

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



**City of Scottsdale, Arizona**  
For the Fiscal Year Ended June 30, 2025



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**City of Scottsdale, Arizona**

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**Annual Comprehensive Financial Report**  
for the fiscal year ended June 30, 2025

**Prepared by:**

City Treasurer's Office

Sonia Andrews, CPA  
City Treasurer/Chief Financial Officer

Anna Marie Henthorn, CPA  
Assistant City Treasurer/Assistant Chief Financial Officer

Sarah L. Delgado, CPA  
Accounting Department Director

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# CITY OF SCOTTSDALE, ARIZONA

## Comprehensive Annual Financial Report For the Fiscal Year ended June 30, 2025

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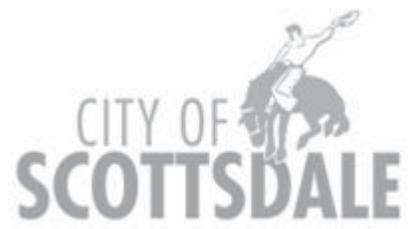
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# Letter of Transmittal

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For the Fiscal Year Ended June 30, 2025



November 17, 2025

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

The Annual Comprehensive Financial Report of the City of Scottsdale, Arizona, (the city) for the fiscal year ended June 30, 2025, is submitted in accordance with City Charter and Arizona Revised Statutes. Both require the city to issue an annual report on its financial position and activity, and to have the report audited by certified public accountants independent of city government. This report was prepared by the city's accounting department in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants.

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

Heinfeld, Meech & Co., P.C., a firm of licensed certified public accountants, performed the annual independent audit. The goal of the audit was to provide reasonable assurance that the basic financial statements of the city are free of material misstatement. The independent auditor concluded that the city's financial statements for the fiscal year ended June 30, 2025, are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an unmodified or "clean" opinion. The independent auditor's report is located on the first page of the Financial Section of this report.

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

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

## **CITY OF SCOTTSDALE PROFILE**

### **History**

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

### **Current Profile**

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing 184.5 square miles, stretching 31 miles from north to south, and 11.4 miles at its widest point. The city is bordered on the west by Phoenix, the state capital, by Tempe on the south, the Tonto National Forest to the north, and the McDowell Mountains and the Salt River-Pima Maricopa Indian Community on the east. Scottsdale and its neighboring cities form the Phoenix Metro area which is the economic, political, and population center of the state. The city has experienced significant increases in population over the years, with the 1950 census reporting 2,021 residents, the 2020 census reporting 241,361 residents, and a current estimate of 246,170 residents. The city is the seventh largest municipality by population in Arizona, and the 93rd largest city in the United States.

### **Government and Organization**

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

### **Budgetary Controls**

The annual budget serves as the foundation for Scottsdale's financial planning and control. The City Council formally adopts the budget and legally allocates, or appropriates, available monies for the city's various funds. On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Three public hearings are held prior to the final budget adoption to obtain taxpayer comments. Each year in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the maximum legal expenditure limit for the ensuing fiscal year. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the Arizona State Constitution, Article 9, Section 20. During fiscal year 2025, there were no such supplemental budgetary appropriations authorized.

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

## **LOCAL ECONOMY**

### **Business**

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

### **Tourism**

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

### **Transaction Privilege (Sales) Tax**

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

Sales tax revenue represented 42.1 percent of General Fund revenues for fiscal year 2025, totaling \$196.7 million. The year-over-year slight increase of 2.1 percent in the General Fund sales tax revenue for fiscal year 2025 was in line with the budget forecast and mostly attributed to inflation. Categories with the highest reported tax revenues in fiscal year 2025 were major department stores, amusement, and automotive. The city expects a slight decrease in General Fund sales tax revenues overall in fiscal year 2026, with anticipated slower growth and the continued impact of the residential rental tax elimination that went into effect January 2025.

## **Property Values**

Scottsdale is a safe, family-friendly community and benefits from a robust assessed valuation of the properties contained within its boundaries. These strong assessed valuations contribute to Scottsdale residents experiencing lower property tax rates and higher median housing values than many of the surrounding municipalities in the Phoenix metropolitan area. Scottsdale property owners will see a decrease in the city's combined property tax rate in the coming year of \$0.0067 over the prior year. The decrease is mostly attributed to the secondary tax rate which pays for the city's expected debt service payments.

## **LONG-TERM FINANCIAL PLANNING**

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

### **Adopted Comprehensive Financial Policies**

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

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

### **Financial Resources Planning**

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

## **Multi-Year Operating Budget Planning**

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

## **Strategic Capital Improvement Project Planning**

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

## **Debt Management**

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

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

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

**City of Scottsdale Bonded Debt Ratings**  
As of June 30, 2025

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

## MAJOR INITIATIVES

The city's adopted fiscal year 2026 budget reflects modest increase in revenue projections in the local economy resulting from local sales tax, new ambulance transportation services, building permits fees and charges. These increases are offset by anticipated reductions in the city's interest earnings as a result of lower cash balances and reductions from the city's allocation of the state-shared income tax and vehicle license fees, primarily due to the state's switch to a flat income tax rate model. The General Fund adopted operating budget increased by \$89.5 million when compared to the fiscal year 2025, to provide core services and the priorities/policy direction of the City Council which include:

- \$50.0 million for a one-time PSPRS pension liability paydown
- \$5.3 million for salary adjustments to align to the market
- \$4.5 million for Phase II of ambulance transportation operations
- \$3.3 million for capital project management staff movement to the operating budget
- \$1.5 million to re-staff a fire truck for Station 608

Additionally, \$2.24 billion is included in the adopted capital project budget for the proposed five-year Capital Improvement Plan budget for fiscal year 2026. Many of the projects are part of the 2019 bond package approved by voters, which address critical infrastructure needs. Projects also include City Council and citizen priorities throughout the city. Significant projects include:

- \$136.2 million Bond 2019 program projects which include expansion of Granite Reef Senior Center, lakes and irrigation improvements at Vista Del Camino Park, and adding a dog park at Thompson Peak Park
- \$43.0 million for the pavement overlay program
- \$21.6 million Greenway Hayden Loop sewer improvements
- \$14.6 million new parking structure in the north-east quadrant of Old Town Scottsdale

## **AWARDS AND ACKNOWLEDGMENTS**

### **Certificates of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, marking the fifty-second consecutive year the city has achieved this prestigious recognition. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is only valid for a period of one year. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.

As well, the city received the Distinguished Budget Presentation Award for the fiscal year beginning July 1, 2024, from the GFOA for our conformity in budget presentation. We believe that our current budget continues to conform to the program requirements, and we expect to receive this award again for the fiscal year beginning July 1, 2025.

### **Acknowledgments**

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

Respectfully submitted,



Sonia Andrews, CPA

City Treasurer/Chief Financial Officer

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Scottsdale  
Arizona**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrill*

Executive Director/CEO

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# Annual Comprehensive Financial Report

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For the Fiscal Year Ended June 30, 2025



## City of Scottsdale, Arizona

### List of Elected and Appointed Officials

#### City Council

Lisa Borowsky, Mayor

Jan Dubauskas

Barry Graham

Adam Kwasman

Kathy Littlefield

Mary McAllen

Solange Whitehead

#### Charter Officers

Greg Caton, City Manager

Luis E. Santaella, Interim City Attorney

Lai Cluff, Acting City Auditor

Ben Lane, City Clerk

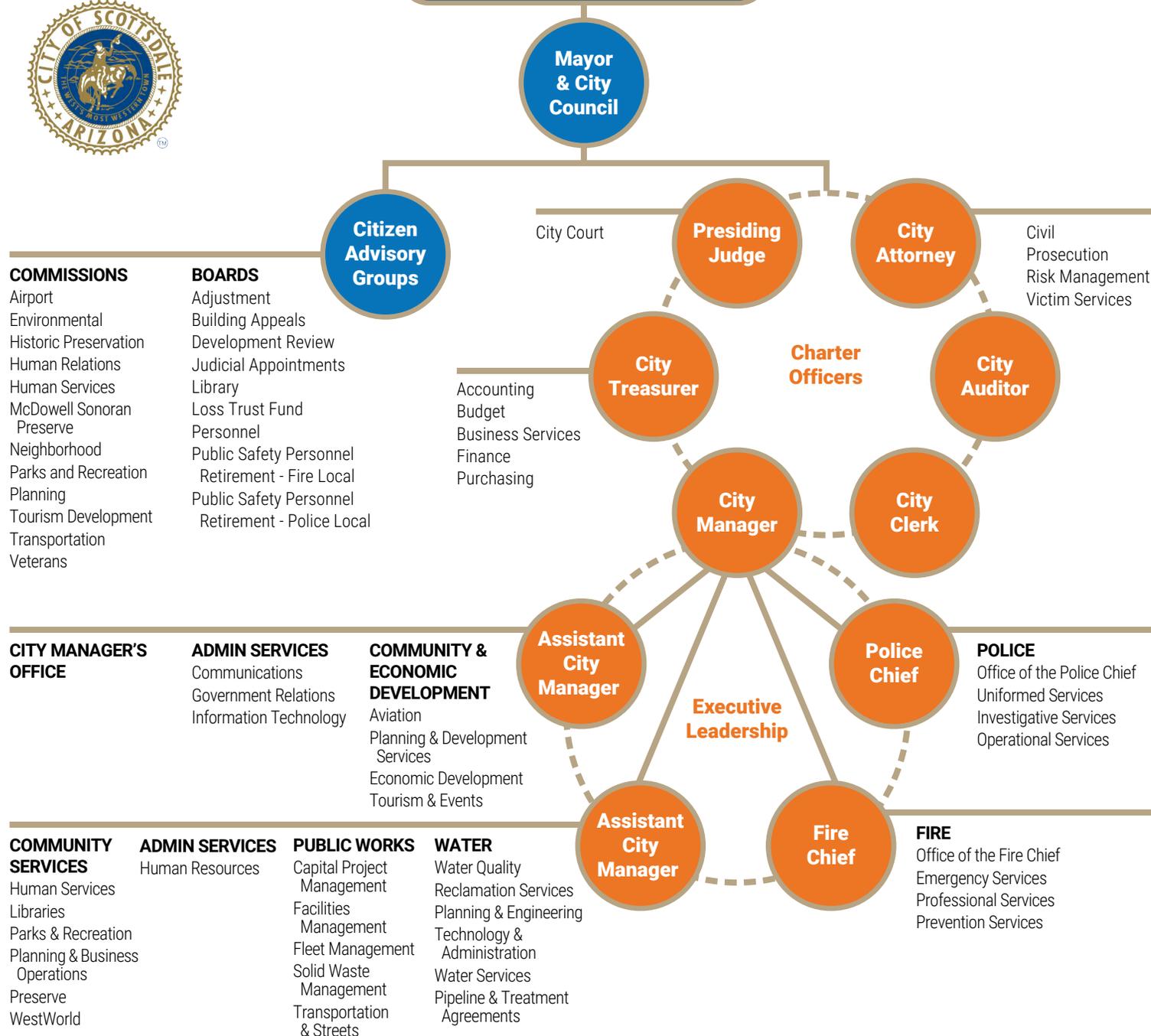
Sonia Andrews, City Treasurer/Chief Financial Officer

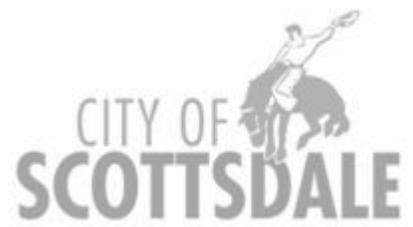
Marianne T. Bayardi, Presiding Judge

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# People of Scottsdale







## Independent Auditor's Report

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

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsdale, Arizona (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsdale, Arizona, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, the City implemented the provisions of GASB Statement No. 101, Compensated Absences, for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

***Other Matters******Required Supplementary Information***

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

*Supplementary Information*

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

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

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, on our consideration of City of Scottsdale, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Scottsdale, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Scottsdale, Arizona's internal control over financial reporting and compliance.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
November 17, 2025

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# Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

This section of the City of Scottsdale, Arizona's (the city) Annual Comprehensive Financial Report presents a narrative overview and comparative analysis of the financial activities of the city for the fiscal years ended June 30, 2025, and 2024. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal and other portions of this Annual Comprehensive Financial Report.

## FINANCIAL HIGHLIGHTS

- The city's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of fiscal years 2025 and 2024 by \$7.1 billion and \$6.8 billion (*net position*), respectively. Of these amounts, \$733.0 million and \$614.7 million, respectively, represent unrestricted net position which may be used to meet the city's ongoing obligations to citizens and creditors.
- The city's total net position increased in fiscal year 2025 by \$315.8 million compared to an increase in net position of \$379.1 million during fiscal year 2024. Revenues decreased by \$57.7 million from the prior year while expenses increased by \$5.6 million from the prior year.
- As of June 30, 2025, and 2024, the city's governmental funds reported combined ending fund balances of \$929.1 million and \$731.1 million, respectively. Approximately 29.0 percent of the current year amount (\$269.4 million) is available for spending at the city's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (*the total of the committed, assigned, and unassigned components of fund balance*) for the General Fund was \$285.9 million or approximately 74.7 percent of total General Fund expenditures of \$382.9 million.
- The city's total long-term liabilities increased by \$116.2 million to \$1.35 billion during the current fiscal year. This increase was primarily due to the issuance of General Obligation Bonds and Municipal Property Corporation Bonds reduced by scheduled bond principal payments made.

## OVERVIEW OF THE FINANCIAL STATEMENTS

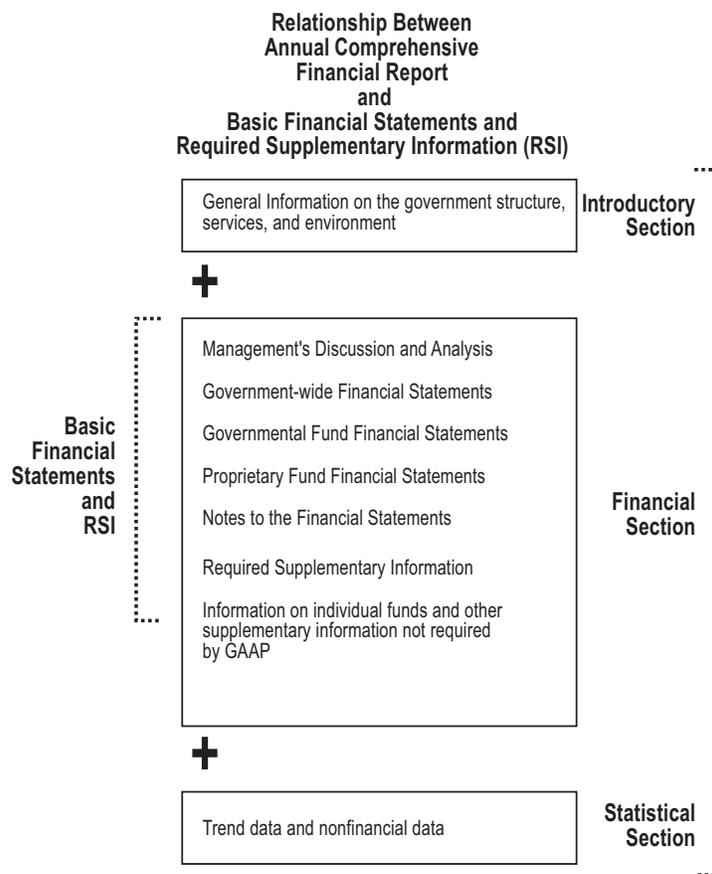
This discussion and analysis is intended to serve as an introduction to the city's basic financial statements, which include three components:

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

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

# Management’s Discussion and Analysis

For the Fiscal Year Ended June 30, 2025



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

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

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

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

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

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

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

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The city, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the city can be divided into two categories, governmental funds and proprietary funds.

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

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

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

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

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

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

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

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

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

**Analysis of Net Position.** As noted earlier, net position over time may serve as a useful indicator of a government's financial position. For the city, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$7.07 billion, and \$6.75 billion at the close of the fiscal years 2025 and 2024, respectively.

# Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

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

## Net Position

June 30, 2025 and 2024 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Current and other assets	\$ 1,275,681	\$ 1,124,860	\$ 597,694	\$ 468,285	\$ 1,873,375	\$ 1,593,145
Capital assets	5,109,302	5,039,614	1,633,394	1,562,353	6,742,696	6,601,967
Total assets	6,384,983	6,164,474	2,231,088	2,030,638	8,616,071	8,195,112
Total deferred outflows of resources	114,625	126,051	15,301	14,906	129,926	140,957
<b>Total assets and deferred outflows of resources</b>	<b>6,499,608</b>	<b>6,290,525</b>	<b>2,246,389</b>	<b>2,045,544</b>	<b>8,745,997</b>	<b>8,336,069</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
Long-term liabilities outstanding	950,626	936,391	403,367	301,369	1,353,993	1,237,760
Other liabilities	143,459	182,342	45,881	60,118	189,340	242,460
Total liabilities	1,094,085	1,118,733	449,248	361,487	1,543,333	1,480,220
Total deferred inflows of resources	59,556	49,399	72,429	51,546	131,985	100,945
<b>Total liabilities and deferred inflows of resources</b>	<b>1,153,641</b>	<b>1,168,132</b>	<b>521,677</b>	<b>413,033</b>	<b>1,675,318</b>	<b>1,581,165</b>
<b>NET POSITION</b>						
Net investment in capital assets	4,602,117	4,468,449	1,317,956	1,316,476	5,920,073	5,784,925
Restricted	412,106	350,415	5,500	4,907	417,606	355,322
Unrestricted	331,744	303,529	401,256	311,128	733,000	614,657
<b>Total net position</b>	<b>\$ 5,345,967</b>	<b>\$ 5,122,393</b>	<b>\$ 1,724,712</b>	<b>\$ 1,632,511</b>	<b>\$ 7,070,679</b>	<b>\$ 6,754,904</b>

The largest portion, 83.7 percent, of the city's net position reflects its net investment in capital assets (e.g., land, buildings, water and sewer system, and streets and storm drains) less any related outstanding debt used to acquire those assets. These amounted to \$5.92 billion and \$5.78 billion as of June 30, 2025, and 2024, respectively. Although the city's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the city uses these assets to provide services to citizens and therefore cannot liquidate them.

An additional portion, 5.9 percent, of the city's net position, \$417.6 million at June 30, 2025, and 5.3 percent or \$355.3 million at June 30, 2024, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 10.4 percent of the city's total net position at June 30, 2025, and 9.1 percent at June 30, 2024, \$733.0 million and \$614.7 million, respectively, may be used to meet the government's ongoing obligations to its citizens and creditors.

**Analysis of Changes in Net Position.** Total revenues exceeded total expenses in the current year, resulting in an increase in the city's total net position of \$315.8 million in fiscal year 2025 compared to an increase in net position of \$379.1 million during fiscal year 2024. The reasons for this overall increase are explained in the governmental and business-type activities discussion herein and depicted in the table that follows.

# Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

## Changes in Net Position

For the fiscal years ended June 30, 2025 and 2024 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 70,132	\$ 67,780	\$ 270,562	\$ 246,827	\$ 340,694	\$ 314,607
Operating grants and contributions	49,232	56,708	-	-	49,232	56,708
Capital grants and contributions	48,752	116,728	31,074	43,641	79,826	160,369
General revenues						
Property taxes	74,129	75,748	-	-	74,129	75,748
Business taxes	360,154	356,050	262	233	360,416	356,283
Intergovernmental - taxes	89,499	101,099	-	-	89,499	101,099
Intergovernmental - other	22,794	21,142	-	-	22,794	21,142
Interest and investment income	51,042	40,323	14,862	13,148	65,904	53,471
Other	15,926	16,697	-	-	15,926	16,697
Total revenues	<u>781,660</u>	<u>852,275</u>	<u>316,760</u>	<u>303,849</u>	<u>1,098,420</u>	<u>1,156,124</u>
<b>EXPENSES</b>						
General Government						
Mayor and City Council	1,065	1,027	-	-	1,065	1,027
City Clerk	1,159	968	-	-	1,159	968
City Attorney	8,636	8,059	-	-	8,636	8,059
City Auditor	960	1,046	-	-	960	1,046
City Court	7,823	7,357	-	-	7,823	7,357
City Manager	3,033	2,035	-	-	3,033	2,035
City Treasurer	12,338	11,683	-	-	12,338	11,683
Other General Government	8	10,567	-	-	8	10,567
Public Works	119,100	115,686	-	-	119,100	115,686
Community and Economic Development	50,400	51,851	-	-	50,400	51,851
Public Safety	221,440	206,102	-	-	221,440	206,102
Community Services	95,668	87,734	-	-	95,668	87,734
Administrative Services	32,174	34,605	-	-	32,174	34,605
Scottsdale AZ CARES	-	117	-	-	-	117
Streetlight and Services Districts	577	533	-	-	577	533
Interest on Long-Term Debt	14,290	16,029	-	-	14,290	16,029
Water Utility	-	-	126,586	124,386	126,586	124,386
Sewer Utility	-	-	46,530	58,401	46,530	58,401
Airport	-	-	11,009	9,685	11,009	9,685
Solid Waste	-	-	29,849	29,176	29,849	29,176
Total expenses	<u>568,671</u>	<u>555,399</u>	<u>213,974</u>	<u>221,648</u>	<u>782,645</u>	<u>777,047</u>
Increase in net position before transfers	212,989	296,876	102,786	82,201	315,775	379,077
Transfers	10,585	9,652	(10,585)	(9,652)	-	-
Change in net position	<u>223,574</u>	<u>306,528</u>	<u>92,201</u>	<u>72,549</u>	<u>315,775</u>	<u>379,077</u>
Net position - beginning	5,122,393	4,812,135	1,632,511	1,559,591	6,754,904	6,371,726
Net effect of prior period adjustment	-	3,730	-	371	-	4,101
Net position - beginning restated	<u>5,122,393</u>	<u>4,815,865</u>	<u>1,632,511</u>	<u>1,559,962</u>	<u>6,754,904</u>	<u>6,375,827</u>
Net position - ending	<u>\$ 5,345,967</u>	<u>\$ 5,122,393</u>	<u>\$ 1,724,712</u>	<u>\$ 1,632,511</u>	<u>\$ 7,070,679</u>	<u>\$ 6,754,904</u>

**Governmental Activities.** Net position for governmental activities increased \$223.6 million after transfers during fiscal year 2025 compared to an increase of \$306.5 million after transfers in fiscal year 2024. Total revenues decreased \$70.6 million or 8.3 percent from the prior fiscal year and expenses increased \$13.2 million or 2.4 percent. Overall, revenues exceeded expenses resulting in an increase in net position.

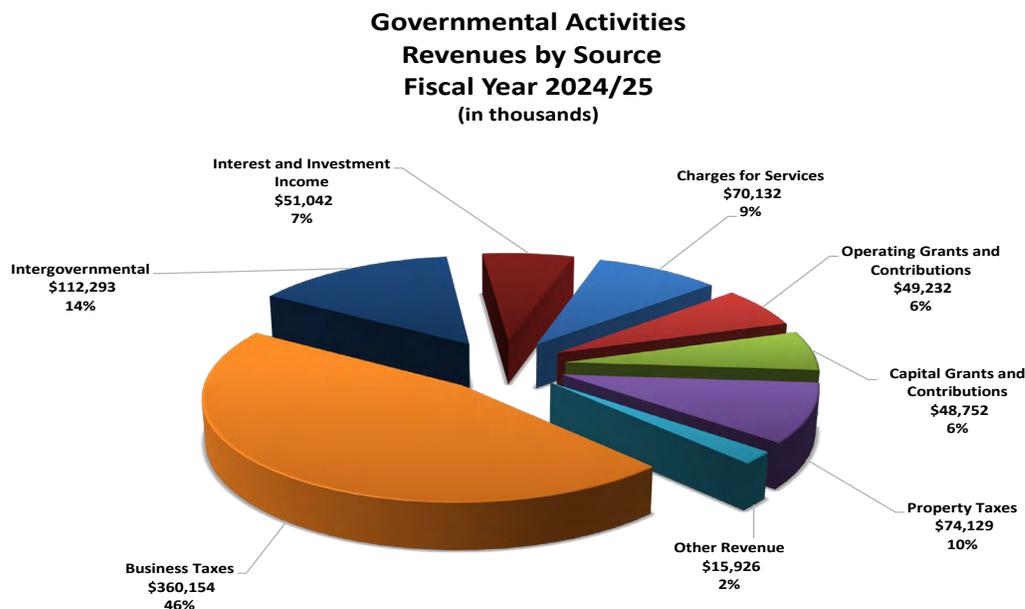
# Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

The city experienced a decrease in total revenues from governmental activities over the prior year due primarily from decreases in capital grants and contributions of \$68.0 million and decreases in intergovernmental taxes of \$11.6 million. The capital grants and contribution had significant decreases from developer contributions from the completion of construction projects in fiscal year 2025, with 2.45 less miles of streets being contributed than the prior fiscal year. The decrease in intergovernmental taxes was caused by the city receiving less state shared revenues than the prior year due primarily from the State of Arizona's revised flat income tax model which generated less tax income.

General revenues such as property, franchise, and privilege taxes are not shown by program, but are used to support program activities citywide. Total general revenues for governmental activities were \$613.5 million in fiscal year 2025 compared to \$611.1 million in fiscal year 2024. Intergovernmental taxes decreased by \$11.6 million or 11.5 percent from the previous year due to the reasons previously stated above. The decrease in intergovernmental taxes was primarily offset by an increase in interest and investment income of \$10.7 million or 26.6 percent increase from the increase in market values of the investment portfolio.

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



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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

Another component of the change in net position is expenses. The Public Safety Division, which is comprised of the Police and Fire Departments, has the largest expense function (38.9 percent), followed by the Public Works Division (20.9 percent), and the Community Services Division (16.8 percent).

The Public Safety Division provides police and fire/emergency services throughout the city. Expenses increased by \$15.3 million, or 7.4 percent, during fiscal year 2025 due primarily from increases in personnel related costs from two percent market adjustment and for the pay for performance plan of up to five percent. The city also hired new personnel for the municipal ambulance service program.

The Public Works Division consists of five departments: Capital Project Management, Facilities Management, Fleet Management, Solid Waste Management, and Transportation and Streets. Expenses were \$3.4 million, or 3.0 percent higher primarily from increased personnel cost from the two percent market adjustment and for the pay for performance plan of up to three percent.

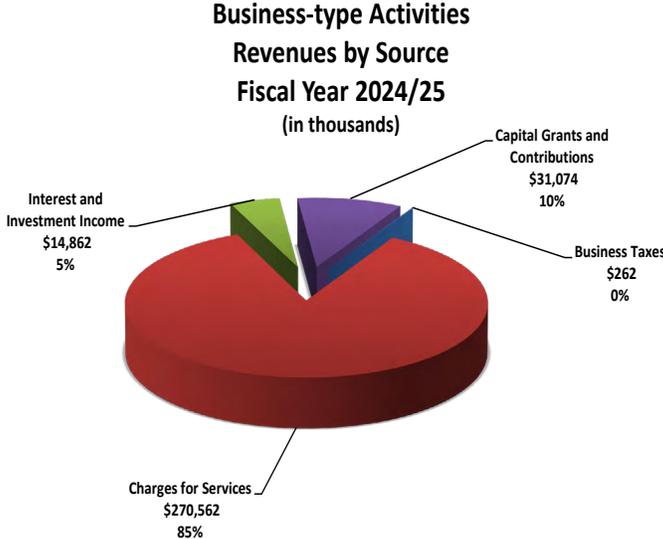
The city's Community Services Division is responsible for improving and maintaining facilities, and sponsors services that provide opportunities for family interaction, cultural enrichment, development of lifetime skills, and promoting healthy lifestyles. The division consists of: Human Services, Libraries, Parks and Recreation, Planning and Business Operations, Preserve, and WestWorld. Expenses were \$7.9 million, or 9.0 percent higher than the prior fiscal year due primarily from increases in personnel-related expenditures from a two percent market adjustment and for the pay for performance plan of up to three percent.

**Business-type Activities.** Net position for business-type activities increased by \$92.2 million after transfers during fiscal year 2025 compared to \$72.5 million after transfers in fiscal year 2024. Total revenues increased by \$12.9 million, or 4.3 percent, due largely from the charges for services category. The charges for services revenue category increased over the prior year due primarily from customer water usage. The city supplied 4.5 percent more water than the prior year on average. Overall, total revenues exceeded expenses resulting in an increase in net position for the fiscal year.

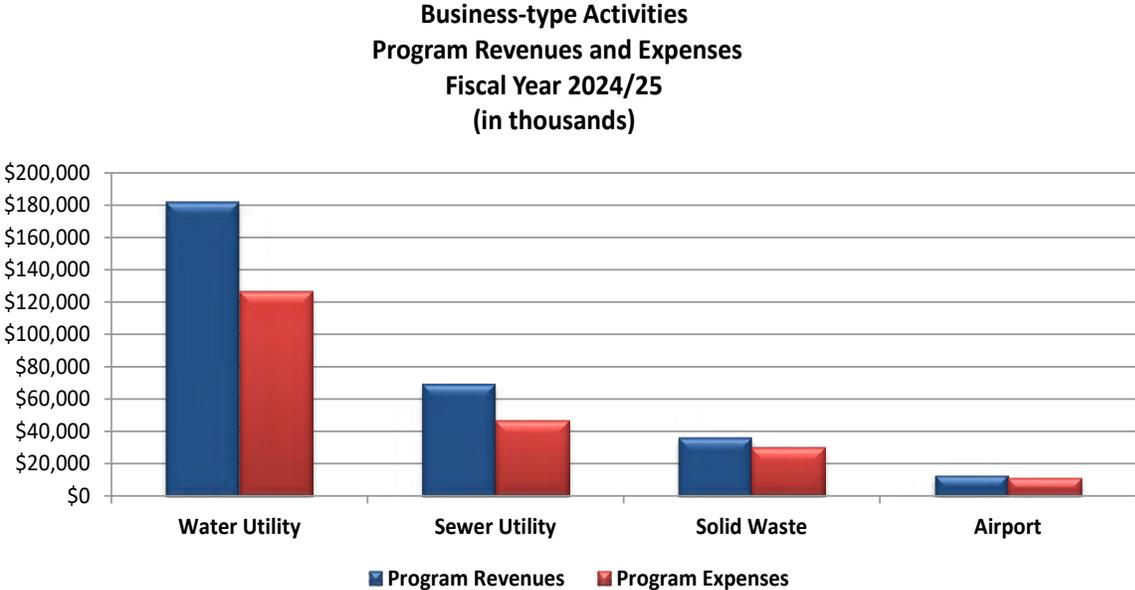
As shown in the *Business-type Activities Revenues by Source* chart, charges for services provided the largest share of revenues, followed by capital grants and contributions. The interest and investment income and business taxes were the least significant sources of revenue.

# Management’s Discussion and Analysis

For the Fiscal Year Ended June 30, 2025



As shown below in the *Business-type Activities Program Revenues and Expenses* chart, the largest of the city’s business-type activities, water utility and sewer utility, had expenses of \$126.6 million and \$46.5 million, respectively, in fiscal year 2025, followed by solid waste with \$29.9 million and airport with \$11.0 million.



The city’s Water Resources Department manages and operates a safe, reliable water supply and wastewater reclamation system, and in fiscal year 2025 they provided 94,087 water connections to Scottsdale citizens. The water and sewer utility’s combined expenses decreased by 5.2 percent or \$9.7 million in fiscal year 2025 compared to fiscal year 2024. The decrease in expenditure was primarily from the sewer utilities activities in reduced joint venture costs when compared to the prior fiscal year.

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

The Aviation Department operates the city's general aviation reliever facility and is home to many local corporate aircraft. More than 164,443 take-offs and landings occurred in fiscal year 2025 at Scottsdale Airport, a decrease of 4.1 percent from the prior year. Total program expenses increased by 13.7 percent or \$1.3 million in fiscal year 2025 compared to fiscal year 2024 due primarily to increases in personnel related costs from the city's pay for performance plan for up to three percent and market adjustment of two percent.

The Solid Waste Department provided delivery of safe, efficient, and environmentally sound refuse collection services to 85,186 residential customers in fiscal year 2025. Total program expenses increased 2.3 percent or \$0.7 million in fiscal year 2025 compared to fiscal year 2024 due primarily from increases in personnel costs from the city's pay for performance plan for up to three percent and market adjustment of two percent.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

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

As of the end of the current fiscal year, the city's governmental funds reported a combined ending fund balance of \$929.1 million, an increase of \$198.0 million from the prior year total of \$731.1 million. Approximately 29.0 percent, or \$269.4 million, of the current year amount constitutes unassigned fund balance. The remainder of fund balance is either nonspendable, restricted, or committed to indicate that it is not available for new spending.

Revenues for governmental functions totaled \$781.4 million in fiscal year 2025, an increase of 5.5 percent, or \$40.7 million, from the previous year total of \$740.7 million. In fiscal year 2025, expenditures for governmental functions totaled \$704.5 million, a decrease of 4.1 percent, or \$30.2 million, from the fiscal year 2024 total of \$734.7 million. For the current fiscal year, revenues exceeded expenditures for governmental functions by \$76.9 million. The increase in revenues was largely attributed to a \$20.8 million or 66.7 percent increase in miscellaneous grants primarily from the State Arterial Life Cycle Program for roadways, \$7.4 million or 49.6 percent increase in the fair value of investments, a \$6.0 million or 2.0 percent increase in transaction privilege tax, a \$4.9 million or 12.0 percent increase in charges for services, a \$4.3 million or 28.4 percent increase in federal grants, and a \$3.3 million or 13.1 percent increase in interest earnings, offset by a \$10.6 million or 8.0 percent decrease in intergovernmental tax revenues (state shared sales tax, state revenue sharing, auto lieu and highway user fuel tax revenues).

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

The General Fund is the chief operating fund of the city. At the end of fiscal year 2025, the unassigned fund balance of the General Fund was \$285.9 million, while the total fund balance was \$304.3 million; the unassigned and total fund balances for the General Fund at the end of fiscal year 2024 were \$246.4 million and \$247.0 million, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 74.7 percent of the total General Fund expenditures of \$382.9 million in fiscal year 2025 and represented 65.5 percent of the total General Fund expenditures of \$376.4 million in fiscal year 2024. Total fund balance represented 79.5 percent and 65.6 percent of total fund expenditures for fiscal years 2025 and 2024, respectively.

Overall, the General Fund's performance resulted in revenue and other financing sources exceeding expenditures and other financing uses in the fiscal year ended June 30, 2025, by \$57.3 million. Total revenues increased \$11.0 million, or 2.4 percent compared to the prior year while expenditures increased \$6.5 million or 1.7 percent. Significant reasons for the increase in revenues were the increases in transaction privilege tax revenue, charges for services, interest earnings, and the change in fair market value of investments, offset by a decrease in state shared revenues. Significant reasons for increases in expenditures were attributed to personnel-related costs, offset by a decrease in capital-related expenditures.

Key changes in General Fund revenues over the prior year included \$7.6 million for the increase in the fair market value of investments, \$5.3 million increase in charges for services, \$4.0 million increase in transaction privilege tax, and \$2.3 million for interest earnings, offset by a decrease in state revenue sharing revenues of \$12.4 million. The increase in the fair value of investments is due to market fluctuations and interest earnings have increased due to higher interest rates on city investments and from higher invested balances. Charges for services increased due to building permit activity, Westworld fees, and fire service fees. Transaction privilege tax increased due to a combination of inflation, tourism, and increased consumer activity. State revenue sharing decreased due to the enactment of the state income flat tax rate, resulting in lower state income tax receipts.

The Public Safety Division experienced the largest increase in General Fund expenditures, 4.3 percent, or \$8.7 million, primarily due from increases in personnel expenditures resulting from the two percent market adjustment the city provided effective this fiscal year, and up to five percent pay for performance program, and the associated retirement costs. Community Services increased 11.1 percent, or \$5.3 million and Administrative Services department increased 10.5 percent or \$2.4 million due to increases in personnel-related cost from the pay for performance program.

The General Obligation Bond Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation debt principal, interest, and related costs. At the end of the current fiscal year, the fund balance of the General Obligation Bond Debt Service Fund was \$7.5 million, an increase of \$7.4 million from the \$0.1 million balance from the prior year. The increase in fund balance was due to a decrease in debt services payments compared to the prior year of \$7.1 million and recognition of an expenditure in the prior fiscal year of a \$5.1 million that did not occur in the current fiscal year related to the Maricopa County Qasimyar Settlement. The General Obligation Bond Debt Service is serviced partially through secondary property taxes and through transfers from various funds.

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

The General CIP Construction Capital Projects Fund is used to account for the resources used to acquire, construct, and improve major capital facilities from amounts transferred from the city's General Fund. This fund also represents other City Council approved capital programs including transfers for tourism-related capital projects, in-lieu parking, and in-lieu stormwater. At the end of the current fiscal year, the fund balance of the General CIP Construction Capital Projects fund was \$152.2 million, a decrease of \$25.8 million from the \$178.0 million from the prior fiscal year, primarily from the use of funds for various capital projects offset by cash transfers in of \$44.1 million. The transfers to this fund are primarily from the General Fund resulting from construction sales tax and interest income as required by the city's comprehensive financial policies.

The Transportation Capital Projects Fund is used to account for the portion of the transportation privilege (sales) tax dedicated to transportation capital improvements. At the end of the current fiscal year, the fund balance was \$133.3 million, an increase of \$19.7 million from the \$113.6 million balance from the prior year. The increase in fund balance was primarily due to increased cash transfers in from the transportation tax in accordance with the city's comprehensive financial policies.

The External Sources Capital Projects Fund is used to account for funds received from a variety of external sources including federal and state grants, as well as contributions restricted or committed for capital projects. At the end of the current fiscal year, the fund balance was a deficit of \$11.0 million, an increase of \$21.4 million from the deficit balance of \$32.4 million from the prior year. The increase in fund balance was due to timing differences for grant and intergovernmental reimbursements that were received in the current fiscal year for costs incurred in the prior year.

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

At the end of the fiscal years 2025 and 2024, the unrestricted net position for the Water and Sewer Utility Fund was \$360.0 million and \$291.0 million, respectively; the Airport Fund was \$20.0 million and \$5.2 million, respectively; and the Solid Waste Fund was \$12.0 million and \$6.7 million, respectively. The Internal Service Funds, which are used to account for certain governmental activities, had an unrestricted net position of \$53.8 million and \$52.0 million, respectively.

The total growth in net position for the enterprise funds was \$91.2 million and \$70.4 million for fiscal years 2025 and 2024, respectively. Factors concerning the finances of these funds have been addressed previously in the discussion of the city's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

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

# Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

General Fund revenues on a budgetary basis were \$14.9 million more than projected for fiscal year 2025. The variance in revenues was primarily due to the city receiving more in transaction privilege tax, interest earnings, and light and power franchise fees than budgeted, offset by less property tax revenues than budgeted. The privilege tax was the most significant increase, consisting of \$13.7 million more revenues received than projected as the city continued to see increases in consumer spending. Property taxes were less than budget largely due to the \$4.9 million in Maricopa County Qasimyar Settlement property tax adjustment not included in budgetary basis revenues. Expenditures of \$378.1 million were \$7.1 million less than budgeted expenditures of \$385.2 million. All divisional expenditures came in lower than budget mostly attributed to vacancy savings.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** The city's total capital assets for its governmental and business-type activities as of June 30, 2025 and 2024 were \$6.74 billion and \$6.60 billion, respectively (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, streets and storm drains, water and sewer systems, water rights, vehicles, machinery and equipment, subscription-based information technology arrangements, furniture and fixtures, public-public partnerships, and construction in progress. The total increase in the city's capital assets (net of accumulated depreciation/amortization) between fiscal years 2025 and 2024 was \$140.7 million or 2.1 percent.

### Capital Assets, Net of Depreciation/Amortization

June 30, 2025 and 2024 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 3,513,288	\$ 3,498,381	\$ 52,993	\$ 52,781	\$ 3,566,281	\$ 3,551,162
Buildings and Land Improvements	511,612	445,827	116,046	97,202	627,658	543,029
Streets and Storm Drains	674,393	680,043	-	-	674,393	680,043
Machinery and Equipment	57,907	50,093	6,784	4,947	64,691	55,040
Water Rights	-	-	87,171	87,171	87,171	87,171
Water System	-	-	802,606	815,178	802,606	815,178
Sewer System	-	-	407,675	404,067	407,675	404,067
Motor Vehicles	48,070	44,860	-	-	48,070	44,860
Furniture, Fixtures, and Office Equipment	-	-	641	523	641	523
Construction in Progress	220,001	229,048	159,038	100,385	379,039	329,433
Subscription-Based I.T. Arrangements	10,290	12,866	440	99	10,730	12,965
Public-Public Partnership Assets	73,741	78,496	-	-	73,741	78,496
Total	\$ 5,109,302	\$ 5,039,614	\$ 1,633,394	\$ 1,562,353	\$ 6,742,696	\$ 6,601,967

Significant capital asset events during fiscal year 2025 included the following:

- Land:
  - \$14.0 million from land donated by developers that coincides with public street improvements for finalized permits
- Buildings and Land Improvements:
  - \$45.6 million police and fire training facilities
  - \$23.9 million airport operator improvement

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## Management's Discussion and Analysis

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For the Fiscal Year Ended June 30, 2025

- \$14.4 million McCormick Railroad Park improvement
- \$11.9 million Scottsdale Stadium improvement
- \$10.0 million Ashler Hills Park improvement
- Streets:
  - \$20.2 million Hayden and Miller-Pinnacle Peak to Happy Valley
  - \$12.8 million for payment overlay program
  - \$8.2 million public street improvements donated by developers
- Water System:
  - \$13.0 million developer contributions of waterline infrastructure assets
  - \$3.0 million water distribution system improvements
- Sewer System:
  - \$10.5 million developer contributions of sewerline infrastructure assets
  - \$6.8 million wastewater system improvements

As of June 30, 2025, the city has construction commitments of \$183.9 million for current projects. Additional information on the city's capital assets can be found in Note IV.D. on page 91-94 of this report.

**Long-term Debt.** At the end of the fiscal years 2025 and 2024, the city had total long-term liabilities of \$1.35 billion and \$1.24 billion, respectively. Of these amounts, \$405.8 million and \$359.1 million, for fiscal years 2025 and 2024, respectively, are general obligation bonds backed by the full faith and credit of the city. The remainder includes Municipal Property Corporation bonds, net pension liabilities, and other obligations of \$948.2 million and \$878.7 million for fiscal years 2025 and 2024, respectively.

The State Constitution imposes debt limitations on the city equal to 6 percent and 20 percent of the assessed valuation of properties within the city. The city's available debt margin at June 30, 2025 and 2024 was \$829.4 million and \$675.1 million, respectively, in the 6 percent capacity and \$2.42 billion and \$1.92 billion, respectively, in the 20 percent capacity. Additional information on the debt limitations and capacities may be found in Section IV.I. of the Notes to the Financial Statements and in Tables XVIa and XVIIb in the Statistical Section of this report.

# Management’s Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

## Long-term Liabilities

June 30, 2025 and 2024 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 405,765	\$ 359,110	\$ -	\$ -	\$ 405,765	\$ 359,110
Municipal Property Corporation Bonds	134,225	153,515	299,465	204,540	433,690	358,055
Community Facilities Districts						
General Obligation Bonds - Direct Placements	3,918	5,273	-	-	3,918	5,273
Issuance Premiums	26,123	24,563	19,820	13,765	45,943	38,328
Total Bonds Payable	570,031	542,461	319,285	218,305	889,316	760,766
Contracts Payable - Direct Borrowings	1,373	1,786	-	-	1,373	1,786
Leases	4,596	3,997	83	116	4,679	4,113
Public-Public Partnerships	4,084	4,368	-	-	4,084	4,368
Subscriptions	7,930	9,811	175	84	8,105	9,895
Risk Management Claims	23,472	20,958	-	-	23,472	20,958
Compensated Absences	35,819	33,266	4,072	4,399	39,891	37,665
Total Other Postemployment Benefit Liability	893	863	-	-	893	863
Net Pension Liabilities	302,426	318,881	33,476	33,279	335,902	352,160
Pollution Remediation Obligation	-	-	46,276	45,186	46,276	45,186
Total Long-term Liabilities	\$ 950,624	\$ 936,391	\$ 403,367	\$ 301,369	\$ 1,353,991	\$ 1,237,760

During fiscal year 2025, the city’s total long-term liabilities increased overall by \$116.2 million due to the issuance of general obligation bonds in the governmental activities and municipal property corporation bonds in the business-type activities, net of principal due on outstanding bonds.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the city’s proportionate share of the unfunded pension liabilities for pension plans in which it participates is included in the outstanding long-term liabilities. The city’s net pension liabilities at the end of fiscal years 2025 and 2024 were \$335.9 million and \$352.2 million, respectively. The decrease was due to actuarial gains from investments income. Additional information on the city’s pensions can be found starting on page 114.

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

## ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The strength of the city’s economy continued to show resiliency in the current fiscal year, which was driven by consumer spending and tourism-related activity. The overall budget forecast for next fiscal year includes modest increases in forecasted revenue primarily due to the expansion of ambulance services, and minor increases in projected in sales tax, with reductions anticipated of state shared revenues from changes in the state’s income tax rate model and interest earnings. In June 2025, the City Council approved a \$2,203.7 million budget, which is a \$91.1 million decrease from the prior year budget of \$2,294.8 million. The adopted fiscal year 2026 budget includes \$885.2 million for operations, \$370.8 million for contingencies/reserves, and \$947.7 million for capital improvements.

## REQUESTS FOR INFORMATION

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

# Basic Financial Statements

**Statement of Net Position**

June 30, 2025 (in thousands)

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash and Investments	\$ 1,004,195	\$ 331,883	\$ 1,336,078
Receivables (net of allowance for uncollectibles)			
Property and Other Local Taxes	37,508	33	37,541
Charges for Services	-	27,345	27,345
Fines	10,517	-	10,517
Intergovernmental and Grants	47,530	1,946	49,476
Interest	5,897	2,695	8,592
Leases	34,187	14,459	48,646
Public-Private Partnerships	-	8,428	8,428
Other	10,415	2,915	13,330
Internal Balances	8,544	(8,544)	-
Supplies Inventory	2,180	-	2,180
Prepaid Items	219	2,874	3,093
Prepayments	26,214	-	26,214
Pollution Remediation Recoveries	-	46,276	46,276
Restricted Assets			
Cash with Fiscal Agent	76,378	77,535	153,913
Customer Advances and Deposits	-	2,115	2,115
Joint Venture Construction Deposits	-	5,500	5,500
Advanced Construction Payments	-	2,080	2,080
Advanced Lease Payments	-	667	667
Net Pension OPEB Asset	9,408	1,281	10,689
Equity in Joint Ventures	2,489	78,206	80,695
Capital Assets Not Being Depreciated/Amortized			
Land, Water Rights, and Construction in Progress	3,733,289	299,202	4,032,491
Capital Assets, Net of Accumulated Depreciation/Amortization			
Facilities, Infrastructure, and Equipment	1,376,013	1,334,192	2,710,205
Total Assets	<u>6,384,983</u>	<u>2,231,088</u>	<u>8,616,071</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refundings	11,493	9,141	20,634
Pension-Related Amounts	102,157	6,086	108,243
Pension OPEB-Related Amounts	500	74	574
City OPEB-Related Amounts	475	-	475
Total Deferred Outflows of Resources	<u>\$ 114,625</u>	<u>\$ 15,301</u>	<u>\$ 129,926</u>

(continued)

**Statement of Net Position**

June 30, 2025 (in thousands)

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	\$ 28,268	\$ 18,160	\$ 46,428
Accrued Payroll and Benefits	14,173	1,776	15,949
Accrued Compensated Absences	56	12	68
Interest Payable	7,151	3,621	10,772
Matured Bonds, Loans, and Other Payables	69,115	17,450	86,565
Due to Other Governments	4,549	-	4,549
Unearned Revenue	11,576	-	11,576
Liabilities Payable from Restricted Assets			
Advanced Construction Payments	-	2,080	2,080
Advanced Lease Payments	-	667	667
Customer Advances & Deposits	5,639	2,115	7,754
Other Liabilities	2,932	-	2,932
Noncurrent Liabilities			
Due Within One Year			
Accrued Compensated Absences	18,329	2,204	20,533
Bonds, Loans, and Other Payables	81,246	22,755	104,001
City Other Postemployment Benefit Liability	127	-	127
Due in More Than One Year			
Accrued Compensated Absences	17,490	1,868	19,358
City Other Postemployment Benefit Liability	766	-	766
Net Pension Liabilities	302,426	33,476	335,902
Bonds, Loans, and Other Payables	530,242	296,788	827,030
Pollution Remediation Obligation	-	46,276	46,276
Total Noncurrent Liabilities	<u>950,626</u>	<u>403,367</u>	<u>1,353,993</u>
Total Liabilities	<u>1,094,085</u>	<u>449,248</u>	<u>1,543,333</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	31,580	13,211	44,791
Pension-Related Amounts	20,637	2,544	23,181
Pension-Related OPEB Amounts	3,379	430	3,809
Public-Private Partnerships	2,329	56,244	58,573
City OPEB-Related Amounts	1,631	-	1,631
Total Deferred Inflows of Resources	<u>59,556</u>	<u>72,429</u>	<u>131,985</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,602,117	1,317,956	5,920,073
Restricted			
Debt Service	10,615	-	10,615
Transportation and Preserve Privilege Tax Activities	199,527	-	199,527
Capital Projects	163,698	-	163,698
Grants	3,113	-	3,113
Special Programs	19,976	-	19,976
Community Facilities Districts	144	-	144
Stadium Facility	6,269	-	6,269
Tourism Development	8,062	-	8,062
Endowments			
Expendable	27	-	27
Nonexpendable	675	-	675
Joint Venture Construction Deposits	-	5,500	5,500
Unrestricted	<u>331,744</u>	<u>401,256</u>	<u>733,000</u>
Total Net Position	<u>\$ 5,345,967</u>	<u>\$ 1,724,712</u>	<u>\$ 7,070,679</u>

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

Statement of Activities

For the Fiscal Year Ended June 30, 2025 (in thousands)

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FUNCTIONS/PROGRAMS	Program Revenues						Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
General Government							
Mayor and City Council	\$ 1,065	\$ 88	\$ 13	\$ -	\$ (964)	\$ -	\$ (964)
City Clerk	1,159	74	-	-	(1,085)	-	(1,085)
City Attorney	8,636	1,563	-	-	(7,073)	-	(7,073)
City Auditor	960	145	77	-	(738)	-	(738)
City Court	7,823	-	3	-	(7,820)	-	(7,820)
City Manager	3,033	1,478	152	-	(1,403)	-	(1,403)
City Treasurer	12,338	7,728	-	-	(4,610)	-	(4,610)
Other General Government	8	-	-	-	(8)	-	(8)
Public Works	119,100	14	20,006	47,149	(51,931)	-	(51,931)
Community and Economic Development	50,400	23,531	2,936	-	(23,933)	-	(23,933)
Public Safety	221,440	16,421	10,622	909	(193,488)	-	(193,488)
Community Services	95,668	18,285	14,601	694	(62,088)	-	(62,088)
Administrative Services	32,174	203	822	-	(31,149)	-	(31,149)
Streetlight and Services Districts	577	602	-	-	25	-	25
Interest on Long-Term Debt	14,290	-	-	-	(14,290)	-	(14,290)
Total Governmental Activities	<u>568,671</u>	<u>70,132</u>	<u>49,232</u>	<u>48,752</u>	<u>(400,555)</u>	<u>-</u>	<u>(400,555)</u>
Business-type Activities							
Water Utility	126,586	164,928	-	17,166	-	55,508	55,508
Sewer Utility	46,530	57,329	-	12,300	-	23,099	23,099
Airport	11,009	11,649	-	1,608	-	2,248	2,248
Solid Waste	29,849	36,656	-	-	-	6,807	6,807
Total Business-type Activities	<u>213,974</u>	<u>270,562</u>	<u>-</u>	<u>31,074</u>	<u>-</u>	<u>87,662</u>	<u>87,662</u>
Total Government	<u>\$ 782,645</u>	<u>\$ 340,694</u>	<u>\$ 49,232</u>	<u>\$ 79,826</u>	<u>(400,555)</u>	<u>87,662</u>	<u>(312,893)</u>
General Revenues							
Taxes							
Property Taxes					74,129	-	74,129
Sales and Use Taxes					345,731	262	345,993
Franchise Taxes					14,423	-	14,423
Intergovernmental - Unrestricted							
State Shared Sales					37,509	-	37,509
State Revenue Sharing					51,990	-	51,990
Other					22,794	-	22,794
Interest and Investment Income					51,042	14,862	65,904
Other Revenue					15,926	-	15,926
Transfers					10,585	(10,585)	-
Total General Revenues and Transfers					<u>624,129</u>	<u>4,539</u>	<u>628,668</u>
Change in Net Position					223,574	92,201	315,775
Net Position - Beginning					<u>5,122,393</u>	<u>1,632,511</u>	<u>6,754,904</u>
Net Position - Ending					<u>\$ 5,345,967</u>	<u>\$ 1,724,712</u>	<u>\$ 7,070,679</u>

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

## Balance Sheet

### Governmental Funds

June 30, 2025 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 270,405	\$ 6,913	\$ 161,254	\$ 137,436	\$ -	\$ 345,869	\$ 921,877
Cash with Fiscal Agent	-	60,604	-	-	-	15,774	76,378
Receivable (net of allowance for uncollectibles)							
Interest	3,649	-	-	358	1	1,889	5,897
Privilege Tax	17,337	-	-	1,536	-	8,374	27,247
Transient Occupancy Tax	-	-	-	-	-	1,950	1,950
Property Tax	1,300	1,160	-	-	-	65	2,525
State Shared Sales Tax	1,860	-	-	-	-	-	1,860
Franchise Fee	3,320	-	-	-	-	70	3,390
Court	10,249	-	-	-	-	268	10,517
Highway User Tax	-	-	-	-	-	1,878	1,878
Auto Lieu Tax	536	-	-	-	-	-	536
Intergovernmental	-	-	4,724	15,814	8,977	11,421	40,936
Grants	-	-	-	-	2,583	2,133	4,716
Ambulance	1,233	-	-	-	-	-	1,233
Leases	34,130	-	-	-	-	57	34,187
Miscellaneous	5,429	-	112	-	-	3,193	8,734
Due from Other Funds	12,302	-	-	-	-	-	12,302
Advances to Other Funds	17,800	-	-	-	-	-	17,800
Supplies Inventory	556	-	-	-	-	-	556
Total Assets	<u>\$ 380,106</u>	<u>\$ 68,677</u>	<u>\$ 166,090</u>	<u>\$ 155,144</u>	<u>\$ 11,561</u>	<u>\$ 392,941</u>	<u>\$ 1,174,519</u>

(continued)

**Balance Sheet**

**Governmental Funds**

June 30, 2025 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 5,864	\$ -	\$ 9,020	\$ 5,612	\$ 1,094	\$ 4,005	\$ 25,595
Accrued Payroll and Benefits	13,138	-	7	-	-	752	13,897
Due to Other Funds	-	-	-	-	10,740	1,562	12,302
Matured Bond Interest Payable	-	5,006	-	-	-	2,145	7,151
Matured Bonds Payable	-	55,595	-	-	-	13,520	69,115
Unearned Revenue							
Intergovernmental	-	-	-	-	-	9,116	9,116
Other	2,051	-	3	-	-	385	2,439
Due to Other Governments	4,499	-	-	-	-	50	4,549
Guaranty and Other Deposits	5,634	-	-	-	-	5	5,639
Other	2,779	-	-	-	-	153	2,932
<b>Total Liabilities</b>	<b>33,965</b>	<b>60,601</b>	<b>9,030</b>	<b>5,612</b>	<b>11,834</b>	<b>31,693</b>	<b>152,735</b>
<b>Deferred Inflows of Resources</b>							
Unavailable Revenues	12,481	553	4,835	16,231	10,724	16,231	61,055
Leases	29,377	-	-	-	-	2,203	31,580
<b>Total Deferred Inflows of Resources</b>	<b>41,858</b>	<b>553</b>	<b>4,835</b>	<b>16,231</b>	<b>10,724</b>	<b>18,434</b>	<b>92,635</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>75,823</b>	<b>61,154</b>	<b>13,865</b>	<b>21,843</b>	<b>22,558</b>	<b>50,127</b>	<b>245,370</b>
<b>Fund Balances (Deficits)</b>							
Nonspendable	18,356	-	-	-	-	675	19,031
Restricted	-	7,523	-	133,301	3,443	315,979	460,246
Committed	-	-	152,225	-	70	28,158	180,453
Unassigned	285,927	-	-	-	(14,510)	(1,998)	269,419
<b>Total Fund Balances (Deficits)</b>	<b>304,283</b>	<b>7,523</b>	<b>152,225</b>	<b>133,301</b>	<b>(10,997)</b>	<b>342,814</b>	<b>929,149</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)</b>	<b>\$ 380,106</b>	<b>\$ 68,677</b>	<b>\$ 166,090</b>	<b>\$ 155,144</b>	<b>\$ 11,561</b>	<b>\$ 392,941</b>	<b>\$ 1,174,519</b>

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

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

June 30, 2025 (in thousands)

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Fund Balances - Total Governmental Funds	\$ 929,149
Amounts reported for governmental activities in the statement of net position are different because (see Note II. A. for the detailed reconciliation):	
Capital assets used in governmental activities are not financial resources; therefore, are not reported in the funds.	4,948,161
Equity in joint venture is not a financial resource; therefore, is not reported in the funds.	2,485
Prepayments, public-public partnerships, leases, and subscription-based information technology arrangements are not financial resources; therefore, are not reported in the funds.	114,477
Deferred outflows relating to deferred amounts on refundings, pensions, and other postemployment benefits are not financial resources; therefore, are not reported in the funds.	113,644
Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore, are not reported in the funds.	(912,090)
Deferred inflows relating to pensions, other postemployment benefits, and public-private partnerships represent a future acquisition of net position that is not reported in the funds. Also, because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by unavailable revenue in the funds.	33,550
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, computer equipment, and vehicles to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.	<u>116,591</u>
Net Position of Governmental Activities	<u>\$ 5,345,967</u>

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

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

**Governmental Funds**

For the Fiscal Year Ended June 30, 2025 (in thousands)

<b>REVENUES</b>	<b>General</b>	<b>General Obligation Bond Debt Service</b>	<b>General CIP Construction Capital Projects</b>	<b>Transportation Capital Projects</b>	<b>External Sources Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Taxes - Local							
Property	\$ 37,133	\$ 34,176	\$ -	\$ -	\$ -	\$ 1,951	\$ 73,260
Transaction Privilege	196,727	-	-	17,611	-	95,724	310,062
Transient Occupancy	-	-	-	-	-	34,735	34,735
Light and Power Franchise	11,045	-	-	-	-	214	11,259
Cable TV Franchise	3,164	-	-	-	-	-	3,164
Salt River Project In-Lieu	197	-	-	-	-	-	197
Other Taxes	971	-	-	-	-	7,824	8,795
Taxes - Intergovernmental							
State Shared Sales	37,509	-	-	-	-	-	37,509
State Revenue Sharing	51,990	-	-	-	-	-	51,990
Auto Lieu Tax	13,170	-	-	-	-	-	13,170
Highway User Tax	-	-	-	-	-	19,136	19,136
Local Transportation Assistance Fund	-	-	-	-	-	610	610
Business and Liquor Licenses	2,672	-	-	-	-	49	2,721
Charges for Current Services							
Building and Related Permits	23,205	-	35	-	-	147	23,387
Recreation Fees	5,947	-	-	-	-	3,617	9,564
WestWorld Equestrian Facility Fees	7,035	-	-	-	-	1,410	8,445
Fire Fees	4,728	-	-	-	-	-	4,728
Fines, Fees, and Forfeitures							
Court	4,672	-	-	-	-	125	4,797
Parking	215	-	-	-	-	-	215
Photo Radar	2,719	-	-	-	-	-	2,719
Court Enhancement	-	-	-	-	-	2,272	2,272
Library	50	-	-	-	-	94	144
Police	-	-	-	-	-	105	105
Opioid Settlements	-	-	-	-	-	992	992
Property Rental	6,497	-	-	-	-	5,975	12,472
Interest Earnings	17,967	2	138	1,801	3	8,884	28,795
Net Increase in the Fair Value of Investments	22,077	-	-	-	-	170	22,247
Intergovernmental							
Federal Grants	-	-	-	-	6,159	13,504	19,663
State Grants	-	-	-	-	-	2,102	2,102
Miscellaneous	5,628	-	-	-	40,589	5,874	52,091
Developer Contributions	-	-	-	-	710	2,929	3,639
Streetlight and Services Districts	-	-	-	-	-	602	602
Contributions and Donations	-	-	-	-	300	2,841	3,141
Reimbursements from Outside Sources	1,204	-	-	-	-	772	1,976
Indirect Costs	9,345	-	-	-	-	-	9,345
Other	1,270	-	1	-	-	103	1,374
Total Revenues	\$ 467,137	\$ 34,178	\$ 174	\$ 19,412	\$ 47,761	\$ 212,761	\$ 781,423

(continued)

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

**Governmental Funds**

For the Fiscal Year Ended June 30, 2025 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>EXPENDITURES</b>							
Current							
General Government							
Mayor and City Council	\$ 1,082	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 1,095
City Clerk	1,180	-	-	-	-	-	1,180
City Attorney	9,106	-	-	-	-	-	9,106
City Auditor	981	-	-	-	-	-	981
City Court	5,959	-	-	-	-	1,980	7,939
City Manager	3,026	-	-	-	-	-	3,026
City Treasurer	12,989	-	752	70	-	160	13,971
Other General Government	-	-	-	-	-	8	8
Public Works	27,508	-	856	2,528	-	26,030	56,922
Community and Economic Development	24,938	-	298	-	-	22,805	48,041
Public Safety	211,693	-	531	-	-	4,875	217,099
Community Services	53,270	-	75	-	-	20,783	74,128
Administrative Services	25,469	-	2,095	324	-	838	28,726
Streetlight and Services Districts	-	-	-	-	-	577	577
Debt Service							
Principal	3,490	55,595	-	-	-	21,723	80,808
Interest and Fiscal Charges	889	10,018	-	-	-	4,589	15,496
Bond Issuance Costs	-	522	-	-	-	-	522
Capital Outlay	1,277	-	65,313	32,484	26,361	19,456	144,891
Total Expenditures	<u>382,857</u>	<u>66,135</u>	<u>69,920</u>	<u>35,406</u>	<u>26,361</u>	<u>123,837</u>	<u>704,516</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>84,280</u>	<u>(31,957)</u>	<u>(69,746)</u>	<u>(15,994)</u>	<u>21,400</u>	<u>88,924</u>	<u>76,907</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	17,210	38,850	44,074	35,738	20	24,912	160,804
Transfers Out	(46,852)	-	(71)	(1)	-	(103,277)	(150,201)
Financing of Leases	1,587	-	-	-	-	353	1,940
Financing of Subscription-Based I.T. Arrangements	779	-	-	-	-	-	779
Sale of General Capital Assets	277	-	-	-	-	-	277
Issuance of Long-Term Capital-Related Debt	-	141	-	-	-	102,109	102,250
Premium on Long-Term Debt Issued	-	384	-	-	-	4,891	5,275
Total Other Financing Sources (Uses)	<u>(26,999)</u>	<u>39,375</u>	<u>44,003</u>	<u>35,737</u>	<u>20</u>	<u>28,988</u>	<u>121,124</u>
Net Change in Fund Balances	57,281	7,418	(25,743)	19,743	21,420	117,912	198,031
Fund Balances (Deficits) - Beginning	247,002	105	177,968	113,558	(32,417)	224,902	731,118
Fund Balances (Deficits) - Ending	<u>\$ 304,283</u>	<u>\$ 7,523</u>	<u>\$ 152,225</u>	<u>\$ 133,301</u>	<u>\$ (10,997)</u>	<u>\$ 342,814</u>	<u>\$ 929,149</u>

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

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ 198,031
Amounts reported for governmental activities in the statement of activities are different because (see Note II. B. for the detailed reconciliation):	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	54,699
Donations of capital assets are not capitalized on the governmental fund statements, but are shown in the statement of activities.	22,407
Amortization of deferred inflows of resources related to capital assets acquired by the city as a result of public-private partnerships are not shown in the governmental fund statements. On the statement of activities it is recorded as revenue.	87
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(50,232)
Current-year pension and other postemployment benefit contributions are reclassified from expenditures in the governmental funds to deferred outflows of resources in the government-wide statements.	44,522
Current-year joint venture contributions are reclassified from expenditures in the governmental funds to an increase in the investment in the joint venture in the government-wide statements.	177
When leases (in which the city is the lessee), public-public partnerships (PPPs) (in which the city is the operator), and subscription-based information technology arrangements (SBITAs) are to be used in governmental activities, an expenditure is recorded in the governmental funds in the amount of the Present Value of the Future Lease Payments (PVFLP)/Present Value of the Future Installment Payments (PVFIP)/Present Value of the Future Subscription Payments (PVFSP), respectively; however, in the statement of activities, the PVFLP, PVFIP, and PVFSP are recognized as intangible assets and amortized over the lease/PPP/subscription term.	17
The State Treasurer distributes funding directly to the Public Safety Personnel Retirement System that is used to offset the contribution required to be made by the city. The fund financial statements recognize the current year contribution; however, the government-wide statements recognize the prior year contribution.	(1,134)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(23,173)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds; however, neither transaction has any effect on net position. This is the amount by which principal retirement exceeded debt proceeds in the current period.	(29,106)
Additional interest accretion calculated on bonds and notes payable and amortization of bond premium and deferred amounts on refundings.	1,206
When lease assets and subscription-based information technology arrangement assets (SBITAs) are retired, a loss is recognized on the statement of activities.	(18)
The change in net position of the Internal Service Funds is attributed to governmental activities.	<u>6,091</u>
Change in Net Position of Governmental Activities	<u>\$ 223,574</u>

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

## General Fund

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>REVENUES</b>						
Taxes - Local						
Property	\$ 38,384	38,384	\$ 32,272	\$ 4,861	\$ 37,133	\$ (6,112)
Transaction Privilege	183,003	183,003	196,727	-	196,727	13,724
Light and Power Franchise	10,282	10,282	11,045	-	11,045	763
Cable TV Franchise	3,328	3,328	3,164	-	3,164	(164)
Salt River Project In-Lieu	200	200	197	-	197	(3)
Other Taxes	965	965	971	-	971	6
Taxes - Intergovernmental						
State Shared Sales	37,126	37,126	37,509	-	37,509	383
State Revenue Sharing	51,842	51,842	51,990	-	51,990	148
Auto Lieu Tax	12,284	12,284	13,170	-	13,170	886
Business and Liquor Licenses	2,667	2,667	2,672	-	2,672	5
Charges for Current Services						
Building and Related Permits	21,770	21,770	23,205	-	23,205	1,435
Recreation Fees	5,607	5,607	5,947	-	5,947	340
WestWorld Equestrian Facility Fees	5,577	5,577	7,035	-	7,035	1,458
Fire Fees	7,206	7,206	4,728	-	4,728	(2,478)
Fines, Fees, and Forfeitures						
Court	4,241	4,241	4,672	-	4,672	431
Parking	261	261	215	-	215	(46)
Photo Radar	2,645	2,645	2,719	-	2,719	74
Library	43	43	50	-	50	7
Property Rental	6,241	6,241	6,847	(350)	6,497	606
Interest Earnings	15,596	15,596	16,620	1,347	17,967	1,024
Net Increase in the Fair Value of Investments	-	-	-	22,077	22,077	-
Intergovernmental						
Miscellaneous	4,354	4,354.00	5,628	-	5,628	1,274
Reimbursements from Outside Sources	415	415	1,204	-	1,204	789
Indirect Costs	9,227	9,227	9,345	-	9,345	118
Other	469	469	750	520	1,270	281
Total Revenues	<u>\$ 423,733</u>	<u>\$ 423,733</u>	<u>\$ 438,682</u>	<u>\$ 28,455</u>	<u>\$ 467,137</u>	<u>\$ 14,949</u>

(continued)

## General Fund

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>EXPENDITURES</b>						
Current						
General Government						
Mayor and City Council	\$ 1,228	\$ 1,230	\$ 1,085	\$ (3)	\$ 1,082	\$ 145
City Clerk	1,458	1,449	1,178	2	1,180	271
City Attorney	9,017	9,227	9,025	81	9,106	202
City Auditor	1,420	1,374	974	7	981	400
City Court	6,096	6,161	5,941	18	5,959	220
City Manager	2,944	3,357	3,017	9	3,026	340
City Treasurer	13,642	13,565	12,893	96	12,989	672
Public Works	30,020	28,937	27,450	58	27,508	1,487
Community and Economic Development	26,117	26,415	25,019	(81)	24,938	1,396
Public Safety	209,816	210,330	209,789	1,840	211,693	541
Community Services	52,772	54,405	53,605	(335)	53,270	800
Administrative Services	21,427	28,309	27,714	(2,245)	25,469	595
Debt Service						
Principal	153	153	284	3,206	3,490	(131)
Interest and Fiscal Charges	304	304	175	714	889	129
Capital Outlay	-	-	-	1,277	1,277	-
Total Expenditures	<u>\$ 376,414</u>	<u>\$ 385,216</u>	<u>378,149</u>	<u>4,644</u>	<u>382,857</u>	<u>7,067</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>47,319</u>	<u>38,517</u>	<u>60,533</u>	<u>23,811</u>	<u>84,280</u>	<u>22,016</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	15,815	15,815	17,210	-	17,210	1,395
Transfers Out	(59,584)	(62,675)	(64,652)	17,800	(46,852)	(1,977)
Financing of Leases	-	-	-	1,587	1,587	-
Financing of SBITAs	-	-	-	779	779	-
Sale of General Capital Assets	190	190	213	64	277	23
Total Other Financing Sources (Uses)	<u>(43,579)</u>	<u>(46,670)</u>	<u>(47,229)</u>	<u>20,230</u>	<u>(26,999)</u>	<u>(559)</u>
Net Change in Fund Balances	<u>\$ 3,740</u>	<u>\$ (8,153)</u>	<u>\$ 13,304</u>	<u>\$ 44,041</u>	<u>\$ 57,281</u>	<u>\$ 21,457</u>

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

## General Fund

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

#### Explanation of Differences:

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

Amortized Lease Revenue	\$	(350)
Lease Interest Revenue		1,347
Net Increase in the Fair Value of Investments		22,077
Maricopa County Qasimyar Settlement Property Tax Adjustment		4,861
In-Kind Revenue		520
Financing of Leases		1,587
Financing of SBITAs		779
Gain on Lease Termination		64
Total Revenue/Other Financing Source Adjustments		30,885

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

Payroll Accrual and Compensated Absences		1,606
Non-Cash Operating Expenditures		622
Non-Cash Debt Service Expenditures		50
Non-Cash Capital Expenditures		2,366
Transfer from Solid Waste Loan		(17,800)
Total Expenditure Adjustments		(13,156)

Net Increase in Fund Balance - Budget to GAAP	\$	44,041
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#### Differences in Presentation between Budget and GAAP Basis:

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

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

**Statement of Fund Net Position**

**Proprietary Funds**

June 30, 2025 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Current Assets					
Cash and Investments	\$ 277,822	\$ 19,023	\$ 35,038	\$ 331,883	\$ 82,318
Receivables (net of allowance for uncollectibles)					
Privilege Tax	-	33	-	33	-
Charges for Services	23,166	399	3,780	27,345	-
Intergovernmental	61	320	-	381	-
Leases	-	1,409	-	1,409	-
Public-Private Partnerships	-	217	-	217	-
Interest	2,538	75	82	2,695	-
Miscellaneous	2,914	-	1	2,915	448
Supplies Inventory	-	-	-	-	1,624
Restricted Cash, Cash Equivalents, and Investments					
Cash with Fiscal Agent	76,154	1,381	-	77,535	-
Customer Advances and Deposits	1,694	421	-	2,115	-
Prepaid Items	2,730	42	102	2,874	219
Other Restricted Items					
Joint Venture Construction Deposits	5,500	-	-	5,500	-
Total Current Assets	<u>392,579</u>	<u>23,320</u>	<u>39,003</u>	<u>454,902</u>	<u>84,609</u>
Noncurrent Assets					
Lease Receivables	15	13,035	-	13,050	-
Intergovernmental Receivables	1,565	-	-	1,565	-
Public-Private Partnership Receivables	-	8,211	-	8,211	-
Net Pension OPEB Asset	899	55	327	1,281	203
Equity in Joint Ventures	78,102	8	96	78,206	4
Pollution Remediation Recoveries	46,276	-	-	46,276	-
Restricted Cash, Cash Equivalents, and Investments					
Advanced Construction Payments	2,080	-	-	2,080	-
Advanced Lease Payments	-	667	-	667	-
Capital Assets					
Land	42,318	9,564	1,111	52,993	-
Water Rights	87,171	-	-	87,171	-
Water System	1,564,960	-	-	1,564,960	-
Sewer System	774,962	-	-	774,962	-
Buildings and Improvements	-	161,341	7,943	169,284	19,003
Motor Vehicles	-	628	-	628	119,295
Machinery and Equipment	9,087	773	1,502	11,362	6,911
Furniture and Fixtures	1,659	217	148	2,024	-
Construction in Progress	156,944	223	1,871	159,038	8,903
Leases	138	16	9	163	27
Subscription-Based Information Technology Arrangements	652	1	8	661	514
Less Accumulated Depreciation/Amortization	<u>(1,134,519)</u>	<u>(50,139)</u>	<u>(5,194)</u>	<u>(1,189,852)</u>	<u>(81,775)</u>
Total Capital Assets (net)	<u>1,503,372</u>	<u>122,624</u>	<u>7,398</u>	<u>1,633,394</u>	<u>72,878</u>
Total Noncurrent Assets	<u>1,632,309</u>	<u>144,600</u>	<u>7,821</u>	<u>1,784,730</u>	<u>73,085</u>
Total Assets	<u>2,024,888</u>	<u>167,920</u>	<u>46,824</u>	<u>2,239,632</u>	<u>157,694</u>
<b>Deferred Outflows of Resources</b>					
Deferred Amounts on Refundings	9,141	-	-	9,141	-
Pension OPEB-Related Amounts	52	3	19	74	12
Pension-Related Amounts	4,232	250	1,604	6,086	969
Total Deferred Outflows of Resources	<u>\$ 13,425</u>	<u>\$ 253</u>	<u>\$ 1,623</u>	<u>\$ 15,301</u>	<u>\$ 981</u>

(continued)

**Statement of Fund Net Position**

**Proprietary Funds**

June 30, 2025 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<b>Liabilities</b>					
Current Liabilities					
Accounts Payable	\$ 17,434	\$ 101	\$ 625	\$ 18,160	\$ 2,673
Accrued Payroll and Benefits	1,183	71	522	1,776	332
Accrued Compensated Absences - Current	12	-	-	12	-
Accrued Compensated Absences - Due within one year	1,553	112	539	2,204	357
Unearned Revenue	-	-	-	-	21
Customer Advances and Deposits	1,694	421	-	2,115	-
Interest Payable	3,280	341	-	3,621	-
Matured Bonds and Other Payables	16,410	1,040	-	17,450	-
Bonds Payable and Other Payables - Due within one year	21,525	1,090	-	22,615	-
Leases - Due within one year	30	3	2	35	6
Subscription - Due within one year	104	-	1	105	-
Advance from Other Funds - Due within one year	-	-	1,553	1,553	-
Other Liabilities	-	-	-	-	9,839
Total Current Liabilities	<u>63,225</u>	<u>3,179</u>	<u>3,242</u>	<u>69,646</u>	<u>13,228</u>
Noncurrent Liabilities					
Accrued Compensated Absences - Due in more than one year	1,287	134	447	1,868	175
Advanced Construction Payments	2,080	-	-	2,080	-
Advanced Lease Payments	-	667	-	667	-
Net Pension Liabilities	23,502	1,433	8,541	33,476	5,309
Bonds, Loans, and Other Payables - Due in more than one year	280,196	16,474	-	296,670	13,633
Pollution Remediation Obligation	46,276	-	-	46,276	-
Leases - Due in more than one year	41	5	2	48	12
Subscription - Due in more than one year	70	-	-	70	-
Advance from Other Funds - Due in more than one year	-	-	16,247	16,247	-
Total Noncurrent Liabilities	<u>353,452</u>	<u>18,713</u>	<u>25,237</u>	<u>397,402</u>	<u>19,129</u>
Total Liabilities	<u>416,677</u>	<u>21,892</u>	<u>28,479</u>	<u>467,048</u>	<u>32,357</u>
<b>Deferred Inflows of Resources</b>					
Pension OPEB-Related Amounts	302	18	110	430	68
Pension-Related Amounts	1,786	109	649	2,544	403
Leases	9	13,202	-	13,211	-
Public-Private Partnerships	-	56,244	-	56,244	-
Total Deferred Inflows of Resources	<u>2,097</u>	<u>69,573</u>	<u>759</u>	<u>72,429</u>	<u>471</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,254,072	56,714	7,170	1,317,956	72,040
Restricted for Joint Venture Construction Deposits	5,500	-	-	5,500	-
Unrestricted	359,967	19,994	12,039	392,000	53,807
Total Net Position	<u>\$ 1,619,539</u>	<u>\$ 76,708</u>	<u>\$ 19,209</u>	<u>\$ 1,715,456</u>	<u>\$ 125,847</u>

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

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

June 30, 2025 (in thousands)

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Total Enterprise Fund Net Position	\$ 1,715,456
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Amounts reported for business-type activities in the government-wide statement of net position are different because:

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

9,256
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Net Position of Business-type Activities	<u>\$ 1,724,712</u>
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The notes to the financial statements are an integral part of this statement.

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

### Proprietary Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for Sales and Services					
Water Service Fees	\$ 141,024	\$ -	\$ -	\$ 141,024	\$ -
Sewer Service Fees	55,767	-	-	55,767	-
Proprietary - Non-potable water fees	17,673	-	-	17,673	-
Solid Waste Fees	-	-	36,656	36,656	-
Airport Fees	-	11,649	-	11,649	-
Other Services	-	-	-	-	90,253
Other	7,793	-	-	7,793	1,927
Total Operating Revenues	<u>222,257</u>	<u>11,649</u>	<u>36,656</u>	<u>270,562</u>	<u>92,180</u>
<b>OPERATING EXPENSES</b>					
Costs for Sales and Services					
Water Operations	77,376	-	-	77,376	-
Sewer Operations	22,760	-	-	22,760	-
Solid Waste Operations	-	-	28,069	28,069	-
Airport Operations	-	3,446	-	3,446	-
Other Services	-	-	-	-	76,577
Indirect Costs	6,577	730	2,038	9,345	-
Depreciation/Amortization	60,820	6,243	384	67,447	12,159
Total Operating Expenses	<u>167,533</u>	<u>10,419</u>	<u>30,491</u>	<u>208,443</u>	<u>88,736</u>
Operating Income	<u>54,724</u>	<u>1,230</u>	<u>6,165</u>	<u>62,119</u>	<u>3,444</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Transaction Privilege Tax	-	262	-	262	-
Property Tax	-	-	-	-	1,259
Investment Income	13,185	949	728	14,862	-
Interest Expense	(5,696)	(599)	-	(6,295)	-
Gain (Loss) on Sale of Capital Assets	(135)	-	(146)	(281)	272
Net Non-Operating Revenue (Expenses)	<u>7,354</u>	<u>612</u>	<u>582</u>	<u>8,548</u>	<u>1,531</u>
Income Before Contributions and Transfers	<u>62,078</u>	<u>1,842</u>	<u>6,747</u>	<u>70,667</u>	<u>4,975</u>
Capital Contributions	29,466	1,608	-	31,074	2,179
Transfers In	-	-	-	-	128
Transfers Out	<u>(10,585)</u>	<u>-</u>	<u>-</u>	<u>(10,585)</u>	<u>(146)</u>
Change in Net Position	80,959	3,450	6,747	91,156	7,136
Total Net Position - Beginning	1,538,580	73,258	12,462	1,624,300	118,711
Total Net Position - Ending	<u>\$ 1,619,539</u>	<u>\$ 76,708</u>	<u>\$ 19,209</u>	<u>\$ 1,715,456</u>	<u>\$ 125,847</u>

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

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

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Net Change in Total Enterprise Fund Net Position	\$ 91,156
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Amounts reported for business-type activities in the government-wide statement of net position are different because:

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

1,045
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Change in Net Position of Business-type Activities
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\$ 92,201
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The notes to the financial statements are an integral part of this statement.

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 214,007	\$ 11,312	\$ 36,567	\$ 261,886	\$ 90,371
Cash Payments to Suppliers for Goods/Services	(83,010)	(2,775)	(19,365)	(105,150)	(69,704)
Cash Payments to Employees for Services	(29,471)	(1,649)	(11,719)	(42,839)	(7,299)
Other Cash Receipts	7,793	-	-	7,793	1,927
Net Cash Provided by (Used for) Operating Activities	<u>109,319</u>	<u>6,888</u>	<u>5,483</u>	<u>121,690</u>	<u>15,295</u>
<b>Cash Flows from NonCapital Financing Activities</b>					
Property Tax	-	-	-	-	1,259
Transaction Privilege Tax	-	266	-	266	-
Transfers In	-	-	-	-	128
Transfers Out	(10,585)	-	-	(10,585)	(146)
Net Cash Provided by (Used for) NonCapital Financing Activities	<u>(10,585)</u>	<u>266</u>	<u>-</u>	<u>(10,319)</u>	<u>1,241</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Bond Proceeds	118,002	-	-	118,002	-
Capital Contributions from:					
Water and Sewer Development Fees	4,864	-	-	4,864	-
Water and Sewer Development Fee Credit Agreements	(276)	-	-	(276)	-
Capital Grants	370	1,300	-	1,670	-
Acquisition and Construction of Property and Equipment	(95,046)	(2,611)	(1,595)	(99,252)	(19,524)
Principal Payments on Capital Debt and Other Payables	(18,943)	(994)	(5)	(19,942)	-
Interest Paid on Capital Debt	(6,474)	(706)	-	(7,180)	-
Investment in Joint Venture	(12,730)	(1)	(14)	(12,745)	-
Advances From Other Funds	-	-	17,800	17,800	-
Sale of Capital Assets	-	-	-	-	4,311
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(10,233)</u>	<u>(3,012)</u>	<u>16,186</u>	<u>2,941</u>	<u>(15,213)</u>
<b>Cash Flows from Investing Activities</b>					
Income from Investments	12,843	939	722	14,504	-
Net Cash Provided by (Used for) Investing Activities	<u>12,843</u>	<u>939</u>	<u>722</u>	<u>14,504</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	101,344	5,081	22,391	128,816	1,323
Cash and Cash Equivalents at Beginning of Year	<u>256,406</u>	<u>16,411</u>	<u>12,647</u>	<u>285,464</u>	<u>80,995</u>
Cash and Cash Equivalents at End of Year	<u>\$ 357,750</u>	<u>\$ 21,492</u>	<u>\$ 35,038</u>	<u>\$ 414,280</u>	<u>\$ 82,318</u>

(continued)

**Statement of Cash Flows**

**Proprietary Funds**

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
<b>Cash and Cash Equivalents at End of Year includes:</b>					
Cash and Investments	\$ 277,822	\$ 19,023	\$ 35,038	\$ 331,883	\$ 82,318
Cash with Fiscal Agent	76,154	1,381	-	77,535	-
Restricted Cash and Investments	3,774	1,088	-	4,862	-
Total Cash and Cash Equivalents	<u>\$ 357,750</u>	<u>\$ 21,492</u>	<u>\$ 35,038</u>	<u>\$ 414,280</u>	<u>\$ 82,318</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</b>					
Cash Flows from Operating Activities					
Operating Income	\$ 54,724	\$ 1,230	\$ 6,165	\$ 62,119	\$ 3,444
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:					
Depreciation/Amortization	60,820	6,243	384	67,447	12,159
Current Year Pension/OPEB Contributions	(2,470)	(151)	(898)	(3,519)	(579)
Change in Equity in Joint Ventures	(2,641)	2	16	(2,623)	1
Change in Accounts Receivable	(1,026)	46	(89)	(1,069)	112
Change in Lease/PPP Receivable	-	2,291	-	2,291	-
Change in Miscellaneous Receivable	302	-	-	302	-
Change in Inventories	-	-	-	-	(213)
Change in Prepaid Expense	(555)	(16)	(39)	(610)	-
Change in Customer Deposits	268	2	-	270	-
Change in Accounts Payable	(1,470)	9	(305)	(1,766)	(2,472)
Change in Unearned Revenue	-	-	-	-	8
Change in Accrued Payroll and Compensated Absences	(205)	(57)	66	(196)	137
Change in Claims Payable	-	-	-	-	2,513
Change in Advanced Payments	-	(100)	-	(100)	-
Change in Net Pension/OPEB Liability	(446)	(162)	(476)	(1,084)	(272)
Change in Deferred Inflows of Resources Leases/PPPs	(1)	(2,576)	-	(2,577)	-
Change in Deferred Outflows of Resources Related to Pensions	1,385	97	448	1,930	325
Change in Deferred Inflows of Resources Related to Pensions	634	30	211	875	132
Total Adjustments	<u>54,595</u>	<u>5,658</u>	<u>(682)</u>	<u>59,571</u>	<u>11,851</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 109,319</u>	<u>\$ 6,888</u>	<u>\$ 5,483</u>	<u>\$ 121,690</u>	<u>\$ 15,295</u>
<b>Supplemental Disclosure of Non-Cash Investing, Capital, and Financing Activities</b>					
Initiation of SBITA	\$ (501)	\$ (1)	\$ (2)	\$ (504)	\$ -
Contributions of Capital Assets from Developers	24,508	-	-	24,508	-
Contributions of Capital Assets from Other Funds	-	-	-	-	2,179
Amortization of Bond Premium	2,065	84	-	2,149	-
Deferred Amount on Refundings	(1,194)	-	-	(1,194)	-
Retirement of Assets	135	-	-	135	(361)
Total Non-Cash Investing, Capital, and Financing Activities	<u>\$ 25,013</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 25,094</u>	<u>\$ 1,818</u>

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

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# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Financial Reporting Entity

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

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

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

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

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

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

#### **1. Deposits and Investments**

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### 2. Receivables and Payables

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

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

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

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

### 3. Inventories, Prepayments, and Prepaid Items

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

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

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

### 4. Restricted Assets

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

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## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

### 5. Capital Assets

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

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

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

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### 6. Pensions

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

### 7. Compensated Absences

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

Vacation pay is calculated based on vacation used, and the medical leave conversion is based on an actuarial valuation dated January 1, 2025. The medical leave conversion and vacation pay amounts are accrued in the government-wide and proprietary fund financial statements. A liability for the current amount of compensated absences is recorded as a current liability as of June 30, 2025, in the governmental and proprietary funds. The current liability represents compensated absences that have matured but were not paid as of June 30, 2025, which resulted from employee resignations and retirements. The current compensated absences amount in the governmental funds is combined with accrued payroll and other payroll-related amounts in the accrued payroll and benefits line item. No long-term liability for compensated absences is recorded in the governmental funds.

### 8. Long-term Obligations

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

### 9. Deferred Outflows/Inflows of Resources

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

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

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

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

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

### **10. Development Impact Fee Revenue**

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

### **11. Fund Balance Policies**

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

### **12. Net Position**

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

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

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

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

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# Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

## 13. Use of Estimates

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

## E. Implementation of New Accounting Principles

### 1. Governmental Accounting Standards No. 101, Compensated Absences

The city adopted the provisions of GASB Statement No 101, *Compensated Absences*, that was effective for periods beginning after December 15, 2023. The objective of the statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The statement requires that liabilities be recognized for leave that has not been used, is attributable to services already rendered, accumulates and the leave is more likely than not to be paid in cash or settled through non-cash means.

### 2. Governmental Accounting Standards No. 102, Certain Risk Disclosures

The city adopted the provisions of GASB Statement No 102, *Certain Risk Disclosures*, that was effective for periods beginning after June 15, 2024. The objective of this statement is to provide users of a government's financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with better information to understand and anticipate certain risks to a government's financial condition.

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**Notes to Financial Statements**

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For the Fiscal Year Ended June 30, 2025

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS****A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position**

The city's total governmental fund balances, \$929,149,000 differ from the net position of governmental activities, \$5,345,967,000 reported in the statement of net position. The difference primarily results from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental funds balance sheet.

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

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Total Governmental Funds</b>	<b>Long-Term Assets and Deferred Outflows/ Liabilities and Deferred Inflows<sup>(1)</sup></b>	<b>Internal Service Funds<sup>(2)</sup></b>	<b>Reclassifications and Eliminations<sup>(3)</sup></b>	<b>Statement of Net Position Total</b>
<b>Assets</b>					
Cash and Investments	\$ 921,877	\$ -	\$ 82,318	\$ -	\$ 1,004,195
Cash with Fiscal Agent	76,378	-	-	-	76,378
Receivables (net of allowance for uncollectibles)					
Interest	5,897	-	-	-	5,897
Privilege Tax	27,247	-	-	-	27,247
Transient Occupancy Tax	1,950	-	-	-	1,950
Property Tax	2,525	-	-	-	2,525
State Shared Sales Tax	1,860	-	-	-	1,860
Franchise Fee	3,390	-	-	-	3,390
Court	10,517	-	-	-	10,517
Highway User Tax	1,878	-	-	-	1,878
Auto Lieu Tax	536	-	-	-	536
Intergovernmental	40,936	-	-	-	40,936
Grants	4,716	-	-	-	4,716
Ambulance	1,233	-	-	-	1,233
Leases	34,187	-	-	-	34,187
Miscellaneous	8,734	-	448	-	9,182
Due from Other Funds	12,302	-	-	(12,302)	-
Advances to Other Funds	17,800	-	-	-	17,800
Supplies Inventory	556	-	1,624	-	2,180
Prepaid Items	-	-	219	-	219
Capital Assets (net of accumulated depreciation)	-	4,948,161	72,860	-	5,021,021
Net Pension OPEB Asset	-	9,205	203	-	9,408
Equity in Joint Venture	-	2,485	4	-	2,489
Lease Assets (net of accumulated amortization)	-	4,234	16	-	4,250
Subscription-Based I.T. Arrangements (net of accumulated amortization)	-	10,288	2	-	10,290
Prepayments	-	26,214	-	-	26,214
Public-Public Partnerships (net of accumulated amortization)	-	73,741	-	-	73,741
Total Assets	<u>1,174,519</u>	<u>5,074,328</u>	<u>157,694</u>	<u>(12,302)</u>	<u>6,394,239</u>
<b>Deferred Outflows of Resources</b>					
Deferred Amounts on Refundings	-	11,493	-	-	11,493
Pension-Related Amounts	-	101,188	969	-	102,157
Pension OPEB-Related Amounts	-	488	12	-	500
City OPEB-Related Amounts	-	475	-	-	475
Total Deferred Outflows of Resources	<u>-</u>	<u>113,644</u>	<u>981</u>	<u>-</u>	<u>114,625</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,174,519</u>	<u>\$ 5,187,972</u>	<u>\$ 158,675</u>	<u>\$ (12,302)</u>	<u>\$ 6,508,864</u>

(continued)

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION	Total Governmental Funds	Long-Term Assets and Deferred Outflows/ Liabilities and Deferred Inflows <sup>(1)</sup>	Internal Service Funds <sup>(2)</sup>	Reclassifications and Eliminations <sup>(3)</sup>	Statement of Net Position Total
Liabilities					
Accounts Payable	\$ 25,595	\$ -	\$ 2,673	-	\$ 28,268
Accrued Payroll and Benefits	13,897	(56)	332	-	14,173
Due to Other Funds	12,302	-	9,256	(12,302)	9,256
Accrued Compensated Absences - Current	-	56	-	-	56
Accrued Compensated Absences - Due within one year	-	17,972	357	-	18,329
Accrued Compensated Absences - Due in more than one year	-	17,315	175	-	17,490
OPEB - Due within one year	-	127	-	-	127
Leases - Due within one year	-	1,598	6	-	1,604
Subscriptions - Due within one year	-	2,722	-	-	2,722
Matured Bond Interest Payable	7,151	-	-	-	7,151
Matured Bonds Payable	69,115	-	-	-	69,115
Unearned Revenue					
Intergovernmental	9,116	-	-	-	9,116
Other	2,439	-	21	-	2,460
Due to Other Governments	4,549	-	-	-	4,549
Guaranty and Other Deposits	5,639	-	-	-	5,639
Other	2,932	-	-	-	2,932
Bonds, Loans, Capital Leases, and Other Payables	-	881,561	28,793	-	910,354
Total Liabilities	<u>152,735</u>	<u>921,295</u>	<u>41,613</u>	<u>(12,302)</u>	<u>1,103,341</u>
Deferred Inflows of Resources					
Unavailable Revenue	61,055	(61,055)	-	-	-
Leases	31,580	-	-	-	31,580
Pension-Related Amounts	-	20,234	403	-	20,637
Pension-Related OPEB Amounts	-	3,311	68	-	3,379
Public-Private Partnerships	-	2,329	-	-	2,329
City OPEB-Related Amounts	-	1,631	-	-	1,631
Total Deferred Inflows of Resources	<u>92,635</u>	<u>(33,550)</u>	<u>471</u>	<u>-</u>	<u>59,556</u>
Total Liabilities and Deferred Inflows of Resources	<u>245,370</u>	<u>887,745</u>	<u>42,084</u>	<u>(12,302)</u>	<u>1,162,897</u>
Fund Balances/Net Position					
Total Fund Balances/Net Position	<u>929,149</u>	<u>4,300,227</u>	<u>116,591</u>	<u>-</u>	<u>5,345,967</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position	<u>\$ 1,174,519</u>	<u>\$ 5,187,972</u>	<u>\$ 158,675</u>	<u>\$ (12,302)</u>	<u>\$ 6,508,864</u>

(continued)

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

(in thousands)

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

Cost of capital assets	\$ 6,947,582
Accumulated depreciation	(1,999,421)
	\$ 4,948,161

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

	\$ 2,485
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Certain items that are recognized as assets on the statement of net position are expended in governmental funds when paid, such as long-term prepayments, while others arise from the incurrence of long-term liabilities or the receipt of capital assets from elsewhere within the city, such as public-public partnerships (PPPs), leases, and subscription-based information technology arrangements (SBITAs). These assets are capitalized and amortized over the life of the corresponding agreement.

Prepayments at 7/1/24	\$ 23,596
Prepayments for fiscal year 2025	3,943
Prepayments reclassified to SBITA asset	(358)
Amortization of prepayments	(967)
	\$ 26,214

PPPs at 7/1/24	\$ 78,496
Retirement of PPPs	
Land improvements net additions for PPPs	4,794
Amortization of PPPs	(9,549)
	\$ 73,741

Leases at 7/1/24	\$ 3,756
Leases for fiscal year 2025	1,940
Loss on retirement	(18)
Amortization of leases	(1,444)
	\$ 4,234

SBITAs at 7/1/24	\$ 12,752
SBITAs for fiscal year 2025	1,430
Prepayments reclassified to SBITA asset	358
Amortization of SBITAs	(4,252)
	\$ 10,288

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

Deferred amounts on refundings	\$ 11,493
Pension-related amounts	101,188
Total City OPEB amounts	475
Pension OPEB-related amounts	488
	\$ 113,644

(continued)

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

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(in thousands)

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2025, were:

Leases	\$ (4,578)
Bonds	(543,908)
Public-public partnerships	(4,084)
Subscription-based information technology arrangements	(7,930)
Contracts Payable	(1,373)
Issuance premium	(26,125)
Accrued vacation and sick leave pay	(35,287)
Total City OPEB liability	(893)
Pension-Related OPEB (Asset)	9,205
Net pension liabilities	<u>(297,117)</u>
	<u>\$ (912,090)</u>

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

Unavailable court revenue	\$ 3,908
Unavailable property tax revenue	1,190
Unavailable privilege tax revenue	7,578
Unavailable transient occupancy tax revenue	456
Unavailable intergovernmental revenue	41,961
Unavailable other revenue	5,962
	<u>\$ 61,055</u>

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

Pension-related amounts	\$ (20,234)
Pension-related OPEB amounts	(3,311)
City OPEB-related amounts	(1,631)
Public-private partnerships	<u>(2,329)</u>
	<u>\$ (27,505)</u>

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

\$ 116,591

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

Reduction of amount due from other governmental fund	<u>\$ (12,302)</u>
Reduction of amount due to other governmental fund	<u>\$ 12,302</u>

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## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

The net change in fund balances for governmental funds, \$198,031,000 differs from the change in net position for the governmental activities, \$223,574,000 reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated in the following table:

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

(in thousands)

REVENUES	Total Governmental Funds	Long-Term Revenue/ Expenses <sup>(4)</sup>	Capital Related Items <sup>(5)</sup>	Internal Service Funds <sup>(6)</sup>	Reclassifications and Eliminations <sup>(7)</sup>	Long-Term Debt Transactions <sup>(8)</sup>	Statement of Activities
Taxes - Local							
Property	\$ 73,260	\$ (390)	\$ -	\$ 1,259	\$ -	\$ -	\$ 74,129
Transaction Privilege	310,062	715	-	-	-	-	310,777
Transient Occupancy	34,735	219	-	-	-	-	34,954
Light and Power Franchise	11,259	-	-	-	-	-	11,259
Cable TV Franchise	3,164	-	-	-	-	-	3,164
Salt River Project In-Lieu	197	-	-	-	-	-	197
Other Taxes	8,795	22	-	-	-	-	8,817
Taxes - Intergovernmental							
State Shared Sales	37,509	-	-	-	-	-	37,509
State Revenue Sharing	51,990	-	-	-	-	-	51,990
Auto Lieu Tax	13,170	-	-	-	-	-	13,170
Highway User Tax	19,136	-	-	-	-	-	19,136
Local Transportation Assistance Fund	610	-	-	-	-	-	610
Business and Liquor Licenses	2,721	2	-	-	-	-	2,723
Charges for Current Services							
Building and Related Permits	23,387	172	-	-	(28)	-	23,531
Recreation Fees	9,564	(16)	-	-	-	-	9,548
WestWorld Equestrian Facility Fees	8,445	(822)	-	-	-	-	7,623
Fire Fees	4,728	583	-	-	-	-	5,311
Fines, Fees, and Forfeitures							
Court	4,797	154	-	-	-	-	4,951
Parking	215	11	-	-	-	-	226
Photo Radar	2,719	7	-	-	-	-	2,726
Court Enhancement	2,272	-	-	-	-	-	2,272
Library	144	1	-	-	-	-	145
Police	105	-	-	-	-	-	105
Opioid Settlements	992	(404)	-	-	-	-	588
Property Rental	12,472	210	-	-	-	-	12,682
Interest Earnings	28,795	-	-	-	-	-	28,795
Net Increase in Fair Value of Investments	22,247	-	-	-	-	-	22,247
Public-Private Partnerships	-	-	87	-	-	-	87
Intergovernmental							
Federal Grants	19,663	415	-	-	-	-	20,078
State Grants	2,102	144	-	-	-	-	2,246
Miscellaneous	52,091	(24,324)	-	-	-	-	27,767
Developer Contributions	3,639	-	-	-	-	-	3,639
Streetlight and Services Districts	602	-	-	-	-	-	602
Contributions and Donations	3,141	(825)	-	-	-	-	2,316
Reimbursements from Outside Sources	1,976	(175)	-	-	-	-	1,801
Indirect Costs	9,345	-	-	-	-	-	9,345
Other	1,374	2	-	-	(20)	-	1,356
<b>Total Revenues</b>	<b>\$ 781,423</b>	<b>\$ (24,299)</b>	<b>\$ 87</b>	<b>\$ 1,259</b>	<b>\$ (48)</b>	<b>\$ -</b>	<b>\$ 758,422</b>

(continued)

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

(in thousands)

<b>EXPENDITURES/EXPENSES</b>	<b>Total Governmental Funds</b>	<b>Long-Term Revenue/Expenses<sup>(4)</sup></b>	<b>Capital Related Items<sup>(5)</sup></b>	<b>Internal Service Funds<sup>(6)</sup></b>	<b>Reclassifications and Eliminations<sup>(7)</sup></b>	<b>Long-Term Debt Transactions<sup>(8)</sup></b>	<b>Statement of Activities</b>
<b>Current</b>							
<b>General Government</b>							
Mayor and City Council	\$ 1,095	\$ (26)	\$ -	\$ (4)	\$ -	\$ -	\$ 1,065
City Clerk	1,180	(18)	-	(3)	-	-	1,159
City Attorney	9,106	(456)	15	(29)	-	-	8,636
City Auditor	981	(18)	-	(3)	-	-	960
City Court	7,939	(142)	45	(19)	-	-	7,823
City Manager	3,026	5	4	(2)	-	-	3,033
City Treasurer	13,971	(1,600)	29	(42)	(20)	-	12,338
Other General Government	8	-	-	-	-	-	8
Public Works	56,922	(694)	63,976	(382)	(862)	140	119,100
Community and Economic Development	48,041	(389)	3,077	(71)	(258)	-	50,400
Public Safety	217,099	(146)	6,425	(1,542)	(583)	187	221,440
Community Services	74,128	8,524	13,226	(251)	(103)	144	95,668
Administrative Services	28,726	511	2,943	(51)	(6)	51	32,174
Streetlight and Services Districts	577	-	-	-	-	-	577
<b>Debt Service</b>							
Principal	80,808	-	-	-	-	(80,808)	-
Interest and Fiscal Charges	15,496	-	-	-	-	(1,206)	14,290
Bond Issuance Costs	522	-	-	-	-	(522)	-
Capital Outlay	144,891	-	(144,891)	-	-	-	-
Total Expenditures/Expenses	<u>\$ 704,516</u>	<u>\$ 5,551</u>	<u>\$ (55,151)</u>	<u>\$ (2,399)</u>	<u>\$ (1,832)</u>	<u>\$ (82,014)</u>	<u>\$ 568,671</u>
<b>OTHER FINANCING SOURCES (USES) / CHANGES IN NET POSITION</b>							
Net Transfers from Other Funds	\$ 10,603	\$ -	\$ -	\$ (18)	\$ -	\$ -	\$ 10,585
Capital Contributions	-	-	22,407	2,179	(1,784)	-	22,802
Financing of Leases	1,940	-	-	-	-	(1,940)	-
Financing of Subscription-Based I.T. Arrangements	779	-	-	-	-	(779)	-
Sale of General Capital Assets	277	(8)	(452)	272	-	-	89
Issuance of Long-Term Capital-Related Debt	102,250	-	-	-	-	(102,250)	-
Premium on Long-Term Debt Issued	5,275	-	-	-	-	(5,275)	-
Gain on In-Substance Defeasance of Debt	-	-	-	-	-	330	330
Gain on Retirement of Lease Liability	-	-	-	-	-	17	17
Total	<u>121,124</u>	<u>(8)</u>	<u>21,955</u>	<u>2,433</u>	<u>(1,784)</u>	<u>(109,897)</u>	<u>33,823</u>
Net Change for the Year	<u>\$ 198,031</u>	<u>\$ (29,858)</u>	<u>\$ 77,193</u>	<u>\$ 6,091</u>	<u>\$ -</u>	<u>\$ (27,883)</u>	<u>\$ 223,574</u>

(continued)

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

[Table of contents](#)

(in thousands)

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

Taxes-Local	\$	566
Charges for Services/Licenses		(81)
Fines, Fees, and Forfeitures		(231)
Intergovernmental		(22,631)
Other		(796)
	\$	<u>(23,173)</u>

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

Accrual for long-term compensated absences	\$	(2,470)
City OPEB expense		133
Pension expense		(44,176)
Reclassified expenses from lease and capital		6,812
Pension OPEB Expense		6,206
Change in equity interest for joint venture		(525)
Amortization of long-term prepaid leases		(967)
Amortization of public-public partnerships		(9,549)
Amortization of leased assets		(1,444)
Amortization of subscription-based I.T. arrangements		(4,252)
	\$	<u>(50,232)</u>

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

Current-year pension contributions	\$	44,251
Current-year Pension OPEB contributions		177
Current-year City OPEB contributions		94
	\$	<u>44,522</u>

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

	\$	<u>177</u>
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(continued)

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

(in thousands)

<p>When lease assets are retired, a gain or loss is recognized on the statement of activities.</p>	<p>Lease retirements</p>	<p><u>\$ (18)</u></p>
<p>The State Treasurer distributes funding directly to the Public Safety Personnel Retirement System (PSPRS) that is used to offset the contributions required to be made by the city to the PSPRS. This amount is recognized as revenue by the city although no cash is received directly from the State Treasurer.</p>		
		<p><u>\$ (1,134)</u></p>
<p>(5) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year and the sale of capital assets.</p>		
	<p>Capital expenditures</p>	<p>\$ 144,891</p>
	<p>Depreciation expense</p>	<p>(89,740)</p>
	<p>Sale of capital assets</p>	<p><u>(452)</u></p>
		<p><u>\$ 54,699</u></p>
<p>Donations of capital assets are not capitalized on the governmental fund statements, but are included in the assets of the city. On the statement of activities the donations are shown as capital contributions.</p>		
	<p>Capital contributions</p>	<p><u>\$ 22,407</u></p>
<p>Amortization of deferred inflows of resources related to capital assets acquired by the city as a result of public-private partnerships are not shown in the governmental fund statements. On the statement of activities it is recorded as revenue.</p>		
		<p><u>\$ 87</u></p>

(continued)

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

(in thousands)

<p>(6) Internal service funds are used by management to charge the costs of certain activities, such as insurance, computer equipment, and fleet management to the individual funds. The adjustments for internal service funds adjust those funds by charging/crediting additional amounts to participating governmental activities and recording an amount due to/from the enterprise funds.</p>		
	Change in net position	\$ 7,136
	Internal payable to Enterprise Fund	(1,045)
		<u>\$ 6,091</u>
<p>(7) Interfund transactions between governmental activities are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of revenues and expenditures to eliminate the doubling up effect of these transactions within the governmental activities.</p>		
	Reduction in revenues/capital contributions - Governmental Funds	<u>\$ (1,832)</u>
	Reduction in expenditures/expenses - Governmental Funds	<u>\$ (1,832)</u>
<p>(8) Repayment of principal and defeasance of bond principal via refunding bonds are reported as an expenditure or other financing use, respectively, in governmental funds. These payments have the effect of reducing fund balance because current financial resources have been used. For the government-wide statements; however, these payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.</p>		
	Transferred to the paying agent	
	Principal payments made	<u>\$ 80,808</u>
<p>Interest expense in the statement of activities differs from the amount reported in governmental funds because additional interest was calculated for the amortization of deferred amounts on refundings, and reductions of interest expense were recognized due to the amortization of bond premiums.</p>		
	Amortization of deferred charges on refundings	\$ (1,917)
	Amortization of bond premiums and discounts	3,123
		<u>\$ 1,206</u>
<p>Bond proceeds and the financing of leases, subscription-based information technology arrangements, and contracts payable are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds were received from:</p>		
	Lease acquisitions	\$ (1,940)
	Subscription-based information technology arrangements	(779)
	Long-Term capital-related debt	(102,250)
	Premium on bonds	(5,275)
		<u>\$ (110,244)</u>
<p>When lease, subscription-based information technology arrangement (SBITA), and contract payable liabilities are retired, a gain or loss is recognized on the statement of activities.</p>		
	Retirement of lease liabilities	<u>\$ 17</u>
<p>Any difference between the reacquisition price and the net carrying amount of debt defeased in-substance by existing resources, together with any deferred outflows of resources or deferred inflows of resources from prior refundings, should be recognized as a separately identified gain or loss in the period of the in-substance defeasance.</p>		
		<u>\$ 330</u>

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budget and Budgetary Accounting

The city prepared an annual budget that covered fiscal year 2025. The fiscal year 2025 budget appropriation is established and reflected in the financial statements as follows:

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

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

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

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

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

In June, the budget is legally enacted through the passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized beyond the limit for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. No supplemental budgetary appropriations were made to the original budget during fiscal year 2025.

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

### **B. Excess of Expenditures over Appropriations**

The Housing Choice Voucher Program Special Revenue Fund, the Streetlight Districts Special Revenue Fund, and the Tourism Development Special Revenue Fund exceeded their expenditure appropriation by \$659,000, \$5,000, and \$734,000 respectively. The additional expenditures incurred were funded by available fund balances within the respective funds.

### **C. Deficit Fund Equity**

The Community Development Block Grant Special Revenue Fund, HOME Special Revenue Fund, Grants Special Revenue Fund, and the External Sources Capital Project Fund had deficit ending fund balances of \$1,000, \$56,000, \$1,650,000, and \$10,997,000 respectively. These deficits were caused by timing differences from pending grant reimbursements and reimbursements from intergovernmental agreements. Revenue accruals are not recognized in the current fiscal year due to the unavailability of the funds. These pending reimbursements will be recognized as revenue when received or available.

The Streetlight Districts Special Revenue Fund had a deficit fund balance of \$54,000 due to timing differences in collections from the streetlight levy.

### **D. Fund Balance Classifications**

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

Table of contents

(in thousands)	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
<b>Nonspendable</b>							
Inventory	\$ 556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 556
Interfund Loan to Solid Waste	17,800	-	-	-	-	-	17,800
Endowment Funds	-	-	-	-	-	675	675
Total Nonspendable	18,356	-	-	-	-	675	19,031
<b>Restricted</b>							
Property Tax for Debt Service	-	7,523	-	-	-	-	7,523
Transaction Privilege and Highway User Tax for Transportation Capital Improvements	-	-	-	133,301	-	-	133,301
External Contributions for Capital Improvements	-	-	-	-	3,443	-	3,443
GO Bond Proceeds for Capital Improvements	-	-	-	-	-	90,148	90,148
Transaction Privilege and Highway User Tax for Transportation Improvements	-	-	-	-	-	32,087	32,087
Federal Grants for the Community Development Block Grant Program	-	-	-	-	-	206	206
Federal Grants for Housing Choice Voucher Program	-	-	-	-	-	810	810
Transaction Privilege Tax for Preserve Land Purchase and Improvements	-	-	-	-	-	165,144	165,144
Property Tax for Community Facility Districts	-	-	-	-	-	281	281
Contributions for City Manager Special Events and Programs	-	-	-	-	-	4	4
Contributions for Mayor/City Council Special Events and Programs	-	-	-	-	-	10	10
Court Fees for City Court Improvements to Facilities and Operations	-	-	-	-	-	2,060	2,060
Contributions for City Court Jury Program Refreshments	-	-	-	-	-	14	14
APS Improvement District Fees for Underground Utility Upgrades	-	-	-	-	-	24	24
Contribution for the Stormwater Drainage System	-	-	-	-	-	253	253
Contributions for Community and Economic Development	-	-	-	-	-	1	1
Disbursements from AZ State Crime Laboratory Assessment Fund for Crime Lab Services	-	-	-	-	-	174	174
Annual Payment from IGA with the SRP-MIC for Forensic Lab Services	-	-	-	-	-	306	306
Contributions for the Fire Department	-	-	-	-	-	11	11
Contributions for the Police Department	-	-	-	-	-	126	126
Fees for Police Department 30-Day Tow Program	-	-	-	-	-	382	382
Fees for Police Officer Safety Equipment	-	-	-	-	-	262	262
Contributions for the School Resource Officers Crisis Canine Program	-	-	-	-	-	44	44
Disbursements from the State of Arizona for Peace Officer Safety Equipment	-	-	-	-	-	27	27
Contributions for Paiute and Vista Neighborhood Centers	-	-	-	-	-	8	8
Contributions for the Scottsdale Cares Program	-	-	-	-	-	290	290
Contributions for Human Services	-	-	-	-	-	20	20
Facility/Recreation Fees for Senior Center Special Programs	-	-	-	-	-	18	18
Golf Course Surcharge for TPC Turf Removal Projects	-	-	-	-	-	521	521
Contributions for Parks and Recreation	-	-	-	-	-	46	46
Contributions for the Libraries	-	-	-	-	-	144	144
Disbursements from Endowments for the Libraries	-	-	-	-	-	13	13
Disbursements from AZ Supreme Court for Smart and Safe Expungements	-	-	-	-	-	2	2
Disbursements from the Smart and Safe AZ Fund for the Fire Department	-	-	-	-	-	1,335	1,335
Disbursements from the Smart and Safe AZ Fund for the Police Department	-	-	-	-	-	1,748	1,748
Disbursements from the Opioid Settlement Funds for Human Services	-	-	-	-	-	2,976	2,976
Transient Occupancy Tax for Destination Marketing	-	-	-	-	-	7,834	7,834
Contributions for Stadium Operations	-	-	-	-	-	6,247	6,247
MPC Funds for Debt Service	-	-	-	-	-	4	4
Stadium Surcharge for Debt Service	-	-	-	-	-	2,372	2,372
Endowment Funds	-	-	-	-	-	27	27
Total Restricted	\$ -	\$ 7,523	\$ -	\$ 133,301	\$ 3,443	\$ 315,979	\$ 460,246

(continued)

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(in thousands)	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES</b>							
<b>Committed</b>							
General Fund Contribution for Capital Improvements	\$ -	\$ -	\$ 126,887	\$ -	\$ -	\$ -	\$ 126,887
McCormick Railroad Park Improvements	-	-	362	-	-	-	362
In-Lieu Parking Fees for Parking Projects	-	-	530	-	-	-	530
In-Lieu Stormwater Fees for Drainage Improvements	-	-	231	-	-	-	231
Tourism Development Capital Projects	-	-	1,262	-	-	-	1,262
Court Capital Improvement Enhancement Projects	-	-	2,349	-	-	-	2,349
Forensic Science Intergovernmental Agreement Contribution	-	-	-	-	70	-	70
Risk Management Capital Improvement Contribution	-	-	8	-	-	-	8
Stormwater Utility Fee for Capital Improvements	-	-	14,535	-	-	-	14,535
Downtown Fees for Capital Improvements	-	-	1,072	-	-	-	1,072
Downtown Special Capital Improvements	-	-	3,044	-	-	-	3,044
Greater Airpark Special Capital Improvements	-	-	1,742	-	-	-	1,742
Special Event Parking for Capital Improvements	-	-	203	-	-	-	203
Court Enhancement Fees for Upgrades to Court Operations	-	-	-	-	-	4,745	4,745
Rent Fees for Loloma School Maintenance and Capital Improvements	-	-	-	-	-	163	163
In-Lieu Stormwater Fees for Area Drainage Master Studies	-	-	-	-	-	20	20
Downtown Cultural Program for Public Works of Art	-	-	-	-	-	2,198	2,198
Developer Contributions to the Airpark Cultural Trust for Public Works of Art	-	-	-	-	-	11	11
In-Lieu Fees for Public Improvement at Airpark	-	-	-	-	-	5,665	5,665
Rent Fees for the Community Arts Trust to Support the Loloma School	-	-	-	-	-	103	103
Historic Preservation Program for Rehabilitation of Buildings	-	-	-	-	-	362	362
License Fees for the Regulation of the Public Safety Pawn Shop Ordinance	-	-	-	-	-	262	262
Cadet Competition Fees for the Scottsdale Police Department Cadet Program	-	-	-	-	-	21	21
Sponsorship Fees for Events at the Senior Centers	-	-	-	-	-	84	84
Sponsorship Fees for Parks and Recreation Programming	-	-	-	-	-	2	2
Golf Course Surcharge for Silverado Golf Course Improvements	-	-	-	-	-	1,333	1,333
Retail Sale Revenue for McCormick Stillman Railroad Park Operations	-	-	-	-	-	26	26
Contribution for Habitat Improvements in the Preserve	-	-	-	-	-	219	219
Allocation of Youth Sports Fee for Maintenance/Improvements of Athletic Fields	-	-	-	-	-	804	804
Allocation of Aquatic Fee for Maintenance/Improvements of Aquatic Facilities	-	-	-	-	-	57	57
Retail Sale Revenue for Library Collection Materials	-	-	-	-	-	52	52
Attendee Fees for Westworld User Area Improvements	-	-	-	-	-	4,137	4,137
Transient Occupancy Tax for Tourism Development	-	-	-	-	-	5,211	5,211
Excise Tax for Debt Reserve	-	-	-	-	-	2,683	2,683
Total Committed	-	-	152,225	-	70	28,158	180,453
<b>Unassigned</b>	285,927	-	-	-	(14,510)	(1,998)	269,419
<b>Total Fund Balances</b>	<u>\$ 304,283</u>	<u>\$ 7,523</u>	<u>\$ 152,225</u>	<u>\$ 133,301</u>	<u>\$ (10,997)</u>	<u>\$ 342,814</u>	<u>\$ 929,149</u>

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**Notes to Financial Statements**

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**For the Fiscal Year Ended June 30, 2025**

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

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

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

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

**E. Net Position Restrictions**

Only restrictions imposed by external sources are shown as restricted net position on the government-wide financial statements. The following restrictions apply to the Business-type Activities as of June 30, 2025:

**Net Position Restrictions (in thousands)****Water and Sewer**

Restricted for Joint Venture Construction Deposits	<u>\$</u>	<u>5,500</u>
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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### IV. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

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

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

#### Deposits

As of June 30, 2025, the carrying amount of the city's deposits was \$185,836,633 and the bank balance was \$193,754,304. The \$7,917,671 difference represents outstanding checks, deposits in transit, and other reconciling items.

#### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the city will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits are required to be fully collateralized per the city's investment policy. As of June 30, 2025, \$73,198,968 of the city's deposits were exposed to custodial credit risk and was uninsured and collateralized by securities held by the pledging bank's trust department not in the city's name.

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>				
		<u>Less than 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>
U.S. Government Securities	\$ 837,258	\$ 270,671	\$ 79,090	\$ 155,494	\$ 156,156	\$ 175,847
U.S. Government Agencies	234,192	41,635	29,567	73,945	33,326	55,719
Corporate Notes	101,013	49,448	51,565	-	-	-
<b>Total Investments</b>	<b>\$ 1,172,463</b>	<b>\$ 361,754</b>	<b>\$ 160,222</b>	<b>\$ 229,439</b>	<b>\$ 189,482</b>	<b>\$ 231,566</b>

### Credit Risk

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

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

The city's investments in the investment types referenced above as of June 30, 2025, meet the aforementioned criteria. Presented below are the ratings, as determined by S&P (unless otherwise noted), as of June 30, 2025, for each investment type (in thousands):

Investment Type	Total	A	A+	AA-	AA	AA+	AAAm	AAA	Exempt from Disclosure
U.S. Government Securities	\$ 837,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 837,258
U.S. Government Agencies	234,192	-	-	-	-	234,192	-	-	-
Corporate Notes	101,013	15,050	11,489	32,040	11,111	8,886	-	22,437	-
Money Market Mutual Funds	135,833	-	-	-	-	-	135,833	-	-
<b>Total Investments</b>	<b>\$ 1,308,296</b>	<b>\$ 15,050</b>	<b>\$ 11,489</b>	<b>\$ 32,040</b>	<b>\$ 11,111</b>	<b>\$ 243,078</b>	<b>\$ 135,833</b>	<b>\$ 22,437</b>	<b>\$ 837,258</b>

### Concentration of Credit Risk

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

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

**Notes to Financial Statements****For the Fiscal Year Ended June 30, 2025**

The following is a listing by issuer of the city's investments as of June 30, 2025:

(dollars in thousands)

<b>Issuer</b>	<b>Investment Type</b>	<b>Fair Value</b>	<b>Percent of Holdings</b>
United States Treasury	U.S. Govt. Securities	\$ 837,258	71.41%
Federal Home Loan Bank (FHLB)	U.S. Govt. Agencies	115,756	9.87%
Federal National Mortgage Association (FNMA)	U.S. Govt. Agencies	60,595	5.17%
Federal Farm Credit Bank (FFCB)	U.S. Govt. Agencies	43,709	3.72%
Microsoft Corp.	Corporate Notes	17,323	1.48%
Chevron Corp.	Corporate Notes	15,622	1.33%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S. Govt. Agencies	14,132	1.21%
Novartis AG	Corporate Notes	11,898	1.01%
Wal-Mart Inc.	Corporate Notes	11,111	0.95%
Apple Inc.	Corporate Notes	8,886	0.76%
Pepsico Inc.	Corporate Notes	6,370	0.54%
Bank of America Corp.	Corporate Notes	5,119	0.44%
Johnson & Johnson	Corporate Notes	5,114	0.44%
Bank Of New York Mellon Corp.	Corporate Notes	5,028	0.43%
Bristol-Myers Squibb Co.	Corporate Notes	4,684	0.39%
Exxon Mobil Corp.	Corporate Notes	4,520	0.39%
JP Morgan Chase & Co.	Corporate Notes	4,428	0.38%
Target Corp.	Corporate Notes	910	0.08%
	<b>Total Investments</b>	<u>\$ 1,172,463</u>	<u>100.00%</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Investments

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

Cash on Hand	\$ 18
Carrying Amount of City Deposits	185,837
Investments	1,308,296
Endowments	<u>702</u>
<b>Total Cash and Investments</b>	<b><u><u>\$ 1,494,853</u></u></b>

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The city has the following recurring fair value measurements as of June 30, 2025:

### Investments Measured at Fair Value

(in thousands)

	<b>Fair Value Measurements Using</b>		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ -	\$ 837,258	\$ -
U.S. Government Agencies	-	234,192	-
Corporate Notes	-	101,013	-
	<u><u>\$ -</u></u>	<u><u>\$ 1,172,463</u></u>	<u><u>\$ -</u></u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

Total city cash and investments as of June 30, 2025 are reported as follows (in thousands):

Primary Government	
Cash and Investments	\$ 1,336,078
Cash with Fiscal Agent	153,913
Other Restricted Cash	<u>4,862</u>
<b>Total Cash and Investments</b>	<u><u>\$ 1,494,853</u></u>

Investment income is comprised of the following for the fiscal year ended June 30, 2025 (in thousands):

Net Interest	\$ 36,987
Net Increase in the Fair Value of Investments	<u>28,917</u>
<b>Total Net Investment Income</b>	<u><u>\$ 65,904</u></u>

The net increase in the fair value of investments for the fiscal year was \$28,917,000. This amount takes into account all changes in fair value (realized and unrealized) that occurred during the fiscal year.

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### B. Endowments

The city is the sole beneficiary of four permanent endowment funds, held and managed by the Arizona Community Foundation (Foundation). The endowment funds are managed in accordance with Arizona Revised Statute §10-11803, which governs the appropriation for expenditure or accumulation of endowment funds. The spending policy of the Foundation is communicated to the city annually. Distribution pursuant to the spending policy shall be based upon recommendation of the city, made by and through the City Council. As of June 30, 2025, the amount of donor-restricted endowment funds available for authorization and expenditure is \$27,400.

### C. Receivables

Receivables as of June 30, 2025, for the government's individual major governmental funds, nonmajor governmental funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

**Governmental Activities and Internal Service Funds**

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Nonmajor and Other Funds	Total Governmental and Internal Service Funds
<b>Receivables</b>							
<b>Property Taxes and Penalties</b>							
Property	\$ 1,300	\$ 1,160	\$ -	\$ -	\$ -	\$ 65	\$ 2,525
Court	69,753	-	-	-	-	1,820	71,573
Subtotal Property Taxes and Penalties	<u>71,053</u>	<u>1,160</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,885</u>	<u>74,098</u>
<b>Other Local Taxes</b>							
Privilege	17,337	-	-	1,536	-	8,374	27,247
Transient Occupancy	-	-	-	-	-	1,950	1,950
State Shared Sales	1,860	-	-	-	-	-	1,860
Franchise Fee	3,320	-	-	-	-	70	3,390
Auto Lieu	536	-	-	-	-	-	536
Highway User	-	-	-	-	-	1,878	1,878
Subtotal Other Local Taxes	<u>23,053</u>	<u>-</u>	<u>-</u>	<u>1,536</u>	<u>-</u>	<u>12,272</u>	<u>36,861</u>
<b>Intergovernmental/Grants</b>	<u>-</u>	<u>-</u>	<u>4,724</u>	<u>15,814</u>	<u>11,560</u>	<u>13,554</u>	<u>45,652</u>
<b>Interest and Other</b>							
Interest	3,649	-	-	358	1	1,889	5,897
Ambulance	1,979	-	-	-	-	-	1,979
Leases	34,130	-	-	-	-	57	34,187
Miscellaneous	5,496	-	112	-	-	3,642	9,250
Subtotal Interest and Other	<u>45,254</u>	<u>-</u>	<u>112</u>	<u>358</u>	<u>1</u>	<u>5,588</u>	<u>51,313</u>
Gross Receivables	139,360	1,160	4,836	17,708	11,561	33,299	207,924
Less: Allowances for Uncollectibles	<u>(60,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,553)</u>	<u>(61,870)</u>
<b>Net Total Receivables</b>	<u>\$ 79,043</u>	<u>\$ 1,160</u>	<u>\$ 4,836</u>	<u>\$ 17,708</u>	<u>\$ 11,561</u>	<u>\$ 31,746</u>	<u>\$ 146,054</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

- The city has an improvement district for underground utilities with expected reimbursements from impacted property owners to pay \$196,598 with interest through November 2032.
- Through the use of Community Development Block Grant (CDBG) funds, the city issues Green Housing Rehabilitation Program loans to qualified Scottsdale homeowners. As of June 30, 2025, the loan balances totaled \$2,096,930, of which the majority is not expected to be collected within the next year.
- The city has an intergovernmental agreement with the Arizona State Land Department to reimburse the city for capital expenditures for street and drainage improvements of \$20,537,852 after the land on which the improvements were made is sold. This receivable is not expected to be collected within the next year.
- The city is a participant in the One Arizona Distribution of Opioid Settlement Funds agreement which is part of the nationwide Opioid Settlement. The city received \$2,815,937 through June 30, 2025, and anticipates receiving additional estimated payments of \$8,772,309 through 2038.
- The city has various long-term lease agreements and therefore the lease receivables are not expected to be collected within the next year.

**Business-type Activities and Enterprise Funds**

(in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total Enterprise Fund
<b>Receivables</b>				
Privilege Tax	\$ -	\$ 33	\$ -	\$ 33
Charges for Services	23,264	399	3,800	27,463
Intergovernmental	61	320	-	381
Interest	2,538	75	82	2,695
Lease	-	1,409	-	1,409
Public-Private Partnership	-	217	-	217
Miscellaneous	2,914	-	1	2,915
	28,777	2,453	3,883	35,113
Gross Receivables	28,777	2,453	3,883	35,113
Less: Allowances for Uncollectibles	(98)	-	(20)	(118)
<b>Net Total Receivables</b>	<b>\$ 28,679</b>	<b>\$ 2,453</b>	<b>\$ 3,863</b>	<b>\$ 34,995</b>

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## Notes to Financial Statements

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**For the Fiscal Year Ended June 30, 2025**

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

- The city has an intergovernmental agreement with the Arizona State Land Department to reimburse the city for capital expenditures for water and sewer improvements of \$1,565,043 after the land on which the improvements were made is sold. This receivable is not expected to be collected within the next year.
- The city is a participant in the nationwide settlement agreements related to aqueous film forming foam and/or other products containing perfluoroalkyl substances. The city received \$2,201,795 through June 30, 2025, and anticipates receiving additional payments in the future. Due to the potential of additional litigation and settlements, the city cannot reasonably estimate the total amount of payments that will be received.
- Within the business-type activity the city has various long-term lease agreements and public-private partnerships and therefore these receivables are not expected to be collected within the next year.

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

	Unavailable	Unearned
Property Tax	\$ 1,190	\$ -
Transient Occupancy Tax	456	-
Court	3,908	-
Privilege Occupancy Tax	7,578	-
Intergovernmental	41,961	9,116
Other	5,962	2,439
<b>Total</b>	<b>\$ 61,055</b>	<b>\$ 11,555</b>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Assets, not being depreciated/amortized</b>				
Land	\$ 3,498,381	\$ 14,907	\$ -	\$ 3,513,288
Construction in Progress	229,048	157,026	(166,073)	220,001
Total Capital Assets, not being depreciated/amortized	<u>3,727,429</u>	<u>171,933</u>	<u>(166,073)</u>	<u>3,733,289</u>
<b>Capital Assets, being depreciated/amortized</b>				
Buildings and Land Improvements	911,407	91,996	(191)	1,003,212
Streets and Storm Drains	2,083,536	50,146	(29)	2,133,653
Motor Vehicles	103,792	13,160	(5,236)	111,716
Machinery and Equipment	108,223	17,974	(6,375)	119,822
Lease Buildings and Land Improvements	2,733	837	-	3,570
Lease Motor Vehicles	1,537	701	(261)	1,977
Lease Machinery and Equipment	1,945	403	-	2,348
Public-Public Partnership Buildings and Land Improvements	90,391	4,794	-	95,185
Subscription-Based I.T. Arrangements	18,346	1,791	(165)	19,972
Total Capital Assets, being depreciated/amortized	<u>3,321,910</u>	<u>181,802</u>	<u>(12,257)</u>	<u>3,491,455</u>
<b>Less Accumulated depreciation/amortization:</b>				
Buildings and Land Improvements	466,971	26,480	(99)	493,352
Streets and Storm Drains	1,403,493	55,785	(18)	1,459,260
Motor Vehicles	59,847	9,842	(4,923)	64,766
Machinery and Equipment	59,601	9,671	(5,979)	63,293
Lease Buildings and Land Improvements	1,342	476	-	1,818
Lease Motor Vehicles	622	477	(242)	857
Lease Machinery and Equipment	474	496	-	970
Public-Public Partnership Buildings and Land Improvements	11,895	9,549	-	21,444
Subscription-Based I.T. Arrangements	5,480	4,367	(165)	9,682
Total Accumulated depreciation/amortization	<u>2,009,725</u>	<u>117,143</u>	<u>(11,426)</u>	<u>2,115,442</u>
Total Capital Assets, being depreciated/amortized, net	<u>1,312,185</u>	<u>64,659</u>	<u>(831)</u>	<u>1,376,013</u>
<b>Governmental Activities Capital Assets, net</b>	<u>\$ 5,039,614</u>	<u>\$ 236,592</u>	<u>\$ (166,904)</u>	<u>\$ 5,109,302</u>

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(in thousands):

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets, not being depreciated/amortized</b>				
Land	\$ 52,781	\$ 212	\$ -	\$ 52,993
Water Rights	87,171	-	-	87,171
Construction in Progress	100,385	106,002	(47,349)	159,038
Total Capital Assets, not being depreciated/amortized	<u>240,337</u>	<u>106,214</u>	<u>(47,349)</u>	<u>299,202</u>
<b>Capital Assets, being depreciated/amortized</b>				
Water System	1,537,909	27,137	(86)	1,564,960
Sewer System	751,173	23,836	(47)	774,962
Buildings and Land Improvements	144,096	25,374	(186)	169,284
Machinery and Equipment	9,460	2,704	(802)	11,362
Motor Vehicles	628	-	-	628
Furniture, Fixtures, and Office Equipment	1,835	346	(157)	2,024
Lease Machinery and Equipment	163	-	-	163
Subscription-Based I.T. Arrangements	157	504	-	661
Total Capital Assets, being depreciated/amortized	<u>2,445,421</u>	<u>79,901</u>	<u>(1,278)</u>	<u>2,524,044</u>
<b>Less Accumulated depreciation/amortization:</b>				
Water System	722,731	39,627	(4)	762,354
Sewer System	347,106	20,182	(1)	367,287
Buildings and Land Improvements	46,894	6,406	(62)	53,238
Machinery and Equipment	4,629	830	(800)	4,659
Motor Vehicles	628	-	-	628
Furniture, Fixtures, and Office Equipment	1,312	204	(133)	1,383
Lease Machinery and Equipment	47	35	-	82
Subscription-Based I.T. Arrangements	58	163	-	221
Total Accumulated depreciation/amortization	<u>1,123,405</u>	<u>67,447</u>	<u>(1,000)</u>	<u>1,189,852</u>
Total Capital Assets, being depreciated/amortized, net	<u>1,322,016</u>	<u>12,454</u>	<u>(278)</u>	<u>1,334,192</u>
<b>Business-type Activities Capital Assets, net</b>	<u>\$ 1,562,353</u>	<u>\$ 118,668</u>	<u>\$ (47,627)</u>	<u>\$ 1,633,394</u>

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**Notes to Financial Statements**

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**For the Fiscal Year Ended June 30, 2025**

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

<b>Governmental Activities</b>	
City Clerk	\$ 2
Mayor and City Council	1
City Auditor	2
City Attorney	56
City Court	52
City Manager	12
Public Works	64,047
Community and Economic Development	3,092
Public Safety	8,704
City Treasurer	253
Community Services	22,879
Administrative Services	5,884
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>12,159</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 117,143</u>
<b>Business-type Activities</b>	
Water and Sewer System	\$ 60,820
Airport	6,243
Solid Waste	<u>384</u>
Total Depreciation/Amortization Expense - Business-type Activities	<u>\$ 67,447</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Construction Commitments

The city has active construction projects as of June 30, 2025. At year end the government's commitments with contractors for specific projects are as follows (in thousands):

<b>Capital Project Program Classification</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Aviation	\$ 1,410	\$ 1,097
Drainage and Flood Control	1,334	2,683
Fire Protection	21,653	4,847
Municipal Facilities	10,370	7,641
Neighborhood and Community	4,116	2,326
Parks	23,045	31,472
Police	8,895	4,148
Preservation	168	154
Streets	73,842	34,346
Technology	5,314	5,275
Traffic	1,044	145
Transit	398	338
Wastewater	34,911	25,795
Water	77,396	63,614
Total Construction Commitments	\$ 263,896	\$ 183,881
<b>Governmental Activities</b>		
General CIP Construction Capital Projects Fund	\$ 37,157	\$ 38,308
Transportation Capital Projects Fund	66,070	11,584
External Sources Capital Projects Fund	6,781	23,290
Nonmajor Governmental Funds	33,577	17,735
Internal Service Funds	4,892	812
Total Governmental Activities	148,477	91,729
<b>Business-type Activities</b>		
Water and Sewer Utility	112,368	89,442
Airport	1,410	1,097
Solid Waste	1,641	1,613
Total Business-type Activities	115,419	92,152
Total Construction Commitments	\$ 263,896	\$ 183,881

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### E. Interfund Balances and Interfund Transfers

#### Due To and Due From Other Funds

“Due to” and “Due from” balances have been recorded to address temporary cash flow needs. The composition of interfund balances as of June 30, 2025, is as follows (in thousands):

<b>Receivable Fund</b>	<b>Amount</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	\$ 10,740	External Sources Capital Projects Fund	\$ 10,740
General Fund	1,562	Nonmajor Governmental Funds	1,562
General Fund	<u>\$ 12,302</u>		<u>\$ 12,302</u>

The External Sources Capital Project Fund, HOME Special Revenue Fund, Grants Special Revenue Fund and Streetlight District Special Revenue Fund had deficit cash balances of \$10,740,000, \$198,000, \$1,298,000, and \$66,000 respectively, due to pending reimbursements from intergovernmental agreements, grants, and timing difference of property tax revenues respectively.

#### Interfund Transfers

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

#### Net Transfers (in thousands)

	<b>Transfers Out</b>	<b>Transfers In</b>
<b>Governmental Funds</b>		
General	\$ 46,852	\$ 17,210
Debt Service - General Obligation Bond	-	38,850
Capital Projects - General CIP Construction	71	44,074
Capital Projects - Transportation	1	35,738
Capital Projects - External Sources	-	20
Nonmajor Governmental Funds	103,277	24,912
Total Governmental Funds	<u>150,201</u>	<u>160,804</u>
<b>Enterprise Funds</b>		
Water and Sewer Utility	10,585	-
Total Enterprise Funds	<u>10,585</u>	<u>-</u>
<b>Internal Service Funds</b>		
Self-Insurance	146	128
Total Internal Service Funds	<u>146</u>	<u>128</u>
<b>Total Transfers</b>	<u>\$ 160,932</u>	<u>\$ 160,932</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Advances to and Advances From Other Funds

In fiscal year 2025, the General Fund provided an interfund loan for \$17,800,000 to the Solid Waste Enterprise fund for the construction of a solid waste transfer station, The General Fund will be paid back with annual principal and interest payments of \$2,086,000, incorporating a three percent interest rate, through fiscal year 2036.

(in thousands):

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 17,800	Solid Waste - Enterprise Fund	\$ 17,800

### F. Leases

*City as Lessee*

The city, as a lessee, has entered into lease agreements involving a baseball facility, printing and imaging equipment, a street sweeper and accompanying transport trailer, motor vehicles, a distributed antenna system, water quality monitoring and treatment equipment, park equipment, a data center facility space, situational awareness cameras, a document inserter, a warehouse for equipment storage and a temporary fire station. The city subleases the baseball facility to a professional baseball team. The payments related to the park equipment are based on a percentage of revenue earned by the city and are therefore not included in the measurement of the lease liability. This amount totaled \$368,436 for the fiscal year ended June 30, 2025. The city also made \$30,046 of payments on a month-to-month basis after the conclusion of motor vehicle leases; these payments were excluded from the measurement of the lease liability.

The total of the city's lease assets are recorded at a cost of \$8,058,000 less accumulated amortization of \$3,727,000.

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

	<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,639	\$ 249	\$ 1,888
2027	1,253	148	1,401
2028	653	78	731
2029	122	45	167
2030	20	41	61
2031-2035	118	192	310
2036-2040	162	163	325
2041-2045	218	127	345
2046-2050	292	78	370
2051-2055	202	17	219
Total	\$ 4,679	\$ 1,138	\$ 5,817

**Notes to Financial Statements****For the Fiscal Year Ended June 30, 2025***City as Lessor*

The city, as a lessor, has entered into lease agreements involving land, golf course, baseball facilities, airport facilities, and building space. The baseball facility is leased from the City of Phoenix and subleased to a professional baseball team. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$9,628,708. This total includes \$5,524,836 of variable and other payments not previously included in the measurement of the lease receivable.

**G. Subscription-Based Information Technology Arrangements**

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

The total of the city's subscription assets are recorded at a cost of \$20,633,000, less accumulated amortization of \$9,903,000.

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

	<b>Subscriptions</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 2,827	\$ 479	\$ 3,306
2027	1,975	317	2,292
2028	1,910	198	2,108
2029	1,393	84	1,477
Total	<u>\$ 8,105</u>	<u>\$ 1,078</u>	<u>\$ 9,183</u>

In addition to the amounts presented above, the city also had outflows of resources during the fiscal year totaling \$1,379,306 that were not included in the measurement of the subscription liability. This total consists of a \$39,900 variable amount that is based on the number of licenses used by the city related to the remote location court appearance software. Additionally, \$1,339,406 for payments related to arrangements that either have interminable subscriptions terms or that are prepaid and otherwise meet SBITA recognition criteria but have a subscription term of less than two years.

The city has committed to SBITAs involving web content management system software, an enterprise resource planning system, a permitting/code enforcement system, and a lobby management system. These SBITAs are currently being implemented, and the city has paid a total of \$6,624,298 related to these agreements. These outflows were recorded as prepayments as of June 30, 2025.

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### H. Public-Public Partnerships and Public-Private Partnerships

#### *City as Operator*

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

**Land use agreement at Westworld.** Under the agreement, the city operates and develops the land where the city’s WestWorld operation is located for a period of 50 years (through July 28, 2032) (with a mutual option to renew for an additional 25 years). The city entered into this agreement to develop the WestWorld facility for public recreation use and to enhance its revenue stream from rentals, concession sales, and parking fees. The city pays the BOR annually and has recognized an intangible right-to-use asset with a net book value of \$60,251,820 at fiscal year-end, which includes land improvements paid for by the city, and a related liability in the amount of \$1,667,322. A discount rate of four percent was used to calculate the liability.

**Recreational land use agreement at Tournament Players Club.** Under the agreement, the city operates and develops the land where the city’s Tournament Players Club (TPC) operation is located for a period of 50 years (through June 17, 2035) (with a mutual option to renew for an additional 25 years). The city entered into this agreement to develop the TPC complex for public recreation use and to enhance its revenue stream from facility usage fees and rentals. The city pays the BOR annually and has recognized an intangible right-to-use asset with a net book value of \$13,488,891 at fiscal year-end, which includes land improvements paid for by the city, and a related liability in the amount of \$2,416,796. A discount rate of four percent was used to calculate the liability.

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

	<b>PPPs</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 318	\$ 163	\$ 481
2027	355	151	506
2028	394	137	531
2029	437	121	558
2030	482	103	585
2031-2035	2,098	228	2,326
Total	<u>\$ 4,084</u>	<u>\$ 903</u>	<u>\$ 4,987</u>

#### *City as Transferor*

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

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

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## Notes to Financial Statements

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### For the Fiscal Year Ended June 30, 2025

The FBOs pay the city monthly, and the city has recognized a PPP receivable and a related deferred inflow of resources involving these agreements. Additionally, the operators have made improvements totaling \$68,806,123 that are recognized as an asset by the city. The carrying value of these improvements at fiscal year-end is \$46,296,253 and the city reports a deferred inflow of resources at year-end pursuant to the public-private partnership agreement. As of June 30, 2025, the combined PPP receivable and deferred inflow of resources were reported in the amounts of \$8,428,000 and \$56,244,464, respectively. A discount rate of four percent was used to calculate the PPP receivable.

**Food services operator at Westworld.** Under the agreement, the Westworld operator has the right to use city facilities, such as kitchens and certain related areas, for the preparation of food and alcohol for immediate consumption at Westworld for a period of one year. This agreement was originally scheduled to expire on June 30, 2024; however, it was extended on a month-to-month basis upon the cessation of the original term. The Westworld operator pays a percentage fee based on its sales; this fee totaled \$897,963 for the fiscal year ended June 30, 2025.

**Concession services operator at Scottsdale Stadium.** Under the agreement, the Scottsdale Stadium (Stadium) operator has the right to provide concession services, alcoholic beverage services, and catering services on an exclusive basis during certain Stadium events for a period of five years (through December 31, 2025) (with a mutual option to renew for up to two additional five-year periods). The Stadium operator pays a percentage fee based on its sales; this fee totaled \$178,753 for the fiscal year ended June 30, 2025.

**Facility operator at the Silverado Golf Course.** Under the agreement, the Silverado Golf Course (Silverado) operator has the right to use Silverado to operate the golf course and provide related ancillary services, such as the operation of a pro-shop and clubhouse; the provision of golfing and golf course management instruction; and the operation of conference, banquet, restaurant, and meeting facilities within the clubhouse for a period of 35 years (through April 14, 2032) (with an option for the operator to extend for up to two additional 10-year periods). Additionally, the operator has made improvements totaling \$2,725,775 that are recognized as an asset by the city. The carrying value of these improvements at year-end is \$1,335,630 and the city reports a deferred inflow of resources in the amount of \$2,328,727 at year-end pursuant to the public-private partnership agreement. The Silverado operator pays a percentage fee based on its sales; this fee totaled \$335,417 for the fiscal year ended June 30, 2025.

**Facility operator at The Scottsdale Center for the Performing Arts, Scottsdale Civic Center, and The Scottsdale Museum of Contemporary Art.** Under the agreement, the Scottsdale Center for the Performing Arts, Scottsdale Civic Center, and Scottsdale Museum of Contemporary Art (city-owned facilities) operator has the right to manage, operate, and program each of the city-owned facilities; related tasks include scheduling, booking, promoting, administering, and creating and presenting exhibitions, events, and programs at the city-owned facilities for a period of five years (through June 30, 2025) (with a mutual option to renew for one additional five-year period). The city-owned facilities operator pays a percentage fee based on its sales; this fee totaled \$32,494 for the fiscal year ended June 30, 2025.

In total, the city had inflows of \$1,445,915 from variable payments not included in the measurement of the city's receivable for installment payments.

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### I. Bonds, Loans, and Other Payables

The following are brief descriptions of bonds outstanding as of June 30, 2025. The totals shown are the principal amount outstanding, net of the amount due July 1, 2025.

#### General Obligation Bonds

General Obligation (GO) bonds are issued, after approval by City of Scottsdale voters at an authorized bond election, to finance the construction of water and sewer systems, artificial lighting, parks and open spaces, recreational facilities, public safety, and general-purpose improvements. In May 2004, voters authorized \$500,000,000 of additional Preservation GO bonds, as well as an additional 0.15 percent sales tax increase to be used to finance Preserve land acquisitions. As of June 30, 2025, the city has \$256,544,516 of unissued Preservation GO bonds from the May 2004 authorization. Preservation GO bonds are backed by the full faith and credit of the city and are repaid through the Preserve sales tax approved by voters in May 1995 and May 2004 to be used specifically to finance land acquisitions for the McDowell Sonoran Preserve. As of June 30, 2025, the city has \$78,950,900 of unissued various purpose GO bonds that were authorized in November 2019.

#### Municipal Property Corporation Bonds

The City of Scottsdale Municipal Property Corporation (MPC) is a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. The MPC issues its own bonds, which are repaid through the city's excise tax collections and other unrestricted revenues. The use of property taxes to repay these bonds is specifically prohibited by law. These bonds are recorded as both governmental and business-type activities long-term debt. A portion of the 2006 MPC Excise Tax Revenue Refunding Bonds, a portion of the 2015A MPC Excise Tax Revenue Bonds, the 2015 MPC Excise Tax Revenue Refunding Bonds, the 2017 MPC Excise Tax Revenue Refunding Bonds, the 2017A MPC Excise Tax Revenue Bonds, the 2021A MPC Excise Tax Revenue Refunding Bonds, a portion of the 2021B MPC Taxable Excise Tax Revenue Refunding Bonds, and the 2025 Municipal Property Corporation Excise Tax Revenue Bonds are recorded in and paid by the Water and Sewer Enterprise Fund. The 2017B MPC Excise Tax Revenue Bonds are recorded in and paid by the Airport Enterprise Fund.

The city has pledged to repay \$647,324,252 in MPC Excise Tax Revenue Bonds issued from 2006 through June 30, 2025, payable through 2045. Bonds issued prior to July 1, 2010, were pledged by revenues that included transient occupancy tax while bonds issued after this date exclude transient occupancy tax. The coverage ratio (revenues to debt service) for 2025 for MPC bonds is 6.59 (excluding the transient occupancy tax). The total principal and interest remaining to be paid on all MPC bonds is \$545,833,134. Principal and interest paid for the current year and total excise tax collections (excluding transient occupancy taxes) were \$48,129,646 and \$317,103,021, respectively.

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

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

### **Community Facilities Districts General Obligation Bonds**

Community Facilities District (CFD) General Obligation Bonds are issued by CFDs to fund public infrastructure benefiting properties within the district. Bonds are repaid through ad valorem taxes levied by the CFD and collected by the county. Property owners within the CFD bear all related costs; the city holds no liability for the CFD bonds.

CFDs are formed by property owner petition to the City Council. As the Board of Directors for the CFDs, the Council has adopted a formal policy to require a minimum property value-to-debt ratio of 3:1 before bond issuance and 5:1 after improvements. These ratios are verified through an appraisal paid by the CFD and administered by the city. Please see “Summary of Significant Accounting Policies” for additional information on the CFDs.

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

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

**Notes to Financial Statements****For the Fiscal Year Ended June 30, 2025**

Bonds payable as of June 30, 2025, consisted of the following:

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

<b>General Obligation Bonds</b>	<b>Bonds Outstanding (in thousands)</b>
2014 Preservation Bonds (issued May 7, 2014) due in annual installments of \$465,000 to \$945,000 through July 1, 2034; interest at 1.75 percent to 4 percent. On December 30, 2020, \$6,690,000 due 2027 through 2034 was defeased. Original issue amount \$14,000,000.	\$ 725
2015 Refunding Bonds (issued April 2, 2015) due in annual installments of \$500,000 to \$30,565,000 through July 1, 2034; interest at 3 percent to 4 percent. On December 30, 2020, \$3,290,000 due 2029 through 2034 was refunded. Original issue amount \$160,415,000.	29,675
2017A Preservation Bonds (issued March 8, 2017) due in annual installments of \$1,825,000 to \$2,545,000 through July 1, 2034; interest at 4 percent to 5 percent. Original issue amount \$17,410,000.	17,410
2017 Refunding Bonds (issued May 17, 2017) due in annual installments of \$1,055,000 to \$5,525,000 through July 1, 2034; interest at 3 percent to 5 percent. Original issue amount \$39,985,000.	25,870
2017C Various Purpose Bonds (issued December 6, 2017) due in annual installments of \$1,690,000 to \$6,800,000 through July 1, 2027; interest at 5 percent. Original issue amount \$25,500,000.	4,605
2020 Taxable Refunding Bonds (issued December 30, 2020) due in annual installments of \$2,155,000 to \$33,150,000 through July 1, 2034; interest at 0.15 percent to 1.64 percent. Original issue amount \$168,220,000.	118,325
2021 Various Purpose Bonds (issued February 10, 2021) due in annual installments of \$1,135,000 to \$1,965,000 through July 1, 2040; interest at 2 percent to 4 percent. Original issue amount \$31,390,000.	25,175
2021 Various Purpose Taxable Bonds (issued February 10, 2021) due in annual installments of \$325,000 to \$1,195,000 through July 1, 2040; interest at 1.35 percent to 3 percent. Original issue amount \$19,770,000.	15,945
2023 Various Purpose Bonds (issued February 1, 2023) due in annual installments of \$1,475,000 to \$1,975,000 through July 1, 2042; interest at 4 percent to 5 percent. Original issue amount \$34,175,000.	30,300
2023 Various Purpose Taxable Bonds (issued February 1, 2023) due in annual installments of \$1,975,000 to \$2,525,000 through July 1, 2042; interest at 4.30 percent to 5 percent. Original issue amount \$39,530,000.	35,485
2025 Various Purpose Bonds (issued June 11, 2025) due in annual installments of \$3,350,000 to \$10,000,000 through July 1, 2045; interest at 4 percent to 5 percent. Original issue amount \$102,250,000.	<u>102,250</u>
Total General Obligation Bonds Outstanding	<u>\$ 405,765</u>

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

	<u>Bonds Outstanding (in thousands)</u>
<b>Municipal Property Corporation Bonds</b>	
2006 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued November 29, 2006) due in annual installments of \$1,200,000 to \$4,975,000 through July 1, 2034; interest at 5 percent. Original issue amount \$55,450,000.	\$ 31,390
2015A Municipal Property Corporation Excise Tax Revenue Bonds (issued January 6, 2015) due in annual installments of \$205,000 to \$865,000 through July 1, 2034; interest at 3 percent to 5 percent. On February 17, 2021, \$685,000 due in 2027 was refunded. Original issue amount \$12,200,000.	6,175
2015A Municipal Property Corporation Taxable Excise Tax Revenue Bonds (issued January 6, 2015) due in annual installments of \$275,000 to \$1,025,000 through July 1, 2034; interest at 2 percent to 4 percent. Original issue amount \$14,615,000.	7,955
2019A Municipal Property Corporation Excise Tax Revenue Bonds (issued October 23, 2019) due in annual installments of \$205,000 to \$645,000 through July 1, 2039; interest at 3 percent to 5 percent. Original issue amount \$9,275,000.	7,355
2019B Municipal Property Corporation Taxable Excise Tax Revenue Bonds (issued October 23, 2019) due in annual installments of \$940,000 to \$2,125,000 through July 1, 2039; interest at 1.85 percent to 2.9 percent. Original issue amount \$33,275,000.	25,150
2021B Municipal Property Corporation Taxable Excise Tax Revenue Refunding Bonds (issued February 17, 2021) due in annual installments of \$330,000 to \$9,410,000 through July 1, 2035; interest at 0.14 percent to 1.91 percent. Original issue amount \$71,325,000.	<u>56,200</u>
Total Municipal Property Corporation Bonds Outstanding	<u>\$ 134,225</u>
	<u>Bonds Outstanding (in thousands)</u>
<b>Community Facilities Districts General Obligation Bonds - Direct Placements</b>	
2012 DC Ranch Community Facilities District General Obligation Refunding Bonds (issued September 18, 2012) due in annual installments of \$555,000 to \$1,245,000 through July 15, 2027; interest at 3.41 percent. Original issue amount \$14,670,000.	\$ 2,450
2019 Waterfront Commercial Community Facilities District General Obligation Refunding Bonds (issued November 14, 2019) due in annual installments of \$172,000 to \$225,000 through July 15, 2032; interest at 2.47. Original issue amount \$2,563,000.	<u>1,468</u>
Total Community Facilities Districts General Obligation Bonds - Direct Placements	<u>\$ 3,918</u>
<b>Total Bonds Payable Recorded in Governmental Activities</b>	<u>\$ 543,908</u>

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

	<u>Bonds Outstanding (in thousands)</u>
<b>Municipal Property Corporation Bonds</b>	
2006 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued November 29, 2006) due in annual installments of \$3,600,000 to \$10,140,000 through July 1, 2030; interest at 5 percent. Original issue amount \$110,510,000.	\$ 28,080
2015A Municipal Property Corporation Excise Tax Revenue Bonds (issued January 6, 2015) due in annual installments of \$310,000 to \$1,305,000 through July 1, 2034; interest at 3 percent to 5 percent. On February 17, 2021, \$1,040,000 due in 2027 was refunded. Original issue amount \$18,485,000.	9,355
2015 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued March 26, 2015) due in annual installments of \$3,788,459 to \$5,822,479 through July 1, 2028; interest at 5 percent. On February 17, 2021, \$11,257,479 due 2027 through 2028 was refunded. Original issue amount \$46,811,731.	5,200
2017 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued March 1, 2017) due in annual installments of \$2,015,000 to \$12,630,000 through July 1, 2036; interest at 3 percent to 5 percent. On February 17, 2021, \$38,350,000 due 2031 through 2033 and 2035 through 2036 was defeased. Original issue amount \$79,970,000.	34,795
2017A Municipal Property Corporation Excise Tax Revenue Bonds (issued May 24, 2017) due in annual installments of \$1,080,000 to \$2,730,000 through July 1, 2037; interest at 3 percent to 5 percent. Original issue amount \$39,065,000.	27,415
2017B Municipal Property Corporation Excise Tax Revenue Bonds (issued May 24, 2017) due in annual installments of \$645,000 to \$1,655,000 through July 1, 2037; interest at 3 percent to 5 percent. Original issue amount \$23,520,000.	16,560
2021A Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued February 17, 2021) due in a single installment of \$7,920,000 on July 1, 2030; interest at 5 percent. Original issue amount \$7,920,000.	7,920
2021B Municipal Property Corporation Taxable Excise Tax Revenue Refunding Bonds (issued February 17, 2021) due in annual installments of \$145,000 to \$12,750,000 through July 1, 2036; interest at 0.14 percent to 1.96 percent. Original issue amount \$63,860,000.	57,765
2025 Municipal Property Corporation Excise Tax Revenue Bonds (issued June 11, 2025) due in annual installments of \$1,600,000 to \$10,000,000 through July 1, 2045; interest at 4 percent to 5 percent. Original issue amount \$112,375,000.	<u>112,375</u>
Total Municipal Property Corporation Bonds Outstanding	<u>\$ 299,465</u>
<b>Total Bonds Payable Recorded in Business-type Activities</b>	<u>\$ 299,465</u>
<b>Total Long-Term Bonds Payable</b>	<u>\$ 843,373</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Statutory Debt Limitation

Under the provisions of Article 9, Section 8 of the Arizona Constitution, outstanding General Obligation (GO) bonded debt (including outstanding “excess premium,” as defined in Arizona Revised Statutes Title 35, Chapter 3, Articles 3 and 4) issued for water, sewers, artificial light, parks, playgrounds and recreational facilities, open space preserves, public safety facilities, and streets and transportation facilities may not exceed 20 percent of a city’s assessed valuation. Outstanding GO bonded debt for all other purposes may not exceed 6 percent of a city’s assessed valuation. GO bonds of community facilities districts are not subject to or included in this calculation. The following summarizes the city’s legal GO bonded debt borrowing capacity as of June 30, 2025:

General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety Facilities, and Streets and Transportation Facilities		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$ 2,826,612,550	6% Constitutional Limit	\$ 847,983,765
Less General Obligation		Less General Obligation	
20% Bonds Outstanding	(388,518,000)	6% Bonds Outstanding	(17,247,000)
Excess Premium	(15,287,622)	Excess Premium	(1,306,634)
 <b>Available 20% Limitation Borrowing Capacity</b>	 <b>\$ 2,422,806,928</b>	 <b>Available 6% Limitation Borrowing Capacity</b>	 <b>\$ 829,430,131</b>

### Arbitrage

Arbitrage is the ability to obtain tax-exempt bond proceeds and invest the funds in higher yielding taxable securities, resulting in a profit. The city monitors compliance with federal arbitrage regulations and uses an independent consultant. It was determined that there is no arbitrage liability as of June 30, 2025.

### Advance Refundings and Defeasances

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

**Notes to Financial Statements**

**For the Fiscal Year Ended June 30, 2025**

The following table reflects refunded debt outstanding as of June 30, 2025, net of any amounts to be paid or retired by the trustee on July 1, 2025 (in thousands):

**Refunded Debt Outstanding**

2017 MPC Excise Tax Revenue Refunding Bonds	\$ 38,350
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**Contracts Payable**

The city has entered into contracts related to the financing of an underground utility facilities improvement district, field maintenance equipment, and I.T. hardware equipment. The following is a summary of debt service to maturity for the long-term contracts as of June 30, 2025:

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

	<b>Contracts Payable - Direct Borrowings</b>
	<b>(in thousands)</b>
Contract payable to PNC Bank for the financing of an underground utility facilities improvement district; due in annual installments through 2033; interest at 5.72 percent.	\$ 197
Contract payable to John Deere Financial for the financing of field maintenance equipment; due in annual installments through 2027; interest at 2.99 percent.	53
Contract payable to Axon Enterprise, Inc. for the financing of I.T. hardware equipment; due in annual installments through 2027 interest at 6.00 percent.	1,123
	<u>\$ 1,373</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the fiscal year ended June 30, 2025 (in thousands):

Governmental Activities	Beginning Balance	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 359,110	\$ 102,250	\$ (55,595)	\$ 405,765	\$ 52,300
Municipal Property Corporation Bonds	153,515	-	(19,290)	134,225	12,640
Community Facilities Districts General Obligation Bonds - Direct Placements	5,273	-	(1,355)	3,918	1,400
Add Issuance Premiums	24,563	5,274	(3,712)	26,125	-
Total Bonds Payable	<u>542,461</u>	<u>107,524</u>	<u>(79,952)</u>	<u>570,033</u>	<u>66,340</u>
Contracts Payable - Direct Borrowings	1,786	-	(413)	1,373	423
Leases	3,997	1,940	(1,341)	4,596	1,604
Public-Public Partnerships	4,368	-	(284)	4,084	318
Subscriptions	9,811	779	(2,660)	7,930	2,722
Risk Management Claims	20,958	47,425	(44,911)	23,472	9,839
Compensated Absences	33,266	2,553	-	35,819	18,329
City Total Other Postemployment Benefit Liability	863	30	-	893	127
Net Pension Related Liabilities	318,881	-	(16,455)	302,426	-
<b>Governmental Activities Long-Term Liabilities</b>	<u>\$ 936,391</u>	<u>\$ 160,251</u>	<u>\$ (146,016)</u>	<u>\$ 950,626</u>	<u>\$ 99,702</u>

Internal service funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities. For the fiscal year ended June 30, 2025, \$532,000 of accrued compensated absences is included in the above amount for internal service funds. The compensated absences presented in this note are net of the current liability of \$56,000 in the governmental funds.

Business-type Activities	Beginning Balance	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Municipal Property Corporation Bonds	\$ 204,540	\$ 112,375	\$ (17,450)	\$ 299,465	\$ 22,615
Add Issuance Premiums	13,765	8,203	(2,148)	19,820	-
Total Bonds Payable	<u>218,305</u>	<u>120,578</u>	<u>(19,598)</u>	<u>319,285</u>	<u>22,615</u>
Leases	116	-	(33)	83	35
Subscriptions	84	199	(108)	175	105
Compensated Absences	4,399	-	(327)	4,072	2,204
Net Pension Liabilities	33,279	197	-	33,476	-
Pollution Remediation Obligation	45,186	1,090	-	46,276	-
<b>Business-type Activities Long-Term Liabilities</b>	<u>\$ 301,369</u>	<u>\$ 122,064</u>	<u>\$ (20,066)</u>	<u>\$ 403,367</u>	<u>\$ 24,959</u>

# Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

## Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for long-term liabilities as of June 30, 2025:

**Governmental Activities**  
(in thousands)

Fiscal Year	General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety Facilities, and Streets and Transportation Facilities			General Obligation Bonds Issued For All Other Purposes			Total General Obligation Bonds		
	20% Limitation			6% Limitation			Principal	Interest	Total
	Principal	Interest	Total	Principal	Interest	Total			
2026	\$ 50,901	\$ 13,243	\$ 64,144	\$ 1,399	\$ 770	\$ 2,169	\$ 52,300	\$ 14,013	\$ 66,313
2027	40,138	11,406	51,544	772	676	1,448	40,910	12,082	52,992
2028	38,951	10,044	48,995	789	640	1,429	39,740	10,684	50,424
2029	29,418	8,773	38,191	772	602	1,374	30,190	9,375	39,565
2030	25,306	7,886	33,192	794	565	1,359	26,100	8,451	34,551
2031-2035	112,172	28,229	140,401	4,343	2,263	6,606	116,515	30,492	147,007
2036-2040	55,626	14,309	69,935	4,859	1,305	6,164	60,485	15,614	76,099
2041-2045	36,006	4,418	40,424	3,519	451	3,970	39,525	4,869	44,394
2046-2050	-	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 388,518</b>	<b>\$ 98,308</b>	<b>\$ 486,826</b>	<b>\$ 17,247</b>	<b>\$ 7,272</b>	<b>\$ 24,519</b>	<b>\$ 405,765</b>	<b>\$ 105,580</b>	<b>\$ 511,345</b>

Fiscal Year	Municipal Property Corporation Bonds			Leases			Community Facilities Districts General Obligation Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2026	\$ 12,640	\$ 3,801	\$ 16,441	\$ 1,604	\$ 243	\$ 1,847	\$ 1,400	\$ 120
2027	13,215	3,452	16,667	1,226	144	1,370	1,445	74	1,519
2028	16,450	3,092	19,542	639	77	716	204	27	231
2029	17,805	2,654	20,459	115	45	160	209	21	230
2030	10,655	2,170	12,825	20	41	61	215	16	231
2031-2035	52,835	5,453	58,288	118	192	310	445	17	462
2036-2040	10,625	788	11,413	162	163	325	-	-	-
2041-2045	-	-	-	218	127	345	-	-	-
2046-2050	-	-	-	292	78	370	-	-	-
2051-2055	-	-	-	202	17	219	-	-	-
<b>Total</b>	<b>\$ 134,225</b>	<b>\$ 21,410</b>	<b>\$ 155,635</b>	<b>\$ 4,596</b>	<b>\$ 1,127</b>	<b>\$ 5,723</b>	<b>\$ 3,918</b>	<b>\$ 275</b>	<b>\$ 4,193</b>

Fiscal Year	Public-Public Partnerships			Subscriptions			Contracts Payable - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2026	\$ 318	\$ 163	\$ 481	\$ 2,722	\$ 469	\$ 3,191	\$ 423	\$ 79
2027	355	151	506	1,905	313	2,218	434	54	488
2028	394	137	531	1,910	198	2,108	435	30	465
2029	437	121	558	1,393	84	1,477	38	4	42
2030	482	103	585	-	-	-	43	2	45
2031-2035	2,098	228	2,326	-	-	-	-	-	-
2036-2040	-	-	-	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-	-	-	-
2046-2050	-	-	-	-	-	-	-	-	-
2051-2055	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 4,084</b>	<b>\$ 903</b>	<b>\$ 4,987</b>	<b>\$ 7,930</b>	<b>\$ 1,064</b>	<b>\$ 8,994</b>	<b>\$ 1,373</b>	<b>\$ 169</b>	<b>\$ 1,542</b>

(continued)

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Governmental Activities (in thousands)

Fiscal Year	Total Governmental Activities		
	Principal	Interest	Total
2026	\$ 71,407	\$ 18,888	\$ 90,295
2027	59,490	16,270	75,760
2028	59,772	14,245	74,017
2029	50,187	12,304	62,491
2030	37,515	10,783	48,298
2031-2035	172,011	36,382	208,393
2036-2040	71,272	16,565	87,837
2041-2045	39,743	4,996	44,739
2046-2050	292	78	370
2051-2055	202	17	219
Total	\$ 561,891	\$ 130,528	\$ 692,419

### Business-type Activities (in thousands)

Fiscal Year	Municipal Property Corporation Bonds			Subscriptions			Leases		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 22,615	\$ 12,102	\$ 34,717	\$ 105	\$ 10	\$ 115	\$ 35	\$ 6	\$ 41
2027	23,465	10,728	34,193	70	4	74	27	4	31
2028	22,045	9,862	31,907	-	-	-	14	1	15
2029	22,830	9,062	31,892	-	-	-	7	-	7
2030	26,145	7,997	34,142	-	-	-	-	-	-
2031-2035	105,400	26,933	132,333	-	-	-	-	-	-
2036-2040	53,815	11,211	65,026	-	-	-	-	-	-
2041-2045	23,150	2,838	25,988	-	-	-	-	-	-
Total	\$ 299,465	\$ 90,733	\$ 390,198	\$ 175	\$ 14	\$ 189	\$ 83	\$ 11	\$ 94

Fiscal Year	Total Business-type Activities		
	Principal	Interest	Total
2026	\$ 22,755	\$ 12,118	\$ 34,873
2027	23,562	10,736	34,298
2028	22,059	9,863	31,922
2029	22,837	9,062	31,899
2030	26,145	7,997	34,142
2031-2035	105,400	26,933	132,333
2036-2040	53,815	11,211	65,026
2041-2045	23,150	2,838	25,988
Total	\$ 299,723	\$ 90,758	\$ 390,481

**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 2025

**V. OTHER INFORMATION****A. Risk Management**

The city is exposed to various risks of loss related to public and aviation liability, self-insured benefits, workers' compensation, and property and casualty claims. Public liability includes public officials' errors and omissions, law enforcement liability, premises liability, and automobile and general liability. The city is self-insured for the first \$2,000,000 of public liability, the first \$100,000 of property coverage, the first \$350,000 of health benefits claims for an individual in a fiscal year, and the first \$1,000,000 of workers' compensation claims. Coverage in excess of these respective amounts is provided through the purchase of commercial insurance. As for claim expenditures, settlements for each of the past three fiscal years have not exceeded the city's excess insurance coverage amounts for any claims.

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

The liability claims amount recorded in the accompanying financial statements is based on reported pending claims and an actuarial analysis and projection of the accrued liability amounts necessary to fund the claims. As of June 30, 2025, the city's general, worker's compensation, auto and property liabilities claims payable totaled \$20,311,000 and the self-insured benefits claims payable totaled \$3,161,000.

	Fiscal Year Ended June 30 (in thousands)	
	<u>2025</u>	<u>2024</u>
Claims Payable, July 1	\$ 20,958	\$ 21,145
Current Year Claims Incurred	47,425	40,552
Current Year Claim Payments	<u>(44,911)</u>	<u>(40,739)</u>
<b>Claims Payable, June 30</b>	<b><u>\$ 23,472</u></b>	<b><u>\$ 20,958</u></b>

**B. Contingent Liabilities**

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

The city has entered into several agreements whereby it will reimburse developers a portion of development costs, interest, or sales tax generated on their site for a period of time and up to a maximum dollar amount. Depending on the terms of the agreement, the city does not become liable for payment until certain milestones are met. The city's estimated contingent liability related to these agreements as of June 30, 2025, is \$34.2 million.

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### C. Subsequent Events

In August 2025, the city redeemed in advance of maturity the remaining \$725,000 of the General Obligation Bonds, Series 2014 and partially redeemed in advance \$2,670,000 of the General Obligation Refunding Bonds, Series 2015.

### D. Joint Ventures

#### Sub-Regional Operating Group (SROG)

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

The city records its share of SROG's cash deposits, and its equity in the joint venture in the city's Water and Sewer Fund. For the fiscal year ended June 30, 2024, the latest audited information available from SROG, the city's equity in SROG was \$77,942,000 or 12.90 percent of the equity balance and the total cash deposit was \$5,500,438.

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, for SROG (the latest SROG Annual Comprehensive Financial Report available) may be obtained from the AMWUA office at 3003 N. Central Avenue, Suite 1550, Phoenix, Arizona, 85012.

#### Regional Wireless Cooperative (RWC)

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

The city records its share of contributions to the RWC, third party contributions paid to the RWC for the benefit of the city, and equity in the joint venture in the city's proprietary funds and government-wide financial statements. The equity balance as of June 30, 2024, the latest audited information available from RWC, was \$3,074,560 or 6.27 percent of the RWC's total net position. The city contributed \$211,483 for the fiscal year ended June 30, 2025, and shared in estimated depreciation expenses of \$532,789, resulting in an estimated equity balance as of June 30, 2025, of \$2,753,254. The RWC Annual Comprehensive Financial Statement is available from the Regional Wireless Cooperative, 200 West Washington Street, 14th Floor, Phoenix, Arizona, 85003-1611.

### **E. Pollution Remediation**

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

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

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

The measurement of the city's pollution remediation obligation liability includes all remediation work that the city expects to perform, including work expected to be performed for the participating companies. To estimate the CGTF liability, 18 projected cash flows, based on the prior 18 years of historical costs and weighted equally, were used to calculate an average annual cost. To estimate the NGTF liability, twelve projected cash flows, based on the prior twelve years of historical costs and weighted equally, were used to calculate an average annual cost. These average costs were then projected over the remaining remediation period of 49 years for the CGTF and the NGTF. The EPA estimated in its September 2011 review that future remediation will be required for approximately 50-70 years at each site. The most recent five-year EPA review, released in November 2022, did not quantify the remedial time needed to achieve aquifer restoration.

Improvements in technology and changes in laws or regulations did not impact the average annual cost. The liability is revalued annually. The fiscal year 2025 reimbursable outlays for operating and monitoring the CGTF were \$665,192 and for the NGTF were \$279,214. The city has a reimbursement agreement with the responsible parties and the total liability is expected to be fully recovered by the participating companies and therefore a corresponding pollution remediation recoveries receivable has been accrued.

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

### **F. Related Organization**

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

### **G. Pension, Retirement, and Other Postemployment Benefit Plans**

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

**Notes to Financial Statements****For the Fiscal Year Ended June 30, 2025**

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

A summary of pension and other postemployment benefit related items as of and for the year-ended June 30, 2025 is presented below (in thousands). The ASRS and PSPRS OPEB plans are not included in the notes as the liability (asset) and related deferred inflows of resources, deferred outflows of resources, and OPEB expense are not material to the financial statements:

<b>Plan Description</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Outflows of Resources</b>			
PSPRS - Police	\$ 43,823	\$ -	\$ 43,823
PSPRS - Fire	34,500	-	34,500
ASRS	23,834	6,086	29,920
OPEB - City	475	-	475
OPEB - ASRS	289	74	363
OPEB - PSPRS Police	65	-	65
OPEB - PSPRS Fire	146	-	146
Total	<u>\$ 103,132</u>	<u>\$ 6,160</u>	<u>\$ 109,292</u>
<b>Liabilities/(Assets)</b>			
PSPRS - Police	\$ 138,842	\$ -	\$ 138,842
PSPRS - Fire	33,273	-	33,273
ASRS	130,311	33,476	163,787
OPEB - City	893	-	893
OPEB - ASRS	(4,982)	(1,281)	(6,263)
OPEB - PSPRS Police	(3,698)	-	(3,698)
OPEB - PSPRS Fire	(728)	-	(728)
Total	<u>\$ 293,911</u>	<u>\$ 32,195</u>	<u>\$ 326,106</u>
<b>Deferred Inflows of Resources</b>			
PSPRS - Police	\$ 6,048	\$ -	\$ 6,048
PSPRS - Fire	4,688	-	4,688
ASRS	9,901	2,544	12,445
OPEB - City	1,631	-	1,631
OPEB - ASRS	1,675	430	2,105
OPEB - PSPRS Police	944	-	944
OPEB - PSPRS Fire	760	-	760
Total	<u>\$ 25,647</u>	<u>\$ 2,974</u>	<u>\$ 28,621</u>
<b>Pension/OPEB Expense</b>			
PSPRS - Police	\$ 22,814	\$ -	\$ 22,814
PSPRS - Fire	9,312	-	9,312
EODCRS - Elected	15	-	15
ASRS	12,382	2,743	15,125
OPEB - City	(133)	-	(133)
OPEB - ASRS	(792)	(203)	(995)
OPEB - PSPRS Police	(612)	-	(612)
OPEB - PSPRS Fire	(144)	-	(144)
Total	<u>\$ 42,842</u>	<u>\$ 2,540</u>	<u>\$ 45,382</u>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Arizona State Retirement System

#### General Information about the Pension Plan

##### *Plan Description*

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

##### *Benefits Provided*

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

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

## Notes to Financial Statements

### For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### *Contributions*

The ARS provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of the city's covered payroll. Although the statutes prescribe the basis for making the actuarial calculation, the Arizona legislature is authorized to approve a contribution rate other than the actuarially determined rate. Employees were required to contribute 12.12 percent of their annual pay for the fiscal year ended June 30, 2025, and the city's required contribution rate was 12.05 percent during the same period. In addition, the city was required by statute to contribute at the actuarially determined rate of 10.14 percent of annual covered payroll of retired members who worked for the city in positions that would typically be filled by an employee who contributes to the ASRS. The required contribution rate for the fiscal year ended June 30, 2025, was actuarially determined to yield contribution amounts sufficient to finance costs earned by employees during the year and to amortize the Plan's unfunded actuarially accrued liability over the period specified in the statutes. Contributions to the pension plan by the city amounted to \$17,843,000 for the fiscal year ended June 30, 2025.

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

As of June 30, 2025, the city reported a liability of \$163,786,607 for its proportionate share of the collective net pension liability of the ASRS. The collective net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2023. Update procedures were used to roll forward the total pension liability to the measurement date. The city's proportion of the collective net pension liability was based on the city's proportionate share of accrued contributions to the pension plan relative to the contributions of all participating entities for the fiscal year ended June 30, 2024. As of June 30, 2024, the city's proportion was 1.02357 percent, which was an increase of 0.02749 percent over its proportion measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the city recognized a collective pension expense of \$15,125,081. As of June 30, 2025, the city reported a collective deferred outflow of resources and a collective deferred inflow of resources related to pensions from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,142	\$ -
Net difference between projected and actual earnings on pension plan investments	-	10,460
Changes in proportion and differences between city contributions and proportionate share of contributions	2,935	1,985
City contributions subsequent to the measurement date	17,843	-
Total	\$ 29,920	\$ 12,445

**Notes to Financial Statements****For the Fiscal Year Ended June 30, 2025**

The \$17,843,000 reported as a collective deferred outflow of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as a collective deferred outflow of resources and a collective deferred inflow of resources related to pensions will be recognized in pension expense as follows (in thousands):

**Fiscal year ending June 30:**

2026	\$	(5,202)
2027		9,402
2028		(2,648)
2029		(1,920)
2030		-
Thereafter		-

*Actuarial Assumptions*

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	
Plan amendments	Immediate
Investment gain/loss	Five years
Assumption gain/loss	Average remaining service lives
Experience gain/loss	Average remaining service lives
Proportion/proportionate share gain/loss	Average remaining service lives
Asset valuation	Fair value
Discount rate	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The ASRS Board adopted the experience study recommended changes which were first applied to the June 30, 2020, actuarial valuation.

The expected long-term rate of return on ASRS pension plan investments was determined to be 4.60 percent (excluding investment expense and inflation) using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the expected long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of long-term expected geometric real rates of return for each major asset class are summarized in the following table:

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

Asset Class	Target Asset Allocation	Real Return Geometric Basis
Public Equity	44%	4.48%
Credit	23%	4.40%
Real Estate	17%	6.05%
Private Equity	10%	6.11%
Interest Rate Sensitive	6%	-0.45%
Total	100%	

### *Discount Rate*

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

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the collective net pension liability	\$ 250,791	\$ 163,787	\$ 91,276

### *Pension Plan Fiduciary Net Position*

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

### Public Safety Personnel Retirement System

#### General Information about the Pension Plan

##### *Plan Description*

All the city's sworn public safety personnel participate in the Public Safety Personnel Retirement System (PSPRS). PSPRS administers both an agent multiple-employer defined benefit pension plan and a defined contribution plan. The defined contribution plan is only available to police department members who became a member on or after July 1, 2017, and fire department members who became a member on or after January 1, 2012. The defined benefit and defined contribution pension plans are administered in accordance with Title 38, Chapter 5, Articles 4 and 4.1, respectively, of the Arizona Revised Statutes (ARS). PSPRS acts as a common investment and administrative agent that is jointly administered by a nine-member board known as the Board of Trustees (the Board) and 234 local boards. PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016, calling (602) 255-5575, or by visiting: <https://www.psprs.com/investments--financials/annual-reports>. The PSPRS other postemployment benefit plan is not further disclosed due to its relative insignificance to the financial statements.

##### *Benefits Provided*

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

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

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**Notes to Financial Statements**

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**For the Fiscal Year Ended June 30, 2025**

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

Disability benefits are calculated as follows:

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

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

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

Ratio of Actuarial Value of Assets to Liabilities	Maximum increase
70-80%	1.0%
80-90%	1.5%
>90%	2.0%

### *Employees Covered by Benefit Terms*

As of June 30, 2025, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	412
Inactive plan members entitled to but not yet receiving benefits	181
Active plan members	566
Total	1,159

### *Contributions*

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

## Notes to Financial Statements

### For the Fiscal Year Ended June 30, 2025

The city's pension-related contribution rates for fiscal year ended June 30, 2025 were:

<b>Police</b>	<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>	
Membership date	7/19/2011 or earlier	On or after 7/20/2011	1/1/2012 or later		7/1/2017 or later	
Plan type	Defined benefit	Defined benefit	Defined benefit	Defined benefit	Defined contribution	
Employee contribution rate	7.65%	7.65%	7.65%	8.42%	9.00%	
Employer contribution rate	56.73%	56.73%	56.73%	51.23%	51.81%	

<b>Fire</b>	<b>Tier 1</b>		<b>Tier 2</b>		<b>Tier 3</b>		
Membership date	7/19/2011 or earlier	On or after 7/20/2011	1/1/2012 or later		7/1/2017 or later		
Plan type	Defined benefit	Defined benefit	Defined benefit (hybrid)	Defined contribution (hybrid)	Defined benefit (hybrid)	Defined contribution (hybrid)	Defined contribution
Employee contribution rate	7.65%	7.65%	7.65%	3.00%	9.67%	3.00%	9.00%
Employer contribution rate	27.74%	27.74%	27.74%	4.00%	22.27%	3.00%	21.61%

Participants' defined contributions and the earnings on those contributions are immediately vested. A participant is fully vested in employer contributions after ten years of service; the vesting occurs at a rate of ten percent per year. If a participant dies or is determined to be eligible for an accidental or catastrophic disability pension before completing ten years of service, the employer contributions are immediately fully vested. In addition, the city was required by statute to contribute an actuarially determined rate (42.81 percent for police employees and 12.61 percent for fire employees) of annual covered payroll of retired members who worked for the city in positions that would typically be filled by an employee who contributes to PSPRS. The city's contributions to the pension plan for the fiscal year ended June 30, 2025, were \$26,715,103.

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

ARS Title 9, Chapter 8, Article 3, Section 9-952 requires the state treasurer to distribute a fire insurance premium tax to the respective incorporated cities and towns and legally organized fire districts in proportion to the full cash value of the real property and improvements in each incorporated city and town and legally organized fire district that procures the services of a private fire company and in each area served by a fire department or legally organized fire district. The annual tax provided by law is based on a portion of the premiums received on policies and contracts of fire insurance covering property within the state. The warrant issued by the state treasurer is deposited on the city's behalf into the pension plan. PSPRS received \$3,888,314 of fire insurance premium tax for the city's fire pension plan for the fiscal year ended June 30, 2025. PSPRS accounts for the fire insurance premium tax collected for the city as employer contributions.

### Net Pension Liability

The city's net pension liability of \$172,115,171 was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

#### *Actuarial Assumptions*

The total pension liability in the June 30, 2024, measurement was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	1.25%-12.50%
Tier 1/2 Investment Rate of Return	7.20%
Tier 3 Investment Rate of Return	7.00%
Mortality rates	

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

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

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

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022, actuarial evaluation.

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

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

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation adopted as of June 30, 2024, as provided by PSPRS, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash - Mellon	2%	0.89%
Diversifying Strategies	5%	3.15%
Core Bonds	6%	2.44%
International Public Equity	16%	4.47%
Private Credit	20%	6.24%
U.S. Public Equity	24%	3.62%
Global Private Equity	27%	7.05%
	<u>100%</u>	

### *Discount Rate*

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

### Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<b>Balances at 6/30/24</b>	\$ 472,820	\$ 316,310	\$ 156,510
<b>Changes for the year:</b>			
Service cost	7,538	-	7,538
Interest	33,740	-	33,740
Changes of benefit terms	-	-	-
Differences between expected and actual experience	10,134	-	10,134
Changes of assumptions	-	-	-
Contributions-employer	-	33,608	(33,608)
Contributions-employee	-	3,135	(3,135)
Net investment income	-	32,505	(32,505)
Benefit payments, including refunds of employee contributions	(23,492)	(23,492)	-
Administrative expense	-	(168)	168
Tiers 1 & 2 adjustment	-	-	-
Other changes	-	-	-
<b>Net changes</b>	<b>27,920</b>	<b>45,588</b>	<b>(17,668)</b>
<b>Balances at 6/30/25</b>	<b>\$ 500,740</b>	<b>\$ 361,898</b>	<b>\$ 138,842</b>

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<b>Balances at 6/30/24</b>	\$ 200,350	\$ 165,880	\$ 34,470
<b>Changes for the year:</b>			
Service cost	6,073	-	6,073
Interest	14,665	-	14,665
Changes of benefit terms	-	-	-
Differences between expected and actual experience	5,017	-	5,017
Changes of assumptions	-	-	-
Contributions-employer	-	7,436	(7,436)
Contributions-employee	-	2,369	(2,369)
Net investment income	-	17,230	(17,230)
Benefit payments, including refunds of employee contributions	(5,487)	(5,487)	-
Administrative expense	-	(83)	83
Other changes	-	-	-
<b>Net changes</b>	20,268	21,465	(1,197)
<b>Balances at 6/30/25</b>	\$ 220,618	\$ 187,345	\$ 33,273

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

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

	1% Decrease (6.20%/6.00%)	Discount Rate (7.20%/7.00%)	1% Increase (8.20%/8.00%)
Police net pension liability	\$ 207,178	\$ 138,842	\$ 83,165
Fire net pension liability	66,101	33,273	6,496

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

### *Pension Plan Fiduciary Net Position*

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

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

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

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

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

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

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

For the fiscal year ended June 30, 2025, the city recognized pension expense of \$31,587,319 related to the defined benefit plan and the defined benefit portion of the hybrid plan and \$539,339 related to the defined contribution plan and the defined contribution portion of the hybrid plan. As of June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,372	\$ 3,732
Changes of assumptions	4,236	-
Net difference between projected and actual earnings on pension plan investments	-	7,004
City contributions subsequent to the measurement date	26,715	-
Total	<u>\$ 78,323</u>	<u>\$ 10,736</u>

City contributions subsequent to the measurement date of \$26,715,103 were reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

#### Fiscal year ending June 30:

2026	\$ 5,388
2027	15,753
2028	5,109
2029	2,922
2030	3,949
Thereafter	7,751

### Elected Officials' Defined Contribution Retirement System

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

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## Notes to Financial Statements

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For the Fiscal Year Ended June 30, 2025

Benefit terms, including contribution requirements, for EODCRS are established by Title 38, Chapter 5, Article 3.1 of the Arizona Revised Statutes (ARS) and may be amended by the State of Arizona. For each member of EODCRS, the city is required to contribute 6 percent of gross compensation to an individual member retirement account. Members are required to contribute 8 percent of gross compensation to their retirement account. Members are immediately vested in both their and the city's contributions and earnings on those contributions. For the fiscal year ended June 30, 2025, the city recognized pension expense of \$14,801.

### Postemployment Benefits Other Than Pensions (OPEB)

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

#### *Plan Description*

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

#### *Benefits Provided*

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

**Notes to Financial Statements****For the Fiscal Year Ended June 30, 2025***Employees Covered by Benefit Terms*

The following employees were covered by the benefit terms:

As of June 30, 2025, Membership Consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	10
Inactive Employees Entitled to but Not Yet Receiving Benefits	-
Active Employees	<u>675</u>
Total	<u><u>685</u></u>

**Total OPEB Liability**

The city's total OPEB liability of \$893,000 was measured as of July 1, 2024, as determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.25% wage inflation plus merit and longevity increases ranging from 0.0% to 11.75%
Discount Rate	4.21%
Healthcare Cost Trend Rates*	8.60% for 2025, 8.00% for 2026, and then decreasing 0.5% per year to an ultimate rate of 4.50% for 2033 and later years
Retirees' Share of Benefit-Related Costs	100%

\*The initial trend rate reflects the city's actual projected cost increases from fiscal year 2025 to 2026.

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

Mortality rates were based on the following:

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

**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 2025

**Changes in the Total OPEB Liability**

(in thousands)

	<b>Total OPEB Liability</b>
<b>Balance at 6/30/24</b>	\$ 863
<b>Changes for the year:</b>	
Service cost	44
Interest	35
Differences between expected and actual experience	30
Changes of assumptions/other inputs	48
Benefit payments	(127)
<b>Net changes</b>	<b>30</b>
<b>Balance at 6/30/25</b>	<b>\$ 893</b>

Changes in assumptions reflect the following:

1. Change in the discount rate from 4.13 percent as of the beginning of the year to 4.21 percent as of the end of the year.
2. The termination rates for public safety employees have been updated based on the Maricopa County rates from the Police and Fire Public Safety Personnel Retirement System actuarial valuation as of June 30, 2024.
3. The retirement rates for public safety employees have been updated based on the Maricopa County rates from the Police and Fire Public Safety Personnel Retirement System actuarial valuation as of June 30, 2024.
4. The salary scale for public safety employees has been updated based on the Maricopa County rates from the Police and Fire Public Safety Personnel Retirement System actuarial valuation as of June 30, 2024.
5. Healthcare trend rates have been updated to reflect actual premium increases from fiscal year 2025 to fiscal year 2026, followed by an annual trend of 7.5 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent.

**Notes to Financial Statements**

**For the Fiscal Year Ended June 30, 2025**

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

The following presents the total OPEB liability of the city, as well as what the city’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate (in thousands):

	<b>1% Decrease (3.21%)</b>	<b>Discount Rate (4.21%)</b>	<b>1% Increase (5.21%)</b>
Total OPEB Liability	\$ 934	\$ 893	\$ 854

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

The following presents the total OPEB liability of the city, as well as what the city’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.50 percent) or 1-percentage-point higher (8.5 percent decreasing to 5.50 percent) than the current healthcare cost trend rates (in thousands):

	<b>1% Decrease (6.50% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (7.50% decreasing to 4.50%)</b>	<b>1% Increase (8.50% decreasing to 5.50%)</b>
Total OPEB Liability	\$ 835	\$ 893	\$ 958

## Notes to Financial Statements

For the Fiscal Year Ended June 30, 2025

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

For the year ended June 30, 2025, the city recognized OPEB expense of \$(133,358). As of June 30, 2025, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 205	\$ 813
Change of assumptions or other inputs	176	818
City benefits paid subsequent to the measurement date	94	-
Total	\$ 475	\$ 1,631

The \$93,906 reported as a deferred outflow of resources related to OPEB resulting from city benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

**Fiscal year ending June 30:**

2025	\$	(213)
2026		(213)
2027		(202)
2028		(202)
2029		(173)
Thereafter		(247)

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**Notes to Financial Statements**

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**For the Fiscal Year Ended June 30, 2025****H. Other Postemployment Benefits**

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

The projected liability for active employees, as of June 30, 2025, was \$17,559,767. The projected liability was considered payable within one year or greater, and therefore considered noncurrent and included in both the proprietary fund and government-wide financial statements. Significant actuarial assumptions of the January 1, 2025, actuarial valuation include: a) mortality rates based on the SOA Pub-2010 General (for non-PSPRS-eligible personnel)/Public Safety (for PSPRS-eligible personnel) Headcount Weighted Mortality Table fully generational using Scale MP-2021; b) interest compounded 2.5 percent annually; c) salary increases at a rate of 4 percent based on payroll experience and future expectations; and d) Traditional Unit Credit cost method based on participant data as of December 31, 2024.

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the collective net pension liability	1.023570%	0.996080%	1.040000%	1.009390%	1.050150%	1.049160%	1.055510%	1.056820%	1.086990%	1.099760%
City's proportionate share of the collective net pension liability	\$163,787	\$161,180	\$169,751	\$132,630	\$181,954	\$152,665	\$147,206	\$164,632	\$175,451	\$171,304
City's covered payroll	\$143,550	\$130,436	\$124,179	\$110,303	\$114,944	\$110,748	\$105,097	\$107,259	\$101,917	\$101,962
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	114.10%	123.57%	136.70%	120.24%	158.30%	137.85%	140.07%	153.49%	172.15%	168.01%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ 7,538	\$ 7,212	\$ 7,411	\$ 7,480	\$ 7,402	\$ 8,154	\$ 7,103	\$ 7,841	\$ 6,603	\$ 6,537
Interest	33,740	31,619	30,359	29,613	27,559	25,834	24,013	22,479	20,570	19,640
Changes of benefit terms	-	-	-	-	-	-	-	2,584	17,206	-
Differences between expected and actual experience	10,134	13,210	3,688	(4,736)	12,629	3,089	4,880	(921)	(3,203)	87
Changes of assumptions or other inputs	-	-	4,494	-	-	9,123	-	9,028	11,023	-
Benefit payments, including refunds of employee contributions	(23,492)	(22,333)	(22,603)	(21,540)	(17,538)	(16,512)	(15,475)	(16,239)	(14,059)	(14,835)
<b>Net change in total pension liability</b>	<b>27,920</b>	<b>29,708</b>	<b>23,349</b>	<b>10,817</b>	<b>30,052</b>	<b>29,688</b>	<b>20,521</b>	<b>24,772</b>	<b>38,140</b>	<b>11,429</b>
<b>Total pension liability-beginning</b>	<b>472,820</b>	<b>443,112</b>	<b>419,763</b>	<b>408,946</b>	<b>378,894</b>	<b>349,206</b>	<b>328,685</b>	<b>303,913</b>	<b>265,773</b>	<b>254,344</b>
<b>Total pension liability-ending (a)</b>	<b>\$ 500,740</b>	<b>\$ 472,820</b>	<b>\$ 443,112</b>	<b>\$ 419,763</b>	<b>\$ 408,946</b>	<b>\$ 378,894</b>	<b>\$ 349,206</b>	<b>\$ 328,685</b>	<b>\$ 303,913</b>	<b>\$ 265,773</b>
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 33,608	\$ 33,258	\$ 56,142	\$ 19,326	\$ 18,854	\$ 17,387	\$ 15,491	\$ 11,888	\$ 11,710	\$ 8,970
Contributions-employee	3,135	3,315	3,216	3,063	3,649	3,343	3,438	3,983	4,230	3,944
Net investment income	32,505	22,790	(11,123)	55,286	2,471	9,714	11,537	17,104	842	5,113
Benefit payments, including refunds of employee contributions	(23,492)	(22,333)	(22,603)	(21,540)	(17,538)	(16,512)	(15,475)	(16,239)	(14,059)	(14,835)
Administrative expense	(168)	(133)	(200)	(260)	(202)	(171)	(176)	(152)	(122)	(125)
Other changes	-	9	11	21	35	9	(34)	(134)	(36)	(243)
<b>Net change in plan fiduciary net position</b>	<b>45,588</b>	<b>36,906</b>	<b>25,443</b>	<b>55,896</b>	<b>7,269</b>	<b>13,770</b>	<b>14,781</b>	<b>16,450</b>	<b>2,565</b>	<b>2,824</b>
<b>Plan fiduciary net position-beginning</b>	<b>316,310</b>	<b>279,404</b>	<b>253,961</b>	<b>198,065</b>	<b>190,914</b>	<b>177,208</b>	<b>162,427</b>	<b>145,977</b>	<b>143,412</b>	<b>140,588</b>
<b>Adjustment to Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(118)</b>	<b>(64)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 361,898</b>	<b>\$ 316,310</b>	<b>\$ 279,404</b>	<b>\$ 253,961</b>	<b>\$ 198,065</b>	<b>\$ 190,914</b>	<b>\$ 177,208</b>	<b>\$ 162,427</b>	<b>\$ 145,977</b>	<b>\$ 143,412</b>
<b>City's net pension liability-ending ((a) - (b))</b>	<b>\$ 138,842</b>	<b>\$ 156,510</b>	<b>\$ 163,708</b>	<b>\$ 165,802</b>	<b>\$ 210,881</b>	<b>\$ 187,980</b>	<b>\$ 171,998</b>	<b>\$ 166,258</b>	<b>\$ 157,936</b>	<b>\$ 122,361</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>72.27%</b>	<b>66.90%</b>	<b>63.05%</b>	<b>60.50%</b>	<b>48.43%</b>	<b>50.39%</b>	<b>50.75%</b>	<b>49.42%</b>	<b>48.03%</b>	<b>53.96%</b>
<b>Covered payroll</b>	<b>\$ 38,996</b>	<b>\$ 35,260</b>	<b>\$ 34,540</b>	<b>\$ 33,349</b>	<b>\$ 35,069</b>	<b>\$ 31,628</b>	<b>\$ 34,869</b>	<b>\$ 33,896</b>	<b>\$ 33,073</b>	<b>\$ 33,075</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>356.04%</b>	<b>443.87%</b>	<b>473.97%</b>	<b>497.17%</b>	<b>601.33%</b>	<b>594.35%</b>	<b>493.27%</b>	<b>490.49%</b>	<b>477.54%</b>	<b>369.95%</b>

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

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

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total pension liability</b>										
Service cost	\$ 6,073	\$ 6,197	\$ 5,760	\$ 5,565	\$ 5,457	\$ 6,378	\$ 5,098	\$ 5,009	\$ 4,077	\$ 3,720
Interest	14,665	13,099	11,338	10,094	8,387	7,654	6,729	5,797	4,655	4,037
Changes of benefit terms	-	-	-	-	-	-	-	639	7,546	-
Differences between expected and actual experience	5,017	7,071	12,155	4,095	11,517	(2,821)	(2,004)	1,264	(877)	994
Changes of assumptions or other inputs	-	-	347	-	-	2,644	-	1,881	3,303	-
Benefit payments, including refunds of employee contributions	(5,487)	(3,501)	(3,348)	(2,458)	(1,705)	(1,259)	(1,047)	(932)	(1,430)	(691)
<b>Net change in total pension liability</b>	<b>20,268</b>	<b>22,866</b>	<b>26,252</b>	<b>17,296</b>	<b>23,656</b>	<b>12,596</b>	<b>8,776</b>	<b>13,658</b>	<b>17,274</b>	<b>8,060</b>
<b>Total pension liability-beginning</b>	<b>200,350</b>	<b>177,484</b>	<b>151,232</b>	<b>133,936</b>	<b>110,280</b>	<b>97,684</b>	<b>88,908</b>	<b>75,250</b>	<b>57,976</b>	<b>49,916</b>
<b>Total pension liability-ending (a)</b>	<b>\$ 220,618</b>	<b>\$ 200,350</b>	<b>\$ 177,484</b>	<b>\$ 151,232</b>	<b>\$ 133,936</b>	<b>\$ 110,280</b>	<b>\$ 97,684</b>	<b>\$ 88,908</b>	<b>\$ 75,250</b>	<b>\$ 57,976</b>
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 7,436	\$ 6,540	\$ 10,807	\$ 4,704	\$ 4,219	\$ 2,830	\$ 6,061	\$ 2,737	\$ 2,974	\$ 2,247
Contributions-employee	2,369	3,378	6,882	2,502	2,653	2,946	1,981	2,551	2,693	2,337
Net investment income	17,230	11,892	(5,847)	30,222	1,307	4,863	5,520	7,822	358	2,046
Benefit payments, including refunds of employee contributions	(5,487)	(3,501)	(3,348)	(2,458)	(1,705)	(1,259)	(1,047)	(932)	(1,430)	(691)
Administrative expense	(83)	(63)	(105)	(140)	(106)	(85)	(85)	(70)	(52)	(50)
Tiers 1 & 2 adjustment	-	(783)	-	-	-	-	-	-	-	-
Other changes	-	(1)	11	-	-	-	16	1	(53)	12
<b>Net change in plan fiduciary net position</b>	<b>21,465</b>	<b>17,462</b>	<b>8,400</b>	<b>34,830</b>	<b>6,368</b>	<b>9,295</b>	<b>12,446</b>	<b>12,109</b>	<b>4,490</b>	<b>5,901</b>
<b>Plan fiduciary net position-beginning</b>	<b>165,880</b>	<b>148,418</b>	<b>140,018</b>	<b>105,188</b>	<b>98,906</b>	<b>89,627</b>	<b>77,181</b>	<b>65,072</b>	<b>60,582</b>	<b>54,681</b>
<b>Adjustment to Beginning of Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(86)</b>	<b>(16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position-ending (b)</b>	<b>\$ 187,345</b>	<b>\$ 165,880</b>	<b>\$ 148,418</b>	<b>\$ 140,018</b>	<b>\$ 105,188</b>	<b>\$ 98,906</b>	<b>\$ 89,627</b>	<b>\$ 77,181</b>	<b>\$ 65,072</b>	<b>\$ 60,582</b>
<b>City's net pension liability (asset)-ending ((a) - (b))</b>	<b>\$ 33,273</b>	<b>\$ 34,470</b>	<b>\$ 29,066</b>	<b>\$ 11,214</b>	<b>\$ 28,748</b>	<b>\$ 11,374</b>	<b>\$ 8,057</b>	<b>\$ 11,727</b>	<b>\$ 10,178</b>	<b>\$ (2,606)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	<b>84.92%</b>	<b>82.80%</b>	<b>83.62%</b>	<b>92.58%</b>	<b>78.54%</b>	<b>89.69%</b>	<b>91.75%</b>	<b>86.81%</b>	<b>86.47%</b>	<b>104.49%</b>
<b>Covered payroll</b>	<b>\$ 27,619</b>	<b>\$ 28,153</b>	<b>\$ 27,018</b>	<b>\$ 25,764</b>	<b>\$ 25,187</b>	<b>\$ 24,376</b>	<b>\$ 23,192</b>	<b>\$ 23,500</b>	<b>\$ 21,498</b>	<b>\$ 20,420</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>120.47%</b>	<b>122.44%</b>	<b>107.58%</b>	<b>43.53%</b>	<b>114.14%</b>	<b>46.66%</b>	<b>34.74%</b>	<b>49.90%</b>	<b>47.34%</b>	<b>0.00%</b>

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

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 17,843	\$ 17,223	\$ 15,538	\$ 14,892	\$ 13,242	\$ 13,151	\$ 12,384	\$ 11,437	\$ 11,540	\$ 11,049
Employer contributions in relation to the statutorily required contribution	<u>(17,843)</u>	<u>(17,223)</u>	<u>(15,538)</u>	<u>(14,892)</u>	<u>(13,242)</u>	<u>(13,151)</u>	<u>(12,384)</u>	<u>(11,437)</u>	<u>(11,540)</u>	<u>(11,049)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 150,120	\$ 143,550	\$ 130,436	\$ 124,179	\$ 110,303	\$ 114,944	\$ 110,748	\$ 105,097	\$ 107,259	\$ 101,917
Contributions as a percentage of covered payroll	11.89%	12.00%	11.91%	11.99%	12.01%	11.44%	11.18%	10.88%	10.76%	10.84%

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

	2025	2024 <sup>(1)</sup>	2023 <sup>(1)</sup>	2022 <sup>(1)</sup>	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 22,412	\$ 22,161	\$ 22,196	\$ 20,225	\$ 19,171	\$ 18,850	\$ 17,296	\$ 15,341	\$ 12,328	\$ 11,635
Employer contributions in relation to the actuarially determined contribution	<u>(22,412)</u>	<u>(33,621)</u>	<u>(33,501)</u>	<u>(56,145)</u>	<u>(19,171)</u>	<u>(18,850)</u>	<u>(17,296)</u>	<u>(15,341)</u>	<u>(12,328)</u>	<u>(11,635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (11,460)</u>	<u>\$ (11,305)</u>	<u>\$ (35,920)</u>	<u>\$ -</u>					
Covered payroll	\$ 40,035	\$ 38,996	\$ 35,260	\$ 34,540	\$ 33,349	\$ 35,069	\$ 31,628	\$ 34,869	\$ 33,896	\$ 33,073
Contributions as a percentage of covered payroll	55.98%	86.22%	95.01%	162.55%	57.49%	53.75%	54.69%	44.00%	36.37%	35.18%

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

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

	2025	2024	2023	2022 <sup>(1)</sup>	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 8,191	\$ 7,018	\$ 6,155	\$ 5,533	\$ 4,731	\$ 4,167	\$ 4,577	\$ 3,924	\$ 2,840	\$ 2,626
Employer contributions in relation to the actuarially determined contribution	(8,191)	(7,018)	(6,155)	(10,533)	(4,731)	(4,167)	(4,577)	(3,924)	(2,840)	(2,626)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (5,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 31,657	\$ 27,619	\$ 28,153	\$ 27,018	\$ 25,764	\$ 25,187	\$ 24,376	\$ 23,192	\$ 23,500	\$ 21,498
Contributions as a percentage of covered payroll	25.87%	25.41%	21.86%	38.99%	18.36%	16.54%	18.78%	16.92%	12.09%	12.22%

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

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 44	\$ 79	\$ 101	\$ 323	\$ 274	\$ 236	\$ 241	\$ 260
Interest	35	31	19	58	83	89	85	67
Differences between expected and actual experience	30	197	(106)	(236)	(587)	(261)	(278)	(230)
Changes of assumptions/other inputs	48	(72)	(62)	(1,100)	121	126	(38)	125
Benefit payments	(127)	(71)	(84)	(137)	(145)	(116)	(101)	(111)
<b>Net change in total OPEB liability</b>	30	164	(132)	(1,092)	(254)	74	(91)	111
<b>Total OPEB liability-beginning</b>	863	699	831	1,923	2,177	2,103	2,194	2,083
<b>Total OPEB liability-ending</b>	<u>\$ 893</u>	<u>\$ 863</u>	<u>\$ 699</u>	<u>\$ 831</u>	<u>\$ 1,923</u>	<u>\$ 2,177</u>	<u>\$ 2,103</u>	<u>\$ 2,194</u>
<b>Covered-employee payroll</b>	\$ 60,114	\$ 55,666	\$ 53,352	\$ 50,459	\$ 53,874	\$ 55,023	\$ 52,970	\$ 51,137
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	1.49%	1.55%	1.31%	1.65%	3.57%	3.96%	3.97%	4.29%

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

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

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## Notes to Required Supplementary Information

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For the Fiscal Year Ended June 30, 2025

### I. ACTUARIALLY DETERMINED CONTRIBUTION RATES

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

### II. FACTORS THAT AFFECT TRENDS

#### Arizona State Retirement System (ASRS)

The actuarial assumptions related to funding used in the June 30, 2023, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The major changes in assumptions involved the investment return, the inflation rate, general wage inflation, and future permanent benefit increases. The ASRS Board adopted the recommended changes from the experience study, which were first applied to the June 30, 2020, actuarial valuation.

#### Public Safety Personnel Retirement System (PSPRS)

The actuarial assumptions used in the June 30, 2024, valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes, which were applied beginning with the June 30, 2022, actuarial valuation. The total liabilities as of measurement date June 30, 2024, reflected changes in actuarial assumptions based on the results of the actuarial experience study, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 3.25-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

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

#### Other Postemployment Benefit Plan

No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

**HOME Fund.** This fund receives and expends monies from the Maricopa County Home Consortium. Expenditures are made to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing.

**Grants Fund.** This fund receives and expends the city's grant revenues not accounted for in other funds. The amount of grants received is generally based on applications to granting agencies by the city and on availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines.

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

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

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## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### Community Facilities Districts (CFD) Funds

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

McDowell Mountain Ranch CFD

DC Ranch CFD

Via Linda Road CFD

Waterfront Commercial CFD

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

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

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

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

### Debt Service Funds

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

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

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

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

DC Ranch CFD

Waterfront Commercial CFD

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## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### Capital Projects Funds

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

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

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

### Permanent Funds

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

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

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

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

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

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

June 30, 2025 (in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 247,847	\$ 5,055	\$ 92,265	\$ 702	\$ 345,869
Cash with Fiscal Agent	6	15,768	-	-	15,774
Receivables (net of allowance for uncollectibles)					
Interest	1,885	4	-	-	1,889
Privilege Tax	8,374	-	-	-	8,374
Transient Occupancy Tax	1,950	-	-	-	1,950
Property Tax	5	60	-	-	65
Franchise Fee	70	-	-	-	70
Court	268	-	-	-	268
Highway User Tax	1,878	-	-	-	1,878
Intergovernmental	11,421	-	-	-	11,421
Grants	2,133	-	-	-	2,133
Leases	57	-	-	-	57
Miscellaneous	3,193	-	-	-	3,193
Total Assets	<u>\$ 279,087</u>	<u>\$ 20,887</u>	<u>\$ 92,265</u>	<u>\$ 702</u>	<u>\$ 392,941</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>					
Liabilities					
Accounts Payable	\$ 1,857	\$ -	\$ 2,148	\$ -	\$ 4,005
Accrued Payroll and Benefits	752	-	-	-	752
Due to Other Funds	1,562	-	-	-	1,562
Matured Bond Interest Payable	-	2,145	-	-	2,145
Matured Bonds Payable	-	13,520	-	-	13,520
Unearned Revenue					
Intergovernmental	9,116	-	-	-	9,116
Other	385	-	-	-	385
Due to Other Governments	50	-	-	-	50
Guaranty and Other Deposits	5	-	-	-	5
Other	153	-	-	-	153
Total Liabilities	<u>13,880</u>	<u>15,665</u>	<u>2,148</u>	<u>-</u>	<u>31,693</u>
Deferred Inflows of Resources					
Unavailable Revenues	16,205	26	-	-	16,231
Leases	2,203	-	-	-	2,203
Total Deferred Inflows of Resources	<u>18,408</u>	<u>26</u>	<u>-</u>	<u>-</u>	<u>18,434</u>
Total Liabilities and Deferred Inflows of Resources	<u>32,288</u>	<u>15,691</u>	<u>2,148</u>	<u>-</u>	<u>50,127</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	675	675
Restricted	223,291	2,513	90,148	27	315,979
Committed	25,475	2,683	-	-	28,158
Unassigned	(1,967)	-	(31)	-	(1,998)
Total Fund Balances (Deficits)	<u>246,799</u>	<u>5,196</u>	<u>90,117</u>	<u>702</u>	<u>342,814</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 279,087</u>	<u>\$ 20,887</u>	<u>\$ 92,265</u>	<u>\$ 702</u>	<u>\$ 392,941</u>

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

### Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes - Local					
Property	\$ 151	\$ 1,800	\$ -	\$ -	\$ 1,951
Transaction Privilege	95,724	-	-	-	95,724
Transient Occupancy	34,735	-	-	-	34,735
Light and Power Franchise	214	-	-	-	214
Other Taxes	7,824	-	-	-	7,824
Taxes - Intergovernmental					
Highway User Tax	19,136	-	-	-	19,136
Local Transportation Assistance Fund	610	-	-	-	610
Business and Liquor Licenses	49	-	-	-	49
Charges for Current Services					
Building and Related Permits	147	-	-	-	147
Recreation Fees	3,617	-	-	-	3,617
WestWorld Equestrian Facility Fees	1,410	-	-	-	1,410
Fines, Fees, and Forfeitures					
Court	125	-	-	-	125
Court Enhancement	2,272	-	-	-	2,272
Library	94	-	-	-	94
Police	105	-	-	-	105
Opioid Settlements	992	-	-	-	992
Property Rental	5,975	-	-	-	5,975
Interest Earnings	8,485	12	387	-	8,884
Net Increase in the Fair Value of Investments	-	-	102	68	170
Intergovernmental					
Federal Grants	13,504	-	-	-	13,504
State Grants	2,102	-	-	-	2,102
Miscellaneous	5,874	-	-	-	5,874
Developer Contributions	2,929	-	-	-	2,929
Streetlight and Services Districts	602	-	-	-	602
Contributions and Donations	2,841	-	-	-	2,841
Reimbursements from Outside Sources	772	-	-	-	772
Other	103	-	-	-	103
Total Revenues	<u>210,392</u>	<u>1,812</u>	<u>489</u>	<u>68</u>	<u>212,761</u>
<b>EXPENDITURES</b>					
Current					
General Government					
Mayor and City Council	13	-	-	-	13
City Court	1,980	-	-	-	1,980
City Treasurer	160	-	-	-	160
Other General Government	8	-	-	-	8
Public Works	26,030	-	-	-	26,030
Community and Economic Development	22,805	-	-	-	22,805
Public Safety	4,745	-	130	-	4,875
Community Services	20,714	-	31	38	20,783
Administrative Services	836	-	2	-	838
Streetlight and Services Districts	577	-	-	-	577
Debt Service					
Principal	1,078	20,645	-	-	21,723
Interest and Fiscal Charges	268	4,321	-	-	4,589
Capital Outlay	2,268	-	17,188	-	19,456
Total Expenditures	<u>81,482</u>	<u>24,966</u>	<u>17,351</u>	<u>38</u>	<u>123,837</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>128,910</u>	<u>(23,154)</u>	<u>(16,862)</u>	<u>30</u>	<u>88,924</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	1,318	23,437	157	-	24,912
Transfers Out	(103,277)	-	-	-	(103,277)
Financing of Leases	353	-	-	-	353
Issuance of Long-Term Capital-Related Debt	-	-	102,109	-	102,109
Premium on Long-Term Debt Issued	-	-	4,891	-	4,891
Total Other Financing Sources (Uses)	<u>(101,606)</u>	<u>23,437</u>	<u>107,157</u>	<u>-</u>	<u>28,988</u>
Net Change in Fund Balances (Deficits)	27,304	283	90,295	30	117,912
Fund Balances (Deficits) - Beginning	219,495	4,913	(178)	672	224,902
Fund Balances (Deficits) - Ending	<u>\$ 246,799</u>	<u>\$ 5,196</u>	<u>\$ 90,117</u>	<u>\$ 702</u>	<u>\$ 342,814</u>

**Combining Balance Sheet**

**Nonmajor Special Revenue Governmental Funds**

June 30, 2025 (in thousands)

ASSETS	Transportation	Community Development Block Grant	HOME	Grants	Housing Choice Voucher Program	Preserve Privilege Tax	McDowell Mountain Ranch CFD	DC Ranch CFD
Cash and Investments	\$ 28,868	\$ 303	\$ -	\$ -	\$ 1,023	\$ 160,361	\$ 57	\$ 24
Cash with Fiscal Agent	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)								
Interest	715	-	-	-	-	918	-	-
Privilege Tax	2,986	-	-	-	-	5,388	-	-
Transient Occupancy Tax	-	-	-	-	-	-	-	-
Property Tax	-	-	-	-	-	-	-	5
Franchise Fee	-	-	-	-	-	-	-	-
Court	-	-	-	-	-	-	-	-
Highway User Tax	1,878	-	-	-	-	-	-	-
Intergovernmental	-	-	-	2,649	-	-	-	-
Grants	-	207	201	1,725	-	-	-	-
Leases	-	57	-	-	-	-	-	-
Miscellaneous	49	2,097	-	-	6	-	-	-
Total Assets	<u>\$ 34,496</u>	<u>\$ 2,664</u>	<u>\$ 201</u>	<u>\$ 4,374</u>	<u>\$ 1,029</u>	<u>\$ 166,667</u>	<u>\$ 57</u>	<u>\$ 29</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>								
Liabilities								
Accounts Payable	\$ 1,177	\$ 143	\$ -	\$ 77	\$ 1	\$ 53	\$ -	\$ -
Accrued Payroll and Benefits	406	17	3	47	22	-	-	-
Due to Other Funds	-	-	198	1,298	-	-	-	-
Unearned Revenue								
Intergovernmental	-	124	-	2,649	-	-	-	-
Other	-	5	-	303	-	-	-	-
Due to Other Governments	-	10	-	-	39	-	-	-
Guaranty and Other Deposits	-	5	-	-	-	-	-	-
Other	-	-	-	-	151	-	-	-
Total Liabilities	<u>1,583</u>	<u>304</u>	<u>201</u>	<u>4,374</u>	<u>213</u>	<u>53</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources								
Unavailable Revenues	826	2,304	56	1,650	6	1,470	-	-
Leases	-	57	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>826</u>	<u>2,361</u>	<u>56</u>	<u>1,650</u>	<u>6</u>	<u>1,470</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,409</u>	<u>2,665</u>	<u>257</u>	<u>6,024</u>	<u>219</u>	<u>1,523</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)								
Restricted	32,087	206	-	-	810	165,144	57	29
Committed	-	-	-	-	-	-	-	-
Unassigned	-	(207)	(56)	(1,650)	-	-	-	-
Total Fund Balances (Deficits)	<u>32,087</u>	<u>(1)</u>	<u>(56)</u>	<u>(1,650)</u>	<u>810</u>	<u>165,144</u>	<u>57</u>	<u>29</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 34,496</u>	<u>\$ 2,664</u>	<u>\$ 201</u>	<u>\$ 4,374</u>	<u>\$ 1,029</u>	<u>\$ 166,667</u>	<u>\$ 57</u>	<u>\$ 29</u>

(continued)

**Combining Balance Sheet**

**Nonmajor Special Revenue Governmental Funds**

June 30, 2025 (in thousands)

<u>ASSETS</u>	<u>Via Linda Road CFD</u>	<u>Waterfront Commercial CFD</u>	<u>Streetlight Districts</u>	<u>Special Programs</u>	<u>Tourism Development</u>	<u>Stadium Facility</u>	<u>Total</u>
Cash and Investments	\$ 52	\$ -	\$ -	\$ 37,484	\$ 13,541	\$ 6,134	\$ 247,847
Cash with Fiscal Agent	-	6	-	-	-	-	6
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Interest	-	-	-	68	142	42	1,885
Privilege Tax	-	-	-	-	-	-	8,374
Transient Occupancy Tax	-	-	-	-	1,950	-	1,950
Property Tax	-	-	-	-	-	-	5
Franchise Fee	-	-	-	70	-	-	70
Court	-	-	-	268	-	-	268
Highway User Tax	-	-	-	-	-	-	1,878
Intergovernmental	-	-	-	8,772	-	-	11,421
Grants	-	-	-	-	-	-	2,133
Leases	-	-	-	-	-	-	57
Miscellaneous	-	-	12	717	189	123	3,193
Total Assets	<u>\$ 52</u>	<u>\$ 6</u>	<u>\$ 12</u>	<u>\$ 47,379</u>	<u>\$ 15,822</u>	<u>\$ 6,299</u>	<u>\$ 279,087</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>							
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ 259	\$ 145	\$ 2	\$ 1,857
Accrued Payroll and Benefits	-	-	-	212	30	15	752
Due to Other Funds	-	-	66	-	-	-	1,562
Unearned Revenue	-	-	-	-	-	-	-
Intergovernmental	-	-	-	6,343	-	-	9,116
Other	-	-	-	64	-	13	385
Due to Other Governments	-	-	-	1	-	-	50
Guaranty and Other Deposits	-	-	-	-	-	-	5
Other	-	-	-	2	-	-	153
Total Liabilities	<u>-</u>	<u>-</u>	<u>66</u>	<u>6,881</u>	<u>175</u>	<u>30</u>	<u>13,880</u>
<b>Deferred Inflows of Resources</b>							
Unavailable Revenues	-	-	-	9,415	456	22	16,205
Leases	-	-	-	-	2,146	-	2,203
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,415</u>	<u>2,602</u>	<u>22</u>	<u>18,408</u>
Total Liabilities and Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>66</u>	<u>16,296</u>	<u>2,777</u>	<u>52</u>	<u>32,288</u>
<b>Fund Balances (Deficits)</b>							
Restricted	52	6	-	10,819	7,834	6,247	223,291
Committed	-	-	-	20,264	5,211	-	25,475
Unassigned	-	-	(54)	-	-	-	(1,967)
Total Fund Balances (Deficits)	<u>52</u>	<u>6</u>	<u>(54)</u>	<u>31,083</u>	<u>13,045</u>	<u>6,247</u>	<u>246,799</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 52</u>	<u>\$ 6</u>	<u>\$ 12</u>	<u>\$ 47,379</u>	<u>\$ 15,822</u>	<u>\$ 6,299</u>	<u>\$ 279,087</u>

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

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Nonmajor Special Revenue Governmental Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Transportation	Community Development Block Grant	HOME	Grants	Housing Choice Voucher Program	Preserve Privilege Tax	McDowell Mountain Ranch CFD	DC Ranch CFD
<b>REVENUES</b>								
Taxes - Local								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137
Transaction Privilege	34,077	-	-	-	-	61,647	-	-
Transient Occupancy	-	-	-	-	-	-	-	-
Light and Power Franchise	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-
Taxes - Intergovernmental								
Highway User Tax	19,136	-	-	-	-	-	-	-
Local Transportation Assistance Fund	610	-	-	-	-	-	-	-
Business and Liquor Licenses	-	-	-	-	-	-	-	-
Charges for Current Services								
Building and Related Permits	31	-	-	-	-	-	-	-
Recreation Fees	-	-	-	-	-	-	-	-
WestWorld Equestrian Facility Fees	-	-	-	-	-	-	-	-
Fines, Fees, and Forfeitures								
Court	-	-	-	-	-	-	-	-
Court Enhancement	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Opioid Settlements	-	-	-	-	-	-	-	-
Property Rental	5	111	-	-	-	-	-	-
Interest Earnings	2,849	2	-	-	-	4,820	-	1
Intergovernmental								
Federal Grants	-	1,508	505	1,906	9,585	-	-	-
State Grants	-	-	-	2,102	-	-	-	-
Miscellaneous	193	-	-	1,533	-	-	-	-
Developer Contributions	-	-	-	-	-	-	-	-
Streetlight and Services Districts	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	1,191	-	-	-	-
Reimbursements from Outside Sources	477	-	-	-	17	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenues	57,378	1,621	505	6,732	9,602	66,467	-	138
<b>EXPENDITURES</b>								
Current								
General Government								
Mayor and City Council	-	-	-	13	-	-	-	-
City Court	-	-	-	-	-	-	-	-
City Treasurer	-	-	-	-	-	-	13	120
Other General Government	-	-	-	-	-	-	5	-
Public Works	25,159	-	-	871	-	-	-	-
Community and Economic Development	-	-	-	7	-	-	-	-
Public Safety	-	-	-	3,440	-	-	-	-
Community Services	2,239	1,626	254	1,698	9,620	-	-	-
Administrative Services	14	-	-	822	-	-	-	-
Streetlight and Services Districts	-	-	-	-	-	-	-	-
Debt Service								
Principal	48	-	-	-	-	-	-	-
Interest and Fiscal Charges	1	-	-	-	-	-	-	-
Capital Outlay	1,626	-	-	263	1	-	-	-
Total Expenditures	29,087	1,626	254	7,114	9,621	-	18	120
Excess (Deficiency) of Revenues over (under) Expenditures	28,291	(5)	251	(382)	(19)	66,467	(18)	18
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	1	-	-	-	-	-	207	-
Transfers Out	(34,738)	(26)	-	-	-	(39,007)	-	-
Financing of Leases	78	-	-	271	-	-	-	-
Total Other Financing Sources (Uses)	(34,659)	(26)	-	271	-	(39,007)	207	-
Net Change in Fund Balances (Deficits)	(6,368)	(31)	251	(111)	(19)	27,460	189	18
Fund Balances (Deficits) - Beginning	38,455	30	(307)	(1,539)	829	137,684	(132)	11
Fund Balances (Deficits) - Ending	\$ 32,087	\$ (1)	\$ (56)	\$ (1,650)	\$ 810	\$ 165,144	\$ 57	\$ 29

(continued)

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

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Nonmajor Special Revenue Governmental Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

REVENUES	Via Linda Road CFD	Waterfront Commercial CFD	Streetlight Districts	Special Programs	Tourism Development	Stadium Facility	Total
Taxes - Local							
Property	\$ -	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ 151
Transaction Privilege	-	-	-	-	-	-	95,724
Transient Occupancy	-	-	-	-	34,735	-	34,735
Light and Power Franchise	-	-	-	214	-	-	214
Other Taxes	-	-	-	7,824	-	-	7,824
Taxes - Intergovernmental							
Highway User Tax	-	-	-	-	-	-	19,136
Local Transportation Assistance Fund	-	-	-	-	-	-	610
Business and Liquor Licenses	-	-	-	49	-	-	49
Charges for Current Services							
Building and Related Permits	-	-	-	116	-	-	147
Recreation Fees	-	-	-	3,588	-	29	3,617
WestWorld Equestrian Facility Fees	-	-	-	1,410	-	-	1,410
Fines, Fees, and Forfeitures							
Court	-	-	-	125	-	-	125
Court Enhancement	-	-	-	2,272	-	-	2,272
Library	-	-	-	94	-	-	94
Police	-	-	-	105	-	-	105
Opioid Settlements	-	-	-	992	-	-	992
Property Rental	-	-	-	769	3,938	1,152	5,975
Interest Earnings	1	-	-	231	410	171	8,485
Intergovernmental							
Federal Grants	-	-	-	-	-	-	13,504
State Grants	-	-	-	-	-	-	2,102
Miscellaneous	-	-	-	4,148	-	-	5,874
Developer Contributions	-	-	-	2,929	-	-	2,929
Streetlight and Services Districts	-	-	602	-	-	-	602
Contributions and Donations	-	-	-	432	-	1,218	2,841
Reimbursements from Outside Sources	-	-	-	174	11	93	772
Other	-	-	-	103	-	-	103
Total Revenues	<u>1</u>	<u>14</u>	<u>602</u>	<u>25,575</u>	<u>39,094</u>	<u>2,663</u>	<u>210,392</u>
<b>EXPENDITURES</b>							
Current							
General Government							
Mayor and City Council	-	-	-	-	-	-	13
City Court	-	-	-	1,980	-	-	1,980
City Treasurer	12	15	-	-	-	-	160
Other General Government	3	-	-	-	-	-	8
Public Works	-	-	-	-	-	-	26,030
Community and Economic Development	-	-	-	445	22,353	-	22,805
Public Safety	-	-	-	1,305	-	-	4,745
Community Services	-	-	-	4,553	-	724	20,714
Administrative Services	-	-	-	-	-	-	836
Streetlight and Services Districts	-	-	577	-	-	-	577
Debt Service							
Principal	-	-	-	1,015	-	15	1,078
Interest and Fiscal Charges	-	-	-	266	-	1	268
Capital Outlay	-	-	-	2	254	122	2,268
Total Expenditures	<u>15</u>	<u>15</u>	<u>577</u>	<u>9,566</u>	<u>22,607</u>	<u>862</u>	<u>81,482</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(14)</u>	<u>(1)</u>	<u>25</u>	<u>16,009</u>	<u>16,487</u>	<u>1,801</u>	<u>128,910</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	61	-	-	12	1,037	-	1,318
Transfers Out	-	-	-	(8,923)	(19,923)	(660)	(103,277)
Financing of Leases	-	-	-	4	-	-	353
Total Other Financing Sources and (Uses)	<u>61</u>	<u>-</u>	<u>-</u>	<u>(8,907)</u>	<u>(18,886)</u>	<u>(660)</u>	<u>(101,606)</u>
Net Change in Fund Balances (Deficits)	47	(1)	25	7,102	(2,399)	1,141	27,304
Fund Balances (Deficits) - Beginning	5	7	(79)	23,981	15,444	5,106	219,495
Fund Balances (Deficits) - Ending	<u>\$ 52</u>	<u>\$ 6</u>	<u>\$ (54)</u>	<u>\$ 31,083</u>	<u>\$ 13,045</u>	<u>\$ 6,247</u>	<u>\$ 246,799</u>

**Transportation – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes - Local						
Transaction Privilege	\$ 31,720	\$ 31,720	\$ 34,077	\$ -	\$ 34,077	\$ 2,357
Taxes - Intergovernmental						
Highway User Tax	19,344	19,344	19,136	-	19,136	(208)
Local Transportation Assistance Fund	610	610	610	-	610	-
Charges for Current Services						
Building and Related Permits	-	-	31	-	31	31
Property Rental	6	6	5	-	5	(1)
Interest Earnings	3,747	3,747	2,849	-	2,849	(898)
Intergovernmental						
Miscellaneous	90	90	193	-	193	103
Reimbursements from Outside Sources	21	21	477	-	477	456
Total Revenues	<u>55,538</u>	<u>55,538</u>	<u>57,378</u>	<u>-</u>	<u>57,378</u>	<u>1,840</u>
<b>EXPENDITURES</b>						
Current						
Public Works	30,234	29,834	26,739	(1,580)	25,159	3,095
Community Services	2,167	2,167	2,238	1	2,239	(71)
Administrative Services	19	19	19	(5)	14	-
Debt Service						
Principal	-	-	-	48	48	-
Interest and Fiscal Charges	-	-	-	1	1	-
Capital Outlay	-	-	-	1,626	1,626	-
Total Expenditures	<u>32,420</u>	<u>32,020</u>	<u>28,996</u>	<u>91</u>	<u>29,087</u>	<u>3,024</u>
Excess of Revenues over Expenditures	<u>23,118</u>	<u>23,518</u>	<u>28,382</u>	<u>(91)</u>	<u>28,291</u>	<u>4,864</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	1	-	1	1
Transfers Out	(34,064)	(34,064)	(34,738)	-	(34,738)	(674)
Financing of Leases	-	-	-	78	78	-
Sale of General Capital Assets	10	10	-	-	-	(10)
Total Other Financing Sources (Uses)	<u>(34,054)</u>	<u>(34,054)</u>	<u>(34,737)</u>	<u>78</u>	<u>(34,659)</u>	<u>(683)</u>
Net Change in Fund Balance	<u>\$ (10,936)</u>	<u>\$ (10,536)</u>	<u>\$ (6,355)</u>	<u>\$ (13)</u>	<u>\$ (6,368)</u>	<u>\$ 4,181</u>

**Explanation of Differences:**

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

Financing of Leases	<u>\$ 78</u>
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The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	13
Non-Cash Operating Expenditures	78
Total Expenditures	<u>91</u>

Net Decrease in Fund Balance - Budget to GAAP	<u>\$ (13)</u>
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Differences in Presentation between Budget and GAAP Basis:

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

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

**Community Development Block Grant – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>REVENUES</b>						
Property Rental	\$ 66	\$ 66	\$ 55	\$ 56	\$ 111	\$ (11)
Interest Earnings	-	-	-	2	2	-
Intergovernmental						
Federal Grants	3,194	3,194	1,566	(58)	1,508	(1,628)
Total Revenues	<u>3,260</u>	<u>3,260</u>	<u>1,621</u>	<u>-</u>	<u>1,621</u>	<u>(1,639)</u>
<b>EXPENDITURES</b>						
Current						
Community Services	3,236	3,232	1,633	(7)	1,626	1,599
Total Expenditures	<u>3,236</u>	<u>3,232</u>	<u>1,633</u>	<u>(7)</u>	<u>1,626</u>	<u>1,599</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>24</u>	<u>28</u>	<u>(12)</u>	<u>7</u>	<u>(5)</u>	<u>(40)</u>
<b>OTHER FINANCING USES</b>						
Transfers Out	(23)	(23)	(26)	-	(26)	(3)
Total Other Financing Uses	<u>(23)</u>	<u>(23)</u>	<u>(26)</u>	<u>-</u>	<u>(26)</u>	<u>(3)</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ (38)</u>	<u>\$ 7</u>	<u>\$ (31)</u>	<u>\$ (43)</u>

**Explanation of Differences:**

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

Payroll Accruals	<u>\$ (7)</u>
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**HOME – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Intergovernmental						
Federal Grants	\$ 1,439	\$ 1,439	\$ 505	\$ -	\$ 505	\$ (934)
Total Revenues	<u>1,439</u>	<u>1,439</u>	<u>505</u>	<u>-</u>	<u>505</u>	<u>(934)</u>
<b>EXPENDITURES</b>						
Current						
Community Services	1,439	1,439	251	3	254	1,188
Total Expenditures	<u>1,439</u>	<u>1,439</u>	<u>251</u>	<u>3</u>	<u>254</u>	<u>1,188</u>
Excess of Revenues over Expenditures	-	-	254	(3)	251	254
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ (3)</u>	<u>\$ 251</u>	<u>\$ 254</u>

**Explanation of Differences:**

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

Payroll Accruals	<u>\$ 3</u>
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**Grants – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>REVENUES</b>						
Intergovernmental						
Federal Grants	\$ 8,929	\$ 845	\$ 1,906	\$ -	\$ 1,906	\$ 1,061
State Grants	1,687	144	2,102	-	2,102	1,958
Miscellaneous	-	-	1,533	-	1,533	1,533
Contributions and Donations	3,696	2,990	1,191	-	1,191	(1,799)
Reimbursements from Outside Sources	574	574	-	-	-	(574)
Total Revenues	<u>14,886</u>	<u>4,553</u>	<u>6,732</u>	<u>-</u>	<u>6,732</u>	<u>2,179</u>
<b>EXPENDITURES</b>						
Current						
General Government						
Mayor and City Council	5	11	13	-	13	(2)
Public Works	-	871	871	-	871	-
Community and Economic Development	5	-	7	-	7	(7)
Public Safety	6,696	2,488	3,368	72	3,440	(880)
Community Services	7,108	2,906	1,746	(48)	1,698	1,160
Administrative Services	1,072	822	822	-	822	-
Capital Outlay	-	-	-	263	263	-
Total Expenditures	<u>14,886</u>	<u>7,098</u>	<u>6,827</u>	<u>287</u>	<u>7,114</u>	<u>271</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>-</u>	<u>(2,545)</u>	<u>(95)</u>	<u>(287)</u>	<u>(382)</u>	<u>2,450</u>
<b>OTHER FINANCING SOURCES</b>						
Financing of Leases	-	-	-	271	271	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>271</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,545)</u>	<u>\$ (95)</u>	<u>\$ (16)</u>	<u>\$ (111)</u>	<u>\$ 2,450</u>

**Explanation of Differences:**

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

Financing of Leases	<u>\$ 271</u>
The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:	
Payroll Accruals	16
Non-Cash Operating Expenditures	271
Total Expenditures	<u>287</u>
Net Decrease in Fund Balance - Budget to GAAP	<u>\$ (16)</u>

Differences in Presentation between Budget and GAAP Basis:

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

**Housing Choice Voucher Program – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Intergovernmental						
Federal Grants	\$ 8,970	\$ 8,970	\$ 9,585	\$ -	\$ 9,585	\$ 615
Reimbursements from Outside Sources	-	-	17	-	17	17
Total Revenues	<u>8,970</u>	<u>8,970</u>	<u>9,602</u>	<u>-</u>	<u>9,602</u>	<u>632</u>
<b>EXPENDITURES</b>						
Current						
Community Services	8,970	8,962	9,621	(1)	9,620	(659)
Capital Outlay	-	-	-	1	1	-
Total Expenditures	<u>8,970</u>	<u>8,962</u>	<u>9,621</u>	<u>-</u>	<u>9,621</u>	<u>(659)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	8	(19)	-	(19)	(27)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ (19)</u>	<u>\$ (27)</u>

**Explanation of Differences:**

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

**Preserve Privilege Tax – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes - Local						
Transaction Privilege	\$ 57,360	\$ 57,360	\$ 61,647	\$ -	\$ 61,647	\$ 4,287
Interest Earnings	4,902	4,902	4,820	-	4,820	(82)
Total Revenues	<u>62,262</u>	<u>62,262</u>	<u>66,467</u>	<u>-</u>	<u>66,467</u>	<u>4,205</u>
<b>EXPENDITURES</b>						
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>62,262</u>	<u>62,262</u>	<u>66,467</u>	<u>-</u>	<u>66,467</u>	<u>4,205</u>
<b>OTHER FINANCING USES</b>						
Transfers Out	(44,184)	(44,184)	(39,007)	-	(39,007)	5,177
Total Other Financing Uses	<u>(44,184)</u>	<u>(44,184)</u>	<u>(39,007)</u>	<u>-</u>	<u>(39,007)</u>	<u>5,177</u>
Net Change in Fund Balance	<u>\$ 18,078</u>	<u>\$ 18,078</u>	<u>\$ 27,460</u>	<u>\$ -</u>	<u>\$ 27,460</u>	<u>\$ 9,382</u>

**Streetlight Districts – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Streetlight and Services Districts	\$ 570	\$ 570	\$ 602	\$ -	\$ 602	\$ 32
Total Revenues	<u>570</u>	<u>570</u>	<u>602</u>	<u>-</u>	<u>602</u>	<u>32</u>
<b>EXPENDITURES</b>						
Current						
Streetlight and Services Districts	572	572	577	-	577	(5)
Total Expenditures	<u>572</u>	<u>572</u>	<u>577</u>	<u>-</u>	<u>577</u>	<u>(5)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(2)</u>	<u>(2)</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>27</u>
Net Change in Fund Balance	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 27</u>

**Special Programs – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>REVENUES</b>						
Taxes - Local						
Light and Power Franchise	\$ 265	\$ 265	\$ 214	\$ -	\$ 214	\$ (51)
Other Taxes	7,896	7,896	7,824	-	7,824	(72)
Business and Liquor Licenses	50	50	49	-	49	(1)
Charges for Current Services						
Building and Related Permits	416	416	116	-	116	(300)
Recreation Fees	3,256	3,256	3,588	-	3,588	332
WestWorld Equestrian Facility Fees	1,234	1,234	1,410	-	1,410	176
Fines, Fees, and Forfeitures						
Court	123	123	125	-	125	2
Court Enhancement	2,488	2,488	2,272	-	2,272	(216)
Library	117	117	94	-	94	(23)
Police	95	95	105	-	105	10
Opioid Settlements	-	-	992	-	992	992
Property Rental	283	283	769	-	769	486
Interest Earnings	237	237	231	-	231	(6)
Intergovernmental						
Miscellaneous	5,002	5,002	4,148	-	4,148	(854)
Developer Contributions	50	50	2,929	-	2,929	2,879
Contributions and Donations	1,093	1,093	432	-	432	(661)
Reimbursements from Outside Sources	404	404	174	-	174	(230)
Other	118	118	103	-	103	(15)
Total Revenues	23,127	23,127	25,575	-	25,575	2,448
<b>EXPENDITURES</b>						
Current						
General Government						
Mayor and City Council	59	59	-	-	-	59
City Court	2,152	2,137	1,970	10	1,980	167
Public Works	256	256	-	-	-	256
Community and Economic Development	689	689	445	-	445	244
Public Safety	5,909	5,886	2,523	(1,218)	1,305	3,363
Community Services	6,563	6,657	4,545	8	4,553	2,112
Debt Service						
Principal	38	38	48	967	1,015	(10)
Interest and Fiscal Charges	20	20	13	253	266	7
Capital Outlay	-	-	-	2	2	-
Total Expenditures	15,686	15,742	9,544	22	9,566	6,198
Excess of Revenues over Expenditures	7,441	7,385	16,031	(22)	16,009	8,646
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	10	10	12	-	12	2
Transfers Out	(8,601)	(8,601)	(8,923)	-	(8,923)	(322)
Financing of Leases	-	-	-	4	4	-
Total Other Financing Sources (Uses)	(8,591)	(8,591)	(8,911)	4	(8,907)	(320)
Net Change in Fund Balance	\$ (1,150)	\$ (1,206)	\$ 7,120	\$ (18)	\$ 7,102	\$ 8,326

**Explanation of Differences:**

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

Financing of Leases	\$ 4
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The City budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	18
Non-Cash Operating Expenditures	4
Total Expenditures	22

Net Decrease in Fund Balance - Budget to GAAP	\$ (18)
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Differences in Presentation between Budget and GAAP Basis:

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

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

**Tourism Development – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes - Local						
Transient Occupancy Tax	\$ 31,561	\$ 31,561	\$ 34,735	\$ -	\$ 34,735	\$ 3,174
Property Rental	3,246	3,246	3,913	25	3,938	667
Interest Earnings	687	687	410	-	410	(277)
Reimbursements from Outside Sources	25	25	11	-	11	(14)
Total Revenues	<u>35,519</u>	<u>35,519</u>	<u>39,069</u>	<u>25</u>	<u>39,094</u>	<u>3,550</u>
<b>EXPENDITURES</b>						
Current						
Community and Economic Development	21,865	21,868	22,602	(249)	22,353	(734)
Capital Outlay	-	-	-	254	254	-
Total Expenditures	<u>21,865</u>	<u>21,868</u>	<u>22,602</u>	<u>5</u>	<u>22,607</u>	<u>(734)</u>
Excess of Revenues over Expenditures	<u>13,654</u>	<u>13,651</u>	<u>16,467</u>	<u>20</u>	<u>16,487</u>	<u>2,816</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	1,000	1,037	-	1,037	37
Transfers Out	(17,244)	(18,544)	(19,923)	-	(19,923)	(1,379)
Total Other Financing Sources (Uses)	<u>(17,244)</u>	<u>(17,544)</u>	<u>(18,886)</u>	<u>-</u>	<u>(18,886)</u>	<u>(1,342)</u>
Net Change in Fund Balance	<u>\$ (3,590)</u>	<u>\$ (3,893)</u>	<u>\$ (2,419)</u>	<u>\$ 20</u>	<u>\$ (2,399)</u>	<u>\$ 1,474</u>

**Explanation of Differences:**

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

Amortized Lease Revenue	<u>\$ 25</u>
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The City budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	<u>5</u>
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Net Increase in Fund Balance - Budget to GAAP	<u>\$ 20</u>
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Differences in Presentation between Budget and GAAP Basis:

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

**Stadium Facility – Special Revenue Fund**

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Charges for Current Services						
Recreation Fees	\$ -	\$ -	\$ 29	\$ -	\$ 29	\$ 29
Property Rental	1,050	1,050	1,152	-	1,152	102
Interest Earnings	188	188	171	-	171	(17)
Contributions and Donations	727	727	1,218	-	1,218	491
Reimbursements from Outside Sources	288	288	93	-	93	(195)
Total Revenues	<u>2,253</u>	<u>2,253</u>	<u>2,663</u>	<u>-</u>	<u>2,663</u>	<u>410</u>
<b>EXPENDITURES</b>						
Current						
Community Services	1,654	1,654	859	(135)	724	795
Debt Service						
Principal	-	-	-	15	15	-
Interest and Fiscal Charges	-	-	-	1	1	-
Capital Outlay	-	-	-	122	122	-
Total Expenditures	<u>1,654</u>	<u>1,654</u>	<u>859</u>	<u>3</u>	<u>862</u>	<u>795</u>
Excess of Revenues over Expenditures	<u>599</u>	<u>599</u>	<u>1,804</u>	<u>(3)</u>	<u>1,801</u>	<u>1,205</u>
<b>OTHER FINANCING USES</b>						
Transfers Out	(660)	(660)	(660)	-	(660)	-
Total Other Financing Uses	<u>(660)</u>	<u>(660)</u>	<u>(660)</u>	<u>-</u>	<u>(660)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (61)</u>	<u>\$ (61)</u>	<u>\$ 1,144</u>	<u>\$ (3)</u>	<u>\$ 1,141</u>	<u>\$ 1,205</u>

**Explanation of Differences:**

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

Payroll Accruals	<u>\$ 3</u>
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Differences in Presentation between Budget and GAAP Basis:

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

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

**Combining Balance Sheet**

**Nonmajor Debt Service Governmental Funds**  
June 30, 2025 (in thousands)

ASSETS	Municipal Property Corporation	Debt Service Stabilization	DC Ranch CFD	Waterfront Commercial CFD	Total
Cash and Investments	\$ -	\$ 5,055	\$ -	\$ -	\$ 5,055
Cash with Fiscal Agent	14,228	-	1,301	239	15,768
Receivables (net of allowance for uncollectibles)					
Interest	4	-	-	-	4
Property Tax	-	-	60	-	60
Total Assets	\$ 14,232	\$ 5,055	\$ 1,361	\$ 239	\$ 20,887
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Matured Bond Interest Payable	\$ 2,063	\$ -	\$ 62	\$ 20	2,145
Matured Bonds Payable	12,165	-	1,165	190	13,520
Total Liabilities	14,228	-	1,227	210	15,665
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	-	-	26	-	26
Total Liabilities and Deferred Inflows of Resources	14,228	-	1,253	210	15,691
<b>Fund Balances</b>					
Restricted	4	2,372	108	29	2,513
Committed	-	2,683	-	-	2,683
Total Fund Balances	4	5,055	108	29	5,196
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,232	\$ 5,055	\$ 1,361	\$ 239	\$ 20,887

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

**Nonmajor Debt Service Governmental Funds**

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<b>Municipal Property Corporation</b>	<b>Debt Service Stabilization</b>	<b>DC Ranch CFD</b>	<b>Waterfront Commercial CFD</b>	<b>Total</b>
<b>REVENUES</b>					
Taxes - Local					
Property	\$ -	\$ -	\$ 1,568	\$ 232	\$ 1,800
Interest Earnings	12	-	-	-	12
Total Revenues	<u>12</u>	<u>-</u>	<u>1,568</u>	<u>232</u>	<u>1,812</u>
<b>EXPENDITURES</b>					
Debt Service					
Principal	19,290	-	1,165	190	20,645
Interest and Fiscal Charges	4,155	-	124	42	4,321
Total Expenditures	<u>23,445</u>	<u>-</u>	<u>1,289</u>	<u>232</u>	<u>24,966</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(23,433)</u>	<u>-</u>	<u>279</u>	<u>-</u>	<u>(23,154)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	23,437	-	-	-	23,437
Total Other Financing Sources (Uses)	<u>23,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,437</u>
Net Change in Fund Balances	4	-	279	-	283
Fund Balances - Beginning	-	5,055	(171)	29	4,913
Fund Balances - Ending	<u>\$ 4</u>	<u>\$ 5,055</u>	<u>\$ 108</u>	<u>\$ 29</u>	<u>\$ 5,196</u>

## General Obligation Bond Debt Service Fund

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>REVENUES</b>						
Taxes - Local						
Property	\$ 28,616	\$ 28,616	\$ 29,117	\$ 5,059	\$ 34,176	\$ 501
Interest	-	-	2	-	2	2
Total Revenues	<u>28,616</u>	<u>28,616</u>	<u>29,119</u>	<u>5,059</u>	<u>34,178</u>	<u>503</u>
<b>EXPENDITURES</b>						
Debt Service						
Principal	58,063	58,063	55,595	-	55,595	2,468
Interest and Fiscal Charges	11,887	11,887	10,018	-	10,018	1,869
Bond Issuance Costs	-	-	522	-	522	(522)
Total Expenditures	<u>69,950</u>	<u>69,950</u>	<u>66,135</u>	<u>-</u>	<u>66,135</u>	<u>3,815</u>
Deficiency of Revenues under Expenditures	<u>(41,334)</u>	<u>(41,334)</u>	<u>(37,016)</u>	<u>5,059</u>	<u>(31,957)</u>	<u>4,318</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers In	38,817	38,817	38,850	-	38,850	33
Issuance of Long-Term Capital-Related Debt	-	-	141	-	141	141
Premium on Long-Term Debt Issued	-	-	384	-	384	384
Total Other Financing Sources	<u>38,817</u>	<u>38,817</u>	<u>39,375</u>	<u>-</u>	<u>39,375</u>	<u>558</u>
Net Change in Fund Balance	<u>\$ (2,517)</u>	<u>\$ (2,517)</u>	<u>\$ 2,359</u>	<u>\$ 5,059</u>	<u>\$ 7,418</u>	<u>\$ 4,876</u>

#### Explanation of Differences:

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

Property Tax Maricopa County Qasimyar Settlement	<u>\$ 5,059</u>
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## Municipal Property Corporation Debt Service Fund

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

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
<b>REVENUES</b>						
Interest Earnings	\$ -	\$ -	\$ 12	\$ -	\$ 12	\$ 12
Total Revenues	-	-	12	-	12	12
<b>EXPENDITURES</b>						
Debt Service						
Principal	19,290	19,290	19,290	-	19,290	-
Interest and Fiscal Charges	4,407	4,407	4,155	-	4,155	252
Total Expenditures	23,697	23,697	23,445	-	23,445	252
Deficiency of Revenues under Expenditures	(23,697)	(23,697)	(23,433)	-	(23,433)	264
<b>OTHER FINANCING SOURCES</b>						
Transfers In	23,700	23,700	23,436	1	23,437	(264)
Total Other Financing Sources	23,700	23,700	23,436	1	23,437	(264)
Net Change in Fund Balance	\$ 3	\$ 3	\$ 3	\$ 1	\$ 4	\$ -

# Combining Balance Sheet

## Nonmajor Capital Projects Governmental Funds

June 30, 2025 (in thousands)

	<u>General Obligation Bonds</u>	<u>Preserve Privilege Tax</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments	<u>\$ 92,265</u>	<u>\$ -</u>	<u>\$ 92,265</u>
Total Assets	<u>\$ 92,265</u>	<u>\$ -</u>	<u>\$ 92,265</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts Payable	<u>\$ 2,148</u>	<u>\$ -</u>	<u>\$ 2,148</u>
Total Liabilities	<u>2,148</u>	<u>-</u>	<u>2,148</u>
Fund Balances (Deficits)			
Restricted	90,148	-	90,148
Unassigned	<u>(31)</u>	<u>-</u>	<u>(31)</u>
Total Fund Balances (Deficits)	<u>90,117</u>	<u>-</u>	<u>90,117</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 92,265</u>	<u>\$ -</u>	<u>\$ 92,265</u>

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

## Nonmajor Capital Projects Governmental Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	<u>General Obligation Bonds</u>	<u>Preserve Privilege Tax</u>	<u>Total</u>
<b>REVENUES</b>			
Interest Earnings	\$ 387	\$ -	\$ 387
Net Increase in the Fair Value of Investments	102	-	102
Total Revenues	<u>489</u>	<u>-</u>	<u>489</u>
<b>EXPENDITURES</b>			
Current			
Public Safety	130	-	130
Community Services	-	31	31
Administrative Services	2	-	2
Capital Outlay	17,066	122	17,188
Total Expenditures	<u>17,198</u>	<u>153</u>	<u>17,351</u>
Deficiency of Revenues under Expenditures	<u>(16,709)</u>	<u>(153)</u>	<u>(16,862)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	157	157
Issuance of Long-Term Capital-Related Debt	102,109	-	102,109
Premium on Long-Term Debt Issued	4,891	-	4,891
Total Other Financing Sources	<u>107,000</u>	<u>157</u>	<u>107,157</u>
Net Change in Fund Balances	90,291	4	90,295
Fund Balances (Deficits) - Beginning	<u>(174)</u>	<u>(4)</u>	<u>(178)</u>
Fund Balances - Ending	<u>\$ 90,117</u>	<u>\$ -</u>	<u>\$ 90,117</u>

## Combining Balance Sheet

### Nonmajor Permanent Governmental Funds

June 30, 2025 (in thousands)

	Rassner Memorial Scottsdale Library Endowment	Scottsdale Community Endowment	Scottsdale Employee Endowment	Herbert R. Drinkwater Youth Services Endowment	Total
<b>ASSETS</b>					
Cash and Investments	\$ 464	\$ 154	\$ 47	\$ 37	\$ 702
Total Assets	<u>\$ 464</u>	<u>\$ 154</u>	<u>\$ 47</u>	<u>\$ 37</u>	<u>\$ 702</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances					
Nonspendable	446	148	45	36	675
Restricted	18	6	2	1	27
Total Fund Balances	<u>464</u>	<u>154</u>	<u>47</u>	<u>37</u>	<u>702</u>
Total Liabilities and Fund Balances	<u>\$ 464</u>	<u>\$ 154</u>	<u>\$ 47</u>	<u>\$ 37</u>	<u>\$ 702</u>

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

### Nonmajor Permanent Governmental Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Rassner Memorial Scottsdale Library Endowment	Scottsdale Community Endowment	Scottsdale Employee Endowment	Herbert R. Drinkwater Youth Services Endowment	Total
<b>REVENUES</b>					
Net Increase in the Fair Value of Investments	\$ 44	\$ 15	\$ 5	\$ 4	\$ 68
Total Revenues	44	15	5	4	68
<b>EXPENDITURES</b>					
Current					
Community Services	25	8	3	2	38
Total Expenditures	25	8	3	2	38
Excess of Revenues over Expenditures	19	7	2	2	30
Net Change in Fund Balances	19	7	2	2	30
Fund Balances - Beginning	445	147	45	35	672
Fund Balances - Ending	\$ 464	\$ 154	\$ 47	\$ 37	\$ 702

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## INTERNAL SERVICE FUNDS

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

### **Fleet Management Fund**

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

### **Self-Insurance Fund**

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

### **Computer Replacement Fund**

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

## Combining Statement of Fund Net Position

### Internal Service Funds

June 30, 2025 (in thousands)

	Fleet Management	Self-Insurance	Computer Replacement	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Assets</b>				
Current Assets				
Cash and Investments	\$ 22,145	\$ 58,388	\$ 1,785	\$ 82,318
Receivables (net of allowance for uncollectibles)				
Miscellaneous	100	348	-	448
Supplies Inventory	1,624	-	-	1,624
Prepaid Items	219	-	-	219
Total Current Assets	<u>\$ 24,088</u>	<u>\$ 58,736</u>	<u>\$ 1,785</u>	<u>\$ 84,609</u>
Noncurrent Assets				
Net Pension OPEB Asset	158	45	-	203
Equity in Joint Venture	4	-	-	4
Capital Assets				
Buildings and Improvements	19,003	-	-	19,003
Motor Vehicles	119,295	-	-	119,295
Machinery and Equipment	1,492	44	5,375	6,911
Construction in Progress	8,903	-	-	8,903
Leases	19	8	-	27
Subscription-Based Information Technology Arrangements	2	512	-	514
Less Accumulated Depreciation/Amortization	<u>(77,954)</u>	<u>(554)</u>	<u>(3,267)</u>	<u>(81,775)</u>
Total Capital Assets (net of accumulated depreciation/amortization)	<u>70,760</u>	<u>10</u>	<u>2,108</u>	<u>72,878</u>
Total Noncurrent Assets	<u>70,922</u>	<u>55</u>	<u>2,108</u>	<u>73,085</u>
Total Assets	<u>95,010</u>	<u>58,791</u>	<u>3,893</u>	<u>157,694</u>
<b>Deferred Outflows of Resources</b>				
Pension OPEB-Related Amounts	9	3	-	12
Pension-Related Amounts	747	222	-	969
Total Deferred Outflows of Resources	<u>756</u>	<u>225</u>	<u>-</u>	<u>981</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	829	1,453	391	2,673
Accrued Payroll and Benefits	250	82	-	332
Accrued Compensated Absences - Due within one year	280	77	-	357
Leases - Due within one year	4	2	-	6
Other Payables - Due within one year	-	9,839	-	9,839
Unearned Revenue	-	21	-	21
Total Current Liabilities	<u>1,363</u>	<u>11,474</u>	<u>391</u>	<u>13,228</u>
Noncurrent Liabilities				
Accrued Compensated Absences - Due in more than one year	143	32	-	175
Leases - Due in more than one year	9	3	-	12
Net Pension Liabilities	4,136	1,173	-	5,309
Other Payables - Due in more than one year	-	13,633	-	13,633
Total Noncurrent Liabilities	<u>4,288</u>	<u>14,841</u>	<u>-</u>	<u>19,129</u>
Total Liabilities	<u>5,651</u>	<u>26,315</u>	<u>391</u>	<u>32,357</u>
<b>Deferred Inflows of Resources</b>				
OPEB-Related Amounts	53	15	-	68
Pension-Related Amounts	314	89	-	403
Total Deferred Inflows of Resources	<u>367</u>	<u>104</u>	<u>-</u>	<u>471</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	70,318	5	1,717	72,040
Unrestricted	<u>19,430</u>	<u>32,591</u>	<u>1,785</u>	<u>53,807</u>
Total Net Position	<u>\$ 89,748</u>	<u>\$ 32,597</u>	<u>\$ 3,502</u>	<u>\$ 125,847</u>

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

### Internal Service Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Fleet Management	Self-Insurance	Computer Replacement	Total
Operating Revenues				
Charges for Sales and Services				
Billings to User Programs	\$ 29,901	\$ 49,728	\$ 950	\$ 80,579
Self-Insurance Contributions - Employee	-	9,425	-	9,425
Self-Insurance Contributions - Retiree	-	176	-	176
State Contributions	-	73	-	73
Other	642	1,285	-	1,927
Total Operating Revenues	<u>30,543</u>	<u>60,687</u>	<u>950</u>	<u>92,180</u>
Operating Expenses				
Costs of Sales and Services				
Fleet Management Operations	17,000	-	-	17,000
Self-Insurance Administration	-	4,244	-	4,244
Self-Insurance Claims	-	8,571	-	8,571
Self-Insurance Benefits	-	38,854	-	38,854
Insurance and Bond Premiums	-	7,365	-	7,365
Computer Replacement	-	-	543	543
Depreciation/Amortization	11,255	124	780	12,159
Total Operating Expenses	<u>28,255</u>	<u>59,158</u>	<u>1,323</u>	<u>88,736</u>
Operating Income (Loss)	<u>2,288</u>	<u>1,529</u>	<u>(373)</u>	<u>3,444</u>
Non-Operating Revenues (Expenses)				
Property Tax	-	1,259	-	1,259
Gain (Loss) on Sale of Capital Assets	286	-	(14)	272
Net Non-Operating Revenues (Expenses)	<u>286</u>	<u>1,259</u>	<u>(14)</u>	<u>1,531</u>
Income (Loss) Before Contributions and Transfers	2,574	2,788	(387)	4,975
Capital Contributions	2,179	-	-	2,179
Transfers In	-	128	-	128
Transfers Out	-	(146)	-	(146)
Change in Net Position	4,753	2,770	(387)	7,136
Total Net Position - Beginning	84,995	29,827	3,889	118,711
Total Net Position - Ending	<u>\$ 89,748</u>	<u>\$ 32,597</u>	<u>\$ 3,502</u>	<u>\$ 125,847</u>

## Combining Statement of Cash Flows

### Internal Service Funds

For the Fiscal Year Ended June 30, 2025 (in thousands)

	Fleet Management	Self-Insurance	Computer Replacement	Total
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 29,959	\$ 59,462	\$ 950	\$ 90,371
Cash Payments to Suppliers for Goods/Services	(12,305)	(56,856)	(543)	(69,704)
Cash Payments to Employees for Services	(5,277)	(2,022)	-	(7,299)
Other Cash Receipts	642	1,285	-	1,927
Net Cash Provided by (Used for) Operating Activities	<u>13,019</u>	<u>1,869</u>	<u>407</u>	<u>15,295</u>
<b>Cash Flows from Non-Capital Financing Activities</b>				
Property Tax	-	1,259	-	1,259
Transfers In	-	128	-	128
Transfers Out	-	(146)	-	(146)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>1,241</u>	<u>-</u>	<u>1,241</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(18,592)	(116)	(816)	(19,524)
Sale of Capital Assets	4,311	-	-	4,311
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(14,281)</u>	<u>(116)</u>	<u>(816)</u>	<u>(15,213)</u>
Net Increase in Cash and Cash Equivalents	(1,262)	2,994	(409)	1,323
Cash and Cash Equivalents at Beginning of Year	<u>23,407</u>	<u>55,394</u>	<u>2,194</u>	<u>80,995</u>
Cash and Cash Equivalents at End of Year	<u>\$ 22,145</u>	<u>\$ 58,388</u>	<u>\$ 1,785</u>	<u>\$ 82,318</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating Income (Loss)	\$ 2,288	\$ 1,529	\$ (373)	\$ 3,444
Income Provided by (Used for) Operating Activities				
Depreciation/Amortization	11,255	124	780	12,159
Current Year Pension Contributions	(443)	(136)	-	(579)
Change Equity in Joint Venture	1	-	-	1
Change in Accounts Receivable	58	54	-	112
Change in Inventories	(213)	-	-	(213)
Change in Accounts Payable	(185)	(2,287)	-	(2,472)
Change in Unearned Revenue	-	8	-	8
Change in Accrued Payroll	41	12	-	53
Change in Compensated Absences Payable	57	27	-	84
Change in Claims Payable	-	2,513	-	2,513
Change in Net Pension/OPEB Liability	(197)	(75)	-	(272)
Change in Deferred Outflows of Resources Related to Pensions	253	72	-	325
Change in Deferred Inflows of Resources Related to Pensions	104	28	-	132
Total Adjustments	<u>10,731</u>	<u>340</u>	<u>780</u>	<u>11,851</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 13,019</u>	<u>\$ 1,869</u>	<u>\$ 407</u>	<u>\$ 15,295</u>
<b>Supplemental Disclosure of Non-Cash Investing, Capital, and Financing Activities</b>				
Changes to Property, Plant, and Equipment				
Contributions of Capital Assets from Other Funds	\$ 2,179	\$ -	\$ -	\$ 2,179
Retirement of Assets	(347)	-	(14)	(361)
Total Non-Cash Investing, Capital, and Financing Activities	<u>\$ 1,832</u>	<u>\$ -</u>	<u>\$ (14)</u>	<u>\$ 1,818</u>

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**OTHER SUPPLEMENTARY INFORMATION**

**Debt Requirements**

The Schedule of Changes in Long-Term Debt for the current fiscal year presents the city's debt by type without regard to fund classification.

Debt issued by community facilities districts is included for full disclosure although such debt is not legally an obligation of the city.

**Schedule of Changes in Long-Term Debt\***

For the Fiscal Year Ended June 30, 2025 (in thousands)

	July 1, 2024	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2025	Governmental Activities	Business-type Activities	Final Payment Date
<b>GENERAL OBLIGATION BONDS</b>										
Governmental Activities										
2014 GO Preservation	\$ 1,430	\$ -	\$ 705	\$ -	\$ -	\$ -	\$ 725	\$ 725	\$ -	07/01/26
2015 GO Refunding Various Purpose	35,020	-	8,015	-	-	-	27,005	27,005	-	07/01/28
2015 GO Refunding Preservation	3,485	-	815	-	-	-	2,670	2,670	-	07/01/28
2017A GO Preservation	17,410	-	-	-	-	-	17,410	17,410	-	07/01/34
2017 GO Refunding Various Purpose	18,810	-	3,207	-	-	-	15,603	15,603	-	07/01/29
2017 GO Refunding Preservation	11,280	-	1,013	-	-	-	10,267	10,267	-	07/01/34
2017C GO Various Purpose	7,180	-	2,575	-	-	-	4,605	4,605	-	07/01/27
2020 GO Taxable Refunding Preservation	151,475	-	33,150	-	-	-	118,325	118,325	-	07/01/34
2021 GO Various Purpose	26,450	-	1,275	-	-	-	25,175	25,175	-	07/01/40
2021 GO Taxable Various Purpose	16,860	-	915	-	-	-	15,945	15,945	-	07/01/40
2023 GO Various Purpose	32,200	-	1,900	-	-	-	30,300	30,300	-	07/01/42
2023 GO Taxable Various Purpose	37,510	-	2,025	-	-	-	35,485	35,485	-	07/01/42
2025 GO Various Purpose	-	102,250	-	-	-	-	102,250	102,250	-	07/01/45
2014 GO Preserve Issuance Premium	50	-	-	-	-	(25)	25	25	-	-
2015 GO Refunding Series Issuance Premium	5,035	-	-	-	-	(1,258)	3,777	3,777	-	-
2017A GO Preserve Series Issuance Premium	1,618	-	-	-	-	(162)	1,456	1,456	-	-
2017 GO Refunding Series Issuance Premium	3,912	-	-	-	-	(391)	3,521	3,521	-	-
2017C GO Various Purpose Issuance Premium	1,096	-	-	-	-	(365)	731	731	-	-
2021 GO Various Purpose Issuance Premium	2,984	-	-	-	-	(186)	2,798	2,798	-	-
2021 GO Taxable Various Purpose Issuance Premium	481	-	-	-	-	(30)	451	451	-	-
2023 GO Various Purpose Issuance Premium	3,829	-	-	-	-	(213)	3,616	3,616	-	-
2023 GO Taxable Various Purpose Issuance Premium	668	-	-	-	-	(37)	631	631	-	-
2025 GO Various Purpose Issuance Premium	-	5,274	-	-	-	(15)	5,259	5,259	-	-
Total General Obligation Bonds	\$ 378,783	\$ 107,524	\$ 55,595	\$ -	\$ -	\$ (2,682)	\$ 428,030	\$ 428,030	\$ -	-

(continued)

Schedule of Changes in Long-Term Debt\*

For the Fiscal Year Ended June 30, 2025 (in thousands)

	July 1, 2024	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2025	Governmental Activities	Business-type Activities	Final Payment Date
<b>MUNICIPAL PROPERTY CORPORATION BONDS</b>										
Governmental Activities										
2006 MPC Refunding	\$ 35,040	\$ -	\$ 3,650	\$ -	\$ -	\$ -	\$ 31,390	\$ 31,390	\$ -	07/01/34
2014 MPC Refunding	7,125	-	7,125	-	-	-	-	-	-	08/01/24
2015A MPC	6,795	-	620	-	-	-	6,175	6,175	-	07/01/34
2015A MPC Taxable	8,690	-	735	-	-	-	7,955	7,955	-	07/01/34
2019A MPC	7,735	-	380	-	-	-	7,355	7,355	-	07/01/39
2019B MPC Taxable	26,640	-	1,490	-	-	-	25,150	25,150	-	07/01/39
2021B MPC Taxable Refunding	61,490	-	5,290	-	-	-	56,200	56,200	-	07/01/35
2006 Refunding Series Issuance Premium	2,471	-	-	-	-	(247)	2,224	2,224	-	-
2014 Refunding Series Issuance Premium	609	-	593	-	-	(16)	-	-	-	-
2015A Series Issuance Premium	546	-	-	-	-	(54)	492	492	-	-
2015A Taxable Series Issuance Premium	138	-	-	-	-	(14)	124	124	-	-
2019A Series Issuance Premium	948	-	-	-	-	(63)	885	885	-	-
2019B Taxable Series Issuance Premium	60	-	-	-	-	(5)	55	55	-	-
Subtotal Governmental Activities	158,287	-	19,883	-	-	(399)	138,005	138,005	-	-
Business-type Activities										
2006 MPC Refunding	32,995	-	4,915	-	-	-	28,080	-	28,080	07/01/30
2015A MPC Bonds Water/Sewer	10,295	-	940	-	-	-	9,355	-	9,355	07/01/34
2015 MPC Refunding	10,140	-	4,940	-	-	-	5,200	-	5,200	07/01/26
2017 MPC Refunding	37,340	-	2,545	-	-	-	34,795	-	34,795	07/01/34
2017A MPC Bonds Water	29,155	-	1,740	-	-	-	27,415	-	27,415	07/01/37
2017B MPC Bonds Aviation	17,600	-	1,040	-	-	-	16,560	-	16,560	07/01/37
2021A MPC Refunding	7,920	-	-	-	-	-	7,920	-	7,920	07/01/30
2021B MPC Taxable Refunding	59,095	-	1,330	-	-	-	57,765	-	57,765	07/01/36
2025 MPC Bonds Water/Sewer	-	112,375	-	-	-	-	112,375	-	112,375	07/01/45
2006 Refunding Series Issuance Premium	3,381	-	-	-	-	(563)	2,818	-	2,818	-
2015A Series Issuance Premium	827	-	-	-	-	(83)	744	-	744	-
2015 Refunding Series Issuance Premium	1,181	-	-	-	-	(591)	590	-	590	-
2017 Refunding Series Issuance Premium	3,282	-	-	-	-	(328)	2,954	-	2,954	-
2017A Series Issuance Premium	2,127	-	-	-	-	(163)	1,964	-	1,964	-
2017B Series Issuance Premium	1,087	-	-	-	-	(83)	1,004	-	1,004	-
2021A Refunding Issuance Premium	1,880	-	-	-	-	(313)	1,567	-	1,567	-
2025 Series Issuance Premium	-	8,203	-	-	-	(24)	8,179	-	8,179	-
Subtotal Business-type Activities	218,305	120,578	17,450	-	-	(2,148)	319,285	-	319,285	-
Total Municipal Property Corporation Bonds	\$ 376,592	\$ 120,578	\$ 37,333	\$ -	\$ -	\$ (2,547)	\$ 457,290	\$ 138,005	\$ 319,285	-
<b>COMMUNITY FACILITIES DISTRICT BONDS</b>										
Governmental Activities										
DC Ranch Refunding Series 2012	\$ 3,615	\$ -	\$ 1,165	\$ -	\$ -	\$ -	\$ 2,450	\$ 2,450	\$ -	07/15/27
Waterfront Commercial Refunding Series 2019	1,658	-	190	-	-	-	1,468	1,468	-	07/15/32
DC Ranch 2012 Issuance Premium	118	-	-	-	-	(39)	79	79	-	-
Total Community Facilities District Bonds	\$ 5,391	\$ -	\$ 1,355	\$ -	\$ -	\$ (39)	\$ 3,997	\$ 3,997	\$ -	-
Total Bonds	\$ 760,766	\$ 228,102	\$ 94,283	\$ -	\$ -	\$ (5,269)	\$ 889,316	\$ 570,031	\$ 319,285	-

\*This exhibit includes both Governmental Activities and Business-type Activities debt (paid out of Enterprise Funds).

(continued)

Schedule of Changes in Long-Term Debt\*

For the Fiscal Year Ended June 30, 2025 (in thousands)

	July 1, 2024	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2025	Governmental Activities	Business-type Activities	Final Payment Date
<b>CONTRACTS PAYABLE</b>										
Governmental Activities										
PNC Bank	\$ 245	\$ -	\$ 48	\$ -	\$ -	\$ -	\$ 197	\$ 197	\$ -	01/01/33
Field Maintenance Equipment - Community Services	84	-	31	-	-	-	53	53	-	03/30/27
I.T. Hardware Equipment - Public Safety - 2024	1,457	-	334	-	-	-	1,123	1,123	-	10/01/27
Total Contracts	\$ 1,786	\$ -	\$ 413	\$ -	\$ -	\$ -	\$ 1,373	\$ 1,373	\$ -	
<b>LEASES</b>										
Governmental Activities										
Baseball Facility - Community Services	\$ 1,051	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ 1,043	\$ 1,043	\$ -	12/01/52
Distributed Antenna System - Administrative Services	40	-	7	-	-	-	33	33	-	12/01/29
Data Center Space - Administrative Services	588	-	247	-	-	-	341	341	-	09/01/26
Street Maintenance Equipment - Public Works	20	78	43	-	-	-	55	55	-	11/24/24
Vehicles - Public Safety	895	701	442	-	-	(16)	1,138	1,138	-	06/01/28
Imaging Equipment - Various Governmental Funds	799	53	189	-	-	-	663	663	-	03/01/29
Imaging Equipment - Fleet Management	16	-	3	-	-	-	13	13	-	03/01/29
Imaging Equipment - Risk Management	6	-	2	-	-	-	4	4	-	11/01/27
Situational Awareness Cameras - Public Safety	422	271	159	-	-	-	534	534	-	08/11/27
Document Inserter - City Treasurer	160	-	31	-	-	-	129	129	-	02/01/29
Equipment storage and maintenance warehouse - Public Safety	-	718	160	-	-	-	558	558	-	09/01/27
Temporary Fire Station - Public Safety	-	119	34	-	-	-	85	85	-	11/05/26
Subtotal Governmental Activities	3,997	1,940	1,325	-	-	(16)	4,596	4,596	-	
Business-type Activities										
Imaging Equipment - Water and Sewer Utility	78	-	18	-	-	-	60	-	60	03/01/29
Imaging Equipment - Airport	12	-	3	-	-	-	9	-	9	03/01/28
Imaging Equipment - Solid Waste	6	-	2	-	-	-	4	-	4	08/01/27
Water Quality Monitoring and Treatment Software - Water and Sewer Utility	20	-	10	-	-	-	10	-	10	02/16/26
Subtotal Business-type Activities	116	-	33	-	-	-	83	-	83	
Total Leases	\$ 4,113	\$ 1,940	\$ 1,358	\$ -	\$ -	\$ (16)	\$ 4,679	\$ 4,596	\$ 83	
<b>SUBSCRIPTIONS</b>										
Governmental Activities										
Event Registration and Management System - Public Safety	\$ 4	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	01/14/25
Platform for Payroll and HRIS Services - Administrative Services/City Treasurer	428	-	207	-	-	-	221	221	-	04/01/26
Risk Management Information System - Self Insurance	115	-	115	-	-	-	-	-	-	07/01/24
Core Enterprise User Plan - Administrative Services	92	-	92	-	-	-	-	-	-	10/18/24
Digital Signage and Program/Event Communications - Community Services	18	-	18	-	-	-	-	-	-	08/29/24
E-mail and Communication Management Service - Administrative Services	28	-	-	-	-	-	28	28	-	08/01/24
Evacuation Planning Software - Public Safety	22	-	1	-	-	-	21	21	-	11/13/25
Situational Awareness Software - Public Safety	130	-	30	-	-	-	100	100	-	08/11/27
Enterprise Software (FY 2024) - Administrative Services	4,744	-	842	-	-	-	3,902	3,902	-	08/01/28
Server Software (FY 2024) - Administrative Services	98	-	17	-	-	-	81	81	-	08/01/28
Network Automation Software - Administrative Services	190	-	92	-	-	-	98	98	-	11/11/25
Imaging - Administrative Services	282	-	135	-	-	-	147	147	-	12/03/25
Geospatial Technology System - Public Works/Administrative Services	68	-	35	-	-	-	33	33	-	07/01/25
Advanced Network Management - Administrative Services	1,152	-	204	-	-	-	948	948	-	03/15/29
Computer Aided Dispatch Subscription - Public Safety	178	-	-	-	-	-	178	178	-	07/01/25
Security and Compliance Automation Platform - Administrative Services	64	-	32	-	-	-	32	32	-	04/19/26
Investigative Software and Storage (FY 2024) - Public Safety	2,067	-	474	-	-	-	1,593	1,593	-	10/01/27
Cyber Asset Attack Surface Management Tool - Administrative Services	131	-	82	-	-	-	49	49	-	12/02/25
Investment and Debt Management Software - City Treasurer	-	103	53	-	-	-	50	50	-	05/01/26
Time and Attendance Management- Administrative Services	-	313	110	-	-	-	203	203	-	12/01/26
Accurant Virtual Crime Center - Public Safety	-	228	48	-	-	-	180	180	-	08/01/28
eDiscovery software subscription - City Attorney	-	136	70	-	-	-	66	66	-	01/01/26
Subtotal Governmental Activities	9,811	780	2,661	-	-	-	7,930	7,930	-	
Business-type Activities										
Water Quality Monitoring and Treatment Software - Water and Sewer Utility	61	-	30	-	-	-	31	-	31	02/16/26
Geospatial Technology System - Water and Sewer Utility	19	-	9	-	-	-	10	-	10	07/01/25
Geospatial Technology System - Solid Waste	4	-	2	-	-	-	2	-	2	07/01/25
Water and Wastewater Compliance - Water and Sewer Utility	-	199	67	-	-	-	132	-	132	11/08/26
Subtotal Business-type Activities	84	199	108	-	-	-	175	-	175	
Total Subscriptions	\$ 9,895	\$ 979	\$ 2,769	\$ -	\$ -	\$ -	\$ 8,105	\$ 7,930	\$ 175	

\*This exhibit includes both Governmental Activities and Business-type Activities debt (paid out of Enterprise Funds).

(continued)

**Schedule of Changes in Long-Term Debt\***

For the Fiscal Year Ended June 30, 2025 (in thousands)

	July 1, 2024	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2025	Governmental Activities	Business-type Activities	Final Payment Date
<b>PUBLIC-PUBLIC PARTNERSHIPS</b>										
Governmental Activities										
Bureau of Reclamation\Westworld	\$ 1,824	\$ -	\$ 157	\$ -	\$ -	\$ -	\$ 1,667	\$ 1,667	\$ -	2032
Bureau of Reclamation\TPC	2,544	-	127	-	-	-	2,417	2,417	-	2035
Total Public-Public Partnerships	\$ 4,368	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ 4,084	\$ 4,084	\$ -	
<b>TOTAL BONDS, CONTRACTS, LEASES, SUBSCRIPTIONS, AND PUBLIC-PUBLIC PARTNERSHIPS</b>										
	\$ 780,928	\$ 231,021	\$ 99,107	\$ -	\$ -	\$ (5,285)	\$ 907,557	\$ 588,014	\$ 319,543	
Compensated Absences								\$ 35,819	\$ 4,072	
City Total Other Postemployment Benefit Liability								893	-	
Net Pension Liabilities								302,426	33,476	
Risk Management Claims								23,472	-	
Pollution Remediation Obligation								-	46,276	
<b>Total Long-Term Debt</b>								<b>\$ 950,624</b>	<b>\$ 403,367</b>	

\*This exhibit includes both Governmental Activities and Business-type Activities debt (paid out of Enterprise Funds).



## Statistical Section

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>184</b>
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>193</b>
These schedules contain information to help the reader assess the city's most significant local revenue sources, property tax, and sales and use taxes.	
<b>Debt Capacity</b>	<b>200</b>
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>206</b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place.	
<b>Operating Information</b>	<b>208</b>
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

**City of Scottsdale, Arizona**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (in thousands)

Table I

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 3,406,976	\$ 3,530,134	\$ 3,604,063	\$ 3,675,567	\$ 3,748,249	\$ 4,065,844	\$ 4,162,863	\$ 4,247,801	\$ 4,468,449	\$ 4,602,117
Restricted	122,932	125,366	123,057	119,657	146,017	189,263	266,758	330,043	350,415	412,106
Unrestricted	(3,679)	(43,632)	(27,779)	(5,012)	23,905	63,519	132,712	234,291	303,529	331,744
Total Governmental Activities Net Position	<u>\$ 3,526,229</u> <sup>(1)</sup>	<u>\$ 3,611,868</u>	<u>\$ 3,699,341</u> <sup>(3)</sup>	<u>\$ 3,790,212</u>	<u>\$ 3,918,171</u> <sup>(4)</sup>	<u>\$ 4,318,626</u>	<u>\$ 4,562,333</u>	<u>\$ 4,812,135</u> <sup>(5)</sup>	<u>\$ 5,122,393</u> <sup>(6)</sup>	<u>\$ 5,345,967</u>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 1,059,001	\$ 1,069,475	\$ 1,099,864	\$ 1,093,556	\$ 1,102,183	\$ 1,157,026	\$ 1,195,005	\$ 1,221,022	\$ 1,316,476	\$ 1,317,956
Restricted	47,521	48,911	48,926	52,204	52,728	51,596	54,717	54,119	4,907	5,500
Unrestricted	255,503	256,129	250,500	282,796	301,788	291,368	284,046	284,450	311,128	401,256
Total Business-type Activities Net Position	<u>\$ 1,362,025</u> <sup>(2)</sup>	<u>\$ 1,374,515</u>	<u>\$ 1,399,290</u>	<u>\$ 1,428,556</u>	<u>\$ 1,456,699</u>	<u>\$ 1,499,990</u>	<u>\$ 1,533,768</u>	<u>\$ 1,559,591</u>	<u>\$ 1,632,511</u>	<u>\$ 1,724,712</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 4,465,977	\$ 4,599,609	\$ 4,703,927	\$ 4,769,123	\$ 4,850,432	\$ 5,222,870	\$ 5,357,868	\$ 5,468,823	\$ 5,784,925	\$ 5,920,073
Restricted	170,453	174,277	171,983	171,861	198,745	240,859	321,475	384,162	355,322	417,606
Unrestricted	251,824	212,497	222,721	277,784	325,693	354,887	416,758	518,741	614,657	733,000
Total Primary Government Net Position	<u>\$ 4,888,254</u>	<u>\$ 4,986,383</u>	<u>\$ 5,098,631</u>	<u>\$ 5,218,768</u>	<u>\$ 5,374,870</u>	<u>\$ 5,818,616</u>	<u>\$ 6,096,101</u>	<u>\$ 6,371,726</u>	<u>\$ 6,754,904</u>	<u>\$ 7,070,679</u>

<sup>(1)</sup>In fiscal year 2016, beginning net position was restated due to an adjustment to capital assets and the recognition of the city's involvement in a joint venture.  
<sup>(2)</sup>In fiscal year 2016, beginning net position was restated due to the recognition of the city's involvement in a joint venture.  
<sup>(3)</sup>In fiscal year 2018, beginning net position was restated due to the implementation of GASB Statement No. 75 and to record the city's endowment funds.  
<sup>(4)</sup>In fiscal year 2020, beginning net position was restated due to the implementation of GASB Statement No. 87.  
<sup>(5)</sup>In fiscal year 2023, beginning net position was restated due to the implementation of GASB Statement No. 94.  
<sup>(6)</sup>In fiscal year 2024, beginning net position was restated due to the implementation of GASB Implementation Guide 2021-1.

**City of Scottsdale, Arizona**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (in thousands)

**Table IIa**

	2016	2017 <sup>(1)</sup>	2018 <sup>(2)</sup>	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental Activities										
General Government										
Mayor and City Council	\$ 813	\$ 869	\$ 638	\$ 704	\$ 770	\$ 725	\$ 894	\$ 898	\$ 1,027	\$ 1,065
City Clerk	1,129	845	695	952	1,171	1,209	1,211	1,090	968	1,159
City Attorney	6,893	6,460	6,486	6,890	6,731	6,860	7,389	7,679	8,059	8,636
City Auditor	821	802	800	898	1,045	1,069	1,103	1,117	1,046	960
City Court	4,964	5,421	5,530	5,509	6,047	6,298	6,558	6,475	7,357	7,823
City Manager	1,974	2,288	3,062	3,691	4,647	3,766	5,083	5,639	2,035	3,033
City Treasurer	5,658	5,792	6,071	8,209	9,825	9,688	9,593	10,327	11,683	12,338
Other General Government	-	-	-	-	-	-	-	-	10,567	8
Public Works	38,291	40,035	42,205	47,420	99,218	100,705	109,623	110,284	115,686	119,100
Community and Economic Development	102,892	102,813	102,153	102,680	41,946	35,999	46,396	49,554	51,851	50,400
Public Safety	136,261	172,452	153,256	153,817	173,352	172,141	175,466	182,910	206,102	221,440
Community Services	53,322	54,155	54,710	56,730	64,247	64,769	72,628	80,219	87,734	95,668
Administrative Services	20,264	19,326	21,173	17,974	19,375	19,189	24,705	21,486	34,605	32,174
Scottsdale AZ CARES	-	-	-	-	-	11,742	2,555	321	117	-
Streetlight and Service Districts	589	589	605	584	555	545	535	529	533	577
(Gain) Loss on In-Substance Defeasance of Debt	-	(32)	-	-	34	-	-	-	-	-
Interest on Long-Term Debt	31,665	28,462	28,724	26,364	23,928	17,043	16,857	15,619	16,029	14,290
Bond Issuance Costs	-	672	-	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>405,536</u>	<u>440,949</u>	<u>426,108</u>	<u>432,422</u>	<u>452,891</u>	<u>451,748</u>	<u>480,596</u>	<u>494,147</u>	<u>555,399</u>	<u>568,671</u>
Business-type Activities										
Water Utility	100,854	95,745	96,493	96,010	105,222	106,778	109,606	117,079	124,386	126,586
Sewer Utility	42,058	50,535	52,142	50,462	57,847	54,152	55,167	66,634	58,401	46,530
Airport	3,894	4,151	7,624	5,370	6,764	7,024	9,150	9,257	9,685	11,009
Solid Waste	20,786	20,181	19,735	21,790	23,195	25,290	26,850	28,755	29,176	29,849
Total Business-type Activities Expenses	<u>167,592</u>	<u>170,612</u>	<u>175,994</u>	<u>173,632</u>	<u>193,028</u>	<u>193,244</u>	<u>200,773</u>	<u>221,725</u>	<u>221,648</u>	<u>213,974</u>
Total Primary Government Expenses	<u>\$ 573,128</u>	<u>\$ 611,561</u>	<u>\$ 602,102</u>	<u>\$ 606,054</u>	<u>\$ 645,919</u>	<u>\$ 644,992</u>	<u>\$ 681,369</u>	<u>\$ 715,872</u>	<u>\$ 777,047</u>	<u>\$ 782,645</u>

<sup>(1)</sup>In fiscal year 2017, the city adopted GASB Statement No. 86, which requires the recognition of a gain/loss when bonds are defeased in-substance using existing resources.

<sup>(2)</sup>In fiscal year 2018, the city instituted the practice of allocating bond issuance costs amongst the relevant functions.

**City of Scottsdale, Arizona**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (in thousands)

Table IIb

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Program Revenue</b>										
Governmental Activities										
Charges for Services:										
General Government										
Mayor and City Council	\$ 155	\$ 157	\$ 149	\$ 142	\$ 146	\$ 160	\$ 162	\$ 175	\$ 70	\$ 88
City Clerk	148	178	165	171	227	175	173	154	66	74
City Attorney	656	688	1,082	792	795	741	597	702	1,514	1,563
City Auditor	176	167	181	203	210	221	218	222	145	145
City Court	-	-	-	-	-	-	-	-	-	-
City Manager	225	226	411	349	373	562	529	539	1,198	1,478
City Treasurer	2,610	2,583	2,688	3,036	3,045	3,521	3,542	4,612	7,436	7,728
Other General Government	-	-	-	-	-	-	-	-	-	-
Public Works	6,149	2,041	1,569	1,567	1,763	113	167	223	67	14
Community and Economic Development	17,464	18,455	19,503	20,562	22,102	17,457	41,773	17,655	21,993	23,531
Public Safety	11,459	11,739	11,203	11,107	11,088	10,251	11,891	11,104	14,002	16,421
Community Services	6,269	6,268	6,820	7,078	9,908	11,338	14,375	35,335	18,302	18,285
Administrative Services	2,926	3,096	3,094	2,617	2,815	1,987	2,954	2,971	2,498	203
Scottsdale AZ CARES	-	-	-	-	-	-	-	-	-	-
Streetlight and Services Districts	577	602	584	591	617	529	524	525	489	602
Operating Grants and Contributions	29,708	29,724	30,760	34,233	55,604	52,751	53,960	55,318	56,708	49,232
Capital Grants and Contributions	82,162	107,334	60,819	35,620	50,088	305,241	87,927	52,556	116,728	48,752
Total Governmental Activities Revenues	<u>160,684</u>	<u>183,258</u>	<u>139,028</u>	<u>118,068</u>	<u>158,781</u>	<u>405,047</u>	<u>218,792</u>	<u>182,091</u>	<u>241,216</u>	<u>168,116</u>
Business-type Activities										
Charges for Services:										
Water Utility	110,560	107,031	117,537	109,947	119,345	130,843	124,640	129,022	151,260	164,928
Sewer Utility	39,741	40,434	40,666	45,419	44,047	45,391	49,823	51,066	50,924	57,329
Airport	4,404	4,390	4,335	5,493	5,851	7,695	9,209	10,489	10,905	11,649
Solid Waste	20,120	20,269	19,687	21,344	22,650	25,532	27,177	31,080	33,738	36,656
Capital Grants and Contributions	22,545	17,539	23,865	17,833	26,631	34,573	38,822	31,597	43,641	31,074
Total Business-type Activities Revenues	<u>197,370</u>	<u>189,663</u>	<u>206,090</u>	<u>200,036</u>	<u>218,524</u>	<u>244,034</u>	<u>249,671</u>	<u>253,254</u>	<u>290,468</u>	<u>301,636</u>
Total Primary Government Revenues	<u>\$ 358,054</u>	<u>\$ 372,921</u>	<u>\$ 345,118</u>	<u>\$ 318,104</u>	<u>\$ 377,305</u>	<u>\$ 649,081</u>	<u>\$ 468,463</u>	<u>\$ 435,345</u>	<u>\$ 531,684</u>	<u>\$ 469,752</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (244,852)	\$ (257,691)	\$ (287,080)	\$ (314,354)	\$ (294,110)	\$ (46,701)	\$ (261,804)	\$ (312,056)	\$ (314,183)	\$ (400,555)
Business-type Activities	29,778	19,051	30,096	26,404	25,496	50,790	48,898	31,529	68,820	87,662
Total Primary Government Net Expense	<u>\$ (215,074)</u>	<u>\$ (238,640)</u>	<u>\$ (256,984)</u>	<u>\$ (287,950)</u>	<u>\$ (268,614)</u>	<u>\$ 4,089</u>	<u>\$ (212,906)</u>	<u>\$ (280,527)</u>	<u>\$ (245,363)</u>	<u>\$ (312,893)</u>

**City of Scottsdale, Arizona**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (in thousands)

Table IIc

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes	\$ 265,416	\$ 262,144	\$ 287,456	\$ 306,274	\$ 316,478	\$ 340,559	\$ 408,581	\$ 424,622	\$ 431,798	\$ 434,283
Intergovernmental - Unrestricted	57,630	61,851	66,299	70,380	75,300	85,177	86,281	103,128	122,241	112,293
Interest and Investment Income	2,955	1,132	2,218	11,860	14,605	2,487	(13,201)	10,879	40,323	51,042
Miscellaneous and Special Items	9,987	10,568	10,548	9,130	7,248	10,387	16,088	14,493	16,697	15,926
Transfers	7,174	7,635	7,756	7,581	8,432	8,546	7,762	8,660	9,652	10,585
Total Governmental Activities	<u>343,162</u>	<u>343,330</u>	<u>374,277</u>	<u>405,225</u>	<u>422,063</u>	<u>447,156</u>	<u>505,511</u>	<u>561,782</u>	<u>620,711</u>	<u>624,129</u>
Business-type Activities										
Taxes	145	158	144	167	128	177	232	261	233	262
Interest and Investment Income	2,531	916	2,291	10,276	10,951	870	(7,590)	3,319	13,148	14,862
Transfers	(7,174)	(7,635)	(7,756)	(7,581)	(8,432)	(8,546)	(7,762)	(8,660)	(9,652)	(10,585)
Total Business-type Activities	<u>(4,498)</u>	<u>(6,561)</u>	<u>(5,321)</u>	<u>2,862</u>	<u>2,647</u>	<u>(7,499)</u>	<u>(15,120)</u>	<u>(5,080)</u>	<u>3,729</u>	<u>4,539</u>
Total Primary Government	<u>\$ 338,664</u>	<u>\$ 336,769</u>	<u>\$ 368,956</u>	<u>\$ 408,087</u>	<u>\$ 424,710</u>	<u>\$ 439,657</u>	<u>\$ 490,391</u>	<u>\$ 556,702</u>	<u>\$ 624,440</u>	<u>\$ 628,668</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 98,310	\$ 85,639	\$ 87,197	\$ 90,871	\$ 127,953	\$ 400,455	\$ 243,707	\$ 249,726	\$ 306,528	\$ 223,574
Business-type Activities	25,280	12,490	24,775	29,266	28,143	43,291	33,778	26,449	72,549	92,201
Total Primary Government	<u>\$ 123,590</u>	<u>\$ 98,129</u>	<u>\$ 111,972</u>	<u>\$ 120,137</u>	<u>\$ 156,096</u>	<u>\$ 443,746</u>	<u>\$ 277,485</u>	<u>\$ 276,175</u>	<u>\$ 379,077</u>	<u>\$ 315,775</u>

**City of Scottsdale, Arizona**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(in thousands)

**Table III**

	2016	2017	2018 <sup>(1)</sup>	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 249	\$ 269	\$ 264	\$ 271	\$ 278	\$ 304	\$ 404	\$ 486	\$ 570	\$ 18,356
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	65,347	58,518	72,809	97,097	136,390	170,994	191,490	226,509	246,432	285,927
Total General Fund	<u>\$ 65,596</u>	<u>\$ 58,787</u>	<u>\$ 73,073</u>	<u>\$ 97,368</u>	<u>\$ 136,668</u>	<u>\$ 171,298</u>	<u>\$ 191,894</u>	<u>\$ 226,995</u>	<u>\$ 247,002</u>	<u>\$ 304,283</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 619	\$ 604	\$ 555	\$ 681	\$ 599	\$ 609	\$ 644	\$ 675
Restricted	116,847	105,777	115,391	112,267	133,424	200,495	250,160	342,895	328,284	460,246
Committed	52,508	58,644	62,867	65,100	67,703	81,703	98,518	155,759	204,861	180,453
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, Reported in:										
Special Revenue Funds	(1,010)	(2,175)	(681)	(708)	(2,807)	(2,111)	(4,153)	(3,959)	(4,174)	(1,967)
Debt Service Funds	-	-	-	(589)	-	-	-	-	(171)	-
Capital Project Funds	(4,720)	(11,205)	(6,957)	(13,154)	(7,594)	(4,689)	(24,834)	(23,171)	(45,328)	(14,541)
Total All Other Governmental Funds	<u>\$ 163,625</u>	<u>\$ 151,041</u>	<u>\$ 171,239</u>	<u>\$ 163,520</u>	<u>\$ 191,281</u>	<u>\$ 276,079</u>	<u>\$ 320,290</u>	<u>\$ 472,133</u>	<u>\$ 484,116</u>	<u>\$ 624,866</u>

<sup>(1)</sup>In fiscal year 2018, beginning fund balance was restated due to the recognition of the city's endowment funds.

**City of Scottsdale, Arizona**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(in thousands)

Table IVa

	2016 <sup>(1)</sup>	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes - Local	\$ 264,414	\$ 264,299	\$ 288,335	\$ 310,433	\$ 317,143	\$ 340,782	\$ 409,773	\$ 438,942	\$ 434,239	\$ 441,472
Taxes - Intergovernmental	70,526	75,978	81,197	83,962	87,760	98,603	99,642	114,500	133,032	122,415
Business and Liquor Licenses	1,894	1,861	1,768	1,918	1,869	1,708	1,915	2,862	2,746	2,721
Charges for Current Services	24,404	25,225	27,063	29,774	30,009	34,702	36,960	35,960	41,176	46,124
Fines, Fees, and Forfeitures	10,617	10,532	10,387	8,960	8,831	7,816	8,679	8,074	10,619	11,244
Property Rental	4,922	5,854	5,859	6,089	4,031	7,221	11,366	10,045	11,884	12,472
Interest Earnings	2,373	2,634	4,224	6,956	8,595	6,790	6,379	14,029	25,456	28,795
Net Increase (Decrease) in the Fair Value of Investments	582	(1,502)	(2,006)	4,904	6,010	(4,303)	(19,580)	(3,150)	14,867	22,247
Intergovernmental	16,070	20,725	27,335	25,479	47,850	36,004	40,157	59,267	48,223	73,856
Developer Contributions	319	498	835	412	1,128	2,723	4,012	7,679	3,478	3,639
Streetlight and Services Districts	577	602	584	591	617	529	524	525	489	602
Contributions and Donations	2,268	2,589	2,333	2,575	9,069	4,398	3,841	3,640	2,430	3,141
Reimbursements from Outside Sources	1,942	2,266	1,840	2,415	2,193	2,121	4,058	1,989	2,515	1,976
Indirect Costs	6,501	6,993	7,455	6,899	7,614	7,370	7,217	7,191	8,313	9,345
Other	954	1,110	869	751	737	488	1,037	2,264	1,261	1,374
<b>Total Revenues</b>	<b>\$ 408,363</b>	<b>\$ 419,664</b>	<b>\$ 458,078</b>	<b>\$ 492,118</b>	<b>\$ 533,456</b>	<b>\$ 546,952</b>	<b>\$ 615,980</b>	<b>\$ 703,817</b>	<b>\$ 740,728</b>	<b>\$ 781,423</b>

<sup>(1)</sup>In fiscal year 2016, moved "Sale of General Capital Assets" from "Other" within the "Revenues" section to "Sale of General Capital Assets" within the "Other Financing Sources (Uses)" section.

**City of Scottsdale, Arizona**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(in thousands)

Table IVb

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenditures</b>										
General Government										
Mayor and City Council	\$ 818	\$ 887	\$ 653	\$ 747	\$ 782	\$ 723	\$ 878	\$ 930	\$ 1,035	1,095
City Clerk	1,138	873	735	1,004	1,163	1,246	1,256	1,082	972	1,180
City Attorney	7,118	6,576	6,747	7,471	6,826	6,597	7,276	7,565	8,052	9,106
City Auditor	824	823	816	948	1,049	1,045	1,099	1,197	1,063	981
City Court	4,975	5,381	5,692	5,797	5,970	6,194	6,528	6,696	7,330	7,939
City Manager	1,965	2,200	3,094	3,746	4,531	3,621	4,987	5,877	1,812	3,026
City Treasurer	5,785	5,657	5,979	8,593	9,714	9,418	9,544	10,632	11,558	13,971
Other General Government	-	-	-	-	-	-	-	-	10,567	8
Public Works	32,850	33,636	35,013	35,154	44,382	41,410	45,228	48,271	52,940	56,922
Community and Economic Development	42,735	46,320	47,696	48,860	34,431	31,259	41,973	45,541	46,821	48,041
Public Safety	128,527	137,304	136,075	146,250	157,557	153,754	210,701	198,067	209,835	217,099
Community Services	45,508	46,224	47,056	48,786	52,924	48,034	56,679	67,439	68,445	74,128
Administrative Services	15,648	15,919	16,309	15,279	14,727	19,307	17,167	18,392	27,550	28,726
Scottsdale AZ CARES	-	-	-	-	-	12,974	2,259	-	-	-
Streetlight and Services Districts	589	589	605	584	555	545	535	529	533	577
Debt Service										
Principal	53,313	57,956	68,017	66,053	70,076	68,955	70,557	70,918	81,447	80,808
Interest and Fiscal Charges	34,664	31,285	32,052	29,752	27,854	20,634	19,111	17,918	17,740	15,496
Payment to Refunded Bonds Escrow Agent	-	-	-	-	6,983	-	-	-	-	-
Bond Issuance Costs	-	672	241	-	508	1,745	-	845	-	522
Capital Outlay	26,674	75,099	54,311	64,395	80,009	70,417	87,417	148,652	187,042	144,891
Total Expenditures	\$ 403,131	\$ 467,401	\$ 461,091	\$ 483,419	\$ 520,041	\$ 497,878	\$ 583,195	\$ 650,551	\$ 734,742	\$ 704,516
Excess (Deficiency) of Revenues over (under) Expenditures	\$ 5,232	\$ (47,737)	\$ (3,013)	\$ 8,699	\$ 13,415	\$ 49,074	\$ 32,785	\$ 53,266	\$ 5,986	\$ 76,907

**City of Scottsdale, Arizona**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(dollars in thousands)

Table IVc

	2016 <sup>(d)</sup>	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 85,080	\$ 101,427	\$ 103,926	\$ 108,177	\$ 119,124	\$ 135,337	\$ 136,575	\$ 178,154	\$ 204,755	\$ 160,804
Transfers Out	(79,079)	(94,074)	(96,272)	(100,735)	(110,525)	(126,874)	(129,030)	(169,542)	(195,142)	(150,201)
Financing of Leases	-	-	-	244	1,025	122	1,517	916	1,978	1,940
Financing of Subscription-Based I.T. Arrangements	-	-	-	-	-	4,746	302	2,486	11,944	779
Financing of Contracts Payable	-	-	-	-	-	-	1,009	265	1,876	-
Issuance of Refunding Bonds	-	58,480	-	-	2,563	239,545	-	-	-	-
Issuance of Long-Term Capital-Related Debt	-	17,410	25,500	-	42,550	51,160	-	73,705	-	102,250
Premium on Long-Term Debt Issued	-	12,955	3,496	-	1,323	4,200	-	4,850	-	5,275
Payment to Refunded Bonds Escrow Agent	-	(68,105)	-	-	(2,563)	(238,102)	-	-	-	-
Sale of General Capital Assets	4,806	251	214	191	149	220	21,649	42,844	593	277
<b>Total Other Financing Sources (Uses)</b>	<b>10,807</b>	<b>28,344</b>	<b>36,864</b>	<b>7,877</b>	<b>53,646</b>	<b>70,354</b>	<b>32,022</b>	<b>133,678</b>	<b>26,004</b>	<b>121,124</b>
<b>Net Change in Fund Balances</b>	<b>\$ 16,039</b>	<b>\$ (19,393)</b>	<b>\$ 33,851</b>	<b>\$ 16,576</b>	<b>\$ 67,061</b>	<b>\$ 119,428</b>	<b>\$ 64,807</b>	<b>\$ 186,944</b>	<b>\$ 31,990</b>	<b>\$ 198,031</b>
<b>Debt Service as a Percentage of Non-capital Expenditures</b>	<b>23.4%</b>	<b>22.7%</b>	<b>24.3%</b>	<b>22.5%</b>	<b>22.2%</b>	<b>21.0%</b>	<b>18.1%</b>	<b>17.7%</b>	<b>18.1%</b>	<b>17.2%</b>

<sup>(d)</sup>In fiscal year 2016, moved "Sale of General Capital Assets" from "Other" within the "Revenues" section to "Sale of General Capital Assets" within the "Other Financing Sources (Uses)" section.

**City of Scottsdale, Arizona**  
**Tax Revenues By Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(in thousands)

**Table V**

<b>Sales and Use Taxes</b>							
<b>Fiscal Year</b>	<b>Property</b>	<b>Privilege and Use - General</b>	<b>Privilege and Use - McDowell Mtn Preserve</b>	<b>Privilege and Use - Transportation</b>	<b>Privilege and Use - Public Safety</b>	<b>Transient Occupancy</b>	
2016	\$ 61,956	\$ 104,995	\$ 36,029	\$ 19,938	\$ 10,294	\$ 17,397	
2017	63,320	103,081	35,489	19,615	10,140	18,951	
2018	63,577	116,679	40,089	22,044	11,454	19,837	
2019	68,738	122,152	41,909	27,788 <sup>(1)</sup>	11,974	22,407	
2020	67,911	122,923	42,331	35,022	12,094	18,793	
2021	69,826	136,511	46,921	39,023	13,406	18,013	
2022	72,602	165,535	57,013	47,586	16,289	31,863	
2023	67,634	181,553	62,550	52,373	17,872	36,492	
2024	73,214	175,426	60,427	50,902	17,265	34,597	
2025	73,260	179,114	61,647	51,688	17,613	34,735	

<b>Fiscal Year</b>	<b>Franchise Taxes</b>		<b>Intergovernmental</b>		
	<b>Cable TV Franchise</b>	<b>Light and Power Franchise</b>	<b>State Shared Sales</b>	<b>State Revenue Sharing</b>	<b>Other</b>
2016	\$ 3,816	\$ 8,826	\$ 20,647	\$ 26,173	\$ 913
2017	3,896	8,655	21,755	28,976	921
2018	4,391	9,106	23,719	30,549	931
2019	3,293	8,832	25,187	30,269	3,102
2020	5,445	8,231	26,395	33,015	4,177
2021	4,204	8,456	30,615	37,207	4,209
2022	3,825	9,490	34,247	33,718	5,342
2023	3,625	10,155	35,884	47,853	6,488
2024	3,358	11,181	36,693	64,406	7,636
2025	3,164	11,259	37,509	51,990	8,795

<sup>(1)</sup>The Privilege and Use-Transportation tax rate increased from 0.2 percent to 0.3 percent, effective February 1, 2019.

**City of Scottsdale, Arizona**  
**Taxable Sales Subject to Privilege (Sales) Tax by Category**  
**Last Ten Fiscal Years**  
(dollars in thousands)

**Table VI**

	<u>2016</u>	<u>2017<sup>(1)</sup></u>	<u>2018</u>	<u>2019<sup>(2)</sup></u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025<sup>(3)</sup></u>
Amusement										\$ 297,461
Automotive	\$ 1,403,834	\$ 1,489,632	\$ 1,558,428	\$ 1,792,335	\$ 1,725,497	\$ 1,940,656	\$ 1,984,944	\$ 2,037,030	\$ 2,046,757	2,138,488
Construction	969,281	901,684	962,050	997,164	1,044,980	1,223,155	1,193,366	1,596,705	1,748,177	1,913,684
Food Stores	713,187	677,978	763,117	796,551	860,447	883,237	878,442	945,114	985,835	960,056
Hotel/Motel	543,121	641,146	682,078	730,329	595,455	551,361	965,649	1,053,661	1,022,072	1,037,902
Major Department Stores	927,469	888,674	966,996	970,656	944,390	1,037,297	1,147,151	1,205,502	1,192,745	1,180,016
Manufacturing										246,398
Miscellaneous Retail Stores	1,708,411	1,785,097	2,010,364	2,200,161	2,438,658	3,054,740	3,683,694	3,828,950	3,903,186	4,022,080
Other Taxable Activity	728,596	756,718	926,445	1,059,397	1,119,896	1,368,741	1,697,911	1,881,617	1,917,642	323,539
Rentals	1,417,607	1,380,366	1,644,191	1,719,075	1,747,873	1,746,613	2,132,353	2,227,753	2,230,629	1,885,118
Restaurants	961,340	957,757	1,065,825	1,144,395	1,008,526	1,170,867	1,518,421	1,684,960	1,693,772	1,673,451
Services with Retail Sales										826,674
Utilities	497,773	451,318	467,609	455,118	466,345	476,372	478,033	524,314	553,790	565,974
Wholesale										381,735
<b>Total</b>	<u>\$ 9,870,619</u>	<u>\$ 9,930,370</u>	<u>\$ 11,047,103</u>	<u>\$ 11,865,181</u>	<u>\$ 11,952,067</u>	<u>\$ 13,453,039</u>	<u>\$ 15,679,964</u>	<u>\$ 16,985,606</u>	<u>\$ 17,294,605</u>	<u>\$ 17,452,576</u>
City Sales Tax	1.65%	1.65%	1.65%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%

<sup>(1)</sup> Effective January 1, 2017, the Arizona Department of Revenue took over all collection and administration of privilege, use, jet fuel, and bed taxes.

<sup>(2)</sup> Effective February 1, 2019, the privilege tax rate increased to 1.75%.

<sup>(3)</sup> Four new categories were extracted from Other Taxable Activity: Amusement, Manufacturing, Services with Retail Sales, and Wholesale. Effective July 1, 2025, the privilege tax rate decreased to 1.70%.

**City of Scottsdale, Arizona**  
**Direct and Overlapping Sales Tax Rates**  
**Last Ten Fiscal Years**

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Table VII

Privilege (Sales) Tax Rates				Use Tax Rates			
Fiscal Year	City Direct Rate	County Rate	State Rate	Fiscal Year	City Direct Rate	County Rate	State Rate
2016	1.65%	0.70%	5.60%	2016	1.45%	0.00%	5.60%
2017	1.65%	0.70%	5.60%	2017	1.45%	0.00%	5.60%
2018	1.65%	0.70%	5.60%	2018	1.45%	0.00%	5.60%
2019	1.75% <sup>(2)</sup>	0.70%	5.60%	2019	1.55% <sup>(2)</sup>	0.00%	5.60%
2020	1.75%	0.70%	5.60%	2020	1.55%	0.00%	5.60%
2021	1.75%	0.70%	5.60%	2021	1.55%	0.00%	5.60%
2022	1.75%	0.70%	5.60%	2022	1.55%	0.00%	5.60%
2023	1.75%	0.70%	5.60%	2023	1.55%	0.00%	5.60%
2024	1.75%	0.70%	5.60%	2024	1.55%	0.00%	5.60%
2025	1.75% <sup>(3)</sup>	0.70%	5.60%	2025	1.55% <sup>(3)</sup>	0.00%	5.60%

Transient Occupancy Tax Rates				Jet Fuel Tax Rates (cents per gallon)			
Fiscal Year	City Direct Rate	County Rate	State Rate	Fiscal Year	City Direct Rate	County Rate	State Rate
2016	5.00%	1.77%	5.50%	2016	0.0180	0.0031	0.0305
2017	5.00%	1.77%	5.50%	2017	0.0180	0.0031	0.0305
2018	5.00%	1.77%	5.50%	2018 <sup>(1)</sup>	0.0180	0.0031	0.0305
2019	5.00%	1.77%	5.50%	2019	0.0180	0.0031	0.0305
2020	5.00%	1.77%	5.50%	2020	0.0180	0.0031	0.0305
2021	5.00%	1.77%	5.50%	2021	0.0180	0.0031	0.0305
2022	5.00%	1.77%	5.50%	2022	0.0180	0.0031	0.0305
2023	5.00%	1.77%	5.50%	2023	0.0180	0.0031	0.0305
2024	5.00%	1.77%	5.50%	2024	0.0180	0.0031	0.0305
2025	5.00%	1.77%	5.50%	2025	0.0180	0.0031	0.0305

Source: City Tax Audit Section

Note: The following gives a general description of each tax. Complete details for each tax can be found in Appendix C of the Scottsdale Revised City Code.

**Privilege (Sales) Tax** applies to the sale, lease, license for use, and/or rental transactions.

**Use Tax** applies to the storage or use of items within the city on which no privilege tax has been paid.

**Transient Occupancy Tax** applies to transactions involving transient lodging.

**Jet Fuel Tax** applies to transactions involving the sale of jet fuel.

<sup>(1)</sup> Effective August 9, 2017, the city can only tax the first 10 million gallons by each purchaser in a calendar year.

<sup>(2)</sup> Effective February 1, 2019, the city transaction privilege tax rate increased to 1.75% and the use tax rate increased to 1.55%.

<sup>(3)</sup> Effective July 1, 2025, the city transaction privilege tax rate decreased to 1.70% and the use tax rate decreased to 1.5%

**City of Scottsdale, Arizona**  
**Sales Tax Revenue Payers by Industry**  
**Current Year and Nine Years Ago**  
(dollars in thousands)

Table VIII

	Fiscal Year 2025				Fiscal Year 2016			
	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total
Amusement	480	1.19%	\$ 37,637	12.13%				
Automotive	731	1.81%	34,296	11.05%	593	2.52%	\$ 23,674	13.83%
Construction	2,806	6.95%	16,670	5.37%	5,832	24.75%	16,995	9.93%
Food Stores	265	0.66%	18,419	5.94%	185	0.79%	11,820	6.91%
Hotel/Motel	518	1.28%	20,870	6.73%	78	0.33%	9,175	5.36%
Major Department Stores	28	0.07%	69,712	22.46%	26	0.11%	15,291	8.94%
Manufacturing	4,837	11.98%	6,036	1.95%				
Miscellaneous Retail Stores	10,661	26.41%	33,283	10.73%	5,456	23.15%	29,959	17.50%
Other Taxable Activity	2,332	5.78%	29,581	9.53%	4,380	18.59%	16,751	9.79%
Rentals	7,926	19.64%	10,100	3.25%	5,632	23.90%	23,897	13.97%
Restaurants	965	2.39%	5,550	1.79%	1,070	4.54%	16,101	9.41%
Services with Retail Sales	4,681	11.60%	4,757	1.53%				
Utilities	489	1.21%	7,302	2.35%	312	1.32%	7,455	4.36%
Wholesale	3,644	9.03%	16,110	5.19%				
<b>Total</b>	<b>40,363</b>	<b>100.00%</b>	<b>\$ 310,323</b>	<b>100.00%</b>	<b>23,564</b>	<b>100.00%</b>	<b>\$ 171,118</b>	<b>100.00%</b>

Note: Due to confidentiality issues, the names of the ten largest revenue payers cannot be disclosed. The categories are intended to provide alternative information regarding the sources of the city's revenue. Transient Occupancy taxes are not included in the Tax Revenue for this table. The "Other Taxable Activity" category includes all license fees, penalties, and interest. Beginning January 1, 2017, the Arizona Department of Revenue took over all collection and administration of privilege, use, and jet fuel taxes. Due to the changes in the source of the data and the tax law, the number and classification of filers for the two years above may have differences. Effective February 1, 2019, the transaction privilege tax rate increased to 1.75% and the use tax rate increased to 1.55%. Effective July 1, 2025, the transaction privilege tax rate decreased to 1.70% and the use tax rate decreased to 1.50%. Fiscal Year 2025 split out additional industries from the other taxable activity category: Amusement, Manufacturing, Services with Retail Sales, and Wholesale.

City of Scottsdale, Arizona  
 Property Tax Rates  
 Direct and Overlapping Governments  
 Last Ten Fiscal Years

Table IX

<u>City Direct Rate</u>				<u>Overlapping Rates</u>			
				<u>Scottsdale Unified School District</u>			
<u>Fiscal Year</u>	<u>Operating</u>	<u>Debt Service</u>	<u>Total City</u>	<u>Operating</u>	<u>Debt Service and Budget Override</u>	<u>EVIT</u>	<u>Total School</u>
2016	\$ 0.5293	\$ 0.6244	\$ 1.1537	\$ 2.8332	\$ 1.0263	\$ 0.0500	\$ 3.9095
2017	0.5071	0.6219	1.1290	2.8566	1.0033	0.0500	3.9099
2018	0.4956	0.5889	1.0845	2.7463	0.9864	0.0500	3.7827
2019	0.5316	0.5705	1.1021	2.5675	1.1364	0.0500	3.7539
2020	0.5198	0.5214	1.0412	2.5928	1.0538	0.0500	3.6966
2021	0.5273	0.5043	1.0316	2.6334	0.9939	0.0500	3.6773
2022	0.5039	0.5042	1.0081	2.5261	0.9318	0.0500	3.5079
2023	0.4970	0.4101	0.9071	2.4282	0.9165	0.0500	3.3947
2024	0.5150	0.4664	0.9814	2.4454	0.9312	0.0500	3.4266
2025	0.4958	0.4358	0.9316	2.2289	1.0215	0.0500	3.3004

<u>Overlapping Rates</u>										
<u>County-Wide Jurisdictions</u>										
<u>Fiscal Year</u>	<u>County Operating</u>	<u>Community College</u>	<u>County Flood</u>	<u>County Education Equalization</u>	<u>Fire District Assistance</u>	<u>Central AZ Project</u>	<u>County Free Library</u>	<u>County Special Health Care</u>	<u>Total County</u>	<u>Total Direct and Overlapping</u>
2016	\$ 1.3609	\$ 1.4940	\$ 0.1592	\$ 0.5054	\$ 0.0116	\$ 0.1400	\$ 0.0556	\$ 0.3021	\$ 4.0288	\$ 9.0920
2017	1.4009	1.4651	0.1792	0.5010	0.0112	0.1400	0.0556	0.3053	4.0583	9.0972
2018	1.4009	1.4096	0.1792	0.4875	0.0102	0.1400	0.0556	0.2851	3.9681	8.8353
2019	1.4009	1.3754	0.1792	0.4741	0.0107	0.1400	0.0556	0.2941	3.9300	8.7860
2020	1.4009	1.3285	0.1792	0.4566	0.0095	0.1400	0.0556	0.3333	3.9036	8.6414
2021	1.4009	1.2881	0.1792	0.4426	0.0090	0.1400	0.0556	0.3046	3.8200	8.5289
2022	1.3459	1.2257	0.1792	0.4263	0.0086	0.1400	0.0556	0.2970	3.6783	8.1943
2023	1.2473	1.1894	0.1592	0.0000	0.0082	0.1400	0.0505	0.2488	3.0434	7.3452
2024	1.2044	1.1388	0.1536	0.0000	0.0081	0.1400	0.0488	0.2716	2.9653	7.3733
2025	1.1591	1.1047	0.1470	0.0000	0.0080	0.1400	0.0470	0.2665	2.8723	7.1043

Source: Maricopa County Department of Finance Publications On-Line "Tax Rate 2024".

Note: The city has Community Facilities Districts (CFDs) that levy property taxes independent of the city to property owners within a designated area. For fiscal year 2025 the rates were as follows: DC Ranch CFD - \$0.4108 and the Waterfront Commercial CFD - \$4.6196.

**City of Scottsdale, Arizona**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
(dollars in thousands)

Table X

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arizona Public Service Company	\$ 79,127	1	0.990%	\$ 59,358	1	1.150%
Scottsdale Fashion Square LLC <sup>(1)</sup>	48,124	2	0.602%	27,657	2	0.536%
SDQ FEE LLC	24,454	3	0.306%	17,359	3	0.336%
18700 Hayden Road LLC (Cavasson)	23,172	4	0.290%	-	-	-
Camden USA Inc	19,844	5	0.248%	-	-	-
FMT Scottsdale Owner LLC (IMPS)	17,270	6	0.216%	-	-	-
Weingarten Nostat Inc.	17,031	7	0.213%	-	-	-
Portales Corporate Center LLC	15,996	8	0.200%	12,717	8	0.246%
Scottsdale Promenade LLC <sup>(2)</sup>	14,620	9	0.183%	13,029	7	0.252%
Southwest Gas Corporation	14,249	10	0.178%	-	-	-
General Dynamics Decision Systems Inc	-	-	-	-	-	-
Gainey Drive Associates	-	-	-	13,712	4	0.266%
Scottsdale Fashion Square LLC	-	-	-	13,303	5	0.258%
Qwest Corporation	-	-	-	13,183	6	0.255%
WJ Small Grandchildren Trust/Etal	-	-	-	12,344	9	0.239%
Dial Corporation	-	-	-	10,470	10	0.203%
<b>Total</b>	<b>\$ 273,887</b>		<b>3.426%</b>	<b>\$ 193,132</b>		<b>3.741%</b>

**Source:** The Maricopa County Assessor's Office.

**Note:** The Salt River Project Agricultural Improvement and Power District's (SRP) assessed valuation is not reflected in the total assessed valuation of the city. SRP is subject to a "voluntary contribution" in-lieu of ad valorem taxation. The 2024 assessed valuation of the SRP within the city is \$21,187,923 as provided by SRP.

<sup>(1)</sup> In 2016, Scottsdale Fashion Square was listed twice. Scottsdale Fashion Square LLC/Etal and Scottsdale Fashion Square LLC were listed in the Principal Property Taxpayers.

<sup>(2)</sup> Scottsdale Promenade LLC was known as Excel Promenade LLC in 2016. Excel Promenade was acquired by Scottsdale Promenade LLC in 2022.

**City of Scottsdale, Arizona**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
(dollars in thousands, excluding the Total Direct Tax Rate)

Table XI

Fiscal Year Ended June 30th	Real Property				Personal Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Vacant Land	Historic and Special Use	Assessed Value			
2016 P	\$ 3,608,260	\$ 1,197,395	\$ 759,840	\$ 3,143	\$ 196,631	\$ (603,538)	\$ 5,161,731	\$ 0.53
2016 S	4,210,065	1,306,932	912,980	3,541	196,972	(674,098)	5,956,392	0.62
2017 P	3,842,636	1,209,059	723,452	1,075	217,238	(594,547)	5,398,913	0.51
2017 S	4,510,655	1,451,267	996,458	1,488	217,243	(757,790)	6,419,321	0.62
2018 P	4,071,866	1,268,544	747,981	1,155	223,277	(614,085)	5,698,738	0.50
2018 S	4,794,346	1,650,245	1,135,084	1,716	223,276	(876,231)	6,928,436	0.59
2019 P	4,301,223	1,335,470	737,727	1,187	221,801	(600,412)	5,996,996	0.53
2019 S	5,014,035	1,726,614	1,137,771	1,816	229,030	(885,997)	7,223,269	0.57
2020 P	4,555,026	1,397,576	756,975	1,266	227,231	(614,956)	6,323,118	0.52
2020 S	5,356,377	1,848,894	1,217,117	2,032	236,828	(959,355)	7,701,893	0.52
2021 P	4,813,338	1,465,046	770,044	1,207	241,822	(674,280)	6,617,177	0.53
2021 S	5,719,222	1,988,445	1,215,429	1,873	252,043	(1,022,311)	8,154,701	0.50
2022 P	5,069,144	1,547,914	799,978	1,280	232,722	(694,052)	6,956,986	0.50
2022 S	6,125,758	2,131,654	1,263,825	1,917	233,873	(1,046,330)	8,710,697	0.50
2023 P	5,373,234	1,625,295	785,066	1,364	241,948	(698,108)	7,328,799	0.50
2023 S	6,631,122	2,134,568	1,217,942	2,174	243,283	(1,030,404)	9,198,685	0.41
2024 P	5,692,566	1,651,650	793,012	1,599	230,103	(737,677)	7,631,253	0.52
2024 S	8,528,816	2,422,944	1,397,709	3,202	231,386	(1,189,801)	11,394,256	0.47
2025 P	5,995,210	1,659,544	823,378	3,206	214,400	(700,663)	7,995,077	0.50
2025 S	10,867,077	2,683,421	1,649,457	6,626	215,458	(1,288,976)	14,133,063	0.44

Source: Arizona Department of Revenue Abstract of the Assessment Roll and Maricopa County Tax Levy Reports on County Finance website.

**City of Scottsdale, Arizona**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
(dollars in thousands)

Table XII

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Adjusted Total Tax Levy as of Current Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2016	\$ 59,533	\$ 59,115	\$ 58,714	98.6%	\$ 378	\$ 59,092	100.0%
2017	60,982	60,413	60,056	98.5%	251	60,307	99.8%
2018	61,861	61,095	60,721	98.2%	280	61,001	99.8%
2019	65,816	64,873	64,982	98.3%	(115)	64,867	100.0%
2020	65,521	64,395	64,273	97.6%	118	64,391	100.0%
2021	68,465	66,926	67,423	98.8%	(501)	66,922	100.0%
2022	70,334	68,459	69,082	98.2%	(629)	68,453	100.0%
2023	66,494	64,478	65,395	98.3%	(922)	64,473	100.0%
2024	75,522	73,157	73,502	97.3%	(378)	73,124	100.0%
2025	73,002	72,814	71,887	98.5%	-	71,887	98.7%

**Source:** "Total Tax Levy for Fiscal Year" amounts = Maricopa County Tax Levy Reports on County Finance website, including resolution adjustments. "Collections" amounts = Maricopa County Finance Office Secured Tax Levy Report. "Adjusted Levy" reflects "Resolution" amounts. Amounts represent property taxes recorded in the General, Debt Service, and Self-Insurance Funds.

**City of Scottsdale, Arizona**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(dollars in thousands, except for Per Capita)

Table XIII

<b>Governmental Activities</b>									
<b>Fiscal Year Ended June 30</b>	<b>General Obligation Bonds</b>	<b>Municipal Property Corporation Bonds</b>	<b>Scottsdale Preserve Authority Bonds</b>	<b>Certificates of Participation</b>	<b>Community Facilities District Bonds</b>	<b>Contracts Payable</b>	<b>Leases</b>	<b>Public-Public Partnerships</b>	<b>Subscriptions</b>
2016	\$ 585,931	\$ 232,970	\$ 43,489	\$ 9,546	\$ 24,694	\$ -	\$ 156	\$ 2,683	\$ -
2017	590,910	221,535	17,823	7,264	21,860	-	95	2,529	-
2018	568,259	208,828	13,215	4,914	19,244	-	32	2,375	-
2019	521,632	193,165	8,432	2,493	16,707	-	219	2,221	-
2020	467,788	218,786	2,825	-	13,808	-	2,373	2,068	-
2021	475,212	202,825	1,448	-	11,084	451	1,799	1,914	4,387
2022	421,589	187,101	-	-	8,256	1,314	2,568	1,760	3,417
2023	442,783	172,808	-	-	6,740	1,083	2,947	4,620	4,363
2024	378,783	158,287	-	-	5,391	1,786	3,997	4,368	9,811
2025	428,029	138,005	-	-	3,997	1,373	4,596	4,084	7,930

<b>Business-type Activities</b>							
<b>Fiscal Year Ended June 30</b>	<b>Revenue Bonds</b>	<b>Municipal Property Corporation Bonds</b>	<b>Leases</b>	<b>Subscriptions</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2016	\$ 28,176	\$ 295,807	\$ -	\$ -	\$ 1,223,452	10.26%	\$ 5,292
2017	24,710	353,773	-	-	1,240,499	9.98%	5,212
2018	21,069	336,407	-	-	1,174,343	8.96%	4,843
2019	17,258	318,235	-	-	1,080,362	7.45%	4,232
2020	13,262	299,138	-	-	1,020,048	6.59%	3,952
2021	9,062	285,707	-	70	993,959	6.57%	4,118
2022	4,646	265,472	-	24	896,147	5.68%	3,691
2023	-	242,431	96	144	878,015	5.16%	3,612
2024	-	218,305	116	84	780,928	4.12%	3,195
2025	-	319,285	83	175	907,557	4.46%	3,687

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
See Table XVIII - Schedule of Demographic and Economic Statistics for personal income and population data.

**City of Scottsdale, Arizona**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

(dollars in thousands, except Per Capita)

**Table XIV**

<b>Fiscal Year Ended June 30</b>	<b>Governmental Activities - General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Net General Bonded Debt</b>	<b>Percentage of Total Taxable Assessed Value of Property</b>	<b>Per Capita</b>
2016	\$ 585,931	\$ 11,529	\$ 574,402	9.6%	\$ 2,484
2017	590,910	11,516	579,394	9.0%	2,434
2018	568,259	2,471	565,788	8.2%	2,333
2019	521,632	1,394	520,238	7.2%	2,038
2020	467,788	1,042	466,746	6.1%	1,808
2021	475,212	3,469	471,743	5.8%	1,955
2022	421,589	8,714	412,875	4.7%	1,700
2023	442,783	7,291	435,492	4.7%	1,791
2024	378,783	105	378,678	3.3%	1,549
2025	428,029	7,523	420,506	3.0%	1,708

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value of Taxable Property on Table XI for property value data.

See the Schedule of Demographic and Economic Statistics on Table XVIII for population data.

**City of Scottsdale, Arizona**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2025**  
(dollars in thousands)

Table XV

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Maricopa County Community College District	\$ 26,675	13.7069%	\$ 3,656
Maricopa County Special Healthcare District	512,560	13.7069%	70,256
Balsz Elementary School District No. 31	47,575	6.1087%	2,906
Scottsdale Unified School District No. 48	228,229	69.3641%	158,309
Paradise Valley Unified School District No. 69	351,583	29.5379%	103,850
Cave Creek Unified School District No. 93	16,160	62.2436%	10,059
Fountain Hills Unified School District No. 98	2,570	3.3749%	87
Phoenix Union High School District No. 210	455,605	0.3624%	1,651
Western Maricopa Education Center District No. 402	80,870	6.1030%	4,935
Subtotal, overlapping debt			355,709
<b>City direct debt</b>	588,014	100.0000%	588,014
<b>Total direct and overlapping debt</b>			<u><u>\$ 943,723</u></u>

**Sources:** The various entities; *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue; *Property Tax Rates and Assessed Values*, Arizona Tax Research Association; and *Maricopa County 2024 Tax Levy*, Maricopa County Department of Finance.

**Notes:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Scottsdale. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

The proportion of overlapping debt applicable to the city is computed on the ratio of 2024-25 net assessed limited property value for the overlapping jurisdiction within the city to the total net assessed limited property valuation of the overlapping jurisdiction.

**City of Scottsdale, Arizona**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(dollars in thousands)

Table XVIa

	2016 <sup>(1)</sup>	2017 <sup>(2)</sup>	2018	2019	2020	2021	2022	2023	2024	2025
<b>20% Limitation</b>										
Debt Limit Equal to 20% of Assessed Valuation	\$ 1,191,278	\$ 1,283,864	\$ 1,385,687	\$ 1,444,654	\$ 1,540,379	\$ 1,630,940	\$ 1,742,139	\$ 1,839,737	\$ 2,278,851	\$ 2,826,613
Total Net Debt Applicable to 20% Limit	513,768	521,179	511,046	479,265	433,865	444,366	395,172	411,487	351,404	388,518
Excess Premium		8,180	10,637	10,415	10,181	12,713	11,549	13,996	12,193	15,288
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 677,510</u>	<u>\$ 754,505</u>	<u>\$ 864,004</u>	<u>\$ 954,974</u>	<u>\$ 1,096,333</u>	<u>\$ 1,173,861</u>	<u>\$ 1,335,418</u>	<u>\$ 1,414,254</u>	<u>\$ 1,915,254</u>	<u>\$ 2,422,807</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	43.13%	41.23%	37.65%	33.90%	28.83%	28.03%	23.35%	23.13%	15.96%	14.29%
<b>6% Limitation</b>										
Debt Limit Equal to 6% of Assessed Valuation	\$ 357,384	\$ 385,159	\$ 415,706	\$ 433,396	\$ 462,114	\$ 489,282	\$ 522,642	\$ 551,921	\$ 683,655	\$ 847,984
Total Net Debt Applicable to 6% Limit	37,747	26,116	14,419	3,950	-	3,859	3,713	8,128	7,706	17,247
Excess Premium		-	-	-	-	426	410	929	881	1,307
Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 319,637</u>	<u>\$ 359,043</u>	<u>\$ 401,287</u>	<u>\$ 429,446</u>	<u>\$ 462,114</u>	<u>\$ 484,997</u>	<u>\$ 518,519</u>	<u>\$ 542,864</u>	<u>\$ 675,068</u>	<u>\$ 829,430</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit	10.56%	6.78%	3.47%	0.91%	0.00%	0.88%	0.79%	1.64%	1.26%	2.19%

<sup>(1)</sup>Restated fiscal year 2016 debt limit and debt margin amounts to reflect the usage of the secondary, as opposed to the primary, valuation amount.

<sup>(2)</sup>Beginning in fiscal year 2017, a change in state law requires the "Excess Premium" to be included with the debt subject to the legal debt margin limitations.

City of Scottsdale, Arizona  
Legal Debt Margin Information  
As of June 30, 2025  
(in thousands)

Table XVIb

**Legal Debt Margin Calculation for Fiscal Year 2025**

Assessed Valuation as of June 30, 2025	<u>\$ 14,133,063</u>
<b><u>20% Limitation</u></b>	
Debt Limit Equal to 20% of Assessed Valuation	\$ 2,826,613
Debt applicable to limit:	
General Obligation Bonds	388,518
Excess Premium	<u>15,288</u>
Legal 20% Debt Margin (Available Borrowing Capacity)	<u><u>\$ 2,422,807</u></u>
<b><u>6% Limitation</u></b>	
Debt Limit Equal to 6% of Assessed Valuation	\$ 847,984
Debt applicable to limit:	
General Obligation Bonds	17,247
Excess Premium	<u>1,307</u>
Legal 6% Debt Margin (Available Borrowing Capacity)	<u><u>\$ 829,430</u></u>

**Source:** City of Scottsdale, City Treasurer

**Notes:**

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewers, artificial light, parks, playgrounds and recreational facilities, open space preserves, public safety, and streets and transportation facilities, but outstanding bonds issued for such purposes may not exceed 20 percent of the city's net assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of the city's net assessed valuation.

General obligation bonds of community facilities districts are not subject to or included in this computation since they are not bonds of the City of Scottsdale, Arizona.

**City of Scottsdale, Arizona**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
(dollars in thousands)

Table XVII

Fiscal Year Ended June 30	Water and Sewer Revenue Bonds								Municipal Property Corporation Bonds			
	Operating Revenue <sup>(1)</sup>	Less: Operating Expenses	Net Operating Revenue	Development Fee Revenue	Net Revenue	Debt Service Principal	Debt Service Interest	Coverage	Excise Tax <sup>(2)</sup>	Debt Service Principal <sup>(3)</sup>	Debt Service Interest <sup>(3)</sup>	Coverage
2016	\$ 152,612	\$ 81,586	\$ 71,026	\$ 5,156	\$ 76,182	\$ 3,055	\$ 1,487	16.77	\$ 194,560	\$ 20,215	\$ 23,220	4.48
2017	148,310	85,909	62,401	6,072	68,473	3,195	1,354	15.05	196,729	22,550	21,599	4.46
2018	160,161	87,130	73,031	6,525	79,556	3,370	1,195	17.43	216,643	26,290	23,908	4.32
2019	164,487	82,748	81,739	4,256	85,995	3,540	1,026	18.83	223,668	30,210	22,474	4.25
2020	173,739	98,549	75,190	7,777	82,967	3,725	849	18.14	230,539	33,675	21,906	4.15
2021	177,073	94,052	83,021	5,257	88,278	3,930	654	19.26	251,375	31,625	18,742	4.99
2022	167,200	97,184	70,016	5,902	75,918	4,145	447	16.53	284,031	32,795	15,929	5.83
2023	183,228	116,266	66,962	3,278	70,240	4,375	230	15.25	314,347	34,170	14,562	6.45
2024	-	-	-	-	N/A	-	-	N/A	332,395	35,935	13,061	6.78
2025	-	-	-	-	N/A	-	-	N/A	317,103	36,740	11,390	6.59

Scottsdale Preserve Authority Bonds				
Fiscal Year Ended June 30	Sales Tax	Debt Service Principal	Debt Service Interest	Coverage
2016	\$ 36,029	\$ 4,340	\$ 2,143	5.56
2017	35,489	4,175	1,423	6.34
2018	40,089	4,365	734	7.86
2019	41,909	4,540	577	8.19
2020	42,331	4,780	350	8.25
2021	46,921	1,280	132	33.24
2022	57,013	1,350	68	40.21
2023	-	-	-	N/A
2024	-	-	-	N/A
2025	-	-	-	N/A

**Note:** Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup>Includes investment income.

<sup>(2)</sup>A de minimis amount of the excise taxes are pledged to specific purposes per various resolutions adopted by the City Council. Due to the immateriality of these amounts, they are not deducted from the pledged revenue calculation above.

<sup>(3)</sup>Includes debt service payments paid out of revenue from the water and sewer fund, the special programs fund, the tourism development fund, and the stadium facility fund.

City of Scottsdale, Arizona  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table XVIII

<u>Fiscal Year</u>	<u>Population<sup>(1)</sup></u>	<u>Personal Income<sup>(2)</sup> (in thousands)</u>	<u>Per Capita Personal Income<sup>(3)</sup></u>	<u>Median Age<sup>(4)</sup></u>	<u>Charter and Public School Enrollment<sup>(5)</sup></u>	<u>Fiscal Year End Average Unemployment Rate<sup>(6)</sup></u>
2016	231,200	\$ 11,921,597	\$ 51,564	46.1	25,979	4.3%
2017	238,000	12,428,360	52,220	46.3	25,847	4.0%
2018	242,500	13,109,550	54,060	46.3	25,598	3.7%
2019	255,300	14,499,508	56,794	46.9	25,281	3.9%
2020	258,100	15,473,869	59,953	47.0	25,606	5.7%
2021	241,361	15,128,990	62,682	47.7	25,800	5.7%
2022	242,800	15,780,058	64,992	47.7	24,906	3.0%
2023	243,100	17,026,724	70,040	47.9	24,283	3.1%
2024	244,394	18,963,508	77,594	48.7	23,182	2.9%
2025	246,170	20,357,520	82,697	49.8	24,191	3.1%

**Data Sources and Notes:**

<sup>(1)</sup>U.S. Census; fiscal years 2016-2021 and 2023-2024 based on U.S. Census July 1 population estimates rounded to the nearest hundred.

Fiscal year 2021 based on U.S. Census 2020 population for April 1, 2020.

Fiscal year 2024 Source: <https://www.census.gov/quickfacts/fact/table/scottsdalecityarizona/PST045221>

Fiscal year 2024 Source: <https://www.census.gov/quickfacts/fact/table/scottsdalecityarizona/INC910223>

<sup>(2)</sup>Calculated by multiplying Per Capita Personal Income by Total Population divided by 1,000.

<sup>(3)</sup> Fiscal year 2016-2023: U.S. Census, American Community Survey, 5-Year Estimates.

Fiscal year 2024 Source: <https://www.census.gov/quickfacts/fact/table/scottsdalecityarizona/PST045221>

Fiscal year 2025 Source: <https://www.census.gov/quickfacts/fact/table/scottsdalecityarizona/POP645223>

<sup>(4)</sup> U.S. Census, American Community Survey, 5-Year Estimates.

<sup>(5)</sup>Arizona Department of Education based on Oct. 1 enrollment of fiscal year for all charter and district schools located within Scottsdale city boundaries.

<sup>(6)</sup> Arizona Office of Economic Opportunity, Prepared in Cooperation with the U.S. Department of Labor, Bureau of Labor Statistics. Prior year data adjusted.

**City of Scottsdale, Arizona  
Principal Employers  
Current Year and Nine Years Ago**

Table XIX

<b>Employer</b>	<b>2025</b>			<b>2016</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment<sup>(1)</sup></b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
HonorHealth	7,451	1	3.37%	6,382	1	5.01%
Vanguard	3,073	2	1.39%	2,500	4	1.96%
City of Scottsdale	2,818	3	1.27%	2,148	5	1.69%
Scottsdale Unified School District <sup>(1)</sup>	2,557	4	1.15%	2,583	3	2.03%
General Dynamics Mission Systems	2,475	5	1.12%	1,945	6	1.53%
Axon	1,752	6	0.79%			
Mayo Clinic	1,559	7	0.70%	1,851	7	1.45%
Fairmont Scottsdale Princess	1,413	8	0.64%			
CVS Health	1,250	9	0.56%	2,800	2	2.20%
Nationwide	1,134	10	0.51%	1,800	8	1.41%
McKesson Corporation				1,350	9	1.06%
Yelp				1,000	10	0.79%
<b>Total</b>	<b>25,482</b>		<b>11.51%</b>	<b>24,359</b>		<b>19.13%</b>

**Source:** City of Scottsdale, Economic Development Department communications with employers, July 2025.

<sup>(1)</sup>Scottsdale Unified School District has administrative offices and some schools outside of Scottsdale city limits. 2025 numbers only report Scottsdale-based employees.

City of Scottsdale, Arizona  
Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Table XX

Function	2016	2017	2018 <sup>(1)</sup>	2019 <sup>(2)</sup>	2020 <sup>(3)</sup>	2021	2022	2023	2024 <sup>(4)</sup>	2025
General Government										
Mayor and City Council	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
City Clerk	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Attorney	53.5	53.5	53.5	63.5	63.5	63.5	63.5	63.5	63.5	63.5
City Auditor	6.0	6.0	6.0	6.5	6.5	6.5	6.8	6.8	6.8	6.8
City Court	58.5	58.5	58.5	58.5	61.0	60.0	60.0	60.6	60.6	60.6
City Manager	7.2	7.2	16.2	17.2	25.3	24.2	26.2	26.7	9.2	13.7
City Treasurer	89.8	86.7	86.7	101.7	102.7	102.5	102.5	102.5	106.5	105.5
Public Works	205.8	206.8	210.8	210.8	237.0	238.2	241.5	243.7	249.7	250.7
Community and Economic Development	185.1	186.6	179.6	182.2	126.3	127.3	128.3	130.7	137.4	137.4
Public Safety	942.7	936.7	937.7	952.7	963.1	971.7	971.9	993.4	1,001.4	1,055.9
Community Services	469.6	474.6	476.7	476.9	511.2	502.5	505.0	502.3	508.6	510.1
Administrative Services	123.6	125.1	124.1	102.1	95.5	97.5	100.0	104.0	133.0	133.0
Water/Sewer Utilities	211.3	213.3	214.5	215.9	217.9	215.9	217.9	220.9	223.4	244.4
Airport	14.5	14.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Solid Waste	90.8	92.8	92.8	96.8	96.4	96.4	99.4	101.4	106.4	106.4
<b>Total</b>	<b>2,475.4</b>	<b>2,479.3</b>	<b>2,489.6</b>	<b>2,517.3</b>	<b>2,538.9</b>	<b>2,538.7</b>	<b>2,555.5</b>	<b>2,588.9</b>	<b>2,638.9</b>	<b>2,720.5</b>

Source: The City of Scottsdale's Budget Department.

<sup>(1)</sup>Effective fiscal year 2018, Citizen Services was moved from Community and Economic Development to City Manager.

<sup>(2)</sup>Effective fiscal year 2019, Purchasing was moved from Administrative Services to City Treasurer, and Risk Management was moved from City Treasurer to City Attorney.

<sup>(3)</sup>Effective fiscal year 2020, Communications was moved from Administrative Services to City Manager, Emergency Management was moved from City Manager to Public Safety, Transportation was moved from Community and Economic Development to Public Works, and WestWorld was moved from Community and Economic Development to Community Services.

<sup>(4)</sup>Effective fiscal year 2024, Communications and Government Relations was moved from City Manager to Administrative Services.

City of Scottsdale, Arizona  
 Operating Indicators by Division<sup>(1)</sup>  
 Last Ten Fiscal Years

Table XXI

Division	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Government</b>										
<i>City Attorney</i>										
% of cases resolved at first court appearance (arraignment)	39%	35%	35%	35%	28%	20%	27%	27%	29%	32%
<i>City Auditor</i>										
# of reports performed	13	13	15	14	11	14	13	10	12	12
<i>City Clerk</i>										
# of legal postings	1,000	1,067	1,033	946	950	912	882	1,017	981	1,237
# of minutes	61	56	70	63	59	63	67	70	64	70
<i>City Court</i>										
Charges filed/ charges adjudicated (resolved)	100,920/ 92,993	100,092/ 85,295	95,301/ 84,602	83,471/ 78,390	88,444/ 77,118	74,419/ 65,915	96,471/ 83,783	96,157/ 88,418	91,958 / 88,677	90,577 / 81,588
<i>City Treasurer</i>										
# of Accounts Payable payments issued <sup>(2)</sup>	31,648	31,268	32,074	30,401	29,206	28,051	29,205	29,399	46,904	47,760
# of customer contacts (utilities and licensing)	190,422	195,819	256,784	140,915	96,201	101,694	104,226	125,589	126,983	146,780
# of Purchasing purchase orders <sup>(3)</sup>	5,078	5,143	4,989	4,984	4,725	4,356	4,205	4,217	4,199	4,070
<i>City Manager</i>										
% of survey respondents rating the "Overall Quality of Life in Scottsdale" as good to excellent <sup>(4)</sup>	No Survey	96%	No Survey	96%	No Survey	97%	No Survey	95%	No Survey	91%
% of survey respondents rating "Your Neighborhood as a Place to Live" as good to excellent <sup>(4)(5)</sup>	No Survey	93%	No Survey	97%	No Survey	94%	No Survey	92%	No Survey	93%
Total ad value equivalency generated <sup>(6)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Acres of land acquired for inclusion in the McDowell Sonoran Preserve	0	420	0	0	0	0	0	0	0	0
% increase of Neighborhood Watch groups annually	5%	5%	2%	7%	1%	2%	4%	10%	21%	4%
<b>Administrative Services</b>										
<i>Human Resources</i>										
Citywide turnover <sup>(7)</sup>	9.6%	8.1%	9.8%	9.3%	10.7%	9.5%	20.4%	16.1%	12.7%	12.8%
HR operating cost as a % of city payroll	1.1%	1.2%	1.3%	1.2%	1.2%	1.2%	1.0%	1.1%	1.0%	1.3%
<i>Information Technology</i>										
# of SPAM emails blocked (monthly) from being delivered to the city (An average of 30 seconds per email is expended by staff)	2,686,000	2,117,633	1,512,355	1,026,016	2,032,000	820,000	1,562,340	1,670,481	364,000	1,486,674
Annual disk storage size (DAS, NAS, and SAN) (Terabytes)	58.6	67.2	82.8	86.9	98.3	103.5	114.0	159.0	162.0	179.5

(continued)

City of Scottsdale, Arizona  
 Operating Indicators by Division<sup>(1)</sup>  
 Last Ten Fiscal Years

Table XXI

Division	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Community Services</b>										
<i>Preserve</i>										
McDowell Sonoran Preserve Annual Visitors – All trailheads	706,682	698,090	732,510	747,000	936,000	992,000	882,669	870,000	815,000	820,120
<i>Parks and Recreation</i>										
# of square feet of medians and rights of way maintained	22,913,730	22,827,842	22,968,631	22,897,463	22,897,463	23,261,040	23,283,195	23,283,195	30,313,634	30,313,634
<i>WestWorld</i>										
# of special events at WestWorld <sup>(8)</sup>	51	55	49	46	30	48	35	42	45	41
<b>Community and Economic Development</b>										
<i>Planning and Development Services</i>										
Customer wait-time (in minutes) at One Stop Shop	12	15	13	14	13	7	5	4	5	5
Provide applicant with pre-application meeting within 30 days of submitting request.	95%	100%	99%	99%	100%	100%	100%	100%	100%	100%
% of inspections performed within 24 hours of the request	98%	98%	98%	98%	99%	99%	99%	100%	100%	98%
# of new Code Enforcement cases processed per year	13,781	13,797	12,594	13,676	12,358	12,076	11,226	12,251	9,941	21,131
<i>Economic Development</i>										
Targeted job creation - # of companies/# of jobs	9 / 1,183	14 / 1,019	12 / 1,852	14 / 1,531	9 / 603	7 / 1,005	9 / 769	12 / 797	5 / 1,063	5 / 730
<i>Tourism</i>										
Hotel/Motel average occupancy rate	67.9%	75.1%	69.1%	70.2%	55.6%	47.1%	61.9%	66.1%	65.0%	65.1%
# of Downtown special events coordinated	277	174	173	155	129	43	188	182	161	174
<i>Aviation</i>										
Scottsdale Airport - takeoffs and landings	162,535	164,622	166,425	176,677	191,284	192,185	155,092	167,641	171,539	164,443
<b>Public Safety</b>										
<i>Police</i>										
# of calls for service <sup>(9)</sup>	233,531	268,767	271,438	267,923	272,696	238,349	255,691	229,060	217,993	216,850
Achieve the standard of six minutes or less for response to emergency calls for service (includes medical and accident-related calls)	5:12	4:48	4:57	5:05	5:36	5:24	5:36	6:04	6:07	5:46
Percent of Emergency Calls Answered within 10 seconds (Target 91% of the time)	91%	93%	98%	94%	88%	91%	92%	85%	88%	87%
<i>Fire</i>										
Total incidents	35,098	36,407	36,877	37,750	37,456	37,317	41,353	40,675	37,940	38,960
Responses per capita	0.15	0.16	0.15	0.15	0.15	0.14	0.17	0.17	0.16	0.16
Travel time (enroute to onscene)	4:32	4:37	4:46	4:52	5:16	5:29	5:21	5:23	5:21	5:23

(continued)

City of Scottsdale, Arizona  
 Operating Indicators by Division<sup>(1)</sup>  
 Last Ten Fiscal Years

Table XXI

Division	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Public Works</b>										
<i>Public Works</i>										
Facility inventory maintained (square feet) <sup>(10)</sup>	2,925,697	2,925,697	2,925,697	2,961,661	2,978,196	2,978,196	3,012,519	3,044,769	2,960,169	3,000,722
# of active Capital Projects managed by CPM	155	150	161	180	185	190	196	171	173	151
<i>Solid Waste</i>										
# of homes serviced by Residential Refuse Collection	81,187	81,665	82,236	82,711	83,189	83,680	83,993	84,905	84,976	85,186
# of citizens serviced annually by Household Hazardous Waste collection program	3,345	2,770	2,509	2,629	2,426	2,393	2,581	2,449	2,594	2,503
<i>Transportation and Street Operations</i>										
Actions to improve safety and efficiency of traffic flow (signal timing changes and traffic control and speed limit studies) <sup>(11)</sup>	6,638	9,737	8,697	4,748	2,176	2,657	2,780	3,783	5,239	3,684
Total citywide transit ridership <sup>(12)</sup>	2,297,323	2,186,424	2,178,152	1,933,249	1,501,663	646,306	644,306	828,029	858,955	955,664
<b>Water Resources</b>										
Water Service Connections	89,596	90,172	90,817	91,279	91,802	92,590	93,027	93,402	93,788	94,087
Drinking Water Supplied (million gallons per day)	67.5	67.0	70.9	66.3	67.6	74.0	67.7	65.8	68.7	71.8
Reclaimed Water Supplied (million gallons per day)	9.1	11.6	12.2	11.9	11.6	12.0	11.1	12.7	12.3	11.9
Sewer Service Connections	80,202	80,704	81,306	81,841	82,320	82,834	83,268	83,792	84,276	84,691
Sewage Treated (million gallons per day)	20.5	21.4	22.1	22.1	21.6	22.2	22.8	22.0	21.5	21.1
# of water meters read annually	1,078,500	1,085,590	1,072,498	1,099,164	1,099,085	1,110,050	1,112,651	1,121,844	1,123,745	1,128,072

Source: The City of Scottsdale's Budget department and applicable city divisions.

- <sup>(1)</sup>This presentation is consistent with the organizational structure approved as part of the fiscal year 2025 Budget.
- <sup>(2)</sup>Effective fiscal year 2022 the # of Accounts Payable payments issued figure presented includes all electronic payments.
- <sup>(3)</sup>Effective fiscal year 2019 the # of Purchasing purchase orders was moved from Administrative Services to City Treasurer to align with an organizational change made by the City Manager.
- <sup>(4)</sup>The complete results for the most recent survey, as well as archived copies of prior year surveys can be found at <https://www.scottsdaleaz.gov>, search "Survey".
- <sup>(5)</sup>Effective fiscal year 2020 the percentage of survey respondents rating "Your Neighborhood as a Place to Live" as good to excellent was moved from Administrative Services to City Manager to align with an organizational changes.
- <sup>(6)</sup>Effective fiscal year 2012 established more appropriate performance measures for the Communications Department activities and products (ad value equivalency). City ceased tracking this statistic effective fiscal year 2016.
- <sup>(7)</sup>Effective fiscal year 2022 the increase in the citywide turnover rate is due to a methodology change.
- <sup>(8)</sup>Effective fiscal year 2020 the # of special events at WestWorld was moved from Community and Economic Development to Community Services to align with an organizational change made by the City Manager.
- <sup>(9)</sup>Measure is for the prior calendar year end, rather than fiscal year end.
- <sup>(10)</sup>3.4 million square feet from fiscal year 2015 was calculated manually. The city hired a consultant who completed a building inventory in fiscal year 2016. Square footage was recalculated based on actual measurements.
- <sup>(11)</sup>The statistic for "Actions to improve safety and efficiency of traffic flow (signal timing changes and traffic control and speed limit studies)" has decreased due to implementation of predefined special timing plans in response to special events, construction, and accidents. Prior to fiscal year 2019, signal timing was changed from cycle to cycle when needed during special events, construction, or accidents based on observations.
- <sup>(12)</sup>Effective fiscal year 2020 total citywide transit ridership was moved from Community and Economic Development to Public Works to align with an organizational change made by the City Manager.

City of Scottsdale, Arizona  
 Capital Asset Statistics by Function  
 Last Ten Fiscal Years

Table XXII

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Police Vehicles	344	344	343	343	341	344	352	355	365	368
Fire Stations	15	15	15	15	15	15	15	15	15	15
Highways and Streets										
Square Yards of Pavement <sup>(1)</sup>	21,036,767	21,023,295	21,046,327	20,071,109	19,933,597	20,080,026	20,080,026	20,080,026	20,080,025	20,430,847
Equivalent 12' Wide Lane Miles	2,877	2,846	2,990	2,851	2,831	2,852	2,852	2,801	2,852	2,902
Traffic Signals	307	295	296	296	308	311	315	314	320	337
Culture and Recreation										
Parks	42	42	42	42	42	43	44	44	45	46
Parks Acreage	975	975	975	975	975	975	982	982	1,116	1,116
Aquatic Centers	4	4	4	4	4	4	4	4	4	4
Tennis/Pickleball Courts	64	64	64	70	70	70	72	72	74	74
Community Centers	6	6	6	6	6	6	6	6	6	6
Water										
Water Mains (miles)	2,094	2,102	2,117	2,124	2,133	2,143	2,148	2,152	2,167	2,167
Fire Hydrants	11,052	11,135	11,213	11,301	11,375	11,480	11,582	11,622	11,676	11,677
Sewer										
Sanitary Sewers (miles)	1,452	1,456	1,468	1,483	1,505	1,513	1,520	1,524	1,538	1,539
Storm Sewers (miles)	285	309	316	325	330	337	342	347	358	361

Source: City of Scottsdale's divisions.

<sup>(1)</sup> Pavement sq yards that does not include alleys (230,935) and parking lots (819,875) and streets not maintained by the city.