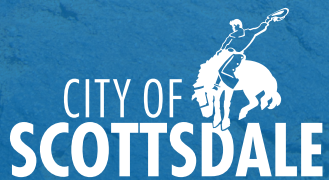


Budget Summary



VOLUME ONE
FY 2023/24 Budget

Adopted FY 2023/24 Budget

City of Scottsdale, Arizona

Volume One

Budget Summary



City Council

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

Administrative Staff

Jim Thompson, City Manager	Amy Foster, Systems Integrator
Sonia Andrews, City Treasurer	Nick Lanza, Principal Budget & Research Analyst
Bill Murphy, Assistant City Manager	Keith Marquis, Sr. Budget Analyst
Brent Stockwell, Assistant City Manager	Trey Nilles, Sr. Budget Analyst
Ana Lia Johnson, Acting Budget Director*	Linna Zhou, Sr. Budget Analyst
	JunJun Rose, Management Assistant

**Judy Doyle was the city's Budget Director during the FY 2023/24 budget development process.*

FY 2023/24 Adopted Budget – Volume One

Budget Summary

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Building a Sustainable and Prosperous Desert City

Scottsdale has long focused on creating a successful and sustainable community for its residents, businesses and visitors. Over generations, the city has evolved with vision and purpose, setting a high standard among its peer communities, particularly for those thriving in a challenging desert environment. Scottsdale’s General Plan 2035, which was approved by voters in November 2021, guides the city as one that provides exceptional experience, outstanding livability, community prosperity and distinctive character.

Scottsdale’s achievements from the past year and objectives for the next are focused on achieving the seven strategic goals outlined in General Plan 2035. Continue reading to learn how Scottsdale is fulfilling its 2035 mission and ensuring a long and prosperous future for the community.

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.

Scottsdale exceeded five percent water savings through internal city efforts



**10,900,000
gallons**

of water saved by removing grass through city rebate program



**5,000,000
gallons**

saved in parks



**5,000,000
gallons**

saved in water services



**895,000
gallons**

saved in facilities



9 miles

of city water pipes cleaned using a recycling filtration truck



Respect Character and Culture

Scottsdale protects and enhances the community’s unique features



Learn more at [ScottsdaleAZ.gov](https://www.ScottsdaleAZ.gov), search “general plan”

Highlighted Accomplishments

- As the big game was hosted on the other side of the Valley, Scottsdale was home to dozens of Super Bowl LVII activities, including the ESPN Main Street Tailgate in Historic Old Town, which brought nearly 30,000 visitors to Scottsdale and brought international media exposure valued at \$4.2 million.
- To help the city shine in the spotlight, 50 different maintenance and restoration projects were completed around the city prior to Scottsdale’s Super Season, including updates of the Old Town Cowboy sign and improvements in the Entertainment District which will be enjoyed by city residents all year round.

Looking Forward

- The city will collaborate with the Phoenix Local Organizing Committee to plan events and activities for the 2024 NCAA Men’s Basketball Final Four.
- A new event, “Noon Year’s Eve,” will be held at McCormick-Stillman Railroad Park Dec. 31 featuring a noon ball drop and snow play.



Old Town cowboy sign



Conserve and Preserve the Environment

Scottsdale leads in the stewardship of the Sonoran Desert environment

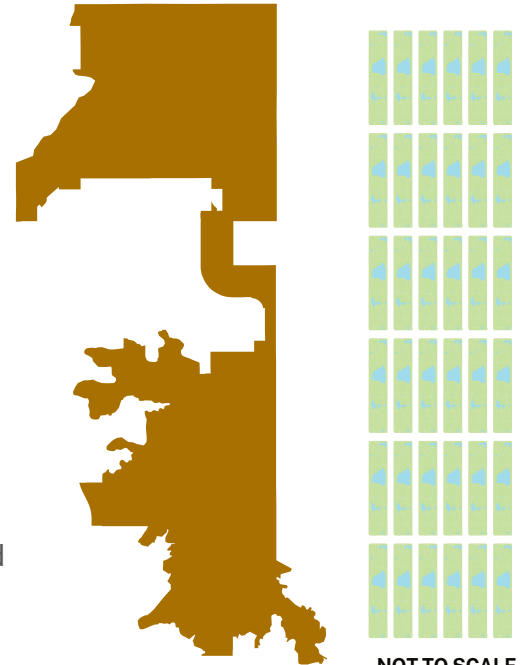
Highlighted Accomplishments

- Scottsdale was granted membership to the Organization of World Heritage Cities in recognition of the community’s efforts to preserve and protect Frank Lloyd Wright’s Desert home and laboratory, making Scottsdale among an elite group of 200 cities to receive membership.
- Scottsdale Water increased water available for reuse and aquifer recharge by over nine percent, or 1 million gallons a day.

Looking Forward

- The Protect and Preserve Scottsdale Task Force will deliver recommendations regarding future funding for the protection, preservation and maintenance of Scottsdale’s parks, open spaces and other community amenities as a 0.2% sales tax dedicated to purchasing land for the McDowell Sonoran Preserve expires in 2025.
- Scottsdale Water will present the third One Water Brewing Showcase at Canal Convergence in Fall 2023, an opportunity to sample beer made exclusively with ultra-purified, recycled water from Scottsdale’s Advanced Water Treatment Plant.

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



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



Collaborate and Engage

Scottsdale fosters transparent, responsive and collaborative community involvement



Adaptive playground at Thompson Peak Park

Highlighted Accomplishments

- Three park playgrounds were replaced, including a newly accessible playground for children with physical disabilities at Thompson Peak Park.
- Vista del Camino’s Community Assistance Program distributed over \$4.1 million in rental assistance to 547 households and over \$332,000 in utility assistance to 595 households through various funding sources.

Looking Forward

- Scottsdale is exploring partnerships with Scottsdale Unified School District and Maricopa County Community Colleges to establish the Scottsdale Promise scholarship and internship programs for current and future Scottsdale students.
- The city will continue community programs including the Adopt-a-Senior holiday program to serve low-income seniors and disabled adults and the Back-to-School program to provide school supplies, clothes, shoes and more for Scottsdale students.

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://www.ScottsdaleAZ.gov), search “EZ”.



Foster Well-Being

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

Highlighted Accomplishments

- The Scottsdale Police Department completed realigning its resources which resulted in redeploying patrol squads and introducing new units such as the Short-Term Rental Squad, Park Rangers and expanding the Real Time Crime Center to better meet service needs of Scottsdale residents.
- After completing a community-wide assessment, the city joined a variety of community partners to announce the Blue Zones Scottsdale Project, a comprehensive initiative focused on transforming the environments where people live, work, learn and play to improve community well-being, resilience and economic vitality.

Looking Forward

- A variety of programs will assist Scottsdale residents facing a housing crisis, including a bridge housing program which will assist 120 individuals with emergency shelter and transitional housing and the community action program at Vista del Camino Community Center, which will provide emergency rent assistance to 230 Scottsdale households.
- The city will complete construction of the Bell Road area multiuse sports fields, begin construction of Indian Bend Wash improvements and a new fire station near Hayden Road and Loop 101.



Connect the Community

Scottsdale connects all community members through safe and efficient mobility options

Highlighted Accomplishments

- Scottsdale resumed operating the Spring Training game day trolley following COVID-19 suspension and modified the route to focus on connecting attendees from parking garages to Old Town Scottsdale.
- Through focused effort, Scottsdale boosted productivity and levels of service in maintaining transportation infrastructure, with a 19 percent improvement in average repair times while replacing 94 streetlight poles and completing 850 LED fixture upgrades.



Advance Innovation and Prosperity

Scottsdale embraces a diverse and innovative economy

Highlighted Accomplishments

- Using a \$5 million grant, Scottsdale reconfigured aircraft operations at the Scottsdale Airport in preparation for the Super Bowl and WM Phoenix Open weekend, successfully supporting over 900 aircraft over the weekend, and 490 other aircraft following the weekend events.
- Scottsdale Economic Development recruited or retained 12 businesses in Scottsdale, resulting in 797 jobs at an average salary of \$90,005 representing a total five-year economic impact of \$3.1 billion.

Looking Forward

- The city will improve comfort and safety of bus stops around Scottsdale through deep cleaning, enhanced lighting, new shade structures and greater accessibility.
- The city will evaluate and monitor the performance of the public transit system to help bring ridership to pre-COVID levels while ensuring riders are getting the services most beneficial to them.










Want to help out? Learn more at [ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search "volunteer"

Looking Forward

- Continue work to identify cost effective and reliable electric powered work trucks that could begin replacing traditional gas powered light-duty pickup trucks for full workday operations.



Scottsdale Airport

-  **6:04 minutes** average police response time.
-  **5:51 minutes** average fire response time.
-  Fire Department public education and outreach connected with **58,810 people**.
-  Scottsdale libraries welcomed more than **550,000 visitors**.
-  **60 volunteers** with Vista del Camino & Paiute neighborhood centers
-  **21,851 food boxes** provided at senior and community centers.
-  Scottsdale's McDowell Sonoran Preserve had **870,000 visits**.



Revitalize Responsibly

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

Highlighted Accomplishments





- Continued the Choose Scottsdale HUUB program offering free access to an online community and resource center for small businesses.
- In collaboration with Colorado Basin municipal and public water providers, Scottsdale adopted an ordinance to implement more water efficiency practices by prohibiting natural grass in front yards of new single-family homes built after August 15.

Looking Forward

- Continue developing a citywide Sustainability Plan and Heat Mitigation Plan based on the Cooler Scottsdale study for City Council adoption.
- Begin implementing and training staff on the 2021 edition of the International Code Council Family of Building Codes.

The typical Scottsdale household pays less for monthly water, wastewater, trash and recycling services than the average rates for other Valley cities.

Source: City of Tempe 2023

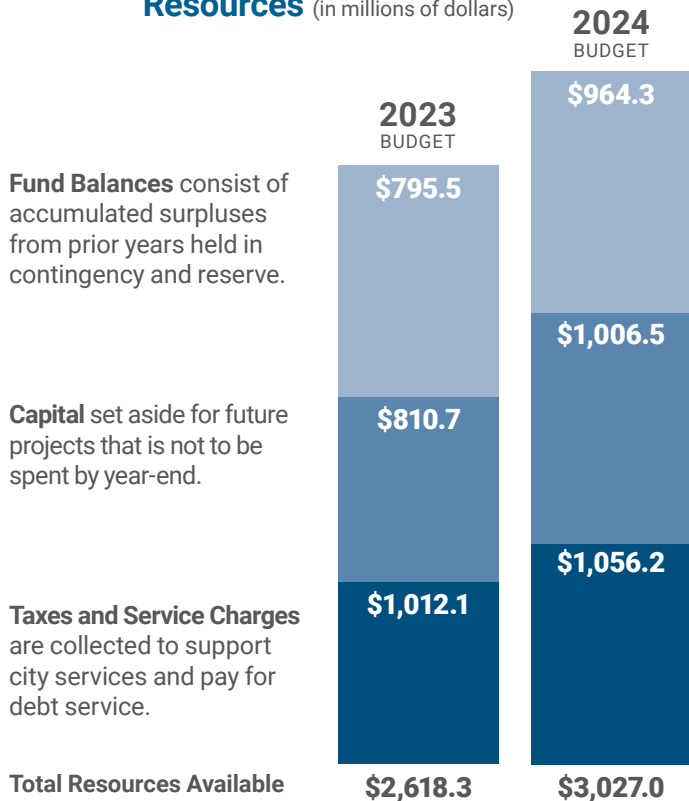
	
CHANDLER	SCOTTSDALE
	
AVERAGE*	MESA

Bills may vary based on actual usage and size of property
*Average of the eight largest cities in the Valley

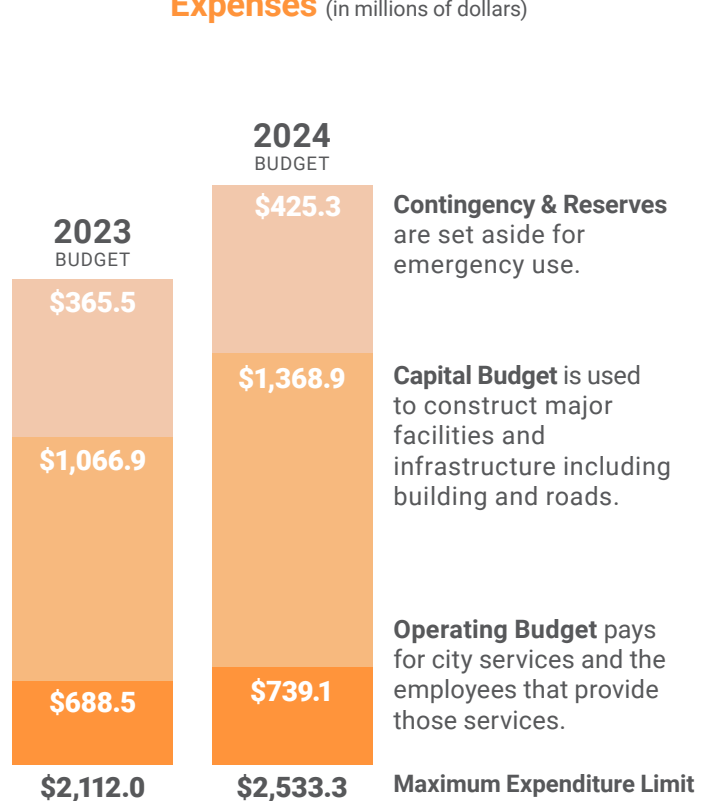
Resources and Expenses

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. The budget was adopted by the City Council in June 2023. The city’s financial statements are audited annually by an independent auditor. The most recent audit from October 2022 received a clean opinion.

Resources (in millions of dollars)



Expenses (in millions of dollars)



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

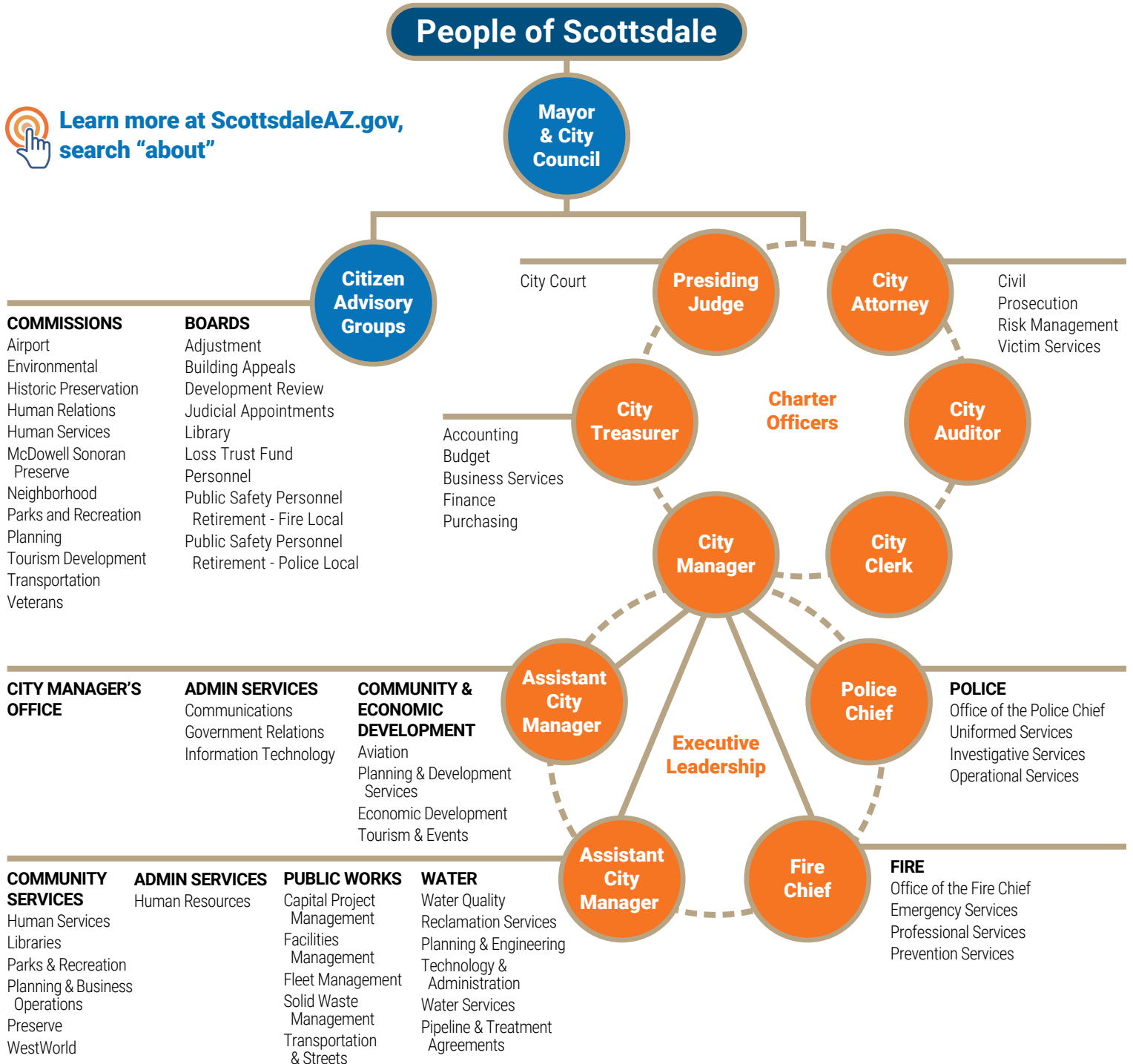
Some numbers may not add correctly due to rounding.



An Introduction to Our Leadership

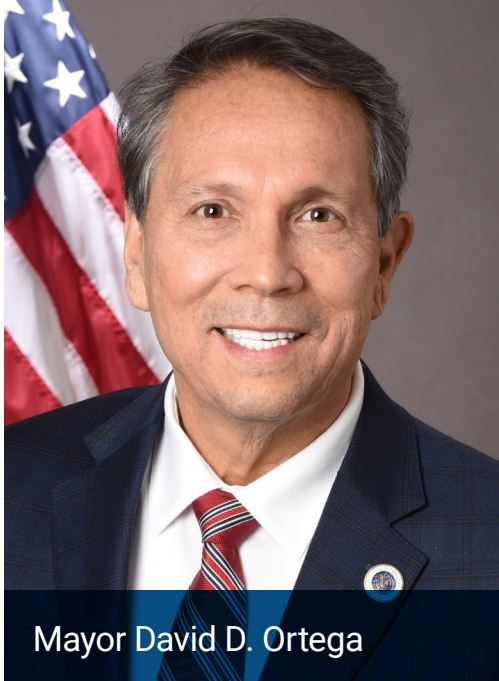
The voter-approved City Charter established the council-manager form of government which combines the strong political leadership of elected officials with the professional experience of an appointed local government manager.

 [Learn more at ScottsdaleAZ.gov](http://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 citizens oversee city government and set policy, approve programs, appropriate funds, enact laws, select charter officers, and appoint residents to serve on advisory boards. 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 term of office 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 city government and adoption of citizen-driven General Plan 2035 to support economic vitality. 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 Friends of the Scottsdale Library. He is a past president of the Scottsdale Sunrise Rotary Club. Mayor Ortega and his wife, Rosemary Gannon, have been married for 40 years. They live in the Park Scottsdale neighborhood near Saguaro High School where they raised their children Alexandra and Luke.

DOrtega@ScottsdaleAZ.gov | 480-312-2433



Councilwoman Caputi began her first term on the Scottsdale 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.

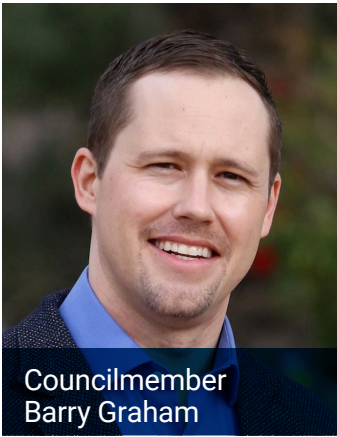
TCaputi@ScottsdaleAZ.gov | 480-312-7402



Councilmember Durham began his first term on the Scottsdale 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 has served as an Episcopal Deacon at a local church; together they have two sons.

TDurham@ScottsdaleAZ.gov | 480-312-7456



**Councilmember
Barry Graham**

Councilmember Graham 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. As a history enthusiast, 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.

BGraham@scottsdaleaz.gov | 480-312-7454



**Councilwoman
Betty Janik**

Councilwoman Janik began her first term on the Scottsdale 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 for 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 second term on the Scottsdale City Council in January 2019. 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 a successful Scottsdale-based computer company, NetXpert Systems,

Inc. 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 first term on the Scottsdale City Council in January 2019. She came to Scottsdale in 1996 from San Diego for 'just six months', fell in love with everything Arizona and never went back. Councilwoman Whitehead graduated from the University of Florida where she earned a degree in electrical engineering. She

is an accomplished businesswoman, currently working in the real estate field. She served 10 years as executive director of the Environmental Fund for Arizona and in that capacity was named Arizona Wildlife Federation's "Arizona Conservationist of the Year" in 2009. Councilwoman Whitehead is a former Scottsdale McDowell Sonoran Preserve Commissioner, proudly helped lead the monumental effort to pass Proposition 420 in November 2018 and provided funding for the initial 3D Printer Lab at Scottsdale Community College. She and her husband Mike 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 attorney, city auditor, city clerk, city manager, city treasurer, and presiding city judge. The city manager is the chief executive officer and is responsible for about 90 percent of the city's workforce.



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City Manager
JThompson@ScottsdaleAZ.gov
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Sherry R. Scott
City Attorney
SScott@ScottsdaleAZ.gov
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Lai Cluff
Acting City Auditor
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480-312-7851



Ben Lane
City Clerk
BLane@ScottsdaleAZ.gov
480-312-2412



Sonia Andrews
City Treasurer
SAndrews@ScottsdaleAZ.gov
480-312-2364



Marianne Bayardi
Presiding Judge
MBayardi@ScottsdaleAZ.gov
480-312-7604

Highlighted Recognition

Scottsdale is certified Gold by Bloomberg Philanthropies What Works Cities

The Gold Level Bloomberg Philanthropies What Works Cities Certification is awarded for exceptional use of data to inform policy decisions, allocate funding, improve services, evaluate program effectiveness and engage residents. Since 2018 Scottsdale has continued to level up its certification, from Honor Roll to Gold, and is among an elite group of only 62 cities worldwide to have received the certification. What Works Cities spotlighted Scottsdale's data-driven approaches to tackling issues with short-term and vacation rental properties, and managing water resources and water policies.

Scottsdale named No. 1 Healthiest Employer in the Valley

The Phoenix Business Journal named Scottsdale the healthiest "big company" employer in the Valley. This award recognizes Scottsdale's commitment to providing wellness programs and opportunities for employees beyond exercise and nutrition. Scottsdale's programs contain many support services including components related to financial, social, emotional, physical and mental well-being.

City staff's commitment to the community was recognized at the annual Scottsdale Employee Awards

Over 40 different Scottsdale employees were awarded for their hard work throughout the year. Kris Cano received the Herbert R. Drinkwater Award for her dedication to serving the community. She recently retired from the position as the WestWorld General Manager and previously worked as the Forensic Services Director for many years. Kris is an active participant in developing standards for forensic science, a volunteer for a variety of organizations and the governance subcommittee Chairperson for the One N Ten Board. The Bill Donaldson Award, given to an employee that transformed and innovated the culture of city government, went to Bill Hysten. Bill not only performed two difficult and high-level jobs simultaneously, as both a City Attorney Senior Supervisor and the Acting Human Resources Director, but also helped improve the HR process by establishing a variety of new online trainings, including ones for supervisors in Scottsdale. These employees, along with many more, are part of what makes Scottsdale so great.



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



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. It is an internationally recognized destination and a thriving home to 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. In Old Town Scottsdale you will find world-class restaurants, 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 golf courses, tennis courts, parks, pools, 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, more than 243,000 Scottsdale residents enjoy the rich diversity of experiences offered within the city's 185 square miles.



City Employee Picnic



Dia de los Muertos



Renovated Civic Center



Oktoberfest event at Granite Reef Senior Center



Scottsdale Youth Development's Wet n' Wild Day

Work Hard, Play Hard

Business

Scottsdale is one of the state's leading job centers with a robust economy anchored by bio-life science companies, high-tech innovation, financial services, tourism and corporate headquarters. Almost 34,000 companies do business in Scottsdale, creating more than 200,000 jobs. SkySong, the ASU Scottsdale Innovation Center, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale's downtown, Old Town Scottsdale, is an emerging center for high-tech businesses. To the north, the Scottsdale Airpark is the city's largest employment area, and the Scottsdale Cure Corridor is a hub of premier healthcare providers and biomedical companies.

Tourism

With great weather, breathtaking scenery and a calendar full of special events, Scottsdale is a popular tourist destination in Arizona that welcomes millions of visitors annually. The city boasts many hotels, resorts, restaurants and spas. That activity adds up to big business. The annual economic impact of Scottsdale visitors is estimated at \$2.5 billion dollars. Visitors generate almost \$56 million dollars of annual tax revenue— representing more than one in every five city tax dollars.

Special Events

Every spring, Scottsdale garners national attention with an eclectic mix of sporting and cultural events that draw hundreds of thousands of spectators and millions of television viewers. Scottsdale resorts annually host Fiesta Bowl teams as Old Town becomes a focal point for pep rallies and fan parties. The Barrett-Jackson Collector Car Auction headlines a week of automotive attractions and becomes the star of more than 40 hours of live television coverage. This year, the WM Phoenix Open unfolded at the same time as Super Bowl LVII, which put Scottsdale squarely in the center of the sports world, hosting national TV coverage of the one of the largest galleries in golf along with 40 plus hours of live telecasts from the Historic Old Town ESPN Main Street Tailgate. The Scottsdale Arabian Horse Show — among the largest horse shows in the nation — and Scottsdale's festive Parada del Sol Parade and Rodeo follow later. In March, Major League Baseball takes center stage. Old Town Scottsdale serves as the spring home of the San Francisco Giants and makes the city a home base for visiting fans and media from across the nation.



Scottsdale Top Attractions



1. Pinnacle Peak Park



2. Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



3. TPC Scottsdale



4. WestWorld



5. Scottsdale Airport/Airpark



6. McCormick-Stillman Railroad Park



7. Indian Bend Wash Greenbelt



8. Scottsdale Fashion Square



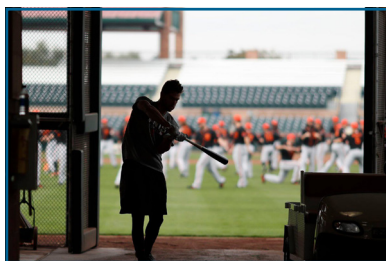
9. Old Town Scottsdale



10. Scottsdale Historical Museum



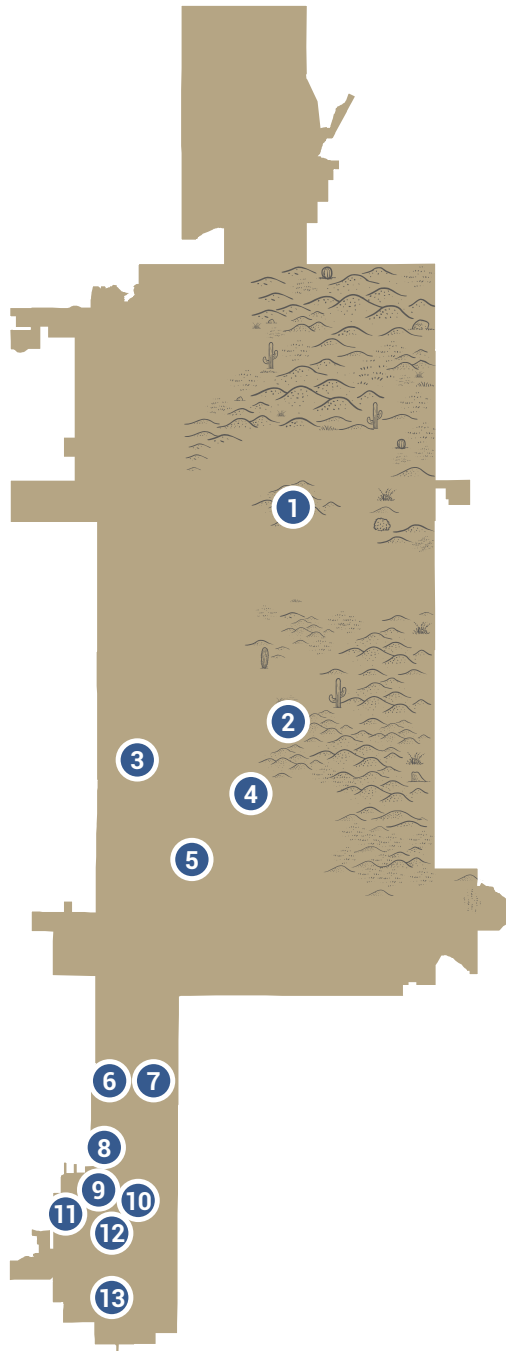
11. Scottsdale's Museum of the West



12. Scottsdale Stadium



13. SkySong



Managing Our Water Resources

Scottsdale's effort to reduce water usage, reuse and recycle our water is more important than ever. In the past year, Scottsdale has effectively saved over 38 million gallons of water, a six percent decrease in usage.

Some of Scottsdale's main water reduction efforts were through finding and fixing leaks in parks, removing grass and installing advanced drip irrigation systems and cooling tower monitors. One of the biggest successes came from Scottsdale's water rebate program, which incentivizes citizens for water saving practices. The program received more than 1,200 applications and saw an increase of 434 percent in grass removal rebates.

In addition to these reduction efforts, Scottsdale has continued to benefit from the Advanced Water Treatment Plant, one of the most sophisticated recycled water facilities in the world, to recycle and reuse its water. The innovative facility can treat up to 20 million gallons of wastewater a day to a water quality standard that exceeds that of bottled water and is only the third facility in the nation to be permitted for direct consumption. While the ultra-purified, recycled water is not currently utilized in the drinking water system, it is an important water source for irrigation around the city. Most notably, the recycled water is used to irrigate the TPC Scottsdale, which annually hosts the WM Phoenix Open. This year the golf tournament occurred at the same time as Super Bowl LVII, which brought record numbers of visitors to Scottsdale.

To educate the public on the safety and quality of Scottsdale's ultra-purified, recycled water, Scottsdale Water also collaborated with local breweries in November 2022 for its One Water Brewing Showcase. This event allowed nine different local breweries to use Scottsdale's ultra-purified, recycled water to create beer and provided samples for the public to try. The one-of-a-kind showcase will return to the Scottsdale Waterfront during Canal Convergence in November 2023.

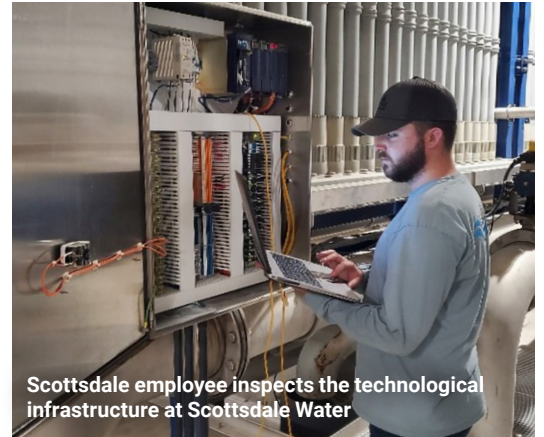
As Scottsdale looks forward, it plans to continue these efforts to ensure a successful and sustainable future.



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



Scottsdale Water Treatment Plant



Scottsdale employee inspects the technological infrastructure at Scottsdale Water



Scottsdale Water Treatment Plant

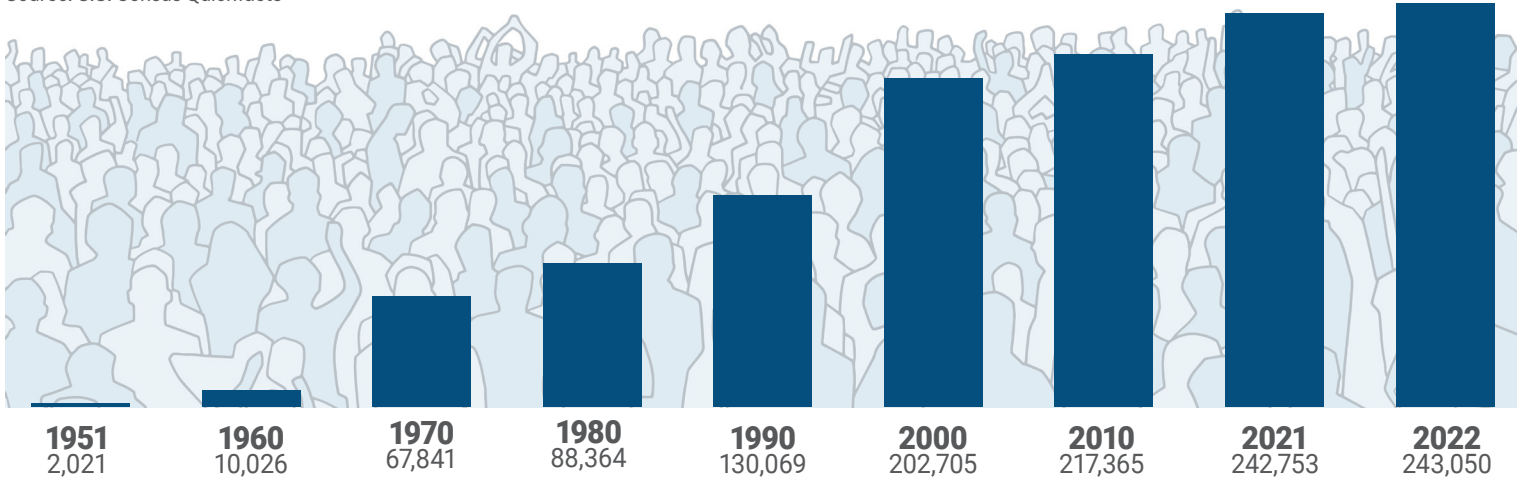


Scottsdale Water Campus



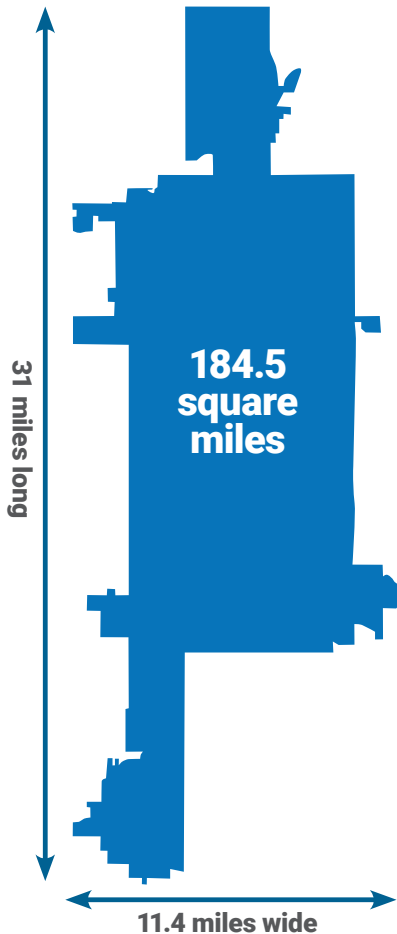
Scottsdale by the Numbers: A Demographic Summary

Source: U.S. Census Quickfacts



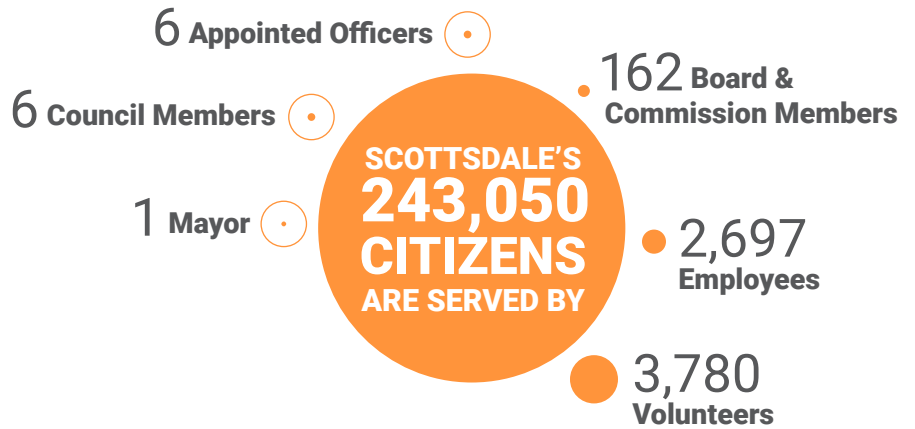
Scottsdale is the 48th largest city in the U.S. by area.

U.S. Census Bureau Quickfacts and City of Scottsdale



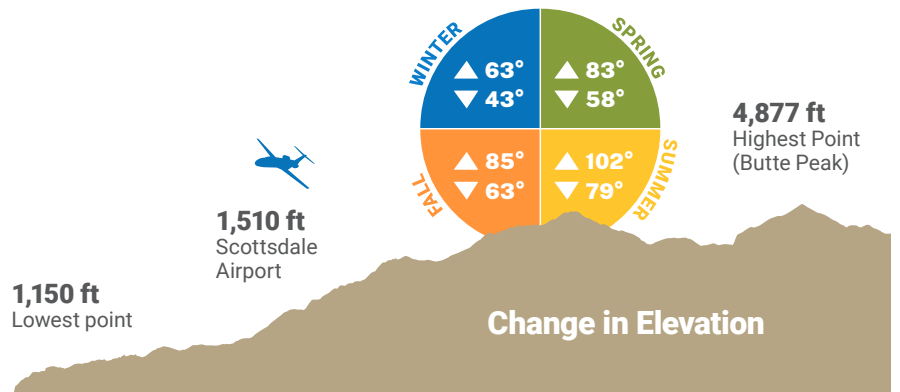
Over 6,000 people directly serve the residents of Scottsdale.

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



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

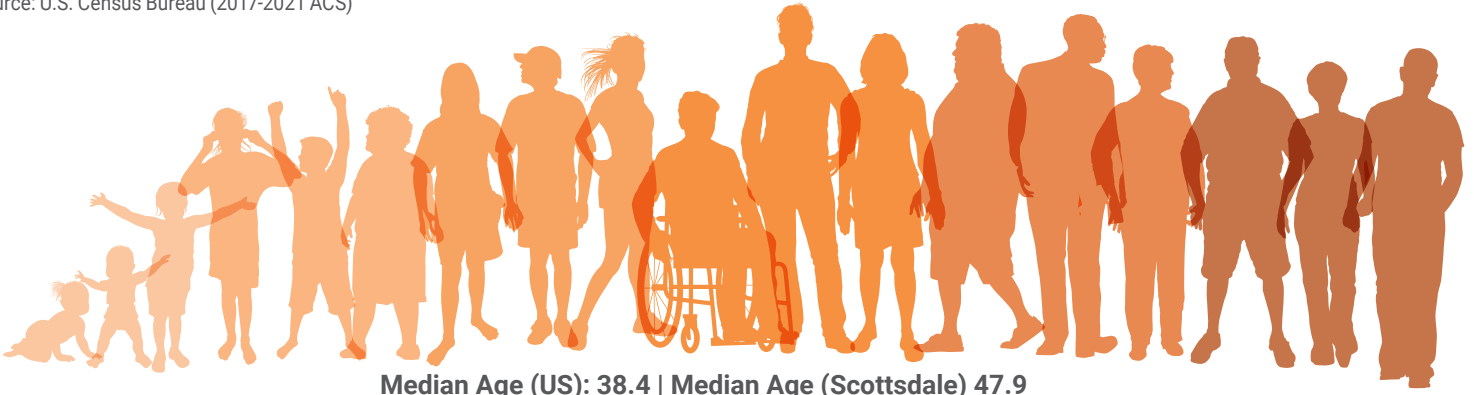
Source: City of Scottsdale and Scottsdale Airport Weather Station



Scottsdale Residents

Scottsdale's median age of 47.9 is almost 10 years older than the U.S. median age of 38.4.

Source: U.S. Census Bureau (2017-2021 ACS)

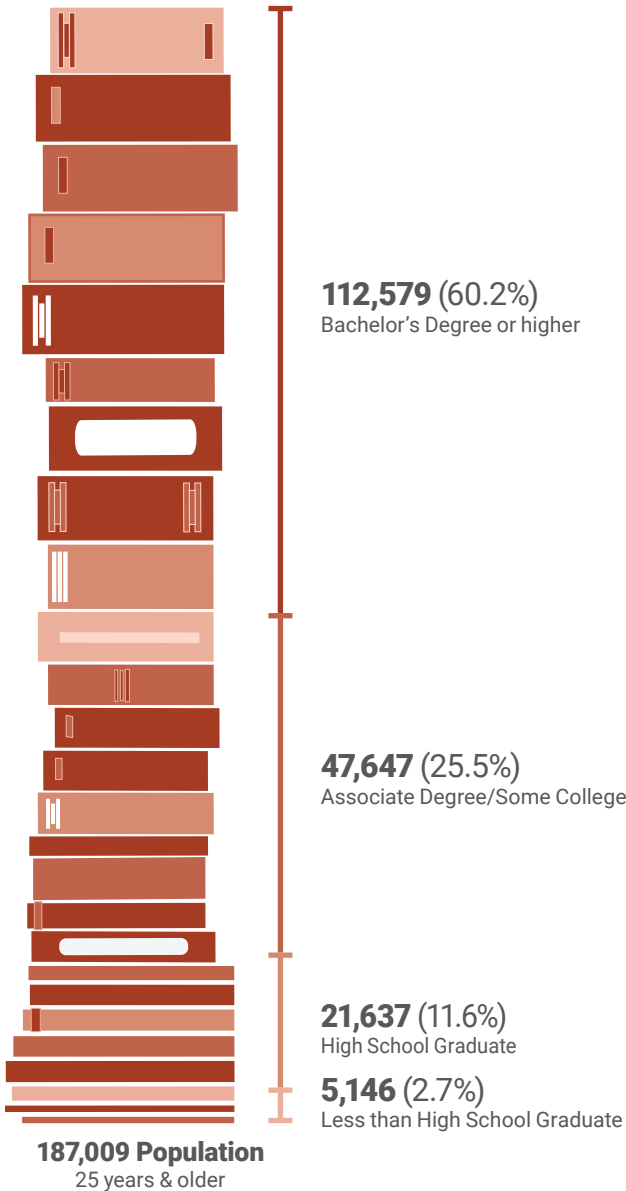


Median Age (US): 38.4 | Median Age (Scottsdale) 47.9

Age Under 5 8,696	5-19 30,467	20-24 12,513	25-54 90,900	55-74 69,548	75+ 26,561
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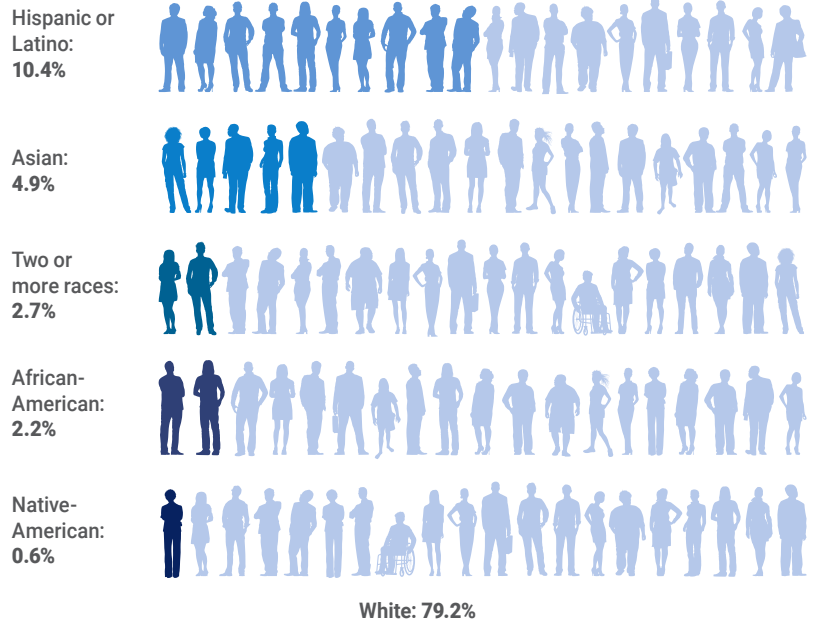
3 in 5 Scottsdale residents over age 25 have earned a bachelor's degree or higher.

U.S. Census Bureau (2017-2021 ACS)



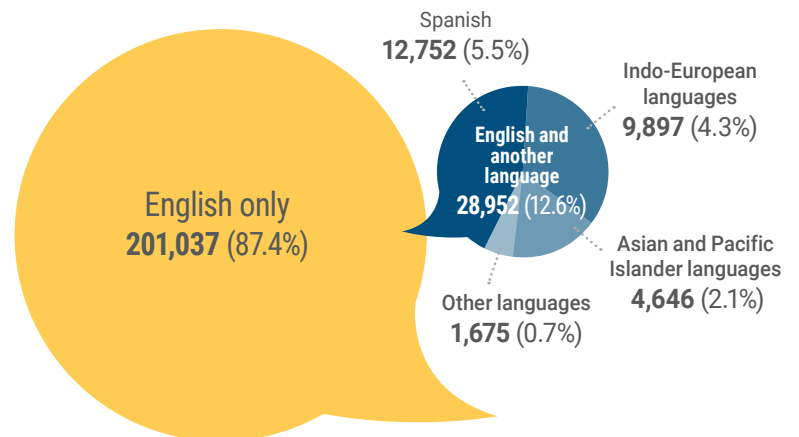
1 in 5 Scottsdale residents is a person of color.

Source: U.S. Census Bureau (2017-2021 ACS)



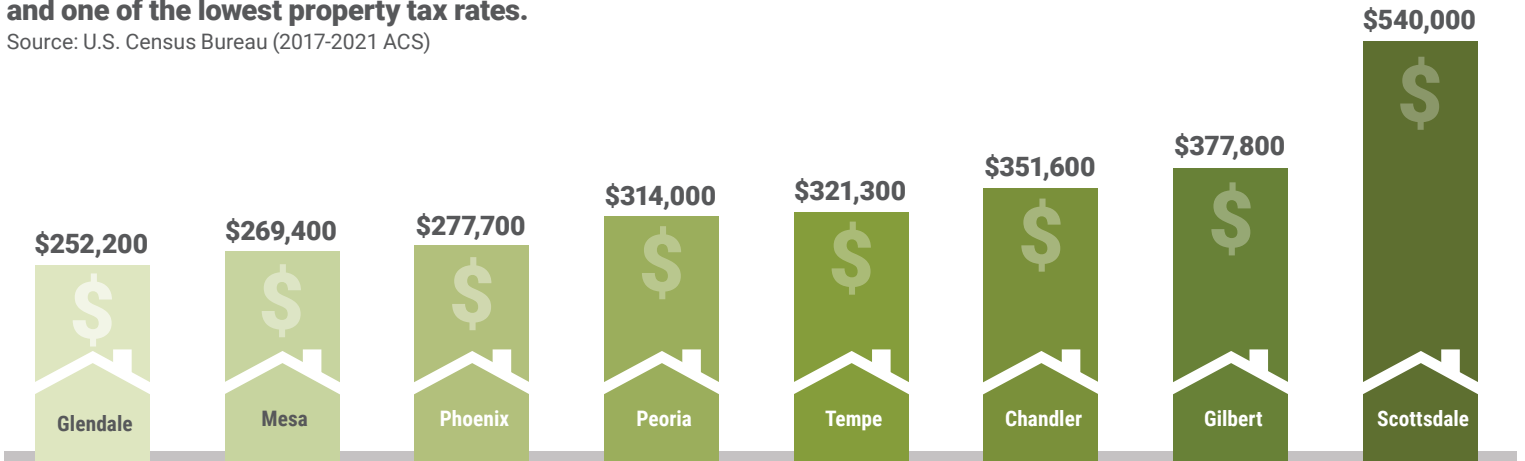
While most Scottsdale residents speak English, 1 in 10 can also speak another language.

Source: U.S. Census Bureau (2017-2021 ACS)



Scottsdale has the highest median housing price of any of the large Valley cities and one of the lowest property tax rates.

Source: U.S. Census Bureau (2017-2021 ACS)

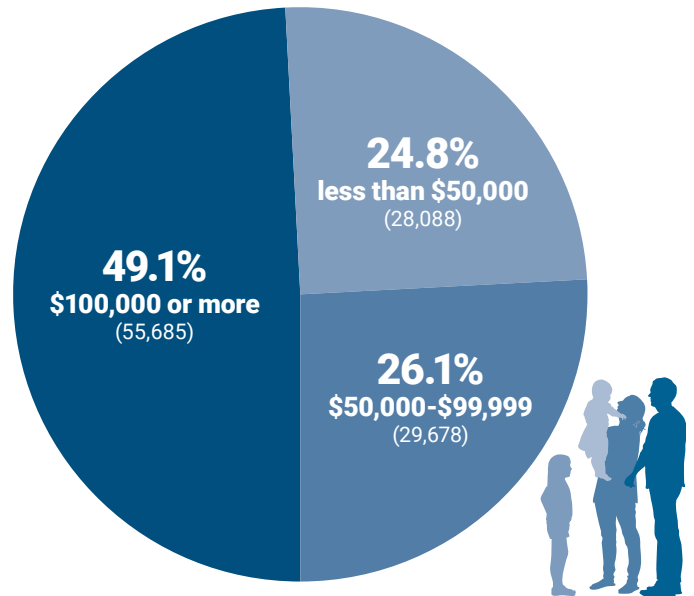
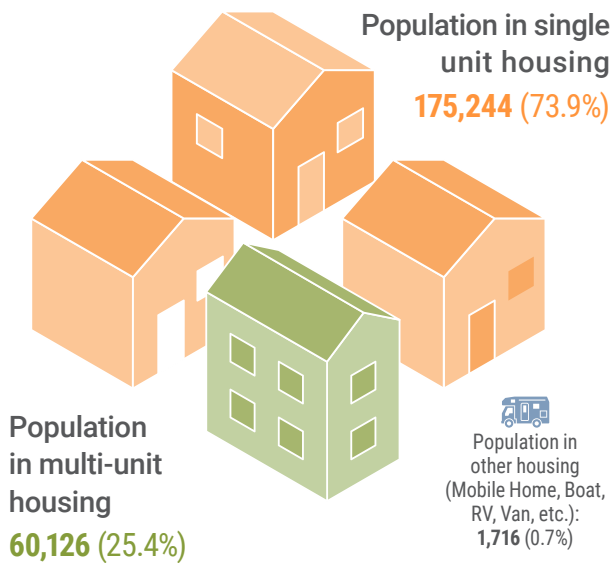


Almost 3 in 4 Scottsdale residents live in single unit housing

Source: U.S. Census Bureau (2017-2021 ACS)

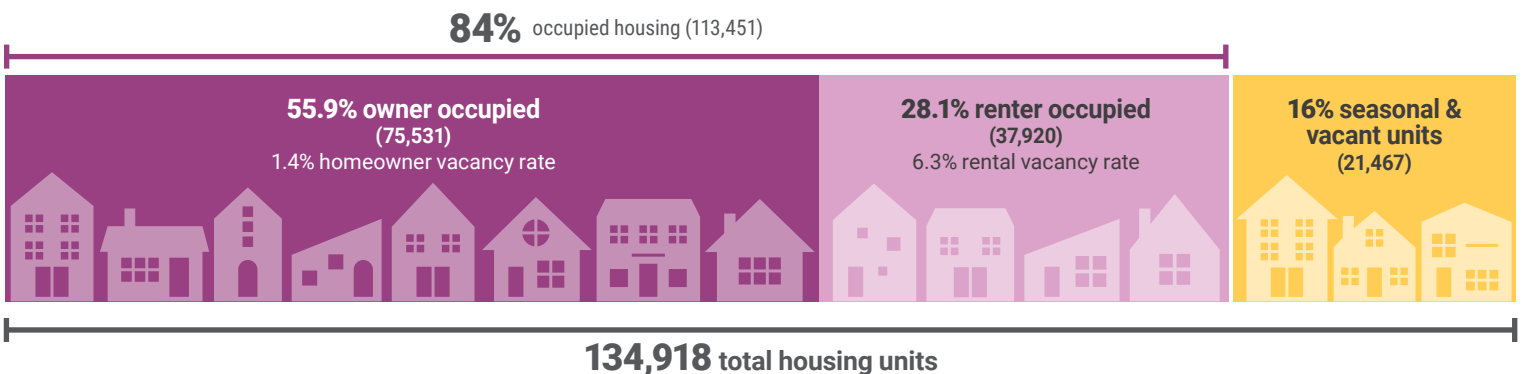
Nearly half of all Scottsdale households make more than \$100,000 a year.

Source: U.S. Census Bureau (2017-2021 ACS)

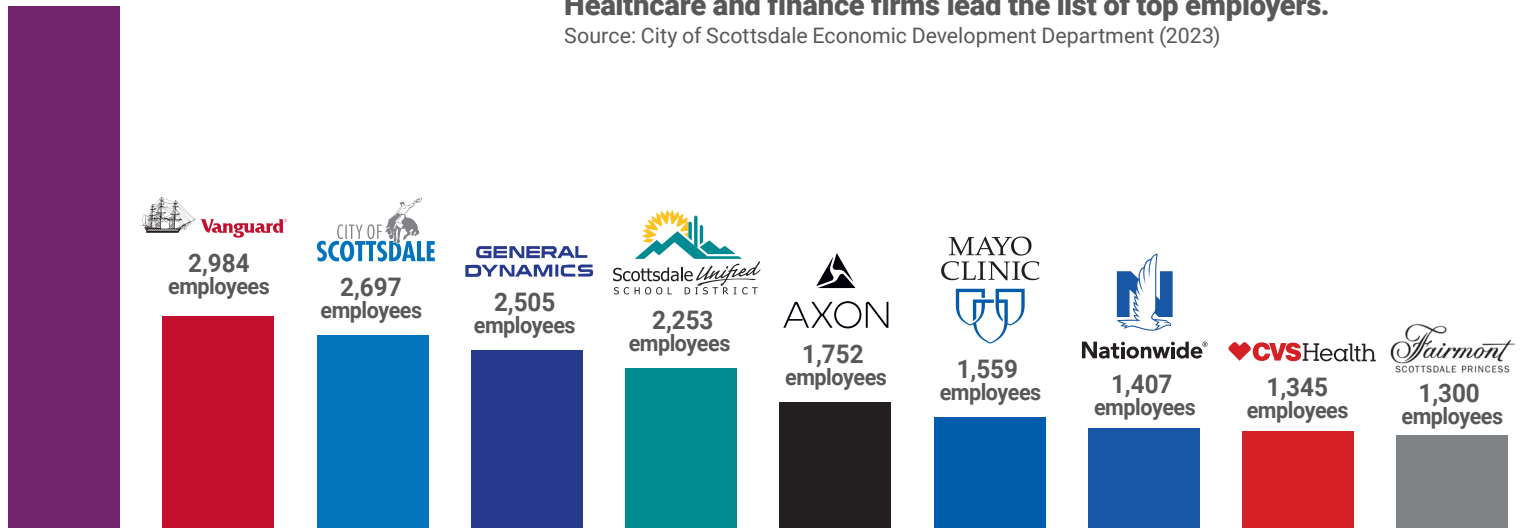


2 in 3 housing units in Scottsdale are owner occupied.

Source: U.S. Census Bureau (2017-2021 ACS)



7,347 employees



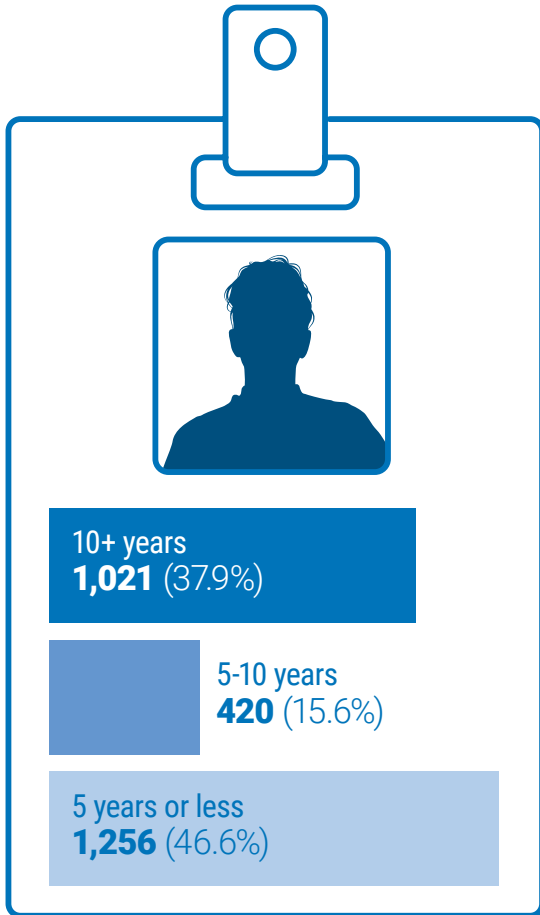
Healthcare and finance firms lead the list of top employers.

Source: City of Scottsdale Economic Development Department (2023)

* Excludes grocers, convenience stores and traditional retail stores.

Almost 40% of Scottsdale employees have a decade or more of experience.

Source: City of Scottsdale



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 has more than 200,000 jobs



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, search "about"

8 WATER
FACILITIES

65.8
MILLION
GALLONS
OF DRINKING
WATER
DELIVERED
DAILY

69 SOLID WASTE
TRUCKS

1,524
MILES OF
SANITARY
SEWERS

2,152 MILES OF WATER MAINS



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

4 POLICE STATIONS

355 POLICE VEHICLES

15 FIRE STATIONS

42 FIRE RESPONSE VEHICLES

314 TRAFFIC SIGNALS

2,801 LANE MILES OF ROADS

11,622 FIRE HYDRANTS

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

**44
PARKS**

**30,500
ACRES OF
PRESERVE LAND**

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

**982 TOTAL
ACRES**

37 PLAYGROUNDS

**5 URBAN
LAKES**

**74 ATHLETIC
FIELDS**

**39 BASKETBALL
COURTS**

**3 OFF-LEASH
AREAS**

**4 AQUATIC
FACILITIES**

**35 VOLLEYBALL
COURTS**

**30 PICKLEBALL &
RACQUETBALL
COURTS**

**6 SPRAY
FEATURES**

**2 SKATE
PARKS**

**49 TENNIS COURTS
2 TENNIS CENTERS**

**1 BASEBALL
STADIUM**

1 RAILROAD PARK

**3 EQUESTRIAN
FACILITIES**

123 MILES OF PAVED PATHWAYS, 156 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.



52 HOTELS
9,354 ROOMS



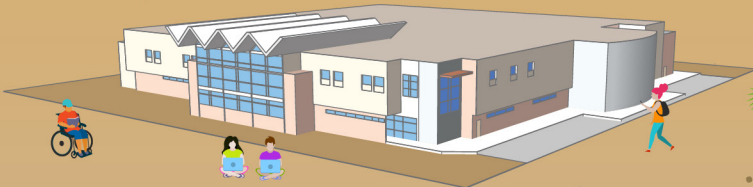
1 AIRPORT



33,731 COMPANIES DOING BUSINESS IN SCOTTSDALE



37 PUBLIC SCHOOLS
24,283 ENROLLMENT



7 MUSEUMS

127 ART GALLERIES & ART DEALERS



967 RESTAURANTS



3 FREE TROLLEY ROUTES

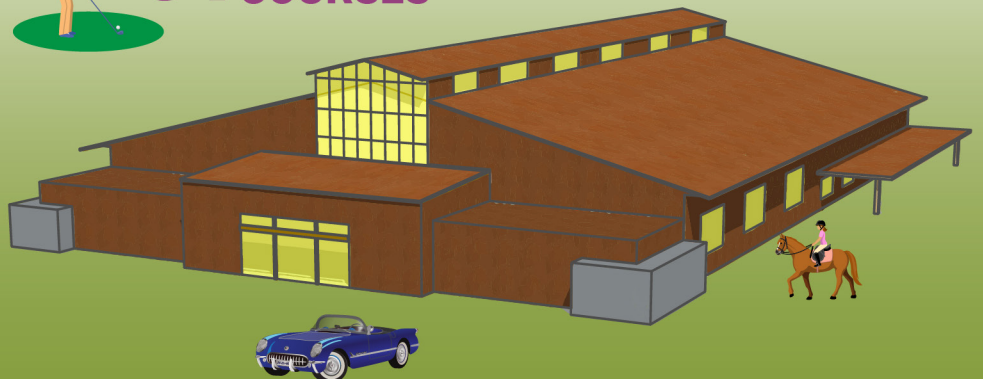


11 BUS ROUTES

51 GOLF COURSES



376 COMBINED SPECIAL EVENT DAYS AT WESTWORLD





Making Cents of Numbers

Scottsdale values transparency and communication with our community. Creating and adopting a budget with public feedback, as well as informing residents about the uses of their money each year, ensures that Scottsdale is providing Simply Better Service for a World-Class community.



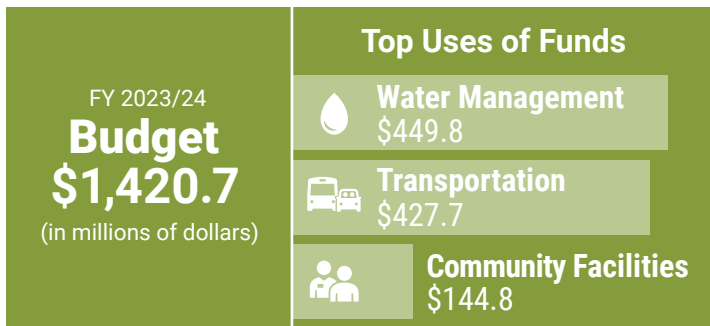
Scottsdale's Two Budgets

Scottsdale has two budgets, 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.

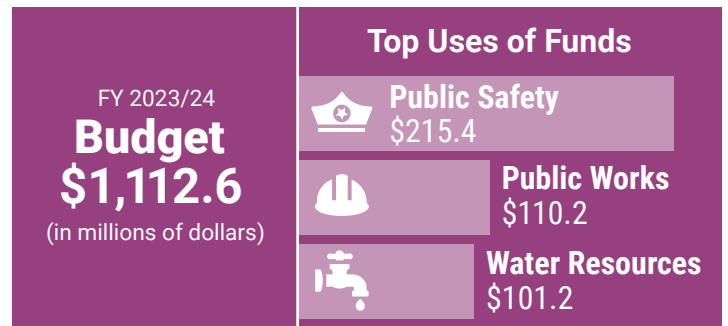


All other uses of funds: \$398.4



Operating Budget

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



All other uses of funds: \$685.8

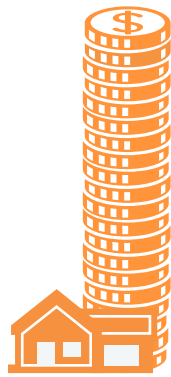
Where Do My Property Taxes Go?

Total: **\$64.5 million**

For every dollar collected



SCHOOLS/EDUCATION
\$0.55



MARICOPA COUNTY
\$0.20



SPECIAL DISTRICTS
\$0.10



CITY SERVICES
\$0.08



CITY DEBT SERVICES
\$0.07

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



MESA



SCOTTSDALE



AVERAGE*



GLENDALE

Sales tax on a \$30,000 car



CHANDLER & GILBERT



SCOTTSDALE



AVERAGE*

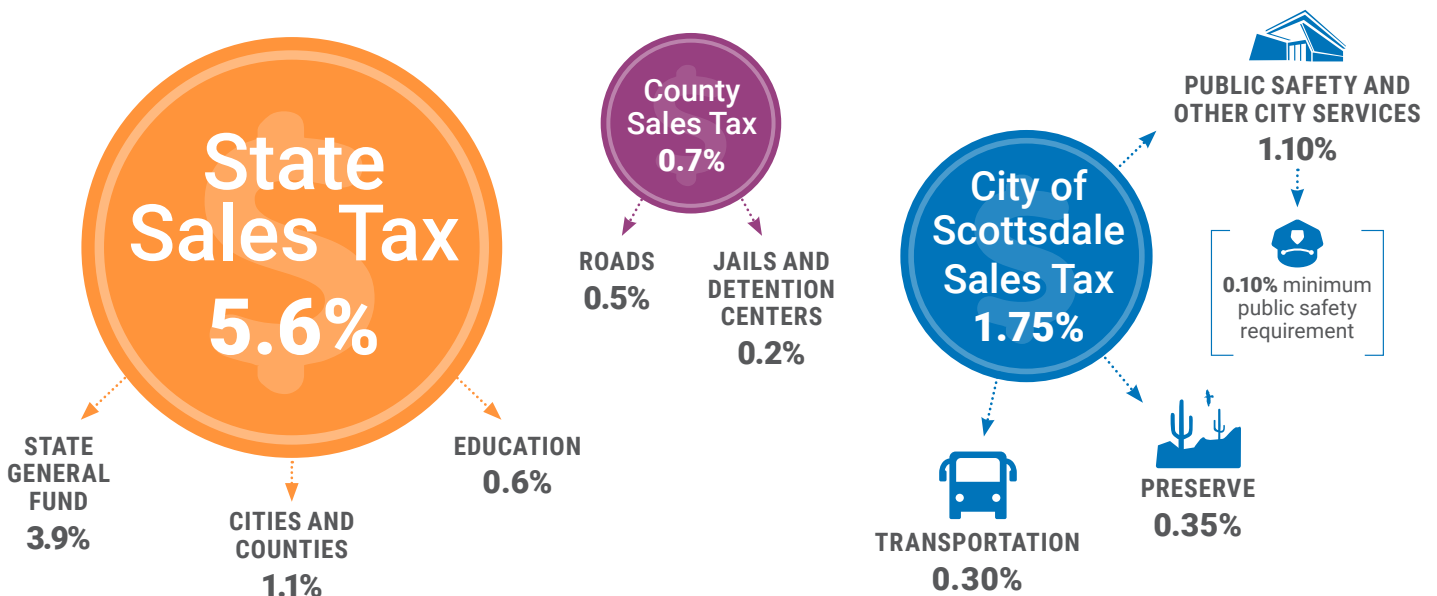


GLENDALE

*Average of the eight largest cities in the Valley

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 2023/24. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

CURRENT YEAR CITY OUTLOOK

The city's balanced budget is possible due to the continuing strength of the local and state economy as the Valley comes off one of the busiest special events seasons in history - much of that centered in Scottsdale. While revenue growth remained strong through the pandemic and the most recent fiscal year, the adopted FY 2023/24 budget anticipates a decline in local tax revenues in anticipation of an economic downturn and slowdown in consumer spending. Given the uncertainty of the economy, the adopted budget takes a cautious approach to the future. The five-year financial forecasts anticipate revenues returning to normal historical growth trends and excess revenues collected will be used as one-time revenues to address a number of needs in the adopted budget as detailed throughout the budget volumes.

CURRENT YEAR CITY COUNCIL POLICY DECISIONS

The following are the major policy items included in the city's adopted FY 2023/24 budget:

- \$68.5 million General Fund transferred to the CIP ensuring compliance with Scottsdale's Financial Policies Appendix A – Budgeting Governing Guidance.
- \$10.0 million General Fund in additional public safety retirement contributions to paydown the Police unfunded liability.
- \$0.8 million General Fund for a 5.0 percent Step Program for Police sworn personnel.
- \$4.6 million General Fund (\$6.5 million all funds) for the citywide pay for performance program, through which employees may receive up to 5.0 percent salary increases based on performance (up to the maximum of their salary range).
- \$4.5 million General Fund (\$5.7 million all funds) for a 2.0 percent market adjustment.
- \$6.8 million for the costs anticipated in implementing a comprehensive classification and compensation study (\$8.5 million all funds).
- \$3.7 million (\$4.4 million all funds) for retirement cost increases.
- \$1.1 million (\$1.3 million all funds) for the vacation buyback program for eligible employees.
- \$0.8 million (\$1.1 million all funds) for health and dental cost increases.

- \$2.9 million from additional primary property tax collections due to tort liability claim payments, the allowable 2 percent statutory adjustment and new construction.

STAFFING CHANGES

The city's total FTE count for FY 2023/24 is 2,638.89 which is a net increase of 50.00 FTE from the prior year adopted budget.

The positions that were added in FY 2023/24 were spread across divisions where needs had been identified. For example:

- Administrative Services: 1) an ADA/Title VI Coordinator (1.00 FTE) position to focus on Americans with Disabilities compliance and reporting; 2) a Technology Coordinator (1.00 FTE) position to support the function-specific technology needs of public meetings and video programming; 3) a part-time Public Information Officer (0.50 FTE) position to assist with coordinating communication to a variety of media, print and internal and external sources on department calls, activities and events; 4) Human Resource Analyst (2.00 FTE) positions to aid in recruitment and retention; 5) Enterprise Security Engineer (2.00 FTE) positions to improve the city's cybersecurity posture; 6) a Software Developer/Architect (1.00 FTE) position to modernize business solutions; 7) an Enterprise Portfolio Manager (1.00 FTE) position to manage the city's information technology portfolio; and 8) Enterprise Communications Engineer (1.00 FTE) position to support and maintain Water Resources Supervisory Control and Data Acquisition (SCADA) systems (Water Funds).
- Community and Economic Development: 1) Plans Examiner (2.00 FTE) positions to focus on Green Building plan review and inspections; 2) a Systems Integrator (1.00 FTE) position to keep up with the technology demands of the department; 3) Code Inspector I (4.00 FTE) positions to focus on community needs and short-term rentals; and 4) the increase of hours for an existing Planning Specialist position (0.25 FTE) to address customer service needs.
- Public Safety - Police: 1) a Police Officer (1.00 FTE Sworn) position for the Crisis Response Team (CRT) to enhance coverage, increase collaboration and support with other Police operational units, and increase the quantity and frequency of calls CRT can respond to; 2) Police Officer (2.00 FTE Sworn) positions for the Traffic Enforcement Unit to increase response to Council and public safety complaints, monitor high-collision and school safety zones, and to assist general traffic patrol and investigations; 3) Police Civilian Investigator (2.00 FTE Non-Sworn) positions to provide crime control prevention data, analysis, intelligence, and other significant case support; and 4) Municipal Security Guard (2.00 FTE Non-Sworn) positions that will provide security guard presence at One Civic Center and the Civic Center/Mustang libraries.
- Public Works: 1) a Public Works Building Inspector I (1.00 FTE) position to review daily progress of capital projects to ensure that the soon to be assets of the city are constructed in conformance with the approved plans and specifications, that the site is managed in a way to keep the traveling public safe during construction and to ensure the end product is of a quality acceptable to the city; 2) a Safety & Training Coordinator (1.00 FTE) position to prevent and mitigate workplace incidents; 3) a Maintenance Worker I (1.00 FTE) position and a Streets Equipment Operator Senior (1.00 FTE) position dedicated to paths and trails maintenance; 4) a Streets Equipment Operator Senior (1.00 FTE) position to address the additional maintenance responsibilities of the Cross Roads East project-phase I, the Pima Road and Drainage improvement, and Rawhide Wash; 5) a Street Maintenance Worker (1.00 FTE) position to facilitate maintenance and repair of the city's concrete assets; 6) Solid Waste Equipment Operator IV (3.00 FTE) positions to allow for faster response times to collection issues and to aid in promoting safe operating practices; and 7) Solid Waste Equipment Operator III (2.00 FTE) positions to continue to provide weekly refuse and recycle service to the growing number of residents across the city.
- Water Resources: 1) a Water Planning & Policy Analyst (1.00 FTE) position to aid in the ever-increasing workload that is associated with water shortage and drought; 2) a Senior Management Analyst (1.00 FTE) position, which will aid in the division's ability to expand monitoring and analytical activities related to development impact fees, development and other service agreements, cost of service studies and general data analysis; and 3) an Intern position (0.48 FTE) for additional monitoring in preparation for enhanced Direct Potable Reuse (DPR) permit in the future.

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

FTE Changes from Prior Fiscal Year by Division

FY 2022/23 ADOPTED FTEs

2,588.89

CITY MANAGER

Assistant City Manager	1.00	(a)
Assistant to the City Manager	1.00	
	<u>2.00</u>	

CITY TREASURER

Principal Financial Analyst	1.00
Tax & License Specialist I	1.00
Tax & License Specialist II	1.00
Tax Auditor	1.00
	<u>4.00</u>

ADMINISTRATIVE SERVICES

ADA / Title VI Coordinator	1.00
Enterprise Communications Engr	1.00
Enterprise Portfolio Manager	1.00
Enterprise Security Engineer	2.00
Human Resources Analyst	2.00
Public Information Officer	0.50
Software Developer/Architect	1.00
Technology Coordinator	1.00
	<u>9.50</u>

COMMUNITY AND ECONOMIC DEVELOPMENT

Administrative Secretary	0.50	(c)
Code Inspector I	4.00	
Communication & Outreach Coord	1.00	
Operation Fix-It Prog Mgr	(1.00)	(a)
Planner Principal	1.00	
Planning & Develop Area Mgr	2.00	
Planning Specialist	0.25	
Plans Examiner	1.00	
Plans Review Manager	1.00	
Project Coordination Liaison	(3.00)	
Strategic Initiatives Prog Mgr	(1.00)	
System Integrator	1.00	
	<u>6.75</u>	

COMMUNITY SERVICES

Account Specialist	1.00	
Communications Specialist	0.63	
Community Services Supervisor	1.00	
Human Services Case Worker	(0.16)	
Human Services Representative	1.00	
Intern	(0.29)	
Library Monitor	(0.70)	(b)

COMMUNITY SERVICES (con't)

Library Page	(0.33)	
Maint Tech Aquatics/Fountains	1.00	
Maintenance Technician	1.00	
Maintenance Worker I	(1.44)	
Maintenance Worker II	2.00	
Management Analyst	1.00	(a)
Preserve Prog Dir/Spec Proj	(1.00)	(a)
Recreation Leader I	(0.76)	(b)
Recreation Leader II	2.32	(c)
Recreation Leader Senior	(1.00)	
Video Production Assistant	1.00	
	<u>6.27</u>	

PUBLIC SAFETY - FIRE

Fire Captain (56) - (Sworn)	5.00
Fire Engineer (56) - (Sworn)	6.00
Fire Systems Analyst	1.00
Firefighter (56) - (Sworn)	(11.00)
	<u>1.00</u>

PUBLIC SAFETY - POLICE

Municipal Security Guard	2.00	(b)
Police Civilian Investigator	2.00	
Police Officer - (Sworn)	3.00	
	<u>7.00</u>	

PUBLIC WORKS

Maintenance Worker I	1.00
PW Building Inspector I	1.00
Safety Training Coordinator	1.00
Solid Waste Equip Operator III	2.00
Solid Waste Equip Operator IV	3.00
Street Maintenance Worker	1.00
Street Equipment Operator Sr	2.00
Transit Operations Analyst	1.00
Transportation Representative	(1.00)
	<u>11.00</u>

WATER RESOURCES

Intern	0.48
Management Analyst Senior	1.00
Water Plan. & Policy Analyst	1.00
	<u>2.48</u>

Net Change All Divisions 50.00

FY 2023/24 ADOPTED FTEs

2,638.89

- (a) Position transferred from one division to another and reclassified.
- (b) -0.70 Library Monitor and -0.01 Recreation Leader I to help offset costs of Police Municipal Security Guards.
- (c) 0.50 Position transferred from Community Services to Community & Econ Dev during FY 2021/22, not included in FY 2022/23 adopted budget.

HOW THE ADOPTED BUDGET WILL AFFECT CITIZENS' PROPERTY TAX RATES

The FY 2023/24 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 \$2,201,944 for tort liability claim payments made during calendar year 2022.

For FY 2023/24, the city's total primary property tax levy of \$39.30 million is an increase of \$2.88 million over the FY 2022/23 levy of \$36.42 million. The increase is due to 1) tort liability claim payments; 2) the 2 percent statutory adjustment; and 3) new construction. The FY 2022/23 primary property tax rate of \$0.4970 per \$100 of assessed valuation will increase by \$0.0180 to \$0.5150 in FY 2023/24.

For FY 2023/24, the city's secondary property tax levy will increase \$5.53 million from the FY 2022/23 adopted budget of \$30.06 million to \$35.59 million due to use of accumulated fund balance in FY 2022/23 as a result of savings achieved through a general obligation debt refinancing. The FY 2022/23 secondary tax rate of \$0.4101 will increase by \$0.0563 to \$0.4664 per \$100 of assessed valuation in FY 2023/24.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2023/24, the city's total combined property tax levy is an increase by approximately \$8.41 million from \$66.48 million in FY 2022/23 to \$74.89 million in FY 2023/24.

In FY 2023/24, citizen tax bills will reflect a combined property tax rate of \$0.9841, which is \$0.0743 more than the FY 2022/23 combined rate of \$0.9071. 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 \$98.41 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. This is true not only in the ramp up to establish the Proposed Budget, but also in the period between the Proposed Budget and when the Final Adopted Budget is presented. Below lists the changes that were made between the proposed budget release, and this final budget.

- Added two new capital projects approved by City Council on March 21, 2023: 1) Pima Road Sound Wall (\$6.0 million); and 2) Railroad Park Ramada (\$0.3 million).
- Transferred \$0.4 million from the Dynamite Boulevard: Pima Road to 136th Street Turn Bays and Bike Lanes to the Osborn Road Complete Street: Hayden Road to Scottsdale Road project approved by City Council on March 21, 2023.
- Increased the 68th Street: Indian School Road to Thomas Road project (\$0.1 million) approved by City Council on March 21, 2023.
- Moved up the timing of the 68th Street Storm Drain South of Camelback Road project so that the funding is in FY 2023/24 and FY 2024/25, not FY 2024/25 and FY 2025/26. This project goes together with the 68th Street Sidewalk project.
- Removed the additional funding not necessary for the two Bond 2019 solar projects: 58 - Install Parasol Solar Shade Structure at City Hall Parking Lot (\$1.2 million) and 59 - Install Solar Systems at Civic Center Campus (\$0.9 million).
- Increased the 45 - Renovate WestWorld Horse Barns to Increase Rentable Space project (\$1.0 million) as result of the use of the unrestricted funds from the Bell Road land sale as presented to Council on April 13, 2023.
- Removed the additional funding request for the 18 - Build Roadway and Pedestrian Improvements along 2nd Street from Drinkwater Blvd to Goldwater Blvd (\$14.0 million) per Council direction received on April 13, 2023.

- Transferred \$0.6 million from the 47 - Replace WestWorld Arena Lights to Reduce Operating Costs project to the 45 - Renovate WestWorld Horse Barns to Increase Rentable Space project approved by City Council on April 18, 2023.
- Moved \$3.5 million from FY 2024/25 to FY 2023/24 for the WestWorld Tent Refurbishment capital project in an effort to complete that project sooner.
- Deferred \$2.1 million from the Downtown Main Street Streetscape & Pedestrian Improvements capital project from FY 2023/24 to FY 2024/25 to first address concerns about parking spaces.
- Deferred \$1.4 million from Energy Performance Project – Phase II from FY 2023/24 to FY 2024/25 to align with delays caused by procurement issues.
- Moved \$0.9 million from FY 2024/25 to FY 2023/24 for the WestWorld Polo Field Lighting for Soccer Fields capital project in an effort to complete the project sooner.
- Deferred \$0.9 million from 22 – Build New Swimming Pools and Replace Building at Cactus Pool from FY 2023/24 to FY 2024/25 to better align with expected spending.

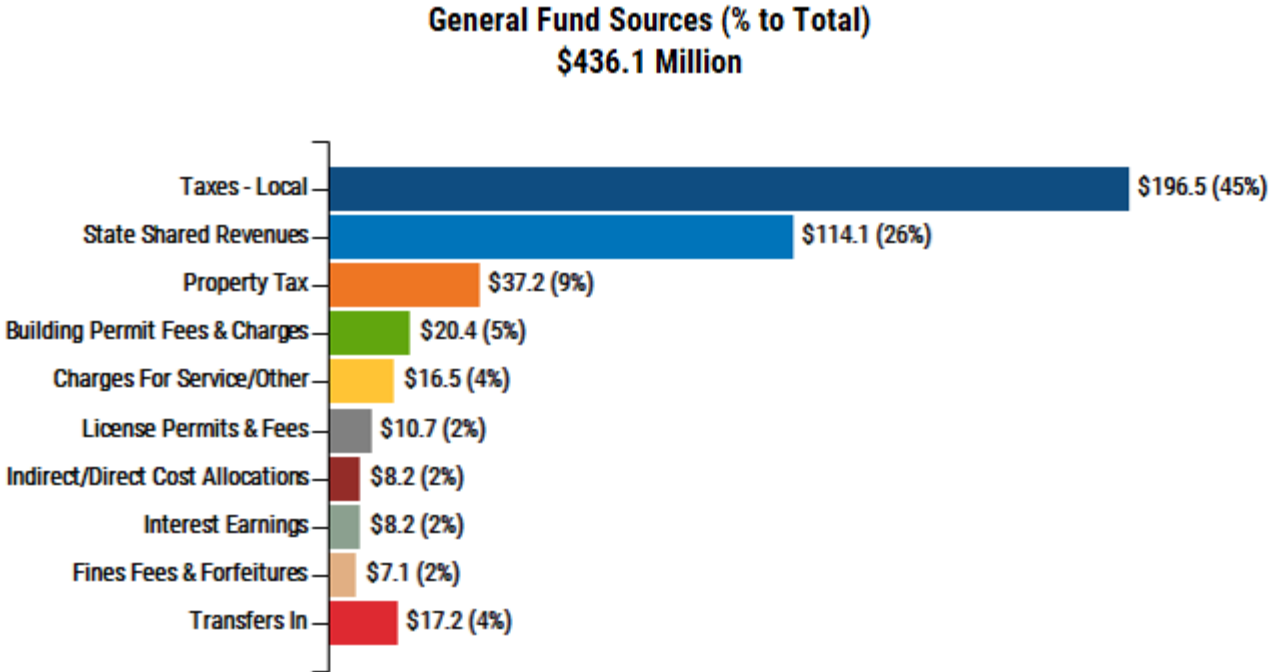
Those are the adjustments during the budget process, and additional changes will be made as needed.

FUND HIGHLIGHTS

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2023/24 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 2023/24 are \$436.1 million, approximately \$48.4 million (12.5 percent) more than the FY 2022/23 adopted budget. The following bar graph summarizes the major sources.



Note: Rounding difference may occur

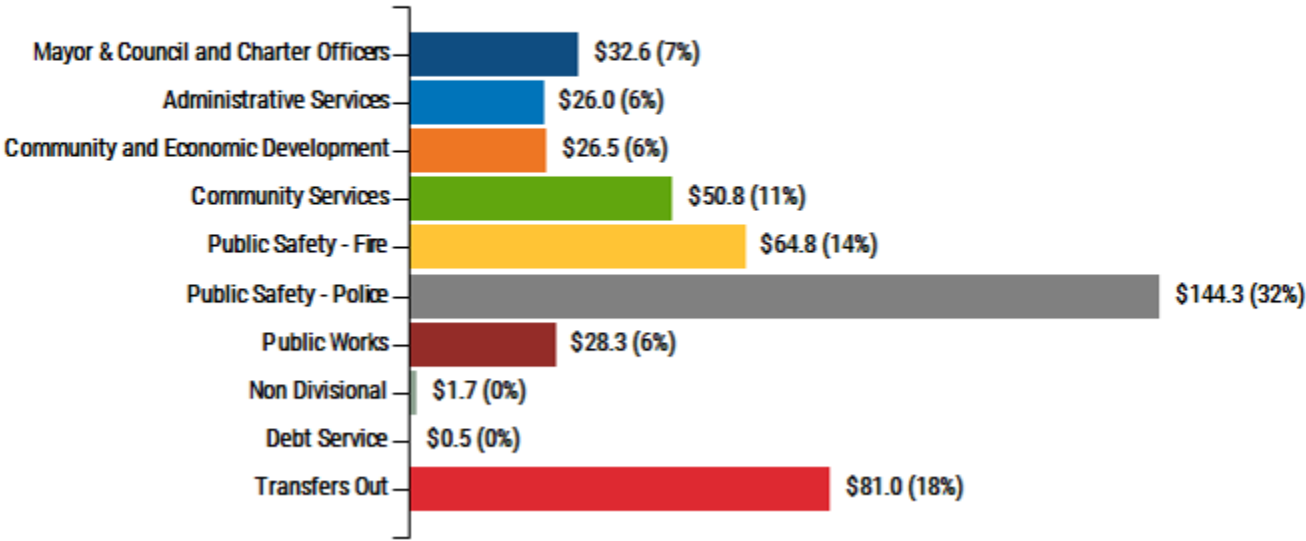
That total projected increase comes from a net of several different sources. Below highlights the sources contributing significantly to the change:

- \$12.4 million from a projected increase in general fund sales tax, including \$1.1 million for the portion dedicated to Public Safety. While an increase in sales tax is reflected when compared to the FY 2022/23 adopted budget, the proposed FY 2023/24 sales tax will see a decrease when compared to the FY 2022/23 forecast. The FY 2022/23 sales tax was updated from the original budget (forecast) to reflect the significant increases the city was experiencing due to inflation, stimulus money continuing to work its way through the economy, pandemic spending sprees, etc. The city expects FY 2023/24 sales tax revenues to decrease with the anticipated economic downturn and slowdown in consumer spending and over the five-year forecast, sales tax will realign with historical growth trends.
- \$20.3 million from a projected increase in the city's proportionate slices of state shared income tax, sales tax, and vehicle license fees.
- \$1.3 million from additional primary property tax collections.
- \$2.3 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$0.5 million from WestWorld Equestrian Facility Fees based on anticipated events and establishing a more appropriate cost recovery formula used when developing WestWorld fees.
- \$1.2 million due to increased revenue from TPC Scottsdale and Scottsdale Stadium usage fees.
- \$0.5 million due to increases in the Advanced Life Support (ALS) Ambulance Contract; increased revenue associated with third-party fire protection system inspections; special events reimbursements; and rate and fee increases for afterhours fire inspections, fire plan reviews, and CPR/First Aid classes.
- \$0.5 million due to increased Recreation Fees with the opening of the WestWorld Sports Complex; and rate and fee changes to aquatics, patio rentals, and to tennis and volleyball court rentals.
- \$1.0 million due to increased indirect costs for services provided by the General Fund to enterprise operations.
- \$6.3 million from a projected increase in interest earnings due to higher anticipated rates of return on investments.
- \$1.0 million due to a Transfers In from the Tourism Development Fund to pay for the painting of the public art wall 'The Path Most Traveled' on the Arizona State Loop 101.

GENERAL FUND – USES

The adopted FY 2023/24 General Fund uses budget is projected to be approximately \$456.4 million (not including contingency, reserves, and designations), approximately \$43.7 million (10.6 percent) more than the FY 2022/23 adopted budget. The following bar graph provides a summary of the General Fund uses.

General Fund Uses (% to Total)
\$456.4 Million



Note: Rounding difference may occur

The General Fund adopted operating budget for next fiscal year is a \$44.1 million increase from the FY 2022/23 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:

- A 5.0 percent Step Program for Police sworn personnel of \$0.8 million.
- \$4.6 million (\$6.5 million all funds) for the citywide pay for performance program, through which employees may receive up to 5.0 percent salary increases based on performance (up to the maximum in their salary range).
- A 2.0 percent market adjustment of \$4.5 million (\$5.7 million all funds).
- \$6.8 million for the costs anticipated in implementing a comprehensive classification and compensation study (\$8.5 million all funds).
- \$1.1 million (\$1.3 million all funds) for the vacation buyback program for eligible employees.
- \$3.7 million (\$4.4 million all funds) for retirement cost increases.
- \$0.8 million (\$1.1 million all funds) for health and dental cost increases.
- \$10.0 million in additional public safety retirement contributions to paydown the unfunded liability.

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 Manager:

- \$0.1 million to implement the Scottsdale Promise Program, which is a commitment from the city to its residents to allow all eligible Scottsdale residents to attend Scottsdale Community College for two years with Arizona resident tuition and fees fully funded.

Administrative Services:

- \$0.3 million for Information Technology contract increases.
- \$0.2 million of one-time funding to complete a comprehensive classification and compensation study.
- \$0.2 million of one-time funding to reconfigure the Human Resources Office to accommodate staffing changes within the existing space.

Community & Economic Development:

- \$0.4 million of one-time funding for public art restoration.
- \$0.3 million for increases in banking fees related to higher credit card processing fees. (The division is exploring ways to reduce this cost such as implementing a convenience fee when developers use credit cards.)
- \$0.3 million of one-time funding for a comprehensive Shade and Tree Master Plan. (Implementation of the plan is included in the Capital Improvement Plan (CIP).)
- \$0.2 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 2023/24.
- \$0.1 million of one-time funding to update or draft a new Character Area Plan.
- \$0.1 million for a 2 percent financial participation agreement increase with Scottsdale Arts for wages to remain competitive.

Community Services:

- \$0.4 million of one-time funding for the removal and disposal of organic waste material from WestWorld.
- \$0.4 million for an annual one-time contract labor request for events and custodial services at WestWorld.
- \$0.3 million of one-time funding to purchase equipment to maintain the WestWorld Sports Complex.
- \$0.3 million one-time funding to repair and replace aging portable horse stalls and material at WestWorld.
- \$0.2 million to increase the feed and bedding inventory at WestWorld.
- \$0.2 million of one-time funding to replace critical library infrastructure technology needs at Mustang and Civic Center Libraries.
- \$0.2 million of one-time funding to complete the Indian School Master Plan and begin the Cactus pool and Parks and Recreation master plans.
- \$0.1 million for equipment rentals at WestWorld to allow for faster response to equipment replacements on the weekends.
- \$0.1 million of one-time funding for replacing the WestWorld Equidome footing.

Public Safety - Fire:

- \$1.3 million of mostly one-time funding for overtime to provide backfill of 21 Firefighters while they attend paramedic training/certification
- \$0.4 million for various contract increases.
- \$0.3 million of one-time funding to purchase hazardous material equipment and ladder extrication equipment.
- \$0.3 million of one-time funding for overtime to provide backfill while sworn staff attend specialty teams training.
- \$0.2 million of one-time funding to contract for landscaping for fuel mitigation.

- \$0.1 million to reclassify seven Firefighter positions to two Fire Captains and five Fire Engineers to properly align the needs within the division and decrease the impacts of mandatory hold overs on the workforce.

Public Safety - Police:

- \$1.0 million for overtime for special events which will be reimbursed by the vendors.
- \$0.8 million contract increases for photo enforcement, leased vehicles, Maricopa County Jail services, and municipal security.
- \$0.4 million to continue a grant funded initiative for electronic citation (e-citation) and electronic collision (e-collision) platforms to increase efficiency in enforcing traffic-related violations and vehicular safety.

Public Works:

- \$1.0 million of one-time funding to paint the public art wall 'The Path Most Traveled' on the Arizona State Loop 101.
- \$0.2 million to paint the exterior of selected city facilities.
- \$0.2 million of one-time funding to purchase 24 cooling tower controllers for the Cooling Tower Water Reduction Project.
- \$0.1 million to cover Facilities Management price increases for parts, equipment, materials, and contractual services due to inflation.
- \$0.1 million for a contract increase in maintaining the city's automatic gates inventory.
- \$0.1 million to contract for land surveying, mapping, and compiling GIS data.

GENERAL FUND ENDING BALANCE

The FY 2023/24 budget includes the following:

Emergency Reserve – The Emergency Reserve was new beginning in FY 2022/23. The reserve was added 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 2023/24 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 2023/24 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 2023/24 General Fund Innovation Initiatives designation is \$0.5 million.

Operating Contingency – Operating Contingency includes \$15.0 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.

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 2023/24 General Fund Operating Reserve is \$75.1 million.

PSPRS Pension Liabilities – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The FY 2023/24 PSPRS Pension Liabilities fund balance designation is \$82.4 million. FY 2023/24 includes a \$10.0 million payment to the PSPRS to pay down the Police unfunded liability.

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 2023/24 fund balance designation is \$14.6 million with a second payment of \$7.3 million expected in FY 2025/26.

Undesignated, Unreserved Fund Balance – Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2023/24 ending undesignated, unreserved 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, the majority 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 \$52.0 million.

Uses total about \$66.1 million of which \$32.3 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, \$15.5 million is dedicated for transportation capital projects per the Budget Governing Guidance (Appendix A to the adopted Financial Policies) (50 percent of the 1990 (0.2 percent) transportation sales tax revenue) and \$18.3 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 \$59.9 million. Approximately \$35.4 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, 2024, is expected to be \$131.1 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 \$35.0 million, annual uses of \$43.4 million, which includes Council approved one-time use of fund balance for Tourism related capital projects, and a projected June 30, 2024 ending fund balance of \$10.2 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 \$2.2 million, annual uses of \$1.6 million and a projected June 30, 2024 ending fund balance of \$5.4 million.

DEBT SERVICE FUND

The Debt Service Fund is designated for payment of long-term debt. Total sources are \$89.8 million for FY 2023/24.

The \$91.5 million budget for debt service payments in FY 2023/24 is approximately \$4.2 million more than the FY 2022/23 Adopted Budget primarily due to the second GO Bonds issuance for the Bond 2019 program.

ENTERPRISE FUNDS

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

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

- Operating cost increases for raw water to include Tier 2a Drought Contingency Plan (DCP) drought pricing, put in place by Central Arizona Project (CAP)
- Increasing actions and costs required for drought preparedness through enhancement of conservation measures and messaging
- Additional staff to support conservation efforts and compliance
- Increasing costs for replacing and repairing aging infrastructure
- New groundwater treatment operating costs to improve the reliability and water quality of south Scottsdale wells
- 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 base fee and commodity rate changes are forecasted to generate an annual revenue increase of approximately \$4.8 million or 4.2 percent, and effective November 1, 2023.

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

- Operating cost increases related to ongoing supply challenges and systemwide operations
- Increasing cost for replacing and repairing aging infrastructure
- Maintenance cost increases of system infrastructure due to increased system demand
- 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. Adjustments to volumetric rates are proposed to generate sufficient revenues to maintain the Sewer Fund as a self- sustaining enterprise.

Overall, the base fee and volumetric rate changes are forecasted to generate an annual revenue increase of approximately \$2.7 million or 5.8 percent, and effective July 13, 2023.

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, 2023 and are expected to generate approximately \$2.5 million in additional revenue. Revenue requirements for the Solid Waste Fund for FY 2023/24 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 \$33.2 million, annual uses are expected to be \$35.1 million, and ending fund balance is projected to be \$8.0 million by June 30, 2024.

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 \$9.7 million, annual uses are expected to be \$6.1 million, and ending fund balance is projected to be \$14.0 million by June 30, 2024.

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 of the city’s vehicles, equipment, and other rolling stock. User divisions are assessed maintenance and operation costs (\$9.3 million), acquisition costs (\$14.3 million), and fuel costs (\$6.4 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 \$9.5 million estimated on June 30, 2024, 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 2023/24, user divisions are assessed estimated costs of \$0.9 million, leaving an estimated ending fund balance of \$1.6 million on June 30, 2024.

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 \$16.5 million. The estimated ending fund balance on June 30, 2024, of about \$28.5 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 \$39.2 million in healthcare costs is shared by the city, its employees and public safety disabled retirees. For FY 2023/24, there was a \$0.9 million increase in uses compared to the FY 2022/23 adopted budget due to rising healthcare costs.

The estimated ending fund balance on June 30, 2024 of \$19.8 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) an undesignated, unreserved fund balance which accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, the undesignated, unreserved 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 \$23.8 million total grants are three larger grants – Housing Choice Voucher Program (previously Section 8 Housing Grant) at \$7.0 million, the Home Grant at \$2.1 million, and the Community Development Block Grant (CDBG) at \$1.7 million (plus \$0.7 million for the Rehab Revolving Loan). In addition to numerous identified smaller grants, the city includes \$8.1 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 355 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources are estimated at \$0.5 million

and uses are estimated at \$0.6 million for FY 2023/24. 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 \$1.4 billion capital budget highlights by program, along with some notable examples in each capital program area:

Community Facilities (*\$144.8 million*) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 10.6 percent of the CIP addresses the needs of this program. Significant Community Facilities projects include the WestWorld Tent Refurbishment; Pinnacle Peak Trail Enhancements; 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 (*\$38.1 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 2.8 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 (*\$71.0 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 5.2 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include commencement of construction of the Rawhide Wash project in conjunction with the Maricopa County Flood Control District and the City of Phoenix; and the reduction in the size of the Reata Wash Floodplain.

Public Safety (*\$100.6 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 7.3 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; upgrades to Security Cameras and Access Control; and various Bond 2019 program projects. Some examples are the 38-Build a New Fire Department Training Facility; 26 - Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility; and the 27 - Modernize and Expand the Police and Fire Training Facility.

Service Facilities (*\$137.0 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 10.0 percent of the CIP addresses this program. Service Facilities projects include Facilities Upgrade and Replacement Program; Network and Server Infrastructure Replacement Program; an Information Technology Security Program; an Enterprise Resource Planning System; modernization of the City Hall Kiva; 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 (*\$427.7 million*) – addresses multi-modal transportation needs. Approximately 31.2 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include various pedestrian improvements; the construction of Pima Road: Las Piedras to Stagecoach Pass; Rehabilitate Runway 03/21 Pavement - Design/Construct; the construction of Hayden

Road / Miller Road: Pinnacle Peak Road to Happy Valley Road; Arizona State Route 101 Traffic Interchanges; and pavement overlay improvements.

Water Management (*\$449.8 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 32.9 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the construction of water transmission lines along Rio Verde Drive, 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 2023/24, the budget assumes the General Fund will transfer a total of \$68.5 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

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July 1, 2023

Fiscal Year 2023/242 Final Budget Transmittal

Honorable Mayor and City Council:

Scottsdale's Fiscal Year 2023/24 Budget and supporting documents are provided here. 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 the outstanding quality of life that is the foundation of Scottsdale's sterling reputation.

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.

Several adjustments in the Capital Improvement Plan were made between the proposed budget release and this final budget, most notably:

- Two new projects approved by City Council March 21 – Pima Road Sound Wall (\$6.0 million) and Railroad Park Ramada (\$300,000) – were added.
- Removed additional funding not necessary for two Bond 2019 projects – Install Parasol Solar Shade Structure at City Hall Parking Lot (\$1.2 million) and Install Solar Systems at Civic Center Campus (\$900,000).
- Removed additional funding Build Roadway and Pedestrian Improvements along 2nd Street from Drinkwater Boulevard to Goldwater Boulevard (\$14.0 million) per Council direction received April 13.
- Two capital projects funded by the Tourism Development Fund, the WestWorld Tent Refurbishment (\$3.5 million) and WestWorld Polo Field Lighting for Soccer Fields (\$900,000), were moved forward from FY 2024/25 to this fiscal year in an effort to complete them sooner.

- \$2.1 million for the Downtown Main Street Streetscape & Pedestrian Improvements project was moved back from this fiscal year to FY 2024/25 so that concerns about parking can be addressed prior to commencing the streetscape project (General Fund).
- \$1.4 million for the Energy Performance Project (Phase II) was moved back from this fiscal year to FY 2024/25 to align with delays caused by procurement issues (General Fund).

A full summary of the key priorities and programs funded in Fiscal Year 2023/24 Budget is provided in the “Proposed Budget Transmittal” that follows this cover letter.

With these financial tools in hand, your leadership team and city staff look forward once again to providing Simply Better Service for a World-Class Community in Fiscal Year 2023/24.

Sincerely,

Jim Thompson

Jim Thompson

City Manager

ORDINANCE NO. 4602

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, 2023, AND ENDING JUNE 30, 2024, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE; RECOGNIZING CONDITIONS ON TRANSFERS OF BUDGETED MONIES; ADOPTING A ONE-TIME WAIVER OF THE \$600,000 PER COMMITMENT RESTRICTION OF FINANCIAL POLICY 10.02 FOR FIVE PROJECTS; ADOPTING THE FINAL FY 2023/2024 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 16, 2023, make a budget estimate of the different amounts required to meet the public expenses for the fiscal year beginning July 1, 2023, and ending June 30, 2024 ("Fiscal Year 2023/2024"), 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 13, 2023, 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 2023/2024;

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 27, 2023 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, City Council-adopted Financial Policy 10.02 (as adopted through Ordinance No. 4534) sets forth the allocation of City bed tax revenues as prescribed by state law, City elections, and City ordinance and, as relevant to this Resolution, limits the use of the balance of remaining bed tax revenues to one-time commitments not to exceed \$600,000 per commitment

unless otherwise approved by City Council for tourism-related operating expenses and capital projects;

WHEREAS, City staff and the Tourism Development Commission recommend that for five tourism-related capital projects, the City Council approve a one-time waiver of the maximum \$600,000 per commitment restriction in Financial Policy 10.02;

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; 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 2023/2024:

Schedule A, Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2023/2024

Schedule B, Summary of Property Tax Levy and Property Tax Rate Information Fiscal Year 2023/2024

Schedule C, Summary by Fund of Revenues Other than Property Taxes Fiscal Year 2023/2024

Schedule D, Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers Fiscal Year 2023/2024

Schedule E, Summary by Division of Expenditures/Expenses Within Each Fund Type Fiscal Year 2023/2024

Schedule F, Summary by Division of Expenditures/Expenses Fiscal Year 2023/2024

Schedule G, Full-Time Employees and Personnel Compensation Fiscal Year 2023/2024

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. The City Council hereby approves a one-time waiver of the maximum \$600,000 per commitment restriction in Financial Policy 10.02 for each of the following tourism-related capital projects (including operating expenses) that otherwise comply with such Financial Policy, up to the following amounts:

- a. Art Wall on Arizona State Route 101 (\$1.0 million)
- b. WestWorld Polo Field Lighting (\$1.3 million)
- c. Scottsdale Stadium – First Base Event Plaza (\$1.5 million)
- d. Scottsdale Stadium – Amenities and Access for Day Park in Left Field Berm (\$1.9 million)
- e. WestWorld Tent Refurbishment (\$3.5 million)

Section 7. Pursuant to Sections 14-20 through 14-24 of the Scottsdale Revised Code, the City Council hereby adopts the Final FY 2023/2024 City Classification Plan and Job Classification Pay Table, which are on file with, and available for review at, the Office of the City Clerk.

Section 8. Further, all to become effective July 1, 2023, the City Council hereby (i) authorizes a five percent step program for sworn Police personnel, a two percent salary 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 2023/2024 Final Budget and the Final FY 2023/2024 Job Classification Plan and Pay Table, (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 two 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 two percent salary market adjustment for all other Charter Officers.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 13th day of June, 2023.

ATTEST:

for *Cathleen Burtowicz, Deputy*
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

CITY OF SCOTTSDALE
 Summary Schedule of Estimated Revenues and Expenditures/Expenses
 Fiscal Year 2023/2024
 Schedule A

Fiscal Year				FUNDS							
		SCH		General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Grants & Special Districts Funds	Enterprise Funds	Internal Service Funds	Total All Funds
2023	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	\$479,024,087	\$72,550,409	\$95,646,873	\$1,121,620,572	\$37,437,058	\$259,657,518	\$46,051,765	\$2,111,988,282
2023	Actual Expenditures/Expenses**	E	2	\$333,039,605	\$60,929,341	\$87,222,000	\$1,066,898,613	\$31,820,188	\$169,397,924	\$9,882,962	\$1,759,190,633
2024	Fund Balance/Net Position at July 1		3	\$242,156,388	\$188,143,640	\$8,668,474	\$369,638,669	\$39,980	\$97,884,834	\$57,804,437	\$964,336,422
2024	Primary Property Tax Levy	B	4	\$37,096,462	\$0	\$0	\$0	\$0	\$0	\$2,201,944	\$39,298,406
2024	Secondary Property Tax Levy	B	5	\$0	\$0	\$35,591,731	\$0	\$0	\$0	\$0	\$35,591,731
2024	Estimated Revenues Other than Property Taxes	C	6	\$381,769,223	\$168,560,659	\$0	\$1,150,878,158	\$24,333,626	\$244,270,943	\$17,927,379	\$1,987,739,988
2024	Other Financing Sources	D	7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	Other Financing (Uses)	D	8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	Interfund Transfers In	D	9	\$17,152,136	\$63,689	\$54,102,524	\$182,943,979	\$0	\$8,318,156	\$170,038	\$262,750,522
2024	Interfund Transfers (Out)	D	10	\$81,017,973	\$99,186,078	\$0	\$5,763,028	\$31,450	\$68,086,324	\$8,665,669	\$262,750,522
2024	Line:11: Reduction for Fund Balance Reserved for Future Budget Year Expenditures										
	Maintained for Future Debt Retirement										
	Maintained for Future Capital Projects		11								
	Maintained for Future Financial Stability										
2024	Total Financial Resources Available ***		12	\$661,022,073	\$356,704,299	\$44,260,205	\$1,520,516,827	\$24,373,606	\$342,155,777	\$77,933,760	\$3,026,966,547
2024	Budgeted Expenditures/Expenses	E	13	\$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

Expenditure Limitation Comparison

	2022/2023	2023/2024
1. Budgeted expenditures/expenses	\$2,111,988,282	\$2,533,270,561
2. Add/subtract : estimated net reconciling items	-	-
3. Budgeted expenditures/expenses adjusted for reconciling items	2,111,988,282	2,533,270,561
4. Less: estimated exclusions	(1,622,259,688)	(1,951,267,847)
5. Amount subject to the expenditure limitation	489,728,594	582,002,714
6. EEC expenditure limitation	\$542,507,696	\$585,825,862

*Includes expenditure adjustments approved in FY 2022/2023 from Schedule E.

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

***Updated to capture correct summation of totals above.

CITY OF SCOTTSDALE
Summary of Property Tax Levy and Property Tax Rate Information
Fiscal Year 2023/2024
Schedule B

	Fiscal Year 2022/2023	Fiscal Year 2023/2024
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	36,425,125	39,381,406
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	36,421,125	39,298,406
<u>Property tax judgment</u>	-	-
B. Secondary property taxes	30,055,758	35,591,731
<u>Property tax judgment</u>	-	-
C. Total property tax levy amounts	<u>66,476,883</u>	<u>74,890,137</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) 2022/2023 levy	35,943,544	
(2) Prior years' levies	547,364	
(3) Total primary property taxes	<u>36,490,908</u>	
B. Secondary property taxes		
(1) 2022/2023 levy	29,700,220	
(2) Prior years' levies	452,288	
(3) Total secondary property taxes	<u>30,152,507</u>	
C. Total property taxes collected	<u>66,643,415</u>	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate	0.4970	0.5150
<u>Property tax judgement</u>		
(2) Secondary property tax rate	0.4101	0.4664
<u>Property tax judgement</u>		
(3) Total city tax rate	<u>0.9071</u>	<u>0.9814</u>
B. Special assessment district tax rates		

Special Assessment District Tax Rates - As of the date the final budget was prepared, the city was operating 355 special assessment districts (streetlight improvement districts) for which property taxes are levied. The proposed streetlight property tax levy for fiscal year 2023/24 is \$494,979. On February 14, 2023 the Scottsdale City Council formed two new streetlight improvement districts. These new districts are waiting to become official from the State of Arizona and Maricopa County and are therefore not included in the streetlight improvement districts levy. For information pertaining to special assessment districts and their tax rates/levy, please contact the City of Scottsdale City Treasurer Division.

*Includes actual property taxes collected as of the date the final 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 2023/2024
Schedule C

Source of Revenues	Budgeted Revenues 2022/2023	Actual Revenues 2022/2023*	Adopted Revenues 2023/2024
GENERAL FUND**			
TAXES - LOCAL			
AUTOMOTIVE	\$23,353,378	\$23,353,378	\$21,114,227
CONSTRUCTION	\$14,182,606	\$14,182,606	\$14,581,826
DINING/ENTERTNMNT	\$15,048,073	\$15,048,073	\$17,306,181
FOOD STORES	\$10,025,531	\$10,025,531	\$11,319,269
HOTEL/MOTEL	\$8,750,444	\$8,750,444	\$10,631,687
MAJOR DEPT STORES	\$12,897,888	\$12,897,888	\$12,813,553
MISC RETAIL STORES	\$38,805,675	\$38,805,675	\$39,984,959
OTHER ACTIVITY	\$20,771,393	\$20,771,393	\$23,500,005
RENTAL	\$20,626,422	\$20,626,422	\$25,342,507
UTILITIES	\$5,650,928	\$5,650,928	\$5,893,665
ELECTRIC & GAS FRANCHISE	\$8,454,833	\$8,454,833	\$9,106,540
CABLE TV LICENSE FEE	\$3,800,000	\$3,800,000	\$3,700,000
SALT RIVER PROJECT IN LIEU	\$220,000	\$220,000	\$200,000
STORMWATER FEE	\$946,580	\$946,580	\$960,198
TOTAL TAXES - LOCAL	\$183,533,751	\$183,533,751	\$196,454,617
STATE SHARED REVENUES			
STATE SHARED SALES TAX	\$35,088,377	\$35,088,377	\$36,543,806
STATE SHARED INCOME TAX	\$46,439,631	\$46,439,631	\$65,098,126
AUTO LIEU TAX	\$12,282,914	\$12,282,914	\$12,436,288
TOTAL STATE SHARED REVENUES	\$93,810,922	\$93,810,922	\$114,078,220
CHARGES FOR SERVICE/OTHER			
WESTWORLD EQUESTRIAN FACILITY FEES	\$5,405,782	\$5,405,782	\$5,929,574
INTERGOVERNMENTAL AGREEMENTS	\$4,327,431	\$4,327,431	\$4,168,669
MISCELLANEOUS	\$1,504,340	\$1,504,340	\$1,006,918
PROPERTY RENTAL	\$3,960,794	\$3,960,794	\$5,427,428
TOTAL CHARGES FOR SERVICE/OTHER	\$15,198,347	\$15,198,347	\$16,532,589
LICENSE PERMITS & FEES			
BUSINESS & LIQUOR LICENSES	\$1,788,516	\$1,788,516	\$2,802,228
FIRE CHARGES FOR SERVICES	\$2,266,364	\$2,266,364	\$2,736,729
RECREATION FEES	\$4,720,736	\$4,720,736	\$5,205,367
TOTAL LICENSE PERMITS & FEES	\$8,775,616	\$8,775,616	\$10,744,324

Source of Revenues	Budgeted Revenues 2022/2023	Actual Revenues 2022/2023*	Adopted Revenues 2023/2024
FINES FEES & FORFEITURES			
COURT FINES	\$4,165,213	\$4,165,213	\$4,053,645
LIBRARY	\$19,260	\$19,260	\$27,204
PARKING FINES	\$287,409	\$287,409	\$263,700
PHOTO RADAR	\$2,590,337	\$2,590,337	\$2,641,329
JAIL DORMITORY	\$137,098	\$137,098	\$144,000
TOTAL FINES FEES & FORFEITURES	\$7,199,317	\$7,199,317	\$7,129,878
INTEREST EARNINGS			
INTEREST EARNINGS	\$1,935,739	\$1,935,739	\$8,212,914
TOTAL INTEREST EARNINGS	\$1,935,739	\$1,935,739	\$8,212,914
BUILDING PERMIT FEES & CHARGES			
BUILDING & RELATED PERMITS	\$18,089,810	\$18,089,810	\$20,400,907
TOTAL BUILDING PERMIT FEES & CHARGES	\$18,089,810	\$18,089,810	\$20,400,907
INDIRECT/DIRECT COST ALLOCATIONS			
INDIRECT COSTS	\$6,755,168	\$6,755,168	\$7,796,474
DIRECT COST ALLOCATION (FIRE)	\$446,810	\$446,810	\$419,300
TOTAL INDIRECT/DIRECT COST ALLOCATIONS	\$7,201,978	\$7,201,978	\$8,215,774
TOTAL GENERAL FUND**	\$335,745,480	\$335,745,480	\$381,769,223
SPECIAL REVENUE FUNDS			
PRESERVATION FUNDS			
AUTOMOTIVE	\$7,430,621	\$7,430,621	\$6,718,161
CONSTRUCTION	\$4,512,648	\$4,512,648	\$4,639,673
DINING/ENTERTNMNT	\$4,788,023	\$4,788,023	\$5,506,511
FOOD STORES	\$3,189,942	\$3,189,942	\$3,601,586
HOTEL/MOTEL	\$2,784,232	\$2,784,232	\$3,382,809
MAJOR DEPT STORES	\$4,103,874	\$4,103,874	\$4,077,037
MISC RETAIL STORES	\$12,347,260	\$12,347,260	\$12,722,486
OTHER ACTIVITY	\$5,845,472	\$5,845,472	\$6,648,668
RENTAL	\$6,562,953	\$6,562,953	\$8,063,526
UTILITIES	\$1,798,022	\$1,798,022	\$1,875,258
INTEREST EARNINGS	\$428,454	\$428,454	\$2,234,571
TOTAL PRESERVATION FUNDS	\$53,791,501	\$53,791,501	\$59,470,286

Source of Revenues	Budgeted Revenues 2022/2023	Actual Revenues 2022/2023*	Adopted Revenues 2023/2024
TRANSPORTATION FUND			
AUTOMOTIVE	\$4,015,847	\$4,015,847	\$3,630,801
CONSTRUCTION	\$2,438,841	\$2,438,841	\$2,507,492
DINING/ENTERTNMNT	\$2,587,667	\$2,587,667	\$2,975,970
FOOD STORES	\$1,723,990	\$1,723,990	\$1,946,462
HOTEL/MOTEL	\$1,504,726	\$1,504,726	\$1,828,225
MAJOR DEPT STORES	\$2,217,921	\$2,217,921	\$2,203,418
MISC RETAIL STORES	\$6,673,024	\$6,673,024	\$6,875,814
OTHER ACTIVITY	\$3,159,160	\$3,159,160	\$3,593,243
RENTAL	\$3,546,920	\$3,546,920	\$4,357,899
UTILITIES	\$971,734	\$971,734	\$1,013,475
HIGHWAY USER TAX	\$18,648,000	\$18,648,000	\$18,848,335
LOCAL TRANSPORTATION ASSISTANCE FUND	\$640,000	\$640,000	\$610,000
INTERGOVERNMENTAL AGREEMENTS	\$90,000	\$90,000	\$87,800
MISCELLANEOUS	\$23,430	\$23,430	\$21,200
PROPERTY RENTAL	\$5,844	\$5,844	\$5,844
INTEREST EARNINGS	\$244,760	\$244,760	\$1,522,193
TOTAL TRANSPORTATION FUND	\$48,491,864	\$48,491,864	\$52,028,171
TOURISM DEVELOPMENT FUND			
TRANSIENT OCCUPANCY TAX	\$25,000,000	\$25,000,000	\$31,448,488
MISCELLANEOUS	\$25,000	\$25,000	\$25,000
PROPERTY RENTAL	\$2,519,163	\$2,519,163	\$3,066,671
INTEREST EARNINGS	\$59,080	\$59,080	\$504,510
TOTAL TOURISM DEVELOPMENT FUND	\$27,603,243	\$27,603,243	\$35,044,669
SPECIAL PROGRAMS FUND			
ELECTRIC & GAS FRANCHISE	\$262,000	\$262,000	\$262,000
STORMWATER FEE - CIP	\$5,410,100	\$5,410,100	\$6,721,382
WESTWORLD EQUESTRIAN FACILITY FEES	\$200,000	\$200,000	\$1,223,354
INTERGOVERNMENTAL AGREEMENTS	\$203,937	\$203,937	\$1,115,540
MISCELLANEOUS	\$4,343,473	\$4,343,473	\$4,113,088
PROPERTY RENTAL	\$337,717	\$337,717	\$365,153
CONTRIBUTIONS & DONATIONS	\$479,679	\$479,679	\$704,051
BUSINESS & LIQUOR LICENSES	\$50,160	\$50,160	\$50,160
RECREATION FEES	\$2,641,373	\$2,641,373	\$3,045,528
COURT FINES	\$1,814,552	\$1,814,552	\$1,860,508
LIBRARY	\$80,000	\$80,000	\$115,000
POLICE FEES	\$95,400	\$95,400	\$95,400
INTEREST EARNINGS	\$55,109	\$55,109	\$84,888
BUILDING & RELATED PERMITS	\$71,000	\$71,000	\$77,320
TOTAL SPECIAL PROGRAMS FUND	\$16,044,500	\$16,044,500	\$19,833,372

Source of Revenues	Budgeted Revenues 2022/2023	Actual Revenues 2022/2023*	Adopted Revenues 2023/2024
STADIUM FACILITY FUND			
MISCELLANEOUS	\$275,913	\$275,913	\$282,066
PROPERTY RENTAL	\$565,420	\$565,420	\$1,042,848
CONTRIBUTIONS & DONATIONS	\$576,450	\$576,450	\$725,000
INTEREST EARNINGS	\$19,362	\$19,362	\$134,247
TOTAL STADIUM FACILITY FUND	\$1,437,145	\$1,437,145	\$2,184,161
TOTAL SPECIAL REVENUE FUNDS	\$147,368,253	\$147,368,253	\$168,560,659
GRANTS & SPECIAL DISTRICTS FUNDS			
SPECIAL DISTRICTS FUND			
STREETLIGHT DISTRICTS	\$552,218	\$552,218	\$538,728
TOTAL SPECIAL DISTRICTS FUND	\$552,218	\$552,218	\$538,728
GRANT FUNDS			
MISCELLANEOUS	\$0	\$0	\$582,000
PROPERTY RENTAL	\$62,674	\$62,674	\$64,200
CONTRIBUTIONS & DONATIONS	\$2,844,126	\$2,844,126	\$3,259,390
FEDERAL GRANTS	\$33,775,598	\$33,775,598	\$19,589,308
STATE GRANTS	\$262,000	\$262,000	\$300,000
TOTAL GRANT FUNDS	\$36,944,398	\$36,944,398	\$23,794,898
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$37,496,616	\$37,496,616	\$24,333,626
CAPITAL IMPROVEMENT PROJECT FUNDS			
ESTIMATED UNEXPENDED PRIOR YEAR	\$810,698,689	\$810,698,689	\$1,006,533,095
AUTOMOTIVE	\$2,123,034	\$2,123,034	\$1,919,476
CONSTRUCTION	\$1,289,328	\$1,289,328	\$1,325,620
DINING/ENTERTNMNT	\$1,368,007	\$1,368,007	\$1,573,291
FOOD STORES	\$911,412	\$911,412	\$1,029,025
HOTEL/MOTEL	\$795,495	\$795,495	\$966,518
MAJOR DEPT STORES	\$1,172,535	\$1,172,535	\$1,164,869
MISC RETAIL STORES	\$3,527,789	\$3,527,789	\$3,634,995
OTHER ACTIVITY	\$1,670,135	\$1,670,135	\$1,899,620
RENTAL	\$1,875,129	\$1,875,129	\$2,303,864
UTILITIES	\$513,721	\$513,721	\$535,787
OTHER WATER REVENUE	\$2,750,000	\$2,750,000	\$2,750,000
OTHER WATER RECLAMATION REVENUE	\$2,650,000	\$2,650,000	\$2,650,000
NON-POTABLE WATER SERVICE CHARGES	\$2,100,000	\$2,100,000	\$2,100,000
INTERGOVERNMENTAL AGREEMENTS	\$36,846,081	\$36,846,081	\$110,082,462
MISCELLANEOUS	\$3,930	\$3,930	\$1,491,000
INTEREST EARNINGS	\$1,360,329	\$1,360,329	\$4,731,141
BUILDING & RELATED PERMITS	\$65,000	\$65,000	\$65,000
FEDERAL GRANTS	\$9,764,737	\$9,764,737	\$4,122,395
BOND PROCEEDS	\$120,000,000	\$120,000,000	\$0
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	\$1,001,485,351	\$1,001,485,351	\$1,150,878,158

Source of Revenues	Budgeted Revenues 2022/2023	Actual Revenues 2022/2023*	Adopted Revenues 2023/2024
ENTERPRISE FUNDS			
AVIATION FUND			
JET FUEL	\$179,000	\$179,000	\$223,000
AIRPORT FEES	\$7,918,961	\$7,918,961	\$9,174,872
PROPERTY RENTAL	\$182,624	\$182,624	\$188,586
INTEREST EARNINGS	\$31,278	\$31,278	\$162,396
TOTAL AVIATION FUND	\$8,311,863	\$8,311,863	\$9,748,854
WATER & WATER RECLAMATION FUNDS			
STORMWATER FEE	\$339,099	\$339,099	\$340,527
WATER SERVICE FEES	\$118,576,492	\$118,576,492	\$123,359,867
SEWER SERVICE FEES	\$45,995,649	\$48,337,011	\$51,636,995
NON-POTABLE WATER SERVICE CHARGES	\$15,406,758	\$15,406,758	\$16,905,462
MISCELLANEOUS	\$1,373,916	\$1,373,916	\$4,432,368
PROPERTY RENTAL	\$209,861	\$209,861	\$210,188
CONTRIBUTIONS & DONATIONS	\$5,550	\$5,550	\$5,550
INTEREST EARNINGS	\$780,451	\$780,451	\$3,648,499
INDIRECT COSTS	\$921,000	\$921,000	\$801,903
TOTAL WATER & WATER RECLAMATION FUNDS	\$183,608,776	\$185,950,138	\$201,341,359
SOLID WASTE FUND			
SOLID WASTE SERVICE CHARGES - COMMERCIAL	\$3,500,332	\$3,500,332	\$4,046,242
SOLID WASTE SERVICE CHARGES - RESIDENTIAL	\$26,916,208	\$26,916,208	\$28,878,985
INTEREST EARNINGS	\$50,144	\$50,144	\$255,503
TOTAL SOLID WASTE FUND	\$30,466,684	\$30,466,684	\$33,180,730
TOTAL ENTERPRISE FUNDS	\$222,387,323	\$224,728,685	\$244,270,943
INTERNAL SERVICE FUNDS			
FLEET MANAGEMENT FUND			
INTERNAL SERVICE OFFSETS	(\$29,060,988)	(\$29,060,988)	(\$22,750,676)
FUEL	\$5,183,460	\$5,183,460	\$6,351,853
MAINTENANCE & OPERATIONS	\$9,408,048	\$9,408,048	\$9,298,220
RENTAL RATES	\$14,469,480	\$14,469,480	\$14,303,617
MISCELLANEOUS	\$456,157	\$456,157	\$468,951
REIMBURSEMENTS FROM OUTSIDE SOURCES	\$540,225	\$540,225	\$556,432
TOTAL FLEET MANAGEMENT FUND	\$996,382	\$996,382	\$8,228,397
PC REPLACEMENT FUND			
INTERNAL SERVICE OFFSETS	(\$750,000)	(\$750,000)	(\$850,000)
PC REPLACEMENT	\$750,000	\$750,000	\$850,000
TOTAL PC REPLACEMENT FUND	\$0	\$0	\$0

Source of Revenues	Budgeted Revenues 2022/2023	Actual Revenues 2022/2023*	Adopted Revenues 2023/2024
SELF INSURANCE FUNDS			
INTERNAL SERVICE OFFSETS	(\$44,437,569)	(\$44,437,569)	(\$46,752,224)
TOTAL SELF INSURANCE FUNDS	(\$44,437,569)	(\$44,437,569)	(\$46,752,224)
SELF INSURANCE FUNDS - HEALTH			
DISABLED RETIREE CONTRIBUTIONS	\$250,908	\$250,908	\$239,379
EMPLOYEE CONTRIBUTIONS - DENTAL	\$778,368	\$778,368	\$793,935
EMPLOYEE CONTRIBUTIONS - MEDICAL	\$8,247,684	\$8,247,684	\$7,599,568
EMPLOYER CONTRIBUTION - DENTAL	\$981,016	\$981,016	\$962,436
EMPLOYER CONTRIBUTION - MEDICAL	\$28,619,388	\$28,619,388	\$29,229,111
MISCELLANEOUS	\$284,000	\$284,000	\$251,100
TOTAL SELF INSURANCE FUNDS - HEALTH	\$39,161,364	\$39,161,364	\$39,075,529
SELF INSURANCE FUNDS - RISK			
SELF INSURANCE (PROPERTY AND WORKERS COMP)	\$15,437,357	\$15,437,357	\$16,508,600
UNEMPLOYMENT CLAIMS	\$49,597	\$49,597	\$52,077
MISCELLANEOUS	\$290,000	\$290,000	\$290,000
REIMBURSEMENTS FROM OUTSIDE SOURCES	\$575,000	\$575,000	\$525,000
TOTAL SELF INSURANCE FUNDS - RISK	\$16,351,954	\$16,351,954	\$17,375,677
TOTAL INTERNAL SERVICE FUNDS	\$12,072,131	\$12,072,131	\$17,927,379
TOTAL ALL FUNDS	\$1,756,555,154	\$1,758,896,516	\$1,987,739,988

*Includes budgeted revenues. Actual revenues will be reflected in the city's FY 2022/23 annual comprehensive financial report.

**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 2023/2024
Schedule D

Fund	Other Financing Sources/(Uses) 2023/2024	Adopted Interfund Transfers 2023/2024	
		IN	OUT
GENERAL FUND			
GENERAL FUND	\$0	\$17,152,136	\$81,017,973
TOTAL GENERAL FUND	\$0	\$17,152,136	\$81,017,973
GRANTS & SPECIAL DISTRICTS FUNDS			
GRANT FUNDS	\$0	\$0	\$31,450
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$0	\$0	\$31,450
SPECIAL REVENUE FUNDS			
PRESERVATION FUNDS	\$0	\$0	\$35,354,537
SPECIAL PROGRAMS FUND	\$0	\$63,689	\$7,982,969
STADIUM FACILITY FUND	\$0	\$0	\$660,000
TOURISM DEVELOPMENT FUND	\$0	\$0	\$21,350,538
TRANSPORTATION FUND	\$0	\$0	\$33,838,034
TOTAL SPECIAL REVENUE FUNDS	\$0	\$63,689	\$99,186,078
DEBT SERVICE FUNDS			
DEBT	\$0	\$54,102,524	\$0
TOTAL DEBT SERVICE FUNDS	\$0	\$54,102,524	\$0
CAPITAL IMPROVEMENT PROJECT FUNDS			
CAPITAL IMPROVEMENT PROGRAM	\$0	\$182,943,979	\$5,763,028
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	\$0	\$182,943,979	\$5,763,028
ENTERPRISE FUNDS			
AVIATION FUND	\$0	\$0	\$498,536
SOLID WASTE FUND	\$0	\$0	\$2,777,884
WATER & WATER RECLAMATION FUNDS	\$0	\$8,318,156	\$64,809,904
TOTAL ENTERPRISE FUNDS	\$0	\$8,318,156	\$68,086,324
INTERNAL SERVICE FUNDS			
FLEET MANAGEMENT FUND	\$0	\$0	\$8,636,120
SELF INSURANCE FUNDS - HEALTH	\$0	\$170,038	\$0
SELF INSURANCE FUNDS - RISK	\$0	\$0	\$29,549
TOTAL INTERNAL SERVICE FUNDS	\$0	\$170,038	\$8,665,669
TOTAL ALL FUNDS	\$0	\$262,750,522	\$262,750,522

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2023/2024
Schedule E

Fund/Divisions	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
GENERAL FUND				
MAYOR AND CITY COUNCIL	\$957,862	(\$4,991)	\$952,871	\$1,112,601
CITY ATTORNEY	\$8,301,331	(\$19,656)	\$8,281,675	\$8,589,399
CITY AUDITOR	\$1,289,532	\$145,298	\$1,434,830	\$1,313,021
CITY CLERK	\$1,287,756	\$902	\$1,288,658	\$1,103,865
CITY COURT	\$5,350,199	(\$295,567)	\$5,054,632	\$5,655,776
CITY MANAGER	\$1,966,670	\$47,839	\$2,014,509	\$2,228,807
CITY TREASURER	\$11,344,952	(\$515,559)	\$10,829,393	\$12,585,220
ADMINISTRATIVE SERVICES	\$22,828,349	(\$792,581)	\$22,035,768	\$25,956,820
COMMUNITY AND ECONOMIC DEVELOPMENT	\$26,080,389	(\$769,712)	\$25,310,677	\$26,455,848
COMMUNITY SERVICES	\$47,472,569	(\$1,856,678)	\$45,615,891	\$50,821,650
PUBLIC SAFETY - FIRE	\$55,619,254	(\$1,736,218)	\$53,883,036	\$64,767,849
PUBLIC SAFETY - POLICE	\$127,854,029	(\$2,067,216)	\$125,786,813	\$144,301,971
PUBLIC WORKS	\$24,355,438	(\$3,537,849)	\$20,817,589	\$28,329,379
CLASS AND COMP STUDY	\$0	\$0	\$0	\$6,818,554
DEBT SERVICE	\$431,315	\$0	\$431,315	\$452,103
ESTIMATED DIVISION SAVINGS	(\$7,350,000)	\$7,681,586	\$331,586	(\$9,000,000)
FUEL AND MAINT AND REPAIR	\$0	\$2,435,933	\$2,435,933	\$0
LEAVE ACCRUAL PAYMENTS	\$2,250,000	(\$1,751,064)	\$498,936	\$2,813,988
MARKET	\$0	\$130	\$130	\$0
PAY PROGRAM	\$0	\$2,301,454	\$2,301,454	\$0
UTILITIES	\$0	\$3,488,010	\$3,488,010	\$0
VACATION TRADE	\$1,298,293	(\$1,052,394)	\$245,899	\$1,105,014
CONTINGENCY / RESERVE APPROPRIATION	\$147,686,149	(\$3,344,932)	\$0	\$206,725,481
TOTAL GENERAL FUND	<u>\$479,024,087</u>	<u>(\$1,643,265)</u>	<u>\$333,039,605</u>	<u>\$582,137,346</u>
TOTAL GENERAL FUND	<u>\$479,024,087</u>	<u>(\$1,643,265)</u>	<u>\$333,039,605</u>	<u>\$582,137,346</u>
GRANTS & SPECIAL DISTRICTS FUNDS				
GRANT FUNDS				
MAYOR AND CITY COUNCIL	\$0	\$5,000	\$5,000	\$0
CITY MANAGER	\$865,128	\$40,000	\$905,128	\$865,128
COMMUNITY SERVICES	\$12,954,501	\$565,503	\$13,520,004	\$13,206,296
PUBLIC SAFETY - FIRE	\$6,289,101	\$972,168	\$7,261,269	\$560,505
PUBLIC SAFETY - POLICE	\$8,839,030	\$716,832	\$9,555,862	\$1,055,111
CONTINGENCY / RESERVE APPROPRIATION	\$8,409,258	(\$2,299,503)	\$0	\$8,076,408
TOTAL GRANT FUNDS	<u>\$37,357,018</u>	<u>\$0</u>	<u>\$31,247,263</u>	<u>\$23,763,448</u>
SPECIAL DISTRICTS FUND				
NON DIVISIONAL	\$572,925	\$0	\$572,925	\$578,708
TOTAL SPECIAL DISTRICTS FUND	<u>\$572,925</u>	<u>\$0</u>	<u>\$572,925</u>	<u>\$578,708</u>
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	<u>\$37,929,943</u>	<u>\$0</u>	<u>\$31,820,188</u>	<u>\$24,342,156</u>

Fund/Divisions	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
SPECIAL REVENUE FUNDS				
SPECIAL PROGRAMS FUND				
MAYOR AND CITY COUNCIL	\$48,000	\$0	\$48,000	\$231,000
CITY COURT	\$1,944,634	\$0	\$1,944,634	\$2,065,560
COMMUNITY AND ECONOMIC DEVELOPMENT	\$2,982,000	\$120,000	\$3,102,000	\$719,220
COMMUNITY SERVICES	\$3,396,627	(\$150,000)	\$3,246,627	\$4,389,994
PUBLIC SAFETY - FIRE	\$730,855	\$0	\$730,855	\$757,094
PUBLIC SAFETY - POLICE	\$3,614,717	\$21,792	\$3,636,509	\$3,942,212
PUBLIC WORKS	\$165,800	\$0	\$165,800	\$165,810
DEBT SERVICE	\$60,733	\$0	\$60,733	\$58,549
CONTINGENCY / RESERVE APPROPRIATION	\$1,500,000	\$0	\$0	\$1,500,000
TOTAL SPECIAL PROGRAMS FUND	\$14,443,366	(\$8,208)	\$12,935,158	\$13,829,439
TRANSPORTATION FUND				
CITY TREASURER	\$70,015	(\$279)	\$69,736	\$0
ADMINISTRATIVE SERVICES	\$18,800	\$0	\$18,800	\$18,800
COMMUNITY SERVICES	\$2,102,042	\$26	\$2,102,068	\$2,255,183
PUBLIC WORKS	\$26,982,350	(\$1,955,313)	\$25,027,037	\$29,894,026
CLASS AND COMP STUDY	\$0	\$0	\$0	\$248,635
ESTIMATED DIVISION SAVINGS	(\$360,000)	\$267,644	(\$92,356)	(\$360,000)
FUEL AND MAINT AND REPAIR	\$0	\$901,926	\$901,926	\$0
LEAVE ACCRUAL PAYMENTS	\$170,000	(\$29,454)	\$140,546	\$209,626
MARKET	\$0	\$256	\$256	\$0
PAY PROGRAM	\$0	\$113,206	\$113,206	\$0
UTILITIES	\$0	\$739,154	\$739,154	\$0
VACATION TRADE	\$45,921	(\$37,166)	\$8,755	\$39,025
CONTINGENCY / RESERVE APPROPRIATION	\$3,402,913	(\$250,000)	\$0	\$3,730,530
TOTAL TRANSPORTATION FUND	\$32,432,041	(\$250,000)	\$29,029,128	\$36,035,825
STADIUM FACILITY FUND				
COMMUNITY SERVICES	\$671,130	\$0	\$671,130	\$887,919
DEBT SERVICE	\$17,375	\$0	\$17,375	\$17,375
TOTAL STADIUM FACILITY FUND	\$688,505	\$0	\$688,505	\$905,294
TOURISM DEVELOPMENT FUND				
COMMUNITY AND ECONOMIC DEVELOPMENT	\$18,275,534	\$1,015	\$18,276,549	\$22,011,914
CLASS AND COMP STUDY	\$0	\$0	\$0	\$18,205
LEAVE ACCRUAL PAYMENTS	\$0	\$0	\$0	\$1,058
VACATION TRADE	\$1,016	(\$1,015)	\$1	\$5,046
CONTINGENCY / RESERVE APPROPRIATION	\$6,217,062	\$0	\$0	\$9,359,883
TOTAL TOURISM DEVELOPMENT FUND	\$24,493,612	\$0	\$18,276,550	\$31,396,106
TOTAL SPECIAL REVENUE FUNDS	\$72,057,524	(\$258,208)	\$60,929,341	\$82,166,664

Fund/Divisions	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
DEBT SERVICE FUNDS				
DEBT				
DEBT SERVICE	\$87,222,000	\$0	\$87,222,000	\$91,459,254
CONTINGENCY / RESERVE APPROPRIATION	\$8,424,873	\$0	\$0	\$6,968,475
TOTAL DEBT	\$95,646,873	\$0	\$87,222,000	\$98,427,729
TOTAL DEBT SERVICE FUNDS	\$95,646,873	\$0	\$87,222,000	\$98,427,729
ENTERPRISE FUNDS				
SOLID WASTE FUND				
CITY TREASURER	\$1,042,677	(\$49,965)	\$992,712	\$1,031,593
ADMINISTRATIVE SERVICES	\$8,000	\$0	\$8,000	\$8,000
PUBLIC WORKS	\$27,319,948	(\$2,342,943)	\$24,977,005	\$29,009,258
CLASS AND COMP STUDY	\$0	\$0	\$0	\$277,211
DEBT SERVICE	\$0	\$0	\$0	\$430,715
ESTIMATED DIVISION SAVINGS	(\$320,000)	\$0	(\$320,000)	(\$325,000)
FUEL AND MAINT AND REPAIR	\$0	\$2,273,449	\$2,273,449	\$0
INDIRECT/DIRECT COST ALLOCATION	\$1,399,781	\$0	\$1,399,781	\$1,785,696
LEAVE ACCRUAL PAYMENTS	\$25,760	(\$13,760)	\$12,000	\$46,880
MARKET	\$0	\$491	\$491	\$0
PAY PROGRAM	\$0	\$155,290	\$155,290	\$0
UTILITIES	\$0	\$23,189	\$23,189	\$0
VACATION TRADE	\$47,621	(\$41,487)	\$6,134	\$43,561
CONTINGENCY / RESERVE APPROPRIATION	\$4,428,568	\$0	\$0	\$5,342,418
TOTAL SOLID WASTE FUND	\$33,952,355	\$4,264	\$29,528,051	\$37,650,332
WATER & WATER RECLAMATION FUNDS				
CITY TREASURER	\$2,495,042	(\$105,703)	\$2,389,339	\$2,605,385
ADMINISTRATIVE SERVICES	\$489,531	(\$777)	\$488,754	\$729,338
WATER RESOURCES	\$92,143,242	(\$540,502)	\$91,602,740	\$100,909,490
CLASS AND COMP STUDY	\$0	\$0	\$0	\$745,370
DEBT SERVICE	\$33,012,172	\$0	\$33,012,172	\$28,545,978
FUEL AND MAINT AND REPAIR	\$0	\$409,005	\$409,005	\$0
INDIRECT/DIRECT COST ALLOCATION	\$6,174,417	\$0	\$6,174,417	\$6,685,230
LEAVE ACCRUAL PAYMENTS	\$0	\$0	\$0	\$53,232
MARKET	\$0	\$624	\$624	\$0
PAY PROGRAM	\$0	\$302,236	\$302,236	\$0
VACATION TRADE	\$133,839	(\$64,883)	\$68,956	\$70,424
CONTINGENCY / RESERVE APPROPRIATION	\$78,292,593	\$0	\$0	\$82,160,525
TOTAL WATER & WATER RECLAMATION FUNDS	\$212,740,836	\$0	\$134,448,243	\$222,504,972

Fund/Divisions	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
AVIATION FUND				
COMMUNITY AND ECONOMIC DEVELOPMENT	\$3,145,716	(\$157,088)	\$2,988,628	\$3,315,174
CLASS AND COMP STUDY	\$0	\$0	\$0	\$47,878
DEBT SERVICE	\$1,719,244	\$0	\$1,719,244	\$1,722,244
FUEL AND MAINT AND REPAIR	\$0	\$42,838	\$42,838	\$0
INDIRECT/DIRECT COST ALLOCATION	\$548,776	\$0	\$548,776	\$546,752
LEAVE ACCRUAL PAYMENTS	\$0	\$0	\$0	\$3,493
MARKET	\$0	\$27	\$27	\$0
MARKET CATCH-UP	\$0	\$458	\$458	\$0
PAY PROGRAM	\$0	\$28,704	\$28,704	\$0
UTILITIES	\$0	\$85,061	\$85,061	\$0
VACATION TRADE	\$7,894	\$0	\$7,894	\$4,000
CONTINGENCY / RESERVE APPROPRIATION	\$7,542,697	\$0	\$0	\$8,742,938
TOTAL AVIATION FUND	\$12,964,327	\$0	\$5,421,630	\$14,382,479
TOTAL ENTERPRISE FUNDS	\$259,657,518	\$4,264	\$169,397,924	\$274,537,783
INTERNAL SERVICE FUNDS				
SELF INSURANCE FUNDS - RISK				
CITY ATTORNEY	\$14,782,364	(\$2,599)	\$14,779,765	\$17,559,732
ADMINISTRATIVE SERVICES	\$50,000	\$0	\$50,000	\$50,000
CLASS AND COMP STUDY	\$0	\$0	\$0	\$36,268
LEAVE ACCRUAL PAYMENTS	\$0	\$0	\$0	\$2,482
PAY PROGRAM	\$0	\$6,373	\$6,373	\$0
VACATION TRADE	\$4,801	(\$3,774)	\$1,027	\$3,963
CONTINGENCY / RESERVE APPROPRIATION	\$26,526,222	\$0	\$0	\$28,483,062
TOTAL SELF INSURANCE FUNDS - RISK	\$41,363,387	\$0	\$14,837,165	\$46,135,507
FLEET MANAGEMENT FUND				
PUBLIC WORKS	\$30,688,089	(\$800,833)	\$29,887,256	\$22,790,188
CLASS AND COMP STUDY	\$0	\$0	\$0	\$142,273
ESTIMATED DIVISION SAVINGS	(\$300,000)	\$429,010	\$129,010	(\$300,000)
FUEL AND MAINT AND REPAIR	\$0	\$129,769	\$129,769	\$0
INTERNAL SERVICE OFFSETS	(\$29,060,988)	\$0	(\$29,060,988)	(\$22,750,676)
LEAVE ACCRUAL PAYMENTS	\$90,000	(\$74,138)	\$15,862	\$111,959
MARKET	\$0	\$277	\$277	\$0
PAY PROGRAM	\$0	\$71,873	\$71,873	\$0
VACATION TRADE	\$19,094	(\$5,958)	\$13,136	\$6,256
CONTINGENCY / RESERVE APPROPRIATION	\$0	\$0	\$0	\$3,000,000
TOTAL FLEET MANAGEMENT FUND	\$1,436,195	(\$250,000)	\$1,186,195	\$3,000,000
PC REPLACEMENT FUND				
ADMINISTRATIVE SERVICES	\$730,342	\$0	\$730,342	\$768,170
INTERNAL SERVICE OFFSETS	(\$750,000)	\$0	(\$750,000)	(\$850,000)
CONTINGENCY / RESERVE APPROPRIATION	\$100,000	\$0	\$0	\$100,000
TOTAL PC REPLACEMENT FUND	\$80,342	\$0	(\$19,658)	\$18,170

Fund/Divisions	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
SELF INSURANCE FUNDS - HEALTH				
ADMINISTRATIVE SERVICES	\$38,316,829	(\$1,472)	\$38,315,357	\$39,220,582
CLASS AND COMP STUDY	\$0	\$0	\$0	\$3,359
PAY PROGRAM	\$0	\$1,472	\$1,472	\$0
CONTINGENCY / RESERVE APPROPRIATION	\$9,292,581	\$0	\$0	\$9,381,745
TOTAL SELF INSURANCE FUNDS - HEALTH	\$47,609,410	\$0	\$38,316,829	\$48,605,686
SELF INSURANCE FUNDS				
INTERNAL SERVICE OFFSETS	(\$44,437,569)	\$0	(\$44,437,569)	(\$46,752,224)
TOTAL SELF INSURANCE FUNDS	(\$44,437,569)	\$0	(\$44,437,569)	(\$46,752,224)
TOTAL INTERNAL SERVICE FUNDS	\$46,051,765	(\$250,000)	\$9,882,962	\$51,007,139
CAPITAL PROJECT FUNDS				
CAPITAL IMPROVEMENT PROGRAM				
CAPITAL PROJECTS	\$1,066,898,613	\$0	\$1,066,898,613	\$1,368,929,785
CONTINGENCY / RESERVE APPROPRIATION	\$54,721,959	\$0	\$0	\$51,721,959
TOTAL CAPITAL IMPROVEMENT PROGRAM	\$1,121,620,572	\$0	\$1,066,898,613	\$1,420,651,744
TOTAL CAPITAL PROJECT FUNDS	\$1,121,620,572	\$0	\$1,066,898,613	\$1,420,651,744
TOTAL ALL FUNDS	\$2,111,988,282	(\$2,147,209)	\$1,759,190,633	\$2,533,270,561

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

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses
Fiscal Year 2023/2024
Schedule F

Division/Fund	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
MAYOR AND CITY COUNCIL				
GENERAL FUND	\$957,862	(\$4,991)	\$952,871	\$1,112,601
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$0	\$5,000	\$5,000	\$0
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$48,000	\$0	\$48,000	\$231,000
TOTAL MAYOR AND CITY COUNCIL	\$1,005,862	\$9	\$1,005,871	\$1,343,601
CITY ATTORNEY				
GENERAL FUND	\$8,301,331	(\$19,656)	\$8,281,675	\$8,589,399
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	\$14,782,364	(\$2,599)	\$14,779,765	\$17,559,732
TOTAL CITY ATTORNEY	\$23,083,695	(\$22,255)	\$23,061,440	\$26,149,131
CITY AUDITOR				
GENERAL FUND	\$1,289,532	\$145,298	\$1,434,830	\$1,313,021
TOTAL CITY AUDITOR	\$1,289,532	\$145,298	\$1,434,830	\$1,313,021
CITY CLERK				
GENERAL FUND	\$1,287,756	\$902	\$1,288,658	\$1,103,865
TOTAL CITY CLERK	\$1,287,756	\$902	\$1,288,658	\$1,103,865
CITY COURT				
GENERAL FUND	\$5,350,199	(\$295,567)	\$5,054,632	\$5,655,776
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$1,944,634	\$0	\$1,944,634	\$2,065,560
TOTAL CITY COURT	\$7,294,833	(\$295,567)	\$6,999,266	\$7,721,336
CITY MANAGER				
GENERAL FUND	\$1,966,670	\$47,839	\$2,014,509	\$2,228,807
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$865,128	\$40,000	\$905,128	\$865,128
TOTAL CITY MANAGER	\$2,831,798	\$87,839	\$2,919,637	\$3,093,935
CITY TREASURER				
GENERAL FUND	\$11,344,952	(\$515,559)	\$10,829,393	\$12,585,220
SPECIAL REVENUE FUND - TRANSPORTATION	\$70,015	(\$279)	\$69,736	\$0
ENTERPRISE FUND - SOLID WASTE	\$1,042,677	(\$49,965)	\$992,712	\$1,031,593
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$2,495,042	(\$105,703)	\$2,389,339	\$2,605,385
TOTAL CITY TREASURER	\$14,952,686	(\$671,506)	\$14,281,180	\$16,222,198
ADMINISTRATIVE SERVICES				
GENERAL FUND	\$22,828,349	(\$792,581)	\$22,035,768	\$25,956,820
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	\$489,531	(\$777)	\$488,754	\$729,338
INTERNAL SERVICE FUND - PC REPLACEMENT	\$730,342	\$0	\$730,342	\$768,170
INTERNAL SERVICE FUND - SELF INSURANCE - HEALTH	\$38,316,829	(\$1,472)	\$38,315,357	\$39,220,582
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	\$50,000	\$0	\$50,000	\$50,000
TOTAL ADMINISTRATIVE SERVICES	\$62,441,851	(\$794,830)	\$61,647,021	\$66,751,710

Division/Fund	Adopted Budget Expenditures 2022/2023	Expenditure Adjustments Approved 2022/2023	Actual Expenditures 2022/2023*	Adopted Budget Expenditures 2023/2024
COMMUNITY AND ECONOMIC DEVELOPMENT				
GENERAL FUND	\$26,080,389	(\$769,712)	\$25,310,677	\$26,455,848
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$2,982,000	\$120,000	\$3,102,000	\$719,220
SPECIAL REVENUE FUND - TOURISM DEVELOPMENT	\$18,275,534	\$1,015	\$18,276,549	\$22,011,914
ENTERPRISE FUND - AVIATION	\$3,145,716	(\$157,088)	\$2,988,628	\$3,315,174
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	\$50,483,639	(\$805,785)	\$49,677,854	\$52,502,156
COMMUNITY SERVICES				
GENERAL FUND	\$47,472,569	(\$1,856,678)	\$45,615,891	\$50,821,650
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$12,954,501	\$565,503	\$13,520,004	\$13,206,296
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$3,396,627	(\$150,000)	\$3,246,627	\$4,389,994
SPECIAL REVENUE FUND - STADIUM FACILITY	\$671,130	\$0	\$671,130	\$887,919
SPECIAL REVENUE FUND - TRANSPORTATION	\$2,102,042	\$26	\$2,102,068	\$2,255,183
TOTAL COMMUNITY SERVICES	\$66,596,869	(\$1,441,149)	\$65,155,720	\$71,561,042
PUBLIC SAFETY - FIRE				
GENERAL FUND	\$55,619,254	(\$1,736,218)	\$53,883,036	\$64,767,849
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$6,289,101	\$972,168	\$7,261,269	\$560,505
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$730,855	\$0	\$730,855	\$757,094
TOTAL PUBLIC SAFETY - FIRE	\$62,639,210	(\$764,050)	\$61,875,160	\$66,085,448
PUBLIC SAFETY - POLICE				
GENERAL FUND	\$127,854,029	(\$2,067,216)	\$125,786,813	\$144,301,971
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$8,839,030	\$716,832	\$9,555,862	\$1,055,111
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$3,614,717	\$21,792	\$3,636,509	\$3,942,212
TOTAL PUBLIC SAFETY - POLICE	\$140,307,776	(\$1,328,592)	\$138,979,184	\$149,299,294
PUBLIC WORKS				
GENERAL FUND	\$24,355,438	(\$3,537,849)	\$20,817,589	\$28,329,379
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$165,800	\$0	\$165,800	\$165,810
SPECIAL REVENUE FUND - TRANSPORTATION	\$26,982,350	(\$1,955,313)	\$25,027,037	\$29,894,026
ENTERPRISE FUND - SOLID WASTE	\$27,319,948	(\$2,342,943)	\$24,977,005	\$29,009,258
INTERNAL SERVICE FUND - FLEET MANAGEMENT	\$30,688,089	(\$800,833)	\$29,887,256	\$22,790,188
TOTAL PUBLIC WORKS	\$109,511,625	(\$8,636,938)	\$100,874,687	\$110,188,661
WATER RESOURCES				
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$92,143,242	(\$540,502)	\$91,602,740	\$100,909,490
TOTAL WATER RESOURCES	\$92,143,242	(\$540,502)	\$91,602,740	\$100,909,490

<u>Division/Fund</u>	<u>Adopted Budget Expenditures 2022/2023</u>	<u>Expenditure Adjustments Approved 2022/2023</u>	<u>Actual Expenditures 2022/2023*</u>	<u>Adopted Budget Expenditures 2023/2024</u>
OTHER				
CAPITAL PROJECTS	\$1,066,898,613	\$0	\$1,066,898,613	\$1,368,929,785
CLASS AND COMP STUDY	\$0	\$0	\$0	\$8,337,753
CONTINGENCY / RESERVE APPROPRIATION	\$356,544,875	(\$5,894,435)	\$0	\$425,293,424
DEBT SERVICE	\$122,462,839	\$0	\$122,462,839	\$122,686,218
ESTIMATED DIVISION SAVINGS	(\$8,330,000)	\$8,378,240	\$48,240	(\$9,985,000)
FUEL AND MAINT AND REPAIR	\$0	\$6,192,920	\$6,192,920	\$0
INDIRECT/DIRECT COST ALLOCATION	\$8,122,974	\$0	\$8,122,974	\$9,017,678
INTERNAL SERVICE OFFSETS	(\$74,248,557)	\$0	(\$74,248,557)	(\$70,352,900)
LEAVE ACCRUAL PAYMENTS	\$2,535,760	(\$1,868,416)	\$667,344	\$3,242,718
MARKET	\$0	\$1,805	\$1,805	\$0
MARKET CATCH-UP	\$0	\$458	\$458	\$0
NON DIVISIONAL	\$572,925	\$0	\$572,925	\$578,708
PAY PROGRAM	\$0	\$2,980,608	\$2,980,608	\$0
UTILITIES	\$0	\$4,335,414	\$4,335,414	\$0
VACATION TRADE	\$1,558,479	(\$1,206,677)	\$351,802	\$1,277,289
TOTAL OTHER	<u>\$1,476,117,908</u>	<u>\$12,919,917</u>	<u>\$1,138,387,385</u>	<u>\$1,859,025,673</u>
TOTAL ALL FUNDS	<u>\$2,111,988,282</u>	<u>(\$2,147,209)</u>	<u>\$1,759,190,633</u>	<u>\$2,533,270,561</u>

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

CITY OF SCOTTSDALE
Full-Time Employees and Personnel Compensation
Fiscal Year 2023/2024
Schedule G

Fund	Full-Time Equivalent (FTE) 2023/2024	Employee Salaries and Hourly Costs 2023/2024	Retirement Costs 2023/2024	Healthcare Costs 2023/2024	Other Benefit Costs 2023/2024	Total Adopted Personnel Compensation 2023/2024
GENERAL FUND						
GENERAL FUND	2,037.42	\$185,902,278	\$54,330,354	\$23,623,901	\$11,382,778	\$275,239,311
TOTAL GENERAL FUND	<u>2,037.42</u>	<u>\$185,902,278</u>	<u>\$54,330,354</u>	<u>\$23,623,901</u>	<u>\$11,382,778</u>	<u>\$275,239,311</u>
GRANTS & SPECIAL DISTRICTS FUNDS						
GRANT FUNDS	17.00	\$1,713,686	\$275,948	\$215,496	\$115,857	\$2,320,987
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	<u>17.00</u>	<u>\$1,713,686</u>	<u>\$275,948</u>	<u>\$215,496</u>	<u>\$115,857</u>	<u>\$2,320,987</u>
SPECIAL REVENUE FUNDS						
SPECIAL PROGRAMS FUND	58.53	\$3,862,982	\$739,903	\$466,764	\$235,348	\$5,304,997
STADIUM FACILITY FUND	3.00	\$203,830	\$22,189	\$22,884	\$13,859	\$262,762
TOURISM DEVELOPMENT FUND	4.69	\$498,387	\$54,484	\$71,220	\$33,126	\$657,217
TRANSPORTATION FUND	92.98	\$7,766,726	\$843,350	\$1,155,432	\$519,849	\$10,285,357
TOTAL SPECIAL REVENUE FUNDS	<u>159.20</u>	<u>\$12,331,925</u>	<u>\$1,659,926</u>	<u>\$1,716,300</u>	<u>\$802,182</u>	<u>\$16,510,333</u>
ENTERPRISE FUNDS						
AVIATION FUND	15.48	\$1,541,953	\$157,664	\$133,896	\$97,551	\$1,931,064
SOLID WASTE FUND	106.40	\$8,536,644	\$882,696	\$1,240,560	\$540,984	\$11,200,884
WATER & WATER RECLAMATION FUNDS	239.39	\$22,211,281	\$2,478,091	\$2,950,028	\$1,517,957	\$29,157,357
TOTAL ENTERPRISE FUNDS	<u>361.27</u>	<u>\$32,289,878</u>	<u>\$3,518,451</u>	<u>\$4,324,484</u>	<u>\$2,156,492</u>	<u>\$42,289,305</u>
INTERNAL SERVICE FUNDS						
FLEET MANAGEMENT FUND	53.00	\$4,165,265	\$462,608	\$654,876	\$285,120	\$5,567,869
SELF INSURANCE FUNDS - HEALTH	0.00	\$312,204	\$0	\$0	\$0	\$312,204
SELF INSURANCE FUNDS - RISK	11.00	\$1,254,938	\$120,624	\$140,412	\$73,926	\$1,589,900
TOTAL INTERNAL SERVICE FUNDS	<u>64.00</u>	<u>\$5,732,407</u>	<u>\$583,232</u>	<u>\$795,288</u>	<u>\$359,046</u>	<u>\$7,469,973</u>
TOTAL ALL FUNDS	<u>2,638.89</u>	<u>\$237,970,174</u>	<u>\$60,367,911</u>	<u>\$30,675,469</u>	<u>\$14,816,355</u>	<u>\$343,829,909</u>

ORDINANCE NO. 4595

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, 2024.

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, 2023, and ending June 30, 2024;

WHERE, State laws 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 Truth In Taxation hearing and public hearing was held on June 13, 2023, 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 2023/24; and
- b. Increased the levy amount to account for two million two hundred and one thousand nine hundred and forty-four dollars (\$2,201,944) for tort claim payments for calendar year 2022; 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, 2024,

and allowable tort liability claims. The total primary levy is thirty-nine million two hundred ninety-eight thousand four hundred six dollars (\$39,298,406), resulting in a tax rate of \$0.5150 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 \$0.4664 per one hundred and no/100 dollars (\$100.00) of assessed valuation, which is a rate sufficient to raise the sum of thirty-five million five hundred ninety-one thousand seven hundred thirty-one dollars (\$35,591,731) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2024.

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.

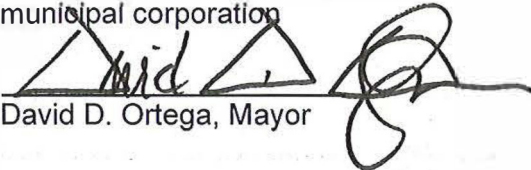
PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 27th day of June 2023.

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

Fiscal Year 2023/24 Proposed Budget Transmittal

Honorable Mayor and City Council:

The proposed Fiscal Year 2023/24 budget is provided here for your consideration. This annual financial plan lays the foundation for serving Scottsdale in the year ahead.

This balanced budget is possible due to the continuing strength of the local and state economy as the Valley comes off one of the busiest special events seasons in our history - much of that centered in Scottsdale. While revenue growth remained strong through the pandemic and this fiscal year, our proposed FY2023/24 budget anticipates a decline in local tax revenues in anticipation of an economic downturn and slowdown in consumer spending. Given the uncertainty of the economy, the proposed budget takes a cautious approach to the future. Our five-year financial forecasts anticipate revenues returning to normal historical growth trends and excess revenues collected are used as one-time revenues to address a number of needs in the proposed budget as detailed below. Expenditures in the proposed FY2023/24 budget are focused squarely on our workforce, inflationary increases impacting our core services and capital projects and funding Council and citizen priorities. Hiring and retaining skilled staff is crucial to providing quality service to our citizens and visitors. Increased competition for top quality people makes this a very competitive time across all job sectors. This budget prioritizes expenditures to hire and retain the top-quality city staff who provide service for our residents and visitors along with benefit adjustments to help Scottsdale remain an employer of choice as we seek to fill positions. The proposed budget also prioritizes funding cost inflation that impacts our services and capital projects. Capital project costs have increased as a result of materials and labor costs with the Producer Price Index - Construction for Government showing inflationary increases of 19% from July 2021 to July 2022 and another 5% through February 2023. The proposed budget also includes a number of program and projects to address Council and citizen priorities.

Notable programs and initiatives

The budget includes money for ongoing market and performance pay adjustment programs, detailed in the Uses section below, which will help city staff face rising inflation, and help the city compete to retain and attract top-quality people.

The proposed budget includes 36.52 new, General Fund funded full-time equivalent employees (FTEs) (50.00 FTEs all funds), as summarized in the FY 2023/24 Operating Expenditure Summary section of the budget document.

These new staff are critical to maintaining and improving performance in a number of priority areas including short-term rental licensing and compliance; cybersecurity; crime prevention, police crisis response, traffic enforcement and municipal security; maintenance and repair of sidewalks, paths and trails; solid waste collection; and water policy and planning.

The budget fully funds a comprehensive classification and compensation study to ensure city positions are appropriately compensated based upon internal and external benchmark comparisons. A more substantial expenditure to implement pay changes identified in the study is included as well.

New post-employment medical and parental leave programs are proposed as other initiatives focused on providing best practices benefits to ensure the city remains a competitive employer in the market.

Investments in the community include one-time funding for public art restoration (including repainting "The Path Most Travelled" along Loop 101), to replace critical library technology infrastructure, complete the Indian School Park Master Plan, fund a comprehensive Shade and Tree Master Plan, and modernize cooling towers at city buildings to improve efficiency and save water.

With \$100,000 in annual funding, the proposed Scottsdale Promise program would allow all eligible Scottsdale residents to attend Scottsdale Community College for two years with Arizona resident tuition and fees fully funded. This initiative was brought forward by the City Council Subcommittee on Education.

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

Sources

General Fund sources are estimated to increase by \$47.3 million from the adopted FY 2022/23 budget. That total projected increase comes from several different sources, including these items contributing significantly to the change:

- \$12.4 million from a projected increase in general fund sales tax, including \$1.1 million for the portion dedicated to Public Safety. While an increase in sales tax is reflected when compared to the FY 2022/23 adopted budget, the proposed FY 2023/24 sales tax will see a decrease when compared to the FY 2022/23 forecast. The FY 2022/23 sales tax was updated from the original budget (forecast) to reflect the significant increases the city was experiencing due to inflation, stimulus money continuing to work its way through the economy, pandemic spending sprees, etc. The city expects FY 2023/24 sales tax revenues

to decrease with the anticipated economic downturn and slowdown in consumer spending and over the five-year forecast, sales tax will realign with historical growth trends.

- \$20.3 million from a projected increase in the city's proportionate slices of state shared income tax, sales tax, and vehicle license fees.
- \$1.3 million from additional primary property tax collections (\$0.7 million due to the allowable 2 percent statutory adjustment and \$0.6 million due to new growth).
- \$2.3 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$0.5 million from WestWorld Equestrian Facility Fees based on anticipated events and establishing a more appropriate cost recovery formula used when developing WestWorld fees.
- \$1.2 million due to increased revenue from TPC Scottsdale and Scottsdale Stadium usage fees.
- \$0.5 million due to increases in the Advanced Life Support (ALS) Ambulance Contract; increased revenue associated with third-party fire protection system inspections; special events reimbursements; and rate and fee increases for afterhours fire inspections, fire plan reviews, and CPR/First Aid classes.
- \$0.5 million due to increased Recreation Fees with the opening of the WestWorld Sports Complex; and rate and fee changes to aquatics, patio rentals, and tennis and volleyball court rentals.
- \$1.0 million due to increased indirect costs for services provided by the General Fund to enterprise operations.
- \$6.3 million from a projected increase in interest earnings due to higher anticipated rates of return on investments.
- \$1.0 million due to a Transfers In from the Tourism Development Fund to pay for the painting of the public art wall 'The Path Most Travelled' on the Arizona State Loop 101.

Uses

The General Fund proposed operating budget for next fiscal year is a \$44.1 million increase from the FY 2022/23 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 proposed operating budget include:

- A 5.0 percent Step Program for Police sworn personnel of \$0.8 million.
- \$4.6 million (\$6.5 million all funds) for the citywide pay for performance program, through which employees may receive up to 5.0 percent salary increases based on performance (up to the maximum in their salary range).
- A 2.0 percent market adjustment of \$4.5 million (\$5.7 million all funds).
- \$6.8 million for the costs anticipated in implementing a comprehensive classification and compensation study (\$8.5 million all funds)
- \$1.1 million (\$1.3 million all funds) for the vacation buyback program for eligible employees.
- \$3.7 million (\$4.4 million all funds) for retirement cost increases.
- \$0.8 million (\$1.1 million all funds) for health and dental cost increases.
- \$10.0 million in additional public safety retirement contributions to paydown the unfunded liability.

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 Manager:

- \$0.1 million to implement the Scottsdale Promise Program, which is a commitment from the city to its residents to allow all eligible Scottsdale residents to attend Scottsdale Community College for two years with Arizona resident tuition and fees fully funded.

Administrative Services:

- \$0.3 million for Information Technology contract increases.
- \$0.2 million of one-time funding to complete a comprehensive classification and compensation study.
- \$0.2 million of one-time funding to reconfigure the Human Resources Office to accommodate staffing changes within the existing space.

Community & Economic Development:

- \$0.4 million of one-time funding for public art restoration.
- \$0.3 million for increases in banking fees related to higher credit card processing fees. (The division is exploring ways to reduce this cost such as implementing a convenience fee when developers use credit cards.)
- \$0.3 million of one-time funding for a comprehensive Shade and Tree Master Plan. (Implementation of the plan is included in the Capital Improvement Plan (CIP).)
- \$0.2 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 2023/24.
- \$0.1 million of one-time funding to update or draft a new Character Area Plan.
- \$0.1 million for a 2 percent financial participation agreement increase with Scottsdale Arts for wages to remain competitive.

Community Services:

- \$0.4 million of one-time funding for the removal and disposal of organic waste material from WestWorld.
- \$0.4 million for an annual one-time contract labor request for events and custodial services at WestWorld.
- \$0.3 million of one-time funding to purchase equipment to maintain the WestWorld Sports Complex.
- \$0.3 million one-time funding to repair and replace aging portable horse stalls and material at WestWorld.
- \$0.2 million to increase the feed and bedding inventory at WestWorld.
- \$0.2 million of one-time funding to replace critical library infrastructure technology needs at Mustang and Civic Center Libraries.
- \$0.2 million of one-time funding to complete the Indian School Master Plan and begin the Cactus pool and Parks and Recreation master plans.
- \$0.1 million for equipment rentals at WestWorld to allow for faster response to equipment replacements on the weekends.
- \$0.1 million of one-time funding for replacing the WestWorld Equidome footing.

Public Safety- Fire:

- \$1.3 million of mostly one-time funding for overtime to provide backfill of 21 Firefighters while they attend paramedic training/ certification.
- \$0.4 million for various contract increases.
- \$0.3 million of one-time funding to purchase hazardous material equipment and ladder extrication equipment.
- \$0.3 million of one-time funding for overtime to provide backfill while sworn staff attend specialty teams training.
- \$0.2 million of one-time funding to contract for landscaping for fuel mitigation.
- \$0.1 million to reclassify seven Firefighter positions to two Fire Captains and five Fire Engineers to properly align the needs within the division and decrease the impacts of mandatory hold overs on the workforce.

Public Safety - Police:

- \$1.0 for overtime for special events which will be reimbursed by the vendors.
- \$0.8 million contract increases for photo enforcement, leased vehicles, Maricopa County Jail services, and municipal security.
- \$0.4 million to continue a grant funded initiative for electronic citation (e-citation) and electronic collision (e-collision) platforms to increase efficiency in enforcing traffic-related violations and vehicular safety.

Public Works:

- \$1.0 million of one-time funding to paint the public art wall 'The Path Most Travelled' on the Arizona State Loop 101.
- \$0.2 million to paint the exterior of selected city facilities.
- \$0.2 million of one-time funding to purchase 24 cooling tower controllers for the Cooling Tower Water Reduction Project.
- \$0.1 million to cover Facilities Management price increases for parts, equipment, materials, and contractual services due to inflation.
- \$0.1 million for a contract increase in maintaining the city's automatic gates inventory.
- \$0.1 million to contract for land surveying, mapping, and compiling GIS data.

Capital Improvement Program

The proposed Capital Improvement Plan (CIP) budget for FY 2023/24 is \$1,428.0 million 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.

The total FY 2023/24 CIP transfer from the General Fund operating budget of \$68.5 million includes funds from the Bell Road property sale as well as additional one-time funding to cover cost inflation and other capital project costs.

Some notable projects proceeding next fiscal year are highlighted below. (The amounts reflected are the amounts budgeted in FY 2023/24 and not necessarily the total cost of the project.)

Information Technology Security Program (FY 2023/24: \$3.2 million)

This project addresses gaps and deficiencies to support a comprehensive, robust Cybersecurity Program. Solutions need to be added and/or enhanced to bring the city current with cybersecurity best practice frameworks.

Funding Source: General Fund

Transfer Station Enhancements (FY 2023 /24: \$2.3 million)

This project is related to the expansion of the existing layout of the transfer station facility, including the addition of a stand-alone residential household hazardous materials facility, green waste disposal facility, and electronics storage building to be used as a drop off location. Additionally, project includes doubling the current tipping floor loading space to service new customers such as city residents and private haulers.

Funding Source: Sanitation Rates

McCormick-Stillman Railroad Park Roundhouse (FY 2023 /24: \$3.9 million) - Funding Added for FY 2023/24

This project would build an 8,000 square foot indoor interactive multi-use facility for families and children of all ages to engage in one-of-a-kind train-themed play structure. As part of this, the existing unused and outdated "bunkhouse" would be removed. This project would include the

play structure; indoor/outdoor restrooms, party/event space, staff office space, shaded outdoor area and event lawn and plaza.

Funding Sources: Contributions, Special Programs Revenue, General Fund

Kiva Modernization (FY 2023/24: \$1.6 million)

The City Hall Kiva is a symbol of the City of Scottsdale, community involvement and civic processes. Unfortunately, the facility is in desperate need of modernization. This project will modernize the City Hall Kiva to allow for effective in-person, virtual and hybrid meetings. This modernization would include renovation and technology upgrade phases. Aspects of this project include updated technology and equipment.

Funding Sources: General Fund

Pima Park - Build Eight New Pickleball Courts (FY 2023/24: \$2.1 million)

This project would create eight new pickleball courts as well as the parking necessary to accommodate the influx of players. Pickleball is the fastest growing sport in the country, and the city has been inundated with requests to build additional pickleball courts. New courts are planned for north Scottsdale, and this project helps the city meet growing demand for more courts in south Scottsdale.

Funding Source: General Fund

68th Street Sidewalk-Arizona Canal to Camelback Road (FY 2023/24: \$0.5 million)

Design and build a sidewalk on both sides of 68th Street from the Arizona Canal to just south of Camelback Road. The project will improve pedestrian safety and enhance the accessibility to the Old Town area for pedestrians and bikes.

Funding Source: Transportation Sales Tax

Pavement Overlay Program (FY 2023/24: \$9.1 million) - Funding Added for FY 2023/24

The Pavement Overlay Program is an on-going project that addresses street pavement and public alley overlays and all associated improvements, which may include milling and surface treatments on existing roadways, 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 Fun

Conclusion

The Fiscal Year 2023/24 budget proposal supports the municipal organization and the community. The city's comprehensive approach to service delivery and improvement, capital investment and fiscal sustainability is evident throughout this proposal. 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, 2022

Christopher P. Morrell

Executive Director

Budget Award for Fiscal Year 2022/23 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, 2022. 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.



Bloomberg Philanthropies’ What Works Cities recognized Scottsdale as a Gold Certified City.

Scottsdale was recognized for exceptional use of data to inform policy decisions, allocate funding, improve services, evaluate program effectiveness, and engage residents.

What Works Cities Certification is the international standard of excellence in well-managed, data-driven local government. Cities that achieve Certification demonstrate excellence by investing in the people, processes and policies that put data and evidence at the center of decision-making.

Scottsdale was previously recognized on the What Works Cities Certification Honor Roll in 2018, receiving Silver Certification in 2019 and 2020 before being recognized with Gold Certification in 2023. Certification is good for three years. Scottsdale joins an elite group of only 19 cities worldwide that have earned Gold or Platinum levels of certification.

CITY OF SCOTTSDALE'S BUDGET DEVELOPMENT PROCESS

RECOMMENDED BUDGET PRACTICES

The City of Scottsdale's budget process incorporates the recommended practices from the National Advisory Council on State and Local Budgeting (NACSLB).¹

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

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

The following are excerpts of the NACSLB's guiding principles and budget practice recommendations:

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 is characterized by 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.

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.

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 NACSLB's work goes on to identify 59 practices to achieve the higher-level activities identified in the principles and elements of budgeting. Scottsdale's budget process attempts to incorporate all the NACSLB'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 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 director, budget administrator, 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 budget director and 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. 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/or 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, financial policies and compensation, including benefits.

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

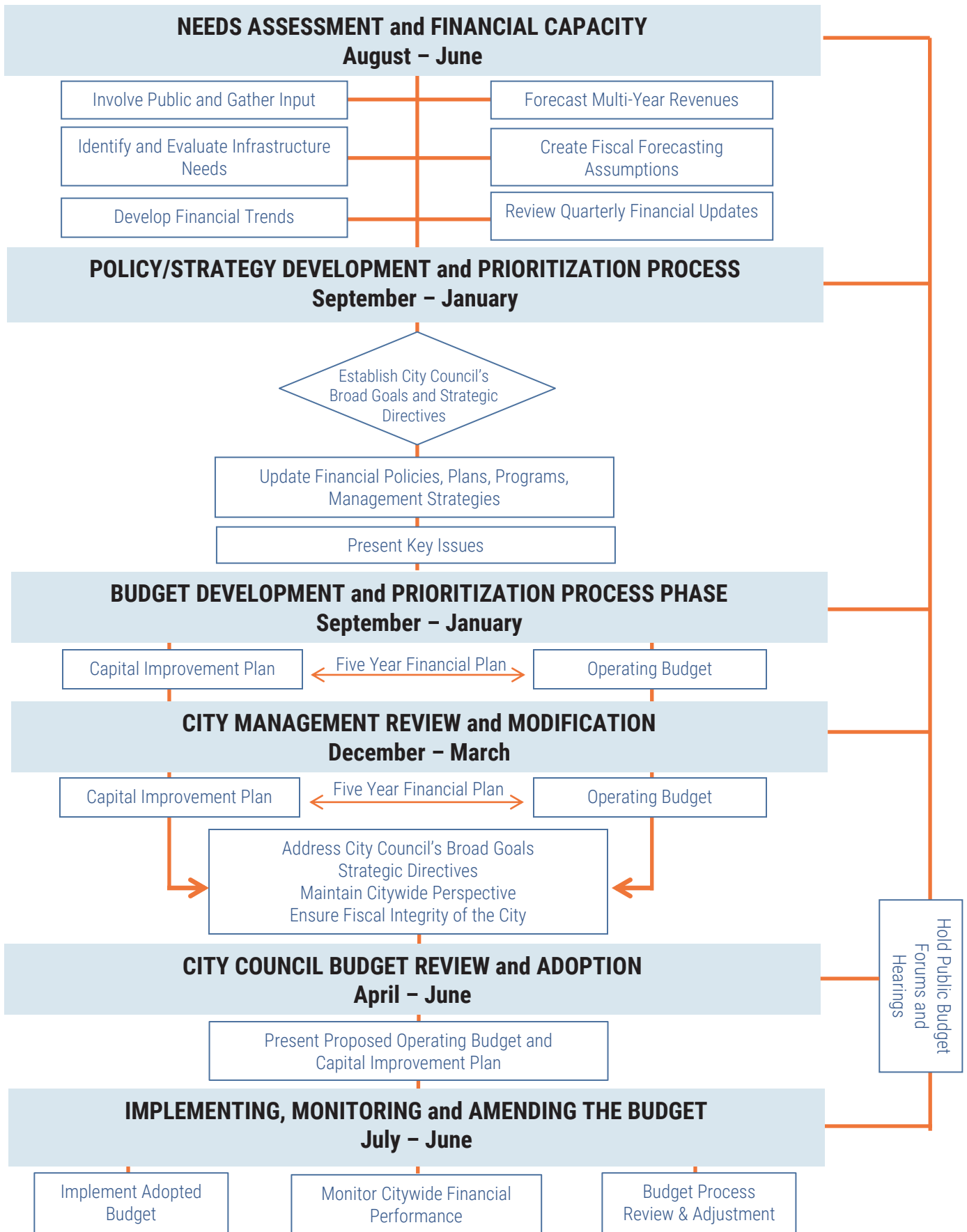
In July, city staff implement the operating budget and the capital improvement plan and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined compared to budget plans and corrective action is taken if necessary. The budget team and divisional budget liaisons review current demographic, economic and financial trends every month which may impact the city and also 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 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, 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, Permanent (Grant), Internal Service, Grants and the Capital Improvement Plan.

OPERATING AND CAPITAL BUDGET RELATIONSHIP

The City of Scottsdale's Budget for FY 2023/24 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 2023/24 through FY 2027/28. 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.

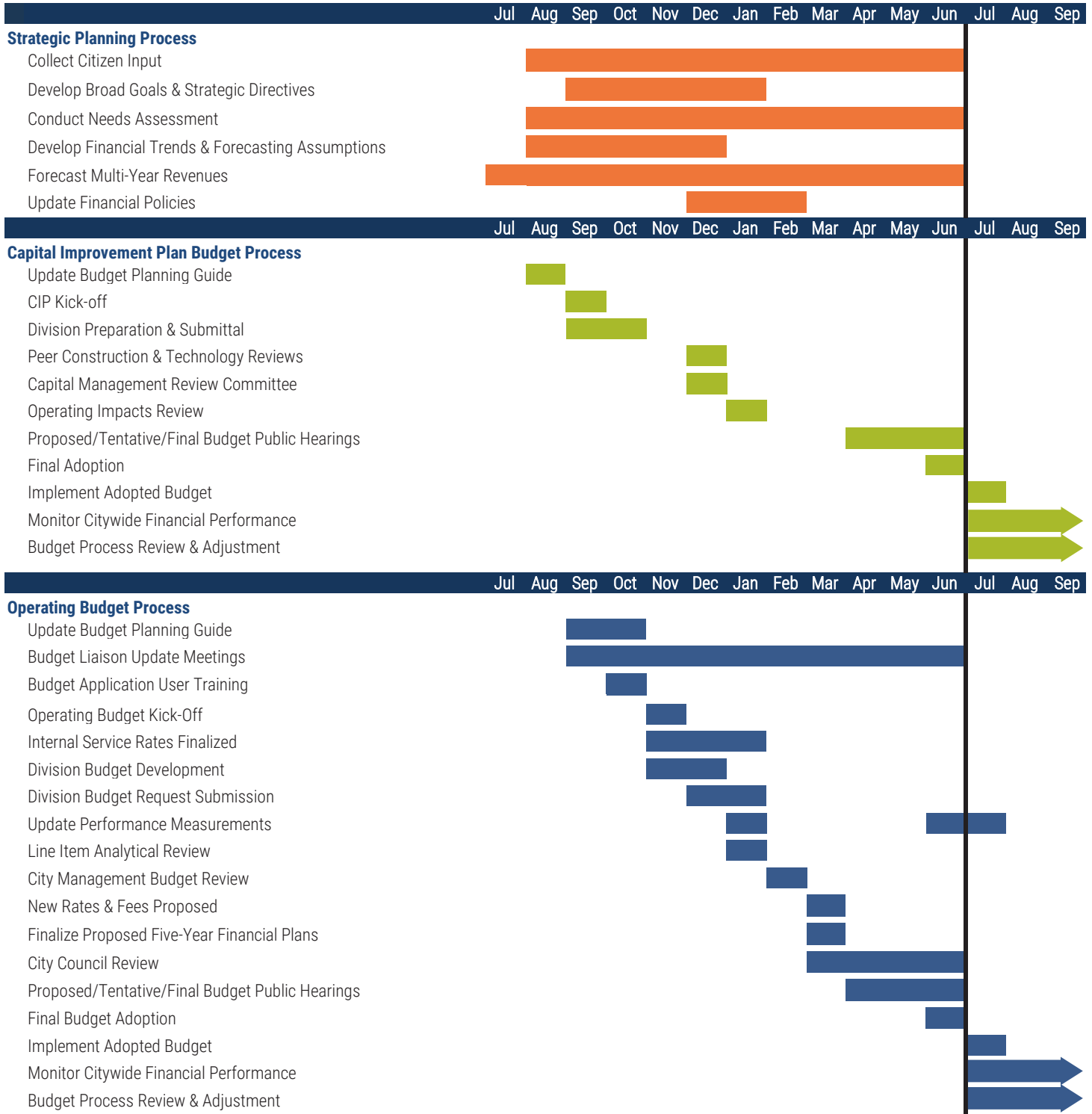
EXPENDITURE AND YEAR-END SAVINGS FORECASTING

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 2023/24 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. The city is in compliance with all financial policies.

COUNCIL- ADOPTED FINANCIAL POLICIES

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 budget. 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 budget will be prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP¹) 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) 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 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.

1.07 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.

1.08 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.

1.09 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.

1.10 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

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

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, 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.

1.11 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 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 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.

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. 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 current budget year to meet the entire amount of the commitment. Future operating, maintenance, and capital costs associated with new capital improvements approved by council will be

forecasted and included in the operating budget, five-year financial plan, and the CIP.

- 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 capital improvement plan (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.

3.03 Financial Obligations and Commitments.

- a) 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.

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;
- 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:

- 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 and bond counsel and 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.

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, 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:

a) General Obligation (G.O.) Bonds.

- i. 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.
- ii. Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- iii. 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.
- iv. 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.
- v. The city will maintain appropriate debt service reserves as stated in Policy 2.

b) Excise Tax/Revenue Secured Obligations.

- i. Non-voter authorized debt (i.e., Municipal Property Corporation (MPC)²), Excise Tax

² Municipal Property Corporation (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.

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.

- ii. Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- iii. 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.
- iv. The city treasurer shall perform a five-year analysis of debt coverage and other ratios, debt security, and reserve requirements for each debt issuance.
- v. Careful consideration of the intended use of the financed facilities, including private activity use, must be evaluated when determining the appropriate debt structure.
- vi. 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.
- vii. The city will maintain appropriate Debt Service Reserves as stated in Policy 2.

c) Improvement District (ID) Bonds.

- i. 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.
- ii. 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.
- iii. 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.

d) Community Facility District (CFD) Bonds.

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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.
- vi. Voter approval is required for the CFD to issue G.O. bonds.
- vii. 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 or his/her designee 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 council 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 about should account for a minimum of 25 percent of the capital improvement plan (CIP), for each year 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 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 without consideration of development fee revenues.

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 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.

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

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.

the priority and will be met first.

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 vendor 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 worker's 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 Settlement 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.

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 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 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.

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.

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 – Fund Types

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.

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.

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.

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.

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.

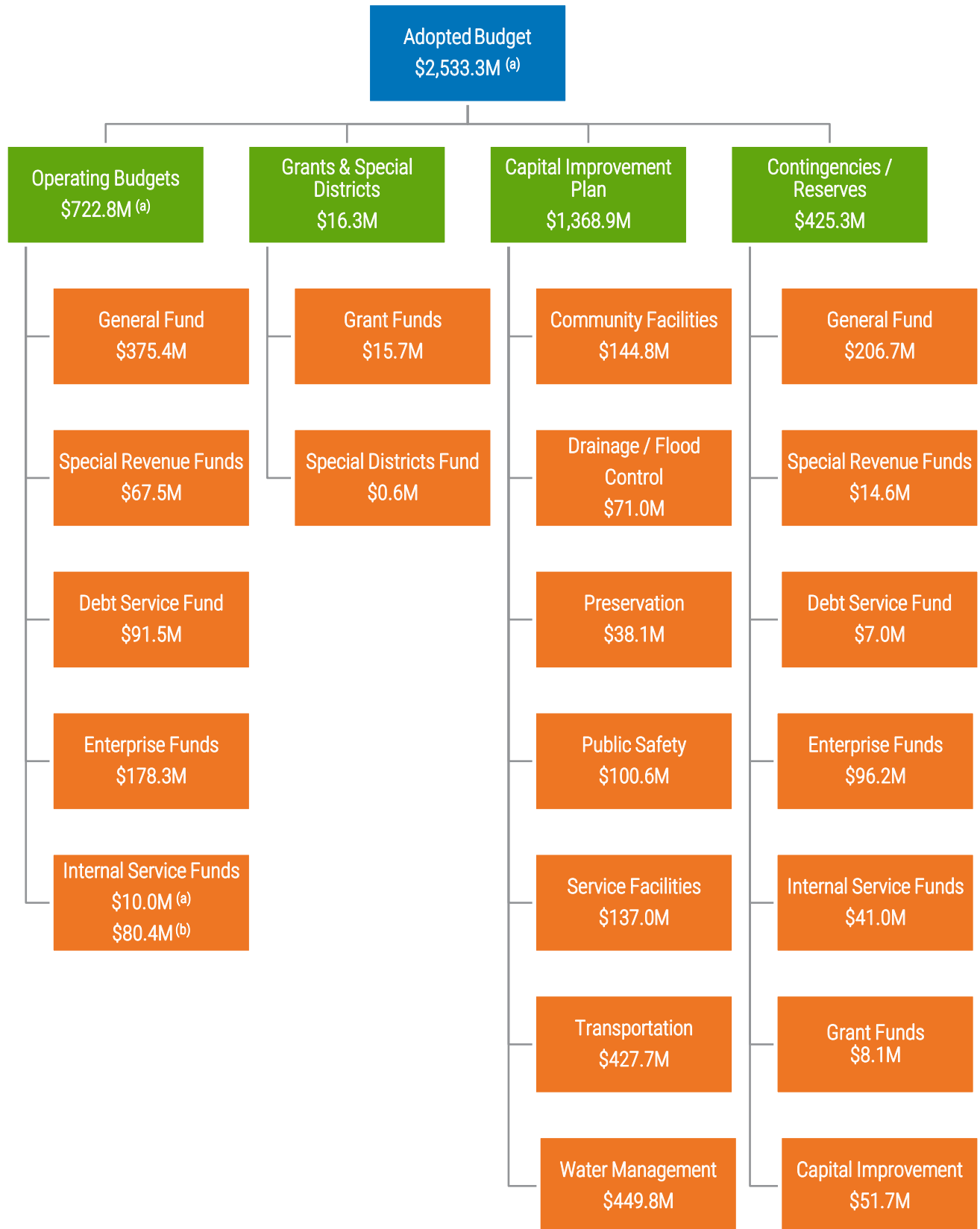
Grant Funds are used to leverage city funds to address priority program and service needs.

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

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.



FY 2023/24 Adopted Budget



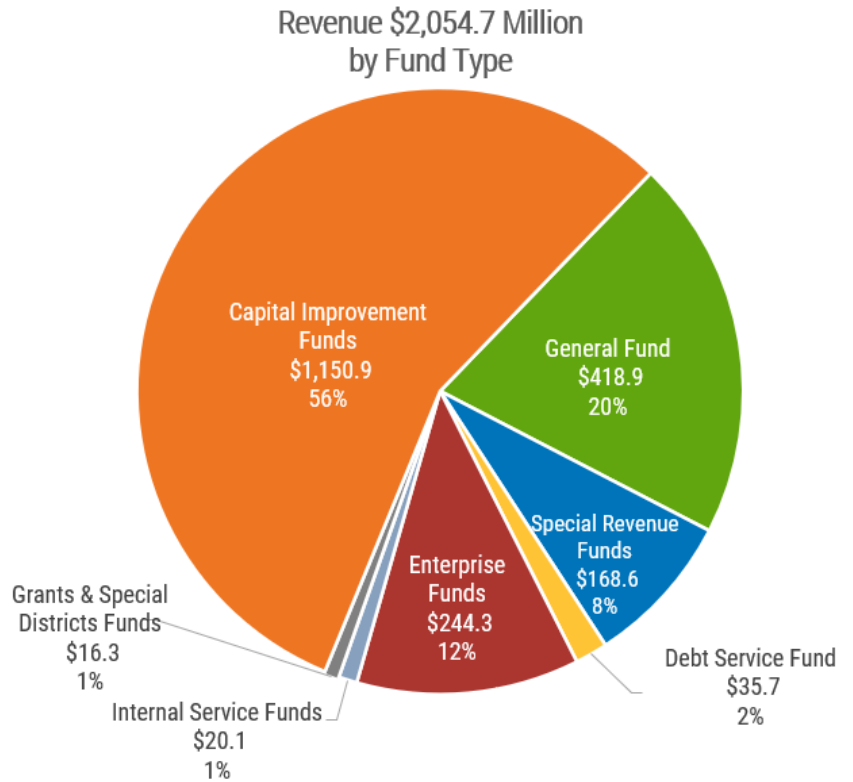
^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$70.4M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$70.4M

Rounding differences may occur.

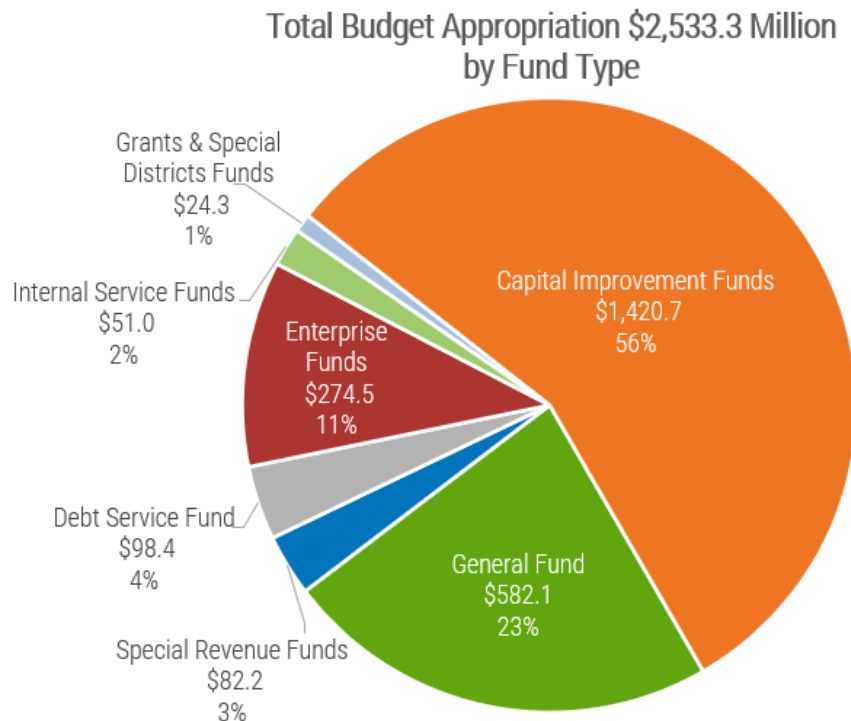
Revenue by Fund Type

The total City of Scottsdale FY 2023/24 adopted budget consists of \$2,054.7 million in revenue including, \$1,006.5 million in anticipated Capital Improvement Plan (CIP) unexpended revenue, \$287.2 million in Sales Tax, \$75.0 million in property taxes, and \$685.9 million in other operating and capital revenues. 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 2023/24 adopted budget appropriation is \$2,533.3 million, which includes \$425.3 million in contingencies/reserves. The Capital Improvement Plan and its associated contingencies/reserves accounts for the largest portion of the annual budget appropriation at \$1,420.7 million.

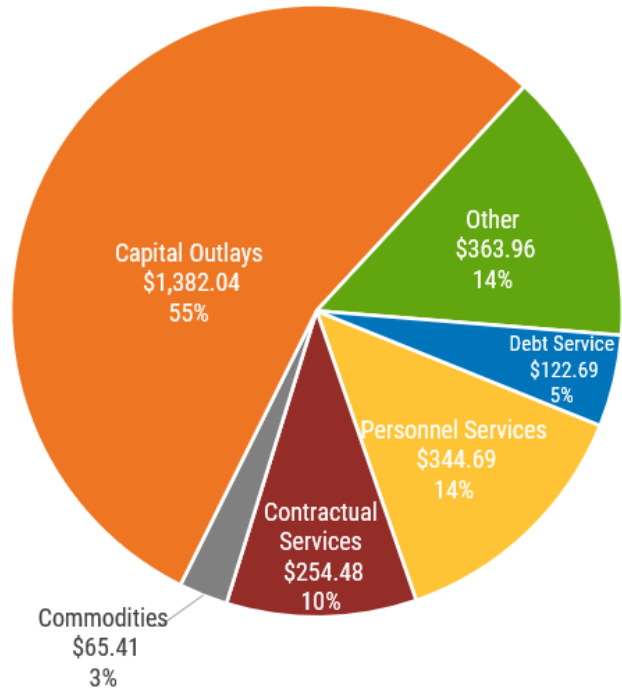


Rounding differences may occur.

Total Budget Appropriation Expense Type

The largest expense category in the FY 2023/24 adopted budget is Capital Outlays at 55 percent, or \$1,382.0 million. Expenses for Personnel Services, Contractual Services, Debt Services and Commodities together account for \$664.6 million, or approximately 26 percent of the total authorized budget.

**Total Budget Appropriation \$2,533.3 Million
by Expense Type**



Total budget appropriation by expense category is displayed on the following page.

	Sources			Uses						Ending Balance	
	Beginning Balance	Revenue	Transfers In	Other*	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlays	Other**		Transfers Out
General Fund	242,156,388	418,946,795	17,152,136	-	276,100,313	87,020,373	10,254,841	2,036,338	206,725,481	81,017,973	15,100,000
Special Revenue Funds											
Transportation	41,112,983	52,028,171	-	-	10,285,357	18,437,385	1,548,493	2,034,060	3,730,530	33,838,034	23,267,295
Preservation	106,970,044	59,470,286	-	-	-	-	-	-	-	35,354,537	131,085,793
Special Programs	16,774,735	19,833,372	63,689	-	5,304,997	4,695,843	1,794,351	534,248	1,500,000	7,982,969	1,485,938
Tourism Development	18,554,409	35,044,669	-	-	657,217	20,798,461	6,870	573,675	9,359,883	21,350,538	852,434
Stadium Facility	4,731,469	2,184,161	-	-	262,762	448,419	194,113	-	-	660,000	5,350,336
Debt Service Fund	8,668,474	35,656,731	54,102,524	-	-	91,459,254	-	-	6,968,475	-	-
Enterprise Funds											
Water & Water Reclamation	77,655,361	201,341,359	8,318,156	-	29,157,357	62,319,362	41,369,938	812,560	88,845,755	64,809,904	-
Solid Waste	9,888,652	33,180,730	-	-	11,200,884	18,380,221	941,113	-	7,128,114	2,777,884	2,641,166
Aviation	10,340,821	9,748,854	-	-	1,931,064	3,071,665	57,660	32,400	9,289,690	498,536	5,208,660
Internal Service Funds											
Fleet Management	9,881,940	8,228,397	-	-	5,567,869	2,022,804	8,842,794	6,317,209	(19,750,676)	8,636,120	6,474,217
PC Replacement	1,561,172	-	-	-	-	-	-	768,170	(750,000)	-	1,543,002
Risk Management	26,587,435	3,016,944	-	-	1,589,900	15,792,845	269,700	-	11,922,385	29,549	-
Healthcare Self-Insurance	19,773,890	8,883,982	170,038	-	312,204	38,911,737	-	-	(20,809,802)	-	10,413,771
Grants & Special Districts											
Grants	-	15,718,490	-	8,076,408	2,320,987	13,231,006	135,047	-	8,076,408	31,450	-
Special Districts	39,980	538,728	-	-	-	578,708	-	-	-	-	-
Capital Improvement	369,638,669	1,150,878,158	182,943,979	-	-	-	-	1,368,929,785	51,721,959	5,763,028	277,046,034
Total All Funds	964,336,422	2,054,699,827	262,750,522	8,076,408	344,690,911	377,168,083	65,414,920	1,382,038,445	363,958,202	262,750,522	493,842,097
									Total Budget Appropriation**	2,533,270,561	

*Other includes Operating Contingency, Reserve Appropriations, Internal Service Offsets, Anticipated Grants and Indirect Costs.

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

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	242,156,388	188,143,640	8,668,474	97,884,833	57,804,438	39,980	369,638,669	964,336,422
Revenues								
Taxes - Local								
Sales Tax	166,134,814	88,168,514		223,000			16,353,065	270,879,393
Sales Tax - Public Safety (0.10%)	16,353,065							16,353,065
Electric & Gas Franchise	9,106,540	262,000						9,368,540
Stormwater Fee - CIP	-	6,721,382					-	6,721,382
Cable TV License Fee	3,700,000							3,700,000
Stormwater Fee	960,198			340,527				1,300,725
Salt River Project In Lieu	200,000							200,000
Transient Occupancy Tax		31,448,488						31,448,488
Charges For Service/Other								
Intergovernmental	4,168,669	3,263,813	-			-	110,082,462	117,514,944
Miscellaneous	1,006,918	2,380,881	-	4,432,368	1,010,051	582,000	1,491,000	10,903,218
Property Rental	5,427,428	4,295,416		398,774		64,200		10,185,818
Westworld Equestrian Facility Fees	5,929,574	1,223,354						7,152,928
Contributions & Donations	-	1,429,051	-	5,550		2,183,390	-	3,617,991
State Shared Revenues								
State Shared Income Tax	65,098,126							65,098,126
State Shared Sales Tax	36,543,806							36,543,806
Auto Lieu Tax	12,436,288							12,436,288
Property Tax								
Property Tax	37,177,572		35,656,731		2,201,944			75,036,247
Interest Earnings								
Interest Earnings	8,212,914	4,480,409		4,066,398			4,731,141	21,490,862
Building Permit Fees & Charges								
Building Permit Fees & Charges	20,400,907	77,320					65,000	20,543,227
Other Revenue								
Grants	-			-		12,888,900	4,122,395	17,011,295
Special Districts						538,728		538,728
Property Rental		185,100	-					185,100
CIP Unexpended Year End							1,006,533,095	1,006,533,095
Reimbursements from Outside Sources				-	1,081,432		-	1,081,432
License Permits & Fees								
Recreation Fees	5,205,367	3,045,528						8,250,895
Business & Liquor Licenses	2,802,228	50,160						2,852,388
Fire Charges For Services	2,736,729							2,736,729
Fines Fees & Forfeitures								
Court Fines	4,053,645	1,860,508						5,914,153
Photo Radar	2,641,329							2,641,329
Parking Fines	263,700							263,700
Jail Dormitory	144,000							144,000
Library	27,204	115,000						142,204
Police Fees		95,400						95,400
Indirect/Direct Cost Allocations								
Indirect Costs	7,796,474			801,903				8,598,377
Direct Cost Allocation (Fire)	419,300							419,300
Taxes- From Other Agencies								
Highway User Tax		18,848,335						18,848,335
Local Transportation Assistance Fund		610,000						610,000
Other Financing Sources								
Utilities & Enterprises								
Water Service Charges				123,359,867			2,750,000	126,109,867
Non-Potable Water Service Charges				16,905,462			2,100,000	19,005,462
Water Reclamation Service Charges				51,636,995			2,650,000	54,286,995
Airport Fees				9,174,872				9,174,872
Refuse/Recycling				32,925,227				32,925,227

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
Internal Service Charges								
Fleet Management					29,953,690			29,953,690
Less Internal Service Funds Offset					(70,352,900)			(70,352,900)
Self Insurance					55,385,106			55,385,106
PC Replacement					850,000			850,000
<i>Subtotal</i>	418,946,795	168,560,659	35,656,731	244,270,943	20,129,323	16,257,218	1,150,878,158	2,054,699,827
Other Activity								
Grant Anticipated						4,076,408		4,076,408
Grant Contingency						4,000,000		4,000,000
<i>Subtotal</i>	-	-	-	-	-	8,076,408	-	8,076,408
Transfers In								
From Debt Service	-			3,963,028				3,963,028
From Enterprise Franchise Fees	9,422,892							9,422,892
From Operating	7,729,244	63,689				170,038		7,962,971
From Debt Svc GO Bonds			35,354,537					35,354,537
From Debt Svc MPC Bonds			18,747,987					18,747,987
From General Fund							68,500,851	68,500,851
From Special Programs Fund							1,107,779	1,107,779
From Tourism Development Fund							8,703,120	8,703,120
From Transportation Sales Tax (0.20%) Fund							31,238,034	31,238,034
From Grants Fund							31,450	31,450
From Risk Management Fund							29,549	29,549
From Stormwater Fee Fund							6,054,632	6,054,632
From HURF							2,600,000	2,600,000
From Water & Water Reclamation Funds							51,866,024	51,866,024
From AWT				3,455,128				3,455,128
From RWDS				900,000				900,000
From Aviation Fund							498,536	498,536
From Solid Waste Fund							3,677,884	3,677,884
From Fleet Fund							8,636,120	8,636,120
<i>Subtotal</i>	17,152,136	63,689	54,102,524	8,318,156	170,038	-	182,943,979	262,750,522
<i>Sources Total</i>	436,098,931	168,624,348	89,759,255	252,589,099	20,299,361	24,333,626	1,333,822,137	2,325,526,757

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
Expenditures								
Mayor and City Council	1,112,601	231,000				-		1,343,601
City Clerk	1,103,865							1,103,865
City Attorney	8,589,399				17,559,732			26,149,131
City Auditor	1,313,021							1,313,021
City Court	5,655,776	2,065,560						7,721,336
City Manager	2,228,807	-					865,128	3,093,935
Public Works	28,329,379	30,059,836		29,009,258	22,790,188			110,188,661
Community and Economic Development	26,455,848	22,731,134		3,195,174				52,382,156
Public Safety - Fire	64,767,849	757,094				560,505		66,085,448
Public Safety - Police	144,301,971	3,942,212				1,055,111		149,299,294
City Treasurer	12,585,220	-		3,636,978				16,222,198
Community Services	50,821,650	7,533,096				13,206,296		71,561,042
Administrative Services	25,956,820	18,800		737,338	40,038,752			66,751,710
Water Resources				101,204,788				101,204,788
Citywide Indirect Cost Allocation				7,796,475				7,796,475
Department Indirect Cost				801,903				801,903
Citywide Direct Cost Allocation				419,300				419,300
Class and Comp Study	6,818,554	266,840		1,070,459	181,900			8,337,753
Leave Accrual Payments / Parental Leave	2,813,988	210,684		752,807	114,441			3,891,920
Savings from Vacant Positions	(9,000,000)	(360,000)		(1,542,100)	(300,000)			(11,202,100)
Utilities	-	-		392,600				392,600
Vacation Trade	1,105,014	44,071		117,985	10,219			1,277,289
Special Districts						578,708		578,708
Less Internal Service Funds Offset					(70,352,900)			(70,352,900)
Subtotal	374,959,762	67,500,327	-	147,592,965	10,042,332	16,265,748	-	616,361,134
Debt Service								
Contracts Payable	452,103	75,924						528,027
GO Debt Service - Non Preserve			37,356,731					37,356,731
GO Debt Service - Preserve			35,354,537					35,354,537
MPC Excise Debt			18,747,986					18,747,986
MPC Bonds Debt Service-Sewer				7,516,900				7,516,900
MPC Bonds Debt Service-Water				21,029,078				21,029,078
MPC Bonds Debt Svc - Airport				1,722,244				1,722,244
Future Issuance Solid Waste				430,715				430,715
Subtotal	452,103	75,924	91,459,254	30,698,937	-	-	-	122,686,218
Capital								
Community Facilities							144,756,253	144,756,253
Drainage/Flood Control							71,016,074	71,016,074
Public Safety							100,572,421	100,572,421
Service Facilities							136,993,875	136,993,875
Transportation							427,722,748	427,722,748
Preservation							38,071,873	38,071,873
Water Management							449,796,541	449,796,541
Subtotal	-	-	-	-	-	-	1,368,929,785	1,368,929,785

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
Other Activity								
Emergency Reserve	18,770,593							18,770,593
General Plan Initiatives	15,000,000							15,000,000
Innovation Initiatives	500,000							500,000
Operating Contingency	15,000,000	3,000,000		5,600,000	8,791,193			32,391,193
Operating Reserve	75,082,373	3,230,530		33,098,535	25,983,062			137,394,500
PSPRS Pension Liabilities	82,372,515							82,372,515
Grant Anticipated						4,076,408		4,076,408
Grant Contingency						4,000,000	8,600,000	12,600,000
Debt Service Reserve		38,849,700		1,003,500				39,853,200
Restricted for Capital		92,236,093						92,236,093
Appropriation Contingency		1,500,000						1,500,000
Destination Marketing		6,859,883						6,859,883
GO Debt Service Reserve - Non Preserve			1,913,394	-				1,913,394
Debt Stabilization Reserve			5,055,081					5,055,081
General Fund Contingency							7,500,000	7,500,000
Transportation 0.2% Sales Tax Contingency							3,000,000	3,000,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
Old Town Special Improvements Contingency							3,200,000	3,200,000
Greater Airpark Special Improvements Contingency							2,000,000	2,000,000
Water & WasteWater Asset Replacement Reserve				44,210,907				44,210,907
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				1,890,800				1,890,800
Future Capital Replacement				5,442,139				5,442,139
Aviation Funds Contingency							450,000	450,000
IBNR Reserve					2,812,827			2,812,827
Premium Stabilization Reserve					3,377,725			3,377,725
Connectivity Initiative Contingency							16,971,959	16,971,959
Subtotal	206,725,481	145,676,206	6,968,475	96,245,881	40,964,807	8,076,408	51,721,959	556,379,217
TOTAL BUDGET	582,137,346	213,252,457	98,427,729	274,537,783	51,007,139	24,342,156	1,420,651,744	2,664,356,354

Transfers Out

To CIP	53,659,834	43,377,299		51,949,584	8,533,883	31,450		157,552,050
To CIP Construction Sales Tax	6,628,103							6,628,103
To CIP Excess Interest	8,212,914							8,212,914
To CIP Stormwater	-	6,054,632						6,054,632
To Debt Svc MPC Bonds	12,337,084	6,410,903	-	-				18,747,987
To Operating	180,038	7,717,073						7,897,111
To CIP Technology		271,634		3,192,860	131,786	-		3,596,280
To Debt Svc GO Bonds		35,354,537						35,354,537
To AWT				3,455,128				3,455,128
To Franchise Fees				9,422,892				9,422,892
To Other				65,860				65,860
To Water & Water Reclamation Funds							4,863,028	4,863,028
To Solid Waste Fund							900,000	900,000
Subtotal	81,017,973	99,186,078	-	68,086,324	8,665,669	31,450	5,763,028	262,750,522
Uses Total	663,155,319	312,438,535	98,427,729	342,624,107	59,672,808	24,373,606	1,426,414,772	2,927,106,876
Sources Over/(Under) Uses ^(a)	(227,056,388)	(143,814,187)	(8,668,474)	(90,035,008)	(39,373,447)	(39,980)	(92,592,635)	(601,580,119)
Ending Fund Balance ^(a)	15,100,000	44,329,453	-	7,849,825	18,430,991	-	277,046,034	362,756,303
Ending Fund Balance ^(b)	221,825,481	190,005,659	6,968,475	104,095,706	59,395,798	8,076,408	328,767,993	919,135,520

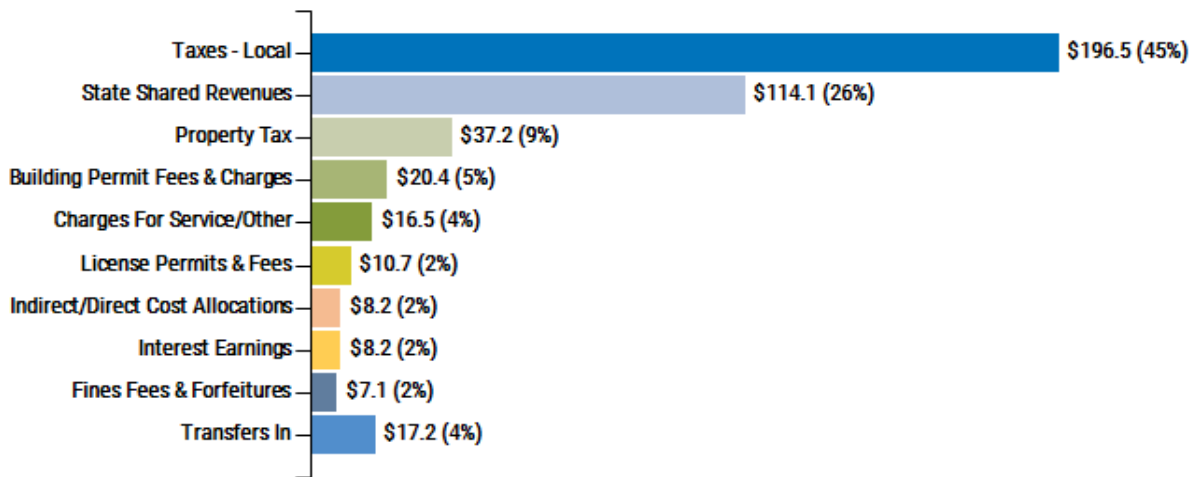
^(a) Includes use of reserve appropriations.

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

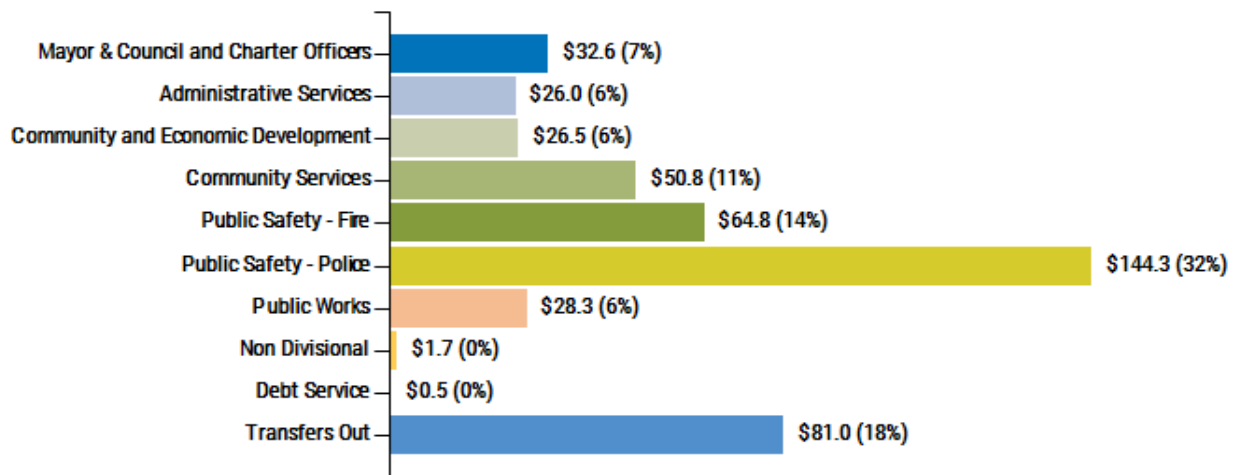
FUND PURPOSE

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, includes the most diverse operations and because its use is unrestricted is typically the fund of most interest and significance to citizens.

General Fund Sources (% to Total)
\$436.1 Million



General Fund Uses (% to Total)
\$456.4 Million



Rounding differences may occur.

BUDGET BY FUND | General Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Emergency Reserve ^(a)	-	16,377,415	16,377,415	16,362,003
General Plan Initiatives ^(b)	-	15,000,000	15,000,000	15,000,000
Innovation Initiatives ^(c)	-	500,000	500,000	500,000
Operating Contingency ^(d)	3,000,000	10,000,000	10,000,000	15,000,000
Operating Reserve ^(e)	42,456,278	65,509,660	65,609,660	65,448,013
PSPRS Pension Liabilities ^(f)	114,085,073	65,389,374	93,473,623	114,746,372
Cavasson Infrastructure Reimbursement ^(g)	14,600,000	14,600,000	14,600,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
Total Beginning Fund Balance	174,641,351	187,876,449	216,060,698	242,156,388
Revenues				
Taxes - Local				
Sales Tax	165,535,064	154,865,753	173,637,948	166,134,814
Sales Tax - Public Safety (0.10%)	16,288,477	15,246,585	17,105,945	16,353,065
Electric & Gas Franchise	9,092,778	8,454,833	8,454,833	9,106,540
Cable TV License Fee	3,824,704	3,800,000	3,800,000	3,700,000
Stormwater Fee	955,857	946,580	946,580	960,198
Salt River Project In Lieu	227,692	220,000	220,000	200,000
State Shared Revenues				
State Shared Income Tax	32,138,234	46,439,631	46,050,622	65,098,126
State Shared Sales Tax	34,246,548	35,088,377	36,088,377	36,543,806
Auto Lieu Tax	12,081,433	12,282,914	11,742,466	12,436,288
Property Tax				
Property Tax	34,584,456	35,885,125	35,885,125	37,177,572
Building Permit Fees & Charges				
Building Permit Fees & Charges	20,292,645	18,089,810	19,330,647	20,400,907
Charges For Service/Other				
Westworld Equestrian Facility Fees	6,125,988	5,405,782	5,555,782	5,929,574
Property Rental	4,819,176	3,960,794	3,960,794	5,427,428
Intergovernmental	3,834,698	4,327,431	3,846,431	4,168,669
Miscellaneous	1,770,852	1,504,340	1,467,502	1,006,918
License Permits & Fees				
Recreation Fees	4,580,419	4,720,736	4,720,736	5,205,367
Business & Liquor Licenses	1,867,140	1,788,516	2,713,516	2,802,228
Fire Charges For Services	2,328,461	2,266,364	2,266,364	2,736,729
Indirect/Direct Cost Allocations				
Indirect Costs	6,793,734	6,755,168	6,755,168	7,796,474
Direct Cost Allocation (Fire)	423,680	446,810	446,810	419,300
Interest Earnings				
Interest Earnings ^(h)	3,325,601	1,935,739	5,384,223	8,212,914
Fines Fees & Forfeitures				
Court Fines	3,999,375	4,165,213	4,165,213	4,053,645
Photo Radar	2,942,388	2,590,337	2,590,337	2,641,329
Parking Fines	261,598	287,409	287,409	263,700
Jail Dormitory	130,751	137,098	137,098	144,000
Library	115,931	19,260	19,260	27,204
Other Revenue				
Miscellaneous ⁽ⁱ⁾	20,527,709	-	21,159,834	-
Gaap				
GAAP Adjustment ^(j)	303,829	-	-	-
Subtotal	393,419,217	371,630,605	418,739,020	418,946,795
Transfers In				
CIP	3,774,819	400,000	400,000	-
Enterprise Franchise Fees	8,509,370	8,868,936	8,868,936	9,422,892
Special Revenue/Enterprise Funds	5,876,200	6,781,053	10,762,018	7,729,244
Subtotal	18,160,389	16,049,989	20,030,954	17,152,136
Total Sources	411,579,606	387,680,594	438,769,974	436,098,931

- (a) Reserve created in FY 2022/23 per Financial Policy No.2.02 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.
- (b) Designation created in FY 2022/23 to support the implementation of the new General Plan which was approved by voters in November 2021.
- (c) Designation created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives.
- (d) FY 2023/24, Operating Contingency increased to cover any potential Public Safety - Fire Certificate of Necessity (CON) costs.
- (e) Beginning in FY 2022/23, Operating Reserve was increased from 10 percent to 20 percent of operating uses, excluding transfers out.
- (f) Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2021/22 PSPRS Net Pension Liabilities are \$25.2 million for Public Safety - Fire and \$156.8 million for Public Safety - Police. FY 2023/24 includes a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.
- (g) Designation created for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement.
- (h) Increase in Interest Earnings is due to rising interest rates.
- (i) One-time proceeds from Museum Square and 94th Street and Bell Road land sales in FY 2021/22 and FY 2022/23, respectively.
- (j) Adjustment to align with fund balance calculation used in the Annual Financial Report.

BUDGET BY FUND | General Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Expenditures				
Mayor and City Council	869,042	957,862	952,871	1,112,601
City Attorney	7,311,081	8,301,331	8,281,675	8,589,399
City Auditor	1,098,648	1,289,532	1,314,830	1,313,021
City Clerk	1,252,389	1,287,756	1,288,658	1,103,865
City Court	4,879,291	5,350,199	5,054,632	5,655,776
City Manager	1,478,404	1,966,670	2,014,509	2,228,807
City Treasurer	9,482,235	11,344,952	10,829,393	12,585,220
Administrative Services	19,540,261	22,828,349	22,035,767	25,956,820
Community and Economic Development	26,263,085	26,080,389	25,315,677	26,455,848
Community Services	41,568,777	47,472,569	45,559,891	50,821,650
Public Safety - Fire ^(k)	53,586,556	55,619,254	53,883,036	64,767,849
Public Safety - Police ^{(k)(l)}	137,677,002	127,854,029	126,024,172	144,301,971
Public Works	23,332,573	24,355,438	20,817,589	28,329,379
Fuel and Maint and Repair ^(m)	-	-	2,435,933	-
Operating Impacts	-	-	-	-
Utilities ^(m)	-	-	3,488,010	-
Class and Comp Study ⁽ⁿ⁾	-	-	-	6,818,554
Leave Accrual Payments/Parental Leave	-	2,250,000	498,936	2,813,988
Savings from Vacant Positions	-	(7,350,000)	(2,986,828)	(9,000,000)
Vacation Trade	-	1,298,293	-	1,105,014
Subtotal	328,339,344	330,906,623	326,808,751	374,959,762
Debt Service				
Contracts Payable	395,986	431,315	431,315	452,103
Subtotal	395,986	431,315	431,315	452,103
TOTAL OPERATING BUDGET	328,735,330	331,337,938	327,240,066	375,411,865
Transfers Out				
CIP	16,143,847	60,662,704	60,662,704	53,659,834
CIP Construction Sales Tax	3,220,050	6,446,639	6,995,113	6,628,103
CIP Excess Interest	2,325,601	1,935,739	5,384,223	8,212,914
CIP Food Tax ^(o)	4,683,569	-	-	-
Debt Svc MPC Bonds	13,965,338	12,240,000	12,244,304	12,337,084
Operating	1,086,523	147,874	147,874	180,038
Subtotal	41,424,929	81,432,956	85,434,218	81,017,973
Total Uses	370,160,259	412,770,894	412,674,284	456,429,838
Sources Over/(Under) Uses	41,419,347	(25,090,300)	26,095,690	(20,330,907)
Ending Fund Balance				
Emergency Reserve ^(a)	-	16,566,897	16,362,003	18,770,593
General Plan Initiatives ^(b)	-	15,000,000	15,000,000	15,000,000
Innovation Initiatives ^(c)	-	500,000	500,000	500,000
Operating Contingency ^(d)	15,948,942	10,000,000	8,954,872	15,000,000
Operating Reserve ^(e)	32,873,533	66,267,588	65,448,013	75,082,373
PSPRS Pension Liabilities ^(f)	149,838,223	39,351,664	120,791,500	82,372,515
Cavasson Infrastructure Reimbursement ^(g)	16,900,000	14,600,000	14,600,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
Total Ending Fund Balance	216,060,698	162,786,149	242,156,388	221,825,481

^(a) Reserve created in FY 2022/23 per Financial Policy No.2.02 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.

^(b) Designation created in FY 2022/23 to support the implementation of the new General Plan which was approved by voters in November 2021.

^(c) Designation created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives.

^(d) FY 2023/24, Operating Contingency increased to cover any potential Public Safety - Fire Certificate of Necessity (CON) costs.

^(e) Beginning in FY 2022/23, Operating Reserve was increased from 10 percent to 20 percent of operating uses, excluding transfers out.

^(f) Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2021/22 PSPRS Net Pension Liabilities are \$25.2 million for Public Safety - Fire and \$156.8 million for Public Safety - Police. FY 2023/24 includes a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

^(g) Designation created for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement.

^(k) 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.

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

^(m) Initially budgeted at the division level. At the start of the fiscal year the budget will move to a macro level and then will be transferred back to the divisions monthly as expenses occur.

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

^(o) FY 2021/22 was the final year of transferring sales tax on food for home consumption to the CIP.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Emergency Reserve ^(a)	16,362,003	18,770,593	18,991,120	20,292,805	20,772,975
General Plan Initiatives ^(b)	15,000,000	15,000,000	-	-	-
Innovation Initiatives ^(c)	500,000	500,000	500,000	500,000	500,000
Operating Contingency ^(d)	15,000,000	15,000,000	10,000,000	10,000,000	10,000,000
Operating Reserve ^(e)	65,448,013	75,082,373	75,964,480	81,171,220	83,091,900
PSPRS Pension Liabilities ^(f)	114,746,372	82,372,515	125,312,381	118,784,956	109,567,106
Cavasson Infrastructure Reimbursement ^(g)	14,600,000	14,600,000	14,600,000	7,300,000	7,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Beginning Fund Balance	242,156,388	221,825,481	245,867,981	238,548,981	231,731,981
Revenues					
Taxes - Local					
Sales Tax	166,134,814	168,601,000	174,642,000	179,949,400	185,439,500
Sales Tax - Public Safety (0.10%)	16,353,065	16,597,100	17,198,600	17,726,600	18,273,100
Electric & Gas Franchise	9,106,540	9,106,600	9,106,600	9,106,600	9,106,600
Cable TV License Fee	3,700,000	3,700,000	3,600,000	3,600,000	3,600,000
Stormwater Fee	960,198	965,000	969,800	974,700	979,500
Salt River Project In Lieu	200,000	200,000	200,000	200,000	200,000
State Shared Revenues					
State Shared Income Tax	65,098,126	56,911,500	40,854,000	42,342,900	43,888,200
State Shared Sales Tax	36,543,806	37,092,000	38,427,300	39,580,100	40,807,100
Auto Lieu Tax	12,436,288	12,747,200	13,257,100	13,522,200	13,792,700
Property Tax					
Property Tax	37,177,572	38,323,700	39,505,100	40,722,900	41,978,200
Building Permit Fees & Charges					
Building Permit Fees & Charges	20,400,907	20,524,700	20,652,300	20,773,400	20,894,700
Charges For Service/Other					
Westworld Equestrian Facility Fees	5,929,574	5,974,000	6,018,700	6,064,000	6,109,600
Property Rental	5,427,428	5,530,500	5,571,100	5,613,000	5,655,800
Intergovernmental	4,168,669	4,190,900	4,238,700	4,287,300	4,337,000
Miscellaneous	1,006,918	1,006,500	1,009,400	1,012,100	1,014,900
License Permits & Fees					
Recreation Fees	5,205,367	5,308,200	5,412,900	5,520,200	5,467,600
Business & Liquor Licenses	2,802,228	2,858,500	2,915,500	2,972,900	3,031,200
Fire Charges For Services	2,736,729	2,465,800	2,495,400	1,525,900	1,075,200
Indirect/Direct Cost Allocations					
Indirect Costs	7,796,474	8,186,300	8,595,600	9,025,400	9,476,700
Direct Cost Allocation (Fire)	419,300	440,300	462,300	485,400	509,700
Interest Earnings					
Interest Earnings ^(h)	8,212,914	9,342,800	10,521,300	8,135,300	7,907,000
Fines Fees & Forfeitures					
Court Fines	4,053,645	4,096,000	4,143,900	4,191,600	4,227,800
Photo Radar	2,641,329	2,667,700	2,694,400	2,721,300	2,748,600
Parking Fines	263,700	265,600	268,000	269,500	271,500
Jail Dormitory	144,000	146,900	149,800	152,800	155,900
Library	27,204	27,700	28,200	28,900	29,400
Other Revenue					
Miscellaneous ⁽ⁱ⁾	-	-	-	-	-
Gaap					
GAAP Adjustment ^(j)	-	-	-	-	-
Subtotal	418,946,795	417,276,500	412,938,000	420,504,400	430,977,500
Transfers In					
CIP	-	-	-	-	-
Enterprise Franchise Fees	9,422,892	9,750,400	10,088,700	10,439,500	10,803,600
Special Revenue/Enterprise Funds	7,729,244	5,596,800	5,703,000	5,812,000	5,940,500
Subtotal	17,152,136	15,347,200	15,791,700	16,251,500	16,744,100
Total Sources	436,098,931	432,623,700	428,729,700	436,755,900	447,721,600

(a) Reserve created in FY 2022/23 per Financial Policy No.2.02 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.

(b) Designation created in FY 2022/23 to support the implementation of the new General Plan which was approved by voters in November 2021.

(c) Designation created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives.

(d) FY 2023/24, Operating Contingency increased to cover any potential Public Safety - Fire Certificate of Necessity (CON) costs.

(e) Beginning in FY 2022/23, Operating Reserve was increased from 10 percent to 20 percent of operating uses, excluding transfers out.

(f) Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2021/22 PSPRS Net Pension Liabilities are \$25.2 million for Public Safety - Fire and \$156.8 million for Public Safety - Police. FY 2023/24 includes a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

(g) Designation created for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement.

(h) Increase in Interest Earnings is due to rising interest rates.

(i) One-time proceeds from Museum Square and 94th Street and Bell Road land sales in FY 2021/22 and FY 2022/23, respectively.

(j) Adjustment to align with fund balance calculation used in the Annual Financial Report.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Expenditures					
Mayor and City Council	1,112,601	1,156,600	1,198,200	1,242,600	1,323,500
City Attorney	8,589,399	8,920,400	9,248,800	9,577,900	10,228,500
City Auditor	1,313,021	1,371,700	1,420,800	1,472,000	1,574,700
City Clerk	1,103,865	1,135,700	1,185,500	1,229,000	1,306,300
City Court	5,655,776	6,040,900	6,421,500	6,760,700	7,360,800
City Manager	2,228,807	2,308,600	2,392,400	2,466,200	2,626,200
City Treasurer	12,585,220	12,956,400	13,469,500	13,988,800	14,650,500
Administrative Services	25,956,820	26,191,500	27,084,100	28,032,300	29,634,800
Community and Economic Development	26,455,848	25,664,400	33,694,700	27,329,400	28,731,100
Community Services	50,821,650	50,838,800	52,842,800	54,915,100	58,459,700
Public Safety - Fire ^(k)	64,767,849	65,944,600	69,015,400	72,138,300	77,364,000
Public Safety - Police ^{(k)(l)}	144,301,971	141,960,200	147,642,300	153,207,900	163,469,400
Public Works	28,329,379	28,634,500	29,734,000	30,878,900	32,346,400
Fuel and Maint and Repair ^(m)	-	-	-	-	-
Operating Impacts	-	5,399,100	6,607,000	8,245,000	7,688,100
Utilities ^(m)	-	-	-	-	-
Class and Comp Study ⁽ⁿ⁾	6,818,554	6,972,700	7,112,100	7,252,200	7,397,300
Leave Accrual Payments/Parental Leave	2,813,988	2,942,400	5,470,900	5,480,200	3,342,600
Savings from Vacant Positions	(9,000,000)	(9,090,000)	(9,180,900)	(9,272,700)	(9,365,400)
Vacation Trade	1,105,014	-	-	-	-
Subtotal	374,959,762	379,348,500	405,359,100	414,943,800	438,138,500
Debt Service					
Contracts Payable	452,103	473,900	497,000	515,700	530,800
Subtotal	452,103	473,900	497,000	515,700	530,800
TOTAL OPERATING BUDGET					
	375,411,865	379,822,400	405,856,100	415,459,500	438,669,300
Transfers Out					
CIP	53,659,834	-	-	-	-
CIP Construction Sales Tax	6,628,103	6,747,400	6,868,900	6,917,000	6,965,400
CIP Excess Interest	8,212,914	9,342,800	10,521,300	8,135,300	7,907,000
CIP Food Tax ^(o)	-	-	-	-	-
Debt Svc MPC Bonds	12,337,084	12,464,100	12,582,800	12,825,600	13,145,500
Operating	180,038	204,500	219,600	235,500	252,900
Subtotal	81,017,973	28,758,800	30,192,600	28,113,400	28,270,800
Total Uses	456,429,838	408,581,200	436,048,700	443,572,900	466,940,100
Sources Over/(Under) Uses	(20,330,907)	24,042,500	(7,319,000)	(6,817,000)	(19,218,500)
Ending Fund Balance					
Emergency Reserve ^(a)	18,770,593	18,991,120	20,292,805	20,772,975	21,933,465
General Plan Initiatives ^(b)	15,000,000	-	-	-	-
Innovation Initiatives ^(c)	500,000	500,000	500,000	500,000	500,000
Operating Contingency ^(d)	15,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Operating Reserve ^(e)	75,082,373	75,964,480	81,171,220	83,091,900	87,733,860
PSPRS Pension Liabilities ^(f)	82,372,515	125,312,381	118,784,956	109,567,106	84,546,156
Cavasson Infrastructure Reimbursement ^(g)	14,600,000	14,600,000	7,300,000	7,300,000	7,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Ending Fund Balance	221,825,481	245,867,981	238,548,981	231,731,981	212,513,481

^(a) Reserve created in FY 2022/23 per Financial Policy No.2.02 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.

^(b) Designation created in FY 2022/23 to support the implementation of the new General Plan which was approved by voters in November 2021.

^(c) Designation created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives.

^(d) FY 2023/24, Operating Contingency increased to cover any potential Public Safety - Fire Certificate of Necessity (CON) costs.

^(e) Beginning in FY 2022/23, Operating Reserve was increased from 10 percent to 20 percent of operating uses, excluding transfers out.

^(f) Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2021/22 PSPRS Net Pension Liabilities are \$25.2 million for Public Safety - Fire and \$156.8 million for Public Safety - Police. FY 2023/24 includes a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

^(g) Designation created for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement.

^(k) 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.

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

^(m) Initially budgeted at the division level. At the start of the fiscal year the budget will move to a macro level and then will be transferred back to the divisions monthly as expenses occur.

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

^(o) FY 2021/22 was the final year of transferring sales tax on food for home consumption to the CIP.

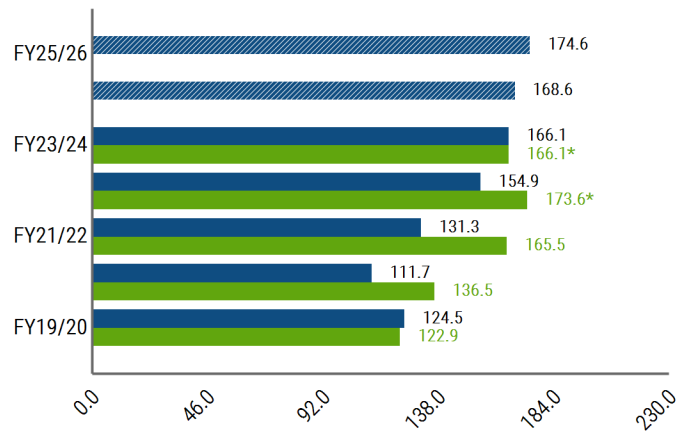
GENERAL FUND SOURCES

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 2023/24 estimated General Fund revenues and transfers in equal \$436.1 million, an increase of approximately \$48.4 million, or 12.5 percent, from the FY 2022/23 adopted budget of \$387.7 million. The increase is primarily due to rising inflation and continued strong consumer spending reflected mostly in Sales Tax revenue, an adjustment in the state shared income distribution rate increase, and high 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 2023/24 adopted budget is \$166.1 million, which is approximately \$11.2 million higher than the FY 2022/23 adopted budget of \$154.9 million due to rising inflation and continued strong consumer spending. 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.

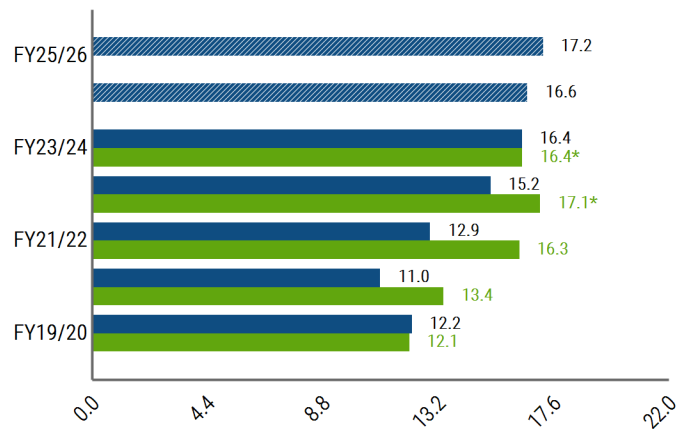
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 is \$16.4 million, which is a \$1.2 million increase from the FY 2022/23 adopted budget of \$15.2 million due to rising inflation and continued strong consumer spending. This designated sales tax covers 7.8 percent of the FY 2023/24 Public Safety Police and Fire General Fund budgets combined.

FY 2019/20 to FY 2025/26 (in millions)

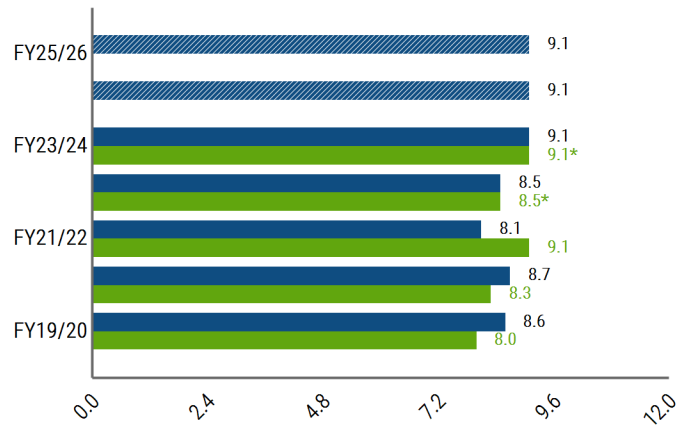


FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 adopted budget for Electric & Gas Franchise totals \$9.1 million, which is an increase of approximately \$0.6 million from the FY 2022/23 adopted budget, mostly explained by higher electric usage.

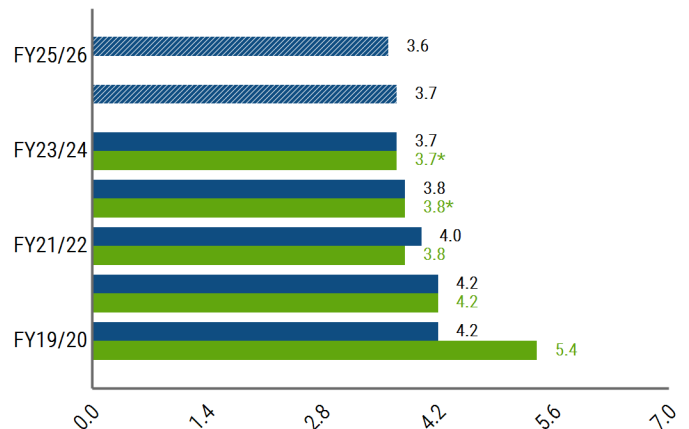
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$3.7 million, which is a decrease of \$0.1 million from the FY 2022/23 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 2019/20 to FY 2025/26 (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 2023/24 adopted budget totals \$1.0 million, which is an increase of approximately \$0.1 million from the FY 2022/23 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)

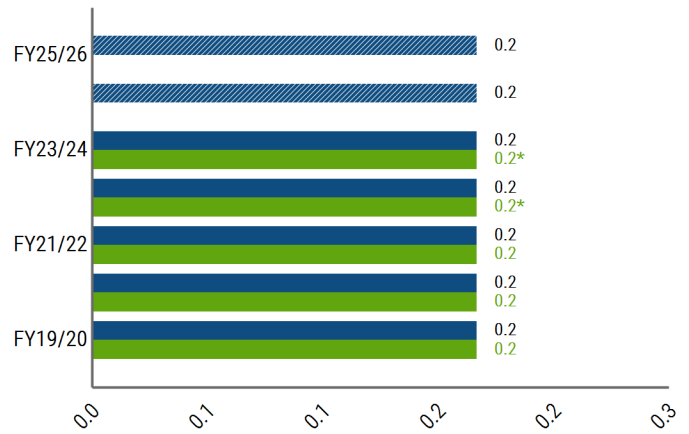


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 adopted budget is \$0.2 million, which remains flat compare to FY 2022/23 adopted budget.

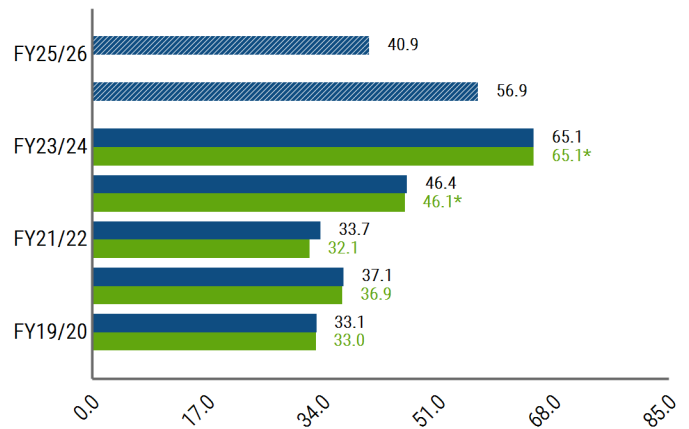
FY 2019/20 to FY 2025/26 (in millions)



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, 15 percent of the state income tax collections are shared with the cities and towns. Effective in FY 2023/24, the sharing percentage increases from 15 percent to 18 percent to help offset the impacts to local governments of the State instituting 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 is budgeted at \$65.1 million for FY 2023/24, an increase of \$18.7 million from the FY 2022/23 adopted budget of \$46.4 million. The increase is mainly due to the impact of the three percent rate increase of state income tax distribution to cities and towns.

FY 2019/20 to FY 2025/26 (in millions)

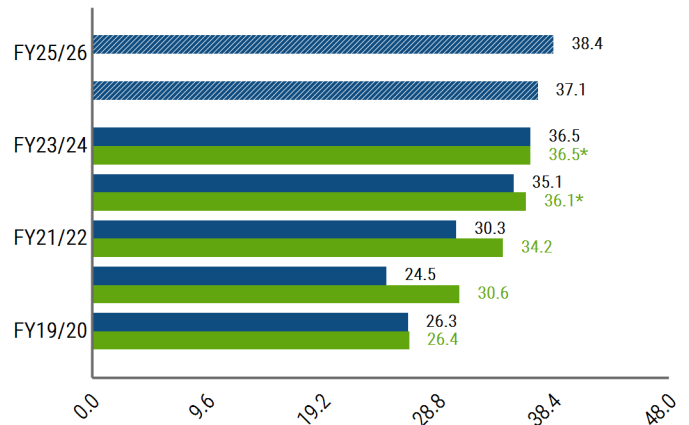


FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 adopted budget is \$36.5 million, which is an increase of \$1.4 million compared to the FY 2022/23 adopted budget of \$35.1 million, due rising inflation and continued strong consumer spending.

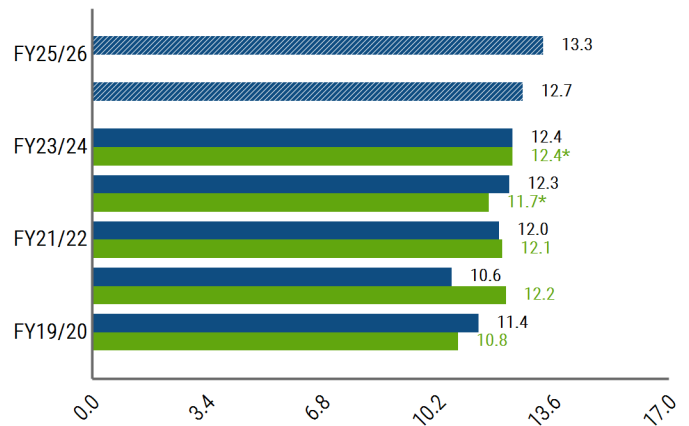
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$12.4 million, an increase of approximately \$0.1 million compared to the FY 2022/23 adopted budget.

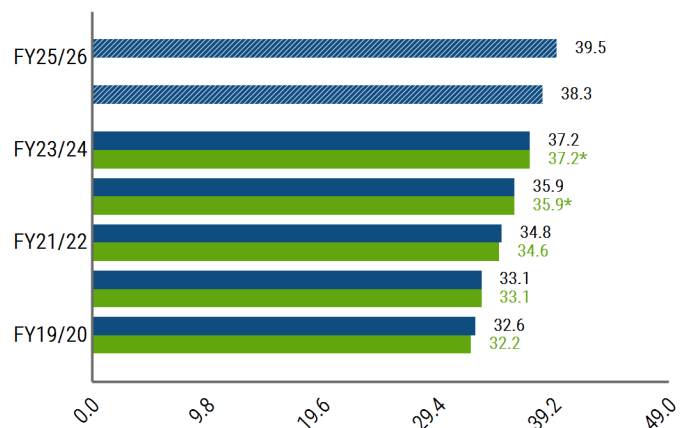
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 General Fund sources. The FY 2023/24 adopted budget is \$37.2 million, an increase of \$1.3 million compared to the FY 2022/23 adopted budget, due to the two percent statutory allowable increase and new construction. The FY 2023/24 adopted primary property tax rate is \$0.5150 cents per \$100 of assessed valuation represents a \$0.0180 cent increase from the FY 2022/23 rate.

FY 2019/20 to FY 2025/26 (in millions)

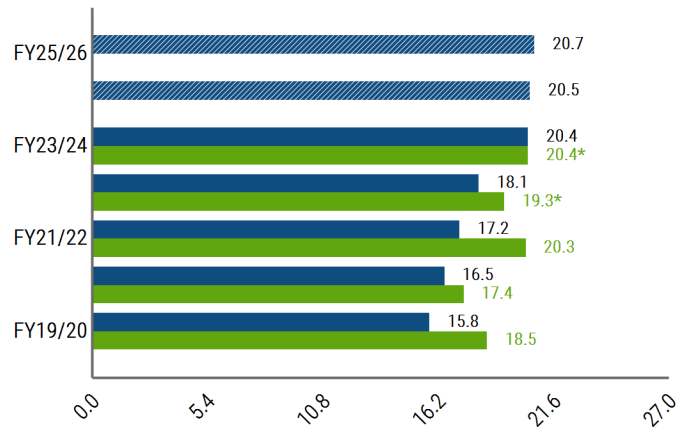


FORECAST BUDGET ACTUAL/FORECAST*

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 of building, electrical, mechanical and plumbing permits; and 4) the inspection of buildings/structures in the construction phase. The FY 2023/24 adopted budget is \$20.4 million, which is an increase of \$2.3 million compared to the FY 2022/23 adopted budget mostly due to anticipated higher revenues from large development projects.

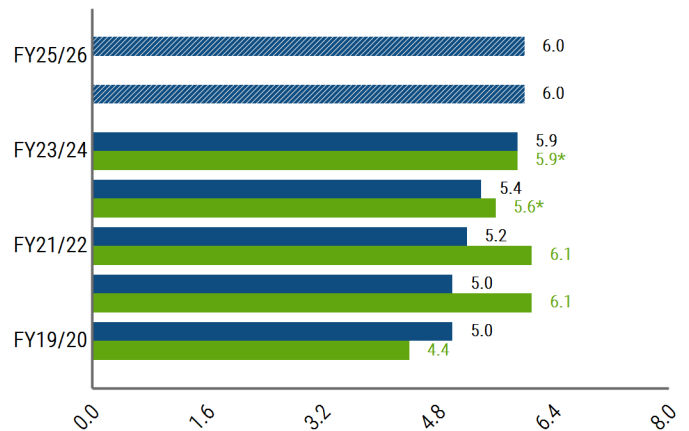
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is mostly based on future confirmed bookings, and it is estimated to be \$5.9 million, which is an increase of approximately \$0.5 million from the FY 2022/23 adopted budget, due to the increase in RV rental and feed/bedding sales.

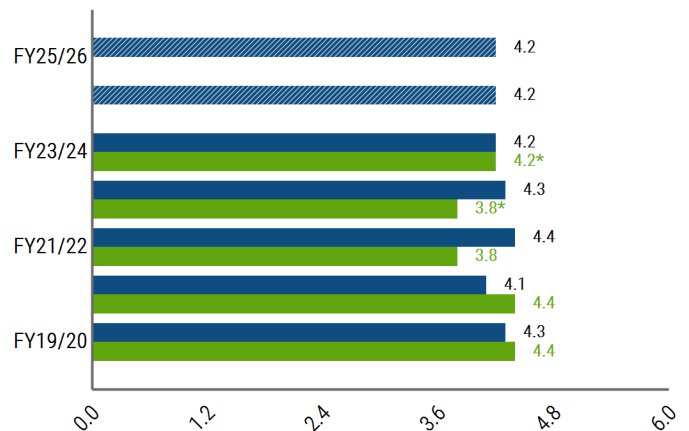
FY 2019/20 to FY 2025/26 (in millions)



INTERGOVERNMENTAL

Intergovernmental revenue sources include payments for School Resource Officers (SRO) from the Public Safety - Police Division to service local area schools, a Salt River Pima-Maricopa Indian Community agreement for providing crime laboratory services. The FY 2023/24 adopted budgeted is \$4.2 million, which is a slight decrease of \$0.1 million from the FY 2022/23 adopted budget primarily due to a change on the recording of the vendor credit issued by the Maricopa County Library Assistance Program.

FY 2019/20 to FY 2025/26 (in millions)

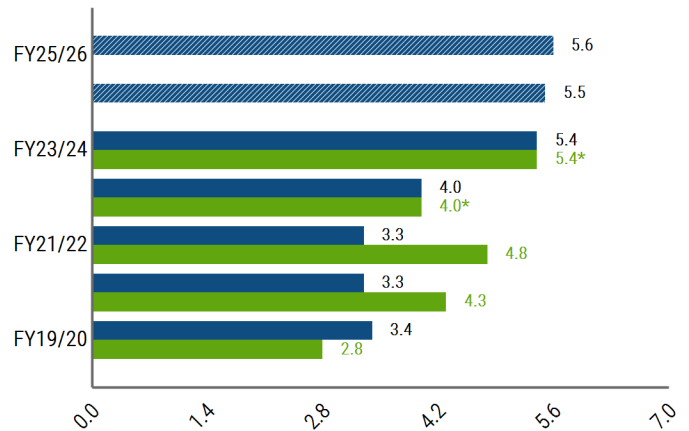


FORECAST BUDGET ACTUAL/FORECAST*

PROPERTY RENTAL

Property Rental revenues are rental fees on facilities such as the Scottsdale Stadium, as well as funding received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2023/24 adopted budget is estimated to be \$5.4 million, which is an increase of \$1.4 million from the FY 2022/23 adopted budget mostly due to aligning revenue anticipated from the TPC with prior year actuals, new TPC revenue from the seventh contract amendment, and increase in stadium usage fees.

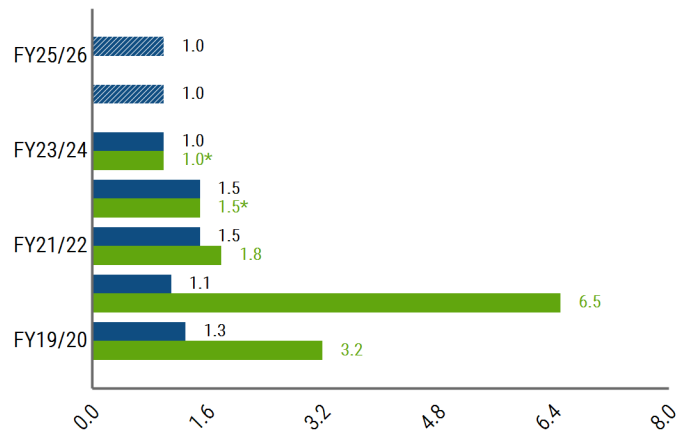
FY 2019/20 to FY 2025/26 (in millions)



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 Other Sale of Property, Passport Fees, Copies of Materials, etc. The FY 2023/24 adopted budget is \$1 million which is a decrease of 0.5 million from the FY 2022/23 adopted budget, primarily due to a required accounting change related to the subscription-based information technology agreements in the Public Safety - Police Division. Actual revenue in FY 2020/21 corresponds to a required accounting change related to subscription-based technology agreements.

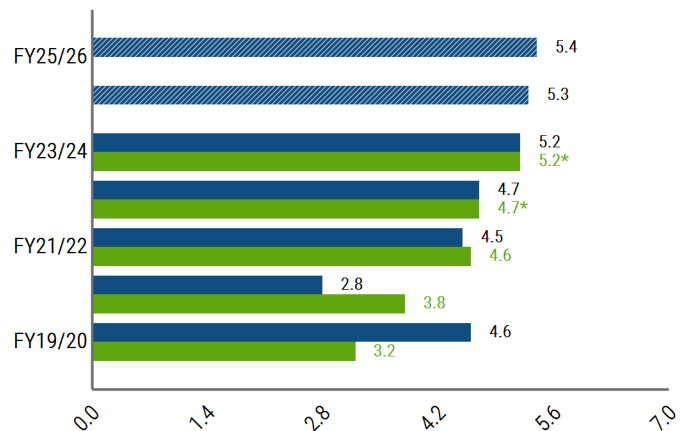
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget of \$5.2 million is \$0.5 million higher than the FY 2022/23 adopted budget of \$4.7 million mostly due to higher anticipated revenues at the WestWorld Sports Complex and fee increase for recreational programs.

FY 2019/20 to FY 2025/26 (in millions)

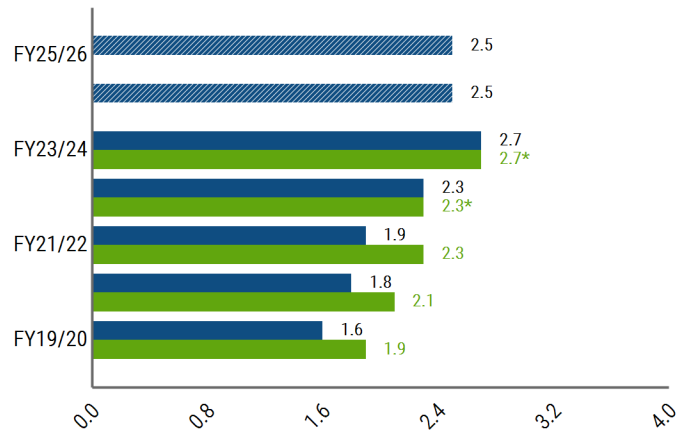


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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. In addition, the Public Safety - Fire Division collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits and incident reports. The FY 2023/24 adopted budget is \$2.7 million, which is approximately \$0.4 million higher than the FY 2022/23 adopted budget, mostly due to reimbursement allowed in the ambulance contract for clinical improvements, and increase revenue from fire prevention services.

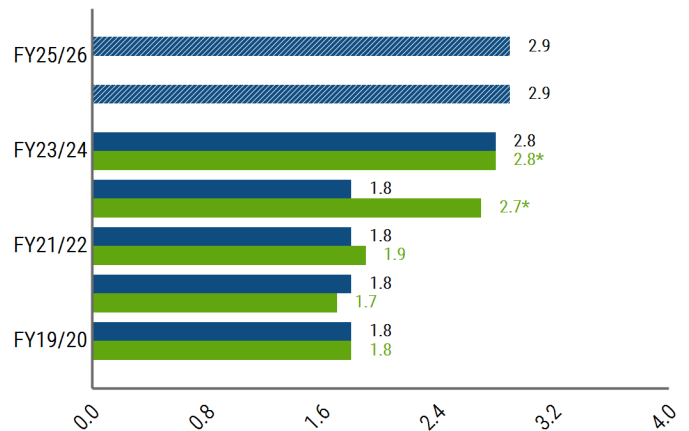
FY 2019/20 to FY 2025/26 (in millions)



BUSINESS & LIQUOR LICENSES

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities. The FY 2023/24 adopted budget is \$2.8 million, which is a \$1.0 million increase when compared to the FY 2022/23 adopted budget. The increase is primarily due to the implementation of the Short Term Rental program that requires property operators to maintain special local licenses.

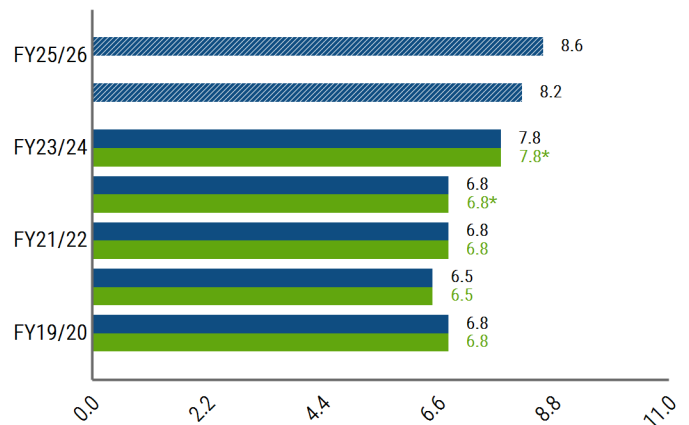
FY 2019/20 to FY 2025/26 (in millions)



INDIRECT COSTS

Indirect Costs is 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 2023/24 adopted budget for indirect cost is \$7.8 million, which increased \$1.0 million from the FY 2022/23 adopted budget primarily due to higher personnel costs.

FY 2019/20 to FY 2025/26 (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 2023/24 adopted budget is \$0.4 million, which remains flat when compared to the FY 2022/23 adopted budget. The revenue is received from the Aviation Fund.

FY 2019/20 to FY 2025/26 (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 2023/24 adopted budget is \$4.1 million, which is \$0.1 million lower than the FY 2022/23 adopted budget.

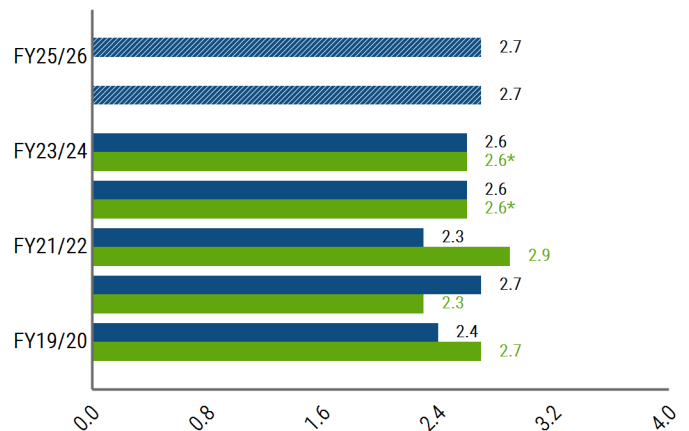
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$2.6 million, which remains flat from the FY 2022/23 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 2019/20 to FY 2025/26 (in millions)

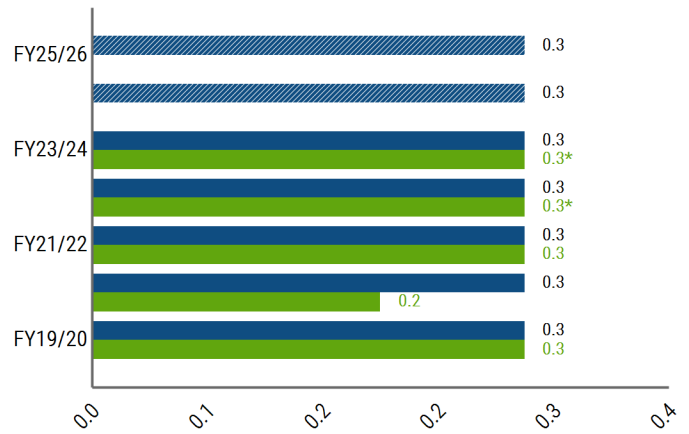


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

PARKING FINES

Parking Fines are the General Fund portion of parking fees assessed per City Ordinance. The FY 2023/24 adopted budget is \$0.3 million, which remains relatively flat from the FY 2022/23 adopted budget. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

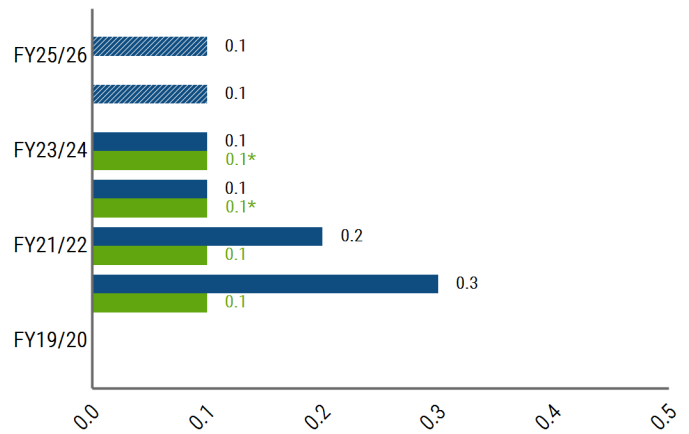
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted revenue is \$0.1 million which remains flat to the FY 2022/23 adopted budget.

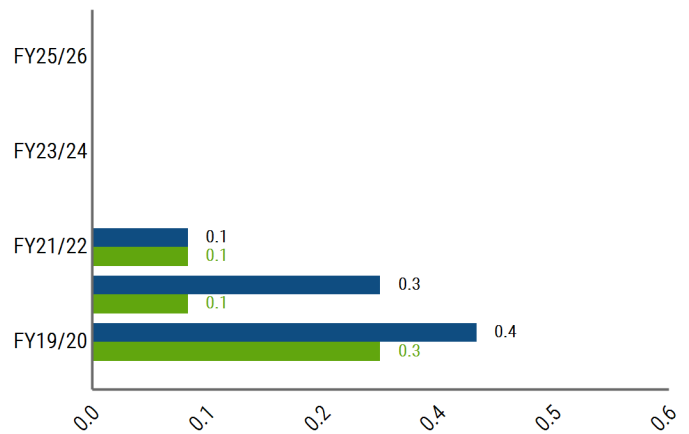
FY 2019/20 to FY 2025/26 (in millions)



LIBRARY

Library fees is revenue collected from meeting room rentals at any of the four library branches. Library fees used to include monies collected when library materials are lost, and/or are damaged, and revenue from the library shops at all four library branches. Late fees were eliminated in FY 2020/21. Beginning in FY 2022/23, the revenue related to library materials was moved to the Special Programs Fund.

FY 2019/20 to FY 2025/26 (in millions)

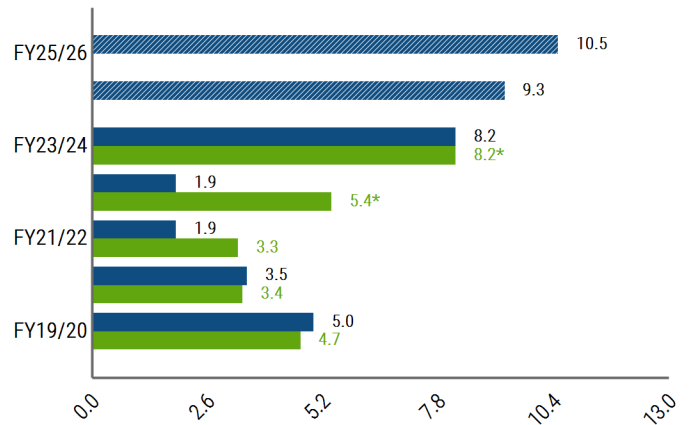


FORECAST BUDGET ACTUAL/FORECAST*

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 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 2023/24 adopted budget is \$8.2 million, which is an increase of \$6.3 million from the FY 2022/23 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 will be transferred to the General Fund CIP.

FY 2019/20 to FY 2025/26 (in millions)



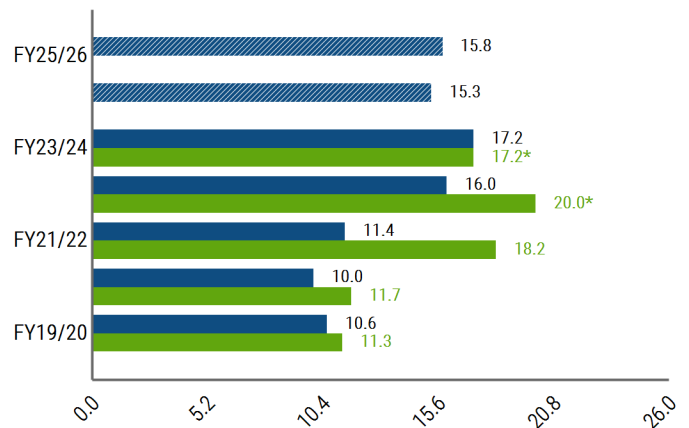
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2023/24 General Fund adopted budget includes \$17.2 million in Transfers In.

TRANSFERS IN

The FY 2023/24 adopted budget for Transfers In is \$17.2 million and includes: 1) \$9.4 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 use of the right-of-ways and medians; 2) \$0.1 million from the Water and Water Reclamation Fund to support grant writing services; and 3) a total of \$7.6 million from the Tourism Development Fund: \$3.8 million to comply with Financial Policy No.10.02 which indicates 12 percent of the transient lodging/bed tax revenues; \$1.0 million one-time funding to support the AZ SR101 Public Art Wall Painting; \$1.6 million per Resolution No.12267 to reimburse the General Fund for the purchase of land at WestWorld; \$0.3 million to support the Short Term Rental Program and the Police Park Range Unit; and \$0.9 million to support marketing efforts at WestWorld and the Scottsdale Stadium.

FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

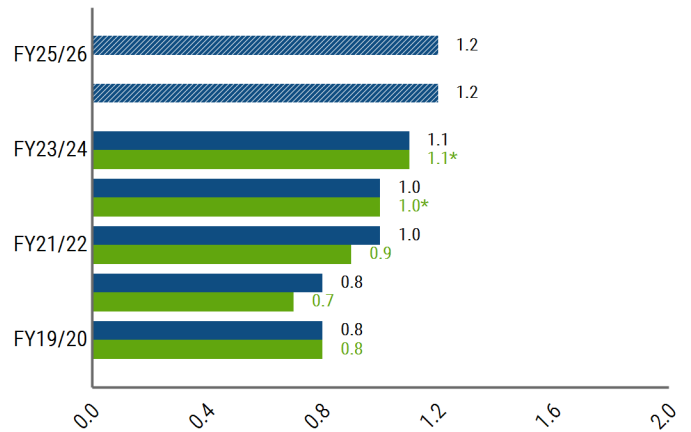
GENERAL FUND USES

The General Fund uses are presented by the following divisions, additional non-divisional operating categories, debt service and transfers out. The increase in FY 2023/24 is mainly due to increases in Personnel Services and Contractual Services that include: 1) a FY 2023/24 Step Program for sworn personnel and a pay for performance and market adjustment to eligible employees; 2) increases in healthcare and retirement rates; 3) the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that will take place in late 2023; 4) the conclusion of the American Rescue Act funding that was used to assist with Police Uniformed Services; and 5) increases in contracts. The increase could have been higher, but it is offset by the reduction on the one-time Fire PSPRS liability paydown and the increase of estimated vacancy savings.

MAYOR AND CITY COUNCIL

Mayor and City Council includes the voter elected mayor, six Council members and operational support staff. The FY 2023/24 adopted budget is \$1.1 million, an increase of \$0.1 million from the FY 2022/23 adopted budget.

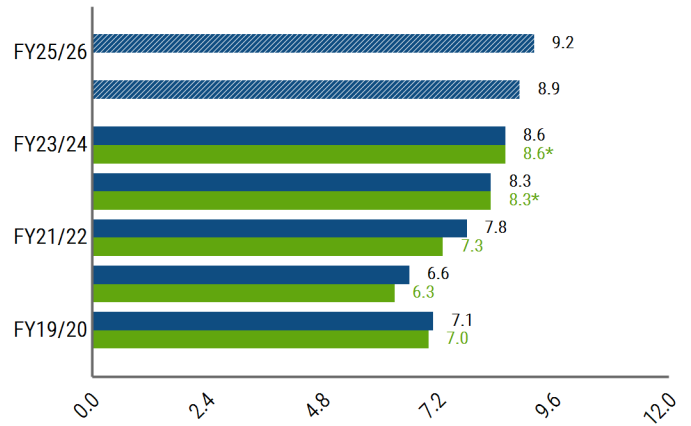
FY 2019/20 to FY 2025/26 (in millions)



CITY ATTORNEY

The City Attorney is the city's chief legal advisor and includes Civil, Prosecution, Risk Management and Victim Services departments. The FY 2023/24 adopted budget of \$8.6 million is \$0.3 million greater than the FY 2022/23 adopted budget of \$8.3 million, mainly due to a pay for performance and market adjustment for eligible employees.

FY 2019/20 to FY 2025/26 (in millions)

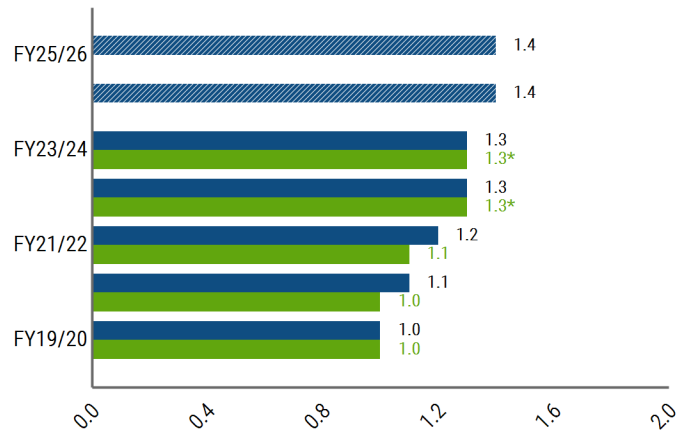


FORECAST BUDGET ACTUAL/FORECAST*

CITY AUDITOR

The City Auditor conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2023/24 adopted budget is \$1.3 million and remains relatively flat when compared to the FY 2022/23 adopted budget.

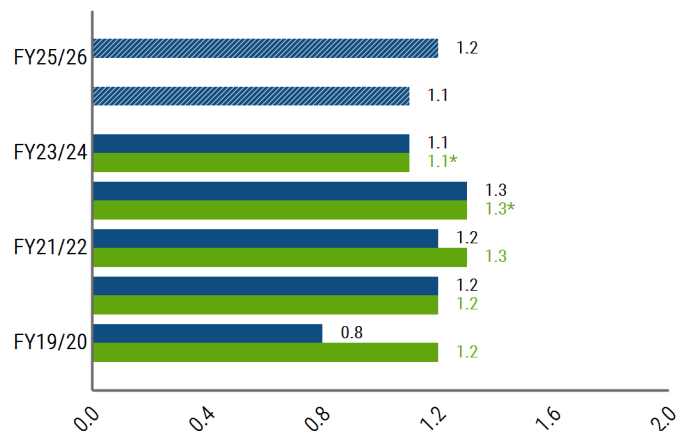
FY 2019/20 to FY 2025/26 (in millions)



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. Other times, the elections may not be known such as when new General Obligation Bond proposals are taken to the voters. Therefore, some differences between budget to actuals may reflect this as was the case in FY 2019/20. 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 2023/24 adopted budget of \$1.1 million is \$0.2 million lower than the FY 2022/23 adopted budget as FY 2023/24 is not an election year. However, there are certain costs related to the 2024 Mayor and Council election that will occur in FY 2023/24, such as advertising, Spanish translation, and informational pamphlet expenses.

FY 2019/20 to FY 2025/26 (in millions)

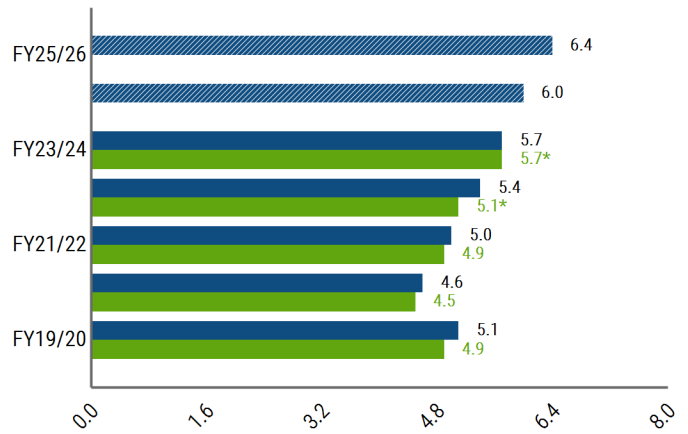


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 \$5.7 million budgeted for FY 2023/24, which is an increase of \$0.3 million when compared to the FY 2022/23 adopted budget mostly due to a pay for performance and market adjustment for eligible employees.

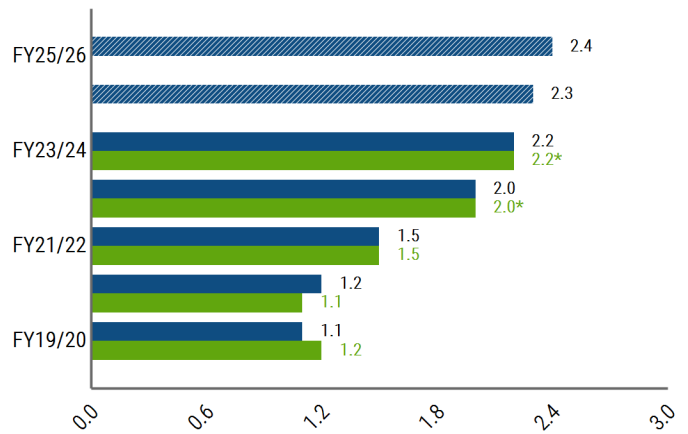
FY 2019/20 to FY 2025/26 (in millions)



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. Beginning in FY2023/24, the Communication and the Government Relations Departments were moved from the City Manager Division to the Administrative Services Division. The FY 2023/24 adopted budget of \$2.2 million, an increase of \$0.2 million from the FY 2022/23 adopted budget, is related to: 1) the addition of 2.00 FTE including an Assistant City Manager and an Assistant to the Assistant City Manager positions, and 2) a FY 2023/24 pay for performance and market adjustment for eligible employees and an increase in healthcare and retirement rates.

FY 2019/20 to FY 2025/26 (in millions)

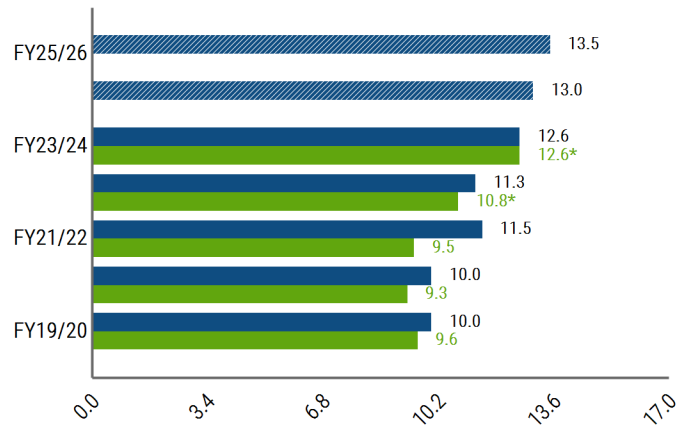


FORECAST BUDGET ACTUAL/FORECAST*

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, Finance, Business Services and Purchasing departments. The FY 2023/24 adopted budget of \$12.6 million represents an increase of \$1.3 million from the FY 2022/23 adopted budget. The increase is related to: 1) the addition of 4.00 FTE; 2) one-time contract worker services funding in the Purchasing Department to address the increased demand for services from city departments and a challenging labor market; 3) a FY 2023/24 pay for performance and market adjustment for eligible employees and an increase in healthcare and retirement rates; 4) increased contractual costs; and 5) one-time funding for professional services to support the Protect and Preserve Scottsdale Task Force.

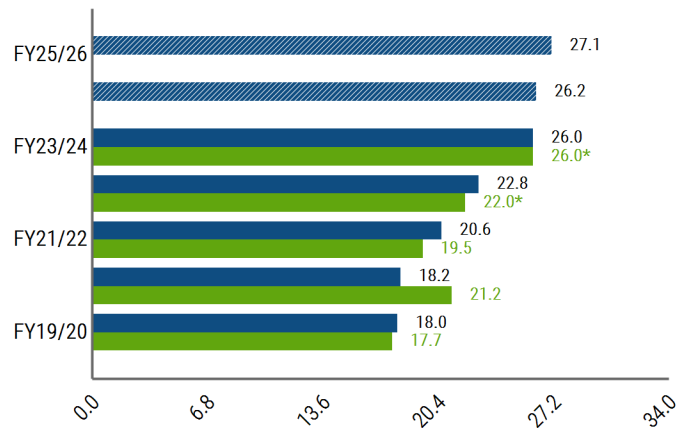
FY 2019/20 to FY 2025/26 (in millions)



ADMINISTRATIVE SERVICES

Administrative Services is comprised of the Communications, 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 2023/24 Administrative Services budget of \$26.0 million is \$3.2 million higher than the FY 2022/23 adopted budget of \$22.8 million. The increase is due to: 1) the addition of 8.50 FTE; 2) a pay for performance and market adjustment for eligible employees; 3) funding to develop an Americans with Disabilities Act Transition Plan for the city to be in compliance with the Department of Justice, a Class and Compensation Study, and a comprehensive review of the city's diversity, equity and inclusion policies, procedures and programs; 4) higher software, memberships and lease costs; and 5) one-time funding for the Human Resources office reconfiguration to accommodate staffing within the existing space.

FY 2019/20 to FY 2025/26 (in millions)

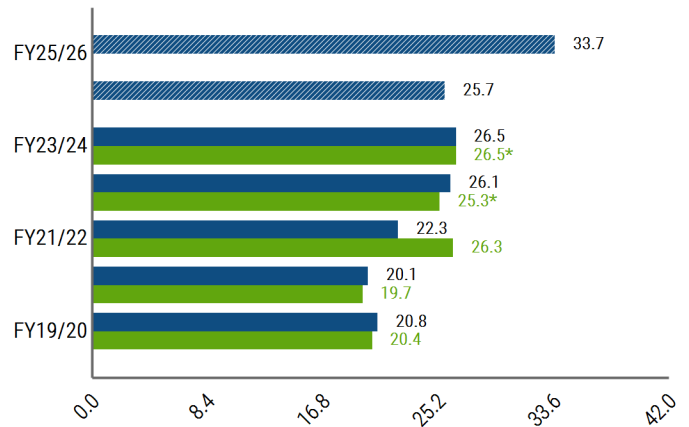


FORECAST BUDGET ACTUAL/FORECAST*

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 include Economic Development, Planning and Development Services, and Tourism and Events. The FY 2023/24 budget is \$26.5 million, which is an increase of \$0.4 million from the FY 2022/23 adopted budget primarily due to: 1) the net increase of 6.75 FTE; 2) a pay for performance and market adjustment for eligible employees; 3) contract increases; and 4) funding to purchase vehicles for new positions. The increase could have been higher, but it is offset by the removal of one-time funding for anticipated expenses related to the Super Bowl LVII.

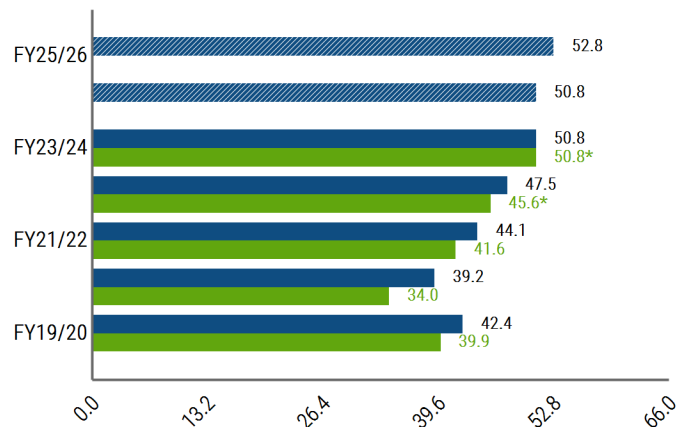
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget of \$50.8 million is a \$3.3 million increase from the FY 2022/23 adopted budget. The increase is primarily related to: 1) the addition of 6.27 FTE; 2) a FY 2023/24 pay for performance and market adjustment for eligible employees and an increase in healthcare and retirement rates; 3) additional funding for overtime hours to support tournaments and WestWorld events; 4) one-time funding to replace critical library infrastructure technology needs at Mustang and Civic Center Libraries; 5) one-time funding added to complete the Indian School Master Plan and begin the Cactus pool and Parks and Recreation master plans; 6) one-time funding added for tree pruning; 7) one-time funding added for the removal and disposal of organic waste material from WestWorld; 8) added funding for equipment rentals at WestWorld to allow for faster response to equipment replacements on the weekends; 9) one-time expense authority to pay the PAC12 a share revenue received to host their inaugural Baseball Conference Tournament; 10) an increase for feed and bedding inventory; 11) the rising costs of agriculture and horticulture suppl and aquatics chemicals; 12) one-time funding added for replacing the WestWorld Equidome footing; and 13) one-time funding for construction and equipment costs for WestWorld.

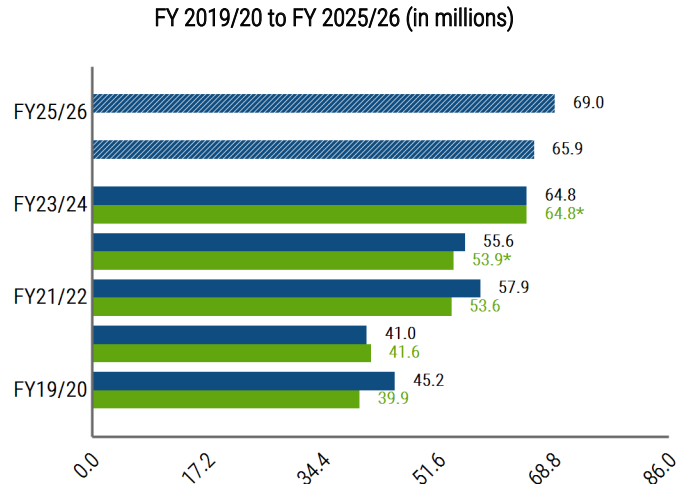
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

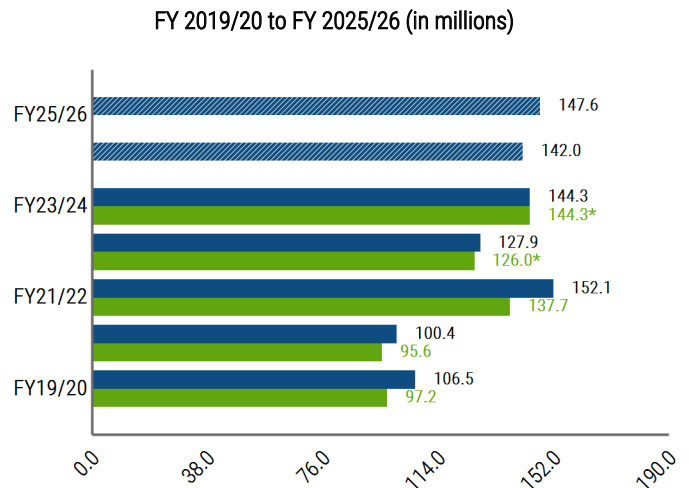
PUBLIC SAFETY - FIRE

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 2023/24 adopted budget of \$64.8 million is \$9.2 million higher than the FY 2022/23 adopted budget. The increase is due to: 1) a FY 2023/24 pay for performance and market adjustment for eligible employees and an increase in healthcare and retirement rates; 2) additional funding for overtime for special events, to provide backfill while sworn staff attend specialty teams training; 3) higher fleet maintenance, repair, and replacement costs as a result of inflation and supply chain challenges; 4) higher than anticipated fuel costs; and 5) various contract increases.



PUBLIC SAFETY - POLICE

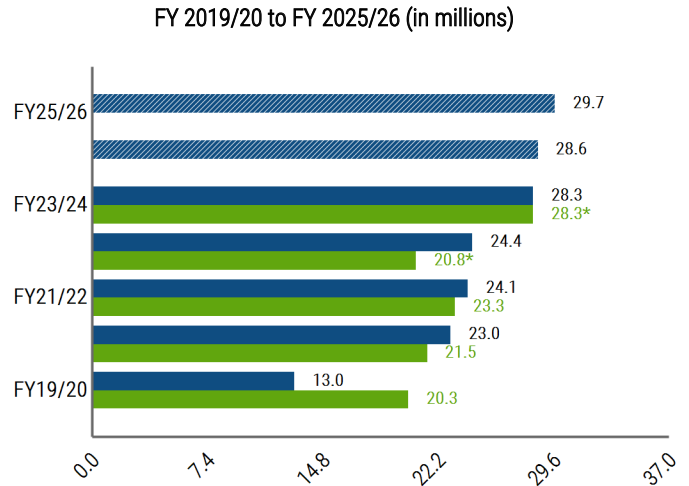
Public Safety - Police provides efficient and effective police services to the community including: confronting crime, responding to citizens and visitors' concerns, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services and Office of the Police Chief. The FY 2023/24 adopted budget of \$144.3 million is \$16.4 million higher than the FY 2022/23 adopted budget of \$127.9 million. The increase is primarily related to: 1) the addition of 7.00 FTE; 2) a FY 2023/24 Step Program for sworn personnel and a pay for performance and market adjustment for eligible employees and an increase in healthcare and retirement rates; 3) additional funding for overtime for special events which will be reimbursed by the vendors; 4) contract increases for photo enforcement, leased vehicles, Maricopa County Jail services, and municipal security; and 5) continuing a grant funded initiative for electronic citation (e-citation) and electronic collision (e-collision) platforms to increase efficiency in enforcing traffic-related violations and vehicular safety.



FORECAST BUDGET ACTUAL/FORECAST*

PUBLIC WORKS

Public Works General Fund includes Capital Project Management (CPM) which oversees the design and construction of capital improvement projects (also includes 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 2023/24 adopted budget of \$28.3 million is an increase of \$3.9 million when compared to the FY 2022/23 adopted budget of \$24.4 million. The increase is related to: 1) a FY 2023/24 pay for performance and market adjustment for eligible employees and an increase in healthcare and retirement rates; 2) contract increases; 3) facilities management increases due to inflation; 4) contracting for land surveying, mapping and compiling G data; 5) funding for the exterior painting of city-owned buildings and structures; and 6) one-time funding to paint the public art wall "The Path Most Traveled" on the Arizona State Loop 101 (funded by the Tourism Development Fund).

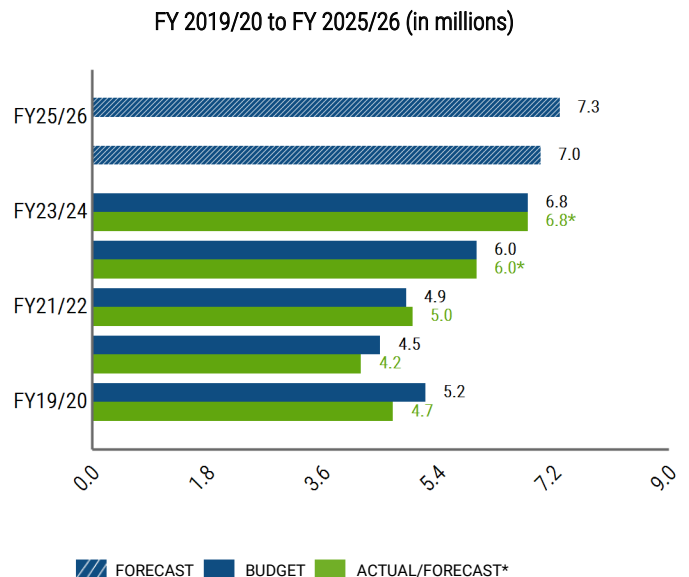


NON-DIVISIONAL USES

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 2022/23 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.

FUEL AND MAINT AND REPAIR

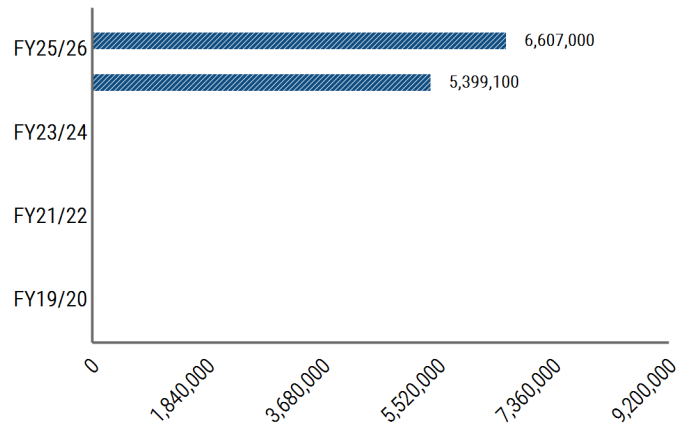
Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The FY 2023/24 Fuel and Maint and Repair adopted budgeted is \$6.8 million, budgeted at the division level.



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 2023/24 and years prior, operating impacts have been included at the division level. FY 2024/25 through FY 2025/26 are forecasted based on the adopted CIP Five Year Plan.

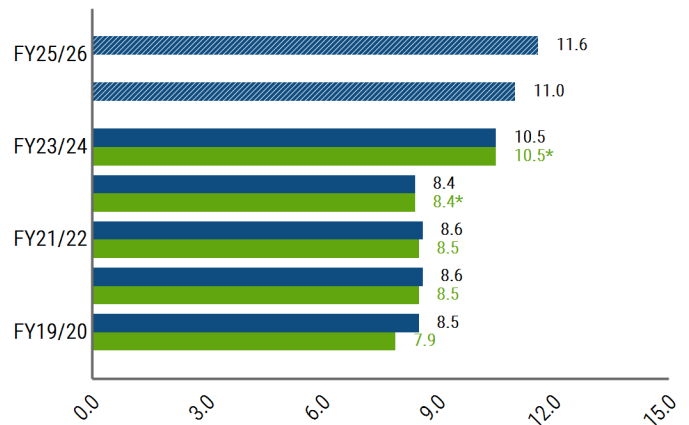
FY 2019/20 to FY 2025/26



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 2023/24 Utilities budget is \$10.5 million which is an increase of \$2.1 million when compared to the FY 2022/23 adopted budget.

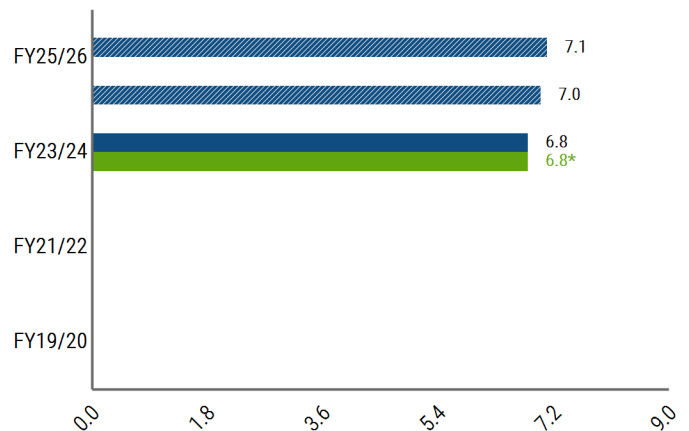
FY 2019/20 to FY 2025/26 (in millions)



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 will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$6.8 million.

FY 2019/20 to FY 2025/26 (in millions)

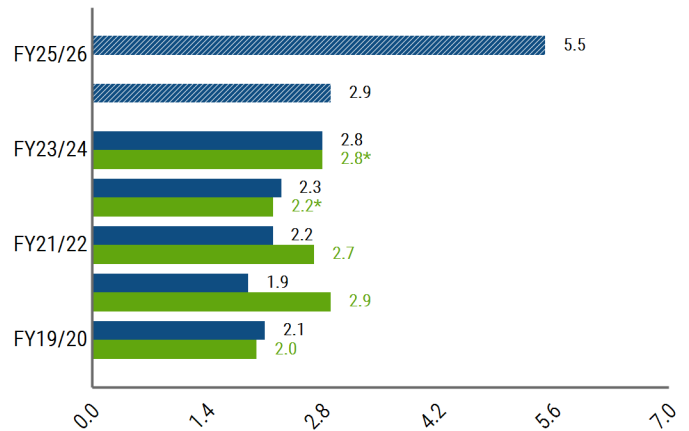


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 Leave Accrual Payments / Parental Leave budget is \$2.8 million, which includes \$1.3 million budgeted for medical leave accrual payouts, \$1.0 million budgeted for vacation accrual payouts, and \$0.5 million budget for parental leave.

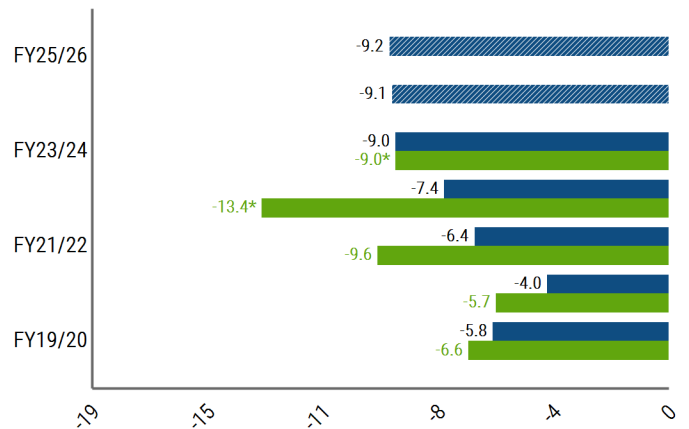
FY 2019/20 to FY 2025/26 (in millions)



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2023/24 is estimated at (\$9.0) million. The significant amount of vacancy savings achieved in FY 2021/22, and FY 2022/23 reflect in part challenges in the labor market, and it is the result of more resignations and retirements within the city than anticipated.

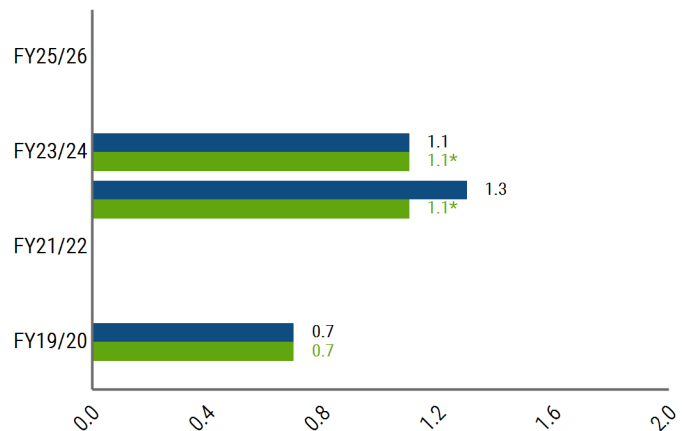
FY 2019/20 to FY 2025/26 (in millions)



VACATION TRADE

The Vacation Trade program allows employees who have been employed by the city for five years or more and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22.

FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

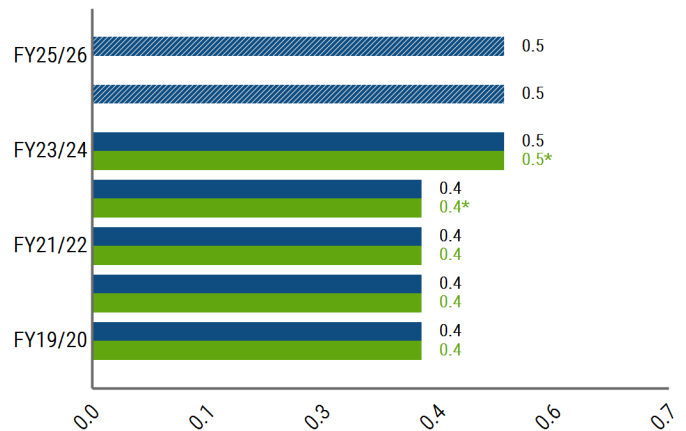
DEBT SERVICE AND TRANSFERS OUT

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 sales tax development agreements and will vary based on the actual sales tax collections at each developed site. The FY 2023/24 Contracts Payable budget is \$0.5 million.

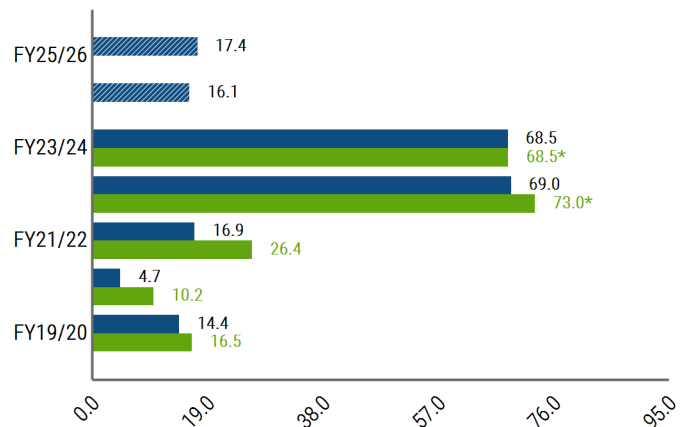
FY 2019/20 to FY 2025/26 (in millions)



CIP

Transfers Out to the Capital Improvement Plan (CIP) in FY 2023/24 is \$68.5 million, which ensures compliance with the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies: \$6.6 million or 50 percent of the construction sales tax, and \$8.2 million or 100 percent of interest income. Transfers Out to the CIP also includes: 1) \$2.5 million for inflation-related increases; 2) \$21.2 million to allocate the unrestricted portion of the Bell Road land sale proceeds to applicable capital projects; and 5) \$ 30.0 million to provide funding for various CIP projects that do not have a dedicated funding source per the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies.

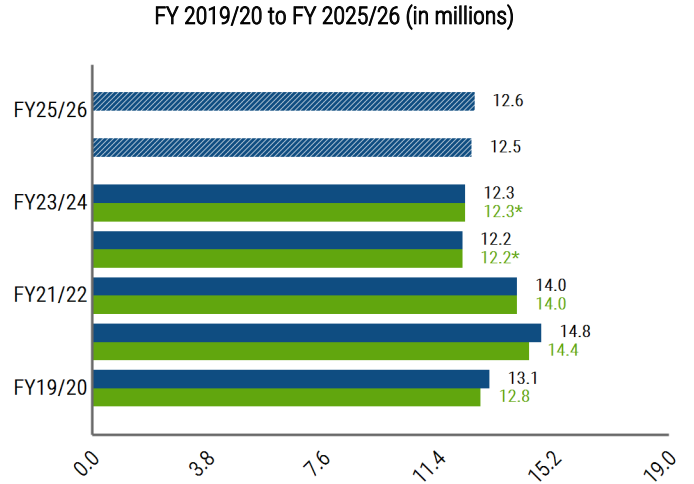
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

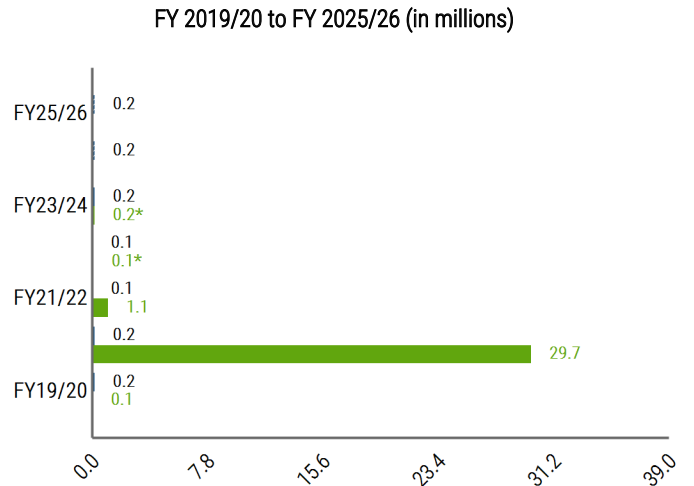
DEBT SVC MPC BONDS

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 2023/24 a total of \$12.3 million will be transferred to the Debt Service Fund for MPC bonds issued.



OPERATING

The FY 2023/24 Operating Transfers Out budget of \$0.2 million is to the Healthcare Self Insurance Fund to subsidize the costs 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.



GENERAL FUND ENDING BALANCE

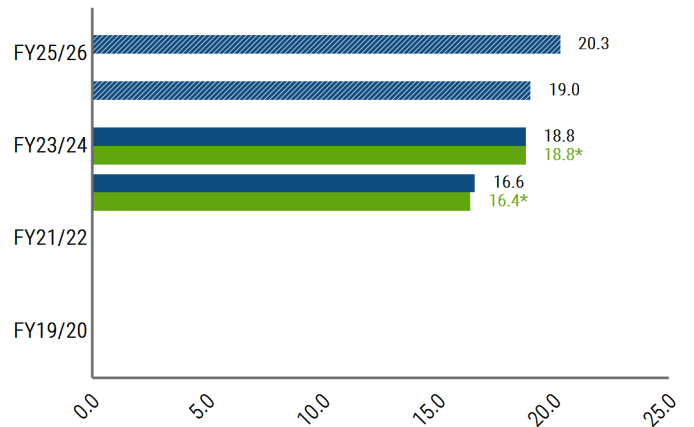
Fund balance/reserves protect the city's financial condition and provide for unexpected economic challenges. The specific make-up of the city's General Fund ending balance is noted in the following:

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

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 2023/24 General Fund Emergency Reserve is \$18.8 million.

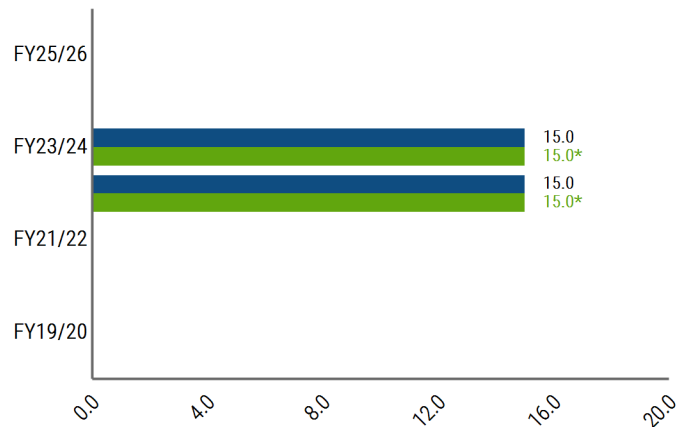
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 General Fund General Plan Initiatives designation is \$15.0 million.

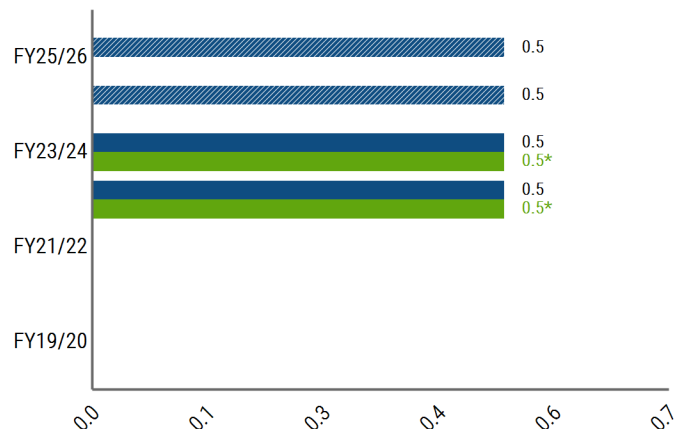
FY 2019/20 to FY 2025/26 (in millions)



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 20223/24 General Fund Innovation Initiatives designation is \$0.5 million.

FY 2019/20 to FY 2025/26 (in millions)

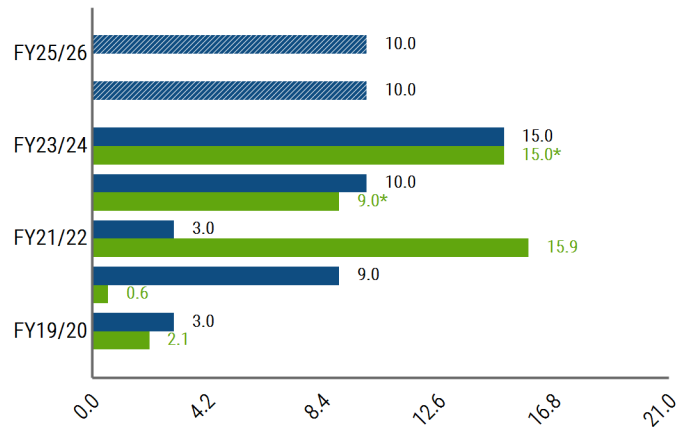


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING CONTINGENCY

Operating Contingency for FY 2023/24 is set at \$15.0 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. In FY 2021/22 the \$15.8 million of Operating Contingency fund balance included General Fund savings from utilizing the first half of the \$29.2 million of the American Rescue Plan Act (ARPA) awarded to the city to pay for Public Safety - Police and Fire payroll expenses. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

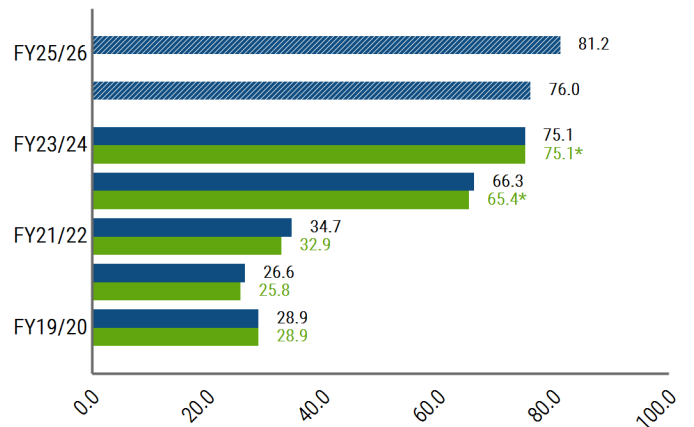
FY 2019/20 to FY 2025/26 (in millions)



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. Based on the operating budget expenditure estimate, the FY 2023/24 General Fund Operating Reserve is \$75.1 million.

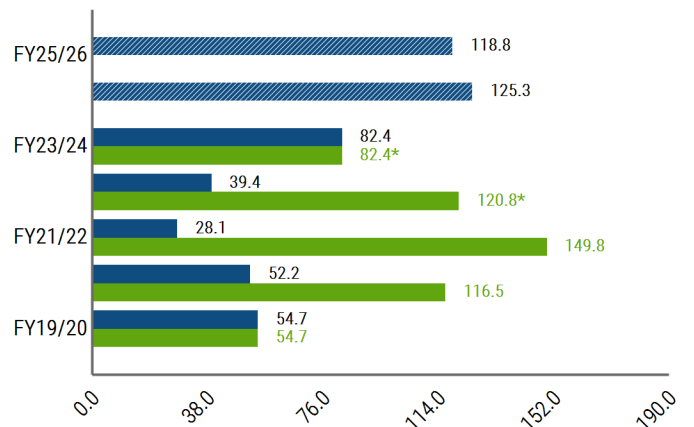
FY 2019/20 to FY 2025/26 (in millions)



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. In prior years, funds were held in the Undesignated, Unreserved Fund Balance. The FY 2023/234 PSPRS Pension Liabilities fund balance designation is \$82.4 million, which is an increase of \$43.0 million from the FY 2022/23 adopted budget. The increase is the net effect of a \$10.0 million payment to the PSPRS to pay down the unfunded liability and anticipated greater sources than uses. FY 2020/21 and FY 2021/22 saw significant 'actual' increases compared to budget attributed to primarily one-time federal funding received thereby freeing up General Fund dollars and sources significantly exceeding uses.

FY 2019/20 to FY 2025/26 (in millions)

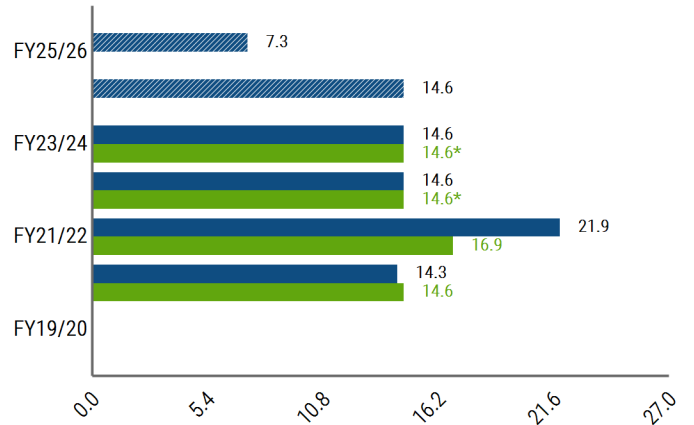


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 fund balance designation is \$14.6 million.

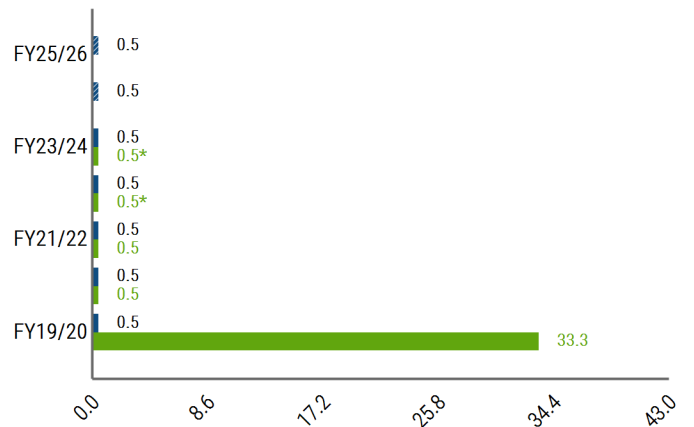
FY 2019/20 to FY 2025/26 (in millions)



UNDESIGNATED, UNRESERVED FUND BALANCE

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2023/24 ending undesignated, unreserved 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 2019/20 actual amount includes funds that were moved to PSPRS Pension Liabilities to address the unfunded liability for public safety personnel.

FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

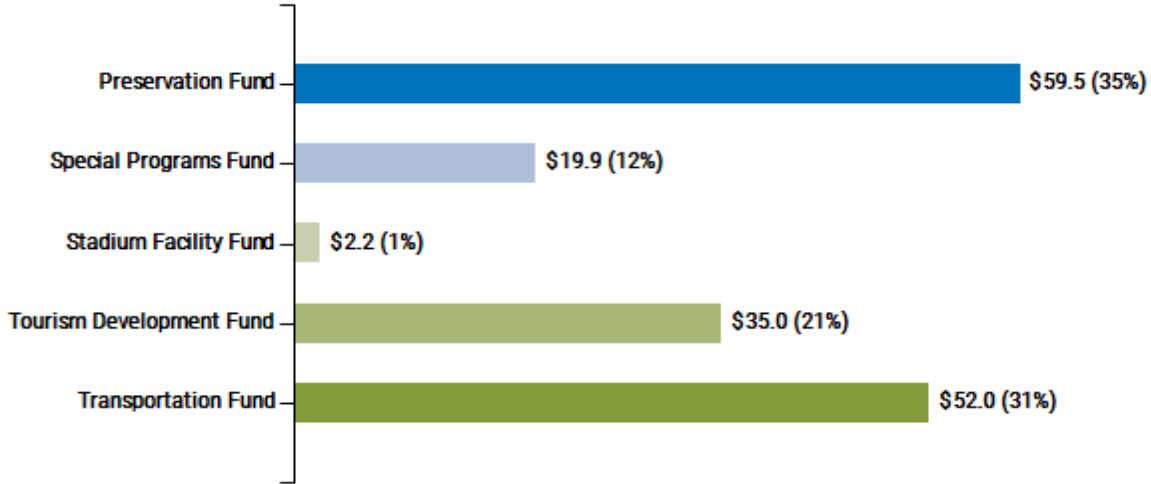


FY 2023/24 Adopted Budget

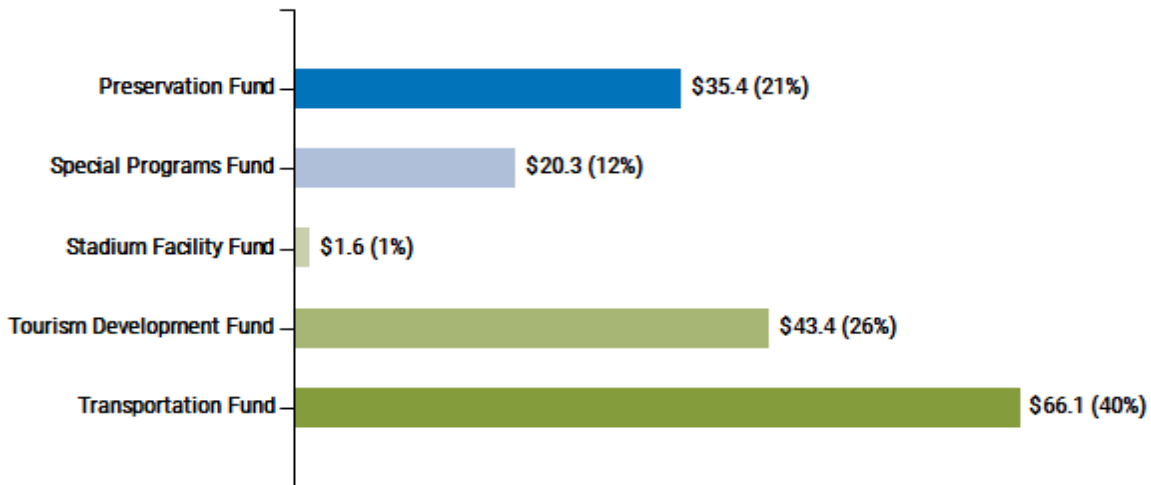
SPECIAL REVENUE FUNDS DESCRIPTION

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)



Special Revenue Funds Uses (% to Total)



Rounding differences may occur.

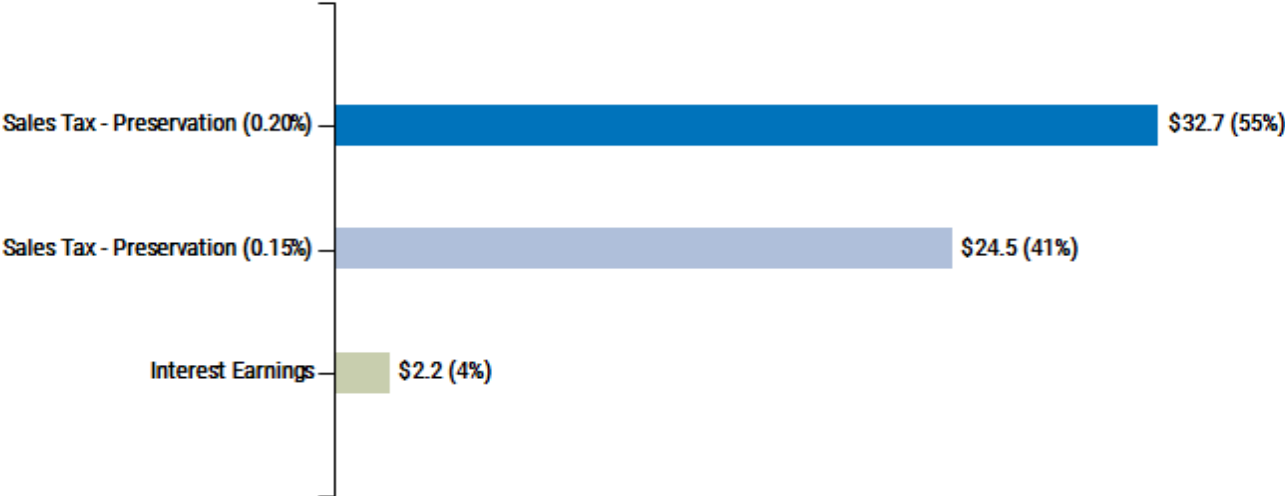


FY 2023/24 Adopted Budget

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)
\$59.5 Million**



**Preservation Fund Uses (% to Total)
\$35.4 Million**



Rounding differences may occur.

BUDGET BY FUND | Preservation Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Debt Service Reserve	32,947,342	33,439,900	33,439,242	35,354,537
Restricted for Capital	23,650,628	38,313,924	46,388,023	71,615,507
Total Beginning Fund Balance	56,597,970	71,753,824	79,827,265	106,970,044
Revenues				
Sales Tax - Preservation (0.20%)	32,574,988	30,493,170	34,211,903	32,706,126
Sales Tax - Preservation (0.15%)	24,434,764	22,869,877	25,658,945	24,529,589
Interest Earnings ^(a)	726,449	428,454	1,161,173	2,234,571
<i>Subtotal</i>	<u><i>57,736,201</i></u>	<u><i>53,791,501</i></u>	<u><i>61,032,021</i></u>	<u><i>59,470,286</i></u>
Total Sources	57,736,201	53,791,501	61,032,021	59,470,286
Transfers Out				
CIP ^(b)	1,559,907	450,000	450,000	-
Debt Svc GO Bonds	31,526,989	33,439,242	33,439,242	35,354,537
Trnsfrs Out-Debt Svc SPA Bonds ^(c)	1,420,010	-	-	-
<i>Subtotal</i>	<u><i>34,506,906</i></u>	<u><i>33,889,242</i></u>	<u><i>33,889,242</i></u>	<u><i>35,354,537</i></u>
Total Uses	34,506,906	33,889,242	33,889,242	35,354,537
Sources Over/(Under) Uses	23,229,295	19,902,259	27,142,779	24,115,749
Ending Fund Balance				
Debt Service Reserve	33,439,242	35,354,600	35,354,537	38,849,700
Restricted for Capital	46,388,023	56,301,483	71,615,507	92,236,093
Total Ending Fund Balance	79,827,265	91,656,083	106,970,044	131,085,793

^(a) Increase in Interest Earnings is due to rising interest rates.

^(b) There are no capital projects proposed for Preservation Funds after FY 2022/23.

^(c) The Transfers Out-Debt Svc SPA Bonds is for the repayment of Scottsdale Preserve Authority Bonds with the final payment in FY 2021/22.

BUDGET BY FUND | Preservation Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Debt Service Reserve	35,354,537	38,849,700	24,670,700	18,798,800	18,659,800
Restricted for Capital	71,615,507	92,236,093	128,225,193	139,156,893	149,075,193
Total Beginning Fund Balance	106,970,044	131,085,793	152,895,893	157,955,693	167,734,993
Revenues					
Sales Tax - Preservation (0.20%) ^(a)	32,706,126	33,194,100	1,595,600	180,700	-
Sales Tax - Preservation (0.15%)	24,529,589	24,895,500	25,797,800	26,590,000	27,409,400
Interest Earnings	2,234,571	2,570,200	2,337,100	1,807,400	1,746,900
<i>Subtotal</i>	<u><i>59,470,286</i></u>	<u><i>60,659,800</i></u>	<u><i>29,730,500</i></u>	<u><i>28,578,100</i></u>	<u><i>29,156,300</i></u>
Total Sources	59,470,286	60,659,800	29,730,500	28,578,100	29,156,300
Transfers Out					
CIP	-	-	-	-	-
Debt Svc GO Bonds	35,354,537	38,849,700	24,670,700	18,798,800	18,659,800
Trnsfrs Out-Debt Svc SPA Bonds	-	-	-	-	-
<i>Subtotal</i>	<u><i>35,354,537</i></u>	<u><i>38,849,700</i></u>	<u><i>24,670,700</i></u>	<u><i>18,798,800</i></u>	<u><i>18,659,800</i></u>
Total Uses	35,354,537	38,849,700	24,670,700	18,798,800	18,659,800
Sources Over/(Under) Uses	24,115,749	21,810,100	5,059,800	9,779,300	10,496,500
Ending Fund Balance					
Debt Service Reserve	38,849,700	24,670,700	18,798,800	18,659,800	18,659,800
Restricted for Capital	92,236,093	128,225,193	139,156,893	149,075,193	159,571,693
Total Ending Fund Balance	131,085,793	152,895,893	157,955,693	167,734,993	178,231,493

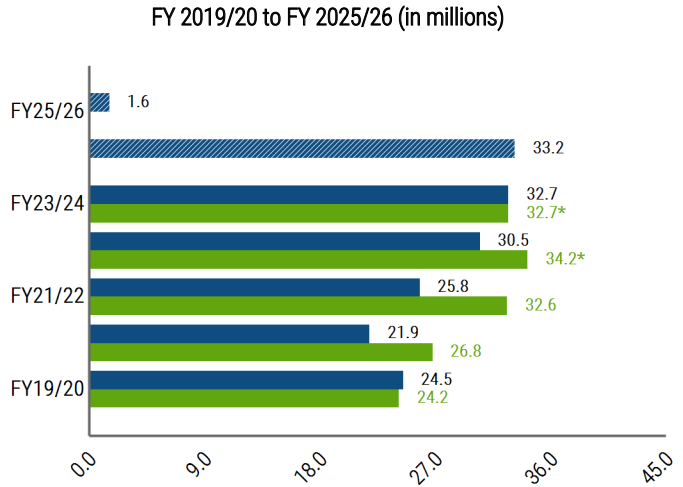
^(a) The 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve will sunset in June 2025. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits will result in additional funds after expiration date.

PRESERVATION FUND SOURCES

The Preservation Fund sources for FY 2023/24 are budgeted at \$59.5 million, an increase of \$5.7 million from the FY 2022/23 adopted budget. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

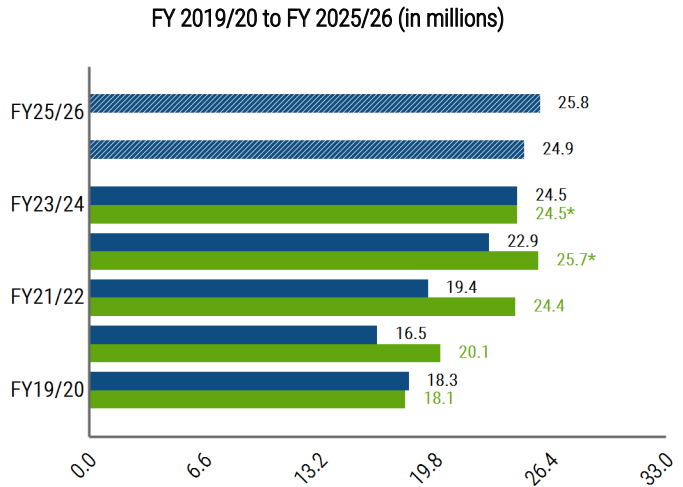
SALES TAX - PRESERVATION (0.20%)

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 2023/24 adopted budget of \$32.7 million represents an increase of \$2.2 million, or seven percent, from the FY 2022/23 adopted budget. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits will result in additional funds received after the expiration of the tax.



SALES TAX - PRESERVATION (0.15%)

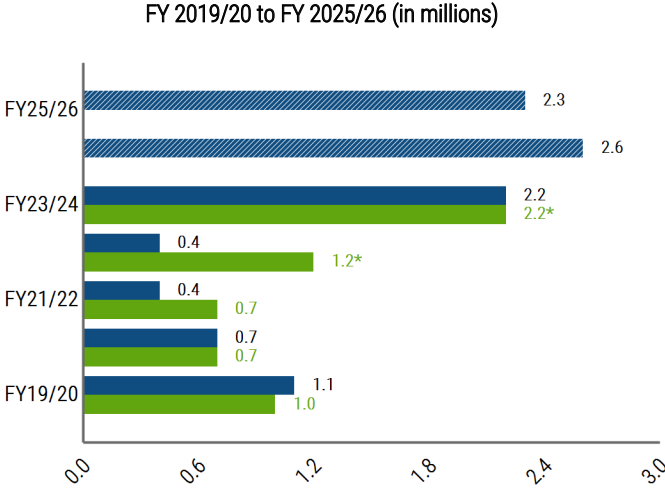
Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities such as trailheads. These funds are due to sunset in the year 2034. The FY 2023/24 adopted budget of \$24.5 million represents an increase of \$1.6 million, or seven percent, over the FY 2022/23 adopted budget.



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 2023/24 adopted budget of \$2.2 million, an increase of \$1.8 million from FY 2022/23 adopted budget due to rising interest rates.

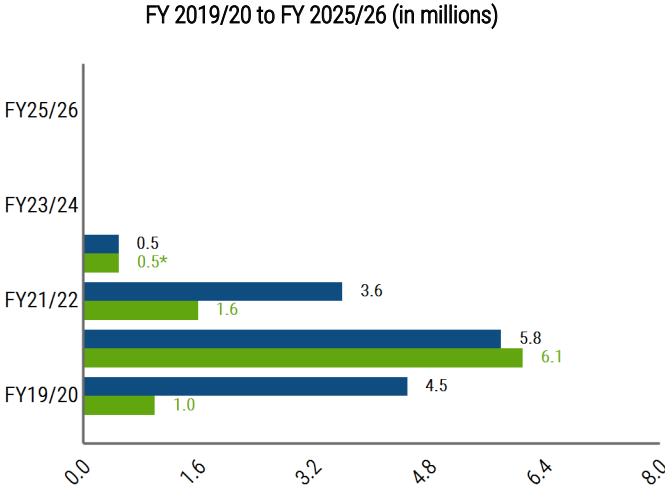


TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. Transfers Out in FY 2023/24 is \$35.4 million, which is an increase of \$1.5 million from the FY 2022/23 adopted budget and is provided in further detail below:

CIP

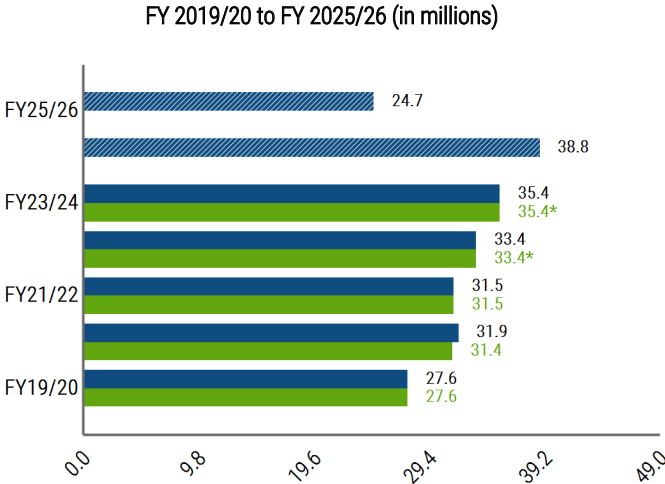
Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects. There are no capital projects proposed for Preservation Funds over the next five years, therefore the FY 2023/24 adopted budget is \$0.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

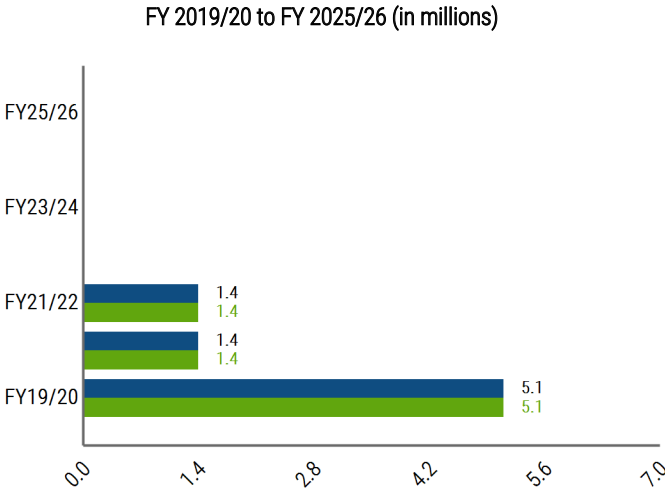
DEBT SVC GO BONDS

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 2023/24 is \$35.4 million which is \$2.0 million more than the FY 2022/23 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.



TRNSFRS OUT-DEBT SVC SPA BONDS

A transfer out to the Debt Service Fund to facilitate payments for the Scottsdale Preserve Authority Bonds. The Scottsdale Preserve Authority (SPA) Revenue Board authorizes debt issuances that are related to the land acquisition in the McDowell Mountain Sonoran Preserve. The 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. All SPA bonds were fully paid off in FY 2021/22.



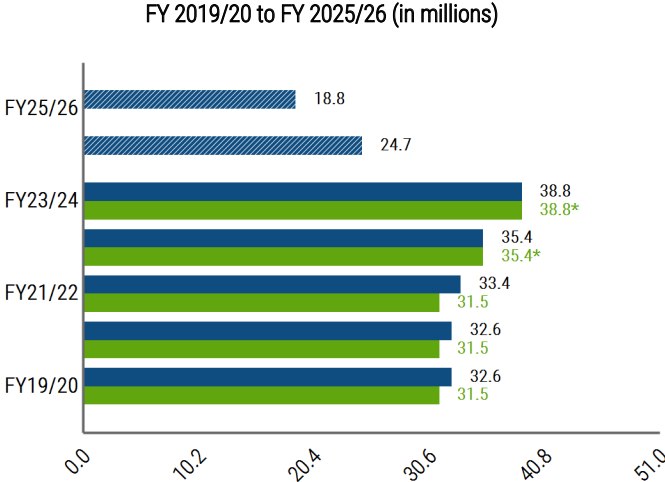
PRESERVATION FUND ENDING BALANCE

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*

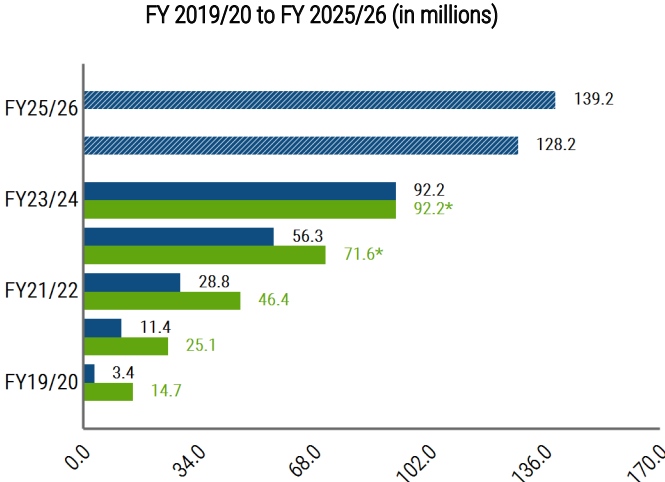
DEBT SERVICE RESERVE

Debt Service Reserve is a reserve equal to the next fiscal year's debt service. The Debt Service Liabilities balance for FY 2023/24 is \$38.8 million. These designated funds will be used to pay future debt service payments.



RESTRICTED FOR CAPITAL

Restricted for Capital Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The Restricted for Capital Fund Balance for FY 2023/24 is \$92.2 million.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

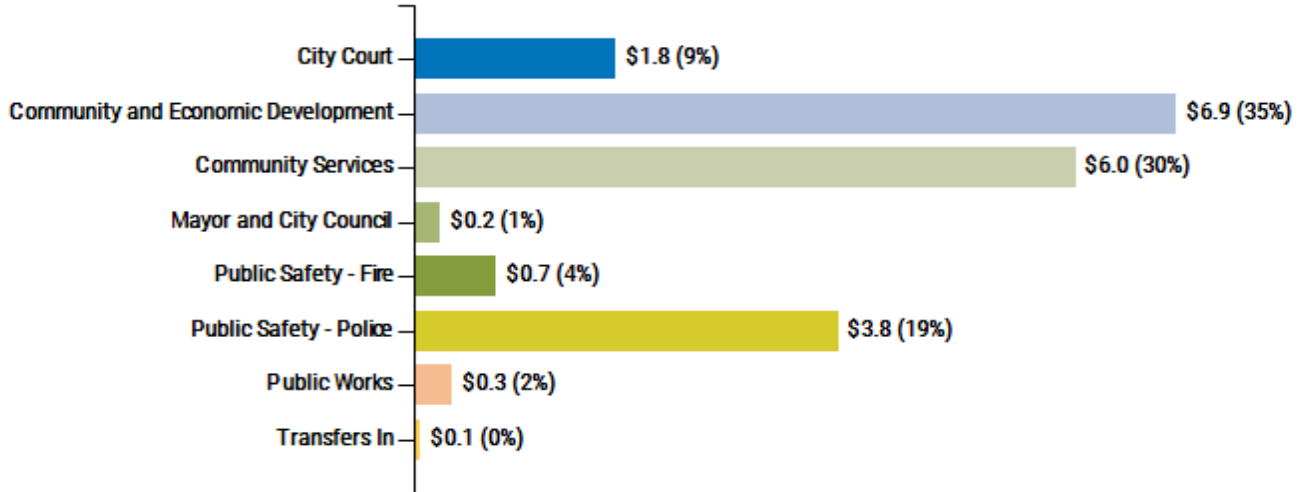


FY 2023/24 Adopted Budget

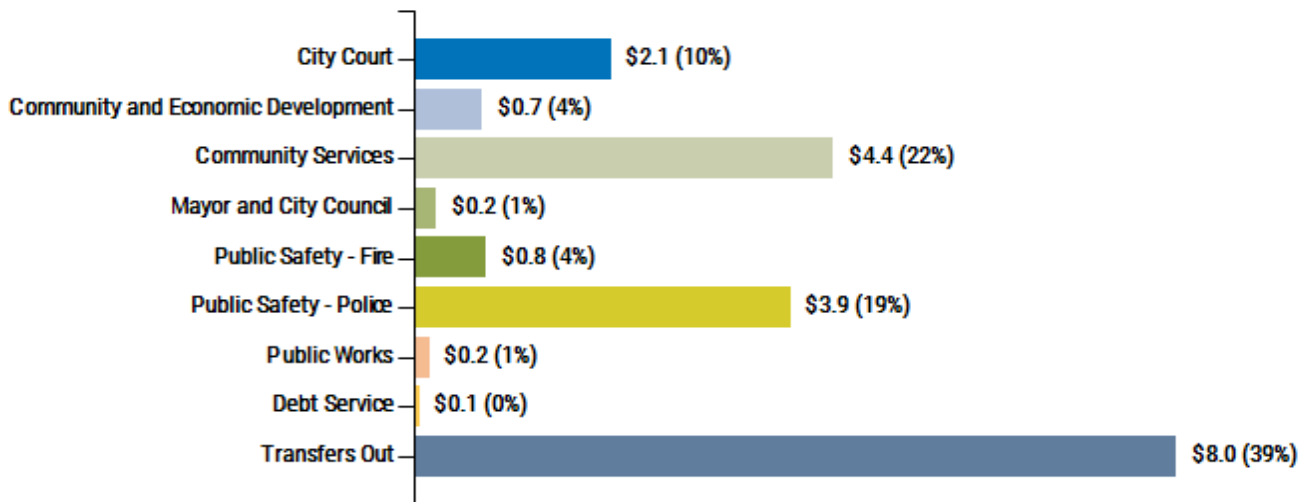
FUND PURPOSE

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)
\$19.9 Million



Special Programs Fund Uses (% to Total)
\$20.3 Million



Rounding differences may occur.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Appropriation Contingency ^(a)	11,500,000	1,500,000	1,500,000	1,500,000
Reserve - Az Cares ^(b)	11,019,249	-	2,787,833	
Reserve - City Court	9,049,036	7,905,043	8,573,441	6,685,849
Reserve - Community and Economic Development	3,852,139	3,352,469	3,371,659	1,008,878
Reserve - Community Services	2,236,646	2,360,045	4,449,149	5,620,531
Reserve - Mayor And City Council	3,030	3,830	10,800	11,601
Reserve - Public Safety - Fire	103,491	367,805	478,433	476,078
Reserve - Public Safety - Police	1,109,940	2,035,705	1,937,540	2,721,253
Reserve - Public Works	303,039	121,040	127,950	250,547
Total Beginning Fund Balance	27,676,570	16,145,937	21,736,804	16,774,738
Revenues				
Az Cares	34,631	-	-	-
City Court	1,869,606	1,751,874	1,751,874	1,826,716
Community and Economic Development	5,139,262	5,609,320	5,735,597	6,880,382
Community Services ^(c)	5,979,423	3,711,654	4,511,654	5,969,850
Mayor and City Council	10,000	48,800	48,800	244,900
Public Safety - Fire	719,242	728,500	728,500	743,170
Public Safety - Police	2,935,935	3,910,222	3,910,222	3,826,542
Public Works	493,778	284,130	349,130	341,812
Subtotal	17,181,876	16,044,500	17,035,777	19,833,372
Transfers In				
CIP	254,378	-	-	-
Operating	31,734	10,000	10,000	63,689
Subtotal	286,112	10,000	10,000	63,689
Total Sources	17,467,989	16,054,500	17,045,777	19,897,061

^(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. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency.

^(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 Programs 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 AZ Cares funding was transferred to the General Fund in FY 2022/23, where the remaining work of Scottsdale AZ Cares program was being completed.

^(c) FY 2023/24 includes one-time \$0.6 million receipt of One AZ Opioid settlement funds.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Expenditures				
Az Cares	2,456,042	-	-	-
City Court	1,632,767	1,944,634	1,944,634	2,065,560
Community and Economic Development	97,494	2,982,000	2,572,000	719,220
Community Services	3,045,225	3,396,627	3,246,627	4,389,994
Mayor and City Council	2,231	48,000	48,000	231,000
Public Safety - Fire	348,359	730,855	730,855	757,094
Public Safety - Police	2,070,737	3,614,717	3,086,509	3,942,212
Public Works	545,300	165,800	165,800	165,810
Subtotal	10,198,153	12,882,633	11,794,425	12,270,890
Debt Service				
Contracts Payable	74,267	60,733	60,733	58,549
Subtotal	74,267	60,733	60,733	58,549
 TOTAL OPERATING BUDGET	 10,272,420	 12,943,366	 11,855,158	 12,329,439
Transfers Out				
CIP	7,374,729	1,734,832	1,734,832	1,107,779
CIP Stormwater	3,721,325	4,745,970	4,872,627	6,054,632
Debt Svc MPC Bonds	827,078	757,730	757,396	766,869
Operating	1,212,204	-	2,787,833	53,689
Subtotal	13,135,335	7,238,532	10,152,688	7,982,969
Total Uses	23,407,755	20,181,898	22,007,846	20,312,408
Sources Over/(Under) Uses	(5,939,766)	(4,127,398)	(4,962,069)	(415,347)
Ending Fund Balance				
Appropriation Contingency ^(a)	11,967,048	1,500,000	1,500,000	1,500,000
Reserve - Az Cares ^(b)	2,787,833	-	-	-
Reserve - City Court	8,573,441	6,017,450	6,685,849	5,659,225
Reserve - Community And Economic Development	3,371,659	579,689	1,008,878	404,969
Reserve - Community Services	4,449,149	2,581,473	5,620,531	6,853,954
Reserve - Mayor And City Council	10,800	4,631	11,601	25,501
Reserve - Public Safety - Fire	478,433	365,449	476,078	462,154
Reserve - Public Safety - Police	1,937,540	2,291,210	2,721,253	2,585,584
Reserve - Public Works	127,950	178,637	250,547	368,000
Total Ending Fund Balance	21,736,804	12,018,539	16,774,738	16,359,387

^(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. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency.

^(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 Programs 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 AZ Cares funding was transferred to the General Fund in FY 2022/23, where the remaining work of Scottsdale AZ Cares program was being completed.

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

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
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	6,685,849	5,659,225	5,523,325	5,452,025	5,404,025
Reserve - Community and Economic Development	1,008,878	404,969	284,669	199,069	113,369
Reserve - Community Services	5,620,531	6,853,954	6,833,954	6,673,254	6,510,554
Reserve - Mayor And City Council	11,601	25,501	39,701	54,001	68,501
Reserve - Public Safety - Fire	476,078	462,154	423,054	357,754	265,154
Reserve - Public Safety - Police	2,721,253	2,585,584	2,264,284	1,945,484	1,664,984
Reserve - Public Works	250,547	368,000	397,600	429,400	463,400
Total Beginning Fund Balance	16,774,738	16,359,387	15,766,587	15,110,987	14,489,987
Revenues					
Az Cares	-	-	-	-	-
City Court	1,826,716	1,828,000	1,829,400	1,831,100	1,831,800
Community and Economic Development	6,880,382	6,947,500	7,015,400	7,084,000	7,153,300
Community Services ^(c)	5,969,850	5,402,800	5,560,800	5,719,600	5,859,000
Mayor and City Council	244,900	249,600	254,000	258,400	262,800
Public Safety - Fire	743,170	758,100	773,300	788,800	804,700
Public Safety - Police	3,826,542	3,734,900	3,587,200	3,815,600	4,011,300
Public Works	341,812	341,800	341,800	341,800	341,800
Subtotal	19,833,372	19,262,700	19,361,900	19,839,300	20,264,700
Transfers In					
CIP	-	-	-	-	-
Operating	63,689	10,000	10,000	10,000	10,000
Subtotal	63,689	10,000	10,000	10,000	10,000
Total Sources	19,897,061	19,272,700	19,371,900	19,849,300	20,274,700

^(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. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency.

^(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 Programs 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 AZ Cares funding was transferred to the General Fund in FY 2022/23, where the remaining work of Scottsdale AZ Cares program was being completed.

^(c) FY 2023/24 includes one-time \$0.6 million receipt of One AZ Opioid settlement funds.

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

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Expenditures					
Az Cares	-	-	-	-	-
City Court	2,065,560	1,963,900	1,900,700	1,879,100	2,001,500
Community and Economic Development	719,220	289,300	254,600	254,700	224,800
Community Services	4,389,994	5,338,000	5,627,200	5,783,700	6,001,400
Mayor and City Council	231,000	235,400	239,700	243,900	248,200
Public Safety - Fire	757,094	797,200	838,600	881,400	959,800
Public Safety - Police	3,942,212	4,036,200	3,886,000	4,076,100	4,347,600
Public Works	165,810	255,800	255,800	255,800	255,800
Subtotal	12,270,890	12,915,800	13,002,600	13,374,700	14,039,100
Debt Service					
Contracts Payable	58,549	56,400	54,200	52,000	52,000
Subtotal	58,549	56,400	54,200	52,000	52,000
 TOTAL OPERATING BUDGET	 12,329,439	 12,972,200	 13,056,800	 13,426,700	 14,091,100
Transfers Out					
CIP	1,107,779	20,000	20,000	20,000	20,000
CIP Stormwater	6,054,632	6,119,700	6,191,600	6,260,000	6,330,000
Debt Svc MPC Bonds	766,869	753,600	759,100	763,600	752,000
Operating	53,689	-	-	-	-
Subtotal	7,982,969	6,893,300	6,970,700	7,043,600	7,102,000
Total Uses	20,312,408	19,865,500	20,027,500	20,470,300	21,193,100
Sources Over/(Under) Uses	(415,347)	(592,800)	(655,600)	(621,000)	(918,400)
Ending 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	5,659,225	5,523,325	5,452,025	5,404,025	5,234,325
Reserve - Community And Economic Development	404,969	284,669	199,069	113,369	57,569
Reserve - Community Services	6,853,954	6,833,954	6,673,254	6,510,554	6,280,454
Reserve - Mayor And City Council	25,501	39,701	54,001	68,501	83,101
Reserve - Public Safety - Fire	462,154	423,054	357,754	265,154	110,054
Reserve - Public Safety - Police	2,585,584	2,264,284	1,945,484	1,664,984	1,308,684
Reserve - Public Works	368,000	397,600	429,400	463,400	497,400
Total Ending Fund Balance	16,359,387	15,766,587	15,110,987	14,489,987	13,571,587

^(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. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency.

^(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 Programs 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 AZ Cares funding was transferred to the General Fund in FY 2022/23, where the remaining work of Scottsdale AZ Cares program was being completed.

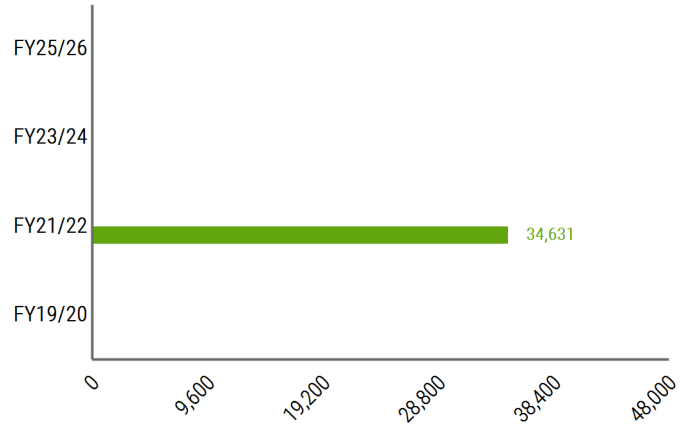
SPECIAL PROGRAMS SOURCES

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 divisions 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 remainder 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.

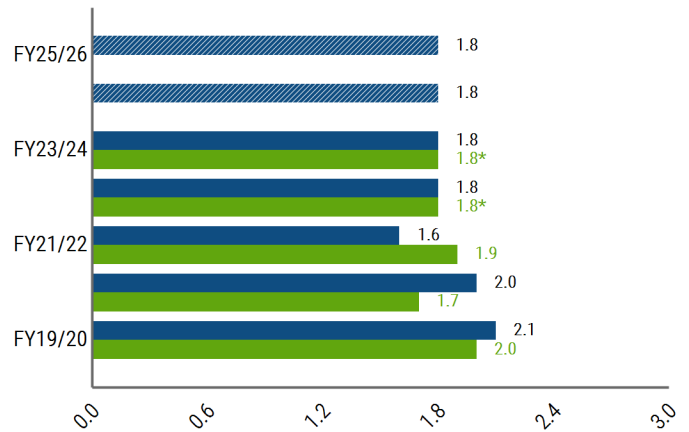
FY 2019/20 to FY 2025/26



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 2023/24 budget for restricted City Court revenue of \$1.8 million is flat when compared to the FY 2022/23 adopted budget.

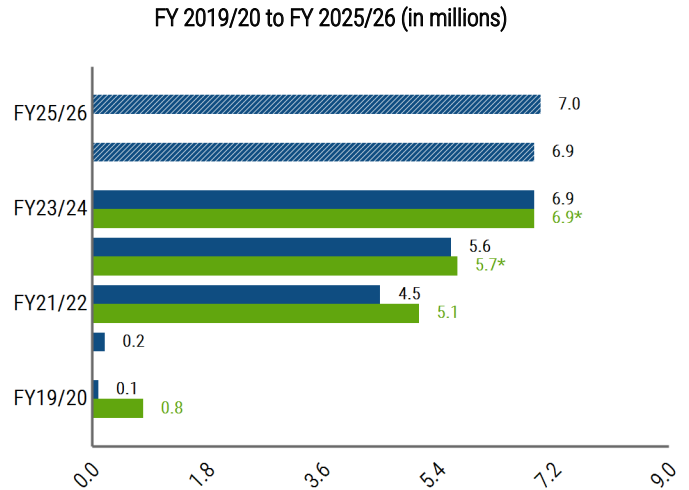
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

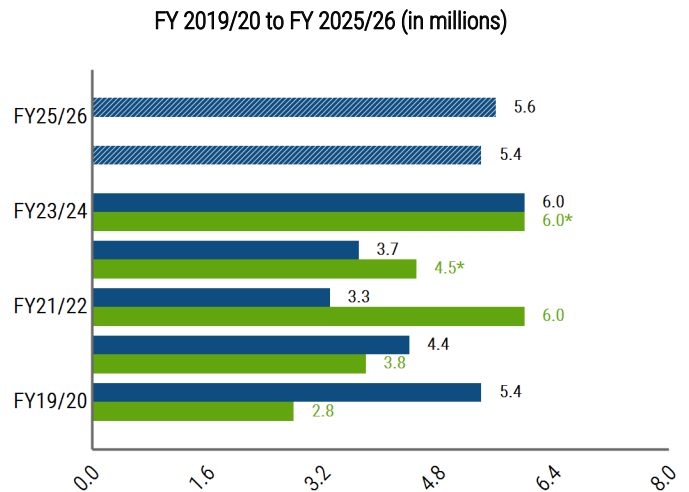
COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development revenue is generated from contributions, donations and lease agreements. FY 2019/20 actuals mostly include in-lieu developer fees for public art for various projects. Timing of in-lieu developer fees are difficult to forecast. 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 2023/24 is \$6.9 million, which is \$1.3 million higher than the FY 2022/23 adopted budget mainly due to a Council approved \$1.00 increase to the stormwater fee for capital improvement projects.



COMMUNITY SERVICES

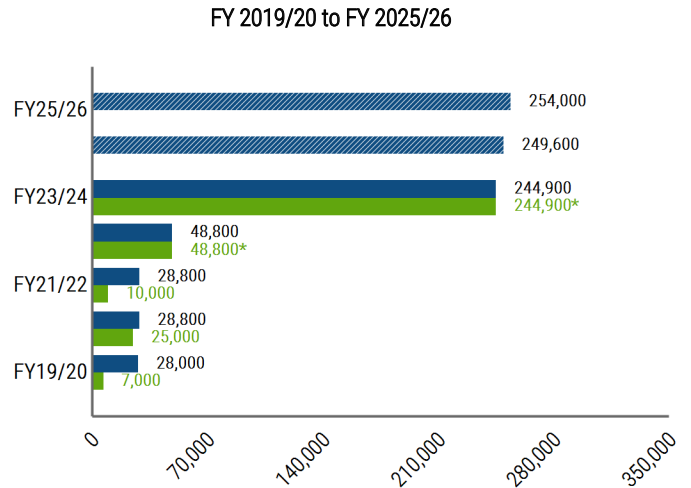
Community Services special programs revenue includes donations, contributions, lease agreements, revenue from the Bureau of Reclamation, gross sales from the McDowell Mountain Golf Course and user fees and charges that are restricted to specific uses per the revenue source. Restricted uses of special 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 2023/24 is \$6.0 million, which is \$2.3 million higher than the FY 2022/23 adopted budget. The increase of revenues is due to Opioid Settlement Funds which is intended to be used for youth and family, and homelessness outreach programs; and other funds received to be used exclusively for the purchase of library collection materials and e-materials; and increasing anticipated ticket revenue from the McCormick-Stillman Railroad Park.



 FORECAST
 BUDGET
 ACTUAL/FORECAST*

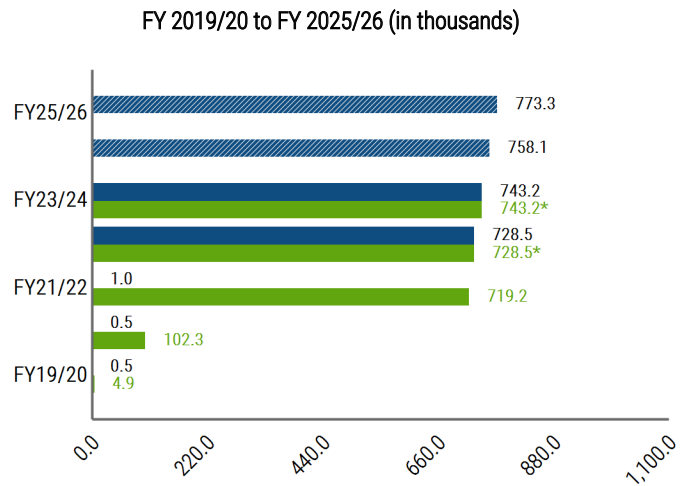
MAYOR AND CITY COUNCIL

Mayor and City Council receive contributions and donations to fund the yearly Mayor's Constitution event. The FY 2023/24 estimated special revenue of \$244,900, is an increase of \$196,100 when compared to the FY 2022/23 adopted budget. The increase is due to expected revenue from contributions and donations associated with the Mayor and Council Breakfast event, State of the city, Mayor's Ability awards, and Constitution Day Contest.



PUBLIC SAFETY - FIRE

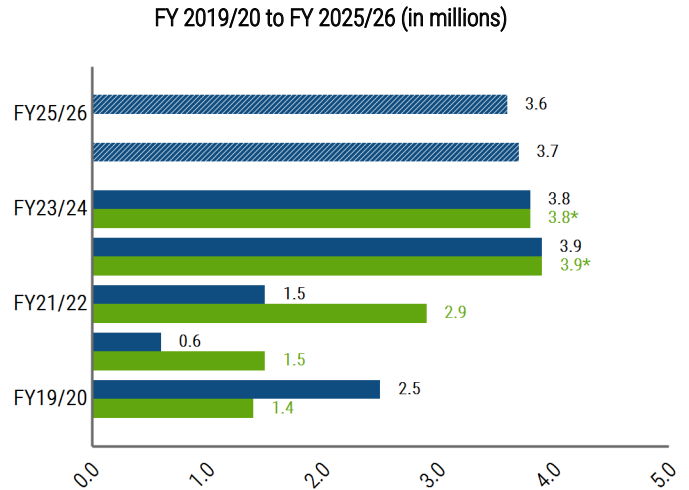
A new and large portion of Public Safety - Fire revenue is generated from the AZ Smart and Safe AZ Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults aged 21 and over as approved at the 2020 general election. Monies received by location 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 2023/24 is \$0.7 million, which remains relatively flat when compared with the FY 2022/23 budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

PUBLIC SAFETY - POLICE

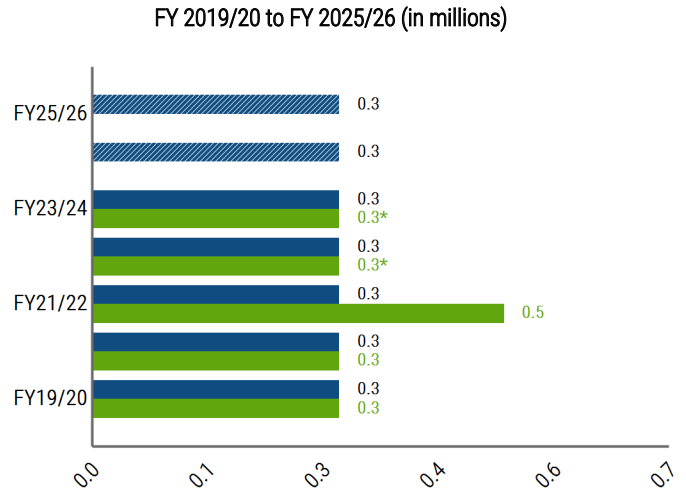
Public Safety - Police revenue is generated from the following eight sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds to enhance police operations; 2) Forensic Services Intergovernmental Agreement (IGA) with communities neighboring Scottsdale for full cost recovery of services provided 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 2023/24 is \$3.8 million, which is a decrease of \$0.1 million from the FY 2022/23 adopted budget mostly due to a decrease of authorized spending that will be reimbursed with RICO funds. The \$2.9 million FY 2021/22 actual includes reimbursements received for authorized RICO purchases throughout FY 2021/22 and Smart and Safe AZ Act revenue received after the budget had been prepared.



/// 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 2023/24 estimated revenue of \$0.3 million is flat compared to the FY 2022/23 adopted budget. In FY 2021/22, the Gas Franchise Agreement received greater than projected revenue as well as payments from the APS Raintree Assessment where the city was reimbursed from area residents for the infrastructure upgrades.

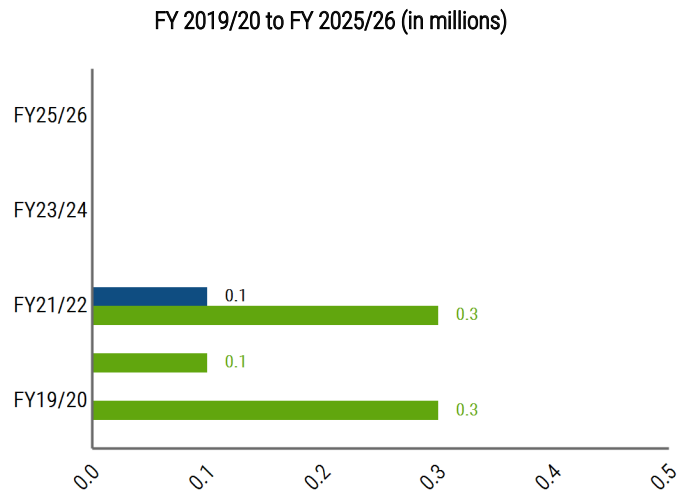


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2023/24 adopted budget includes \$63,689 in Transfers In.

CIP

Transfers In CIP for FY 2023/24 are \$0. The FY 2021/22 forecast of \$0.3 million represents a transfer from CIP Stormwater In-lieu fees which was designated for a floodplain management study. The FY 2019/20 actuals represent a decision to move savings in the amount of \$0.3 million from the City Court Customer Service Counters and Lobby Remodel capital project and being returned to the Court Enhancement Fund within the Special Programs Fund.

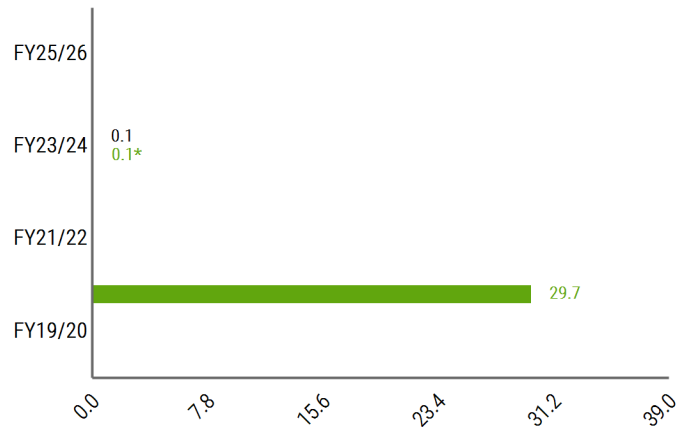


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING

Operating Transfers In to the Special Programs Fund for FY 2023/24 includes a City Council authorized \$10,000 used to assist in the preservation and upkeep of properties on Scottsdale's Historic Register; and a \$53,689 transfer from the Operation Fix-It program, which provides maintenance and repair services to Scottsdale residents in needs, from the Planning Department to the Human Services Department. 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.

FY 2019/20 to FY 2025/26 (in millions)



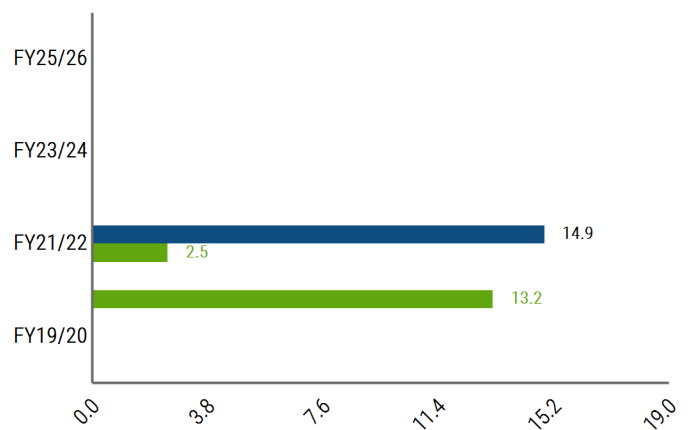
SPECIAL PROGRAMS FUND USES

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

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.

FY 2019/20 to FY 2025/26 (in millions)

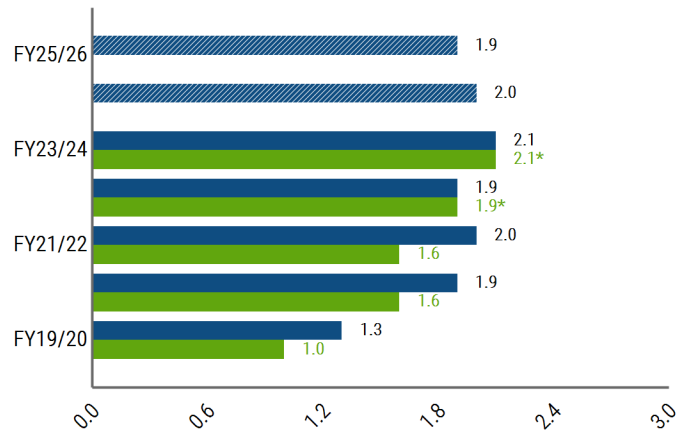


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CITY COURT

City Court adopted budget for FY 2023/24 is \$2.1 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 2023/24 adopted budget increased \$0.2 million when compared to the FY 2022/23 adopted budget due to increased funding for court ordered public defender services.

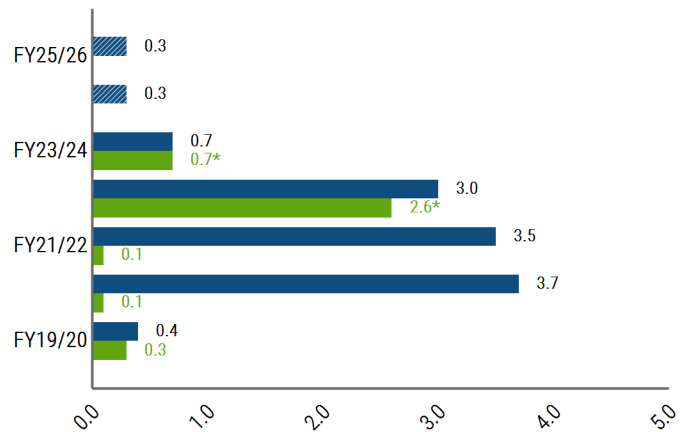
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 is \$0.7 million, which is \$2.3 million lower than the FY 2022/23 adopted budget. The decrease is mainly related to available cash in the Downtown Cultural Trust for the acquisition and installation of public art.

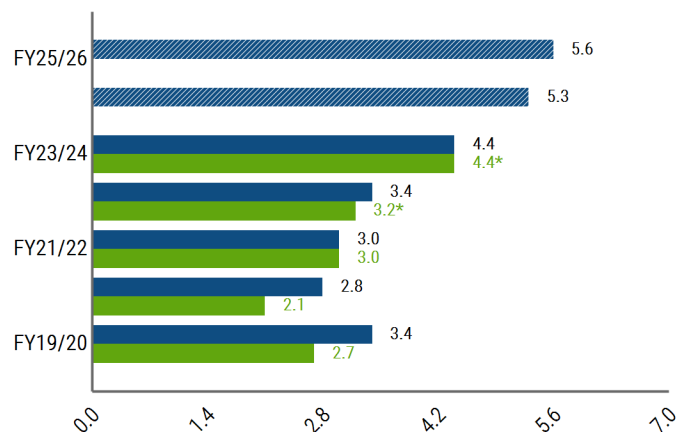
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 budget is \$4.4 million, which is \$1 million greater than the FY 2022/23 adopted budget. The increase is related to budget authority for Opioid Settlement Funds which is intended to be used for youth and family, and homelessness outreach programs; as well as funding for the purchase of library collection materials and e-materials, and a FY 2023/24 pay for performance and market adjustment for eligible employees.

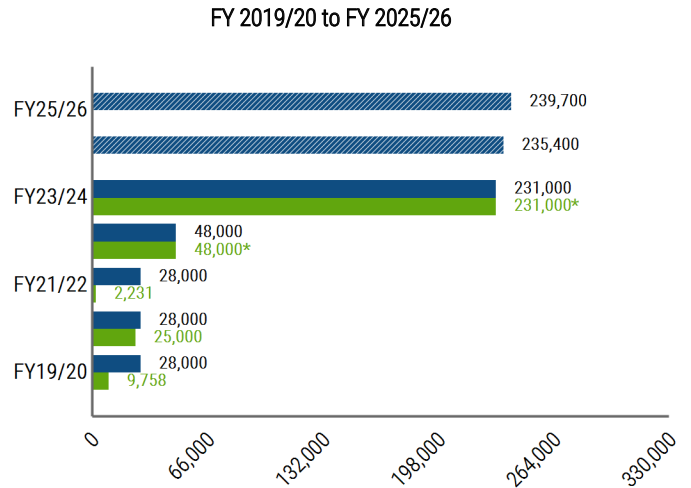
FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

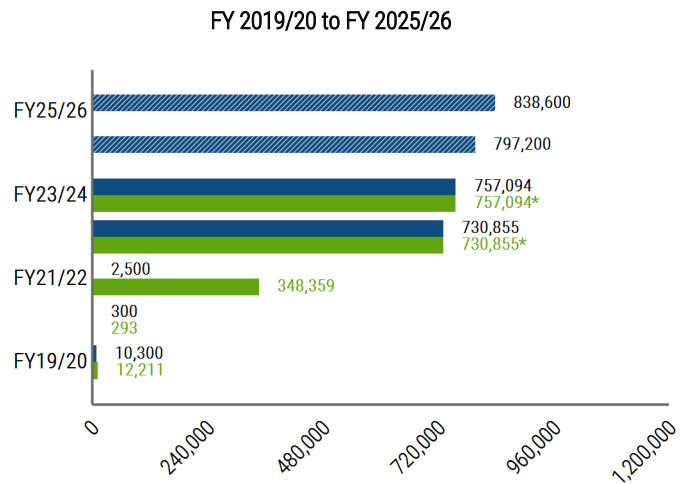
MAYOR AND CITY COUNCIL

Mayor and City Council expenditures are for the annual Mayor's Constitution event. The FY 2023/24 adopted budget of \$231,000 is \$183,000 greater than the FY 2022/23 adopted budget, which includes funding for an additional Mayor and Council Breakfast, State of the City events, Mayor's Ability Awards, Constitution Day Contest and other potential new events. The increase in FY 2023/24 is an initiative to become less reliant on sponsorship funding.



PUBLIC SAFETY - FIRE

Public Safety - Fire expenditures support personnel, public education, equipment acquisition and fire station enhancements. The FY 2023/24 adopted budget of \$0.8 million, is slightly higher than the FY 2022/23 adopted budget due to a pay for performance, market and healthcare rates increases.

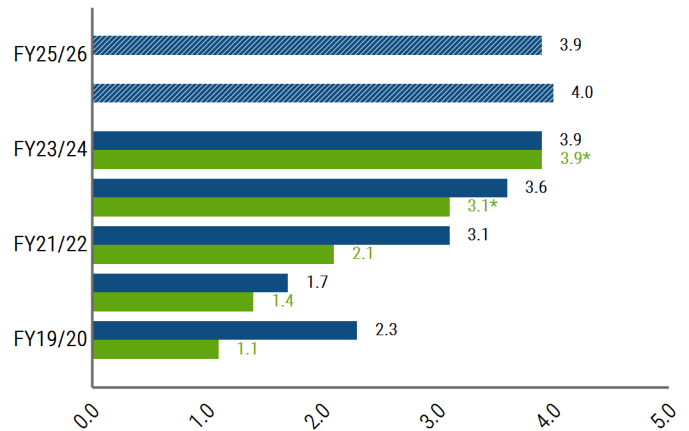


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

PUBLIC SAFETY - POLICE

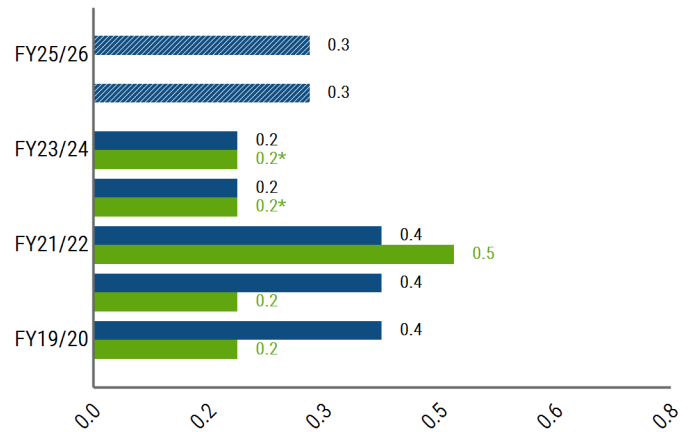
Public Safety - Police expenditures include: 1) law enforcement enhancements using Racketeer Influenced and Corrupt Organizations (RICO) funds; 2) the provision of Crime Laboratory Services; 3) veterinary costs, specific training, education and supplies for the Mounted Unit and Canine Unit; 4) School 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 2023/24 adopted budget is \$3.9 million, which is \$0.3 million higher than the FY 2022/23 adopted budget due to a pay for performance, merit and healthcare rates increases.

FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 budget is \$0.2 million if flat when compared to the FY 2022/23 adopted budget.



TRANSFERS OUT

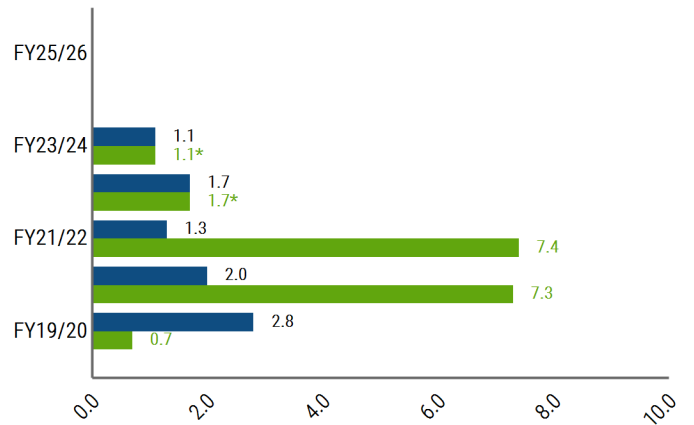
Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2023/24 adopted budget includes \$8.0 million in Transfers Out.

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 2023/24 budget of \$1.1 million primarily provides funding for the City Court - Jail Court Construction CIP project, McCormick - Stillman RR Park Playground Replacement project, and Crime Laboratory Equipment Replacement project.

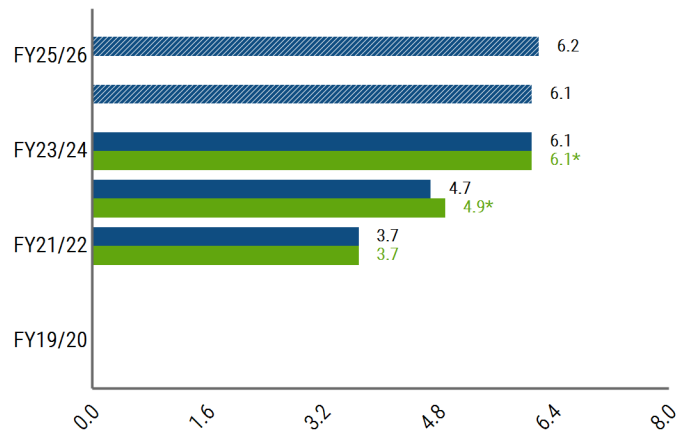
FY 2019/20 to FY 2025/26 (in millions)



CIP STORMWATER

CIP Stormwater is the \$5.95 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 2023/24 budget is \$6.1 million, which is \$1.3 million higher than FY 2022/23 adopted budget explained by a Council approved stormwater fee increase of \$1.00.

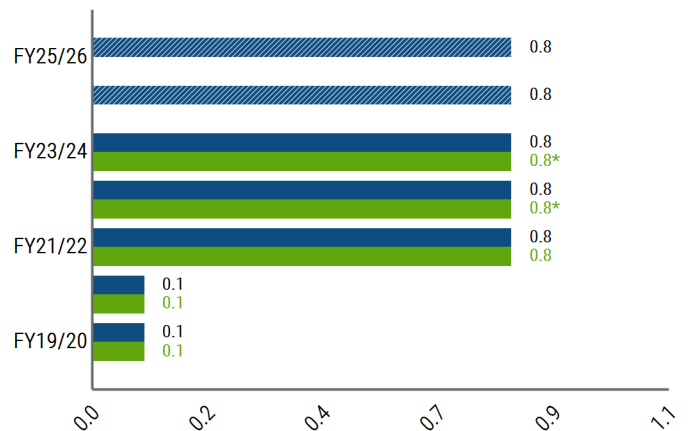
FY 2019/20 to FY 2025/26 (in millions)



DEBT SERVICE MPC BONDS

The adopted FY 2023/24 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 2019/20 to FY 2025/26 (in millions)

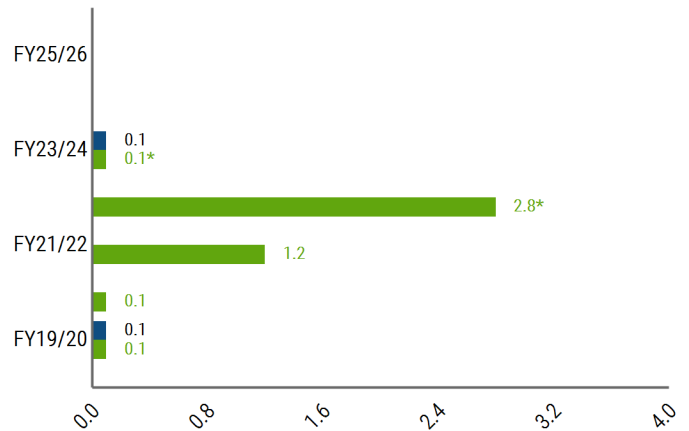


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING

The adopted FY 2023/24 Operating Transfers Out is \$53,689 to move funding for the Operation Fix-it program, which provides maintenance and repair services to Scottsdale residents in need, from the Planning Department to the Human Services Department.

FY 2019/20 to FY 2025/26 (in millions)



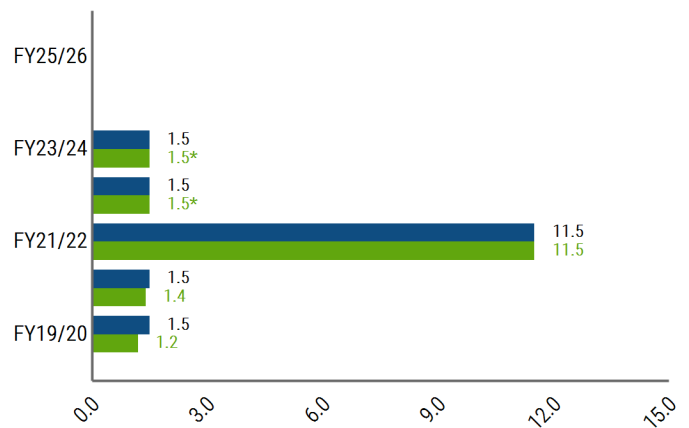
SPECIAL PROGRAMS FUND ENDING BALANCE

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 2023/24 is set at \$1.5 million, remains the same as in FY 2022/23. The significant higher FY 2021/22 Adopted Appropriation Contingency includes a \$10.0 million affordable housing contingency approved by City Council.

FY 2019/20 to FY 2025/26 (in millions)

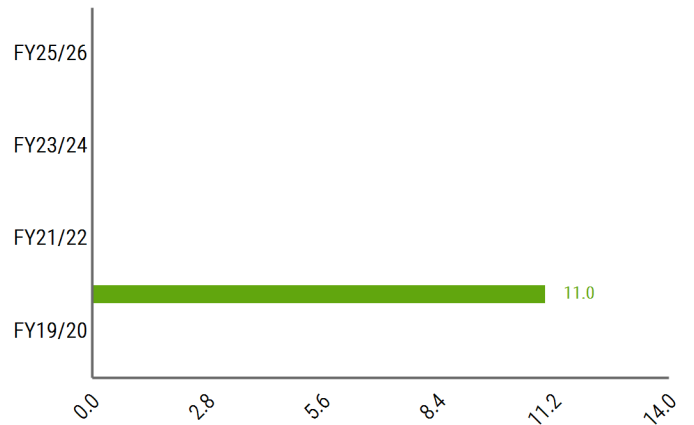


FORECAST BUDGET ACTUAL/FORECAST*

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 2021/22.

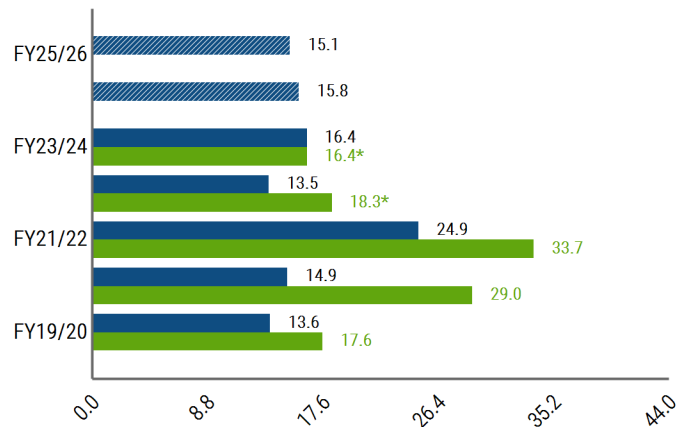
FY 2019/20 to FY 2025/26 (in millions)



SPECIAL PROGRAMS ENDING FUND BALANCE

Special Programs Fund ending balance of \$16.4 million for FY 2023/24 represents the following individual ending fund balances: \$5.7 million for City Court; \$0.4 million for Community and Economic Development; \$6.8 million for Community Services; \$25,501 for Mayor and City Council; \$0.5 million for Public Safety - Fire; \$2.6 million for Public Safety - Police; and \$0.4 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 2019/20 to FY 2025/26 (in millions)



 FORECAST
 BUDGET
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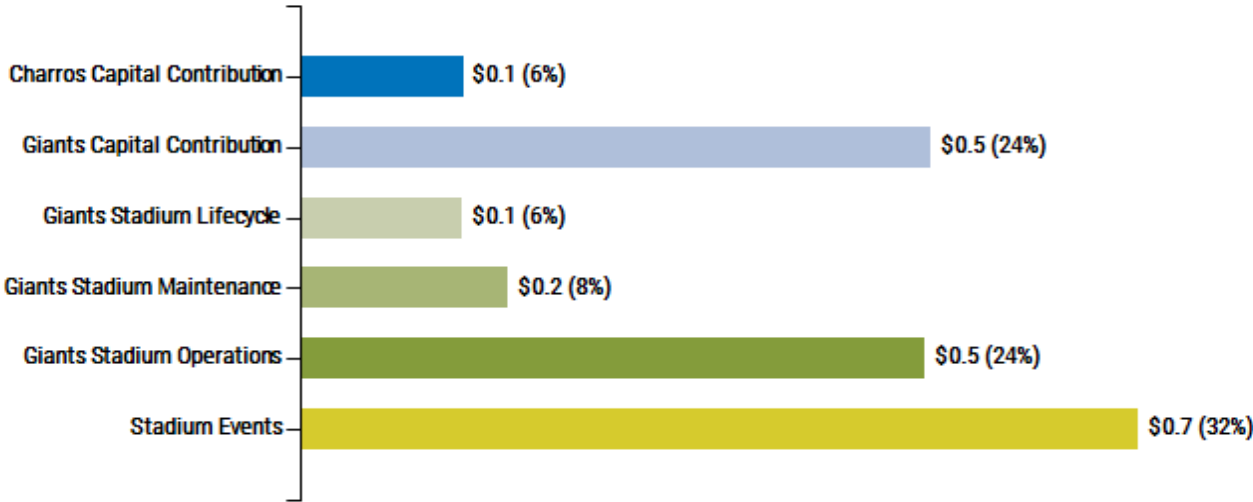


FY 2023/24 Adopted Budget

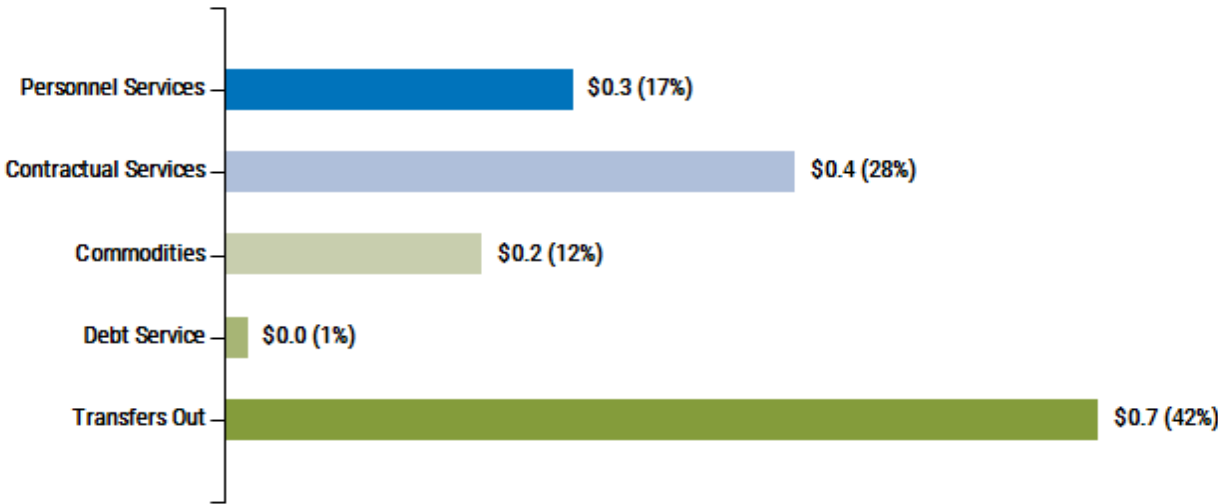
FUND PURPOSE

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)
\$2.2 Million**



**Stadium Facility Fund Uses (% to Total)
\$1.6 Million**



Rounding differences may occur.

BUDGET BY FUND | Stadium Facility Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance	3,821,663	3,807,078	4,838,414	4,731,469
Revenues				
Charros Capital Contribution	135,000	135,000	135,000	135,000
Giants Capital Contribution	375,000	375,000	375,000	525,000
Giants Stadium Lifecycle	40,388	19,362	52,475	134,247
Giants Stadium Maintenance	379,730	169,460	169,460	172,500
Giants Stadium Operations	383,179	511,823	511,823	519,566
Stadium Events	1,034,593	226,500	477,453	697,848
Subtotal	2,347,890	1,437,145	1,721,211	2,184,161
Transfers In				
CIP ^(a)	7,204	-	-	-
Subtotal	7,204	-	-	-
Total Sources	2,355,094	1,437,145	1,721,211	2,184,161
Expenditures				
Personnel Services	255,701	270,710	270,710	262,762
Contractual Services	493,975	206,307	437,958	431,044
Commodities	77,424	194,113	252,113	194,113
Capital Outlays ^(b)	1,242	-	340,000	-
Subtotal	828,342	671,130	1,300,781	887,919
Debt Service				
Contracts Payable	-	17,375	17,375	17,375
Subtotal	-	17,375	17,375	17,375
TOTAL OPERATING BUDGET	828,342	688,505	1,318,156	905,294
Transfers Out				
Debt Svc MPC Bonds	510,000	510,000	510,000	660,000
Subtotal	510,000	510,000	510,000	660,000
Total Uses	1,338,342	1,198,505	1,828,156	1,565,294
Sources Over/(Under) Uses	1,016,751	238,640	(106,945)	618,867
Total Ending Fund Balance	4,838,414	4,045,718	4,731,469	5,350,336

^(a) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the CIP.

^(b) One-time replacement of stadium seats was budgeted in adopted FY 2021/22, but was not completed until FY 2022/23 due to the delay of product delivery.

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

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance	4,731,469	5,350,336	5,984,236	6,641,636	7,268,136
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	525,000
Giants Stadium Lifecycle	134,247	152,600	173,800	135,000	130,400
Giants Stadium Maintenance	172,500	176,400	179,900	183,500	187,100
Giants Stadium Operations	519,566	531,300	542,000	553,000	564,100
Stadium Events	697,848	486,700	495,700	505,000	514,400
Subtotal	2,184,161	2,007,000	2,051,400	2,036,500	2,056,000
Transfers In					
CIP	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	2,184,161	2,007,000	2,051,400	2,036,500	2,056,000
Expenditures					
Personnel Services	262,762	275,900	289,700	304,700	331,000
Contractual Services	431,044	224,500	230,100	235,200	241,000
Commodities	194,113	195,300	196,800	198,500	199,800
Capital Outlays	-	-	-	-	-
Subtotal	887,919	695,700	716,600	738,400	771,800
Debt Service					
Contracts Payable ^(a)	17,375	17,400	17,400	11,600	-
Subtotal	17,375	17,400	17,400	11,600	-
TOTAL OPERATING BUDGET	905,294	713,100	734,000	750,000	771,800
Transfers Out					
Debt Svc MPC Bonds	660,000	660,000	660,000	660,000	660,000
Subtotal	660,000	660,000	660,000	660,000	660,000
Total Uses	1,565,294	1,373,100	1,394,000	1,410,000	1,431,800
Sources Over/(Under) Uses	618,867	633,900	657,400	626,500	624,200
Total Ending Fund Balance	5,350,336	5,984,236	6,641,636	7,268,136	7,892,336

^(a) Repayment of a 60-month lease-to-own contract for mowing equipment with the final payment due in FY 2026/27.

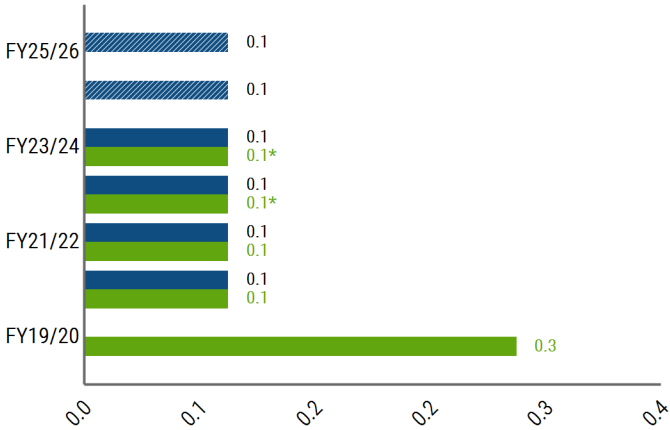
STADIUM FACILITY FUND SOURCES

The Stadium Facility Fund sources for FY 2023/24 are budgeted at \$2.2 million, an increase of \$0.7 million from the FY 2022/23 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.

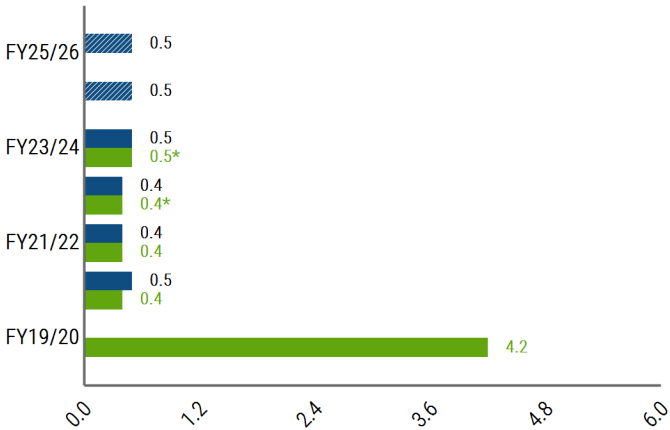
FY 2019/20 to FY 2025/26 (in millions)



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 2019/20 to FY 2025/26 (in millions)

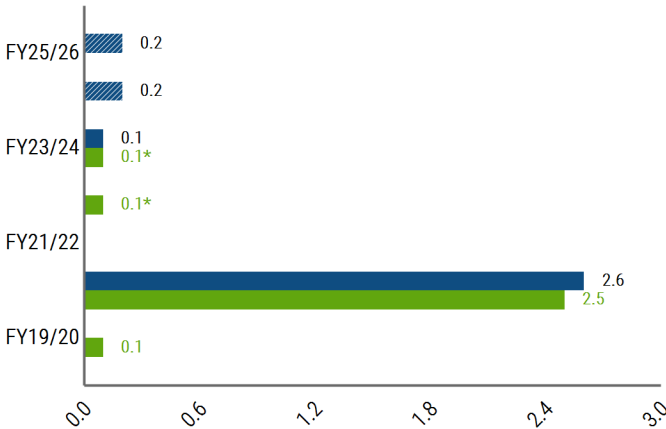


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 budgeted revenue amount of \$0.1 million is the estimated interest revenue the city expects to collect on the balance of the up-front lifecycle contribution.

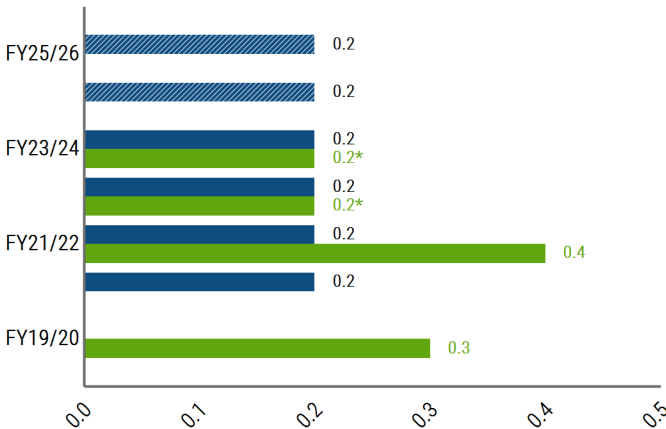
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget of \$0.2 million is flat when compared to the FY 2022/23 adopted budget. The actual revenue for FY 2021/22 is significantly more than the FY 2021/22 adopted budget due to Accounting treatment.

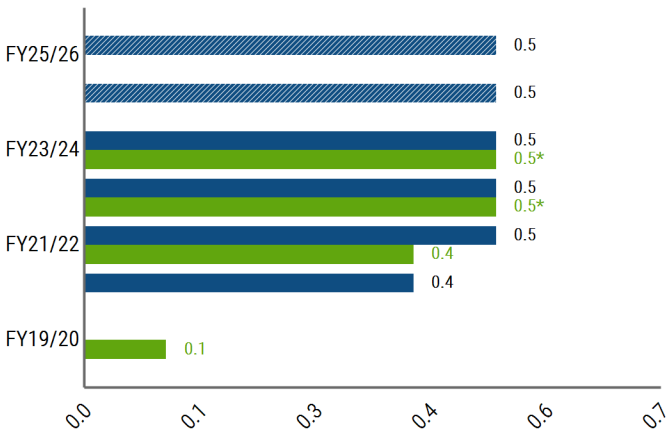
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget amount of \$0.5 million is flat when compared to the FY 2023/23 adopted budget.

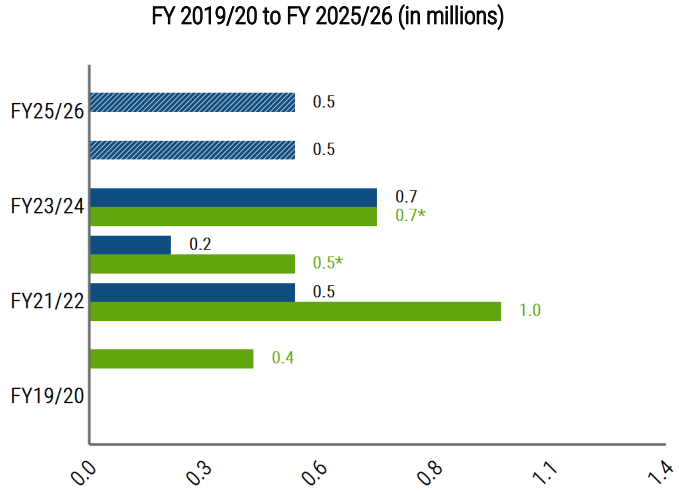
FY 2019/20 to FY 2025/26 (in millions)



/// 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 2023/24 adopted budget of \$0.7 million is \$0.5 million higher than the FY 2022/23 adopted budget mainly resulting from limited Spring Training during the COVID-19 pandemic and contract negotiation.

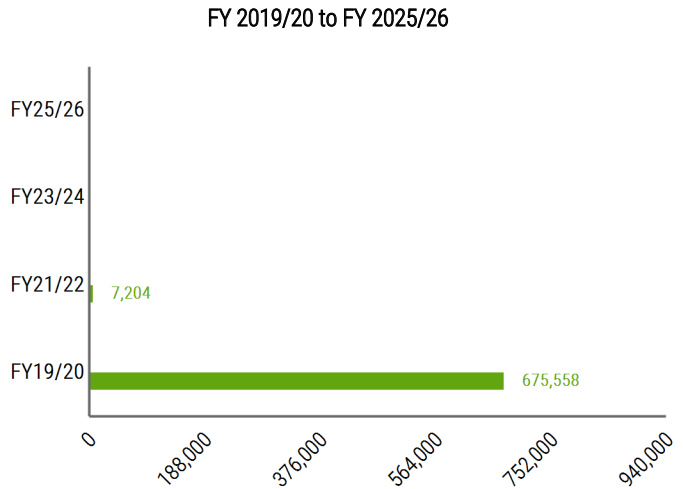


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects.

CIP

Transfers in from the Capital Improvement Plan (CIP) in FY 2021/22 represent one-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the CIP.



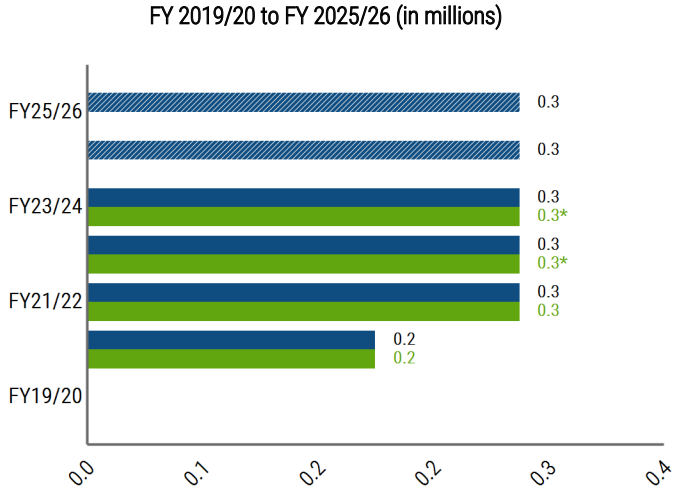
STADIUM FACILITY FUND USES

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

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

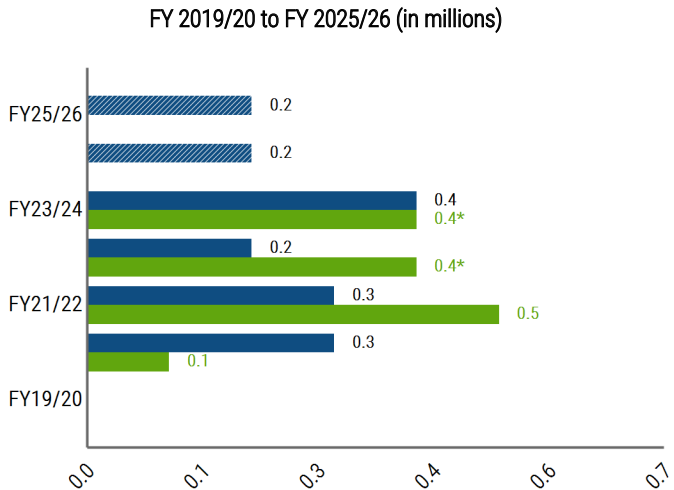
PERSONNEL SERVICES

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 2023/24 adopted budget amount is \$0.3 million, which is relatively flat when compared to the FY 2022/23 adopted budget amount. It is trending higher in the future years due to anticipated pay for performance and market adjustments.



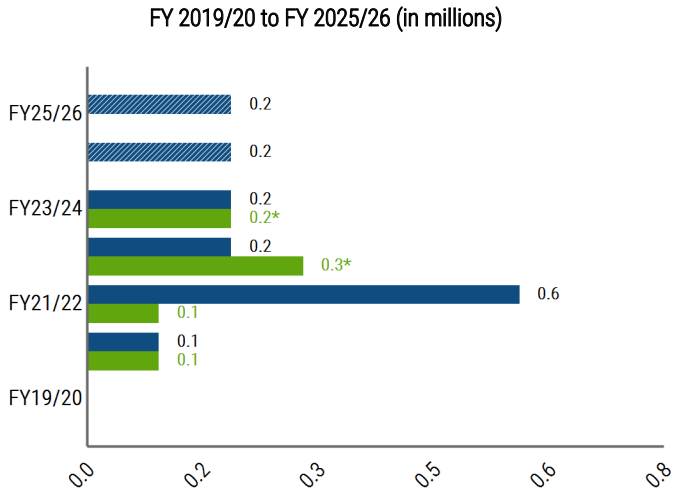
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments. The FY 2023/24 adopted budget of \$0.4 million is \$0.2 million higher than the FY 2022/23 adopted budget of \$0.2 million due to the Pac-12 Conference agreement. Per Pac-12 agreement, the City of Scottsdale paid the Pac-12 the first \$200K collected in ticket sales revenue.



COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The adopted budget for FY 2023/24 of \$0.2 million is flat when compared to the FY 2022/23 adopted budget. The FY 2021/22 adopted budget is \$0.6 million, which is significantly higher 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.

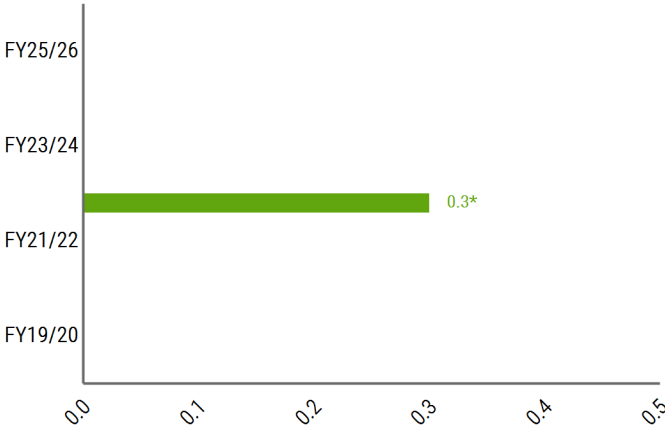


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2 years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2022/23 Actual of \$0.3 million represents the one-time replacement of stadium seats that was budgeted in adopted FY 2021/22, but was not completed until FY 2022/23 due to the delay of product delivery.

FY 2019/20 to FY 2025/26 (in millions)



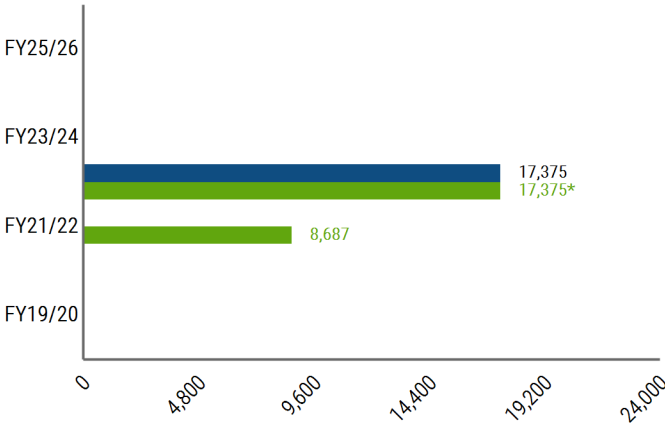
DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations.

CONTRACTS PAYABLE

Contracts Payable represents liability costs of the 60-month lease-to-own contract for a John Deere Mowing Equipment with final payment due in FY 2026/27. The adopted FY 2023/24 budget for Contracts Payable is \$17,375.

FY 2019/20 to FY 2025/26



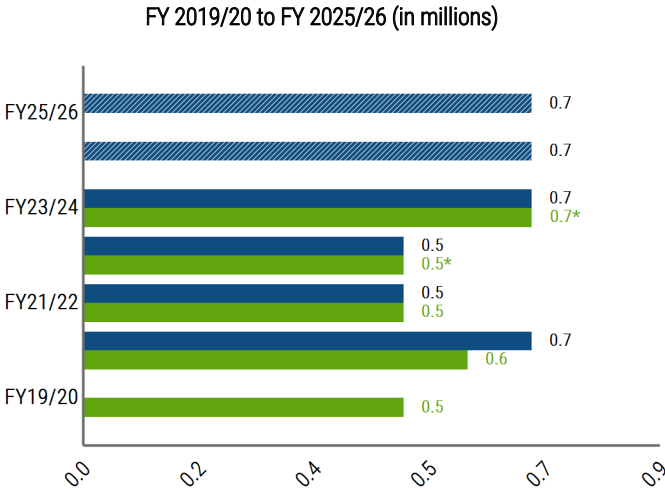
FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 adopted budget is \$0.2 million higher than the FY 2022/23 amount.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

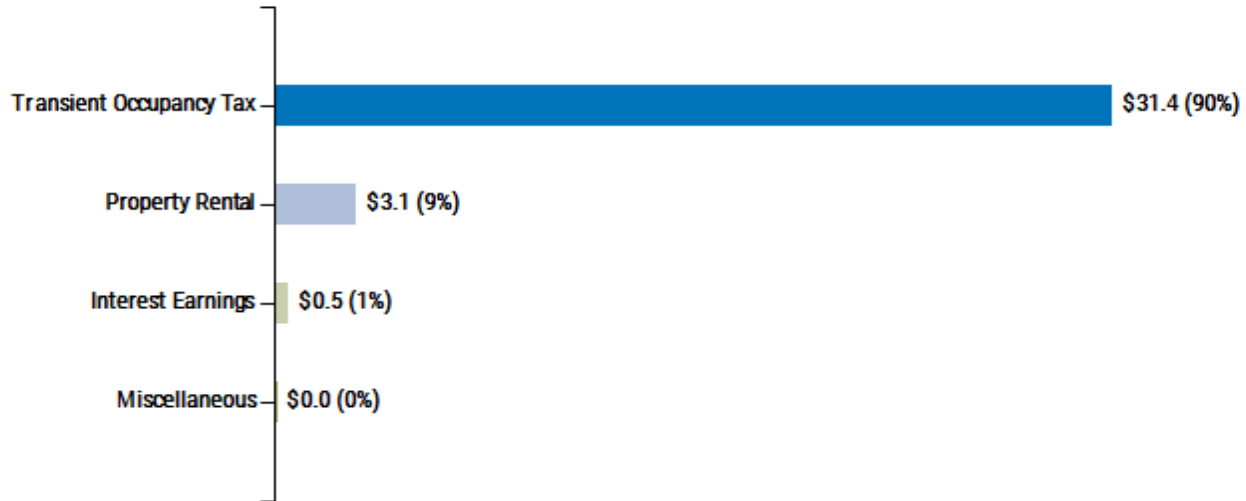


FY 2023/24 Adopted Budget

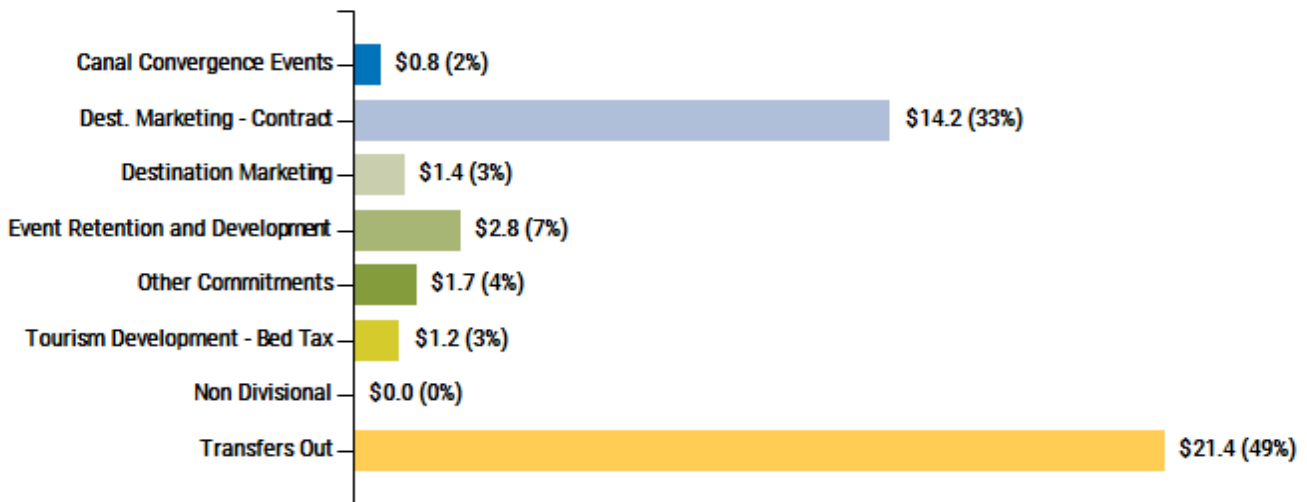
FUND PURPOSE

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)
\$35.0 Million



Tourism Development Fund Uses (% to Total)
\$43.4 Million



Rounding differences may occur.

BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Destination Marketing	-	1,751,402	5,112,744	6,859,883
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Undesignated, Unreserved Fund Balance	4,775,286	4,547,385	8,458,208	9,194,526
Total Beginning Fund Balance	7,275,286	8,798,787	16,070,952	18,554,409
Revenues				
Transient Occupancy Tax	31,862,719	25,000,000	34,942,766	31,448,488
Property Rental	3,313,797	2,519,163	3,369,163	3,066,671
Interest Earnings ^(a)	-	59,080	160,115	504,510
Miscellaneous	38,255	25,000	25,000	25,000
Subtotal	35,214,771	27,603,243	38,497,044	35,044,669
Transfers In				
CIP ^(b)	7,204	-	-	-
Subtotal	7,204	-	-	-
Total Sources	35,221,974	27,603,243	38,497,044	35,044,669
Expenditures				
Canal Convergence Events	750,000	750,000	750,000	750,000
Dest. Marketing - Contract ^(c)	10,818,615	8,500,000	15,724,245	14,151,820
Destination Marketing	-	4,000,000	1,747,138	1,372,424
Event Retention and Development	1,914,370	2,250,000	2,500,000	2,830,364
Other Commitments	1,501,157	1,776,550	1,202,875	1,673,675
Tourism Development - Bed Tax	636,236	998,984	999,999	1,233,631
Class and Comp Study ^(d)	-	-	-	18,205
Leave Accrual Payments / Parental Leave	-	-	-	1,058
Vacation Trade	-	1,016	-	5,046
Subtotal	15,620,379	18,276,550	22,924,257	22,036,223
TOTAL OPERATING BUDGET	15,620,379	18,276,550	22,924,257	22,036,223
Transfers Out				
CIP ^(e)	-	-	-	8,703,120
Debt Svc MPC Bonds	5,279,029	5,119,270	5,115,145	4,984,034
Operating	5,526,900	6,781,053	7,974,185	7,663,384
Subtotal	10,805,930	11,900,323	13,089,330	21,350,538
Total Uses	26,426,308	30,176,873	36,013,587	43,386,761
Sources Over/(Under) Uses	8,795,666	(2,573,630)	2,483,457	(8,342,092)
Ending Fund Balance				
Destination Marketing	5,112,744	1,751,402	6,859,883	6,859,883
Operating Contingency	2,125,000	2,500,000	2,500,000	2,500,000
Undesignated, Unreserved Fund Balance	8,833,208	1,973,755	9,194,526	852,434
Total Ending Fund Balance	16,070,952	6,225,157	18,554,409	10,212,317

^(a) Beginning in FY 2022/23, Interest Earnings are now recorded in the Tourism Development Fund based on a change in interest allocation methodology. The increase in Interest Earnings is due to rising interest rates.

^(b) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the CIP.

^(c) Per Financial Policy No.10, fifty percent of Transient Occupancy Tax shall be used for Destination Marketing. Beginning in FY 2022/23, a negotiated amount of 45 percent of bed tax funds collected based on the prior month's collections will be used for the Destination Marketing Contract, per Destination Marketing Services Agreement approved by Council after budget adoption, on June 21, 2022. A portion (\$0.2 million) of the Destination Marketing is budgeted as a transfer out to the General Fund to support marketing efforts for the Scottsdale Stadium, WestWorld and Choose Scottsdale.

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

^(e) Tourism will fund five capital projects in the amount of \$8.7M.

BUDGET BY FUND | Tourism Development Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Destination Marketing	6,859,883	6,859,883	6,673,613	6,526,093	6,418,403
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Undesignated, Unreserved Fund Balance	9,194,526	852,434	2,218,804	3,905,824	5,719,414
Total Beginning Fund Balance	18,554,409	10,212,317	11,392,417	12,931,917	14,637,817
Revenues					
Transient Occupancy Tax	31,448,488	27,674,600	28,449,600	29,246,200	30,065,000
Property Rental	3,066,671	2,698,700	2,774,200	2,851,900	2,931,800
Interest Earnings	504,510	581,000	656,800	507,400	489,600
Miscellaneous	25,000	25,000	25,000	25,000	25,000
<i>Subtotal</i>	35,044,669	30,979,300	31,905,600	32,630,500	33,511,400
Transfers In					
CIP	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
Total Sources	35,044,669	30,979,300	31,905,600	32,630,500	33,511,400
Expenditures					
Canal Convergence Events	750,000	750,000	750,000	750,000	750,000
Dest. Marketing - Contract	14,151,820	12,453,600	12,803,000	13,162,200	13,529,900
Destination Marketing	1,372,424	1,370,000	1,370,000	1,370,000	1,370,000
Event Retention and Development	2,830,364	2,490,900	2,560,600	2,632,300	2,706,000
Other Commitments	1,673,675	1,100,000	1,100,000	1,100,000	1,100,000
Tourism Development - Bed Tax	1,233,631	1,087,300	1,117,900	1,149,300	1,181,700
<i>Class and Comp Study^(a)</i>	18,205	18,600	19,000	19,400	19,800
<i>Parental Leave</i>	1,058	1,100	1,100	1,100	1,100
<i>Vacation Trade</i>	5,046	-	-	-	-
<i>Subtotal</i>	22,036,223	19,271,500	19,721,600	20,184,300	20,658,500
TOTAL OPERATING BUDGET	22,036,223	19,271,500	19,721,600	20,184,300	20,658,500
Transfers Out					
CIP ^(b)	8,703,120	-	-	-	-
Debt Svc MPC Bonds	4,984,034	4,974,800	4,985,400	4,972,200	4,990,800
Operating	7,663,384	5,552,900	5,659,100	5,768,100	5,896,600
<i>Subtotal</i>	21,350,538	10,527,700	10,644,500	10,740,300	10,887,400
Total Uses	43,386,761	29,799,200	30,366,100	30,924,600	31,545,900
Sources Over/(Under) Uses	(8,342,092)	1,180,100	1,539,500	1,705,900	1,965,500
Ending Fund Balance					
Destination Marketing	6,859,883	6,673,613	6,526,093	6,418,403	6,351,653
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Undesignated, Unreserved Fund Balance	852,434	2,218,804	3,905,824	5,719,414	7,751,664
Total Ending Fund Balance	10,212,317	11,392,417	12,931,917	14,637,817	16,603,317

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

^(b) Tourism will fund five capital projects in the amount of \$8.7M.

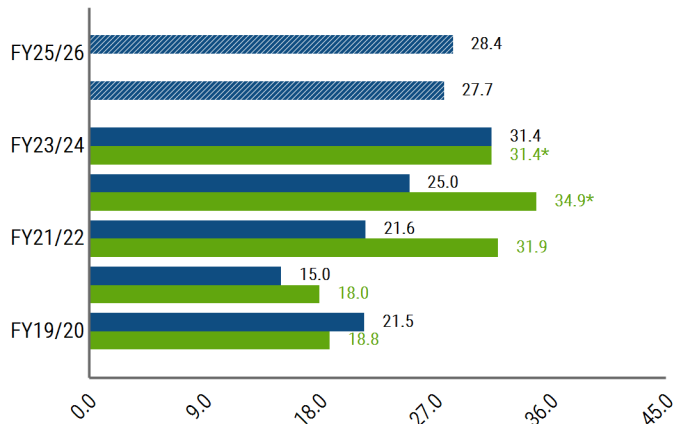
TOURISM DEVELOPMENT FUND SOURCES

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 activities, and Transfers In related to remaining Tourism Development Funds from completed capital projects. 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 2023/24 budget of \$31.4 million is \$6.4 million higher than the FY 2022/23 adopted budget, which reflects the positive trend in tourism activity estimated for another fiscal year. Future years' budgets assume a return to pre-pandemic trends while accounting for the impact of inflation in room rates.

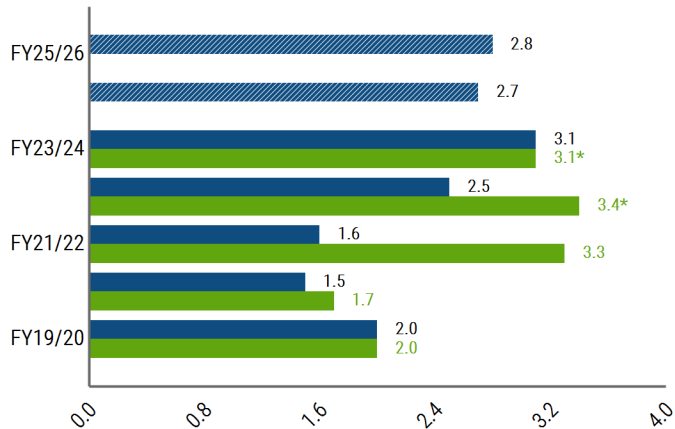
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 Property Rental budget of \$3.1 million is \$0.6 million higher than the FY 2022/23 adopted budget. Future years' budgets assume a return to pre-pandemic trends while accounting for the impact of inflation in room rates.

FY 2019/20 to FY 2025/26 (in millions)

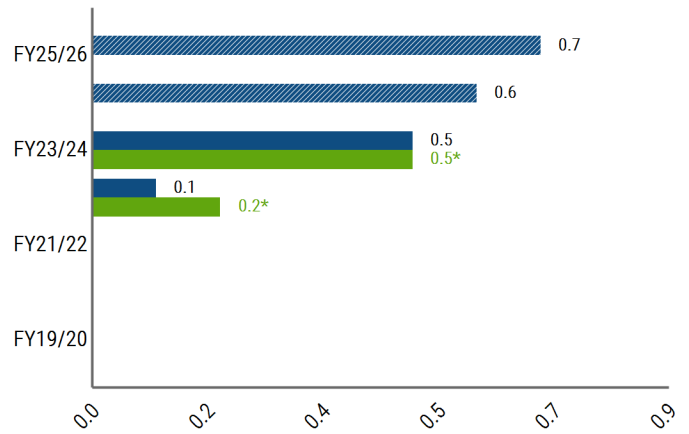


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

INTEREST EARNINGS

Beginning in FY 2022/23 Interest Earnings are recorded in the Tourism Development Fund based on a change in interest allocation methodology. 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 \$0.5 million in FY 2023/24.

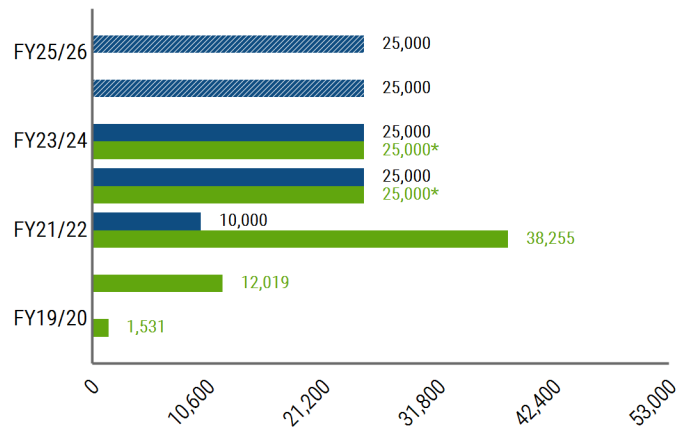
FY 2019/20 to FY 2025/26 (in millions)



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 were offered for Scottsdazzle which explains the actual amount of revenue collected for that fiscal year. The FY 2023/24 Miscellaneous budget is set at \$25,000.

FY 2019/20 to FY 2025/26



TRANSFERS IN

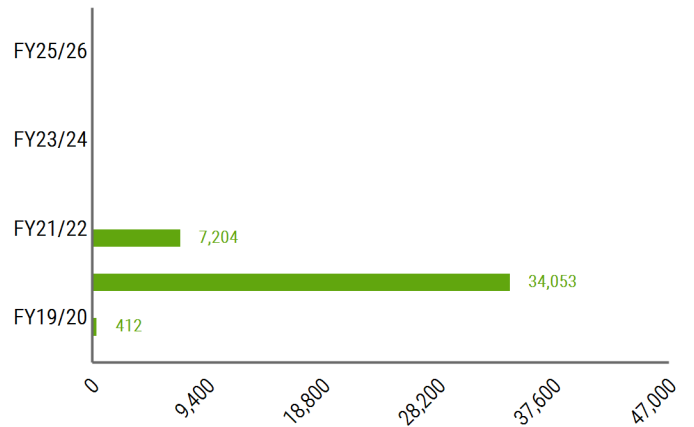
Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects.

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.

FY 2019/20 to FY 2025/26



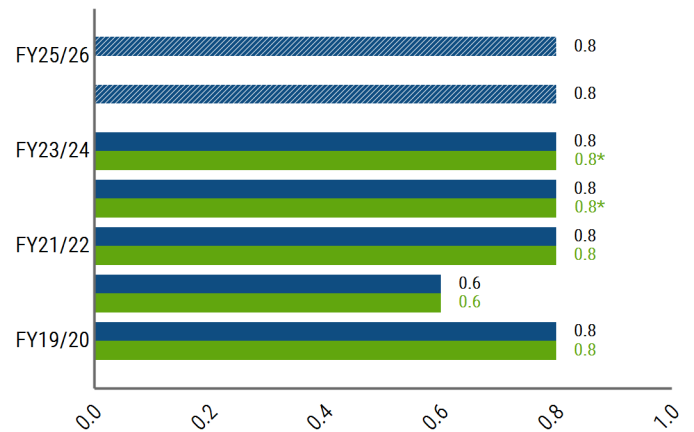
TOURISM DEVELOPMENT FUND USES

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.

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 2023/24 adopted budget is \$0.8 million, which remains flat from the FY 2022/23 adopted budget.

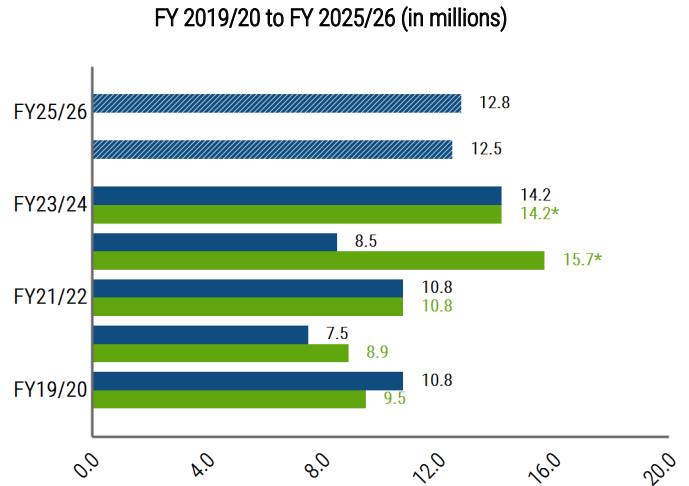
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

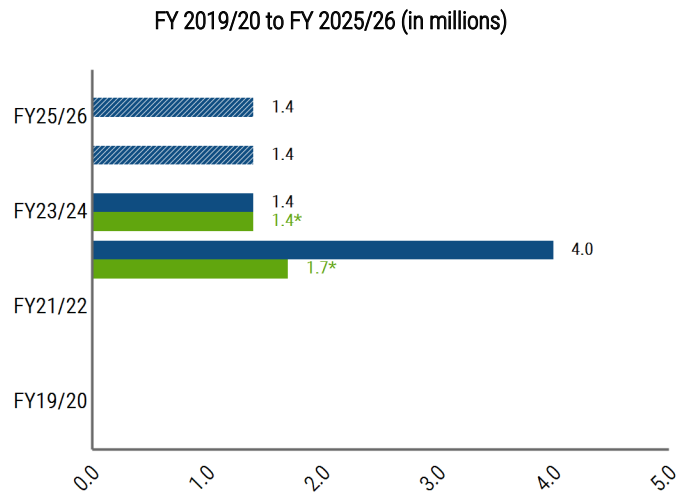
DEST. MARKETING - CONTRACT

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 2023/24 adopted budget of \$14.2 million is \$5.7 million higher than the FY 2022/23 budget amount adopted before the new destination marketing agreement was approved by City Council and represented negotiations as of April 5, 2022.



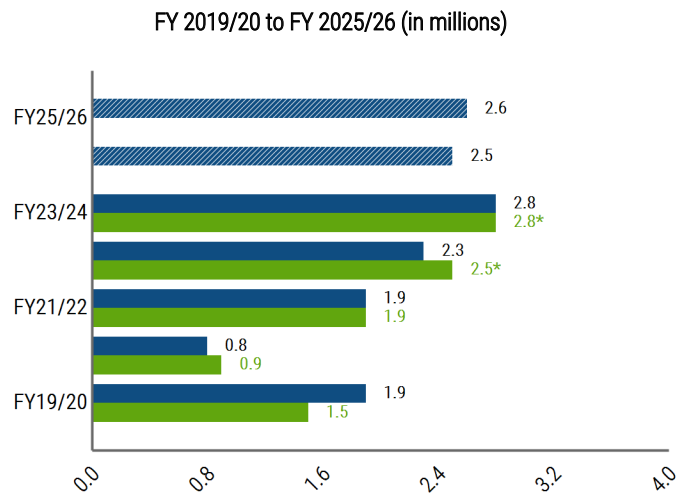
DESTINATION MARKETING

Destination Marketing is the five percent portion of the 50 percent allocated for destination marketing purposes per Financial Policy No. 10 that is not paid to Experience Scottsdale per the new Experience Scottsdale Destination Marketing Services Agreement approved by City Council on June 21, 2022, but instead used for in-house destination marketing efforts. The FY 2023/24 budget of \$1.4 million does not include \$0.2 million that will be transferred out to the General Fund to support destination marketing efforts at WestWorld, Choose Scottsdale and the Scottsdale Stadium. See Transfers Out Operating for details.



EVENT RETENTION AND DEVELOPMENT

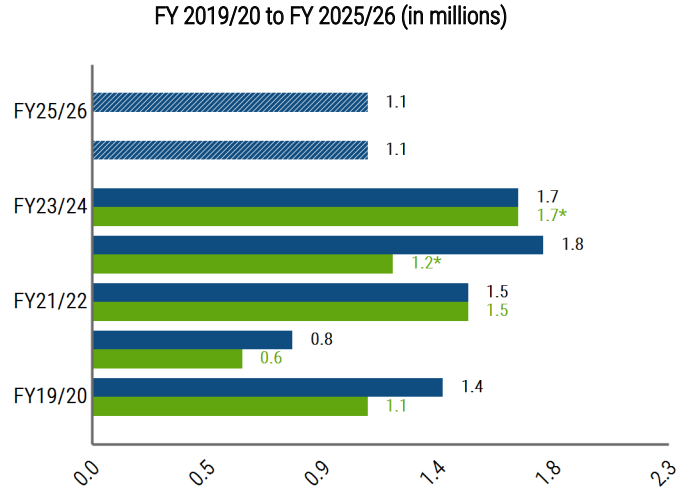
Per Financial Policy No. 10, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated towards four programs: new event development, community events, matching marketing and event venue fee. The FY 2023/24 adopted budget of \$2.8 million is \$0.5 million higher than the FY 2022/23 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

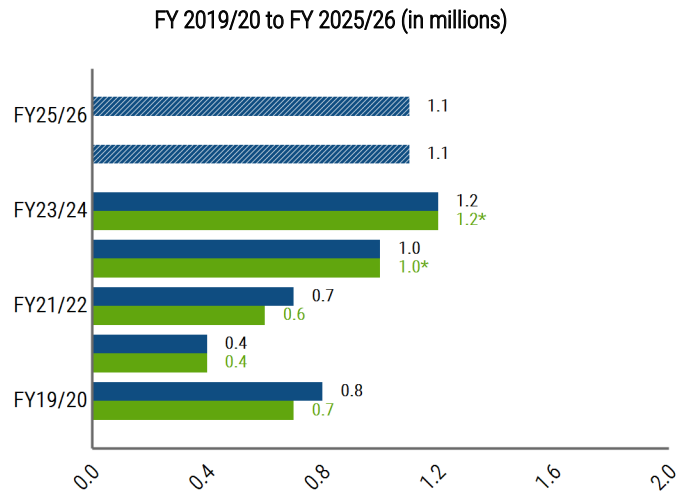
OTHER COMMITMENTS

Financial Policy No. 10 allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Hotel, or the balance of the remaining 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 2023/24 adopted budget of \$1.7 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) \$0.6 million of carryover funding to purchase site furniture for Old Town.



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 2023/24 adopted budget of \$1.2 million is \$0.2 million higher than the FY 2022/23 adopted budget due to the higher base of Bed Tax for the allocation of funds that will fund a pay for performance and market adjustment for eligible employees, an increase in healthcare and retirement rates, and other general administrative expenses.



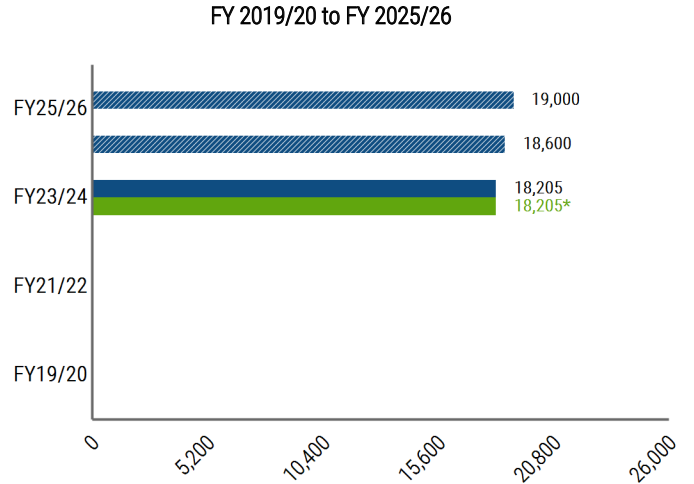
NON-DIVISIONAL USES

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 2022/23 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

FORECAST BUDGET ACTUAL/FORECAST*

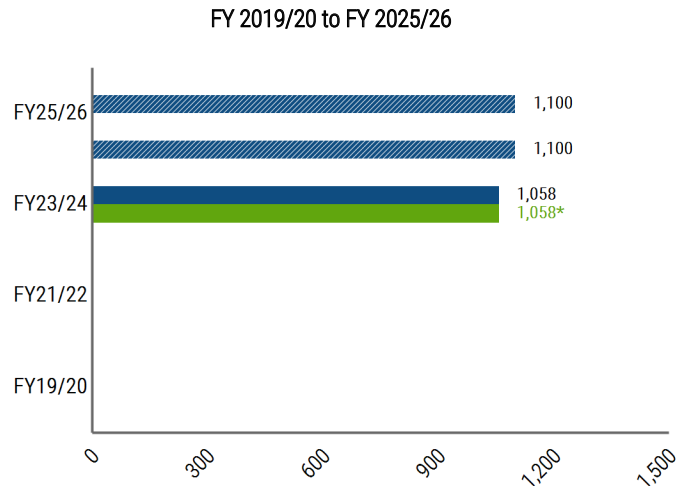
CLASS AND COMP STUDY

The Class and Comp Study reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$18,205.



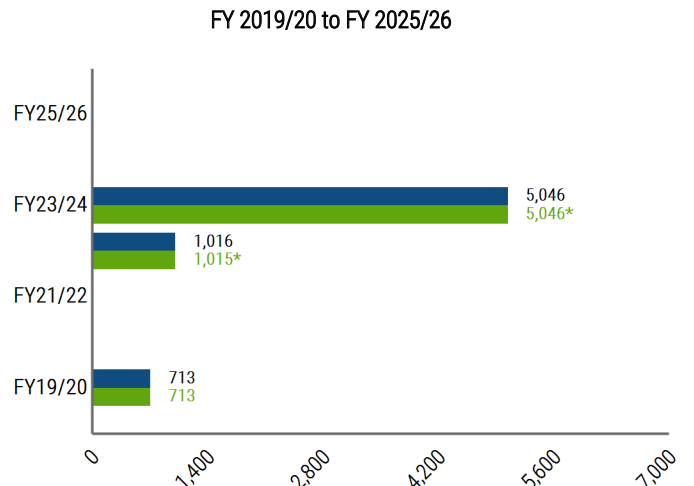
LEAVE ACCRUAL PAYMENTS/PARENTAL LEAVE

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 2023/24 Parental Leave budget is \$1,058.



VACATION TRADE

The Vacation Trade program allows employees who have been employed by the city for five years or more, and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22. The FY 2023/24 Vacation Trade adopted budget is \$5,046.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

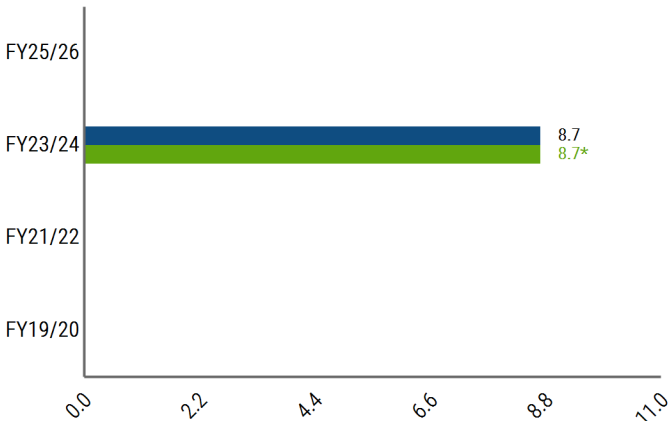
TRANSFERS OUT

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 2023/24 is \$21.4 million. More specific information is detailed below.

CIP

The FY 2023/24 \$8.7 million budget includes transfers to fund the following capital projects: 1) WestWorld Polo Field Lighting for Soccer Fields (\$1.3 million); 2) Pinnacle Peak Trail Enhancements (\$0.5 million); 3) Scottsdale Stadium - First Base Event Plaza (\$1.5 million); 4) Scottsdale Stadium - Add amenities & Access to Accommodate a Day Park in Left Field Berm (\$1.9 million); and 5) WestWorld Tent Refurbishment (\$3.5 million).

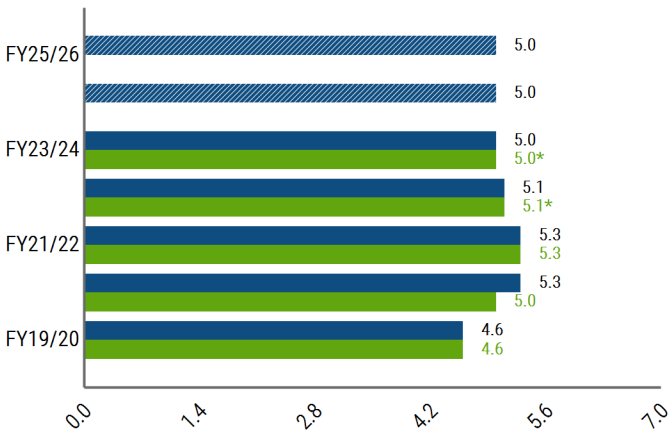
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$5.0 million.

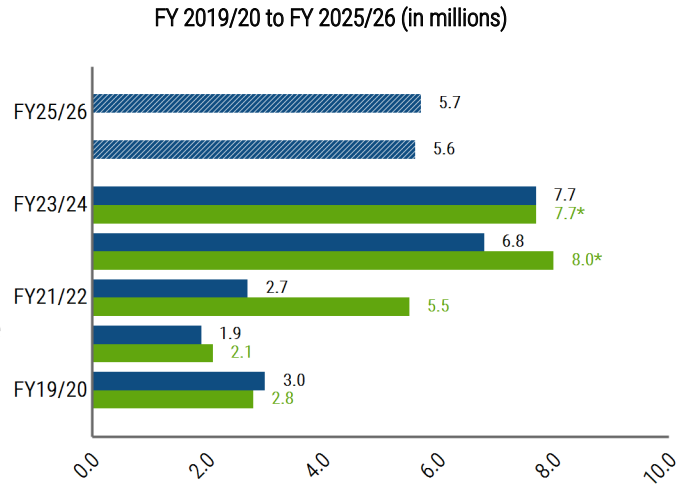
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

OPERATING

The FY 2023/24 budget of \$7.7 million for Operating Transfers Out includes the following transfers to the General Fund: 1) \$3.8 million to comply with Financial Policy No. 10 (12 percent of the transient lodging/bed tax revenues); 2) \$0.2 million to support marketing efforts at WestWorld, Choose Scottsdale and the Scottsdale Stadium from the five percent portion of Bed Tax collections allocated for destination marketing purposes per Financial Policy No. 10; 3) \$1.6 million per Resolution No.12267 to reimburse the General Fund for the purchase of land at WestWorld; 4) \$0.8 million to the Venue Operational Support Program; 5) \$0.3 million to support the Short-Term Rental Program, and Police Short-Term Rental and Park Ranger units; and 6) \$1.0 million to paint the Public Art walls facing the Arizona State Route 101 freeway.

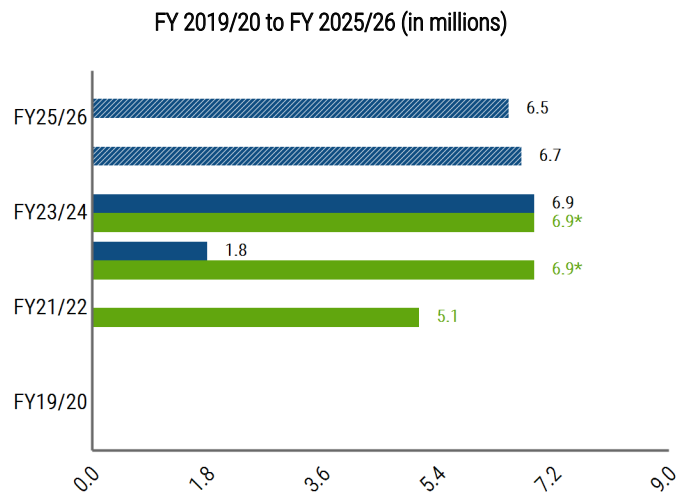


TOURISM DEVELOPMENT FUND ENDING BALANCE

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.

DESTINATION MARKETING

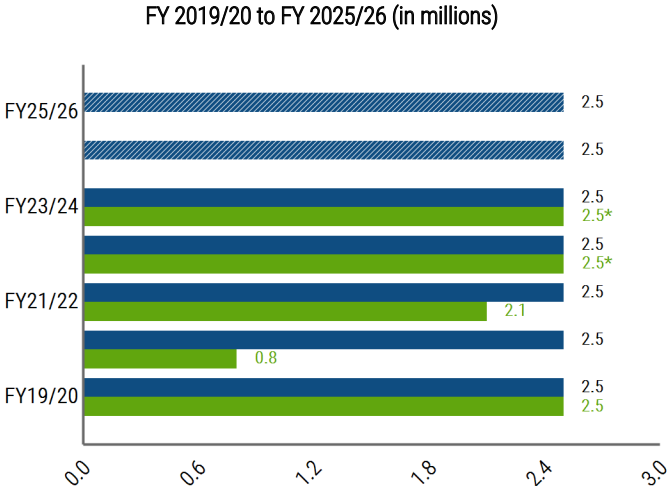
Destination Marketing holds the portion of the ending fund balance resulting from unspent destination marketing allocations. Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. The FY 2023/24 Tourism Development Fund Destination Marketing ending balance is \$6.9 million.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

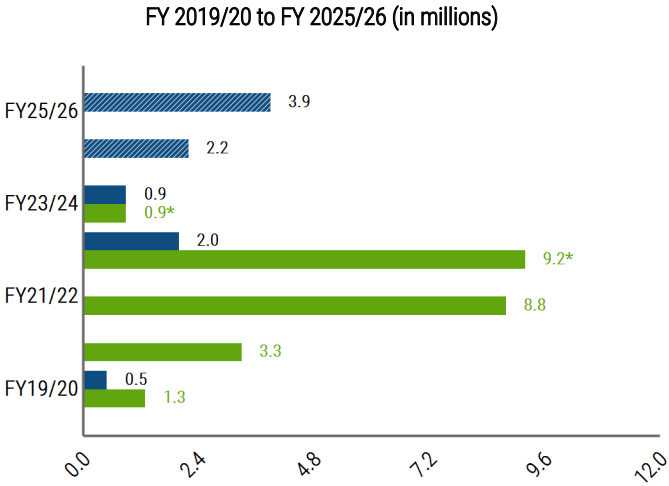
OPERATING CONTINGENCY

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 considered and requires City Council approval.



UNDESIGNATED, UNRESERVED FUND BALANCE

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2023/24 Undesignated, Unreserved Fund balance is \$0.9 million.

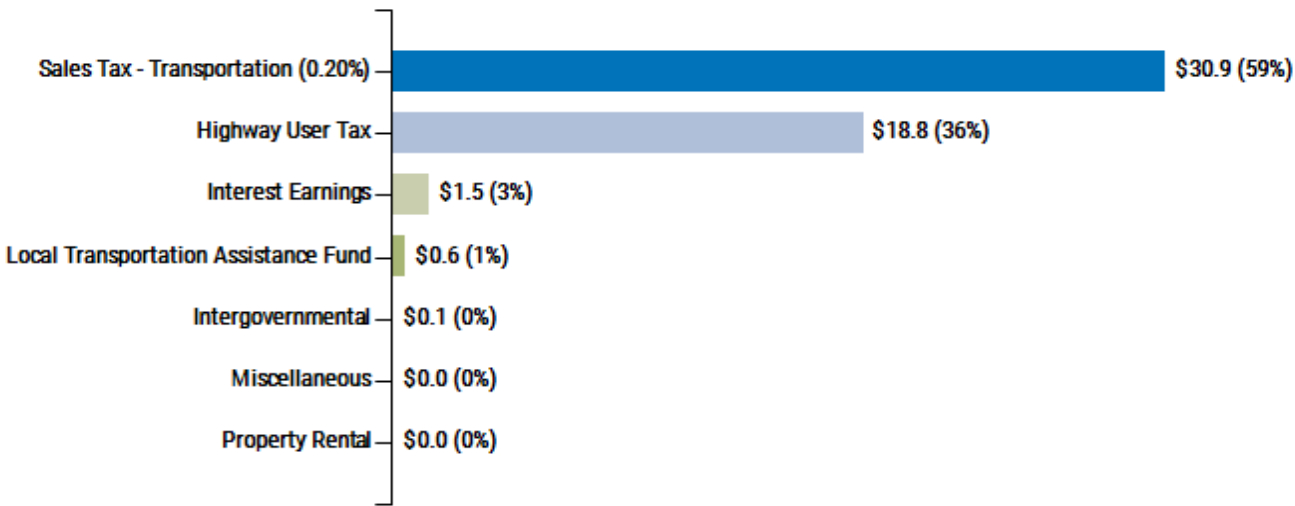


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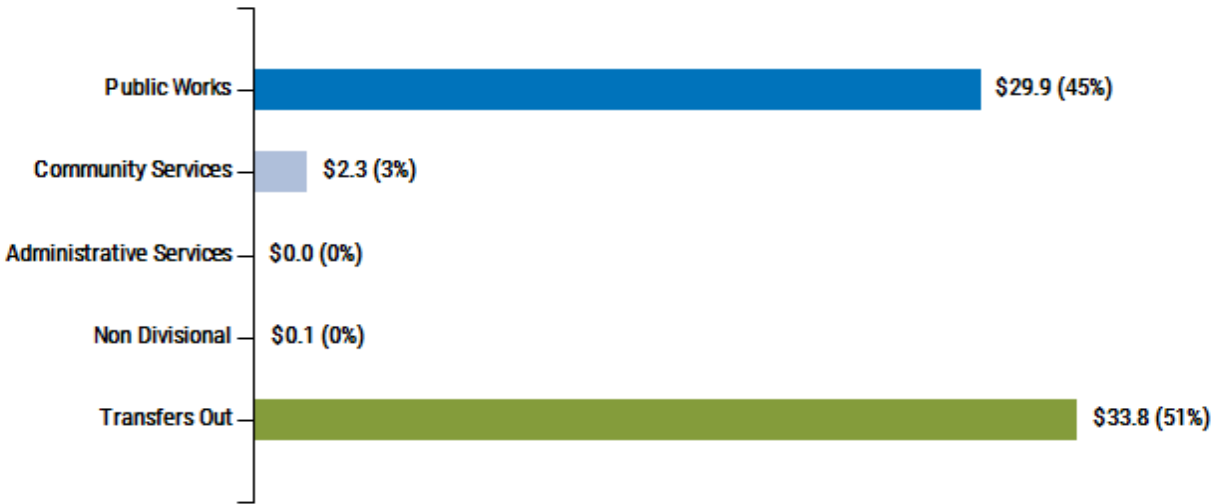
FUND PURPOSE

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)
\$52.0 Million**



**Transportation Fund Uses (% to Total)
\$66.1 Million**



Rounding differences may occur.

BUDGET BY FUND | Transportation Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Operating Contingency	500,000	500,000	500,000	500,000
Operating Reserve	2,040,590	2,902,913	2,239,936	2,890,691
Undesignated, Unreserved Fund Balance	29,740,777	28,256,267	34,496,851	37,722,292
Total Beginning Fund Balance	32,281,367	31,659,180	37,236,787	41,112,983
Revenues				
Sales Tax - Transportation (0.20%)	31,321,136	28,839,830	32,567,536	30,932,799
Highway User Tax	18,987,730	18,648,000	17,820,042	18,848,335
Interest Earnings ^(a)	-	244,760	663,335	1,522,193
Local Transportation Assistance Fund	608,013	640,000	580,384	610,000
Intergovernmental	81,070	90,000	90,000	87,800
Miscellaneous	81,740	23,430	23,430	21,200
Property Rental	950	5,844	5,844	5,844
Subtotal	51,080,639	48,491,864	51,750,571	52,028,171
Transfers In				
CIP ^(b)	172,843	-	-	-
Subtotal	172,843	-	-	-
Total Sources	51,253,482	48,491,864	51,750,571	52,028,171
Expenditures				
Public Works	20,378,669	26,982,350	25,027,037	29,894,026
City Treasurer ^(c)	66,778	70,015	69,736	-
Community Services	1,935,114	2,102,042	2,102,068	2,255,183
Administrative Services	18,800	18,800	18,800	18,800
Class and Comp Study ^(d)	-	-	-	248,635
Fuel and Maint and Repair ^(e)	-	-	901,926	-
Leave Accrual Payments / Parental Leave	-	170,000	140,546	209,626
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(360,000)	(92,356)	(360,000)
Utilities ^(e)	-	-	739,154	-
Vacation Trade	-	45,921	-	39,025
Subtotal	22,399,361	29,029,128	28,906,911	32,305,295
TOTAL OPERATING BUDGET	22,399,361	29,029,128	28,906,911	32,305,295
Transfers Out				
CIP ^(f)	23,660,568	17,019,915	18,883,768	33,566,400
CIP Technology	238,132	83,696	83,696	271,634
Subtotal	23,898,700	17,103,611	18,967,464	33,838,034
Total Uses	46,298,061	46,132,739	47,874,375	66,143,329
Sources Over/(Under) Uses	4,955,420	2,359,125	3,876,196	(14,115,158)
Ending Fund Balance				
Operating Contingency	500,000	500,000	250,000	500,000
Operating Reserve	2,239,936	2,902,913	2,890,691	3,230,530
Undesignated, Unreserved Fund Balance	34,496,851	30,615,392	37,972,292	23,267,295
Total Ending Fund Balance	37,236,787	34,018,305	41,112,983	26,997,825

^(a) Increase in Interest Earnings is due to rising interest rates.

^(b) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZ Cares funding that was in the CIP.

^(c) Starting in FY 2023/24, the City Treasurer Division will no longer expense staff salary to the Transportation Fund.

^(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 moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

^(f) In FY 2023/24, the Transportation Department will transfer \$15.5 million from the Undesignated, Unreserved Fund Balance to fund capital projects.

BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,890,691	3,230,530	3,317,990	3,467,580	3,590,830
Undesignated, Unreserved Fund Balance	37,722,292	23,267,295	24,736,035	26,258,245	28,983,095
Total Beginning Fund Balance	41,112,983	26,997,825	28,554,025	30,225,825	33,073,925
Revenues					
Sales Tax - Transportation (0.20%)	30,932,799	31,394,400	32,532,100	33,531,000	34,564,400
Highway User Tax	18,848,335	19,319,500	20,092,300	20,494,200	20,904,100
Interest Earnings ^(a)	1,522,193	1,679,000	1,901,200	1,498,100	1,483,900
Local Transportation Assistance Fund	610,000	610,000	610,000	610,000	610,000
Intergovernmental	87,800	89,600	91,300	93,200	95,000
Miscellaneous	21,200	31,200	31,200	26,200	20,200
Property Rental	5,844	5,800	5,800	5,800	5,800
Subtotal	52,028,171	53,129,500	55,263,900	56,258,500	57,683,400
Transfers In					
CIP	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	52,028,171	53,129,500	55,263,900	56,258,500	57,683,400
Expenditures					
Public Works	29,894,026	30,806,800	31,982,900	33,123,900	34,765,400
City Treasurer	-	-	-	-	-
Community Services	2,255,183	1,963,800	2,008,400	2,053,200	2,106,000
Administrative Services	18,800	18,800	19,700	20,700	21,800
Class and Comp Study ^(b)	248,635	254,300	259,300	264,400	269,700
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments / Parental Leave	209,626	214,400	218,600	223,000	227,400
Operating Impacts	-	290,000	562,400	606,000	122,400
Savings from Vacant Positions	(360,000)	(368,200)	(375,500)	(382,900)	(390,500)
Utilities	-	-	-	-	-
Vacation Trade	39,025	-	-	-	-
Subtotal	32,305,295	33,179,900	34,675,800	35,908,300	37,122,200
TOTAL OPERATING BUDGET	32,305,295	33,179,900	34,675,800	35,908,300	37,122,200
Transfers Out					
CIP ^(c)	33,566,400	18,297,200	18,866,100	17,421,400	17,282,200
CIP Technology	271,634	96,200	50,200	80,700	101,300
Subtotal	33,838,034	18,393,400	18,916,300	17,502,100	17,383,500
Total Uses	66,143,329	51,573,300	53,592,100	53,410,400	54,505,700
Sources Over/(Under) Uses	(14,115,158)	1,556,200	1,671,800	2,848,100	3,177,700
Ending Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	3,230,530	3,317,990	3,467,580	3,590,830	3,712,220
Undesignated, Unreserved Fund Balance	23,267,295	24,736,035	26,258,245	28,983,095	32,039,405
Total Ending Fund Balance	26,997,825	28,554,025	30,225,825	33,073,925	36,251,625

^(a) Increase in Interest Earnings is due to rising interest rates.

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

^(c) In FY 2023/24, the Transportation Department will transfer \$15.5 million from the Undesignated, Unreserved Fund Balance to fund capital projects.

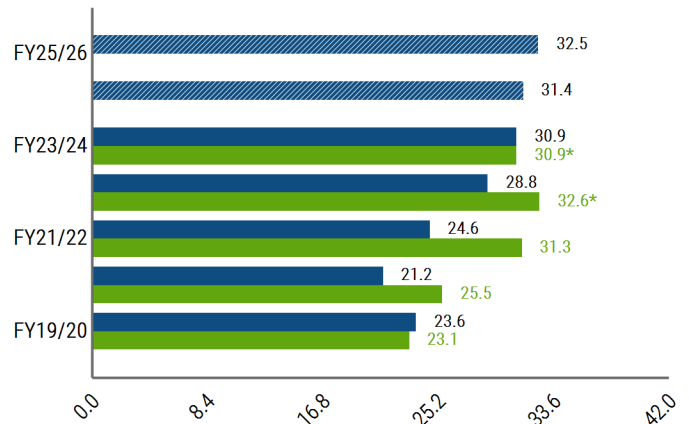
TRANSPORTATION FUND SOURCES

Transportation Fund sources for FY 2023/24 equal \$52.0 million which is a increase of \$3.5 million from the FY 2022/23 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 2023/24 budget of \$30.9 million represents an increase of \$2.1 million, or 7.3 percent, over the FY 2022/23 adopted budget due to strong consumer demand and spending.

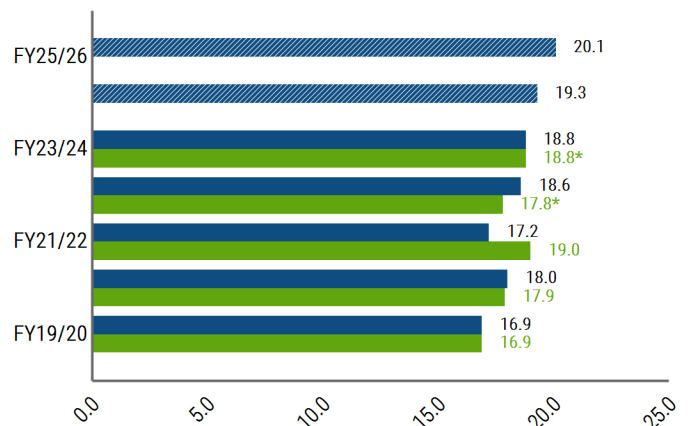
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 budget of \$18.8 million represents a \$0.2 million increase from the FY 2022/23 adopted budget.

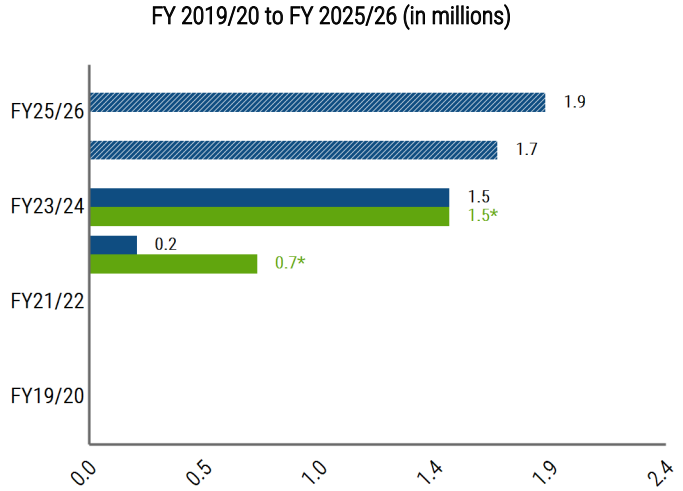
FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

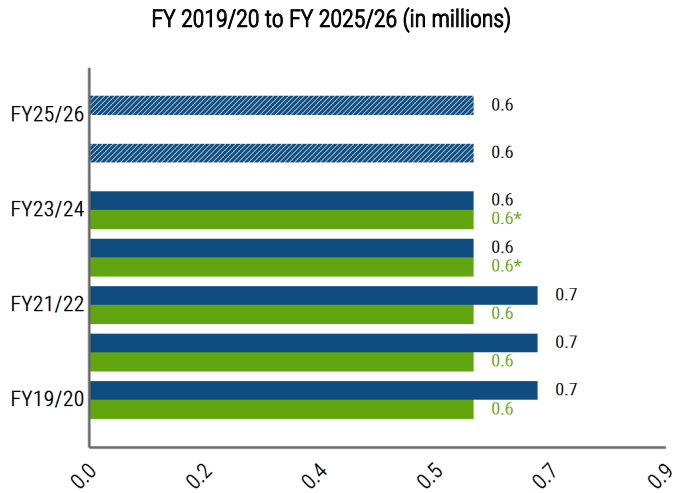
INTEREST EARNINGS

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 \$1.5 million in FY 2023/24 an increase of \$0.8 million due to increased interest rates.



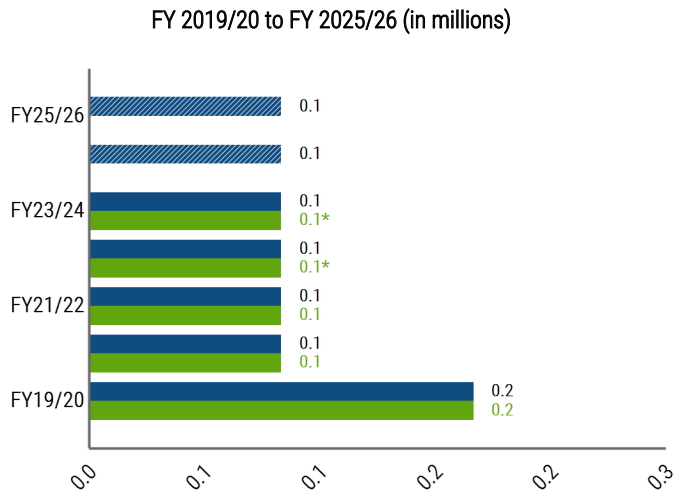
LOCAL TRANSPORTATION ASSISTANCE FUND

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 2023/24 budget for this revenue is \$0.6 million, which represents the entire allocation available to the city.



INTERGOVERNMENTAL

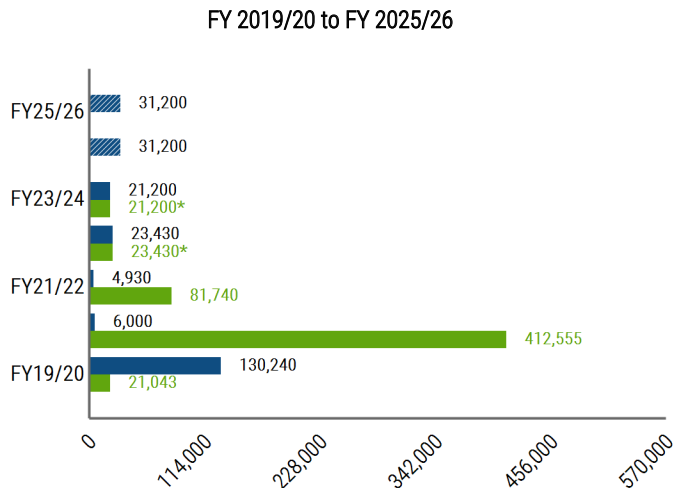
Intergovernmental represents the city's allocation of the half-cent sales tax for transportation improvements approved in Proposition 400 by Maricopa County voters in November 2004. This revenue, through the Transportation Fund, funds the American's with Disabilities Act (ADA) Cab Connection Rides program, which addresses the transportation needs of people with disabilities within the city. The FY 2023/24 budget is \$0.1 million, which is flat when compared to the FY 2022/23 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

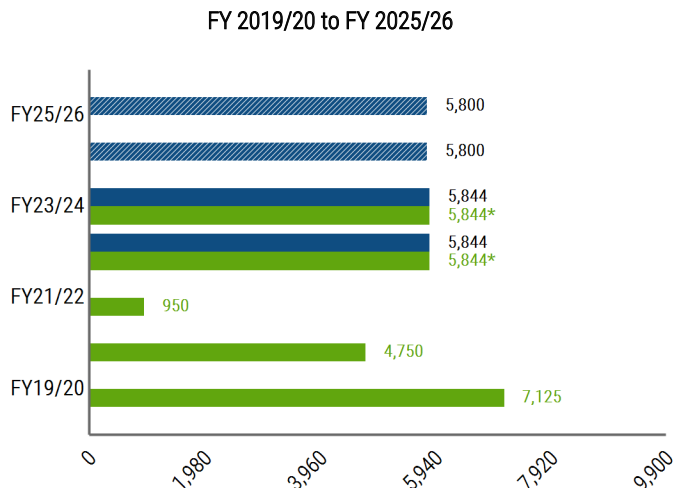
MISCELLANEOUS

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 2023/24 budget of \$21,200 represents a slight decrease from the FY 2022/23 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 2023/24 budget for Property Rental is \$5,844.



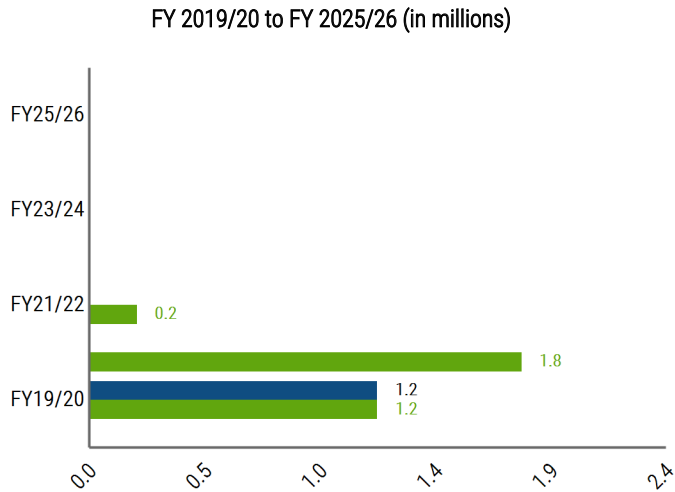
FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 is \$0.0 million. More specific information is detailed below.

CIP

For FY 2021/22, City Council authorized a one-time bonus to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZ Cares funding that was in the CIP. For FY 2020/21, City Council authorized a Transfer In totaling \$1.8 million related to the Crossroads East Development agreement for a roadway segment. These funds are to be used towards the future reimbursement of public infrastructure costs. For FY 2019/20, City Council authorized a Transfer In totaling \$1.2 million to reimburse the Transportation Fund for its contribution to the Drinkwater Bridge Structural Repairs capital project. The Maricopa Association of Governments (MAG) reimbursed the capital project with Proposition 400 funding so the contribution from the Transportation Fund was no longer needed.

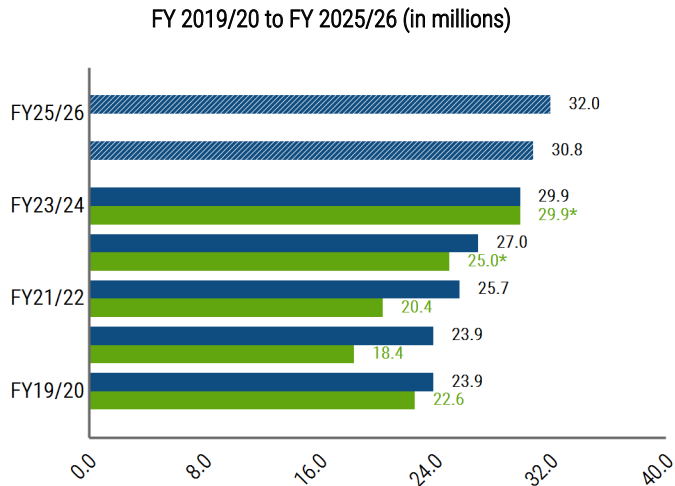


TRANSPORTATION FUND USES

The Transportation Fund uses for FY 2023/24 is \$66.1 million and represents expenses by division, additional non-divisional operating categories, and transfers out to the CIP.

PUBLIC WORKS

The expenditures for Public Works include alley maintenance, streets cleaning, lighting maintenance, and traffic signal maintenance. The adopted FY 2023/24 Public Works budget of \$29.9 million is an increase of \$2.9 million from the FY 2022/23 adopted budget of \$27.0 million. The increase is mainly due to the higher anticipated costs across all commodities due to global conditions, supply chain challenges, and the addition of three Street Equipment Operator positions and necessary equipment.

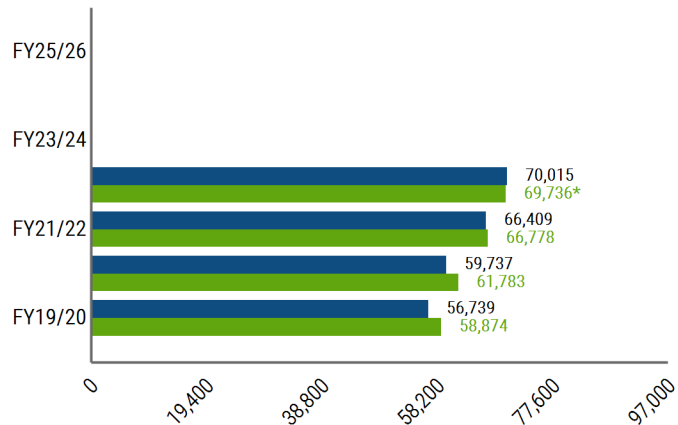


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

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 2023/24 adopted budget is \$0 as this position will become fully funded by the General Fund.

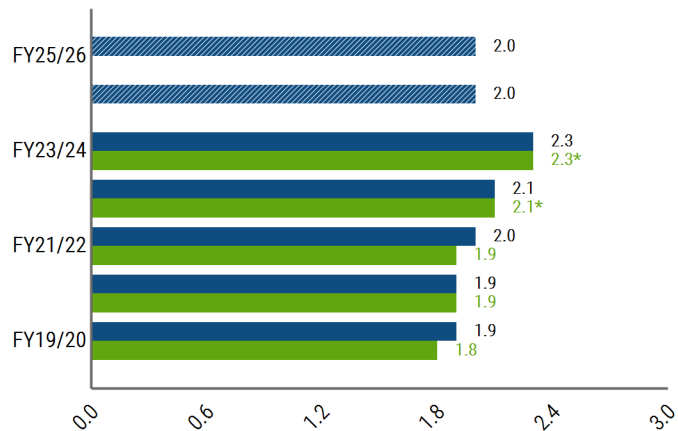
FY 2019/20 to FY 2025/26



COMMUNITY SERVICES

Community Services represents the contracted landscaping of medians and right-of-ways. The FY 2023/24 adopted budget of \$2.3 million represents an increase of \$0.2 million when compared to the FY 2022/23 adopted budget. The increase represents one-time funding for irrigation replacement, new granite, and revegetation along Scottsdale Road.

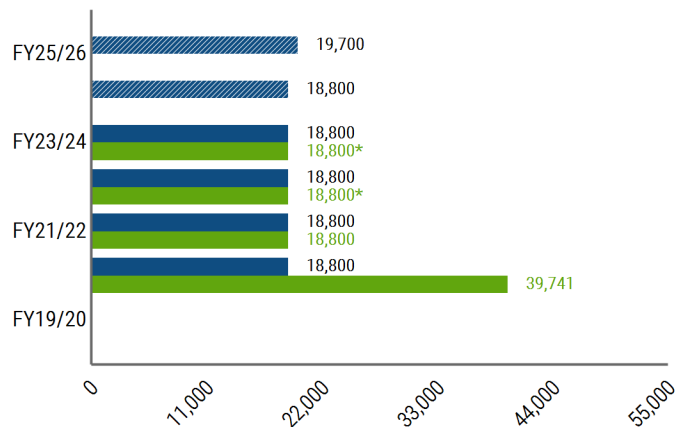
FY 2019/20 to FY 2025/26 (in millions)



ADMINISTRATIVE SERVICES

Administrative Services includes software supported by the Transportation Fund which is administered by the Information Technology (IT) Department. The FY 2023/24 adopted budget is \$18,800.

FY 2019/20 to FY 2025/26



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

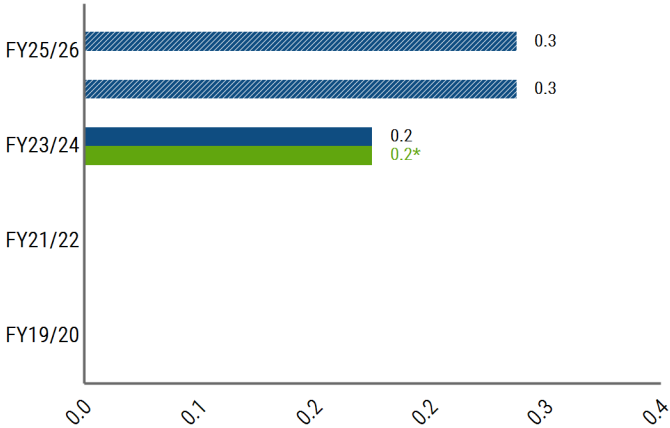
NON-DIVISIONAL USES

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 2022/23 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 reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$0.2 million.

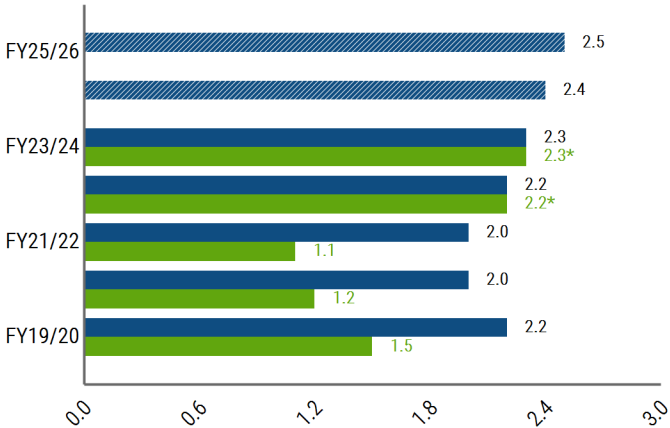
FY 2019/20 to FY 2025/26 (in millions)



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 adopted FY 2023/24 Fuel and Maint and Repair is budgeted at \$2.3 million at the division level.

FY 2019/20 to FY 2025/26 (in millions)

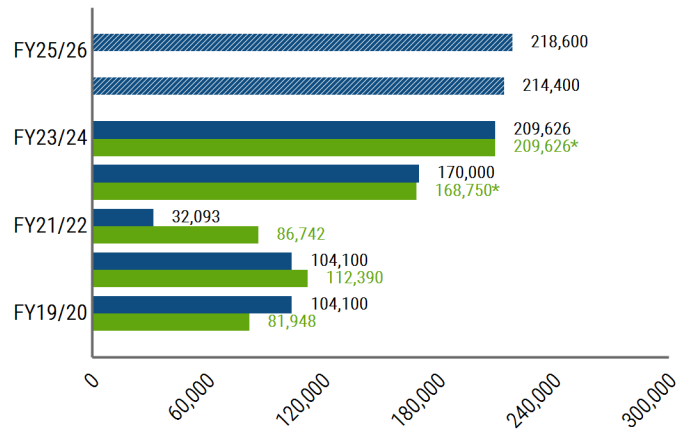


FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 Leave Accrual Payments / Parental Leave budget is \$209,626, which includes \$85,000 budgeted for medical leave accrual payouts, \$105,000 budgeted for vacation accrual payouts, and \$19,626 budget for parental leave.

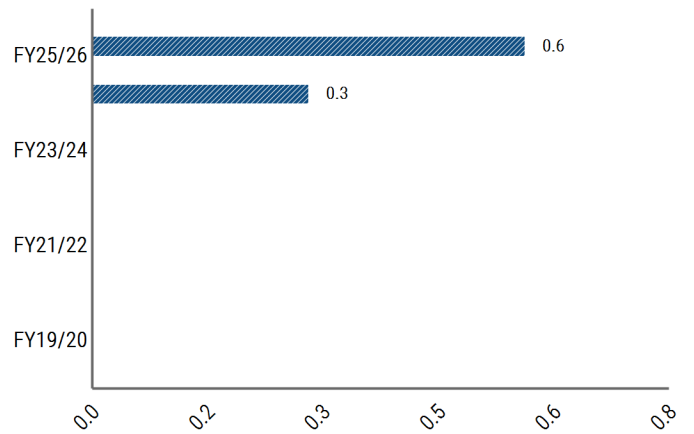
FY 2019/20 to FY 2025/26



OPERATING IMPACTS

Operating Impacts are additional costs associated with future Capital Improvement Plan (CIP) projects that impact the operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. FY 2024/25 and FY 2025/26 are forecasted at \$0.3 million and \$0.6 million respectively based on the current approved CIP projects.

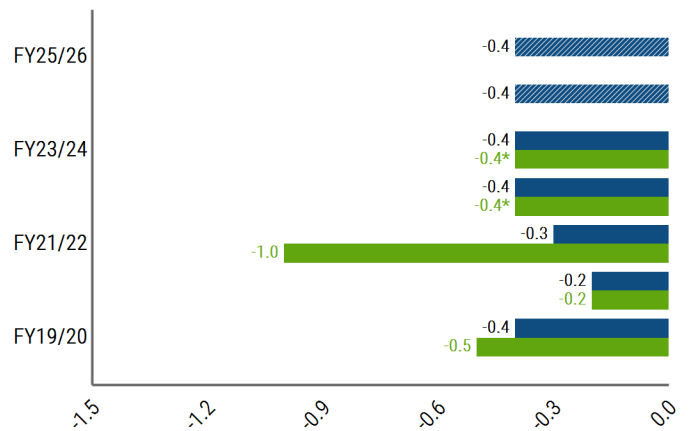
FY 2019/20 to FY 2025/26 (in millions)



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2023/24 is estimated at (\$0.4) million.

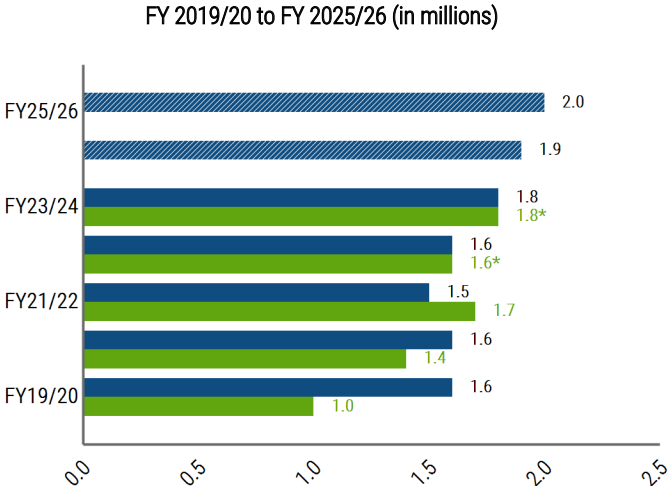
FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

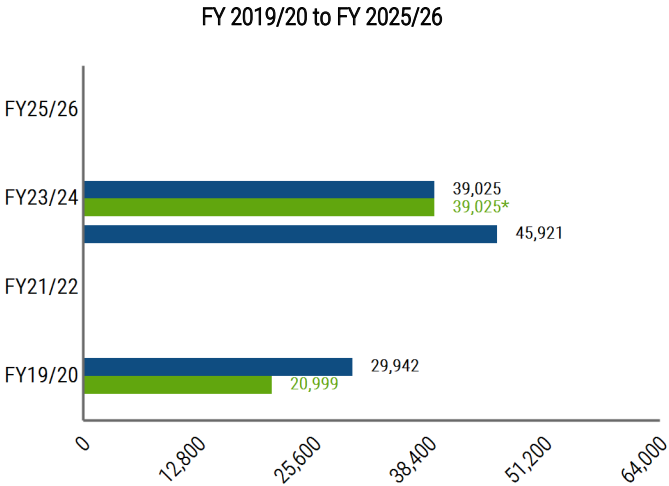
UTILITIES

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. The FY 2023/24 Utilities budget is \$1.8 million which is an increase of \$0.2 million when compared to the FY 2022/23 adopted budget.



VACATION TRADE

The Vacation Trade program allows employees who have been employed by the city for five years or more and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

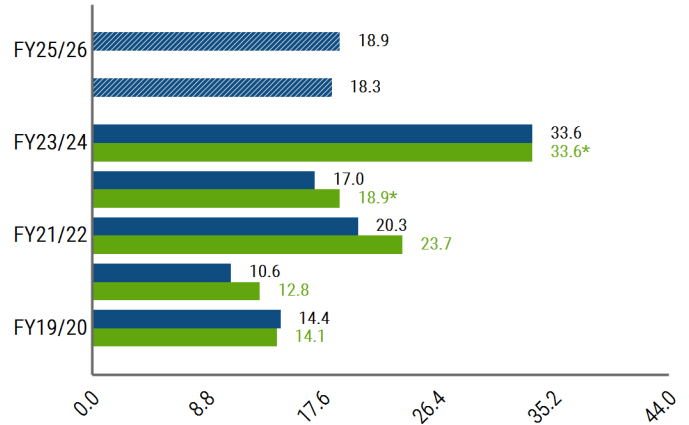
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

CIP

The FY 2023/24 budget includes a \$33.6 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.

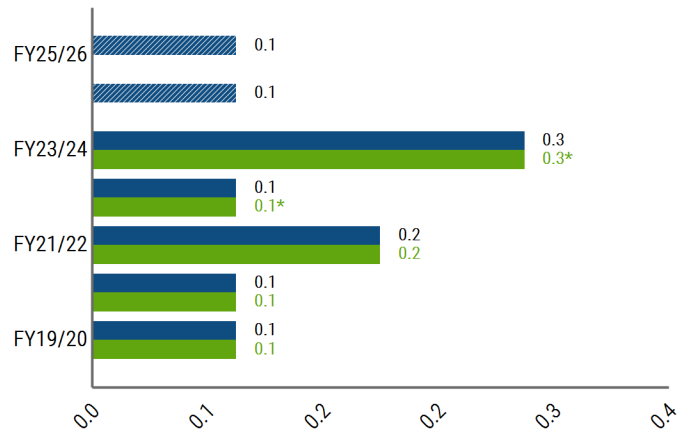
FY 2019/20 to FY 2025/26 (in millions)



CIP TECHNOLOGY

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2023/24 adopted budget is \$0.3 million.

FY 2019/20 to FY 2025/26 (in millions)



TRANSPORTATION FUND ENDING BALANCE

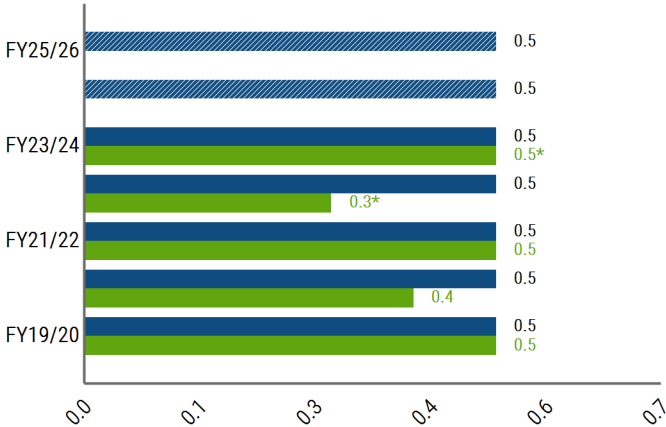
Fund balance/contingency/reserves protect the city's financial condition and provide for unexpected economic challenges. The specific make-up of the city's Transportation Fund Ending Balance is noted in the following:

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

OPERATING CONTINGENCY

Operating Contingency includes \$0.5 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 considered and require City Council approval.

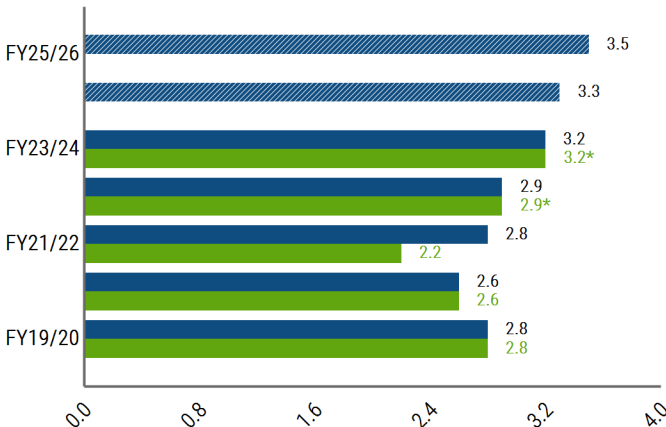
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 Transportation Fund operating reserve is \$3.2 million.

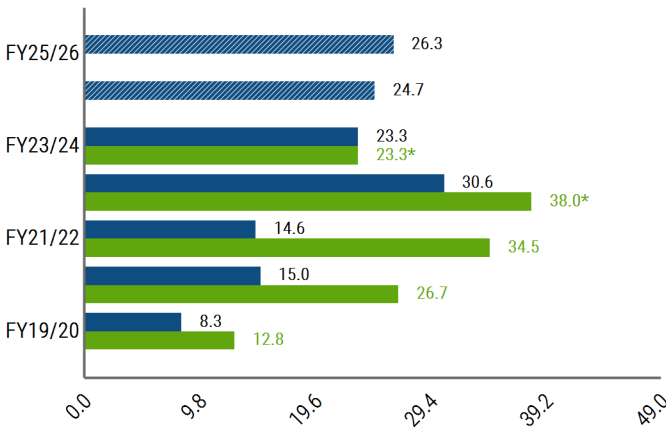
FY 2019/20 to FY 2025/26 (in millions)



UNDESIGNATED, UNRESERVED FUND BALANCE

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2023/24 ending undesignated, unreserved fund balance is \$23.3 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 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

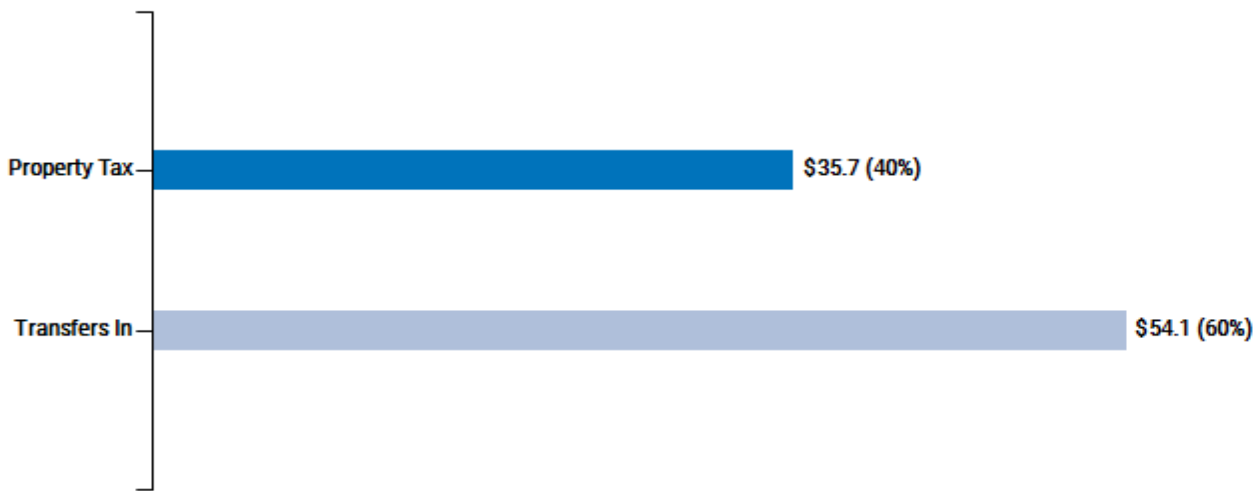


FY 2023/24 Adopted Budget

FUND PURPOSE

This fund accounts for the accumulation of resources for, 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)
\$89.8 Million**



**Debt Service Fund Uses (% to Total)
\$91.5 Million**



Rounding differences may occur.

BUDGET BY FUND | Debt Service Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	3,469,053	8,469,793	8,713,394	3,613,394
Total Beginning Fund Balance	8,524,133	13,524,873	13,768,474	8,668,474
Revenues				
Property Tax	34,911,861	30,055,758	30,055,758	35,656,731
Interest Income Non-pooled	6	-	-	-
<i>Subtotal</i>	<u><i>34,911,867</i></u>	<u><i>30,055,758</i></u>	<u><i>30,055,758</i></u>	<u><i>35,656,731</i></u>
Transfers In				
Debt Svc GO Bonds	31,937,859	33,439,242	33,439,242	35,354,537
Debt Svc MPC Bonds	20,581,445	18,627,000	18,626,845	18,747,987
Debt Svc SPA Bonds ^(a)	1,420,010	-	-	-
<i>Subtotal</i>	<u><i>53,939,314</i></u>	<u><i>52,066,242</i></u>	<u><i>52,066,087</i></u>	<u><i>54,102,524</i></u>
Total Sources	88,851,181	82,122,000	82,121,845	89,759,255
Debt Service				
GO Debt Service - Non Preserve	30,078,393	35,155,758	35,155,758	37,356,731
GO Debt Service - Preserve	31,526,989	33,439,242	33,439,242	35,354,537
MPC Excise Debt	20,581,448	18,627,000	18,626,845	18,747,986
SPA Debt Service ^(a)	1,420,010	-	-	-
<i>Subtotal</i>	<u><i>83,606,840</i></u>	<u><i>87,222,000</i></u>	<u><i>87,221,845</i></u>	<u><i>91,459,254</i></u>
TOTAL OPERATING BUDGET	83,606,840	87,222,000	87,221,845	91,459,254
Total Uses	83,606,840	87,222,000	87,221,845	91,459,254
Sources Over/(Under) Uses	5,244,341	(5,100,000)	(5,100,000)	(1,699,999)
Ending 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	3,369,793	3,613,394	1,913,394
Total Ending Fund Balance	13,768,474	8,424,873	8,668,474	6,968,475

^(a) The final payment for the repayment of the Scottsdale Preserve Authority Bonds occurred in FY 2021/22.

BUDGET BY FUND | Debt Service Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Beginning Fund Balance				
Debt Stabilization Reserve	5,055,080	5,055,081	5,055,081	5,055,081
GO Debt Service Reserve - Non Preserve	3,613,394	1,913,394	1,913,394	1,913,394
Total Beginning Fund Balance	8,668,474	6,968,475	6,968,475	6,968,475
Revenues				
Property Tax	35,656,731	31,101,100	33,166,400	37,449,800
Interest Income Non-pooled	-	-	-	-
<i>Subtotal</i>	<i>35,656,731</i>	<i>31,101,100</i>	<i>33,166,400</i>	<i>37,449,800</i>
Transfers In				
Debt Svc GO Bonds	35,354,537	38,849,700	24,670,700	18,798,800
Debt Svc MPC Bonds	18,747,987	18,852,500	18,987,300	19,221,400
Debt Svc SPA Bonds	-	-	-	-
<i>Subtotal</i>	<i>54,102,524</i>	<i>57,702,200</i>	<i>43,658,000</i>	<i>38,020,200</i>
Total Sources	89,759,255	88,803,300	76,824,400	75,470,000
Debt Service				
GO Debt Service - Non Preserve	37,356,731	31,101,100	33,166,400	37,449,800
GO Debt Service - Preserve	35,354,537	38,849,700	24,670,700	18,798,800
MPC Excise Debt	18,747,986	18,852,500	18,987,300	19,221,400
SPA Debt Service	-	-	-	-
<i>Subtotal</i>	<i>91,459,254</i>	<i>88,803,300</i>	<i>76,824,400</i>	<i>75,470,000</i>
TOTAL OPERATING BUDGET	91,459,254	88,803,300	76,824,400	75,470,000
Total Uses	91,459,254	88,803,300	76,824,400	75,470,000
Sources Over/(Under) Uses	(1,699,999)	-	-	-
Ending Fund Balance				
Debt Stabilization Reserve	5,055,081	5,055,081	5,055,081	5,055,081
GO Debt Service Reserve - Non Preserve	1,913,394	1,913,394	1,913,394	1,913,394
Total Ending Fund Balance	6,968,475	6,968,475	6,968,475	6,968,475

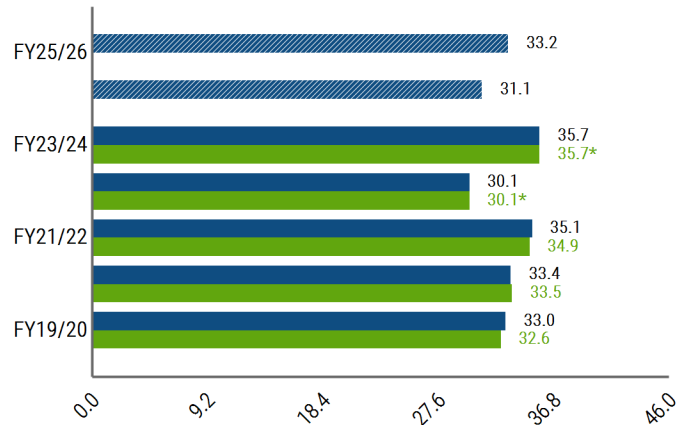
DEBT SERVICE FUND SOURCES

Debt Service Fund sources for FY 2023/24 equal \$89.8 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 2023/24 levy amount (revenue) is \$35.7 million.

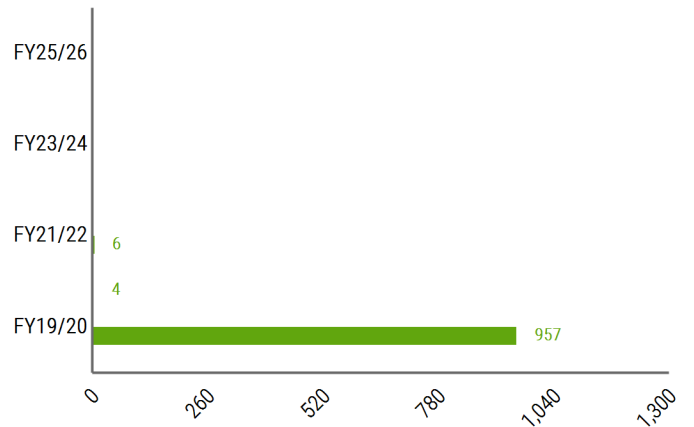
FY 2019/20 to FY 2025/26 (in millions)



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.

FY 2019/20 to FY 2025/26



TRANSFERS IN

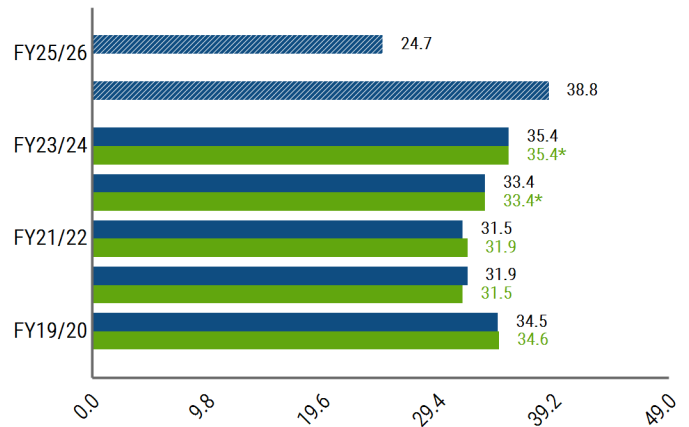
Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2023/24 adopted budget includes \$54.1 million in Transfers In. More specific information is detailed below.

▨ 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 2023/24 is \$35.4 million which is \$2.0 million more than the FY 2022/23 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.

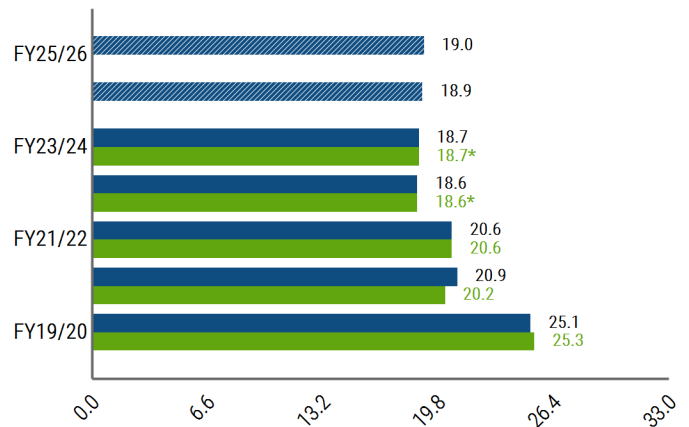
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 equal \$18.7 million which is \$0.1 million higher than FY 2022/23.

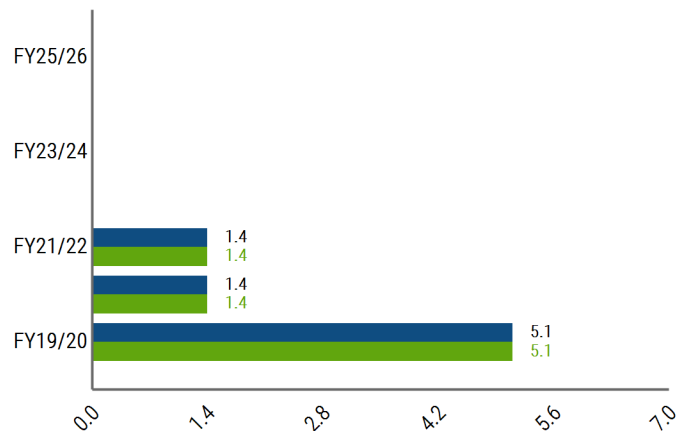
FY 2019/20 to FY 2025/26 (in millions)



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.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

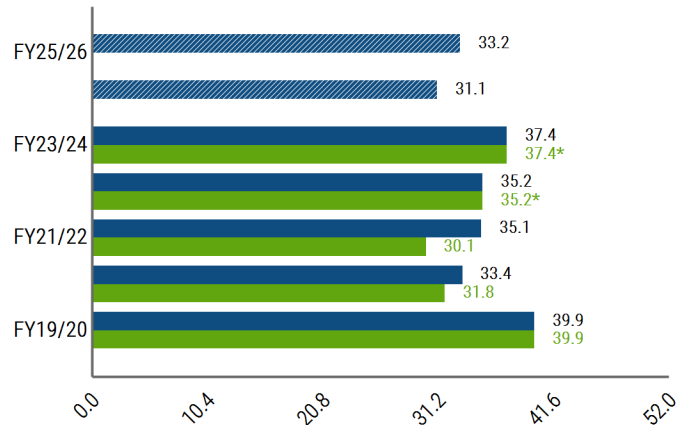
DEBT SERVICE FUND USES

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2023/24 adopted budget includes \$91.5 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 2023/24, the General Obligation Bonds debt service is forecasted at \$37.4 million, which is a \$2.2 million increase when compared to the FY 2022/23 adopted budget as two General Obligation bonds were issued in the middle of FY 2022/23. There are no principal payments for these newly-issued bonds until FY 2023/24.

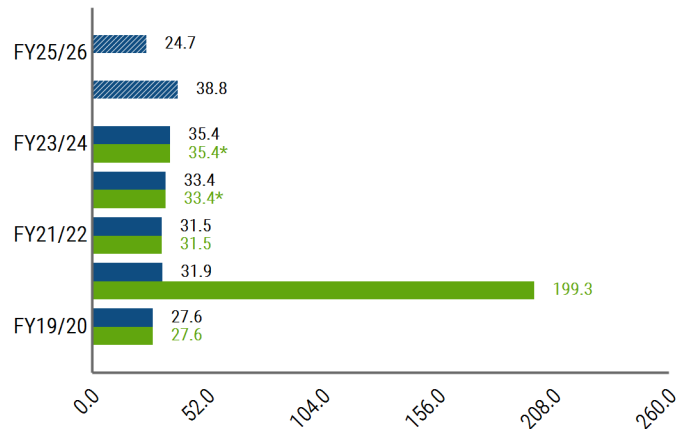
FY 2019/20 to FY 2025/26 (in millions)



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 \$35.4 million in FY 2023/24, which is an increase of \$2.0 million over the FY 2022/23 adopted budget. The increase reflects higher payments for the Refunding 2012 GO Preserve Bonds and the 2020 GO Refunding Preserve Bonds, which would have been greater but is being partially offset by zero payments required for the 2014 GO Refunding Preserve Bonds which sunset in 2023. 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 2019/20 to FY 2025/26 (in millions)

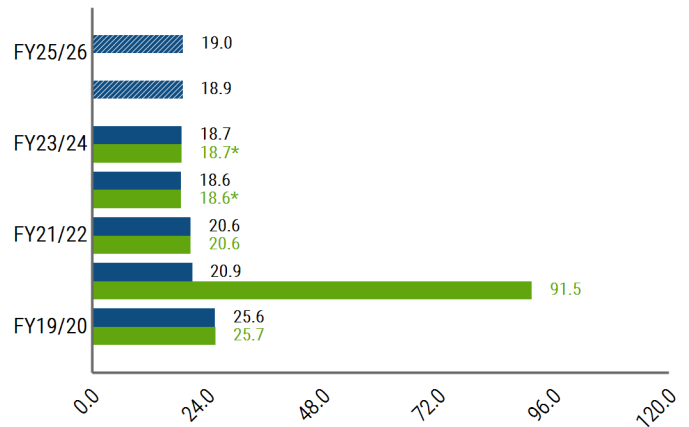


FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 total \$18.7 million, which is a slight increase compared to FY 2022/23 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.

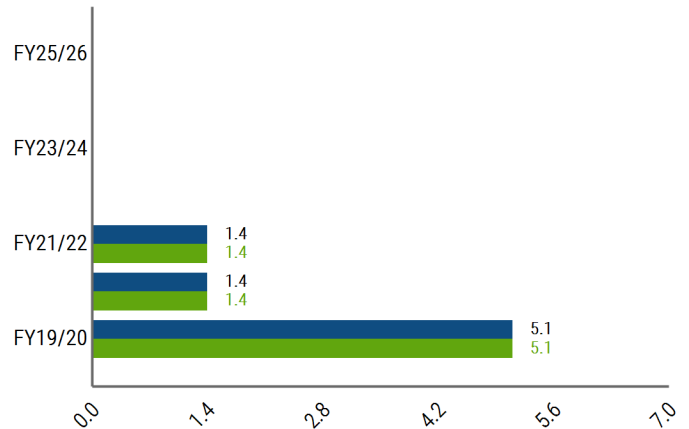
FY 2019/20 to FY 2025/26 (in millions)



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.

FY 2019/20 to FY 2025/26 (in millions)



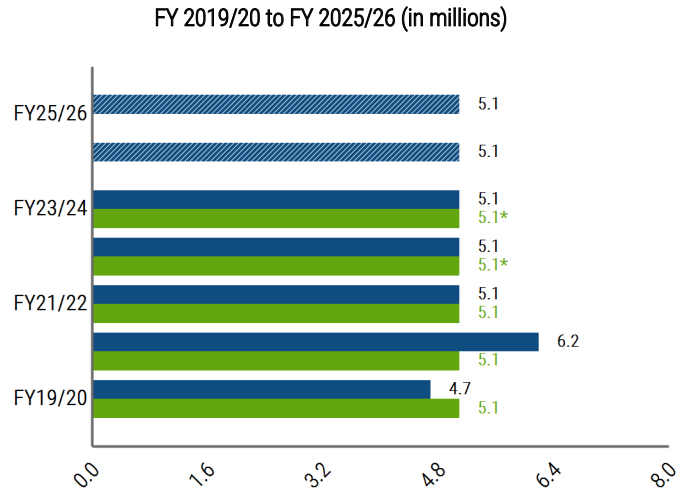
DEBT SERVICE FUND ENDING BALANCE

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*

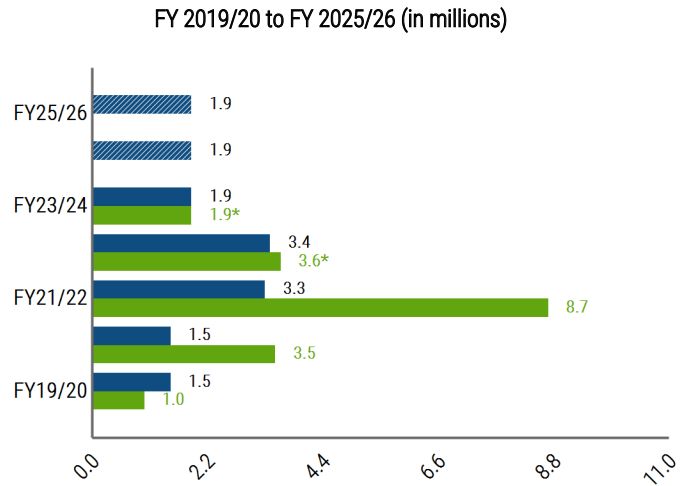
DEBT STABILIZATION RESERVE

Debt Stabilization Reserve of \$5.1 million is projected for FY 2023/24. 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 \$1.9 million for FY 2023/24. 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.



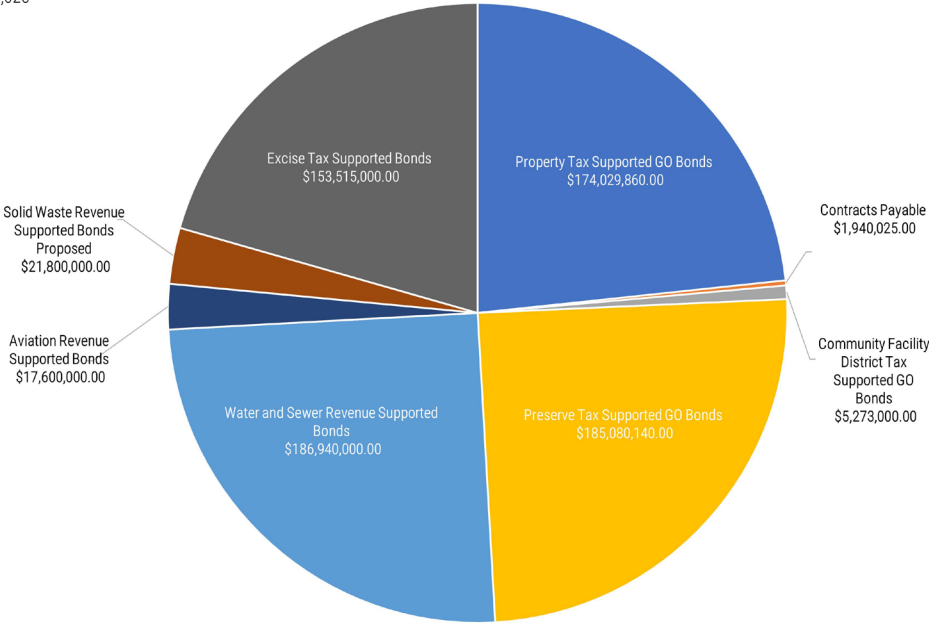
FORECAST BUDGET ACTUAL/FORECAST*

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

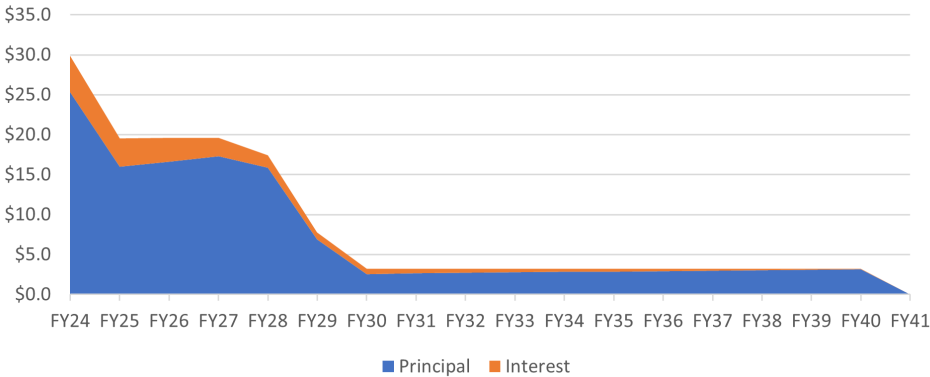
The proposed FY 2023/24 budget includes issuance of \$185,000,000 of General Obligation Bonds for the 2019 Bond projects. Outstanding debt by type at the end of FY 2023/24 is as follows:

Outstanding on 6/30/2024
Existing Debt: \$746,178,025

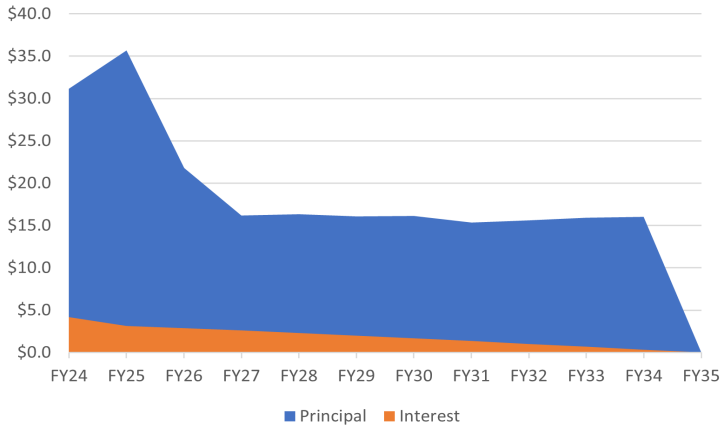


Description of Bond Types - Including Principal and Interest Payments through Maturity in Millions

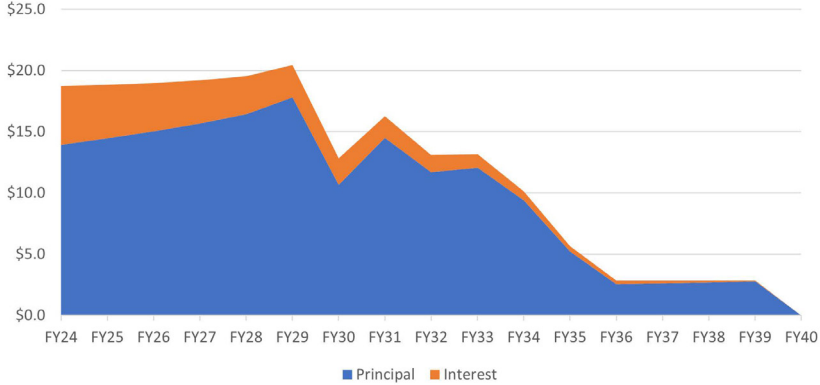
Property Tax Supported General Obligation (GO) Bonds - The city issues General Obligation Bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems and public safety and municipal facilities. General Obligation Bonds require voter approval. Secondary property taxes assessed are collected to repay General Obligation Bonds.



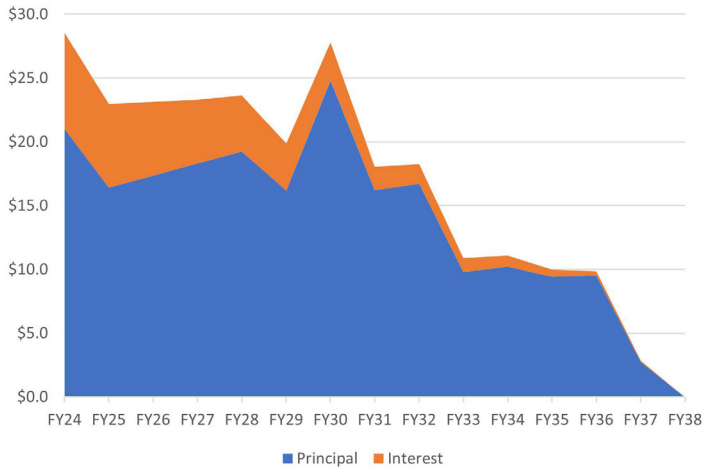
Preserve Tax Supported General Obligation Bonds - Preserve bonds include bonds issued by the Scottsdale Preserve Authority (SPA) and General Obligation Bonds for preserve land and land improvements. General Obligation Bonds require voter approval. Preserve excise tax revenues are pledged to repay the preserve bonds.



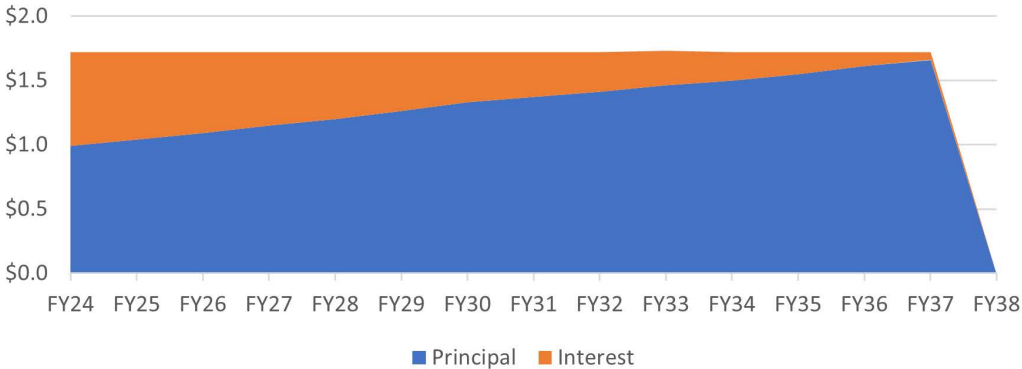
Excise Tax Supported Bonds - The city has debt secured by a pledge of all unrestricted excise taxes, transaction, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits, and fines and forfeitures, issued through the Municipal Property Corporation (MPC). 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.



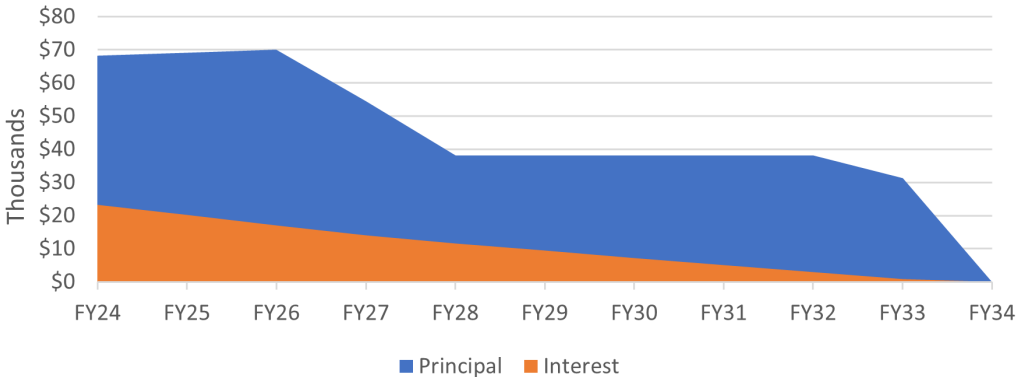
Water and Sewer Revenue Supported Bonds - Water and sewer revenue bonds include bonds issued by the city for water and sewer capital improvements, pledging water and sewer revenues, and issued by the Municipal Property Corporation, pledging city excise tax but are repaid with water and sewer revenues.



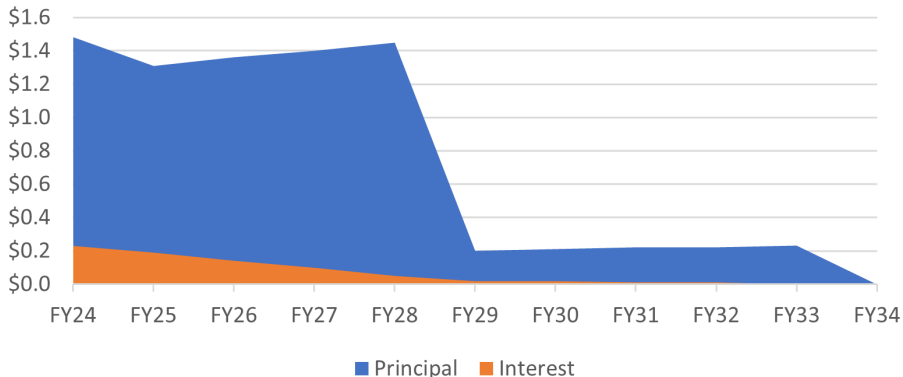
Aviation Revenue Supported Bonds - Aviation revenue bonds are issued by the Municipal Property Corporation for Airport capital improvements, pledging city excise tax but are repaid with aviation revenues.



Contracts Payable - The city has lease purchase agreements for the financing of equipment.



Community Facility District (CFD) Tax Supported Debt - The city has four CFDs (DC Ranch, McDowell Mountain Ranch, Via Linda Road 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.



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	\$2,264,620,665	6% Constitutional Limit	\$679,386,200
Less General Obligation Bonds Outstanding	(351,404,000)	Less General Obligation Bonds Outstanding	(7,706,000)
Excess Premium	(12,192,677)	Excess Premium	(880,964)
Available 20% Limitation Borrowing Capacity	\$1,901,023,988	Available 6% Limitation Borrowing Capacity	\$670,799,235

Primary and Secondary Property Tax Rates History: Tax Rates per \$100 Assessed Valuation

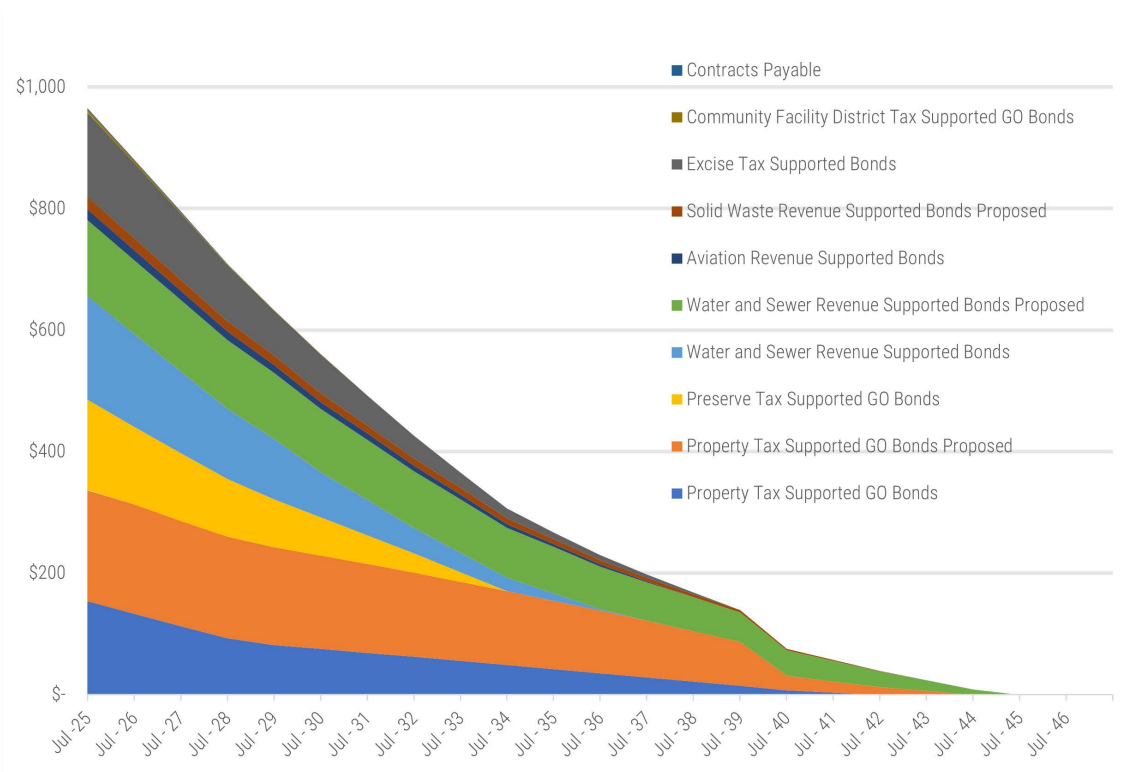
The primary property tax revenues are used by the General Fund for services such as Police, Fire, Community Services, and many other governmental purposes. The secondary property tax revenues are used to repay debt service on General Obligation Bonds.

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2018/19	\$0.5316	\$0.5705	\$1.1021
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

Debt Repayment Fiscal Year End 2023/24 Forecast

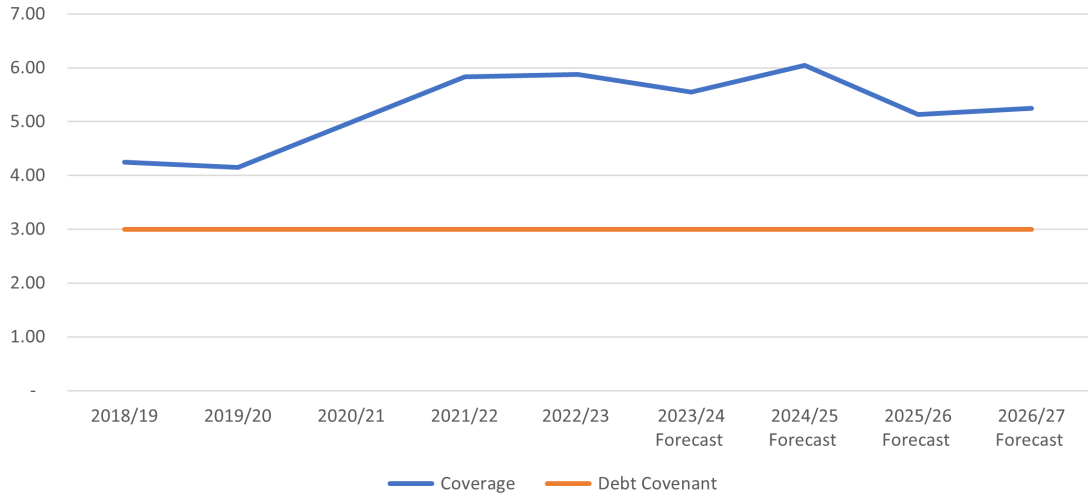
Debt paydown reflects how quickly the city expects to repay outstanding debt. A more rapid repayment period reduces risks from future loss of revenues and is an indicator of repayment strength. Rapid repayment also allows debt capacity to be released and made available for future capital needs.

The city's debt paydown is strong with 55 percent of total debt repaid in eight years and 92 percent repaid in 15 years.



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, Special Programs Fund, Tourism Development Fund, Stadium Facility Fund, Aviation Fund and the Water and Water Reclamation 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 Service	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 2022/23	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Final Payment Date
Debt Service Funds							
General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported							
2014 G.O. Refunding Bonds (\$73.8M May 2014)	11,022,288	-	-	-	-	-	2023
2015 G.O. Refunding Bonds (\$86.4M Apr 2015)	9,349,350	20,304,250	9,335,700	9,590,200	9,774,800	9,838,400	2028
2017 G.O. Refunding Bonds (\$26.8M May 2017)	3,818,329	3,911,892	4,040,000	4,126,300	4,280,100	4,366,400	2029
2017C G.O. Various Purpose Bonds (\$25.5M Dec 2017)	2,620,000	2,417,000	2,934,000	2,635,300	2,310,000	-	2027
2021 G.O. Various Purpose Bonds (Tax-Exempt) (\$31.4M Feb 2021)	2,006,700	2,004,500	2,005,500	2,004,500	2,006,500	2,006,300	2040
2021 G.O. Various Purpose Bonds (Taxable) (\$19.8M Feb 2021)	1,217,124	1,221,324	1,219,600	1,221,300	1,217,600	1,218,600	2040
2023 G.O. Various Purpose Bonds (Tax-Exempt) (\$34.2M Jan 2023)	672,708	3,589,500	3,415,800	3,320,800	3,225,800	3,130,800	2042
2023 G.O. Various Purpose Bonds (Taxable) (\$39.5M Jan 2023)	785,740	3,905,775	3,809,800	3,683,500	3,583,500	3,483,500	2042
Future G.O. Various Purpose Bonds (\$90.0M Jan 2025)	-	-	4,337,800	6,581,600	6,586,400	6,583,500	2044
Future G.O. Various Purpose Bonds (\$95.0M Jan 2027)	-	-	-	-	4,461,800	6,713,300	2046
Fiscal Agent Fees and Arbitrage Fees	2,758	2,490	2,900	2,900	3,300	4,200	
	31,494,996	37,356,731	31,101,100	33,166,400	37,449,800	37,345,000	
Preserve General Obligation Bonds - Preserve Sales Tax Supported							
2012 G.O. Refunding Bonds Preserve (\$44.5M Jul 2012)	3,369,550	5,531,100	-	-	-	-	2024
2013 G.O. Bonds Preserve (\$75.0M Feb 2013)	2,650,000	2,550,000	-	-	-	-	2024
2014 G.O. Bonds Preserve (\$14.0M May 2014)	747,825	744,900	747,900	746,800	-	-	2026
2014 G.O. Refunding Bonds Preserve (\$9.4M May 2014)	1,574,613	-	-	-	-	-	2023
2015 G.O. Refunding Bonds Preserve (\$74.0M Apr 2015)	12,879,050	12,785,250	946,300	961,800	972,600	951,600	2028
2017A G.O. Bonds Preserve (\$17.4M Mar 2017)	820,600	820,600	820,600	820,600	2,645,600	2,644,400	2034
2017B G.O. Preserve Acquisition Refinancing Bonds (\$18.5M May 2017)	6,048,750	6,079,500	-	-	-	-	2024
2017 G.O. Refunding Bonds Preserve (\$13.2M May 2017)	1,463,436	1,494,623	1,481,000	1,449,700	1,433,100	1,431,100	2034
2020 G.O. Taxable Refunding Bonds Preserve (\$167.9M Dec 2020)	3,881,584	5,344,904	34,851,500	20,689,900	13,746,400	13,631,600	2034
Fiscal Agent Fees and Arbitrage Fees	3,742	3,660	2,400	1,900	1,100	1,100	
	33,439,150	35,354,537	38,849,700	24,670,700	18,798,800	18,659,800	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported							
2006 MPC Refunding Bonds SkySong (GF/ST) (\$42.8M Nov 2006)	2,821,000	2,816,000	2,817,300	2,819,300	2,811,800	2,815,000	2034
2006 MPC Refunding Bonds WW/TPC Land Acquisition 80-acres (GF/ST) (\$30.5M Nov 2006)	2,564,250	2,579,500	2,584,800	2,640,300	2,738,300	2,796,300	2030
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acquisition 80-acres (TDF) (\$16.3M Feb 2021)	456,731	471,177	470,300	469,000	467,300	470,000	2035
2014 MPC Refunding Bonds TPC (GF/ST) (\$5.3M May 2014)	587,800	594,050	598,800	597,100	598,900	-	2027
2021B MPC Refunding Bonds (Taxable) TPC (GF/ST) (\$2.6M Feb 2021)	74,176	77,165	81,000	78,700	78,300	608,300	2031
2014 MPC Refunding Bonds WW/TPC Land Acq 52 and 17-acres (GF/ST) (\$17.4M May 2014)	1,917,413	1,934,913	1,952,700	1,940,400	1,946,300	-	2027
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acq 52- and 17-acres (GF/ST) (\$10.4M Feb 2021)	293,783	305,241	320,600	311,400	310,000	2,407,700	2031
2013A MPC Refunding Bonds SFS Garage Payoff (GF/ST) (\$65.0M Feb 2013)	2,094,750	-	-	-	-	-	2023
2021B MPC Refunding Bonds (Taxable) SFS Garage Payoff (GF/ST) (\$14.1M Feb 2021)	336,790	2,576,167	2,646,500	2,731,200	2,830,100	2,900,200	2028
2013B MPC Refunding Bonds McDowell Golf (SPF) (\$65.0M Feb 2013)	73,500	-	-	-	-	-	2023
2021B MPC Refunding Bonds (Taxable) McDowell Golf (SPF) (\$0.9M Feb 2021)	20,146	100,119	84,800	94,300	98,600	87,700	2033
2013C MPC Refunding Bonds TNEC (GF/ST) (\$65.0M Feb 2013)	600,750	-	-	-	-	-	2023
2013C MPC Refunding Bonds TNEC (TDF) (\$65.0M Feb 2013)	1,200,000	-	-	-	-	-	2023
2021B MPC Refunding Bonds (Taxable) TNEC (GF/ST) (\$15.1M Feb 2021)	779,479	1,283,136	1,289,500	1,291,300	1,338,600	1,448,900	2033
2021B MPC Refunding Bonds (Taxable) TNEC (TDF) (\$10.5M Feb 2021)	-	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	2033
2015A MPC Museum (TDF) (\$12.2M Jan 2015)	857,613	859,363	854,600	858,600	170,900	890,900	2034
2021B MPC Refunding Bonds (Taxable) Museum (TDF) (\$0.8M Feb 2021)	22,856	22,815	22,800	27,700	702,500	-	2027
2015A MPC (Taxable) TPC Golf Surcharge (TDF) (\$2.2M Jan 2015)	900,000	900,000	900,000	900,000	900,000	900,000	2034
2015A MPC (Taxable) TPC Golf Surcharge (GF/ST) (\$12.4M Jan 2015)	163,913	161,713	163,500	164,100	164,300	162,600	2034
2019A MPC Crossroads Flood Control (SF) (\$9.3M Oct 2019)	663,750	666,750	668,800	664,800	665,000	664,300	2039
2019B MPC (Taxable) Stadium Improvements (TDF) (\$22.8M Oct 2019)	1,677,945	1,530,680	1,527,100	1,530,100	1,531,500	1,529,900	2039
2019B MPC (Taxable) Stadium Improvements (Giants Contribution) (\$8.4M Oct 2019)	375,000	525,000	525,000	525,000	525,000	525,000	2039
2019B MPC (Taxable) Stadium Improvements (Charros Contribution) (\$2.1M Oct 2019)	135,000	135,000	135,000	135,000	135,000	135,000	2039
Fiscal Agent Fees and Arbitrage Fees	10,200	9,200	9,400	9,000	9,000	6,500	
Subtotal by Funding Source							
General Fund/Excise Tax (GF/ST)	12,244,304	12,337,084	12,464,100	12,582,800	12,825,600	13,145,500	
Special Revenue/Stormwater Fee (SF)	663,750	666,750	668,800	664,800	665,000	664,300	
Tourism Development Fund (TDF)	5,115,145	4,984,034	4,974,800	4,985,400	4,972,200	4,990,800	
Special Program (McDowell Golf) (SPF)	93,646	100,119	84,800	94,300	98,600	87,700	
Giants/Charros Contribution	510,000	660,000	660,000	660,000	660,000	660,000	
Subtotal Municipal Property Corporation (MPC) Bonds - Excise Tax Supported	18,626,845	18,747,986	18,852,500	18,987,300	19,221,400	19,548,300	
Total Debt Service Funds	83,560,991	91,459,254	88,803,300	76,824,400	75,470,000	75,553,100	

BUDGET BY FUND | Debt Service Expense

Debt Service Funds	Forecast 2022/23	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Final Payment Date
General Fund							
Service Concession Agreements							
BOR Administration/WestWorld	207,900	218,287	229,200	240,700	252,700	265,300	
BOR Administration/TPC	207,900	218,287	229,200	240,700	252,700	265,300	
Subtotal General Fund Service Concession Agreements	415,800	436,574	458,400	481,400	505,400	530,600	
Contracts Payable							
John Deere Mowing Equipment	15,500	15,529	15,500	15,500	10,400	-	
Subtotal General Fund Contracts Payable	15,500	15,529	15,500	15,500	10,400	-	
Total General Fund	431,300	452,103	473,900	496,900	515,800	530,600	
Special Revenue Funds							
Contracts Payable							
Underground Utility Improvement District	60,700	58,028	55,900	53,800	51,700	49,500	
John Deere Mowing Equipment	17,400	17,375	17,400	17,400	11,600	-	
Subtotal Special Revenue Funds Contracts Payable	78,100	75,403	73,300	71,200	63,300	49,500	
Police Department Investigative Equipment	-	306,145	-	-	-	-	
Police Department Protective Equipment	-	78,888	78,900	-	-	-	
Subtotal General Fund Contracts Payable	-	385,033	78,900	-	-	-	
Total Special Revenue Funds	78,100	460,436	152,200	71,200	63,300	49,500	
Water and Water Reclamation Funds							
Water and Water Reclamation Revenue Bonds							
2008 Revenue Refunding Bonds Water and Water Reclamation (\$35.3M Feb 2008)	4,604,688	-	-	-	-	-	
Fiscal Agent Fees and Arbitrage Fees	400	-	-	-	-	-	
Subtotal Water and Water Reclamation Funds	4,605,088	-	-	-	-	-	
Municipal Property Corporation (MPC) - Water and Sewer Funds							
2006 MPC Refunding Bonds Water (\$82.8M Nov 2006)	11,041,746	10,987,464	5,865,800	5,838,300	5,810,200	5,794,300	2030
2006 MPC Refunding Bonds Water Reclamation (\$9.9M Nov 2006)	1,315,754	1,309,286	699,000	695,700	692,300	690,500	2030
2015A MPC Water Reclamation (\$18.5M Jan 2015)	1,298,163	1,300,413	1,295,400	1,298,400	258,900	1,348,900	2034
2015 MPC Refunding Bonds Water (\$71.5M Mar 2015)	4,167,741	4,175,760	4,159,500	4,169,500	-	-	2026
2015 MPC Refunding Bonds Water Reclamation (\$22.1M Mar 2015)	1,290,009	1,292,490	1,287,500	1,290,500	-	-	2026
2017 MPC Refunding Bonds Water (\$32.2M Mar 2017)	1,541,948	1,618,374	1,694,700	1,774,500	1,861,800	1,947,800	2034
2017 MPC Refunding Bonds Water Reclamation (\$47.7M Mar 2017)	2,282,327	2,395,451	2,508,500	2,626,500	2,755,700	2,883,100	2034
2017A MPC Water (\$39.1M May 2017)	2,828,356	2,824,356	2,826,600	2,824,600	2,823,400	2,827,600	2037
2021A Refunding Bonds Water (\$1.8M Feb 2021)	89,782	89,782	89,800	89,800	89,800	89,800	2030
2021A Refunding Bonds Water Reclamation (\$6.1M Feb 2021)	306,218	306,218	306,200	306,200	306,200	306,200	2030
2021B MPC Refunding Bonds (Taxable) Water (\$38.2M Feb 2021)	1,327,288	1,328,117	1,328,000	1,326,300	5,171,000	4,592,200	2036
2021B MPC Refunding Bonds (Taxable) Water Reclamation (\$26.2M Feb 2021)	907,952	908,467	908,400	907,100	3,536,800	3,141,100	2036
Future MPC Water (\$50.0M 2026)	-	-	-	3,662,200	3,656,400	3,659,100	2045
Future MPC Water Reclamation (\$75.0M 2026)	-	-	-	5,493,200	5,484,700	5,488,700	2045
Fiscal Agent Fees and Arbitrage Fees	9,800	9,800	9,800	11,600	11,600	11,200	
Subtotal Water and Water Reclamation Funds	28,407,084	28,545,978	22,979,200	32,314,400	32,458,800	32,780,500	
Total Water and Water Reclamation Funds	33,012,172	28,545,978	22,979,200	32,314,400	32,458,800	32,780,500	
Municipal Property Corporation (MPC) - Aviation Fund							
2017B MPC Aviation (\$23.5M 2017)	1,717,744	1,720,744	1,721,200	1,719,200	1,719,700	1,717,500	2037
Fiscal Agent Fees and Arbitrage Fees	1,500	1,500	1,500	1,500	1,500	1,500	
Total Aviation Fund	1,719,244	1,722,244	1,722,700	1,720,700	1,721,200	1,719,000	
Municipal Property Corporation (MPC) - Solid Waste Fund							
Future MPC Solid Waste (\$21.8M 2025)	-	429,115	2,289,700	2,178,900	2,118,300	2,057,700	2043
Fiscal Agent Fees and Arbitrage Fees	-	1,600	1,600	1,600	1,600	1,600	
Total Solid Waste Fund	-	430,715	2,291,300	2,180,500	2,119,900	2,059,300	
TOTAL DEBT SERVICE EXPENSE - ALL FUNDS	118,801,806	123,070,730	116,422,600	113,608,100	112,349,000	112,692,000	

BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/23	Balance at 6/30/24	Balance at 6/30/25	Balance at 6/30/26	Balance at 6/30/27	Balance at 6/30/28	Final Payment Date
Debt Service Funds							
General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported							
2014 G.O. Refunding Bonds	-	-	-	-	-	-	2023
2015 G.O. Refunding Bonds	53,360,000	35,020,000	27,005,000	18,495,000	9,460,000	-	2028
2017 G.O. Refunding Bonds	21,742,360	18,809,860	15,602,700	12,172,300	8,416,600	4,386,900	2029
2017 G.O. Various Purpose Bonds	9,140,000	7,180,000	4,605,000	2,200,000	-	-	2027
2021 G.O. Various Purpose Bonds (Tax-Exempt)	27,675,000	26,450,000	25,175,000	23,850,000	22,470,000	21,035,000	2040
2021 G.O. Various Purpose Bonds (Taxable)	17,750,000	16,860,000	15,945,000	15,010,000	14,060,000	13,090,000	2040
2023 G.O. Various Purpose Bonds (Tax-Exempt)	39,530,000	37,510,000	35,485,000	33,485,000	31,485,000	29,485,000	2042
2023 G.O. Various Purpose Bonds (Taxable)	34,175,000	32,200,000	30,300,000	28,400,000	26,500,000	24,600,000	2042
Future G.O. Various Purpose Bonds	-	-	90,000,000	87,531,900	173,842,500	167,440,500	2046
Total General Obligation Bonds	203,372,360	174,029,860	244,117,700	221,144,200	286,234,100	260,037,400	
Preserve General Obligation Bonds - Preserve Sales Tax Supported							
2012 G.O. Refunding Bonds Preserve	5,370,000	-	-	-	-	-	2024
2013 G.O. Bonds Preserve	2,500,000	-	-	-	-	-	2024
2014 G.O. Bonds Preserve	2,105,000	1,430,000	725,000	-	-	-	2026
2014 G.O. Refunding Bonds Preserve	-	-	-	-	-	-	2023
2015 G.O. Refunding Bonds Preserve	15,710,000	3,485,000	2,670,000	1,815,000	915,000	-	2028
2017A G.O. Bonds Preserve	17,410,000	17,410,000	17,410,000	17,410,000	15,585,000	13,670,000	2034
2017B G.O. Preserve Acquisition Refinancing Bonds	5,790,000	-	-	-	-	-	2024
2017 G.O. Refunding Bonds Preserve	12,257,640	11,280,140	10,267,300	9,242,700	8,183,400	7,073,200	2034
2020 G.O. Taxable Refunding Bonds Preserve	155,100,000	151,475,000	118,325,000	99,135,000	86,730,000	74,325,000	2034
Total Preserve General Obligation Bonds	216,242,640	185,080,140	149,397,300	127,602,700	111,413,400	95,068,200	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported							
2006 MPC Refunding Bonds SkySong	22,820,000	21,145,000	19,385,000	17,535,000	15,600,000	13,565,000	2034
2006 MPC Refunding Bonds WW/TPC Land Acquisition 80-acres	15,690,000	13,895,000	12,005,000	9,965,000	7,725,000	5,315,000	2030
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acquisition 80-acres	15,425,000	15,210,000	14,995,000	14,780,000	14,565,000	14,345,000	2035
2014 MPC Refunding Bonds TPC	2,180,000	1,675,000	1,140,000	580,000	-	-	2027
2021B MPC Refunding Bonds (Taxable) TPC	2,484,900	2,441,500	2,394,100	2,348,700	2,303,300	1,727,500	2031
2014 MPC Refunding Bonds WW/TPC Land Acq 52 and 17-acres	7,095,000	5,450,000	3,705,000	1,885,000	-	-	2027
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acq 52- and 17-acres	9,835,100	9,663,500	9,475,900	9,296,300	9,116,700	6,837,500	2031
2021B MPC Refunding Bonds (Taxable) SFS Garage Payoff	13,285,000	10,820,000	8,275,000	5,630,000	2,865,000	-	2028
2021B MPC Refunding Bonds (Taxable) McDowell Golf	845,000	755,000	680,000	595,000	505,000	425,000	2033
2021B MPC Refunding Bonds (Taxable) TNEC	24,060,000	21,870,000	19,665,000	17,445,000	15,160,000	12,740,000	2033
2015A MPC Museum	7,390,000	6,795,000	6,175,000	5,520,000	5,520,000	4,800,000	2034
2021B MPC Refunding Bonds (Taxable) Museum	745,000	730,000	715,000	695,000	-	-	2027
2015A MPC (Taxable) TPC Golf Surcharge	9,395,000	8,690,000	7,955,000	7,190,000	6,400,000	5,585,000	2034
2019A MPC Crossroads Flood Control	8,095,000	7,735,000	7,355,000	6,960,000	6,545,000	6,110,000	2039
2019B MPC (Taxable) Stadium Improvements	28,105,000	26,640,000	25,150,000	23,625,000	22,065,000	20,470,000	2039
Total Municipal Property Corporation (MPC) Bonds - Excise Tax Supported	167,450,000	153,515,000	139,070,000	124,050,000	108,370,000	91,920,000	
Total Debt Service Funds	587,065,000	512,625,000	532,585,000	472,796,900	506,017,500	447,025,600	
General Fund							
Service Concession Agreements							
BOR Administration/WestWorld	719,643	639,683	559,700	479,800	399,800	319,800	2032
BOR Administration/TPC	886,536	812,658	738,800	664,900	591,000	517,100	2035
Total General Fund Service Concession Agreements	1,606,179	1,452,341	1,298,500	1,144,700	990,800	836,900	
Contracts Payable							
John Deere Mowing Equipment	53,868	39,757	25,200	10,200	-	-	2027
Total General Fund Contracts Payable	53,868	39,757	25,200	10,200	-	-	
Total General Fund	1,660,047	1,492,098	1,323,700	1,154,900	990,800	836,900	
Special Revenue Funds							
Contracts Payable							
Underground Utility Improvement District	364,756	327,592	290,400	253,300	216,100	178,900	2033
John Deere Mowing Equipment	60,269	44,481	28,200	11,500	-	-	2027
Total Special Revenue Funds Contracts Payable	425,025	372,073	318,600	264,800	216,100	178,900	
Police Department Investigative Equipment	284,786	-	-	-	-	-	2024
Police Department Protective Equipment	148,790	75,854	-	-	-	-	2025
Total General Fund Contracts Payable	433,576	75,854	-	-	-	-	
Total Special Revenue Funds	858,601	447,927	318,600	264,800	216,100	178,900	
Municipal Property Corporation (MPC) - Water and Sewer Funds							
2006 MPC Refunding Bonds Water and Water Reclamation	43,135,000	32,995,000	28,080,000	22,950,000	17,595,000	11,990,000	2030
2015A MPC Water and Water Reclamation	11,195,000	10,295,000	9,355,000	8,365,000	8,365,000	7,275,000	2034
2015 MPC Refunding Bonds Water and Water Reclamation	14,865,000	10,140,000	5,200,000	-	-	-	2026
2017 MPC Refunding Bonds Water and Water Reclamation	39,605,000	37,340,000	34,795,000	31,925,000	28,695,000	25,090,000	2034
2017A MPC Water and Water Reclamation	30,810,000	29,155,000	27,415,000	25,590,000	23,675,000	21,660,000	2037
2021A Refunding Bonds Water and Water Reclamation	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	2030
2021B MPC Refunding Bonds (Taxable) Water and Water Reclamation	60,420,000	59,095,000	57,765,000	56,430,000	48,610,000	41,680,000	2036
Future MPC Water and Water Reclamation	-	-	125,000,000	121,572,100	117,453,200	113,121,800	2045
Total Water and Water Reclamation Funds	207,950,000	186,940,000	295,530,000	274,752,100	252,313,200	228,736,800	
Municipal Property Corporation (MPC) - Aviation Fund							
2017B MPC Aviation	18,590,000	17,600,000	16,560,000	15,470,000	14,325,000	13,125,000	2037
Total Aviation Fund	18,590,000	17,600,000	16,560,000	15,470,000	14,325,000	13,125,000	
Municipal Property Corporation (MPC) - Solid Waste Fund							
Future MPC Solid Waste	-	-	21,800,000	20,540,200	19,328,200	18,116,200	2043
Total Solid Waste Fund	-	-	21,800,000	20,540,200	19,328,200	18,116,200	
TOTAL OUTSTANDING DEBT - ALL FUNDS	816,123,648	719,105,025	868,117,300	784,978,900	793,190,800	708,019,400	

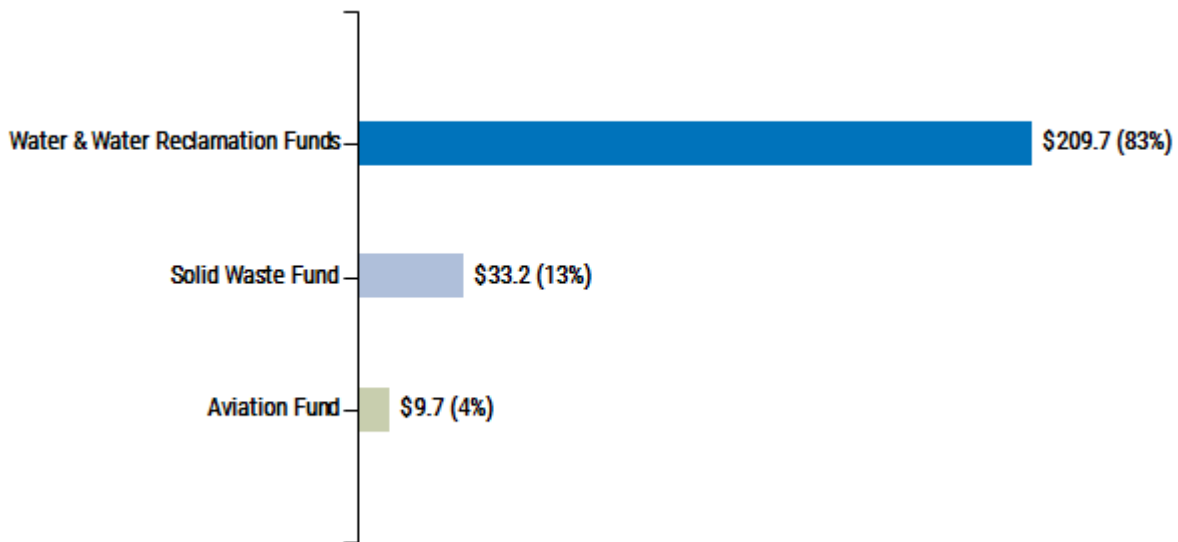


FY 2023/24 Adopted Budget

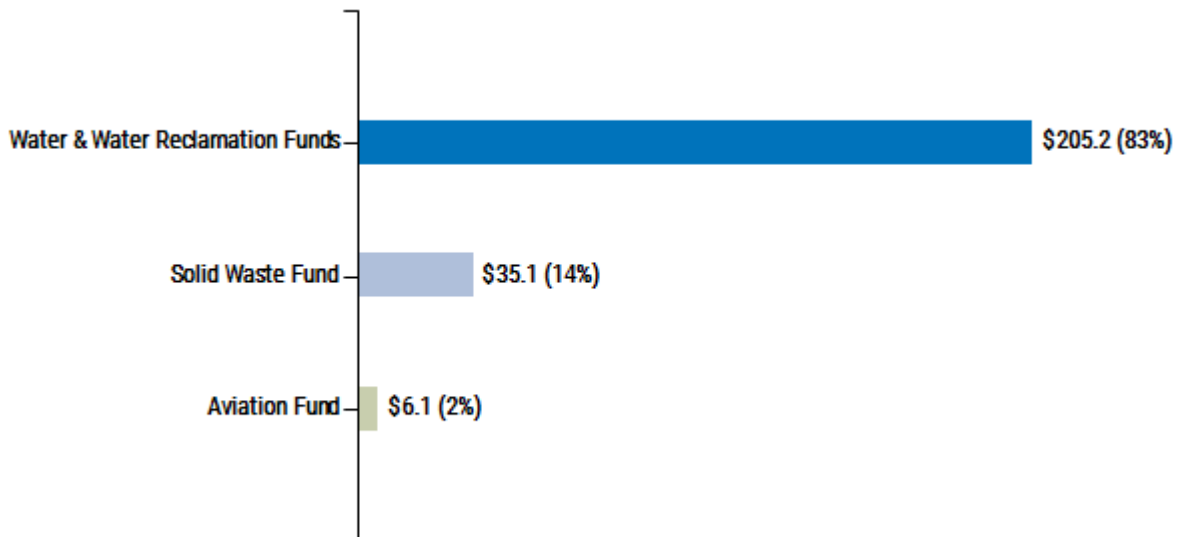
ENTERPRISE FUNDS DESCRIPTION

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)
\$252.6 Million



Enterprise Funds Uses (% to Total)
\$246.4 Million



Rounding differences may occur.

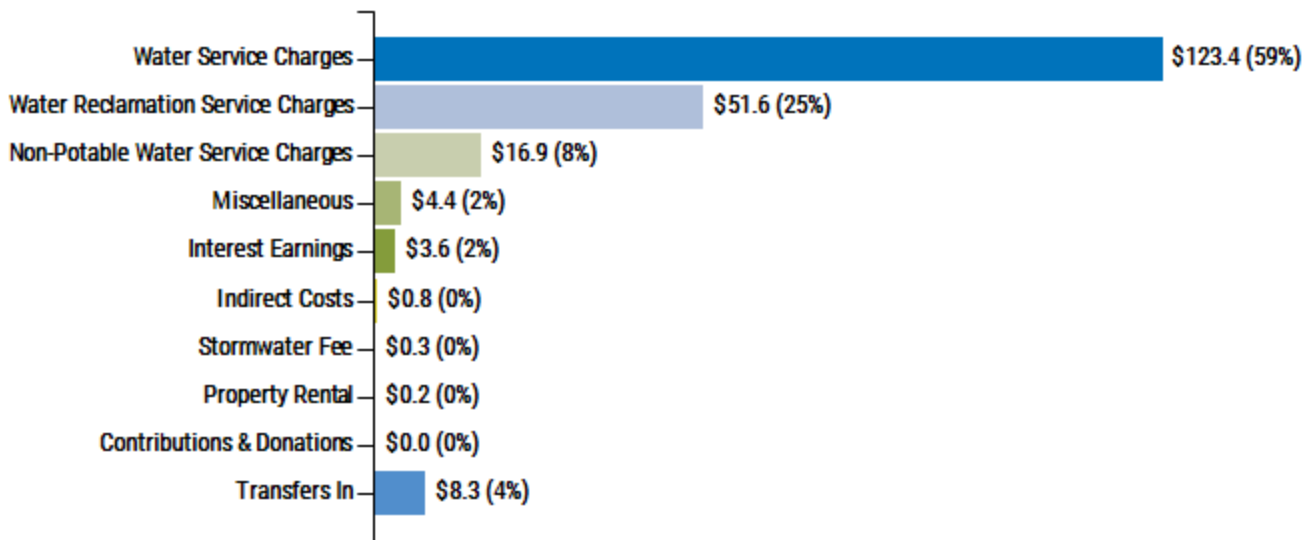


FY 2023/24 Adopted Budget

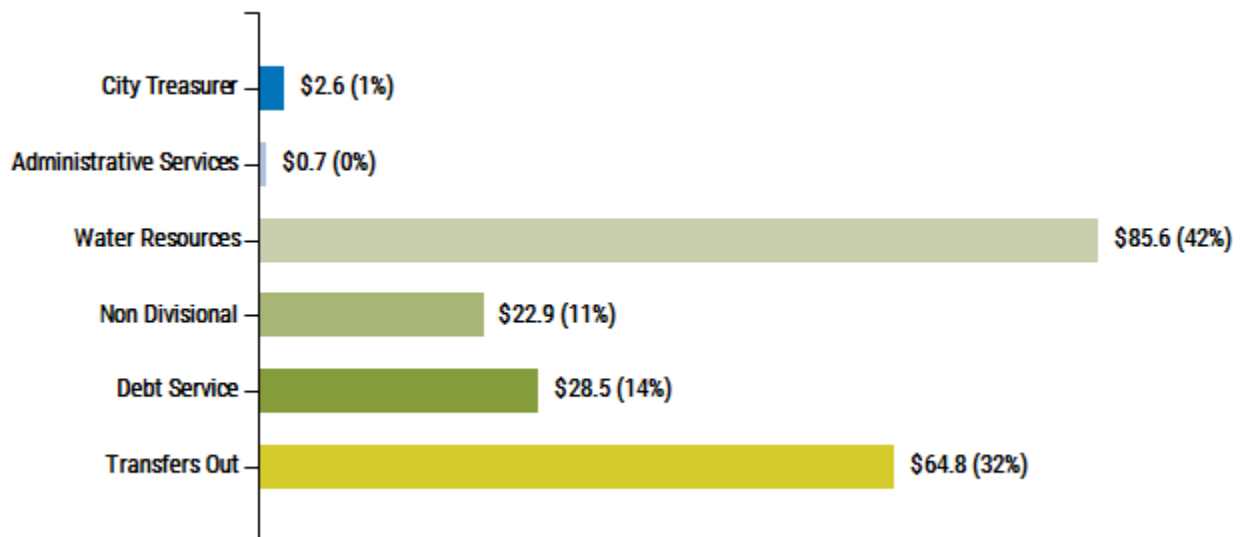
FUND PURPOSE

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)
\$209.7 Million



Water & Water Reclamation Funds Uses (% to Total)
\$205.2 Million



Rounding differences may occur.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Debt Service Reserve ^(a)	4,691,838	4,604,688	4,604,688	-
Operating Contingency ^(b)	-	-	-	5,000,000
Operating Reserve	16,418,406	25,309,018	20,413,305	24,721,786
Special Contractual Fund Balance ^(c)	5,129,851	845,335	-	-
Water & WasteWater Asset Replacement Reserve	44,050,511	46,239,707	46,239,707	42,933,575
Water Drought Reserve ^(d)	3,000,000	3,000,000	3,000,000	5,000,000
Undesignated, Unreserved Fund Balance	24,829,345	20,597,980	31,974,023	-
Total Beginning Fund Balance	98,119,951	100,596,728	106,231,723	77,655,361
Revenues				
Water Service Charges	111,380,810	118,576,492	118,576,492	123,359,867
Water Reclamation Service Charges	47,007,854	45,995,649	48,337,011	51,636,995
Non-Potable Water Service Charges	14,462,748	15,406,758	15,406,758	16,905,462
Miscellaneous	2,512,632	1,373,916	1,373,916	4,432,368
Interest Earnings ^(e)	1,172,452	780,451	1,895,482	3,648,499
Indirect Costs	854,719	921,000	921,000	801,903
Stormwater Fee	333,144	339,099	339,099	340,527
Property Rental	201,617	209,861	209,861	210,188
Contributions & Donations	4,000	5,550	5,550	5,550
GAAP Adjustment ^(f)	952,877	-	-	-
Subtotal	178,882,854	183,608,776	187,065,169	201,341,359
Transfers In				
AWT	3,148,353	2,177,402	2,177,402	3,455,128
CIP	13,359	-	-	-
Debt Service	8,464,544	4,613,814	4,613,814	3,963,028
Operating ^(g)	483,646	-	-	-
RWDS	900,000	900,000	900,000	900,000
Subtotal	13,009,901	7,691,216	7,691,216	8,318,156
Total Sources	191,892,755	191,299,992	194,756,385	209,659,515

^(a) Debt Service Reserve is projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunset in FY 2022/23.

^(b) Operating Contingency of \$5.0 million is added beginning FY 2023/24 to align with other operating funds.

^(c) Beginning in FY 2022/23, Special Contractual Fund Balance is consolidated to Operating Reserve.

^(d) Water Drought Reserve is increased in FY 2023/24 to \$5.0 million in anticipation of an ongoing drought. This will ensure the city is prepared for unexpected cost increases related to water purchases and other unforeseen expenses.

^(e) The increase in Interest Earnings is due to rising interest rates.

^(f) Adjustment to align with fund balance calculation used in the Annual Financial Report.

^(g) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the Special Programs Fund.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Expenditures				
City Treasurer	2,189,935	2,495,042	2,389,339	2,605,385
Administrative Services	413,510	489,531	488,754	729,338
Water Resources	69,706,388	77,006,690	73,716,802	85,562,038
Citywide Indirect Cost Allocation	5,393,197	5,253,417	5,253,417	5,883,327
Department Indirect Cost	854,719	921,000	921,000	801,903
<i>Class and Comp Study</i> ^(a)	-	-	-	745,370
<i>Fuel and Maint and Repair</i> ^(b)	-	-	409,005	-
<i>Leave Accrual Payments / Parental Leave</i>	-	489,202	402,884	542,434
<i>Vacation Trade</i>	-	133,839	-	70,424
<i>Savings from Vacant Positions</i>	-	(1,177,100)	(518,506)	(1,177,100)
<i>Utilities</i>	14,790,438	15,824,450	15,824,450	16,035,350
Subtotal	93,348,187	101,436,071	98,887,145	111,798,469
Debt Service				
MPC Bonds Debt Service-Sewer	6,207,222	7,404,997	7,404,997	7,516,900
MPC Bonds Debt Service-Water	20,230,874	21,002,087	21,002,087	21,029,078
Sewer Revenue Bonds ^(c)	4,592,700	4,605,088	4,605,088	-
Subtotal	31,030,796	33,012,172	33,012,172	28,545,978
TOTAL OPERATING BUDGET	124,378,984	134,448,243	131,899,317	140,344,447
Transfers Out				
AWT	3,148,353	2,177,402	2,177,402	3,455,128
CIP	43,206,026	56,646,304	68,923,850	48,921,942
CIP Technology	700,809	11,463,242	11,463,242	2,944,082
Debt Service Fund ^(d)	3,837,441	-	-	-
Franchise Fees	8,509,370	8,868,936	8,868,936	9,422,892
Other ^(e)	-	-	-	65,860
Subtotal	59,401,999	79,155,884	91,433,430	64,809,904
Total Uses	183,780,983	213,604,127	223,332,747	205,154,351
Sources Over/(Under) Uses	8,111,772	(22,304,135)	(28,576,362)	4,505,164
Ending Fund Balance				
Debt Service Reserve	4,604,688	4,517,538	4,517,538	-
Operating Contingency	-	-	-	5,000,000
Operating Reserve	19,567,970	25,359,018	24,721,786	27,949,618
Special Contractual Fund Balance	845,335	-	-	-
Water & WasteWater Asset Replacement Reserve	46,239,707	45,416,037	45,416,037	44,210,907
Water Drought Reserve	3,000,000	3,000,000	3,000,000	5,000,000
Undesignated, Unreserved Fund Balance	31,974,023	-	-	-
Total Ending Fund Balance	106,231,723	78,292,593	77,655,361	82,160,525

^(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) Sewer Revenue Bonds sunset in FY 2022/23.

^(d) In FY 2021/22 a procedural change was implemented in the recording of debt service for water and sewer bonds. The procedural change was done for efficiency and has no impact on the cost of debt service or fund balance.

^(e) Beginning in FY 2023/24, a transfer out to the General Fund will support a portion of grant writing services to enhance current efforts to seek additional funding sources for citywide services and projects.

BUDGET BY FUND | Water and Water Reclamation Funds Five Year Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Debt Service Reserve	-	-	-	-	-
Operating Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Operating Reserve	24,721,786	27,949,618	28,468,164	29,720,453	30,733,276
Special Contractual Fund Balance	-	-	-	-	-
Water & WasteWater Asset Replacement Reserve	42,933,575	44,210,907	55,080,561	57,075,172	59,169,449
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Beginning Fund Balance	77,655,361	82,160,525	93,548,725	96,795,625	99,902,725
Revenues					
Water Service Charges	123,359,867	126,810,900	130,616,700	134,537,700	138,576,800
Water Reclamation Service Charges	51,636,995	54,113,300	56,712,800	59,440,900	62,304,400
Non-Potable Water Service Charges	16,905,462	17,609,200	18,053,400	18,507,700	18,974,800
Miscellaneous	4,432,368	4,468,300	4,504,900	4,542,100	4,579,500
Interest Earnings ^(a)	3,648,499	4,202,400	4,751,400	3,673,600	3,551,600
Indirect Costs	801,903	817,900	834,300	851,000	868,000
Stormwater Fee	340,527	345,600	350,800	356,100	361,400
Property Rental	210,188	217,400	224,900	232,800	240,700
Contributions & Donations	5,550	5,600	5,700	5,700	5,800
GAAP Adjustment	-	-	-	-	-
Subtotal	201,341,359	208,590,600	216,054,900	222,147,600	229,463,000
Transfers In					
AWT	3,455,128	3,553,500	3,650,600	3,750,800	3,892,900
CIP	-	-	-	-	-
Debt Service	3,963,028	3,579,000	3,147,700	2,683,600	2,448,600
Operating	-	-	-	-	-
RWDS	900,000	900,000	900,000	900,000	900,000
Subtotal	8,318,156	8,032,500	7,698,300	7,334,400	7,241,500
Total Sources	209,659,515	216,623,100	223,753,200	229,482,000	236,704,500

^(a) The increase in Interest Earnings is due to rising interest rates.

BUDGET BY FUND | Water and Water Reclamation Funds Five Year Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Expenditures					
City Treasurer	2,605,385	2,543,200	2,624,100	2,705,300	2,858,900
Administrative Services	729,338	695,600	721,700	745,800	794,800
Water Resources	85,562,038	87,011,600	91,095,000	94,192,000	98,282,000
Citywide Indirect Cost Allocation	5,883,327	6,177,600	6,486,400	6,810,700	7,151,200
Department Indirect Cost	801,903	817,900	834,200	850,900	867,900
<i>Class and Comp Study ^(a)</i>	745,370	762,100	777,400	792,700	808,800
<i>Fuel and Maint and Repair ^(b)</i>	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	542,434	554,800	565,800	576,800	588,500
<i>Vacation Trade</i>	70,424	-	-	-	-
<i>Savings from Vacant Positions</i>	(1,177,100)	(1,203,700)	(1,227,800)	(1,251,900)	(1,276,900)
<i>Utilities</i>	16,035,350	16,513,500	17,005,000	17,510,800	18,031,900
Subtotal	111,798,469	113,872,600	118,881,800	122,933,100	128,107,100
Debt Service					
MPC Bonds Debt Service-Sewer	7,516,900	7,009,400	12,623,200	13,040,600	13,864,000
MPC Bonds Debt Service-Water	21,029,078	15,969,800	19,691,200	19,418,200	18,916,500
Sewer Revenue Bonds	-	-	-	-	-
Subtotal	28,545,978	22,979,200	32,314,400	32,458,800	32,780,500
TOTAL OPERATING BUDGET	140,344,447	136,851,800	151,196,200	155,391,900	160,887,600
Transfers Out					
AWT	3,455,128	3,553,500	3,650,600	3,750,800	3,892,900
CIP	48,921,942	53,625,700	53,510,100	55,927,900	45,921,300
CIP Technology	2,944,082	1,409,600	2,016,800	820,900	2,506,800
Debt Service Fund	-	-	-	-	-
Franchise Fees	9,422,892	9,750,400	10,088,700	10,439,500	10,803,600
Other ^(c)	65,860	43,900	43,900	43,900	43,900
Subtotal	64,809,904	68,383,100	69,310,100	70,983,000	63,168,500
Total Uses	205,154,351	205,234,900	220,506,300	226,374,900	224,056,100
Sources Over/(Under) Uses	4,505,164	11,388,200	3,246,900	3,107,100	12,648,400
Ending Fund Balance					
Debt Service Reserve	-	-	-	-	-
Operating Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Operating Reserve	27,949,618	28,468,164	29,720,453	30,733,276	32,026,812
Special Contractual Fund Balance	-	-	-	-	-
Water & WasteWater Asset Replacement Reserve	44,210,907	55,080,561	57,075,172	59,169,449	70,524,313
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Ending Fund Balance	82,160,525	93,548,725	96,795,625	99,902,725	112,551,125

^(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) Beginning in FY 2023/24, a transfer out to the General Fund will support a portion of grant writing services to enhance current efforts to seek additional funding sources for citywide services and projects.

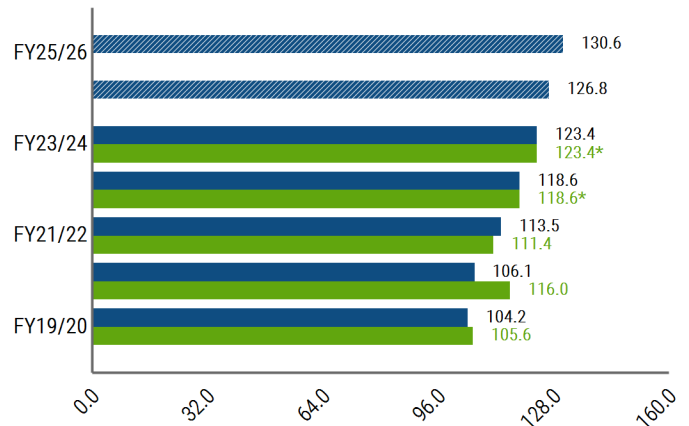
WATER AND WATER RECLAMATION FUNDS SOURCES

Water and Water Reclamation Funds Sources for FY 2023/24 equal \$209.7 million which is an increase of \$18.4 million from the FY 2022/23 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, GAAP Adjustment, 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 2023/24 budget for Water Service Charges is \$123.4 million, a \$4.8 million increase from the FY 2022/23 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.

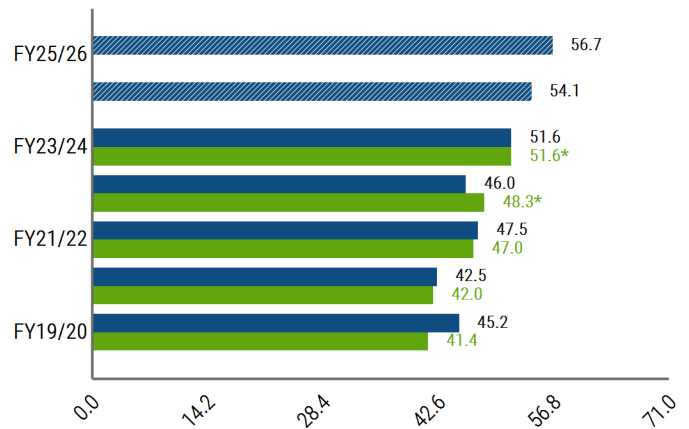
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget for Water Reclamation Service Charges is \$51.6 million, a \$5.6 million increase compared to the FY 2022/23 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 2019/20 to FY 2025/26 (in millions)

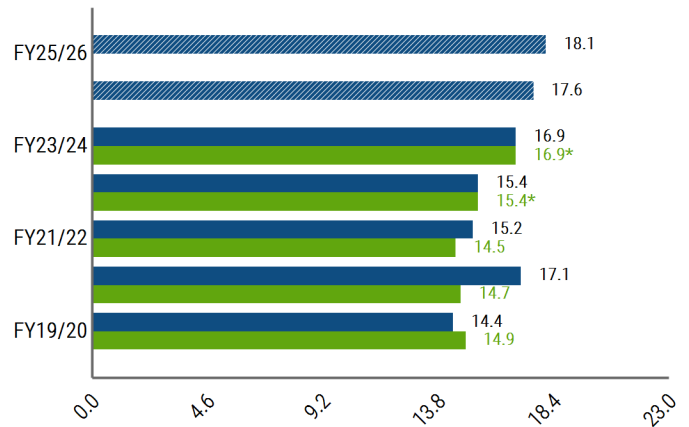


FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 totals \$16.9 million, reflecting a \$1.5 million increase from the FY 2022/23 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.

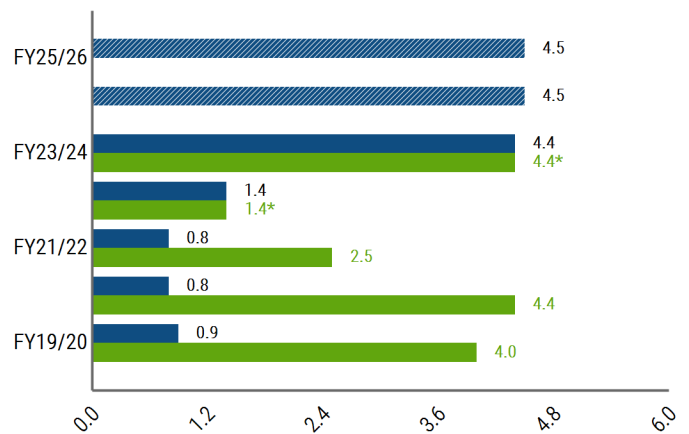
FY 2019/20 to FY 2025/26 (in millions)



MISCELLANEOUS

Miscellaneous revenue adopted for FY 2023/24 totals \$4.4 million, reflecting an increase of \$3.0 million from the FY 2022/23 adopted budget. The increase is primarily due to Compensated Mitigation for unused Central Arizona Project (CAP) Allocation due to the Tier 2A drought and higher annual settlement amount from Sub-Regional Operating Group (SROG). Miscellaneous revenues in FY 2019/20, relate to the receipt of a reimbursement of expenditures related to the rehabilitation of the Groundwater Treatment Facility, and in FY 2020/21, to an increase in participation agreements and a lawsuit won against aluminum sulfate manufacturers.

FY 2019/20 to FY 2025/26 (in millions)

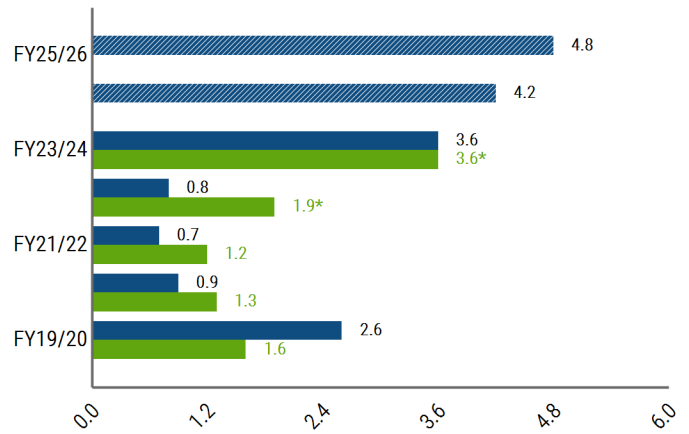


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 totals \$3.6 million, a \$2.8 million increase from the FY 2022/23 adopted budget due to rising interest rates.

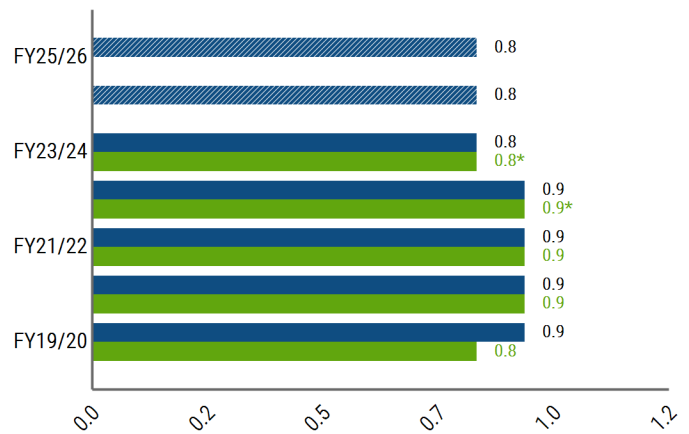
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget for Indirect Costs is \$0.8 million, which is a \$0.1 million decrease from the FY 2022/23 adopted budget.

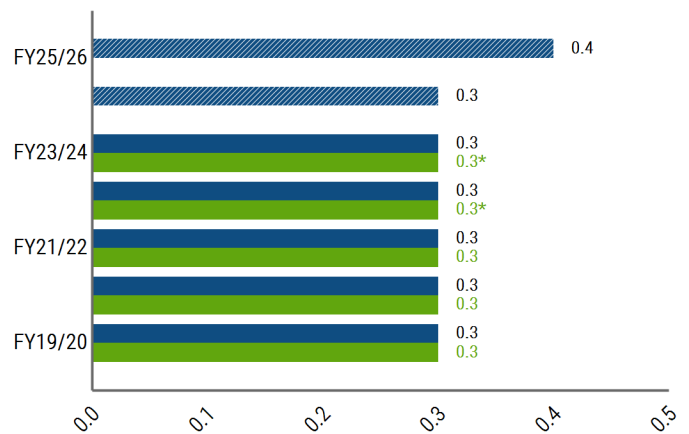
FY 2019/20 to FY 2025/26 (in millions)



STORMWATER FEE

The Stormwater Fee is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs. Stormwater Fee revenue for FY 2023/24 totals \$0.3 million, which is flat when compared to the FY 2022/23 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)

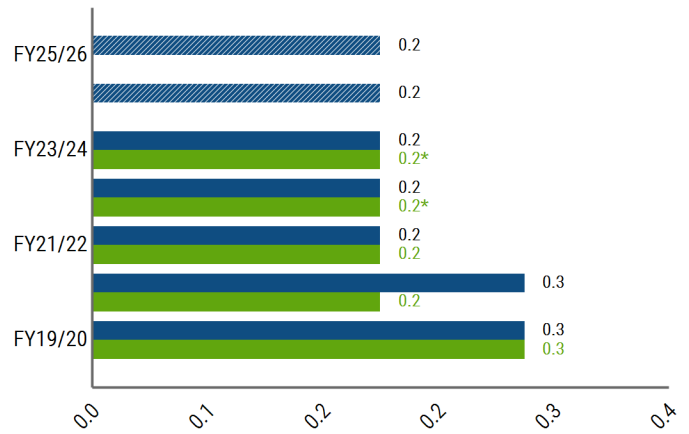


FORECAST BUDGET ACTUAL/FORECAST*

PROPERTY RENTAL

Property Rental includes land and building rent from cell towers on Water Resources' property. Property Rental for FY 2023/24 totals \$0.2 million, which is flat from the FY 2022/23 adopted budget.

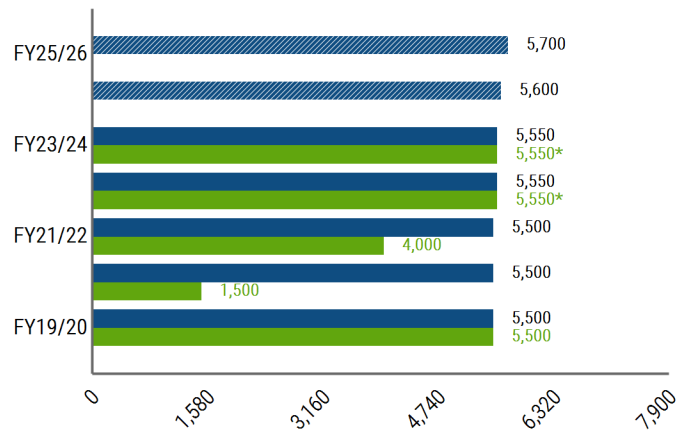
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 totals \$5,550, which is flat when compared to the amount adopted in FY 2022/23.

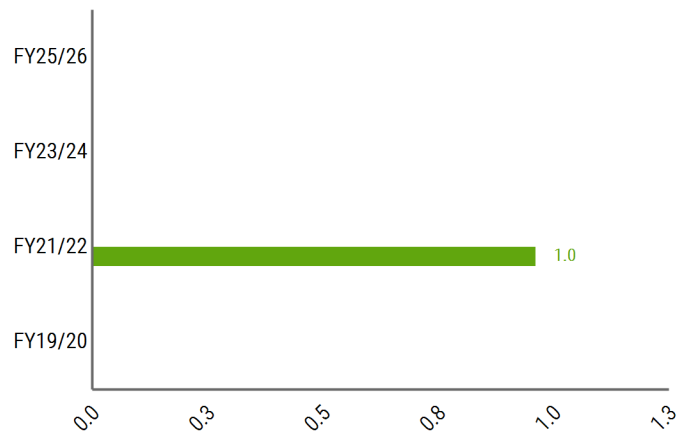
FY 2019/20 to FY 2025/26



GAAP ADJUSTMENT

GAAP Adjustment is an accounting adjustment to align the budget with the fund balance calculation used in the Annual Financial Report.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

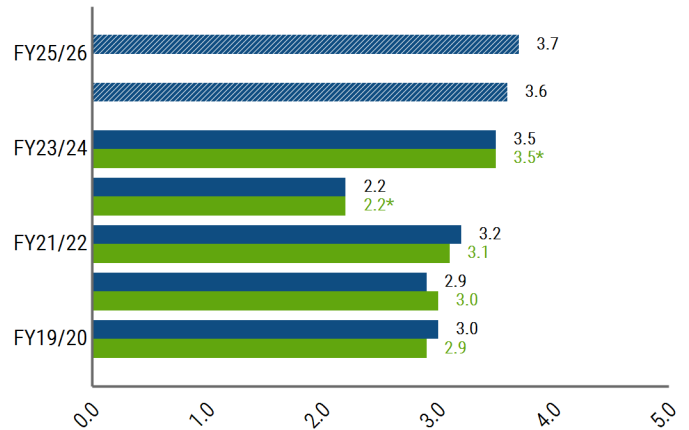
TRANSFERS IN

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 2023/24 is \$8.3 million across three separate transfers. More specific information is detailed in the following section.

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 2023/24 budget is \$3.5 million, an increase of \$1.3 million from the FY 2022/23 adopted budget due to higher costs at the Advanced Water Treatment Plant.

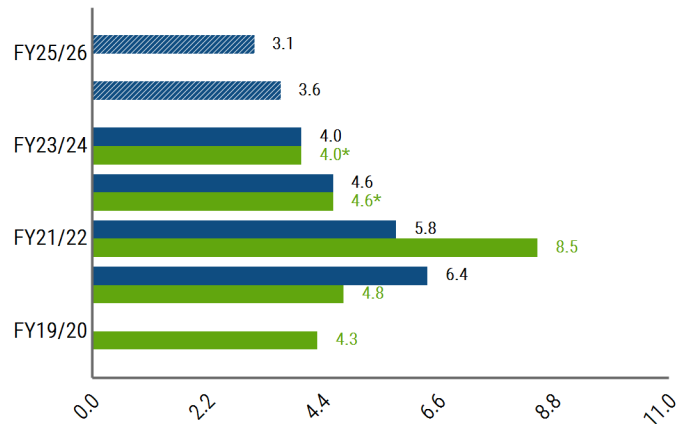
FY 2019/20 to FY 2025/26 (in millions)



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. It also includes Municipal Property Corporation (MPC) Bond Interest from the Water Development Fee Fund transferred to the Water Debt Service Fund and a portion of the MPC Bond Interest transferred to the Sewer Debt Service Fund. Debt Service's adopted budget for FY 2023/24 is \$4.0 million. The FY 2021/22 actual amount is greater than the adopted amount due to an unbudgeted Development Fee Transfer which is required to cover part of the debt payments.

FY 2019/20 to FY 2025/26 (in millions)

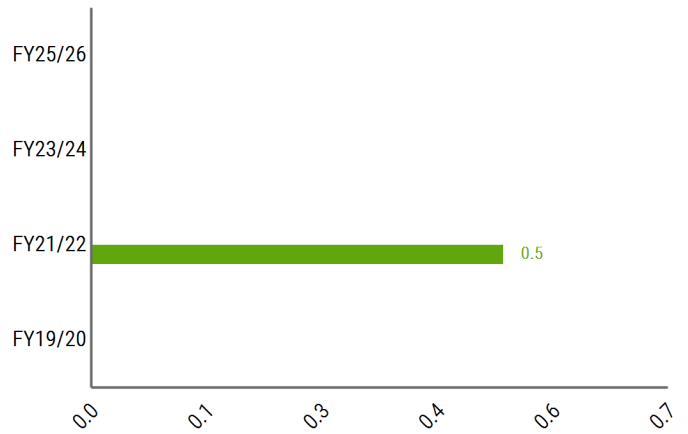


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

OPERATING

FY 2021/22 Operating transfer in is for one-time bonuses paid to city employees funded by AZ Cares funding.

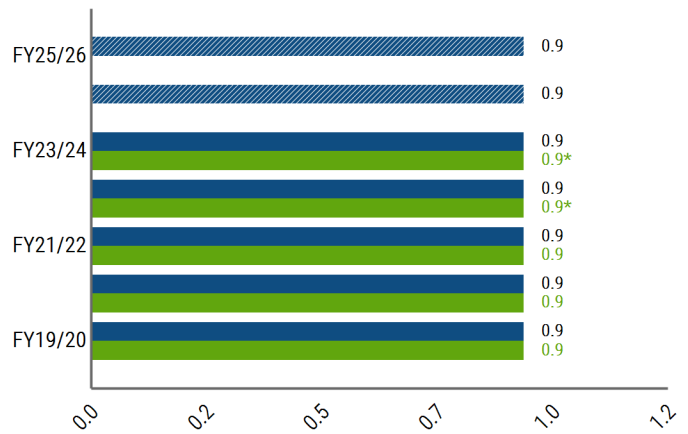
FY 2019/20 to FY 2025/26 (in millions)



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.

FY 2019/20 to FY 2025/26 (in millions)



WATER AND WATER RECLAMATION FUNDS USES

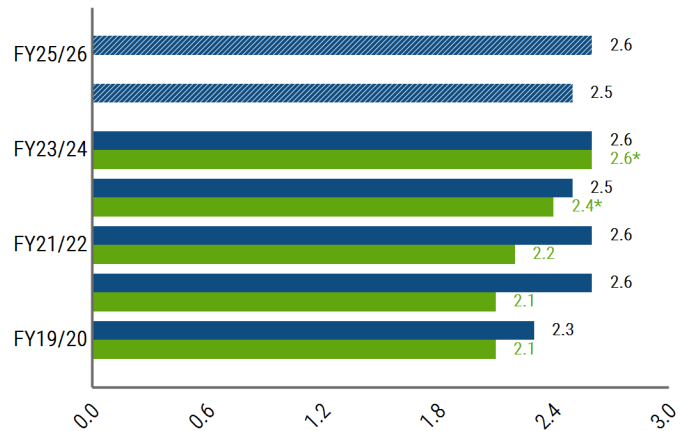
The Water and Water Reclamation Funds uses are presented by the following Divisions or major groupings: City Treasurer, Administrative Services, Water Resources, Citywide Indirect Cost Allocation, Department Indirect Cost, Class and Comp Study, Fuel and Maintenance and Repair, Leave Accrual Payments/Parental Leave, Vacation Trade, Savings from Vacant Positions, and Utilities. Additionally, there are debt service payments and Transfers Out to other funds.

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

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 outlay) incurred by these employees will be charged similarly to the Water and Water Reclamation Funds. The adopted FY 2023/24 budget of \$2.6 million is \$0.1 million higher than the FY 2022/23 adopted budget.

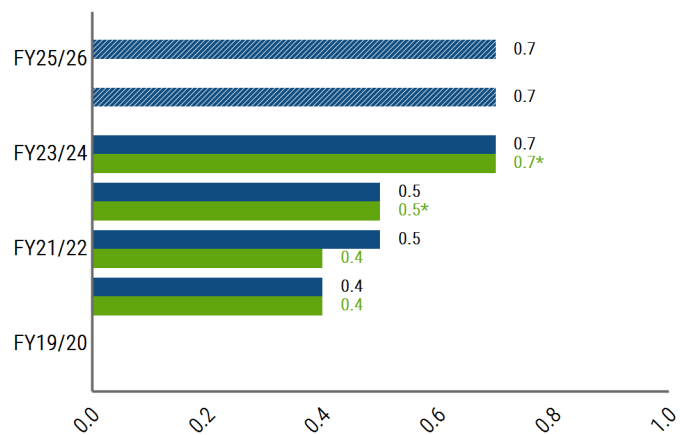
FY 2019/20 to FY 2025/26 (in millions)



ADMINISTRATIVE SERVICES

The budget for Administrative Services in FY 2023/24 is \$0.7 million, an increase of \$0.2 million compared to the FY 2022/23 adopted budget primarily due to adding a new Enterprise Communications Engineer position. Budget was added to the Water and Water Reclamation Funds in FY 2020/21 to support one Software Engineer Sr., two Geographic Information Services (GIS) Technicians and associated software licensing costs which now reside in Administrative Services to allow for efficiencies and for the centralization of Information Technology (IT) staffing, but which are still being supported out of the Water and Water Reclamation Funds.

FY 2019/20 to FY 2025/26 (in millions)

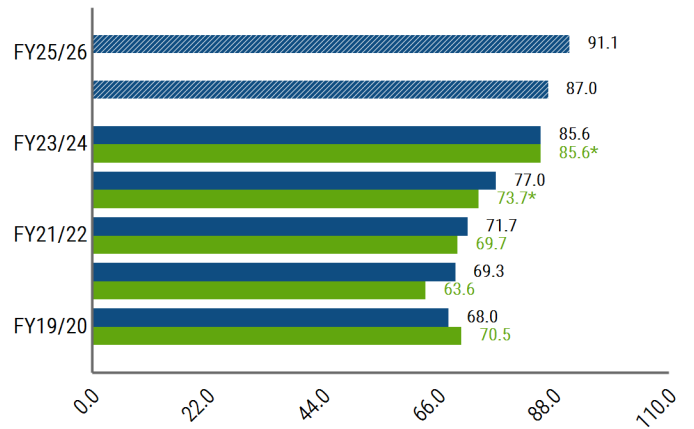


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

WATER RESOURCES

The adopted FY 2023/24 Water Resources budget of \$85.6 million reflects an increase of \$8.6 million over the FY 2022/23 adopted budget. The increase is mainly due to higher purchased water costs in preparation for tier 2A drought conditions, increases for water treatment and delivery agreements, as well as industrial wastewater collection and treatment agreements, added budget to support conservation activities, higher cost of water treatment and cleaning chemicals, and inflationary increases in wastewater system maintenance, chemicals and equipment. The increase is also due to new positions added to support conservation efforts, general data analysis, and preparation for enhanced Direct Potable Reuse (DPR) permit.

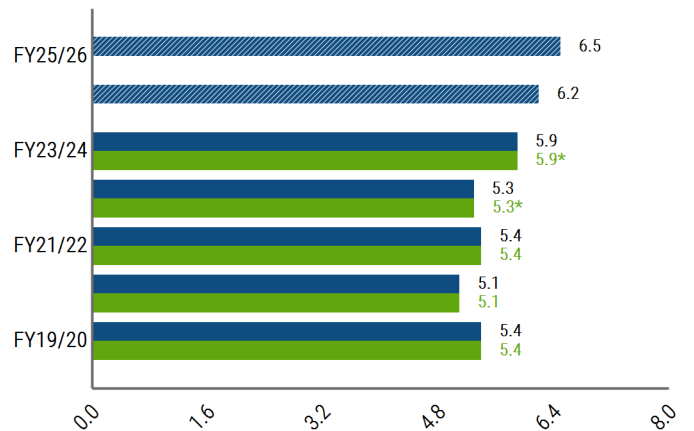
FY 2019/20 to FY 2025/26 (in millions)



CITYWIDE INDIRECT COST ALLOCATION

In FY 2023/24, the Citywide Indirect Cost Allocation budget is \$5.9 million which reflects a \$0.6 million increase from the FY 2022/23 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.

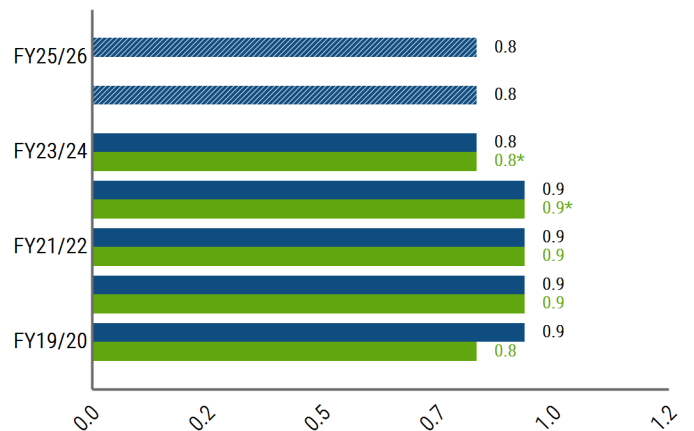
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget for Department Indirect Cost is \$0.8 million, which is a slight decrease from the FY 2022/23 adopted budget. This budget mirrors the budget and actuals from the Indirect Costs source detailed in the Sources section.

FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

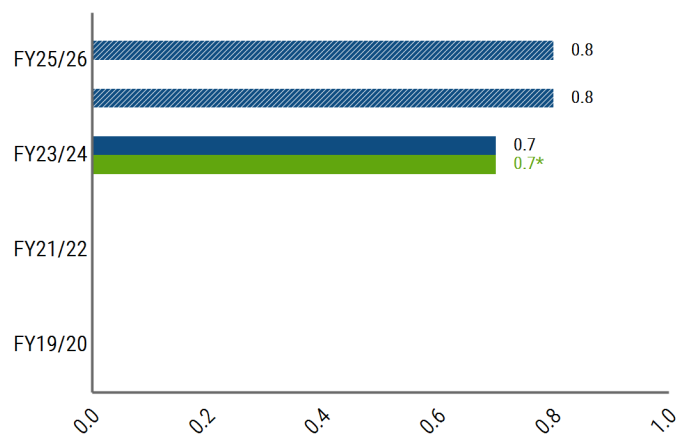
NON-DIVISIONAL USES

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 2022/23 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 reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$0.7 million.

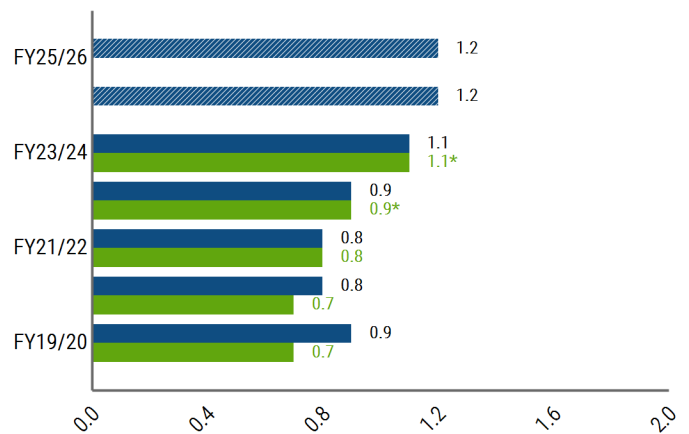
FY 2019/20 to FY 2025/26 (in millions)



FUEL AND MAINT AND REPAIR

Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. 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. The adopted FY 2023/24 Fuel and Maint and Repair is budgeted at \$1.1 million at the division level.

FY 2019/20 to FY 2025/26 (in millions)

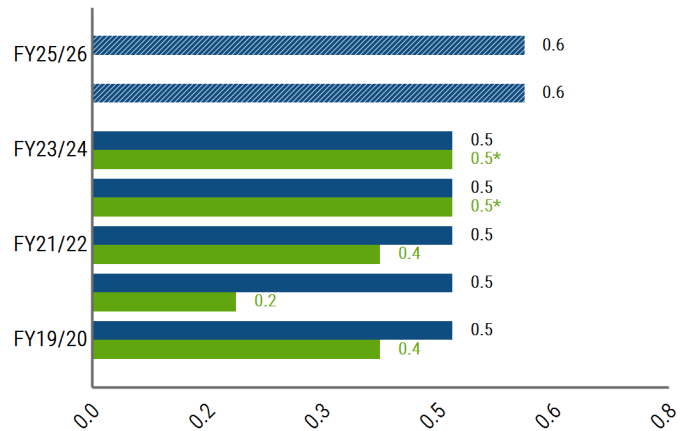


FORECAST BUDGET ACTUAL/FORECAST*

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. Paternal Leave allows for a four-week paid leave for new parents. The total FY 2023/24 Leave Accrual Payments budget is \$0.5 million, which includes \$0.3 million budgeted for medical leave accrual payouts, \$0.2 million budgeted for vacation accrual payouts, and \$0.1 million budgeted for paternal leave.

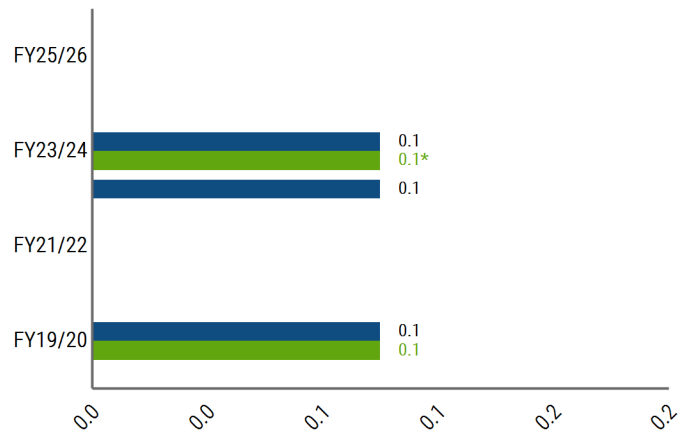
FY 2019/20 to FY 2025/26 (in millions)



VACATION TRADE

The Vacation Trade program allows employees who have been employed by the city for five years or more and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22.

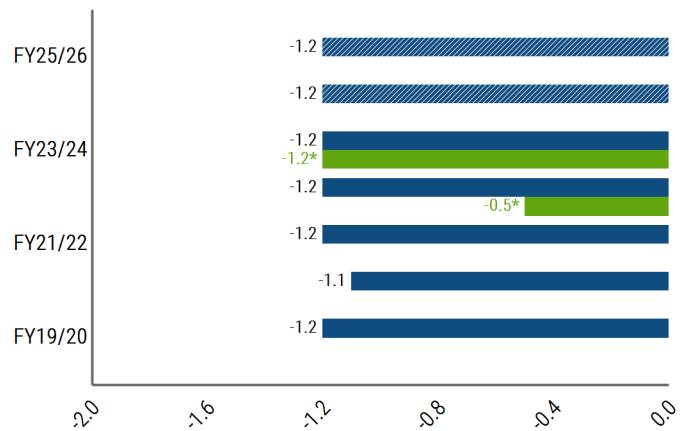
FY 2019/20 to FY 2025/26 (in millions)



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2023/24 is estimated at (\$1.2) million.

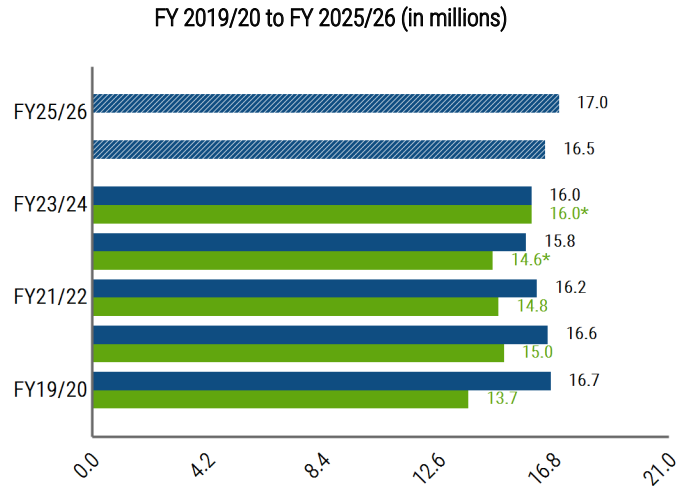
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 Utilities budget of \$16.0 million which is \$0.2 million more than the FY 2022/23 adopted budget based on usage and improved operational efficiency within the electrical line.

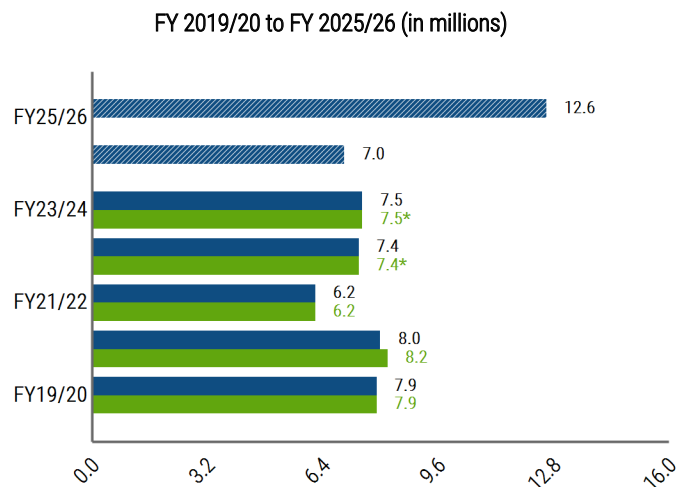


DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds.

MPC BONDS DEBT SERVICE-SEWER

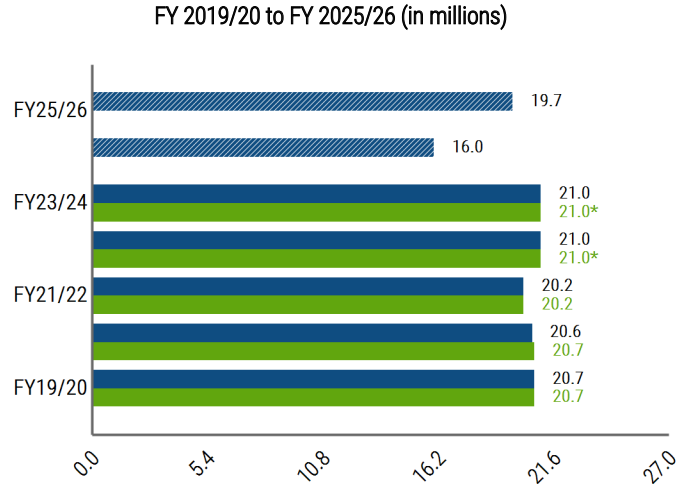
MPC Bonds Debt Service-Sewer represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses to the 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 \$7.5 million in FY 2023/24, a slight increase from the FY 2022/23 adopted budget based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds. FY 2025/26 forecasted amount is significant higher due to future MPC sewer bonds anticipated to be issued.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

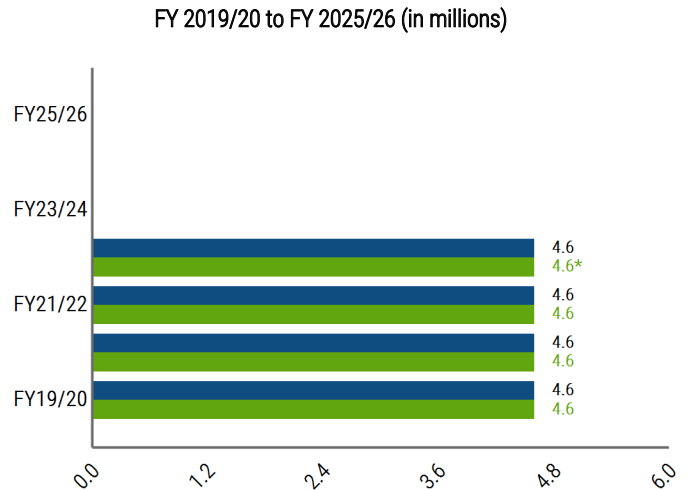
MPC BONDS DEBT SERVICE-WATER

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 \$21.0 million in FY 2023/24 based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.



SEWER REVENUE BONDS

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. Sewer Revenue Bonds were fully paid off in FY 2022/23.

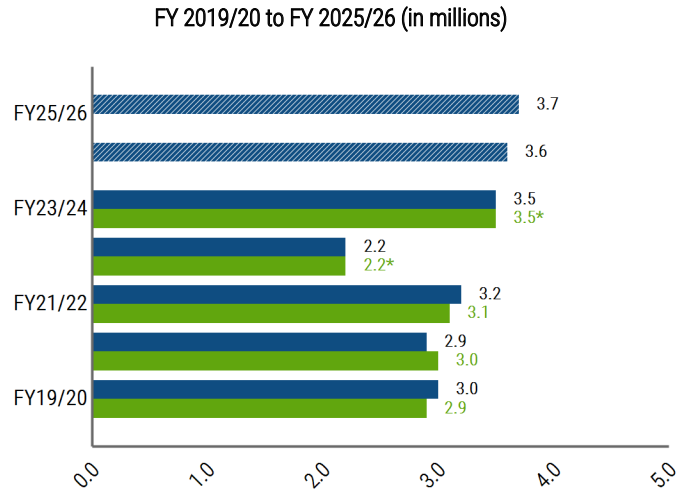


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

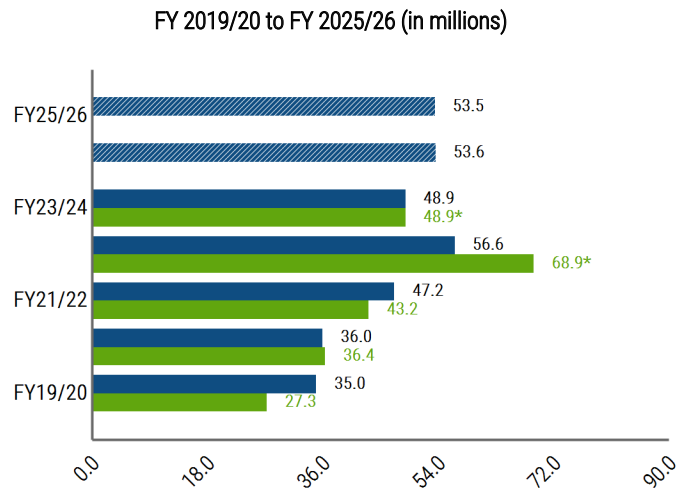
AWT

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 2023/24 is \$3.5 million, an increase of \$1.3 million from the FY 2022/23 adopted budget due to higher costs at the Advanced Water Treatment Plant.



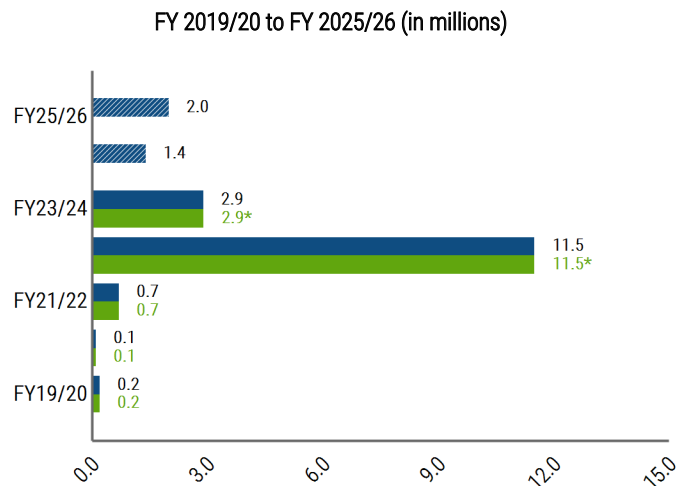
CIP

CIP has an adopted budget of \$48.9 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 \$2.9 million in authorized transfers to the CIP to pay for general water and water reclamation technology projects in FY 2023/24. The large transfer in FY 2022/23 represents the Water and Water Reclamation Funds' proportionate share of funding for the Utility Billing Management System implementation project.

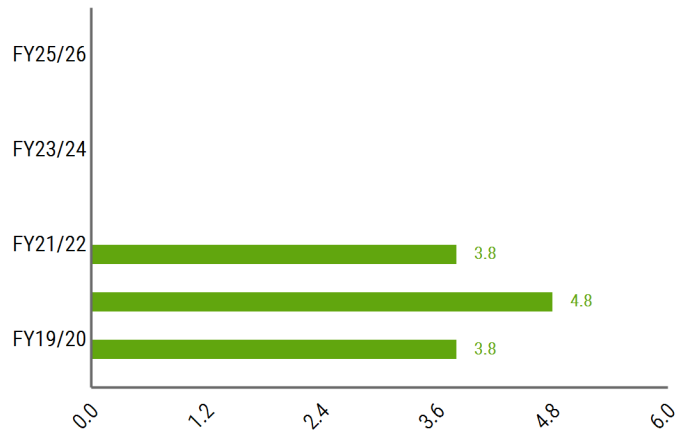


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DEBT SERVICE FUND

Historically 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. Starting in FY 2021/22 a procedural change was implemented in the recording for water and sewer bonds. Therefore, the Debt Service Fund is projected to be zero in FY 2022/23.

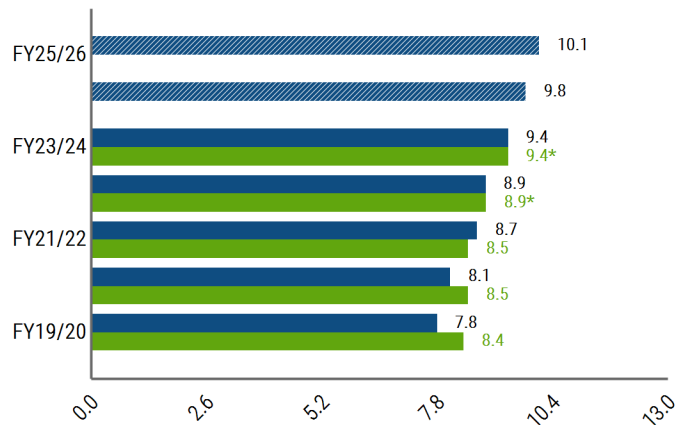
FY 2019/20 to FY 2025/26 (in millions)



FRANCHISE FEES

Franchise Fees is a transfer in FY 2023/24 of \$9.4 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.

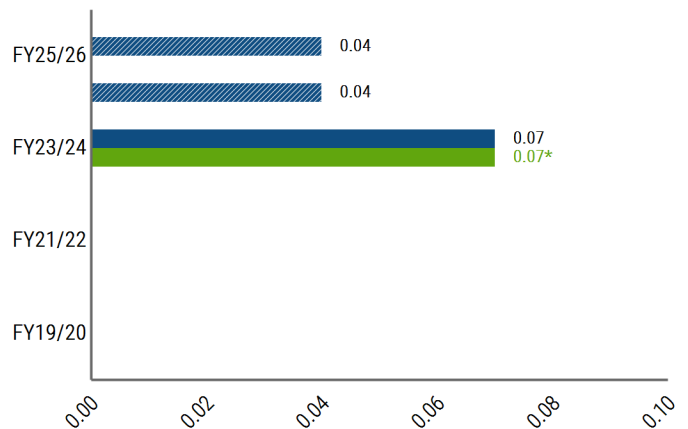
FY 2019/20 to FY 2025/26 (in millions)



OTHER

Beginning in FY 2023/24, a transfer out to the General Fund will support a portion of grant writing services to enhance current efforts to seek additional funding sources for citywide services and projects. The FY 2023/24 adopted amount is \$65,860.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

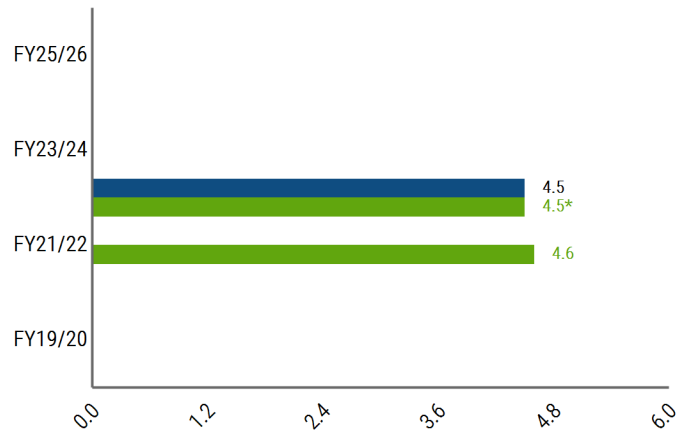
WATER AND WATER RECLAMATION FUNDS ENDING BALANCE

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:

DEBT SERVICE RESERVE

Debt Service Reserve is projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunset in FY 2022/23. This reserve was required per the term of the revenue bond indenture to ensure that funds are set aside as collateral for the Bonds debt service payments.

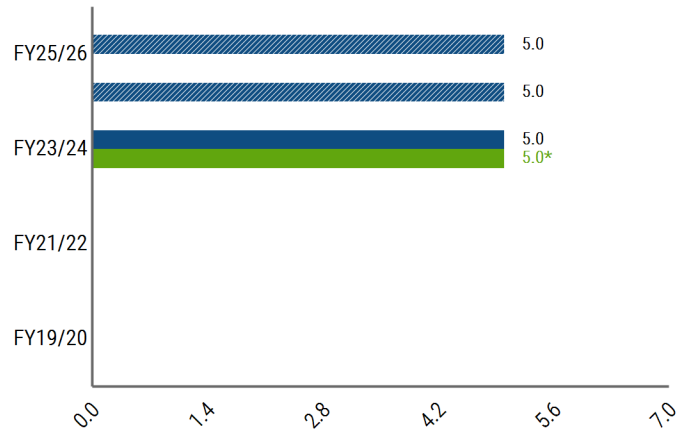
FY 2019/20 to FY 2025/26 (in millions)



OPERATING CONTINGENCY

Operating Contingency of \$5.0 million is added beginning FY 2023/24 to align with other operating funds.

FY 2019/20 to FY 2025/26 (in millions)

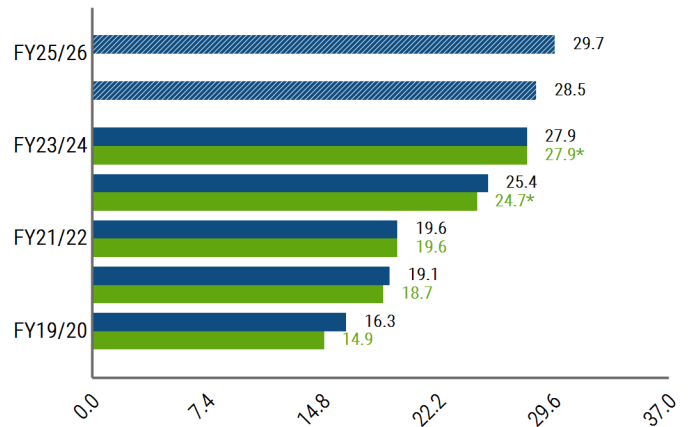


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING RESERVE

Operating Reserve projected for the end of FY 2023/24 is \$27.9 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.

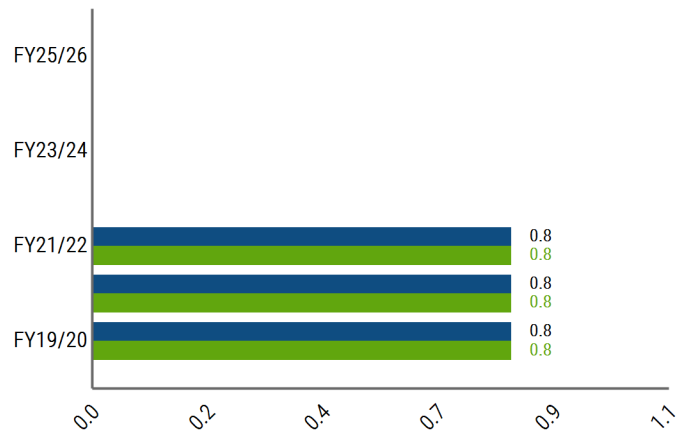
FY 2019/20 to FY 2025/26 (in millions)



SPECIAL CONTRACTUAL FUND BALANCE

Special Contractual Fund Balance reflected reserves established in accordance with various contractual agreements for delivery of non-potable water by the Water Resources Division and has been consolidated to other operating reserves in FY 2022/23 and beyond.

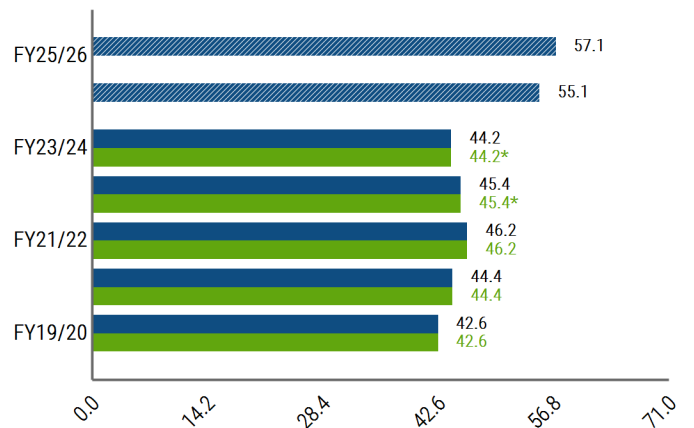
FY 2019/20 to FY 2025/26 (in millions)



WATER & WASTEWATER ASSET REPLACEMENT RESERVE

Water & WasteWater Asset Replacement Reserve of \$44.2 million is projected for the end of FY 2023/24. 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.

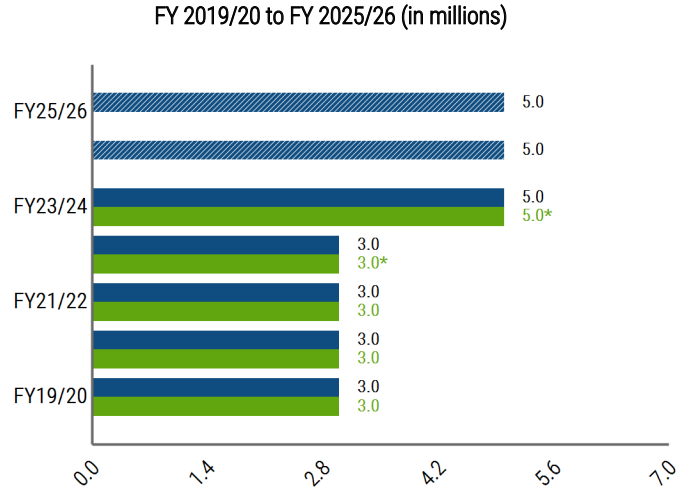
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

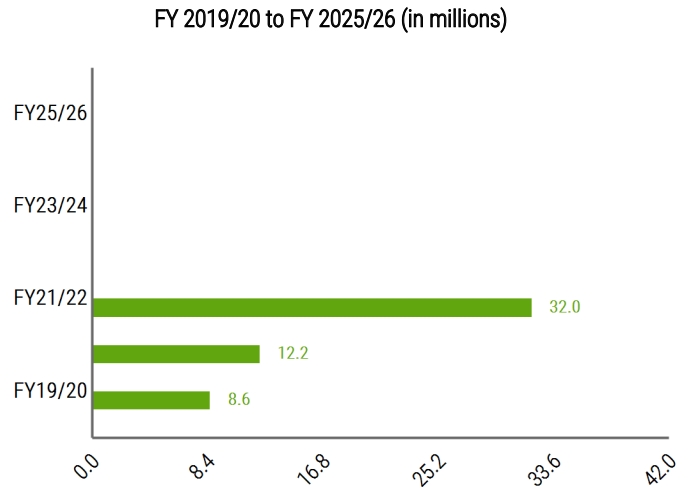
WATER DROUGHT RESERVE

The Water Drought Reserve ending fund balance is increased to \$5.0 million for FY 2023/24 in anticipation of an ongoing drought. Due to below average rainfall and snowpack for the last 20 years in the Colorado River Watershed, the Bureau of Reclamation (BOR) enacted the Drought Contingency Plan (DCP) and declared a Tier 2a shortage for the Colorado River system for calendar year 2023 in August 2022. Through this declaration, pricing adjustments will increase at each additional tier of the DCP. This Water Drought Reserve will ensure the city is prepared for unexpected cost increases related water purchases and other unforeseen expenses.



UNDESIGNATED, UNRESERVED FUND BALANCE

While there is no Undesignated, Unreserved fund balance in FY 2023/24, it historically represents the cumulative Water and Water Reclamation Funds sources not designated for a specific purpose. 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 uses.

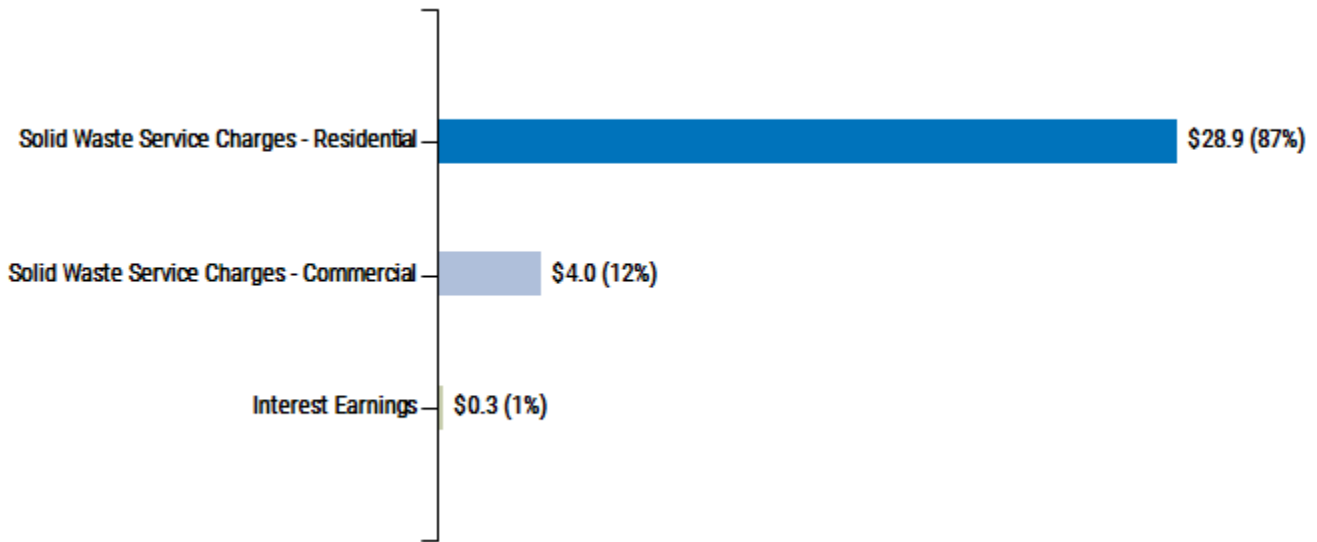


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

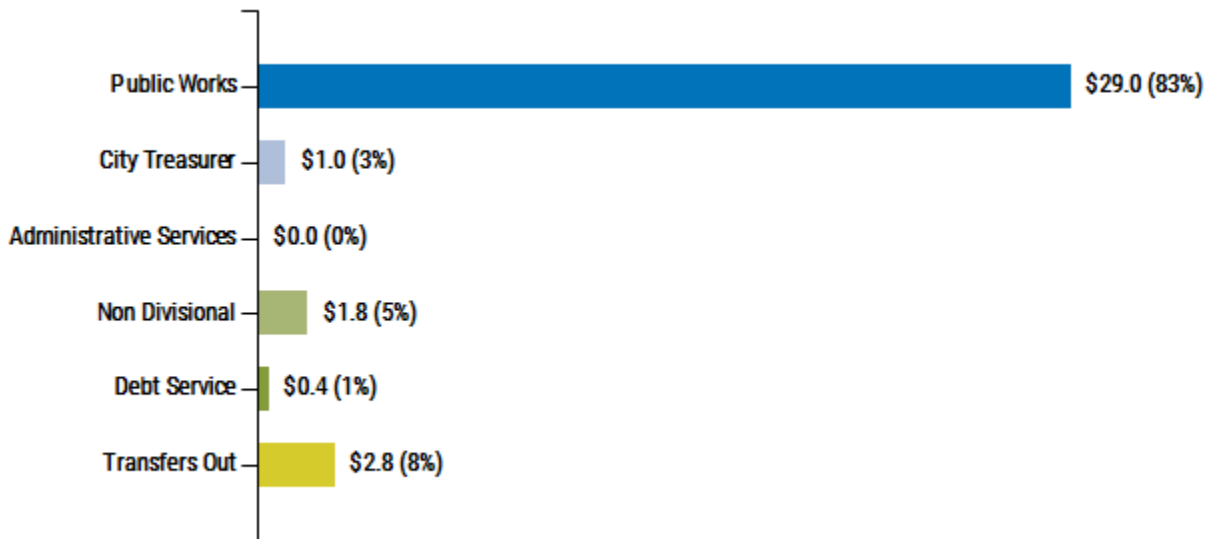
FUND PURPOSE

This 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) \$33.2 Million



Solid Waste Fund Uses (% to Total) \$35.1 Million



Rounding differences may occur.

BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Debt Service Reserve ^(a)	-	-	-	572,825
Operating Contingency ^(b)	-	-	-	600,000
Operating Reserve ^(c)	3,893,818	4,428,568	4,361,640	4,397,569
Undesignated, Unreserved Fund Balance	5,512,984	4,670,900	6,147,140	4,318,258
Total Beginning Fund Balance	9,406,802	9,099,468	10,508,780	9,888,652
Revenues				
Solid Waste Service Charges - Residential	23,582,748	26,916,208	26,916,208	28,878,985
Solid Waste Service Charges - Commercial	3,582,696	3,500,332	3,500,332	4,046,242
Interest Earnings	81,190	50,144	135,897	255,503
Miscellaneous	12,097	-	-	-
Subtotal	27,258,731	30,466,684	30,552,437	33,180,730
Transfers In				
CIP ^(d)	79,191	-	-	-
Operating ^(e)	216,020	-	-	-
Subtotal	295,212	-	-	-
Total Sources	27,553,943	30,466,684	30,552,437	33,180,730
Expenditures				
Public Works	23,794,602	27,319,948	24,607,993	29,009,258
City Treasurer	884,728	1,042,677	992,712	1,031,593
Administrative Services	8,000	8,000	8,000	8,000
Citywide Indirect Cost Allocation	1,210,226	1,399,781	1,399,781	1,785,696
Class and Comp Study ^(f)	-	-	-	277,211
Fuel and Maint and Repair ^(g)	-	-	2,273,449	-
Leave Accrual Payments / Parental Leave	-	25,760	12,000	46,880
Savings from Vacant Positions	-	(320,000)	-	(325,000)
Utilities ^(g)	-	-	23,189	-
Vacation Trade	-	47,621	-	43,561
Subtotal	25,897,556	29,523,787	29,317,124	31,877,199
Debt Service				
Future Issuance Solid Waste ^(h)	-	-	-	430,715
Subtotal	-	-	-	430,715
TOTAL OPERATING BUDGET	25,897,556	29,523,787	29,317,124	32,307,914
Transfers Out				
CIP	465,807	1,450,807	1,645,807	2,566,007
CIP Technology	88,602	209,634	209,634	211,877
Subtotal	554,409	1,660,441	1,855,441	2,777,884
Total Uses	26,451,965	31,184,228	31,172,565	35,085,798
Sources Over/(Under) Uses	1,101,978	(717,544)	(620,128)	(1,905,068)
Ending Fund Balance				
Debt Service Reserve ^(a)	-	-	-	572,825
Operating Contingency ^(b)	-	-	-	600,000
Operating Reserve ^(c)	4,361,640	4,428,568	4,397,569	4,169,593
Undesignated, Unreserved Fund Balance	6,147,140	3,953,356	5,491,083	2,641,166
Total Ending Fund Balance	10,508,780	8,381,924	9,888,652	7,983,584

^(a) Debt Service Reserve added in FY 2023/24 for planned debt issuance per Financial Policy 2.06.

^(b) FY 2023/24 Operating Contingency was added to be used for potential recycling market volatility, transfer fee increases, and landfill increases.

^(c) In FY 2022/23, the Solid Waste Operating Reserve shifted from between 60 and 120 days of budget operating expenditures to 15 percent of operating uses, excluding transfers out.

^(d) In FY 2021/22, savings was achieved in a Solid Waste capital project and; therefore, the savings was transferred back from the CIP to the Solid Waste operating fund.

^(e) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZ Cares funding that was in the Special Programs Fund.

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

^(g) 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.

^(h) Projected debt service payment on a planned FY 2023/24 debt issuance for the transfer station facility expansion.

BUDGET BY FUND | Solid Waste Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Debt Service Reserve ^(a)	572,825	572,825	545,125	529,975	514,825
Operating Contingency ^(b)	600,000	600,000	600,000	600,000	600,000
Operating Reserve ^(c)	4,397,569	4,169,593	4,329,120	4,503,390	4,672,920
Undesignated, Unreserved Fund Balance	4,318,258	2,641,166	1,412,039	846,719	431,339
Total Beginning Fund Balance	9,888,652	7,983,584	6,886,284	6,480,084	6,219,084
Revenues					
Solid Waste Service Charges - Residential	28,878,985	30,310,500	31,813,700	33,392,000	35,049,300
Solid Waste Service Charges - Commercial	4,046,242	4,243,100	4,449,500	4,660,800	4,887,700
Interest Earnings	255,503	293,000	331,100	256,900	248,000
Miscellaneous	-	-	-	-	-
Subtotal	33,180,730	34,846,600	36,594,300	38,309,700	40,185,000
Transfers In					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	33,180,730	34,846,600	36,594,300	38,309,700	40,185,000
Expenditures					
Public Works	29,009,258	30,235,300	31,495,500	32,733,100	34,432,200
City Treasurer	1,031,593	1,039,400	1,074,800	1,108,300	1,170,300
Administrative Services	8,000	8,000	8,400	8,800	9,300
Citywide Indirect Cost Allocation	1,785,696	1,875,000	1,968,700	2,067,200	2,170,500
<i>Class and Comp Study</i>	277,211	283,500	289,100	294,800	300,700
<i>Class and Comp Study</i> ^(d)	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	46,880	48,000	48,900	49,900	50,800
<i>Savings from Vacant Positions</i>	(325,000)	(332,300)	(339,000)	(345,700)	(352,600)
<i>Utilities</i>	-	-	-	-	-
<i>Vacation Trade</i>	43,561	-	-	-	-
Subtotal	31,877,199	33,156,900	34,546,400	35,916,400	37,781,200
Debt Service					
Future Issuance Solid Waste ^(e)	430,715	2,291,300	2,180,500	2,119,900	2,059,300
Subtotal	430,715	2,291,300	2,180,500	2,119,900	2,059,300
TOTAL OPERATING BUDGET	32,307,914	35,448,200	36,726,900	38,036,300	39,840,500
Transfers Out					
CIP	2,566,007	400,000	200,000	440,000	140,000
CIP Technology	211,877	95,700	73,600	94,400	134,100
Subtotal	2,777,884	495,700	273,600	534,400	274,100
Total Uses	35,085,798	35,943,900	37,000,500	38,570,700	40,114,600
Sources Over/(Under) Uses	(1,905,068)	(1,097,300)	(406,200)	(261,000)	70,400
Ending Fund Balance					
Debt Service Reserve ^(a)	572,825	545,125	529,975	514,825	499,672
Operating Contingency ^(b)	600,000	600,000	600,000	600,000	600,000
Operating Reserve ^(c)	4,169,593	4,329,120	4,503,390	4,672,920	4,914,765
Undesignated, Unreserved Fund Balance	2,641,166	1,412,039	846,719	431,339	275,047
Total Ending Fund Balance	7,983,584	6,886,284	6,480,084	6,219,084	6,289,484

^(a) Debt Service Reserve added in FY 2023/24 for planned debt issuance per Financial Policy 2.06.

^(b) FY 2023/24 Operating Contingency was added to be used for potential recycling market volatility, transfer fee increases, and landfill increases.

^(c) In FY 2022/23, the Solid Waste Operating Reserve shifted from between 60 and 120 days of budget operating expenditures to 15 percent of operating uses, excluding transfers out.

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

^(e) Projected debt service payment on a planned FY 2023/24 debt issuance for the transfer station facility expansion.

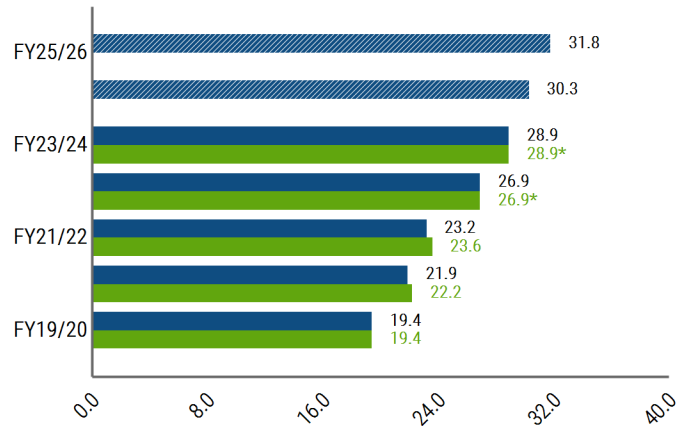
SOLID WASTE FUND SOURCES

Solid Waste Fund sources for FY 2023/24 equal \$33.2 million which is an increase of \$2.7 million from the FY 2022/23 adopted budget. The sources include Solid Waste Service Charges for both residential and commercial customers as well as Interest Earnings and occasionally Miscellaneous.

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 2023/24 adopted budget is \$28.9 million, an increase of \$2.0 million from the FY 2022/23 adopted budget due primarily to increases in landfill disposal costs, recycling processing fee, and increases in landfill tipping costs. Also contributing to the increase is adding new positions to aid in collection efforts and a pay for performance and market adjustment for eligible employees.

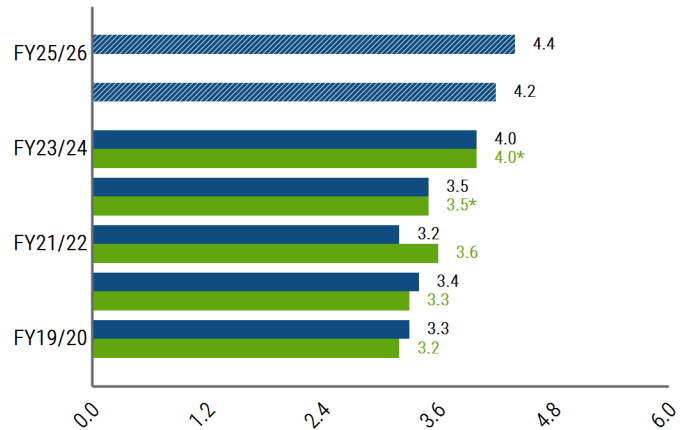
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$4.0 million, an increase of \$0.5 million from the FY 2022/23 adopted budget.

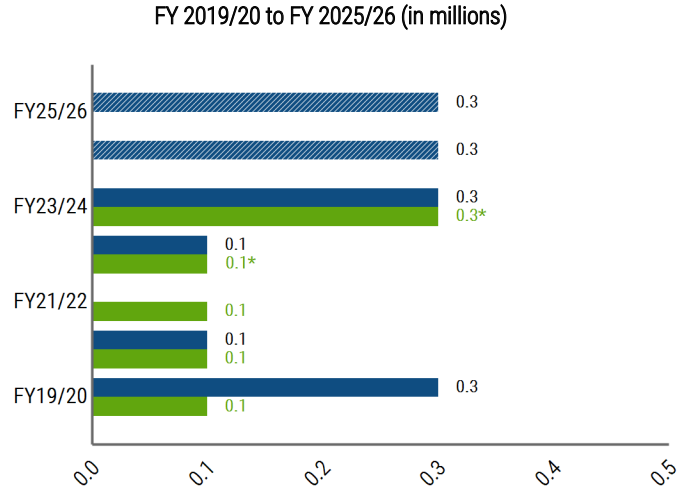
FY 2019/20 to FY 2025/26 (in millions)



▨ FORECAST
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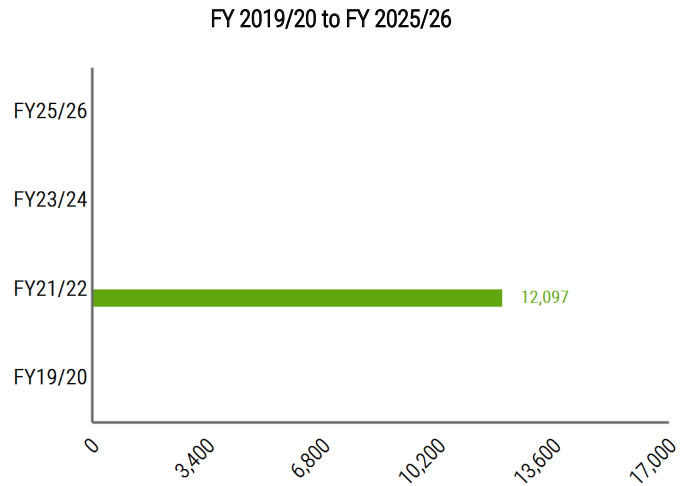
INTEREST EARNINGS

Interest Earnings revenue adopted for FY 2023/24 is \$0.3 million, an increase of \$0.2 million from the FY 2022/23 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 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.



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 2023/24 budget for Miscellaneous is \$0.0 million as this revenue source is uncommon.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

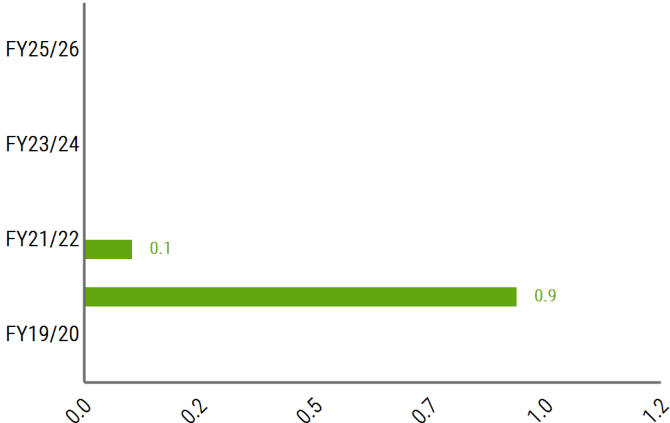
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

CIP

FY 2020/21 and FY 2021/22 Transfers In represent savings from completed Capital Improvement Plan (CIP) projects.

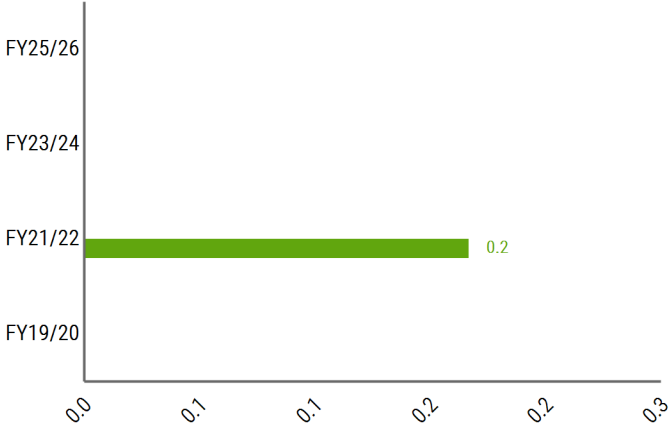
FY 2019/20 to FY 2025/26 (in millions)



OPERATING

FY 2021/22 Operating transfer in is for one-time bonuses paid to city employees funded by the AZ Cares funding.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

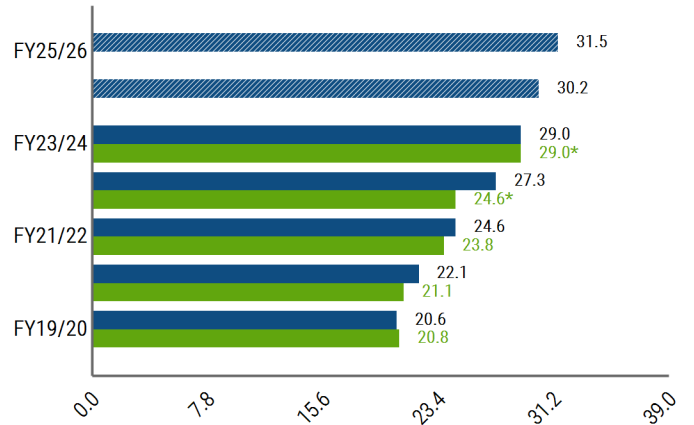
SOLID WASTE FUND USES

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.

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 2023/24 adopted budget of \$29.0 million is \$1.7 million more than the FY 2022/23 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 adding new positions to aid in collection efforts and a pay for performance and market adjustment for eligible employees.

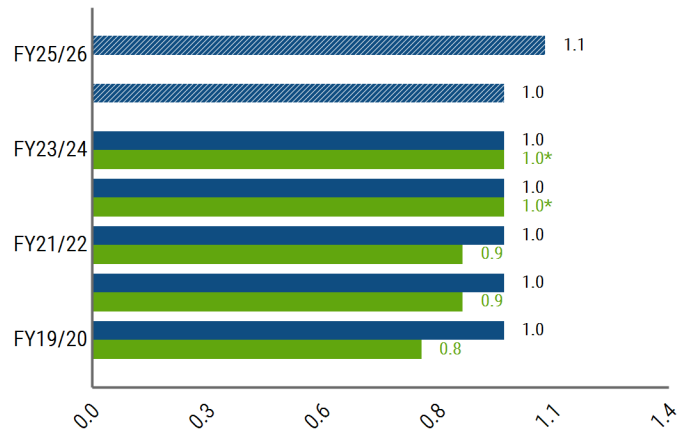
FY 2019/20 to FY 2025/26 (in millions)



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 needed to perform their job paid out of the Solid Waste Fund. The FY 2023/24 adopted budget is \$1.0 million, which remains relatively flat when compared to the FY 2022/23 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)

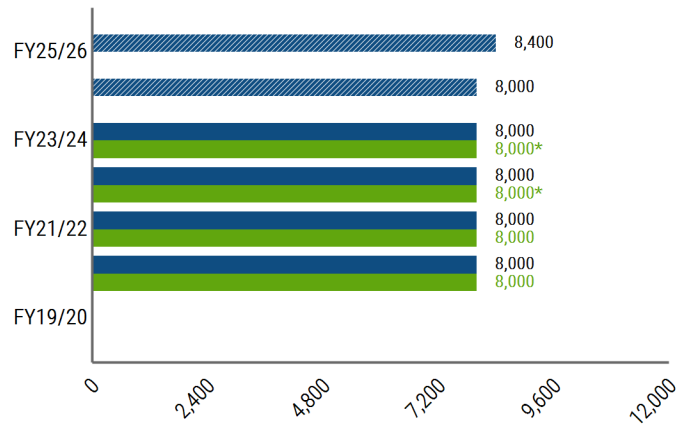


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 Administrative Services adopted budget is \$8,000.

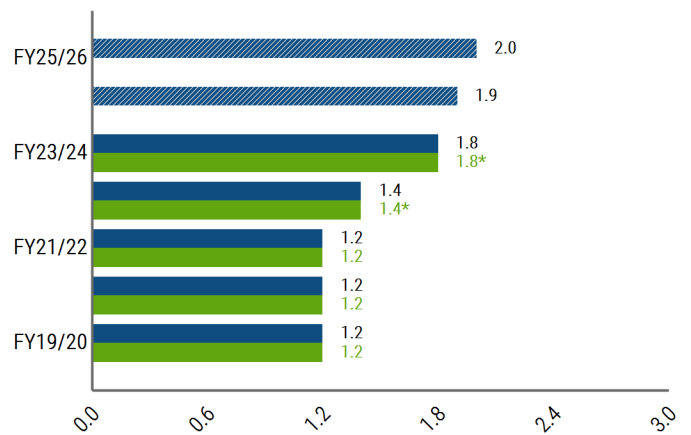
FY 2019/20 to FY 2025/26



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 2023/24 adopted budget is \$1.8 million, which is an increase of \$0.4 million when compared to the FY 2022/23 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)



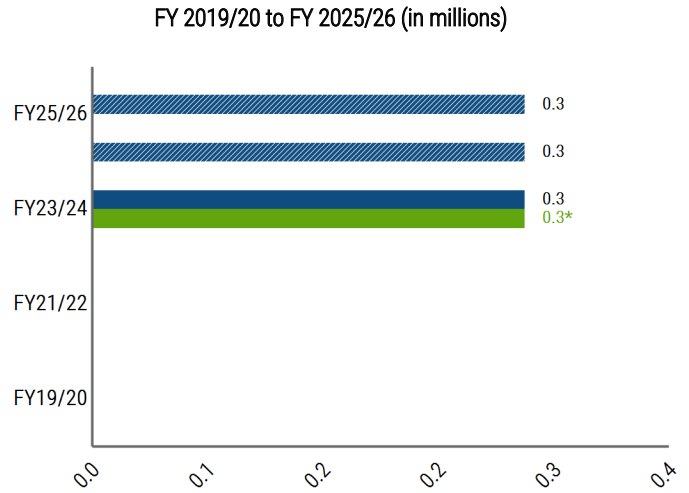
NON-DIVISIONAL USES

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 2022/23 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*

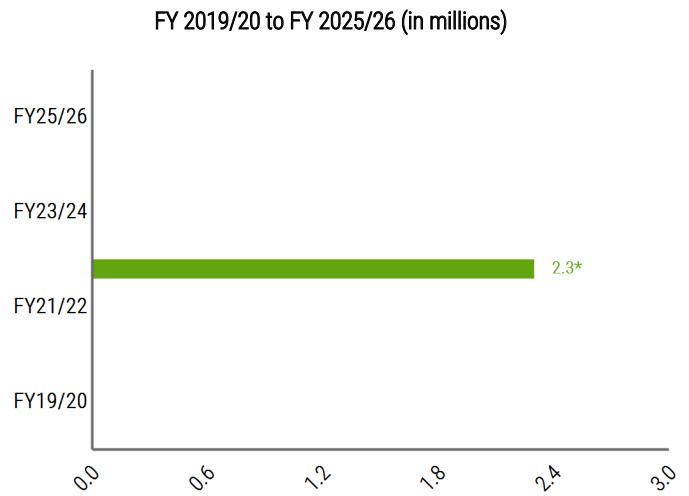
CLASS AND COMP STUDY

The Class and Comp Study reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$0.3 million.



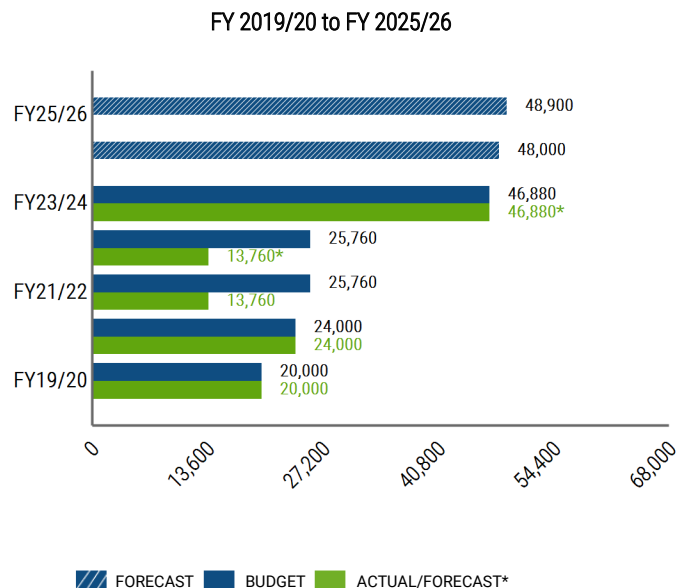
FUEL AND MAINT AND REPAIR

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 2023/24 Fuel and Maint and Repair adopted budget is \$5.1 million, budgeted at the division level.



LEAVE ACCRUAL PAYMENTS / PARENTAL LEAVE

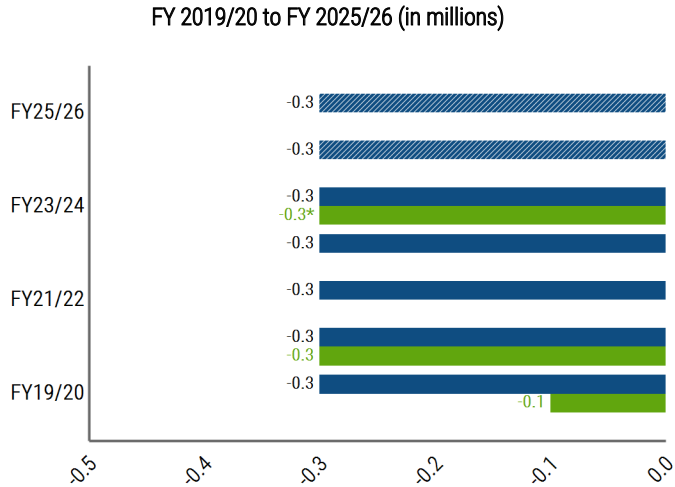
Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. Parental Leave allows for a four-week paid leave for new parents. The total FY 2023/24 Leave Accrual Payments budget is \$46,880, which includes \$12,000 budgeted for medical leave accrual payouts, \$12,000 budgeted for vacation accrual payouts, and \$22,880 budgeted for parental leave.



FORECAST BUDGET ACTUAL/FORECAST*

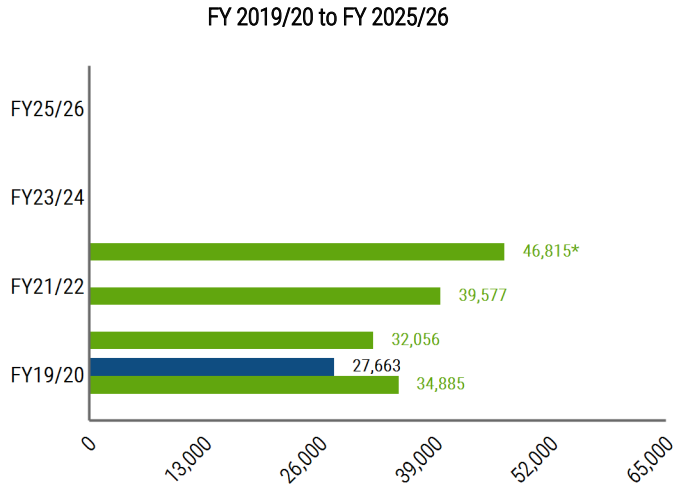
SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2023/24 is estimated at (\$0.3) million.



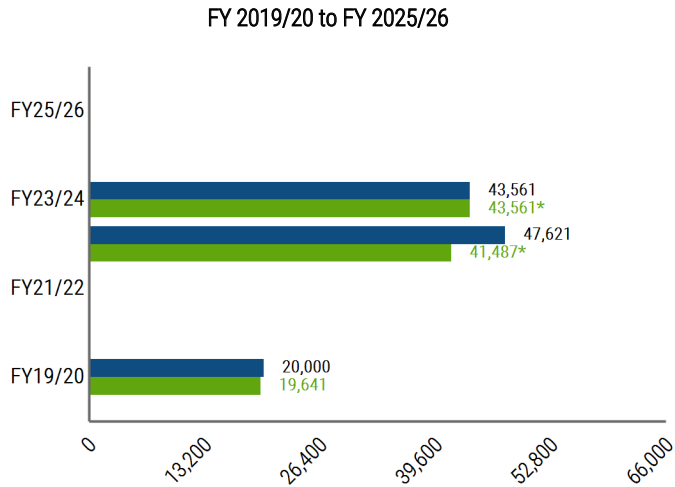
UTILITIES

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 2023/24 Utilities adopted budget is \$59,749 which is \$11,749 higher when compared to the FY 2022/23 adopted budget.



VACATION TRADE

The Vacation Trade program allows employees who have been employed by the city for five years or more and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22.



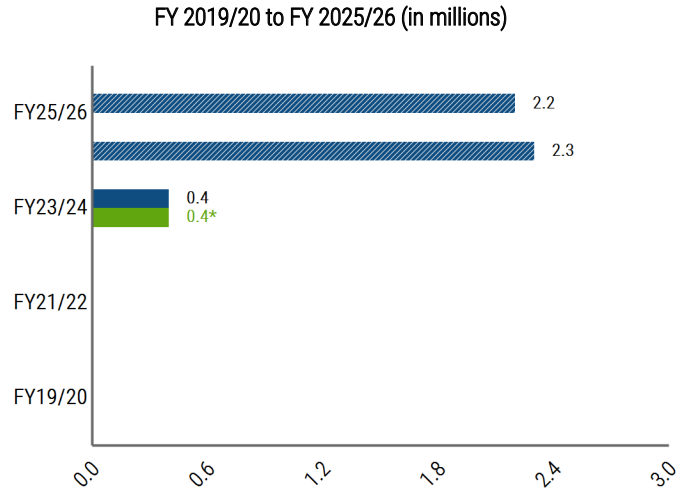
/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds.

FUTURE ISSUANCE SOLID WASTE

Future Issuance Solid Waste represents the repayment of projected debt service associated with the Solid Waste transfer station facility expansion capital projects.

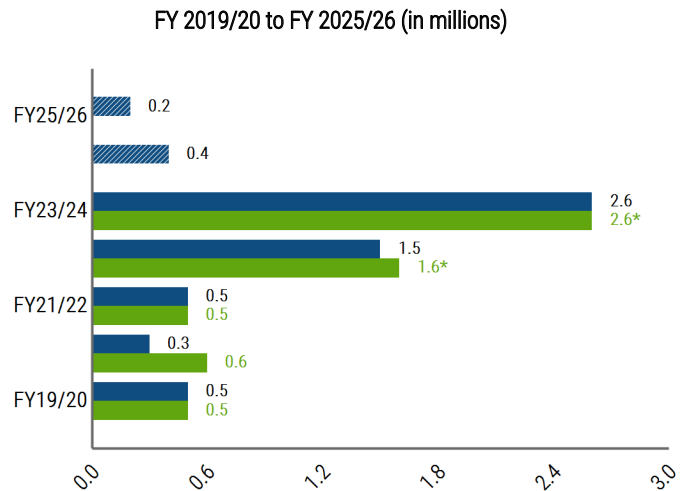


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects.

CIP

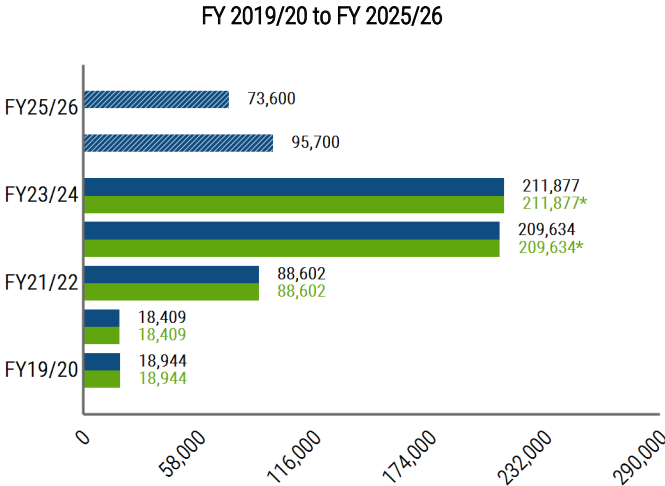
The FY 2023/24 CIP Transfer Out of \$2.6 million is for costs associated with the Transfer Station Enhancements to allow for a stand-alone residential household hazardous materials, green waste disposal, and electronics storage building to be used as a drop off location, and for the final phase of the Alley Conversion capital project.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

CIP TECHNOLOGY

CIP Technology includes \$211,877 to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2023/24.

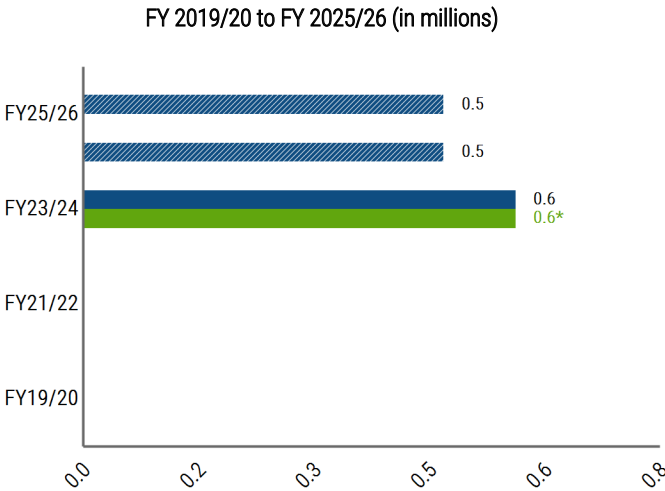


SOLID WASTE FUND ENDING BALANCE

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:

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.

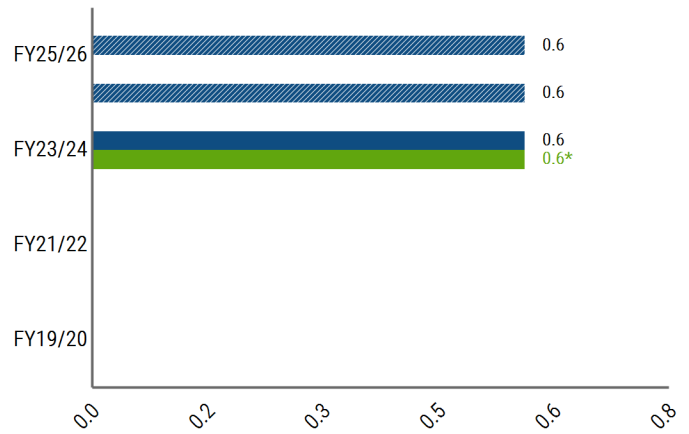


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

OPERATING CONTINGENCY

The FY 2023/24 Operating Contingency was added to be used for potential recycling market volatility, transfer fee increases, and landfill increases.

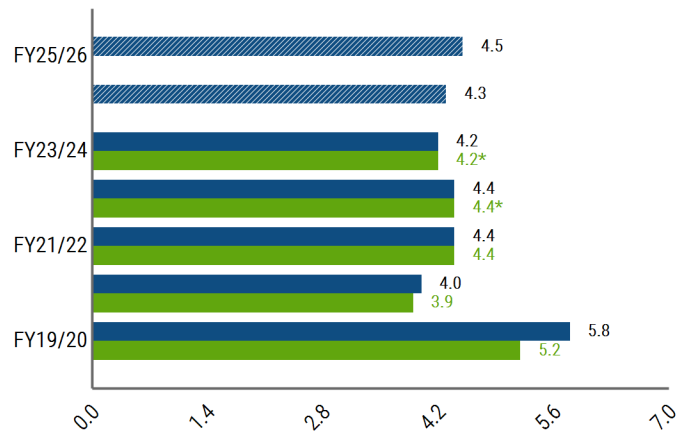
FY 2019/20 to FY 2025/26 (in millions)



OPERATING RESERVE

The FY 2023/24 ending fund balance includes an Operating Reserve of \$4.2 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 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.

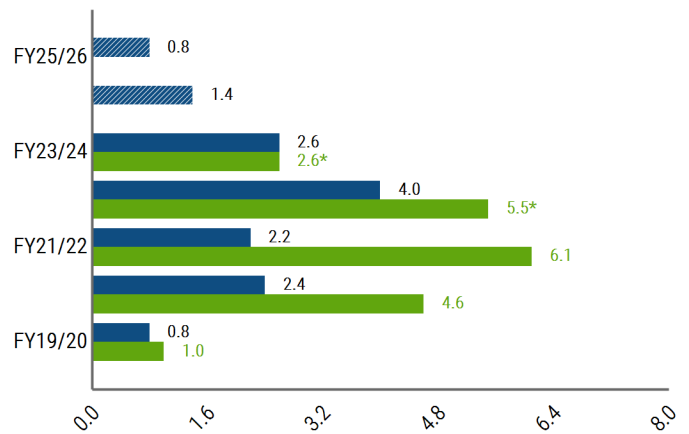
FY 2019/20 to FY 2025/26 (in millions)



UNDESIGNATED, UNRESERVED FUND BALANCE

The FY 2023/24 Undesignated, Unreserved Fund Balance is \$2.6 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.

FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*



FY 2023/24 Adopted Budget

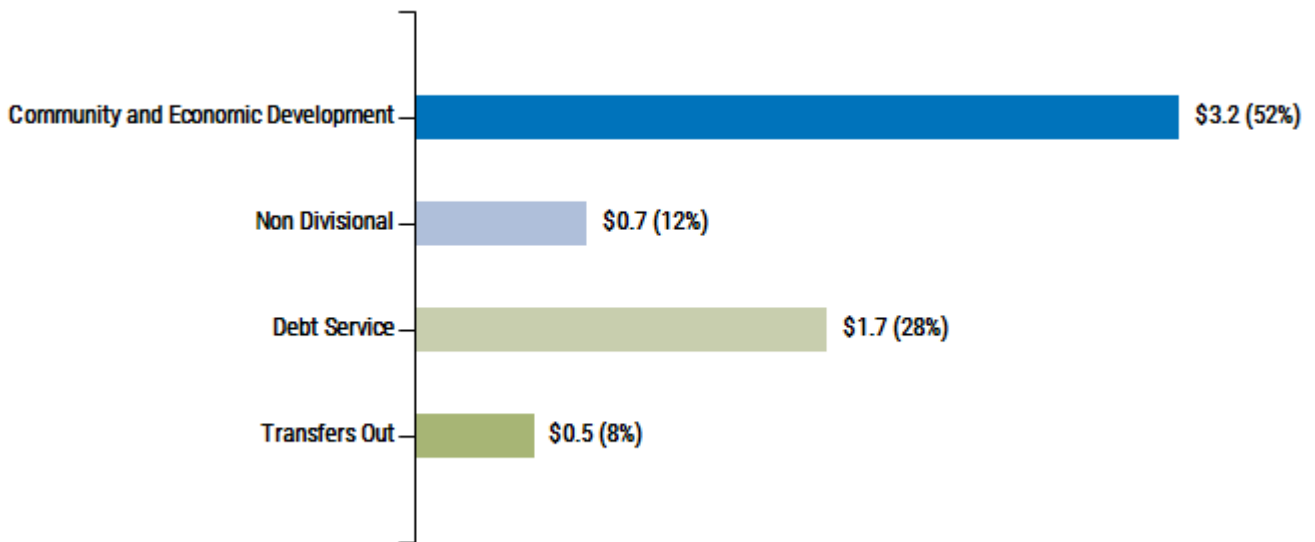
FUND PURPOSE

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)
\$9.7 Million**



**Aviation Fund Uses (% to Total)
\$6.1 Million**



Rounding differences may occur.

BUDGET BY FUND | Aviation Fund

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Debt Service Reserve	-	-	-	430,561
Fleet Replacement Reserve	1,010,500	1,196,500	1,196,500	960,739
Future Capital Replacement	2,276,278	1,769,800	2,199,611	5,220,800
Operating Reserve	825,604	925,597	1,132,600	922,308
Undesignated, Unreserved Fund Balance	1,634,432	1,960,292	2,303,409	2,806,413
Total Beginning Fund Balance	5,746,814	5,852,189	6,832,120	10,340,821
Revenues				
Airport Fees	8,623,987	7,918,961	8,898,300	9,174,872
Jet Fuel	232,469	179,000	250,000	223,000
Property Rental	177,349	182,624	182,624	188,586
Interest Earnings ^(a)	39,092	31,278	84,767	162,396
Federal Grants ^(b)	205,000	-	-	-
Miscellaneous	24,490	-	-	-
Subtotal	9,302,387	8,311,863	9,415,691	9,748,854
Transfers In				
Debt Svc MPC Bonds ^(c)	740,599	-	-	-
Operating ^(d)	33,617	-	-	-
Subtotal	774,216	-	-	-
Total Sources	10,076,603	8,311,863	9,415,691	9,748,854
Expenditures				
Community and Economic Development	2,770,600	3,072,216	2,875,353	3,195,174
Citywide Direct Cost Allocation	423,680	446,810	446,810	419,300
Citywide Indirect Cost Allocation	190,311	101,966	101,966	127,452
GAAP Adjustment ^(e)	72,954	-	-	-
<i>Citywide Pay Program</i>	-	-	28,704	-
<i>Class and Comp Study^(f)</i>	-	-	-	47,878
<i>Fuel and Maint and Repair^(g)</i>	-	-	42,838	-
<i>Leave Accrual Payments / Parental Leave</i>	-	108,500	108,500	163,493
<i>Utilities^(g)</i>	-	-	85,061	-
<i>Vacation Trade</i>	-	7,894	-	4,000
<i>Savings from Vacant Positions</i>	-	(35,000)	-	(40,000)
Subtotal	3,457,544	3,702,386	3,689,232	3,917,297
Debt Service				
MPC Bonds Debt Svc - Airport	1,724,244	1,719,244	1,719,244	1,722,244
Subtotal	1,724,244	1,719,244	1,719,244	1,722,244
TOTAL OPERATING BUDGET	5,181,788	5,421,630	5,408,476	5,639,541
Transfers Out				
CIP	3,035,287	487,233	487,233	461,635
CIP Technology	33,623	11,281	11,281	36,901
Debt Svc MPC Bonds	740,599	-	-	-
Subtotal	3,809,509	498,514	498,514	498,536
Total Uses	8,991,297	5,920,144	5,906,990	6,138,077
Sources Over/(Under) Uses	1,085,305	2,391,719	3,508,701	3,610,777
Ending Fund Balance				
Debt Service Reserve ^(h)	-	-	430,561	430,675
Fleet Replacement Reserve	1,196,500	1,396,300	960,739	1,890,800
Future Capital Replacement	2,199,611	5,220,800	5,220,800	5,442,139
Operating Reserve	1,132,600	925,597	922,308	979,324
Undesignated, Unreserved Fund Balance	2,303,409	701,211	2,806,413	5,208,660
Total Ending Fund Balance	6,832,120	8,243,908	10,340,821	13,951,598

^(a) Increase in Interest Earnings is due to rising interest rates.

^(b) One-time federal grant received.

^(c) Intra-funds transfer for debt service.

^(d) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the Special Programs Fund.

^(e) Adjustment to align with fund balance calculation used in the Annual Financial Report.

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

^(g) 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.

^(h) Debt Service Reserve was established in FY 2022/23 per Financial Policy No. 2.06.

BUDGET BY FUND | Aviation Fund

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Debt Service Reserve	430,561	430,675	430,175	430,300	429,750
Fleet Replacement Reserve	960,739	1,890,800	1,890,800	1,890,800	1,890,800
Future Capital Replacement	5,220,800	5,442,139	7,630,425	9,986,400	13,213,750
Operating Reserve	922,308	979,324	968,450	1,001,875	1,036,550
Undesignated, Unreserved Fund Balance	2,806,413	5,208,660	6,786,948	8,235,923	8,593,148
Total Beginning Fund Balance	10,340,821	13,951,598	17,706,798	21,545,298	25,163,998
Revenues					
Airport Fees	9,174,872	9,266,300	9,358,800	9,451,900	9,546,400
Jet Fuel	223,000	225,200	227,500	229,800	232,100
Property Rental	188,586	189,500	190,300	191,300	192,100
Interest Earnings ^(a)	162,396	187,100	212,500	163,300	158,200
Federal Grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Subtotal	9,748,854	9,868,100	9,989,100	10,036,300	10,128,800
Transfers In					
Debt Svc MPC Bonds	-	-	-	-	-
Operating	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	9,748,854	9,868,100	9,989,100	10,036,300	10,128,800
Expenditures					
Community and Economic Development	3,195,174	3,277,100	3,381,000	3,488,300	3,672,300
Citywide Direct Cost Allocation	419,300	440,300	462,300	485,400	509,700
Citywide Indirect Cost Allocation	127,452	133,800	140,500	147,500	154,900
GAAP Adjustment	-	-	-	-	-
<i>Citywide Pay Program</i>	-	-	-	-	-
<i>Class and Comp Study^(b)</i>	47,878	49,000	49,900	50,900	51,900
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Leave Accrual Payments / Parental Leave</i>	163,493	13,600	13,800	14,100	14,400
<i>Utilities</i>	-	-	-	-	-
<i>Vacation Trade</i>	4,000	-	-	-	-
<i>Savings from Vacant Positions</i>	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Subtotal	3,917,297	3,873,800	4,007,500	4,146,200	4,363,200
Debt Service					
MPC Bonds Debt Svc - Airport	1,722,244	1,722,700	1,720,700	1,721,200	1,719,000
Subtotal	1,722,244	1,722,700	1,720,700	1,721,200	1,719,000
TOTAL OPERATING BUDGET	5,639,541	5,596,500	5,728,200	5,867,400	6,082,200
Transfers Out					
CIP	461,635	503,200	416,200	539,800	492,900
CIP Technology	36,901	13,200	6,200	10,400	14,100
Debt Svc MPC Bonds	-	-	-	-	-
Subtotal	498,536	516,400	422,400	550,200	507,000
Total Uses	6,138,077	6,112,900	6,150,600	6,417,600	6,589,200
Sources Over/(Under) Uses	3,610,777	3,755,200	3,838,500	3,618,700	3,539,600
Ending Fund Balance					
Debt Service Reserve	430,675	430,175	430,300	429,750	429,750
Fleet Replacement Reserve	1,890,800	1,890,800	1,890,800	1,890,800	1,890,800
Future Capital Replacement	5,442,139	7,630,425	9,986,400	13,213,750	16,467,250
Operating Reserve	979,324	968,450	1,001,875	1,036,550	1,090,800
Undesignated, Unreserved Fund Balance	5,208,660	6,786,948	8,235,923	8,593,148	8,824,998
Total Ending Fund Balance	13,951,598	17,706,798	21,545,298	25,163,998	28,703,998

^(a) Increase in Interest Earnings is due to rising interest rates.

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

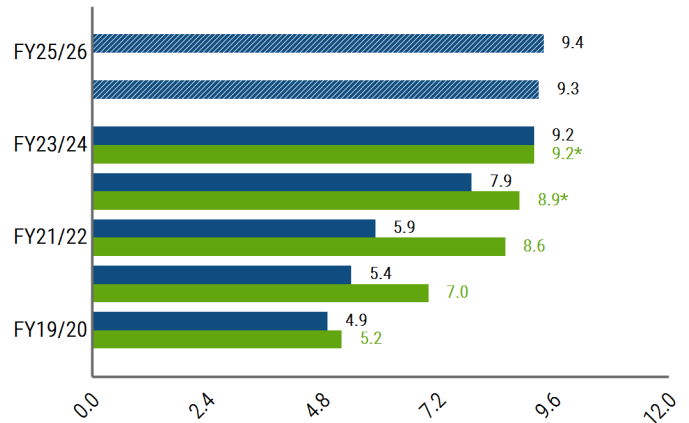
AVIATION FUND SOURCES

Aviation Fund sources for FY 2023/24 are \$9.7 million, most of which is received from Airport Fees. Other sources include Jet Fuel, Property Rental, Interest Earnings, and in prior years, Federal Grants, 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 2023/24 adopted budget is \$9.2 million which is \$1.3 million higher than the FY 2022/23 adopted budget. The increase is due to an overall rise in business activity.

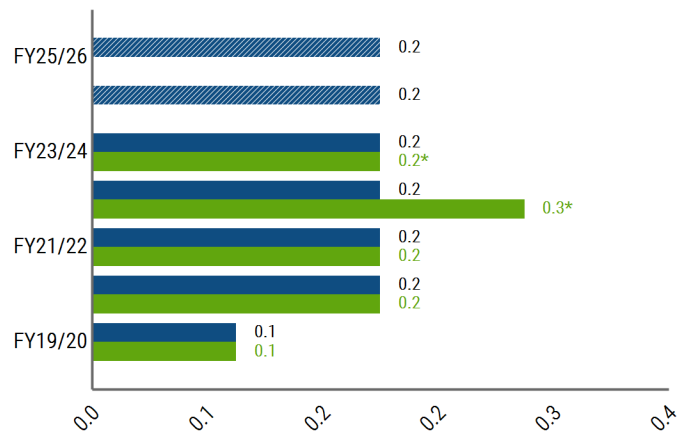
FY 2019/20 to FY 2025/26 (in millions)



JET FUEL

A jet fuel tax of 18 cents is charged to every gallon of fuel purchased at the airport. The FY 2023/24 Jet Fuel adopted budget is \$0.2 million, which remains relatively flat when compared to the FY 2022/23 adopted budget.

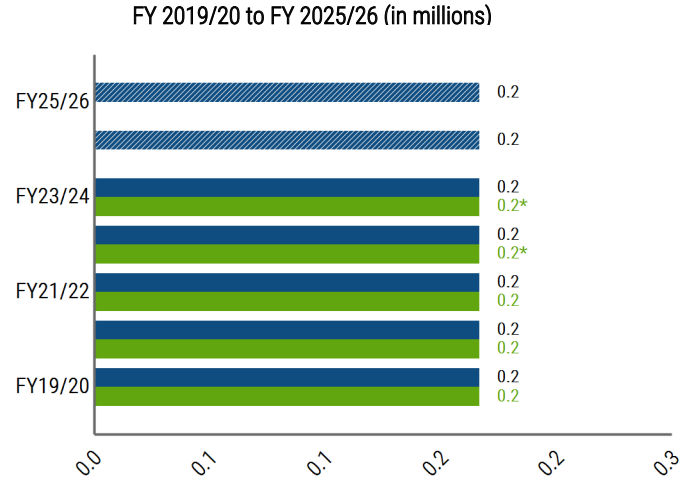
FY 2019/20 to FY 2025/26 (in millions)



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

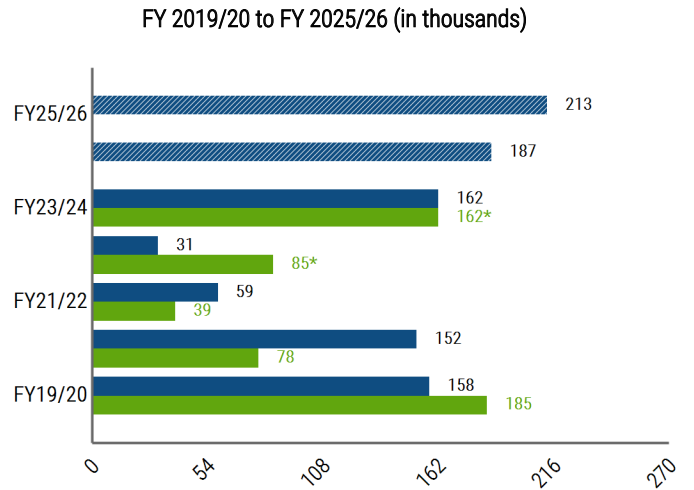
PROPERTY RENTAL

Property Rental includes the annual \$0.1 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 2023/24 adopted budget for Property Rental is \$0.2 million, which remains relatively flat from the FY 2022/23 adopted budget.



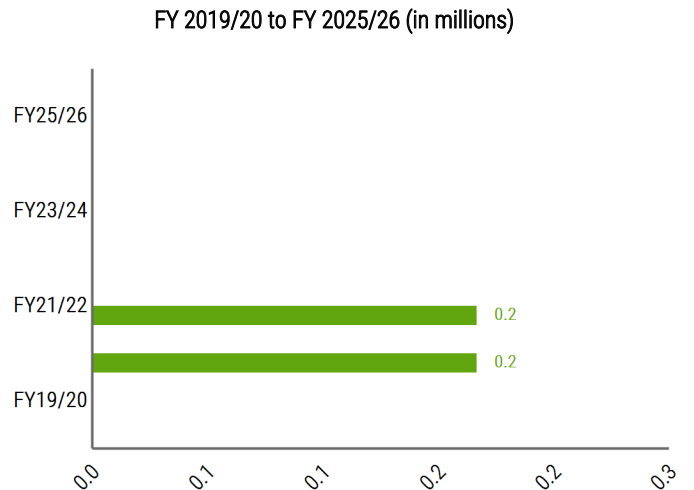
INTEREST EARNINGS

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 \$0.2 million in FY 2023/24.



FEDERAL GRANTS

The FY 2020/21 and FY 2021/22 actual amounts for Federal Grants are related to two one-time federal grants received to mitigate the impact of the COVID-19 pandemic.

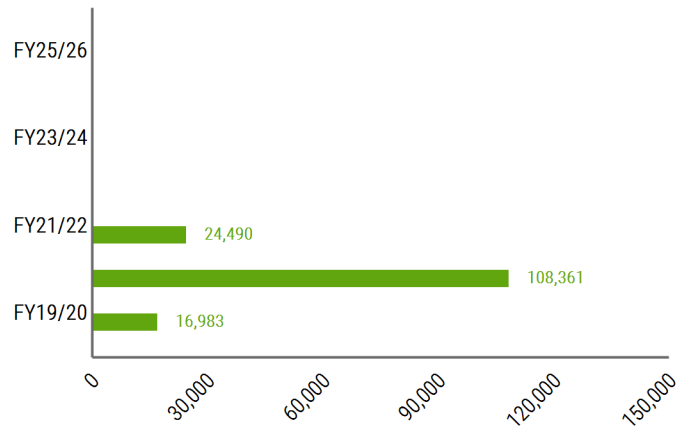


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

MISCELLANEOUS

Miscellaneous includes other types of one-time revenue that may or may not be received each year such as the FY 2019/20 reimbursement for electricity charges during construction of the Aviation Business Center, and the FY 2020/21 reimbursement as part of an audit review settlement related to a bond-funded capital project.

FY 2019/20 to FY 2025/26



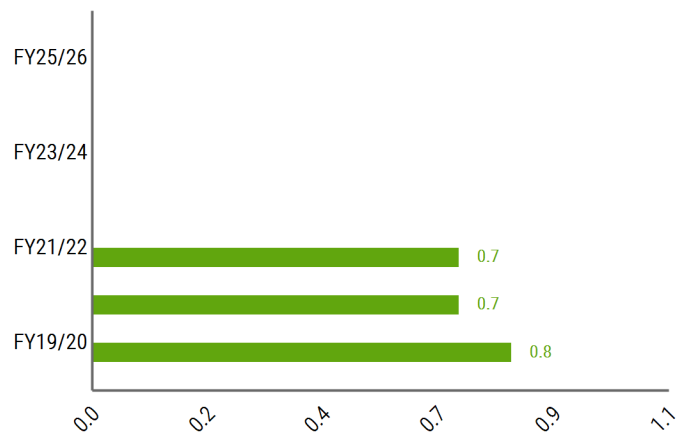
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects.

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.

FY 2019/20 to FY 2025/26 (in millions)

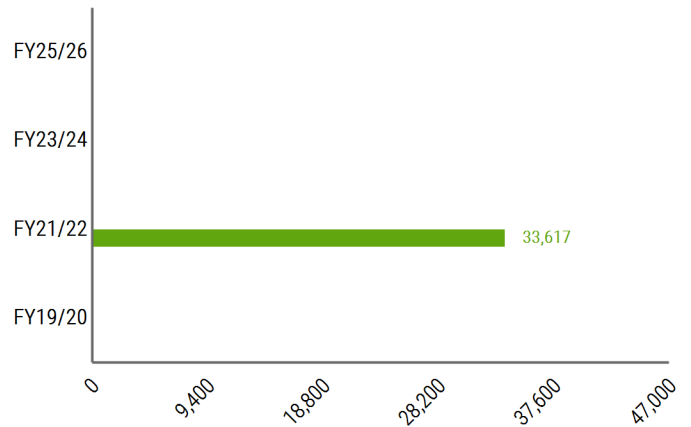


▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

OPERATING

The Operating Transfers In amount in FY 2021/22 is related to one-time bonuses approved by Council to active full and part-time employees. The funding used was Scottsdale AZCares funding that was in the Special Programs Fund.

FY 2019/20 to FY 2025/26



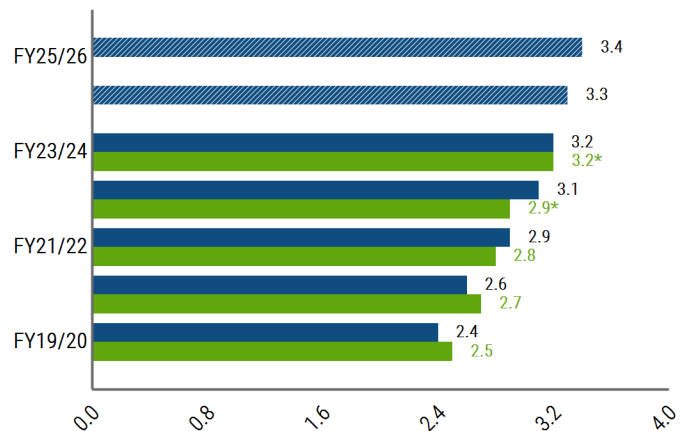
AVIATION FUND USES

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.

COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development includes costs related to the operation and maintenance of the city's airport. The FY 2023/24 adopted budget is \$3.2 million, which is \$0.1 million higher than the FY 2022/23 adopted budget mostly due to increases in Personnel Services costs.

FY 2019/20 to FY 2025/26 (in millions)

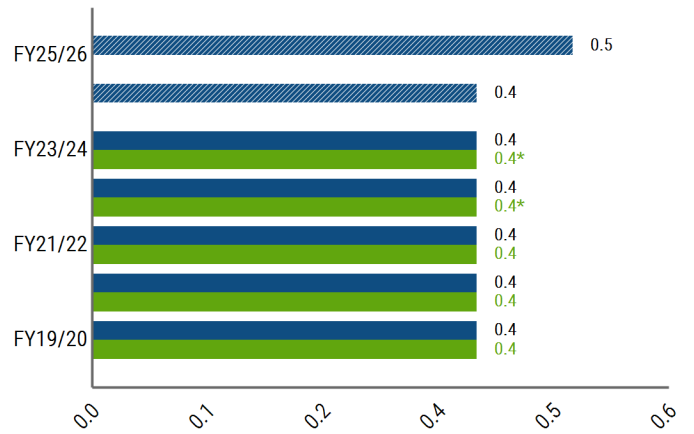


▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

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 2023/24 budget for this allocation is \$0.4 million, which remains flat when compared to the FY 2022/23 adopted budget.

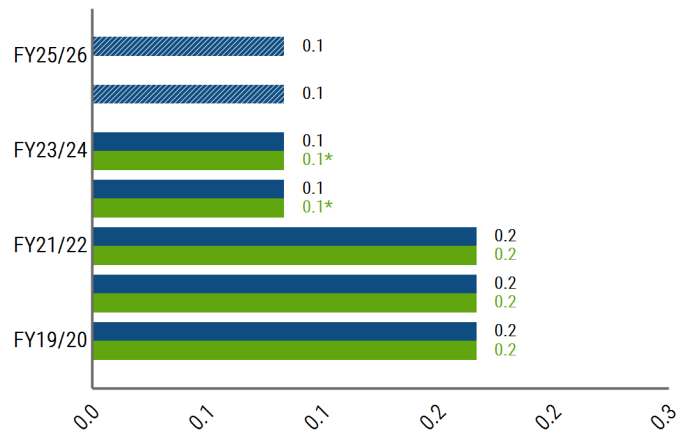
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$0.1 million, which remains relatively flat from the FY 2022/23 adopted budget.

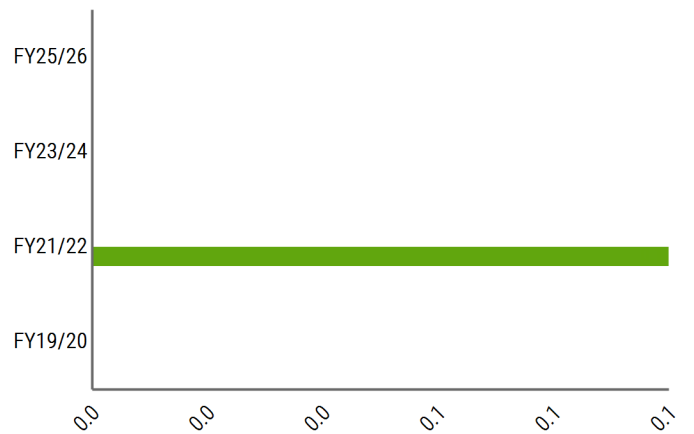
FY 2019/20 to FY 2025/26 (in millions)



GAAP ADJUSTMENT

A GAAP Adjustment was recorded in FY 2021/22 to align with fund balance calculation used in the Annual Financial Report.

FY 2019/20 to FY 2025/26 (in millions)



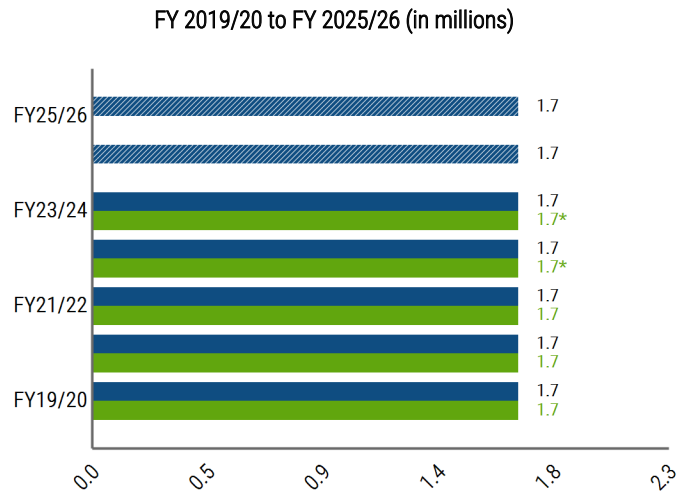
FORECAST BUDGET ACTUAL/FORECAST*

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 2023/24 adopted budget is \$1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.

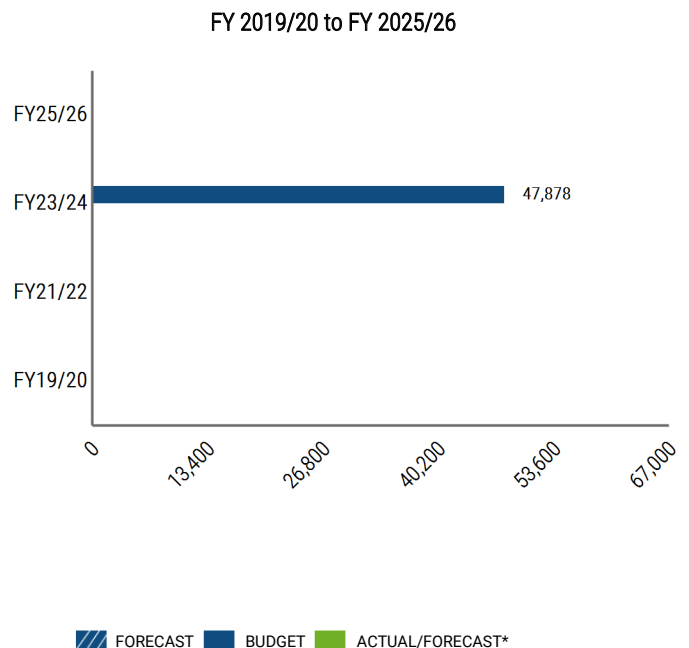


NON-DIVISIONAL USES

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 2022/23 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 reflects the anticipated cost to implement the recommendations from the Public Service Personnel Consultants Classification and Compensation study that will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$47,878.

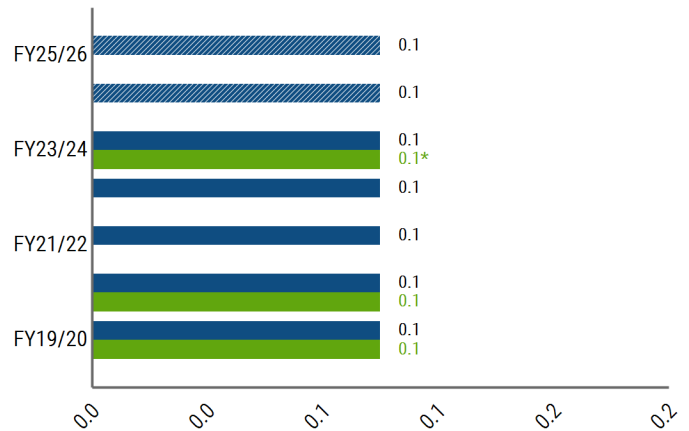


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

FUEL AND MAINT AND REPAIR

Beginning in FY 2019/20, 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 2023/24 Fuel and Maint and Repair adopted budget is \$0.1 million, budgeted at the division level.

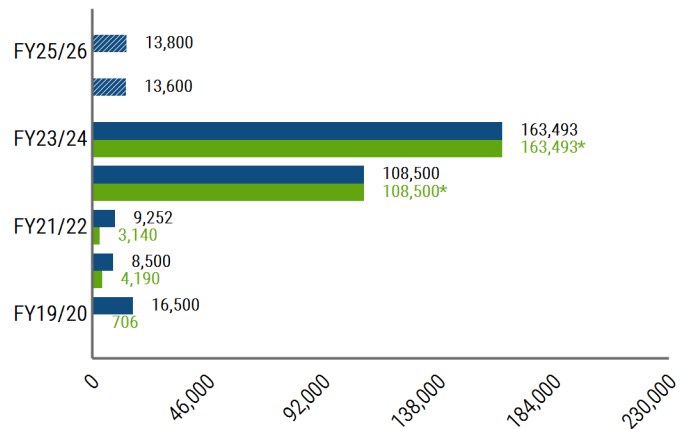
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 leave accrual payments of \$163,493, include \$104,000 budgeted for medical leave accrual payouts, \$56,000 budgeted for vacation leave accrual payouts, and \$3,493 in parental leave budget. The FY 2022/23 year-end forecast and FY 2019/20 - FY 2021/22 actuals displayed are recorded and reported as part of the division's expenditures.

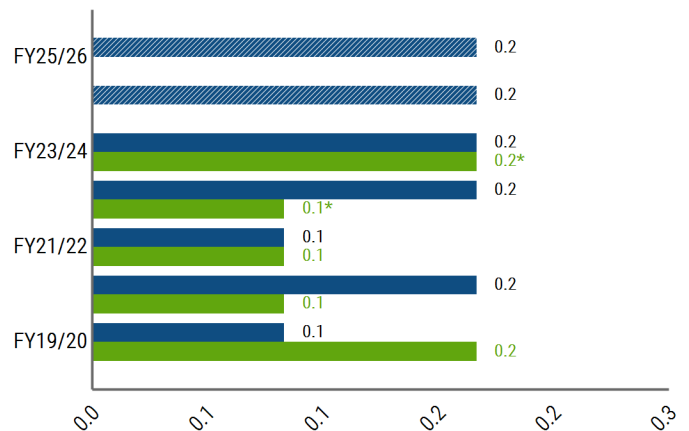
FY 2019/20 to FY 2025/26



UTILITIES

Beginning in FY 2020/21, 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 2023/24 Utilities adopted budget is \$0.2 million which remains relatively flat when compared to the FY 2022/23 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)

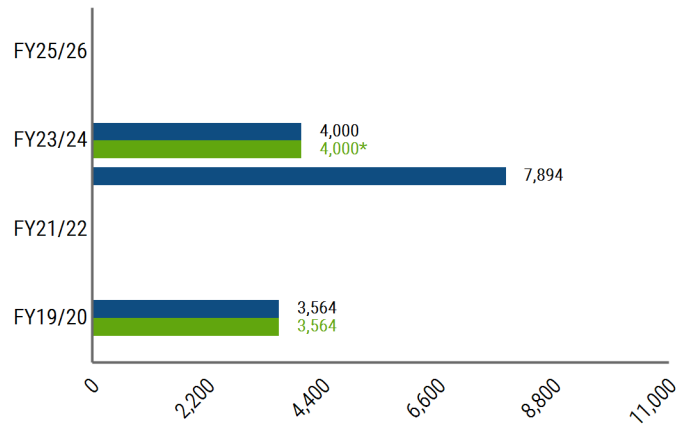


FORECAST BUDGET ACTUAL/FORECAST*

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 between October 24, 2021 and October 22, 2022, may elect to trade up to 40 hours of vacation time for cash. The program was canceled in FY 2020/21 and in FY 2021/22, but has been restated for FY 2022/23. The FY 2023/24 Vacation Trade adopted budget is \$4,000.

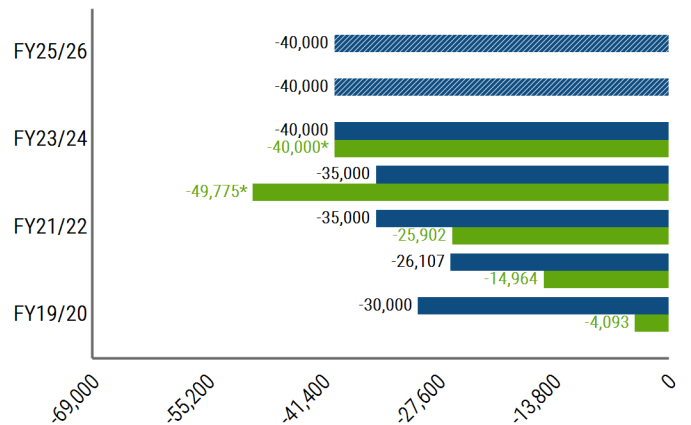
FY 2019/20 to FY 2025/26



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2023/24 is estimated at (\$40,000), which includes anticipated retirements within the city, and the impact of challenges in the labor market.

FY 2019/20 to FY 2025/26



TRANSFERS OUT

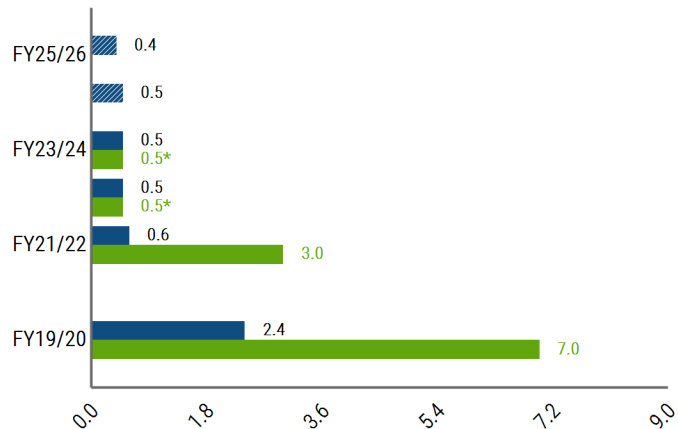
Transfers Out are the authorized movement of cash to other funds and/or capital projects. More specific information is detailed below.

/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

CIP

Transfers Out CIP are used to fund capital projects related to the Airport. The FY 2023/24 CIP adopted budget is \$0.5 million. FY 2019/20 includes a transfer to the Capital Improvement Plan (CIP) for the design and construction of aircraft box hangars and pavement preservation at the airport that was budgeted, but not processed in FY 2018/19.

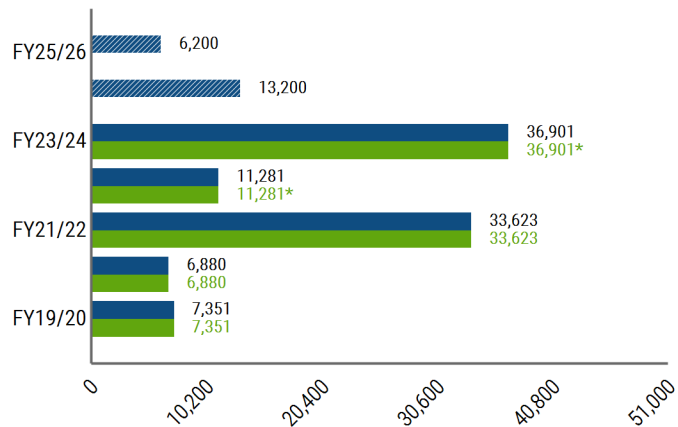
FY 2019/20 to FY 2025/26 (in millions)



CIP TECHNOLOGY

CIP Technology is the authorized transfer to CIP to fund technology-related capital projects. The FY 2023/24 adopted budget is \$36,901.

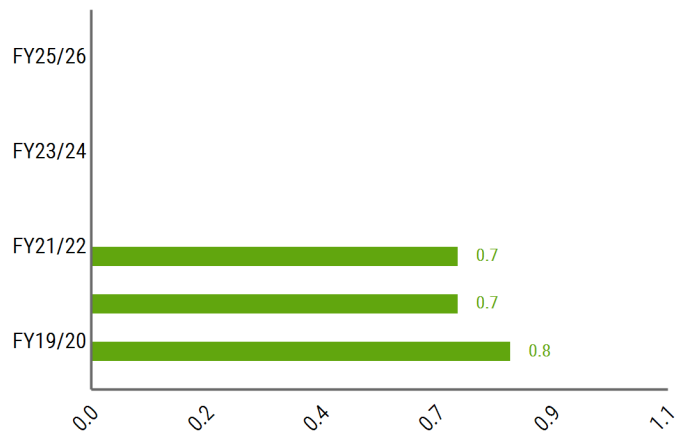
FY 2019/20 to FY 2025/26



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 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

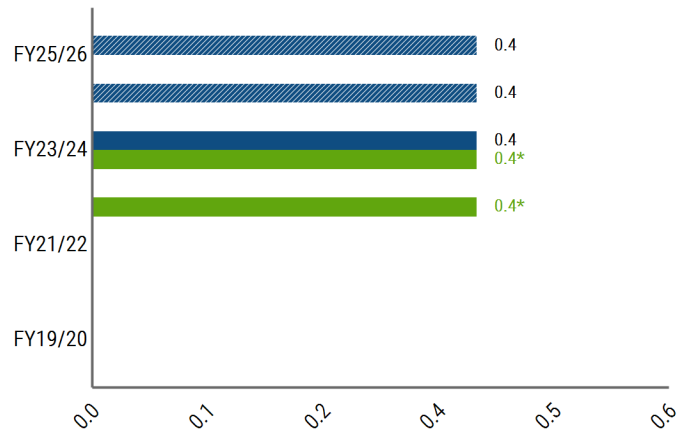
AVIATION FUND ENDING BALANCE

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 2023/24 Debt Service Reserve is \$0.4 million.

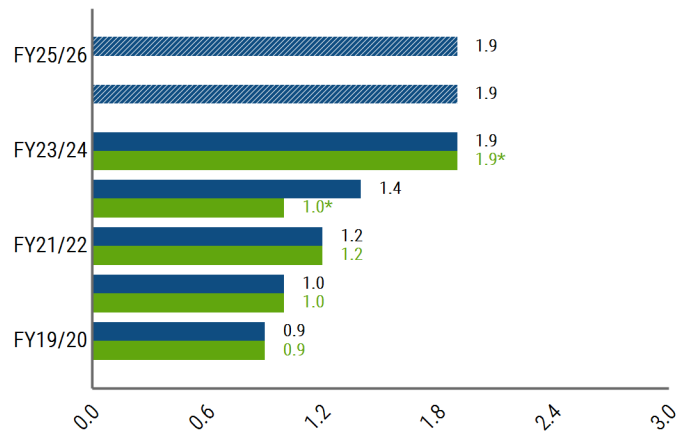
FY 2019/20 to FY 2025/26 (in millions)



FLEET REPLACEMENT RESERVE

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of aviation vehicles and heavy equipment. The FY 2023/24 Fleet Replacement Reserve ending fund balance is \$1.9 million.

FY 2019/20 to FY 2025/26 (in millions)

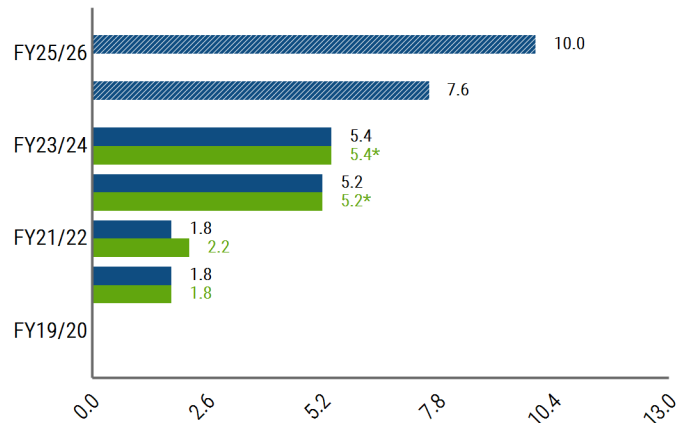


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 is \$5.4 million.

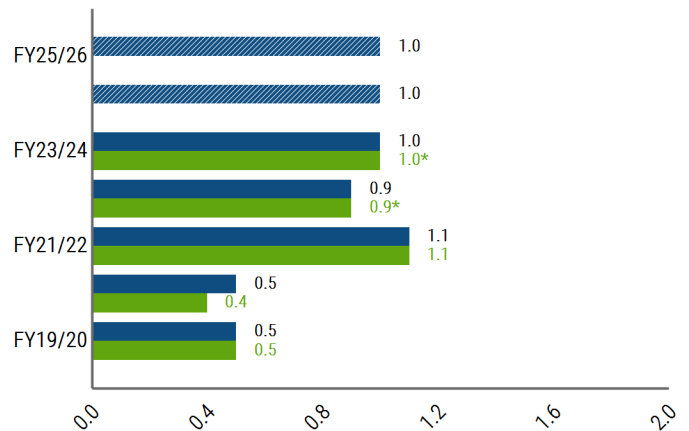
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 ending fund balance includes an Operating Reserve of \$1.0 million.

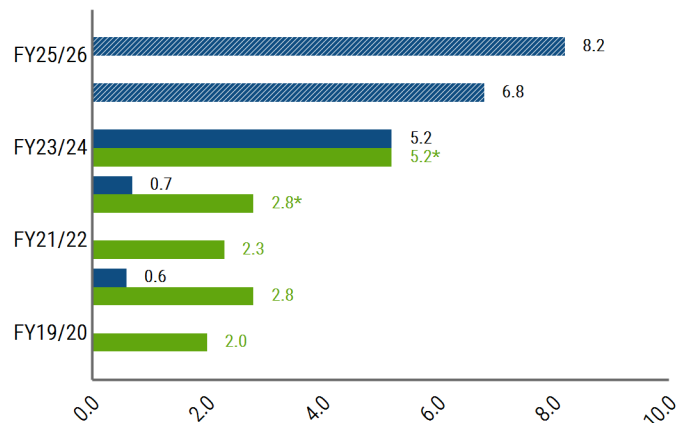
FY 2019/20 to FY 2025/26 (in millions)



UNDESIGNATED, UNRESERVED FUND BALANCE

The Undesignated, Unreserved 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. The FY 2023/24 ending Undesignated, Unreserved Fund Balance is \$5.2 million.

FY 2019/20 to FY 2025/26 (in millions)

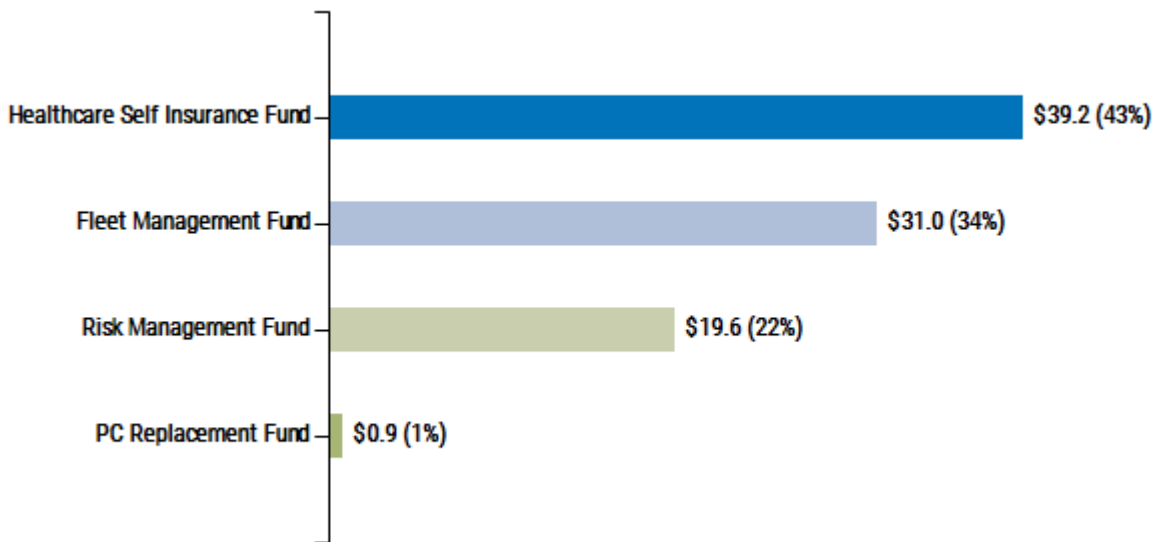


FORECAST BUDGET ACTUAL/FORECAST*

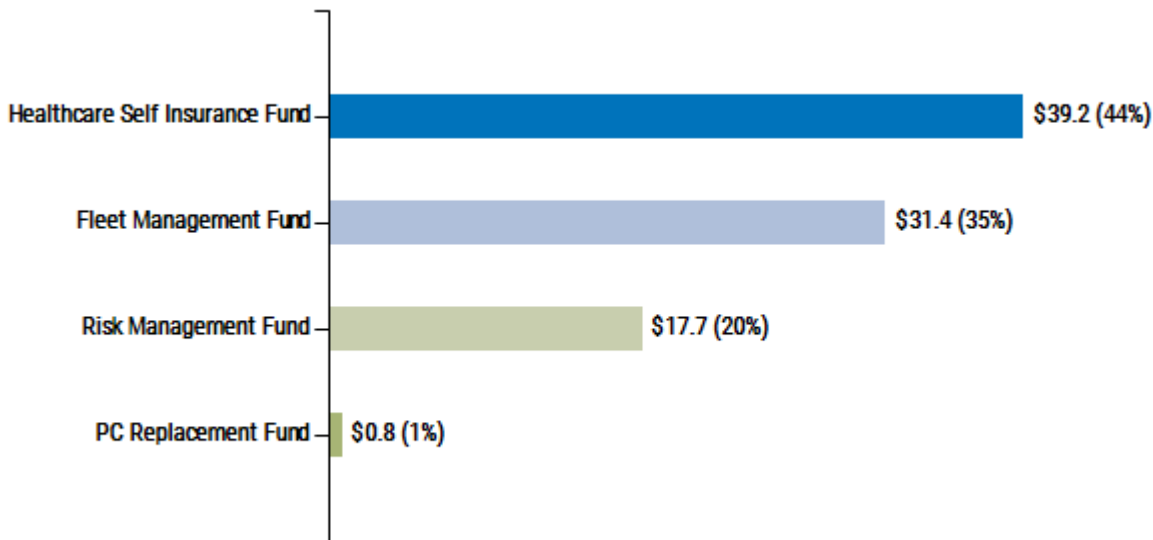
INTERNAL SERVICE FUNDS DESCRIPTION

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)
\$90.7 Million



Internal Service Funds Uses (% to Total)
\$89.1 Million



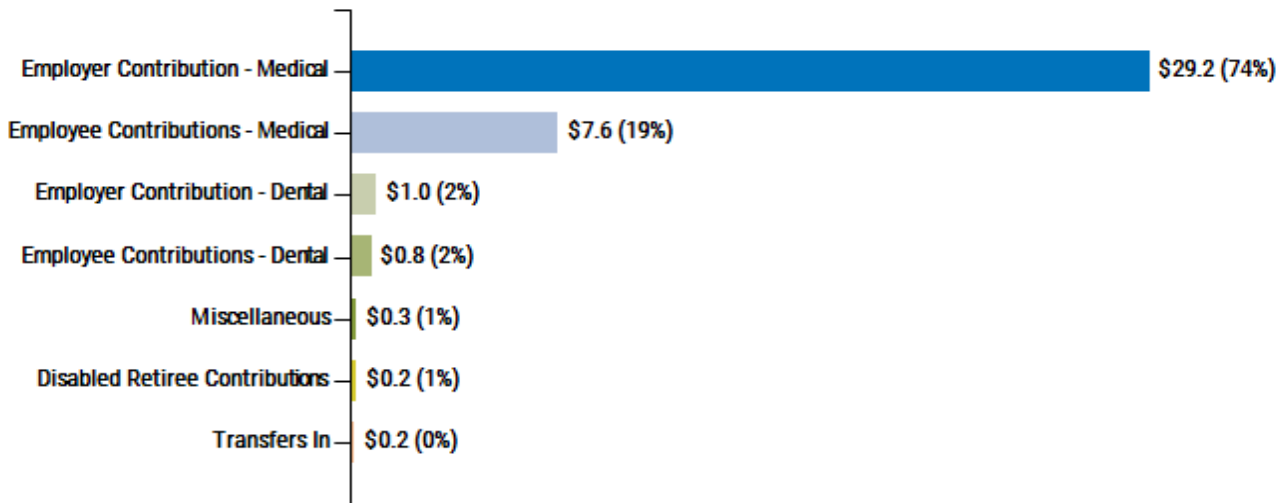


FY 2023/24 Adopted Budget

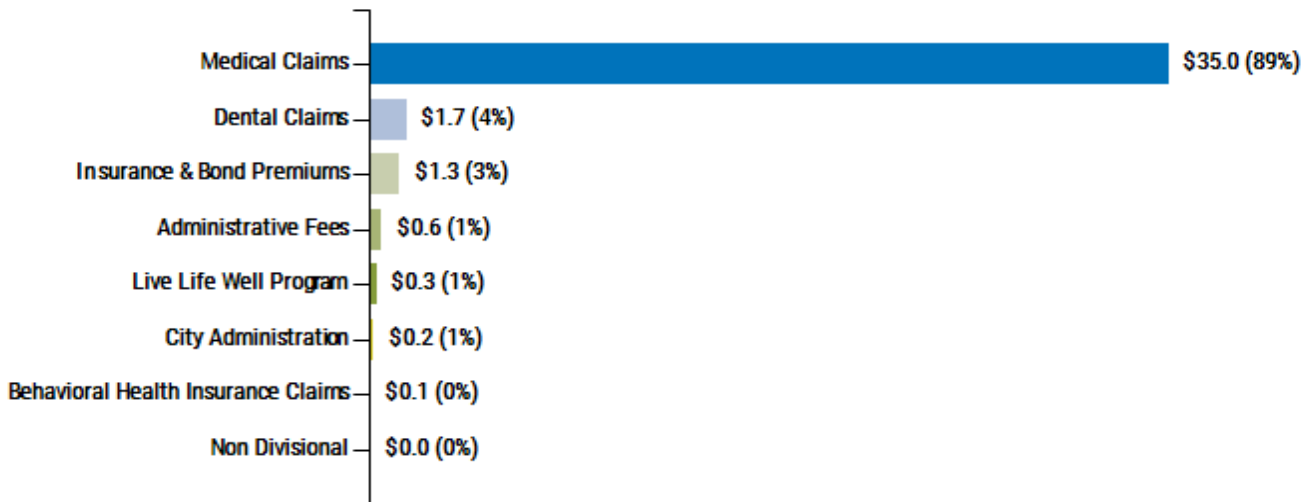
FUND PURPOSE

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)
\$39.2 Million



Healthcare Self Insurance Fund Uses (% to Total)
\$39.2 Million



Rounding differences may occur.

BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
IBNR Reserve	2,225,382	2,633,492	2,633,492	2,569,600
Operating Contingency	2,525,837	2,987,053	2,987,053	2,915,070
Premium Stabilization Reserve	2,981,883	2,995,596	2,995,596	3,163,047
Undesignated, Unreserved Fund Balance	12,383,420	10,007,270	10,296,168	11,126,173
Total Beginning Fund Balance	20,116,522	18,623,411	18,912,309	19,773,890
Revenues				
Employer Contribution - Medical	24,294,641	28,619,388	26,483,988	29,229,111
Employee Contributions - Medical	7333970.04	8247684	7,862,584	7,599,568
Employer Contribution - Dental	787,688	981,016	981,016	962,436
Employee Contributions - Dental	722,500	778,368	778,368	793,935
Miscellaneous	392,828	284,000	284,000	251,100
Disabled Retiree Contributions	310,904	250,908	250,908	239,379
<i>Subtotal</i>	33,842,532	39,161,364	36,640,864	39,075,529
Transfers In				
Operating	109,831	137,874	137,874	170,038
<i>Subtotal</i>	109,831	137,874	137,874	170,038
Total Sources	39,897,333	38,940,845	45,653,269	55,454,530
Expenditures				
Medical Claims	31,534,863	34,615,089	32,020,089	35,028,489
Dental Claims	1,472,610	1,486,467	1,486,467	1,651,894
Insurance & Bond Premiums	1,009,465	981,220	1,178,020	1,333,720
Administrative Fees	572903.13	579,480	579,480	579,480
Live Life Well Program	252609.42	336,538	336,538	335,597
City Administration	199244.21	231,342	229,870	204,709
Behavioral Health Insurance Claims	114879.94	86693	86693	86693
<i>Class and Comp Study^(a)</i>	0	0	0	3,359
<i>Subtotal</i>	35,156,575	38,316,829	35,917,157	39,223,941
TOTAL OPERATING BUDGET	35,156,575	38,316,829	35,917,157	39,223,941
Total Uses	35,156,575	38,316,829	35,917,157	39,223,941
Sources Over/(Under) Uses	(1,204,213)	982,409	861,581	21,626
Ending Fund Balance				
IBNR Reserve	2633492	2769415	2569600	2812827
Operating Contingency	2,987,053	3,140,835	2,915,070	3,191,193
Operating Reserve	2,995,596	3,382,331	3,163,047	3,377,725
Undesignated, Unreserved Fund Balance	10,296,168	10,313,239	11,126,173	10,413,771
Total Ending Fund Balance	18,912,309	19,605,820	19,773,890	19,795,516

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

BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
IBNR Reserve	2,569,600	2,812,827	2,957,487	3,106,221	3,262,463
Operating Contingency	2,915,070	3,191,193	3,355,294	3,524,031	3,701,285
Premium Stabilization Reserve	3,163,047	3,377,725	3,548,008	3,726,958	3,930,338
Undesignated, Unreserved Fund Balance	11,126,173	10,413,771	9,945,427	9,481,306	9,151,630
Total Beginning Fund Balance	19,773,890	19,795,516	19,806,216	19,838,516	20,045,716
Revenues					
Employer Contribution - Medical	29,229,111	30,730,400	32,309,000	34,144,900	36,086,000
Employee Contributions - Medical	7,599,568	7,979,500	8,378,400	8,797,400	9,237,300
Employer Contribution - Dental	962,436	1,010,600	1,061,100	1,114,100	1,169,800
Employee Contributions - Dental	793,935	809,800	826,000	842,500	859,400
Miscellaneous	251,100	253,100	255,100	257,400	259,300
Disabled Retiree Contributions	239,379	251,400	264,100	277,400	291,400
<i>Subtotal</i>	39,075,529	41,034,800	43,093,700	45,433,700	47,903,200
Transfers In					
Operating	170,038	194,500	209,600	225,500	242,900
<i>Subtotal</i>	170,038	194,500	209,600	225,500	242,900
Total Sources	55,454,530	52,984,500	52,769,300	53,393,300	54,081,600
Expenditures					
Medical Claims	35,028,489	36,832,100	38,684,900	40,631,200	42,676,300
Dental Claims	1,651,894	1,734,500	1,821,200	1,912,300	2,007,900
Insurance & Bond Premiums	1,333,720	1,404,200	1,478,000	1,555,700	1,638,000
Administrative Fees	579,480	601,900	625,400	649,700	675,100
Live Life Well Program	335,597	336,500	337,200	337,900	345,700
City Administration	204,709	214,100	223,400	258,400	249,100
Behavioral Health Insurance Claims	86,693	91,900	97,400	103,200	109,500
<i>Class and Comp Study^(a)</i>	3,359	3,400	3,500	3,600	3,600
<i>Subtotal</i>	39,223,941	41,218,600	43,271,000	45,452,000	47,705,200
 TOTAL OPERATING BUDGET	 39,223,941	 41,218,600	 43,271,000	 45,452,000	 47,705,200
Total Uses	39,223,941	41,218,600	43,271,000	45,452,000	47,705,200
Sources Over/(Under) Uses	21,626	10,700	32,300	207,200	440,900
Ending Fund Balance					
IBNR Reserve	281,282	295,748	310,622	326,243	342,662
Operating Contingency	3,191,193	3,355,294	3,524,031	3,701,285	3,887,525
Operating Reserve	3,377,725	3,548,008	3,726,958	3,930,338	4,145,019
Undesignated, Unreserved Fund Balance	10,413,771	9,945,427	9,481,306	9,151,630	9,027,444
Total Ending Fund Balance	19,795,516	19,806,216	19,838,516	20,045,716	20,486,616

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

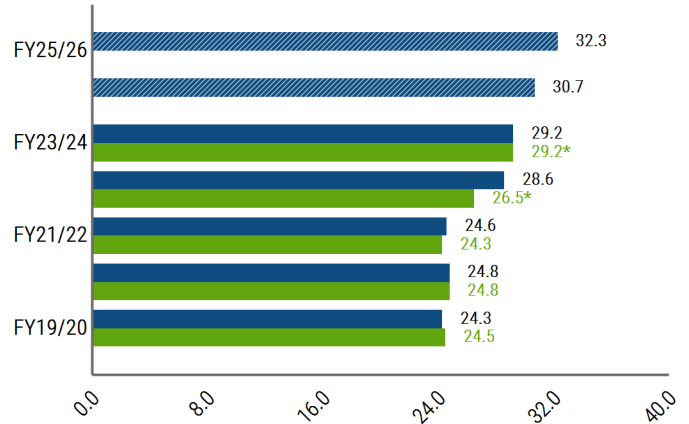
HEALTHCARE SELF INSURANCE FUND SOURCES

Healthcare Self Insurance Fund sources for FY 2023/24 equal \$39.2 million, which is a decrease of \$0.1 million from the FY 2022/23 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 2023/24 adopted budget of \$29.2 million represents an increase of \$0.6 million from the FY 2022/23 adopted budget due to the 7.3 percent projected healthcare plan cost increases.

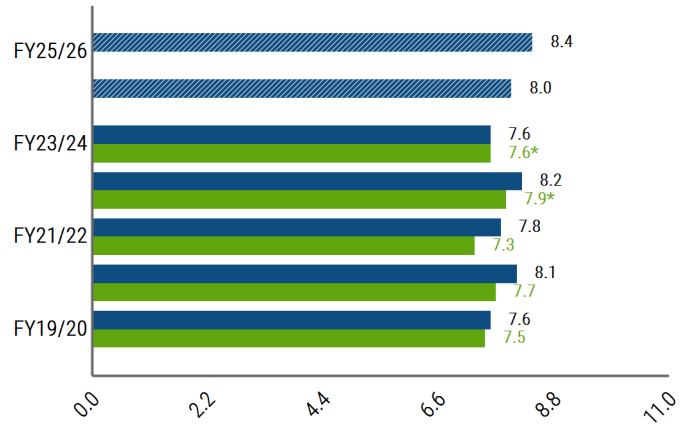
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget of \$7.6 million represents a decrease of \$0.6 million from the FY 2022/23 adopted budget due to a decrease in COBRA participants.

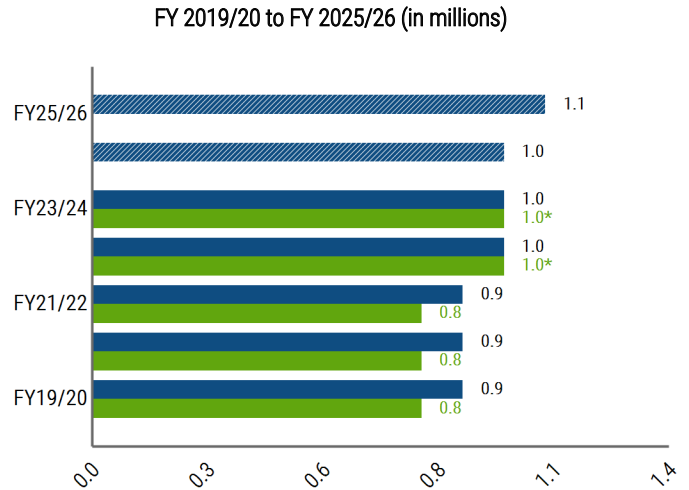
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

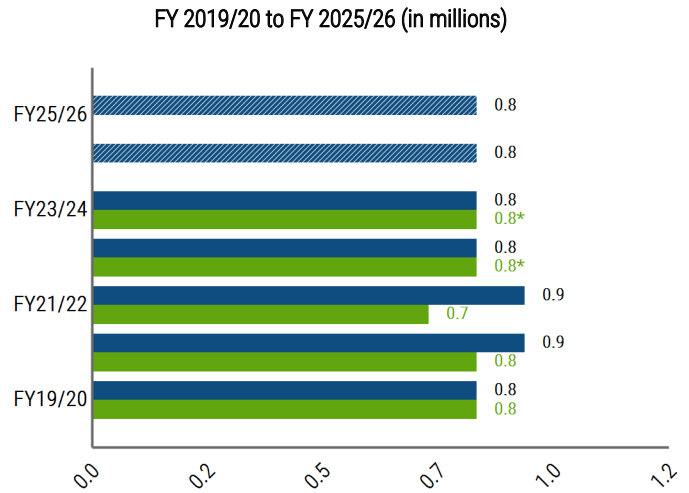
EMPLOYER CONTRIBUTION - DENTAL

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 2023/24 adopted budget of \$1.0 million remains flat compared to the FY 2022/23 adopted budget.



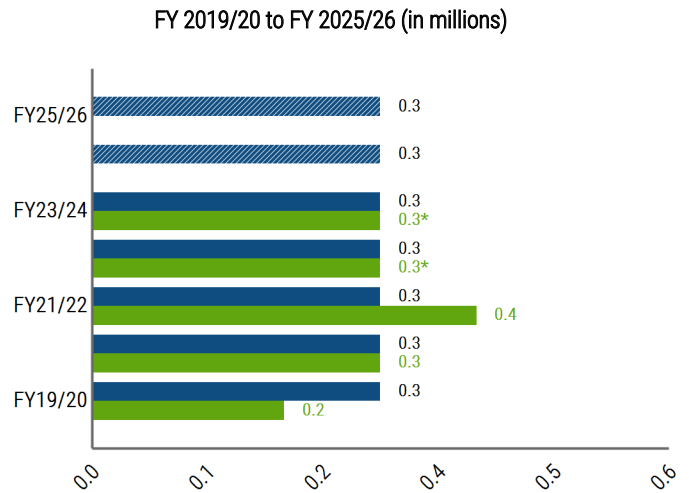
EMPLOYEE CONTRIBUTIONS - DENTAL

Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. The FY 2023/24 adopted budget of \$0.8 million remains flat compared to the FY 2022/23 adopted budget.



MISCELLANEOUS

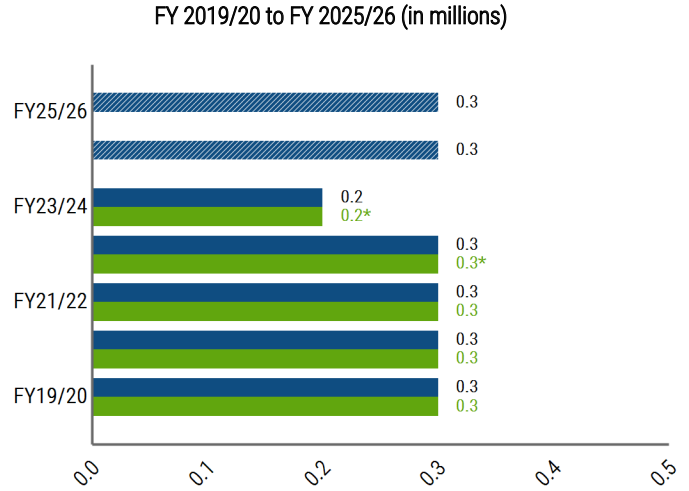
Miscellaneous revenues include state subsidy contributions for qualifying employees as well as reimbursements on medical claims over the city's stop loss limit. The FY 2023/24 adopted budget of \$0.3 million remains flat compared to the FY 2022/23 adopted budget.



/// 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 2023/24 adopted budget of \$0.2 million represents a decrease of \$0.1 million when compared to the FY 2022/23 adopted budget.

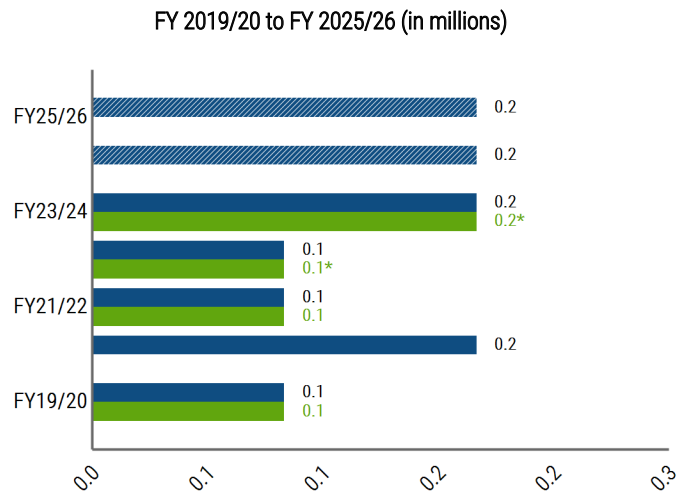


TRANSFERS IN

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 2023/24 is \$0.2 million, which is an increase of \$0.1 million when compared to the FY 2022/23 adopted budget.



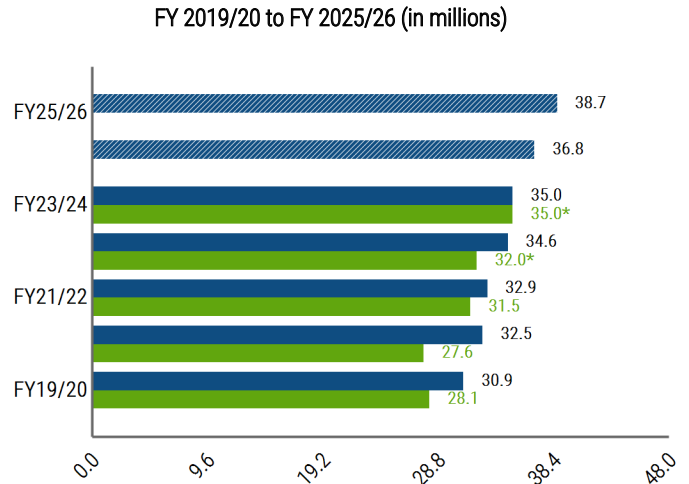
HEALTHCARE SELF INSURANCE FUND USES

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*

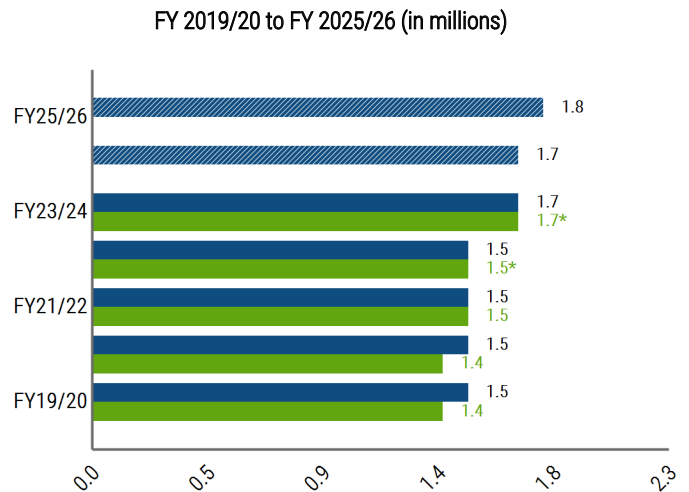
MEDICAL CLAIMS

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 2023/24 adopted budget of \$35.0 million represents an increase of \$0.4 million from the FY 2022/23 adopted budget mostly due to the increasing costs of healthcare.



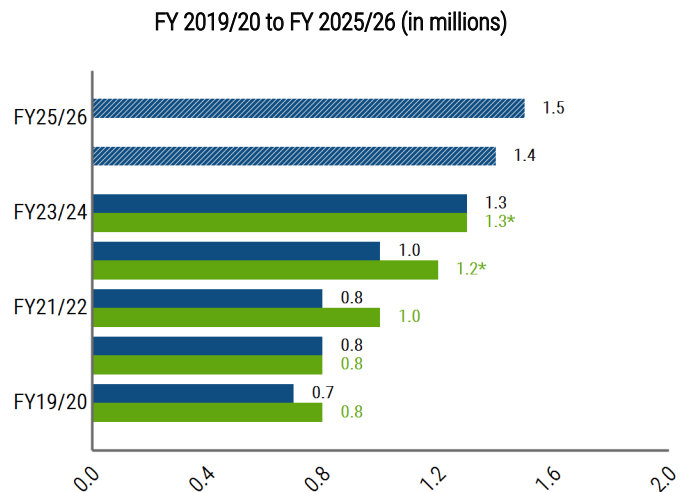
DENTAL CLAIMS

Dental Claims includes all dental claims expenses for members of the plans, including employees and their families and COBRA participants. The FY 2023/24 adopted budget of \$1.7 million represents an increase of \$0.2 million from the FY 2022/23 adopted budget mostly due to the increasing costs of dental care.



INSURANCE & BOND PREMIUMS

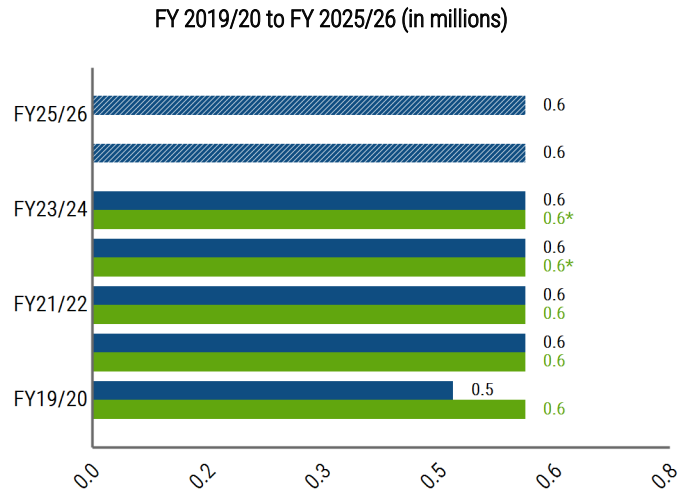
Insurance & Bond Premiums include the stop-loss insurance purchased to limit the city's exposure to large dollar claims. This type of coverage is used to ensure catastrophic claims do not upset the financial reserves of the self funded plan. The FY 2023/24 adopted budget of \$1.3 million represents a \$0.3 million increase when compared to the FY 2022/23 adopted budget primarily due to rising costs for excess liability coverage for all plans by roughly 35 percent.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

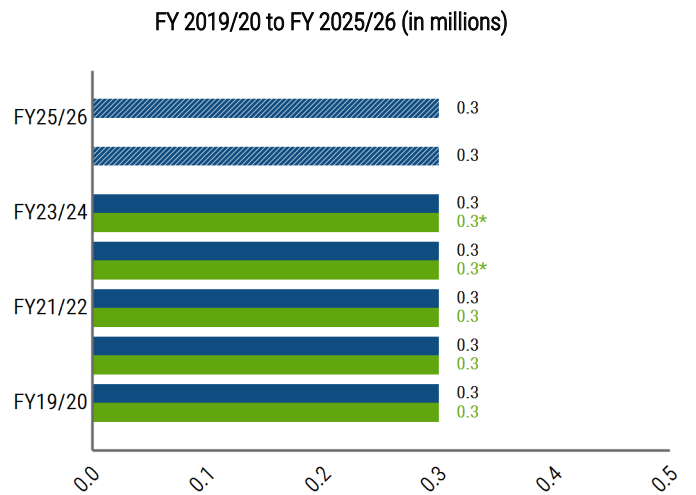
ADMINISTRATIVE FEES

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The FY 2023/24 adopted budget of \$0.6 million is flat compared to the FY 2022/23 adopted budget.



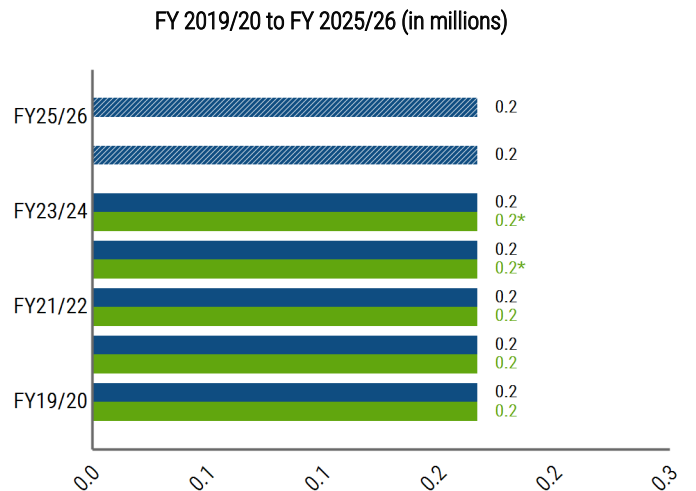
LIVE LIFE WELL PROGRAM

Live Life Well Program includes incentives to employees to encourage participation in various health and wellness events, challenges, activities, and classes. The FY 2023/24 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.



CITY ADMINISTRATION

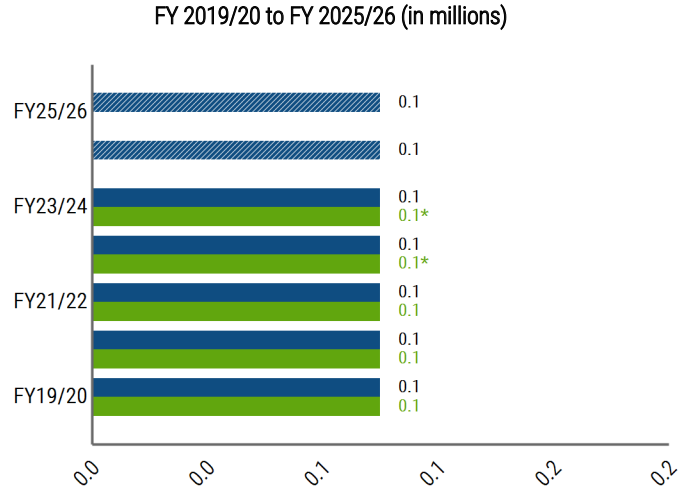
The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental, and wellness plans. The adopted FY 2023/24 budget of \$0.2 million remains flat when compared to the FY 2022/23 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

BEHAVIORAL HEALTH INSURANCE CLAIMS

Behavioral Health Insurance Claims includes all behavioral claims expenses. The FY 2023/24 adopted budget of \$0.1 million remains flat when compared to the FY 2022/23 adopted budget.

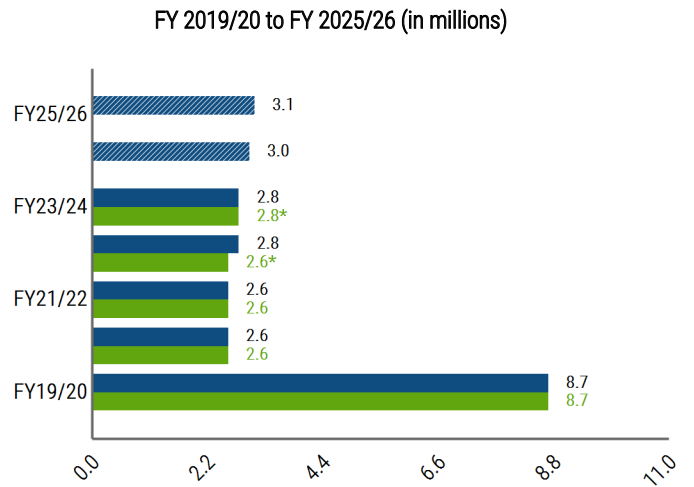


HEALTHCARE SELF INSURANCE ENDING FUND BALANCE

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 an Undesignated, Unreserved Fund Balance.

IBNR RESERVE

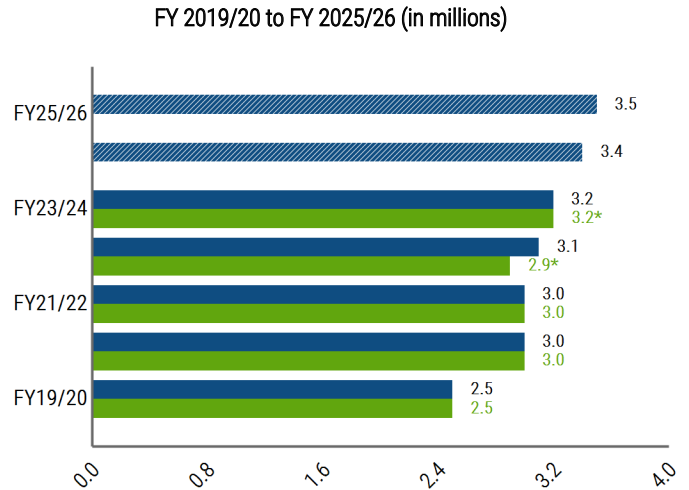
Reserve for incurred but not reported (IBNR) claims. The IBNR Reserve represents the liability that occurs for claims incurred but paid after the end of a fiscal year and it is calculated as the sum of 7.7 percent of Medical Claims and 7.0 percent of Dental Claims. The projected FY 2023/24 IBNR Reserve of \$2.8 million remains flat when compared to the FY 2022/23 adopted budget.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

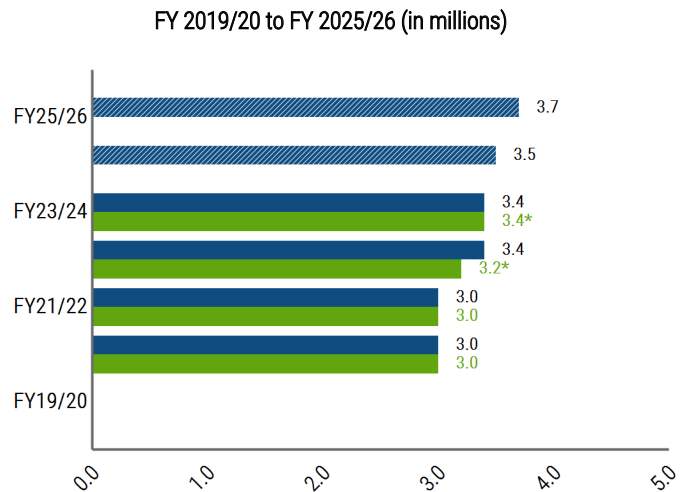
OPERATING CONTINGENCY

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 2023/24 adopted budget of \$3.2 million represents an increase of \$0.1 million compared to the FY 2022/23 adopted budget.



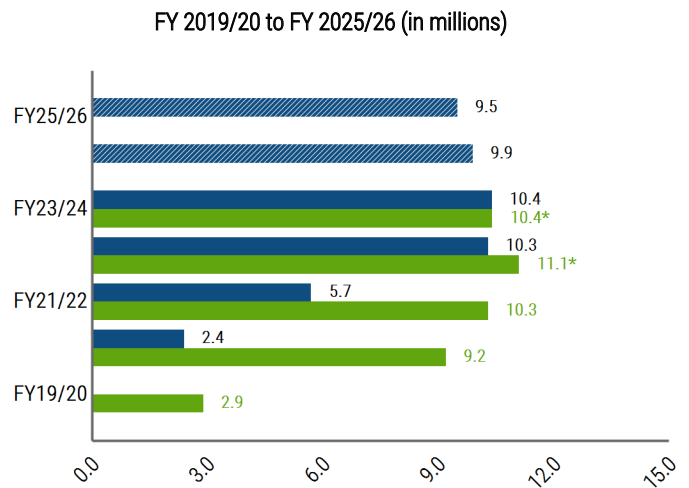
PREMIUM STABILIZATION RESERVE

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 FY 2023/24 adopted budget of \$3.4 million remains flat when compared to the FY 2022/23 adopted budget.



UNDESIGNATED, UNRESERVED FUND BALANCE

The Undesignated, Unreserved 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 FY 2023/24 ending Undesignated, Unreserved Fund Balance of \$10.4 million represents an increase of \$0.1 million compared to the FY 2022/23 adopted budget.

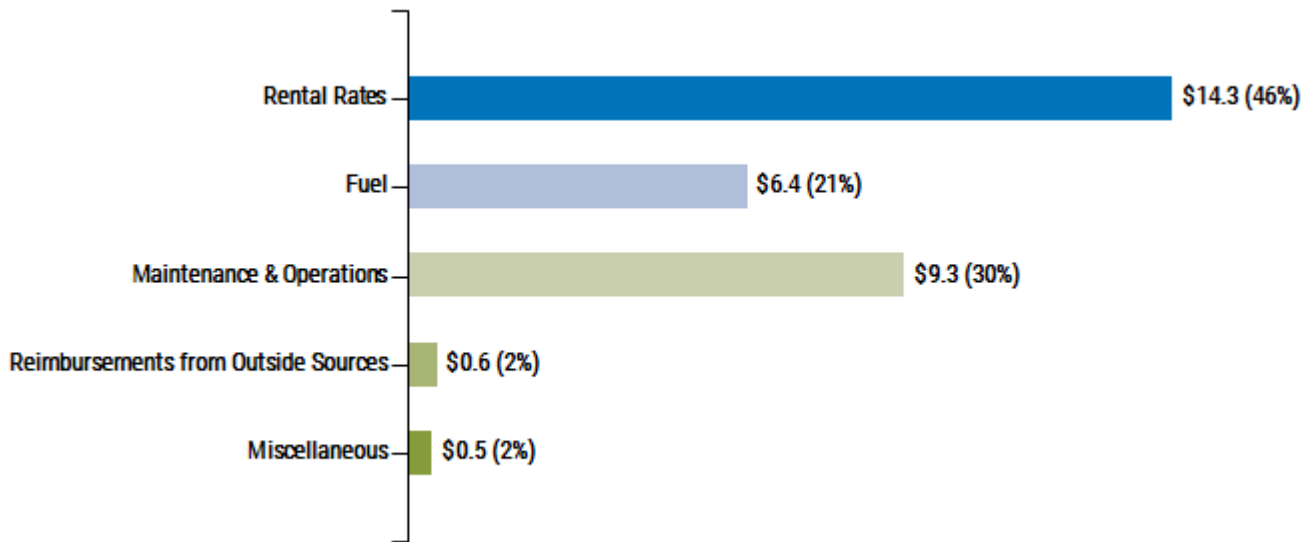


FORECAST BUDGET ACTUAL/FORECAST*

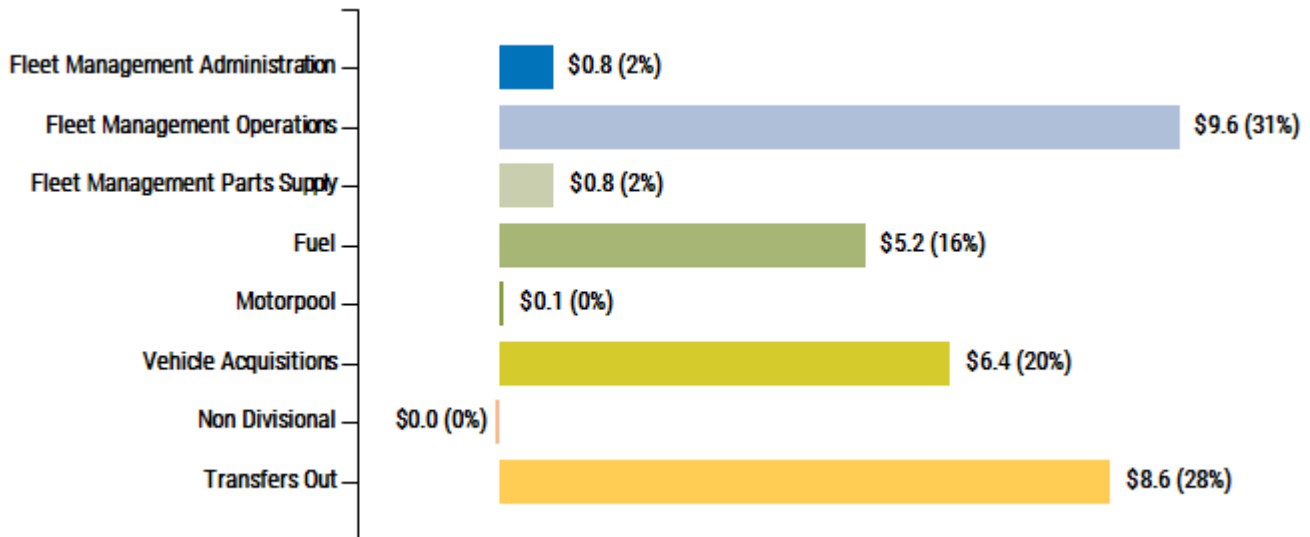
FUND PURPOSE

This 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 become revenue to the Fleet Management Fund.

Fleet Management Fund Sources (% to Total)
\$31.0 Million



Fleet Management Fund Uses (% to Total)
\$31.4 Million



Rounding differences may occur.

BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Operating Contingency ^(a)	-	-	-	3,000,000
Undesignated, Unreserved Fund Balance	12,098,297	5,805,328	9,805,949	6,881,940
Total Beginning Fund Balance	12,098,297	5,805,328	9,805,949	9,881,940
Revenues				
Rental Rates	9,995,988	14,469,480	14,469,480	14,303,617
Fuel	3,896,011	5,183,460	5,183,460	6,351,853
Maintenance & Operations	8,369,217	9,408,048	9,408,048	9,298,220
Reimbursements from Outside Sources	369,735	540,225	540,225	556,432
Miscellaneous	499,187	456,157	456,157	468,951
GAAP Adjustment ^(b)	1,067,119	-	-	-
Subtotal	24,197,257	30,057,370	30,057,370	30,979,073
Transfers In				
CIP ^(c)	110,607	1,900,000	1,900,000	-
Operating	105,609	-	-	-
Subtotal	216,216	1,900,000	1,900,000	-
Total Sources	24,413,473	31,957,370	31,957,370	30,979,073
Expenditures				
Fleet Management Administration	646,930	708,612	725,373	764,604
Fleet Management Operations	8,563,694	9,531,520	9,038,936	9,618,499
Fleet Management Parts Supply	650,677	821,086	753,693	782,080
Fuel	3,755,981	5,137,812	5,138,024	5,173,184
Motorpool	63,286	65,748	57,919	79,091
Vehicle Acquisitions	9,612,547	14,423,311	14,173,311	6,372,730
Class and Comp Study ^(d)	-	-	-	142,273
Fuel and Maint and Repair ^(e)	-	-	129,769	-
Leave Accrual Payments / Parental Leave	-	90,000	15,862	111,959
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(300,000)	-	(300,000)
Vacation Trade	-	19,094	-	6,256
Subtotal	23,293,115	30,497,183	30,032,887	22,750,676
TOTAL OPERATING BUDGET	23,293,115	30,497,183	30,032,887	22,750,676
Transfers Out				
CIP ^(f)	3,336,642	1,820,894	1,820,894	8,533,883
CIP Technology	76,064	27,598	27,598	102,237
Subtotal	3,412,706	1,848,492	1,848,492	8,636,120
Total Uses	26,705,821	32,345,675	31,881,379	31,386,796
Sources Over/(Under) Uses	(2,292,348)	(388,305)	75,991	(407,723)
Ending Fund Balance				
Operating Contingency	-	-	-	3,000,000
Undesignated, Unreserved Fund Balance	9,805,949	5,417,023	9,881,940	6,474,217
Total Ending Fund Balance	9,805,949	5,417,023	9,881,940	9,474,217

^(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.

^(b) Adjustment to align with fund balance calculation used in the Annual Comprehensive Financial Report.

^(c) In FY 2022/23, the North Corporation Yard Garage capital project returned \$1.9 million of funding to the Fleet Management Fund and utilized the Transportation Fund to fund the project.

^(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 moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

^(f) FY 2023/24 includes manufacturing cutbacks and parts shortages which has caused a delay in deliveries; therefore, many scheduled vehicle purchases will now take place in future years as well as shift of budget for long lead time vehicles to the CIP.

BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Operating Contingency ^(a)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	6,881,940	6,474,217	6,053,217	5,609,417	5,113,917
Total Beginning Fund Balance	9,881,940	9,474,217	9,053,217	8,609,417	8,113,917
Revenues					
Rental Rates	14,303,617	15,061,500	15,860,200	16,700,500	17,585,800
Fuel	6,351,853	6,478,900	6,608,500	6,740,600	6,875,400
Maintenance & Operations	9,298,220	9,698,000	10,115,100	10,550,000	11,003,700
Reimbursements from Outside Sources	556,432	567,600	578,900	590,500	602,300
Miscellaneous	468,951	482,100	495,600	509,600	524,000
GAAP Adjustment	-	-	-	-	-
Subtotal	30,979,073	32,288,100	33,658,300	35,091,200	36,591,200
Transfers In					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	30,979,073	32,288,100	33,658,300	35,091,200	36,591,200
Expenditures					
Fleet Management Administration	764,604	794,700	818,400	843,700	894,100
Fleet Management Operations	9,618,499	10,034,500	10,454,900	10,879,800	11,490,700
Fleet Management Parts Supply	782,080	822,600	863,100	902,600	975,700
Fuel	5,173,184	5,277,300	5,382,800	5,490,400	5,600,100
Motorpool	79,091	82,000	85,000	88,300	91,500
Vehicle Acquisitions	6,372,730	14,022,900	13,000,600	13,862,800	14,771,300
Class and Comp Study ^(b)	142,273	145,500	148,400	151,300	154,300
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments / Parental Leave	111,959	114,400	116,900	119,100	121,400
Operating Impacts	-	27,000	27,000	27,000	-
Savings from Vacant Positions	(300,000)	(306,800)	(312,900)	(319,100)	(325,500)
Vacation Trade	6,256	-	-	-	-
Subtotal	22,750,676	31,014,100	30,584,200	32,045,900	33,773,600
TOTAL OPERATING BUDGET	22,750,676	31,014,100	30,584,200	32,045,900	33,773,600
Transfers Out					
CIP ^(c)	8,533,883	1,659,800	3,500,000	3,500,000	3,500,000
CIP Technology	102,237	35,200	17,900	40,800	48,200
Subtotal	8,636,120	1,695,000	3,517,900	3,540,800	3,548,200
Total Uses	31,386,796	32,709,100	34,102,100	35,586,700	37,321,800
Sources Over/(Under) Uses	(407,723)	(421,000)	(443,800)	(495,500)	(730,600)
Ending Fund Balance					
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	6,474,217	6,053,217	5,609,417	5,113,917	4,383,317
Total Ending Fund Balance	9,474,217	9,053,217	8,609,417	8,113,917	7,383,317

^(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.

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

^(c) FY 2023/24 includes manufacturing cutbacks and parts shortages which has caused a delay in deliveries; therefore, many scheduled vehicle purchases will now take place in future years as well as shift of budget for long lead time vehicles to the CIP.

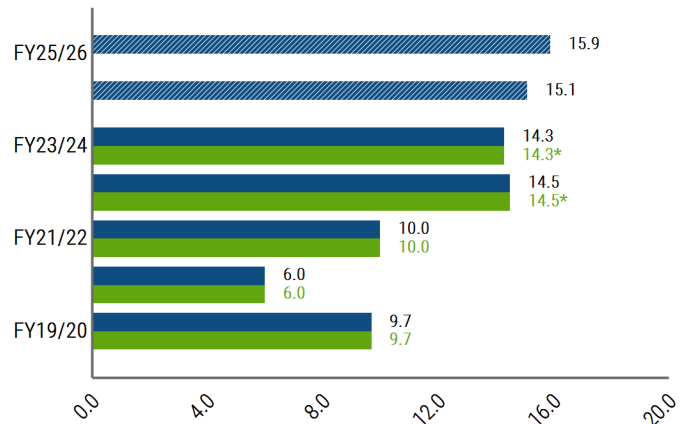
FLEET MANAGEMENT FUND SOURCES

Fleet Management Sources for FY 2023/24 equal \$31.0 million which is a decrease of \$1.0 million from the FY 2022/23 adopted budget. The Fleet Management Fund includes revenue 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 revenue 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 46 percent of the FY 2023/24 sources at \$14.3 million, which is a decrease of about \$0.2 million from the FY 2022/23 adopted budget.

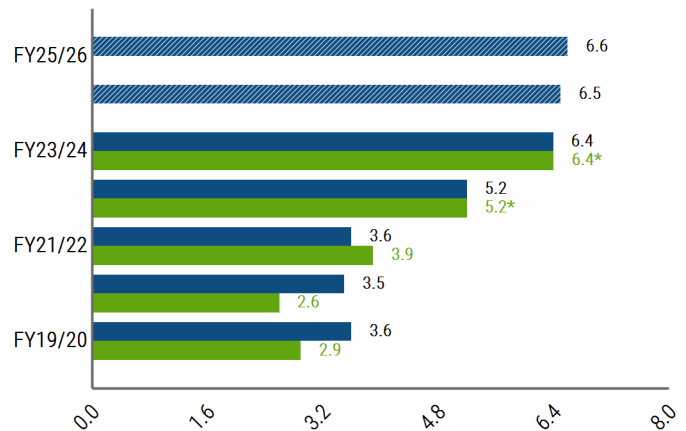
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$6.4 million, which is an increase of \$1.2 million when compared to the FY 2022/23 adopted budget. The increase is due to the rise in cost of fuel.

FY 2019/20 to FY 2025/26 (in millions)

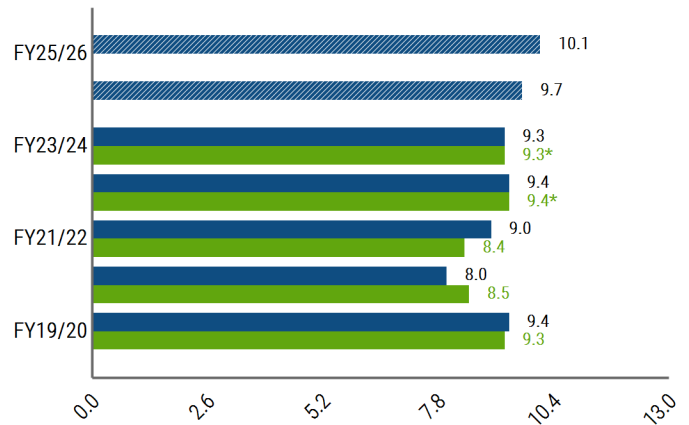


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 totals \$9.3 million, which is a decrease of \$0.1 million from the FY 2022/23 adopted budget.

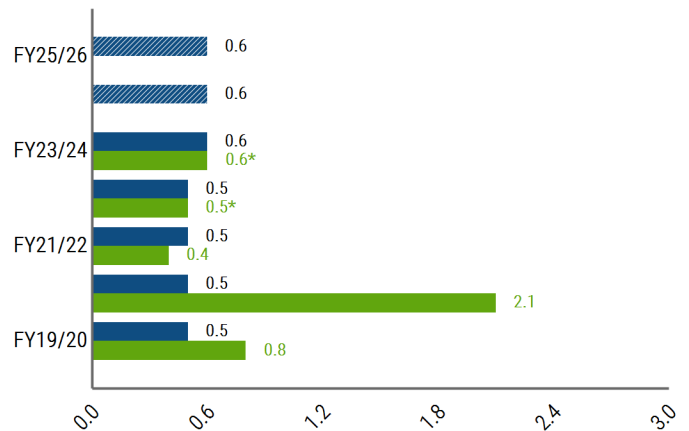
FY 2019/20 to FY 2025/26 (in millions)



REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursement 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 2023/24, which is flat from the FY 2022/23 adopted budget.

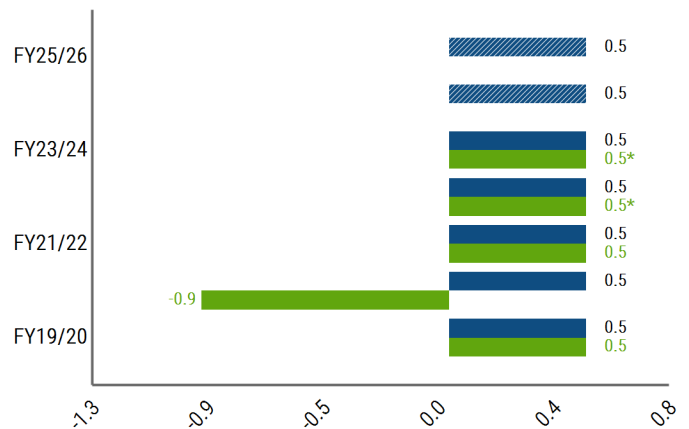
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 adopted budget is \$0.5 million, which is flat when compared to the FY 2022/23 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

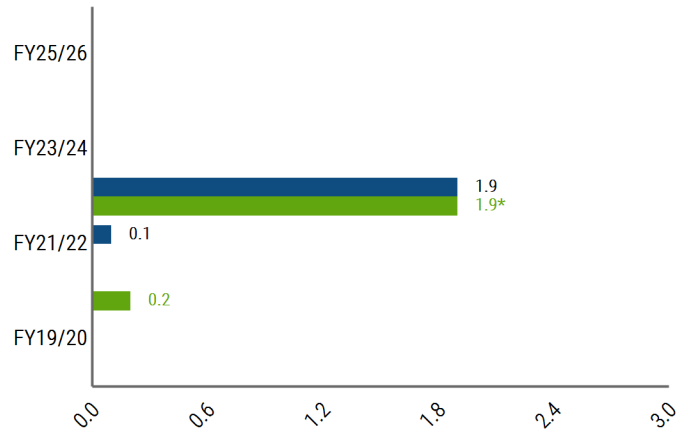
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. There are no Transfers In anticipated in FY 2023/24.

CIP

The Transfers In for FY 2022/23 represents half of the North Corporation Yard Garage CIP project that will also be funded by the Transportation Fund.

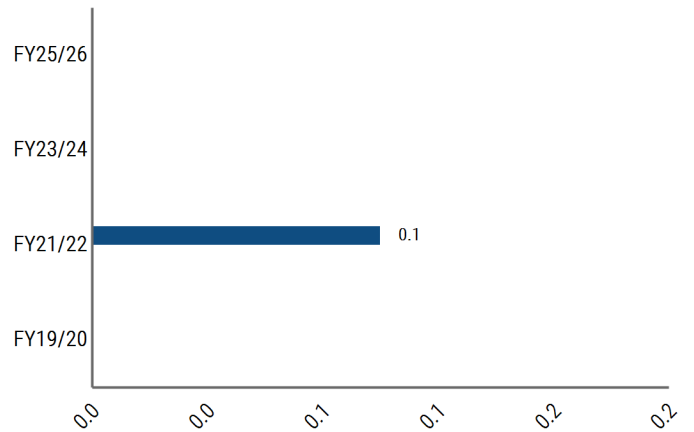
FY 2019/20 to FY 2025/26 (in millions)



OPERATING

FY 2021/22 Operating transfer in is for one-time bonuses paid to city employees funded by the AZ Cares funding.

FY 2019/20 to FY 2025/26 (in millions)



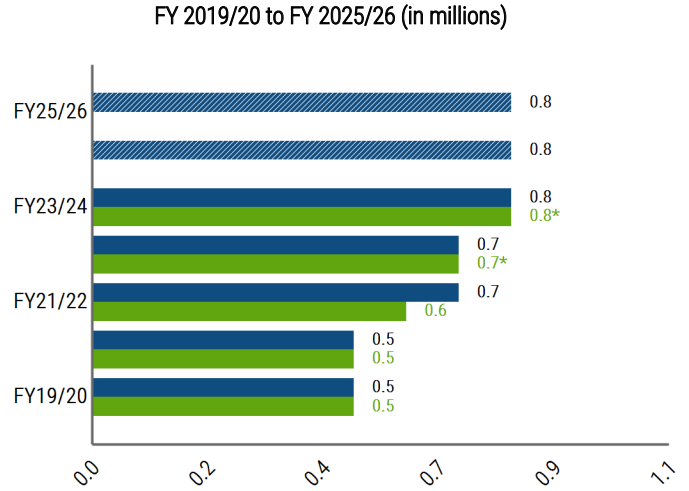
FLEET MANAGEMENT FUND USES

Fleet Management Uses for FY 2023/24 equal \$31.4 million which is a decrease of \$1.0 million from the FY 2022/23 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.

▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

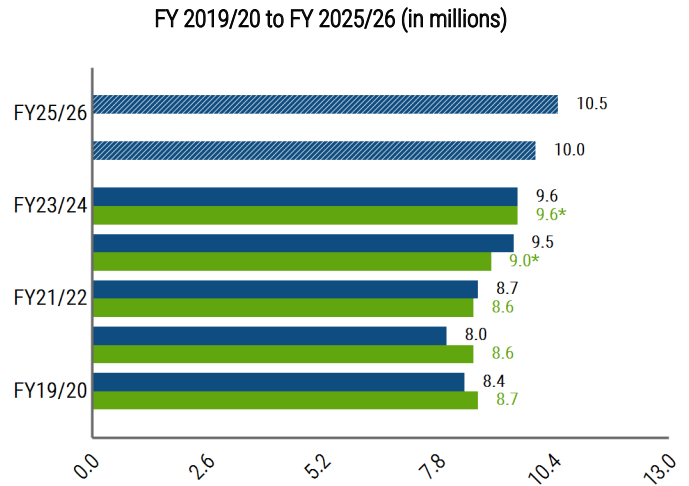
FLEET MANAGEMENT ADMINISTRATION

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 2023/24 adopted budget is \$0.8 million, which is an increase of \$0.1 million when compared to the FY 2022/23 adopted budget.



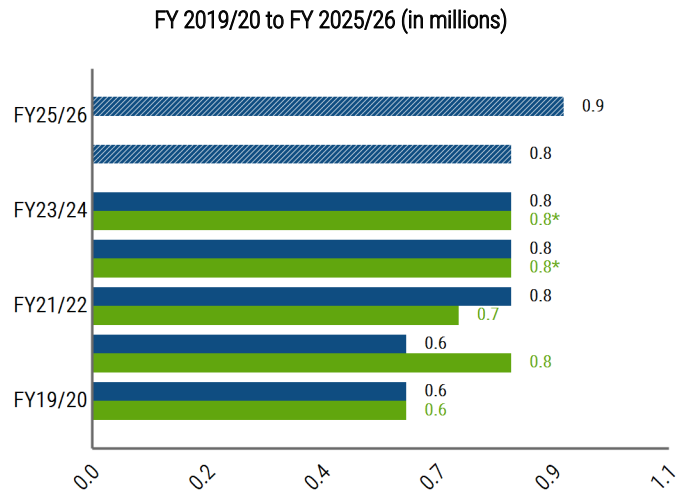
FLEET MANAGEMENT OPERATIONS

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 2023/24 adopted budget of \$9.6 million is a \$0.1 million increase over the FY 2022/23 adopted budget. The increase is due to higher anticipated fleet maintenance costs due to supply chain challenges and inflation.



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 2023/24 adopted budget is \$0.8 million, which is flat when compared to the FY 2022/23 adopted budget.

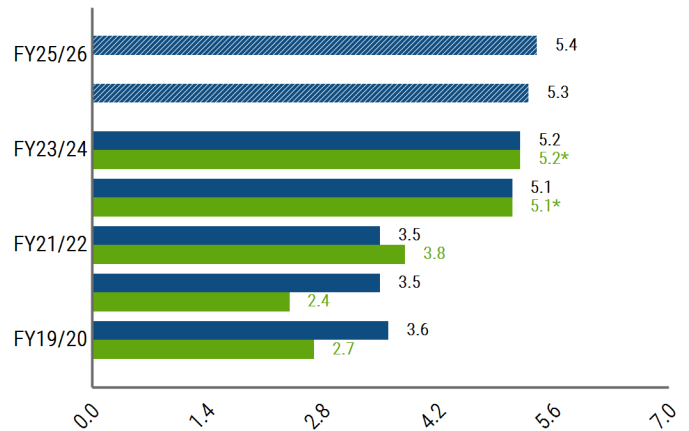


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

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 2023/24 adopted budget is \$5.2 million, which is relatively flat when compared to the FY 2022/23 adopted budget.

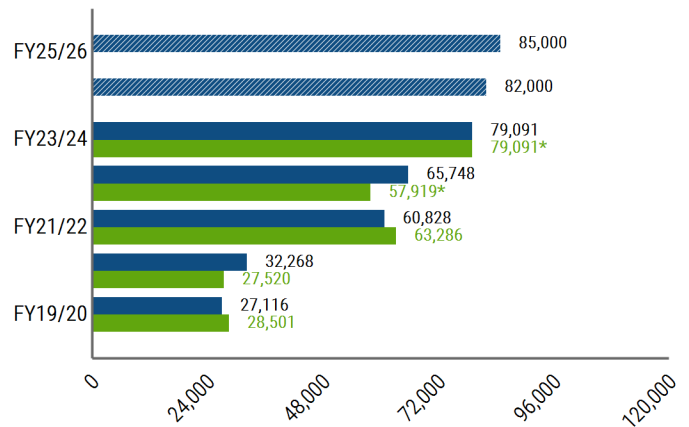
FY 2019/20 to FY 2025/26 (in millions)



MOTORPOOL

Motorpool includes all costs related to the care of the city's motorpool vehicles including fuel and maintenance. The FY 2023/24 adopted budget of \$79,091 is a \$13,343 increase to the FY 2022/23 adopted budget. The increase is due to the addition of fleet replacement expenses for motorpool vehicles.

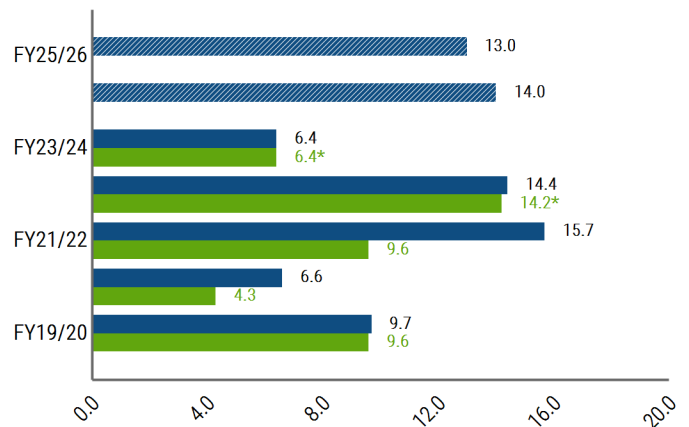
FY 2019/20 to FY 2025/26



VEHICLE ACQUISITIONS

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city's fleet. The FY 2023/24 adopted budget of \$6.4 million is a \$8.1 million decrease from the FY 2022/23 adopted budget due to moving vehicle acquisitions and equipment with extended production lead times and high costs to the Capital Improvement Plan.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

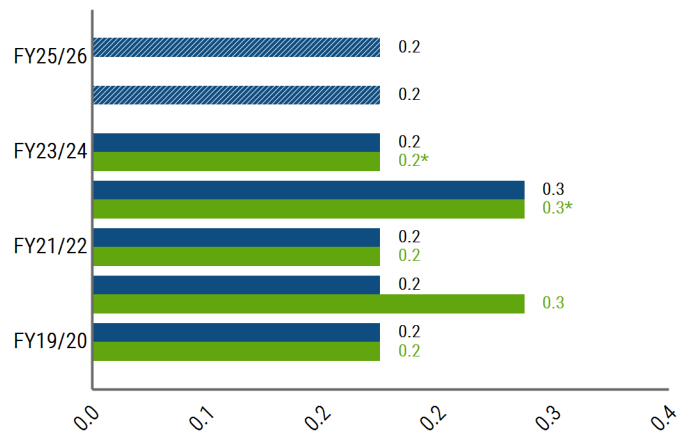
NON-DIVISIONAL USES

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 2022/23 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

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 2023/24 Fuel and Maint and Repair adopted budget is \$0.2 million, budgeted at the division level.

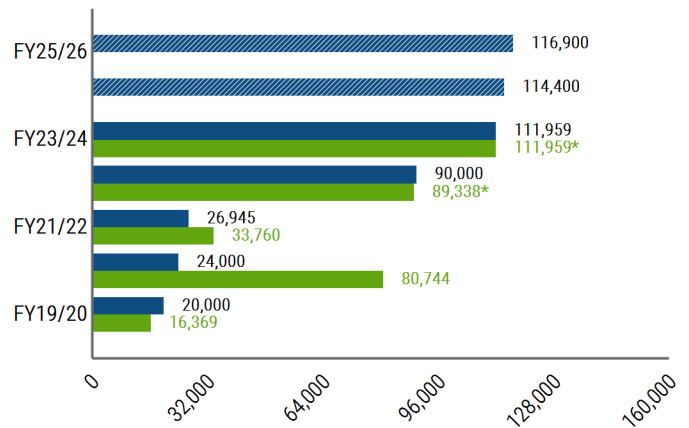
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 Leave Accrual Payments budget is \$111,959, which includes \$50,000 budgeted for medical leave accrual payouts, \$50,000 budgeted for vacation accrual payouts, and \$11,959 budget for parental leave.

FY 2019/20 to FY 2025/26

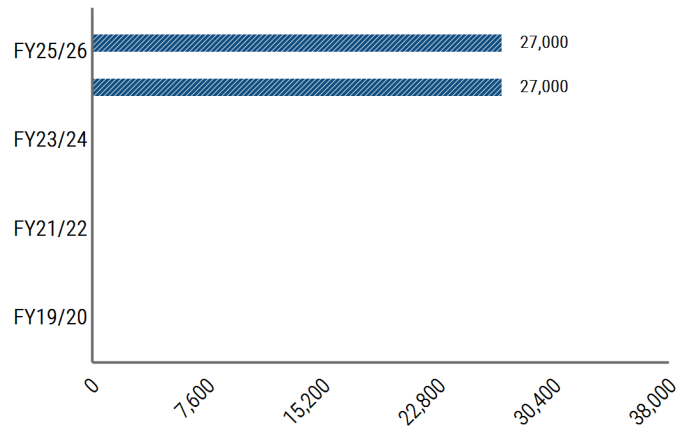


FORECAST BUDGET ACTUAL/FORECAST*

OPERATING IMPACTS

Operating Impacts is additional future operating costs associated with Capital Improvement Plan (CIP) projects such as new positions, facilities maintenance, utilities, and annual software maintenance. In FY 2023/24 and years prior, operating impacts have been included at the division level. FY 2024/25 through FY 2025/26 are forecasted based on the adopted CIP Five Year Plan.

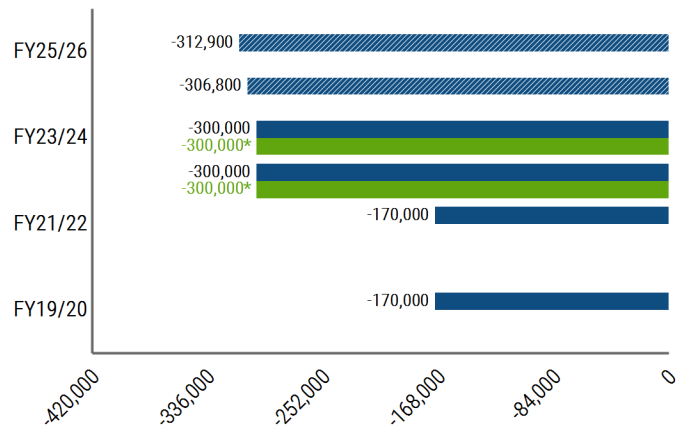
FY 2019/20 to FY 2025/26



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2023/24 is estimated at (\$0.3) million.

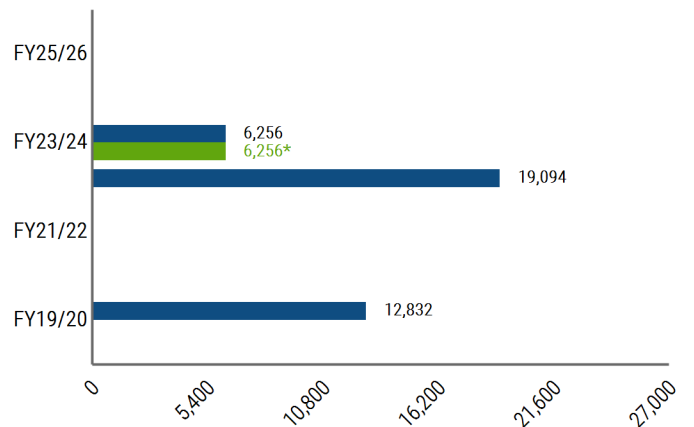
FY 2019/20 to FY 2025/26



VACATION TRADE

The Vacation Trade program allows employees who have been employed by the city for five years or more and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22.

FY 2019/20 to FY 2025/26



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

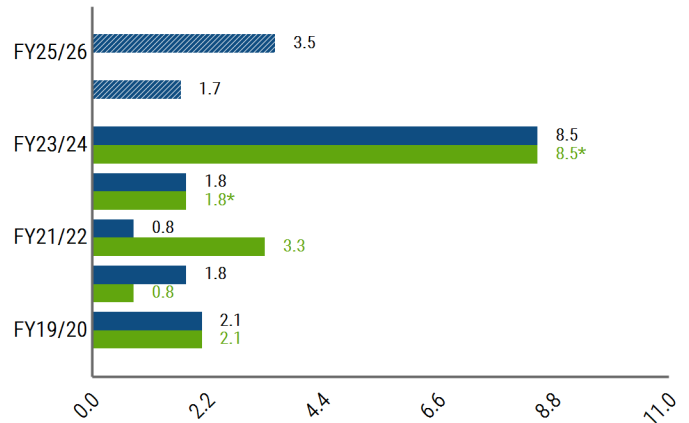
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2023/24 equal \$8.6 million which is an increase of \$6.8 million from the FY 2022/23 adopted budget.

CIP

The FY 2023/24 CIP adopted budget of \$8.5 million will be primarily used to fund capital projects that include the Continuous Fleet Replacement and the Fleet Electric Vehicle (EV) Infrastructure Implementation.

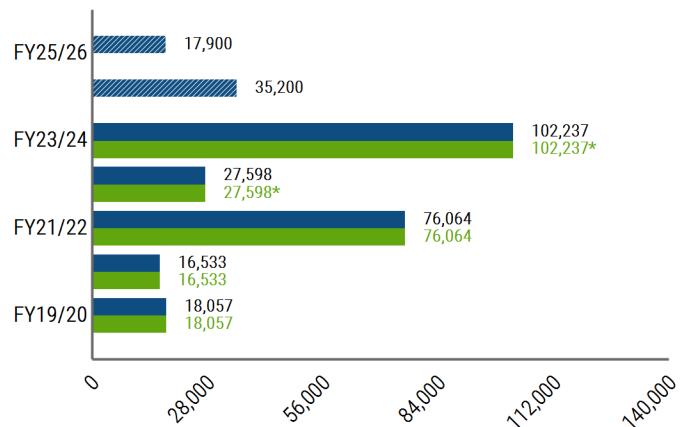
FY 2019/20 to FY 2025/26 (in millions)



CIP TECHNOLOGY

The CIP Technology budget of \$102,237 is planned to help cover Fleet Management's portion of citywide technology capital projects during FY 2023/24.

FY 2019/20 to FY 2025/26



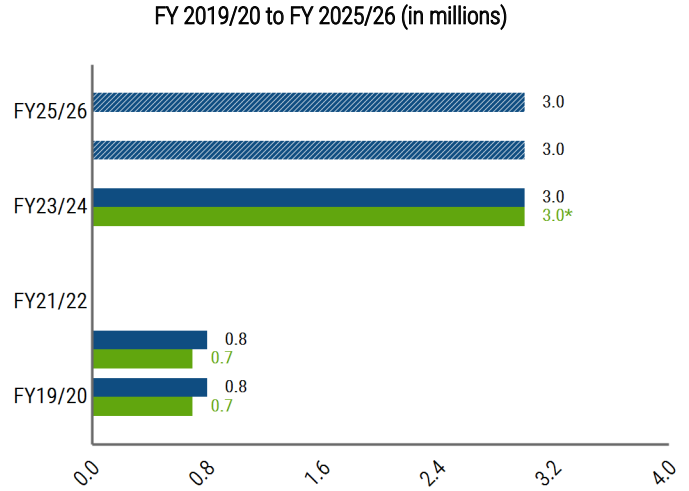
FLEET MANAGEMENT FUND ENDING BALANCE

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*

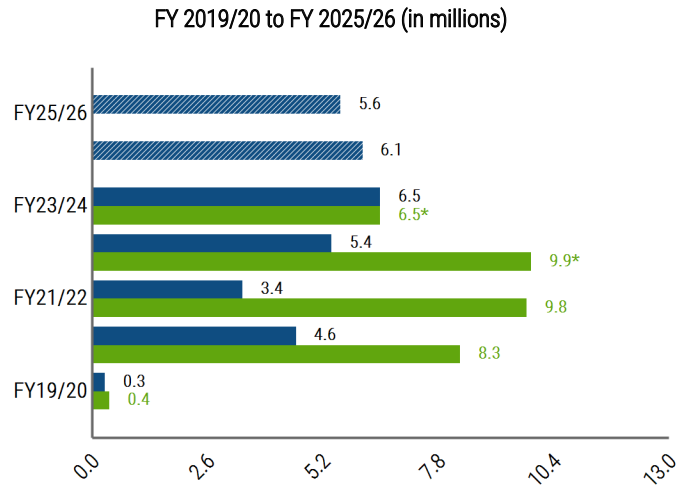
OPERATING CONTINGENCY

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 2023/24 adopted budget is \$3.0 million.



UNDESIGNATED, UNRESERVED FUND BALANCE

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2023/24 ending undesignated, unreserved fund balance is \$6.5 million. The current year balance is \$1.1 million greater than the FY 2022/23 adopted budget. The increase is due to the higher rental rates as a result of a rise in cost for the replacement of vehicles and equipment accompanied by a delay in expenditures from supply chain issues.

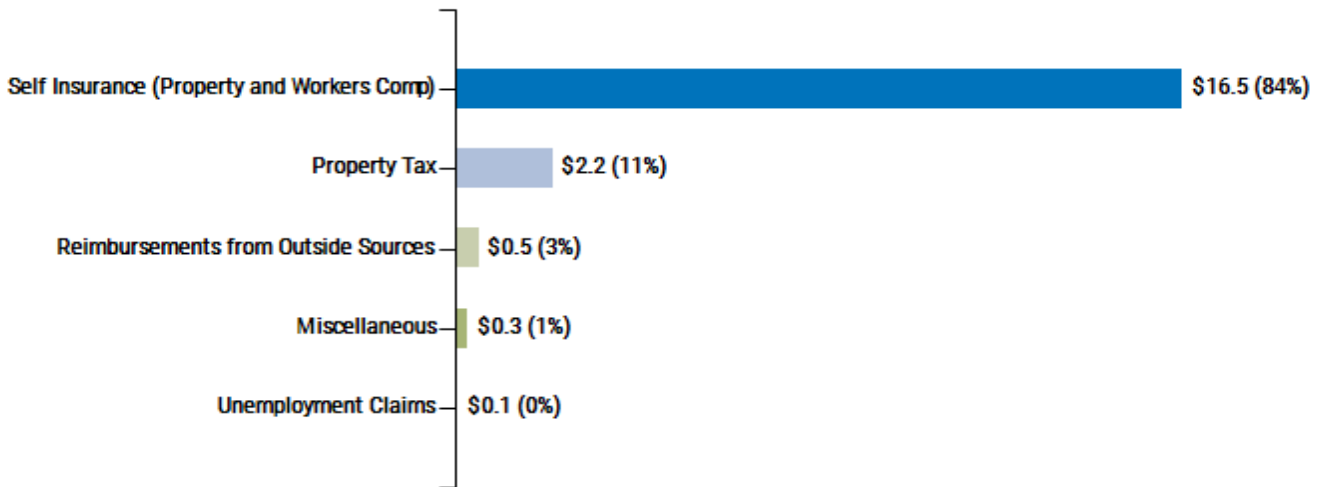


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

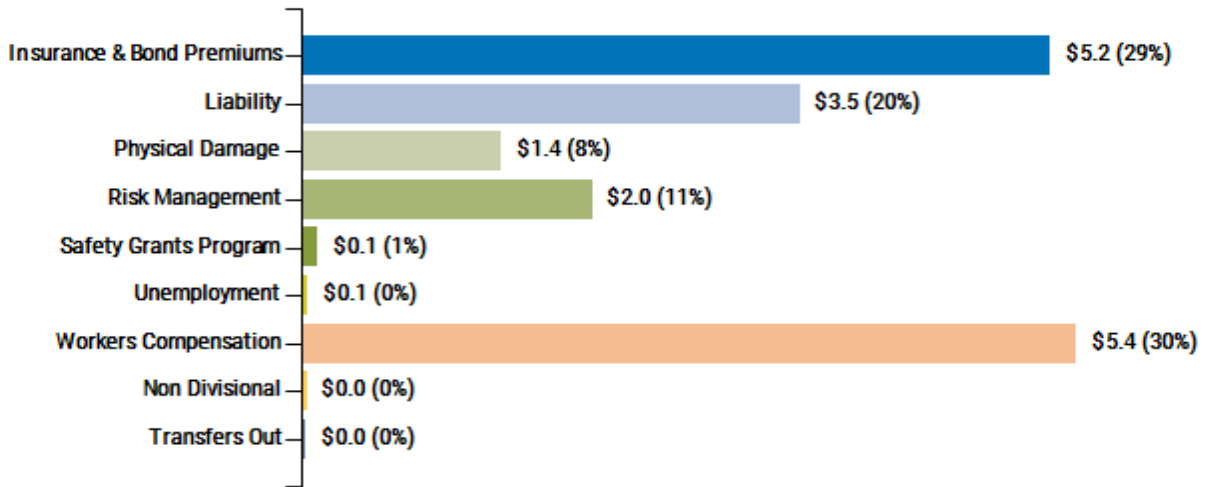
FUND PURPOSE

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)



Risk Management Fund Uses (% to Total)



Rounding differences may occur.

BUDGET BY FUND | Risk Management Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	23,393,365	21,982,682	21,885,409	24,087,435
Total Beginning Fund Balance	25,893,365	24,482,682	24,385,409	26,587,435
Revenues				
Self Insurance (Property and Workers Comp)	11,668,410	15,437,357	15,437,357	16,508,600
Property Tax	290,000	536,000	536,000	2,201,944
Reimbursements from Outside Sources	410,632	575,000	675,000	525,000
Miscellaneous	282,277	290,000	667,000	290,000
Unemployment Claims	99,976	49,597	49,597	52,077
<i>Subtotal</i>	<u>12,751,295</u>	<u>16,887,954</u>	<u>17,364,954</u>	<u>19,577,621</u>
Transfers In				
Operating ^(a)	24,012	-	-	-
<i>Subtotal</i>	<u>24,012</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources	12,775,307	16,887,954	17,364,954	19,577,621
Expenditures				
Insurance & Bond Premiums	3,309,406	3,921,281	4,247,195	5,195,439
Liability	3,675,168	2,954,252	2,954,252	3,459,874
Physical Damage	750,670	1,010,024	1,010,024	1,390,023
Risk Management	1,517,741	1,850,365	1,847,766	2,021,447
Safety Grants Program	92,787	98,000	98,000	114,500
Unemployment	12,079	50,000	50,000	50,000
Workers Compensation	4,903,999	4,948,442	4,948,442	5,378,449
<i>Class and Comp Study^(b)</i>	-	-	-	36,268
<i>Leave Accrual Payments / Parental Leave</i>	-	-	-	2,482
<i>Vacation Trade</i>	-	4,801	-	3,963
<i>Subtotal</i>	<u>14,261,850</u>	<u>14,837,165</u>	<u>15,155,679</u>	<u>17,652,445</u>
TOTAL OPERATING BUDGET	14,261,850	14,837,165	15,155,679	17,652,445
Transfers Out				
CIP Technology	21,413	7,249	7,249	29,549
<i>Subtotal</i>	<u>21,413</u>	<u>7,249</u>	<u>7,249</u>	<u>29,549</u>
Total Uses	35,156,575	38,316,829	35,917,157	39,223,941
Sources Over/(Under) Uses	(1,507,956)	2,043,540	2,202,026	1,895,627
Ending Fund Balance				
Operating Contingency	1,300,000	2,500,000	2,500,000	2,500,000
Operating Reserve	23,085,409	24,026,222	24,087,435	25,983,062
Total Ending Fund Balance	24,385,409	26,526,222	26,587,435	28,483,062

^(a) One-time bonuses approved by Council to active full and part-time employees paid in FY 2021/22. The funding used was Scottsdale AZCares funding that was in the Special Programs Fund.

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

BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

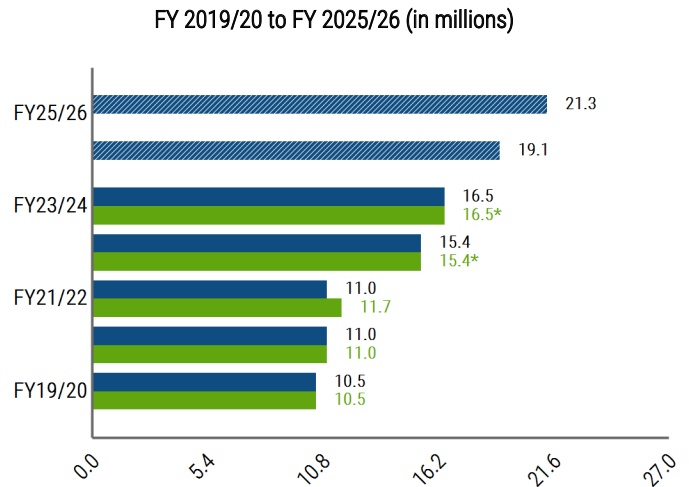
	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	24,087,435	25,983,062	27,591,462	29,258,062	30,985,262
Total Beginning Fund Balance	26,587,435	28,483,062	30,091,462	31,758,062	33,485,262
Revenues					
Self Insurance (Property and Workers Comp)	29,229,111	30,730,400	32,309,000	34,144,900	36,086,000
Property Tax	7,599,568	7,979,500	8,378,400	8,797,400	9,237,300
Reimbursements from Outside Sources	962,436	1,010,600	1,061,100	1,114,100	1,169,800
Miscellaneous	793,935	809,800	826,000	842,500	859,400
Unemployment Claims	251,100	253,100	255,100	257,400	259,300
<i>Subtotal</i>	<u>39,075,529</u>	<u>41,034,800</u>	<u>43,093,700</u>	<u>45,433,700</u>	<u>47,903,200</u>
Transfers In					
Operating	-	-	-	-	-
<i>Subtotal</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources	19,577,621	20,984,300	22,659,400	24,598,300	27,178,300
Expenditures					
Insurance & Bond Premiums	5,195,439	6,593,000	7,924,700	9,514,000	11,677,600
Liability	3,459,874	3,538,400	3,609,500	3,681,000	3,754,800
Physical Damage	1,390,023	1,421,400	1,449,900	1,478,400	1,507,900
Risk Management	2,021,447	2,107,000	2,184,400	2,254,300	2,380,900
Safety Grants Program	114,500	117,100	119,300	121,700	124,200
Unemployment	50,000	52,500	55,100	57,900	60,800
Workers Compensation	5,378,449	5,495,300	5,602,200	5,709,700	5,826,700
<i>Class and Comp Study^(b)</i>	36,268	37,100	37,800	38,600	39,300
<i>Leave Accrual Payments / Parental Leave</i>	2,482	2,500	2,600	2,600	2,700
<i>Vacation Trade</i>	3,963	-	-	-	-
<i>Subtotal</i>	<u>17,652,445</u>	<u>19,364,300</u>	<u>20,985,500</u>	<u>22,858,200</u>	<u>25,374,900</u>
TOTAL OPERATING BUDGET	17,652,445	19,364,300	20,985,500	22,858,200	25,374,900
Transfers Out					
CIP Technology	29,549	11,600	7,300	12,900	15,600
<i>Subtotal</i>	<u>29,549</u>	<u>11,600</u>	<u>7,300</u>	<u>12,900</u>	<u>15,600</u>
Total Uses	39,223,941	41,218,600	43,271,000	45,452,000	47,705,200
Sources Over/(Under) Uses	1,895,627	1,608,400	1,666,600	1,727,200	1,787,800
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	25,983,062	27,591,462	29,258,062	30,985,262	32,773,062
Total Ending Fund Balance	28,483,062	30,091,462	31,758,062	33,485,262	35,273,062

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:

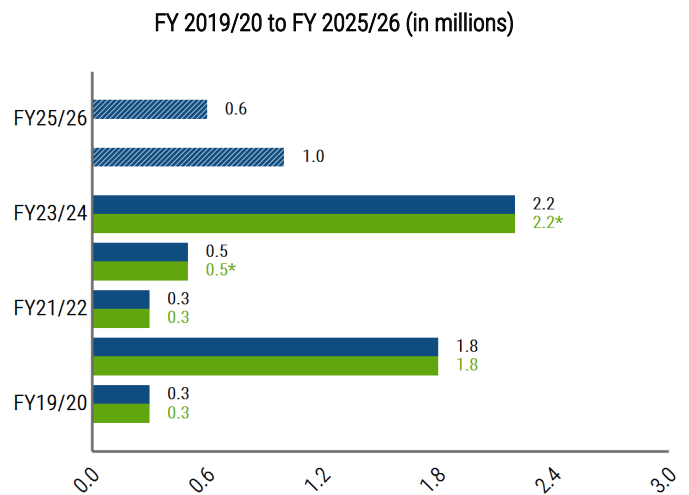
SELF INSURANCE (PROPERTY AND WORKERS COMP)

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 2023/24 adopted budget for Self Insurance (Property and Workers Comp) is \$16.5 million, which represents an increase of \$1.1 million from the FY 2022/23 adopted budget due to an annual evaluation to determine the Internal Service Rates charged to every department. The continued increases in FY 2024/25 - FY 2025/26 assumes 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

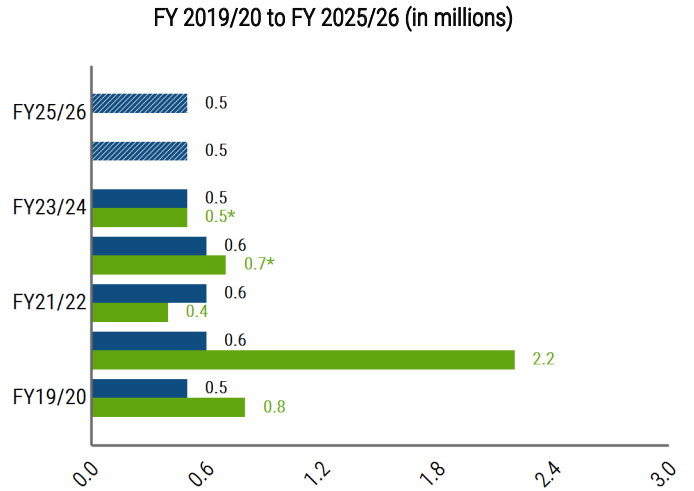
Property Tax represents a reimbursement to the city’s Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city’s primary tax levy is allowed per 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 2023/24 is \$2.2 million, which represents an increase of \$1.7 million due to the settlement of several large, unforeseen occurrences.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

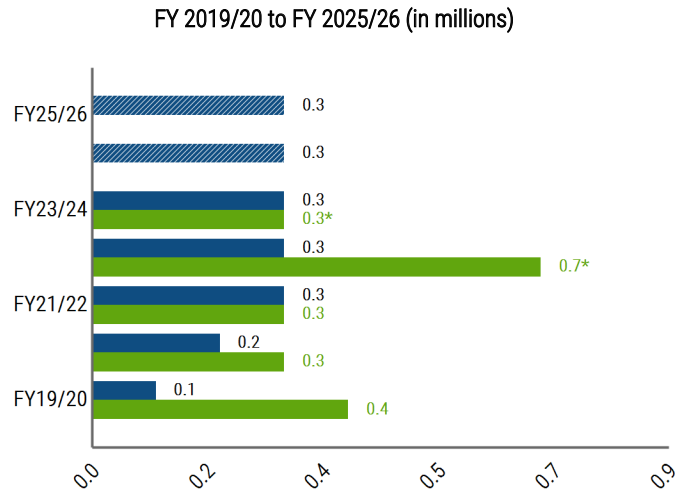
REIMBURSEMENTS FROM OUTSIDE SOURCES

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 2023/24 are \$0.5 million, which represents a decrease of \$0.1 million compared the FY 2022/23 adopted budget. 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.



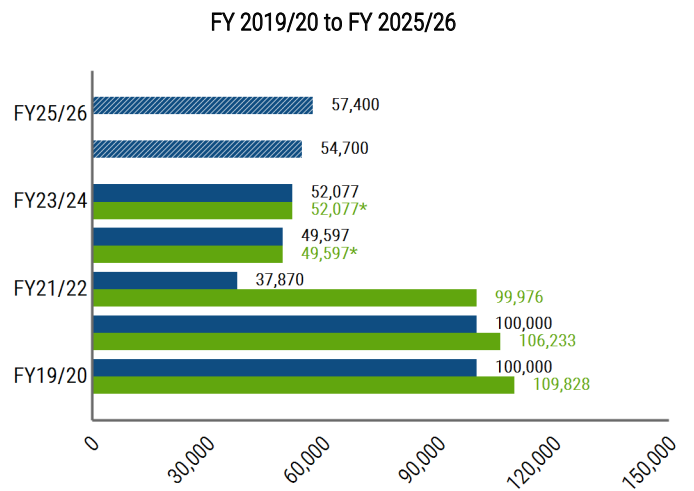
MISCELLANEOUS

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 2023/24 is budgeted at \$0.3 million which remains flat compared to the FY 2022/23 adopted budget.



UNEMPLOYMENT CLAIMS

Unemployment Claims includes charges to all positions for unemployment insurance. The FY 2023/24 adopted budget of \$52,077 reflects a minor increase from the FY 2022/23 adopted budget of \$49,597.



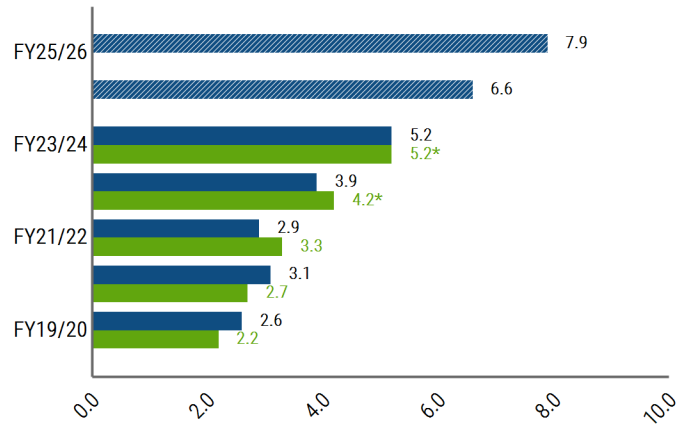
RISK MANAGEMENT FUND USES

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 Comps 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 2023/24 is \$5.2 million, which is \$1.3 million higher than the FY 2022/23 adopted budget of \$3.9 million due to market hardening and the market running at a 30 percent premium.

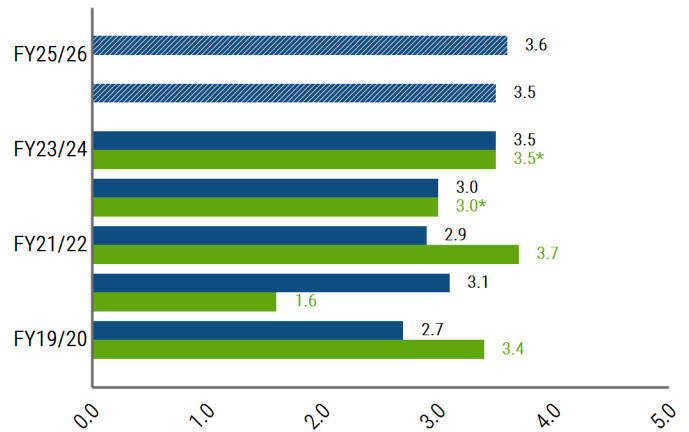
FY 2019/20 to FY 2025/26 (in millions)



LIABILITY

Liability primarily includes claim payments and legal costs for all activity not related to physical damage or workers compensation claims. The adopted budget for FY 2023/24 is \$3.5 million, which is \$0.5 million higher than the FY 2022/23 adopted budget due to the increase in General Liability Claims, mainly related to water main breaks.

FY 2019/20 to FY 2025/26 (in millions)

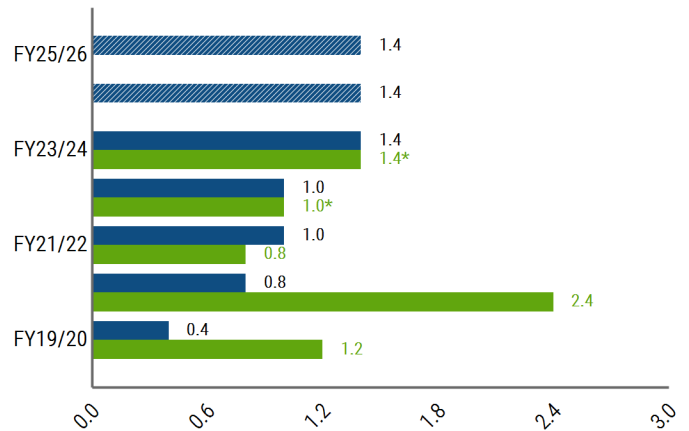


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

PHYSICAL DAMAGE

Physical Damage is a claim used to pay for physical damage to city property or city vehicles. The adopted budget for FY 2023/24 is \$1.4 million, which represents an increase of \$0.4 million compared to the FY 2022/23 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 2019/20 had higher than anticipated damage to vehicles.

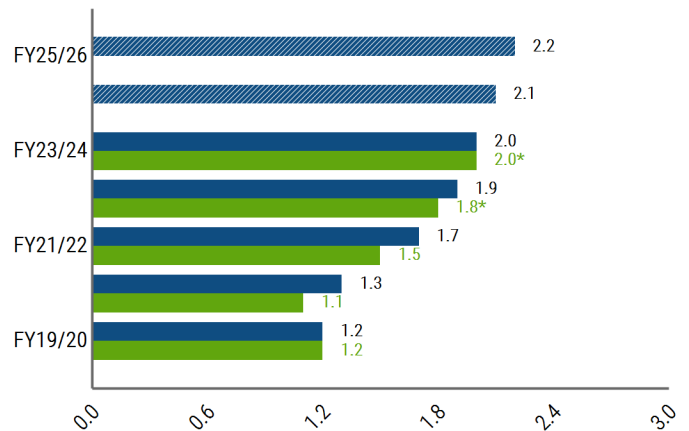
FY 2019/20 to FY 2025/26 (in millions)



RISK MANAGEMENT

The Risk Management operating budget is for day to day operations of the department. The adopted budget for FY 2023/24 is \$2.0 million, which represents an increase of \$0.1 million compared to the FY 2022/23 adopted budget, mostly driven by merit, market, healthcare, and retirement rate increases.

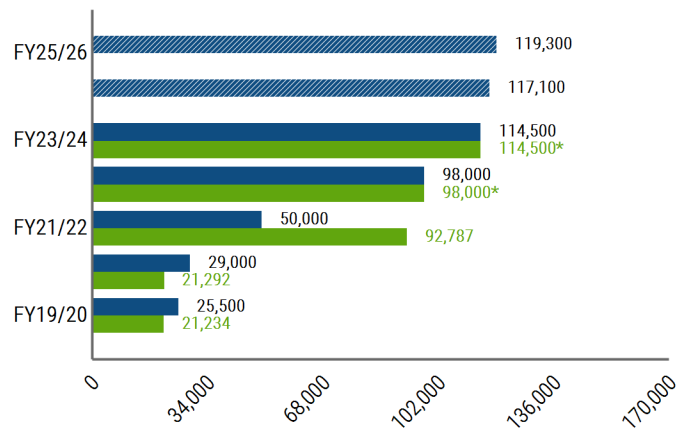
FY 2019/20 to FY 2025/26 (in millions)



SAFETY GRANTS PROGRAM

The Safety Grants Program is for city divisions to request funds to pay for office furniture/equipment, office operating supplies, and protective clothing that would enhance safety or reduce a known loss 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 2023/24 is \$0.1 million which is \$16,500 higher than the FY 2022/23 adopted budget, resulting from efforts to expand the City's Safety Incentive Program.

FY 2019/20 to FY 2025/26

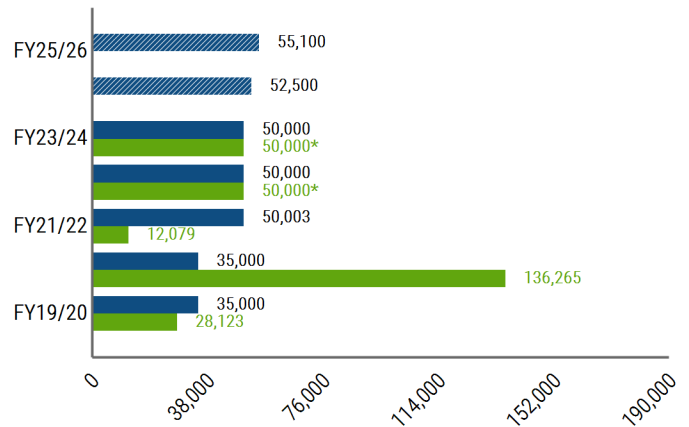


FORECAST BUDGET ACTUAL/FORECAST*

UNEMPLOYMENT

Unemployment represents claims which can be paid to terminated city employees who qualify. The adopted budget for FY 2023/24 is \$50,000, which remains flat compared to the FY 2022/23 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.

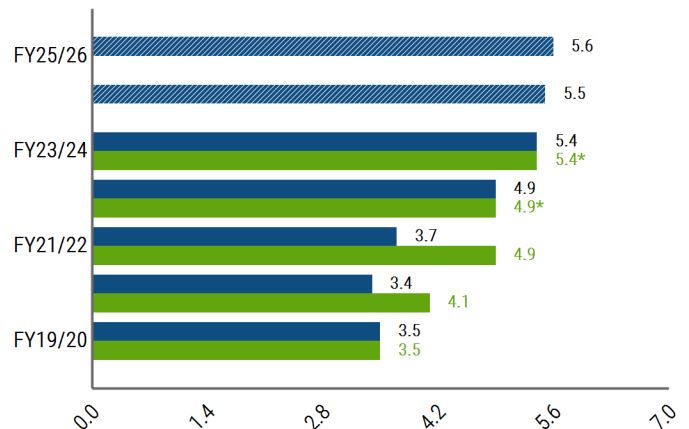
FY 2019/20 to FY 2025/26



WORKERS COMPENSATION

Workers Compensation represents 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 2023/24 is \$5.4 million which is \$0.5 million greater than the FY 2022/23 adopted budget. The increase in budget is also due to higher forecasted worker compensation expenses related to rising medical costs and partial disability to coincide with the actuarial forecast.

FY 2019/20 to FY 2025/26 (in millions)



NON-DIVISIONAL USES

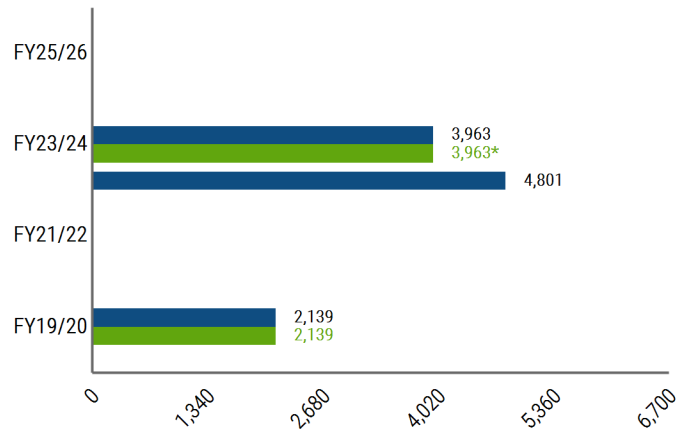
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2022/23 year-end 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*

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 between October 24, 2021 and October 22, 2022, may elect to trade up to 40 hours of vacation time for cash. The program was canceled in FY 2020/21 and in FY 2021/22, but has been restated for FY 2022/23. The FY 2023/24 Vacation Trade adopted budget is \$3,963.

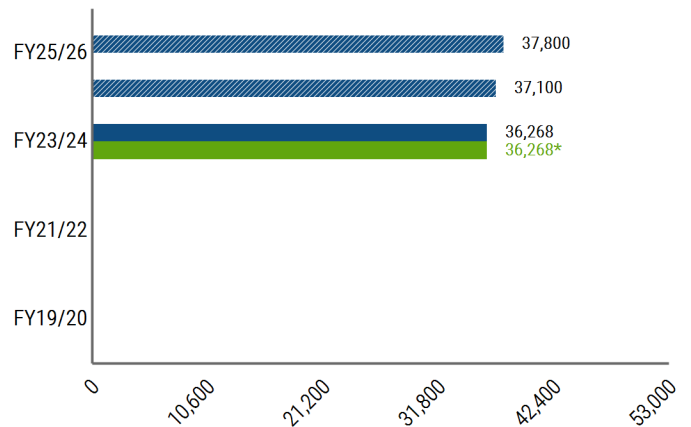
FY 2019/20 to FY 2025/26



CLASS AND COMPS 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 will take place in late 2023. The FY 2023/24 Class and Comp Study is estimated at \$36,268.

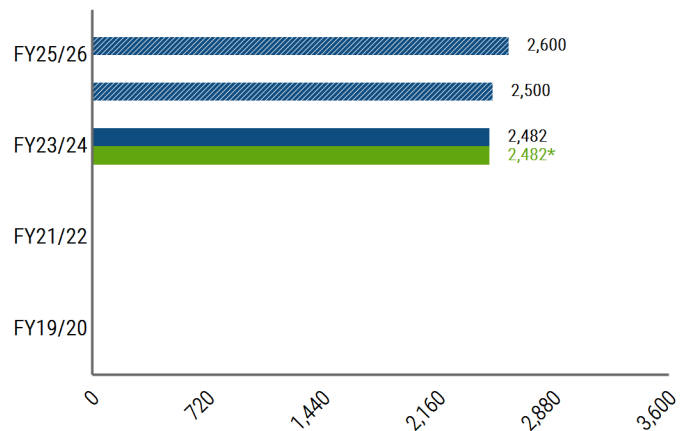
FY 2019/20 to FY 2025/26



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 2023/24 leave accrual payments of \$2,482 corresponds to a parental leave budget. The FY 2022/23 year-end forecast and FY 2019/20 - FY 2021/22 actuals displayed are recorded and reported as part of the division's expenditures.

FY 2019/20 to FY 2025/26



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

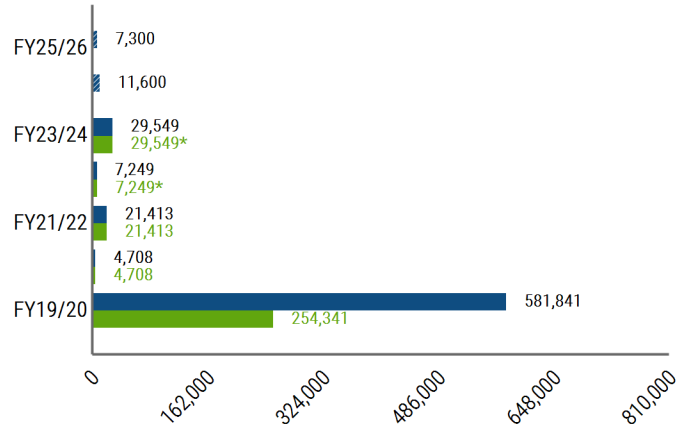
TRANSFERS OUT

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 \$29,549 in FY 2023/24 is planned to help cover the Risk Management's portion of citywide technology replacement capital projects. FY 2019/20 included budget for a new modern risk management platform to effectively manage liability and workers compensation claims. The expense was lower than originally anticipated.

FY 2019/20 to FY 2025/26



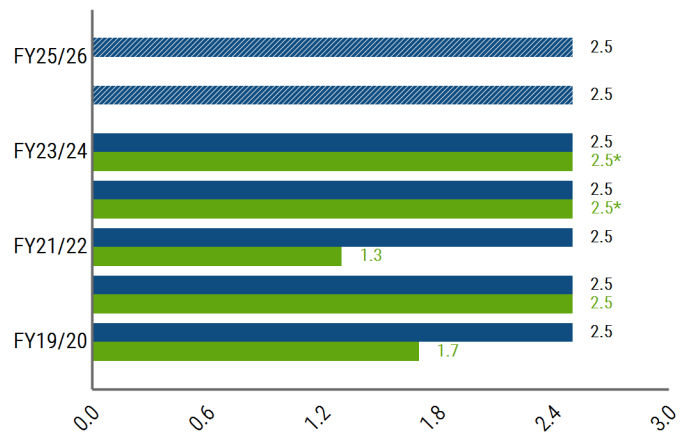
RISK MANAGEMENT FUND ENDING BALANCE

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.

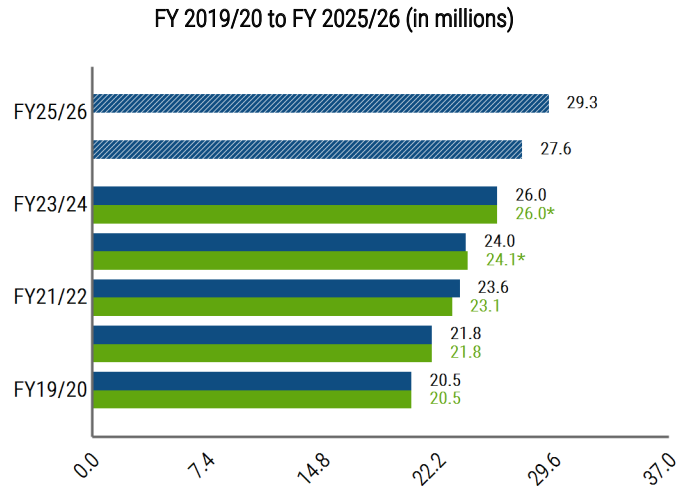
FY 2019/20 to FY 2025/26 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

OPERATING RESERVE

The projected FY 2023/24 Operating Reserve is approximately \$26.0 million, which is an increase of \$2.0 million from the FY 2022/23 adopted budget.



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*



FY 2023/24 Adopted 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)
\$0.9 Million**



**PC Replacement Fund Uses (% to Total)
\$0.8 Million**



Rounding differences may occur.

BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Operating Contingency	500,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,329,103	1,292,656	1,441,514	1,461,172
Total Beginning Fund Balance	1,829,103	1,392,656	1,541,514	1,561,172
Revenues				
PC Replacement Fees	750,000	750,000	750,000	850,000
<i>Subtotal</i>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>850,000</u>
Total Sources	750,000	750,000	750,000	850,000
Expenditures				
Computer Hardware Acquisition	1,037,589	730,342	730,342	768,170
<i>Subtotal</i>	<u>1,037,589</u>	<u>730,342</u>	<u>730,342</u>	<u>768,170</u>
TOTAL OPERATING BUDGET	1,037,589	730,342	730,342	768,170
Total Uses	1,037,589	730,342	730,342	768,170
Sources Over/(Under) Uses	(287,589)	19,658	19,658	81,830
Ending Fund Balance				
Operating Contingency ^(a)	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,441,514	1,312,314	1,461,172	1,543,002
Total Ending Fund Balance	1,541,514	1,412,314	1,561,172	1,643,002

^(a) During FY 2021/22, the Operating Contingency reduced from \$500,000 to \$100,00 to better align with historical usage.

BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,461,172	1,543,002	856,702	363,402	108,502
Total Beginning Fund Balance	1,561,172	1,643,002	956,702	463,402	208,502
Revenues					
PC Replacement Fees ^(a)	850,000	950,800	950,800	1,149,800	1,299,600
<i>Subtotal</i>	<u>850,000</u>	<u>950,800</u>	<u>950,800</u>	<u>1,149,800</u>	<u>1,299,600</u>
Total Sources	850,000	950,800	950,800	1,149,800	1,299,600
Expenditures					
Computer Hardware Acquisition	1,637,100	1,444,100	1,404,700	1,358,400	42,676,300
<i>Subtotal</i>	<u>1,637,100</u>	<u>1,444,100</u>	<u>1,404,700</u>	<u>1,358,400</u>	<u>47,705,200</u>
TOTAL OPERATING BUDGET	768,170	1,637,100	1,444,100	1,404,700	1,358,400
Total Uses	768,170	1,637,100	1,444,100	1,404,700	1,358,400
Sources Over/(Under) Uses	(686,300)	(493,300)	(254,900)	(58,800)	440,900
Ending Fund Balance					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,543,002	856,702	363,402	108,502	49,702
Total Ending Fund Balance	1,643,002	956,702	463,402	208,502	149,702

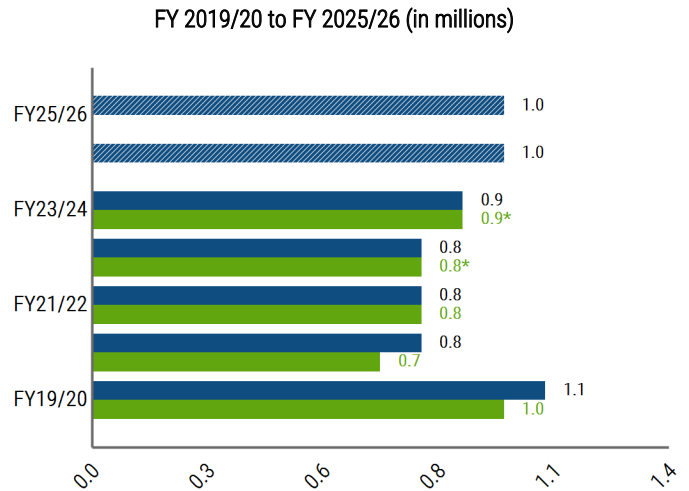
^(a) Beginning in FY 2024/25, the PC Replacement Fees internal service charge intentionally lowered to utilize available Undesignated, Unreserved Fund Balance.

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 2023/24 is \$0.9 million, which is \$0.1 million higher than the FY 2022/23 adopted budget. Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

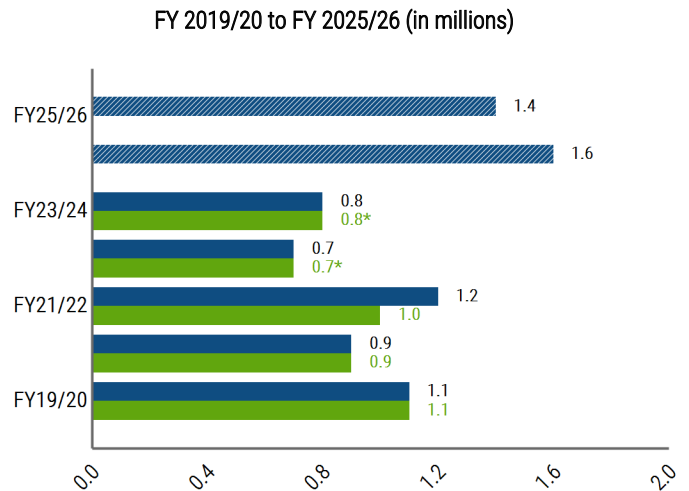


PC REPLACEMENT FUND USES

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 2023/24 Computer Hardware Acquisition adopted budget is \$0.8 million, which is \$0.1 million higher than the FY 2022/23 adopted budget. The expenditures vary from year to year depending on the replacement schedule.



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

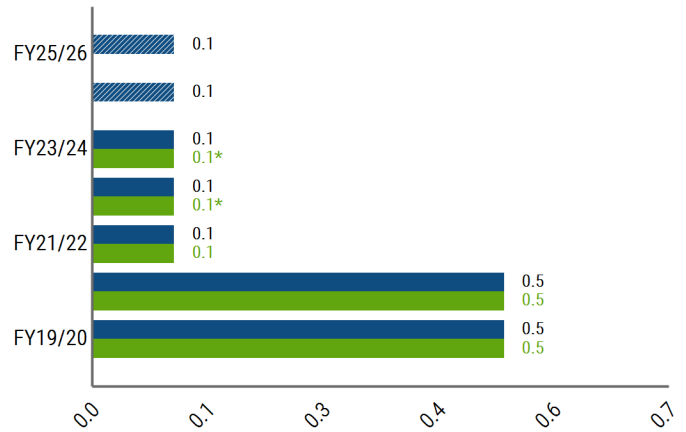
PC REPLACEMENT FUND ENDING BALANCE

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 Undesignated, Unreserved 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.

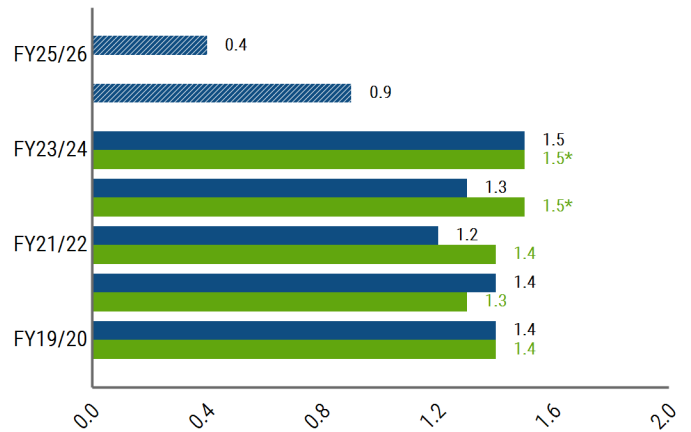
FY 2019/20 to FY 2025/26 (in millions)



UNDESIGNATED, UNRESERVED FUND BALANCE

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/contingencies. The FY 2023/24 ending undesignated, unreserved fund balance is \$1.5 million. This balance represents an accumulation of sources to be used for future year hardware purchases. A reduction of undesignated, unreserved 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 2019/20 to FY 2025/26 (in millions)



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

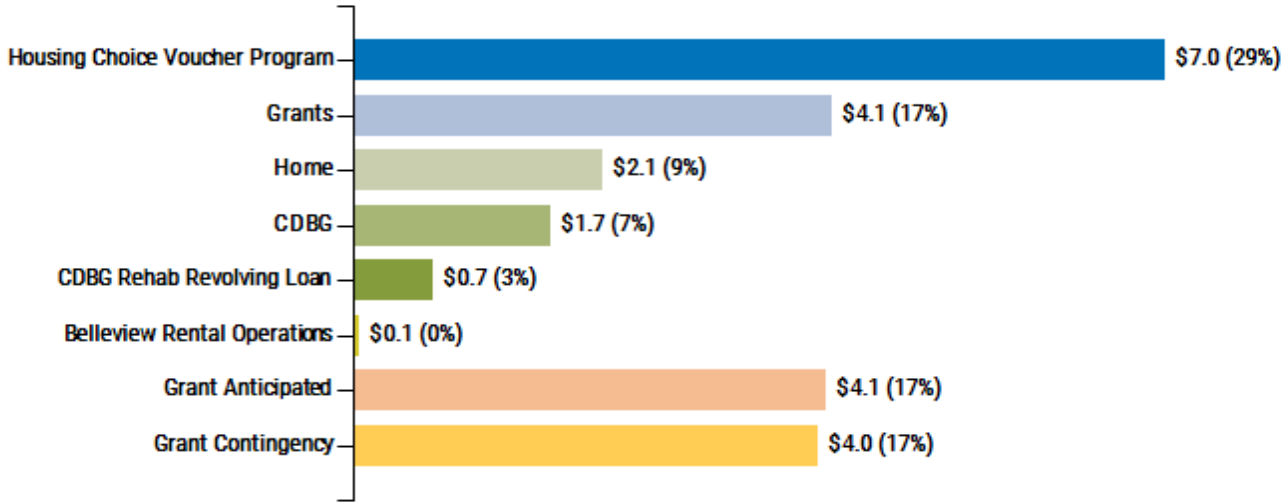


FY 2023/24 Adopted Budget

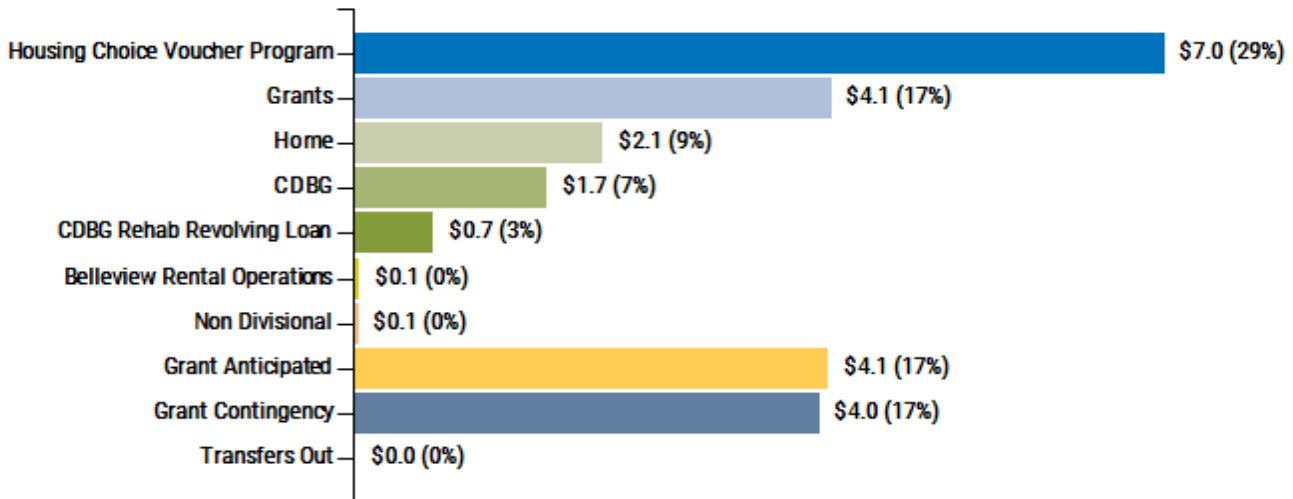
FUND PURPOSE

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)
\$23.8 Million**



**Grant Funds Uses (% to Total)
\$23.8 Million**



Rounding differences may occur.

BUDGET BY FUND | Grant Funds Summary

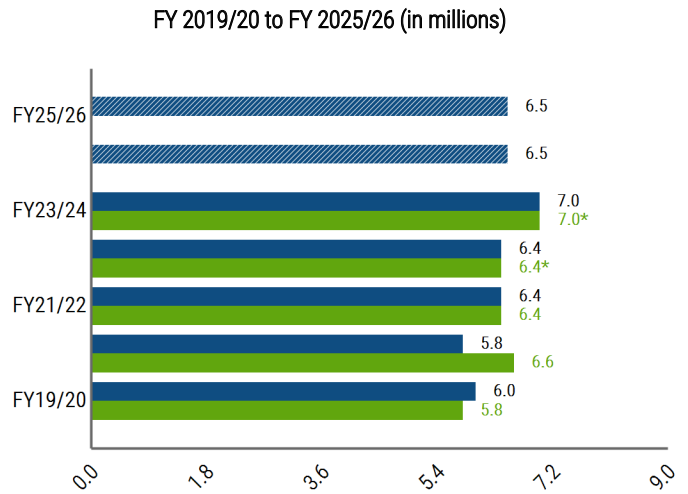
	Adopted 2023/24
<hr/>	
Revenues	
Housing Choice Voucher (Formerly the Section 8 Housing Program)	6,977,318
Grants	4,127,777
HOME Investment Partnership	2,147,828
Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan	2,465,567
<i>Subtotal</i>	<hr/> 15,718,490
Other Activity	
Grant Anticipated	4,076,408
Grant Contingency	4,000,000
<i>Subtotal</i>	<hr/> 8,076,408
<hr/> Total Sources	<hr/> 23,794,898
Expenditures	
Housing Choice Voucher (Formerly the Section 8 Housing Program)	6,977,318
Grants	4,127,777
HOME Investment Partnership	2,147,828
Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan	2,434,117
<i>Subtotal</i>	<hr/> 15,687,040
TOTAL OPERATING BUDGET	15,687,040
Other Activity	
Grant Anticipated	4,076,408
Grant Contingency	4,000,000
<i>Subtotal</i>	<hr/> 8,076,408
Transfers Out	
CIP Technology	31,450
<i>Subtotal</i>	<hr/> 31,450
<hr/> Total Uses	<hr/> 23,794,898
<hr/> Sources Over/(Under) Uses	<hr/> -

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:

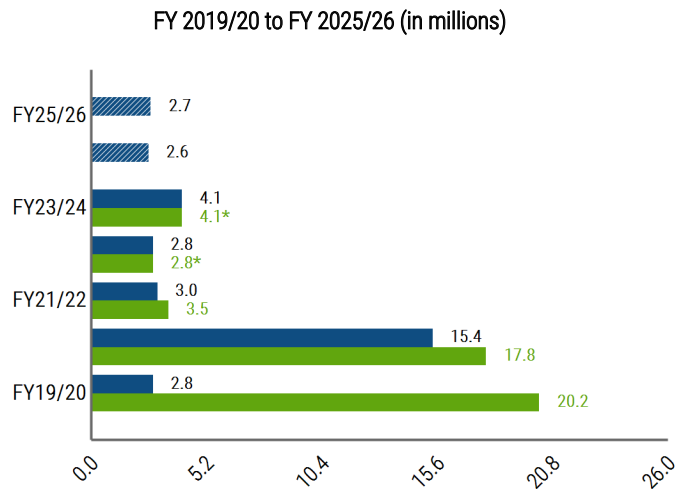
HOUSING CHOICE VOUCHER PROGRAM

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 2023/24 at \$7.0 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 2019/20 and in FY 2020/21. The FY 2023/24 adopted budget for Grants is \$4.1 million.

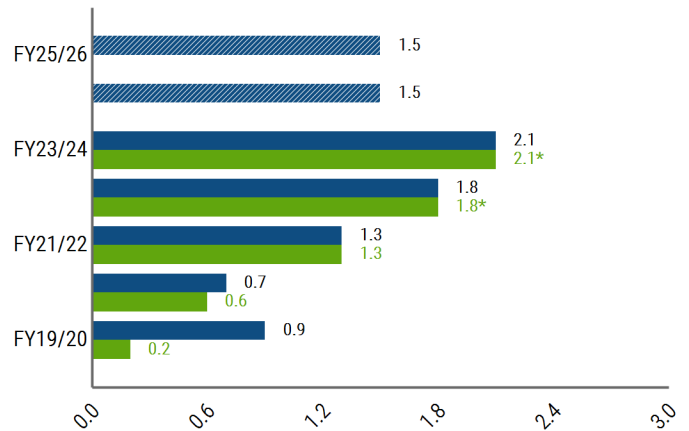


FORECAST
 BUDGET
 ACTUAL/FORECAST*

HOME INVESTMENT PARTNERSHIP

HOME Funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation, including prior year's carryover for FY 2023/24 at \$2.1 million. HOME Funds actual amounts will vary depending on when the funds are received during the fiscal year.

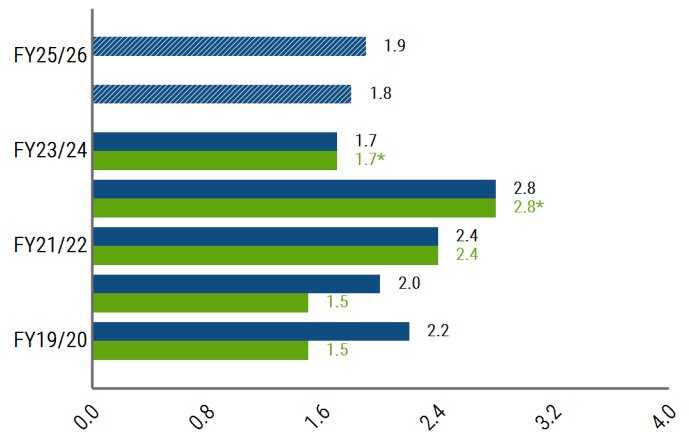
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 at \$1.7 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 2019/20 to FY 2025/26 (in millions)

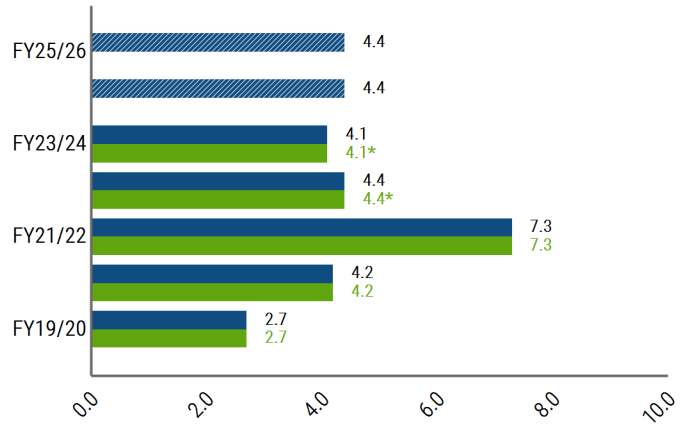


FORECAST BUDGET ACTUAL/FORECAST*

GRANTS ANTICIPATED

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or used for general purposes. Grants Anticipated for FY 2023/24 totals \$4.1 million.

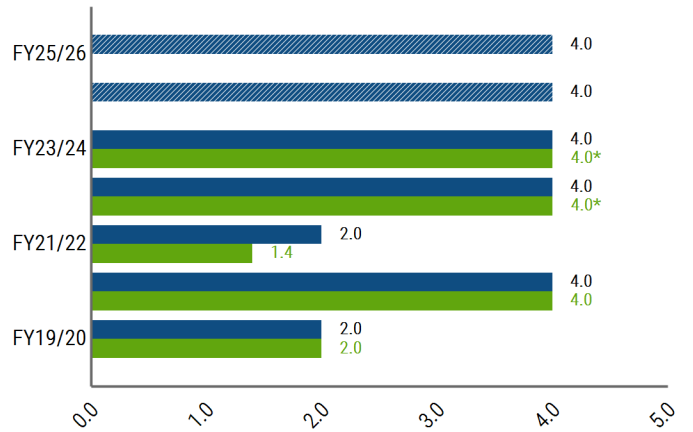
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 the adopted budget is \$4.0 million.

FY 2019/20 to FY 2025/26 (in millions)



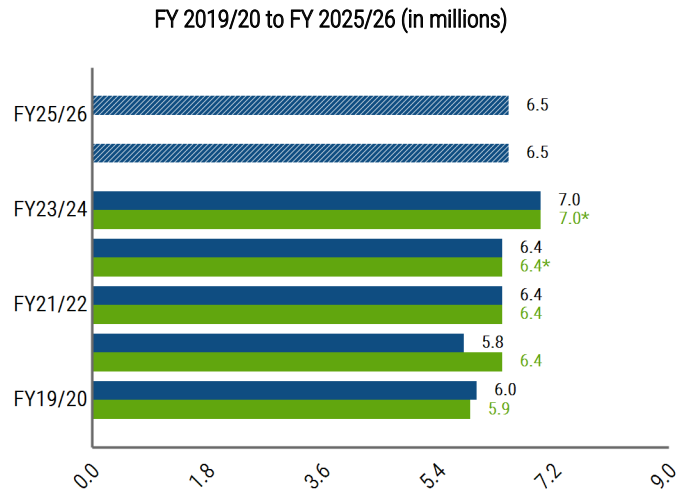
FORECAST
 BUDGET
 ACTUAL/FORECAST*

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:

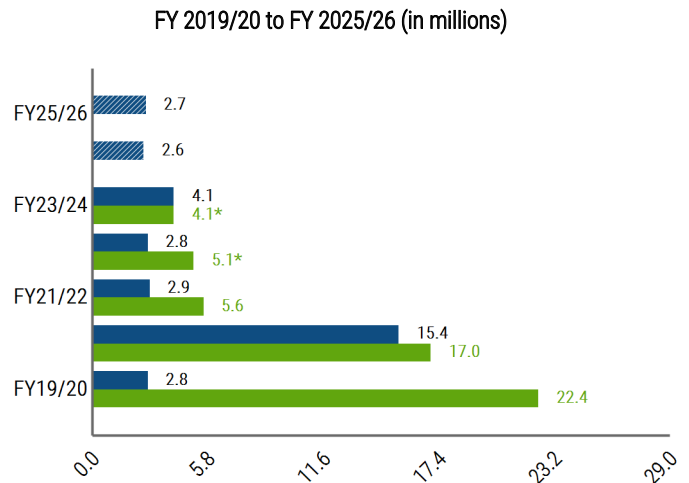
HOUSING CHOICE VOUCHER PROGRAM

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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 2019/20 and in FY 2020/21. The FY 2023/24 adopted budget for Grants is \$4.1 million.

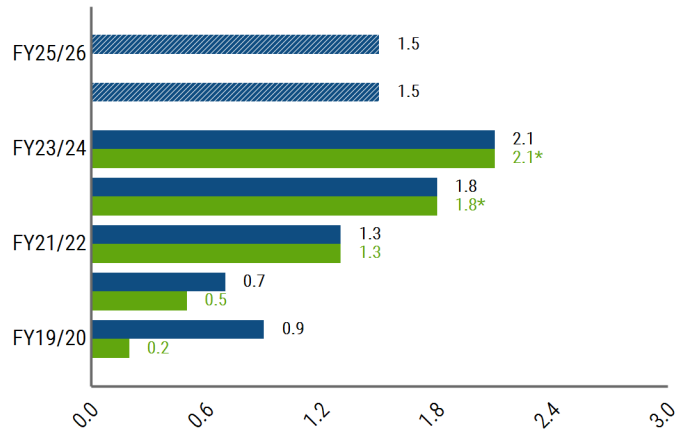


 FORECAST
 BUDGET
 ACTUAL/FORECAST*

HOME INVESTMENT PARTNERSHIP

HOME 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 2023/24 adopted budget is \$2.1 million, which is \$0.3 million greater than the FY 2022/23 adopted budget. HOME Funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.

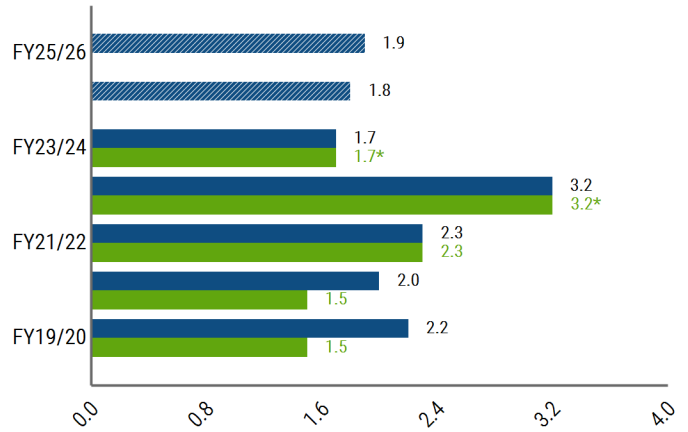
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 at \$1.7 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 2019/20 to FY 2025/26 (in millions)

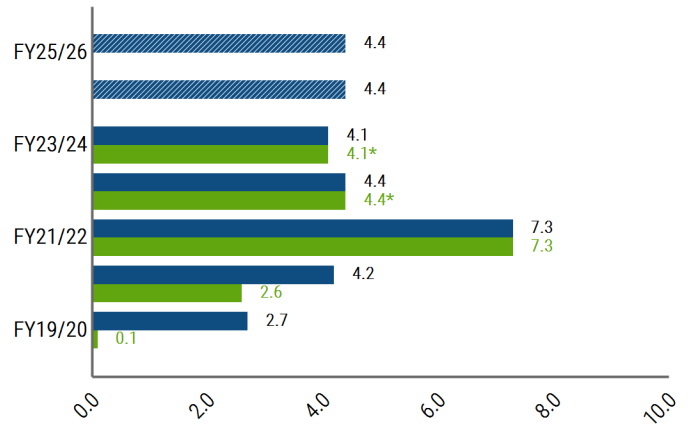


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

GRANTS ANTICIPATED

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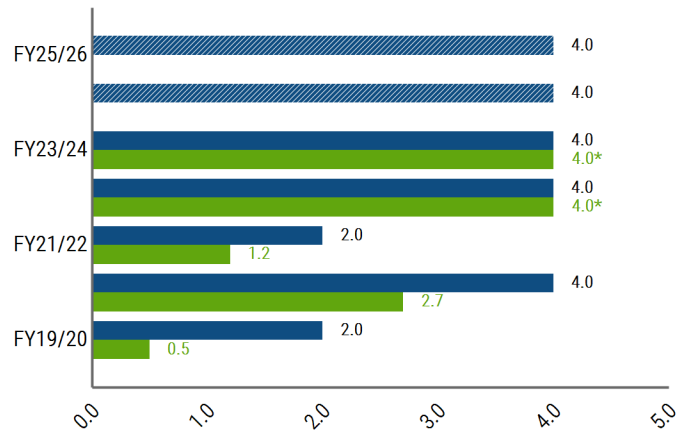
FY 2019/20 to FY 2025/26 (in millions)



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 2023/24 the adopted budget is \$4.0 million.

FY 2019/20 to FY 2025/26 (in millions)



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

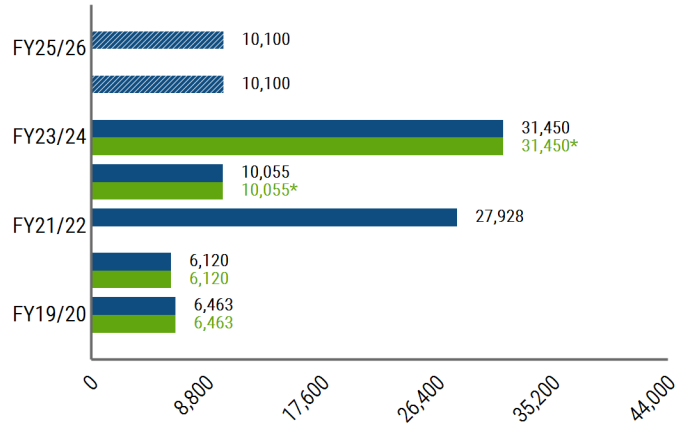
TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects.

CIP TECHNOLOGY

CIP Technology helps cover the portion of citywide technology capital projects. The FY 2023/24 adopted budget of \$31,450 is a shared cost for server and network infrastructure replacement programs.

FY 2019/20 to FY 2025/26



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*



FY 2023/24 Adopted Budget

FUND PURPOSE

The Special Districts Fund is used to account for proceeds received by property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

Special Districts Fund Sources (% to Total)
\$0.5 Million



Special Districts Fund Uses (% to Total)
\$0.6 Million



Rounding differences may occur.

BUDGET BY FUND | Special Districts Fund Summary

	Actual 2021/22	Adopted 2022/23	Forecast 2022/23	Adopted 2023/24
Beginning Fund Balance				
Streetlight Districts	57,166	20,707	46,443	39,980
Total Beginning Fund Balance	57,166	20,707	46,443	39,980
Revenues				
Streetlight Districts	524,338	552,218	524,844	538,728
<i>Subtotal</i>	524,338	552,218	524,844	538,728
Total Sources	524,338	552,218	524,844	538,728
Expenditures				
Streetlight Districts	535,062	572,925	531,307	578,708
<i>Subtotal</i>	535,062	572,925	531,307	578,708
TOTAL OPERATING BUDGET	535,062	572,925	531,307	578,708
Total Uses	535,062	572,925	531,307	578,708
Sources Over/(Under) Uses	(10,723)	(20,707)	(6,463)	(39,980)
Ending Fund Balance				
Streetlight Districts	46,443	-	39,980	-
Total Ending Fund Balance	46,443	-	39,980	-

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

	Adopted 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Beginning Fund Balance					
Streetlight Districts	39,980	-	-	-	-
Total Beginning Fund Balance	39,980	-	-	-	-
Revenues					
Streetlight Districts	538,728	590,300	602,100	614,100	626,400
<i>Subtotal</i>	538,728	590,300	602,100	614,100	626,400
Total Sources	538,728	590,300	602,100	614,100	626,400
Expenditures					
Streetlight Districts	578,708	590,300	602,100	614,100	626,400
<i>Subtotal</i>	578,708	590,300	602,100	614,100	626,400
TOTAL OPERATING BUDGET	578,708	590,300	602,100	614,100	626,400
Total Uses	578,708	590,300	602,100	614,100	626,400
Sources Over/(Under) Uses	(39,980)	-	-	-	-
Ending Fund Balance					
Streetlight Districts	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

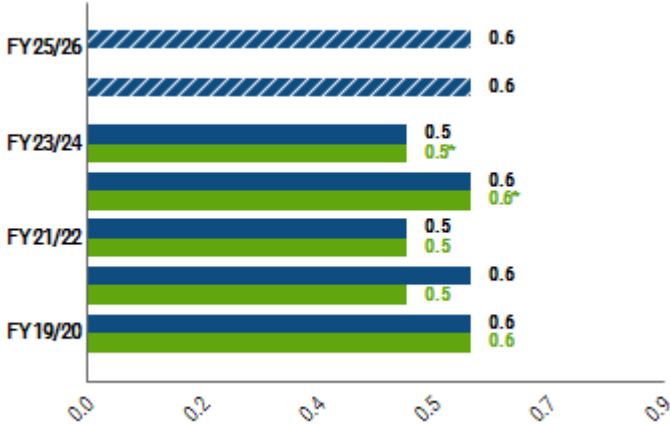
SPECIAL DISTRICTS SOURCES

Special Districts Sources for FY 2023/24 equal \$0.5 million, which is slightly decreased compared to the FY 2022/23 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 355 streetlight districts. The adopted FY 2023/24 revenue budget is \$0.5 million, the streetlight levy is calculated based solely on estimated energy costs. On February 14, 2023 the Scottsdale City Council formed two new streetlight improvement districts. These new districts are waiting to become official from the State of Arizona and Maricopa County, therefore not included in the FY 2023/24 adopted budget.

FY 2019/20 to FY 2025/26 (in millions)



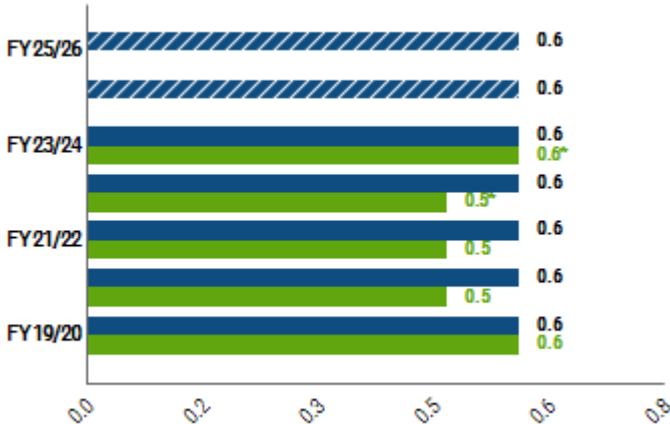
SPECIAL DISTRICTS USES

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 2023/24 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the community.

FY 2019/20 to FY 2025/26 (in millions)



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*

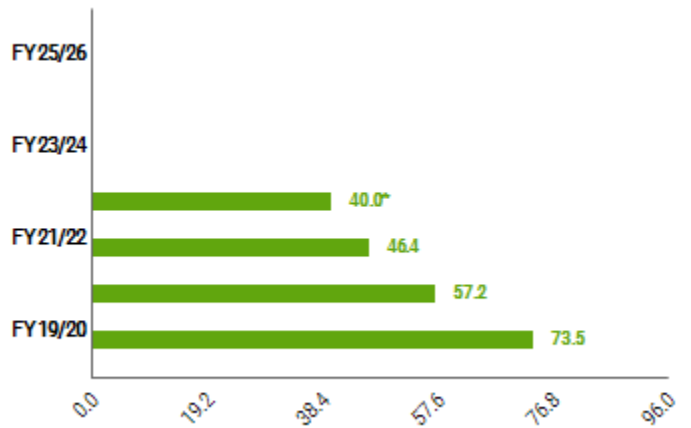
SPECIAL DISTRICTS FUND BALANCE

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 to a \$0 balance. A historical summary of the city’s Special Districts Fund ending balance is as follows:

STREETLIGHT DISTRICTS

The FY 2023/24 Streetlight Districts ending fund balance is projected to be \$0. The ending balance from the FY 2022/23 year-end forecast amount of \$39,980 is carried forward to FY 2023/24 and is available to be re-budgeted to ultimately reduce the existing reserve to a \$0 balance.

FY 2019/20 to FY 2025/26 (in thousands)



▨ FORECAST
 ■ BUDGET
 ■ ACTUAL/FORECAST*