<i>CITY MANAGER</i>		ADMINISTRATIVE ASSISTANT SR	2.00
EMERGENCY MANAGEMENT COORD	1.50	EQUIPMENT COORD/RADIO TECH	2.00
EMERGENCY MANAGER	1.00	FIRE BATTALION CHIEF (56) - (SWORN)	3.00
	<u>2.50</u>	FIRE CAPTAIN (40) - (SWORN)	3.00
<i>ADMINISTRATIVE SERVICES</i>		FIRE CAPTAIN (56) - (SWORN)	9.00
HUMAN RESOURCES ANALYST	1.00	FIRE ENGINEER (56) - (SWORN)	4.00
HUMAN RESOURCES SUPERVISOR	1.00	FIREFIGHTER (56) - (SWORN)	27.00
	<u>2.00</u>	MEDICAL DIRECTOR	1.00
<i>COMMUNITY SERVICES^(b)</i>		SYSTEMS INTEGRATOR	1.00
LIFEGUARD/INSTRUCTOR	1.32	TRAINING SPECIALIST	1.00
POOL MANAGER ASSISTANT	0.24	WAREHOUSE SUPERVISOR	1.00
	<u>1.56</u>	EMERGENCY MANAGEMENT COORD	(1.00)
<i>PUBLIC WORKS</i>		EMERGENCY MANAGER	(1.50)
FLEET TECHNICIAN III	1.00		<u>53.50</u>
	<u>1.00</u>		
		Net Change from adopted FY2023/24^(a)	<u>61.56</u>
		FY 2024/25 Adopted FTEs	<u>2,700.45</u>

^(a) A grant funded Police Forensic Scientist I position was added after the FY 2023/24 budget adoption.

^(b) 1.32 FTE hours reclassified within the Community Services Division throughout FY 2023/24.

HOW THE ADOPTED BUDGET WILL AFFECT CITIZENS' PROPERTY TAX RATES

The FY 2024/25 primary property tax levy will be used to support General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and other general governmental functions. The primary property tax levy also includes a repayment to the Risk Management Fund reserve of \$1.2 million for tort liability claim payments made during calendar year 2023.

For FY 2024/25, the city's total primary property tax levy of \$39.6 million is a decrease of \$0.2 million over the FY 2023/24 levy of \$39.4 million. The decrease is due to a reduction in the amount needed for tort claims, partly offset by the two percent statutory adjustment, and new construction. The FY 2023/24 primary property tax rate of \$0.5150 per \$100 of assessed valuation will decrease by \$0.0192 to \$0.4958 in FY 2024/25.

For FY 2024/25, the city's secondary property tax levy will also decrease \$0.8 million from the FY 2023/24 adopted budget of \$35.6 million to \$34.8 million. The decrease is due to the use of accumulated fund balance in FY 2023/24 and a reduction in debt requirements, offset by refunds for Qasimyar vs Maricopa County judgement, tort liability claim payments, the two percent statutory adjustment, and new construction. The FY 2023/24 secondary tax rate of \$0.4664 will decrease by \$0.0306 to \$0.4358 per \$100 of assessed valuation in FY 2024/25.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2024/25, the city's total combined property tax levy decreased by approximately \$0.4 million from \$74.9 million in FY 2023/24 to \$74.5 million in FY 2024/25.

In FY 2024/25, citizen tax bills will reflect a combined property tax rate of \$0.9316, which is \$0.0498 less than the FY 2023/24 combined rate of \$0.9814. The management of the combined property tax rate is included in the city's adopted financial policies for debt management, which states that the combined tax rate will not exceed \$1.50 per \$100 of assessed value. Based on this combined rate, an owner of a home with a County Assessor's real property assessed value of \$100,000 will pay approximately \$93.16 in city property taxes, applying the combined property tax rate. The Maricopa County Assessor's Office, not the City of Scottsdale, determines real property assessed values used to calculate property tax bills.

CHANGES FROM PROPOSED TO ADOPTED BUDGET

The budget development process is an ever changing one. Below lists the changes that were made between the proposed budget release, and this final budget.

- Added funding to the Indian Bend Wash Underpass capital project as approved by City Council on April 2, 2024 (\$1.5 million).
- Added funding for the new Fire Station as approved by City Council on April 16, 2024 (\$0.6 million).
- Adjusted budgets to reflect the implementation of the Classification and Compensation Study, which resulted in the use of \$1.3 million of non-General Fund contingency. The total budget appropriation did not change.
- Moved Emergency Management Services from the Fire Division to the City Manager Division.

Those are the adjustments during the budget process, and additional changes will be made as needed.

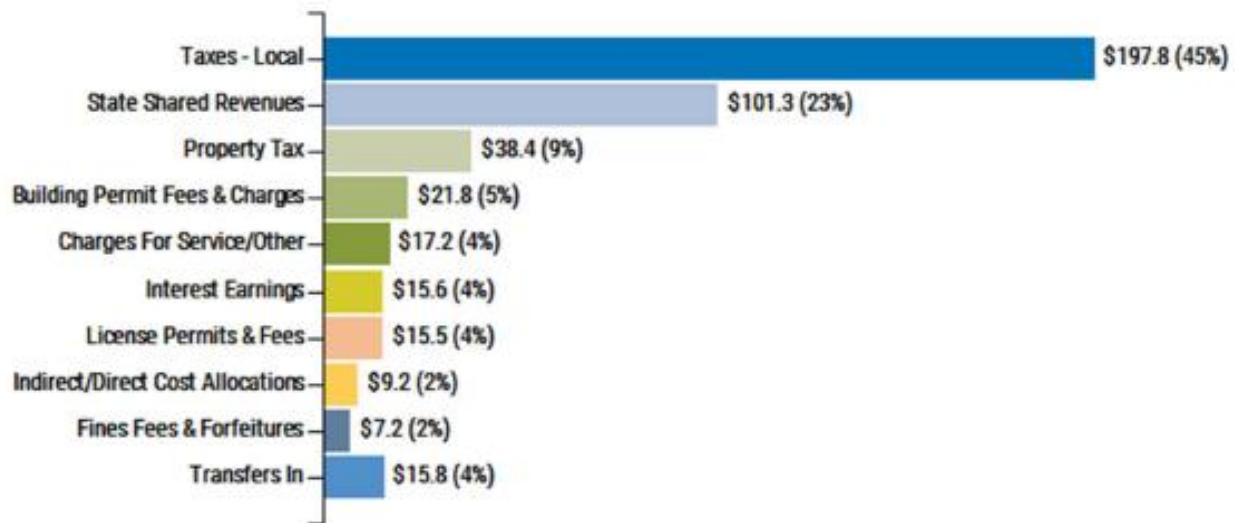
FUND HIGHLIGHTS

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2024/25 budget. The General Fund is presented first and in more detail because of its size and importance.

GENERAL FUND – SOURCES

The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. Forecasted General Fund sources for FY 2024/25 are \$439.7million, approximately \$3.6 million more than the FY 2023/24 adopted budget. The following bar graph summarizes the major sources.

**General Fund Sources (% to Total)
\$439.7 Million**



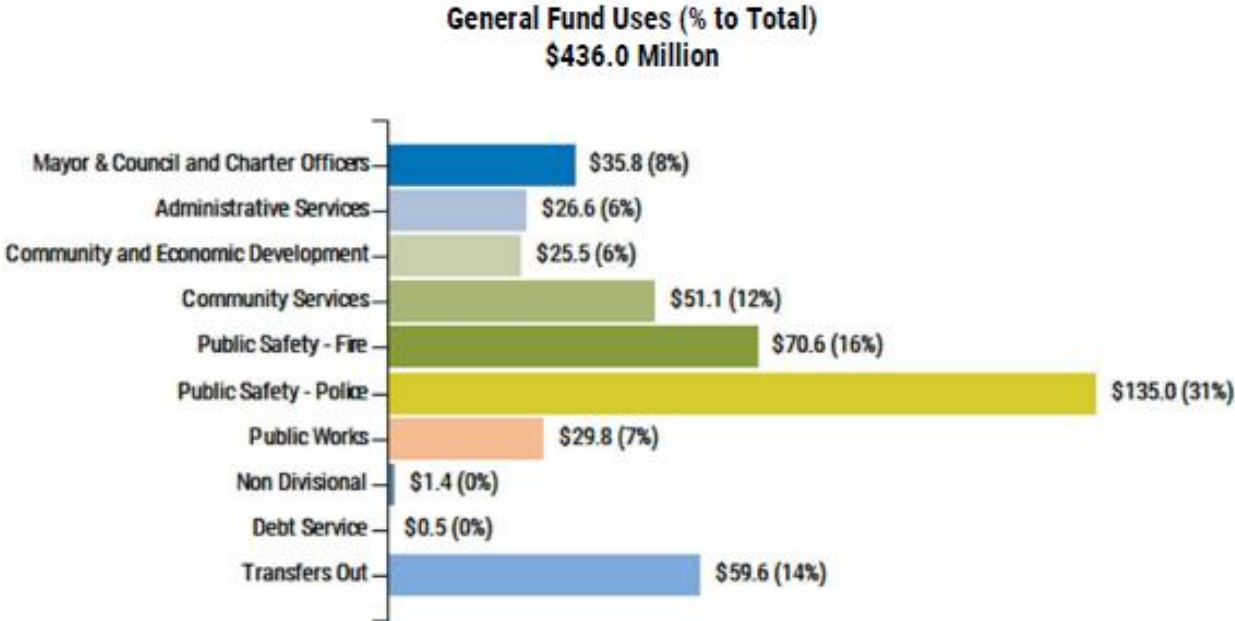
Note: Rounding differences may occur

That total projected increase comes from a net of several different sources. Below highlights the sources contributing significantly to the change:

- \$0.5 million from a projected slight increase in anticipated general fund sales tax collections.
- \$1.2 million from projected Electric & Gas Franchise collections explained by higher electric usage and rates.
- \$12.8 million net reduction from the city's proportionate slices of state shared income tax, sales tax, and vehicle license fees mostly due to the impact of a State imposed flat tax policy.
- \$4.5 million mostly from a new Ambulance Service.
- \$1.4 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$0.2 million from WestWorld Equestrian Facility Fees based on anticipated events and establishing a more appropriate cost recovery formula used when developing WestWorld fees.
- \$0.4 million due to increased revenue from TPC Scottsdale and Baseball usage fees.
- \$1.0 million due to increased indirect costs for services provided by the General Fund to enterprise operations.
- \$7.4 million from a projected increase in interest earnings due to higher anticipated rates of return on investments.

GENERAL FUND – USES

The adopted FY 2024/25 General Fund uses budget is projected to be approximately \$436.0 million (not including contingency, reserves, and designations), approximately \$20.4 million lower than the FY 2023/24 adopted budget. The following bar graph provides a summary of the General Fund uses.



Note: Rounding differences may occur

The General Fund adopted operating budget for next fiscal year is a \$1.0 million increase from the FY 2023/24 adopted budget. Scottsdale is a people-powered service provider. As such, most expenses are related to funding for our high-performance workforce and providing pay and benefit packages that allow the city to retain and recruit employees. Significant personnel expenditures included in the adopted operating budget include:

- \$8.0 million General Fund for the cost of implementing a comprehensive classification and compensation.
- \$2.8 million General Fund for the citywide pay for performance program to eligible employees.
- \$4.7 million General Fund for market adjustment.
- \$0.4 million General Fund decrease from PSPRS retirement rate adjustments.
- \$1.0 million General Fund for the vacation buyback program for eligible employees

While high quality staff are the engine that drives our organization, the proposed General Fund budget also includes money for these priority projects and programs across the city’s operating and administrative departments:

City Court:

- \$0.1 million for various contractual cost increases such as public defense and psychiatric evaluations.

City Treasurer:

- \$0.4 million for software license and fees related to the implementation of an Enterprise Resources Planning system.

Administrative Services:

- \$0.3 million of carryover funding to continue the coordination for an Americans with Disabilities Act (ADA) Transition Plan.
- \$0.2 million for technology cost increases mostly related to Cloud services.

Community & Economic Development:

- \$0.1 million carry-over of one-time funding to provide an in-depth, independent review, assessment, and benchmarking of Planning & Development Services’ rates and fees that was budgeted in FY 2022/23 but will not be completed until FY 2024/25.

Community Services:

- \$0.3 million of funding for the removal and disposal of organic waste material from WestWorld.
- \$0.5 million for an annual one-time contract labor request for events and custodial services at WestWorld.

Public Safety - Fire:

- \$5.6 million of one-time and ongoing funding for a new ambulance service anticipated to start operations mid-year. Includes 29.00 FTEs.
- \$0.5 million of one-time and ongoing funding for staff and training for the new Fire Training Facility that will open in the Fall of 2024.
- \$1.4 million of one-time and ongoing funding to equip new Fire Station 612.
- \$0.7 million of one-time funding for training and overtime to provide backfill while sworn staff attend specialty teams training.
- \$0.3 million of one-time funding to upfit vehicles for new facilities.
- \$0.2 million for training and dispatch contract increases.

Public Works:

- \$1.0 million carryover of the one-time funding to paint the public art wall 'The Path Most Traveled' on the Arizona State Loop 101.
- \$0.1 million to cover anticipated operating impacts from capital projects such as Fire Department Training Facility, 17-Acre Neighborhood Park at Ashler Hills Drive and 74th Way (Whisper Rock), and McCormick-Stillman Roundhouse.

GENERAL FUND ENDING BALANCE

The FY 2024/25 budget includes the following:

Emergency Reserve – The Emergency Reserve was implemented in FY 2022/23. The reserve was added to incorporate best financial practices. The Emergency Reserve complies with Financial Policy No. 2.02. The policy states that the General Fund will maintain five percent of operating uses, excluding transfers out as an emergency reserve to cover for unexpected emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners. The FY 2024/25 General Fund Emergency Reserve is \$18.8 million.

General Plan Initiatives – The General Plan Initiatives fund balance designation was created in FY 2022/23 to support the implementation of the new General Plan, which was approved by voters in November 2021. The FY 2024/25 General Fund General Plan Initiatives designation is \$15.0 million.

Innovation Initiatives – The Innovation Initiatives reserve designation was created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives. The FY 2024/25 General Fund Innovation Initiatives designation is \$0.5 million.

Operating Contingency – Operating Contingency for FY 2024/25 is \$20.0 million of budget authorization if unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

Operating Reserve – The Operating Reserve complies with Financial Policy No.2.01. The policy states the General Fund will maintain an operating reserve of 20 percent of General Fund operating uses, excluding transfers out, which beginning in FY 2022/23 is an increase from 10 percent to incorporate best financial practices. The Operating Reserve is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the FY 2024/25 General Fund Operating Reserve is \$75.3 million.

PSPRS Pension Liabilities – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The FY 2024/25 PSPRS Pension Liabilities fund balance designation is \$115.7 million.

Cavasson Infrastructure Reimbursement – Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement. The FY 2024/25 fund balance designation is \$9.8 million.

General Fund Balance – General Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2024/25 ending fund balance is \$0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

SPECIAL REVENUE FUNDS

The city accounts for sources dedicated for specific purposes – by law or city policy – through Special Revenue Funds. There are five Special Revenue Funds – Transportation Fund, Preservation Fund, Special Programs Fund, Tourism Development Fund, and the Stadium Facility Fund.

The **Transportation Fund** accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state gas taxes. However, most of the fund’s funding comes from the 1990 (0.20 percent) voter-approved sales tax, and partially from the state’s Local Transportation Assistance Fund, which is funded from lottery proceeds, and it is distributed to cities and towns through an annual application process. Total sources are expected to be about \$55.5 million.

Uses total about \$66.5 million of which \$32.4 million represents operating expenses. The operating expenses are those necessary to operate and maintain the city’s transportation system. The largest expenses include transit contracts, trolley maintenance, medians and rights-of-way maintenance and the street overlay program. Of the Transfers Out, \$15.9 million is dedicated for transportation capital projects per the Budget Governing Guidance (Appendix A to the adopted Financial Policies) (50 percent of the 1990 (0.20 percent) transportation sales tax revenue) and \$18.1 million are for additional pay-as-you-go transfers above the 50 percent level authorized by the City Council.

The **Preservation Fund** is used to account for sources and uses related to the acquisition of land for the Scottsdale McDowell Sonoran Preserve. Funding comes from the 1995 (0.20 percent) and 2004 (0.15 percent) voter-approved sales tax. Under the sales tax ballot language, the preservation sales tax revenues are to be used only for preserve acquisition, preserve related construction and trailheads.

These sales tax revenues are forecasted to be \$57.4 million. Approximately \$38.8 million of this amount will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2025, is expected to be \$154.9 million.

The **Special Programs Fund** is a collection of smaller restricted sources dedicated to specific uses. The services included in these various programs are intended to be self-supporting and not subsidized by the General Fund. Examples of these funds include Public Safety - Police Racketeering Influenced Corrupt Organization (RICO) funds, the City Court’s Court Enhancement Funds (CEF), and the McCormick-Stillman Railroad Park funds.

The **Tourism Development Fund** is a special revenue fund created to account for transient occupancy (bed) tax revenues and Fairmont Scottsdale Princess Hotel Lease payments which are to be used for tourism related activities and General Fund support. The fund currently has annual sources of \$35.5 million, annual uses of \$39.1 million, which includes Council approved one-time use of fund balance for Tourism related capital projects, and a projected June 30, 2025 ending fund balance of \$12.3 million.

The **Stadium Facility Fund** is a special revenue fund created to account for activity at the Scottsdale Stadium. In June 2019, the city entered into a 25-year baseball facilities agreement with the Scottsdale Charros and the San Francisco Giants Baseball Club for the use and maintenance of the Scottsdale Stadium. This fund accounts for the contributions and uses as per the agreement. The fund currently has annual sources of \$2.3 million, uses of \$2.3 million and a projected June 30, 2025 ending fund balance of \$5.7 million.

DEBT SERVICE FUND

The Debt Service Fund is designated for payment of long-term debt. Total sources are \$91.1 million for FY 2024/25.

The \$93.6 million budget for debt service payments in FY 2024/25 is approximately \$2.1 million more than the FY 2023/24 Adopted Budget.

ENTERPRISE FUNDS

Enterprise Funds account for the city's water and water reclamation, solid waste, and aviation services, which operate as self-sustaining operations. User fees are assessed to cover cost of services.

Water and Water Reclamation Funds – The Water Fund is impacted by multiple cost factors over the five-year planning period including:

- Increasing funding for a removal of forest cover and tree density to increase water yield by decreasing evapotranspiration in the Verde River Watershed.
- Increasing costs for sewer maintenance and cleaning.
- Increasing electricity costs for water plan production, booster stations operations and other essential system power supply.
- Operating cost increases for personnel services and benefits

Increases to base fees are proposed to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system. Increases to commodity rates are proposed to generate sufficient revenues to maintain the water fund as a self-sustaining enterprise, encourage efficient water use and urge conservation. Within the commodity rates, no change is proposed for the first tier of residential rates, however increased commodity rates are proposed for tiers two through five and the volume thresholds for tiers three through five are reduced. Similarly with the commercial commodity rates, no change is proposed for the first tier, however increased commodity rates are proposed for tiers two through four and volume thresholds are reduced for tiers three and four.

Overall, the water and water reclamation base fees and commodity rate changes are forecasted to generate an annual revenue increase of approximately \$15.9 million. Water rates changes are effective November 1, 2024, and water reclamation rates, July 1, 2024.

Solid Waste Fund – The Solid Waste Fund accounts for the transactions related to the city's commercial and residential refuse, recycling, brush, and bulk collections business activities. To maintain the revenue requirements of the Solid Waste Fund, modifications to the residential and commercial solid waste rates were implemented effective July 1, 2024, and are expected to generate approximately \$3.5 million in additional revenue. Revenue requirements for the Solid Waste Fund for FY 2024/25 were primarily impacted by inflationary effects, landfill and transfer disposal costs, and recycling market volatility and resulting costs.

Total Solid Waste Fund sources are expected to be about \$36.8 million, annual uses are expected to be \$39.1 million, and ending fund balance is projected to be \$7.50 million by June 30, 2025.

Aviation Fund – The Aviation Fund accounts for the transactions related to the city's aviation business activity at the Scottsdale Airport. Total Aviation Fund sources are expected to be about \$10.4 million, annual uses are expected to be \$9.2 million, and ending fund balance is projected to be \$16.5 million by June 30, 2025.

INTERNAL SERVICE FUNDS

Internal Service Funds account for services and equipment provided to all city divisions by centralized functions. There are four Internal Service Funds – Fleet Management, PC Replacement, Risk Management and Healthcare Self Insurance.

The **Fleet Management Fund** accounts for the costs of operating, maintaining, and acquiring all the city's vehicles, equipment, and other rolling stock. User divisions are assessed maintenance and operation costs (\$8.9 million), acquisition costs (\$15.2 million), and fuel costs (\$6.0 million). Fleet Management establishes, collects, and manages funds to provide acquisition and/or replacement of approved fleet assets based on life cycle cost analysis performed on each equipment class. Fleet Management, in cooperation with the corresponding division, calculates an annual rate for each individual asset based on condition, suitability for service, the state of the current economy, the repair history, the actual utilization rate of each asset and other applicable factors. The fund balance of about \$8.9 million estimated on June 30, 2025, represents funds previously collected for maintenance, operations and vehicle/equipment acquisitions that will be expended in future years.

The **PC Replacement Fund** accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to the city divisions as an internal operating charge based on the quantity and type of hardware used. For FY 2024/25, user divisions are assessed estimated costs of \$1.0 million, leaving an estimated ending fund balance of \$1.1 million on June 30, 2025.

The **Risk Management Fund** accounts for the activity related to the city's property, liability, and workers compensation programs. User divisions are assessed estimated costs of \$18.8 million. The estimated ending fund balance on June 30, 2025, of about \$30.3 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the governing body's (Loss Trust Fund Board) requirement to maintain a 75 percent confidence level in the actuarial assessment.

The **Healthcare Self Insurance Fund** accounts for the activity related to employee healthcare programs (medical and dental). The estimated \$40.1 million in healthcare costs is shared by the city, its employees and public safety disabled retirees. For FY 2024/25, the city's portion of the shared cost was set at a lower amount than needed to utilize fund balance. FY 2024/25 presents a \$0.9 million increase in uses compared to the FY 2023/24 adopted budget due to rising healthcare costs.

The estimated ending fund balance on June 30, 2025 of \$18.6 million includes: 1) a reserve for large claims beyond what was anticipated and for incurred but not reported claims; 2) an operating contingency used only for unforeseen emergencies; 3) a premium stabilization reserve to ensure revenue from premiums exceed medical and dental claims and administrative expenses paid by the healthcare plan; and 4) a healthcare self insurance fund balance which accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, the healthcare self insurance fund balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses.

GRANTS AND SPECIAL DISTRICTS FUNDS

Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the \$28.6 million of total grant funding there are three larger grants: Housing Choice Voucher Program (previously Section 8 Housing Grant) at \$9.0 million, the Home Grant at \$1.4 million, and the Community Development Block Grant (CDBG) at \$2.5 million (plus \$0.7 million for the Rehab Revolving Loan and another \$0.7 million for Belleview Rental Operations). In addition to numerous identified smaller grants, the city includes \$10.3 million in the grant budget for anticipated and/or unidentified future grants. This gives the City Council the budget authority to accept and spend grant funds that are not specifically known at the time the budget is adopted. This practice also allows the city to comply with state budget laws regarding annual expenditure limits. The ending fund balance of the individual grants is carried forward to future periods, re-budgeted, and is available to be spent solely for the intended purposes.

A **Special Districts Fund** is used to account for the proceeds received from property owners in the city's 357 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources are estimated at \$0.6 million and uses are estimated at \$0.6 million for FY 2024/25. If an ending fund balance of the Special Districts Fund exists, it is carried forward to future periods and is available to be re-budgeted but must be spent solely for the intended purposes.

CAPITAL IMPROVEMENT PLAN

A separate, key component of the city's annual financial plan is the five-year Capital Improvement Plan (CIP) for infrastructure and public facilities – including roads, water and water reclamation improvements, parks, buildings and information technology. Projects listed in the capital budget are funded by a combination of funding sources and typically take multiple years to complete. Some of the funding sources include the city's transportation sales tax; voter approved general obligation bonds (including Bond 2019), user fees, grants, Proposition 400 Regional Transportation Sales Tax, voter-approved Preservation Sales Tax, development impact fees and General Fund transfers. The city established a fund for each funding source to track the diverse resources used to pay the acquisition or construction of major capital projects.

Below is a summary of the \$1.1 billion capital budget highlights by program, along with some notable examples in each capital program area:

Community Facilities (\$123.3 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 11.3 percent of the CIP addresses the needs of this program. Significant Community Facilities projects include the McCormick-Stillman Roundhouse; Scottsdale Stadium Renovations Phase 2; as well as the continuation and initiation of various Bond 2019 program

projects. Some examples are the 42 - Add a Dog Park to Thompson Peak Park; 22 – Build New Swimming Pools and Replace Building at Cactus Pool; and 23 – Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash.

Preservation (\$5.4 million) – addresses the goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the Scottsdale McDowell Sonoran Preserve for maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. Approximately 0.5 percent of the CIP addresses this program. Significant preserve projects include the restoration of habitat, invasive plant, wildland fire prevention and safety improvements.

Drainage and Flood Control (\$17.0 million) – addresses flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished using detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 1.6 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include the Rawhide Wash project in conjunction with the Maricopa County Flood Control District and the City of Phoenix, and the Granite Reef Wash project.

Public Safety (\$88.9 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 8.2 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as the recurring purchase of Police and Fire Real Replacement; Renovate Fire Station 606; and various Bond 2019 program projects. Some examples are the 38-Build a New Fire Department Training Facility; 40 - Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand; and the 27 - Modernize and Expand the Police and Fire Training Facility.

Service Facilities (\$140.1 million) – addresses the goal of coordinating land use and infrastructure planning. These programs achieve this goal through the renovation of current facilities and technology necessary for the efficient and effective operations of the city. Approximately 12.8 percent of the CIP addresses this program. Service Facilities projects include Facilities Upgrade and Replacement Program; Network and Server Infrastructure Replacement Program; an Enterprise Resource Planning System; Continuous Fleet Replacement; and the continuation of various Bond 2019 program projects. Some examples are the 63-Build Parking Structures in Old Town Scottsdale and solar system installation and upgrade projects.

Transportation (\$256.3 million) – addresses multi-modal transportation needs. Approximately 23.5 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include various pedestrian improvements; Pavement Overlay Program; Pima Road: Dynamite Boulevard to Las Piedras; Scottsdale Road: Jomax Road to Dixileta Drive; Happy Valley Road: Pima Road to Alma School Road; Shea Boulevard Intersections: Arizona State Route 101 to 136th Street; Intelligent Transportation System Infrastructure and Network Improvements; and Kilo Ramp Rehabilitation.

Water Management (\$460.1 million) – focuses on the capital needs required to deliver safe, reliable water and to provide water reclamation services. This program also addresses the requirement to achieve federal and state regulations. Approximately 42.2 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the Greenway Hayden Loop Sewer Improvements, deep well recharge and recovery projects, as well the design and construction of multiple other projects to keep water treatment facilities functioning properly.

The five-year CIP uses conservative financial forecasts and reflects only those high priority projects expected to be started and often completed during the next five years. This approach helps the city manage operating costs for new facilities and avoids raising expectations for projects that are not well defined.

The budget continues the practice of leveraging one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. In FY 2024/25, the budget assumes the General Fund will transfer a total of \$42.1 million to the CIP.

CONCLUSION

The goal of this summary is to provide the reader with the key highlights most likely of interest to readers. For readers requiring greater levels of detail and information, they are encouraged to review the rest of Volume One (Budget Summary), Volume Two (Division Operating Budget), and Volume Three (Capital Improvement Plan).



City Manager's Office

3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

PHONE: 480-312-2800
WEB: ScottsdaleAZ.gov

July 1, 2024

Fiscal Year 2024/25 Final Budget Transmittal

Honorable Mayor and City Council:

Scottsdale's Fiscal Year 2024/25 Budget and supporting documents are provided in the following publication. This package of information provides the financial detail behind the city's core services – the full range of operating and capital expenses that allow our municipal organization to deliver on our mission statement: Simply Better Service for a World-Class Community.

Scottsdale's well-earned reputation as one of the nation's premier communities has been created and will continue to grow stronger thanks to the forward-looking financial policies and resource commitments reflected throughout this budget.

Throughout the budget process, our attention remained squarely focused on creating a responsible and balanced financial plan that accounts for the priorities of the next 12 months with an eye on future challenges.

A full summary of the key priorities and programs funded in the Fiscal Year 2024/25 Budget is provided in the "Proposed Budget Transmittal" that follows this cover letter. The final budget includes the following adjustments from the proposed budget described in that transmittal.

The classification and compensation study was completed, and an additional \$1.3 million from contingencies was added to the divisions' budgets as a result. However, the overall operating budget amount remained the same. This comprehensive effort will ensure city positions are appropriately compensated based upon internal and external benchmark comparisons. The city's updated pay plan will improve our position as an employer of choice, helping Scottsdale attract and retain a top-quality work force, to the benefit of our residents, visitors and businesses.

Funding adjustments for two projects in the Capital Improvement Plan were made as well.

- The budget for the Chaparral Pedestrian Underpass project was increased by \$1.5 million to reflect a \$1.0 million federal grant awarded by the Maricopa Association of Governments Congestion Mitigation and Air Quality Program, along with a local match requirement of \$481,500, funded through the city's 0.2% Transportation Sales Tax.
- The budget also reflects a funding source adjustment of \$631,000 to the budget for Fire Station 612, currently under construction near Hayden Road and Mayo Boulevard. The additional funds are part of the total project budget of \$13 million, and come from a voter-approved 2019 bond project (Replace Outdated Emergency Response Equipment) as recommended by the Citizens Bond Oversight Committee.

These budget documents in totality represent hundreds of hours of work by our staff. Special thanks to those in the City Treasurer's Office and across our organization who create the budget and present it here in a way that offers transparency into Scottsdale's complex municipal operations and finances.

Your leadership team and city staff look forward once again to providing Simply Better Service for a World-Class Community in Fiscal Year 2024/25.

Sincerely,

Jim Thompson

Jim Thompson
City Manager

ORDINANCE NO. 4642

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF SCOTTSDALE FOR THE FISCAL YEAR BEGINNING JULY 1, 2024, AND ENDING JUNE 30, 2025, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE; ADOPTING THE FINAL FY 2024/2025 CLASSIFICATION PLAN AND JOB CLASSIFICATION PAY TABLE; AND AUTHORIZING OR APPROVING, AS APPLICABLE, CERTAIN SALARY ADJUSTMENTS INCLUDED IN THE FINAL BUDGET FOR CITY EMPLOYEES AND CHARTER OFFICERS AND SETTING THE SALARIES OF THE PRESIDING JUDGE AND ASSOCIATE JUDGES.

WHEREAS, in accordance with the provisions of Title 42, Chapter 17 of the Arizona Revised Statutes, and the Scottsdale City Charter, the City Council did, on May 14, 2024, make a budget estimate of the different amounts required to meet the public expenses for the fiscal year beginning July 1, 2024, and ending June 30, 2025 ("Fiscal Year 2024/2025"), an estimate of receipts from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Scottsdale, Arizona;

WHEREAS, following publication of notice as required by law, the City Council held a public hearing on June 4, 2024, at which any taxpayer could appear and be heard in favor of or against any proposed expenditure or property tax levy;

WHEREAS, following the public hearing, the City Council convened in a special meeting for purposes of finally determining and adopting the estimates of proposed expenditures, which estimates, when adopted, would constitute the budget of the City of Scottsdale for Fiscal Year 2024/2025;

WHEREAS, publication has been duly made, as required by law, of said budget estimates, together with a notice that the City Council will meet on June 25, 2024 for the purpose of assessing the primary and secondary property tax levies;

WHEREAS, the sums to be raised by taxation, as specified therein, do not, in the aggregate, exceed that amount for primary property taxes as computed in A.R.S. § 42-17051;

WHEREAS, in accordance with Scottsdale Revised Code section 14-22, the City Council must annually adopt the job classification plan, including a listing of official titles with the authorized number of positions, salary range, and a breakdown of titles and numbers of positions by section;

WHEREAS, the classification and compensation study has been finalized since the City Council adopted the tentative budget on May 14, 2024; and now, therefore

BE IT ORDAINED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. Pursuant to the laws of the State of Arizona and the Scottsdale City Charter, the City Council hereby adopts Schedules A through G, as further described below, attached hereto as Exhibit 1 and incorporated herein by this reference in their entirety, as the Final Budget of the City of Scottsdale Fiscal Year 2024/2025:

Schedule A, Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2024/2025

Schedule B, Summary of Property Tax Levy and Property Tax Rate Information Fiscal Year 2024/2025

Schedule C, Summary by Fund of Revenues Other than Property Taxes Fiscal Year 2024/2025

Schedule D, Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers Fiscal Year 2024/2025

Schedule E, Summary by Division of Expenditures/Expenses Within Each Fund Type Fiscal Year 2024/2025

Schedule F, Summary by Division of Expenditures/Expenses Fiscal Year 2024/2025

Schedule G, Full-Time Employees and Personnel Compensation Fiscal Year 2024/2025

Section 2. Upon the recommendation of the City Manager, and with the approval of the City Council, expenditures may be made for the budget from contingencies and reserves.

Section 3. The City Council expressly authorizes the City Manager, at any time, to transfer funds from any unencumbered macro level appropriation balance stated for a specific purpose to a division and/or fund in conformity with that purpose.

Section 4. Resources from any fund may be used to meet the adopted budget, except funds specifically restricted by Federal or State law or by City ordinance or resolution.

Section 5. The City Council, subject to the limitation in Section 4 and to the extent allowable by law, expressly authorizes the City Manager, at any time, to transfer grant/match contingency funds to airport Capital Improvement Plan projects as may become necessary or desirable during the fiscal year.

Section 6. Pursuant to Sections 14-20 through 14-24 of the Scottsdale Revised Code, the City Council hereby adopts the final City Classification Plan and Job Classification Pay Table for FY 2024/2025, which are on file with, and available for review at, the Office of the City Clerk.

Section 7. Further, all to become effective July 1, 2024, the City Council hereby (i) authorizes a five percent step program for sworn Police personnel, a three percent salary

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Ordinance No. 4642
Page 2 of 3

market adjustment for all job classifications except as specified in this section, and up to five percent salary merit increase for all eligible City employees based on performance, as reflected in the Fiscal Year 2024/2025 Final Budget and the final City Classification Plan and Job Classification Pay Table for FY 2024/2025, and further, an employee in a job class for which the pay range is being adjusted will receive a 3% increase if moving up one pay range, 5% for moving up two ranges, and 7% for moving up three ranges, up to the maximum range; (ii) pursuant to Section 9-6 of the Scottsdale Revised Code, sets the salaries for the Presiding City Judge and the Associate Judges to increase their current salaries as follows: a three percent salary market adjustment and an additional salary increase up to five percent but not to exceed the salary range for the position, and (iii) approves a three percent salary market adjustment for all other Charter Officers.

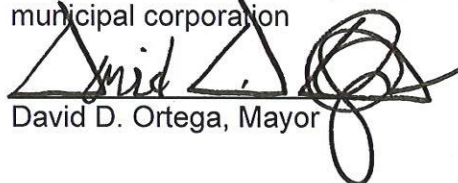
PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 4th day of June, 2024.

ATTEST:



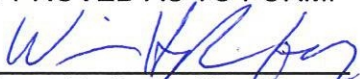
Ben Lane, City Clerk

CITY OF SCOTTSDALE, an Arizona
municipal corporation



David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney
By: Kimberly Campbell, Senior Assistant City Attorney

CITY OF SCOTTSDALE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2024/2025
Schedule A

Fiscal Year		SCH		FUNDS							Total All Funds
				General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Grants & Special Districts Funds	Enterprise Funds	Internal Service Funds	
2024	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	\$582,137,346	\$82,166,664	\$98,427,729	\$1,420,651,744	\$24,342,156	\$274,537,783	\$51,007,139	\$2,533,270,561
2024	Actual Expenditures/Expenses**	E	2	\$364,234,694	\$66,673,228	\$91,459,254	\$1,368,929,785	\$16,403,702	\$175,435,634	\$8,457,423	\$2,091,593,720
2025	Fund Balance/Net Position at July 1		3	\$251,817,269	\$219,041,714	\$10,646,526	\$637,536,828	\$2,318	\$114,573,111	\$61,350,409	\$1,294,968,175
2025	Primary Property Tax Levy	B	4	\$38,384,363	\$0	\$0	\$0	\$0	\$0	\$1,255,832	\$39,640,195
2025	Secondary Property Tax Levy	B	5	\$0	\$0	\$28,615,822	\$0	\$0	\$0	\$0	\$28,615,822
2025	Estimated Revenues Other than Property Taxes	C	6	\$385,538,930	\$178,708,293	\$0	\$323,235,421	\$29,124,668	\$265,271,203	\$11,438,728	\$1,193,317,243
2025	Other Financing Sources	D	7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	Other Financing (Uses)	D	8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2025	Interfund Transfers In	D	9	\$15,814,664	\$10,000	\$62,517,083	\$165,548,396	\$0	\$14,798,804	\$194,500	\$258,883,447
2025	Interfund Transfers (Out)	D	10	\$59,583,834	\$104,753,208	\$0	\$6,128,730	\$23,442	\$87,805,783	\$588,450	\$258,883,447
2025	Line:11: Reduction for Fund Balance Reserved for Future Budget Year Expenditures										
	Maintained for Future Debt Retirement		11								
	Maintained for Future Capital Projects										
	Maintained for Future Financial Stability										
2025	Total Financial Resources Available		12	\$691,555,226	\$397,760,007	\$101,779,431	\$1,126,320,645	\$29,126,986	\$394,643,118	\$74,239,469	\$2,815,424,882
2025	Budgeted Expenditures/Expenses	E	13	\$621,671,392	\$89,605,429	\$101,779,431	\$1,091,140,901	\$29,103,544	\$305,041,611	\$56,506,597	\$2,294,848,905

Expenditure Limitation Comparison

	2023/2024	2024/2025
1. Budgeted expenditures/expenses	\$2,533,270,561	\$2,294,848,905
2. Add/subtract : estimated net reconciling items	-	-
3. Budgeted expenditures/expenses adjusted for reconciling items	2,533,270,561	2,294,848,905
4. Less: estimated exclusions	(1,951,267,847)	(1,699,149,014)
5. Amount subject to the expenditure limitation	582,002,714	595,699,891
6. EEC expenditure limitation	\$586,300,525	\$613,422,568

*Includes expenditures adopted in FY 2023/2024 from Schedule E.

**Includes actual amounts as of the date the Adopted budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Summary of Property Tax Levy and Property Tax Rate Information
Fiscal Year 2024/2025
Schedule B

	Fiscal Year 2023/2024	Fiscal Year 2024/2025
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	39,381,406	39,640,195
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	-	
3. Property tax levy amounts		
A. Primary property taxes	39,298,406	39,640,195
B. Secondary property taxes	35,591,731	34,839,617
C. Total property tax levy amounts	74,890,137	74,479,812
4. Property taxes collected*		
A. Primary property taxes		
(1) 2023/2024 levy	36,910,980	
(2) Prior years' levies	398,000	
(3) Total primary property taxes	37,308,980	
B. Secondary property taxes		
(1) 2023/2024 levy	34,287,216	
(2) Prior years' levies	-	
(3) Total secondary property taxes	34,287,216	
C. Total property taxes collected	71,596,196	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate	0.5150	0.4958
(2) Secondary property tax rate	0.4664	0.4358
(3) Total city tax rate	0.9814	0.9316

B. Special assessment district tax rates

Secondary property tax rates - As of the date the Adopted budget was prepared, the city was operating 357 special assessment districts (streetlight improvement districts) for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the City of Scottsdale City Treasurer Division.

*Includes actual property taxes collected as of the date the Adopted budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Summary by Fund of Revenues Other than Property Taxes
Fiscal Year 2024/2025
Schedule C

Source of Revenues	Budgeted Revenues 2023/2024	Actual Revenues 2023/2024*	Adopted Revenues 2024/2025
GENERAL FUND**			
TAXES - LOCAL			
AUTOMOTIVE	\$21,114,227	\$21,516,937	\$21,669,534
CONSTRUCTION	\$14,581,826	\$19,780,145	\$19,082,770
DINING/ENTERTNMNT	\$17,306,181	\$18,584,740	\$17,642,330
FOOD STORES	\$11,319,269	\$11,251,836	\$11,595,180
HOTEL/MOTEL	\$10,631,687	\$12,498,904	\$10,694,437
MAJOR DEPT STORES	\$12,813,553	\$13,949,550	\$13,255,768
MISC RETAIL STORES	\$39,984,959	\$42,720,679	\$39,218,637
OTHER ACTIVITY	\$23,500,005	\$22,873,483	\$22,959,779
RENTAL	\$25,342,507	\$22,892,759	\$20,801,422
UTILITIES	\$5,893,665	\$6,066,839	\$6,082,669
ELECTRIC & GAS FRANCHISE	\$9,106,540	\$9,929,644	\$10,281,610
CABLE TV LICENSE FEE	\$3,700,000	\$3,700,000	\$3,328,440
SALT RIVER PROJECT IN LIEU	\$200,000	\$200,000	\$200,000
STORMWATER FEE	\$960,198	\$960,198	\$964,999
TOTAL TAXES - LOCAL	\$196,454,617	\$206,925,714	\$197,777,575
STATE SHARED REVENUES			
STATE SHARED SALES TAX	\$36,543,806	\$35,476,428	\$37,126,139
STATE SHARED INCOME TAX	\$65,098,126	\$64,406,192	\$51,842,004
AUTO LIEU TAX	\$12,436,288	\$12,297,413	\$12,283,924
TOTAL STATE SHARED REVENUES	\$114,078,220	\$112,180,033	\$101,252,067
CHARGES FOR SERVICE/OTHER			
WESTWORLD EQUESTRIAN FACILITY FEES	\$5,929,574	\$6,129,725	\$6,177,020
INTERGOVERNMENTAL AGREEMENTS	\$4,168,669	\$4,168,669	\$4,353,946
MISCELLANEOUS	\$1,006,918	\$1,006,918	\$1,077,095
PROPERTY RENTAL	\$5,427,428	\$5,427,428	\$5,640,969
TOTAL CHARGES FOR SERVICE/OTHER	\$16,532,589	\$16,732,740	\$17,249,030
LICENSE PERMITS & FEES			
BUSINESS & LIQUOR LICENSES	\$2,802,228	\$2,521,978	\$2,667,130
FIRE CHARGES FOR SERVICES	\$2,736,729	\$2,736,729	\$7,205,507
RECREATION FEES	\$5,205,367	\$5,205,367	\$5,607,476
TOTAL LICENSE PERMITS & FEES	\$10,744,324	\$10,464,074	\$15,480,113
FINES FEES & FORFEITURES			
COURT FINES	\$4,053,645	\$4,053,645	\$4,094,429
LIBRARY	\$27,204	\$27,204	\$42,868
PARKING FINES	\$263,700	\$263,700	\$261,000
PHOTO RADAR	\$2,641,329	\$2,641,329	\$2,644,511
JAIL DORMITORY	\$144,000	\$144,000	\$146,880
TOTAL FINES FEES & FORFEITURES	\$7,129,878	\$7,129,878	\$7,189,688

Source of Revenues	Budgeted Revenues 2023/2024	Actual Revenues 2023/2024*	Adopted Revenues 2024/2025
INTEREST EARNINGS			
INTEREST EARNINGS	\$8,212,914	\$13,418,002	\$15,593,866
TOTAL INTEREST EARNINGS	\$8,212,914	\$13,418,002	\$15,593,866
BUILDING PERMIT FEES & CHARGES			
BUILDING & RELATED PERMITS	\$20,400,907	\$20,400,907	\$21,769,857
TOTAL BUILDING PERMIT FEES & CHARGES	\$20,400,907	\$20,400,907	\$21,769,857
INDIRECT/DIRECT COST ALLOCATIONS			
INDIRECT COSTS	\$7,796,474	\$7,796,474	\$8,786,469
DIRECT COST ALLOCATION (FIRE)	\$419,300	\$419,300	\$440,265
TOTAL INDIRECT/DIRECT COST ALLOCATIONS	\$8,215,774	\$8,215,774	\$9,226,734
TOTAL GENERAL FUND**	\$381,769,223	\$395,467,122	\$385,538,930
SPECIAL REVENUE FUNDS			
PRESERVATION FUNDS			
AUTOMOTIVE	\$6,718,161	\$6,826,586	\$6,894,851
CONSTRUCTION	\$4,639,673	\$6,155,848	\$6,071,791
DINING/ENTERTNMNT	\$5,506,511	\$5,879,426	\$5,613,468
FOOD STORES	\$3,601,586	\$3,581,918	\$3,689,376
HOTEL/MOTEL	\$3,382,809	\$3,625,306	\$3,402,775
MAJOR DEPT STORES	\$4,077,037	\$4,408,372	\$4,217,745
MISC RETAIL STORES	\$12,722,486	\$13,490,440	\$12,478,658
OTHER ACTIVITY	\$6,648,668	\$6,465,933	\$6,437,240
RENTAL	\$8,063,526	\$7,913,252	\$6,618,635
UTILITIES	\$1,875,258	\$1,925,766	\$1,935,395
INTEREST EARNINGS	\$2,234,571	\$2,234,571	\$4,901,570
TOTAL PRESERVATION FUNDS	\$59,470,286	\$62,507,418	\$62,261,504
TRANSPORTATION FUND			
AUTOMOTIVE	\$3,630,801	\$3,900,906	\$3,672,200
CONSTRUCTION	\$2,507,492	\$3,517,627	\$3,455,900
DINING/ENTERTNMNT	\$2,975,970	\$3,359,672	\$3,193,700
FOOD STORES	\$1,946,462	\$2,046,810	\$2,102,900
HOTEL/MOTEL	\$1,828,225	\$2,071,603	\$1,937,400
MAJOR DEPT STORES	\$2,203,418	\$2,519,070	\$2,343,200
MISC RETAIL STORES	\$6,875,814	\$7,708,823	\$6,947,100
OTHER ACTIVITY	\$3,593,243	\$3,694,819	\$3,254,600
RENTAL	\$4,357,899	\$4,521,858	\$3,771,400
UTILITIES	\$1,013,475	\$1,100,438	\$1,041,500
HIGHWAY USER TAX	\$18,848,335	\$18,643,354	\$19,344,049
LOCAL TRANSPORTATION ASSISTANCE FUND	\$610,000	\$610,000	\$610,000
INTERGOVERNMENTAL AGREEMENTS	\$87,800	\$87,800	\$89,556
MISCELLANEOUS	\$21,200	\$21,200	\$31,200
PROPERTY RENTAL	\$5,844	\$5,844	\$5,844
INTEREST EARNINGS	\$1,522,193	\$2,786,681	\$3,747,159
TOTAL TRANSPORTATION FUND	\$52,028,171	\$56,596,505	\$55,547,708
TOURISM DEVELOPMENT FUND			
TRANSIENT OCCUPANCY TAX	\$31,448,488	\$34,120,374	\$31,561,346
MISCELLANEOUS	\$25,000	\$25,000	\$25,000
PROPERTY RENTAL	\$3,066,671	\$3,508,481	\$3,245,605
INTEREST EARNINGS	\$504,510	\$504,510	\$687,414
TOTAL TOURISM DEVELOPMENT FUND	\$35,044,669	\$38,158,365	\$35,519,365

Source of Revenues	Budgeted Revenues 2023/2024	Actual Revenues 2023/2024*	Adopted Revenues 2024/2025
SPECIAL PROGRAMS FUND			
ELECTRIC & GAS FRANCHISE	\$262,000	\$262,000	\$265,000
STORMWATER FEE - CIP	\$6,721,382	\$6,721,382	\$7,896,004
WESTWORLD EQUESTRIAN FACILITY FEES	\$1,223,354	\$1,223,354	\$1,233,438
INTERGOVERNMENTAL AGREEMENTS	\$1,115,540	\$837,956	\$503,937
MISCELLANEOUS	\$4,113,088	\$7,165,684	\$5,070,037
PROPERTY RENTAL	\$365,153	\$278,568	\$282,651
CONTRIBUTIONS & DONATIONS	\$704,051	\$464,203	\$1,093,133
BUSINESS & LIQUOR LICENSES	\$50,160	\$50,160	\$50,160
RECREATION FEES	\$3,045,528	\$3,033,025	\$3,255,853
COURT FINES	\$1,860,508	\$1,860,508	\$2,611,154
LIBRARY	\$115,000	\$115,000	\$117,300
POLICE FEES	\$95,400	\$95,400	\$95,400
INTEREST EARNINGS	\$84,888	\$84,888	\$236,834
BUILDING & RELATED PERMITS	\$77,320	\$77,320	\$415,663
TOTAL SPECIAL PROGRAMS FUND	\$19,833,372	\$22,269,448	\$23,126,564
STADIUM FACILITY FUND			
MISCELLANEOUS	\$282,066	\$282,066	\$288,441
PROPERTY RENTAL	\$1,042,848	\$1,042,848	\$1,049,798
CONTRIBUTIONS & DONATIONS	\$725,000	\$725,000	\$726,950
INTEREST EARNINGS	\$134,247	\$134,247	\$187,963
TOTAL STADIUM FACILITY FUND	\$2,184,161	\$2,184,161	\$2,253,152
TOTAL SPECIAL REVENUE FUNDS	\$168,560,659	\$181,715,897	\$178,708,293
GRANTS & SPECIAL DISTRICTS FUNDS			
SPECIAL DISTRICTS FUND			
STREETLIGHT DISTRICTS	\$538,728	\$538,728	\$570,133
TOTAL SPECIAL DISTRICTS FUND	\$538,728	\$538,728	\$570,133
GRANT FUNDS			
MISCELLANEOUS	\$582,000	\$582,000	\$573,919
PROPERTY RENTAL	\$64,200	\$64,200	\$65,651
CONTRIBUTIONS & DONATIONS	\$3,259,390	\$3,259,390	\$3,696,252
FEDERAL GRANTS	\$19,589,308	\$19,589,308	\$22,531,760
STATE GRANTS	\$300,000	\$300,000	\$1,686,953
TOTAL GRANT FUNDS	\$23,794,898	\$23,794,898	\$28,554,535
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$24,333,626	\$24,333,626	\$29,124,668

Source of Revenues	Budgeted Revenues 2023/2024	Actual Revenues 2023/2024*	Adopted Revenues 2024/2025
CAPITAL IMPROVEMENT PROJECT FUNDS			
ESTIMATED UNEXPENDED PRIOR YEAR	\$1,006,533,095	\$0	\$0
AUTOMOTIVE	\$1,919,476	\$1,919,476	\$1,970,000
CONSTRUCTION	\$1,325,620	\$1,325,620	\$1,734,800
DINING/ENTERTNMNT	\$1,573,291	\$1,573,291	\$1,603,700
FOOD STORES	\$1,029,025	\$1,029,025	\$1,054,100
HOTEL/MOTEL	\$966,518	\$966,518	\$1,853,600
MAJOR DEPT STORES	\$1,164,869	\$1,164,869	\$1,205,100
MISC RETAIL STORES	\$3,634,995	\$3,634,995	\$3,565,300
OTHER ACTIVITY	\$1,899,620	\$1,899,620	\$1,839,200
RENTAL	\$2,303,864	\$2,303,864	\$1,876,800
UTILITIES	\$535,787	\$535,787	\$525,200
OTHER WATER REVENUE	\$2,750,000	\$2,750,000	\$8,250,000
OTHER WATER RECLAMATION REVENUE	\$2,650,000	\$2,650,000	\$6,150,000
NON-POTABLE WATER SERVICE CHARGES	\$2,100,000	\$2,100,000	\$2,100,000
INTERGOVERNMENTAL AGREEMENTS	\$110,082,462	\$110,082,462	\$29,598,502
MISCELLANEOUS	\$1,491,000	\$1,491,000	\$0
CONTRIBUTIONS & DONATIONS	\$0	\$0	\$2,454,955
INTEREST EARNINGS	\$4,731,141	\$6,062,149	\$10,151,780
BUILDING & RELATED PERMITS	\$65,000	\$242,880	\$65,000
FEDERAL GRANTS	\$4,122,395	\$7,926,845	\$7,237,384
BOND PROCEEDS	\$0	\$0	\$240,000,000
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	\$1,150,878,158	\$149,658,401	\$323,235,421
ENTERPRISE FUNDS			
AVIATION FUND			
JET FUEL	\$223,000	\$223,000	\$233,000
AIRPORT FEES	\$9,174,872	\$9,174,872	\$8,958,864
PROPERTY RENTAL	\$188,586	\$188,586	\$191,458
INTEREST EARNINGS	\$162,396	\$162,396	\$448,314
TOTAL AVIATION FUND	\$9,748,854	\$9,748,854	\$9,831,636
WATER & WATER RECLAMATION FUNDS			
STORMWATER FEE	\$340,527	\$340,527	\$338,612
WATER SERVICE FEES	\$123,359,867	\$123,359,867	\$135,292,948
SEWER SERVICE FEES	\$51,636,995	\$48,576,178	\$55,625,122
NON-POTABLE WATER SERVICE CHARGES	\$16,905,462	\$16,905,462	\$16,760,212
MISCELLANEOUS	\$4,432,368	\$9,316,037	\$5,185,203
PROPERTY RENTAL	\$210,188	\$210,188	\$221,851
CONTRIBUTIONS & DONATIONS	\$5,550	\$5,550	\$5,500
INTEREST EARNINGS	\$3,648,499	\$3,648,499	\$4,383,299
INDIRECT COSTS	\$801,903	\$801,903	\$818,408
TOTAL WATER & WATER RECLAMATION FUNDS	\$201,341,359	\$203,164,211	\$218,631,155
SOLID WASTE FUND			
SOLID WASTE SERVICE CHARGES - COMMERCIAL	\$4,046,242	\$4,046,242	\$4,635,583
SOLID WASTE SERVICE CHARGES - RESIDENTIAL	\$28,878,985	\$28,878,985	\$31,832,858
INTEREST EARNINGS	\$255,503	\$255,503	\$339,971
TOTAL SOLID WASTE FUND	\$33,180,730	\$33,180,730	\$36,808,412
TOTAL ENTERPRISE FUNDS	\$244,270,943	\$246,093,795	\$265,271,203

Source of Revenues	Budgeted Revenues 2023/2024	Actual Revenues 2023/2024*	Adopted Revenues 2024/2025
INTERNAL SERVICE FUNDS			
FLEET MANAGEMENT FUND			
INTERNAL SERVICE OFFSETS	(\$22,750,676)	(\$22,750,676)	(\$29,928,423)
FUEL	\$6,351,853	\$5,474,353	\$6,019,338
MAINTENANCE & OPERATIONS	\$9,298,220	\$10,398,220	\$8,850,827
RENTAL RATES	\$14,303,617	\$14,303,617	\$15,158,258
MISCELLANEOUS	\$468,951	\$468,951	\$482,128
REIMBURSEMENTS FROM OUTSIDE SOURCES	\$556,432	\$556,432	\$567,561
TOTAL FLEET MANAGEMENT FUND	\$8,228,397	\$8,450,897	\$1,149,689
PC REPLACEMENT FUND			
INTERNAL SERVICE OFFSETS	(\$850,000)	(\$850,000)	(\$950,007)
PC REPLACEMENT	\$850,000	\$850,000	\$950,007
TOTAL PC REPLACEMENT FUND	\$0	\$0	\$0
SELF INSURANCE FUNDS - HEALTH			
INTERNAL SERVICE OFFSETS	(\$30,191,547)	(\$30,191,547)	(\$29,452,240)
DISABLED RETIREE CONTRIBUTIONS	\$239,379	\$199,379	\$205,434
EMPLOYEE CONTRIBUTIONS - DENTAL	\$793,935	\$793,935	\$807,431
EMPLOYEE CONTRIBUTIONS - MEDICAL	\$7,599,568	\$7,699,896	\$8,208,052
EMPLOYER CONTRIBUTION - DENTAL	\$962,436	\$962,436	\$962,436
EMPLOYER CONTRIBUTION - MEDICAL	\$29,229,111	\$28,489,804	\$28,489,804
MISCELLANEOUS	\$251,100	\$251,100	\$253,122
TOTAL SELF INSURANCE FUNDS - HEALTH	\$8,883,982	\$8,205,003	\$9,474,039
SELF INSURANCE FUNDS - RISK			
INTERNAL SERVICE OFFSETS	(\$16,560,677)	(\$16,560,677)	(\$18,857,984)
SELF INSURANCE (PROPERTY AND WORKERS COMP)	\$16,508,600	\$16,508,600	\$18,803,303
UNEMPLOYMENT CLAIMS	\$52,077	\$52,077	\$54,681
MISCELLANEOUS	\$290,000	\$290,000	\$290,000
REIMBURSEMENTS FROM OUTSIDE SOURCES	\$525,000	\$525,000	\$525,000
TOTAL SELF INSURANCE FUNDS - RISK	\$815,000	\$815,000	\$815,000
TOTAL INTERNAL SERVICE FUNDS	\$17,927,379	\$17,470,900	\$11,438,728
TOTAL ALL FUNDS	\$1,987,739,988	\$1,014,739,741	\$1,193,317,243

*Includes actual revenues recognized on the modified accrual or accrual basis as of the date the Adopted budget was prepared, plus estimated revenues for the remainder of the fiscal year.

** There are \$0 voluntary contributions estimated to be received pursuant to A.R.S § 48-242.

CITY OF SCOTTSDALE
Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2024/2025
Schedule D

Fund	Other Financing Sources/(Uses) 2024/2025	Adopted Interfund Transfers 2024/2025	
		IN	OUT
GENERAL FUND			
GENERAL FUND	\$0	\$15,814,664	\$59,583,834
TOTAL GENERAL FUND	\$0	\$15,814,664	\$59,583,834
GRANTS & SPECIAL DISTRICTS FUNDS			
GRANT FUNDS	\$0	\$0	\$23,442
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$0	\$0	\$23,442
SPECIAL REVENUE FUNDS			
PRESERVATION FUNDS	\$0	\$0	\$44,184,080
SPECIAL PROGRAMS FUND	\$0	\$10,000	\$8,600,769
STADIUM FACILITY FUND	\$0	\$0	\$660,000
TOURISM DEVELOPMENT FUND	\$0	\$0	\$17,244,049
TRANSPORTATION FUND	\$0	\$0	\$34,064,310
TOTAL SPECIAL REVENUE FUNDS	\$0	\$10,000	\$104,753,208
DEBT SERVICE FUNDS			
DEBT	\$0	\$62,517,083	\$0
TOTAL DEBT SERVICE FUNDS	\$0	\$62,517,083	\$0
CAPITAL IMPROVEMENT PROJECT FUNDS			
CAPITAL IMPROVEMENT PROGRAM	\$0	\$165,548,396	\$6,128,730
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	\$0	\$165,548,396	\$6,128,730
ENTERPRISE FUNDS			
AVIATION FUND	\$0	\$599,100	\$3,495,577
SOLID WASTE FUND	\$0	\$0	\$5,577,360
WATER & WATER RECLAMATION FUNDS	\$0	\$14,199,704	\$78,732,846
TOTAL ENTERPRISE FUNDS	\$0	\$14,798,804	\$87,805,783
INTERNAL SERVICE FUNDS			
FLEET MANAGEMENT FUND	\$0	\$0	\$567,909
SELF INSURANCE FUNDS - HEALTH	\$0	\$194,500	\$0
SELF INSURANCE FUNDS - RISK	\$0	\$0	\$20,541
TOTAL INTERNAL SERVICE FUNDS	\$0	\$194,500	\$588,450
TOTAL ALL FUNDS	\$0	\$258,883,447	\$258,883,447

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2024/2025
Schedule E

Fund/Divisions	Adopted Budget Expenditures 2023/2024	Expenditure Adjustments Approved 2023/2024	Actual Expenditures 2023/2024*	Adopted Budget Expenditures 2024/2025
GENERAL FUND				
MAYOR AND CITY COUNCIL	\$1,112,601	(\$27,063)	\$1,085,538	\$1,228,149
CITY ATTORNEY	\$8,589,399	\$6,687	\$8,596,086	\$9,016,837
CITY AUDITOR	\$1,313,021	(\$7,335)	\$1,305,686	\$1,420,460
CITY CLERK	\$1,103,865	\$11,340	\$1,115,205	\$1,457,536
CITY COURT	\$5,655,776	(\$96,371)	\$5,559,405	\$6,095,604
CITY MANAGER	\$2,228,807	(\$286,931)	\$1,941,876	\$2,943,560
CITY TREASURER	\$12,585,220	(\$607,957)	\$11,977,263	\$13,642,181
ADMINISTRATIVE SERVICES	\$25,956,820	(\$1,035,696)	\$24,921,124	\$26,947,123
COMMUNITY AND ECONOMIC DEVELOPMENT	\$26,455,848	(\$1,244,824)	\$25,211,024	\$26,117,112
COMMUNITY SERVICES	\$50,821,650	(\$2,184,106)	\$48,637,544	\$52,771,541
PUBLIC SAFETY - FIRE	\$64,767,849	\$1,495,112	\$66,262,961	\$72,897,636
PUBLIC SAFETY - POLICE	\$144,301,971	(\$5,152,658)	\$139,149,313	\$136,918,706
PUBLIC WORKS	\$28,329,379	(\$5,929,063)	\$22,400,316	\$30,020,050
CLASS AND COMP STUDY	\$6,818,554	(\$6,818,554)	\$0	\$0
DEBT SERVICE	\$452,103	\$0	\$452,103	\$458,404
ESTIMATED DIVISION SAVINGS	(\$9,000,000)	\$5,183,173	(\$3,816,827)	(\$10,773,000)
FUEL AND MAINT AND REPAIR	\$0	\$3,247,163	\$3,247,163	\$0
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$2,813,988	(\$1,745,658)	\$1,068,330	\$4,325,738
POST EMPLOYMENT MEDICAL	\$0	\$196,950	\$196,950	\$0
UTILITIES	\$0	\$4,923,634	\$4,923,634	\$0
VACATION TRADE	\$1,105,014	(\$1,105,014)	\$0	\$926,833
CONTINGENCY / RESERVE APPROPRIATION	\$206,725,481	\$35,058,380	\$0	\$245,256,922
TOTAL GENERAL FUND	<u>\$582,137,346</u>	<u>\$23,881,209</u>	<u>\$364,234,694</u>	<u>\$621,671,392</u>
TOTAL GENERAL FUND	<u>\$582,137,346</u>	<u>\$23,881,209</u>	<u>\$364,234,694</u>	<u>\$621,671,392</u>
SPECIAL REVENUE FUNDS				
SPECIAL PROGRAMS FUND				
MAYOR AND CITY COUNCIL	\$231,000	(\$205,531)	\$25,469	\$58,806
CITY COURT	\$2,065,560	(\$38,871)	\$2,026,689	\$2,151,916
COMMUNITY AND ECONOMIC DEVELOPMENT	\$719,220	(\$482,943)	\$236,277	\$688,822
COMMUNITY SERVICES	\$4,389,994	(\$807,783)	\$3,582,211	\$6,563,780
PUBLIC SAFETY - FIRE	\$757,094	(\$19,371)	\$737,723	\$844,837
PUBLIC SAFETY - POLICE	\$3,942,212	(\$35,887)	\$3,906,325	\$5,063,949
PUBLIC WORKS	\$165,810	\$0	\$165,810	\$255,805
DEBT SERVICE	\$58,549	\$0	\$58,549	\$57,729
CONTINGENCY / RESERVE APPROPRIATION	\$1,500,000	\$0	\$0	\$1,320,809
TOTAL SPECIAL PROGRAMS FUND	<u>\$13,829,439</u>	<u>(\$1,590,386)</u>	<u>\$10,739,053</u>	<u>\$17,006,453</u>
STADIUM FACILITY FUND				
COMMUNITY SERVICES	\$887,919	(\$2,006)	\$885,913	\$1,654,006
DEBT SERVICE	\$17,375	(\$17,375)	\$0	\$0
CONTINGENCY / RESERVE APPROPRIATION	\$0	\$0	\$0	\$2,242,032
TOTAL STADIUM FACILITY FUND	<u>\$905,294</u>	<u>(\$19,381)</u>	<u>\$885,913</u>	<u>\$3,896,038</u>

Fund/Divisions	Adopted Budget Expenditures 2023/2024	Expenditure Adjustments Approved 2023/2024	Actual Expenditures 2023/2024*	Adopted Budget Expenditures 2024/2025
TOURISM DEVELOPMENT FUND				
COMMUNITY AND ECONOMIC DEVELOPMENT	\$22,011,914	\$1,407,226	\$23,419,140	\$21,864,126
CLASS AND COMP STUDY	\$18,205	(\$18,205)	\$0	\$0
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$1,058	\$0	\$1,058	\$1,082
VACATION TRADE	\$5,046	(\$5,046)	\$0	\$0
CONTINGENCY / RESERVE APPROPRIATION	\$9,359,883	\$160,255	\$0	\$10,423,034
TOTAL TOURISM DEVELOPMENT FUND	\$31,396,106	\$1,544,230	\$23,420,198	\$32,288,242
TRANSPORTATION FUND				
ADMINISTRATIVE SERVICES	\$18,800	\$0	\$18,800	\$18,800
COMMUNITY SERVICES	\$2,255,183	\$793	\$2,255,976	\$2,166,854
PUBLIC WORKS	\$29,894,026	(\$2,629,331)	\$27,264,695	\$30,358,469
CLASS AND COMP STUDY	\$248,635	(\$248,635)	\$0	\$0
ESTIMATED DIVISION SAVINGS	(\$360,000)	\$360,000	\$0	(\$368,136)
FUEL AND MAINT AND REPAIR	\$0	\$1,174,054	\$1,174,054	\$0
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$209,626	(\$70,930)	\$138,696	\$214,364
POST EMPLOYMENT MEDICAL	\$0	\$22,360	\$22,360	\$0
UTILITIES	\$0	\$753,483	\$753,483	\$0
VACATION TRADE	\$39,025	(\$39,025)	\$0	\$29,515
CONTINGENCY / RESERVE APPROPRIATION	\$3,730,530	\$0	\$0	\$3,994,830
TOTAL TRANSPORTATION FUND	\$36,035,825	(\$677,231)	\$31,628,064	\$36,414,696
TOTAL SPECIAL REVENUE FUNDS	\$82,166,664	(\$742,768)	\$66,673,228	\$89,605,429
GRANTS & SPECIAL DISTRICTS FUNDS				
GRANT FUNDS				
ADMINISTRATIVE SERVICES	\$865,128	\$0	\$865,128	\$1,072,040
COMMUNITY AND ECONOMIC DEVELOPMENT	\$0	\$10,000	\$10,000	\$0
COMMUNITY SERVICES	\$13,206,296	(\$894,088)	\$12,312,208	\$16,086,623
PUBLIC SAFETY - FIRE	\$560,505	\$289,000	\$849,505	\$101,000
PUBLIC SAFETY - POLICE	\$1,055,111	\$733,042	\$1,788,153	\$938,950
CONTINGENCY / RESERVE APPROPRIATION	\$8,076,408	(\$1,948,817)	\$0	\$10,332,480
TOTAL GRANT FUNDS	\$23,763,448	(\$1,810,863)	\$15,824,994	\$28,531,093
SPECIAL DISTRICTS FUND				
NON DIVISIONAL	\$578,708	\$0	\$578,708	\$572,451
TOTAL SPECIAL DISTRICTS FUND	\$578,708	\$0	\$578,708	\$572,451
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$24,342,156	(\$1,810,863)	\$16,403,702	\$29,103,544
DEBT SERVICE FUNDS				
DEBT				
DEBT SERVICE	\$91,459,254	\$0	\$91,459,254	\$93,647,344
CONTINGENCY / RESERVE APPROPRIATION	\$6,968,475	\$3,678,051	\$0	\$8,132,087
TOTAL DEBT	\$98,427,729	\$3,678,051	\$91,459,254	\$101,779,431
TOTAL DEBT SERVICE FUNDS	\$98,427,729	\$3,678,051	\$91,459,254	\$101,779,431

Fund/Divisions	Adopted Budget Expenditures 2023/2024	Expenditure Adjustments Approved 2023/2024	Actual Expenditures 2023/2024*	Adopted Budget Expenditures 2024/2025
ENTERPRISE FUNDS				
SOLID WASTE FUND				
CITY TREASURER	\$1,031,593	(\$23,390)	\$1,008,203	\$1,002,905
ADMINISTRATIVE SERVICES	\$8,000	\$0	\$8,000	\$8,000
PUBLIC WORKS	\$29,009,258	(\$2,223,315)	\$26,785,943	\$30,715,551
CLASS AND COMP STUDY	\$277,211	(\$277,211)	\$0	\$0
DEBT SERVICE	\$430,715	(\$430,715)	\$0	\$0
ESTIMATED DIVISION SAVINGS	(\$325,000)	(\$42,092)	(\$367,092)	(\$332,345)
FUEL AND MAINT AND REPAIR	\$0	\$1,984,001	\$1,984,001	\$0
INDIRECT/DIRECT COST ALLOCATION	\$1,785,696	\$0	\$1,785,696	\$2,037,592
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$46,880	(\$25,346)	\$21,534	\$47,939
POST EMPLOYMENT MEDICAL	\$0	\$26,000	\$26,000	\$0
UTILITIES	\$0	\$34,991	\$34,991	\$0
VACATION TRADE	\$43,561	(\$43,561)	\$0	\$34,238
CONTINGENCY / RESERVE APPROPRIATION	\$5,342,418	\$523,498	\$0	\$5,734,298
TOTAL SOLID WASTE FUND	\$37,650,332	(\$497,140)	\$31,287,276	\$39,248,178
WATER & WATER RECLAMATION FUNDS				
CITY TREASURER	\$2,605,385	(\$152,333)	\$2,453,052	\$2,407,057
ADMINISTRATIVE SERVICES	\$729,338	(\$73,899)	\$655,439	\$709,908
WATER RESOURCES	\$100,909,490	(\$1,369,064)	\$99,540,426	\$107,353,417
CLASS AND COMP STUDY	\$745,370	(\$745,370)	\$0	\$0
DEBT SERVICE	\$28,545,978	\$0	\$28,545,978	\$29,382,531
FUEL AND MAINT AND REPAIR	\$0	\$509,367	\$509,367	\$0
INDIRECT/DIRECT COST ALLOCATION	\$6,685,230	\$0	\$6,685,230	\$7,395,899
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$53,232	\$0	\$53,232	\$54,434
POST EMPLOYMENT MEDICAL	\$0	\$145,392	\$145,392	\$0
VACATION TRADE	\$70,424	(\$70,424)	\$0	\$65,997
CONTINGENCY / RESERVE APPROPRIATION	\$82,160,525	\$7,345,633	\$0	\$96,234,928
TOTAL WATER & WATER RECLAMATION FUNDS	\$222,504,972	\$5,589,302	\$138,588,116	\$243,604,171
AVIATION FUND				
COMMUNITY AND ECONOMIC DEVELOPMENT	\$3,315,174	(\$159,810)	\$3,155,364	\$3,343,715
CLASS AND COMP STUDY	\$47,878	(\$47,878)	\$0	\$0
DEBT SERVICE	\$1,722,244	\$0	\$1,722,244	\$1,722,744
FUEL AND MAINT AND REPAIR	\$0	\$44,872	\$44,872	\$0
INDIRECT/DIRECT COST ALLOCATION	\$546,752	\$0	\$546,752	\$609,316
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$3,493	\$0	\$3,493	\$3,572
POST EMPLOYMENT MEDICAL	\$0	\$3,900	\$3,900	\$0
UTILITIES	\$0	\$83,617	\$83,617	\$0
VACATION TRADE	\$4,000	(\$4,000)	\$0	\$1,541
CONTINGENCY / RESERVE APPROPRIATION	\$8,742,938	\$6,511,165	\$0	\$16,508,374
TOTAL AVIATION FUND	\$14,382,479	\$6,431,866	\$5,560,242	\$22,189,262
TOTAL ENTERPRISE FUNDS	\$274,537,783	\$11,524,028	\$175,435,634	\$305,041,611

Fund/Divisions	Adopted Budget Expenditures 2023/2024	Expenditure Adjustments Approved 2023/2024	Actual Expenditures 2023/2024*	Adopted Budget Expenditures 2024/2025
INTERNAL SERVICE FUNDS				
SELF INSURANCE FUNDS - RISK				
CITY ATTORNEY	\$17,559,732	\$1,052	\$17,560,784	\$19,468,792
ADMINISTRATIVE SERVICES	\$50,000	\$0	\$50,000	\$52,500
CLASS AND COMP STUDY	\$36,268	(\$36,268)	\$0	\$0
INTERNAL SERVICE OFFSETS	(\$16,560,677)	\$0	(\$16,560,677)	(\$18,857,984)
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$2,482	(\$1,447)	\$1,035	\$2,538
POST EMPLOYMENT MEDICAL	\$0	\$2,860	\$2,860	\$0
VACATION TRADE	\$3,963	(\$3,963)	\$0	\$4,474
CONTINGENCY / RESERVE APPROPRIATION	\$28,483,062	\$467,812	\$0	\$30,312,728
TOTAL SELF INSURANCE FUNDS - RISK	\$29,574,830	\$430,046	\$1,054,002	\$30,983,048
FLEET MANAGEMENT FUND				
PUBLIC WORKS	\$22,790,188	(\$352,817)	\$22,437,371	\$32,770,222
CLASS AND COMP STUDY	\$142,273	(\$142,273)	\$0	\$0
ESTIMATED DIVISION SAVINGS	(\$300,000)	\$300,000	\$0	(\$306,780)
FUEL AND MAINT AND REPAIR	\$0	\$47,855	\$47,855	\$0
INTERNAL SERVICE OFFSETS	(\$22,750,676)	\$0	(\$22,750,676)	(\$29,928,423)
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$111,959	(\$30,249)	\$81,710	\$114,489
POST EMPLOYMENT MEDICAL	\$0	\$13,780	\$13,780	\$0
VACATION TRADE	\$6,256	(\$6,256)	\$0	\$7,438
CONTINGENCY / RESERVE APPROPRIATION	\$3,000,000	\$0	\$0	\$1,897,123
TOTAL FLEET MANAGEMENT FUND	\$3,000,000	(\$169,960)	(\$169,960)	\$4,554,069
PC REPLACEMENT FUND				
ADMINISTRATIVE SERVICES	\$768,170	\$0	\$768,170	\$1,637,100
INTERNAL SERVICE OFFSETS	(\$850,000)	\$0	(\$850,000)	(\$950,007)
CONTINGENCY / RESERVE APPROPRIATION	\$100,000	\$0	\$0	\$100,000
TOTAL PC REPLACEMENT FUND	\$18,170	\$0	(\$81,830)	\$787,093
SELF INSURANCE FUNDS - HEALTH				
ADMINISTRATIVE SERVICES	\$39,220,582	(\$1,373,824)	\$37,846,758	\$40,146,439
CLASS AND COMP STUDY	\$3,359	(\$3,359)	\$0	\$0
INTERNAL SERVICE OFFSETS	(\$30,191,547)	\$0	(\$30,191,547)	(\$29,452,240)
CONTINGENCY / RESERVE APPROPRIATION	\$9,381,745	(\$296,357)	\$0	\$9,488,188
TOTAL SELF INSURANCE FUNDS - HEALTH	\$18,414,139	(\$1,673,540)	\$7,655,211	\$20,182,387
TOTAL INTERNAL SERVICE FUNDS	\$51,007,139	(\$1,413,454)	\$8,457,423	\$56,506,597
CAPITAL PROJECT FUNDS				
CAPITAL IMPROVEMENT PROGRAM				
CAPITAL PROJECTS	\$1,368,929,785	\$0	\$1,368,929,785	\$1,068,380,341
CONTINGENCY / RESERVE APPROPRIATION	\$51,721,959	\$0	\$0	\$22,760,560
TOTAL CAPITAL IMPROVEMENT PROGRAM	\$1,420,651,744	\$0	\$1,368,929,785	\$1,091,140,901
TOTAL CAPITAL PROJECT FUNDS	\$1,420,651,744	\$0	\$1,368,929,785	\$1,091,140,901
TOTAL ALL FUNDS	\$2,533,270,561	\$35,116,203	\$2,091,593,720	\$2,294,848,905

*Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the Adopted budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses
Fiscal Year 2024/2025
Schedule F

<u>Division/Fund</u>	<u>Adopted Budget Expenditures 2023/2024</u>	<u>Expenditure Adjustments Approved 2023/2024</u>	<u>Actual Expenditures 2023/2024*</u>	<u>Adopted Budget Expenditures 2024/2025</u>
MAYOR AND CITY COUNCIL				
GENERAL FUND	\$1,112,601	(\$27,063)	\$1,085,538	\$1,228,149
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$231,000	(\$205,531)	\$25,469	\$58,806
TOTAL MAYOR AND CITY COUNCIL	\$1,343,601	(\$232,594)	\$1,111,007	\$1,286,955
CITY ATTORNEY				
GENERAL FUND	\$8,589,399	\$6,687	\$8,596,086	\$9,016,837
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	\$17,559,732	\$1,052	\$17,560,784	\$19,468,792
TOTAL CITY ATTORNEY	\$26,149,131	\$7,739	\$26,156,870	\$28,485,629
CITY AUDITOR				
GENERAL FUND	\$1,313,021	(\$7,335)	\$1,305,686	\$1,420,460
TOTAL CITY AUDITOR	\$1,313,021	(\$7,335)	\$1,305,686	\$1,420,460
CITY CLERK				
GENERAL FUND	\$1,103,865	\$11,340	\$1,115,205	\$1,457,536
TOTAL CITY CLERK	\$1,103,865	\$11,340	\$1,115,205	\$1,457,536
CITY COURT				
GENERAL FUND	\$5,655,776	(\$96,371)	\$5,559,405	\$6,095,604
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$2,065,560	(\$38,871)	\$2,026,689	\$2,151,916
TOTAL CITY COURT	\$7,721,336	(\$135,242)	\$7,586,094	\$8,247,520
CITY MANAGER				
GENERAL FUND	\$2,228,807	(\$286,931)	\$1,941,876	\$2,943,560
TOTAL CITY MANAGER	\$2,228,807	(\$286,931)	\$1,941,876	\$2,943,560
CITY TREASURER				
GENERAL FUND	\$12,585,220	(\$607,957)	\$11,977,263	\$13,642,181
ENTERPRISE FUND - SOLID WASTE	\$1,031,593	(\$23,390)	\$1,008,203	\$1,002,905
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$2,605,385	(\$152,333)	\$2,453,052	\$2,407,057
TOTAL CITY TREASURER	\$16,222,198	(\$783,680)	\$15,438,518	\$17,052,143
ADMINISTRATIVE SERVICES				
GENERAL FUND	\$25,956,820	(\$1,035,696)	\$24,921,124	\$26,947,123
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$865,128	\$0	\$865,128	\$1,072,040
SPECIAL REVENUE FUND - TRANSPORTATION	\$18,800	\$0	\$18,800	\$18,800
ENTERPRISE FUND - SOLID WASTE	\$8,000	\$0	\$8,000	\$8,000
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$729,338	(\$73,899)	\$655,439	\$709,908
INTERNAL SERVICE FUND - PC REPLACEMENT	\$768,170	\$0	\$768,170	\$1,637,100
INTERNAL SERVICE FUND - SELF INSURANCE - HEALTH	\$39,220,582	(\$1,373,824)	\$37,846,758	\$40,146,439
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	\$50,000	\$0	\$50,000	\$52,500
TOTAL ADMINISTRATIVE SERVICES	\$67,616,838	(\$2,483,419)	\$65,133,419	\$70,591,910
COMMUNITY AND ECONOMIC DEVELOPMENT				
GENERAL FUND	\$26,455,848	(\$1,244,824)	\$25,211,024	\$26,117,112
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$0	\$10,000	\$10,000	\$0
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$719,220	(\$482,943)	\$236,277	\$688,822
SPECIAL REVENUE FUND - TOURISM DEVELOPMENT	\$22,011,914	\$1,407,226	\$23,419,140	\$21,864,126
ENTERPRISE FUND - AVIATION	\$3,315,174	(\$159,810)	\$3,155,364	\$3,343,715
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	\$52,502,156	(\$470,351)	\$52,031,805	\$52,013,775

Division/Fund	Adopted Budget Expenditures 2023/2024	Expenditure Adjustments Approved 2023/2024	Actual Expenditures 2023/2024*	Adopted Budget Expenditures 2024/2025
COMMUNITY SERVICES				
GENERAL FUND	\$50,821,650	(\$2,184,106)	\$48,637,544	\$52,771,541
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$13,206,296	(\$894,088)	\$12,312,208	\$16,086,623
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$4,389,994	(\$807,783)	\$3,582,211	\$6,563,780
SPECIAL REVENUE FUND - STADIUM FACILITY	\$887,919	(\$2,006)	\$885,913	\$1,654,006
SPECIAL REVENUE FUND - TRANSPORTATION	\$2,255,183	\$793	\$2,255,976	\$2,166,854
TOTAL COMMUNITY SERVICES	\$71,561,042	(\$3,887,190)	\$67,673,852	\$79,242,804
PUBLIC SAFETY - FIRE				
GENERAL FUND	\$64,767,849	\$1,495,112	\$66,262,961	\$72,897,636
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$560,505	\$289,000	\$849,505	\$101,000
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$757,094	(\$19,371)	\$737,723	\$844,837
TOTAL PUBLIC SAFETY - FIRE	\$66,085,448	\$1,764,741	\$67,850,189	\$73,843,473
PUBLIC SAFETY - POLICE				
GENERAL FUND	\$144,301,971	(\$5,152,658)	\$139,149,313	\$136,918,706
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$1,055,111	\$733,042	\$1,788,153	\$938,950
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$3,942,212	(\$35,887)	\$3,906,325	\$5,063,949
TOTAL PUBLIC SAFETY - POLICE	\$149,299,294	(\$4,455,503)	\$144,843,791	\$142,921,605
PUBLIC WORKS				
GENERAL FUND	\$28,329,379	(\$5,929,063)	\$22,400,316	\$30,020,050
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$165,810	\$0	\$165,810	\$255,805
SPECIAL REVENUE FUND - TRANSPORTATION	\$29,894,026	(\$2,629,331)	\$27,264,695	\$30,358,469
ENTERPRISE FUND - SOLID WASTE	\$29,009,258	(\$2,223,315)	\$26,785,943	\$30,715,551
INTERNAL SERVICE FUND - FLEET MANAGEMENT	\$22,790,188	(\$352,817)	\$22,437,371	\$32,770,222
TOTAL PUBLIC WORKS	\$110,188,661	(\$11,134,526)	\$99,054,135	\$124,120,097
WATER RESOURCES				
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$100,909,490	(\$1,369,064)	\$99,540,426	\$107,353,417
TOTAL WATER RESOURCES	\$100,909,490	(\$1,369,064)	\$99,540,426	\$107,353,417
OTHER				
CAPITAL PROJECTS	\$1,368,929,785	\$0	\$1,368,929,785	\$1,068,380,341
CLASS AND COMP STUDY	\$8,337,753	(\$8,337,753)	\$0	\$0
CONTINGENCY / RESERVE APPROPRIATION	\$425,293,424	\$51,499,620	\$0	\$464,738,393
DEBT SERVICE	\$122,686,218	(\$448,090)	\$122,238,128	\$125,268,752
ESTIMATED DIVISION SAVINGS	(\$9,985,000)	\$5,801,081	(\$4,183,919)	(\$11,780,261)
FUEL AND MAINT AND REPAIR	\$0	\$7,007,312	\$7,007,312	\$0
INDIRECT/DIRECT COST ALLOCATION	\$9,017,678	\$0	\$9,017,678	\$10,042,807
INTERNAL SERVICE OFFSETS	(\$70,352,900)	\$0	(\$70,352,900)	(\$79,188,654)
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE	\$3,242,718	(\$1,873,630)	\$1,369,088	\$4,764,156
NON DIVISIONAL	\$578,708	\$0	\$578,708	\$572,451
POST EMPLOYMENT MEDICAL	\$0	\$411,242	\$411,242	\$0
UTILITIES	\$0	\$5,795,725	\$5,795,725	\$0
VACATION TRADE	\$1,277,289	(\$1,277,289)	\$0	\$1,070,036
TOTAL OTHER	\$1,859,025,673	\$58,578,218	\$1,440,810,847	\$1,583,868,021
TOTAL ALL FUNDS	\$2,533,270,561	\$35,116,203	\$2,091,593,720	\$2,294,848,905

*Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the Adopted budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Full-Time Employees and Personnel Compensation
Fiscal Year 2024/2025
Schedule G

Fund	Full-Time Equivalent (FTE) 2024/2025	Employee Salaries and Hourly Costs 2024/2025	Retirement Costs 2024/2025	Healthcare Costs 2024/2025	Other Benefit Costs 2024/2025	Total Adopted Personnel Compensation 2024/2025
GENERAL FUND						
GENERAL FUND	2,094.73	\$199,583,964	\$43,923,294	\$24,244,535	\$17,134,022	\$284,885,815
TOTAL GENERAL FUND	<u>2,094.73</u>	<u>\$199,583,964</u>	<u>\$43,923,294</u>	<u>\$24,244,535</u>	<u>\$17,134,022</u>	<u>\$284,885,815</u>
GRANTS & SPECIAL DISTRICTS FUNDS						
GRANT FUNDS	18.00	\$1,666,423	\$185,560	\$251,196	\$112,381	\$2,215,560
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	<u>18.00</u>	<u>\$1,666,423</u>	<u>\$185,560</u>	<u>\$251,196</u>	<u>\$112,381</u>	<u>\$2,215,560</u>
SPECIAL REVENUE FUNDS						
SPECIAL PROGRAMS FUND	59.03	\$4,295,146	\$783,216	\$542,050	\$287,253	\$5,907,665
STADIUM FACILITY FUND	3.00	\$213,941	\$23,682	\$28,044	\$14,422	\$280,089
TOURISM DEVELOPMENT FUND	4.69	\$524,399	\$58,478	\$79,800	\$35,039	\$697,716
TRANSPORTATION FUND	92.98	\$8,247,566	\$877,224	\$1,147,570	\$784,436	\$11,056,796
TOTAL SPECIAL REVENUE FUNDS	<u>159.70</u>	<u>\$13,281,052</u>	<u>\$1,742,600</u>	<u>\$1,797,464</u>	<u>\$1,121,150</u>	<u>\$17,942,266</u>
ENTERPRISE FUNDS						
AVIATION FUND	15.48	\$1,413,828	\$157,737	\$127,716	\$113,229	\$1,812,510
SOLID WASTE FUND	106.40	\$9,189,883	\$914,385	\$1,225,886	\$645,005	\$11,975,159
WATER & WATER RECLAMATION FUNDS	241.14	\$23,634,051	\$2,573,562	\$2,906,566	\$2,201,871	\$31,316,050
TOTAL ENTERPRISE FUNDS	<u>363.02</u>	<u>\$34,237,762</u>	<u>\$3,645,684</u>	<u>\$4,260,168</u>	<u>\$2,960,105</u>	<u>\$45,103,719</u>
INTERNAL SERVICE FUNDS						
FLEET MANAGEMENT FUND	54.00	\$4,680,571	\$493,427	\$690,498	\$427,068	\$6,291,564
SELF INSURANCE FUNDS - HEALTH	0.00	\$331,070	\$0	\$0	\$0	\$331,070
SELF INSURANCE FUNDS - RISK	11.00	\$1,310,980	\$128,582	\$142,044	\$78,844	\$1,660,450
TOTAL INTERNAL SERVICE FUNDS	<u>65.00</u>	<u>\$6,322,621</u>	<u>\$622,009</u>	<u>\$832,542</u>	<u>\$505,912</u>	<u>\$8,283,084</u>
CAPITAL PROJECT MANAGEMENT CHARGED TO CAPITAL	-	\$4,230,951	\$479,165	\$528,750	\$298,047	\$5,536,913
TOTAL ALL FUNDS	<u>2,700.45</u>	<u>\$259,322,773</u>	<u>\$50,598,312</u>	<u>\$31,914,655</u>	<u>\$22,131,617</u>	<u>\$363,967,357</u>

ORDINANCE NO. 4643

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY ADOPTING THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN FOR THE CITY OF SCOTTSDALE FOR THE PERIOD BEGINNING JULY 1, 2024, AND ENDING JUNE 30, 2029.

WHEREAS, City financial policies require Capital Improvement Plan projects to have sufficient budget authority and a funding source identified in the five-year Capital Improvement Plan to meet the entire amount of the commitment;

WHEREAS, on May 14, 2024, the City Council tentatively adopted the five-year Capital Improvement Plan for the period beginning July 1, 2024, and ending June 30, 2029, pursuant to Ordinance No. 4638;

WHEREAS, the City Council now finds it to be in the best interests of the City to finally adopt a five-year Capital Improvement Plan; and now, therefore,

BE IT ORDAINED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby finally adopts the five-year Capital Improvement Plan for the period beginning July 1, 2024, and ending June 30, 2029, a summary of which is attached hereto as Exhibit 1, and incorporated herein by this reference, to use as a guide in the scheduling and development of capital improvements for the stated five-year period. The complete version of the Final Five-Year Capital Improvement Plan is on file with, and available for review at, the Office of the City Clerk.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 4 day of June, 2024.

ATTEST:

Ben Lane
Ben Lane, City Clerk

CITY OF SCOTTSDALE, an Arizona
municipal corporation

David D. Ortega
David D. Ortega, Mayor

APPROVED AS TO FORM:

Sherry R. Scott
Sherry R. Scott, City Attorney
By: Kimberly Campbell, Senior Assistant City Attorney

**Adopted Five-Year Capital Improvement Plan
FY 2024/25 - FY 2028/29
Program Summary**

Program	Net Carryforward Appropriation (a)	FY 2024/25 Request	Total 2024/25 Appropriation	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Total 5-Year Program
Community Facilities								
Neighborhood & Community Parks/Park Improvements	6,405,159 73,618,719	27,668,588 15,653,688	34,073,747 89,272,407	1,825,835 37,445,846	5,886,951 9,000,000	4,251,317 -	8,939,394 -	54,977,244 135,718,253
Community Facilities Total	80,023,879	43,322,276	123,346,155	39,271,681	14,886,951	4,251,317	8,939,394	190,695,498
Drainage/Flood Control								
Drainage/Flood Control	5,742,364	11,269,416	17,011,780	71,541,029	13,799,697	5,407,134	1,000,000	108,759,640
Drainage/Flood Control Total	5,742,364	11,269,416	17,011,780	71,541,029	13,799,697	5,407,134	1,000,000	108,759,640
Preservation								
Preservation/Preservation Improvements	5,366,780	-	5,366,780	-	-	-	-	5,366,780
Preservation Total	5,366,780	-	5,366,780	-	-	-	-	5,366,780
Public Safety								
Fire Protection	31,891,769	2,693,389	34,585,158	12,547,416	7,278,739	1,010,439	919,729	56,341,481
Police	29,925,878	24,433,457	54,359,335	10,694,502	2,964,507	2,507,900	2,401,400	72,927,644
Public Safety Total	61,817,647	27,126,846	88,944,493	23,241,918	10,243,246	3,518,339	3,321,129	129,269,125
Service Facilities								
Municipal Facilities/Improvements	44,318,030	58,797,505	103,115,535	31,113,617	13,905,622	5,317,300	5,507,300	158,959,374
Technology Improvements	27,077,766	9,860,188	36,937,954	23,413,716	14,856,412	13,372,464	17,165,307	105,745,853
Service Facilities Total	71,395,795	68,657,693	140,053,488	54,527,333	28,762,034	18,689,764	22,672,607	264,705,226
Transportation								
Aviation/Aviation Improvements	4,828,571	10,917,706	15,746,277	10,921,190	13,215,524	15,972,566	13,855,670	69,711,227
Streets/Street Improvements	147,501,241	57,710,870	205,212,111	149,414,368	23,656,185	25,475,794	24,084,242	427,842,700
Traffic/Traffic Reduction	12,005,242	3,768,810	15,774,052	1,500,000	1,500,000	1,500,000	1,500,000	21,774,052
Transit/Multi-Modal Improvements	395,248	19,179,935	19,575,183	40,034,641	2,790,624	798,836	600,000	63,799,284
Transportation Total	164,730,303	91,577,321	256,307,624	201,870,199	41,162,333	43,747,196	40,039,912	583,127,264
Water Management								
Wastewater Improvements	93,868,622	111,242,740	205,111,362	60,610,500	40,085,433	37,779,130	35,693,000	379,279,425
Water Improvements	178,603,219	76,396,000	254,999,219	78,976,000	89,758,238	107,991,000	51,483,500	583,207,957
Water Management Total	272,471,841	187,638,740	460,110,581	139,586,500	129,843,671	145,770,130	87,176,500	962,487,382
Grand Total	661,548,609	429,592,292	1,091,140,901	530,038,660	238,697,932	221,383,880	163,149,542	2,244,410,915

Note: Rounding differences may occur.

^(a) Under Arizona law, unused funds from one fiscal year can only be spent in the following fiscal year if the Council formally reappropriates the funds as part of the new budget. Since many capital projects extend across fiscal years during planning, design, and construction, it's essential to reappropriate funds to ensure completion. Importantly, this process doesn't increase total project costs.

ORDINANCE NO. 4640

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE SUBJECT TO TAXATION, A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; FIXING THE PRIMARY PROPERTY TAX RATE AND SECONDARY PROPERTY TAX RATE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON BONDED INDEBTEDNESS; AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2025.

WHEREAS, by the provisions of the City Charter, an ordinance is required to set the property tax levy for the fiscal year beginning July 1, 2024, and ending June 30, 2025;

WHERE, State law requires the property tax levy to be finally adopted not later than the third Monday in August;

WHEREAS, the County of Maricopa is the assessing and collecting authority for the City of Scottsdale;

WHEREAS, the required public hearing was held on June 4, 2024, and the City Council made the following policy decisions relating to the primary property taxes:

- a. Accepted increasing the levy amount for the two percent (2%) maximum legal amount for fiscal year 2024/25; and
- b. Increased the levy amount to account for one million, two hundred fifty-five thousand, eight hundred thirty-two dollars (\$1,255,832) for tort claim payments for calendar year 2023; and now, therefore,

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

Section 1. The foregoing recitals are incorporated as if fully set forth herein.

Section 2. There is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be, by law, exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending June 30, 2025,

15622658

and allowable tort liability claims. The total primary levy is thirty-nine million, six hundred forty thousand, one hundred ninety-five dollars (\$39,640,195), resulting in a tax rate of \$0.4958 per one hundred and no/100 dollars (\$100.00) of assessed valuation. If this exceeds the maximum levy allowed by law, the Maricopa County Board of Supervisors is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

Section 3. In addition to the rate set in Section 2 above, there is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be, by law, exempt from taxation, a secondary property tax rate of \$0.4358 per one hundred and no/100 dollars (\$100.00) of assessed valuation, which is a rate sufficient to raise the sum of thirty-four million, eight hundred thirty-nine thousand, six hundred seventeen dollars (\$34,839,617) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2025.

Section 4. Failure by the county officials of Maricopa County, Arizona, to properly return the delinquent list, any irregularity in assessments or omission in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer(s) to timely perform any of the assigned duties shall not invalidate any proceedings or any deed or sale pursuant thereto; the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Scottsdale upon such property for the delinquent taxes unpaid thereon, and no overcharge as to part of the taxes or of costs shall invalidate any proceedings for the collection of taxes or the foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

Section 5. The City Clerk or designee is hereby authorized and directed to transmit a certified copy of this ordinance to the Maricopa County Assessor and the Maricopa County Board of Supervisors.

Section 6. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

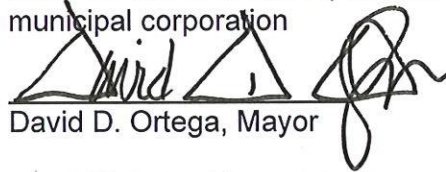
PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 25th day of June 2024.

ATTEST:



Ben Lane, City Clerk

CITY OF SCOTTSDALE, an Arizona
municipal corporation



David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney

By: Kimberly Campbell, Senior Assistant City Attorney

15622658

Ordinance No. 4640

Page 2 of 2

Fiscal Year 2024/25 Proposed Budget Transmittal

Honorable Mayor and City Council:

I am pleased to present to you the City of Scottsdale's proposed Fiscal Year 2024/25 budget and 2025 –2029 Capital Improvement Plan (CIP) for your consideration.

This budget is a balanced and conservative budget that provides our citizens with a great return on their tax dollars by funding core services and community priorities including new fire ambulance transportation services, continuing our high service levels, and keeping our taxes and fees low. This budget was achieved through the work and efforts of department and division directors and staff to ensure funding for council and organization goals while addressing restrictions under the city's state-imposed expenditure limitation.

The total FY 2024/25 Proposed Budget is \$2.29 billion consisting of the proposed Operating Budget including contingencies and reserves of \$1.20 billion and proposed FY 2024/25 Capital Budget including contingencies of \$1.09 billion. This budget is a 10% decrease from the adopted FY 2023/24 budget of \$2.53 billion. The budget anticipates reductions in sales tax revenues from the state's elimination of the residential rental tax offset by continued consumer spending, although at a slower pace as inflation risks persist despite being down considerably. Scottsdale's economy and tourism activities continue to be resilient, however with future uncertain economic conditions and anticipated reductions in state shared revenues, we must ensure the split between on-going sustainable revenues and one-time revenues is appropriate.

"Simply Better Service for a World-Class Community" is Scottsdale's mission statement, carried out each day by the city's staff. The job market remains very competitive, and so this budget prioritizes expenditures to hire and retain top-quality staff along with benefit adjustments to help Scottsdale remain an employer of choice.

Inflation continues to challenge the Capital Improvement Program. According to the Department of Labor's Producer Price Index (Construction for Government category), material and labor costs increased nearly 20% from July 2021 to July 2022 and rose another 4% through January 2024. This

impact is felt across the city's capital program; the proposed budget prioritizes funding to meet that challenge so that high priority projects are completed for the benefit of our residents, visitors and customers.

The city's five-year CIP for FY 2024/25 through FY 2028/29 totals \$2.24 billion consisting of \$962.49 million in water and wastewater projects, \$581.62 million in transportation projects, \$264.71 million in service facility projects, \$190.70 million in community facilities projects, \$128.64 million in public safety projects and \$108.76 million in flood control and other projects.

Staffing additions and notable programs and initiatives

The proposed budget includes 60.56 new full-time equivalents (FTEs) consisting of 56 new FTEs for the Fire department to staff the new fire station 612, the new fire training facility and the new ambulance transportation program; and 4.56 new FTEs for other city services as summarized in the FY 2024/25 Operating Expenditure Summary section of the budget document.

This budget proposal continues the ongoing market and performance pay adjustment programs for staff (detailed in the Uses section below), which will help employees face persistent inflation costs, and help the city retain top-quality people. The budget includes funds to implement the recommendations of the comprehensive classification and compensation study that was approved in FY 2023/24 to ensure city positions are appropriately compensated based upon internal and external benchmark comparisons and to ensure the city is competitive in attracting and hiring talent as we continue to see challenging conditions in recruiting and hiring the best talent.

Elsewhere, the city expects to receive a Water Conservation Grant that will allow Scottsdale Water to facilitate additional water reduction and efficiency efforts, especially through the residential grass removal incentive rebate program.

Other notable investments in the community include one-time funding to purchase new American for Disabilities Act (ADA) compliant bleachers for signature events at WestWorld, up-fitting Fire Department vehicles, and training and certification for Fire Department specialty.

Details on these proposed expenditures and more are included in the Uses section below.

Sources

General Fund revenue estimates reflect a modest net increase of \$5.0 million from the adopted FY 2023/24 budget. That total projected net increase comes from several different sources and factors, most notably:

- (\$12.8 million) is the projected decrease in the city's proportionate slices of state-shared income tax, sales tax, and vehicle license fees, primarily due to the state's switch to a flat income tax rate model.
- \$0.5 million is the increase projected in general fund sales tax. The previous budget reflected the significant revenue increases the city was experiencing due to inflation, post-pandemic spending, and other factors. The FY 2024/25 forecasts expect these revenues to realign with the historical trend; estimates also reflect the elimination of the residential rental tax that goes into effect in January 2025.
- \$0.8 million from a projected net increase in electric and gas franchise and cable TV fees.
- \$1.2 million from additional primary property tax collections (\$0.7 million due to the allowable 2 percent statutory adjustment and \$0.5 million due to new growth).
- \$1.4 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$0.6 million from WestWorld Equestrian Facility Fees based on anticipated events and establishing a more appropriate cost recovery formula that is used when developing WestWorld fees; increased revenue from TPC Scottsdale and Scottsdale Stadium usage fees are reflected here as well.
- \$4.5 million in additional revenue is expected in the Fire Department from the newly created ambulance transportation service, increases associated with third-party fire protection system inspections and from special events reimbursements.
- \$0.4 million from increased Recreation Fees associated with summer recreation sessions and facility rentals, and rental revenue at the new WestWorld Sports Complex.
- \$1.0 million due to increased indirect costs for services provided by the General Fund to enterprise operations.

- \$7.4 million from a projected increase in interest earnings due to higher anticipated rates of return on investments.

Uses

The General Fund proposed operating budget for next fiscal year shows a net increase in spending of \$1.0 million from the FY 2023/24 adopted budget. Below highlights significant personnel related net increases included in the proposed operating budget.

- \$2.8 million (\$4.1 million all funds) for the citywide pay for performance program, through which employees may receive up to 3.0 percent salary increases based on performance (up to the maximum in their salary range).
- \$4.7 million for the city 2.0 percent market adjustment (\$5.9 million all funds).
- \$8.0 million for the costs anticipated in implementing a comprehensive classification and compensation study (\$10.0 million all funds)
- \$1.0 million (\$1.1 million all funds) for the vacation buyback program for eligible employees.
- \$0.4 million (\$0.6 million all funds) for parental leave.
- (\$0.4 million) for retirement cost decreases (\$0.3 million all funds).
- \$0.1 million (\$0.1 million all funds) for health and dental cost increases.

In addition, the General Fund budget includes money for these priority items:

Administrative Services:

- \$0.1 million for Information Technology contract increases.
- \$0.2 million to hire a Human Resources Supervisor and a Human Resources Analyst to address the current backlog on administrative processing for federally regulated programs and increased human resources responsibilities.
- \$0.1 million to provide additional annual training for human resource staff members.
- \$0.1 million to assist migrating software applications from on premises to the cloud.

City Court

- \$0.1 million for increased costs associated with the public defender contract.

City Treasurer

- \$0.4 million to purchase annual subscriptions and licenses associated with Phase II and III of the Enterprise Resource Planning (ERP) implementation.
- \$0.2 million to accommodate changes in the distribution rate for work order credits to accurately reflect the hours and funding for each employee that provides support to other city programs or functions.
- \$0.1 million to carryover consultant service costs for developing an indirect cost allocation plan initially approved for FY 2023/24.
- \$0.1 million to address the increased costs for software contracts.

Community & Economic Development:

- \$0.1 million carry-over of one-time funding to provide an in-depth, independent review, assessment, and benchmarking of Planning & Development Services' rates and fees that was budgeted in FY 2023/24 but will not be completed until FY 2024/25.

Community Services:

- \$0.4 million for an annual one-time contract labor request for events and custodial services at WestWorld.
- \$0.3 million of annual one-time funding for the removal and disposal of organic waste material from WestWorld.
- \$0.1 million to increase the budgeted amount for overtime associated with an increased number of events occurring at WestWorld.
- \$0.1 million of annual one-time funding for increased overtime and contracted custodial workers needed for Barrett Jackson's newly planned annual event at WestWorld.
- \$0.1 million to increase operating hours and lifeguard coverage at aquatic centers.

Public Safety - Fire:

- \$5.6 million to establish Phase I of ambulance transportation operations. This includes hiring 29 additional staff.
- \$1.4 million to equip and staff the newly constructed Fire Station 612. This includes hiring 22 additional staff.
- \$0.6 million (primarily one-time funding) for overtime to provide backfill firefighters while they attend paramedic training/certification.
- \$0.5 million to adequately staff and provide overtime for the new training facility. This includes hiring five additional staff.
- \$0.4 million of one-time funding for overtime to provide backfill while sworn staff attend specialty teams training.
- \$0.3 million of one-time funding to properly up-fitting various fire apparatus vehicles.
- \$0.1 million to provide additional access to continued education and conferences for staff members.
- \$0.1 million for increases to the Phoenix Dispatch contract.

Public Works:

- \$1.0 million carryover of one-time funding from FY 2023/24 to repaint the public art wall 'The Path Most Travelled' on the Arizona State Loop 101.
- \$0.1 million to cover Facilities Management price increases related to the expected completion of capital projects such as the new Fire Department Training Facility, Ashler Hills Park, and the McCormick-Stillman Roundhouse.

Capital Improvement Program

The proposed five-year Capital Improvement Plan (CIP) totals \$2.24 billion with the Proposed CIP budget for FY 2024/25 at \$1.09 billion including contingencies. The projects highlighted below address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

Capital project costs that do not have a dedicated funding source are funded by transfers from the General Fund. The total FY 2024/25 transfers to CIP from the General Fund operating budget is

\$42.1 million, which includes a \$17.8 million General Fund loan to the Solid Waste CIP Fund to support enhancements and expansion of the transfer station facility.

Notable projects proceeding next fiscal year are highlighted below. Please note that the amounts reflected are the amounts budgeted in FY 2024/25 and are not necessarily the total cost of the project.

Bond 2019 Program (FY2024/25: \$153.4 million)

The voter approved Bond 2019 program funded 58 projects with a total of \$319 million in bond funds. The city has completed 12 projects to date and included in the FY2024/25 budget is funding for 46 other Bond 2019 projects in various stages including the expansion of the Granite Reef Senior Center, building of new swimming pools and building at Cactus Pool, repairs to lakes and irrigation at Vista Del Camino Park, building of a new fire station near Hayden road and Loop 101 and renovation of the Via Linda police station.

Enterprise Resource Planning System Phases II and III (FY 2024/25: \$1.83 million)

This project replaces the outdated enterprise resource planning system to enable the effective administration of the city's financial, purchasing, and warehouse systems. Phases II and III will address HR, Payroll, Budget and Cashiering.

Funding Source: General Fund, Transportation 0.20% Sales Tax, CDBG, Water and Sewer Rates, Aviation Funds, Fleet Rates, Self Insurance Funds

National Fire Protection Association Station (FY 2024/25: \$1.1 million)

This project will renovate and enhance six fire stations to meet applicable National Fire Protection Association 1581 standards while meeting the operational needs of the Public Safety - Fire Division.

Funding Source: General Fund

WestWorld - Pave Parking Lots C, F, G, H (FY 2024/25: \$1.9 million)

This project addresses the need to replace existing asphalt in WestWorld's parking lots C, F, G, and H.

Funding Sources: General Fund

Transfer Station Enhancements (FY 2024/25: \$10.3 million)

This project includes expanding the layout of the Solid Waste transfer station facility, including adding a stand-alone residential household hazardous materials facility, green waste disposal facility, and electronics storage building to be used as a drop off location. This project will also double area of the current tipping floor loading space to service new customers such as city residents and private haulers.

Funding Sources: General Fund, Sanitation Rates

Arizona State Land Department Land Purchase (FY 2024/25: \$17.8 million)

Purchase a 17.46-acre parcel of land at the Arizona State Land Department auction for municipal uses including the location of the future green waste and household hazardous waste facilities that are planned as part of the transfer station expansion project, and the relocation of Transportation and Streets and Solid Waste storage for traffic signal and streetlight poles, associated equipment, and supply of residential and commercial containers to the west of the transfer station. This material is currently stored on the site of a future drainage channel that will be built as part of the Crossroads East drainage improvements.

Funding Source: Transportation Sales Tax

Gainey Ranch Treatment Plant (FY 2024/25: \$1.5 million)

This project is essential to enable more recycled water to be used in central Scottsdale for turf irrigation, thereby reducing drinking water system demands.

Funding Source: Water Reclamation Rates

Water Campus Electrical Substations Replacement (FY 2024/25: \$3.0 million)

Replace seven major electrical substation feeds to the reclamation plant. The electrical substations are essential to powering the Water Campus treatment systems and are over 25 years old. These substation feeds need replacement before the systems start to fail.

Funding Source: Water Reclamation Rates

Pavement Overlay Program (FY 2024/25: \$22.3 million) - Funding Added for FY 2023/24

The Pavement Overlay Program is an ongoing project that addresses street pavement and public alley overlays and all associated improvements, which may include milling and surface treatments on the existing roadway, traffic control, new pavement thickness, water valve and manhole lowering and raising, signal detection upgrades from loops to video, Americans with Disabilities Act (ADA) upgrades for concrete ramps and signal push buttons, concrete repairs to curbs and sidewalks, new striping plans, new striping and new signage for bike lanes and sidewalks.

Funding Source: Transportation Sales Tax and Highway User Revenue Fund

Reclamation Plant Expansion (FY 2024/25: \$46.0 million)

This project will address a Water Campus Reclamation Plant expansion to increase its capacity by five million gallons a day.

Funding Source: MPC Sewer Bonds

Water Distribution System Improvements (FY 2024/25: \$46.3 million)

The project includes replacing mains, pressure regulating valves, meters, and other valves, as well as design, easement acquisition, construction of new water mains at various locations throughout the distribution system to improve service, reducing operating costs and meeting fire flow requirements as set forth by city ordinance. This project will also include inspection, design, repair and replacement of water storage reservoirs and pump stations as driven by findings from the Asset Management Program.

Funding Source: Water Rates

Conclusion

I would like to thank the City Council for their guidance and support throughout the development of this proposed budget. And a special thanks to the Assistant City Managers, City Treasurer's Office, budget department staff, budget liaisons and all other staff who contributed to this budgeting process. This budget proposal supports the municipal organization and the community, and reflects the impacts of many factors that influence city operations and priorities on an annual

basis. Staff looks forward to discussing the contents of this proposal with City Council and the community over the coming months.

Sincerely,

Jim Thompson

Jim Thompson, City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Scottsdale
Arizona**

For the Fiscal Year Beginning

July 01, 2023

Christopher P. Morill

Executive Director

Budget Award for Fiscal Year 2023/24 Budget

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for fiscal year beginning July 1, 2023. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operating guide, and as a communications device.

This award is valid for a period of one year only. The current budget continues to conform to program requirements and will be submitted to the GFOA to determine its eligibility for another award.

CENTER FOR DIGITAL GOVERNMENT



DIGITAL  **CITIES**
2023 SURVEY WINNER

The Center for Digital Government
presented Scottsdale the 2023 Top Digital
Cities award in the 250,000-499,999
population category.

Scottsdale was recognized for its dedication to serving our community through innovative technology.

This award is presented to communities demonstrating exceptional cybersecurity, transparency, digital privacy rights, digital equity, and innovative solutions for social challenges.

The Digital Privacy administrative regulation safeguards public trust in the city's use of new and emerging technologies to protect digital privacy rights by enabling residents to determine when, how, and to what extent information about them is communicated to others.

CITY OF SCOTTSDALE'S BUDGET DEVELOPMENT PROCESS

RECOMMENDED BUDGET PRACTICES

The City of Scottsdale's budget development process incorporates the recommended practices from the Government Finance Officers Association (GFOA).

GFOA, founded in 1906, represents public finance officials throughout the United States and Canada. The association's more than 20,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions.

The focus of GFOA is to advance excellence in public finance in areas such as: budgeting, accounting, financial reporting, debt management, and public fund investing. GFOA recommends a set of best practices for budgeting that are designed to improve effectiveness, transparency, and accountability.

The following are excerpts of the Recommended Budget Practices: A framework for improved state and local government budgeting¹.

A. Budget Process Definition

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

A good budget process includes several essential features:

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

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

B. Mission of the Budget Process

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

The term stakeholder refers to anyone affected by or who has a stake in government. This term includes, but is not limited to residents, customers, elected officials, management, employees, businesses, vendors, other governments and the media.

The budget process should accomplish the following:

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

The importance of the mission of the budget process cannot be overstated. Regular and frequent reporting is necessary to provide accountability and educate and inform stakeholders. Communication and involvement are essential components of every aspect of the budget process.

C. PRINCIPLES/ELEMENTS OF THE BUDGET PROCESS

The budget process consists of four broad principles that stem from the definition and mission previously described. These principles encompass many functions that spread across a governmental organization. They reflect the fact that development of a balanced budget is a political and managerial process that also has financial and technical dimensions. Each of the principles incorporates components or elements that represent achievable results. These elements help translate the guiding principles into action components.

1. Establish Broad Goals to Guide Government Decision Making

- Assess community needs, priorities, challenges and opportunities
- Identify opportunities and challenges for government services, capital assets and management
- Develop and disseminate broad goals

2. Develop Approaches to Achieve Goals

- Adopt financial policies
- Develop programmatic, operating, capital policies and plans
- Develop programs and services that are consistent with policies and plans
- Develop management strategies

3. Develop a Budget Consistent with Approaches to Achieve Goals

- Develop a process for preparing and adopting a budget
- Develop and evaluate financial options
- Make choices necessary to adopt a budget

4. Evaluate Performance and Make Adjustments

- Monitor, measure and evaluate performance
- Make adjustments, as needed

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

BUDGET ROLES AND RESPONSIBILITIES

Every Scottsdale employee plays a role in the city's budget – whether in its formulation, preparation, implementation, administration or evaluation. Ultimately, each division director, through the city manager and the charter officers, is accountable to the City Council for the performance of program personnel in meeting the City Council's broad goals and specific work plan objectives within allocated resource limits.

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

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

The city divisions have **budget liaisons** that coordinate the day-to-day budget management within their respective divisions along with the budget staff. The budget liaisons serve as the vital communication link between their city division and the Budget Department on matters related to their specific operating budget. Budget liaisons are responsible for revenue and expenditure forecasts, monthly expenditure and revenue variance analysis, calculating user fees, monitoring the budget, support to the Accounting Department in the Comprehensive Annual Financial Report preparation and preparing budget review materials for the city treasurer, other charter officers, division directors, city manager, City Council, media and residents.

The **capital improvement plan (CIP) liaisons** essentially serve the same role as the budget liaisons; however, their focus is on the coordination of capital projects, multi-year capital planning and identifying capital project operating impacts with the budget staff. In some cases, the same individual serves as both the divisional budget liaison and CIP liaison.

The **CIP technology review team**, **CIP construction review team** and **CIP transportation review team** are comprised of individuals from various city divisions. These cross-divisional teams are responsible for the initial review of all the city's capital project requests. Their reviews are focused on ensuring that projects are scoped properly, infrastructure components are coordinated, long-term operating impacts are included, timeframes are realistic, projects are coordinated geographically, and project costs are adequate. They also consider if the request is congruent with city objectives and priorities using a set of predetermined criteria. The review group recommendations are forwarded to the capital management review committee.

The **capital management review committee (CMRC)** is formed by division directors and key leadership staff. They provide an organizational-wide view for collaboration and prioritization, serve as advisors for policies and technologies, balance projects against Council objectives and refine the initial prioritization of overall city goals and objectives. The committee forwards its funding recommendations to the City Council for final approval.

The **division directors and charter officers** are responsible for reviewing historical performance, anticipating future problems and opportunities, considering alternative solutions and modifying and assembling their program data into a cohesive budget information package. Each division director and charter officer are responsible for evaluating, reviewing, justifying and prioritizing all operating and capital budget requests for their division. Only those requests that division directors and charter officers believe support the City Council's broad goals, the city's general plan, city manager's work plan, administrative direction and program objectives are to be submitted to the budget department.

The **budget department team** is comprised of the budget department director, budget and research administrator, budget/research analyst principal and senior budget analysts. The team is responsible for preparing the multi-fund short-range and long-range revenue and expenditure forecasts, coordinating with budget liaisons in calculating user fees, calculating the indirect cost rate, developing the process and related forms for preparing and monitoring the budget, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating and summarizing budget requests from divisions and preparing budget review materials for the city treasurer, other charter officers, division directors, city manager, City Council, media and residents.

The **city treasurer, other city charter officers** and **division directors** collaborate in developing programmatic, operating and capital policies and financial plans that help define how Scottsdale will achieve its long-term goals. They are responsible for reviewing the program operating budget and capital budget requests and for working with program managers to develop service recommendations that are consistent with the City Council's broad goals, management strategies and the city's adopted comprehensive financial policies.

The **city manager** is responsible for reviewing the multi-year, multi-fund financial plan and submitting a balanced citywide proposed budget to the Mayor and City Council, which supports their broad goals. From December through May, the city manager holds bi-weekly meetings with the city treasurer to ensure staff are preparing a proposed budget that addresses the City Council's priorities and to provide guidance on key policy issues related to the budget development.

The **Mayor and City Council** set the direction for staff related to the forthcoming budget by establishing broad goals for the organization to serve as a basis for decision-making. The City Council reviews key aspects of the city manager's proposed budget such as the city's multi-year financial plan including an examination of the revenue forecast and related assumptions, employee compensation including healthcare and retirement costs, changes to rates and fees, comprehensive financial policies, debt schedules, property tax rate and the capital budget. From March through May, the city treasurer updates City Council on the development of the budget process during their monthly meetings. The budget development process culminates in the spring with the Mayor and City Council holding public budget hearings. The Mayor and City Council are ultimately responsible for the review of the city manager's proposed budget, tentative budget adoption (mid-May) and final adoption of the budget (mid-June). All City Council budget discussions are open to the public for comment and are broadcast on CityCable 11 and the city's web page.

BUDGET PHASES

Needs Assessment and Financial Capacity Phase

In this phase, which begins in the late summer and continues up to the final budget adoption, staff compile and update on an ongoing basis the city's multi-fund, multi-year revenue forecast. The first year of the revenue estimates is the most

critical in the process as that will ultimately define the expenditure limitations for the forthcoming budget year. The multi-year revenue perspective further refines the city's planning for current and future period expenditures – with the goal of not adding service areas, services or staff which do not have a 'sustainable' funding source over the five-year planning time frame. The preliminary assumptions are used to forecast the city's fiscal capacity and provide the financial framework within which the proposed division budget service levels, capital budget and operating impacts.

Policy/Strategy Development and Prioritization Phase

In the fall and winter, the City Council typically reviews citizen input, citizen board and commission feedback, financial policies, citizen survey results and the most current financial forecast. They discuss broad organizational goals, priorities, constituents' suggestions and expectations for Scottsdale. From this, the City Council establishes broad goals and strategic directives, which are the cornerstone for budget development. These broad goals provide the overall direction for Scottsdale and serve as a basis for decision-making. The division directors and senior management staff update city financial policies, plans, programs and management strategies to define how the city will achieve the goals. It is within this framework that the city staff formulates the proposed operating and capital budgets.

Budget Development and Prioritization Phase

The CIP development begins in the early fall in conjunction with the city's multi-year financial forecasts. Initial divisional capital project requests and changes to existing capital projects are reviewed by cross-divisional teams for accurate costing, congruence with city objectives and are prioritized using a set of pre-determined criteria. Financing sources are then sought for the highest-ranking projects. The teams involved in this process include the CIP technology review team, the CIP construction review team and the CIP transportation review team. When developing their division operating budget plans, staff closely consider the ongoing operating impacts of current and proposed capital projects. Staff also consider the City Council's broad goals and strategic directives as they develop program objectives and work plans for the budget period.

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

Under the city's modified zero-based budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff and program trade-offs resulting in service level reductions/increases must be submitted to the Budget Department in a decision package. The division's requests include extensive analysis and justification and are reviewed by the city manager, city treasurer and budget director during the prioritization process. In the later stages of the city's budget development process, decision packages are considered and balanced among numerous competing demands within the city's available ongoing resources. When funding needs exceed the city's funding limits, remedies may include the identification of new revenues, the employment of process management tools and/or formation of partnerships with other city programs or non-profit organizations.

City Management Review and Modification Phase

In the early winter the divisions submit their proposed operating budget requests to the Budget Department. The initial multi-faceted review focuses on ascertaining the division's needs with the Budget Department's budget instructions, reviewing the mathematical accuracy and logic of the divisional base budget and decision packages. The review also includes a broader assessment of whether the divisional budget proposals address the City Council's broad goals, strategic directives and service needs while maintaining a citywide perspective ensuring the fiscal integrity of the city (not exceeding forecasted resources/limits).

The city manager, division directors, city treasurer and budget staff collaborate on the development of a recommended five-year financial plan and proposed budget for each fund and then submit the plans to the City Council for review and adoption. The City Council also reviews the proposed multi-year revenue forecasts for reasonableness and the expenditure budgets for efficiencies and alignment with community needs and expectations.

City Council Budget Review and Adoption Phase

In the winter and spring, funding recommendations are discussed at public meetings. Staff present an overview of the proposed operating and capital budgets to the City Council and residents for consideration and further public input. The budget is also communicated to the public through televised public meetings and/via the city's website.

The City Council holds public meetings to review key operating and capital budget policy items. The discussions focus on the city's five-year financial plans and how the divisions' operating and capital budgets address residents' priorities and the City Council's broad goals. Additionally, the City Council holds meetings to review rates and fees, and financial policies.

Next, a series of required public budget hearings are held and the City Council adopts the budget and property tax levy consistent with the City Charter and state law. Per the City Charter, the City Council must have tentative adoption of the proposed budget on or before the second regular City Council meeting in May each year (Article 6, Sec. 3. Submission of Recommendations and Estimates to Council). This meeting is usually held in mid-May (*Note: State law requires the City Council adopted the tentative budget on or before the third Monday in July of each fiscal year.*) Tentative adoption sets the legal maximum expenditure limit (i.e., appropriation) for the coming fiscal year budget.

Under the City Charter (Article 6, Sec. 5. Public Hearing and Adoption of Budget), final adoption of the budget must occur at the first regular City Council meeting in June (*Note: There is no specific date set by state law for adoption of the final budget. However, for jurisdictions with a property tax, such as Scottsdale, the recommended deadline for adoption of the property tax levy is the third Monday in August. Since state law requires a period of at least 14 days between adoption of the final budget and adoption of the property tax levy, the budget should be adopted by the first Monday in August of each year.*)

Arizona state law requires a "balanced" budget" (Title 42, Arizona Revised Statutes) and requires the City Council to annually adopt a balanced budget by purpose of public expense. State law defines that as the primary property tax levy, when added together with all other available resources, must equal expenditures.

Arizona state law also requires an "expenditure limitation." This requirement was imposed by the Arizona Constitution and approved by the voters in 1980 (Article 9, Section 20).² Under Arizona state law, "expenditure limitation" means if an item is not budgeted (i.e., does not have an appropriation), it cannot legally be spent during the fiscal year. Therefore, the budget must include enough appropriation and contingency provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the city to comply with the Arizona state law and to proactively pursue emerging revenue sources as the budget year unfolds. Expenditures (i.e., appropriations) associated with items such as possible future grants/revenues may not be spent without the City Council's prior approval at a public meeting.

Arizona Revised Statutes (A.R.S.) only requires communities to prepare budgets for two funds – the General Fund (A.R.S. 42-17101) and the Highway User Revenue Fund (A.R.S. 28-6533) (see the Transportation Fund). In addition to these two funds, the city prepares budgets and requests legal appropriation for the following funds: Special Revenue, Debt Service, Enterprise, Internal Service, Grants, Special Districts and Capital Funds. The ordinance adopting the annual budget requires City Council authorization for expenditures from the funds, which in the aggregate constitutes the city's total operating, capital budget and contingency/reserves for purposes of complying with the state's balanced budget and legal maximum appropriation requirements.

Implementing, Monitoring and Amending the Budget Phase

In July, city staff implement the operating budget and the capital improvement plan and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined compared to budget plans and corrective action is taken if necessary. The budget team and divisional budget liaisons review current demographic, economic and financial trends every month which may impact the city and discuss strategies to ensure the city's fiscal integrity. City management and the City Council are also provided quarterly operating budget financial updates and reports disclosing actual revenue, expenditure and fund balance performance, as well as quarterly CIP budget updates.

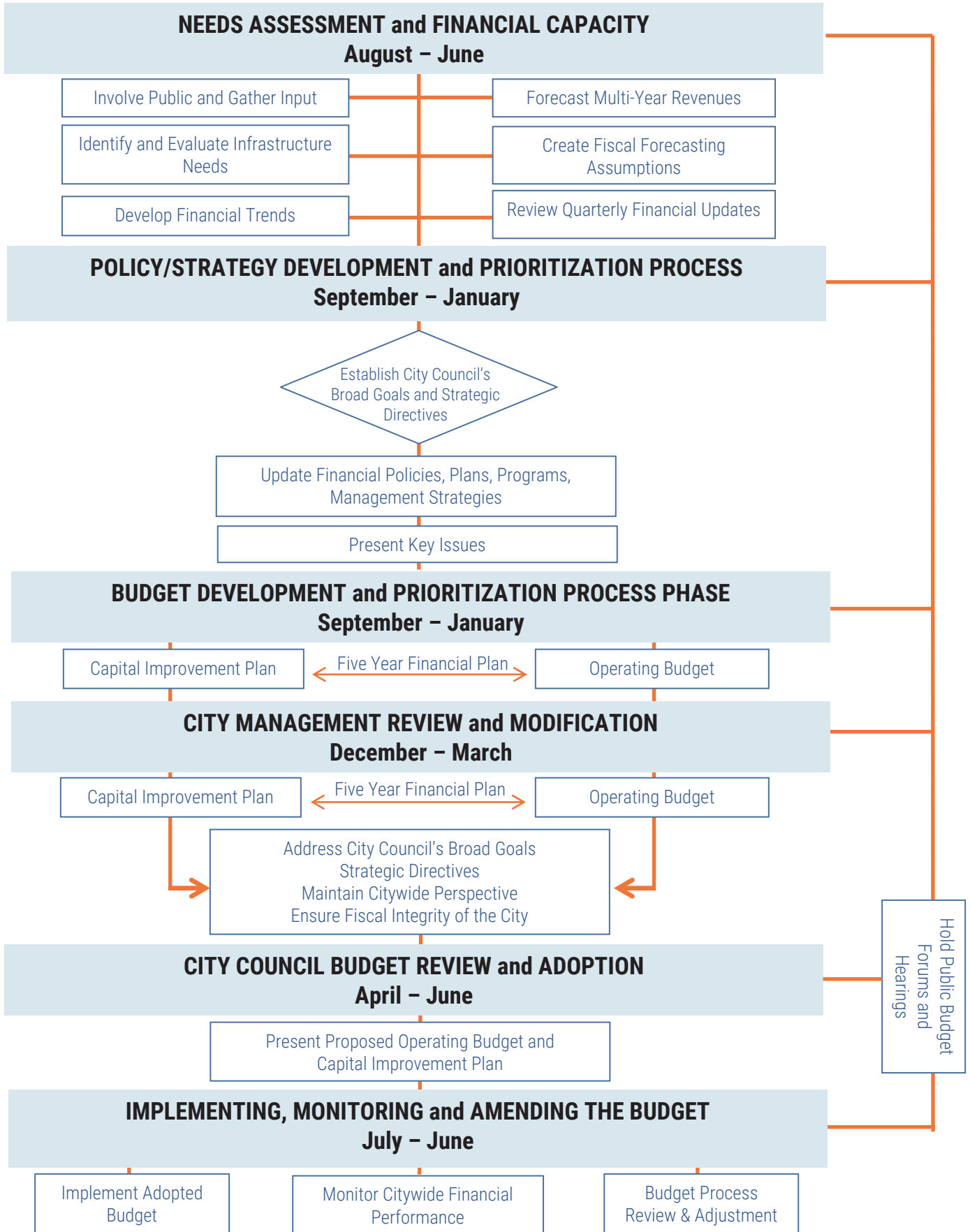
Scottsdale's programs and services are periodically reviewed to determine if they are achieving the City Council's broad

goals, accomplishing strategic objectives and making efficient use of limited resources. Two employee values, “thoughtful innovation” and “accountable integrity,” along with city manager directed studies of several programs during the next budget year help communicate this expectation. The City Treasurer’s staff, other charter officers, division directors, and the internal audit staff all aid in the review of programs.

City staff from all programs are expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed, reviewed and reported on quarterly. Scottsdale’s culture and the employee values of “dedicated service”, and “collaborative teamwork” stress the importance of open communication and stakeholder involvement in determining satisfaction with programs.

Ongoing monitoring of the city’s financial performance is required monthly by the City Charter. Written budget to actual expenditure variance reports must be submitted monthly by all city divisions explaining any significant variances (where previous months recorded sources and uses are above or below the budget) and provide a solution for corrective action. Additionally, the divisions must be able to explain in writing to the Budget Department the projected year-end budget savings and/or fund balances.

The City of Scottsdale’s operating budget is adopted at a division level and the capital improvement plan is adopted at a project level. All midyear amendments to the budget that require a budget transfer from the Contingency/Reserve Funds require the City Council’s prior approval at a public meeting.



USE OF CONTINGENCY/RESERVE FUNDS

Contingency/Reserve Funds are strictly defined in the city's financial policies adopted by the City Council annually and are used in the following instances: when additional funds are necessary to offset unexpected expenditure increases, so that service measures can be maintained; when unanticipated grants are received; and when unanticipated and/or inadequately budgeted events threaten the public health or safety. Use of Contingency/Reserve Funds is to be utilized only after all alternative budget funding sources and other options have been fully considered. All Contingency/Reserve Fund requests require a written justification and an explanation of the fiscal impact, which is reviewed and approved in writing by the city treasurer, budget department director, the applicable city charter officer, division director and city manager before being presented to the City Council for consideration in a public meeting.

BUDGETARY AND ACCOUNTING BASIS

Scottsdale's budget is prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP). The city's governmental funds consist of the General Fund, Special Revenue Funds, Debt Service Funds, Permanent (Grant) Funds and Capital Project Funds. Governmental fund type budgets are developed using the modified accrual basis of accounting.

Under the modified accrual basis, revenues are accrued if they are earned and will be collected within the 31-days after the fiscal year-end. Principal and interest on general long-term debt is budgeted as expenditures when due, whereas other expenditures are budgeted based on the timing of the receipt of the good or service.

Proprietary fund budgets – Water and Water Reclamation, Solid Waste, Aviation and Internal Service Funds – are adopted using the full accrual basis of accounting, whereby revenue projections are developed recognizing revenues earned in the period. Expenditure estimates are developed for all expenses incurred during the fiscal year.

The major differences between the budget and the Annual Comprehensive Financial Report are:

- Certain revenues, expenditures and transfers are not included in the budget, but are accrued and reported in the Annual Comprehensive Financial Report. For example, increases or decreases in compensated absences, payroll accruals and changes in fair market value are not included for budget purposes, but are presented in the Annual Comprehensive Financial Report.
- Franchise fees charged to the Enterprise Funds are accounted for as transfers-in or transfers-out in the budget, but are recorded as revenues and expenses in the Annual Comprehensive Financial Report.
- Capital outlays in the Enterprise Funds are presented as expenses in the budget, but are recorded as assets along with associated depreciation expenses in the Annual Comprehensive Financial Report.
- Debt service principal payments in the Enterprise Funds are expenses in the budget, but reported as reduction of long-term debt liability in the Annual Comprehensive Financial Report.
- Certain debt service principal and interest payments are accounted for as operating expenditures in the General Fund for the budget, but are reported as debt service expenditures in the Annual Comprehensive Financial Report.
- For budget purposes the Risk Management Fund presents claim expenditures on a short-term basis while in the Annual Comprehensive Financial Report, the claim expenditures also include a long-term accrual for "incurred, but not reported" (IBNR) claims.

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

OPERATING AND CAPITAL BUDGET RELATIONSHIP

The City of Scottsdale's Budget for FY 2024/25 is comprised of three volumes:

Volume One – Budget Summary includes the City Council's mission statement and broad goals, the city manager's transmittal letters, the signed budget adoption and property tax levy ordinances, final state forms, executive summary and adopted financial policies. Volume One also contains a budget by fund section, which includes five-year financial forecasts that cover the period FY 2024/25 through FY 2028/29. This section also provides five-year historical summaries for sources and uses by fund.

Volume Two – Division Operating Budget contains descriptions of services provided by each division, staffing summaries, operating budgets by expenditure category and the applicable funding sources, current fiscal year objectives, as well as prior year

achievements, significant changes and performance measures. In addition, division operating budgets and their relationship with the broad goals and the general plan are included.

Volume Three - Capital Improvement Plan includes the Capital Project Budget and Five-Year Capital Improvement Plan with detailed information for each project. Capital Project Budget funding sources are matched with budgeted expenditures. Future year projected operating impacts are also included. Finally, there is an appendix which includes a list of acronyms and a glossary.

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

Funding sources for the five-year capital improvement plan are presented on a budget basis, except for cash transfers from the operating budget, which are presented on a purely cash basis. These resources are presented in the period that the cash funding will be transferred to provide continuity between the operating budget and the Capital Improvement Plan. As a result of presenting the cash transfers in on a purely cash basis, the funding sources may not equal the budgeted expenditures in each period, creating a fund balance as cash accumulates each year for planned larger capital expenditures in later fiscal years.

For further information regarding capital project funding sources and uses, refer to Volume Three.

FIVE-YEAR FINANCIAL PLAN

The city's five-year financial planning process used to develop the proposed budget is a year-round process. The budget process begins in the early fall with the Budget Department's initial update of the five-year financial plan for each of the city's major funds. Staff review the five-year financial plans for the following funds that appear in the budget – General, Transportation, Preservation, Special Programs, Tourism Development, Stadium Facility, Special Districts, Debt Service, Water and Water Reclamation, Solid Waste, Aviation, Fleet, PC Replacement, Risk Management, Healthcare Self Insurance and Capital Funds. Using the latest fiscal, operational and legislative information, staff work collaboratively with city divisions to update the forecast for the current fiscal year and to create a forecast for the coming budget year. The forecast serves as the basis for the development of the city's proposed five-year financial plan.

In April, the city manager provides the City Council with the updated proposed five-year financial plans for their review and consideration. Staff work with the City Council to review the underlying assumptions and reasonableness of the plans. The proposed plans include the budget for the coming year (i.e., the first year of the plan) and subsequent years of the five-year financial forecast period. This time is also used to identify future service and financial issues requiring attention during the budget planning process.

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

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

As noted above, the development and update of the five-year financial plans is a year-round process. Staff monitor the budget monthly and adjust the estimated annual revenues and expenditures based on the latest economic information, legislative changes and City Council priorities. Per the City Charter, the revenue and expenditure variances, estimated ending fund balances and the status of the current year contingency usage are reported quarterly to the City Council, city management and other stakeholders via

the operating budget Financial Update and Financial Report. The CIP budget status is also shared quarterly. Staff monitor and identify changes in the financial and economic climates and considers solutions to negative trends, thereby preserving the financial health of Scottsdale.

REVENUE FORECASTING

The City of Scottsdale uses both qualitative and quantitative methods for forecasting revenues by blending various techniques to develop conservative and prudent revenue projections. Qualitative revenue forecasting methods used by staff to develop multi-year financial plans include consensus, judgmental and expert forecasting, while trend analysis is used as a quantitative technique. This balanced approach to revenue forecasting is aligned with the Government Finance Officers Association (GFOA) recommendation since research shows that forecasting accuracy is improved by combining qualitative and quantitative techniques. According to the GFOA, each method by itself has inherent weaknesses: qualitative methods can be too subjective at times and may be dependent on wishful thinking and selective perception on behalf of the forecasters; quantitative methods may fail to consider changing conditions inside and outside a jurisdiction and tend to discount important historical events. By combining both methods, forecasters integrate judgmental assumptions within the forecasting framework to produce more realistic revenue projections.

To enhance the revenue forecasting process and gain a broader input into the planning process, the Budget Department staff work collaboratively with city divisions throughout the year to prepare the revenue estimates. This multi-disciplinary approach and continual reassessment promotes collaboration between the central Budget Department staff and the division field staff, which reduces the likelihood of miscommunications in formulating the revenue estimates. The field staff's participation in the revenue estimate forecasts also increases their ownership and accountability for achieving the proposed plan.

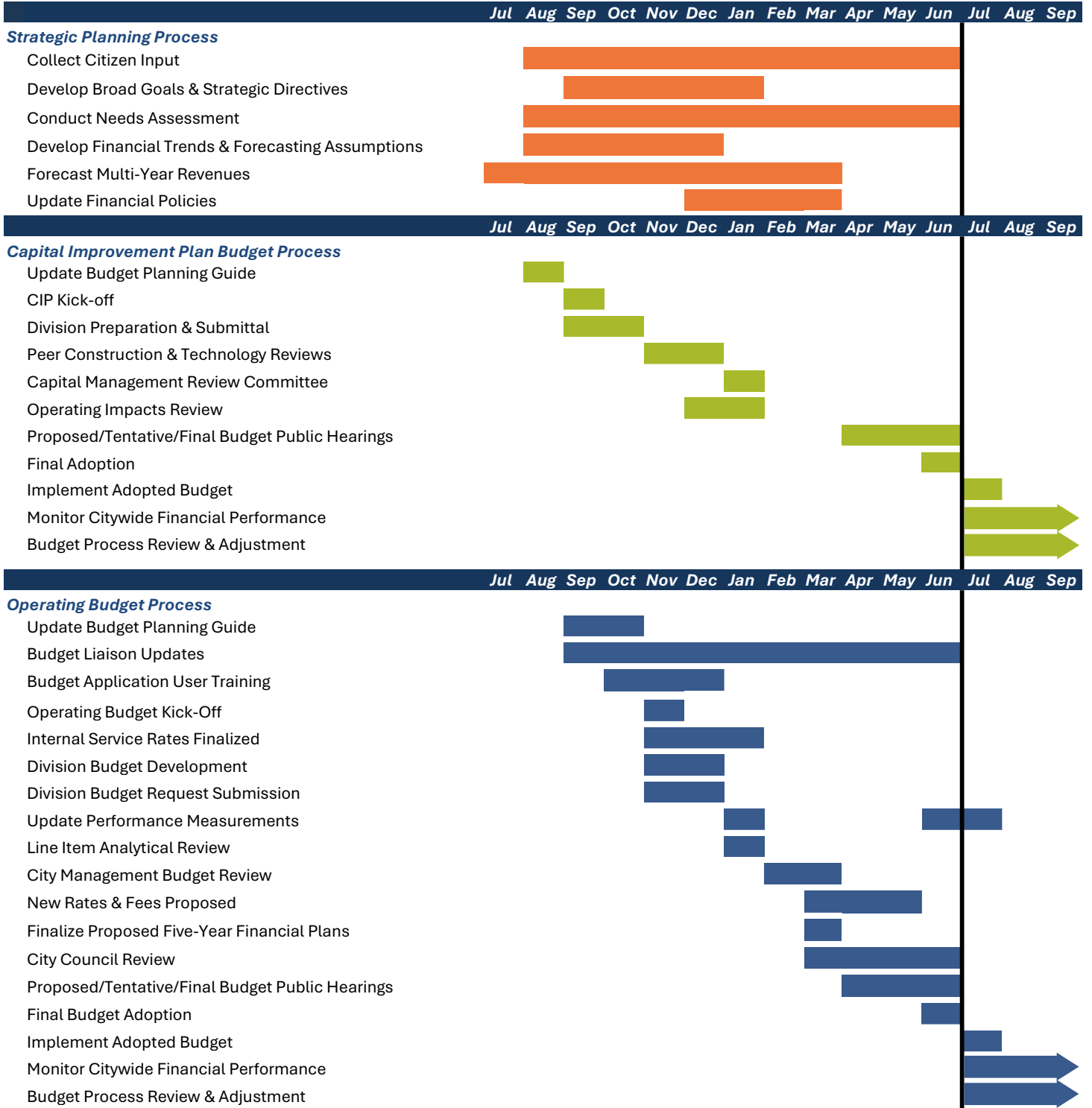
EXPENDITURE AND YEAR-END SAVINGS FORECASTING

Each month throughout the fiscal year, the Budget Department staff works with city divisions to monitor year-to-date actual expenditures against the year-to-date approved budget and prior year actual expenditures. Each division is also required to forecast their year-end expenditures and related savings. All significant actual or forecasted variances are researched and a reason for the likely variance as well as possible ways to resolve the variance are considered by staff. Proactive management of the budget to actual/forecasted expenditures allows staff the opportunity to promptly notify city management and the City Council of potential budget concerns.

¹ *Recommended budget practices: A framework for improved state and local government budgeting national advisory council on state and local budgeting government finance officers association.* (1999). https://gfoaorg.cdn.prismic.io/gfoaorg/e4534548-fa06-47ad-9cc8-5f37e6e2f21e_RecommendedBudgetPractices.pdf

² Office of the Arizona Auditor General. (2021). *FAQs—Cities and Towns*. Arizona Auditor General. <https://www.azauditor.gov/reports-publications/cities-and-towns/faqs>

**BUDGET PLANNING AND DEVELOPMENT
FISCAL YEAR 2024/25 CALENDAR**



Comprehensive Financial Policies

The City of Scottsdale’s (city) mission is to provide simply better service for a world-class community. A vital component to achieving this mission is to carefully account for public funds, to manage finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities.

These Comprehensive Financial Policies (Policies) establish the standards for stewardship over the city’s financial resources and provide guidance for sound fiscal planning, budgeting, accounting, and financial reporting to support the city’s mission and financial goals. The city’s financial goals are broad and represent the financial position the city seeks to attain:

- To deliver quality services in an affordable, efficient, and cost-effective basis providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in Scottsdale.
- To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of our community, and to respond to changes in Federal and State priorities and funding as they affect the city’s residents and business owners.
- To maintain a high bond credit rating to ensure the city’s access to the bond markets and to provide assurance to the city’s taxpayers that the city government is well managed and financially sound.

All divisions will participate in the responsibility of meeting policy goals and ensuring the long-term financial health of the city. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources, and future service requirements.

These Policies are adopted by council resolution each year. By their nature, policies must change and evolve over time as the city grows and to respond to changes in law, new industry standards, or best practices. Accordingly, these Policies will be subject to annual review and recommendation for revisions, if any, will be presented to the Scottsdale City Council (council) for approval.

In addition to these Policies, the city maintains internal Administrative Regulations (AR) to provide city manager directives for staff, where necessary. ARs are written orders or directives issued by the city manager intended to articulate citywide policies and procedures. These are referenced throughout these Policies, where applicable.

Policy 1 Fiscal Planning and Budgeting

Fiscal planning refers to the process of identifying resources and allocating those resources among numerous and complex competing purposes. The primary vehicle for this planning is the preparation, monitoring, and analysis of the city’s budget. The purpose of this policy is to provide guidance on the city’s budget process and development to ensure sound financial management and application of best practices in budgeting and fiscal planning.

Accompanying the Policies are a set of budget governing guidance which provides direction for allocating certain

annual city resources through the budget process to meet council priorities and goals. These guidelines are attached as Appendix A Budget Governing Guidance.

- 1.01 Budget Period. The city will budget revenues and expenditures for all funds on a fiscal year basis which begins July 1 and ends on the following June 30.
- 1.02 Budget Adoption. Pursuant to Article 3, Section 2 and Article 6, Sections 3 and 5 of the Scottsdale City Charter, the city manager shall submit to the

council a proposed annual operating budget and five-year capital improvement plan. The full council will solicit resident input and review the operating and capital budget recommendations from a division, program, and goals perspective. The council shall adopt the budget for the following fiscal year at the first regular meeting in June.

1.03 Budget Basis. The annual operating budget and five-year capital improvement plan will be prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP)¹ whereby Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds) are budgeted on a modified accrual basis and Proprietary Funds (Enterprise Funds and Internal Service Funds)¹ are budgeted on a full accrual basis except for the following:

- a) Amortized lease revenues and associated interest
- b) Payroll accruals and accrued compensated absences
- c) Change in fair value of investments
- d) Depreciation and amortization expenditures
- e) Long-term revenue and expenditure activity

1.04 Alignment with Goals and Performance Measurement. The budget will be developed in accordance with council's established goals and priorities, the needs of the community, and local, state, and federal laws. Performance management will be utilized to align council goals and organization strategic efforts. The annual budget will include department goals, objectives, and performance measures to show that intended goals and objectives are achieved in an efficient and effective manner.

1.05 Long-Range Financial Forecasts. To promote long-term strategic thinking and demonstrate the city's ability to adapt to changes in the economy, operating requirements, and capital demands, the city will prepare a balanced five-year financial forecast that will incorporate both revenue and

expenditure estimates and reserve requirements for the city's primary funds. The five-year forecast will identify revenues and expenditures that are anticipated to be sustainable over the five-year period. The five-year forecast will be updated annually and provided to executive leadership during the city's budget process.

1.06 Expenditure Limitation Review. The city shall ensure that its expenditures adopted through the annual budget process are below the expenditure limitation established by the state. At a minimum of every five years, the city treasurer shall report to the council the expenditure limitation capacity of the city. In the event that projections through the budget process result in the city reaching or exceeding ninety percent (90%) of the expenditure limitation, the city treasurer shall provide council with formal notification and recommendations for council action.

1.07 Balanced Budget. The budget shall be considered balanced if all sources of revenue, as estimated, are equal to, or exceed, the total of amounts proposed to be used in the operating budget for the current fiscal year, by fund. To the extent unencumbered balances from the preceding fiscal year are required to achieve a balanced budget, use of unencumbered balances from the preceding fiscal year will be only as authorized by council. The budget will not use one-time (non-recurring) sources to fund continuing (recurring) uses or use external borrowing for operational requirements. The budget will incorporate the best available estimates of revenues and expenditures.

1.08 Cost Allocation. The city shall establish an indirect cost allocation plan to determine the administrative service and other indirect staff support provided to divisions, programs, and funds. Administrative costs incurred in the General Fund to support operations of the Enterprise Funds (Water, Wastewater, Solid Waste, and Aviation) will be recovered through the indirect cost allocation plan.

¹ GAAP and fund types are all defined by the Governmental Accounting Standards Board (GASB) as defined by the Statements of Governmental Accounting Standards.

- 1.09 Contingency. The city's annual budget will include contingency appropriations to provide for unanticipated increases in service delivery costs and unexpected needs that may arise throughout the fiscal year. Use of contingency appropriation will require identifying a funding source and should be utilized only after all budget sources have been examined for available funds. The contingency appropriation can only be expended upon separate council approval.
- 1.10 Budget Control. The city shall establish appropriate management controls to monitor expenditure budgets to ensure they do not exceed authorizations. For operating budgets, this control shall be exercised at the division/fund level. For capital budgets, this control shall be at the project level. See Policy 3 Expenditure Management for further policy guidance on budget controls.
- 1.11 Budget Amendments. The city can amend appropriations for line items, funds, projects, or divisions if total expenditures do not exceed the final appropriation budget adopted by council. Requests for amendments within the same division, fund, and account categories (personnel services, contractual services, commodities, and capital outlays) must be approved by the division's executive director and the city's budget director. Pursuant to Article 6, Section 11 of the Scottsdale City Charter and as clarified by these Policies, amendments requiring the transfer of contingency appropriation or the transfer of appropriation between general classification of expenditures such as between operating and capital budgets, funds, divisions, account categories, and between capital projects can be made at the direction of the city manager subject to council approval.
- 1.12 Budget Deficit. If a deficit is projected during the fiscal year, the city will take steps to reduce expenditures or increase revenues before considering using fund balance or reserves. The city manager may institute a cessation during the fiscal year on hiring, promotions, transfers, capital equipment purchases, and capital projects. Such action will not be taken arbitrarily or without knowledge of the council.
- 1.12 Unspent Appropriations. Unspent appropriations for programs and major projects may be considered for re-appropriation in the subsequent fiscal year. Such carryover of appropriation shall be included in the proposed budget to be authorized by the council.
- 1.13 Distinguished Budget Award. The city will prepare a budget in accordance with the Government Finance Officers Association policies and best practices established by the "Government Finance Officers Association Distinguished Budget Award" program. Staff will submit the budget document to the Government Finance Officers Association each year for review in the award program.

Policy 2 Reserves and Fund Balance

Maintaining adequate reserves is critical to ensure the city's financial stability through economic downturns, catastrophic events, natural disasters, and other unforeseen emergencies and events. Adequate reserves are also essential in preserving the city's high bond ratings and achieving the city's financial goals. The purpose of this policy is to establish reserve targets and fund balance, the conditions under which reserves and fund balance may be spent, and the method by which reserves and fund balance will be restored. Reserves should only be used after all other budget sources have been examined.

- 2.01 General Fund Operating Reserves. The General Fund is the city's main operating fund that pays for public safety, community services, parks, libraries, and other general city operations. The General Fund is considered to have a high level of risk due to its dependence on economically sensitive revenues. The General Fund is the main funding source when responding to city-wide emergencies and unexpected events. In consideration of these risks and other driving factors, the city will maintain an "Operating Reserve" in the General Fund of 20 percent of operating uses, excluding transfers out, to

provide stability and flexibility to respond to unexpected events.

The reserve is intended for unexpected events (such as a significant unexpected loss of revenues, unexpected mandates, or large-scale emergencies) whose impact is significant. Use of this reserve requires council approval and must be replenished to the required General Fund Operating Reserve policy level of 20 percent within the next two fiscal years following the fiscal year in which the funds were used.

2.02 General Fund Emergency Reserves. The city will maintain an "Emergency Reserve" in the General Fund 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. Use of reserves must be appropriated by council action. However, the city manager may approve the use of this reserve in the event that immediate expenditure of funds is needed to protect the health, safety, and welfare of the city. When this occurs, the city manager will provide a report for council approval as soon as practical on the usage of these funds. The city will strive to restore the reserves to the required General Fund Emergency Reserve policy level of 5 percent within the next fiscal year following the fiscal year in which the funds were used.

2.03 Transportation Fund Operating Reserves. The city will maintain an "Operating Reserve" in the Transportation Fund of 10 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles and unexpected one-time operating requirements. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required Transportation Fund Operating Reserve policy level of 10 percent within the next two fiscal years following the fiscal year in which the funds were used.

2.04 Enterprise Fund Operating Reserves. Enterprise Funds (Water, Wastewater, Solid Waste, and Aviation) are intended to be self-supporting and

not depend on the General Fund to fund operating and capital costs. The city will maintain "Operating Reserves" in its Enterprise Funds as follows to provide for emergencies, unexpected declines in revenues and other unanticipated events. Use of these reserves require council approval, and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.

- a) Water and Wastewater Funds - 25 percent of operating uses, excluding transfers out and debt service.
- b) Aviation Fund - 25 percent of operating uses, excluding transfers out and debt service.
- c) Solid Waste Fund - 15 percent of operating uses, excluding transfers out and debt service.

2.05 Water and Wastewater Asset Replacement Reserves. The city will maintain a "Water and Wastewater Asset Replacement Reserve" equal to 2 percent of the undepreciated book value of tangible fixed assets. The reserve may be used to provide funding for the repair and maintenance of critical infrastructure. Use of this reserve requires council approval and the city shall strive to restore the reserve to the defined level within the next two fiscal years following the fiscal year in which the funds were used.

2.06 Governmental Debt Service Reserves. The city will maintain "Debt Service Reserves" in the General Obligation Bond Debt Service Fund for secondary property tax supported debt of no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt. The city will maintain "Debt Service Reserves" 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.

2.07 Self-Insurance Reserves. The city will maintain "Self-Insurance Reserves" at a level that will adequately fund the city's financial obligations for the payment of property, workers' compensation, liability, and health benefit losses. A qualified

actuarial firm shall be retained on an annual basis to project and develop losses to recommend appropriate reserve levels. The Loss Trust Fund Board’s target is to maintain a minimum Risk Management reserve fund balance equivalent to the actuary’s 75 percent confidence interval of projected total outstanding claims liability.

2.08 Other Reserves and Fund Balance. The city may maintain other reserves or fund balance as deemed necessary to ensure adequate resources to cover future expenditures.

2.09 Expending Order of Fund Balance. In accordance with Resolution No. 8751 adopted by the council on June 28, 2011 (Resolution No. 8751), when an expenditure is incurred for purposes for which committed, assigned, and unassigned balances are available, as a general rule, the city will first reduce the committed amounts, followed by assigned amounts, and then unassigned.

2.10 Commitment of Fund Balance. In accordance with Resolution No. 8751, for committed fund balance, formal action by the city council through resolution is required to establish, modify, or rescind committed fund balance. Such council resolutions must occur before the end of the applicable fiscal year.

2.11 Assignment of Fund Balance. In accordance with Resolution No. 8751, the city council authorized the city treasurer or designee, to assign fund balance for specific purposes.

Policy 3 Expenditure Management

Division or department management is expected to manage their expenditures wisely and to look for efficient and effective ways to deliver services— including alternative means of service delivery—to residents and businesses while meeting council goals. This policy provides guidance and standards to ensure careful management of expenditures in accordance with legal requirements and to ensure sound financial management practices and accountability for public funds.

3.01 Operating Expenditure Management.

a) Budget Level Control. Operating expenditures will be controlled by an annual appropriated budget at the division/fund level. A division cannot spend more than the budget appropriated for the division or fund unless additional appropriation is approved by council through a budget transfer or amendment process. If a transfer of appropriation between expenditure categories is necessary, council approval is required. Requests for new, on-going programs made outside the budget process will be discouraged and only accepted when approved by the city manager and the related budget authority must also be approved by council.

b) Transfer of Appropriation. In accordance with Article 6, Section 11 of the Scottsdale City Charter, the city manager, subject to approval of the council, may transfer any unencumbered or unrestricted appropriation balance between general classifications of expenditures within a division/department or fund or from one division/department or fund to another.

c) Position Control. A system will be used to facilitate position control. The number of full-time and regular part-time employees on the payroll shall not exceed the total number of full-time equivalents (FTEs) authorized by council through the budget process. The budget will identify the resources required to support the authorized staffing. Personnel additions outside of the budget process are discouraged and only accepted when approved by the city manager and the related budget authority must also be approved by council.

d) Health Benefits. Benefits and compensation will be administered in accordance with policy given by council. As part of a cost-containment strategy, total costs for health insurance premiums will be shared between the employer, employees, and public safety

disabled retirees. Total premiums will be evaluated on an annual basis to ensure they are reasonable and competitive and that total premiums are expected to provide adequate funding of anticipated claims and a reasonable level of loss reserves.

3.02 Capital Expenditure Management.

- a) Capital Improvement Plan (CIP). The CIP is a planning and fiscal management tool used by the city for long-term planning for capital improvements. The five-year CIP will be updated annually, including anticipated spending as well as funding sources, and submitted to council for review and adoption. The first year of the adopted CIP will be the capital budget for that fiscal year. CIP projects are defined typically as multi-year efforts which may include purchases or construction of infrastructure or equipment which results in a new capitalized asset costing more than \$50,000 and having a useful life of five years or more.
- b) Project Review and Selection. Proposed CIP projects will include a detailed project description, identification of need and funding sources, full cost estimates, anticipated time schedule, full operating impacts, and other information necessary for proper evaluation of the city's investment in, and the ability to fund, the projects. Proposed CIP projects will be reviewed and prioritized by a cross-divisional team to ensure they are consistent with the council goals.
- c) Funding of CIP Projects. CIP projects must have sufficient budget authority and a funding source identified in the five-year CIP plan to meet the entire amount of the commitment. Future operating and maintenance costs associated with new capital improvements approved by council will be forecasted and included in the operating budget and five-year financial plan.

Capital projects will be monitored to ensure that no unnecessary budget appropriation

authority exists due to inactivity or upon project completion. Before fiscal year-end, any unspent funding for inactive or completed projects will revert to the fund balance of the funding source.

- d) Balanced CIP Budget. For each year of the CIP, total anticipated expenditures and commitments will not exceed projected starting fund balance plus total anticipated revenues for that year.
- e) Pay-as-you-go. The city shall incorporate "pay-as-you-go" funding in the annual CIP. Pay-as-you-go funding should account for a minimum of 25 percent of the CIP for each five-year planning period, except for capital improvement programs funded by voter approved debt where the amount of debt is authorized by voters. Pay-as-you-go funding is defined as all sources of revenue other than city debt issuance, i.e., fund balance, dedicated revenues, contributions, grants etc.
- f) Approval for Capital Project Cost Increases. Cost increases to capital projects greater than 10 percent and \$1.0 million as a result of scope increases or other cost increases require council presentation or a written update to council, and council approval. In unique circumstances, the city manager and budget director, based on additional review, may require council discussion or presentation and council approval for increases that do not meet the policy's threshold of 10 percent and \$1.0 million.

- 3.03 Financial Obligations and Commitments. Divisions contemplating entering into financial obligations and commitments for new programs, projects, or services and requiring future budget appropriations over \$1.0 million that is currently not in the five-year CIP or operating forecast requires city manager approval and council presentation and approval before entering into the financial obligation or commitment.

Policy 4 Revenue Management

The revenue management policy establishes the city's revenue principles and practices for ensuring financial stability and sustainability and achieving the city's financial goals of maintaining an adequate financial base for municipal services.

- 4.01 Custody. In accordance with Scottsdale Revised Code Chapter 2 Article IV, Section 2-131, the city treasurer shall control receipts and have custody of all the money of the city.
- 4.02 Revenue Collection. The city will maintain effective internal controls and formal procedures to ensure the proper billing, collection, and accounting of all receipts and receivables. The city will vigilantly pursue collecting all revenues, late penalties, and related interest as authorized by the Arizona Revised Statutes and city policies.
- 4.03 Revenue Base. The city will strive to maintain a diversified and stable General Fund revenue base to shelter it from economic changes or short-term fluctuations by exploring appropriate and allowable sources of revenues for funding programs and projects which may include revenues from assessments, contracts, grants and contributions, taxes, and fees.
- 4.04 Dedicated Revenues. Revenues will not be dedicated for specific purposes, unless approved by council, required by law, or restricted by an outside party. All non-restricted revenues (except for Proprietary Fund revenues) will be deposited in the General Fund.
- 4.05 User Fees and Charges. For services that largely or solely benefit individuals, the city shall recover full or partial cost of service delivery through user fees and charges. New fees and fee increases must be approved by council before implementation.

The city will periodically evaluate the full cost of providing a service for which fees are charged. The calculation of full cost will include all

reasonable and justifiable direct and indirect cost components.

- 4.06 Fleet and IT Replacement Rates. The use or replacement of Fleet and Information Technology (PC, phones, and copier systems) will be accounted for through the use of a direct or a "rental" rate structure. The rates will be revised annually to ensure that charges to operating divisions are sufficient for operation and replacement of vehicles and other equipment. Replacement costs will be based upon equipment lifecycle financial analysis.
- 4.07 Development Impact Fees. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed periodically with an engineering assessment to ensure that fees recover all direct development-related expenses and be approved by council.
- 4.08 Unanticipated One-Time Non-Operating Revenues. Use of significant unanticipated one-time, non-operating revenues (except for grants) such as the sale of land, requires council presentation and approval.

Policy 5 Grants Management

Grant funding will be considered to leverage city funds. This policy provides guidance to ensure careful review of grant opportunities and their fiscal impact, prior to determining whether an application should be made for these grant funds. The city also maintains AR #255, which governs the Grant Acquisition and Administration process.

- 5.01 Grant Application. The city shall apply for only those grants that are consistent with the goals and priority needs of the city. The potential for incurring ongoing costs, including the assumption of support for grant-funded positions from local revenues, will be considered prior to applying for a grant. Application or acceptance of grants meeting the parameters of AR #255 are subject to council approval.

5.02 Match Requirements. All grant submittals shall be reviewed for their cash match requirements, their potential impact on the operating budget, and the extent to which they meet the city's goals. If there is a cash match requirement, the source of funding shall be identified prior to application.

5.03 Budget Control. The city should avoid relying on grant funding to support on-going programs. All grant program initiatives will be evaluated as part of the budget process. In the event of reduced grant funding, or inconsistent and/or fluctuating grants, city resources may be substituted only after all program priorities and alternatives are considered during the budget process.

Policy 6 Capital Asset Maintenance and Replacement

Proper preventative maintenance, repair, renewal, and replacement are essential to protecting the city's investment in its capital assets and ensuring the continued performance and use of these assets for the provision of services to our residents. Deferring essential maintenance or replacement can impact service delivery and increase long term costs. This policy provides guidance to ensure a system for assessing capital assets and providing adequate funding for the maintenance, repair, renewal, and replacement of capital assets. The city also maintains AR #226, which governs Capital Assets: Acquisition, Inventory and Disposal.

6.01 Maintenance and Replacement Plans. Periodic physical inventories and assessments for all types of capital assets should be conducted to determine the condition, use, repair, and replacement needs of the assets. A multi-year maintenance and replacement plan should be maintained for critical assets.

6.02 On-going Funding. The city will establish an on-going source of funds to provide for and avoid deferral of critical capital asset maintenance, repair, renewal, and replacement needs.

6.03 Fleet and Equipment Reserves. Replacement funds or reserves for certain fleet vehicles, certain computer equipment, and other asset categories will be determined as part of the annual budget process, as deemed necessary, to ensure adequate funding for systematic replacement and operational needs.

Policy 7 Cash and Investment Management

The city has a fiduciary responsibility over public funds, including the on-going managing and monitoring of treasury and investment activities. This policy provides guidance and standards of care for the proper management of the city's cash and investments. The city also maintains AR #268, which ensures a system of internal controls and governs the city's cash collection, handling, training, and procedures program.

7.01 Investment Policy. The city shall maintain and comply with a separate written Investment Policy that has been approved by the council. The city treasurer, as chief investment officer, or his/her designee shall invest all funds of the city according to the approved Investment Policy. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial returns on principal, in that order. The city treasurer shall provide the council with quarterly investment reports.

7.02 Management of Funds. The city will collect, deposit, invest, and disburse all funds on a schedule that insures optimum cash flow liquidity and investment of public funds. Bond funds will be segregated from all other funds for arbitrage and accounting purposes. To optimize investment performance, the city will consolidate cash balances from various funds for investment purposes.

7.03 Financial Institutions. The city will conduct its treasury and investment activities with qualified financial institution(s) that have balance sheet strength, high credit quality, and dedicated government operations that can fully serve the city's complex treasury and investment needs.

Arrangements with financial institutions will be based on written contracts. The city and financial institution(s) will adhere to state laws and city code for the proper collateralization of public deposits.

7.04 Custody of Investments. Ownership of the city's investment securities will be protected through third party custody safekeeping. Arrangements with third party custodian services will be based on written contracts.

- f) Availability and sufficiency of pledged revenues for current and future debt service;
- g) Debt coverage and other ratios, debt security, reserve requirements, and proposed debt covenants.

8.02 Conditions for Issuance of Debt Obligations. The issuance of all debt obligations is subject to approval by the city treasurer and council. In addition, the issuance of debt obligations is subject to but not limited to the following requirements:

Policy 8 Debt Management

The city utilizes debt to finance needed capital projects too large to fund with current resources or where the issuance of debt provides financial or economic benefits to the city's residents and business owners. The issuance of debt obligations (bonds, notes, certificates of participation, capital leases, and other debt instruments) has a significant impact on the city's finances and must be carefully considered and managed to ensure prudent financial management, mitigation of risks, and preservation of the city's high bond ratings. This policy provides guidelines for the appropriate uses of debt, establishing debt management goals, ensuring compliance with federal, state, and local laws, and maintaining the city's high bond ratings.

8.01 Evaluation for Issuance of Debt Obligations. The city treasurer shall evaluate and consider various conditions, including but not limited to the following, when analyzing, reviewing, and recommending the issuance of debt obligations:

- a) Appropriate use of debt;
- b) Financing and funding alternatives;
- c) Acquisition and construction cash flow projections;
- d) Impact on the General Fund and other operating funds;
- e) Debt burden on tax base or user fees;

- a) Debt financing shall not be obtained to fund operations.
- b) Capital projects to be financed should first be developed and approved in accordance with the capital improvement process.
- c) The city treasurer will seek input from the city's external financial advisor, bond counsel and the City of Scottsdale Municipal Property Corporation (MPC)² Board (if related to MPC debt) carefully consider the debt service structure, timing, terms, and other such matters concerning each debt issuance.
- d) The debt portfolio's principal and interest payments should generally be structured to result in level debt service or to align with the useful life of the assets, unless an alternate structure is warranted. Deferral of principal is discouraged.
- e) The weighted average maturity of the debt issuance should generally be no greater than the reasonably expected average economic life of all the assets being financed.
- f) Debt proceeds will reasonably be utilized within three years, and in approved circumstances five-years, in compliance with Internal Revenue Service (IRS) regulations.
- g) Debt obligations must comply with all applicable federal, state, and local laws, regulations, and covenants.

² The MPC is a non-profit corporation created in 1967 by the city as a financing mechanism for the purpose of financing the construction or acquisition of capital improvement projects for lease to and use by the city. The MPC is governed by a board of directors consisting of citizens from the community approved by the city council. MPC bonds are secured by the city's lease payments which are in turn secured by city excise tax and other undesignated general fund revenues. These bonds may be issued without a vote of the citizens.

8.03 Outside Professional Services. The city treasurer (and city attorney for bond counsel services) shall be responsible for the solicitation, selection, and securing of professional services required to assist the city in the issuance and administration of its debt obligations. The city shall use an external financial advisor on all debt issuances. The external financial advisor will have a fiduciary responsibility to the city, will have the proper experience and qualifications to advise the city, and will comply with all applicable municipal advisor rules and regulations promulgated by the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB). The financial advisory relationship will be evidenced through a written contract. The solicitation and selection of outside professionals shall be done in conformance with the city's procurement code and competitive selection process for professional service contracts.

8.04 Types of Debt Obligations:

General Obligation (G.O.) Bonds.

- a) G.O. Bonds are voter authorized debt supported by (secondary) property tax revenues. The issuance of G.O. Bonds shall be carefully considered and used only for public projects benefitting a broad public interest.
- b) Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- c) The city will not exceed \$1.50 combined (primary and secondary) property tax rate per \$100 net assessed limited property value unless otherwise directed by the council.
- d) Outstanding G.O. Bonds are limited by the Arizona Constitution to 20 percent of net assessed full cash property value for projects involving water, sewer, streets, transportation, public safety artificial light, parks, open space, and recreational facility improvements, and 6 percent of net assessed full cash property value for any other general municipal-purpose projects.

- e) The city will maintain appropriate debt service reserves as stated in Policy 2.

Excise Tax/Revenue Secured Obligations.

- a) Non-voter authorized debt (i.e., MPC, Excise Tax Obligations, Revenue Obligations, and other non-voter authorized debt) will be used only when a dedicated non-property tax source (e.g., excise taxes and utility revenues) can be identified to pay or reimburse the General Fund for paying debt service expenses.
- b) Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- c) The General Fund excise tax debt service should not exceed 10 percent of the General Fund's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility.
- d) The city treasurer shall perform a five-year analysis of debt coverage and other ratios, debt security, and reserve requirements for each debt issuance.
- e) Careful consideration of the intended use of the financed facilities, including private activity use, must be evaluated when determining the appropriate debt structure.
- f) McDowell Sonoran Preserve (Preserve) debt service will be funded by the dedicated 0.35 percent privilege tax. The city will strive to maintain a dedicated debt service ratio of at least 1.5:1 for senior lien debt to ensure the city's ability to pay for Preserve debt from this elastic revenue source.
- g) The city will maintain appropriate Debt Service Reserves as stated in Policy 2.

Improvement District (ID) Bonds.

- a) IDs are a funding mechanism primarily used for existing neighborhoods desiring improvements to public infrastructure that specifically benefit the neighborhood such as street paving, improvements to sidewalks, curbs, gutters, sewers, ditches, drains, off-street parking, street lighting, undergrounding utility facilities, etc.
- b) ID bonds, as authorized by state statutes for certain ID improvements, shall not have maturities longer than ten years and are

secured by a first lien on the property benefited. ID bonds will be utilized only when it is expected that the debt will be issued for their full term.

- c) ID debt will be permitted only when the net assessed full cash property value of the district, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the net assessed full cash property value to debt ratio not meet the minimum requirements, property values may be determined by an appraisal paid for by the applicant and administered by the city.

Community Facility District (CFD) Bonds.

- a) CFDs 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.
- b) CFDs have statutory taxing and borrowing authority within the city. For that reason, council must fully understand the benefits, potential drawbacks, risks, and legal exposures, to ensure the financial protection of the city and its property owners and taxpayers, and to ensure the success of the CFD, when considering each CFD formation. The city will maintain a separate written CFD policy to establish policy directions, application, and formation procedures.
- c) CFDs should be considered primarily in connection with the financing and funding of major public infrastructure that conforms to council goals, the city's general plan, infrastructure plans, or capital improvement plans.
- d) The city treasurer will carefully assess the proposed financing plan, financial assurances, overlapping tax and financial burden on property owners, and other factors for each proposed CFD formation.
- e) CFD debt will be permitted only when the net assessed full cash property value of the district, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to

improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements.

- f) Voter approval is required for the CFD to issue G.O. bonds.
- g) The landowner/developer shall also contribute \$0.25 in public infrastructure improvement costs for each dollar of public infrastructure improvement debt to be financed by the CFD.

8.05 Refunding Bonds. Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Typically, this is done to achieve lower interest costs, reduce debt service payments, or to restructure the debt to meet the city's goals. When making a determination on refunding bonds, the city treasurer will consider the following conditions:

- a) A present value analysis must be prepared to identify the economic effects of the potential refunding.
- b) For refunding transactions undertaken solely to achieve cost savings, the target net present value savings as a percent of par, shall be at least 3 percent of the refunded par amount, net of transaction expenses, and in excess of \$1,000,000.
- c) Modification of restrictive covenants or existing debt structure to the benefit of the city.

8.06 Investment of Bond Proceeds. The city treasurer will direct the investment of bond proceeds in accordance with permitted investments for each bond issue and with the city's separately written Investment Policy. Bond interest earnings will be limited to funding changes to the bond financed CIP, as approved by the city treasurer or be applied to debt service payments on the bonds issued. The investment of bond proceeds shall comply with all applicable federal, state, and indenture restrictions.

8.07 Use of Bond Proceeds. The city shall not give or loan its bond proceeds to any individual, association, or corporation unless legally authorized and approved by council.

- 8.08 Lending of City's Credit. The city shall not loan, give its credit, or guarantee loans for private developers or private party financing arrangements.
- 8.09 Issuance and Post Issuance Compliance and Continuing Disclosure Undertakings. The city will comply with arbitrage rebate requirements of Internal Revenue Code Section 148 and related Treasury Regulations and shall maintain and comply with separately written procedures for tax-exempt bonds (Written Policies Relating to Issuance and Post-Issuance Compliance Procedures for Tax-Advantaged Obligations of the City of Scottsdale, Arizona) to ensure tax-exempt bonds remain in compliance with federal tax requirements. Additionally, the city will comply with Rule 15c2-12 of the Securities and Exchange Act of 1934 adopted by the SEC for reporting significant events and shall maintain and comply with separately written procedures for continuing disclosure compliance (Continuing Disclosure Compliance Procedures Regarding the Securities and Exchange Commission Rule 15c2-12 for the City of Scottsdale, Arizona).

Policy 9 Enterprise Funds

The city's Enterprise Fund operations (Water, Wastewater, Solid Waste, and Aviation) are self-supporting operations that generate revenues to fully recover the cost of service. The city invests significantly in its enterprise systems and operations to ensure safe and reliable service to our residents and businesses. This policy provides guidance for the proper management, stewardship, and safeguarding of the Enterprise Fund assets and resources and to ensure financial stability and sustainability of the city's enterprise systems. Enterprise Funds will comply with all Policies where applicable.

- 9.01 Enterprise Funds. Separate funds will be established and maintained to properly account for each enterprise operation. Enterprise Funds will not be used to subsidize the operations of other non-Enterprise Funds. Interfund charges will be assessed for the administrative support of the enterprise activity based on a rational

nexus between the charges and cost of the benefits received.

- 9.02 Rates and Fees. The city will establish rates and fees at levels that recover the total direct and indirect costs for operating and capital requirements, including debt service and debt coverage requirements for water, wastewater, solid waste, and general aviation services. All existing enterprise rates and charges will be reviewed annually and developed pursuant to a multi-year financial plan that strives to gradually implement user rate adjustments to avoid acute fluctuations.
- 9.03 Enterprise Rate Stabilization. In order to ensure long-term stability of the city's enterprise systems and rates, the city will develop its rates to include future capital needs. In conjunction with debt issuances, funds in excess of reserves and operating requirements will be used to supplement "pay as you go" capital expenditures to avoid significant and unplanned rate adjustments.
- 9.04 Operating Reserves. The city will maintain "Operating Reserves" in its Enterprise Funds as stated in Policy 2 to provide for emergencies, unexpected declines in revenues, and other unanticipated events.
- 9.05 Water and Wastewater Asset Replacement Reserve. The city will maintain a "Water and Wastewater Asset Replacement Reserve" in its Enterprise Fund as stated in Policy 2 to provide funding for the repair and maintenance of critical assets.
- 9.06 Debt Financing. Debt financing will be used for capital projects too large to fund with current resources and when a debt issuance is affordable and appropriate to facilitate "intergenerational equity," wherein projects with longer lives are paid over several generations through debt service payments. The Enterprise Funds shall incorporate "pay-as-you-go" funding in the annual CIP. Pay-as-you-go funding should account for a minimum of 25 percent of the CIP, for each five-year planning period. Pay-as-you-go

funding is defined as all sources of revenue other than city debt issuance, i.e., fund balance, dedicated revenues, contributions, grants, etc.

9.07 Debt Coverage Ratio Target. Bond covenants may exist that require maintaining a minimum debt coverage ratio. In order to maintain the city’s high bond rating, the city will recommend rates based on a target debt coverage ratio, net revenues divided by the annual debt service, of at least 2.0 times for Water and Wastewater and 1.5 times for Aviation and Solid Waste. For financial planning purposes, the debt coverage ratios will be calculated with operating transfers and without consideration of capital related transfers and development fee revenues.

9.08 Enterprise Debt Service Reserves. The city treasurer may require a Debt Service Reserve for debt supported by dedicated revenues, at a minimum of 25 percent of the next fiscal year’s debt service.

tourism-related event support, tourism research, tourism-related capital projects and other eligible uses as determined by city ordinance and state law.

As approved by council ordinance and in compliance with state law, the annual allocation of the second 50 percent of bed taxes is as follows³:

- a) Twelve percent for the General Fund;
- b) Nine percent for tourism-related events and event development;
- c) Four percent for tourism-related administration and research;
- d) Twenty-five percent, plus the lease payments on the Princess Resort, or the balance of the remaining Tourism Development Fund revenues, for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects, in the form of one-time commitments or multi-year annual commitments, not to exceed \$600,000 per commitment unless otherwise approved by council.

Policy 10 Tourism Development Fund

The city assesses a 5 percent transient tax for lodging (bed tax) on businesses charging for lodging on a daily, weekly, or any other basis for less than 30 consecutive days. The purpose of this policy is to comply with state law and city elections as well as provide for the proper allocation of the transient tax for lodging in accordance with Scottsdale Ordinance No. 4534.

10.01 Deposits to the Tourism Development Fund. 100 percent of the bed tax received by the city shall be deposited into the Special Revenue Fund for Tourism Development (Tourism Development Fund). Additionally, the Tourism Development Fund shall receive 100 percent of Princess Hotel lease revenues.

10.02 Allocation of Bed Taxes. As approved by the voters, 50 percent of the bed tax revenues shall be used for destination marketing to promote tourism and 50 percent shall be divided among

10.03 Unused Funds. Subject to council approval, at the end of each fiscal year, any unused funds from the second 50 percent as referenced in 10.02 above will be available for use in following years for any of the non-marketing tourism categories (except the General Fund category) and may be allocated without limitations, except that they may not be leveraged for multi-year annual commitments, such as debt service payments.

10.04 Allocation Priority. In the event of a decrease in Tourism Development Fund revenues, debt service is the priority and will be met first.

³ Three percent of the bed tax was grandfathered in and is not subject to the A.R.S. § 9-500.06 restrictions on the use of bed tax funds for the promotion of tourism, and thus is only restricted by city election.

Policy 11 Economic Development

The city may utilize public funds to encourage private development projects that have a direct benefit to the city, subject to state law and Scottsdale City Charter restrictions. The city strives to expand and diversify its economic base by attracting, retaining, and expanding targeted industries to the city as identified in the city's Economic Development Strategic Plan. The purpose of this policy is to provide guidance on the use of public funds in economic development to focus on job opportunities and other community benefits that diversify and strengthen the local economy and align with the Scottsdale General Plan.

11.01 Compliance with State Law and the Scottsdale City Charter. Use of public funds in development agreements and contracts for economic development shall be applied consistent with state law and the Scottsdale City Charter and prove to have a clearly identified public purpose and direct benefit to the city.

11.02 Evaluation of Costs and Financial Impacts. Development agreements and contracts for economic development will be carefully evaluated to ensure financial and cost impacts are fully understood. Such costs and financial impacts will be forecasted and included in the operating budget, five-year financial plan, and/or the CIP.

11.03 Restricted Use of Public Funds for Economic Development. The city shall not give or loan its credit in aid of, nor make any donation, grant, or payment of any public funds, by subsidy or otherwise, to any individual, association, or corporation except where there is a clearly identified public purpose and the city either receives direct consideration substantially equal to its expenditure or provides direct assistance to those in need.

Use of public funds for economic development shall be in accordance with council's established goals and priorities and subject to council approval.

Policy 12 Risk Management

Risk management has become increasingly important to guard against economic loss and ensure public safety in a time of increasing public liability and litigation. This policy outlines how risk management is an on-going process of identifying, assessing, and prioritizing of risks, followed by the application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events.

12.01 Mitigation of Risks. The city shall make diligent efforts to prevent or mitigate the loss of city assets and to reduce the city's exposure to liability claims through on-going risk assessments, training, safety reviews, loss prevention, and the transfer of risk when prudent.

12.02 Self-Insurance. The city has elected to manage its exposure to risk, and third-party liability claims through self-insurance, in addition to purchasing excess workers' compensation, property, and casualty insurance.

12.03 Risk Exposure Controls. The city will utilize additional risk control measures to further control its exposure to risk. Measures include, but are not limited to, hold harmless provisions, indemnification language, and in many cases requiring contractors or vendors to procure additional insurance to address the various exposures presented to the city by their activities.

12.04 Self-Insurance Reserves. Financial reserves shall be maintained at a level which, together with any excess insurance, will adequately protect the city's assets and defend its elected officials, officers, and directors against financial loss. The Risk Management Department relies on an annual actuarial study to identify probable losses and is used as a basis for determining self-insurance fund balances based on historical loss data. See Policy 2 for additional information.

12.05 Annual Report. Each year, the Risk Management Department will prepare an annual report depicting a summary of the revenues and

expenses received in relation to the workers' compensation, property, and casualty program for the fiscal year.

- 12.06 Cost Allocations. Cost allocations to various funds will be based on an analysis of contributing factors, such as claims experience, reserve requirements, cost of risk management, and mitigation, etc.
- 12.07 Liability Tort Settlements and Judgments. Annually, the city shall include liability tort settlements and judgments authorized by the State of Arizona's Property Tax Oversight Commission into the primary property tax creating a reimbursement revenue to the Risk Management Fund.

compliance with applicable laws and regulations.

- 13.04 Monthly Financial Reports. The city treasurer shall issue timely monthly financial reports to council in accordance with the Scottsdale City Charter.
- 13.05 Audit. Prior to the end of the fiscal year, the council shall designate certified public accountants who shall perform an independent audit of the city's financial statements in accordance with generally accepted governmental auditing standards. The certified public accountants shall be independent of the city government, having no personal interest, direct or indirect, in the fiscal affairs of the city government or any of its officers. The certified public accountants shall submit their reports to the council. All such audit reports shall be a matter of public record.

Policy 13 Accounting, Auditing, and Financial Reporting

Accounting, auditing, and financial reporting form the foundation for financial transparency and accountability. This policy provides guidance on the city's accounting, auditing, and reporting functions to ensure timely, accurate, and comprehensive information is provided to the council, management, residents, investors, creditors, and other interested parties.

- 13.01 Financial Records. The city treasurer maintains the official financial records of the city, to include the general ledger, the city's budget documents, debt-related documents, etc.
- 13.02 Compliance. The city's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, General Accepted Accounting Principles (GAAP), and standards of the Governmental Accounting Standards Board (GASB).
- 13.03 Internal Controls. A system of internal accounting controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets, the proper recording of financial transactions of the city, and

- 13.06 Annual Financial Report. The city will prepare an Annual Comprehensive Financial Report (ACFR) in accordance with the principles and guidelines established by the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program. Staff will submit the ACFR each year for review in the award program.
- 13.07 Expenditure Limitation Report. The city treasurer will prepare an Annual Expenditure Limitation Report (AELR) and submit the AELR each year to the State Auditor General in accordance with
- 13.08 A.R.S. § 41-1279.07.

Policy 14 Pension Funding

An adequately funded pension plan not only provides assurance to employees but also achieves taxpayer and member intergenerational equity by not placing an unfair burden on future taxpayers and members. This policy provides guidance for pension funding to ensure the city maintains adequate assets to fund benefits payable in its pension plans.

- 14.01 Annual Required Contributions. The city shall fund the full amount of the Annual Required Contribution (ARC) each year as determined by the actuarial valuation report for its defined benefit contribution plans. The ARC is the amount necessary to be contributed by an employer to adequately fund a public pension plan.
- 14.02 Funding Policy. The city shall maintain and comply with a separate written pension funding policy for its Public Safety Personnel Retirement System that is approved by the council annually in accordance with A.R.S. § 38-863.01.
- 14.03 Funding Status. It is the intent of the city to maintain adequate assets to fund benefits payable in its defined benefit plans. In the event the funded status falls to an unacceptable level, the city shall strive to make additional contributions above the ARC to restore the funded status to an acceptable level.
- 14.04 Use of Debt. Pension obligation bonds add a level of risk that should be analyzed thoroughly, and the city shall not rely on pension obligation bonds to reduce unfunded pension liabilities.

Appendix A

Budget Governing Guidance

The following represents budget governing guidance which provides direction for allocating city resources to fund operating or capital expenditures. The below guidance may be changed during the annual budget process to respond to council priorities or to better align resources with operating or capital needs as recommended by the city manager and city treasurer. Changes to the below guidance must be approved by the council through the budget process.

- 1) Funding for General Fund CIP.
 - a) 50 percent of the unrestricted portion of construction privilege tax revenues.
 - b) 100 percent of General Fund interest earnings.
 - c) Any additional funding as recommended through the budget process.
- 2) General Fund Operating Surplus. Year-end General Fund operating surpluses not needed to restore contingency, reserves, or designations or to cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the General Fund CIP in the following fiscal year's budget development process.
- 3) Funding for Public Safety Accidental Disabled Retirees. A General Fund transfer will be made to the Benefits Healthcare Self-Insurance Fund to subsidize the cost of providing healthcare benefits to sworn public safety accidental disabled retirees.
- 4) Transportation Fund Operating Surpluses. Year-end Transportation Fund operating surpluses not needed to restore contingency or reserves or to cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the Transportation Fund CIP in the following fiscal year's budget development process.
- 5) Allocation of Dedicated 0.2 Percent Transportation Privilege Tax. No less than 50 percent of the dedicated 0.2 percent privilege tax revenue for transportation improvements will be allocated to the capital budget for planning, design, construction, and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, and transit.

Fund Accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes. This approach is unique to the government sector. To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the city's accounting and budget structure is segregated into various funds.

A fund is a group 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.

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

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The city maintains the following five Special Revenue Funds: Transportation, Tourism Development, Preservation, Stadium Facility, and Special Programs.

Grant Funds are used to leverage city funds to address priority program and service needs.

Special Districts Fund is used to account for the city's streetlight districts.

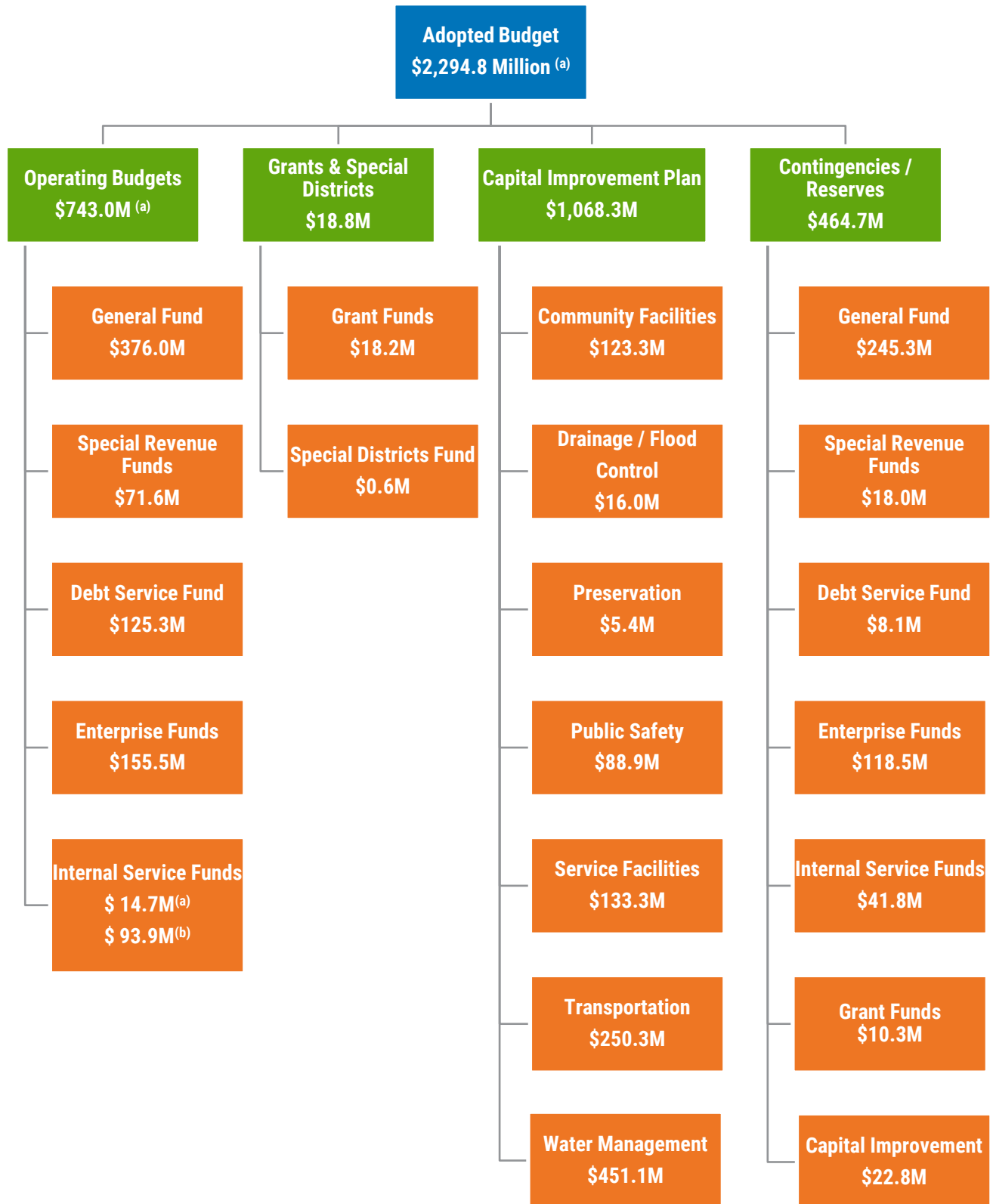
Debt Service Fund is used to account for the accumulation of resources and for the payment of general long-term debt principal and interest. It does not include contractual obligations accounted for in the individual funds.

Capital Improvement Plan Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The city maintains several Capital Improvement Plan Funds to ensure legal compliance and financial management for various restricted and unrestricted revenues.

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



FY 2024/25 Proposed Budget



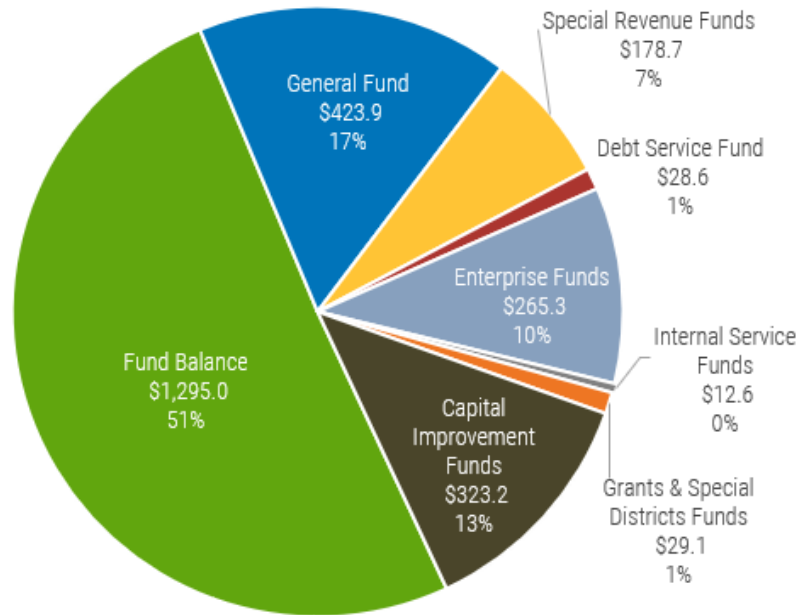
^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$79.2M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$79.2M

Rounding differences may occur.

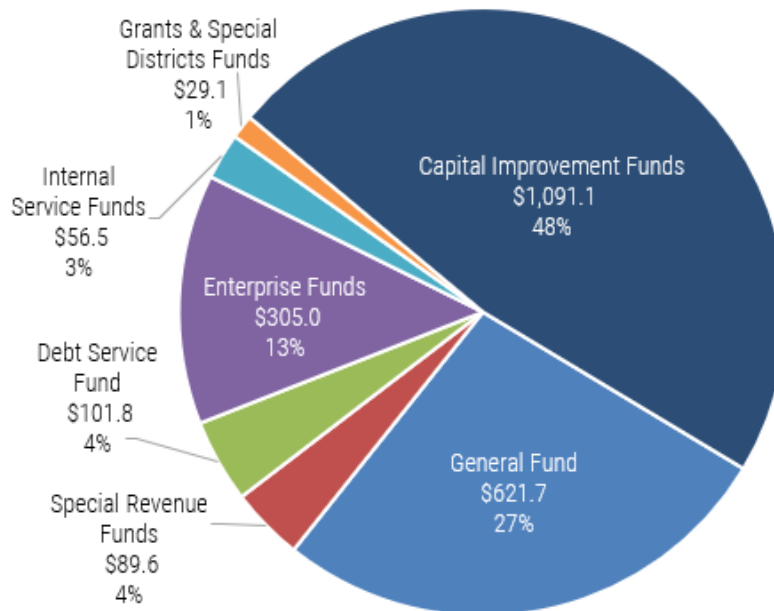
Fund Balance and Revenue by Fund Type

The total City of Scottsdale FY 2024/25 adopted budget is funded by \$2,556.5 million in revenue and fund balance. The total amount of fund balance available is \$1,295.0 million, and the estimated revenue, \$1,261.5 million, which includes, \$323.2 million in Capital Improvement Funds, \$423.9 million in General Fund, \$265.3 million in Enterprise Funds and \$249.1 million in other funds. A complete detail of revenues can be found on the Total Appropriation schedule.



Total Budget Appropriation by Fund Type

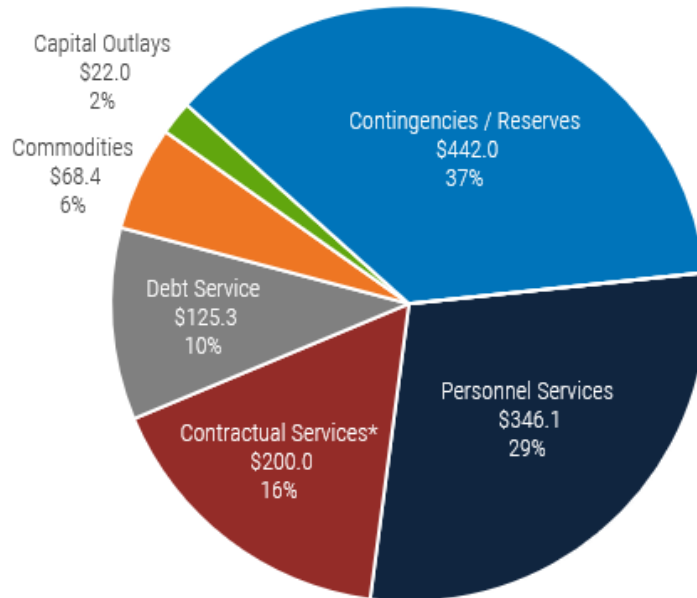
The total City of Scottsdale FY 2024/25 adopted budget appropriation is \$2,294.8 million, which includes \$464.7 million in contingencies/reserves. The Capital Improvement Plan and its associated contingencies/reserves account for the largest portion of the annual budget appropriation at \$1,091.1 million.



Rounding differences may occur.

Total Operating Budget Appropriation by Expense Type

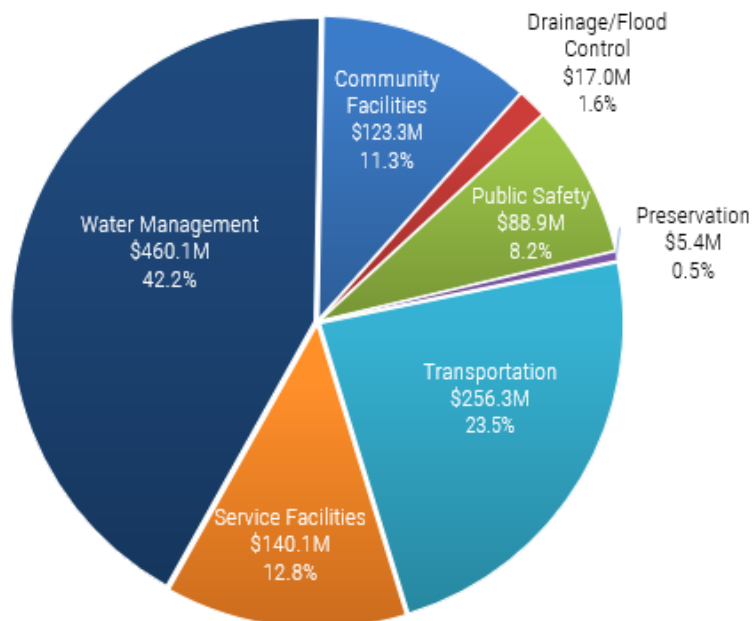
The total operating budget appropriation is \$1,203.7 million, and includes \$442.0 million in contingencies/reserves, or 37 percent of the budget. The largest expense type is Personnel Services at 29 percent or \$346.1 million.



*Includes Internal Service Offsets and Indirect Costs.

Total Capital Improvement Plan Appropriation by Program

The total Capital Improvement Plan appropriation is \$1,091.1 million, and includes \$22.8 million in contingencies/reserves. The largest program is Water Management at 42.2 percent or \$460.1 million, followed by Transportation at 23.5 percent or \$256.3 million.



Rounding differences may occur.

	Sources			Uses						Ending Balance	
	Beginning Balance	Revenue	Transfers In	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlays	Contingencies / Reserves	Other*		Transfers Out
General Fund	251,817,269	423,923,293	15,814,664	274,874,146	89,301,016	11,076,912	1,162,396	245,256,922	-	59,583,834	10,300,000
Special Revenue Funds											
Transportation	37,522,152	55,547,708	-	10,688,660	18,398,441	1,628,215	1,704,550	3,994,830	-	34,064,310	22,590,854
Preservation	136,812,488	62,261,504	-	-	-	-	-	-	-	44,184,080	154,889,912
Special Programs	23,115,378	23,126,564	10,000	5,817,265	7,154,401	2,279,730	434,248	1,320,809	-	8,600,769	20,644,721
Tourism Development	15,846,168	35,519,365	-	697,716	20,819,622	8,870	339,000	10,423,034	-	17,244,049	1,833,242
Stadium Facility	5,745,527	2,253,152	-	280,089	253,238	70,679	1,050,000	2,242,032	-	660,000	3,442,641
Debt Service Fund	10,646,526	28,615,822	62,517,083	-	93,647,344	-	-	8,132,087	-	-	-
Enterprise Funds											
Water & Water Reclamation	89,506,158	218,631,155	14,199,704	30,112,348	66,897,952	42,613,044	410,000	96,234,928	7,395,899	78,732,846	-
Solid Waste	9,812,850	36,808,412	-	11,642,814	18,865,797	967,677	-	5,734,298	2,037,592	5,577,360	1,795,724
Aviation	15,254,103	9,831,636	599,100	1,772,510	3,177,069	58,800	63,193	16,508,374	609,316	3,495,577	-
Internal Service Funds											
Fleet Management	11,001,439	1,149,689	-	5,984,784	2,268,987	9,205,547	15,126,051	1,897,123	(29,928,423)	567,909	7,029,150
PC Replacement	1,768,285	-	-	-	-	-	1,637,100	100,000	(950,007)	-	981,192
Risk Management	28,988,589	2,015,000	-	1,660,450	17,535,061	332,793	-	30,312,728	(18,857,984)	20,541	-
Healthcare Self-Insurance	19,592,095	9,474,039	194,500	331,070	39,815,369	-	-	9,488,188	(29,452,240)	-	9,078,247
Grants & Special Districts Funds											
Grants	-	28,554,535	-	2,215,560	15,749,821	144,232	89,000	10,332,480	-	23,442	-
Special Districts	2,318	570,133	-	-	572,451	-	-	-	-	-	-
Capital Improvement Fund	637,536,828	323,235,421	165,548,396	-	-	-	1,068,380,341	22,760,560	-	6,128,730	29,051,014
Total All Funds	1,294,968,175	1,261,517,428	258,883,447	346,077,412	394,395,569	68,386,499	1,090,395,879	464,738,393	(69,145,847)	258,883,447	261,636,698
								Total Budget Appropriation**			2,294,848,905

*Other includes Internal Service Offsets and Indirect Costs.

**Total Budget Appropriation excludes Transfers Out and assumes the use of reserve and contingency appropriations.

Rounding differences may occur.

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts Fund	Capital Improvement Funds	Total
Beginning Fund Balance	251,817,269	219,041,714	10,646,526	114,573,111	61,350,409	2,318	637,536,828	1,294,968,175
Revenues								
Taxes - Local								
Sales Tax	166,613,974	89,079,834		233,000			17,227,800	273,154,608
Sales Tax - Public Safety (0.10%)	16,388,552							16,388,552
Electric & Gas Franchise	10,281,610	265,000						10,546,610
Cable TV License Fee	3,328,440							3,328,440
Stormwater Fee	964,999			338,612				1,303,611
Salt River Project In Lieu	200,000							200,000
Stormwater Fee - CIP		7,896,004					-	7,896,004
Transient Occupancy Tax		31,561,346						31,561,346
State Shared Revenues								
State Shared Income Tax	51,842,004							51,842,004
State Shared Sales Tax	37,126,139							37,126,139
Auto Lieu Tax	12,283,924							12,283,924
Charges For Service/Other								
Intergovernmental	4,353,946	3,296,693				-	29,598,502	37,249,141
Property Rental	5,640,969	4,466,496		413,309		65,651		10,586,425
Miscellaneous	1,077,095	2,711,478	-	5,185,203	1,025,250	573,919	-	10,572,945
Westworld Equestrian Facility Fees	6,177,020	1,233,438						7,410,458
Contributions & Donations	-	1,820,083		5,500		2,990,252	2,454,955	7,270,790
Property Tax								
Property Tax	38,384,363		28,615,822		1,200,000			68,200,185
Interest Earnings								
Interest Earnings	15,593,866	9,760,940		5,171,584			10,151,780	40,678,170
Other Revenue								
Grants	-			-		14,592,233	7,237,384	21,829,617
Special Districts						570,133		570,133
Property Rental		117,402						117,402
Reimbursements from Outside Sources				-	1,092,561		-	1,092,561
Building Permit Fees & Charges								
Building Permit Fees & Charges	21,769,857	415,663					65,000	22,250,520
License Permits & Fees								
Recreation Fees	5,607,476	3,255,853				-		8,863,329
Fire Charges For Services	7,205,507							7,205,507
Business & Liquor Licenses	2,667,130	50,160						2,717,290
Indirect/Direct Cost Allocations								
Indirect Costs	8,786,469			818,408				9,604,877
Direct Cost Allocation (Fire)	440,265							440,265
Fines Fees & Forfeitures								
Court Fines	4,094,429	2,611,154						6,705,583
Photo Radar	2,644,511							2,644,511
Parking Fines	261,000							261,000
Library	42,868	117,300						160,168
Jail Dormitory	146,880							146,880
Police Fees		95,400						95,400
Taxes- From Other Agencies								
Local Transportation Assistance Fund		610,000						610,000
Highway User Tax		19,344,049						19,344,049
Other Financing Sources								
Bond Proceeds							240,000,000	240,000,000
Utilities & Enterprises								
Water Service Charges				135,292,948			8,250,000	143,542,948
Non-Potable Water Service Charges				16,760,212			2,100,000	18,860,212
Water Reclamation Service Charges				55,625,122			6,150,000	61,775,122
Airport Fees				8,958,864				8,958,864
Refuse/Recycling				36,468,441				36,468,441

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Special Districts Fund	Improvement Funds	Total
Internal Service Charges								
Fleet Management					30,028,423			30,028,423
Less Internal Service Funds Offset					(79,188,654)			(79,188,654)
Self Insurance					57,531,141			57,531,141
PC Replacement					950,007			950,007
Subtotal	423,923,293	178,708,293	28,615,822	265,271,203	12,638,728	18,792,188	323,235,421	1,251,184,948
Other Activity								
Grant Anticipated						6,332,480		6,332,480
Grant Contingency						4,000,000		4,000,000
Subtotal	-	-	-	-	-	10,332,480	-	10,332,480
Transfers In								
From Enterprise Franchise Fees	9,995,402							9,995,402
From Operating	5,819,262	10,000			194,500			6,023,762
From Debt Svc GO Bonds			38,817,300					38,817,300
From Debt Svc MPC Bonds			23,699,783	599,100				24,298,883
From General Fund							24,267,853	24,267,853
From Special Programs Fund							620,000	620,000
From Tourism Development Fund							6,450,000	6,450,000
From Transportation Sales Tax (0.20%) Fund							31,464,310	31,464,310
From Grants Fund							23,442	23,442
From Risk Management Fund							20,541	20,541
From Stormwater Fee Fund							7,227,254	7,227,254
From Preservation Sales Tax Fund							5,366,780	5,366,780
From HURF							2,600,000	2,600,000
From Debt Service				9,610,227				9,610,227
From Water & Water Reclamation Funds							60,666,470	60,666,470
From AWT				3,689,477				3,689,477
From RWDS				900,000				900,000
From Aviation Fund							2,896,477	2,896,477
From Solid Waste Fund							23,377,360	23,377,360
From Fleet Fund							567,909	567,909
Subtotal	15,814,664	10,000	62,517,083	14,798,804	194,500	-	165,548,396	258,883,447
Sources Total	439,737,957	178,718,293	91,132,905	280,070,007	12,833,228	29,124,668	488,783,817	1,520,400,875

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Special Districts Fund	Improvement Funds	Total
Expenditures								
Mayor and City Council	1,228,149	58,806					-	1,286,955
City Clerk	1,457,536							1,457,536
City Attorney	9,016,837				19,468,792		-	28,485,629
City Auditor	1,420,460							1,420,460
City Court	6,095,604	2,151,916						8,247,520
City Manager	2,943,560	-					-	2,943,560
Public Works	30,020,050	30,614,274		30,715,551	32,770,222		-	124,120,097
Community and Economic Development	26,117,112	22,552,948		3,373,715			-	52,043,775
Public Safety - Fire	72,897,636	844,837				101,000		73,843,473
Public Safety - Police	136,918,706	5,063,949				938,950		142,921,605
City Treasurer	13,642,181	-		3,409,962			-	17,052,143
Community Services	52,771,541	10,384,640				16,086,623		79,242,804
Administrative Services	26,947,123	18,800		717,908	41,836,039	1,072,040		70,591,910
Water Resources				107,673,309				107,673,309
Citywide Indirect Cost Allocation				8,784,134				8,784,134
Department Indirect Cost				818,408				818,408
Citywide Direct Cost Allocation				440,265				440,265
Leave Accrual Payments / Parental Leave	4,325,738	215,446		616,205	117,027			5,274,416
Savings from Vacant Positions	(10,773,000)	(368,136)		(1,576,047)	(306,780)			(13,023,963)
Utilities	-	-		383,550				383,550
Vacation Trade	926,833	29,515		101,776	11,912			1,070,036
Special Districts						572,451		572,451
Less Internal Service Funds Offset					(79,188,654)			(79,188,654)
Subtotal	375,956,066	71,566,995	-	155,458,736	14,708,558	18,771,064	-	636,461,419
Debt Service								
Contracts Payable	458,404	57,729						516,133
GO Debt Service - Non Preserve			31,101,005					31,101,005
GO Debt Service - Preserve			38,849,117					38,849,117
MPC Excise Debt			23,697,222					23,697,222
MPC Bonds Debt Service-Sewer				7,009,413				7,009,413
MPC Bonds Debt Service-Water				15,969,718				15,969,718
2024 Rev Bond Debt Svc-Water				2,561,900				2,561,900
2024 Rev Bond Debt Svc-Sewer				3,841,500				3,841,500
MPC Bonds Debt Svc - Airport				1,722,744				1,722,744
Subtotal	458,404	57,729	93,647,344	31,105,275	-	-	-	125,268,752
Capital								
Community Facilities							123,346,155	123,346,155
Drainage/Flood Control							16,011,780	16,011,780
Public Safety							88,944,493	88,944,493
Service Facilities							133,300,960	133,300,960
Transportation							250,299,592	250,299,592
Preservation							5,366,780	5,366,780
Water Management							451,110,581	451,110,581
Subtotal	-	-	-	-	-	-	1,068,380,341	1,068,380,341

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Special Districts Fund	Improvement Funds	Total
Other Activity								
Emergency Reserve	18,820,080							18,820,080
General Plan Initiatives	15,000,000							15,000,000
Innovation Initiatives	500,000							500,000
Operating Contingency	20,000,000	4,752,843		5,246,340	6,751,851			36,751,034
Operating Reserve	75,280,320	3,241,987		35,513,297	27,812,728			141,848,332
PSPRS Pension Liabilities	115,656,522							115,656,522
Stadium Lifecycle		2,242,032						2,242,032
Grant Anticipated						6,332,480		6,332,480
Grant Contingency						4,000,000	3,558,032	7,558,032
Debt Service Reserve			-	9,968,300				9,968,300
Appropriation Contingency		1,320,809						1,320,809
Destination Marketing		6,423,034						6,423,034
GO Debt Service Reserve - Non Preserve			3,106,262	-				3,106,262
Debt Stabilization Reserve			5,025,825					5,025,825
General Fund Contingency							5,752,528	5,752,528
Transportation 0.2% Sales Tax Contingency							3,000,000	3,000,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
Water & WasteWater Asset Replacement Reserve				47,661,000				47,661,000
Water Drought Reserve				5,000,000				5,000,000
Water Rates Contingency							5,000,000	5,000,000
Sewer Rates Contingency							4,000,000	4,000,000
Fleet Replacement Reserve				3,755,000				3,755,000
Future Capital Replacement				11,333,663				11,333,663
Aviation Funds Contingency							450,000	450,000
Electric Vehicle Contingency					1,000,000			1,000,000
IBNR Reserve					2,868,895			2,868,895
Premium Stabilization Reserve					3,364,565			3,364,565
Subtotal	245,256,922	17,980,705	8,132,087	118,477,600	41,798,039	10,332,480	22,760,560	464,738,393
TOTAL BUDGET	621,671,392	89,605,429	101,779,431	305,041,611	56,506,597	29,103,544	1,091,140,901	2,294,848,905
Transfers Out								
To CIP	17,800,000	46,401,831		67,512,298	500,000	23,442		132,237,571
To CIP Construction Sales Tax	8,673,987							8,673,987
To CIP Excess Interest	15,593,866							15,593,866
To Debt Svc MPC Bonds	17,311,481	6,388,302		599,100				24,298,883
To Operating	204,500	5,819,262						6,023,762
To CIP Technology		99,259		1,628,009	88,450	-		1,815,718
To Debt Svc GO Bonds		38,817,300						38,817,300
To CIP Stormwater		7,227,254						7,227,254
To AWT				3,689,477				3,689,477
To Debt Service Fund				4,381,497				4,381,497
To Franchise Fees				9,995,402				9,995,402
To Water & Water Reclamation Funds							6,128,730	6,128,730
Subtotal	59,583,834	104,753,208	-	87,805,783	588,450	23,442	6,128,730	258,883,447
Uses Total	681,255,226	194,358,637	101,779,431	392,847,394	57,095,047	29,126,986	1,097,269,631	2,553,732,352
Sources Over/(Under) Uses ^(a)	(241,517,269)	(15,640,344)	(10,646,526)	(112,777,387)	(44,261,819)	(2,318)	(608,485,814)	(1,033,331,477)
Ending Fund Balance ^(a)	10,300,000	203,401,370	(0)	1,795,724	17,088,590	0	29,051,014	261,636,698
Ending Fund Balance ^(b)	255,556,922	221,382,075	8,132,087	120,273,324	58,886,629	10,332,480	51,811,574	726,375,091

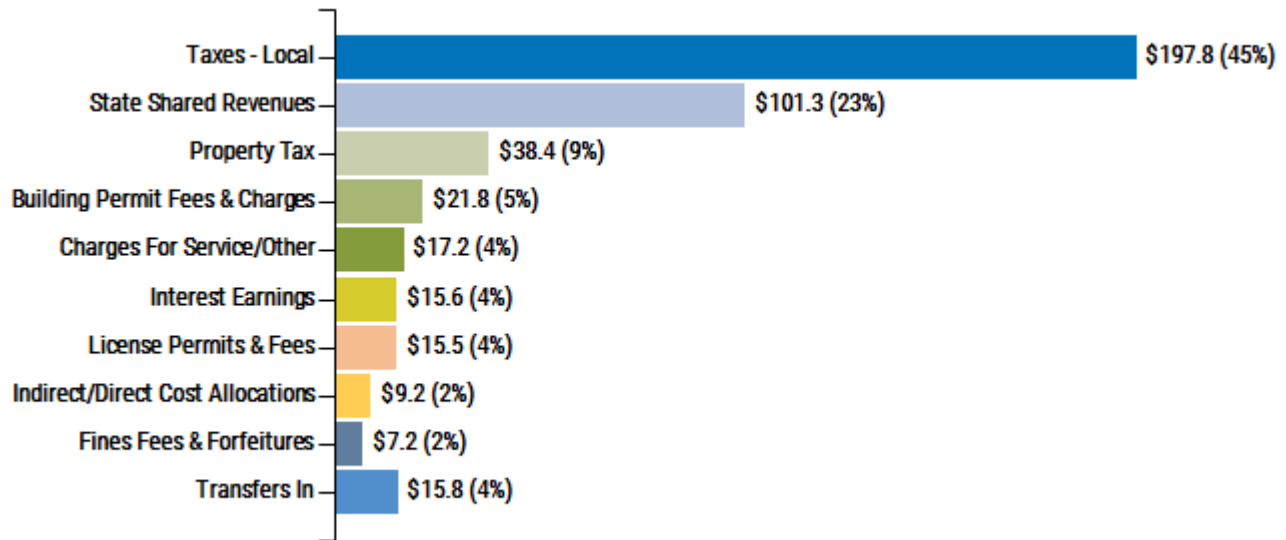
^(a) Includes use of reserve appropriations.

^(b) Does not include use of reserve appropriations.

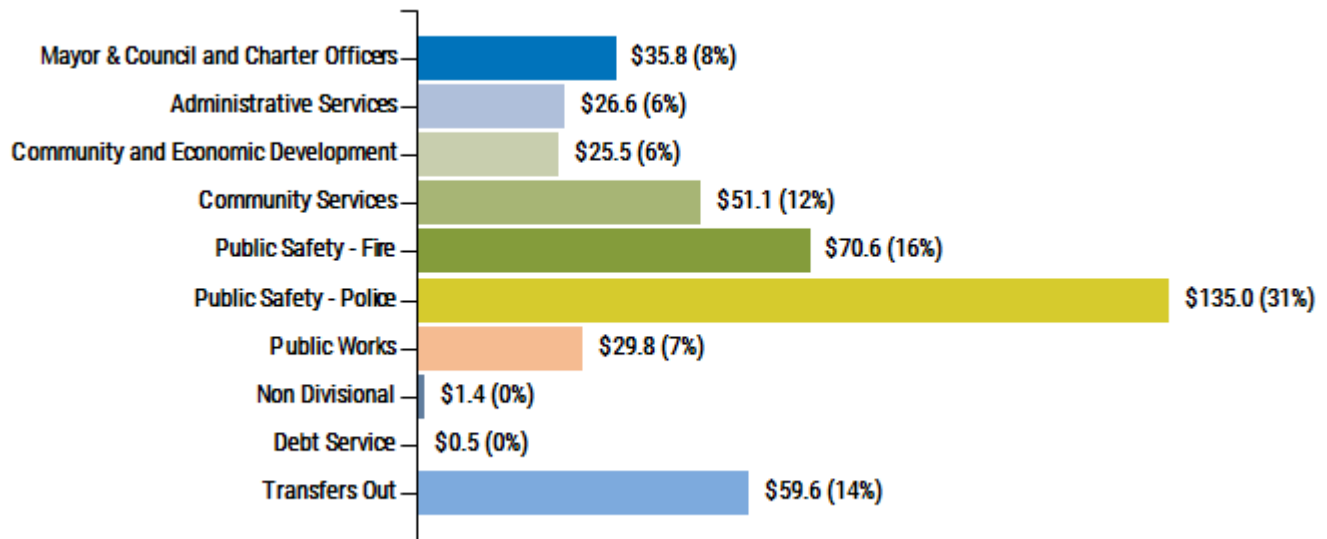
FUND PURPOSE

The General Fund exists to account for the activity associated with traditional local government services such as police, fire, parks and recreation, planning and economic development, and general city administration. Under Arizona State law, each city and town must maintain a General Fund. The General Fund is the largest operating fund and includes the most diverse operations. Because its use is unrestricted, the General Fund is typically the fund of most interest and significance to citizens.

General Fund Sources (% to Total) \$439.7 Million



General Fund Uses (% to Total) \$436.0 Million



Rounding differences may occur.

BUDGET BY FUND | General Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Emergency Reserve	16,377,415	16,362,003	16,115,226	18,211,735
General Plan Initiatives	15,000,000	15,000,000	15,000,000	15,000,000
Innovation Initiatives	500,000	500,000	500,000	500,000
Operating Contingency	10,000,000	15,000,000	8,094,483	15,000,000
Operating Reserve	65,747,066	65,448,013	64,460,905	72,846,939
PSPRS Pension Liabilities	98,136,217	114,746,372	145,119,493	119,958,595
Cavasson Infrastructure Reimbursement	9,800,000	14,600,000	5,000,000	9,800,000
General Fund Balance	500,000	500,000	500,000	500,000
Total Beginning Fund Balance	216,060,698	242,156,388	254,790,107	251,817,269
Revenues				
Taxes - Local				
Sales Tax	181,553,250	166,134,814	174,915,059	166,613,974
Sales Tax - Public Safety (0.10%)	17,871,476	16,353,065	17,220,813	16,388,552
Electric & Gas Franchise	9,863,679	9,106,540	9,929,644	10,281,610
Cable TV License Fee	3,625,332	3,700,000	3,700,000	3,328,440
Stormwater Fee	961,975	960,198	960,198	964,999
Salt River Project In Lieu	199,734	200,000	200,000	200,000
State Shared Revenues				
State Shared Income Tax	46,050,622	65,098,126	64,406,192	51,842,004
State Shared Sales Tax	35,883,972	36,543,806	35,476,428	37,126,139
Auto Lieu Tax	12,041,882	12,436,288	12,297,413	12,283,924
Property Tax				
Property Tax	35,769,009	37,177,572	36,910,980	38,384,363
Building Permit Fees & Charges				
Building Permit Fees & Charges	17,570,042	20,400,907	20,400,907	21,769,857
Charges For Service/Other				
Westworld Equestrian Facility Fees	6,428,099	5,929,574	6,129,725	6,177,020
Property Rental	4,515,593	5,427,428	5,427,428	5,640,969
Intergovernmental	4,205,261	4,168,669	4,168,669	4,353,946
Miscellaneous	1,894,234	1,006,918	1,006,918	1,077,095
Interest Earnings				
Interest Earnings	6,863,167	8,212,914	13,418,002	15,593,866
License Permits & Fees				
Fire Charges For Services	2,803,855	2,736,729	2,736,729	7,205,507
Recreation Fees	5,207,459	5,205,367	5,205,367	5,607,476
Business & Liquor Licenses	2,814,656	2,802,228	2,521,978	2,667,130
Indirect/Direct Cost Allocations				
Indirect Costs	6,759,411	7,796,474	7,796,474	8,786,469
Direct Cost Allocation (Fire)	431,738	419,300	419,300	440,265
Fines Fees & Forfeitures				
Court Fines	3,322,607	4,053,645	4,053,645	4,094,429
Photo Radar	3,169,888	2,641,329	2,641,329	2,644,511
Parking Fines	211,102	263,700	263,700	261,000
Jail Dormitory	234,502	144,000	144,000	146,880
Library	52,506	27,204	27,204	42,868
Other Revenue				
Miscellaneous ^(a)	21,184,144	-	-	-
Grants	5,834	-	-	-
<i>Subtotal</i>	<i>431,495,027</i>	<i>418,946,795</i>	<i>432,378,102</i>	<i>423,923,293</i>
Transfers In				
Enterprise Franchise Fees	8,659,793	9,422,892	9,422,892	9,995,402
Operating	10,768,700	7,729,244	7,849,870	5,819,262
Loan Repayment - Transfer Station	-	-	-	-
<i>Subtotal</i>	<i>19,428,493</i>	<i>17,152,136</i>	<i>17,272,762</i>	<i>15,814,664</i>
Total Sources	450,923,521	436,098,931	449,650,864	439,737,957

BUDGET BY FUND | General Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Expenditures				
Mayor and City Council	905,434	1,112,601	1,076,148	1,228,149
City Attorney	7,516,681	8,589,399	8,596,086	9,016,837
City Auditor	1,193,626	1,313,021	1,310,249	1,420,460
City Clerk	1,070,204	1,103,865	1,082,153	1,457,536
City Court	4,837,705	5,655,776	5,559,405	6,095,604
City Manager	1,922,839	2,228,807	1,679,250	2,943,560
City Treasurer	10,133,778	12,585,220	11,519,987	13,642,181
Administrative Services	22,147,678	25,956,820	24,491,450	26,947,123
Community and Economic Development	23,181,315	26,455,848	25,508,354	26,117,112
Community Services	47,349,671	50,821,650	48,957,087	52,771,541
Public Safety - Fire ^{(b)(c)}	55,454,530	64,767,849	67,065,958	72,897,636
Public Safety - Police ^{(b)(d)}	122,018,214	144,301,971	139,640,573	136,918,706
Public Works	24,157,063	28,329,379	27,295,891	30,020,050
<i>Operating Impacts</i>	-	-	-	-
<i>Class and Comp Study^(e)</i>	-	6,818,554	-	-
<i>Leave Accrual Payments / Parental Leave</i>	-	2,813,988	-	4,325,738
<i>Savings from Vacant Positions</i>	-	(9,000,000)	-	(10,773,000)
<i>Vacation Trade</i>	-	1,105,014	-	926,833
Subtotal	321,888,739	374,959,762	363,782,591	375,956,066
Debt Service				
Contracts Payable	415,786	452,103	452,103	458,404
Subtotal	415,786	452,103	452,103	458,404
 TOTAL OPERATING BUDGET	 322,304,524	 375,411,865	 364,234,694	 376,414,470
Transfers Out				
CIP ^(f)	62,317,058	53,659,834	53,659,834	17,800,000
CIP Construction Sales Tax	8,399,236	6,628,103	8,794,050	8,673,987
CIP Excess Interest	6,863,167	8,212,914	13,418,002	15,593,866
Debt Svc MPC Bonds	12,243,461	12,337,084	12,337,084	17,311,481
Operating	66,665	180,038	180,038	204,500
Subtotal	89,889,587	81,017,973	88,389,008	59,583,834
Total Uses	412,194,112	456,429,838	452,623,702	435,998,304
Sources Over/(Under) Uses	38,729,409	(20,330,907)	(2,972,838)	3,739,653
Ending Fund Balance				
Emergency Reserve	16,115,226	18,770,593	18,211,735	18,820,080
General Plan Initiatives	15,000,000	15,000,000	15,000,000	15,000,000
Innovation Initiatives	500,000	500,000	500,000	500,000
Operating Contingency	8,094,483	15,000,000	15,000,000	20,000,000
Operating Reserve	64,460,905	75,082,373	72,846,939	75,280,320
PSPRS Pension Liabilities	140,319,493	82,372,515	119,958,595	115,656,522
Cavasson Infrastructure Reimbursement	9,800,000	14,600,000	9,800,000	9,800,000
General Fund Balance	500,000	500,000	500,000	500,000
Total Ending Fund Balance	254,790,107	221,825,481	251,817,269	255,556,922

^(a) One-time proceeds from 94th Street and Bell Road land sale in FY 2022/23.

^(b) Scottsdale was awarded \$29.2 million of the American Rescue Plan Act (ARPA), an economic stimulus bill signed into law by the President in March 2021. Public Safety - Fire and Police payroll expenses were transferred to the ARPA Fund (grant) in FY 2021/22 (\$14.6 million) and FY 2022/2023 (\$14.6 million); thereby freeing up General Fund dollars.

^(c) Beginning in FY 2024/25 includes budget for the new Ambulance Service. Refer to the Ambulance Service schedule for details.

^(d) FY 2023/24 includes a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

^(e) Anticipated cost to implement the Classification and Compensation Study recommendations.

^(f) FY 2024/25 includes a \$17.8million loan to the Solid Waste CIP Fund to support enhancements and expansion of the transfer station facility to support the implementation of the new General Plan which was approved by voters in November 2021.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Emergency Reserve	18,211,735	18,820,080	20,073,588	21,110,173	22,431,623
General Plan Initiatives	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Innovation Initiatives	500,000	500,000	500,000	500,000	500,000
Operating Contingency	15,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Operating Reserve	72,846,939	75,280,320	80,294,350	84,440,691	89,726,494
PSPRS Pension Liabilities	119,958,595	115,656,522	114,388,884	105,396,758	79,180,305
Cavasson Infrastructure Reimbursement	9,800,000	9,800,000	9,800,000	9,800,000	9,800,000
General Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Beginning Fund Balance	251,817,269	255,556,922	260,556,822	256,747,622	237,138,422
Revenues					
Taxes - Local					
Sales Tax	166,613,974	161,448,000	164,433,900	167,607,100	173,088,000
Sales Tax - Public Safety (0.10%)	16,388,552	15,866,400	16,157,800	16,464,000	17,022,800
Electric & Gas Franchise	10,281,610	10,487,200	10,697,000	10,911,000	11,129,100
Cable TV License Fee	3,328,440	3,311,800	3,278,700	3,245,900	3,213,400
Stormwater Fee	964,999	969,800	974,700	979,500	984,400
Salt River Project In Lieu	200,000	200,000	200,000	200,000	200,000
State Shared Revenues					
State Shared Income Tax	51,842,004	46,332,700	48,132,800	50,266,900	52,603,900
State Shared Sales Tax	37,126,139	38,602,600	40,225,700	41,546,800	42,911,200
Auto Lieu Tax	12,283,924	12,406,800	12,532,100	12,657,400	12,784,000
Property Tax					
Property Tax	38,384,363	39,585,900	40,793,400	42,018,800	43,262,600
Building Permit Fees & Charges					
Building Permit Fees & Charges	21,769,857	21,937,900	22,104,200	22,274,200	22,447,900
Charges For Service/Other					
Westworld Equestrian Facility Fees	6,177,020	6,220,200	6,263,700	6,309,600	6,356,200
Property Rental	5,640,969	5,638,900	5,673,000	5,707,300	5,742,700
Intergovernmental	4,353,946	4,432,700	4,512,800	4,594,600	4,676,700
Miscellaneous	1,077,095	1,080,100	1,083,300	1,026,400	1,021,400
Interest Earnings					
Interest Earnings	15,593,866	16,586,500	15,942,700	15,145,600	14,388,300
License Permits & Fees					
Fire Charges For Services	7,205,507	12,427,900	16,363,000	16,773,800	16,910,300
Recreation Fees	5,607,476	5,717,700	5,829,900	5,944,400	6,051,500
Business & Liquor Licenses	2,667,130	2,663,400	2,684,900	2,707,100	2,729,600
Indirect/Direct Cost Allocations					
Indirect Costs	8,786,469	9,128,500	9,472,000	10,047,600	10,348,900
Direct Cost Allocation (Fire)	440,265	462,300	485,400	509,700	535,100
Fines Fees & Forfeitures					
Court Fines	4,094,429	4,114,000	4,133,200	4,137,700	4,142,400
Photo Radar	2,644,511	2,644,500	2,644,500	2,644,500	2,644,500
Parking Fines	261,000	261,000	261,000	261,000	261,000
Jail Dormitory	146,880	149,800	152,800	155,900	159,000
Library	42,868	43,700	44,700	45,500	46,400
Other Revenue					
Miscellaneous	-	-	-	-	-
Grants	-	-	-	-	-
<i>Subtotal</i>	423,923,293	422,720,300	435,077,200	444,182,300	455,661,300
Transfers In					
Enterprise Franchise Fees	9,995,402	10,763,300	11,597,500	12,468,300	13,338,600
Operating	5,819,262	5,946,200	6,076,600	6,227,400	6,360,600
Loan Repayment - Transfer Station ^(a)	-	2,086,900	2,086,900	2,086,900	2,086,900
<i>Subtotal</i>	15,814,664	18,796,400	19,761,000	20,782,600	21,786,100
Total Sources	439,737,957	441,516,700	454,838,200	464,964,900	477,447,400

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Expenditures					
Mayor and City Council	1,228,149	1,271,700	1,315,800	1,401,600	1,406,300
City Attorney	9,016,837	9,344,600	9,659,700	10,304,900	10,268,000
City Auditor	1,420,460	1,489,800	1,551,600	1,658,500	1,678,500
City Clerk	1,457,536	1,223,100	1,570,200	1,358,400	1,672,600
City Court	6,095,604	6,473,400	6,819,600	7,283,200	7,310,800
City Manager	2,943,560	3,044,600	3,137,900	3,334,000	3,346,300
City Treasurer	13,642,181	14,186,600	14,750,100	15,461,000	15,649,300
Administrative Services	26,947,123	27,603,100	28,590,400	30,237,000	30,359,000
Community and Economic Development	26,117,112	26,843,200	29,253,500	28,560,300	28,884,500
Community Services	52,771,541	54,265,400	56,300,600	59,842,700	60,459,700
Public Safety - Fire ^(b)	72,897,636	81,051,800	88,293,200	93,410,400	94,678,400
Public Safety - Police	136,918,706	145,614,800	151,291,900	161,541,400	163,180,400
Public Works	30,020,050	29,848,900	30,683,200	31,819,600	32,398,500
<i>Operating Impacts</i>	-	2,437,700	3,750,000	3,961,300	4,265,600
<i>Class and Comp Study</i>	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	4,325,738	5,234,900	4,956,100	4,702,900	4,125,700
<i>Savings from Vacant Positions</i>	(10,773,000)	(9,856,800)	(8,939,500)	(7,688,400)	(7,842,200)
<i>Vacation Trade</i>	926,833	926,800	926,800	926,800	926,800
Subtotal	375,956,066	401,003,600	423,911,100	448,115,600	452,768,200
Debt Service					
Contracts Payable	458,404	481,400	505,400	530,800	557,200
Subtotal	458,404	481,400	505,400	530,800	557,200
 TOTAL OPERATING BUDGET	 376,414,470	 401,485,000	 424,416,500	 448,646,400	 453,325,400
Transfers Out					
CIP ^(c)	17,800,000	-	-	-	-
CIP Construction Sales Tax	8,673,987	8,181,400	7,772,300	7,383,700	7,014,500
CIP Excess Interest	15,593,866	16,585,500	15,942,700	15,145,600	14,388,300
Debt Svc MPC Bonds	17,311,481	10,045,300	10,280,400	13,145,500	14,028,600
Operating	204,500	219,600	235,500	252,900	252,900
Subtotal	59,583,834	35,031,800	34,230,900	35,927,700	35,684,300
Total Uses	435,998,304	436,516,800	458,647,400	484,574,100	489,009,700
Sources Over/(Under) Uses	3,739,653	4,999,900	(3,809,200)	(19,609,200)	(11,562,300)
Ending Fund Balance					
Emergency Reserve	18,820,080	20,073,588	21,110,173	22,431,623	22,665,592
General Plan Initiatives	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Innovation Initiatives	500,000	500,000	500,000	500,000	500,000
Operating Contingency	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Operating Reserve	75,280,320	80,294,350	84,440,691	89,726,494	90,662,369
PSPRS Pension Liabilities	115,656,522	114,388,884	105,396,758	79,180,305	66,448,161
Cavasson Infrastructure Reimbursement	9,800,000	9,800,000	9,800,000	9,800,000	9,800,000
General Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Ending Fund Balance	255,556,922	260,556,822	256,747,622	237,138,422	225,576,122

^(a) Repayment of a \$17.8 million loan to the Solid Waste CIP Fund to support enhancements and expansion of the transfer station facility.

^(b) Beginning in FY 2024/25 includes budget for the new Ambulance Service. Refer to the Ambulance Service schedule for details.

^(c) FY 2024/25 includes a \$17.8million loan to the Solid Waste CIP Fund to support enhancements and expansion of the transfer station facility to support the implementation of the new General Plan which was approved by voters in November 2021.

BUDGET BY FUND | Ambulance Service

CITY OF SCOTTSDALE AMBULANCE SERVICE

	Forecast 2023/24	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Revenues						
Ambulance Service	-	4,850,858	10,048,200	14,957,400	15,373,300	15,714,600
Subtotal	-	4,850,858	10,048,200	14,957,400	15,373,300	15,714,600
Total Sources	-	4,850,858	10,048,200	14,957,400	15,373,300	15,714,600
Expenditures						
Personnel Services	-	3,844,428	6,507,900	9,449,200	10,019,300	10,373,500
Contractual Services	-	1,138,489	2,680,800	3,682,100	3,687,200	3,859,800
Commodities	-	791,990	1,932,500	2,575,000	2,324,900	2,383,100
Capital Outlays	-	31,599	-	-	-	-
Vehicle Purchases ^(a)	1,602,700	180,000	2,378,100	2,491,100	-	-
Subtotal	1,602,700	5,986,506	13,499,300	18,197,400	16,031,400	16,616,400
Total Uses	1,602,700	5,986,506	13,499,300	18,197,400	16,031,400	16,616,400
Sources Over/(Under) Uses	(1,602,700)	(1,135,648)	(3,451,100)	(3,240,000)	(658,100)	(901,800)
Indirect Costs						
Indirect Costs		499,360	956,423	1,350,742	1,378,700	1,429,010
Sources Over/(Under) Uses Including Indirect Costs	(1,602,700)	(1,635,008)	(4,407,523)	(4,590,742)	(2,036,800)	(2,330,810)

Note: The operating budget for the new Ambulance Service is included in the General Fund Five-Year Plan.

^(a) A total of 12 ambulances will be purchased in three years: FY 2023/24, FY 2025/26 and FY 2026/27. These purchases are recorded and planned for in the Capital Improvement Plan. Future excess proceeds from the ambulance transportation service will be used to payback the \$6.4 million of General Fund utilized for these expenses.

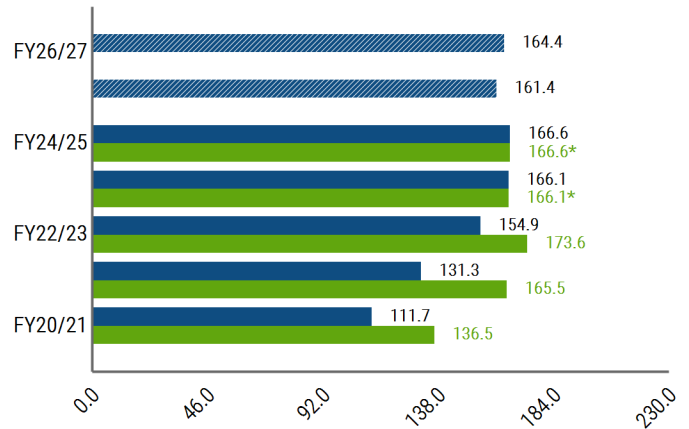
GENERAL FUND SOURCES

General Fund Sources include revenues and transfers in from other funds such as the Special Programs, Tourism Development, and Water and Water Reclamation Funds. For FY 2024/25 estimated General Fund revenues and transfers in equal \$439.7 million, an increase of approximately \$3.6 million, or 0.8 percent, from the FY 2023/24 adopted budget of \$436.1 million. The increase is primarily due to higher interest rates. The General Fund Sources that are used for operating budget and debt service and that contribute to the Capital Improvement Plan are identified in this section.

SALES TAX (1.00%)

Sales Tax (1.00%) represents the 1.00 percent General Fund share of the city's total 1.75 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. Sales Tax (1.00%) is the General Fund's largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. The FY 2024/25 adopted budget is \$166.6 million, which is approximately \$0.5 million higher than the FY 2023/24 adopted budget of \$166.1 million due to inflation adjustment. Staff forecast the Sales Tax collections by business category to arrive at more precise projections. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic, and legal considerations.

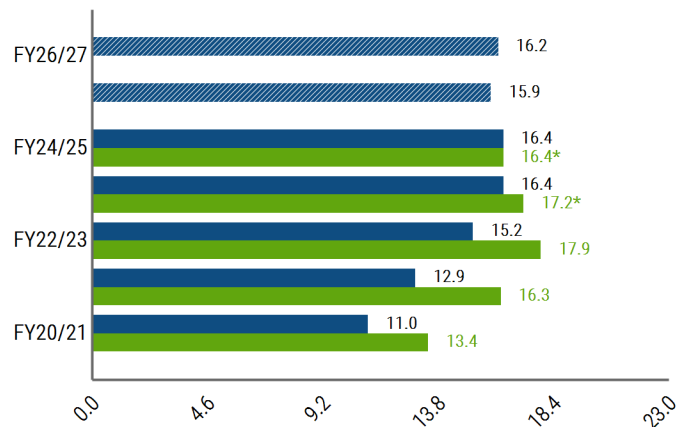
FY 2020/21 to FY 2026/27 (in millions)



SALES TAX - PUBLIC SAFETY (0.10%)

Sales Tax - Public Safety (0.10%) represents the 0.10 percent of the total 1.75 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) adopted budget for FY 2024/25 is \$16.4 million, which is flat compared from the FY 2023/24 adopted budget. This designated sales tax covers 7.8 percent of the FY 2024/25 Public Safety Police and Fire General Fund budgets combined.

FY 2020/21 to FY 2026/27 (in millions)

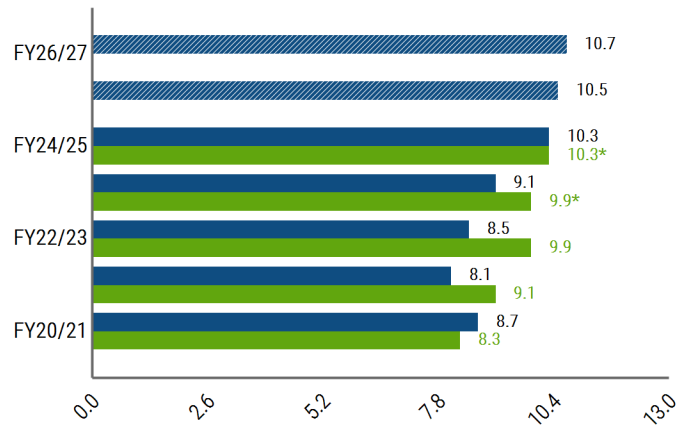


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

ELECTRIC & GAS FRANCHISE

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies to use city right-of-ways and in-lieu property tax for municipal utilities. The FY 2024/25 adopted budget for Electric & Gas Franchise totals \$10.3 million, which is an increase of approximately \$1.2 million from the FY 2023/24 adopted budget, mostly explained by higher electric usage and rates.

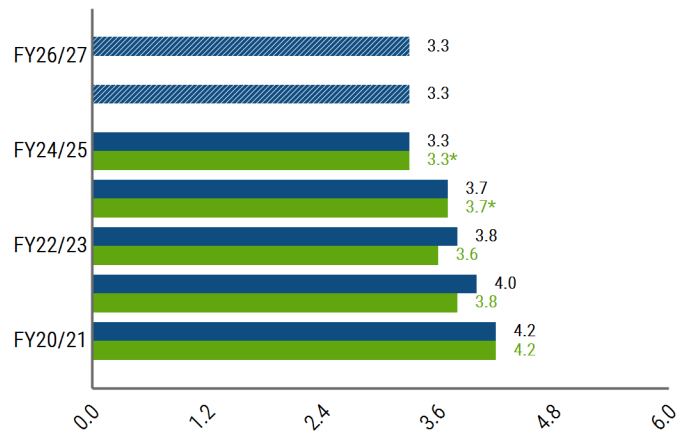
FY 2020/21 to FY 2026/27 (in millions)



CABLE TV LICENSE FEE

Cable TV License Fee is a franchise tax charged on revenues from cable companies for use of city right-of-ways. The FY 2024/25 adopted budget is \$3.3 million, which is a decrease of \$0.4 million from the FY 2023/24 adopted budget, mostly due to the anticipated decrease in the number of cable TV customers as a result of the growing demand for streaming services.

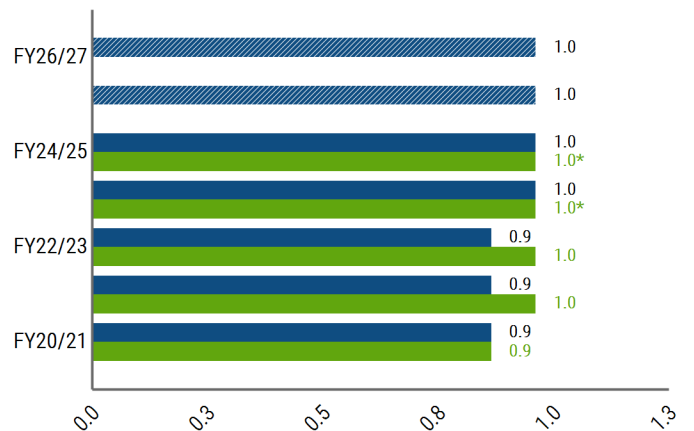
FY 2020/21 to FY 2026/27 (in millions)



STORMWATER FEE

Stormwater Fee is a monthly charge to customers to help pay a portion of the city's Stormwater Management program costs. These costs are driven by unfunded federal mandates that require the city to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff. The FY 2024/25 adopted budget totals \$1.0 million, which remains flat from the FY 2023/24 adopted budget.

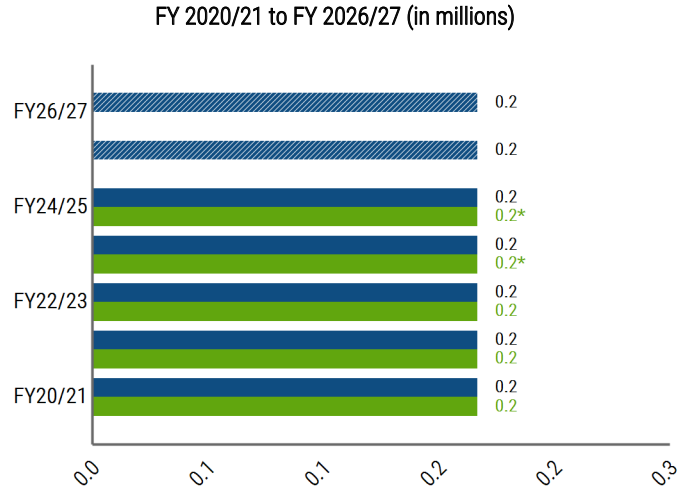
FY 2020/21 to FY 2026/27 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

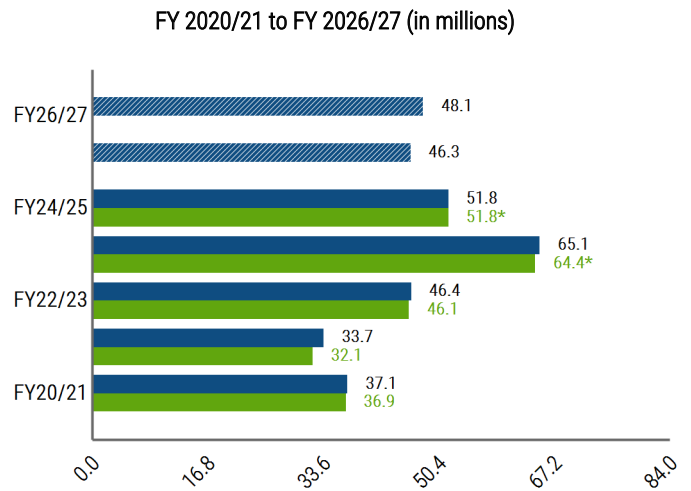
SALT RIVER PROJECT IN LIEU

Salt River Project In Lieu is franchise taxes charged to Salt River Project (SRP), a local utility provider, for the use of city right-of-ways and in-lieu property tax for municipal utilities. The FY 2024/25 adopted budget is \$0.2 million, which remains flat compared to the FY 2023/24 adopted budget.



STATE SHARED INCOME TAX

The formula for distribution of the State Shared Income Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns in Arizona are prohibited by law from levying a local income tax. However, a portion of the state income tax collections are shared with cities and towns. Effective January 1, 2023, the percentage was increased from 15 percent to 18 percent to help offset the impacts to local governments of the State institution of a flat income tax. There is a two-year lag between the time citizens report income to the State and when the State remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax for FY 2024/25 is budgeted at \$51.8 million, a decrease of \$13.3 million from the FY 2023/24 adopted budget of \$65.1 million.

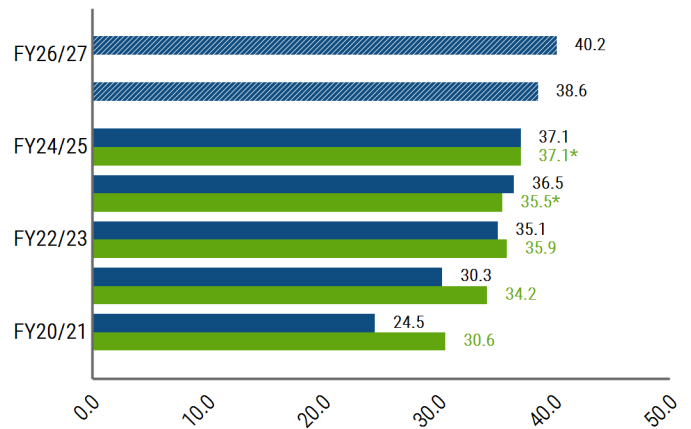


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

STATE SHARED SALES TAX

The formula for distribution of State Shared Sales Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns share in a portion of the 5.60 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales is 40 percent shared and 60 percent non-shared (retained by the State). Of the shared portion, 25 percent is returned to incorporated cities and towns, 40.51 percent is returned to counties, and 34.49 percent is returned to the state General Fund. The FY 2024/25 adopted budget is \$37.1 million, which is an increase of \$0.6 million compared to the FY 2023/24 adopted budget of \$36.5 million, mostly due to inflation and continued strong consumer spending.

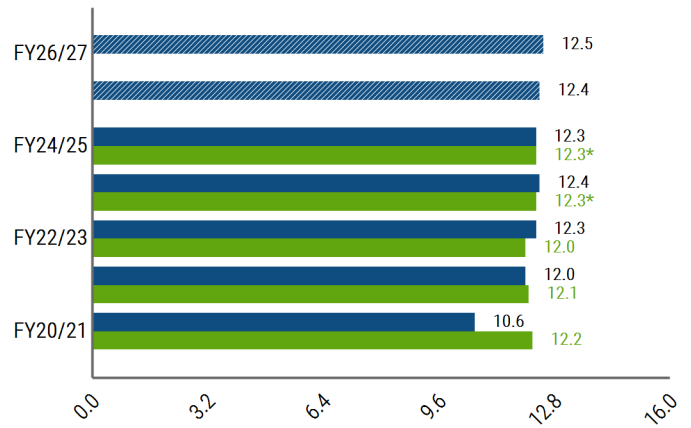
FY 2020/21 to FY 2026/27 (in millions)



AUTO LIEU TAX

Auto Lieu Tax, also known as Vehicle License Tax, is part of the vehicle license fees collected by Maricopa County, but it is actually a state revenue source. Approximately 20 percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be spent on any municipal public purpose. The FY 2024/25 adopted budget is \$12.3 million, which is a decrease of \$0.1 million compared to the FY 2023/24 adopted budget.

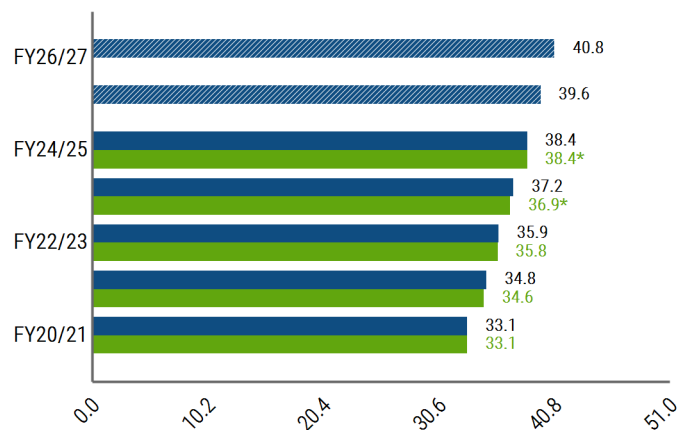
FY 2020/21 to FY 2026/27 (in millions)



PROPERTY TAX

Property Tax represents the primary portion of the Property Tax which is levied on the assessed value of all property within the city to help pay for general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a two percent increase per year, plus an allowance for annexations and new construction. Primary property tax accounts for approximately nine percent of the total adopted FY 2024/25 General Fund sources. The FY 2024/25 adopted primary property tax rate of \$0.4958 cents per \$100 of assessed valuation represents a \$0.0192 cents decrease from the FY 2023/24 primary property tax rate. The FY 2024/25 adopted budget is \$38.4 million, an increase of \$1.2 million compared to the FY 2023/24 adopted budget, due to the two percent statutory allowable increase and new construction.

FY 2020/21 to FY 2026/27 (in millions)

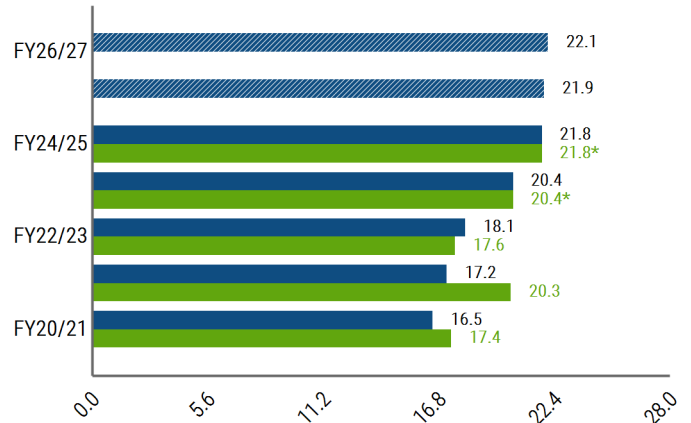


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

BUILDING PERMIT FEES & CHARGES

Building Permit Fees & Charges includes fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications; 2) plan review of construction documents; 3) the issuance building, electrical, mechanical, and plumbing permits; and 4) the inspection of buildings/structures in the construction phase. The FY 2024/25 adopted budget is \$21.8 million, which is an increase of \$1.4 million from the FY 2023/24 adopted budget due to anticipated higher revenues from development projects.

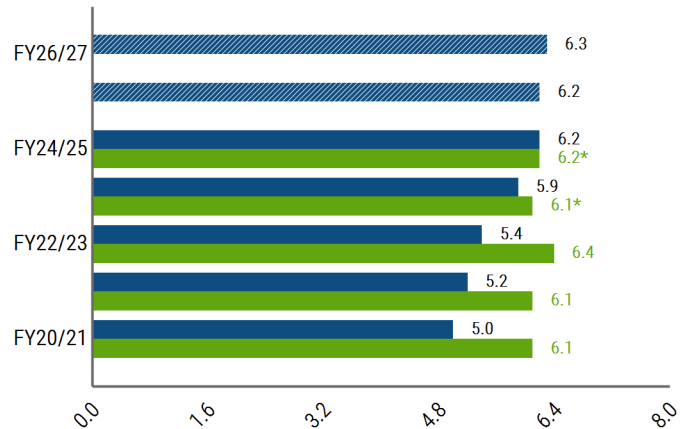
FY 2020/21 to FY 2026/27 (in millions)



WESTWORLD EQUESTRIAN FACILITY FEES

WestWorld Equestrian Facility Fees includes revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions and car shows, consumer and home shows, as well as recreational vehicle (RV) space rental at WestWorld. The FY 2024/25 adopted budget is mostly based on future confirmed bookings, and it is estimated to be \$6.2 million, which is an increase of approximately \$0.3 million from the FY 2023/24 adopted budget, due to the increase in RV rental and feed/bedding sales.

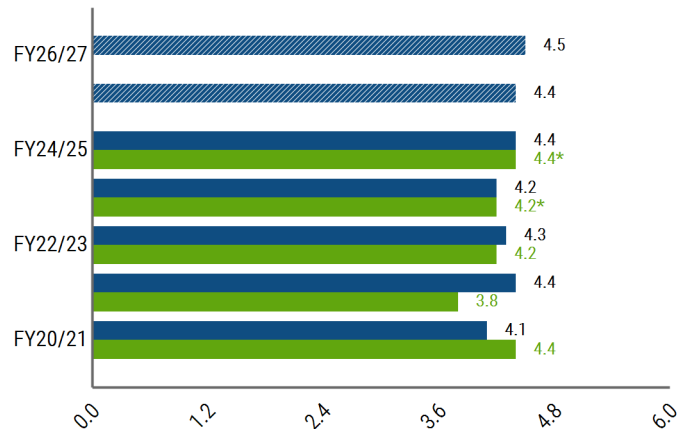
FY 2020/21 to FY 2026/27 (in millions)



INTERGOVERNMENTAL

Intergovernmental revenue sources include payments for School Resource Officers (SRO) from the Public Safety Division to service local area schools, a Salt River Pima-Maricopa Indian Community agreement for providing crime laboratory services, and payments for Fire insurances premium credits. The FY 2024/25 adopted budgeted is \$4.4 million, which is an increase of \$0.2 million from the FY 2023/24 adopted budget due to labor market adjustments.

FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

PROPERTY RENTAL

Property Rental revenues are rental fees on facilities such as baseball fields, as well as funding received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2024/25 adopted budget is estimated to be \$5.6 million, which is an increase of \$0.2 million from the FY 2023/24 adopted budget mostly due to aligning anticipated revenue from the TPC to prior year actuals.

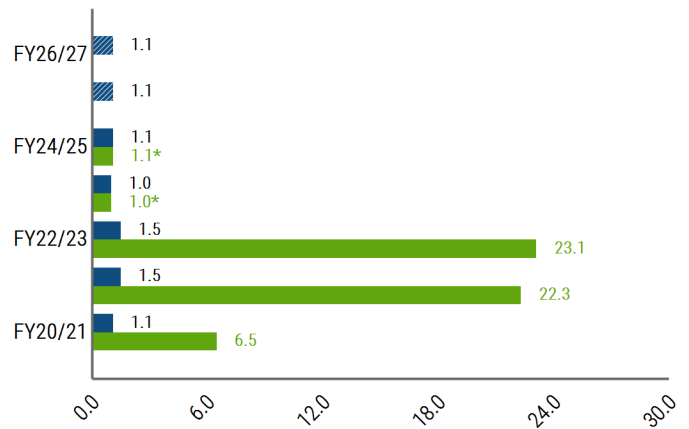
FY 2020/21 to FY 2026/27 (in millions)



MISCELLANEOUS

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as one-time Development Contribution, Recovery of Expense, Other Sale of Property, Passport Fees, Copies of Materials, etc. FY 2021/22 and FY 2022/23 represent one-time proceeds from Museum Square and 94th Street and Bell Road land sales, respectively. The FY 2024/25 adopted budget is \$1.0 million which is flat compared to FY 2023/24 adopted budget.

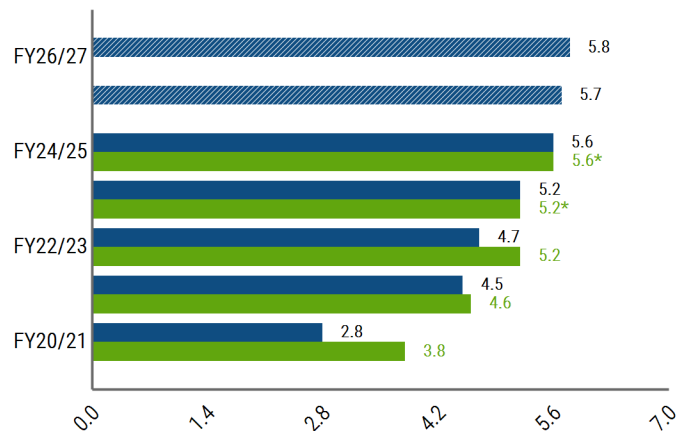
FY 2020/21 to FY 2026/27 (in millions)



RECREATION FEES

Recreation Fees includes revenue from various recreational programs, classes, and entry fees. In accordance with the city's adopted financial policies, recreation fees are reviewed periodically and adjusted as needed to meet cost recovery targets as approved by City Council. The FY 2024/25 adopted budget of \$5.6 million is \$0.4 million higher than the FY 2023/24 adopted budget of \$5.2 million mostly due to increased activities in community facilities and higher enrollments in community programs.

FY 2020/21 to FY 2026/27 (in millions)

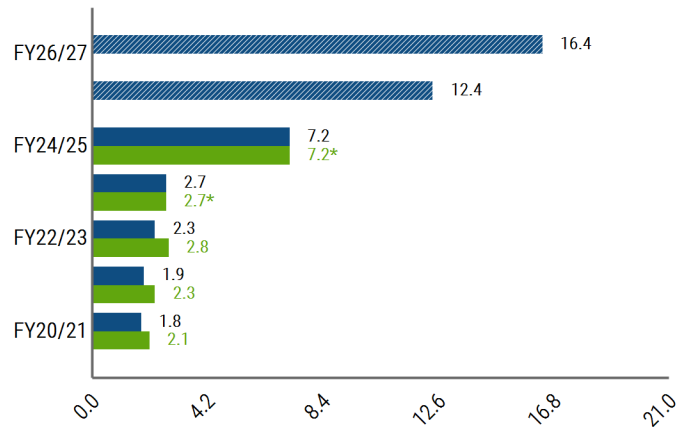


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FIRE CHARGES FOR SERVICES

Fire Charges for Services includes fees for the cost recovery of fire and medical standbys at special events, after-hours inspections, ambulance staffing, and medical enhancement costs associated with the ambulance agreement, and payments for ambulance emergency transportation service. In addition, the Public Safety - Fire Division collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits, and incident reports. The FY 2024/25 adopted budget is \$7.2 million and includes funding for the Phase 1 implementation of an ambulance transportation service that is anticipated to start operations in January 2025. Refer to the Ambulance Service schedule for more details.

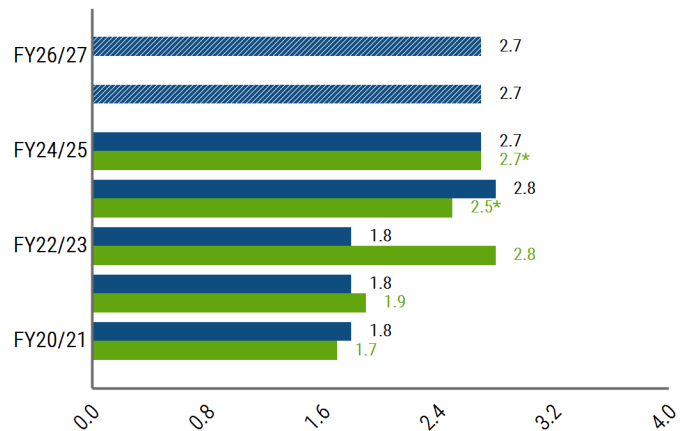
FY 2020/21 to FY 2026/27 (in millions)



BUSINESS & LIQUOR LICENSES

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities such as short-term rental. The FY 2024/25 adopted budget is \$2.7 million, which is \$0.1 million lower than the FY 2023/24 adopted budget. The decrease is primarily due to less short-term rental business licenses being renewed.

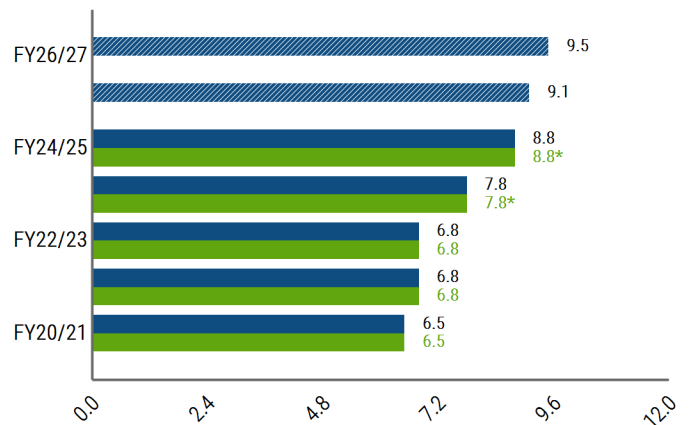
FY 2020/21 to FY 2026/27 (in millions)



INDIRECT COSTS

Indirect Costs are payments for services provided by the General Fund to other operating areas within the city. These services include: Accounting, Human Resources, Information Technology, etc. The FY 2024/25 adopted budget for indirect cost is \$8.8 million, which increased \$1.0 million from the FY 2023/24 adopted budget primarily due to higher personnel costs.

FY 2020/21 to FY 2026/27 (in millions)

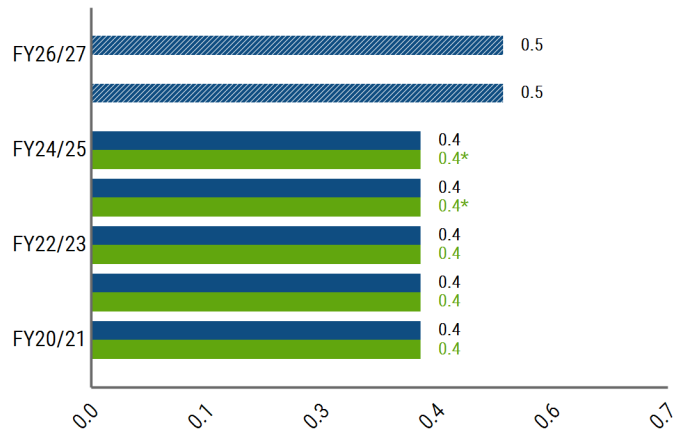


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DIRECT COST ALLOCATION (FIRE)

Direct Cost Allocation (Fire) is the direct cost of fire services at the Scottsdale Airport. The FY 2024/25 adopted budget is \$0.4 million, which remains flat when compared to the FY 2023/24 adopted budget. The revenue is received from the Aviation Fund.

FY 2020/21 to FY 2026/27 (in millions)



COURT FINES

Court Fines is the General Fund portion of penalties or fees assessed by State Statute, City Ordinance or the Presiding Judge. Examples include: fines, a portion of the registration fee to attend Defensive Driving School, bonds forfeited to the city, and default fees. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and the Judicial Collections Enhancement, or remitted to the State of Arizona. The FY 2024/25 adopted budget is \$4.1 million, which is flat compared to the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

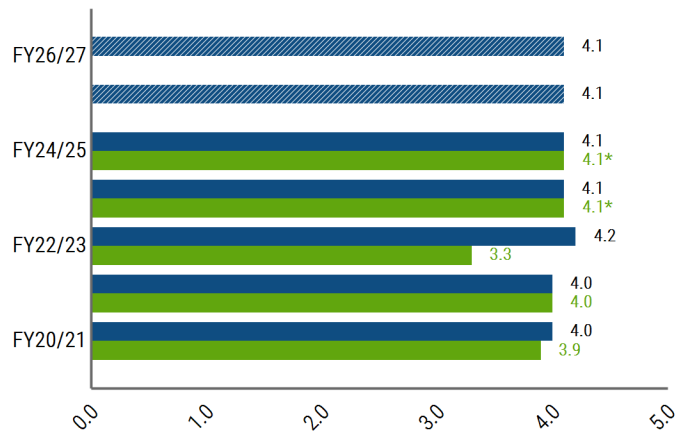
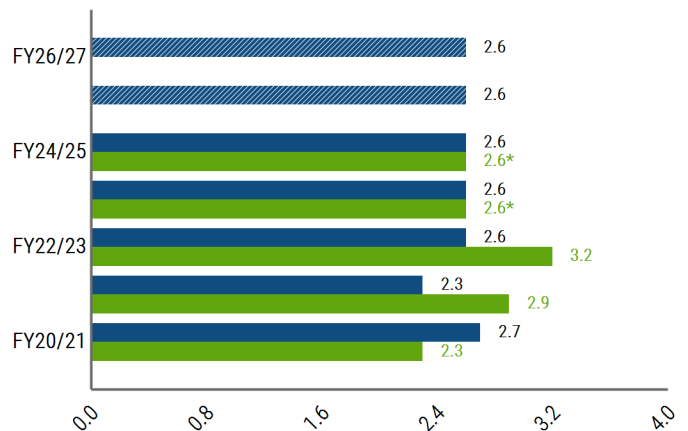


PHOTO RADAR

Photo Radar is the General Fund's portion of photo enforcement penalties as assessed by the Presiding Judge. Examples include: red light and speeding fines and a portion of the registration fee to attend Defensive Driving School. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement, or remitted to the State of Arizona. The FY 2024/25 adopted budget is \$2.6 million, which remains flat from the FY 2023/24 adopted budget. Photo Radar revenue is offset by the costs to run the program. The use of photo radar by the Public Safety - Police Division is designed as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.

FY 2020/21 to FY 2026/27 (in millions)

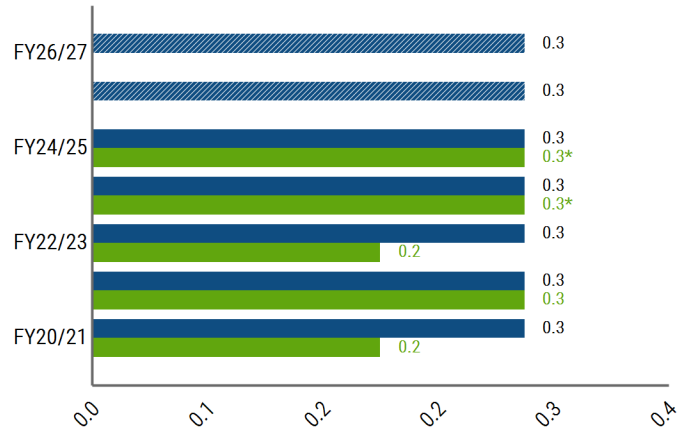


FORECAST BUDGET ACTUAL/FORECAST*

PARKING FINES

Parking Fines are the General Fund portion of parking fees assessed per City Ordinance. The FY 2024/25 adopted budget is \$0.3 million, which is flat from the FY 2023/24 adopted budget. Other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

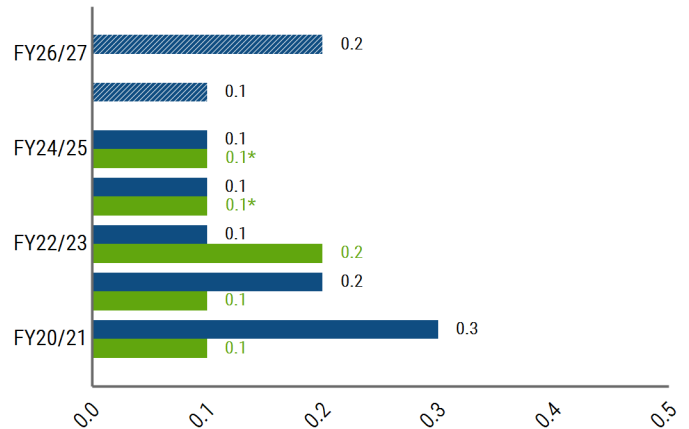
FY 2020/21 to FY 2026/27 (in millions)



JAIL DORMITORY

The Jail Dormitory program, which allows offenders adjudicated outside of Scottsdale the opportunity to serve their sentence in the city's jail, started operations in FY 2020/21 with a nightly fee of \$250. The fee is comparable to the average of two fees set by the Maricopa County Sheriff's Office. The FY 2024/25 adopted revenue is \$0.1 million which remains flat compared to the FY 2023/24 adopted budget.

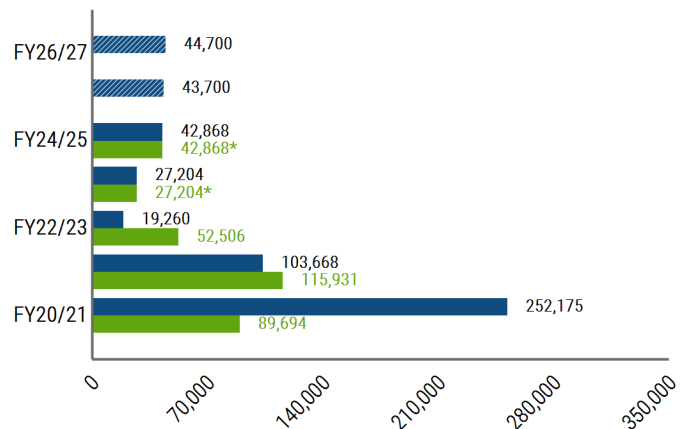
FY 2020/21 to FY 2026/27 (in millions)



LIBRARY

Library fees is revenue collected from meeting room rentals at any of the four library branches and from when library materials are lost. Late fees were eliminated in FY 2020/21 and beginning in FY2022/23, the revenue related to library materials was moved to the Special Programs Fund. The library fee adopted budget for FY 2024/25 is \$42,868, which will be recorded in the Special Programs Fund.

FY 2020/21 to FY 2026/27

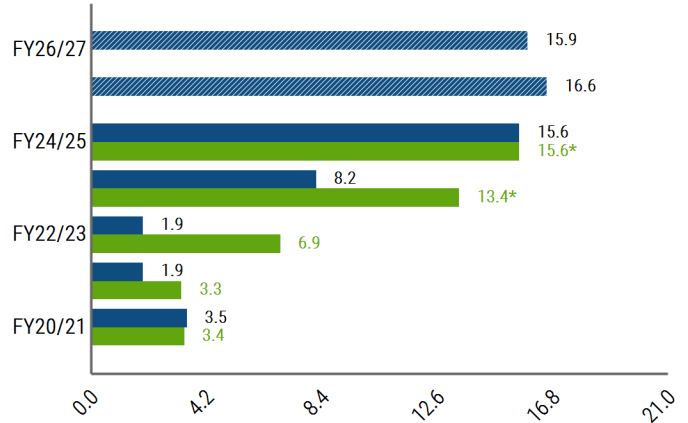


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

INTEREST EARNINGS

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city’s available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues. The FY 2024/25 adopted budget is \$15.6 million, which is an increase of \$7.4 million from the FY 2023/24 adopted budget. The increase of interest earnings is due to rising interest rates. Per the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies, 100 percent of net interest income is transferred to the CIP.

FY 2020/21 to FY 2026/27 (in millions)



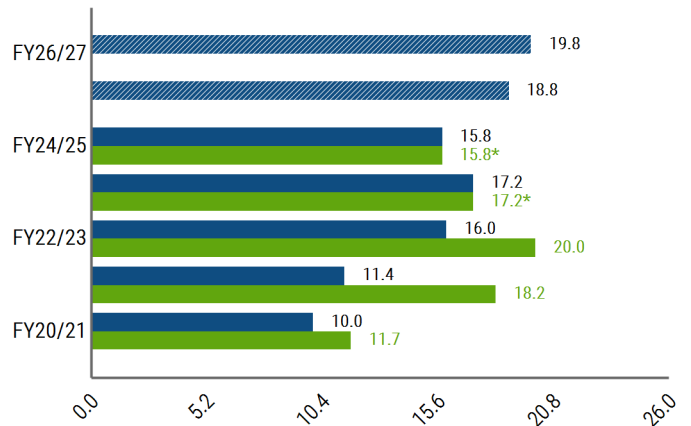
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. The FY2024/25 General Fund adopted budget includes \$15.8 million in Transfers In.

TRANSFERS IN

The FY 2024/25 adopted budget for Transfers In is \$15.8 million and includes: 1) a total of \$5.8 million from the Tourism Development Fund: \$3.8 million to comply with Financial Policy No.10.02 which allocates 12 percent of the transient lodging/bed tax revenues to the General Fund; \$1.0 million to payback the General Fund contribution for the Scottsdale Stadium renovation phase two; \$0.8 million to support city tourism venue operations in Parks and Recreation, Scottsdale Stadium, and WestWorld; and \$0.2 million to support the Short-Term Rental and the Police Park Range Unit programs; and 2) \$10.0 million from the Water and Water Reclamation Fund for the Enterprise Franchise Fees, which is five percent of Water Services and Water Reclamation Charges. The city charges all utility companies, including the city’s Water and Water Reclamation Fund, for the use of right-of-ways and medians.

FY 2020/21 to FY 2026/27 (in millions)



GENERAL FUND USES

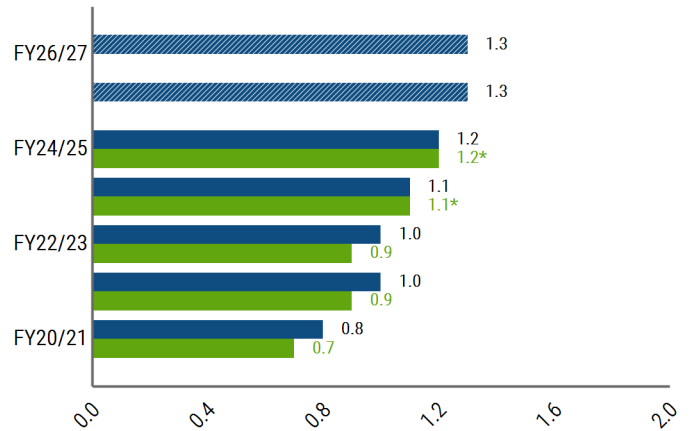
The General Fund uses are presented by the following divisions, additional non-divisional operating categories, debt service and transfers out. The decrease in FY 2024/25 is mainly due to lower transfers out to the CIP to support diverse capital projects.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

MAYOR AND CITY COUNCIL

Mayor and City Council includes the voter elected mayor, six Council members and operational support staff. The FY 2024/25 adopted budget is \$1.2 million, an increase of \$0.1 million from the FY 2023/24 adopted budget.

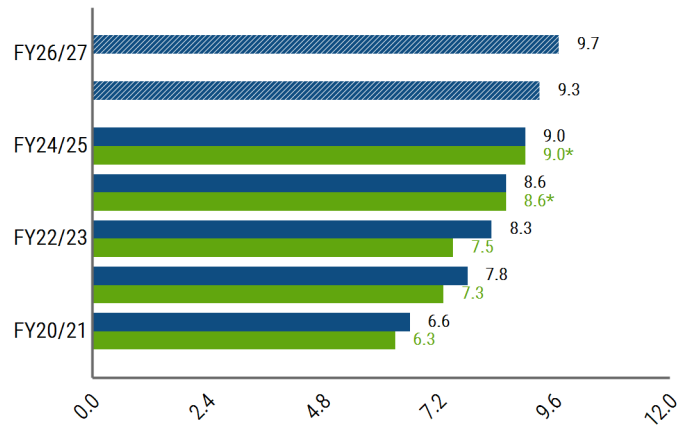
FY 2020/21 to FY 2026/27 (in millions)



CITY ATTORNEY

The City Attorney is the city's chief legal advisor and includes Civil, Prosecution, Risk Management and Victim Services departments. The FY 2024/25 adopted budget of \$9.0 million is \$0.4 million greater than the FY 2023/24 adopted budget of \$8.6 million, mainly due to a FY 2024/25 pay for performance, market adjustments and implementation of a classification and compensation study applied to eligible employees.

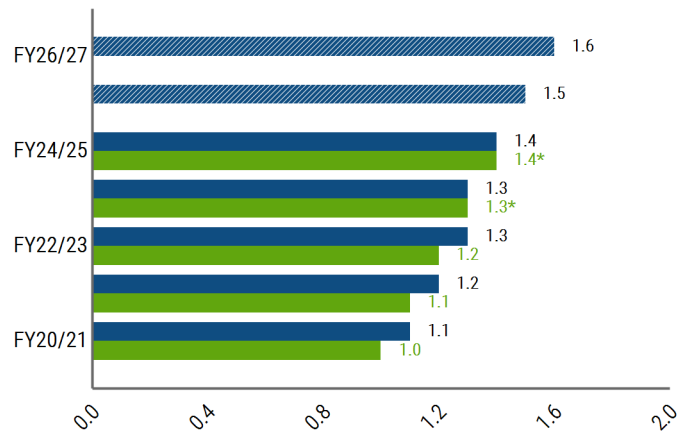
FY 2020/21 to FY 2026/27 (in millions)



CITY AUDITOR

The City Auditor conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2024/25 adopted budget is \$1.4 million which is \$0.1 million increase compared to the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

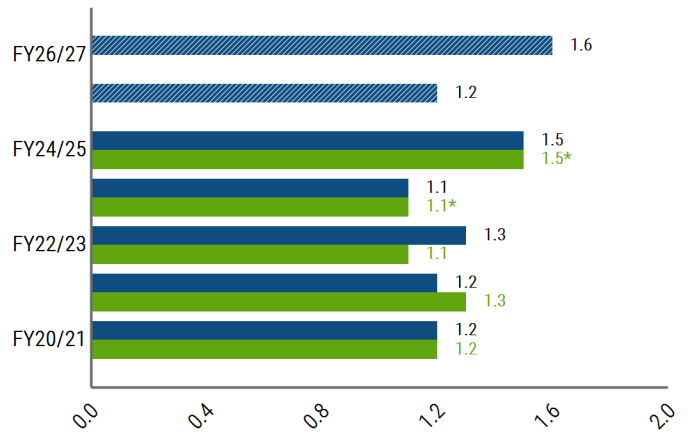


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CITY CLERK

The City Clerk conducts all local elections, gives notice of all City Council meetings, keeps the records of Council proceedings, administers the city's records management program, authenticates ordinances and resolutions, and provides administrative support to the Council. The Clerk's expenses fluctuate from year to year due to the cycle of elections. The City Clerk conducts and oversees the election process for municipal elections, referendums and initiatives within the city resulting in increased costs when these activities occur. At times elections are known, such as when Council seats are up for election. Elections for Mayor and Council occur in the fall of even-numbered years and the city races appear on the State's Primary and General Election ballots. Cost savings are achieved by combining city elections on state ballots. The FY 2024/25 adopted budget of \$1.5 million which is \$0.4 million higher than the FY 2023/24 adopted budget, includes additional funding as is an election year. Election related expenses include: advertising, Spanish translations, informational pamphlets, and intergovernmental agreements.

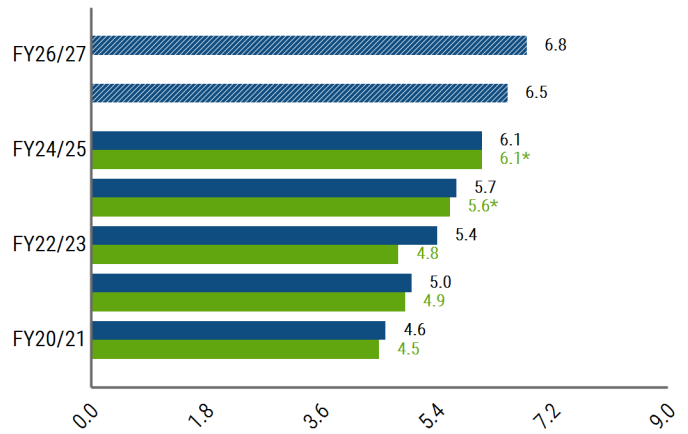
FY 2020/21 to FY 2026/27 (in millions)



CITY COURT

The City Court is part of the integrated judicial system for Arizona and is the judicial branch for the city efficiently resolving civil traffic and misdemeanor violations, petty offenses, City Ordinance and code violations, and issuance of protective orders. There is a total of \$6.1 million budgeted for FY 2024/25, which is an increase of \$0.4 million when compared to the FY 2023/24 adopted budget mostly due to a FY 2024/25 pay for performance, market adjustments and implementation of a classification and compensation study applied to eligible employees.

FY 2020/21 to FY 2026/27 (in millions)

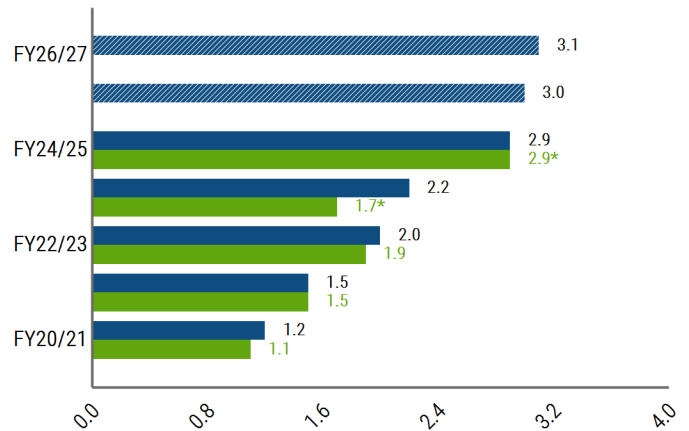


FORECAST BUDGET ACTUAL/FORECAST*

CITY MANAGER

The City Manager Division provides the organizational leadership necessary to successfully implement the policy direction of the City Council, communicate that direction to the organization, ensure the efficient, effective and economical delivery of services to citizens, build relationships with other governments, and foster diversity. The FY 2024/25 adopted budget of \$2.9 million, which is an increase of \$0.7 million from the FY 2023/24 adopted budget, is related to a FY 2024/25 pay for performance, market adjustment and implementation of a classification and compensation study applied to eligible employees, and the transfer of the Emergency Management Department from the Public Safety - Fire Division.

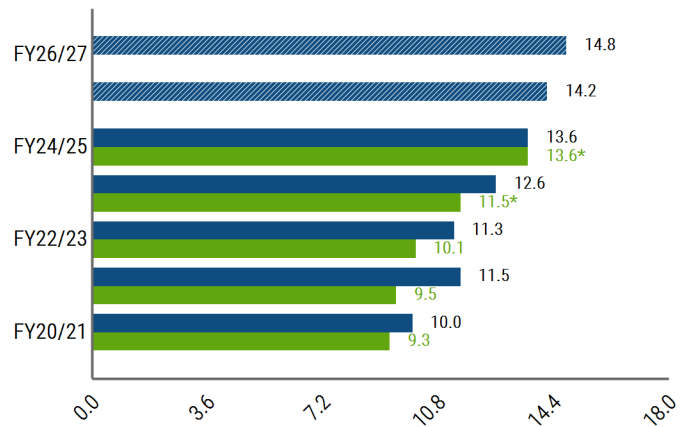
FY 2020/21 to FY 2026/27 (in millions)



CITY TREASURER

The City Treasurer, the city's Chief Financial Officer, is responsible for providing City Council and management with timely financial reports as well as oversight of the Accounting, Budget, City Treasurer and Finance, Business Services and Purchasing departments. The FY 2024/25 adopted budget of \$13.6 million represents an increase of \$1.0 million from the FY 2023/24 adopted budget. The increase is related to: 1) a FY 2024/25 pay for performance, market adjustment and implementation of a classification and compensation study applied to eligible employees; and 2) an increase in software operating expenses related to the implementation of an Enterprise Resources Planning system.

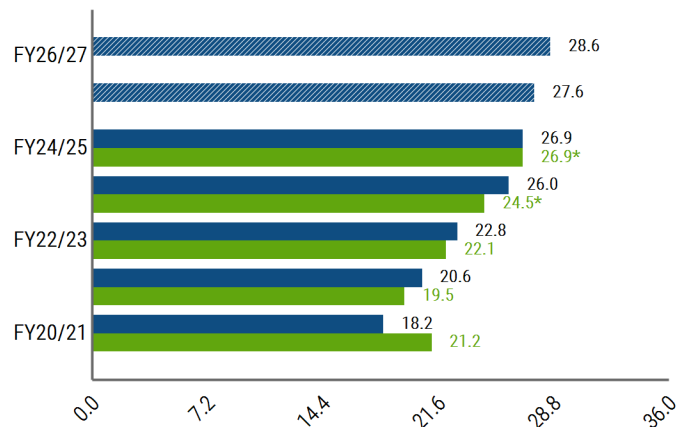
FY 2020/21 to FY 2026/27 (in millions)



ADMINISTRATIVE SERVICES

Administrative Services is comprised of the Communication, Government Relations, Human Resources, and the Information Technology departments. These departments are responsible for a wide breadth of activities including the accurate and timely sharing of information; creating and maintaining effective working relationships with other governments; training, recruiting and hiring employees as well as benefits and compensation; and the design, support and maintenance of a variety of citywide systems and hardware. The FY 2024/25 Administrative Services budget of \$26.9 million is \$1.0 million higher than the FY 2023/24 adopted budget. The increase is mostly due to the addition of 2.00 FTE to support Human Resources initiatives, and a pay for performance, market adjustment and implementation of a classification and compensation study applied to eligible employees.

FY 2020/21 to FY 2026/27 (in millions)

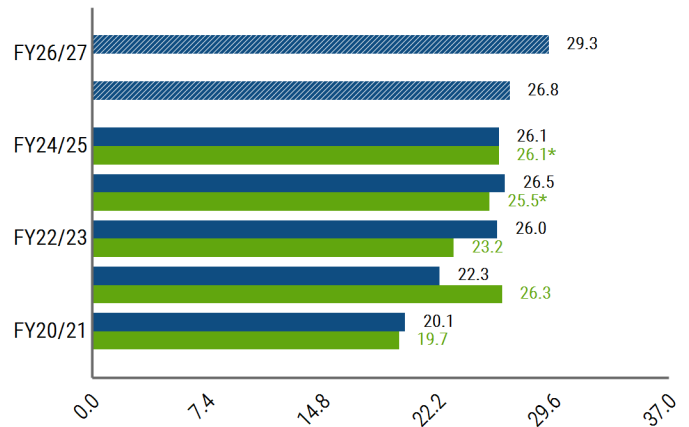


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development works to preserve Scottsdale as a great community, offering value-added programs to stimulate the economy, sustain, revitalize, and build upon the community's unique lifestyle and character. The departments with General Fund budgets in this division include Economic Development, Planning and Development Services, and Tourism and Events. The FY 2024/25 budget is \$26.1 million, which is a decrease of \$0.3 million from the FY 2023/24 adopted budget primarily due to the removal of one-time funding no longer needed, which is partly offset by a pay for performance, market adjustment and implementation of a classification and compensation study applied to eligible employees.

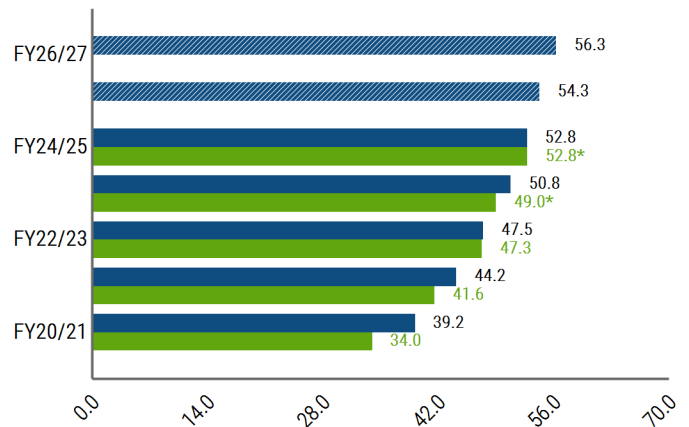
FY 2020/21 to FY 2026/27 (in millions)



COMMUNITY SERVICES

Community Services is comprised of six departments: Human Services, Library Systems, Parks & Recreation, Planning and Business Operations, Preserve Management and WestWorld. Each of these departments work to improve the quality of life of Scottsdale residents and visitors. The FY 2024/25 adopted budget of \$52.8 million is a \$2.0 million increase from the FY 2023/24 adopted budget. The increase is primarily related to the addition of 1.56 FTE, and a FY 2024/25 pay for performance, market adjustment and implementation of a classification and compensation study applied to eligible employees.

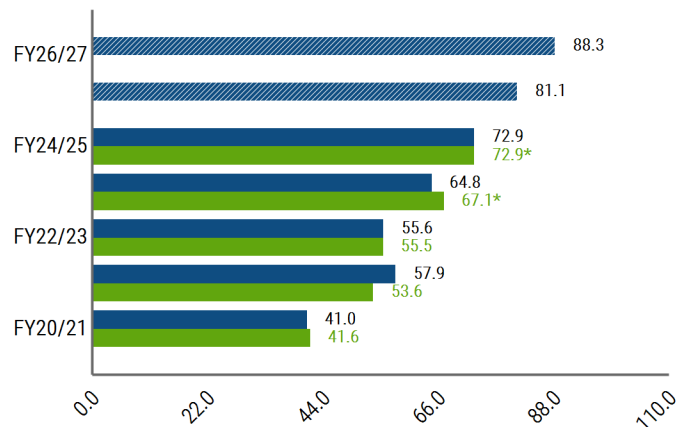
FY 2020/21 to FY 2026/27 (in millions)



PUBLIC SAFETY - FIRE

Public Safety - Fire responds to emergencies through timely, skilled, and compassionate service including; fire, emergency medical, chemical, biological, nuclear and radiologic, wildland, and technical rescue. The FY 2024/25 adopted budget of \$72.9 million is \$8.1 million higher than the FY 2023/24 adopted budget. The increase is due to: 1) the addition of a new ambulance service operated out of the Scottsdale Fire Department; 2) increased staffing for Fire Station 612 and for training purposes; 3) a FY 2024/25 pay for performance, market adjustments and implementation of a classification and compensation study applied to eligible employees; 4) higher fleet maintenance, repair, and replacement costs as a result of inflation and supply chain challenges; and 5) various contract increases.

FY 2020/21 to FY 2026/27 (in millions)

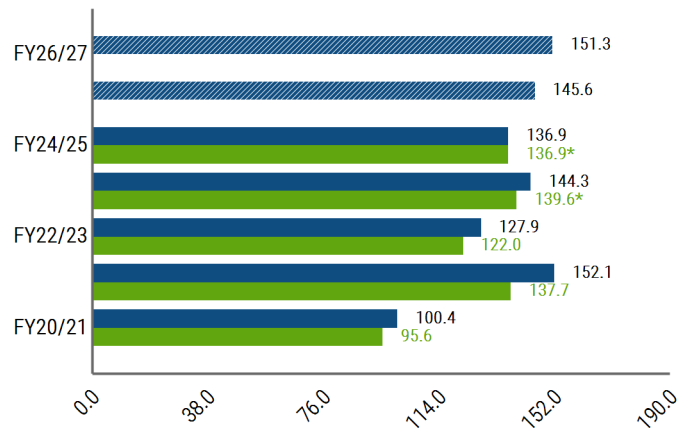


FORECAST BUDGET ACTUAL/FORECAST*

PUBLIC SAFETY - POLICE

Public Safety - Police provides efficient and effective police services to the community including: confronting crime, responding to citizens and visitors' concerns, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services, and the Office of the Police Chief. The FY 2024/25 adopted budget of \$136.9 million is \$7.4 million lower than the FY 2023/24 adopted budget of \$144.3 million. The decrease is primarily related to the removal of FY 2023/24 one time funding for the paydown of Public Safety Personnel Retirement System (PSPRS) unfunded liabilities that will not be pursued in FY 2024/25; the decrease would have been larger but is partially offset by a FY 2024/25 Step Program for sworn personnel and a pay for performance, market adjustments and implementation of a classification and compensation study applied to eligible employees.

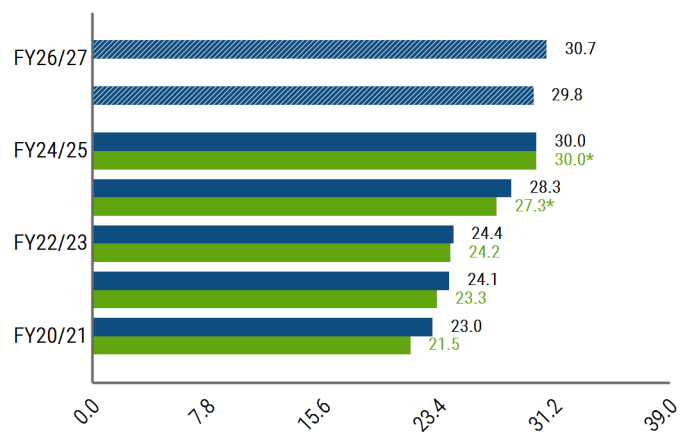
FY 2020/21 to FY 2026/27 (in millions)



PUBLIC WORKS

Public Works includes Capital Project Management (CPM) which oversees the design and construction of capital improvement projects and the city's real estate services area, and Facilities Management which includes the repair and maintenance of just over three million square feet of city-owned facilities, as well as strategic space planning and contract administration. The FY 2024/25 adopted budget of \$30.0 million is an increase of \$1.7 million when compared to the FY 2023/24 adopted budget of \$28.3 million. The increase is related to a FY 2024/25 pay for performance, market adjustments and implementation of a classification and compensation study applied to eligible employees.

FY 2020/21 to FY 2026/27 (in millions)



NON-DIVISIONAL USES

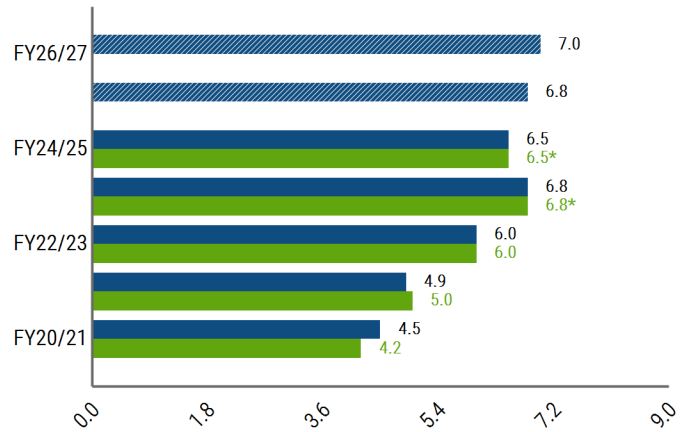
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level; then moving the budget to a macro level holding account at the beginning of the fiscal year, and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The FY 2024/25 Fuel and Maint and Repair adopted budgeted is \$6.5 million.

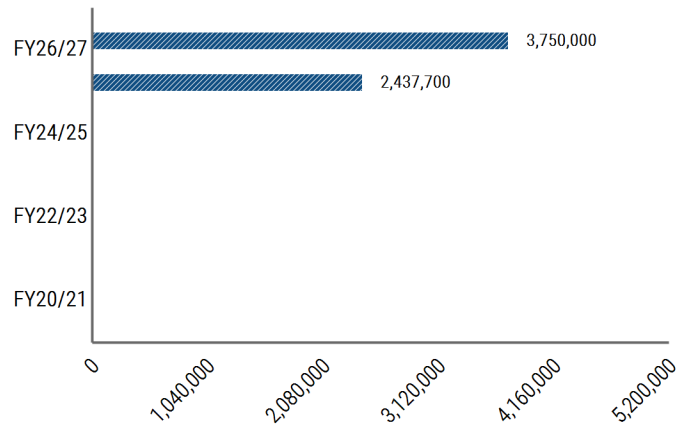
FY 2020/21 to FY 2026/27 (in millions)



OPERATING IMPACTS

Operating Impacts is additional future costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2024/25 and years prior, operating impacts have been included at the division level. FY 2025/26 through FY 2026/27 are forecasted based on the adopted CIP Five Year Plan.

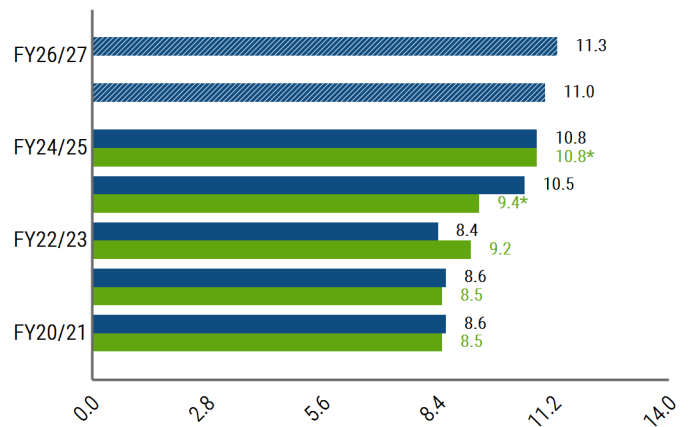
FY 2020/21 to FY 2026/27



UTILITIES

Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2024/25 Utilities budget is \$10.8 million which is an increase of \$0.3 million when compared to the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

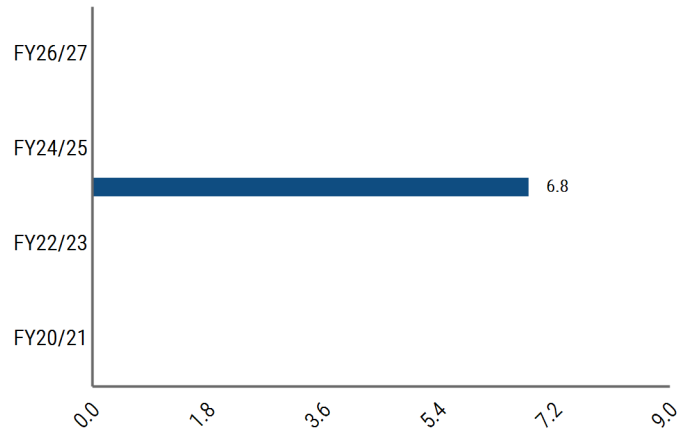


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CLASS AND COMP STUDY

The Class and Comp Study represents the costs for implementing the recommendations from the Public Service Personnel Consultants Classification and Compensation study that was completed at the end of FY 2023/24. The implementation of the Class and Comp Study is budgeted at the division level for FY 2024/25 and future years.

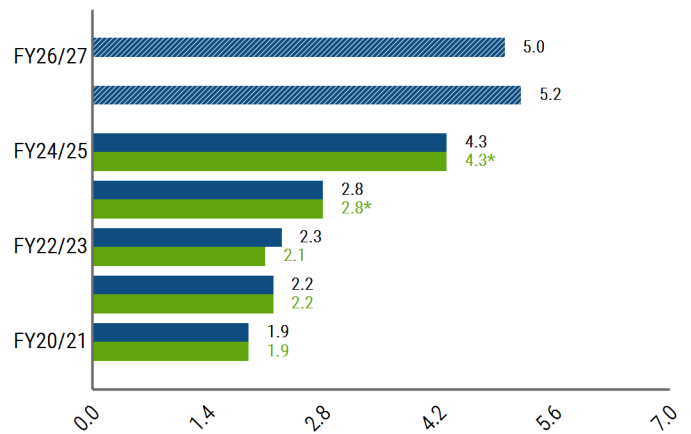
FY 2020/21 to FY 2026/27 (in millions)



LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2024/25 Leave Accrual Payments / Parental Leave budget is \$4.3 million, which includes \$2.1 million budgeted for medical leave accrual payouts, \$1.7 million budgeted for vacation accrual payouts, and \$0.5 million budget for parental leave.

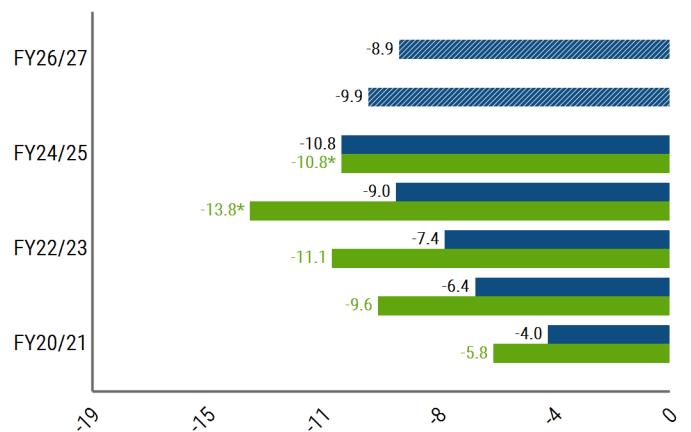
FY 2020/21 to FY 2026/27 (in millions)



SAVINGS FROM VACANT POSITIONS

The amount of savings accrued from vacant positions for FY 2024/25 is estimated at (\$10.8) million. The significant amount of annual vacancy savings accrued since FY 2021/22 reflect challenges in the labor market, and are the result of more resignations and retirements within the city than anticipated.

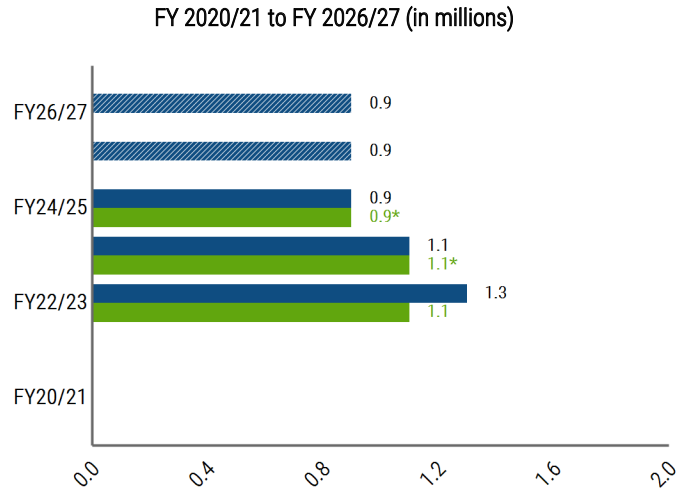
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is 0.9 million.

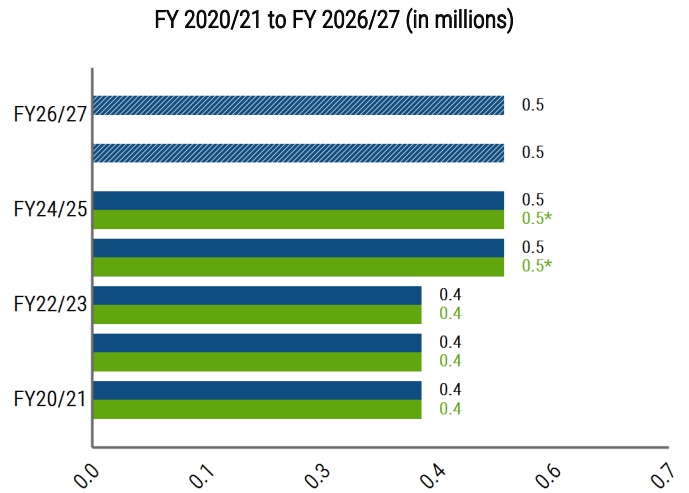


DEBT SERVICE AND TRANSFERS OUT

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. Transfers Out are the authorized movement of cash to other funds and/or capital projects.

CONTRACTS PAYABLE

Contracts Payable is primarily contractual debt related to land lease at WestWorld and Tournament Players Club (TPC) from the Bureau of Reclamation. The FY 2024/25 Contracts Payable budget is \$0.5 million.

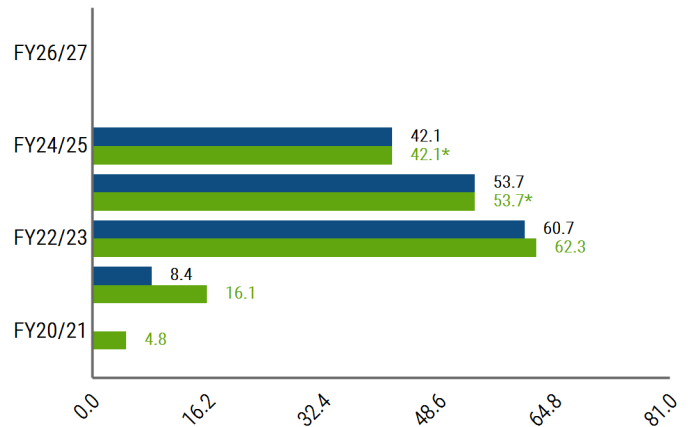


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CIP

Transfers Out to the Capital Improvement Plan (CIP) in FY 2024/25 is \$42.1 million, which ensures compliance with the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies: \$8.7 million or 50 percent of the construction sales tax, and \$15.6 million or 100 percent of interest income. Transfers Out to the CIP also includes a \$17.8 million loan to the Solid Waste CIP Fund to support the enhancements and expansion of the transfer station facility to be repaid at three percent.

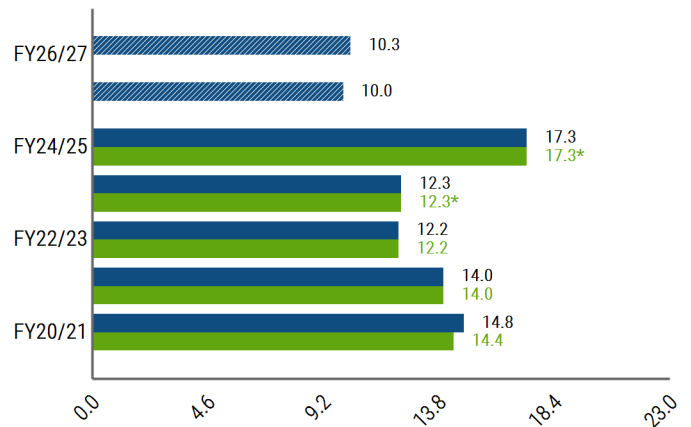
FY 2020/21 to FY 2026/27 (in millions)



DEBT SVC MPC BONDS

Debt Service Municipal Property Corporation (MPC) bonds includes transfers to the Debt Service Fund for the annual debt service payments for MPC bonds issued that use sales tax as dedicated revenue source to service the debt. The MPC bonds issued include SkySong, WestWorld land acquisitions, Tournament Players Club (TPC) improvements, the Tony Nelssen Equestrian Center (TNEC) and the Scottsdale Fashion Square parking garage. In FY 2024/25 a total of \$17.3 million will be transferred to the Debt Service Fund for MPC bonds issued.

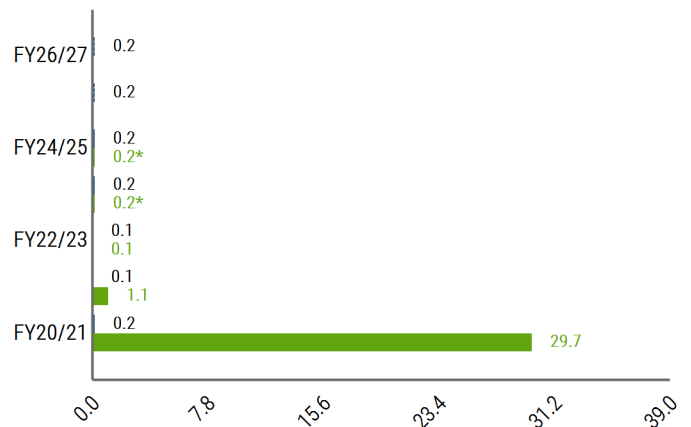
FY 2020/21 to FY 2026/27 (in millions)



OPERATING

The FY 2024/25 Operating Transfers Out budget of \$0.2 million is to the Healthcare Self Insurance Fund to subsidize the cost of providing disabled public safety retiree healthcare benefits, per City Council direction. Per City Council approval, FY 2020/21 includes moving the savings in the General Fund generated by the AZCares Grant Program to a Special Revenue Fund to ensure governmental accounting standards are being met.

FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

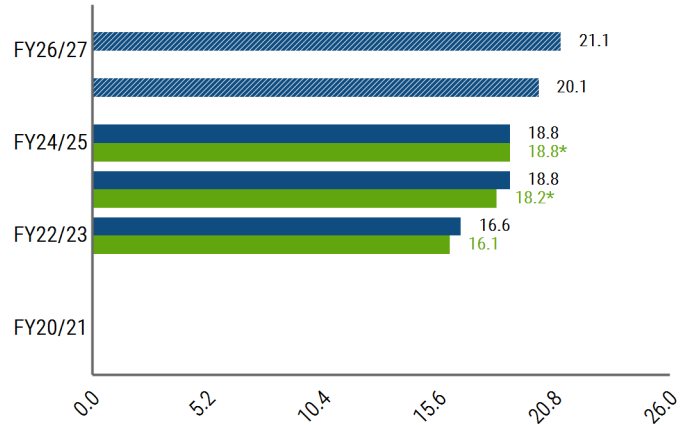
GENERAL FUND ENDING BALANCE

Fund balance/reserves protect the city's financial condition and provide for unexpected economic challenges. The specific make-up of the city's General Fund ending balance is noted in the following:

EMERGENCY RESERVE

The Emergency Reserve was added in FY 2022/23 to incorporate best financial practices. Emergency Reserve complies with Financial Policy No. 2.02. The policy states that the General Fund will maintain five percent of operating uses, excluding transfers out as an emergency reserve to cover for unexpected emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners. The FY 2024/25 General Fund Emergency Reserve is \$18.8 million.

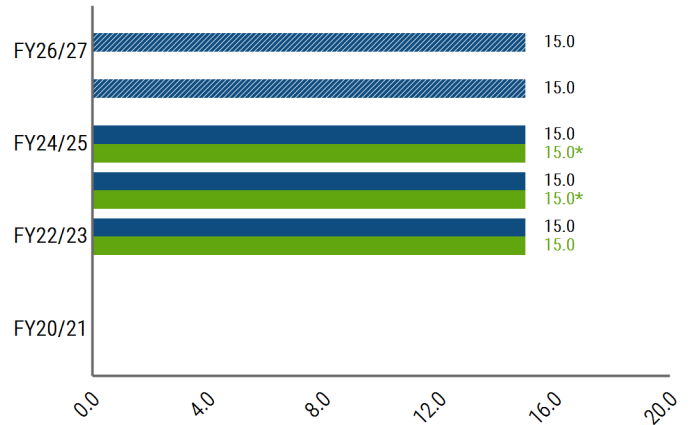
FY 2020/21 to FY 2026/27 (in millions)



GENERAL PLAN INITIATIVES

The General Plan Initiatives fund balance designation was created in FY 2022/23 to support the implementation of the new General Plan, which was approved by voters in November 2021. The FY 2024/25 General Fund General Plan Initiatives designation is \$15.0 million.

FY 2020/21 to FY 2026/27 (in millions)

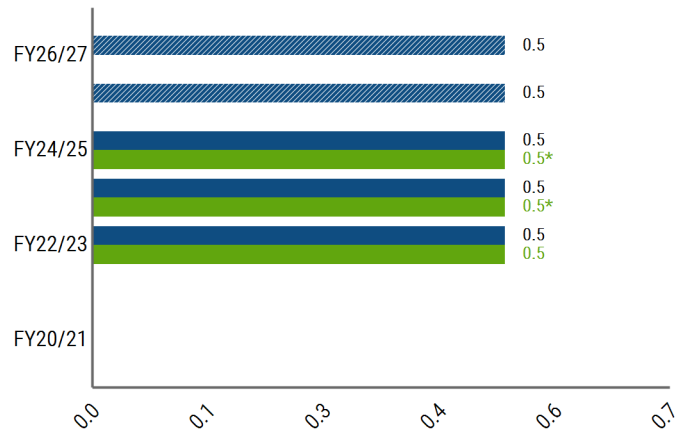


FORECAST
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INNOVATION INITIATIVES

The Innovation Initiatives reserve designation was created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives. The FY 2024/25 General Fund Innovation Initiatives designation is \$0.5 million.

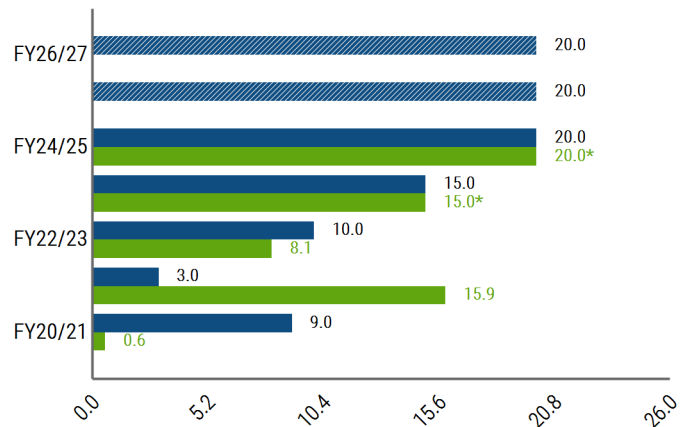
FY 2020/21 to FY 2026/27 (in millions)



OPERATING CONTINGENCY

Operating Contingency for FY 2024/25 is set at \$20.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year, and includes \$5.0 million to cover any potential Public Safety - Fire Certificate of Necessity (CON) costs. Contingency funds are utilized only after all budget options have been considered and required City Council approval.

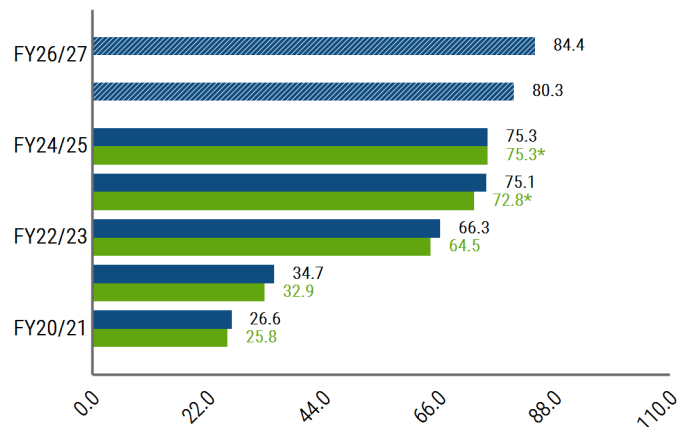
FY 2020/21 to FY 2026/27 (in millions)



OPERATING RESERVE

The Operating Reserve complies with Financial Policy No. 2.01. The policy states the General Fund will maintain an operating reserve of 20 percent of General Fund operating uses, excluding transfers out, which beginning in FY 2022/23 is an increase from 10 percent to incorporate best financial practices. The Operating Reserve is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. The FY 2024/25 General Fund Operating Reserve is \$75.3 million.

FY 2020/21 to FY 2026/27 (in millions)

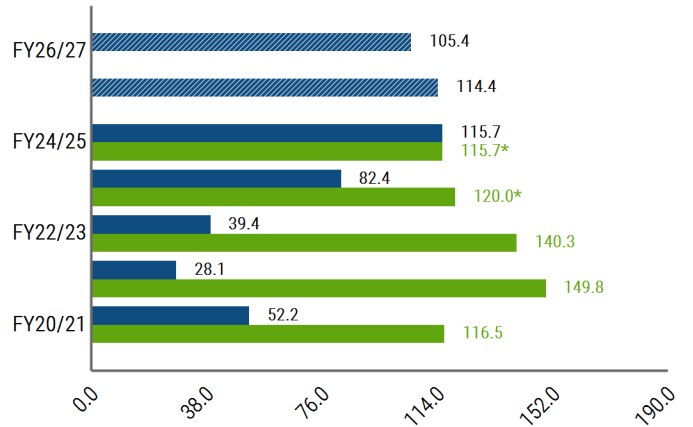


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

PSPRS PENSION LIABILITIES

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The PSPRS Pension Liabilities designation is to address the unfunded liability and shore-up the city's portion of the pension program for public safety personnel. The FY 2024/25 PSPRS Pension Liabilities fund balance designation is \$115.7 million.

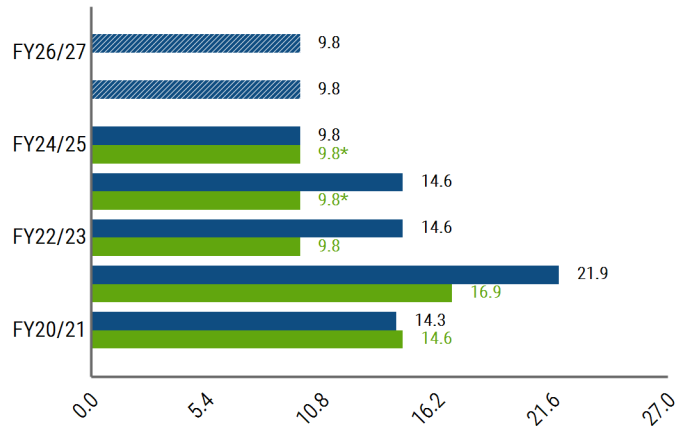
FY 2020/21 to FY 2026/27 (in millions)



CAVASSON INFRASTRUCTURE REIMBURSEMENT

Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement. The FY 2024/25 Cavasson Infrastructure Reimbursement fund balance designation is \$9.8 million.

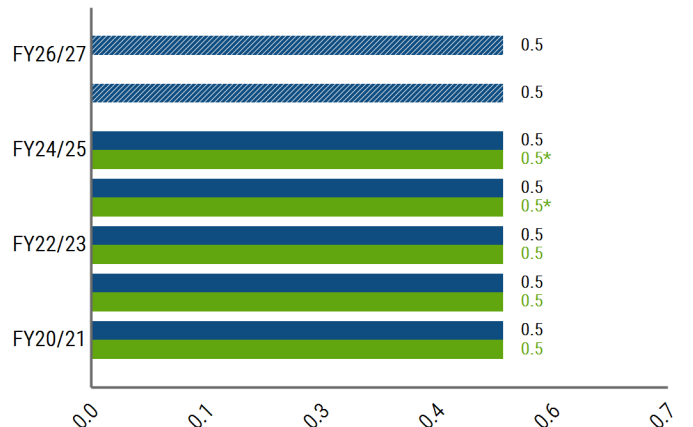
FY 2020/21 to FY 2026/27 (in millions)



GENERAL FUND BALANCE

General Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2024/25 General Fund Balance is \$0.5 million. Under prudent fiscal management practices, this balance may be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

FY 2020/21 to FY 2026/27 (in millions)

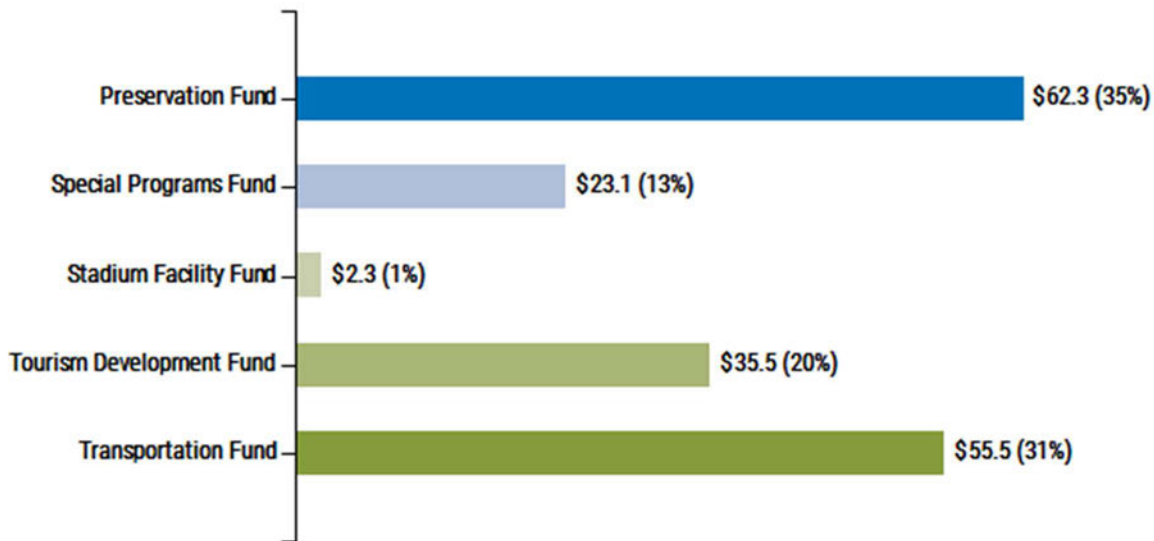


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

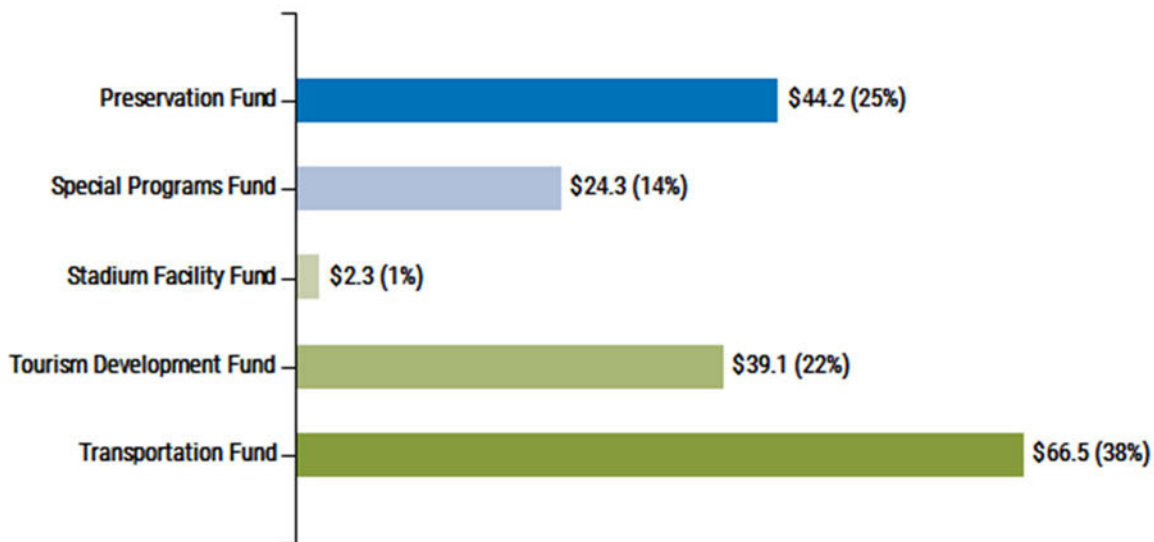
SPECIAL REVENUE FUNDS DESCRIPTION

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Examples of restricted revenues that must be spent on specific purposes are Sales Tax - Transportation (0.20%), Sales Tax - Preservation (0.35%), Highway User Tax, Transient Occupancy Tax, and special programs such as the Police 30-Day Tow program. The sections to follow discuss each of the funds in more detail.

Special Revenue Funds Sources (% to Total)
\$178.7 Million



Special Revenue Funds Uses (% to Total)
\$176.4 Million



Rounding differences may occur.

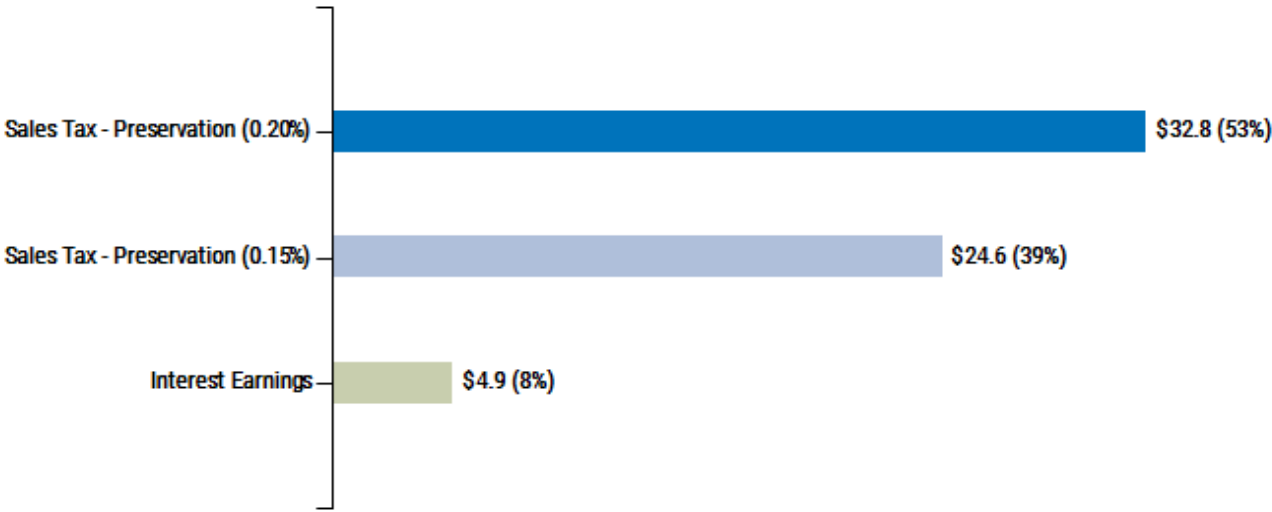


FY 2024/25 Proposed Budget

FUND PURPOSE

The Preservation Fund accounts for the portion of the city’s Sales Tax – Preservation (0.35 percent) dedicated to the purchase of about 30,500 acres of land within the McDowell Sonoran Preserve. In 1995, voters approved increasing the city’s sales tax rate by 0.20 percent for the purchase of land within the McDowell Sonoran Preserve. In May 2004, voters approved an additional 0.15 percent in the city’s sales tax rate dedicated to the McDowell Sonoran Preserve land acquisition. Differing from the 1995 tax, the 2004 tax also allows for the construction of essential preserve related necessities such as proposed trailheads. The 1995 Sales Tax – Preservation of 0.20 percent is due to sunset in 2025 and the 2004 Sales Tax – Preservation of 0.15 is due to sunset in 2034. Revenue collections and contractual debt associated with purchased land are accounted for in this fund. A Transfer Out is made to the Debt Service Fund and Capital Improvement Plan (CIP) to pay debt service payments associated with bonds issued for land purchases and capital preserve projects.

**Preservation Fund Sources (% to Total)
\$62.3 Million**



**Preservation Fund Uses (% to Total)
\$44.2 Million**



Rounding differences may occur.

BUDGET BY FUND | Preservation Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Debt Service Reserve	33,439,242	35,354,537	35,354,537	38,817,300
Restricted for Capital	46,388,023	71,615,507	74,581,668	97,995,188
Total Beginning Fund Balance	79,827,265	106,970,044	109,936,205	136,812,488
Revenues				
Sales Tax - Preservation (0.20%) ^(a)	35,742,997	32,706,126	34,441,626	32,777,105
Sales Tax - Preservation (0.15%) ^(b)	26,807,278	24,529,589	25,831,221	24,582,829
Interest Earnings	1,739,925	2,234,571	2,234,571	4,901,570
<i>Subtotal</i>	<u>64,290,200</u>	<u>59,470,286</u>	<u>62,507,418</u>	<u>62,261,504</u>
Transfers In				
CIP	229	-	-	-
<i>Subtotal</i>	<u>229</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources	64,290,429	59,470,286	62,507,418	62,261,504
				2,791,218
Expenditures				
Land and Capital Improvements	-	-	-	-
<i>Subtotal</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING BUDGET	-	-	-	-
Transfers Out				
CIP	742,482	-	276,598	5,366,780
Debt Svc GO Bonds ^(c)	33,439,006	35,354,537	35,354,537	38,817,300
<i>Subtotal</i>	<u>34,181,488</u>	<u>35,354,537</u>	<u>35,631,135</u>	<u>44,184,080</u>
Total Uses	34,181,488	35,354,537	35,631,135	44,184,080
Sources Over/(Under) Uses	30,108,941	24,115,749	26,876,283	18,077,424
Ending Fund Balance				
Debt Service Reserve	35,354,537	38,849,700	38,817,300	24,670,700
Restricted for Capital	74,581,668	92,236,093	97,995,188	130,219,212
Total Ending Fund Balance	109,936,205	131,085,793	136,812,488	154,889,912

^(a) The 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve will sunset in June 2025. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits may result in additional funds after expiration date.

^(b) The 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve and construction of essential preserve related necessities will sunset earlier than originally anticipated.

^(c) The debt service will be paid off in 2029.

BUDGET BY FUND | Preservation Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Debt Service Reserve	38,817,300	24,670,700	18,798,800	18,659,800	97,064,400
Restricted for Capital	97,995,188	130,219,212	64,902,112	72,938,912	3,261,012
Total Beginning Fund Balance	136,812,488	154,889,912	83,700,912	91,598,712	100,325,412
Revenues					
Sales Tax - Preservation (0.20%) ^(a)	32,777,105	-	-	-	-
Sales Tax - Preservation (0.15%) ^(b)	24,582,829	23,799,500	24,236,600	24,696,100	-
Interest Earnings	4,901,570	4,682,200	2,460,000	2,690,400	1,472,500
<i>Subtotal</i>	62,261,504	28,481,700	26,696,600	27,386,500	1,472,500
Transfers In					
CIP	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
Total Sources	62,261,504	28,481,700	26,696,600	27,386,500	1,472,500
Expenditures					
Land and Capital Improvements ^(c)	-	75,000,000	-	-	-
<i>Subtotal</i>	-	75,000,000	-	-	-
TOTAL OPERATING BUDGET	-	75,000,000	-	-	-
Transfers Out					
CIP	5,366,780	-	-	-	-
Debt Svc GO Bonds ^(d)	38,817,300	24,670,700	18,798,800	18,659,800	97,064,400
<i>Subtotal</i>	44,184,080	24,670,700	18,798,800	18,659,800	97,064,400
Total Uses	44,184,080	99,670,700	18,798,800	18,659,800	97,064,400
Sources Over/(Under) Uses	18,077,424	(71,189,000)	7,897,800	8,726,700	(95,591,900)
Ending Fund Balance					
Debt Service Reserve	24,670,700	18,798,800	18,659,800	97,064,400	-
Restricted for Capital	130,219,212	64,902,112	72,938,912	3,261,012	4,733,512
Total Ending Fund Balance	154,889,912	83,700,912	91,598,712	100,325,412	4,733,512

^(a) The 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve will sunset in June 2025. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits may result in additional funds after expiration date.

^(b) The 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve and construction of essential preserve related necessities will sunset earlier than originally anticipated.

^(c) Amount and timing of expenditures are preliminary and subject to change upon proposal of capital projects to City Council's consideration and approval. As such, this amount is not included in the five-year Capital Improvement Plan.

Sonoran Preserve and construction of essential preserve related necessities will sunset earlier than originally anticipated.

^(d) The debt service will be paid off in 2029.

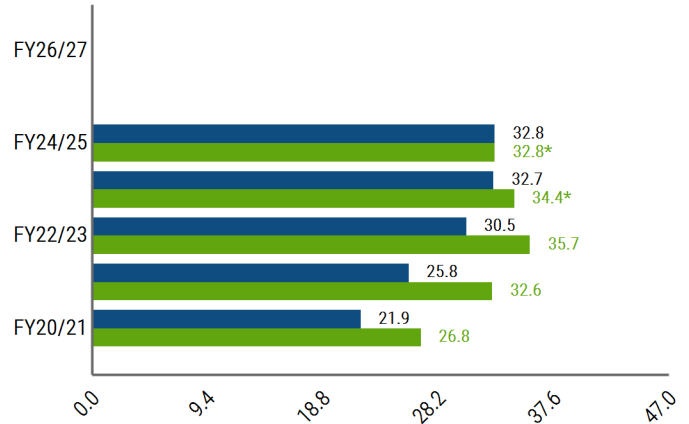
PRESERVATION FUND SOURCES

The Preservation Fund sources for FY 2024/25 are budgeted at \$62.3 million, an increase of \$2.8 million from the FY 2023/24 adopted budget. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

SALES TAX - PRESERVATION (0.20%)

Sales Tax - Preservation (0.20%) represents the 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve of which will sunset in the year 2025. The FY 2024/25 adopted budget of \$32.8 million represents a slight increase of \$0.1 million, from the FY 2023/24 adopted budget. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits may result in additional funds received after the expiration of the tax.

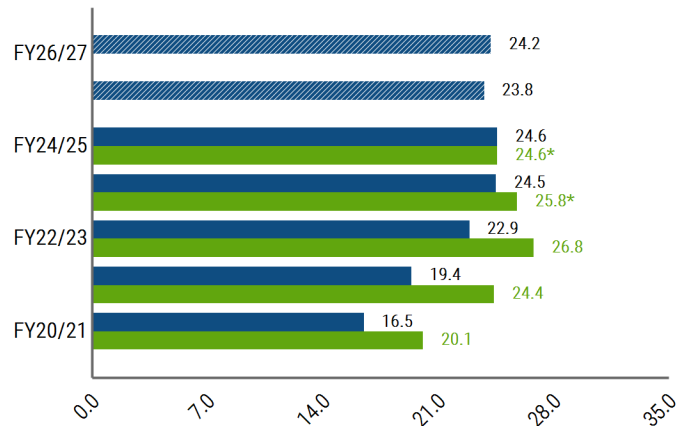
FY 2020/21 to FY 2026/27 (in millions)



SALES TAX - PRESERVATION (0.15%)

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities such as trailheads. These funds are due to sunset in the year 2034. The FY 2024/25 adopted budget of \$24.6 million represents an increase of \$0.1 million over the FY 2023/24 adopted budget.

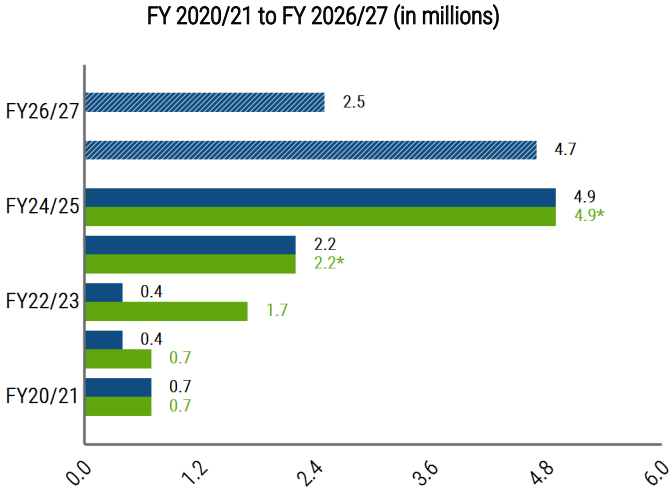
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

INTEREST EARNINGS

Interest Earnings is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. The FY 2024/25 adopted budget of \$4.9 million, an increase of \$2.7 million from FY 2023/24 adopted budget due to rising interest rates.

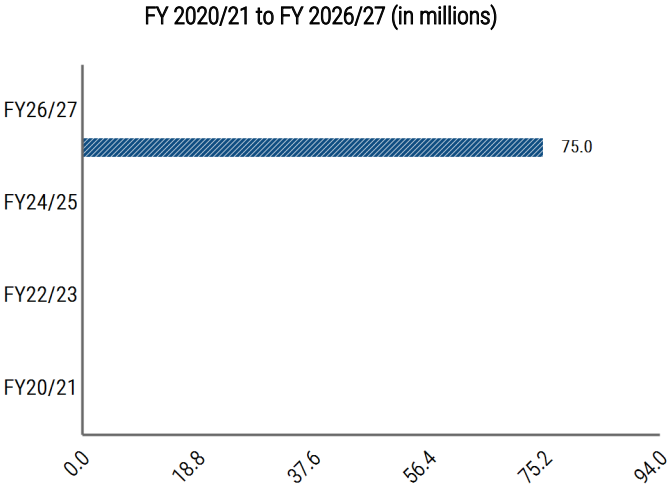


PRESERVATION FUND USES

The Preservation Fund uses are presented as Land and Capital Improvements to the Preserve, and Transfers Out to other funds.

LAND AND CAPITAL IMPROVEMENTS

Amount and timing of expenditures for preservation related land and capital improvements are preliminary and subject to change upon proposal of capital projects to City Council's consideration and approval. As such, this amount is not included in the five-year Capital Improvement Plan.



TRANSFERS OUT

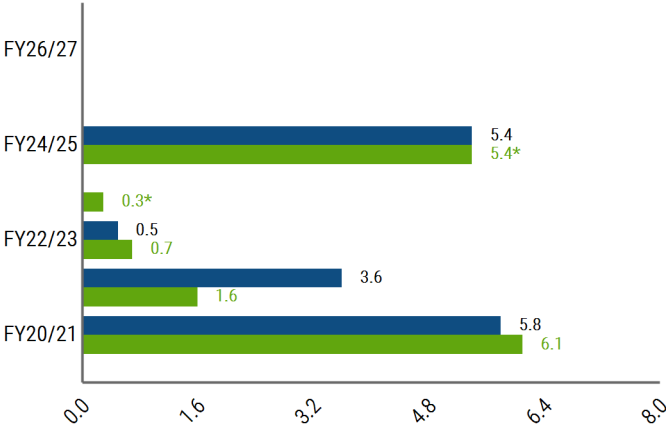
Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. Transfers Out in FY 2024/25 is \$44.2 million, which is an increase of \$8.8 million from the FY 2023/24 adopted budget and is provided in further detail below:

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CIP

Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects. The FY 2024/25 adopted budget is \$5.4 million.

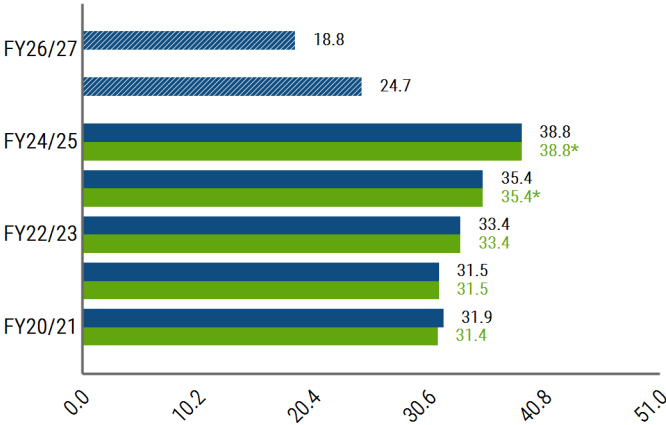
FY 2020/21 to FY 2026/27 (in millions)



DEBT SVC GO BONDS

Debt Svc GO Bonds are Transfers Out from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation (GO) debt service. Total Debt Svc GO Bonds Transfers In for FY 2024/25 is \$38.8 million which is \$3.4 million higher than the FY 2023/24 adopted budget, reflecting higher payments for the Refunding 2012 GO Preserve Bonds and the 2020 GO Refunding Preserve Bonds. The increase would have been greater but is being partially offset by zero payments required for the 2014 GO Refunding Preserve Bonds which sunset in 2023.

FY 2020/21 to FY 2026/27 (in millions)



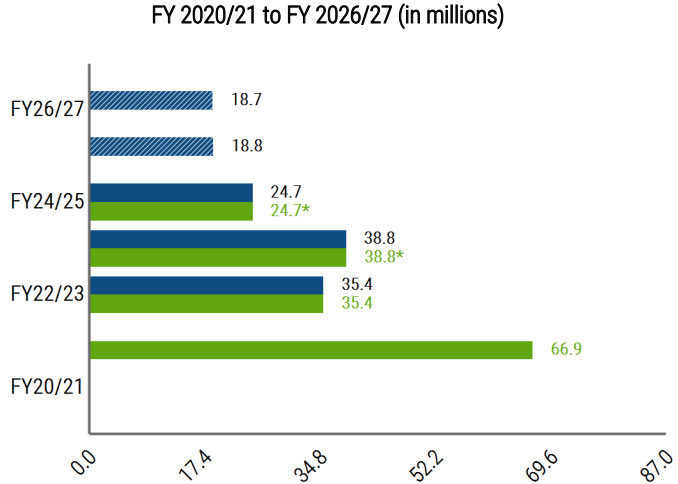
PRESERVATION FUND ENDING BALANCE

Preservation Fund Ending Balance is the accumulation of sources received from Preservation Sales Tax (0.20% and 0.15%) and interest earnings. Growth of the fund balance occurs when sources exceed uses.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

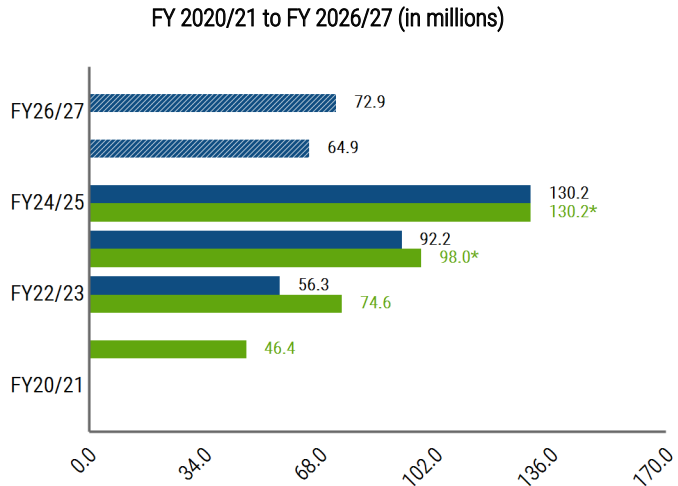
DEBT SERVICE RESERVE

Per Financial Policy No.2.06, the Debt Service Reserve is equal to the next fiscal year's debt service. The Debt Service Liabilities balance for FY 2024/25 is \$24.7 million. These designated funds will be used to pay future debt service payments.



RESTRICTED FOR CAPITAL

Restricted for Capital accounts for any funds remaining after the designation of all other reserves/uses. The Restricted for Capital for FY 2024/25 is \$130.2 million.



 FORECAST
 BUDGET
 ACTUAL/FORECAST*

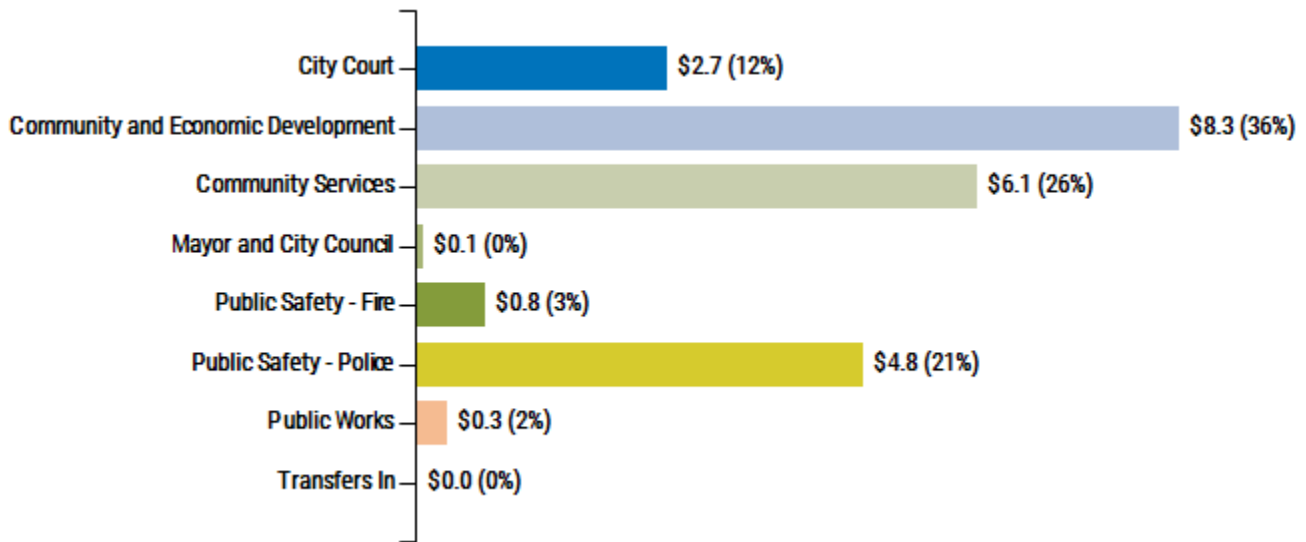


FY 2024/25 Proposed Budget

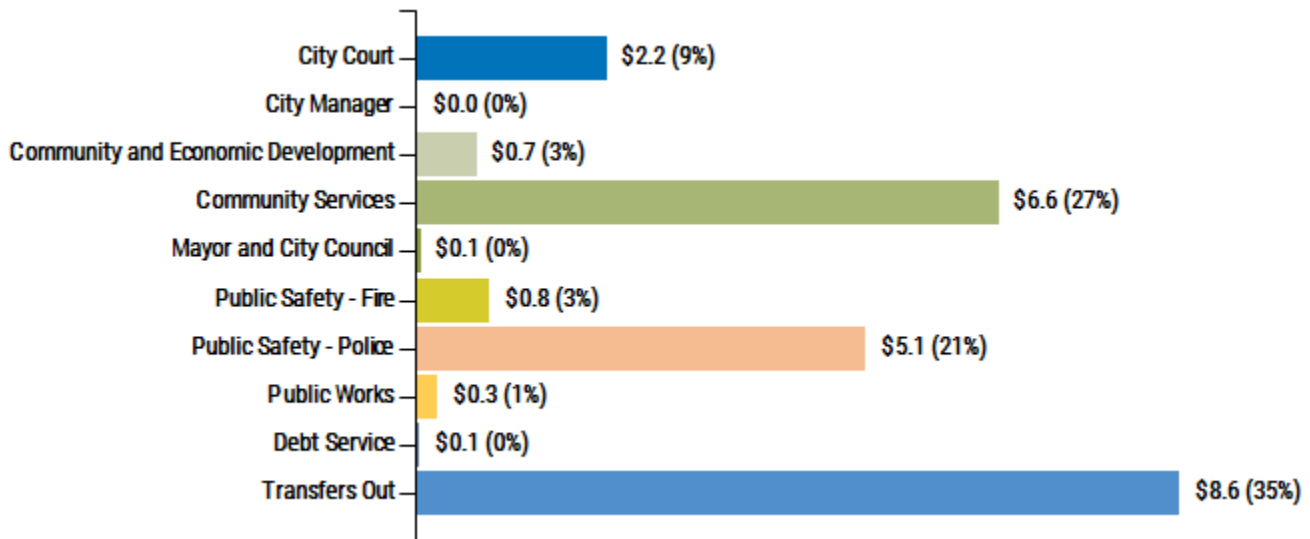
FUND PURPOSE

In accordance with the Governmental Accounting Standards Board, this fund is used to account for dedicated funding sources and donations earmarked for specific purposes pursuant to constraints imposed by formal action of the City Council or restricted by an outside source. All revenue not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose.

Special Programs Fund Sources (% to Total)
\$23.1 Million



Special Programs Fund Uses (% to Total)
\$24.3 Million



Rounding differences may occur.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - AZ CARES ^(b)	2,784,826	-	-	-
Reserve - City Court	8,573,441	6,685,849	6,938,105	5,950,353
Reserve - City Manager	-	-	275	275
Reserve - Community And Economic Development	3,371,659	1,008,878	3,830,747	5,495,435
Reserve - Community Services	4,449,149	5,620,531	5,662,554	7,085,732
Reserve - Mayor And City Council	10,800	11,601	11,120	12,651
Reserve - Public Safety - Fire	478,433	476,078	802,724	808,171
Reserve - Public Safety - Police	1,937,539	2,721,253	2,924,488	3,290,941
Reserve - Public Works	127,950	250,547	352,818	471,820
Total Beginning Fund Balance	21,733,796	16,774,737	20,522,831	23,115,378
Revenues				
City Court	1,860,838	1,826,716	1,826,716	2,729,308
City Manager	2,500	-	-	-
Community and Economic Development	5,556,845	6,880,382	9,508,693	8,265,004
Community Services	5,890,170	5,969,850	5,527,730	6,086,759
Mayor and City Council	21,000	244,900	27,000	94,208
Public Safety - Fire	809,236	743,170	743,170	757,676
Public Safety - Police	3,335,069	3,826,542	4,292,778	4,846,331
Public Works	384,344	341,812	343,361	347,278
Subtotal	17,860,003	19,833,372	22,269,448	23,126,564
Transfers In				
CIP	539,607	-	10,544	-
Operating	11,833	63,689	16,890	10,000
Subtotal	551,440	63,689	27,434	10,000
Total Sources	18,411,443	19,897,061	22,296,882	23,136,564

^(a) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balances.

^(b) Scottsdale's allocation of \$29.6 million of the AZCares Fund (created as a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)), was transferred from the General Fund to the Special Program Fund in FY 2020/21 to ensure governmental accounting standards are being met and the funding is being used for the specific purposes directed by City Council. The remaining AZCares funding was transferred to the General Fund in FY 2022/23, where the remaining work of Scottsdale AZCares program was completed.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Expenditures				
City Court	1,804,342	2,065,560	2,026,689	2,151,916
City Manager	2,225	-	-	-
Community and Economic Development	121,449	719,220	236,277	688,822
Community Services	3,834,478	4,389,994	3,582,211	6,563,780
Mayor and City Council	20,680	231,000	25,469	58,806
Public Safety - Fire	484,945	757,094	737,723	844,837
Public Safety - Police	2,308,120	3,942,212	3,906,325	5,063,949
Public Works	213	165,810	165,810	255,805
Subtotal	8,576,452	12,270,890	10,680,504	15,627,915
Debt Service				
Contracts Payable	63,339	58,549	58,549	57,729
Subtotal	63,339	58,549	58,549	57,729
 TOTAL OPERATING BUDGET	 8,639,791	 12,329,439	 10,739,053	 15,685,644
Transfers Out				
CIP	2,481,832	1,107,779	2,136,891	620,000
CIP Stormwater	5,042,761	6,054,632	6,054,632	7,227,254
Debt Svc MPC Bonds	576,755	766,869	766,869	753,515
Operating	2,881,269	53,689	6,890	-
Subtotal	10,982,616	7,982,969	8,965,282	8,600,769
Total Uses	19,622,408	20,312,408	19,704,335	24,286,413
Sources Over/(Under) Uses	(1,210,965)	(415,347)	2,592,547	(1,149,849)
Ending Fund Balance				
Appropriation Contingency ^(a)	673,500	1,500,000	1,500,000	1,320,809
Reserve - City Court	6,938,105	5,659,225	5,950,353	6,527,745
Reserve - City Manager	275	-	275	275
Reserve - Community And Economic Development	3,830,747	404,969	5,495,435	5,185,612
Reserve - Community Services	5,662,554	6,853,954	7,085,732	5,923,946
Reserve - Mayor And City Council	11,120	25,501	12,651	48,054
Reserve - Public Safety - Fire	802,724	462,154	808,171	721,009
Reserve - Public Safety - Police	2,924,488	2,585,584	3,290,941	3,053,325
Reserve - Public Works	352,818	368,000	471,820	505,564
Total Ending Fund Balance	20,522,831	16,359,387	23,115,378	21,965,530

^(a) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balances.

BUDGET BY FUND | Special Programs Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - AZ CARES ^(b)	-	-	-	-	-
Reserve - City Court	5,950,353	6,527,745	7,182,745	7,875,245	8,446,245
Reserve - City Manager	275	275	275	275	275
Reserve - Community And Economic Development	5,495,435	5,185,612	4,770,612	4,495,612	4,220,512
Reserve - Community Services	7,085,732	5,923,946	6,073,846	6,575,246	7,129,646
Reserve - Mayor And City Council	12,651	48,054	82,254	116,054	149,554
Reserve - Public Safety - Fire	808,171	721,009	607,309	465,609	258,809
Reserve - Public Safety - Police	3,290,941	3,053,325	2,788,525	2,486,825	2,077,125
Reserve - Public Works	471,820	505,564	539,164	574,964	612,964
Total Beginning Fund Balance	23,115,378	21,965,530	22,044,730	22,589,830	22,895,130
Revenues					
City Court	2,729,308	2,745,100	2,753,000	2,748,300	2,744,400
City Manager	-	-	-	-	-
Community and Economic Development	8,265,004	8,312,000	8,099,600	8,147,500	8,195,800
Community Services	6,086,759	7,267,000	7,368,700	7,457,500	7,555,100
Mayor and City Council	94,208	93,500	93,800	94,300	94,800
Public Safety - Fire	757,676	772,800	788,300	804,000	820,100
Public Safety - Police	4,846,331	4,718,100	4,930,600	5,148,100	5,272,900
Public Works	347,278	345,000	345,000	345,000	345,000
Subtotal	23,126,564	24,253,500	24,379,000	24,744,700	25,028,100
Transfers In					
CIP	-	-	-	-	-
Operating	10,000	10,000	10,000	10,000	10,000
Subtotal	10,000	10,000	10,000	10,000	10,000
Total Sources	23,136,564	24,263,500	24,389,000	24,754,700	25,038,100

^(a) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balances.

BUDGET BY FUND | Special Programs Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Expenditures					
City Court	2,151,916	2,090,100	2,060,500	2,177,300	2,194,000
City Manager	-	-	-	-	-
Community and Economic Development	688,822	794,000	394,000	394,100	394,100
Community Services	6,563,780	7,022,800	6,768,700	6,815,400	7,306,500
Mayor and City Council	58,806	59,300	60,000	60,800	61,700
Public Safety - Fire	844,837	886,500	930,000	1,010,800	1,027,800
Public Safety - Police	5,063,949	4,962,900	5,212,300	5,537,800	5,740,500
Public Works	255,805	255,800	255,800	255,800	255,800
Subtotal	15,627,915	16,071,400	15,681,300	16,252,000	16,980,400
Debt Service					
Contracts Payable	57,729	55,600	53,400	51,200	49,000
Subtotal	57,729	55,600	53,400	51,200	49,000
TOTAL OPERATING BUDGET	15,685,644	16,127,000	15,734,700	16,303,200	17,029,400
Transfers Out					
CIP	620,000	20,000	20,000	20,000	20,000
CIP Stormwater	7,227,254	7,278,200	7,325,600	7,374,200	7,419,300
Debt Svc MPC Bonds	753,515	759,100	763,600	752,000	769,200
Operating	-	-	-	-	-
Subtotal	8,600,769	8,057,300	8,109,200	8,146,200	8,208,500
Total Uses	24,286,413	24,184,300	23,843,900	24,449,400	25,237,900
Sources Over/(Under) Uses	(1,149,849)	79,200	545,100	305,300	(199,800)
Ending Fund Balance					
Appropriation Contingency ^(a)	1,320,809	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	6,527,745	7,182,745	7,875,245	8,446,245	8,996,645
Reserve - City Manager	275	275	275	275	275
Reserve - Community And Economic Development	5,185,612	4,770,612	4,495,612	4,220,512	3,945,412
Reserve - Community Services	5,923,946	6,073,846	6,575,246	7,129,646	7,276,546
Reserve - Mayor And City Council	48,054	82,254	116,054	149,554	182,654
Reserve - Public Safety - Fire	721,009	607,309	465,609	258,809	51,109
Reserve - Public Safety - Police	3,053,325	2,788,525	2,486,825	2,077,125	1,589,525
Reserve - Public Works	505,564	539,164	574,964	612,964	653,164
Total Ending Fund Balance	21,965,530	22,044,730	22,589,830	22,895,130	22,695,330

^(a) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balances.

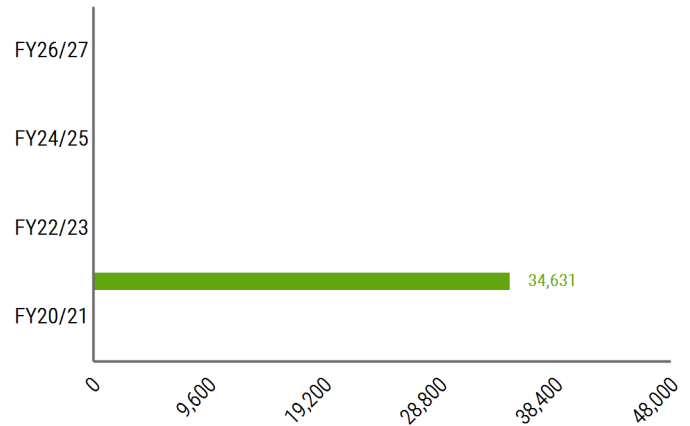
SPECIAL PROGRAMS SOURCES

Sources received in the Special Programs Fund include revenue generated from Fines, Fees, Forfeitures and Permits, Racketeering Influenced Corrupt Organization (RICO), Contributions/Donations, and Other Revenues. The Sources also include Transfers In. The Sources are detailed by division in the following sections.

AZCARES

In late FY 2019/20, the city received an AZCares Grant of \$29.6 million, which could only be used to cover Public Safety Personnel Services expenses incurred from March 1, 2020 through June 30, 2020, and forecasted through December 30, 2020. The public safety's related budget and expenses, which span over FY 2019/20 and FY 2020/21, were moved to the Grant Funds from the General Fund. Moving the budget and expenses resulted in an equal amount of funding available within the General Fund. The newly available amount of \$29.6 million in the General Fund was then transferred to the Special Programs Fund to be used to supplement existing programs, create new programs, execute contracts, and expend funds as necessary to mitigate the effects of and aid in recovery from the COVID-19 pandemic. The AZCares program was terminated in FY 2021/22. Any remaining balance was transferred back to the General Fund. The FY 2021/22 actual amount is related to a one-time tax credit for sick leave and Consolidated Omnibus Budget Reconciliation Act (COBRA) benefits for eligible employees.

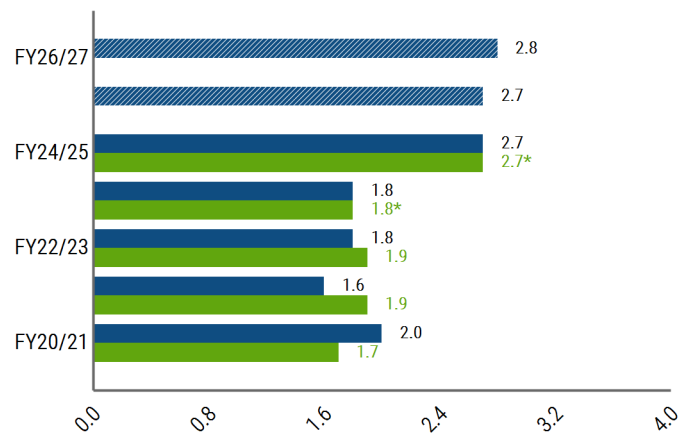
FY 2020/21 to FY 2026/27



CITY COURT

City Court revenue originates from four sources: Court Enhancement Fund (CEF), Judicial Collections Enhancement Fund (JCEF), Fill-the-Gap (FTG), and Jury Fee Donations. CEF is established by Scottsdale City Ordinance No. 2570 section 9-7.2 and provides funding to enhance the technological, operational, and security facilities of the Court. JCEF and FTG were established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, which provide funding for maintaining and enhancing the Court's ability to collect and manage monies. The FY 2024/25 budget for restricted City Court revenue of \$2.7 million is an increase of \$0.9 million when compared to the FY 2023/24 adopted budget. The increase is mainly due to updates to the Court's rates and fees schedule.

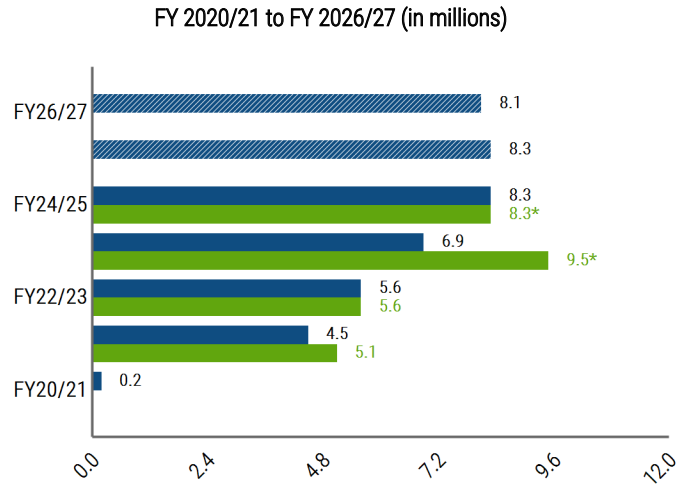
FY 2020/21 to FY 2026/27 (in millions)



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

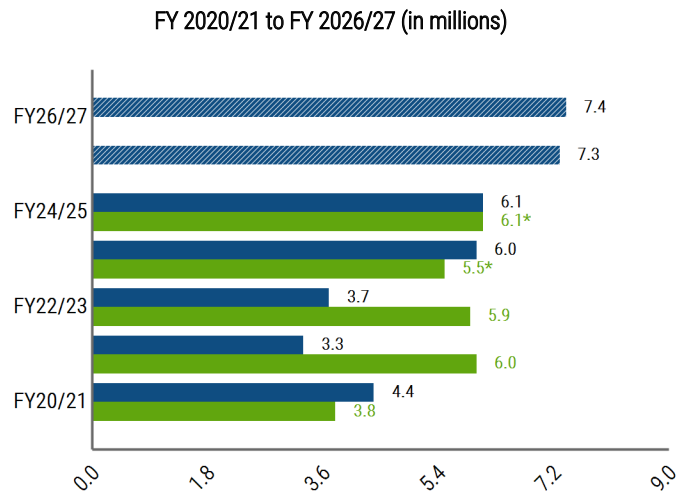
COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development revenue is generated from contributions, donations and lease agreements. Beginning in FY 2021/22, the portion of the Stormwater Fee dedicated for capital improvement projects is being recorded in the Special Programs Fund instead of directly in the CIP. The estimated special revenue for FY 2024/25 is \$8.3 million, which is \$1.4 million higher than the FY 2023/24 adopted budget mainly due to a Council approved \$1.00 increase to the stormwater fee for capital improvement projects.



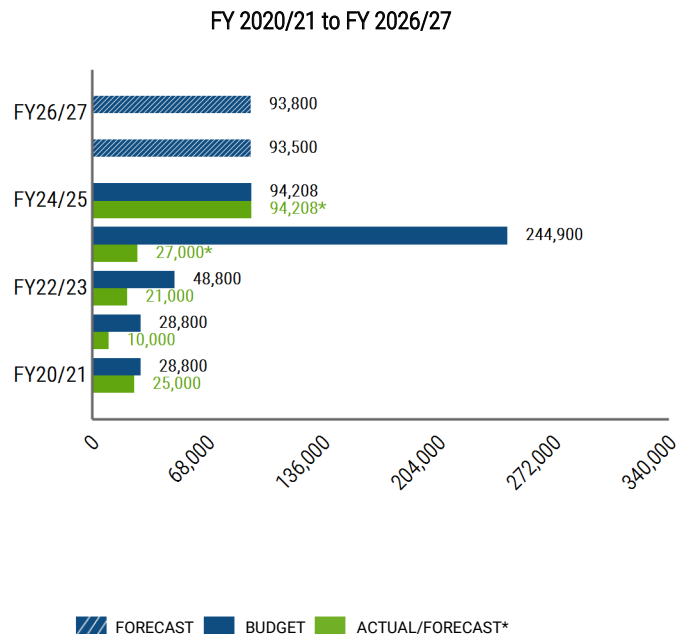
COMMUNITY SERVICES

Community Services special programs revenue includes donations, contributions, lease agreements, revenue from the Bureau of Reclamation, gross sales from the McDowell Mountain Golf Course, and user fees and charges that are restricted to specific uses per the revenue source. Restricted uses of special revenue include those for library and human services, enhancing parks, youth sports field and pool sponsored team allocations, Silverado Golf Surcharge, providing memorials, special events, funding community support agencies (Scottsdale Cares), and operating the McCormick-Stillman Railroad Park. The estimated Community Services special program revenue for FY 2024/25 is \$6.1 million, which is \$0.1 million higher than the FY 2023/24 adopted budget.



MAYOR AND CITY COUNCIL

Mayor and City Council receive contributions and donations to fund events, such as the Mayor and Council Breakfast event, State of the City, Mayor's Ability awards, and Constitution Day Contest. The FY 2024/25 estimated special revenue is \$94,208. The decrease from the FY 2023/24 adopted budget is primarily due to realigning the budget for special events to anticipated contributions.

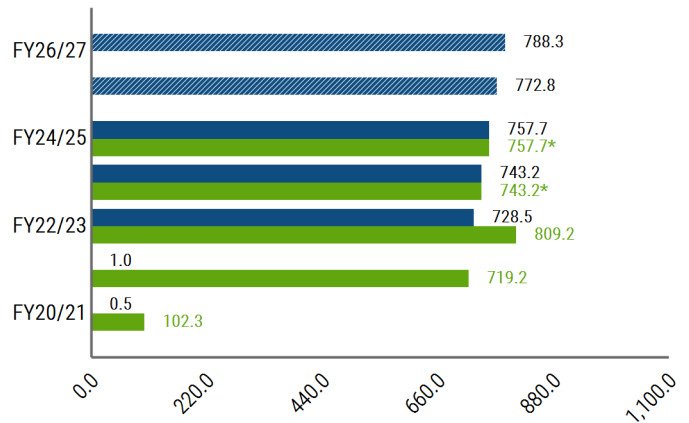


FORECAST BUDGET ACTUAL/FORECAST*

PUBLIC SAFETY - FIRE

A large portion of Public Safety - Fire revenue is generated from the AZ Smart and Safe AZ Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults aged 21 and over as approved at the 2020 general election. Monies received by local law enforcement agencies are expected to cover peace officer training academies and sworn personnel costs. Other fire revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition and fire station enhancements. The estimated revenue through restricted revenue sources for FY 2024/25 is \$0.8 million, which remains relatively flat when compared with the FY 2023/24 adopted budget.

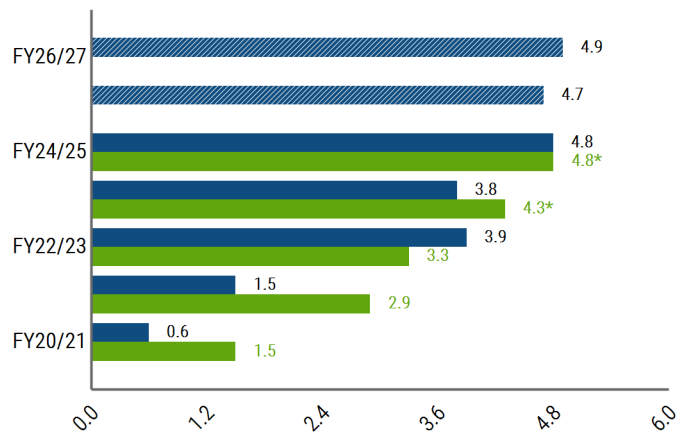
FY 2020/21 to FY 2026/27 (in thousands)



PUBLIC SAFETY - POLICE

Public Safety - Police revenue is generated from the following eight sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds to enhance police operations; 2) Forensic Services Intergovernmental Agreement (IGA) with communities neighboring Scottsdale for full cost recovery of services provided at the crime laboratory; 3) drug conviction assessments for the purpose of crime laboratory analysis; 4) donations made specifically for the Mounted Unit, Family Advocacy, Canine Unit, and Cadet Program; 5) Police 30-Day Tow Program that enforces State Statute (28-872) for driving under the influence and driving without insurance offences; 6) Officer Safety Equipment established by Senate Bill 1398 that imposes a \$13 assessment (\$4 to the investigating/arresting agency) on all criminal charges, civil traffic, and parking charges to purchase safety equipment for officers; 7) Second Hand and Pawn Transaction Fee established by Ordinance No. 3966 in May 2012 that requires electronically processed pawn tickets and related fees be used to recover costs related to the administration of the program; and 8) Revenue generated from the Smart and Safe AZ Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults 21 and over as approved at the 2020 general election. Monies received by local law enforcement agencies are expected to cover peace officer training academies and sworn personnel costs. Revenue estimated through restricted revenue sources for FY 2024/25 is \$4.8 million, which is an increase of \$1.0 million from the FY 2023/24 adopted budget mostly due to an increase of authorized spending for anticipated donations.

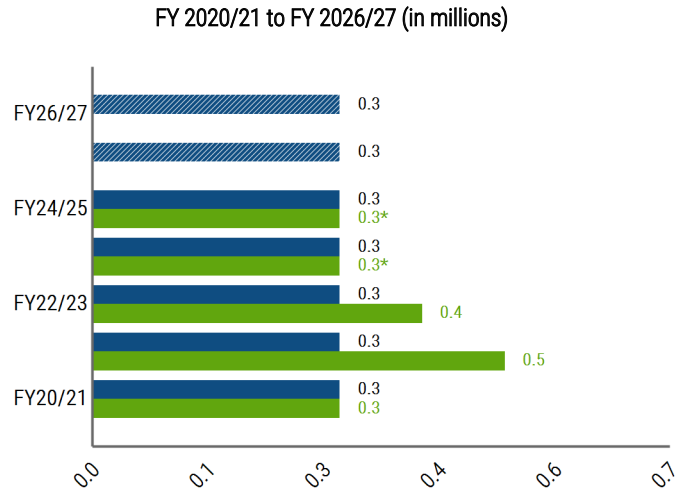
FY 2020/21 to FY 2026/27 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

PUBLIC WORKS

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of and maintenance of city right-of-ways. The agreement requires Southwest Gas to pay the city a two percent franchise fee and a 0.5 percent Capital Expenditures Fund fee based on gross revenues derived from its sale and/or delivery of natural and artificial gas. The FY 2024/25 estimated revenue of \$0.3 million is flat compared to the FY 2023/24 adopted budget.

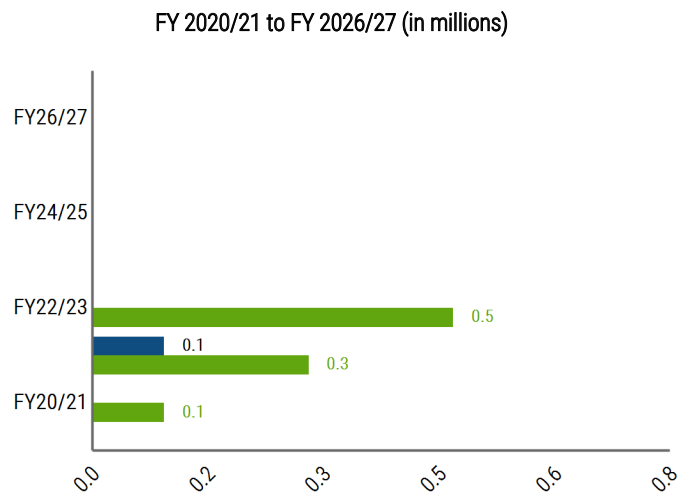


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2024/25 adopted budget includes \$10,000 in Transfers In.

CIP

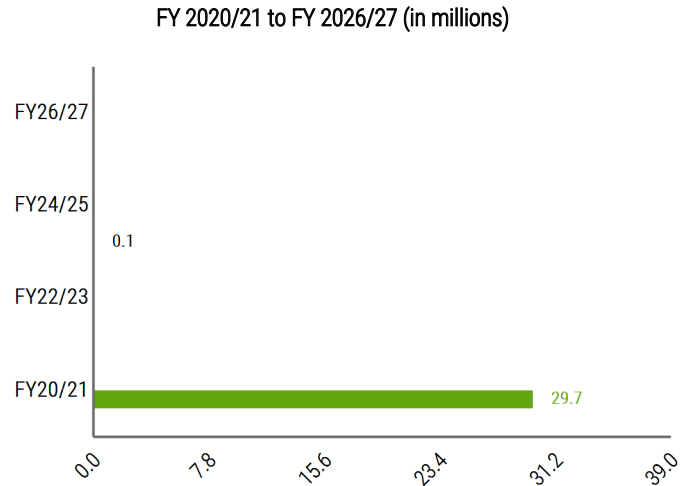
Transfers In CIP for FY 2024/25 are \$0. The FY 2022/23 amount represents a transfer from CIP stormwater in-lieu fee which was designated for a floodplain management study.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING

Operating Transfers In to the Special Programs Fund for FY 2024/25 includes a City Council authorized \$10,000 used to assist in the preservation and upkeep of properties on Scottsdale’s Historic Register. In FY 2020/21, Operating included a cash transfer in the amount of \$29.7 million in AZCares funding from the General Fund to the Special Programs Fund to ensure governmental accounting standards are being met, which was authorized by City Council approved Resolution No. 11883.

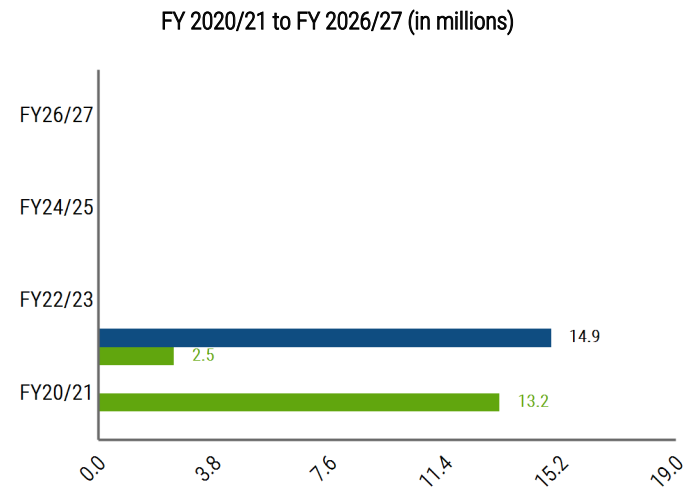


SPECIAL PROGRAMS FUND USES

The Special Programs Fund uses are detailed by division and Transfers Out as follows.

AZCARES

In late FY 2019/20, the city received an AZCares Grant of \$29.6 million, which could only be used to cover Public Safety Personnel Services expenses incurred from March 1, 2020 through June 30, 2020, and forecasted through December 30, 2020. The public safety's related budget and expenses, which span over FY 2019/20 and FY 2020/21, were moved to the Grant Funds from the General Fund. Moving the budget and expenses resulted in an equal amount of funding available within the General Fund. The newly available amount of \$29.6 million in the General Fund was then transferred to the Special Programs Fund to be used to supplement existing programs, create new programs, execute contracts and expend funds as necessary to mitigate the effects of and aid in recovery from the COVID-19 pandemic. The AZCares program was terminated in FY 2021/22. Any remainder balance was transferred back to the General Fund.

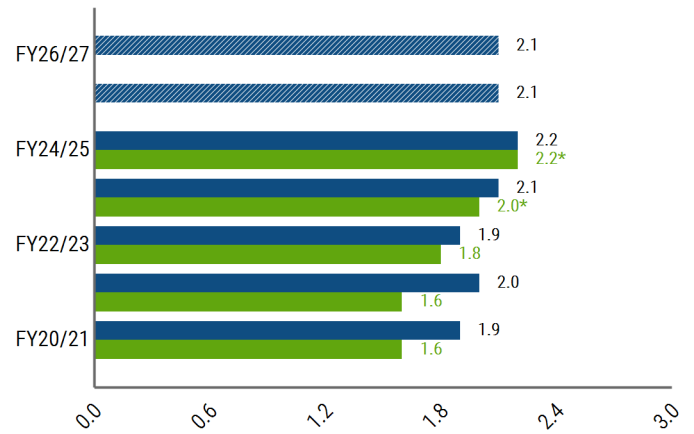


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CITY COURT

City Court adopted budget for FY 2024/25 is \$2.2 million and includes the following specific uses: 1) enhancements to the Court’s technological, operational, and security facilities, as allowed under the Court Enhancement Fund (CEF) established by Scottsdale City Ordinance No. 2570 section 9-7.2; 2) additional expenditures, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, for the maintenance and enhancement of the Court’s ability to collect and manage monies; and 3) services to enhance the experience of citizens serving on juries using jury fee donations. The FY 2024/25 adopted budget increased \$0.1 million when compared to the FY 2023/24 adopted budget due to funding for: 1) additional costs for public defender services; and 2) an increased allowance for equipment and uniforms for four security guards and screeners.

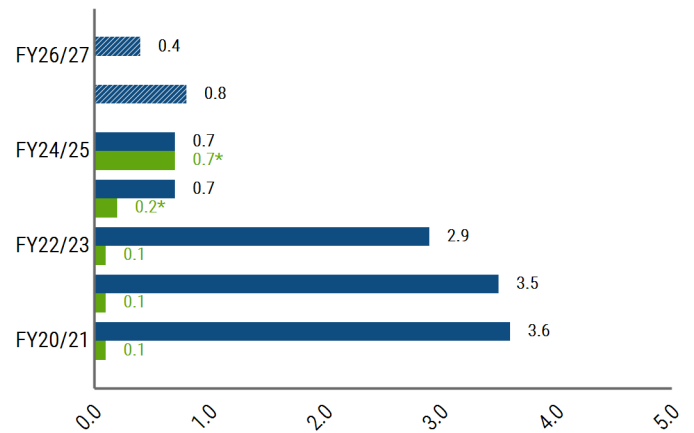
FY 2020/21 to FY 2026/27 (in millions)



COMMUNITY AND ECONOMIC DEVELOPMENT

The expenditures related to Community and Economic Development are used to further downtown cultural and community arts events, preserve and maintain properties on Scottsdale's Historic Register, and support Art in Public Places. The adopted budget for FY 2024/25 is \$0.7 million, which is flat compared to the FY 2023/24 adopted budget.

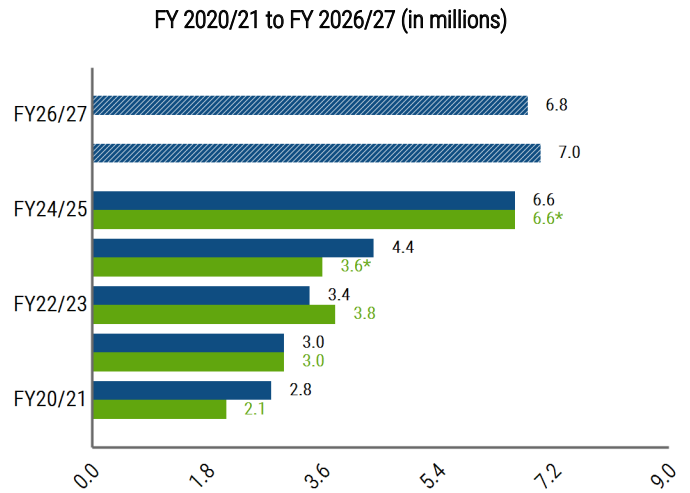
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

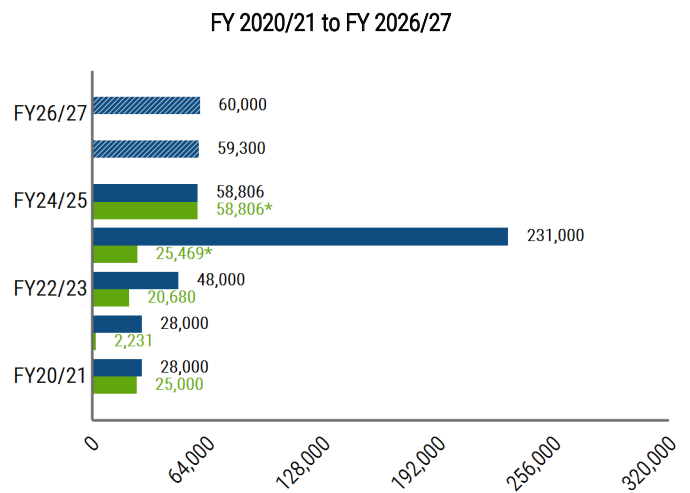
COMMUNITY SERVICES

Community Services expenditures include youth sports field and pool maintenance, capital outlays improvements, Silverado Golf Course maintenance/improvements, special events, providing memorials, funding community support agencies (Scottsdale Cares), library programs and operations, and maintaining the facilities at the McCormick-Stillman Railroad Park. The FY 2024/25 budget is \$6.6 million, which is \$2.2 million greater than the FY 2023/24 adopted budget. The increase is mostly due to including budget for the first year of a five-year plan to provide improvements at WestWorld and the Scottsdale Sports Complex including parking analysis, addressing sound improvements, new judges stands, and field renovation.



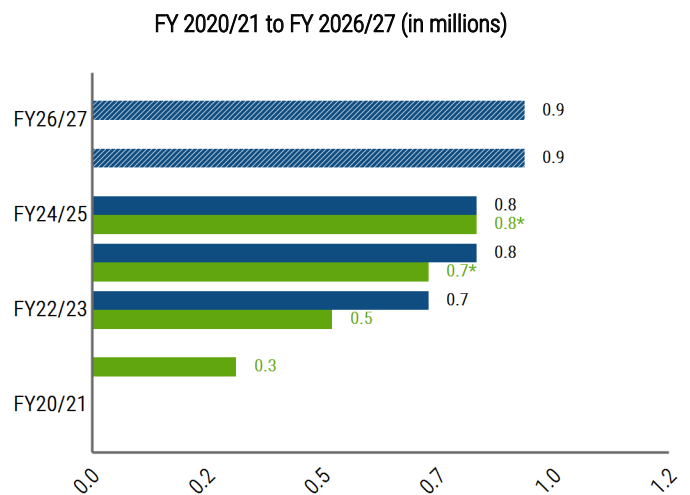
MAYOR AND CITY COUNCIL

Mayor and City Council expenditures are for events such as Mayor and Council Breakfast, State of the City events, Mayor's Ability Awards, Constitution Day Contest and other potential new events. The FY 2024/25 adopted budget is \$58,806. The decrease compared to the FY 2023/24 adopted budget is due to realigning the budget for special events to anticipated contributions.



PUBLIC SAFETY - FIRE

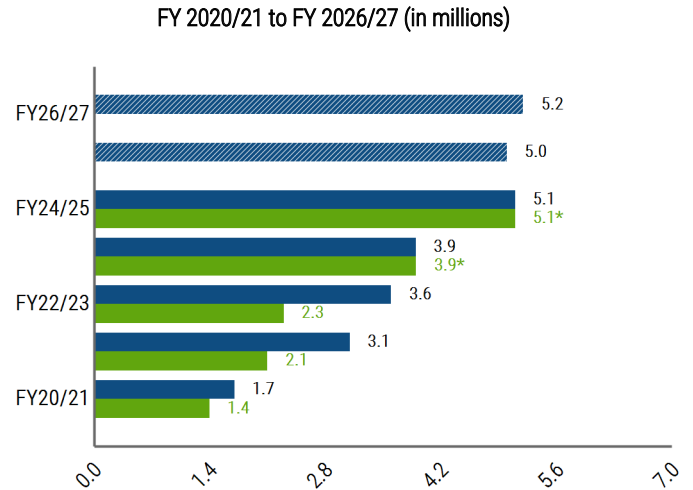
Public Safety - Fire expenditures support personnel, public education, equipment acquisition and fire station enhancements. The FY 2024/25 adopted budget is \$0.8 million which is flat compared to the FY 2023/24 adopted budget.



▨ FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

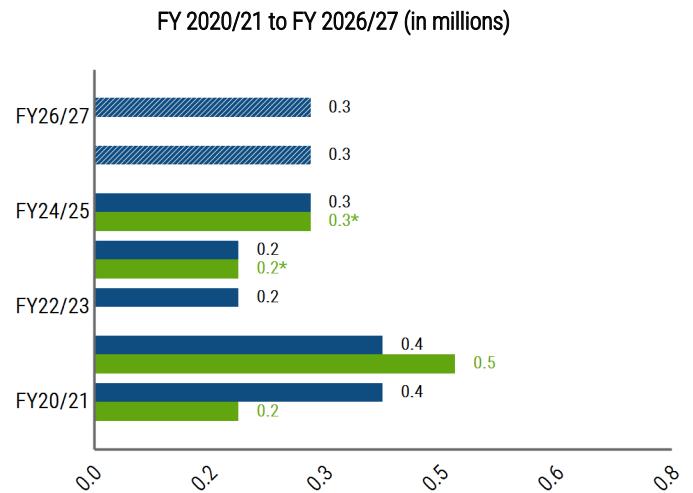
PUBLIC SAFETY - POLICE

Public Safety - Police expenditures include: 1) law enforcement enhancements using Racketeer Influenced and Corrupt Organizations (RICO) funds; 2) the provision of Crime Laboratory Services; 3) veterinary costs, specific training, education and supplies for the Mounted Unit and Canine Unit; 4) School Resource Services including the Cadet Program; 5) Family Advocacy Center; 6) administrative costs for the 30-Day Tow Program that enforces ARS §28-3511; 7) equipment that enhances officer’s safety while on duty; 8) costs for administration and enforcement of City Ordinance No. 3966 (Second Hand and Pawn Transaction Fees); 9) personnel costs for the Short Term Rental Unit; and 10) personnel costs for the Park and Preserve Unit. The FY 2024/25 adopted budget is \$5.1 million, which is \$1.2 million higher than the FY 2023/24 adopted budget due to: 1) increased anticipated spending for donations; and 2) a FY 2024/25 pay for performance, market adjustment and implementation of a classification and compensation study applied to eligible employees.



PUBLIC WORKS

Public Works expenditures are used to maintain various right-of-ways on behalf of Southwest Gas via a Franchise Agreement. The expenditures are also used towards the Loloma School lease agreement for maintenance. The FY 2024/25 budget of \$0.3 million is an increase of \$0.1 when compared to the FY 2023/24 adopted budget of \$0.2 million. The increase is mainly due to increased maintenance costs.



TRANSFERS OUT

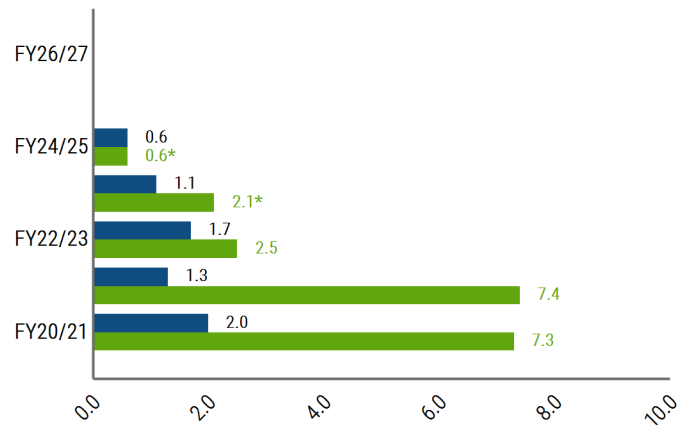
Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2024/25 adopted budget includes \$8.6 million in Transfers Out.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CIP

Capital Improvement Plan (CIP) Transfers Out are the authorized movement of cash or other resources to fund capital projects. The FY 2024/25 budget of \$0.6 million primarily provides funding for the McCormick-Stillman Roundhouse, and the McCormick - Stillman RR Park Playground Replacement capital projects.

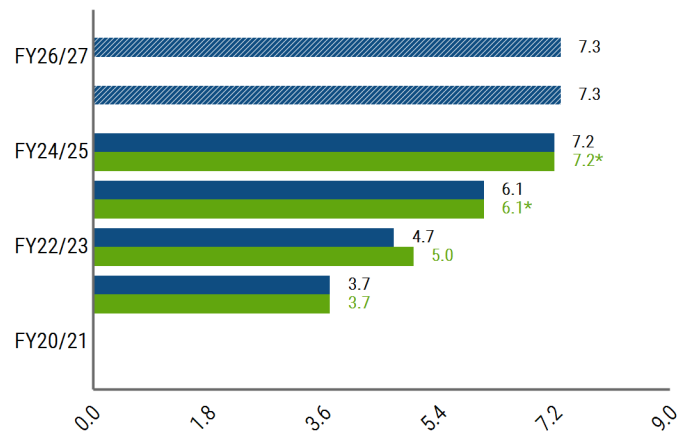
FY 2020/21 to FY 2026/27 (in millions)



CIP STORMWATER

CIP Stormwater is the \$6.95 monthly stormwater fee paid by utility customers and is transferred to the CIP to be used for drainage and flood control capital projects. The FY 2024/25 budget is \$7.2 million, which is \$1.1 million higher than the FY 2023/24 adopted budget explained by a Council approved stormwater fee increase of \$1.00.

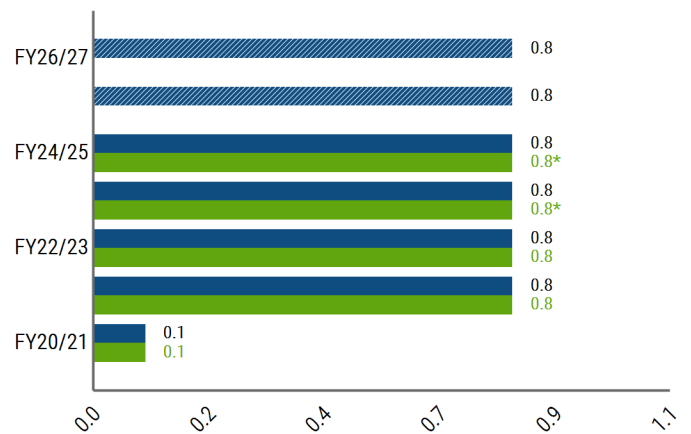
FY 2020/21 to FY 2026/27 (in millions)



DEBT SERVICE MPC BONDS

The adopted FY 2024/25 budget of \$0.8 million is a transfer out to Debt Service Fund for the Municipal Property Corporation (MPC) Bonds issued for the McDowell Mountain Golf Course and Stormwater Fee for projects.

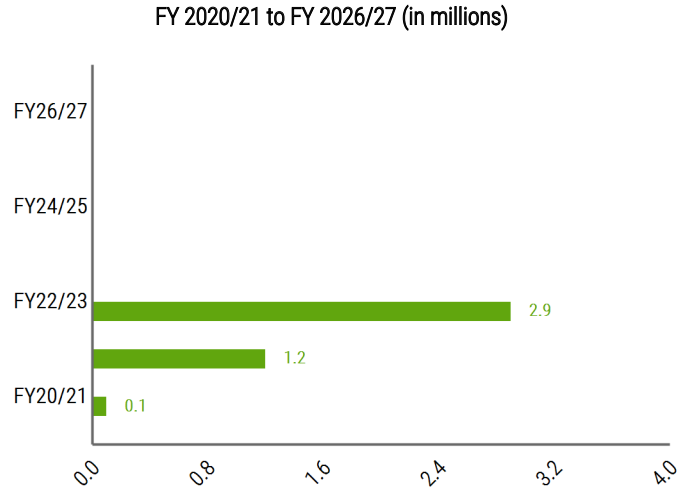
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING

The FY 2022/23 Operating Transfers Out of \$2.9 million moved back to the General Fund the remaining balance of Scottsdale AZCares funding. There is no Operating Transfer Out budget for FY 2024/25.

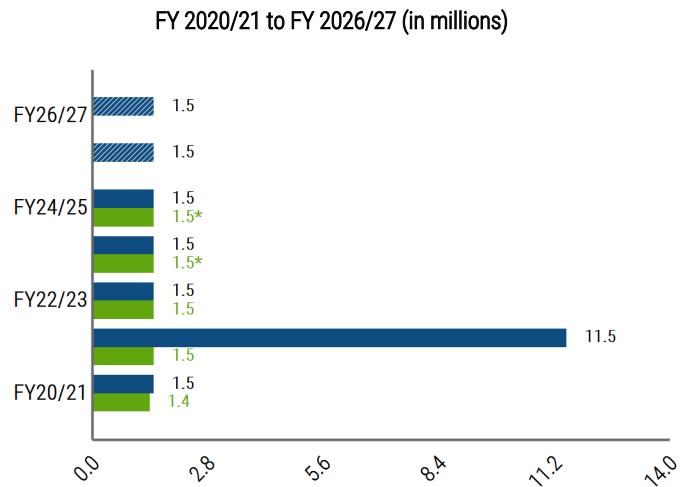


SPECIAL PROGRAMS FUND ENDING BALANCE

The Special Programs Fund Ending Balance's specific make-up is noted in the following:

APPROPRIATION CONTINGENCY

Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance total. Any use of this contingency requires City Council's approval. The adopted Appropriation Contingency for FY 2024/25 is set at \$1.5 million, which remains the same as in FY 2023/24. The FY 2021/22 adopted budget includes a \$10.0 million affordable housing contingency approved by City Council.

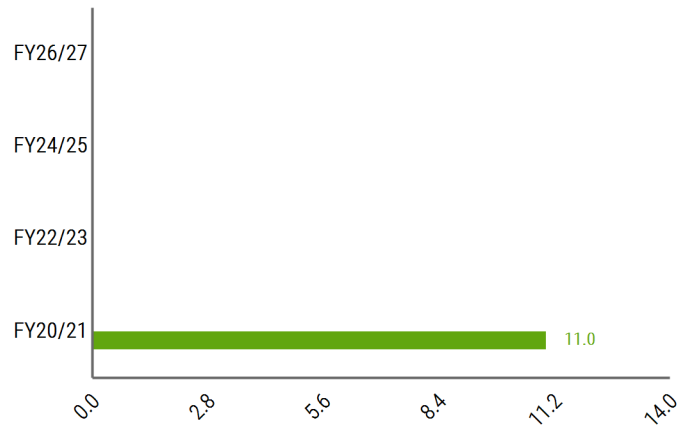


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 ▨ BUDGET
 ▨ ACTUAL/FORECAST*

AZCARES FUNDING

AZCares Funding is the designation created in FY 2020/21 for remaining AZCares funding. Any remaining balance after the end of FY 2021/22 was transferred to the General Fund; therefore, there is no fund balance after the end of FY 2020/21.

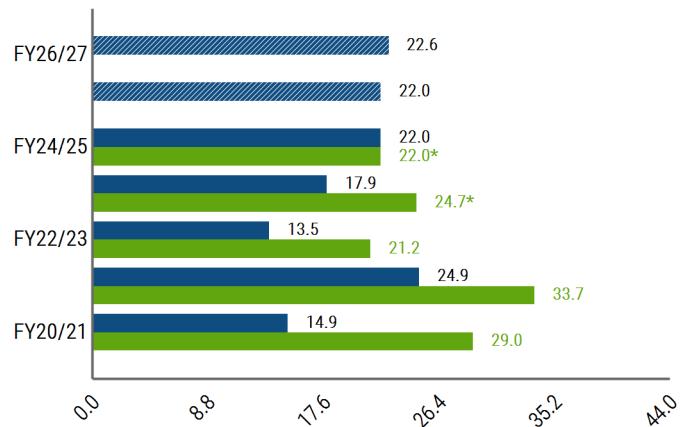
FY 2020/21 to FY 2026/27 (in millions)



SPECIAL PROGRAMS FUND BALANCE

Special Programs Fund ending balance of \$22.0 million for FY 2024/25 represents the following individual ending fund balances: \$6.5 million for City Court; \$5.2 million for Community and Economic Development; \$5.9 million for Community Services; \$48,054 for Mayor and City Council; \$0.7 million for Public Safety - Fire; \$3.1 million for Public Safety - Police; and \$0.5 million for Public Works. Any remaining fund balance is available in future years and can only be used for its dedicated purpose, and if budget authority is included.

FY 2020/21 to FY 2026/27 (in millions)

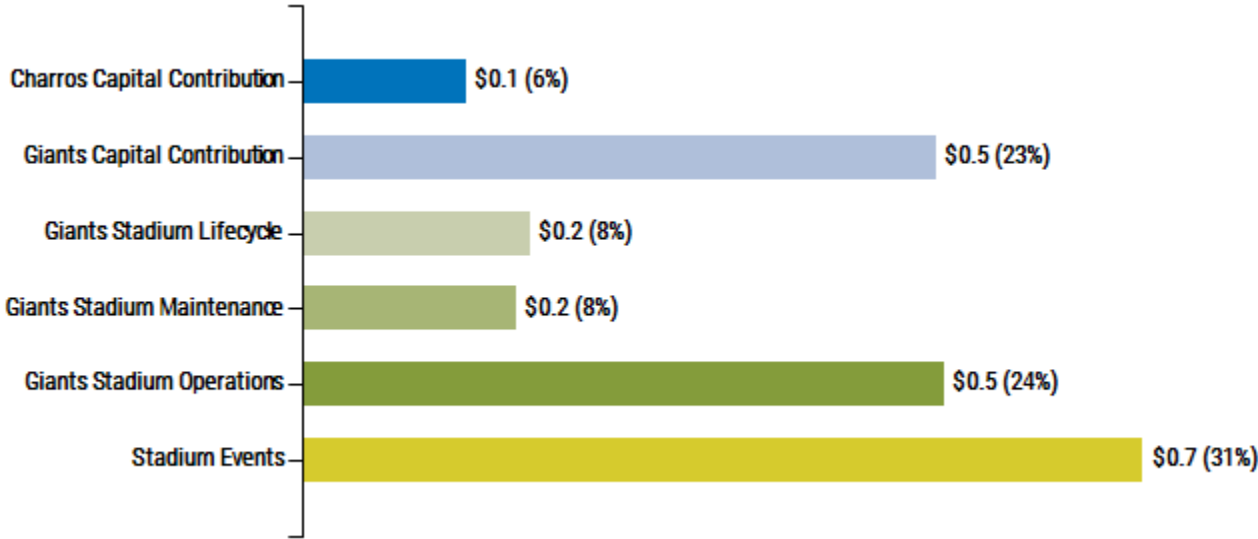


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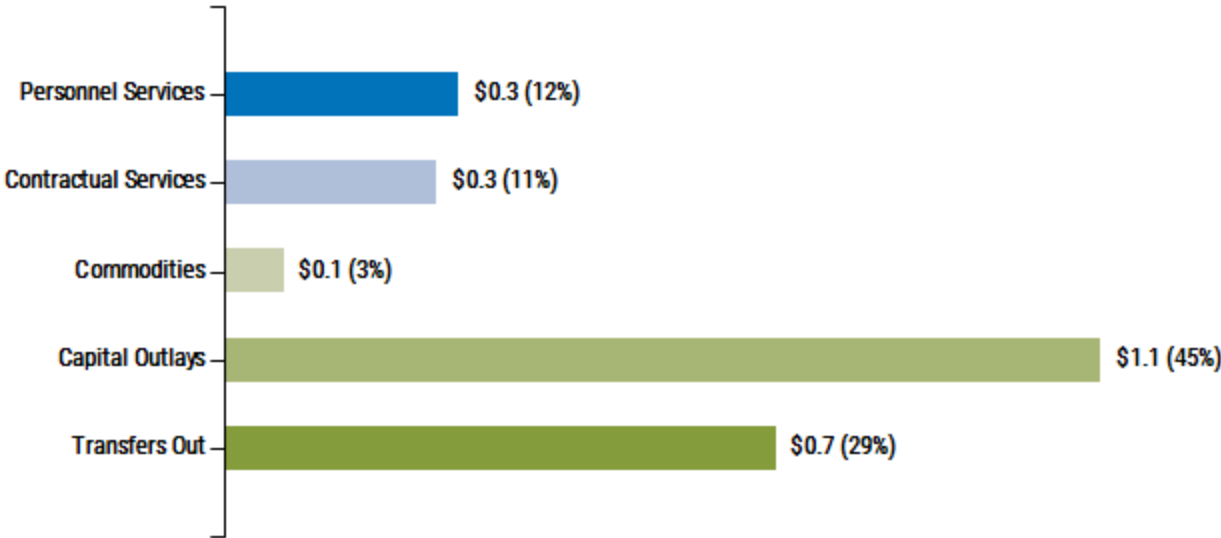
FUND PURPOSE

The Stadium Facility Fund is a special revenue fund created to account for activity at the Scottsdale Stadium. In June 2019, the city entered into a 25-year baseball facilities agreement with the Scottsdale Charros and the San Francisco Giants Baseball Club for the use and maintenance of the Scottsdale Stadium. This fund accounts for the contributions and uses as per the agreement.

**Stadium Facility Fund Sources (% to Total)
\$2.3 Million**



**Stadium Facility Fund Uses (% to Total)
\$2.3 Million**



Rounding differences may occur.

BUDGET BY FUND | Stadium Facility Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Proposed 2024/25
Beginning Fund Balance				
Stadium Lifecycle	3,328,726	2,858,201	3,094,822	3,104,069
Stadium Facility Fund Balance	1,509,688	1,873,268	2,012,457	2,641,458
Total Beginning Fund Balance	4,838,414	4,731,469	5,107,279	5,745,527
Revenues				
Charros Capital Contribution	135,000	135,000	135,000	135,000
Giants Capital Contribution	375,000	525,000	525,000	525,000
Giants Stadium Lifecycle	85,543	134,247	134,247	187,963
Giants Stadium Maintenance	193,349	172,500	172,500	176,399
Giants Stadium Operations	605,678	519,566	519,566	531,790
Stadium Events	664,162	697,848	697,848	697,000
<i>Subtotal</i>	<u>2,058,732</u>	<u>2,184,161</u>	<u>2,184,161</u>	<u>2,253,152</u>
Total Sources	2,058,732	2,184,161	2,184,161	2,253,152
Expenditures				
Personnel Services	268,162	262,762	260,756	280,089
Contractual Services	535,533	431,044	431,044	253,238
Commodities	263,210	194,113	194,113	70,679
Capital Outlays	212,962	-	-	1,050,000
<i>Subtotal</i>	<u>1,279,867</u>	<u>887,919</u>	<u>885,913</u>	<u>1,654,006</u>
Debt Service				
Contracts Payable ^(a)	-	17,375	-	-
<i>Subtotal</i>	<u>-</u>	<u>17,375</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING BUDGET	1,279,867	905,294	885,913	1,654,006
Transfers Out				
Debt Svc MPC Bonds	510,000	660,000	660,000	660,000
<i>Subtotal</i>	<u>510,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>
Total Uses	1,789,867	1,565,294	1,545,913	2,314,006
Sources Over/(Under) Uses	268,865	618,867	638,248	(60,854)
Ending Fund Balance				
Stadium Lifecycle	3,094,822	2,867,448	3,104,069	2,242,032
Stadium Facility Fund Balance	2,012,457	2,482,888	2,641,458	3,442,641
Total Ending Fund Balance	5,107,279	5,350,336	5,745,527	5,684,673

^(a) The payment of a 60-month lease-to-own contract for mowing equipment was recorded in this fund for FY 2023/24. The payment is recorded directly in the Debt Service Fund.

BUDGET BY FUND | Stadium Facility Fund Five-Year Financial Forecast

	Proposed 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Stadium Lifecycle	3,104,069	2,242,032	2,391,432	2,501,132	2,354,132
Stadium Facility Fund Balance	2,641,458	3,442,641	4,248,941	5,060,541	5,865,641
Total Beginning Fund Balance	5,745,527	5,684,673	6,640,373	7,561,673	8,219,773
Revenues					
Charros Capital Contribution	135,000	135,000	135,000	135,000	135,000
Giants Capital Contribution	525,000	525,000	525,000	525,000	600,000
Giants Stadium Lifecycle	187,963	199,400	199,700	203,000	206,600
Giants Stadium Maintenance	176,399	179,900	183,500	187,100	190,900
Giants Stadium Operations	531,790	542,400	553,200	564,100	575,500
Stadium Events	697,000	710,200	723,700	737,500	751,600
<i>Subtotal</i>	<u>2,253,152</u>	<u>2,291,900</u>	<u>2,320,100</u>	<u>2,351,700</u>	<u>2,459,600</u>
Total Sources	2,253,152	2,291,900	2,320,100	2,351,700	2,459,600
Expenditures					
Personnel Services	280,089	294,600	310,000	336,600	340,700
Contractual Services	253,238	259,500	265,200	271,600	277,500
Commodities	70,679	72,100	73,600	75,400	77,000
Capital Outlays	1,050,000	50,000	90,000	350,000	350,000
<i>Subtotal</i>	<u>1,654,006</u>	<u>676,200</u>	<u>738,800</u>	<u>1,033,600</u>	<u>1,045,200</u>
Debt Service					
Contracts Payable	-	-	-	-	-
<i>Subtotal</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING BUDGET	1,654,006	676,200	738,800	1,033,600	1,045,200
Transfers Out					
Debt Svc MPC Bonds	660,000	660,000	660,000	660,000	735,000
<i>Subtotal</i>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>735,000</u>
Total Uses	2,314,006	1,336,200	1,398,800	1,693,600	1,780,200
Sources Over/(Under) Uses	(60,854)	955,700	921,300	658,100	679,400
Ending Fund Balance					
Stadium Lifecycle	2,242,032	2,391,432	2,501,132	2,354,132	2,210,732
Stadium Facility Fund Balance	3,442,641	4,248,941	5,060,541	5,865,641	6,688,441
Total Ending Fund Balance	5,684,673	6,640,373	7,561,673	8,219,773	8,899,173

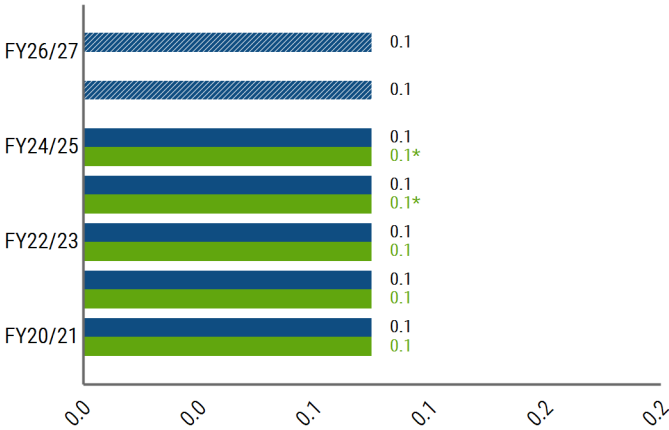
STADIUM FACILITY FUND SOURCES

The Stadium Facility Fund sources for FY 2024/25 are budgeted at \$2.3 million, an increase of \$0.1 million from the FY 2023/24 adopted budget.

CHARROS CAPITAL CONTRIBUTION

Charros Capital Contribution represents the Scottsdale Charros organization's annual contractual contribution used for debt service to help fund the stadium rehabilitation and improvement project. Per the baseball facilities agreement, the Charros shall pay annual capital contributions of \$0.1 million for 20 years.

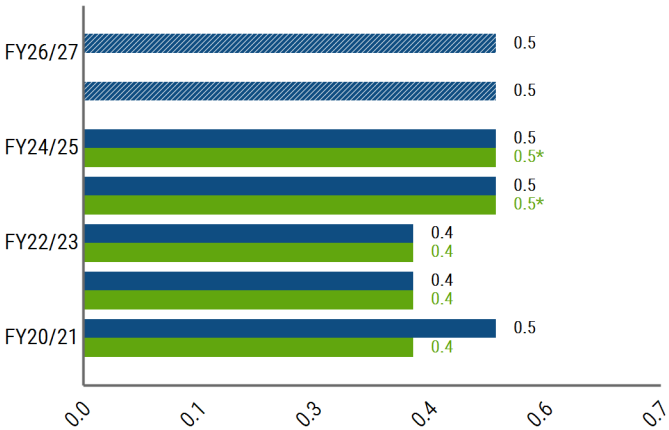
FY 2020/21 to FY 2026/27 (in millions)



GIANTS CAPITAL CONTRIBUTION

Giants Capital Contribution represents the San Francisco Giants organization's annual contractual contribution used for debt service to help fund the stadium rehabilitation and improvement project. Per the baseball facilities agreement, the contribution rate will go up to \$0.5 million starting in FY 2023/24, and to \$0.6 million starting in FY 2028/29 until the end of the contract. An initial payment of \$4.2 million was made in FY 2019/20.

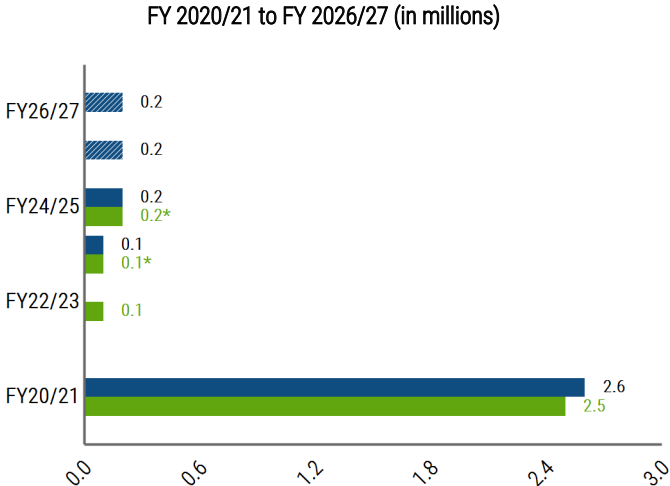
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

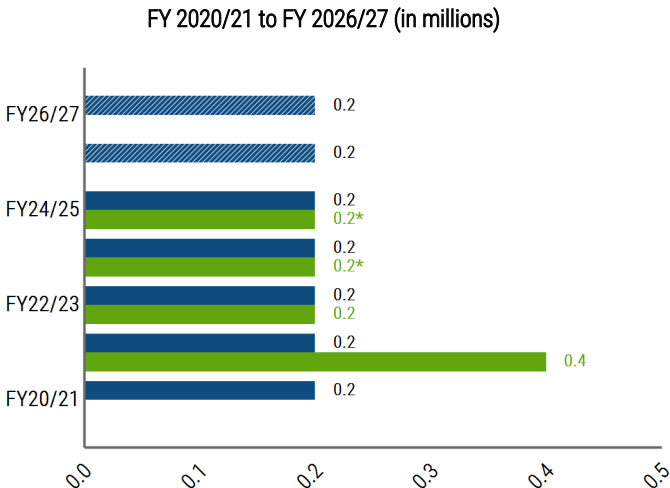
GIANTS STADIUM LIFECYCLE

The Giants Stadium Lifecycle revenue is used for the maintenance and operation of the Stadium, lifecycle improvements and small projects. Per the participation agreement, the San Francisco Giants would pay the city a \$0.1 million annual contribution for 20 years. In lieu of the annual payment, the Giants paid an up-front lifecycle contribution of \$2.5 million in FY 2020/21. The FY 2024/25 budgeted revenue amount of \$0.2 million is the estimated interest revenue the city expects to collect on the balance of the up-front lifecycle contribution.



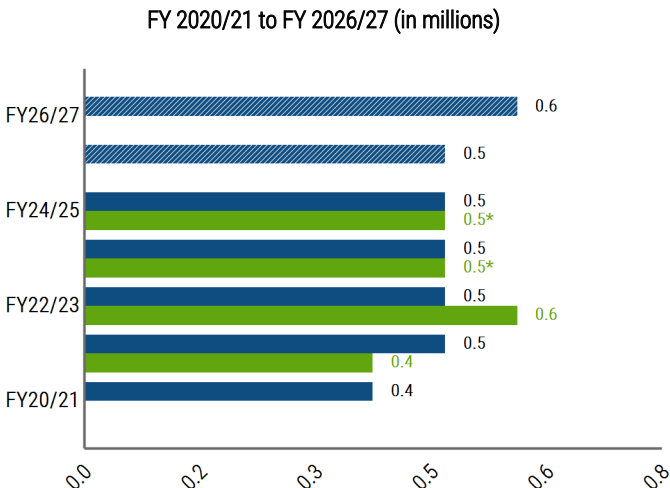
GIANTS STADIUM MAINTENANCE

Giants Stadium Maintenance is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards maintaining the baseball facilities and minor facility improvement requested by the team. The portion paid for by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2024/25 adopted budget of \$0.2 million is flat when compared to the FY 2023/24 adopted budget. The actual revenue in FY 2021/22 also includes the FY 2020/21 payment due to timing of the receipt.



GIANTS STADIUM OPERATIONS

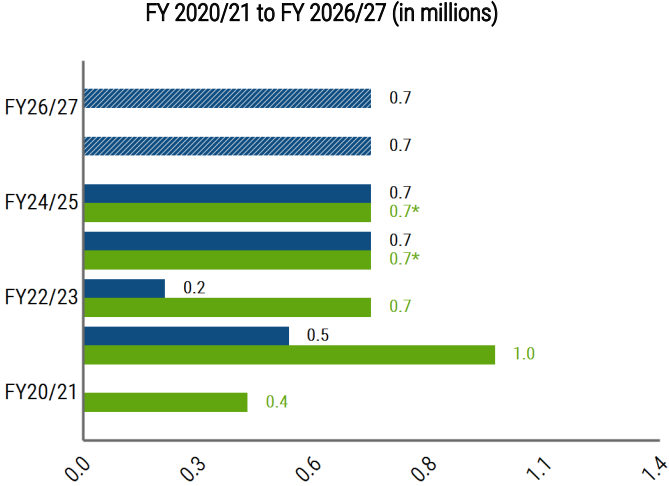
Giants Stadium Operations is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards operating the baseball facilities, including cleaning and utility costs. The portion paid for by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2024/25 adopted budget amount is \$0.5 million.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

STADIUM EVENTS

Stadium Events represents revenue generated from the events held on the stadium campus. Events are held by a variety of different groups and organizations throughout the year and are held outside of the Giants exclusive use period. It includes stadium usage fees and the city's percentage of stadium concession revenues. The FY 2024/25 adopted budget is \$0.7 million.

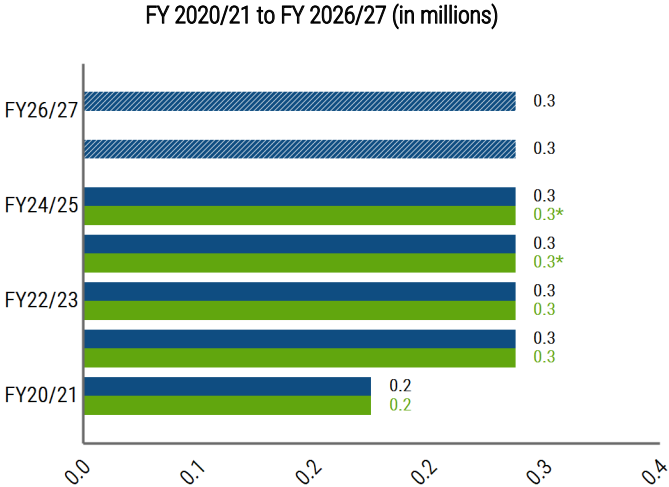


STADIUM FACILITY FUND USES

The Stadium Facility Fund uses include Personnel Services, Contracted Services, Commodities, Capital Outlay, Debt Service, and Transfers Out.

PERSONNEL SERVICES

Personnel Services includes the compensation paid to employees of the City of Scottsdale, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workmen's compensation insurance. The FY 2024/25 adopted budget amount is \$0.3 million, which is relatively flat when compared to the FY 2023/24 adopted budget amount.

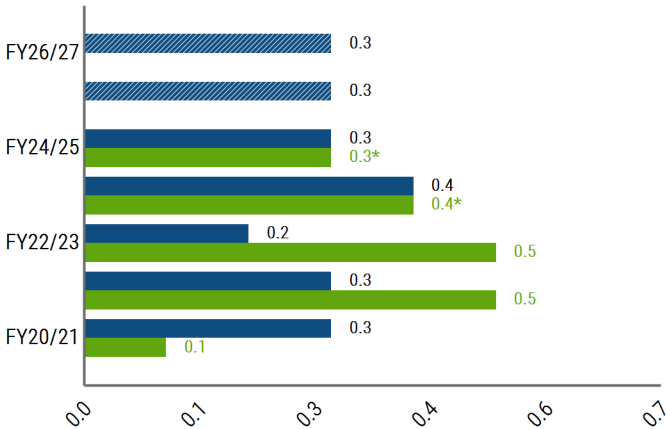


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments. The FY 2024/25 adopted budget of \$0.3 million is \$0.1 million lower than the FY 2023/24 adopted budget of \$0.4 million.

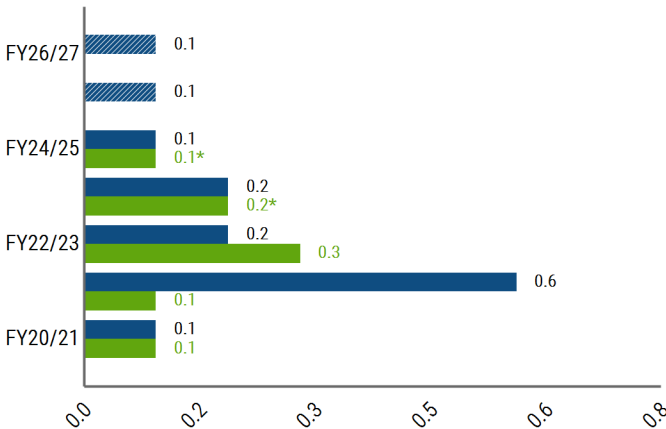
FY 2020/21 to FY 2026/27 (in millions)



COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The adopted budget for FY 2024/25 of \$0.1 million is \$0.1 million lower than the FY 2023/24 adopted budget. The FY 2021/22 adopted budget is \$0.6 million, is significantly higher than other years due to the one-time replacement of stadium seats planned for FY 2021/22, but delayed until FY 2022/23 as a result of supply chain challenges.

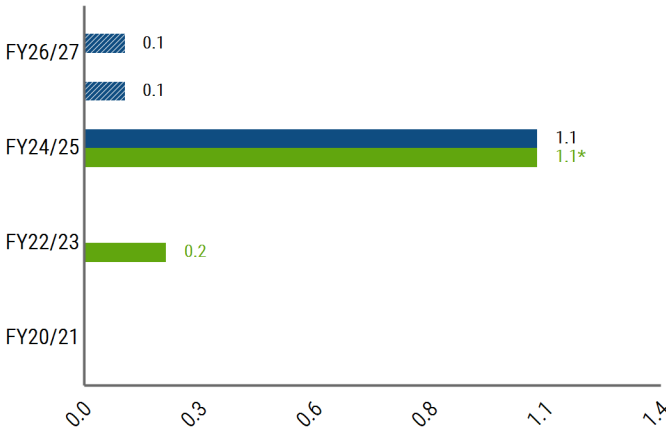
FY 2020/21 to FY 2026/27 (in millions)



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an initial individual cost greater than \$50,000 and an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2024/25 adopted budget of \$1.1 million provides funding for resealing the seating bowl at the Scottsdale Stadium.

FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

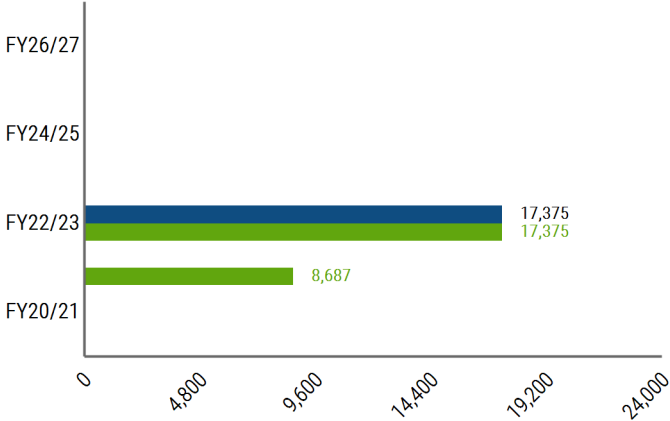
DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations.

CONTRACTS PAYABLE

Contracts Payable represents the payment of the 60-month lease-to-own contract for a John Deere Mowing Equipment with final payment due in FY 2026/27 that is recorded directly in the Debt Service Fund.

FY 2020/21 to FY 2026/27



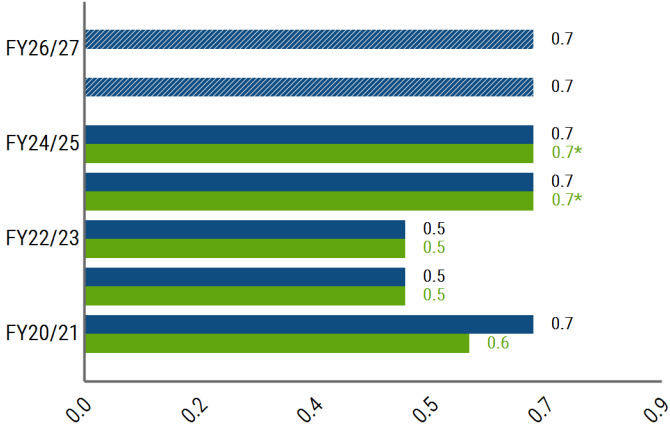
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

DEBT SVC MPC BONDS

Debt Svc MPC Bonds accounts for the Giant's (\$0.4 million) and Charros' (\$0.1 million) annual contributions to the Debt Service Fund to help support the stadium renovation project. The FY 2024/25 adopted budget is \$0.7 million.

FY 2020/21 to FY 2026/27 (in millions)

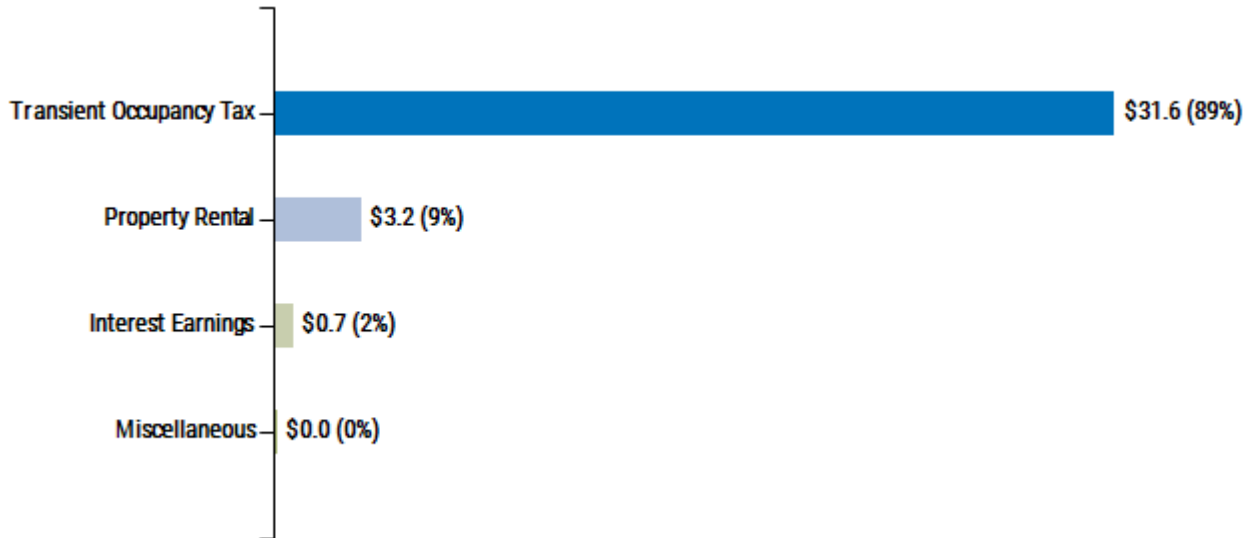


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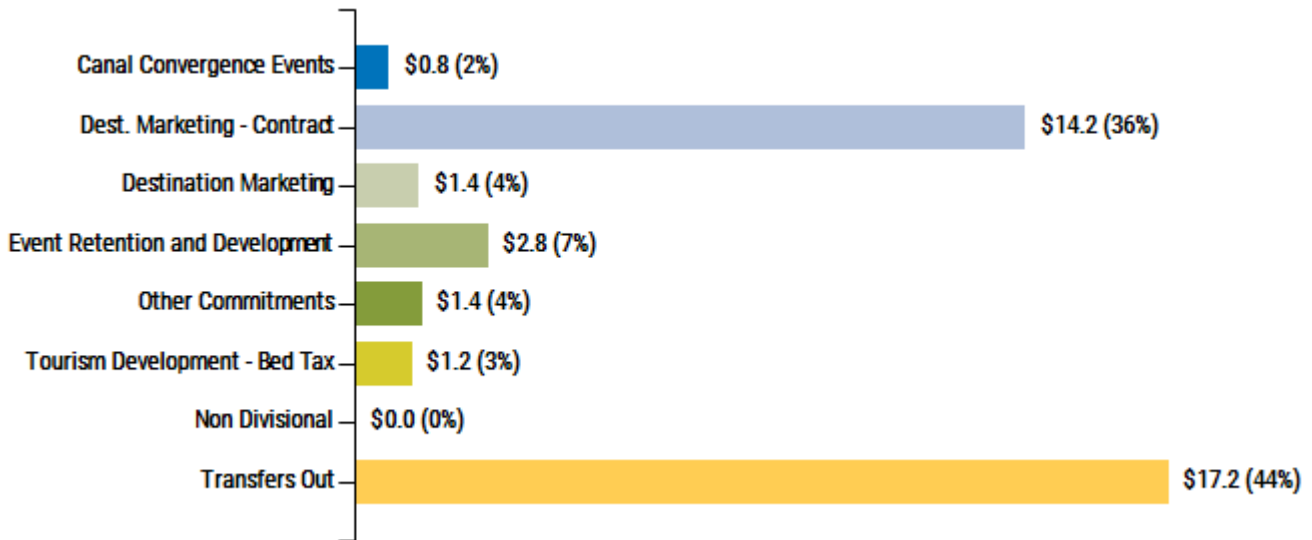
FUND PURPOSE

The Tourism Development Fund is a special revenue fund created to account for Transient Occupancy Tax revenues, Property Rental from Fairmont Scottsdale Princess Hotel lease payments, and other related miscellaneous revenues. All Tourism Development Fund revenues must be used for tourism related activities. Ordinance No.4330, approved by Scottsdale City Council in March 2018, identifies the authorized expenditures to be made from this fund.

Tourism Development Fund Sources (% to Total)
\$35.5 Million



Tourism Development Fund Uses (% to Total)
\$39.1 Million



Rounding differences may occur.

BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Destination Marketing	5,645,782	6,859,883	7,276,338	6,026,858
Operating Contingency	2,500,000	2,500,000	2,500,000	4,000,000
Tourism Development Fund Balance	7,925,170	9,194,526	11,538,505	5,819,310
Total Beginning Fund Balance	16,070,952	18,554,409	21,314,843	15,846,168
Revenues				
Transient Occupancy Tax	36,492,379	31,448,488	34,120,374	31,561,346
Property Rental	3,543,920	3,066,671	3,508,481	3,245,605
Interest Earnings	310,378	504,510	504,510	687,414
Miscellaneous	45,251	25,000	25,000	25,000
<i>Subtotal</i>	40,391,928	35,044,669	38,158,365	35,519,365
Transfers In				
CIP ^(a)	-	-	1,737,042	-
Operating ^(b)	533,038	-	-	-
<i>Subtotal</i>	533,038	-	1,737,042	-
Total Sources	40,924,966	35,044,669	39,895,407	35,519,365
Expenditures				
Destination Marketing - 45% ^(c)	16,096,285	14,151,820	15,354,168	14,202,606
Destination Marketing - 5% ^(c)	87,134	1,372,424	1,572,424	1,372,424
<i>Subtotal</i>	16,183,419	15,524,244	16,926,592	15,575,030
Canal Convergence Events	750,000	750,000	750,000	750,000
Event Retention and Development	2,583,580	2,830,364	2,830,364	2,840,521
Other Commitments	1,652,979	1,673,675	1,673,675	1,439,000
Administration and Research	975,326	1,233,631	1,238,509	1,259,575
<i>Class and Comp Study</i> ^(d)	-	18,205	-	-
<i>Leave Accrual Payments / Parental Leave</i>	-	1,058	1,058	1,082
<i>Vacation Trade</i>	-	5,046	-	-
<i>Subtotal</i>	22,145,305	22,036,223	23,420,198	21,865,208
TOTAL OPERATING BUDGET	22,145,305	22,036,223	23,420,198	21,865,208
Transfers Out				
CIP	-	8,703,120	9,175,840	6,450,000
Debt Svc MPC Bonds	5,114,781	4,984,034	4,984,034	4,974,787
Operating ^(b)	4,041,904	3,889,565	3,689,565	2,031,900
Operating - 12% to General Fund	4,379,085	3,773,819	4,094,445	3,787,362
<i>Subtotal</i>	13,535,770	21,350,538	21,943,884	17,244,049
Total Uses	35,681,075	43,386,761	45,364,082	39,109,257
Sources Over/(Under) Uses	5,243,891	(8,342,092)	(5,468,675)	(3,589,892)
Ending Fund Balance				
Destination Marketing	7,276,338	6,976,808	7,526,858	6,423,034
Operating Contingency	1,300,000	2,500,000	1,993,280	4,000,000
Tourism Development Fund Balance	12,738,505	735,509	6,326,030	1,833,242
Total Ending Fund Balance	21,314,843	10,212,317	15,846,168	12,256,276

^(a) In FY 2022/23, savings from the WestWorld Tent Refurbishment capital project were transferred back to the original funding source.

^(b) An inter-funds transfer was processed in FY 2022/23 to correct the allocation of bed tax collections to ensure it is recorded per Financial Policy No.10.

^(c) See Destination Marketing schedule for more detail.

^(d) Anticipated cost to implement the Classification and Compensation Study recommendations.

BUDGET BY FUND | Tourism Development Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Destination Marketing	6,026,858	6,423,034	6,623,734	6,821,234	7,024,934
Operating Contingency	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Tourism Development Fund Balance	5,819,310	1,833,242	4,822,642	8,301,442	12,059,842
Total Beginning Fund Balance	15,846,168	12,256,276	15,446,376	19,122,676	23,084,776
Revenues					
Transient Occupancy Tax	31,561,346	32,508,200	33,483,400	34,488,000	35,522,600
Property Rental	3,245,605	3,343,000	3,443,300	3,546,600	3,653,000
Interest Earnings	687,414	725,700	717,900	698,100	676,800
Miscellaneous	25,000	25,000	25,000	25,000	25,000
<i>Subtotal</i>	35,519,365	36,601,900	37,669,600	38,757,700	39,877,400
Transfers In					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
Total Sources	35,519,365	36,601,900	37,669,600	38,757,700	39,877,400
Expenditures					
Destination Marketing - 45% ^(a)	14,202,606	14,628,700	15,067,500	15,519,600	15,985,200
Destination Marketing - 5% ^(a)	1,372,424	1,625,400	1,674,200	1,724,400	1,776,100
<i>Subtotal</i>	15,575,030	16,254,100	16,741,700	17,244,000	17,761,300
Canal Convergence Events	750,000	750,000	750,000	750,000	750,000
Event Retention and Development	2,840,521	2,925,700	3,013,500	3,103,900	3,197,000
Other Commitments	1,439,000	1,100,000	1,100,000	1,100,000	1,100,000
Administration and Research	1,259,575	1,299,300	1,338,200	1,378,300	1,419,700
<i>Class and Comp Study</i>	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	1,082	1,100	1,100	1,200	1,200
<i>Vacation Trade</i>	-	-	-	-	-
<i>Subtotal</i>	21,865,208	22,330,200	22,944,500	23,577,400	24,229,200
TOTAL OPERATING BUDGET	21,865,208	22,330,200	22,944,500	23,577,400	24,229,200
Transfers Out					
CIP	6,450,000	150,000	-	-	-
Debt Svc MPC Bonds	4,974,787	4,985,400	4,972,200	4,990,800	4,933,200
Operating	2,031,900	2,045,216	2,058,592	2,088,840	2,097,888
Operating - 12% to General Fund	3,787,362	3,900,984	4,018,008	4,138,560	4,262,712
<i>Subtotal</i>	17,244,049	11,081,600	11,048,800	11,218,200	11,293,800
Total Uses	39,109,257	33,411,800	33,993,300	34,795,600	35,523,000
Sources Over/(Under) Uses	(3,589,892)	3,190,100	3,676,300	3,962,100	4,354,400
Ending Fund Balance					
Destination Marketing	6,423,034	6,623,734	6,821,234	7,024,934	7,232,034
Operating Contingency	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Tourism Development Fund Balance	1,833,242	4,822,642	8,301,442	12,059,842	16,207,142
Total Ending Fund Balance	12,256,276	15,446,376	19,122,676	23,084,776	27,439,176

^(a) See Destination Marketing schedule for more detail.

BUDGET BY FUND | Destination Marketing

CITY OF SCOTTSDALE DESTINATION MARKETING

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance								
Destination Marketing	5,645,782	6,859,883	7,276,338	6,026,858	6,423,034	6,623,734	6,821,234	7,024,934
Operating Contingency ^(a)	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Beginning Fund Balance	5,645,782	6,859,883	7,276,338	7,526,858	7,923,034	8,123,734	8,321,234	8,524,934
Revenues								
Transient Occupancy Tax	18,246,189	15,724,244	17,060,187	15,780,673	16,254,100	16,741,700	17,244,000	17,761,300
Interest Earnings	83,690	116,925	116,925	190,533	200,700	197,500	203,700	207,100
Miscellaneous	17,134	-	-	-	-	-	-	-
<i>Subtotal</i>	18,347,013	15,841,169	17,177,112	15,971,206	16,454,800	16,939,200	17,447,700	17,968,400
Total Sources	18,347,013	15,841,169	17,177,112	15,971,206	16,454,800	16,939,200	17,447,700	17,968,400
Expenditures								
Dest. Marketing - 45%	16,096,285	14,151,820	15,354,168	14,202,606	14,628,700	15,067,500	15,519,600	15,985,200
Dest. Marketing - 5%								
Destination Marketing ^(b)	87,134	1,372,424	1,572,424	1,087,424	1,340,400	1,389,200	1,439,400	1,491,100
Choose Scottsdale Marketing	-	-	-	50,000	50,000	50,000	50,000	50,000
Scottsdale Stadium Marketing	-	-	-	50,000	50,000	50,000	50,000	50,000
Tourism-match Event Adver Fund	-	-	-	110,000	110,000	110,000	110,000	110,000
Westworld Marketing	-	-	-	75,000	75,000	75,000	75,000	75,000
Dest. Marketing - 5%	87,134	1,372,424	1,572,424	1,372,424	1,625,400	1,674,200	1,724,400	1,776,100
TOTAL OPERATING BUDGET	16,183,419	15,524,244	16,926,592	15,575,030	16,254,100	16,741,700	17,244,000	17,761,300
Transfers Out								
Operating ^(c)	533,038	200,000	-	-	-	-	-	-
<i>Subtotal</i>	533,038	200,000	-	-	-	-	-	-
Total Uses	16,716,457	15,724,244	16,926,592	15,575,030	16,254,100	16,741,700	17,244,000	17,761,300
Sources Over/(Under) Uses	1,630,556	116,925	250,520	396,176	200,700	197,500	203,700	207,100
Ending Fund Balance								
Destination Marketing	7,276,338	6,976,808	7,526,858	6,423,034	6,623,734	6,821,234	7,024,934	7,232,034
Operating Contingency ^(a)	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Ending Fund Balance	7,276,338	6,976,808	7,526,858	7,923,034	8,123,734	8,321,234	8,524,934	8,732,034

^(a) A \$1.5 million Operating Contingency was established in FY 2024/25 to provide budget authorization in the event of unforeseen expenses occurring during the year.

^(b) Unallocated in-house destination marketing expense appropriation. The use of this funding will be discussed with the Tourism Development Commission.

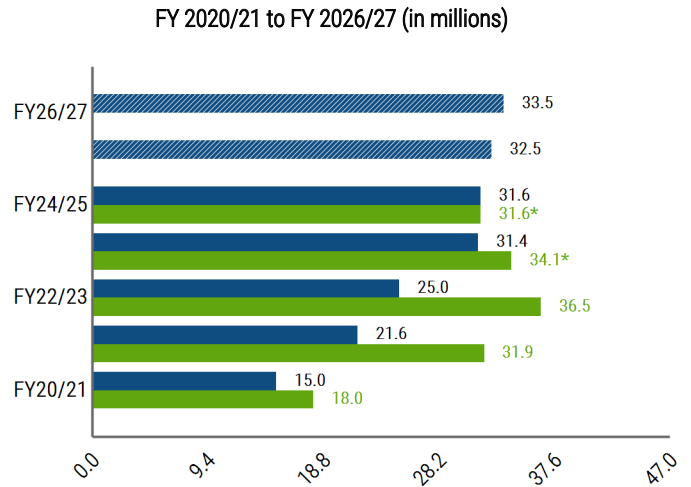
^(c) An inter-funds transfer was processed in FY 2022/23 to correct the allocation of bed tax collections to ensure it is recorded appropriately per Financial Policy No.10. The adopted budget in FY 2023/24 to the General Fund for destination marketing purposes did not happen. Instead, the expenses were recoded directly in this fund for transparency purposes.

TOURISM DEVELOPMENT FUND SOURCES

There are two main sources for the Tourism Development Fund: Transient Occupancy Tax and Property Rental, which is lease revenue from the Fairmont Scottsdale Princess Hotel. Additionally, there may be Interest Earnings, Miscellaneous revenue related to tourism events, and Transfers In resulting from completed capital projects funded by Tourism Development Fund. More specific information on these sources is detailed below.

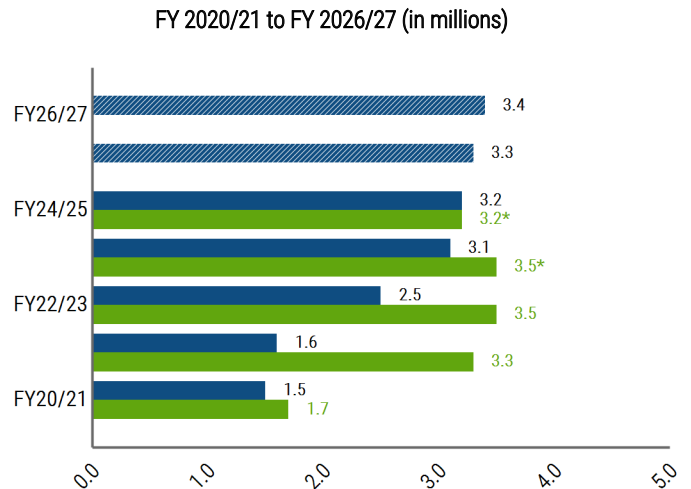
TRANSIENT OCCUPANCY TAX

Transient Occupancy Tax reflects a voter approved tax of five percent on hotel and motel room rentals, and on short-term rentals in addition to the sales tax. The FY 2024/25 budget of \$31.6 million is \$0.2 million higher than the FY 2023/24 adopted budget. Future years' budgets assume a return to pre-pandemic trends while accounting for the impact of inflation in room rates.



PROPERTY RENTAL

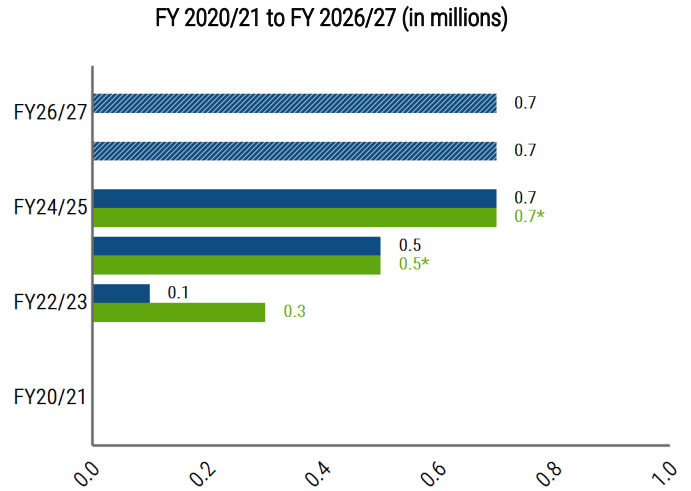
The Fairmont Scottsdale Princess Hotel has a ground lease agreement with the City of Scottsdale. Per said agreement, the Fairmont Scottsdale Princess Hotel paid a rate of 1.5 percent through December 2020 of the adjusted gross revenue above \$100.0 million in addition to a set amount of \$1.5 million annually. Beginning January 2021, the rate changed to 2.0 percent through the end of the lease. The FY 2024/25 Property Rental budget of \$3.2 million is \$0.1 million higher than the FY 2023/24 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

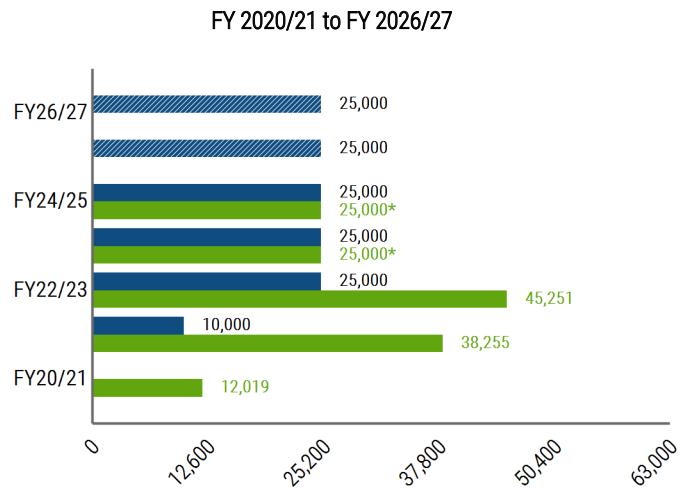
INTEREST EARNINGS

Interest Earnings are generated on idle Tourism Development Fund cash balances throughout the year. This revenue is a function of the relationship between the city’s available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in Tourism Development Fund revenues. Interest Earnings revenue is budgeted at \$0.7 million in FY 2024/25.



MISCELLANEOUS

Miscellaneous includes additional sources that may be collected and are not attributable to one of the specific sources previously noted. Beginning in FY 2021/22, a series of micro-events are offered for Scottsdazzle. The FY 2024/25 Miscellaneous budget is set at \$25,000.



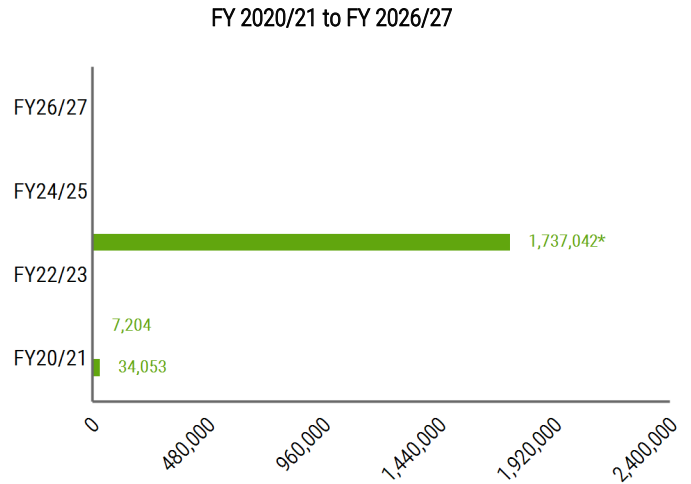
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CIP

Transfers In from the Capital Improvement Plan (CIP) include remaining funds from completed capital projects that were transferred back to the Tourism Development Fund operating budget. The FY 2023/24 CIP Transfers In correspond to the savings in the WestWorld Tent Refurbishment capital project that were transferred to the original funding source.

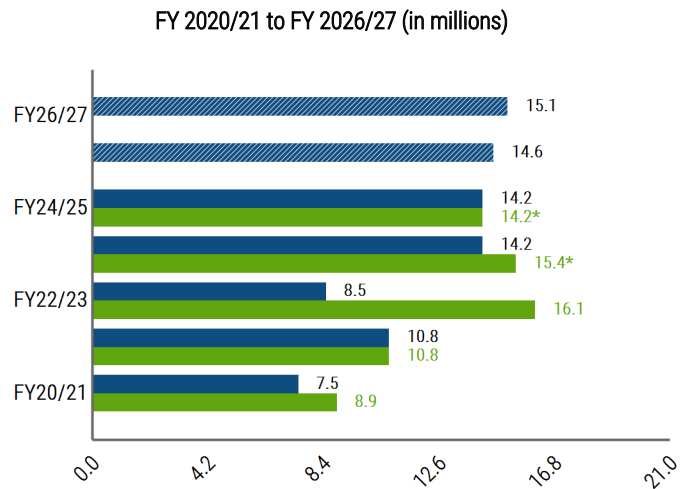


TOURISM DEVELOPMENT FUND USES

Tourism Development Fund uses are presented by use of funds according to Financial Policy No. 10, that establishes the allocation of Transient Occupancy Tax collections to different tourism-related purposes.

DEST. MARKETING - 45%

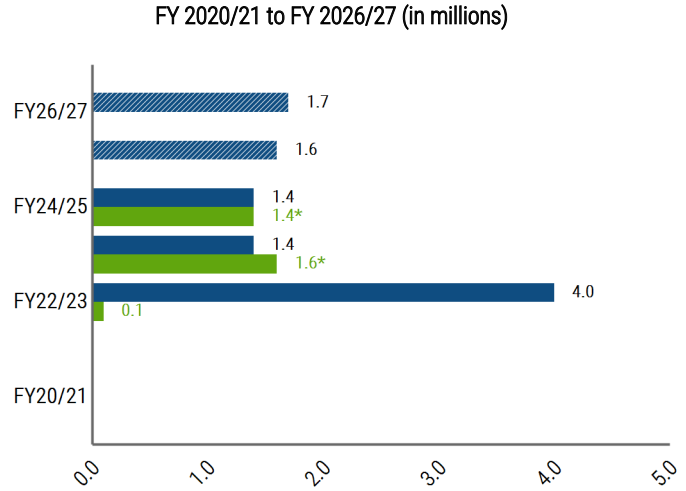
Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Prior to FY 2022/23, the totality of this allocation was utilized through a contract with Experience Scottsdale. Beginning in FY 2022/23, per the new Experience Scottsdale Destination Marketing Services Agreement approved by City Council on June 21, 2022, the payment to Experience Scottsdale will be equal to 45 percent of Bed Tax collections. The FY 2024/25 adopted budget of \$14.2 million is flat compared to the FY 2023/24 adopted budget. See Destination Marketing schedule for further detail.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

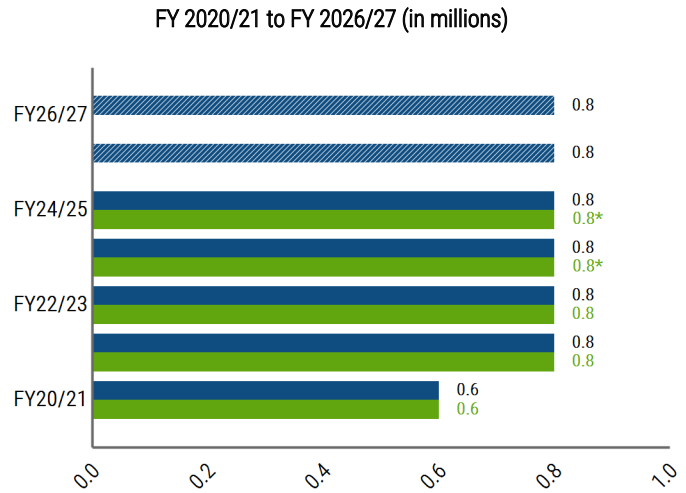
DESTINATION MARKETING - 5%

Destination Marketing - 5% is the portion of bed tax allocated for destination marketing per Financial Policy No. 10 that is used for in-house destination marketing efforts. The FY 2024/25 budget is kept flat from the FY 2023/24 adopted budget at \$1.4 million. See Destination Marketing schedule for further detail.



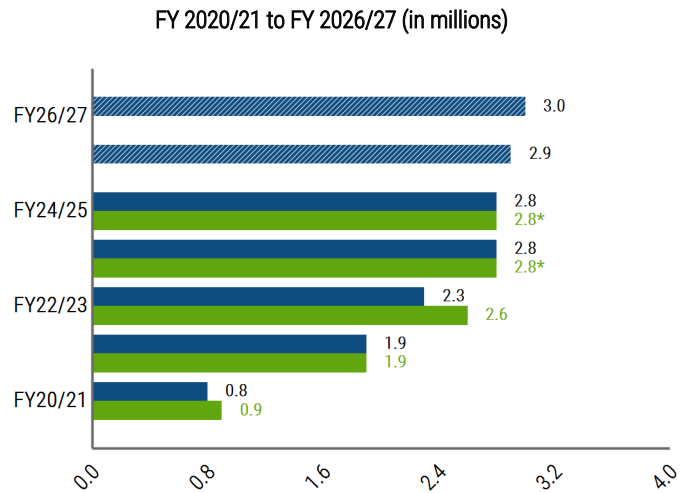
CANAL CONVERGENCE EVENTS

Canal Convergence Events includes funding for a ten-day, large-scale public art event in and around the Arizona Canal at the Scottsdale Waterfront. The FY 2024/25 adopted budget is \$0.8 million, which remains flat from the FY 2023/24 adopted budget.



EVENT RETENTION AND DEVELOPMENT

Per Financial Policy No. 10, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated towards four programs: new event development, community events, matching marketing and event venue fee. The FY 2024/25 adopted budget of \$2.8 million is flat compared to the FY 2023/24 adopted budget.

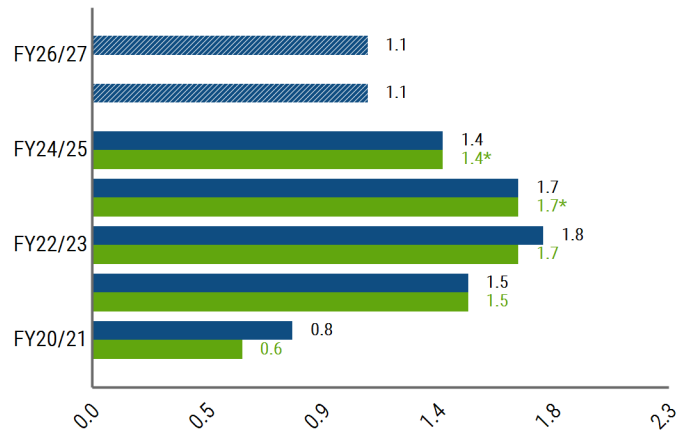


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OTHER COMMITMENTS

Financial Policy No. 10 allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Hotel, or the balance of the Tourism Development Fund revenues to be allocated for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects in the form of one-time or multi-year annual commitments, not to exceed \$0.6 million per project unless otherwise approved by City Council. The FY 2024/25 adopted budget of \$1.4 million includes: 1) \$0.1 million for seasonal and special events; 2) \$0.7 million of matching payments for the Museum of the West; 3) \$0.3 million of funding for Tourism Strategic Plan support; and 4) \$0.3 million to purchase new Americans with Disabilities Act (ADA) compliant moveable bleachers for use by signature events at WestWorld.

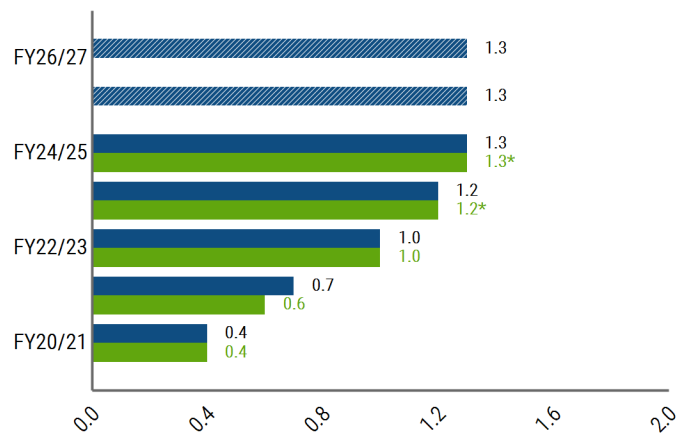
FY 2020/21 to FY 2026/27 (in millions)



ADMINISTRATION AND RESEARCH

Financial Policy No. 10 allows for four percent of the Transient Occupancy Tax revenues to be allocated for tourism-related administration and research expenses. The FY 2024/25 adopted budget of \$1.3 million is \$0.1 million higher than the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)



NON-DIVISIONAL USES

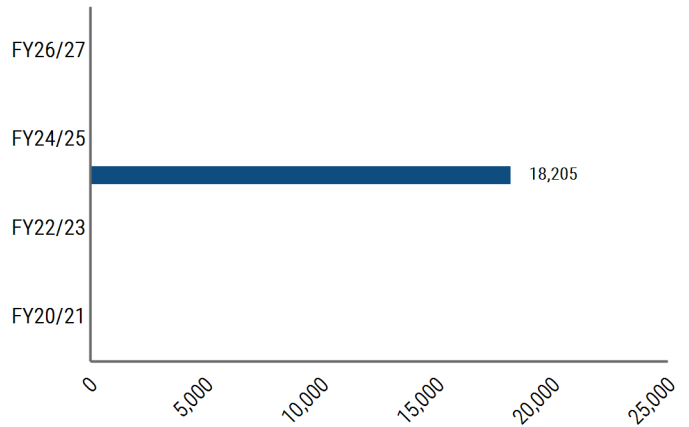
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Most non-divisional uses are initially placed into the divisions instead of at a macro level then moving the budget to a macro level holding account at the beginning of the fiscal year and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

FORECAST BUDGET ACTUAL/FORECAST*

CLASS AND COMP STUDY

The Class and Comp Study reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that took place in late 2023.

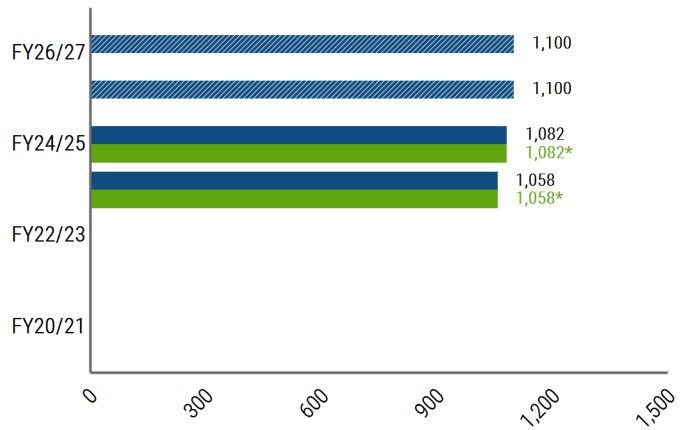
FY 2020/21 to FY 2026/27



LEAVE ACCRUAL PAYMENTS/PARENTAL LEAVE

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city, or a four-week paid parental leave. The total FY 2024/25 Parental Leave budget is \$1,082. There was no Leave Accrual Payments/Parental Leave expenses before FY 2023/24.

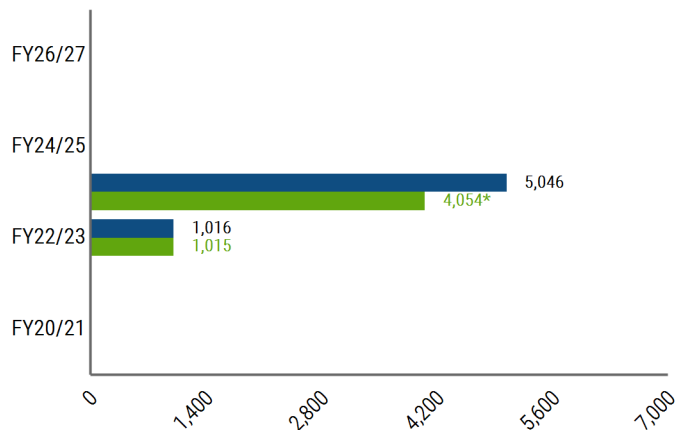
FY 2020/21 to FY 2026/27



VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. There is no anticipated Vacation Trade expense in FY 2024/25.

FY 2020/21 to FY 2026/27



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

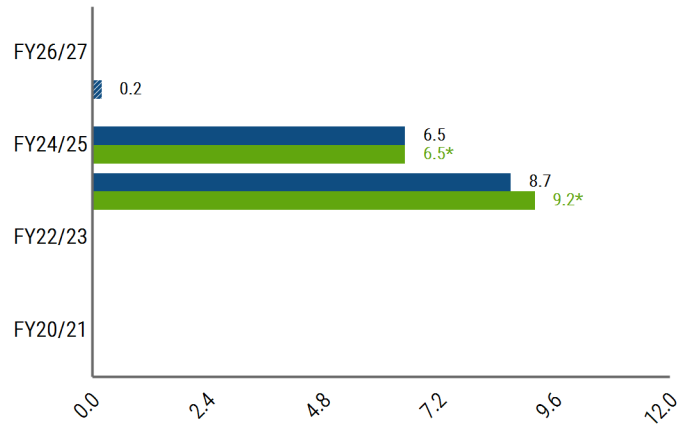
TRANSFERS OUT

Transfers Out is the authorized movements of cash or other resources to other funds and/or capital projects. The total amount of Transfers Out for FY 2024/25 is \$17.2 million. More specific information is detailed below.

CIP

The FY 2024/25 \$6.5 million budget includes transfers to the CIP to fund the following capital projects: 1) Pinnacle Peak Trail Enhancements (\$0.2 million); 2) 45 - Renovate WestWorld Horse Barns to Increase Rentable Space (\$1.3 million); 3) McCormick-Stillman Roundhouse (\$0.4 million); 4) Scottsdale Sports Complex (\$1.6 million); 5) WestWorld South Hall Improvements (\$2.8 million); and 6) WestWorld Trailhead Parking & Access Improvements (\$0.2 million).

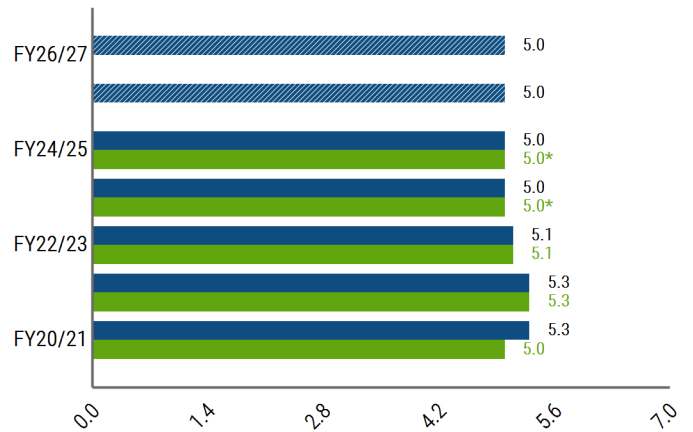
FY 2020/21 to FY 2026/27 (in millions)



DEBT SVC MPC BONDS

Debt Svc MPC Bonds is a transfer out to the Debt Service Fund for the debt issued as Municipal Property Corporation (MPC) bonds related to the acquisition of 80 acres of land for WestWorld, the construction of the Tony Nelssen Equestrian Center at WestWorld, the construction of the Scottsdale Museum of the West, and the renovation of the Scottsdale Stadium. The FY 2024/25 adopted budget is \$5.0 million.

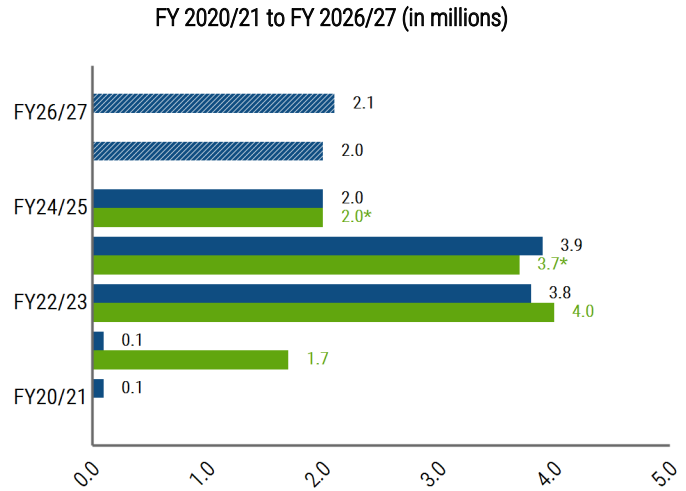
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

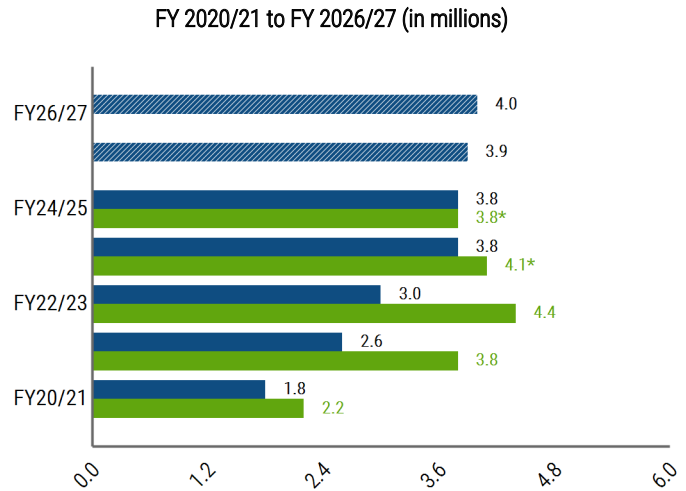
OPERATING

Operating Transfers Out for FY 2024/25 adopted budget is \$2.0 million for the following: 1) \$0.8 million for operational support to tourism venues such as WestWorld, Scottsdale Stadium and the Civic Center; 2) \$1.0 million to begin the payback to the General Fund for the \$5.0 million contribution for the Scottsdale Stadium Renovations Phase 2; and 3) \$0.2 million to fund two Code Inspector positions for the Short Term Rental program.



OPERATING - 12% TO GENERAL FUND

Financial Policy No. 10 allocates 12 percent of the transient lodging/bed tax revenues to a transfer to the General Fund. The FY 2024/25 adopted budget of \$3.8 million is flat compared to the FY 2023/24 adopted budget.



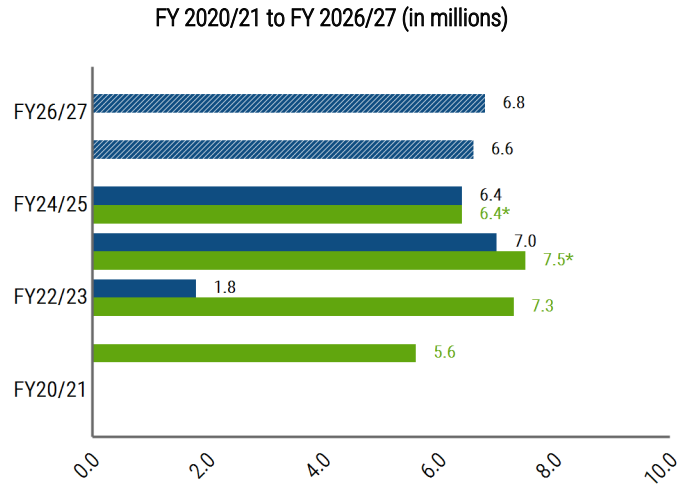
TOURISM DEVELOPMENT FUND ENDING BALANCE

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. The specific make-up of the Tourism Development Fund ending balance is noted below.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

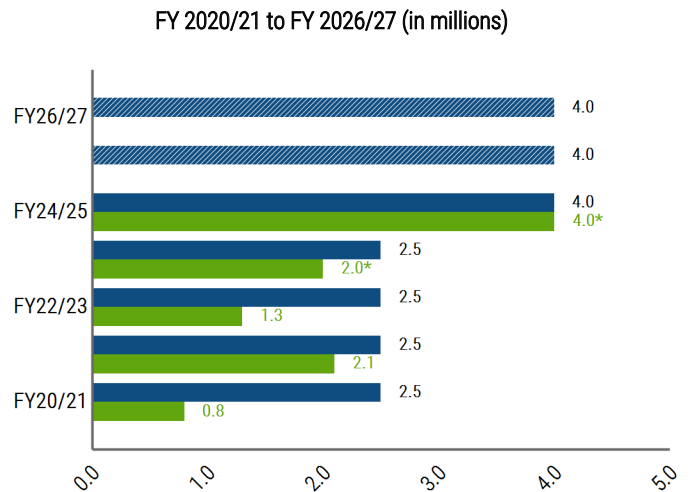
DESTINATION MARKETING

Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Destination Marketing holds the portion of the ending fund balance resulting from unspent destination marketing allocations, excluding a destination marketing Operating Contingency of \$1.5 million. The FY 2024/25 Tourism Development Fund Destination Marketing fund balance is \$6.4 million.



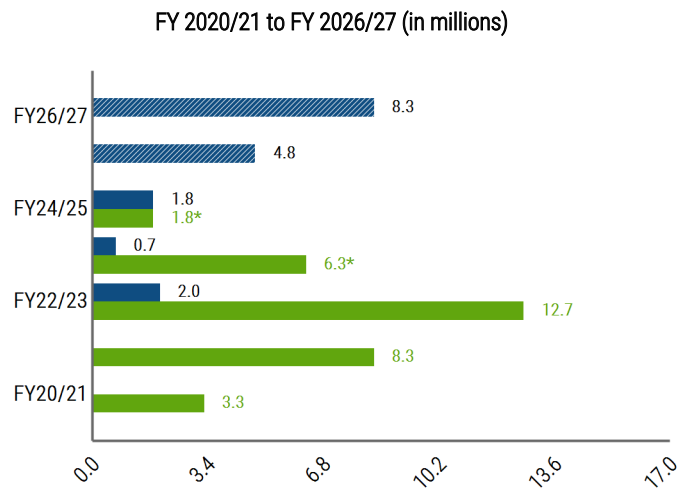
OPERATING CONTINGENCY

Operating Contingency budgeted in FY 2024/25 at \$4.0 million includes \$2.5 million of budget authorization for non-destination marketing, and \$1.5 million for destination marketing related unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.



TOURISM DEVELOPMENT FUND BALANCE

Tourism Development Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2024/25 Tourism Development Fund balance is \$1.8 million.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

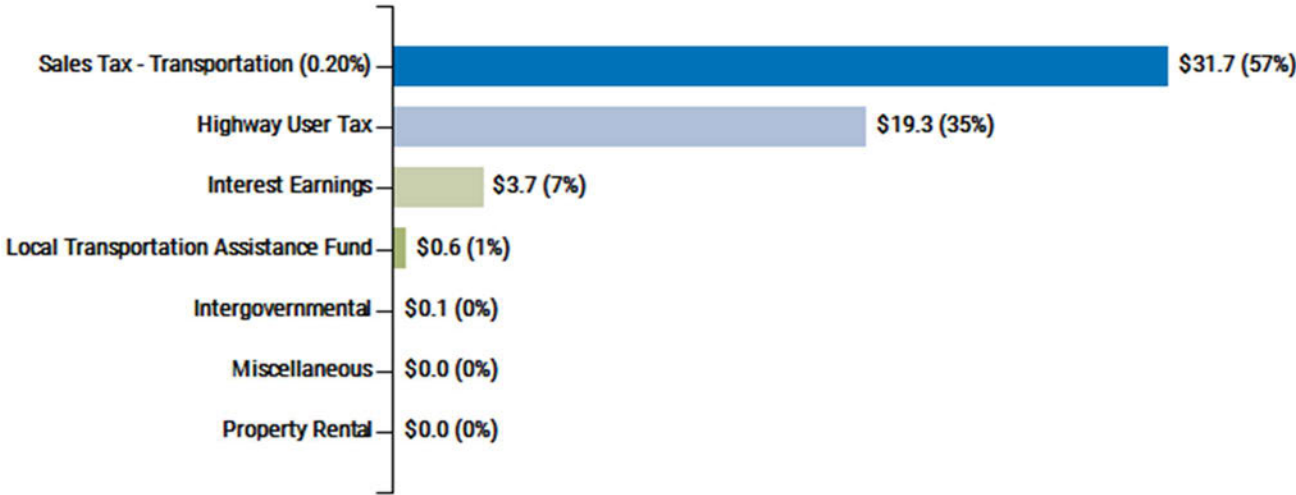


FY 2024/25 Proposed Budget

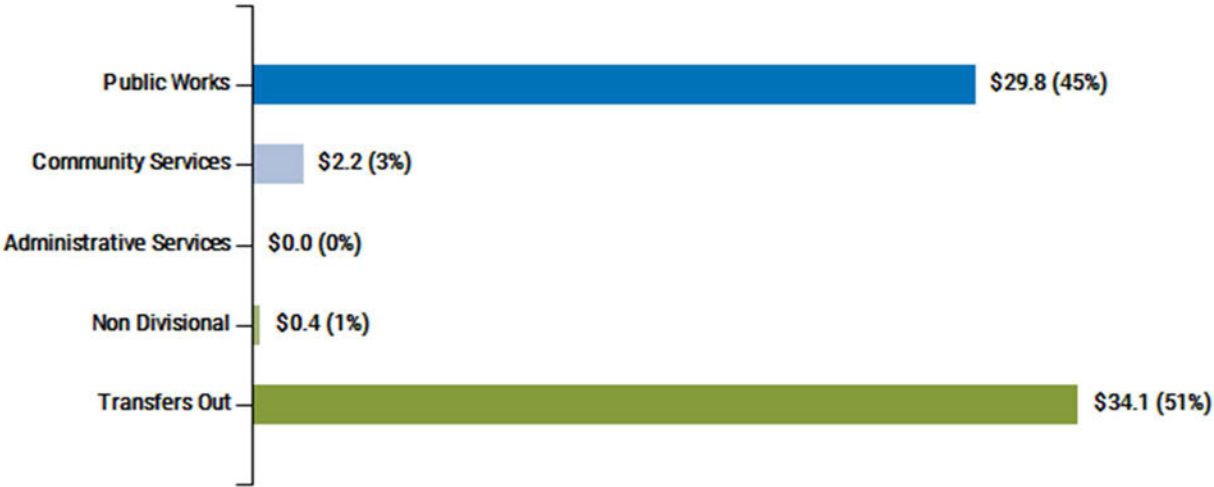
FUND PURPOSE

The State of Arizona requires the city to establish and maintain an accounting for Highway User Tax revenue. The Transportation Fund receives and expends the city's allocation of the Arizona Highway User Tax which is allocated based on the official U.S. Census Bureau population estimate, as directed by Statute. These monies must be used for street construction, reconstruction, or maintenance. The fund also accounts for other transportation related revenues as well as for the 1989 voter approved Sales Tax - Transportation of 0.20 percent, which is dedicated funding for transportation improvements and operations. Note: Beginning October 2019, the 2018 voter approved Sales Tax – Transportation of 0.10 percent of the city's sales tax dedicated solely to the Arterial Life Cycle Program transportation capital project is being recorded directly in the Capital Improvement Plan versus a Transfer Out to CIP from the Transportation Fund.

**Transportation Fund Sources (% to Total)
\$55.5 Million**



**Transportation Fund Uses (% to Total)
\$66.5 Million**



BUDGET BY FUND | Transportation Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Operating Contingency	500,000	500,000	500,000	1,000,000
Operating Reserve	2,239,936	2,890,691	2,902,913	3,230,530
Transportation Fund Balance	34,496,851	37,722,292	44,111,277	33,291,622
Total Beginning Fund Balance	37,236,787	41,112,983	47,514,190	37,522,152
Revenues				
Sales Tax - Transportation (0.20%)	34,604,608	30,932,799	33,319,181	31,719,900
Highway User Tax	18,110,950	18,848,335	18,643,354	19,344,049
Interest Earnings ^(a)	1,454,877	1,522,193	2,786,681	3,747,159
Local Transportation Assistance Fund	610,192	610,000	610,000	610,000
Intergovernmental	248,234	87,800	87,800	89,556
Miscellaneous	193,673	21,200	21,200	31,200
Property Rental	10,266	5,844	5,844	5,844
Subtotal	55,232,800	52,028,171	55,474,060	55,547,708
Total Sources	55,232,800	52,028,171	55,474,060	55,547,708
Expenditures				
Public Works	22,472,588	29,894,026	27,264,695	30,358,469
City Treasurer ^(b)	70,284	-	-	-
Community Services	2,157,726	2,255,183	2,255,976	2,166,854
Administrative Services	18,800	18,800	18,800	18,800
Class and Comp Study ^(c)	-	248,635	-	-
Fuel and Maint and Repair ^(d)	-	-	1,174,054	-
Leave Accrual Payments / Parental Leave	-	209,626	138,696	214,364
Operating Impacts	-	-	-	-
Post Employment Medical	-	-	22,360	-
Savings from Vacant Positions	-	(360,000)	-	(368,136)
Utilities ^(d)	-	-	753,483	-
Vacation Trade	-	39,025	-	29,515
Subtotal	24,719,398	32,305,295	31,628,064	32,419,866
TOTAL OPERATING BUDGET	24,719,398	32,305,295	31,628,064	32,419,866
Transfers Out				
CIP	20,152,304	33,566,400	33,566,400	33,965,051
CIP Technology	83,696	271,634	271,634	99,259
Subtotal	20,236,000	33,838,034	33,838,034	34,064,310
Total Uses	44,955,398	66,143,329	65,466,098	66,484,176
Sources Over/(Under) Uses	10,277,402	(14,115,158)	(9,992,038)	(10,936,468)
Ending Fund Balance				
Operating Contingency	250,000	500,000	500,000	752,843
Operating Reserve	2,902,913	3,230,530	3,230,530	3,241,987
Transportation Fund Balance	44,361,277	23,267,295	33,791,622	22,590,854
Total Ending Fund Balance	47,514,190	26,997,825	37,522,152	26,585,684

^(a) Increase in Interest Earnings is due to rising interest rates.

^(b) Starting in FY 2023/24, the City Treasurer Division no longer expenses staff salary to the Transportation Fund.

^(c) Anticipated cost to implement the Classification and Compensation Study recommendations.

^(d) Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	3,230,530	3,241,987	3,372,210	3,507,770	3,675,300
Transportation Fund Balance	33,291,622	22,343,697	20,104,174	8,809,714	1,908,684
Total Beginning Fund Balance	37,522,152	26,585,684	24,476,384	13,317,484	6,583,984
Revenues					
Sales Tax - Transportation (0.20%)	31,719,900	30,691,200	31,250,800	31,839,300	32,914,100
Highway User Tax	19,344,049	20,059,800	20,260,400	20,463,000	20,667,600
Interest Earnings	3,747,159	3,589,800	3,293,400	3,128,700	2,972,300
Local Transportation Assistance Fund	610,000	610,000	610,000	610,000	610,000
Intergovernmental	89,556	91,300	93,200	95,000	96,900
Miscellaneous	31,200	31,200	26,200	1,200	1,200
Property Rental	5,844	5,800	-	-	-
<i>Subtotal</i>	<u>55,547,708</u>	<u>55,079,100</u>	<u>55,534,000</u>	<u>56,137,200</u>	<u>57,262,100</u>
Total Sources	55,547,708	55,079,100	55,534,000	56,137,200	57,262,100
Expenditures					
Public Works	30,358,469	31,470,600	32,559,400	34,136,700	34,889,000
City Treasurer	-	-	-	-	-
Community Services	2,166,854	2,231,700	2,066,500	2,123,500	2,170,600
Administrative Services	18,800	19,700	20,700	21,800	22,900
Class and Comp Study	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments / Parental Leave	214,364	219,400	224,100	229,000	234,200
Operating Impacts	-	127,800	562,400	606,000	606,000
Post Employment Medical	-	-	-	-	-
Savings from Vacant Positions	(368,136)	(376,600)	(384,900)	(393,400)	(402,400)
Utilities	-	-	-	-	-
Vacation Trade	29,515	29,500	29,500	29,500	29,500
<i>Subtotal</i>	<u>32,419,866</u>	<u>33,722,100</u>	<u>35,077,700</u>	<u>36,753,100</u>	<u>37,549,800</u>
TOTAL OPERATING BUDGET	32,419,866	33,722,100	35,077,700	36,753,100	37,549,800
Transfers Out					
CIP	33,965,051	23,409,500	31,527,900	26,009,700	21,215,300
CIP Technology	99,259	56,800	87,300	107,900	232,000
<i>Subtotal</i>	<u>34,064,310</u>	<u>23,466,300</u>	<u>31,615,200</u>	<u>26,117,600</u>	<u>21,447,300</u>
Total Uses	66,484,176	57,188,400	66,692,900	62,870,700	58,997,100
Sources Over/(Under) Uses	(10,936,468)	(2,109,300)	(11,158,900)	(6,733,500)	(1,735,000)
Ending Fund Balance					
Operating Contingency	752,843	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	3,241,987	3,372,210	3,507,770	3,675,300	3,754,970
Transportation Fund Balance	22,590,854	20,104,174	8,809,714	1,908,684	94,014
Total Ending Fund Balance	26,585,684	24,476,384	13,317,484	6,583,984	4,848,984

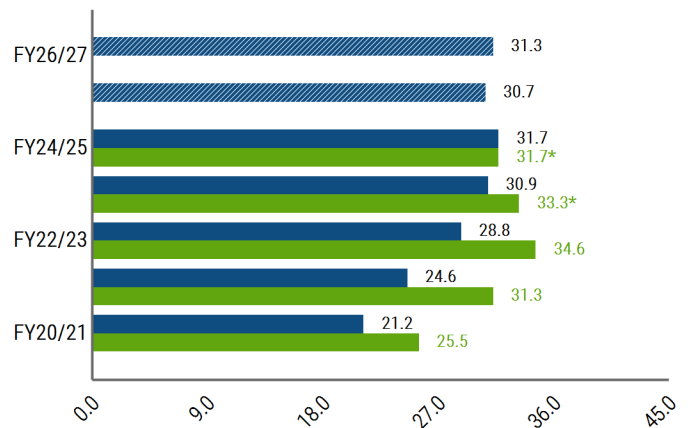
TRANSPORTATION FUND SOURCES

Transportation Fund sources for FY 2024/25 equal \$55.5 million which is an increase of \$3.5 million from the FY 2023/24 adopted budget primarily related to strong consumer demand and spending reflected mostly in Sales Tax - Transportation (0.20%) revenue as well as increased interest rates. The same methodology for developing the Sales Tax budgeted in the General Fund is also used for the Transportation Fund.

SALES TAX - TRANSPORTATION (0.20%)

Sales Tax - Transportation (0.20%) represents the 0.20 percent of the city's sales tax dedicated solely to transportation. Please note that while the rate is the same for the Transportation and 1995 Preservation Sales Tax, there is a difference between the revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues. The adopted FY 2024/25 budget of \$31.7 million represents an increase of \$0.8 million, or 2.5 percent, over the FY 2023/24 adopted budget due to strong consumer demand and spending.

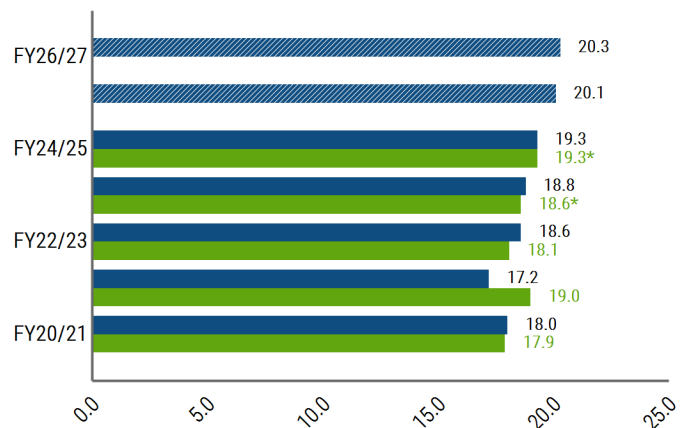
FY 2020/21 to FY 2026/27 (in millions)



HIGHWAY USER TAX

Highway User Tax, also known as the gas tax or the Highway User Revenue Fund (HURF), is distributed by the State of Arizona. The state constitution requires that all highway user revenue be used solely for street, highway, or transit purposes. Cities and towns receive 27.5 percent of the highway user revenue fund, of which one half of the monies are distributed based on population of all incorporated cities and towns in the state. The remaining half is distributed based on 'county of origin' of gasoline sales and the relation of the city or town's population to the total incorporated population of Maricopa County. The adopted FY 2024/25 budget of \$19.3 million represents a \$0.5 million increase from the FY 2023/24 adopted budget.

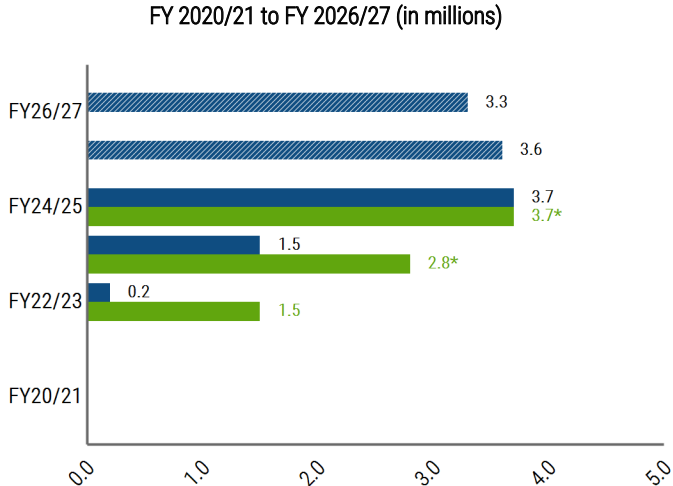
FY 2020/21 to FY 2026/27 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

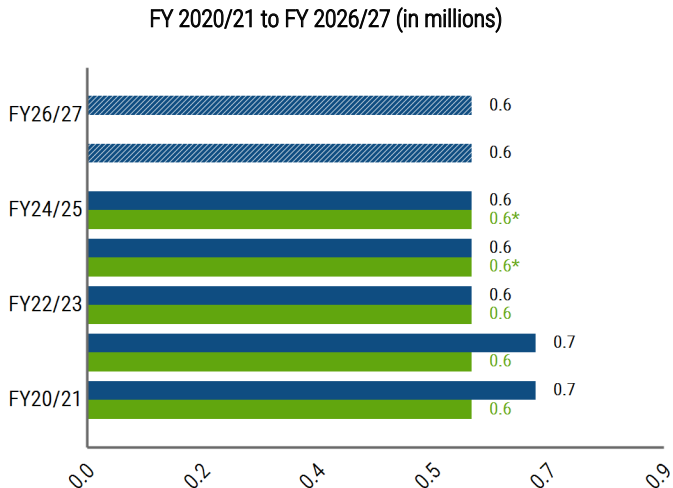
INTEREST EARNINGS

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city's available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest Earnings revenue is budgeted at \$3.7 million in FY 2024/25 an increase of \$2.2 million due to increased interest rates.



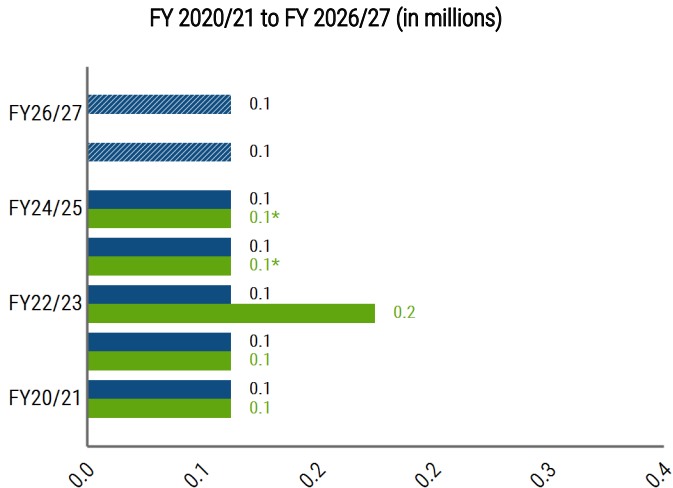
LOCAL TRANSPORTATION ASSISTANCE FUND

Local Transportation Assistance Fund supports the development and operation of a comprehensive multi-modal public transportation program in Arizona. The funding for this program comes from lottery proceeds and it is distributed to cities and towns through an annual application process. The amounts available to cities and towns are capped based on population. The FY 2024/25 budget for this revenue is \$0.6 million, which represents the entire allocation available to the city.



INTERGOVERNMENTAL

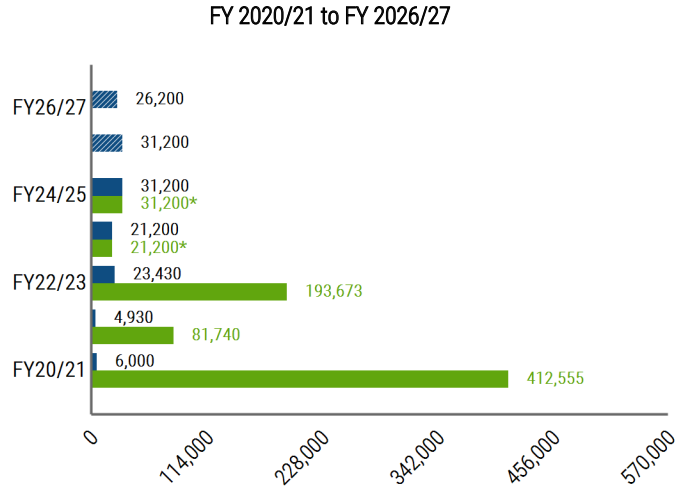
Intergovernmental represents the city's allocation of the half-cent sales tax for transportation improvements approved in Proposition 400 by Maricopa County voters in November 2004. This revenue, through the Transportation Fund, funds the American's with Disabilities Act (ADA) Cab Connection Rides program, which addresses the transportation needs of people with disabilities within the city. The FY 2024/25 budget is \$0.1 million, which is flat when compared to the FY 2023/24 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

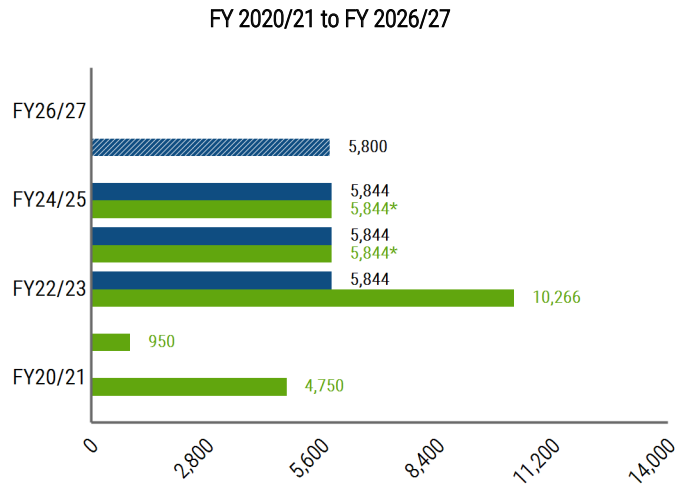
MISCELLANEOUS

Miscellaneous includes various revenues the city receives in the Transportation Fund during any given year that are not attributable to one of the specific revenue categories previously noted. The FY 2024/25 budget of \$31,200 represents a slight increase from the FY 2023/24 adopted budget.



PROPERTY RENTAL

Property Rental represents revenue received from a transportation services business use of office space at the South Corporation Yard. The adopted FY 2024/25 budget for Property Rental is \$5,844.



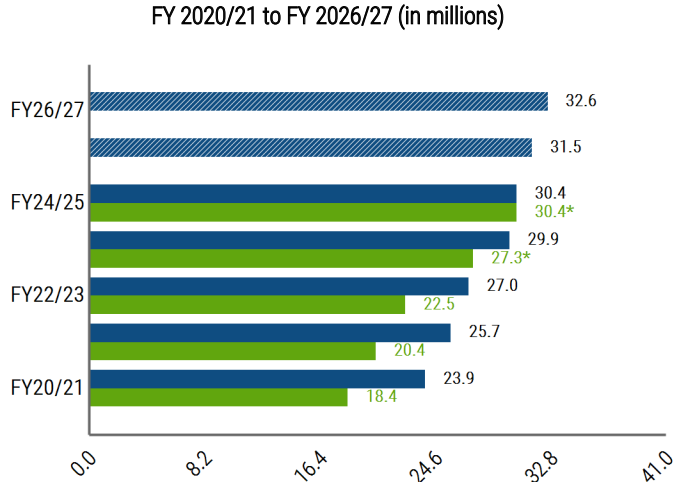
TRANSPORTATION FUND USES

The Transportation Fund uses for FY 2024/25 is \$66.5 million and represents expenses by division, additional non-divisional

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

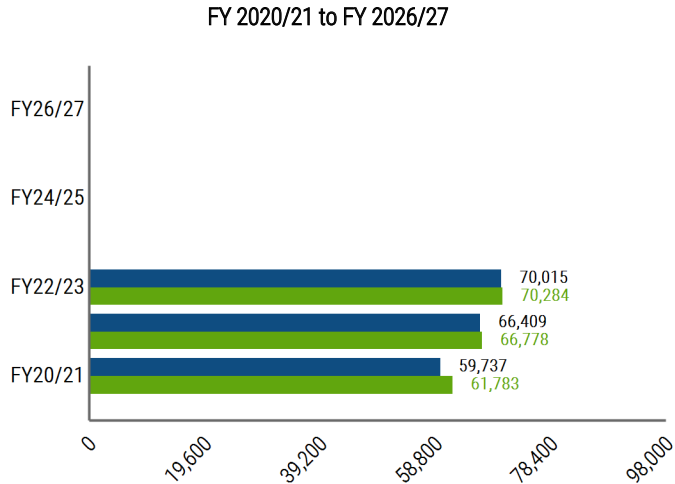
PUBLIC WORKS

The expenditures for Public Works include alley maintenance, streets cleaning, lighting maintenance, and traffic signal maintenance. The adopted FY 2024/25 Public Works budget of \$30.4 million is an increase of \$0.5 million from the FY 2023/24 adopted budget of \$29.9 million. The increase is mainly due to the higher anticipated costs across all commodities due to global conditions, supply chain challenges, and the FY 2024/25 pay for performance, market adjustment, and implementation of a classification and compensation study applied for eligible employees.



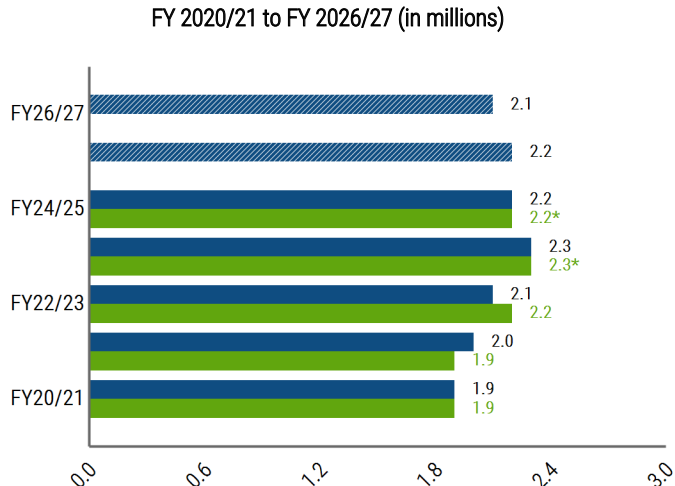
CITY TREASURER

This budget was used to partially fund a Sr. Budget Analyst position within the City Treasurer Division. The position is primarily dedicated to supporting the complex operating and capital financial needs within the Transportation Fund. The FY 2024/25 adopted budget is \$0 as this position has become fully funded by the General Fund.



COMMUNITY SERVICES

Community Services represents the contracted landscaping of medians and right-of-ways. The FY 2024/25 adopted budget of \$2.2 million represents a decrease of \$0.1 million when compared to the FY 2023/24 adopted budget. The decrease is caused by the removal of one-time funding for irrigation replacement, new granite, and revegetation along Scottsdale Road that was approved for FY 2023/24 but is not necessary in FY 2024/25.

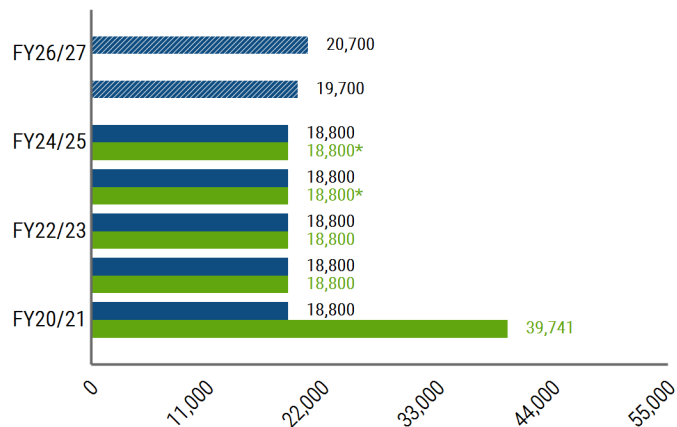


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

ADMINISTRATIVE SERVICES

Administrative Services includes software supported by the Transportation Fund which is administered by the Information Technology (IT) Department. The FY 2024/25 adopted budget is \$18,800.

FY 2020/21 to FY 2026/27



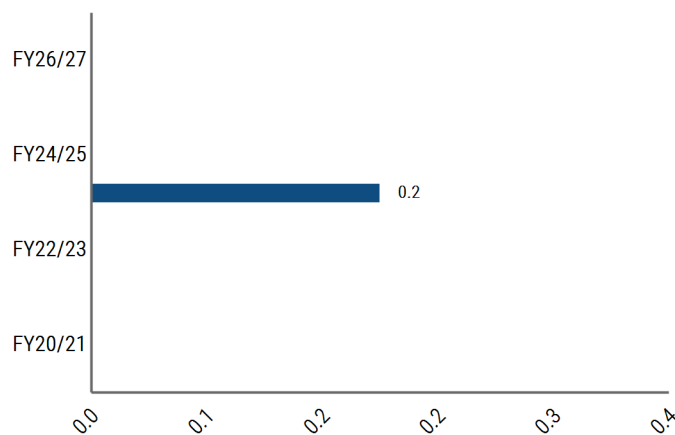
NON-DIVISIONAL USES

Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level; then moving the budget to a macro level holding account at the beginning of the fiscal year, and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

CLASS AND COMP STUDY

The Class and Comp Study represents the costs for implementing the recommendations from the Public Service Personnel Consultants Classification and Compensation study that was completed at the end of FY 2023/24. The implementation of the Class and Comp Study is budgeted at the division level for FY 2024/25.

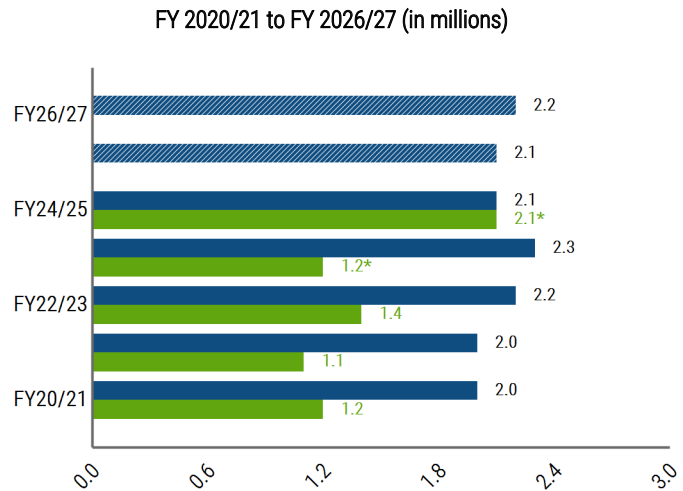
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

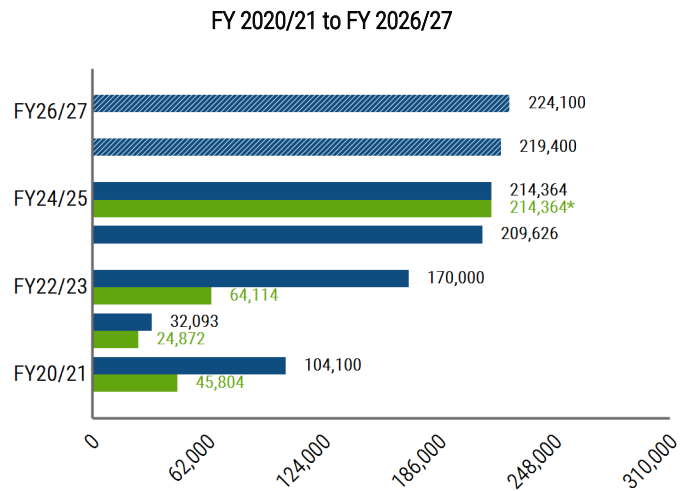
FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The FY 2024/25 Fuel and Maint and Repair adopted budgeted is \$2.1 million.



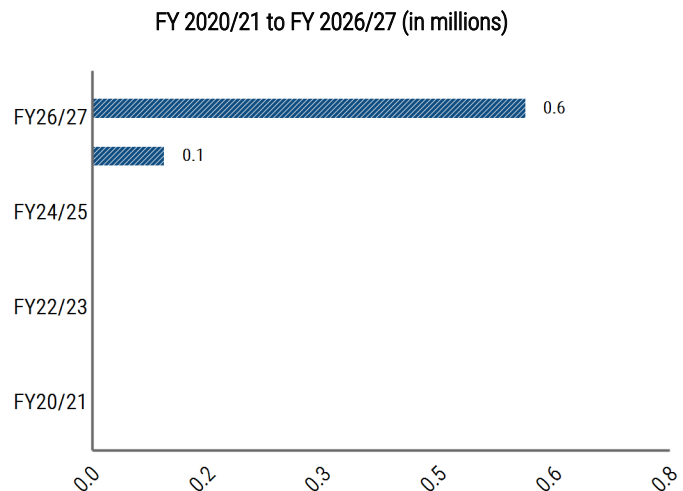
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2024/25 Leave Accrual Payments / Parental Leave budget is \$214,364, which includes \$86,921 budgeted for medical leave accrual payouts, \$107,373 budgeted for vacation accrual payouts, and \$20,070 budgeted for parental leave.



OPERATING IMPACTS

Operating Impacts is additional future costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2024/25 and years prior, operating impacts have been included at the division level. FY 2025/26 through FY 2026/27 are forecasted at \$0.1 million and \$0.6 million, respectively, based on the adopted CIP Five Year Plan.

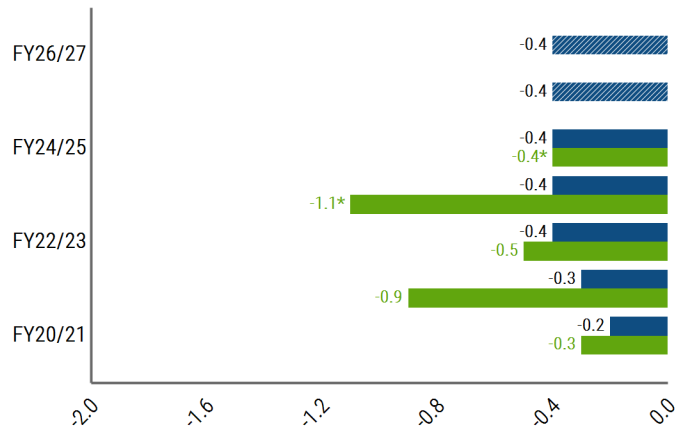


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2024/25 is estimated at (\$0.4) million.

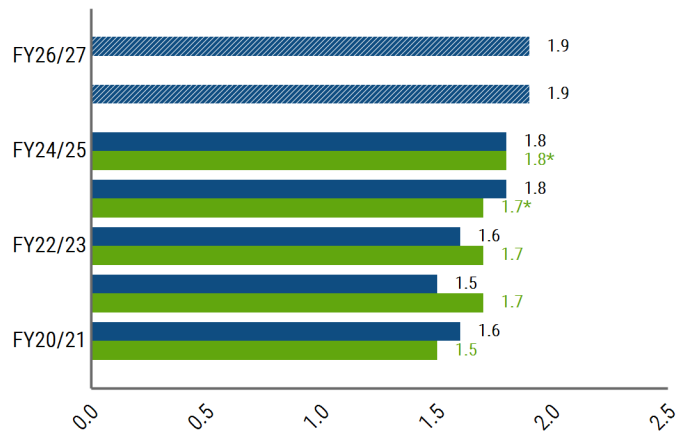
FY 2020/21 to FY 2026/27 (in millions)



UTILITIES

Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services.

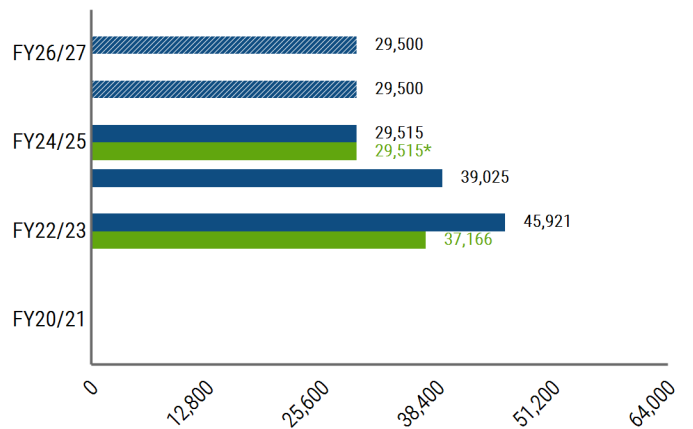
FY 2020/21 to FY 2026/27 (in millions)



VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is \$29,515.

FY 2020/21 to FY 2026/27



FORECAST BUDGET ACTUAL/FORECAST*

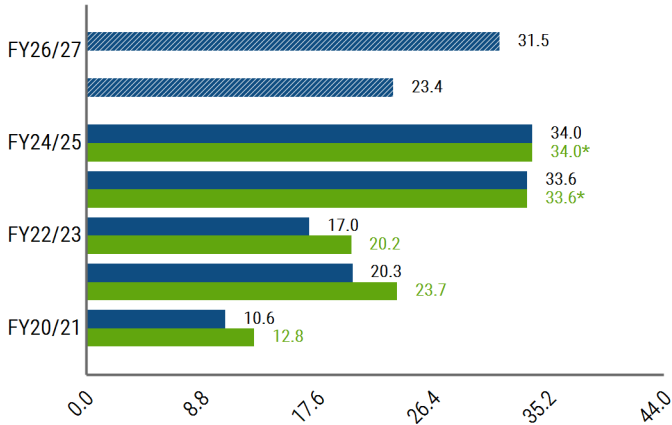
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

CIP

The FY 2024/25 budget includes a \$33.9 million transfer of the Sales Tax - Transportation (0.20%) revenue, which is comprised of 50 percent of the revenue collected per Budget Governing Guidance No. 5, to the Capital Improvement Plan (CIP); as well as a Highway User Revenue Fund (HURF) transfer designated for the Pavement Overlay Program project.

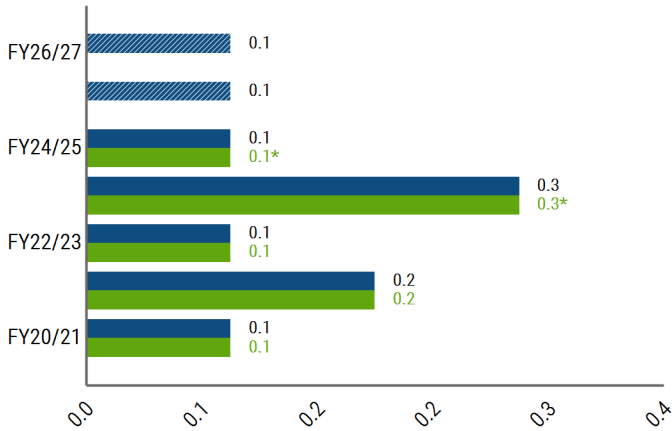
FY 2020/21 to FY 2026/27 (in millions)



CIP TECHNOLOGY

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2024/25 adopted budget is \$0.1 million.

FY 2020/21 to FY 2026/27 (in millions)



TRANSPORTATION FUND ENDING BALANCE

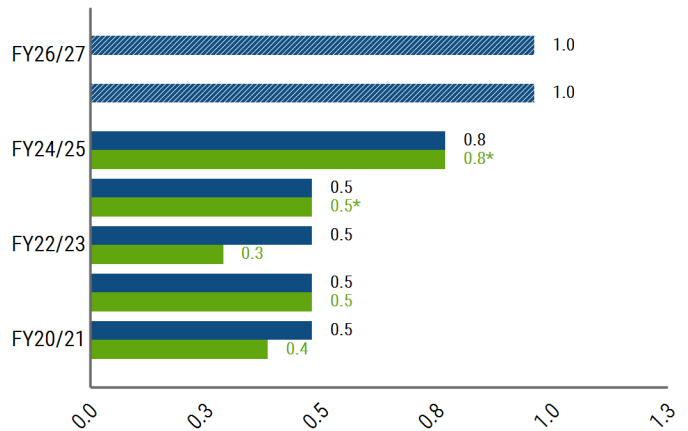
Fund balances, contingencies, and reserves protect the city’s financial condition and provide for unexpected economic challenges. The specific make-up of the city’s Transportation Fund Ending Balance is noted in the following:

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING CONTINGENCY

Operating Contingency includes \$0.8 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

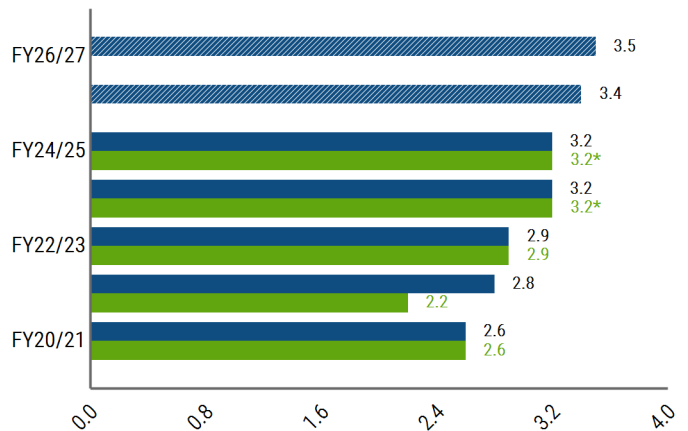
FY 2020/21 to FY 2026/27 (in millions)



OPERATING RESERVE

Per Financial Policy No. 2.03, the city's transportation operating reserve shall be 10 percent of the annual Transportation Fund operating budget, and shall be used for unforeseen emergencies or catastrophic impacts to the city related to transportation. The FY 2024/25 Transportation Fund operating reserve is \$3.2 million.

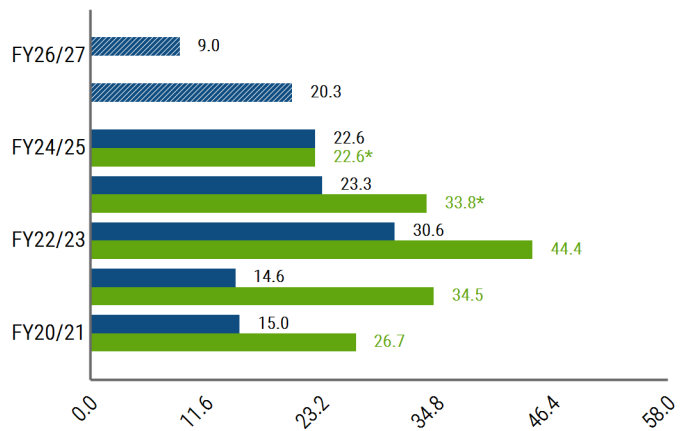
FY 2020/21 to FY 2026/27 (in millions)



TRANSPORTATION FUND BALANCE

The Transportation Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2024/25 ending transportation fund balance is \$22.6 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

FY 2020/21 to FY 2026/27 (in millions)

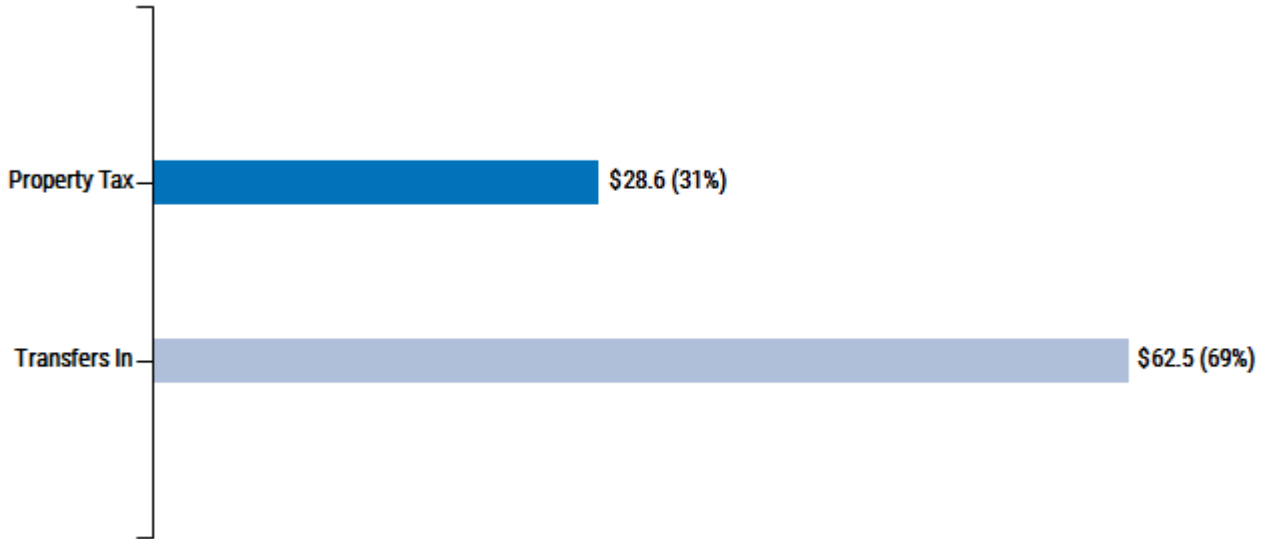


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUND PURPOSE

The Debt Service Fund accounts for the accumulation of resources and the payment of long-term debt principal and interest that are not serviced by the General, Enterprise, or Special Revenue Funds. Contracts payable and certificates of participation for contractual debt such as sales tax development agreements, are serviced by the General Fund and will vary based on the actual sales tax collections at each development site. The applicable sources, uses, and ending fund balance of the Debt Service Fund are described in further detail in the following sections.

**Debt Service Fund Sources (% to Total)
\$91.1 Million**



**Debt Service Fund Uses (% to Total)
\$93.6 Million**



Rounding differences may occur.

BUDGET BY FUND | Debt Service Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,081
GO Debt Service Reserve - Non Preserve	8,713,394	3,613,394	7,291,445	5,591,445
Total Beginning Fund Balance	13,768,474	8,668,474	12,346,525	10,646,526
Revenues				
Property Tax	30,062,303	35,656,731	35,656,731	28,615,822
Bond Premium ^(a)	740,758	-	-	-
Bond Proceeds	114,735	-	-	-
Interest Income Non-pooled	3,324	-	-	-
Subtotal	30,921,120	35,656,731	35,656,731	28,615,822
Transfers In				
Debt Svc GO Bonds	33,439,006	35,354,537	35,354,537	38,817,300
Debt Svc MPC Bonds	18,623,269	18,747,987	18,747,987	23,699,783
Subtotal	52,062,275	54,102,524	54,102,524	62,517,083
Total Sources	82,983,395	89,759,255	89,759,255	91,132,905
Debt Service				
GO Debt Service - Non Preserve	32,339,745	37,356,731	37,356,731	31,101,005
GO Debt Service - Preserve	33,439,006	35,354,537	35,354,537	38,849,117
MPC Excise Debt	18,626,593	18,747,986	18,747,986	23,697,222
Subtotal	84,405,344	91,459,254	91,459,254	93,647,344
TOTAL OPERATING BUDGET	84,405,344	91,459,254	91,459,254	93,647,344
Total Uses	84,405,344	91,459,254	91,459,254	93,647,344
Sources Over/(Under) Uses	(1,421,949)	(1,699,999)	(1,699,999)	(2,514,439)
Ending Fund Balance				
Debt Stabilization Reserve	5,055,080	5,055,081	5,055,081	5,025,825
GO Debt Service Reserve - Non Preserve	7,291,445	1,913,394	5,591,445	3,106,262
Total Ending Fund Balance	12,346,525	6,968,475	10,646,526	8,132,087

^(a) The Bond Premium recorded in FY 2022/23 represents the portion of the Cost of Issuance for General Obligation Bonds, Series 2023 and Taxable Series 2023 that was paid directly from the excess premium accumulated during the issuance of the bond. This figure is inclusive of the underwriter's discount.

BUDGET BY FUND | Debt Service Fund Five-Year Financial Forecast

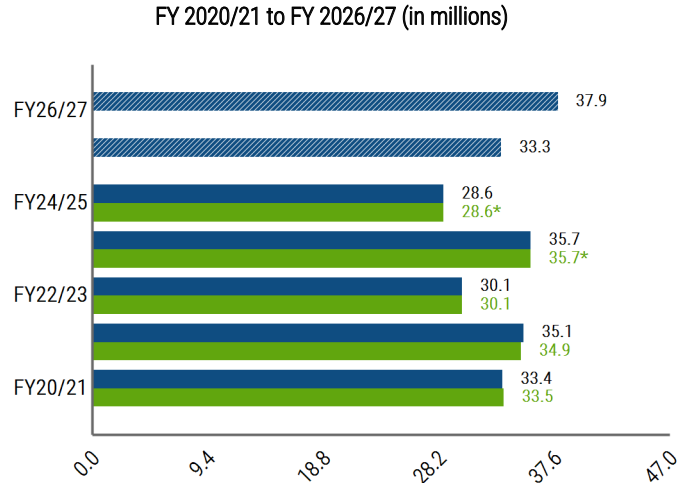
	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Debt Stabilization Reserve	5,055,081	5,025,825	5,028,325	5,030,825	5,030,925
GO Debt Service Reserve - Non Preserve	5,591,445	3,106,262	3,289,062	3,577,662	3,335,762
Total Beginning Fund Balance	10,646,526	8,132,087	8,317,387	8,608,487	8,366,687
Revenues					
Property Tax	28,615,822	33,349,300	37,855,500	37,336,700	28,846,400
Bond Premium	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Interest Income Non-pooled	-	-	-	-	-
Subtotal	28,615,822	33,349,300	37,855,500	37,336,700	28,846,400
Transfers In					
Debt Svc GO Bonds	38,817,300	24,670,700	18,798,800	18,659,800	97,064,400
Debt Svc MPC Bonds	23,699,783	16,449,800	16,676,200	19,548,300	20,466,000
Subtotal	62,517,083	41,120,500	35,475,000	38,208,100	117,530,400
Total Sources	91,132,905	74,469,800	73,330,500	75,544,800	146,376,800
Debt Service					
GO Debt Service - Non Preserve	31,101,005	33,166,500	37,566,900	37,578,600	27,752,900
GO Debt Service - Preserve	38,849,117	24,670,700	18,798,800	18,659,800	97,064,400
MPC Excise Debt	23,697,222	16,447,300	16,673,700	19,548,200	20,465,800
Subtotal	93,647,344	74,284,500	73,039,400	75,786,600	145,283,100
TOTAL OPERATING BUDGET	93,647,344	74,284,500	73,039,400	75,786,600	145,283,100
Total Uses	93,647,344	74,284,500	73,039,400	75,786,600	145,283,100
Sources Over/(Under) Uses	(2,514,439)	185,300	291,100	(241,800)	1,093,700
Ending Fund Balance					
Debt Stabilization Reserve	5,025,825	5,028,325	5,030,825	5,030,925	5,031,125
GO Debt Service Reserve - Non Preserve	3,106,262	3,289,062	3,577,662	3,335,762	4,429,262
Total Ending Fund Balance	8,132,087	8,317,387	8,608,487	8,366,687	9,460,387

DEBT SERVICE FUND SOURCES

Debt Service Fund sources for FY 2024/25 equal \$91.1 million. Sources include Property Tax, Interest Income Non-pooled, and Transfers In.

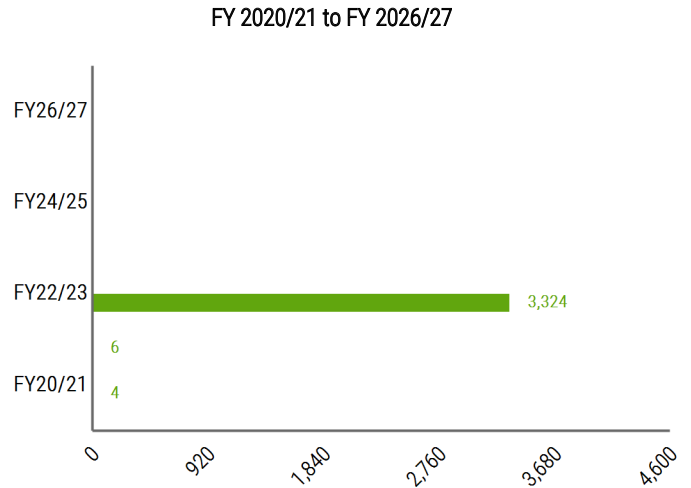
PROPERTY TAX

Property Tax represents the secondary portion of the property tax that is limited by state statute and levied to repay debt service on voter-approved General Obligation (GO) bonds. The city issues General Obligation bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems, and public safety and municipal facilities. The FY 2024/25 levy amount (revenue) is \$28.6 million, which is a \$7.1 million decrease from the FY 2023/24 adopted budget due to reduced GO bonds outstanding.



INTEREST INCOME NON-POOLED

Interest Income Non-pooled is interest revenue derived from Municipal Property Corporation (MPC) Bonds, which is received on an irregular basis.



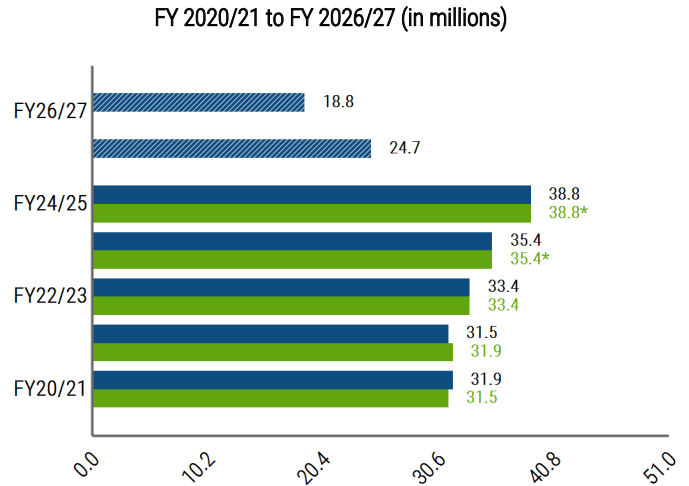
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2024/25 adopted budget includes \$62.5 million in Transfers In. More specific information is detailed below.

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

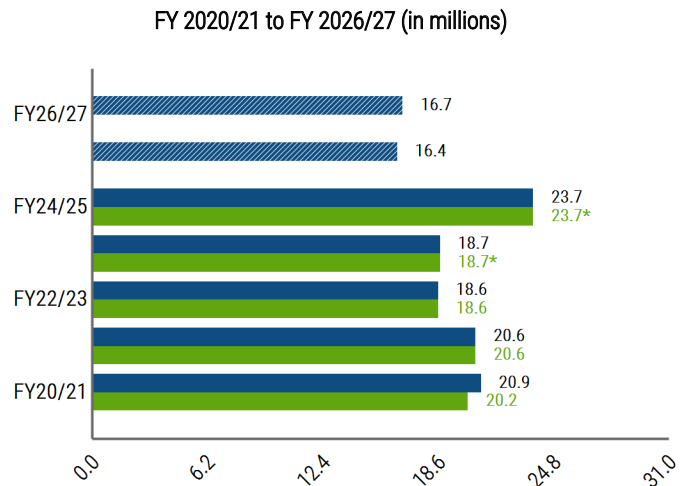
DEBT SVC GO BONDS

Debt Svc GO Bonds are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation (GO) debt service. Total Debt Svc GO Bonds Transfers In for FY 2024/25 is \$38.8 million which is \$3.8 million more than the FY 2023/24 adopted budget reflecting higher payments for the GO Debt Service - Preserve Bonds.



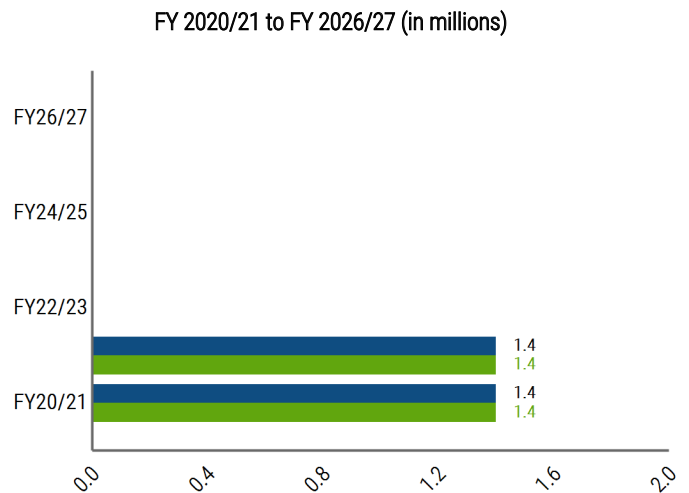
DEBT SVC MPC BONDS

Debt Svc Municipal Property Corporation (MPC) Bonds includes Transfers In from General Fund, Tourism Development Fund, Special Programs Fund, Stormwater Fund, and the Stadium Facility Fund to the Debt Service Fund to facilitate the payment of MPC Bonds debt service. Total Debt Service Transfers In for FY 2024/25 equal \$23.7 million which is \$5.0 million higher than FY 2023/24.



DEBT SVC SPA BONDS

Debt Svc SPA Bonds, or Scottsdale Preserve Authority Bonds, are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Scottsdale Preserve Authority debt service. The last payment on these bonds occurred in FY 2021/22.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

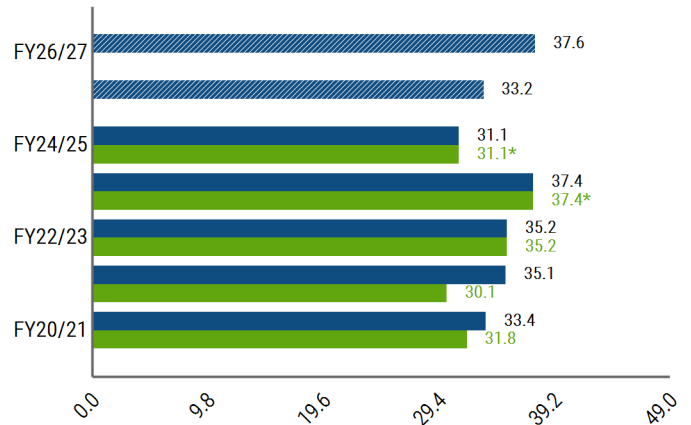
DEBT SERVICE FUND USES

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2024/25 adopted budget includes \$93.6 million in Debt Service.

GO DEBT SERVICE - NON PRESERVE

GO Debt Service - Non-Preserve is voter-authorized General Obligation debt issued for capital projects not associated with the McDowell Sonoran Preserve. General Obligation debt is repaid by Property Tax (secondary). Under state law, cities and towns are allowed to levy a Secondary Property Tax for the sole purpose of retiring the principal and interest on General Obligation indebtedness. For FY 2024/25, the General Obligation Bonds debt service is forecasted at \$31.1 million, which is a \$6.3 million decrease when compared to the FY 2023/24 adopted budget.

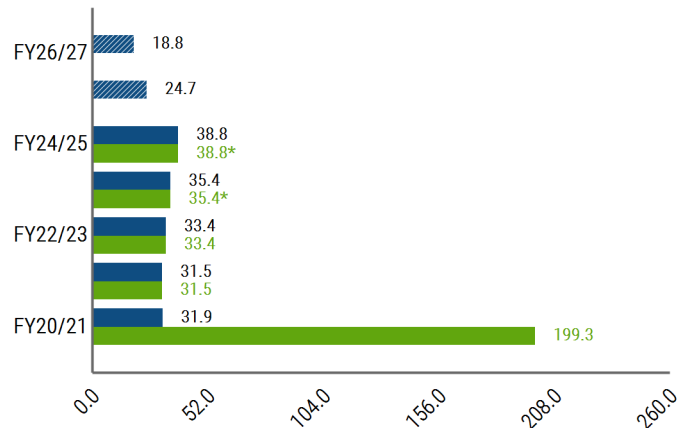
FY 2020/21 to FY 2026/27 (in millions)



GO DEBT SERVICE - PRESERVE

GO Debt Service - Preserve represents General Obligation debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. GO Debt Service - Preserve is budgeted at \$38.8 million in FY 2024/25, which is an increase of \$3.4 million over the FY 2023/24 adopted budget. The increase reflects higher payments for the 2020 GO Refunding Preserve Bonds. The large actual in FY 2020/21 was due to payments to the refunding escrow agent and costs of issuance in connection with the defeasement of GO Debt.

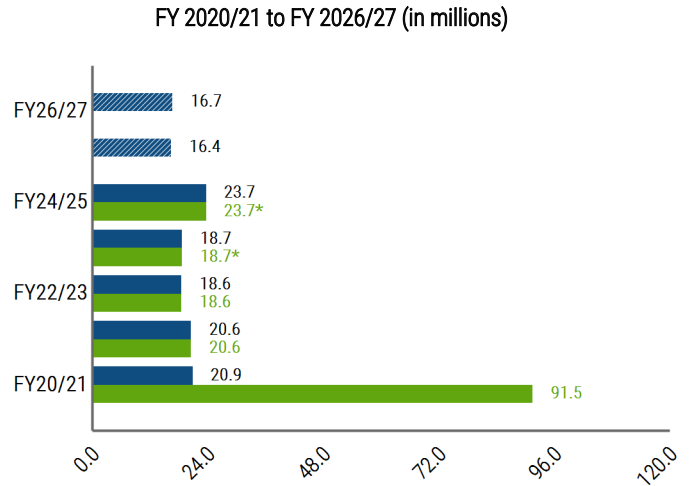
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

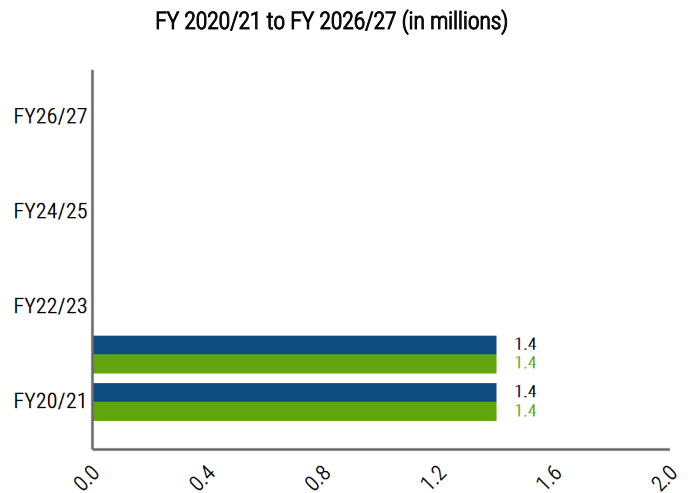
MPC EXCISE DEBT

MPC Excise Debt represents Municipal Property Corporation bonds which are non-voter approved and issued by the City of Scottsdale Municipal Property Corporation, a nonprofit corporation created by the city in 1967 for the sole purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the city. The debt incurred by the corporation is a city obligation and the repayment of debt is financed by General Fund sales taxes, Tourism Development Fund bed tax receipts, etc. Per Financial Policy No. 8.04, non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt services expenses. Debt Service payments for FY 2024/25 total \$23.7 million, which is an increase of \$5.0 million compared to the FY 2023/24 adopted budget. The large actual in FY 2020/21 is due to payments to the refunding escrow agent and costs of issuance in connection with the defeasement of MPC Debt.



SPA DEBT SERVICE

SPA Debt Service represents prior Scottsdale Preserve Authority debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Scottsdale Preserve Authority debt repaid by the Preserve dedicated 0.20 percent sales tax authorized by voters in 1995 and the 0.15 percent sales tax authorized by voters in 2004. All SPA bonds were fully paid off in FY 2021/22.



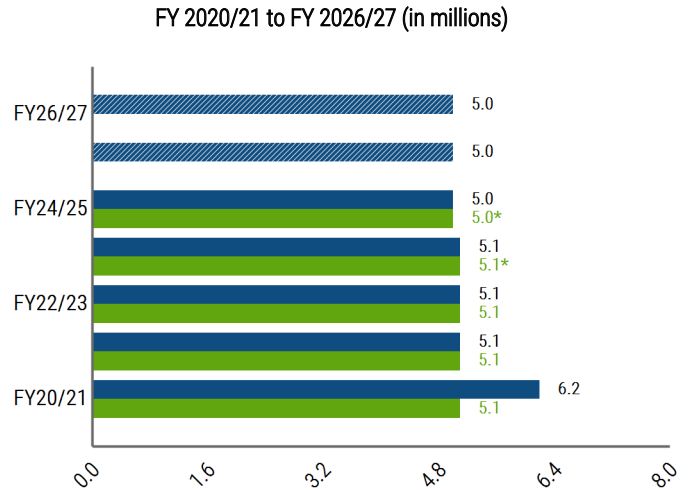
DEBT SERVICE FUND ENDING BALANCE

Ending fund balance includes reserves which protect the city’s financial condition and provide for unexpected economic challenges. The Debt Service Fund ending balance varies primarily due to the timing of debt issuances and related repayment schedules. Growth of fund balance occurs when sources exceed uses. The specific make-up of the city’s Debt Service Fund ending balance is noted in the following:

▨ FORECAST
 ▨ BUDGET
 ▨ ACTUAL/FORECAST*

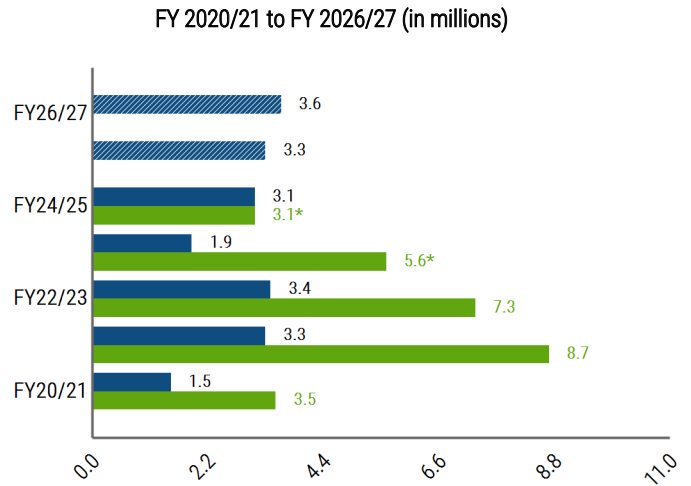
DEBT STABILIZATION RESERVE

Debt Stabilization Reserve of \$5.0 million is projected for FY 2024/25. The Debt Stabilization Reserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with the MPC Excise Debt. While there is no legal requirement to hold this reserve at a certain level, the City Council has indicated that it should be maintained to protect the city from unexpected financial challenges.



GO DEBT SERVICE RESERVE - NON PRESERVE

GO Debt Service Reserve – Non Preserve reserve is projected at \$3.1 million for FY 2024/25. The GO Debt Service Reserve – Non-Preserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with GO Debt Service. Per Financial Policy No. 2.06, the secondary property tax supported debt reserve should be no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

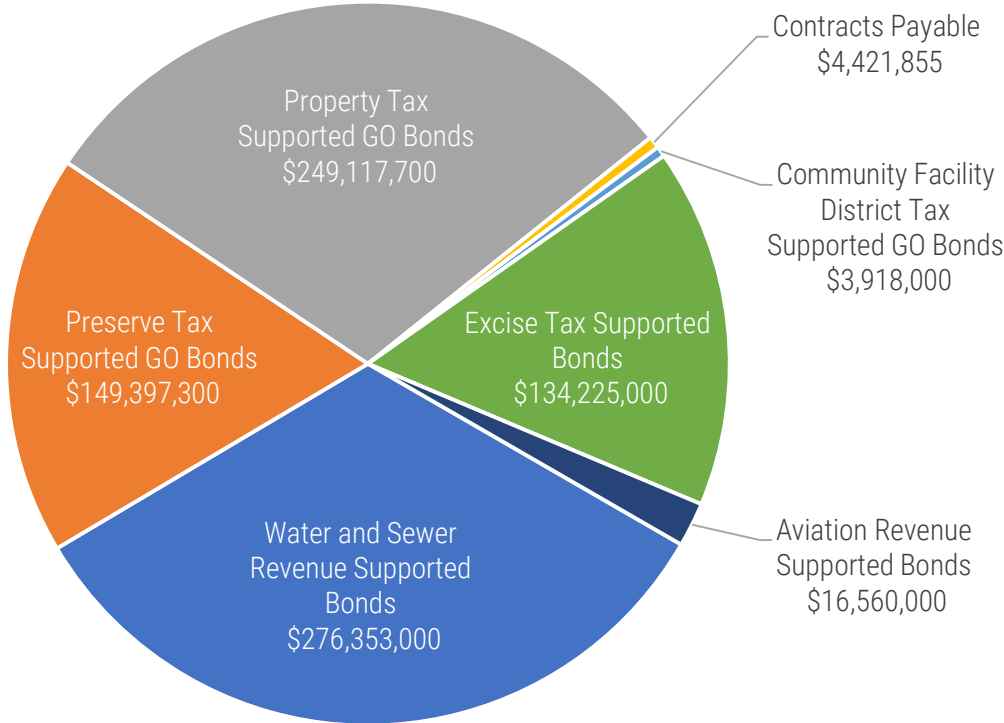
The city issues debt to finance capital project construction. This section of the budget document provides summary information regarding the amount of debt outstanding, description of bond types, property tax debt limitation, primary and secondary property tax history, debt repayment, pledged revenue coverage, long-term debt principal and interest through maturity, Scottsdale's bond rating, and debt management.

Outstanding Debt by Type

The adopted FY 2024/25 budget includes outstanding debt by type and planned issuances as follows:

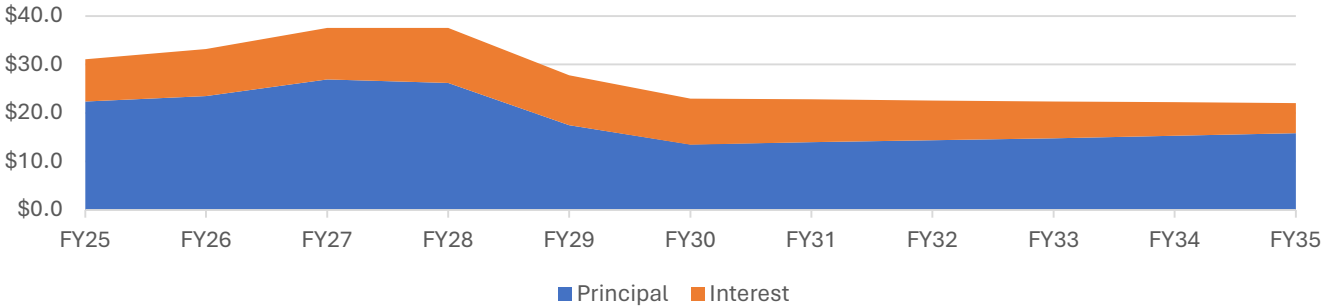
	New Issuance Proposed for FY 2024/25	Principal and Interest Payments for FY 2024/25	Outstanding Debt at 7/1/25
G.O Bonds – NonPreserve	\$90,000,000	\$31,098,100	\$249,117,700
G.O Bonds - Preserve	-	\$38,847,300	\$149,397,340
Excise Tax Supported	-	\$18,842,900	\$134,225,000
Water and Sewer Revenue Supported	\$150,000,000	\$35,181,150	\$276,353,000
Aviation Revenue Supported	-	\$1,721,250	\$16,560,000
Contracts Payable	-	\$352,687	\$4,421,855
Total – City Debt	\$240,000,000	\$126,043,387	\$830,074,895

Outstanding on 7/1/2025 - \$833,992,855

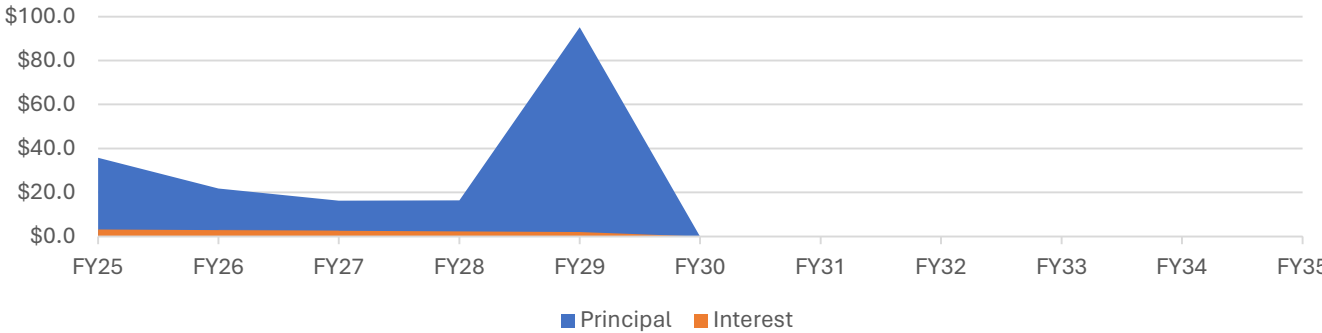


Description of Bond Types - Including Principal and Interest Payments through Maturity in Millions

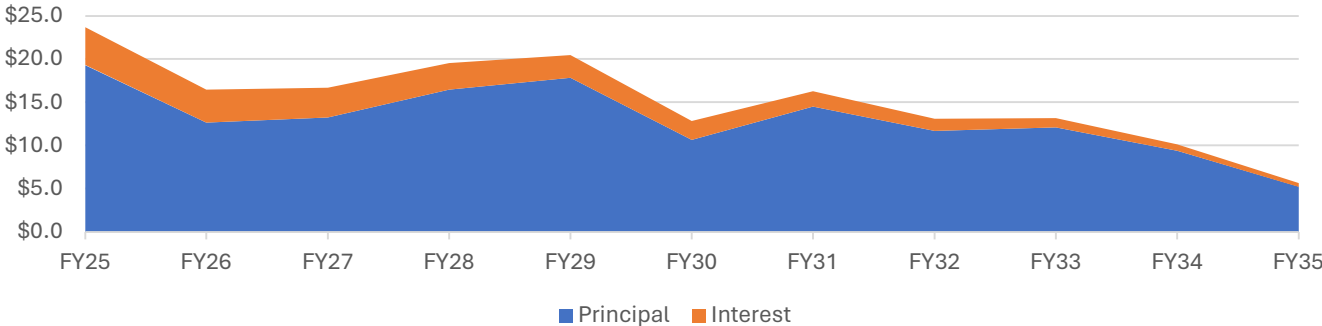
Property Tax Supported General Obligation Bonds (Existing and Proposed) – The city issues General Obligation Bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems and public safety and municipal facilities. General Obligation Bonds require voter approval. Secondary property taxes assessed are collected to repay General Obligation Bonds.



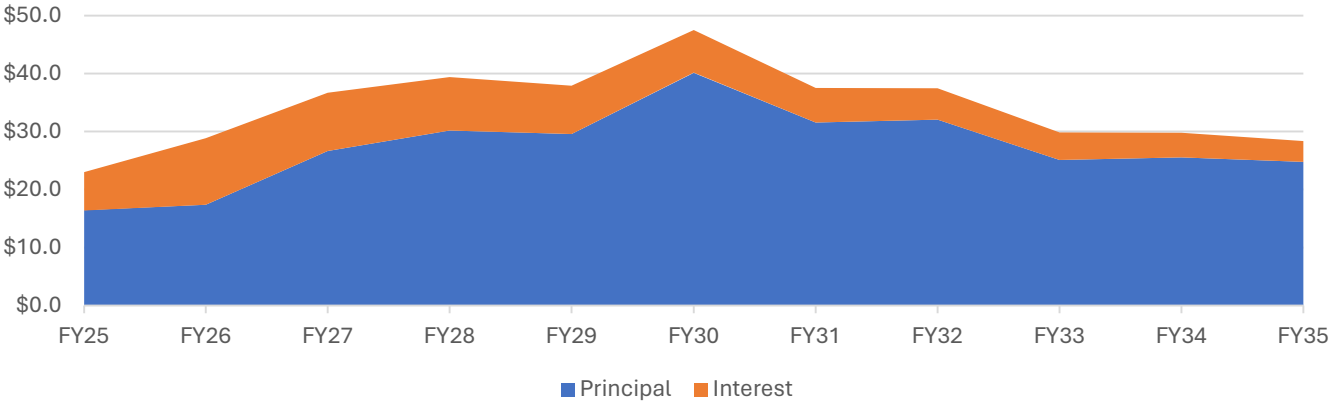
Preserve Tax Supported General Bonds – The city issues General Obligation Bonds for Sonoran McDowell Preserve land and land improvements. General Obligation Bonds require voter approval. Preserve excise tax revenues are pledged to repay the preserve bonds.



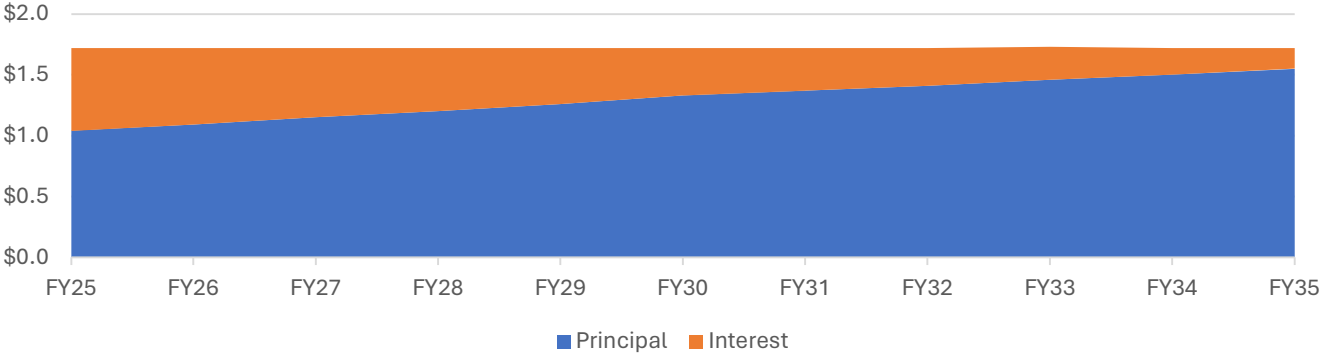
Excise Tax Supported Bonds – The city has debt secured by a pledge of all unrestricted excise taxes, transaction, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits and State revenue sharing, and fines and forfeitures, issued through the Municipal Property Corporation (MPC). These obligations were issued to fund the Museum of the West, TPC land and land improvements, WestWorld Land, Skysong Land, Flood Control, and other city improvements.



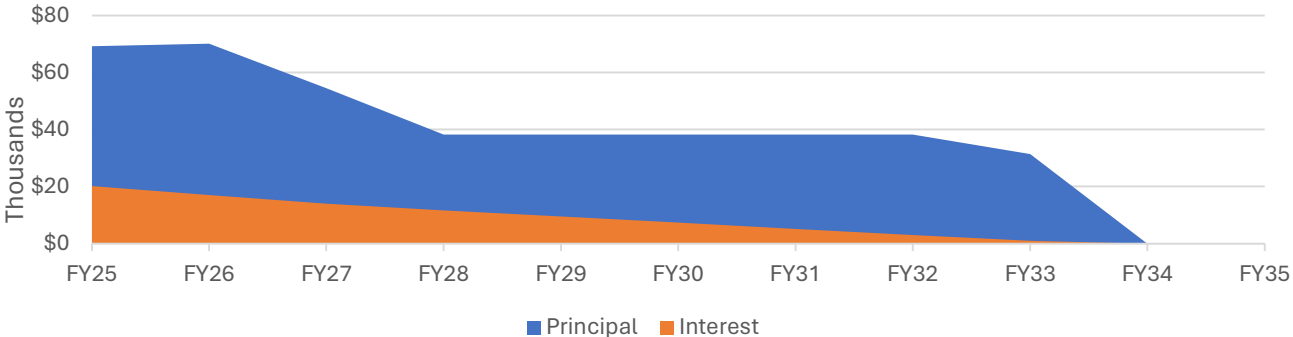
Water and Sewer Revenue Supported Bonds (Existing and Proposed) – Water and sewer revenue bonds are issued through the Municipal Property Corporation (MPC), pledging city excise tax revenue but are repaid with water and sewer revenues.



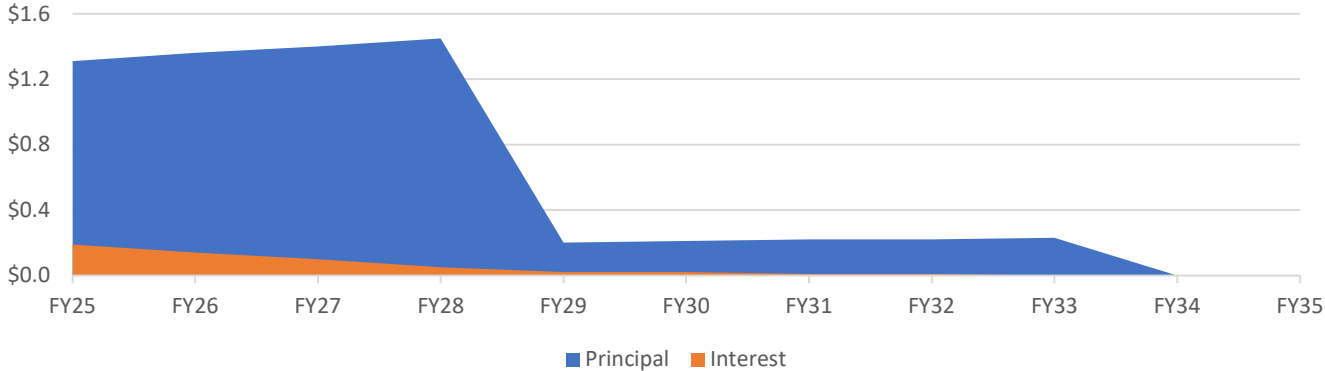
Aviation Revenue Supported Bonds – Aviation revenue bonds are issued through the Municipal Property Corporation (MPC), pledging city excise tax revenues but are repaid with aviation revenues.



Contracts Payable – The city has lease purchase agreements for the financing of equipment.



Community Facility District (CFD) Tax Supported Debt – The city has two CFDs (DC Ranch and Scottsdale Waterfront Commercial). CFD bonds are repaid from a special purpose tax levied on the properties within the Districts. The city has no liability for CFD debt.

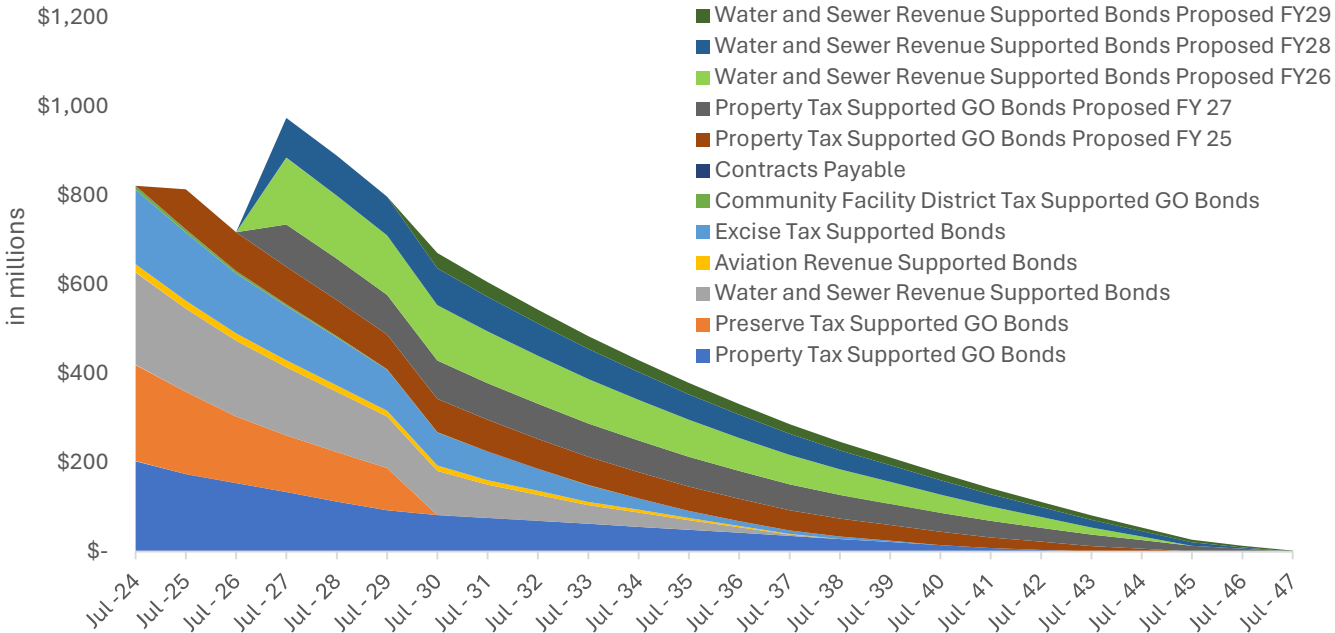


Debt Repayment Fiscal Year End 2024/25 Forecast

Debt paydown reflects how quickly the city expects to repay outstanding debt. A more rapid repayment period reduces risks from future loss of revenues and is an indicator of repayment strength. Rapid repayment also allows debt capacity to be released and made available for future capital needs.

The city’s debt paydown is strong with 70 percent of total debt repaid in 10 years and 87 percent repaid in 15 years.

Principal Outstanding - Forecasted



Property Tax Debt Limitation

The Arizona Constitution, (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent of the assessed valuation of the taxable property in that city. In addition to the six percent limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20 percent of the assessed valuation for supplying such city with water, artificial light, or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety, and Streets and Transportation Facilities		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$2,826,612,551	6% Constitutional Limit	\$847,983,765
Less General Obligation Bonds 20% Bonds Outstanding	(296,226,800)	Less General Obligation Bonds 6% Bonds Outstanding	(7,288,200)
Excess Premium	(11,227,803)	Excess Premium	(833,037)
Available 20% Limitation Borrowing Capacity	\$2,519,157,947	Available 6% Limitation Borrowing Capacity	\$839,862,529

Primary and Secondary Property Tax Rates History: Tax rates per \$100 assessed valuation

The primary property tax revenues are used by the General Fund for services such as Police, Fire, Community Services, and many other governmental purposes. The secondary property tax revenues are used to repay debt service on general obligation bonds.

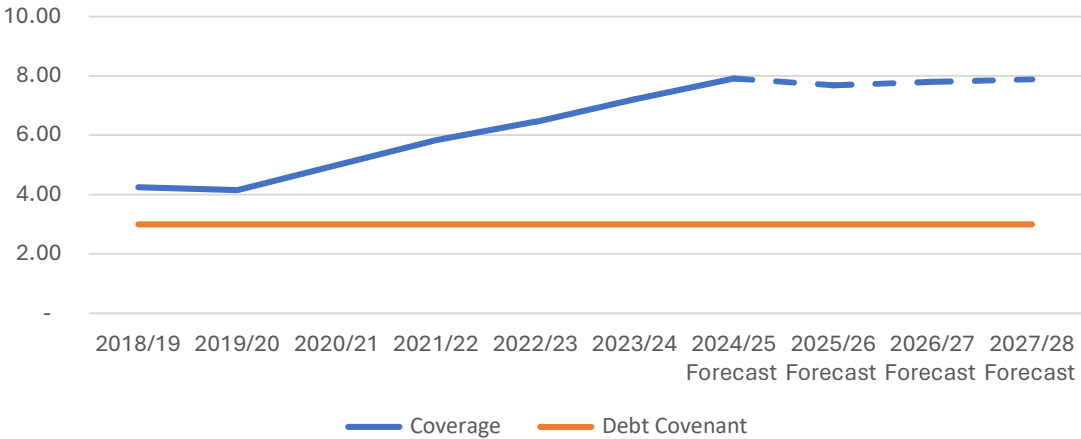
Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2019/20	\$0.5198	\$0.5214	\$1.0412
2020/21	\$0.5273	\$0.5043	\$1.0316
2021/22	\$0.5039	\$0.5042	\$1.0081
2022/23	\$0.4970	\$0.4101	\$0.9071
2023/24	\$0.5150	\$0.4664	\$0.9814
2024/25 Forecast	\$0.4958	\$0.4358	\$0.9316

Adopted Financial Policy Section 8.04 General Obligation Bonds: The city will not exceed \$1.50 combined (primary and secondary) property tax rate per \$100 net assessed limited property value unless otherwise directed by the council.

Pledged Revenue Coverage – Municipal Property Corporation*

The Municipal Property Corporation (MPC) is a non-profit corporation created by the city as a financing conduit for the purpose of financing the construction or acquisition of city capital improvement projects. In order to obtain the funds

necessary for the construction or acquisition of facilities, the MPC issues bonds and then leases the facilities to the city for lease-rental payments which equal the semiannual debt service payments on the MPC bonds.



*Includes debt service payments paid out of the general fund, the special programs fund, the tourism development fund, the stadium facility fund and the water and sewer enterprise funds.

Scottsdale's Bond Rating

Scottsdale General Obligation Bonds continue to maintain the highest possible rating from the three major national bond rating agencies, Moody's Investors Services, Standard & Poor's Rating Services, and Fitch Ratings, reaffirming their confidence in the city's financial management and its economic outlook. Scottsdale is one of a select number of municipalities achieving top ratings from all three.

High bond ratings mean the city is able to sell General Obligation Bonds to finance voter-approved capital projects, including new parks, libraries, and pools at lower interest rates. Because the ratings are high, Scottsdale's General Obligation Bonds are highly desirable and therefore increase the value of existing bonds for investors.

Summary of Current Ratings:	Moody's Investors Services	Standard & Poor's Ratings Services	Fitch Ratings
General Obligation (GO)	Aaa	AAA	AAA
Municipal Property Corporation (MPC)	Aa1	AAA	AA+
Scottsdale Preserve Authority (SPA)	Aa2	AA+	AA+
Water & Sewer Revenue (W&S)	Aaa	AAA	AAA

Debt Management

Scottsdale's primary debt management objectives are to minimize the cost of borrowing to taxpayers while assuring that total indebtedness does not exceed available resources and conforms to Arizona legal requirements. The necessity to incur debt in order to finance the capital program requires the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the city's capacity to incur and repay additional debt require careful examination.

Proper debt management provides for the protection and eventual enhancement of bond ratings; and compliance with debt instrument provisions and required disclosures to investors, underwriters, and rating agencies. Financial Policy No. 8 is used when evaluating the purpose, necessity and condition under which decisions are made to issue debt. Financial Policy No. 8 is also meant to supplement the legal framework of public debt law provided by the Arizona Constitution, State statutes, federal tax laws, and the city's bond resolutions and covenants.

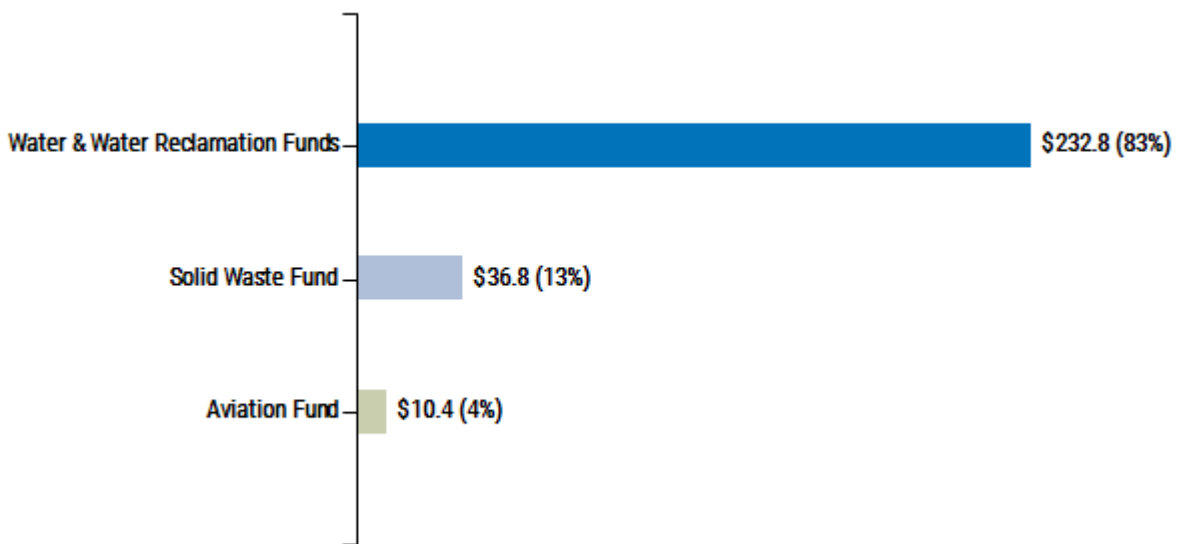
BUDGET BY FUND | Debt Service Expense

	Forecast 2023/24	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Final Pmt
<u>Municipal Property Corporation (MPC) Bonds - Water and Sewer Funds</u>							
2006 MPC Refunding Bonds Water (\$82.8M Nov 2006)	10,987,464	5,865,773	5,838,297	5,810,151	5,794,291	5,767,262	2030
2006 MPC Refunding Bonds Water Reclamation (\$9.9M Nov 2006)	1,309,286	698,977	695,703	692,349	690,459	687,238	2030
2015 MPC Refunding Bonds Water (\$71.5M Mar 2015)	4,175,760	4,159,532	4,169,460				2026
2015 MPC Refunding Bonds Water Reclamation (\$22.1M Mar 2015)	1,292,490	1,287,468	1,290,540				2026
2015A MPC Water Reclamation (\$18.5M Jan 2015)	1,300,413	1,295,413	1,298,413	258,913	1,348,913	1,351,213	2034
2017 MPC Refunding Bonds Water (\$47.7M Mar 2017)	1,618,374	1,694,740	1,774,473	1,861,766	1,947,849	2,919,460	2034
2017 MPC Refunding Bonds Water Reclamation (\$47.7M Mar 2017)	2,395,451	2,508,485	2,626,502	2,755,709	2,883,126	4,321,265	2034
2017A MPC Water (\$39.1M May 2017)	2,824,356	2,826,606	2,824,606	2,823,356	2,827,606	2,827,006	2037
2021A Refunding Bonds Water (\$1.8M Feb 2021)	89,782	89,782	89,782	89,782	89,782	89,782	2030
2021A Refunding Bonds Water Reclamation (\$6.1M Feb 2021)	306,218	306,218	306,218	306,218	306,218	306,218	2030
2021B MPC Refunding Bonds (Taxable) Water (\$38.2M Feb 2021)	1,328,117	1,328,025	1,326,294	5,170,959	4,592,206	960,789	2036
2021B MPC Refunding Bonds (Taxable) Water Reclamation (\$26.2M Feb 2021)	908,467	908,352	907,116	3,536,784	3,141,081	657,259	2036
Future MPC Water/Sewer Bonds (\$150.0M Dec 2025)		6,400,400	14,992,000	14,575,000	14,193,000	13,776,000	2043
Future MPC Water/Sewer Bonds (\$90.0M Dec 2027)				5,200,000	8,992,000	8,742,000	2045
Future MPC Water/Sewer Bonds (\$35.0M Dec 2028)					1,493,000	3,498,000	2046
Fiscal Agent Fees and Arbitrage Fees	9,800	12,760	13,100	11,600	12,500	12,500	
	28,545,978	29,382,530	38,152,504	43,092,587	48,312,031	45,915,992	
<u>Municipal Property Corporation (MPC) Bonds - Aviation Fund</u>							
2017B MPC (\$23.5M 2017)	1,720,744	1,721,244	1,719,244	1,719,744	1,717,494	1,717,494	2037
Fiscal Agent Fees and Arbitrage Fees	1,500	1,500	1,500	1,500	1,500	1,500	
	1,722,244	1,722,744	1,720,744	1,721,244	1,718,994	1,718,994	
	122,732,430	125,299,470	114,725,183	118,431,696	126,397,029	193,521,918	

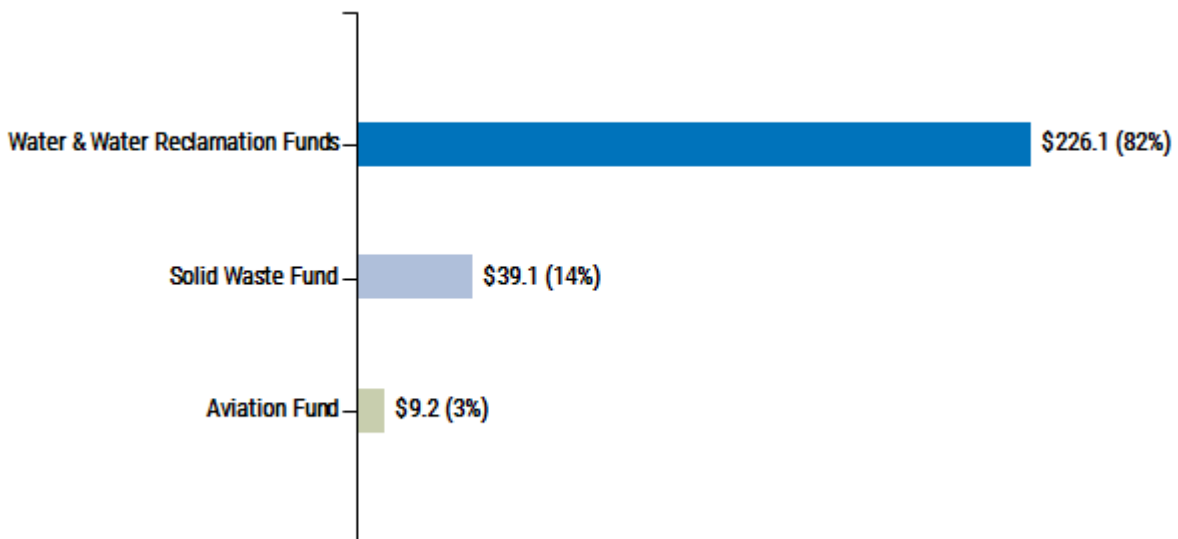
ENTERPRISE FUNDS DESCRIPTION

Scottsdale uses separate Enterprise Funds to account for the activity of the proprietary funds. The individual funds are Water and Water Reclamation, Solid Waste, and Aviation. In aggregate, the Enterprise Funds are the city's second largest source of revenues, which are derived from user fees and charges. User fees and charges are established to promote efficiency by shifting costs to specific users of services and avoiding general taxation. The applicable revenues of the individual funds, along with each fund's purpose, are described in the sections that follow.

Enterprise Funds Sources (% to Total)
\$280.1 Million



Enterprise Funds Uses (% to Total)
\$274.4 Million



Rounding differences may occur.

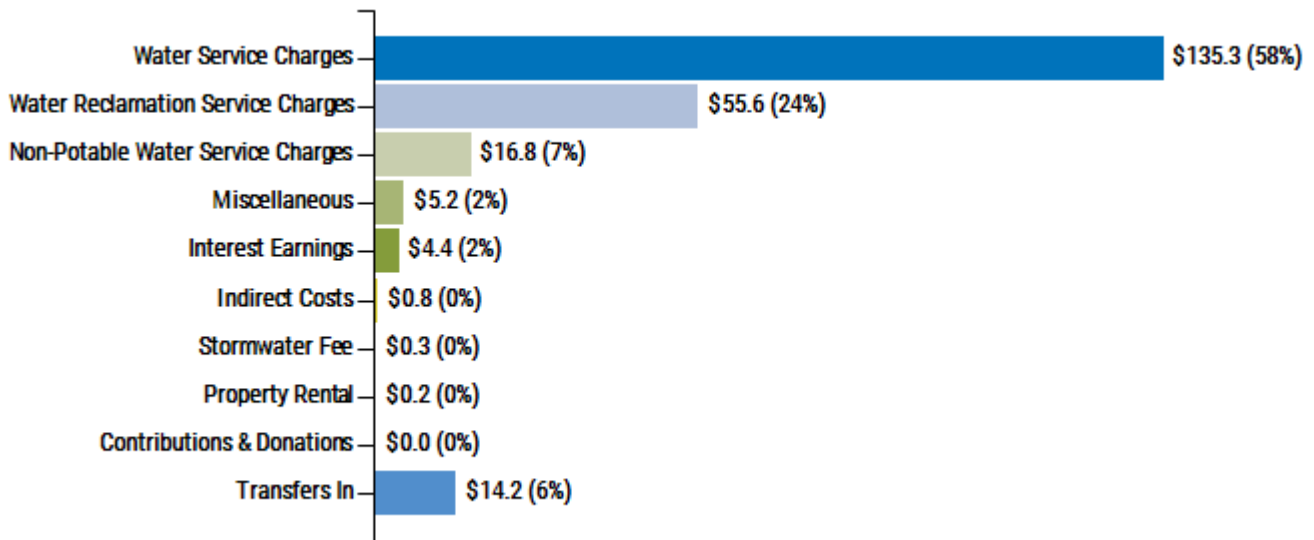


FY 2024/25 Proposed Budget

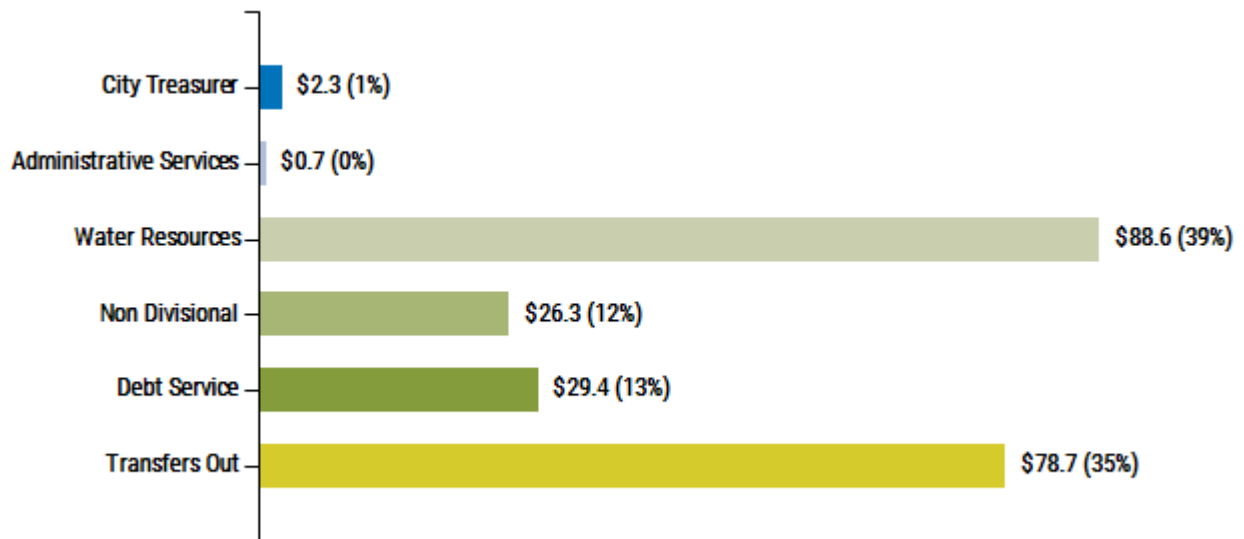
FUND PURPOSE

These funds account for the transactions related to the city's water and water reclamation business activities, including operating sources, uses and debt service payments. Capital uses are accounted for in various Capital Improvement Plan funds.

Water & Water Reclamation Funds Sources (% to Total)
\$232.8 Million



Water & Water Reclamation Funds Uses (% to Total)
\$226.1 Million



Rounding differences may occur.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Debt Service Reserve ^(a)	4,604,688	-	-	7,345,633
Operating Contingency ^(b)	-	5,000,000	5,000,000	5,000,000
Operating Reserve	20,413,305	24,721,786	25,377,768	27,949,618
Water & WasteWater Asset Replacement Reserve	46,239,707	42,933,575	45,397,287	44,210,907
Water Drought Reserve ^(c)	3,000,000	5,000,000	5,000,000	5,000,000
Water & WasteWater Fund Balance	31,974,023	-	24,707,632	-
Total Beginning Fund Balance	106,231,723	77,655,361	105,482,687	89,506,158
Revenues				
Water Service Charges	113,012,755	123,359,867	123,359,867	135,292,948
Water Reclamation Service Charges	48,120,265	51,636,995	48,576,178	55,625,122
Non-Potable Water Service Charges	15,060,811	16,905,462	16,905,462	16,760,212
Miscellaneous	4,883,767	4,432,368	9,339,950	5,185,203
Interest Earnings	2,056,099	3,648,499	3,648,499	4,383,299
Indirect Costs	801,903	801,903	801,903	818,408
Stormwater Fee	334,755	340,527	340,527	338,612
Property Rental	208,451	210,188	210,188	221,851
Contributions & Donations	4,000	5,550	5,550	5,500
<i>Subtotal</i>	<u>184,482,806</u>	<u>201,341,359</u>	<u>203,188,124</u>	<u>218,631,155</u>
Transfers In				
AWT	3,704,813	3,455,128	3,455,128	3,689,477
Debt Service	7,581,321	3,963,028	3,963,028	9,610,227
RWDS	900,000	900,000	900,000	900,000
<i>Subtotal</i>	<u>12,186,134</u>	<u>8,318,156</u>	<u>8,318,156</u>	<u>14,199,704</u>
Total Sources	196,668,940	209,659,515	211,506,280	232,830,859

^(a) Debt Service Reserve was projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunsetted in FY 2022/23. New Water and Sewer Revenue Bonds are anticipated to be issued in FY 2024/25.

^(b) Operating Contingency was added in FY 2023/24 to align with other operating funds. New Water and Sewer Reserve Bonds are anticipated to be issued in FY 2024/25.

^(c) Water Drought Reserve was increased to \$5.0 million in FY 2023/24 as the Bureau of Reclamation declared a Tier 2a shortage for the Colorado River system for 2023.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Expenditures				
City Treasurer	2,367,588	2,605,385	2,453,052	2,407,057
Administrative Services	480,680	729,338	655,439	709,908
Water Resources	74,267,894	85,562,038	83,411,816	89,783,309
Citywide Indirect Cost Allocation	5,253,417	5,883,327	5,883,327	6,577,491
Department Indirect Cost	801,903	801,903	801,903	818,408
Class and Comp Study ^(a)	-	745,370	-	-
Fuel and Maint and Repair ^(b)	-	-	509,367	-
Leave Accrual Payments / Parental Leave	-	542,434	438,527	554,694
Post Employment Medical	-	-	145,392	-
Vacation Trade	-	70,424	-	65,997
Savings from Vacant Positions	-	(1,177,100)	(292,035)	(1,203,702)
Utilities	16,261,334	16,035,350	16,035,350	18,273,550
Subtotal	99,432,816	111,798,469	110,042,138	117,986,712
Debt Service				
2024 Rev Bond Debt Svc-Sewer ^(c)	-	-	-	3,841,500
2024 Rev Bond Debt Svc-Water ^(c)	-	-	-	2,561,900
MPC Bonds Debt Service-Sewer	7,403,644	7,516,900	7,516,900	7,009,413
MPC Bonds Debt Service-Water	21,001,717	21,029,078	21,029,078	15,969,718
2008 Rev Bond Debt Svc-Sewer ^(c)	4,605,088	-	-	-
Subtotal	33,010,449	28,545,978	28,545,978	29,382,531
TOTAL OPERATING BUDGET	132,443,265	140,344,447	138,588,116	147,369,243
Transfers Out				
AWT	3,704,813	3,455,128	3,455,128	3,689,477
CIP	37,839,263	48,921,942	73,006,731	59,249,640
CIP Technology	11,463,241	2,944,082	2,944,082	1,416,830
Debt Service Fund ^(c)	3,307,601	-	-	4,381,497
Franchise Fees	8,659,793	9,422,892	9,422,892	9,995,402
Other	-	65,860	65,860	-
Subtotal	64,974,711	64,809,904	88,894,693	78,732,846
Total Uses	197,417,976	205,154,351	227,482,809	226,102,089
Sources Over/(Under) Uses	(749,036)	4,505,164	(15,976,529)	6,728,770
Ending Fund Balance				
Debt Service Reserve ^(c)	-	-	7,345,633	9,538,125
Operating Contingency ^(d)	-	5,000,000	5,000,000	4,539,124
Operating Reserve	25,377,768	27,949,618	27,949,618	29,496,679
Water & WasteWater Asset Replacement Reserve	45,397,287	44,210,907	44,210,907	47,661,000
Water Drought Reserve ^(e)	3,000,000	5,000,000	5,000,000	5,000,000
Water & WasteWater Fund Balance	31,707,632	-	-	-
Total Ending Fund Balance	105,482,687	82,160,525	89,506,158	96,234,928

^(a) Anticipated cost to implement the Classification and Compensation Study recommendations.

^(b) Budget adopted at the division level. At the start of the fiscal year, the budget moves to a non-divisional account and then is transferred back to the division monthly as expenses occur.

^(c) 2008 Sewer Revenue Bonds sunsetted in FY 2022/23. 2024 Water and Sewer Revenue Bonds are anticipated to be issued in FY 2024/25.

^(d) Operating Contingency was added in FY 2023/24 to align with other operating funds.

^(e) Water Drought Reserve was increased to \$5.0 million in FY 2023/24 as the Bureau of Reclamation declared a Tier 2a shortage for the Colorado River system for 2023.

BUDGET BY FUND | Water and Water Reclamation Funds Five Year Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Debt Service Reserve	7,345,633	9,538,125	10,773,175	12,078,025	11,479,025
Operating Contingency	5,000,000	4,539,124	4,179,903	3,813,728	3,440,353
Operating Reserve	27,949,618	29,496,679	30,492,150	31,111,175	32,057,650
Water & WasteWater Asset Replacement Reserve	44,210,907	47,661,000	50,988,000	53,880,000	56,943,000
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Water & WasteWater Fund Balance	-	-	-	-	-
Total Beginning Fund Balance	89,506,158	96,234,928	101,433,228	105,882,928	108,920,028
Revenues					
Water Service Charges	135,292,948	142,000,900	149,043,100	156,436,400	164,198,400
Water Reclamation Service Charges	55,625,122	59,280,300	62,138,700	65,139,200	68,288,300
Non-Potable Water Service Charges	16,760,212	17,183,700	17,618,400	18,065,400	18,524,600
Miscellaneous	5,185,203	2,953,300	2,500,500	2,533,700	2,567,800
Interest Earnings	4,383,299	4,611,400	4,589,200	4,359,800	4,141,800
Indirect Costs	818,408	834,800	851,500	868,500	885,900
Stormwater Fee	338,612	340,300	342,000	343,700	345,400
Property Rental	221,851	229,800	238,100	246,500	255,400
Contributions & Donations	5,500	5,500	5,500	5,500	5,500
<i>Subtotal</i>	218,631,155	227,440,000	237,327,000	247,998,700	259,213,100
Transfers In					
AWT	3,689,477	3,790,500	3,891,600	4,033,700	4,094,000
Debt Service	9,610,227	8,256,100	7,135,500	6,130,000	5,008,800
RWDS	900,000	900,000	900,000	900,000	900,000
<i>Subtotal</i>	14,199,704	12,946,600	11,927,100	11,063,700	10,002,800
Total Sources	232,830,859	240,386,600	249,254,100	259,062,400	269,215,900

BUDGET BY FUND | Water and Water Reclamation Funds Five Year Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Expenditures					
City Treasurer	2,407,057	2,497,800	2,589,300	2,745,300	2,769,600
Administrative Services	709,908	736,400	760,000	808,700	810,000
Water Resources	89,783,309	92,807,700	94,255,100	96,930,600	98,030,200
Citywide Indirect Cost Allocation	6,577,491	6,906,300	7,251,700	7,614,300	7,994,900
Department Indirect Cost	818,408	834,900	851,400	868,500	885,900
Leave Accrual Payments / Parental Leave	554,694	567,300	579,800	592,600	606,400
Operating Impacts	-	-	40,000	40,000	185,000
Vacation Trade	65,997	66,000	66,000	66,000	66,000
Savings from Vacant Positions	(1,203,702)	(1,231,400)	(1,258,400)	(1,286,100)	(1,315,800)
Utilities	18,273,550	18,783,600	19,309,800	19,850,700	20,408,900
Subtotal	117,986,712	121,968,600	124,444,700	128,230,600	130,441,100
Debt Service					
2024 Rev Bond Debt Svc-Sewer	3,841,500	8,997,500	8,747,500	10,025,500	11,780,500
2024 Rev Bond Debt Svc-Water	2,561,900	5,997,500	11,030,500	14,657,000	14,240,000
MPC Bonds Debt Service-Sewer	7,009,413	7,129,200	7,554,300	8,373,800	7,327,100
MPC Bonds Debt Service-Water	15,969,718	16,028,300	15,760,400	15,255,800	12,568,500
Subtotal	29,382,531	38,152,500	43,092,700	48,312,100	45,916,100
TOTAL OPERATING BUDGET	147,369,243	160,121,100	167,537,400	176,542,700	176,357,200
Transfers Out					
AWT	3,689,477	3,790,500	3,891,600	4,033,700	4,094,000
CIP	59,249,640	54,777,800	57,707,200	57,657,600	70,313,300
CIP Technology	1,416,830	2,031,200	766,300	2,521,300	502,900
Debt Service Fund	4,381,497	3,704,400	3,304,400	2,801,700	2,241,100
Franchise Fees	9,995,402	10,763,300	11,597,500	12,468,300	13,338,600
Subtotal	78,732,846	75,067,200	77,267,000	79,482,600	90,489,900
Total Uses	226,102,089	235,188,300	244,804,400	256,025,300	266,847,100
Sources Over/(Under) Uses	6,728,770	5,198,300	4,449,700	3,037,100	2,368,800
Ending Fund Balance					
Debt Service Reserve	9,538,125	10,773,175	12,078,025	11,479,025	11,479,025
Operating Contingency	4,539,124	4,179,903	3,813,728	3,440,353	3,059,528
Operating Reserve	29,496,679	30,492,150	31,111,175	32,057,650	32,610,275
Water & WasteWater Asset Replacement Reserve	47,661,000	50,988,000	53,880,000	56,943,000	59,140,000
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Water & WasteWater Fund Balance	-	-	-	-	-
Total Ending Fund Balance	96,234,928	101,433,228	105,882,928	108,920,028	111,288,828

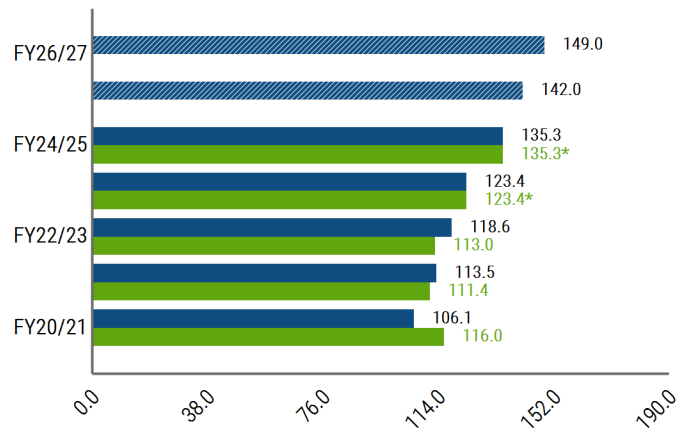
WATER AND WATER RECLAMATION FUNDS SOURCES

Water and Water Reclamation Funds Sources for FY 2024/25 equal \$232.8 million which is an increase of \$23.1 million from the FY 2023/24 adopted budget. The sources include Water Service Charges, Water Reclamation Service Charges, Non-Potable Water Service Charges, Miscellaneous, Interest Earnings, Indirect Costs, Stormwater Fee, Property Rental, Contributions & Donations, and Transfers In.

WATER SERVICE CHARGES

Water Service Charges revenue includes base fees according to meter size and monthly volumetric charges based on the amount of water consumed. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The FY 2024/25 budget for Water Service Charges is \$135.3 million, a \$11.9 million increase from the FY 2023/24 adopted budget primarily due to cost increases for raw water, additional actions required for drought preparedness, and increasing cost for replacing and repairing aging infrastructure. It is also due to growth within the customer base.

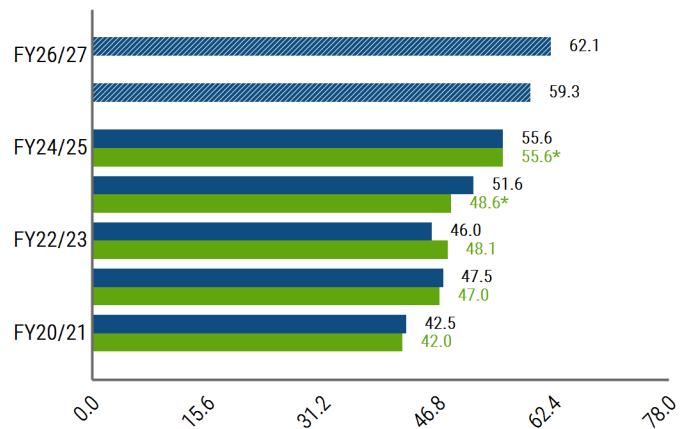
FY 2020/21 to FY 2026/27 (in millions)



WATER RECLAMATION SERVICE CHARGES

Water Reclamation Service Charges revenue includes base fees according to meter size, and volumetric charges based on customer classification and miscellaneous service charges. The FY 2024/25 adopted budget for Water Reclamation Service Charges is \$55.6 million, a \$4.0 million increase compared to the FY 2023/24 adopted budget. The increase is primarily due to rates and fees increases and growth within the customer base. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The increases to base fees and volumetric rates result from cost increases related to supply challenges, replacing and repairing aging infrastructure, and personnel services.

FY 2020/21 to FY 2026/27 (in millions)

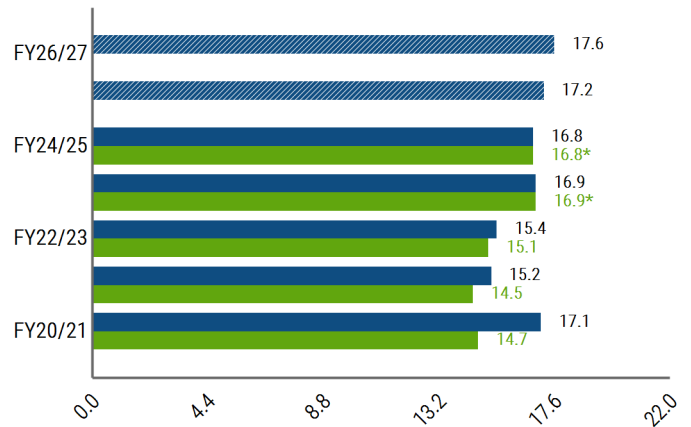


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

NON-POTABLE WATER SERVICE CHARGES

Non-Potable Water Service Charges revenue includes advanced water treatment and effluent sales related to water treated to irrigation standards at the city’s Water Reclamation Plant for 24 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System (RWDS), and the city’s Gainey Water Reclamation Plant for irrigation use at the Gainey Ranch Golf Club. Other non-potable water sales include four golf courses in north Scottsdale that are part of the Irrigation Water Distribution System (IWDS), the McDowell Mountain golf course and four city recreation facilities. The costs related to contractual obligations to provide water for irrigation are recovered through rates charged for their use. Non-Potable Water Service Charges revenue adopted for FY 2024/25 totals \$16.8 million, reflecting a \$0.1 million decrease from the FY 2023/24 adopted budget. This is due mainly to a right-sizing of effluent and Advanced Water Treatment Reverse Osmosis (AWT RO) sales assumptions based on historical trends and higher RWDS irrigation sales expectations.

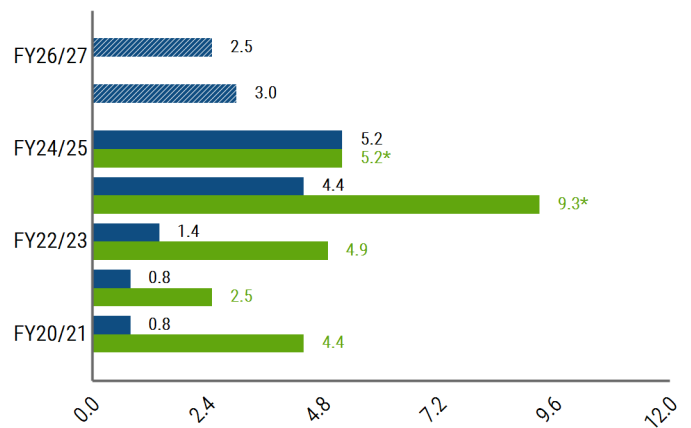
FY 2020/21 to FY 2026/27 (in millions)



MISCELLANEOUS

Miscellaneous revenue adopted for FY 2024/25 totals \$5.2 million, reflecting an increase of \$0.8 million from the FY 2023/24 adopted budget. The actual FY 2023/24 amount is significantly higher than budget primarily related to higher compensation received from the Central Arizona Project (CAP) and Arizona Department of Water Resources (ADWR) for reducing usage from Lake Mead. Miscellaneous revenues in FY 2020/21 reflect an increase in participation agreements and a lawsuit won against aluminum sulfate manufacturers.

FY 2020/21 to FY 2026/27 (in millions)

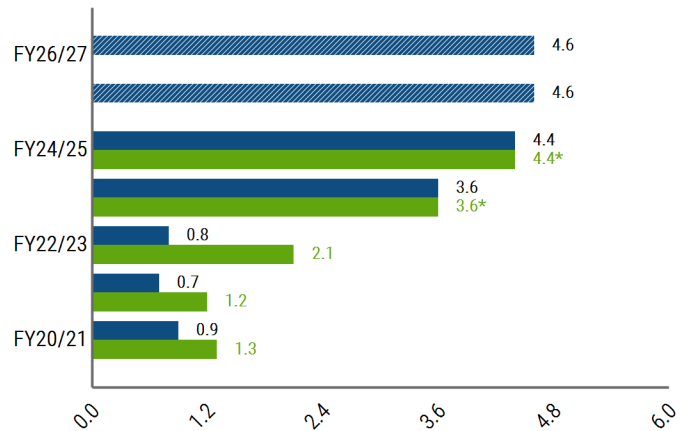


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

INTEREST EARNINGS

Interest earnings are generated on Water and Water Reclamation Funds cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield, and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest Earnings revenue adopted for FY 2024/25 totals \$4.4 million, a \$0.8 million increase from the FY 2023/24 adopted budget due to rising interest rates.

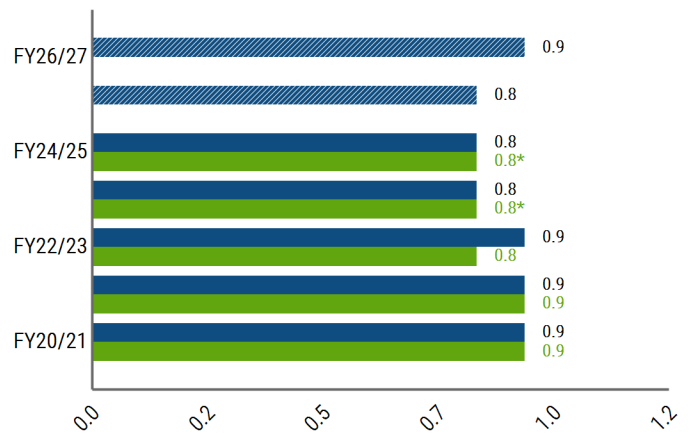
FY 2020/21 to FY 2026/27 (in millions)



INDIRECT COSTS

The Indirect Costs represent internal charges to the RWDS Fund, Inlet Silverado Golf Course Fund, Irrigation Water Distribution System (IWDS) Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and Well PCX-1/North Indian Bend Wash (NIBW) Granular Activated Carbon (GAC) Treatment Facility (PCX/NGTF) Fund for central operations under the Water and Water Reclamation Funds. The FY 2024/25 adopted budget for Indirect Costs is \$0.8 million, which is flat from the FY 2023/24 adopted budget.

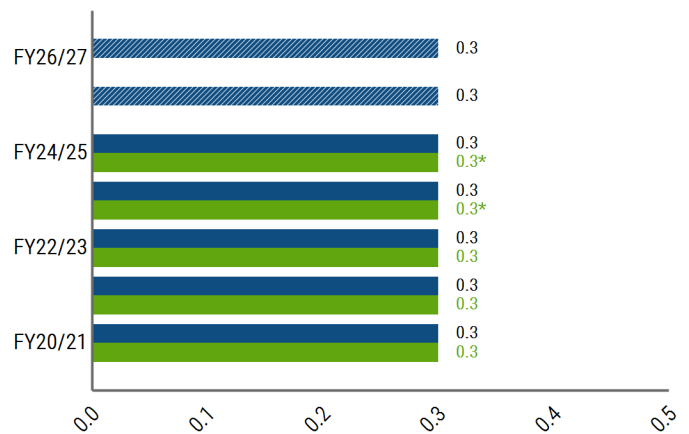
FY 2020/21 to FY 2026/27 (in millions)



STORMWATER FEE

The Stormwater Fee is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs. Stormwater Fee revenue for FY 2024/25 totals \$0.3 million, which is flat when compared to the FY 2023/24 adopted budget.

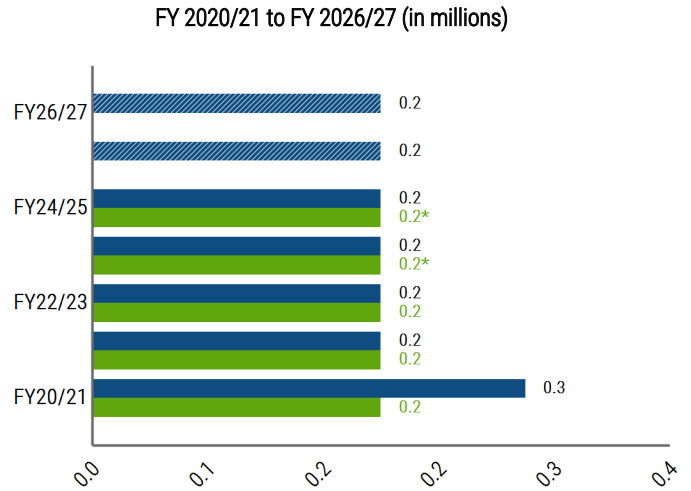
FY 2020/21 to FY 2026/27 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

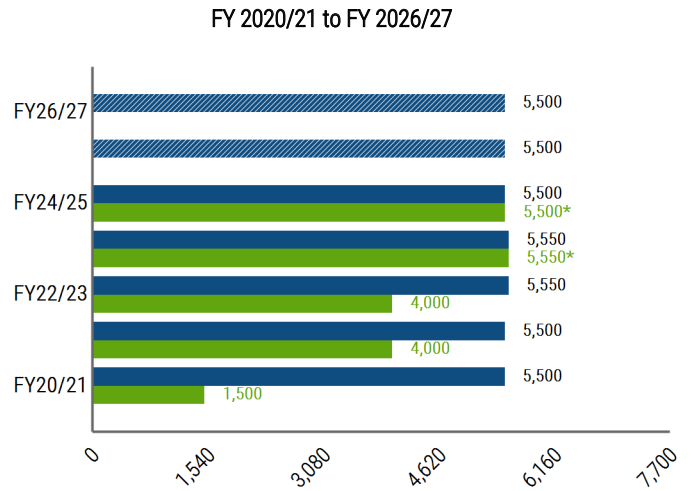
PROPERTY RENTAL

Property Rental includes land and building rent from cell towers on Water Resources' property. Property Rental for FY 2024/25 totals \$0.2 million, which is flat from the FY 2023/24 adopted budget.



CONTRIBUTIONS & DONATIONS

Contributions & Donations includes money being given by Arizona Public Service (APS), the Salt River Project (SRP), and the Central Arizona Project (CAP) to help support the Water Academy. Contributions & Donations revenue for FY 2024/25 totals \$5,550, which is flat when compared to the amount adopted in FY 2023/24.



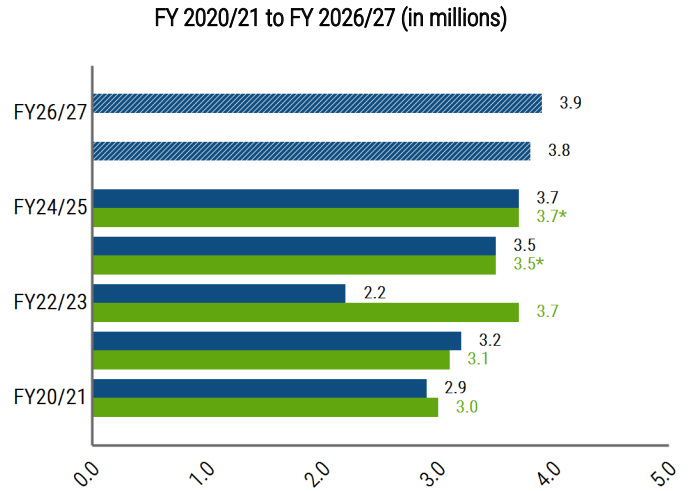
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2024/25 is \$14.2 million across three separate transfers. More specific information is detailed in the following section.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

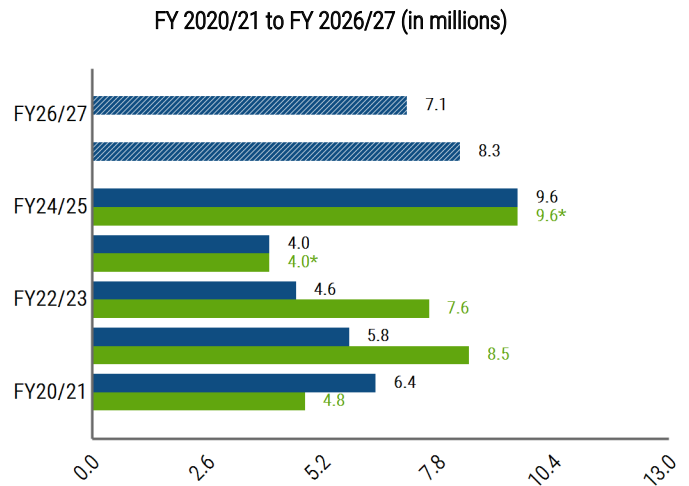
AWT

AWT, or Advanced Water Treatment, represents an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The adopted FY 2024/25 budget is \$3.7 million, an increase of \$0.2 million from the FY 2023/24 adopted budget due to higher costs at the Advanced Water Treatment Plant.



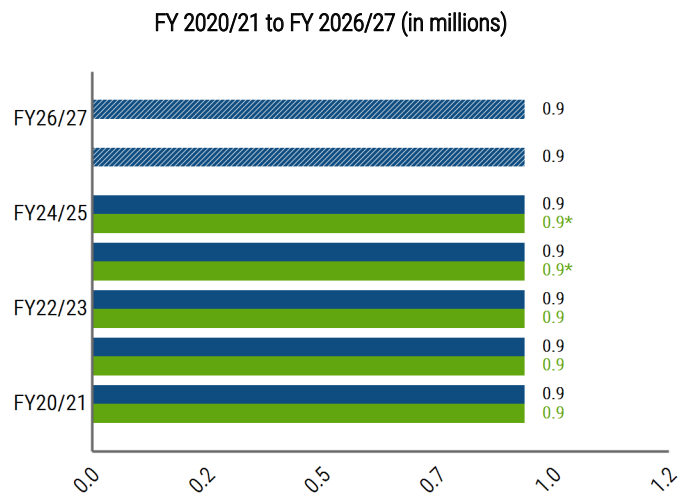
DEBT SERVICE

Debt Service includes transfers between the Capital Improvement Plan (CIP) and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. Debt Service's adopted budget for FY 2024/25 is \$9.6 million, which is an increase of \$5.6 million. The increase is primarily due to the inclusion of Municipal Property Corporation (MPC) bond interest for FY 2024/25. This includes interest transferred from the Water Development Fee Fund to the Water Debt Service Fund, as well as a portion of the MPC bond interest transferred to the Sewer Debt Service Fund. The FY 2021/22 and FY 2022/23 actual amounts are greater than the adopted amounts due to an unbudgeted Development Fee Transfer which was required to cover part of the debt payments.



RWDS

RWDS, or Reclaimed Water Distribution System, which is budgeted at \$0.9 million, is a transfer from the CIP to the Water and Water Reclamation Funds for debt service payments related to the RWDS system.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

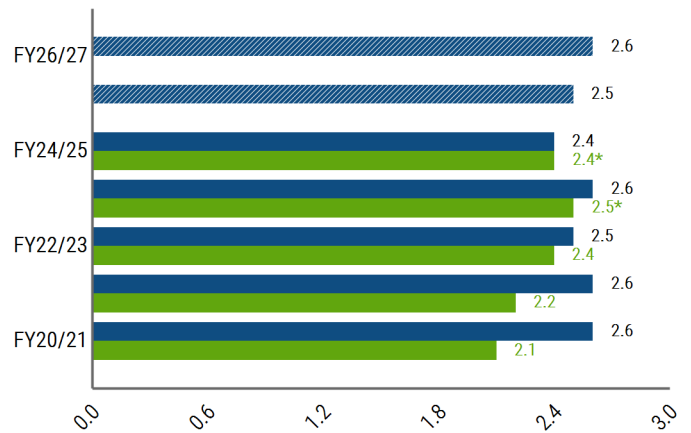
WATER AND WATER RECLAMATION FUNDS USES

The Water and Water Reclamation Funds uses are presented by the following divisions or major groupings: City Treasurer, Administrative Services, Water Resources, Citywide Indirect Cost Allocation, Department Indirect Cost, Class and Comp Study, Fuel and Maintenance and Repair, Leave Accrual Payments/Parental Leave, Vacation Trade, Savings from Vacant Positions, and Utilities. Additionally, there are Debt Service payments and Transfers Out to other funds.

CITY TREASURER

City Treasurer uses are for utility billing services, remittance processing, revenue recovery and other water and water reclamation related payments that are handled by City Treasurer staff. The staff who perform these services have a set percentage of their salary paid out of the Water and Water Reclamation Funds based on the time they are expected to work on water and water reclamation related tasks. In addition, executive and management staff who oversee employees who perform water and water reclamation functions have a portion of their salaries charged to those funds as well. Finally, any non-personnel services related charges (including contractual services, commodities and capital outlays incurred by these employees will be charged similarly to the Water and Water Reclamation Funds. The adopted FY 2024/25 budget of \$2.4 million is \$0.2 million lower than the FY 2023/24 adopted budget.

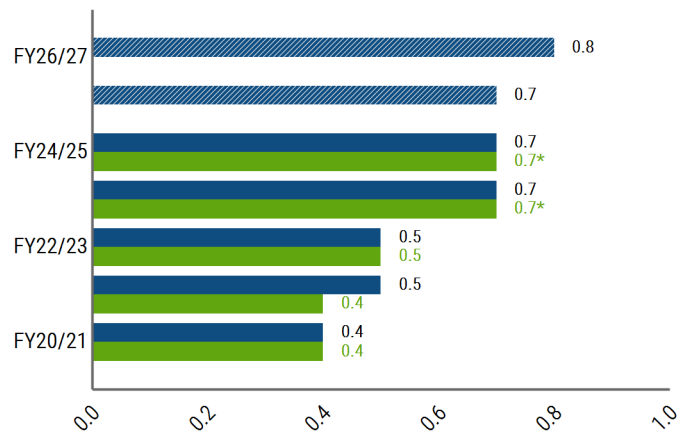
FY 2020/21 to FY 2026/27 (in millions)



ADMINISTRATIVE SERVICES

Administrative Services uses allow for the centralization of Information Technology staffing and software licensing costs that support Water and Water Reclamation efforts. The budget for Administrative Services in FY 2024/25 is \$0.7 million, which is flat compared to the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

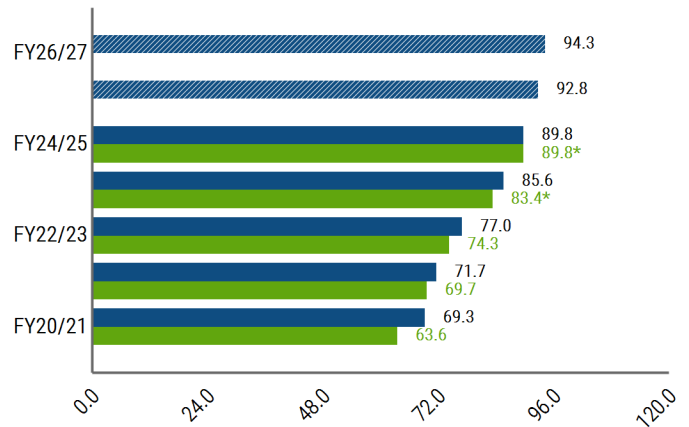


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

WATER RESOURCES

The adopted FY 2024/25 Water Resources budget of \$89.8 million reflects an increase of \$4.2 million over the FY 2023/24 adopted budget. The increase is mainly due to higher purchased water costs based on the rate schedule from the Central Arizona Project (CAP), higher electricity costs for delivering water, and additional budget authority for two water conservation grant awards.

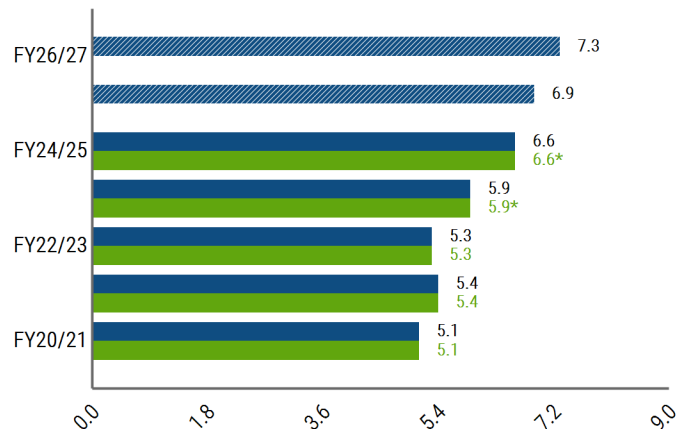
FY 2020/21 to FY 2026/27 (in millions)



CITYWIDE INDIRECT COST ALLOCATION

In FY 2024/25, the Citywide Indirect Cost Allocation budget is \$6.6 million which reflects a \$0.7 million increase from the FY 2023/24 adopted budget, due to the proportional increase of the direct versus the indirect classified costs. Citywide Indirect Cost Allocation represents Enterprise Funds charges for specific General Fund central administrative functions which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based upon a combination of relative benefits received and the proportion of the overall operating budgets for direct service providers.

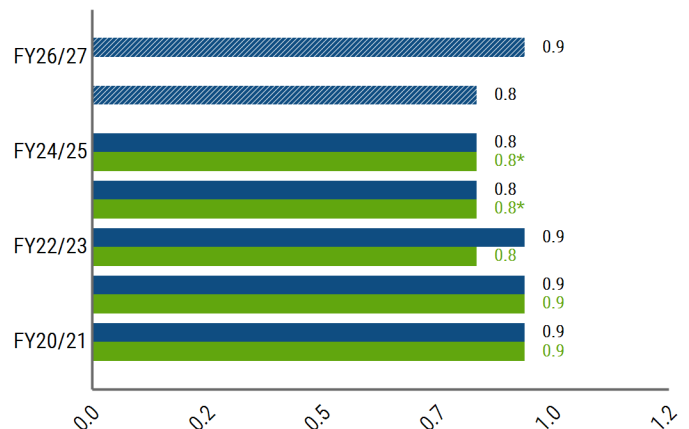
FY 2020/21 to FY 2026/27 (in millions)



DEPARTMENT INDIRECT COST

The Department Indirect Cost represents internal charges from the Reclaimed Water Distribution System (RWDS) Fund, Inlet Silverado Golf Course Fund, IWDS Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds. The FY 2024/25 adopted budget for Department Indirect Cost is \$0.8 million, which is flat from the FY 2023/24 adopted budget. This budget mirrors the budget and actuals from the Indirect Costs source detailed in the Sources section.

FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

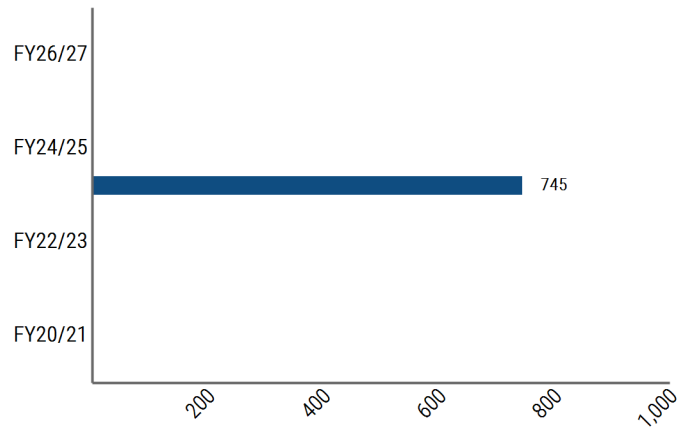
NON-DIVISIONAL USES

Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level; then moving the budget to a macro level holding account at the beginning of the Fiscal year, and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

CLASS AND COMP STUDY

The Class and Comp Study represents the costs for implementing the recommendations from the Public Service Personnel Consultants Classification and Compensation study that was completed at the end of FY 2023/24. The implementation of the Class and Comp Study is budgeted at the division level for FY 2024/25.

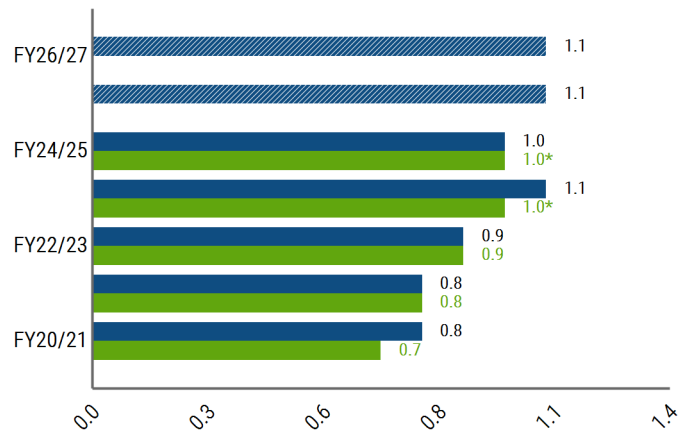
FY 2020/21 to FY 2026/27 (in thousands)



FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair are budgeted at the division level and then, at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The FY 2024/25 Fuel and Maint and Repair adopted budgeted is \$1.0 million, budgeted at the division level.

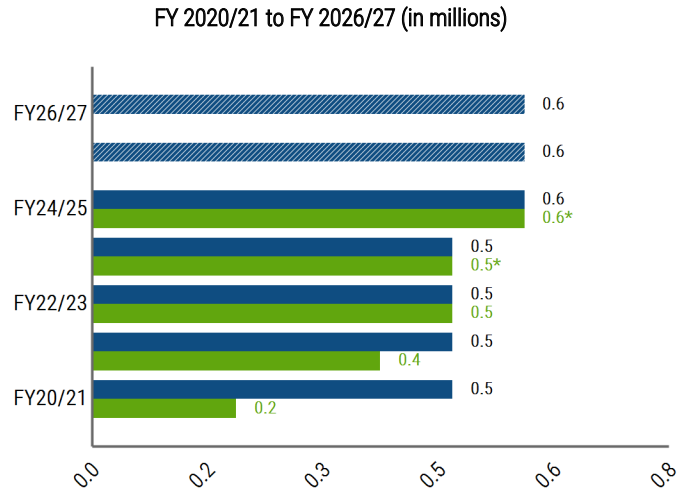
FY 2020/21 to FY 2026/27 (in millions)



▨ FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

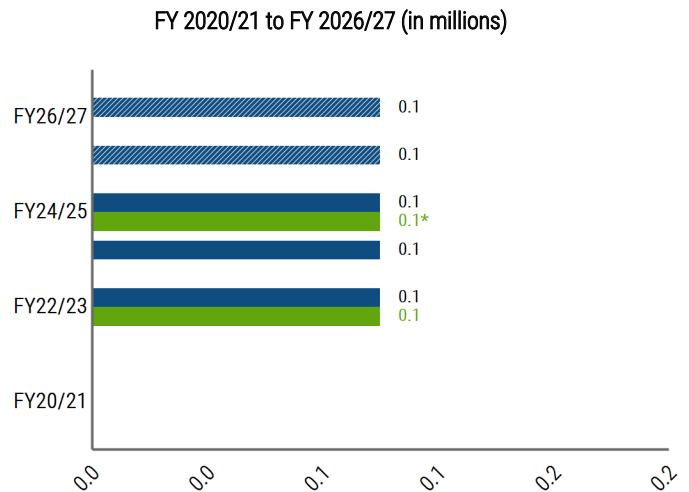
LEAVE ACCRUAL PAYMENTS/PAID PARENTAL LEAVE

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2024/25 Leave Accrual Payments / Parental Leave budget is \$0.6 million, which includes \$0.3 million budgeted for medical leave accrual payouts, \$0.2 million budgeted for vacation accrual payouts, and \$0.1 million budget for parental leave.



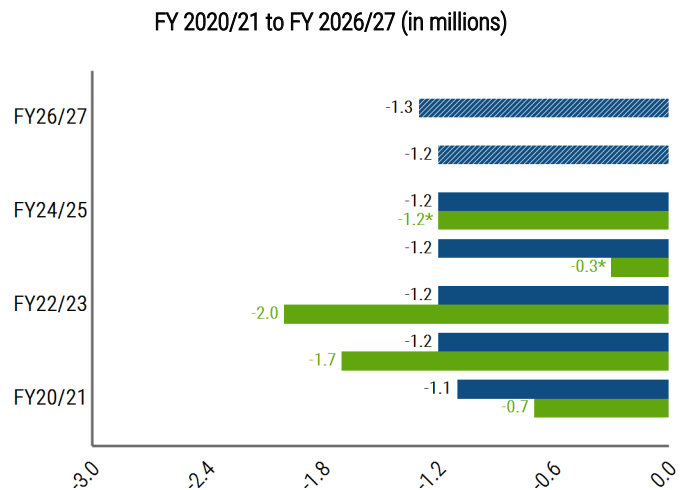
VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is \$65,997.



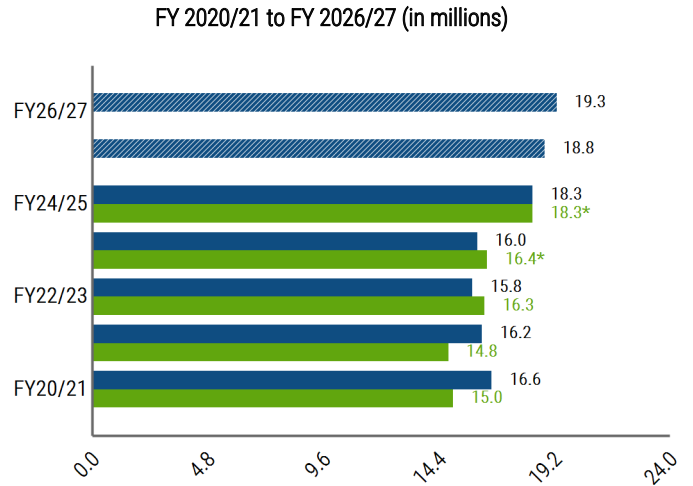
SAVINGS FROM VACANT POSITIONS

The amount of savings accrued from vacant positions for FY 2024/25 is estimated at (\$1.2) million, which includes anticipated retirements within the city, and the impact of challenges in the labor market.



UTILITIES

The Water and Water Reclamation Funds utilities budget (water, electric, sewer, gas, solid waste and recycling services) reports separately to allow for better transparency and accountability. The adopted FY 2024/25 Utilities budget of \$18.3 million is \$2.3 million more than the FY 2023/24 adopted budget based on usage and improved operational efficiency within the electrical line.

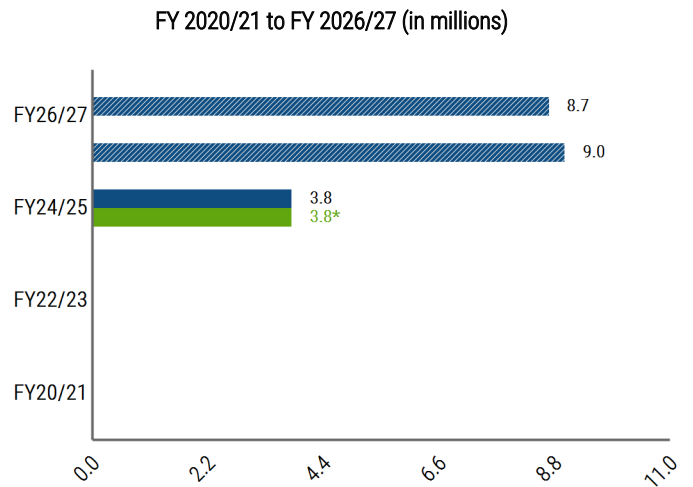


DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds.

2024 REV BOND DEBT SVC-SEWER

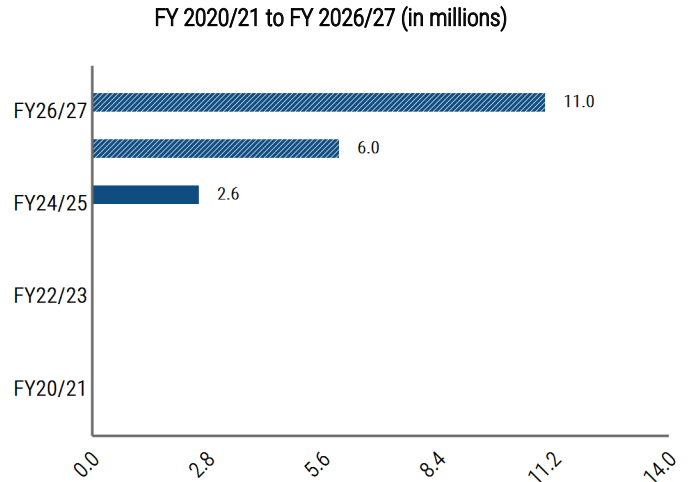
Sewer Revenue Bonds funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects. Sewer Revenue Bonds represent the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. 2024 Sewer Revenue Bonds payments are budgeted for \$3.8 million and are planned to be issued in December 2024.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

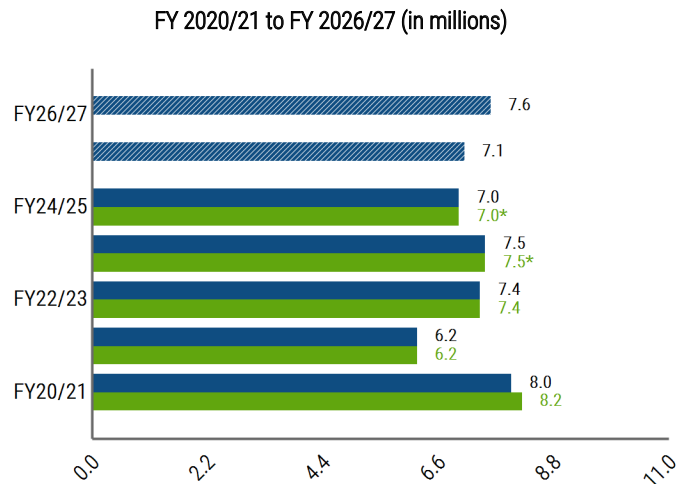
2024 REV BOND DEBT SVC-WATER

Water Revenue Bonds funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects. Water Revenue Bonds represent the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. 2024 Water Revenue Bonds payments are budgeted for 2.6 million and are planned to be issued in December 2024.



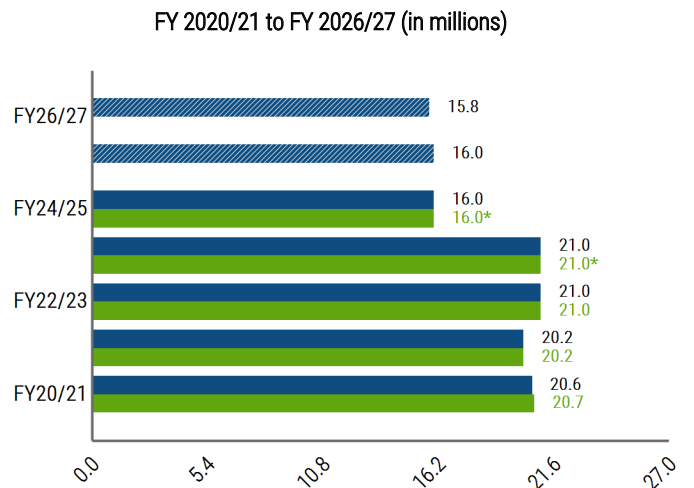
MPC BONDS DEBT SERVICE-SEWER

MPC Bonds Debt Service-Sewer represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Sewer is budgeted at \$7.0 million in FY 2024/25, a slight decrease from the FY 2023/24 adopted budget based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.



MPC BONDS DEBT SERVICE-WATER

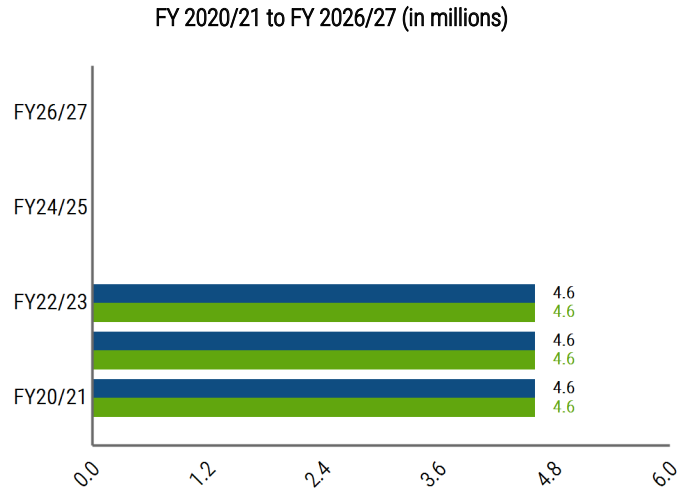
MPC Bonds Debt Service-Water represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water capital projects. The funding is derived from revenue generated from water rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Water is budgeted at \$16.0 million in FY 2024/25 based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

2008 REV BOND DEBT SVC-SEWER

Sewer Revenue Bonds funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects. Sewer Revenue Bonds represents the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. 2008 Sewer Revenue Bonds were fully paid off in FY 2022/23.

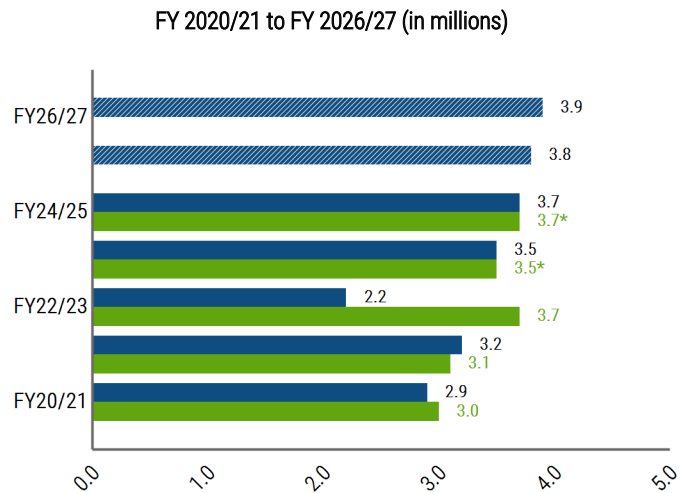


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

AWT

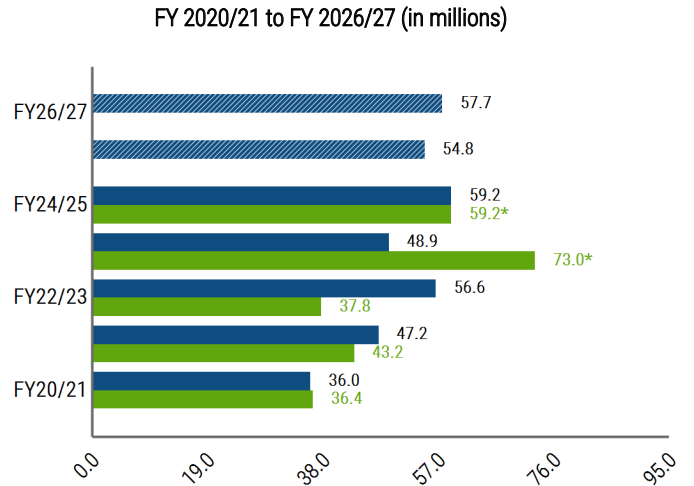
AWT, or Advanced Water Treatment, represents an internal transfer between Water and Water Reclamation Fund reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The adopted budget for FY 2024/25 is \$3.7 million, an increase of \$0.2 million from the FY 2023/24 adopted budget due to higher costs at the Advanced Water Treatment Plant.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

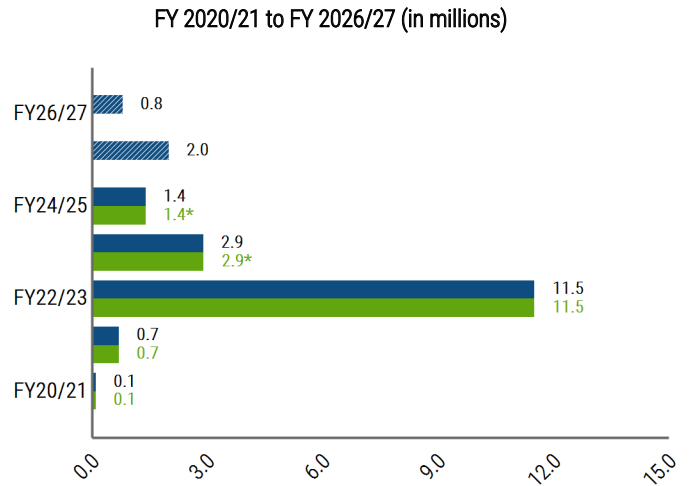
CIP

CIP has an adopted budget of \$59.2 million in authorized transfers to the CIP to pay for general water and water reclamation capital projects. Examples of projects include water distribution and treatment system improvements, modification and improvement of the Multi-City Sub-Regional Operating Group (SROG) facility enhancements, and water treatment facility improvements. The CIP Transfers Out budget varies according to the CIP projects being built each year.



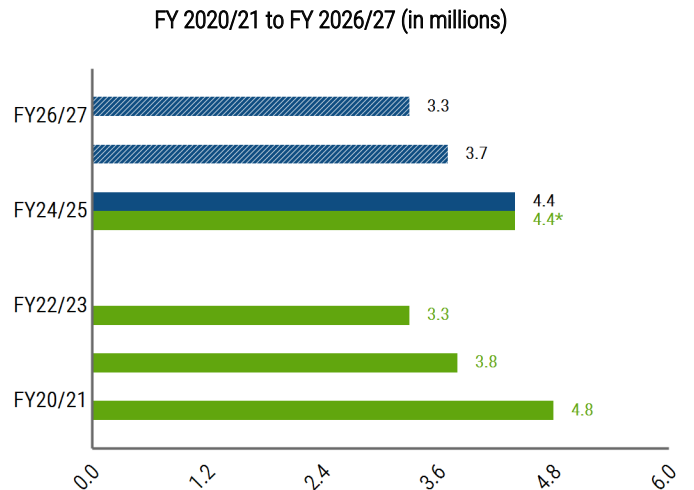
CIP TECHNOLOGY

CIP Technology has an adopted budget of \$1.4 million in authorized transfers to the CIP to pay for general water and water reclamation technology projects in FY 2024/25. FY 2022/23 adopted budget is significantly higher as it includes the Water and Water Reclamation Funds' proportionate share of funding for the Utility Billing Management System implementation project.



DEBT SERVICE FUND

Debt Service Fund was an internal transfer of MPC Bonds between water and water reclamation debt service funds to the Water and Water Reclamation Funds to better account for debt service payments related to water and water reclamation capital projects. FY 2024/25 budget for Debt Service Fund is \$4.4 million. Debt Service Reserve was projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunset in FY 2022/23. New Water and Sewer revenue bonds are planned to be issued in December 2024.

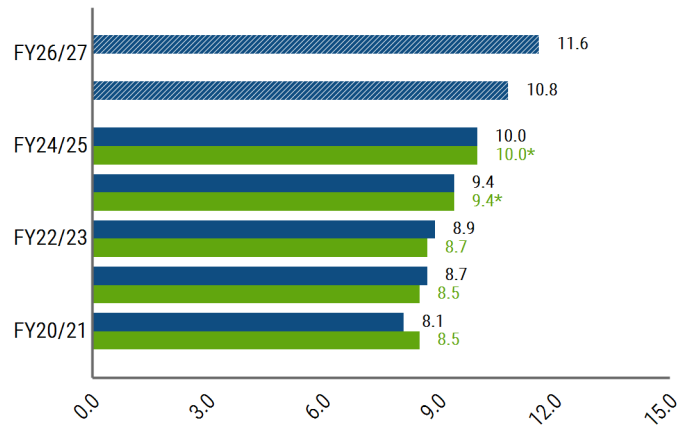


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FRANCHISE FEES

Franchise Fees is a transfer in FY 2024/25 of \$10.0 million from the Water and Water Reclamation Funds to the General Fund for use of the city’s right-of-ways and medians. The Water Resources Division is treated as any other utility would be in this regard. The annual charge is five percent of Water Service and Water Reclamation Charges revenue.

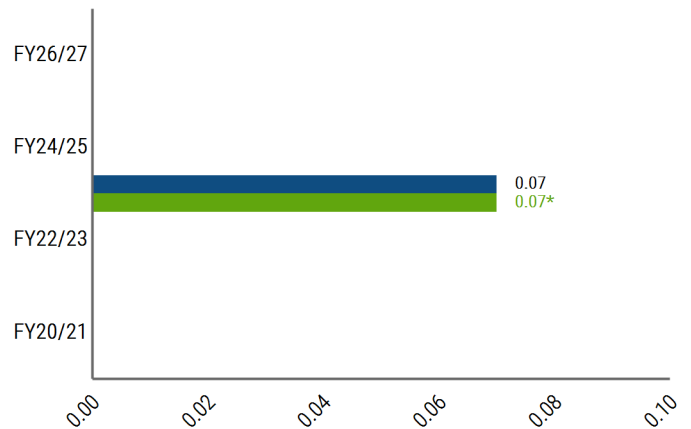
FY 2020/21 to FY 2026/27 (in millions)



OTHER

In FY 2023/24, a transfer out to the General Fund supported a portion of grant writing services to enhance current efforts to seek additional funding sources for citywide services and projects. The FY 2024/25 adopted amount is zero as no contribution is planned to be made from Water Funds beyond year one of the program.

FY 2020/21 to FY 2026/27 (in millions)



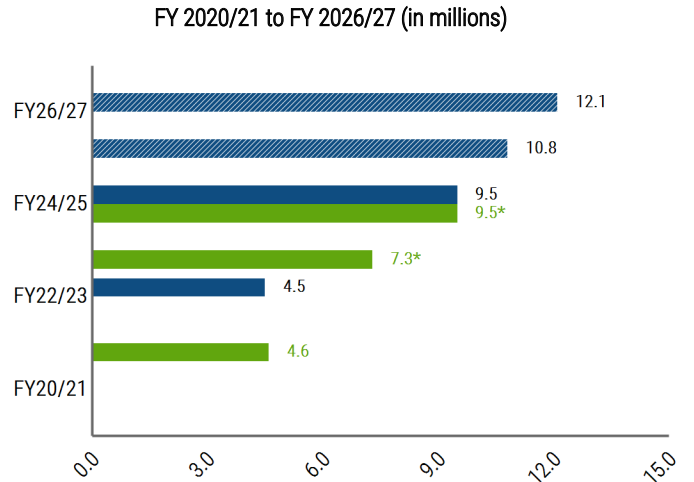
WATER AND WATER RECLAMATION FUNDS ENDING BALANCE

The Water and Water Reclamation Funds ending balance includes reserves and contingency, which protects the city’s financial condition and provide for unexpected economic challenges; a Special Contractual Fund Balance designation; and an Unreserved, Undesignated Fund Balance. Growth of ending fund balance occurs when sources exceed uses. Ending fund balances are similar to a company’s net equity (assets less liabilities). Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) uses. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city’s budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted uses. The specific make-up of the city’s Water and Water Reclamation Funds balance is as follows:

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

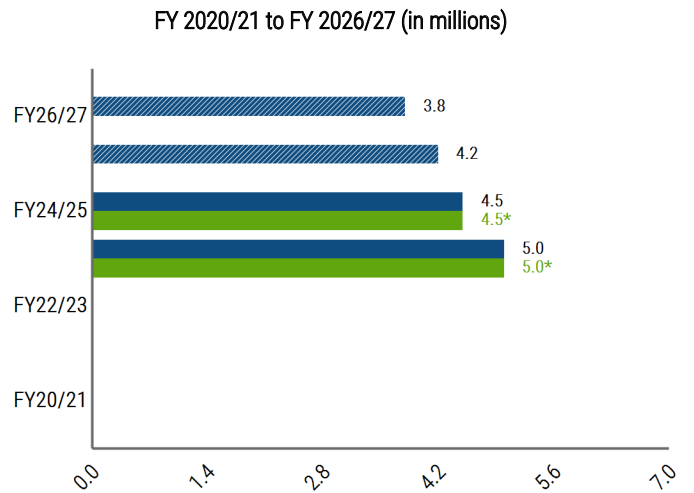
DEBT SERVICE RESERVE

Debt Service Reserve is required per the term of the revenue bond indenture to ensure that funds are set aside as collateral for the Bonds debt service payments. FY 2024/25 budget for Debt Service Reserve is \$9.5 million. Debt Service Reserve was projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunset in FY 2022/23. However, the FY 2023/24 Debt Service Reserve is \$7.3 million as 2024 Water and Sewer revenue bonds are planned to be issued in December 2024.



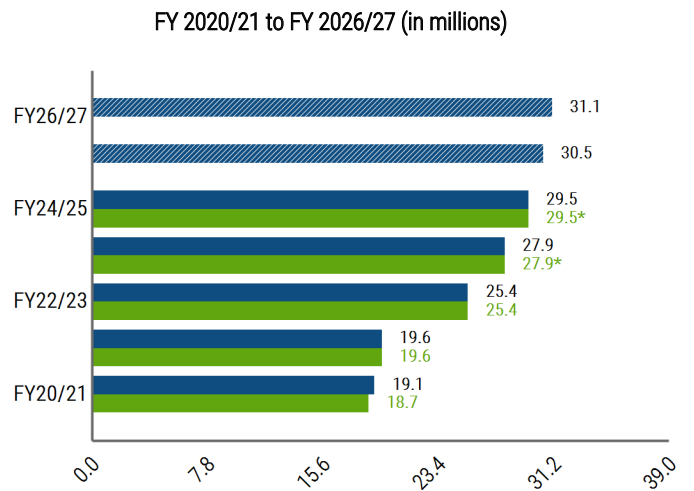
OPERATING CONTINGENCY

Operating Contingency was added beginning in FY 2023/24 to align with other operating funds. FY 2024/25 budget for operating contingency is \$4.5 million.



OPERATING RESERVE

Operating Reserve projected for the end of FY 2024/25 is \$29.5 million. This reserve is intended to ensure adequate funding for operations and is 25 percent of operating uses, excluding transfers out and debt service as detailed in Financial Policy No. 2.04. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.

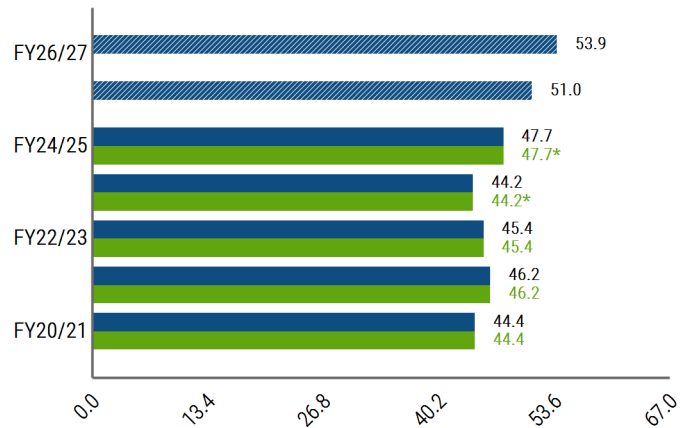


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WATER & WASTEWATER ASSET REPLACEMENT RESERVE

Water & Wastewater Asset Replacement Reserve of \$47.7 million is projected for the end of FY 2024/25. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside to preserve the assets, which in turn, are the collateral for the Sewer Revenue Bonds. There shall be deposited an amount equal to at least two percent of the revenues received during the year into the reserve until such time as the reserve equals two percent of the value of total tangible assets. The reserve may be used in times of unusual circumstances for replacement or extension of the assets.

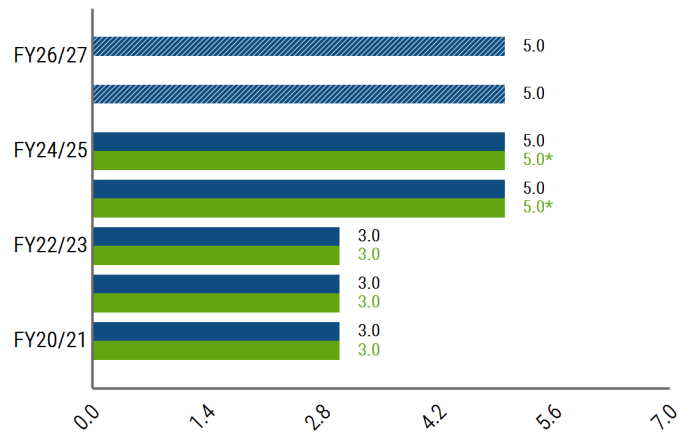
FY 2020/21 to FY 2026/27 (in millions)



WATER DROUGHT RESERVE

The Water Drought Reserve ending fund balance is increased to \$5.0 million for FY 2024/25 in anticipation of an ongoing drought. The Colorado River basin is in a Tier 1 Shortage for calendar year 2024. The announcement came from the Bureau of Reclamation based on projections for Lake Mead water levels. The shortage declaration means reduced water for some stakeholders who receive water from the Central Arizona Project (CAP); those stakeholders who receive a portion of their water from CAP include municipalities, agriculture, tribes, and others. This Water Drought Reserve will ensure the city is prepared for unexpected cost increases related water purchases and other unforeseen expenses.

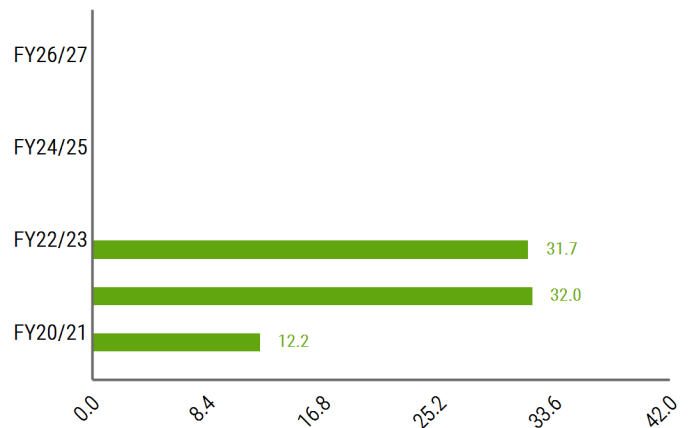
FY 2020/21 to FY 2026/27 (in millions)



WATER & WASTEWATER FUND BALANCE

Water & WasteWater Fund Balance represents the cumulative Water and Water Reclamation Funds sources not designated for a specific purpose. The balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating uses.

FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

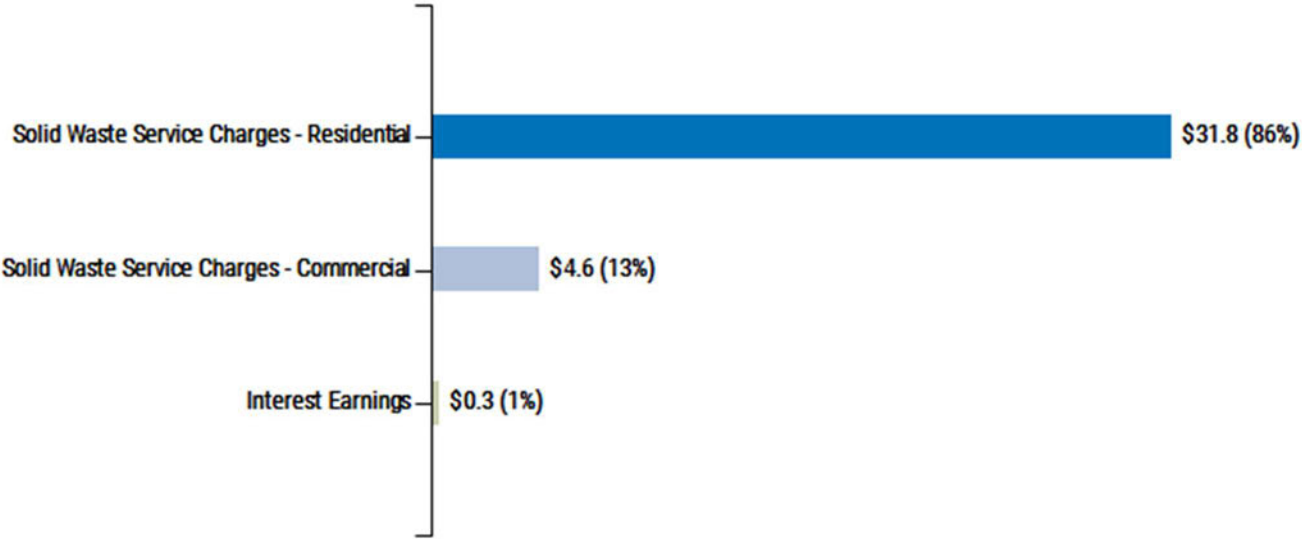


FY 2024/25 Proposed Budget

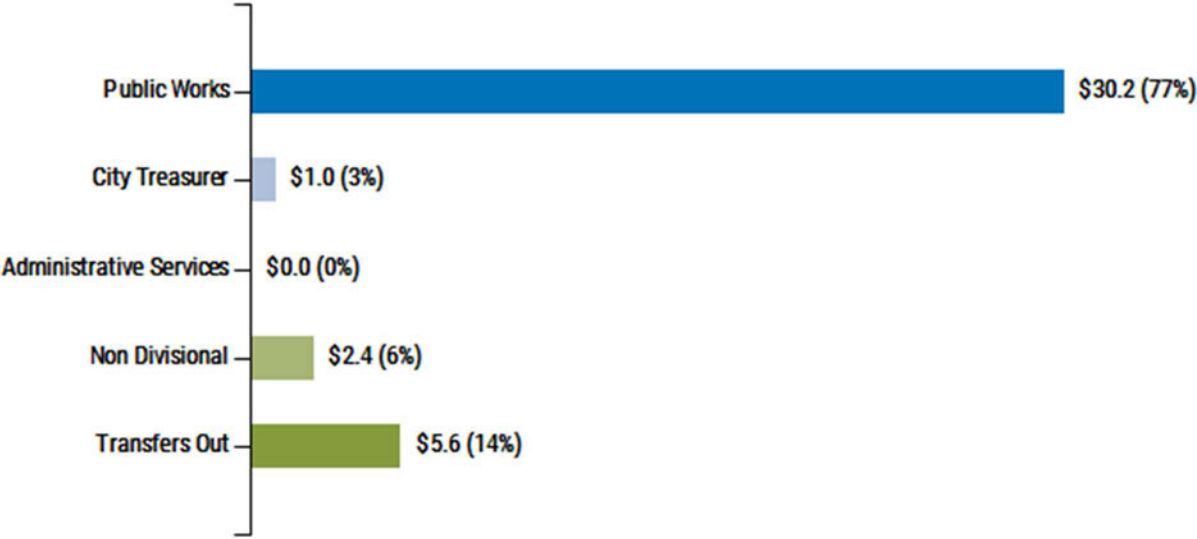
FUND PURPOSE

The Solid Waste fund accounts for the transactions related to the city’s commercial and residential refuse, recycling, brush and bulk collections business activities. The operating sources and uses are accounted for in this fund while the capital expenditures are accounted for in a separate Solid Waste Capital Fund. The operating sources, uses and ending fund balance of the Solid Waste Fund are described in the following sections.

**Solid Waste Fund Sources (% to Total)
\$36.8 Million**



**Solid Waste Fund Uses (% to Total)
\$39.1 Million**



Rounding differences may occur.

BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Debt Service Reserve ^(a)	-	572,825	527,825	-
Operating Contingency ^(b)	-	600,000	600,000	1,000,000
Operating Reserve	4,361,640	4,397,569	4,377,734	4,693,091
Capital Replacement Reserve	6,147,140	4,318,258	5,191,721	4,119,759
Total Beginning Fund Balance	10,508,780	9,888,652	10,697,280	9,812,850
Revenues				
Solid Waste Service Charges - Residential	27,102,869	28,878,985	28,878,985	31,832,858
Solid Waste Service Charges - Commercial	3,976,017	4,046,242	4,046,242	4,635,583
Interest Earnings	149,016	255,503	255,503	339,971
Miscellaneous	935	-	-	-
Subtotal	31,228,837	33,180,730	33,180,730	36,808,412
Total Sources	31,228,837	33,180,730	33,180,730	36,808,412
Expenditures				
Public Works	26,846,489	29,009,258	26,418,851	30,715,551
City Treasurer	930,625	1,031,593	1,008,203	1,002,905
Administrative Services	8,000	8,000	8,000	8,000
Citywide Indirect Cost Allocation	1,399,781	1,785,696	1,785,696	2,037,592
Class and Comp Study ^(c)	-	277,211	-	-
Fuel and Maint and Repair ^(d)	-	-	1,984,001	-
Leave Accrual Payments / Parental Leave	-	46,880	21,534	47,939
Post Employment Medical	-	-	26,000	-
Savings from Vacant Positions	-	(325,000)	-	(332,345)
Utilities	-	-	34,991	-
Vacation Trade	-	43,561	-	34,238
Subtotal	29,184,895	31,877,199	31,287,276	33,513,880
Debt Service				
Future Issuance Solid Waste ^(e)	-	430,715	-	-
Subtotal	-	430,715	-	-
TOTAL OPERATING BUDGET	29,184,895	32,307,914	31,287,276	33,513,880
Transfers Out				
CIP	1,645,807	2,566,007	2,566,007	5,442,219
CIP Technology	209,634	211,877	211,877	135,141
General Fund Loan Repayment	-	-	-	-
Subtotal	1,855,441	2,777,884	2,777,884	5,577,360
Total Uses	31,040,336	35,085,798	34,065,160	39,091,240
Sources Over/(Under) Uses	188,501	(1,905,068)	(884,430)	(2,282,828)
Ending Fund Balance				
Debt Service Reserve ^(a)	-	572,825	572,825	-
Operating Contingency ^(b)	-	600,000	600,000	707,216
Operating Reserve	4,377,734	4,169,593	4,693,091	5,027,082
Capital Replacement Reserve	6,319,546	2,641,166	3,946,934	1,795,724
Total Ending Fund Balance	10,697,280	7,983,584	9,812,850	7,530,022

^(a) Debt Service Reserve added in FY 2023/24 for a formerly planned debt issuance per Financial Policy 2.06. Funding will now be provided via a \$17.8 million loan from the General Fund in order to reduce debt issuance costs.

^(b) Operating Contingency was added in FY 2023/24 to be used for potential recycling market volatility, transfer fee increases, and landfill increases.

^(c) Anticipated cost to implement the Classification and Compensation Study recommendations.

^(d) Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

^(e) FY 2023/24 Future Debt Issuance for the Solid Waste Transfer Station capital project has been shifted to a \$17.8 million loan from the General Fund in order to reduce debt issuance costs.

BUDGET BY FUND | Solid Waste Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Debt Service Reserve	-	-	-	-	-
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	4,693,091	5,027,082	5,237,130	5,521,995	5,808,525
Capital Replacement Reserve	4,119,759	1,502,940	2,820,492	4,162,927	5,906,897
Total Beginning Fund Balance	9,812,850	7,530,022	9,057,622	10,684,922	12,715,422
Revenues					
Solid Waste Service Charges - Residential	31,832,858	33,593,400	35,453,900	37,417,300	39,489,100
Solid Waste Service Charges - Commercial	4,635,583	4,855,300	5,096,300	5,363,900	5,663,100
Interest Earnings	339,971	359,000	357,100	339,200	322,300
Miscellaneous	-	-	-	-	-
Subtotal	36,808,412	38,807,700	40,907,300	43,120,400	45,474,500
Total Sources	36,808,412	38,807,700	40,907,300	43,120,400	45,474,500
Expenditures					
Public Works ^(a)	30,715,551	32,042,700	33,865,700	35,676,200	36,131,800
City Treasurer	1,002,905	1,041,500	1,082,100	1,145,400	1,157,500
Administrative Services	8,000	8,400	8,800	9,300	9,700
Citywide Indirect Cost Allocation	2,037,592	2,078,300	2,119,900	2,162,300	2,205,600
Class and Comp Study	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments / Parental Leave	47,939	49,100	50,100	51,200	52,400
Post Employment Medical	-	-	-	-	-
Savings from Vacant Positions	(332,345)	(340,000)	(347,500)	(355,100)	(363,300)
Utilities	-	-	-	-	-
Vacation Trade	34,238	34,200	34,200	34,200	34,200
Subtotal	33,513,880	34,914,200	36,813,300	38,723,500	39,227,900
Debt Service					
Future Issuance Solid Waste ^(b)	-	-	-	-	-
Subtotal	-	-	-	-	-
TOTAL OPERATING BUDGET	33,513,880	34,914,200	36,813,300	38,723,500	39,227,900
Transfers Out					
CIP	5,442,219	200,000	280,000	140,000	255,000
CIP Technology	135,141	79,000	99,800	139,500	187,700
General Fund Loan Repayment ^(b)	-	2,086,900	2,086,900	2,086,900	2,086,900
Subtotal	5,577,360	2,365,900	2,466,700	2,366,400	2,529,600
Total Uses	39,091,240	37,280,100	39,280,000	41,089,900	41,757,500
Sources Over/(Under) Uses	(2,282,828)	1,527,600	1,627,300	2,030,500	3,717,000
Ending Fund Balance					
Debt Service Reserve	-	-	-	-	-
Operating Contingency	707,216	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	5,027,082	5,237,130	5,521,995	5,808,525	5,884,185
Capital Replacement Reserve	1,795,724	2,820,492	4,162,927	5,906,897	9,548,237
Total Ending Fund Balance	7,530,022	9,057,622	10,684,922	12,715,422	16,432,422

^(a) In FY 2026/27 and FY 2027/28, two \$500,000 expenditures are included for equipment purchases.

^(b) FY 2023/24 Future Debt Issuance for the Solid Waste Transfer Station capital project has been shifted to a \$17.8 million loan from the General Fund in order to reduce debt issuance costs.

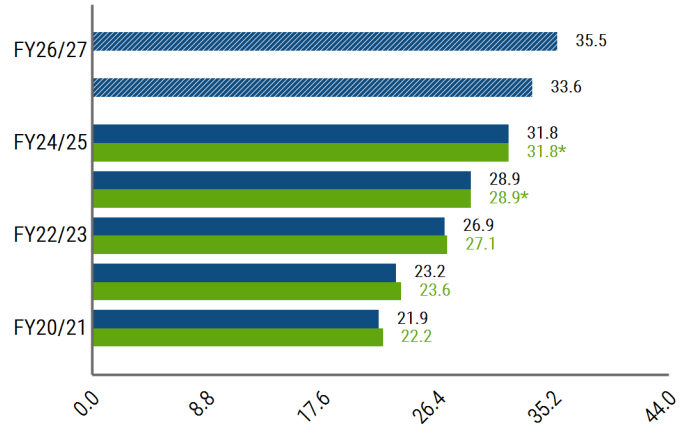
SOLID WASTE FUND SOURCES

Solid Waste Fund sources for FY 2024/25 equal \$36.8 million which is an increase of \$3.6 million from the FY 2023/24 adopted budget. The sources include Solid Waste Service Charges for both residential and commercial customers, Interest Earnings, and occasionally Miscellaneous Revenues.

SOLID WASTE SERVICE CHARGES - RESIDENTIAL

Solid Waste Service Charges – Residential includes solid waste service charges and recycled material fees for residential customers. Residential customers are billed a flat fee per month and the fees are reviewed annually to determine if they cover the costs of the services provided. Other Solid Waste Service Charges - Residential revenue includes residential refuse and recycle container charges, initiation charges, and late charges. The FY 2024/25 adopted budget is \$31.8 million, an increase of \$2.9 million from the FY 2023/24 adopted budget is due primarily to increases in landfill disposal costs, recycling processing fee, and increases in landfill tipping costs.

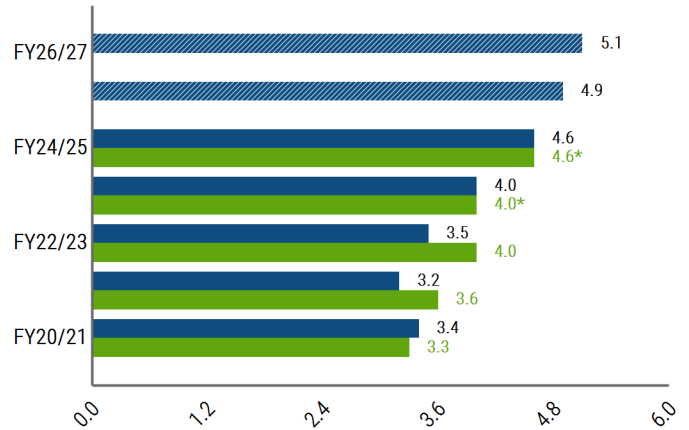
FY 2020/21 to FY 2026/27 (in millions)



SOLID WASTE SERVICE CHARGES - COMMERCIAL

Solid Waste Service Charges – Commercial include solid waste service charges for commercial customers. Commercial customers are charged based upon the size of the container and the number of pickups per month. Other Solid Waste Service Charges - Commercial revenue includes commercial roll-off charges, initiation charges, late charges, and commercial recycled materials fees. Fees and charges are reviewed annually to determine if they cover the costs of the services provided. The FY 2024/25 adopted budget is \$4.6 million, an increase of \$0.6 million from the FY 2023/24 adopted budget.

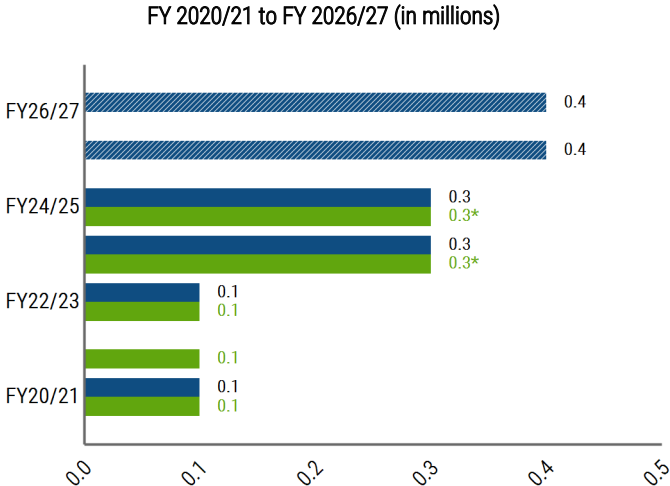
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

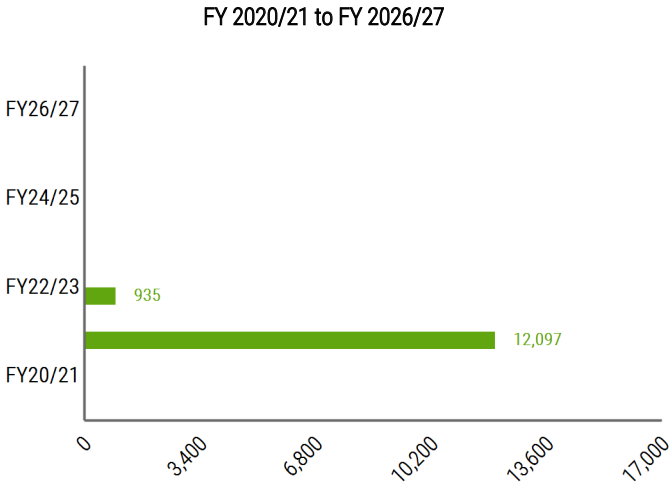
INTEREST EARNINGS

Interest Earnings revenue adopted for FY 2024/25 is \$0.3 million, an increase of \$0.1 million from the FY 2023/24 adopted budget. Interest Earnings are generated on the Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield.



MISCELLANEOUS

Miscellaneous revenue often represents a revenue or credit to the fund outside of normal operations. The FY 2021/22 amount is 941 payroll tax return credits that were able to be claimed due to offering COVID leave. The adopted FY 2024/25 budget for Miscellaneous is \$0 as this revenue source is uncommon.



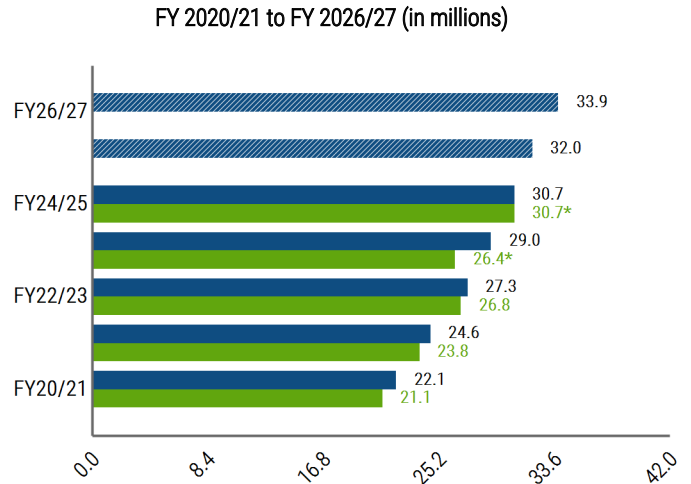
SOLID WASTE FUND USES

The Solid Waste Fund uses are presented by division (Public Works, City Treasurer, and Administrative Services), and also include Citywide Indirect Cost Allocation and non-divisional uses.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

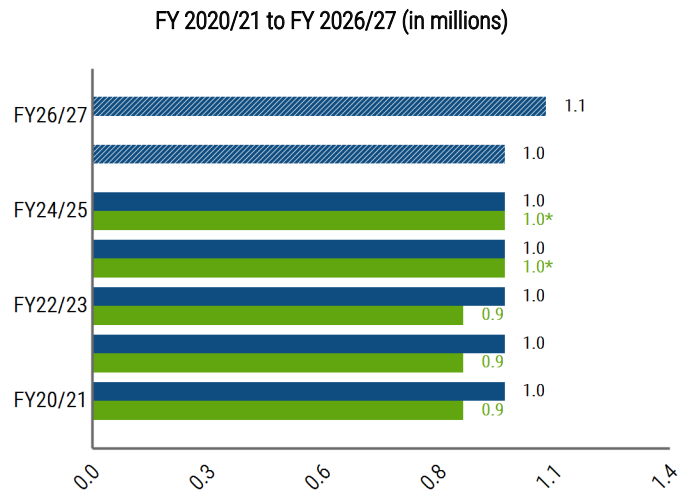
PUBLIC WORKS

Public Works provides solid waste collection, transportation, disposal, compliance, and education. The goal is to provide these services at the lowest practical rate with the highest possible customer satisfaction. The FY 2024/25 adopted budget of \$30.7 million is \$1.7 million more than the FY 2023/24 adopted budget due to the increase in costs associated with landfill disposal costs, recycling processing fee, and increases in landfill tipping costs. Also contributing to the increase is a FY 2024/25 pay for performance, market adjustments and implementation of a classification and compensation study applied to eligible employees.



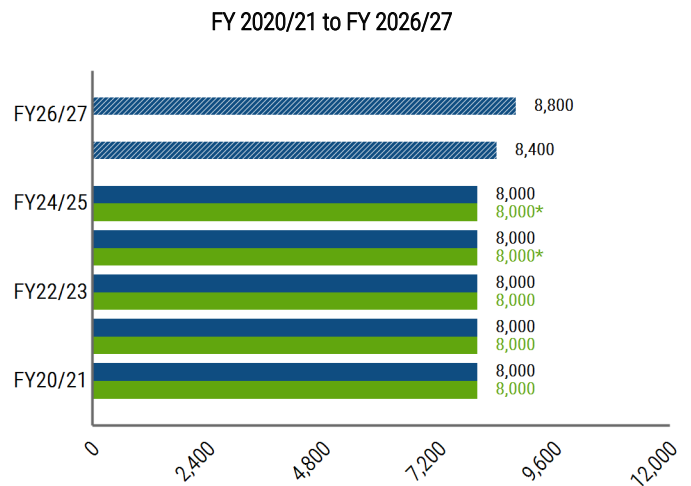
CITY TREASURER

Expenses related to utility billing services, remittance processing, revenue recovery, and solid waste related payments are handled by the City Treasurer. The staff who perform these services have a set percentage of their personnel services and related expenses allocated the Solid Waste Fund. The FY 2024/25 adopted budget is \$1.0 million, which remains relatively flat when compared to the FY 2023/24 adopted budget.



ADMINISTRATIVE SERVICES

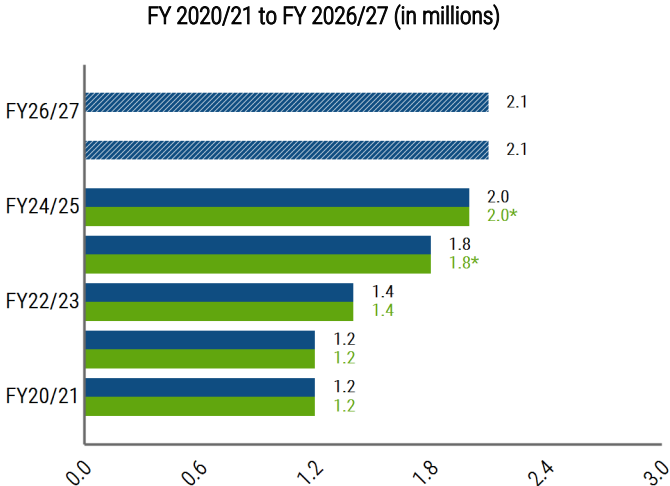
This budget is used for software which is partially funded by the Solid Waste Fund, and administered by the Information Technology (IT) Department. The FY 2024/25 Administrative Services adopted budget is \$8,000.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CITYWIDE INDIRECT COST ALLOCATION

Citywide Indirect Cost Allocation includes reimbursement to the General Fund for centralized services provided to the Solid Waste Fund for payroll, accounts payable, human resources, information technology, city administration, etc. The FY 2024/25 adopted budget is \$2.0 million, which is an increase of \$0.2 million when compared to the FY 2023/24 adopted budget.

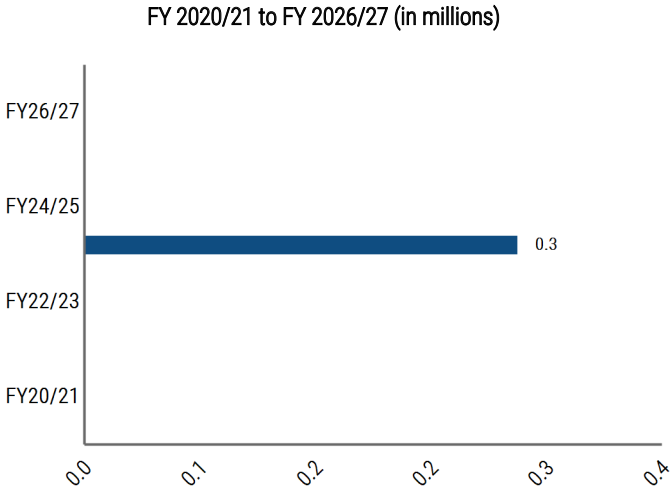


NON-DIVISIONAL USES

Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level; then moving the budget to a macro level holding account at the beginning of the fiscal year, and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

CLASS AND COMP STUDY

The Class and Comp Study represents the costs for implementing the recommendations from the Public Service Personnel Consultants Classification and Compensation study that was completed at the end of FY 2023/24. The implementation of the Class and Comp Study is budgeted at the division level for FY 2024/25.

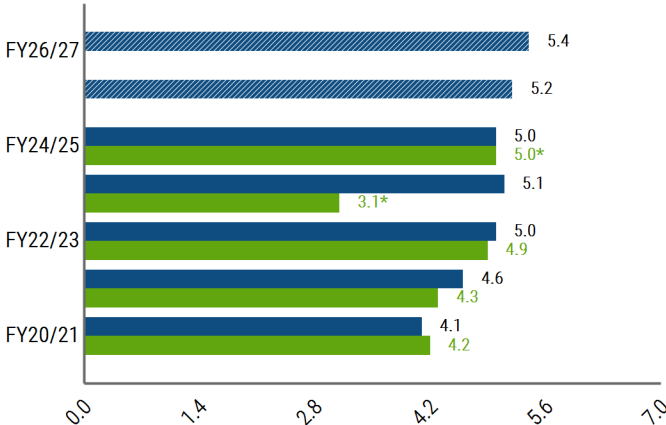


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair is budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage.

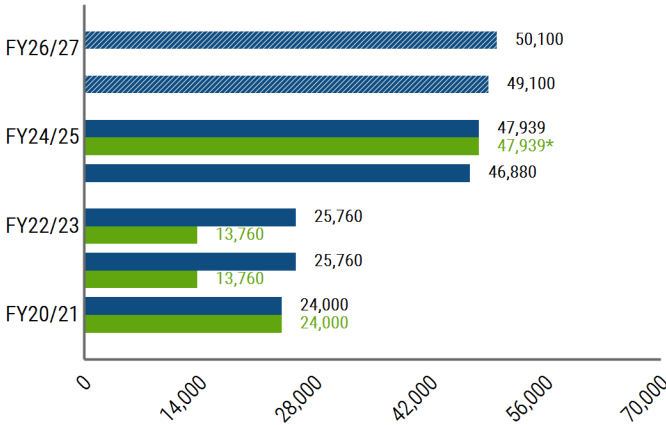
FY 2020/21 to FY 2026/27 (in millions)



LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2024/25 Leave Accrual Payments / Parental Leave budget is \$47,939, which includes \$12,271 budgeted for medical leave accrual payouts, \$12,271 budgeted for vacation accrual payouts, and \$23,397 budgeted for parental leave.

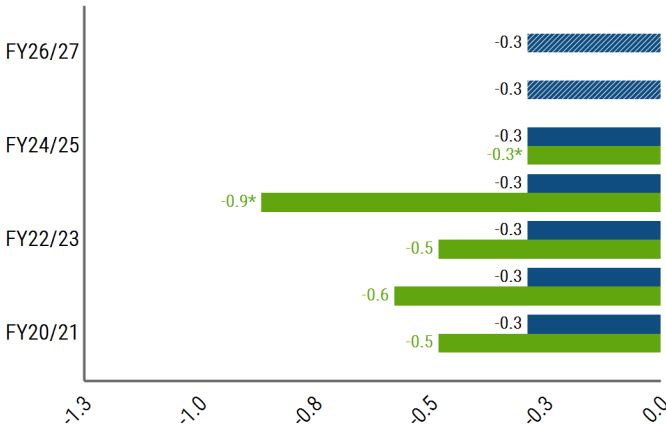
FY 2020/21 to FY 2026/27



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2024/25 is estimated at (\$0.3) million.

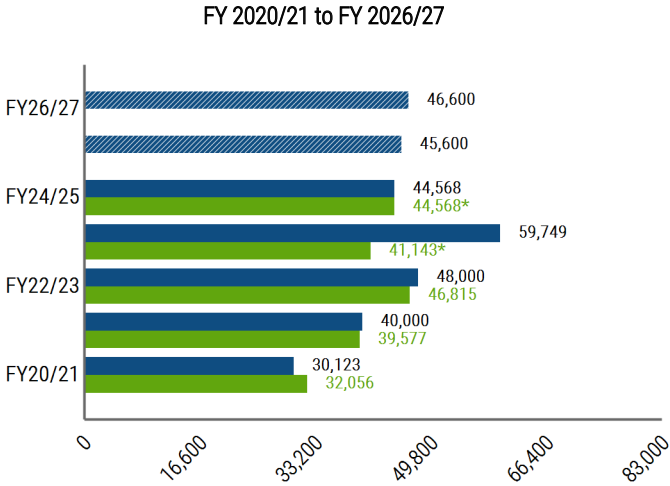
FY 2020/21 to FY 2026/27 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

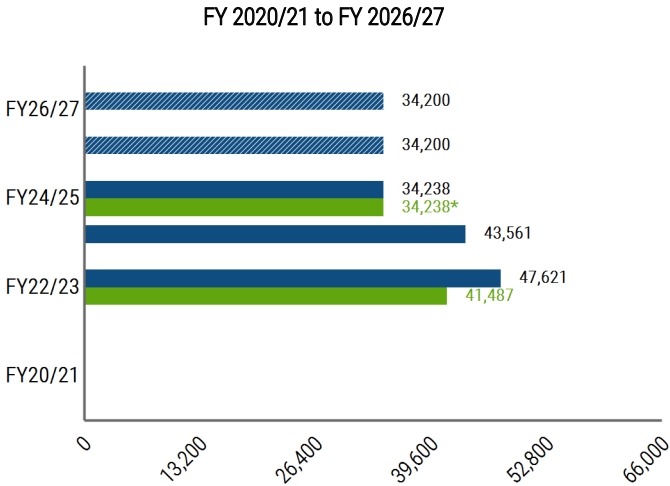
UTILITIES

Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services.



VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is \$34,238.



DEBT SERVICE

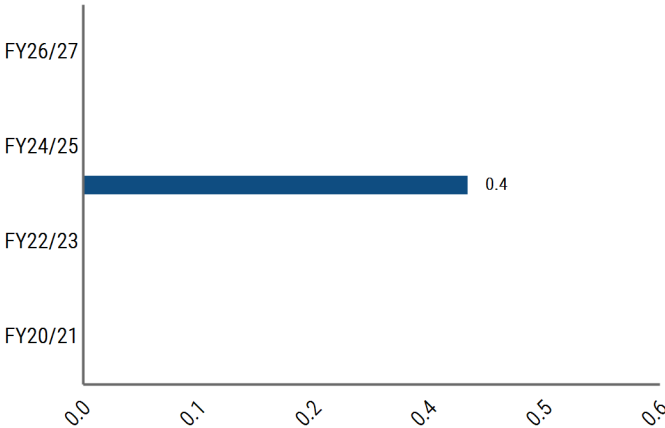
Debt Service is the payment of principal, interest, and related service charges on obligations resulting from the issuance of bonds.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUTURE ISSUANCE SOLID WASTE

Future Issuance Solid Waste represented the repayment of projected debt service associated with the Solid Waste Transfer Station Facility expansion capital project that was budgeted in FY 2023/24. Since then, the funding has been shifted to a \$17.8 million loan from the General Fund in order to reduce debt issuance costs.

FY 2020/21 to FY 2026/27 (in millions)



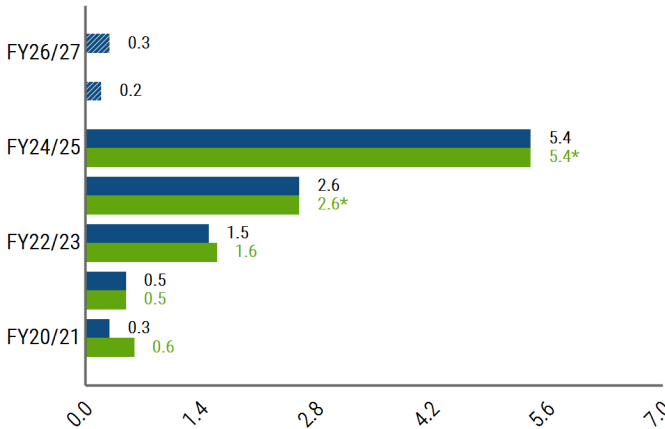
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

CIP

The FY 2024/25 CIP Transfer Out of \$5.4 million is for costs associated with the Transfer Station Enhancements to allow for a stand-alone residential household hazardous materials, green waste disposal, and electronics storage building to be used as a drop off location.

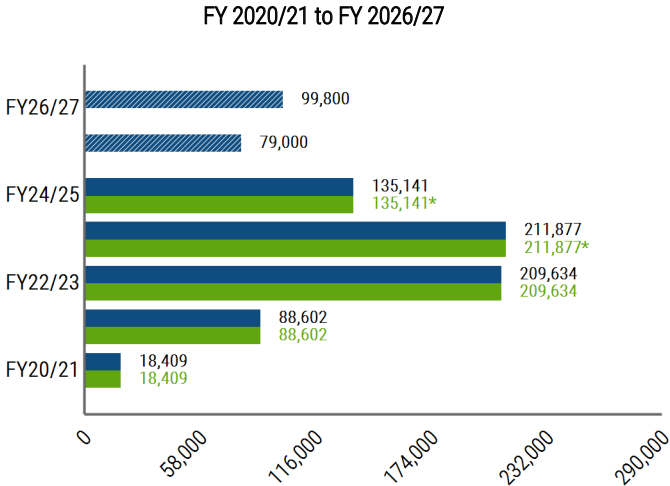
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

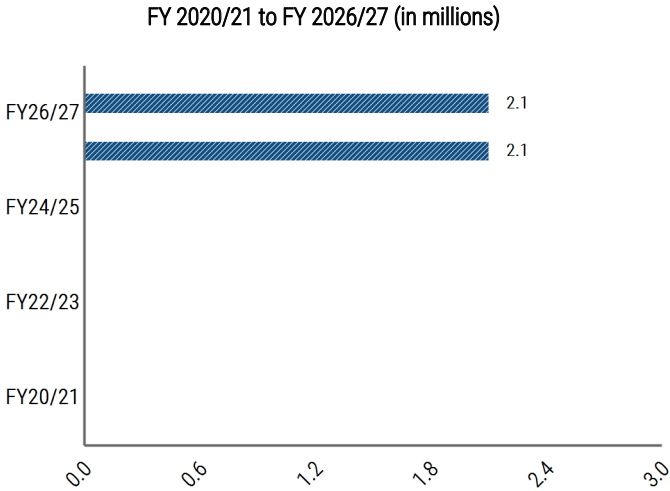
CIP TECHNOLOGY

CIP Technology includes \$135,141 to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2024/25.



GENERAL FUND LOAN REPAYMENT

General Fund Loan Repayment is a shift from Future Debt Issuance for the Solid Waste Transfer Station capital project to a \$17.8 million direct loan from the General Fund in order to reduce debt issuance costs. The loan will begin to be repaid in FY 2025/26 including a three percent annual interest rate.



SOLID WASTE FUND ENDING BALANCE

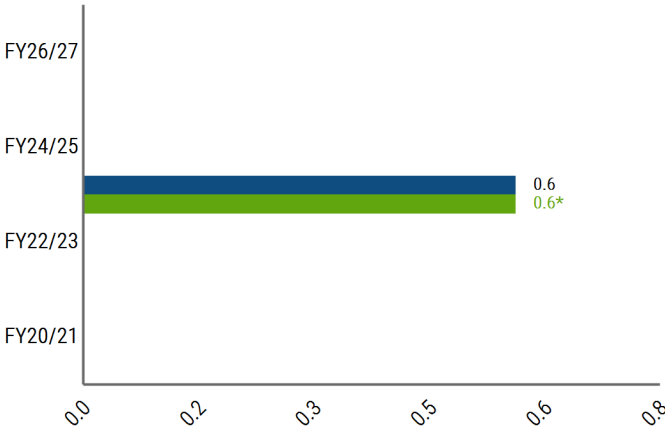
Fund balance/reserves protect the city's financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) expenditures. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city's budget planning, bond indenture, and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before being allocated or spent as budgeted expenditures. The specific make-up of the city's Solid Waste Fund ending balance is noted in the following:

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DEBT SERVICE RESERVE

Per Financial Policy No. 2.06, this reserve is required per the term of the revenue bond indenture to ensure that funds are set aside as collateral for the Bonds debt service payments. The anticipated bond issuance in FY 2023/24 was shifted to a loan from the General Fund, therefore the FY 2024/25 debt reserve is \$0.

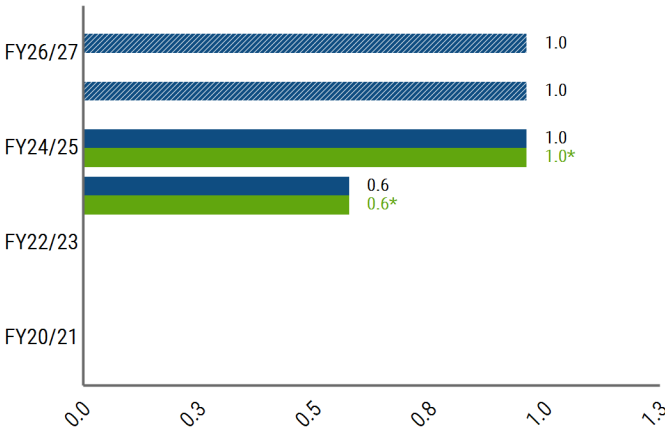
FY 2020/21 to FY 2026/27 (in millions)



OPERATING CONTINGENCY

The FY 2024/25 Operating Contingency was added to be used for potential recycling market volatility, transfer fee increases, and landfill increases.

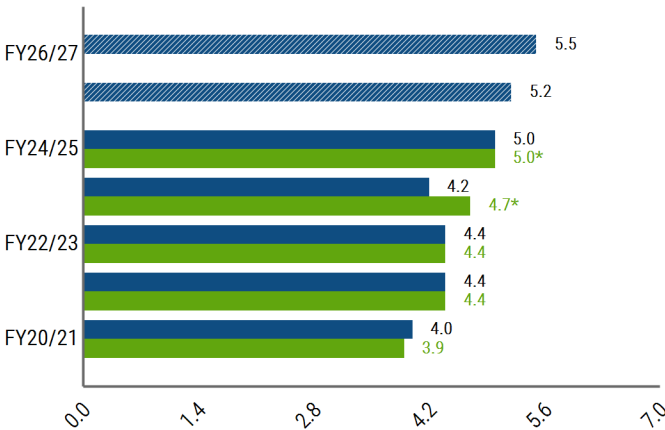
FY 2020/21 to FY 2026/27 (in millions)



OPERATING RESERVE

The FY 2024/25 ending fund balance includes an Operating Reserve of \$5 million. Per Financial Policy No. 2.04, the city will maintain Operating Reserves in the Solid Waste Fund of 15 percent of operating uses, excluding transfers out to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities. Use of these reserves requires Council approval and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.

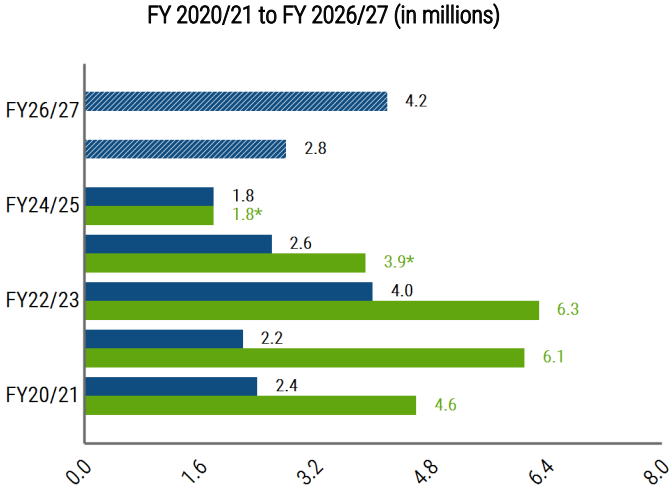
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CAPITAL REPLACEMENT RESERVE FUND BALANCE

The FY 2024/25 Capital Replacement Reserve Fund Balance is \$1.8 million. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

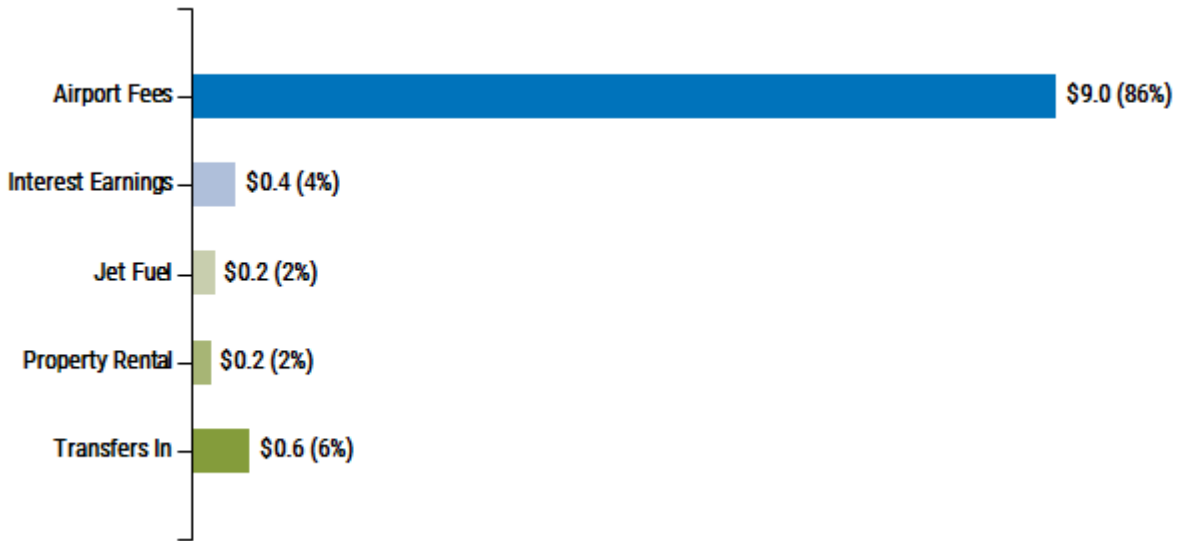


FY 2024/25 Proposed Budget

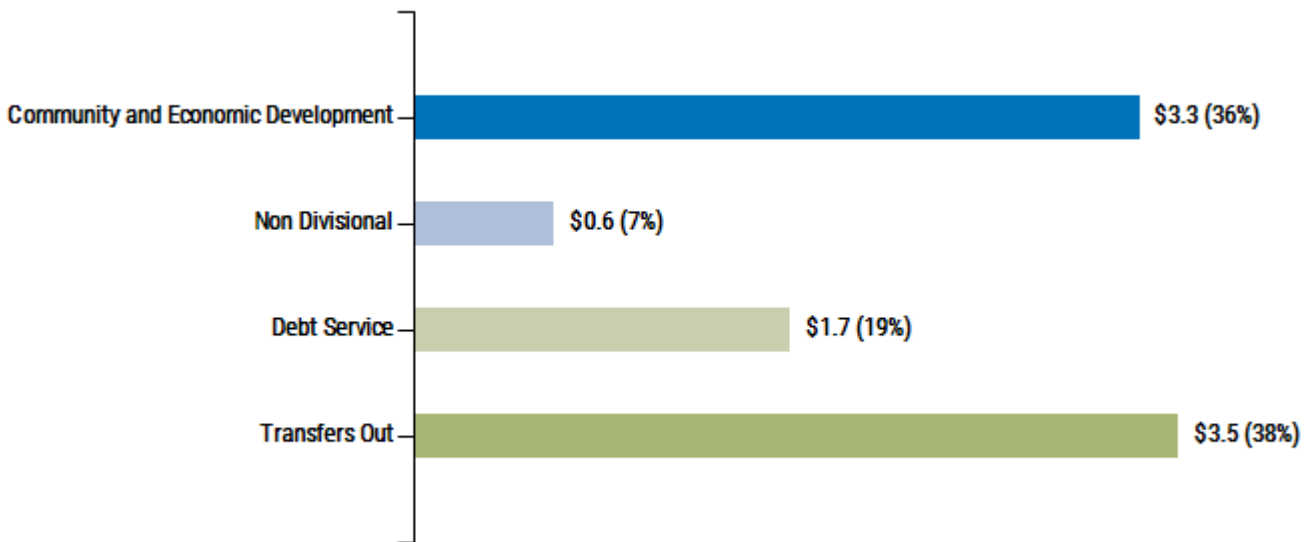
FUND PURPOSE

This fund accounts for the transactions related to the city's aviation business activity at the Scottsdale Airport, which includes operating sources and uses. Capital expenditures are accounted for in a separate Aviation Capital Fund.

**Aviation Fund Sources (% to Total)
\$10.4 Million**



**Aviation Fund Uses (% to Total)
\$9.2 Million**



Rounding differences may occur.

BUDGET BY FUND | Aviation Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Debt Service Reserve	-	430,561	430,561	430,675
Fleet Replacement Reserve	1,196,500	960,739	1,396,300	1,890,800
Future Capital Replacement	2,199,611	5,220,800	5,220,800	11,973,129
Operating Reserve	1,132,600	922,308	897,747	959,499
Aviation Fund Balance	2,303,409	2,806,413	3,618,619	-
Total Beginning Fund Balance	6,832,120	10,340,821	11,564,027	15,254,103
Revenues				
Airport Fees	9,154,141	9,174,872	9,174,872	8,958,864
Interest Earnings ^(a)	134,640	162,396	162,396	448,314
Jet Fuel	260,385	223,000	223,000	233,000
Property Rental	182,624	188,586	188,586	191,458
Miscellaneous ^(b)	905,993	-	-	-
<i>Subtotal</i>	10,637,783	9,748,854	9,748,854	9,831,636
Transfers In				
CIP	8,940	-	-	-
Debt Svc MPC Bonds ^(c)	695,358	-	648,600	599,100
<i>Subtotal</i>	704,298	-	648,600	599,100
Total Sources	11,342,081	9,748,854	10,397,454	10,430,736
Expenditures				
Community and Economic Development	3,053,036	3,195,174	3,096,652	3,373,715
Citywide Direct Cost Allocation	431,738	419,300	419,300	440,265
Citywide Indirect Cost Allocation	106,213	127,452	127,452	169,051
<i>Class and Comp Study^(d)</i>	-	47,878	-	-
<i>Fuel and Maint and Repair^(e)</i>	-	-	44,872	-
<i>Leave Accrual Payments / Parental Leave</i>	-	163,493	66,105	13,572
<i>Utilities^(e)</i>	-	-	83,617	-
<i>Vacation Trade</i>	-	4,000	-	1,541
<i>Savings from Vacant Positions</i>	-	(40,000)	-	(40,000)
<i>Subtotal</i>	3,590,987	3,917,297	3,837,998	3,958,144
Debt Service				
MPC Bonds Debt Svc - Airport	1,719,244	1,722,244	1,722,244	1,722,744
<i>Subtotal</i>	1,719,244	1,722,244	1,722,244	1,722,744
TOTAL OPERATING BUDGET	5,310,231	5,639,541	5,560,242	5,680,888
Transfers Out				
CIP	593,304	461,635	461,635	2,820,439
CIP Technology	11,281	36,901	36,901	76,038
Debt Svc MPC Bonds ^(c)	695,358	-	648,600	599,100
<i>Subtotal</i>	1,299,943	498,536	1,147,136	3,495,577
Total Uses	6,610,174	6,138,077	6,707,378	9,176,465
Sources Over/(Under) Uses	4,731,907	3,610,777	3,690,076	1,254,271
Ending Fund Balance				
Debt Service Reserve	430,561	430,675	430,675	430,175
Fleet Replacement Reserve	1,396,300	1,890,800	1,890,800	3,755,000
Future Capital Replacement	5,220,800	5,442,139	11,973,129	11,333,663
Operating Reserve	897,747	979,324	959,499	989,536
Aviation Fund Balance	3,618,619	5,208,660	-	-
Total Ending Fund Balance	11,564,027	13,951,598	15,254,103	16,508,374

^{a)} Increase in Interest Earnings is due to rising interest rates.

^(b) Adjustment to align with fund balance calculation used in the Annual Financial Report.

^(c) Intra-funds transfer for debt service.

^(d) Anticipated cost to implement the Classification and Compensation Study recommendations.

^(e) Budget adopted at the division level. At the start of the fiscal year the budget will move to a non-divisional account and then be transferred back to the division monthly as expenses occur.

BUDGET BY FUND | Aviation Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Debt Service Reserve	430,675	430,175	430,300	429,750	429,750
Fleet Replacement Reserve	1,890,800	3,755,000	3,755,000	3,755,000	3,755,000
Future Capital Replacement	11,973,129	11,333,663	14,936,674	18,382,899	21,531,474
Operating Reserve	959,499	989,536	1,004,700	1,039,225	1,093,150
Aviation Fund Balance	-	-	-	-	-
Total Beginning Fund Balance	15,254,103	16,508,374	20,126,674	23,606,874	26,809,374
Revenues					
Airport Fees	8,958,864	9,026,000	9,115,800	9,206,600	9,298,600
Interest Earnings	448,314	470,900	467,200	443,900	421,700
Jet Fuel	233,000	235,300	237,700	240,100	242,500
Property Rental	191,458	193,200	195,200	197,100	198,900
Miscellaneous	-	-	-	-	-
<i>Subtotal</i>	<u>9,831,636</u>	<u>9,925,400</u>	<u>10,015,900</u>	<u>10,087,700</u>	<u>10,161,700</u>
Transfers In					
CIP					
Debt Svc MPC Bonds ^(a)	599,100	547,100	492,600	435,500	375,400
<i>Subtotal</i>	<u>599,100</u>	<u>547,100</u>	<u>492,600</u>	<u>435,500</u>	<u>375,400</u>
Total Sources	10,430,736	10,472,500	10,508,500	10,523,200	10,537,100
Expenditures					
Community and Economic Development	3,373,715	3,403,600	3,509,400	3,691,200	3,730,100
Citywide Direct Cost Allocation	440,265	462,300	485,400	509,700	-
Citywide Indirect Cost Allocation	169,051	177,500	186,400	195,700	205,500
<i>Class and Comp Study</i>	-	-	-	-	-
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	13,572	13,900	14,200	14,500	14,800
<i>Utilities</i>	-	-	-	-	-
<i>Vacation Trade</i>	1,541	1,500	1,500	1,500	1,500
<i>Savings from Vacant Positions</i>	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
<i>Subtotal</i>	<u>3,958,144</u>	<u>4,018,800</u>	<u>4,156,900</u>	<u>4,372,600</u>	<u>3,911,900</u>
Debt Service					
MPC Bonds Debt Svc - Airport	1,722,744	1,720,700	1,721,200	1,719,000	1,719,000
<i>Subtotal</i>	<u>1,722,744</u>	<u>1,720,700</u>	<u>1,721,200</u>	<u>1,719,000</u>	<u>1,719,000</u>
TOTAL OPERATING BUDGET	5,680,888	5,739,500	5,878,100	6,091,600	5,630,900
Transfers Out					
CIP	2,820,439	514,900	600,700	773,800	1,044,300
CIP Technology	76,038	52,700	56,900	19,800	35,400
Debt Svc MPC Bonds ^(a)	599,100	547,100	492,600	435,500	375,400
<i>Subtotal</i>	<u>3,495,577</u>	<u>1,114,700</u>	<u>1,150,200</u>	<u>1,229,100</u>	<u>1,455,100</u>
Total Uses	9,176,465	6,854,200	7,028,300	7,320,700	7,086,000
Sources Over/(Under) Uses	1,254,271	3,618,300	3,480,200	3,202,500	3,451,100
Ending Fund Balance					
Debt Service Reserve	430,175	430,300	429,750	429,750	429,750
Fleet Replacement Reserve	3,755,000	3,755,000	3,755,000	3,755,000	3,755,000
Future Capital Replacement	11,333,663	14,936,674	18,382,899	21,531,474	25,097,749
Operating Reserve	989,536	1,004,700	1,039,225	1,093,150	977,975
Aviation Fund Balance	-	-	-	-	-
Total Ending Fund Balance	16,508,374	20,126,674	23,606,874	26,809,374	30,260,474

^(a) Intra-funds transfer for debt service.

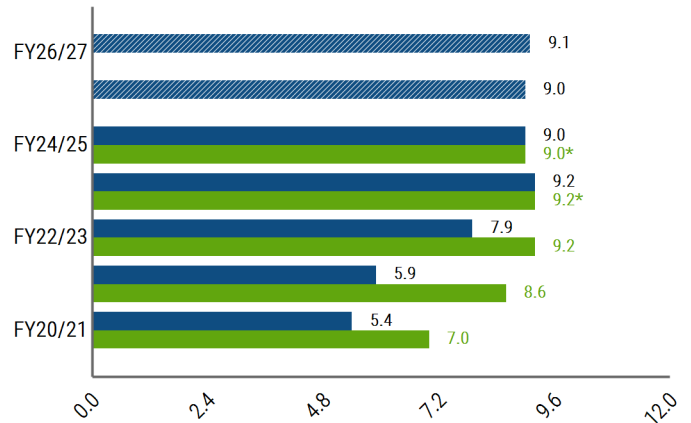
AVIATION FUND SOURCES

Aviation Fund sources for FY 2024/25 are \$10.4 million, most of which is received from Airport Fees. Other sources include Interest Earnings, Jet Fuel, Property Rental, and in prior years, Miscellaneous and Transfers In.

AIRPORT FEES

Airport Fees are fees imposed for the aeronautical use of airport facilities, including but not limited to: aircraft overnight parking fees, hangar rentals, fuel flowage and transient landing fees. The Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The Airport Fees FY 2024/25 adopted budget is \$9.0 million which is \$0.2 million lower than the FY 2023/24 adopted budget.

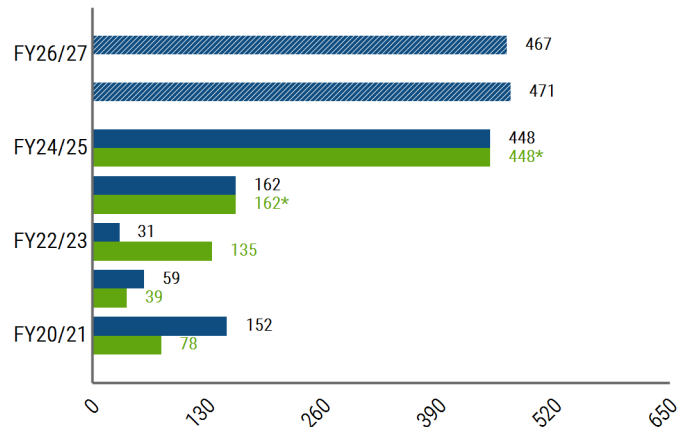
FY 2020/21 to FY 2026/27 (in millions)



INTEREST EARNINGS

Interest earnings are generated on idle Aviation Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest Earnings is budgeted at \$0.4 million in FY 2024/25.

FY 2020/21 to FY 2026/27 (in thousands)

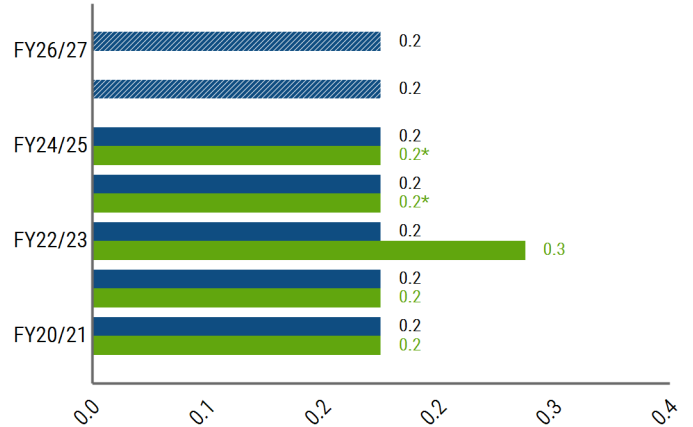


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

JET FUEL

A jet fuel tax of 18 cents is charged to every gallon of fuel purchased at the airport. The FY 2024/25 Jet Fuel adopted budget is \$0.2 million, which remains relatively flat when compared to the FY 2023/24 adopted budget.

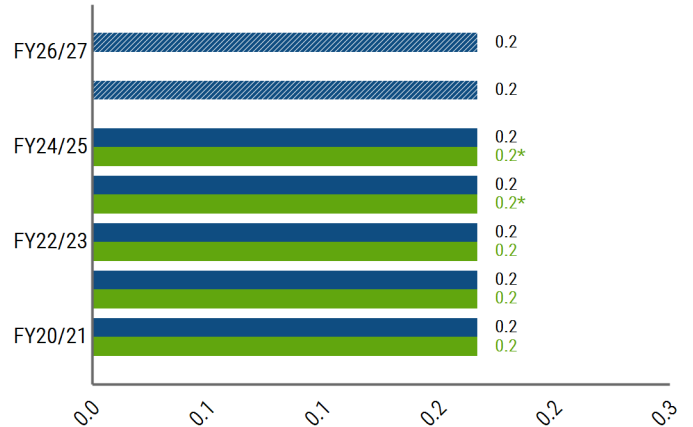
FY 2020/21 to FY 2026/27 (in millions)



PROPERTY RENTAL

Property Rental includes the annual \$0.2 million amortization payment of a 20-year land lease for the construction and operation of a park-and-ride facility at the airport that sunsets in 2032; as well as the rent of a well site, radio shop and a fire station managed by other city divisions. The FY 2024/25 adopted budget for Property Rental is \$0.2 million, which remains relatively flat from the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)



TRANSFERS IN

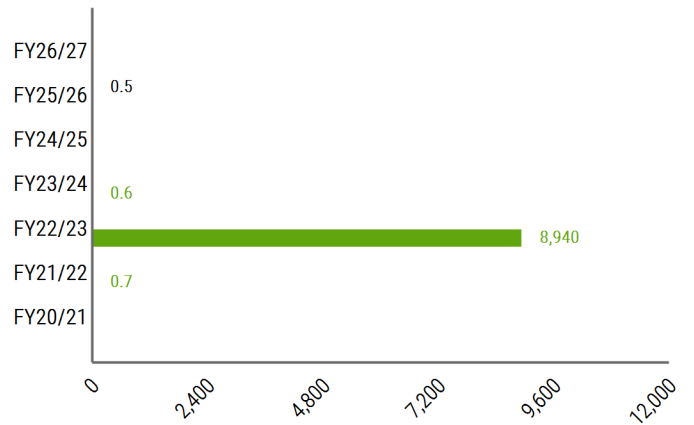
Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CIP

The CIP Transfers In amount in FY 2022/23 is related to the return of partial funding for a capital project that did not move forward.

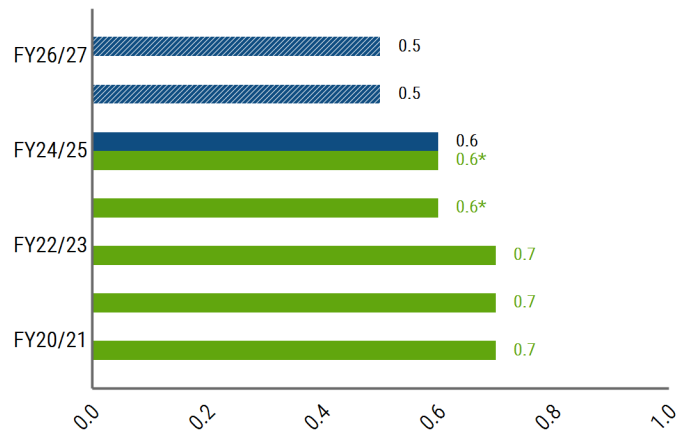
FY 2020/21 to FY 2026/27



DEBT SVC MPC BONDS

Debt Svc MPC Bonds is an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds in order to finance the Airport Terminal Area Redevelopment capital improvement project. The adopted FY 2024/25 is \$0.6 million.

FY 2020/21 to FY 2026/27 (in millions)



AVIATION FUND USES

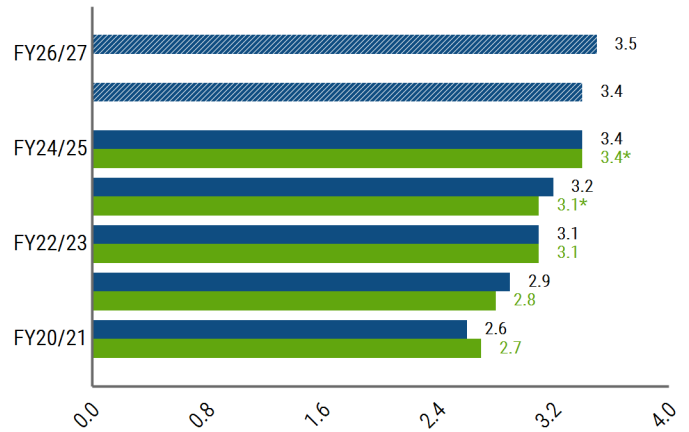
The Aviation Fund uses are presented as a portion of the Community and Economic Development division's operating budget. Additionally, there are uses related to Direct and Indirect Cost Allocation, Class and Comp Study, Fuel and Maintenance and Repair, Leave Accrual Payments/Parental Leave, Utilities, Vacation Trade, Savings from Vacant Positions, Debt Service, and Transfers Out to other funds.

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development includes costs related to the operation and maintenance of the city's airport. The FY 2024/25 adopted budget is \$3.4 million, which is \$0.2 million higher than the FY 2023/24 adopted budget mostly due to increases in Personnel Services costs.

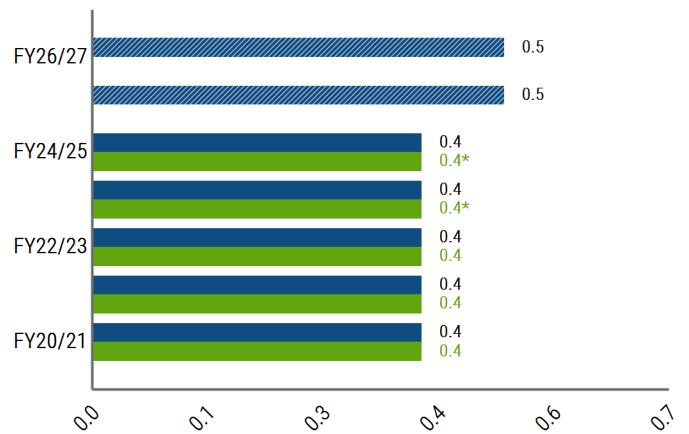
FY 2020/21 to FY 2026/27 (in millions)



CITYWIDE DIRECT COST ALLOCATION

Citywide Direct Cost Allocation represents Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel. The FY 2024/25 budget for this allocation is \$0.4 million, which remains flat when compared to the FY 2023/24 adopted budget.

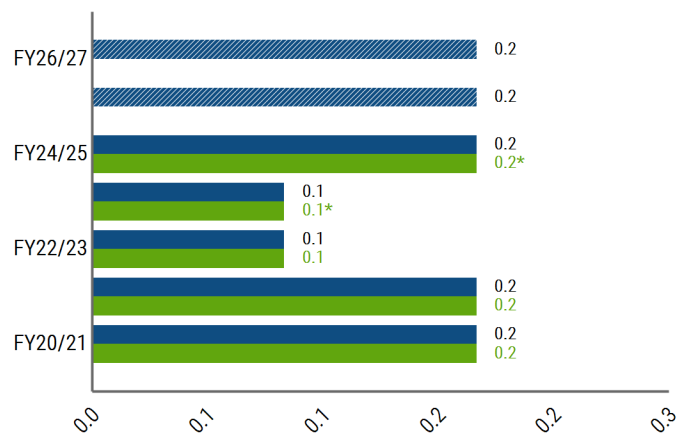
FY 2020/21 to FY 2026/27 (in millions)



CITYWIDE INDIRECT COST ALLOCATION

Citywide Indirect Cost Allocation represents charges to the Aviation Fund for specific General Fund central administrative functions, which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based on relative benefits received. The citywide indirect cost allocation for the FY 2024/25 adopted budget is \$0.2 million, which is \$0.1 million higher than the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)



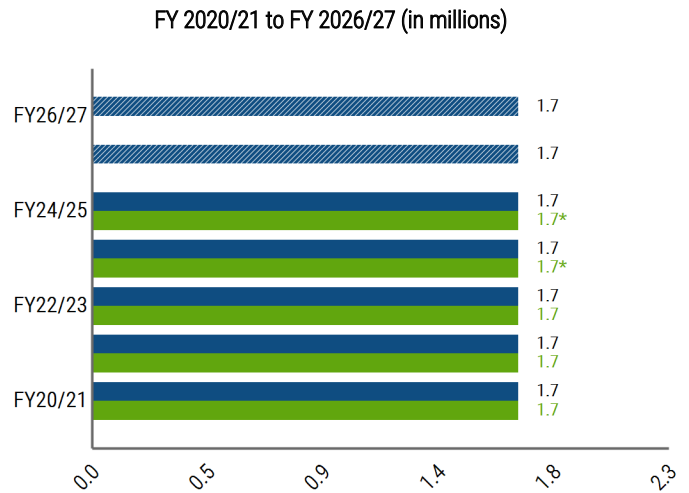
/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds.

MPC BONDS DEBT SVC - AIRPORT

Contracts Payable represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The FY 2024/25 adopted budget is \$1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.

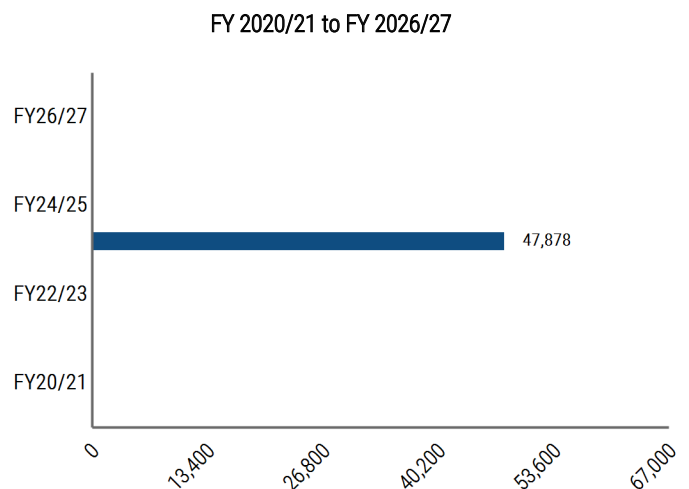


NON-DIVISIONAL USES

Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Most non-divisional uses are initially placed into the divisions instead of at a macro level. Then moving the budget to a macro level holding account at the beginning of the fiscal year and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

CLASS AND COMP STUDY

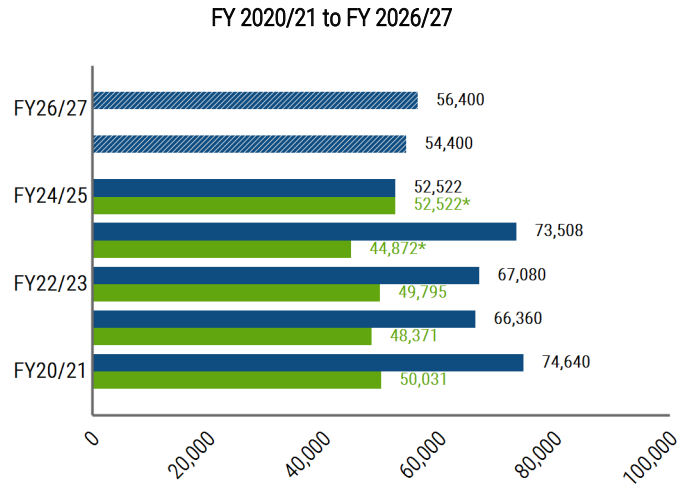
The Class and Comp Study reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that took place in late 2023.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

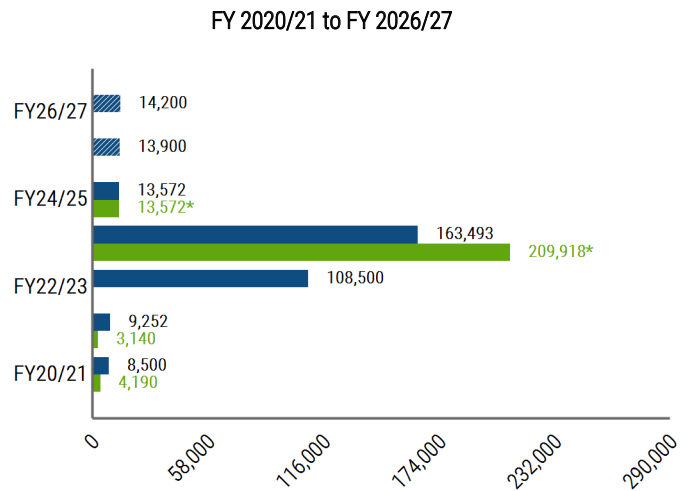
FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair are budgeted at the division level and then, at the beginning of the fiscal year, are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The FY 2024/25 Fuel and Maint and Repair adopted budget is \$52,522, budgeted at the division level.



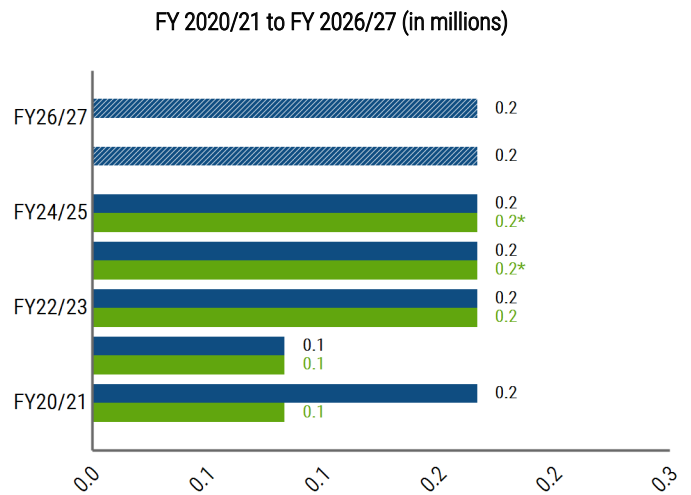
LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city, or a four-week paid parental leave. FY 2024/25 leave accrual payments of \$13,572, include \$4,500 budgeted for medical leave accrual payouts, \$5,600 budgeted for vacation leave accrual payouts, and \$3,572 in parental leave budget. The FY 2023/24 year-end forecast and FY 2020/21 - FY 2022/23 actuals displayed are recorded and reported as part of the division's expenditures.



UTILITIES

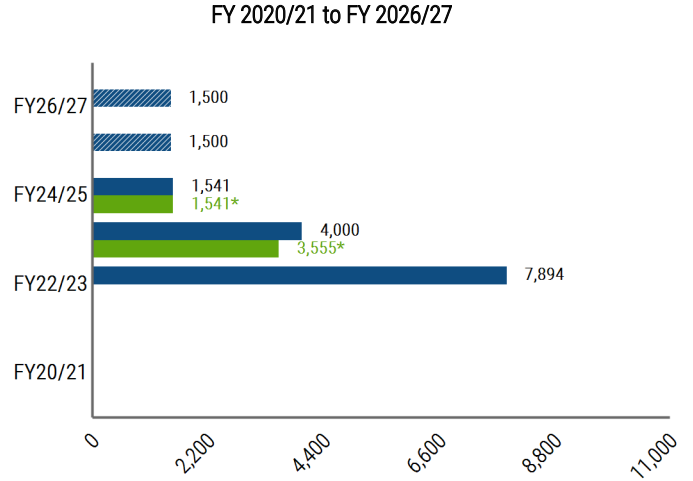
Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2024/25 Utilities adopted budget is \$0.2 million which remains relatively flat when compared to the FY 2023/24 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

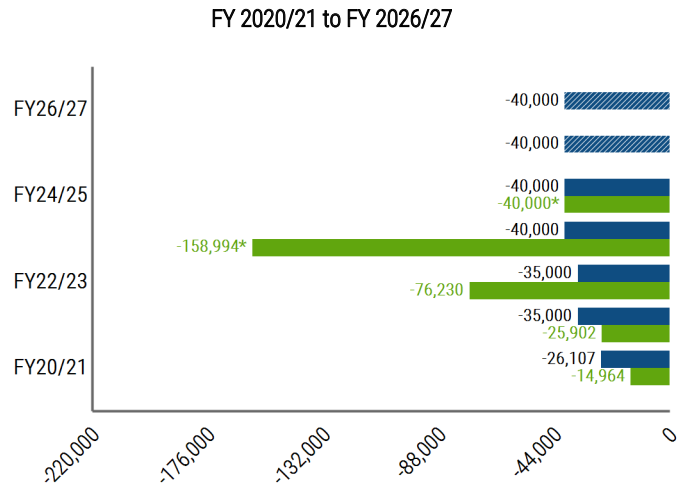
VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is \$1,541.



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2024/25 is estimated at (\$40,000), which includes anticipated retirements within the city, and the impact of challenges in the labor market.



TRANSFERS OUT

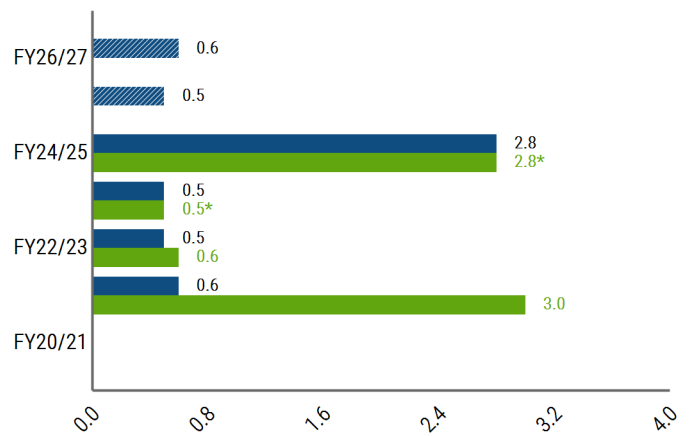
Transfers Out are the authorized movement of cash to other funds and/or capital projects. More specific information is detailed below.

 FORECAST
 BUDGET
 ACTUAL/FORECAST*

CIP

Transfers Out CIP are used to fund capital projects related to the Airport. The FY 2024/25 CIP adopted budget is \$2.8 million to fund several capital projects such as the Aviation Annual Pavement Preservation, the Airport Perimeter Road Construction, the Rehabilitate Airport Drive, and the Rehabilitate/geometry Improvements capital projects, among other.

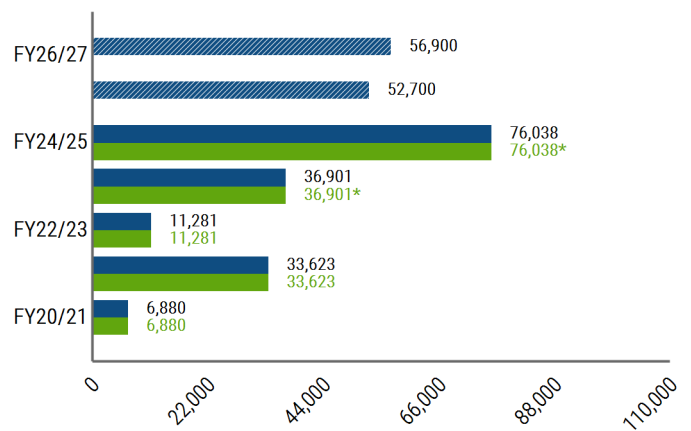
FY 2020/21 to FY 2026/27 (in millions)



CIP TECHNOLOGY

CIP Technology is the authorized transfer to CIP to fund technology-related capital projects. The FY 2024/25 adopted budget is \$76,038.

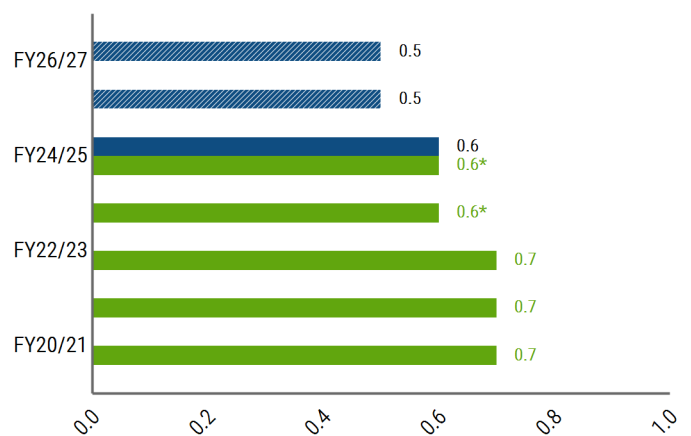
FY 2020/21 to FY 2026/27



DEBT SVC MPC BONDS

Debt Svc MPC Bonds is an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds (MPC) in order to finance the Airport Terminal Area Redevelopment capital improvement project.

FY 2020/21 to FY 2026/27 (in millions)



▨ FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

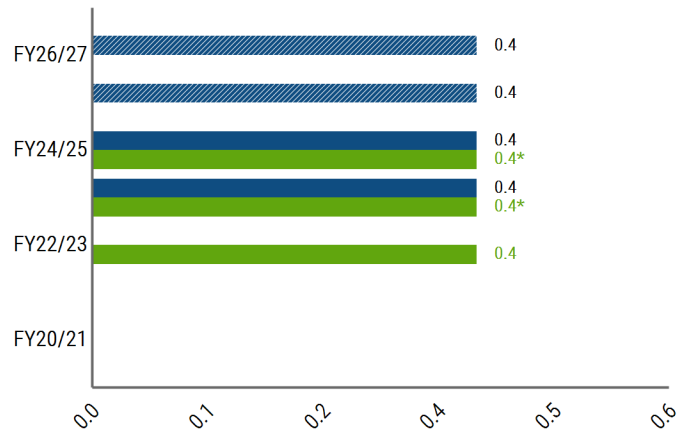
AVIATION FUND ENDING BALANCE

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. The city’s budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before they are allocated or spent as budgeted expenditures. The specific make-up of the city’s Aviation Fund ending balance and reserves are noted in the following:

DEBT SERVICE RESERVE

The Debt Service Reserve was established in FY 2022/23 by Financial Policy No. 2.06 to set aside funds for the repayment of debt service. The FY 2024/25 Debt Service Reserve is \$0.4 million.

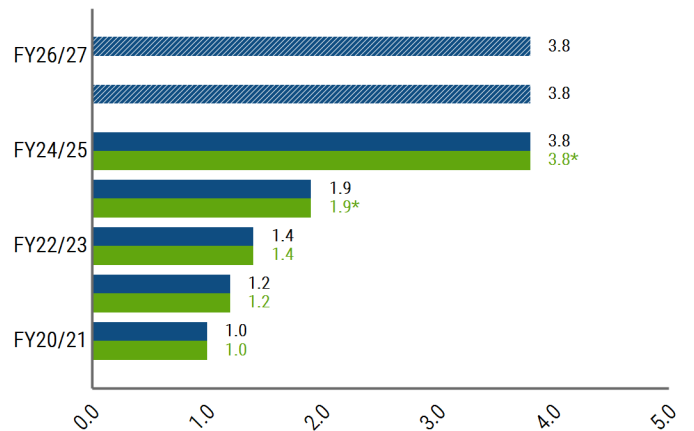
FY 2020/21 to FY 2026/27 (in millions)



FLEET REPLACEMENT RESERVE

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of aviation vehicles and heavy equipment. The FY 2024/25 Fleet Replacement Reserve ending fund balance is \$3.8 million.

FY 2020/21 to FY 2026/27 (in millions)

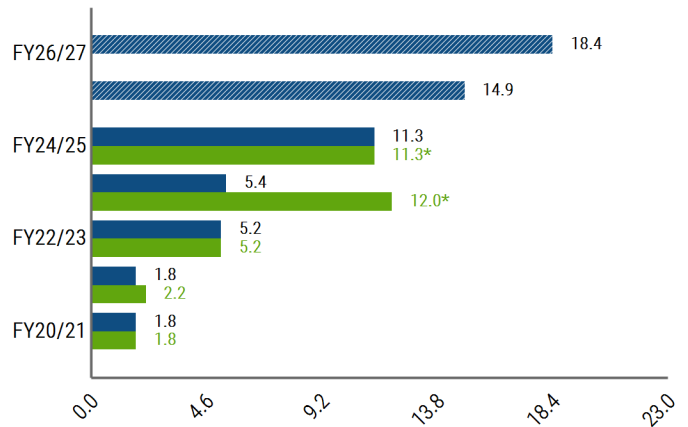


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUTURE CAPITAL REPLACEMENT

The Future Capital Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Future Capital Replacement Reserve in FY 2024/25 is \$11.3 million.

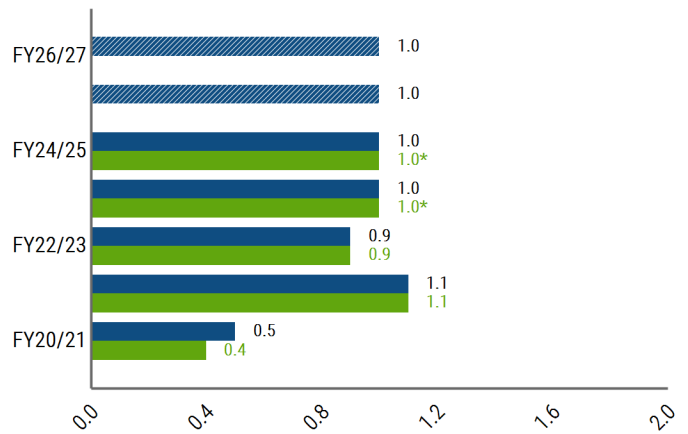
FY 2020/21 to FY 2026/27 (in millions)



OPERATING RESERVE

Operating Reserve, per Financial Policy No. 2.04, is intended to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities; and it is calculated as 25 percent of operating uses, excluding transfers out and debt service. The FY 2024/25 ending fund balance includes an Operating Reserve of \$1.0 million.

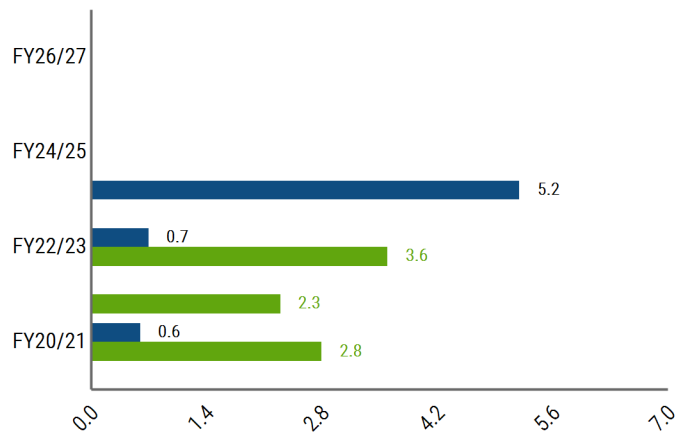
FY 2020/21 to FY 2026/27 (in millions)



AVIATION FUND BALANCE

The Aviation Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses. There is no anticipated Aviation Fund Balance for FY 2024/25.

FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

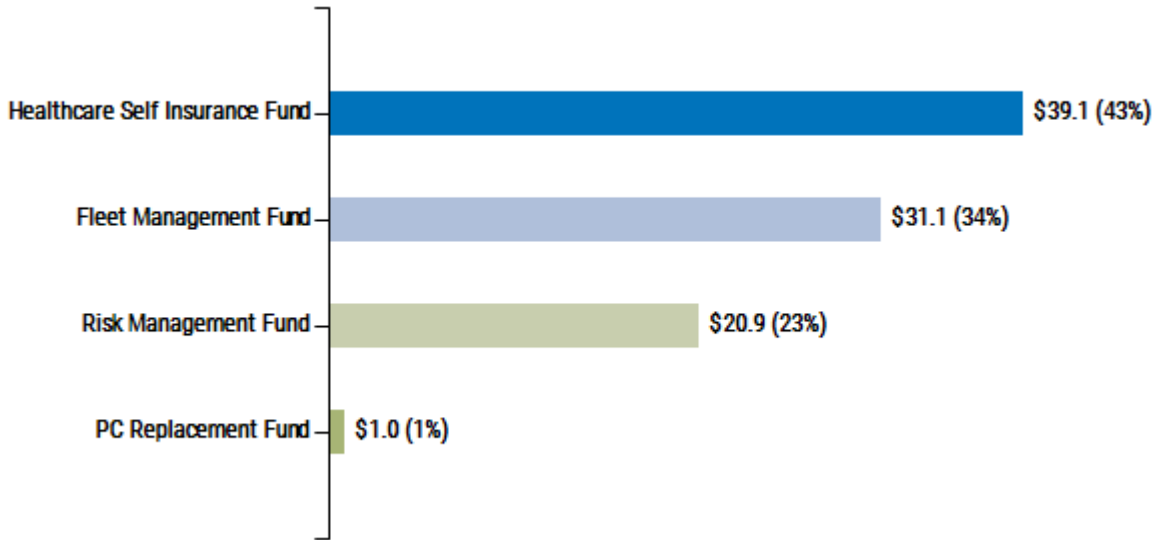


FY 2024/25 Proposed Budget

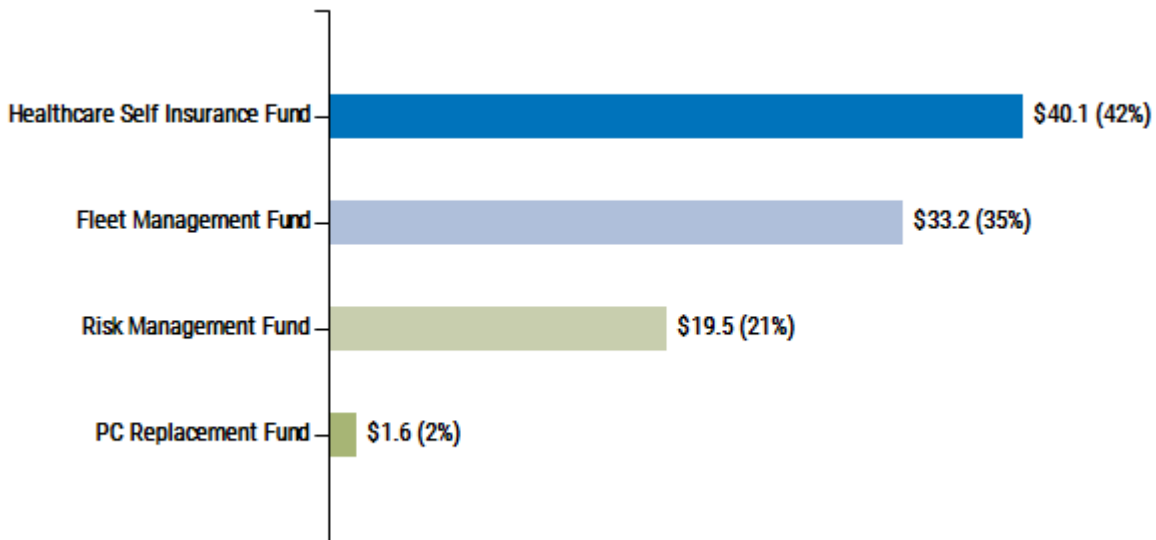
INTERNAL SERVICE FUNDS DESCRIPTION

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has four separate Internal Service Funds to account for the activity of this fund type: Fleet Management, PC Replacement, Risk Management and Healthcare Self Insurance. Internal Service Offsets are included to avoid duplicating the budget, since the charges for these services are already included in the divisions' budgets.

Internal Service Funds Sources (% to Total)
\$92.0 Million



Internal Service Funds Uses (% to Total)
\$94.5 Million



Rounding differences may occur.

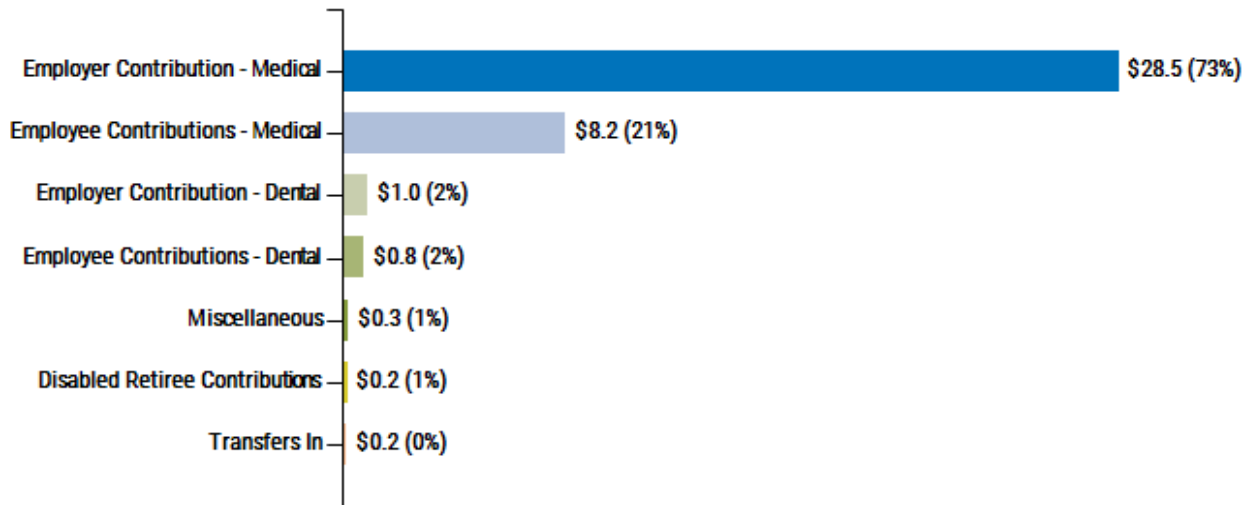


FY 2024/25 Proposed Budget

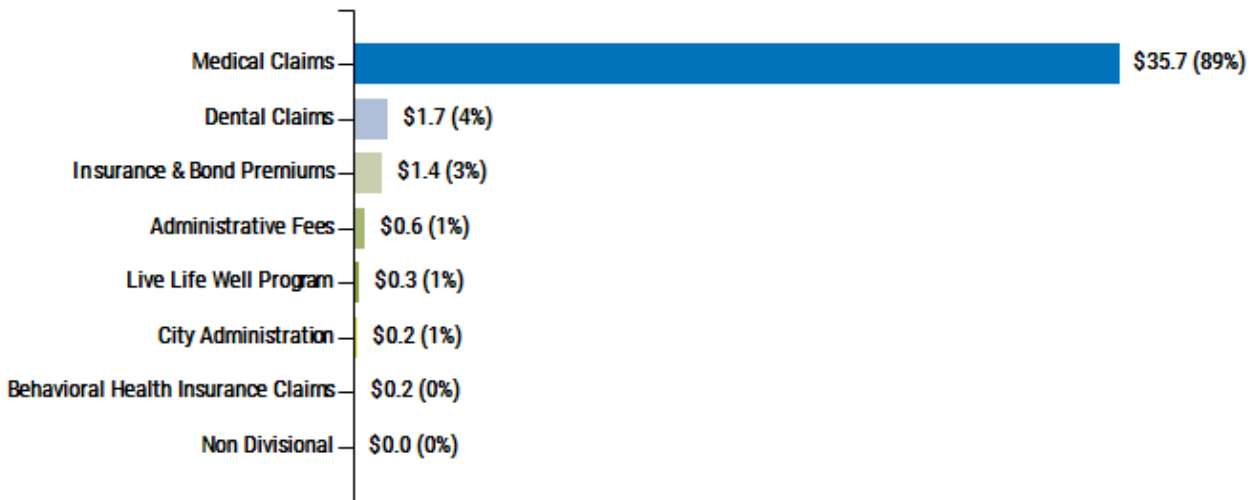
FUND PURPOSE

The Healthcare Self Insurance Fund is used to account for the city's self insured medical and dental benefits. Revenue to this fund is derived from premiums charged to both the city and employees. The premiums are collected for the city's portion by charging the divisions and through payroll deductions for the employee's portion. Revenue is also collected through premium charges to Public Safety disabled retirees (including, per City Council direction, a subsidy transfer from the General Fund to cover Public Safety disabled retirees costs that exceed the premium charges) as well as state subsidies on healthcare contributions, Consolidated Omnibus Budget Reconciliation Act (COBRA), and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, behavioral, prescription and dental claims) as well as claims administration and other benefit plan expenses.

Healthcare Self Insurance Fund Sources (% to Total) \$39.1 Million



Healthcare Self Insurance Fund Uses (% to Total) \$40.1 Million



Rounding differences may occur.

BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
IBNR Reserve	2,633,492	2,569,600	2,585,262	2,701,435
Operating Contingency	2,987,053	2,915,070	2,933,236	3,065,299
Premium Stabilization Reserve	2,995,596	3,163,047	3,111,771	3,318,654
Healthcare Self Insurance Fund Balance	10,296,168	11,126,173	10,241,996	10,506,707
Total Beginning Fund Balance	18,912,309	19,773,890	18,872,265	19,592,095
Revenues				
Employer Contribution - Medical ^(a)	26,120,701	29,229,111	28,489,804	28,489,804
Employee Contributions - Medical	7,831,466	7,599,568	7,699,896	8,208,052
Employer Contribution - Dental ^(a)	805,353	962,436	962,436	962,436
Employee Contributions - Dental	739,360	793,935	793,935	807,431
Miscellaneous	261,543	251,100	251,100	253,122
Disabled Retiree Contributions	270,602	239,379	199,379	205,434
<i>Subtotal</i>	<u>36,029,026</u>	<u>39,075,529</u>	<u>38,396,550</u>	<u>38,926,279</u>
Transfers In				
Operating	55,351	170,038	170,038	194,500
<i>Subtotal</i>	<u>55,351</u>	<u>170,038</u>	<u>170,038</u>	<u>194,500</u>
Total Sources	36,084,377	39,245,567	38,566,588	39,120,779
Expenditures				
Medical Claims	32,169,560	35,028,489	33,586,041	35,735,548
Dental Claims	1,545,800	1,651,894	1,647,286	1,675,114
Insurance & Bond Premiums	1,244,075	1,333,720	1,333,720	1,403,967
Administrative Fees	576,656	579,480	579,480	601,901
Live Life Well Program	245,354	335,597	335,597	336,718
City Administration	190,740	204,709	202,882	230,049
Behavioral Health Insurance Claims	152,236	86,693	161,752	163,142
Class and Comp Study ^(b)	-	3,359	-	-
<i>Subtotal</i>	<u>36,124,421</u>	<u>39,223,941</u>	<u>37,846,758</u>	<u>40,146,439</u>
TOTAL OPERATING BUDGET	36,124,421	39,223,941	37,846,758	40,146,439
Total Uses	36,124,421	39,223,941	37,846,758	40,146,439
Sources Over/(Under) Uses	(40,044)	21,626	719,830	(1,025,660)
Ending Fund Balance				
IBNR Reserve	2,585,262	2,812,827	2,701,435	2,868,895
Operating Contingency	2,933,236	3,191,193	3,065,299	3,254,728
Premium Stabilization Reserve	3,111,771	3,377,725	3,318,654	3,364,565
Healthcare Self Insurance Fund Balance	10,241,996	10,413,771	10,506,707	9,078,247
Total Ending Fund Balance	18,872,265	19,795,516	19,592,095	18,566,435

^(a) Employer Contribution rates for Medical and Dental remain flat from FY 2023/24 to FY 2024/25. The premium increases anticipated for FY 2024/25 will be absorbed by fund balance.

^(b) Anticipated cost to implement the Classification and Compensation Study recommendations.

BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
IBNR Reserve	2,701,435	2,868,895	3,012,356	3,162,968	3,321,134
Operating Contingency	3,065,299	3,254,728	3,417,482	3,588,350	3,767,787
Premium Stabilization Reserve	3,318,654	3,364,565	3,532,113	3,708,053	3,892,806
Healthcare Self Insurance Fund Balance	10,506,707	9,078,247	7,534,684	5,921,964	4,231,708
Total Beginning Fund Balance	19,592,095	18,566,435	17,496,635	16,381,335	15,213,435
Revenues					
Employer Contribution - Medical ^(a)	28,489,804	29,932,900	31,449,000	33,041,900	34,715,700
Employee Contributions - Medical	8,208,052	8,618,400	9,049,400	9,501,800	9,977,000
Employer Contribution - Dental ^(a)	962,436	1,010,600	1,061,100	1,114,100	1,169,800
Employee Contributions - Dental	807,431	823,600	840,100	856,900	874,000
Miscellaneous	253,122	255,100	257,400	259,300	261,700
Disabled Retiree Contributions	205,434	213,500	221,700	230,200	238,700
<i>Subtotal</i>	<u><i>38,926,279</i></u>	<u><i>40,854,100</i></u>	<u><i>42,878,700</i></u>	<u><i>45,004,200</i></u>	<u><i>47,236,900</i></u>
Transfers In					
Operating	194,500	209,600	225,500	242,900	242,900
<i>Subtotal</i>	<u><i>194,500</i></u>	<u><i>209,600</i></u>	<u><i>225,500</i></u>	<u><i>242,900</i></u>	<u><i>242,900</i></u>
Total Sources	39,120,779	41,063,700	43,104,200	45,247,100	47,479,800
Expenditures					
Medical Claims	35,735,548	37,522,500	39,398,600	41,368,700	43,437,200
Dental Claims	1,675,114	1,758,900	1,846,800	1,939,200	2,036,100
Insurance & Bond Premiums	1,403,967	1,478,000	1,555,700	1,638,000	1,724,300
Administrative Fees	601,901	625,400	649,700	675,100	701,700
Live Life Well Program	336,718	337,000	337,400	337,900	338,400
City Administration	230,049	240,200	251,000	266,400	269,800
Behavioral Health Insurance Claims	163,142	171,500	180,300	189,700	199,600
<i>Class and Comp Study</i>	-	-	-	-	-
<i>Subtotal</i>	<u><i>40,146,439</i></u>	<u><i>42,133,500</i></u>	<u><i>44,219,500</i></u>	<u><i>46,415,000</i></u>	<u><i>48,707,100</i></u>
TOTAL OPERATING BUDGET	40,146,439	42,133,500	44,219,500	46,415,000	48,707,100
Total Uses	40,146,439	42,133,500	44,219,500	46,415,000	48,707,100
Sources Over/(Under) Uses	(1,025,660)	(1,069,800)	(1,115,300)	(1,167,900)	(1,227,300)
Ending Fund Balance					
IBNR Reserve	2,868,895	3,012,356	3,162,968	3,321,134	3,487,191
Operating Contingency	3,254,728	3,417,482	3,588,350	3,767,787	3,956,177
Premium Stabilization Reserve	3,364,565	3,532,113	3,708,053	3,892,806	4,086,842
Healthcare Self Insurance Fund Balance	9,078,247	7,534,684	5,921,964	4,231,708	2,455,925
Total Ending Fund Balance	18,566,435	17,496,635	16,381,335	15,213,435	13,986,135

^(a) Employer Contribution rates for Medical and Dental remain flat from FY 2023/24 to FY 2024/25. The premium increases anticipated for FY 2024/25 will be absorbed by fund balance.

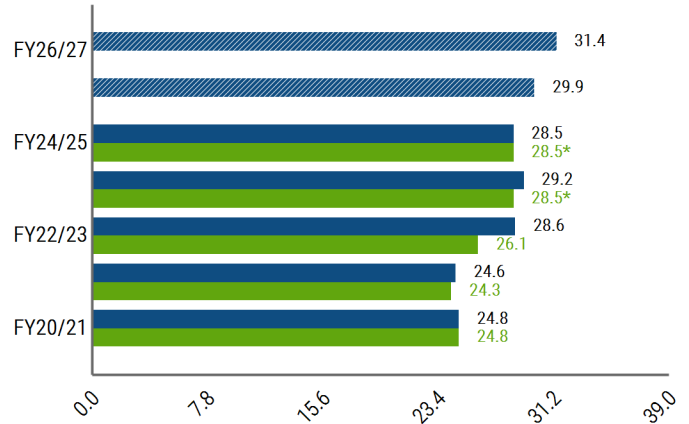
HEALTHCARE SELF INSURANCE FUND SOURCES

Healthcare Self Insurance Fund sources for FY 2024/25 equal \$39.1 million, which is relatively flat from the FY 2023/24 adopted budget. Sources include Employer and Employee contributions for medical and dental premiums, Miscellaneous revenues, Public Safety Disabled Retiree Contributions, and Transfers In.

EMPLOYER CONTRIBUTION - MEDICAL

Employer Contribution - Medical represents the city's contribution towards employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee only premium for the richest plan and 90 percent of the lowest cost plan. The FY 2024/25 adopted budget of \$28.5 million is \$0.7 million lower than the FY 2023/24 adopted budget, but remains flat from the FY 2023/24 forecast to allow for the anticipated healthcare premium increases to be absorbed by fund balance.

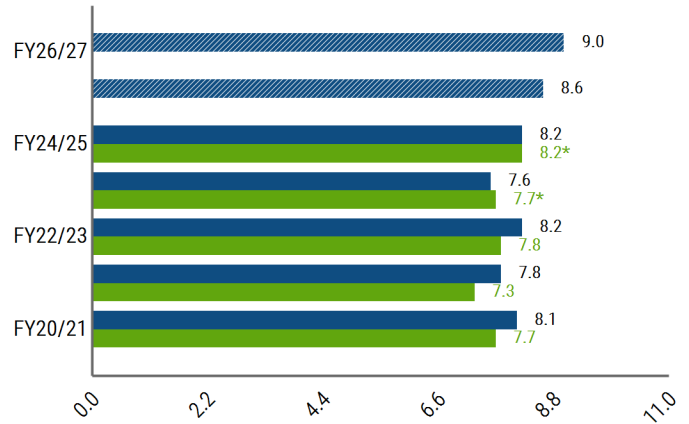
FY 2020/21 to FY 2026/27 (in millions)



EMPLOYEE CONTRIBUTIONS - MEDICAL

Employee Contributions - Medical captures the employee portion of healthcare premiums collected through payroll deductions, and continuation of healthcare coverage (Consolidated Omnibus Budget Reconciliation Act - COBRA). The FY 2024/25 adopted budget of \$8.2 million represents an increase of \$0.6 million from the FY 2023/24 adopted budget due to an anticipated 6.4% in healthcare premiums.

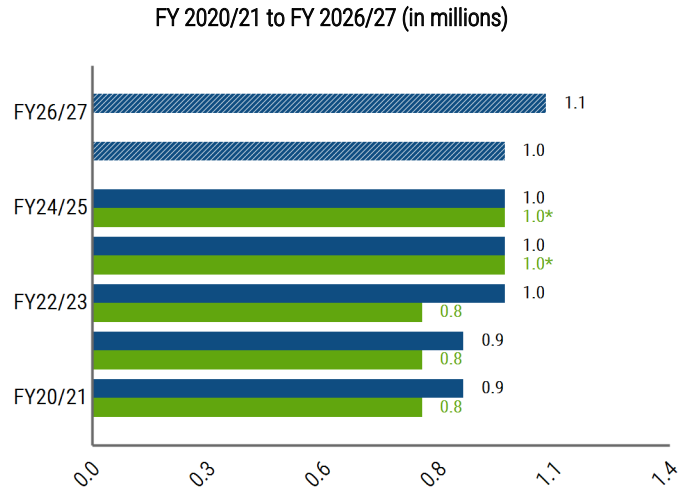
FY 2020/21 to FY 2026/27 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

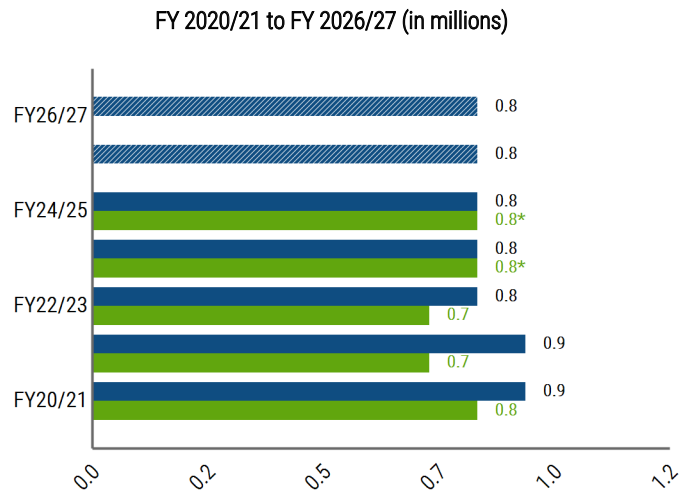
EMPLOYER CONTRIBUTION - DENTAL

Employer Contribution - Dental is comprised of the city's contribution to the dental premiums. The city contributes 100 percent of the employee only premium cost for the Health Maintenance Organization (HMO) dental plan and 88 percent of the employee only portion of the premium cost for the Preferred Provider Organization (PPO) dental plan. The FY 2024/25 adopted budget of \$1.0 million remains flat from the FY 2023/24 adopted budget to allow for the anticipated healthcare premium increases to be absorbed by fund balance.



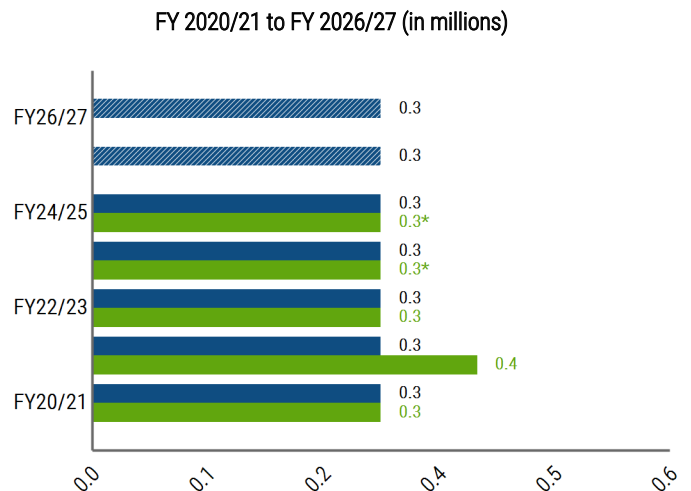
EMPLOYEE CONTRIBUTIONS - DENTAL

Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. The FY 2024/25 adopted budget of \$0.8 million remains flat compared to the FY 2023/24 adopted budget.



MISCELLANEOUS

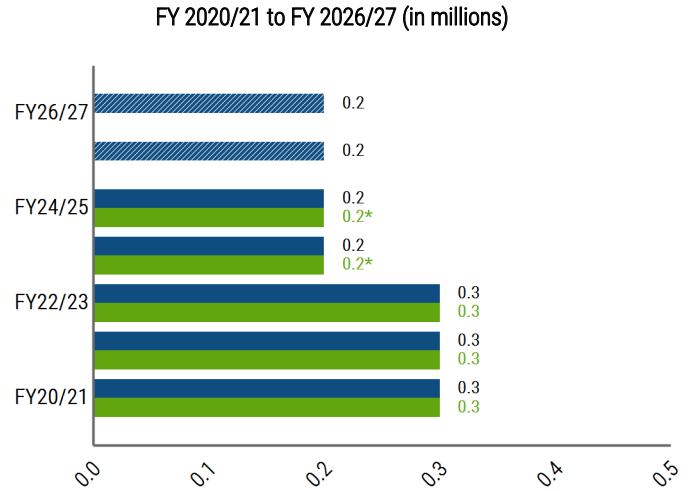
Miscellaneous revenues include state subsidy contributions for qualifying employees as well as reimbursements on medical claims over the city's stop loss limit. The FY 2024/25 adopted budget of \$0.3 million remains flat compared to the FY 2023/24 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DISABLED RETIREE CONTRIBUTIONS

Disabled Retiree Contributions captures the Public Safety disabled retiree healthcare premiums received through direct collections at the same rate as an active employee. The FY 2024/25 adopted budget of \$0.2 million remains flat from the FY 2023/24 adopted budget.

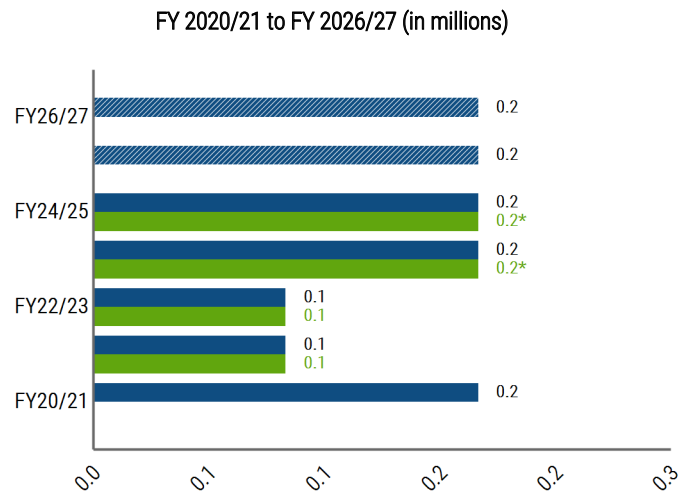


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

OPERATING

Operating includes a transfer in from the General Fund per City Council direction to subsidize the annual costs that exceeded premium collections for Public Safety disabled retirees. Total operating transfers in for FY 2024/25 is \$0.2 million.



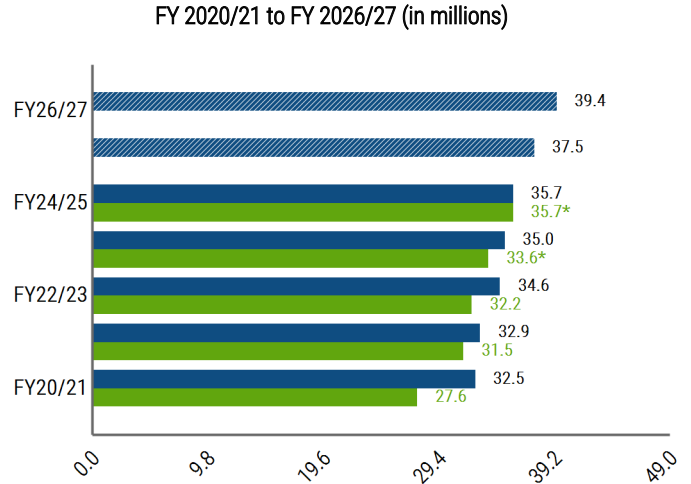
HEALTHCARE SELF INSURANCE FUND USES

The direct operating expenditures of the Healthcare Self Insurance Fund include: Medical Claims, Dental Claims, Insurance & Bond Premiums, Administrative Fees, health related programs, and Behavioral Health Insurance Claims.

▨ FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

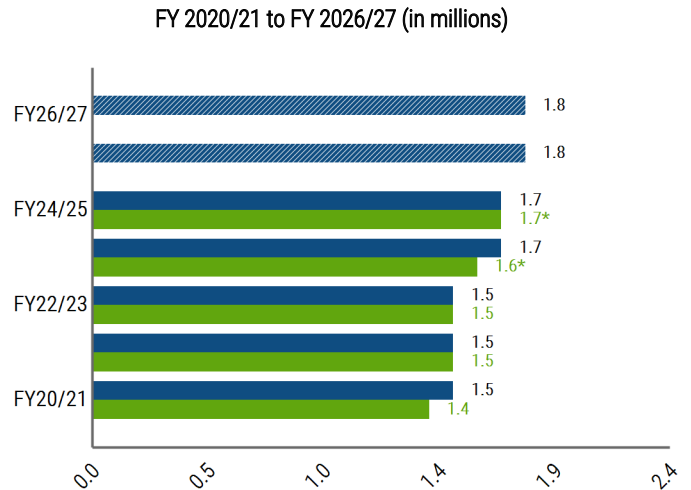
MEDICAL CLAIMS

Medical Claims includes all medical claims expenses for members of the plans, including employees and their families, COBRA participants, and Public Safety disabled retirees. The FY 2024/25 adopted budget of \$35.7 million represents an increase of \$0.7 million from the FY 2023/24 adopted budget mostly due to the increasing costs of healthcare.



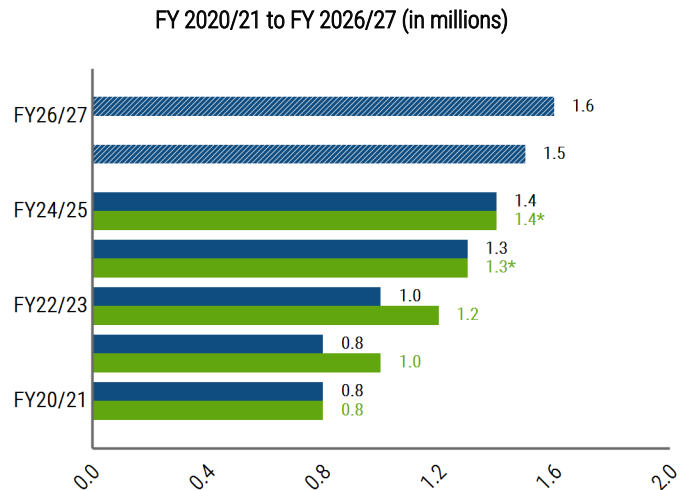
DENTAL CLAIMS

Dental Claims includes all dental claims expenses for members of the plans, including employees and their families and COBRA participants. The FY 2024/25 adopted budget of \$1.7 million remains flat from the FY 2023/24 adopted budget.



INSURANCE & BOND PREMIUMS

Insurance & Bond Premiums include the stop-loss insurance purchased to limit the city's exposure to large dollar claims. This type of coverage is used to ensure catastrophic claims do not upset the financial reserves of the self funded plan. The FY 2024/25 adopted budget of \$1.4 million represents a \$0.1 million increase when compared to the FY 2023/24 adopted budget primarily due to rising costs for excess liability coverage for all plans.

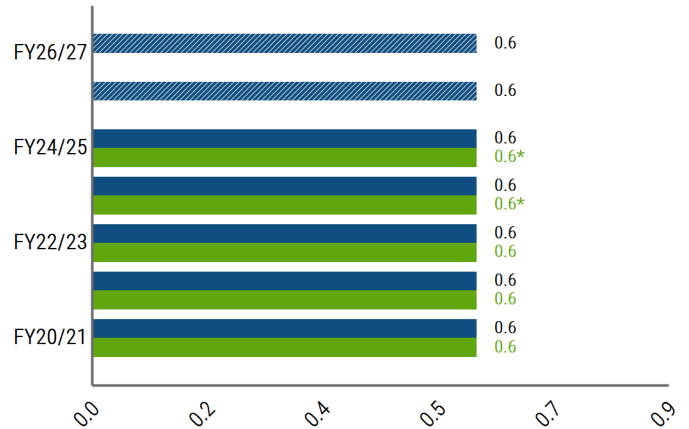


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

ADMINISTRATIVE FEES

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The FY 2024/25 adopted budget of \$0.6 million is flat compared to the FY 2023/24 adopted budget.

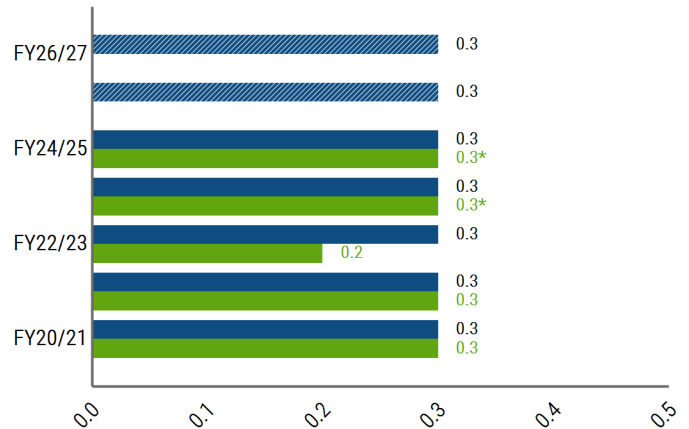
FY 2020/21 to FY 2026/27 (in millions)



LIVE LIFE WELL PROGRAM

Live Life Well Program includes incentives to employees to encourage participation in various health and wellness events, challenges, activities, and classes. The FY 2024/25 adopted budget of \$0.3 million includes \$0.2 million for a wellness incentive to employees enrolled in a medical plan that complete an annual wellness exam and health assessment.

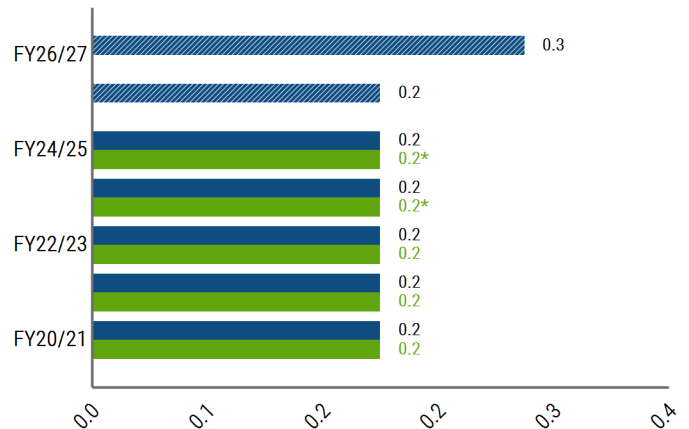
FY 2020/21 to FY 2026/27 (in millions)



CITY ADMINISTRATION

The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental, and wellness plans. The FY 2024/25 adopted budget for administrative expenses is \$0.2 million.

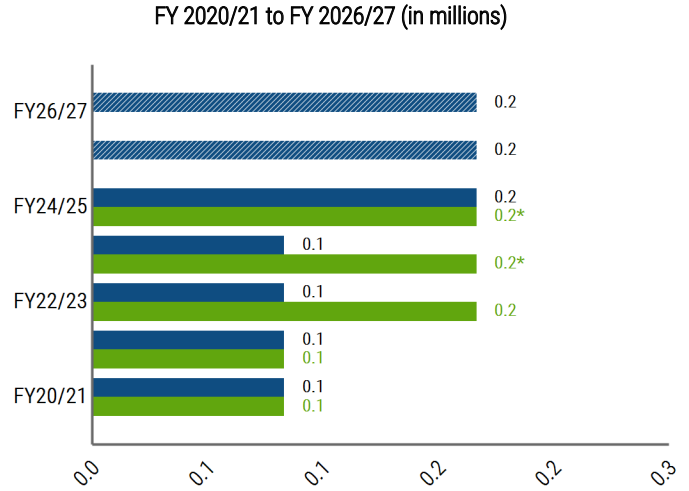
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

BEHAVIORAL HEALTH INSURANCE CLAIMS

Behavioral Health Insurance Claims includes all behavioral claims expenses. The FY 2024/25 adopted budget of \$0.2 million is \$0.1 million higher than the FY 2023/24 adopted budget based on latest usage of services.

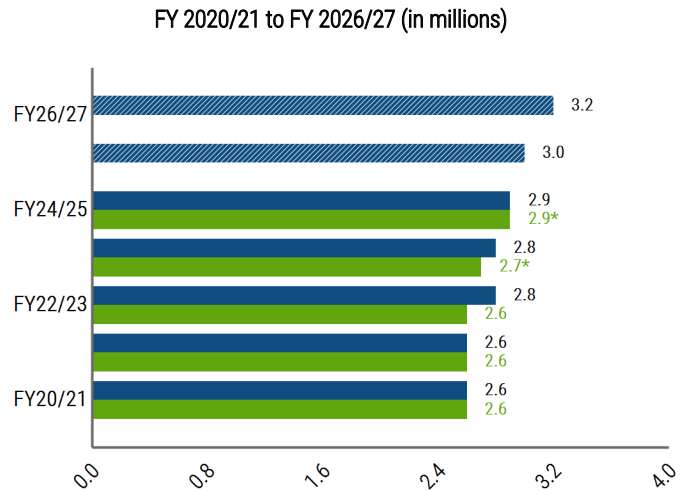


HEALTHCARE SELF INSURANCE ENDING FUND BALANCE

The Healthcare Self Insurance Fund ending balance is maintained to provide for coverage of self insured benefits. The Healthcare Self Insurance Fund has three different reserves: IBNR (incurred but not reported) Reserve, Operating Contingency, and Premium Stabilization Reserve. The Healthcare Self Insurance Fund also includes a Healthcare Self Insurance Fund Balance.

IBNR RESERVE

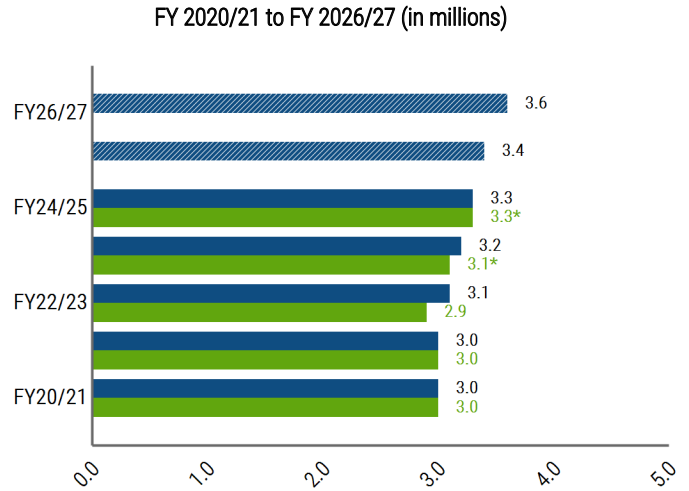
Reserve for incurred but not reported (IBNR) claims. The IBNR Reserve represents the liability that occurs for claims incurred but paid after the end of a fiscal year and it is calculated as the sum of 7.7 percent of Medical Claims and 7.0 percent of Dental Claims. The projected FY 2024/25 IBNR Reserve is \$2.9 million.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

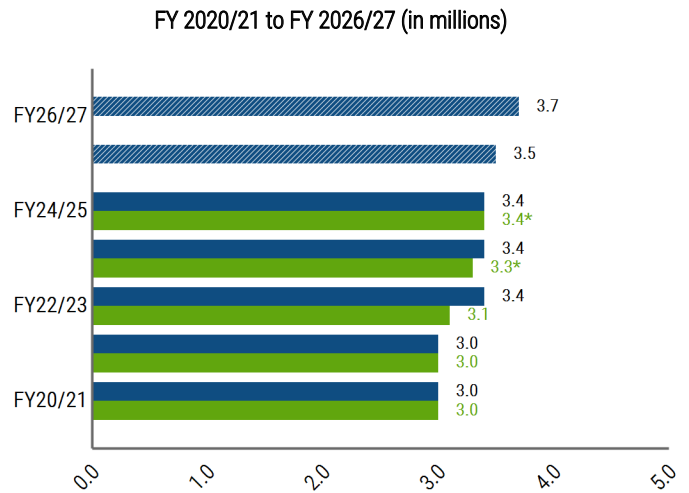
OPERATING CONTINGENCY

Contingency funds are utilized only after all other budget options have been considered, and require City Council approval. The Operating Contingency is calculated as 8.7 percent of Medical and Dental Claims. The FY 2024/25 Operating Contingency is \$3.3 million.



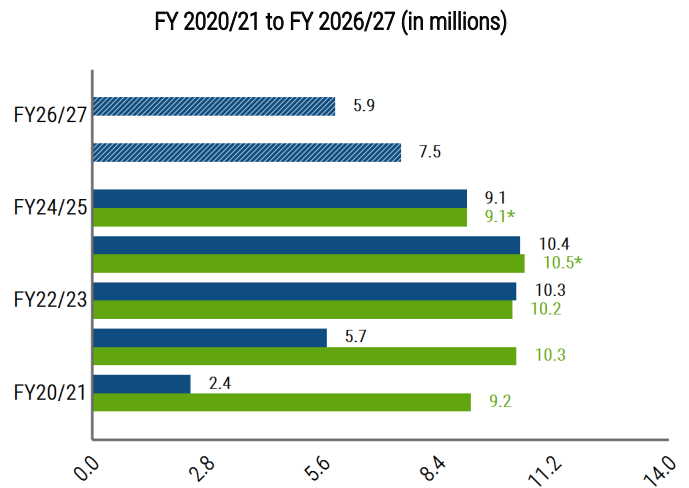
PREMIUM STABILIZATION RESERVE

The purpose of the Premium Stabilization Reserve is to ensure revenue from premiums exceed medical and dental claims, and administrative expenses paid by the healthcare plan. The Premium Stabilization Reserve is calculated as 8.7 percent of the employer and employee contributions. The Premium Stabilization Reserve is set at 3.4 million for FY 2024/25.



HEALTHCARE SELF INSURANCE FUND BALANCE

The Healthcare Self Insurance Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or expand programs with ongoing operating expenses. The Healthcare Self Insurance Fund Balance for FY 2024/25 is \$9.1 million.

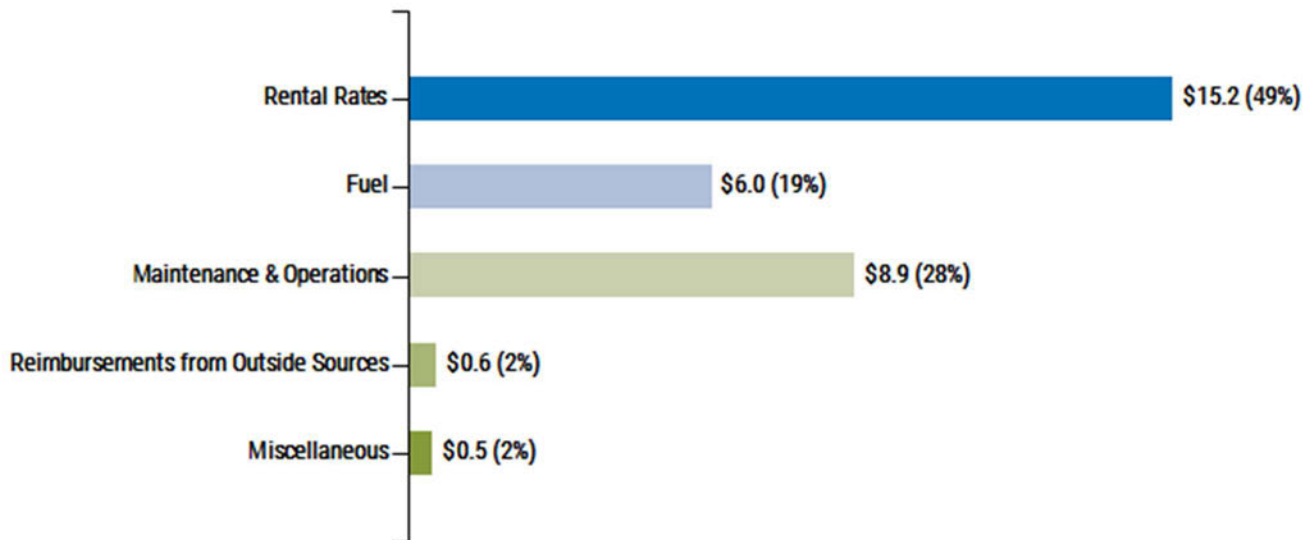


FORECAST BUDGET ACTUAL/FORECAST*

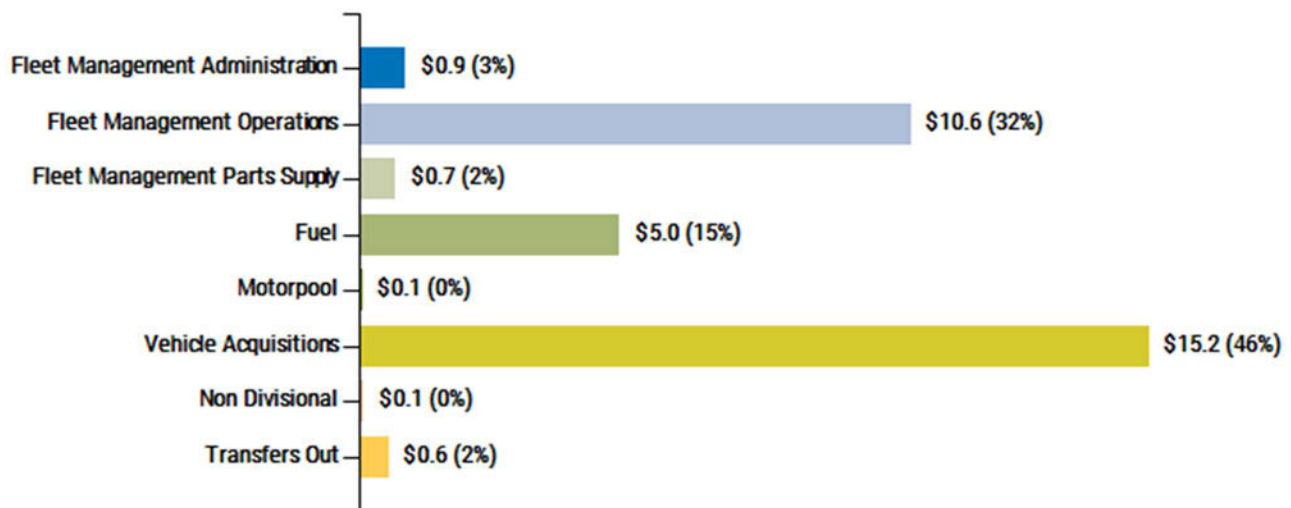
FUND PURPOSE

The Fleet Management Fund is used to account for the expenditures associated with purchasing and maintaining the city's equipment and vehicles. Replacement and operation of equipment and vehicles are charged to the city divisions as internal operating costs based on the quantity and type of equipment and vehicles used. The division charges are treated as revenue to the Fleet Management Fund.

Fleet Management Fund Sources (% to Total)
\$31.1 Million



Fleet Management Fund Uses (% to Total)
\$33.2 Million



Rounding differences may occur.

BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Electric Vehicle Contingency ^(a)	-	-	-	1,000,000
Operating Contingency ^(b)	-	3,000,000	3,000,000	1,000,000
Fleet Management Fund Balance	9,805,949	6,881,940	8,016,702	9,001,439
Total Beginning Fund Balance	9,805,949	9,881,940	11,016,702	11,001,439
Revenues				
Rental Rates	14,459,813	14,303,617	14,303,617	15,158,258
Fuel	4,594,333	6,351,853	5,474,353	6,019,338
Maintenance & Operations	10,317,305	9,298,220	10,398,220	8,850,827
Reimbursements from Outside Sources	490,463	556,432	556,432	567,561
Miscellaneous	597,348	468,951	468,951	482,128
Subtotal	30,459,262	30,979,073	31,201,573	31,078,112
Transfers In				
CIP ^(c)	1,900,000	-	-	-
Subtotal	1,900,000	-	-	-
Total Sources	32,359,262	30,979,073	31,201,573	31,078,112
Expenditures				
Fleet Management Administration	770,725	764,604	746,718	947,624
Fleet Management Operations	9,450,017	9,618,499	9,479,602	10,799,395
Fleet Management Parts Supply	716,472	782,080	708,536	743,753
Fuel	4,487,001	5,173,184	5,073,328	5,019,543
Motorpool	75,486	79,091	56,978	77,608
Vehicle Acquisitions ^(d)	6,050,316	6,372,730	6,372,209	15,182,299
<i>Class and Comp Study^(e)</i>	-	142,273	-	-
<i>Fuel and Maint and Repair^(f)</i>	-	-	47,855	-
<i>Leave Accrual Payments / Parental Leave</i>	-	111,959	81,710	114,489
<i>Operating Impacts</i>	-	-	-	-
<i>Post Employment Medical</i>	-	-	13,780	-
<i>Savings from Vacant Positions</i>	-	(300,000)	-	(306,780)
<i>Vacation Trade</i>	-	6,256	-	7,438
Subtotal	21,550,017	22,750,676	22,580,716	32,585,369
TOTAL OPERATING BUDGET	21,550,017	22,750,676	22,580,716	32,585,369
Transfers Out				
CIP	9,570,894	8,533,883	8,533,883	500,000
CIP Technology	27,598	102,237	102,237	67,909
Subtotal	9,598,492	8,636,120	8,636,120	567,909
Total Uses	31,148,509	31,386,796	31,216,836	33,153,278
Sources Over/(Under) Uses	1,210,753	(407,723)	(15,263)	(2,075,166)
Ending Fund Balance				
Electric Vehicle Contingency ^(a)	-	-	-	1,000,000
Operating Contingency ^(b)	-	3,000,000	3,000,000	897,123
Undesignated, Unreserved Fund Balance	11,016,702	6,474,217	8,001,439	7,029,150
Total Ending Fund Balance	11,016,702	9,474,217	11,001,439	8,926,273

^(a) For FY 2024/25, the Electric Vehicle Contingency was established to address potential cost differences in procuring electric vehicles over traditional fuel vehicles.

^(b) FY 2023/24 Operating Contingency was added to be used for increased Maintenance and Repair costs due to vehicle acquisition deferrals, fuel fluctuations, and supply chain challenges.

^(c) In FY 2022/23, the North Corporation Yard Garage capital project was completed and \$1.9 million of funding was returned to the Fleet Management Fund.

^(d) FY 2022/23 and FY 2023/24 included manufacturing cutbacks and parts shortages which caused delays in deliveries; therefore, many scheduled vehicle purchases were shifted to the CIP to accommodate long lead times to order vehicle. This funding was returned to the operating budget for FY 2024/25.

^(e) Anticipated cost to implement the Classification and Compensation Study recommendations.

^(f) Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Electric Vehicle Contingency ^(a)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Contingency	1,000,000	897,123	1,000,000	1,000,000	1,000,000
Fleet Management Fund Balance	9,001,439	7,029,150	4,926,273	3,112,373	1,289,273
Total Beginning Fund Balance	11,001,439	8,926,273	6,926,273	5,112,373	3,289,273
Revenues					
Rental Rates	15,158,258	16,067,800	17,031,800	18,053,700	19,137,000
Fuel	6,019,338	6,037,700	6,158,500	6,281,600	6,407,300
Maintenance & Operations	8,850,827	9,328,800	9,832,500	10,363,500	10,923,100
Reimbursements from Outside Sources	567,561	578,900	590,500	602,300	614,300
Miscellaneous	482,128	495,600	509,600	524,000	538,800
Subtotal	31,078,112	32,508,800	34,122,900	35,825,100	37,620,500
Transfers In					
CIP	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	31,078,112	32,508,800	34,122,900	35,825,100	37,620,500
Expenditures					
Fleet Management Administration	947,624	984,700	1,018,500	1,084,700	1,090,000
Fleet Management Operations	10,799,395	11,228,200	11,665,500	12,286,800	12,546,000
Fleet Management Parts Supply	743,753	780,500	816,500	883,100	893,700
Fuel	5,019,543	5,135,100	5,238,200	5,353,300	5,476,400
Motorpool	77,608	81,400	85,400	89,600	93,900
Vehicle Acquisitions	15,182,299	15,940,000	16,735,100	17,570,300	18,447,200
<i>Class and Comp Study</i>	-	-	-	-	-
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	114,489	117,100	119,800	122,300	125,200
<i>Operating Impacts</i>	-	27,000	27,000	27,000	27,000
<i>Post Employment Medical</i>	-	-	-	-	-
<i>Savings from Vacant Positions</i>	(306,780)	(313,800)	(320,700)	(327,800)	(335,300)
<i>Vacation Trade</i>	7,438	7,400	7,400	7,400	7,400
Subtotal	32,585,369	33,987,600	35,392,700	37,096,700	38,371,500
TOTAL OPERATING BUDGET	32,585,369	33,987,600	35,392,700	37,096,700	38,371,500
Transfers Out					
CIP	500,000	500,000	500,000	500,000	500,000
CIP Technology	67,909	21,200	44,100	51,500	113,300
Subtotal	567,909	521,200	544,100	551,500	613,300
Total Uses	33,153,278	34,508,800	35,936,800	37,648,200	38,984,800
Sources Over/(Under) Uses	(2,075,166)	(2,000,000)	(1,813,900)	(1,823,100)	(1,364,300)
Ending Fund Balance					
Electric Vehicle Contingency ^(a)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Contingency	897,123	1,000,000	1,000,000	1,000,000	924,973
Undesignated, Unreserved Fund Balance	7,029,150	4,926,273	3,112,373	1,289,273	0
Total Ending Fund Balance	8,926,273	6,926,273	5,112,373	3,289,273	1,924,973

^(a) FY 2023/24 Operating Contingency was added to be used for increased Maintenance and Repair costs due to vehicle acquisition deferrals, fuel fluctuations, and supply chain challenges.

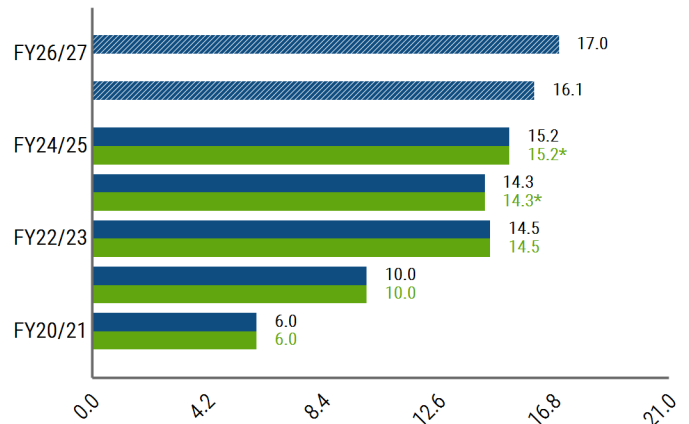
FLEET MANAGEMENT FUND SOURCES

Fleet Management Sources for FY 2024/25 equal \$31.1 million, which is an increase of \$1.1 million from the FY 2023/24 adopted budget. The Fleet Management Fund includes revenues from rates charged to city division as internal operating costs for Vehicle Acquisitions, Fuel, and Maintenance & Operations. Reimbursements from Outside Sources and Miscellaneous are also revenues received in the fund.

RENTAL RATES

Rental Rates represent the replacement fees charged to divisions sufficient for the acquisition and replacement of city vehicles and equipment. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year for the replacement fees charged to the divisions. Rental Rates make up 49 percent of the FY 2024/25 sources at \$15.2 million, which is an increase of \$0.9 million from the FY 2023/24 adopted budget.

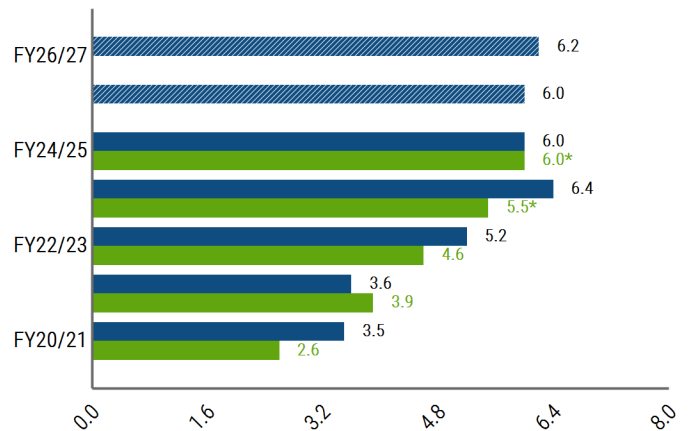
FY 2020/21 to FY 2026/27 (in millions)



FUEL

Fuel represents the charges to other city divisions based on the fuel consumption of city vehicles and equipment. Rates are determined based on historical data as well as forecasted future consumption. Included in this methodology are local and national fuel cost trends. The FY 2024/25 adopted budget is \$6.0 million, which is a decrease of \$0.4 million when compared to the FY 2023/24 adopted budget. The decrease is due to the expected decrease in the cost of fuel.

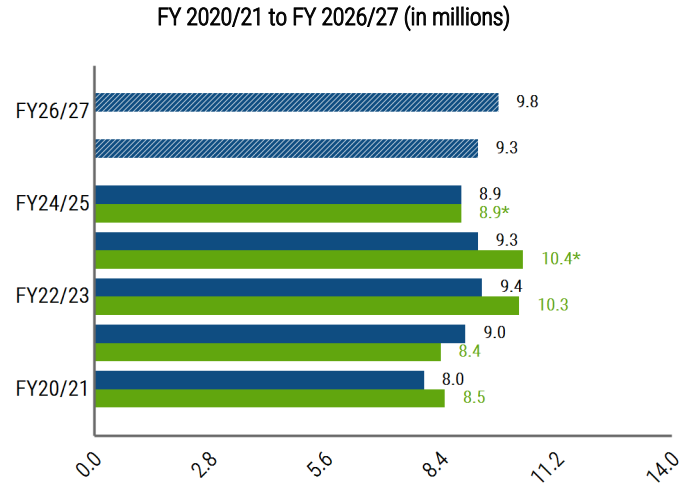
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

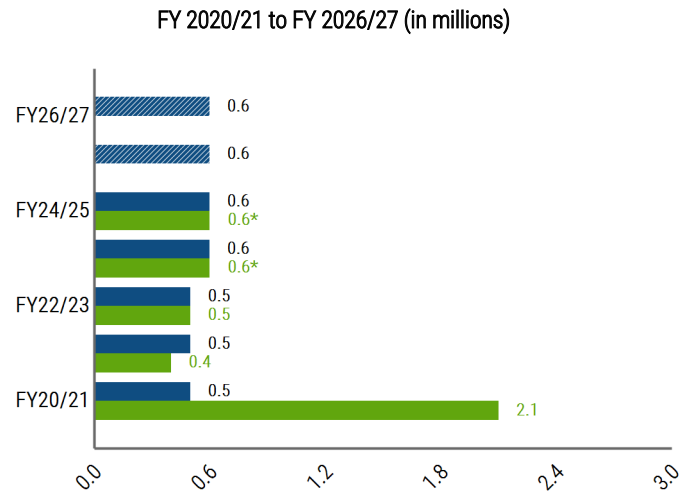
MAINTENANCE & OPERATIONS

Maintenance & Operations sources originate from charges to other city divisions based on the usage of city vehicles and equipment. The Maintenance & Operations revenue for FY 2024/25 totals \$8.9 million, which is a decrease of \$0.4 million from the FY 2023/24 adopted budget.



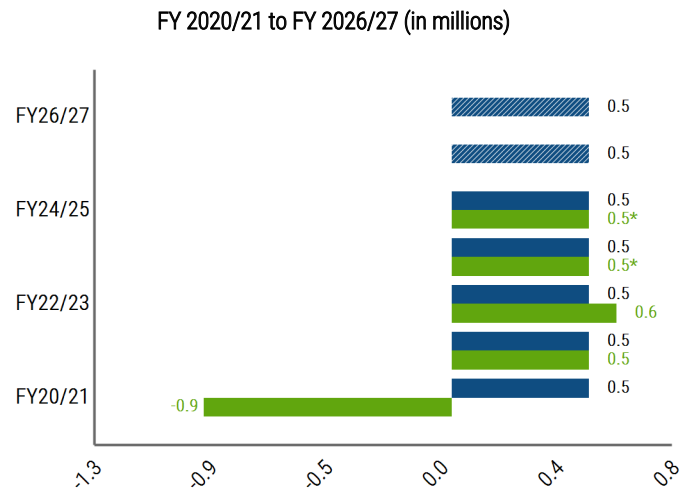
REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursements from Outside Sources revenue is generated from any insurance recoveries received and reimbursements for fuel taxes and vehicle parts. Reimbursements from Outside Sources is budgeted at \$0.6 million for FY 2024/25, which is flat from the FY 2023/24 adopted budget.



MISCELLANEOUS

Miscellaneous is generated from the liquidation of surplus property. In FY 2020/21 the Miscellaneous revenue experienced a loss generated from the difference in the carrying value of the assets versus the proceeds received from the sale of vehicles and equipment. The FY 2024/25 adopted budget is \$0.5 million, which is flat when compared to the FY 2023/24 adopted budget.



▨ FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

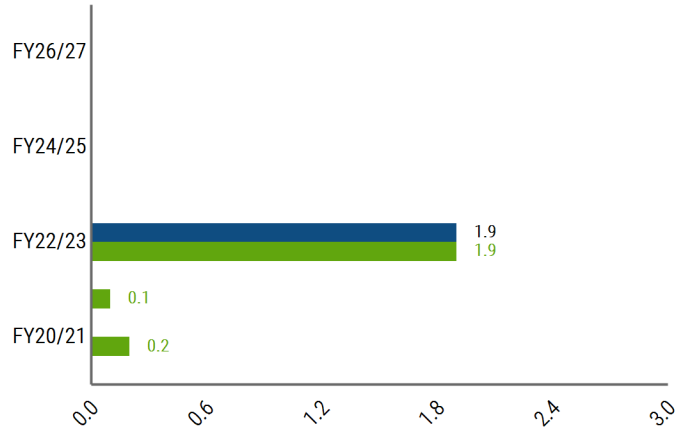
TRANSFERS IN

Transfers In are the authorized movement of cash or other resources from other funds. There are no Transfers In anticipated in FY 2024/25.

CIP

The Transfers In for FY 2022/23 represent half of the North Corporation Yard Garage capital project funding being returned to the original source since the Transportation Fund was instead used to fund the remainder of the project.

FY 2020/21 to FY 2026/27 (in millions)



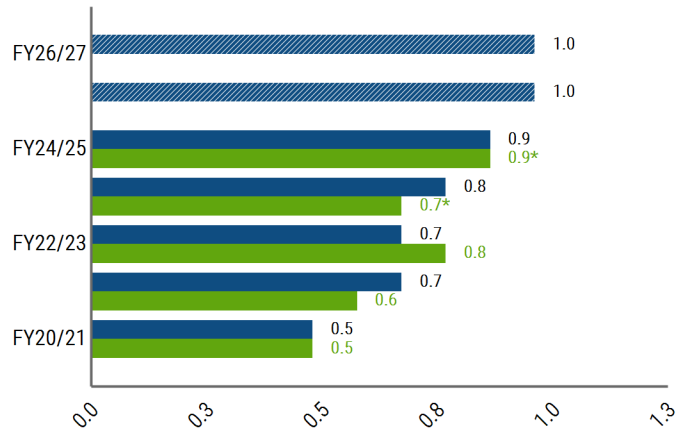
FLEET MANAGEMENT FUND USES

Fleet Management Uses for FY 2024/25 equal \$32.6 million which is an increase of \$9.8 million from the FY 2023/24 adopted budget. The direct operating uses for the Fleet Management Fund are summarized below by Fleet Management Administration, Fleet Management Operations, Fleet Management Parts Supply, Fuel, Motorpool, and Vehicle Acquisitions.

FLEET MANAGEMENT ADMINISTRATION

Fleet Management Administration includes all costs related to supporting the management and administrative personnel that are dedicated to directing and overseeing the fleet operation of the city. The FY 2024/25 adopted budget is \$0.9 million, which is an increase of \$0.1 million when compared to the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

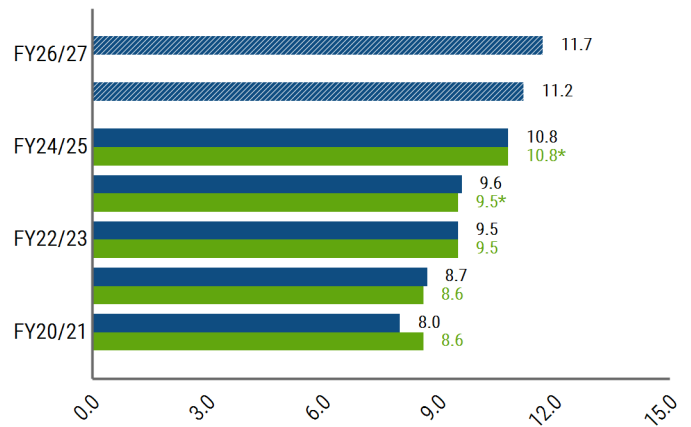


FORECAST BUDGET ACTUAL/FORECAST*

FLEET MANAGEMENT OPERATIONS

Fleet Management Operations includes costs related to supporting technical personnel that perform the maintenance and repair functions of the city’s fleet operation, the funding for replacement parts, and the use of outside vendors when necessary. The FY 2024/25 adopted budget of \$10.8 million is a \$1.2 million increase over the FY 2023/24 adopted budget. The increase is due to higher than anticipated fleet maintenance costs due to supply chain challenges and inflation.

FY 2020/21 to FY 2026/27 (in millions)



FLEET MANAGEMENT PARTS SUPPLY

Fleet Management Parts Supply includes all costs related to supporting the specialized personnel that are dedicated to maintaining the parts segment of the city’s fleet operation, as well as the costs of all required supplies and tools. The FY 2024/25 adopted budget is \$0.7 million, which is a decrease of \$0.1 million when compared to the FY 2023/24 adopted budget.

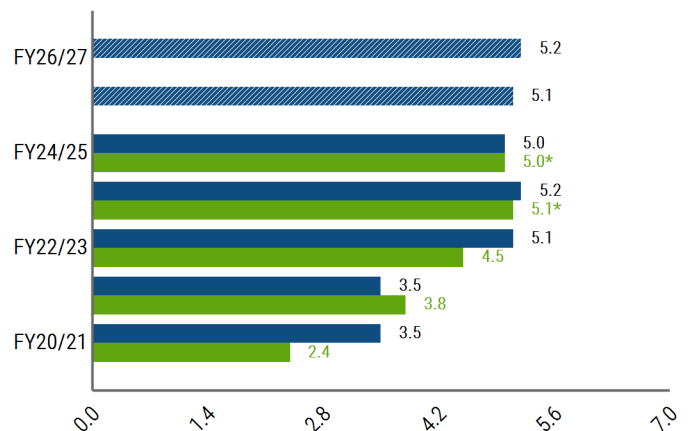
FY 2020/21 to FY 2026/27 (in millions)



FUEL

Fuel includes all costs related to the purchase of fuel, as well as costs for equipment, maintenance and services necessary to maintain the provision of fuel in the city’s fleet operation. The FY 2024/25 adopted budget is \$5.0 million, a decrease of \$0.2 million compared to the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

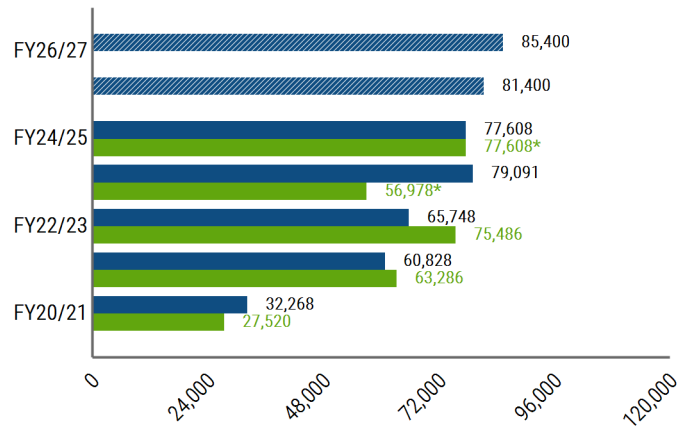


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

MOTORPOOL

Motorpool includes all costs related to the care of the city’s motorpool vehicles including fuel and maintenance. The FY 2024/25 adopted budget of \$77,608 is a \$1,483 decrease to the FY 2023/24 adopted budget. The decrease is due to the reduction of fleet replacement expenses for motorpool vehicles.

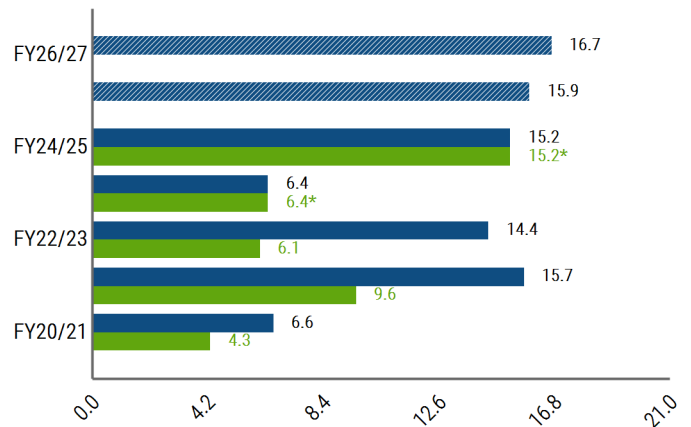
FY 2020/21 to FY 2026/27



VEHICLE ACQUISITIONS

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city’s fleet. The FY 2024/25 adopted budget of \$15.2 million is an \$8.8 million increase from the FY 2023/24 adopted budget due to moving vehicle acquisitions and equipment with extended production lead times and high costs from the Capital Improvement Plan back to the operating budget.

FY 2020/21 to FY 2026/27 (in millions)



NON-DIVISIONAL USES

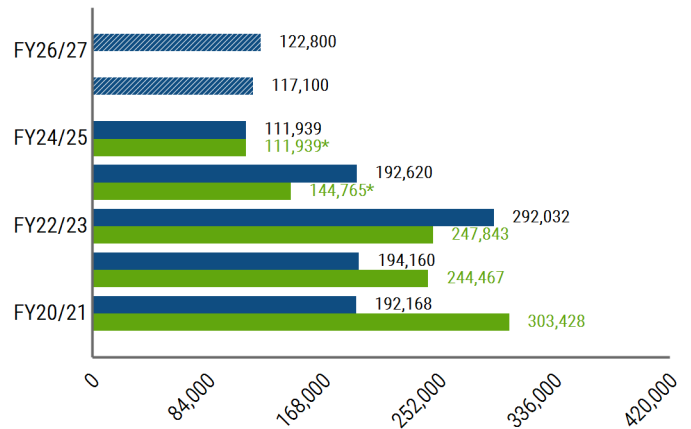
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years’ budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division’s uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level; then moving the budget to a macro level holding account at the beginning of the fiscal year, and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage.

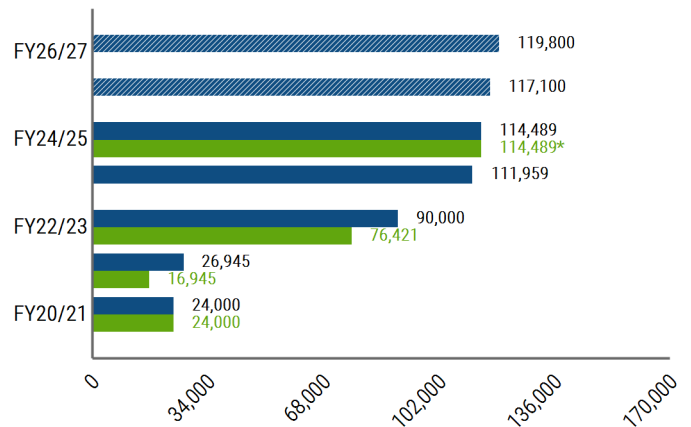
FY 2020/21 to FY 2026/27



LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2024/25 Leave Accrual Payments / Parental Leave budget is \$114,489, which includes \$51,130 budgeted for medical leave accrual payouts, \$51,130 budgeted for vacation accrual payouts, and \$12,229 budgeted for parental leave.

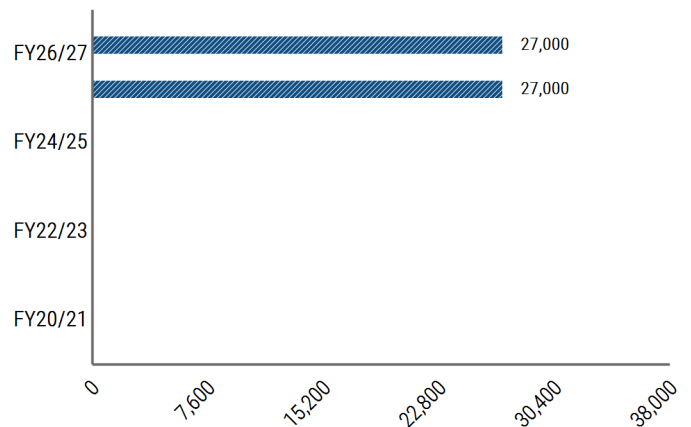
FY 2020/21 to FY 2026/27



OPERATING IMPACTS

Operating Impacts is additional future costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2024/25 and years prior, operating impacts have been included at the division level. FY 2025/26 through FY 2026/27 amounts are forecasted based on the adopted CIP Five Year Plan.

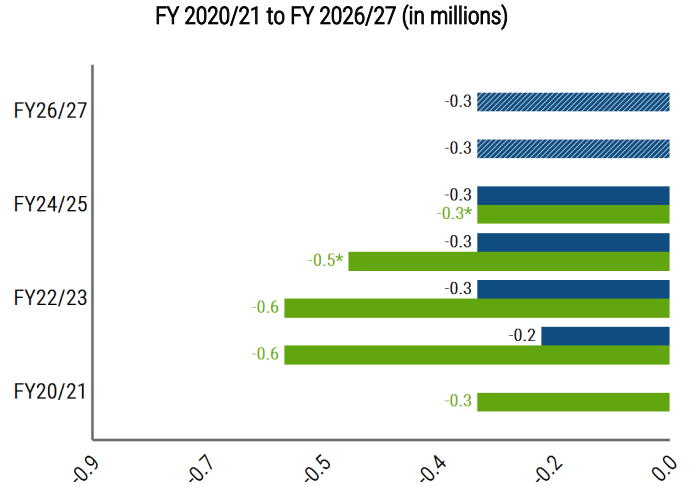
FY 2020/21 to FY 2026/27



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

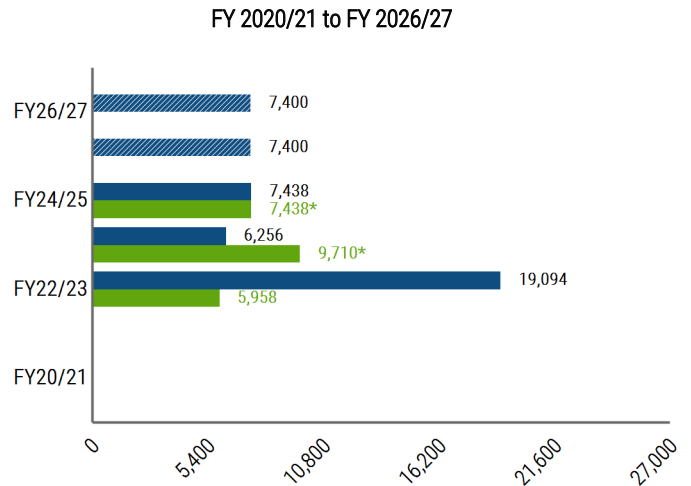
SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2024/25 is estimated at (\$0.3) million.



VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is \$7,438.



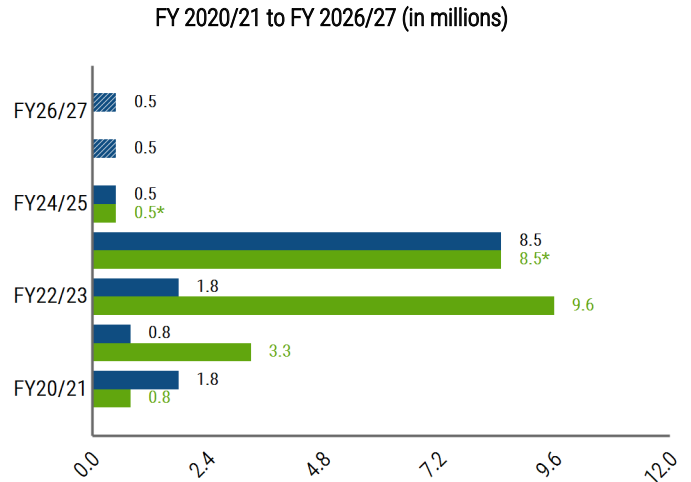
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2024/25 equal \$0.6 million which is a decrease of \$8.0 million from the FY 2023/24 adopted budget.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

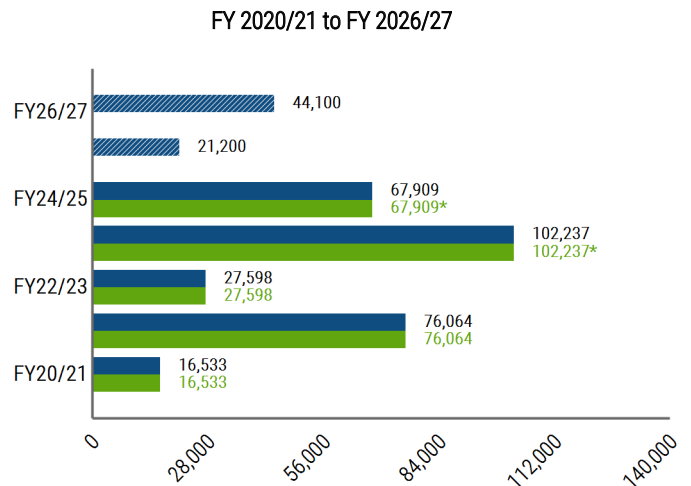
CIP

The FY 2024/25 CIP adopted budget of \$0.5 million will be primarily used to fund capital projects that include the Continuous Fleet Replacement and the Fleet Electric Vehicle (EV) Infrastructure Implementation. Due to extended production lead times, vehicle acquisitions were recorded in the CIP in FY 2022/23 and FY 2023/24.



CIP TECHNOLOGY

The CIP Technology budget of \$67,909 is planned to help cover Fleet Management's portion of citywide technology capital projects during FY 2024/25.



FLEET MANAGEMENT FUND ENDING BALANCE

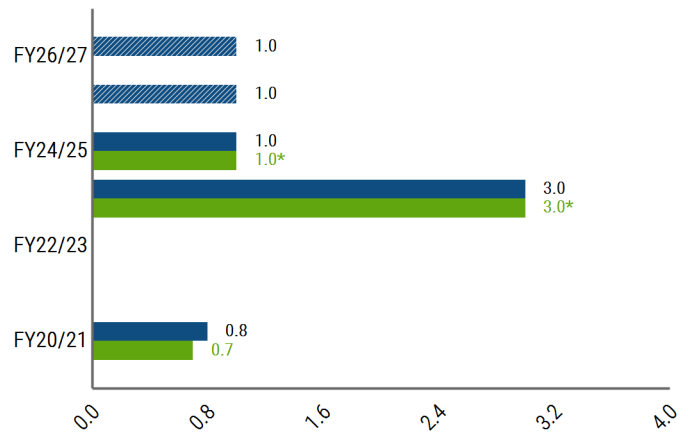
Fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. In FY 2023/24, Operating Contingency was reinstated to be used for increased Maintenance and Repair costs due to Vehicle Acquisition deferrals, fuel fluctuations, and supply chain shifts.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING CONTINGENCY

The Operating Contingency was reinstated to be used for increased Maintenance and Repair costs due to Vehicle Acquisition deferrals, fuel fluctuations, and supply chain shifts. The FY 2024/25 adopted budget is \$1.0 million.

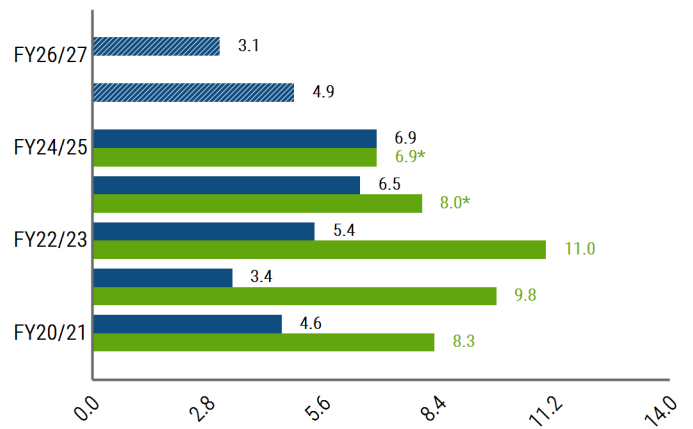
FY 2020/21 to FY 2026/27 (in millions)



FLEET FUND BALANCE

Fleet Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2024/25 ending Fleet Fund Balance is \$6.9 million which is \$0.4 million greater than the FY 2023/24 adopted budget.

FY 2020/21 to FY 2026/27 (in millions)

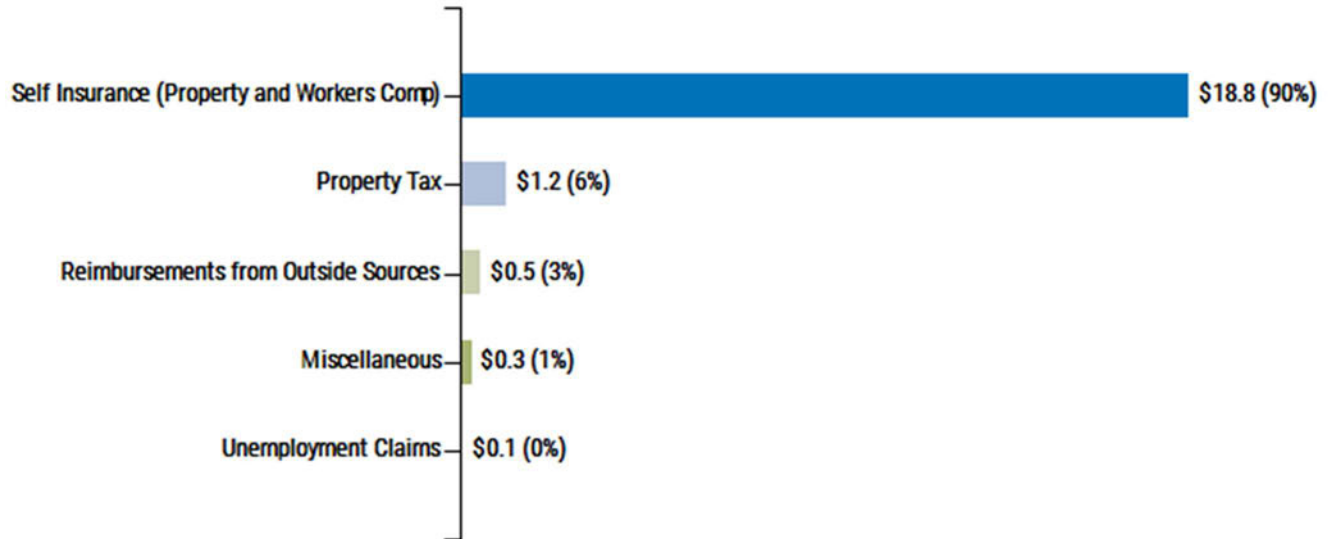


FORECAST BUDGET ACTUAL/FORECAST*

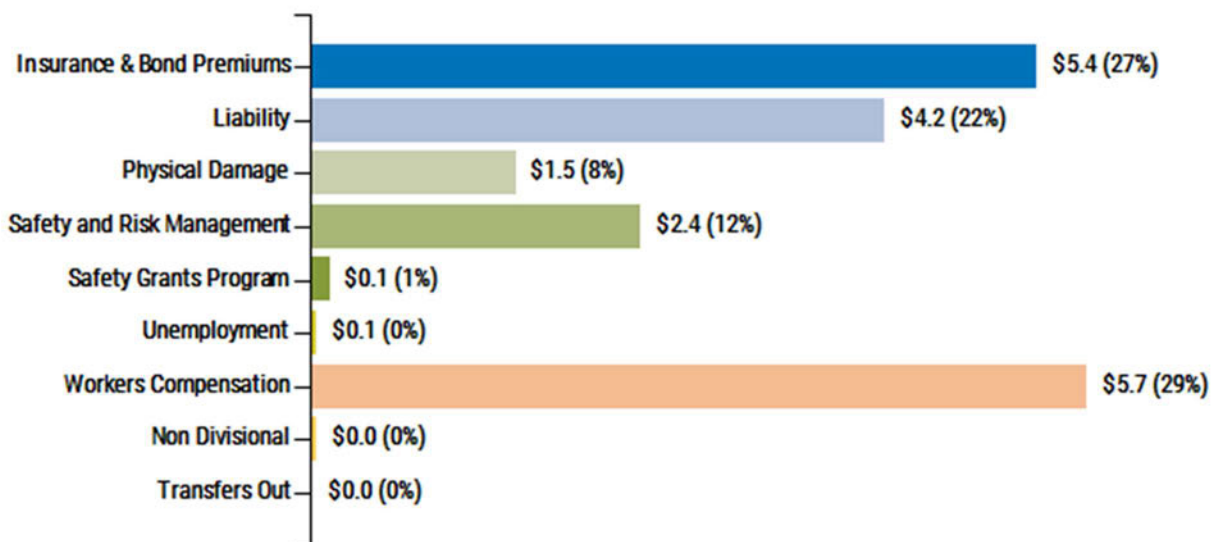
FUND PURPOSE

The Risk Management Fund is used to account for the city's self insurance, safety and risk management functions. Revenue to this fund is derived from internal charges to city divisions and is captured as internal rates. Payments for unemployment, workers' compensation, and property and liability claims are made from this fund.

Risk Management Fund Sources (% to Total)
\$20.9 Million



Risk Management Fund Uses (% to Total)
\$19.5 Million



Rounding differences may occur.

BUDGET BY FUND | Risk Management Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Operating Contingency	1,300,000	2,500,000	2,500,000	2,500,000
Operating Reserve	23,085,409	24,087,435	24,555,196	26,488,589
Total Beginning Fund Balance	24,385,409	26,587,435	27,055,196	28,988,589
Revenues				
Self Insurance (Property and Workers Comp)	15,437,357	16,508,600	16,508,600	18,803,303
Property Tax	536,000	2,201,944	2,201,944	1,200,000
Reimbursements from Outside Sources	581,820	525,000	525,000	525,000
Miscellaneous ^(a)	706,483	290,000	290,000	290,000
Unemployment Claims	52,058	52,077	52,077	54,681
Subtotal	17,313,719	19,577,621	19,577,621	20,872,984
Total Sources	17,313,719	19,577,621	19,577,621	20,872,984
Expenditures				
Insurance & Bond Premiums	4,281,033	5,195,439	5,195,439	5,357,665
Liability	2,078,100	3,459,874	3,459,874	4,239,988
Physical Damage	1,207,047	1,390,023	1,390,023	1,520,028
Safety and Risk Management	1,848,719	2,021,447	2,022,499	2,477,246
Safety Grants Program	280,371	114,500	114,500	143,407
Unemployment	4,304	50,000	50,000	52,500
Workers Compensation	4,937,108	5,378,449	5,378,449	5,730,458
Class and Comp Study ^(b)	-	36,268	-	-
Leave Accrual Payments / Parental Leave	-	2,482	1,035	2,538
Post Employment Medical	-	-	2,860	-
Vacation Trade	-	3,963	-	4,474
Subtotal	14,636,683	17,652,445	17,614,679	19,528,304
TOTAL OPERATING BUDGET	14,636,683	17,652,445	17,614,679	19,528,304
Transfers Out				
CIP Technology	7,249	29,549	29,549	20,541
Subtotal	7,249	29,549	29,549	20,541
Total Uses	14,643,932	17,681,994	17,644,228	19,548,845
Sources Over/(Under) Uses	2,669,787	1,895,627	1,933,393	1,324,139
Ending Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	24,555,196	25,983,062	26,488,589	27,812,728
Total Ending Fund Balance	27,055,196	28,483,062	28,988,589	30,312,728

^(a) The increased revenues in FY 2022/23 is largely due to an unusually high number of subrogation recoveries.

^(b) Anticipated cost to implement the Classification and Compensation Study recommendations.

BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	26,488,589	27,812,728	28,295,828	28,992,028	29,894,928
Total Beginning Fund Balance	28,988,589	30,312,728	30,795,828	31,492,028	32,394,928
Revenues					
Self Insurance (Property and Workers Comp)	18,803,303	19,628,400	20,647,600	22,149,600	22,152,500
Property Tax ^(a)	1,200,000	550,000	550,000	550,000	550,000
Reimbursements from Outside Sources	525,000	475,000	475,000	475,000	475,000
Miscellaneous	290,000	290,000	290,000	290,000	290,000
Unemployment Claims	54,681	57,400	60,300	63,300	66,500
Subtotal	20,872,984	21,000,800	22,022,900	23,527,900	23,534,000
Total Sources	20,872,984	21,000,800	22,022,900	23,527,900	23,534,000
Expenditures					
Insurance & Bond Premiums	5,357,665	6,128,900	6,594,400	7,483,000	8,705,300
Liability	4,239,988	4,337,600	4,433,100	4,530,800	4,635,000
Physical Damage	1,520,028	1,555,000	1,589,300	1,624,200	1,661,500
Safety and Risk Management	2,477,246	2,420,200	2,496,700	2,630,700	2,643,600
Safety Grants Program	143,407	146,800	150,000	153,200	156,700
Unemployment	52,500	55,100	57,900	60,800	63,800
Workers Compensation	5,730,458	5,858,900	5,984,300	6,118,600	6,249,900
Class and Comp Study	-	-	-	-	-
Leave Accrual Payments / Parental Leave	2,538	2,600	2,700	2,700	2,800
Post Employment Medical	-	-	-	-	-
Vacation Trade	4,474	4,500	4,500	4,500	4,500
Subtotal	19,528,304	20,509,600	21,312,900	22,608,500	24,123,100
TOTAL OPERATING BUDGET	19,528,304	20,509,600	21,312,900	22,608,500	24,123,100
Transfers Out					
CIP Technology	20,541	8,100	13,800	16,500	30,100
Subtotal	20,541	8,100	13,800	16,500	30,100
Total Uses	19,548,845	20,517,700	21,326,700	22,625,000	24,153,200
Sources Over/(Under) Uses	1,324,139	483,100	696,200	902,900	(619,200)
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	27,812,728	28,295,828	28,992,028	29,894,928	29,275,728
Total Ending Fund Balance	30,312,728	30,795,828	31,492,028	32,394,928	31,775,728

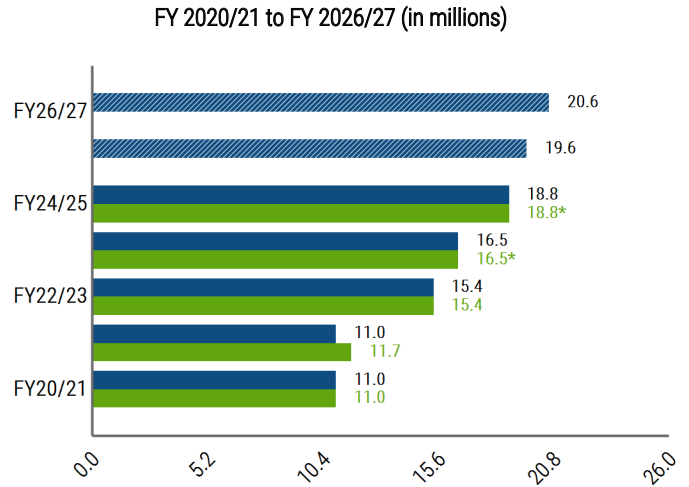
^(a) Anticipated decreases in Property Tax are due to expected reductions in the volume and scale of involuntary tort claims.

RISK MANAGEMENT FUND SOURCES

Sources received in the Risk Management Fund consist of Self Insurance (Property and Workers Comp), Property Tax, Reimbursements from Outside Sources, Miscellaneous, and Unemployment Claims. More specific information on these sources is detailed below:

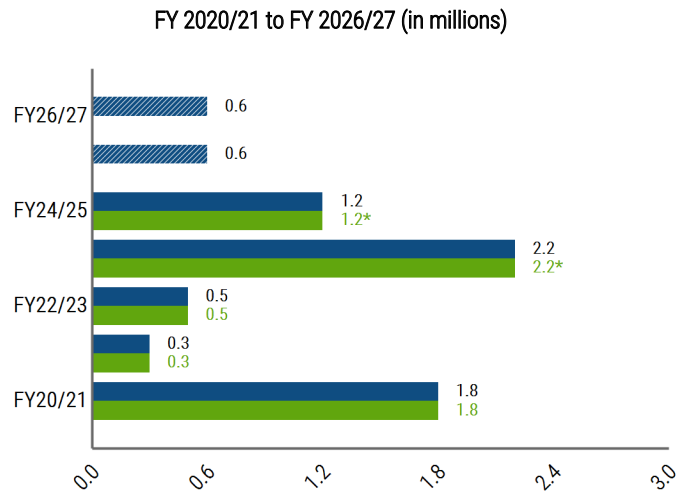
SELF INSURANCE (PROPERTY AND WORKERS COMP)

Self Insurance (Property and Workers Comp) represent this fund’s primary operating resources, which are derived from internal charges for services to other city divisions. The fund covers excess insurance premiums, administrative charges and claim payments for general and auto liability/physical damages, workers’ compensation, and property damage. The FY 2024/25 adopted budget for Self Insurance (Property and Workers Comp) is \$18.8 million, which represents an increase of \$2.3 million from the FY 2023/24 adopted budget due to an annual evaluation to determine the Internal Service Rates charged to every department. The continued increases in FY 2025/26 - FY 2026/27 assume the need to charge divisions more due to increased costs while maintaining the Loss Trust Fund Board's preferred 75 percent confidence level of the most recent actuarial assessment in the fund balance.



PROPERTY TAX

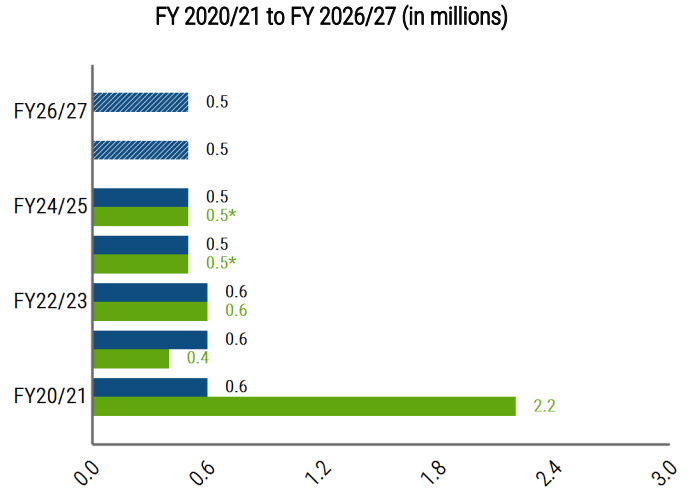
Property Tax represents a reimbursement to the city’s Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city’s primary tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. The tort expenses are paid from the Risk Management Fund, therefore the reimbursement becomes revenue to this fund. The budgeted tort claims for FY 2024/25 is \$1.2 million, which represents a decrease of \$1.0 million due to the settlement of several large, unforeseen occurrences in FY 2023/24.



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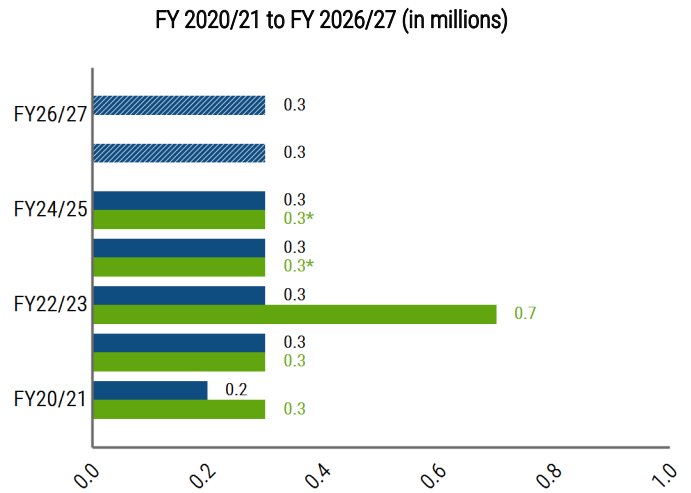
REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursements from Outside Sources represents reimbursements received from insurance claims. The primary component of this source is subrogation where the city seeks reimbursement from third party insurance companies for various types of claims. Reimbursements from Outside Sources for FY 2024/25 are \$0.5 million, which is flat compared to the prior year. The \$2.2 million shown in FY 2020/21 includes a large reimbursement related to a claim for a fire that damaged and totaled several solid waste trucks.



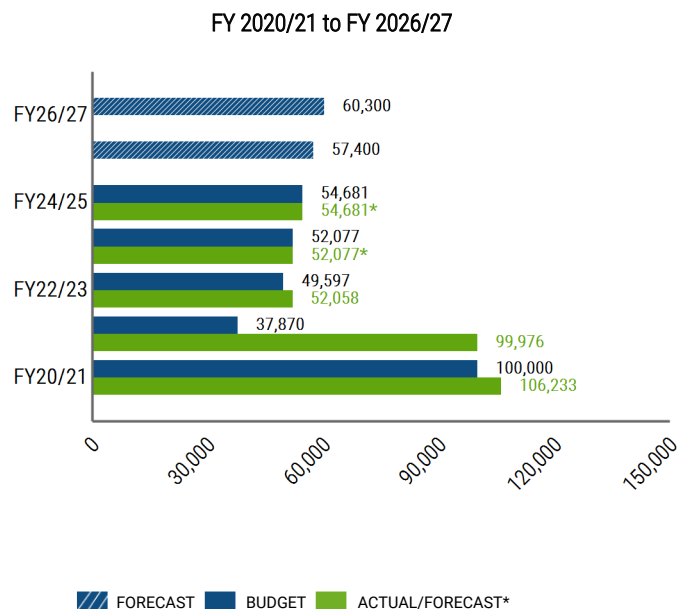
MISCELLANEOUS

Miscellaneous revenue represents special event reimbursements related to services provided by off-duty police officers. When an off-duty police officer is contracted for services certain insurance requirements must be met. If the event producer does not meet the specified insurance thresholds, additional costs are billed to cover potential city liability. When the Public Safety - Police Division receives these reimbursements, they are then deposited into the city's Risk Management Fund. Also included is subrogation recoveries which are claim amounts paid by third parties that are recovered by the city for damage occurring on or to city property. Miscellaneous revenue for FY 2024/25 is budgeted at \$0.3 million which remains flat compared to the FY 2023/24 adopted budget.



UNEMPLOYMENT CLAIMS

Unemployment Claims includes charges to all positions for unemployment insurance. The FY 2024/25 adopted budget of \$54,681 reflects a slight increase from the FY 2023/24 adopted budget of \$52,077.



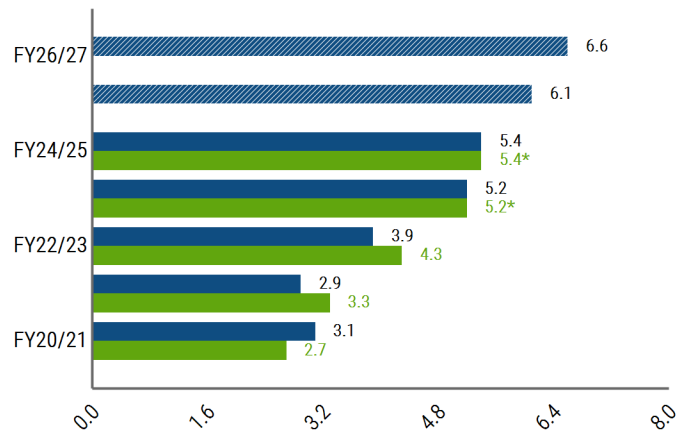
RISK MANAGEMENT FUND USES

The direct operating expenditures of the Risk Management Fund are divided into the following major expenditure categories: Insurance & Bond Premiums, Liability, Physical Damage, Risk Management, Safety Grants Program, Unemployment, Workers' Compensation, Class and Compensation Study, Leave Accrual Payments, and Vacation Trade. Also included are cash Transfers Out to the CIP.

INSURANCE & BOND PREMIUMS

Insurance & Bond Premiums includes various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. The adopted budget for FY 2024/25 is \$5.4 million, which is \$0.2 million higher than the FY 2023/24 adopted budget of \$5.2 million due to market hardening and increased premiums.

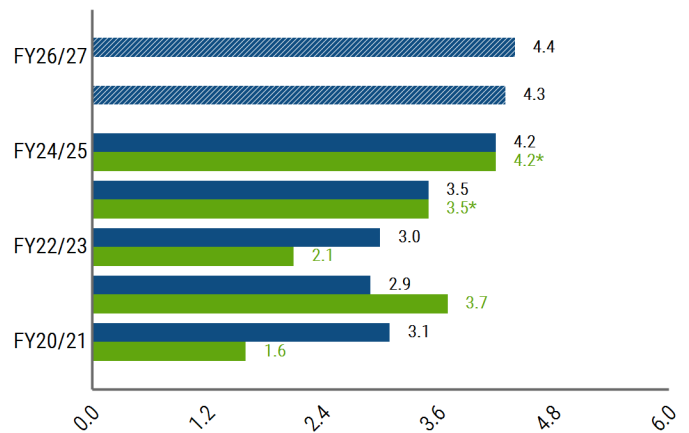
FY 2020/21 to FY 2026/27 (in millions)



LIABILITY

Liability primarily includes claim payments and legal costs for all activities not related to physical damage or workers' compensation claims. The adopted budget for FY 2024/25 is \$4.2 million, which is \$0.7 million higher than the FY 2023/24 adopted budget due to the increase in General Liability claims.

FY 2020/21 to FY 2026/27 (in millions)

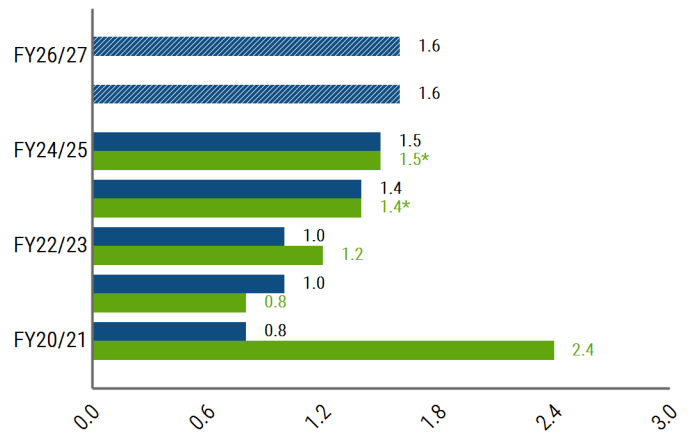


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 ACTUAL/FORECAST*

PHYSICAL DAMAGE

Physical Damage is a claim used to pay for physical damage to city property or city vehicles. The adopted budget for FY 2024/25 is \$1.5 million, which represents an increase of \$0.1 million compared to the FY 2023/24 adopted budget. The budget was adjusted in FY 2020/21 to align with previous actual expenditures which continue to increase due to weather related and catastrophic events. There was a large claim in FY 2020/21 for a fire that damaged and totaled several solid waste trucks.

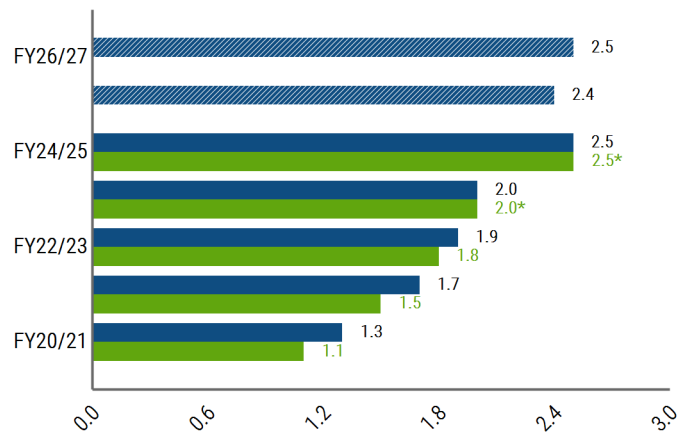
FY 2020/21 to FY 2026/27 (in millions)



SAFETY AND RISK MANAGEMENT

The Safety and Risk Management operating budget is for day to day operations of the department. The adopted budget for FY 2024/25 is \$2.5 million, which represents an increase of \$0.5 million compared to the FY 2023/24 adopted budget mostly due to a FY 2024/25 pay for performance and market adjustments for eligible employees and various contract increases.

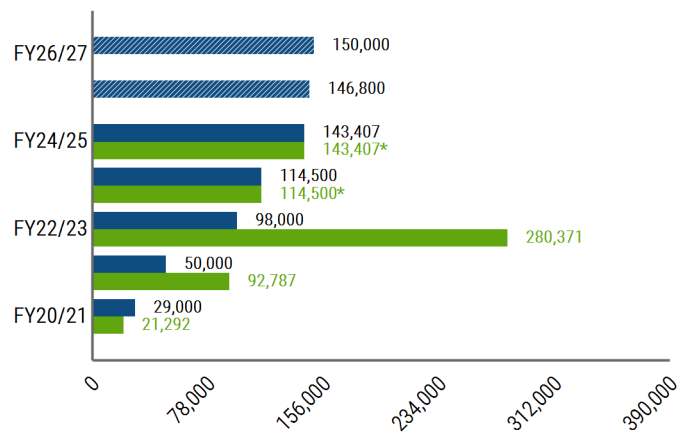
FY 2020/21 to FY 2026/27 (in millions)



SAFETY GRANTS PROGRAM

The Safety Grants Program evaluates and addresses funding requests from city divisions to pay for office furniture/equipment, office operating supplies, and protective clothing that would enhance safety or reduce known losses in the workplace. In order to receive these funds certain criteria must be met and no other funding source be available. The budgeted expenditure for FY 2024/25 is \$143,407 which is \$28,907 higher than the FY 2023/24 adopted budget, resulting from efforts to expand the city's Safety Incentive Program. The above average expenditure in FY 2022/23 was mainly due to heightened demand for ergonomic furniture and safety cabinets.

FY 2020/21 to FY 2026/27

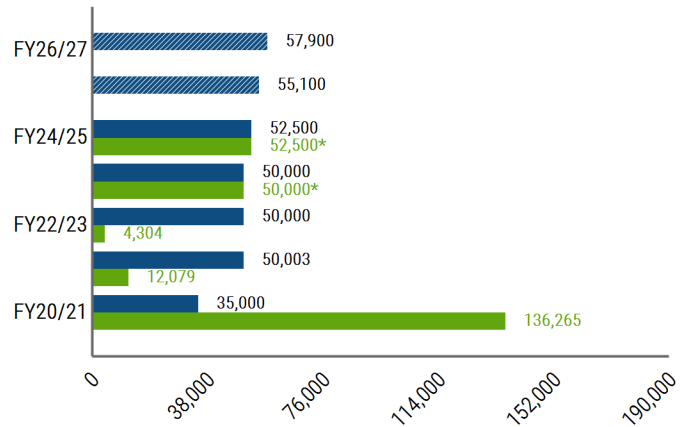


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

UNEMPLOYMENT

Unemployment is composed of claims paid to qualifying terminated city employees. The adopted budget for FY 2024/25 is \$52,500, which remains relatively flat compared to the FY 2023/24 adopted budget. The FY 2020/21 actuals represent a higher level of expenses due to an increased number of unemployment claims resulting from the COVID-19 pandemic.

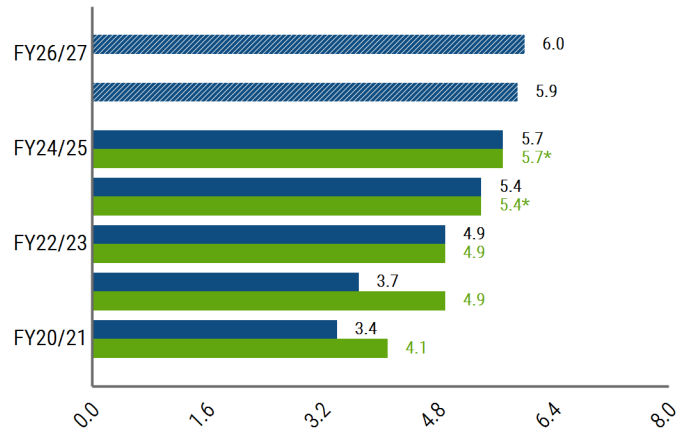
FY 2020/21 to FY 2026/27



WORKERS COMPENSATION

Workers Compensation is composed of claims paid to current city employees in the event of an injury, illness, or disease occurring in the course of city employment. The adopted budget for FY 2024/25 is \$5.7 million which is \$0.3 million greater than the FY 2023/24 adopted budget. The increase in budget is due to higher forecasted worker compensation expenses related to rising medical costs and partial disability, coinciding with actuarial forecasts.

FY 2020/21 to FY 2026/27 (in millions)



NON-DIVISIONAL USES

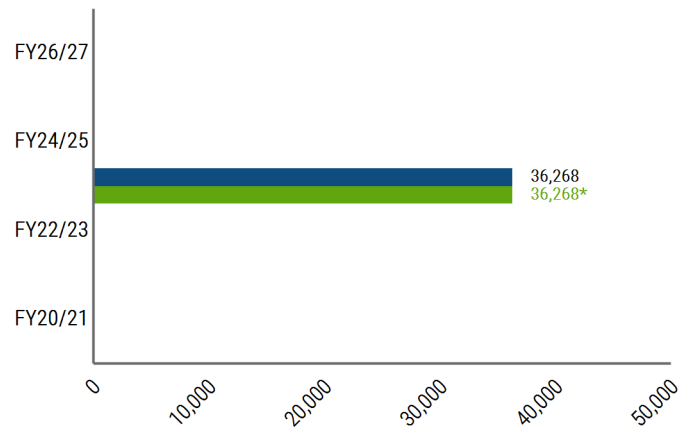
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2023/24 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level; then moving the budget to a macro level holding account at the beginning of the fiscal year, and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

FORECAST BUDGET ACTUAL/FORECAST*

CLASS AND COMP STUDY

The Class and Comp Study represents the costs for implementing the recommendations from the Public Service Personnel Consultants Classification and Compensation study that was completed at the end of FY 2023/24. The implementation of the Class and Comp Study is budgeted at the division level for FY 2024/25.

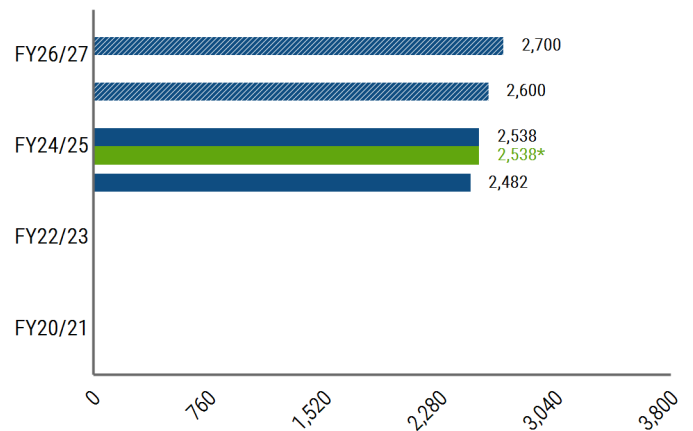
FY 2020/21 to FY 2026/27



LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2024/25 Leave Accrual Payments / Parental Leave budget is \$2,538.

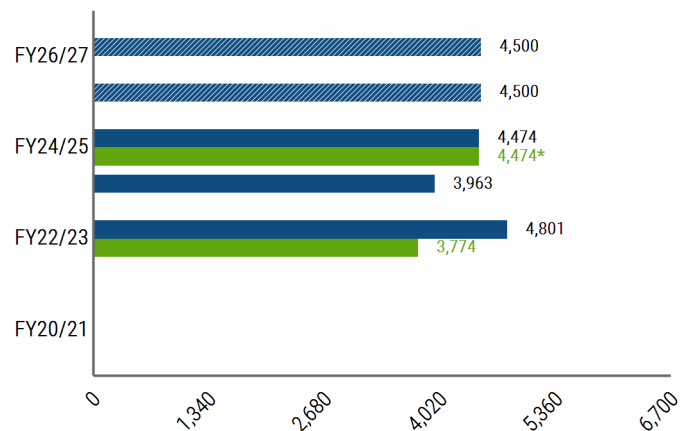
FY 2020/21 to FY 2026/27



VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation, may elect to trade up to 40 hours of vacation time for cash. The program was not offered in FY 2020/21 and in FY 2021/22. The FY 2024/25 Vacation Trade adopted budget is \$4,474.

FY 2020/21 to FY 2026/27



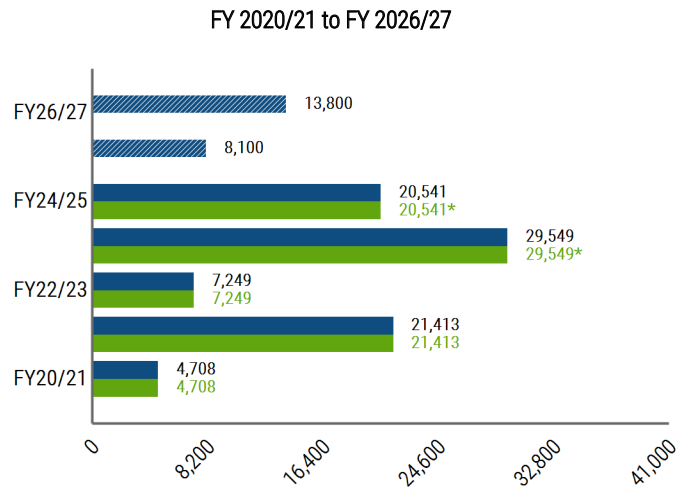
/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects.

CIP TECHNOLOGY

The CIP Technology budget of \$20,541 in FY 2024/25 is planned to help cover the Risk Management's portion of citywide technology replacement capital projects.

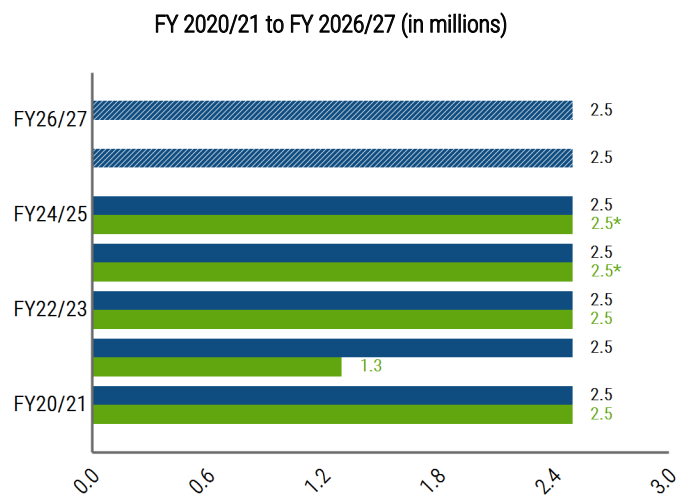


RISK MANAGEMENT FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The Loss Trust Fund Board, per Financial Policy No. 2.07, set a target to maintain a Risk Management reserve fund balance equivalent to the actuary's 75 percent confidence level of the most recent actuarial assessment. Each year the projected balance is actuarially determined based on current actual losses and potential outstanding claims. The specific make-up of the city's Risk Management Fund ending balance is noted in the following:

OPERATING CONTINGENCY

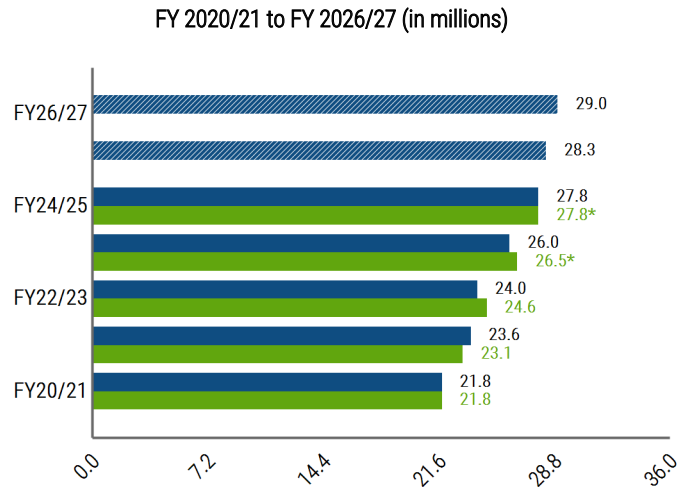
Operating Contingency includes \$2.5 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been examined and requires City Council approval.



 FORECAST
 BUDGET
 ACTUAL/FORECAST*

OPERATING RESERVE

The projected FY 2024/25 Operating Reserve is approximately \$27.8 million, which is an increase of \$1.8 million from the FY 2023/24 adopted budget.



FORECAST
 BUDGET
 ACTUAL/FORECAST*



FY 2024/25 Proposed Budget

FUND PURPOSE

The PC Replacement fund is used to account for the expenditures associated with purchasing the city’s computers, monitors, and printers. The replacement of computers, monitors, and printers (hardware) is charged to the city divisions as an internal operating cost based on the quantity and type of hardware used. The divisions’ charges become revenue to the PC Replacement Fund.

PC Replacement Fund Sources (% to Total)
\$1.0 Million



PC Replacement Fund Uses (% to Total)
\$1.6 Million



Rounding differences may occur.

BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Operating Contingency	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,441,514	1,461,172	1,586,455	1,668,285
Total Beginning Fund Balance	1,541,514	1,561,172	1,686,455	1,768,285
Revenues				
PC Replacement Fees ^(a)	750,000	850,000	850,000	950,007
<i>Subtotal</i>	<u>750,000</u>	<u>850,000</u>	<u>850,000</u>	<u>950,007</u>
Total Sources	750,000	850,000	850,000	950,007
Expenditures				
Computer Hardware Acquisition	605,059	768,170	768,170	1,637,100
<i>Subtotal</i>	<u>605,059</u>	<u>768,170</u>	<u>768,170</u>	<u>1,637,100</u>
TOTAL OPERATING BUDGET	605,059	768,170	768,170	1,637,100
Total Uses	605,059	768,170	768,170	1,637,100
Sources Over/(Under) Uses	144,941	81,830	81,830	(687,093)
Ending Fund Balance				
Operating Contingency	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,586,455	1,543,002	1,668,285	981,192
Total Ending Fund Balance	1,686,455	1,643,002	1,768,285	1,081,192

^(a) Beginning in FY 2024/25, the PC Replacement Fees internal service charge is intentionally lowered to utilize available PC Replacement Fund Balance.

BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,668,285	981,192	573,392	297,592	164,092
Total Beginning Fund Balance	1,768,285	1,081,192	673,392	397,592	264,092
Revenues					
PC Replacement Fees ^(a)	950,007	1,036,300	1,128,900	1,224,900	1,322,500
<i>Subtotal</i>	<u>950,007</u>	<u>1,036,300</u>	<u>1,128,900</u>	<u>1,224,900</u>	<u>1,322,500</u>
Total Sources	950,007	1,036,300	1,128,900	1,224,900	1,322,500
Expenditures					
Computer Hardware Acquisition	1,637,100	1,444,100	1,404,700	1,358,400	1,437,900
<i>Subtotal</i>	<u>1,637,100</u>	<u>1,444,100</u>	<u>1,404,700</u>	<u>1,358,400</u>	<u>1,437,900</u>
TOTAL OPERATING BUDGET	1,637,100	1,444,100	1,404,700	1,358,400	1,437,900
Total Uses	1,637,100	1,444,100	1,404,700	1,358,400	1,437,900
Sources Over/(Under) Uses	(687,093)	(407,800)	(275,800)	(133,500)	(115,400)
Ending Fund Balance					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	981,192	573,392	297,592	164,092	48,692
Total Ending Fund Balance	1,081,192	673,392	397,592	264,092	148,692

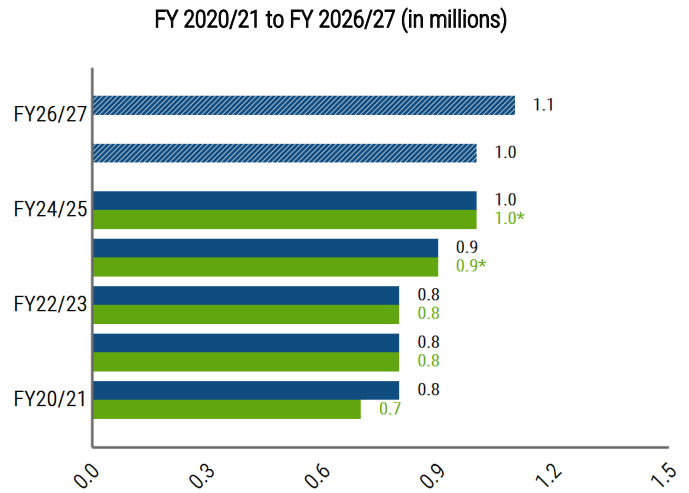
^(a) Beginning in FY 2024/25, the PC Replacement Fees internal service charge is intentionally lowered to utilize available PC Replacement Fund Balance.

PC REPLACEMENT FUND SOURCES

The PC Replacement Fund includes revenue from rates charged to the city divisions as internal operating costs to each program based on the quantity and type of hardware used. The only source of revenue to this fund is the PC Replacement Fees, detailed below.

PC REPLACEMENT FEES

PC Replacement Fees represents the rates charged to other city funds and divisions for the acquisition and replacement of city computer hardware. The amount collected ensures sufficient funding is available for hardware acquisition and replacement while also considering future needs. The goal is to minimize large fluctuations to the rates that are charged to the divisions each year. The revenue for FY 2024/25 is \$1.0 million, which is \$0.1 million higher than the FY 2023/24 adopted budget.

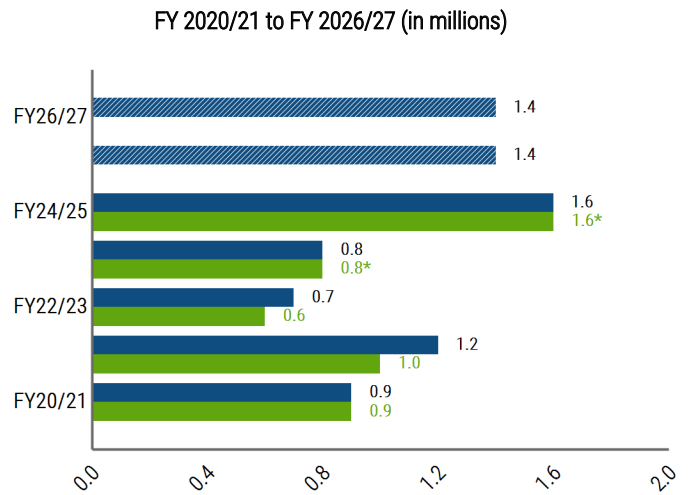


PC REPLACEMENT FUND USES

The direct operating expenditures of the PC Replacement Fund are budgeted in the capital outlay category.

COMPUTER HARDWARE ACQUISITION

Computer Hardware Acquisition includes the purchase of desktop computers, laptops, ruggedized laptops, monitors, and printers. The computer hardware inventory for the entire city is aggregated as one asset and is thus classified as a capital asset on the city’s balance sheet. The FY 2024/25 Computer Hardware Acquisition adopted budget is \$1.6 million, which is \$0.8 million higher than the FY 2023/24 adopted budget. The expenditures vary from year to year depending on the replacement schedule.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

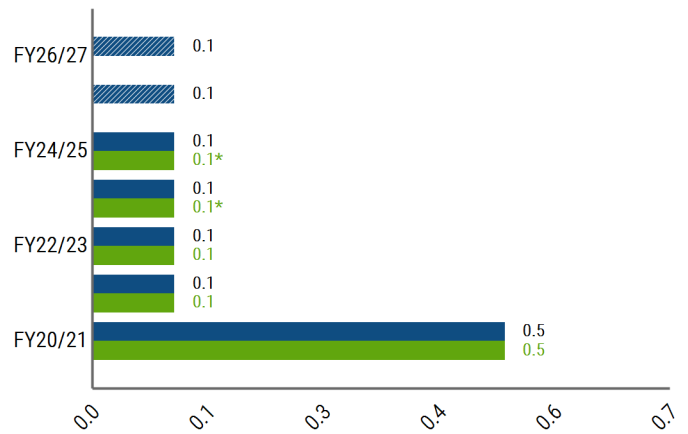
PC REPLACEMENT FUND ENDING BALANCE

The PC Replacement Fund ending balance varies primarily due to the hardware replacement schedule. The fund balance at the end of each year includes the accumulated balance to be used for future year hardware purchases. The PC Replacement Fund ending balance includes: Operating Contingency and PC Replacement Fund Balance.

OPERATING CONTINGENCY

Operating Contingency is set at \$0.1 million of budget authorization to offset unforeseen expenses that occur during the fiscal year. Beginning in FY 2021/22, the Operating Contingency was reduced from \$0.5 million to \$0.1 million to better align with historical usage. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.

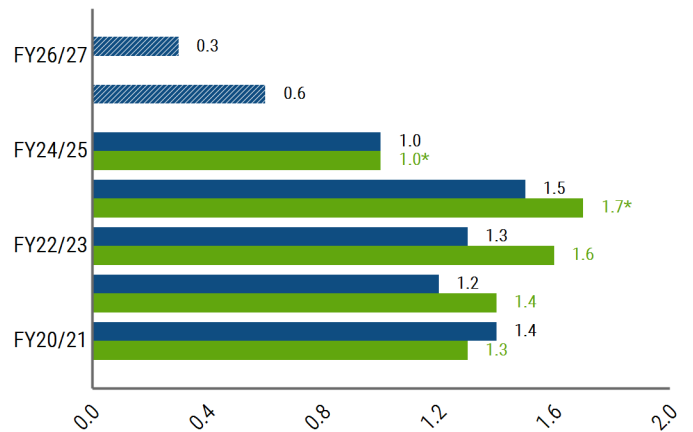
FY 2020/21 to FY 2026/27 (in millions)



PC REPLACEMENT FUND BALANCE

PC Replacement Fund Balance accounts for PC Replacement Fund remaining after the designation of all other reserves contingencies. The FY 2024/25 ending fund balance is \$1.0 million. This balance represents an accumulation of sources to be used for future year hardware purchases. A reduction of fund balance beginning in FY 2024/25 reflects the efforts to utilize fund balance by aligning the PC Replacement Fees and Computer Hardware Acquisitions with anticipated replacement schedules throughout the city.

FY 2020/21 to FY 2026/27 (in millions)



Legend: FORECAST (hatched), BUDGET (blue), ACTUAL/FORECAST* (green)

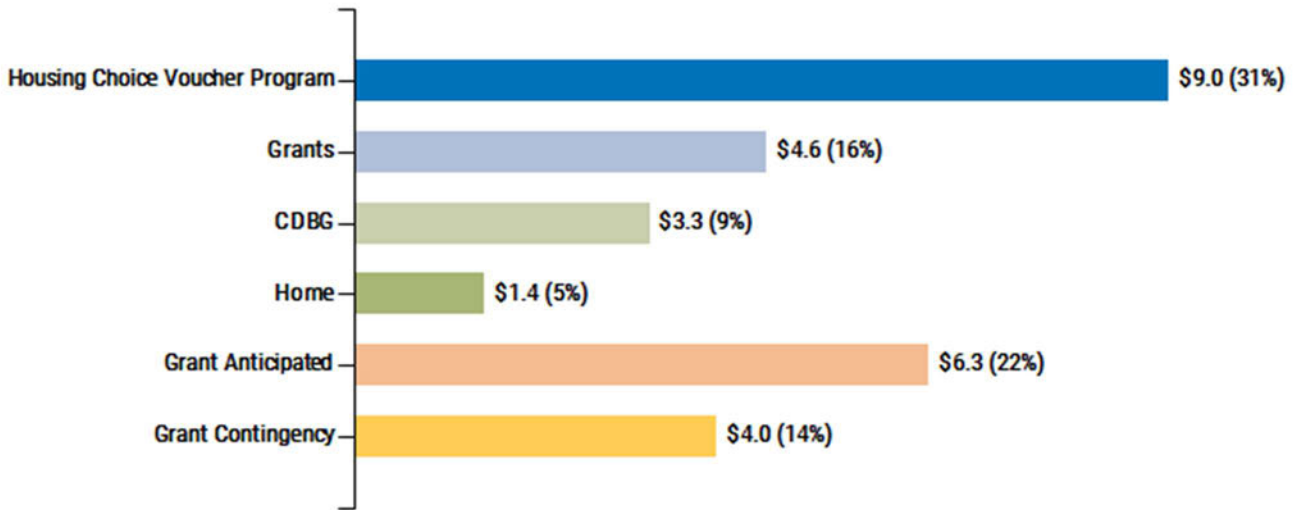


FY 2024/25 Proposed Budget

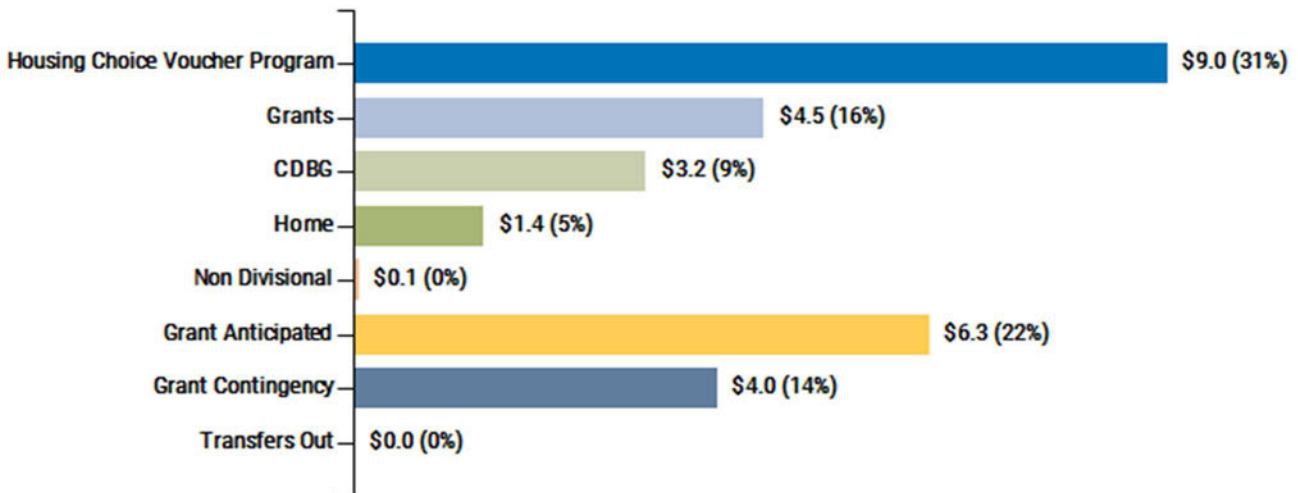
FUND PURPOSE

The Grant Funds receive and expend the city’s federal, state, and local grants. The amount of grants received is generally based upon application to granting agencies by the city and through entitlement grants and are contingent upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The city will only expend grant funds that have been appropriately awarded by the granting agency and accepted in accordance with the city’s grant policy.

**Grant Funds Sources (% to Total)
\$28.6 Million**



**Grant Funds Uses (% to Total)
\$28.6 Million**



Rounding differences may occur.

BUDGET BY FUND | Grant Funds Summary

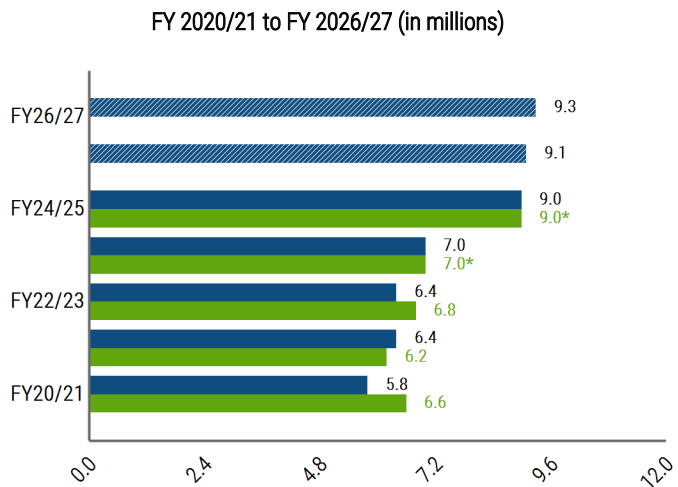
	Adopted 2023/24	Adopted 2024/25
Revenues		
Housing Choice Voucher Program	6,977,318	8,970,468
Grants	4,127,777	4,553,150
CDBG	2,465,567	3,259,617
Home Investment Partnership	2,147,828	1,438,820
<i>Subtotal</i>	15,718,490	18,222,055
Other Activity		
Grant Anticipated	4,076,408	6,332,480
Grant Contingency	4,000,000	4,000,000
<i>Subtotal</i>	8,076,408	10,332,480
Total Sources	23,794,898	28,554,535
Expenditures		
Housing Choice Voucher Program	6,977,318	8,970,467
Grants	4,127,777	4,553,150
CDBG	2,434,117	3,236,176
Home Investment Partnership	2,147,828	1,438,820
<i>Subtotal</i>	15,687,040	18,198,613
TOTAL OPERATING BUDGET	15,687,040	18,198,613
Other Activity		
Grant Anticipated	4,076,408	6,332,480
Grant Contingency	4,000,000	4,000,000
<i>Subtotal</i>	8,076,408	10,332,480
Transfers Out		
CIP	31,450	23,442
<i>Subtotal</i>	31,450	23,442
Total Uses	23,794,898	28,554,535
Sources Over/(Under) Uses	-	-

GRANT FUNDS SOURCES

Scottsdale pursues grant funding to leverage city funds to address priority program and service needs. The major areas of grant revenue consist of the Housing Choice Voucher (HCV) Program (formerly known as "Section 8"), miscellaneous federal, state, and local grants, HOME Investment Partnership (HOME) funds, Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan, and anticipated grants. The revenues by grant are detailed in the following sections below:

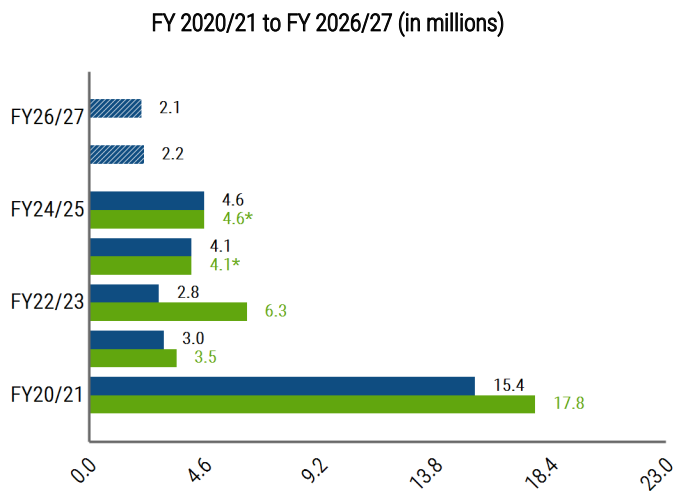
HOUSING CHOICE VOUCHER PROGRAM

The Housing Choice Voucher (HCV) Program is funded through the U.S. Department of Housing and Urban Development (HUD). This program offers rental assistance which is based upon the household's income. Families must be income eligible based on the Program Income Guidelines. The program provides affordable and safe housing opportunities for lower-income families, senior citizens, and persons with disabilities. Staff estimates the HCV allocations, including prior year's carryover for FY 2024/25 at \$9 million. The actual amounts will vary depending on when the funds are received during the fiscal year.



GRANTS

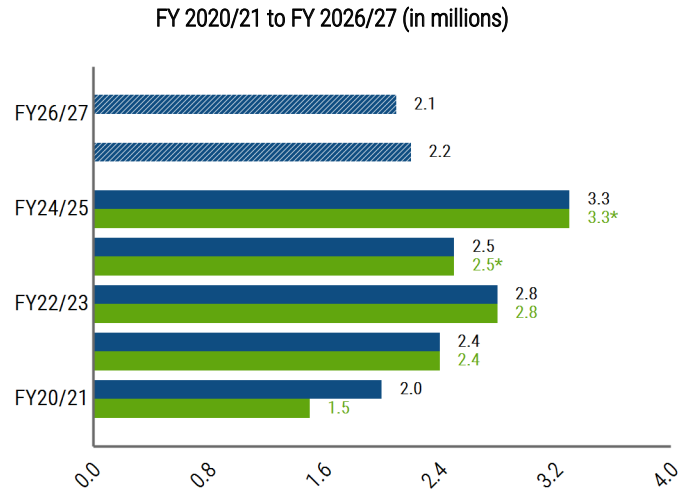
Miscellaneous federal, state, and local grants include grants for law enforcement, fire services, community services, transportation, and preservation projects. Additional grant funding was received from the AZCares Fund to assist with costs of public health and public safety personnel expenses in FY 2020/21. The FY 2024/25 adopted budget for Grants is \$4.6 million.



FORECAST BUDGET ACTUAL/FORECAST*

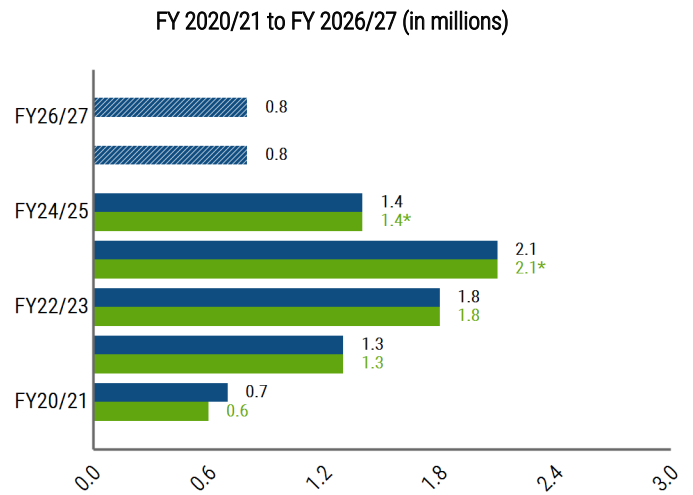
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) & CDBG REHAB REVOLVING LOAN

The City of Scottsdale receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG funds are provided on a formula basis to entitlement communities to develop viable urban communities by providing decent housing, suitable living environments and/or by expanding economic opportunities, primarily for low to moderate income persons. Staff estimates the CDBG and CDBG Rehab Revolving Loan Funds, including prior year's carryover for FY 2024/25 at \$3.3 million. These fund amounts will vary depending on when the funds are received during the fiscal year. This also includes \$0.1 million in budget for Bellevue Rental Operations.



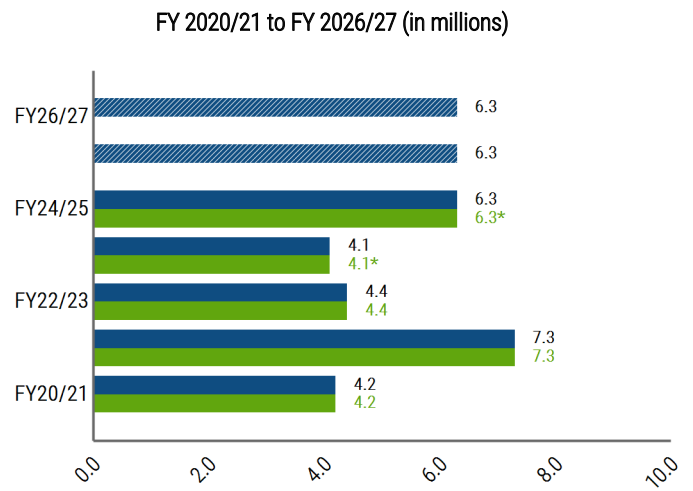
HOME INVESTMENT PARTNERSHIP

HOME Investment Partnership Funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation, including prior year's carryover for FY 2024/25 at \$1.4 million. HOME Funds actual amounts will vary depending on when the funds are received during the fiscal year.



GRANTS ANTICIPATED

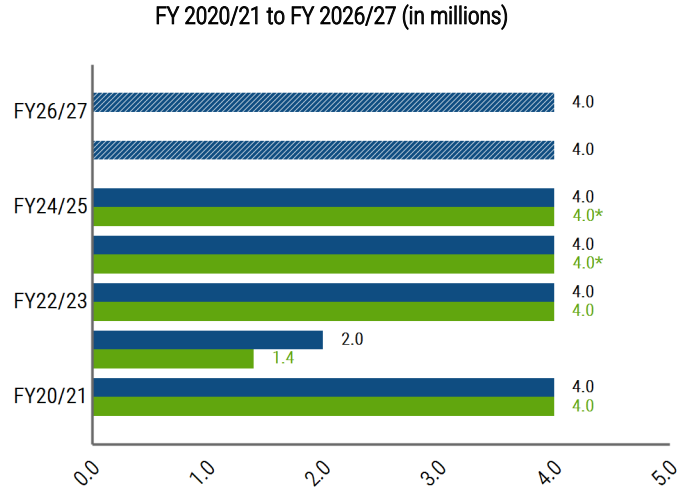
These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or used for general purposes. Grants Anticipated for FY 2024/25 totals \$6.3 million.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

GRANT CONTINGENCY

Grant Contingency provides for unexpected grant awards in the event that unforeseen expenses occur during the fiscal year while conducting operations. For FY 2024/25 the adopted budget is \$4.0 million.

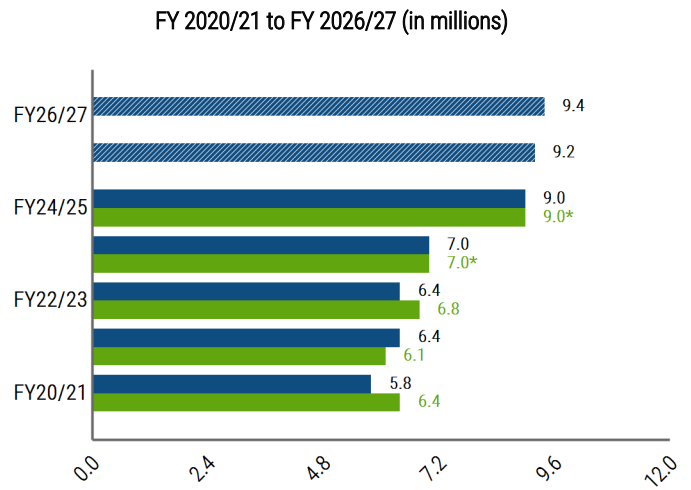


GRANT FUNDS USES

Scottsdale seeks grant funding to leverage city funds to address priority program and service needs. The major areas of grant uses consist of the Housing Choice Voucher (HCV) Program (formally known as "Section 8"), miscellaneous federal, state, and local grants, HOME Investment Partnership (HOME) funds, Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan, and anticipated grants. The expenditures by grant are detailed in the following sections below:

HOUSING CHOICE VOUCHER PROGRAM

The Housing Choice Voucher (HCV) Program is funded through the U.S. Department of Housing and Urban Development (HUD). This program offers rental assistance which is based upon the household’s income. Families must be income eligible based on the Program Income Guidelines. The program provides affordable and safe housing opportunities for lower-income families, senior citizens, and persons with disabilities. Staff estimates the HVC allocations, including prior year’s carryover in FY 2024/25 at \$9 million. The actual amounts will vary depending on when the funds are received during the fiscal year.

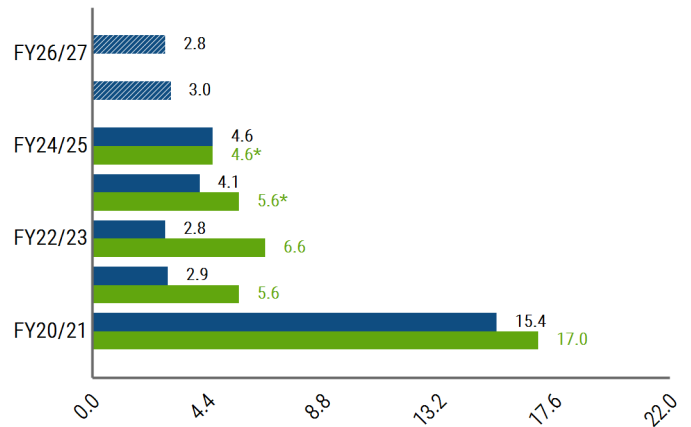


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

GRANTS

Miscellaneous federal, state, and local grants include grants for law enforcement, fire services, community services, transportation, and preservation projects. Additional grant funding was received from the AZCares Fund to assist with costs of public health and public safety personnel expenses in FY 2020/21. The FY 2024/25 adopted budget for Grants is \$4.6 million.

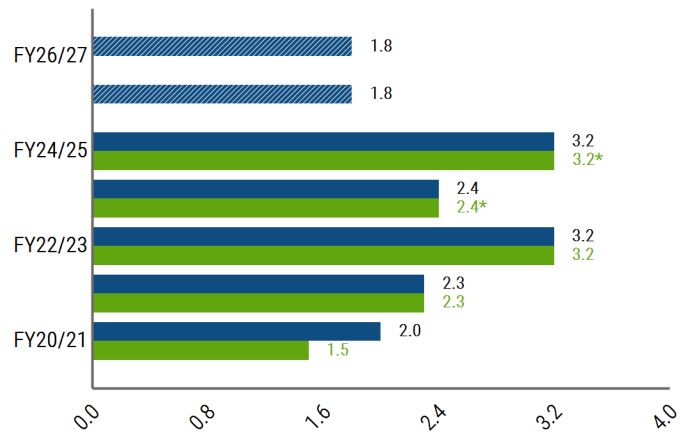
FY 2020/21 to FY 2026/27 (in millions)



COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) & CDBG REHAB REVOLVING LOAN

The City of Scottsdale receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG funds are provided on a formula basis to entitlement communities to develop viable urban communities by providing decent housing, suitable living environments and/or by expanding economic opportunities, primarily for low to moderate income persons. Staff estimates the CDBG and CDBG Rehab Revolving Loan Funds, including prior year's carryover for FY 2024/25 at \$3.2 million. These fund amounts will vary depending on when the funds are received during the fiscal year. This also includes \$0.1 million in budget for Belleview Rental Operations.

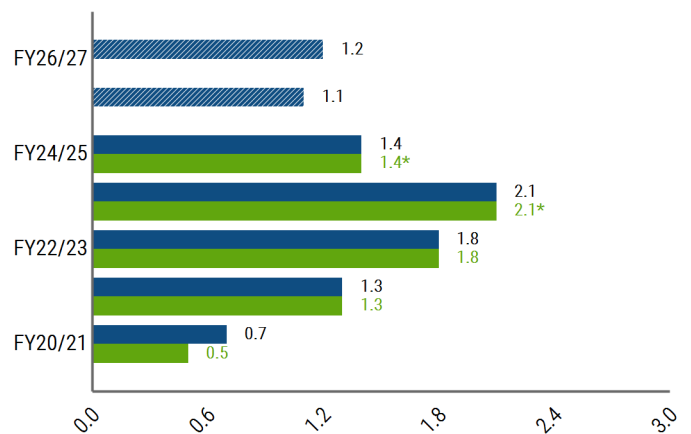
FY 2020/21 to FY 2026/27 (in millions)



HOME INVESTMENT PARTNERSHIP

HOME Investment Partnership Funds are used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private sector participation in housing. The FY 2024/25 adopted budget is \$1.4 million, which is \$0.7 million less than the FY 2023/24 adopted budget. HOME Funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.

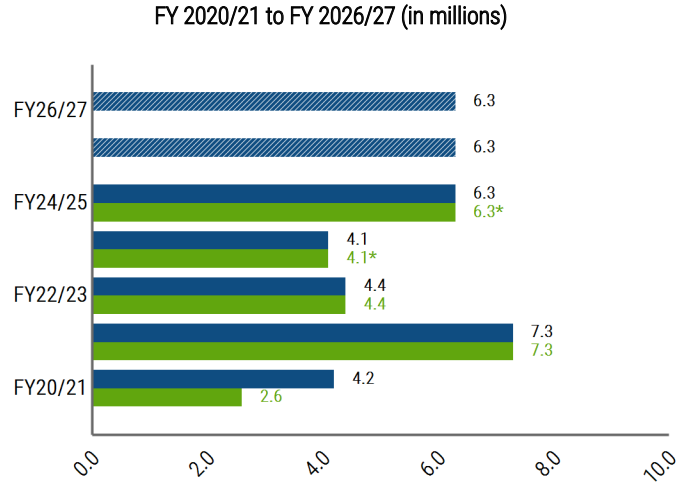
FY 2020/21 to FY 2026/27 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

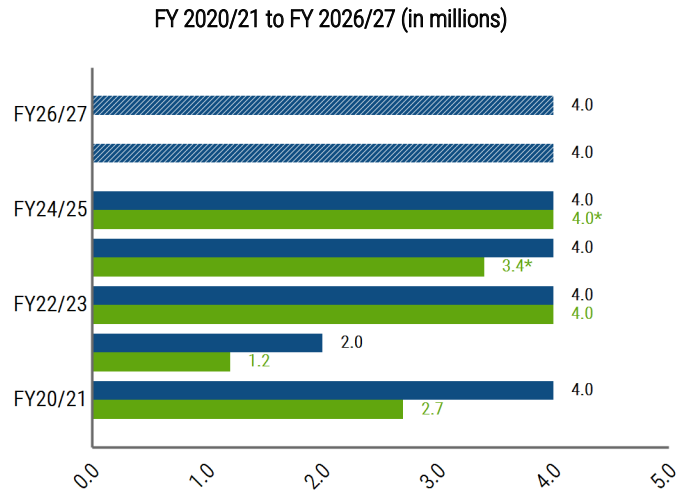
GRANTS ANTICIPATED

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or general purposes. Grants Anticipated for FY 2024/25 totals \$6.3 million.



GRANT CONTINGENCY

Grant Contingency provides for unexpected grant awards in the event that unforeseen expenses occur during the fiscal year while conducting operations. For FY 2024/25 the adopted budget is \$4.0 million.



TRANSFERS OUT

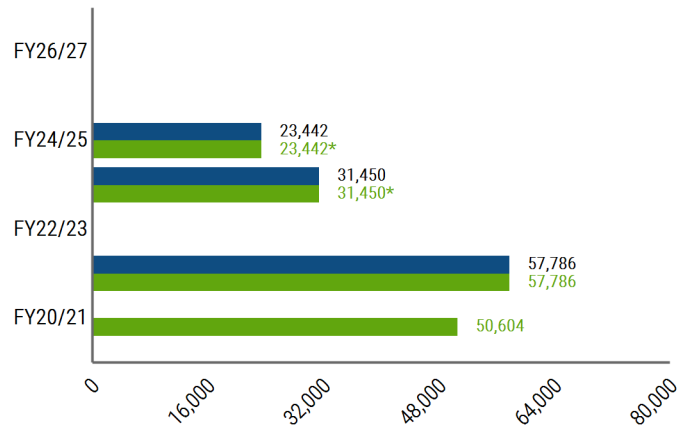
Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects.

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

CIP

The FY 2024/25 CIP adopted budget of \$23,442 will be used to fund capital projects.

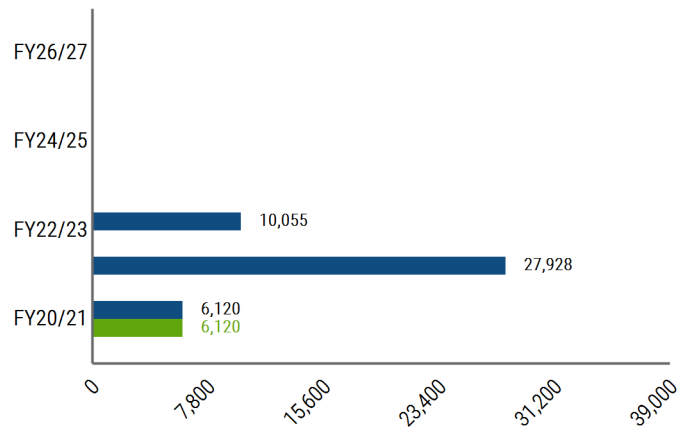
FY 2020/21 to FY 2026/27



CIP TECHNOLOGY

CIP Technology helps cover the portion of citywide technology capital projects. The FY 2024/25 CIP Technology adopted budget is \$0.

FY 2020/21 to FY 2026/27



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUND PURPOSE

The Special Districts Fund is used to account for proceeds received from property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

Special Districts Fund Sources (% to Total)
\$0.6 Million



Special Districts Fund Uses (% to Total)
\$0.6 Million



Rounding differences may occur.

BUDGET BY FUND | Special Districts Fund Summary

	Actual 2022/23	Adopted 2023/24	Forecast 2023/24	Adopted 2024/25
Beginning Fund Balance				
Streetlight Districts	46,442	39,980	42,298	2,318
Total Beginning Fund Balance	46,442	39,980	42,298	2,318
Revenues				
Streetlight Districts	524,574	538,728	538,728	570,133
<i>Subtotal</i>	<i>524,574</i>	<i>538,728</i>	<i>538,728</i>	<i>570,133</i>
Total Sources	524,574	538,728	538,728	570,133
Expenditures				
Streetlight Districts	528,718	578,708	578,708	572,451
<i>Subtotal</i>	<i>528,718</i>	<i>578,708</i>	<i>578,708</i>	<i>572,451</i>
TOTAL OPERATING BUDGET	528,718	578,708	578,708	572,451
Total Uses	528,718	578,708	578,708	572,451
Sources Over/(Under) Uses	(4,144)	(39,980)	(39,980)	(2,318)
Ending Fund Balance				
Streetlight Districts	42,298	-	2,318	-
Total Ending Fund Balance	42,298	-	2,318	-

BUDGET BY FUND | Special Districts Fund Five-Year Financial Forecast

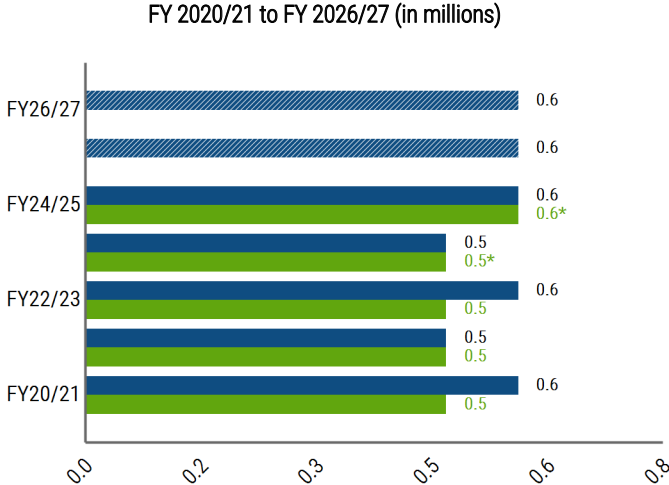
	Adopted 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Beginning Fund Balance					
Streetlight Districts	2,318	-	-	-	-
Total Beginning Fund Balance	2,318	-	-	-	-
Revenues					
Streetlight Districts	570,133	583,900	595,600	607,500	619,600
<i>Subtotal</i>	<i>570,133</i>	<i>583,900</i>	<i>595,600</i>	<i>607,500</i>	<i>619,600</i>
Total Sources	570,133	583,900	595,600	607,500	619,600
Expenditures					
Streetlight Districts	572,451	583,900	595,600	607,500	619,600
<i>Subtotal</i>	<i>572,451</i>	<i>583,900</i>	<i>595,600</i>	<i>607,500</i>	<i>619,600</i>
TOTAL OPERATING BUDGET	572,451	583,900	595,600	607,500	619,600
Total Uses	572,451	583,900	595,600	607,500	619,600
Sources Over/(Under) Uses	(2,318)	-	-	-	-
Ending Fund Balance					
Streetlight Districts	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

SPECIAL DISTRICTS SOURCES

Special Districts Sources for FY 2024/25 equal \$0.6 million, which is relatively flat compared to the FY 2023/24 adopted budget. Sources include Streetlight Districts revenue which is derived from the levy assessed on property owners within the city's streetlight districts.

STREETLIGHT DISTRICTS

Streetlight Districts revenue represents the levy assessed on property owners within each of the city's 357 streetlight districts. The adopted FY 2024/25 revenue budget is \$0.6 million, the streetlight levy is calculated based solely on estimated energy costs.

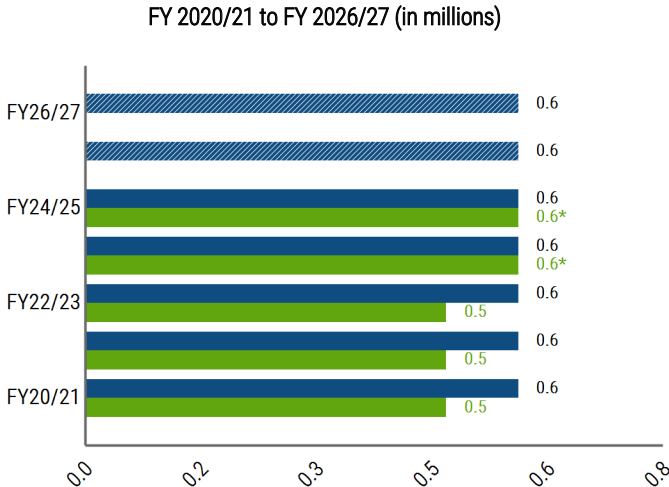


SPECIAL DISTRICTS USES

Special Districts Uses consists of streetlight districts expenditures. The cost of operating each district varies based on the cost of electricity usage and number of streetlights.

STREETLIGHT DISTRICTS

Streetlight Districts adopted FY 2024/25 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the community.



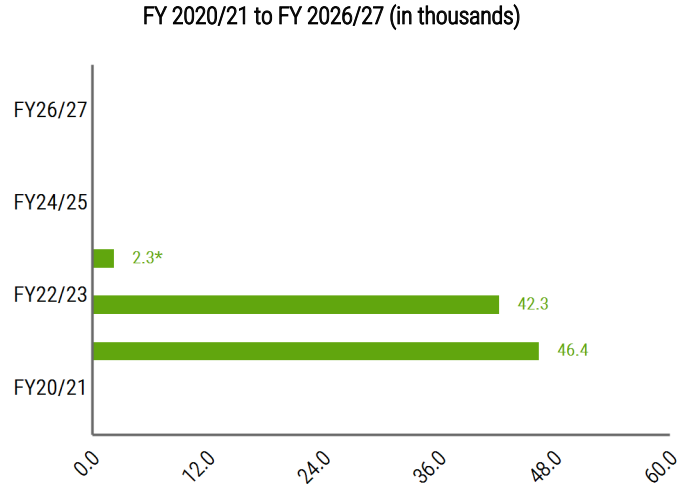
/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

SPECIAL DISTRICTS FUND BALANCE

Growth of fund balance occurs when sources exceed uses. Any fund balance achieved during a fiscal year is then re-budgeted the following fiscal year to ultimately keep the reserve at a \$0 balance. A historical summary of the city’s Special Districts Fund ending balance is as follows:

STREETLIGHT DISTRICTS

The FY 2024/25 Streetlight Districts ending fund balance is projected to be \$0. The ending balance from the FY 2023/24 year-end forecast amount of \$2,318 is carried forward to FY 2024/25 and is available to be re-budgeted, ultimately reducing the existing reserve to a \$0 balance.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*



FY 2024/25 Proposed Budget