



CITY OF SCOTTSDALE
1951 - 2021

VOLUME ONE

BUDGET SUMMARY

**City of Scottsdale
FY 2021/22 Budget**

Adopted FY 2021/22 Budget

City of Scottsdale, Arizona

Volume One

Budget Summary



City Council

David D. Ortega, Mayor

Betty Janik, Vice Mayor

Tammy Caputi

Tom Durham

Kathy Littlefield

Linda Milhaven

Solange Whitehead

Administrative Staff

Jim Thompson, City Manager

Sonia Andrews, City Treasurer

Bill Murphy, Assistant City Manager

Brent Stockwell, Assistant City Manager

Judy Doyle, Budget Director

Sylvia Dlott, CIP Budget Manager

Ana Lia Johnson, Operating Budget Manager

Amy Foster, Systems Integrator

Alan Lothson, Sys. Integration Supervisor

Megan Lynn, Sr. Budget Analyst

Keith Marquis, Sr. Budget Analyst

Rennie Melarkey, Budget Analyst

Adam Samuels, Sr. Budget Analyst

FY 2021/22 Adopted Budget – Volume One

Budget Summary

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Bennie Gonzales with Model of Civic Center
Courtesy of the Scottsdale Historical Society and Scottsdale Public Library

Celebrating 70 Years of Simply Better Service for a World-Class Community

A lot has changed in 70 years, but one thing remains the same: Scottsdale’s commitment to Simply Better Service for a World Class Community. Scottsdale’s mayor and six council members govern the city. Along with 2,549 employees, 2,154 volunteers and 159 board and commission members, they serve more than 240,000 residents.

This annual report provides an overview of the City of Scottsdale’s priorities, strategic initiatives, and performance measures. It is organized around the six strategic goals the city uses to achieve its mission. If you have comments or suggestions on how we can improve this document, please contact the City Manager’s Office: 480-312-2800 | citymanager@ScottsdaleAZ.gov



Value Scottsdale’s Unique Lifestyle and Character

Scottsdale honors the past while embracing the future



Scottsdale residents continue to enjoy a high quality of life.

Overall Quality of Life



Percent rating positively (excellent/good)
Source: 2020 Scottsdale Community Survey

Learn more at ScottsdaleAZ.gov, search “survey”

Highlighted Accomplishments

- Scottsdale’s Tourism and Events Department created micro-events in partnership with local Old Town businesses as part of Scottsdazzle and Western Week programming. This was to keep attendance under the 50-person pandemic threshold, while still delivering the western charm. The micro-events proved to be so successful that staff will continue providing these offerings into the future.

Looking Forward

- The Scottsdale General Plan 2035 will be on the November 2021 ballot for a public vote. The City Council unanimously adopted the plan in June 2021, which was developed working with a citizen review committee, city boards and commissions, city-wide public outreach with residents, and public hearings.

Scottsdale Timeline

1951

Scottsdale incorporated

1955

Spring training comes to Scottsdale

1968

City Hall and Civic Center Library open

1969

World’s first automated garbage pickup with a truck named “Godzilla”



Seek Sustainability

Scottsdale strives to conserve and sustain our desert community

Highlighted Accomplishments

- The Scottsdale Fire Department created a new inspection program to reduce wildland fires related to new construction.
- Scottsdale diverted 27 percent of recyclables collected from residential curbside recycling program from landfills through public outreach, educational programs, and technology. Residents can find more information by searching “Know Before you Throw” at ScottsdaleAZ.gov to ensure proper disposal of recyclables.

Looking Forward

- Scottsdale is partnering with Arizona State University to engage the public and develop a Sustainability Plan to be adopted by the City Council by the end of 2022.
- The Scottsdale Water Resources Division plans to expand the Residential Outdoor Efficiency Checks program and integrate it into the customer WaterSmart portal to facilitate better customer water management and efficiency.



Godzilla Automated Garbage Truck | 1969

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

Actual bills may vary based on actual usage and size of property.
Source: City of Tempe 2021



\$70
Chandler



\$92
Scottsdale



\$94
Average



\$132
Mesa



Preserve Meaningful Open Space

Scottsdale values our desert and green spaces

Highlighted Accomplishments

- The Scottsdale Parks and Recreation Department replaced playgrounds, resurfaced with wood fiber wood chips, and added shade structures at Rio Montana, Comanche, Shoshone, and Zuni Parks.
- Scottsdale, along with the Preserve Commission, are gathering public input to develop and refine recommendations for the City Council regarding land acquisition, trailhead and trail master plans, and other projects impacting preserve operations.



McDowell Sonoran Preserve established | 1994

Looking Forward

- Construction of the Pima Dynamite Trailhead will be completed in Fall 2021, which will include a community celebration event.



Learn more at ScottsdaleAZ.gov, search “preserve”

1971

Indian Bend Wash project begins

1975

McCormick-Stillman Railroad Park opens

1985

Fire sprinkler ordinance enacted

1995

Citizens approve first sales tax to acquire land for McDowell Sonoran Preserve



Advance Transportation

Scottsdale provides and maintains an outstanding transportation system

Highlighted Accomplishments

- 2,632,878 square yards of pavement on our city streets were treated, resulting in extended lifespan and deferred maintenance costs. This was coordinated with pavement maintenance projects to install 7.8 new bike lane miles, 7.4 buffered bike lane miles and 3.4 wider bike lane miles to improve rider comfort through greater separation from vehicles and to increase on-street active transportation options.

Looking Forward

- The Scottsdale Transportation and Streets Department is planning a comprehensive evaluation of the city's transit system to help in achieving ridership goals, on-time performance and improve efficiencies through potential route changes.



McDowell Road construction grading | 1970

SCOTTSDALE EZ

Reporting Issues is EZ, ScottsdaleEZ

Residents made 36,899 requests using ScottsdaleEZ. The number one request? Residential container repair. Have a broken recycling container or other issues? Report it at ScottsdaleAZ.gov, search "EZ."



Enhance Neighborhoods

Scottsdale commits to create thriving present and future neighborhoods

Highlighted Accomplishments

- The city leveraged new CARES Act and other funding sources to approve nearly \$3.9 million in emergency rent and mortgage assistance through Vista del Camino's Community Action Program (CAP) office.
- Scottsdale Library launched a virtual branch called Pegasus for digital resource access and Pony Express @ Appaloosa to allow patrons to use the Appaloosa Library without library staff.
- Scottsdale had an impressive 86 percent voter turnout for the 2020 General Election, with 76 percent of Scottsdale residents being registered to vote.

Looking Forward

- Construction of the Bell Road Sports Complex will be completed in time for a "soft opening" in December 2021, prior to the Barrett-Jackson Collector Car Auction and the Waste Management Phoenix Open in 2022.



5:24 minutes average police response time



5:29 minutes average fire response time



Fire Department public education and outreach connected with 15,264 people



Scottsdale libraries welcomed more than 285,000 visitors



12 volunteers with Vista del Camino & Paiute Neighborhood Centers



16,706 food boxes provided at senior and community centers

Note: Reduced library and community center service due to COVID-19.

2005

Scottsdale Fire Department created (prior fire service contracted)

2008

SkySong, the ASU Scottsdale Innovation Center opens

2013

Tony Nelson Equestrian Center opens at WestWorld

2021

David D. Ortega takes office as Scottsdale's 12th mayor



Support Economic Vitality

Scottsdale prioritizes economic and fiscal health

Highlighted Accomplishments

- The City of Scottsdale launched a small business training program for Scottsdale businesses impacted by the COVID-19 pandemic, which included 14 small business training sessions and one-on-one assistance. This is in addition to the over 20,000 virtual sessions offered on the ChooseScottsdale.com website.

Looking Forward

- The Scottsdale Airport will complete the runway rehabilitation project, which will remove and replace existing asphalt pavement for the full length, reconstruct the runway shoulders and blast pads, and relocate edge lighting to meet Federal Aviation Administration standards.



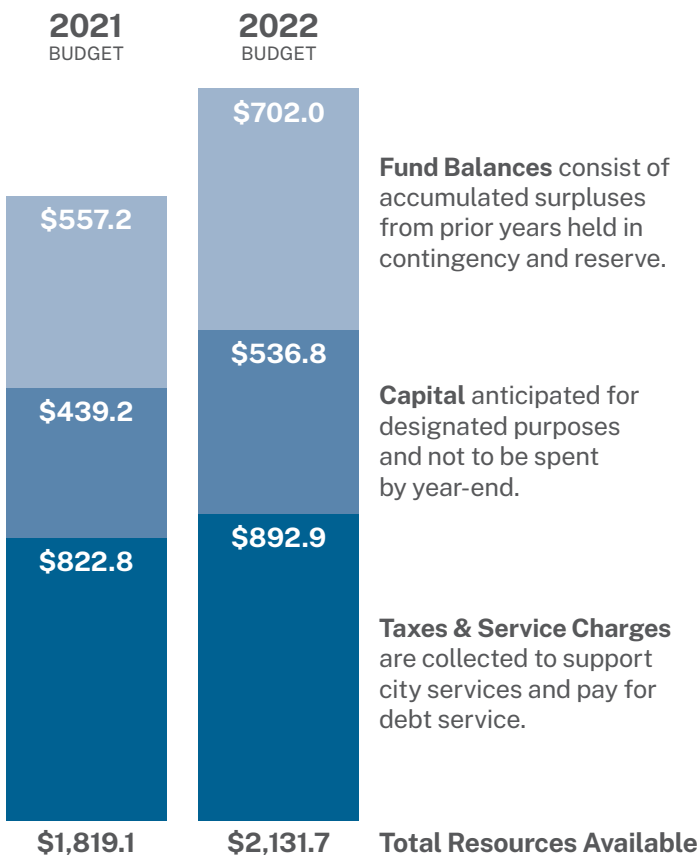
Scottsdale Airport Aerial View | 1970

Resources and Expenses

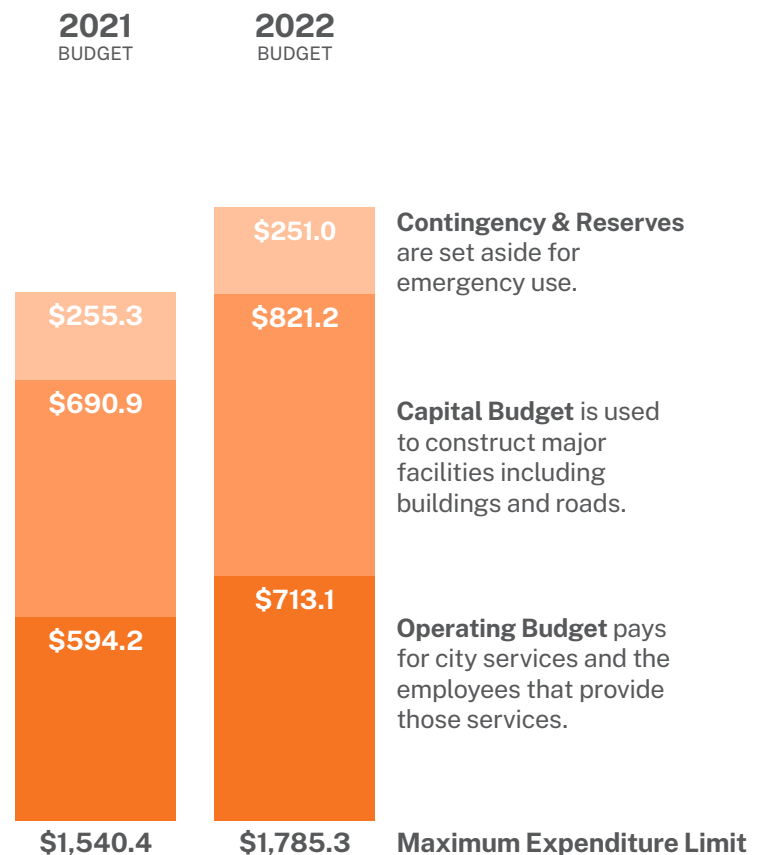
Scottsdale is required by law to adopt a budget each year and cannot spend more than that total amount. This includes all city funds for the fiscal year ending June 30. These numbers were adopted by the City Council in June 2021. The city’s financial statements are audited annually by an independent auditor. The most recent audit for 2020 received a clean opinion.

The FY 2020/21 budget was designed to weather the financial difficulties brought on by the COVID-19 pandemic. However, the city has emerged on solid financial footing. While continuing to be conservative, the focus of the FY 2021/22 budget is to make progress in returning the city’s economy to its pre-COVID-19 levels.

Resources (in millions of dollars)



Expenses (in millions of dollars)

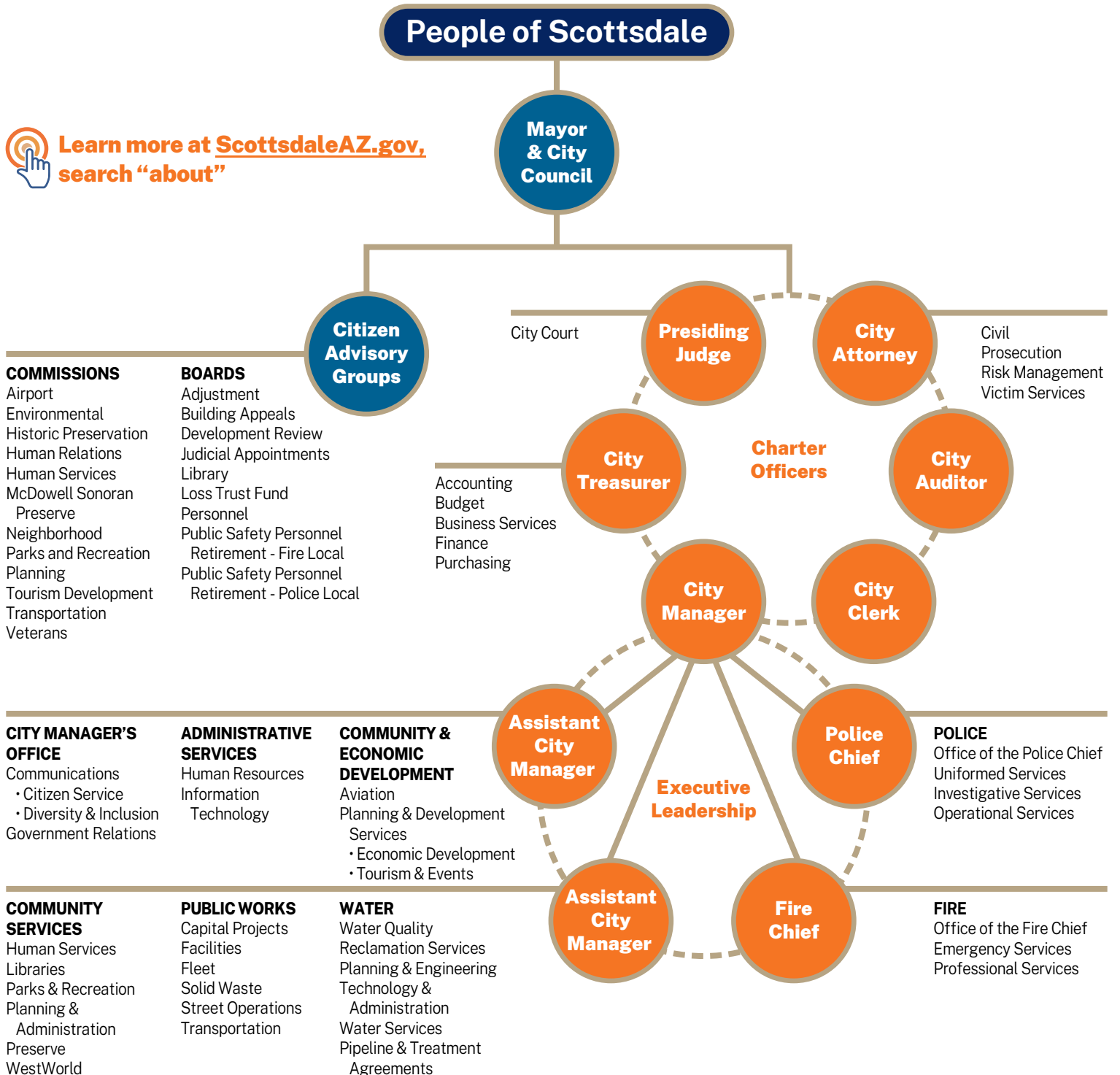


[Learn more at ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search “budget”

Some numbers may not add correctly due to rounding.

An Introduction to Our Leadership

Scottsdale celebrated its 70th anniversary in 2021. The voter-approved City Charter established the Council Manager form of government, which combines the strong political leadership of elected officials with the professional experience of an appointed local government manager.



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

Scottsdale City Council

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



Mayor David D. Ortega

Mayor David D. Ortega began his term of office in January 2021. He is focused on safeguarding public health and safety; maintaining Scottsdale's family-friendly neighborhoods; protecting the McDowell Sonoran Preserve and strengthening Scottsdale's world-renowned reputation. As mayor, he is committed to equal rights for all, responsive city government and adoption of citizen-driven General Plan 2035 to support economic vitality. Mayor Ortega is a registered Arizona architect and designed many landmark buildings in Old Town Scottsdale. He is a graduate of the University of Arizona and was an apprentice architect to Bennie Gonzales FAIA, the award-winning designer of Scottsdale City Hall, Civic Center Library and Scottsdale Center for the Performing Arts. Throughout his life, Mayor Ortega has served on numerous city, county and state commissions, and on many civic and nonprofit organizations including serving as a Scottsdale City Councilman from 2000 to 2004, on the Scottsdale Downtown Architectural Guidelines Committee, Scottsdale Development Review Board, the State of Arizona School Facilities Board and the Governor's Latino Advisory Council. He is a member of the American Institute of Architects, Scottsdale Leadership and Friends of the Scottsdale Library. He is a past president of the Scottsdale Sunrise Rotary Club. Mayor Ortega and his wife, Rosemary Gannon, have been married for 40 years. They live in the Park Scottsdale neighborhood near Saguaro High School where they raised their children Alexandra and Luke.

DOrtega@ScottsdaleAZ.gov • 480-312-2433



**Councilwoman
Betty Janik**

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

awarded in international publication. Thereafter she took time off to start a family. She taught math and science for nearly 10 years at both the middle school and high school levels in the Denver area. After relocating to Scottsdale, she has served in many volunteer roles including as the past treasurer of Protect Our Preserve and past president of the Board of the Coalition for Greater Scottsdale. She and her husband, Joe, a pediatric surgeon (now retired), have been married for 48 years. They have three grown children, all physicians, and eight delightful grandchildren.

BJanik@ScottsdaleAZ.gov • 480-312-2374



**Councilmember
Linda Milhaven**

Linda Milhaven began serving on the Scottsdale City Council in January 2011 and was re-elected to a third term that began in January 2019. She has served in numerous volunteer capacities including Chair of the Board of Trustees of the Scottsdale Cultural Council, Chair of the Board of the Scottsdale Area Chamber of Commerce and Chair

of the Board of the Better Business Bureau. She was a member of Class VIII of Scottsdale Leadership and in 2009 earned their Frank B. Hodges Alumni Achievement Award. As part of her 30 year banking career, she was a community bank president in Scottsdale from 1993 to 2005. Councilwoman Milhaven graduated from Paradise Valley High School. She holds a Bachelor of Arts degree in Psychology from Wellesley College in Wellesley, Massachusetts, and a Masters in Business Administration from Columbia University in New York.

LMilhaven@ScottsdaleAZ.gov • 480-312-7454



**Councilmember
Tom Durham**

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

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

TDurham@ScottsdaleAZ.gov • 480-312-7456



**Councilwoman
Tammy Caputi**

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

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

TCaputi@ScottsdaleAZ.gov • 480-312-7402



**Councilwoman
Kathy Littlefield**

Kathy Littlefield began her second term on the Scottsdale City Council in January 2019. She has 25 years of financial and management experience. She co-founded (with her husband Bob Littlefield, who served three terms on the Scottsdale City Council from 2002 to 2015) and continues to manage a successful Scottsdale-based

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

KLittlefield@ScottsdaleAZ.gov • 480-312-7412



**Councilwoman
Solange Whitehead**

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

engineering. She is an accomplished businesswoman, currently working in the real estate field. She served 10 years as executive director of the Environmental Fund for Arizona and in that capacity was named Arizona Wildlife Federation's "Arizona Conservationist of the Year" in 2009. Councilwoman Whitehead is a former Scottsdale McDowell Sonoran Preserve Commissioner, proudly helped lead the monumental effort to pass Proposition 420 in November 2018 and provided funding for the initial 3D Printer Lab at Scottsdale Community College. She and her husband Mike have three grown children and spend a lot of time outdoors.

SWhitehead@ScottsdaleAZ.gov • 480-312-7423

Charter Officers

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



Jim Thompson
City Manager
JThompson@ScottsdaleAZ.gov
480-312-2800



Sherry R. Scott
City Attorney
SScott@ScottsdaleAZ.gov
480-312-2405



Sharron Walker
City Auditor
SWalker@ScottsdaleAZ.gov
480-312-7756



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



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



Joseph Olcavage
Presiding Judge
JOlcavage@ScottsdaleAZ.gov
480-312-2442

Highlighted Recognition

Scottsdale Water awarded \$1.5 million sustainability grant.

Scottsdale Water – the city's municipal water and sewer utility – has been awarded a \$1.5 million grant from the U.S. Bureau of Reclamation to support the city's long-term water supply sustainability program. The highly competitive WaterSMART Water and Energy Efficiency Grant provides funding for projects that "result in quantifiable and sustained water savings, increase the production of hydropower or support broader water reliability benefits." Scottsdale was awarded the grant to support construction of its Aquifer Storage and Recovery (ASR) Well Field Project, which will enable the city to recharge a portion of its Colorado River surface water allocation received through the Central Arizona Project (CAP) into aquifers within the city's service area.

Neighborhood Advisory Commission recognizes the people that embody the Spirit of Scottsdale.

The Spirit of Scottsdale awards, sponsored by the city's Neighborhood Advisory Commission, recognize people and places that embody the spirit of our community by preserving, improving, and strengthening neighborhoods. The 2020 Group/Organization Winner was the small group of dedicated volunteers that form the Parada del Sol Committee, who work hundreds of hours each year to ensure this tradition continues. The 2020 Individual Winner honored Dana Close, whose efforts led to the City Council prioritizing the redevelopment of the McDowell Road Corridor. To showcase the improved neighborhood, Dana created the annual Scottsdale Home Tour events.

Scottsdale celebrates staff through Employee Awards.

The City of Scottsdale recognizes outstanding performance and commitment in the annual Employee Awards Program. The winners were among 531 employees nominated in several categories. The Thanks to You award, which recognizes employees for providing such excellent service that residents contacted the city to say thank you, went to Denise Plug. Denise responded quickly to residents' concerns of a destroyed monument. Vincent Durazo took home the Showing Caring and Compassion for Others award. Vincent went above and beyond to ensure a truck-loving young resident always got to see his weekly recycling pick up. It comes as no surprise that The People's Choice Award went to the COVID-19 IT Response team, who ensured the city's 2500+ employees were quickly set up and supported with technology allowing them to work remotely in just a few weeks. These highlight just a few of the 53 employees and group of volunteers honored this year.



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

Welcome to Scottsdale, Arizona

A World-Class Community

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

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

Scottsdale was founded by Army Chaplain Winfield Scott in 1888 but was not incorporated until 1951 when Scottsdale was a small community of 2,021 residents situated on about two square miles of land. Today, Scottsdale has more than 240,000 residents enjoying the rich diversity of experiences offered within the city's 185 square miles.



Scottsdale Civic Center



Lunch program at Granite Reef Senior Center



Scottsdale Leadership 35th Anniversary Exhibit



Paddle board yoga at McDowell Mountain Ranch Aquatic Center



Hiking on the Gateway Loop Trail



Work Hard, Play Hard

Business

Scottsdale is one of the state’s leading job centers with a robust economy anchored by bio-life science companies, high-tech innovation, financial services, tourism and corporate headquarters. More than 25,000 companies do business in Scottsdale, supplying roughly 200,000 jobs. SkySong, the ASU Scottsdale Innovation Center, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale’s downtown, Old Town Scottsdale, is an emerging center for high-tech businesses. To the north, the Scottsdale Airpark is the city’s largest employment area, and the Scottsdale Cure Corridor is a partnership of premier health care providers and biomedical companies.

Tourism

With great weather, fantastic 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 and resorts, restaurants and spas. That activity adds up to big business. The annual economic impact of Scottsdale visitors is estimated at \$3.3 billion dollars. Visitors generate more than \$55 million dollars of annual tax revenue—representing about one in every five city tax dollars.

Special Events

Every January through March, Scottsdale captures the national spotlight with an eclectic mix of sport and cultural events that draw hundreds of thousands of spectators and millions of television viewers. Scottsdale resorts annually host Fiesta Bowl teams and Old Town becomes a focal point for pep rallies and fan parties. The Barrett-Jackson Collector Car Auction headlines a week of automotive attractions and becomes the star of more than 40 hours of live television coverage. The Waste Management Phoenix Open unfolds at Tournament Players Club Scottsdale, featuring more national TV coverage and the largest, loudest galleries in golf. The Scottsdale Arabian Horse Show — among the largest horse shows in the nation — and Scottsdale’s festive Parada del Sol Parade and Rodeo follow later. In March, Major League Baseball takes center stage. Old Town Scottsdale serves as the spring home of the San Francisco Giants and makes the city a home base for visiting fans and media from across the nation.



Scottsdale Top Attractions



1. Pinnacle Peak Park



2. Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



3. TPC Scottsdale



4. WestWorld



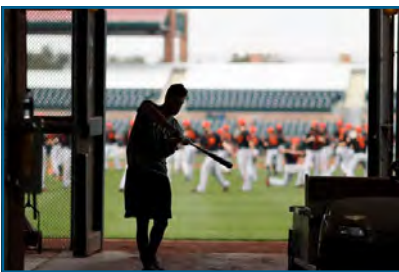
6. McCormick-Stillman Railroad Park



8. Scottsdale Fashion Square



10. Scottsdale Historical Museum



12. Scottsdale Stadium



5. Scottsdale Airport/Airpark



7. Indian Bend Wash Greenbelt



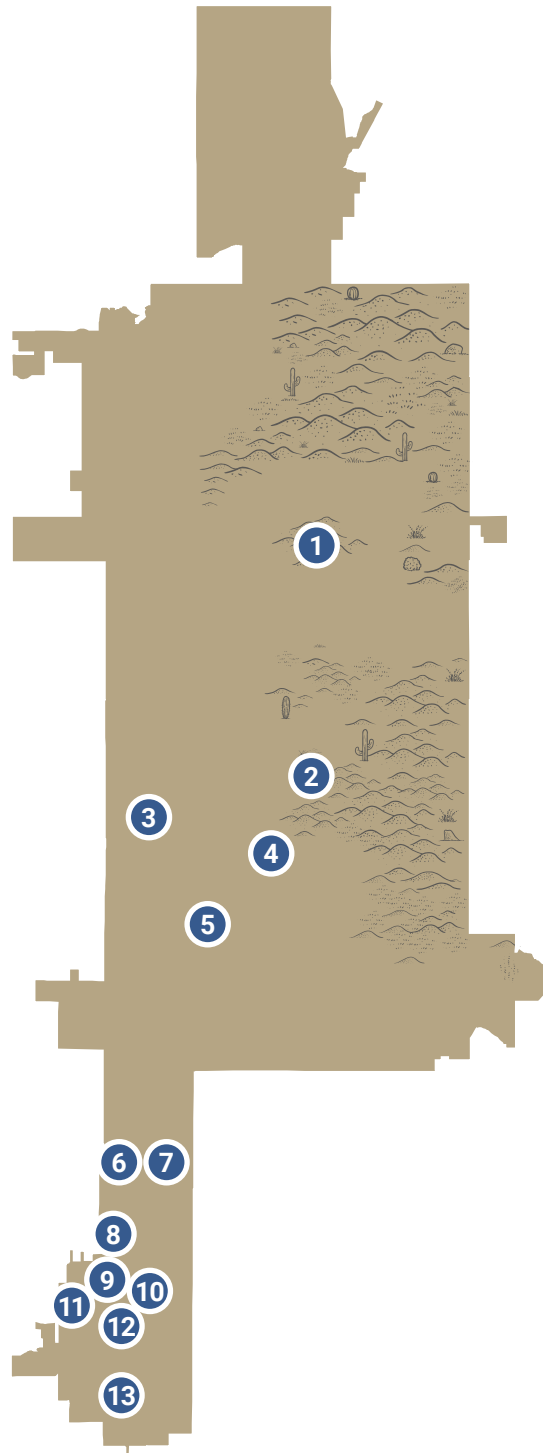
9. Old Town Scottsdale



11. Scottsdale's Museum of the West



13. SkySong





WestWorld Gallops Ahead of the Rest

WestWorld captured the 2020 Facility of the Year Award in a national contest sponsored by The League of Agricultural & Equine Centers. This award recognizes not only one of the best event facilities in the nation, but it also demonstrates a commitment to safety and community service that makes Scottsdale a world-class community.

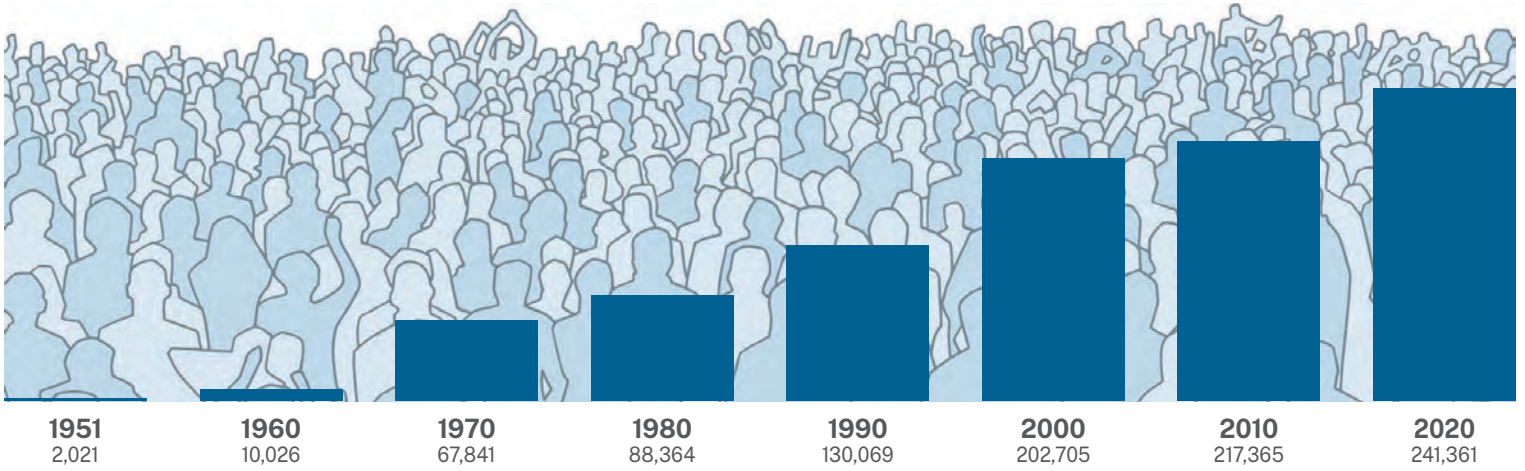
WestWorld is nestled on 386 acres of pristine desert at the base of the McDowell Mountains. It encompasses more than 300,000 square feet of exhibition space that offers unlimited possibilities for event producers and planners. The facility hosts horse shows, auto auctions, expos, concerts and more. Annual major events hosted at WestWorld included the Barrett-Jackson Collector Car Auction, Scottsdale Arabian Horse Show, International Motorcycle Show, Good Guys Car Show and International Sportsmen's Expo. With such a flexible space, WestWorld often hosts multiple events at once and boasts 531 days of special events last year alone!

What all can you do at WestWorld? Run with the herd at a horse show. Prepare your needles for the Quilt, Craft, and Sewing Festival. Find treasures at the Junk in the Trunk Vintage Market. You can even spend the night in WestWorld's RV park. Congratulations to WestWorld for standing out in a class of its own; you could call this facility "WestWorld-Class!"

 [Learn more at WestWorldAZ.com](https://www.westworldaz.com)



Scottsdale by the Numbers: A Demographic Summary



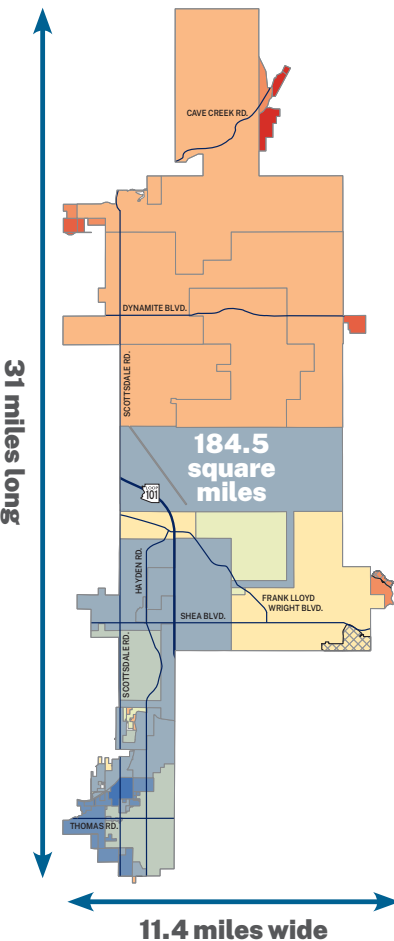
Source: U.S. Census (2020)

Scottsdale is the 45th largest city in the U.S. by area.

Source: U.S. Census and City of Scottsdale (2010)

Nearly 5,000 people directly serve the residents of Scottsdale.

Source: U.S. Census (2020) and City of Scottsdale



Scottsdale's Municipal Land Area History

Source: City of Scottsdale long range planning services

Annexation Year

- 2000 - Current
- 1990 - 1999
- 1985 - 1989
- 1980 - 1984
- 1975 - 1979
- 1970 - 1974
- 1965 - 1969
- 1960 - 1964
- 1952 - 1959
- 1951
- DE-ANNEXATION

6 Council Members

1 Mayor

**SCOTTSDALE'S
241,361
CITIZENS
ARE SERVED BY**

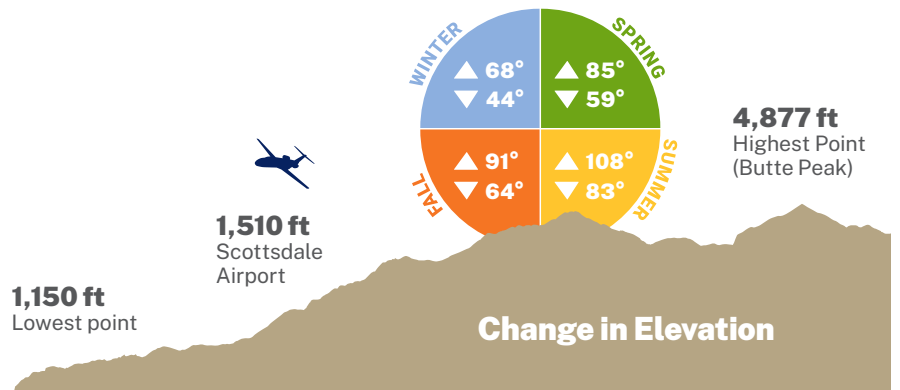
159 Board & Commission Members

2,549 Employees

2,154 Volunteers

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

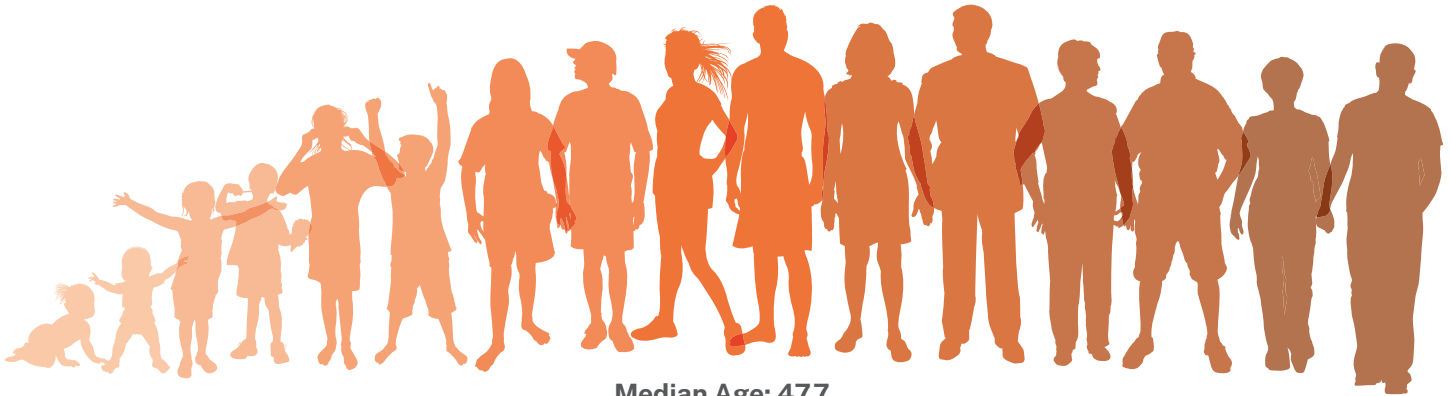
Source: City of Scottsdale and Scottsdale Airport Weather Station (2020-21)



Scottsdale Residents

Scottsdale's median age of 47.7 is almost 10 years older than the U.S. median age of 38.1.

Source: U.S. Census (2015-2019 ACS)

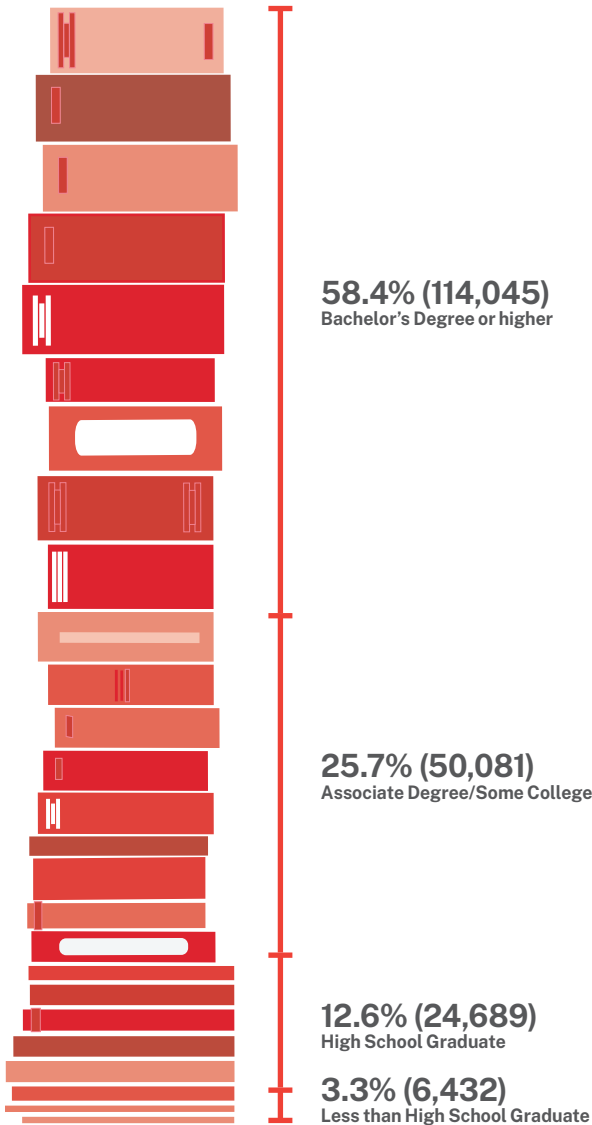


Median Age: 47.7



Nearly 4 out of 7 Scottsdale adults have earned a bachelor's degree or higher.

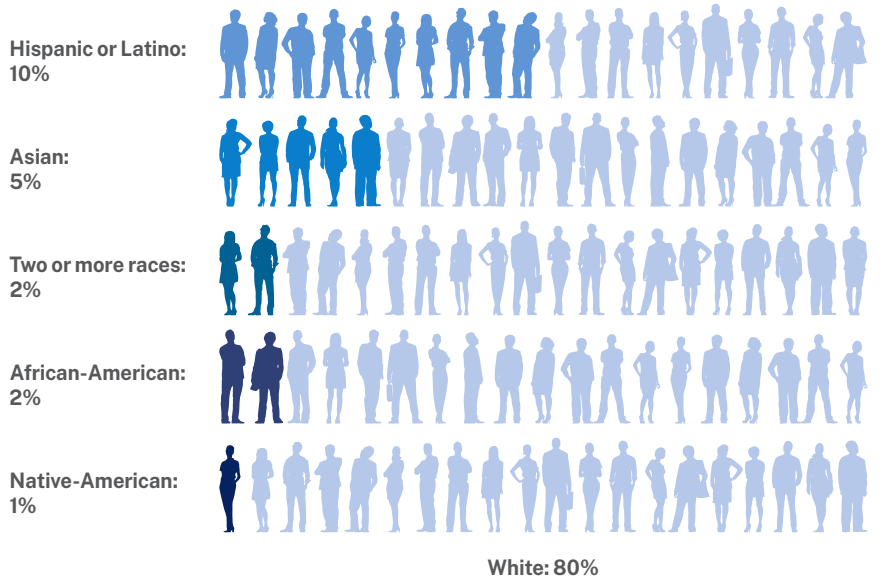
Source: U.S. Census (2015-2019 ACS)



195,247 Population
25 years & older

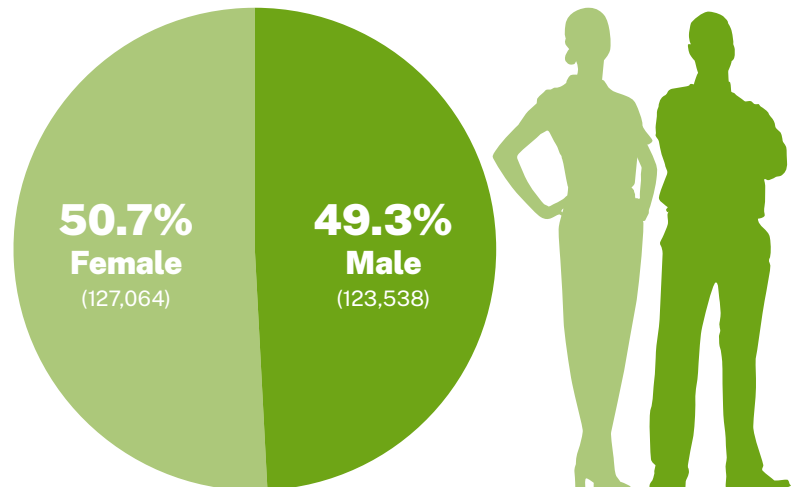
One in five Scottsdale residents is a person of color.

Source: U.S. Census (2015-2019 ACS)



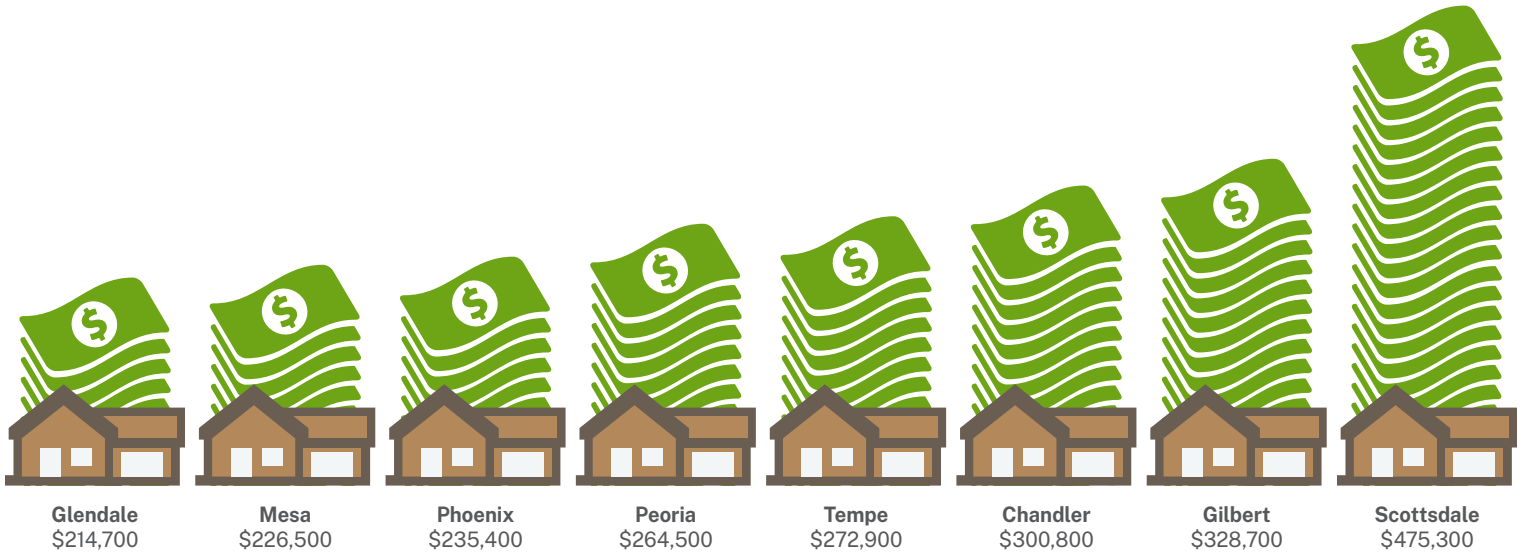
There are slightly more women than men in Scottsdale.

Source: U.S. Census (2015-2019 ACS)



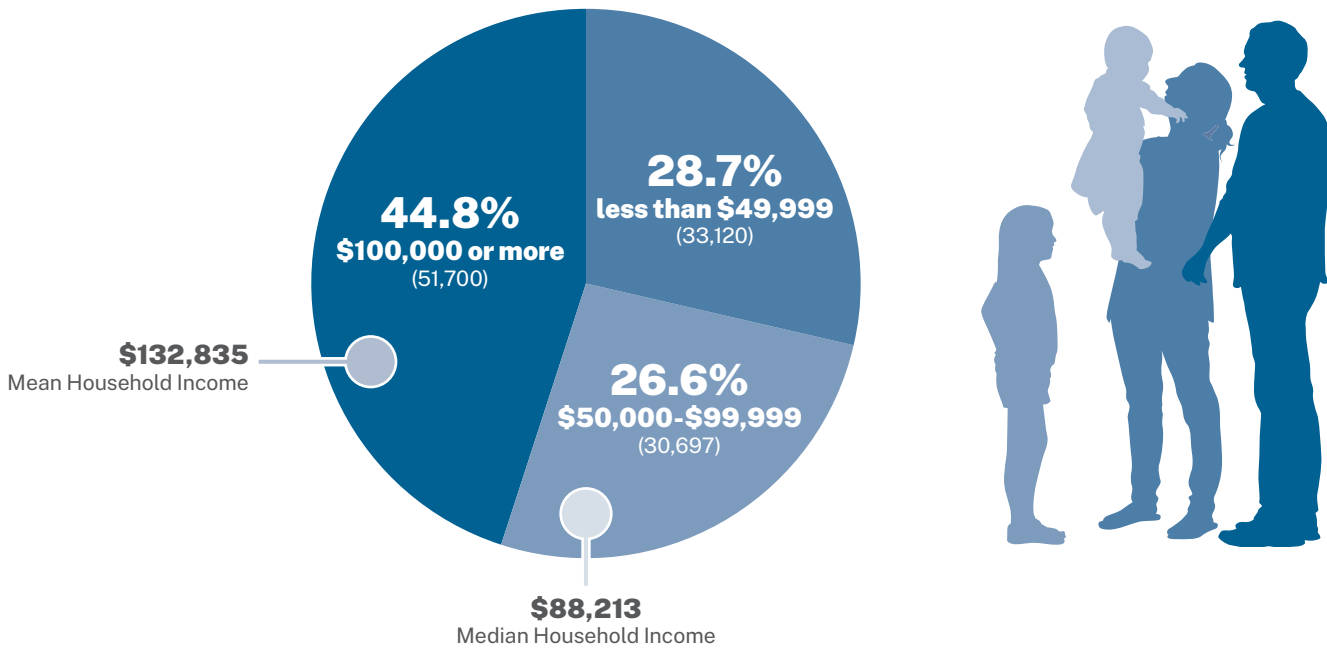
Scottsdale has the highest median housing price of any of the large Valley cities.

Source: U.S. Census (2015-2019 ACS)



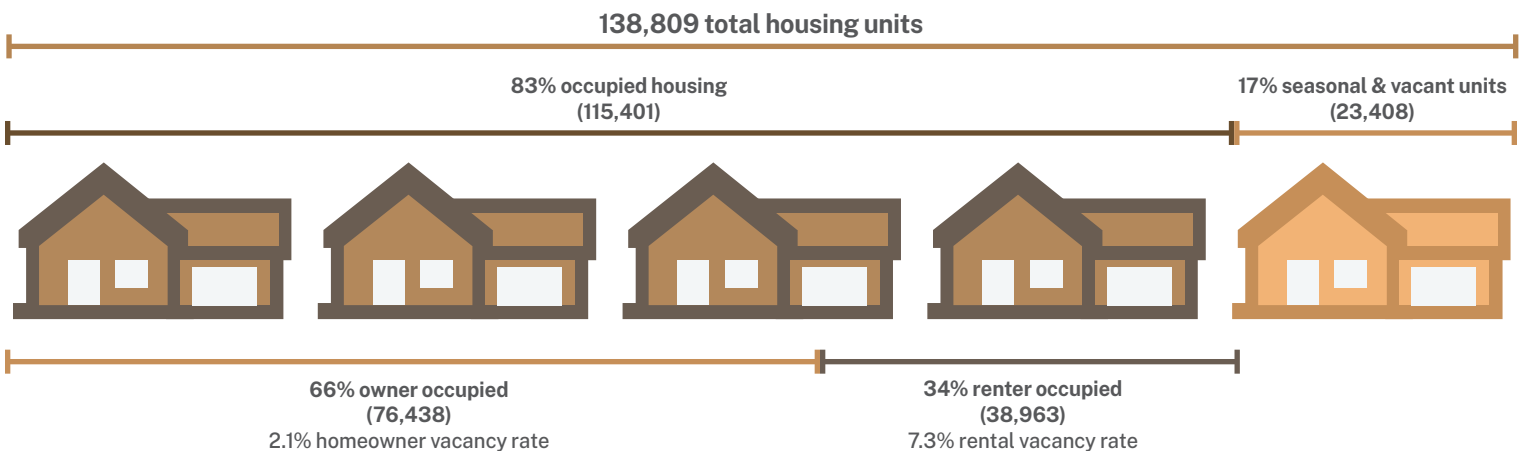
More than 40 percent of Scottsdale households make more than \$100,000 a year.

Source: U.S. Census (2015-2019 ACS)



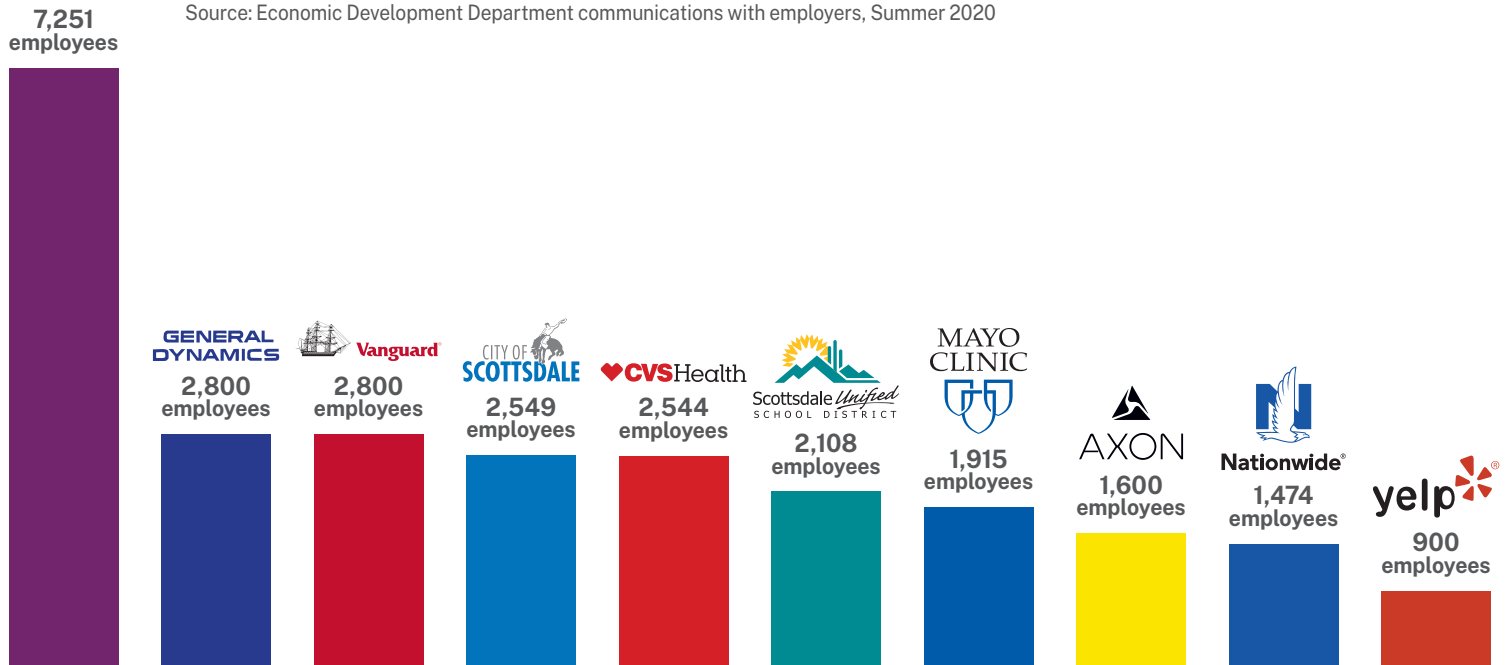
The majority of housing units in Scottsdale are owner occupied.

Source: U.S. Census (2015-2019 ACS)



Health care, finance and technology firms lead the list of large employers.*

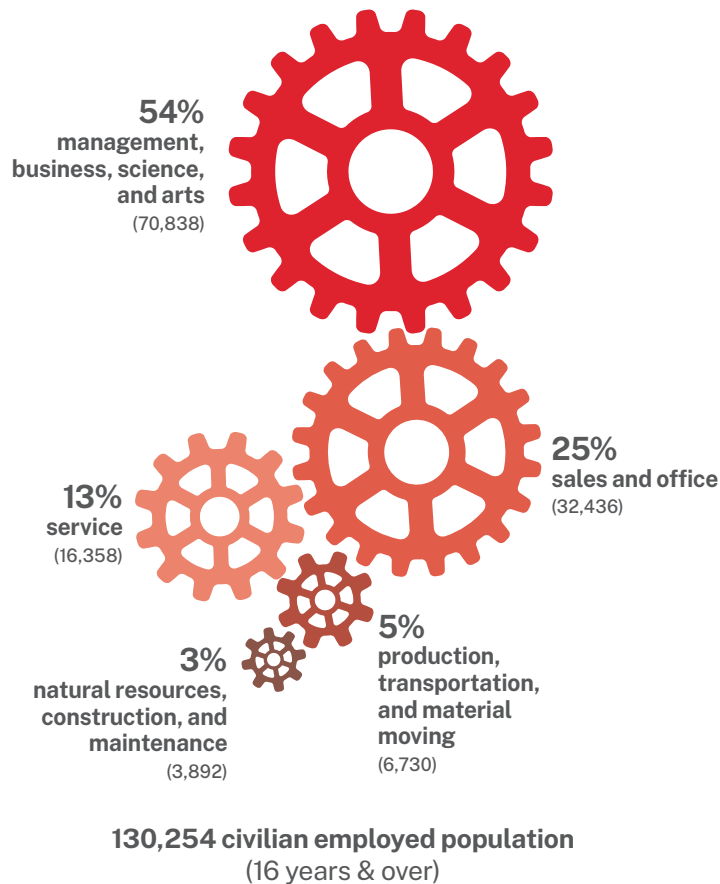
Source: Economic Development Department communications with employers, Summer 2020



* Excludes grocers, convenience stores and traditional retail stores.

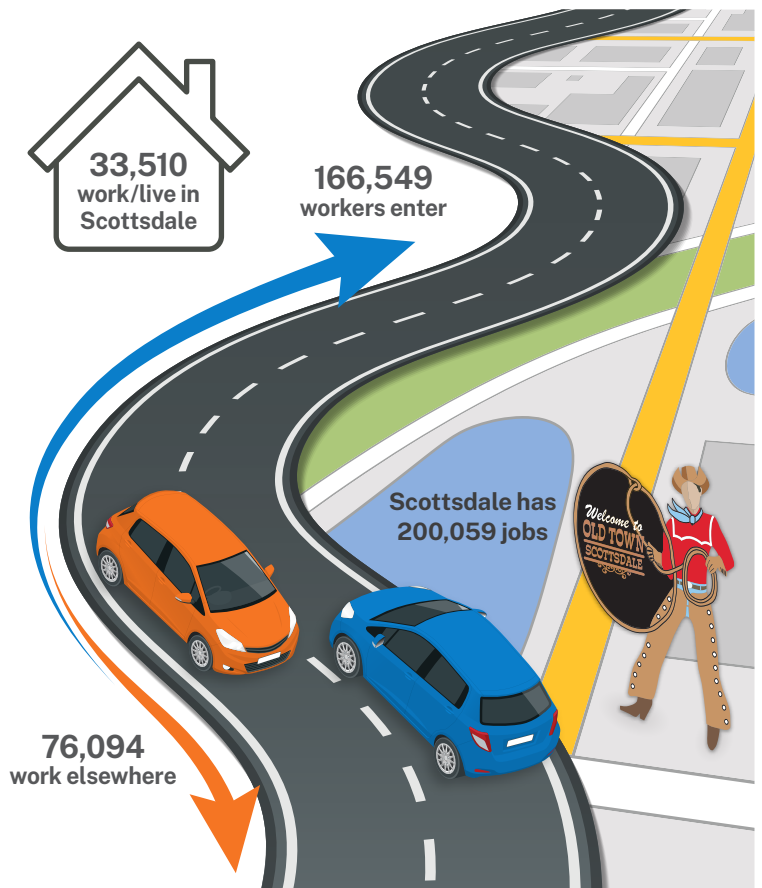
Most Scottsdale residents work in management or office jobs.


Source: U.S. Census (2015-2019 ACS)



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

Source: U.S. Census Inflow/Outflow Analysis 2018



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

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



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



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

8 WATER FACILITIES

74 MILLION GALLONS OF DRINKING WATER DELIVERED DAILY

52 SOLID WASTE TRUCKS

1,513 MILES OF SANITARY SEWERS

2,143 MILES OF WATER MAINS

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

4 POLICE STATIONS

344 POLICE VEHICLES

15 FIRE STATIONS

40 FIRE RESPONSE VEHICLES

311 TRAFFIC SIGNALS

2,852 LANE MILES OF ROADS

11,480 FIRE HYDRANTS

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

43 PARKS

30,500 ACRES OF PRESERVE LAND

11 TRAILHEADS AND 232 MILES OF NON-MOTORIZED TRAILS IN THE PRESERVE

975 TOTAL ACRES

37 PLAYGROUNDS

5 URBAN LAKES

68 ATHLETIC FIELDS

39 BASKETBALL COURTS

3 OFF-LEASH AREAS

4 AQUATIC FACILITIES

35 VOLLEYBALL COURTS

27 PICKLEBALL & RACQUETBALL COURTS

5 SPRAY FEATURES

2 SKATE PARKS

49 TENNIS COURTS 2 TENNIS CENTERS

1 BASEBALL STADIUM

1 RAILROAD PARK

3 EQUESTRIAN FACILITIES

129 MILES OF PAVED PATHWAYS, 151 UNPAVED

2 SENIOR CENTERS

6 COMMUNITY CENTERS

4 PUBLIC LIBRARIES

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



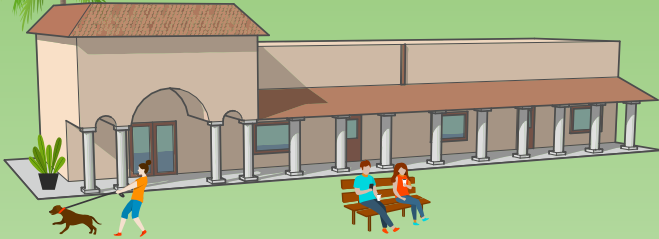
52 HOTELS
9,164 ROOMS



1 AIRPORT



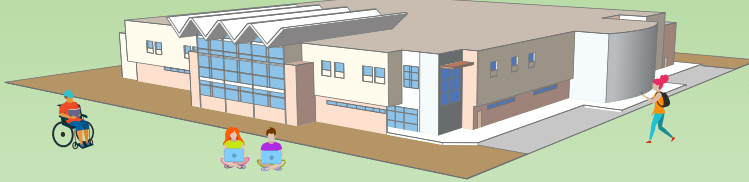
25,000 COMPANIES DOING BUSINESS IN SCOTTSDALE



7 MUSEUMS **107 ART GALLERIES & ART DEALERS**

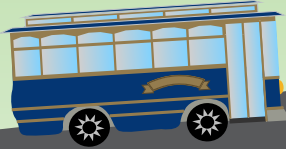


37 PUBLIC SCHOOLS
25,800 ENROLLMENT



868 RESTAURANTS

4 FREE TROLLEY ROUTES

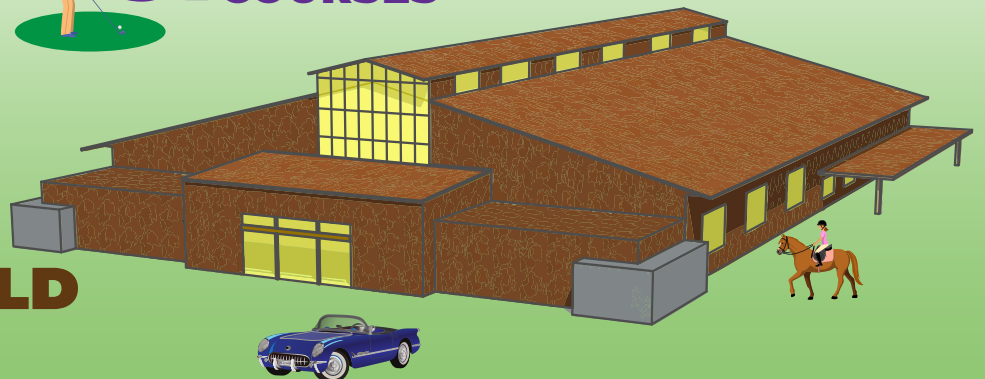


11 BUS ROUTES

51 GOLF COURSES



531 DAYS OF SPECIAL EVENTS AT WESTWORLD



The Capital Improvement Plan consists of the projects the city needs to build, repair, expand or maintain to serve the community. A five-year CIP is developed and updated annually, including anticipated funding sources. \$821 million has been approved for capital improvements, with an estimated \$284 million to be spent in the upcoming fiscal year 2021/22 based on the projected pace of project completion. These projects address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources, including many directly funded by the city’s voters through a recent bond election.

Notable capital improvement projects completed during FY 2020/21 and planned for the upcoming FY 2021/22 are highlighted below.

Transportation

Transportation programs focus on providing for the safe, efficient, and affordable movement of people and goods. This program meets this goal by attempting to offer real transportation choices in a way that meets the needs of the community. In 1989, voters authorized a 0.2 percent privilege tax to fund transportation operations and improvements. In 2004, voters approved a 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction. This program looks for the best use of these funding sources and addresses the multi-modal concept. In 2018, voters approved a 0.1 percent privilege tax for a period of ten years for transportation improvement projects.

Highlighted Accomplishment

- Transportation completed several small projects in FY 2020/21 including turn lane improvements, roadway safety improvements and bike lane improvements.

Looking Forward

- Construction will begin on several large projects including on Raintree Drive from Scottsdale Road to Hayden Road, Pima Road from Pinnacle Peak Road to Happy Valley Road and on Happy Valley Road from Pima Road to Alma School Road.



Bicyclists on multiuse path

Service Facilities

Service Facilities focus on coordinating land use and infrastructure planning within the context of financial demands and available resources. These programs achieve this goal through the renovation of current facilities and technology needs necessary for the efficient and effective operations of the city.

Highlighted Accomplishment

- The construction of building retrofits to the vehicle service bays at the North Corporation Yard was completed to allow for the inside servicing of vehicles powered by compressed natural gas. These retrofits keep the building and its occupants safe in the event of a CNG leak from one of the vehicles while it is being serviced.

Looking Forward

- The first phase of an Energy Savings Performance Contract will be started. This contract will assess city facilities and make recommendations for energy efficiency measures to be made within these facilities.



Public Safety

Public Safety programs focus on enhancing and protecting a diverse, family-oriented community where neighborhoods are safe. This goal is met by providing fire and police stations, training facilities and automation systems related to fire and police operations.

Highlighted Accomplishment

- Fire Stations 603 and 616 were relocated to better serve the community and improve emergency response times. Fire Station 603 serves the communities and resorts in the northern area of Indian Bend Wash. Fire Station 616 provides emergency response coverage to nearly 19 square miles in the far northern section of Scottsdale.

Looking Forward

- Design will continue to advance on three projects renovating and reconstructing a large portion of the existing Tom Hontz Public Safety Training Facility.



Drainage / Flood Control

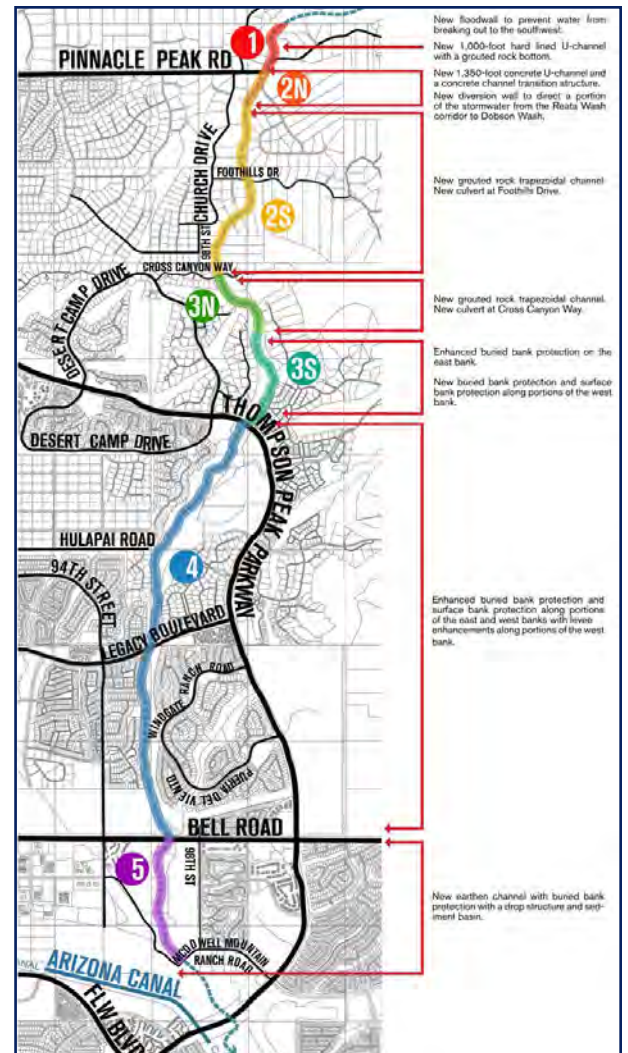
Drainage / Flood Control focuses on protecting a diverse, family-oriented community where neighborhoods are safe and well maintained by preventing property damage from flooding. This program achieves these goals through flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished through the use of detention basins, culvert and channel projects, and a program of neighborhood drainage improvements.

Highlighted Accomplishment

- Construction was completed on a new trapezoidal channel, energy dissipating structure and large diameter storm drains to help collect and convey storm water runoff from north of the 101 Freeway in the vicinity of Hayden Road around the City of Scottsdale Water Campus and south to the Bureau of Reclamation retention basins within the TPC Golf Course. These improvements provide significant protection for the CrossRoads East area and surrounding lands.

Looking Forward

- The Reata Wash flood control project will continue through the design phase by completing 30 percent of the design plans and a Conditional Letter of Map Revision submittal to the Federal Emergency Management Agency (FEMA) for review. Once approved, the project will begin to move toward a 100% design and public outreach.



Preservation

Preservation focuses on preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the McDowell Sonoran Preserve for the purpose of maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. The 1998 election expanded the recommended study boundary from the original 12,876 acres to about 30,500 acres. The 2004 election provided an additional revenue stream (0.15 percent sales tax rate increase) as well as the bonding capacity (\$500 million) that continues to provide authority to carry on preservation efforts.

Highlighted Accomplishment

- Construction was completed on small trail segments throughout the Preserve along with access control measures in several locations.

Looking Forward

- Construction will be completed for the new Pima-Dynamite Trailhead located on the northeast corner of Pima Road and Dynamite Road.



Water Management

Water Management focuses on coordinating land use and infrastructure planning within the context of financial demands and available resources. The program achieves this goal by delivering safe, reliable water and providing water reclamation services. This program also reflects the city's commitment to federal and state regulations.

Highlighted Accomplishment

- The Thomas Groundwater Treatment Facility was put into service. This facility is a reverse osmosis facility that treats a side stream of water from the adjacent Central Groundwater Treatment Facility. The added RO treatment will eliminate complex water blending plans, enhance groundwater availability and reduce the hardness in the water.

Looking Forward

- Water Resources will continue to monitor its system and identify and complete maintenance activities including both water and wastewater treatment plan upgrades and enhancements, water storage reservoir inspections and repairs and the inspection and repair of its sewer systems.



Community Facilities

Community Facilities programs focus on enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained. These recreational needs are met by providing recreation facilities, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers.

Highlighted Accomplishment

- **Bond 2019 – Project 10 – Replace Tennis Court Surfaces at Indian School Park and Scottsdale Tennis Center.** This project reconstructed 23-year old asphalt tennis courts with new post-tensioned concrete courts. This upgrade will save an estimated \$3 to \$4 million in maintenance and repair costs over the 30-year life of the new courts.

Looking Forward

- **Bond 2019 – Project 1 – Replace Aging Infrastructure and Improve Public and Event Space on Civic Center Plaza.** This project will design and reconstruct the Scottsdale Civic Center Plaza as the community’s signature special event and public gathering space while maintaining the park-like environment that residents enjoy year-round. Plans include an “event ready” venue with an iconic stage structure and construction is anticipated to begin late this fall.



Indian School Park tennis courts



Scottsdale Ranch Park tennis courts



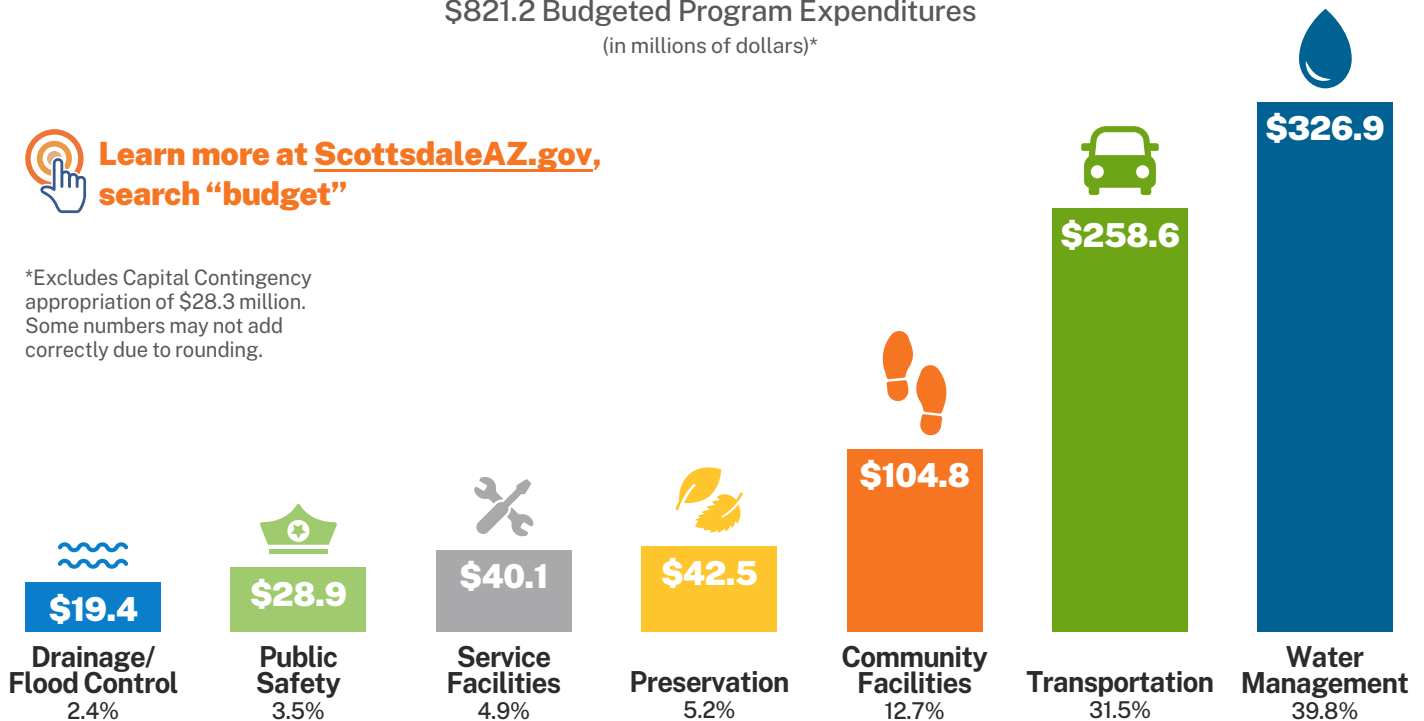
Master plan of Scottsdale Civic Center

FY 2021/22 Adopted Capital Improvement Plan

\$821.2 Budgeted Program Expenditures
(in millions of dollars)*

 **Learn more at ScottsdaleAZ.gov, search “budget”**

*Excludes Capital Contingency appropriation of \$28.3 million. Some numbers may not add correctly due to rounding.



COVID-19 Changed Everything: How did Scottsdale Respond?

Scottsdale city staff have remained on the frontlines throughout this ongoing public health emergency. With a thoughtful and coordinated response, Scottsdale has confronted this crisis and continues to work through constantly changing circumstances and challenges. The city is fortunate to have received one-time federal resources through the CARES Act, meaning many of the highlighted pandemic services did not come from the general fund.

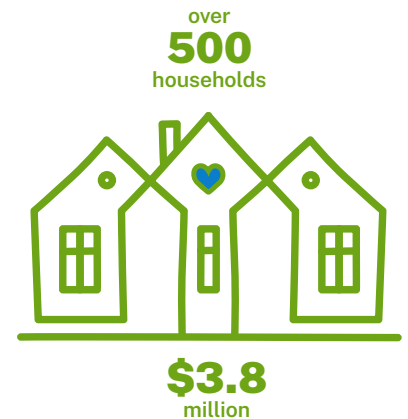
This report is a short summary of the way the City of Scottsdale reacted, responded and is rebuilding as we remain in the grip of the COVID-19 pandemic. Regardless of how it evolves in the months ahead, the city is ready to handle it with the flexibility and strength we have developed since March 2020.

Caring for Vulnerable Citizens

The pandemic affected everyone – but the public health crisis rapidly created severe personal and family impacts in the form of job loss and housing uncertainty for many in the community. Scottsdale’s Human Services team, assisted by other city departments and partner organizations, stepped in to care for people in our community.

Here are just a few of their efforts:

- In Fiscal Year 2020/21, the team at Scottsdale’s Vista del Camino Community Center managed six COVID-19 rent and mortgage programs, qualifying more than 500 households for over \$3.8 million in emergency assistance.
- The team also managed six utility assistance programs, through which residents who fell behind on utility payments received nearly \$790,000 throughout the fiscal year
- In addition, they provided a full array of assistance programs, including help finding jobs for those who lost work as businesses closed. After coming to the center feeling stressed and frustrated, this resident got the help he needed through the Vista Career Center – afterward, he left this voicemail:



“Just got hired for a really good job. I wanted to call and say thank you for all your help and support and everyone that works in that building has been great. I cannot thank you enough.”

- Senior citizens in Scottsdale were among those most affected – with higher levels of vulnerability to COVID-19, many rapidly became isolated and lost access to vital services. Senior Center staff quickly worked to provide meals and home wellness visits and went even further, creating ways for seniors to connect with others through group phone calls, virtual programs and daily exercise videos to keep seniors active.



Supporting the Business and Social Infrastructure of the Community

Lockdowns and restrictions, while necessary to control the pandemic, were immediately and especially impactful on small restaurants and shops which comprise most of the 16,000 businesses registered in Scottsdale. The city created a handful of different programs in partnership with other organizations to promote and assist small businesses and arts organizations so they could weather the storm and continue to serve their vital roles in the community. Here are some highlights:

over
1,000
hours



over
400
businesses

Scottsdale launched the Small Business Assistance Center on April 7, 2020. This virtual “one stop shop” for businesses seeking support programs and resources was created and administered by Economic Development and additionally staffed by five employees redeployed from other departments. The center is still operating and has provided more than 1,000 hours of assistance to more than 400 businesses.

200
businesses &
organizations



over
625K
dollars

Scottsdale also created a Small Business Reimbursement Program through which businesses can be reimbursed for supplies and equipment required to safely operate – nearly 200 businesses and organizations received more than \$625,000 in reimbursements and assistance.



150
free banners
to businesses

Scottsdale Good to Go! During the initial stages of the pandemic, **the Economic Development department partnered with the Scottsdale Area Chamber of Commerce to provide free banners to 150 businesses**, providing immediate high visibility for those able to remain open to serve the community.

over
\$1.1
million



A variety of different **arts and culture non-profit organizations serving Scottsdale were awarded grants totaling more than \$1.1 million** to support safely reopening to provide programs and services for the community.



Serving on the Frontlines Throughout the Pandemic

This report proudly highlights many ways the City of Scottsdale served the community during the pandemic. In dozens of areas city staff pivoted to serve in new ways – the situation demanded creativity and flexibility.

As important as it is to recognize these accomplishments, the bulk of the city organization simply continued to serve 24/7 on the frontlines without much fanfare. Scottsdale Fire and Police, Water, Solid Waste, Parks, Building Safety and many other city operations did not change what they did – they simply continued to do it, day after day, despite the danger and fear that COVID-19 brought.

There are few specific statistics or accomplishments that illustrate this work, but these city leaders offered these thoughts about the unwavering commitment of city employees:



“Throughout the pandemic, the Scottsdale Police Department continued to serve the community with excellence and compassion. I am profoundly grateful to our tireless and committed sworn and professional staff for their efforts during this unprecedented time in our history. We were creative and innovative in providing personnel safety through technology where possible, and by making sure protective equipment was there for those working face-to-face with the public. It was far from easy - the pandemic brought increased stress on the community and our staff - but we persevered through the professionalism and commitment of our team.”

Jeff Walther, Police Chief

“While many city operations were able to shift to telework, Scottsdale Water continued to serve the community with more than 200 frontline workers, treatment operators, lab technicians and support staff. These professionals treated, tested and delivered an average of over 71 million gallons a day of clean, safe drinking water and collected, treated, and recycled over 23 million gallons a day of sewage. This frontline service allowed residents and customers to shelter and work from home without a worry about their water and wastewater systems.”

Brian Biesemeyer, Scottsdale Water Executive Director



“The reality is you can’t perform maintenance on a fire truck, pick up the garbage, fix potholes or repair traffic signals by telecommuting – we’ve got well over 200 field employees in Public Works, including Solid Waste, Fleet, Facilities, and the field crews in Transportation and Streets, who came into work every day from day one of the pandemic. Despite all the challenges - the team never missed a beat. Demand for many of our services increased but we continued to provide the great service our customers have come to expect.”

Dan Worth, Public Works Executive Director



“I am immensely proud of the men and women of the Scottsdale Fire Department for continuing to care for our citizens and visitors with the highest degree of professionalism despite the threat of exposure and illness to themselves by this dreaded disease. Scores of our staff have contracted the virus in the course of their duties – and we all remain vigilant to maintain our capabilities in serving the community.”

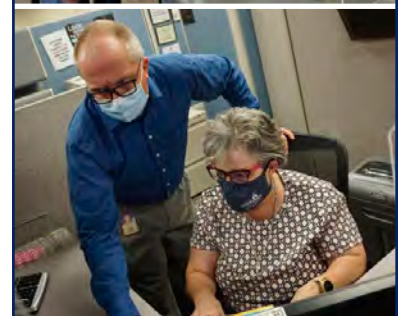
Tom Shannon, Fire Chief



Supporting a Healthy Scottsdale as We Build a More Resilient Community

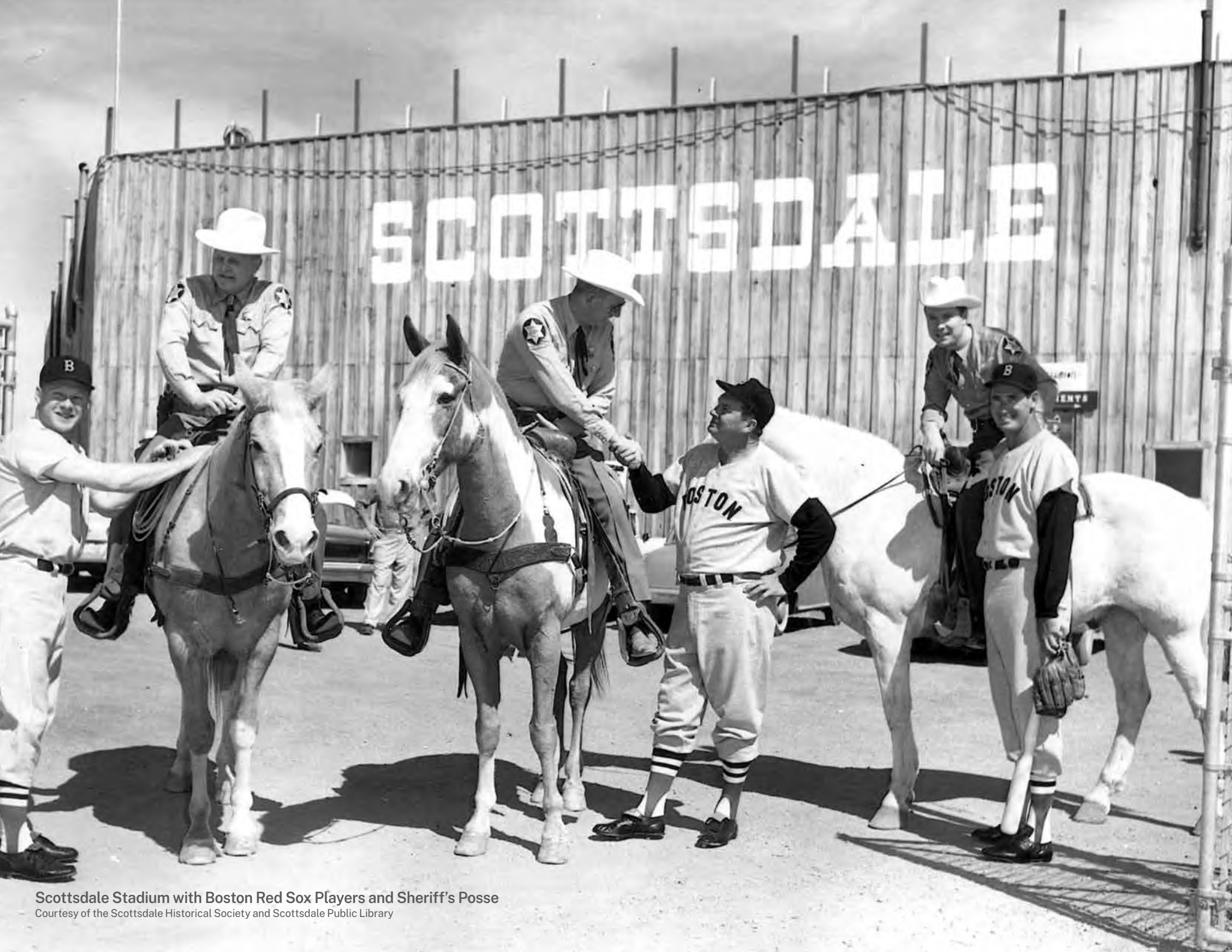
Even as we remain fully committed to confronting the ever-changing threats and challenges brought by COVID-19, we are equally committed to taking immediate lessons learned to building a stronger and more resilient city organization so that we can continue to provide Simply Better Service for a World-Class Community. Here are some of the ways we are doing it.

- **Scottsdale’s Emergency Management team has coordinated the city’s comprehensive COVID-19 response since March 2020.** Managing resources and people from across the city, Scottsdale’s Emergency Manager and his cross-departmental team tackled early supply chain challenges, ensured efficient access to vaccines for essential employees and continues to manage logistics, operations and planning to mitigate the consequences of the virus within the community and on city operations. This comprehensive “all-hazards” emergency management strategy ensures the community remains safe and resilient as we continue managing through the pandemic.
- **A healthy Scottsdale starts with you.** From the earliest days of the pandemic, the city’s flagship communication campaign encouraged safe practices to prevent the spread of COVID-19. Among the most visible efforts were hand sanitizer kiosks that were placed throughout Scottsdale Fashion Square during the 2020 holiday shopping season.
- **Information Technology was a crucial city operation as hundreds of employees and business processes had to be reimaged and redeployed – quickly.** Working remotely was required of many staff and made possible through rapid redeployment of resources and technology. Within a week’s time, IT expanded the backend solutions needed to support 1,000 additional remote workers, including the city’s call center and 911 services. IT also launched widespread adoption of remote work and collaboration software to enable teams to stay connected and move the city forward as a substantial amount of work transitioned from onsite to remote.
- **The city is investing to make its public buildings safer.** Many city facilities are being equipped with a combination of ultraviolet and ionization technology systems that can kill airborne viruses and improve indoor air quality. This advanced technology is already at work in major public venues like WestWorld’s Tony Nelssen Equestrian Center and the Scottsdale Center for the Performing Arts, and systems are planned for many other public facilities.
- **The City Clerk’s Office developed innovative ways to ensure civic engagement continued, safely.** By quickly shifting to a virtual environment with electronic and telephonic public participation, the required City Council meetings were able to continue in a pandemic safe environment. New processes were also developed, tested, and implemented to create a hands-free depositing of legal documents and candidate nomination petitions with the City Clerk’s Office.



An Ongoing Battle

City emergency plans had always included contingencies for a global pandemic, but with no recent experience to tap, nothing anticipated the true magnitude of the situation. COVID-19 is first and foremost a public health emergency, but it quickly also became a logistical emergency, and a deeply impactful socioeconomic and political crisis. It touched every part of the community and changed every facet of city operations.



Scottsdale Stadium with Boston Red Sox Players and Sheriff's Posse
Courtesy of the Scottsdale Historical Society and Scottsdale Public Library



Executive Summary

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2021/22. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

Current Year City Outlook

As mentioned in the Final Budget Transmittal Letter, the city is emerging from a very challenging year but due to conservative budgeting practices that were taken in FY 2020/21, designed to weather the financial difficulties, it has emerged on solid financial footing. Most City facilities and services remained open for business throughout the pandemic, a few remaining facilities plan to reopen fully by the fall. In addition, the key Travel and Tourism sectors are heading in the right direction. While continuing to be conservative, the focus of the FY 2021/22 budget was to make progress in returning the city's economy to its pre-COVID-19 levels.

Current Year City Council Policy Decisions

The following are the major policy items included in the city's adopted FY 2021/22 budget. Each of these items were discussed during City Council's public budget review sessions:

- \$40 million one-time payment (\$35.0 million Police and \$5.0 million Fire) and \$3.5 million net increase in ongoing funding for pension related costs.
- \$15 million in anticipated funding from the American Rescue Plan Act (ARPA) to provide relief for the economic situation resulting from the COVID-19 pandemic.
- 2.0 percent market adjustment of \$4.0 million General Fund (\$5.0 million all funds).
- \$3.7 million General Fund (\$4.8 million all funds) for the citywide pay for performance program through which employees may receive salary increases based on performance (up to the maximum in their salary range).
- \$3.0 million General Fund (\$3.7 million all funds) to address any employees whose salaries may have fallen below market comparisons.
- \$1.6 million in funding from FY 2020/21 in the Fleet Management Fund for vehicle replacements that were delayed due to the COVID-19 pandemic.

- No Healthcare premium rate increases and one premium holiday for both the city and employees to be funded by a one-time drawdown of the Healthcare Self Insurance Fund of \$1.4 million (\$1.0 million city contribution and \$0.3 million employee contribution).
- \$0.5 million in restored funding in the General Fund that was reduced in FY 2020/21 due to the COVID-19 pandemic.
- \$0.7 million to cover Public Safety – Police holiday overtime as a result of a change to pay for overtime which occurs in both actual and observed holidays, and to support the addition of Veteran’s Day as a city paid holiday added in FY 2018/19 but for which funding was not previously added.
- \$1.7 million from additional primary property tax collections (\$674,000 due to the allowable 2 percent statutory adjustment and \$652,000 for the statutory reach back for FY 2020/21, and \$375,000 due to new construction on the tax rolls).

Staffing Changes

Staffing Changes – The city’s total FTE count for FY 2021/22 is 2,555.53 which is a net increase of 16.55 FTE from the prior year adopted budget.

The positions that were added in FY 2021/22 were spread across divisions where needs had been identified. For example:

- The addition of a Plumber (1.00 FTE) in the Public Works Division to meet increased demand.
- The addition of two new Solid Waste Equipment Operators III’s (2.00 FTE) and a Solid Waste Equipment Operator II (1.00 FTE) to meet an increase in residential and brush and bulk removal demand.
- The addition of a Traffic Engineering Technician (1.00 FTE) to assist with increased activity in the street right of way and complying with the Right of Way Management Program (RWMP).
- The addition of an Asset Manager (1.00 FTE) in the Water Resources Division to begin an Asset Management program to oversee Water’s capital assets.
- The addition of a Water Conservation Specialist (1.00 FTE) in the Water Resources Division due to expanded needs to process conservation rebates, additional staff workload for additional residential efficiency checks, an increased number of high-water use evaluations and higher demand for landscape water reduction programs.
- The addition of a Stormwater Engineer (1.00 FTE) and Field Inspector I (1.00 FTE) in the Planning and Development Services Department to keep up with sustained workload.

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

FTE Changes from Prior Fiscal Year by Division			
FY 2020/21 Adopted FTEs		2,538.98	
Administrative Services			
Accounting Technician	0.50	GF	
IT Technician	1.00	GF	
Security Analyst	1.00	GF	
City Auditor			
Executive Assistant to Charter Officer	0.25	GF	
City Court			
Court Security Officer**	0.02		
Pro Tem Judge**	0.04	GF	
City Manager			
Administrative Assistant	1.00	GF	
City Treasurer			
Customer Service Rep	0.25	GF	
Service Support Worker	(0.50)	GF	
Community and Economic Development			
Field Inspector I	1.00	GF	
Intern**	0.01		
Stormwater Engineer	1.00	GF	
Community Services			
Human Services Center Supervisor*	1.00	GF	
Librarian I**	0.02	GF	
Library Aide**	0.06	GF	
Library Monitor**	(0.01)	GF	
Library Page**	0.13	GF	
Lifeguard Head - Aquatics**	0.07	GF	
Lifeguard/Instructor**	0.39	GF	
Community Services (Cont'd)			
Maintenance Worker I	1.00	GF	
Pool Manager Assistant**	0.08	GF	
Recreation Leader I**	(0.59)	GF/Non GF	
Recreation Leader II */**	1.60	GF/Non GF	
Westworld Maintenance Worker**	(1.18)	GF	
Public Safety - Police			
Police Officer Pipeline**	0.15	GF	
Public Works			
Administrative Assistant Supervisor*	(0.75)	GF	
Citizen Services Rep*	2.00	GF	
Maintenance Worker III	(1.00)		
Plumber	1.00	GF	
Solid Waste Equip Operator II	1.00		
Solid Waste Equip Operator III	2.00		
Street Maintenance Worker	1.00		
Traffic Engineering Technician	1.00		
WATER RESOURCES			
Asset Manager	1.00		
Water Conservation Specialist	1.00		
Water Meter Technician I	(1.00)		
Water Resources Engineer Senior	1.00		
Water Resources Pipeline**	0.01		
Net Change All Divisions			16.55
FY 2021/22 Adopted FTEs		2,555.53	

*Positions reclassified and transferred.

**Position changes are partially or completely due to modifications in the way rounding occurs.

GF = General Fund

Additionally, many divisions intentionally held some of their positions vacant in FY 2020/21 to assist in the effort to address budget concerns caused by the COVID-19 pandemic. This funding was restored in the FY 2021/22 budget.

How the adopted budget will affect citizens' property tax rates

The FY 2021/22 primary property tax levy will be used to support General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and other general governmental functions. The primary property tax levy also includes a repayment to the Risk Management Fund reserve of \$290,000 for tort liability claim payments made during calendar year 2021.

For FY 2021/22, the city's total primary property tax levy is \$35.1 million and is an increase of \$0.2 million over the FY 2020/21 levy of \$34.9 million. The increase is due primarily to a 2 percent statutory adjustment for FY 2021/22, the 2 percent statutory adjustment that was foregone for FY 2020/21 but was taken in FY 2021/22 and new construction. The increase would have been greater but is being partially offset by a decrease in the tort liability claim payment for FY 2021/22. The FY 2021/22 primary property tax rate is \$0.5039 per \$100 of assessed valuation, which is a decrease of \$0.0234 from the FY 2020/21 rate of \$0.5273 per \$100 of assessed valuation.

The FY 2021/22 secondary property tax levy is set at \$35.1 million, which is an increase of \$1.7 million from the FY 2020/21 levy due to an increase in debt service payments as a net result of paying off prior general obligation debt and completing the first issuances related to the Bond 2019 program. However, due to increased property values, the secondary tax rate decreased by \$0.0001 to \$0.5042 per \$100 of assessed valuation in FY 2021/22.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2021/22, the city's total combined property tax levy is \$70.1 million, which is an increase of \$1.9 million from FY 2020/21.

In FY 2021/22, citizen tax bills will reflect an estimated combined property tax rate of \$1.0081, which is \$0.0235 less than the FY 2020/21 combined rate of \$1.0316. The management of the combined property tax rate is included in the city's adopted financial policies for debt management, which states that the combined tax rate will not exceed \$1.50 per \$100 of assessed value. Based on this combined rate, an owner of a home with a County Assessor's real property value of \$100,000 will pay approximately \$100.81 in city property taxes, applying the combined property tax rate. The Maricopa County Assessor's Office, not the City of Scottsdale, determines real property values used to calculate property tax bills.

Changes from Proposed Budget to Adopted Budget

The budget development process is an ever changing one. This is true not only in the ramp up to establish the Proposed Budget, but also in the period between the Proposed Budget and when the Final Adopted Budget is presented. Some of the most significant operating changes between the Proposed Budget and Adopted Budget publications include carrying forward the budget for vehicle purchases to FY 2021/22 due to delays in deliveries due to the COVID-19 pandemic; adding the FY 2021/22 budget for the American Rescue Plan (ARPA) funding once it was known; adding an unfunded contingency to possibly be used for affordable housing; and carrying forward unused Scottsdale AZCares funding into FY 2021/22.

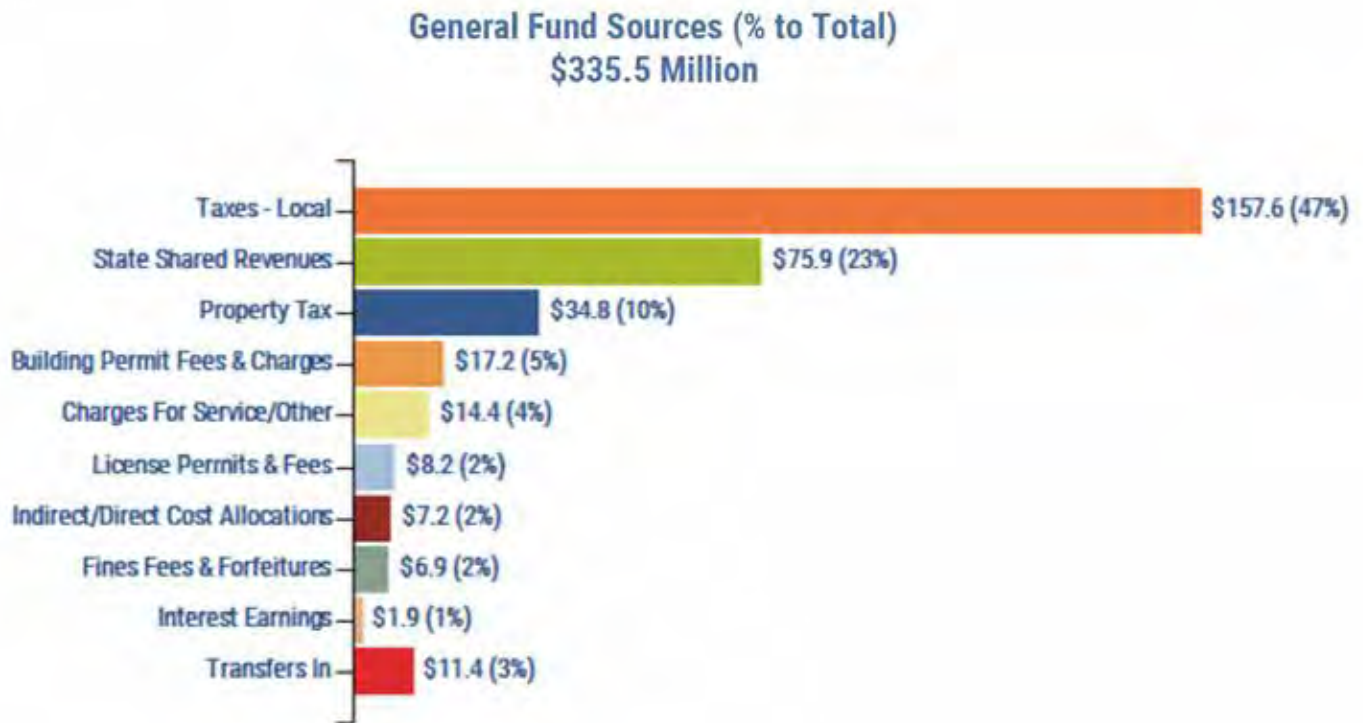
Changes also include those to CIP projects. Some of the more significant include moving up the timetable of Bond 2019 program funding to improve Pinnacle Peak Park and to renovate the Via Linda Police Station; and adjust funding to align the Crossroads East Waterline Project with the Infrastructure Improvement Plan (IIP).

Fund Highlights

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2021/22 budget. The General Fund is presented first and in more detail because of its size and importance.

General Fund - Sources

The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. Forecasted General Fund sources for FY 2021/22 are \$335.5 million, approximately \$29.1 million (9.5 percent) more than the FY 2020/21 Adopted budget. The following bar graph summarizes the major sources.



Note: Rounding difference may occur

That total projected increase comes from a net of several different sources:

- \$21.6 million from a projected increase in general fund sales tax, including \$1.9 million for the portion dedicated to Public Safety.
- \$7.1 million from a projected increase in the city's proportionate slice of state shared sales tax and vehicle license fees.
- \$1.7 million from additional primary property tax collections (\$674,000 due to the allowable 2 percent statutory adjustment and \$652,000 for the statutory reach back for FY 2020/21, and \$375,000 due to new construction on the tax rolls).
- \$1.6 million from additional recreation fees as the city anticipates an increase in occupancy of recreation facilities and increased participation in recreation lessons and activities due to the lifting of COVID-19 restrictions and higher vaccination rates.
- \$0.8 million from a higher transfer from the Tourism Development Fund resulting from higher revenue anticipated and in accordance to Financial Policy 21A.
- \$0.7 million from Building Permits Fees & Charges due to an increase in anticipated construction activity in FY 2021/22 resulting in a higher demand for real estate permits.

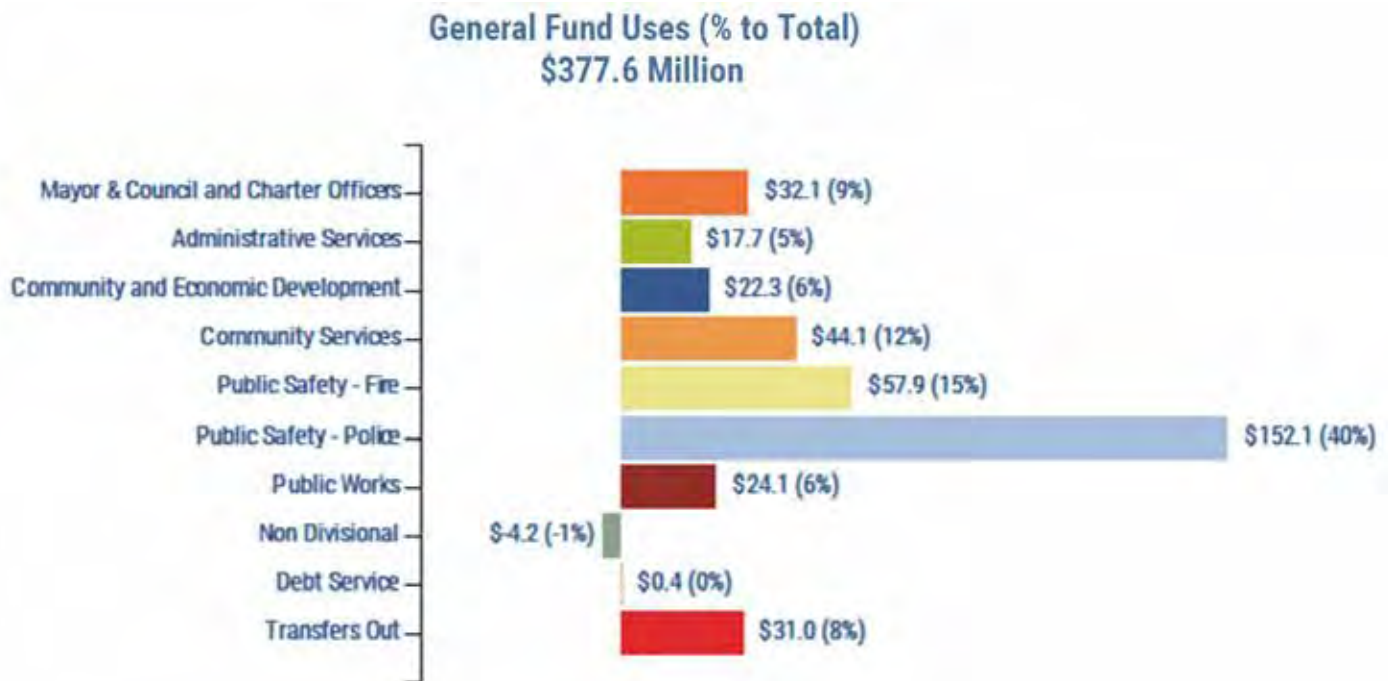
- \$0.6 million from higher anticipated Water & Water Reclamation fund franchise fee revenue due to expected greater water deliveries compared to the four-year running average due to the lack of rain and excessive temperatures Scottsdale faced in FY 2020/21 and Sewer User Charge assumptions.
- \$0.4 million from miscellaneous revenue mostly related to a contract to provide Deputy Fire Chief services to Cave Creek and the recognition of new leases of vehicles as capital leases per Governmental Accounting Standards Board (GASB) requirements. However, this is truly a net \$0 impact due to an equal increase to expense costs.

The favorable amount would have been greater but is partially offset by:

- (\$3.4 million) decrease in the city's proportionate share of state income tax collections.
- (\$1.5 million) less interest earnings projected by the city's investment advisor using macroeconomic trends, all of which would have been transferred to the CIP.
- (\$0.5 million) decrease from Electric & Gas Franchise Fee revenue related to the Tax Cuts and Jobs Act of 2017, which allowed Arizona Public Service (APS) to pass corporate tax cuts on to customers as savings.

General Fund - Uses

The adopted FY 2021/22 General Fund uses budget is projected to be approximately \$377.6 million (not including \$87.7 million in contingency, reserve and designation), approximately \$92.2 million (24.4 percent) more than the FY 2020/21 Adopted budget. The following bar graph provides a summary of the General Fund uses.



Note: Rounding difference may occur

The FY 2021/22 General Fund Uses increase when compared to the FY 2020/21 Adopted budget, after being adjusted for state and federal funding received for the COVID-19 pandemic, is primarily related to:

- \$40.0 million one-time paydown towards the city's unfunded pension liability (\$35.0 million Police and \$5.0 million Fire) and \$3.5 million net increase in ongoing funding for pension related costs.

- \$8.0 million transfer to CIP to fund two energy savings projects that will result in long term savings to the city.
- \$4.6 million from the food tax. As per Financial Policy No. 17, 2/3rds of the 1.10 percent sales tax collected on food for home consumption is to be transferred to the CIP fund. However, as per council's direction, the FY 2020/21 adopted budget did not include the food tax portion as a transfer to CIP, because it was transferred to the operating contingency so funds could be available for unforeseen expenses related to the COVID-19 pandemic. The council has directed that this transfer to the CIP resume for FY 2021/22.
- \$4.0 million for a 2.0 percent market adjustment for all employees.
- \$3.7 million General Fund for the citywide pay for performance program through which employees may receive salary increases based on performance (up to the maximum in their salary range).
- \$3.0 million General Fund to address any employees whose salaries may have fallen below market comparisons.

General Fund Ending Balance

The FY 2021/22 budget includes the following:

Operating Contingency – Operating Contingency includes \$3.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

Operating Reserve – The Operating Reserve complies with Reserve Management Financial Policy No. 36. The policy states the General Fund will maintain a stabilization reserve of ten percent of the annual General Fund operating expenditures which is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the ending FY 2021/22 General Fund Operating Reserve is \$34.7 million.

PSPRS Pension Liabilities – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The FY 2021/22 PSPRS Pension Liabilities adopted budget is \$28.1 million, which is a decrease of \$55.2 million from the FY 2020/21 forecast mostly as a result of a one-time investment to pay down the unfunded liability of the Public Safety pensions.

Cavasson Infrastructure Reimbursement – Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement. The FY 2021/22 adopted budget is \$21.9 million.

Undesignated, Unreserved Fund Balance – Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2021/22 ending undesignated, unreserved fund balance is \$0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

Special Revenue Funds

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

The **Transportation Fund** accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state gas taxes. However, the majority of the fund's funding comes from the 1990 (0.20 percent) voter-approved sales tax and the state's Local Transportation Assistance Fund, which is funded from lottery proceeds, and it is distributed to cities and towns through an annual application process. Total sources are expected to be about \$42.5 million.

Uses total about \$48.0 million of which \$27.5 million represents operating expenses. The operating expenses are those necessary to operate and maintain the city's transportation system. The largest expenses include transit contracts, trolley maintenance, medians and rights-of-way maintenance and the street overlay program. Of the Transfers Out, \$12.3 million is dedicated for transportation

capital projects per Financial Policy No. 26 (50 percent of the 1990 (0.2 percent) transportation sales tax revenue) and \$8.0 million are for additional pay-as-you-go transfers above the 50 percent level authorized by the City Council.

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

These sales tax revenues are forecasted to be \$45.2 million. Approximately \$31.5 million of this amount will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2022, is expected to be \$62.3 million. The timing and amount of any future preservation bond issuances depends on revenue and the availability and price for state lands.

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

The **Tourism Development Fund** is a special revenue fund created to account for transient occupancy (bed) tax revenues and Fairmont Scottsdale Princess Hotel Lease payments which are to be used for tourism related activities and General Fund support. The fund currently has annual sources of \$23.2 million, annual uses of \$23.8 million (includes authorized carryovers from prior fiscal years) and a projected June 30, 2022 ending fund balance of \$5.9 million.

Debt Service Fund

The Debt Service Fund is designated for payment of long-term debt. Total sources are \$88.6 million for FY 2021/22.

The \$88.6 million budget for debt service payments in FY 2021/22 is approximately \$1.1 million more than the FY 2020/21 Adopted Budget primarily due to the level of anticipated principal and interest payments that are expected to be due in FY 2021/22.

Enterprise Funds

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

Water Fund – Revenue requirements for the Water Fund are impacted by increasing actions required for asset and system replacement, drought preparedness, rising costs of raw water, increasing maintenance of aging infrastructure, and the increasing cost of technology required to operate the city's sophisticated water systems. Other factors affecting the Water Fund revenue requirements over the five-year planning period include:

- Operating cost increases for raw water and treatment chemicals
- New groundwater treatment operating costs to improve the reliability and water quality of south Scottsdale wells
- Additional staff to support system expansion, capital improvement program development, and water conservation
- Operating cost increases for personnel services and benefits

Increases to base fees were adopted to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system. Adopted volumetric rate changes for residential customers include an increase in tiers three through five and commercial customers include an increase in tiers three and four.

To address cost recovery, increases to water miscellaneous charges were adopted effective July 1, 2021, to meet the city's financial policy that requires all direct and indirect costs of service to be recovered. Miscellaneous charges are assessed to specific users of the service so that general rate payers do not bear the burden.

Overall, the water base fee and rate adjustments are forecasted to generate an annual revenue increase of approximately \$2.9 million, or 2.7 percent, and are effective November 1, 2021.

Water Reclamation Fund – Revenue requirements for the Water Reclamation Fund are impacted by asset and system replacement, capital costs for wastewater treatment and collection systems improvements to address aging infrastructure, and the increasing cost of technology required to operate the city’s sophisticated wastewater systems. Other factors affecting the Water Reclamation Fund revenue requirements over the five-year planning period include:

- Maintenance cost increases to maintain service levels for sewer system cleaning
- Maintenance cost increases of system infrastructure due to increased system demand
- Operating cost increases for personnel services and benefits

Increases to base fees were adopted to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system.

Volumetric rate increases were adopted to generate sufficient revenues to maintain the Water Reclamation fund as a self-sustaining enterprise.

Overall, the sewer base fee and volumetric rate changes are forecasted to generate an annual revenue increase of approximately \$1.0 million, or 2.4 percent, and are effective July 1, 2021.

Solid Waste Fund – The Solid Waste Fund accounts for the transactions related to the city’s commercial and residential refuse, recycling, brush and bulk collections business activities. To maintain the revenue requirements of the Solid Waste Fund, modifications to the residential and commercial solid waste rates were implemented effective July 1, 2021 and are expected to generate approximately \$1.2 million in additional revenue. Revenue requirements for the Solid Waste Fund for FY 2021/22 were primarily impacted by landfill disposal costs, recycling processing costs, vehicle replacement costs, vehicle loss, COVID-19 challenges and costs related to a four-year process to convert containerized alley collection to curbside collection.

Total Solid Waste Fund sources are expected to be about \$26.4 million, annual uses are expected to be \$27.1 million, and ending fund balance is projected to be \$6.5 million by June 30, 2022.

Aviation Fund – The Aviation Fund accounts for the transactions related to the city’s aviation business activity at the Scottsdale Airport. Total Aviation Fund sources are expected to be about \$6.3 million, annual uses are expected to be \$5.8 million, and ending fund balance is projected to be \$5.2 million by June 30, 2022.

Internal Service Funds

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

The **Fleet Management Fund** accounts for the costs of operating, maintaining, and acquiring all of the city’s vehicles, equipment and other rolling stock. User divisions are assessed maintenance and operation costs (\$9.0 million), acquisition costs (\$10.0 million), and fuel costs (\$3.6 million). Fleet Management establishes, collects, and manages funds to provide acquisition and/or replacement of approved fleet assets based on life cycle cost analysis performed on each equipment class. Fleet Management, in cooperation with the corresponding division, calculates an annual rate for each individual asset based on condition, suitability for service, the state of the current economy, the repair history, the actual utilization rate of each asset and other applicable factors. The fund balance of about \$3.4 million estimated on June 30, 2022, represents funds previously collected for maintenance, operations and vehicle/equipment acquisitions that will be expended in future years.

FY 2021/22 budget includes the carry-over of funding for vehicle and equipment acquisitions from FY 2020/21 that were delayed due to the COVID-19 pandemic.

The **PC Replacement Fund** accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to the city divisions as an internal operating charge based on the quantity and type of hardware used. For FY 2021/22, user divisions are assessed estimated costs of \$0.8 million, leaving an estimated ending fund

balance of \$1.3 million on June 30, 2022. User fees were reduced for FY 2021/22 due to efforts to utilize undesignated, unreserved fund balance.

The **Risk Management Fund** accounts for the activity related to the city's property, liability, and workers compensation programs. User divisions are assessed estimated costs of \$11.0 million. The estimated ending fund balance on June 30, 2022, of about \$26.1 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the governing body's (Loss Trust Fund Board) requirement to maintain an 85 percent confidence level in the actuarial assessment.

The **Healthcare Self Insurance Fund** accounts for the activity related to employee healthcare programs (medical and dental). The estimated \$36.3 million in healthcare costs is shared by the city, its employees and public safety disabled retirees. For FY 2021/22, there was a \$0.4 million increase in uses compared to the FY 2020/21 adopted budget. With the benefits plan, employees and applicable spouses/partners can earn an incentive payment of up to \$240 by completing a wellness exam and health risk assessment to help offset the increase in premiums. Additionally, employees and spouses/partners can receive an additional \$20 per month incentive if, through their doctors, they report blood pressure results within certain approved ranges. Finally, there is a tobacco surcharge of \$20 per month for employees and/or family members who self-report the use of tobacco products. The Healthcare Self Insurance Fund also includes no premium rate increases this year as well as one premium holiday for both the city and employees. The premium holiday will result in drawing down the Healthcare Self Insurance Fund ending fund balance by \$1.4 million.

The estimated ending fund balance on June 30, 2022 of \$14.3 million includes: 1) a reserve for large claims beyond what was anticipated and for incurred but not reported claims; 2) an operating contingency used only for unforeseen emergencies; 3) a premium stabilization reserve to ensure revenue from premiums exceed medical and dental claims and administrative expenses paid by the healthcare plan; and 4) an undesignated, unreserved fund balance which accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, the undesignated, unreserved fund balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses.

Grants and Special Districts Funds

Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the \$27.6 million total grants are three larger grants – American Rescue Plan Act funding of \$14.6 million, Housing Choice Voucher Program at \$6.4 million and the Community Development Block Grant (CDBG) at \$1.5 million (plus \$0.8 million for the Rehab Revolving Loan). In addition to numerous identified smaller grants, the city includes \$9.3 million in the grant budget for anticipated and/or unidentified future grants. This gives the City Council the budget authority to accept and spend grant funds that are not specifically known at the time the budget is adopted. This practice also allows the city to comply with state budget laws regarding annual expenditure limits. The ending fund balance of the individual grants is carried forward to future periods, re-budgeted, and is available to be spent solely for the intended purposes.

A **Special Districts Fund** is used to account for the proceeds received from property owners in the city's 355 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources are estimated at \$0.5 million and uses are estimated at \$0.6 million for FY 2021/22. If an ending fund balance of the Special Districts Fund exists, it is carried forward to future periods and is available to be re-budgeted but must be spent solely for the intended purposes.

Capital Improvement Plan

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

Below is a summary of the \$821.2 million capital budget highlights by program, along with some notable examples in each capital program area:

Community Facilities (\$104.8 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 12.7 percent of the CIP addresses the needs of this program. Significant Community Facilities projects include the continuation and initiation of various Bond 2019 program projects. Some examples are the 1 - Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza; the 23 - Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash and; the 53- Build Multi-Use Sport Fields in the area of Bell Road.

Preservation (\$42.5 million) – addresses the goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the Scottsdale McDowell Sonoran Preserve for maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. Approximately 5.2 percent of the CIP addresses this program. Significant preserve projects include the restoration of habitat; invasive plant, wildland fire prevention and safety improvements; and the construction of the Pima/Dynamite Trailhead.

Drainage and Flood Control (\$19.4 million) – addresses flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished using detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 2.4 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects the continuation of construction for the Granite Reef Watershed Phase 1 improvements between south of Indian School Road to the Salt River; and the reduction in the size of the Reata Wash Floodplain.

Public Safety (\$28.9 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 3.5 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as acquiring land for fire station 612 and the initiation of various Bond 2019 program projects. Some examples are the 38- Build a New Fire Department Training Facility and the 33-Renovate the Via Linda Police Station to Increase Efficiency projects.

Service Facilities (\$40.1 million) – addresses the goal of coordinating land use and infrastructure planning. These programs achieve this goal through the renovation of current facilities and technology necessary for the efficient and effective operations of the city. Approximately 4.9 percent of the CIP addresses this program. Service Facilities projects include Facilities Upgrade and Replacement Program, Network and Server Infrastructure Replacement Program; energy performance projects; and the initiation of various Bond 2019 program projects. Some examples are the 63-Build Parking Structures in Old Town Scottsdale; the 9-Install Fiber Optic Infrastructure to Reduce Operating Costs and solar system installation and upgrade projects.

Transportation (\$258.6 million) – addresses multi-modal transportation needs. Approximately 31.5 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include Runway 03/21 rehabilitation and reconstruction; the construction of the extension of Raintree Drive west of Hayden Road; the construction of Pima Road from Pinnacle Peak Road to Happy Valley Road; the construction of Happy Valley Road from Pima Road to Alma School Road; the continuation of the pavement overlay program; and transit stop improvements.

Water Management (\$326.9 million) – focuses on the capital needs required to deliver safe, reliable water and to provide water reclamation services. This program also addresses the requirement to achieve federal and state regulations. Approximately 39.8 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the design and construction of multiple projects to keep water treatment facilities functioning properly.

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

The budget continues the practice of leveraging one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. In FY 2021/22, the budget assumes the General Fund will transfer a total of \$16.9 million to the CIP.

Conclusion

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



City Manager

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July 1, 2021

Fiscal Year 2021/22 Final Budget Transmittal

Honorable Mayor and City Council:

I am pleased to present the Fiscal Year 2021/22 budget. The city remains on solid financial footing even as we remain in the throes of the COVID-19 global pandemic. Strategic financial and operational decisions made amidst unprecedented uncertainty have allowed us to weather the pandemic's widespread financial impacts while the city leveraged federal relief funding to assist community members and businesses.

Despite the continuing negative effects of the pandemic on our key travel and tourism sectors, revenue growth is projected to rebound substantially this fiscal year as a result of strong consumer spending boosted by the various federal stimulus programs aiding economic recovery. With the projected revenue growth, we can continue investing in our community and in high-performance employees to serve our citizens. But our spending must remain cautious as long-term projections indicate our need for fiscal discipline to address future challenges and protect the city's financial position.

A summary overview of the budget is available in the "Proposed Budget Transmittal" that follows.

Several notable changes which were made to the final budget after the City Council adopted the tentative FY 2021/22 budget in May:

- \$14.6 million was added as the first half of American Rescue Plan Act funding designated for Scottsdale as part of the federal government's COVID-19 economic relief program.
 - Remaining AZ Cares funds from the FY 20/21 budget were moved to this fiscal year so the city can continue a variety of COVID-19 community assistance programs.
 - A \$10 million contingency appropriation was added should the City Council decide to pursue affordable housing initiatives discussed over the past several months; a funding source would have to be identified if any of these move forward.
-

- \$1.6 million for vehicle purchases was moved to this budget from the previous fiscal year because vehicle delivery was delayed due to the COVID-19 pandemic.

Similar adjustments were made to the FY 21/22 Capital Improvement Program since tentative budget adoption:

- \$3.0 million in Bond 2019 funding to renovate the Via Linda Police Station (District 3) was moved from future years to this fiscal year.
- \$1.6 million in Bond 2019 funding to improve Pinnacle Peak Park was moved from future years to this fiscal year
- The budget associated with the Crossroads East Water lines project was increased by \$5.7 million to align with the Infrastructure Improvement Plan, which identifies growth-driven water and wastewater infrastructure needs that are partially funded with development fees.

We have learned many lessons during the COVID-19 pandemic which will continue to benefit our organization and our community: leveraging new technology to serve in different ways, upgrading facilities to improve public health, and adjusting policies and procedures within rapidly revolving circumstances.

The Fiscal Year 2021/22 adopted budget supports continuing many of those efforts and provides the basis to build upon them. Regardless of how the pandemic evolves in the months ahead, the city organization is ready to handle it with the flexibility and strength gained over the past 18 months.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Thompson", with a long horizontal flourish extending to the right.

Jim Thompson,
City Manager



City Manager's Office

Jim Thompson, City Manager
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Fiscal Year 2021/22 Proposed Budget Transmittal

Honorable Mayor and City Council:

With a historic year behind us, I am pleased to present the proposed Fiscal Year 2021/22 budget for your consideration. The city is on solid financial footing and over the coming fiscal year, we expect to emerge from the COVID-19 global pandemic and once again return focus to a number of citywide priorities.

The current fiscal year budget was developed amidst incredible uncertainty, with the global pandemic touching every element of the city's economy, finances and services. When creating that budget, we curtailed revenue projections and took steps necessary to manage the city's finances, including eliminating contract positions and freezing most hiring across the city.

Those actions had the intended effect - Scottsdale recalibrated its budget to weather the financial difficulties, and we are now positioned to move forward in the new fiscal year.

Despite the continuing negative effects of the pandemic on our key travel and tourism sectors, revenue growth is projected to rebound substantially next fiscal year. Our spending will remain cautious, but projected growth will allow us to continue investing in our high-performance employees. Staff is analyzing the American Rescue Plan Act funds recently approved by the U.S. Congress that we are to account for in FY 2021/22 and 2022/23, and will be prepared to discuss proposed uses with the City Council prior to tentative budget adoption in May.

The most substantial new spending allocation comes in the form of a \$40.0 million pay down toward our unfunded public safety pension liability - the first significant payment from the General Fund PSPRS reserve designation that was established several years ago.

I am pleased to present a balanced budget proposal where ongoing sources exceed ongoing uses and is conservative in approach while being optimistic about continued growth in the year ahead.

Sources

General Fund sources are estimated to increase \$28.9 million from the adopted FY 2020/21 budget. That total projected increase comes from several different sources. Below highlights the sources contributing significantly to the change:

- \$21.6 million from a projected increase in general fund sales tax, including \$1.9 million for the portion dedicated to Public Safety.
- \$7.1 million from a projected increase in the city's proportionate slice of state shared sales tax and vehicle license fees; however, this estimate is subject to change as the state may update estimates later in the budget process.
- \$1.7 million from additional primary property tax collections (\$674,000 due to the allowable 2 percent statutory adjustment and \$652,000 for the statutory reach back for FY 2020/21, and \$375,000 due to new construction on the tax rolls).
- \$1.6 million from additional recreation fees as the city anticipates an increase in occupancy of recreation facilities and increased participation in recreation lessons and activities.
- \$0.8 million from a higher transfer from the Tourism Development Fund resulting from higher revenue anticipated and in accordance to Financial Policy 21A.
- \$0.6 million from miscellaneous revenue mostly related to a contract to provide Deputy Fire Chief services to Cave Creek and the recognition of new leases of vehicles as capital leases per Governmental Accounting Standards Board (GASB) requirements.
- \$0.7 million from Building Permit Fees & Charges due to an increase in anticipated construction activity in FY 2021/22, resulting in higher demand for real estate permits.
- \$0.4 million from higher enterprise franchise fee revenue anticipated from the Water & Water Reclamation Funds.
- \$0.3 million in the indirect cost allocation to cover increased costs of providing internal services (e.g. human resources and information technology to the Enterprise Funds).

The increase would have been greater but is being offset by:

- (\$3.4 million) decrease in the city's proportionate share of state income tax collections.
- (\$1.5 million) less interest earnings projected by the city's investment advisor using macroeconomic trends, all of which would have been transferred to the CIP.
- (\$0.5 million) from Electric & Gas Franchise Fee revenue related to the Tax Cuts and Jobs Act of 2017, which allowed APS to pass corporate tax cuts on to customers as savings.
- (\$0.3 million) in Photo Radar based on an anticipated decrease in filings resulting from the COVID-19 pandemic, which may continue into FY 2021/22.

The secondary property tax levy will increase \$1.7 million next fiscal year to \$35.1 million as a net result of

paying off prior general obligation debt and completing the first issuance related to the Bond 2019 program. Despite the increase to the levy, there was a minor secondary decrease from 0.5043 to 0.5042 due to expected increases in property values.

Uses

After adjusting for state and federal funding received for the COVID-19 pandemic, a large PSPRS paydown towards the city's unfunded pension liability, FY 2020/21 mid-year merit and market adjustments, and two significant transfers to the CIP, the proposed General Fund operating budget for next fiscal year increases spending by \$30.1 million from the FY 2020/21 adopted budget to address increasing costs and priority programs in a variety of areas.

The proposed FY 2021/22 operating budget includes funding to reflect the City Council's continuing commitment to invest in our high-performance organization and employees:

- A 2.0 percent market adjustment of \$4.0 million General Fund (\$5.0 million all funds). The proposed FY 2021/22 budget also includes \$3.0 million General Fund (\$3.7 million all funds) to address any employees whose salaries may have fallen below market comparisons.
- \$3.7 million General Fund (\$4.8 million all funds) for the citywide pay for performance program, through which employees may receive salary increases based on performance (up to the maximum in their salary range).

Addressing Pension Expenses

As mentioned earlier in the letter, the General Fund budget includes a \$40.0 million one-time payment (\$35.0 million Police and \$5.0 million Fire), and a \$3.5 million net increase in ongoing funding for pension related costs. Of this:

- \$2.4 million for increased Public Safety Personnel Retirement System (PSPRS) (for sworn police and fire employees) contribution rates.
- \$1.1 million for increased Arizona State Retirement System (ASRS) employer contribution rates.

CIP Transfers

The total FY 2021/22 CIP transfer from the General Fund operating budget is \$16.9 million and ensures compliance with Financial Policy No. 17. Worth noting when comparing the FY 2021/22 CIP Transfers Out to the FY 2020/21 Adopted CIP Transfers Out:

- \$8.0 million to fund two energy savings projects that will result in long term savings to the city.
- \$4.6 million from the food tax. The FY 2020/21 adopted budget did not include the food tax portion as a transfer to CIP, because it was transferred to the operating contingency so funds could be available for unforeseen expenses related to the COVID-19 pandemic.

Other General Fund Expenses

The proposed budget also includes \$0.7 million to add a net of 8.74 General Fund (14.74 all funds) full-time equivalent employees (FTEs). These additional employees in several divisions will provide more frontline customer service support, improve the city's cybersecurity program and address increased workloads in several maintenance, inspection and administrative areas.

Additionally, there was a change in methodology of how part-time positions are reported from being truncated after the second decimal in previous years to being rounded to the second decimal starting in FY 2021/22. The impact for this change to the General Fund is 1.82 FTE (2.06 FTE all funds).

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

City Attorney

- \$0.1 million for outside counsel expenses to address rising litigation costs.

City Clerk:

- \$0.3 million one-time funding for 2021 Special Election costs.

City Treasurer

- \$0.4 million for maintenance costs related to the new enterprise resource management system.

Administrative Services

- \$0.3 million one-time funding to address operating impacts of two Bond 2019 program projects '11-Replace Document Management System to Improve Public Access to Information' and '8-Replace Website Management Software'.
- \$0.2 million for increase in software and lease costs.

Community & Economic Development:

- \$0.3 million to restore FY 2020/21 one-time budget reductions due to COVID-19.
- \$0.2 million to eliminate the staffing allocation to the CIP as stormwater capital projects are managed by the Public Works division.
- \$0.1 million annual increase per agreement with Scottsdale Arts

Community Services

- \$0.3 million to address operating impacts of Bond 2019 program project '53-Build Multi-Use Sports Fields in the area of Bell Road'.
- \$0.2 million one-time funding for contract labor costs for WestWorld event support.
- \$0.1 million for maintenance costs related to baseball facilities at Indian School Park moving under City of Scottsdale management.

Public Safety - Fire:

- \$0.6 million one-time funding to upgrade an aging fire truck to extend its service life and reduce maintenance costs.
- \$0.3 million for increased contract costs.
- \$0.2 million to cover the cost of 6 firefighter positions previously funded by the 2017 SAFER grant which will expire in November 2021, and an increase of matching funds required for the 2018 SAFER grant that currently covers the cost of another 6 firefighter positions.
- \$0.2 million to properly address attrition through training.
- \$0.2 million to reclassify positions to meet staffing needs.

Public Safety - Police:

- \$0.7 million to cover holiday overtime as a result of a change to pay for overtime which occurs in both actual and observed holidays, and to support the addition of Veteran's Day as a city paid holiday added in FY 2018/19 but for which funding was not previously added.
- \$0.3 million for municipal security contract increased costs.

Public Works:

- \$0.4 million to implement Americans with Disabilities Act (ADA) updates and modification to public facilities per the city's ADA transition plan.
- \$0.2 million one-time funding for citywide pole lighting retrofit and replacement.
- \$0.2 million one-time funding for citywide flooring replacement.

Capital Improvement Program

An estimated \$284 million will be spent on capital improvements in the upcoming fiscal year. These projects address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources, including many directly supported by the city's voters through recent bond elections.

Some notable capital improvement projects proceeding next fiscal year are highlighted below.

1-Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza- (FY2021/22: \$27.0 million)

This project will rebuild the Scottsdale Civic Center Plaza as the community's signature special event and public gathering space while maintaining the park-like environment that residents enjoy year-round.

Design would create an "event ready" venue that includes an iconic stage structure.

With few regional competitors for large events in an outdoor setting, the new public space would place Scottsdale in a competitive position to attract large-scale events, such as Super Bowl Live, a multi-day event leading up to Super Bowl 2023.

Funding sources: Bond 2019, General Fund

53-Build Multi-Use Sports Fields in the area of Bell Road (FY 2021/22: \$37.7 million)

This project will build up to 13 full sized multi-use sports fields at two locations: 94th Street and Bell Road and Thompson Peak Parkway and McDowell Mountain Ranch Road. The fields are needed to meet the increased demand for lighted sports fields in the community and will create the ability for Scottsdale to host larger tournaments and increase revenue. The fields will be used as parking for special events for a few weeks each year to replace temporary parking lots on Arizona State Land that will become unavailable as the land is sold.

Funding sources: Bond 2019, General Fund

23-Repair Lakes and Irrigation at Vista de! Camino Park at the Indian Bend Wash (FY 2021/22: \$11.0 million. \$23.5 total remaining budget)

This project will repair failing lakes and irrigation from McKellips Road to Thomas Road in the Indian Bend Wash. The lake system is showing signs of aging and failure due to punctures in the lake liner, erosion of the lake edges and leaks in the spillway system. The irrigation systems are outdated, undersized and perform inadequately. Updating materials and technologies will lower annual operating cost, enhance water conservation and quality, resolve lake edge erosion and allow more effective use of park open space areas.

Funding sources: Bond 2019

38-Build a new Fire Department Training Facility (FY 2021/22: \$3.6 million. \$18.2 million total remaining budget)

This project will build a modern fire department training facility to ensure Scottsdale Fire personnel are best prepared to handle the full range of medical and emergency response needs in the community. The current training complex, located on the grounds of the Tom Hontz Training Facility, is a hodgepodge of various buildings and resources including a prefabricated training tower and building, converted mobile storage units and a portable classroom building that is at the end of its useful life. This project will remove these outdated elements, design and build a new training complex on the current site to provide Scottsdale's fire and emergency medical responders with a learning and training environment worthy of our staff and the community.

Funding Sources: Bond 2019

7-Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency (FY 2021/22: \$2.1 million)

This project will replace the outdated Police Department Computer Aided Dispatch (CAD) and records management system which will interface with new applications and improve reporting and analytics capabilities. The upgrade will enhance mapping and radio capabilities, improve vehicle dispatching, upgrade text-to-9-1-1 capabilities, increase efficiency in report writing and provide better case management.

Funding Sources: Bond 2019, RICO, General Fund

63-Build Parking Structures in Old Town (FY 2021/22: \$4.4 million. \$21.0 million total remaining budget)

This project will increase the effective parking supply of parking for residents, visitors, and businesses in Old Town Scottsdale.

Funding Sources: Bond 2019

Runway 03/21 Rehabilitation/Reconstruction (FY 2021/22: \$11.0 million)

The runway at Scottsdale Airport will be rebuilt to better serve customers and allow the airport to continue its role as a substantial economic engine for the city.

Funding sources: Aviation Funds, Grants

Raintree Drive: Scottsdale Road to Hayden Road (FY 2021/22: \$30.4 million)

This project will design and rebuild a portion of Thunderbird/Redfield Road, 76th Place, Acoma Drive and 78th Way to create the extension of Raintree Drive west of Hayden Road.

Funding sources: Regional Sales Tax -Arterial Life Cycle Program, Transportation Sales Tax 0.1%, Transportation Sales Tax 0.2%, Downtown Cultural Trust, Bond 2000

Pima Road: Pinnacle Peak Road to Happy Valley Road (FY 2021/22: \$36.4 million)

This section of Pima Road will be expanded to a six-lane roadway that includes landscaped median, turn lanes, bike lanes, sidewalks, curb and gutter, roadway drainage and Intelligent Transportation Systems facilities.

Funding sources: Regional Sales Tax -Arterial Life Cycle Program, Transportation Sales Tax 0.1%, Transportation Sales Tax 0.2%, CIP Stormwater Fee

Happy Valley Road: Pima Road to Alma School Road (FY 2021/22: \$22.7 million)

Happy Valley Road from Pima Road to Alma School Road will be widened to two-lanes-per- direction with a raised median, bicycle lanes, sidewalk and trail to improve safety, capacity and accessibility safety for motor vehicles, bicycles, and pedestrians. Roundabouts at the Alma School Road and Golf Club Drive intersections are included. This segment of roadway is currently one lane in each direction with no center median.

Funding sources: Regional Sales Tax -Arterial Life Cycle Program, Transportation Sales Tax 0.1%, Transportation 0.2% Sales Tax, In Lieu Fees - Transportation

SROG Regional Wastewater Facilities (FY 2021/22: \$26.7 million, \$58.8 million total remaining budget)

This project will expand and improve the regional wastewater conveyance facilities and the 91st Avenue Wastewater Treatment Plant (located in Phoenix) according to existing intergovernmental agreements with the Sub-Regional Operating Group (SROG).

Funding sources: Sewer Rates

Water Treatment Facility Improvements (FY 2021/22: \$11.5 million, \$40.5 million total remaining budget)

This project will include minor design, maintenance and construction modifications to various water treatment plant infrastructure which is aging. In addition, design and replacement of pump stations and storage tanks will be conducted as identified in the Asset Management Program.

Funding sources: Water Rates

Conclusion

We learned many lessons during the COVID-19 pandemic which will continue to benefit our organization and our community: leveraging new technology to serve in different ways, upgrading facilities to improve public health, and adjusting policies and procedures within rapidly revolving circumstances.

The Fiscal Year 2021/22 budget proposal supports continuing many of those efforts and provides the basis to build upon them so Scottsdale can grow even stronger as we return to normalcy.

Sincerely,



Jim Thompson, City Manager





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

**City of Scottsdale
Arizona**

For the Fiscal Year Beginning

July 01, 2020

Christopher P. Morill

Executive Director

Budget Award for Fiscal Year 2020/21 Budget

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for fiscal year beginning July 1, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operating guide, and as a communications device.

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

WHAT WORKS CITIES SILVER

Bloomberg Philanthropies' What Works Cities recognized Scottsdale as a Silver Certified City.

What Works Cities Certification is the national standard of excellence for well-managed, data-driven local government. Certification helps cities benchmark their progress and develop a roadmap for using data and evidence to deliver results for residents. By recognizing local governments excelling in this work, the program provides models others can learn from.

Scottsdale is one of 40 cities nationally that have been certified in the first four years of the program, the first in Arizona, and the smallest city to be certified when Scottsdale received recognition first in 2019.

City of Scottsdale's Budget Development Process

Recommended Budget Practices

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

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

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

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

Budget Process Definition

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

A good budget process is characterized by several essential features:

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

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

Mission of the Budget Process

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

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

The budget process should accomplish the following:

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

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

Principles/Elements of the Budget Process

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

1. Establish Broad Goals to Guide Government Decision Making

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

2. Develop Approaches to Achieve Goals

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

3. Develop a Budget Consistent with Approaches to Achieve Goals

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

4. Evaluate Performance and Make Adjustments

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

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

Budget Roles and Responsibilities

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

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

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

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

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

The **CIP technology review team**, **CIP construction review team** and **CIP transportation review team** are comprised of individuals from various city divisions. These cross-divisional teams are responsible for the initial review of all the city's capital project requests. Their reviews are focused on ensuring that projects are scoped properly, infrastructure components are coordinated, long-term operating impacts are included, timeframes are realistic, projects are coordinated geographically, and project costs are adequate.

They also consider if the request is congruent with city objectives and priorities using a set of predetermined criteria. The review group recommendations are forwarded to the capital management review committee.

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

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

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

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

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

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

Budget Phases

Needs Assessment and Financial Capacity Phase

In this phase, which begins in the late summer and continues up to the final budget adoption, staff compile and update on an ongoing basis the city's multi-fund, multi-year revenue forecast. The first year of the revenue estimates is the most critical in the process as that will ultimately define the expenditure limitations for the forthcoming budget year. The multi-year revenue perspective further refines the city's planning for current and future period expenditures – with the goal of not adding service areas, services or staff which do not have a 'sustainable' funding source over the five-year planning time frame. The preliminary assumptions are used to forecast the city's fiscal capacity and provide the financial framework within which the proposed division budget service levels, capital budget and operating impacts.

Policy/Strategy Development and Prioritization Phase

In the fall and winter, the City Council typically reviews citizen input, citizen board and commission feedback, financial policies, citizen survey results and the most current financial forecast. They discuss broad organizational goals, priorities, constituents' suggestions and expectations for Scottsdale. From this, the City Council establishes broad goals and strategic directives, which are the cornerstone for budget development. These broad goals provide the overall direction for Scottsdale and serve as a basis for

decision-making. The division directors and senior management staff update city financial policies, plans, programs and management strategies to define how the city will achieve the goals. It is within this framework that the city staff formulates the proposed operating and capital budgets.

Budget Development and Prioritization Phase

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

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

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

City Management Review and Modification Phase

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

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

City Council Budget Review and Adoption Phase

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

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

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

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

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

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

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

Implementing, Monitoring and Amending the Budget Phase

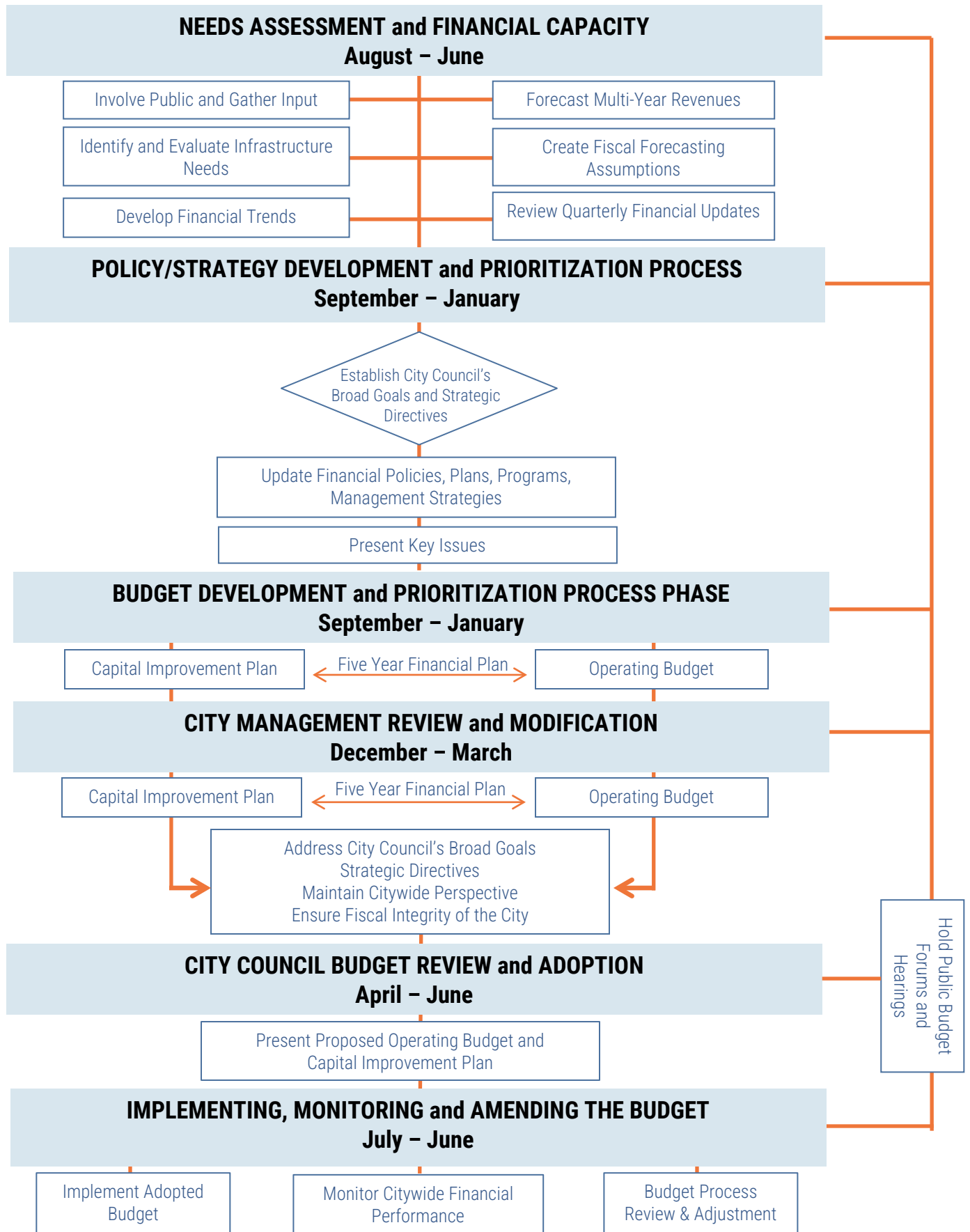
In July, city staff implement the operating budget and the capital improvement plan and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined compared to budget plans and corrective action is taken if necessary. The budget team and divisional budget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

Scottsdale’s programs and services are periodically reviewed to determine if they are achieving the City Council’s broad goals, accomplishing strategic objectives and making efficient use of limited resources. Two employee values, “plan and innovate for the future” and “focus on quality customer service,” along with city manager directed studies of several programs during the next budget year help communicate this expectation. The City Treasurer’s staff, other charter officers, division directors, and the internal audit staff all aid in the review of programs.

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

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

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



Use of Contingency/Reserve Funds

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

Budgetary and Accounting Basis

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

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

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

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

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

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

Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2021/22 is comprised of three volumes:

Volume One – Budget Summary includes the City Council's mission statement and broad goals, the city manager's transmittal letters, executive summary and adopted financial policies. Volume One also contains a budget by fund section, which includes five-year financial forecasts that cover the period FY 2021/22 through FY 2025/26. This section also provides five-year historical summaries for sources and uses by fund.

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

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

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

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

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

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

Five-Year Financial Plan

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

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

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

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

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

identify changes in the financial and economic climates and considers solutions to negative trends, thereby preserving the financial health of Scottsdale.

Revenue Forecasting

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

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

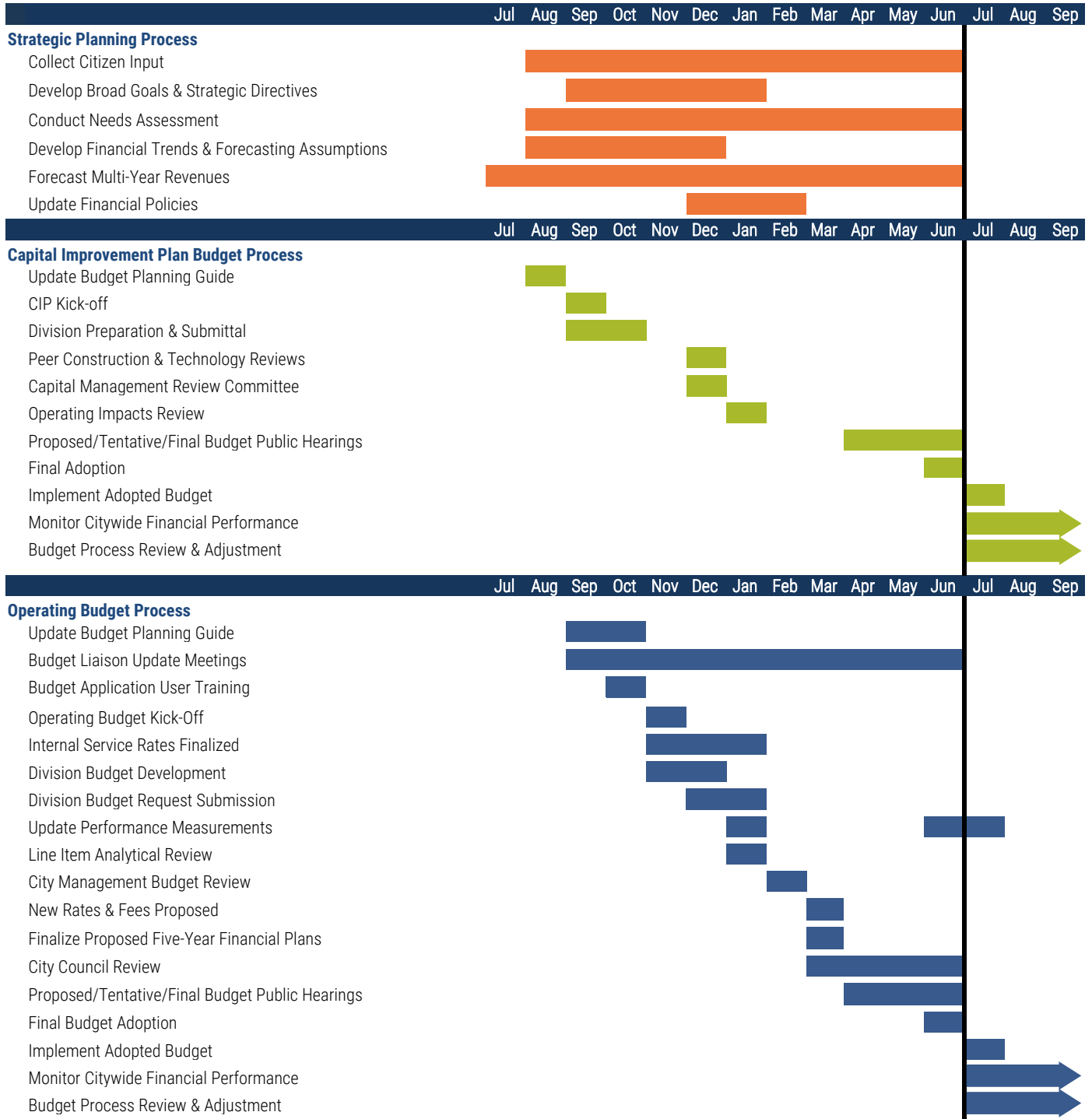
Expenditure and Year-End Savings Forecasting

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

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

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

BUDGET PLANNING AND DEVELOPMENT
FISCAL YEAR 2021/22 CALENDAR



Adopted Comprehensive Financial Policies & Governing Guidance

Annually, these policies are analyzed to ensure compliance. The annual analysis revealed that of the 46 total financial policies, all policies are in compliance with the exception of two, where the City Council determined that it was in the best interest of the city to waive the self-imposed limitations.

Below, policies that are in compliance appear in black text, and policies that are not appear in orange text. See the footnotes for additional details on these two policies.

Operating Management

1. All divisions will participate in the responsibility of meeting policy goals and ensuring long-term financial health of the city. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements. In order to ensure compliance with policy, sunset provisions will be required on all grant program initiatives and incorporated into other service plans, as appropriate.
2. The budget process is intended to weigh all competing requests for city resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.
3. Annual budgets shall include documentation that departments met intended objectives ("effectiveness criteria") and provide value in terms of dollars allocated ("efficiency criteria").
4. The budget shall be considered balanced if all sources of revenue, as estimated, are equal to, or exceed, the total of amounts proposed to be used in the operating budget for the current fiscal year, by fund. To the extent unencumbered balances from the preceding fiscal year are required to achieve a balanced budget, use of unencumbered balances from the preceding fiscal year will be only as authorized by City Council.
5. The full City Council will solicit citizen input and review the operating and capital budget recommendations from a divisional, program, and goals perspective.
6. Revenues will not be dedicated for specific purposes, unless approved by City Council or required by law. All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.
7. A diversified and stable revenue system will be developed to protect city services from short-term fluctuations in any single revenue source.
8. Balanced revenue and expenditure forecasts will be prepared annually and include a five-year plan for each fund to demonstrate the city's ability to adapt to forecast changes in the economy, service demands, and capital improvements.
9. Enterprise (Water, Water Reclamation, Solid Waste Management, and Aviation) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service, debt service, provide adequate funding for future capital needs and be approved by the City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents. Rate adjustments for enterprise operations will be developed pursuant to a multi-year financial plan that levels the impact of user rate changes.
10. All other user fees and charges will be examined periodically to determine the direct and indirect cost of service recovery rate, excluding voter-approved debt service. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.
11. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed periodically with an engineering assessment to ensure that fees recover all direct development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be highlighted in budget or financial documents.
12. The use or replacement of Fleet and Information Technology (PC, phones and copier systems) will be accounted for through the use of a direct or a "rental" rate structure. The rates will be revised annually to ensure that charges to operating divisions are sufficient for operation and replacement of vehicles and other equipment. Replacement costs will be based upon equipment lifecycle financial analysis.

13. Grant funding will be considered to leverage city funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, city resources will be substituted only after all program priorities and alternatives are considered during the budget process.
14. Alternative means of service delivery will be evaluated to ensure that quality services are provided to our citizens at the most competitive and economical cost. Divisions, in cooperation with the City Manager, City Auditor and City Treasurer, will identify activities or services that could be provided over the long-term more efficiently or effectively by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed on a reasonably periodic or on an "opportunity" basis.
15. Cash and Investment programs will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
16. Uncollectible accounts, excluding City Court, will be no more than five-tenths of one percent of revenue on an annual basis unless otherwise approved by City Council.
17. Any year-end General Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget, but in no case less than: (1) 25 percent of construction privilege tax revenues; (2) 100 percent of net interest income in excess of \$1.0 million; and (3) half of the 1.1 percent sales tax collected on food for home consumption, which will then be reduced by 16.7 percent each subsequent year until the transfer is \$0, will be transferred to the General Fund Capital Improvement Program in the following fiscal year unless otherwise directed by City Council.
18. Addition of personnel will only be requested to meet program initiatives and policy directives; after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased net revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
19. Benefits and compensation will be administered in accordance with policy given by City Council. As part of a cost-containment strategy, total costs for health insurance premiums will be shared between the employer, employees and public safety disabled retirees. Total premiums will be evaluated on an annual basis to ensure they are reasonable and competitive and that total premiums are expected to provide adequate funding of anticipated claims and a reasonable level of loss reserves.
20. An annual General Fund transfer will be made to the Benefits Healthcare Self Insurance Fund to subsidize the cost of providing healthcare benefits to sworn public safety accidental disabled retirees.
21. Property tax will be levied to recover: (1) annual payments of principal and interest for existing and planned general obligation bond issuances, including the factors and amounts authorized by state law but net of the amount required under state law and (2) revenues required for the General Fund equal to (a) the prior year's revenue (b) plus new growth added to the tax roll and (c) the prior year's tort liability payments as approved by City Council. Council may also approve the legally allowable maximum over the previous year's primary levy.
- 21A. 100 percent of the transient lodging (bed) taxes received by the city shall be deposited into the Special Revenue Fund for Tourism Development (Tourism Development Fund). Additionally, the Tourism Development Fund shall receive 100 percent of Princess Hotel lease revenues.

The transient lodging (bed) tax revenues will be allocated annually as follows:

- 50 percent for destination marketing as approved by the voters;
- 12 percent for the General Fund;
- nine percent for tourism-related events and event development;
- four percent for tourism-related administration and research;
- 25 percent, plus the lease payments on the Princess Resort, or the balance of the remaining Tourism Development Fund revenues, for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects, in the form of one-time commitments or multi-year annual commitments, not to exceed \$600,000 per commitment unless otherwise approved by City Council.

At the end of each fiscal year, any unused funds in the Tourism Development Fund will be available for use in following years for any of the non-marketing tourism categories (except the general fund)

category) and may be allocated without limitations, except that they may not be leveraged for multi-year annual commitments, such as debt service payments.

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

22. Any year-end Transportation Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget will be transferred to the Transportation Fund Capital Improvement Program in the following fiscal year unless otherwise directed by City Council.

Capital Management

23. A five-year Capital Improvement Plan will be developed and updated annually, including anticipated spending as well as funding sources. Capital improvement projects are defined typically as multi-year efforts which may include purchases or construction of infrastructure or equipment which results in a new capitalized asset costing more than \$25,000 and having a useful life of five years or more. No funding commitments will be made for any project in the CIP unless the project has sufficient budget authority in the current budget year to meet the entire amount of the commitment. For each year of the CIP, total anticipated expenditures and commitments will not exceed projected starting fund balance plus total anticipated revenues for that year.
24. Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 25 percent of all capital improvement projects, excluding Preservation and Enterprise, for each five-year planning period. Pay-as-you-go financing is defined as all sources of revenue other than city debt issuance, i.e., fund balance contributions, developer contributions, grants, endowments, etc.
25. Proposed capital projects will be reviewed and prioritized by a cross-divisional team regarding accurate costing (design, capital, and operating), prevention of existing infrastructure deterioration before the addition of new infrastructure and overall consistency with the City's General Plan and City Council's goals and objectives.
26. Dedicated 0.2 percent privilege tax revenue for transportation improvements will be restricted to funding the planning, design, construction and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, and transit; and for transportation improvement operating expenses. No more than 50 percent of the privilege tax revenue for transportation improvements will be allocated to transportation improvement operating expenses.
- 26A. Dedicated 0.1 percent privilege and use tax revenue for transportation improvement projects will be restricted to funding the planning, design, construction, and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, and transportation improvements.
27. Future operating, maintenance, and capital costs associated with new capital improvements and contractual obligations approved by Council will be forecasted and included in the Operating Budget, five-year financial plan and the Capital Improvement Plan.

Debt Management

28. General Obligation debt, which is supported by property tax revenues and grows in proportion to the city's assessed valuation and/or property tax rate increases, will be utilized only as authorized by voters. Other types of voter-approved debt may also be utilized only when they are supported by dedicated revenue sources.
29. General Obligation debt issuances (excluding Preserve General Obligation debt) will be managed on an annual basis to match funds to Capital Improvement Plan cash flow requirements. The city will not exceed \$1.50 combined property tax per \$100 assessed value unless otherwise directed by City Council.
30. ²Non-voter approved debt will be utilized only when a dedicated revenue source (e.g., facility revenue and bed tax) can be identified to pay, or reimburse the city for paying, debt service expenses. City Debt Service (excluding enterprise, general obligation and preservation) costs (Municipal Property Corporation, Revenue Bond, and Contractual Debt) should not exceed five percent of the city's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility. The following considerations will be made to the question of pledging of project (facility) revenues towards debt service requirements:

- a. The project requires monies not available from other sources.
 - b. Matching fund monies are available which may be lost if not applied for in a timely manner.
 - c. Catastrophic conditions.
 - d. The city shall not give or loan its credit in aid of, nor make any donation, grant or payment of any public funds, by subsidy or otherwise, to any individual, association, or corporation, except where there is a clearly identified public purpose and the city either receives direct consideration substantially equal to its expenditure or provides direct assistance to those in need.
31. McDowell Sonoran Preservation debt service will be funded by the dedicated 0.35 percent privilege tax. The city's privilege taxes to revenue bond debt service goal will be at least 1.5:1 for senior lien debt to ensure the city's ability to pay for preserve debt from this elastic revenue source.
 32. Improvement District (ID) and Community Facility District (CFD) Bonds shall be permitted only when there is a general city benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
 - a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the city. In addition, the city's cumulative improvement district debt will not exceed five percent of the city's net assessed limited property valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.
 - b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. In addition, the city's cumulative facility district debt will not exceed five percent of the city's net assessed limited property valuation. The landowner/developer shall also contribute \$0.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
 33. Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction of this plan.
 34. While considering the bond rating impacts, the effect on short-term user rates and the level of cash reserves, the Water and Water Reclamation Enterprise Funds will use long-term debt when prudent to achieve a ratio of long-term debt to tangible fixed assets (capital assets net of depreciation plus equity in joint venture) of no more than 50 percent.

Reserve Management

35. All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the city's balanced five-year financial plan.
36. The following stabilization reserves will be maintained for unforeseen emergencies or catastrophic impacts to the city:
 - a. General Fund Stabilization Reserve of 10 percent of annual General Fund operating expenditures.
 - b. Transportation Fund Stabilization Reserve of 10 percent of annual Transportation Fund operating expenditures.
 - c. An Excise Tax Stabilization Reserve will be funded at no less than \$5.0 million to be temporarily used for debt service in the event there are unforeseen emergencies or catastrophic impacts to the city.
37. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, and will not exceed 10 percent of the amount needed to pay the following year's bonded indebtedness for General Obligation bond principal and interest (excluding Preserve General Obligation bonds). A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.
38. Contingency Reserves for each fund to be established annually will be maintained to offset unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the

public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds, and subject to City Council approval.

39. Separate Operating Fund Reserves will be maintained for the city's Water, Water Reclamation, Solid Waste Management, and Aviation Enterprise Funds. Such reserves shall be funded between 60 and 120 days of budgeted operating expenditures, excluding expenditures for debt service. Operating Fund Reserves shall be maintained to provide contingency funding and expenditure flexibility in the event of unexpected declines in revenue or increases in costs.
40. Replacement and Extension Reserves will be maintained by the Water and Water Reclamation Enterprise Funds to ensure adequate resources for replacement of water and water reclamation infrastructure. Such reserves shall equal two percent of the gross book value of all tangible fixed assets of the system and shall be utilized only to provide contingency funding and expenditure flexibility during times of unusual circumstances.
41. Self Insurance Reserves will be maintained at a level that will adequately fund the city's financial obligations for the payment of property, workers' compensation, liability, and health benefit losses. A qualified actuarial firm shall be retained on an annual basis to project and develop losses in order to recommend appropriate reserve levels. The Loss Trust Fund Board's target is to maintain a Risk Management reserve fund balance equivalent to the actuary's 85 percent confidence interval of projected total outstanding claims liability.
42. The Fleet Fund and PC Replacement Fund will be maintained to ensure adequate funding for systematic replacement and operational needs.
43. Any intentional drawdown of fund reserves requires City Council approval.

Financial Reporting

44. The city's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB). The City Treasurer shall issue timely monthly financial reports to City Council.
45. Accounting methods will include essential policies, procedures and internal controls to monitor all general ledger activity on an ongoing basis.
46. Prior to the end of each fiscal year the Council shall designate certified public accountants who, shall perform an independent audit of the city's annual financial statements in accordance with generally accepted government auditing standards. The certified public accountants shall be independent of the city government, having no personal interest, direct or indirect, in the fiscal affairs of city government or any of its officers. The certified public accountants shall submit their reports to the Council. All such audit reports shall be a matter of public record.

¹ The City Council intentionally waived operating management policy #21A which relates to the Tourism Development Fund and states one-time commitments or multi-year annual commitments such as annual debt service will not exceed \$600,000 per commitment unless otherwise approved by City Council. This limitation was waived when approving the Tony Nelsson Equestrian Center (TNEC), Museum of the West, Tournament Players Club (TPC) renovations and Scottsdale Stadium renovations.

² Financial Policy #30 says non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay, or reimburse the city for paying, debt service expenses. The City Council intentionally waived this policy when approving the TNEC.

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

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

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

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

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

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

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

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

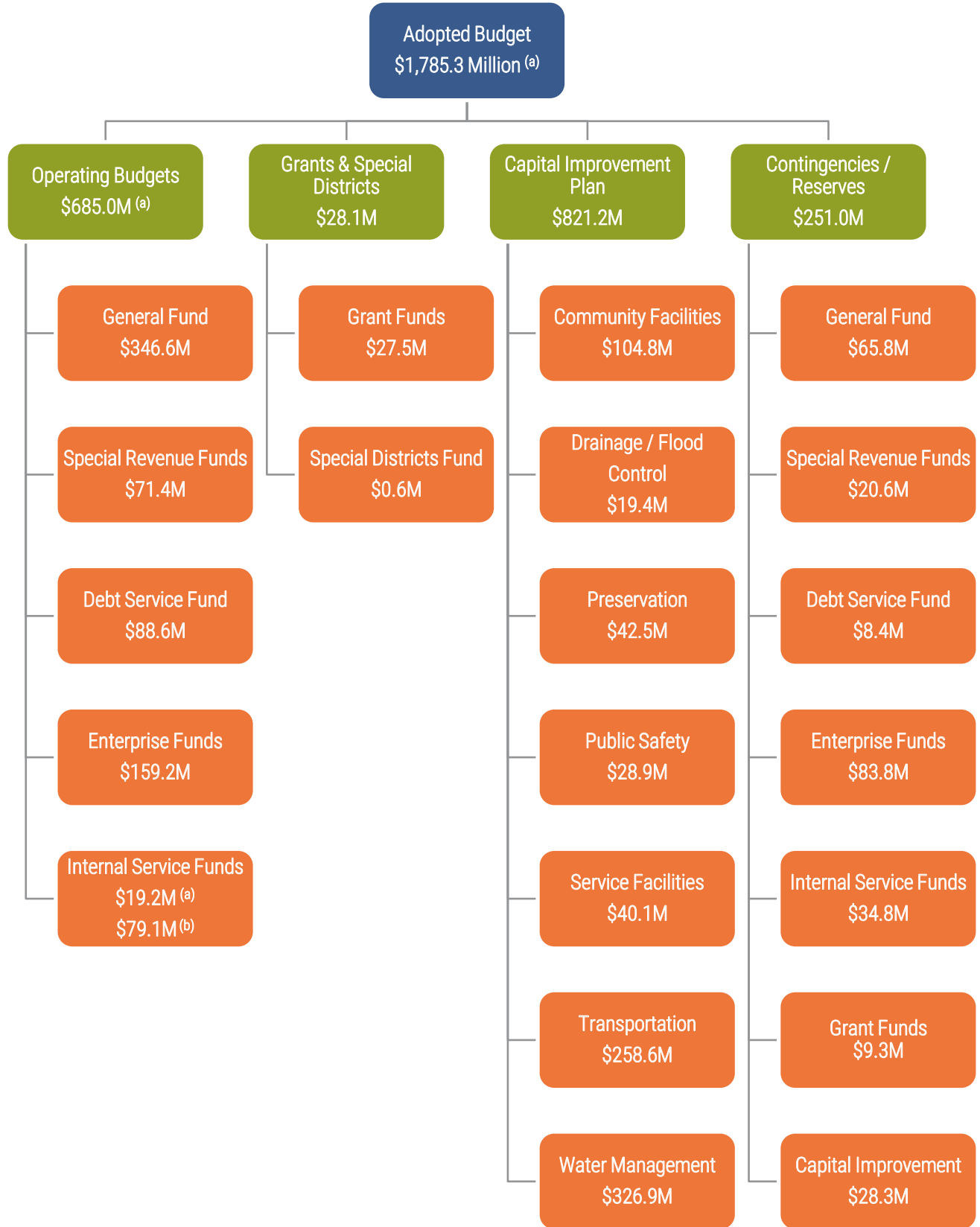
Special Districts Fund is used to account for the city's streetlight districts.

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



Magma Arizona Railroad Steam Engine at McCormick-Stillman Railroad Park

Courtesy of Scottsdale Public Library



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$60.0M

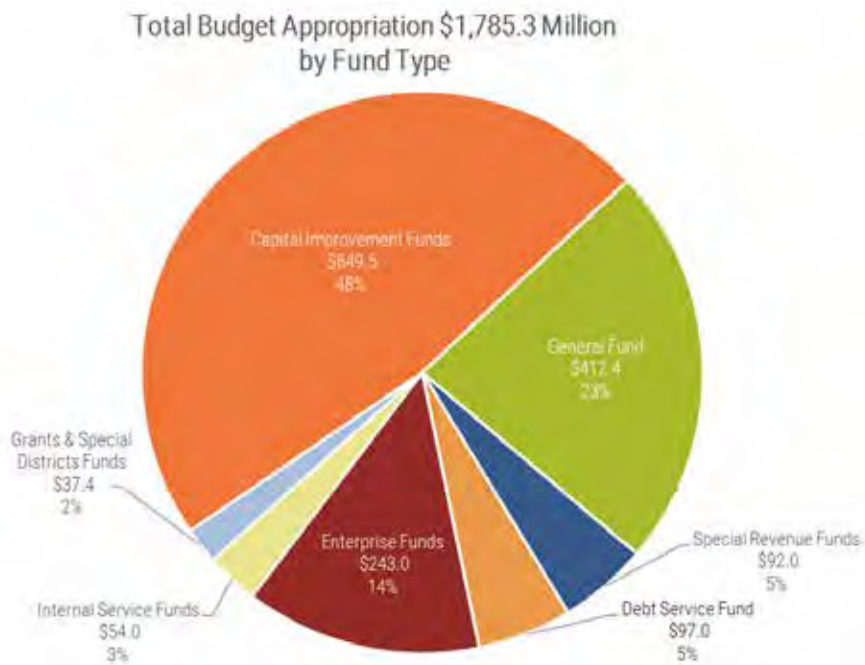
^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$60.0M

Rounding differences may occur.

The total Scottsdale FY 2021/22 adopted budget consists of \$1,420.4 million in revenue, including \$536.8 million in prior year Capital Improvement Plan (CIP) unexpended revenue, \$70.1 million in property taxes, \$75.0 million in bond proceeds, and \$738.5 million in other operating and capital revenues. A complete detail of revenues can be found on the Total Appropriation schedule. Below is the revenue breakdown by fund type.



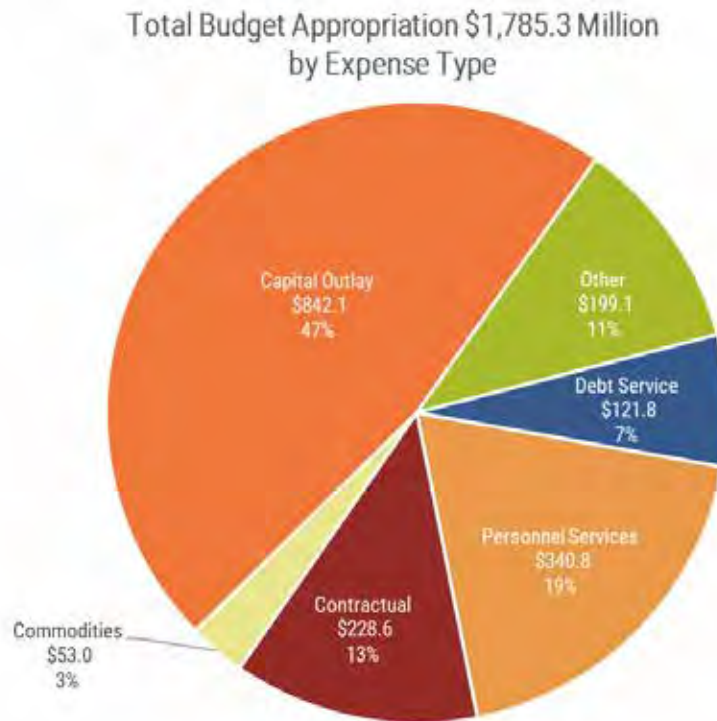
The total Scottsdale FY 2021/22 adopted budget appropriation is \$1,785.3 million, which includes \$251.0 million in contingencies/reserves. The Capital Improvement accounts for the largest portion of the annual budget appropriation at \$849.5 million.



Rounding differences may occur.

BUDGET BY FUND | Total Budget Overview

The largest expense category in the FY 2021/22 budget is Capital Outlay at 47 percent, or \$842.1 million. Expenses for Personnel Services, Contractual, and Commodities together account for \$622.4 million, or approximately 35 percent of the total authorized budget.



Rounding differences may occur.

	Beginning Balance	Sources			Uses						Ending Balance
		Revenue	Transfers In	Other*	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlay	Other*	Transfers Out	
General Fund	130,296,640	324,086,370	11,381,324	-	268,578,217	67,801,566	8,854,988	1,366,920	65,809,238	30,953,405	22,400,000
Special Revenue Funds											
Transportation	23,427,558	42,488,901	-	-	8,510,995	17,382,964	1,283,285	345,380	3,252,262	20,518,890	14,622,683
Preservation	53,154,610	45,623,254	-	-	-	-	-	-	-	36,526,664	62,251,200
Special Programs	39,795,720	12,905,387	110,000	-	3,319,135	20,180,743	3,268,762	1,298,586	11,500,000	6,288,757	6,955,125
Tourism Development	6,401,184	23,249,230	-	-	560,429	15,232,428	6,870	-	5,855,946	7,994,741	-
Debt Service Fund	8,384,936	35,078,990	53,530,541	-	-	88,609,531	-	-	8,384,936	-	-
Enterprise Funds											
Water & Water Reclamation	72,396,949	179,286,375	9,938,339	-	25,646,773	63,451,801	31,955,941	196,000	80,527,562	59,843,586	-
Solid Waste	7,182,702	26,420,997	-	-	8,962,026	14,788,182	724,606	848,268	5,571,866	554,409	2,154,342
Aviation	4,691,769	6,321,453	-	-	1,536,743	2,908,088	58,650	46,000	5,787,185	638,303	38,253
Internal Service Funds											
Fleet Management	9,850,219	982,384	-	-	5,011,537	1,963,931	6,749,400	15,553,870	(22,657,428)	856,064	3,355,229
PC Replacement	1,765,822	-	-	-	-	-	-	1,186,447	(650,000)	-	1,229,375
Risk Management	26,243,871	1,195,000	-	-	1,289,350	10,957,357	84,200	-	15,086,551	21,413	-
Healthcare Self-Insurance	15,816,101	9,189,593	100,000	-	301,992	36,031,646	5,200	-	(16,914,462)	-	5,681,318
Grants, Endowments & Special Districts											
Grants	-	27,601,635	-	9,339,309	17,051,229	10,423,752	40,940	-	9,339,309	85,714	-
Special Districts	51,390	530,438	-	-	-	581,828	-	-	-	-	-
Capital Improvement	302,492,206	685,454,442	96,028,664	-	-	-	-	821,237,038	28,250,000	6,806,922	227,681,352
Total All Funds	701,951,679	1,420,414,449	171,088,868	9,339,309	340,768,426	350,313,817	53,032,842	842,078,509	199,142,965	171,088,868	346,368,878

Total Budget Appropriation** 1,785,336,559

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

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

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts Funds	Capital Improvement Funds	Total
Beginning Fund Balance	130,296,640	122,779,074	8,384,936	84,271,420	53,676,013	51,390	302,492,206	701,951,679
Revenues								
Taxes - Local								
Sales Tax	131,319,371	69,782,182		150,000			12,920,190	214,171,743
Sales Tax - Public Safety (0.10%)	12,920,190							12,920,190
Transient Occupancy Tax		21,637,230						21,637,230
Electric & Gas Franchise	8,148,680	240,000						8,388,680
Stormwater Fee - CIP	-	4,320,100					-	4,320,100
Cable TV License Fee	4,000,000							4,000,000
Stormwater Fee	942,896			337,600				1,280,496
Salt River Project In Lieu	234,671							234,671
Utilities & Enterprises								
Water Service Charges				113,533,563			2,250,000	115,783,563
Water Reclamation Service Charges				47,523,116			2,400,000	49,923,116
Refuse/Recycling				26,372,061				26,372,061
Non-Potable Water Service Charges				15,241,405			1,500,000	16,741,405
Airport Fees				5,935,079				5,935,079
State Shared Revenues								
State Shared Income Tax	33,671,804							33,671,804
State Shared Sales Tax	30,301,260							30,301,260
Auto Lieu Tax	11,967,636							11,967,636
Other Financing Sources								
Bond Proceeds							75,000,000	75,000,000
Property Tax								
Property Tax	34,767,021		35,078,990		290,000			70,136,011
Other Revenue								
CIP Unexpended Year End							536,806,260	536,806,260
Grants						26,094,448	30,892,260	56,986,708
Property Rental		172,000						172,000
Special Districts						530,438		530,438
Reimbursements from Outside Sources					1,089,500			1,089,500
Charges For Service/Other								
Intergovernmental	4,412,249	1,336,437					21,832,300	27,580,986
Property Rental	3,258,857	2,634,937		374,148		62,674		6,330,616
Westworld Equestrian Facility Fees	5,152,517							5,152,517
Miscellaneous	1,544,454	526,881		834,657	1,085,938		2,010	3,993,940
Contributions & Donations		1,000,952		5,500		1,444,513		2,450,965
Taxes- From Other Agencies								
Highway User Tax		17,167,454						17,167,454
Local Transportation Assistance Fund		655,000						655,000
Building Permit Fees & Charges								
Building Permit Fees & Charges	17,222,793	16,040					65,000	17,303,833
License Permits & Fees								
Recreation Fees	4,460,597	2,491,712						6,952,309
Fire Charges For Services	1,916,804							1,916,804
Business & Liquor Licenses	1,782,860	56,000						1,838,860
Internal Service Charges								
Self Insurance					45,470,012			45,470,012
Fleet Management					22,657,428			22,657,428
PC Replacement					750,000			750,000
Less Internal Service Funds Offset					(59,975,901)			(59,975,901)
Fines Fees & Forfeitures								
Court Fines	3,983,438	1,660,724						5,644,162
Photo Radar	2,343,564							2,343,564
Parking Fines	290,392							290,392
Jail Dormitory	182,250							182,250
Library	103,668							103,668
Police Fees		95,400						95,400
Indirect/Direct Cost Allocations								
Indirect Costs	6,793,734			876,665				7,670,399
Direct Cost Allocation (Fire)	424,874							424,874
Interest Earnings								
Interest Earnings	1,939,790	473,723		845,031			1,786,422	5,044,966
Subtotal	324,086,370	124,266,772	35,078,990	212,028,825	11,366,977	28,132,073	685,454,442	1,420,414,449

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts Funds	Capital Improvement Funds	Total
Other Activity								
Grant Anticipated						7,339,309		7,339,309
Grant Contingency						2,000,000		2,000,000
<i>Subtotal</i>	-	-	-	-	-	9,339,309	-	9,339,309
Transfers In								
From Aviation Fund							638,303	638,303
From AWT				3,231,417				3,231,417
From CIP	-	100,000		-	-	-		100,000
From Debt Service	-			5,806,922				5,806,922
From Debt Svc GO Bonds			31,527,342					31,527,342
From Debt Svc MPC Bonds			20,583,199	-				20,583,199
From Debt Svc SPA Bonds			1,420,000					1,420,000
From Enterprise Franchise Fees	8,668,113							8,668,113
From Fleet Fund							856,064	856,064
From General Fund							16,880,314	16,880,314
From Grants Fund							85,714	85,714
From Operating		10,000			100,000			110,000
From Preservation Sales Tax Fund							3,579,322	3,579,322
From Risk Management Fund							21,413	21,413
From RWDS				900,000				900,000
From Solid Waste Fund							554,409	554,409
From Special Programs Fund							1,296,579	1,296,579
From Special Revenue Funds	2,713,211	-		-				2,713,211
From Stormwater Fee Fund							3,653,600	3,653,600
From Transportation Sales Tax (0.20%) Fund							20,518,890	20,518,890
From Water & Water Reclamation Funds							47,944,056	47,944,056
<i>Subtotal</i>	11,381,324	110,000	53,530,541	9,938,339	100,000	-	96,028,664	171,088,868
<i>Sources Total</i>	335,467,694	124,376,772	88,609,531	221,967,164	11,466,977	37,471,382	781,483,106	1,600,842,626

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts Funds	Capital Improvement Funds	Total
Expenditures								
Mayor and City Council	1,004,604	28,000				-		1,032,604
City Clerk	1,215,160							1,215,160
City Attorney	7,782,103				12,280,907	100,000		20,163,010
City Auditor	1,230,066							1,230,066
City Court	5,040,341	2,002,170						7,042,511
City Manager	4,391,723					570,443		4,962,166
Public Works	24,093,069	26,106,243		24,578,488	29,421,793	-		104,199,593
Community and Economic Development	22,315,079	19,306,439		2,850,985		-		44,472,503
Public Safety - Fire	57,931,010	2,500				321,483		58,254,993
Public Safety - Police	152,109,133	3,080,056				687,945		155,877,134
City Treasurer	11,459,281	66,409		3,593,202		-		15,118,892
Community Services	44,132,297	6,143,964				11,213,644		61,489,905
Administrative Services	17,677,356	18,800		469,336	37,575,285			55,740,777
Az Cares		14,942,903						14,942,903
American Rescue Plan Act		-				14,622,406		14,622,406
Water Resources				87,551,839				87,551,839
Citywide Direct Cost Allocation				424,874				424,874
Citywide Indirect Cost Allocation				6,793,734				6,793,734
Department Indirect Cost				876,665				876,665
Leave Accrual Payments	2,174,483	32,093		524,214	26,945			2,757,735
Savings from Vacant Positions	(6,350,000)	(340,000)		(1,532,100)	(170,000)			(8,392,100)
Utilities	-	-		331,100				331,100
Less Internal Service Funds Offset					(59,975,901)			(59,975,901)
Special Districts						581,828		581,828
Subtotal	346,205,705	71,389,577	-	126,462,337	19,159,029	28,097,749	-	591,314,397
Debt Service								
CIP Sewer Revenue Bonds				4,592,700				4,592,700
Contracts Payable	395,986			1,724,244				2,120,230
GO Debt Service - Non Preserve			35,078,990					35,078,990
GO Debt Service - Preserve			31,527,342					31,527,342
MPC Bonds Debt Service-Sewer				6,208,406				6,208,406
MPC Bonds Debt Service-Water				20,230,664				20,230,664
MPC Excise Debt			20,583,199					20,583,199
SPA Debt Service			1,420,000					1,420,000
Subtotal	395,986	-	88,609,531	32,756,014	-	-	-	121,761,531
Capital								
Community Facilities							104,798,562	104,798,562
Drainage / Flood Control							19,404,292	19,404,292
Preservation							42,543,999	42,543,999
Public Safety							28,927,181	28,927,181
Service Facilities							40,113,769	40,113,769
Transportation							258,597,420	258,597,420
Water Management							326,851,815	326,851,815
Subtotal	-	-	-	-	-	-	821,237,038	821,237,038

BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts Funds	Capital Improvement Funds	Total
Other Activity								
Aviation Funds Contingency							450,000	450,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
General Fund Contingency							5,000,000	5,000,000
Grant Anticipated						7,339,309		7,339,309
Grant Contingency						2,000,000	8,600,000	10,600,000
Greater Airpark Special Improvements Contingency							2,000,000	2,000,000
Old Town Special Improvements Contingency							3,200,000	3,200,000
Sewer Rates Contingency							2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency							3,000,000	3,000,000
Water Rates Contingency							3,000,000	3,000,000
Appropriation Contingency		11,500,000						11,500,000
Debt Stabilization Reserve			5,055,080					5,055,080
Fleet Replacement Reserve				1,196,500				1,196,500
GO Debt Service Reserve - Non Preserve			3,329,856	1,073,100				4,402,956
IBNR Reserve					2,633,492			2,633,492
Operating Contingency	3,000,000	3,000,000			5,587,053			11,587,053
Operating Reserve	34,660,169	2,752,262		25,062,210	23,624,421			86,099,062
Premium Stabilization Reserve					2,995,596			2,995,596
PSPRS Pension Liabilities	28,149,069							28,149,069
Repair/Replacement Reserve				48,009,507				48,009,507
Reserve - Administration and Research		963,340						963,340
Reserve - Events and Event Development		2,392,606						2,392,606
Revenue Bond Debt Service Reserve				4,604,688				4,604,688
Special Contractual Fund Balance				845,335				845,335
Water Drought Reserve				3,000,000				3,000,000
Subtotal	65,809,238	20,608,208	8,384,936	83,791,340	34,840,562	9,339,309	28,250,000	251,023,593
TOTAL BUDGET	412,410,929	91,997,785	96,994,467	243,009,691	53,999,591	37,437,058	849,487,038	1,785,336,559
Transfers Out								
To AWT				3,231,417				3,231,417
To CIP	8,352,999	25,156,659	-	48,313,734	780,000	57,786		82,661,178
To CIP 25% Construction Sales Tax	3,011,975							3,011,975
To CIP Excess Interest	939,790							939,790
To CIP Food Tax	4,575,550							4,575,550
To CIP Stormwater	-	3,653,600						3,653,600
To CIP Technology		238,132		823,034	97,477	27,928		1,186,571
To Debt Svc GO Bonds		31,527,342						31,527,342
To Debt Svc MPC Bonds	13,963,091	6,620,108	-	-				20,583,199
To Franchise Fees				8,668,113				8,668,113
To In Lieu Fees Fund							100,000	100,000
To Operating	110,000	2,713,211				-		2,823,211
To Trnsfrs Out-Debt Svc SPA Bonds		1,420,000						1,420,000
To Water & Water Reclamation Funds							6,706,922	6,706,922
Subtotal	30,953,405	71,329,052	-	61,036,298	877,477	85,714	6,806,922	171,088,868
Uses Total	443,364,334	163,326,837	96,994,467	304,045,989	54,877,068	37,522,772	856,293,960	1,956,425,427
Sources Over/(Under) Uses ^(a)	(107,896,640)	(38,950,065)	(8,384,936)	(82,078,825)	(43,410,091)	(51,390)	(74,810,854)	(355,582,801)
Ending Fund Balance ^(a)	22,400,000	83,829,009	-	2,192,595	10,265,922	-	227,681,352	346,368,878
Ending Fund Balance ^(b)	88,209,238	104,437,217	8,384,936	85,983,935	45,106,484	9,339,309	255,931,352	597,392,471

^(a) Includes use of reserve appropriations.

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



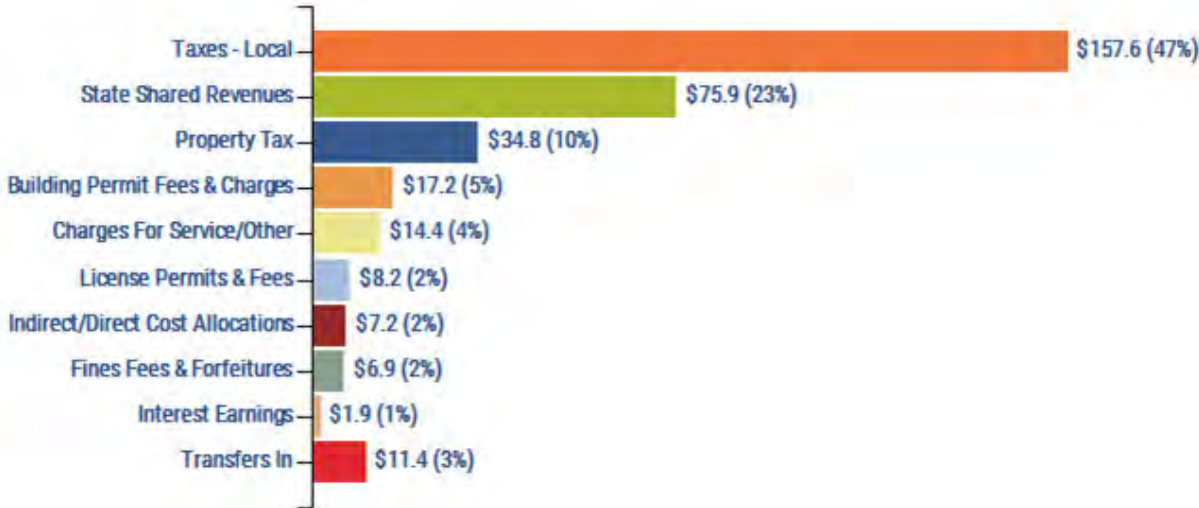


Scottsdale City Hall
Courtesy of Scottsdale Public Library

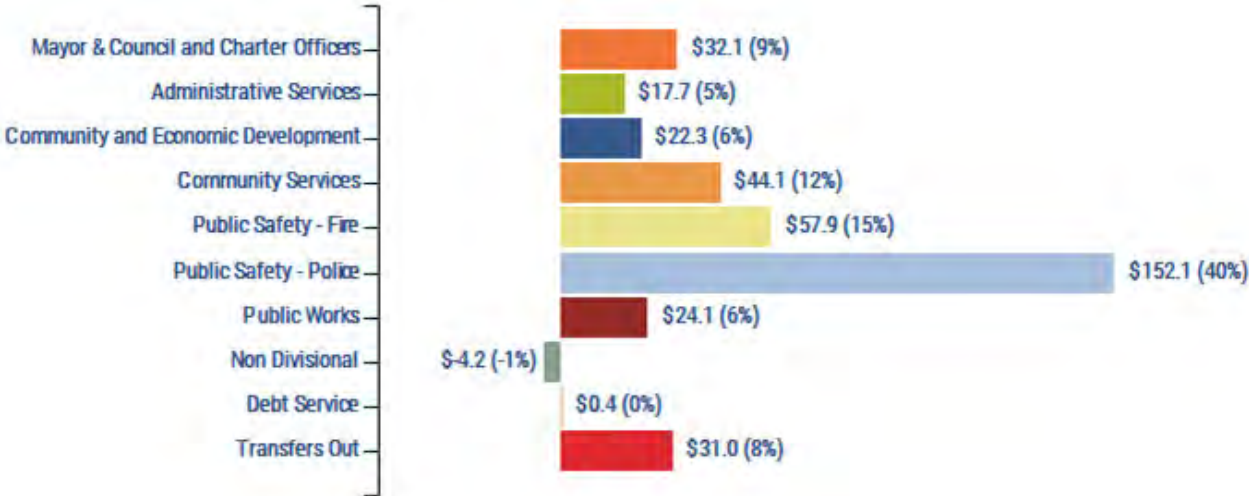
Fund Purpose

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

**General Fund Sources (% to Total)
\$335.5 Million**



**General Fund Uses (% to Total)
\$377.6 Million**



Rounding differences may occur.

BUDGET BY FUND | General Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	26,847,880	26,642,583	26,385,271	26,234,116
PSPRS Pension Liabilities	55,868,543	49,465,296	57,555,598	85,962,524
AZCares Funding ^(a)	-	17,238,644	17,238,644	-
Cavasson Infrastructure Reimbursement	-	14,300,000	14,300,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
Total Beginning Fund Balance^(b)	86,216,423	111,146,523	118,979,513	130,296,640
Revenues				
Taxes - Local				
Sales Tax	122,922,662	111,660,529	126,357,535	131,319,371
Sales Tax - Public Safety (0.10%)	12,094,543	10,971,211	12,422,815	12,920,190
Electric & Gas Franchise	7,994,247	8,660,966	8,104,476	8,148,680
Cable TV License Fee	5,444,841	4,206,063	4,206,063	4,000,000
Stormwater Fee	946,912	942,896	942,896	942,896
Salt River Project In Lieu	216,044	232,348	232,348	234,671
Stormwater Fee - CIP ^(c)	3,230,136	-	-	-
State Shared Revenues				
State Shared Income Tax	33,015,280	37,081,460	36,881,665	33,671,804
State Shared Sales Tax	26,394,906	24,525,227	27,133,963	30,301,260
Auto Lieu Tax	10,837,560	10,595,315	11,831,446	11,967,636
Property Tax				
Property Tax	32,158,797	33,064,709	33,064,709	34,767,021
Building Permit Fees & Charges				
Building Permit Fees & Charges	18,517,907	16,518,181	16,615,181	17,222,793
Charges For Service/Other				
Westworld Equestrian Facility Fees	4,384,561	5,046,027	5,165,894	5,152,517
Intergovernmental	4,394,695	4,094,331	4,201,797	4,412,249
Property Rental	2,808,191	3,326,396	3,599,332	3,258,857
Miscellaneous	3,153,769	1,101,286	1,720,371	1,544,454
Contributions & Donations	1,000	-	-	-
License Permits & Fees				
Recreation Fees	3,184,050	2,829,658	3,079,658	4,460,597
Fire Charges For Services	1,892,482	1,767,150	1,759,522	1,916,804
Business & Liquor Licenses	1,813,878	1,791,200	1,791,200	1,782,860
Indirect/Direct Cost Allocations				
Indirect Costs	6,826,759	6,522,218	6,522,218	6,793,734
Direct Cost Allocation (Fire)	356,641	444,281	444,281	424,874
Fines Fees & Forfeitures				
Court Fines	4,091,475	4,003,074	3,873,074	3,983,438
Photo Radar	2,683,090	2,656,115	2,336,115	2,343,564
Parking Fines	256,999	282,030	282,030	290,392
Jail Dormitory	-	342,000	31,750	182,250
Library	313,030	252,175	132,175	103,668
Interest Earnings				
Interest Earnings	4,724,400	3,464,832	3,464,832	1,939,790
Subtotal	314,658,854	296,381,678	316,197,346	324,086,370
Transfers In				
CIP	-	-	1,113,104	-
Debt Service	321,091	-	-	-
Enterprise Franchise Fees	8,432,562	8,111,171	8,476,171	8,668,113
Special Revenue Funds	2,593,398	1,919,171	2,062,352	2,713,211
Subtotal	11,347,052	10,030,342	11,651,627	11,381,324
Total Sources	326,005,906	306,412,020	327,848,973	335,467,694

^(a) Scottsdale was awarded \$29.6 million of the AZCares Fund, which was created as a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Public Safety - Fire and Police payroll expenditures were transferred to the AZCares Fund (grant) in FY 2019/20 (\$17.2 million) and in FY 2020/21 (\$12.4 million); thereby freeing up General Fund dollars. The \$29.6 million was transferred from the General Fund to the Special Programs Fund in Forecast 2020/21 to ensure governmental accounting standards are being met and the funding is being used for the specific purposes directed by City Council.

^(b) Excludes accrued liabilities of \$15.1 million in FY 2019/20 and unknown accrued liabilities in current and future years.

^(c) The Stormwater Fee is no longer recorded in the General Fund and does not require a Transfer Out to CIP.

BUDGET BY FUND | General Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Expenditures				
Mayor and City Council	766,056	845,429	847,205	1,004,604
City Attorney	6,950,885	6,554,365	6,525,198	7,782,103
City Auditor	1,044,347	1,102,587	909,613	1,230,066
City Clerk	1,158,641	1,194,128	1,373,244	1,215,160
City Court	4,901,490	4,550,341	4,578,166	5,040,341
City Manager	3,945,347	3,910,285	2,863,537	4,391,723
City Treasurer	9,559,141	9,991,747	9,535,449	11,459,281
Administrative Services	14,929,991	15,560,742	14,819,397	17,677,356
Community and Economic Development	20,418,092	20,076,695	19,774,162	22,315,079
Community Services	39,913,537	39,235,504	38,235,540	44,132,297
Public Safety - Fire ^{(a)(b)}	39,881,582	41,000,603	40,644,217	57,931,010
Public Safety - Police ^{(a)(b)}	97,165,263	100,425,800	99,937,555	152,109,133
Public Works	20,310,482	22,970,050	19,210,128	24,093,069
<i>Cavasson Infra Reimb Ph1 Milestone</i>	-	-	-	-
<i>Fuel and Maint and Repair ^(c)</i>	-	-	1,339,490	-
<i>Operating Impacts</i>	-	-	-	-
<i>Utilities ^(c)</i>	-	-	3,295,746	-
<i>Leave Accrual Payments</i>	-	1,941,424	-	2,174,483
<i>Savings from Vacant Positions</i>	-	(4,039,824)	(1,924,614)	(6,350,000)
Subtotal	260,944,854	265,319,876	261,964,033	346,205,705
Debt Service				
Certificates of Participation ^(d)	2,548,680	-	-	-
Contracts Payable	359,171	377,130	377,130	395,986
Subtotal	2,907,851	377,130	377,130	395,986
TOTAL OPERATING BUDGET	263,852,705	265,697,006	262,341,163	346,601,691
Transfers Out				
CIP	1,218,514	-	4,761,008	8,352,999
CIP 25% Construction Sales Tax	2,650,959	2,223,164	2,923,604	3,011,975
CIP Excess Interest	3,724,400	2,464,832	2,464,832	939,790
CIP Food Tax ^(e)	5,688,397	-	-	4,575,550
CIP Stormwater ^(f)	3,230,136	-	-	-
Debt Svc MPC Bonds	12,780,274	14,810,781	14,237,525	13,963,091
Operating ^(a)	97,430	175,700	29,803,714	110,000
Subtotal	29,390,111	19,674,477	54,190,683	30,953,405
Total Uses	293,242,816	285,371,483	316,531,846	377,555,096
Sources Over/(Under) Uses	32,763,090	21,040,537	11,317,127	(42,087,402)
Ending Fund Balance				
Operating Contingency ^(e)	2,116,660	8,985,014	5,572,272	3,000,000
Operating Reserve	26,385,271	26,569,701	26,234,116	34,660,169
PSPRS Pension Liabilities ^(g)	58,438,938	52,204,331	83,390,252	28,149,069
AZCares Funding ^(a)	17,238,644	29,628,014	-	-
Cavasson Infrastructure Reimbursement ^(h)	14,300,000	14,300,000	14,600,000	21,900,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
Total Ending Fund Balance ⁽ⁱ⁾	118,979,513	132,187,060	130,296,640	88,209,238

^(a) Scottsdale was awarded \$29.6 million of the AZCares Fund, which was created as a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

Public Safety - Fire and Police payroll expenditures were transferred to the AZCares Fund (grant) in FY 2019/20 (\$17.2 million) and in FY 2020/21 (\$12.4 million); thereby freeing up General Fund dollars. The \$29.6 million was transferred from the General Fund to the Special Programs Fund in Forecast 2020/21 to ensure governmental accounting standards are being met and the funding is being used for the specific purposes directed by City Council.

^(b) FY 2021/22 includes a \$5.0 million payment to PSPRS for Public Safety - Fire and a \$35.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

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

^(d) City issued \$20.0 million of Certificates of Participation debt for a public safety radio system, which ended in FY 2019/20.

^(e) In FY 2020/21, two-thirds of the sales tax on food for home consumption (\$6.0 million) was transferred to operating contingency so funds could be available for unforeseen expenses related to the COVID-19 pandemic.

^(f) The Stormwater Fee is no longer recorded in the General Fund and does not require a Transfer Out to CIP.

^(g) Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2019/20 PSPRS Net Pension Liabilities are \$20.6 million for Public Safety - Fire and \$195.6 million for Public Safety - Police. FY 2021/22 includes a \$5.0 million payment to PSPRS for Public Safety - Fire and a \$35.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

^(h) Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement.

⁽ⁱ⁾ Excludes accrued liabilities of \$15.1 million in FY 2019/20 and unknown accrued liabilities in current and future years.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	26,234,116	34,660,169	31,955,810	33,779,030	34,341,910
PSPRS Pension Liabilities	85,962,524	28,149,069	36,003,728	38,431,708	40,265,528
AZCares Funding	-	-	-	-	-
Cavasson Infrastructure Reimbursement	14,600,000	21,900,000	21,900,000	14,600,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Beginning Fund Balance ^(a)	130,296,640	88,209,238	93,359,538	90,310,738	92,707,438
Revenues					
Taxes - Local					
Sales Tax	131,319,371	134,942,500	138,365,700	142,540,600	146,836,300
Sales Tax - Public Safety (0.10%)	12,920,190	13,280,400	13,620,600	14,035,900	14,463,400
Electric & Gas Franchise	8,148,680	8,220,700	8,220,700	8,220,700	8,220,700
Cable TV License Fee	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Stormwater Fee	942,896	942,900	942,900	942,900	942,900
Salt River Project In Lieu	234,671	237,000	239,400	241,800	244,200
Stormwater Fee - CIP	-	-	-	-	-
State Shared Revenues					
State Shared Income Tax	33,671,804	34,614,600	35,964,600	36,971,600	37,895,900
State Shared Sales Tax	30,301,260	31,149,700	32,021,900	32,982,500	33,972,000
Auto Lieu Tax	11,967,636	12,087,300	12,208,200	12,452,300	12,701,400
Property Tax					
Property Tax	34,767,021	35,806,300	36,876,600	37,978,800	39,114,100
Building Permit Fees & Charges					
Building Permit Fees & Charges	17,222,793	17,394,000	17,572,200	17,659,400	17,747,200
Charges For Service/Other					
Westworld Equestrian Facility Fees	5,152,517	5,333,200	5,415,900	5,500,000	5,585,600
Intergovernmental	4,412,249	4,362,600	4,414,500	4,457,100	4,500,600
Property Rental	3,258,857	3,274,900	3,206,600	3,228,600	3,241,300
Miscellaneous	1,544,454	1,554,500	1,479,900	1,499,500	1,522,200
Contributions & Donations	-	-	-	-	-
License Permits & Fees					
Recreation Fees	4,460,597	4,717,100	4,812,000	4,909,800	4,801,500
Fire Charges For Services	1,916,804	1,917,100	1,917,500	1,917,900	1,918,300
Business & Liquor Licenses	1,782,860	1,788,500	1,794,100	1,799,800	1,805,600
Indirect/Direct Cost Allocations					
Indirect Costs	6,793,734	7,133,400	7,490,100	7,864,600	8,257,800
Direct Cost Allocation (Fire)	424,874	446,100	468,400	491,800	516,400
Fines Fees & Forfeitures					
Court Fines	3,983,438	4,154,200	4,393,800	4,677,700	5,006,100
Photo Radar	2,343,564	2,348,500	2,388,300	2,471,300	2,601,500
Parking Fines	290,392	293,300	297,700	303,800	311,400
Jail Dormitory	182,250	508,800	775,000	1,010,500	1,079,500
Library	103,668	104,400	105,100	105,900	106,600
Interest Earnings					
Interest Earnings	1,939,790	1,168,800	1,364,800	1,757,700	2,519,700
Subtotal	324,086,370	331,780,800	340,356,500	350,022,500	359,912,200
Transfers In					
CIP	-	-	-	-	-
Debt Service	-	-	-	-	-
Enterprise Franchise Fees	8,668,113	8,752,800	9,009,800	9,274,000	9,482,700
Special Revenue Funds	2,713,211	2,861,600	2,848,100	2,930,600	3,015,300
Subtotal	11,381,324	11,614,400	11,857,900	12,204,600	12,498,000
Total Sources	335,467,694	343,395,200	352,214,400	362,227,100	372,410,200

^(a) Excludes accrued liabilities of \$15.1 million in FY 2019/20 and unknown accrued liabilities in current and future years.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Expenditures					
Mayor and City Council	1,004,604	1,074,400	1,139,600	1,176,800	1,210,400
City Attorney	7,782,103	8,048,100	8,300,500	8,558,800	8,809,600
City Auditor	1,230,066	1,283,200	1,332,200	1,378,700	1,414,200
City Clerk	1,215,160	1,250,500	972,700	1,339,500	1,063,600
City Court	5,040,341	5,264,600	5,469,200	5,667,400	5,858,800
City Manager	4,391,723	4,559,500	4,720,900	4,862,000	5,008,500
City Treasurer	11,459,281	11,885,400	12,297,300	12,718,300	13,132,100
Administrative Services	17,677,356	18,830,300	19,427,100	20,005,800	20,565,900
Community and Economic Development	22,315,079	23,034,400	23,681,800	24,215,200	24,786,100
Community Services	44,132,297	45,643,000	47,304,600	49,067,700	50,813,000
Public Safety - Fire ^(a)	57,931,010	55,077,500	57,000,500	58,717,300	60,399,800
Public Safety - Police ^(a)	152,109,133	123,431,500	127,656,100	132,073,500	136,374,700
Public Works	24,093,069	24,046,600	24,749,600	25,515,800	26,276,100
<i>Cavasson Infra Reimb Ph1 Milestone</i>	-	-	7,300,000	-	-
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Operating Impacts</i>	-	25,000	453,700	2,261,000	2,386,800
<i>Utilities</i>	-	-	-	-	-
<i>Leave Accrual Payments</i>	2,174,483	2,228,800	2,284,600	2,341,700	2,400,300
<i>Savings from Vacant Positions</i>	(6,350,000)	(6,540,500)	(6,736,700)	(6,938,800)	(7,147,000)
Subtotal	346,205,705	319,142,300	337,353,700	342,960,700	353,352,900
Debt Service					
Certificates of Participation	-	-	-	-	-
Contracts Payable	395,986	415,800	436,600	458,400	481,400
Subtotal	395,986	415,800	436,600	458,400	481,400
TOTAL OPERATING BUDGET	346,601,691	319,558,100	337,790,300	343,419,100	353,834,300
Transfers Out					
CIP	8,352,999	-	-	-	-
CIP 25% Construction Sales Tax	3,011,975	3,049,600	3,066,400	3,066,400	3,066,400
CIP Excess Interest	939,790	168,800	364,800	757,700	1,519,700
CIP Food Tax	4,575,550	3,111,400	1,586,800	-	-
CIP Stormwater	-	-	-	-	-
Debt Svc MPC Bonds	13,963,091	12,242,000	12,334,600	12,461,400	12,580,300
Operating	110,000	115,000	120,300	125,800	131,600
Subtotal	30,953,405	18,686,800	17,472,900	16,411,300	17,298,000
Total Uses	377,555,096	338,244,900	355,263,200	359,830,400	371,132,300
Sources Over/(Under) Uses	(42,087,402)	5,150,300	(3,048,800)	2,396,700	1,277,900
Ending Fund Balance					
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	34,660,169	31,955,810	33,779,030	34,341,910	35,383,430
PSPRS Pension Liabilities ^(b)	28,149,069	36,003,728	38,431,708	40,265,528	40,501,908
AZCares Funding	-	-	-	-	-
Cavasson Infrastructure Reimbursement ^(c)	21,900,000	21,900,000	14,600,000	14,600,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Ending Fund Balance ^(d)	88,209,238	93,359,538	90,310,738	92,707,438	93,985,338

^(a) FY 2021/22 includes a \$5.0 million payment to PSPRS for Public Safety - Fire and a \$35.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

^(b) Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2019/20 PSPRS Net Pension Liabilities are \$20.6 million for Public Safety - Fire and \$195.6 million for Public Safety - Police. FY 2021/22 includes a \$5.0 million payment to PSPRS for Public Safety - Fire and a \$35.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

^(c) Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement.

^(d) Excludes accrued liabilities of \$15.1 million in FY 2019/20 and unknown accrued liabilities in current and future years.

General Fund Sources

General Fund sources include both revenues and transfers in from other funds such as the Special Programs, Tourism and Development and Water and Water Reclamation funds. For FY 2021/22 estimated General Fund revenues and transfers in equal \$335.5 million, an increase of approximately \$29.1 million, or 9.5 percent, from the FY 2020/21 adopted budget of \$306.4 million. The increase is primarily related to the positive signs of economic recovery from the COVID-19 pandemic reflected mostly in Sales Tax revenue and State Shared Sales Tax. The increase would have been greater, but it is partly offset by a decrease in the State Shared Income Tax, which is \$3.4 million lower than the FY 2020/21 adopted budget due to a two-year lag between the time citizens report income to the state and when the state remits shared income tax revenues to cities and towns. The General Fund Sources that are used for operating budget and debt service; and that contribute to the Capital Improvement Plan are identified in this section.

Sales Tax (1.00%)

Sales Tax (1.00%) represents the 1.00 percent General Fund share of the city’s total 1.75 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. It is the General Fund’s largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. For FY 2021/22, the anticipated revenue budget is \$131.3 million, which is approximately \$19.7 million, or 17.6 percent higher than the FY 2020/21 adopted budget of \$111.7 million due to the positive signs of economic recovery from the COVID-19 pandemic. Staff forecast the Sales Tax collections by business category to arrive at more precise projections. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic and legal considerations.

Historically, a portion of the Food Sales Tax collections is transferred to the CIP to fund various capital projects. However, the Transfers Out to the CIP was not approved for FY 2020/21. Instead, the funds were moved to the Operating Contingency so they would be available for unforeseen expenses related to the COVID-19 pandemic. The 1.00 percent five-year Sales Tax forecast is shown in detail in the following table by major business category.

FY 2017/18 to FY 2023/24 (in millions)



Sales Tax (1.00%) General Fund Five-Year Forecast by Revenue Category (rounding differences may occur)

Revenue Category	FY 19/20		FY 20/21		FY 20/21		FY 21/22	
	Actual	% of Total	Adopted	% of Total	Forecast	% of Total	Adopted	% of Total
Automotive	17,575,717	14%	15,347,205	14%	18,682,859	15%	19,176,057	15%
Construction	10,603,837	9%	8,892,654	8%	11,694,415	9%	12,047,898	9%
Food	8,532,595	7%	8,977,521	8%	8,933,100	7%	9,151,101	7%
Hotel/Motel	5,932,997	5%	3,652,275	3%	4,931,574	4%	6,138,843	5%
Major Dept Stores	9,528,174	8%	9,658,491	9%	9,325,179	7%	9,607,955	7%
Misc. Retail	24,498,291	20%	21,804,791	20%	26,239,354	21%	27,553,412	21%
Other Taxable	11,387,802	9%	10,064,372	9%	12,032,123	10%	12,513,896	10%
Rental	17,851,701	15%	18,034,275	16%	17,683,782	14%	17,894,573	14%
Restaurants	10,322,761	8%	7,969,694	7%	10,042,303	8%	10,331,726	8%
Utilities	4,717,141	4%	4,933,240	4%	4,691,921	4%	4,786,439	4%
Other	1,971,647	2%	2,326,011	2%	2,100,925	2%	2,117,471	2%
Total	122,922,662	100%	111,660,529	100%	126,357,535	100%	131,319,371	100%

Revenue Category	FY 22/23		FY 23/24		FY 24/25		FY 25/26	
	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total
Automotive	19,367,800	14%	19,561,500	14%	19,952,700	14%	20,351,800	14%
Construction	12,198,600	9%	12,265,600	9%	12,265,600	9%	12,265,600	8%
Food	9,334,100	7%	9,520,800	7%	9,711,200	7%	9,905,400	7%
Hotel/Motel	6,488,200	5%	6,456,300	5%	6,650,000	5%	6,849,500	5%
Major Dept Stores	9,704,000	7%	9,801,100	7%	9,997,100	7%	10,197,000	7%
Misc. Retail	29,132,000	22%	30,734,100	22%	32,578,200	23%	34,532,800	24%
Other Taxable	12,889,300	10%	13,276,000	10%	13,674,300	10%	14,084,500	10%
Rental	18,163,000	13%	18,526,300	13%	18,896,800	13%	19,274,700	13%
Restaurants	10,644,700	8%	11,084,200	8%	11,553,700	8%	11,990,600	8%
Utilities	4,882,200	4%	4,979,800	4%	5,079,400	4%	5,181,000	4%
Other	2,138,600	2%	2,160,000	2%	2,181,600	2%	2,203,400	2%
Total	134,942,500	100%	138,365,700	100%	142,540,600	100%	146,836,300	100%

Sales Tax - Public Safety (0.10%)

Sales Tax - Public Safety (0.10%) represents the 0.10 percent of the total 1.75 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) revenue budget for FY 2021/22 is \$12.9 million, which is a \$1.9 million increase from the FY 2020/21 adopted budget of \$11.0 million as a result of the positive signs of economic recovery from the COVID-19 pandemic. This designated sales tax covers 6.2 percent of the FY 2021/22 Public Safety Police and Fire General Fund budgets combined. The 0.10 percent five-year Sales Tax - Public Safety forecast is shown in detail in the following table by major business category.

FY 2017/18 to FY 2023/24 (in millions)



Sales Tax (0.10%) Public Safety Five-Year Forecast by Revenue Category (rounding differences may occur)

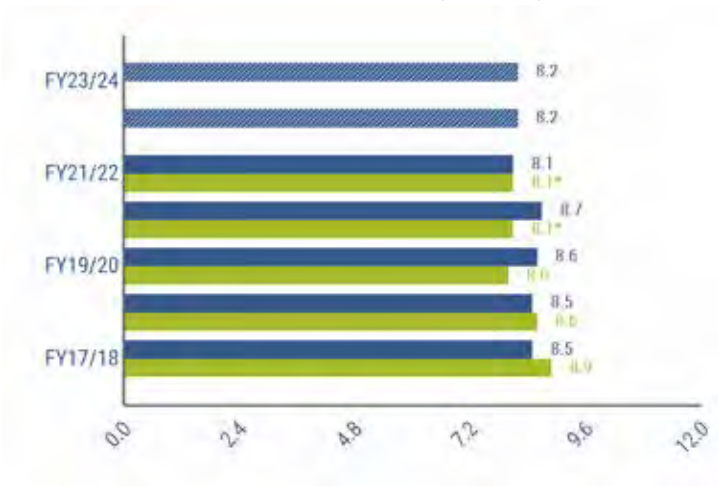
Revenue Category	FY 19/20		FY 20/21		FY 20/21		FY 21/22	
	Actual	% of Total	Adopted	% of Total	Forecast	% of Total	Adopted	% of Total
Automotive	1,757,572	15%	1,534,721	14%	1,868,286	15%	1,917,606	15%
Construction	1,060,359	9%	889,265	8%	1,168,029	9%	1,204,790	9%
Food	853,260	7%	897,752	8%	893,310	7%	915,110	7%
Hotel/Motel	593,313	5%	365,229	3%	492,183	4%	613,884	5%
Major Dept Stores	952,817	8%	965,850	9%	932,518	8%	960,795	7%
Misc. Retail	2,449,822	20%	2,180,479	20%	2,623,648	21%	2,755,341	21%
Other Taxable	1,138,101	9%	1,044,195	10%	1,203,050	10%	1,251,390	10%
Rental	1,785,309	15%	1,803,427	16%	1,768,368	14%	1,789,457	14%
Restaurants	1,032,275	9%	796,969	7%	1,004,230	8%	1,033,173	8%
Utilities	471,714	4%	493,324	4%	469,193	4%	478,644	4%
Total	12,094,543	100%	10,971,211	100%	12,422,815	100%	12,920,190	100%

Revenue Category	FY 22/23		FY 23/24		FY 24/25		FY 25/26	
	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total
Automotive	1,936,800	15%	1,956,200	14%	1,995,300	14%	2,035,200	14%
Construction	1,219,900	9%	1,226,600	9%	1,226,600	9%	1,226,600	8%
Food	933,400	7%	952,100	7%	971,100	7%	990,500	7%
Hotel/Motel	648,800	5%	645,600	5%	665,000	5%	684,900	5%
Major Dept Stores	970,400	7%	980,100	7%	999,700	7%	1,019,700	7%
Misc. Retail	2,913,200	22%	3,073,400	23%	3,257,800	23%	3,453,300	24%
Other Taxable	1,288,900	10%	1,327,600	10%	1,367,400	10%	1,408,500	10%
Rental	1,816,300	14%	1,852,600	14%	1,889,700	13%	1,927,500	13%
Restaurants	1,064,500	8%	1,108,400	8%	1,155,400	8%	1,199,100	8%
Utilities	488,200	4%	498,000	4%	507,900	4%	518,100	4%
Total	13,280,400	100%	13,620,600	100%	14,035,900	100%	14,463,400	100%

Electric & Gas Franchise

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies to use city right-of-ways and in-lieu property tax for municipal utilities. The FY 2021/22 budget for Electric & Gas Franchise totals \$8.1 million, which is a decrease of \$0.5 million from the FY 2020/21 adopted budget largely due to the savings to Arizona Public Service (APS) from the Tax Cuts and Jobs Act of 2017 being passed on to customers, which resulted in a lower revenue collection to the city.

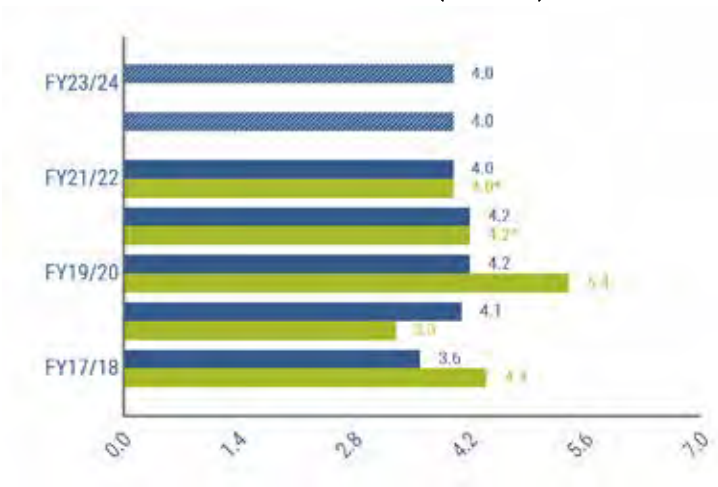
FY 2017/18 to FY 2023/24 (in millions)



Cable TV License Fee

Cable TV License Fee is a franchise tax charged on revenues from cable companies for use of city right-of-ways. The FY 2021/22 budget is \$4.0 million, which is a decrease of \$0.2 million from the FY 2020/21 adopted budget, mostly due to the anticipated decrease in the number of cable TV customers as more people resume normal activity after being homebound in FY 2020/21 due to the COVID-19 pandemic. The increase in revenue in FY 2019/20 is due to receiving the last FY 2018/19 quarterly payment in FY 2019/20.

FY 2017/18 to FY 2023/24 (in millions)

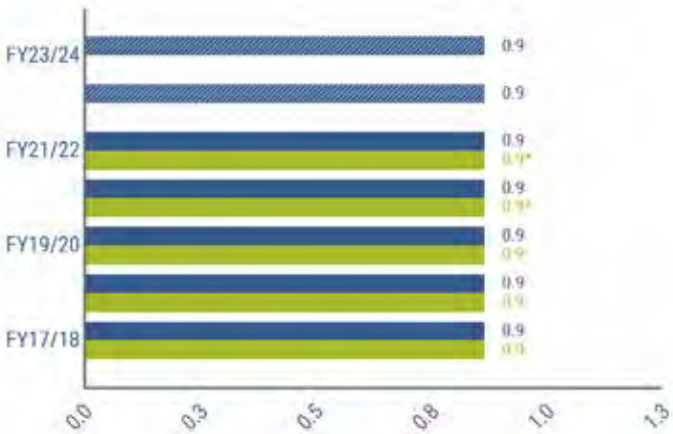


Forecast Budget Actual/Forecast*

Stormwater Fee

Stormwater Fee is a monthly charge to customers to help pay a portion of the city’s Stormwater Management program costs. These costs are driven by unfunded federal mandates that require the city to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff. The FY 2021/22 revenue budget of \$0.9 million has remained consistent over the past years.

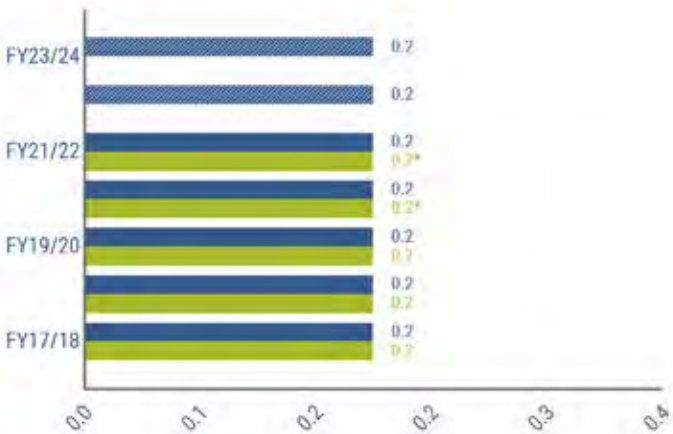
FY 2017/18 to FY 2023/24 (in millions)



Salt River Project In Lieu

Salt River Project In Lieu is franchise taxes charged to Salt River Project (SRP), a local utility provider, for the use of city right-of-ways and in-lieu property tax for municipal utilities. Revenues have been consistent in prior years and both the adopted FY 2021/22 revenue and the FY 2020/21 adopted revenue total \$0.2 million.

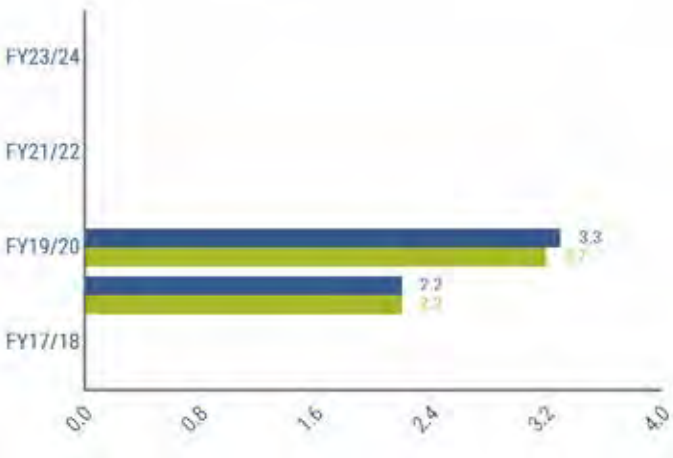
FY 2017/18 to FY 2023/24 (in millions)



Stormwater Fee - CIP

Stormwater Fee - CIP (Capital Improvement Plan) is a user fee to protect the health, safety and welfare of the public from the impacts of flooding and is dedicated to fund/partially fund stormwater related capital projects. Beginning in FY 2018/19, a \$2.00 monthly stormwater fee was approved by Council to support stormwater related capital improvements. In FY 2019/20, an increase of \$0.95 was authorized by Council, followed by the addition of another \$1.00 in FY 2021/22, which increased the stormwater fee to \$3.95 to further fund stormwater related capital improvement projects. In FY 2020/21, the Stormwater Fee - CIP was directly recorded in the CIP instead of in the General Fund; therefore, the corresponding Transfers Out to the CIP is no longer applicable. Beginning in FY 2021/22, the Stormwater Fee - CIP is directly recorded in a Special Program Fund.

FY 2017/18 to FY 2023/24 (in millions)

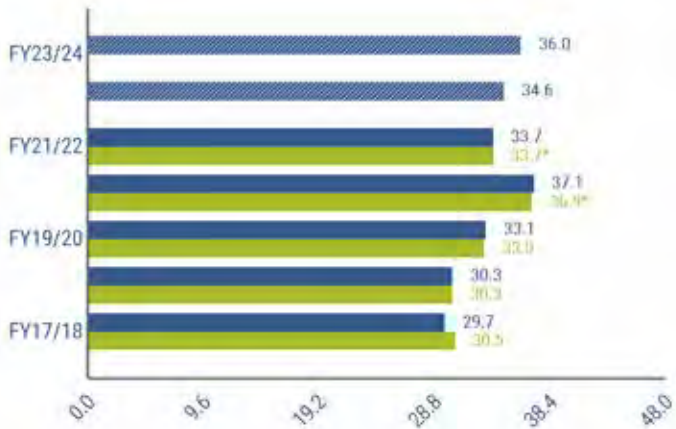


Forecast Budget Actual/Forecast*

State Shared Income Tax

The formula for distribution of the State Shared Income Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns in Arizona are prohibited by law from levying a local income tax; however, 15 percent of the state income tax collections are shared with the cities and towns. There is a two-year lag between the time citizens report income to the state and when the state remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax is budgeted at \$33.7 million for FY 2021/22, a decrease of \$3.4 million from the FY 2020/21 adopted budget of \$37.1 million.

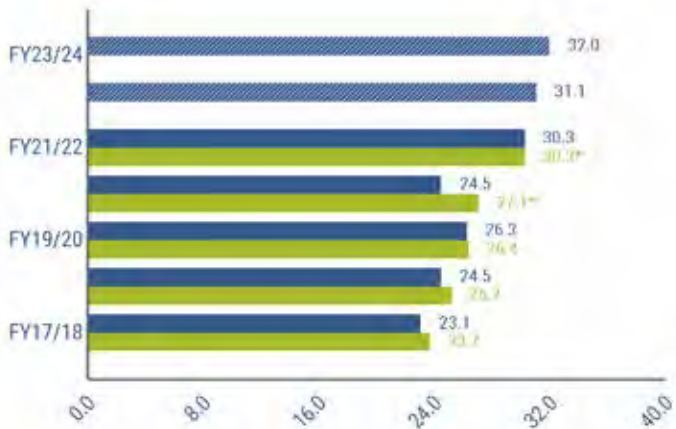
FY 2017/18 to FY 2023/24 (in millions)



State Shared Sales Tax

The formula for distribution of State Shared Sales Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns share in a portion of the 5.60 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales is 40.00 percent shared and 60.00 percent non-shared (retained by the State). Of the shared portion, 25.00 percent is returned to incorporated cities and towns, 40.51 percent is returned to counties, and 34.49 percent is returned to the State General Fund. The FY 2021/22 revenue budget is \$30.3 million, an increase of 5.8 million over the FY 2020/21 adopted budget of \$24.5 million, mostly explained by the positive signs of economic recovery from the COVID-19 pandemic.

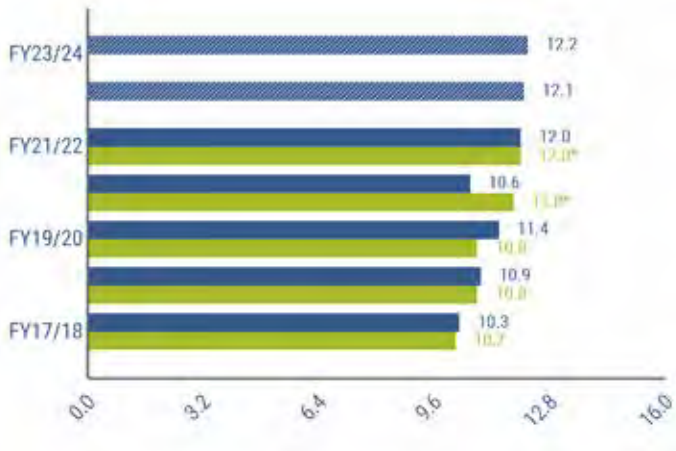
FY 2017/18 to FY 2023/24 (in millions)



Auto Lieu Tax

Auto Lieu Tax, also known as Vehicle License Tax, is part of the vehicle license fees collected by Maricopa County, but it is actually a state revenue source. Approximately 20 percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The revenue budget for FY 2021/22 is \$12.0 million as provided by the League of Arizona Cities and Towns, which is \$1.4 million higher than the FY 2020/21 adopted budget of \$10.6 million.

FY 2017/18 to FY 2023/24 (in millions)

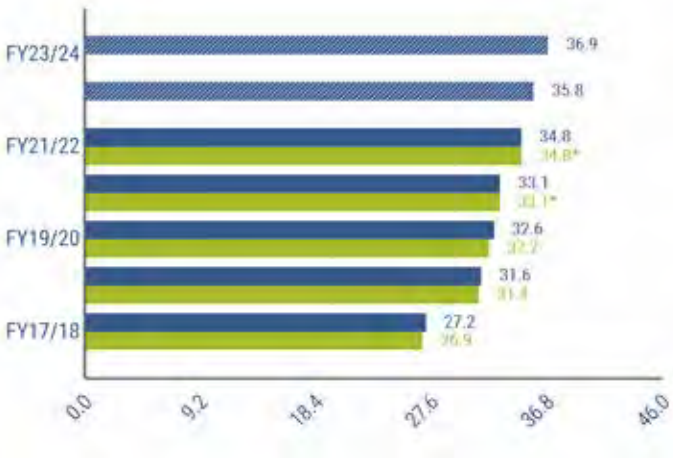


Forecast Budget Actual/Forecast*

Property Tax

Property Tax represents the primary portion of the Property Tax which is levied on the assessed value of all property within the city to help pay for general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a two percent increase per year, plus an allowance for annexations and new construction. Primary property tax accounts for approximately 10.4 percent of the total adopted FY 2021/22 General Fund sources. The FY 2021/22 revenue budget of \$34.8 million represents an increase of \$1.7 million from the FY 2020/21 adopted budget of \$33.1 million due to the two percent statutory allowable increase, reach-back for the two percent statutory allowable increase not included in the FY 2020/21 adopted budget, and new construction. The adopted primary property tax rate of 0.5039 cents per \$100 of assessed valuation represents a 0.0234 cent decrease from the FY 2020/21 rate.

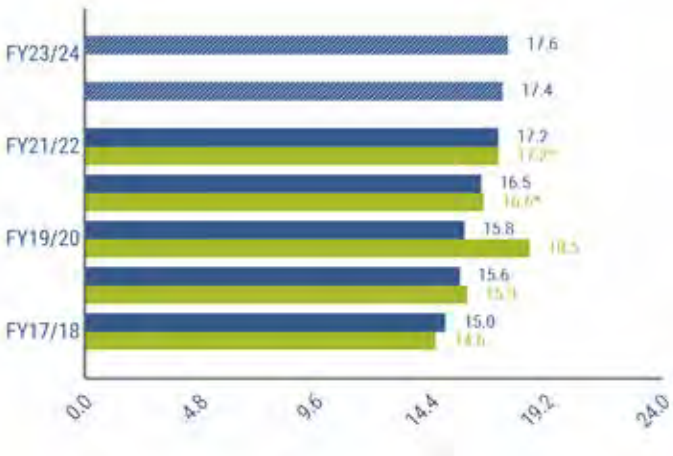
FY 2017/18 to FY 2023/24 (in millions)



Building Permit Fees & Charges

Building Permit Fees & Charges includes fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications; 2) plan review of construction documents; 3) the issuance of building, electrical, mechanical and plumbing permits; and 4) the inspection of buildings/structures in the construction phase. The FY 2021/22 revenue budget of \$17.2 million is \$0.7 million higher than than the FY 2020/21 adopted budget mostly due to higher anticipated revenues from large development projects. The increase would have been higher, but it is offset in part by the Right-of-Way Fees budget being decreased to align with prior years' actuals.

FY 2017/18 to FY 2023/24 (in millions)

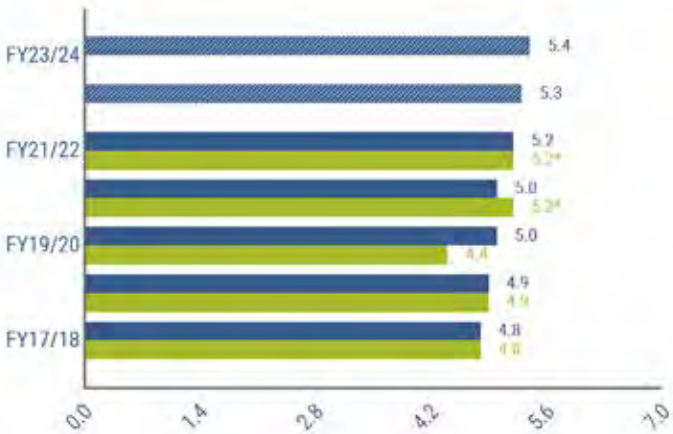


Forecast Budget Actual/Forecast*

WestWorld Equestrian Facility Fees

WestWorld Equestrian Facility Fees includes revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions and car shows, consumer and home shows, as well as recreational vehicle (RV) space rental income at WestWorld. The FY 2021/22 revenue budget is mostly based on future confirmed bookings, and it is estimated to be \$5.2 million, which is an increase of \$0.1 million from the FY 2020/21 adopted budget.

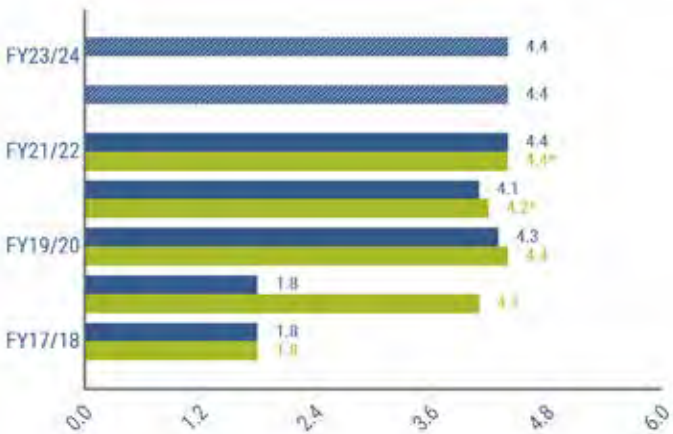
FY 2017/18 to FY 2023/24 (in millions)



Intergovernmental

Intergovernmental revenue sources include payments for School Resource Officers (SRO) from the Public Safety - Police Division to service local area schools, a Salt River Pima-Maricopa Indian Community agreement for providing crime laboratory services, and revenue received from the Maricopa County Library District for reciprocal interlibrary use. FY 2021/22 revenues are budgeted at \$4.4 million, which is an increase of \$0.3 million from the FY 2020/21 adopted budget primarily due to funding for an agreement with the Scottsdale Unified School District for one-time audit services, an increase to the SRO annually renewed agreement, and a slight increase in the estimated Fire Insurance Premium credit. Beginning in FY 2018/19 a change in an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) was adopted to recognize the Fire Insurance Premium credit as a revenue and expense for the Public Safety Personnel Retirement System (PSPRS) where previously only the net was recorded as an expense.

FY 2017/18 to FY 2023/24 (in millions)

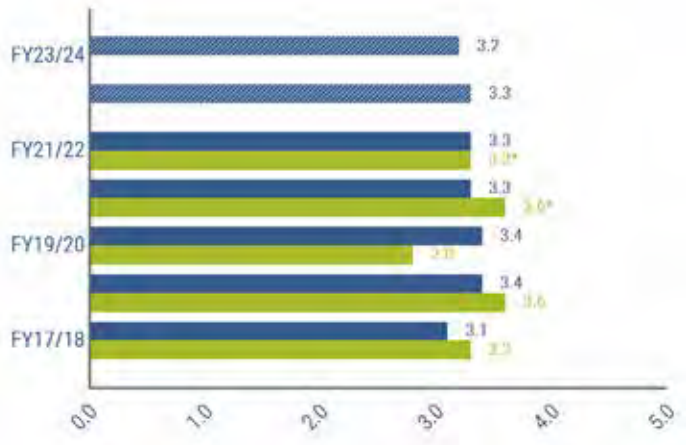


Forecast Budget Actual/Forecast*

Property Rental

Property Rental revenues are rental fees on facilities such as the Scottsdale Stadium, as well as funding received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2021/22 adopted revenue is estimated to be \$3.3 million, which is relatively flat when compared to the FY 2020/21 adopted budget due to new revenue anticipated from the use of baseball fields at Indian School Park resulting from the completion of the Bond 2019 capital project 30 - Indian School Park Field 1 Lighting, which is offset by lower anticipated revenue from the TPC.

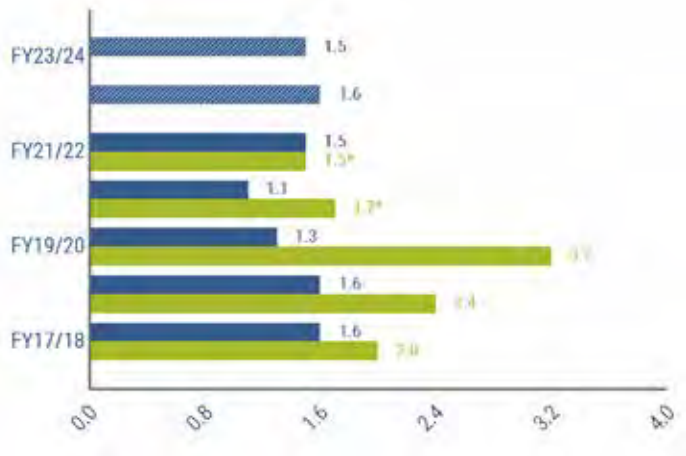
FY 2017/18 to FY 2023/24 (in millions)



Miscellaneous

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as Other Sale of Property, Passport Fees, Copies of Materials, etc. The FY 2021/22 adopted revenue is \$1.5 million, which is \$0.4 million higher than the FY 2020/21 adopted budget of \$1.1 million. The increase is mostly due to a change in an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) that was adopted to recognize leases as revenue and expense, where previously only the net was recorded as an expense. Actual revenue being higher than the adopted amount from FY 2017/18 to FY 2019/20 is related to unbudgeted revenues collected from: the San Francisco (SF) Giants for stadium usage, prosecution material requests, and mobile integrated health services. In FY 2019/20, the Regional Wireless Cooperative revenue was moved to the Intergovernmental revenue category and the SF Giants stadium usage revenue was moved to the Special Programs Fund.

FY 2017/18 to FY 2023/24 (in millions)

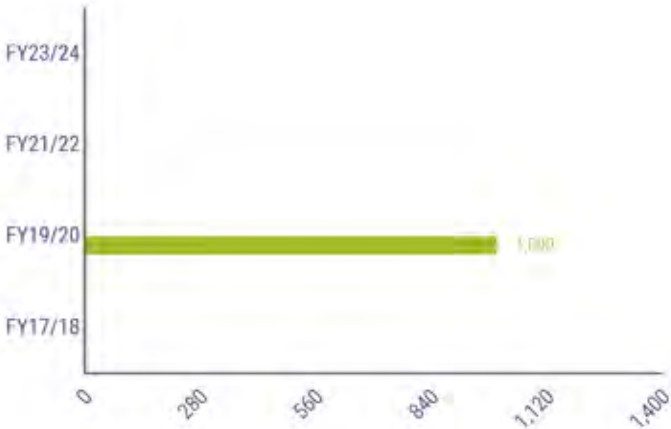


Forecast Budget Actual/Forecast

Contributions & Donations

There is no FY 2021/22 Contributions & Donations budget. The FY 2019/20 actual revenue is a one-time contribution from CIGNA Healthcare for the Annual Employee Picnic.

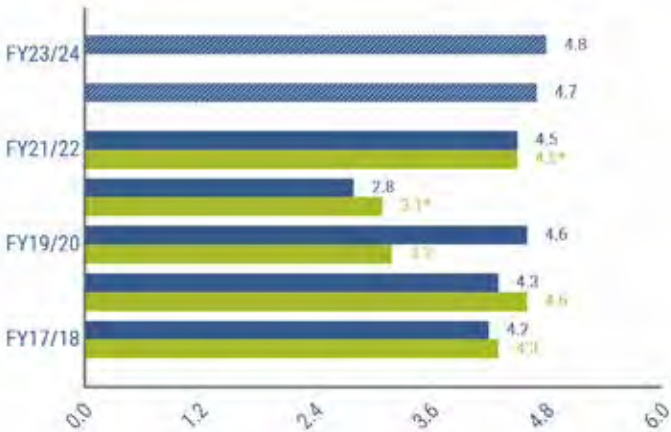
FY 2017/18 to FY 2023/24



Recreation Fees

Recreation Fees includes revenue from various recreational programs, classes and entry fees. In accordance with the city's adopted financial policies, recreation fees are reviewed and adjusted annually as needed to meet cost recovery targets as approved by City Council. The FY 2021/22 budget of \$4.5 million is \$1.6 million higher than the FY 2020/21 adopted budget of \$2.8 million due the lessening of COVID-19 restrictions that are increasing participation in recreational programs and the use of city facilities.

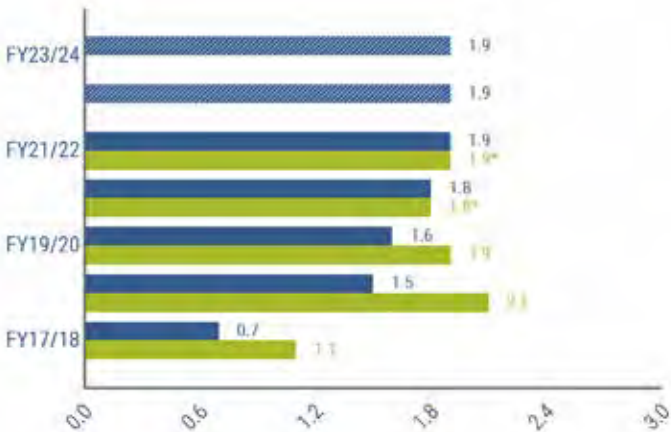
FY 2017/18 to FY 2023/24 (in millions)



Fire Charges for Services

Fire Charges for Services includes fees for the cost recovery of fire and medical standbys at special events, after-hours inspections, ambulance staffing, and medical enhancement costs associated with the ambulance agreement. In addition, the Public Safety - Fire Division collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits and incident reports. The FY 2021/22 revenues are budgeted at \$1.9 million, which is slightly higher than the FY 2020/21 adopted budget of \$1.8 million mostly due to reimbursement allowed in the ambulance contract for clinical improvements.

FY 2017/18 to FY 2023/24 (in millions)

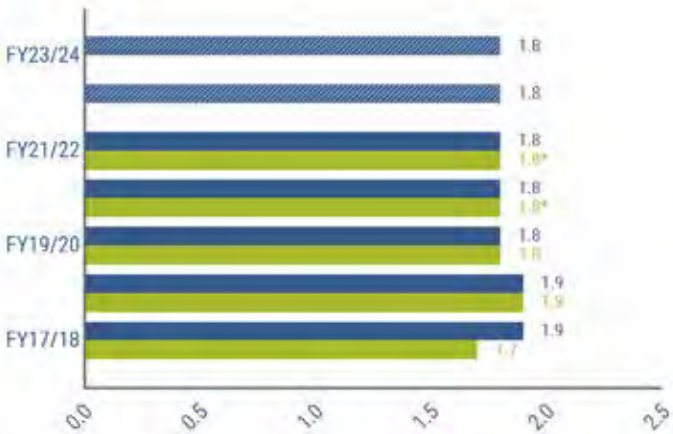


Forecast Budget Actual/Forecast*

Business & Liquor Licenses

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities. Revenues of \$1.8 million are budgeted for FY 2021/22, which is flat when compared to the FY 2020/21 adopted budget.

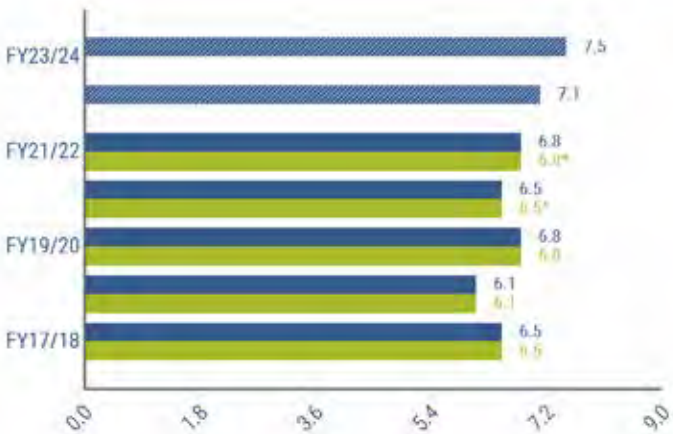
FY 2017/18 to FY 2023/24 (in millions)



Indirect Costs

Indirect Costs is payments for services provided by the General Fund to other operating areas within the city. These services include Accounting, Human Resources, Information Technology, etc. Indirect Costs are budgeted at \$6.8 million for FY 2021/22, which is an increase of \$0.3 million from the FY 2020/21 adopted budget. Although overall Direct Costs used in the Indirect Costs calculation are higher, the Indirect Costs rate decreased from 8.10 percent in FY 2020/21 to 6.89 percent in FY 2021/22.

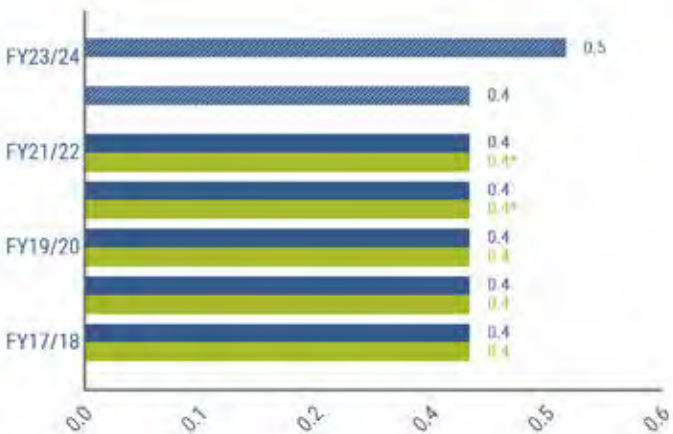
FY 2017/18 to FY 2023/24 (in millions)



Direct Cost Allocation (Fire)

Direct Cost Allocation (Fire) is the direct cost of fire services at the Scottsdale Airport. The FY 2021/22 revenue of \$0.4 million, which remains flat when compared to the FY 2020/21 adopted budget, is received from the Aviation Fund. The direct cost allocation is anticipated to increase gradually as related costs such as personnel and material expenses increase.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

Court Fines

Court Fines is the General Fund portion of penalties or fees assessed by State Statute, City Ordinance or the Presiding Judge. Examples include: fines, a portion of the registration fee to attend Defensive Driving School, bonds forfeited to the city, and default fees. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and the Judicial Collections Enhancement or remitted to the State of Arizona. Revenues of \$4.0 million are budgeted for FY 2021/22, which is in line with the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

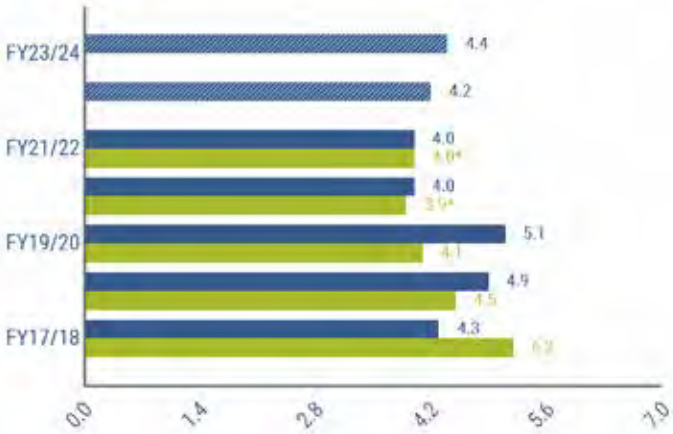
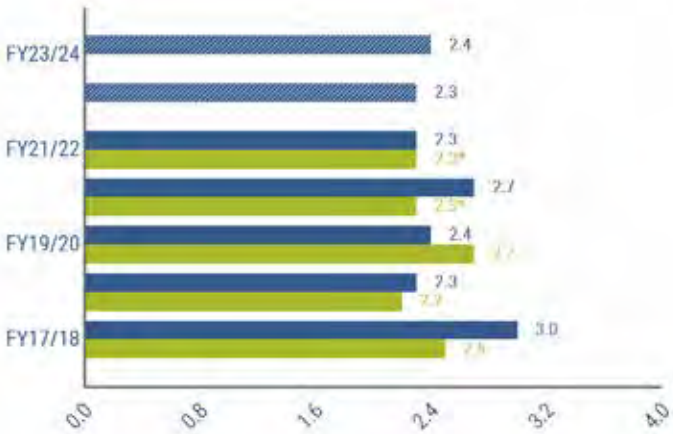


Photo Radar

Photo Radar is the General Fund's portion of photo enforcement penalties as assessed by the Presiding Judge. Examples include: red light and speeding fines and a portion of the registration fee to attend Defensive Driving School. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement or remitted to the State of Arizona. Revenues are budgeted at \$2.3 million for FY 2021/22, which is a decrease of \$0.3 million when compared to the FY 2020/21 adopted budget due to less drivers out on the roads, delays and failure in completing payments, and a decline in filings resulting from the COVID-19 pandemic. Photo Radar revenue is offset by the costs to run the program. The use of photo radar by the Public Safety - Police Division is designed as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.

FY 2017/18 to FY 2023/24 (in millions)

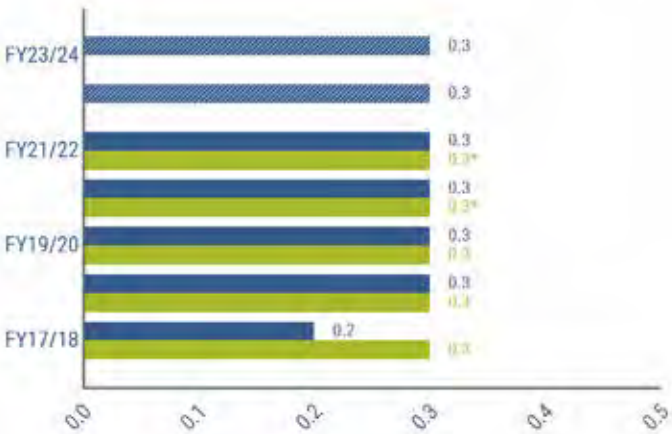


Forecast Budget Actual/Forecast

Parking Fines

Parking Fines are the General Fund portion of parking fees assessed per City Ordinance and are budgeted at \$0.3 million for FY 2021/22, which is in line with the FY 2020/21 adopted budget. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

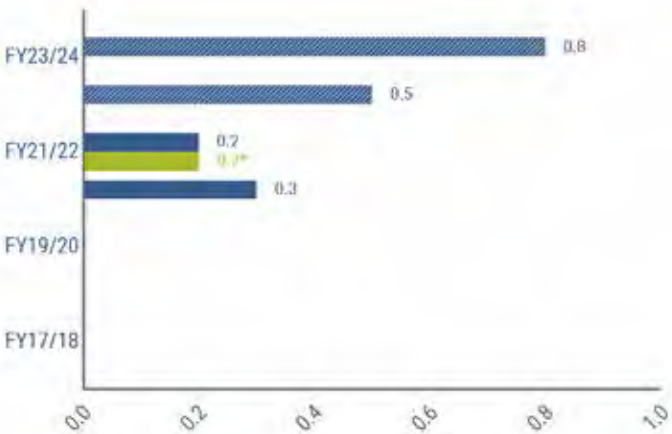
FY 2017/18 to FY 2023/24 (in millions)



Jail Dormitory

The jail dormitory program, which allows offenders adjudicated outside of Scottsdale the opportunity to serve their sentence in the city's jail, started operations in FY 2020/21 with a nightly fee of \$250. The fee is comparable to the average of two fees set by the Maricopa County Sheriff's Office. The FY 2021/22 adopted revenue is \$0.2 million, a decrease of \$0.1 million when compared to the FY 2020/21 adopted budget due to very few offenders being housed due to COVID-19 concerns. This revenue is expected to increase as COVID-19 restrictions lessen.

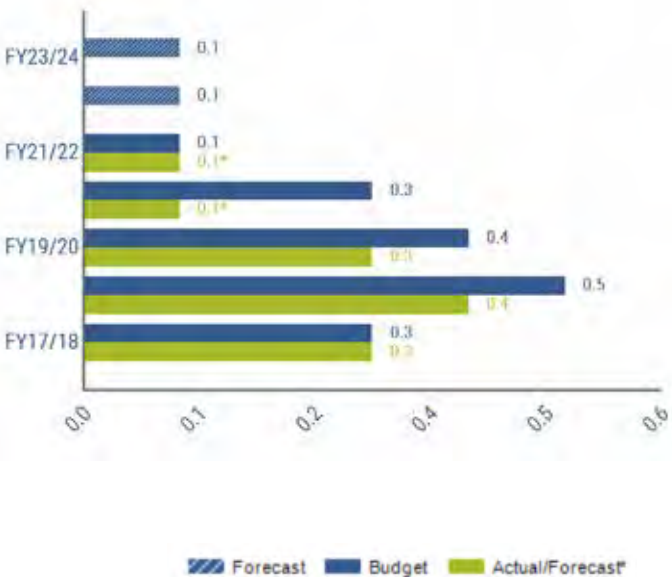
FY 2017/18 to FY 2023/24 (in millions)



Library

Library fees are monies collected when library materials are lost, and/or are damaged. Late fees were eliminated in FY 2020/21 resulting in the FY 2021/22 budget of \$0.1 million being \$0.1 million lower than the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

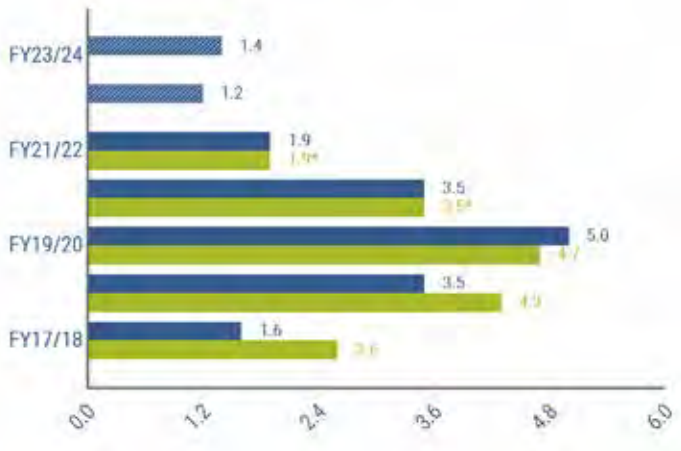


Forecast Budget Actual/Forecast*

Interest Earnings

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city’s available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues. Interest Earnings revenue is budgeted at \$1.9 million in FY 2021/22, a decrease of \$1.5 million when compared to the FY 2020/21 adopted budget of \$3.5 million due to presumption of interest rates trending lower through FY 2022/23. Per Financial Policy No.17, 100 percent of net interest income in excess of \$1.0 million will be transferred to the General Fund CIP.

FY 2017/18 to FY 2023/24 (in millions)



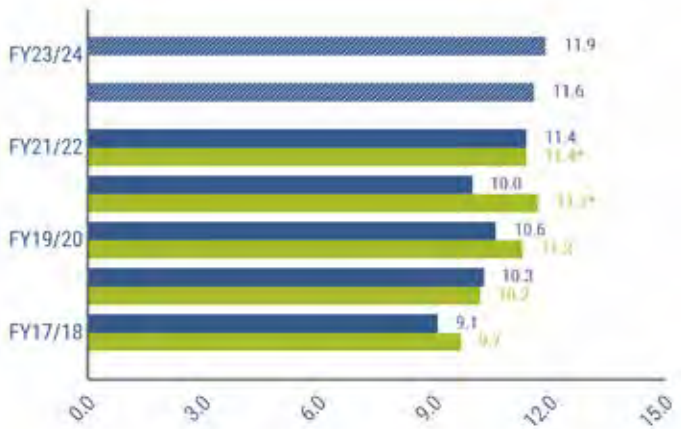
Transfers In

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2021/22 General Fund adopted budget includes \$11.4 million in Transfers In.

Transfers In

The Transfers In for FY 2021/22 budgeted at \$11.4 million include: 1) \$8.7 million from the Water and Water Reclamation Fund for Enterprise Franchise Fees, which is five percent of Water Service and Water Reclamation Charges revenue. The city charges all utility companies, including the city’s Water and Water Reclamation Fund, for use of the right-of-ways and medians; 2) \$2.6 million from the Tourism Development Fund to comply with Financial Policy No. 21A (12 percent of the transient lodging/bed tax revenues); and 3) \$0.1 million from the Tourism Development Fund to support marketing efforts at WestWorld and the Scottsdale Stadium. The FY 2021/22 budget of \$11.4 million is \$1.4 million higher than the FY 2020/21 adopted budget due to an increased transfer from the Tourism Development Fund related to higher anticipated Bed Tax collections as a result of signs of positive economic recovery, and increased Water and Water Reclamation revenue. The increase would have been higher, but it is offset by the elimination of the 30-Day Tow Program transfer in based on new regulations restricting revenue sources.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

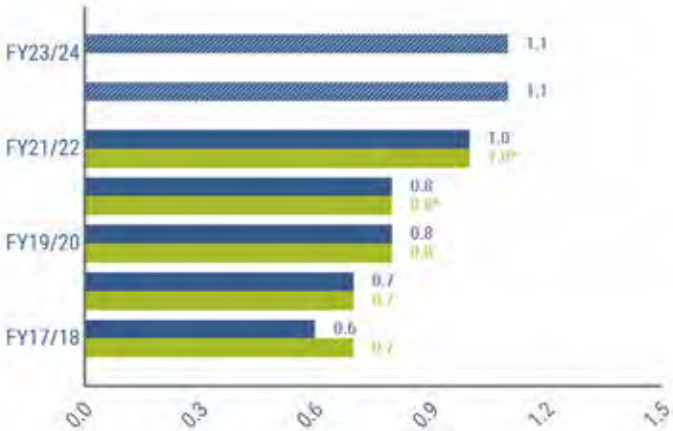
General Fund Uses

The General Fund uses are presented by the following divisions, additional non-divisional operating categories, debt service and transfers out. The increase in FY 2021/22 is mainly due to a one-time \$40 million payment to the Public Safety Personnel Retirement System (PSPRS) to pay down the unfunded liability, and to increases in Personnel Services cost that included: 1) a FY 2020/21 midyear increase for pay for performance and market adjustment to eligible employees which was originally not in the adopted budget 2) a pay for performance and market adjustment to eligible employees for FY 2021/22; and 3) increases in retirement rates.

Mayor and City Council

Mayor and City Council includes the voter elected mayor, six Council members and operational support staff. The FY 2021/22 is \$1.0 million, which is \$0.2 million greater than the FY 2020/21 adopted budget of \$0.8 million. The increase is due to increases in Personnel Services costs including salaries and benefits, and in Property Liability and Workers Compensation funding due to a change in methodology to calculate the Risk Management Internal Rates.

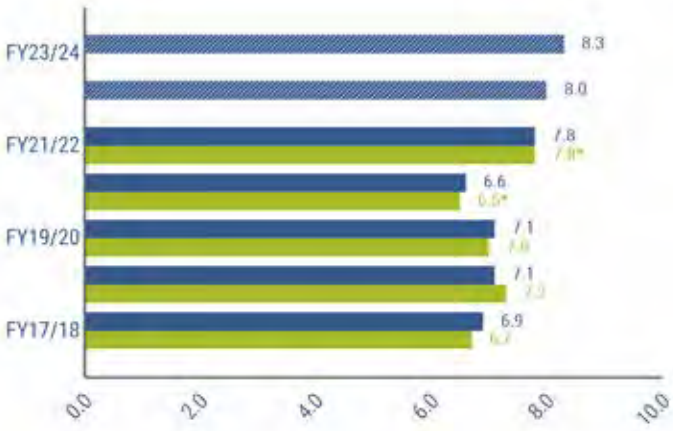
FY 2017/18 to FY 2023/24 (in millions)



City Attorney

The City Attorney is the city's chief legal advisor and includes Civil, Prosecution, Risk Management and Victim Services Departments. The FY 2021/22 adopted budget of \$7.8 million is \$1.2 million greater than the FY 2020/21 adopted budget of \$6.6 million, mainly due to: 1) proceeding with the filling of positions that were kept vacant in FY 2020/21 due to economic uncertainty caused by the COVID-19 pandemic; 2) increases in Personnel Services costs including salaries and benefits; and 3) an increase in legal services for outside counsel.

FY 2017/18 to FY 2023/24 (in millions)

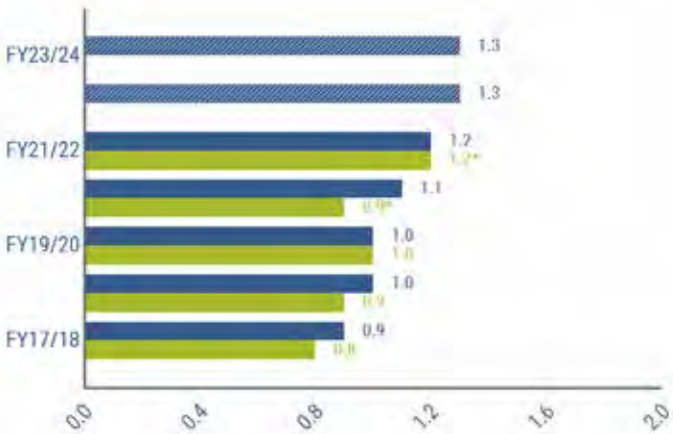


Forecast Budget Actual/Forecast*

City Auditor

The City Auditor conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2021/22 budget is \$1.2 million, which is an increase of \$0.1 million compared to the FY 2020/21 adopted budget due to the increase of 0.25 FTE to the Executive Assistant to the City Auditor position and a pay for performance and market adjustment to eligible employees,

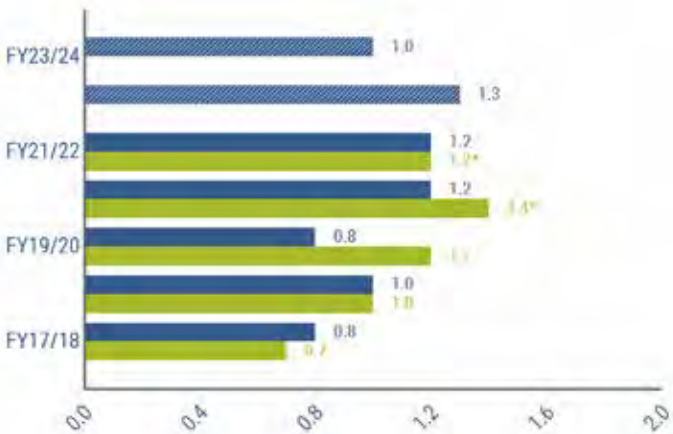
FY 2017/18 to FY 2023/24 (in millions)



City Clerk

The City Clerk conducts all local elections, gives notice of all City Council meetings, keeps the records of Council proceedings, administers the city's records management program, authenticates ordinances and resolutions, and provides administrative support to the Council. The Clerk's expenses fluctuate from year to year due to the cycle of elections. The City Clerk conducts and oversees the election process for municipal elections, referendums and initiatives within the city resulting in increased costs when these activities occur. At times elections are known, such as when Council seats are up for election. Other times, the elections may not be known such as new General Obligation Bond proposals being taken to the voters. Therefore, some differences between budget to actuals may reflect this as was the case in FY 2019/20. The FY 2021/22 budget of \$1.2 million is flat when compared to the FY 2020/21 adopted budget as costs associated with the general election that occurred in FY 2020/21 are being almost entirely offset by costs related to a special election to be held during FY 2021/22.

FY 2017/18 to FY 2023/24 (in millions)

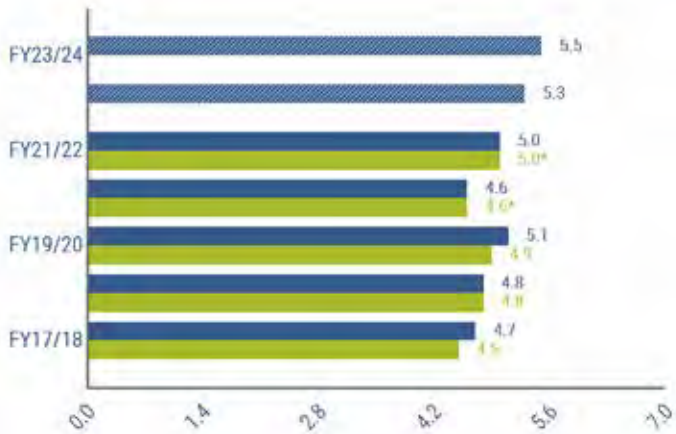


Forecast Budget Actual/Forecast*

City Court

The City Court is part of the integrated judicial system for Arizona and is the judicial branch for the city efficiently resolving civil traffic and misdemeanor violations, petty offenses, City Ordinance and code violations, and issuance of protective orders. There is a total of \$5.0 million budgeted for FY 2021/22, which is an increase of \$0.5 million when compared to the FY 2020/21 adopted budget due to increases in Personnel Services costs including salaries and benefits.

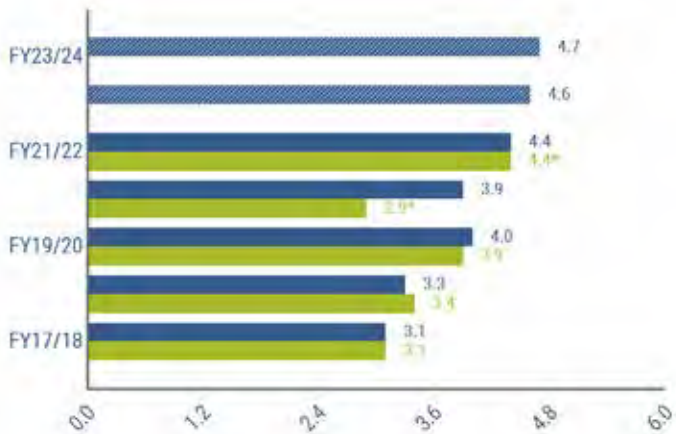
FY 2017/18 to FY 2023/24 (in millions)



City Manager

The City Manager Division provides the organizational leadership necessary to successfully implement the policy direction of the City Council, communicates that direction to the organization, ensures the efficient, effective and economical delivery of services to citizens, builds relationships with other governments, and fosters diversity. The FY 2021/22 adopted budget of \$4.4 million, an increase of \$0.5 million from the FY 2020/21 adopted budget, is related to the addition of an Administrative Assistant position and increases in Personnel Services costs including salaries and benefits.

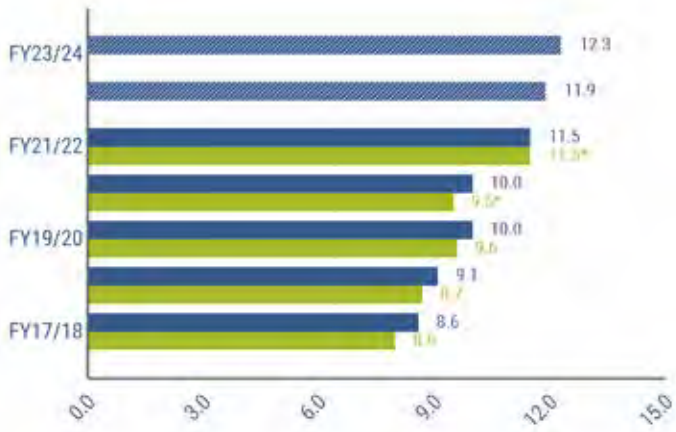
FY 2017/18 to FY 2023/24 (in millions)



City Treasurer

The City Treasurer, the city's chief financial officer, is responsible for providing City Council and management with timely financial reports as well as oversight of the Accounting, Budget, Finance, Business Services and Purchasing Departments. The FY 2021/22 budget of \$11.5 million is \$1.5 million higher when compared to the FY 2020/21 adopted budget. The increased costs are primarily related to higher software license and maintenance fees and new annual licensing and support fees for the new Enterprise Resource Management System and to increases in Personnel Services costs including salaries and benefits.

FY 2017/18 to FY 2023/24 (in millions)

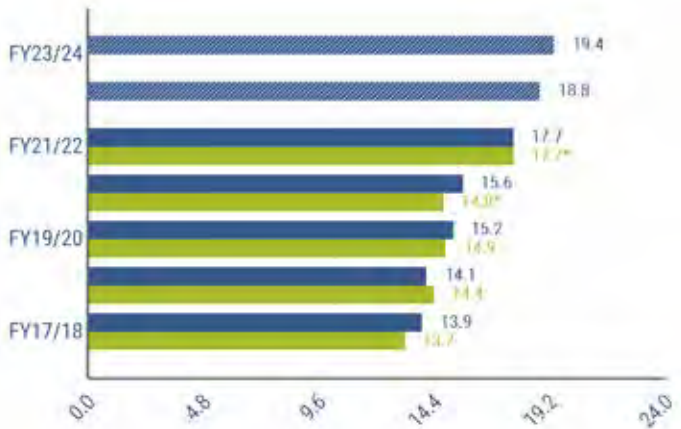


Forecast Budget Actual/Forecast*

Administrative Services

Administrative Services is comprised of the Human Resources and the Information Technology Departments. These departments are responsible for a wide breadth of activities including the sharing of information; training, recruiting and hiring employees as well as benefits and compensation; and the design, support and maintenance of a variety of citywide systems and hardware. The FY 2021/22 Administrative Services budget of \$17.7 million is \$2.1 million higher than the FY 2020/21 adopted budget. The increase is due to: 1) the addition of 2.50 FTE; 2) the reclassification of a Software Engineer Senior into a Software Architect; 3) increase in Personnel Services costs including salaries and benefits; 4) higher overall software and lease costs; and 5) annual maintenance expense for a new Document Management System that was previously approved as part of Bond 2019.

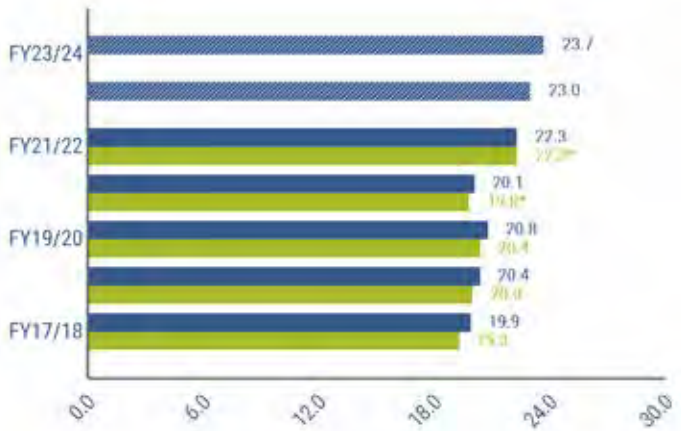
FY 2017/18 to FY 2023/24 (in millions)



Community and Economic Development

Community and Economic Development works to preserve Scottsdale as a great community, offering value-added programs to stimulate the economy, sustain, revitalize, and build upon the community's unique lifestyle and character. The departments with General Fund budgets include Economic Development, Planning and Development Services, and Tourism and Events. The FY 2021/22 budget is \$22.3 million, which is an increase of \$2.2 million from the FY 2020/21 adopted budget of \$20.1 million primarily due to increases in Personnel Services including the filling of positions that were kept vacant in FY 2020/21 due to economic uncertainty caused by the COVID-19 pandemic, and the increase in Personnel Services costs including salaries and benefits.

FY 2017/18 to FY 2023/24 (in millions)

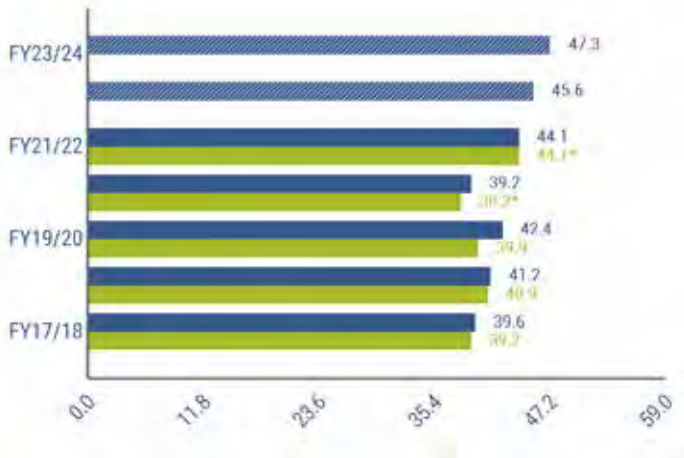


Forecast Budget Actual/Forecast*

Community Services

Community Services is comprised of six departments: Human Services, Library Systems, Parks & Recreation, Planning and Administration, Preserve Management and WestWorld. Each of these departments work to improve the quality of life of Scottsdale residents and visitors. The FY 2021/22 adopted budget of \$44.1 million is a \$4.9 million increase from the FY 2020/21 adopted budget of \$39.2 million. This increase is primarily related to: 1) the addition of 0.74 FTE; 2) the reallocation of part-time hours for a Recreation Leader I and a Recreation Leader II positions at Scottsdale Sports Complex; 3) the movement and reclassification of a vacant Human Services Recreation Leader II to a Maintenance Tech Aquatics position to allow for apprentice training of critical aquatics technology operations related to public safety; 4) proceeding with the filling of positions that were kept vacant in FY 2020/21 due to the economic uncertainty caused by the COVID-19 pandemic; 5) annual one-time contract labor costs to assist with custodial needs related to WestWorld events; 6) an increase in Personnel Services costs including salaries and benefits; 7) new maintenance and upkeep contract and supply costs related to the midyear opening of the Bell Road Sports Complex; 8) maintenance and upkeep contract costs associated with the baseball facilities at Indian School Park moving under City of Scottsdale control; 9) greater quantities of chemicals purchased to prepare for higher expected summer use of pool facilities; and 10) the acquisition of lights for two fields at the Scottsdale Sports Complex.

FY 2017/18 to FY 2023/24 (in millions)

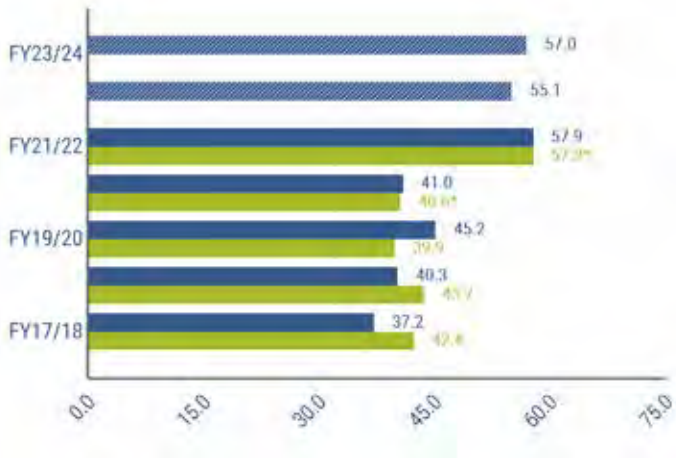


Forecast Budget Actual/Forecast*

Public Safety - Fire

Public Safety - Fire responds to emergencies through timely, skilled and compassionate service including; fire, emergency medical, chemical, biological, nuclear and radiologic, wildland and technical rescue. The FY 2021/22 adopted budget of \$57.9 million is \$16.9 million higher than the FY 2020/21 adopted budget of \$41.0 million. The increase is due to: 1) contract worker services needed to complete a one-year contract to assist with research, development and implementation of effective and proactive wildfire strategies, which eliminate or reduce the wildfire threats in and adjacent to the McDowell Mountain Sonoran Preserve; 2) a \$5.0 million payment to the Public Safety Retirement System (PSPRS) to pay down the unfunded liability; 3) higher overtime costs related to a citywide change for vacation accruals for employees. Vacation accruals are being modified to better align with the market; 4) proceeding with the filling of positions that were kept vacant in FY 2020/21 due to economic uncertainty caused by the COVID-19 pandemic; 5) an increase in Personnel Services costs including salaries and benefits; 6) the conclusion of AZCares grant funding totaling \$5.2 million received in FY 2020/21 from the state to assist with public safety personnel costs as a result of the economic uncertainty caused by the COVID-19 pandemic; 7) increased contract costs across the division including Computer Aided Dispatch and technology contracts, amongst others; 8) increased training efforts associated with impending attrition issues throughout the division; 9) higher than expected fleet maintenance, repair and replacement costs related to major repairs to older vehicles as a result of not receiving replacement vehicles at the expected rate due to the COVID-19 pandemic and the up-fitting of vehicles; 10) higher specialty line communication contract costs; 11) the need to purchase additional personal protective clothing, technical rescue equipment and hazardous materials gear bags to help train up staff in light of pending attrition levels; and 12) the one-time costs associated with a scheduled replacement of a pumper truck in FY 2021/22 to an upgraded model.

FY 2017/18 to FY 2023/24 (in millions)

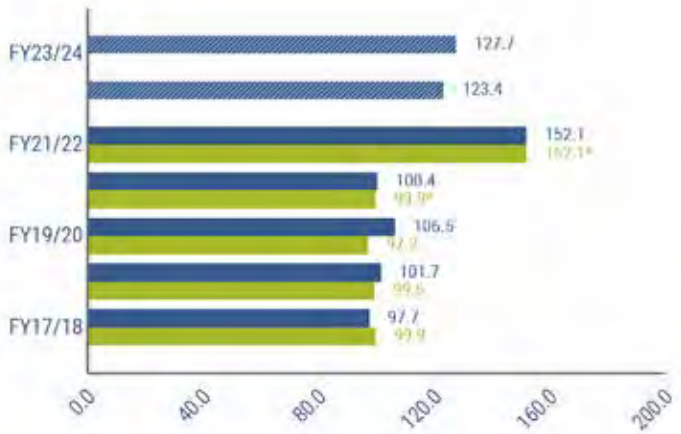


Forecast Budget Actual/Forecast*

Public Safety - Police

Public Safety - Police provides efficient and effective police services to the community including: confronting crime, responding to citizens and visitors' concerns, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services and Office of the Police Chief. The FY 2021/22 adopted budget of \$152.1 million is \$51.7 million higher than the FY 2020/21 adopted budget of \$100.4 million. The increase is primarily related to: 1) a one-time \$35.0 million payment to the Public Safety Personnel Retirement System (PSPRS) to pay down the unfunded liability; 2) an increase in Personnel Services costs including salaries and benefit; 3) the conclusion of AZCares grant funding totaling \$7.2 million received in FY 2020/21 from the state to assist with public safety personnel costs as a result of the economic uncertainty caused by the COVID-19 pandemic; and 4) fleet replacement costs as a result of not receiving replacement vehicles at the expected rate due to the COVID-19 pandemic.

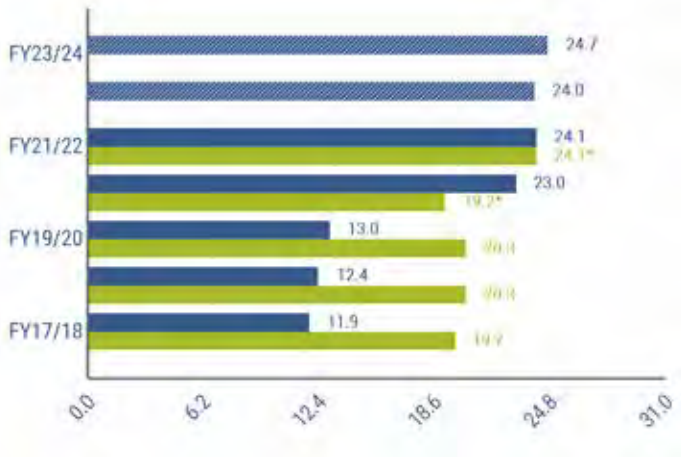
FY 2017/18 to FY 2023/24 (in millions)



Public Works

Public Works General Fund includes Capital Project Management (CPM) which oversees the design and construction of capital improvement projects (also includes the city's real estate services area), and Facilities Management which includes the repair and maintenance of nearly three million square feet of city-owned facilities, as well as strategic space planning and contract administration. The FY 2021/22 adopted budget of \$24.1 million is an increase of \$1.1 million when compared to the FY 2020/21 adopted budget of \$23.0 million. The increase is related to: 1) increased maintenance costs to city facilities including flooring replacement, roof recoating, and lighting improvements; 2) Americans with Disabilities Act (ADA) upgrades and modifications at various locations; 3) the increase of 3.00 FTE, which consists of the addition of two Citizen Services Representatives and a Plumber; and 4) an increase in Personnel Services costs including salaries and benefits. The increase would have greater but is offset by the reallocation of Public Works Administrative salaries to various funds reflective of their job functions.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

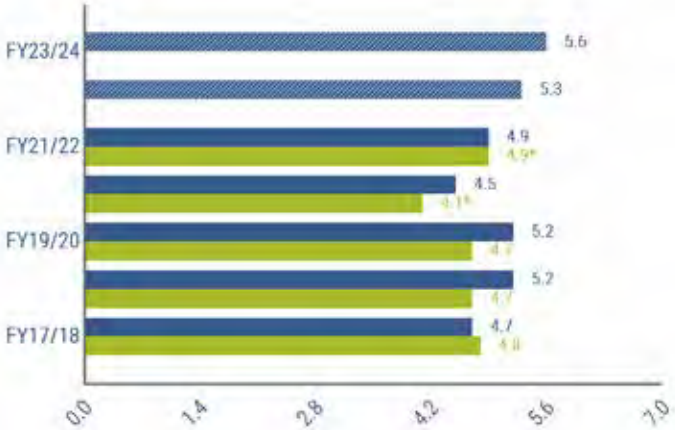
Non-Divisional Uses

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

Fuel and Maint and Repair

Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2021/22 Fuel and Maint and Repair is budgeted at \$4.9 million at the division level.

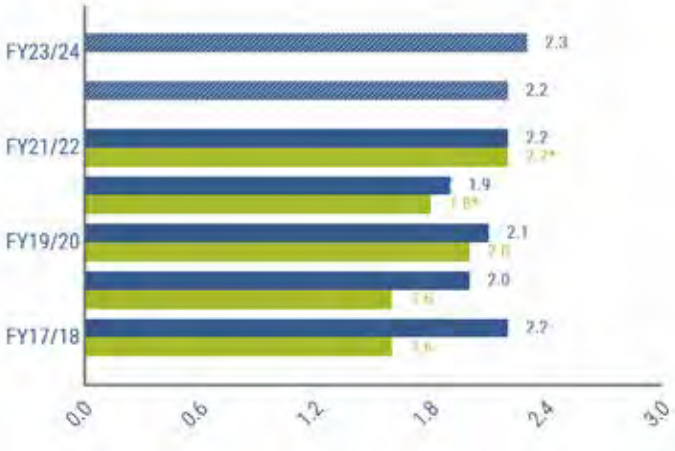
FY 2017/18 to FY 2023/24 (in millions)



Leave Accrual Payments

Leave Accrual Payments includes accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. The total FY 2021/22 Leave Accrual Payments budget is \$2.2 million, which includes \$1.3 million budgeted for medical leave accrual payouts and \$0.9 million budgeted for vacation accrual payouts.

FY 2017/18 to FY 2023/24 (in millions)

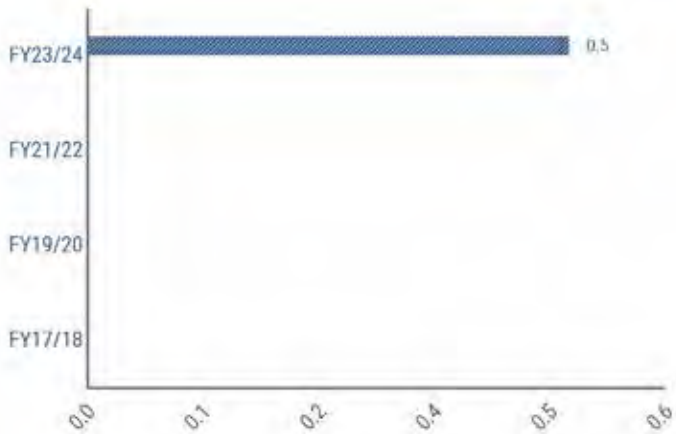


Forecast Budget Actual/Forecast*

Operating Impacts

Operating Impacts is additional future costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2021/22 and years prior, operating impacts have been included at the division level. FY 2022/23 thru FY 2023/24 are forecasted based on the adopted CIP Five Year Plan.

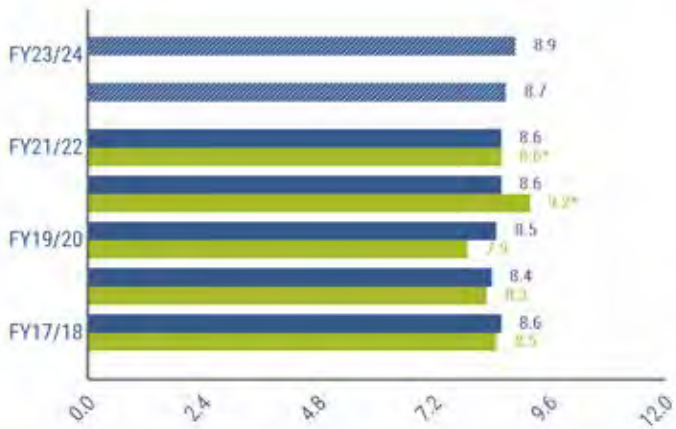
FY 2017/18 to FY 2023/24 (in millions)



Utilities

Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2021/22 Utilities budget is \$8.6 million which remains flat when compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Savings from Vacant Positions

The amount of savings achieved from vacant positions for FY 2021/22 is estimated at (\$6.4) million. The FY 2020/21 savings from vacant positions budget accounted for the citywide effort to delay filling of vacant positions until January 2021.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

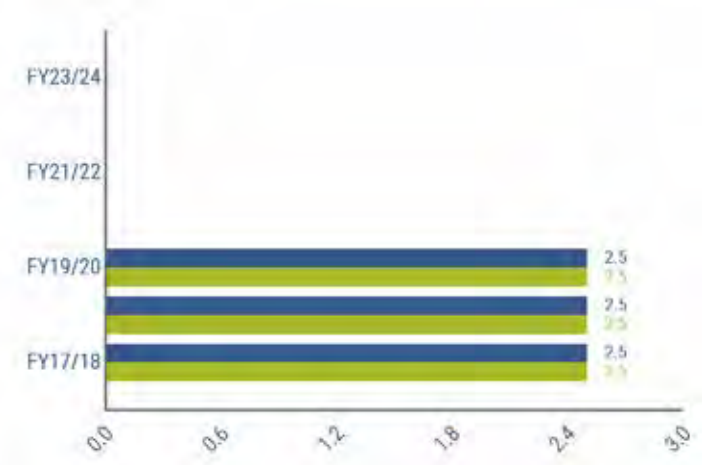
Debt Service and Transfers Out

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

Certificates of Participation

Certificates of Participation (COPs) are instruments whereby the city enters into a lease-purchase agreement for the acquisition, operation and/or maintenance of a project. COPs are secured by a budgeted appropriation made each year by the city. At the completion of the lease period, the city owns the project. In FY 2010/11 the city issued \$20.0 million of COPs for a public safety radio system. The final payment was made in FY 2019/20.

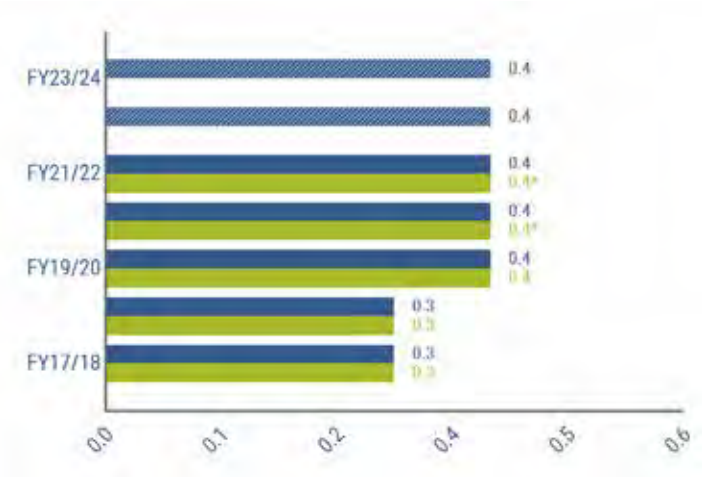
FY 2017/18 to FY 2023/24 (in millions)



Contracts Payable

Contracts Payable is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site. The FY 2021/22 Contracts Payable budget is \$0.4 million.

FY 2017/18 to FY 2023/24 (in millions)

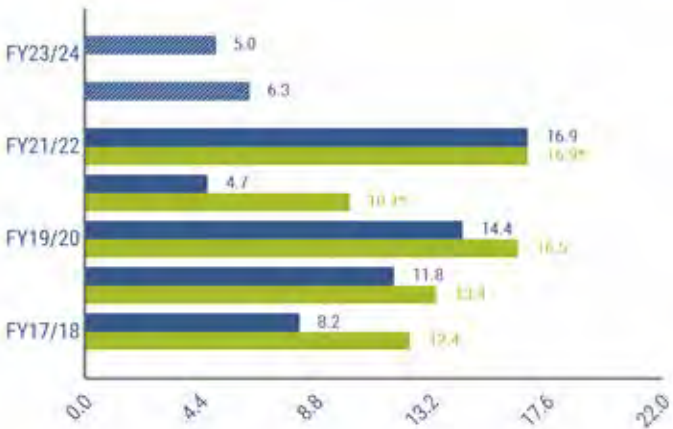


Forecast Budget Actual/Forecast

CIP

Transfers Out to the Capital Improvement Plan (CIP) in FY 2021/22 is \$16.9 million, which ensures compliance with Financial Policy No.17 (\$3.0 million or 25 percent of the construction sales tax, \$0.9 million or 100 percent of net interest income in excess of \$1.0 million, and \$4.6 million or two-thirds of the sales tax collected on food for home consumption); and provides funding for various CIP projects that do not have a dedicated funding source. Beginning in FY 2021/22, the portion of the Stormwater Fee paid by utility customers that is dedicated to funding stormwater related capital projects is recorded in a Special Programs Fund.

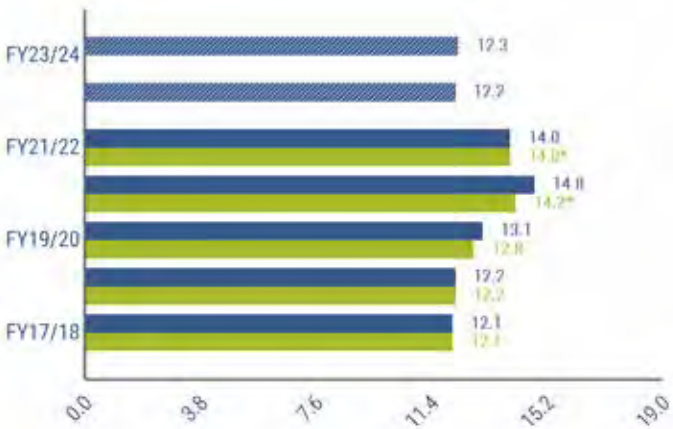
FY 2017/18 to FY 2023/24 (in millions)



Debt Svc MPC Bonds

Debt Service Municipal Property Corporation (MPC) bonds includes transfers to the Debt Service Fund for the annual debt service payments for MPC bonds issued that use sales tax as dedicated revenue source to service the debt. The MPC bonds issued include SkySong, WestWorld land acquisitions, Tournament Players Club (TPC) improvements, the Tony Nelssen Equestrian Center (TNEC) and the Scottsdale Fashion Square parking garage. In FY 2021/22 a total of \$14.0 million will be transferred to the Debt Service Fund for MPC bonds issued.

FY 2017/18 to FY 2023/24 (in millions)



Operating

The FY 2021/22 Operating Transfers Out budget of \$0.1 million is to the Healthcare Self Insurance Fund to subsidize the costs of providing disabled public safety retiree healthcare benefits, per City Council direction. FY 2020/21 includes a City Council approved administrative correction to move the savings in the General Fund generated by the AZCares Grant Program to a Special Revenue Fund to ensure governmental accounting standards are being met. FY 2017/18 included a transfer of approximately \$0.8 million, approved by City Council, to the Downtown Cultural Trust for downtown development.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

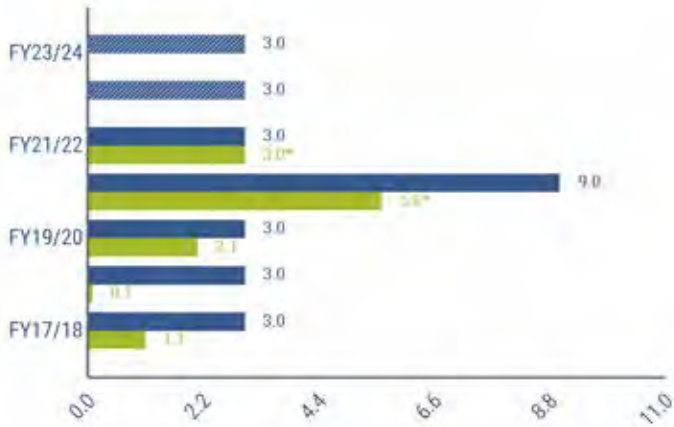
General Fund Ending Balance

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

Operating Contingency

Operating Contingency includes \$3.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. In FY 2020/21, an additional \$6.0 million of budget authorization was also included and represented two-thirds of the sales tax collected on food for home consumption set aside by Council’s direction to be used in the event of unforeseen expenses related to the COVID-19 pandemic. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

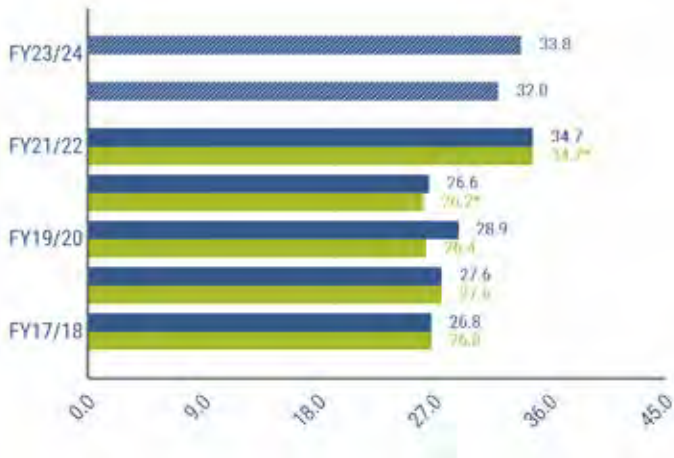
FY 2017/18 to FY 2023/24 (in millions)



Operating Reserve

The Operating Reserve complies with Reserve Management Financial Policy No. 36. The policy states the General Fund will maintain a stabilization reserve of ten percent of the annual General Fund operating expenditures which is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the ending FY 2021/22 General Fund Operating Reserve is \$34.7 million.

FY 2017/18 to FY 2023/24 (in millions)

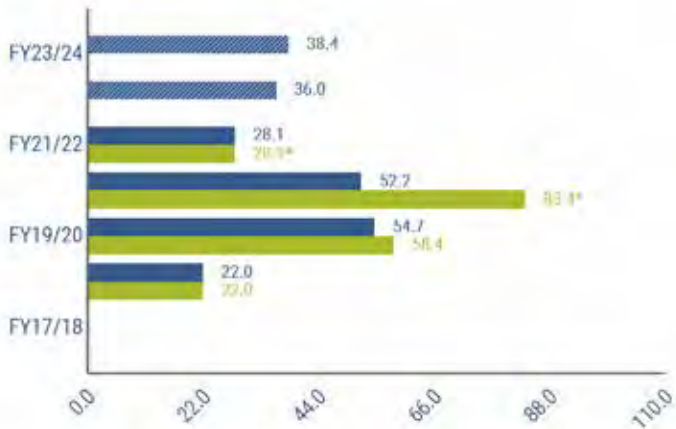


Forecast Budget Actual/Forecast*

PSPRS Pension Liabilities

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. Beginning in FY 2018/19 a 'PSPRS Pension Liabilities' designation was created. This begins to address the unfunded liability in this area and will shore-up the city's portion of the pension program for public safety personnel. In prior years, funds were held in the Undesignated, Unreserved Fund Balance. The FY 2021/22 PSPRS Pension Liabilities fund balance designation is \$28.1 million, which is a decrease of \$24.1 million from the FY 2020/21 adopted budget. The decrease is the net effect of a \$40.0 million payment to the PSPRS to pay down the unfunded liability and anticipated greater sources than uses.

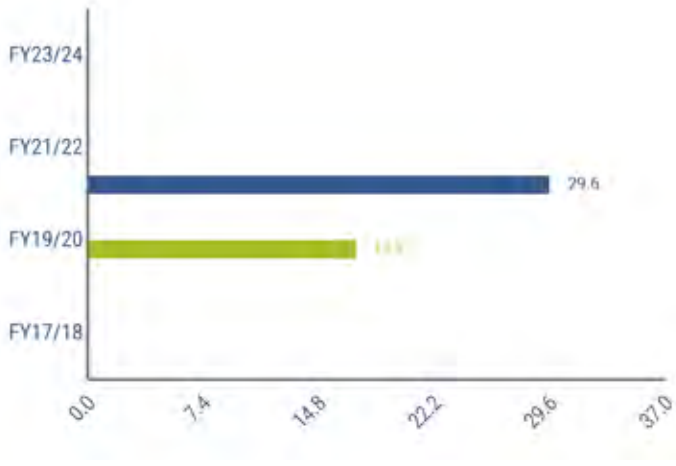
FY 2017/18 to FY 2023/24 (in millions)



AZCares Funding

In late FY 2019/20, the city received an AZCares Grant of \$29.6 million, which could only be used to cover Public Safety Personnel Services expenses incurred from March 1, 2020 through June 30, 2020, and forecasted through December 30, 2020. The public safety's related budget and expenses, which span over FY 2019/20 and FY 2020/21, were moved to the Grant Funds from the General Fund. Moving the budget and expenses resulted in an equal amount of funding available within the General Fund. The newly available amount of \$29.6 million in the General Fund was then designated (AZCares Funding) in the fund balance to be used to supplement existing programs, create new programs, execute contracts and expend funds as may be necessary to mitigate the effects of and aid in recovery from the COVID-19 pandemic. City Council approved Resolution No. 11883 on August 25, 2020 to complete an administrative correction and to move the funding to a Special Revenue Fund to ensure governmental accounting standards are being met.

FY 2017/18 to FY 2023/24 (in millions)

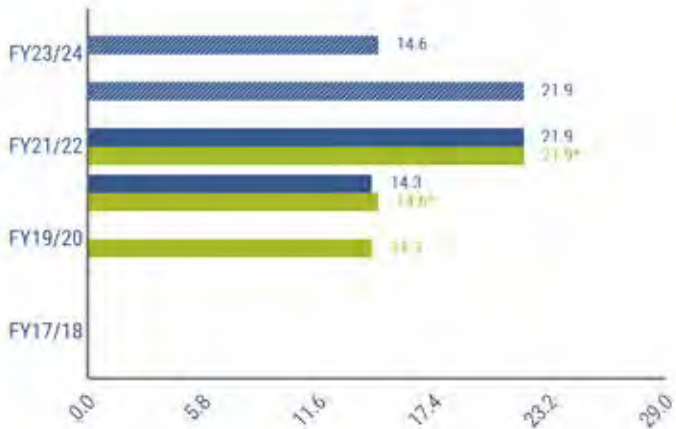


Forecast Budget Actual/Forecast*

Cavasson Infrastructure Reimbursement

Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement. The FY 2021/22 fund balance designation is \$21.9 million.

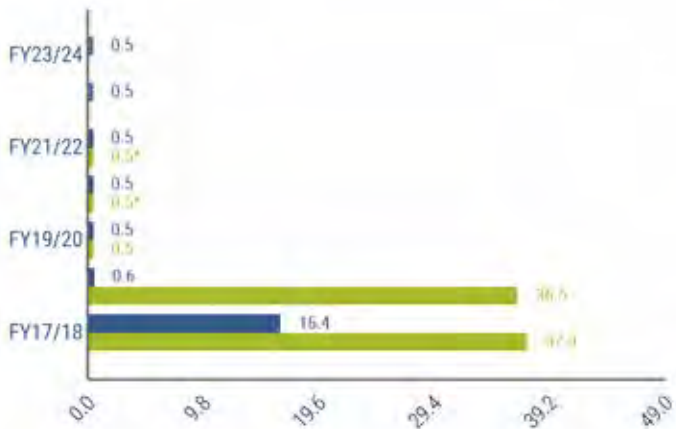
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2021/22 ending undesignated, unreserved fund balance is \$0.5 million. Under prudent fiscal management practices, this balance may be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses. FY 2017/18 adopted and actual amounts include funds that were moved to PSPRS Pension Liabilities to address the unfunded liability for public safety personnel.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*



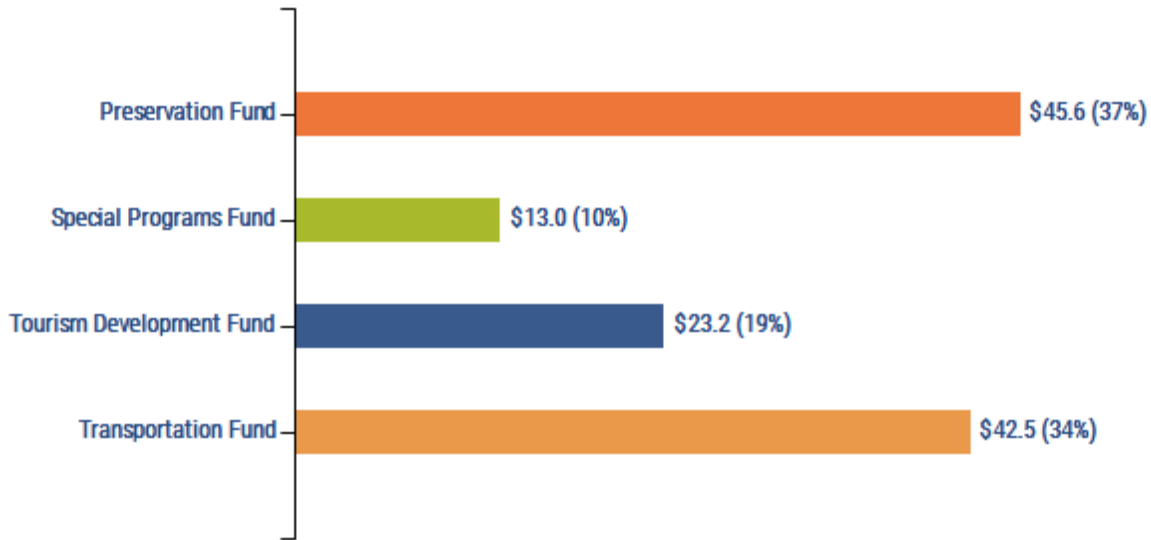


Scottsdale Stadium Aerial View
Courtesy of the Scottsdale Charros and Scottsdale Public Library

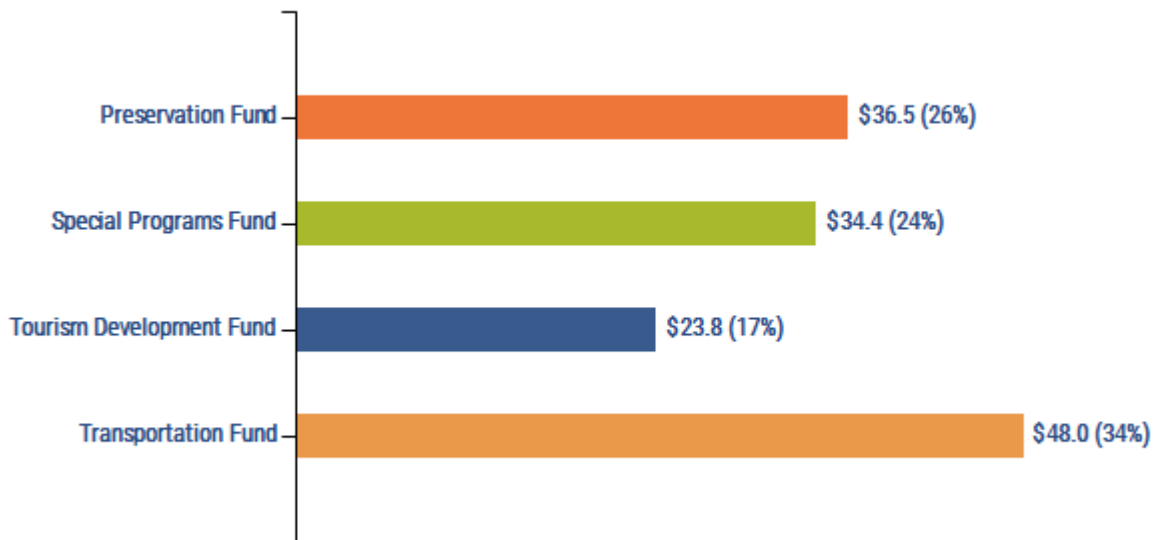
Special Revenue Funds Description

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

Special Revenue Funds Sources (% to Total)
\$124.4 Million



Special Revenue Funds Uses (% to Total)
\$142.7 Million



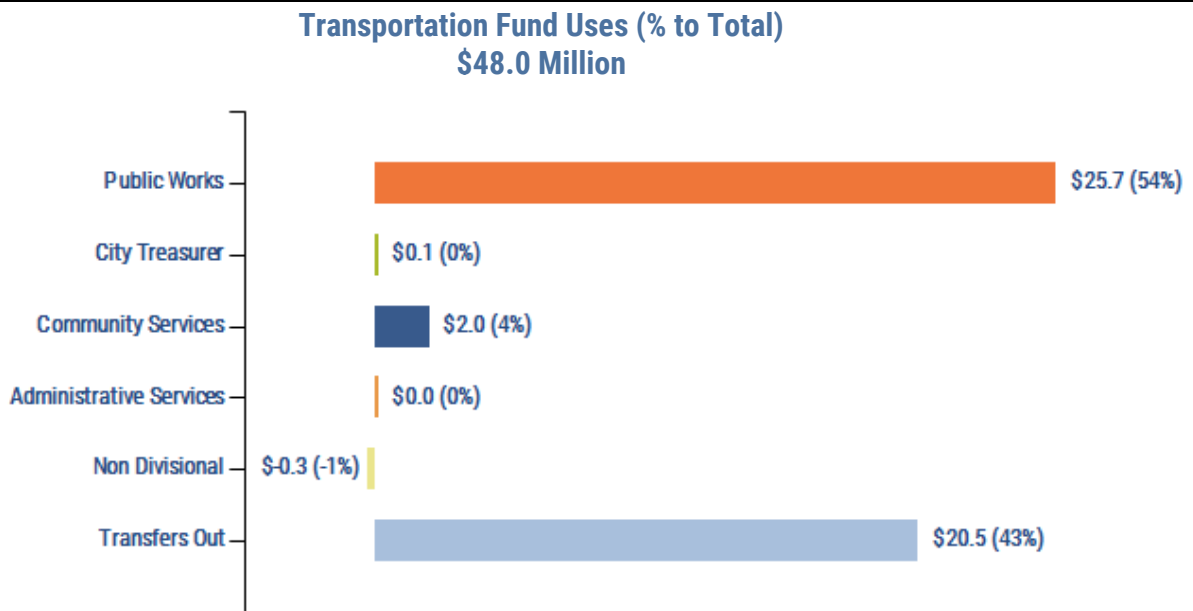
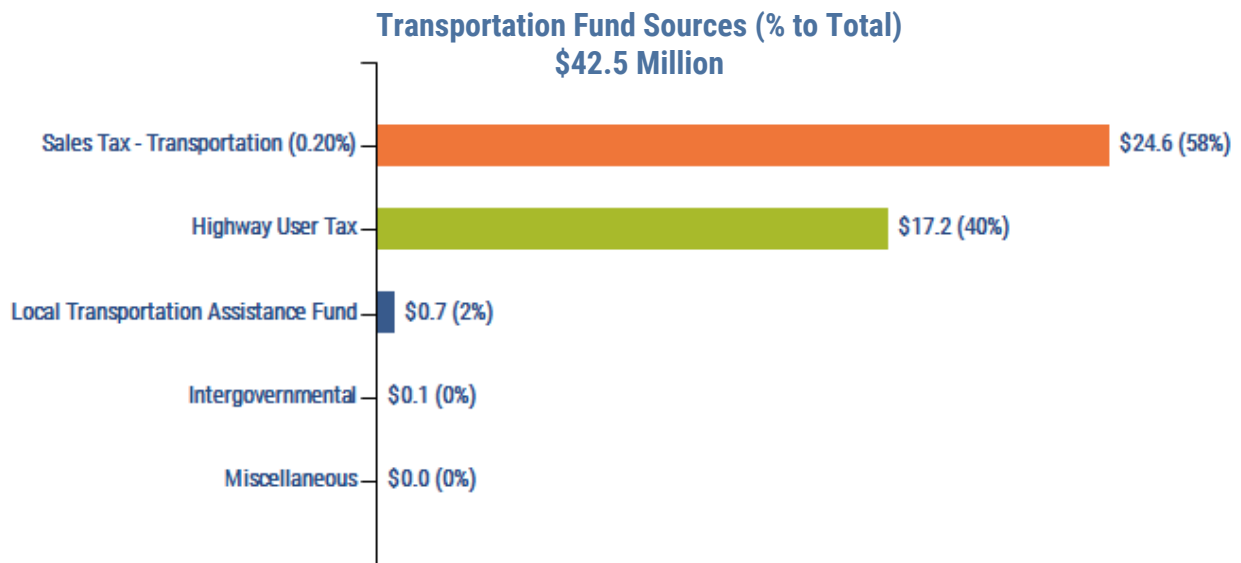
Rounding differences may occur.



Fund Purpose

The State of Arizona requires the city to establish and maintain an accounting for Highway User Tax revenue. The Transportation Fund receives and expends the city's allocation of the Arizona Highway User Tax which is allocated based on the official U.S. Census Bureau population estimate, as directed by Statute. These monies must be used for street construction, reconstruction, or maintenance. The fund also accounts for other transportation related revenues as well as for the 1989 voter approved Sales Tax - Transportation of 0.20 percent, which is dedicated funding for transportation improvements and operations.

Note: Beginning October 2019, the 2018 voter approved Sales Tax - Transportation of 0.10 percent of the city's sales tax dedicated solely to the Arterial Life Cycle Program transportation capital project is being recorded directly in the Capital Improvement Plan versus a Transfer Out to CIP from the Transportation Fund.



Rounding differences may occur.

BUDGET BY FUND | Transportation Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Contingency	500,000	500,000	500,000	500,000
Operating Reserve	2,722,738	2,795,890	2,443,038	2,534,726
Undesignated, Unreserved Fund Balance	9,910,823	10,868,729	13,117,287	20,392,832
Total Beginning Fund Balance	13,133,561	14,164,619	16,060,325	23,427,558
Revenues				
Sales Tax - Transportation (0.20%)	23,075,805	21,153,915	23,638,767	24,561,517
Sales Tax - Transportation (0.10%) ^(a)	2,683,200	-	-	-
Highway User Tax	16,869,912	17,999,622	17,885,271	17,167,454
Local Transportation Assistance Fund	641,606	655,000	655,000	655,000
Intergovernmental	199,967	120,000	120,000	100,000
Miscellaneous	21,043	6,000	6,000	4,930
Indirect/Direct Cost Allocations ^(b)	431,095	453,514	453,514	-
Property Rental	7,125	-	-	-
Reimbursements from Outside Sources	-	-	7,913	-
Subtotal	43,929,754	40,388,051	42,766,465	42,488,901
Transfers In				
CIP	1,200,000	-	1,817,639	-
Operating ^(c)	300,000	-	-	-
Subtotal	1,500,000	-	1,817,639	-
Total Sources	45,429,754	40,388,051	44,584,104	42,488,901
Expenditures				
Public Works	22,599,198	23,923,731	22,062,165	25,725,443
City Treasurer	58,874	59,737	61,095	66,409
Community Services	1,772,311	1,897,945	1,897,945	2,019,879
Administrative Services	-	18,800	18,800	18,800
Fuel and Maint and Repair ^(d)	-	-	626,667	-
Leave Accrual Payments	-	104,100	72,664	32,093
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(197,696)	-	(340,000)
Utilities ^(d)	-	-	607,922	-
Subtotal	24,430,383	25,806,617	25,347,258	27,522,624
TOTAL OPERATING BUDGET	24,430,383	25,806,617	25,347,258	27,522,624
Transfers Out				
CIP	14,137,903	10,576,957	11,819,383	20,280,758
CIP 0.1% Sales Tax	3,879,645	-	-	-
CIP Technology	55,059	50,230	50,230	238,132
Subtotal	18,072,607	10,627,187	11,869,613	20,518,890
Total Uses	42,502,990	36,433,804	37,216,871	48,041,514
Sources Over/(Under) Uses	2,926,764	3,954,247	7,367,233	(5,552,613)
Ending Fund Balance				
Operating Contingency	500,000	500,000	371,111	500,000
Operating Reserve	2,443,038	2,580,662	2,534,726	2,752,262
Undesignated, Unreserved Fund Balance	13,117,287	15,038,204	20,521,721	14,622,683
Total Ending Fund Balance	16,060,325	18,118,866	23,427,558	17,874,945

^(a) Beginning October 2019, Sales Tax – Transportation (0.10%) is recorded directly in the Capital Improvement Plan (CIP) revenue versus a Transfer Out to the CIP.

^(b) Beginning in FY 2021/22, the Citywide Direct Cost Allocation from the Solid Waste Fund to the Transportation Fund will be eliminated. Alley Maintenance performed by the Transportation and Street Department is no longer needed as residential collections will no longer occur in alleyways.

^(c) Beginning in FY 2020/21, the downtown trolley will no longer be funded from the Tourism Development Fund.

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

BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,534,726	2,752,262	2,804,250	2,916,770	3,031,620
Undesignated, Unreserved Fund Balance	20,392,832	14,622,683	17,310,495	19,360,575	21,082,825
Total Beginning Fund Balance	23,427,558	17,874,945	20,614,745	22,777,345	24,614,445
Revenues					
Sales Tax - Transportation (0.20%)	24,561,517	25,236,500	25,871,700	26,649,600	27,448,800
Sales Tax - Transportation (0.10%)	-	-	-	-	-
Highway User Tax	17,167,454	17,467,900	17,773,600	18,084,600	18,401,100
Local Transportation Assistance Fund	655,000	655,000	655,000	655,000	655,000
Intergovernmental	100,000	120,000	150,000	160,000	200,000
Miscellaneous	4,930	4,900	4,900	4,900	4,900
Indirect/Direct Cost Allocations	-	-	-	-	-
Property Rental	-	-	-	-	-
Reimbursements from Outside Sources	-	-	-	-	-
Subtotal	42,488,901	43,484,300	44,455,200	45,554,100	46,709,800
Transfers In					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	42,488,901	43,484,300	44,455,200	45,554,100	46,709,800
Expenditures					
Public Works	25,725,443	26,475,900	27,345,300	28,304,600	29,576,000
City Treasurer	66,409	69,700	71,300	72,900	74,600
Community Services	2,019,879	1,723,700	1,758,200	1,802,200	1,847,300
Administrative Services	18,800	18,800	19,700	20,700	21,800
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	32,093	32,700	33,400	34,200	35,100
Operating Impacts	-	68,500	293,500	444,100	630,900
Savings from Vacant Positions	(340,000)	(346,800)	(353,700)	(362,500)	(371,600)
Utilities	-	-	-	-	-
Subtotal	27,522,624	28,042,500	29,167,700	30,316,200	31,814,100
TOTAL OPERATING BUDGET	27,522,624	28,042,500	29,167,700	30,316,200	31,814,100
Transfers Out					
CIP	20,280,758	12,618,300	12,935,900	13,324,800	13,724,500
CIP 0.1% Sales Tax	-	-	-	-	-
CIP Technology	238,132	83,700	189,000	76,000	39,900
Subtotal	20,518,890	12,702,000	13,124,900	13,400,800	13,764,400
Total Uses	48,041,514	40,744,500	42,292,600	43,717,000	45,578,500
Sources Over/(Under) Uses	(5,552,613)	2,739,800	2,162,600	1,837,100	1,131,300
Ending Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,752,262	2,804,250	2,916,770	3,031,620	3,181,410
Undesignated, Unreserved Fund Balance	14,622,683	17,310,495	19,360,575	21,082,825	22,064,335
Total Ending Fund Balance	17,874,945	20,614,745	22,777,345	24,614,445	25,745,745

Transportation Fund Sources

Transportation Fund sources for FY 2021/22 equal \$42.5 million which is a increase of \$2.1 million from the FY 2020/21 adopted budget primarily related to the positive signs of economic recovery from the COVID-19 pandemic reflected Sales Tax - Transportation (0.2%) revenue. The same methodology for developing the Sales Tax budgeted in the General Fund is also used for the Transportation Fund.

Sales Tax - Transportation (0.20%)

Sales Tax - Transportation (0.20%) represents the 0.20 percent of the city’s sales tax dedicated solely to transportation. Please note that while the rate is the same for the Transportation and 1995 Preservation Sales Tax, there is a difference between the revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues. The adopted FY 2021/22 budget of \$24.6 million represents an increase of \$3.4 million, or 16.1 percent, over the FY 2020/21 adopted budget due to the positive signs of economic recovery from the COVID-19 pandemic. The following table is a five year forecast by business category for the transportation sales tax.

FY 2017/18 to FY 2023/24 (in millions)



Sales Tax (0.20%) 1990 Transportation Five-Year Forecast by Revenue Category (rounding differences may occur)

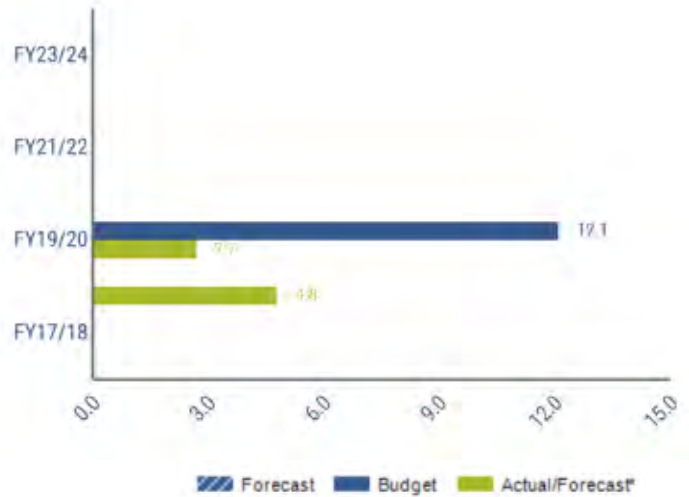
Revenue Category	FY 19/20		FY 20/21		FY 20/21		FY 21/22	
	Actual	% of Total	Adopted	% of Total	Forecast	% of Total	Adopted	% of Total
Automotive	3,333,224	14%	2,959,140	14%	3,559,147	15%	3,627,266	15%
Construction	2,100,364	9%	1,714,619	8%	2,293,967	10%	2,335,039	10%
Food	1,702,569	7%	1,730,983	8%	1,782,480	8%	1,825,782	7%
Hotel/Motel	1,175,090	5%	704,207	3%	964,808	4%	1,215,792	5%
Major Dept Stores	1,834,966	8%	1,862,282	9%	1,765,216	7%	1,856,699	8%
Misc. Retail	4,432,974	19%	4,204,247	20%	4,762,505	20%	4,994,111	20%
Other Taxable	1,978,499	9%	2,013,341	10%	2,094,913	9%	2,166,919	9%
Rental	3,536,113	15%	3,477,243	16%	3,492,066	15%	3,542,499	14%
Restaurants	2,051,910	9%	1,536,661	7%	1,996,156	8%	2,053,596	8%
Utilities	930,097	4%	951,192	4%	927,509	4%	943,814	4%
Total	23,075,805	100%	21,153,915	100%	23,638,767	100%	24,561,517	100%

Revenue Category	FY 22/23		FY 23/24		FY 24/25		FY 25/26	
	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total
Automotive	3,663,500	15%	3,700,200	14%	3,774,200	14%	3,849,700	14%
Construction	2,364,200	9%	2,377,200	9%	2,377,200	9%	2,377,200	9%
Food	1,862,300	7%	1,899,500	7%	1,937,500	7%	1,976,300	7%
Hotel/Motel	1,285,000	5%	1,278,700	5%	1,317,000	5%	1,356,500	5%
Major Dept Stores	1,875,300	7%	1,894,000	7%	1,931,900	7%	1,970,500	7%
Misc. Retail	5,280,200	21%	5,570,600	22%	5,904,900	22%	6,259,100	23%
Other Taxable	2,231,900	9%	2,298,900	9%	2,367,900	9%	2,438,900	9%
Rental	3,595,600	14%	3,667,500	14%	3,740,900	14%	3,815,700	14%
Restaurants	2,115,800	8%	2,203,200	9%	2,296,500	9%	2,383,300	9%
Utilities	962,700	4%	981,900	4%	1,001,600	4%	1,021,600	4%
Total	25,236,500	100%	25,871,700	100%	26,649,600	100%	27,448,800	100%

Sales Tax - Transportation (0.10%)

Sales Tax - Transportation (0.10%) represents the 0.10 percent of the city’s sales tax dedicated solely to the Arterial Life Cycle Program transportation capital projects. Starting in October 2019, revenue began being recorded directly within the CIP Transportation Sales Tax 0.10% Fund rather than being recorded in the Operating Transportation Sales Tax 0.10% and then transferred to CIP. The following table is a five year forecast by business category for the transportation sales tax.

FY 2017/18 to FY 2023/24 (in millions)



Sales Tax (0.10%) 2019 Transportation Five-Year Forecast by Revenue Category (rounding differences may occur)

Revenue Category	FY 19/20		FY 20/21		FY 20/21		FY 21/22	
	Actual	% of Total	Adopted	% of Total	Forecast	% of Total	Adopted	% of Total
Automotive	1,753,239	15%	1,534,721	14%	1,867,803	15%	1,917,606	15%
Construction	989,642	8%	881,340	8%	1,158,374	9%	1,204,790	9%
Food	831,168	7%	897,752	8%	894,267	7%	915,110	7%
Hotel/Motel	594,501	5%	365,227	3%	492,377	4%	613,884	5%
Major Dept Stores	967,971	8%	965,850	9%	932,518	8%	960,795	7%
Misc. Retail	2,483,633	21%	2,180,479	20%	2,628,903	21%	2,755,341	21%
Other Taxable	1,081,375	9%	1,044,195	10%	1,200,389	10%	1,251,390	10%
Rental	1,762,405	15%	1,803,427	16%	1,775,509	14%	1,789,457	14%
Restaurants	1,014,591	8%	796,969	7%	1,008,165	8%	1,033,173	8%
Utilities	467,573	4%	493,324	4%	469,051	4%	478,644	4%
Total	11,946,099	100%	10,963,284	100%	12,427,356	100%	12,920,190	100%

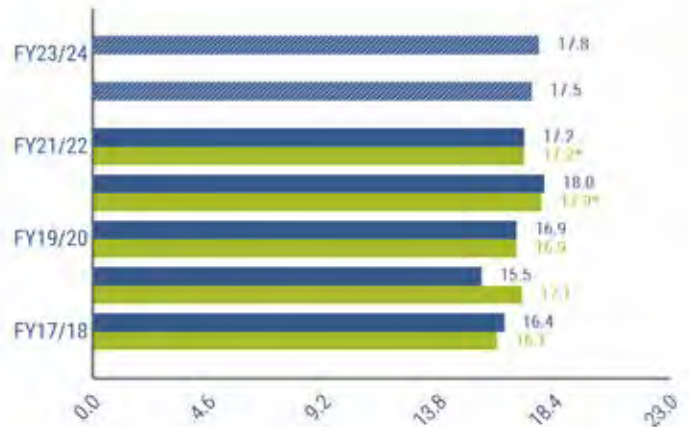
Revenue Category	FY 22/23		FY 23/24		FY 24/25		FY 25/26	
	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total
Automotive	1,936,800	15%	1,956,200	14%	1,995,300	14%	2,035,200	14%
Construction	1,219,900	9%	1,226,600	9%	1,226,600	9%	1,226,600	8%
Food	933,400	7%	952,100	7%	971,100	7%	990,500	7%
Hotel/Motel	648,800	5%	645,600	5%	665,000	5%	684,900	5%
Major Dept Stores	970,400	7%	980,100	7%	999,700	7%	1,019,700	7%
Misc. Retail	2,913,200	22%	3,073,400	23%	3,257,800	23%	3,453,300	24%
Other Taxable	1,288,900	10%	1,327,600	10%	1,367,400	10%	1,408,500	10%
Rental	1,816,300	14%	1,852,600	14%	1,889,700	13%	1,927,500	13%
Restaurants	1,064,500	8%	1,108,400	8%	1,155,400	8%	1,199,100	8%
Utilities	488,200	4%	498,000	4%	507,900	4%	518,100	4%
Total	13,280,400	100%	13,620,600	100%	14,035,900	100%	14,463,400	100%

Beginning in October 2019, Sales Tax - Transportation (0.10%) is recorded directly in the Capital Improvement Plan (CIP).

Highway User Tax

Highway User Tax, also known as the gas tax or the Highway User Revenue Fund (HURF), is distributed by the State of Arizona. The state constitution requires that all highway user revenue be used solely for street, highway or transit purposes. Cities and towns receive 27.5 percent of the highway user revenue fund, of which one half of the monies are distributed based on population of all incorporated cities and towns in the state. The remaining half is distributed based on 'county of origin' of gasoline sales and the relation of the city or town's population to the total incorporated population of Maricopa County. The adopted FY 2021/22 budget of \$17.2 million represents a \$0.8 million decrease from the FY 2020/21 adopted budget due to estimates provided by the League of Arizona Cities and Towns.

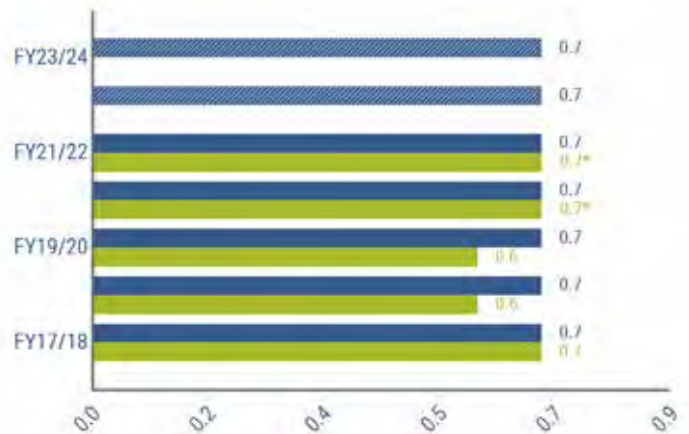
FY 2017/18 to FY 2023/24 (in millions)



Local Transportation Assistance Fund

Local Transportation Assistance Fund supports the development and operation of a comprehensive multi-modal public transportation program in Arizona. The funding for this program comes from lottery proceeds and it is distributed to cities and towns through an annual application process. The amounts available to cities and towns are capped based on population. The FY 2021/22 budget for this revenue is \$0.7 million, which represents the entire allocation available to the city.

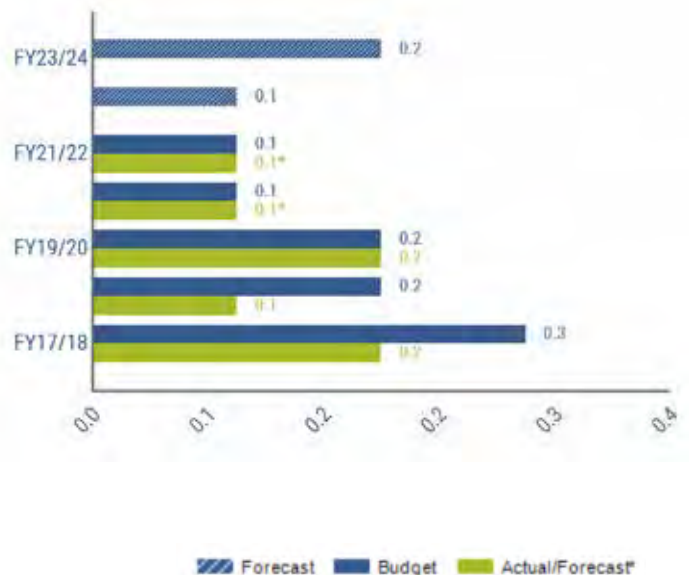
FY 2017/18 to FY 2023/24 (in millions)



Intergovernmental

Intergovernmental represents the city's allocation of the half-cent sales tax for transportation improvements approved in Proposition 400 by Maricopa County voters in November 2004. This revenue, through the Transportation Fund, funds the American's with Disabilities Act (ADA) Cab Connection Rides program, which addresses the transportation needs of people with disabilities within the city. The FY 2021/22 budget is \$0.1 million, which is slightly less than the FY 2020/21 adopted budget and is related to a reduction in participation in the past few years that has stabilized.

FY 2017/18 to FY 2023/24 (in millions)

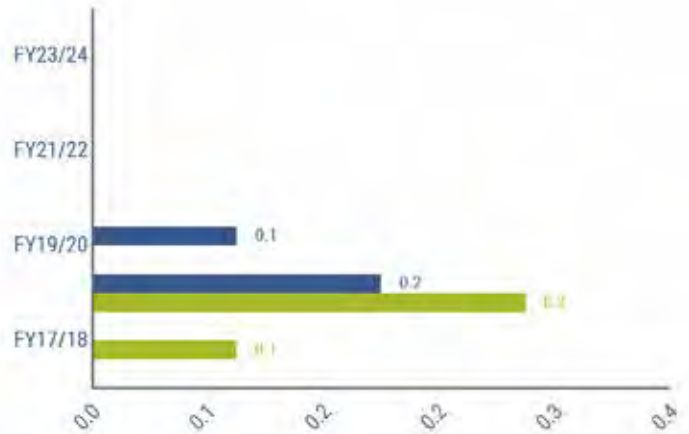


Forecast Budget Actual/Forecast*

Miscellaneous

Miscellaneous includes various revenues the city receives in the Transportation Fund during any given year that are not attributable to one of the specific revenue categories previously noted. The FY 2021/22 budget of \$4,930 represents a slight decrease from the FY 2020/21 adopted budget and is due to the reimbursement from the Valley Metro Regional Public Transportation Authority (RPTA) and City of Phoenix which is expected to be significantly less for the foreseeable future when compared to prior fiscal years.

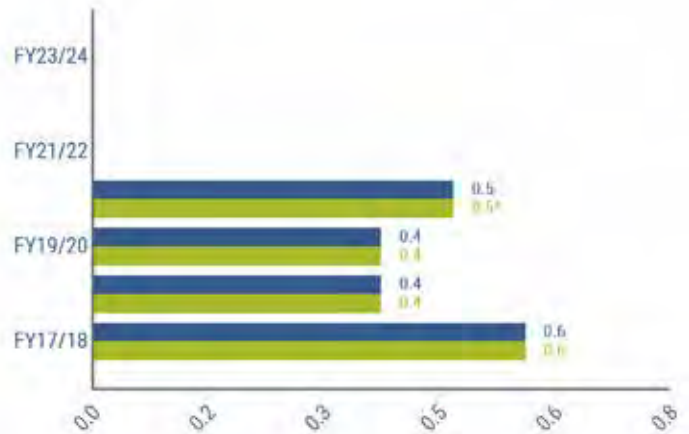
FY 2017/18 to FY 2023/24 (in millions)



Indirect/Direct Cost Allocations

Indirect/Direct Cost Allocations represents direct charges to the Solid Waste Fund to cover the costs associated with alley maintenance performed by the Transportation and Street Operations Department for the benefit of Solid Waste operations. Beginning in FY 2021/22, the Citywide Direct Cost Allocation in the Transportation Fund will be eliminated. Alley Maintenance performed by the Transportation and Streets Department is no longer needed by Solid Waste Management as residential collections will no longer occur in the alleyways.

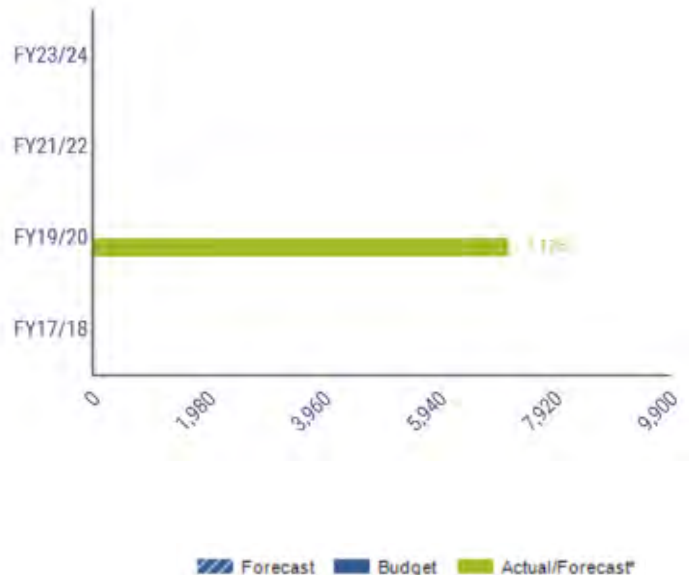
FY 2017/18 to FY 2023/24 (in millions)



Property Rental

Property Rental represents one-time revenue received from RTW Management for one-time building use at the South Corporation Yard. The adopted FY 2021/22 budget for Property Rental is \$0.0 million as rent revenue is uncommon.

FY 2017/18 to FY 2023/24



Reimbursements from Outside Sources

Reimbursements from Outside Services represent an insurance recovery for property damage at the North Corporation Yard. The adopted FY 2021/22 budget for Reimbursements from Outside Services is \$0.0 million as this revenue source is uncommon.

FY 2017/18 to FY 2023/24



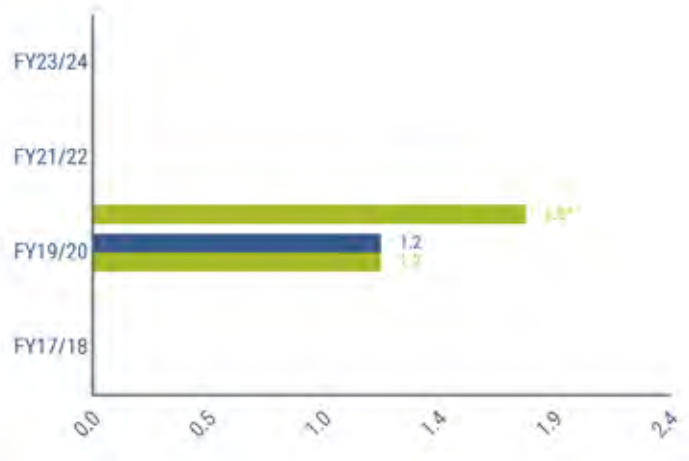
Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2021/22 is \$0.0 million. More specific information is detailed below.

CIP

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

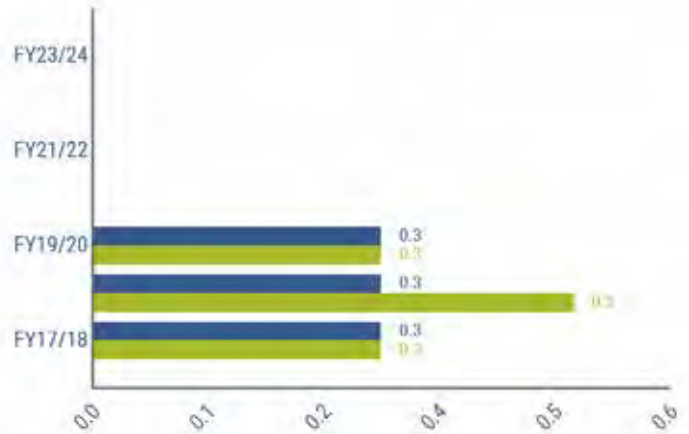
FY 2017/18 to FY 2023/24 (in millions)



Operating

Beginning in FY 2020/21, the downtown trolley will no longer be funded from the Tourism Development Fund as in previous years. Expenses for this service will entirely be absorbed by the Transportation Fund.

FY 2017/18 to FY 2023/24 (in millions)



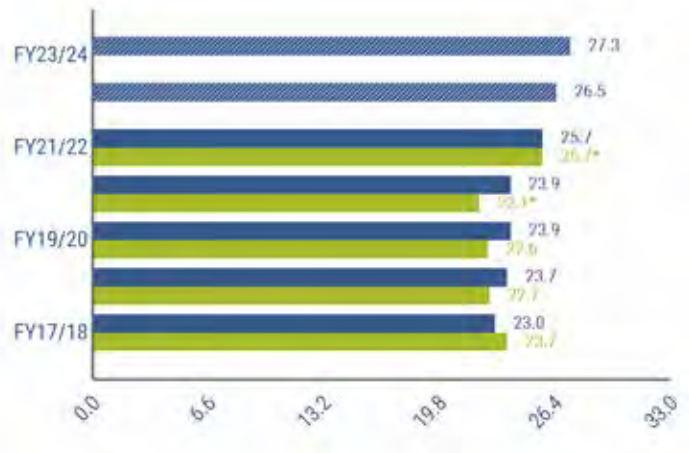
Transportation Fund Uses

The Transportation Fund uses are presented by division, plus additional non-divisional operating categories.

Public Works

The expenditures for Public Works include alley maintenance, streets cleaning, lighting maintenance, and traffic signal maintenance. The adopted FY 2021/22 Public Works budget of \$25.7 million is an increase of \$1.8 million from the FY 2020/21 adopted budget of \$23.9 million mainly due to the hiring of street maintenance staff, the purchase of equipment related to the newly hired positions, and street light maintenance material cost increases. Additional increases are due to higher utilities, landfill disposal costs, and custodial contracts.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

City Treasurer

This budget is used to partially fund the Sr. Budget Analyst position within the City Treasurer Division. The position is primarily dedicated to supporting the complex operating and capital financial needs within the Transportation Fund. The FY 2021/22 adopted budget is \$66,409.

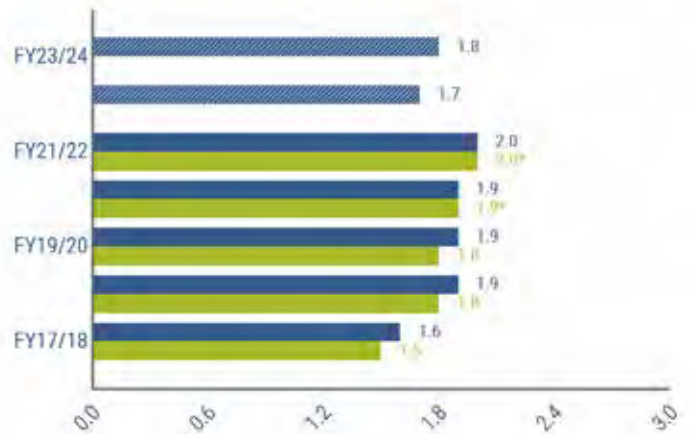
FY 2017/18 to FY 2023/24



Community Services

This budget is used for the contracted landscaping of medians and right-of-ways. The FY 2021/22 adopted budget of \$2.0 million is relatively flat when compared to the FY 2020/21 adopted budget.

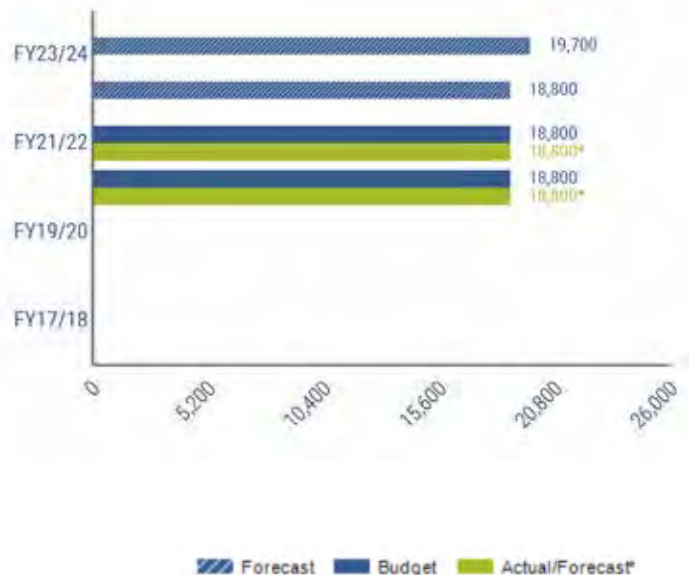
FY 2017/18 to FY 2023/24 (in millions)



Administrative Services

This budget is used for software supported by the Transportation Fund which is administered by the Information Technology (IT) Department. The FY 2021/22 adopted budget is \$18,800.

FY 2017/18 to FY 2023/24



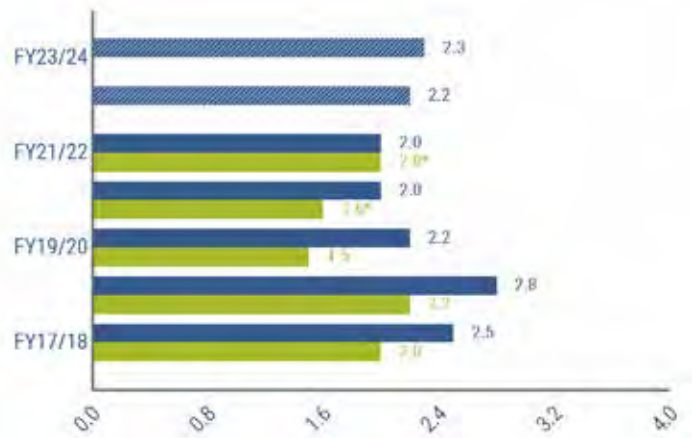
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2020/21 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level. Then moving the budget to a macro level holding account at the beginning of the fiscal year and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward.

Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maintenance and Repair is budgeted at the division level and then at the beginning of the fiscal year is moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2021/22 Fuel and Maintenance and Repair is budgeted at \$2.0 million at the division level.

FY 2017/18 to FY 2023/24 (in millions)



Leave Accrual Payments

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2021/22 leave accrual payments budget is \$32,093, which includes \$15,000 budgeted for medical leave accrual payouts and \$17,093 budgeted for vacation leave accrual payouts. The FY 2020/21 year-end forecast and FY 2017/18 - FY 2019/20 actuals displayed are recorded and reported as part of the division's expenditures.

FY 2017/18 to FY 2023/24

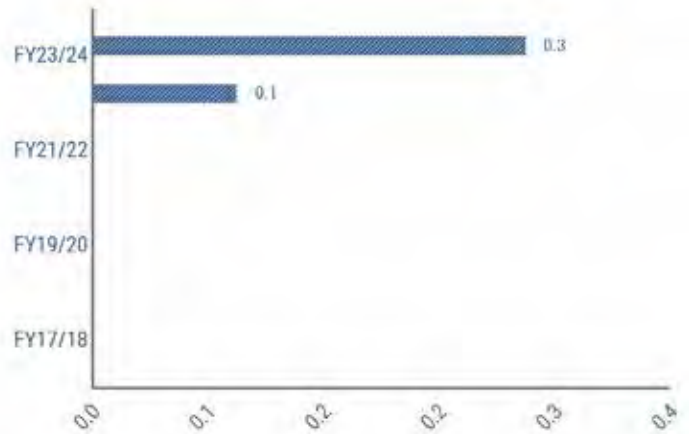


Forecast Budget Actual/Forecast

Operating Impacts

Operating Impacts are additional costs associated with future Capital Improvement Plan (CIP) projects that impact the operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. FY 2022/23 and FY 2023/24 are forecasted at \$0.4 million based on the current approved CIP projects.

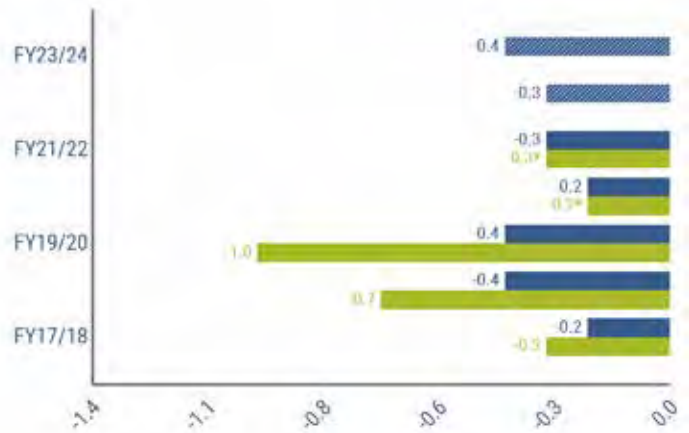
FY 2017/18 to FY 2023/24 (in millions)



Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings achieved from vacant positions. The FY 2021/22 Transportation Fund estimate for vacancy savings is (\$0.3) million.

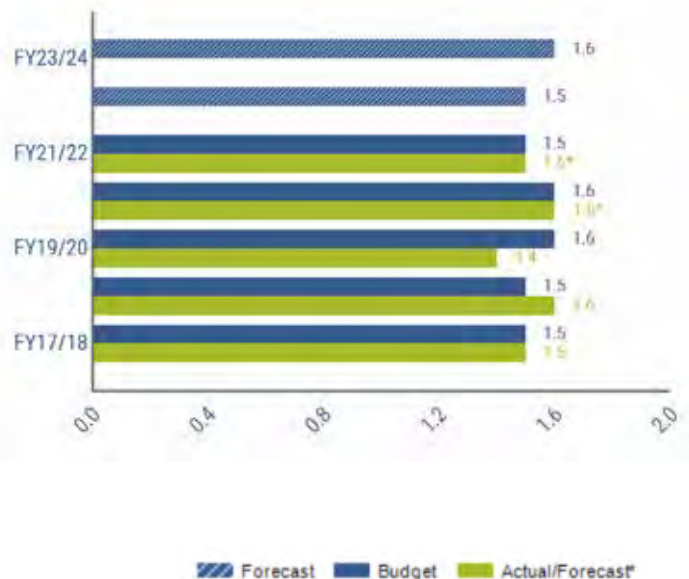
FY 2017/18 to FY 2023/24 (in millions)



Utilities

Beginning in FY 2020/21, Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2021/22 Utilities budget is \$1.5 million which is \$0.1 million less than the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



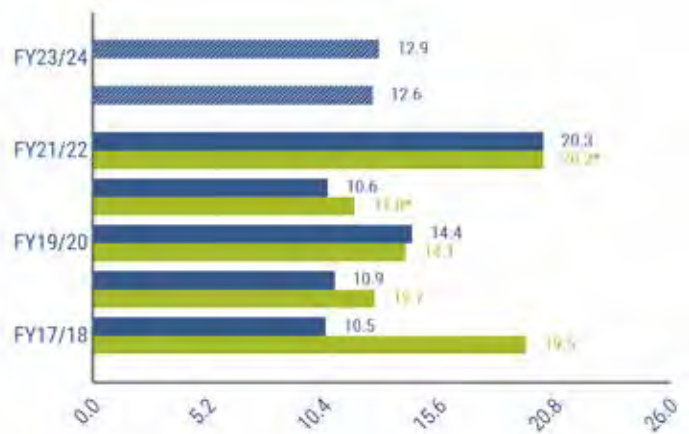
Transfers Out

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

CIP

The FY 2021/22 budget includes a \$20.3 million transfer of the Sales Tax - Transportation (0.20%) revenue, which is 50 percent of the revenue collected per Financial Policy No. 26, to the Capital Improvement Plan (CIP).

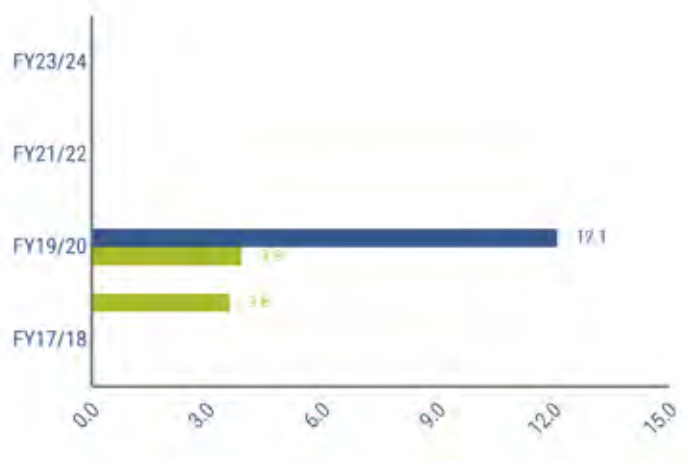
FY 2017/18 to FY 2023/24 (in millions)



CIP 0.10% Sales Tax

The Sales Tax - Transportation (0.10%) includes 100 percent of the revenue collected per Financial Policy No. 26A, which was previously transferred to the Capital Improvement Plan (CIP). Starting in October 2019, revenue is now recorded directly in the CIP.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

CIP Technology

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2021/22 adopted budget is \$238,132. The large budgeted amount represents the Transportation Fund's proportionate share of funding for the Enterprise Resource Planning (ERP) System implementation project.

FY 2017/18 to FY 2023/24



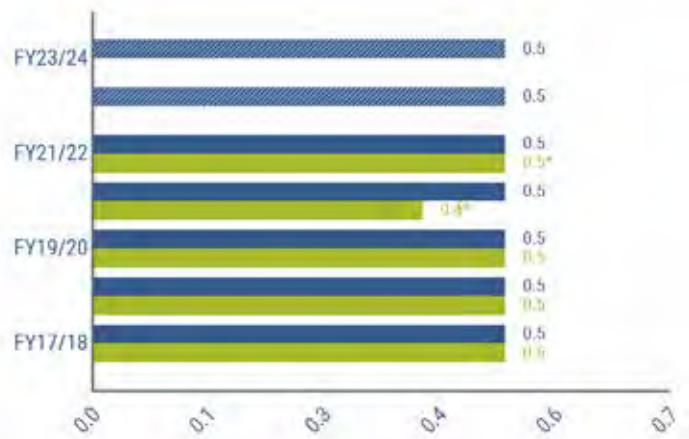
Transportation Fund Ending Balance

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

Operating Contingency

Operating Contingency includes \$0.5 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

FY 2017/18 to FY 2023/24 (in millions)

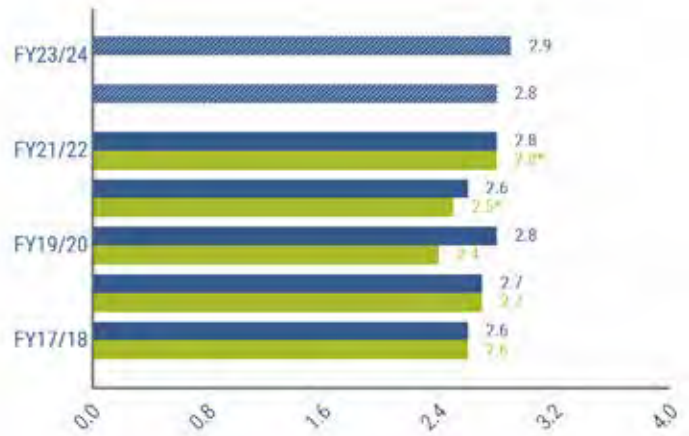


Forecast Budget Actual/Forecast*

Operating Reserve

Per Financial Policy No. 36, the city's transportation operating reserve shall be 10 percent of the annual Transportation Fund operating budget, and shall be used for unforeseen emergencies or catastrophic impacts to the city related to transportation. The FY 2021/22 Transportation Fund operating reserve is \$2.8 million.

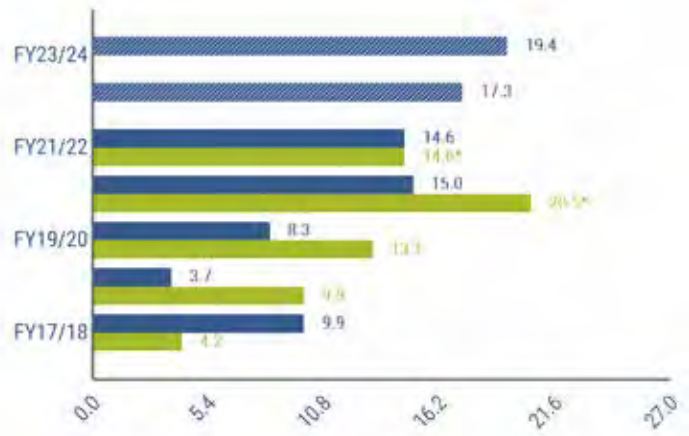
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2021/22 ending undesignated, unreserved fund balance is \$14.6 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

FY 2017/18 to FY 2023/24 (in millions)



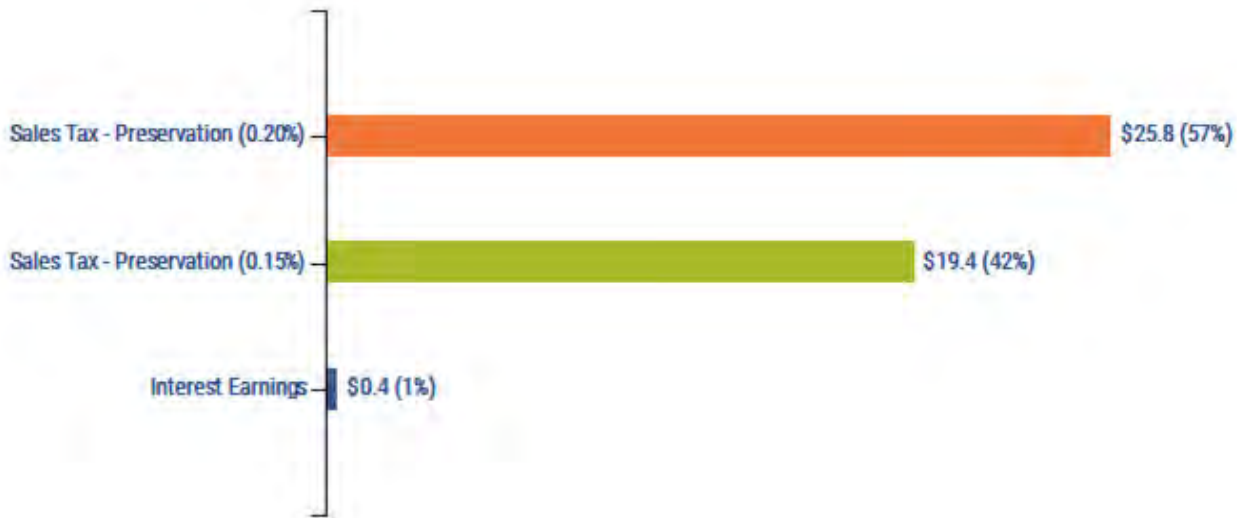
Forecast Budget Actual/Forecast



Fund Purpose

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

Preservation Fund Sources (% to Total)
\$45.6 Million



Preservation Fund Uses (% to Total)
\$36.5 Million



Rounding differences may occur.

BUDGET BY FUND | Preservation Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Debt Service Liabilities	36,650,145	43,925,267	46,228,317	53,154,610
Total Beginning Fund Balance	36,650,145	43,925,267	46,228,317	53,154,610
Revenues				
Sales Tax - Preservation (0.20%) ^(a)	24,184,607	21,942,413	24,845,651	25,840,380
Sales Tax - Preservation (0.15%)	18,141,869	16,456,812	18,634,251	19,380,285
Interest Earnings	1,024,448	745,318	745,318	402,589
<i>Subtotal</i>	43,350,924	39,144,543	44,225,220	45,623,254
Total Sources	43,350,924	39,144,543	44,225,220	45,623,254
Transfers Out				
CIP	1,038,463	5,750,035	4,360,330	3,579,322
Debt Svc GO Bonds	27,599,380	31,867,424	31,524,597	31,527,342
Trnsfrs Out-Debt Svc SPA Bonds ^(b)	5,134,909	1,414,000	1,414,000	1,420,000
<i>Subtotal</i>	33,772,752	39,031,459	37,298,927	36,526,664
Total Uses	33,772,752	39,031,459	37,298,927	36,526,664
Sources Over/(Under) Uses	9,578,172	113,084	6,926,293	9,096,590
Ending Fund Balance				
Debt Service Liabilities	46,228,317	44,038,351	53,154,610	62,251,200
Total Ending Fund Balance	46,228,317	44,038,351	53,154,610	62,251,200

^(a) The 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve will sunset in 2025.

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

BUDGET BY FUND | Preservation Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Debt Service Liabilities	53,154,610	62,251,200	74,822,100	86,872,400	96,970,200
Total Beginning Fund Balance	53,154,610	62,251,200	74,822,100	86,872,400	96,970,200
Revenues					
Sales Tax - Preservation (0.20%) ^(a)	25,840,380	26,560,800	27,241,100	28,071,800	2,950,000
Sales Tax - Preservation (0.15%)	19,380,285	19,920,600	20,430,800	21,053,800	21,695,000
Interest Earnings	402,589	242,500	283,600	365,600	381,000
<i>Subtotal</i>	45,623,254	46,723,900	47,955,500	49,491,200	25,026,000
Total Sources	45,623,254	46,723,900	47,955,500	49,491,200	25,026,000
Transfers Out					
CIP	3,579,322	713,100	550,000	543,600	1,874,500
Debt Svc GO Bonds	31,527,342	33,439,900	35,355,200	38,849,800	24,670,800
Trnsfrs Out-Debt Svc SPA Bonds ^(b)	1,420,000	-	-	-	-
<i>Subtotal</i>	36,526,664	34,153,000	35,905,200	39,393,400	26,545,300
Total Uses	36,526,664	34,153,000	35,905,200	39,393,400	26,545,300
Sources Over/(Under) Uses	9,096,590	12,570,900	12,050,300	10,097,800	(1,519,300)
Ending Fund Balance					
Debt Service Liabilities	62,251,200	74,822,100	86,872,400	96,970,200	95,450,900
Total Ending Fund Balance	62,251,200	74,822,100	86,872,400	96,970,200	95,450,900

^(a) The 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve will sunset in 2025.

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

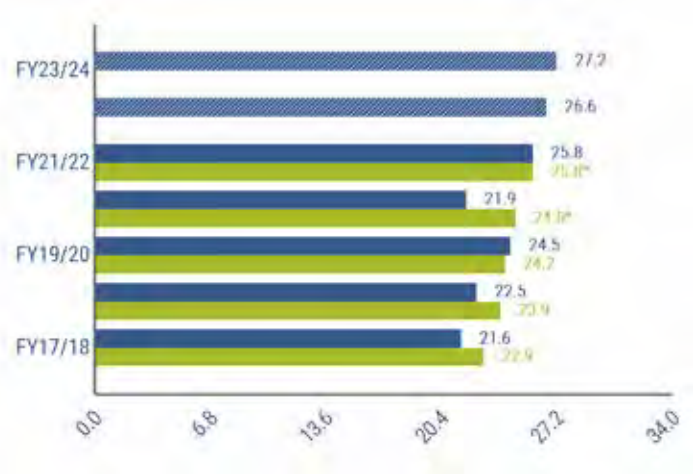
Preservation Fund Sources

The Preservation Fund sources for FY 2021/22 are budgeted at \$45.6 million, an increase of \$6.5 million from the FY 2020/21 adopted budget. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

Sales Tax - Preservation (0.20%)

Sales Tax - Preservation (0.20%) represents the 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve of which will sunset in the year 2025. The FY 2021/22 adopted budget of \$25.8 million represents an increase of \$3.9 million, or 18 percent, from the FY 2020/21 adopted budget. The following table is a five-year forecast by business category for the preservation sales tax.

FY 2017/18 to FY 2023/24 (in millions)



Sales Tax (0.20%) 1995 McDowell Mountain Preserve Five-Year Forecast by Revenue Category (rounding differences may occur)

Revenue Category	FY 19/20		FY 20/21		FY 20/21		FY 21/22	
	Actual	% of Total	Adopted	% of Total	Forecast	% of Total	Adopted	% of Total
Automotive	3,514,491	15%	3,069,440	14%	3,736,572	15%	3,835,211	15%
Construction	2,120,327	9%	1,778,531	8%	2,336,057	9%	2,409,580	9%
Food	1,706,204	7%	1,795,504	8%	1,786,620	7%	1,830,220	7%
Hotel/Motel	1,186,400	5%	730,455	3%	984,365	4%	1,227,769	5%
Major Dept Stores	1,905,270	8%	1,931,698	9%	1,865,036	8%	1,921,591	7%
Misc. Retail	4,898,732	20%	4,360,958	20%	5,247,300	21%	5,510,682	21%
Other Taxable	2,275,782	9%	2,088,386	10%	2,406,100	10%	2,502,779	10%
Rental	3,569,995	15%	3,606,855	16%	3,536,758	14%	3,578,915	14%
Restaurants	2,064,154	9%	1,593,938	7%	2,008,461	8%	2,066,345	8%
Utilities	943,253	4%	986,648	4%	938,382	4%	957,288	4%
Total	24,184,607	100%	21,942,413	100%	24,845,651	100%	25,840,380	100%

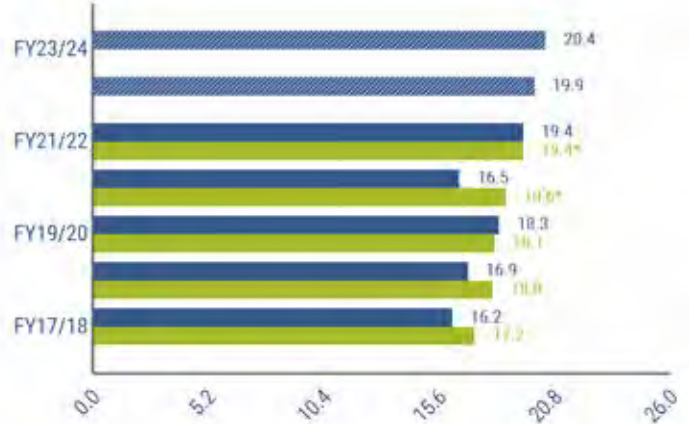
Revenue Category	FY 22/23		FY 23/24		FY 24/25		FY 25/26	
	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total
Automotive	3,873,700	15%	3,912,200	14%	3,990,600	14%	540,000	18%
Construction	2,439,700	9%	2,453,100	9%	2,453,100	9%	262,300	9%
Food	1,866,800	7%	1,904,200	7%	1,942,200	7%	241,100	8%
Hotel/Motel	1,297,600	5%	1,291,300	5%	1,330,000	5%	90,600	3%
Major Dept Stores	1,940,800	7%	1,960,200	7%	1,999,400	7%	221,600	8%
Misc. Retail	5,826,400	22%	6,146,800	23%	6,515,600	23%	680,000	23%
Other Taxable	2,577,900	10%	2,655,200	10%	2,734,900	10%	262,700	9%
Rental	3,632,600	14%	3,705,300	14%	3,779,400	13%	364,700	12%
Restaurants	2,128,900	8%	2,216,800	8%	2,310,700	8%	165,300	6%
Utilities	976,400	4%	996,000	4%	1,015,900	4%	121,700	4%
Total	26,560,800	100%	27,241,100	100%	28,071,800	100%	2,950,000	100%

Forecast Budget Actual/Forecast*

Sales Tax - Preservation (0.15%)

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities such as proposed trailheads. These funds are due to sunset in the year 2034. The FY 2021/22 adopted budget of \$19.4 million represents an increase of \$2.9 million, or 18 percent, over the FY 2020/21 adopted budget. The following table is a five year forecast by business category for the 0.15 percent preservation sales tax.

FY 2017/18 to FY 2023/24 (in millions)



Sales Tax (0.15%) 2004 McDowell Mountain Preserve Five-Year Forecast by Revenue Category (rounding differences may occur)

Revenue Category	FY 19/20		FY 20/21		FY 20/21		FY 21/22	
	Actual	% of Total	Adopted	% of Total	Forecast	% of Total	Adopted	% of Total
Automotive	2,636,358	15%	2,302,080	14%	2,802,429	15%	2,876,409	15%
Construction	1,590,539	9%	1,333,898	8%	1,752,043	9%	1,807,185	9%
Food	1,279,889	7%	1,346,628	8%	1,339,965	7%	1,372,665	7%
Hotel/Motel	889,971	5%	547,841	3%	738,274	4%	920,826	5%
Major Dept Stores	1,429,226	8%	1,448,774	9%	1,398,777	8%	1,441,193	7%
Misc. Retail	3,674,737	20%	3,270,720	20%	3,935,475	21%	4,133,012	21%
Other Taxable	1,707,158	9%	1,566,291	10%	1,804,578	10%	1,877,084	10%
Rental	2,678,005	15%	2,705,141	16%	2,652,575	14%	2,684,186	14%
Restaurants	1,548,415	9%	1,195,454	7%	1,506,346	8%	1,549,759	8%
Utilities	707,572	4%	739,985	4%	703,789	4%	717,966	4%
Total	18,141,869	100%	16,456,812	100%	18,634,251	100%	19,380,285	100%

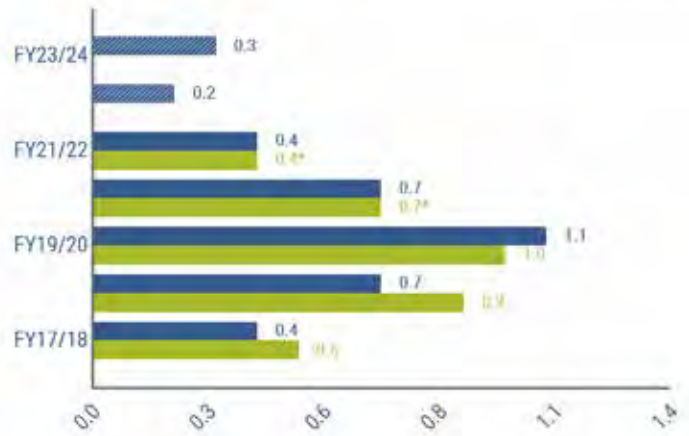
Revenue Category	FY 22/23		FY 23/24		FY 24/25		FY 25/26	
	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total	Forecast	% of Total
Automotive	2,905,200	15%	2,934,200	14%	2,992,900	14%	3,052,800	14%
Construction	1,829,800	9%	1,839,800	9%	1,839,800	9%	1,839,800	8%
Food	1,400,100	7%	1,428,100	7%	1,456,700	7%	1,485,800	7%
Hotel/Motel	973,200	5%	968,400	5%	997,500	5%	1,027,400	5%
Major Dept Stores	1,455,600	7%	1,470,200	7%	1,499,600	7%	1,529,600	7%
Misc. Retail	4,369,800	22%	4,610,100	23%	4,886,700	23%	5,179,900	24%
Other Taxable	1,933,400	10%	1,991,400	10%	2,051,100	10%	2,112,700	10%
Rental	2,724,400	14%	2,778,900	14%	2,834,500	13%	2,891,200	13%
Restaurants	1,596,700	8%	1,662,600	8%	1,733,100	8%	1,798,600	8%
Utilities	732,400	4%	747,100	4%	761,900	4%	777,200	4%
Total	19,920,600	100%	20,430,800	100%	21,053,800	100%	21,695,000	100%

Forecast Budget Actual/Forecast*

Interest Earnings

Interest Earnings is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2021/22 adopted budget of \$0.4 million is a decrease of \$0.3 million from the FY 2020/21 adopted budget, due to the presumption of interest rates trending lower through FY 2022/23.

FY 2017/18 to FY 2023/24 (in millions)



Transfers Out

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. Transfers Out in FY 2021/22 is \$36.5 million, which is a decrease of \$2.5 million from the FY 2020/21 adopted budget and is provided in further detail below:

CIP

Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects. The CIP project schedule is broken into trail construction, trailhead maintenance and habitat and safety improvements. The FY 2021/22 adopted budget is \$3.6 million, a decrease of \$2.2 million from the FY 2020/21 adopted budget. The decrease is related to the pace of construction of projects, such as the Central Area Trail Construction, North and Central Access Control and Stabilization, and the South Area Access Control.

FY 2017/18 to FY 2023/24 (in millions)

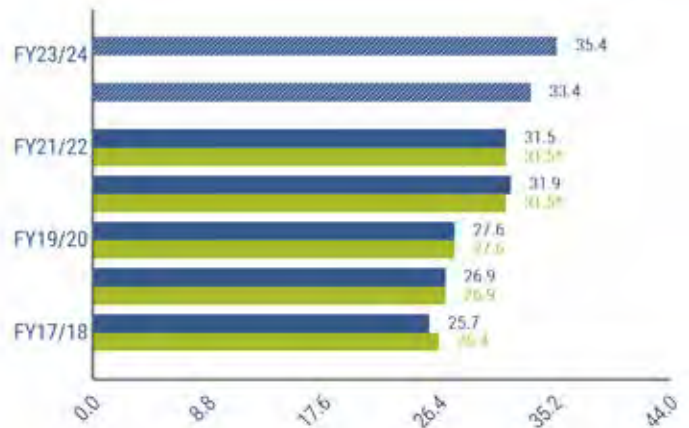


Forecast Budget Actual/Forecast

Debt Svc GO Bonds

A transfer out to the Debt Service Fund to facilitate payments on the Preserve General Obligation Bonds. The debt issuances are related to the land acquisition in the McDowell Mountain Sonoran Preserve and are repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. The FY 2021/22 Total Debt Svc GO Bonds Transfers Out adopted budget is \$31.5 million, a decrease of \$0.4 million which is due to the Debt Service amortization schedule.

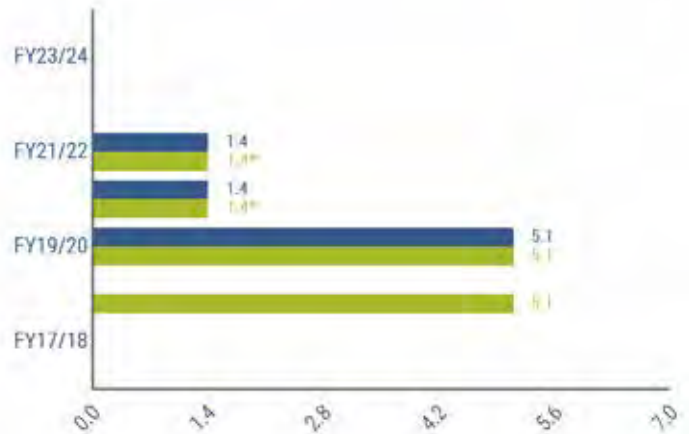
FY 2017/18 to FY 2023/24 (in millions)



Trnsfrs Out-Debt Svc SPA Bonds

A transfer out to the Debt Service Fund to facilitate payments for the Scottsdale Preserve Authority Bonds. The Scottsdale Preserve Authority Revenue Board authorizes debt issuances that are related to the land acquisition in the McDowell Mountain Sonoran Preserve. It is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. The adopted budget for the Debt Svc SPA Bonds Transfers out for FY 2021/22 is \$1.4 million, an increase of \$6,000 which is due to the Debt Service amortization schedule with the final payment due in FY 2021/22.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

Preservation Fund Ending Balance

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

Debt Service Liabilities

Debt Service Liabilities accounts for any funds remaining after the designation of all other reserves/uses. The FY 2021/22 adopted budget Debt Service Liabilities balance is \$62.3 million, represents an increase of \$18.2 million, over the FY 2020/21 adopted budget, which represents the cumulative Preservation sources less uses. These designated funds will be used to pay future debt service payments.

FY 2017/18 to FY 2023/24 (in millions)

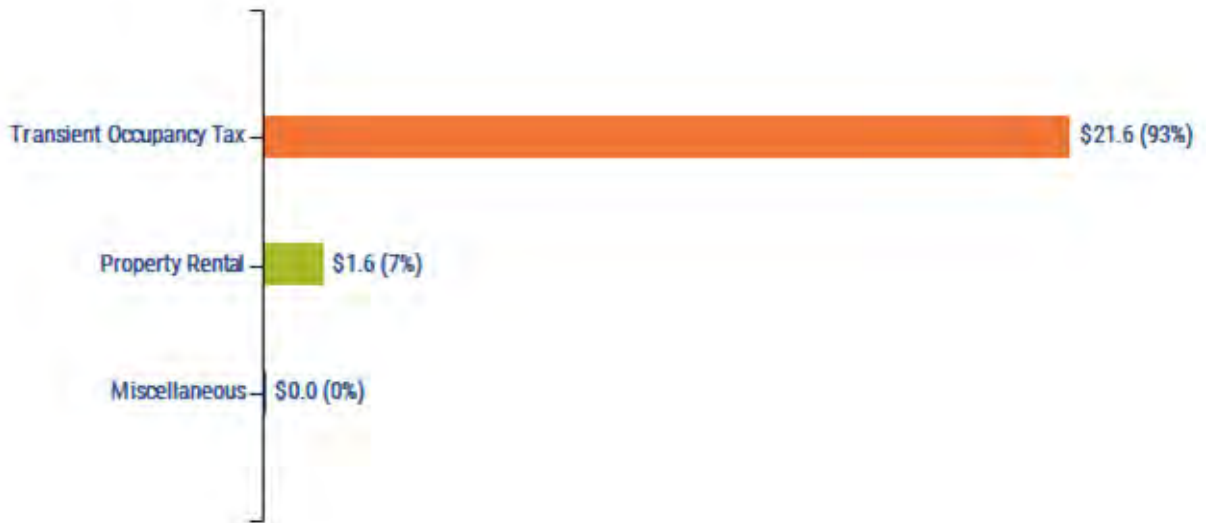


Forecast Budget Actual/Forecast*

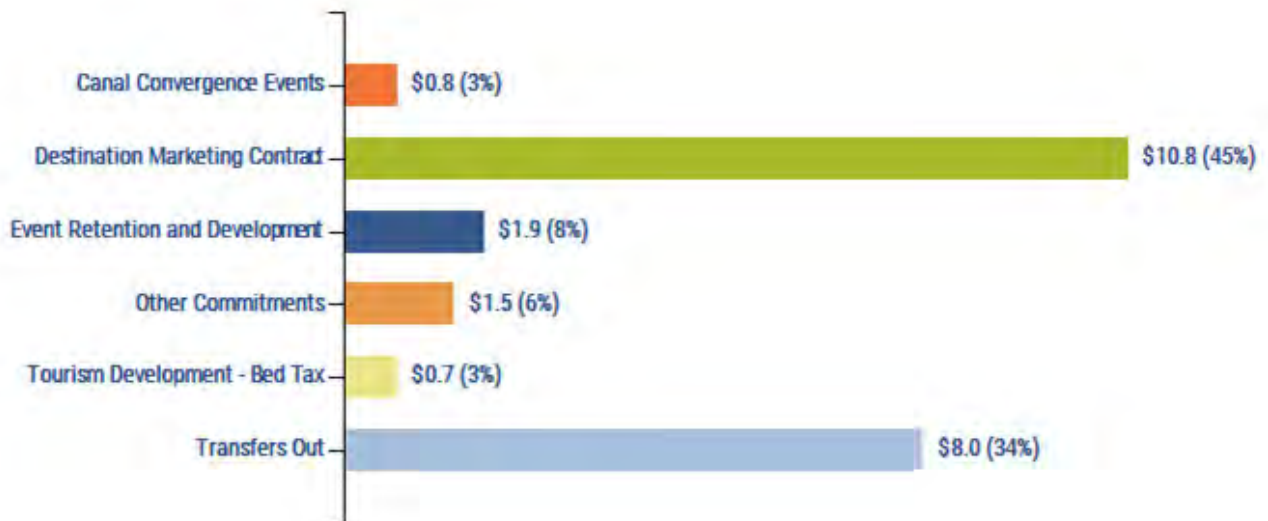
Fund Purpose

The Tourism Development Fund is a special revenue fund created to account for Transient Occupancy Tax revenues, Property Rental from Fairmont Scottsdale Princess Hotel lease payments, and other related miscellaneous revenues. All Tourism Development Fund revenues must be used for tourism related activities. Ordinance No.4330, approved by Scottsdale City Council in March 2018, identifies the authorized expenditures to be made from this fund.

Tourism Development Fund Sources (% to Total)
\$23.2 Million



Tourism Development Fund Uses (% to Total)
\$23.8 Million



Rounding differences may occur.

BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,193,495
Reserve - Administration and Research	861,589	861,589	796,672	963,340
Reserve - Events and Event Development	1,706,578	1,706,578	1,849,895	2,488,932
Undesignated, Unreserved Fund Balance	1,224,510	1,330,482	979,808	755,417
Total Beginning Fund Balance	6,292,677	6,398,649	6,126,375	6,401,184
Revenues				
Transient Occupancy Tax	18,792,501	15,020,374	17,379,301	21,637,230
Property Rental	2,048,445	1,500,000	1,500,000	1,602,000
Miscellaneous	1,531	-	12,019	10,000
Subtotal	20,842,477	16,520,374	18,891,320	23,249,230
Transfers In				
CIP	412	-	34,053	-
Subtotal	412	-	34,053	-
Total Sources	20,842,889	16,520,374	18,925,373	23,249,230
Expenditures				
Canal Convergence Events	750,000	550,000	550,000	750,000
Destination Marketing Contract	9,507,203	7,510,187	8,603,068	10,818,615
Event Retention and Development	1,548,008	775,000	925,100	1,947,366
Other Commitments	1,113,422	751,750	826,650	1,535,000
Administration and Research	716,617	442,000	412,133	748,746
Subtotal	13,635,250	10,028,937	11,316,951	15,799,727
TOTAL OPERATING BUDGET	13,635,250	10,028,937	11,316,951	15,799,727
Transfers Out				
Debt Svc MPC Bonds	4,578,951	5,271,616	5,271,616	5,281,530
Operating	2,794,990	1,918,816	2,061,997	2,713,211
Subtotal	7,373,941	7,190,432	7,333,613	7,994,741
Total Uses	21,009,191	17,219,369	18,650,564	23,794,468
Sources Over/(Under) Uses	(166,302)	(698,995)	274,809	(545,238)
Ending Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,193,495	2,500,000
Reserve - Administration and Research	796,672	1,066,552	963,340	963,340
Reserve - Events and Event Development	1,849,895	2,133,102	2,488,932	2,392,606
Undesignated, Unreserved Fund Balance	979,808	-	755,417	-
Total Ending Fund Balance	6,126,375	5,699,654	6,401,184	5,855,946

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Contingency	2,193,495	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	963,340	963,340	963,264	963,312	963,268
Reserve - Events and Event Development	2,488,932	2,392,606	2,392,560	2,392,518	2,392,519
Undesignated, Unreserved Fund Balance	755,417	-	303,022	724,716	1,742,659
Total Beginning Fund Balance	6,401,184	5,855,946	6,158,846	6,580,546	7,598,446
Revenues					
Transient Occupancy Tax	21,637,230	22,870,600	22,756,200	23,438,900	24,142,100
Property Rental	1,602,000	1,618,000	1,634,200	1,650,500	1,667,000
Miscellaneous	10,000	10,000	10,000	10,000	10,000
Subtotal	23,249,230	24,498,600	24,400,400	25,099,400	25,819,100
Transfers In					
CIP	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	23,249,230	24,498,600	24,400,400	25,099,400	25,819,100
Expenditures					
Canal Convergence Events	750,000	750,000	750,000	750,000	750,000
Destination Marketing Contract	10,818,615	11,435,300	11,378,100	11,719,400	12,071,000
Event Retention and Development	1,947,366	2,058,400	2,048,100	2,109,500	2,172,800
Other Commitments	1,535,000	1,175,000	1,175,000	775,000	775,000
Administration and Research	748,746	797,800	792,800	819,700	847,400
Subtotal	15,799,727	16,216,500	16,144,000	16,173,600	16,616,200
TOTAL OPERATING BUDGET	15,799,727	16,216,500	16,144,000	16,173,600	16,616,200
Transfers Out					
Debt Svc MPC Bonds	5,281,530	5,117,600	4,986,600	4,977,300	4,987,900
Operating	2,713,211	2,861,600	2,848,100	2,930,600	3,015,300
Subtotal	7,994,741	7,979,200	7,834,700	7,907,900	8,003,200
Total Uses	23,794,468	24,195,700	23,978,700	24,081,500	24,619,400
Sources Over/(Under) Uses	(545,238)	302,900	421,700	1,017,900	1,199,700
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	963,340	963,264	963,312	963,268	963,252
Reserve - Events and Event Development	2,392,606	2,392,560	2,392,518	2,392,519	2,380,300
Undesignated, Unreserved Fund Balance	-	303,022	724,716	1,742,659	2,954,594
Total Ending Fund Balance	5,855,946	6,158,846	6,580,546	7,598,446	8,798,146

Tourism Development Fund Sources

There are two main sources for the Tourism Development Fund: Transient Occupancy Tax and Property Rental, which is lease revenue from the Fairmont Scottsdale Princess Hotel. Additionally, there may be Miscellaneous revenue related to tourism activities and Transfers In related to leftover Tourism Development Funds from completed capital projects. More specific information on these sources is detailed below.

Transient Occupancy Tax

Transient Occupancy Tax reflects a voter approved tax of five percent on hotel and motel room rentals, and on short-term rentals in addition to the sales tax. Beginning January 1, 2017, the Arizona Department of Revenue (ADOR) has taken over administration, collection and reporting of transient occupancy tax. The FY 2021/22 budget of \$21.6 million is \$6.6 million higher than the FY 2020/21 adopted budget, which reflected the anticipated impact of the COVID-19 pandemic on the Tourism Industry. Since then, the availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity.

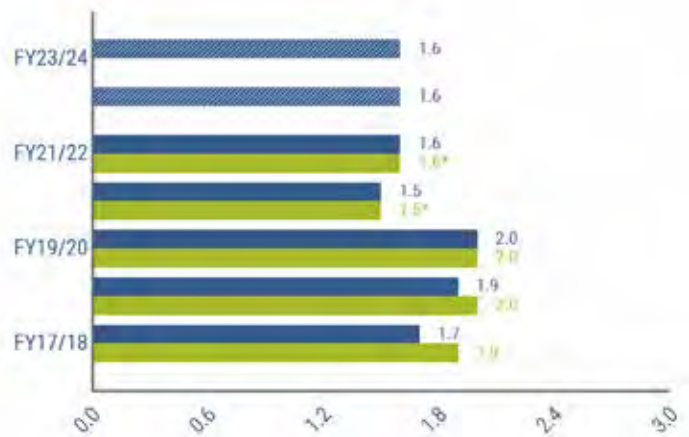
FY 2017/18 to FY 2023/24 (in millions)



Property Rental

The Fairmont Scottsdale Princess Hotel has a ground lease agreement with the City of Scottsdale. Per said agreement, the Fairmont Scottsdale Princess Hotel paid a rate of 1.5 percent through December 2020 of the adjusted gross revenue above \$100.0 million in addition to a set amount of \$1.5 million annually. Beginning January 2021, the rate changed to 2.0 percent through the end of the lease. The FY 2021/22 Property Rental budget of \$1.6 million is \$0.1 million higher than the FY 2020/21 adopted budget, which reflected the anticipated impact of the COVID-19 pandemic on the Tourism Industry. Since then, the availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

Miscellaneous

Miscellaneous includes additional sources that may be collected and are not attributable to one of the specific sources previously noted. In prior years, this revenue category included the reimbursement for the Banner Program, which beginning in FY 2019/20 is reported under the General Fund. The FY 2021/22 Miscellaneous budget of \$10,000 includes estimated revenue from ticketed events.

FY 2017/18 to FY 2023/24



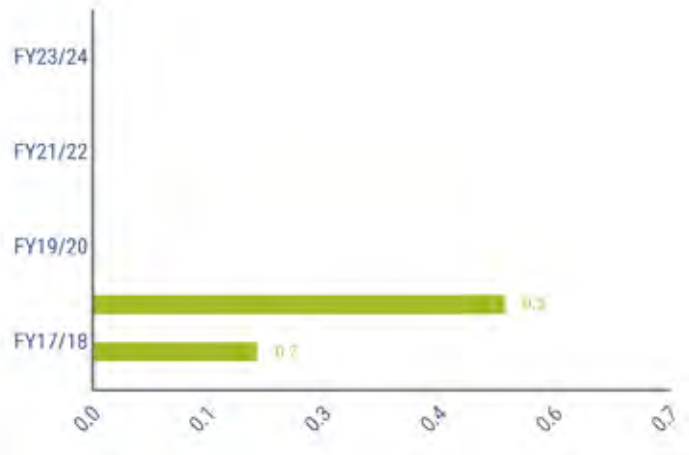
Transfers In

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

CIP

Transfers In from the Capital Improvement Plan (CIP) include remaining funds from completed capital projects that were transferred back to the Tourism Development Fund operating budget.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

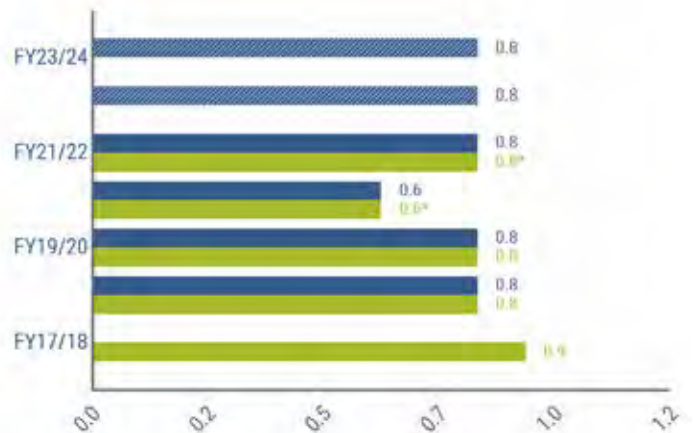
Tourism Development Fund Uses

Tourism Development Fund uses are presented by use of funds according to Financial Policy No. 21A, which was updated by Ordinance No. 4330 with City Council approval in March 2018, adjusting the allocation of Transient Occupancy Tax from fixed dollar amounts to percentages.

Canal Convergence Events

Canal Convergence Events began during FY 2017/18 and includes funding for a ten-day event. The FY 2021/22 adopted budget is \$0.8 million, which is \$0.2 million higher than the FY 2020/21 adopted budget to restore funding to pre-pandemic levels. The availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity.

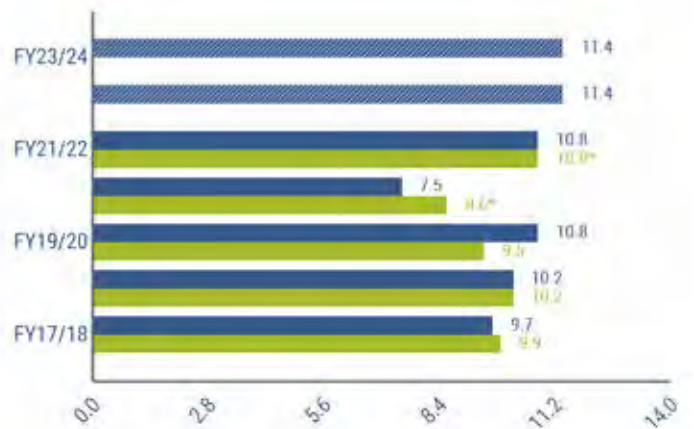
FY 2017/18 to FY 2023/24 (in millions)



Destination Marketing Contract

Per Financial Policy No. 21A, 50 percent of the Transient Occupancy Tax received by the city is used for destination marketing through a contract with Experience Scottsdale. The FY 2021/22 adopted budget for Destination Marketing Contract of \$10.8 million is a \$3.3 million increase from the FY 2020/21 adopted budget, which reflected the anticipated impact of the COVID-19 pandemic on the Tourism Industry. Since then, the availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity.

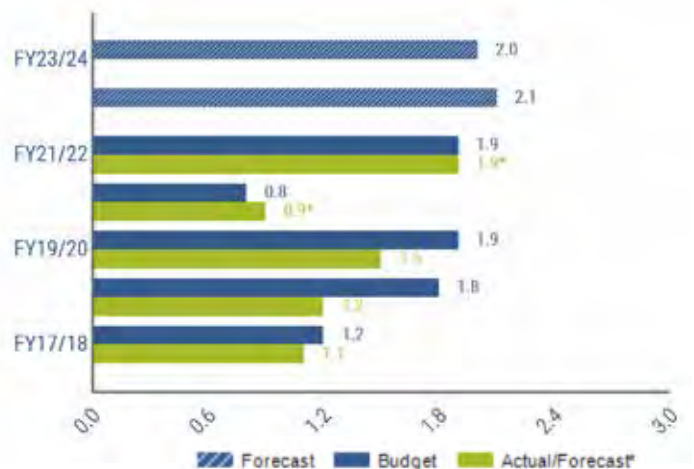
FY 2017/18 to FY 2023/24 (in millions)



Event Retention and Development

Per Financial Policy No. 21A, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated toward new event development, community events, matching event advertising, event venue fee, and the event notification program. The FY 2021/22 adopted budget of \$1.9 million is \$1.1 million higher than the FY 2020/21 adopted budget, which reflected the anticipated impact of the COVID-19 pandemic on the tourism industry. Since then, the availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity.

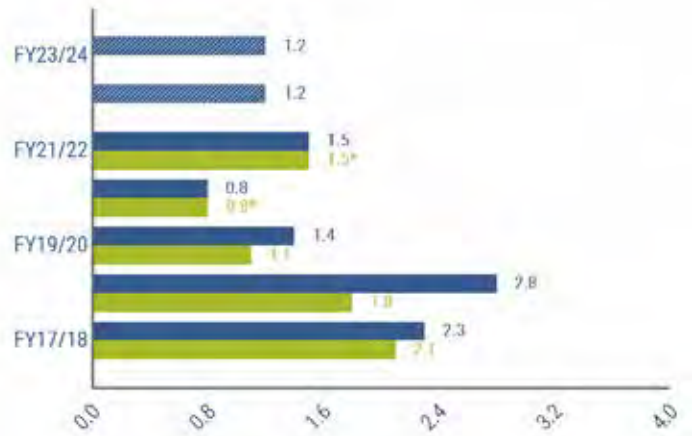
FY 2017/18 to FY 2023/24 (in millions)



Other Commitments

Financial Policy No. 21A allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Hotel, or the balance of the remaining Tourism Development Fund revenues to be allocated for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects in the form of one-time or multi-year annual commitments, not to exceed \$0.6 million per project unless otherwise approved by City Council. The FY 2021/22 adopted budget of \$1.5 million is \$0.7 million higher than the FY 2020/21 adopted budget, which reflected the anticipated impact of the COVID-19 pandemic on the tourism industry. Since then, the availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity. Other Commitments includes \$0.4 million for advertising and promotion of Old Town Scottsdale, \$0.3 million for city sponsored events, \$0.4 million of matching payments for the Museum of the West, a one-time \$0.3 million expense for additional matching funds for the Museum of the West, and \$0.1 million of one-time funding for contract worker hours related to short-term rental program management.

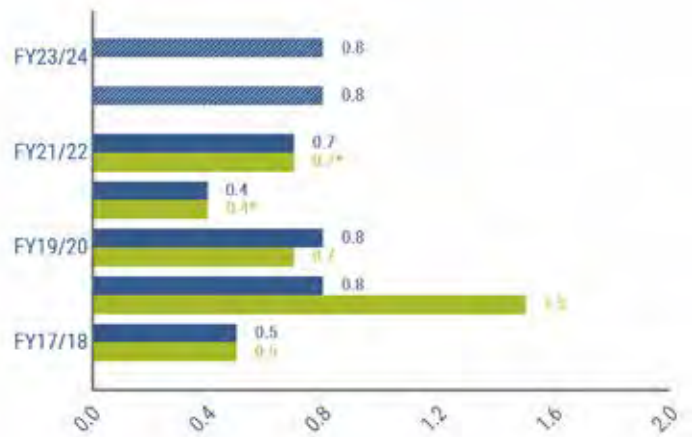
FY 2017/18 to FY 2023/24 (in millions)



Administration and Research

Financial Policy No. 21A allows for four percent of the Transient Occupancy Tax revenues to be allocated for tourism-related administration and research expenses. The FY 2021/22 adopted budget of \$0.7 million is \$0.3 million higher than the FY 2020/21 adopted budget, which reflected the anticipated impact of the COVID-19 pandemic on the tourism industry. Since then, the availability of vaccines and the lift of COVID-19 related restrictions resulted in an increase in tourism activity.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

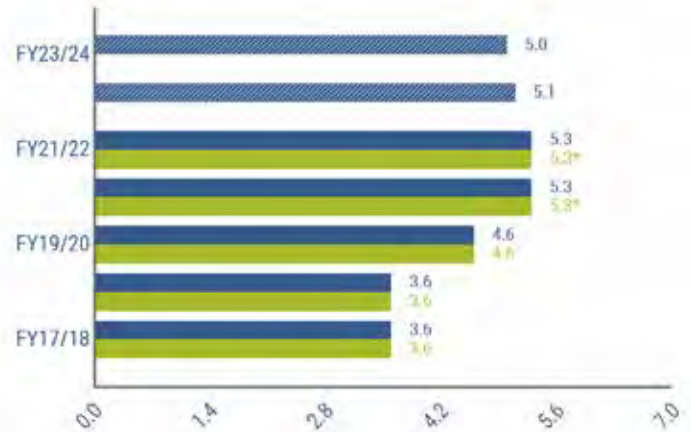
Transfers Out

Transfers Out is the authorized movements of cash or other resources to other funds and/or capital projects. The total amount of Transfers Out for FY 2021/22 is \$8.0 million. More specific information is detailed below.

Debt Svc MPC Bonds

Debt Svc MPC Bonds is a transfer out to the Debt Service Fund for the debt issued as Municipal Property Corporation (MPC) bonds related to the acquisition of 80 acres of land for WestWorld, the construction of the Tony Nelssen Equestrian Center at WestWorld, the construction of the Scottsdale Museum of the West, and the renovation of the Scottsdale Stadium. The FY 2021/22 adopted budget is \$5.3 million.

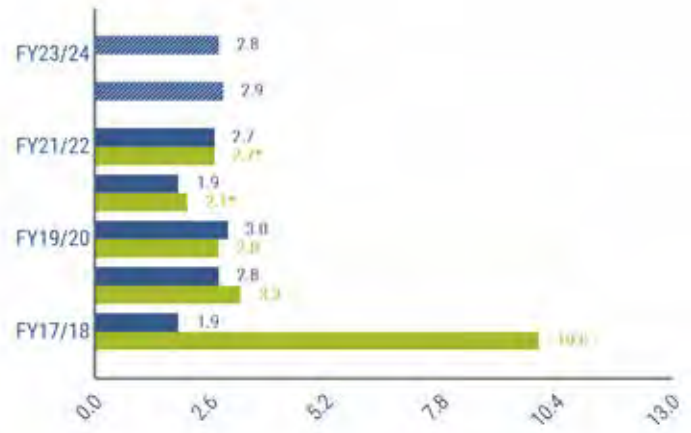
FY 2017/18 to FY 2023/24 (in millions)



Operating

The FY 2021/22 budget for Operating Transfers Out includes a transfer of \$2.7 million to the General Fund, which represents the 12 percent of Transient Occupancy Tax collections, as mandated per Financial Policy No. 21A; and \$0.1 million to the General Fund for marketing expenses at WestWorld and at the Scottsdale Stadium.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

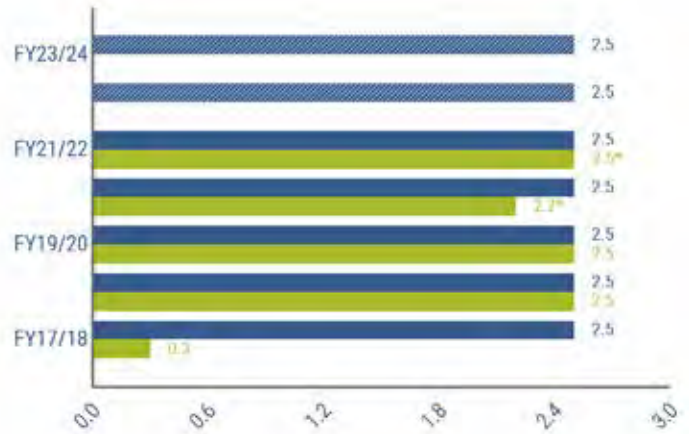
Tourism Development Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The specific make-up of the Tourism Development Fund ending balance is noted below.

Operating Contingency

Operating Contingency includes \$2.5 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.

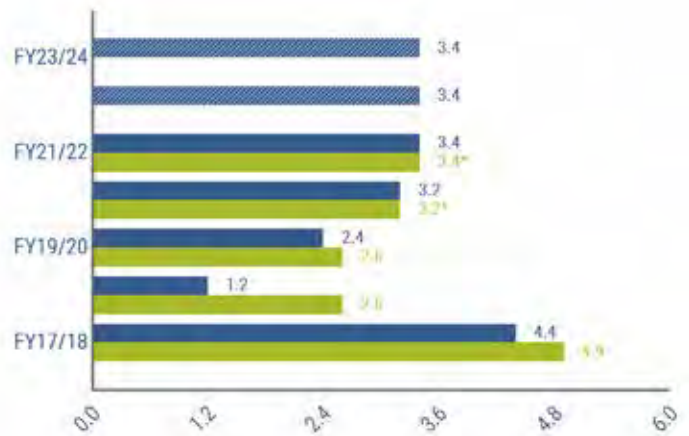
FY 2017/18 to FY 2023/24 (in millions)



Reserve

Tourism Development Fund Reserve of \$3.4 million includes \$1.0 million from Administration and Research and \$2.4 million from Events and Event Development.

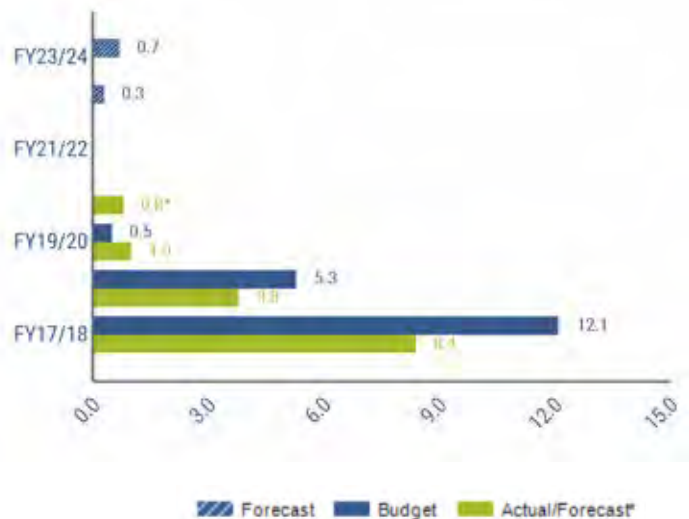
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2021/22 Undesignated, Unreserved Fund balance is \$0.0 million.

FY 2017/18 to FY 2023/24 (in millions)

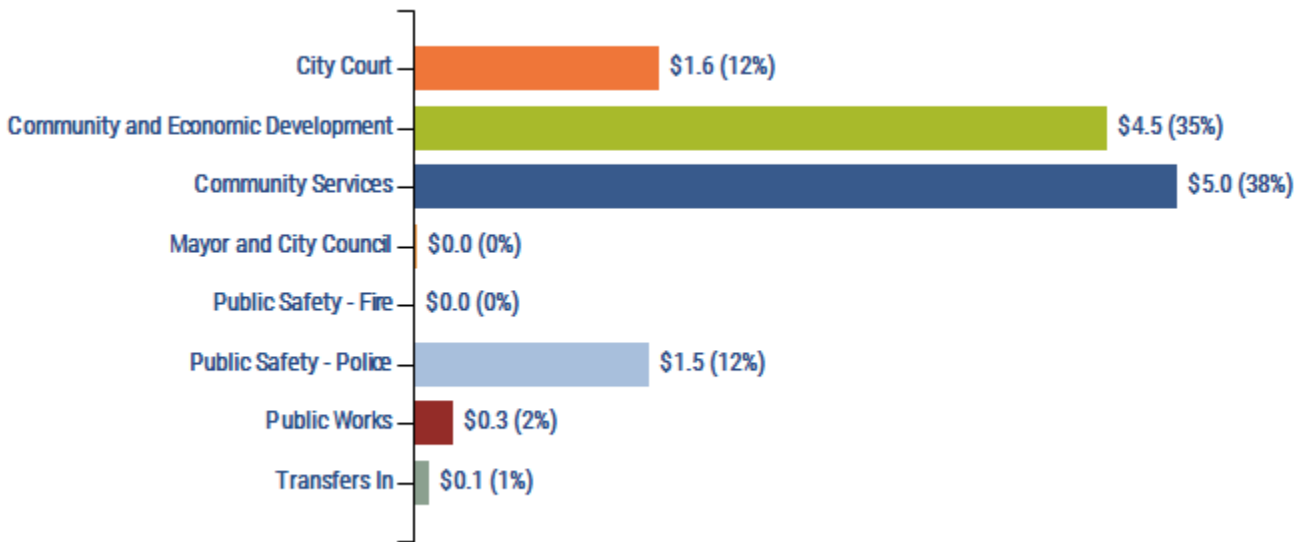




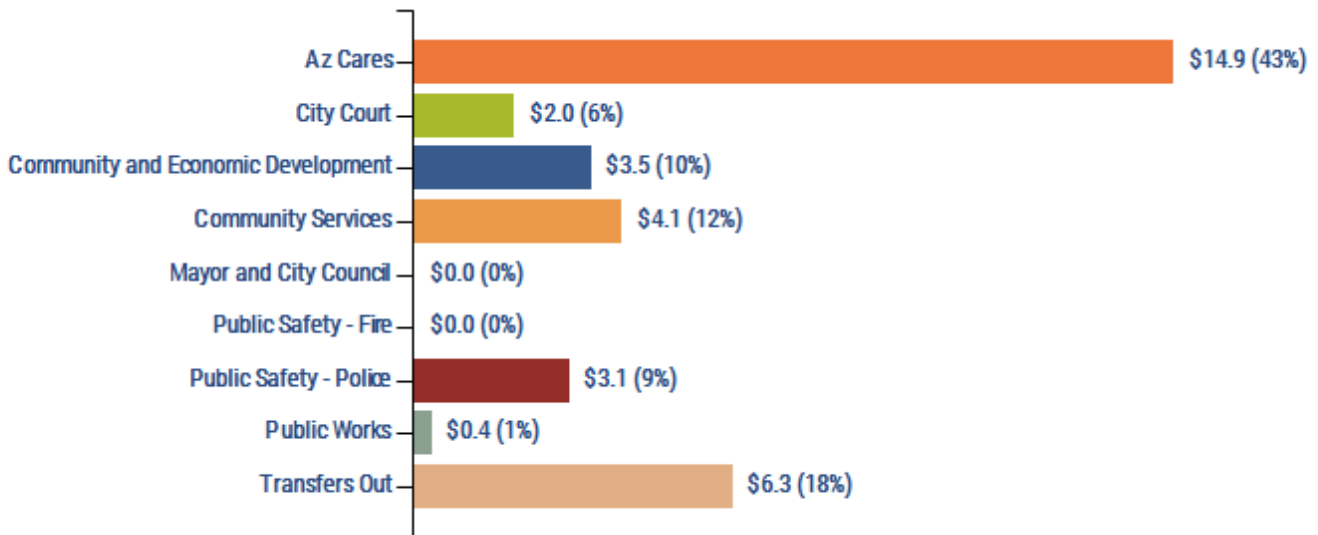
Fund Purpose

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

Special Programs Fund Sources (% to Total)
\$13.0 Million



Special Programs Fund Uses (% to Total)
\$34.4 Million



Rounding differences may occur.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	11,500,000
AZCares Funding ^(b)	-	-	-	14,892,903
Reserve - City Court	7,977,184	8,777,535	9,264,619	9,089,275
Reserve - Community and Economic Development	3,938,951	4,283,763	4,369,304	3,976,311
Reserve - Community Services ^(c)	1,961,207	2,504,119	4,048,744	6,788,212
Reserve - Mayor and City Council	5,789	5,788	3,032	3,832
Reserve - Public Safety - Fire	8,828	28	1,524	1,724
Reserve - Public Safety - Police	678,414	3,077,139	970,801	4,739,512
Reserve - Public Works	341,222	317,275	343,834	303,951
Total Beginning Fund Balance	14,911,595	18,965,647	19,001,858	39,795,720
Revenues				
City Court	1,987,457	2,045,580	2,045,580	1,601,091
Community and Economic Development ^(d)	846,317	215,000	215,000	4,511,820
Community Services ^(c)	7,682,210	8,271,342	7,962,786	4,968,129
Mayor and City Council	7,000	28,800	28,800	28,800
Public Safety - Fire	4,908	500	500	1,000
Public Safety - Police	1,440,397	597,737	5,387,566	1,532,827
Public Works	275,406	286,917	286,917	261,720
<i>Subtotal</i>	<u><i>12,243,695</i></u>	<u><i>11,445,876</i></u>	<u><i>15,927,149</i></u>	<u><i>12,905,387</i></u>
Transfers In				
CIP	1,016,308	-	132,443	100,000
Operating ^(b)	10,000	10,000	29,638,014	10,000
<i>Subtotal</i>	<u><i>1,026,308</i></u>	<u><i>10,000</i></u>	<u><i>29,770,457</i></u>	<u><i>110,000</i></u>
Total Sources	13,270,003	11,455,876	45,697,606	13,015,387

^(a) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency. Any use of this contingency requires City Council's approval.

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

^(c) Activity and history for the Rassner Endowment Distribution are included in the Special Programs Fund.

^(d) Beginning in FY 2021/22, the Stormwater Fee for Projects was added to the Special Programs Fund to ensure governmental accounting standards are being met. In prior years, the Stormwater Fee for Projects was recorded in General Fund and in CIP.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Expenditures				
AZCares ^(a)	-	-	14,285,111	14,942,903
City Court	1,040,773	1,869,822	1,892,849	2,002,170
Community and Economic Development	275,964	3,671,699	221,830	3,506,712
Community Services ^(b)	2,672,406	3,469,071	3,292,987	4,124,085
Mayor and City Council	9,757	28,000	28,000	28,000
Public Safety - Fire	12,212	300	300	2,500
Public Safety - Police	1,108,010	1,662,132	1,625,828	3,080,056
Public Works	174,386	363,800	326,800	380,800
Subtotal	5,293,507	11,064,824	21,673,705	28,067,226
 TOTAL OPERATING BUDGET	 5,293,507	 11,064,824	 21,673,705	 28,067,226
Transfers Out				
CIP	3,172,000	2,035,696	2,531,859	1,296,579
CIP Stormwater	-	-	-	3,653,600
Debt Svc MPC Bonds	615,825	777,825	697,825	1,338,578
Operating	98,408	355	355	-
Subtotal	3,886,233	2,813,876	3,230,039	6,288,757
Total Uses	9,179,740	13,878,700	24,903,744	34,355,983
Sources Over/(Under) Uses	4,090,263	(2,422,824)	20,793,862	(21,340,596)
Ending Fund Balance				
Appropriation Contingency ^(c)	1,191,376	1,500,000	1,394,443	11,500,000
AZCares Funding ^(a)	-	-	14,892,903	-
Reserve - City Court	9,264,619	8,617,597	9,089,275	7,945,282
Reserve - Community and Economic Development	4,369,304	837,064	3,976,311	721,319
Reserve - Community Services	4,048,744	5,228,565	6,788,212	6,891,194
Reserve - Mayor and City Council	3,032	6,588	3,832	4,632
Reserve - Public Safety - Fire	1,524	228	1,724	224
Reserve - Public Safety - Police	970,801	1,612,389	4,739,512	2,707,602
Reserve - Public Works	343,834	240,392	303,951	184,871
Total Ending Fund Balance	19,001,858	16,542,823	39,795,720	18,455,124

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

^(b) Activity and history for the Rassner Endowment Distribution are included in the Special Programs Fund.

^(c) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency. Any use of this contingency requires City Council's approval.

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Appropriation Contingency ^(a)	11,500,000	1,500,000	1,500,000	1,500,000	1,500,000
AZCares Funding ^(b)	14,892,903	-	-	-	-
Reserve - City Court	9,089,275	7,945,282	7,562,482	7,198,382	6,855,682
Reserve - Community and Economic Development	3,976,311	721,319	563,019	453,719	378,519
Reserve - Community Services ^(c)	6,788,212	6,891,194	7,307,894	7,687,594	8,142,394
Reserve - Mayor and City Council	3,832	4,632	5,432	6,232	7,032
Reserve - Public Safety - Fire	1,724	224	624	1,024	1,424
Reserve - Public Safety - Police	4,739,512	2,707,602	2,040,402	1,604,702	1,884,402
Reserve - Public Works	303,951	184,871	198,271	221,471	244,671
Total Beginning Fund Balance	39,795,720	18,455,124	17,678,124	17,173,124	17,514,124
Revenues					
City Court	1,601,091	1,690,200	1,772,900	1,866,600	1,976,400
Community and Economic Development ^(d)	4,511,820	4,519,300	4,529,100	4,529,100	4,529,100
Community Services ^(c)	4,968,129	4,848,400	5,098,300	5,281,600	5,369,300
Mayor and City Council	28,800	28,800	28,800	28,800	28,800
Public Safety - Fire	1,000	1,000	1,000	1,000	1,000
Public Safety - Police	1,532,827	1,533,500	1,534,000	1,534,600	1,535,300
Public Works	261,720	269,200	279,000	279,000	279,000
<i>Subtotal</i>	<u><i>12,905,387</i></u>	<u><i>12,890,400</i></u>	<u><i>13,243,100</i></u>	<u><i>13,520,700</i></u>	<u><i>13,718,900</i></u>
Transfers In					
CIP	100,000	-	-	-	-
Operating	10,000	10,000	10,000	10,000	10,000
<i>Subtotal</i>	<u><i>110,000</i></u>	<u><i>10,000</i></u>	<u><i>10,000</i></u>	<u><i>10,000</i></u>	<u><i>10,000</i></u>
Total Sources	13,015,387	12,900,400	13,253,100	13,530,700	13,728,900

^(a) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency. Any use of this contingency requires City Council's approval.

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

^(c) Activity and history for the Rassner Endowment Distribution are included in the Special Programs Fund.

^(d) Beginning in FY 2021/22, the Stormwater Fee for Projects was added to the Special Programs Fund to ensure governmental accounting standards are being met. In prior years, the Stormwater Fee for Projects was recorded in General Fund and in CIP.

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Expenditures					
AZCares ^(a)	14,942,903	-	-	-	-
City Court	2,002,170	2,073,000	2,137,000	2,209,300	2,285,900
Community and Economic Development	3,506,712	367,500	328,300	294,200	308,900
Community Services ^(b)	4,124,085	3,828,100	3,958,500	4,082,000	4,208,100
Mayor and City Council	28,000	28,000	28,000	28,000	28,000
Public Safety - Fire	2,500	600	600	600	600
Public Safety - Police	3,080,056	2,160,700	1,949,700	1,214,900	1,138,700
Public Works	380,800	255,800	255,800	255,800	255,800
Subtotal	28,067,226	8,713,700	8,657,900	8,084,800	8,226,000
 TOTAL OPERATING BUDGET	 28,067,226	 8,713,700	 8,657,900	 8,084,800	 8,226,000
Transfers Out					
CIP	1,296,579	40,000	20,000	40,000	20,000
CIP Stormwater	3,653,600	3,654,800	3,651,800	3,649,800	3,653,800
Debt Svc MPC Bonds	1,338,578	1,268,900	1,428,400	1,415,100	1,420,600
Operating	-	-	-	-	-
Subtotal	6,288,757	4,963,700	5,100,200	5,104,900	5,094,400
Total Uses	34,355,983	13,677,400	13,758,100	13,189,700	13,320,400
Sources Over/(Under) Uses	(21,340,596)	(777,000)	(505,000)	341,000	408,500
Ending Fund Balance					
Appropriation Contingency ^(c)	11,500,000	1,500,000	1,500,000	1,500,000	1,500,000
AZCares Funding ^(a)	-	-	-	-	-
Reserve - City Court	7,945,282	7,562,482	7,198,382	6,855,682	6,546,182
Reserve - Community and Economic Development	721,319	563,019	453,719	378,519	288,619
Reserve - Community Services	6,891,194	7,307,894	7,687,594	8,142,394	8,549,294
Reserve - Mayor and City Council	4,632	5,432	6,232	7,032	7,832
Reserve - Public Safety - Fire	224	624	1,024	1,424	1,824
Reserve - Public Safety - Police	2,707,602	2,040,402	1,604,702	1,884,402	2,261,002
Reserve - Public Works	184,871	198,271	221,471	244,671	267,871
Total Ending Fund Balance	18,455,124	17,678,124	17,173,124	17,514,124	17,922,624

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

^(b) Activity and history for the Rassner Endowment Distribution are included in the Special Programs Fund.

^(c) The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. In FY 2021/22, City Council approved a \$10.0 million Affordable Housing Contingency on 5/18/2021. Any use of this contingency requires City Council's approval.

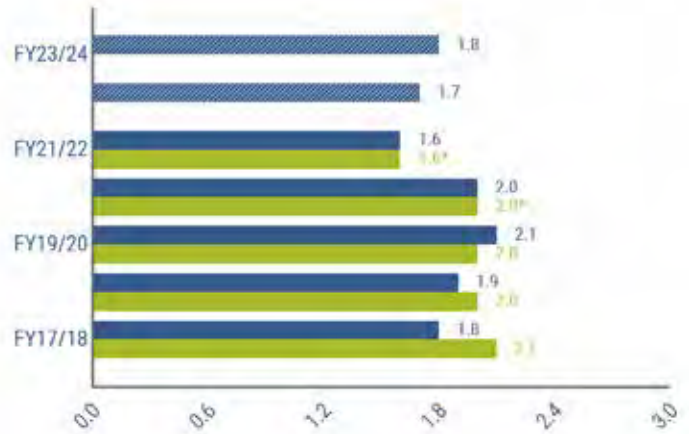
Special Programs Sources

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

City Court

City Court revenue originates from four sources: Court Enhancement Fund (CEF), Judicial Collections Enhancement Fund (JCEF), Fill-the-Gap (FTG) and Jury Fee Donations. CEF is established by Scottsdale City Ordinance No. 2570 section 9-7.2 and provides funding to enhance the technological, operational, and security facilities of the Court. JCEF and FTG were established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, which provide funding for maintaining and enhancing the Court’s ability to collect and manage monies. The FY 2021/22 budget for restricted City Court revenue is \$1.6 million, which is a decrease of \$0.4 million when compared to the FY 2020/21 adopted budget due to a decline in overall filings anticipated from COVID-19.

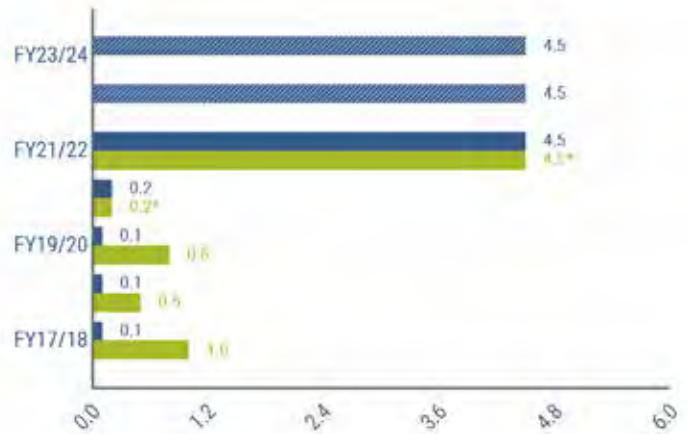
FY 2017/18 to FY 2023/24 (in millions)



Community and Economic Development

Community and Economic Development revenue is generated from contributions, donations and lease agreements. FY 2017/18 - FY 2019/20 actuals mostly include in-lieu developer fees for public art for various projects. Timing of in-lieu developer fees are difficult to forecast. The estimated special revenue for FY 2021/22 is \$4.5 million, which is \$4.3 million higher than the FY 2020/21 adopted budget mostly due to recording the portion of the Stormwater Fee dedicated for capital improvement projects in the Special Programs Fund instead of directly in the CIP.

FY 2017/18 to FY 2023/24 (in millions)

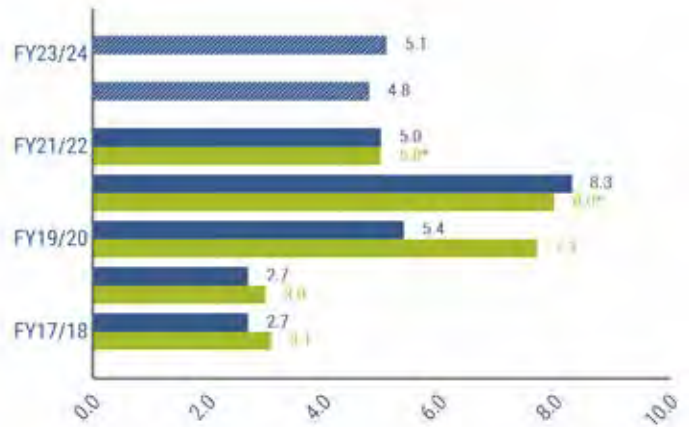


Forecast Budget Actual/Forecast*

Community Services

Community Services special programs revenue includes donations, contributions, lease agreements, revenue from the Bureau of Reclamation, gross sales from the McDowell Mountain Golf Course and user fees and charges that are restricted to specific uses per the revenue source. Restricted uses of special revenue include those for library and human services, after-school and summer programs, enhancing parks, youth sports field and pool sponsored team allocations, Silverado Golf Surcharge, Charros/San Francisco (SF) Giants contributions to capital improvements to the Scottsdale Stadium, providing memorials, special events, funding community support agencies (Scottsdale Cares), and operating the McCormick-Stillman Railroad Park. The estimated Community Services special program revenue for FY 2021/22 is \$5.0 million, which is \$3.3 million lower than the FY 2020/21 adopted budget due to the removal of a one-time reimbursement from the Tournament Players Club for a Midway Grill Improvements capital project and a FY 2020/21 budget forecast for contributions received from the SF Giants per agreement to maintain the stadium. The decrease would have been greater but is being offset by increased revenues expected from the McCormick-Stillman Railroad Park due to the lifting of COVID-19 related restrictions.

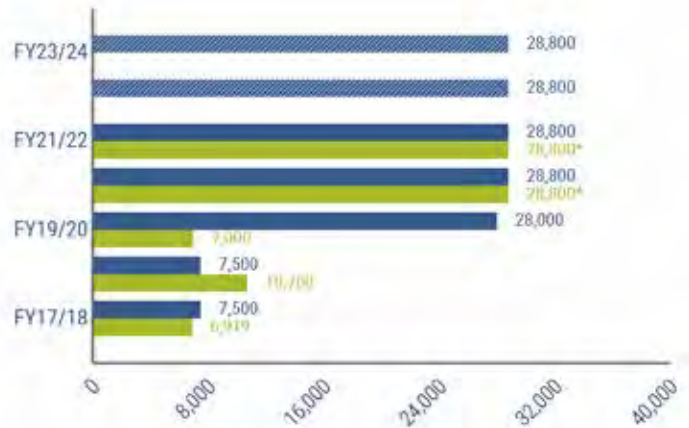
FY 2017/18 to FY 2023/24 (in millions)



Mayor and City Council

Mayor and City Council receive contributions and donations to fund the yearly Mayor's Constitution event. A conservative budget for this fund was established in FY 2016/17 based on historical collections. The FY 2021/22 estimated special revenue of \$28,800 is flat compared to the FY 2020/21 adopted budget, which includes additional funding to support the annual Mayor and Council Breakfast event.

FY 2017/18 to FY 2023/24

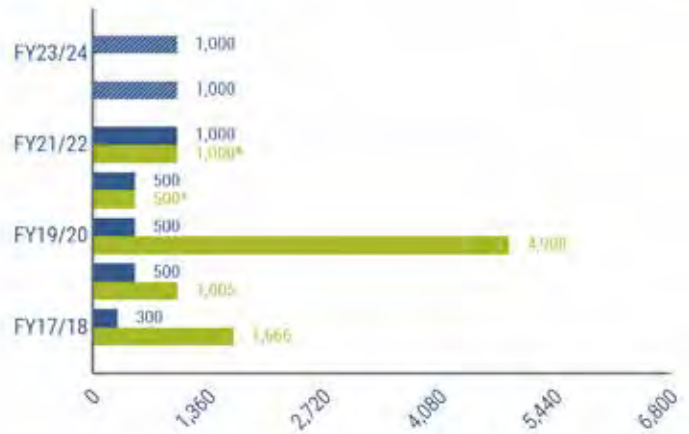


Forecast Budget Actual/Forecast

Public Safety - Fire

Public Safety - Fire revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition and fire station enhancements. The estimated revenue through restricted revenue sources for FY 2021/22 is \$500.

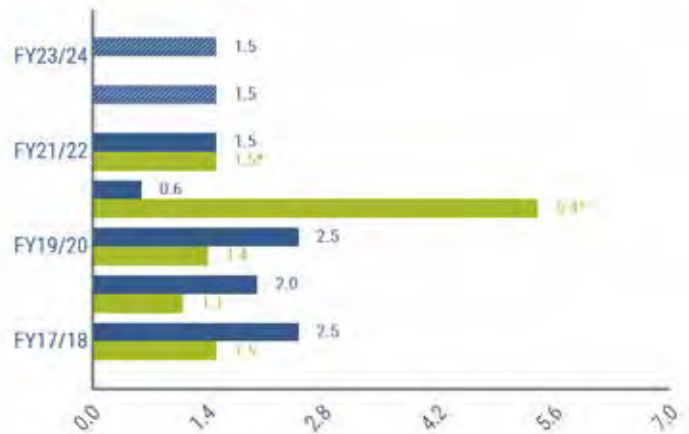
FY 2017/18 to FY 2023/24



Public Safety - Police

Public Safety - Police revenue is generated from the following eight sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds to enhance police operations; 2) Forensic Services Intergovernmental Agreement (IGA) with communities neighboring Scottsdale for full cost recovery of services provided at the crime laboratory; 3) drug conviction assessments for the purpose of crime laboratory analysis; 4) donations made specifically for the Mounted Unit, Family Advocacy, Canine Unit, and Cadet Program; 5) Police 30-Day Tow Program that enforces State Statute (28-872) for driving under the influence and driving without insurance offences; 7) Officer Safety Equipment established by Senate Bill 1398 that imposes a \$13 assessment (\$4 to the investigating/arresting agency) on all criminal charges, civil traffic, and parking charges to purchase safety equipment for officers; and 8) Second Hand and Pawn Transaction Fee established by Ordinance No. 3966 in May 2012 that requires electronically processed pawn tickets and related fees be used to recover costs related to the administration of the program. Revenue estimated through restricted revenue sources for FY 2021/22 is \$1.5 million, which is an increase of \$0.9 million from the FY 2020/21 adopted budget due to authorized spending that will be reimbursed with RICO funds. The \$5.4 million year-end forecast for FY 2020/21 includes RICO funds held at the Arizona Attorney General and Maricopa County Attorney's Office that is available to the city.

FY 2017/18 to FY 2023/24 (in millions)

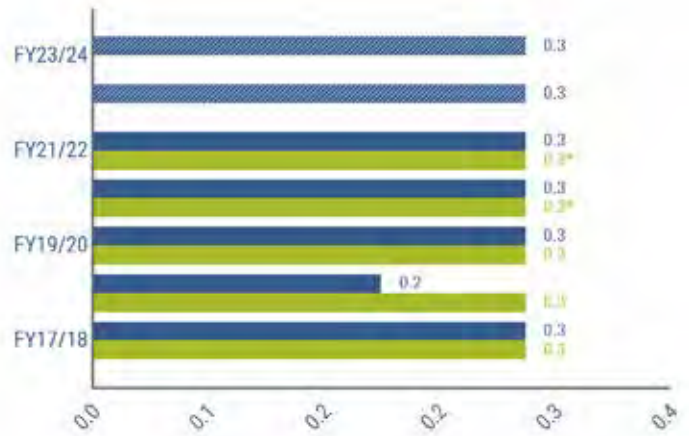


Forecast Budget Actual/Forecast*

Public Works

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of and maintenance for city right-of-ways. The FY 2021/22 estimated revenue of \$0.3 million is flat compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



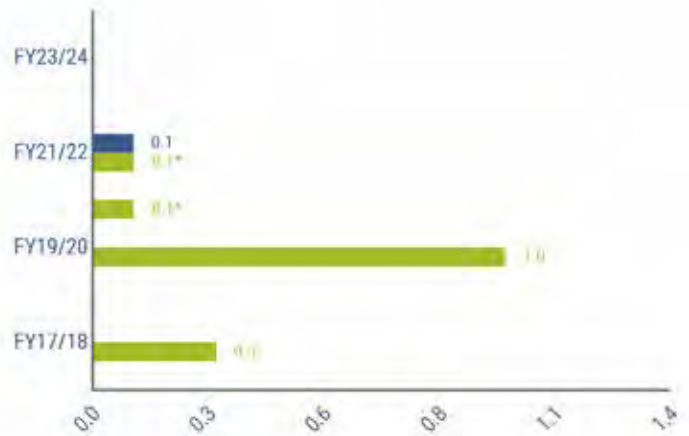
Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2021/22 adopted budget includes \$110,000 in Transfers In.

CIP

Transfers In to the Special Programs Fund Operating for FY 2021/22 is \$100,000 transferred from CIP Stormwater In-lieu fees which is designated for a floodplain management study. The FY 2019/20 actuals represent a decision to move \$0.7 million of San Francisco (SF) Giants ticket sales revenue from the CIP to the Stadium Facility Fund within the Special Programs Fund as well as savings in the amount of \$0.3 million from the City Court Customer Service Counters and Lobby Remodel capital project and being returned to the Court Enhancement Fund within the Special Programs Fund.

FY 2017/18 to FY 2023/24 (in millions)

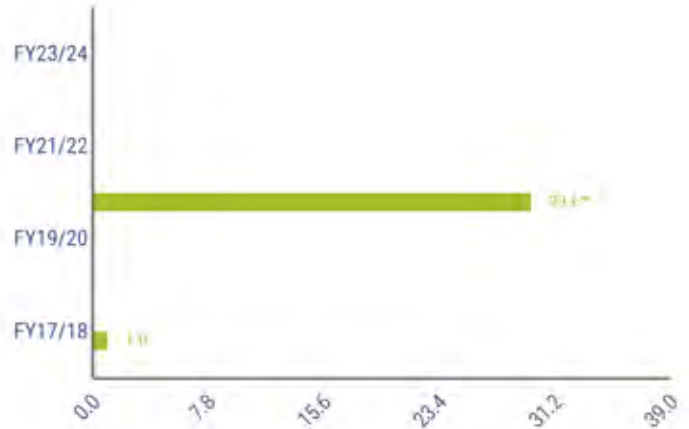


Forecast Budget Actual/Forecast*

Operating

Operating Transfers In to the Special Programs Fund for FY 2021/22 includes a City Council authorized \$10,000 used to assist in the preservation and upkeep of properties on Scottsdale's Historic Register. In addition in FY 2020/21, Operating included a budget transfer in the amount of \$29.6 million in AZCares funding from the General Fund to the Special Programs Fund to ensure governmental accounting standards are being met, which was approved by City Council approved Resolution No. 11883.

FY 2017/18 to FY 2023/24 (in millions)



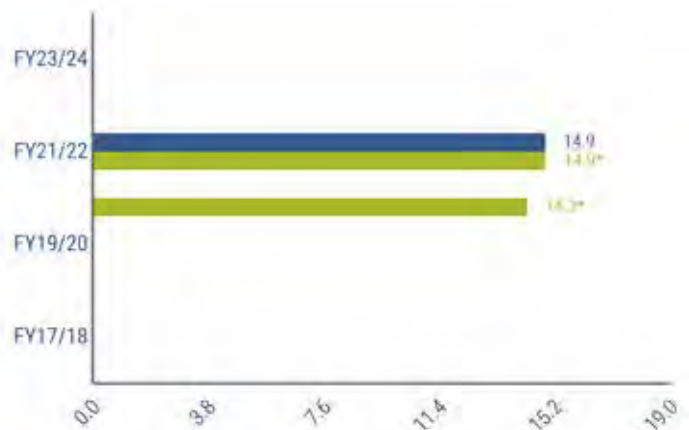
Special Programs Fund Uses

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

AZCares

In late FY 2019/20, the city received an AZCares Grant of \$29.6 million, which could only be used to cover Public Safety Personnel Services expenses incurred from March 1, 2020 through June 30, 2020, and forecasted through December 30, 2020. The public safety's related budget and expenses, which span over FY 2019/20 and FY 2020/21, were moved to the Grant Funds from the General Fund. Moving the budget and expenses resulted in an equal amount of funding available within the General Fund. The newly available amount of \$29.6 million in the General Fund was then transferred to the Special Programs Fund to be used to supplement existing programs, create new programs, execute contracts and expend funds as necessary to mitigate the effects of and aid in recovery from the COVID-19 pandemic. The carryover of funds for FY 2021/22 is \$14.9 million.

FY 2017/18 to FY 2023/24 (in millions)

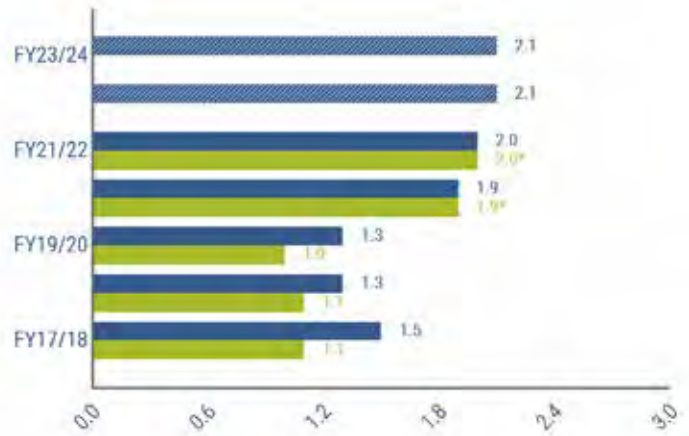


Forecast Budget Actual/Forecast*

City Court

City Court adopted budget for FY 2021/22 is \$2.0 million and includes the following specific uses: 1) enhancements to the Court’s technological, operational, and security facilities, as allowed under the Court Enhancement Fund (CEF) established by Scottsdale City Ordinance No. 2570 section 9-7.2; 2) additional expenditures, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, for the maintenance and enhancement of the Court’s ability to collect and manage monies; and 3) services to enhance the experience of citizens serving on juries using jury fee donations. The FY 2021/22 adopted budget is an increase of \$0.1 million when compared to the FY 2020/21 adopted budget due to the pay for performance and market adjustments to eligible employees.

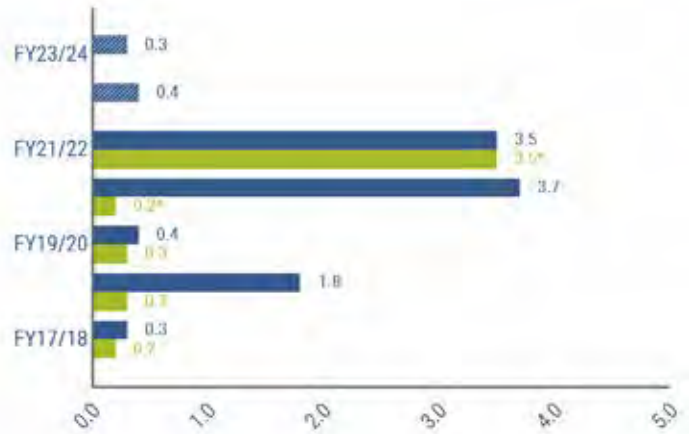
FY 2017/18 to FY 2023/24 (in millions)



Community and Economic Development

The expenditures related to Community and Economic Development are used to further downtown cultural and community arts events, preserve and maintain properties on Scottsdale’s Historic Register, and support Art in Public Places. The adopted budget for FY 2021/22 is \$3.5 million, which is \$0.2 million lower than the FY 2020/21 adopted budget. The decrease is mainly related to available cash in the Downtown Cultural Trust and Airpark Cultural Trust for the acquisition and installation of public art. FY 2018/19 adopted budget assumed the use of the Downtown Cultural Trust available cash that did not happen.

FY 2017/18 to FY 2023/24 (in millions)



Community Services

Community Services expenditures include youth sports field and pool maintenance, capital outlays improvements, Silverado Golf Course maintenance/improvements, special events, providing memorials, funding community support agencies (Scottsdale Cares), afterschool programs, summer programs, library programs and operations, and maintaining the facilities at the McCormick-Stillman Railroad Park and San Francisco (SF) Giants Stadium. The FY 2021/22 budget is \$4.1 million, which is \$0.7 million greater than the FY 2020/21 adopted budget. The increase is related to an increase in salaries for staff at McCormick-Stillman Railroad Park and the one-time purchase of seat replacements at the stadium.

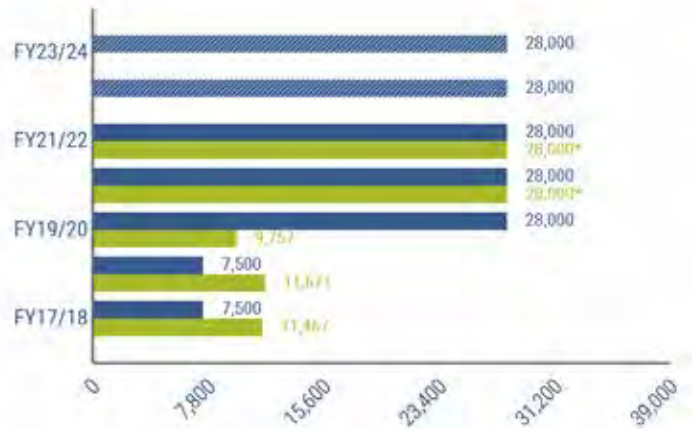
FY 2017/18 to FY 2023/24 (in millions)



Mayor and City Council

Mayor and City Council expenditures are for the annual Mayor's Constitution event. The FY 2021/22 adopted budget of \$28,000 is flat compared to the FY 2020/21 adopted budget, which includes additional funding to support the annual Mayor and Council Breakfast event.

FY 2017/18 to FY 2023/24



Public Safety - Fire

Public Safety - Fire expenditures support public education, equipment acquisition and fire station enhancements. The FY 2021/22 adopted budget is \$2,500, which is an increase of \$2,200 when compared to the FY 2020/21 adopted budget, to allow for budget authority to expend a greater amount of donation funds received.

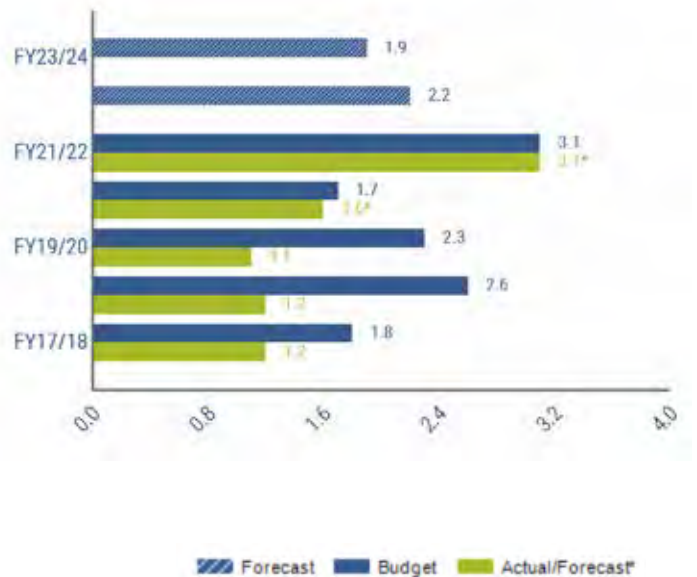
FY 2017/18 to FY 2023/24



Public Safety - Police

Public Safety - Police expenditures include: 1) law enforcement enhancements using Racketeer Influenced and Corrupt Organizations (RICO) funds; 2) the provision of Crime Laboratory Services; 3) veterinary costs, specific training, education and supplies for the Mounted Unit and Canine Unit; 4) School Resource Services including the Cadet Program; 5) Family Advocacy Center; 6) administrative costs for the 30-Day Tow Program that enforces ARS §28-3511; 7) equipment that enhances officer's safety while on duty; and 8) cost recovery for administration and enforcement of City Ordinance No. 3966 (Second Hand and Pawn Transaction Fees). The FY 2021/22 adopted budget is \$3.1 million, which is \$1.4 million higher than the FY 2020/21 adopted budget due to division needs aligning with RICO spending criteria.

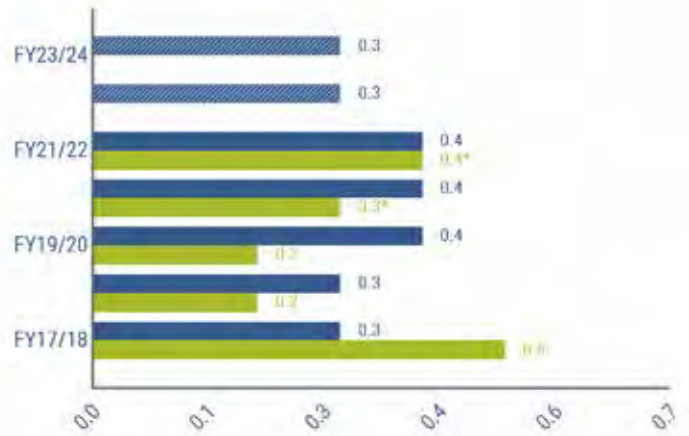
FY 2017/18 to FY 2023/24 (in millions)



Public Works

Public Works expenditures are used to maintain various right-of-ways on behalf of Southwest Gas via a Franchise Agreement. The expenditures are also used towards the Loloma School lease agreement for maintenance. The FY 2021/22 budget is \$0.4 million, which is flat from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



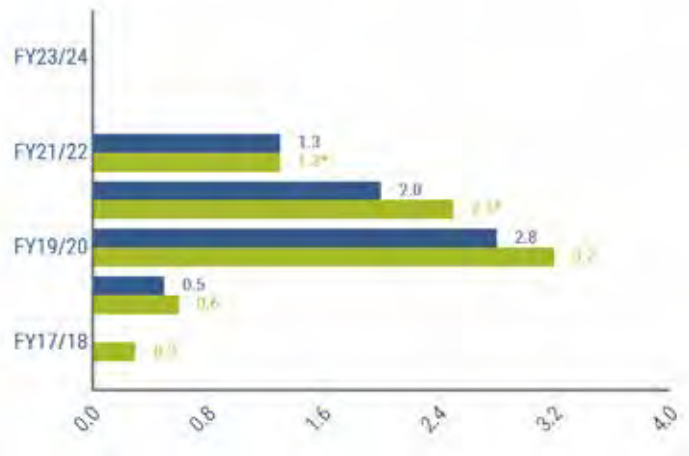
Transfers Out

Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2021/22 adopted budget includes \$6.3 million in Transfers Out.

CIP

Capital Improvement Plan (CIP) Transfers Out are the authorized movement of cash or other resources to fund capital projects. The FY 2021/22 budget of \$1.3 million for transfers out is a decrease of \$0.7 million from the FY 2020/21 adopted budget. The decrease is due to one-time funding included in FY 2020/21 that is no longer needed in FY 2021/22 for the following capital projects: 1) the Sky Room at Civic Center Library; 2) the DNA Evidence Storage Facility; 3) Crime Laboratory Equipment Replacement; 4) the Uninterruptible Power Supply; and 5) the Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency.

FY 2017/18 to FY 2023/24 (in millions)

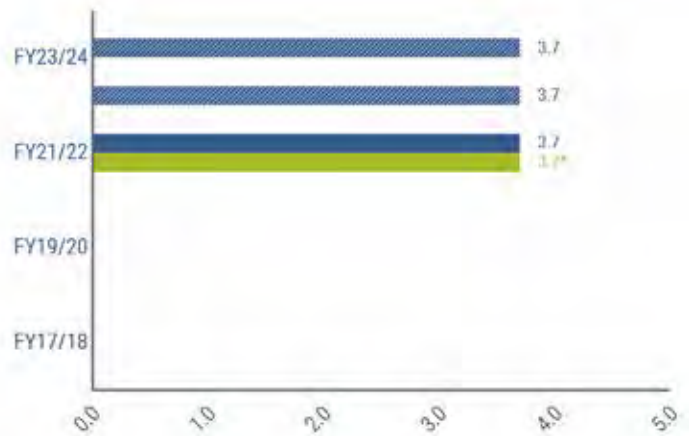


Forecast Budget Actual/Forecast*

CIP Stormwater

CIP Stormwater is the \$3.95 monthly stormwater fee paid by utility customers and is transferred to the CIP to be used for drainage and flood control capital projects. The FY 2021/22 budget is \$3.7 million.

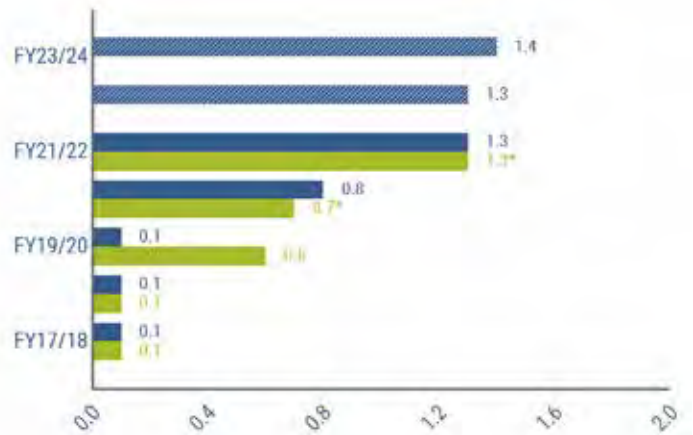
FY 2017/18 to FY 2023/24 (in millions)



Debt Service MPC Bonds

The adopted FY 2021/22 budget of \$1.3 million is a transfer out to the Debt Service Fund for the Municipal Property Corporation (MPC) Bonds issued for the McDowell Mountain Golf Course, the San Francisco (SF) Giants Stadium Renovations, and Stormwater Fee for Projects. The increase of \$0.6 million over the FY 2020/21 adopted budget is due to the transfer from the Stormwater Fee for Projects Fund to the Debt Service Fund for the Crossroads East Flood Control CIP project.

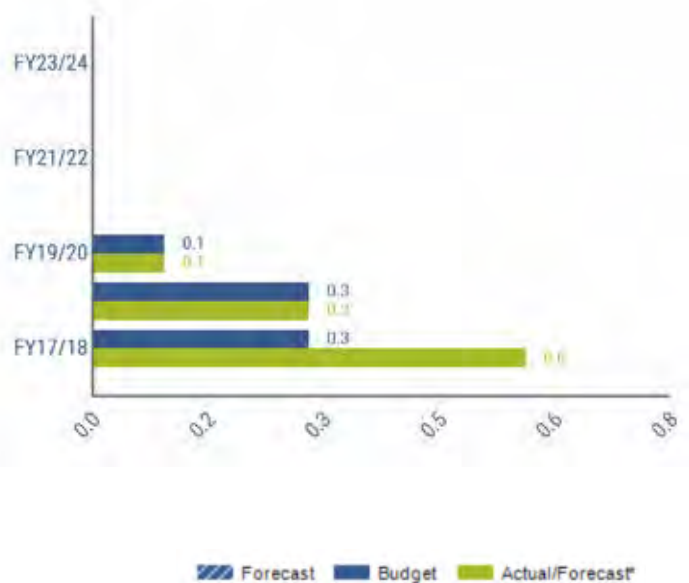
FY 2017/18 to FY 2023/24 (in millions)



Operating

The FY 2021/22 Operating Transfers Out is \$0. The year-over-year decrease is due to reduced revenues in the 30-Day Tow Program in recent years, which reimburses the city for Police Officer time spent working on the program.

FY 2017/18 to FY 2023/24 (in millions)



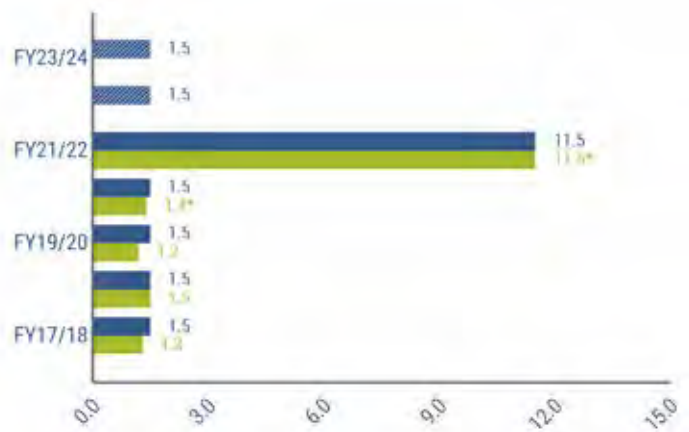
Special Programs Fund Ending Balance

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

Appropriation Contingency

Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance total. Any use of this contingency requires City Council's approval. The adopted Appropriation Contingency for FY 2021/22 is \$11.5 million, which includes a City Council directed increase of \$10.0 million to be used for affordable housing.

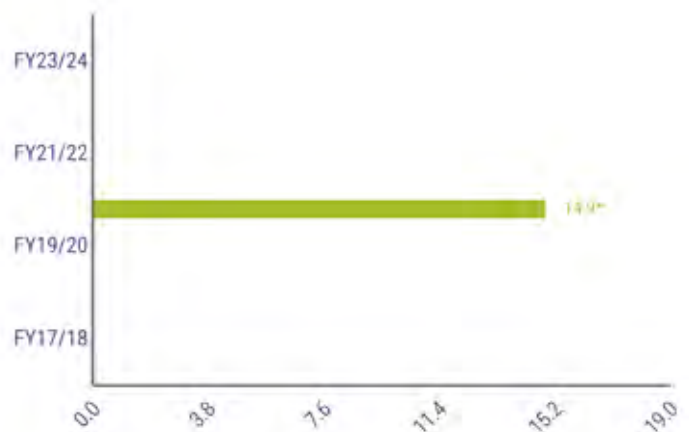
FY 2017/18 to FY 2023/24 (in millions)



AZCares Funding

AZCares Funding is the designation created FY2020/21 in the fund balance for remaining AZCares funding. The remaining funding will carry-forward to FY 2021/22 to be used to supplement existing programs, create new programs, execute contracts and expend funds as may be necessary to mitigate the effects of and aid in recovery from the COVID-19 pandemic. It is estimated that there will be no fund balance by the end of FY 2021/22.

FY 2017/18 to FY 2023/24 (in millions)

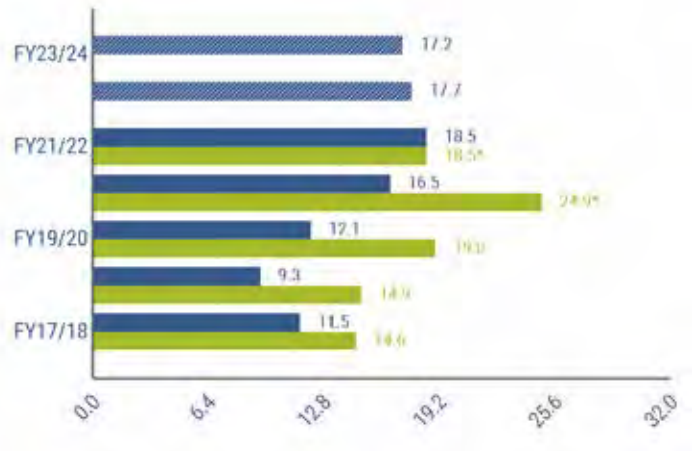


Forecast Budget Actual/Forecast

Special Programs Ending Fund Balance

Special Programs Fund ending balance of \$18.5 million for FY 2021/22 represents the following individual ending fund balances: \$7.9 million for City Court; \$0.7 million for Community and Economic Development; \$6.9 million for Community Services; \$4,632 for Mayor and City Council; \$224 for Public Safety - Fire; \$2.7 million for Public Safety - Police; and \$0.2 million for Public Works. Any remaining fund balance is available in future years and can only be used for its dedicated purpose and if budget authority is included.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

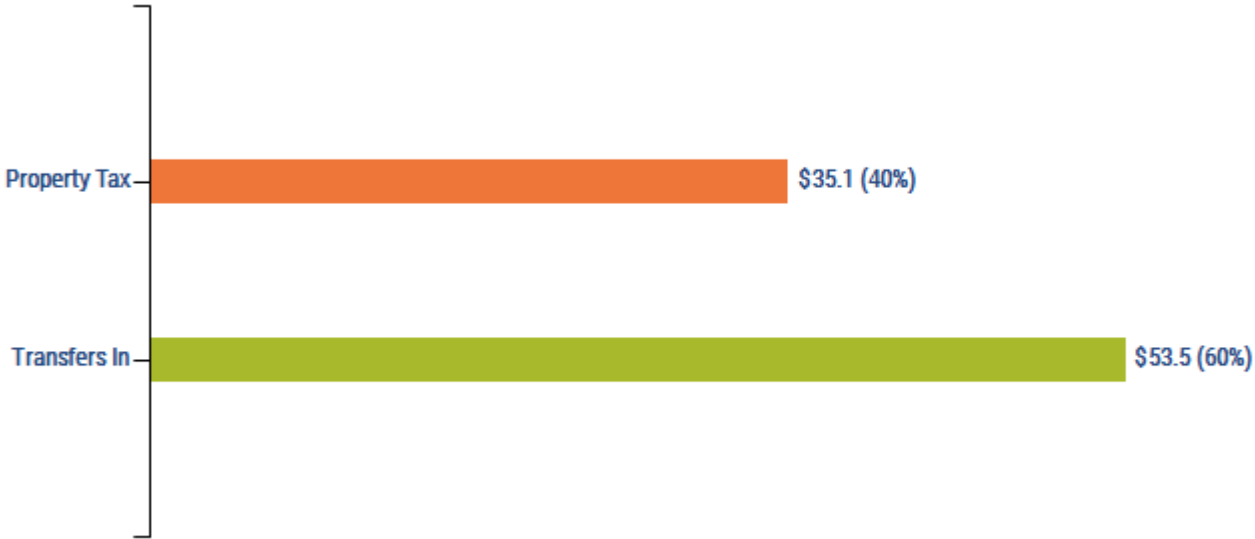


Indian Bend Wash Dedication Ceremony
Courtesy of Scottsdale Public Library

Fund Purpose

This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest that are not serviced by the General, Enterprise or Special Revenue Funds. Contracts Payable and certificates of participation for contractual debt such as sales tax development agreements, are serviced by the General Fund and will vary based on the actual sales tax collections at each development site. The applicable sources, uses and ending fund balance of the Debt Service Fund are described in further detail in the following sections.

Debt Service Fund Sources (% to Total)
\$88.6 Million



Debt Service Fund Uses (% to Total)
\$88.6 Million



Rounding differences may occur.

BUDGET BY FUND | Debt Service Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Debt Stabilization Reserve	6,804,720	6,164,760	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	1,393,953	1,490,397	1,042,307	3,329,856
Total Beginning Fund Balance	8,198,673	7,655,157	6,097,387	8,384,936
Revenues				
Property Tax	32,556,445	33,372,880	33,372,880	35,078,990
Bond Premium	-	-	130,306	-
Bond Proceeds ^(a)	404,535	-	239,774,634	-
Interest Income Non-pooled	957	-	-	-
Other Governmental Units Share ^(b)	5,881,373	-	-	-
Subtotal	38,843,311	33,372,880	273,277,820	35,078,990
Transfers In				
Debt Svc GO Bonds	34,637,971	31,867,424	31,524,597	31,527,342
Debt Svc MPC Bonds	25,285,015	20,860,222	20,206,966	20,583,199
Debt Svc SPA Bonds	5,134,909	1,414,000	1,414,000	1,420,000
Subtotal	65,057,895	54,141,646	53,145,563	53,530,541
Total Sources	103,901,206	87,514,526	326,423,383	88,609,531
Debt Service				
GO Debt Service - Non Preserve ^(c)	39,946,682	33,372,830	198,757,455	35,078,990
GO Debt Service - Preserve	27,599,380	31,867,474	32,432,413	31,527,342
MPC Excise Debt	25,690,486	20,860,222	91,531,966	20,583,199
SPA Debt Service ^(d)	5,134,909	1,414,000	1,414,000	1,420,000
Subtotal	98,371,456	87,514,526	324,135,834	88,609,531
TOTAL OPERATING BUDGET	98,371,456	87,514,526	324,135,834	88,609,531
Transfers Out				
Debt Svc MPC Bonds ^(e)	7,309,965	-	-	-
Debt Svc Stabilization	321,070	-	-	-
Subtotal	7,631,035	-	-	-
Total Uses	106,002,491	87,514,526	324,135,834	88,609,531
Sources Over/(Under) Uses	(2,101,286)	-	2,287,549	-
Ending Fund Balance				
Debt Stabilization Reserve	5,055,080	6,164,760	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	1,042,307	1,490,397	3,329,856	3,329,856
Total Ending Fund Balance	6,097,387	7,655,157	8,384,936	8,384,936

^(a) Forecast amount includes proceeds related to GO Refunding Bonds, MPC Refinancing Bonds, and new GO Bond issuance.

^(b) Final contributions from Maricopa County Stadium District (MCSD) and Arizona Sports and Tourism Authority (AZSTA) made to the city to pay debt service associated with the Cactus League spring training facilities (San Francisco Giants professional baseball practice facility).

^(c) Forecast amount includes payments to the refunding escrow agent and costs of issuance in connection with the defeasement of GO and MPC Debt.

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

^(e) Transfer set up to cover the difference in the MCSD and AZSTA revenue contribution for the Cactus League spring training facilities Debt Service payment.

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	3,329,856	3,329,856	3,329,856	3,329,856	3,329,856
Total Beginning Fund Balance	8,384,936	8,384,936	8,384,936	8,384,936	8,384,936
Revenues					
Property Tax	35,078,990	36,494,700	37,952,100	35,731,700	37,191,600
Bond Premium	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Interest Income Non-pooled	-	-	-	-	-
Other Governmental Units Share	-	-	-	-	-
Subtotal	35,078,990	36,494,700	37,952,100	35,731,700	37,191,600
Transfers In					
Debt Svc GO Bonds	31,527,342	33,439,900	35,355,200	38,849,800	24,670,800
Debt Svc MPC Bonds	20,583,199	18,628,500	18,749,600	18,853,800	18,988,800
Debt Svc SPA Bonds	1,420,000	-	-	-	-
Subtotal	53,530,541	52,068,400	54,104,800	57,703,600	43,659,600
Total Sources	88,609,531	88,563,100	92,056,900	93,435,300	80,851,200
Debt Service					
GO Debt Service - Non Preserve	35,078,990	36,494,700	37,952,100	35,731,700	37,191,600
GO Debt Service - Preserve	31,527,342	33,439,900	35,355,200	38,849,800	24,670,800
MPC Excise Debt	20,583,199	18,628,500	18,749,600	18,853,800	18,988,800
SPA Debt Service ^(a)	1,420,000	-	-	-	-
Subtotal	88,609,531	88,563,100	92,056,900	93,435,300	80,851,200
TOTAL OPERATING BUDGET	88,609,531	88,563,100	92,056,900	93,435,300	80,851,200
Transfers Out					
Debt Svc MPC Bonds	-	-	-	-	-
Debt Svc Stabilization	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Uses	88,609,531	88,563,100	92,056,900	93,435,300	80,851,200
Sources Over/(Under) Uses	-	-	-	-	-
Ending Fund Balance					
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	3,329,856	3,329,856	3,329,856	3,329,856	3,329,856
Total Ending Fund Balance	8,384,936	8,384,936	8,384,936	8,384,936	8,384,936

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

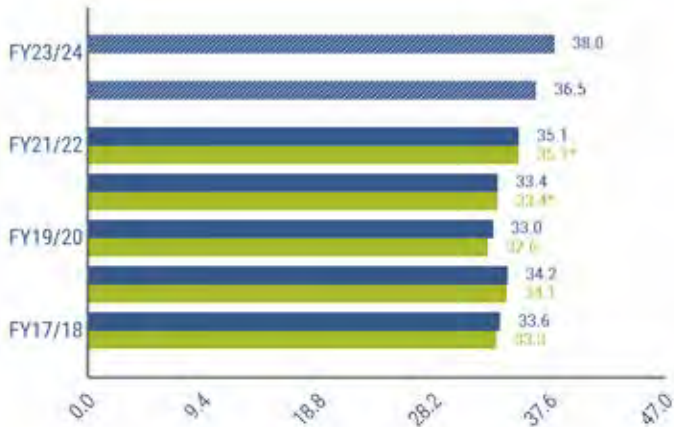
Debt Service Fund Sources

Debt Service Fund sources for FY 2021/22 equal \$88.6 million. Sources have historically included Property Tax, Bond Premium, Bond Proceeds, Interest Income Non-Pooled, Other Governmental Units Share and Transfers In.

Property Tax

Property Tax represents the secondary portion of the property tax that is limited and levied to pay debt service. The city’s use of this portion of the property tax is restricted by State Statute to solely pay debt service on voter-approved general obligation bonds. The FY 2021/22 levy amount (revenue) of \$35.1 million is \$1.7 million higher when compared to the FY 2020/21 adopted budget mainly due to the net effect of paying off prior general obligation debt and completing the first issuances related to the Bond 2019 program. While the levy amount is increasing for FY 2021/22, due to increasing property values the secondary rate is decreasing.

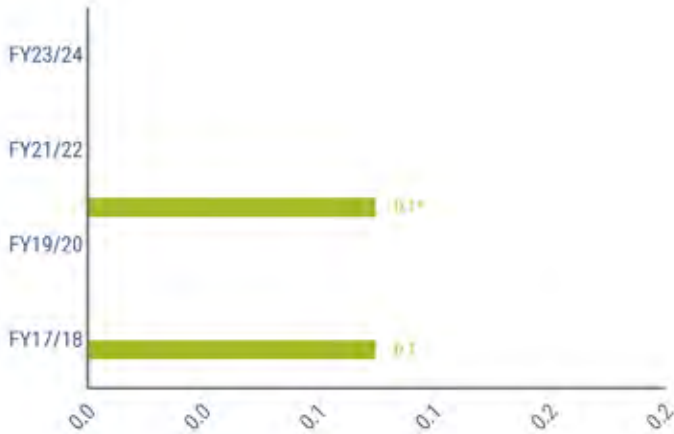
FY 2017/18 to FY 2023/24 (in millions)



Bond Premium

Bond Premium represents the premium amounts of the costs of issuances. These costs are often unable to be budgeted as they occur on an irregular basis.

FY 2017/18 to FY 2023/24 (in millions)

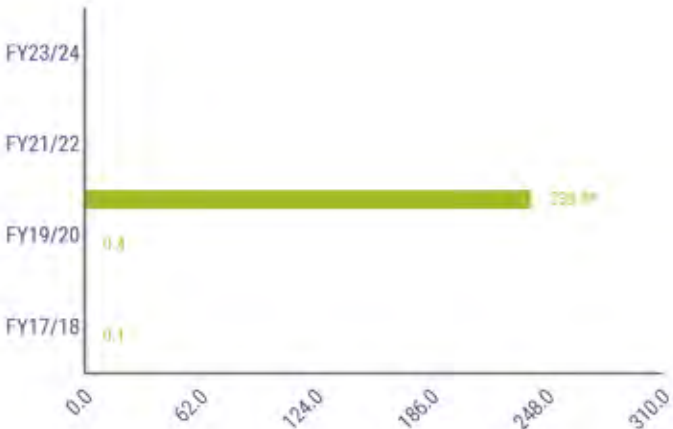


Forecast Budget Actual/Forecast*

Bond Proceeds

Bond Proceeds represent the proceeds generated from the sale of Refunding Bonds. This revenue is used to pay escrow agents to defease Preserve and non-Preserve G.O. Bonds and to pay costs of issuance. In FY 2020/21, revenue is related to the par amounts of the 2020 and 2021 Taxable and Tax Exempt Refunding Bonds. These costs are often unable to be budgeted as they occur on an irregular basis.

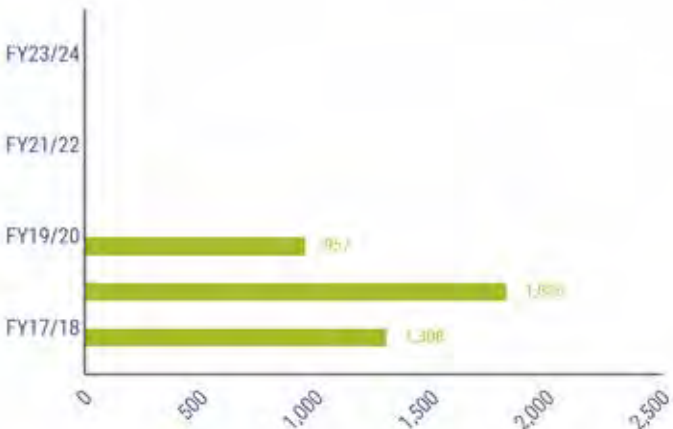
FY 2017/18 to FY 2023/24 (in millions)



Interest Income Non-pooled

Interest Income Non-pooled is interest revenue derived from MPC Bonds which is received on an irregular basis.

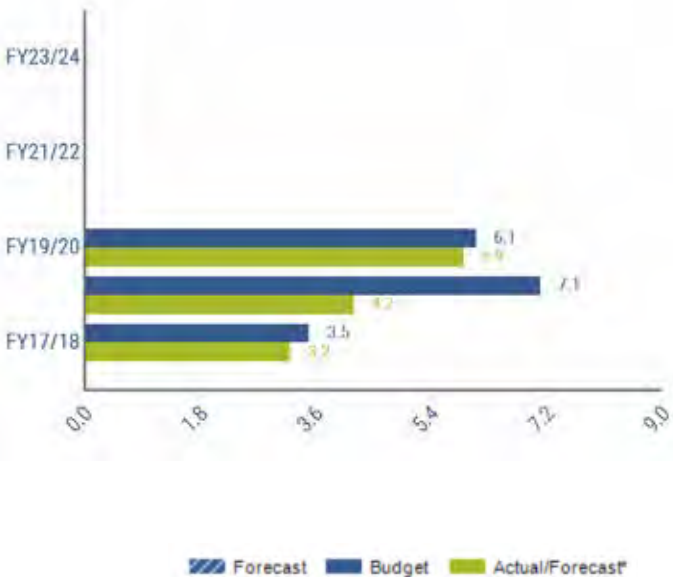
FY 2017/18 to FY 2023/24



Other Governmental Units Share

Other Governmental Units Share consists of revenue received from Maricopa County Stadium District (MCSD) and the Arizona Sports and Tourism Authority (AZSTA) contributions made to the city to pay debt service associated with the Cactus League spring training facilities (San Francisco Giants professional baseball practice facility). MCSD contributions are derived from a \$2.50 surcharge on car rentals in Maricopa County; AZSTA contributions are derived from a 1.00 percent hotel room tax and a 3.25 percent car rental surcharge (net of the \$2.50 MCSD surcharge). The FY 2021/22 Other Governmental Units Share adopted budget is zero because MCSD and AZSTA's paid off the rest of their debt service responsibilities for the Cactus League spring training facilities in FY 2019/20.

FY 2017/18 to FY 2023/24 (in millions)



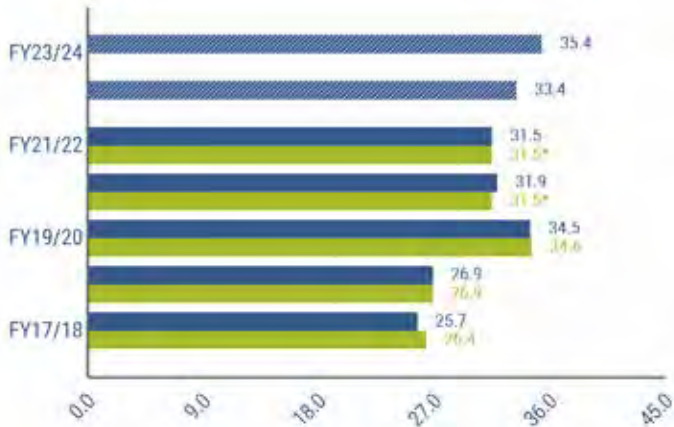
Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2021/22 adopted budget includes \$53.5 million in Transfers In. More specific information is detailed below.

Debt Svc GO Bonds

Debt Svc GO Bonds are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation (GO) debt service. Total Debt Svc GO Bonds Transfers In for FY 2021/22 equal \$31.5 million which is \$0.3 million less than the FY 2020/21 adopted budget reflecting a decrease based on the established debt service repayment schedule.

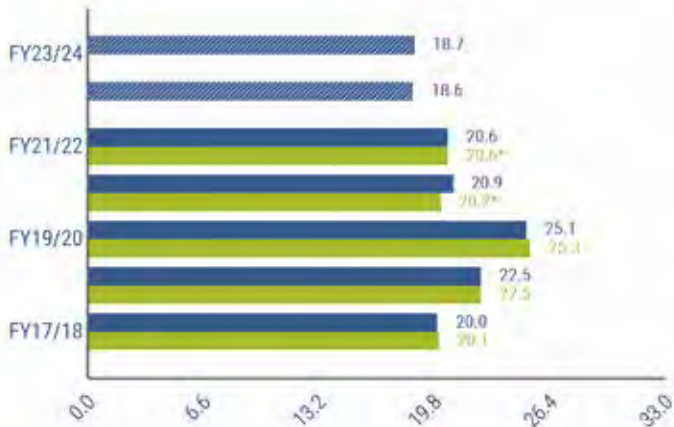
FY 2017/18 to FY 2023/24 (in millions)



Debt Svc MPC Bonds

Debt Svc Municipal Property Corporation (MPC) Bonds includes Transfers In from General Fund, Tourism Development Fund and Special Programs Fund to the Debt Service Fund, including the Stadium Facility Fund within the Special Programs Fund, to the Debt Service Fund to facilitate the payment of MPC Bonds debt service. Total Debt Service Transfers In for FY 2021/22 equal \$20.6 million.

FY 2017/18 to FY 2023/24 (in millions)

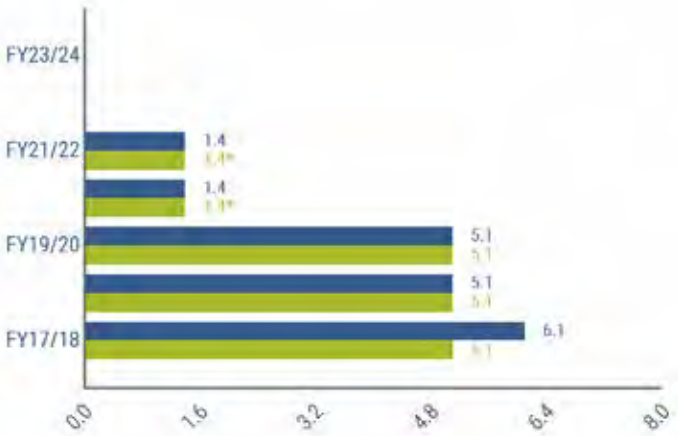


Forecast Budget Actual/Forecast*

Debt Svc SPA Bonds

Debt Svc SPA Bonds, or Scottsdale Preserve Authority Bonds, are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Scottsdale Preserve Authority debt service. Total Debt Svc SPA Bonds Transfers In for FY 2021/22 equal \$1.4 million. The last payment on these bonds will occur in FY 2021/22.

FY 2017/18 to FY 2023/24 (in millions)



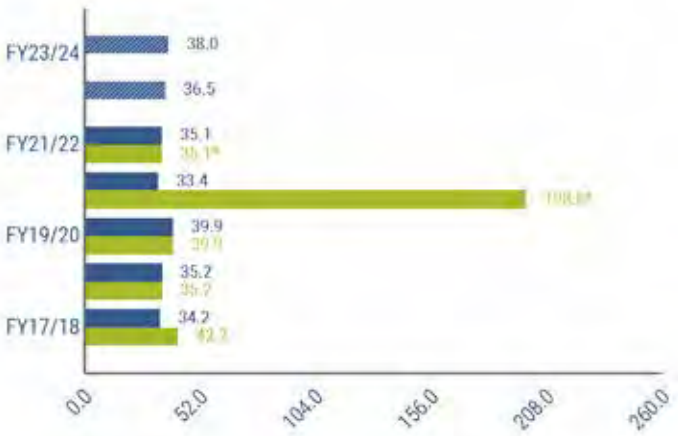
Debt Service Fund Uses

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2021/22 adopted budget includes \$88.6 million in Debt Service.

GO Debt Service - Non Preserve

GO Debt Service - Non-Preserve is voter authorized General Obligation debt issued for capital projects not associated with McDowell Sonoran Preserve. General Obligation debt is repaid by Property Tax (Secondary). Under state law, cities and towns are allowed to levy a Secondary Property Tax for the sole purpose of retiring the principal and interest on General Obligation indebtedness. For FY 2021/22, the General Obligation Bonds debt service is forecasted at \$35.1 million, which is an increase of \$1.7 million from the FY 2020/21 adopted budget of \$33.4 million. The increase was due primarily to the issuance of new G.O. Various Purpose Bonds. The increase would have been greater but is being partially offset by the fully paying off of the 2010 G.O. Various Purpose Bonds and 2012 G.O. Refunding Bonds in FY 2020/21. The large actual in FY 2020/21 was due to payments to the refunding escrow agent and costs of issuance in connection with the defeasement of G.O. Debt.

FY 2017/18 to FY 2023/24 (in millions)

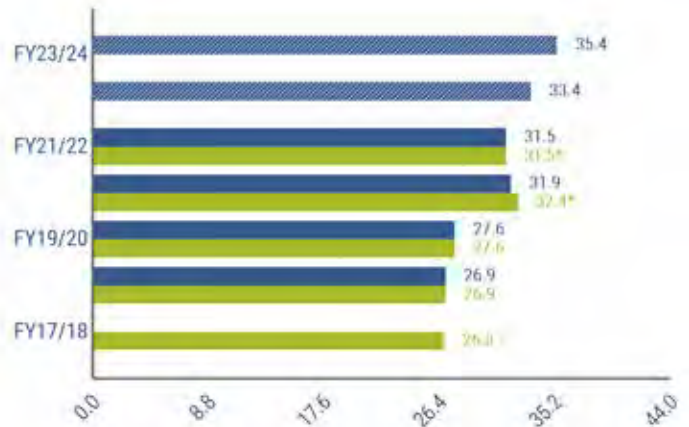


Forecast Budget Actual/Forecast

GO Debt Service - Preserve

GO Debt Service - Preserve represents General Obligation debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. GO Debt Service - Preserve is budgeted at \$31.5 million in FY 2021/22 which is a decrease of \$0.3 million over the FY 2020/21 adopted budget mainly due to the paying off of the 2011 G.O. Bonds Preserve, the Refunding 2011 G.O. Bonds Preserve and the 2012 G.O. Bonds Preserve. The decrease would have been greater but is being partially offset by the issuance of the 2020 G.O. Taxable Refunding Bonds Preserve.

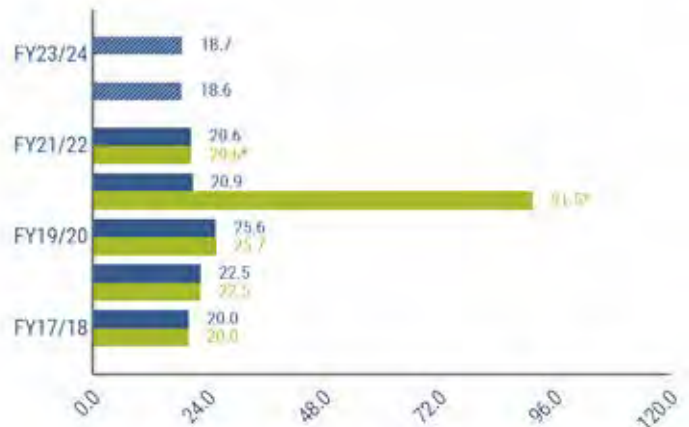
FY 2017/18 to FY 2023/24 (in millions)



MPC Excise Debt

MPC Excise Debt represents Municipal Property Corporation bonds which are non-voter approved and issued by the City of Scottsdale Municipal Property Corporation, a nonprofit corporation created by the city in 1967 for the sole purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the city. The debt incurred by the corporation is a city obligation and the repayment of debt is financed by General Fund sales taxes, Tourism Development Fund bed tax receipts, etc. Per Financial Policy No. 30, non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt services expenses. Debt Service payments for FY 2021/22 total \$20.6 million, a \$0.3 million decrease from the FY 2020/21 adopted budget. The decrease is due mainly to the paying off of mature bonds issued in FY 2014/15. The decrease is partially offset by the issuance of refunding bonds in FY 2020/21 for such things as WestWorld/Tournament Players Club land acquisition and the Tony Nelssen Equestrian Center. The large actual in FY 2020/21 is due to payments to the refunding escrow agent and costs of issuance in connection with the defeasement of MPC Debt.

FY 2017/18 to FY 2023/24 (in millions)

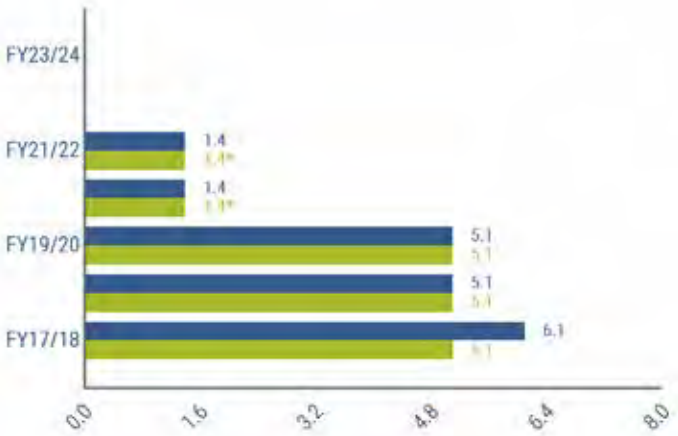


Forecast Budget Actual/Forecast*

SPA Debt Service

SPA Debt Service represents prior Scottsdale Preserve Authority debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Scottsdale Preserve Authority debt is repaid by the Preserve dedicated 0.20 percent sales tax authorized by voters in 1995 and the 0.15 percent sales tax authorized by voters in 2004. Debt Service for FY 2021/22 totals \$1.4 million which is flat when compared to last fiscal year. All remaining SPA bonds will be fully paid off in FY 2021/22.

FY 2017/18 to FY 2023/24 (in millions)



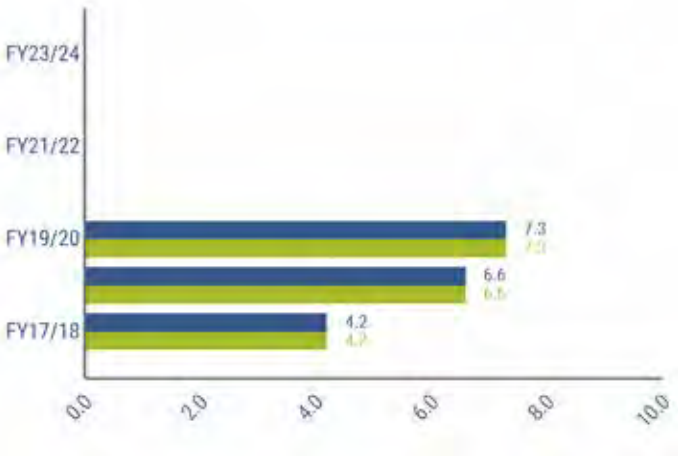
Transfers Out

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. The FY 2021/22 adopted budget includes \$0.0 million in Transfers Out. More specific information is detailed below.

Debt Svc MPC Bonds

A Debt Svc MPC Bonds (renamed Debt Svc Stabilization) Transfer Budget was set up in FY 2016/17 to cover the difference in the Maricopa County Stadium District and Arizona Sports and Tourism Authority revenue contribution amounts for Cactus League spring training facilities and the debt service payment. This was an internal transfer between two Debt Service Funds; therefore, there was a corresponding Transfer In of the same amount reflected in Transfer In - Debt Svc MPC Bonds. As the corresponding debt was paid off in FY 2019/20, that is the last year this transfer needed to occur.

FY 2017/18 to FY 2023/24 (in millions)

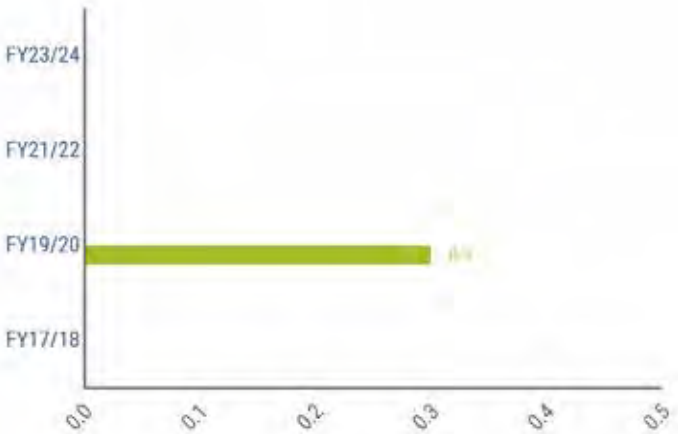


Forecast Budget Actual/Forecast

Debt Svc Stabilization

Portion of the Debt Svc Stabilization Transfer classified as the "standby amount." See previous entry Debt Svc MPC Bonds Transfer Out for more background.

FY 2017/18 to FY 2023/24 (in millions)



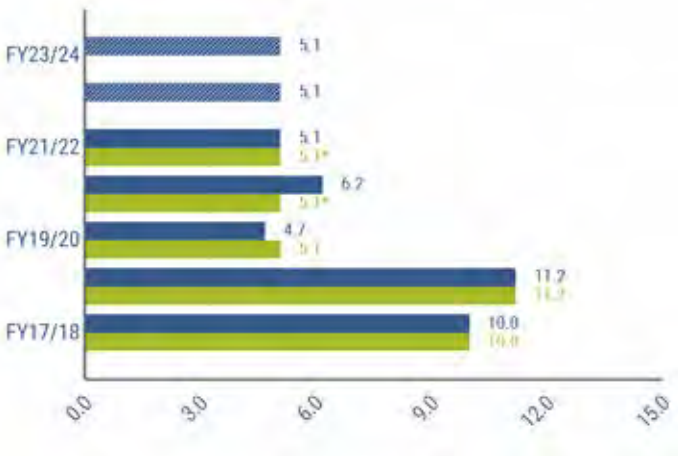
Debt Service Fund Ending Balance

Ending fund balance includes reserves which protect the city’s financial condition and provide for unexpected economic challenges. The Debt Service Fund ending balance varies primarily due to the timing of debt issuances and related repayment schedules. Growth of fund balance occurs when sources exceed uses. The specific make-up of the city’s Debt Service Fund ending balance is noted in the following:

Debt Stabilization Reserve

Debt Stabilization Reserve of \$5.1 million is projected for FY 2021/22. The Debt Stabilization Reserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with the MPC Excise Debt. While there is no legal requirement to hold this reserve at a certain level, the City Council has indicated that it should be maintained to protect the city from unexpected financial challenges.

FY 2017/18 to FY 2023/24 (in millions)

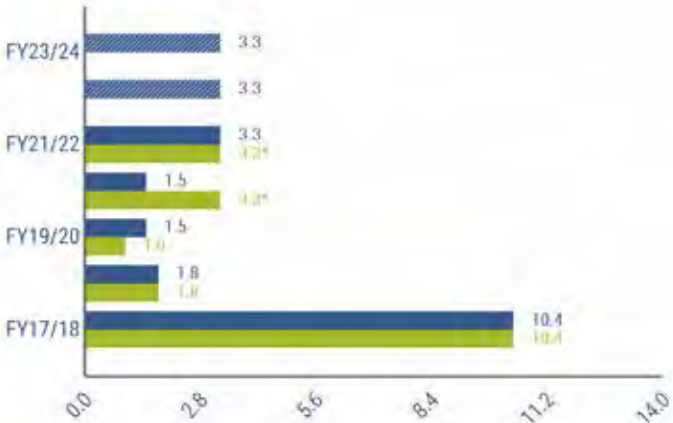


Forecast Budget Actual/Forecast*

GO Debt Service Reserve - Non Preserve

GO Debt Service Reserve – Non Preserve reserve is projected at \$3.3 million for FY 2021/22. The GO Debt Service Reserve – Non-Preserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with GO Debt Service. This reserve is in compliance with House Bill 2011 (Chapter 212, Laws 2017), which amended A.R.S § 35-458 to clarify that the secondary property tax levy shall be net of all cash in excess of 10 percent of the annual payments of principal and interest in the current fiscal year from the previous remaining in the fund or funds prescribed by A.R.S. § 35-458(B). The large decrease from FY 2017/18 to FY 2018/19 was to comply with House Bill 2011.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

BUDGET BY FUND | Debt Service Expense

	Forecast 2020/21	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Final Payment Date
Debt Service Funds							
General Obligation (G.O.) Bonds - Property Tax (Secondary)							
2012 G.O. Refunding Bonds (\$38.5M Jul 2012)	4,440,145	-	-	-	-	-	2021
2014 G.O. Refunding Bonds (\$73.8M May 2014)	11,396,985	10,958,893	11,022,300	-	-	-	2023
2015 G.O. Refunding Bonds (\$86.4M Apr 2015)	8,905,895	9,451,145	9,349,300	20,304,200	9,335,700	9,590,200	2028
2017 G.O. Refunding Bonds (\$26.8M May 2017)	1,233,579	3,613,580	3,818,300	3,911,900	4,040,000	4,126,300	2029
2017C G.O. Various Purpose (Taxable) (\$19.8M Feb 2017)	2,631,500	2,828,000	2,620,000	2,417,000	2,934,000	2,635,300	2027
2020 G.O. Taxable Refunding Bonds (\$0.3M Dec 2020)	320,091	-	-	-	-	-	2021
2021 G.O. Various Purpose (Tax-Exempt) (\$31.4M Feb 2021)	1,763,506	2,007,100	2,006,700	2,004,500	2,005,500	2,004,500	2040
2021 G.O. Various Purpose (Taxable) (\$19.8M Feb 2021)	478,504	1,217,174	1,217,100	1,221,300	1,219,600	1,221,300	2040
Future G.O. Bond: \$75.0M issue Nov, 2021	-	5,000,000	4,145,000	4,085,000	7,525,000	6,860,000	2040
Future G.O. Bond: \$25.0M issue June, 2022	-	-	2,312,500	1,705,000	2,675,000	2,615,000	2042
Future G.O. Bond: \$30.0M issue June, 2023	-	-	-	2,300,000	4,160,000	3,040,000	2042
Future G.O. Bond: \$25.0M issue June, 2024	-	-	-	-	1,833,300	2,470,000	2044
Future G.O. Bond: \$30.0M issue June, 2025	-	-	-	-	-	2,625,000	2045
Fiscal Agent Fees and Arbitrage Fees	2,905	3,098	3,498	3,230	3,630	4,030	
	31,173,110	35,078,990	36,494,698	37,952,130	35,731,730	37,191,630	
Preserve General Obligation Bonds - Preserve Sales Tax							
2011 G.O. Bonds Preserve (\$22.5M Feb 2011)	946,400	-	-	-	-	-	2021
2011 G.O. Refunding Bonds Preserve (\$34.5M Apr 2011)	3,507,000	-	-	-	-	-	2021
2012 G.O. Bonds Preserve (\$50M Feb 2012)	1,560,000	-	-	-	-	-	2021
2012 G.O. Refunding Bonds Preserve (\$44.5M Jul 2012)	1,889,855	3,745,250	3,369,600	5,531,100	-	-	2024
2013 G.O. Bonds Preserve (\$75M Feb 2013)	1,790,000	2,230,000	2,650,000	2,550,000	-	-	2024
2014 G.O. Bonds Preserve (\$14M May 2014)	746,325	748,025	747,800	744,900	747,900	746,800	2026
2014 G.O. Refunding Bonds Preserve (\$9.4M May 2014)	1,544,915	1,561,757	1,574,600	-	-	-	2023
2015 G.O. Refunding Bonds Preserve (\$74.0M Apr 2015)	8,896,105	8,865,505	12,879,100	12,785,300	946,300	961,800	2028
2017A G.O. Preserve Bonds (\$17.4M Mar 2017)	820,600	820,600	820,600	820,600	820,600	820,600	2034
2017B G.O. Preserve Acquisition Refinancing Bonds (\$18.5M May 2017)	4,434,750	4,459,250	6,048,800	6,079,500	-	-	2024
2017 G.O. Refunding Bonds Preserve (\$13.2M May 2017)	562,185	562,185	1,463,400	1,494,600	1,481,000	1,449,700	2034
2020 G.O. Taxable Refunding Bonds Preserve (\$167.9M Dec 2020)	4,733,139	8,530,368	3,881,600	5,344,900	34,851,500	20,689,900	2034
Fiscal Agent Fees	5,545	4,402	4,402	4,320	2,520	2,020	
	31,436,819	31,527,342	33,439,902	35,355,220	38,849,820	24,670,820	
Scottsdale Preserve Authority Bonds - Preserve Sales Tax							
2011 Scottsdale Preserve Revenue Refunding Bonds	1,411,500	1,417,500	-	-	-	-	2022
Fiscal Agent Fees	2,500	2,500	-	-	-	-	
	1,414,000	1,420,000	-	-	-	-	
Municipal Property Corp. (MPC) Bonds - Excise Tax							
2006 MPC Refunding SkySong (GF/ST)	2,814,250	2,817,000	2,821,000	2,816,000	2,817,300	2,819,300	2034
2015 MPC Refunding Spring Training Charros (Contribution)	80,000	-	-	-	-	-	2021
2015 MPC Refunding Spring Training (GF/ST)	1,769,806	-	-	-	-	-	2021
2006 MPC Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	2,524,000	2,544,000	2,564,300	2,579,500	2,584,800	2,640,300	2030
2015 MPC Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	-	-	-	-	-	-	2021
2015 MPC Refunding WW/TPC Land Acquisition 80-acres (TDF)	334,175	-	-	-	-	-	2021
2021B MPC Taxable Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	-	393,399	-	-	-	-	2035
2021B MPC Taxable Refunding WW/TPC Land Acquisition 80-acres (TDF)	172,221	600,000	456,700	471,200	470,300	469,000	2035
2014 MPC Refunding TPC (\$4.2M) (GF/ST)	518,655	518,313	518,300	518,600	518,800	516,600	2027
2015 MPC Refunding TPC (GF/ST)	48,442	-	-	-	-	-	2021
2021B MPC Taxable Refunding TPC (GF/ST)	25,025	163,270	74,200	77,200	81,000	78,700	2031
2014 MPC Refunding WW/TPC Land Acq 52- and 17-acres (\$16.0M) (GF/ST)	1,948,057	1,988,400	1,986,900	2,010,400	2,032,700	2,020,900	2027
2015 MPC Refunding WW/TPC Land Acq 52- and 17-acres (GF/ST)	191,696	-	-	-	-	-	2021
2021B MPC Taxable Refunding WW/TPC Land Acq 52- and 17-acres (GF/ST)	99,165	646,143	293,800	305,200	320,600	311,400	2031
2013A MPC SFS Garage Payoff (\$31M) (GF/ST)	2,208,700	2,016,000	2,094,800	-	-	-	2023
2021B MPC Taxable Refunding SFS Garage Payoff (GF/ST)	107,366	612,925	336,800	2,576,200	2,646,500	2,731,200	2028
2013B MPC McDowell Golf (\$1.6M) (SPF)	91,413	71,750	73,500	-	-	-	2023
2021B MPC Taxable Refunding MPC McDowell Golf (SPF)	8,146	90,328	20,100	100,100	84,800	94,300	2033
2013C MPC TNEC (\$41.9M) (GF/ST)	1,026,063	602,500	600,800	-	-	-	2023
2013C MPC TNEC (TDF)	1,200,000	1,200,000	1,200,000	-	-	-	2023
2021B MPC Taxable Refunding MPC TNEC (GF/ST)	229,802	1,396,976	779,500	1,283,100	1,289,500	1,291,300	2033
2021B MPC Taxable Refunding TNEC (TDF)	-	-	-	1,200,000	1,200,000	1,200,000	2033
2015A MPC Revenue Museum (TDF)	872,338	859,613	857,600	859,400	854,600	858,600	2034
2021B MPC Taxable Refunding Museum (TDF)	7,132	40,387	22,900	22,800	22,800	27,700	2027
2021B MPC Taxable Refunding Museum (GF/ST)	-	92,753	-	-	-	-	2022
2015A MPC Revenue Taxable TPC (TDF)	900,000	900,000	900,000	900,000	900,000	900,000	2034
2015A MPC Revenue Taxable TPC Golf Surcharge (GF/ST)	162,912	163,712	163,900	161,700	163,500	164,100	2034
2019A MPC Revenue Crossroads Flood Control (SF)	665,500	665,000	663,800	666,800	668,800	664,800	2039
2019B MPC Revenue Taxable Stadium Improvements (TDF)	1,679,653	1,679,030	1,677,900	1,530,700	1,527,100	1,530,100	2039
2019B MPC Bonds - Stadium Improvements Giants Funded (Contribution)	375,000	375,000	375,000	525,000	525,000	525,000	2039
2019B MPC Bonds - Stadium Improvements Charros Funded (Contribution)	135,000	135,000	135,000	135,000	135,000	135,000	2038
Fiscal Agent Fees	12,450	11,700	11,700	10,700	10,700	10,450	
Subtotal by Funding Source:							
General Fund/Excise Tax (GF/ST)	13,681,389	13,964,091	12,241,000	12,333,600	12,460,400	12,579,500	
General Fund/Stormwater Fee (SF)	667,000	-	-	-	-	-	
Special Revenue/Stormwater Fee (SF)	-	666,500	665,300	668,300	670,300	666,300	
Tourism Development Fund	5,169,019	5,280,530	5,118,600	4,987,600	4,978,300	4,988,650	
Special Program (McDowell Golf) (SPF)	99,559	1,62,078	93,600	100,100	84,800	94,300	
SFG/Charros (Contributions)	590,000	510,000	510,000	660,000	660,000	660,000	
Total Municipal Property Corp. Bonds	20,206,966	20,583,199	18,628,500	18,749,600	18,853,800	18,988,750	
Total Debt Service Funds	\$ 84,230,895	\$ 88,609,531	\$ 88,563,100	\$ 92,056,950	\$ 93,435,350	\$ 80,851,200	

BUDGET BY FUND | Debt Service Expense

	Forecast 2020/21	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Final Payment Date
General Fund							
<u>Service Concession Arrangements</u>							
BOR Administration/Westworld	188,565	197,993	207,900	218,300	229,200	240,700	2032
BOR Administration/TPC	188,565	197,993	207,900	218,300	229,200	240,700	2035
	<u>377,130</u>	<u>395,986</u>	<u>415,800</u>	<u>436,600</u>	<u>458,400</u>	<u>481,400</u>	
Total General Fund	\$ 377,130	\$ 395,986	\$ 415,800	\$ 436,600	\$ 458,400	\$ 481,400	
Water and Sewer Funds							
<u>Water Sewer Revenue Bonds</u>							
2008 Water Sewer Revenue Refunding Bonds-Water Reclamation	4,583,625	4,592,300	4,604,700	-	-	-	2023
Fiscal Agent Fees	400	400	400	-	-	-	
	<u>4,584,025</u>	<u>4,592,700</u>	<u>4,605,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>Municipal Property Corp. (MPC) Bonds</u>							
2006 MPC Refunding Bonds-Water	11,136,015	11,086,424	11,041,700	10,987,500	5,865,800	5,838,300	2030
2006 MPC Refunding Bonds-Sewer	1,326,985	1,321,076	1,315,800	1,309,300	699,000	695,700	2030
2010 MPC Bonds-Water	456,438	-	-	-	-	-	2021
2010 MPC Bonds-Sewer	1,556,962	-	-	-	-	-	2021
2015A MPC-Sewer	1,323,613	1,298,913	1,298,200	1,300,400	1,295,400	1,298,400	2034
2015 MPC Refunding Bonds-Water	4,427,477	4,170,796	4,167,700	4,175,800	4,159,500	4,169,500	2026
2015 MPC Refunding Bonds-Sewer	1,370,404	1,290,954	1,290,000	1,292,500	1,287,500	1,290,500	2026
2017 MPC Refunding Bonds-Water	1,102,480	729,500	1,541,900	1,618,400	1,694,700	1,774,500	2034
2017 MPC Refunding Bonds-Sewer	1,631,845	1,079,775	2,282,300	2,395,500	2,508,500	2,626,500	2034
2017A MPC Bonds-Water (Rate)	2,087,569	2,086,460	2,090,200	2,087,200	2,088,900	2,087,400	2037
2017A MPC Bonds-Water Reclamation (Developer-Fee)	737,287	736,896	738,200	737,200	737,700	737,200	2037
2021A MPC Refunding Bonds-Water	33,419	89,782	89,800	89,800	89,800	89,800	2030
2021A MPC Refunding Bonds-Sewer	113,981	306,218	306,200	306,200	306,200	306,200	2030
2021B MPC Taxable Refunding Bonds-Water	513,717	1,326,161	1,327,300	1,328,100	1,328,000	1,326,300	2036
2021B MPC Taxable Refunding Bonds-Sewer	633,478	907,065	908,000	908,500	908,400	907,100	2036
Fiscal Agent Fees	12,050	9,050	9,100	9,100	9,100	9,300	
	<u>28,463,720</u>	<u>26,439,070</u>	<u>28,406,400</u>	<u>28,545,500</u>	<u>22,978,500</u>	<u>23,156,700</u>	
Total Water and Sewer Funds	\$ 33,047,745	\$ 31,031,770	\$ 33,011,500	\$ 28,545,500	\$ 22,978,500	\$ 23,156,700	
Aviation Fund							
<u>Aviation MPC Bonds</u>							
2017B MPC Bonds	1,720,494	1,722,744	1,717,700	1,720,700	1,721,200	1,719,200	2037
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500	1,500	
Total Aviation Funds	\$ 1,721,994	\$ 1,724,244	\$ 1,719,200	\$ 1,722,200	\$ 1,722,700	\$ 1,720,700	
TOTAL DEBT SERVICE EXPENSE - ALL FUNDS	\$ 119,377,764	\$ 121,761,531	\$ 123,709,600	\$ 122,761,250	\$ 118,594,950	\$ 106,210,000	

Debt Service Expense FY 2020/21 vs. FY 2021/22

Type of Bond	Forecast FY 2020/21	Adopted FY 2021/22
General Obligation Bonds	31,173,110	35,078,990
Preserve General Obligation Bonds	31,436,819	31,527,342
Scottsdale Preserve Authority Bonds	1,414,000	1,420,000
Municipal Property Corporation (MPC) Bonds	20,206,966	20,583,199
Service Concession Arrangements	377,130	395,986
Water and Sewer Revenue Bonds	4,584,025	4,592,700
MPC Bonds - Water and Sewer	28,463,720	26,439,070
Aviation MPC Bonds	1,721,994	1,724,244
Total	119,377,764	121,761,531



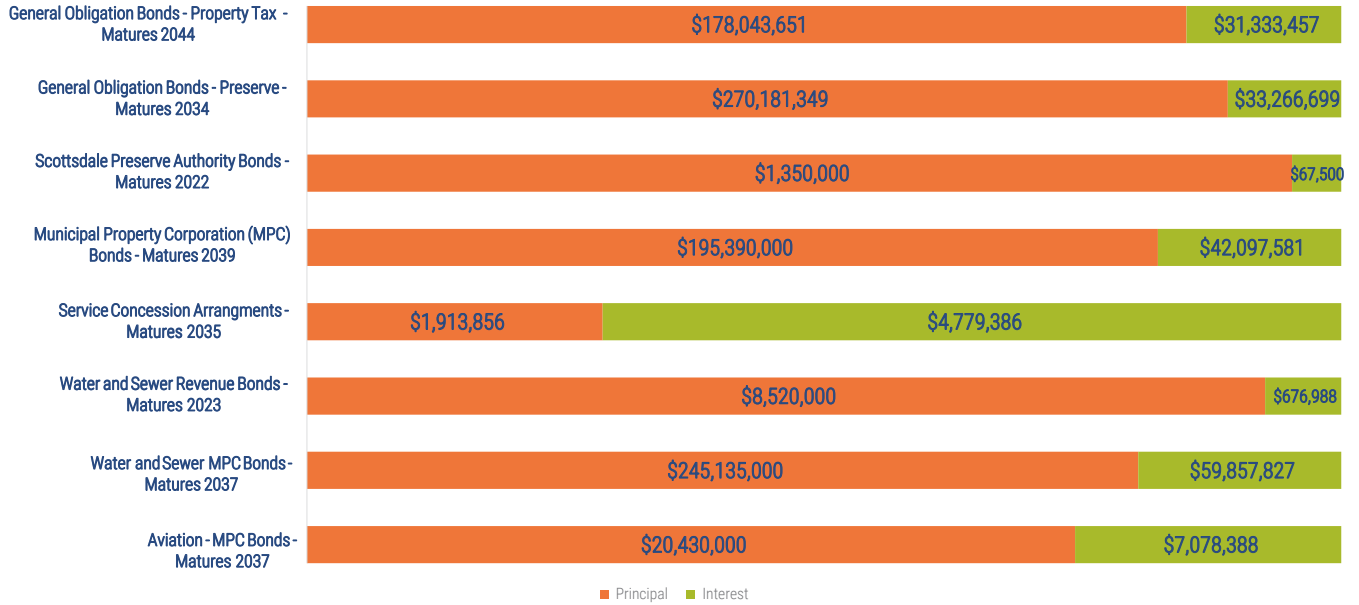
BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/21	Balance at 6/30/22	Balance at 6/30/23	Balance at 6/30/24	Balance at 6/30/25	Final Payment Date
Debt Service Funds						
<u>General Obligation Bonds - Property Tax (Secondary) Supported</u>						
2014 G.O. Refunding Bonds	20,832,541	10,701,250	-	-	-	2023
2015 G.O. Refunding Bonds	67,590,000	60,530,000	53,360,000	35,020,000	27,005,000	2028
2017 G.O. Refunding Bonds	26,826,110	24,446,110	21,742,360	18,809,860	15,602,660	2029
2017C G.O. Various Purpose Bonds	13,360,000	11,200,000	9,140,000	7,180,000	4,605,000	2027
2021 G.O. Various Purpose Bonds	29,990,000	28,855,000	27,675,000	26,450,000	25,175,000	2040
2021 G.O. Taxable Various Purpose Bonds	19,445,000	18,610,000	17,750,000	16,860,000	15,945,000	2040
Future G.O. Bonds	-	71,500,000	93,000,000	119,000,000	132,750,000	2044
Total General Obligation Bonds	<u>178,043,651</u>	<u>225,842,360</u>	<u>222,667,360</u>	<u>223,319,860</u>	<u>221,082,660</u>	
<u>Preserve General Obligation Bonds - Preserve Sales Tax Supported</u>						
2012 G.O. Refunding Bonds-Preserve	11,835,000	8,485,000	5,370,000	-	-	2024
2013 G.O. Bonds-Preserve	7,000,000	5,000,000	2,500,000	-	-	2024
2014 G.O. Bonds-Preserve	3,390,000	2,760,000	2,105,000	1,430,000	725,000	2026
2014 G.O. Refunding Bonds-Preserve	2,972,459	1,528,750	-	-	-	2023
2015 G.O. Refunding Bonds-Preserve	35,385,000	27,670,000	15,710,000	3,485,000	2,670,000	2028
2017A G.O. Bonds-Preserve	17,410,000	17,410,000	17,410,000	17,410,000	17,410,000	2034
2017B G.O. Preserve Acquisition Refinancing Bonds	14,985,000	11,275,000	5,790,000	-	-	2024
2017 G.O. Refunding Bonds-Preserve	13,158,890	13,158,890	12,257,640	11,280,140	10,267,340	2034
2020 G.O. Taxable Refunding Bonds-Preserve	164,045,000	157,255,000	155,100,000	151,475,000	118,325,000	2034
Total Preserve General Obligation Bonds	<u>270,181,349</u>	<u>244,542,640</u>	<u>216,242,640</u>	<u>185,080,140</u>	<u>149,397,340</u>	
<u>Scottsdale Preserve Authority Bonds - Preserve Sales Tax Supported</u>						
2011 Scottsdale Preserve Revenue Refunding Bonds	1,350,000	-	-	-	-	2022
Total Scottsdale Preserve Authority Bonds	<u>1,350,000</u>	-	-	-	-	
<u>Municipal Property Corp. (MPC) Bonds - Excise Tax Supported</u>						
2006 MPC Refunding SkySong	25,940,000	24,420,000	22,820,000	21,145,000	19,385,000	2034
2006 MPC Refunding WW/TPC 80-acres	18,980,000	17,385,000	15,690,000	13,895,000	12,005,000	2030
2014 MPC Refunding TPC	2,707,643	2,307,521	1,887,416	1,446,025	982,377	2027
2014 MPC Refunding WW/TPC 52- and 17-acres	10,522,357	8,992,479	7,387,584	5,678,975	3,862,623	2027
2013A MPC Garage	3,820,000	1,995,000	-	-	-	2023
2013B MPC McDowell Mnt	135,000	70,000	-	-	-	2023
2013C MPC TNEC	3,350,000	1,715,000	-	-	-	2023
2015A MPC Museum	8,495,000	7,955,000	7,390,000	6,795,000	6,175,000	2034
2015A Taxable TPC	10,735,000	10,075,000	9,395,000	8,690,000	7,955,000	2034
2019A MPC Revenue Crossroads Flood Control	8,760,000	8,435,000	8,095,000	7,735,000	7,355,000	2039
2019B MPC Revenue Taxable Stadium Improvements	30,950,000	29,540,000	28,105,000	26,640,000	25,150,000	2039
2021B MPC Refunding Taxable Bonds Garage	14,010,000	13,510,000	13,285,000	10,820,000	8,275,000	2028
2021B MPC Refunding Taxable Bonds McDowell Mnt	935,000	855,000	845,000	755,000	680,000	2033
2021B MPC Refunding Taxable Bonds TNEC	25,645,000	24,545,000	24,060,000	21,870,000	19,665,000	2033
2021B MPC Refunding Taxable Bonds Museum	885,000	760,000	745,000	730,000	715,000	2027
2021B MPC Refunding Taxable Bonds WW/TPC 80-acres	16,360,000	15,625,000	15,425,000	15,210,000	14,995,000	2035
2021B MPC Refunding Taxable Bonds TPC	2,654,300	2,525,200	2,484,900	2,441,500	2,394,100	2031
2021B MPC Refunding Taxable Bonds WW/TPC 52- and 17-acres	10,505,700	9,994,800	9,835,100	9,663,500	9,475,900	2031
Total Municipal Property Corp. Bonds	<u>195,390,000</u>	<u>180,705,000</u>	<u>167,450,000</u>	<u>153,515,000</u>	<u>139,070,000</u>	
Total Debt Service Funds	<u><u>644,965,000</u></u>	<u><u>651,090,000</u></u>	<u><u>606,360,000</u></u>	<u><u>561,915,000</u></u>	<u><u>509,550,000</u></u>	

BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/21	Balance at 6/30/22	Balance at 6/30/23	Balance at 6/30/24	Balance at 6/30/25	Final Payment Date
General Fund						
<u>Service Concession Arrangements</u>						
BOR Administration/Westworld	879,564	799,603	719,643	639,683	559,722	2032
BOR Administration/TPC	1,034,292	960,414	886,536	812,658	738,780	2035
Total General Fund Contracts Payable	<u>1,913,856</u>	<u>1,760,017</u>	<u>1,606,179</u>	<u>1,452,341</u>	<u>1,298,502</u>	
Total General Fund	<u>1,913,856</u>	<u>1,760,017</u>	<u>1,606,179</u>	<u>1,452,341</u>	<u>1,298,502</u>	
Water and Sewer Funds						
<u>Water Sewer Revenue Bonds</u>						
2008 Water Sewer Revenue Refunding Bonds	8,520,000	4,375,000	-	-	-	2023
Total Water Sewer Revenue Bonds	<u>8,520,000</u>	<u>4,375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>Municipal Property Corp. (MPC) Bonds</u>						
2006 Refunding Water & Sewer MPC Bonds	62,150,000	52,850,000	43,135,000	32,995,000	28,080,000	2030
2015A Water & Sewer MPC Bonds	12,865,000	12,050,000	11,195,000	10,295,000	9,355,000	2034
2015 Refunding Water & Sewer MPC Bonds	23,635,000	19,355,000	14,865,000	10,140,000	5,200,000	2026
2017 Refunding Water & Sewer MPC Bonds	41,620,000	41,620,000	39,605,000	37,340,000	34,795,000	2034
2017A Water & Sewer MPC Bonds	33,890,000	32,390,000	30,810,000	29,155,000	27,415,000	2037
2021A MPC Refunding Bonds	7,920,000	7,920,000	7,920,000	7,920,000	7,920,000	2030
2021B MPC Refunding Taxable Bonds	63,055,000	61,740,000	60,420,000	59,095,000	57,765,000	2036
Total MPC Bonds - Water and Sewer Supported	<u>245,135,000</u>	<u>227,925,000</u>	<u>207,950,000</u>	<u>186,940,000</u>	<u>170,530,000</u>	
Total Water and Sewer Funds	<u>253,655,000</u>	<u>232,300,000</u>	<u>207,950,000</u>	<u>186,940,000</u>	<u>170,530,000</u>	
Aviation Fund						
<u>Municipal Property Corp. (MPC) Bonds</u>						
2017 MPC Bonds - Airport Supported	20,430,000	19,530,000	18,590,000	17,600,000	16,560,000	2037
Total Aviation Fund	<u>20,430,000</u>	<u>19,530,000</u>	<u>18,590,000</u>	<u>17,600,000</u>	<u>16,560,000</u>	
Total Debt Service Funds	<u>920,963,856</u>	<u>904,680,017</u>	<u>834,506,179</u>	<u>767,907,341</u>	<u>697,938,502</u>	

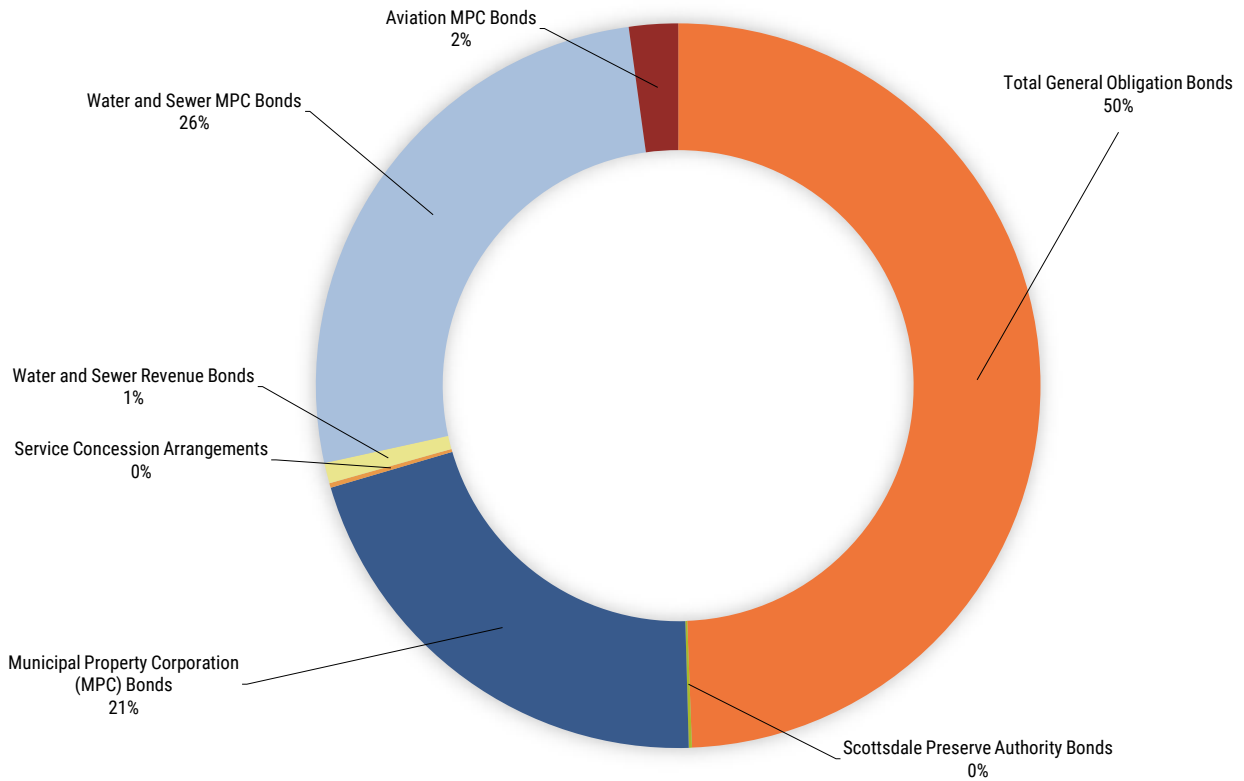
Long Term Debt Principal and Interest Through Maturity



Outstanding Bonds By Type
Forecast at June 30, 2021

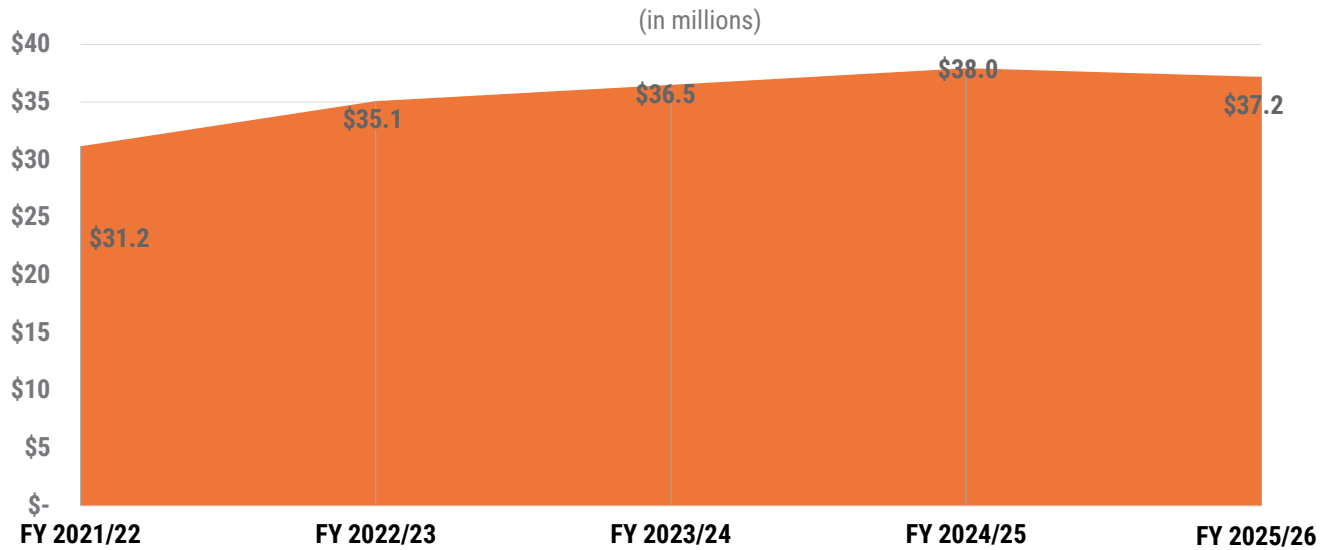
Type of Issuance	Principal Bond Amount	% Total
General Obligation Bonds (Combined)		
6% Capacity	4,284,170	1%
20% Capacity	457,079,430	99%
Total General Obligation Bonds	461,363,600 ^(a)	49%
Scottsdale Preserve Authority Bonds	1,350,000	0%
Municipal Property Corporation (MPC) Bonds	195,390,000	21%
Service Concession Arrangements	1,913,856	0%
Water and Sewer Revenue Bonds	8,520,000	1%
Water and Sewer MPC Bonds	245,135,000	26%
Aviation MPC Bonds	20,430,000	2%
Total	934,102,456	100%

(a) Amount includes \$12,713,000 of excess premium which counts against the 20 percent threshold but is not considered GO Bond Debt and \$425,600 of excess premium which counts against the 6 percent threshold but is not considered GO Bond Debt



General Obligation Bonds Property Tax (Secondary) Supported

FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
\$31,173,110	\$35,078,990	\$36,494,698	\$37,952,130	\$37,191,630



COMPUTATION OF LEGAL DEBT MARGINS Forecast June 30, 2021

Net Assessed Valuation Forecasted as of June 30, 2021	\$ 8,154,701,272
Debt Limit Equal to 20% of Assessed Valuation	1,630,940,254
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds forecasted for payment on July 1, 2021):	
2012 G.O. Preserve / Non-Preserve Refunding Bonds	11,835,000
2013 G.O. Preserve Bonds	7,000,000
2014 G.O. Preserve Bonds	3,390,000
2014 G.O. Preserve / Non-Preserve Refunding Bonds	23,805,000
2015 G.O. Preserve / Non-Preserve Refunding Bonds	102,975,000
2017A G.O. Preserve Bonds	17,410,000
2017B G.O. Preserve Refinancing Bonds	14,985,000
2017 G.O. Preserve / Non-Preserve Refunding Bonds	39,985,000
2017C G.O. Various Purpose Bonds	13,360,000
2020 G.O. Taxable Preserve / Non-Preserve Refunding Bonds	164,045,000
2021 G.O. Various Purpose Bonds	26,131,430
2021 G.O. Taxable Various Purpose Bonds	19,445,000
Net Outstanding Forecasted Bonded Debt Subject to 20% Limit	444,366,430
Net Outstanding Forecasted Excess Premium Subject to 20% Limit	12,713,000
	457,079,430 (A)
Forecasted Legal 20% Debt Margin (Available Borrowing Capacity)	1,173,860,824 (C)
Debt Limit Equal to 6% of Assessed Valuation	489,282,076
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds forecasted for payment on July 1, 2021):	
2021 G.O. Various Purpose Bonds	3,858,570
Net Outstanding Forecasted Bonded Debt Subject to 6% Limit	3,858,570
Net Outstanding Forecasted Excess Premium Subject to 6% Limit	425,600
	4,284,170 (B)
Forecasted Legal 6% Debt Margin (Available Borrowing Capacity)	484,997,906 (D)

State Regulation

The Arizona Constitution (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the assessed valuation of the taxable property in that city. In addition to the 6% limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20% of the assessed valuation for supplying such city with water, artificial light, or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

CITY OF SCOTTSDALE COMPLIANCE WITH STATE REGULATION

This schedule indicates the assessed valuation of property tax within the City of Scottsdale allows a maximum legal bonding capacity of \$1,630,940,254 for projects subject to the 20% limitation and \$489,282,076 for projects subject to the 6% limitation.

Legal Debt Capacity Used

Based on the City's current outstanding general obligation debt, it is forecasted as of June 30, 2021, the City has used (borrowed) the following legal debt capacity, including excess premium, by percentage limitation:

20% limitation (A) \$457,079,430 or 28%
6% limitation (B) \$4,284,170 or 1%

Legal Capacity Available

Based on the City's current outstanding general obligation debt, it is forecasted as of June 30, 2021, the City has available (for borrowing) the following legal debt capacity by percentage limitation:

20% limitation (C) \$1,173,860,824 or 72%
6% limitation (D) \$484,997,906 or 99%

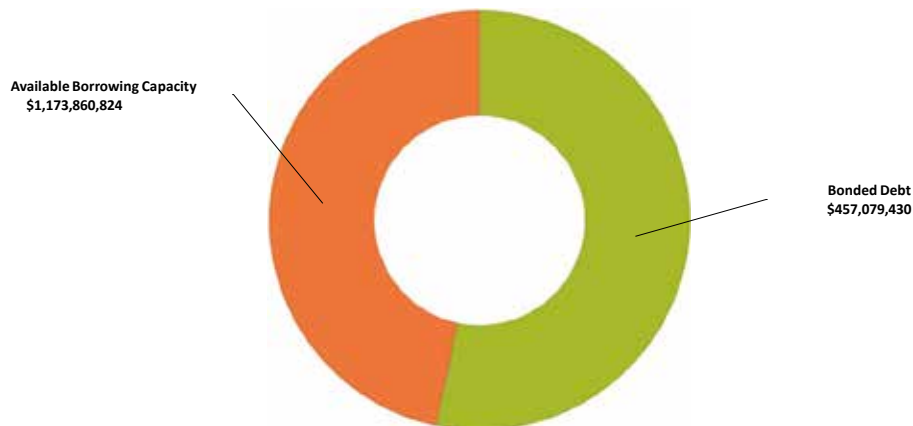
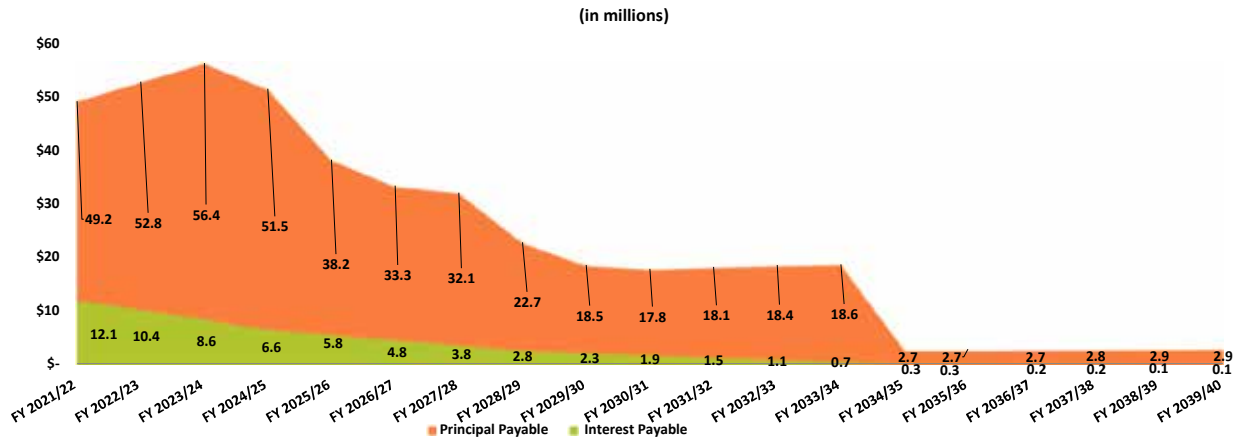
General Obligation Bond Capacity Available as of June 30, 2021

Under Arizona Constitution Article IX, section 8 (amended by Proposition 104 in 2006), cities may issue General Obligation Bonds for streets and transportation facilities, public safety, law enforcement, fire and emergency services facilities, water, water reclamation, artificial light, acquisition and development of land for open space preserves, parks, playgrounds and recreation facilities up to an amount not exceeding 20 percent of secondary assessed value. Cities may also issue General Obligation Bonds for all other general purposes not included in the 20 percent debt margin category up to an amount not exceeding six percent of the secondary assessed value.

Outstanding General Obligation Bonds Subject to 20 Percent Limit as of June 30, 2021

Maturity Date	Principal Payable	Interest Payable	Fiscal Total
FY 2021/22	49,193,970	12,146,626	61,340,596
FY 2022/23	52,823,180	10,387,834	63,211,014
FY 2023/24	56,352,390	8,599,551	64,951,941
FY 2024/25	51,505,960	6,618,040	58,124,000
FY 2025/26	38,229,520	5,758,950	43,988,470
FY 2026/27	33,332,450	4,796,210	38,128,660
FY 2027/28	32,055,370	3,774,841	35,830,211
FY 2028/29	22,748,290	2,847,784	25,596,074
FY 2029/30	18,500,570	2,294,223	20,794,793
FY 2030/31	17,781,570	1,887,832	19,669,402
FY 2031/32	18,128,850	1,482,802	19,611,652
FY 2032/33	18,449,990	1,090,461	19,540,451
FY 2033/34	18,605,480	714,724	19,320,204
FY 2034/35	2,650,980	319,966	2,970,946
FY 2035/36	2,700,840	271,676	2,972,516
FY 2036/37	2,746,330	221,339	2,967,669
FY 2037/38	2,796,830	169,011	2,965,841
FY 2038/39	2,856,680	114,455	2,971,135
FY 2039/40	2,907,180	58,144	2,965,324
Total	444,366,430 ^(a)	63,554,468	507,920,898

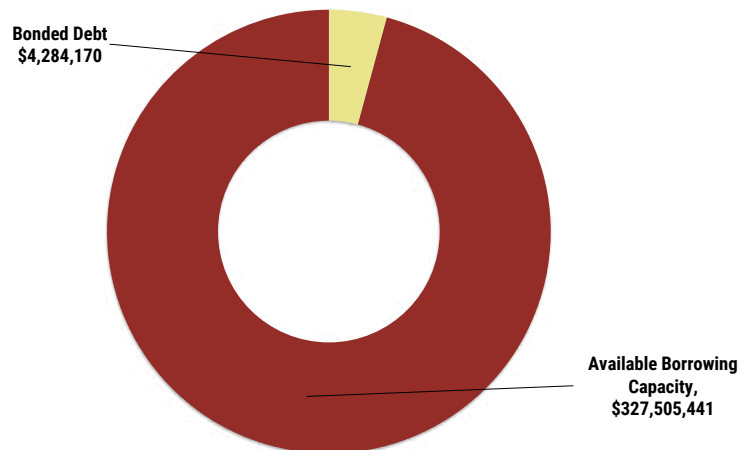
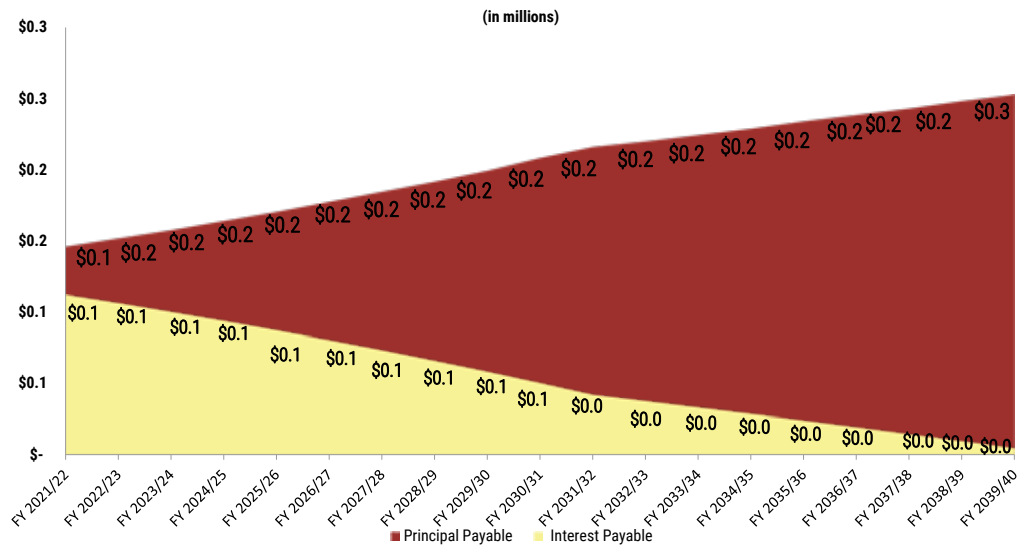
^(a) Amount does not include \$12,713,000 of excess premium which counts against the 20 percent threshold but is not considered GO Bond Debt.



Outstanding General Obligation Bonds Subject to 6 Percent Limit as of June 30, 2021

Maturity Date	Principal Payable	Interest Payable	Fiscal Total
FY 2021/22	146,030	112,206	258,236
FY 2022/23	151,820	106,365	258,185
FY 2023/24	157,610	100,292	257,902
FY 2024/25	164,040	93,988	258,028
FY 2025/26	170,480	87,426	257,906
FY 2026/27	177,550	80,607	258,157
FY 2027/28	184,630	73,505	258,135
FY 2028/29	191,710	66,120	257,830
FY 2029/30	199,430	58,451	257,881
FY 2030/31	208,430	50,474	258,904
FY 2031/32	216,150	42,137	258,287
FY 2032/33	220,010	37,814	257,824
FY 2033/34	224,520	33,414	257,934
FY 2034/35	229,020	28,923	257,943
FY 2035/36	234,160	24,343	258,503
FY 2036/37	238,670	19,660	258,330
FY 2037/38	243,170	14,886	258,056
FY 2038/39	248,320	10,023	258,343
FY 2039/40	252,820	5,056	257,876
Total	3,858,570	1,045,688	4,904,258

(a) Amount does not include \$425,600 of excess premium which counts against the 6 percent threshold but is not considered GO Bond Debt.



Scottsdale's Bond Ratings

Scottsdale General Obligation bonds continue to maintain the highest possible rating from the three major national bond rating agencies, Standard & Poor's, Fitch Ratings and Moody's Investors Services, reaffirming their confidence in the city's financial management and its economic outlook. Scottsdale is one of a select number of municipalities achieving top ratings from all three.

High bond ratings mean the city is able to sell General Obligation bonds to finance voter-approved capital projects, including new parks, libraries, pools and roads, at lower interest rates. The ratings also increase the value of existing General Obligation bonds for investors.

Summary of Current Ratings:	Moody's Investors Service	Standard & Poor's Ratings Services	Fitch Ratings
General Obligation (GO)	Aaa	AAA	AAA
Municipal Property Corporation (MPC)	Aa1	AAA	AA+
Scottsdale Preserve Authority (SPA)	Aa2	AA+	AA+
Water & Sewer Revenue (W&S)	Aaa	AAA	AAA

MOODY'S INVESTORS SERVICE	FitchRatings	S&P Global Ratings	Rating Grade Description
Aaa	AAA	AAA	Highest credit quality, lowest level of credit risk
Aa1	AA+	AA+	Very high credit quality with very low credit risk
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	High credit quality with low credit risk
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Good credit quality with moderate credit risk
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1 - C	BB+ - D	BB+ - D	Anything in this range is considered "Speculative Grade," which carry a substantial to high risk of default



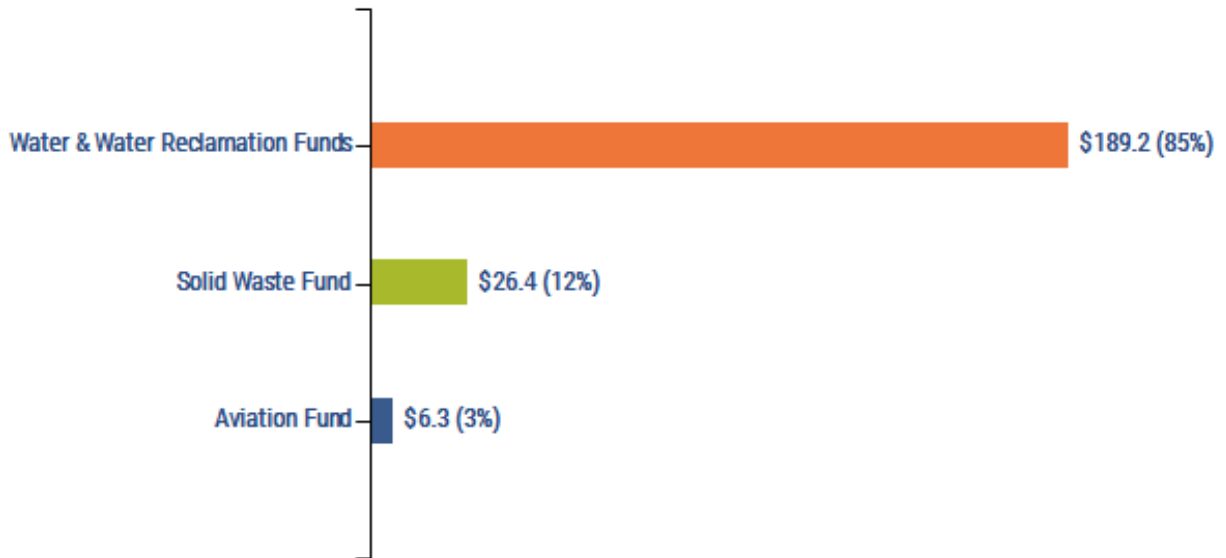


Scottsdale Airpark
Courtesy of Scottsdale Public Library

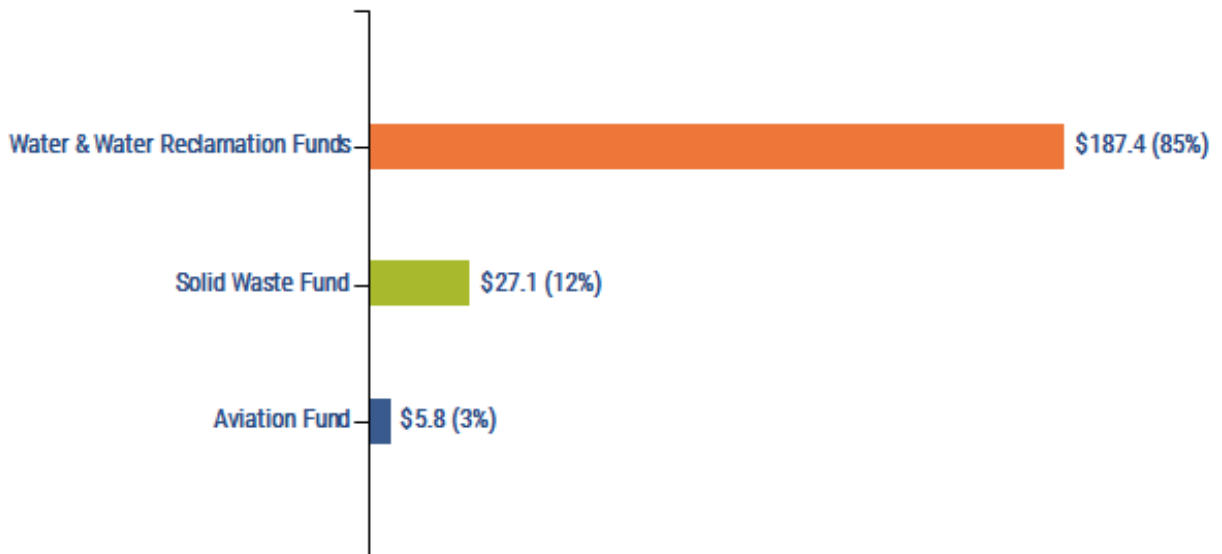
Enterprise Funds Description

Scottsdale uses separate Enterprise Funds to account for the activity of the proprietary funds. The individual funds are Water and Water Reclamation, Solid Waste, and Aviation. In aggregate, the Enterprise Funds are the city's second largest source of revenues, which are derived from user fees and charges. User fees and charges are established to promote efficiency by shifting costs to specific users of services and avoiding general taxation. The applicable revenues of the individual funds, along with each fund's purpose, are described in the sections that follow.

Enterprise Funds Sources (% to Total)
\$222.0 Million



Enterprise Funds Uses (% to Total)
\$220.3 Million



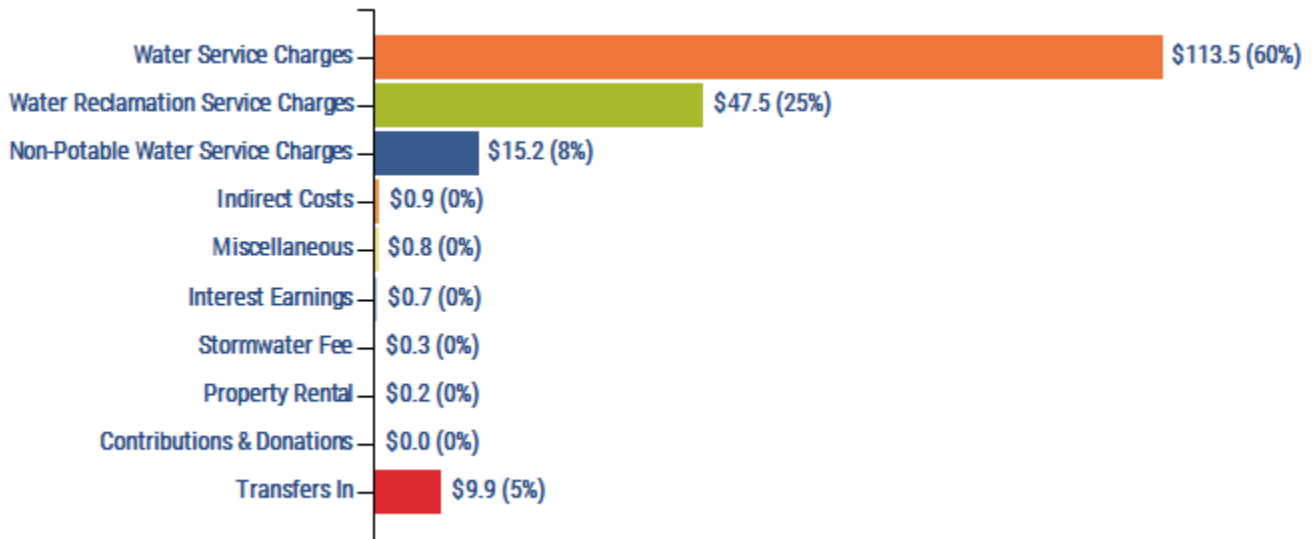
Rounding differences may occur.



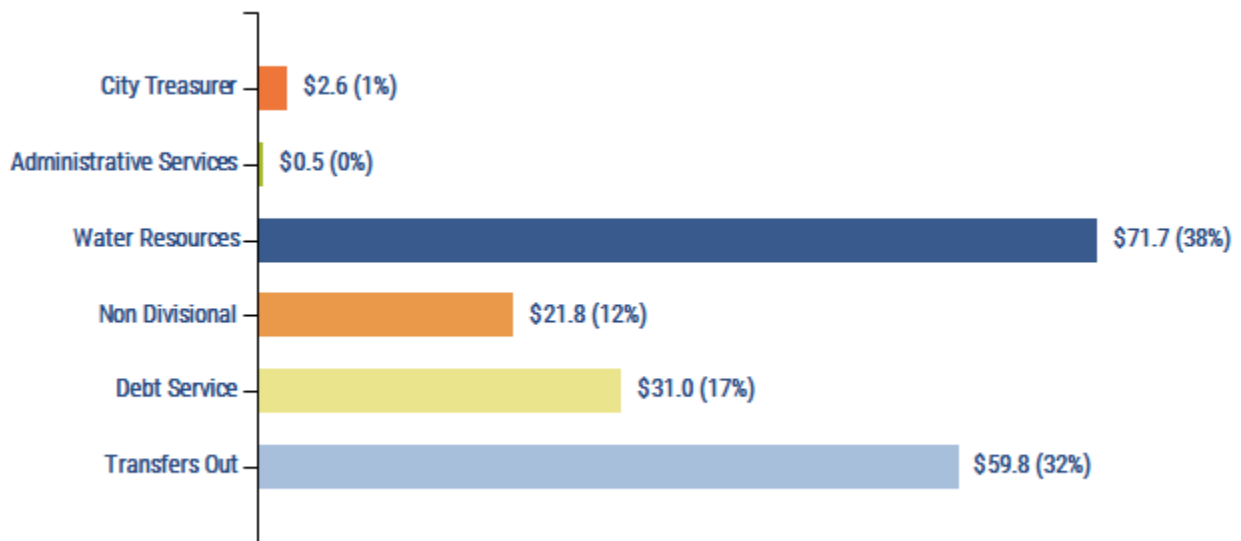
Fund Purpose

These funds account for the transactions related to the city’s water and water reclamation business activities, including operating sources, uses and debt service payments. Capital uses are accounted for in various Capital Improvement Plan funds.

Water & Water Reclamation Funds Sources (% to Total)
\$189.2 Million



Water & Water Reclamation Funds Uses (% to Total)
\$187.4 Million



Rounding differences may occur.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Reserve	17,602,285	16,287,724	14,887,724	18,717,979
Repair/Replacement Reserve	41,302,123	42,644,246	42,644,246	44,429,555
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	845,335	845,335	845,335	845,335
Water Drought Reserve	1,500,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	-	100,000	2,664,392	799,392
Total Beginning Fund Balance	65,854,431	67,481,993	68,646,385	72,396,949
Revenues				
Water Service Charges	105,647,247	106,066,120	106,066,120	113,533,563
Water Reclamation Service Charges	41,350,423	42,529,800	42,529,800	47,523,116
Non-Potable Water Service Charges	14,918,504	17,113,400	17,113,400	15,241,405
Indirect Costs	833,883	850,500	850,500	876,665
Miscellaneous	3,966,639	787,700	787,700	834,657
Interest Earnings	1,647,061	926,153	926,153	737,069
Stormwater Fee	328,518	336,000	336,000	337,600
Property Rental	269,472	283,900	283,900	196,800
Contributions & Donations	5,500	5,500	5,500	5,500
Subtotal	168,967,247	168,899,073	168,899,073	179,286,375
Transfers In				
AWT	2,883,481	2,863,545	2,863,545	3,231,417
Debt Service	4,283,290	6,356,385	6,356,385	5,806,922
RWDS	900,000	900,000	900,000	900,000
Subtotal	8,066,771	10,119,930	10,119,930	9,938,339
Total Sources	177,034,019	179,019,003	179,019,003	189,224,714
Expenditures				
City Treasurer	2,108,317	2,557,210	2,549,161	2,562,368
Administrative Services	-	375,398	411,611	461,336
Water Resources	70,537,485	69,337,805	68,758,077	71,691,018
Citywide Indirect Cost Allocation	5,384,333	5,108,148	5,108,148	5,393,197
Department Indirect Cost	833,883	850,500	850,500	876,665
Fuel and Maint and Repair ^(a)	-	-	382,615	-
Leave Accrual Payments	-	466,001	413,699	489,202
Savings from Vacant Positions	-	(1,099,426)	(488,821)	(1,177,100)
Utilities	13,692,323	16,604,946	16,604,946	16,191,921
Subtotal	92,556,341	94,200,582	94,589,936	96,488,607
Debt Service				
CIP Sewer Revenue Bonds	4,574,588	4,584,025	4,584,025	4,592,700
MPC Bonds Debt Service-Sewer	7,919,948	8,024,922	8,024,922	6,208,406
MPC Bonds Debt Service-Water	20,660,772	20,588,390	20,588,390	20,230,664
Subtotal	33,155,308	33,197,337	33,197,337	31,031,770
TOTAL OPERATING BUDGET	125,711,649	127,397,919	127,787,273	127,520,377
Transfers Out				
AWT	2,883,481	2,863,545	2,863,545	3,231,417
CIP	33,261,110	35,993,625	35,993,625	47,243,247
CIP Technology	151,904	147,825	147,825	700,809
Debt Service Fund ^(b)	3,801,358	-	-	-
Franchise Fees	8,432,562	8,111,171	8,476,171	8,668,113
Subtotal	48,530,415	47,116,166	47,481,166	59,843,586
Total Uses	174,242,065	174,514,085	175,268,439	187,363,963
Sources Over/(Under) Uses	2,791,954	4,504,918	3,750,564	1,860,751
Ending Fund Balance				
Operating Reserve	14,887,724	19,107,333	18,717,979	19,567,970
Repair/Replacement Reserve	42,644,246	44,429,555	44,429,555	46,239,707
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	845,335	845,335	845,335	845,335
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	2,664,392	-	799,392	-
Total Ending Fund Balance	68,646,385	71,986,911	72,396,949	74,257,700

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

^(b) Beginning in FY 2020/21, a procedural change was implemented in the recording of debt service for water and sewer bonds. The procedural change was done for efficiency and has no impact on the cost of debt service or fund balance.

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Reserve	18,717,979	19,567,970	23,517,910	26,037,284	30,000,304
Repair/Replacement Reserve	44,429,555	46,239,707	47,348,167	48,458,593	49,577,761
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688	-
Special Contractual Fund Balance	845,335	845,335	845,335	845,335	845,335
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	799,392	-	-	-	-
Total Beginning Fund Balance	72,396,949	74,257,700	79,316,100	82,945,900	83,423,400
Revenues					
Water Service Charges	113,533,563	116,898,200	120,362,800	123,931,700	127,606,800
Water Reclamation Service Charges	47,523,116	45,497,700	46,817,100	48,175,300	49,574,200
Non-Potable Water Service Charges	15,241,405	15,599,000	15,966,000	16,340,900	15,457,000
Indirect Costs	876,665	894,200	912,100	930,300	949,000
Miscellaneous	834,657	869,000	893,400	915,500	942,000
Interest Earnings	737,069	443,200	518,600	669,300	961,100
Stormwater Fee	337,600	341,000	344,400	347,800	351,300
Property Rental	196,800	204,600	212,800	221,400	230,300
Contributions & Donations	5,500	5,600	5,600	5,700	5,700
Subtotal	179,286,375	180,752,500	186,032,800	191,537,900	196,077,400
Transfers In					
AWT	3,231,417	3,333,600	3,439,100	3,549,300	3,680,700
Debt Service	5,806,922	5,271,700	4,715,000	4,336,300	3,946,300
RWDS	900,000	900,000	900,000	900,000	900,000
Subtotal	9,938,339	9,505,300	9,054,100	8,785,600	8,527,000
Total Sources	189,224,714	190,257,800	195,086,900	200,323,500	204,604,400
Expenditures					
City Treasurer	2,562,368	2,596,300	2,687,500	2,785,400	2,878,800
Administrative Services	461,336	481,700	503,800	523,400	543,000
Water Resources	71,691,018	74,796,300	78,482,200	81,456,500	83,737,900
Citywide Indirect Cost Allocation	5,393,197	5,662,900	5,946,000	6,243,300	6,555,500
Department Indirect Cost	876,665	894,200	912,200	930,200	948,900
Fuel and Maint and Repair ^(a)	-	-	-	-	-
Leave Accrual Payments	489,202	498,900	509,100	521,600	534,500
Savings from Vacant Positions	(1,177,100)	(1,200,600)	(1,224,700)	(1,255,200)	(1,286,700)
Utilities	16,191,921	16,683,000	17,180,000	17,693,300	18,569,100
Subtotal	96,488,607	100,412,700	104,996,100	108,898,500	112,481,000
Debt Service					
CIP Sewer Revenue Bonds	4,592,700	4,605,100	-	-	-
MPC Bonds Debt Service-Sewer	6,208,406	7,405,000	7,516,700	7,009,300	7,129,100
MPC Bonds Debt Service-Water	20,230,664	21,001,400	21,028,600	15,969,200	16,027,700
Subtotal	31,031,770	33,011,500	28,545,300	22,978,500	23,156,800
TOTAL OPERATING BUDGET	127,520,377	133,424,200	133,541,400	131,877,000	135,637,800
Transfers Out					
AWT	3,231,417	3,333,600	3,439,100	3,549,300	3,680,700
CIP	47,243,247	34,500,600	44,924,400	54,906,600	51,991,500
CIP Technology	700,809	5,188,200	542,400	239,100	131,200
Debt Service Fund ^(b)	-	-	-	-	-
Franchise Fees	8,668,113	8,752,800	9,009,800	9,274,000	9,482,700
Subtotal	59,843,586	51,775,200	57,915,700	67,969,000	65,286,100
Total Uses	187,363,963	185,199,400	191,457,100	199,846,000	200,923,900
Sources Over/(Under) Uses	1,860,751	5,058,400	3,629,800	477,500	3,680,500
Ending Fund Balance					
Operating Reserve	19,567,970	23,517,910	26,037,284	30,000,304	30,981,442
Repair/Replacement Reserve	46,239,707	47,348,167	48,458,593	49,577,761	52,277,123
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	-	-
Special Contractual Fund Balance	845,335	845,335	845,335	845,335	845,335
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Ending Fund Balance	74,257,700	79,316,100	82,945,900	83,423,400	87,103,900

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

^(b) Beginning in FY 2020/21, a procedural change was implemented in the recording of debt service for water and sewer bonds. The procedural change was done for efficiency and has no impact on the cost of debt service or fund balance.

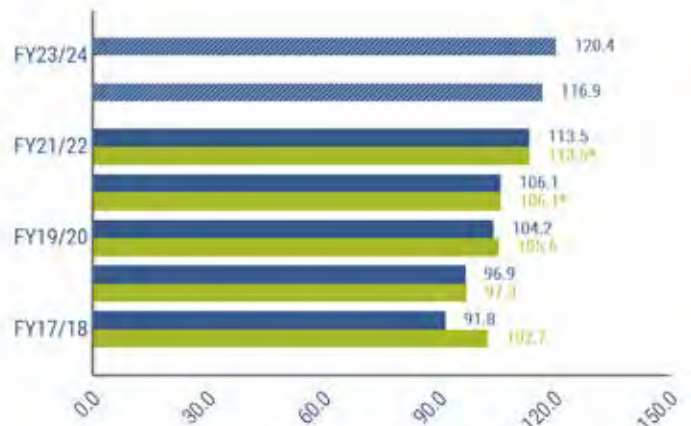
Water and Rater Reclamation Funds Sources

Water and Water Reclamation Funds Sources for FY 2021/22 equal \$189.2 million which is an increase of \$10.2 million from the FY 2020/21 adopted budget. The sources include Water Service Charges, Water Reclamation Service Charges, Non-Potable Water Service Charges, Indirect Costs, Miscellaneous, Interest Earnings, Stormwater Fee, Property Rental, Contributions and Donations and Transfers In.

Water Service Charges

Water Service Charges revenue for FY 2021/22 totals \$113.5 million, a \$7.5 million increase from the FY 2020/21 adopted budget mainly due to rate and fee increases that are effective November 1, 2021. Increases for FY 2021/22 are to the base fees and residential and commercial commodity rates in the higher tiers. Monthly water billings consist of a base charge according to meter size and a monthly quantity usage charge based on the amount of water consumed. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The increase is also due to an increase in Water Base Service and Water Usage Charges based on the three-year prior average and growth forecast.

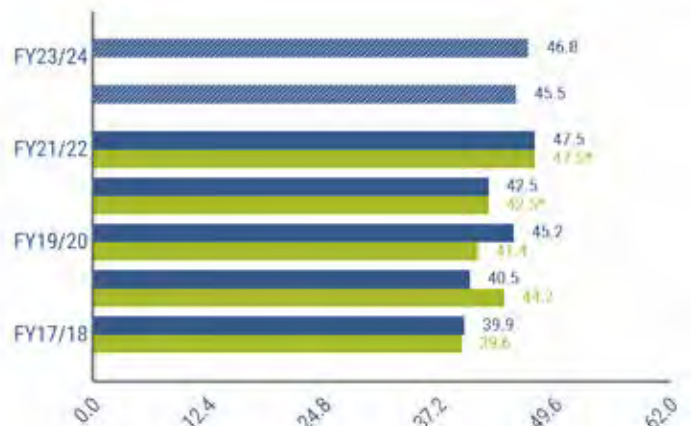
FY 2017/18 to FY 2023/24 (in millions)



Water Reclamation Service Charges

Water Reclamation Service Charges revenue adopted for FY 2021/22 totals \$47.5 million, a \$5.0 million increase compared to the FY 2020/21 adopted budget. The Water Reclamation Service Charges revenue is greater than last year primarily as a result of increases to sewer operations, maintenance and other charges based on an average of prior three year actuals and growth expectations. It is also due to rates and fees increases which are effective January 1, 2022. Monthly water reclamation billings consist of a base fee and a flow charge for capital costs and operation and maintenance expenses that vary by customer classification determined by relative wastewater loadings. Rates and fees are reviewed annually to determine if they cover the costs of the services provided.

FY 2017/18 to FY 2023/24 (in millions)

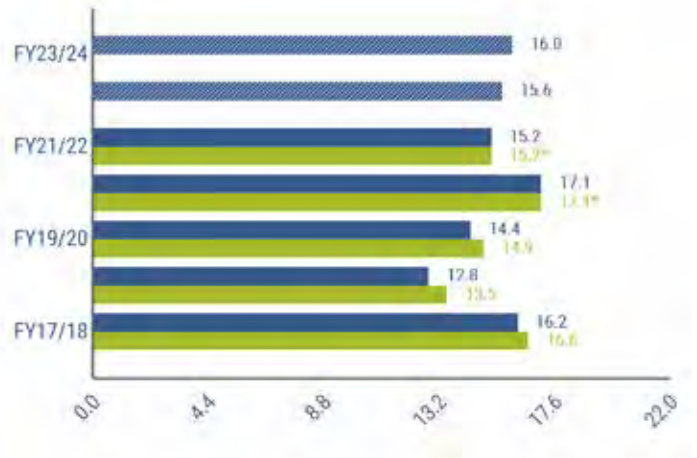


Forecast Budget Actual/Forecast*

Non-Potable Water Service Charges

Non-Potable Water Service Charges revenue includes advanced water treatment and effluent sales related to water treated to irrigation standards at the city’s Water Reclamation Plant for 23 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System (RWDS), and the city’s Gainey Water Reclamation Plant for irrigation use at the Gainey Ranch Golf Club. Other non-potable water sales include three golf courses in north Scottsdale that are part of the Irrigation Water Distribution System (IWDS), the McDowell Mountain golf course and three city recreation facilities. The costs related to contractual obligations to provide water for irrigation are recovered through rates charged for their use. Non-Potable Water Service Charges revenue adopted for FY 2021/22 totals \$15.2 million, reflecting a \$1.9 million decrease from the FY 2020/21 Adopted Budget. This is due mainly to lower RWDS and IWDS irrigation sales expectations and a right-sizing of effluent and Advanced Water Treatment Reverse Osmosis (AWT RO) sales assumptions based on historical trends.

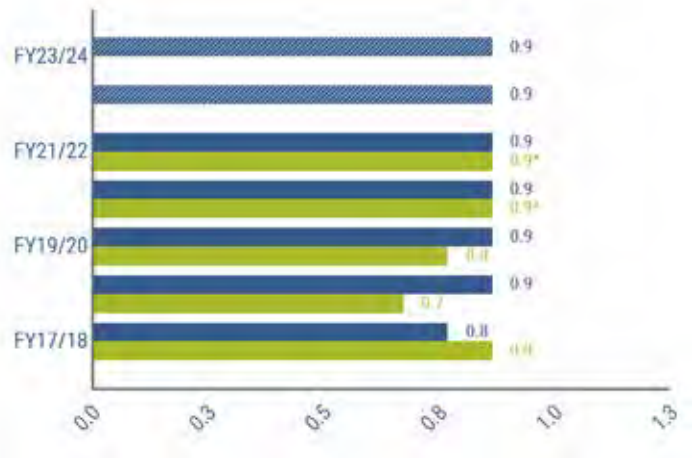
FY 2017/18 to FY 2023/24 (in millions)



Indirect Costs

The FY 2021/22 adopted budget for Indirect Costs is \$0.9 million, which is slightly more than the FY 2020/21 adopted budget. The Indirect Costs represent internal charges to the RWDS Fund, Inlet Silverado Golf Course Fund, Irrigation Water Distribution System (IWDS) Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and Well PCX-1/North Indian Bend Wash (NIBW) Granular Activated Carbon (GAC) Treatment Facility (PCX/NGTF) Fund for central operations under the Water and Water Reclamation Funds.

FY 2017/18 to FY 2023/24 (in millions)

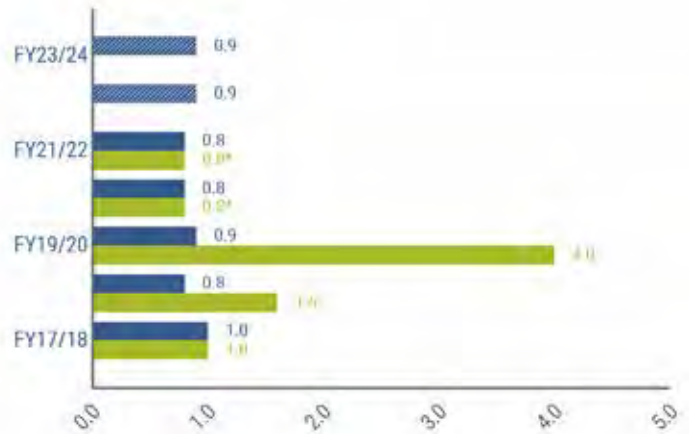


Forecast Budget Actual/Forecast*

Miscellaneous

Miscellaneous revenue adopted for FY 2021/22 totals \$0.8 million, reflecting a small increase from the FY 2020/21 adopted budget. Miscellaneous revenue includes the sale of excess property no longer in use, recovery of various line extension agreements and recovery of expenses from outside parties. Miscellaneous revenues were abnormally high in FY 2018/19 primarily due to the unbudgeted sale of Booster Site 36 and in FY 2019/20 primarily due to the receipt of a reimbursement of expenditures related to the rehabilitation of the Groundwater Treatment Facility.

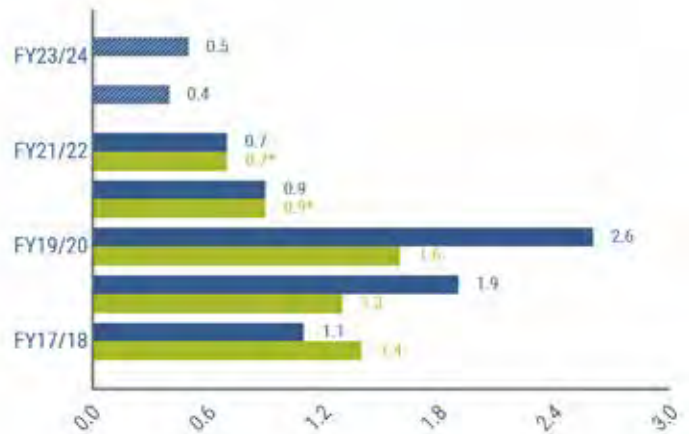
FY 2017/18 to FY 2023/24 (in millions)



Interest Earnings

Interest Earnings revenue adopted for FY 2021/22 totals \$0.7 million, a \$0.2 million decrease from the FY 2020/21 adopted budget. The decrease is due to the presumption of interest rates trending lower through FY 2022/23. Interest earnings are generated on Water and Water Reclamation Funds cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield, and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool.

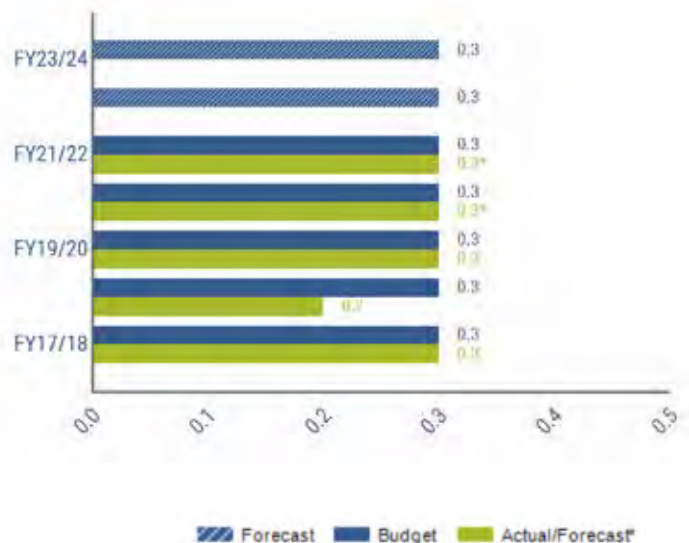
FY 2017/18 to FY 2023/24 (in millions)



Stormwater Fee

Stormwater Fee revenue for FY 2021/22 totals \$0.3 million. This is flat when compared to the FY 2020/21 adopted budget. This revenue is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs.

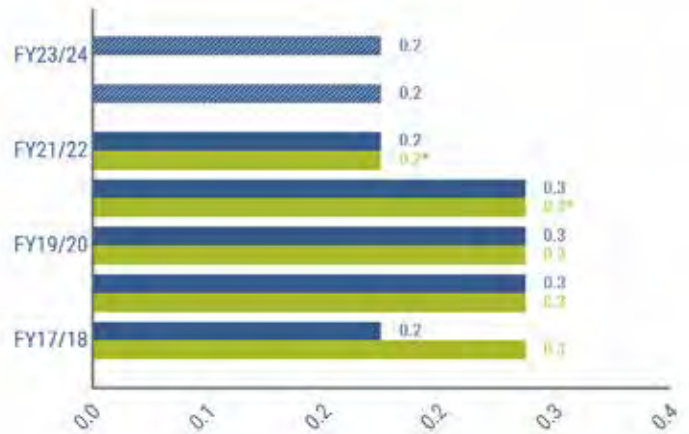
FY 2017/18 to FY 2023/24 (in millions)



Property Rental

Property Rental for FY 2021/22 totals \$0.2 million, down \$0.1 million from the FY 2020/21 adopted budget. This is due to the loss of two cell tower lease contracts on facilities that shut down. Property Rental includes land and building rent from cell towers on Water Resources' property.

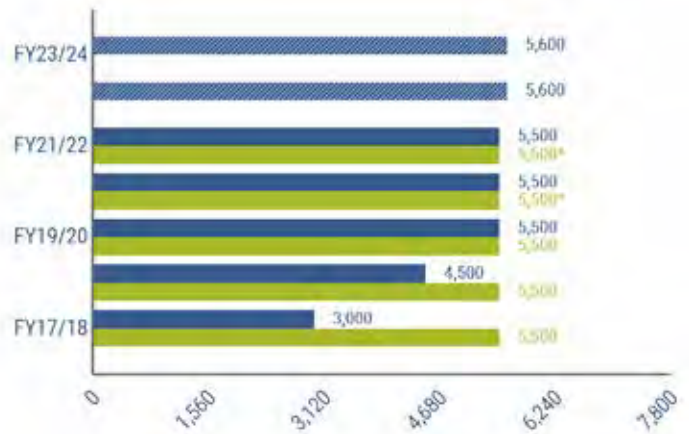
FY 2017/18 to FY 2023/24 (in millions)



Contributions & Donations

Contributions & Donations revenue for FY 2021/22 totals \$5,500. This is flat as compared to the amount adopted in FY 2020/21. Contributions & Donations includes money being given by citizens to help support the Water Academy.

FY 2017/18 to FY 2023/24



Transfers In

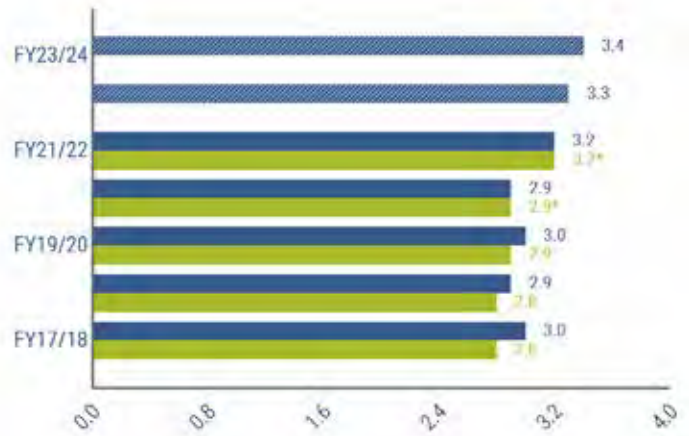
Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2021/22 is \$9.9 million across three separate transfers. More specific information is detailed in the following section.

Forecast Budget Actual/Forecast*

AWT

AWT, or Advanced Water Treatment, for FY 2021/22 is budgeted at \$3.2 million, an increase of \$0.4 million from the FY 2020/21 adopted budget. AWT is an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The increase is due to the higher operating and maintenance costs expected at the facility.

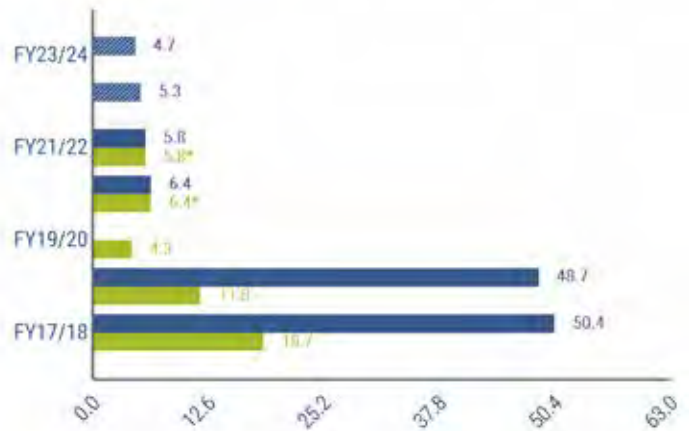
FY 2017/18 to FY 2023/24 (in millions)



Debt Service

Debt Service's adopted budget for FY 2021/22 is \$5.8 million. This line includes transfers between the Capital Improvement Plan (CIP) and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. It also includes Municipal Property Corporation (MPC) Bond Interest from the Water Development Fee fund transferred to the Water Debt Service Fund and a portion of the MPC Bond Interest transferred to the Sewer Debt Service Fund.

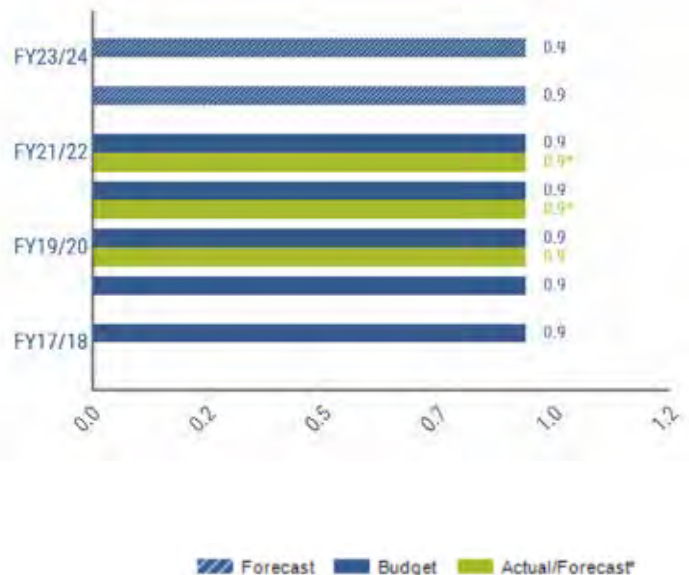
FY 2017/18 to FY 2023/24 (in millions)



RWDS

RWDS, or Reclaimed Water Distribution System, which is budgeted for \$0.9 million, is a transfer from the CIP to the Water and Water Reclamation Funds for debt service payments related to the RWDS system.

FY 2017/18 to FY 2023/24 (in millions)



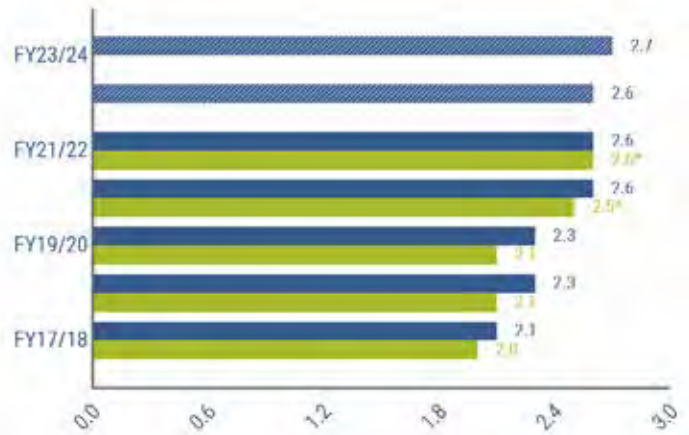
Water and Water Reclamation Funds Uses

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

City Treasurer

The adopted FY 2021/22 budget of \$2.6 million is flat when compared to the FY 2020/21 adopted budget. City Treasurer uses are for utility billing services, remittance processing, revenue recovery and other water and water reclamation related payments that are handled by City Treasurer staff. The staff who perform these services have a set percentage of their salary paid out of the Water and Water Reclamation Funds based on the time they are expected to work on water and water reclamation related tasks. These percentages are as follows: those involved with Utility Billing: 69 percent, Remittance Processing: 38 percent, and Revenue Recovery: 42 percent. In addition, executive and management staff who oversee employees who perform water and water reclamation functions have a portion of their salaries charged to those funds as well. Finally, any non-personnel services related charges (including contractual services, commodities and capital outlay) incurred by these employees will be charged similarly to the Water and Water Reclamation Funds.

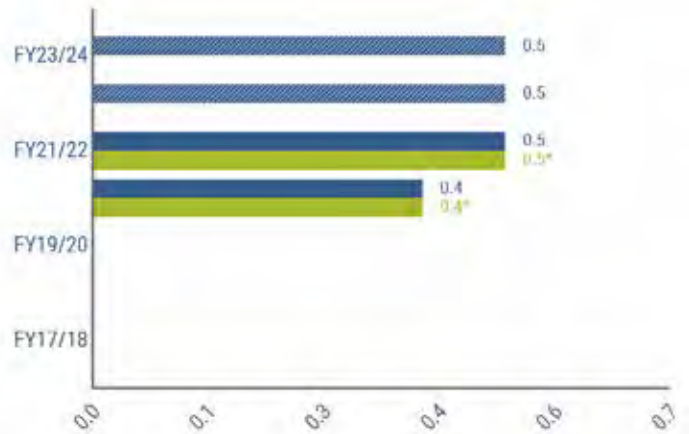
FY 2017/18 to FY 2023/24 (in millions)



Administrative Services

The budget for Administrative Services in FY 2021/22 is \$0.5 million, an increase of \$0.1 million over the FY 2020/21 adopted budget. Budget had been added to the Water and Water Reclamation Funds in FY 2020/21 to support one Software Engineer Sr., two Geographic Information Services (GIS) Technicians and associated software licensing costs which now reside in Administrative Services to allow for efficiencies and for the centralization of Information Technology (IT) staffing but which are still being supported out of the Water and Water Reclamation Funds. The increase is mainly due to cost increases for the indicated employees.

FY 2017/18 to FY 2023/24 (in millions)

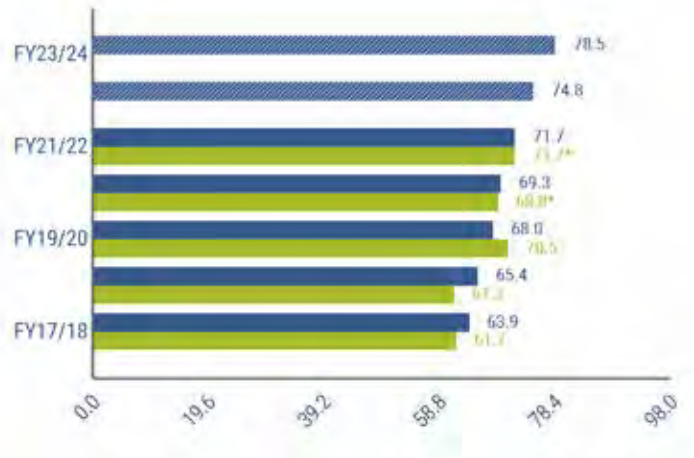


Forecast Budget Actual/Forecast*

Water Resources

The adopted FY 2021/22 Water Resources budget of \$71.7 million reflects an increase of \$2.3 million over the FY 2020/21 adopted budget. The increase is mainly due to new positions being added, vehicles and equipment for those position, the purchase of a forklift for the Thomas Groundwater Treatment Facility, a greater need for treatment chemicals (alum) and filter media due to a more frequent number of change outs and new facilities coming online, higher valve maintenance costs due to operational growth, increased anticipated costs related to the Multi-City Water Reclamation Plant (SROG) based on historical spending patterns, more water stored within city limits versus in regional recharge facilities and higher equipment, software maintenance and contract servicing costs. The Water Resources division is where water and water reclamation functions are performed. Water functions include the production and management of drinking water, the storing and upkeep of drinking water sources and the maintaining of drinking water quality for Scottsdale's customers. Water reclamation functions include the efficient processing and treatment of sewage, recharging of effluent, the upkeep and maintenance of sewage treatment facilities and the compliance with regulatory and environmental requirements.

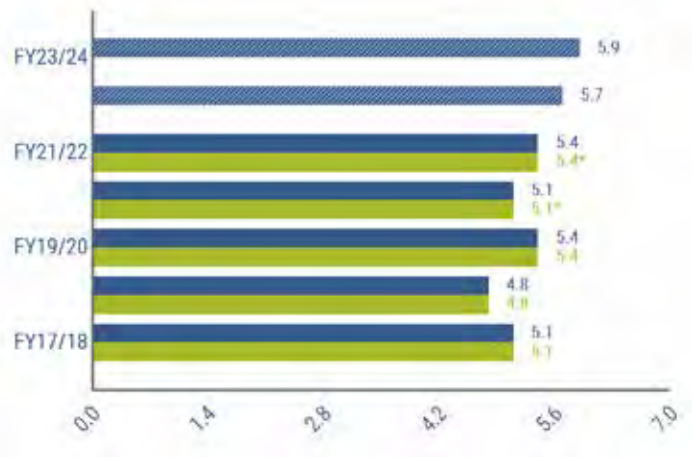
FY 2017/18 to FY 2023/24 (in millions)



Citywide Indirect Cost Allocation

In FY 2021/22, the Citywide Indirect Cost Allocation budget is \$5.4 million which reflects a \$0.3 million increase from the FY 2020/21 adopted budget. This is despite the Citywide Indirect Cost Allocation rate decreasing from 8.10 percent to 6.89 percent. The increase is due to the proportional increase of the direct versus the indirect classified costs. Citywide Indirect Cost Allocation represents Enterprise Funds charges for specific General Fund central administrative functions which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based upon a combination of relative benefits received and the proportion of the overall operating budgets for direct service providers.

FY 2017/18 to FY 2023/24 (in millions)

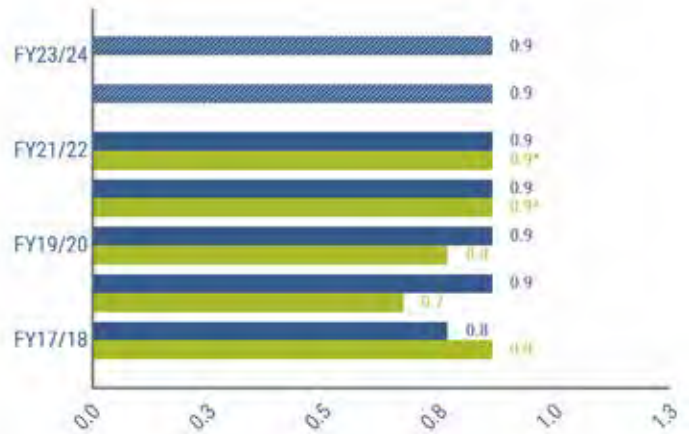


Forecast Budget Actual/Forecast*

Department Indirect Cost

The FY 2021/22 adopted budget for Department Indirect Cost is \$0.9 million, which is flat when compared to the FY 2020/21 adopted budget. This budget mirrors the budget and actuals from the Indirect Costs source detailed in the Sources section. The Department Indirect Cost represents internal charges from the Reclaimed Water Distribution System (RWDS) Fund, Inlet Silverado Golf Course Fund, IWDS Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds.

FY 2017/18 to FY 2023/24 (in millions)



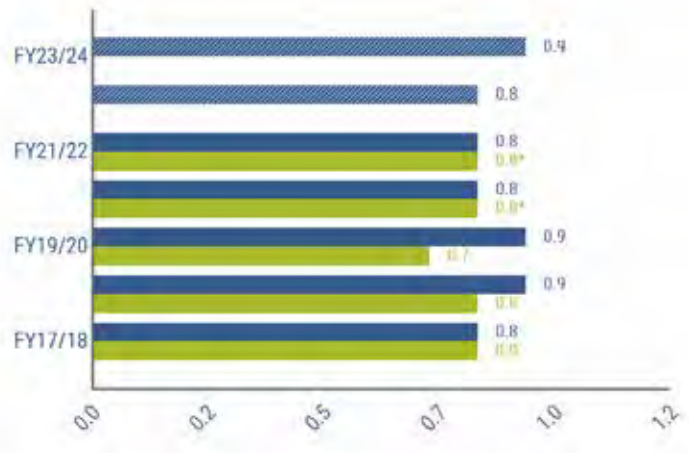
Non-Divisional Uses

Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2021/22 adopted budget and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are initially placed into the divisions instead of at a macro level. Then moving the budget to a macro level holding account at the beginning of the fiscal year and completing budget transfers to move the needed budget back to the applicable divisions as expenditures occur. The administrative change is in an effort to have more meaningful year-over-year comparisons.

Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maint and Repair started being budgeted at the division level and then at the beginning of the fiscal year, moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2021/22 Fuel and Maintenance and Repair is budgeted at \$0.8 million at the division level.

FY 2017/18 to FY 2023/24 (in millions)

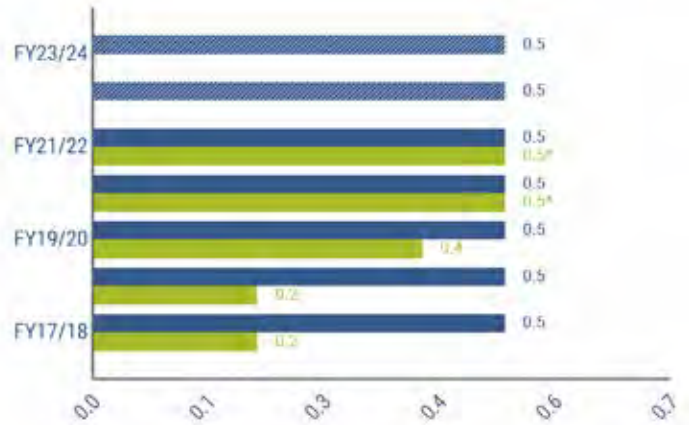


Forecast Budget Actual/Forecast*

Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2021/22 leave accrual payments of \$0.5 million include \$0.3 million budgeted for medical leave accrual payouts and \$0.2 million budgeted for vacation leave accrual payouts.

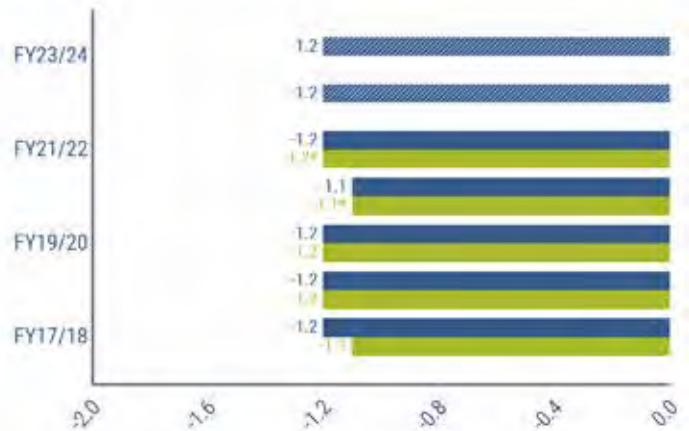
FY 2017/18 to FY 2023/24 (in millions)



Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings resulted from vacant positions. The FY 2021/22 Water and Water Reclamation Funds estimate for vacancy savings is (\$1.2) million.

FY 2017/18 to FY 2023/24 (in millions)



Utilities

The adopted FY 2021/22 Utilities budget of \$17.8 million which is \$0.4 million less than the FY 2020/21 adopted budget based on expected use. The Water and Water Reclamation Funds utilities budget (water, electric, sewer, gas, solid waste and recycling services) reports separately to allow for better transparency and accountability.

FY 2017/18 to FY 2023/24 (in millions)



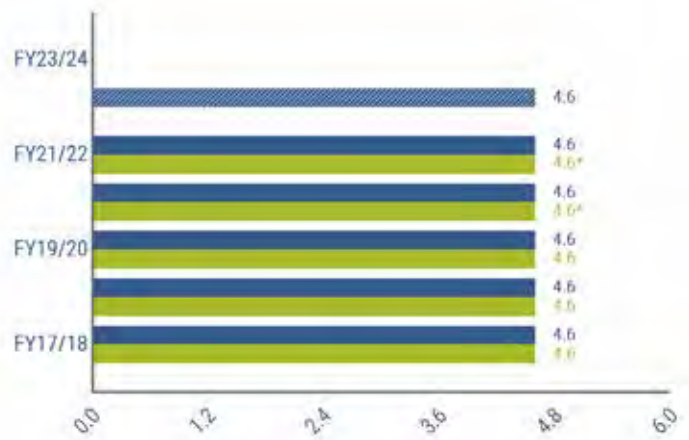
Debt Service

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

CIP Sewer Revenue Bonds

The adopted FY 2021/22 Sewer Revenue Bonds budget is \$4.6 million which is flat when compared to the FY 2020/21 adopted budget. Sewer Revenue Bonds represents the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects.

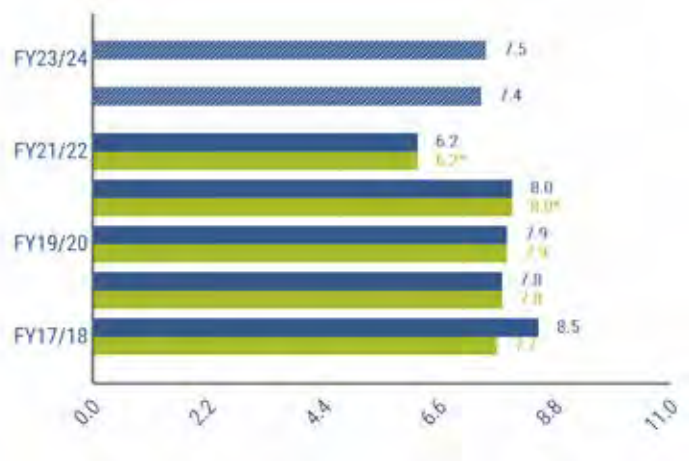
FY 2017/18 to FY 2023/24 (in millions)



MPC Bonds Debt Service-Sewer

MPC Bonds Debt Service-Sewer represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Sewer is budgeted at \$6.2 million in FY 2021/22, a \$1.8 million decrease from the FY 2020/21 adopted budget based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.

FY 2017/18 to FY 2023/24 (in millions)

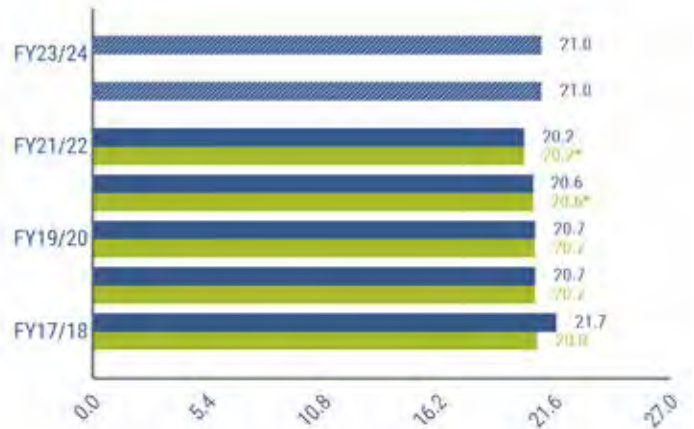


Forecast Budget Actual/Forecast*

MPC Bonds Debt Service-Water

MPC Bonds Debt Service-Water represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water capital projects. The funding is derived from revenue generated from water rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Water is budgeted at \$20.2 million in FY 2021/22 which is \$0.4 million lower than the FY 2020/21 adopted budget based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.

FY 2017/18 to FY 2023/24 (in millions)



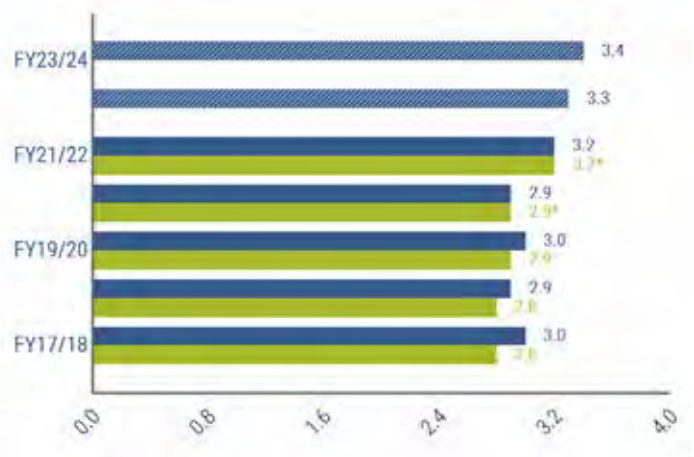
Transfers Out

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

AWT

AWT, or Advanced Water Treatment, for FY 2021/22 is budgeted at \$3.2 million, an increase of \$0.4 million over the FY 2020/21 adopted budget. AWT is an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The increase is due to the higher operating and maintenance costs expected at the facility.

FY 2017/18 to FY 2023/24 (in millions)

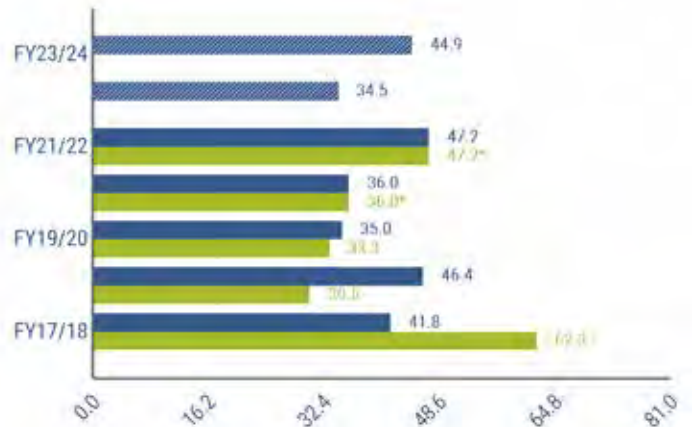


Forecast Budget Actual/Forecast*

CIP

CIP has an adopted budget of \$47.2 million in authorized transfers to the CIP Fund to pay for general water and water reclamation capital projects. Examples of projects include the modification and improvement of the Multi-City Sub-Regional Operating Group (SROG) facility enhancements, water distribution and treatment system improvements and the recharging of regional recharge basins. The CIP Transfers Out budget varies according to the CIP projects being built each year.

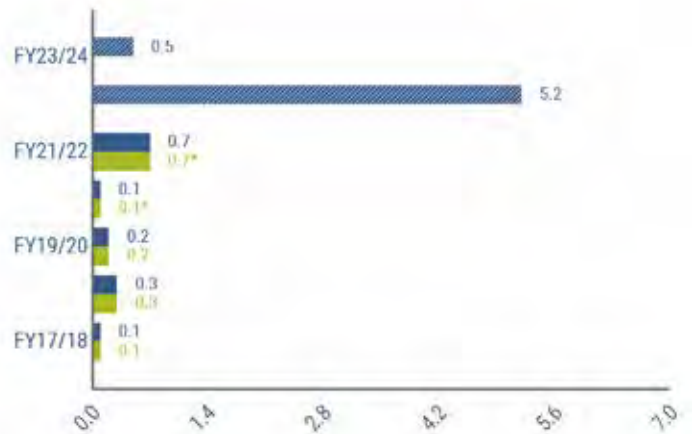
FY 2017/18 to FY 2023/24 (in millions)



CIP Technology

CIP Technology has an adopted budget of \$0.7 million in authorized transfers to the CIP Fund to pay for general water and water reclamation technology projects. The large transfer for FY 2022/23 represents the Water and Water Reclamation Funds' proportionate share of funding for the Utility Billing Management System implementation project.

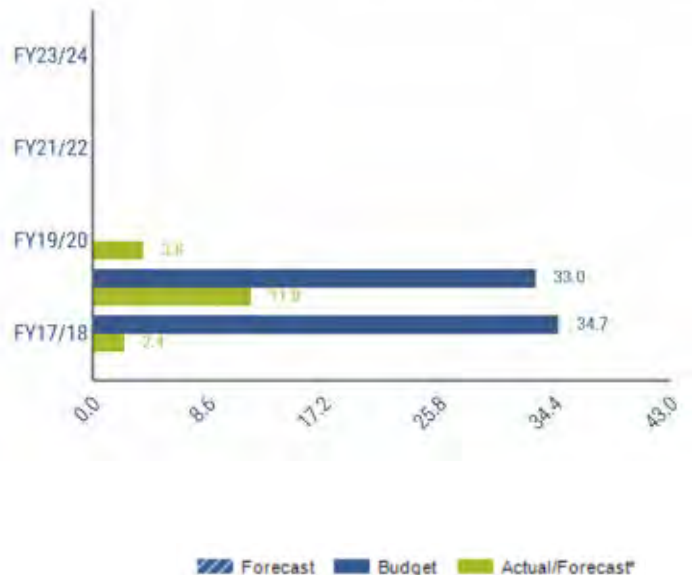
FY 2017/18 to FY 2023/24 (in millions)



Debt Service Fund

The Debt Service Fund within the Water and Water Reclamation Funds adopted budget for FY 2021/22 is \$0.0 million due to a procedural change implemented in the recording for water and sewer bonds in FY 2018/19. Historically Debt Service Fund was an internal transfer of MPC Bonds between water and water reclamation debt service funds to the Water and Water Reclamation Funds to better account for debt service payments related to water and water reclamation capital projects.

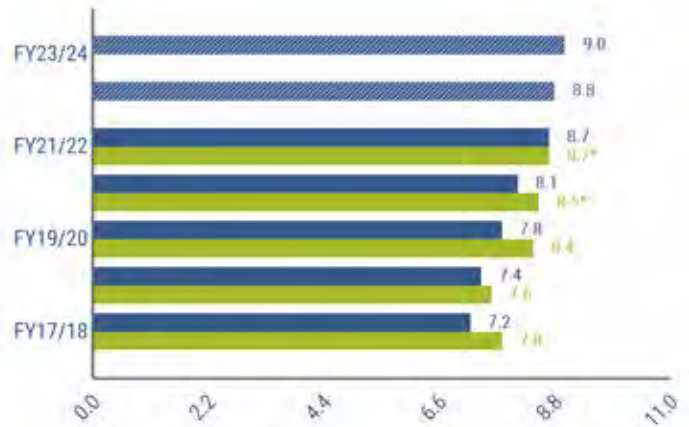
FY 2017/18 to FY 2023/24 (in millions)



Franchise Fees

Franchise Fees is a transfer of \$8.7 million from the Water and Water Reclamation Funds to the General Fund for use of the city's right-of-ways and medians. The Water Resources Division is treated as any other utility would be in this regard. The annual charge is five percent of Water Service and Water Reclamation Charges revenue.

FY 2017/18 to FY 2023/24 (in millions)



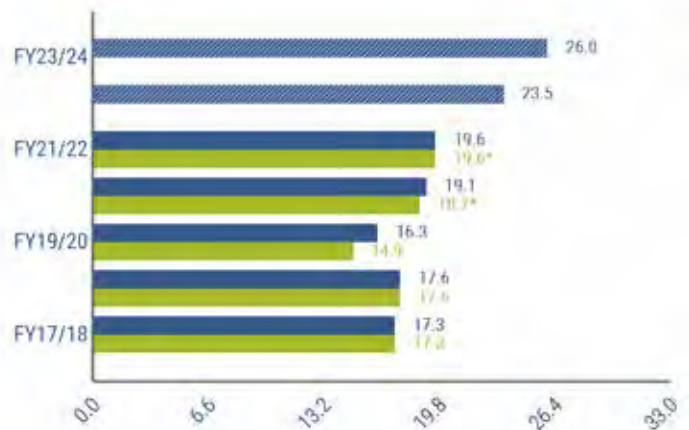
Water and Water Reclamation Funds Ending Balance

The Water and Water Reclamation Funds ending balance includes reserves, which protects the city's financial condition and provide for unexpected economic challenges; a Special Contractual Fund Balance designation; and an Unreserved, Undesignated Fund Balance. Growth of ending fund balance occurs when sources exceed uses. Ending fund balances are similar to a company's net equity (assets less liabilities). Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) uses. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city's budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted uses. The specific make-up of the city's Water and Water Reclamation Funds balance is as follows:

Operating Reserve

Operating Reserve of \$19.6 million is projected for the end of FY 2021/22. This reserve is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 120 days as detailed in Financial Policy No. 39. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.

FY 2017/18 to FY 2023/24 (in millions)

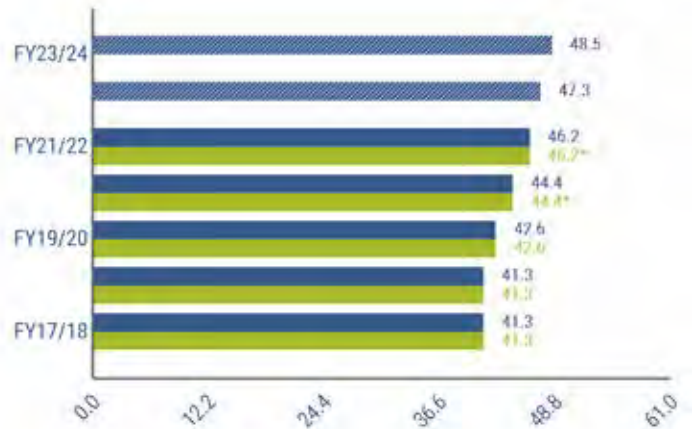


Forecast Budget Actual/Forecast*

Repair/Replacement Reserve

Repair/Replacement Reserve of \$46.2 million is projected for the end of FY 2021/22. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside to preserve the assets, which in turn, are the collateral for the Sewer Revenue Bonds. There shall be deposited an amount equal to at least two percent of the revenues received during the year into the reserve until such time as the reserve equals two percent of the value of total tangible assets. The reserve may be used in times of unusual circumstances for replacement or extension of the assets.

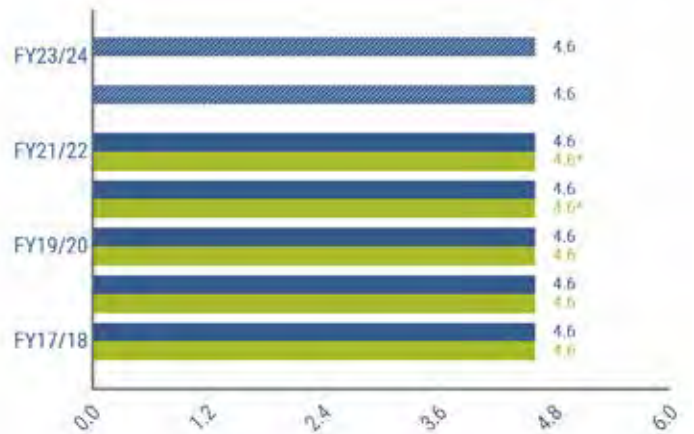
FY 2017/18 to FY 2023/24 (in millions)



Revenue Bond Debt Service Reserve

Revenue Bond Debt Service Reserve of \$4.6 million is projected for the end of FY 2021/22. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside as collateral for the Sewer Revenue Bonds debt service payments.

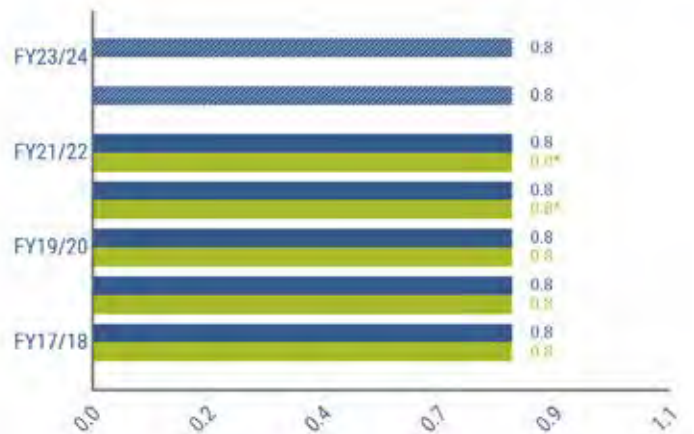
FY 2017/18 to FY 2023/24 (in millions)



Special Contractual Fund Balance

Special Contractual Fund Balance of \$0.8 million is projected for the end of FY 2021/22. This balance reflects reserves established in accordance with various contractual agreements for delivery of non-potable water by the Water Resources Division.

FY 2017/18 to FY 2023/24 (in millions)

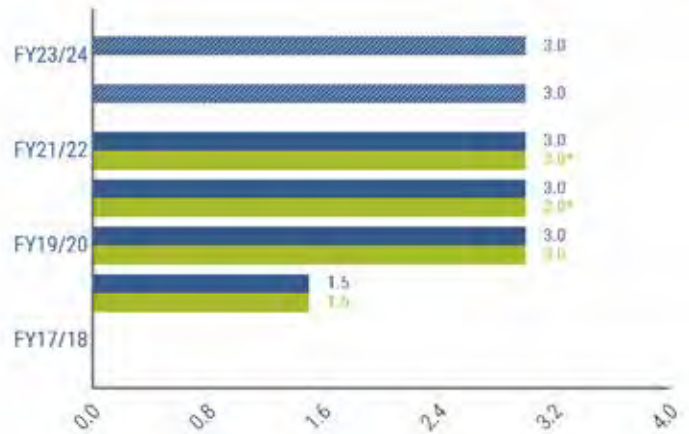


Forecast Budget Actual/Forecast*

Water Drought Reserve

The Water Drought Reserve ending fund balance is \$3.0 million for FY 2021/22. Due to below average rainfall and snowpack for the last 20 years in the Colorado River Watershed, the Bureau of Reclamation (BOR) has been considering declaring an official drought. If a drought is declared, the Central Arizona Water Conservation District, will enact drought plan rates that will significantly increase costs of water to the City of Scottsdale. Based on this information Scottsdale Water is proposing a Water Drought Reserve equal to 40 percent of an estimated funding shortfall, or \$3.0 million. These funds would be used to offset the initial rate increase if drought plan rates are enacted. The Water Drought Reserve will not offset the entire impact, and will only be available for the first year of drought plan rate impacts.

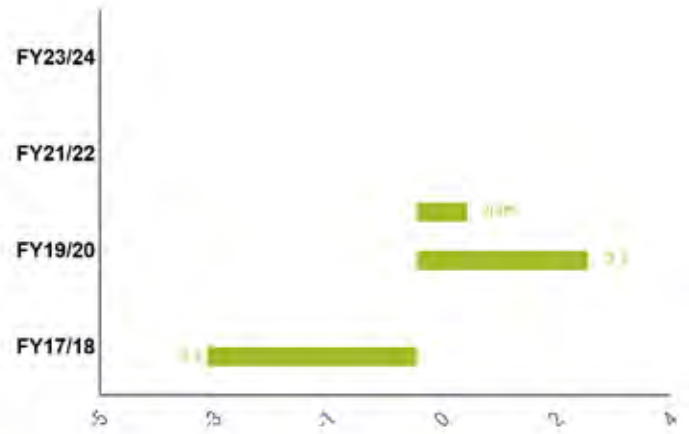
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

The Undesignated, Unreserved fund balance is \$0.0 million for FY 2021/22. While there is no balance in FY 2021/22, it historically represents the cumulative Water and Water Reclamation Funds sources not designated for a specific purpose. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating uses.

FY 2017/18 to FY 2023/24 (in millions)

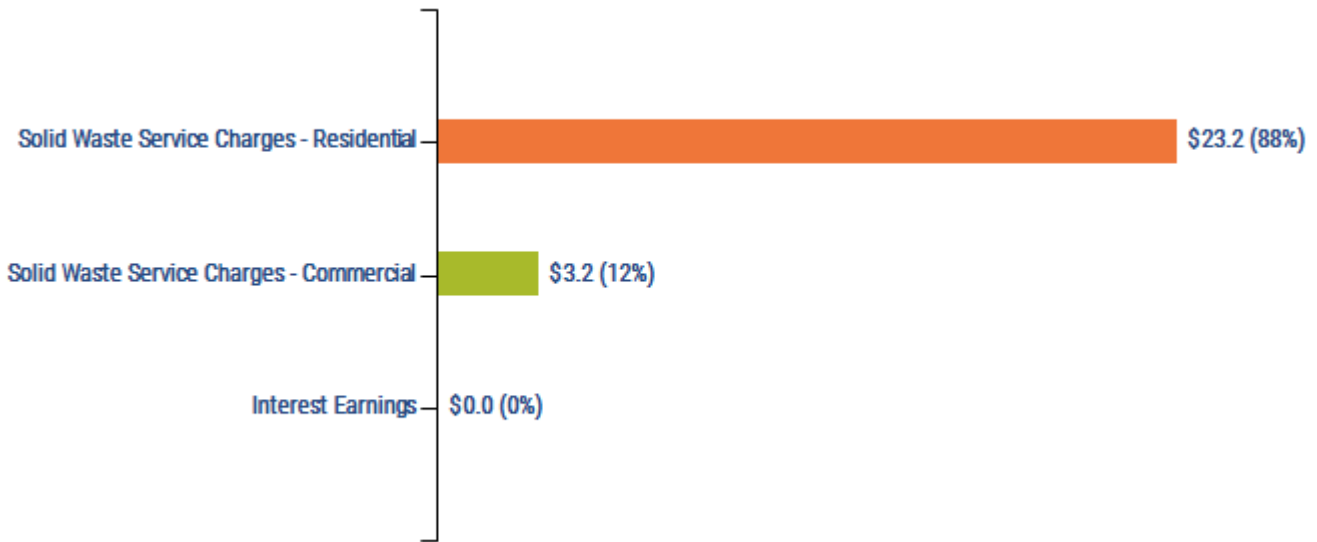


Forecast Budget Actual/Forecast*

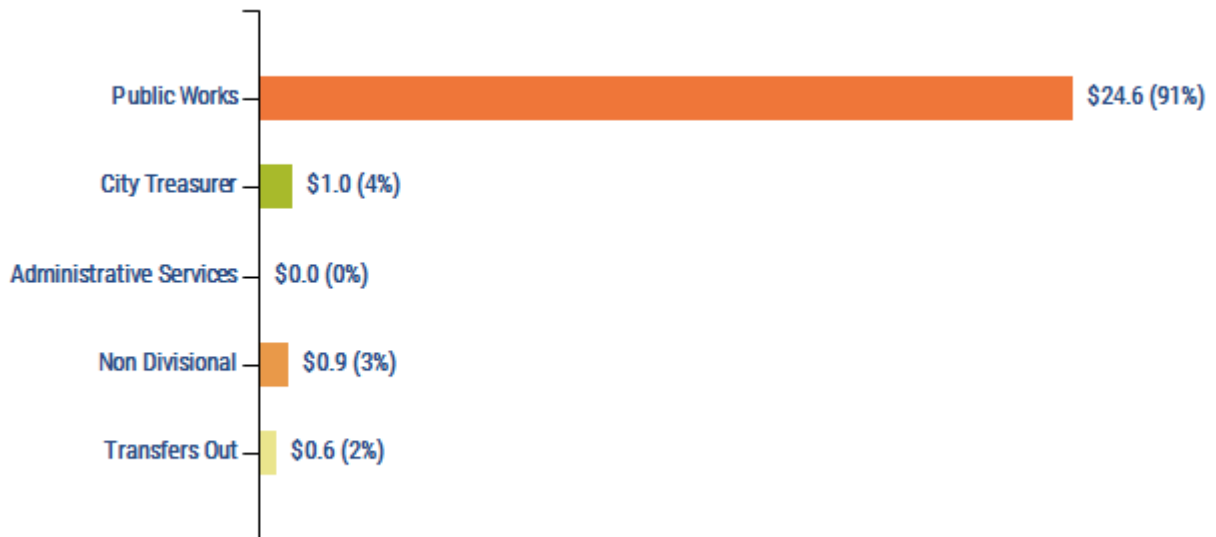
Fund Purpose

This fund accounts for the transactions related to the city's commercial and residential refuse, recycling, brush and bulk collections business activities. The operating sources and uses are accounted for in this fund while the capital expenditures are accounted for in a separate Solid Waste Capital Fund. The operating sources, uses and ending fund balance of the Solid Waste Fund are described in the following sections.

Solid Waste Fund Sources (% to Total)
\$26.4 Million



Solid Waste Fund Uses (% to Total)
\$27.1 Million



Rounding differences may occur.

BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Reserve	5,548,995	5,199,352	5,214,439	4,073,551
Undesignated, Unreserved Fund Balance	1,680,778	567,336	986,361	3,109,151
Total Beginning Fund Balance	7,229,773	5,766,688	6,200,800	7,182,702
Revenues				
Solid Waste Service Charges - Residential	19,446,731	21,900,739	21,900,739	23,181,765
Solid Waste Service Charges - Commercial	3,203,348	3,418,223	3,418,223	3,190,296
Interest Earnings	144,292	128,882	128,882	48,936
Reimbursements from Outside Sources	-	-	42,400	-
<i>Subtotal</i>	<i>22,794,372</i>	<i>25,447,844</i>	<i>25,490,244</i>	<i>26,420,997</i>
Transfers In				
CIP ^(a)	-	-	871,645	-
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>871,645</i>	<i>-</i>
Total Sources	22,794,372	25,447,844	26,361,889	26,420,997
Expenditures				
Public Works	20,814,114	22,149,648	20,631,576	24,578,488
City Treasurer	843,350	981,653	975,151	1,030,834
Administrative Services	-	8,000	8,000	8,000
Citywide Direct Cost Allocation ^(b)	431,095	453,514	453,514	-
Citywide Indirect Cost Allocation	1,238,341	1,230,236	1,230,236	1,210,226
Fuel and Maint and Repair ^(c)	-	-	1,468,226	-
Leave Accrual Payments	-	24,000	-	25,760
Savings from Vacant Positions	-	(311,538)	-	(320,000)
Utilities ^(c)	-	-	14,068	-
<i>Subtotal</i>	<i>23,326,900</i>	<i>24,535,513</i>	<i>24,780,771</i>	<i>26,533,308</i>
TOTAL OPERATING BUDGET	23,326,900	24,535,513	24,780,771	26,533,308
Transfers Out				
CIP	477,500	275,000	580,807	465,807
CIP Technology	18,944	18,409	18,409	88,602
<i>Subtotal</i>	<i>496,444</i>	<i>293,409</i>	<i>599,216</i>	<i>554,409</i>
Total Uses	23,823,344	24,828,922	25,379,987	27,087,717
Sources Over/(Under) Uses	(1,028,973)	618,922	981,902	(666,720)
Ending Fund Balance				
Operating Reserve	5,214,439	4,033,235	4,073,551	4,361,640
Undesignated, Unreserved Fund Balance	986,361	2,352,375	3,109,151	2,154,342
Total Ending Fund Balance	6,200,800	6,385,610	7,182,702	6,515,982

^(a) In FY 2020/21, savings were transferred from a Capital Improvement Plan (CIP) project that came in below the forecasted amount.

^(b) Beginning in FY 2021/22, the Citywide Direct Cost Allocation from the Solid Waste Fund to the Transportation Fund will be eliminated. Alley Maintenance performed by the Transportation and Streets Department is no longer needed as residential collections will no longer occur in the alleyways.

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

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Reserve	4,073,551	4,361,640	4,476,493	4,648,751	4,830,937
Undesignated, Unreserved Fund Balance	3,109,151	2,154,342	1,562,989	888,231	644,545
Total Beginning Fund Balance	7,182,702	6,515,982	6,039,482	5,536,982	5,475,482
Revenues					
Solid Waste Service Charges - Residential	23,181,765	24,101,000	25,056,900	26,051,100	27,084,900
Solid Waste Service Charges - Commercial	3,190,296	3,285,600	3,384,400	3,485,700	3,590,000
Interest Earnings	48,936	29,300	34,300	44,300	63,800
Reimbursements from Outside Sources	-	-	-	-	-
<i>Subtotal</i>	26,420,997	27,415,900	28,475,600	29,581,100	30,738,700
Transfers In					
CIP	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
Total Sources	26,420,997	27,415,900	28,475,600	29,581,100	30,738,700
Expenditures					
Public Works	24,578,488	25,190,900	26,146,500	27,159,400	28,173,900
City Treasurer	1,030,834	1,062,600	1,096,800	1,132,800	1,168,600
Administrative Services	8,000	8,000	8,400	8,800	9,300
Citywide Direct Cost Allocation	-	-	-	-	-
Citywide Indirect Cost Allocation	1,210,226	1,270,700	1,334,300	1,401,000	1,471,000
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	25,760	26,200	26,800	27,500	28,100
Savings from Vacant Positions	(320,000)	(326,400)	(332,900)	(341,300)	(349,800)
Utilities	-	-	-	-	-
<i>Subtotal</i>	26,533,308	27,232,000	28,279,900	29,388,200	30,501,100
TOTAL OPERATING BUDGET	26,533,308	27,232,000	28,279,900	29,388,200	30,501,100
Transfers Out					
CIP	465,807	450,800	630,800	225,000	217,800
CIP Technology	88,602	209,600	67,400	29,400	16,200
<i>Subtotal</i>	554,409	660,400	698,200	254,400	234,000
Total Uses	27,087,717	27,892,400	28,978,100	29,642,600	30,735,100
Sources Over/(Under) Uses	(666,720)	(476,500)	(502,500)	(61,500)	3,600
Ending Fund Balance					
Operating Reserve	4,361,640	4,476,493	4,648,751	4,830,937	5,013,879
Undesignated, Unreserved Fund Balance	2,154,342	1,562,989	888,231	644,545	465,203
Total Ending Fund Balance	6,515,982	6,039,482	5,536,982	5,475,482	5,479,082

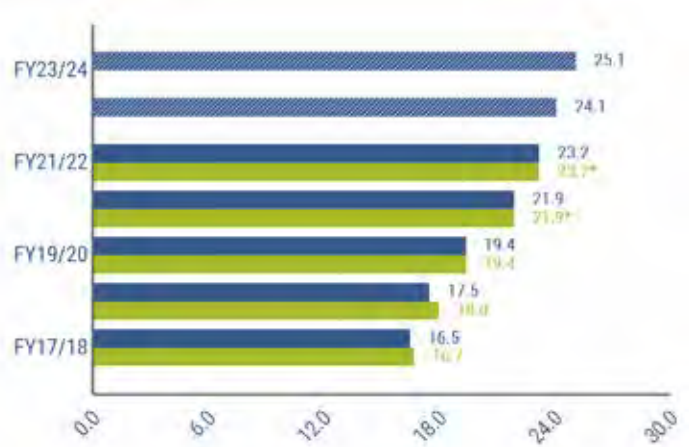
Solid Waste Fund Sources

Solid Waste Fund sources for FY 2021/22 equal \$26.4 million which is an increase of \$1.0 million from the FY 2020/21 adopted budget. The sources include Solid Waste Service Charges for both residential and commercial customers as well as Interest Earnings and occasionally Reimbursement from Outside Sources.

Solid Waste Service Charges - Residential

Solid Waste Service Charges – Residential includes solid waste service charges and recycled material fees for residential customers. Residential customers are billed a flat fee per month and the fees are reviewed annually to determine if they cover the costs of the services provided. Other Solid Waste Service Charges - Residential revenue includes residential refuse and recycle container charges, initiation charges, and late charges. The FY 2021/22 adopted budget is \$23.2 million, an increase of \$1.3 million from the FY 2020/21 adopted budget due primarily to increases in landfill disposal costs and recycling processing costs.

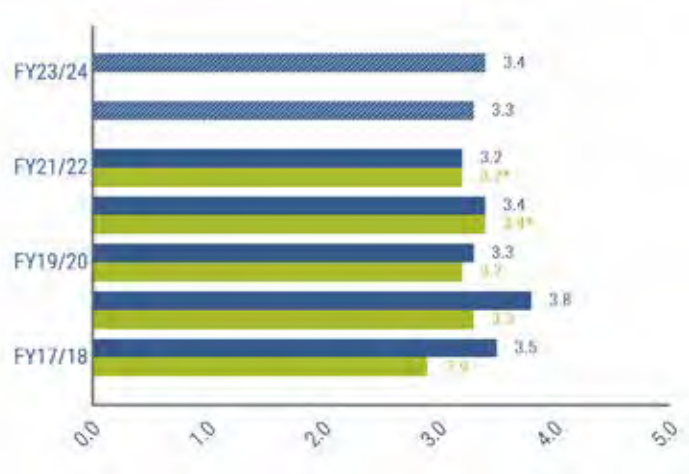
FY 2017/18 to FY 2023/24 (in millions)



Solid Waste Service Charges - Commercial

Solid Waste Service Charges – Commercial include solid waste service charges for commercial customers. Commercial customers are charged based upon the size of the container and the number of pickups per month. Other Solid Waste Service Charges - Commercial revenue includes commercial roll-off charges, initiation charges, late charges and commercial recycled materials fees. Fees and charges are reviewed annually to determine if they cover the costs of the services provided. The FY 2021/22 adopted budget is \$3.2 million, a decrease of \$0.2 million from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

Interest Earnings

Interest Earnings revenue adopted for FY 2021/22 is \$48,936, decreasing \$79,946 from the FY 2020/21 adopted budget. Interest Earnings are generated on the Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield.

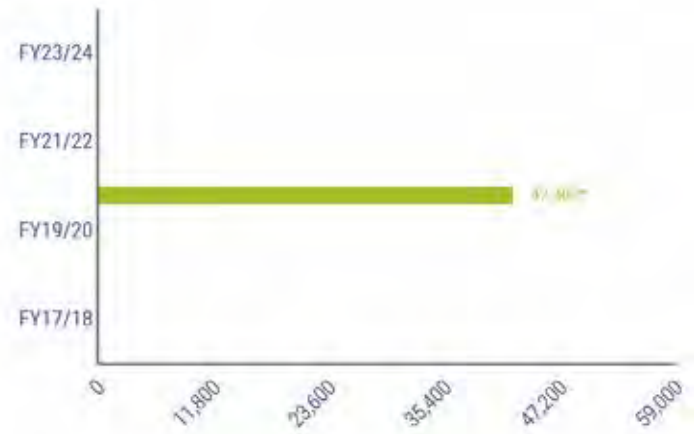
FY 2017/18 to FY 2023/24



Reimbursement from Outside Sources

Reimbursements from Outside Sources often represents an insurance recovery for damaged equipment. The adopted FY 2021/22 budget for Reimbursements from Outside Sources is \$0.0 million as this revenue source is uncommon.

FY 2017/18 to FY 2023/24



Forecast Budget Actual/Forecast*

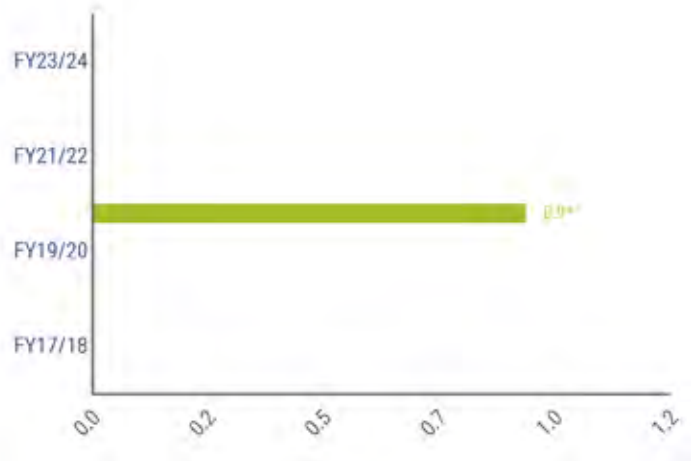
Transfers In

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2021/22 Solid Waste Fund adopted budget is \$0.0 million in Transfers In.

CIP

FY 2020/21 Transfers In represent savings from a completed Capital Improvement Plan (CIP) project.

FY 2017/18 to FY 2023/24 (in millions)



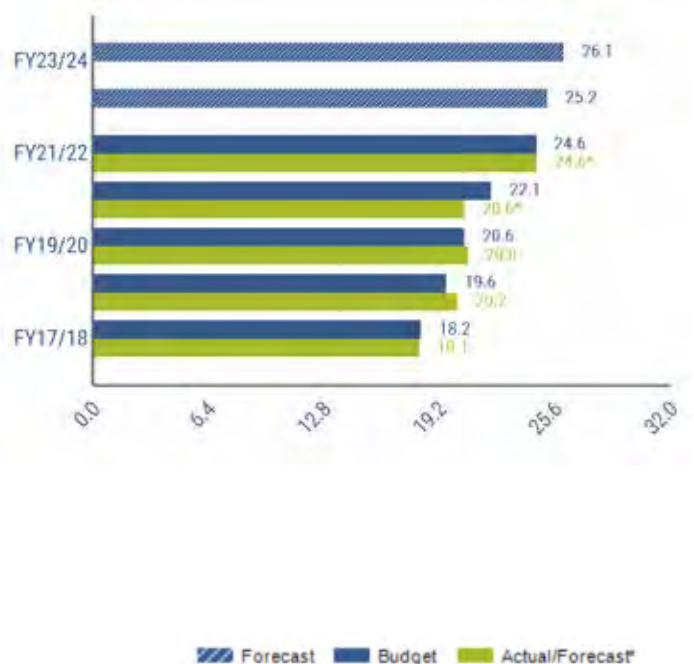
Solid Waste Fund Uses

The Solid Waste Fund uses are presented by division (Public Works, City Treasurer, and Administrative Services), and also include Citywide Direct Cost Allocation, Citywide Indirect Cost Allocation, and non-divisional uses.

Public Works

Public Works provides solid waste collection, transportation, disposal, compliance, and education. The goal is to provide these services at the lowest practical rate with the highest possible customer satisfaction. The adopted FY 2021/22 budget of \$24.6 million is \$2.4 million more than the FY 2020/21 adopted budget due to the increase in costs associated with landfill disposal costs, recycling processing fees, maintenance and repair, and vehicle replacements.

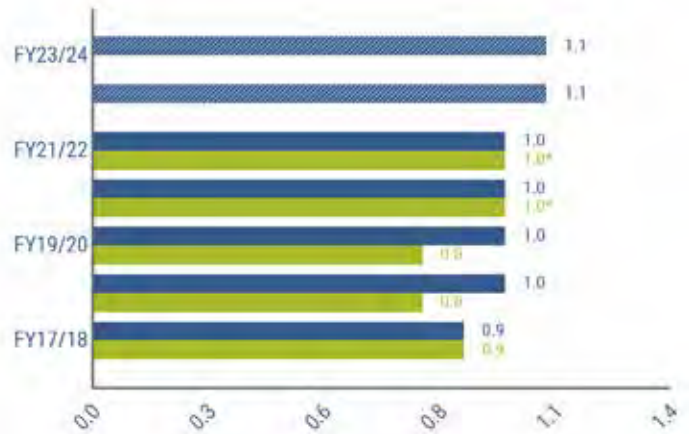
FY 2017/18 to FY 2023/24 (in millions)



City Treasurer

Expenses related to utility billing services, remittance processing, revenue recovery and solid waste related payments are handled by the City Treasurer. The staff who perform these services have a set percentage of their personnel services and related expenses needed to perform their job paid out of the Solid Waste Fund. The adopted FY 2021/22 budget is \$1.0 million, which remains relatively flat when compared to the FY 2020/21 adopted budget.

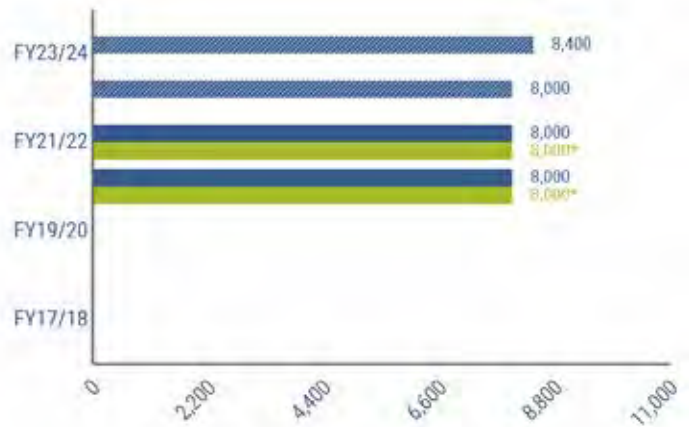
FY 2017/18 to FY 2023/24 (in millions)



Administrative Services

This budget is used for software which is partially funded by the Solid Waste Fund, and administered by the Information Technology (IT) Department. The FY 2021/22 Administrative Services adopted budget is \$8,000.

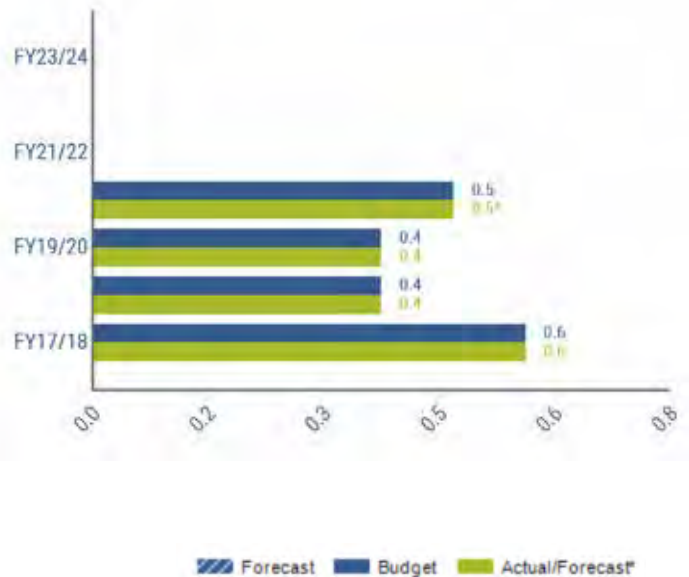
FY 2017/18 to FY 2023/24



Citywide Direct Cost Allocation

The Citywide Direct Cost Allocation represents charges for the direct cost of alley maintenance performed by the Street Operations Department for the benefit of Solid Waste operations. Beginning in FY 2021/22, the Citywide Direct Cost Allocation in the Transportation Fund will be eliminated. Alley Maintenance performed by the Transportation and Streets Department is no longer needed by Solid Waste Management as residential collections will no longer occur out of the alleyways.

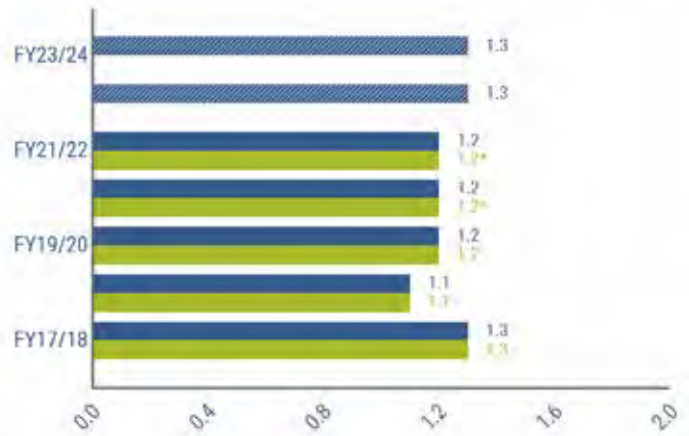
FY 2017/18 to FY 2023/24 (in millions)



Citywide Indirect Cost Allocation

Citywide Indirect Cost Allocation includes reimbursement to the General Fund for centralized services provided to the Solid Waste Fund for payroll, accounts payable, human resources, information technology, city administration, etc. The FY 2021/22 adopted budget is \$1.2 million, which remains relatively flat to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



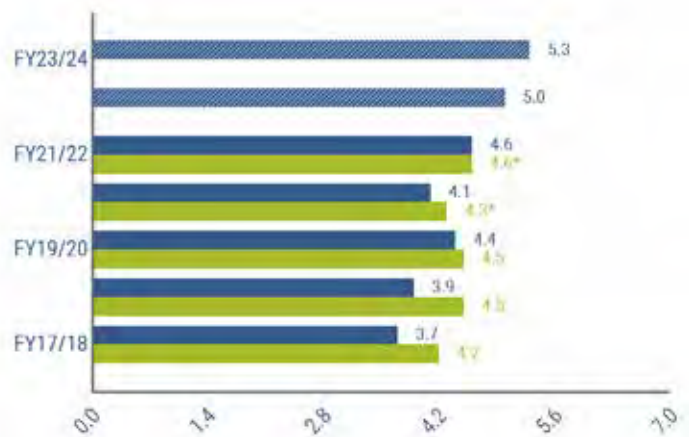
Non-Divisional Uses

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

Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maint and Repair is budgeted at the division level and then at the beginning of the fiscal year is moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2021/22 Fuel and Maint and Repair is budgeted at \$4.6 million at the division level.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2021/22 leave accrual payments budget of \$25,760 includes \$12,000 budgeted for medical leave accrual payouts and \$13,760 budgeted for vacation leave accrual payouts. The FY 2020/21 year-end forecast and FY 2017/18 - FY 2019/20 actuals displayed are recorded and reported as part of the division's expenditures.

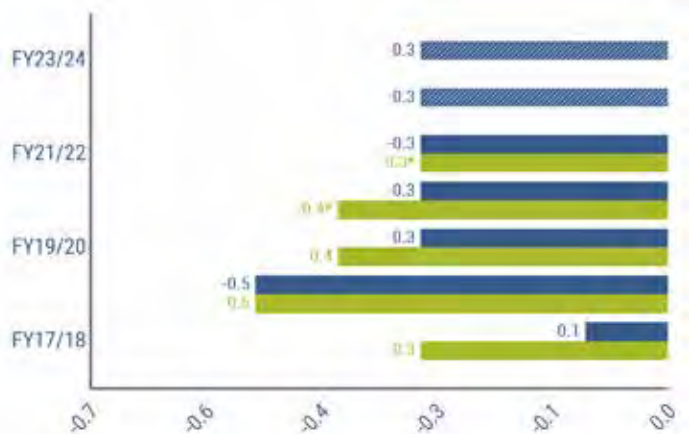
FY 2017/18 to FY 2023/24



Savings from Vacant Positions

The amount of savings estimated to be achieved from vacant positions. The FY 2021/22 Solid Waste Fund estimate for vacancy savings is (\$0.3) million.

FY 2017/18 to FY 2023/24 (in millions)



Utilities

Beginning in FY 2020/21, Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2021/22 Utilities budget is \$40,000 which is relatively flat from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24



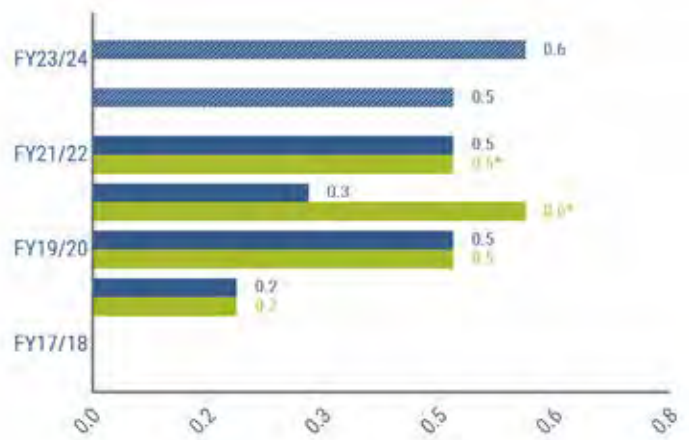
Transfers Out

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

CIP

The FY 2021/22 CIP Transfer Out of \$0.5 million is to begin the Alley Conversion effort by replacing existing 300-gallon sized solid waste containers in residential alleys with new 90-gallon size trash containers that will be rolled to the front curb for service.

FY 2017/18 to FY 2023/24 (in millions)



CIP Technology

CIP Technology includes \$88,602 to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2021/22. The large transfer amount in FY 2018/19 was for Mail Postage Inserter replacement equipment. The large transfer for FY 2022/23 represents the Solid Waste Fund's proportionate share of funding for the Utility Billing Management System implementation project.

FY 2017/18 to FY 2023/24



Forecast Budget Actual/Forecast*

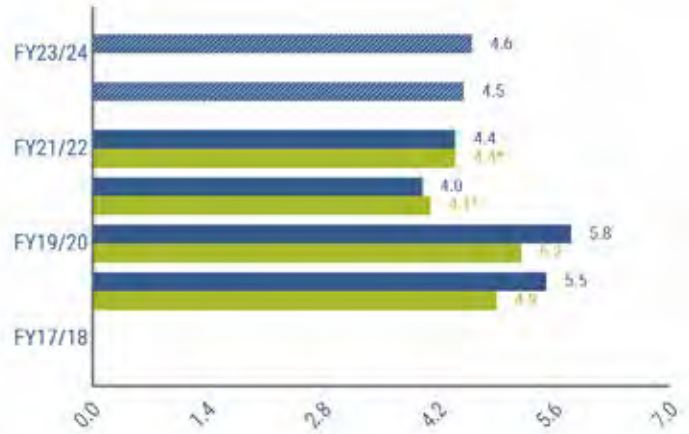
Solid Waste Fund Ending Balance

Fund balance/reserves protect the city’s financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) expenditures. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city’s budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before being allocated or spent as budgeted expenditures. The specific make-up of the city’s Solid Waste Fund ending balance is noted in the following:

Operating Reserve

The FY 2021/22 ending fund balance includes an Operating Reserve of \$4.4 million. Per Financial Policy No. 39, this reserve is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 120 days. Operating reserves shall be maintained to provide funding and expenditure flexibility in the event of unexpected declines in revenue or increases in costs.

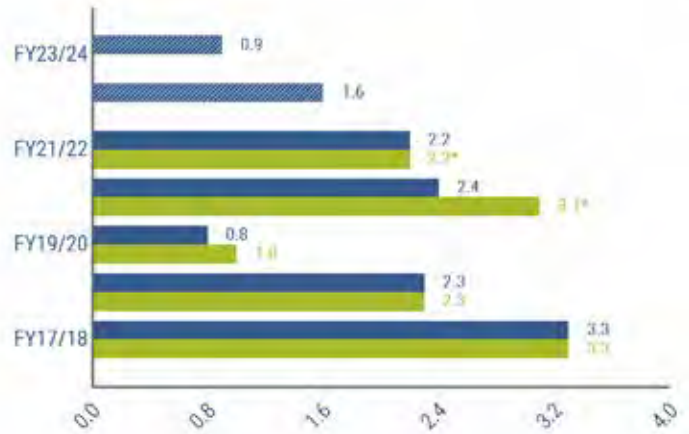
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

The FY 2021/22 Undesignated, Unreserved Fund Balance is \$2.2 million. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*



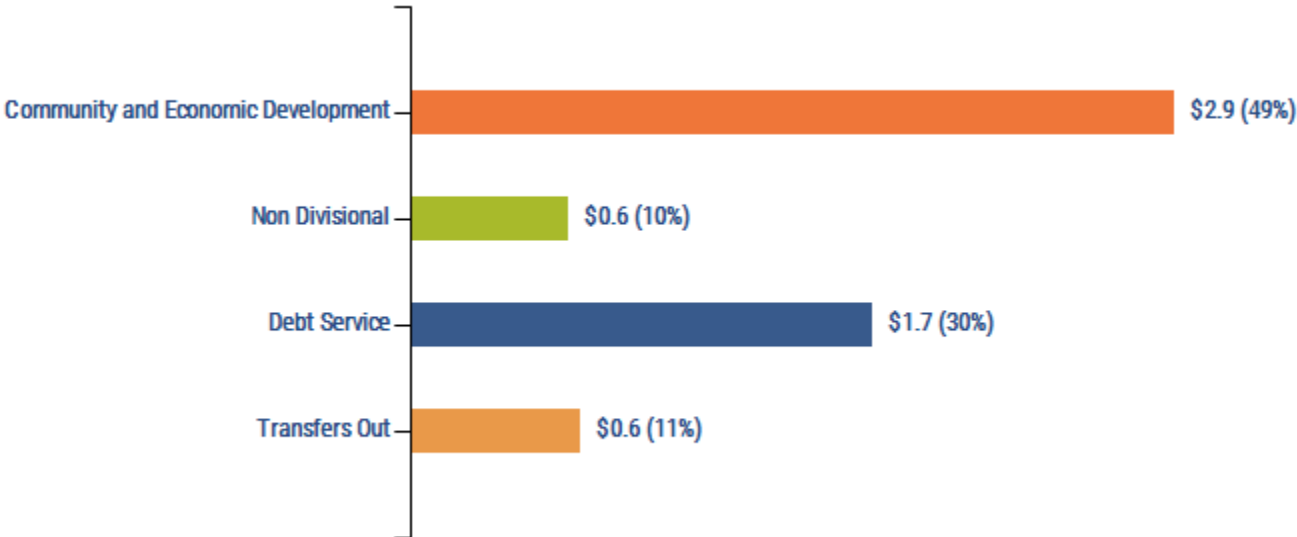
Fund Purpose

This fund accounts for the transactions related to the city’s aviation business activity at the Scottsdale Airport, which includes operating sources and uses. Capital expenditures are accounted for in a separate Aviation Capital Fund.

**Aviation Fund Sources (% to Total)
\$6.3 Million**



**Aviation Fund Uses (% to Total)
\$5.8 Million**



Rounding differences may occur.

BUDGET BY FUND | Aviation Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Fleet Replacement Reserve	1,275,500	905,384	940,227	1,010,500
GO Debt Service Reserve - Non Preserve	-	-	-	-
Operating Reserve	486,420	521,563	520,652	498,660
Repair/Replacement Reserve	1,736,045	1,601,016	1,601,016	1,846,467
Undesignated, Unreserved Fund Balance	6,066,268	-	351,172	1,336,142
Total Beginning Fund Balance	9,564,233	3,027,963	3,413,067	4,691,769
Revenues				
Airport Fees	5,164,241	5,391,621	5,881,621	5,935,079
Property Rental	178,051	176,467	176,467	177,348
Jet Fuel	128,197	175,000	125,000	150,000
Interest Earnings	184,597	151,861	151,861	59,026
Miscellaneous	16,983	-	-	-
Subtotal	5,672,069	5,894,949	6,334,949	6,321,453
Transfers In				
Debt Svc MPC Bonds ^(a)	824,099	-	-	-
Subtotal	824,099	-	-	-
Total Sources	6,496,168	5,894,949	6,334,949	6,321,453
Expenditures				
Community and Economic Development	2,540,883	2,565,186	2,551,993	2,850,985
Citywide Direct Cost Allocation	356,641	444,281	444,281	424,874
Citywide Indirect Cost Allocation	204,085	183,834	183,834	190,311
Fuel and Maint and Repair ^(b)	-	-	49,591	-
Utilities ^(b)	-	-	77,977	-
Leave Accrual Payments	-	8,500	8,064	9,252
Savings from Vacant Positions	-	(26,107)	(15,210)	(35,000)
Subtotal	3,101,609	3,175,694	3,300,530	3,440,422
Debt Service				
Contracts Payable	1,722,744	1,721,994	1,721,994	1,724,244
Subtotal	1,722,744	1,721,994	1,721,994	1,724,244
TOTAL OPERATING BUDGET	4,824,352	4,897,688	5,022,524	5,164,666
Transfers Out				
CIP	6,991,532	26,843	26,843	604,680
CIP Technology	7,351	6,880	6,880	33,623
Debt Svc MPC Bonds ^(a)	824,099	-	-	-
Subtotal	7,822,982	33,723	33,723	638,303
Total Uses	12,647,334	4,931,411	5,056,247	5,802,969
Sources Over/(Under) Uses	(6,151,166)	963,538	1,278,702	518,484
Ending Fund Balance				
Fleet Replacement Reserve	940,227	1,010,500	1,010,500	1,196,500
Debt Service Reserve	-	-	-	1,073,100
Operating Reserve	520,652	523,496	498,660	1,132,600
Repair/Replacement Reserve	1,601,016	1,846,467	1,846,467	1,769,800
Undesignated, Unreserved Fund Balance	351,172	611,038	1,336,142	38,253
Total Ending Fund Balance	3,413,067	3,991,501	4,691,769	5,210,253

^(a) Beginning in FY 2020/21, an accounting change was made to the reporting of debt service.

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

BUDGET BY FUND | Aviation Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Fleet Replacement Reserve	1,010,500	1,196,500	1,213,000	1,291,900	1,430,000
GO Debt Service Reserve - Non Preserve	-	1,073,100	1,343,800	1,747,200	2,079,100
Operating Reserve	498,660	1,132,600	1,136,000	1,169,600	1,204,300
Repair/Replacement Reserve	1,846,467	1,769,800	1,888,300	1,931,400	1,977,100
Undesignated, Unreserved Fund Balance	1,336,142	38,253	52,253	80,253	92,053
Total Beginning Fund Balance	4,691,769	5,210,253	5,633,353	6,220,353	6,782,553
Revenues					
Airport Fees	5,935,079	5,993,400	6,052,600	6,112,000	6,172,200
Property Rental	177,348	178,100	178,800	179,800	180,500
Jet Fuel	150,000	151,500	153,000	154,500	156,100
Interest Earnings	59,026	35,500	41,500	53,700	77,200
Miscellaneous	-	-	-	-	-
Subtotal	6,321,453	6,358,500	6,425,900	6,500,000	6,586,000
Transfers In					
Debt Svc MPC Bonds	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	6,321,453	6,358,500	6,425,900	6,500,000	6,586,000
Expenditures					
Community and Economic Development	2,850,985	2,832,900	2,903,700	2,977,200	3,050,200
Citywide Direct Cost Allocation	424,874	446,100	468,400	491,800	516,400
Citywide Indirect Cost Allocation	190,311	199,800	209,800	220,300	231,300
Fuel and Maint and Repair	-	-	-	-	-
Utilities	-	-	-	-	-
Leave Accrual Payments	9,252	9,500	9,600	9,800	10,100
Savings from Vacant Positions	(35,000)	(35,700)	(36,400)	(37,300)	(38,300)
Subtotal	3,440,422	3,452,600	3,555,100	3,661,800	3,769,700
Debt Service					
Contracts Payable	1,724,244	1,719,200	1,722,200	1,722,700	1,720,700
Subtotal	1,724,244	1,719,200	1,722,200	1,722,700	1,720,700
TOTAL OPERATING BUDGET	5,164,666	5,171,800	5,277,300	5,384,500	5,490,400
Transfers Out					
CIP	604,680	752,300	536,100	542,800	500,700
CIP Technology	33,623	11,300	25,500	10,500	4,800
Debt Svc MPC Bonds	-	-	-	-	-
Subtotal	638,303	763,600	561,600	553,300	505,500
Total Uses	5,802,969	5,935,400	5,838,900	5,937,800	5,995,900
Sources Over/(Under) Uses	518,484	423,100	587,000	562,200	590,100
Ending Fund Balance					
Fleet Replacement Reserve	1,196,500	1,213,000	1,291,900	1,430,000	1,475,800
Debt Service Reserve	1,073,100	1,343,800	1,747,200	2,079,100	2,554,800
Operating Reserve	1,132,600	1,136,000	1,169,600	1,204,300	1,239,800
Repair/Replacement Reserve	1,769,800	1,888,300	1,931,400	1,977,100	2,003,900
Undesignated, Unreserved Fund Balance	38,253	52,253	80,253	92,053	98,353
Total Ending Fund Balance	5,210,253	5,633,353	6,220,353	6,782,553	7,372,653

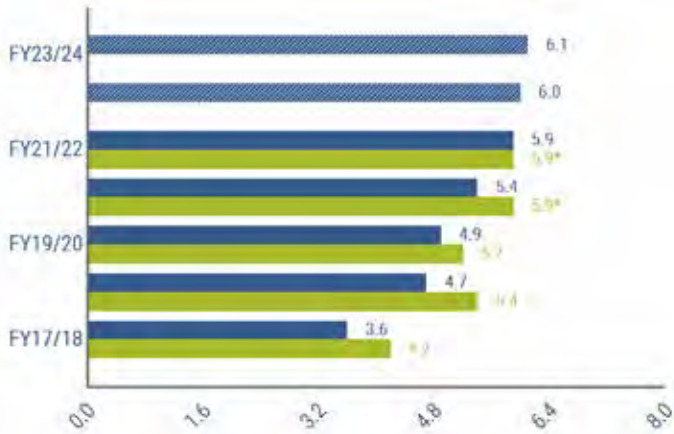
Aviation Fund Sources

Aviation Fund sources for FY 2021/22 are \$6.3 million, most of which is received from Airport Fees. Other sources include Property Rental, Jet Fuel, Interest Earnings, and in prior years, Miscellaneous and Transfers In.

Airport Fees

Airport Fees are fees imposed for the aeronautical use of airport facilities, including aircraft overnight tie-down fees, hangar/T-shade rentals, fuel flowage and transient landing fees. The Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The Airport Fees FY 2021/22 adopted budget is \$5.9 million which is \$0.5 million higher than the FY 2020/21 adopted budget. The increase is due to additional revenue expected from higher activity as COVID-19 related restrictions are lifted.

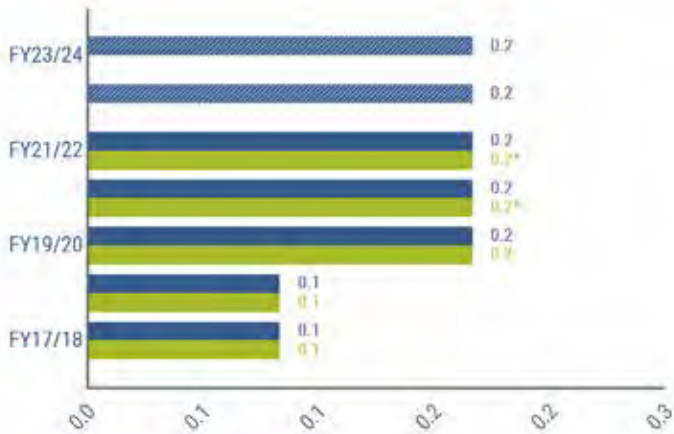
FY 2017/18 to FY 2023/24 (in millions)



Property Rental

Property Rental includes the annual \$0.1 million amortization payment of a 20-year land lease for the construction and operation of a park-and-ride facility at the airport that sunsets in 2032; as well as the rent of a well site, radio shop and a fire station managed by other city divisions. The FY 2021/22 budget for Property Rental is \$0.2 million, which remains relatively flat from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

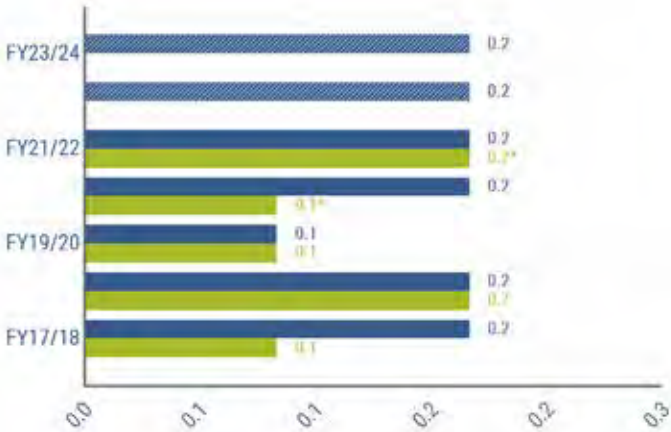


Forecast Budget Actual/Forecast*

Jet Fuel

A jet fuel tax of 18 cents is charged to every gallon of fuel purchased at the airport. The adopted FY 2021/22 Jet Fuel budget is \$0.2 million, which remains flat when compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Interest Earnings

Interest earnings are generated on idle Aviation Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield.

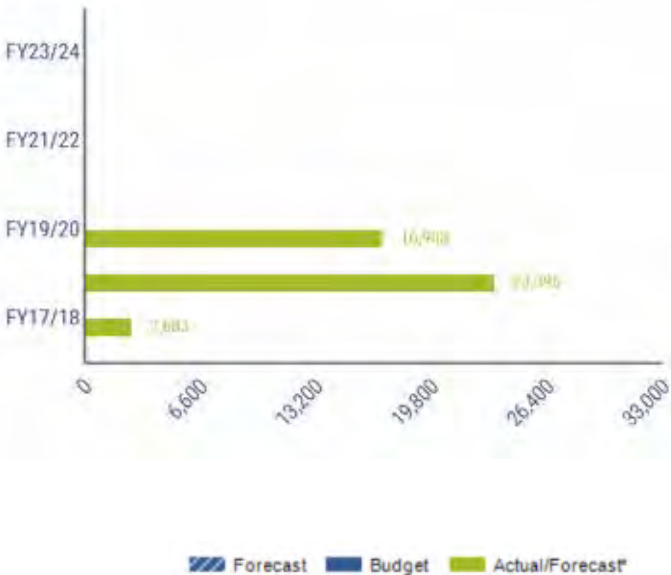
FY 2017/18 to FY 2023/24



Miscellaneous

Miscellaneous includes other types of one-time revenue that may or may not be received each year such as the FY 2018/19 proceeds from an airport truck sold at an auction and the FY 2019/20 reimbursement for electricity charges during construction of the Aviation Business Center.

FY 2017/18 to FY 2023/24



Forecast Budget Actual/Forecast*

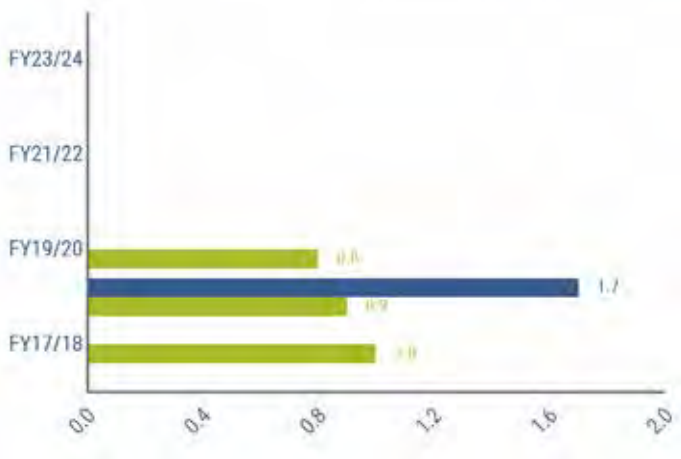
Transfers In

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

Debt Svc MPC Bonds

Debt Svc MPC Bonds was an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds in order to finance the Airport Terminal Area Redevelopment capital improvement project. Beginning in FY 2020/21, due to an accounting change made to the reporting of debt service, the internal transfer will not occur.

FY 2017/18 to FY 2023/24 (in millions)



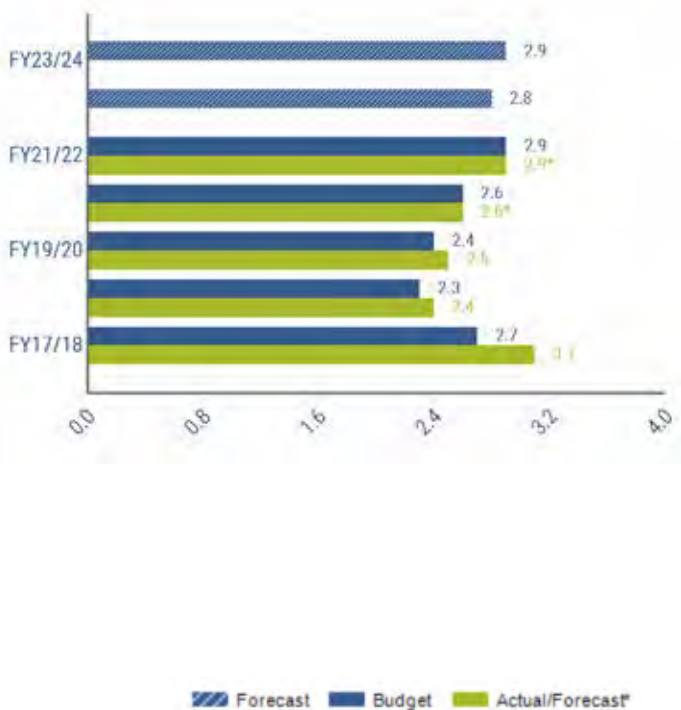
Aviation Fund Uses

The Aviation Fund uses are presented as a portion of the Community and Economic Development division's operating budget. Additionally, there are uses related to Direct and Indirect Cost Allocation, Fuel and Maintenance and Repair, Utilities, Leave Accrual Payments, Savings from Vacant Positions, Contracts Payable and Transfers Out to other funds.

Community and Economic Development

Community and Economic Development includes costs related to the operation and maintenance of the city's airport. The FY 2021/22 adopted budget is \$2.9 million, which is \$0.3 million higher than the FY 2020/21 adopted budget mostly due to increases in Personnel Services costs and in labor rates established by U.S. Customs and Border Protection to support two Customs Officers at the Airport.

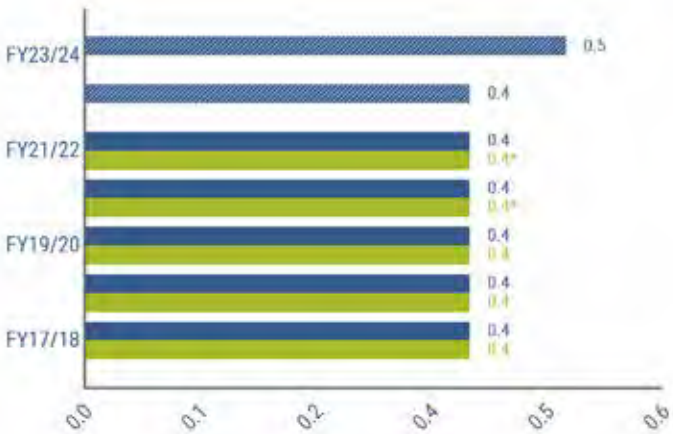
FY 2017/18 to FY 2023/24 (in millions)



Citywide Direct Cost Allocation

Citywide Direct Cost Allocation represents Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel. The FY 2021/22 budget for this allocation is \$0.4 million, which remains flat from the FY 2020/21 adopted budget.

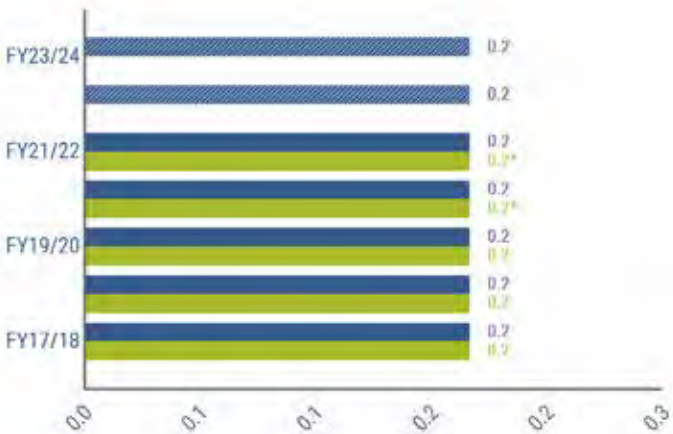
FY 2017/18 to FY 2023/24 (in millions)



Citywide Indirect Cost Allocation

Citywide Indirect Cost Allocation represents charges to the Aviation Fund for specific General Fund central administrative functions, which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city’s indirect costs are allocated to the Enterprise Funds based on relative benefits received. The citywide indirect cost allocation for the FY 2021/22 adopted budget is \$0.2 million, which remains flat from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Non-Divisional Uses

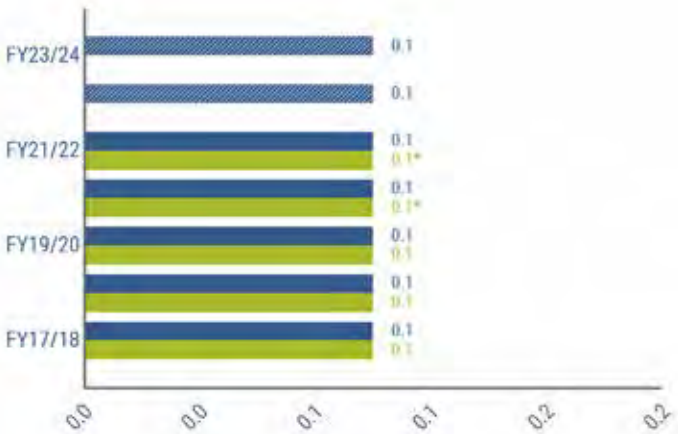
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2020/21 year-end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

Forecast Budget Actual/Forecast*

Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maint and Repair are budgeted at the division level and then, at the beginning of the fiscal year, are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2021/22 Fuel and Maint and Repair is budgeted at \$0.1 million at the division level.

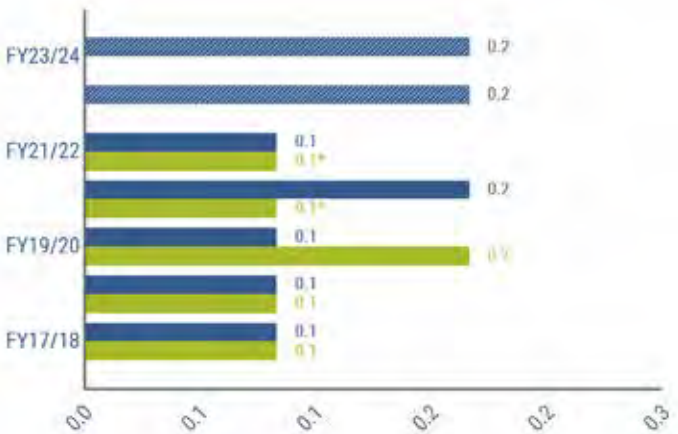
FY 2017/18 to FY 2023/24 (in millions)



Utilities

Beginning in FY 2020/21, Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2021/22 Utilities budget is \$0.1 million which represents a decrease of \$0.1 million from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Leave Accrual Payments

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2021/22 leave accrual payments of \$9,252 include \$3,500 budgeted for medical leave accrual payouts and \$5,752 budgeted for vacation leave accrual payouts. The FY 2020/21 year-end forecast and FY 2017/18 - FY 2019/20 actuals displayed are recorded and reported as part of the division's expenditures.

FY 2017/18 to FY 2023/24

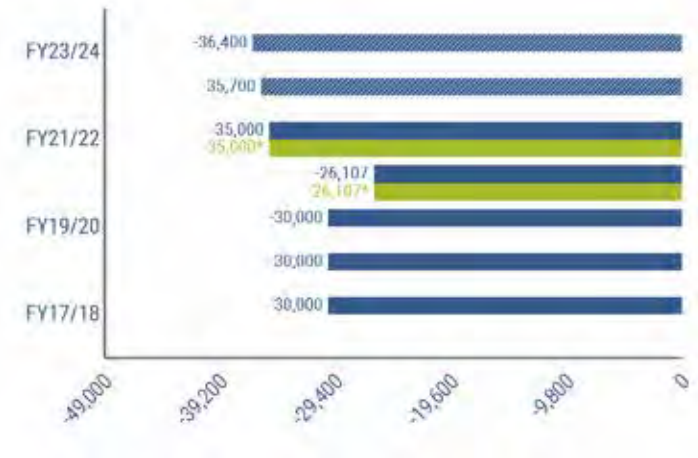


Forecast Budget Actual/Forecast*

Savings from Vacant Positions

The amount of savings achieved from vacant positions for FY 2021/22 is estimated at (\$35,000). The FY 2020/21 savings from vacant positions budget already accounted for the citywide effort to delay filling of vacant positions until January 2021.

FY 2017/18 to FY 2023/24



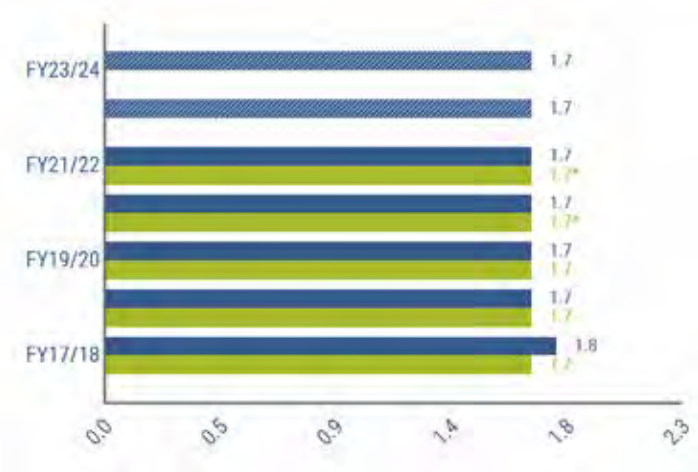
Debt Service

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

Contracts Payable

Contracts Payable represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The adopted FY 2021/22 budget is \$1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

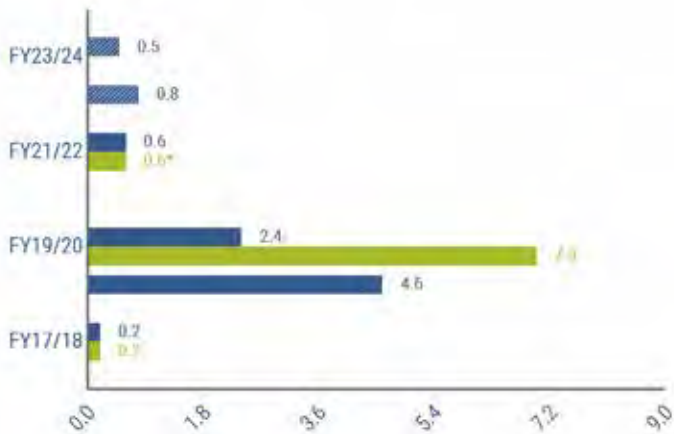
Transfers Out

Transfers Out are the authorized movement of cash to other funds and/or capital projects. More specific information is detailed below.

CIP

Transfers Out CIP are used to fund capital projects related to the Airport. The FY 2021/22 CIP adopted budget is \$0.6 million. FY 2019/20 includes a transfer to the Capital Improvement Plan (CIP) for the design and construction of aircraft box hangars and pavement preservation at the airport that was budgeted, but not processed in FY 2018/19.

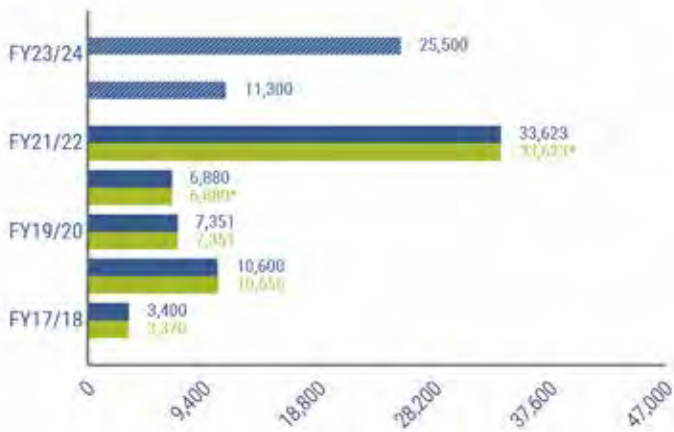
FY 2017/18 to FY 2023/24 (in millions)



CIP Technology

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2021/22 adopted budget is \$33,623.

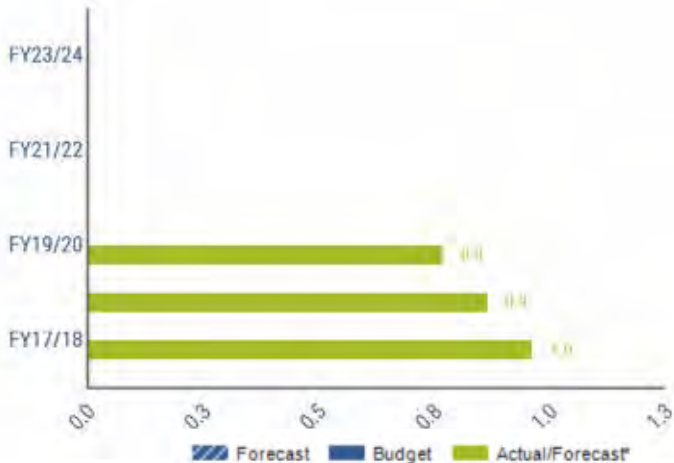
FY 2017/18 to FY 2023/24



Debt Svc MPC Bonds

Debt Svc MPC Bonds was an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds (MPC) in order to finance the Airport Terminal Area Redevelopment capital improvement project. Beginning in FY 2020/21, due to an accounting change made to the reporting of debt service, the internal transfer will not occur.

FY 2017/18 to FY 2023/24 (in millions)



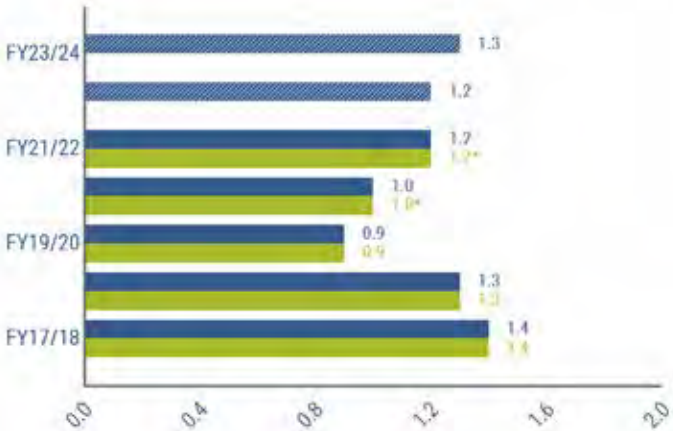
Aviation Fund Ending Balance

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. The city’s budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. The specific make-up of the city’s Aviation Fund ending balance and reserves are noted in the following:

Fleet Replacement Reserve

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of fire equipment specific to fire operations dedicated to the airport. The FY 2021/22 Fleet Replacement Reserve ending fund balance is \$1.2 million.

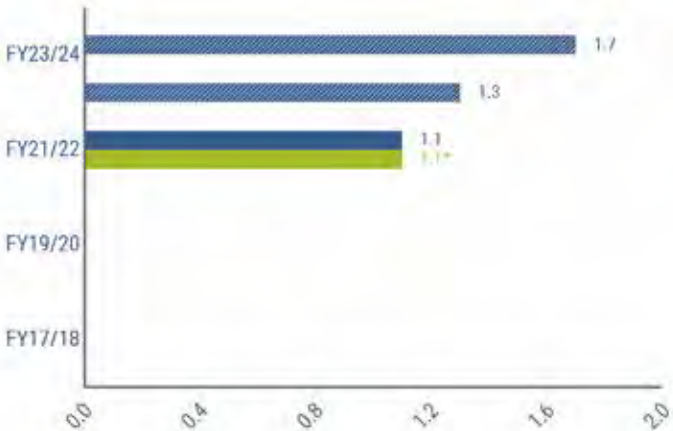
FY 2017/18 to FY 2023/24 (in millions)



Debt Service Reserve

The Debt Service Reserve was established to set aside funds for the repayment of debt service. The Debt Service Reserve for FY 2021/22 is projected at \$1.1 million.

FY 2017/18 to FY 2023/24 (in millions)

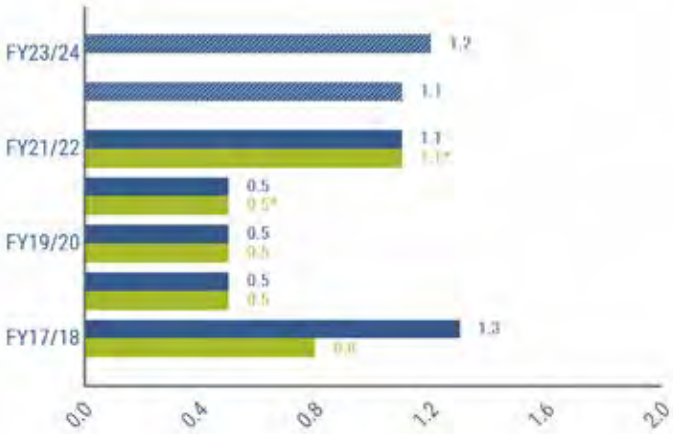


Forecast Budget Actual/Forecast*

Operating Reserve

Operating Reserve, per Financial Policy No. 39, is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 120 days. The purpose of the reserve is to provide for emergencies and potential grant matches, and to ensure that General Fund subsidies are avoided. The FY 2021/22 ending fund balance includes an Operating Reserve of \$1.1 million.

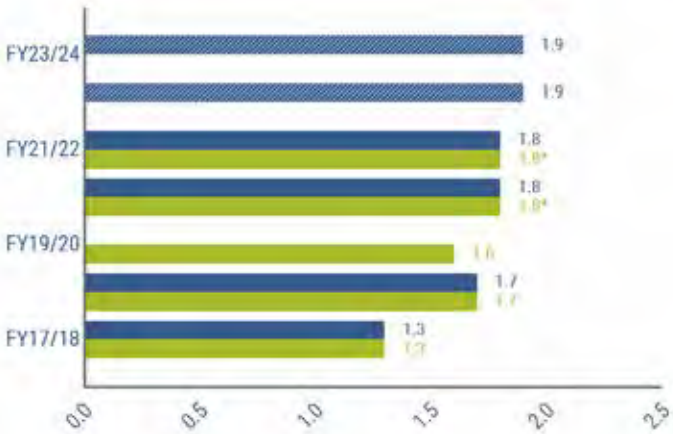
FY 2017/18 to FY 2023/24 (in millions)



Repair/Replacement Reserve

The Repair/Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Repair/Replacement Reserve in FY 2021/22 is \$1.8 million.

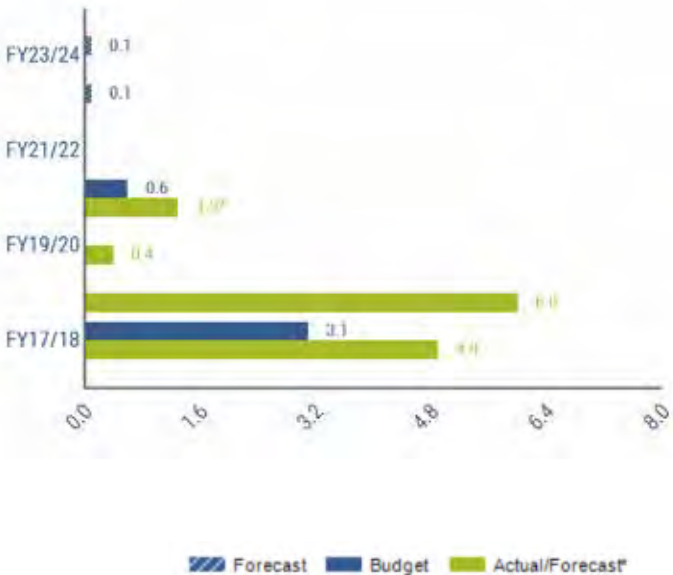
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses. The FY 2021/22 ending Undesignated, Unreserved Fund Balance is \$38,253.

FY 2017/18 to FY 2023/24 (in millions)





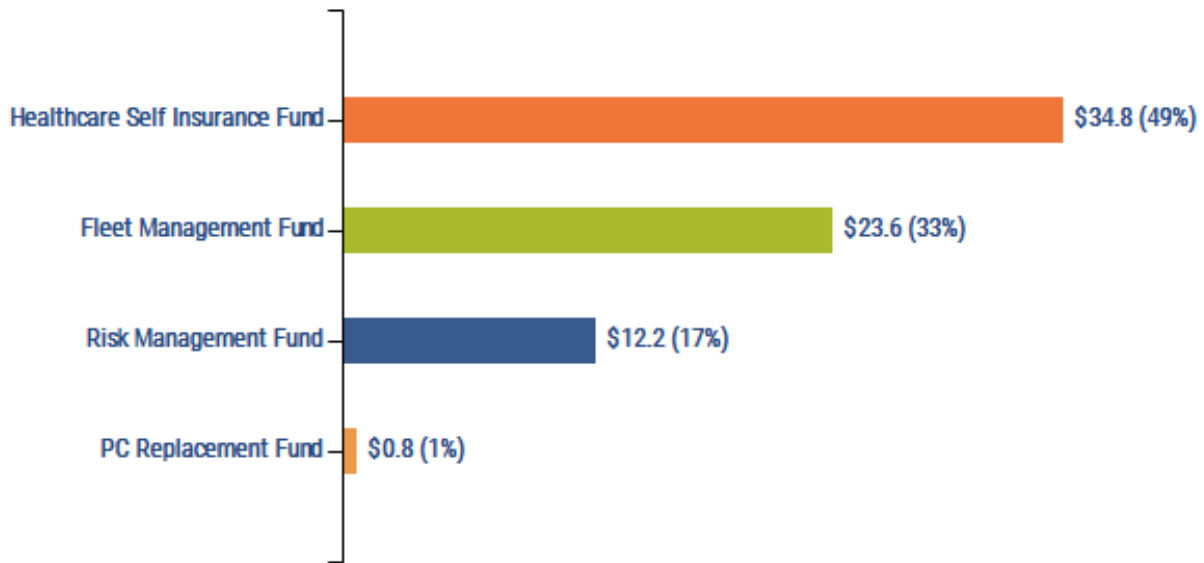
Hashknife Pony Express Arrival

Courtesy of the Scottsdale Historical Society and Scottsdale Public Library

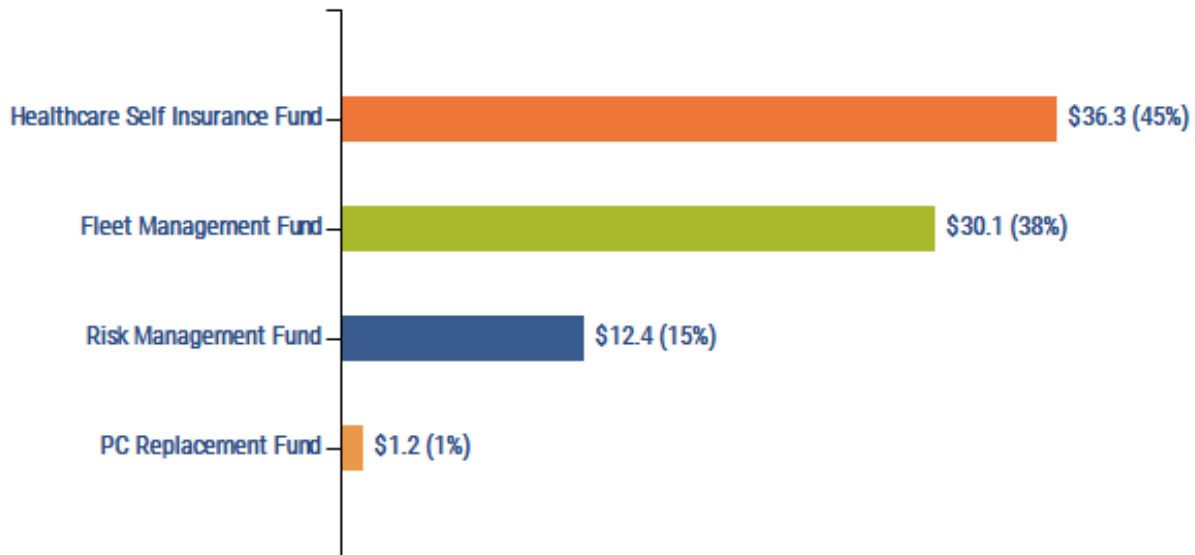
Internal Service Funds Description

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has four separate Internal Service Funds to account for the activity of this fund type: Fleet Management, PC Replacement, Risk Management and Healthcare Self Insurance. Internal Service Offsets are included to avoid duplicating the budget, since the charges for these services are already included in the divisions' budgets.

Internal Service Funds Sources (% to Total)
\$71.4 Million



Internal Service Funds Uses (% to Total)
\$80.0 Million



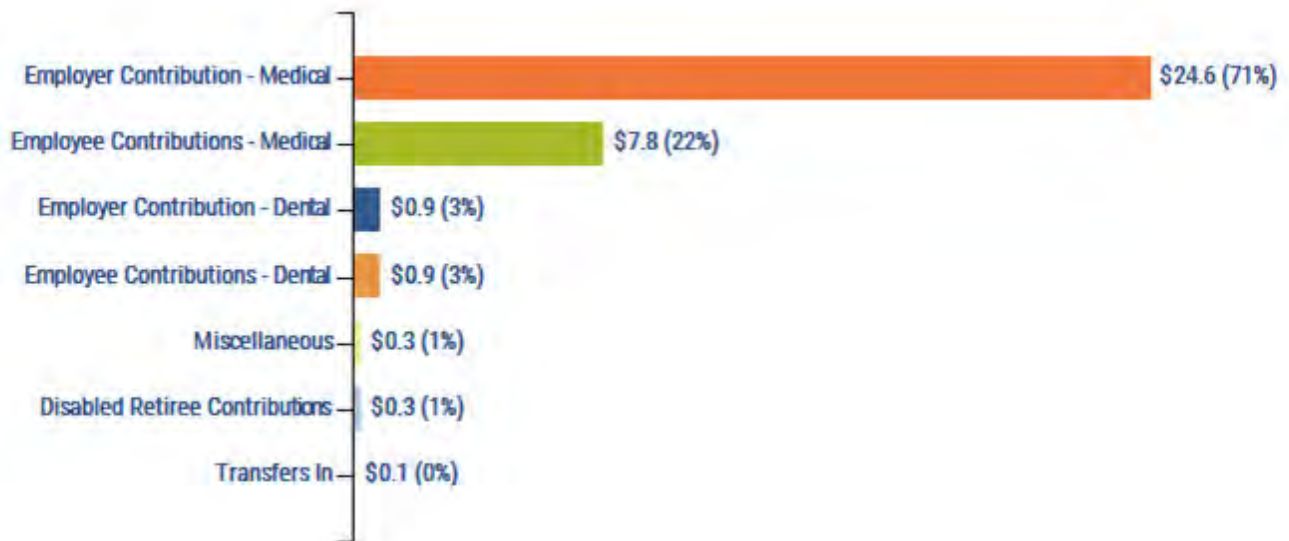
Rounding differences may occur.



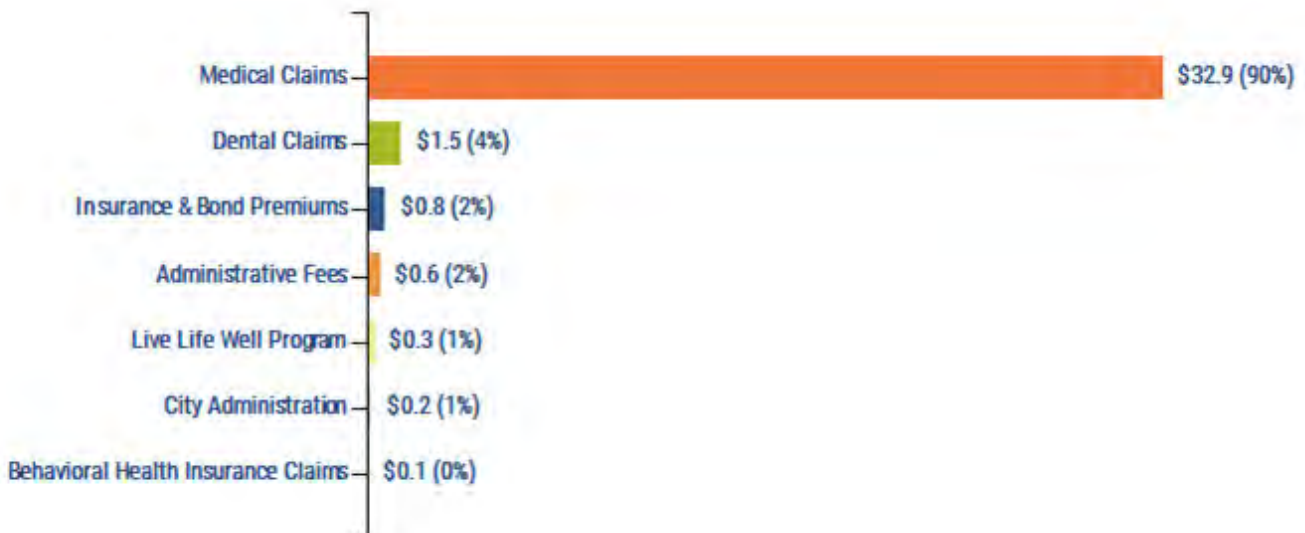
Fund Purpose

The Healthcare Self Insurance Fund is used to account for the city’s self insured medical and dental benefits. Revenue to this fund is derived from premiums charged to both the city and employees. The premiums are collected for the city’s portion by charging the divisions and through payroll deductions for the employee’s portion. Revenue is also collected through premium charges to Public Safety disabled retirees (including per City Council direction, a subsidy from the General Fund to cover Public Safety disabled retirees costs that exceed the premium charges) as well as State subsidies on healthcare contributions, Consolidated Omnibus Budget Reconciliation Act (COBRA), and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, behavioral, prescription and dental claims) as well as claims administration and other benefit plan expenses.

Healthcare Self Insurance Fund Sources (% to Total)
\$34.8 Million



Healthcare Self Insurance Fund Uses (% to Total)
\$36.3 Million



Rounding differences may occur.

BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
IBNR Reserve	2,177,679	2,479,047	2,263,463	2,437,275
Operating Contingency	2,471,945	2,812,550	2,568,330	2,765,353
Premium Stabilization Reserve	2,758,782	2,944,482	2,939,225	3,042,786
Undesignated, Unreserved Fund Balance	4,056,274	3,303,076	6,396,582	7,570,687
Total Beginning Fund Balance	11,464,680	11,539,155	14,167,600	15,816,101
Revenues				
Employer Contribution - Medical	24,460,782	24,773,410	24,773,410	24,644,493
Employee Contributions - Medical	7,463,164	8,144,856	8,144,856	7,759,038
Employer Contribution - Dental	819,626	868,735	868,735	886,110
Employee Contributions - Dental	780,485	866,252	866,252	883,577
Miscellaneous	244,045	292,517	292,517	288,054
Disabled Retiree Contributions	260,134	321,300	321,300	258,924
Subtotal	34,028,236	35,267,070	35,267,070	34,720,196
Transfers In				
Operating	87,430	165,700	165,700	100,000
Subtotal	87,430	165,700	165,700	100,000
Total Sources	34,115,666	35,432,770	35,432,770	34,820,196
Expenditures				
Medical Claims	28,141,562	32,495,477	30,325,477	32,873,753
Dental Claims	1,379,468	1,460,184	1,460,184	1,460,184
Insurance & Bond Premiums	773,501	801,459	801,459	801,459
Administrative Fees	578,003	579,480	579,480	579,480
Live Life Well Program	264,762	345,081	345,081	344,875
City Administration	201,298	183,488	185,995	192,494
Behavioral Health Insurance Claims	74,152	86,593	86,593	86,593
Subtotal	31,412,746	35,951,762	33,784,269	36,338,838
TOTAL OPERATING BUDGET	31,412,746	35,951,762	33,784,269	36,338,838
Total Uses	31,412,746	35,951,762	33,784,269	36,338,838
Sources Over/(Under) Uses^(a)	2,702,920	(518,992)	1,648,501	(1,518,642)
Ending Fund Balance				
IBNR Reserve	2,263,463	2,604,365	2,437,275	2,633,492
Operating Contingency	2,568,330	2,954,143	2,765,353	2,987,053
Premium Stabilization Reserve	2,939,225	3,042,786	3,042,786	2,995,596
Undesignated, Unreserved Fund Balance ^(a)	6,396,582	2,418,869	7,570,687	5,681,318
Total Ending Fund Balance	14,167,600	11,020,163	15,816,101	14,297,459

^(a) FY 2021/22 includes a premium holiday for both city and employee contributions. The premium holiday will be funded by the Undesignated, Unreserved Fund Balance.

BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
IBNR Reserve	2,437,275	2,633,492	2,731,804	2,853,387	3,000,624
Operating Contingency	2,765,353	2,987,053	3,098,479	3,236,209	3,402,935
Premium Stabilization Reserve	3,042,786	2,995,596	3,295,221	3,486,656	3,689,444
Undesignated, Unreserved Fund Balance	7,570,687	5,681,318	5,714,855	6,369,207	7,288,356
Total Beginning Fund Balance	15,816,101	14,297,459	14,840,359	15,945,459	17,381,359
Revenues					
Employer Contribution - Medical	24,644,493	27,205,600	28,838,000	30,568,200	32,402,400
Employee Contributions - Medical	7,759,038	8,591,000	9,106,400	9,652,800	10,232,000
Employer Contribution - Dental	886,110	903,800	921,900	940,300	959,200
Employee Contributions - Dental	883,577	901,200	919,300	937,700	956,400
Miscellaneous	288,054	292,300	296,500	300,800	305,400
Disabled Retiree Contributions	258,924	274,500	290,900	308,400	326,800
Subtotal	34,720,196	38,168,400	40,373,000	42,708,200	45,182,200
Transfers In					
Operating	100,000	105,000	110,300	115,800	121,600
Subtotal	100,000	105,000	110,300	115,800	121,600
Total Sources	34,820,196	38,273,400	40,483,300	42,824,000	45,303,800
Expenditures					
Medical Claims	32,873,753	34,110,700	35,648,700	37,518,600	39,759,400
Dental Claims	1,460,184	1,504,000	1,549,100	1,595,600	1,643,400
Insurance & Bond Premiums	801,459	849,600	900,500	954,400	1,011,900
Administrative Fees	579,480	601,900	625,400	649,700	675,100
Live Life Well Program	344,875	345,600	345,900	346,400	346,700
City Administration	192,494	226,800	211,400	220,200	254,000
Behavioral Health Insurance Claims	86,593	91,900	97,200	103,200	109,200
Subtotal	36,338,838	37,730,500	39,378,200	41,388,100	43,799,700
TOTAL OPERATING BUDGET	36,338,838	37,730,500	39,378,200	41,388,100	43,799,700
Total Uses	36,338,838	37,730,500	39,378,200	41,388,100	43,799,700
Sources Over/(Under) Uses^(a)	(1,518,642)	542,900	1,105,100	1,435,900	1,504,100
Ending Fund Balance					
IBNR Reserve	2,633,492	2,731,804	2,853,387	3,000,624	3,176,512
Operating Contingency	2,987,053	3,098,479	3,236,209	3,402,935	3,602,044
Premium Stabilization Reserve	2,995,596	3,295,221	3,486,656	3,689,444	3,904,282
Undesignated, Unreserved Fund Balance ^(a)	5,681,318	5,714,855	6,369,207	7,288,356	8,202,621
Total Ending Fund Balance	14,297,459	14,840,359	15,945,459	17,381,359	18,885,459

^(a) FY 2021/22 includes a premium holiday for both city and employee contributions. The premium holiday will be funded by the Undesignated, Unreserved Fund Balance.

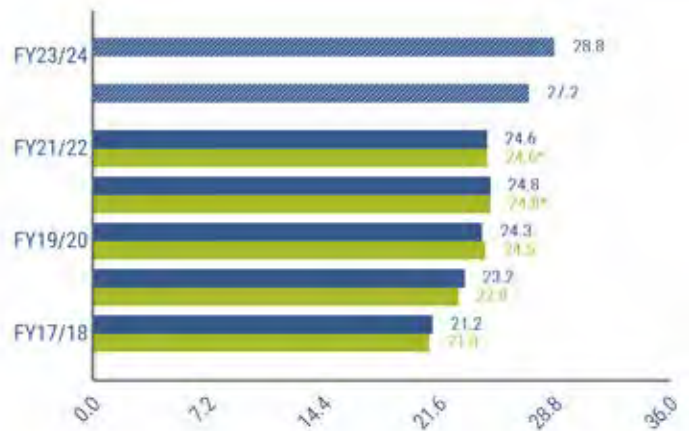
Healthcare Self Insurance Fund Sources

Healthcare Self Insurance Fund sources for FY 2021/22 equal \$34.8 million, which is a decrease of \$0.6 million from the FY 2020/21 adopted budget mostly due to a premium holiday for city and employee contributions. Sources include city and employee contributions for medical and dental premiums, Miscellaneous revenues, Public Safety Disabled Retiree Contributions, and Transfers In.

Employer Contribution - Medical

Employer Contribution - Medical represents the city's contribution towards employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee only premium for the richest plan and 90 percent of the lowest cost plan. The FY 2021/22 adopted budget of \$24.6 million represents a decrease of \$0.2 million from the FY 2020/21 adopted budget due to a premium holiday for employer contributions.

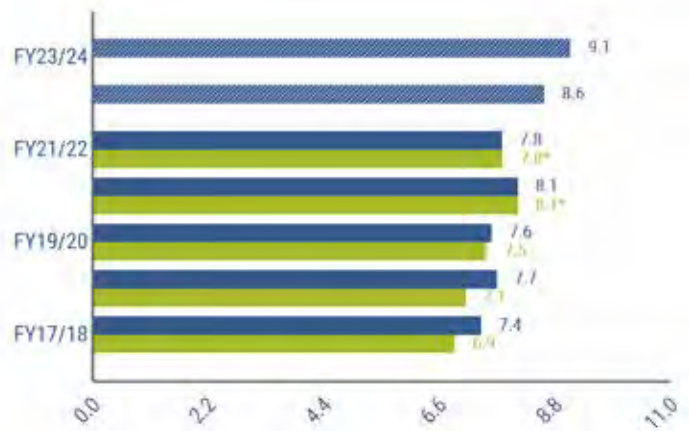
FY 2017/18 to FY 2023/24 (in millions)



Employee Contributions - Medical

Employee Contributions - Medical captures the employee portion of healthcare premiums collected through payroll deductions, and continuation of healthcare coverage (Consolidated Omnibus Budget Reconciliation Act - COBRA). The FY 2021/22 adopted budget of \$7.8 million represents a decrease of \$0.3 million from the FY 2020/21 adopted budget due to the premium holiday for employee contributions.

FY 2017/18 to FY 2023/24 (in millions)

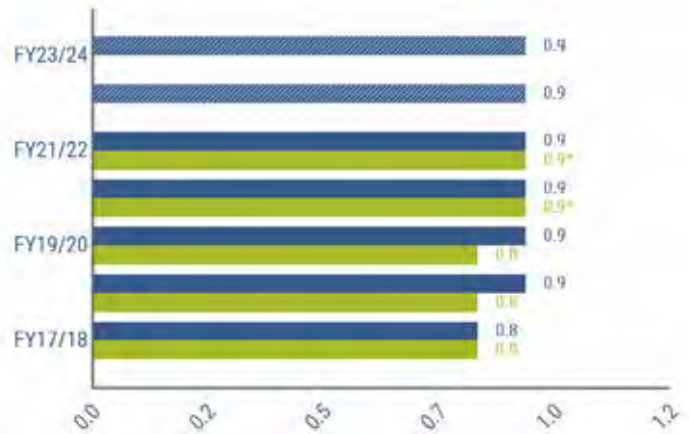


Forecast Budget Actual/Forecast*

Employer Contribution - Dental

Employer Contribution - Dental is comprised of the city's contribution to the dental premiums. The city contributes 100 percent of the employee only premium cost for the Health Maintenance Organization (HMO) dental plan and 88 percent of the employee only portion of the premium cost for the Preferred Provider Organization (PPO) dental plan. The FY 2021/22 adopted budget of \$0.9 million remains flat compared to the FY 2020/21 adopted budget.

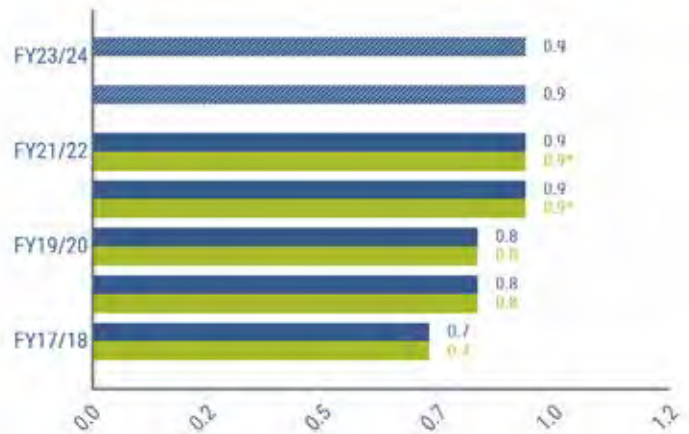
FY 2017/18 to FY 2023/24 (in millions)



Employee Contributions - Dental

Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. The FY 2021/22 adopted budget of \$0.9 million remains flat compared to the FY 2020/21 adopted budget.

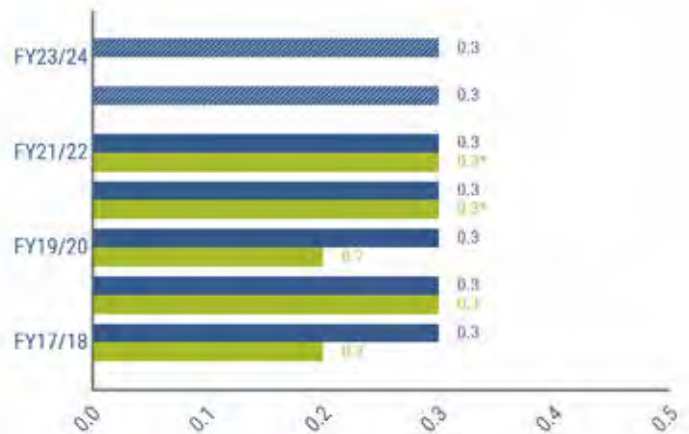
FY 2017/18 to FY 2023/24 (in millions)



Miscellaneous

Miscellaneous revenues include state subsidy contributions for qualifying employees as well as reimbursements on medical claims over the city's stop loss limit. The FY 2021/22 adopted budget of \$0.3 million remains flat compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

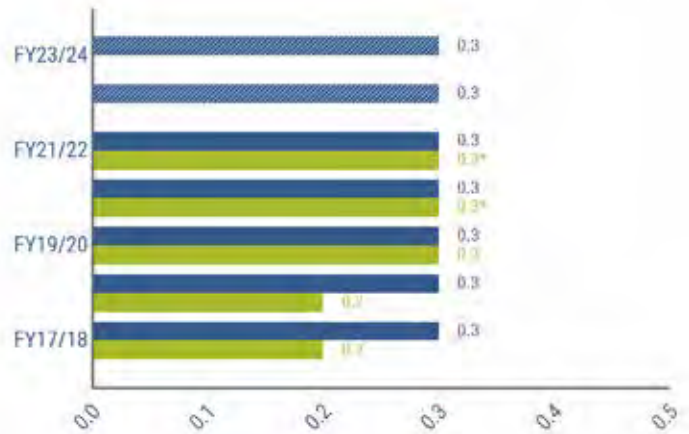


Forecast Budget Actual/Forecast*

Disabled Retiree Contributions

Disabled Retiree Contributions captures the Public Safety disabled retiree healthcare premiums received through direct collections at the same rate as an active employee. The FY 2021/22 adopted budget of \$0.3 million remains flat compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



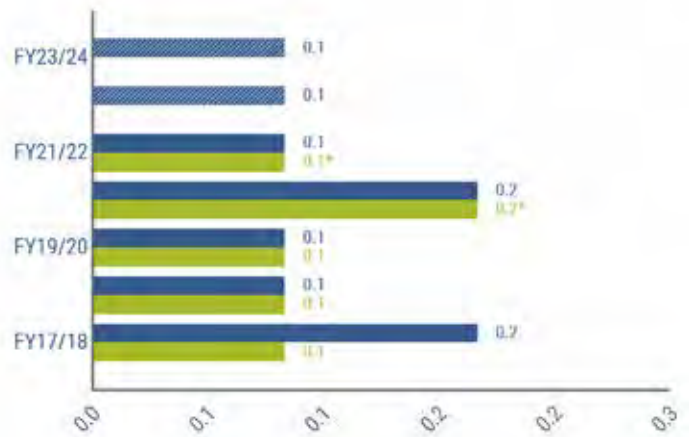
Transfers In

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

Operating

Operating includes a transfer in from the General Fund per City Council direction to subsidize the annual costs that exceeded premium collections for Public Safety disabled retirees. Total operating transfers in for FY 2021/22 is \$0.1 million, which is \$0.1 million lower than the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Healthcare Self Insurance Fund Uses

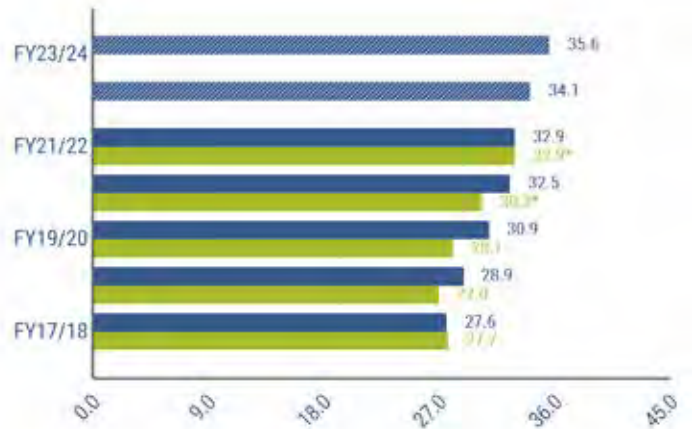
The direct operating expenditures of the Healthcare Self Insurance Fund include: Medical Claims, Dental Claims, Insurance & Bond Premiums, Administrative Fees, health related programs, and Behavioral Health Insurance Claims.

Forecast Budget Actual/Forecast*

Medical Claims

Medical Claims includes all medical claims expenses for members of the plans, including employees and their families, COBRA participants, and Public Safety disabled retirees. The FY 2021/22 adopted budget of \$32.9 million represents an increase of \$0.4 million from the FY 2020/21 adopted budget mostly due to the increasing costs of healthcare.

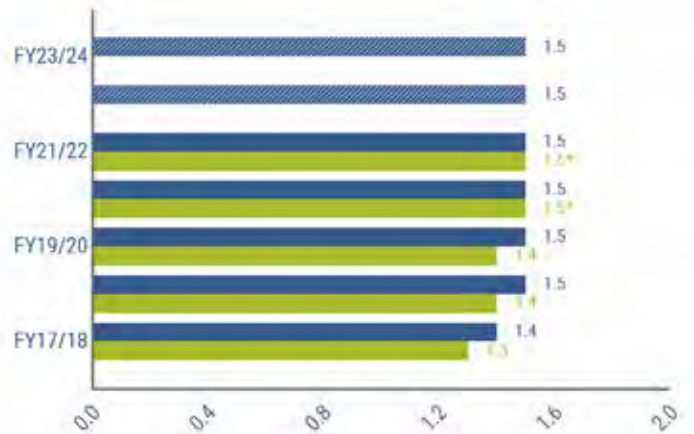
FY 2017/18 to FY 2023/24 (in millions)



Dental Claims

Dental Claims includes all dental claims expenses for members of the plans, including employees and their families and COBRA participants. The adopted FY 2021/22 budget is \$1.5 million, which remains flat from the FY 2020/21 adopted budget.

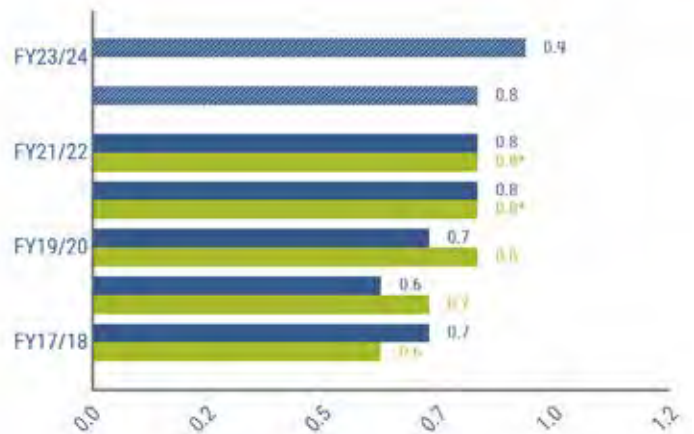
FY 2017/18 to FY 2023/24 (in millions)



Insurance & Bond Premiums

Insurance & Bond Premiums include the stop-loss insurance purchased to limit the city's exposure to large dollar claims. This type of coverage is used to ensure catastrophic claims do not upset the financial reserves of the self funded plan. The adopted FY 2021/22 budget of \$0.8 million remains flat when compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

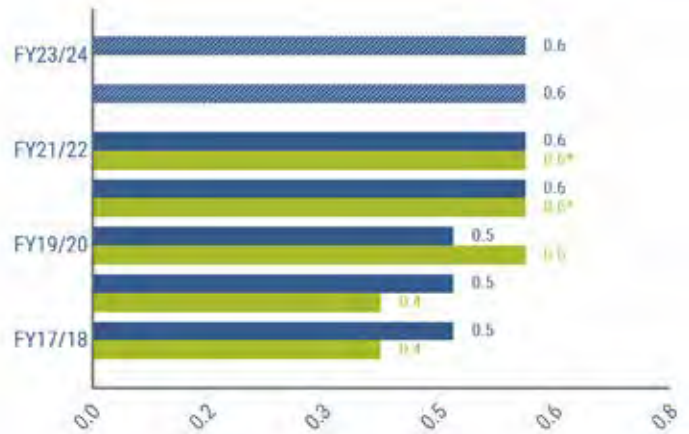


Forecast Budget Actual/Forecast*

Administrative Fees

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The FY 2021/22 adopted budget of \$0.6 million is flat compared to the FY 2020/21 adopted budget.

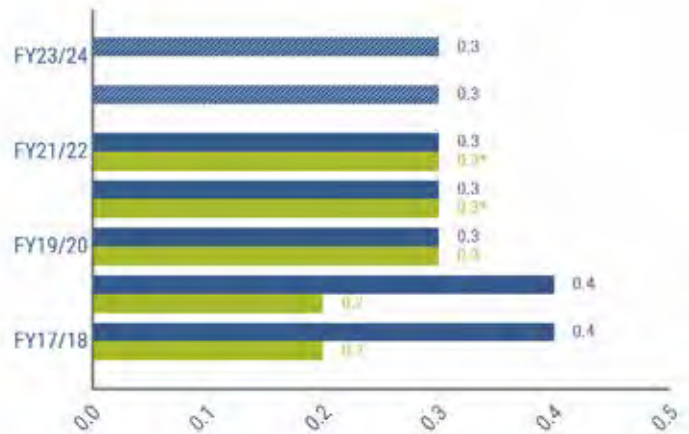
FY 2017/18 to FY 2023/24 (in millions)



Live Life Well Program

Live Life Well Program includes incentives to employees to encourage participation in various health and wellness events, challenges, activities, and classes. The FY 2021/22 adopted budget of \$0.3 million includes \$0.2 million for a wellness incentive to employees enrolled in a medical plan that complete an annual wellness exam and health assessment.

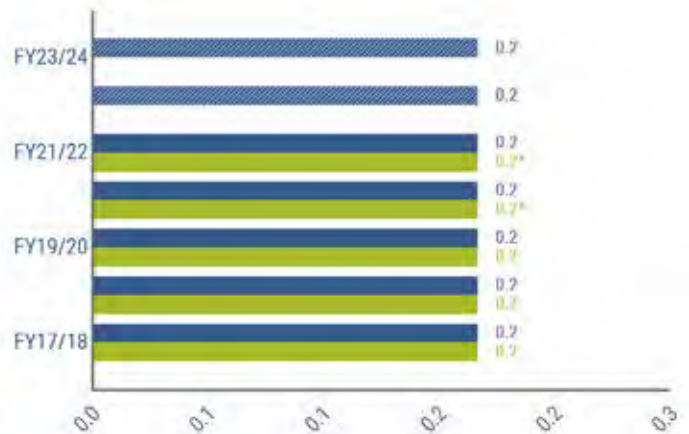
FY 2017/18 to FY 2023/24 (in millions)



City Administration

The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental, and wellness plans. The adopted FY 2021/22 budget of \$0.2 million remains flat compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

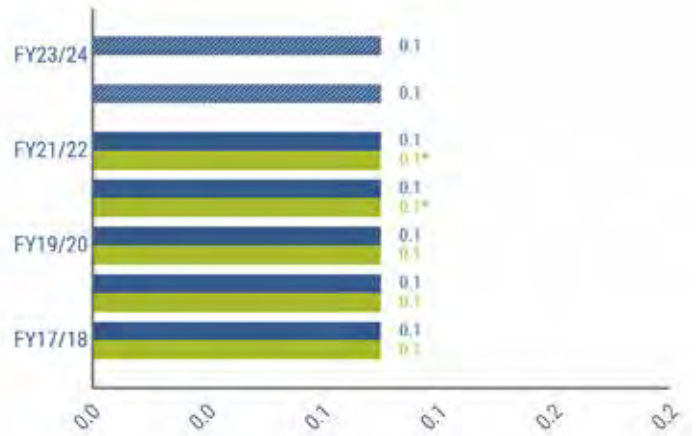


Forecast Budget Actual/Forecast*

Behavioral Health Insurance Claims

Behavioral Health Insurance Claims includes all behavioral claims expenses. The FY 2021/22 adopted budget of \$0.1 million remains flat compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



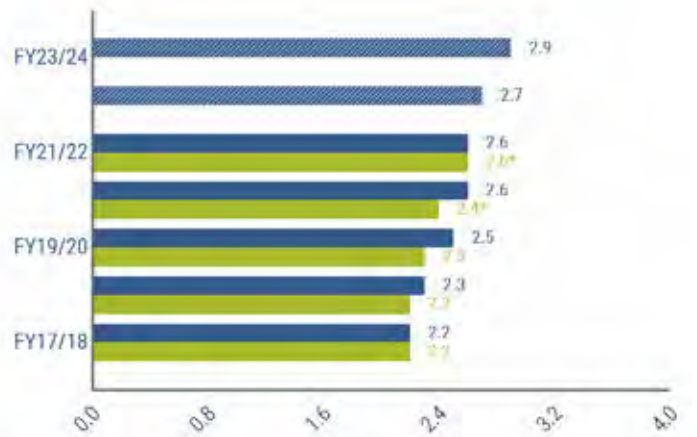
Healthcare Self Insurance Ending Fund Balance

The Healthcare Self Insurance Fund ending balance is maintained to provide for coverage of self insured benefits. The Healthcare Self Insurance Fund has three different reserves: IBNR (incurred but not reported) Reserve, Operating Contingency, and Premium Stabilization Reserve. The Healthcare Self Insurance Fund also includes an Undesignated, Unreserved Fund Balance.

IBNR Reserve

Reserve for incurred but not reported (IBNR) claims. The IBNR Reserve represents the liability that occurs for claims incurred but paid after the end of a fiscal year and it is calculated as the sum of 7.7 percent of Medical Claims and seven percent of Dental Claims. The projected FY 2021/22 IBNR Reserve is \$2.6 million, which is flat compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

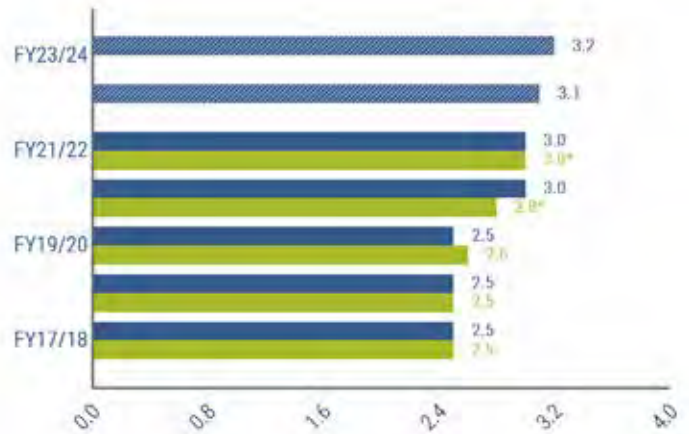


Forecast Budget Actual/Forecast*

Operating Contingency

Contingency funds are utilized only after all other budget options have been considered and require City Council approval. The Operating Contingency is calculated as 8.7 percent of Medical and Dental Claims. The FY 2021/22 adopted budget is \$3.0 million.

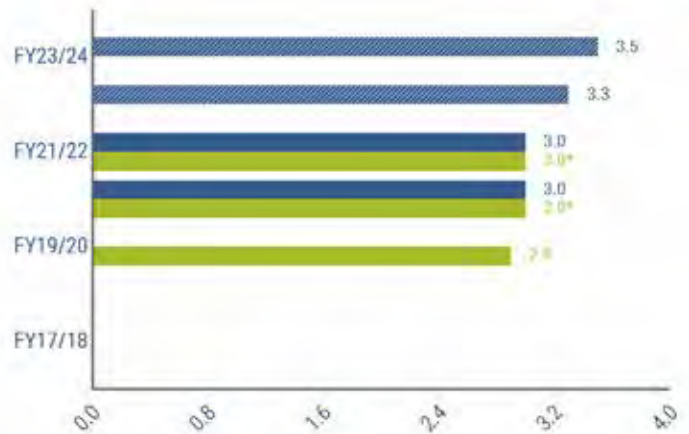
FY 2017/18 to FY 2023/24 (in millions)



Premium Stabilization Reserve

The purpose of Premium Stabilization Reserve is to ensure revenue from premiums exceed medical and dental claims, and administrative expenses paid by the healthcare plan. The Premium Stabilization Reserve is calculated as 8.7 percent of the employer and employee contributions. The FY 2021/22 adopted budget is \$3.0 million.

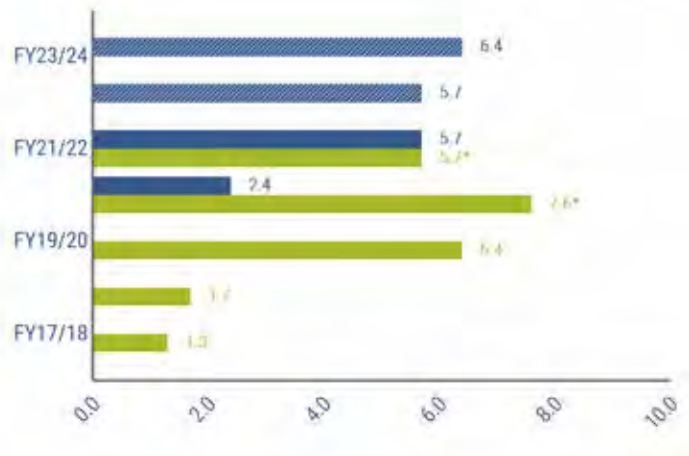
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or expand programs with ongoing operating expenses. The FY 2021/22 premium holiday for both city and employee medical contributions will be funded by the Undesignated, Unreserved Fund Balance. The FY 2021/22 ending Undesignated, Unreserved Fund Balance is \$5.7 million.

FY 2017/18 to FY 2023/24 (in millions)

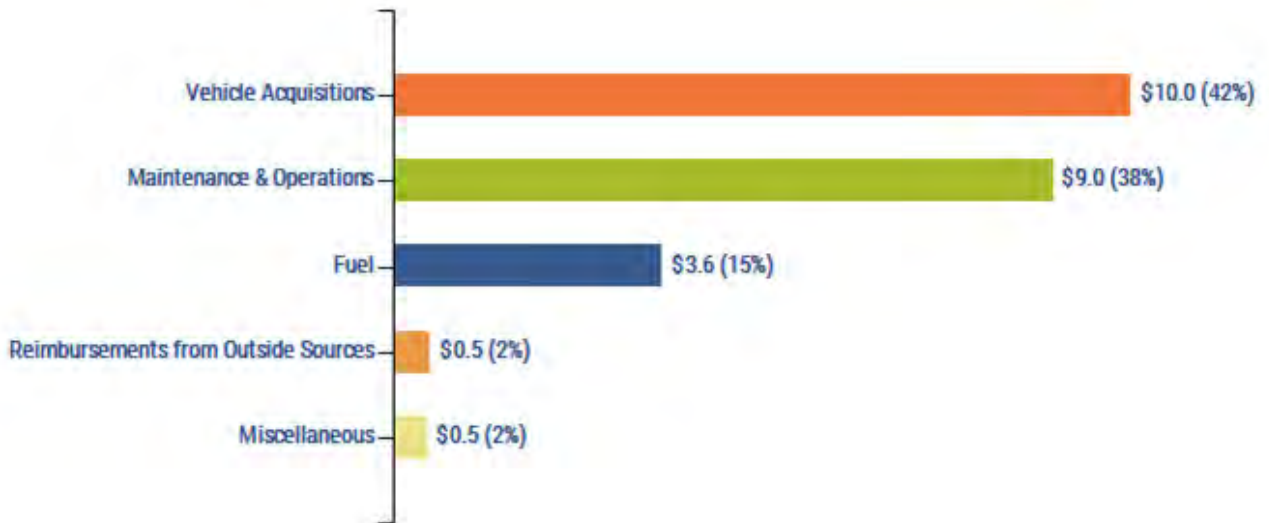


Forecast Budget Actual/Forecast*

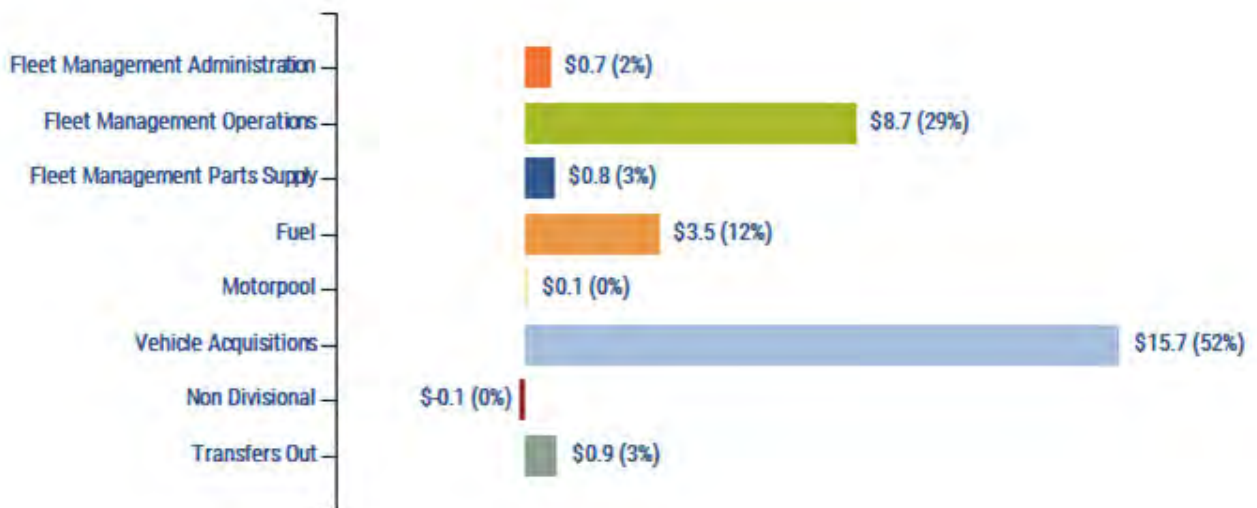
Fund Purpose

This fund is used to account for the expenditures associated with purchasing and maintaining the city's equipment and vehicles. Replacement and operation of equipment and vehicles are charged to the city divisions as internal operating costs based on the quantity and type of equipment and vehicles used. The division charges become revenue to the Fleet Management Fund.

Fleet Management Fund Sources (% to Total)
\$23.6 Million



Fleet Management Fund Uses (% to Total)
\$30.1 Million



Rounding differences may occur.

BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Designated For Future Acquisition	6,037,739	-	-	-
Operating Contingency	750,000	-	-	-
Undesignated, Unreserved Fund Balance	2,314,665	8,062,599	8,052,709	9,850,219
Total Beginning Fund Balance ^(a)	9,102,404	8,062,599	8,052,709	9,850,219
Revenues				
Vehicle Acquisitions	9,734,421	5,951,625	5,951,625	10,038,360
Maintenance & Operations	9,295,700	8,023,791	8,023,791	8,972,196
Fuel	2,928,762	3,541,229	3,541,229	3,646,872
Reimbursements from Outside Sources ^(b)	777,593	490,000	2,185,629	514,500
Miscellaneous	544,415	462,877	462,877	467,884
Subtotal	23,280,891	18,469,522	20,165,151	23,639,812
Total Sources	23,280,891	18,469,522	20,165,151	23,639,812
Expenditures				
Fleet Management Administration	507,961	499,315	369,009	671,357
Fleet Management Operations	8,721,862	8,043,166	7,884,219	8,728,422
Fleet Management Parts Supply	627,339	623,477	687,744	768,987
Fuel	2,677,975	3,541,229	3,541,530	3,542,162
Motorpool	28,501	32,268	20,037	60,828
Vehicle Acquisitions ^(c)	9,626,243	6,574,849	4,998,871	15,650,037
Fuel and Maint and Repair ^(d)	-	-	63,921	-
Leave Accrual Payments	-	24,000	-	26,945
Savings from Vacant Positions	-	-	-	(170,000)
Subtotal	22,189,881	19,338,304	17,565,331	29,278,738
TOTAL OPERATING BUDGET	22,189,881	19,338,304	17,565,331	29,278,738
Transfers Out				
CIP	2,122,649	1,756,178	785,777	780,000
CIP Technology	18,057	16,533	16,533	76,064
Subtotal	2,140,706	1,772,711	802,310	856,064
Total Uses	24,330,587	21,111,015	18,367,641	30,134,802
Sources Over/(Under) Uses	(1,049,695)	(2,641,493)	1,797,510	(6,494,990)
Ending Fund Balance				
Designated For Future Acquisition	6,910,195	-	-	-
Operating Contingency ^(e)	729,498	825,000	746,270	-
Undesignated, Unreserved Fund Balance ^(a)	413,016	4,596,106	9,103,949	3,355,229
Total Ending Fund Balance	8,052,709	5,421,106	9,850,219	3,355,229

^(a) Beginning in FY 2020/21, the Designated For Future Acquisition and Operating Contingency are consolidated into the Undesignated, Unreserved Fund Balance.

^(b) Reimbursements from Outside Sources includes an insurance payment in Forecast FY 2020/21 for damaged vehicles due to a fire in January 2021.

^(c) FY 2021/22 includes vehicle acquisition deferrals from FY 2020/21. Additionally, manufacturing cutbacks and parts shortages caused a delay in deliveries, therefore many scheduled vehicle purchases will now take place in FY 2021/22.

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

^(e) FY 2020/21 Operating Contingency was used for increased Maintenance and Repair costs due to Vehicle Acquisition deferrals.

BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Designated For Future Acquisition	-	-	-	-	-
Operating Contingency	-	-	-	-	-
Undesignated, Unreserved Fund Balance	9,850,219	3,355,229	3,389,329	3,580,329	4,033,329
Total Beginning Fund Balance	9,850,219	3,355,229	3,389,329	3,580,329	4,033,329
Revenues					
Vehicle Acquisitions	10,038,360	11,430,100	11,836,300	12,256,300	12,691,200
Maintenance & Operations	8,972,196	9,869,000	10,314,400	10,780,600	11,267,800
Fuel	3,646,872	3,822,500	4,005,700	4,197,300	4,399,000
Reimbursements from Outside Sources ^(a)	514,500	540,200	567,200	595,600	625,400
Miscellaneous	467,884	468,400	468,900	469,400	469,400
<i>Subtotal</i>	<i>23,639,812</i>	<i>26,130,200</i>	<i>27,192,500</i>	<i>28,299,200</i>	<i>29,452,800</i>
Total Sources	23,639,812	26,130,200	27,192,500	28,299,200	29,452,800
Expenditures					
Fleet Management Administration	671,357	702,600	732,500	757,000	777,600
Fleet Management Operations	8,728,422	9,050,000	9,345,600	9,649,300	9,951,800
Fleet Management Parts Supply	768,987	803,100	835,800	869,900	904,900
Fuel	3,542,162	3,633,400	3,726,800	3,823,400	3,922,900
Motorpool	60,828	67,500	70,300	73,100	76,200
Vehicle Acquisitions ^(b)	15,650,037	11,457,800	11,877,000	12,300,500	12,739,300
Fuel and Maint and Repair ^(c)	-	-	-	-	-
Leave Accrual Payments	26,945	27,500	28,000	28,800	29,400
Savings from Vacant Positions	(170,000)	(173,400)	(176,900)	(181,300)	(185,800)
<i>Subtotal</i>	<i>29,278,738</i>	<i>25,568,500</i>	<i>26,439,100</i>	<i>27,320,700</i>	<i>28,216,300</i>
TOTAL OPERATING BUDGET	29,278,738	25,568,500	26,439,100	27,320,700	28,216,300
Transfers Out					
CIP	780,000	500,000	500,000	500,000	500,000
CIP Technology	76,064	27,600	62,400	25,500	12,900
<i>Subtotal</i>	<i>856,064</i>	<i>527,600</i>	<i>562,400</i>	<i>525,500</i>	<i>512,900</i>
Total Uses	30,134,802	26,096,100	27,001,500	27,846,200	28,729,200
Sources Over/(Under) Uses	(6,494,990)	34,100	191,000	453,000	723,600
Ending Fund Balance					
Designated For Future Acquisition	-	-	-	-	-
Operating Contingency	-	-	-	-	-
Undesignated, Unreserved Fund Balance	3,355,229	3,389,329	3,580,329	4,033,329	4,756,929
Total Ending Fund Balance	3,355,229	3,389,329	3,580,329	4,033,329	4,756,929

^(a) Reimbursements from Outside Sources includes an insurance payment in Forecast FY 2020/21 for damaged vehicles due to a fire in January 2021.

^(b) FY 2021/22 includes vehicle acquisition deferrals from FY 2020/21. Additionally, manufacturing cutbacks and parts shortages caused a delay in deliveries, therefore many scheduled vehicle purchases will now take place in FY 2021/22.

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

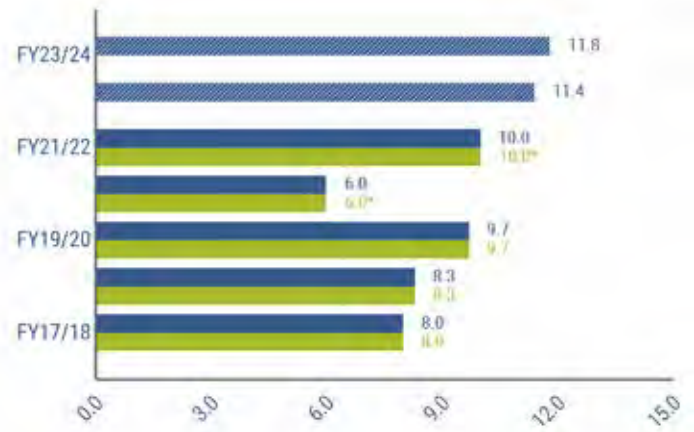
Fleet Management Fund Sources

Fleet Management Sources for FY 2021/22 equal \$23.6 million which is an increase of \$5.2 million from the FY 2020/21 adopted budget. The Fleet Management Fund includes revenue from rates charged to city division as internal operating costs for Vehicle Acquisitions, Maintenance & Operations, and Fuel. Reimbursements from Outside Sources and Miscellaneous are also revenue received in the fund.

Vehicle Acquisitions

Vehicle Acquisitions represents the replacement fees charged to divisions sufficient for the acquisition and replacement of city vehicles and equipment. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year for the replacement fees charged to the divisions. Vehicle Acquisition rates make up 43 percent of the FY 2021/22 sources at \$10.0 million, which is an increase of about \$4.1 million from the FY 2020/21 adopted budget. The increase is due to a deferment of the replacement of non-essential vehicles and equipment in FY 2020/21 and to return the budget to prior year levels of acquisition.

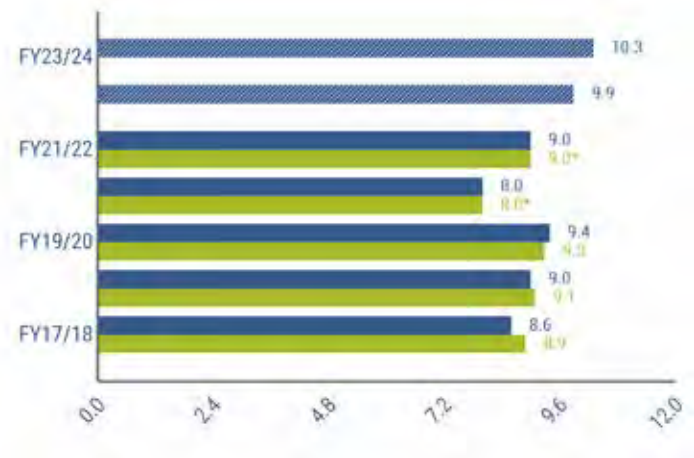
FY 2017/18 to FY 2023/24 (in millions)



Maintenance & Operations

Maintenance & Operations sources originate from charges to other city divisions based on the usage of city vehicles and equipment. The Maintenance & Operations revenue for FY 2021/22 totals \$9.0 million, which is an increase of \$1.0 million from the FY 2020/21 adopted budget. The increase is due to returning the budget to prior year levels of Maintenance & Operations as the trolley service, with the exception of one route, has resumed.

FY 2017/18 to FY 2023/24 (in millions)

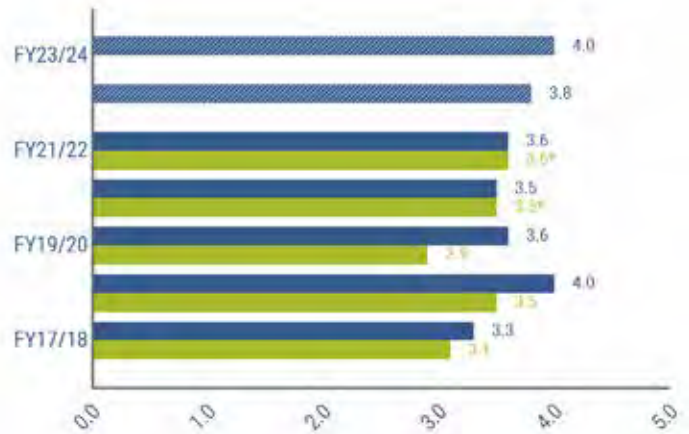


Forecast Budget Actual/Forecast*

Fuel

Fuel represents the charges to other city divisions based on the fuel consumption of city vehicles and equipment. Rates are determined based on historical data as well as forecasted future consumption. Included in this methodology are local and national fuel cost trends. The FY 2021/22 adopted budget is \$3.6 million, which is an increase of \$0.1 million when compared to the FY 2020/21 adopted budget.

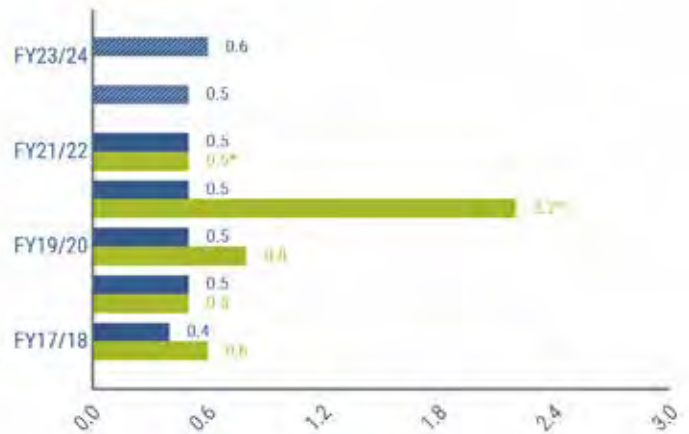
FY 2017/18 to FY 2023/24 (in millions)



Reimbursements from Outside Sources

Reimbursement from Outside Sources revenue is generated from any insurance recoveries received and reimbursements for fuel taxes and vehicle parts. Reimbursements from Outside Sources is budgeted at \$0.5 million for FY 2021/22, which is flat from the FY 2020/21 adopted budget.

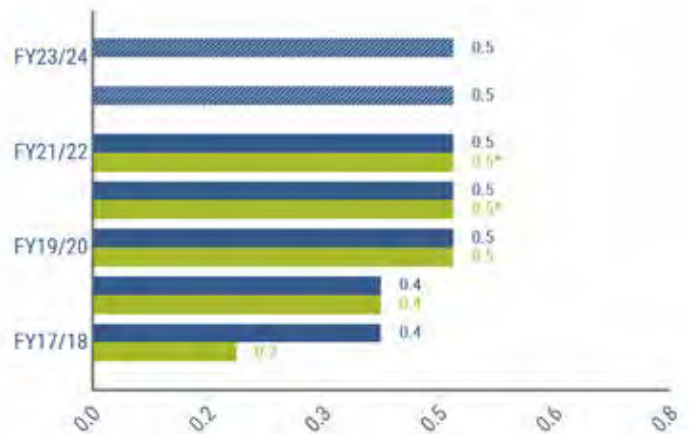
FY 2017/18 to FY 2023/24 (in millions)



Miscellaneous

Miscellaneous is generated from the liquidation of surplus property. The FY 2021/22 adopted budget is \$0.5 million, which is flat when compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

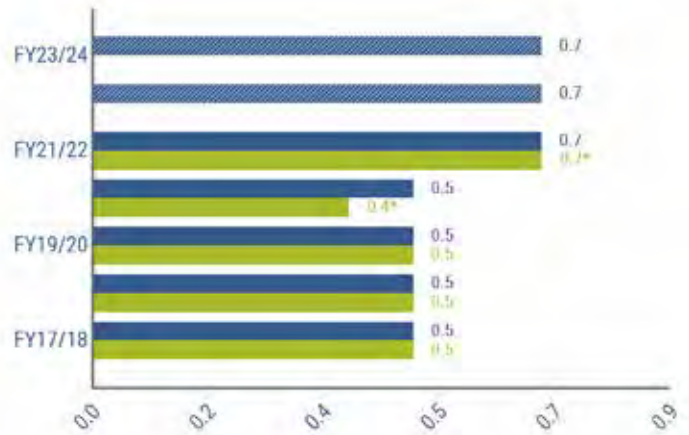
Fleet Management Fund Uses

Fleet Management Uses for FY 2021/22 equal \$30.1 million which is an increase of \$9.0 million from the FY 2020/21 adopted budget. The increase will not be passed on to the divisions through internal service charges in an effort to bring the Undesignated, Unreserved Fund Balance to a more appropriate level. The direct operating uses for the Fleet Management Fund are summarized below by Fleet Management Administration, Fleet Management Operations, Fleet Management Parts Supply, Fuel, Motorpool, and Vehicle Acquisitions.

Fleet Management Administration

Fleet Management Administration includes all costs related to supporting the management and administrative personnel that are dedicated to directing and overseeing the fleet operation of the city. The FY 2021/22 adopted budget is \$0.7 million, which is an increase of \$0.2 million from the FY 2020/21 adopted budget.

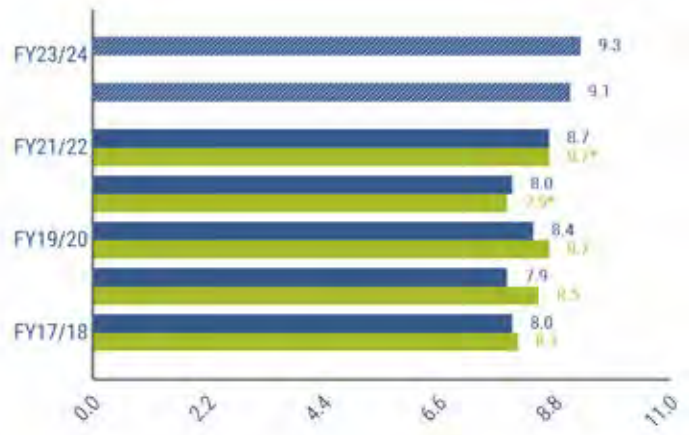
FY 2017/18 to FY 2023/24 (in millions)



Fleet Management Operations

Fleet Management Operations includes costs related to supporting technical personnel that perform the maintenance and repair functions of the city's fleet operation, the funding for replacement parts, and the use of outside vendors when necessary. The FY 2021/22 adopted budget of \$8.7 million is a \$0.7 million increase over the FY 2020/21 adopted budget. The increase is due to returning the budget to prior year levels of Maintenance & Operations as the trolley service, with the exception of one route, has resumed.

FY 2017/18 to FY 2023/24 (in millions)

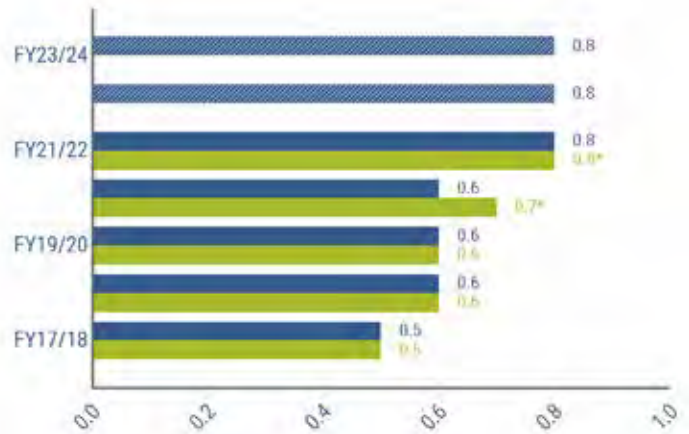


Forecast Budget Actual/Forecast*

Fleet Management Parts Supply

Fleet Management Parts Supply includes all costs related to supporting the specialized personnel that are dedicated to maintaining the parts segment of the city’s fleet operation, as well as the costs of all required supplies and tools. The FY 2021/22 adopted budget is \$0.8 million, which is an increase of \$0.1 million from the FY 2020/21 adopted budget.

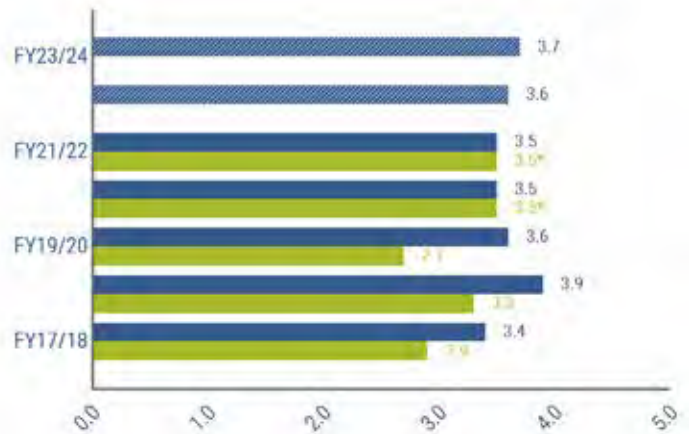
FY 2017/18 to FY 2023/24 (in millions)



Fuel

Fuel includes all costs related to the purchase of fuel, as well as costs for equipment, maintenance and services necessary to maintain the provision of fuel in the city’s fleet operation. The FY 2021/22 adopted budget is \$3.5 million, which is flat when compared to the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Motorpool

Motorpool includes all costs related to the care of the city’s motorpool vehicles including fuel and maintenance. The FY 2021/22 adopted budget of \$60,828 is a \$28,560 increase to the FY 2020/21 adopted budget. The increase is due to the addition of fleet replacement expenses for motorpool vehicles.

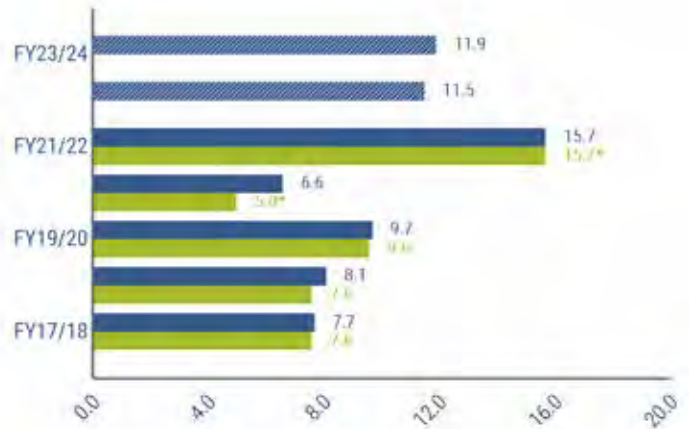
FY 2017/18 to FY 2023/24



Vehicle Acquisitions

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city's fleet. The FY 2021/22 adopted budget of \$15.7 million is a \$9.1 million increase from the FY 2020/21 adopted budget due to the deferment of replacement of non-essential vehicles and equipment from FY 2020/21.

FY 2017/18 to FY 2023/24 (in millions)



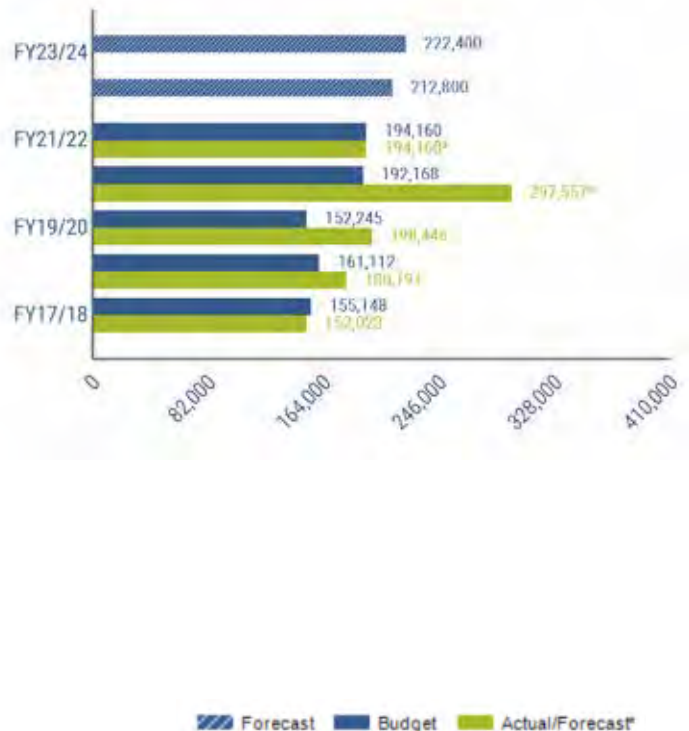
Non-Divisional Uses

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

Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2021/22 Fuel and Maint and Repair is budgeted at \$0.2 million at the division level.

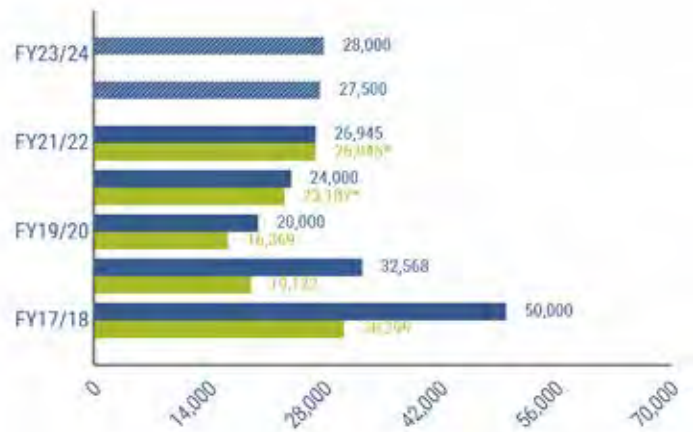
FY 2017/18 to FY 2023/24



Leave Accrual Payments

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2021/22 leave accrual payments of \$26,945 include \$10,000 budgeted for medical leave accrual payouts and \$16,945 budgeted for vacation leave accrual payouts. The FY 2020/21 year-end forecast and FY 2017/18 - FY 2019/20 actuals displayed are recorded and reported as part of the division's expenditures.

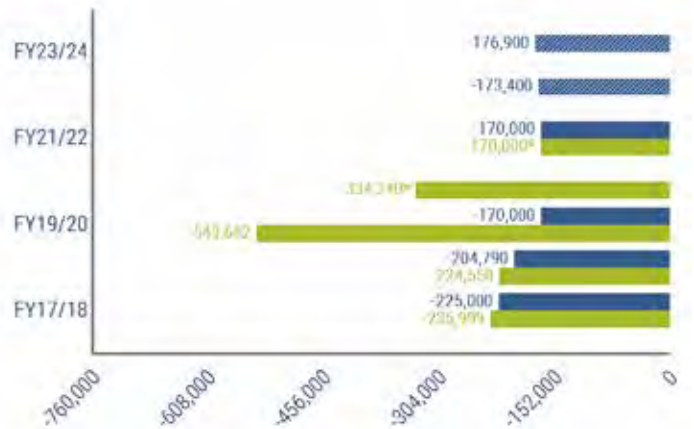
FY 2017/18 to FY 2023/24



Savings from Vacant Positions

The amount of savings achieved from vacant positions for FY 2021/22 is estimated at (\$0.2) million. The FY 2020/21 savings were already accounted for in the citywide effort to delay filling of vacant positions until January 2021.

FY 2017/18 to FY 2023/24



Forecast Budget Actual/Forecast*

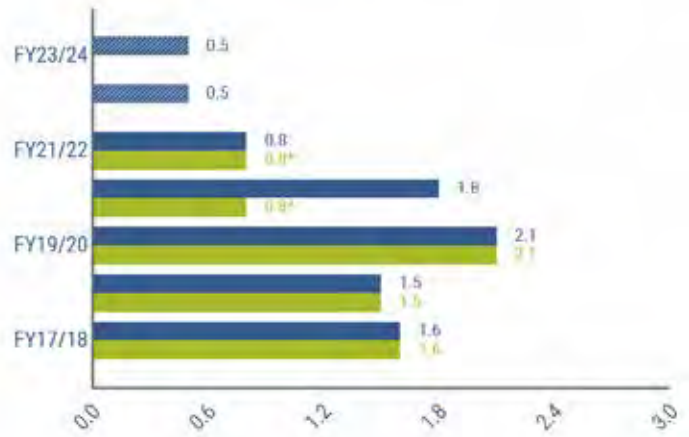
Transfers Out

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2021/22 equal \$0.9 million which is a decrease of \$0.9 million from the FY 2020/21 adopted budget as the Fleet Fuel Site Upgrade Capital Improvement Plan (CIP) project has been completed.

CIP

The FY 2021/22 CIP adopted budget of \$0.8 million will be primarily used to fund capital projects that include implementing electric vehicle (EV) infrastructure in anticipation of the addition of electric vehicles to the city fleet as well as fleet management software with technology that will provide vehicle life cycles, maintenance and operations monitoring.

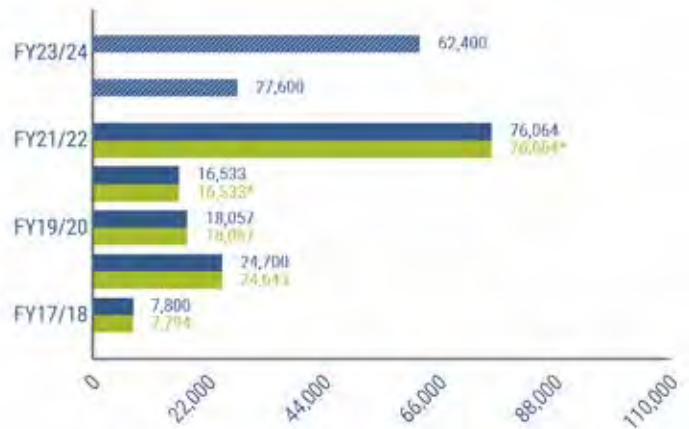
FY 2017/18 to FY 2023/24 (in millions)



CIP Technology

The CIP Technology budget of \$76,064 is planned to help cover Fleet Management's portion of citywide technology capital projects during FY 2021/22 including the Enterprise Resource Planning (ERP) System implementation project.

FY 2017/18 to FY 2023/24



Forecast Budget Actual/Forecast

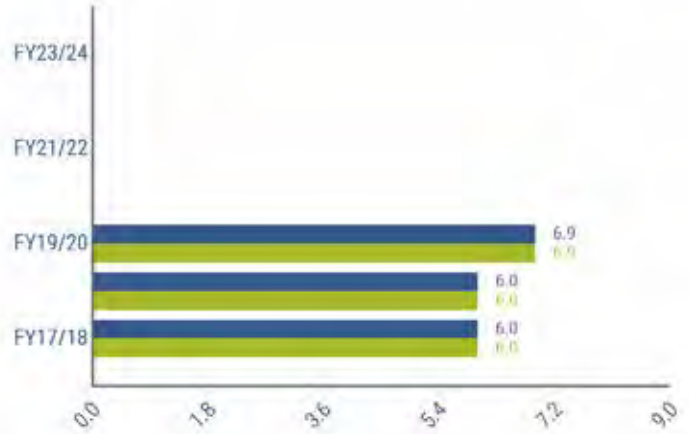
Fleet Management Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. Beginning in FY 2020/21, a procedural change was enacted to include Designated for Future Acquisitions in the Undesignated, Unreserved Fund Balance. In FY 2021/22, Operating Contingency was eliminated based on the lack of historical use.

Designated For Future Acquisition

The Designated for Future Acquisition was a reserve driven primarily by the city's vehicle and equipment replacement schedule. Beginning in FY 2020/21, the Designated for Future Acquisition is consolidated into the Undesignated, Unreserved Fund Balance.

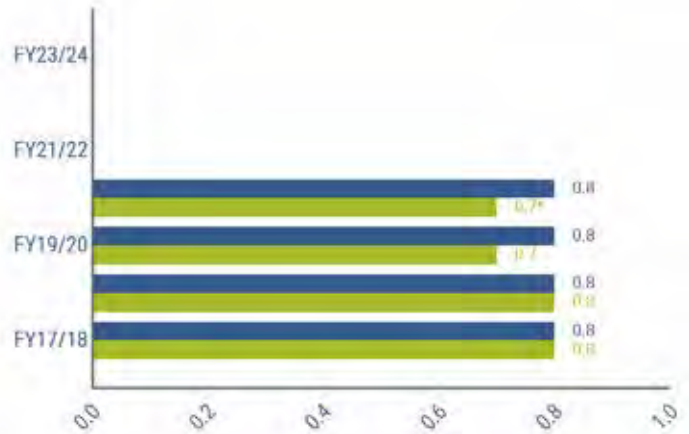
FY 2017/18 to FY 2023/24 (in millions)



Operating Contingency

The Operating Contingency was established to provide contingency funding and use flexibility in the event of unforeseen circumstances. Beginning in FY 2021/22, Operating Contingency was eliminated based on the lack of historical use.

FY 2017/18 to FY 2023/24 (in millions)

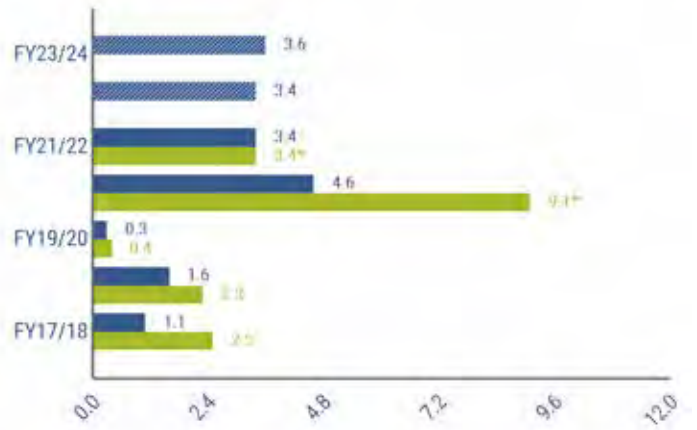


Forecast Budget Actual/Forecast

Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2021/22 ending undesignated, unreserved fund balance is \$3.4 million. The current year balance is \$1.2 million less than the FY 2020/21 adopted budget. The decrease is the result from an intentional reduction in Vehicle Acquisition rates charged to divisions as an effort to bring the Undesignated, Unreserved Fund Balance to a more appropriate level.

FY 2017/18 to FY 2023/24 (in millions)

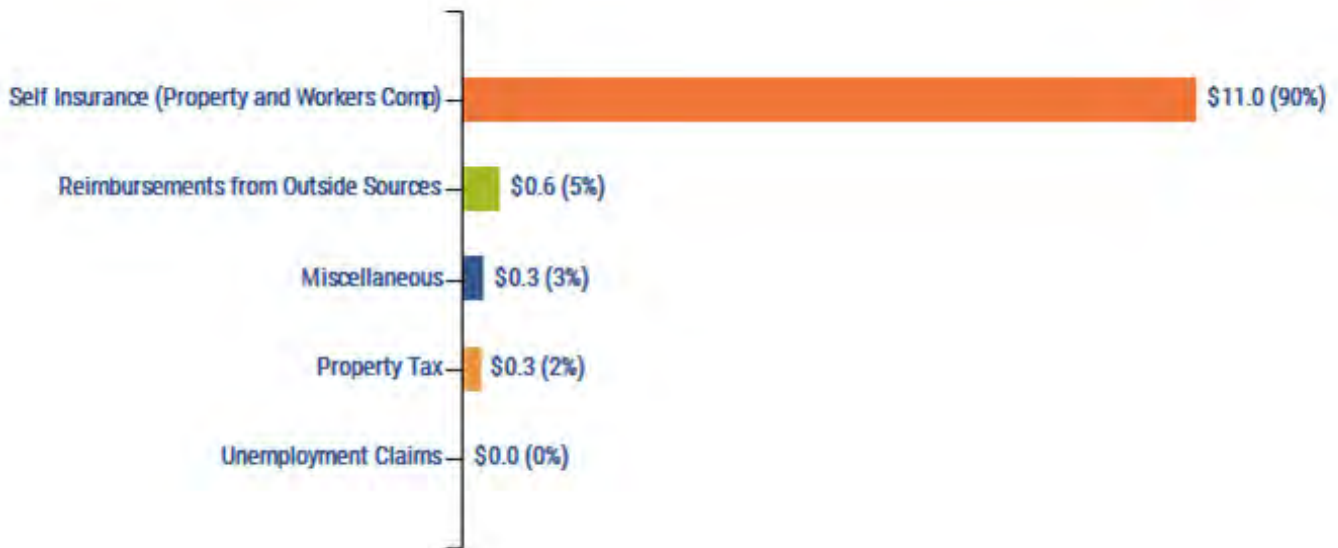


Forecast Budget Actual/Forecast*

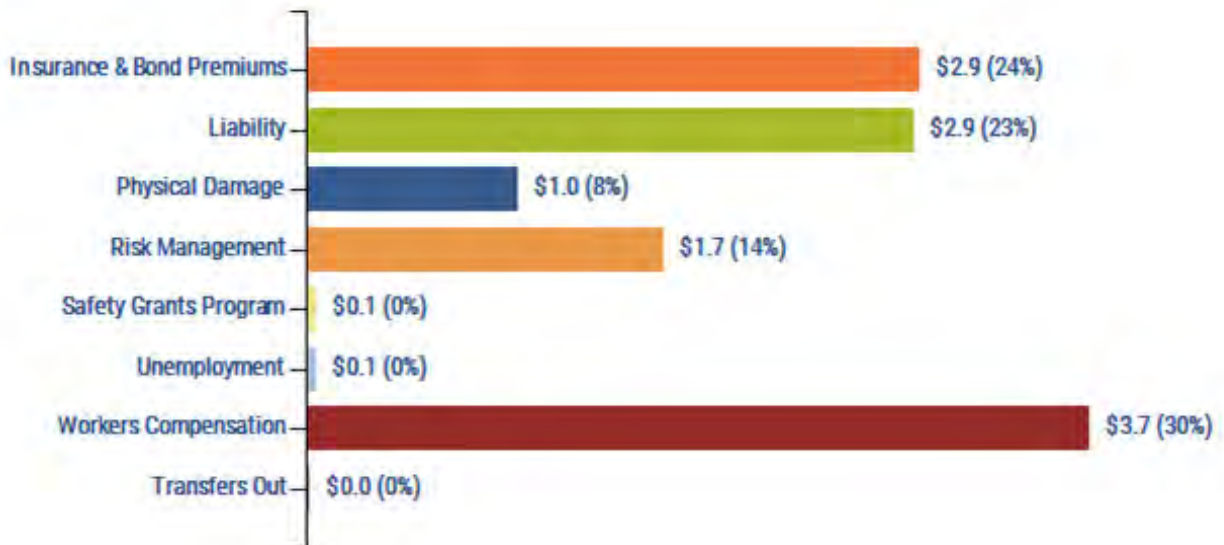
Fund Purpose

The Risk Management Fund is used to account for the city's self insurance, safety and risk management functions. Revenue to this fund is derived from internal charges to city divisions and is captured as internal rates. Payments for unemployment, workers' compensation, and property and liability claims are made from this fund.

Risk Management Fund Sources (% to Total)
\$12.2 Million



Risk Management Fund Uses (% to Total)
\$12.4 Million



Rounding differences may occur.

BUDGET BY FUND | Risk Management Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	19,685,252	19,775,391	19,924,010	23,743,871
Total Beginning Fund Balance	22,185,252	22,275,391	22,424,010	26,243,871
Revenues				
Self Insurance (Property and Workers Comp)	10,499,969	11,000,000	11,000,000	11,000,000
Reimbursements from Outside Sources	841,489	625,000	1,961,942	575,000
Miscellaneous	410,140	150,000	374,000	330,000
Property Tax	251,471	1,829,000	1,829,000	290,000
Unemployment Claims	109,828	100,000	100,000	37,870
Subtotal	12,112,898	13,704,000	15,264,942	12,232,870
Total Sources	12,112,898	13,704,000	15,264,942	12,232,870
Expenditures				
Insurance & Bond Premiums	2,242,427	3,112,000	2,371,000	2,915,155
Liability	3,386,063	3,064,703	2,019,703	2,887,503
Physical Damage	1,189,573	755,000	2,500,942	1,010,000
Risk Management	1,206,754	1,313,508	1,041,814	1,698,246
Safety Grants Program	21,234	29,000	29,000	50,000
Unemployment	28,123	35,000	120,000	50,003
Workers Compensation	3,545,625	3,357,500	3,357,500	3,720,000
<i>Fuel and Maint and Repair^(a)</i>	-	-	414	-
Subtotal	11,619,799	11,666,711	11,440,373	12,330,907
TOTAL OPERATING BUDGET	11,619,799	11,666,711	11,440,373	12,330,907
Transfers Out				
CIP Technology	254,341	4,708	4,708	21,413
Subtotal	254,341	4,708	4,708	21,413
Total Uses	11,874,140	11,671,419	11,445,081	12,352,320
Sources Over/(Under) Uses	238,758	2,032,581	3,819,861	(119,450)
Ending Fund Balance				
Operating Contingency	1,681,500	2,500,000	2,482,193	2,500,000
Operating Reserve	20,742,510	21,807,972	23,761,678	23,624,421
Total Ending Fund Balance	22,424,010	24,307,972	26,243,871	26,124,421

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

BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	23,743,871	23,624,421	24,563,621	25,613,821	27,221,421
Total Beginning Fund Balance	26,243,871	26,124,421	27,063,621	28,113,821	29,721,421
Revenues					
Self Insurance (Property and Workers Comp)	11,000,000	12,700,000	13,400,000	14,500,000	15,300,000
Reimbursements from Outside Sources	575,000	575,000	525,000	525,000	475,000
Miscellaneous	330,000	290,000	290,000	290,000	290,000
Property Tax	290,000	330,000	330,000	330,000	330,000
Unemployment Claims	37,870	39,800	41,800	43,800	46,000
<i>Subtotal</i>	12,232,870	13,934,800	14,586,800	15,688,800	16,441,000
Total Sources	12,232,870	13,934,800	14,586,800	15,688,800	16,441,000
Expenditures					
Insurance & Bond Premiums	2,915,155	3,352,400	3,662,300	3,942,500	4,433,300
Liability	2,887,503	2,945,300	3,004,200	3,079,300	3,156,300
Physical Damage	1,010,000	1,030,200	1,050,800	1,077,100	1,104,000
Risk Management	1,698,246	1,767,100	1,831,300	1,903,300	1,973,500
Safety Grants Program	50,000	51,000	52,100	53,300	54,600
Unemployment	50,003	51,000	52,000	53,300	54,700
Workers Compensation	3,720,000	3,791,400	3,867,200	3,963,900	4,062,900
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Subtotal</i>	12,330,907	12,988,400	13,519,900	14,072,700	14,839,300
TOTAL OPERATING BUDGET	12,330,907	12,988,400	13,519,900	14,072,700	14,839,300
Transfers Out					
CIP Technology	21,413	7,200	16,700	8,500	5,700
<i>Subtotal</i>	21,413	7,200	16,700	8,500	5,700
Total Uses	12,352,320	12,995,600	13,536,600	14,081,200	14,845,000
Sources Over/(Under) Uses	(119,450)	939,200	1,050,200	1,607,600	1,596,000
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	23,624,421	24,563,621	25,613,821	27,221,421	28,817,421
Total Ending Fund Balance	26,124,421	27,063,621	28,113,821	29,721,421	31,317,421

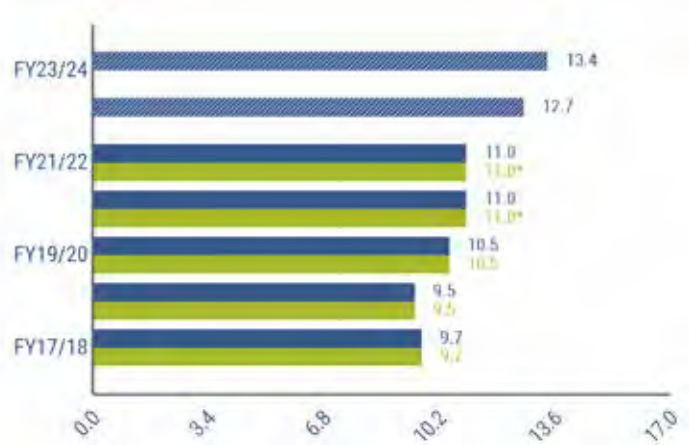
Risk Management Fund Sources

Sources received in the Risk Management Fund consist of Self Insurance (Property and Workers Comp), Reimbursements from Outside Sources, Miscellaneous, Property Tax, and Unemployment Claims. More specific information on these sources is detailed below:

Self Insurance (Property and Workers Comp)

Self Insurance (Property and Workers Comp) represent this fund's operating resources, which are derived from internal charges for services to other city divisions. The fund covers excess insurance premiums, administrative charges and claim payments for general and auto liability/physical damages, workers' compensation and property damage. The FY 2021/22 adopted budget for Self Insurance (Property and Workers Comp) is \$11.0 million, which remains flat from the FY 2020/21 adopted budget. The increase in FY 2022/23 - FY 2025/26 assumes the need to charge divisions more due to increased costs while maintaining the Loss Trust Fund Board's preferred 85 percent confidence level of the most recent actuarial assessment in the fund balance.

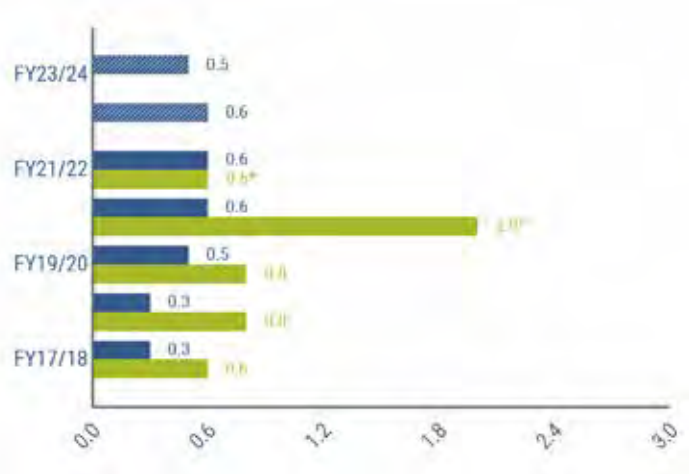
FY 2017/18 to FY 2023/24 (in millions)



Reimbursements from Outside Sources

Reimbursements from Outside Sources represents reimbursements received from insurance claims. The primary component of this source is subrogation where the city seeks reimbursement from third party insurance companies for various types of claims. Reimbursements from Outside Sources for FY 2021/22 are \$0.6 million, which remains flat when compared the FY 2020/21 adopted budget. There was a large reimbursement received in FY 2020/21 related to a claim for a fire that damaged and totaled several solid waste trucks.

FY 2017/18 to FY 2023/24 (in millions)

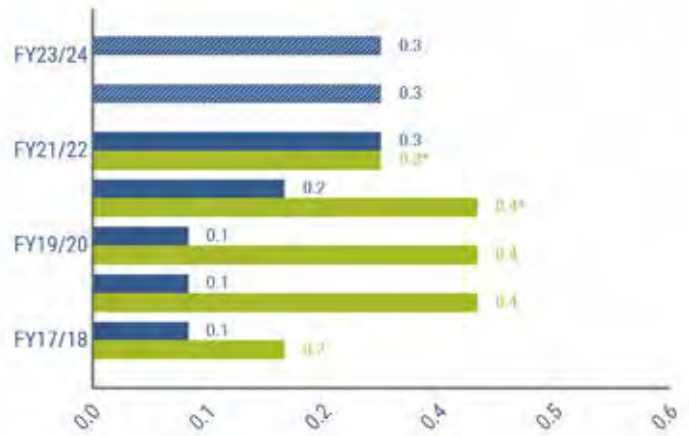


Forecast Budget Actual/Forecast*

Miscellaneous

Miscellaneous revenue represents special event reimbursements related to services provided by off-duty police officers. When an off-duty police officer is contracted for services certain insurance requirements must be met. If the event producer does not meet the specified insurance thresholds, additional costs are billed to cover potential city liability. When the Public Safety - Police Division receives these reimbursements, they are then deposited into the city's Risk Management Fund. Also included is subrogation recoveries which are claim amounts paid by third parties that are recovered by the city for damage occurring on or to city property. Miscellaneous revenue for FY 2021/22 is budgeted at \$0.3 million which is \$0.1 million higher than the FY 2020/21 adopted budget in order to bring the budget more in line with historic actual levels.

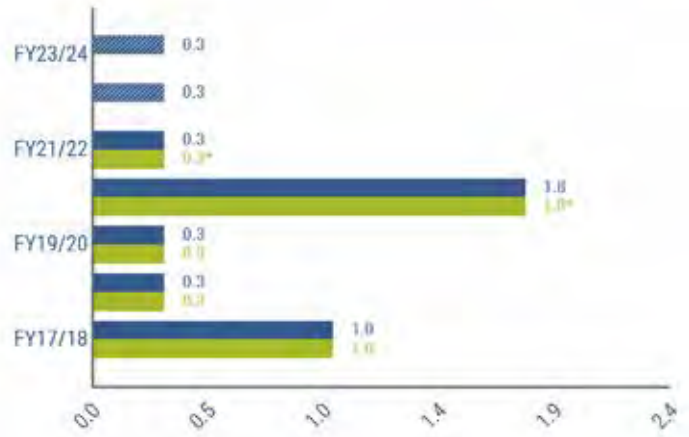
FY 2017/18 to FY 2023/24 (in millions)



Property Tax

Property Tax represents a reimbursement to the city's Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city's primary tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. The tort expenses are paid from the Risk Management Fund, therefore the reimbursement becomes revenue to this fund. The budgeted tort claims for FY 2021/22 is \$0.3 million, \$1.5 million lower than the FY 2020/21 adopted budget, which included the settlement of several large, unforeseen occurrences.

FY 2017/18 to FY 2023/24 (in millions)



Unemployment Claims

Unemployment Claims includes charges to all positions for unemployment insurance. The FY 2021/22 adopted budget of \$37,870 was reduced from the FY 2020/21 adopted budget of \$100,000 to bring the Unemployment Claims budget more in line with the revenue needed to cover unemployment expenses based of historical data.

FY 2017/18 to FY 2023/24



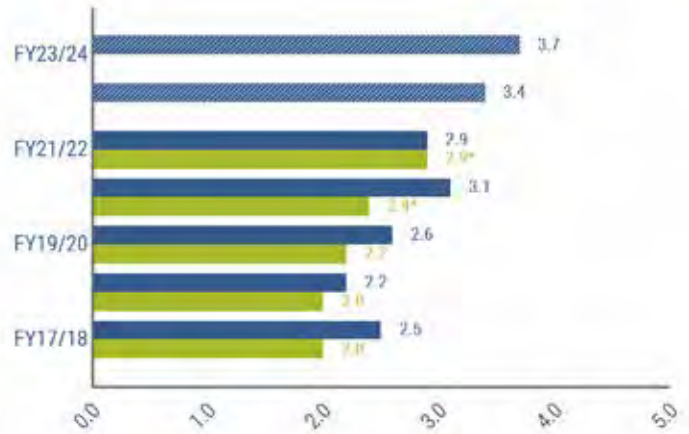
Risk Management Fund Uses

The direct operating expenditures of the Risk Management Fund are divided into the following major expenditure categories: Insurance & Bond Premiums, Liability, Physical Damage, Risk Management, Safety Grants Program, Unemployment and Workers Compensation. Also included are cash Transfers Out to the CIP.

Insurance & Bond Premiums

Insurance & Bond Premiums includes various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. The adopted budget for FY 2021/22 is \$2.9 million, which is \$0.2 million less than the FY 2020/21 adopted budget of \$3.1 million.

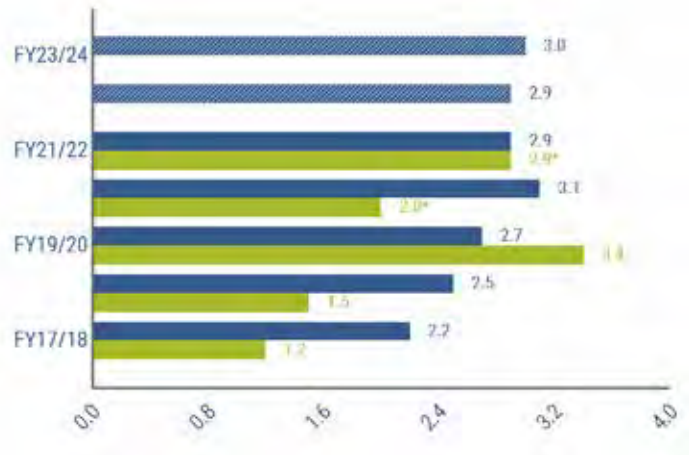
FY 2017/18 to FY 2023/24 (in millions)



Liability

Liability primarily includes claim payments and legal costs for all activity not related to physical damage or workers compensation claims. The adopted budget for FY 2021/22 is \$2.9 million, which is \$0.2 less than the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)

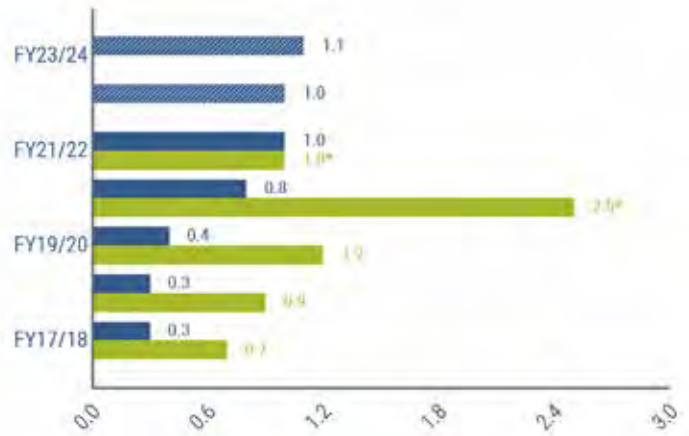


Forecast Budget Actual/Forecast*

Physical Damage

Physical Damage is a claim used to pay for physical damage to city property or city vehicles. The adopted budget for FY 2021/22 is \$1.0 million, which is an increase of \$0.2 million when compared to the FY 2020/21 adopted budget. The budget was adjusted to align with previous actual expenditures which continue to increase due to weather related and catastrophic events. There was a large claim in FY 2020/21 for a fire that damaged and totaled several solid waste trucks. FY 2017/18 - FY 2019/20 had higher than anticipated damage to vehicles.

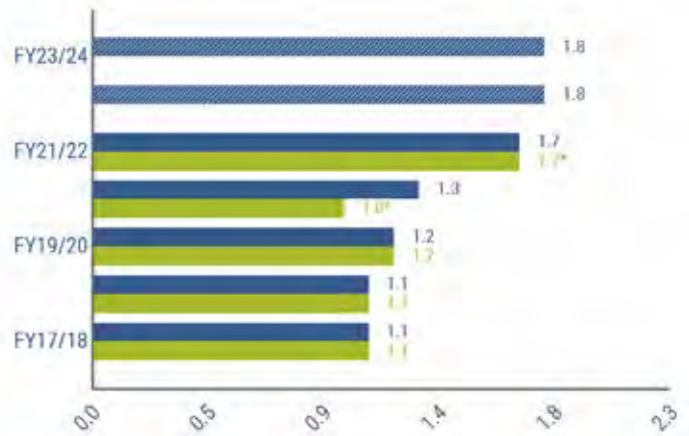
FY 2017/18 to FY 2023/24 (in millions)



Risk Management

The Risk Management operating budget is for day to day operations of the department. The adopted budget for FY 2021/22 is \$1.7 million, which is \$0.4 million greater than the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Safety Grants Program

The Safety Grants Program is for city divisions to request funds to pay for office furniture/equipment, office operating supplies, and protective clothing that would enhance safety or reduce a known loss in the workplace. In order to receive these funds certain criteria must be met and no other funding source available. The budgeted expenditure for FY 2021/22 is \$50,000, which is an increase of \$21,000 compared to the FY 2020/21 adopted budget. FY 2017/18 and FY 2018/19 show low levels of department requests for Safety Grants to help pay for operating supplies intended to reduce loss exposure.

FY 2017/18 to FY 2023/24



Unemployment

Unemployment represents claims which can be paid to terminated city employees who qualify. The adopted budget for FY 2021/22 is \$50,003, which is \$15,003 greater than the FY 2020/21 adopted budget. The FY 2020/21 forecast estimates a higher level of expenses due to anticipated large number unemployment claims resulting from the COVID-19 pandemic.

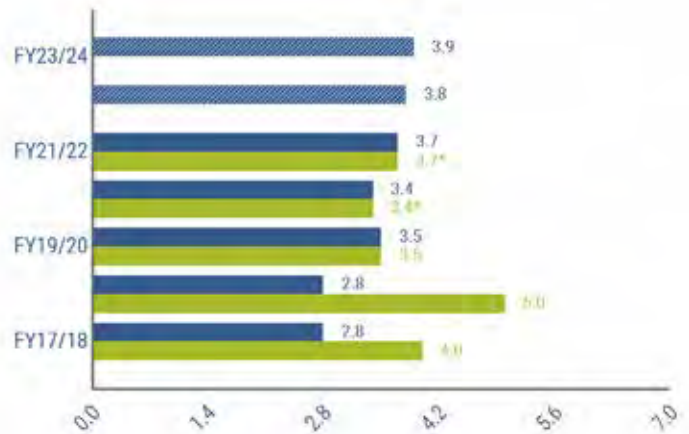
FY 2017/18 to FY 2023/24



Workers Compensation

Workers Compensation represents claims paid to current city employees in the event of an injury, illness, or disease occurring in the course of city employment. The adopted budget for FY 2021/22 is \$3.7 million which is \$0.3 million greater than the FY 2020/21 adopted budget due to higher forecasted worker compensation expenses related to rising medical costs, including delayed medical expenses due to the COVID-19 pandemic.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

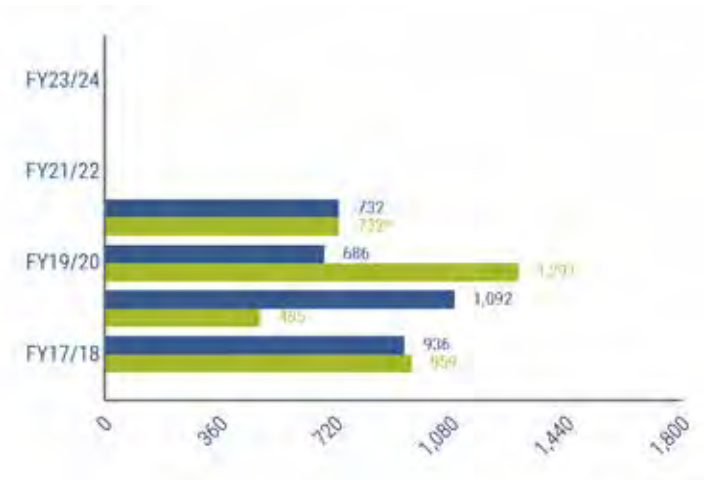
Non-Divisional Uses

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

Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maint and Repair are budgeted at the division level and then at the beginning of the fiscal year are moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maint and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The actuals in FY 2020/21 represent a vehicle that was turned in mid-year due to low-use to assist with cost-savings for the city's motor pool.

FY 2017/18 to FY 2023/24



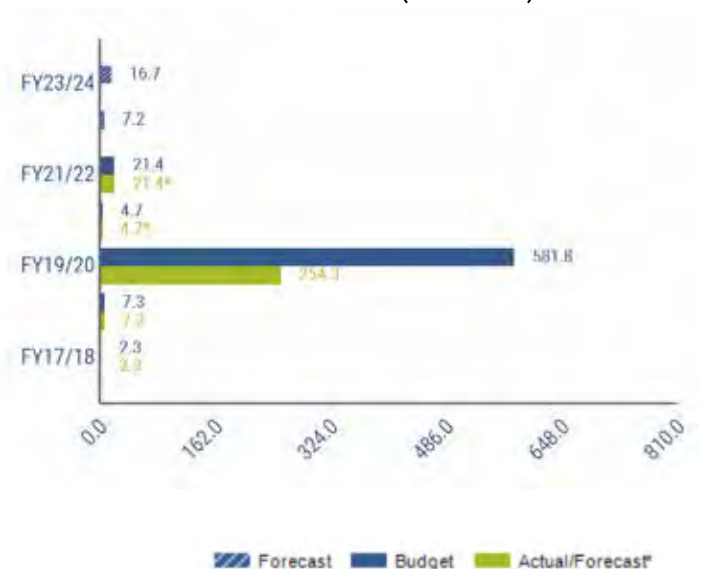
Transfers Out

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

CIP Technology

The CIP Technology budget of \$21,413 in FY 2021/22 is planned to help cover the Risk Management's portion of citywide technology replacement capital projects. FY 2019/20 included budget for a new modern risk management platform to effectively manage liability and workers compensation claims. The expense was lower than originally anticipated.

FY 2017/18 to FY 2023/24 (in thousands)



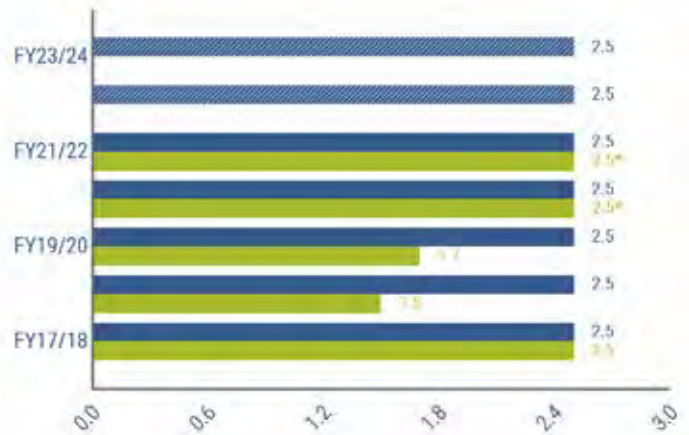
Risk Management Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The Loss Trust Fund Board, per Financial Policy No. 41, set a target to maintain a Risk Management reserve fund balance equivalent to the actuary's 85 percent confidence level of the most recent actuarial assessment. Each year the projected balance is actuarially determined based on current actual losses and potential outstanding claims. The specific make-up of the city's Risk Management Fund ending balance is noted in the following:

Operating Contingency

Operating Contingency includes \$2.5 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been examined and requires City Council approval.

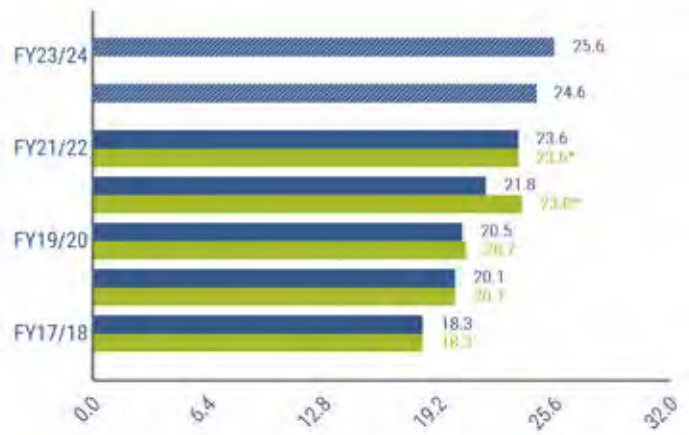
FY 2017/18 to FY 2023/24 (in millions)



Operating Reserve

The projected FY 2021/22 Operating Reserve is approximately \$23.6 million, which is an increase of \$1.8 million from the FY 2020/21 adopted budget.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

Fund Purpose

The PC Replacement fund is used to account for the expenditures associated with purchasing the city's computers, monitors and printers. The replacement of computers, monitors and printers (hardware) is charged to the city divisions as an internal operating cost based on the quantity and type of hardware used. The divisions' charges become revenue to the PC Replacement Fund.

PC Replacement Fund Sources (% to Total)
\$0.8 Million



PC Replacement Fund Uses (% to Total)
\$1.2 Million



Rounding differences may occur.

BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Operating Contingency	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,467,622	1,467,622	1,381,480	1,265,822
Total Beginning Fund Balance	1,967,622	1,967,622	1,881,480	1,765,822
Revenues				
PC Replacement Fees ^(a)	1,042,529	752,850	752,850	750,000
Subtotal	1,042,529	752,850	752,850	750,000
Total Sources	1,042,529	752,850	752,850	750,000
Expenditures				
Computer Hardware Acquisition	1,128,671	868,508	868,508	1,186,447
Subtotal	1,128,671	868,508	868,508	1,186,447
TOTAL OPERATING BUDGET	1,128,671	868,508	868,508	1,186,447
Total Uses	1,128,671	868,508	868,508	1,186,447
Sources Over/(Under) Uses	(86,142)	(115,658)	(115,658)	(436,447)
Ending Fund Balance				
Operating Contingency ^(b)	500,000	500,000	500,000	100,000
Undesignated, Unreserved Fund Balance	1,381,480	1,351,964	1,265,822	1,229,375
Total Ending Fund Balance	1,881,480	1,851,964	1,765,822	1,329,375

^(a) Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

^(b) Beginning in FY 2021/22 the Operating Contingency was reduced to better align with historical usage.

BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Operating Contingency	500,000	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,265,822	1,229,375	1,337,175	1,305,375	708,175
Total Beginning Fund Balance	1,765,822	1,329,375	1,437,175	1,405,375	808,175
Revenues					
PC Replacement Fees ^(a)	750,000	760,000	770,000	780,000	790,000
Subtotal	750,000	760,000	770,000	780,000	790,000
Total Sources	750,000	760,000	770,000	780,000	790,000
Expenditures					
Computer Hardware Acquisition	1,186,447	652,200	801,800	1,377,200	1,489,700
Subtotal	1,186,447	652,200	801,800	1,377,200	1,489,700
TOTAL OPERATING BUDGET	1,186,447	652,200	801,800	1,377,200	1,489,700
Total Uses	1,186,447	652,200	801,800	1,377,200	1,489,700
Sources Over/(Under) Uses	(436,447)	107,800	(31,800)	(597,200)	(699,700)
Ending Fund Balance					
Operating Contingency ^(b)	100,000	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,229,375	1,337,175	1,305,375	708,175	8,475
Total Ending Fund Balance	1,329,375	1,437,175	1,405,375	808,175	108,475

^(a) Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

^(b) Beginning in FY 2021/22 the Operating Contingency was reduced to better align with historical usage.

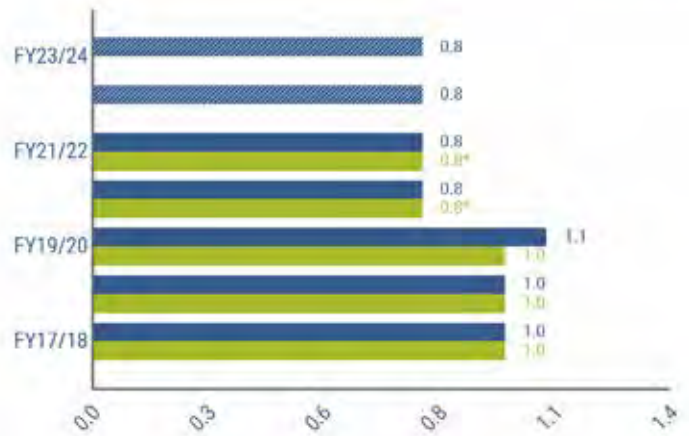
PC Replacement Fund Sources

The PC Replacement Fund includes revenue from rates charged to the city divisions as internal operating costs to each program based on the quantity and type of hardware used. The only source of revenue to this fund is the PC Replacement Fees, detailed below.

PC Replacement Fees

PC Replacement Fees represents the rates charged to other city funds and divisions for the acquisition and replacement of city computer hardware. The amount collected ensures sufficient funding is available for hardware acquisition and replacement while also considering future needs. The goal is to minimize large fluctuations to the rates that are charged to the divisions each year. The revenue for FY 2021/22 is \$0.8 million, which is flat from the FY 2020/21 adopted budget. Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

FY 2017/18 to FY 2023/24 (in millions)



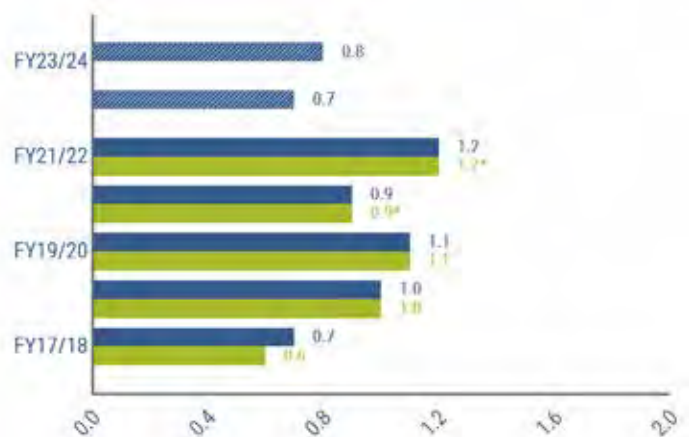
PC Replacement Fund Uses

The direct operating expenditures of the PC Replacement Fund are budgeted in the capital outlay category.

Computer Hardware Acquisition

Computer Hardware Acquisition includes the purchase of desktop computers, laptops, ruggedized laptops, monitors, and printers. The computer hardware inventory for the entire city is aggregated as one asset and is thus classified as a capital asset on the city's balance sheet. The adopted FY 2021/22 Computer Hardware Acquisition budget is \$1.2 million, which is \$0.3 million higher than the FY 2020/21 adopted budget. The expenditures vary from year to year depending on the replacement schedule.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

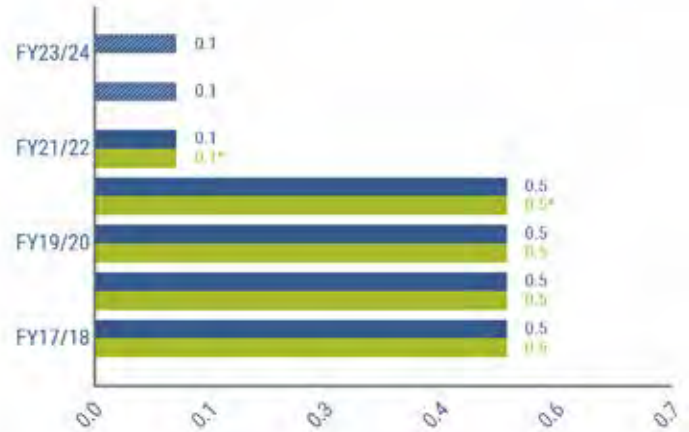
PC Replacement Fund Ending Balance

The PC Replacement Fund ending balance varies primarily due to the hardware replacement schedule. The fund balance at the end of each year includes the accumulated balance to be used for future year hardware purchases. The PC Replacement Fund ending balance includes: Operating Contingency and Undesignated, Unreserved Fund Balance.

Operating Contingency

Operating Contingency includes \$0.1 million of budget authorization to offset unforeseen expenses that occur during the fiscal year, which is \$0.4 million lower than the FY 2020/21 adopted budget. The decrease is due to efforts to better align with historical usage. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.

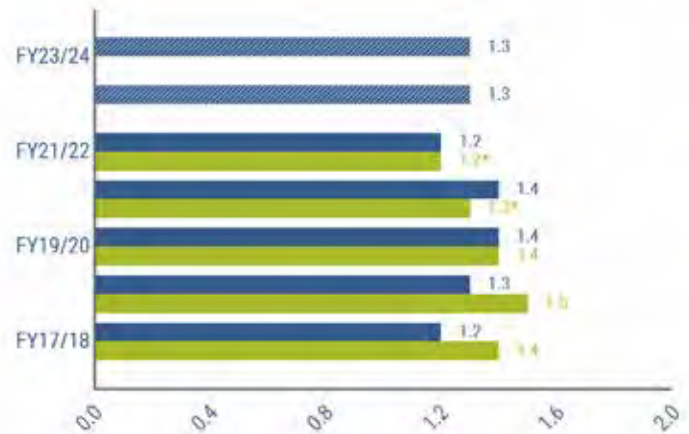
FY 2017/18 to FY 2023/24 (in millions)



Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/contingencies. The FY 2021/22 ending undesignated, unreserved fund balance is \$1.2 million, which is \$0.2 million lower than the FY 2020/21 adopted budget due to efforts to utilize fund balance by reducing the PC Replacement Fees. This balance represents an accumulation of sources to be used for future year hardware purchases.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*



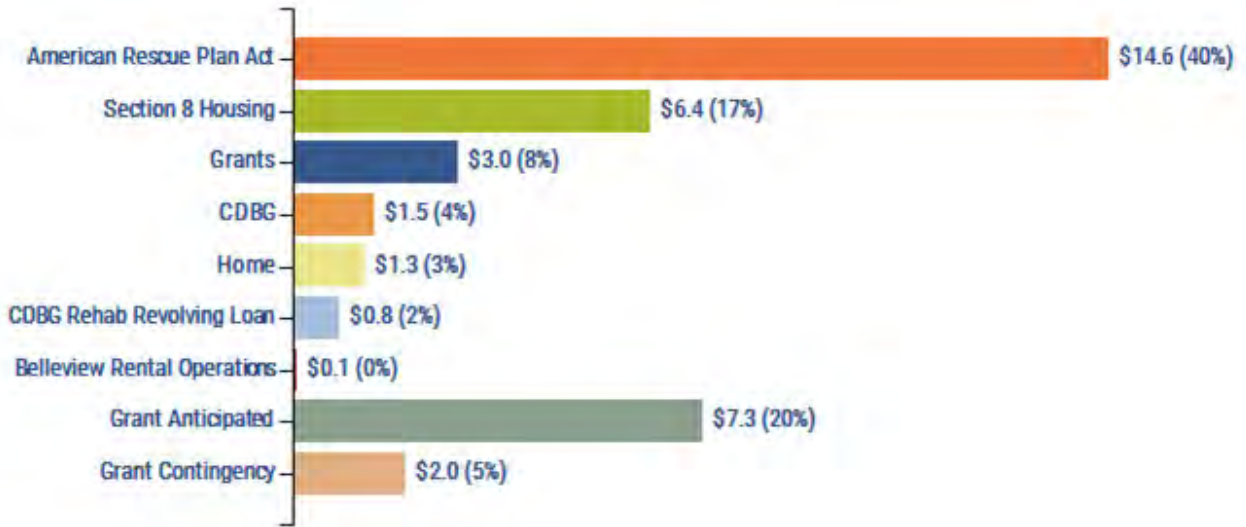


All Arabian Horse Show at Paradise Park
Courtesy of the Scottsdale Historical Society and Scottsdale Public Library

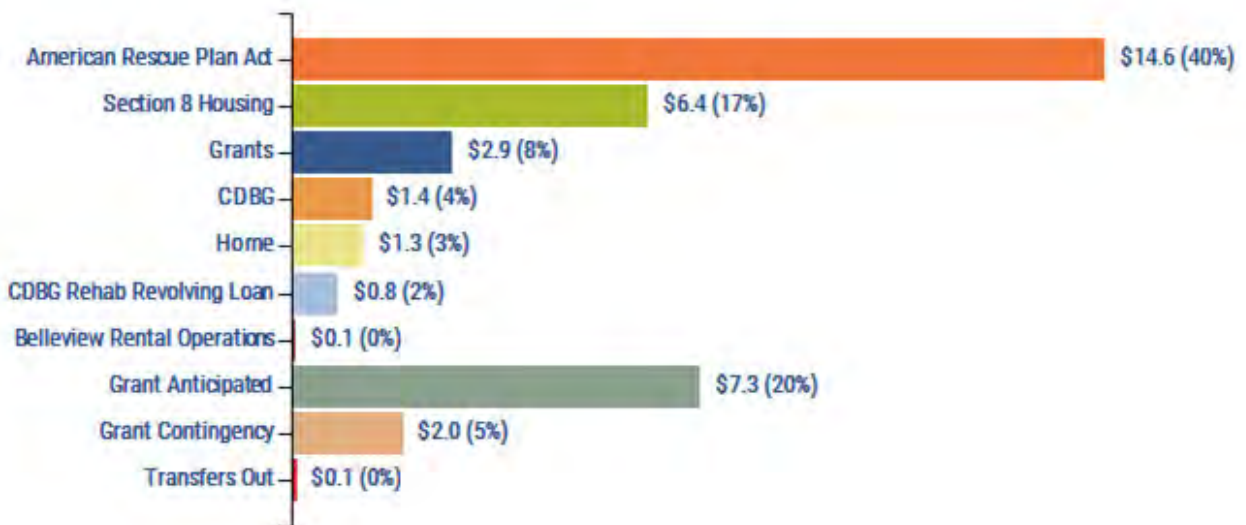
Fund Purpose

The Grant Funds receive and expend the city’s federal, state, and local grants. The amount of grants received is generally based upon application to granting agencies by the city and through entitlement grants and are contingent upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The city will only expend grant funds that have been appropriately awarded by the granting agency and accepted in accordance with the city’s grant policy.

Grant Funds Sources (% to Total)
\$36.9 Million



Grant Funds Uses (% to Total)
\$36.9 Million



Rounding differences may occur.

BUDGET BY FUND | Grant Funds Summary

	Adopted 2021/22
<hr/>	
Revenues	
American Rescue Plan Act	14,622,406
CDBG & CDBG Rehab Revolving Loan	2,356,520
Housing Choice Voucher Program	6,393,013
Grants	2,954,740
HOME Investment Partnership	1,274,956
<i>Subtotal</i>	27,601,635
Other Activity	
Grant Anticipated	7,339,309
Grant Contingency	2,000,000
<i>Subtotal</i>	9,339,309
<hr/> Total Sources	36,940,944
Expenditures	
American Rescue Plan Act	14,622,406
CDBG & CDBG Rehab Revolving Loan	2,328,592
Housing Choice Voucher Program	6,393,013
Grants	2,896,954
Home Investment Partnership	1,274,956
<i>Subtotal</i>	27,515,921
TOTAL OPERATING BUDGET	27,515,921
Other Activity	
Grant Anticipated	7,339,309
Grant Contingency	2,000,000
<i>Subtotal</i>	9,339,309
Transfers Out	
CIP	57,786
CIP Technology	27,928
<i>Subtotal</i>	85,714
<hr/> Total Uses	36,940,944
<hr/> Sources Over/(Under) Uses	-

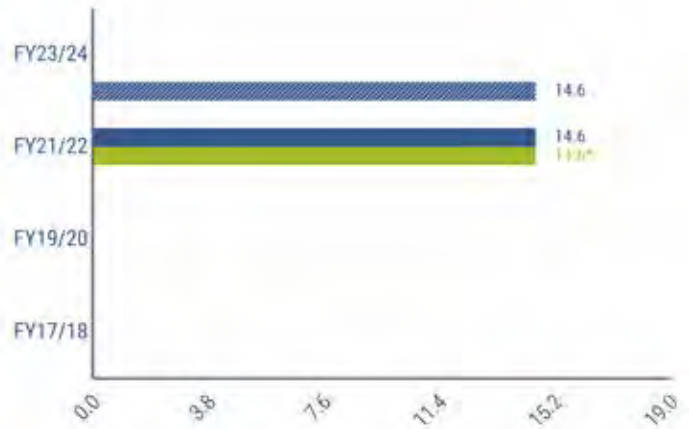
Grant Funds Sources

Scottsdale pursues grant funding to leverage city funds to address priority program and service needs. The major areas of grant revenue consist of the American Rescue Plan Act, Community Development Block Grant (CDBG), Housing Choice Voucher (HCV) Program (formally known as "Section 8"), HOME Investment Partnership (HOME) funds, miscellaneous federal, state, local grants and anticipated grants. The revenues by grant are detailed in the following sections below:

American Rescue Plan Act

To assist in recovery following the economic impact of the COVID-19 pandemic, Scottsdale received \$29.2 million in federal funds over two fiscal years from the American Rescue Plan Act (ARPA). The FY 2021/22 revenue of \$14.6 million is the first half of the city's ARPA funding allocation.

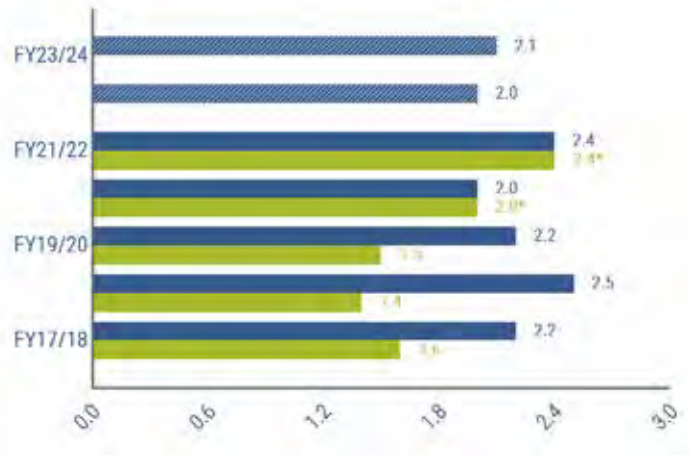
FY 2017/18 to FY 2023/24 (in millions)



Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan

The City of Scottsdale receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG funds are provided on a formula basis to entitlement communities to develop viable urban communities by providing decent housing, suitable living environments and/or by expanding economic opportunities, primarily for low to moderate income persons. Staff estimates the CDBG and CDBG Rehab Revolving Loan Funds, including prior year's carryover for FY 2021/22 at \$2.4 million. These fund amounts will vary depending on when the funds are received during the fiscal year.

FY 2017/18 to FY 2023/24 (in millions)

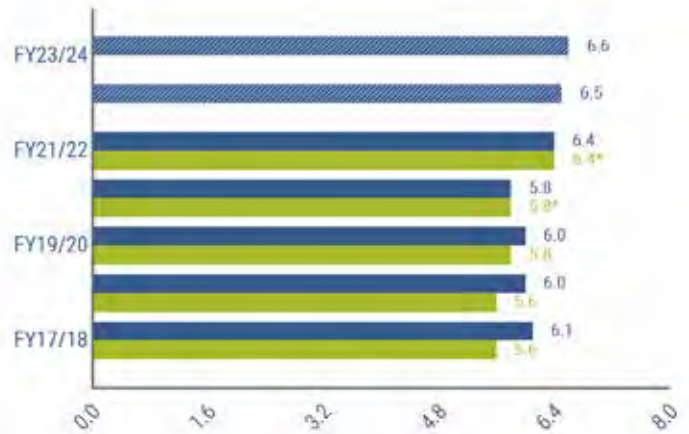


Forecast Budget Actual/Forecast*

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) Program is funded through the U.S. Department of Housing and Urban Development (HUD). This program offers rental assistance which is based upon the household's income. Families must be income eligible based on the Program Income Guidelines. The program provides affordable and safe housing opportunities for lower-income families, senior citizens and persons with disabilities. Staff estimates the HCV allocations, including prior year's carryover for FY 2021/22 at \$6.4 million. The actual amounts will vary depending on when the funds are received during the fiscal year.

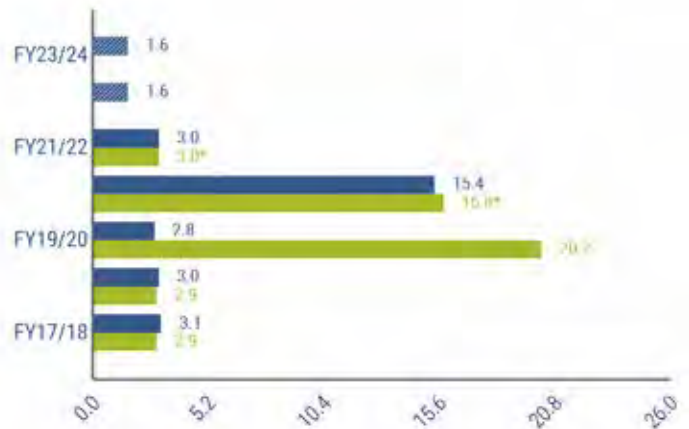
FY 2017/18 to FY 2023/24 (in millions)



Grants

Miscellaneous federal, state and local grants include grants for law enforcement, fire services, community services, transportation and preservation projects. Additional grant funding was received from the AZCares Fund to assist with costs of public health and public safety personnel expenses in FY 2019/20 and FY 2020/21. The adopted budget for these grants is \$3.0 million for FY 2021/22.

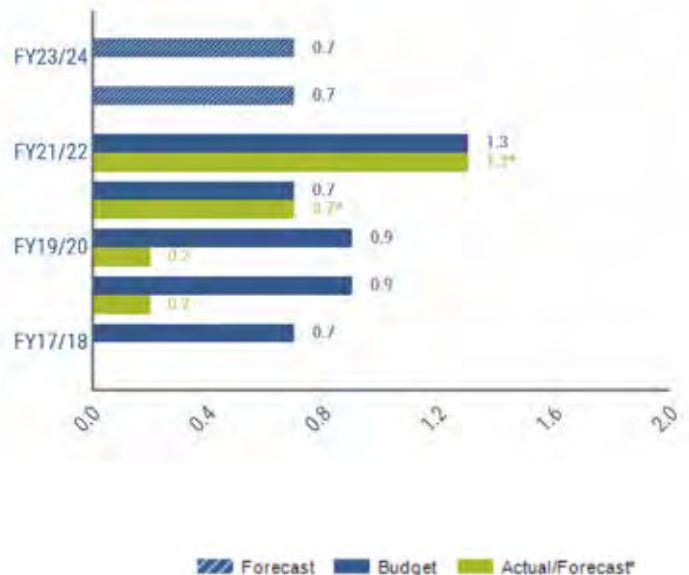
FY 2017/18 to FY 2023/24 (in millions)



HOME Investment Partnership

HOME Funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation, including prior year's carryover for FY 2021/22 at \$1.3 million. HOME Funds actual amounts will vary depending on when the funds are received during the fiscal year. The actuals for FY 2017/18 were less than \$50,000 and were received to pay Habitat for Humanity and other related programs. However, those organizations did not complete the housing projects in that year as planned.

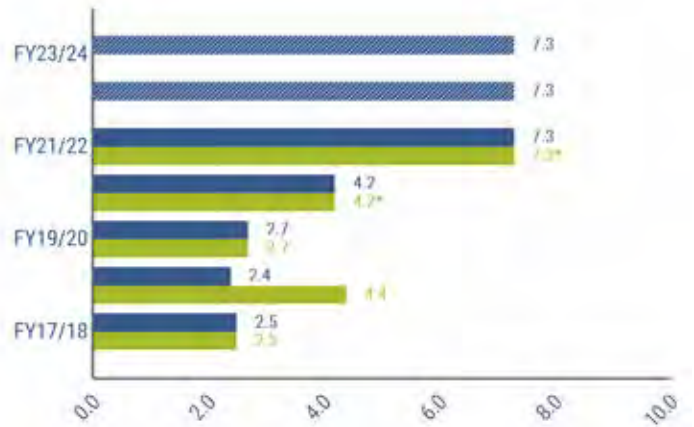
FY 2017/18 to FY 2023/24 (in millions)



Grants Anticipated

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function, or which are to be used for general purposes. Grants Anticipated for FY 2021/22 totals \$7.3 million.

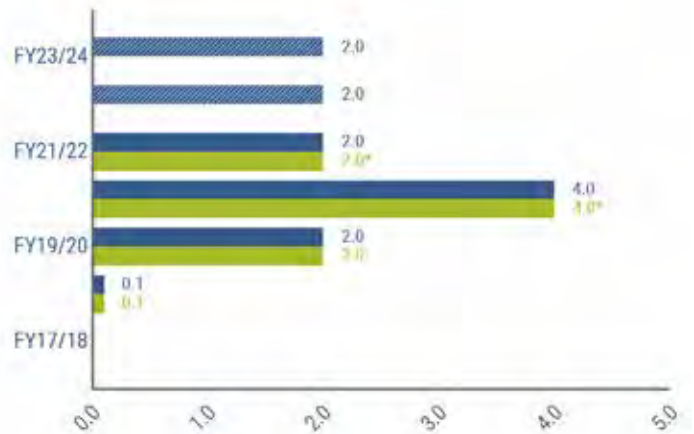
FY 2017/18 to FY 2023/24 (in millions)



Grant Contingency

Grant Contingency provides for unexpected grant awards in the event that unforeseen expenses occur during the fiscal year while conducting operations. For FY 2021/22 the adopted budget is \$2.0 million.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

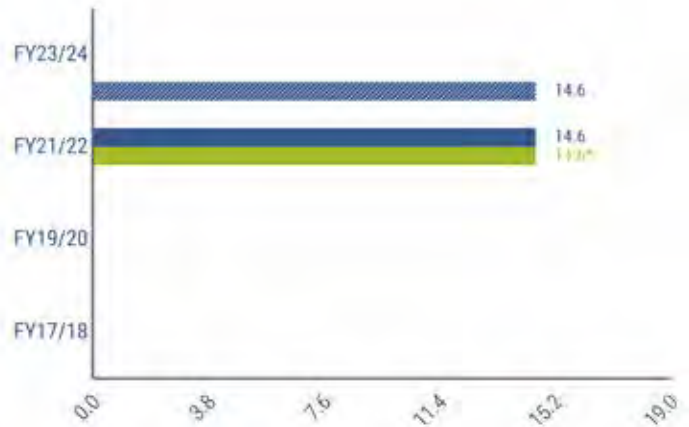
Grant Funds Uses

Scottsdale seeks grant funding to leverage city funds to address priority program and service needs. The major areas of grant uses consist of the American Rescue Plan Act, Community Development Block Grant (CDBG), Housing Choice Voucher (HCV) Program (formally known as "Section 8"), HOME Investment Partnership (HOME) funds, miscellaneous federal, state, local grants and anticipated grants. The expenditures by grant are detailed in the following sections below:

American Rescue Plan Act

To assist in recovery following the economic impact of the COVID-19 pandemic, Scottsdale received \$29.2 million in federal funds over two fiscal years from the American Rescue Plan Act (ARPA). While the city has not yet determined how this money will be used, the FY 2021/22 budget of \$14.6 million includes spending authority for the first half of the city's ARPA funding allocation.

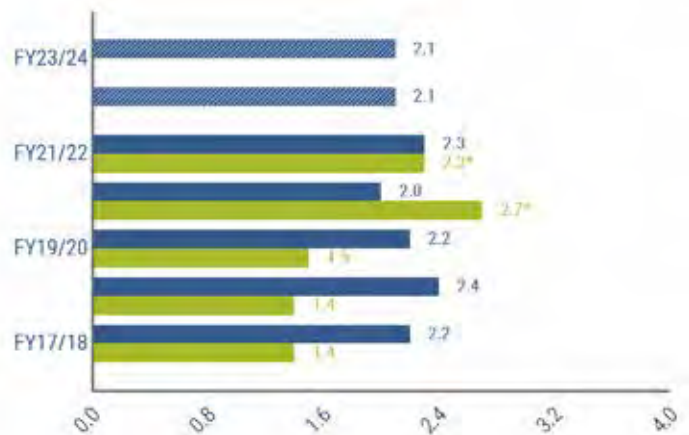
FY 2017/18 to FY 2023/24 (in millions)



Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan

The City of Scottsdale receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG funds are provided on a formula basis to entitlement communities to develop viable urban communities by providing decent housing, suitable living environments and/or by expanding economic opportunities, primarily for low to moderate income persons. Staff estimates the CDBG and CDBG Rehab Revolving Loan Funds, including prior year's carryover for FY 2021/22 at \$2.3 million. These fund amounts will vary depending on when the funds are received during the fiscal year.

FY 2017/18 to FY 2023/24 (in millions)

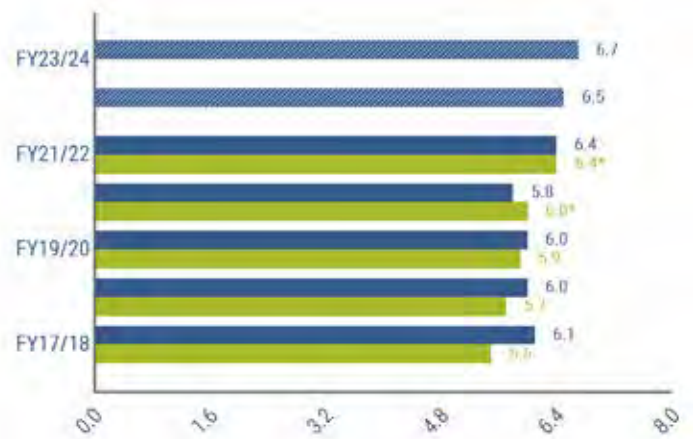


Forecast Budget Actual/Forecast*

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) Program is funded through the U.S. Department of Housing and Urban Development (HUD). This program offers rental assistance which is based upon the household’s income. Families must be income eligible based on the Program Income Guidelines. The program provides affordable and safe housing opportunities for lower-income families, senior citizens and persons with disabilities. Staff estimates the HVC allocations, including prior year’s carryover for including prior year’s carryover for FY 2021/22 at \$6.4 million. The actual amounts will vary depending on when the funds are received during the fiscal year.

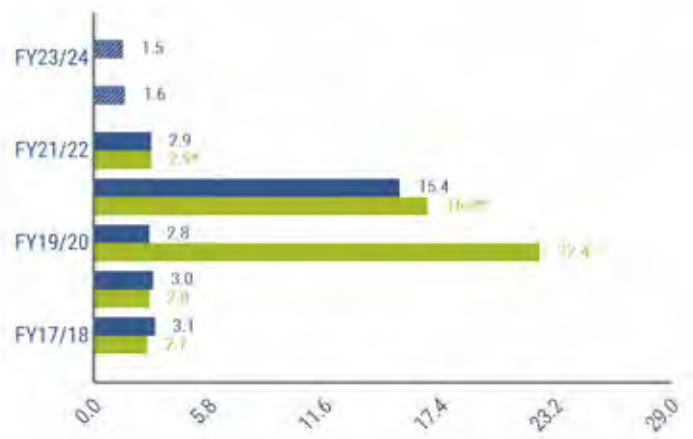
FY 2017/18 to FY 2023/24 (in millions)



Grants

Miscellaneous federal, state and local grants include grants for law enforcement, fire services, community services, transportation and preservation projects. Additional grant funding was received from the AZCares Fund, to assist with costs of public health and public safety personnel expenses in FY 2019/20 and FY 2020/21. The adopted budget for these grants is \$2.9 million for FY 2021/22.

FY 2017/18 to FY 2023/24 (in millions)

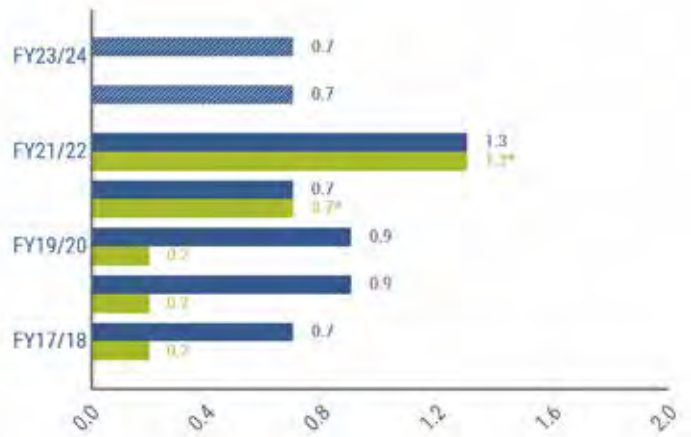


Forecast Budget Actual/Forecast*

HOME Investment Partnership

HOME Funds are used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. The FY 2021/22 adopted budget is \$1.3 million, which is \$0.6 million greater than compared to the FY 2020/21 adopted budget. HOME Funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.

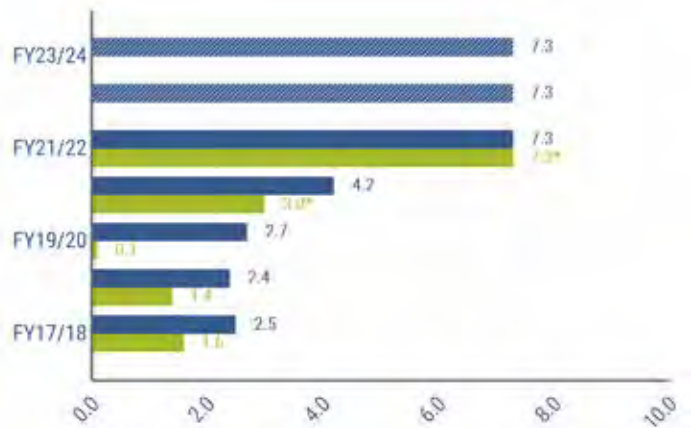
FY 2017/18 to FY 2023/24 (in millions)



Grants Anticipated

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or general purposes. Grants Anticipated for FY 2021/22 totals \$7.3 million.

FY 2017/18 to FY 2023/24 (in millions)



Grant Contingency

Grant Contingency provides for unexpected grant awards in the event that unforeseen expenses occur during the fiscal year while conducting operations. For FY 2021/22 the adopted budget is \$2.0 million.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast*

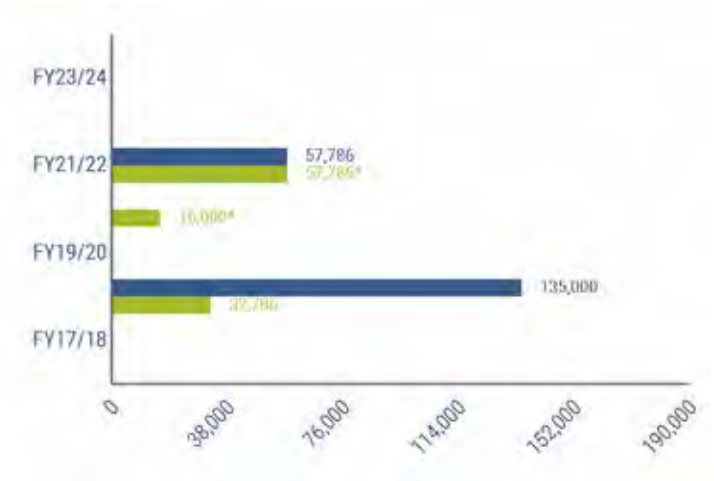
Transfers Out

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

CIP

The Transfers Out CIP adopted budget for FY 2021/22 of \$57,786 and will be used to partially cover the expansion and revitalization of the Civic Center Library Sky Room to house library programs.

FY 2017/18 to FY 2023/24



CIP Technology

CIP Technology helps cover the portion of citywide technology capital projects. The FY 2021/22 adopted budget of \$27,928 is a shared cost for a part of a citywide Enterprise Resource Planning System, as well as server and network infrastructure.

FY 2017/18 to FY 2023/24



Forecast Budget Actual/Forecast*



Fund Purpose

The Special Districts Fund is used to account for proceeds received by property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

Special Districts Fund Sources (% to Total)
\$0.5 Million



Special Districts Fund Uses (% to Total)
\$0.6 Million



Rounding differences may occur.

BUDGET BY FUND | Special Districts Fund Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance				
Streetlight Districts	10,797	57,021	73,493	51,390
Total Beginning Fund Balance	10,797	57,021	73,493	51,390
Revenues				
Streetlight Districts	617,681	553,252	526,791	530,438
<i>Subtotal</i>	<u>617,681</u>	<u>553,252</u>	<u>526,791</u>	<u>530,438</u>
Total Sources	617,681	553,252	526,791	530,438
Expenditures				
Streetlight Districts	554,985	610,273	548,894	581,828
<i>Subtotal</i>	<u>554,985</u>	<u>610,273</u>	<u>548,894</u>	<u>581,828</u>
TOTAL OPERATING BUDGET	554,985	610,273	548,894	581,828
Total Uses	554,985	610,273	548,894	581,828
Sources Over/(Under) Uses	62,696	(57,021)	(22,103)	(51,390)
Ending Fund Balance				
Streetlight Districts	73,493	-	51,390	-
Total Ending Fund Balance	73,493	-	51,390	-

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

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance					
Streetlight Districts	51,390	-	-	-	-
Total Beginning Fund Balance	51,390	-	-	-	-
Revenues					
Streetlight Districts	530,438	593,500	605,300	617,400	629,800
<i>Subtotal</i>	<i>530,438</i>	<i>593,500</i>	<i>605,300</i>	<i>617,400</i>	<i>629,800</i>
Total Sources	530,438	593,500	605,300	617,400	629,800
Expenditures					
Streetlight Districts	581,828	593,500	605,300	617,400	629,800
<i>Subtotal</i>	<i>581,828</i>	<i>593,500</i>	<i>605,300</i>	<i>617,400</i>	<i>629,800</i>
TOTAL OPERATING BUDGET	581,828	593,500	605,300	617,400	629,800
Total Uses	581,828	593,500	605,300	617,400	629,800
Sources Over/(Under) Uses	(51,390)	-	-	-	-
Ending Fund Balance					
Streetlight Districts	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

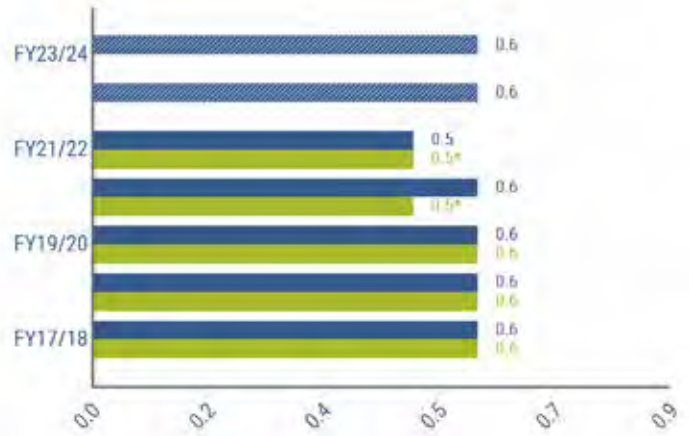
Special Districts Sources

Special Districts Sources for FY 2021/22 equal \$0.5 million, which is flat compared to the FY 2020/21 adopted budget. Sources include Streetlight Districts revenue which is derived from the levy assessed on property owners within the city's streetlight districts.

Streetlight Districts

Streetlight Districts revenue represents the levy assessed on property owners within each of the city's 355 streetlight districts. The levy is calculated based on the expected costs for the year less any reserve balance from the prior fiscal year. The adopted FY 2021/22 revenue budget is \$0.5 million.

FY 2017/18 to FY 2023/24 (in millions)



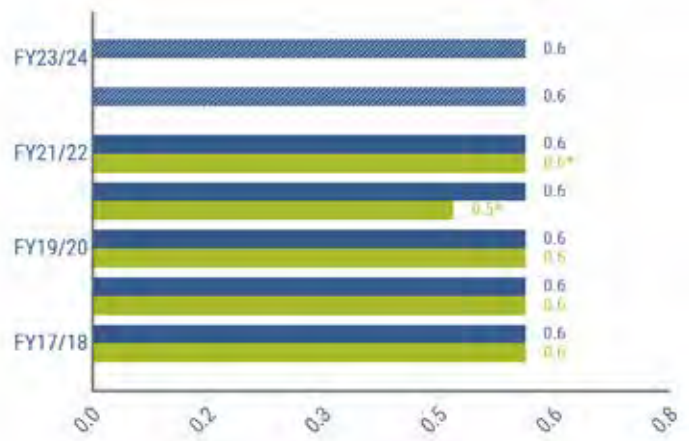
Special Districts Uses

Special Districts Uses consists of Streetlight Districts Expenditures. The cost of operating each district varies based on the cost of electricity usage and number of streetlights.

Streetlight Districts

Streetlight Districts adopted FY 2021/22 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the community.

FY 2017/18 to FY 2023/24 (in millions)



Forecast Budget Actual/Forecast

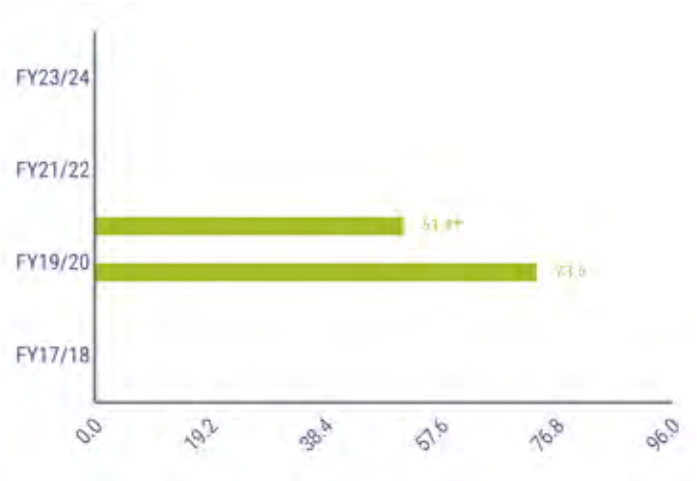
Special Districts Fund Balance

Growth of fund balance occurs when sources exceed uses. Any fund balance achieved during a fiscal year is then re-budgeted the following fiscal year to ultimately keep the reserve to a \$0 balance. A historical summary of the city's Special Districts Fund ending balance is as follows:

Streetlight Districts

The FY 2021/22 Streetlight Districts ending fund balance is projected to be \$0. The ending balance from the FY 2020/21 year-end forecast amount is carried forward to FY 2021/22 and is available to be re-budgeted to ultimately reduce the existing reserve to a \$0 balance.

FY 2017/18 to FY 2023/24 (in thousands)



Forecast Budget Actual/Forecast*

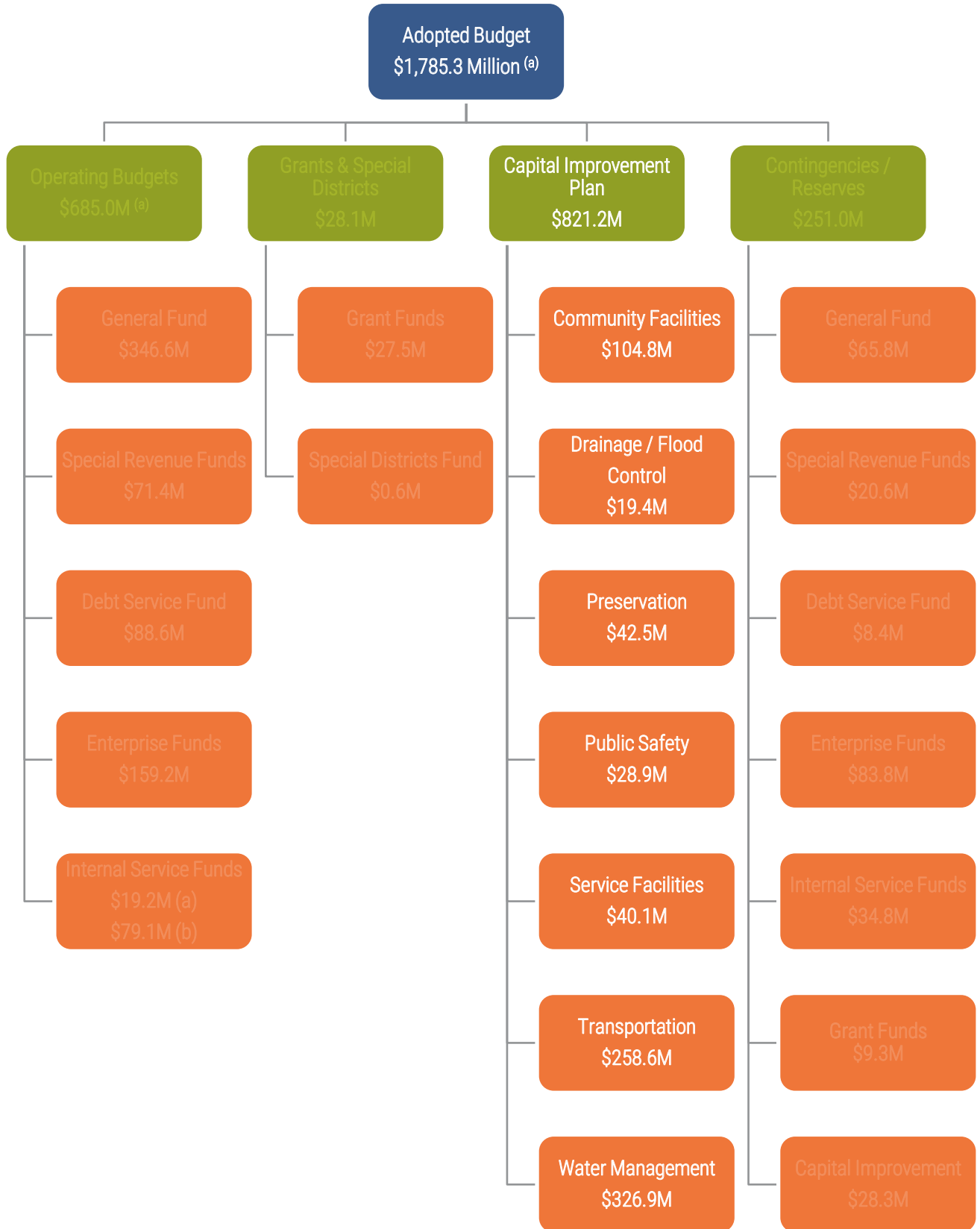




Cattle Drive

Courtesy of the Scottsdale Historical Society and Scottsdale Public Library

BUDGET BY FUND | Capital Improvement Plan Funds



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$60.0M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$60.0M

Rounding differences may occur.

BUDGET BY FUND | Capital Improvement Plan Funds Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Beginning Fund Balance ^(a)	284,475,534	234,291,615	305,479,928	302,492,206
Revenues				
Bond Proceeds	43,468,000	40,000,000	55,000,000	75,000,000
Other Revenue	1,973,935	20,789,900	4,254,875	30,892,260
Charges for Service/Other	12,415,394	53,781,054	5,170,953	21,834,310
Taxes - Local	9,262,899	14,222,084	15,686,156	12,920,190
Utilities & Enterprises	10,188,479	6,150,000	6,150,000	6,150,000
Interest Earnings	5,117,310	4,440,940	4,440,940	1,786,422
Building Permit Fees & Charges	49,439	65,000	3,659,495	65,000
Subtotal	82,475,456	139,448,978	94,362,419	148,648,182
Transfers In				
Airpark Cultural Trust	-	-	311,163	-
Aviation Fund	6,998,883	33,723	33,723	638,303
AZ Cares Funding	-	-	400,000	-
Contributions	2,500,000	-	-	-
Downtown Cultural Trust	150,000	-	185,000	-
Fleet Fund	2,140,706	1,772,711	802,310	856,064
General Fund	13,643,071	4,687,996	10,149,444	16,880,314
Grants Fund	6,463	6,120	6,120	85,714
Intergovernmental Funds	-	-	16,000	-
Preservation Sales Tax Fund	1,038,463	5,750,035	4,360,330	3,579,322
Risk Management Fund	254,341	4,708	4,708	21,413
Solid Waste Fund	496,444	293,409	599,216	554,409
Special Programs Fund	522,000	2,035,696	1,635,696	1,296,579
Stormwater Fee Fund	3,230,136	-	-	3,653,600
Transportation Sales Tax (0.10%) Fund	3,879,645	-	-	-
Transportation Sales Tax (0.20%) Fund	14,955,342	10,627,187	11,869,613	20,518,890
Water & Water Reclamation Funds	27,428,904	36,141,450	36,141,450	47,944,056
Subtotal	77,244,398	61,353,035	66,514,773	96,028,664
Total Sources	159,719,854	200,802,013	160,877,192	244,676,846
Total Fund Balance and New Sources	444,195,387	435,093,628	466,357,120	547,169,052

^(a) Prior year unexpended sources and uses of funds are estimated and included in the Beginning Fund Balance.

BUDGET BY FUND | Capital Improvement Plan Funds Summary

	Actual 2019/20	Adopted 2020/21	Forecast 2020/21	Adopted 2021/22
Expenditures				
Community Facilities	38,019,136	41,215,561	25,962,082	104,798,562
Drainage / Flood Control	6,354,888	23,812,956	6,454,051	19,404,292
Preservation	1,038,463	45,680,826	4,360,330	42,543,999
Public Safety	9,520,541	22,106,509	9,764,195	28,927,181
Service Facilities	5,940,426	24,025,228	9,704,085	40,113,769
Transportation	19,685,148	213,542,531	36,565,387	258,597,420
Water Management	46,396,414	320,478,494	59,796,728	326,851,815
Prior Year Unexpended	-	-	-	-
Subtotal	126,955,015	690,862,106	152,606,858	821,237,038
<i>Less: Estimated Capital Improvement Expenditures</i>	-	(251,707,100)	-	(284,430,778)
Subtotal: Unexpended at Year End	-	439,155,006	-	536,806,260
Transfers Out				
G.O. Bonds Fund	7,038,591	-	-	-
Grants Fund	-	-	32,786	-
In Lieu Fees Fund	-	-	50,000	100,000
Intergovernmental Funds	1,123,180	-	-	-
MPC Bonds - Stadium	21	-	-	-
MPC Bonds - Water	380,733	-	-	-
Solid Waste Fund	-	-	871,645	-
Special Programs Fund	340,750	-	82,443	-
Stadium Capital Improvement Fund	675,558	-	-	-
Stormwater Fee Fund	-	-	1,113,104	-
Tourism Development Fund	412	-	34,053	-
Transportation Sales Tax (0.20%) Fund	1,200,000	-	1,817,639	-
Water & Water Reclamation Funds	1,001,199	7,256,385	7,256,385	6,706,922
Subtotal	11,760,445	7,256,385	11,258,055	6,806,922
Total Uses	138,715,460	258,963,485	163,864,913	291,237,700
Ending Fund Balance ^(a)				
Aviation Funds Contingency	225,104	250,000	-	450,000
CIP Stormwater Utility Bill Fee Contingency	1,000,000	1,000,000	1,000,000	1,000,000
General Fund Contingency	6,142,924	5,000,000	3,284,340	5,000,000
Grant Contingency	7,845,986	8,300,000	5,000,000	8,600,000
Greater Airpark Special Improvements Contingency	-	2,000,000	2,000,000	2,000,000
Old Town Special Improvements Contingency	-	3,200,000	3,200,000	3,200,000
Sewer Rates Contingency	2,000,000	2,000,000	2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency	-	3,000,000	2,939,000	3,000,000
Water Rates Contingency	3,000,000	3,000,000	3,000,000	3,000,000
Reserved:				
Reserved Fund Balance	305,479,928	176,130,143	302,492,206	255,931,352
Total Ending Fund Balance	305,479,928	176,130,143	302,492,206	255,931,352

^(a) Contingencies are unfunded and allow for the expenditure of unanticipated revenue that are not included in the beginning or ending fund balance. City Council approval is required before use of capital contingencies.

BUDGET BY FUND | Capital Improvement Plan Funds Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Beginning Fund Balance ^(a)	302,492,206	255,931,352	176,947,119	155,531,821	153,305,886
Revenues					
Bond Proceeds	75,000,000	25,000,000	30,000,000	25,000,000	45,000,000
Other Revenue	30,892,260	9,268,900	11,098,700	1,983,800	1,084,200
Charges for Service/Other	21,834,310	41,179,500	90,223,900	40,613,500	84,865,200
Taxes - Local	12,920,190	13,280,400	13,620,600	14,035,900	14,463,400
Utilities & Enterprises	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Interest Earnings	1,786,422	1,030,900	1,177,000	1,529,100	2,300,700
Building Permit Fees & Charges	65,000	65,000	65,000	65,000	65,000
Subtotal	148,648,182	95,974,700	152,335,200	89,377,300	153,928,500
Transfers In					
Airpark Cultural Trust	-	-	-	-	-
Aviation Fund	638,303	763,600	561,600	553,300	505,500
AZ Cares Funding	-	-	-	-	-
Contributions	-	-	-	-	-
Downtown Cultural Trust	-	-	-	-	-
Fleet Fund	856,064	527,600	562,400	525,500	512,900
General Fund	16,880,314	6,329,800	5,018,000	3,824,100	4,586,100
Grants Fund	85,714	10,000	22,900	9,800	3,700
Intergovernmental Funds	-	-	-	-	-
Preservation Sales Tax Fund	3,579,322	713,100	550,000	543,600	1,874,500
Risk Management Fund	21,413	7,200	16,700	8,500	5,700
Solid Waste Fund	554,409	660,400	698,200	254,400	234,000
Special Programs Fund	1,296,579	40,000	20,000	40,000	20,000
Stormwater Fee Fund	3,653,600	3,654,800	3,651,800	3,649,800	3,653,800
Transportation Sales Tax (0.10%) Fund	-	-	-	-	-
Transportation Sales Tax (0.20%) Fund	20,518,890	12,702,000	13,124,900	13,400,800	13,764,400
Water & Water Reclamation Funds	47,944,056	39,688,800	45,466,800	55,145,700	52,122,700
Subtotal	96,028,664	65,097,300	69,693,300	77,955,500	77,283,300
Total Sources	244,676,846	161,072,000	222,028,500	167,332,800	231,211,800
Total Fund Balance and New Sources	547,169,052	417,003,352	398,975,619	322,864,621	384,517,686

^(a) Prior year unexpended sources and uses of funds are estimated and included in the Beginning Fund Balance.

BUDGET BY FUND | Capital Improvement Plan Funds Five-Year Financial Forecast

	Adopted 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
Expenditures					
Community Facilities	104,798,562	7,832,614	21,145,961	9,450,586	1,600,000
Drainage / Flood Control	19,404,292	12,885,251	30,975,811	2,712,250	30,724,750
Preservation	42,543,999	450,000	-	-	-
Public Safety	28,927,181	40,540,727	2,238,650	1,812,719	236,000
Service Facilities	40,113,769	28,763,526	22,309,880	14,265,651	932,065
Transportation	258,597,420	50,825,345	126,628,734	33,154,637	23,060,652
Water Management	326,851,815	64,996,000	45,316,100	35,763,000	48,696,000
Prior Year Unexpended ^(a)	-	536,806,260	509,215,190	520,001,528	452,837,936
Subtotal	821,237,038	743,099,723	757,830,326	617,160,371	558,087,403
Less: Estimated Capital Improvement Expenditures	(284,430,778)	(233,884,533)	(237,828,798)	(164,322,435)	(221,788,272)
Subtotal: Unexpended at Year End	536,806,260	509,215,190	520,001,528	452,837,936	336,299,131
Transfers Out					
G.O. Bonds Fund	-	-	-	-	-
Grants Fund	-	-	-	-	-
In Lieu Fees Fund	100,000	-	-	-	-
Intergovernmental Funds	-	-	-	-	-
MPC Bonds - Stadium	-	-	-	-	-
MPC Bonds - Water	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Special Programs Fund	-	-	-	-	-
Stadium Capital Improvement Fund	-	-	-	-	-
Stormwater Fee Fund	-	-	-	-	-
Tourism Development Fund	-	-	-	-	-
Transportation Sales Tax (0.20%) Fund	-	-	-	-	-
Water & Water Reclamation Funds	6,706,922	6,171,700	5,615,000	5,236,300	4,846,300
Subtotal	6,806,922	6,171,700	5,615,000	5,236,300	4,846,300
Total Uses	291,237,700	240,056,233	243,443,798	169,558,735	226,634,572
Ending Fund Balance ^(b)					
Aviation Funds Contingency	450,000	450,000	450,000	450,000	450,000
CIP Stormwater Utility Bill Fee Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General Fund Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Grant Contingency	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000
Greater Airpark Special Improvements Contingency	2,000,000	-	-	-	-
Old Town Special Improvements Contingency	3,200,000	-	-	-	-
Sewer Rates Contingency	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water Rates Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Reserved:					
Reserved Fund Balance	255,931,352	176,947,119	155,531,821	153,305,886	157,883,114
Total Ending Fund Balance	255,931,352	176,947,119	155,531,821	153,305,886	157,883,114

^(a) Prior year unexpended uses are based on annual cashflow estimates.

^(b) Contingencies are unfunded and allow for the expenditure of unanticipated revenue that are not included in the beginning or ending fund balance. City Council approval is required before use of capital contingencies.

