



# BUDGET SUMMARY

**VOLUME ONE**  
FY 2022/23 Budget

# Adopted FY 2022/23 Budget

## City of Scottsdale, Arizona

### Volume One

## Budget Summary



### City Council

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

### Administrative Staff

Jim Thompson, City Manager	Ana Lia Johnson, Budget Administrator
Sonia Andrews, City Treasurer	Amy Foster, Systems Integrator
Bill Murphy, Assistant City Manager	Keith Marquis, Sr. Budget Analyst
Brent Stockwell, Assistant City Manager	Rennie Melarkey, Sr. Budget Analyst
Judy Doyle, Budget Director	Linna Zhou, Sr. Budget Analyst





# FY 2022/23 Adopted Budget – Volume One

## Budget Summary

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# Exceptional Experience, Outstanding Livability, Community Prosperity, and Distinctive Character

Our future begins today. Building upon decades of planning and thousands of hours of community involvement, Scottsdale’s General Plan 2035 was approved in November to guide the physical development of Scottsdale and acts as a blueprint to enhance our community aspirations over the next 20 years.

This annual report provides an overview of Scottsdale’s goals, initiatives, and measures. It is organized around the seven strategic goals uses to achieve its mission. These goals are from the voter approved general plan.

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.



## Respect Character and Culture

*Scottsdale protects and enhances the community’s unique features*



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



Scottsdale Stadium

## Highlighted Accomplishments

- The inaugural Pac-12 Baseball Tournament was hosted at Scottsdale Stadium and televised nationally, the first of a three-year contract to hold the tournament here.
- “Meet Santa at the Market” – a new event developed in partnership with the Old Town Scottsdale Farmers Market – attracted more than 500 guests, one of 14 new events that bolstered the city’s monthlong Scottsdazzle holiday celebration.
- In November, Scottsdale voters approved the city’s new general plan, which is a policy document setting forth our long-term objectives, principles and expectations for future growth and government.

## Looking Forward

- The city will present Scottsdale Super Season, promoting many events and activities to enjoy in the city during the week of Super Bowl LVII.

# WestWorld’s Top Events



**300,000**  
Scottsdale  
Arabian Horse  
Show



**281,000**  
Barrett-Jackson  
Collector Car  
Auction



**49,000**  
Arizona Bike  
Week



**13,000**  
Maricopa  
County  
Home Show



**9,700**  
Goodguys  
Car Show





## Conserve and Preserve the Environment

Scottsdale leads in the stewardship of the Sonoran Desert environment

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



### Highlighted Accomplishments

- Scottsdale worked with the Arizona State Parks Site Steward Program to monitor the cultural sites within the McDowell Sonoran Preserve and trained 15 new volunteers to act as site stewards.
- Construction was completed on a new pollination garden at Pima Park, where some new winged neighbors – butterflies, bees, and birds – are enjoying the new plants.

### Looking Forward

- The city will conduct water resource exercises to improve operational resiliency in water-related emergencies.
- The city's first Sustainability Plan will be completed and presented for adoption after intensive collaboration with the Scottsdale community and in partnership with the Scottsdale Environmental Advisory Commission and Arizona State University.



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



## Collaborate and Engage

Scottsdale fosters transparent, responsive, and collaborative community involvement

### Highlighted Accomplishments

- More than 500,000 residents and visitors were engaged and informed by content shared on the city's Twitter, Facebook, Instagram and Nextdoor accounts.
- As part of City Council direction to update the Old Town Scottsdale Character Area Plan and related ordinances, planning staff hosted six open house meetings along with several presentations to City Council and boards and commissions so that the community could learn about and provide feedback on the proposed updates, which are scheduled for Council consideration by the end of 2022.

### Looking Forward

- Based on the most recent Community Survey results, qualitative research is being conducted to inform the city of how to better engage younger Scottsdale residents and communities of color.



## Reporting issues is EZ SCOTTSDALE EZ

Residents made **41,017 requests** using ScottsdaleEZ last year. The number one request? Residential container repair. Have a broken recycling container or other issues? Report it at [ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search "EZ"



## Foster Well-Being

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

### Highlighted Accomplishments

- The Victim Services and Community Services departments launched a pilot program that helped victims overcome transportation barriers associated with accessing legal services.
- 402 families with young children were served and a combined 165 parenting classes were held both virtually and at the Family Resource Center.

### Looking Forward

- A new indoor play facility is being designed for the McCormick-Stillman Railroad Park, making publicly accessible play opportunities available to Scottsdale youth year-round.



## Connect the Community

Scottsdale connects all community members through safe and efficient mobility options

### Highlighted Accomplishments

- After an extensive public outreach process, the City Council approved the 2022 Transportation Action Plan, a 10-year infrastructure roadmap focused on flexible transportation planning, implementing new technology and investing in existing infrastructure. TAP 2022 replaces the 2016 Transportation Master Plan.
- Two Pedestrian Hybrid Beacons – also known as HAWK signals – were installed. These signal-controlled crosswalks make crossing busy streets easier and safer for pedestrians.

### Looking Forward

- Development will continue on a web-based performance measure tracking system for the Transportation Action Plan.



**5:36 minutes** average police response time.



**5:21 minutes** average Fire response time.



Fire Department public education and outreach connected with **32,704 people**.



Scottsdale libraries welcomed more than **450,000 visitors**.



**10 volunteers** with Vista del Camino & Paiute Neighborhood Centers



**13,331 food boxes** provided at senior and community centers.



The McDowell Sonoran Mountain Preserve had **893,000 visits**.



Pedestrian Hybrid Beacon



## Advance Innovation and Prosperity

Scottsdale embraces a diverse and innovative economy

### Highlighted Accomplishments

- Economic Development launched the Choose Scottsdale HUUB, a new city resource for small businesses, offering free access to technical assistance from consulting professionals, training webinars, workshops, grant opportunities and a two-year membership to the Arizona Small Business Association.
- The city's efforts to retain Axon Enterprises were recognized when the Economic Development department was awarded the Golden Prospector Award from the Arizona Association of Economic Development.

### Looking Forward

- A new innovation fund in the city budget will function as a catalyst for projects that will benefit the Scottsdale community, support organizational goals, and deliver on council-driven initiatives.





## Revitalize Responsibly

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

### Highlighted Accomplishments

- The Scottsdale Planning and Development Department released a **six-minute video** highlighting the planning, revitalization, and economic growth of the city. This video is part of a series that will be released periodically and will focus on the reinvestment occurring in Scottsdale by showcasing what project areas looked like before and after their completion.

### Looking Forward

- Following last year’s voter approval of General Plan 2035, the Zoning Ordinance and Character Area Plans will be reviewed to best match Scottsdale’s vision for its future.

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

**\$72** Chandler  
**\$98** Scottsdale  
**\$99** Average  
**\$135** Mesa

Actual bills may vary based on actual usage and size of property.

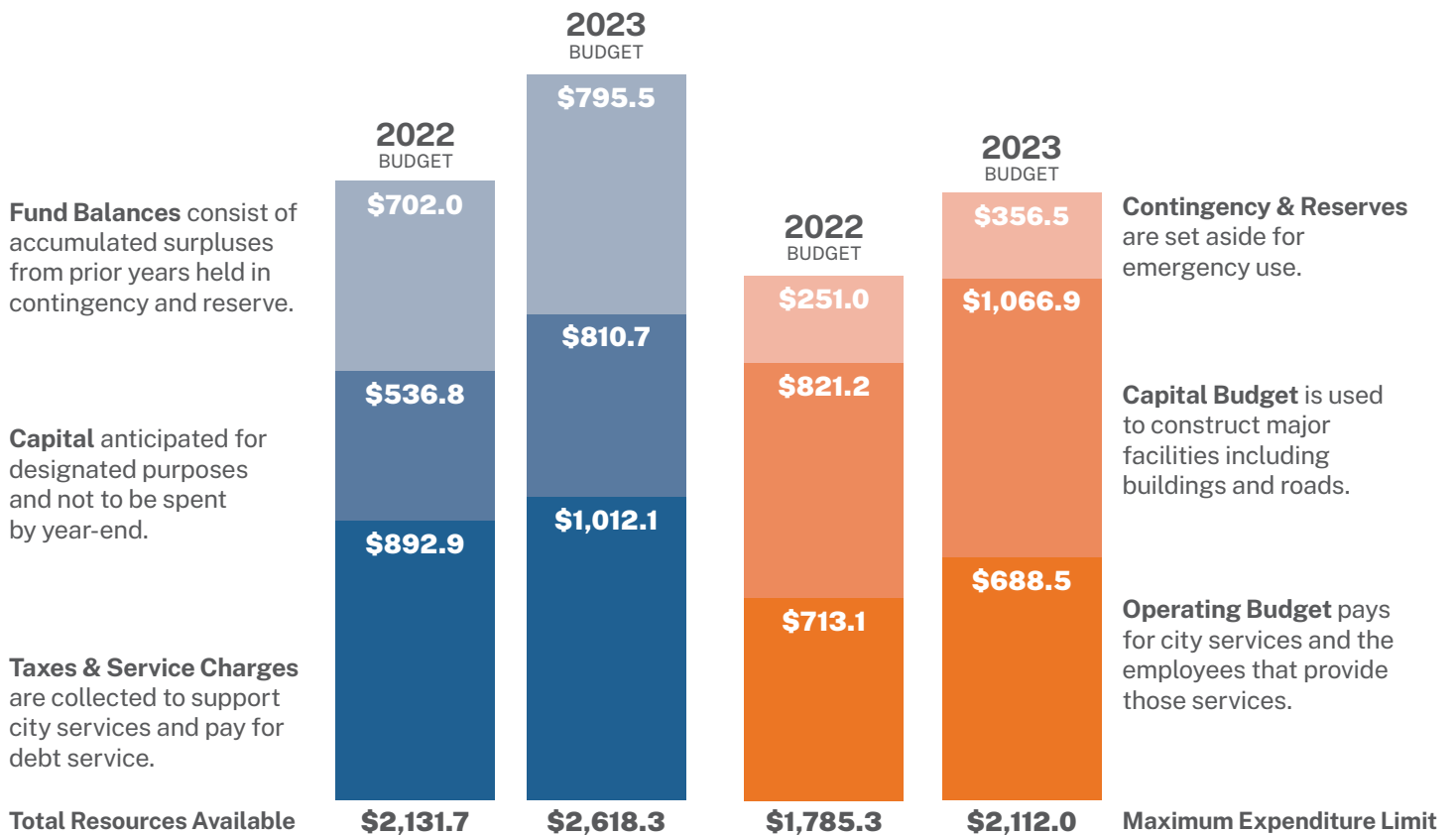
Source: City of Tempe 2022

## Resources and Expenses

Scottsdale is required by law to adopt a budget each year and cannot spend more than the total budgeted amount. This includes all city funds for the fiscal year ending June 30. These numbers were adopted by the City Council in June 2022. The city’s financial statements are audited annually by an independent auditor. The most recent audit for 2022 received a clean opinion.

**Resources** (in millions of dollars)

**Expenses** (in millions of dollars)



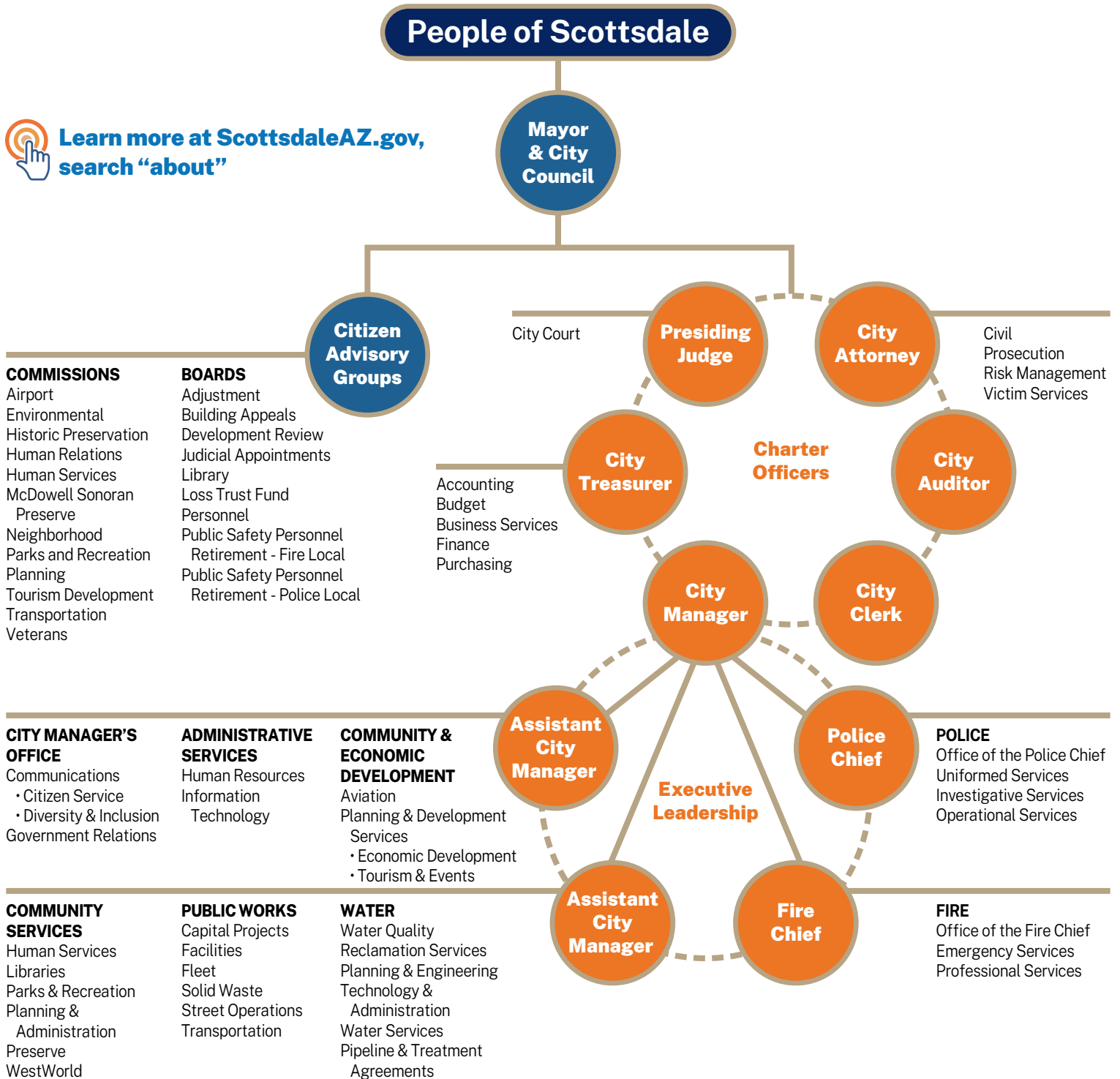
[Learn more at ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search “finance”

Some numbers may not add correctly due to rounding.

# An Introduction to Our Leadership

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

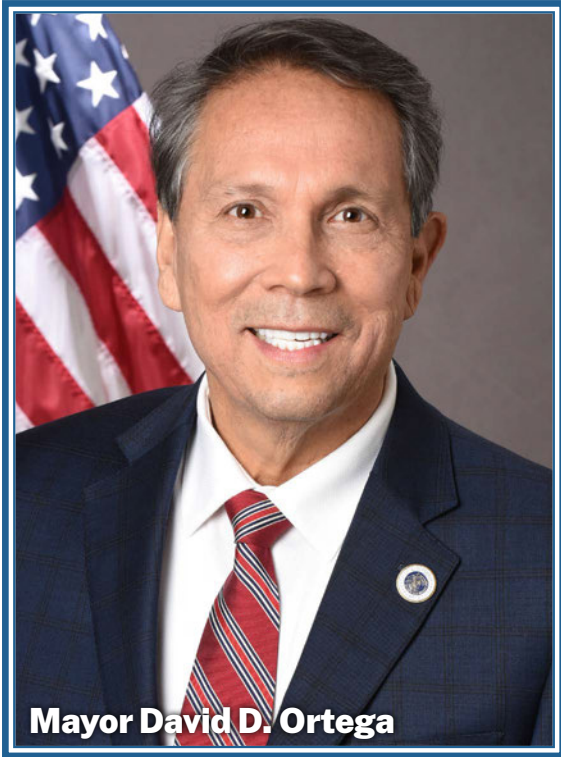
 [Learn more at ScottsdaleAZ.gov](http://ScottsdaleAZ.gov), search "about"





## Scottsdale City Council

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



**Mayor David D. Ortega**

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](mailto: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 50 years. They have three grown children, all physicians, and nine delightful grandchildren.

[BJanik@ScottsdaleAZ.gov](mailto: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](mailto: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 has served as an Episcopal Deacon at a local church; together they have two sons.

[TDurham@ScottsdaleAZ.gov](mailto: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](mailto: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](mailto: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](mailto:SWhitehead@ScottsdaleAZ.gov) | 480-312-7423



## Charter Officers

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



**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



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

## Highlighted Recognition

**The Friends of Scottsdale Public Library received a \$10,000 grant from Fiesta Bowl Charities.** This grant paid for technology in the library's brand-new space, the Sky Room – an expanded space for children's storytime activities that includes a state-of-the-art audio/visual system.

### **Scottsdale Water earned two awards at this year's WaterReuse Symposium.**

The Excellence in Action Award recognized Scottsdale's Reclaimed Water Distribution and its 30 years of using recycled water to supply 26 golf courses in the community – saving 100 billion gallons of potable water through its decades of service. The Service Award honored Scottsdale Water Executive Director Brian Biesemeyer, whose commitment, leadership, and vision have helped drive nationally adopted water reuse policies and programs.

### **Scottsdale's annual Employee Awards recognizes outstanding performance and commitment from city employees.**

The Herbert R. Drinkwater Award, which recognizes an employee's impact on the community, was awarded to Cynthia Logan who does double duty as the senior administrative secretary in the City Attorney's Office, while also volunteering for the employee Diversity Advisory Committee and annual Martin Luther King Jr. events. Melissa Orr took home the Value Diversity award. Melissa is constantly thinking of ways to be inclusive and serve our community with respect, dignity and compassion. Melissa arranged to have the "Loan Ranger" book bike stop at homeless shelters and passionately organized a team of library employees to walk in the Pride Parade. These highlight just a few of the 40 employees and volunteers honored this year whose continued commitment to the community inspires many.



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

# Welcome to Scottsdale, Arizona

## A World-Class Community

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

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

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





# 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 28,000 companies do business in Scottsdale, with nearly 210,000 employees. SkySong, the ASU Scottsdale Innovation Center, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale's downtown, Old Town Scottsdale, is an emerging center for high-tech businesses. To the north, the Scottsdale Airpark is the city's largest employment area, and the Scottsdale Cure Corridor is a hub of premier healthcare providers and biomedical companies.

## Tourism

With great weather, breathtaking scenery and a calendar full of special events, Scottsdale is a popular tourist destination in Arizona that welcomes millions of visitors annually. The city boasts many hotels, resorts, restaurants and spas. That activity adds up to big business. The annual economic impact of Scottsdale visitors is estimated at \$2 billion dollars. Visitors generate more than \$38 million dollars of annual tax revenue— representing about one in every five city sales tax dollars.

## Special Events

Every spring, Scottsdale garners national attention with an eclectic mix of sporting and cultural events that draw hundreds of thousands of spectators and millions of television viewers. Scottsdale resorts annually host Fiesta Bowl teams as Old Town becomes a focal point for pep rallies and fan parties. The Barrett-Jackson Collector Car Auction headlines a week of automotive attractions and becomes the star of more than 40 hours of live television coverage. The Waste Management Phoenix Open unfolds at TPC Scottsdale, teeing up 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.



WestWorld Impulsion Public Art



Eagle Dancer at Arizona Indian Festival at Civic Center Park  
(Photo by Christine Johnson for City of Scottsdale)



# Scottsdale Top Attractions



1. Pinnacle Peak Park



2. Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



3. TPC Scottsdale



4. WestWorld



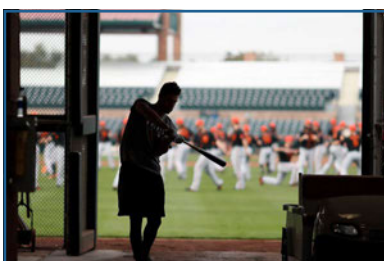
6. McCormick-Stillman Railroad Park



8. Scottsdale Fashion Square



10. Scottsdale Historical Museum



12. Scottsdale Stadium



5. Scottsdale Airport/Airpark



7. Indian Bend Wash Greenbelt



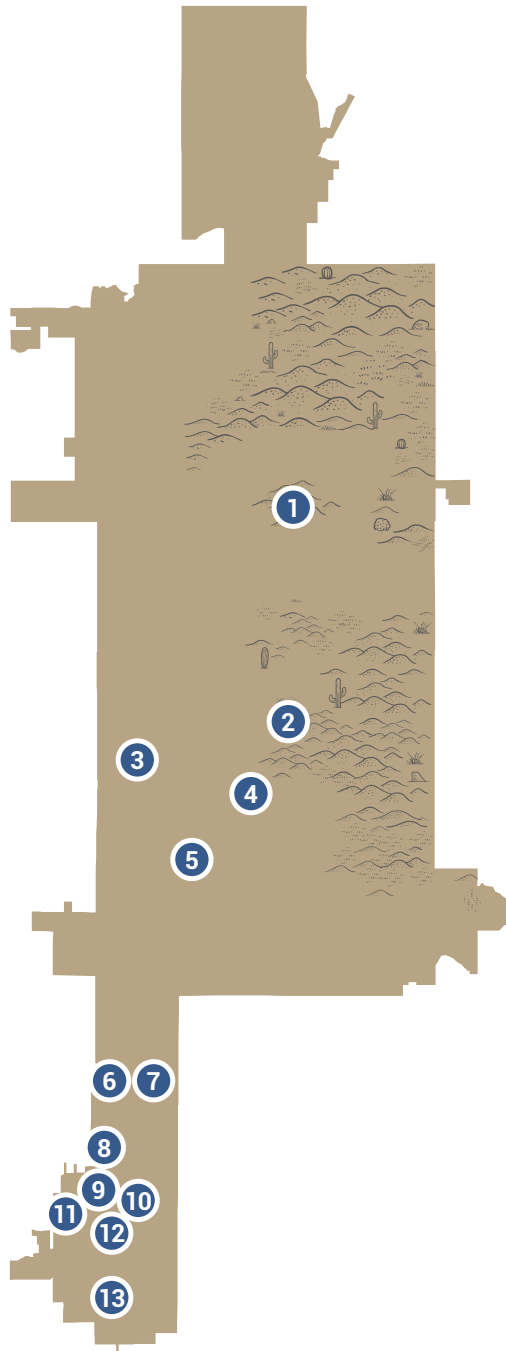
9. Old Town Scottsdale



11. Scottsdale's Museum of the West



13. SkySong





## A Place Like No Other – Scottsdale’s Diverse Architecture and Design

Scottsdale is a pillar in the legacies of Frank Lloyd Wright, Bennie Gonzales, Paolo Soleri and many more architects. Their work continues to be celebrated and preserved in the West’s Most Western Town.

As you explore the city, you will see constant reminders of Frank Lloyd Wright’s distinct architectural style. Visit the base of the McDowell Mountains to find Wright’s primary winter residence, Taliesin West. This UNESCO World Heritage Site and National Historic Landmark – designed to reflect the sweeping expansiveness of the desert landscape – continues to educate, entertain, and inspire members of the community. Take a drive down Scottsdale Road and see Wright’s 125-foot structure known as the Spire. Initially designed to top the Arizona State Capitol, this piece’s aqua-blue glass surface accentuates Scottsdale’s unique character.

The captivating work of Bennie Gonzales also lives on in Scottsdale. Catch a show at the Scottsdale Center for the Performing Arts. As one of Scottsdale’s signature municipal structures – conceived by Gonzales in 1974 – this space is recognized by the American Institute of Architects (AIA) for its excellence. Attend a City Council meeting and admire the adobe-style City Hall that Gonzales designed, with its distinctive public meeting area, the “Kiva,” modeled after traditional Native American gathering spaces.

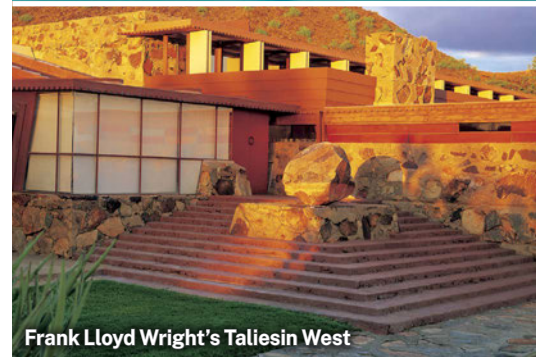
In Solstice Park you can see the Soleri Bridge and Plaza by renowned artist, architect, and philosopher Paolo Soleri. The plaza is at once a pedestrian passage, solar calendar, and gathering place along the Scottsdale Waterfront. The dynamic project elements reference the range of Soleri’s work: a bridge marks solar events, monolithic earth-cast panels reflect the Cosanti aesthetic, and classic bronze bells are recognized internationally.

Scottsdale is a world-class community because of the people that call it home and the striking landscape upon which it sits. Those people and this place have shaped a beautiful architectural identity which in and of itself is a community amenity to be cultivated and preserved.

 [Learn more at ExperienceScottsdale.com](https://www.experiencescottsdale.com)



Frank Lloyd Wright Spire at The Promenade Shopping Center



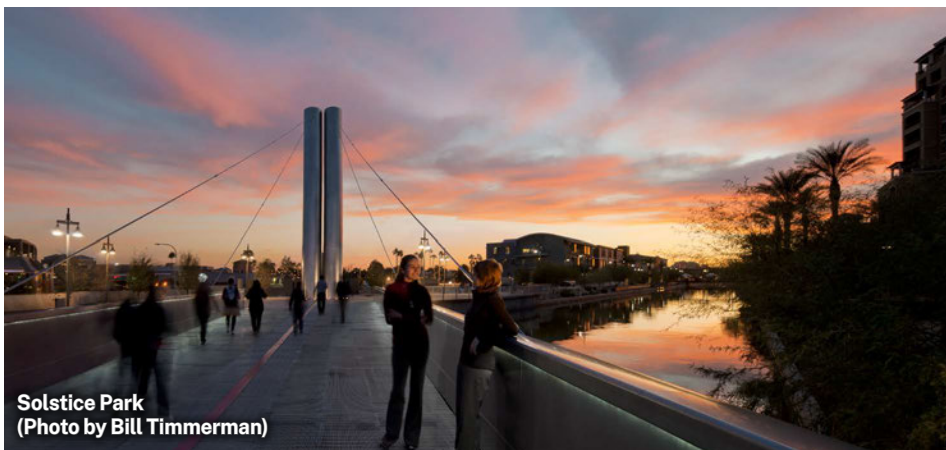
Frank Lloyd Wright’s Taliesin West



Scottsdale City Hall



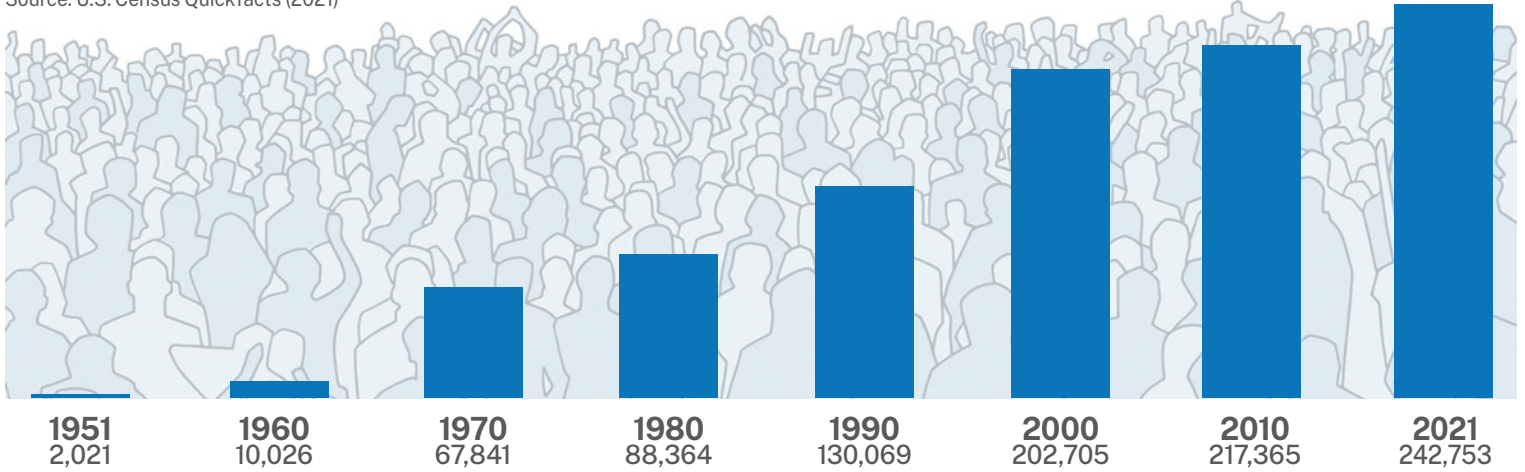
City Hall Kiva



Solstice Park  
(Photo by Bill Timmerman)

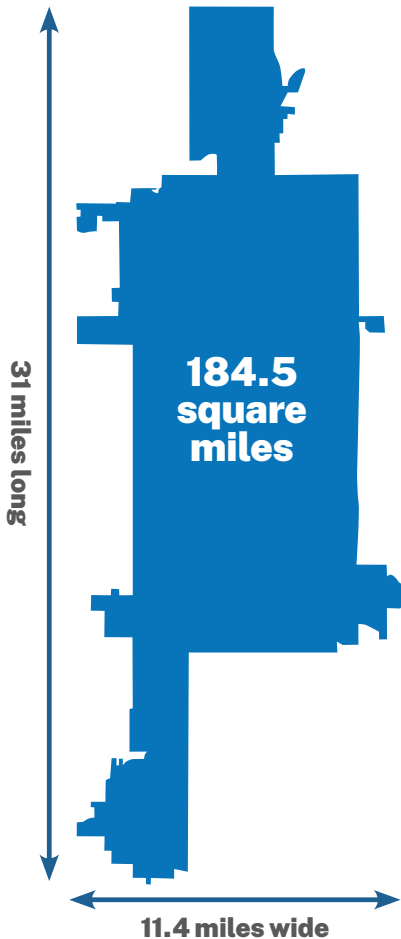
# Scottsdale by the Numbers: A Demographic Summary

Source: U.S. Census Quickfacts (2021)



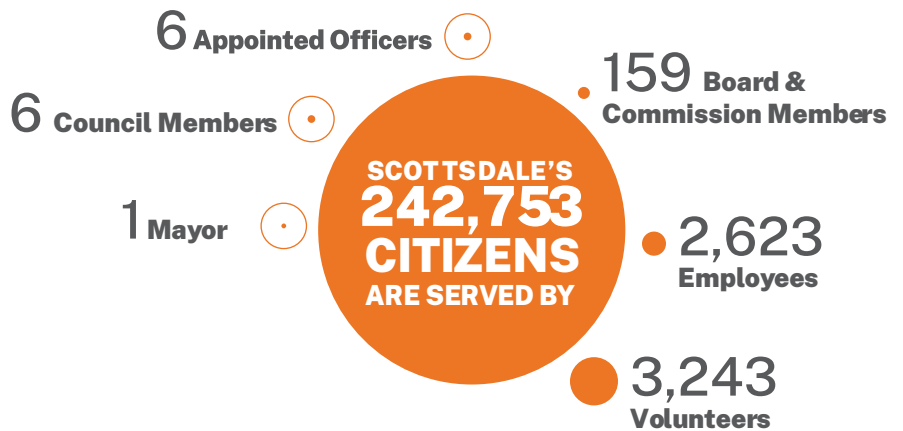
**Scottsdale is the 48th largest city in the U.S. by area.**

Source: U.S. Census (2020-2021) and City of Scottsdale



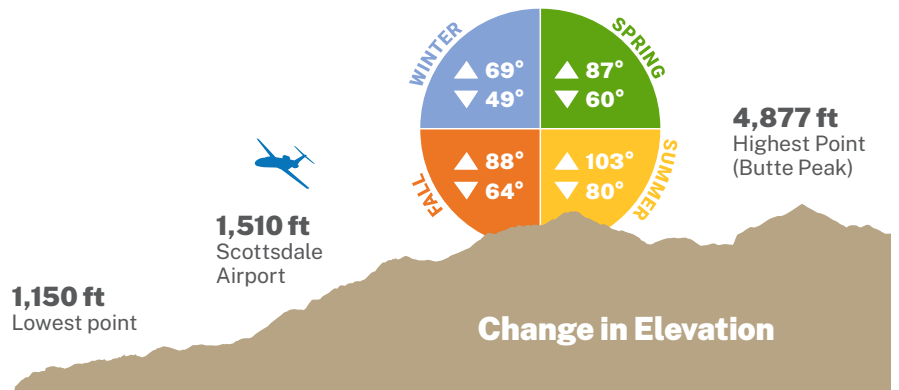
**Over 6,000 people directly serve the residents of Scottsdale.**

Source: U.S. Census Quickfacts (2021) and City of Scottsdale



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

Source: Scottsdale Airport Weather Station (2021-2022) and City of Scottsdale



# Scottsdale Residents

Scottsdale's median age of 47.7 is almost 10 years older than the U.S. median age of 38.2.

Source: U.S. Census (2016-2020 ACS)

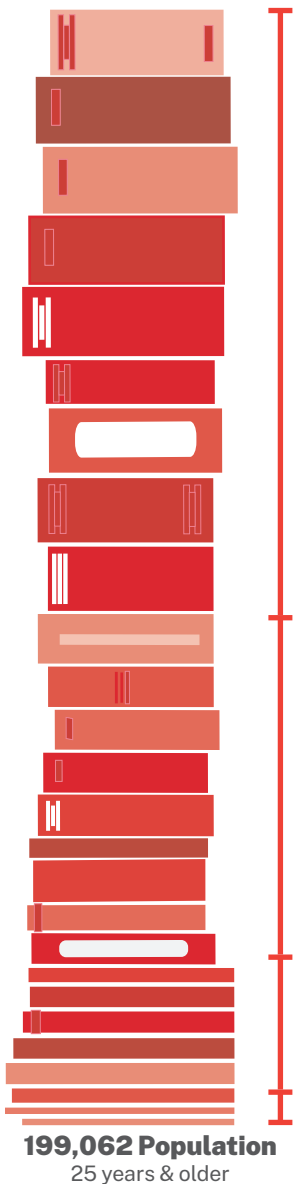


Median Age (US): 38.2 | Median Age (Scottsdale) 47.7

Age Under 5 9,358	5-19 32,722	20-24 13,853	25-54 97,314	55-74 73,379	75+ 28,369
----------------------	----------------	-----------------	-----------------	-----------------	---------------

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

Source: U.S. Census (2016-2020 ACS)



**59.4% (118,338)**  
Bachelor's Degree or higher

**25.7% (51,191)**  
Associate Degree/Some College

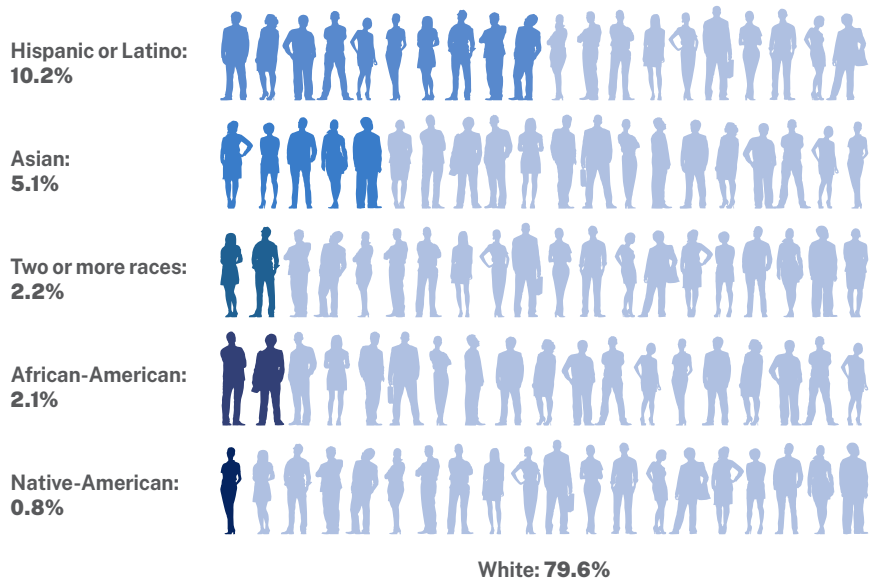
**11.7% (23,255)**  
High School Graduate

**3.2% (6,278)**  
Less than High School Graduate

**199,062 Population**  
25 years & older

## One in five Scottsdale residents is a person of color.

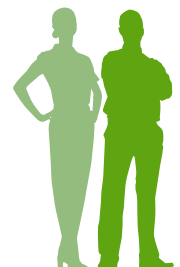
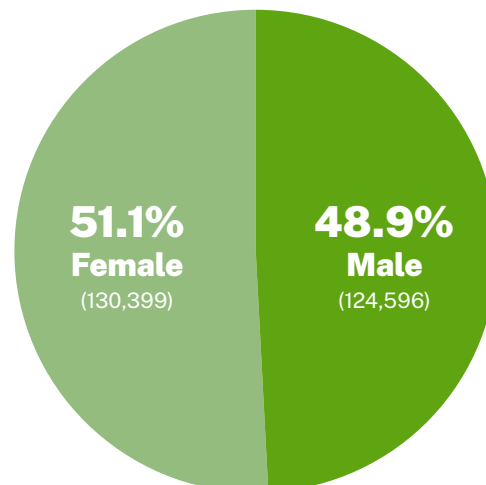
Source: U.S. Census (2016-2020 ACS)



White: 79.6%

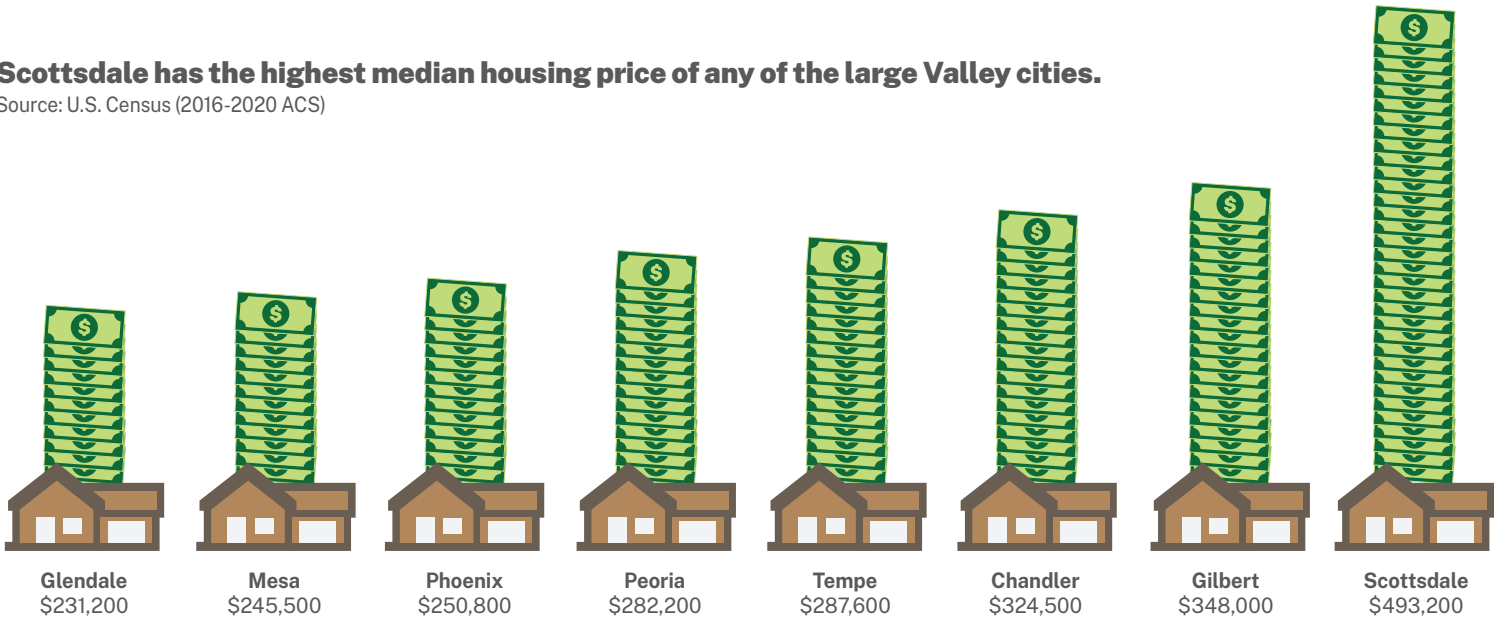
## There are slightly more women than men in Scottsdale.

Source: U.S. Census (2016-2020 ACS)



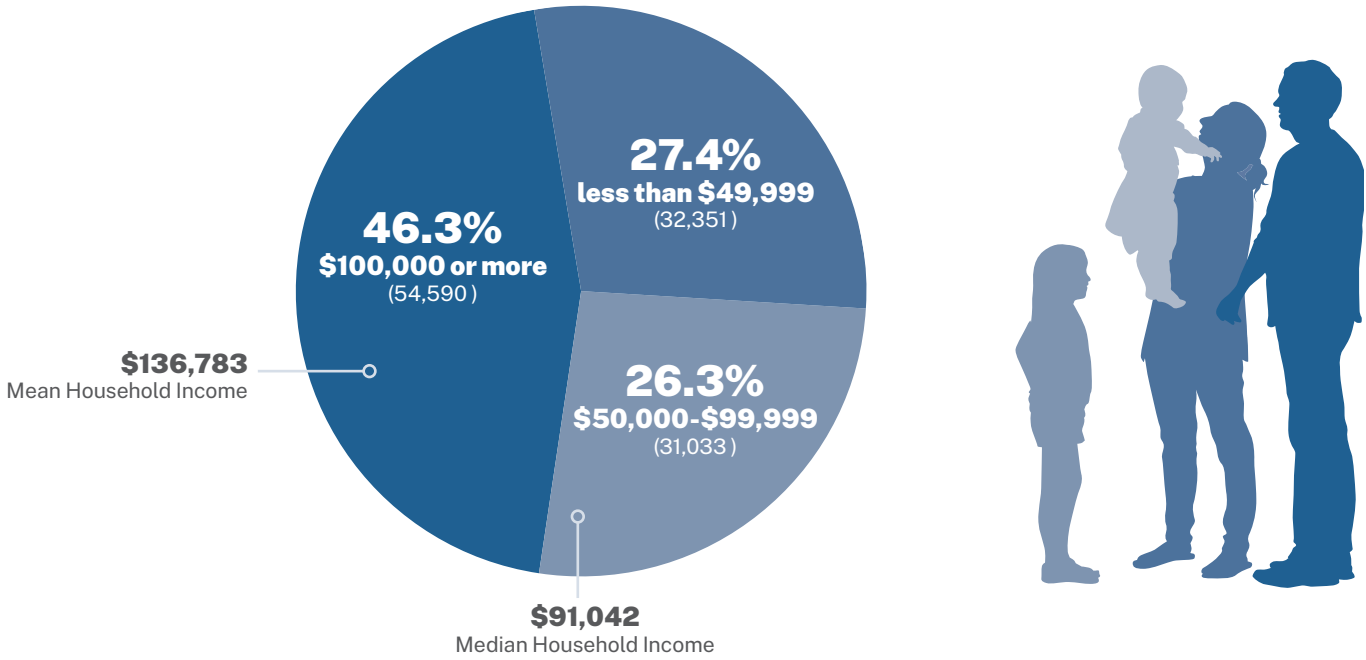
**Scottsdale has the highest median housing price of any of the large Valley cities.**

Source: U.S. Census (2016-2020 ACS)



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

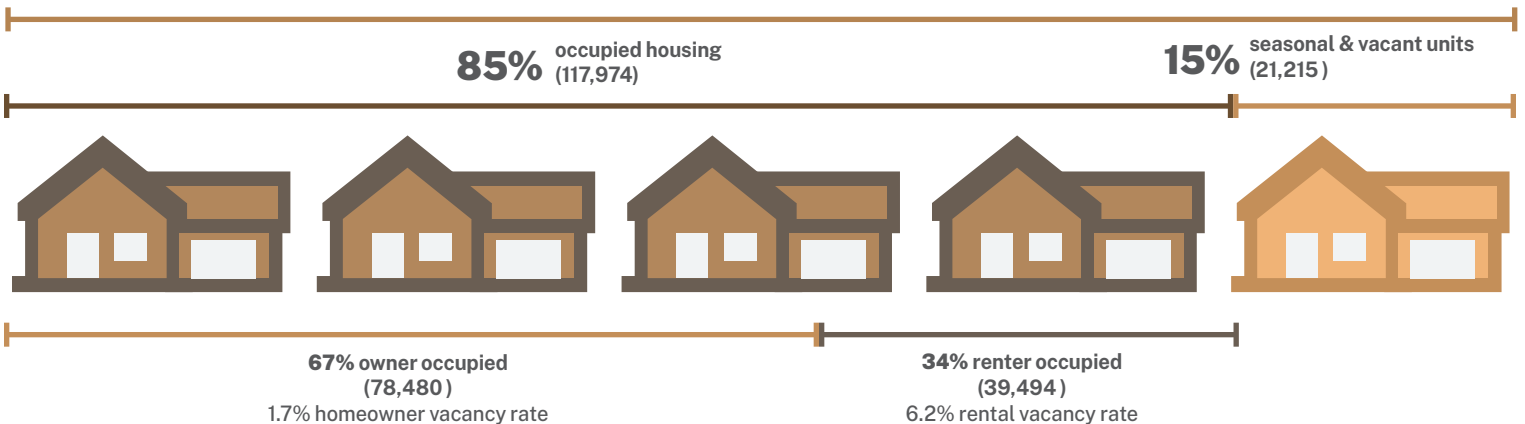
Source: U.S. Census (2016-2020 ACS)



**The majority of housing units in Scottsdale are owner occupied.**

Source: U.S. Census (2016-2020 ACS)

**139,189** total housing units

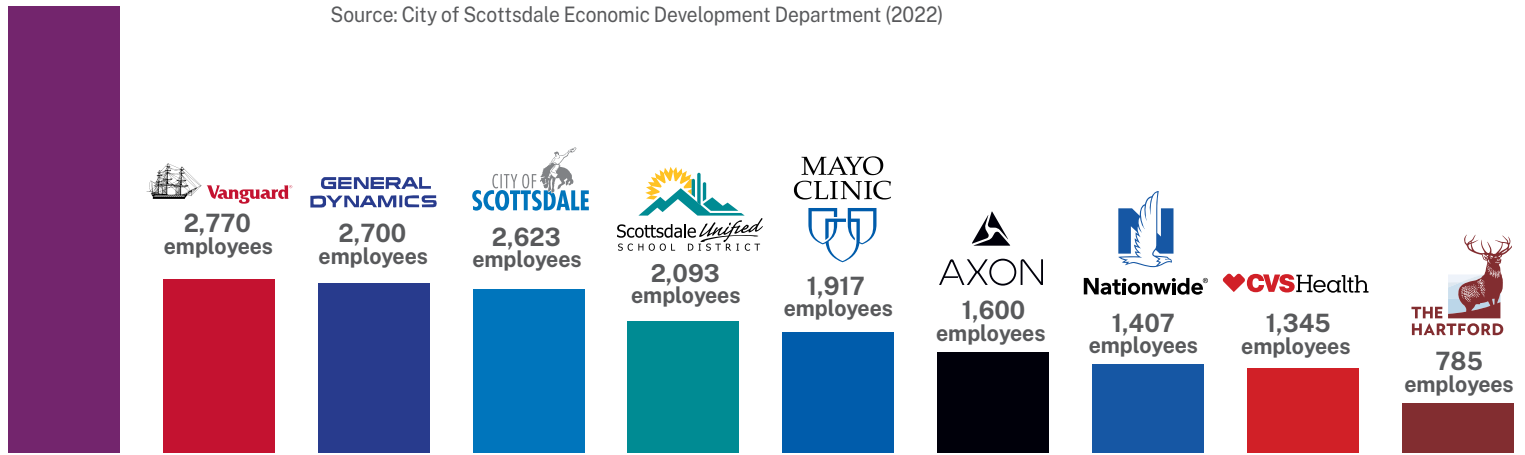




7,131 employees

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

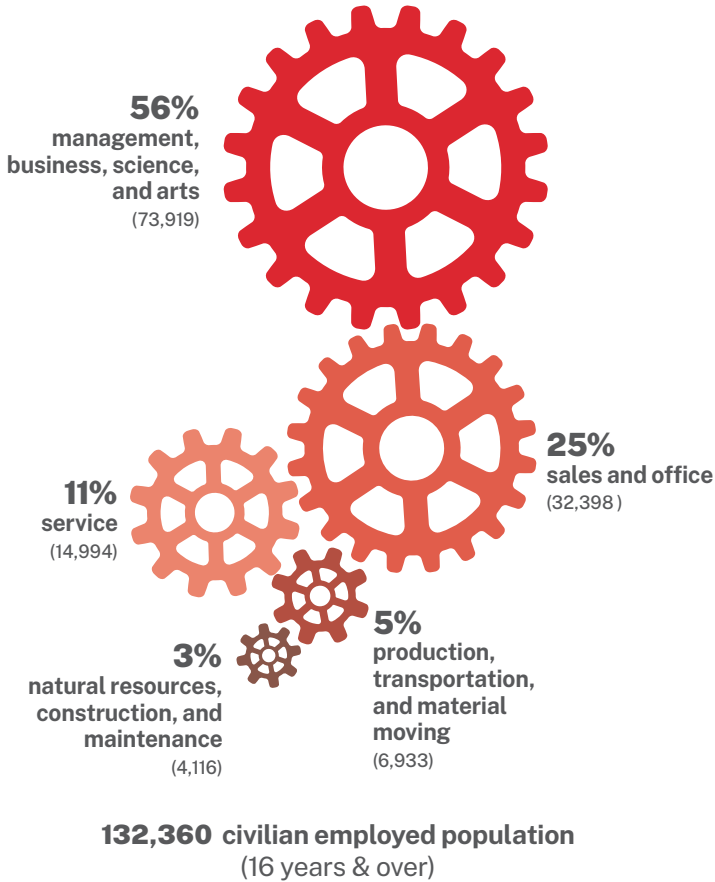
Source: City of Scottsdale Economic Development Department (2022)



\* Excludes grocers, convenience stores and traditional retail stores.

**Most Scottsdale residents work in management or office jobs.**

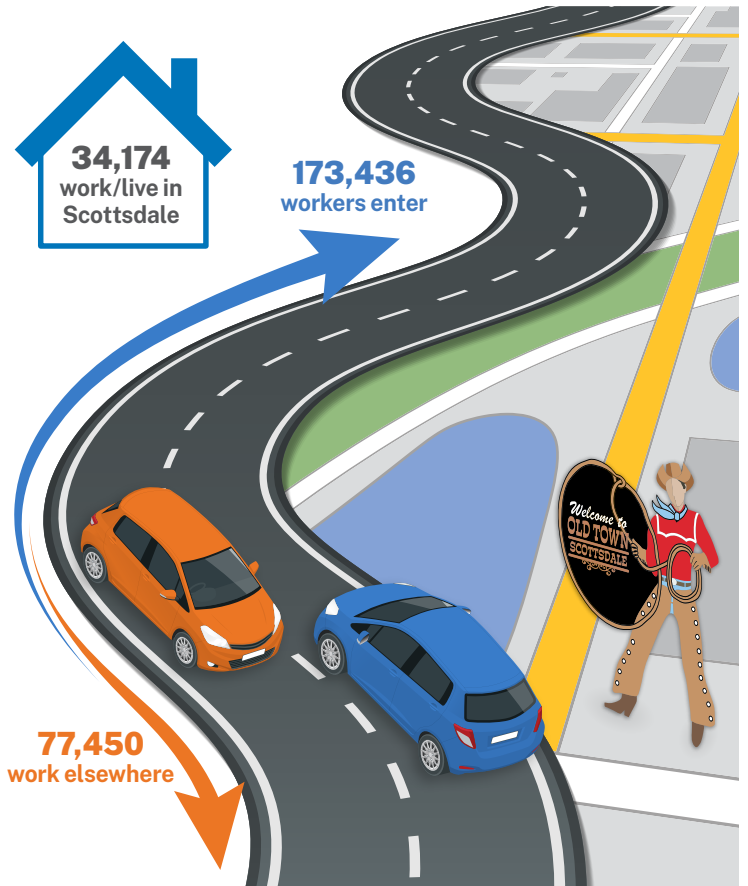
Source: U.S. Census (2016-2020 ACS)



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

Source: U.S. Census Inflow/Outflow Analysis (2019)

**Scottsdale has 207,610 jobs**



**To view additional demographic information, visit [ScottsdaleAZ.gov](http://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](http://ScottsdaleAZ.gov), search “about”

**8** WATER FACILITIES

**67.7**  
MILLION  
GALLONS  
OF DRINKING  
WATER  
DELIVERED  
DAILY

**53** SOLID WASTE  
TRUCKS

**1,520**  
MILES OF  
SANITARY  
SEWERS

**2,148** MILES OF WATER MAINS



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

**4** POLICE STATIONS

**352** POLICE VEHICLES

**15** FIRE STATIONS

**40** FIRE RESPONSE VEHICLES

**315** TRAFFIC SIGNALS

**2,852** LANE MILES OF ROADS

**11,582** 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 230 MILES OF NON-MOTORIZED TRAILS IN THE PRESERVE**

**975 TOTAL ACRES**

**37 PLAYGROUNDS**

**5 URBAN LAKES**

**74 ATHLETIC FIELDS**

**39 BASKETBALL COURTS**

**3 OFF-LEASH AREAS**

**4 AQUATIC FACILITIES**

**35 VOLLEYBALL COURTS**

**30 PICKLEBALL & RACQUETBALL COURTS**

**5 SPRAY FEATURES**

**2 SKATE PARKS**

**49 TENNIS COURTS  
2 TENNIS CENTERS**

**1 RAILROAD PARK**

**3 EQUESTRIAN FACILITIES**

**1 BASEBALL STADIUM**

**160 MILES OF PAVED PATHWAYS, 129 UNPAVED**

**2 SENIOR CENTERS**

**6 COMMUNITY CENTERS**

**4 PUBLIC LIBRARIES**

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



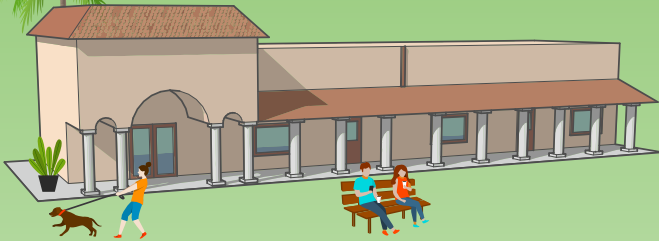
**53 HOTELS**  
**9,334 ROOMS**



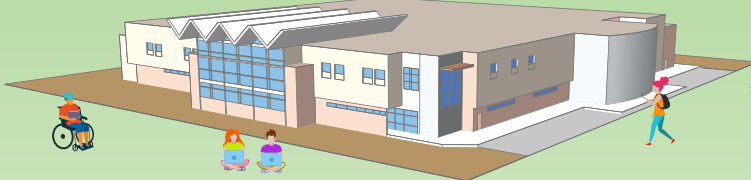
**1 AIRPORT**



**28,224 COMPANIES DOING BUSINESS IN SCOTTSDALE**



**37 PUBLIC SCHOOLS**  
**24,686 ENROLLMENT**



**7 MUSEUMS**

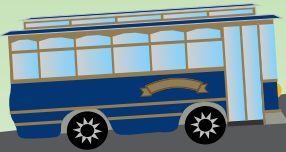
**109 ART GALLERIES & ART DEALERS**



**905 RESTAURANTS**



**4 FREE TROLLEY ROUTES**



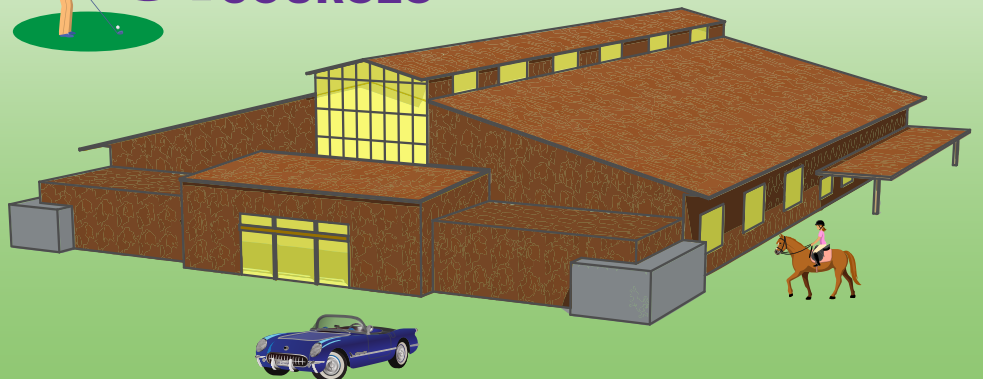
**11 BUS ROUTES**



**323 DAYS OF SPECIAL EVENTS AT WEST WORLD**

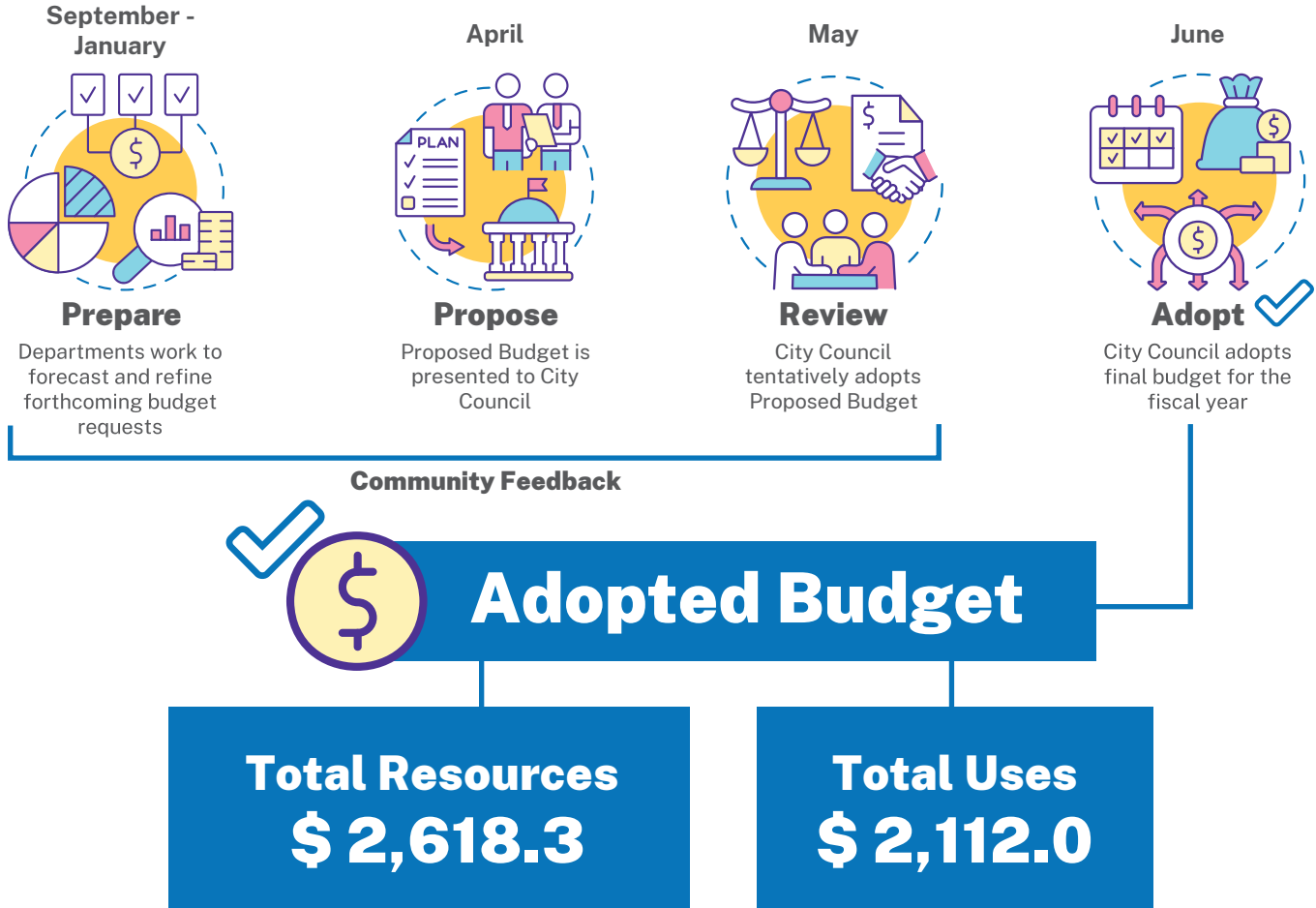


**51 GOLF COURSES**






## Making Cents of Numbers




## Comparing Scottsdale's Budgets

### Capital Budget

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

FY 2022/23  
**Budget \$1,121.6**  
(in millions of dollars)


**Top Use of Funds**

  
**Water Management**

  
**Transportation**

  
**Service & Community Facilities**

### Operating Budget

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

FY 2022/23  
**Budget \$990.4**  
(in millions of dollars)

**Top Use of Funds**  
General Fund

  
**Public Safety**

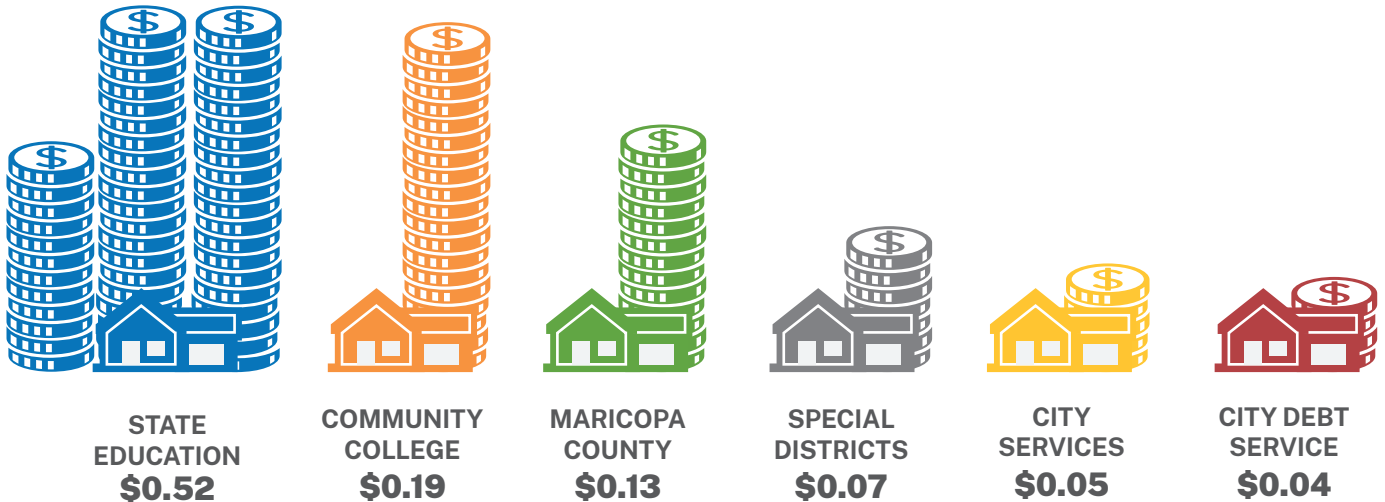
  
**Community Services**

  
**Community & Economic Development**

Where do my

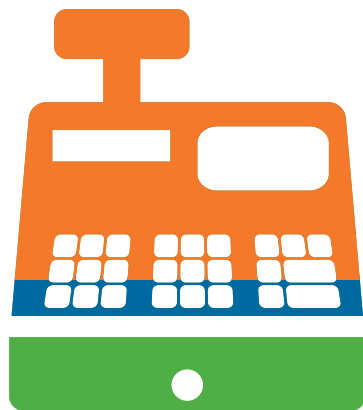
# Property Taxes go?

For every dollar collected



Where do my

# Sales Taxes go?



**State Sales Tax - 5.6%**

**County Sales Tax - 0.7%**

**City of Scottsdale Sales Tax - 1.75%**



VARIOUS CITY SERVICES  
**1.00%**



PRESERVE  
**0.35%**



TRANSPORTATION  
**0.30%**



PUBLIC SAFETY  
**0.10%**



## Executive Summary

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2022/23. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

### Current Year City Outlook

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For the past two budgets, the organizational, societal and financial impacts of the global pandemic have been front and center. As we look to the year ahead, we finally expect COVID-19 to be less of a factor. The FY 2022/23 adopted budget, however, must account for the pandemic's continuing ripple effect on consumer spending, health care costs, financial markets, availability and cost of construction materials, and fuel. Scottsdale continues to deliver on our mission of Simply Better Service for a World-Class Community. This budget supports first-rate services for residents and the high-quality city employees who provide them.

### Current Year City Council Policy Decisions

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The following are the major policy items included in the city's adopted FY 2022/23 budget. Each of these items were discussed during City Council's public budget review sessions:

- \$52.2 million General Fund transfer of additional available one-time balance to the CIP and ensures compliance with Scottsdale's Financial Policies Appendix A – Budgeting Governing Guidance.
- \$52.0 million to increase General Fund reserves to better align with best practices.
- \$16.8 million General Fund transfer to the CIP to cover shortfalls in the Bond 2019 program.
- \$15.5 million General Fund designated for General Plan and innovation initiatives.
- \$14.6 million from the American Rescue Plan Act (ARPA) to provide relief for the economic situation resulting from the COVID-19 pandemic.
- \$12.0 million one-time payment (\$10.0 million Police and \$2.0 million Fire) and \$2.8 million net increase in ongoing funding for pension related costs.
- 5.0 percent market adjustment of \$10.3 million General Fund (\$13.0 million all funds).
- \$5.4 million General Fund (\$6.9 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).
- \$1.5 million (\$2.0 million all funds) for health and dental cost increases.

- \$1.3 million (\$1.6 million all funds) to reinstitute the vacation buyback program for eligible employees.
- \$0.4 million (\$0.5 million all funds) to add Juneteenth to the City holiday schedule. The observed day is June 19th.
- \$1.1 million from additional primary property tax collections (\$0.7 million due to the allowable 2 percent statutory adjustment and \$0.4 million due to new growth).

## Staffing Changes

The city's total FTE count for FY 2022/23 is 2,588.89 which is a net increase of 33.36 FTE from the prior year adopted budget.

The positions that were added in FY 2022/23 were spread across divisions where needs had been identified. For example:

- Administrative Services: 1) a Data Scientist (1.00 FTE) position to support the Bond 2019 project '17-Obtain a Citywide Data Management and Analytics Solution for Data-based Decision Making'; 2) an IT Project Manager (1.00 FTE) position to keep up with the constant technology implementations across the city and address audit concerns; 3) an IT Cloud Engineer (1.00 FTE) position to meet the expanding Cloud Service needs of the organization; and 4) a Human Resources (HR) Analyst (1.00 FTE) to assist with employee relations.
- Public Safety – Fire: 1) Firefighter (9.00 FTE Sworn) positions to be funded by the revenue from the Prop 207 Smart and Safe AZ Act. These FTEs will be used to reduce the impact of the attrition expected over the next three fiscal years; 2) an Equipment Coordinator (1.00 FTE) position needed to assist in efforts to reduce cancer causing agents through maintenance and to assist with facility upkeep associated with major growth in the Division's operations. The position will also serve as the technical support liaison to the Phoenix Regional Dispatch radio team and maintain and track Public Safety - Fire's radio and communication technology; 3) a full-time EM Mitigation Coordinator (1.00 FTE) position and a part-time EM Mitigation Coordinator (0.50 FTE) position needed to help manage the Emergency Management Department which is currently under supported for a city of this size, scope and urban complexity (General Fund); and 4) a Payroll Specialist (1.00 FTE) position needed to support the Fire Budget Manager by ensuring accuracy of the scheduling software and handle all payroll transactions for over 300 employees who have unique scheduling requirements.
- Public Safety - Police: 1) establishing a Short-Term Rental Unit consisting of four Police Officer (4.00 FTE Sworn) positions and one Police Sergeant (1.00 FTE Sworn) position and establishing a Park and Preserve Unit consisting of three Park Ranger (3.00 FTE Sworn) positions to be funded by the revenue from the Prop 207 Smart and Safe AZ Act and 2) adding a new Real Time Crime Center Technician (1.00 FTE Non-Sworn) position as part of the Real Time Crime Center expansion.
- Public Works: 1) converting the Public Information Officer position from part time to full time (0.25 FTE) to provide additional support to the Capital Project Management Department and the implementation of Bond 2019 projects; 2) a Contract Coordinator (1.00 FTE) position needed to help administer a backlog of Facilities Condition Assessment (FCA) projects related to the replacement, repair, and refurbishment of major city systems; 3) two part-time Equipment Operator II (1.20 FTE) pipeline positions and the increase of part-time hours for two other Equipment Operator II (0.78 FTE) pipeline positions. This will aid in maintaining consistency in position titles with other local cities, allow for greater interest in the positions, encourage more competitive hiring practices, and assist in employee retention within the Brush and Bulk collection program; and 4) a Street Maintenance Worker (1.00 FTE) position needed to stay in compliance with the Arizona Department of Transportation (ADOT) bridge maintenance and federally mandated National Pollution Discharge Elimination System (NPDES) permit.
- Water Resources: 1) a Water Quality Specialist (1.00 FTE) position to complete the new Federal Lead and Copper drinking water rule requirements and to assist with ongoing monitoring efforts; 2) a Wastewater Collection Operator III (1.00 FTE) position to oversee field work and coordinate project workload, including that of new critical infrastructure; and 3) a Supervisory Control and Data Acquisition (SCADA) Manager (1.00 FTE) position to manage staff and oversee the additional work resulting from new facilities being added and as a result of the reorganization of the Division's technology area.

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

<b>FTE Changes from Prior Fiscal Year by Division</b>			
<b>FY 2021/22 ADOPTED FTEs</b>	<b>2,555.53</b>		
<b>Administrative Services</b>		<b>Community Services (cont.)</b>	
Data Scientist	1.00	WW Customer Service Rep	0.50
Enterprise Systems Engineer	1.00	WW Intern	1.00
Human Resources Analyst	1.00	WW Maintenance Worker I	1.80
IT Project Manager	1.00	WW Maintenance Worker II - CDL	2.18
	<u>4.00</u>		<u>(2.72)</u>
<b>City Court</b>		<b>Public Safety - Fire</b>	
Court Security Officer	0.56	EM Mitigation Coordinator	1.50
	<u>0.56</u>	Equipment Coordinator - Fire/Med	1.00
<b>City Manager</b>		Firefighter (56)	9.00
Video Production Assistant	0.40	Payroll Specialist	1.00
	<u>0.40</u>		<u>12.50</u>
<b>Community &amp; Econ Development</b>		<b>Public Safety - Police</b>	
Marketing Event Coordinator	1.00	Park Ranger	3.00
Intern	0.69	Police Officer	4.00
Intern*	(0.30)	Police Sergeant	1.00
Code Enforcement Assistant *	1.00	Real Time Crime Center Technician	1.00
	<u>2.39</u>		<u>9.00</u>
<b>Community Services</b>		<b>Public Works</b>	
Custodial Worker	(3.00)	Communications Supervisor	0.25
Library Aide	(0.24)	Contracts Coordinator	1.00
Library Monitor	(1.00)	Solid Waste Equip Operator II	1.98
Lifeguard/Instructor	(0.86)	Street Maintenance Worker	1.00
Maintenance Support Worker	(0.37)		<u>4.23</u>
Maintenance Worker I	1.00	<b>Water Resources</b>	
Pool Manager Assistant	0.58	SCADA Manager	1.00
Railroad Crew Chief	1.00	Wastewater Collections Opr. III	1.00
Recreation Leader I	(0.69)	Water Quality Specialist	1.00
Recreation Leader II	(0.90)		<u>3.00</u>
Recreation Leader II*	(1.00)		
Intern *	0.30		
Westworld Maintenance Worker	(4.02)		
WW Assistant GM	1.00		
		<b>Net Change All Divisions</b>	<b>33.36</b>
		<b>FY 2022/23 ADOPTED FTEs</b>	<b>2,588.89</b>
*Position reclassified and/or transferred during FY 2021/22.			



## How the adopted budget will affect citizens' property tax rates

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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 \$536,000 for tort liability claim payments made during calendar year 2021.

For FY 2022/23, the city's total primary property tax levy of \$36.42 million is an increase of \$1.36 million over the FY 2021/22 levy of \$35.06 million. The increase is due to 1) tort liability claim payments; 2) the 2 percent statutory adjustment; and 3) new construction. The FY 2021/22 primary property tax rate of \$0.5039 per \$100 of assessed valuation will decrease by \$0.0069 to \$0.4970 in FY 2022/23.

For FY 2022/23, the city's secondary property tax levy will decrease \$5.02 million from the FY 2021/22 adopted budget of \$35.08 million to \$30.06 million due to use of accumulated fund balance as a result of savings achieved through a general obligation debt refinancing. In addition, due to increased property values, the FY 2021/22 secondary tax rate of \$0.5042 will decrease by \$0.0941 to \$0.4101 per \$100 of assessed valuation in FY 2022/23.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2022/23, the city's total combined property tax levy is a decrease by approximately \$3.66 million from \$70.14 million in FY 2021/22 to \$66.48 million in FY 2022/23.

In FY 2022/23, citizen tax bills will reflect a combined property tax rate of \$0.9071, which is \$0.1010 less than the FY 2021/22 combined rate of \$1.0081. The management of the combined property tax rate is included in the city's adopted financial policies for debt management, which states that the combined tax rate will not exceed \$1.50 per \$100 of assessed value. Based on this combined rate, an owner of a home with a County Assessor's real property assessed value of \$100,000 will pay approximately \$90.71 in city property taxes, applying the combined property tax rate. The Maricopa County Assessor's Office, not the City of Scottsdale, determines real property assessed values used to calculate property tax bills.

## Changes from Proposed Budget to Adopted Budget

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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. Several adjustments were made between the proposed budget release, and this final budget.

As the city continues preparing for the Super Bowl LVII, three new General Fund capital projects were approved by City Council on March 29, and added to the Capital Improvement Program:

- Entertainment District Street & Festoon Lighting (\$575,000)
- Entertainment District Safety Enhancement Camera Project (\$225,000)
- Entertainment District Bollards (\$800,000).

Another capital project, Airport Perimeter Road Reconstruction (\$728,090 funded by a federal aviation grant), was added. Elsewhere in the CIP, grant funding in the Pedestrian Crossing Improvements project was reduced to \$250,000 to align with the amount awarded, and five completed capital projects were closed.

The Water Resources Division operating budget was increased by \$200,000 for a contract-provided service line warranty protection program for water and sewer customers, approved by the City Council on June 7.

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

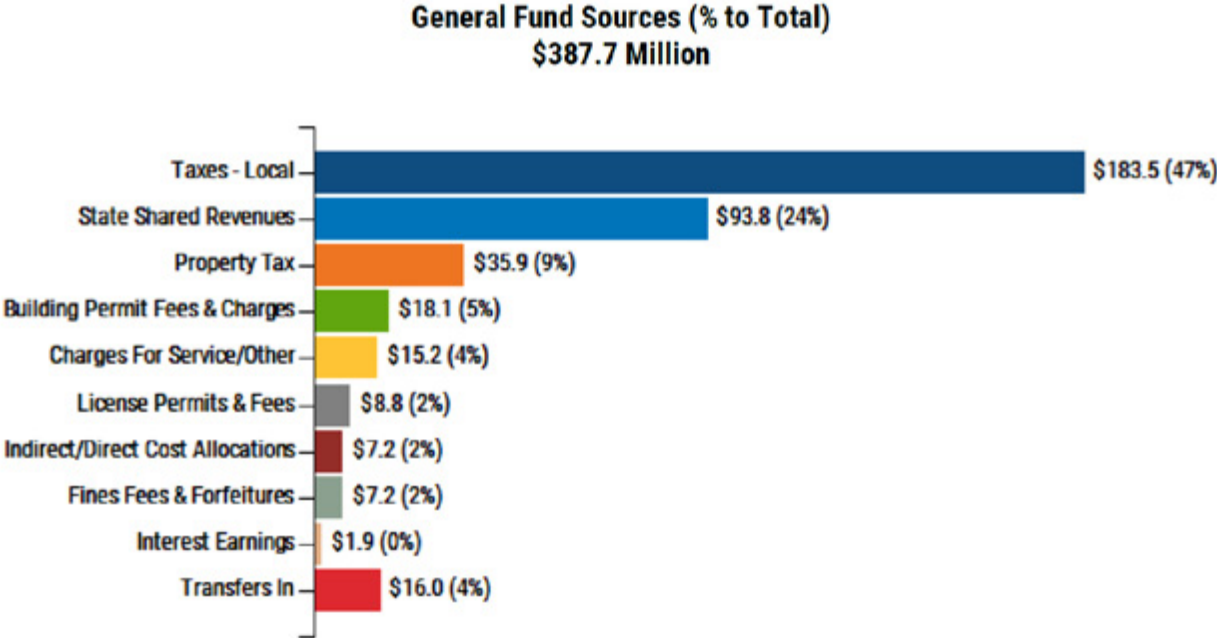
## Fund Highlights

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The remainder of this Executive Summary highlights the key elements of each fund in the FY 2022/23 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 2022/23 are \$387.7 million, approximately \$52.2 million (15.6 percent) more than the FY 2021/22 Adopted budget. The following bar graph summarizes the major sources.



Note: Rounding difference may occur

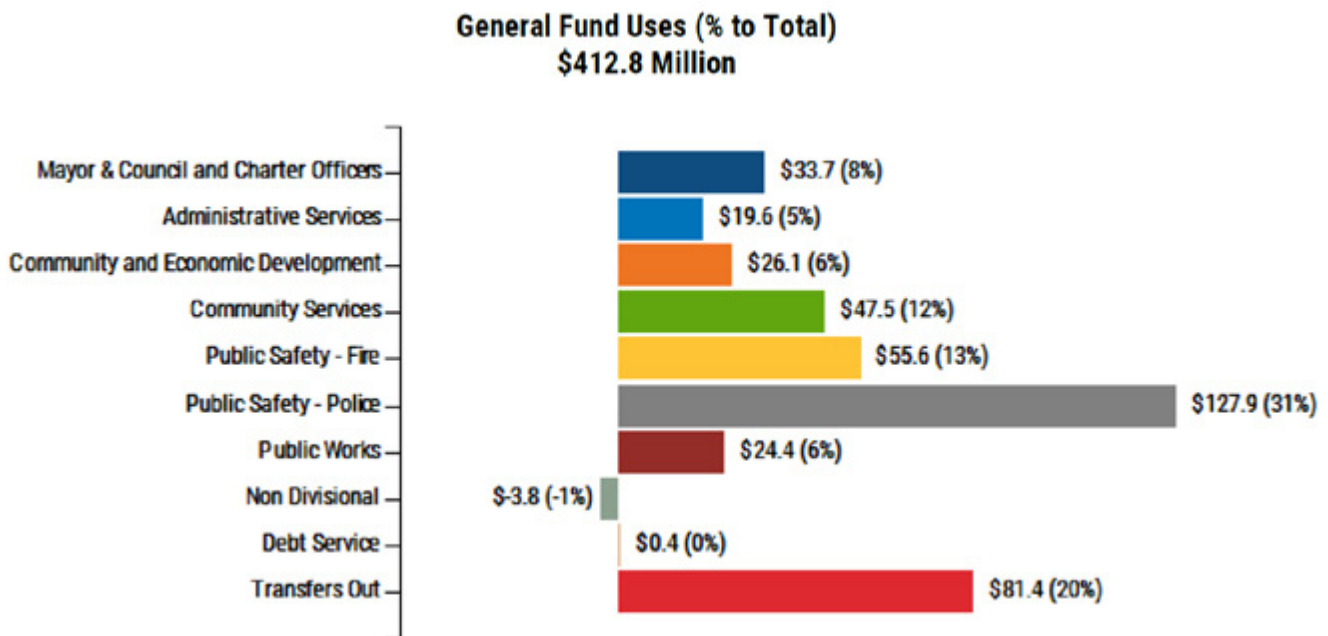
That total projected increase comes from a net of several different sources. Below highlights the sources contributing significantly to the change:

- \$23.5 million from a projected increase in General Fund Sales Tax, including \$2.3 million for the portion dedicated to Public Safety.
- \$17.9 million from a projected increase in the city's proportionate slice of State Shared Income Tax, Sales Tax and Vehicle License Fees.
- \$1.1 million from additional primary property tax collections (\$0.7 million due to the allowable 2 percent statutory adjustment and \$0.4 million due to new growth).
- \$0.9 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$0.3 million from WestWorld Equestrian Facility Fees to cover a pilot program for rental of the polo fields, increases in facility fees to allow for cost recovery, and increases in parking lot fees to meet demand.
- \$0.7 million due to increased revenue for the Tournament Players Club and for rent collected from agencies using the Paiute Neighborhood Center.
- \$0.3 million due to increases in the Advanced Life Support (ALS) Ambulance Contract; increased revenue associated with third-party fire protection system inspections, testing and maintenance; and rate and fee increases for CPR/First Aid and Babysitting, and a new class for Preserve/Outdoor First Aid.

- \$0.2 million due to increased Photo Enforcement filings which have gone up post COVID-19 and increases in photo enforced defensive driving filings.
- \$4.1 million due to Transfers In from the Tourism Development Fund to comply with Financial Policy 10 (12 percent of the transient occupancy/bed tax revenues); year two of a three-year payback to reimburse the General Fund for the purchase of Arizona State Land at Bell Road and 96th Street for WestWorld; and funding to support Super Bowl related expenses.

**General Fund - Uses**

The adopted FY 2022/23 General Fund uses budget is projected to be approximately \$412.8 million (not including \$162.3 million in contingency, reserves, and designations), approximately \$35.2 million (9.3 percent) more than the FY 2021/22 Adopted budget. The following bar graph provides a summary of the General Fund uses.



Note: Rounding difference may occur

The General Fund proposed operating budget for next fiscal year has a net decrease in spending by \$15.3 million from the FY 2021/22 adopted budget. Below highlights the significant increases/decreases that are contributing to the overall net decrease in the proposed operating budget.

- A 5.0 percent market adjustment of \$10.3 million (\$13.0 million all funds).
- \$5.4 million (\$6.9 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).
- \$1.3 million (\$1.6 million all funds) to reinstitute the vacation buyback program for eligible employees.
- \$3.2 million (\$3.5 million all funds) for retirement cost increases.
- \$1.5 million (\$2.0 million all funds) for health and dental cost increases.
- \$0.4 million (\$0.5 million all funds) to add Juneteenth to the City holiday schedule. The observed day is June 19th.
- -\$28.0 million decrease in additional public safety retirement contributions.
- -\$14.6 million decrease in police and fire personnel costs that will be charged to the ARPA grant.

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

### City Court:

- \$0.2 million to restore FY 2020/21 reductions that were part of the response to the COVID-19 pandemic.

### City Manager:

- \$0.3 million to fund a citizen engagement platform to facilitate communication and feedback with residents and visitors.

### Administrative Services:

- \$1.0 million for Information Technology contract increases; adding a position to implement and operate the Bond 2019 project '17-Obtain a Citywide Data Management and Analytics Solution for Data-based Decision Making'; and project management program enhancements.

### Community & Economic Development:

- \$0.6 million for contract worker services to meet increased workloads in Stormwater/Drainage, One-Stop Shop, Code Enforcement, and long-range planning businesses and talent.
- \$0.2 million to provide an in-depth, independent review, assessment, and benchmarking of Planning & Development Services' rates and fees.
- \$0.2 million for a 4.3 percent financial participation agreement increase with Scottsdale Arts for wages to remain competitive.
- \$0.2 million to paint the Drinkwater Boulevard underpass, the Marshall Way Bridge, and the Wells Fargo Parking Garage in preparation of the Super Bowl.

### Community Services:

- \$0.4 million one-time funding to repair and replace aging portable horse stalls and material at WestWorld.
- \$0.2 million for one-time funding for an Indian School Park master plan, to design a park that meets current and future needs of residents and provides a roadmap for future capital planning.
- \$0.2 million for an annual one-time contract labor request for WestWorld.
- \$0.2 million to convert part-time to full-time positions to align with the competitive nature of the hiring market.

### Public Safety - Fire:

- \$0.6 million one-time, carryover funding to provide budget authority for a Fire Truck Replacement that was initially budgeted in FY 2021/22 but due to supply chain delays, will not join the city fleet until FY 2022/23.
- \$0.3 million for a full-time and part-time Emergency Mitigation Coordinator (1.5 FTE) position to support public health needs and requirements and for a Payroll Specialist (1.0 FTE) position and Equipment Coordinator (1.0 FTE) position to support administrative and operational needs.
- \$0.2 million one-time funding to retrofit the Fire Department's Self-Contained Breathing Apparatus (SCBA) to meet updated industry safety standards and equipment compatibility.
- \$0.2 million one-time funding for aging equipment.

### Public Safety - Police:

- \$0.1 million for the expansion of the Real Time Crime Center.
- \$0.2 million to fund the increase to the municipal security contract.

### Public Works:

- \$0.3 million for Americans with Disabilities (ADA) updates and modifications to facilities.



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## General Fund Ending Balance

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The FY 2022/23 budget includes the following:

**Emergency Reserve** – The Emergency Reserve is new beginning in FY 2022/23. The reserve was added to incorporate best financial practices. Emergency Reserve complies with Financial Policy No. 2.02. The policy states that the General Fund will maintain five percent of operating uses, excluding transfers out as an emergency reserve to cover for unexpected emergencies and events where immediate action must be taken in the best interest of the city’s residents and business owners. The FY 2022/23 General Fund Emergency Reserve is \$16.6 million.

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

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

**Operating Contingency** – Operating Contingency includes \$10.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

**Operating Reserve** – The Operating Reserve complies with Financial Policy No.2.01. The policy states the General Fund will maintain an operating reserve of 20 percent of General Fund operating uses, excluding transfers out, which beginning in FY 2022/23 is an increase from 10 percent to incorporate best financial practices. The Operating Reserve is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the FY 2022/23 General Fund Operating Reserve is \$66.3 million.

**PSPRS Pension Liabilities** – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The FY 2022/23 PSPRS Pension Liabilities fund balance designation is \$39.4 million, which is an increase of \$11.3 million from the FY 2021/22 adopted budget. The increase is the net effect of a \$12.0 million payment to the PSPRS to pay down the unfunded liability and anticipated greater sources than uses.

**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 2022/23 fund balance designation is \$14.6 million, which is \$7.3 million lower than the FY 2021/22 adopted fund balance due to a first payment related to phase one of the project.

**Undesignated, Unreserved Fund Balance** – Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2022/23 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.

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## Special Revenue Funds

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

The **Transportation Fund** accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state gas taxes. However, the majority of the fund’s funding comes from the 1990 (0.20 percent) voter-approved sales tax and 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 \$48.5 million.

Uses total about \$46.1 million of which \$29.0 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, \$14.4 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 \$2.7 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 \$53.4 million. Approximately \$33.4 million of this amount will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2023, is expected to be \$91.7 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 \$27.6 million, annual uses of \$30.2 million (includes authorized carryovers from prior fiscal years) and a projected June 30, 2023 ending fund balance of \$6.2 million.

The **Stadium Facility Fund** is a special revenue fund created to account for activity at the Scottsdale Stadium. In June 2019, the city entered into a 25-year baseball facilities agreement with the Scottsdale Charros and the San Francisco Giants Baseball Club for the use and maintenance of the Scottsdale Stadium. This fund accounts for the contributions and uses as per the agreement. The fund currently has annual sources of \$1.4 million, annual uses of \$1.2 million and a projected June 30, 2023 ending fund balance of \$4.0 million.

## **Debt Service Fund**

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The Debt Service Fund is designated for payment of long-term debt. Total sources are \$82.1 million for FY 2022/23.

The \$87.2 million budget for debt service payments in FY 2022/23 is approximately \$1.4 million less than the FY 2021/22 Adopted Budget primarily due to Scottsdale Preserve Authority debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve being fully paid off in FY 2021/22.

## **Enterprise Funds**

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

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

- Operating cost increases for raw water to include Tier 1 Drought Contingency Plan (DCP) drought pricing, put in place by Central Arizona Project (CAP)
- Operating cost increases for treatment chemicals due to scarcity and supply challenges
- Operating cost increases necessary for treating raw water
- Increasing cost for replacing and repairing aging infrastructure, new groundwater treatment operating costs to improve the reliability and water quality of south Scottsdale wells
- Increasing actions and costs required for drought preparedness through enhancement of conservation measures and messaging

- 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 are proposed to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system. Increases to commodity rates are proposed to generate sufficient revenues to maintain the water fund as a self-sustaining enterprise, encourage efficient water use and urge conservation. Within the commodity rates, no changes are proposed for the first four tiers of residential rates, however the volume thresholds for tiers three – five are reduced resulting in higher charges with higher water usage. Similarly with the commercial commodity rates, no changes are proposed for the first three tiers, however volume thresholds are reduced for tiers three and four.

Overall, the water base fee and commodity rate changes are forecasted to generate an annual revenue increase of approximately \$3.8 million or 3.4 percent and effective November 1, 2022.

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

- Operating cost increases for treatment chemicals due to scarcity and supply challenges
- Increasing cost for replacing and repairing aging infrastructure
- Maintenance cost increases of system infrastructure due to increased system demand
- Operating cost increases for personnel services and benefits

Increases to base fees are proposed to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system. Adjustments to volumetric rates are proposed to generate sufficient revenues to maintain the sewer fund as a self-sustaining enterprise and better reflect the cost of sewer loadings by customer class. Volumetric rates for commercial customers that have dining are increasing more than others and represent the additional cost of treating these higher strength wastewater flows.

Overall, the base fee and volumetric rate changes are forecasted to generate an annual revenue increase of approximately \$2.1 million or 4.7 percent and effective July 1, 2022.

**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, 2022 and are expected to generate approximately \$3.7 million in additional revenue. Revenue requirements for the Solid Waste Fund for FY 2022/23 were primarily impacted by Fleet Management operating, maintenance, and replacement costs; personnel costs; landfill and transfer disposal costs; and refuse/recycling container costs.

Total Solid Waste Fund sources are expected to be about \$30.5 million, annual uses are expected to be \$31.2 million, and ending fund balance is projected to be \$8.4 million by June 30, 2023.

**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 \$8.3 million, annual uses are expected to be \$5.9 million, and ending fund balance is projected to be \$8.2 million by June 30, 2023.

## **Internal Service Funds**

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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 (\$9.4 million), acquisition costs (\$14.5 million), and fuel costs (\$5.2 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 \$5.4 million estimated on June 30, 2023, represents funds previously collected for maintenance, operations and vehicle/equipment acquisitions that will be expended in future years.

The **PC Replacement Fund** accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to the city divisions as an internal operating charge based on the quantity and type of hardware used. For FY 2022/23, user divisions are assessed estimated costs of \$0.8 million, leaving an estimated ending fund balance of \$1.4 million on June 30, 2023.

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 \$15.4 million. The estimated ending fund balance on June 30, 2023, of about \$26.5 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the governing body's (Loss Trust Fund Board) requirement to maintain 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 \$38.3 million in healthcare costs is shared by the city, its employees and public safety disabled retirees. For FY 2022/23, there was a \$2.0 million increase in uses compared to the FY 2021/22 adopted budget due to rising healthcare costs. 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 estimated ending fund balance on June 30, 2023 of \$19.6 million includes: 1) a reserve for large claims beyond what was anticipated and for incurred but not reported claims; 2) an operating contingency used only for unforeseen emergencies; 3) a premium stabilization reserve to ensure revenue from premiums exceed medical and dental claims and administrative expenses paid by the healthcare plan; and 4) 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**

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Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the \$28.5 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 \$1.8 million (plus \$0.9 million for the Rehab Revolving Loan). In addition to numerous identified smaller grants, the city includes \$8.4 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 \$0.6 million and uses are estimated at \$0.6 million for FY 2022/23. 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**

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



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

**Community Facilities** (\$117.0 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 11.0 percent of the CIP addresses the needs of this program. Significant Community Facilities projects include the McCormick-Stillman Bunkhouse; Scottsdale Stadium Renovations Phase 2; as well as 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** (\$38.9 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 3.6 percent of the CIP addresses this program. Significant preserve projects include the restoration of habitat, invasive plant, wildland fire prevention and safety improvements.

**Drainage and Flood Control** (\$36.6 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 3.4 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include commencement of construction of the Rawhide Wash project in conjunction with the Maricopa County Flood Control District and the City of Phoenix; and the reduction in the size of the Reata Wash Floodplain.

**Public Safety** (\$77.2 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 7.2 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as the Real Time Crime Center; Shade Structures for Police Department Horse Barn; and various Bond 2019 program projects. Some examples are the 38-Build a New Fire Department Training Facility; 26 - Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility; and the 27 - Modernize and Expand the Police and Fire Training Facility.

**Service Facilities** (\$101.7 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 9.5 percent of the CIP addresses this program. Service Facilities projects include Facilities Upgrade and Replacement Program; Network and Server Infrastructure Replacement Program; renovation of the Stagebrush Theater; City Court - Jail Court Construction; and the initiation of various Bond 2019 program projects. Some examples are the 63-Build Parking Structures in Old Town Scottsdale and solar system installation and upgrade projects.

**Transportation** (\$296.9 million) – addresses multi-modal transportation needs. Approximately 27.8 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include various pedestrian improvements; the Central Arizona Project Canal Path - Scottsdale to Northsight; Rehabilitate/Geometry Improvements – Partial Parallel Taxiway A and Connectors Design/Construct; Entertainment District Street & Festoon Lighting; 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; Shea Boulevard Intersections: Arizona State Route 101 to 136th Street; the continuation of the pavement overlay program; and transit stop improvements.

**Water Management** (\$398.5 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 37.4 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the Inventory and Replacement of Water Service Lines as well the design and construction of multiple other projects to keep water treatment facilities functioning properly.

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

The budget continues the practice of leveraging one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. In FY 2022/23, the budget assumes the General Fund will transfer a total of \$69.0 million to the CIP.

### **Conclusion**

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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).



## Office of the City Manager

Jim Thompson, City Manager  
3939 North Drinkwater Boulevard  
Scottsdale, AZ 85251

PHONE 480-312-2850  
FAX 480-312-9055  
[CityManager@ScottsdaleAZ.gov](mailto:CityManager@ScottsdaleAZ.gov)

Honorable Mayor and City Council:

Scottsdale's Fiscal Year 2022/23 Budget and its supporting information is provided here. It is once again my pleasure to work with the city's excellent staff in developing and presenting a budget that is both fiscally responsible and forward looking – a financial plan that supports the city's core services and programs today, while looking forward to future challenges and opportunities.

While the two-year COVID-19 pandemic is largely behind us, its lasting impacts, combined with other uncertainties and challenges, demand our full attention. This budget addresses them.

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

Several adjustments were made between the proposed budget release, and this final budget.

As the city continues preparing for the 2023 Super Bowl, three new General Fund capital projects were approved by City Council on March 29, and added to the Capital Improvement Program:

1. Entertainment District Street & Festoon Lighting (\$575,000)
2. Entertainment District Safety Enhancement Camera Project (\$225,000)
3. Entertainment District Bollards (\$800,000).

Another capital project, Airport Perimeter Road Reconstruction (\$728,090 funded by a federal aviation grant), was added. Elsewhere in the CIP, grant funding in the Pedestrian Crossing Improvements project was reduced to \$250,000 to align with the amount awarded, and five completed capital projects were closed.

The Water Resources Division operating budget was increased by \$200,000 for a contract-provided service line warranty protection program for water and sewer customers, approved by the City Council on June 7.

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

Foremost among our challenges today is the unprecedented nature of the job market. Municipal and private sector employers throughout the nation are making huge changes in salary and benefits to attract and retain staff, many of those occurred locally as this budget was being finalized.

Scottsdale is feeling the impact of staff vacancies across the organization. While this budget provides a very solid foundation and Scottsdale remains a very attractive place for people to work, additional steps must be considered so that Scottsdale can remain competitive. Those discussions with City Council will occur in the weeks and months ahead.

Throughout our organization and across our community, things are as busy as ever. With the resources and direction provided through the Fiscal Year 2022/23 budget, Scottsdale's team of professionals will continue to serve each day and each customer with excellence and remain focused and ready to address any challenge the next twelve months will bring.

Sincerely,



Jim Thompson

City Manager



## **Fiscal Year 2022/23 Proposed Budget Transmittal**

Honorable Mayor and City Council:

I am pleased to present the proposed Fiscal Year 2022/23 budget for your consideration. For the past two budgets, the organizational, societal and financial impacts of the global pandemic have been front and center. As we look to the year ahead, we finally expect COVID-19 to be less of a factor.

This budget proposal, however, must account for the pandemic's continuing ripple effect on consumer spending, health care costs, financial markets, availability and cost of construction materials, and fuel - many of which are exacerbated by the new global uncertainty caused by the war in Ukraine.

Here at home, Scottsdale continues to deliver on our mission of Simply Better Service for a World- Class Community. This budget supports first-rate services for residents and the high-quality city employees who provide them.

City revenues spiked over the past year, caused by unusual circumstances related to the pandemic. Stimulus money was pumped into the economy, and the rising cost of goods resulted in higher sales tax collections. Pent-up demand and desire among the public resulted in higher revenue related to travel, entertainment and dining out. The city also saw additional one-time revenue via the AZ Cares and American Rescue Plan acts.

These positive revenue impacts were lessened to a degree because Scottsdale's population, per the 2020 decennial census, decreased from its original estimate resulting in a reduction in population- based state shared revenues.

The FY 2022/23 budget recognizes the impact of these competing factors. General Fund revenues are expected to increase in FY 2022/23. However, we are forecasting the additional stimulus funding to work its way through the economy and project a decrease in revenues in FY 2023/24 with a return to a normal trend line through the five-year forecast.

### **Notable programs and initiatives**

Within that overall financial picture, this budget proposal funds a number of programs and initiatives that will allow the city to address priority areas in the year ahead.

While covering overall cost increases in the budget for contracts, commodities, and health care, the city's financial reserves will also be increased to further enhance Scottsdale's resiliency and ensure

that Scottsdale has sufficient financial capacity to face unexpected events such as cyberattacks, weather disruptions and pandemics.

The budget continues investing in the city's workforce: the ongoing market and merit pay adjustment programs, detailed in the Uses section below, will help city staff face rising inflation, and help the city compete to retain and attract top-quality people.

The General Fund budget includes a \$12 million one-time payment (\$10 million Police and \$2 million Fire) to continue addressing the Public Safety retirement unfunded liability.

With the Super Bowl returning to Arizona in February 2023, Scottsdale expects to take center stage for events and activities around this national event. The proposed budget includes funding for staff costs to support increased activity during Superbowl week and small downtown improvements to help the city look its best in the spotlight.

This proposal includes funding for General Fund initiatives that could be identified by the City Council during the fiscal year, and for Innovation Initiatives that will allow the City Manager to fund projects that benefit the community and support organization goals and City Council priorities.

The budget proposes adding 33 new full-time equivalent positions. Half of those are in the Police and Fire departments, funded with new Prop. 207 money from the Smart and Safe Arizona Fund. This revenue, collected from recreational marijuana, can only be used for personnel costs.

The Fire Department positions are needed to support constant staffing for that 24/7/365 service.

For the Police Department positions, based upon recommendations from a Short-Term Rental Working Group, this budget proposal funds a new unit to address increased enforcement and investigation demands around vacation and short-term rental properties. Additional police positions will augment services in city parks and the Scottsdale McDowell Sonoran Preserve.

I am pleased to present this balanced budget proposal. It provides the financial basis for Scottsdale's continued success in the year to come.

### **Sources**

General Fund sources are estimated to increase by \$52.3 million from the adopted FY 2021/22 budget. That total projected increase comes from several different sources. Below highlights the sources contributing significantly to the change:

- \$23.5 million from a projected increase in general fund sales tax, including \$2.3 million for the portion dedicated to Public Safety.
- \$17.9 million from a projected increase in the city's proportionate slice of state shared income tax, sales tax and vehicle license fees.
- \$1.1 million from additional primary property tax collections (\$0.7 million due to the allowable 2 percent statutory adjustment and \$0.4 million due to new growth).
- \$0.9 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$0.3 million from WestWorld Equestrian Facility Fees to cover a pilot program for rental of the polo fields, increases in facility fees to allow for cost recovery, and increases in parking lot fees to meet demand.
- \$0.7 million due to increased revenue for the Tournament Players Club and for rent collected from agencies using the Paiute Neighborhood Center.
- \$0.3 million due to increases in the Advanced Life Support (ALS) Ambulance Contract; increased revenue associated with third-party fire protection system inspections, testing and maintenance; and rate and fee increases for CPR/First Aid and Babysitting, and a new class for Preserve/Outdoor First Aid.
- \$0.2 million due to increased Photo Enforcement filings which have gone up post-COVID-19 and increases in photo enforced defensive driving filings.
- \$4.1 million due to Transfers In from the Tourism Development Fund to comply with Financial Policy 10 (12 percent of the transient occupancy/bed tax revenues); year two of a three-year payback to reimburse the General Fund for the purchase of Arizona State Land at Bell Road and 96th Street for WestWorld; and funding to support Super Bowl related expenses.

## **Uses**

The General Fund proposed operating budget for next fiscal year has a net decrease in spending by \$15.3 million from the FY 2021/22 adopted budget. Below highlights the significant increases/decreases that are contributing to the overall net decrease in the proposed operating budget.

- A 5.0 percent market adjustment of \$10.3 million (\$13.0 million all funds).
- \$5.4 million (\$6.9 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).
- \$1.3 million (\$1.6 million all funds) to reinstitute the vacation buyback program for
- eligible employees.
- \$3.2 million (\$3.5 million all funds) for retirement cost increases.
- \$1.5 million (\$2.0 million all funds) for health and dental cost increases.
- \$0.4 million (\$0.5 million all funds) to add Juneteenth to the City holiday schedule. The observed day is June 19th.
- -\$28.0 million decrease in additional public safety retirement contributions.
- -\$14.6 million decrease in police and fire personnel costs that will be charged to the ARPA grant.

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

City Court:

- \$0.2 million to restore FY 2020/21 reductions that were part of the response to the COVID-19 pandemic.

City Manager:

- \$0.3 million to fund a citizen engagement platform to facilitate communication and feedback with residents and visitors.

Administrative Services:

- \$1.0 million for Information Technology contract increases; adding a position to implement and operate the Bond 2019 project '17-Obtain a Citywide Data Management and Analytics Solution for Data-based Decision Making'; and project management program enhancements.

Community & Economic Development:

- \$0.6 million for contract worker services to meet increased workloads in Stormwater/Drainage, One-Stop Shop, Code Enforcement, and long-range planning businesses and talent.
- \$0.2 million to provide an in-depth, independent review, assessment, and benchmarking of Planning & Development Services' rates and fees.



- \$0.2 million for 4.3 percent financial participation agreement increase with Scottsdale Arts for wages to remain complete.
- \$0.2 million to paint the Drinkwater Boulevard underpass, the Marshall Way Bridge, and the Wells Fargo Parking Garage in preparation of the Super Bowl.

#### Community Services:

- \$0.4 million one-time funding to repair and replace aging portable horse stalls and material at WestWorld.
- \$0.2 million for one-time funding for an Indian School Park master plan, to design a park that meets current and future needs of residents and provides a roadmap for future capital planning.
- \$0.2 million for an annual one-time contract labor request for WestWorld.
- \$0.2 million to convert part-time to full-time positions to align with the competitive nature of the hiring market.

#### Public Safety- Fire:

- \$0.6 million one-time, carryover funding to provide budget authority for a Fire Truck Replacement that was initially budgeted in FY 2021/22 but due to supply chain delays, will not join the city fleet until FY 2022/23.
- \$0.3 million for a full-time and part-time Emergency Mitigation Coordinator (1.5 FTE) position to support public health needs and requirements and for a Payroll Specialist (1.0 FTE) position and Equipment Coordinator (1.0 FTE) position to support administrative and operational needs.
- \$0.2 million one-time funding to retrofit the Fire Department's Self-Contained Breathing Apparatus (SCBA) to meet updated industry safety standards and equipment compatibility.
- \$0.2 million one-time funding for aging equipment.

#### Public Safety- Police:

- \$0.1 million for the expansion of the Real Time Crime Center.
- \$0.2 million to fund the increase to the municipal security contract.

Public Works:

- \$0.3 million for Americans with Disabilities (ADA) updates and modifications to facilities.

The proposed budget includes 11.43 new, General Fund full-time equivalent employees (FTEs) (33.36 FTEs all funds), as summarized in the 'FY22/23 Operating Expenditure Summary' section.

**Capital Improvement Program**

The proposed Capital Improvement Plan (CIP) budget for FY 2022/23 is \$1,117.8 million including contingency reserves. The projects highlighted below address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

The total FY 2022/23 CIP transfer from the General Fund operating budget of \$69.0 million includes additional available one-time fund balance and ensures compliance with the newly adopted Scottsdale's Financial Policies Appendix A - Budgeting Governing Guidance.

Some notable projects proceeding next fiscal year are highlighted below. (The amounts reflected are the amounts budgeted in FY 2022/23 and not necessarily the total cost of the project.)

**Community Facility Upgrades (FY 2022/23: \$1.7 million - Funding Added for FY 2022/23)**

The last phase of this project which upgrades various building with safety improvements related to the COVID-19 pandemic, including automatic doors, engineering for ultraviolet (UV) and disinfection technology and touch-free fixtures.

*Funding Source: General Fund*

**Real Time Crime Center (FY 2022 /23: \$0.3 million)**

This project supports implementing a fully functional Real Time Crime Center, which will provide Scottsdale's law enforcement and first responders a comprehensive situational view as incidents unfold. As virtual responders, Real Time Crime Center Technicians are frequently the first on scene for public safety, on many occasions prior to the call being dispatched to patrol units. The Real Time Crime Center will enhance officer safety, supplying them with information about appropriate approaches to scenes, specific threats, or dangerous conditions as they draw near suspects or otherwise blind areas.

*Funding Source: General Fund*

McCormick-Stillman Railroad Park Bunkhouse (FY 2022/23: \$ 8.6 million)

This project would build an 8,000 square foot indoor interactive multi-use facility for families and children of all ages to engage in one-of-a-kind train-themed play structure. As part of this, the existing unused and outdated "bunkhouse" would be removed. This project would include the play structure; indoor/outdoor restrooms, party/event space, staff office space, shaded outdoor area and event lawn and plaza.

*Funding Sources: Contributions, Special Programs Revenue, General Fund*

Stagebrush Renovation (FY 2022/23: \$ 3.2 million)

This project is part of the public-private partnership to redevelop the area in and around Scottsdale's Museum of the West in conjunction with the sale of city property and private sector development investment (Museum Square). At the time of the sale of city property to a private investor, the Stagebrush Theater will need to be reconfigured to allow for a shared public-private ingress/egress driveway as part of the private development anticipated to the east of the theater. The reconfiguration of the city owned property that houses the theater will add new restrooms that can be accessed internally by the theater and externally by the public during special tourism events intended in the area, a new theater lobby and major design update to the full facade of the building.

*Funding Sources: General Fund, Downtown Cultural Trust*

Inventory and Replacement of Water Service Lines (FY 2022/23: \$ 1.1 million)

This project would fulfill the requirements in the new federal Lead and Copper Rule (Revised). Service lines installed before 1987 must be inventoried, on both public and private side, and if material is determined to be lead or galvanized, replacement of the service line may be necessary.

*Funding Source: Water Rates*

City Court-Jail Court Construction (FY 2022/23: \$1.6 million)

The Jail Court Remodel project supports the Public Safety- Police previously approved Capital Improvement Project "Jail Dormitory." The court's current jail court limitations include safety issues, not allowing family members or victims adequate space for viewing and an inefficient processing model. The new jail court will allow ample room and a design that addresses user's concerns.

*Funding Source: Court Enhancement Fund*

Central Arizona Project Canal Path - Scottsdale to Northsight (FY2022/23: \$0.3 million)

This project would design and build a 1.7-mile long, 10-foot-wide concrete path on the south side of the Central Arizona Project Canal and north side of Frank Lloyd Wright Boulevard from Scottsdale Road to Northsight Boulevard. The project includes, design, minor right-of-way acquisition, utility relocations, path construction, new sidewalk ramps and wayfinding signage.

*Funding Source: Transportation Sales Tax*

Pedestrian Crossing Improvements Phase II (FY2022/23: \$0.4 million)

Design and build up to three High-Intensity Activated crosswalk beacons (HAWKS), Rectangular Rapid Flash Beacons (RRFBs), and pedestrian refuges per year at sites recommended through various safety studies including a Pedestrian Crossing study completed for Scottsdale by the Maricopa Association of Governments in 2019 and through the city's Guidelines to Identify Pedestrian Crossing Treatments.

*Funding Source: Transportation Sales Tax*

Scottsdale Stadium Railings (FY2022/23: \$0.7 million)

This project would replace the railings in the upper area of the Scottsdale Stadium. Railings in the lower area were replaced during Phase 1 of the Stadium renovation.

*Funding Source: General Fund*

Scottsdale Stadium Renovations Phase 2 (FY2022/23: \$5.0 million - Funding Added for FY2022/23)

This project will include the design and construction improvements not covered in Phase I that may include the left field berm and third base line seating, Gate A improvements and enhancements and seating bowl improvements. Phase 2 is focused on fan experience and enhancement of the potential for hosting and catering large events at the stadium. The stadium provides an economic hub in downtown due to the influx of fans for the spring training season. The Phase 2 improvements will benefit not only the spring training fans but other groups who may use the stadium for large events outside of the baseball season.

*Funding Source: General Fund*

Shade Structures for Police Department Horse Barn (FY 2022/23: \$0.1 million)

This project is to provide two shade structures for the vehicles and trailers at the Police Mounted Unit Horse Barn (located at WestWorld), allowing for safer ambient temperatures for the horses during loading and transport.

*Funding Sources: General Fund (to be paid back by the Tourism Development Fund)*

Various Bond 2019 Project Shortfalls: (FY 2022/23: \$16.8 million)

The FY 2022/23 Proposed CIP Budget also includes General Fund funding to cover budget shortfalls that have been identified due to supply chain delays, increased commodity prices and labor shortages. Below are the projects that are currently experiencing budget shortfalls.

- 26 - Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility
- 27 - Modernize and Expand the Police and Fire Training Facility
- 38 - Build a new Fire Department Training Facility
- 45 - Renovate WestWorld Horse Barns to Increase Rentable Space
- 53 - Build Multi-Use Sport Fields in the area of Bell Road

**Conclusion**

The Fiscal Year 2022/23 budget proposal supports the municipal organization and the community. The city's comprehensive approach to service delivery and improvement, capital investment and fiscal sustainability is evident throughout this proposal. Thank you to the Budget Department and division budget partners for their dedication and hard work in preparing this budget. Staff looks forward to discussing the contents of this proposal with the City Council and the community over the coming months.

Sincerely,



Jim Thompson, City Manager





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Scottsdale  
Arizona**

For the Fiscal Year Beginning

**July 01, 2021**

*Christopher P. Morrill*

**Executive Director**

**Budget Award for Fiscal Year 2021/22 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, 2021. 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).<sup>1</sup>

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

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

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

### BUDGET PROCESS DEFINITION

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

A good budget process is characterized by several essential features:

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

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

### MISSION OF THE BUDGET PROCESS

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

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

The budget process should accomplish the following:

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

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

## PRINCIPLES/ELEMENTS OF THE BUDGET PROCESS

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

### 1. Establish Broad Goals to Guide Government Decision Making

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

### 2. Develop Approaches to Achieve Goals

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

### 3. Develop a Budget Consistent with Approaches to Achieve Goals

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

### 4. Evaluate Performance and Make Adjustments

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

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

## BUDGET ROLES AND RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

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

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

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

The **Mayor and City Council** set the direction for staff related to the forthcoming budget by establishing broad goals for the organization to serve as a basis for decision-making. The City Council reviews key aspects of the city manager's proposed budget such as the city's multi-year financial plan including an examination of the revenue forecast and related assumptions, employee compensation including healthcare and retirement costs, changes to rates and fees, comprehensive financial policies, debt schedules, property tax rate and the capital budget. The budget development process culminates in the spring with the Mayor and City Council holding public budget hearings. The Mayor and City Council are ultimately responsible for the review of the city manager's proposed budget, tentative budget adoption (mid-May) and final adoption of the budget (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).<sup>2</sup> Under Arizona state law, “expenditure limitation” means if an item is not budgeted (i.e., does not have an appropriation), it cannot legally be spent during the fiscal year. Therefore, the budget must include enough appropriation and contingency provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the city to comply with the Arizona state law and to proactively pursue emerging revenue sources as the budget year unfolds. Expenditures (i.e., appropriations) associated with items such as possible future grants/revenues may not be spent without the City Council’s prior approval at a public meeting.

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

### **Implementing, Monitoring and Amending the Budget Phase**

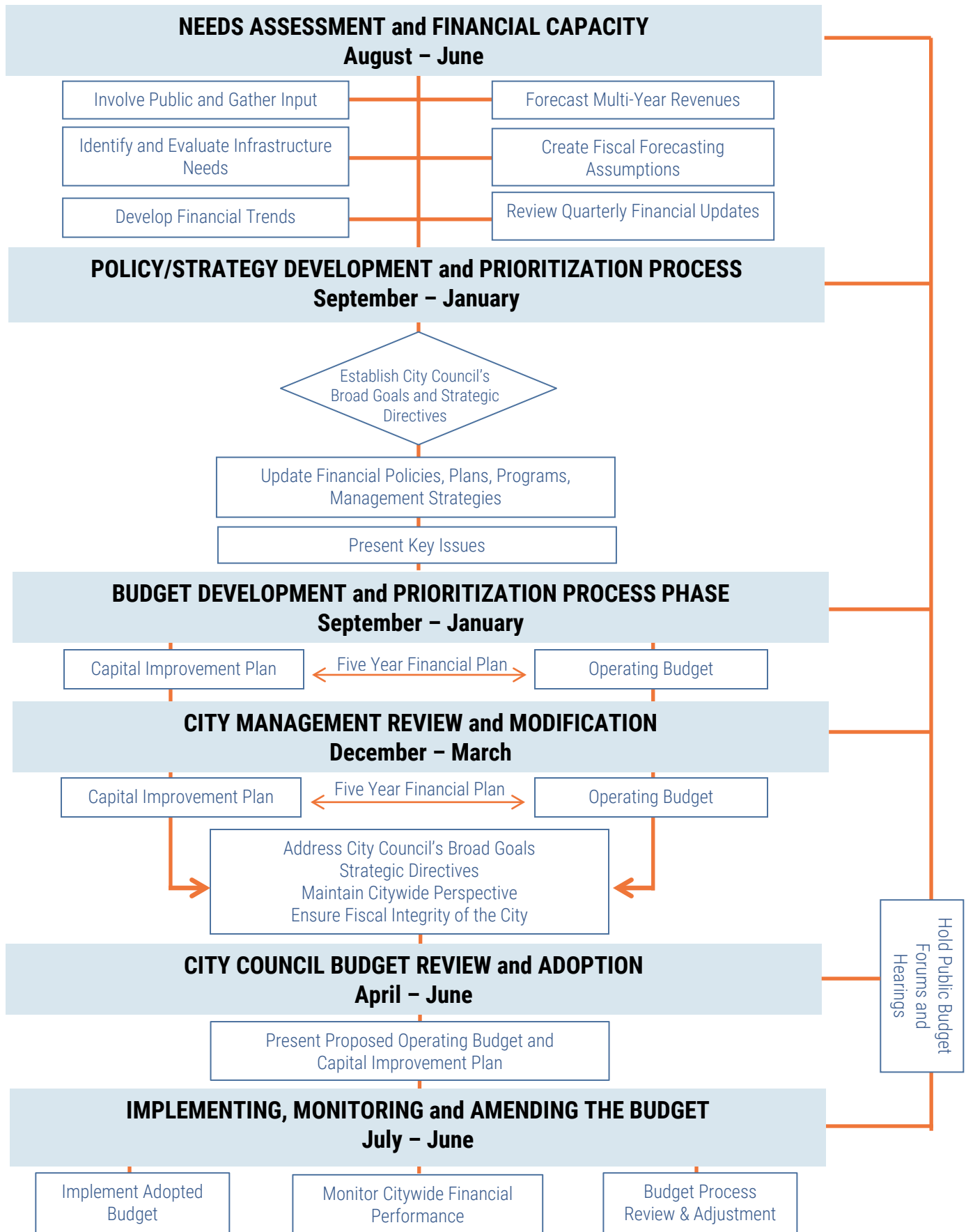
In July, city staff implement the operating budget and the capital improvement plan and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined compared to budget plans and corrective action is taken if necessary. The budget team and divisional budget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

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

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

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

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



## USE OF CONTINGENCY/RESERVE FUNDS

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

## BUDGETARY AND ACCOUNTING BASIS

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

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

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

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

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

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

## OPERATING AND CAPITAL BUDGET RELATIONSHIP

The City of Scottsdale's Budget for FY 2022/23 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 2022/23 through FY 2026/27. 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, Stadium Facility, Special Districts, Debt Service, Water and Water Reclamation, Solid Waste, Aviation, Fleet, PC Replacement, Risk Management, Healthcare Self Insurance and Capital Funds. Using the latest fiscal, operational and legislative information, staff work collaboratively with city divisions to update the forecast for the current fiscal year and to create a forecast for the coming budget year. The forecast serves as the basis for the development of the city's proposed five-year financial plan.

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

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

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

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



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

### REVENUE FORECASTING

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

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

### EXPENDITURE AND YEAR-END SAVINGS FORECASTING

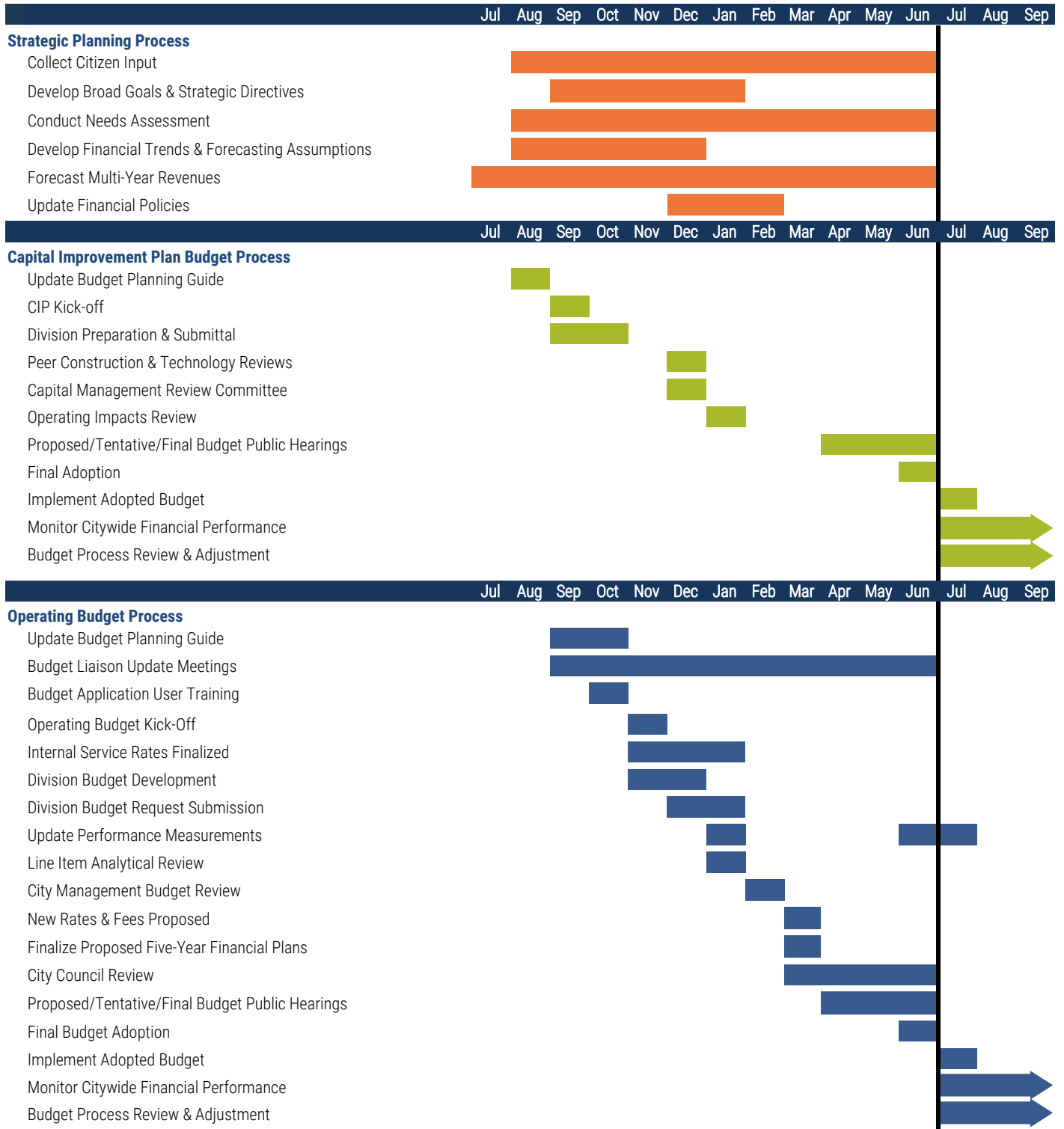
Each month throughout the fiscal year, the Budget Department staff works with city divisions to monitor year-to-date actual expenditures against the year-to-date approved budget and prior year actual expenditures. Each division is also required to forecast their year-end expenditures and related savings.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

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<sup>1</sup> *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](https://gfoaorg.cdn.prismic.io/gfoaorg/e4534548-fa06-47ad-9cc8-5f37e6e2f21e_RecommendedBudgetPractices.pdf)

<sup>2</sup> 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 2022/23 CALENDAR**



# COMPREHENSIVE FINANCIAL POLICIES

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

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

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

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

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## COUNCIL- ADOPTED FINANCIAL POLICIES

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

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

## POLICY 1 - FISCAL PLANNING AND BUDGETING

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

Accompanying the Policies are a set of budget governing guidance which provides direction for allocating annual city resources through the budget process to meet council priorities and goals. These guidelines are attached as [Appendix A Budget Governing Guidance](#).

**1.01 Budget Period.** The city will budget revenues and expenditures for all funds on a fiscal year basis which begins July 1 and ends on the following June 30.

**1.02 Budget Adoption.** Pursuant to Article 3, Section 2 and Article 6, Sections 3 and 5 of the Scottsdale City Charter, the city manager shall submit to the council a proposed annual budget. The full council will solicit resident input and review the operating and capital budget recommendations from a division, program, and goals perspective. The council shall adopt the budget for the following fiscal year at the first regular meeting in June.

**1.03 Budget Basis.** The budget will be prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP<sup>1</sup>) whereby Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds) are budgeted on a modified accrual basis and Proprietary Funds (Enterprise Funds and Internal Service Funds) are budgeted on a full accrual basis except for the following:

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

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

**1.05 Long-Range Financial Forecasts.** To promote long-term strategic thinking and demonstrate the city's ability to adapt to changes in the economy, operating requirements and capital demands, the city will

prepare a balanced five-year financial forecast that will incorporate both revenue and expenditure estimates and reserve requirements for the city's major operating funds. The five-year forecast will identify revenues and expenditures that are anticipated to be sustainable over the five-year period. The five-year forecast will be updated annually and provided to executive leadership during the city's budget process.

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

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

**1.08 Contingency.** The city's annual budget will include contingency appropriations for each fund to provide for unanticipated increases in service delivery costs and unexpected needs that may arise throughout the fiscal year. Use of contingency appropriation will require identifying a funding source and should be utilized only after all budget sources have been examined for available funds. The contingency appropriation can only be expended upon separate council approval.

**1.09 Budget Control.** The city shall establish appropriate management controls to monitor expenditure budgets to ensure they do not exceed authorizations. For operating budgets, this control shall be exercised at the division/fund level. For capital budgets, this control shall be at the project level. See Policy 3 Expenditure Management for further policy

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

guidance on budget controls.

**1.10 Budget Amendments.** The city can amend appropriations for line items, funds, projects, or divisions if total expenditures do not exceed the final appropriation budget adopted by council. Requests for amendments within the same division, fund, and account categories (personnel services, contractual services, commodities, and capital outlays) must be approved by the division's executive director and the city's budget director. Pursuant to Article 6, Section 11 of the Scottsdale City Charter, amendments requiring the transfer of contingency appropriation or the transfer of appropriation between general classification of expenditures such as between operating and capital budgets, funds, divisions, and account categories can be made at the direction of the city manager subject to council approval.

**1.11 Budget Deficit.** If a deficit is projected during the fiscal year, the city will take steps to reduce expenditures or increase revenues before considering using fund balance or reserves. The city manager may institute a cessation during the fiscal year on hiring, promotions, transfers, capital equipment purchases, and capital projects. Such action will not be taken arbitrarily or without knowledge of the council.

**1.12 Unspent Appropriations.** Unspent appropriations for programs and major projects may be considered for re-appropriation in the subsequent fiscal year. Such carryover of appropriation shall be included in the proposed budget to be authorized by the council.

**1.13 Distinguished Budget Award.** The city will prepare a budget in accordance with the Government Finance Officers Association policies and best practices established by the "Government Finance Officers Association Distinguished Budget Award" program. Staff will submit the budget document to the Government Finance Officers Association each year for review in the award program.

## POLICY 2 - RESERVES AND FUND BALANCE

Maintaining adequate reserves is critical to ensure the city's financial stability through economic downturns, catastrophic events, natural disasters, and other unforeseen emergencies and events. Adequate reserves

are also essential in preserving the city's high bond ratings and achieving the city's financial goals. The purpose of this policy is to establish reserve targets and fund balance, the conditions under which reserves and fund balance may be spent, and the method by which reserves and fund balance will be restored. Reserves should only be used after all other budget sources have been examined.

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

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

**2.02 General Fund Emergency Reserves.** The city will maintain an "Emergency Reserve" in the General Fund of 5 percent of operating uses, excluding transfers out. The reserve is intended for unexpected emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners. Use of reserves must be appropriated by council action. However, the city manager may approve the use of this reserve in the event that immediate expenditure of funds is needed to protect the health, safety, and welfare of the city. When this occurs, the city manager will provide a report for council approval as soon as practical on the usage of these funds. The city will strive to restore the reserves to the required General Fund Emergency Reserve policy level of 5 percent within the next fiscal year following the fiscal year in which the event occurred.

**2.03 Transportation Fund Operating Reserves.** The



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

**2.04 Enterprise Fund Operating Reserves.** Enterprise Funds (Water, Wastewater, Solid Waste, and Aviation) are intended to be self-supporting and not depend on the General Fund to fund operating and capital costs. The city will maintain “Operating Reserves” in its Enterprise Funds as follows to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities. Use of these reserves require council approval and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.

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

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

**2.06 Debt Service Reserves.** The city will maintain “Debt Service Reserves” in the General Obligation Bond Debt Service Fund for secondary property tax supported debt of no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt. The city will maintain “Debt Service Reserves” for governmental debt supported by excise taxes, dedicated taxes, or revenues, at a minimum of 25 percent of the next fiscal year’s debt service.

**2.07 Self-Insurance Reserves.** The city will maintain “Self-Insurance Reserves” at a level that will adequately fund the city’s financial obligations for the payment of property, workers’ compensation, liability, and health benefit losses. A qualified actuarial firm shall be retained on an annual basis to project and develop losses to recommend appropriate reserve levels. The Loss Trust Fund Board’s target is to maintain a Risk Management reserve fund balance equivalent to the actuary’s 85 percent confidence interval of projected total outstanding claims liability.

**2.08 Other Reserves.** The city may maintain other reserves as deemed necessary to ensure adequate resources to cover future expenditures.

## POLICY 3 - EXPENDITURE MANAGEMENT

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

### 3.01 Operating Expenditure Management.

- a) Budget Level Control. Operating expenditures will be controlled by an annual appropriated budget at the division/fund level. A division cannot spend more than the budget appropriated for the division or fund unless additional appropriation is approved by council through a budget transfer or amendment process. If a transfer of appropriation between expenditure categories is necessary, council approval is required. Requests for new, on-going programs made outside the budget process will be discouraged.
- b) Transfer of Appropriation. In accordance with Article 6, Section 11 of the Scottsdale City Charter, the city manager, subject to approval of the council, may transfer any unencumbered or unrestricted appropriation balance between general classifications of expenditures within a division/department or fund or from one division/department or fund to another.

- c) Position Control. A system will be used to facilitate position control. The number of full-time and regular part-time employees on the payroll shall not exceed the total number of full-time equivalents (FTEs) authorized by council. The budget will identify the resources required to support the authorized staffing. Personnel additions outside of the budget process are discouraged and only approved by the city manager in unique circumstances.
- d) Health Benefits. Benefits and compensation will be administered in accordance with policy given by council. As part of a cost-containment strategy, total costs for health insurance premiums will be shared between the employer, employees, and public safety disabled retirees. Total premiums will be evaluated on an annual basis to ensure they are reasonable and competitive and that total premiums are expected to provide adequate funding of anticipated claims and a reasonable level of loss reserves.

### 3.02 Capital Expenditure Management.

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

capital improvements approved by council will be forecasted and included in the operating budget, five-year financial plan, and the CIP.

- d) Balanced CIP Budget. For each year of the CIP, total anticipated expenditures and commitments will not exceed projected starting fund balance plus total anticipated revenues for that year.
- e) Pay-as-you-go. The city shall incorporate "pay-as-you-go" funding in the annual CIP. Pay-as-you-go funding should account for a minimum of 25 percent of all capital improvement projects, excluding McDowell Sonoran Preservation (Preserve) and Enterprise Fund projects, for each five-year planning period. Pay-as-you-go funding is defined as all sources of revenue other than city debt issuance, i.e., fund balance, dedicated revenues, contributions, grants etc.

## POLICY 4 - REVENUE MANAGEMENT

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

**4.01 Custody.** In accordance with Scottsdale Revised Code Chapter 2 Article IV, Section 2-131, the city treasurer shall control receipts and have custody of all the money of the city.

**4.02 Revenue Collection.** The city will maintain effective internal controls and formal procedures to ensure the proper billing, collection, and accounting of all receipts and receivables. The city will vigilantly pursue collecting all revenues, late penalties, and related interest as authorized by the Arizona Revised Statutes and city policies.

**4.03 Revenue Base.** The city will strive to maintain a diversified and stable General Fund revenue base to shelter it from economic changes or short-term fluctuations by exploring appropriate and allowable sources of revenues for funding programs and projects which may include revenues from assessments, contracts, grants and contributions, taxes, and fees.

**4.04 Dedicated Revenues.** Revenues will not be dedicated for specific purposes, unless approved by

council, required by law, or restricted by an outside party. All non-restricted revenues (except for Enterprise Fund revenues) will be deposited in the General Fund and appropriated in the budget process.

**4.05 User Fees and Charges.** For services that largely or solely benefit individuals, the city shall recover full or partial cost of service delivery through user fees and charges. New fees and fee increases must be approved by council before implementation.

The city will periodically evaluate the full cost of providing a service for which fees are charged. The calculation of full cost will include all reasonable and justifiable direct and indirect cost components.

**4.06 Fleet and IT Replacement Rates.** The use or replacement of Fleet and Information Technology (PC, phones, and copier systems) will be accounted for through the use of a direct or a "rental" rate structure. The rates will be revised annually to ensure that charges to operating divisions are sufficient for operation and replacement of vehicles and other equipment. Replacement costs will be based upon equipment lifecycle financial analysis.

**4.07 Development Impact Fees.** Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed periodically with an engineering assessment to ensure that fees recover all direct development-related expenses and be approved by council.

## POLICY 5 - GRANTS MANAGEMENT

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

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

#255 are subject to council approval.

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

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

## POLICY 6 - CAPITAL ASSET MAINTENANCE AND REPLACEMENT

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

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

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

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

systematic replacement and operational needs.

## POLICY 7 - CASH AND INVESTMENT MANAGEMENT

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

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

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

**7.03 Financial Institutions.** The city will conduct its treasury and investment activities with qualified financial institution(s) that have balance sheet strength, high credit quality, and dedicated government operations that can fully serve the city's complex treasury and investment needs. Arrangements with financial institutions will be based on written contracts. The city and financial institution(s) will adhere to state laws and city code for the proper collateralization of public deposits.

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

## POLICY 8 - DEBT MANAGEMENT

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

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

- a) Appropriate use of debt;
- b) Financing and funding alternatives;
- c) Acquisition and construction cash flow projections;
- d) Impact on the General Fund and other operating funds;
- e) Debt burden on tax base or user fees;
- f) Availability and sufficiency of pledged revenues for current and future debt service;
- g) Debt coverage and other ratios, debt security, reserve requirements, and proposed debt covenants.

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

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

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

**8.04 Types of Debt Obligations:**

- a) General Obligation (G.O.) Bonds.
  - i. G. O. Bonds are voter authorized debt supported by (secondary) property tax revenues. The issuance of G.O. Bonds shall be

- carefully considered and used only for public projects benefitting a broad public interest.
- ii. Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- iii. The city will not exceed \$1.50 combined (primary and secondary) property tax rate per \$100 net assessed limited property value unless otherwise directed by the council.
- iv. Outstanding G.O. Bonds are limited by the Arizona Constitution to 20 percent of net assessed full cash property value for projects involving water, sewer, streets, transportation, public safety artificial light, parks, open space, and recreational facility improvements, and 6 percent of net assessed full cash property value for any other general municipal-purpose projects.
- v. The city will maintain appropriate debt service reserves as stated in Policy 2.

b) Excise Tax/Revenue Secured Obligations.

- i. Non-voter authorized debt (i.e., Municipal Property Corporation (MPC<sup>2</sup>), Excise Tax Obligations, Revenue Obligations, and other non-voter authorized debt) will be used only when a dedicated non-property tax source (e.g., excise taxes and utility revenues) can be identified to pay or reimburse the General Fund for paying debt service expenses.
- ii. Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- iii. The General Fund excise tax debt service should not exceed 10 percent of the General Fund's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility.
- iv. The city treasurer shall perform a five-year analysis of debt coverage and other ratios, debt security, and reserve requirements for each

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



- v. Careful consideration of the intended use of the financed facilities, including private activity use, must be evaluated when determining the appropriate debt structure.
- vi. Preserve debt service will be funded by the dedicated 0.35 percent privilege tax. The city will strive to maintain a dedicated debt service ratio of at least 1.5:1 for senior lien debt to ensure the city's ability to pay for Preserve debt from this elastic revenue source.
- vii. The city will maintain appropriate Debt Service Reserves as stated in Policy 2.

c) Improvement District (ID) Bonds.

- i. IDs are a funding mechanism primarily used for existing neighborhoods desiring improvements to public infrastructure that specifically benefit the neighborhood such as street paving, improvements to sidewalks, curbs, gutters, sewers, ditches, drains, off-street parking, street lighting, undergrounding utility facilities etc.
- ii. ID bonds, as authorized by state statutes for certain ID improvements, shall not have maturities longer than ten years and are secured by a first lien on the property benefited. ID bonds will be utilized only when it is expected that the debt will be issued for their full term.
- iii. ID debt will be permitted only when the net assessed full cash property value of the district, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the net assessed full cash property value to debt ratio not meet the minimum requirements, property values may be determined by an appraisal paid for by the applicant and administered by the city.

d) Community Facility District (CFD) Bonds.

- i. CFDs are special taxing districts created to provide a funding mechanism to finance construction, acquisition, operation and maintenance of public infrastructure that benefits real property within the CFD.
- ii. CFDs have statutory taxing and borrowing authority within the city. For that reason,

council must fully understand the benefits, potential drawbacks, risks and legal exposures, to ensure the financial protection of the city and its property owners and taxpayers, and to ensure the success of the CFD, when considering each CFD formation. The city will maintain a separate written CFD policy to establish policy directions, application and formation procedures.

- iii. CFDs should be considered primarily in connection with the financing and funding of major public infrastructure that conforms to council goals, the city's general plan, infrastructure plans or capital improvement plans.
- iv. The city treasurer will carefully assess the proposed financing plan, financial assurances, overlapping tax and financial burden on property owners and other factors for each proposed CFD formation.
- v. CFD debt will be permitted only when the net assessed full cash property value of the district, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements.
- vi. Voter approval is required for the CFD to issue G.O. bonds.
- vii. The landowner/developer shall also contribute \$0.25 in public infrastructure improvement costs for each dollar of public infrastructure improvement debt to be financed by the district.

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

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

debt structure to the benefit of the city.

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

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

**8.08 Lending of City's Credit.** The city shall not loan, give its credit, or guarantee loans for private developers or private party financing arrangements.

**8.09 Issuance and Post Issuance Compliance and Continuing Disclosure Undertakings.** The city will comply with arbitrage rebate requirements of Internal Revenue Code (IRC) Section 148 and related Treasury Regulations and will adopt and follow separately written procedures for tax-exempt bonds (Written Policies Relating to Issuance and Post-Issuance Compliance Procedures for Tax-Advantaged Obligations of the City of Scottsdale, Arizona) to ensure tax-exempt bonds remain in compliance with federal tax requirements. Additionally, the city will comply with Rule 15c2-12 of the Securities and Exchange Act of 1934 adopted by the SEC for reporting significant events and will adopt and follow separately written procedures for continuing disclosure compliance (Continuing Disclosure Compliance Procedures Regarding the Securities and Exchange Commission Rule 15c2-12 for the City of Scottsdale, Arizona).

## POLICY 9 - ENTERPRISE FUNDS

The city's Enterprise Fund operations (Water, Wastewater, Solid Waste, and Aviation) are self-supporting operations that generate revenues to fully recover the cost of service. The city invests significantly in its enterprise systems and operations to ensure safe

and reliable service to our residents and business owners. This policy provides guidance for the proper management, stewardship and safeguarding of the Enterprise Fund assets and resources and to ensure financial stability and sustainability of the city's enterprise systems. Enterprise Funds will comply with all Policies where applicable.

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

**9.02 Rates and Fees.** The city will establish rates and fees at levels that recover the total direct and indirect costs for operating and capital requirements, including debt service and debt coverage requirements for water, wastewater, solid waste, and general aviation services. All existing enterprise rates and charges will be reviewed annually and developed pursuant to a multi-year financial plan that strives to gradually implement user rate adjustments to avoid acute fluctuations.

**9.03 Water and Wastewater Rate Stabilization.** In order to ensure long-term stability of water and wastewater rates, the city will develop its utility rates to include future infrastructure needs. In conjunction with debt issuances, funds in excess of reserves and operating requirements will be used to supplement "pay as you go" capital expenditures to avoid significant and unplanned rate adjustments.

**9.04 Operating Reserves.** The city will maintain "Operating Reserves" in its Enterprise Funds as stated in Policy 2 to provide for emergencies, unexpected declines in revenues, and other unanticipated events or opportunities.

**9.05 Water and Wastewater Asset Replacement Reserve.** The city will maintain a "Water and Wastewater Asset Replacement Reserve" in its Enterprise Fund as stated in Policy 2 to provide funding for the repair and maintenance of critical assets.

**9.06 Debt Financing.** Debt financing will be used for capital projects too large to fund with current resources and when a debt issuance is affordable and appropriate

to facilitate “intergenerational equity,” wherein projects with longer lives are paid over several generations through debt service payment.

**9.07 Debt Coverage Ratio Target.** Bond covenants may exist that require maintaining a minimum debt coverage ratio. In order to maintain the city’s high bond rating, the city will recommend rates based on a model that projects achieving a target debt coverage ratio of at least 2.0 times for Water and Wastewater and 1.5 times for Aviation. For financial planning purposes, the debt coverage ratios will be calculated without consideration of development fee revenues.

## POLICY 10 - TOURISM DEVELOPMENT FUND

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

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

**10.02 Allocation of Bed Taxes.** As approved by the voters, 50 percent of the bed tax revenues shall be used for destination marketing to promote tourism and 50 percent shall be divided among tourism-related event support, tourism research, tourism-related capital projects and other eligible uses as determined by city ordinance and state law.

As approved by council ordinance and in compliance with state law, the annual allocation of the second 50 percent of bed taxes is as follows<sup>3</sup>:

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

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

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

## POLICY 11 - ECONOMIC DEVELOPMENT

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

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

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

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

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

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

### POLICY 12 - RISK MANAGEMENT

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

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

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

**12.03 Risk Exposure Controls.** The city will utilize additional risk control measures to further control its exposure to risk. Measures include, but are not limited

to, hold harmless provisions, indemnification language, and in many cases requiring contractors or vendor to procure additional insurance to address the various exposures presented to the city by their activities.

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

**12.05 Annual Report.** Each year, the Risk Management Department will prepare an annual report depicting a summary of the revenues and expenses received in relation to the property and casualty program for the fiscal year.

**12.06 Cost Allocations.** Cost allocations to various funds will be based on an analysis of contributing factors, such as claims experience, reserve requirements, cost of risk management and mitigation etc.

### POLICY 13 - ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

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

**13.01 Financial Records.** The city treasurer maintains the official financial records of the city, to include the general ledger, the city's budget documents, debt-related documents etc.

**13.02 Compliance.** The city's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, GAAP and standards of the Governmental Accounting Standards Board (GASB).

**13.03 Internal Controls.** A system of internal accounting controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets, the proper recording of financial transactions of the city, and compliance with applicable laws and regulations.

**13.04 Monthly Financial Reports.** The city treasurer shall issue timely monthly financial reports to council in accordance with the Scottsdale City Charter.

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

**13.06 Annual Financial Report.** The city will prepare an Annual Comprehensive Financial Report (ACFR) in accordance with the principles and guidelines established by the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program. Staff will submit the ACFR each year for review in the award program.

## POLICY 14 - PENSION FUNDING

This policy details how an adequately funded pension plan not only provides assurance to employees but also achieves taxpayer and member intergenerational equity by not placing an unfair burden on future taxpayers and members.

**14.01 Annual Required Contributions.** The city shall fund the full amount of the Annual Required Contribution (ARC) each year as determined by the actuarial valuation report for its defined benefit contribution plans. The ARC is the amount necessary to be contributed by an employer to adequately fund a public pension plan.

**14.02 Funding Policy.** The city shall maintain and comply with a separate written pension funding policy

for its Public Safety Personnel Retirement System that has been approved by the council.

**14.03 Funding Status.** It is the intent of the city to maintain adequate assets to fund benefits payable in its defined benefit plans. In the event the funded status falls to an unacceptable level, the city shall strive to make additional contributions above the ARC to restore the funded status to an acceptable level.

**14.04 Use of Debt.** Pension obligation bonds add a level of risk that should be analyzed thoroughly, and the city shall not rely on pension obligation bonds to reduce unfunded pension liabilities.

## Appendix A - Budget Governing Guidance

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

- 1) **Funding for General Fund CIP.**
  - a) 50 percent of the unrestricted portion of construction privilege tax revenues.
  - b) 100 percent of interest earnings.
  - c) Any additional funding as recommended through the budget process
- 2) **General Fund Operating Surplus.** Year-end General Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the General Fund CIP in the following fiscal year's budget development process.
- 3) **Funding for Public Safety Accidental Disabled Retirees.** A General Fund transfer will be made to the Benefits Healthcare Self-Insurance Fund to subsidize the cost of providing healthcare benefits to sworn public safety accidental disabled retirees.



- 4) **Transportation Fund Operating Surpluses.** Year-end Transportation Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the Transportation Fund CIP in the following fiscal year's budget development process.
- 5) **Allocation of Dedicated 0.2 Percent Transportation Privilege Tax.** No less than 50 percent of the dedicated 0.2 percent privilege tax revenue for transportation improvements will be allocated to the capital budget for planning, design, construction and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, and transit.



## Fund Accounting – Fund Types

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

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

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

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

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

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

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

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

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

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



**FY 2022/23 Adopted Budget**

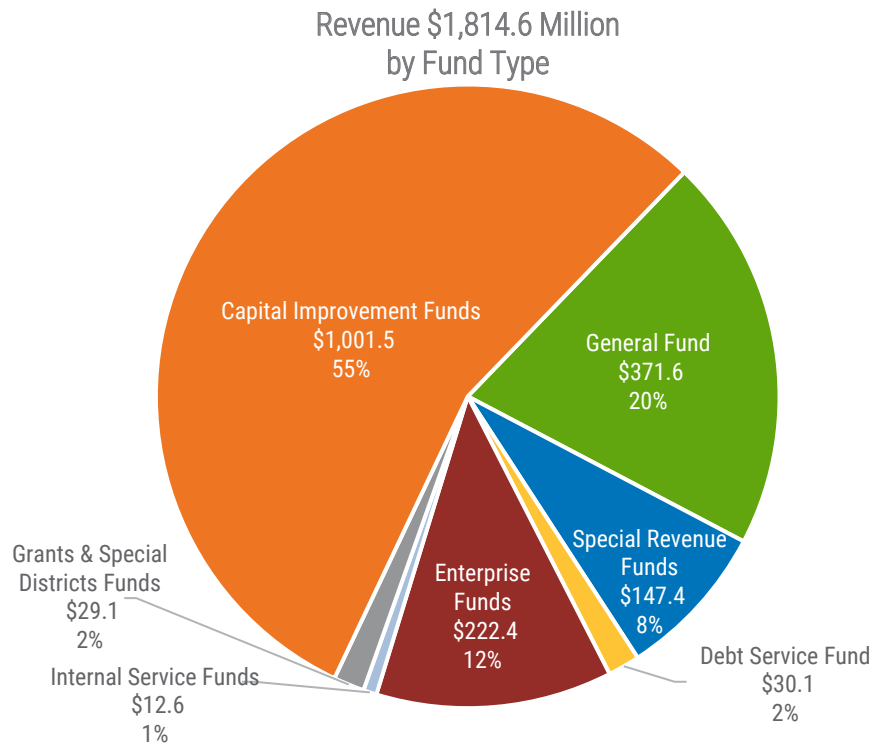


<sup>(a)</sup> Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$74.2M

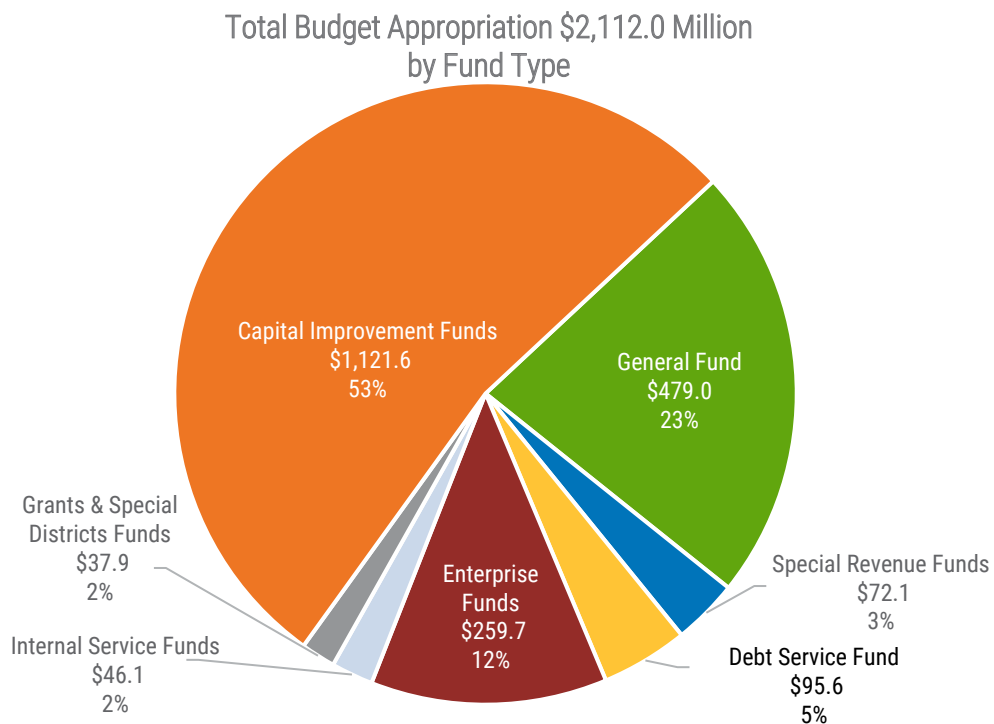
<sup>(b)</sup> Internal Service Funds Budget prior to Internal Service Funds offsets of \$74.2M

Rounding differences may occur.

The total Scottsdale FY 2022/23 adopted budget consists of \$1,814.6 million in revenue, including \$810.7 million in prior year Capital Improvement Plan (CIP) unexpended revenue, \$267.7 million in Sales Tax, \$66.5 million in property taxes, \$120.0 million in bond proceeds, and \$549.7 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 2022/23 adopted budget appropriation is \$2,112.0 million, which includes \$356.5 million in contingencies/reserves. The Capital Improvement Plan and its associated contingencies/reserves account for the largest portion of the annual budget appropriation at \$1,121.6 million.

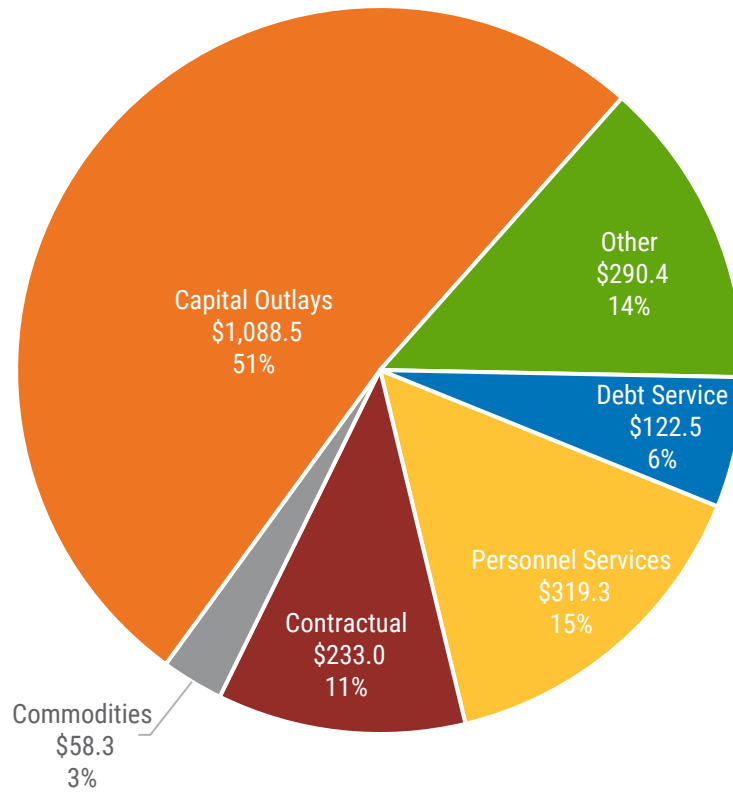


Rounding differences may occur.



The largest expense category in the FY 2022/23 adopted budget is Capital Outlays at 51 percent, or \$1,088.5 million. Expenses for Personnel Services, Contractual Services, Debt Services, and Commodities together account for \$610.6 million, or approximately 29 percent of the total authorized budget.

Total Budget Appropriation \$2,112.0 Million  
by Expense Type



Rounding differences may occur.

Total Budget Appropriation by expense category is displayed on the following page.

	Sources				Uses						Ending Balance
	Beginning Balance	Revenue	Transfers In	Other*	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlays	Other*	Transfers Out	
<b>General Fund</b>	187,876,449	371,630,605	16,049,989	-	242,119,987	76,849,290	9,733,014	2,635,647	147,686,149	81,432,956	15,100,000
<b>Special Revenue Funds</b>											
Transportation	31,659,180	48,491,864	-	-	9,204,944	16,667,203	1,422,367	1,734,614	3,402,913	17,103,611	30,615,392
Preservation	71,753,824	53,791,501	-	-	-	-	-	-	-	33,889,242	91,656,083
Special Programs	16,145,937	16,044,500	10,000	-	4,408,348	6,163,927	1,634,688	736,403	1,500,000	7,238,532	10,518,540
Tourism Development	8,798,787	27,603,243	-	-	630,034	17,053,096	19,745	573,675	6,217,062	11,900,323	8,095
Stadium Facility	3,807,078	1,437,145	-	-	270,710	223,682	194,113	-	-	510,000	4,045,718
<b>Debt Service Fund</b>	13,524,873	30,055,758	52,066,242	-	-	87,222,000	-	-	8,424,873	-	-
<b>Enterprise Funds</b>											
Water & Water Reclamation	100,596,728	183,608,776	7,691,216	-	27,028,487	65,951,354	35,080,985	213,000	84,467,010	79,155,884	(1)
Solid Waste	9,099,468	30,466,684	-	-	10,167,983	16,515,024	849,007	591,992	5,828,349	1,660,441	3,953,356
Aviation	5,852,189	8,311,863	-	-	1,785,503	2,978,481	108,870	-	8,091,473	498,514	701,211
<b>Internal Service Funds</b>											
Fleet Management	5,805,328	996,382	1,900,000	-	5,184,713	2,101,184	8,847,975	14,363,311	(29,060,988)	1,848,492	5,417,023
PC Replacement	1,392,656	-	-	-	-	-	-	730,342	(650,000)	-	1,312,314
Risk Management	24,482,682	2,050,789	-	-	1,510,635	13,140,330	186,200	-	11,689,057	7,249	-
Healthcare Self-Insurance	18,623,411	9,560,960	137,874	-	310,478	38,006,351	-	-	(20,307,823)	-	10,313,239
<b>Grants &amp; Special Districts</b>											
Grants	-	28,535,140	422,675	8,409,258	16,680,272	12,062,204	205,284	-	8,409,258	10,055	-
Special Districts	20,707	552,218	-	-	-	572,925	-	-	-	-	-
<b>Capital Improvement</b>	296,076,708	1,001,485,351	165,213,792	-	-	-	-	1,066,898,613	54,721,959	8,236,489	332,918,790
<b>Total All Funds</b>	<b>795,516,004</b>	<b>1,814,622,779</b>	<b>243,491,788</b>	<b>8,409,258</b>	<b>319,302,094</b>	<b>355,507,051</b>	<b>58,282,248</b>	<b>1,088,477,597</b>	<b>290,419,292</b>	<b>243,491,788</b>	<b>506,559,760</b>

**Total Budget Appropriation\*\* 2,111,988,282**

\*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
<b>Beginning Fund Balance</b>	<b>187,876,449</b>	<b>132,164,806</b>	<b>13,524,873</b>	<b>115,548,384</b>	<b>50,304,077</b>	<b>20,707</b>	<b>296,076,708</b>	<b>795,516,004</b>
<b>Revenues</b>								
<b>Taxes - Local</b>								
Sales Tax	154,865,753	82,202,877		179,000			15,246,585	252,494,215
Sales Tax - Public Safety (0.10%)	15,246,585							15,246,585
Electric & Gas Franchise	8,454,833	262,000						8,716,833
Stormwater Fee - CIP		5,410,100						5,410,100
Cable TV License Fee	3,800,000							3,800,000
Stormwater Fee	946,580			339,099				1,285,679
Salt River Project In Lieu	220,000							220,000
Transient Occupancy Tax		25,000,000						25,000,000
<b>State Shared Revenues</b>								
State Shared Income Tax	46,439,631							46,439,631
State Shared Sales Tax	35,088,377							35,088,377
Auto Lieu Tax	12,282,914							12,282,914
<b>Property Tax</b>								
Property Tax	35,885,125		30,055,758		536,000			66,476,883
<b>Charges For Service/Other</b>								
Intergovernmental	4,327,431	2,873,512					36,846,081	44,047,024
Property Rental	3,960,794	3,253,144		392,485		62,674		7,669,097
Miscellaneous	1,504,340	2,088,241		1,373,916	1,030,157		3,930	6,000,584
Westworld Equestrian Facility Fees	5,405,782	200,000						5,605,782
Contributions & Donations		1,056,129		5,550		2,020,126		3,081,805
<b>Building Permit Fees &amp; Charges</b>								
Building Permit Fees & Charges	18,089,810	71,000					65,000	18,225,810
<b>License Permits &amp; Fees</b>								
Recreation Fees	4,720,736	2,641,373						7,362,109
Fire Charges For Services	2,266,364							2,266,364
Business & Liquor Licenses	1,788,516	50,160						1,838,676
<b>Fines Fees &amp; Forfeitures</b>								
Court Fines	4,165,213	1,814,552						5,979,765
Photo Radar	2,590,337							2,590,337
Parking Fines	287,409							287,409
Jail Dormitory	137,098							137,098
Library	19,260	80,000						99,260
Police Fees		95,400						95,400
<b>Indirect/Direct Cost Allocations</b>								
Indirect Costs	6,755,168			921,000				7,676,168
Direct Cost Allocation (Fire)	446,810							446,810
<b>Interest Earnings</b>								
Interest Earnings	1,935,739	806,765		861,873			1,360,329	4,964,706
<b>Taxes- From Other Agencies</b>								
Highway User Tax		18,648,000						18,648,000
Local Transportation Assistance Fund		640,000						640,000
<b>Other Revenue</b>								
Grants						26,452,340	9,764,737	36,217,077
Special Districts						552,218		552,218
Property Rental		175,000						175,000
CIP Unexpended Year End							810,698,689	810,698,689
Reimbursements from Outside Sources					1,115,225			1,115,225
<b>Other Financing Sources</b>								
Bond Proceeds							120,000,000	120,000,000
<b>Utilities &amp; Enterprises</b>								
Water Service Charges				118,576,492			2,750,000	121,326,492
Non-Potable Water Service Charges				15,406,758			2,100,000	17,506,758
Water Reclamation Service Charges				45,995,649			2,650,000	48,645,649
Airport Fees				7,918,961				7,918,961
Refuse/Recycling				30,416,540				30,416,540

# 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
<b>Internal Service Charges</b>								
Fleet Management					29,060,988			29,060,988
Less Internal Service Funds Offset					(74,248,557)			(74,248,557)
Self Insurance					54,364,318			54,364,318
PC Replacement					750,000			750,000
<b>Subtotal</b>	<b>371,630,605</b>	<b>147,368,253</b>	<b>30,055,758</b>	<b>222,387,323</b>	<b>12,608,131</b>	<b>29,087,358</b>	<b>1,001,485,351</b>	<b>1,814,622,779</b>
<b>Other Activity</b>								
Grant Anticipated						4,409,258		4,409,258
Grant Contingency						4,000,000		4,000,000
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,409,258</b>	<b>-</b>	<b>8,409,258</b>
<b>Transfers In</b>								
From CIP	400,000					1,900,000	422,675	2,722,675
From Debt Service				4,613,814				4,613,814
From Enterprise Franchise Fees	8,868,936							8,868,936
From Special Revenue Funds	6,781,053							6,781,053
From Operating		10,000				137,874		147,874
From Debt Svc GO Bonds			33,439,242					33,439,242
From Debt Svc MPC Bonds			18,627,000					18,627,000
From General Fund							69,045,082	69,045,082
From Special Programs Fund							1,734,832	1,734,832
From Transportation Sales Tax (0.20%) Fund							14,503,611	14,503,611
From Grants Fund							10,055	10,055
From Risk Management Fund							7,249	7,249
From Stormwater Fee Fund							4,745,970	4,745,970
From Preservation Sales Tax Fund							450,000	450,000
From HURF							2,600,000	2,600,000
From Water & Water Reclamation Funds							68,109,546	68,109,546
From AWT				2,177,402				2,177,402
From RWDS				900,000				900,000
From Aviation Fund							498,514	498,514
From Solid Waste Fund							1,660,441	1,660,441
From Fleet Fund							1,848,492	1,848,492
<b>Subtotal</b>	<b>16,049,989</b>	<b>10,000</b>	<b>52,066,242</b>	<b>7,691,216</b>	<b>2,037,874</b>	<b>422,675</b>	<b>165,213,792</b>	<b>243,491,788</b>
<b>Sources Total</b>	<b>387,680,594</b>	<b>147,378,253</b>	<b>82,122,000</b>	<b>230,078,539</b>	<b>14,646,005</b>	<b>37,919,291</b>	<b>1,166,699,143</b>	<b>2,066,523,825</b>

# 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
<b>Expenditures</b>								
Mayor and City Council	957,862	48,000						1,005,862
City Clerk	1,287,756							1,287,756
City Attorney	8,301,331				14,782,364			23,083,695
City Auditor	1,289,532							1,289,532
City Court	5,350,199	1,944,634						7,294,833
City Manager	5,181,092					865,128		6,046,220
Public Works	24,355,438	27,148,150		27,319,948	30,688,089			109,511,625
Community and Economic Development	26,080,389	21,257,534		3,072,216				50,410,139
Public Safety - Fire	55,619,254	730,855				6,289,101		62,639,210
Public Safety - Police	127,854,029	3,614,717				8,839,030		140,307,776
City Treasurer	11,344,952	70,015		3,537,719				14,952,686
Community Services	47,472,569	6,169,799				12,954,501		66,596,869
Administrative Services	19,613,927	18,800		497,531	39,097,171			59,227,429
Water Resources				92,463,440				92,463,440
Citywide Indirect Cost Allocation				6,755,164				6,755,164
Department Indirect Cost				921,000				921,000
Citywide Direct Cost Allocation				446,810				446,810
Leave Accrual Payments	2,250,000	170,000		623,462	90,000			3,133,462
Savings from Vacant Positions	(7,350,000)	(360,000)		(1,532,100)	(300,000)			(9,542,100)
Utilities				367,700				367,700
Vacation Trade	1,298,293	46,937		189,354	23,895			1,558,479
Special Districts						572,925		572,925
Less Internal Service Funds Offset					(74,248,557)			(74,248,557)
<b>Subtotal</b>	<b>330,906,623</b>	<b>60,859,441</b>	<b>-</b>	<b>134,662,244</b>	<b>10,132,962</b>	<b>29,520,685</b>	<b>-</b>	<b>566,081,955</b>
<b>Debt Service</b>								
Contracts Payable	431,315	78,108						509,423
GO Debt Service - Non Preserve			35,155,758					35,155,758
GO Debt Service - Preserve			33,439,242					33,439,242
MPC Excise Debt			18,627,000					18,627,000
MPC Bonds Debt Service-Sewer				7,404,997				7,404,997
MPC Bonds Debt Service-Water				21,002,087				21,002,087
CIP Sewer Revenue Bonds				4,605,088				4,605,088
MPC Bonds Debt Svc - Airport				1,719,244				1,719,244
<b>Subtotal</b>	<b>431,315</b>	<b>78,108</b>	<b>87,222,000</b>	<b>34,731,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,462,839</b>
<b>Capital</b>								
Community Facilities							116,969,465	116,969,465
Drainage / Flood Control							36,594,126	36,594,126
Public Safety							77,364,282	77,364,282
Service Facilities							101,658,107	101,658,107
Transportation							296,869,732	296,869,732
Preservation							38,915,095	38,915,095
Water Management							398,527,807	398,527,807
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,066,898,613</b>	<b>1,066,898,613</b>



# 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
<b>Other Activity</b>								
Emergency Reserve	16,566,897							16,566,897
General Plan Initiatives	15,000,000							15,000,000
Innovation Initiatives	500,000							500,000
Operating Contingency	10,000,000	3,000,000			5,740,835			18,740,835
Operating Reserve	66,267,588	2,902,913		30,713,183	24,026,222			123,909,906
PSPRS Pension Liabilities	39,351,664							39,351,664
Grant Anticipated						4,409,258		4,409,258
Grant Contingency						4,000,000	8,600,000	12,600,000
Appropriation Contingency		1,500,000						1,500,000
Destination Marketing		1,751,402						1,751,402
Reserve - Administration and Research		618,662						618,662
Reserve - Events and Event Development		1,346,998						1,346,998
GO Debt Service Reserve - Non Preserve			3,369,793					3,369,793
Debt Stabilization Reserve			5,055,080					5,055,080
General Fund Contingency							7,500,000	7,500,000
Transportation 0.2% Sales Tax Contingency							6,000,000	6,000,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
Old Town Special Improvements Contingency							3,200,000	3,200,000
Greater Airpark Special Improvements Contingency							2,000,000	2,000,000
Revenue Bond Debt Service Reserve				4,517,538				4,517,538
Water & WasteWater Asset Replacement Reserve				45,416,037				45,416,037
Water Drought Reserve				3,000,000				3,000,000
Water Rates Contingency							5,000,000	5,000,000
Sewer Rates Contingency							4,000,000	4,000,000
Fleet Replacement Reserve				1,396,300				1,396,300
Future Capital Replacement				5,220,800				5,220,800
Aviation Funds Contingency							450,000	450,000
IBNR Reserve					2,769,415			2,769,415
Premium Stabilization Reserve					3,382,331			3,382,331
Connectivity Initiative Contingency							16,971,959	16,971,959
<b>Subtotal</b>	<b>147,686,149</b>	<b>11,119,975</b>	<b>8,424,873</b>	<b>90,263,858</b>	<b>35,918,803</b>	<b>8,409,258</b>	<b>54,721,959</b>	<b>356,544,875</b>

<b>TOTAL BUDGET</b>	<b>479,024,087</b>	<b>72,057,524</b>	<b>95,646,873</b>	<b>259,657,518</b>	<b>46,051,765</b>	<b>37,929,943</b>	<b>1,121,620,572</b>	<b>2,111,988,282</b>
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## Transfers Out

To CIP	60,662,704	19,204,747		58,584,344	1,820,894			140,272,689
To CIP Construction Sales Tax	6,446,639							6,446,639
To CIP Excess Interest	1,935,739							1,935,739
To CIP Stormwater		4,745,970						4,745,970
To Debt Svc MPC Bonds	12,240,000	6,387,000						18,627,000
To Operating	147,874	6,781,053						6,928,927
To CIP Technology		83,696		11,684,157	34,847	10,055		11,812,755
To Debt Svc GO Bonds		33,439,242						33,439,242
To In Lieu Fees Fund							400,000	400,000
To Grants Fund							422,675	422,675
To AWT				2,177,402				2,177,402
To Franchise Fees				8,868,936				8,868,936
To Water & Water Reclamation Funds							5,513,814	5,513,814
To Fleet Fund							1,900,000	1,900,000
<b>Subtotal</b>	<b>81,432,956</b>	<b>70,641,708</b>	<b>-</b>	<b>81,314,839</b>	<b>1,855,741</b>	<b>10,055</b>	<b>8,236,489</b>	<b>243,491,788</b>
<b>Uses Total</b>	<b>560,457,043</b>	<b>142,699,232</b>	<b>95,646,873</b>	<b>340,972,357</b>	<b>47,907,506</b>	<b>37,939,998</b>	<b>1,129,857,061</b>	<b>2,355,480,070</b>
<b>Sources Over/(Under) Uses</b>	<b>(172,776,449)</b>	<b>4,679,021</b>	<b>(13,524,873)</b>	<b>(110,893,818)</b>	<b>(33,261,501)</b>	<b>(20,707)</b>	<b>36,842,082</b>	<b>(288,956,245)</b>
<b>Ending Fund Balance <sup>(a)</sup></b>	<b>15,100,000</b>	<b>136,843,828</b>	<b>-</b>	<b>4,654,566</b>	<b>17,042,576</b>	<b>-</b>	<b>332,918,790</b>	<b>506,559,760</b>
<b>Ending Fund Balance <sup>(b)</sup></b>	<b>162,786,149</b>	<b>147,963,803</b>	<b>8,424,873</b>	<b>94,918,424</b>	<b>52,961,379</b>	<b>8,409,258</b>	<b>387,640,749</b>	<b>863,104,635</b>

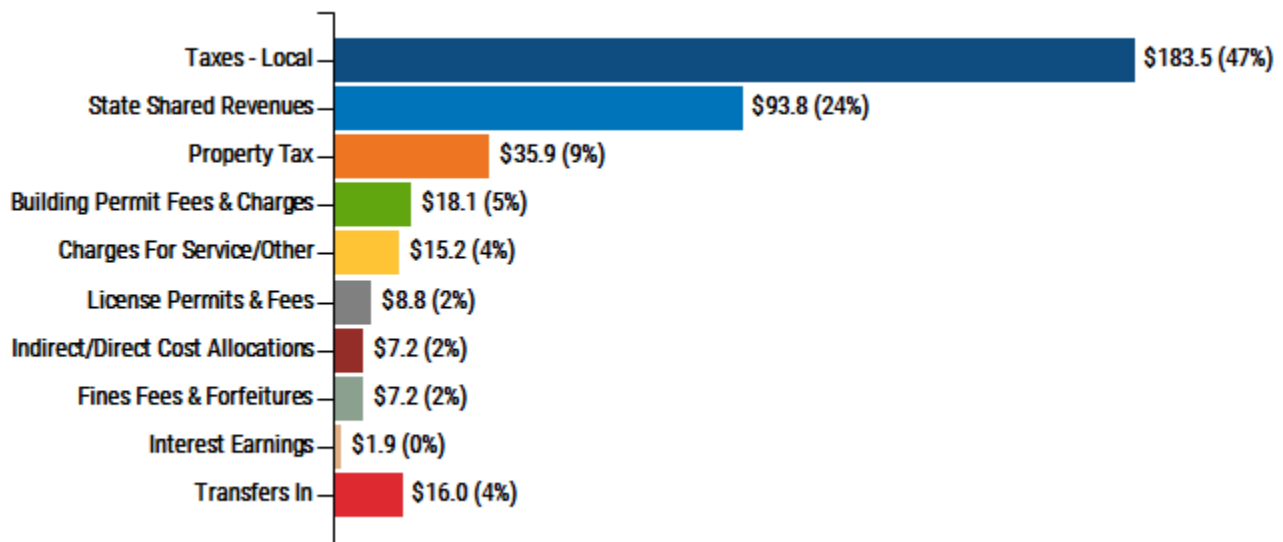
<sup>(a)</sup> Includes use of reserve appropriations.

<sup>(b)</sup> Does not include use of reserve appropriations.

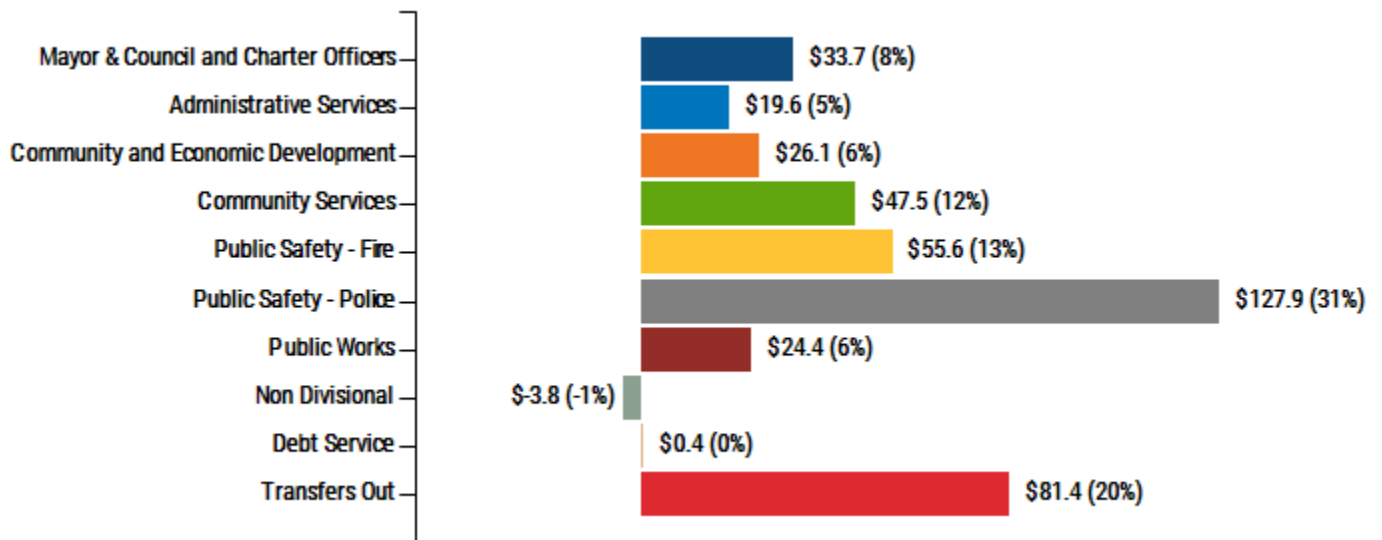
## Fund Purpose

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

### General Fund Sources (% to Total) \$387.7 Million



### General Fund Uses (% to Total) \$412.8 Million



Rounding differences may occur.

## BUDGET BY FUND | General Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Emergency Reserve	-	-	-	16,377,415
General Plan Initiatives	-	-	-	15,000,000
Innovation Initiatives	-	-	-	500,000
Operating Contingency	3,000,000	3,000,000	3,000,000	10,000,000
Operating Reserve	26,385,271	26,234,116	42,456,278	65,509,660
PSPRS Pension Liabilities	57,555,598	85,962,524	114,085,073	65,389,374
AZCares Funding	17,238,644	-	-	-
Cavasson Infrastructure Reimbursement	14,300,000	14,600,000	14,600,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
<b>Total Beginning Fund Balance<sup>(a)</sup></b>	<b>118,979,513</b>	<b>130,296,640</b>	<b>174,641,351</b>	<b>187,876,449</b>
<b>Revenues</b>				
<b>Taxes - Local</b>				
Sales Tax	136,510,772	131,319,371	148,888,307	154,865,753
Sales Tax - Public Safety (0.10%)	13,405,898	12,920,190	14,651,213	15,246,585
Electric & Gas Franchise	8,254,362	8,148,680	8,148,680	8,454,833
Cable TV License Fee	4,203,896	4,000,000	4,000,000	3,800,000
Stormwater Fee	945,727	942,896	942,896	946,580
Salt River Project In Lieu	213,486	234,671	234,671	220,000
<b>State Shared Revenues</b>				
State Shared Income Tax	36,881,665	33,671,804	32,138,230	46,439,631
State Shared Sales Tax	30,615,530	30,301,260	33,706,414	35,088,377
Auto Lieu Tax	12,246,235	11,967,636	11,967,636	12,282,914
<b>Property Tax</b>				
Property Tax	33,128,199	34,767,021	34,767,021	35,885,125
<b>Building Permit Fees &amp; Charges</b>				
Building Permit Fees & Charges	17,408,211	17,222,793	17,222,793	18,089,810
<b>Charges For Service/Other</b>				
Westworld Equestrian Facility Fees	6,085,258	5,152,517	5,152,517	5,405,782
Intergovernmental	4,392,815	4,412,249	4,296,887	4,327,431
Property Rental	4,327,881	3,258,857	3,258,857	3,960,794
Miscellaneous	1,739,878	1,544,454	2,811,948	1,504,340
<b>License Permits &amp; Fees</b>				
Recreation Fees	3,833,289	4,460,597	4,410,597	4,720,736
Fire Charges For Services	2,091,539	1,916,804	2,133,804	2,266,364
Business & Liquor Licenses	1,664,883	1,782,860	1,932,860	1,788,516
<b>Indirect/Direct Cost Allocations</b>				
Indirect Costs	6,548,796	6,793,734	6,793,734	6,755,168
Direct Cost Allocation (Fire)	367,923	424,874	424,874	446,810
<b>Fines Fees &amp; Forfeitures</b>				
Court Fines	3,885,458	3,983,438	3,983,438	4,165,213
Photo Radar	2,347,300	2,343,564	2,343,564	2,590,337
Parking Fines	243,237	290,392	290,392	287,409
Jail Dormitory	64,250	182,250	182,250	137,098
Library	89,694	103,668	103,668	19,260
<b>Interest Earnings</b>				
Interest Earnings	3,403,595	1,939,790	2,439,790	1,935,739
<b>Other Revenue</b>				
Miscellaneous	4,725,839	-	20,530,963	-
<b>Subtotal</b>	<b>339,625,617</b>	<b>324,086,370</b>	<b>367,758,004</b>	<b>371,630,605</b>
<b>Transfers In</b>				
CIP	1,117,420	-	-	400,000
Enterprise Franchise Fees	8,545,741	8,668,113	8,668,113	8,868,936
Special Revenue Funds	2,232,299	2,713,211	4,720,551	6,781,053
<b>Subtotal</b>	<b>11,895,461</b>	<b>11,381,324</b>	<b>13,388,664</b>	<b>16,049,989</b>
<b>Total Sources</b>	<b>351,521,078</b>	<b>335,467,694</b>	<b>381,146,668</b>	<b>387,680,594</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$16.6 million) to better align with the fund balance calculation used in the Annual Financial Report.

# BUDGET BY FUND | General Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Expenditures</b>				
Mayor and City Council	687,294	1,004,604	989,996	957,862
City Attorney	6,346,639	7,782,103	7,639,610	8,301,331
City Auditor	1,042,810	1,230,066	1,204,700	1,289,532
City Clerk	1,246,902	1,215,160	1,197,033	1,287,756
City Court	4,479,907	5,040,341	4,757,068	5,350,199
City Manager	2,945,804	4,391,723	4,193,588	5,181,092
City Treasurer	9,285,092	11,459,281	10,276,109	11,344,952
Administrative Services	19,339,508	17,677,356	18,267,678	19,613,927
Community and Economic Development	19,716,606	22,315,079	26,425,980	26,080,389
Community Services	34,043,179	44,132,297	41,105,651	47,472,569
Public Safety - Fire <sup>(a)(b)(c)</sup>	41,617,137	57,931,010	50,495,520	55,619,254
Public Safety - Police <sup>(a)(b)(c)</sup>	95,565,762	152,109,133	138,427,559	127,854,029
Public Works	21,509,490	24,093,069	19,473,145	24,355,438
Fuel and Maint and Repair <sup>(d)</sup>	-	-	2,523,763	-
Operating Impacts	-	-	-	-
Utilities <sup>(d)</sup>	-	-	4,638,171	-
Healthcare	-	-	(630,000)	-
Leave Accrual Payments	-	2,174,483	1,106,664	2,250,000
Savings from Vacant Positions	-	(6,350,000)	(4,947,687)	(7,350,000)
Vacation Trade	-	-	-	1,298,293
<b>Subtotal</b>	<b>257,826,131</b>	<b>346,205,705</b>	<b>327,144,548</b>	<b>330,906,623</b>
<b>Debt Service</b>				
Contracts Payable	377,130	395,986	403,751	431,315
<b>Subtotal</b>	<b>377,130</b>	<b>395,986</b>	<b>403,751</b>	<b>431,315</b>
TOTAL OPERATING BUDGET	258,203,261	346,601,691	327,548,299	331,337,938
<b>Transfers Out</b>				
CIP	4,761,008	8,352,999	16,193,446	60,662,704
CIP Construction Sales Tax	3,077,136	3,011,975	3,220,571	6,446,639
CIP Excess Interest	2,403,595	939,790	1,439,790	1,935,739
CIP Food Tax	-	4,575,550	4,467,482	-
Debt Svc MPC Bonds	14,372,542	13,963,091	13,963,091	12,240,000
Operating	29,677,650	110,000	1,078,891	147,874
<b>Subtotal</b>	<b>54,291,931</b>	<b>30,953,405</b>	<b>40,363,271</b>	<b>81,432,956</b>
<b>Total Uses</b>	<b>312,495,191</b>	<b>377,555,096</b>	<b>367,911,570</b>	<b>412,770,894</b>
<b>Sources Over/(Under) Uses</b>	<b>39,025,886</b>	<b>(42,087,402)</b>	<b>13,235,098</b>	<b>(25,090,300)</b>
<b>Ending Fund Balance</b>				
Emergency Reserve	-	-	-	16,566,897
General Plan Initiatives <sup>(e)</sup>	-	-	-	15,000,000
Innovation Initiatives <sup>(f)</sup>	-	-	-	500,000
Operating Contingency	553,823	3,000,000	15,790,460	10,000,000
Operating Reserve	25,820,326	34,660,169	32,754,830	66,267,588
PSPRS Pension Liabilities <sup>(g)</sup>	116,531,250	28,149,069	124,231,159	39,351,664
Cavasson Infrastructure Reimbursement <sup>(h)</sup>	14,600,000	21,900,000	14,600,000	14,600,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
<b>Total Ending Fund Balance</b>	<b>158,005,399</b>	<b>88,209,238</b>	<b>187,876,449</b>	<b>162,786,149</b>

<sup>(a)</sup> Public Safety - Fire and Police payroll expenditures were transferred to the AZ Cares Fund in FY2020/21 (\$12.4 million).

<sup>(b)</sup> Scottsdale was awarded \$29.2 million of the American Rescue Plan Act (ARPA), an economic stimulus bill signed into law by the President in March 2021. Public Safety - Fire and Police payroll expenses were transferred to the ARPA Fund (grant) in FY 2021/22 (\$14.6 million) and FY 2022/2023 (\$14.6 million); thereby freeing up General Fund dollars. The FY 2021/22 \$14.6 million amount was transferred from the General Fund to the Special Programs Fund during the October 5th, 2021 City Council Meeting.

<sup>(c)</sup> FY 2022/23 includes a \$2.0 million payment to PSPRS for Public Safety - Fire and a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

<sup>(d)</sup> 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.

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

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

<sup>(g)</sup> Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2020/21 PSPRS Net Pension Liabilities are \$28.7 million for Public Safety - Fire and \$210.9 million for Public Safety - Police. FY 2022/23 includes a \$2.0 million payment to PSPRS for Public Safety - Fire and a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

<sup>(h)</sup> 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.

# BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Emergency Reserve	16,377,415	16,566,897	17,009,965	17,786,570	19,034,730
General Plan Initiatives	15,000,000	-	-	-	-
Innovation Initiatives	500,000	-	-	-	-
Operating Contingency	10,000,000	7,500,000	5,000,000	5,000,000	5,000,000
Operating Reserve	65,509,660	66,267,588	68,039,860	71,146,280	76,138,920
PSPRS Pension Liabilities	65,389,374	57,351,664	69,162,924	68,445,699	59,265,999
AZCares Funding	-	-	-	-	-
Cavasson Infrastructure Reimbursement	14,600,000	14,600,000	14,600,000	14,600,000	7,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
<b>Total Beginning Fund Balance</b>	<b>187,876,449</b>	<b>162,786,149</b>	<b>174,312,749</b>	<b>177,478,549</b>	<b>167,239,649</b>
<b>Revenues</b>					
<b>Taxes - Local</b>					
Sales Tax	154,865,753	147,729,800	153,400,600	159,228,500	166,441,400
Sales Tax - Public Safety (0.10%)	15,246,585	14,530,600	15,095,200	15,675,700	16,394,200
Electric & Gas Franchise	8,454,833	8,454,800	8,454,800	8,454,800	8,454,800
Cable TV License Fee	3,800,000	3,700,000	3,700,000	3,600,000	3,600,000
Stormwater Fee	946,580	951,300	956,100	960,800	965,700
Salt River Project In Lieu	220,000	220,000	220,000	220,000	220,000
<b>State Shared Revenues</b>					
State Shared Income Tax	46,439,631	42,824,400	38,127,300	36,649,400	35,186,600
State Shared Sales Tax	35,088,377	33,474,300	34,746,300	36,066,700	37,689,700
Auto Lieu Tax	12,282,914	12,405,700	12,653,900	12,906,900	13,165,100
<b>Property Tax</b>					
Property Tax	35,885,125	36,948,800	38,044,000	39,171,600	40,332,700
<b>Building Permit Fees &amp; Charges</b>					
Building Permit Fees & Charges	18,089,810	18,263,900	18,351,300	18,444,000	18,532,200
<b>Charges For Service/Other</b>					
Westworld Equestrian Facility Fees	5,405,782	5,449,200	5,493,100	5,537,300	5,582,000
Intergovernmental	4,327,431	4,389,400	4,431,900	4,475,100	4,519,300
Property Rental	3,960,794	4,009,400	4,066,000	4,126,700	4,161,000
Miscellaneous	1,504,340	1,508,800	1,528,400	1,551,800	1,575,900
<b>License Permits &amp; Fees</b>					
Recreation Fees	4,720,736	4,814,300	4,911,000	5,008,600	5,109,600
Fire Charges For Services	2,266,364	2,266,700	2,267,000	2,267,400	2,267,700
Business & Liquor Licenses	1,788,516	1,794,100	1,799,800	1,805,600	1,811,400
<b>Indirect/Direct Cost Allocations</b>					
Indirect Costs	6,755,168	7,092,900	7,447,600	7,820,000	8,210,900
Direct Cost Allocation (Fire)	446,810	469,200	492,600	517,200	543,100
<b>Fines Fees &amp; Forfeitures</b>					
Court Fines	4,165,213	4,255,400	4,377,300	4,509,100	4,899,600
Photo Radar	2,590,337	2,635,800	2,675,100	2,715,000	2,742,200
Parking Fines	287,409	290,300	293,200	296,100	297,600
Jail Dormitory	137,098	225,900	314,700	359,100	403,500
Library	19,260	19,500	19,600	19,800	20,100
<b>Interest Earnings</b>					
Interest Earnings	1,935,739	2,744,300	3,672,400	4,725,000	5,341,400
<b>Other Revenue</b>					
Miscellaneous	-	-	-	-	-
<b>Subtotal</b>	<b>371,630,605</b>	<b>361,468,800</b>	<b>367,539,200</b>	<b>377,112,200</b>	<b>388,467,700</b>
<b>Transfers In</b>					
CIP	400,000	-	-	-	-
Enterprise Franchise Fees	8,868,936	9,191,400	9,471,200	9,759,200	10,056,400
Special Revenue Funds	6,781,053	4,403,500	3,896,400	3,979,500	4,072,500
<b>Subtotal</b>	<b>16,049,989</b>	<b>13,594,900</b>	<b>13,367,600</b>	<b>13,738,700</b>	<b>14,128,900</b>
<b>Total Sources</b>	<b>387,680,594</b>	<b>375,063,700</b>	<b>380,906,800</b>	<b>390,850,900</b>	<b>402,596,600</b>

# BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Expenditures</b>					
Mayor and City Council	957,862	1,024,500	1,059,600	1,097,600	1,135,800
City Attorney	8,301,331	8,679,100	9,110,900	9,571,800	10,043,800
City Auditor	1,289,532	1,351,000	1,407,900	1,472,900	1,545,700
City Clerk	1,287,756	1,294,900	1,020,200	1,389,500	1,119,900
City Court	5,350,199	5,724,000	6,109,100	6,478,700	6,911,200
City Manager	5,181,092	5,393,600	5,623,400	5,853,100	6,095,400
City Treasurer	11,344,952	11,879,700	12,407,200	12,991,500	13,586,500
Administrative Services	19,613,927	20,810,100	21,751,500	22,748,800	23,715,300
Community and Economic Development	26,080,389	24,219,500	25,142,900	33,455,400	26,975,100
Community Services	47,472,569	48,044,100	49,607,900	51,768,300	53,982,800
Public Safety - Fire <sup>(a)(b)</sup>	55,619,254	61,378,900	64,067,200	67,000,200	69,939,300
Public Safety - Police <sup>(a)(b)</sup>	127,854,029	130,106,000	134,892,900	139,894,100	144,879,000
Public Works	24,355,438	25,146,300	25,975,900	26,837,500	27,703,300
Fuel and Maint and Repair	-	-	-	-	-
Operating Impacts	-	(40,300)	2,387,500	2,513,800	2,793,400
Utilities	-	-	-	-	-
Healthcare	-	-	-	-	-
Leave Accrual Payments	2,250,000	2,306,300	2,339,600	5,000,000	5,000,000
Savings from Vacant Positions	(7,350,000)	(7,570,500)	(7,646,200)	(7,875,600)	(8,111,900)
Vacation Trade	1,298,293	-	-	-	-
<b>Subtotal</b>	<b>330,906,623</b>	<b>339,747,200</b>	<b>355,257,500</b>	<b>380,197,600</b>	<b>387,314,600</b>
<b>Debt Service</b>					
Contracts Payable	431,315	452,100	473,900	497,000	513,200
<b>Subtotal</b>	<b>431,315</b>	<b>452,100</b>	<b>473,900</b>	<b>497,000</b>	<b>513,200</b>
TOTAL OPERATING BUDGET	331,337,938	340,199,300	355,731,400	380,694,600	387,827,800
<b>Transfers Out</b>					
CIP	60,662,704	2,500,000	-	-	-
CIP Construction Sales Tax	6,446,639	5,601,300	5,704,900	2,905,100	2,958,800
CIP Excess Interest	1,935,739	2,744,300	3,672,400	4,725,000	5,341,400
CIP Food Tax	-	-	-	-	-
Debt Svc MPC Bonds	12,240,000	12,332,600	12,459,400	12,578,300	12,821,000
Operating	147,874	159,600	172,900	186,800	201,900
<b>Subtotal</b>	<b>81,432,956</b>	<b>23,337,800</b>	<b>22,009,600</b>	<b>20,395,200</b>	<b>21,323,100</b>
<b>Total Uses</b>	<b>412,770,894</b>	<b>363,537,100</b>	<b>377,741,000</b>	<b>401,089,800</b>	<b>409,150,900</b>
<b>Sources Over/(Under) Uses</b>	<b>(25,090,300)</b>	<b>11,526,600</b>	<b>3,165,800</b>	<b>(10,238,900)</b>	<b>(6,554,300)</b>
<b>Ending Fund Balance</b>					
Emergency Reserve	16,566,897	17,009,965	17,786,570	19,034,730	19,391,390
General Plan Initiatives <sup>(c)</sup>	15,000,000	-	-	-	-
Innovation Initiatives <sup>(d)</sup>	500,000	-	-	-	-
Operating Contingency	10,000,000	7,500,000	5,000,000	5,000,000	5,000,000
Operating Reserve	66,267,588	68,039,860	71,146,280	76,138,920	77,565,560
PSPRS Pension Liabilities <sup>(e)</sup>	39,351,664	66,662,924	68,445,699	59,265,999	50,928,399
Cavasson Infrastructure Reimbursement <sup>(f)</sup>	14,600,000	14,600,000	14,600,000	7,300,000	7,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
<b>Total Ending Fund Balance</b>	<b>162,786,149</b>	<b>174,312,749</b>	<b>177,478,549</b>	<b>167,239,649</b>	<b>160,685,349</b>

<sup>(a)</sup> Scottsdale was awarded \$29.2 million of the American Rescue Plan Act (ARPA), an economic stimulus bill signed into law by the President in March 2021. Public Safety - Fire and Police payroll expenses were transferred to the ARPA Fund (grant) in FY 2021/22 (\$14.6 million) and FY 2022/2023 (\$14.6 million); thereby freeing up General Fund dollars. The FY 2021/22 \$14.6 million amount was transferred from the General Fund to the Special Programs Fund during the October 5th, 2021 City Council Meeting.

<sup>(b)</sup> FY 2022/23 includes a \$2.0 million payment to PSPRS for Public Safety - Fire and a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

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

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

<sup>(e)</sup> Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2020/21 PSPRS Net Pension Liabilities are \$28.7 million for Public Safety - Fire and \$210.9 million for Public Safety - Police. FY 2022/23 includes a \$2.0 million payment to PSPRS for Public Safety - Fire and a \$10.0 million payment to PSPRS for Public Safety - Police to pay down the unfunded liability.

<sup>(f)</sup> 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.



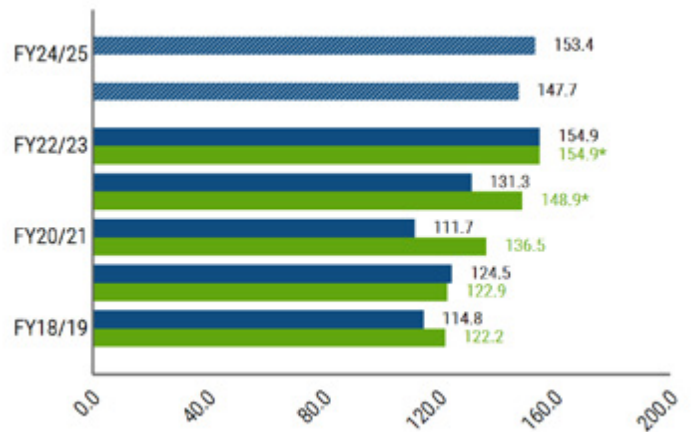
## GENERAL FUND SOURCES

General Fund Sources include revenues and transfers in from other funds such as the Special Programs, Tourism Development, and Water and Water Reclamation funds. For FY 2022/23 estimated General Fund revenues and transfers in equal \$387.7 million, an increase of approximately \$52.2 million, or 15.6 percent, from the FY 2021/22 adopted budget of \$335.5 million. The increase is primarily due to strong consumer demand and spending reflected mostly in Sales Tax revenue and State Shared Sales Tax. The General Fund Sources that are used for operating budget and debt service, and that contribute to the Capital Improvement Plan are identified in this section.

### SALES TAX (1.00%)

Sales Tax (1.00%) represents the 1.00 percent General Fund share of the city's total 1.75 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. Sales Tax (1.00%) is the General Fund's largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. For FY 2022/23, the anticipated revenue budget is \$154.9 million, which is approximately \$23.6 million, or 18.0 percent higher than the FY 2021/22 adopted budget of \$131.3 million due to expected continuation of strong consumer spending for the year. 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.

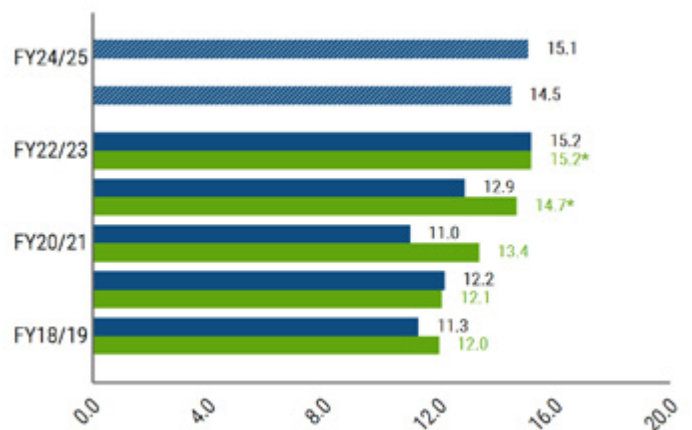
FY 2018/19 to FY 2024/25 (in millions)



### SALES TAX - PUBLIC SAFETY (0.10%)

Sales Tax - Public Safety (0.10%) represents the 0.10 percent of the total 1.75 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) revenue budget for FY 2022/23 is \$15.2 million, which is a \$2.3 million increase from the FY 2021/22 adopted budget of \$12.9 million as a result of the expected continued strong consumer spending for the year. This designated sales tax covers 8.3 percent of the FY 2022/23 Public Safety Police and Fire General Fund budgets combined.

FY 2018/19 to FY 2024/25 (in millions)

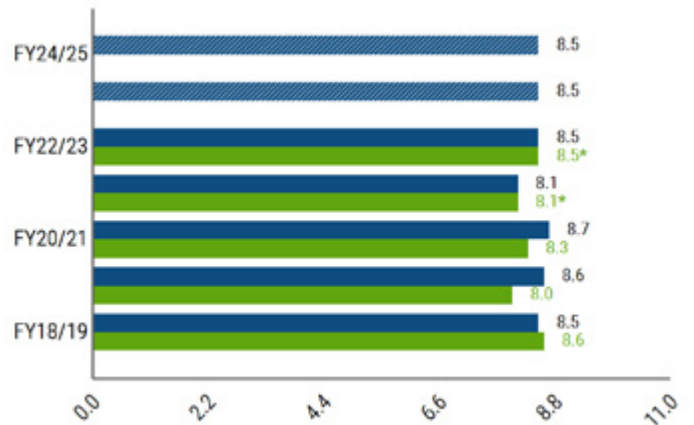


FORECAST BUDGET ACTUAL/FORECAST\*

**ELECTRIC & GAS FRANCHISE**

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies to use city right-of-ways and in-lieu property tax for municipal utilities. The FY 2022/23 budget for Electric & Gas Franchise totals \$8.5 million, which is an increase of approximately \$0.4 million from the FY 2021/22 adopted budget.

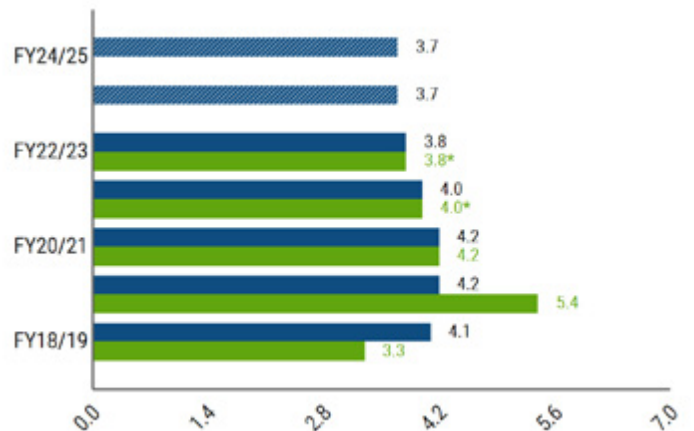
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 budget is \$3.8 million, which is a decrease of \$0.2 million from the FY 2021/22 adopted budget, mostly due to the anticipated decrease in the number of cable TV customers as a result of the growing demand for streaming services. The increase in revenue in FY 2019/20 is due to receiving the last FY 2018/19 quarterly payment in FY 2019/20.

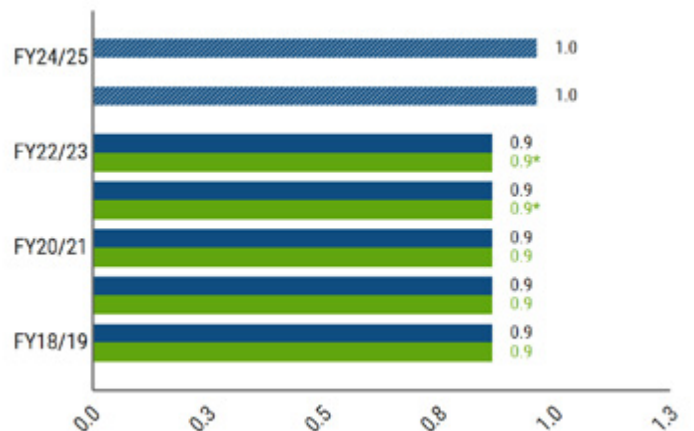
FY 2018/19 to FY 2024/25 (in millions)



**STORMWATER FEE**

Stormwater Fee is a monthly charge to customers to help pay a portion of the city’s Stormwater Management program costs. These costs are driven by unfunded federal mandates that require the city to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff. The FY 2022/23 revenue budget of \$0.9 million has remained consistent over the past years.

FY 2018/19 to FY 2024/25 (in millions)

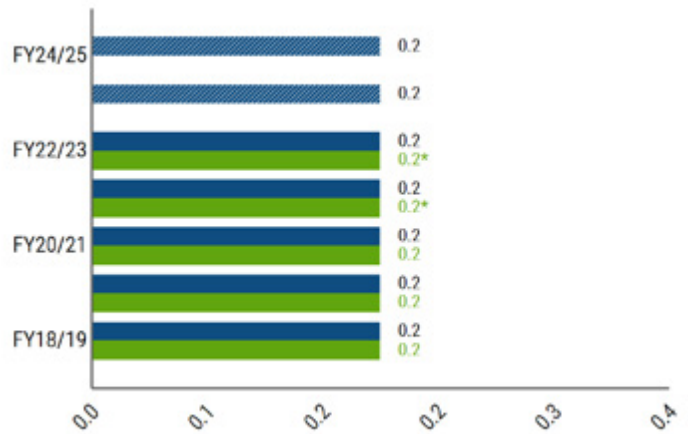


FORECAST BUDGET ACTUAL/FORECAST\*

**SALT RIVER PROJECT IN LIEU**

Salt River Project In Lieu is franchise taxes charged to Salt River Project (SRP), a local utility provider, for the use of city right-of-ways and in-lieu property tax for municipal utilities. Revenues have been consistent in prior years at \$0.2 million, which is what is expected for FY 2022/23 as well.

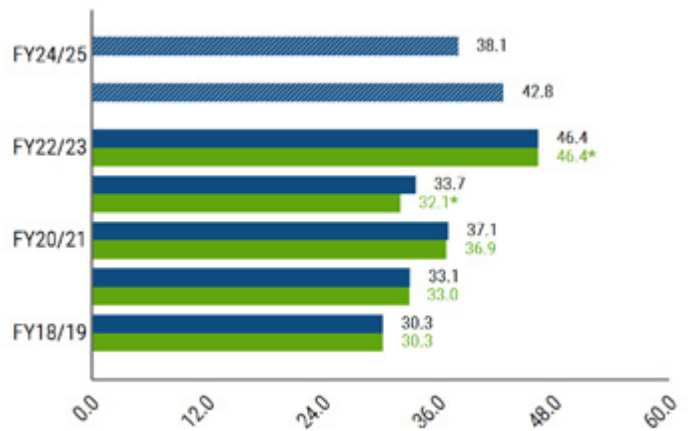
FY 2018/19 to FY 2024/25 (in millions)



**STATE SHARED INCOME TAX**

The formula for distribution of the State Shared Income Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns in Arizona are prohibited by law from levying a local income tax; however, 15 percent of the state income tax collections are shared with the cities and towns. Effective in FY 2023/24, the sharing percentage increases from 15 percent to 18 percent to help offset the impacts to local governments of the State instituting a flat income tax. There is a two-year lag between the time citizens report income to the state and when the state remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax is budgeted at \$46.4 million for FY 2022/23, a large increase of \$12.7 million from the FY 2021/22 adopted budget of \$33.7 million. The increase is mainly due to the impact of government-issued financial stimulus to mitigate the effects of the COVID-19 pandemic.

FY 2018/19 to FY 2024/25 (in millions)

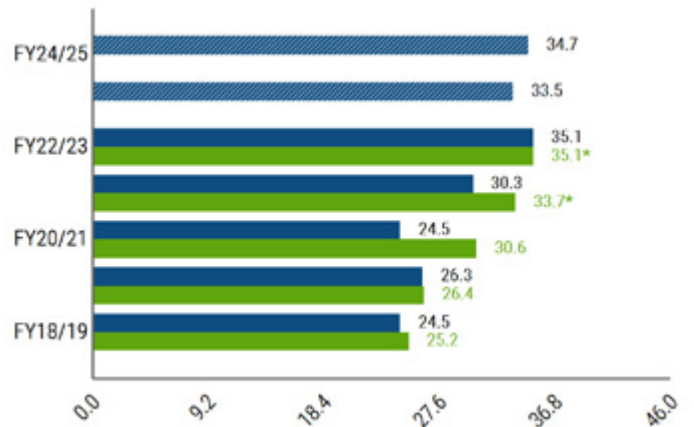


FORECAST BUDGET ACTUAL/FORECAST\*

### STATE SHARED SALES TAX

The formula for distribution of State Shared Sales Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns share in a portion of the 5.60 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales is 40.00 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 2022/23 revenue budget is \$35.1 million, which represents an increase of \$4.8 million over the FY 2021/22 adopted budget of \$30.3 million, mostly explained by the positive signs of economic recovery from the COVID-19 pandemic.

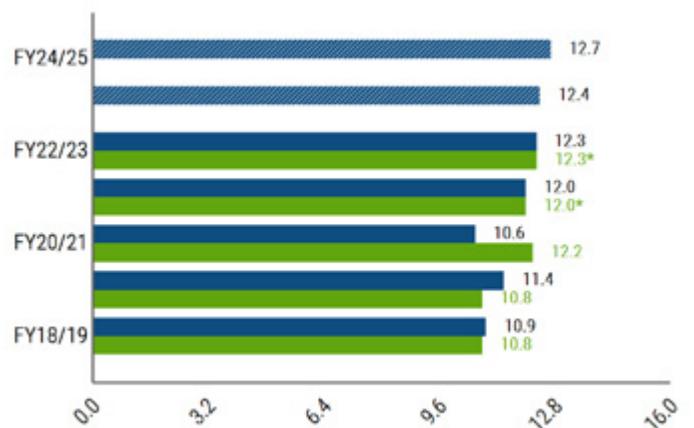
FY 2018/19 to FY 2024/25 (in millions)



### AUTO LIEU TAX

Auto Lieu Tax, also known as Vehicle License Tax, is part of the vehicle license fees collected by Maricopa County, but it is actually a state revenue source. Approximately 20 percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be spent on any municipal public purpose. The revenue budget for FY 2022/23 is \$12.3 million as provided by the League of Arizona Cities and Towns, which is \$0.3 million higher than the FY 2021/22 adopted budget of \$12.0 million.

FY 2018/19 to FY 2024/25 (in millions)

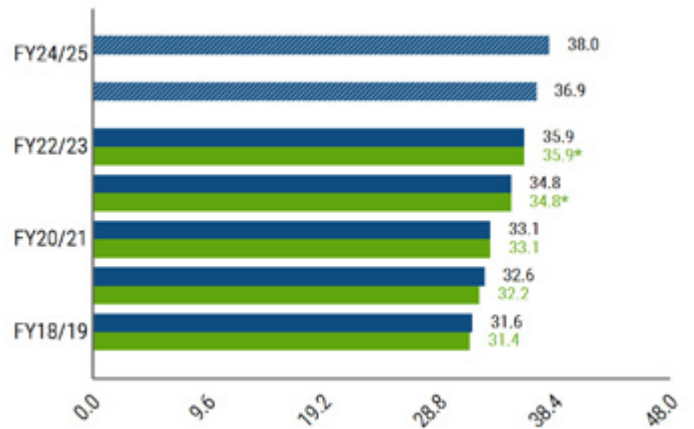


FORECAST BUDGET ACTUAL/FORECAST\*

**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 9.3 percent of the total adopted FY 2022/23 General Fund sources. The FY 2022/23 revenue budget of \$35.9 million represents an increase of \$1.1 million from the FY 2021/22 adopted budget of \$34.8 million due to the two percent statutory allowable increase, and new construction. The adopted primary property tax rate of \$0.4970 cents per \$100 of assessed valuation represents a \$0.0069 cent decrease from the FY 2021/22 rate.

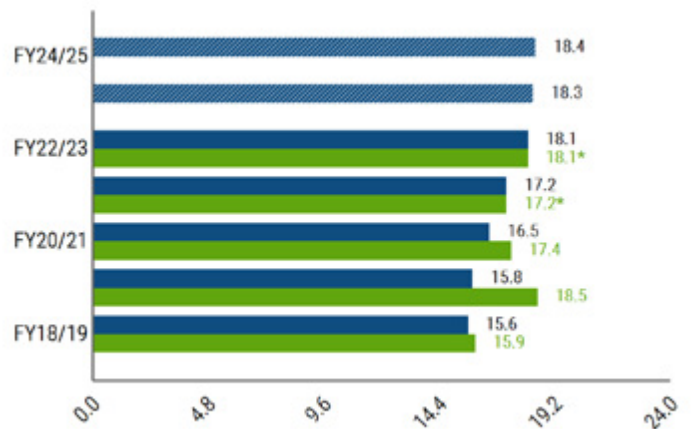
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 revenue budget of \$18.1 million is \$0.9 million higher than than the FY 2021/22 adopted budget mostly due to higher anticipated revenues from large development projects. The increase would have been larger, but it is offset in part by the Encroachment Permits Fees budget being decreased to align with current trend.

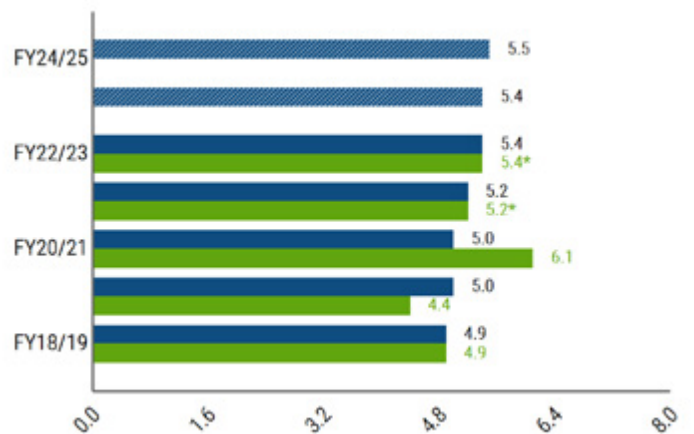
FY 2018/19 to FY 2024/25 (in millions)



**WESTWORLD EQUESTRIAN FACILITY FEES**

WestWorld Equestrian Facility Fees includes revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions and car shows, consumer and home shows, as well as recreational vehicle (RV) space rental at WestWorld. The FY 2022/23 revenue budget is mostly based on future confirmed bookings, and it is estimated to be \$5.4 million, which is an increase of approximately \$0.2 million from the FY 2021/22 adopted budget mostly explained by new events that relocated to Scottsdale from other states.

FY 2018/19 to FY 2024/25 (in millions)

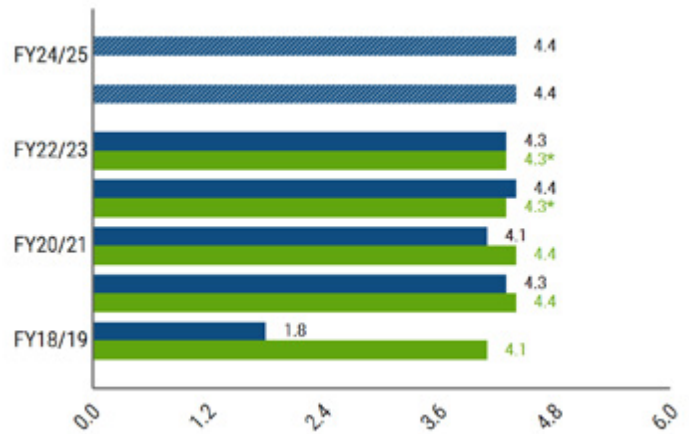


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 revenues are budgeted at \$4.3 million, which is a slight decrease of \$0.1 million from the FY 2021/22 adopted budget primarily due to lower anticipated revenue from the Maricopa County Library District agreement. 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.

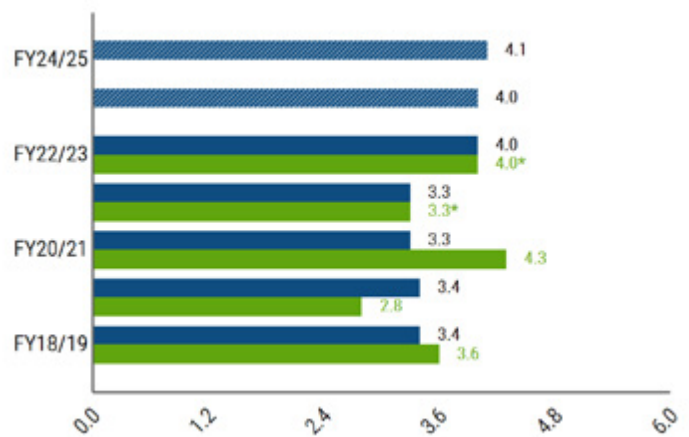
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 adopted revenue is estimated to be \$4.0 million, which is an increase of \$0.7 million from the FY 2021/22 adopted budget mostly due to aligning revenue anticipated from the TPC with prior year actuals, new TPC revenue from the seventh contract amendment, and new rent expected at the Paiute Neighborhood Center.

FY 2018/19 to FY 2024/25 (in millions)



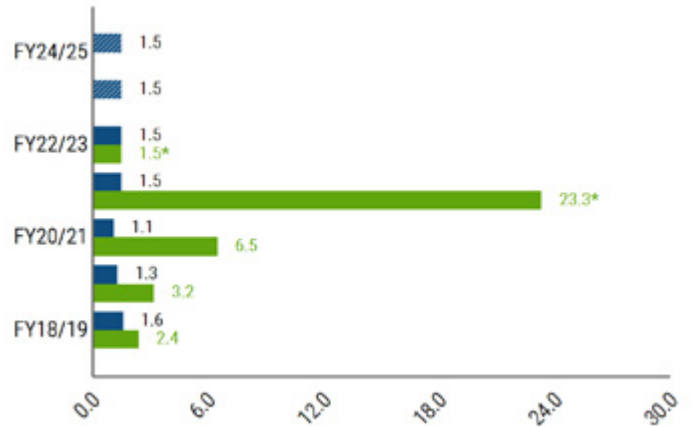
FORECAST BUDGET ACTUAL/FORECAST\*



**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 2022/23 adopted revenue is \$1.5 million is relatively flat from the FY 2021/22 adopted budget. Actual revenue in FY 2021/22 is due to the proceeds from the land sale of Museum Square and Fire Station 603. Actual revenue in FY 2020/21 corresponds to a required accounting change related to subscription-based information technology arrangements. Actual revenue 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.

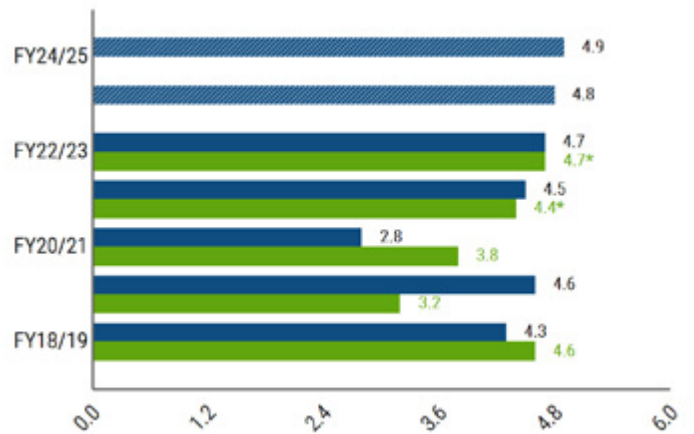
FY 2018/19 to FY 2024/25 (in millions)



**RECREATION FEES**

Recreation Fees includes revenue from various recreational programs, classes and entry fees. In accordance with the city's adopted financial policies, recreation fees are reviewed periodically and adjusted as needed to meet cost recovery targets as approved by City Council. The FY 2022/23 budget of \$4.7 million is \$0.2 million higher than the FY 2021/22 adopted budget of \$4.5 million mostly due to increases in aquatic rates and fees.

FY 2018/19 to FY 2024/25 (in millions)

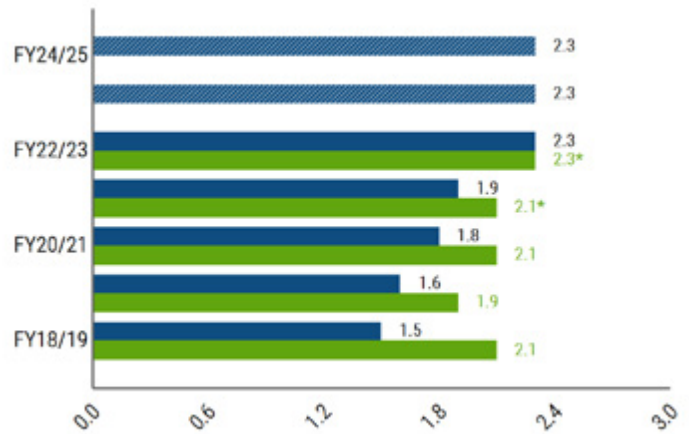


FORECAST BUDGET ACTUAL/FORECAST\*

### FIRE CHARGES FOR SERVICES

Fire Charges for Services includes fees for the cost recovery of fire and medical standbys at special events, after-hours inspections, ambulance staffing, and medical enhancement costs associated with the ambulance agreement. In addition, the Public Safety - Fire Division collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits and incident reports. The FY 2022/23 revenues are budgeted at \$2.3 million, which is approximately \$0.4 million higher than the FY 2021/22 adopted budget of \$1.9 million mostly due to reimbursement allowed in the ambulance contract for clinical improvements.

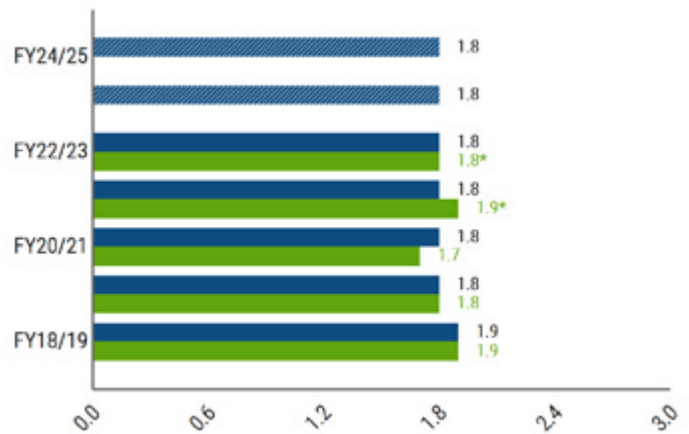
FY 2018/19 to FY 2024/25 (in millions)



### BUSINESS & LIQUOR LICENSES

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities. Revenues of \$1.8 million are budgeted for FY 2022/23, which is flat when compared to the FY 2021/22 adopted budget.

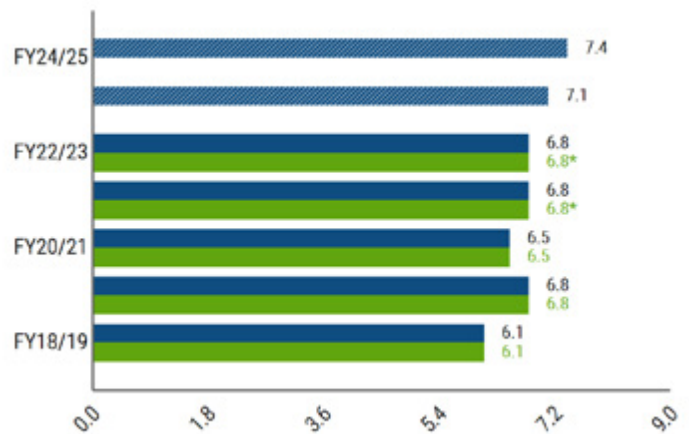
FY 2018/19 to FY 2024/25 (in millions)



### 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 2022/23, which remains relatively flat from the FY 2020/21 adopted budget. The Indirect Costs rate increased slightly from 6.89 percent in FY 2021/22 to 7.06 percent in FY 2022/23.

FY 2018/19 to FY 2024/25 (in millions)

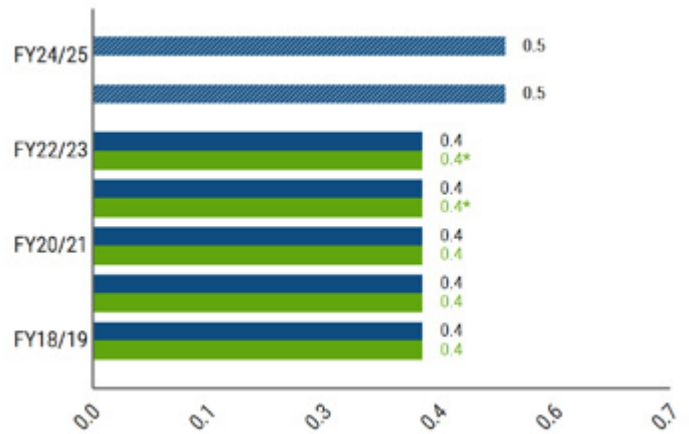


FORECAST BUDGET ACTUAL/FORECAST\*

**DIRECT COST ALLOCATION (FIRE)**

Direct Cost Allocation (Fire) is the direct cost of fire services at the Scottsdale Airport. The FY 2022/23 revenue of \$0.4 million, which remains flat when compared to the FY 2021/22 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.

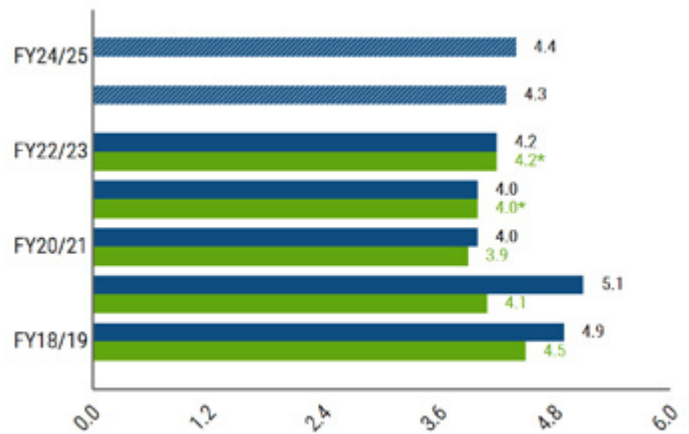
FY 2018/19 to FY 2024/25 (in millions)



**COURT FINES**

Court Fines is the General Fund portion of penalties or fees assessed by State Statute, City Ordinance or the Presiding Judge. Examples include: fines, a portion of the registration fee to attend Defensive Driving School, bonds forfeited to the city, and default fees. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and the Judicial Collections Enhancement or remitted to the State of Arizona. Revenues of \$4.2 million are budgeted for FY 2022/23, which is \$0.2 million higher than the FY 2021/22 adopted budget.

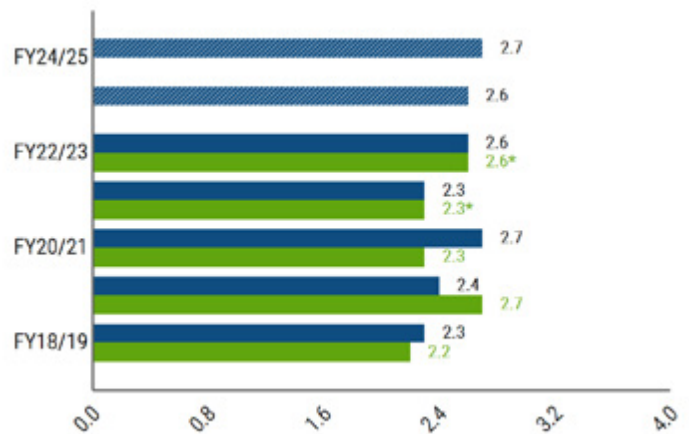
FY 2018/19 to FY 2024/25 (in millions)



**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 \$2.6 million for FY 2022/23, which is an increase of \$0.3 million from the FY 2021/22 adopted budget due to expecting higher photo enforcement filings post-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 2018/19 to FY 2024/25 (in millions)

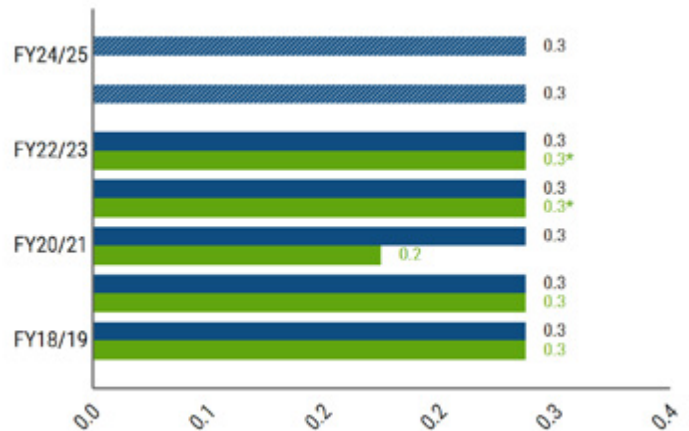


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23, which remains relatively flat from the FY 2021/22 adopted budget. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

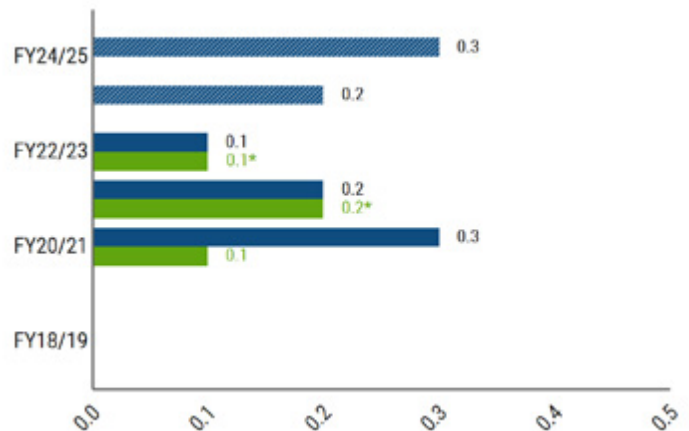
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 adopted revenue is \$0.1 million, a slight decrease of \$0.1 million from to the FY 2021/22 adopted budget due to historic lower than anticipated participation in the program. This revenue is expected to increase in future years.

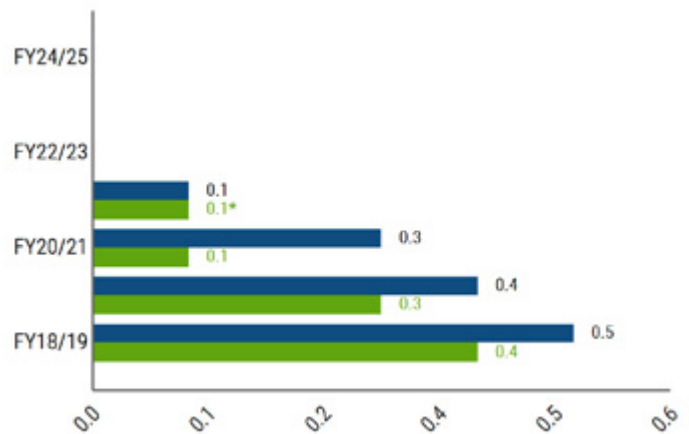
FY 2018/19 to FY 2024/25 (in millions)



**LIBRARY**

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

FY 2018/19 to FY 2024/25 (in millions)

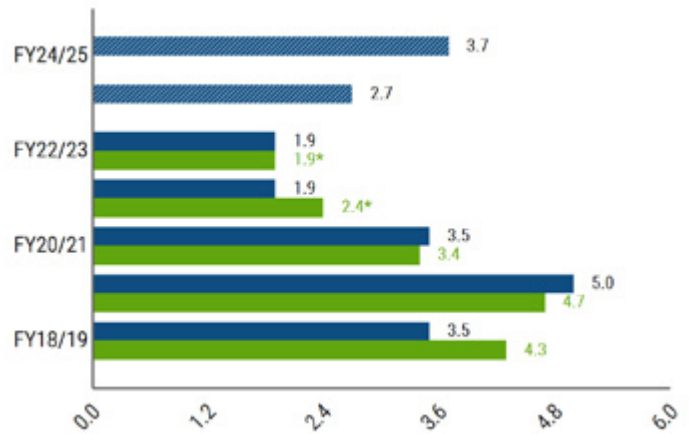


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23, which remains relatively flat from the FY 2021/22 adopted budget. Per the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies, 100 percent of net interest income will be transferred to the General Fund CIP.

FY 2018/19 to FY 2024/25 (in millions)



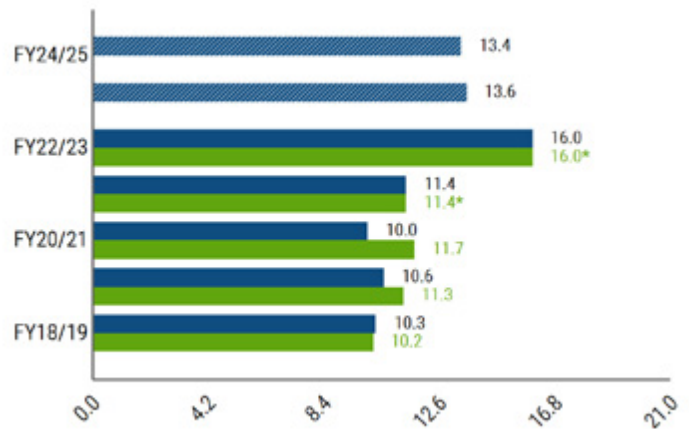
**TRANSFERS IN**

Transfers In is the authorized movement of cash or other resources from other funds. The FY2022/23 General Fund adopted budget includes \$16.0 million in Transfers In.

**TRANSFERS IN**

The Transfers In for FY 2022/23 budgeted at \$16.0 million include: 1) \$0.4 million from the CIP In-Lieu Fees Stormwater Fund for the preparation of a stormwater masterplan; 2) \$8.9 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; 3) \$3.0 million from the Tourism Development Fund to comply with Financial Policy No. 10.02 (12 percent of the transient lodging/bed tax revenues); 4) \$1.6 million from the Tourism Development Fund per Resolution No.12267 to reimburse the General Fund for the purchase of land at WestWorld; 5) \$0.1 million from the Tourism Development Fund to support marketing efforts at WestWorld and the Scottsdale Stadium; 6) \$1.2 million from the Tourism Development Fund to support expenses related to Super Bowl LVII; 7) \$0.7 million from the Tourism Development Fund to support the Short-Term Rental Program, and a new Police Short-Term Rental and Park Ranger units; and 8) approximately \$0.2 million from the Tourism Development Fund for the development of an Ecological Resource Plan for the Preserve.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

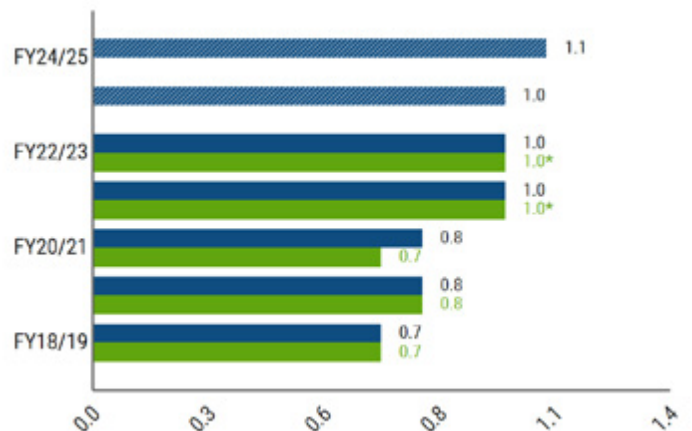
### GENERAL FUND USES

The General Fund uses are presented by the following divisions, additional non-divisional operating categories, debt service and transfers out. The increase in FY 2022/23 is mainly due to transfers out to the CIP to provide funding for various capital projects that do not have a dedicated funding source, and to increases in Personnel Services and Contractual Services that include: 1) a pay for performance and market adjustment to eligible employees; 2) increases in retirement rates; 3) the reinstatement of the Vacation Trade program; 4) increases in contracts; 5) funding for expenses related to the Super Bowl LVII; and 6) funding for a rates and fees study and a stormwater master plan. The increase could have been higher, but it is offset by the reduction on the one-time PSPRS liability paydown and the increase of estimated vacancy savings.

### MAYOR AND CITY COUNCIL

Mayor and City Council includes the voter elected mayor, six Council members and operational support staff. The FY 2022/23 adopted budget is \$1.0 million, which is flat when compared to the FY 2021/22 adopted budget.

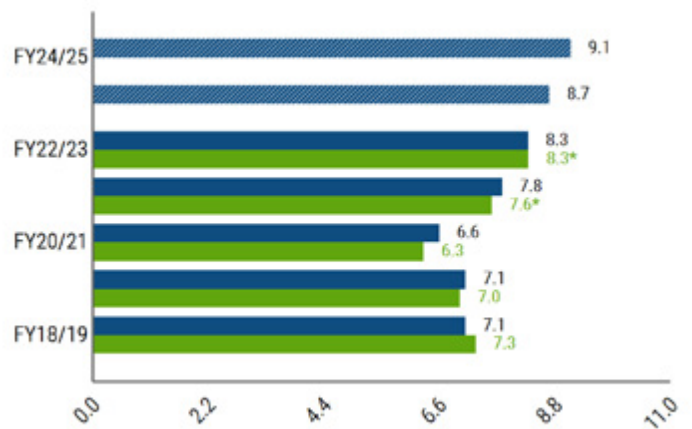
FY 2018/19 to FY 2024/25 (in millions)



### CITY ATTORNEY

The City Attorney is the city's chief legal advisor and includes Civil, Prosecution, Risk Management and Victim Services Departments. The FY 2022/23 adopted budget of \$8.3 million is \$0.5 million greater than the FY 2021/22 adopted budget of \$7.8 million, mainly due to a pay for performance and market adjustment for eligible employees.

FY 2018/19 to FY 2024/25 (in millions)



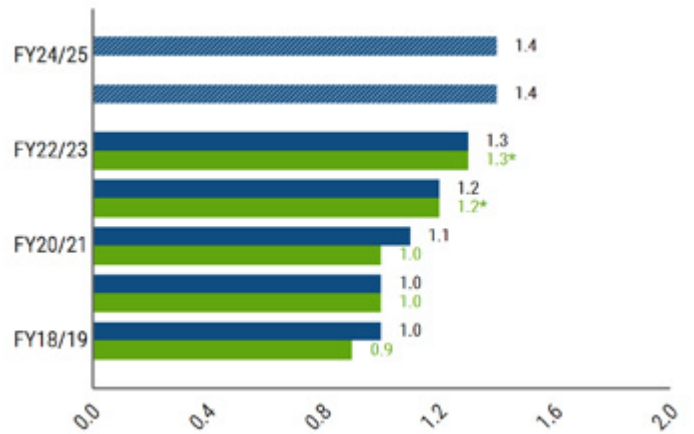
FORECAST BUDGET ACTUAL/FORECAST\*



**CITY AUDITOR**

The City Auditor conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2022/23 budget is \$1.3 million, which is an increase of \$0.1 million compared to the FY 2021/22 adopted budget due to a pay for performance and market adjustment for eligible employees.

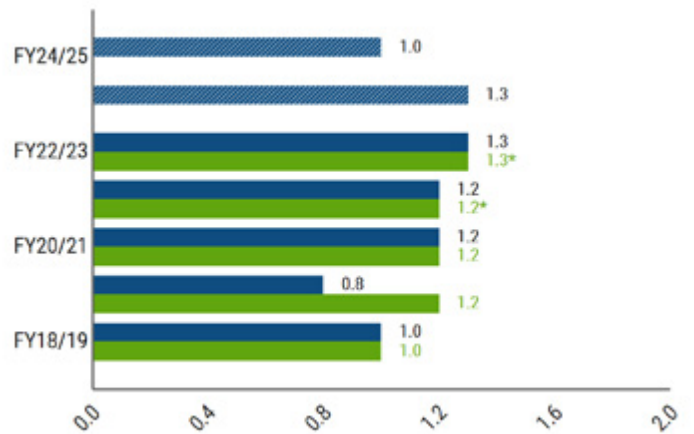
FY 2018/19 to FY 2024/25 (in millions)



**CITY CLERK**

The City Clerk conducts all local elections, gives notice of all City Council meetings, keeps the records of Council proceedings, administers the city's records management program, authenticates ordinances and resolutions, and provides administrative support to the Council. The Clerk's expenses fluctuate from year to year due to the cycle of elections. The City Clerk conducts and oversees the election process for municipal elections, referendums and initiatives within the city resulting in increased costs when these activities occur. At times elections are known, such as when Council seats are up for election. Other times, the elections may not be known such as when new General Obligation Bond proposals are taken to the voters. Therefore, some differences between budget to actuals may reflect this as was the case in FY 2019/20. The FY 2022/23 budget of \$1.3 million is slightly higher than the FY 2021/22 adopted budget as costs related to a special election held during FY 2021/22 are being almost entirely offset by primary and general election estimated costs in FY 2022/23.

FY 2018/19 to FY 2024/25 (in millions)

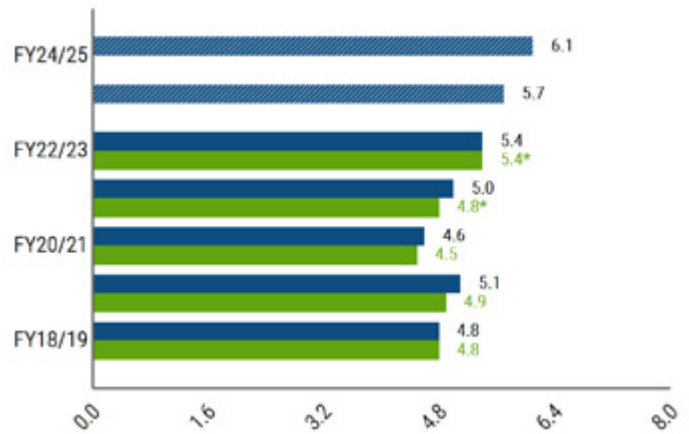


FORECAST BUDGET ACTUAL/FORECAST\*

**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 \$5.4 million budgeted for FY 2022/23, which is an increase of \$0.4 million when compared to the FY 2021/22 adopted budget due to converting a part-time position into full-time and a pay for performance and market adjustment for eligible employees. Additionally 1.00 FTE was moved from the Special Programs Fund to the General Fund. In response to the COVID-19 pandemic four City Court positions were moved from the General Fund to the Special Programs Fund. The City Court's Special Programs Fund (Court Enhancement Fund) cannot sustain these four positions. Therefore, one position will transfer back to the General Fund annually for the next four fiscal years.

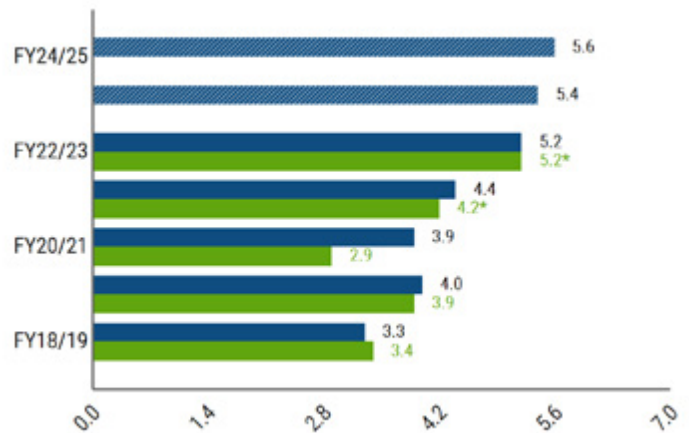
FY 2018/19 to FY 2024/25 (in millions)



**CITY MANAGER**

The City Manager Division provides the organizational leadership necessary to successfully implement the policy direction of the City Council, communicate that direction to the organization, ensure the efficient, effective and economical delivery of services to citizens, build relationships with other governments, and foster diversity. The FY 2022/23 adopted budget of \$5.2 million, an increase of \$0.8 million from the FY 2021/22 adopted budget, is related to: 1) the addition of a citywide citizen engagement platform to allow for the gathering of input to support city initiatives; 2) funding for a federal lobbyist contract; 3) additional software maintenance costs for departments in the City Manager Division and; 4) a pay for performance and market adjustment for eligible employees.

FY 2018/19 to FY 2024/25 (in millions)

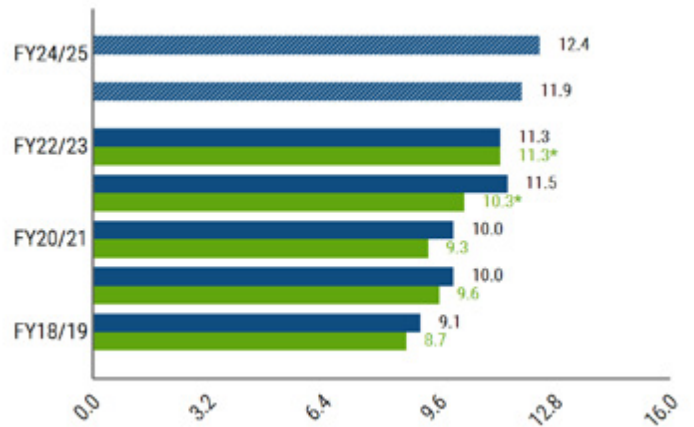


FORECAST BUDGET ACTUAL/FORECAST\*

**CITY TREASURER**

The City Treasurer, the city's chief financial officer, is responsible for providing City Council and management with timely financial reports as well as oversight of the Accounting, Budget, Finance, Business Services and Purchasing departments. The FY 2022/23 budget of \$11.3 million is \$0.2 million lower than the FY 2021/22 adopted budget. The decreased costs are primarily related to the elimination of the Arizona Department of Revenue (ADOR) administrative payment and establishment of the Municipal Firefighters Cancer Reimbursement Fund (MCFR). The payment for the MCFR was transferred, based on recommendations from the League of AZ Cities & Towns, to the Risk Management Fund within the City Attorney Division where worker's compensation expenses reside. The lower budget in FY 2022/23 is also related to lower postage, shipping and printing estimated costs based on historical trends, and the consolidation of software maintenance costs.

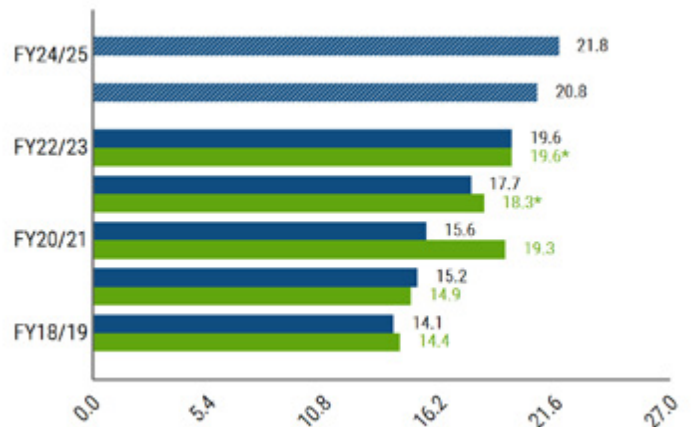
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 Administrative Services budget of \$19.6 million is \$1.9 million higher than the FY 2021/22 adopted budget. The increase is due to: 1) the addition of 4.0 FTEs; 2) a pay for performance and market adjustment for eligible employees; 3) higher overall software and lease costs; and 4) the purchase of a data analytics tool for more effective evidence based decision making.

FY 2018/19 to FY 2024/25 (in millions)

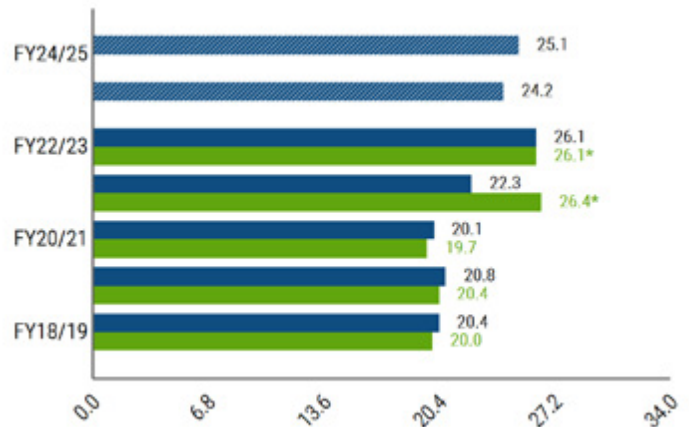


FORECAST BUDGET ACTUAL/FORECAST\*

### COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development works to preserve Scottsdale as a great community, offering value-added programs to stimulate the economy, sustain, revitalize, and build upon the community's unique lifestyle and character. The departments with General Fund budgets include Economic Development, Planning and Development Services, and Tourism and Events. The FY 2022/23 budget is \$26.1 million, which is an increase of \$3.8 million from the FY 2021/22 adopted budget of \$22.3 million primarily due to: 1) increased Personnel Services expenses including a pay for performance and market adjustment for eligible employees, the addition of 2.39 FTEs and one-time funding for contract worker services; 2) funding for Super Bowl LVII expenses (funded by the Tourism Development Fund via a transfer); 3) contract increases; and 4) budget for a stormwater master plan (funded by Stormwater in-lieu fees via a transfer) and a rate and fee study.

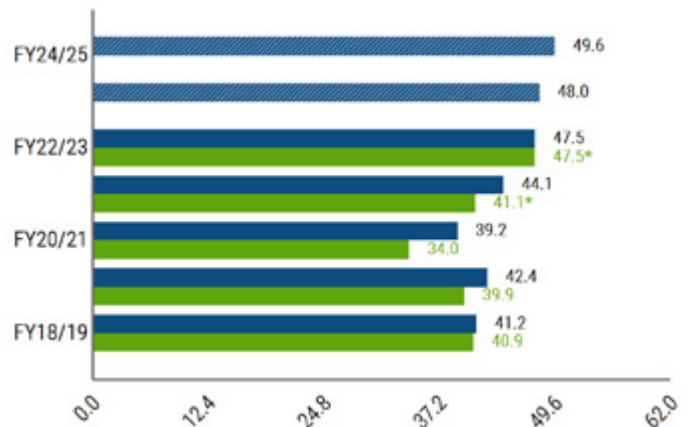
FY 2018/19 to FY 2024/25 (in millions)



### 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 2022/23 adopted budget of \$47.5 million is a \$3.4 million increase from the FY 2021/22 adopted budget of \$44.1 million. This increase is primarily related to: 1) a pay for performance and market adjustment for eligible employees; 2) added costs involved with making three temporary positions permanent; 3) one-time contract labor costs needed for WestWorld facility turnover and event support; 4) the addition of budget authority needed to develop an Ecological Resource Plan for monitoring and ongoing preservation of the McDowell Sonoran Preserve funded by the Tourism Development Fund via a transfer; 5) the development of an Indian School Park Master Plan that meets all of the current and future needs of residents and provides a roadmap for future capital planning; 6) the need to use contracted equipment operators to assist with barn preparations during March due to tight event turn over and forklift operators to assist with preparation for equestrian events at WestWorld; 7) the reinstatement of budget for technology equipment eliminated during the COVID-19 pandemic and upgrading of the Library Network Firewalls; 8) slightly higher agricultural and chemical supply costs due to supply chain challenges and inflation; and 9) funding to replace or repair 160 portable horse stalls at WestWorld.

FY 2018/19 to FY 2024/25 (in millions)

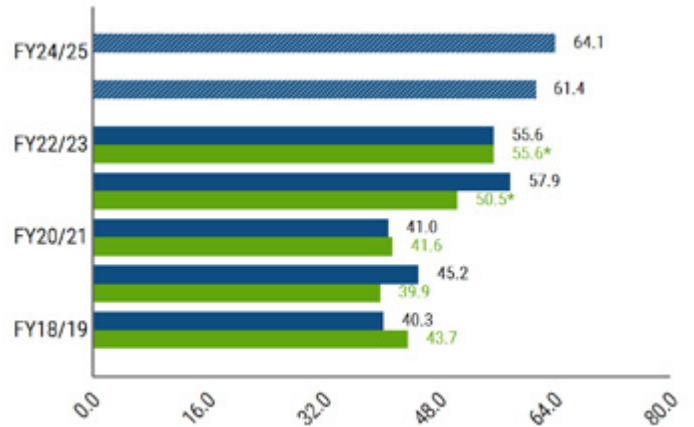


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 adopted budget of \$55.6 million is \$2.3 million lower than the FY 2021/22 adopted budget of \$57.9 million. The decrease is due to: 1) a second one-time \$2.0 million payment to the Public Safety Retirement System (PSPRS) to pay down the unfunded liability. This is a reduction from the one-time payment for \$5.0 million that occurred in FY 2021/22; and 2) the use of American Rescue Plan Act (ARPA) grant funding received from the federal government to assist with Public Safety personnel costs that reduced the need for General Funds. The reduction of the Public Safety - Fire Division General Fund Adopted Budget would have been greater but is being offset by the following: 1) the addition of 3.50 FTEs to assist with facility upkeep, manage Emergency Management Department, and added support for personnel transactions for over 300 employees with unique scheduling; 2) a pay for performance and market adjustment for eligible employees; 3) overtime needed to ensure support and coverage is provided during the employee promotional process; 4) higher anticipated fuel costs; 5) maintenance and repair for two fire engines that won't be put to auction; and 6) increase in vehicle replacement costs.

FY 2018/19 to FY 2024/25 (in millions)

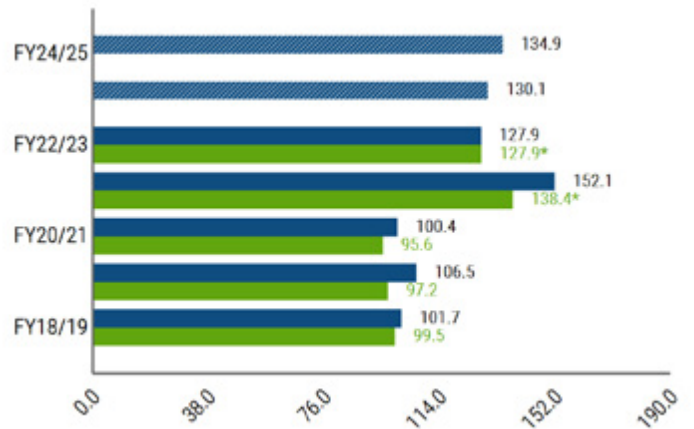


FORECAST BUDGET ACTUAL/FORECAST\*

**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, Professional Standards & Investigative Services, Operational Services and Office of the Police Chief. The FY 2022/23 adopted budget of \$127.9 million is \$24.2 million lower than the FY 2021/22 adopted budget of \$152.1 million. The decrease is primarily related to: 1) a second one-time \$10.0 million payment to the Public Safety Personnel Retirement System (PSPRS) to pay down the unfunded liability. This is a reduction from the one-time payment for \$35.0 million that occurred in FY 2021/22; 2) the use of American Rescue Plan Act (ARPA) grant funding received from the federal government to assist with Public Safety personnel costs that reduced the need for General Funds. The reduction of the Public Safety - Police Division General Fund Adopted Budget would have been greater but is being offset by the following: 1) the addition of 1.00 FTE as part of the Real Time Crime Center expansion; 2) a pay for performance and marked adjustment for eligible employees; 3) non-personnel costs associated with establishing a new Park and Preserve Unit and a Short-Term Rental Unit. The personnel costs are funded by Prop 207 Smart and Safe AZ Act, and a portion of other operating costs will be funded by the Tourism Development Fund via a transfer; and 4) higher fleet and fuel costs as a result of inflation and supply chain challenges.

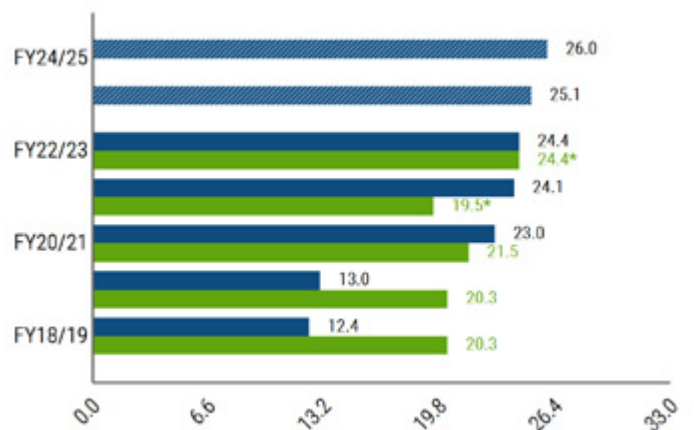
FY 2018/19 to FY 2024/25 (in millions)



**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 just over three million square feet of city-owned facilities, as well as strategic space planning and contract administration. The FY 2022/23 adopted budget of \$24.4 million is an increase of \$0.3 million when compared to the FY 2021/22 adopted budget of \$24.1 million. The increase is related to: 1) the addition of a Contract Coordinator (1.00 FTE) position needed to help administer a backlog of Facilities Condition Assessment (FCA) projects related to the replacement, repair, and refurbishment of major city systems; and 2) a pay for performance and market adjustment for eligible employees.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*



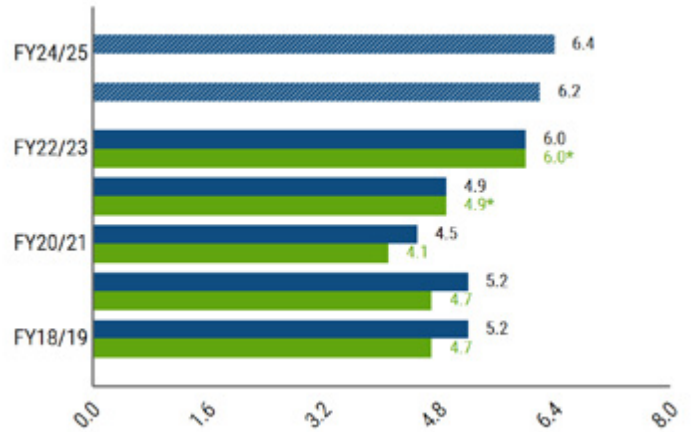
### NON-DIVISIONAL USES

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 2021/22 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 2022/23 Fuel and Maint and Repair is budgeted at \$6.0 million at the division level.

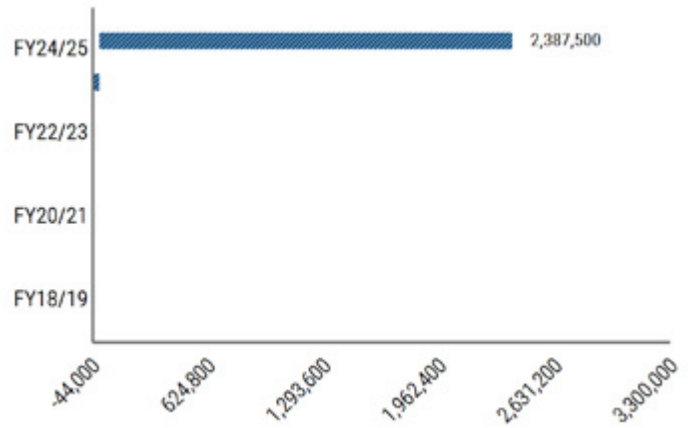
FY 2018/19 to FY 2024/25 (in millions)



### OPERATING IMPACTS

Operating Impacts is additional future costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2022/23 and years prior, operating impacts have been included at the division level. FY 2023/24 thru FY 2024/25 are forecasted based on the adopted CIP Five Year Plan.

FY 2018/19 to FY 2024/25

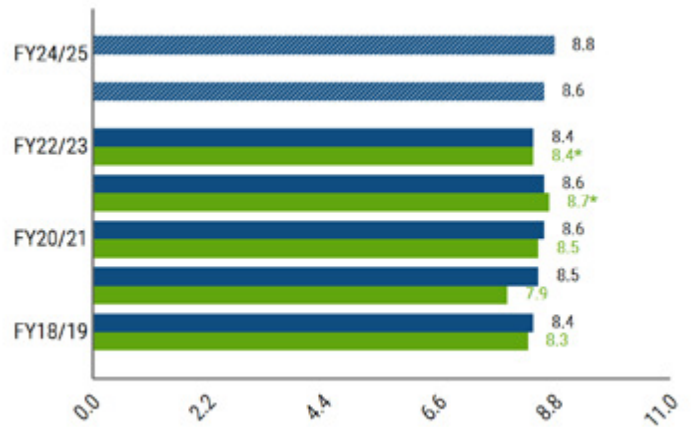


▨ FORECAST   
 ■ BUDGET   
 ■ ACTUAL/FORECAST\*

**UTILITIES**

Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2022/23 Utilities budget is \$8.4 million, \$0.2 million lower than the FY 2021/22 adopted budget.

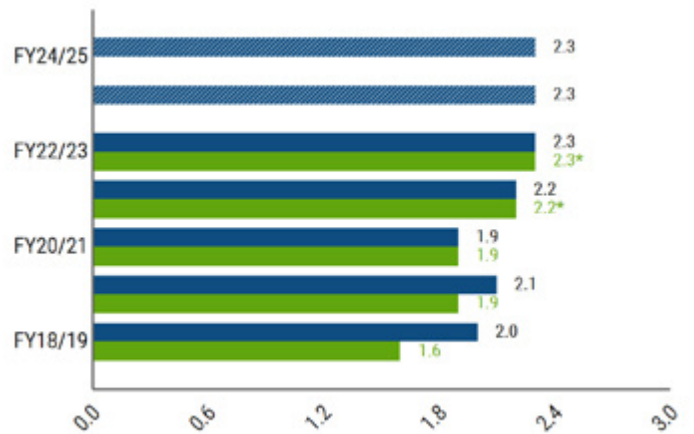
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 Leave Accrual Payments budget is \$2.3 million, which includes \$1.3 million budgeted for medical leave accrual payouts and \$1.0 million budgeted for vacation accrual payouts.

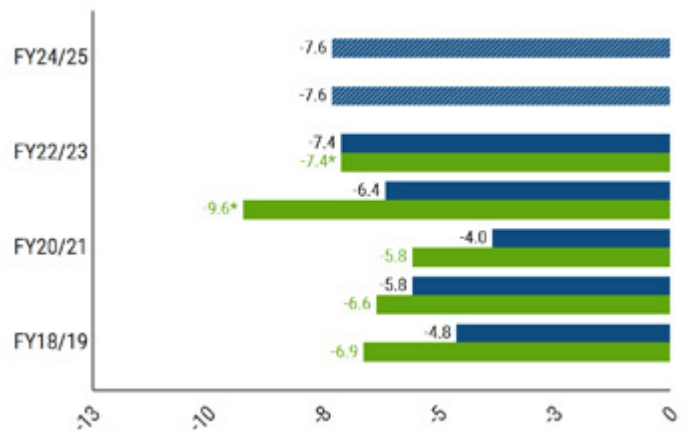
FY 2018/19 to FY 2024/25 (in millions)



**SAVINGS FROM VACANT POSITIONS**

The amount of savings achieved from vacant positions for FY 2022/23 is estimated at (\$7.4) million. The significant amount of vacancy savings achieved in FY 2021/22 is the result of more resignations and retirements within the city than anticipated and reflects in part challenges in the labor market.

FY 2018/19 to FY 2024/25 (in millions)

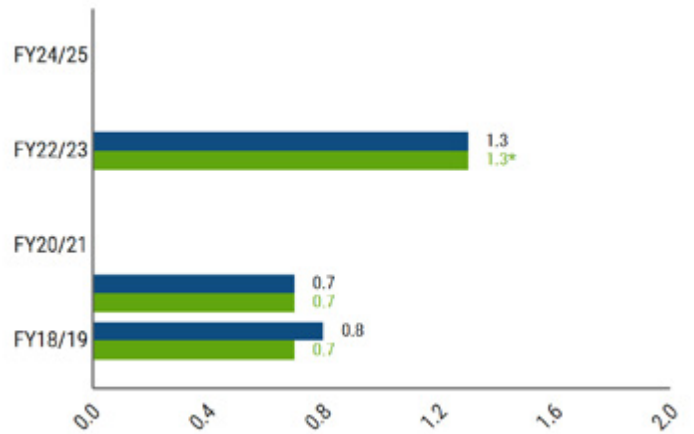


FORECAST BUDGET ACTUAL/FORECAST\*

**VACATION TRADE**

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation between October 24, 2021 and October 22, 2022, may elect to trade up to 40 hours of vacation time for cash. The program was canceled in FY 2020/21 and in FY 2021/22, but has been restated for FY 2022/23. The FY 2022/23 Vacation Trade adopted budget is \$1.3 million.

FY 2018/19 to FY 2024/25 (in millions)



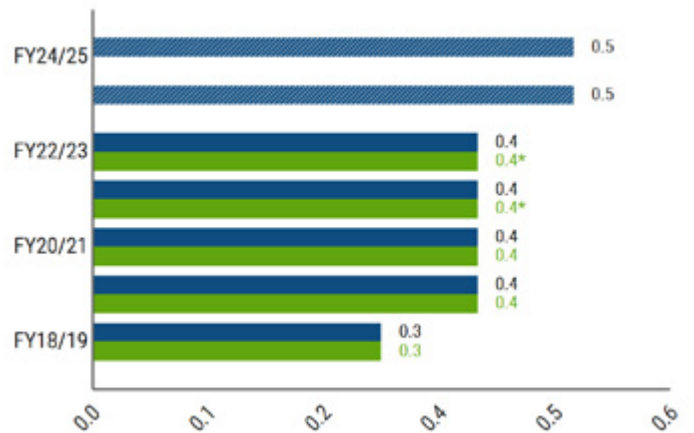
**DEBT SERVICE AND TRANSFERS OUT**

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

**CONTRACTS PAYABLE**

Contracts Payable is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site. The FY 2022/23 Contracts Payable budget is \$0.4 million.

FY 2018/19 to FY 2024/25 (in millions)

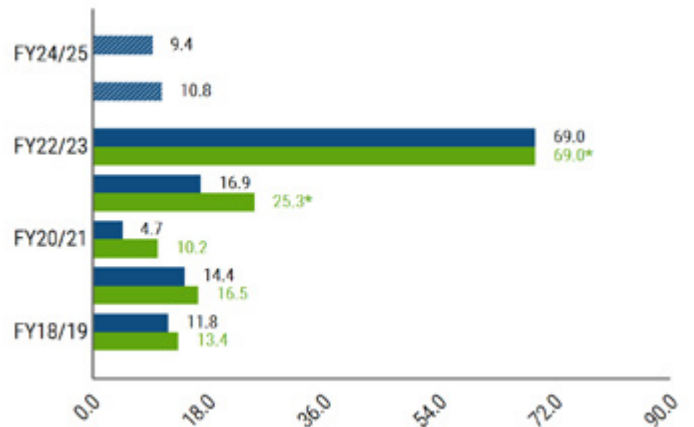


FORECAST BUDGET ACTUAL/FORECAST\*

**CIP**

Transfers Out to the Capital Improvement Plan (CIP) in FY 2022/23 is \$69.0 million, which ensures compliance with the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies: \$6.4 million or 50 percent of the construction sales tax, and \$1.9 million or 100 percent of interest income. Transfers Out to the CIP also includes: 1) \$16.8 million transfer to cover Bond 2019 capital projects shortfalls; 2) \$16.0 million to support the replacement of various technology systems and cost increases; 3) \$2.4 million for the Entertainment District capital projects; 4) \$5.0 million for the Scottsdale Stadium Renovation Phase 2 capital project; and 5) \$ 20.5 million to provide funding for various CIP projects that do not have a dedicated funding source per the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies.

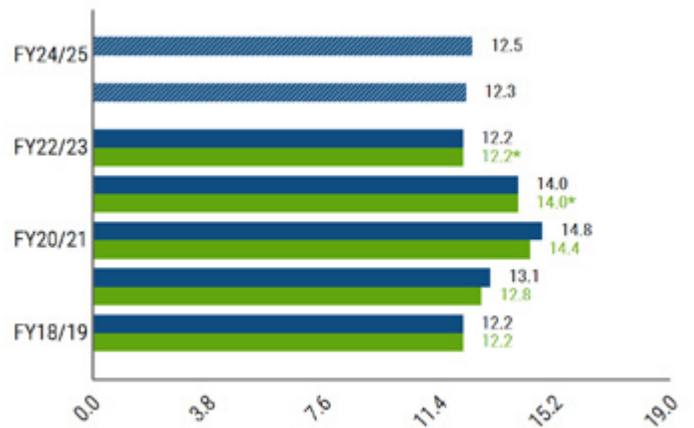
FY 2018/19 to FY 2024/25 (in millions)



**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 Nelszen Equestrian Center (TNEC) and the Scottsdale Fashion Square parking garage. In FY 2022/23 a total of \$12.2 million will be transferred to the Debt Service Fund for MPC bonds issued.

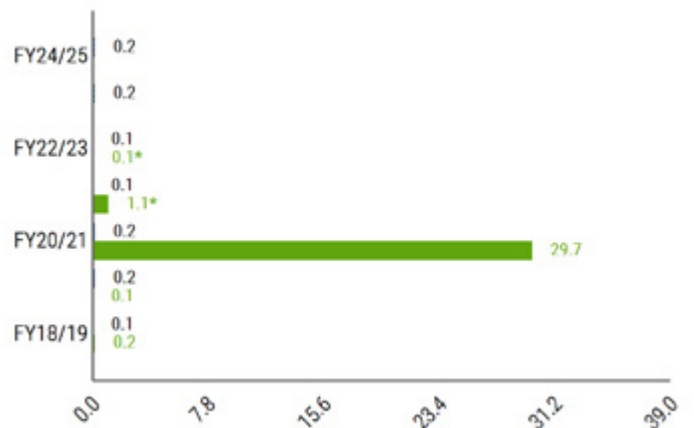
FY 2018/19 to FY 2024/25 (in millions)



**OPERATING**

The FY 2022/23 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. Per City Council approval, FY 2020/21 includes moving the savings in the General Fund generated by the AZCares Grant Program to a Special Revenue Fund to ensure governmental accounting standards are being met.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

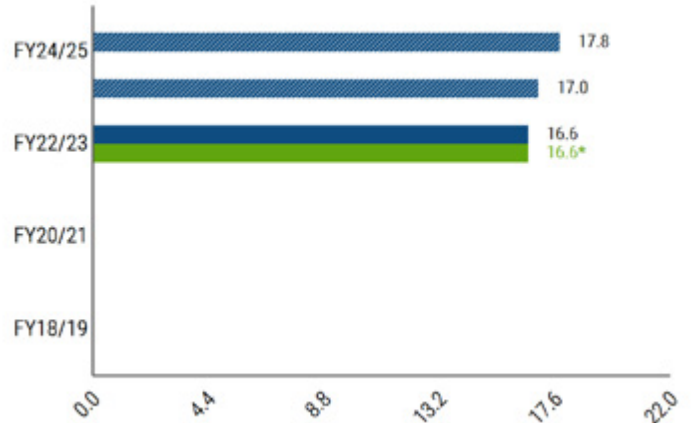
### GENERAL FUND ENDING BALANCE

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

#### EMERGENCY RESERVE

The Emergency Reserve is new beginning in FY 2022/23. The reserve was added to incorporate best financial practices. Emergency Reserve complies with Financial Policy No. 2.02. The policy states that the General Fund will maintain five percent of operating uses, excluding transfers out as an emergency reserve to cover for unexpected emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners. The FY 2022/23 General Fund Emergency Reserve is \$16.6 million.

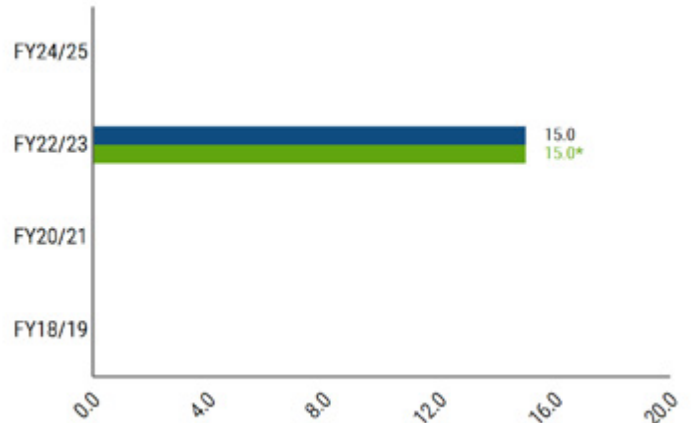
FY 2018/19 to FY 2024/25 (in millions)



#### GENERAL PLAN INITIATIVES

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

FY 2018/19 to FY 2024/25 (in millions)

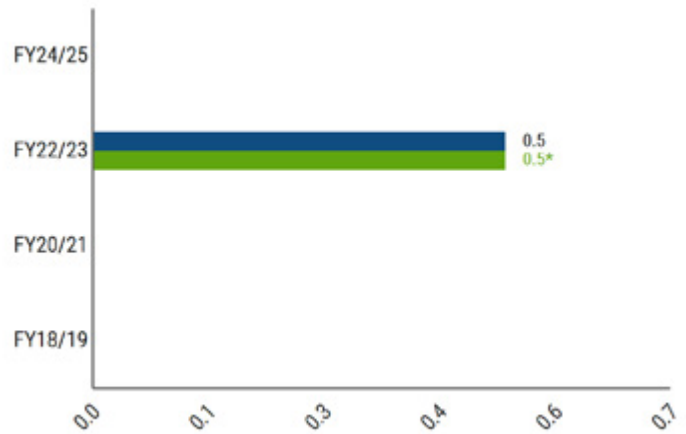


▨ FORECAST   
 ▨ BUDGET   
 ▨ ACTUAL/FORECAST\*

### INNOVATION INITIATIVES

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

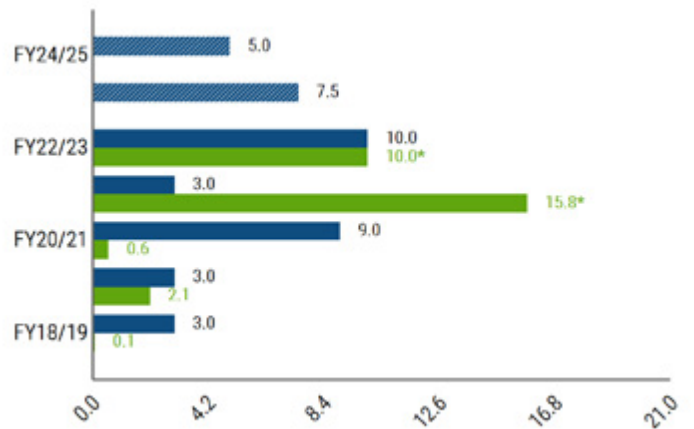
FY 2018/19 to FY 2024/25 (in millions)



### OPERATING CONTINGENCY

Operating Contingency for FY 2022/23 is set at \$10.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. In FY 2020/21, the \$9.0 million of budget authorization included 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. In FY 2021/22 the \$15.8 million of Operating Contingency fund balance included General Fund savings from utilizing the first half of the \$29.2 million of the American Rescue Plan Act (ARPA) awarded to the city to pay for Public Safety - Police and Fire payroll expenses. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

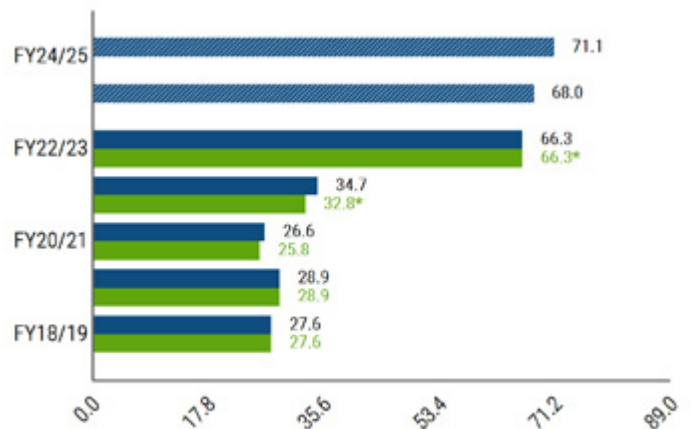
FY 2018/19 to FY 2024/25 (in millions)



### OPERATING RESERVE

The Operating Reserve complies with Financial Policy No. 2.01. The policy states the General Fund will maintain an operating reserve of 20 percent of General Fund operating uses, excluding transfers out, which beginning in FY 2022/23 is an increase from 10 percent to incorporate best financial practices. The Operating Reserve is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the FY 2022/23 General Fund Operating Reserve is \$66.3 million.

FY 2018/19 to FY 2024/25 (in millions)



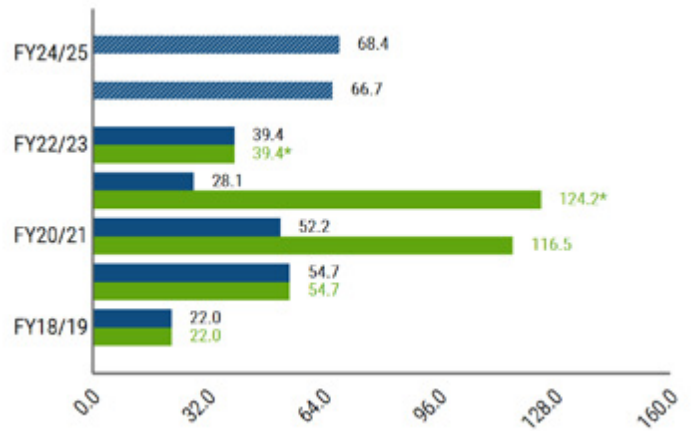
FORECAST BUDGET ACTUAL/FORECAST\*



**PSPRS PENSION LIABILITIES**

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The PSPRS Pension Liabilities designation is to address the unfunded liability and shore-up the city's portion of the pension program for public safety personnel. In prior years, funds were held in the Undesignated, Unreserved Fund Balance. The FY 2022/23 PSPRS Pension Liabilities fund balance designation is \$39.4 million, which is an increase of \$11.3 million from the FY 2021/22 adopted budget. The increase is the net effect of a \$12.0 million payment to the PSPRS to pay down the unfunded liability and anticipated greater sources than uses. FY 2020/21 and FY 2021/22 saw significant 'actual' increases compared to budget attributed to primarily one-time federal funding received thereby freeing up General Fund dollars and sources significantly exceeding uses.

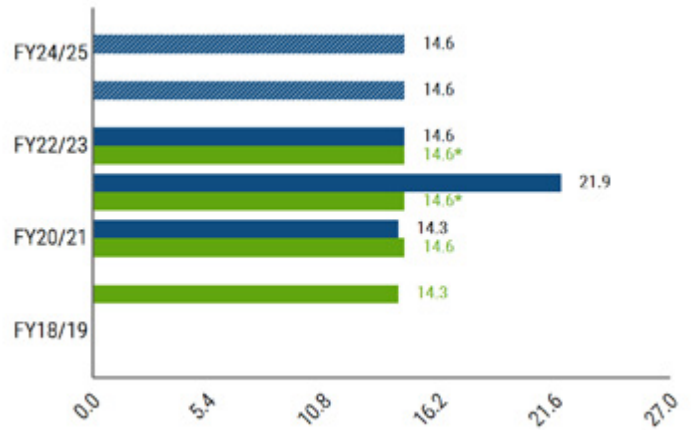
FY 2018/19 to FY 2024/25 (in millions)



**CAVASSON INFRASTRUCTURE REIMBURSEMENT**

Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one, two and three of the development agreement. The FY 2022/23 fund balance designation is \$14.6 million, which is \$7.3 million lower than the FY 2021/22 adopted fund balance due to a first payment related to phase one of the project.

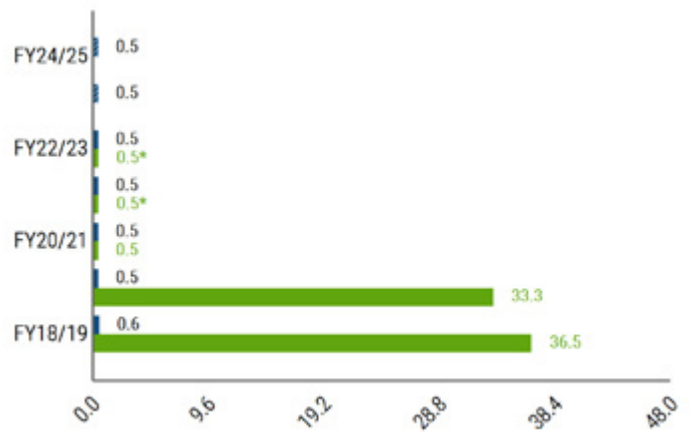
FY 2018/19 to FY 2024/25 (in millions)



**UNDESIGNATED, UNRESERVED FUND BALANCE**

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2022/23 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 2018/19 and FY 2019/20 actual amounts include funds that were moved to PSPRS Pension Liabilities to address the unfunded liability for public safety personnel.

FY 2018/19 to FY 2024/25 (in millions)

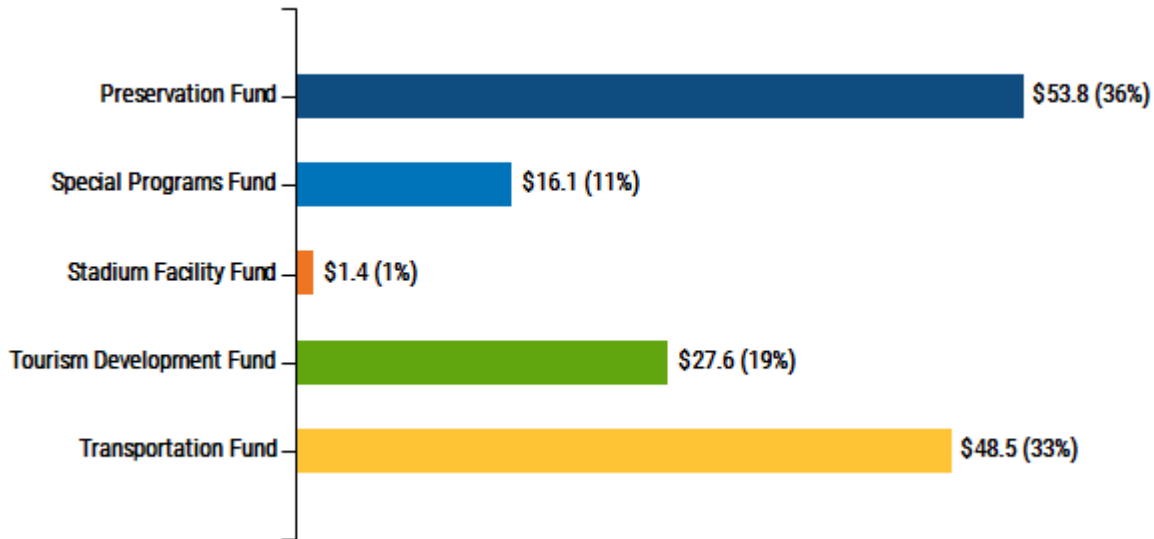


FORECAST BUDGET ACTUAL/FORECAST\*

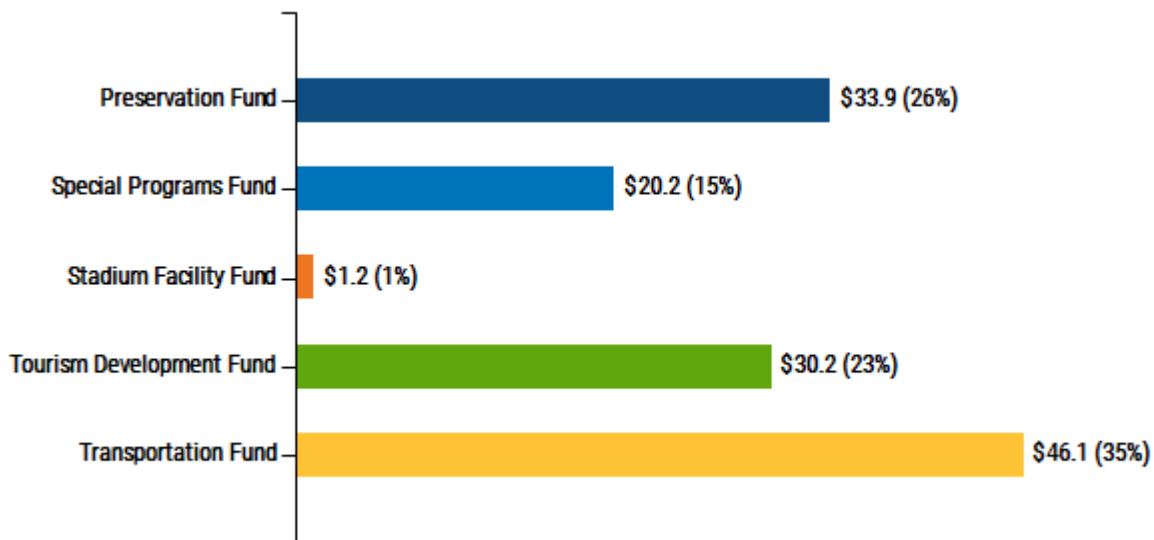
## Special Revenue Funds Description

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

**Special Revenue Funds Sources (% to Total)**  
**\$147.4 Million**



**Special Revenue Funds Uses (% to Total)**  
**\$131.6 Million**



Rounding differences may occur.

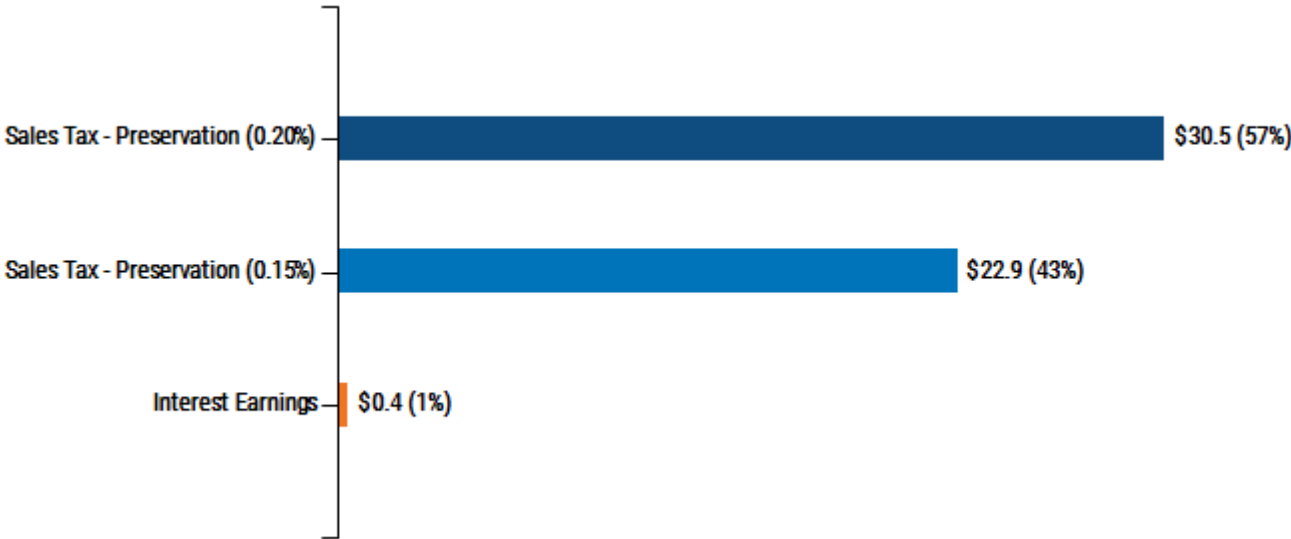


**FY 2022/23 Adopted Budget**

**Fund Purpose**

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

**Preservation Fund Sources (% to Total)  
\$53.8 Million**



**Preservation Fund Uses (% to Total)  
\$33.9 Million**



Rounding differences may occur.

## BUDGET BY FUND | Preservation Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Debt Service Liabilities	33,281,424	32,938,597	32,947,342	33,439,900
Undesignated, Unreserved Fund Balance	12,946,893	20,216,013	23,650,627	38,313,924
<b>Total Beginning Fund Balance <sup>(a)</sup></b>	<b>46,228,317</b>	<b>53,154,610</b>	<b>56,597,969</b>	<b>71,753,824</b>
<b>Revenues</b>				
Sales Tax - Preservation (0.20%)	26,808,682	25,840,380	29,302,435	30,493,170
Sales Tax - Preservation (0.15%)	20,108,973	19,380,285	21,976,835	22,869,877
Interest Earnings	715,462	402,589	402,589	428,454
<b>Subtotal</b>	<b>47,633,118</b>	<b>45,623,254</b>	<b>51,681,859</b>	<b>53,791,501</b>
<b>Total Sources</b>	<b>47,633,118</b>	<b>45,623,254</b>	<b>51,681,859</b>	<b>53,791,501</b>
<b>Transfers Out</b>				
CIP	6,140,260	3,579,322	3,579,322	450,000
Debt Svc GO Bonds	31,413,332	31,527,342	31,526,682	33,439,242
Trnsfrs Out-Debt Svc SPA Bonds <sup>(b)</sup>	1,414,043	1,420,000	1,420,000	-
<b>Subtotal</b>	<b>38,967,636</b>	<b>36,526,664</b>	<b>36,526,004</b>	<b>33,889,242</b>
<b>Total Uses</b>	<b>38,967,636</b>	<b>36,526,664</b>	<b>36,526,004</b>	<b>33,889,242</b>
<b>Sources Over/(Under) Uses</b>	<b>8,665,482</b>	<b>9,096,590</b>	<b>15,155,855</b>	<b>19,902,259</b>
<b>Ending Fund Balance</b>				
Debt Service Liabilities	32,947,342	33,439,900	33,439,900	35,354,600
Undesignated, Unreserved Fund Balance	21,946,457	28,811,300	38,313,924	56,301,483
<b>Total Ending Fund Balance</b>	<b>54,893,799</b>	<b>62,251,200</b>	<b>71,753,824</b>	<b>91,656,083</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$1.7 million) to better align with the fund balance calculation used in the Annual Financial Report.

<sup>(b)</sup> 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 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Debt Service Liabilities	33,439,900	35,354,600	38,849,700	24,670,700	18,798,800
Undesignated, Unreserved Fund Balance	38,313,924	56,301,483	68,929,483	97,935,183	106,179,483
<b>Total Beginning Fund Balance</b>	<b>71,753,824</b>	<b>91,656,083</b>	<b>107,779,183</b>	<b>122,605,883</b>	<b>124,978,283</b>
<b>Revenues</b>					
Sales Tax - Preservation (0.20%) <sup>(a)</sup>	30,493,170	29,061,200	30,190,400	2,686,600	-
Sales Tax - Preservation (0.15%)	22,869,877	21,795,900	22,642,800	23,513,400	24,591,700
Interest Earnings	428,454	620,600	843,200	843,100	941,400
<b>Subtotal</b>	<b>53,791,501</b>	<b>51,477,700</b>	<b>53,676,400</b>	<b>27,043,100</b>	<b>25,533,100</b>
<b>Total Sources</b>	<b>53,791,501</b>	<b>51,477,700</b>	<b>53,676,400</b>	<b>27,043,100</b>	<b>25,533,100</b>
<b>Transfers Out</b>					
CIP	450,000	-	-	-	-
Debt Svc GO Bonds	33,439,242	35,354,600	38,849,700	24,670,700	18,798,800
Trnsfrs Out-Debt Svc SPA Bonds	-	-	-	-	-
<b>Subtotal</b>	<b>33,889,242</b>	<b>35,354,600</b>	<b>38,849,700</b>	<b>24,670,700</b>	<b>18,798,800</b>
<b>Total Uses</b>	<b>33,889,242</b>	<b>35,354,600</b>	<b>38,849,700</b>	<b>24,670,700</b>	<b>18,798,800</b>
<b>Sources Over/(Under) Uses</b>	<b>19,902,259</b>	<b>16,123,100</b>	<b>14,826,700</b>	<b>2,372,400</b>	<b>6,734,300</b>
<b>Ending Fund Balance</b>					
Debt Service Liabilities	35,354,600	38,849,700	24,670,700	18,798,800	18,798,800
Undesignated, Unreserved Fund Balance	56,301,483	68,929,483	97,935,183	106,179,483	112,913,783
<b>Total Ending Fund Balance</b>	<b>91,656,083</b>	<b>107,779,183</b>	<b>122,605,883</b>	<b>124,978,283</b>	<b>131,712,583</b>

<sup>(a)</sup> 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.



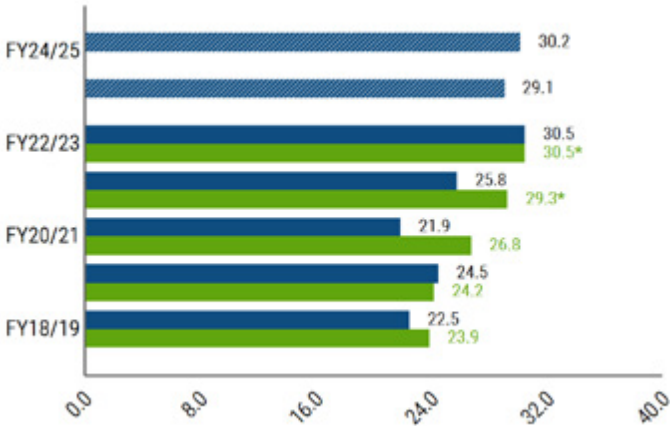
**PRESERVATION FUND SOURCES**

The Preservation Fund sources for FY 2022/23 are budgeted at \$53.8 million, an increase of \$8.2 million from the FY 2021/22 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 2022/23 adopted budget of \$30.5 million represents an increase of \$4.7 million, or 18 percent, from the FY 2021/22 adopted budget.

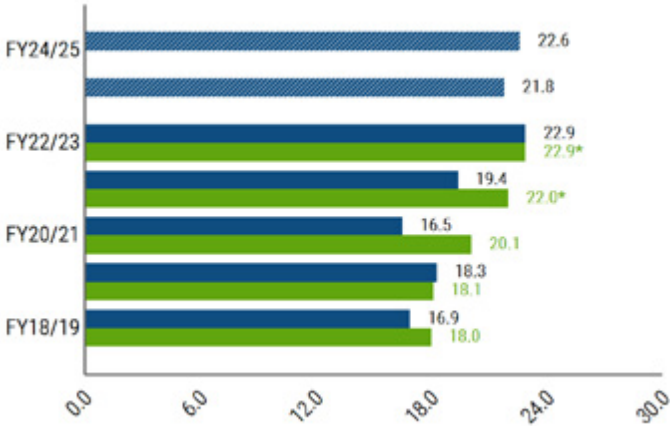
FY 2018/19 to FY 2024/25 (in millions)



**SALES TAX - PRESERVATION (0.15%)**

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities such as trailheads. These funds are due to sunset in the year 2034. The FY 2022/23 adopted budget of \$22.9 million represents an increase of \$3.5 million, or 18 percent, over the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

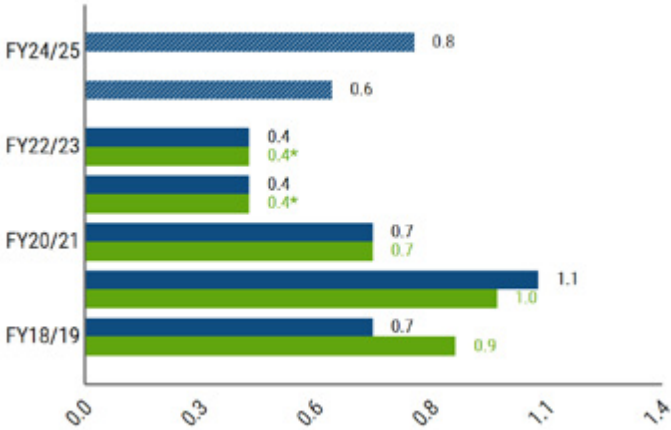


FORECAST BUDGET ACTUAL/FORECAST\*

**INTEREST EARNINGS**

Interest Earnings is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2022/23 adopted budget of \$0.4 million is flat when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



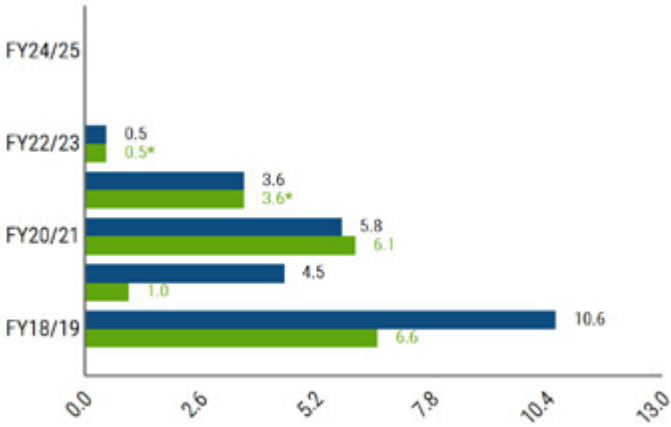
**TRANSFERS OUT**

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. Transfers Out in FY 2022/23 is \$33.9 million, which is a decrease of \$2.6 million from the FY 2021/22 adopted budget and is provided in further detail below:

**CIP**

Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects. The FY 2022/23 adopted budget is \$0.5 million, a decrease of \$3.1 million from the FY 2021/22 adopted budget. The CIP Transfers Out budget varies according to the CIP projects budgeted for each year.

FY 2018/19 to FY 2024/25 (in millions)

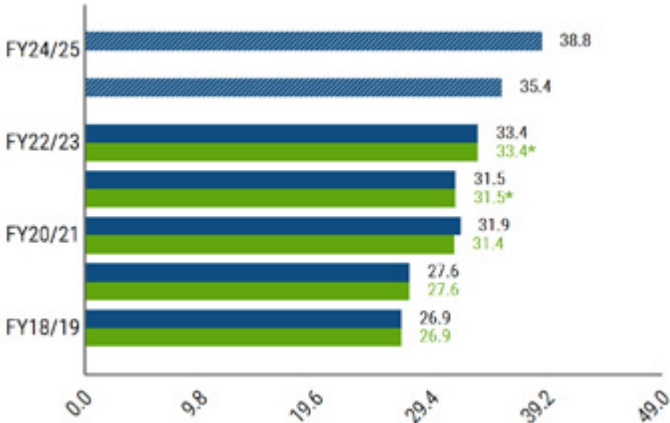


FORECAST BUDGET ACTUAL/FORECAST\*

**DEBT SVC GO BONDS**

Debt Svc GO Bonds 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. Debt Svc GO Bonds is budgeted at \$33.4 million in FY 2022/23 which is an increase of \$1.9 million over the FY 2021/22 adopted budget reflecting short term higher payments for the Refunding 2015 GO Preserve Bonds, the 2017B GO Preserve Acquisition Refinancing Bonds, and the 2017 GO Refunding Preserve Bonds which will ultimately result in savings over the life of the bonds. The increase would have been greater but is being partially offset by lower payments required for the 2020 GO Taxable Refunding Preserve Bonds.

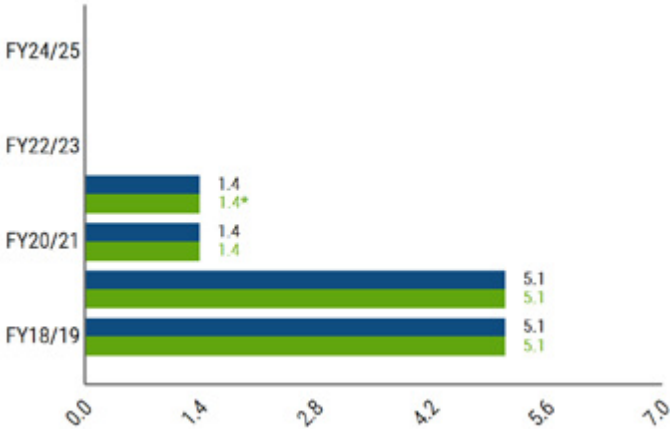
FY 2018/19 to FY 2024/25 (in millions)



**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 (SPA) Revenue Board authorizes debt issuances that are related to the land acquisition in the McDowell Mountain Sonoran Preserve. The debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. All SPA bonds were fully paid off in FY 2021/22.

FY 2018/19 to FY 2024/25 (in millions)



**PRESERVATION FUND ENDING BALANCE**

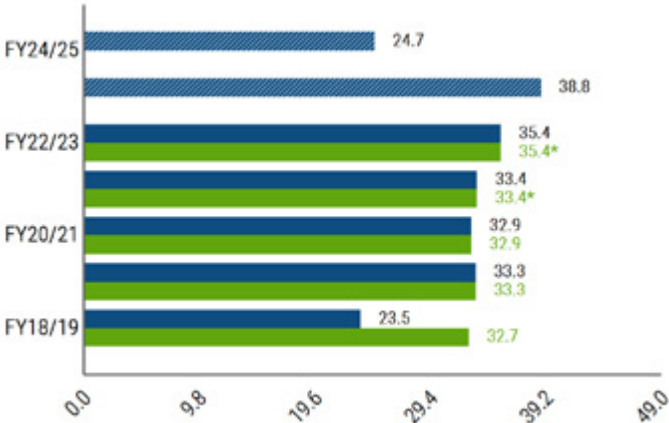
Preservation Fund Ending Balance is the accumulation of sources received from Preservation Sales Tax (0.20% and 0.15%) and interest earnings. Growth of the fund balance occurs when sources exceed uses.

FORECAST BUDGET ACTUAL/FORECAST\*

**DEBT SERVICE LIABILITIES**

Debt Service Liabilities is a reserve equal to the next fiscal year's debt service. The Debt Service Liabilities balance for FY 2022/23 is \$35.4 million. These designated funds will be used to pay future debt service payments.

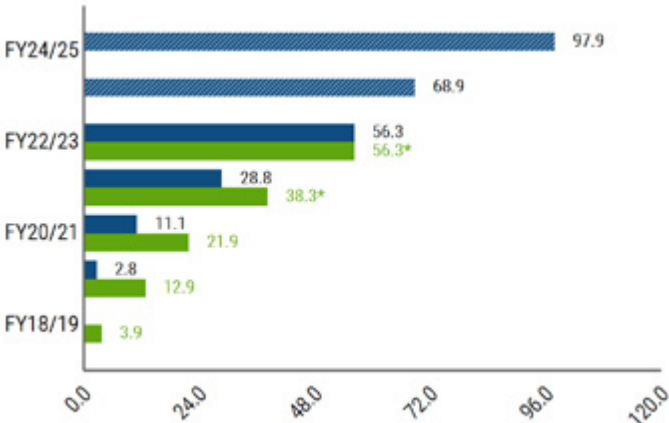
FY 2018/19 to FY 2024/25 (in millions)



**UNDESIGNATED, UNRESERVED FUND BALANCE**

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The Undesignated, Unreserved Fund Balance for FY 2022/23 equals \$56.3 million.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

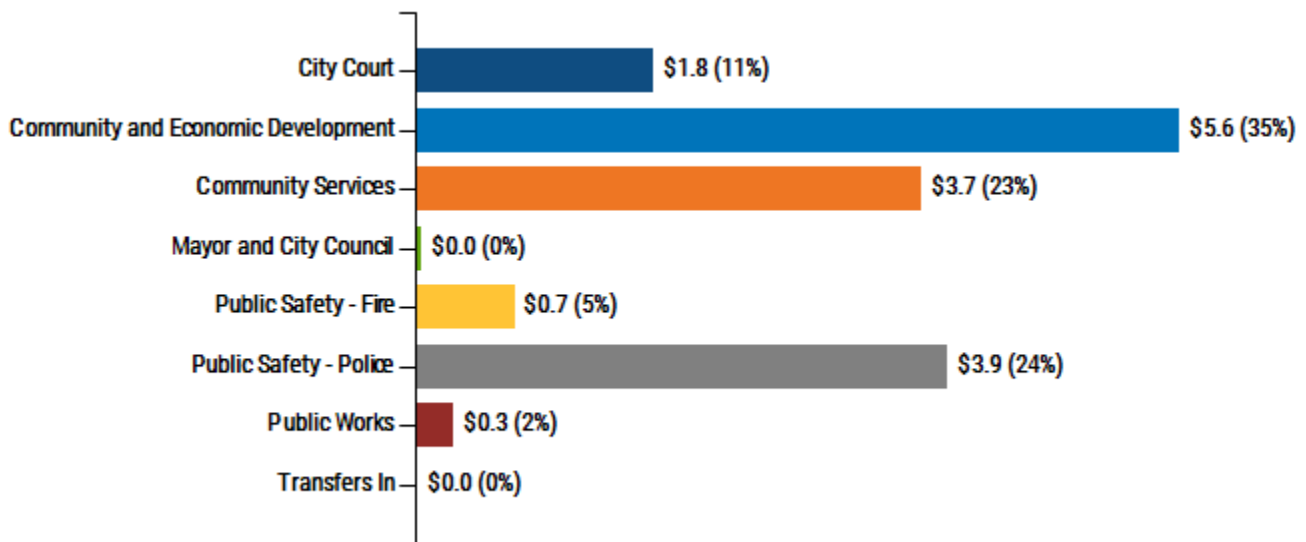


**FY 2022/23 Adopted Budget**

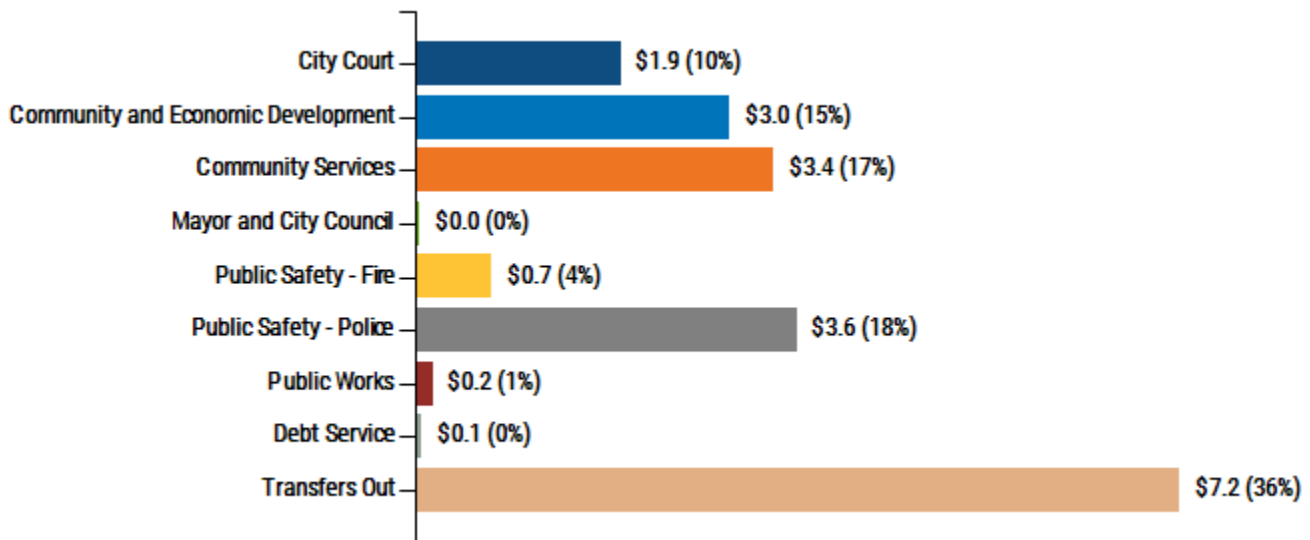
## Fund Purpose

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

### Special Programs Fund Sources (% to Total) \$16.1 Million



### Special Programs Fund Uses (% to Total) \$20.2 Million



Rounding differences may occur.



## BUDGET BY FUND | Special Programs Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Appropriation Contingency <sup>(a)</sup>	1,500,000	11,500,000	11,500,000	1,500,000
AZCares Funding	-	14,942,903	-	-
Reserve - Az Cares	-	-	11,019,249	-
Reserve - City Court	9,264,618	9,089,275	9,049,036	7,905,043
Reserve - Community and Economic Development	4,369,305	3,926,311	3,852,139	3,352,469
Reserve - Community Services	1,497,270	1,717,653	2,251,165	2,360,045
Reserve - Mayor and City Council	3,031	3,832	3,030	3,830
Reserve - Public Safety - Fire	1,524	1,724	103,491	367,805
Reserve - Public Safety - Police	970,802	4,739,512	1,109,940	2,035,705
Reserve - Public Works	343,834	303,951	303,039	121,040
<b>Total Beginning Fund Balance <sup>(b)</sup></b>	<b>16,450,385</b>	<b>34,725,161</b>	<b>27,691,089</b>	<b>16,145,937</b>
<b>Revenues</b>				
City Court	1,660,517	1,601,091	1,601,091	1,751,874
Community and Economic Development <sup>(c)</sup>	34,994	4,511,820	5,184,207	5,609,320
Community Services	3,827,765	3,301,127	3,301,127	3,711,654
Mayor and City Council	25,000	28,800	28,800	48,800
Public Safety - Fire	102,260	1,000	716,613	728,500
Public Safety - Police	1,472,743	1,532,827	4,490,502	3,910,222
Public Works	305,816	261,720	261,720	284,130
<b>Subtotal</b>	<b>7,429,096</b>	<b>11,238,385</b>	<b>15,584,060</b>	<b>16,044,500</b>
<b>Transfers In</b>				
CIP	132,442	100,000	100,000	-
Operating <sup>(d)</sup>	29,681,580	10,000	10,000	10,000
<b>Subtotal</b>	<b>29,814,023</b>	<b>110,000</b>	<b>110,000</b>	<b>10,000</b>
<b>Total Sources</b>	<b>37,243,118</b>	<b>11,348,385</b>	<b>15,694,060</b>	<b>16,054,500</b>

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

<sup>(b)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$49,258) to better align with the fund balance calculation used in the Annual Financial Report.

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

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

## BUDGET BY FUND | Special Programs Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Expenditures</b>				
Az Cares <sup>(a)</sup>	13,163,765	14,942,903	6,782,449	-
City Court	1,568,059	2,002,170	2,002,170	1,944,634
Community and Economic Development	115,997	3,506,712	197,746	2,982,000
Community Services	2,057,969	2,961,185	2,961,185	3,396,627
Mayor and City Council	25,000	28,000	28,000	48,000
Public Safety - Fire	293	2,500	452,300	730,855
Public Safety - Police	1,353,993	3,080,056	3,080,056	3,614,717
Public Works	179,785	380,800	380,800	165,800
<b>Subtotal</b>	<b>18,464,861</b>	<b>26,904,326</b>	<b>15,884,706</b>	<b>12,882,633</b>
<b>Debt Service</b>				
Contracts Payable	72,572	-	62,918	60,733
<b>Subtotal</b>	<b>72,572</b>	<b>-</b>	<b>62,918</b>	<b>60,733</b>
 TOTAL OPERATING BUDGET	 18,537,433	 26,904,326	 15,947,624	 12,943,366
<b>Transfers Out</b>				
CIP	7,276,859	1,296,579	6,809,410	1,734,832
CIP Stormwater	-	3,653,600	3,655,100	4,745,970
Debt Svc MPC Bonds	99,559	828,578	827,078	757,730
Operating	137,821	-	-	-
<b>Subtotal</b>	<b>7,514,239</b>	<b>5,778,757</b>	<b>11,291,588</b>	<b>7,238,532</b>
<b>Total Uses</b>	<b>26,051,672</b>	<b>32,683,083</b>	<b>27,239,212</b>	<b>20,181,898</b>
<b>Sources Over/(Under) Uses</b>	<b>11,191,446</b>	<b>(21,334,698)</b>	<b>(11,545,152)</b>	<b>(4,127,398)</b>
<b>Ending Fund Balance</b>				
Appropriation Contingency <sup>(b)</sup>	1,394,443	11,500,000	12,808,603	1,500,000
Reserve - Az Cares	11,019,249	-	-	-
Reserve - City Court	9,029,001	7,945,282	7,905,043	6,017,450
Reserve - Community And Economic Development	3,852,139	721,319	3,352,469	579,689
Reserve - Community Services	2,235,001	1,826,533	2,360,045	2,581,473
Reserve - Mayor And City Council	3,031	4,632	3,830	4,631
Reserve - Public Safety - Fire	103,492	224	367,805	365,449
Reserve - Public Safety - Police	1,096,880	2,707,602	2,035,705	2,291,210
Reserve - Public Works	303,038	184,871	121,040	178,637
<b>Total Ending Fund Balance</b>	<b>27,641,831</b>	<b>13,390,463</b>	<b>16,145,937</b>	<b>12,018,539</b>

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

<sup>(b)</sup> 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 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Appropriation Contingency <sup>(a)</sup>	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
AZCares Funding	-	-	-	-	-
Reserve - Az Cares	-	-	-	-	-
Reserve - City Court	7,905,043	6,017,450	5,937,050	5,959,250	6,058,950
Reserve - Community and Economic Development	3,352,469	579,689	460,689	378,589	296,489
Reserve - Community Services	2,360,045	2,581,473	2,798,373	3,009,973	3,240,173
Reserve - Mayor and City Council	3,830	4,631	5,431	6,231	7,031
Reserve - Public Safety - Fire	367,805	365,449	354,349	323,149	268,749
Reserve - Public Safety - Police	2,035,705	2,291,210	2,112,210	1,906,910	1,710,810
Reserve - Public Works	121,040	178,637	165,237	154,037	145,037
<b>Total Beginning Fund Balance</b>	<b>16,145,937</b>	<b>12,018,539</b>	<b>11,833,339</b>	<b>11,738,139</b>	<b>11,727,239</b>
<b>Revenues</b>					
City Court	1,751,874	1,793,000	1,839,400	1,904,500	1,921,600
Community and Economic Development <sup>(b)</sup>	5,609,320	5,619,100	5,619,100	5,619,100	5,619,100
Community Services	3,711,654	3,860,300	4,006,000	4,183,400	4,338,000
Mayor and City Council	48,800	49,100	49,500	49,800	50,100
Public Safety - Fire	728,500	743,200	758,200	773,500	789,000
Public Safety - Police	3,910,222	3,381,600	2,864,900	2,681,300	2,729,900
Public Works	284,130	301,000	301,000	301,000	301,000
<i>Subtotal</i>	<b>16,044,500</b>	<b>15,747,300</b>	<b>15,438,100</b>	<b>15,512,600</b>	<b>15,748,700</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
Operating	10,000	10,000	10,000	10,000	10,000
<i>Subtotal</i>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Sources</b>	<b>16,054,500</b>	<b>15,757,300</b>	<b>15,448,100</b>	<b>15,522,600</b>	<b>15,758,700</b>

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

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

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

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Expenditures</b>					
Az Cares	-	-	-	-	-
City Court	1,944,634	1,873,400	1,817,200	1,804,800	1,885,100
Community and Economic Development	2,982,000	338,000	301,100	301,100	271,100
Community Services	3,396,627	3,543,300	3,709,600	3,858,900	3,986,700
Mayor and City Council	48,000	48,300	48,700	49,000	49,300
Public Safety - Fire	730,855	754,300	789,400	827,900	864,800
Public Safety - Police	3,614,717	3,540,600	3,030,200	2,857,400	2,921,800
Public Works	165,800	255,800	255,800	255,800	255,800
<b>Subtotal</b>	<b>12,882,633</b>	<b>10,353,700</b>	<b>9,952,000</b>	<b>9,954,900</b>	<b>10,234,600</b>
<b>Debt Service</b>					
Contracts Payable	60,733	58,600	56,400	54,200	52,000
<b>Subtotal</b>	<b>60,733</b>	<b>58,600</b>	<b>56,400</b>	<b>54,200</b>	<b>52,000</b>
 TOTAL OPERATING BUDGET	 12,943,366	 10,412,300	 10,008,400	 10,009,100	 10,286,600
<b>Transfers Out</b>					
CIP	1,734,832	20,000	40,000	20,000	20,000
CIP Stormwater	4,745,970	4,743,000	4,741,000	4,745,000	4,744,800
Debt Svc MPC Bonds	757,730	767,200	753,900	759,400	763,900
Operating	-	-	-	-	-
<b>Subtotal</b>	<b>7,238,532</b>	<b>5,530,200</b>	<b>5,534,900</b>	<b>5,524,400</b>	<b>5,528,700</b>
<b>Total Uses</b>	<b>20,181,898</b>	<b>15,942,500</b>	<b>15,543,300</b>	<b>15,533,500</b>	<b>15,815,300</b>
<b>Sources Over/(Under) Uses</b>	<b>(4,127,398)</b>	<b>(185,200)</b>	<b>(95,200)</b>	<b>(10,900)</b>	<b>(56,600)</b>
<b>Ending Fund Balance</b>					
Appropriation Contingency <sup>(a)</sup>	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - Az Cares	-	-	-	-	-
Reserve - City Court	6,017,450	5,937,050	5,959,250	6,058,950	6,095,450
Reserve - Community And Economic Development	579,689	460,689	378,589	296,489	244,389
Reserve - Community Services	2,581,473	2,798,373	3,009,973	3,240,173	3,492,873
Reserve - Mayor And City Council	4,631	5,431	6,231	7,031	7,831
Reserve - Public Safety - Fire	365,449	354,349	323,149	268,749	192,949
Reserve - Public Safety - Police	2,291,210	2,112,210	1,906,910	1,710,810	1,498,910
Reserve - Public Works	178,637	165,237	154,037	145,037	138,237
<b>Total Ending Fund Balance</b>	<b>12,018,539</b>	<b>11,833,339</b>	<b>11,738,139</b>	<b>11,727,239</b>	<b>11,670,639</b>

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

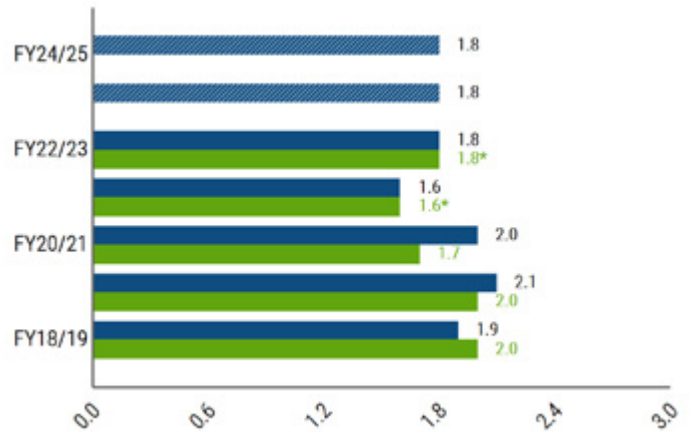
### SPECIAL PROGRAMS SOURCES

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 2022/23 budget for restricted City Court revenue is \$1.8 million, which is an increase of \$0.2 million when compared to the FY 2021/22 adopted budget due to an increase in overall filings anticipated post-pandemic.

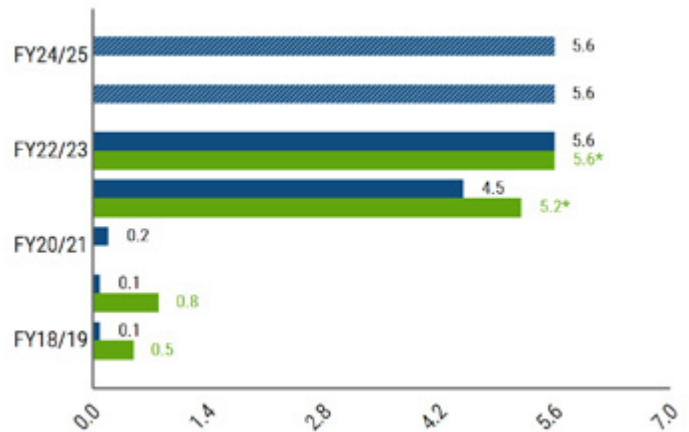
FY 2018/19 to FY 2024/25 (in millions)



#### COMMUNITY AND ECONOMIC DEVELOPMENT

Community and Economic Development revenue is generated from contributions, donations and lease agreements. FY 2018/19 - FY 2019/20 actuals mostly include in-lieu developer fees for public art for various projects. Timing of in-lieu developer fees are difficult to forecast. Beginning in FY 2021/22, the portion of the Stormwater Fee dedicated for capital improvement projects is being recorded in the Special Programs Fund instead of directly in the CIP. The estimated special revenue for FY 2022/23 is \$5.6 million, which is \$1.1 million higher than the FY 2021/22 adopted budget due to a Council approved \$1.00 increase to the stormwater fee for capital improvement projects.

FY 2018/19 to FY 2024/25 (in millions)

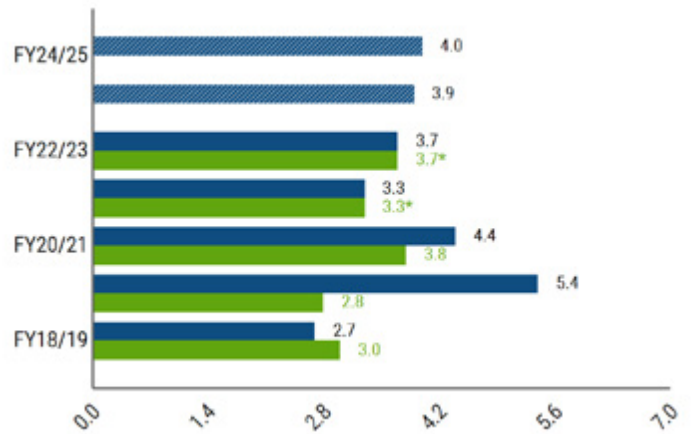


FORECAST BUDGET ACTUAL/FORECAST\*

**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, 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 2022/23 is \$3.7 million, which is \$0.4 million higher than the FY 2021/22 adopted budget primarily due to moving the budget for WestWorld Parking from the General Fund to a Special Revenue Fund and anticipated special event revenue at the McCormick-Stillman Railroad Park including Exclusively Little Expo, Tents by the Trails and other events.

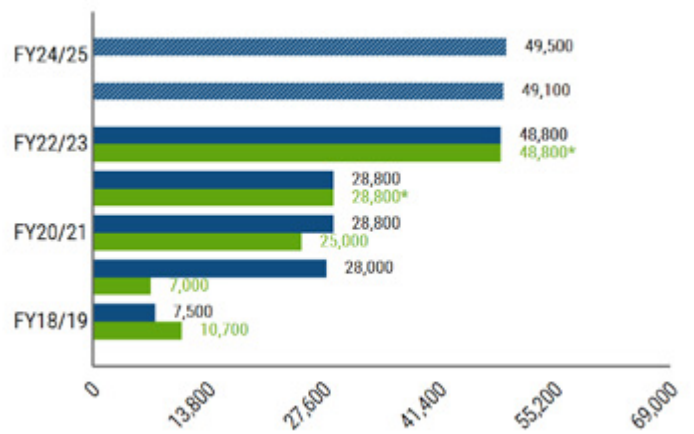
FY 2018/19 to FY 2024/25 (in millions)



**MAYOR AND CITY COUNCIL**

Mayor and City Council receive contributions and donations to fund the yearly Mayor's Constitution event. The FY 2022/23 estimated special revenue of \$48,800, is an increase of \$20,000 when compared to the FY 2021/22 adopted budget. The increase is due to expected revenue from sponsorships for the State of the City event.

FY 2018/19 to FY 2024/25

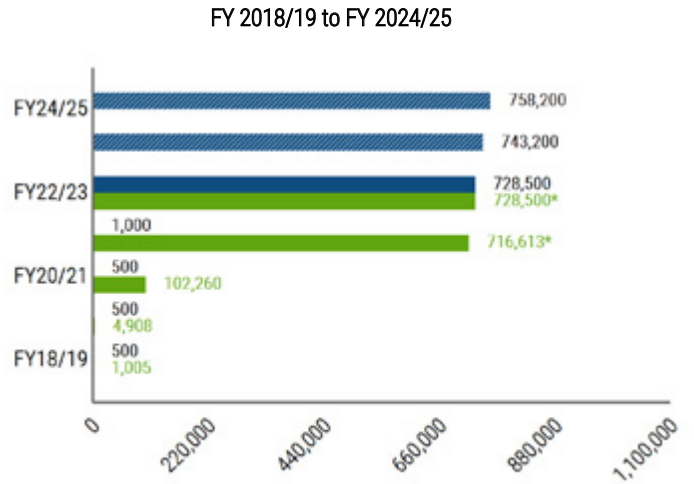


FORECAST BUDGET ACTUAL/FORECAST\*



**PUBLIC SAFETY - FIRE**

A new and large portion of Public Safety - Fire revenue is generated from the Smart and Safe AZ Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults 21 and over as approved at the 2020 general election. Monies received by local law enforcement agencies are expected to cover peace officer training academies and sworn personnel costs. Other fire revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition and fire station enhancements. The estimated revenue through restricted revenue sources for FY 2022/23 is \$0.7 million, which is an increase of \$0.7 million due to the addition of funding from the Smart and Safe AZ Act.

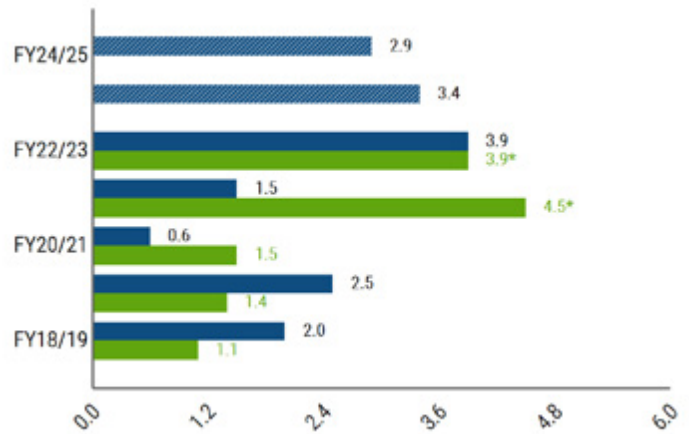


▨ FORECAST 
 ■ BUDGET 
 ■ ACTUAL/FORECAST\*

**PUBLIC SAFETY - POLICE**

Public Safety - Police revenue is generated from the following eight sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds to enhance police operations; 2) Forensic Services Intergovernmental Agreement (IGA) with communities neighboring Scottsdale for full cost recovery of services provided at the crime laboratory; 3) drug conviction assessments for the purpose of crime laboratory analysis; 4) donations made specifically for the Mounted Unit, Family Advocacy, Canine Unit, and Cadet Program; 5) Police 30-Day Tow Program that enforces State Statute (28-872) for driving under the influence and driving without insurance offences; 6) Officer Safety Equipment established by Senate Bill 1398 that imposes a \$13 assessment (\$4 to the investigating/arresting agency) on all criminal charges, civil traffic, and parking charges to purchase safety equipment for officers; 7) Second Hand and Pawn Transaction Fee established by Ordinance No. 3966 in May 2012 that requires electronically processed pawn tickets and related fees be used to recover costs related to the administration of the program; and 8) Revenue generated from the Smart and Safe AZ Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults 21 and over as approved at the 2020 general election. Monies received by local law enforcement agencies are expected to cover peace officer training academies and sworn personnel costs. Revenue estimated through restricted revenue sources for FY 2022/23 is \$3.9 million, which is an increase of \$2.4 million from the FY 2021/22 adopted budget due to authorized spending that will be reimbursed with RICO funds and the additional revenue generated by the Smart and Safe AZ Act. The \$4.5 million year-end forecast for FY 2021/22 includes reimbursements received for authorized RICO purchases throughout FY 2021/22 and Smart and Safe AZ Act revenue received after the budget had been prepared.

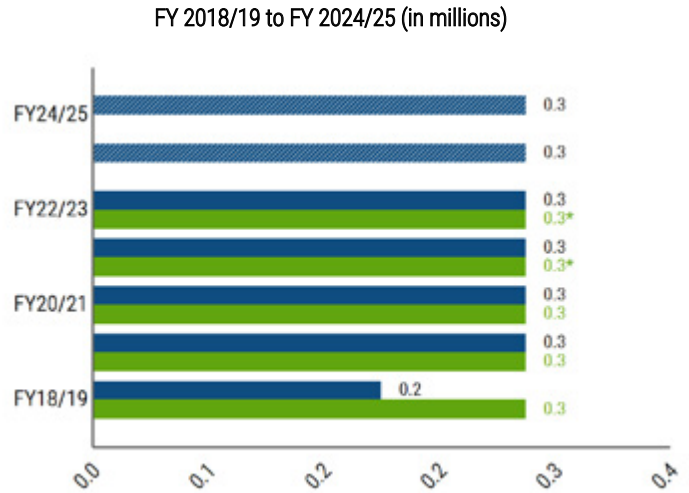
FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

**PUBLIC WORKS**

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of and maintenance of city right-of-ways. The agreement requires Southwest Gas to pay the city a two percent franchise fee and a 0.5 percent Capital Expenditures Fund fee based on gross revenues derived from its sale and/or delivery of natural and artificial gas. The FY 2022/23 estimated revenue of \$0.3 million is flat compared to the FY 2021/22 adopted budget.

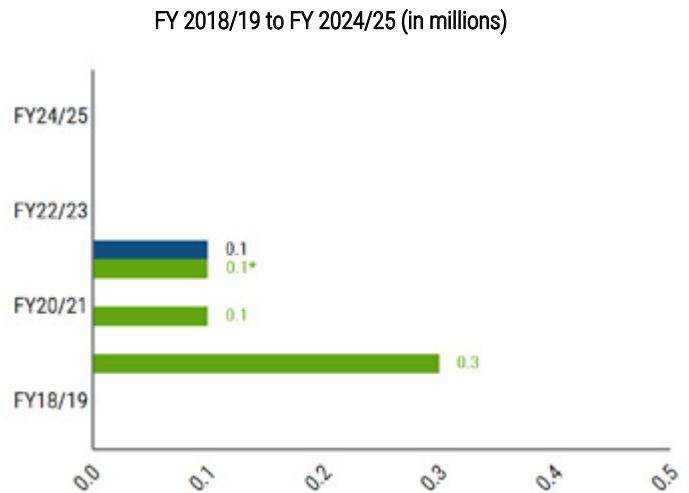


**TRANSFERS IN**

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2022/23 adopted budget includes \$10,000 in Transfers In.

**CIP**

Transfers In CIP for FY 2022/23 are \$0. The FY 2021/22 forecast of \$0.1 million represents a transfer from CIP Stormwater In-lieu fees which was designated for a floodplain management study. The FY 2019/20 actuals represent a decision to move savings in the amount of \$0.3 million from the City Court Customer Service Counters and Lobby Remodel capital project and being returned to the Court Enhancement Fund within the Special Programs Fund.

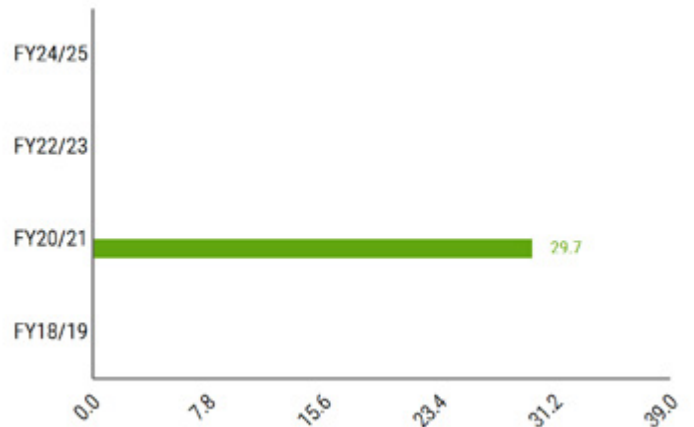


FORECAST BUDGET ACTUAL/FORECAST\*

**OPERATING**

Operating Transfers In to the Special Programs Fund for FY 2022/23 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 2018/19 to FY 2024/25 (in millions)



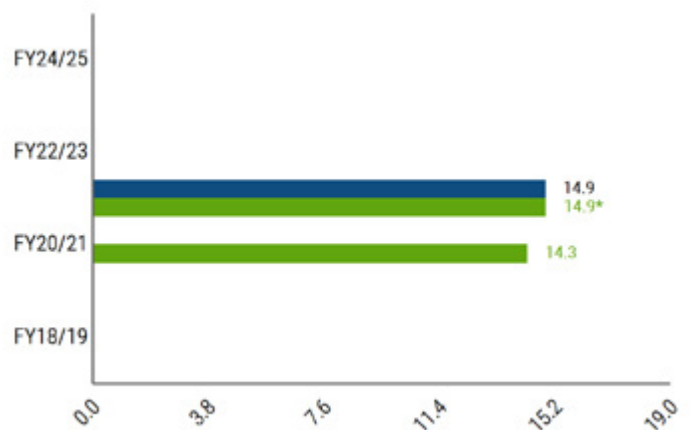
**SPECIAL PROGRAMS FUND USES**

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

**AZCARES**

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

FY 2018/19 to FY 2024/25 (in millions)

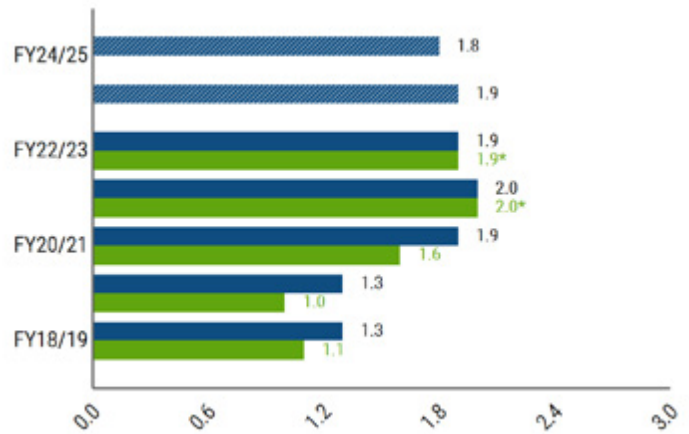


FORECAST BUDGET ACTUAL/FORECAST\*

**CITY COURT**

City Court adopted budget for FY 2022/23 is \$1.9 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 2022/23 adopted budget decreased \$0.1 million when compared to the FY 2021/22 adopted budget due to moving the Court Administrator position back to the General Fund. In response to the COVID-19 pandemic, four City Court positions were moved from the General Fund to the Special Programs Fund. Beginning in FY 2022/23, one position will transfer back to the General Fund annually for the next four years.

FY 2018/19 to FY 2024/25 (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 2022/23 is \$3.0 million, which is \$0.5 million lower than the FY 2021/22 adopted budget. The decrease is mainly related to available cash in the Downtown 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 2018/19 to FY 2024/25 (in millions)

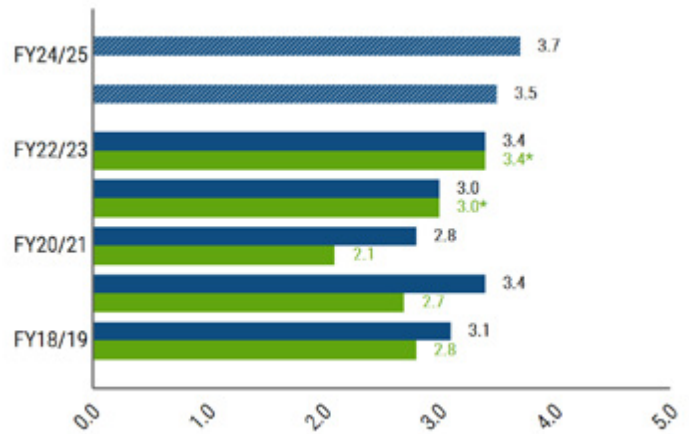


FORECAST BUDGET ACTUAL/FORECAST\*

**COMMUNITY SERVICES**

Community Services expenditures include youth sports field and pool maintenance, capital outlays improvements, Silverado Golf Course maintenance/improvements, special events, providing memorials, funding community support agencies (Scottsdale Cares), afterschool programs, summer programs, library programs and operations, and maintaining the facilities at the McCormick-Stillman Railroad Park. The FY 2022/23 budget is \$3.4 million, which is \$0.4 million greater than the FY 2021/22 adopted budget. The increase is related to an increase in operating supplies at the McCormick-Stillman Railroad Park to accommodate new events and to support events that have increased in duration and for increased painting and concession for resale costs. It is also due to higher herbicide costs for field maintenance and the establishment of a budget to be used exclusively for the purchase of library materials.

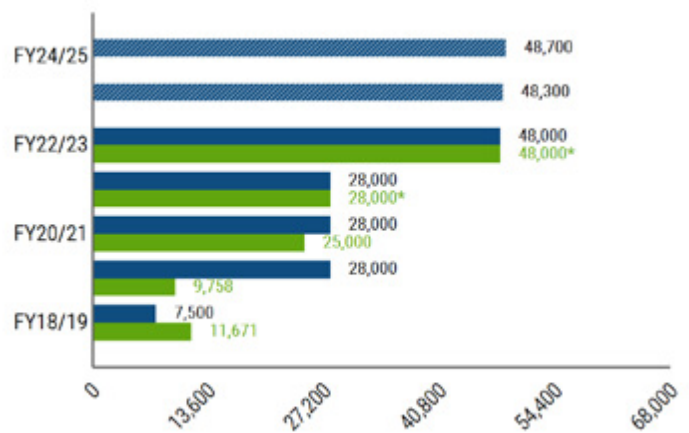
FY 2018/19 to FY 2024/25 (in millions)



**MAYOR AND CITY COUNCIL**

Mayor and City Council expenditures are for the annual Mayor's Constitution event. The FY 2022/23 adopted budget of \$48,000 is \$20,000 greater than the FY 2021/22 adopted budget, which includes additional funding to support the annual Mayor and Council Breakfast and State of the City events.

FY 2018/19 to FY 2024/25



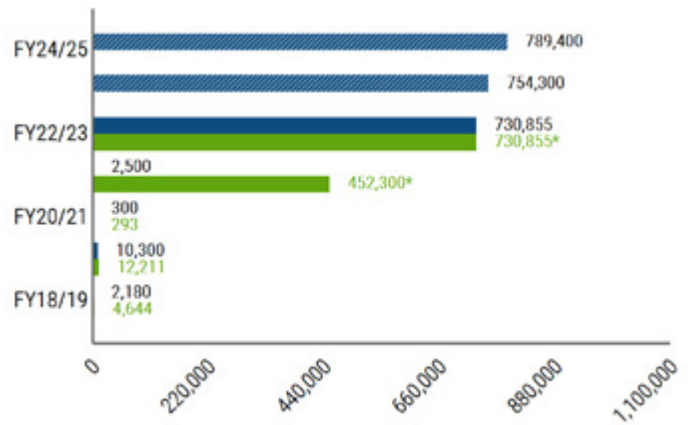
FORECAST BUDGET ACTUAL/FORECAST\*



**PUBLIC SAFETY - FIRE**

Public Safety - Fire expenditures support personnel, public education, equipment acquisition and fire station enhancements. The FY 2022/23 adopted budget is \$0.7 million, which is an increase of \$0.7 million when compared to the FY 2021/22 adopted budget due to the addition of 9.00 FTEs funded by the Smart and Safe AZ Act. The \$0.5 million year-end forecast for FY 2021/22 includes personnel expenditures charged to the Smart and Safe AZ Act due to receiving the first revenue payments after the budget had been prepared.

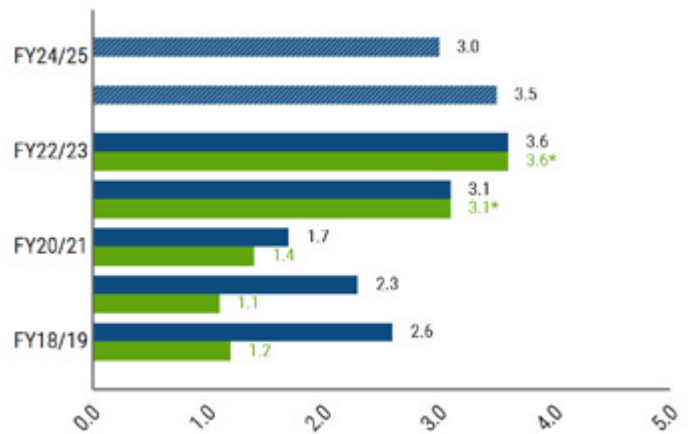
FY 2018/19 to FY 2024/25



**PUBLIC SAFETY - POLICE**

Public Safety - Police expenditures include: 1) law enforcement enhancements using Racketeer Influenced and Corrupt Organizations (RICO) funds; 2) the provision of Crime Laboratory Services; 3) veterinary costs, specific training, education and supplies for the Mounted Unit and Canine Unit; 4) School Resource Services including the Cadet Program; 5) Family Advocacy Center; 6) administrative costs for the 30-Day Tow Program that enforces ARS §28-3511; 7) equipment that enhances officer’s safety while on duty; 8) costs for administration and enforcement of City Ordinance No. 3966 (Second Hand and Pawn Transaction Fees); 9) personnel costs for a new Short Term Rental Unit; and 10) personnel costs for a new Park and Preserve Unit. The FY 2022/23 adopted budget is \$3.6 million, which is \$0.5 million higher than the FY 2021/22 adopted budget due to the addition of 8.00 FTEs for the Short Term Rental and Park and Preserve Units.

FY 2018/19 to FY 2024/25 (in millions)

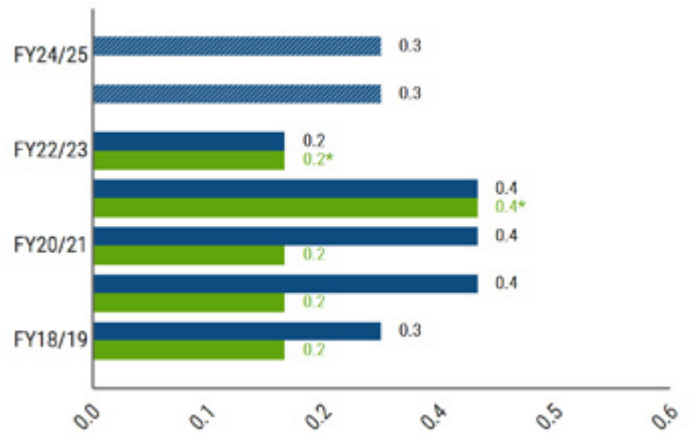


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 budget is \$0.2 million, which is a decrease of \$0.2 million when compared to the FY 2021/22 adopted budget. The decrease is due to a one-time purchase of HVAC equipment at Loloma School in FY 2021/22.

FY 2018/19 to FY 2024/25 (in millions)



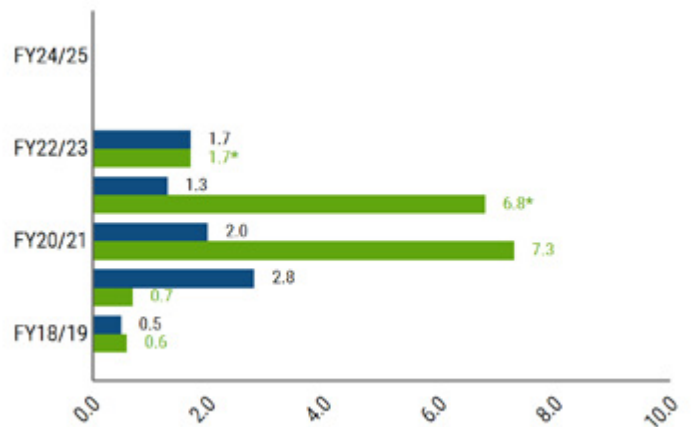
**TRANSFERS OUT**

Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2022/23 adopted budget includes \$7.2 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 2022/23 budget of \$1.7 million for transfers out is an increase of \$0.4 million from the FY 2021/22 adopted budget. The increase is due to one-time funding for the City Court - Jail Court Construction CIP project.

FY 2018/19 to FY 2024/25 (in millions)

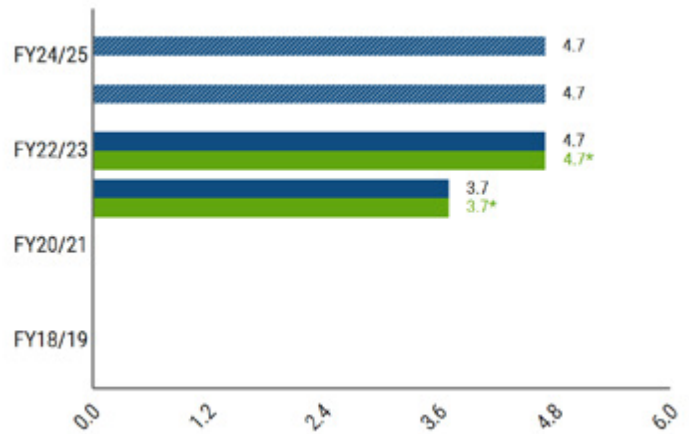


FORECAST BUDGET ACTUAL/FORECAST\*

**CIP STORMWATER**

CIP Stormwater is the \$4.95 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 2022/23 budget is \$4.7 million, which is \$1.0 million higher than FY 2021/22 adopted budget explained by a Council approved stormwater fee increase of \$1.00.

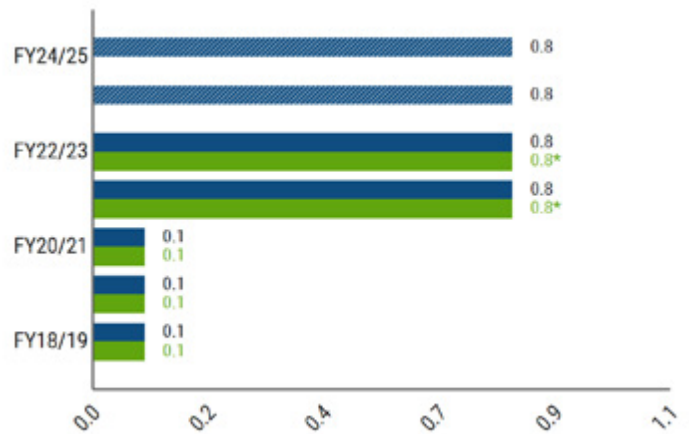
FY 2018/19 to FY 2024/25 (in millions)



**DEBT SERVICE MPC BONDS**

The adopted FY 2022/23 budget of \$0.8 million is a transfer out to the Debt Service Fund for the Municipal Property Corporation (MPC) Bonds issued for the McDowell Mountain Golf Course and Stormwater Fee for Projects, which is flat when compared to the FY 2021/22 adopted budget.

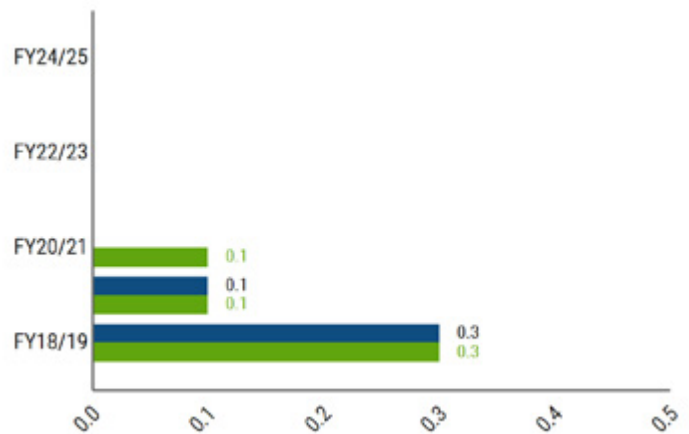
FY 2018/19 to FY 2024/25 (in millions)



**OPERATING**

The FY 2022/23 Operating Transfers Out is \$0. The year-over-year decrease from FY 2018/19 through FY 2020/21 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 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

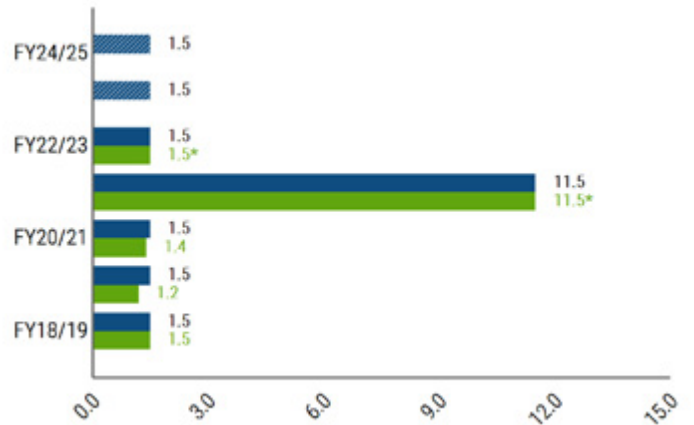
## SPECIAL PROGRAMS FUND ENDING BALANCE

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 2022/23 is set at \$1.5 million. FY 2021/22 Adopted Appropriation Contingency includes a \$10.0 million affordable housing contingency approved by City Council.

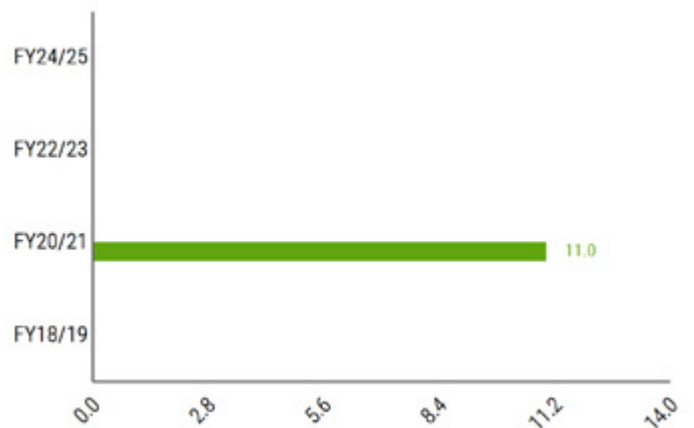
FY 2018/19 to FY 2024/25 (in millions)



### AZCARES FUNDING

AZCares Funding is the designation created FY2020/21 in the fund balance for remaining AZCares funding. There will be no fund balance after the end of FY 2021/22.

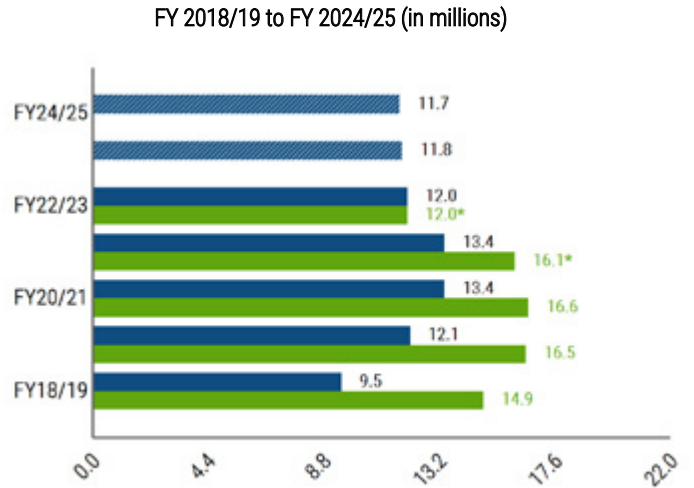
FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

**SPECIAL PROGRAMS ENDING FUND BALANCE**

Special Programs Fund ending balance of \$12.0 million for FY 2022/23 represents the following individual ending fund balances: \$6.0 million for City Court; \$0.6 million for Community and Economic Development; \$2.5 million for Community Services; \$4,631 for Mayor and City Council; \$0.4 millions for Public Safety - Fire; \$2.3 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.

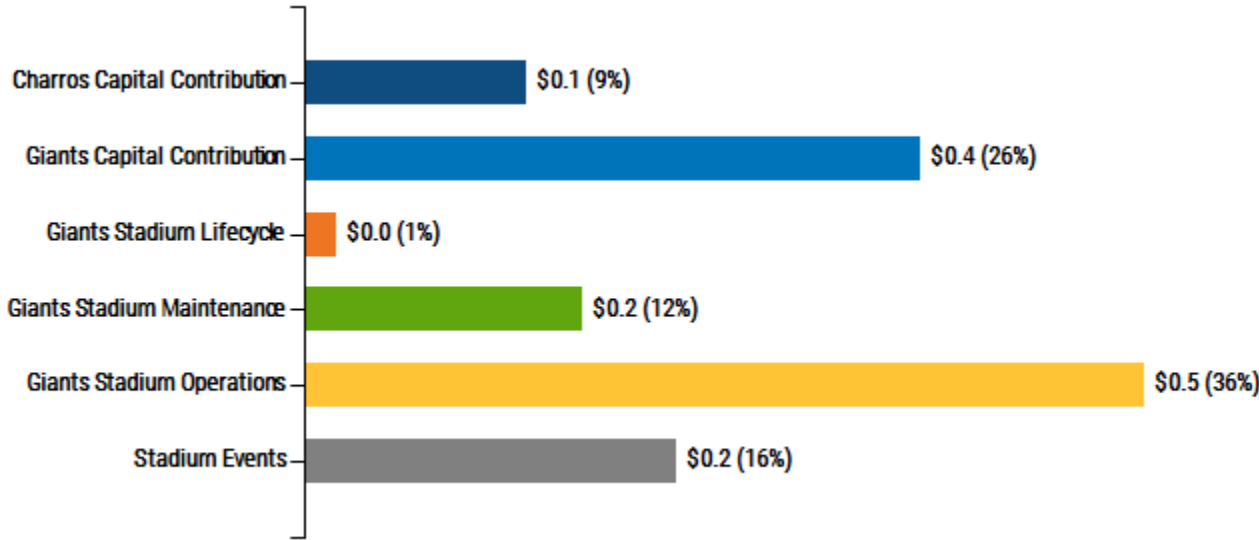


FORECAST
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  ACTUAL/FORECAST\*

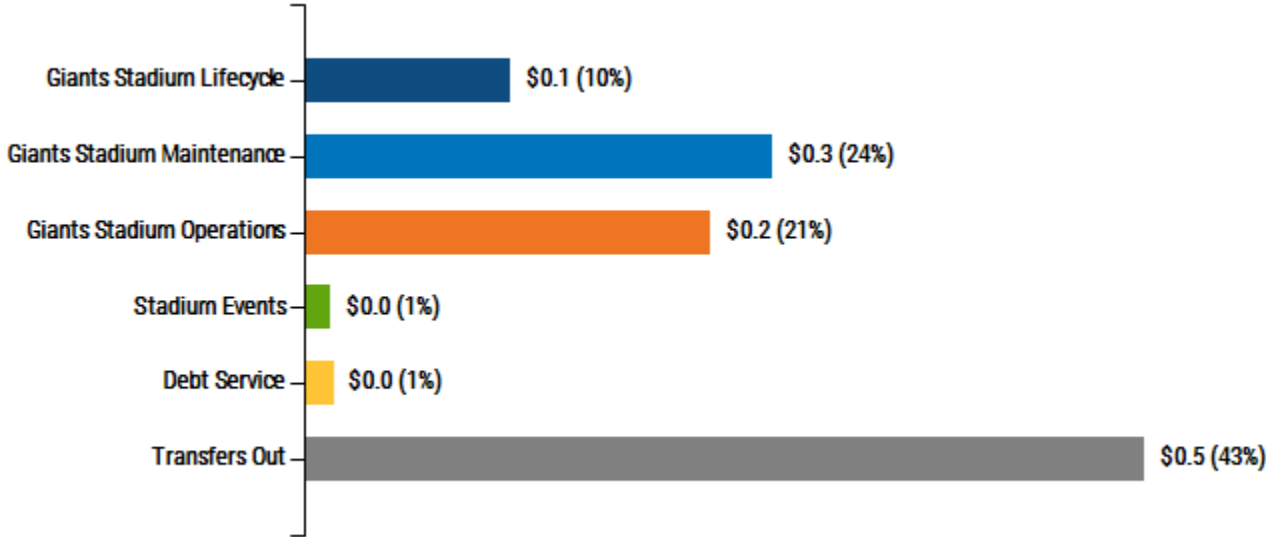
**FUND PURPOSE**

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

**Stadium Facility Fund Sources (% to Total)  
\$1.4 Million**



**Stadium Facility Fund Uses (% to Total)  
\$1.2 Million**



Rounding differences may occur.



## BUDGET BY FUND | Stadium Facility Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Undesignated, Unreserved Fund Balance	2,657,297	5,070,559	3,821,663	3,807,078
<b>Total Beginning Fund Balance</b>	<b>2,657,297</b>	<b>5,070,559</b>	<b>3,821,663</b>	<b>3,807,078</b>
<b>Revenues</b>				
Charros Capital Contribution	135,000	135,000	135,000	135,000
Giants Capital Contribution	390,172	375,000	375,000	375,000
Giants Stadium Lifecycle	2,539,708	12,108	12,108	19,362
Giants Stadium Maintenance	1,675	172,500	172,500	169,460
Giants Stadium Operations	15,229	507,394	507,394	511,823
Stadium Events	353,784	465,000	465,000	226,500
<b>Subtotal</b>	<b>3,435,568</b>	<b>1,667,002</b>	<b>1,667,002</b>	<b>1,437,145</b>
<b>Transfers In</b>				
<b>Subtotal</b>	-	-	-	-
<b>Total Sources</b>	<b>3,435,568</b>	<b>1,667,002</b>	<b>1,667,002</b>	<b>1,437,145</b>
<b>Expenditures</b>				
Giants Stadium Lifecycle	9,586	525,000	525,000	125,000
Giants Stadium Maintenance	299,717	277,584	277,584	284,049
Giants Stadium Operations	82,000	344,822	344,822	246,563
Stadium Events	1,365	15,494	15,494	15,518
<b>Subtotal</b>	<b>392,667</b>	<b>1,162,900</b>	<b>1,162,900</b>	<b>671,130</b>
<b>Debt Service</b>				
Contracts Payable	-	-	8,687	17,375
<b>Subtotal</b>	-	-	<b>8,687</b>	<b>17,375</b>
<b>TOTAL OPERATING BUDGET</b>	<b>392,667</b>	<b>1,162,900</b>	<b>1,171,587</b>	<b>688,505</b>
<b>Transfers Out</b>				
CIP	1,281,810	-	-	-
Debt Svc MPC Bonds	596,725	510,000	510,000	510,000
<b>Subtotal</b>	<b>1,878,535</b>	<b>510,000</b>	<b>510,000</b>	<b>510,000</b>
<b>Total Uses</b>	<b>2,271,202</b>	<b>1,672,900</b>	<b>1,681,587</b>	<b>1,198,505</b>
<b>Sources Over/(Under) Uses</b>	<b>1,164,366</b>	<b>(5,898)</b>	<b>(14,585)</b>	<b>238,640</b>
<b>Ending Fund Balance</b>				
Undesignated, Unreserved Fund Balance	3,821,663	5,064,661	3,807,078	4,045,718
<b>Total Ending Fund Balance</b>	<b>3,821,663</b>	<b>5,064,661</b>	<b>3,807,078</b>	<b>4,045,718</b>

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

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Undesignated, Unreserved Fund Balance	3,807,078	4,045,718	4,275,418	4,638,218	5,026,018
<b>Total Beginning Fund Balance</b>	<b>3,807,078</b>	<b>4,045,718</b>	<b>4,275,418</b>	<b>4,638,218</b>	<b>5,026,018</b>
<b>Revenues</b>					
Charros Capital Contribution	135,000	135,000	135,000	135,000	135,000
Giants Capital Contribution	375,000	525,000	525,000	525,000	525,000
Giants Stadium Lifecycle	19,362	27,900	37,800	48,000	54,500
Giants Stadium Maintenance	169,460	169,500	300,000	324,200	324,200
Giants Stadium Operations	511,823	519,500	528,100	536,000	544,200
Stadium Events	226,500	231,000	235,700	240,400	245,200
<b>Subtotal</b>	<b>1,437,145</b>	<b>1,607,900</b>	<b>1,761,600</b>	<b>1,808,600</b>	<b>1,828,100</b>
<b>Transfers In</b>					
<b>Subtotal</b>	-	-	-	-	-
<b>Total Sources</b>	<b>1,437,145</b>	<b>1,607,900</b>	<b>1,761,600</b>	<b>1,808,600</b>	<b>1,828,100</b>
<b>Expenditures</b>					
Giants Stadium Lifecycle	125,000	125,000	125,000	125,000	125,000
Giants Stadium Maintenance	284,049	295,300	307,000	319,600	332,400
Giants Stadium Operations	246,563	264,700	273,200	282,300	291,300
Stadium Events	15,518	15,800	16,300	16,600	17,100
<b>Subtotal</b>	<b>671,130</b>	<b>700,800</b>	<b>721,500</b>	<b>743,500</b>	<b>765,800</b>
<b>Debt Service</b>					
Contracts Payable	17,375	17,400	17,300	17,300	8,700
<b>Subtotal</b>	<b>17,375</b>	<b>17,400</b>	<b>17,300</b>	<b>17,300</b>	<b>8,700</b>
<b>TOTAL OPERATING BUDGET</b>	<b>688,505</b>	<b>718,200</b>	<b>738,800</b>	<b>760,800</b>	<b>774,500</b>
<b>Transfers Out</b>					
CIP	-	-	-	-	-
Debt Svc MPC Bonds	510,000	660,000	660,000	660,000	660,000
<b>Subtotal</b>	<b>510,000</b>	<b>660,000</b>	<b>660,000</b>	<b>660,000</b>	<b>660,000</b>
<b>Total Uses</b>	<b>1,198,505</b>	<b>1,378,200</b>	<b>1,398,800</b>	<b>1,420,800</b>	<b>1,434,500</b>
<b>Sources Over/(Under) Uses</b>	<b>238,640</b>	<b>229,700</b>	<b>362,800</b>	<b>387,800</b>	<b>393,600</b>
<b>Ending Fund Balance</b>					
Undesignated, Unreserved Fund Balance	4,045,718	4,275,418	4,638,218	5,026,018	5,419,618
<b>Total Ending Fund Balance</b>	<b>4,045,718</b>	<b>4,275,418</b>	<b>4,638,218</b>	<b>5,026,018</b>	<b>5,419,618</b>

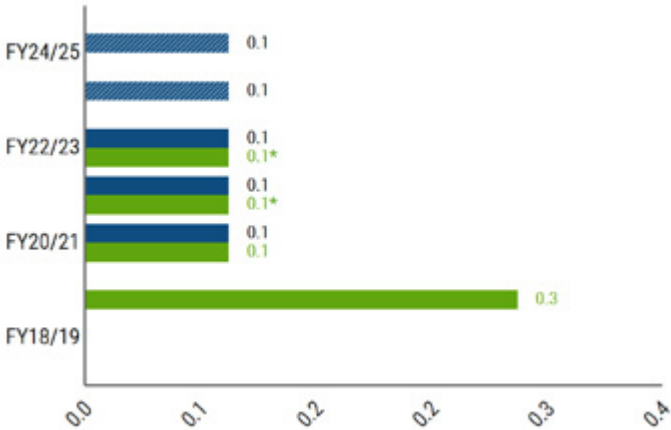
**STADIUM FACILITY FUND SOURCES**

The Stadium Facility Fund sources for FY 2022/23 are budgeted at \$1.4 million, a decrease of \$0.2 million from the FY 2021/22 adopted budget.

**CHARROS CAPITAL CONTRIBUTION**

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

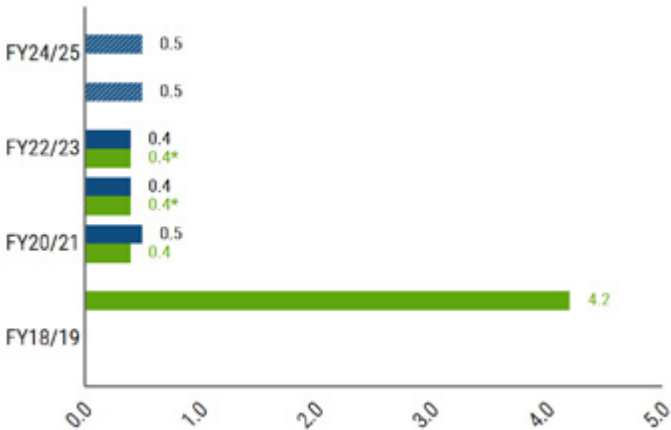
FY 2018/19 to FY 2024/25 (in millions)



**GIANTS CAPITAL CONTRIBUTION**

Giants Capital Contribution represents the San Francisco Giants organization's annual contractual contribution used for debt service to help fund the stadium rehabilitation and improvement project. The FY 2022/23 adopted budget amount is \$0.4 million. Per the baseball facilities agreement, the contribution rate will go up to \$0.5 million starting in FY 2023/24, and to \$0.6 million starting in FY 2028/29 until the end of the contract. An initial payment of \$4.2 million was made in FY 2019/20.

FY 2018/19 to FY 2024/25 (in millions)

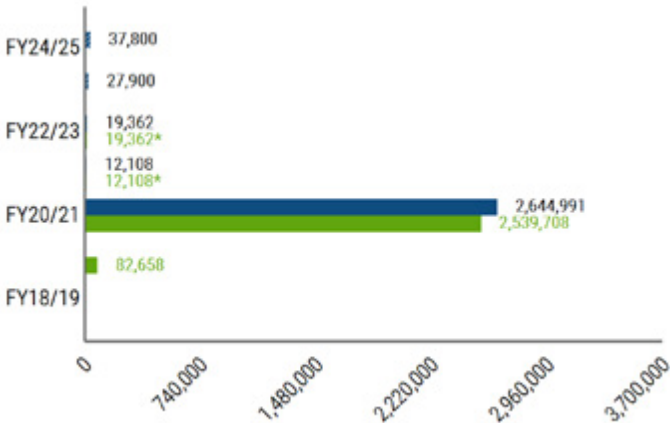


FORECAST BUDGET ACTUAL/FORECAST\*

**GIANTS STADIUM LIFECYCLE**

The Giants Stadium Lifecycle revenue is used for the maintenance and operation of the Stadium, lifecycle improvements and small projects. Per the participation agreement, the San Francisco Giants will pay the city a \$125,000 annual contribution for 20 years. In lieu of the annual payment, the Giants paid an up-front lifecycle contribution of \$2.5 million in FY 2020/21. The FY 2022/23 budgeted revenue amount of \$19,362 is the estimated interest revenue the city expects to collect on the balance of the up-front lifecycle contribution.

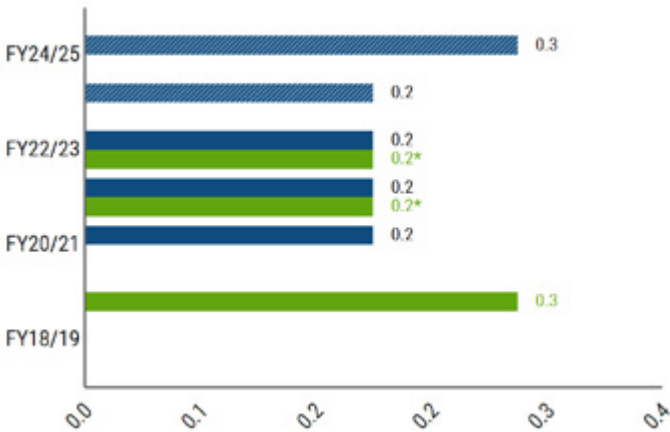
FY 2018/19 to FY 2024/25



**GIANTS STADIUM MAINTENANCE**

Giants Stadium Maintenance is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards maintaining the baseball facilities and minor facility improvement requested by the team. The portion paid for by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2022/23 adopted budget of \$0.2 million is flat when compared to the FY 2021/22 adopted budget.

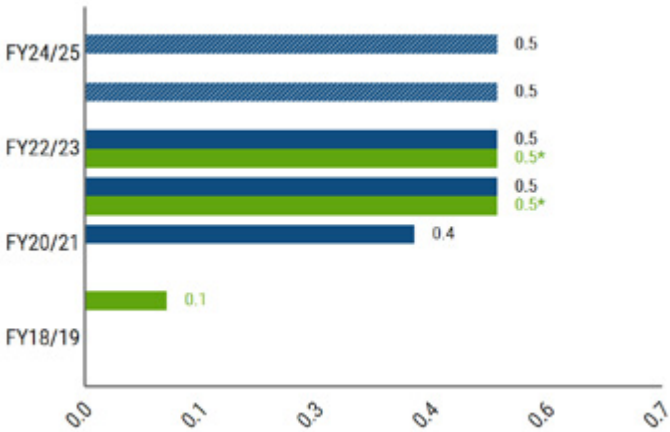
FY 2018/19 to FY 2024/25 (in millions)



**GIANTS STADIUM OPERATIONS**

Giants Stadium Operations is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards operating the baseball facilities, including cleaning and utility costs. The portion paid for by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2022/23 adopted budget amount of \$0.5 million is flat when compared to the FY 2021/22 adopted budget.

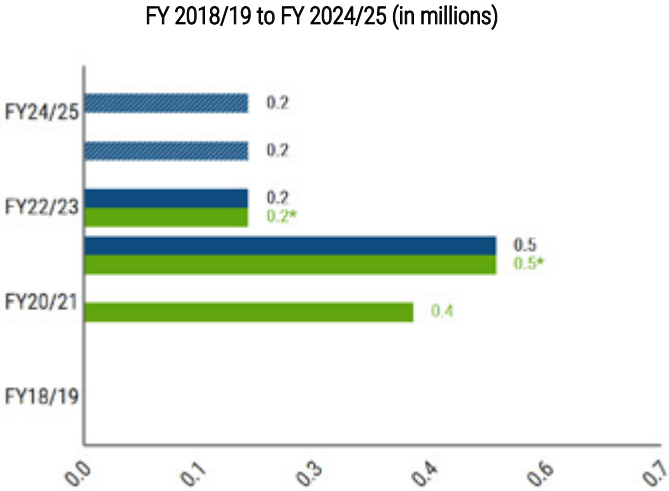
FY 2018/19 to FY 2024/25 (in millions)



/// FORECAST    ■ BUDGET    ■ ACTUAL/FORECAST\*

**STADIUM EVENTS**

Stadium Events represents revenue generated from the events held on the stadium campus. Events are held by a variety of different groups and organizations throughout the year and are held outside of the Giants exclusive use period. It also includes the city's percentage of stadium concession revenues. The FY 2022/23 adopted budget of \$0.2 million is \$0.3 lower than the FY 2021/22 adopted budget of \$0.5 million. The decrease is due to the Giants moving their offseason home from the stadium to the new Papago complex.

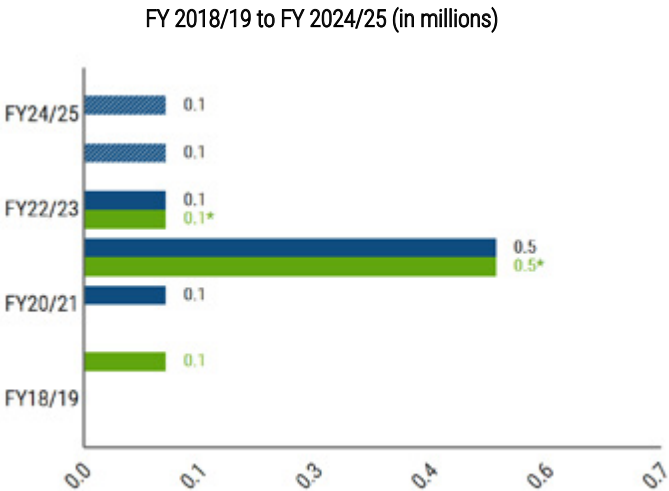


**STADIUM FACILITY FUND USES**

The Stadium Facility Fund uses include expenses related to Giants Stadium Lifecycle, Giants Stadium Maintenance, Giants Stadium Operations, Stadium Events, Debt Service and Transfers Out.

**GIANTS STADIUM LIFECYCLE**

Giants Stadium Lifecycle represents lifecycle improvements, small projects, and construction costs incurred by the city related to the rehabilitation of the baseball facilities. The FY 2022/23 adopted budget of \$0.1 million is \$0.4 million lower than the FY 2021/22 adopted budget of \$0.5 million due to the one-time replacement of stadium seats which occurred in FY 2021/22 but will not repeat in FY 2022/23.

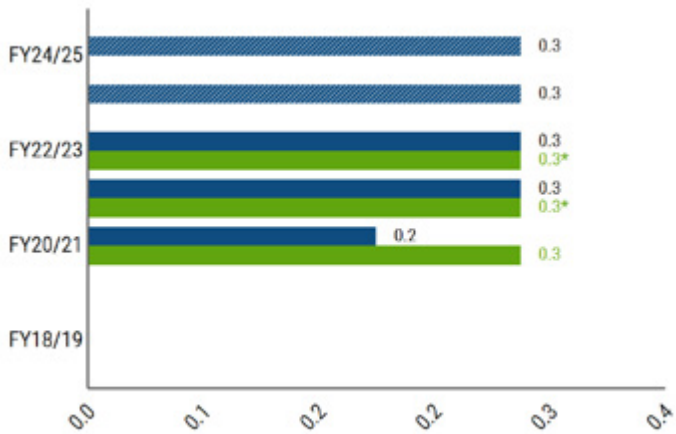


FORECAST BUDGET ACTUAL/FORECAST\*

**GIANTS STADIUM MAINTENANCE**

Giants Stadium Maintenance includes expenses related to stadium maintenance and upkeep. It also includes a budget for costs for minor facility improvements requested by the team. The adopted budget for FY 2022/23 of \$0.3 million is flat when compared to the FY 2021/22 adopted budget.

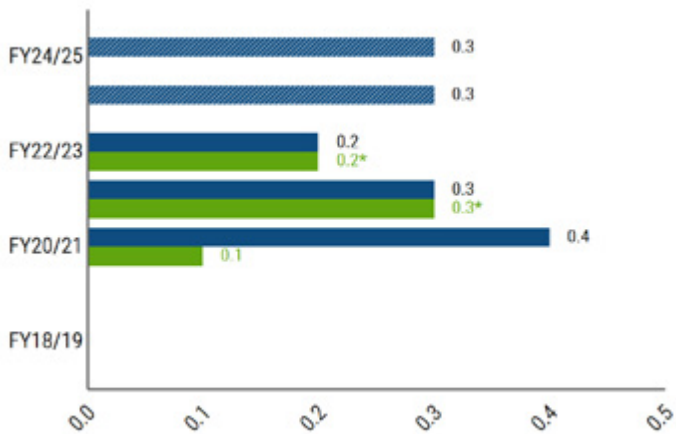
FY 2018/19 to FY 2024/25 (in millions)



**GIANTS STADIUM OPERATIONS**

Giants Stadium Operations represents expenses associated with stadium cleaning and utility costs. The FY 2022/23 adopted budget of \$0.2 million is \$0.1 million lower than the FY 2021/22 adopted budget of \$0.3 million. This decrease is due to inadvertently not reflecting the budget for electrical utility costs within the Stadium Facility Fund.

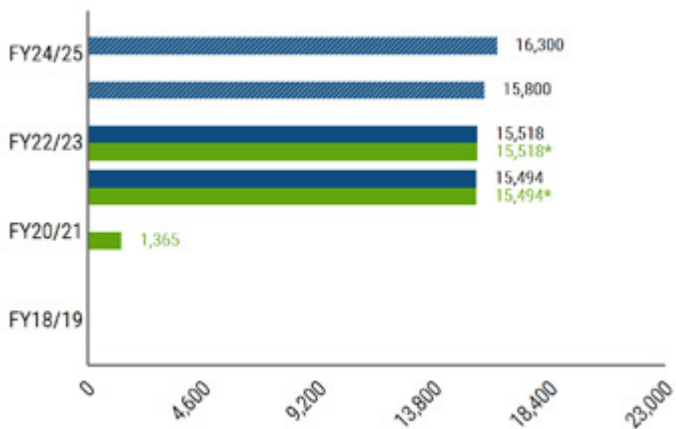
FY 2018/19 to FY 2024/25 (in millions)



**STADIUM EVENTS**

Stadium Events includes expenses related to custodial services for small, non-Giants events. The FY 2022/23 adopted budget amount is \$15,518. This is relatively flat when compared to the FY 2021/22 adopted budget amount.

FY 2018/19 to FY 2024/25



FORECAST BUDGET ACTUAL/FORECAST\*

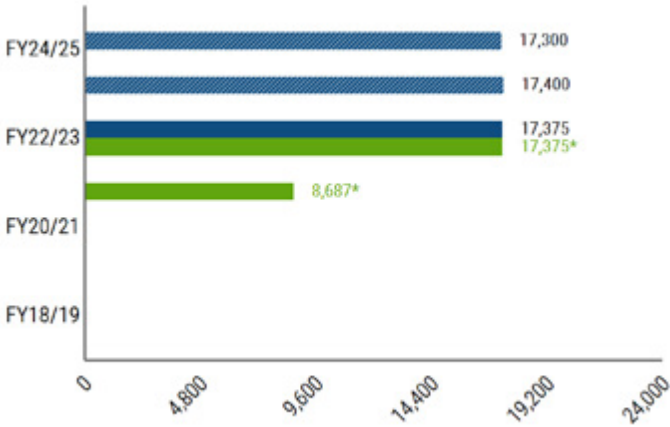
**DEBT SERVICE**

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

**CONTRACTS PAYABLE**

Contracts Payable includes liability costs for the John Deere Mowing Equipment contract. The adopted FY 2022/23 budget for Contract Payable is \$17,375.

FY 2018/19 to FY 2024/25



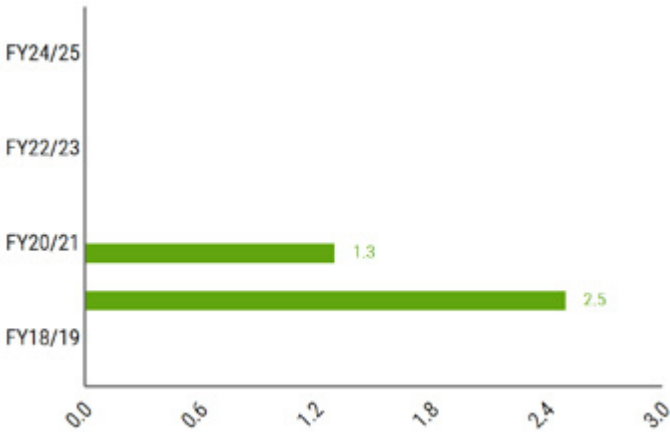
**TRANSFERS OUT**

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

**CIP**

There are no planned Capital Improvement Plan projects budgeted in FY 2022/23; therefore, no transfers out are included. A total of \$3.7 million was transferred to the CIP in FY 2019/20 and FY 2020/21, which was a portion of the Giants' capital contribution towards the Stadium rehabilitation effort.

FY 2018/19 to FY 2024/25 (in millions)



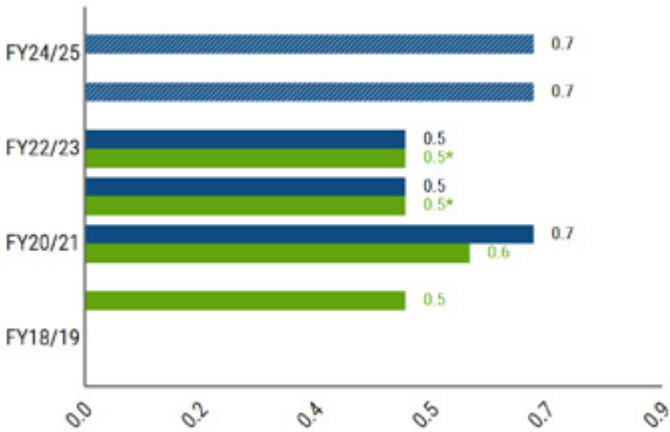
FORECAST BUDGET ACTUAL/FORECAST\*



**DEBT SVC MPC BONDS**

Debt Svc MPC Bonds accounts for the Giant's (\$0.4 million) and Charros' (\$0.1 million) annual contributions to the Debt Service Fund to help support the stadium renovation project. The FY 2022/23 amount is flat when compared to the FY 2021/22 amount.

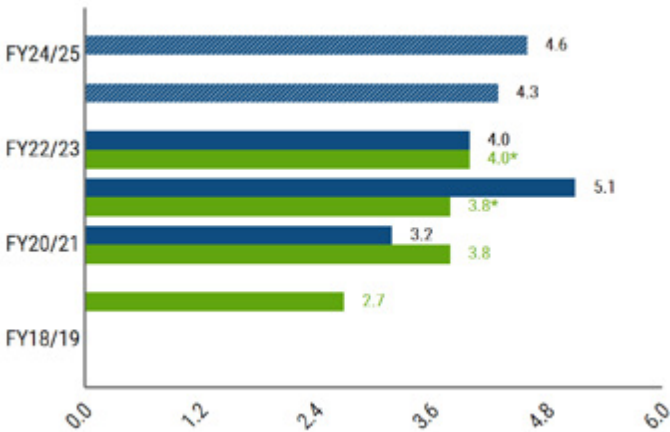
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 ending Undesignated, Unreserved Fund Balance is \$4.0 million.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

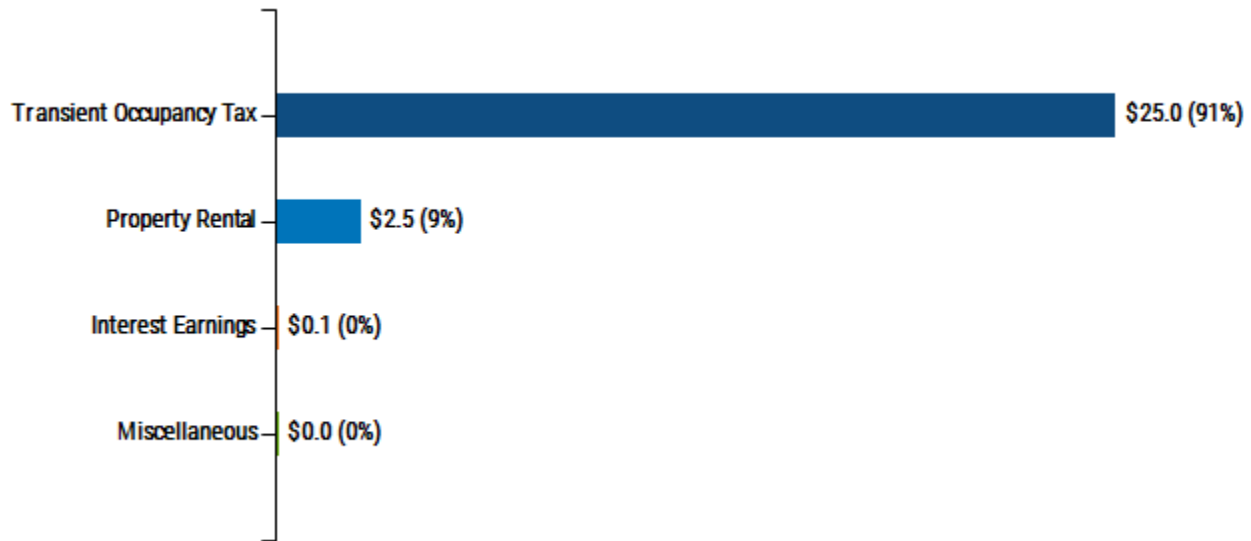


**FY 2022/23 Adopted Budget**

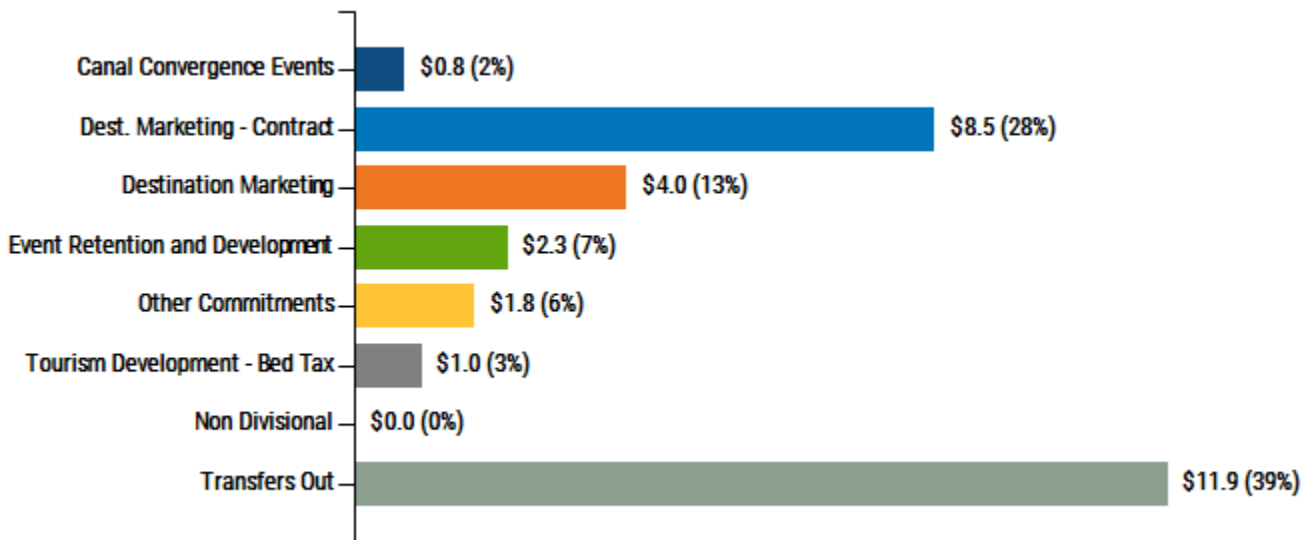
## Fund Purpose

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

**Tourism Development Fund Sources (% to Total)**  
**\$27.6 Million**



**Tourism Development Fund Uses (% to Total)**  
**\$30.2 Million**



Rounding differences may occur.

## BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Destination Marketing	-	-	-	1,751,402
Operating Contingency	2,500,000	2,193,495	2,500,000	2,500,000
Reserve - Administration and Research	823,278	963,340	1,273,419	1,241,407
Reserve - Events and Event Development	1,543,110	2,488,932	2,808,498	2,373,339
Undesignated, Unreserved Fund Balance	1,259,987	755,417	693,369	932,639
<b>Total Beginning Fund Balance</b>	<b>6,126,375</b>	<b>6,401,184</b>	<b>7,275,286</b>	<b>8,798,787</b>
<b>Revenues</b>				
Transient Occupancy Tax	18,013,024	21,637,230	25,140,035	25,000,000
Property Rental	1,695,849	1,602,000	2,533,274	2,519,163
Interest Earnings <sup>(a)</sup>	-	-	-	59,080
Miscellaneous	12,019	10,000	27,000	25,000
<b>Subtotal</b>	<b>19,720,892</b>	<b>23,249,230</b>	<b>27,700,309</b>	<b>27,603,243</b>
<b>Transfers In</b>				
CIP	34,053	-	-	-
<b>Subtotal</b>	<b>34,053</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>19,754,945</b>	<b>23,249,230</b>	<b>27,700,309</b>	<b>27,603,243</b>
<b>Expenditures</b>				
Canal Convergence Events	550,000	750,000	750,000	750,000
Dest. Marketing - Contract <sup>(b)</sup>	8,895,559	10,818,615	10,818,615	8,500,000
Destination Marketing <sup>(b)</sup>	-	-	-	4,000,000
Event Retention and Development	945,776	1,947,366	2,022,366	2,250,000
Other Commitments	633,343	1,535,000	1,870,000	1,776,550
Administration and Research	396,653	748,746	713,746	998,984
Vacation Trade	-	-	-	1,016
<b>Subtotal</b>	<b>11,421,332</b>	<b>15,799,727</b>	<b>16,174,727</b>	<b>18,276,550</b>
TOTAL OPERATING BUDGET	11,421,332	15,799,727	16,174,727	18,276,550
<b>Transfers Out</b>				
Debt Svc MPC Bonds	5,046,658	5,281,530	5,281,530	5,119,270
Operating	2,138,044	2,713,211	4,720,551	6,781,053
<b>Subtotal</b>	<b>7,184,702</b>	<b>7,994,741</b>	<b>10,002,081</b>	<b>11,900,323</b>
<b>Total Uses</b>	<b>18,606,034</b>	<b>23,794,468</b>	<b>26,176,808</b>	<b>30,176,873</b>
<b>Sources Over/(Under) Uses</b>	<b>1,148,911</b>	<b>(545,238)</b>	<b>1,523,501</b>	<b>(2,573,630)</b>
<b>Ending Fund Balance</b>				
Destination Marketing	-	-	1,751,402	1,751,402
Operating Contingency	768,495	2,500,000	2,125,000	2,500,000
Reserve - Administration and Research	1,273,419	963,340	1,241,407	618,662
Reserve - Events and Event Development	2,808,498	2,392,606	2,373,339	1,346,998
Undesignated, Unreserved Fund Balance	2,424,874	-	1,307,639	8,095
<b>Total Ending Fund Balance</b>	<b>7,275,286</b>	<b>5,855,946</b>	<b>8,798,787</b>	<b>6,225,157</b>

<sup>(a)</sup> Beginning in FY 2022/23 Interest Earnings are now recorded in the Tourism Development Fund based on a change in interest allocation methodology.

<sup>(b)</sup> Per Financial Policy No. 10, fifty percent of Transient Occupancy Tax shall be used for Destination Marketing. Beginning in FY 2022/23, a negotiated amount of 45 percent of bed tax funds collected based on the prior month's collections will be used for the Destination Marketing Contract, per Destination Marketing Services Agreement approved by Council after budget adoption, on June 21, 2022.

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

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Destination Marketing	1,751,402	1,751,402	1,751,402	1,751,402	1,751,402
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	1,241,407	618,662	341,216	507,174	730,391
Reserve - Events and Event Development	2,373,339	1,346,998	766,729	1,100,379	1,642,360
Undesignated, Unreserved Fund Balance	932,639	8,095	1,010	5,002	1,004
<b>Total Beginning Fund Balance</b>	<b>8,798,787</b>	<b>6,225,157</b>	<b>5,360,357</b>	<b>5,863,957</b>	<b>6,625,157</b>
<b>Revenues</b>					
Transient Occupancy Tax	25,000,000	22,000,000	22,660,000	23,339,800	24,040,000
Property Rental	2,519,163	2,216,900	2,283,400	2,351,900	2,422,400
Interest Earnings <sup>(a)</sup>	59,080	85,100	116,400	147,700	164,800
Miscellaneous	25,000	25,000	25,000	25,000	25,000
<b>Subtotal</b>	<b>27,603,243</b>	<b>24,327,000</b>	<b>25,084,800</b>	<b>25,864,400</b>	<b>26,652,200</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>27,603,243</b>	<b>24,327,000</b>	<b>25,084,800</b>	<b>25,864,400</b>	<b>26,652,200</b>
<b>Expenditures</b>					
Canal Convergence Events	750,000	750,000	750,000	750,000	750,000
Dest. Marketing - Contract <sup>(b)</sup>	8,500,000	8,755,000	9,017,700	9,288,200	9,566,800
Destination Marketing <sup>(b)</sup>	4,000,000	2,245,000	2,312,300	2,381,700	2,453,200
Event Retention and Development	2,250,000	1,980,000	2,039,400	2,100,600	2,163,600
Other Commitments	1,776,550	1,190,000	680,000	680,000	680,000
Administration and Research	998,984	880,000	906,400	933,600	961,600
Vacation Trade	1,016	-	-	-	-
<b>Subtotal</b>	<b>18,276,550</b>	<b>15,800,000</b>	<b>15,705,800</b>	<b>16,134,100</b>	<b>16,575,200</b>
TOTAL OPERATING BUDGET	18,276,550	15,800,000	15,705,800	16,134,100	16,575,200
<b>Transfers Out</b>					
Debt Svc MPC Bonds	5,119,270	4,988,300	4,979,000	4,989,600	4,976,400
Operating	6,781,053	4,403,500	3,896,400	3,979,500	4,072,500
<b>Subtotal</b>	<b>11,900,323</b>	<b>9,391,800</b>	<b>8,875,400</b>	<b>8,969,100</b>	<b>9,048,900</b>
<b>Total Uses</b>	<b>30,176,873</b>	<b>25,191,800</b>	<b>24,581,200</b>	<b>25,103,200</b>	<b>25,624,100</b>
<b>Sources Over/(Under) Uses</b>	<b>(2,573,630)</b>	<b>(864,800)</b>	<b>503,600</b>	<b>761,200</b>	<b>1,028,100</b>
<b>Ending Fund Balance</b>					
Destination Marketing	1,751,402	1,751,402	1,751,402	1,751,402	1,751,402
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	618,662	341,216	507,174	730,391	1,166,731
Reserve - Events and Event Development	1,346,998	766,729	1,100,379	1,642,360	2,233,102
Undesignated, Unreserved Fund Balance	8,095	1,010	5,002	1,004	2,022
<b>Total Ending Fund Balance</b>	<b>6,225,157</b>	<b>5,360,357</b>	<b>5,863,957</b>	<b>6,625,157</b>	<b>7,653,257</b>

<sup>(a)</sup> Beginning in FY 2022/23 Interest Earnings are now recorded in the Tourism Development Fund based on a change in interest allocation methodology.

<sup>(b)</sup> Per Financial Policy No.10, fifty percent of Transient Occupancy Tax shall be used for Destination Marketing. Beginning in FY 2022/23, a negotiated amount of 45 percent of bed tax funds collected based on the prior month's collections will be used for the Destination Marketing Contract, per Destination Marketing Services Agreement approved by Council after budget adoption, on June 21, 2022.

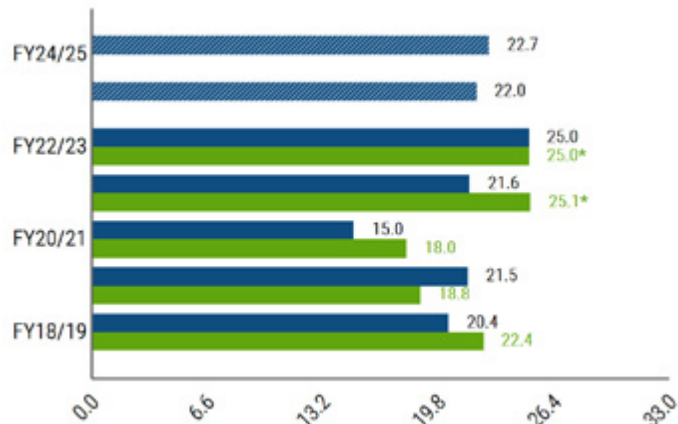
### TOURISM DEVELOPMENT FUND SOURCES

There are two main sources for the Tourism Development Fund: Transient Occupancy Tax and Property Rental, which is lease revenue from the Fairmont Scottsdale Princess Hotel. Additionally, there may be Interest Earnings, Miscellaneous revenue related to tourism activities, and Transfers In related to 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. The FY 2022/23 budget of \$25.0 million is \$3.4 million higher than the FY 2021/22 adopted budget, which reflects the positive trend in tourism activity estimated for another fiscal year.

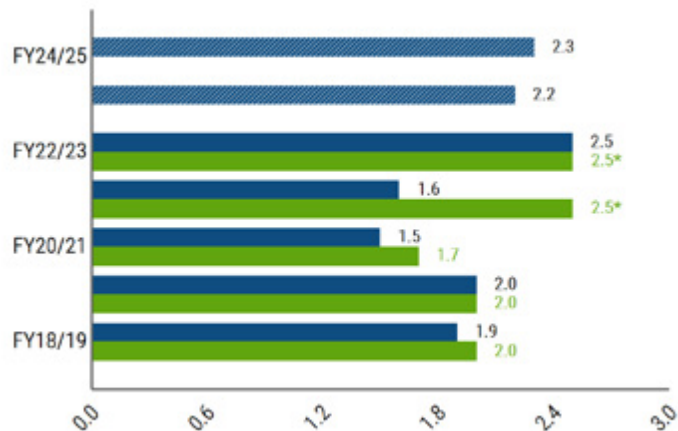
FY 2018/19 to FY 2024/25 (in millions)



#### 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 2022/23 Property Rental budget of \$2.5 million is \$0.9 million higher than the FY 2021/22 adopted budget due to a post-pandemic increase in tourism activity.

FY 2018/19 to FY 2024/25 (in millions)

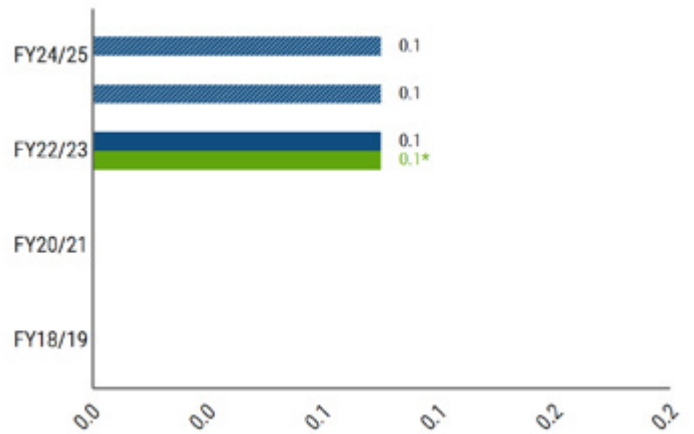


▨ FORECAST  
 ■ BUDGET  
 ■ ACTUAL/FORECAST\*

**INTEREST EARNINGS**

Interest Earnings are generated on idle Tourism Development Fund cash balances throughout the year. This revenue is a function of the relationship between the city’s available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in Tourism Development Fund revenues. Interest Earnings revenue is budgeted at \$0.1 million in FY 2022/23.

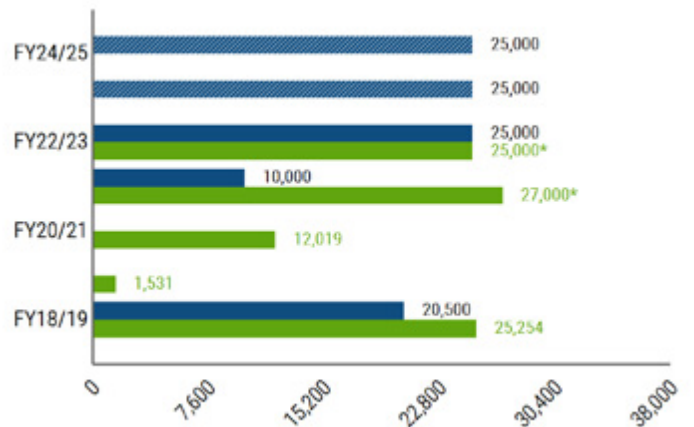
FY 2018/19 to FY 2024/25 (in millions)



**MISCELLANEOUS**

Miscellaneous includes additional sources that may be collected and are not attributable to one of the specific sources previously noted. Beginning in FY 2021/22, a series of mini-events were offered for Scottsdazzle which explains the actual amount of revenue collected for that fiscal year. The FY 2022/23 Miscellaneous budget is set at \$25,000.

FY 2018/19 to FY 2024/25



**TRANSFERS IN**

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

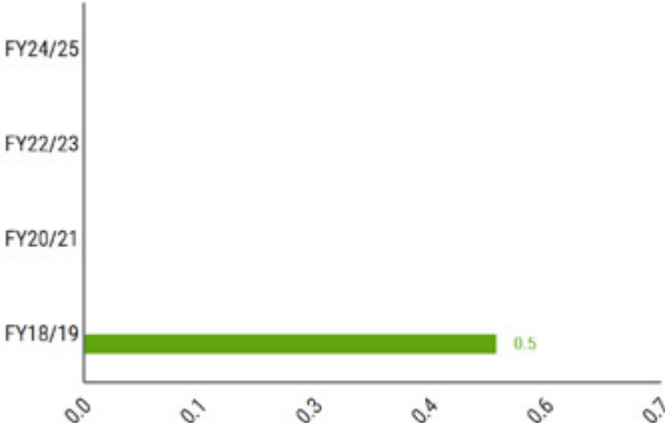
FORECAST BUDGET ACTUAL/FORECAST\*



**CIP**

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

FY 2018/19 to FY 2024/25 (in millions)



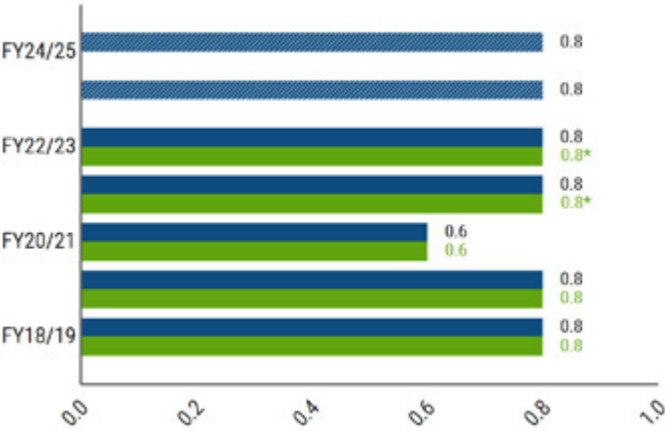
**TOURISM DEVELOPMENT FUND USES**

Tourism Development Fund uses are presented by use of funds according to Financial Policy No. 10, establishes the allocation of Transient Occupancy Tax collections to different tourism-related specific purposes.

**CANAL CONVERGENCE EVENTS**

Canal Convergence Events includes funding for a ten-day, large-scale public art event in and around the Arizona Canal at the Scottsdale Waterfront. The FY 2022/23 adopted budget is \$0.8 million, which remains flat from the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

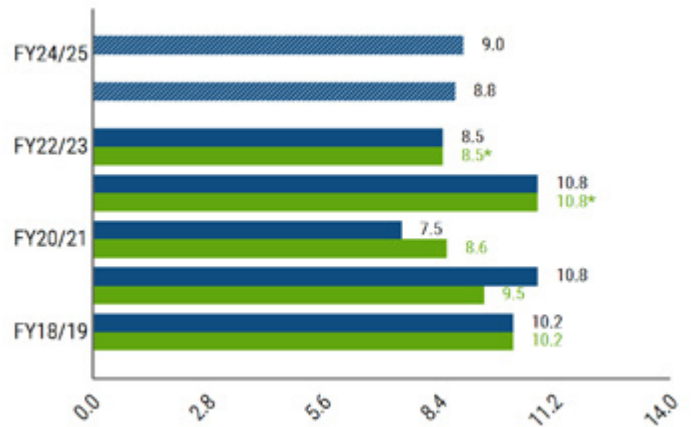


▨ FORECAST 
 ■ BUDGET 
 ■ ACTUAL/FORECAST\*

**DESTINATION MARKETING - CONTRACT**

Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Prior to FY 2022/23, the totality of this allocation was utilized through a contract with Experience Scottsdale. Beginning in FY 2022/23, per the new Experience Scottsdale Destination Marketing Services Agreement approved by City Council on June 21, 2022, the payment to Experience Scottsdale will be equal to 45 percent of Bed Tax collections. The FY 2022/23 budget of \$8.5 million was adopted before the new destination marketing agreement was approved by City Council and represents negotiations as of April 5, 2022.

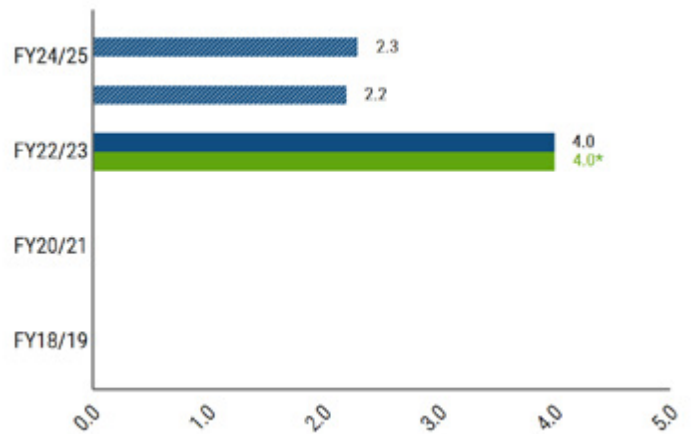
FY 2018/19 to FY 2024/25 (in millions)



**DESTINATION MARKETING**

Destination Marketing is the five percent portion of the 50 percent allocated for destination marketing purposes per Financial Policy No. 10 that is not paid to Experience Scottsdale per the new Experience Scottsdale Destination Marketing Services Agreement approved by City Council on June 21, 2022, but instead used for in-house destination marketing efforts. The FY 2022/23 budget of \$4.0 million was adopted before the new destination marketing agreement was approved by City Council and represents negotiations as of April 5, 2022.

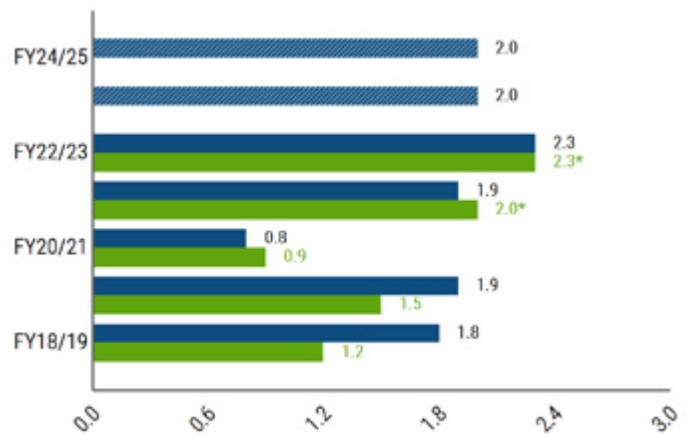
FY 2018/19 to FY 2024/25 (in millions)



**EVENT RETENTION AND DEVELOPMENT**

Per Financial Policy No. 10, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated toward new event development, community event funding, matching event funding, and event venue fee. The FY 2022/23 adopted budget of \$2.3 million is \$0.4 million higher than the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

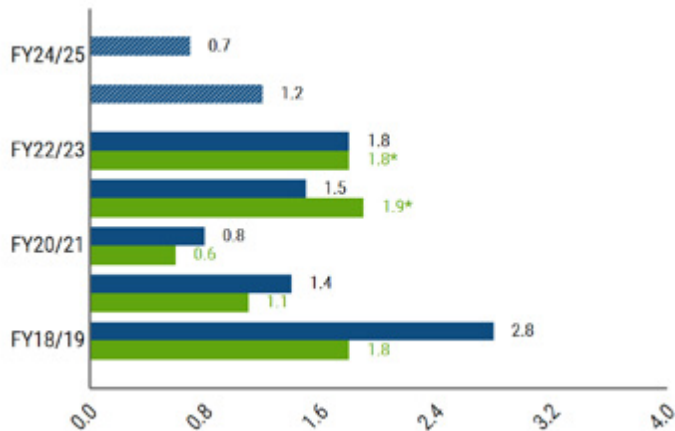


FORECAST BUDGET ACTUAL/FORECAST\*

**OTHER COMMITMENTS**

Financial Policy No. 10 allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Hotel, or the balance of the remaining Tourism Development Fund revenues to be allocated for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects in the form of one-time or multi-year annual commitments, not to exceed \$0.6 million per project unless otherwise approved by City Council. The FY 2022/23 adopted budget of \$1.8 million is \$0.3 million higher than the FY 2021/22 adopted budget. Other Commitments includes: 1) \$0.7 million for Old Town Scottsdale promotions and events; 2) \$0.4 million of matching payments for the Museum of the West; 3) \$0.1 million of one-time funding for contract worker hours related to short-term rental program; and 4) \$0.6 million to purchase site furniture in preparation for the Super Bowl LVII.

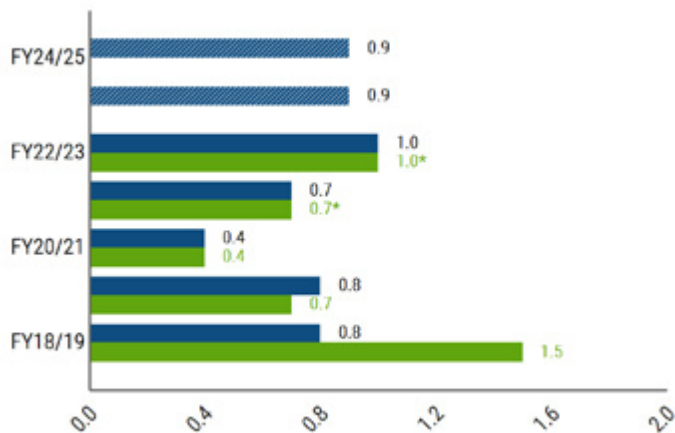
FY 2018/19 to FY 2024/25 (in millions)



**ADMINISTRATION AND RESEARCH**

Financial Policy No. 10 allows for four percent of the Transient Occupancy Tax revenues to be allocated for tourism-related administration and research expenses. The FY 2022/23 adopted budget of \$1.0 million is \$0.3 million higher than the FY 2021/22 adopted budget mostly due to the addition of a new Event Coordinator position and a new Intern position, and a pay for performance and market adjustment for eligible employees.

FY 2018/19 to FY 2024/25 (in millions)



**NON-DIVISIONAL USES**

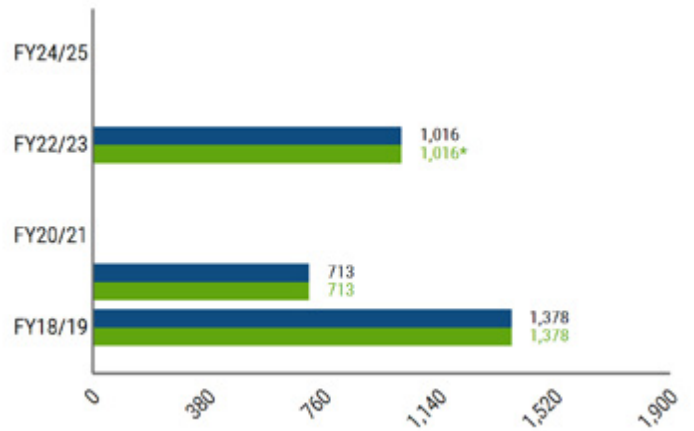
Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2020/21 year-end 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\*

**VACATION TRADE**

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation between October 24, 2021 and October 22, 2022, may elect to trade up to 40 hours of vacation time for cash. The program was canceled in FY 2020/21 and in FY 2021/22, but has been restated for FY 2022/23. The FY 2022/23 Vacation Trade adopted budget is \$1,016.

FY 2018/19 to FY 2024/25



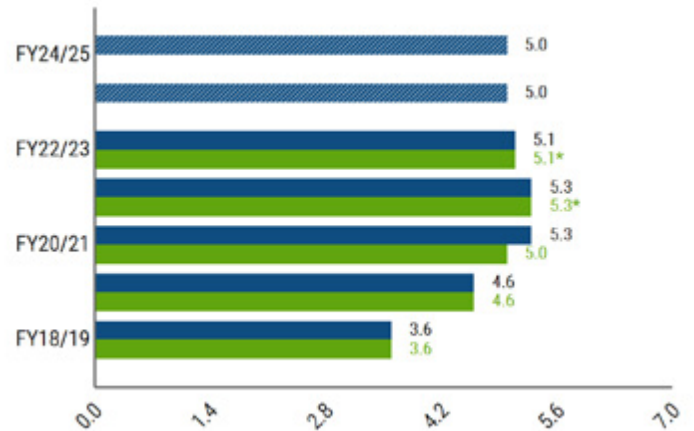
**TRANSFERS OUT**

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 2022/23 is \$11.9 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 2022/23 adopted budget is \$5.1 million.

FY 2018/19 to FY 2024/25 (in millions)

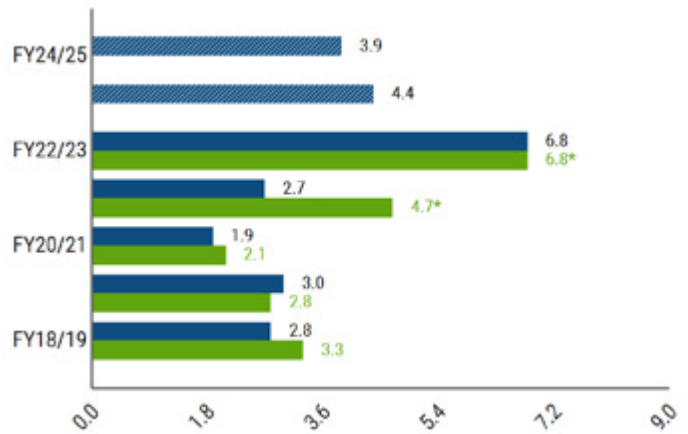


FORECAST BUDGET ACTUAL/FORECAST\*

**OPERATING**

The FY 2022/23 budget for Operating Transfers Out includes the following transfers to the General Fund: 1) \$3.0 million to comply with Financial Policy No. 10 (12 percent of the transient lodging/bed tax revenues); 2) \$1.6 million per Resolution No.12267 to reimburse the General Fund for the purchase of land at WestWorld; 3) \$0.1 million to support marketing efforts at WestWorld and the Scottsdale Stadium; 4) \$1.2 million to support expenses related to Super Bowl LVII; 5) \$0.7 million to support the Short-Term Rental Program, and a new Police Short-Term Rental and Park Ranger units; and 6) approximately \$0.2 million for the development of an Ecological Resource Plan for the Preserve.

FY 2018/19 to FY 2024/25 (in millions)



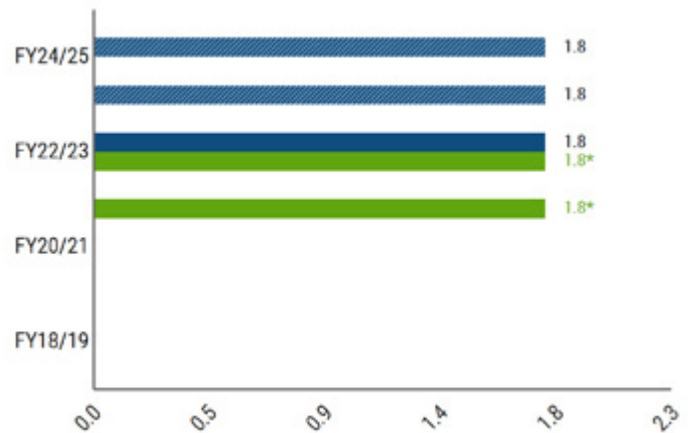
**TOURISM DEVELOPMENT FUND ENDING BALANCE**

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

**DESTINATION MARKETING**

Destination Marketing is new beginning in FY 2022/23 and holds the portion of the ending fund balance resulting from unspent destination marketing allocations. Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. The FY 2022/23 Tourism Development Fund Destination Marketing ending balance is \$1.8 million.

FY 2018/19 to FY 2024/25 (in millions)

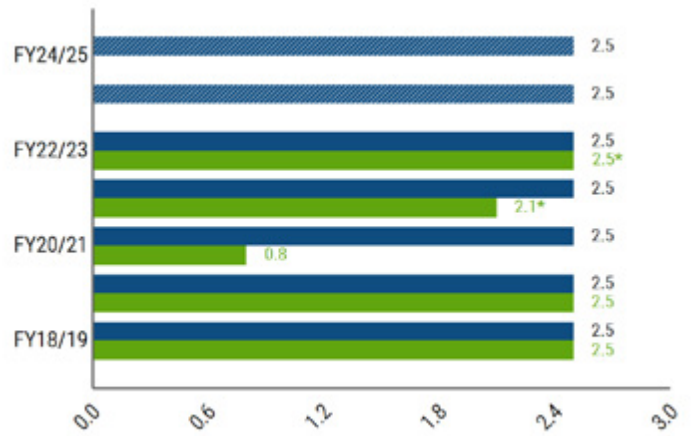


▨ FORECAST  
 ■ BUDGET  
 ■ ACTUAL/FORECAST\*

**OPERATING CONTINGENCY**

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

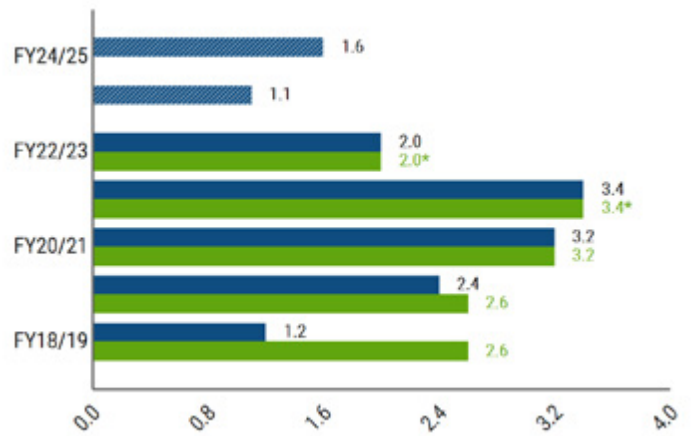
FY 2018/19 to FY 2024/25 (in millions)



**RESERVE**

Tourism Development Fund Reserve of \$2.0 million includes \$0.6 million from Administration and Research and \$1.4 million from Events and Event Development.

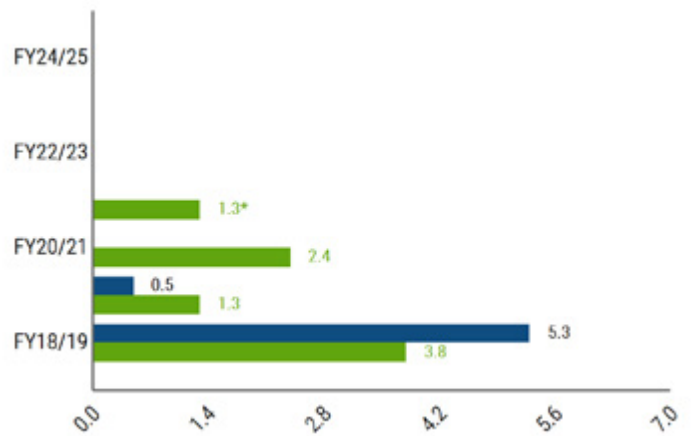
FY 2018/19 to FY 2024/25 (in millions)



**UNDESIGNATED, UNRESERVED FUND BALANCE**

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2022/23 Undesignated, Unreserved Fund balance is \$0.0 million.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*



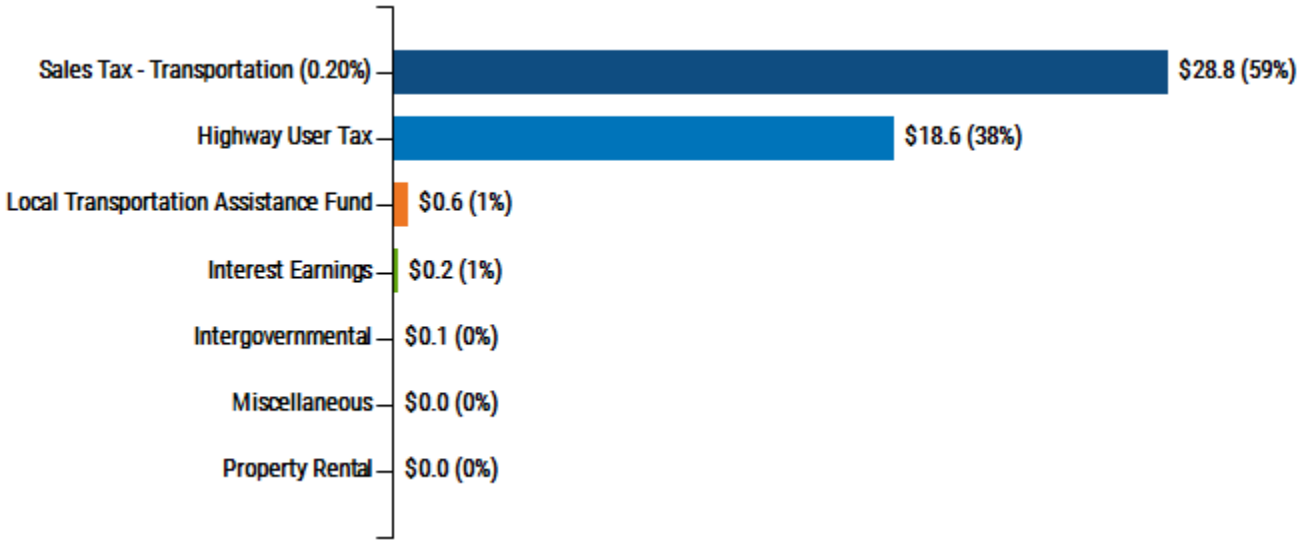
**FY 2022/23 Adopted Budget**



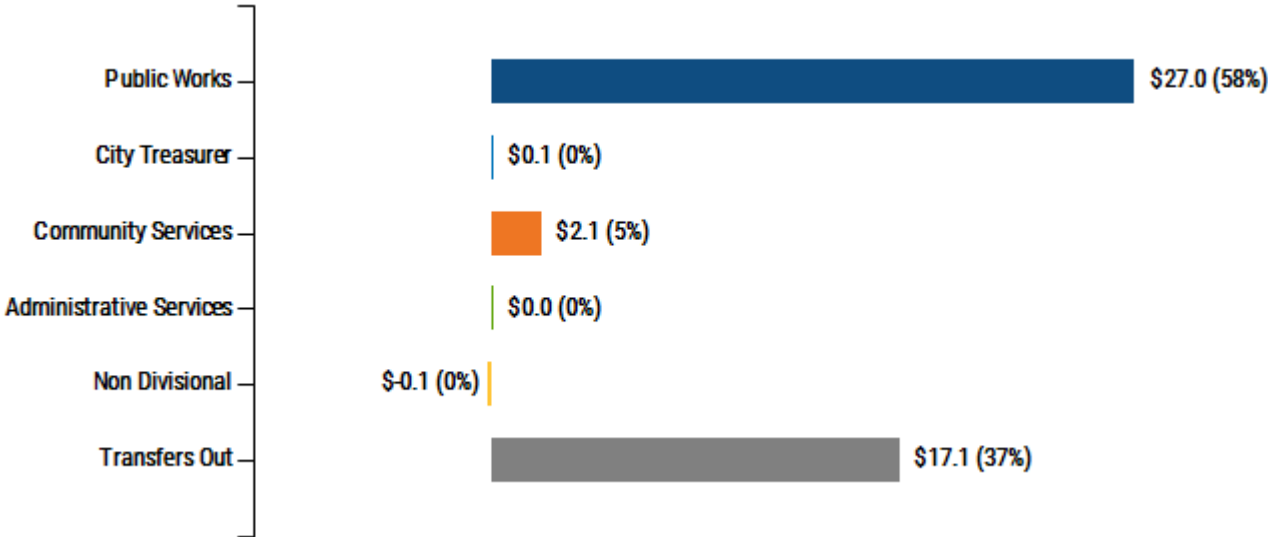
**Fund Purpose**

The State of Arizona requires the city to establish and maintain an accounting for Highway User Tax revenue. The Transportation Fund receives and expends the city’s allocation of the Arizona Highway User Tax which is allocated based on the official U.S. Census Bureau population estimate, as directed by Statute. These monies must be used for street construction, reconstruction, or maintenance. The fund also accounts for other transportation related revenues as well as for the 1989 voter approved Sales Tax - Transportation of 0.20 percent, which is dedicated funding for transportation improvements and operations. Note: Beginning October 2019, the 2018 voter approved Sales Tax – Transportation of 0.10 percent of the city’s sales tax dedicated solely to the Arterial Life Cycle Program transportation capital project is being recorded directly in the Capital Improvement Plan versus a Transfer Out to CIP from the Transportation Fund.

**Transportation Fund Sources (% to Total)  
\$48.5 Million**



**Transportation Fund Uses (% to Total)  
\$46.1 Million**



Rounding differences may occur.

## BUDGET BY FUND | Transportation Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Operating Contingency	500,000	500,000	350,111	500,000
Operating Reserve	2,752,462	2,534,726	2,040,590	2,902,913
Undesignated, Unreserved Fund Balance	12,807,864	20,392,832	29,890,668	28,256,267
<b>Total Beginning Fund Balance <sup>(a)</sup></b>	<b>16,060,326</b>	<b>23,427,558</b>	<b>32,281,369</b>	<b>31,659,180</b>
<b>Revenues</b>				
Sales Tax - Transportation (0.20%)	25,548,705	24,561,517	27,839,930	28,839,830
Highway User Tax	17,893,015	17,167,454	18,000,000	18,648,000
Local Transportation Assistance Fund	641,606	655,000	655,000	640,000
Interest Earnings	-	-	-	244,760
Intergovernmental	78,046	100,000	75,000	90,000
Miscellaneous	412,555	4,930	4,930	23,430
Property Rental	4,750	-	-	5,844
Indirect/Direct Cost Allocations <sup>(b)</sup>	453,514	-	-	-
<b>Subtotal</b>	<b>45,032,190</b>	<b>42,488,901</b>	<b>46,574,860</b>	<b>48,491,864</b>
<b>Transfers In</b>				
CIP	1,817,639	-	-	-
<b>Subtotal</b>	<b>1,817,639</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>46,849,829</b>	<b>42,488,901</b>	<b>46,574,860</b>	<b>48,491,864</b>
<b>Expenditures</b>				
Public Works	18,424,296	25,725,443	23,289,501	26,982,350
City Treasurer	61,783	66,409	65,241	70,015
Community Services	1,880,078	2,019,879	2,019,879	2,102,042
Administrative Services	39,741	18,800	18,800	18,800
Fuel and Maint and Repair <sup>(c)</sup>	-	-	1,139,764	-
Leave Accrual Payments	-	32,093	12,093	170,000
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(340,000)	(621,492)	(360,000)
Utilities	-	-	754,373	-
Vacation Trade	-	-	-	45,921
<b>Subtotal</b>	<b>20,405,897</b>	<b>27,522,624</b>	<b>26,678,159</b>	<b>29,029,128</b>
TOTAL OPERATING BUDGET	20,405,897	27,522,624	26,678,159	29,029,128
<b>Transfers Out</b>				
CIP	12,774,352	20,280,758	20,280,758	17,019,915
CIP Technology	50,230	238,132	238,132	83,696
<b>Subtotal</b>	<b>12,824,582</b>	<b>20,518,890</b>	<b>20,518,890</b>	<b>17,103,611</b>
<b>Total Uses</b>	<b>33,230,480</b>	<b>48,041,514</b>	<b>47,197,049</b>	<b>46,132,739</b>
<b>Sources Over/(Under) Uses</b>	<b>13,619,350</b>	<b>(5,552,613)</b>	<b>(622,189)</b>	<b>2,359,125</b>
<b>Ending Fund Balance</b>				
Operating Contingency	350,111	500,000	500,000	500,000
Operating Reserve	2,040,590	2,752,262	2,667,816	2,902,913
Undesignated, Unreserved Fund Balance	27,288,975	14,622,683	28,491,364	30,615,392
<b>Total Ending Fund Balance</b>	<b>29,679,676</b>	<b>17,874,945</b>	<b>31,659,180</b>	<b>34,018,305</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$2.6 million) to better align with the fund balance calculation used in the Annual Financial Report.

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

<sup>(c)</sup> Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

## BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,902,913	2,902,913	2,983,950	3,103,180	3,252,630
Undesignated, Unreserved Fund Balance	28,256,267	30,615,392	30,487,155	30,287,425	29,692,675
<b>Total Beginning Fund Balance</b>	<b>31,659,180</b>	<b>34,018,305</b>	<b>33,971,105</b>	<b>33,890,605</b>	<b>33,445,305</b>
<b>Revenues</b>					
Sales Tax - Transportation (0.20%)	28,839,830	27,485,600	28,553,400	29,651,300	31,011,100
Highway User Tax	18,648,000	17,771,500	18,127,000	18,489,500	18,859,300
Local Transportation Assistance Fund	640,000	640,000	640,000	640,000	640,000
Interest Earnings	244,760	339,600	472,500	654,800	761,300
Intergovernmental	90,000	91,800	93,600	95,500	97,400
Miscellaneous	23,430	3,400	13,400	13,400	8,400
Property Rental	5,844	5,800	5,800	5,800	5,800
Indirect/Direct Cost Allocations	-	-	-	-	-
<i>Subtotal</i>	<b>48,491,864</b>	<b>46,337,700</b>	<b>47,905,700</b>	<b>49,550,300</b>	<b>51,383,300</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
<b>Total Sources</b>	<b>48,491,864</b>	<b>46,337,700</b>	<b>47,905,700</b>	<b>49,550,300</b>	<b>51,383,300</b>
<b>Expenditures</b>					
Public Works	26,982,350	27,934,800	29,015,700	30,150,700	31,301,100
City Treasurer	70,015	73,600	77,300	81,300	85,400
Community Services	2,102,042	1,818,300	1,864,800	1,911,100	1,956,300
Administrative Services	18,800	18,800	19,700	20,700	21,800
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	170,000	174,400	178,600	182,800	187,000
Operating Impacts	-	188,700	253,700	566,800	602,600
Savings from Vacant Positions	(360,000)	(369,100)	(378,000)	(387,100)	(395,700)
Utilities	-	-	-	-	-
Vacation Trade	45,921	-	-	-	-
<i>Subtotal</i>	<b>29,029,128</b>	<b>29,839,500</b>	<b>31,031,800</b>	<b>32,526,300</b>	<b>33,758,500</b>
TOTAL OPERATING BUDGET	29,029,128	29,839,500	31,031,800	32,526,300	33,758,500
<b>Transfers Out</b>					
CIP	17,019,915	16,342,800	16,876,700	17,425,700	16,161,500
CIP Technology	83,696	202,600	77,700	43,600	73,700
<i>Subtotal</i>	<b>17,103,611</b>	<b>16,545,400</b>	<b>16,954,400</b>	<b>17,469,300</b>	<b>16,235,200</b>
<b>Total Uses</b>	<b>46,132,739</b>	<b>46,384,900</b>	<b>47,986,200</b>	<b>49,995,600</b>	<b>49,993,700</b>
<b>Sources Over/(Under) Uses</b>	<b>2,359,125</b>	<b>(47,200)</b>	<b>(80,500)</b>	<b>(445,300)</b>	<b>1,389,600</b>
<b>Ending Fund Balance</b>					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,902,913	2,983,950	3,103,180	3,252,630	3,375,850
Undesignated, Unreserved Fund Balance	30,615,392	30,487,155	30,287,425	29,692,675	30,959,055
<b>Total Ending Fund Balance</b>	<b>34,018,305</b>	<b>33,971,105</b>	<b>33,890,605</b>	<b>33,445,305</b>	<b>34,834,905</b>

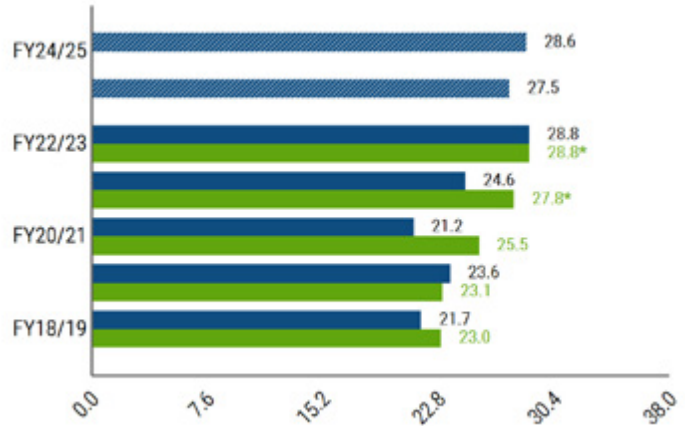
### TRANSPORTATION FUND SOURCES

Transportation Fund sources for FY 2022/23 equal \$48.5 million which is a increase of \$6.0 million from the FY 2021/22 adopted budget primarily related to strong consumer demand and spending reflected mostly in Sales Tax - Transportation (0.20%) 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 2022/23 budget of \$28.8 million represents an increase of \$4.2 million, or 17.1 percent, over the FY 2021/22 adopted budget due to strong consumer demand and spending.

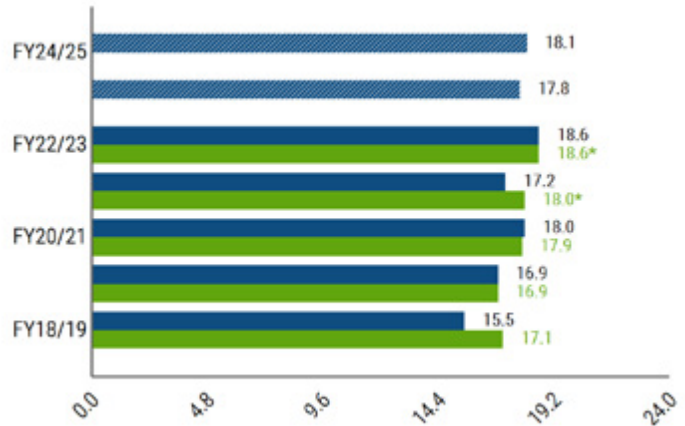
FY 2018/19 to FY 2024/25 (in millions)



#### HIGHWAY USER TAX

Highway User Tax, also known as the gas tax or the Highway User Revenue Fund (HURF), is distributed by the State of Arizona. The state constitution requires that all highway user revenue be used solely for street, highway or transit purposes. Cities and towns receive 27.5 percent of the highway user revenue fund, of which one half of the monies are distributed based on population of all incorporated cities and towns in the state. The remaining half is distributed based on 'county of origin' of gasoline sales and the relation of the city or town's population to the total incorporated population of Maricopa County. The adopted FY 2022/23 budget of \$18.6 million represents a \$1.4 million increase from the FY 2021/22 adopted budget due to estimates provided by the League of Arizona Cities and Towns.

FY 2018/19 to FY 2024/25 (in millions)

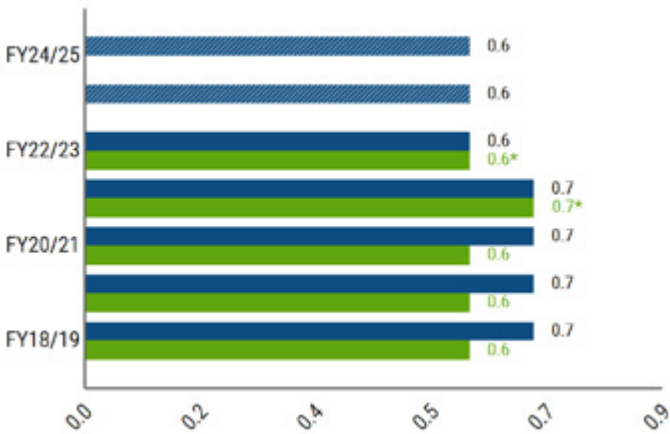


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 budget for this revenue is \$0.6 million, which represents the entire allocation available to the city.

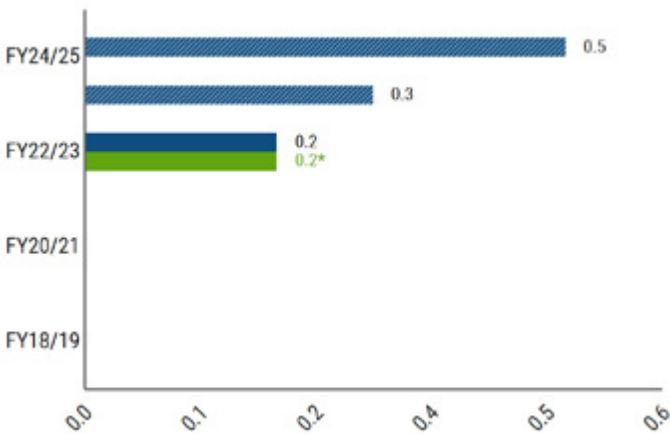
FY 2018/19 to FY 2024/25 (in millions)



**INTEREST EARNINGS**

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city's available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest Earnings revenue is budgeted at \$0.2 million in FY 2022/23.

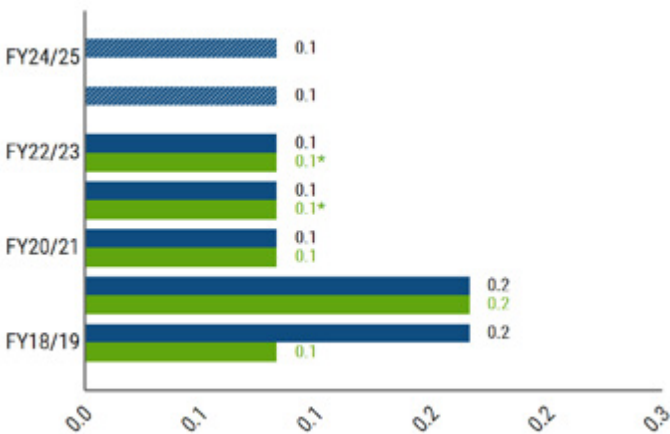
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 budget is \$0.1 million, which is flat when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

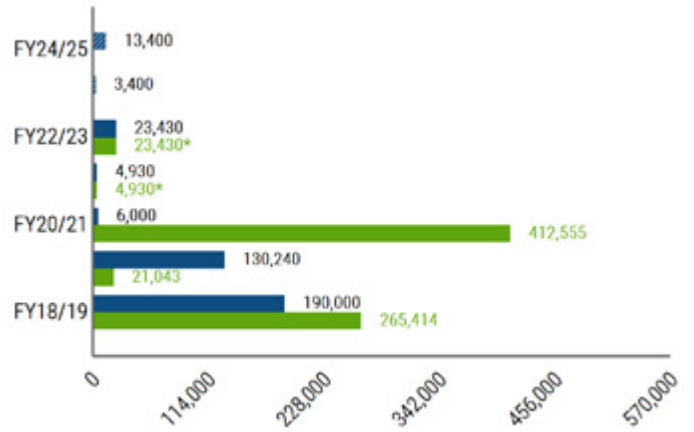


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 budget of \$23,430 represents a slight increase from the FY 2021/22 adopted budget.

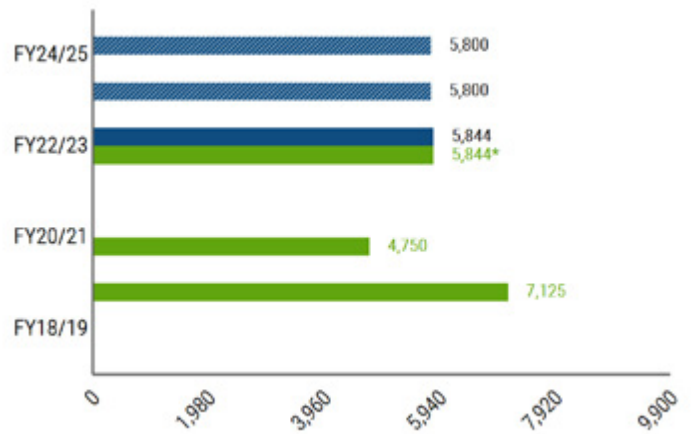
FY 2018/19 to FY 2024/25



**PROPERTY RENTAL**

Property Rental represents revenue received from a transportation services business use of office space at the South Corporation Yard. The adopted FY 2022/23 budget for Property Rental is \$5,844.

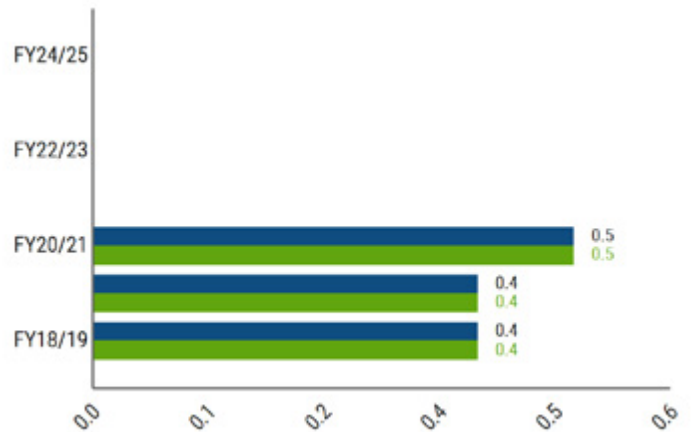
FY 2018/19 to FY 2024/25



**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 was 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 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

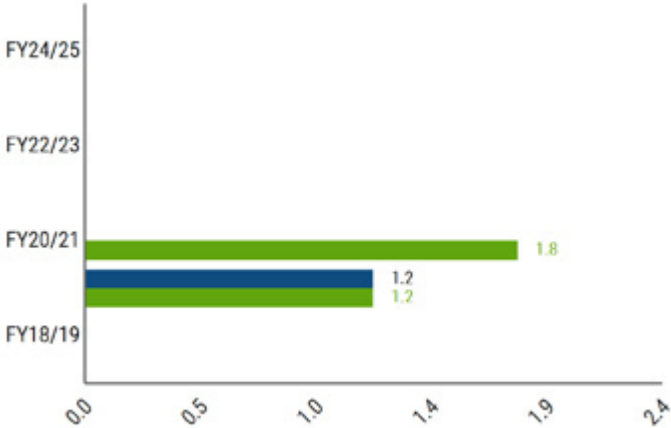
**TRANSFERS IN**

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2022/23 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 2018/19 to FY 2024/25 (in millions)



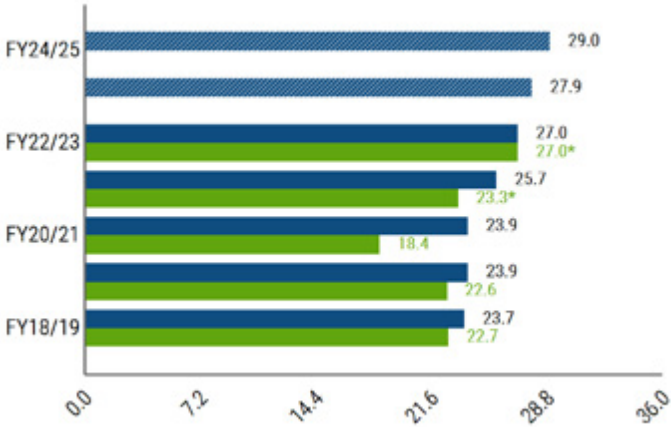
**TRANSPORTATION FUND USES**

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 2022/23 Public Works budget of \$27.0 million is an increase of \$1.3 million from the FY 2021/22 adopted budget of \$25.7 million. The increase is mainly due to the higher anticipated costs across all commodities due to global conditions and supply chain challenges and to the addition of a Street Maintenance Worker position and necessary equipment.

FY 2018/19 to FY 2024/25 (in millions)



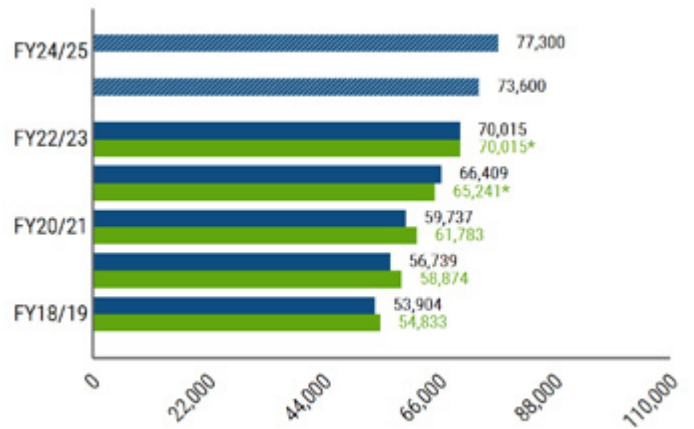
FORECAST BUDGET ACTUAL/FORECAST\*



**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 2022/23 adopted budget is \$70,015.

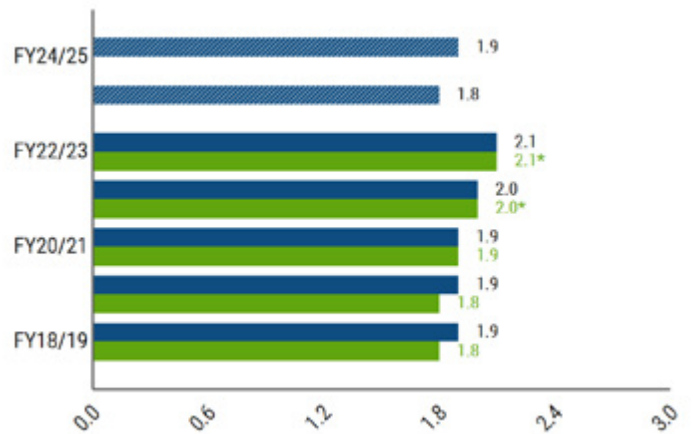
FY 2018/19 to FY 2024/25



**COMMUNITY SERVICES**

This budget is used for the contracted landscaping of medians and right-of-ways. The FY 2022/23 adopted budget of \$2.1 million is a decrease of \$0.1 million when compared to the FY 2021/22 adopted budget.

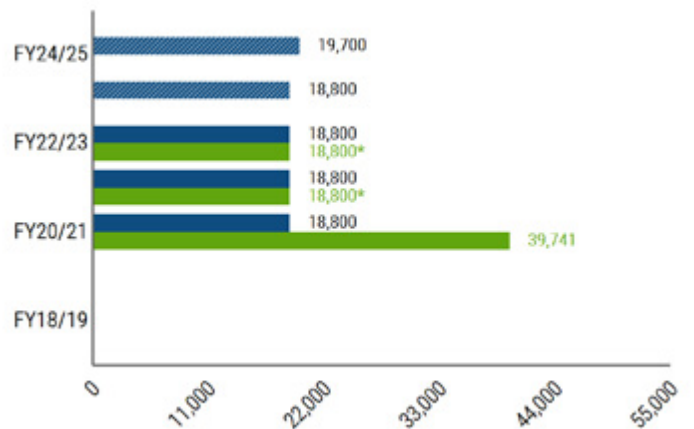
FY 2018/19 to FY 2024/25 (in millions)



**ADMINISTRATIVE SERVICES**

This budget is used for software supported by the Transportation Fund which is administered by the Information Technology (IT) Department. The FY 2022/23 adopted budget is \$18,800.

FY 2018/19 to FY 2024/25



FORECAST BUDGET ACTUAL/FORECAST\*

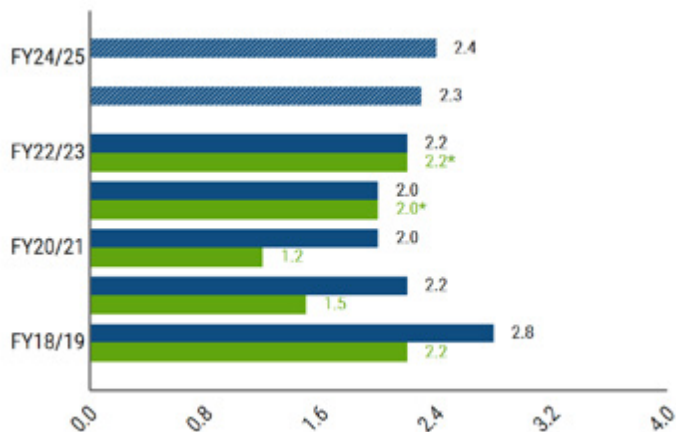
### NON-DIVISIONAL USES

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 2021/22 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 2022/23 Fuel and Maint and Repair is budgeted at \$2.2 million at the division level.

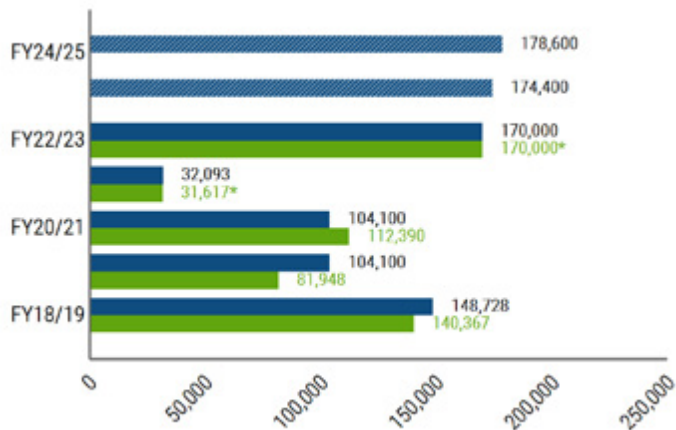
FY 2018/19 to FY 2024/25 (in millions)



### 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. The total FY 2022/23 Leave Accrual Payments budget is \$170,000, which includes \$85,000 million budgeted for medical leave accrual payouts and \$85,000 million budgeted for vacation accrual payouts.

FY 2018/19 to FY 2024/25

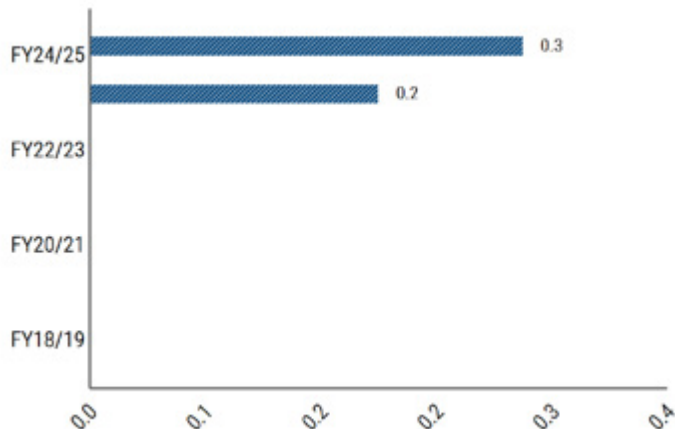


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2023/24 and FY 2024/25 are forecasted at \$0.4 million based on the current approved CIP projects.

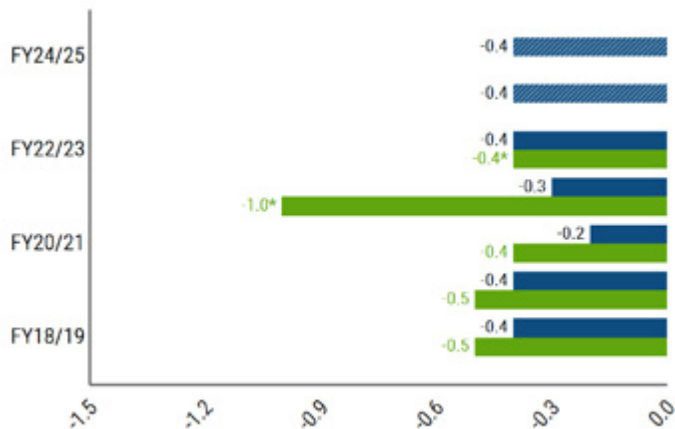
FY 2018/19 to FY 2024/25 (in millions)



**SAVINGS FROM VACANT POSITIONS**

The amount of savings achieved from vacant positions for FY 2022/23 is estimated at (\$0.4) million. The significant amount of vacancy savings achieved in FY 2021/22 is the result of more resignations and retirements within the city than anticipated and reflects in part challenges in the labor market.

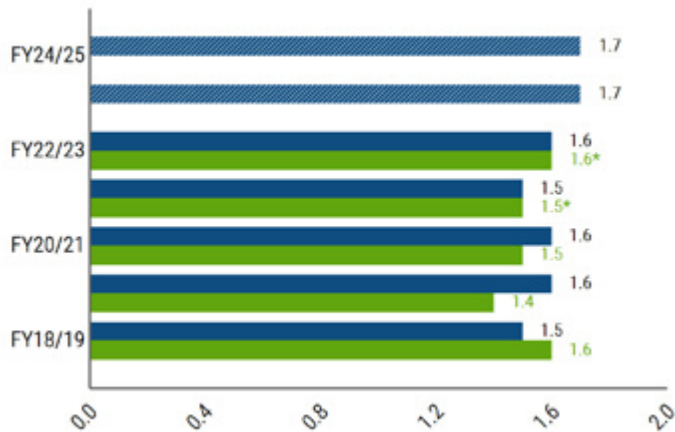
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 Utilities budget is \$1.6 million which is an increase of \$0.1 millions when compared to the FY 2021/22 adopted budget. 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.

FY 2018/19 to FY 2024/25 (in millions)

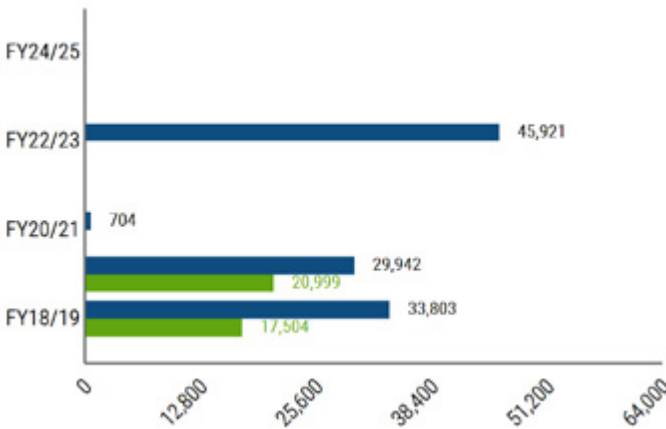


FORECAST BUDGET ACTUAL/FORECAST\*

**VACATION TRADE**

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

FY 2018/19 to FY 2024/25



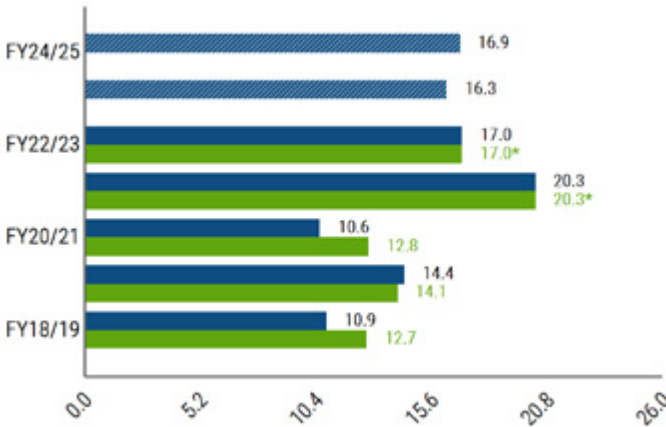
**TRANSFERS OUT**

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

**CIP**

The FY 2022/23 budget includes a \$17.0 million transfer of the Sales Tax - Transportation (0.20%) revenue, which is comprised of 50 percent of the revenue collected per Budget Governing Guidance No. 5, to the Capital Improvement Plan (CIP) as well as a Highway User Revenue Fund (HURF) transfer designated for the Pavement Overlay Program project.

FY 2018/19 to FY 2024/25 (in millions)

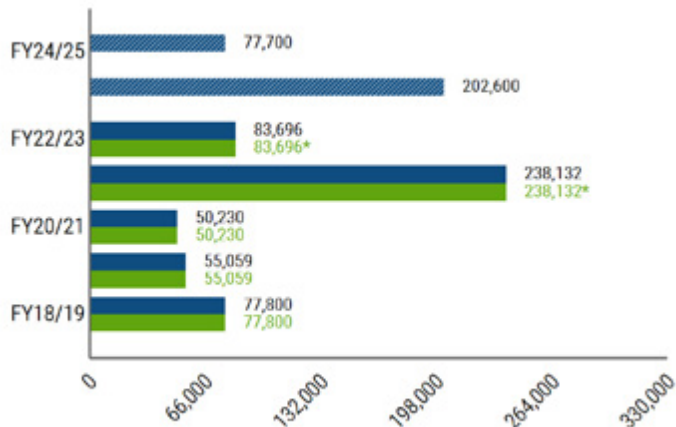


FORECAST BUDGET ACTUAL/FORECAST\*

**CIP TECHNOLOGY**

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2022/23 adopted budget is \$83,696.

FY 2018/19 to FY 2024/25



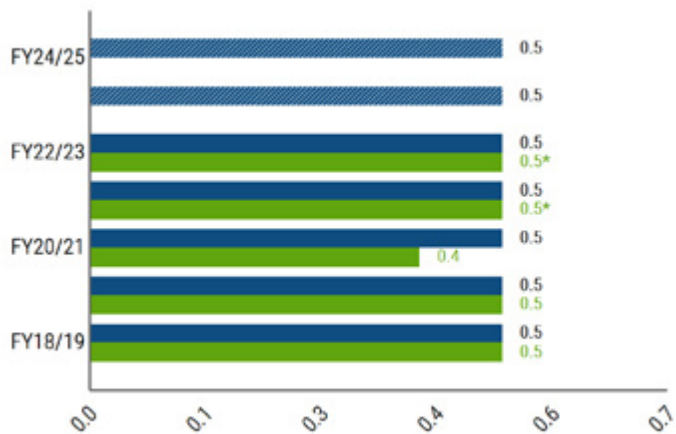
**TRANSPORTATION FUND ENDING BALANCE**

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 2018/19 to FY 2024/25 (in millions)

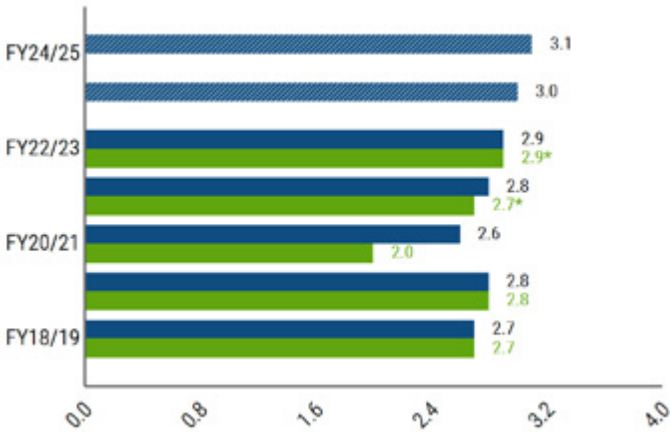


FORECAST BUDGET ACTUAL/FORECAST\*

**OPERATING RESERVE**

Per Financial Policy No. 2.03, the city's transportation operating reserve shall be 10 percent of the annual Transportation Fund operating budget, and shall be used for unforeseen emergencies or catastrophic impacts to the city related to transportation. The FY 2022/23 Transportation Fund operating reserve is \$2.9 million.

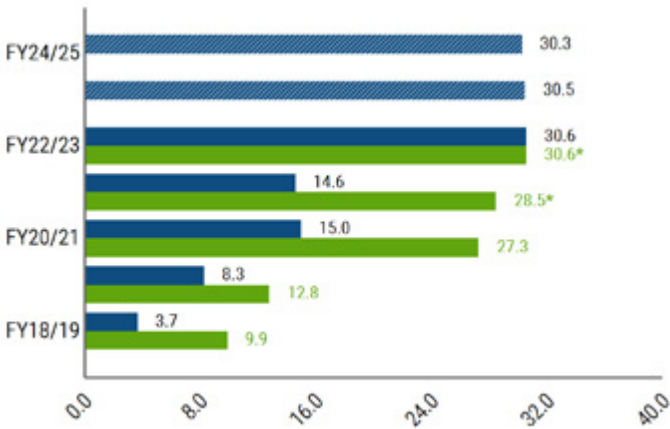
FY 2018/19 to FY 2024/25 (in millions)



**UNDESIGNATED, UNRESERVED FUND BALANCE**

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2022/23 ending undesignated, unreserved fund balance is \$30.6 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 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*



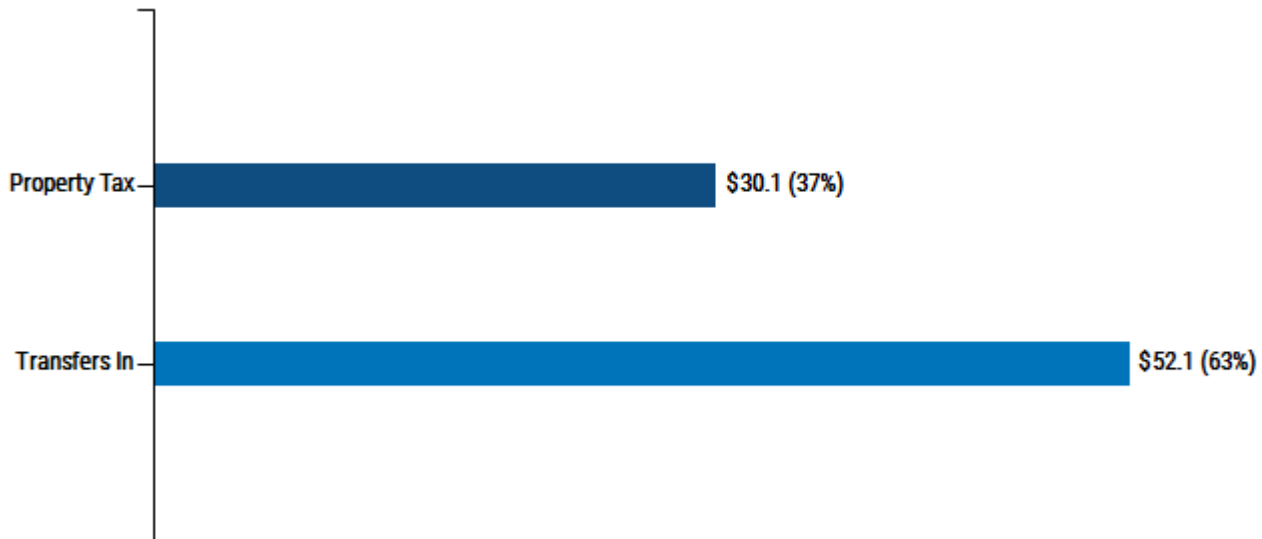
**FY 2022/23 Adopted Budget**



### Fund Purpose

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

#### Debt Service Fund Sources (% to Total) \$82.1 Million



#### Debt Service Fund Uses (% to Total) \$87.2 Million



Rounding differences may occur.

## BUDGET BY FUND | Debt Service Fund Summary

### DEBT SERVICE FUND

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	1,042,307	3,329,856	3,469,053	8,469,793
<b>Total Beginning Fund Balance</b>	<b>6,097,387</b>	<b>8,384,936</b>	<b>8,524,133</b>	<b>13,524,873</b>
<b>Revenues</b>				
Property Tax	33,480,653	35,078,990	35,078,990	30,055,758
Bond Premium	130,306	-	-	-
Bond Proceeds	229,634	-	-	-
Interest Income Non-pooled	4	-	-	-
Proceeds Of Refunding Bonds <sup>(a)</sup>	239,545,000	-	-	-
<b>Subtotal</b>	<b>273,385,596</b>	<b>35,078,990</b>	<b>35,078,990</b>	<b>30,055,758</b>
<b>Transfers In</b>				
Debt Svc GO Bonds	31,501,111	31,527,342	31,526,682	33,439,242
Debt Svc MPC Bonds	20,200,146	20,583,199	20,581,699	18,627,000
Debt Svc SPA Bonds	1,414,043	1,420,000	1,420,000	-
<b>Subtotal</b>	<b>53,115,300</b>	<b>53,530,541</b>	<b>53,528,381</b>	<b>52,066,242</b>
<b>Total Sources</b>	<b>326,500,897</b>	<b>88,609,531</b>	<b>88,607,371</b>	<b>82,122,000</b>
<b>Debt Service</b>				
GO Debt Service - Non Preserve	31,821,470	35,078,990	30,078,250	35,155,758
GO Debt Service - Preserve	199,313,487	31,527,342	31,526,682	33,439,242
MPC Excise Debt	91,525,150	20,583,199	20,581,699	18,627,000
SPA Debt Service <sup>(b)</sup>	1,414,043	1,420,000	1,420,000	-
<b>Subtotal</b>	<b>324,074,151</b>	<b>88,609,531</b>	<b>83,606,631</b>	<b>87,222,000</b>
TOTAL OPERATING BUDGET	324,074,151	88,609,531	83,606,631	87,222,000
<b>Total Uses</b>	<b>324,074,151</b>	<b>88,609,531</b>	<b>83,606,631</b>	<b>87,222,000</b>
<b>Sources Over/(Under) Uses</b>	<b>2,426,746</b>	<b>-</b>	<b>5,000,740</b>	<b>(5,100,000)</b>
<b>Ending Fund Balance</b>				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	3,469,053	3,329,856	8,469,793	3,369,793
<b>Total Ending Fund Balance</b>	<b>8,524,133</b>	<b>8,384,936</b>	<b>13,524,873</b>	<b>8,424,873</b>

<sup>(a)</sup> FY 2020/21 Actual amount includes proceeds related to GO Refunding Bonds, MPC Refinancing Bonds, and new GO Bond issuance.

<sup>(b)</sup> The final payment for the repayment of the Scottsdale Preserve Authority Bonds occurred in FY2021/22.

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

### DEBT SERVICE FUND

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
<b>Beginning Fund Balance</b>				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	8,469,793	3,369,793	3,369,793	2,569,793
<b>Total Beginning Fund Balance</b>	<b>13,524,873</b>	<b>8,424,873</b>	<b>8,424,873</b>	<b>7,624,873</b>
<b>Revenues</b>				
Property Tax	30,055,758	37,757,500	26,631,200	27,470,200
Bond Premium	-	-	-	-
Bond Proceeds	-	-	-	-
Interest Income Non-pooled	-	-	-	-
Proceeds Of Refunding Bonds	-	-	-	-
<b>Subtotal</b>	<b>30,055,758</b>	<b>37,757,500</b>	<b>26,631,200</b>	<b>27,470,200</b>
<b>Transfers In</b>				
Debt Svc GO Bonds	33,439,242	35,354,600	38,849,700	24,670,700
Debt Svc MPC Bonds	18,627,000	18,748,100	18,852,300	18,987,300
Debt Svc SPA Bonds	-	-	-	-
<b>Subtotal</b>	<b>52,066,242</b>	<b>54,102,700</b>	<b>57,702,000</b>	<b>43,658,000</b>
<b>Total Sources</b>	<b>82,122,000</b>	<b>91,860,200</b>	<b>84,333,200</b>	<b>71,128,200</b>
<b>Debt Service</b>				
GO Debt Service - Non Preserve	35,155,758	37,757,500	27,431,200	27,470,200
GO Debt Service - Preserve	33,439,242	35,354,600	38,849,700	24,670,700
MPC Excise Debt	18,627,000	18,748,100	18,852,300	18,987,300
SPA Debt Service	-	-	-	-
<b>Subtotal</b>	<b>87,222,000</b>	<b>91,860,200</b>	<b>85,133,200</b>	<b>71,128,200</b>
TOTAL OPERATING BUDGET	87,222,000	91,860,200	85,133,200	71,128,200
<b>Total Uses</b>	<b>87,222,000</b>	<b>91,860,200</b>	<b>85,133,200</b>	<b>71,128,200</b>
<b>Sources Over/(Under) Uses</b>	<b>(5,100,000)</b>	<b>-</b>	<b>(800,000)</b>	<b>-</b>
<b>Ending Fund Balance</b>				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,080	5,055,080
GO Debt Service Reserve - Non Preserve	3,369,793	3,369,793	2,569,793	2,569,793
<b>Total Ending Fund Balance</b>	<b>8,424,873</b>	<b>8,424,873</b>	<b>7,624,873</b>	<b>7,624,873</b>

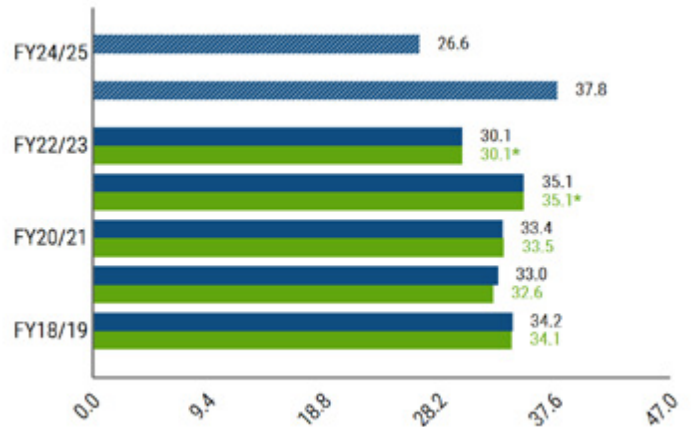
### DEBT SERVICE FUND SOURCES

Debt Service Fund sources for FY 2022/23 equal \$82.1 million. Sources include Property Tax, Bond Premium, Bond Proceeds, Interest Income Non-pooled, Proceeds of Refunding Bonds 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 (GO) bonds. The FY 2022/23 levy amount (revenue) of \$30.1 million is \$5.0 million lower than the FY 2021/22 adopted budget mainly due to the use of accumulated fund balance as a result of savings achieved through a general obligation debt refinancing.

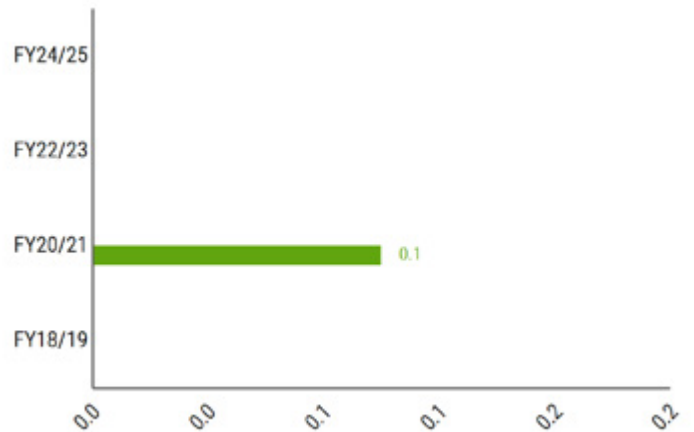
FY 2018/19 to FY 2024/25 (in millions)



#### BOND PREMIUM

Bond Premium represents the amount received in excess of the face value (par) of the bond. These revenues are often difficult to budget as they occur on an irregular basis.

FY 2018/19 to FY 2024/25 (in millions)

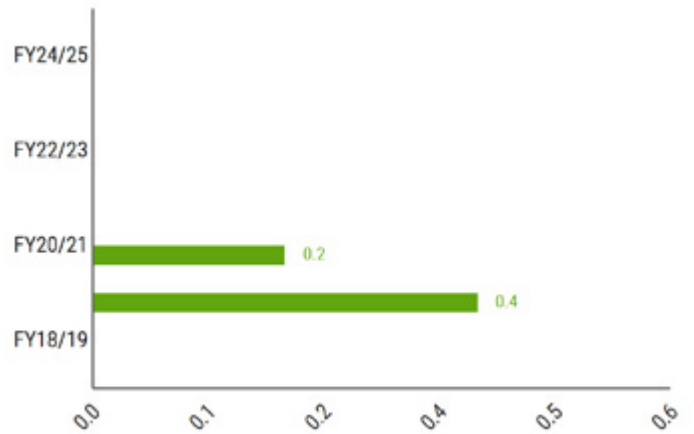


▨ FORECAST 
 ■ BUDGET 
 ■ ACTUAL/FORECAST\*

**BOND PROCEEDS**

Bond Proceeds represent the proceeds generated from the sale of Bonds. This revenue is used to pay escrow agents to defease Preserve and non-Preserve GO Bonds and to pay costs of issuance. In FYs 2019/20 and 2020/21, revenue is related to the par amounts of the 2020 and 2021 Taxable and Tax Exempt Bonds. These revenues are often difficult to budget as they occur on an irregular basis.

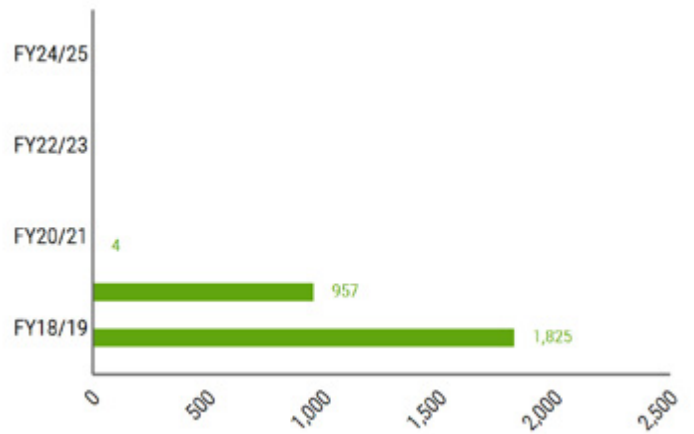
FY 2018/19 to FY 2024/25 (in millions)



**INTEREST INCOME NON-POOLED**

Interest Income Non-pooled is interest revenue derived from Municipal Property Corporation (MPC) Bonds, which is received on an irregular basis.

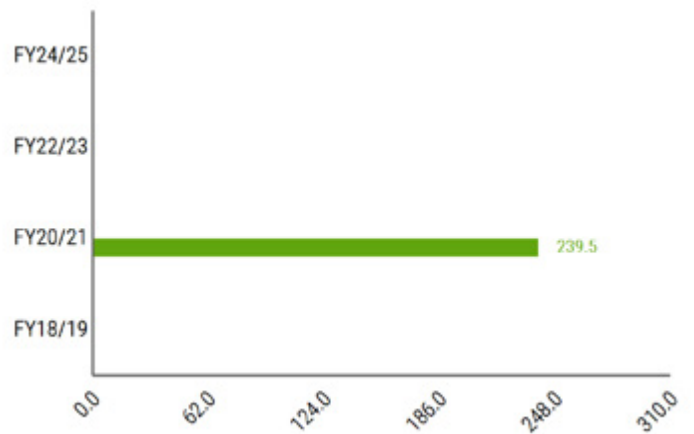
FY 2018/19 to FY 2024/25



**PROCEEDS OF REFUNDING BONDS**

Proceeds of Refunding Bonds consists of revenue received from GO Refunding Bonds, MPC Refunding Bonds, and new GO Bond Issuance. These revenues are often difficult to budget as they occur on an irregular basis.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

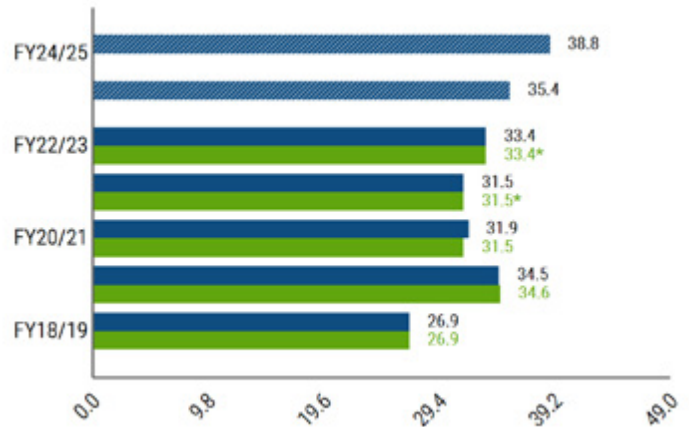
## TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2022/23 adopted budget includes \$52.1 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 2022/23 equal \$33.4 million which is \$1.9 million more than the FY 2021/22 adopted budget reflecting short term higher payments for the Refunding 2015 GO Preserve Bonds and the 2017 GO Refunding Preserve Bonds which will ultimately result in savings over the life of the bonds. The increase would have been greater but is being partially offset by lower payments required for the 2020 GO Taxable Refunding Preserve Bonds.

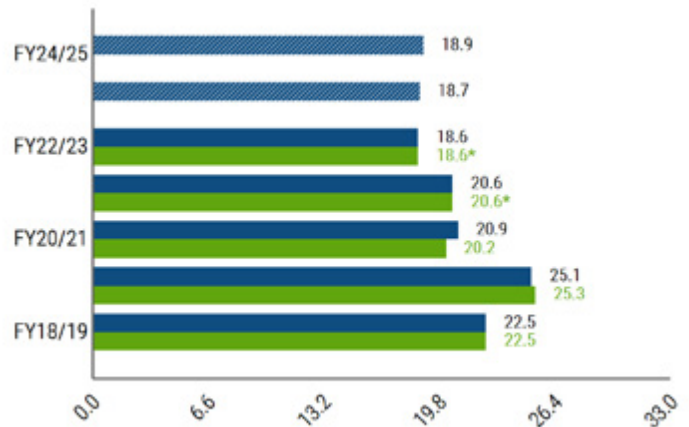
FY 2018/19 to FY 2024/25 (in millions)



### DEBT SVC MPC BONDS

Debt Svc Municipal Property Corporation (MPC) Bonds includes Transfers In from General Fund, Tourism Development Fund, Special Programs Fund, Stormwater Fund and the Stadium Facility Fund to the Debt Service Fund to facilitate the payment of MPC Bonds debt service. Total Debt Service Transfers In for FY 2022/23 equal \$18.6 million.

FY 2018/19 to FY 2024/25 (in millions)

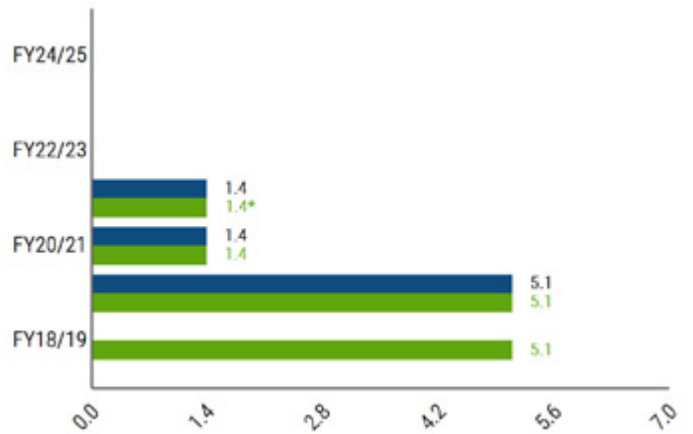


▨ FORECAST 
 ■ BUDGET 
 ■ ACTUAL/FORECAST\*

**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. The last payment on these bonds occurred in FY 2021/22.

FY 2018/19 to FY 2024/25 (in millions)



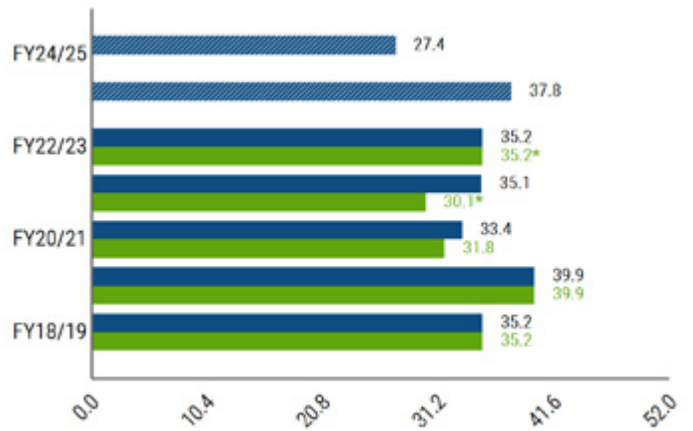
**DEBT SERVICE FUND USES**

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2022/23 adopted budget includes \$87.2 million in Debt Service.

**GO DEBT SERVICE - NON PRESERVE**

GO Debt Service - Non-Preserve is voter authorized General Obligation debt issued for capital projects not associated with the McDowell Sonoran Preserve. General Obligation debt is repaid by Property Tax (secondary). Under state law, cities and towns are allowed to levy a Secondary Property Tax for the sole purpose of retiring the principal and interest on General Obligation indebtedness. For FY 2022/23, the General Obligation Bonds debt service is forecasted at \$35.1 million, which is flat when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



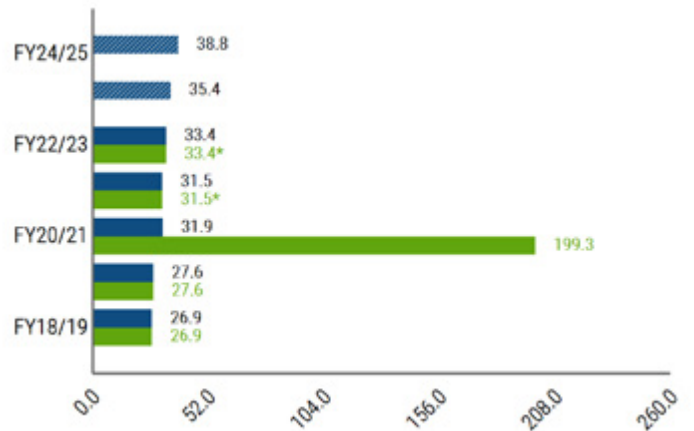
FORECAST BUDGET ACTUAL/FORECAST\*



**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 \$33.4 million in FY 2022/23 which is an increase of \$1.9 million over the FY 2021/22 adopted budget mainly due to higher payments for the Refunding 2015 GO Preserve Bonds, the 2017B GO Preserve Acquisition Refinancing Bonds, and the 2017 GO Refunding Preserve Bonds. The increase would have been greater but is being partially offset by lower payments required for the 2020 GO Taxable Refunding Preserve Bonds. The large actual in FY 2020/21 was due to payments to the refunding escrow agent and costs of issuance in connection with the defeasement of GO Debt.

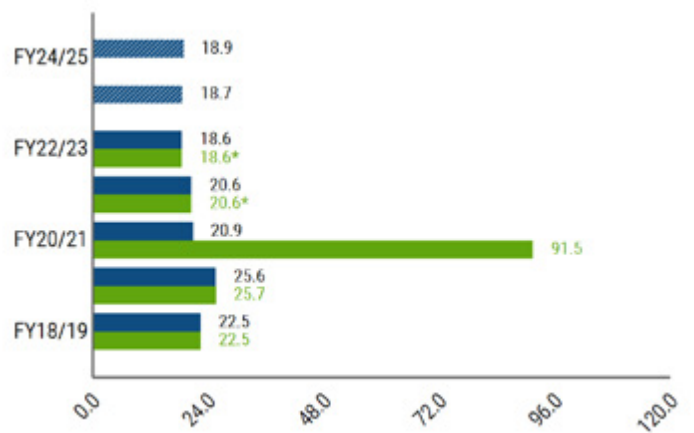
FY 2018/19 to FY 2024/25 (in millions)



**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. 8.04, non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt services expenses. Debt Service payments for FY 2022/23 total \$18.6 million, a \$2.0 million decrease from the FY 2021/22 adopted budget. The decrease is due to lower required payments for a number of refunding bonds issued in FY 2020/21. 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 2018/19 to FY 2024/25 (in millions)

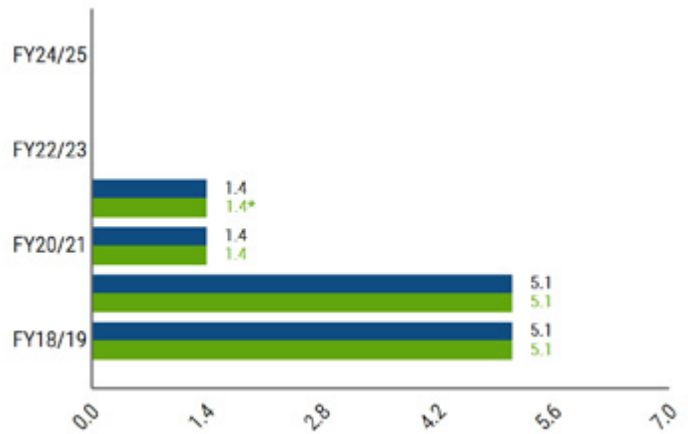


FORECAST BUDGET ACTUAL/FORECAST\*

**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 repaid by the Preserve dedicated 0.20 percent sales tax authorized by voters in 1995 and the 0.15 percent sales tax authorized by voters in 2004. All SPA bonds were fully paid off in FY 2021/22.

FY 2018/19 to FY 2024/25 (in millions)



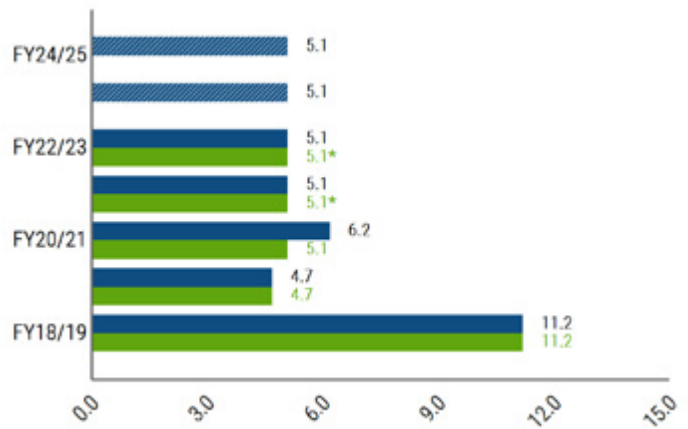
**DEBT SERVICE FUND ENDING BALANCE**

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 2022/23. 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 2018/19 to FY 2024/25 (in millions)

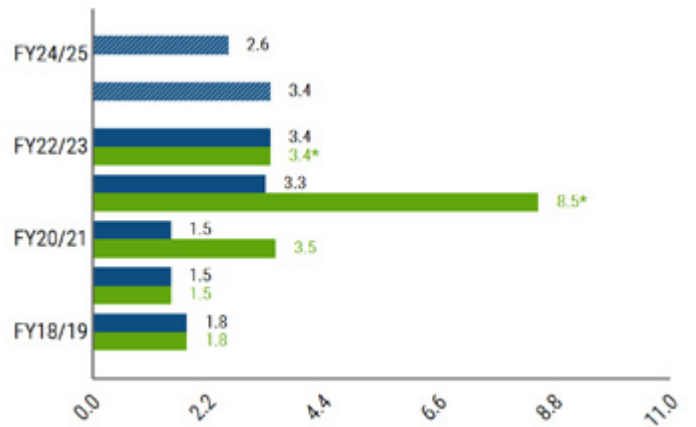


FORECAST BUDGET ACTUAL/FORECAST\*

**GO DEBT SERVICE RESERVE - NON PRESERVE**

GO Debt Service Reserve – Non Preserve reserve is projected at \$3.4 million for FY 2022/23. The GO Debt Service Reserve – Non-Preserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with GO Debt Service per Financial Policy No. 2.06. The secondary property tax supported debt reserve should be no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt.

FY 2018/19 to FY 2024/25 (in millions)

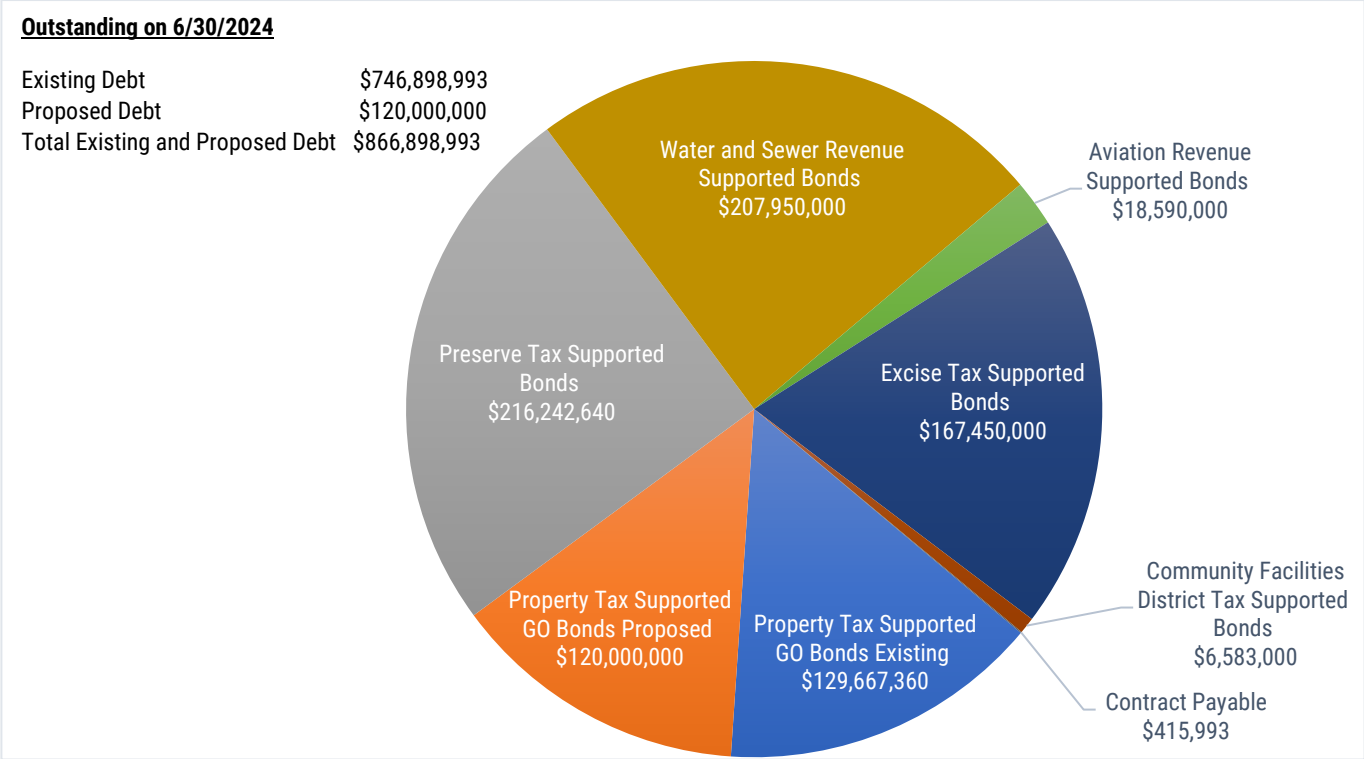


▨ FORECAST  
 ■ BUDGET  
 ■ ACTUAL/FORECAST\*

The city issues debt to finance capital project construction. This section of the budget document provides summary information regarding the amount of debt outstanding, description of bond types, property tax debt limitation, primary and secondary property tax history, debt repayment, pledged revenue coverage, long-term debt principal and interest through maturity, Scottsdale’s bond rating, and debt management.

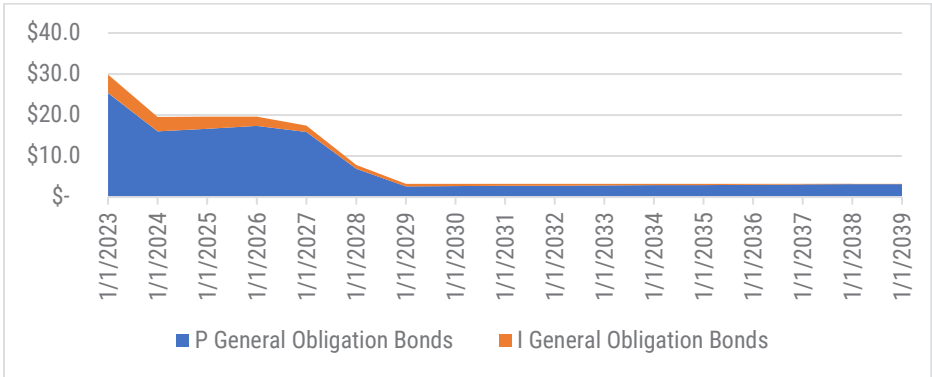
**Outstanding Debt by Type**

The adopted FY 2022/23 budget includes issuance of \$120,000,000 of General Obligation Bonds for the 2019 Bond projects. Outstanding debt by type is as follows:

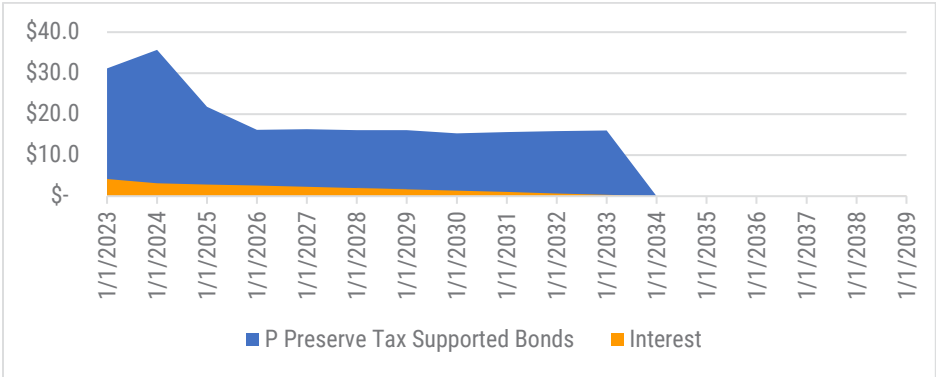


**Description of Bond Types – Including Principle and Interest Payments through Maturity in Millions**

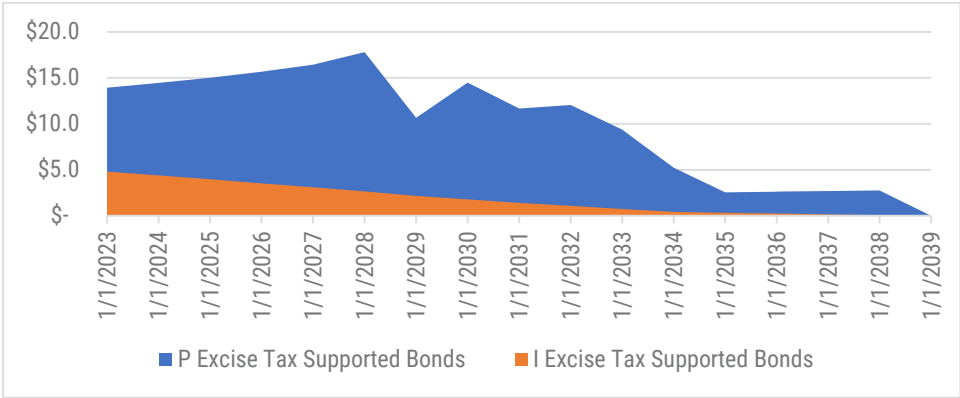
Property Tax Supported General Obligation (GO) Bonds – The city issues General Obligation Bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems and public safety and municipal facilities. General Obligation Bonds require voter approval. Secondary property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



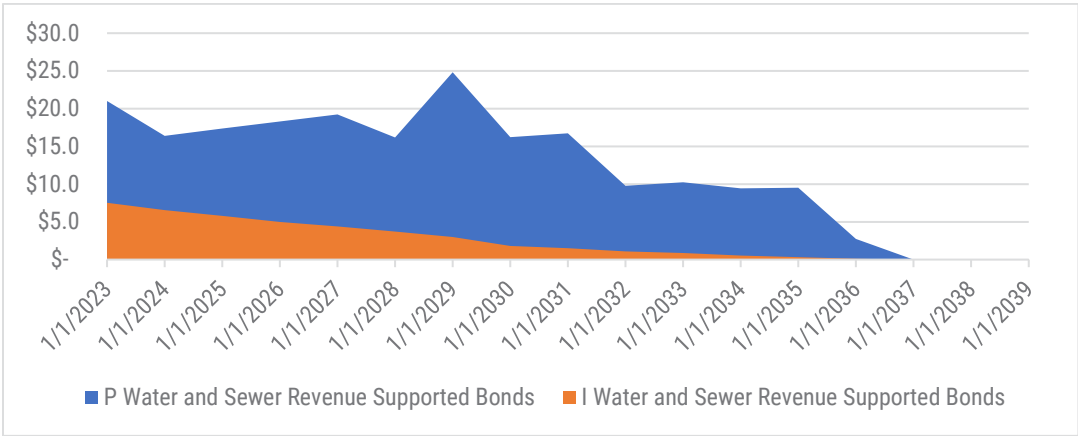
Preserve Tax Supported General Obligation Bonds – Preserve bonds include bonds issued by the Scottsdale Preserve Authority (SPA) and General Obligation Bonds for preserve land and land improvements. General Obligation Bonds require voter approval. Preserve excise tax revenues are pledged to repay the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



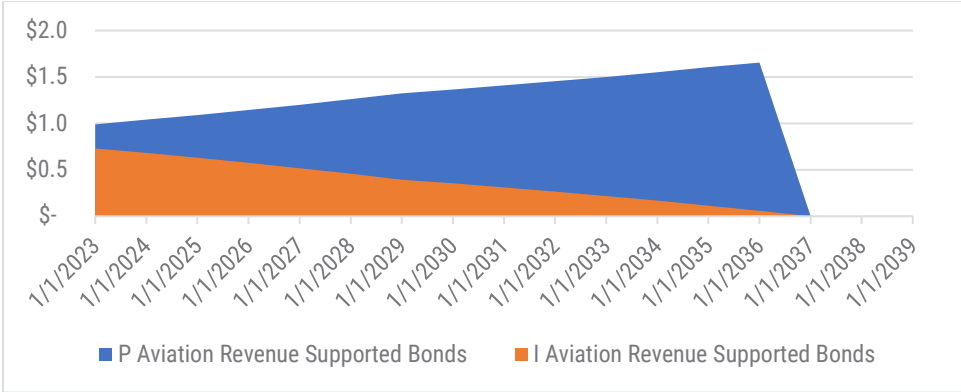
Excise Tax Supported Bonds – The city has debt secured by a pledge of all unrestricted excise taxes, transaction, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits, and fines and forfeitures, issued through the Municipal Property Corporation (MPC). These obligations were issued to fund the Museum of the West, TPC land and land improvements, WestWorld land, Skysong land, flood control, and other city improvements.



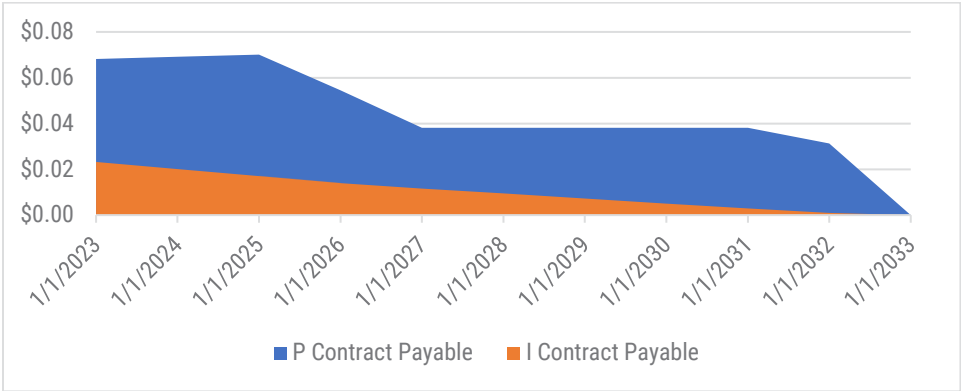
Water and Sewer Revenue Supported Bonds – Water and sewer revenue bonds include bonds issued by the city for water and sewer capital improvements, pledging water and sewer revenues, and issued by the Municipal Property Corporation, pledging city excise tax but are repaid with water and sewer revenues.



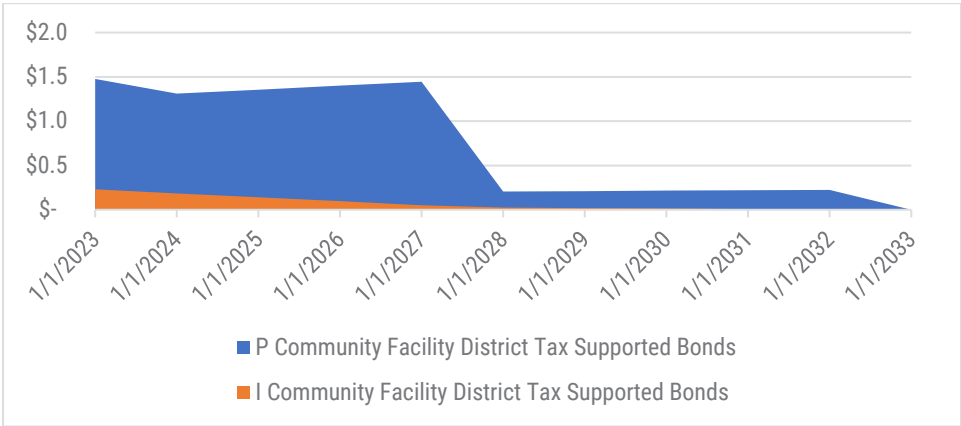
Aviation Revenue Supported Bonds – Aviation revenue bonds are issued by the Municipal Property Corporation for Airport capital improvements, pledging city excise tax but are repaid with aviation revenues.



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



Community Facility District (CFD) Tax Supported Debt – The city has four CFDs (DC Ranch, McDowell Mountain Ranch, Via Linda Road and Scottsdale Waterfront Commercial). CFD bonds are repaid from a special purpose tax levied on the properties within the Districts. The city has no liability for CFD debt.



**Property Tax Debt Limitation**

The Arizona Constitution, (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent of the assessed valuation of the taxable property in that city. In addition to the six percent limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20 percent of the assessed valuation for supplying such city with water, artificial light, or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety, and Streets and Transportation Facilities		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$1,839,737,004	6% Constitutional Limit	\$551,921,101
Less General Obligation Bonds Outstanding	(342,348,133)	Less General Obligation Bonds Outstanding	(3,561,867)
Excess Premium	(10,029,898)	Excess Premium	(392,765)
Available 20% Limitation Borrowing Capacity	\$1,487,358,974	Available 6% Limitation Borrowing Capacity	\$547,966,470

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

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

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2018/19	\$0.5316	\$0.5705	\$1.1021
2019/20	\$0.5198	\$0.5214	\$1.0412
2020/21	\$0.5273	\$0.5043	\$1.0316
2021/22	\$0.5039	\$0.5042	\$1.0081
2022/23	\$0.4970	\$0.4101	\$0.9071

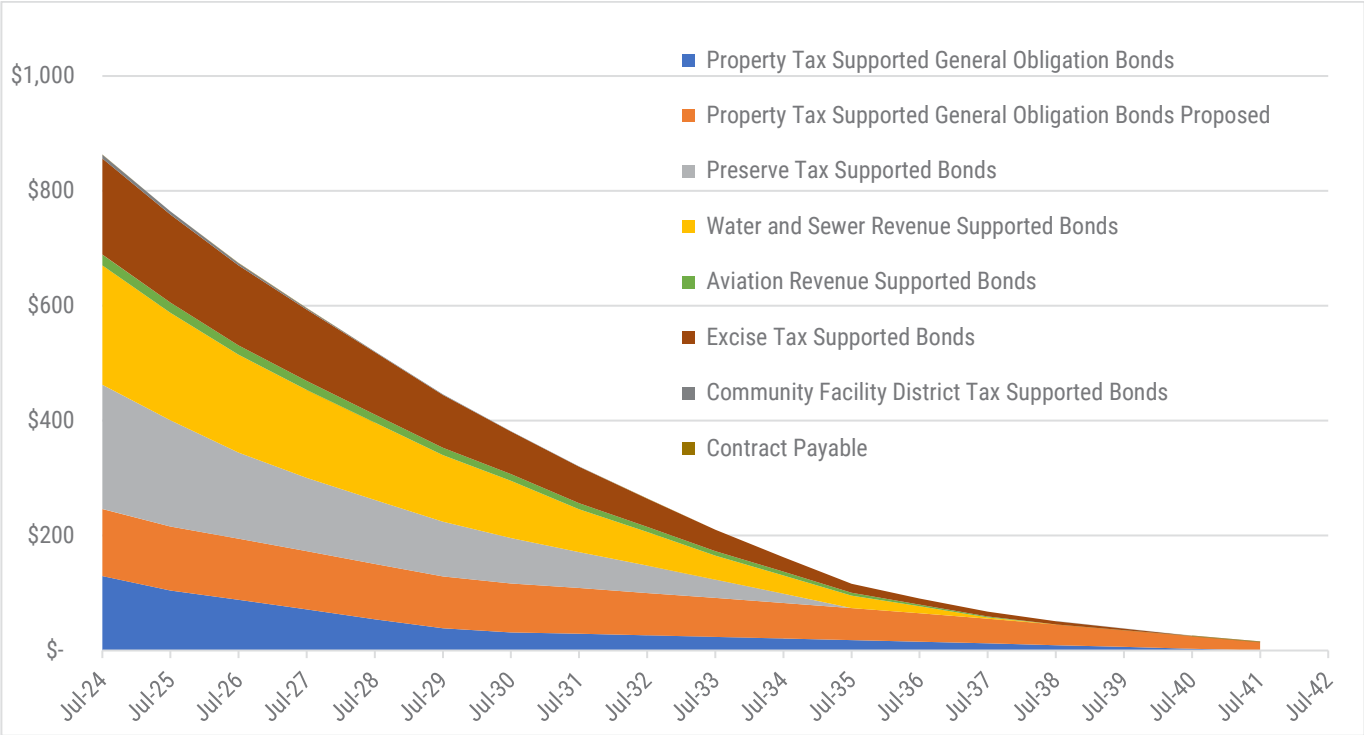
Adopted Financial Policy Section 8.04 General Obligation Bonds: The city will not exceed \$1.50 combined (primary and secondary) property tax rate per \$100 net assessed limited property value unless otherwise directed by the Council.

**Debt Repayment Fiscal Year End 2022/23 Forecast**

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

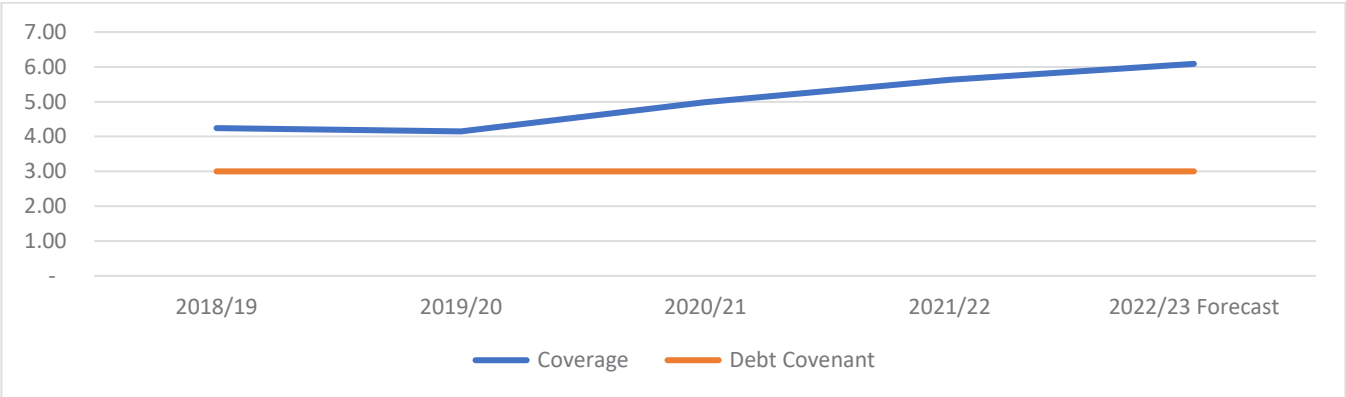
The city’s debt paydown is strong with 55 percent of total debt repaid in eight years and 92 percent repaid in 15 years.





**Pledged Revenue Coverage – Municipal Property Corporation \***

The Municipal Property Corporation (MPC) is a non-profit corporation created by the city as a financing conduit for the purpose of financing the construction or acquisition of city capital improvement projects. In order to obtain the funds necessary for the construction or acquisition of facilities, the MPC issues bonds and then leases the facilities to the city for lease-rental payments which equal the semiannual debt service payments on the MPC bonds.



\* Includes debt service payments paid out of the General Fund, Special Programs Fund, Tourism Development Fund, Stadium Facility Fund, Aviation Fund and the Water and Water Reclamation Funds.

### Scottsdale's Bond Rating

Scottsdale General Obligation Bonds continue to maintain the highest possible rating from the three major national bond rating agencies, Standard & Poor's Rating Services, 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, and pools at lower interest rates. Because the ratings are high, Scottsdale's General Obligation Bonds are highly desirable and therefore increase the value of existing bonds for investors.

<b>Summary of Current Ratings:</b>	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's Ratings Services</b>	<b>Fitch Ratings</b>
General Obligation (GO)	Aaa	AAA	AAA
Municipal Property Corporation (MPC)	Aa1	AAA	AA+
Scottsdale Preserve Authority (SPA)	Aa2	AA+	AA+
Water & Sewer Revenue (W&S)	Aaa	AAA	AAA

### Debt Management

Scottsdale's primary debt management objectives are to minimize the cost of borrowing to taxpayers while assuring that total indebtedness does not exceed available resources and conforms to Arizona legal requirements. The necessity to incur debt in order to finance the capital program requires the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the city's capacity to incur and repay additional debt require careful examination.

Proper debt management provides for the protection and eventual enhancement of bond ratings; and compliance with debt instrument provisions and required disclosures to investors, underwriters, and rating agencies. Financial Policy No.8 is used when evaluating the purpose, necessity and condition under which decisions are made to issue debt. Financial Policy No.8 is also meant to supplement the legal framework of public debt law provided by the Arizona Constitution, State statutes, federal tax laws, and the city's bond resolutions and covenants.

# BUDGET BY FUND | Debt Service Expense

	Forecast 2021/22	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Final Payment Date
<b>Debt Service Funds</b>							
<u>General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported</u>							
2014 G.O. Refunding Bonds (\$73.8M May 2014)	10,958,893	11,022,300	-	-	-	-	2023
2015 G.O. Refunding Bonds (\$86.4M Apr 2015)	9,451,145	9,349,300	20,304,200	9,335,700	9,590,200	9,774,800	2028
2017 G.O. Refunding Bonds (\$26.8M May 2017)	3,613,580	3,818,300	3,911,900	4,040,000	4,126,300	4,280,100	2029
2017C G.O. Various Purpose (\$25.5M Dec 2017)	2,828,000	2,620,000	2,417,000	2,934,000	2,635,300	2,310,000	2027
2021 G.O. Various Purpose (Tax-Exempt) (\$31.4M Feb 2021)	2,007,100	2,006,700	2,004,500	2,005,500	2,004,500	2,006,500	2040
2021 G.O. Various Purpose (Taxable) (\$19.8M Feb 2021)	1,217,174	1,217,100	1,221,300	1,219,600	1,221,300	1,217,600	2040
Future G.O. Bond: \$120.0 M issue Dec., 2022	-	5,119,300	7,896,500	7,894,300	7,890,500	7,900,200	2042
Future G.O. Bond: \$70.0 M issue Dec., 2026	-	-	-	-	-	3,202,500	2046
Fiscal Agent Fees and Arbitrage Fees	2,358	2,758	2,090	2,090	2,090	2,490	
	<b>30,078,250</b>	<b>35,155,758</b>	<b>37,757,490</b>	<b>27,431,190</b>	<b>27,470,190</b>	<b>30,694,190</b>	
<u>Preserve General Obligation Bonds - Preserve Sales Tax Supported</u>							
2012 G.O. Refunding Bonds Preserve (\$44.5M Jul 2012)	3,745,250	3,369,600	5,531,100	-	-	-	2024
2013 G.O. Bonds Preserve (\$75.0M Feb 2013)	2,230,000	2,650,000	2,550,000	-	-	-	2024
2014 G.O. Bonds Preserve (\$14.0M May 2014)	748,025	747,800	744,900	747,900	746,800	-	2026
2014 G.O. Refunding Bonds Preserve (\$9.4M May 2014)	1,561,757	1,574,600	-	-	-	-	2023
2015 G.O. Refunding Bonds Preserve (\$74.0M Apr 2015)	8,865,505	12,879,100	12,785,300	946,300	961,800	972,600	2028
2017A G.O. Preserve Bonds (\$17.4M Mar 2017)	820,600	820,600	820,600	820,600	820,600	2,645,600	2034
2017B G.O. Preserve Acquisition Refinancing Bonds (\$18.5M May 2017)	4,459,250	6,048,800	6,079,500	-	-	-	2024
2017 G.O. Refunding Bonds Preserve (\$13.2M May 2017)	562,185	1,463,400	1,494,600	1,481,000	1,449,700	1,433,100	2034
2020 G.O. Taxable Refunding Bonds Preserve (\$167.9M Dec 2020)	8,530,368	3,881,600	5,344,900	34,851,500	20,689,900	13,746,400	2034
Fiscal Agent Fees	3,742	3,742	3,660	2,360	1,860	1,110	
	<b>31,526,682</b>	<b>33,439,242</b>	<b>35,354,560</b>	<b>38,849,660</b>	<b>24,670,660</b>	<b>18,798,810</b>	
<u>Scottsdale Preserve Authority Bonds - Preserve Sales Tax Supported</u>							
2011 Scottsdale Preserve Revenue Refunding Bonds	1,417,500	-	-	-	-	-	2022
Fiscal Agent Fees	2,500	-	-	-	-	-	
	<b>1,420,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<u>Municipal Property Corp. (MPC) Bonds - Excise Tax Supported</u>							
2006 MPC Refunding SkySong (GF/ST)	2,817,000	2,821,000	2,816,000	2,817,300	2,819,300	2,811,800	2034
2006 MPC Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	2,544,000	2,564,300	2,579,500	2,584,800	2,640,300	2,738,300	2030
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)	600,000	456,700	471,200	470,300	469,000	467,300	2035
2014 MPC Refunding TPC (\$4.2M) (GF/ST)	518,313	518,300	518,600	518,800	516,600	513,900	2027
2021B MPC Taxable Refunding TPC (GF/ST)	163,270	74,200	77,200	81,000	78,700	78,300	2031
2014 MPC Refunding WW/TPC Land Acq 52- and 17-acres (16.0M) (GF/ST)	1,988,400	1,986,900	2,010,400	2,032,700	2,020,900	2,031,200	2027
2021B MPC Taxable Refunding WW/TPC Land Acq 52- and 17-acres (GF/ST)	646,143	293,800	305,200	320,600	311,400	310,000	2031
2013A MPC SFS Garage Payoff (\$31.0M) (GF/ST)	2,016,000	2,094,800	-	-	-	-	2023
2021B MPC Taxable Refunding SFS Garage Payoff (GF/ST)	612,925	336,800	2,576,200	2,646,500	2,731,200	2,830,100	2028
2013B MPC McDowell Golf (\$1.6M) (SPF)	71,750	73,500	-	-	-	-	2023
2021B MPC Taxable Refunding MPC McDowell Golf (SPF)	90,328	20,100	100,100	84,800	94,300	98,600	2033
2013C MPC TNEC (\$41.9M) (GF/ST)	602,500	600,800	-	-	-	-	2023
2013C MPC TNEC (TDF)	1,200,000	1,200,000	-	-	-	-	2023
2021B MPC Taxable Refunding MPC TNEC (GF/ST)	1,396,976	779,500	1,283,100	1,289,500	1,291,300	1,338,600	2033
2021B MPC Taxable Refunding TNEC (TDF)	-	-	1,200,000	1,200,000	1,200,000	1,200,000	2033
2015A MPC Revenue Museum (TDF)	859,613	857,600	859,400	854,600	858,600	170,900	2034
2021B MPC Taxable Refunding Museum (TDF)	40,387	22,900	22,800	22,800	27,700	702,500	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)	163,712	163,900	161,700	163,500	164,100	164,300	2034
2019A MPC Revenue Crossroads Flood Control (SF)	665,000	663,800	666,800	668,800	664,800	665,000	2039
2019B MPC Revenue Taxable Stadium Improvements (TDF)	1,679,030	1,677,900	1,530,700	1,527,100	1,530,100	1,531,500	2039
2019B MPC Bonds - Stadium Improvements Giants Funded (Contribution)	375,000	375,000	525,000	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	10,200	10,200	9,200	9,200	8,950	8,950	
Subtotal by Funding Source:							
General Fund/Excise Tax (GF/ST)	13,963,091	12,241,000	12,333,600	12,460,400	12,579,500	12,822,200	
General Fund/Stormwater Fee (SF)	-	-	-	-	-	-	
Special Revenue/Stormwater Fee (SF)	665,330	664,130	667,130	669,130	665,130	665,330	
Tourism Development Fund (TDF)	5,281,200	5,118,270	4,987,270	4,977,970	4,988,320	4,975,120	
Special Program (McDowell Golf) (SPF)	162,078	93,600	100,100	84,800	94,300	98,600	
SFG/Charros (Contribution)	510,000	510,000	660,000	660,000	660,000	660,000	
	<b>20,581,699</b>	<b>18,627,000</b>	<b>18,748,100</b>	<b>18,852,300</b>	<b>18,987,250</b>	<b>19,221,250</b>	
<b>Total Debt Service Funds</b>	<b>83,606,631</b>	<b>87,222,000</b>	<b>91,860,150</b>	<b>85,133,150</b>	<b>71,128,100</b>	<b>68,714,250</b>	

## BUDGET BY FUND | Debt Service Expense

	Forecast 2021/22	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Final Payment Date
<b>General Fund</b>							
<u>Service Concession Arrangements</u>							
BOR Administration/WestWorld	197,993	207,900	218,300	229,200	240,700	252,700	2032
BOR Administration/TPC	197,993	207,900	218,300	229,200	240,700	252,700	2035
	395,986	415,800	436,600	458,400	481,400	505,400	
<u>Contracts Payable</u>							
John Deere Mowing Equipment	7,765	15,500	15,500	15,500	15,500	7,800	2027
Total General Fund Contracts Payable	7,765	15,500	15,500	15,500	15,500	7,800	
<b>Total General Fund</b>	<b>403,751</b>	<b>431,300</b>	<b>452,100</b>	<b>473,900</b>	<b>496,900</b>	<b>513,200</b>	
<b>Special Revenue Funds</b>							
<u>Contracts Payable</u>							
Underground Utility Improvement District	62,918	60,700	58,500	56,400	54,200	52,000	2033
John Deere Mowing Equipment	8,687	17,400	17,400	17,400	17,400	8,700	2027
	71,605	78,100	75,900	73,800	71,600	60,700	
<b>Total Special Revenue Funds</b>	<b>71,605</b>	<b>78,100</b>	<b>75,900</b>	<b>73,800</b>	<b>71,600</b>	<b>60,700</b>	
<b>Water and Sewer Funds</b>							
<u>Water Sewer Revenue Bonds</u>							
2008 Water Sewer Revenue Refunding Bonds-Water Reclamation	4,592,300	4,604,700	-	-	-	-	2023
Fiscal Agent Fees	400	400	-	-	-	-	
	4,592,700	4,605,100	-	-	-	-	
<u>Municipal Property Corp. (MPC) Bonds</u>							
2006 MPC Refunding Bonds-Water	11,086,424	11,041,700	10,987,500	5,865,800	5,838,300	5,810,200	2030
2006 MPC Refunding Bonds-Water Reclamation	1,321,076	1,315,800	1,309,300	699,000	695,700	692,300	2030
2015A MPC-Water Reclamation	1,298,913	1,298,200	1,300,400	1,295,400	1,298,400	258,900	2034
2015 MPC Refunding Bonds-Water	4,170,796	4,167,700	4,175,800	4,159,500	4,169,500	-	2026
2015 MPC Refunding Bonds-Water Reclamation	1,290,954	1,290,000	1,292,500	1,287,500	1,290,500	-	2026
2017 MPC Refunding Bonds-Water	729,500	1,541,900	1,618,400	1,694,700	1,774,500	1,861,800	2034
2017 MPC Refunding Bonds-Water Reclamation	1,079,775	2,282,300	2,395,500	2,508,500	2,626,500	2,755,700	2034
2017A MPC Bonds-Water (Rate-Funded)	2,086,460	2,090,200	2,087,200	2,088,900	2,087,400	2,086,500	2037
2017A MPC Bonds-Water Reclamation (Developer-Fee-Funded)	736,896	738,200	737,200	737,700	737,200	736,900	2037
2021A MPC Refunding Bonds-Water	89,782	89,800	89,800	89,800	89,800	89,800	2030
2021A MPC Refunding Bonds-Water Reclamation	306,218	306,200	306,200	306,200	306,200	306,200	2030
2021B MPC Taxable Refunding Bonds-Water	1,326,161	1,327,300	1,328,100	1,328,000	1,326,300	5,171,000	2036
2021B MPC Taxable Refunding Bonds-Water Reclamation	907,065	908,000	908,500	908,400	907,100	3,536,800	2036
Future MPC Bonds - Water: \$50.0 M issue Dec, 2023	-	-	2,287,500	3,538,700	3,513,900	3,487,900	2043
Future MPC Bonds - Sewer: \$70.0 M issue Dec, 2023	-	-	3,202,500	4,954,300	4,919,500	4,883,100	2043
Future MPC Bonds - Water: \$75.0 M issue Dec, 2025	-	-	-	-	3,431,200	5,308,100	2045
Future MPC Bonds - Sewer: \$70.0 M issue Dec, 2025	-	-	-	-	3,202,500	4,954,300	2045
Fiscal Agent Fees	9,800	9,800	11,300	11,300	13,100	11,600	
	26,439,820	28,407,100	34,037,700	31,473,700	38,227,600	41,951,100	
<b>Total Water and Sewer Funds</b>	<b>31,032,520</b>	<b>33,012,200</b>	<b>34,037,700</b>	<b>31,473,700</b>	<b>38,227,600</b>	<b>41,951,100</b>	
<b>Aviation Fund</b>							
2017B MPC Bonds	1,722,744	1,717,700	1,720,700	1,721,200	1,719,200	1,719,700	2037
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500	1,500	
<b>Total Aviation Funds</b>	<b>1,724,244</b>	<b>1,719,200</b>	<b>1,722,200</b>	<b>1,722,700</b>	<b>1,720,700</b>	<b>1,721,200</b>	
<b>TOTAL DEBT SERVICE EXPENSE - ALL FUNDS</b>	<b>116,838,751</b>	<b>122,462,800</b>	<b>128,148,050</b>	<b>118,877,250</b>	<b>111,644,900</b>	<b>112,960,450</b>	

# BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/22	Balance at 6/30/23	Balance at 6/30/24	Balance at 6/30/25	Balance at 6/30/26	Final Payment Date
<b>Debt Service Funds</b>						
<u>General Obligation Bonds - Property Tax (Secondary) Supported</u>						
2014 G.O. Refunding Bonds	10,701,250	-	-	-	-	2023
2015 G.O. Refunding Bonds	60,530,000	53,360,000	35,020,000	27,005,000	18,495,000	2028
2017 G.O. Refunding Bonds	24,446,110	21,742,360	18,809,860	15,602,660	12,172,310	2029
2017C G.O. Various Purpose Bonds	11,200,000	9,140,000	7,180,000	4,605,000	2,200,000	2027
2021 G.O. Various Purpose Bonds	28,855,000	27,675,000	26,450,000	25,175,000	23,850,000	2040
2021 G.O. Taxable Various Purpose Bonds	18,610,000	17,750,000	16,860,000	15,945,000	15,010,000	2040
Future G.O. Bonds	-	116,610,000	111,615,300	106,530,400	101,355,300	2042
<b>Total General Obligation Bonds</b>	<b>154,342,360</b>	<b>246,277,360</b>	<b>215,935,160</b>	<b>194,863,060</b>	<b>173,082,610</b>	
<u>Preserve General Obligation Bonds - Preserve Sales Tax Supported</u>						
2012 G.O. Refunding Bonds-Preserve	8,485,000	5,370,000	-	-	-	2024
2013 G.O. Bonds-Preserve	5,000,000	2,500,000	-	-	-	2024
2014 G.O. Bonds-Preserve	2,760,000	2,105,000	1,430,000	725,000	-	2026
2014 G.O. Refunding Bonds-Preserve	1,528,750	-	-	-	-	2023
2015 G.O. Refunding Bonds-Preserve	27,670,000	15,710,000	3,485,000	2,670,000	1,815,000	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	11,275,000	5,790,000	-	-	-	2024
2017 G.O. Refunding Bonds-Preserve	13,158,890	12,257,640	11,280,140	10,267,340	9,242,690	2034
2020 G.O. Taxable Refunding Bonds-Preserve	157,255,000	155,100,000	151,475,000	118,325,000	99,135,000	2034
<b>Total Preserve General Obligation Bonds</b>	<b>244,542,640</b>	<b>216,242,640</b>	<b>185,080,140</b>	<b>149,397,340</b>	<b>127,602,690</b>	
<u>Municipal Property Corp. (MPC) Bonds - Excise Tax Supported</u>						
2006 MPC Refunding SkySong	24,420,000	22,820,000	21,145,000	19,385,000	17,535,000	2034
2006 MPC Refunding WW/TPC 80-acres	17,385,000	15,690,000	13,895,000	12,005,000	9,965,000	2030
2014 MPC Refunding TPC	2,655,000	2,180,000	1,675,000	1,140,000	580,000	2027
2014 MPC Refunding WW/TPC 52- and 17-acres	8,645,000	7,095,000	5,450,000	3,705,000	1,885,000	2027
2013A MPC Garage	1,995,000	-	-	-	-	2023
2013B MPC McDowell Mnt	70,000	-	-	-	-	2023
2013C MPC TNEC	1,715,000	-	-	-	-	2023
2015A MPC Museum	7,955,000	7,390,000	6,795,000	6,175,000	5,520,000	2034
2015A Taxable TPC	10,075,000	9,395,000	8,690,000	7,955,000	7,190,000	2034
2019A MPC Revenue Crossroads Flood Control	8,435,000	8,095,000	7,735,000	7,355,000	6,960,000	2039
2019B MPC Revenue Taxable Stadium Improvements	29,540,000	28,105,000	26,640,000	25,150,000	23,625,000	2039
2021B MPC Refunding Taxable Bonds Garage	13,510,000	13,285,000	10,820,000	8,275,000	5,630,000	2028
2021B MPC Refunding Taxable Bonds McDowell Mnt	855,000	845,000	755,000	680,000	595,000	2033
2021B MPC Refunding Taxable Bonds TNEC	24,545,000	24,060,000	21,870,000	19,665,000	17,445,000	2033
2021B MPC Refunding Taxable Bonds Museum	760,000	745,000	730,000	715,000	695,000	2027
2021B MPC Refunding Taxable Bonds WW/TPC 80-acres	15,625,000	15,425,000	15,210,000	14,995,000	14,780,000	2035
2021B MPC Refunding Taxable Bonds TPC	2,525,200	2,484,900	2,441,500	2,394,100	2,348,700	2031
2021B MPC Refunding Taxable Bonds WW/TPC 52- and 17-acres	9,994,800	9,835,100	9,663,500	9,475,900	9,296,300	2031
<b>Total Municipal Property Corp. Bonds</b>	<b>180,705,000</b>	<b>167,450,000</b>	<b>153,515,000</b>	<b>139,070,000</b>	<b>124,050,000</b>	
<b>Total Debt Service Funds</b>	<b>579,590,000</b>	<b>629,970,000</b>	<b>554,530,300</b>	<b>483,330,400</b>	<b>424,735,300</b>	
<b>General Fund</b>						
<u>Service Concession Arrangements</u>						
BOR Administration/Westworld	799,603	719,643	639,683	559,722	479,762	2032
BOR Administration/TPC	960,414	886,536	812,658	738,780	664,902	2035
<b>Total General Fund Service Concession Arrangements</b>	<b>1,760,017</b>	<b>1,606,179</b>	<b>1,452,341</b>	<b>1,298,502</b>	<b>1,144,664</b>	
<u>Contracts Payable</u>						
John Deere Mowing Equipment	65,310	51,545	37,364	22,753	7,698	2027
<b>Total General Fund Contracts Payable</b>	<b>65,310</b>	<b>51,545</b>	<b>37,364</b>	<b>22,753</b>	<b>7,698</b>	
<b>Total General Fund</b>	<b>1,825,327</b>	<b>1,657,724</b>	<b>1,489,705</b>	<b>1,321,255</b>	<b>1,152,362</b>	

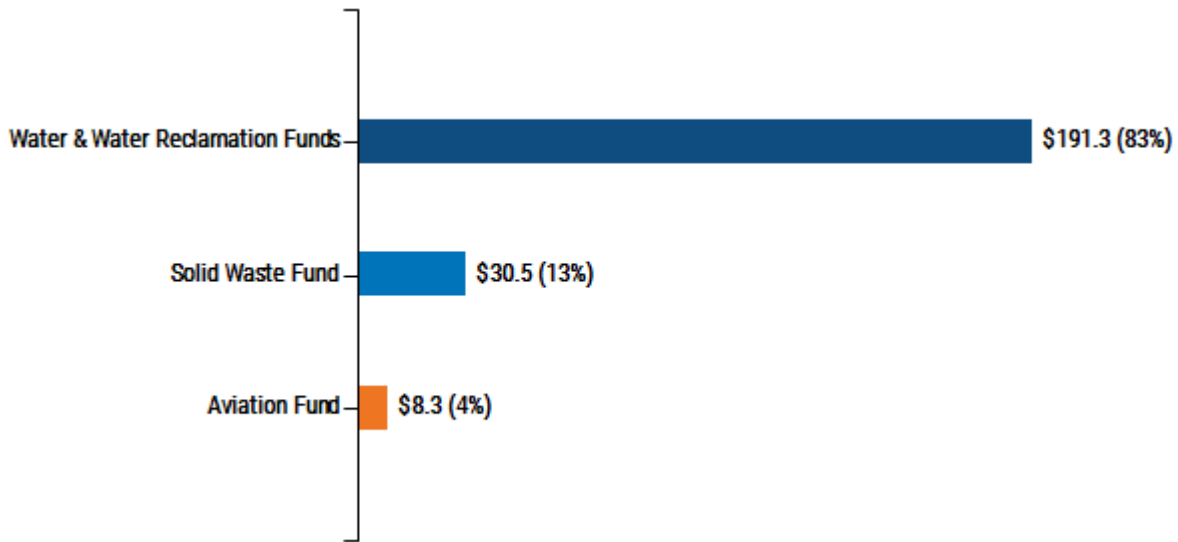
## BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/22	Balance at 6/30/23	Balance at 6/30/24	Balance at 6/30/25	Balance at 6/30/26	Final Payment Date
<b>Special Revenue Funds</b>						
<u>Contracts Payable</u>						
Underground Utility Improvement District	413,206	375,016	336,826	298,635	260,445	2033
John Deere Mowing Equipment	73,070	57,670	41,803	25,455	8,612	2027
Total Special Programs Contracts Payable	<u>486,276</u>	<u>432,686</u>	<u>378,629</u>	<u>324,090</u>	<u>269,057</u>	
<b>Total Special Revenue Funds</b>	<u>486,276</u>	<u>432,686</u>	<u>378,629</u>	<u>324,090</u>	<u>269,057</u>	
<b>Water and Sewer Funds</b>						
<u>Water Sewer Revenue Bonds</u>						
2008 Water Sewer Revenue Refunding Bonds	4,375,000	-	-	-	-	2023
Total Water Sewer Revenue Bonds	<u>4,375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>Municipal Property Corp. (MPC) Bonds</u>						
2006 Refunding Water & Sewer MPC Bonds	52,850,000	43,135,000	32,995,000	28,080,000	22,950,000	2030
2015A Water & Sewer MPC Bonds	12,050,000	11,195,000	10,295,000	9,355,000	8,365,000	2034
2015 Refunding Water & Sewer MPC Bonds	19,355,000	14,865,000	10,140,000	5,200,000	-	2026
2017 Refunding Water & Sewer MPC Bonds	41,620,000	39,605,000	37,340,000	34,795,000	31,925,000	2034
2017A Water & Sewer MPC Bonds	32,390,000	30,810,000	29,155,000	27,415,000	25,590,000	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	61,740,000	60,420,000	59,095,000	57,765,000	56,430,000	2036
Future MPC Bonds - Water	-	-	48,587,500	46,506,400	117,269,000	2045
Future MPC Bonds - Sewer	-	-	68,022,500	65,108,900	130,165,200	2045
Total MPC Bonds - Water and Sewer Supported	<u>227,925,000</u>	<u>207,950,000</u>	<u>303,550,000</u>	<u>282,145,300</u>	<u>400,614,200</u>	
<b>Total Water and Sewer Funds</b>	<u>232,300,000</u>	<u>207,950,000</u>	<u>303,550,000</u>	<u>282,145,300</u>	<u>400,614,200</u>	
<b>Aviation Fund</b>						
<u>Municipal Property Corp. (MPC) Bonds</u>						
2017 MPC Bonds - Airport Supported	19,530,000	18,590,000	17,600,000	16,560,000	15,470,000	2037
<b>Total Aviation Fund</b>	<u>19,530,000</u>	<u>18,590,000</u>	<u>17,600,000</u>	<u>16,560,000</u>	<u>15,470,000</u>	
<b>Total Debt Service Funds</b>	<u>833,731,603</u>	<u>858,600,410</u>	<u>877,548,634</u>	<u>783,681,045</u>	<u>842,240,919</u>	

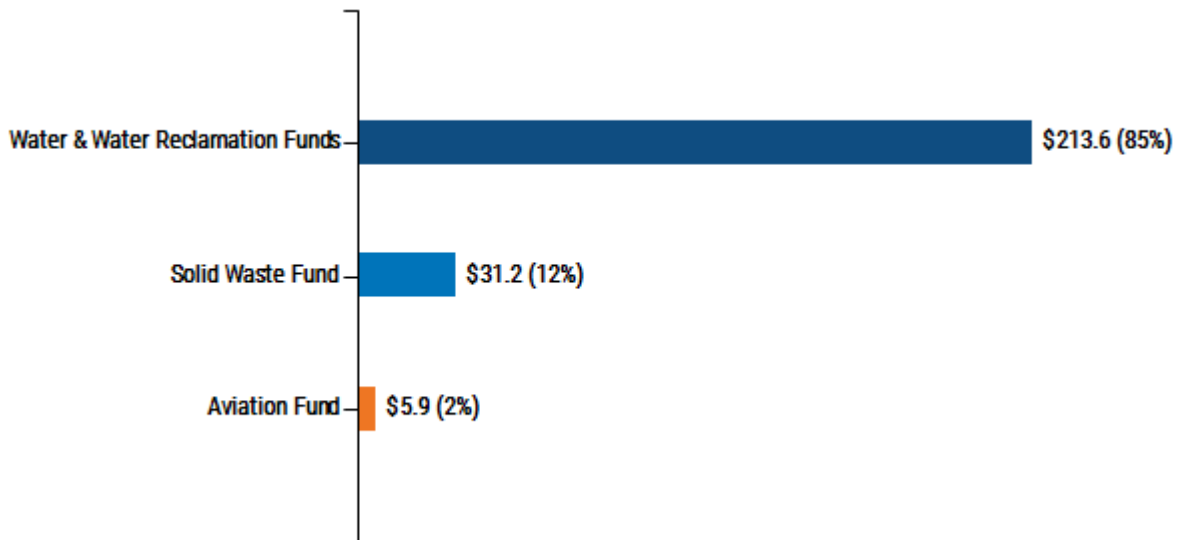
## Enterprise Funds Description

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)**  
**\$230.1 Million**



**Enterprise Funds Uses (% to Total)**  
**\$250.7 Million**



Rounding differences may occur.



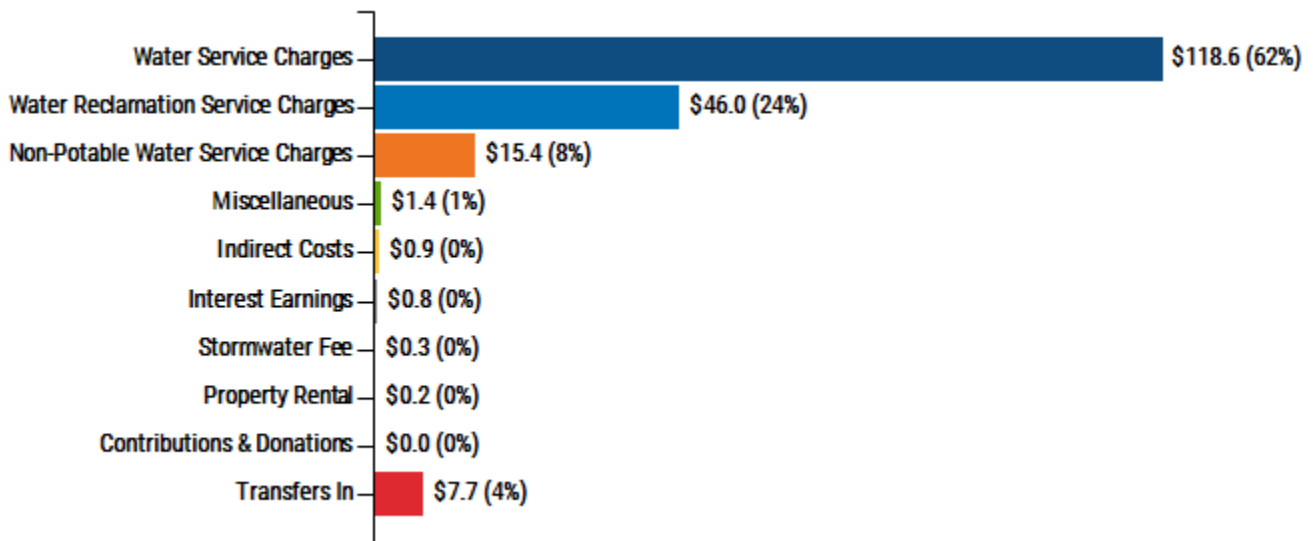


**FY 2022/23 Adopted Budget**

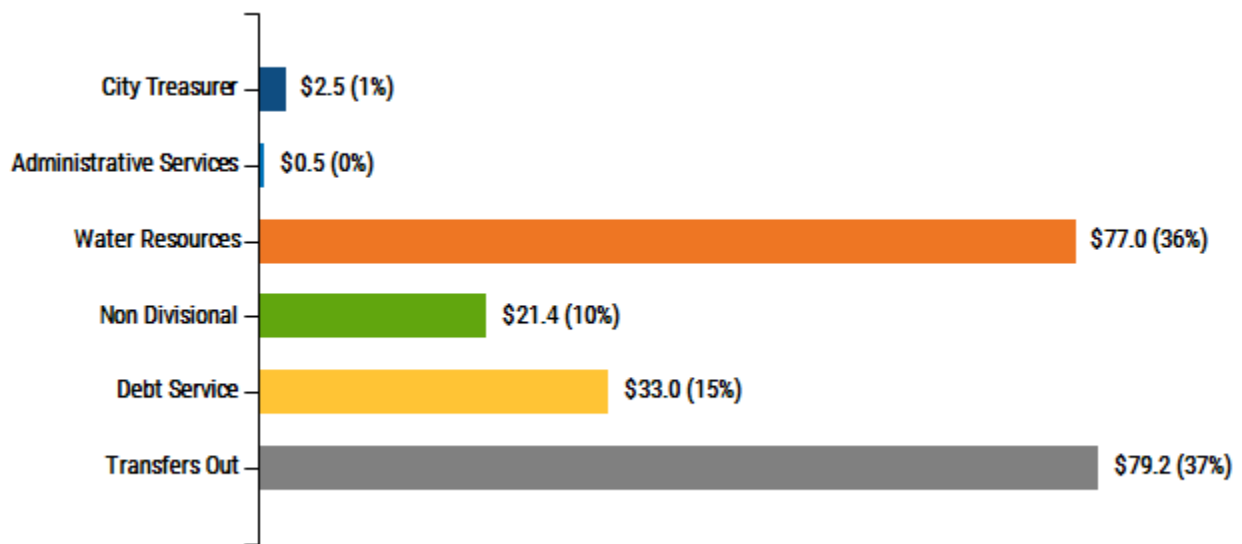
## Fund Purpose

These funds account for the transactions related to the city's water and water reclamation business activities, including operating sources, uses and debt service payments. Capital uses are accounted for in various Capital Improvement Plan funds.

### Water & Water Reclamation Funds Sources (% to Total) \$191.3 Million



### Water & Water Reclamation Funds Uses (% to Total) \$213.6 Million



Rounding differences may occur.

## BUDGET BY FUND | Water and Water Reclamation Funds Summary

	<b>Actual 2020/21</b>	<b>Adopted 2021/22</b>	<b>Forecast 2022/23</b>	<b>Adopted 2022/23</b>
<b>Beginning Fund Balance</b>				
Operating Reserve	14,887,724	18,717,979	16,418,406	25,309,018
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,691,838	4,604,688
Special Contractual Fund Balance	845,335	845,335	5,129,851	845,335
Water & WasteWater Asset Replacement	42,644,246	44,429,555	44,050,511	46,239,707
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	2,664,392	799,392	24,829,345	20,597,980
<b>Total Beginning Fund Balance<sup>(a)</sup></b>	<b>68,646,385</b>	<b>72,396,949</b>	<b>98,119,951</b>	<b>100,596,728</b>
<b>Revenues</b>				
Water Service Charges	115,996,043	113,533,563	113,533,563	118,576,492
Water Reclamation Service Charges	42,036,615	47,523,116	47,523,116	45,995,649
Non-Potable Water Service Charges	14,736,953	15,241,405	15,241,405	15,406,758
Miscellaneous	4,441,091	834,657	834,657	1,373,916
Indirect Costs	876,665	876,665	876,665	921,000
Interest Earnings	1,300,016	737,069	737,069	780,451
Stormwater Fee	335,432	337,600	337,600	339,099
Property Rental	161,767	196,800	196,800	209,861
Contributions & Donations	1,500	5,500	5,500	5,550
<b>Subtotal</b>	<b>179,886,083</b>	<b>179,286,375</b>	<b>179,286,375</b>	<b>183,608,776</b>
<b>Transfers In</b>				
AWT	3,042,216	3,231,417	3,231,417	2,177,402
Debt Service	4,779,561	5,806,922	5,806,922	4,613,814
RWDS	900,000	900,000	900,000	900,000
<b>Subtotal</b>	<b>8,721,777</b>	<b>9,938,339</b>	<b>9,938,339</b>	<b>7,691,216</b>
<b>Total Sources</b>	<b>188,607,859</b>	<b>189,224,714</b>	<b>189,224,714</b>	<b>191,299,992</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$14.3 million) to better align with the fund balance calculation used in the Annual Financial Report.

# BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2022/23	Adopted 2022/23
<b>Expenditures</b>				
City Treasurer	2,112,406	2,562,368	2,495,817	2,495,042
Administrative Services	361,905	461,336	421,623	489,531
Water Resources	63,581,005	71,691,018	70,277,164	77,006,690
Citywide Indirect Cost Allocation	5,131,162	5,393,197	5,393,197	5,253,417
Department Indirect Cost	876,665	876,665	876,665	921,000
Citywide Pay Program	-	-	110,949	-
Fuel and Maint and Repair <sup>(a)</sup>	-	-	411,393	-
Market	-	-	788	-
Market Catch-up	-	-	250,478	-
Vacation Trade	-	-	-	133,839
Leave Accrual Payments	-	489,202	(354,368)	489,202
Savings from Vacant Positions	-	(1,177,100)	(203,046)	(1,177,100)
Utilities	15,028,176	16,191,921	16,191,921	15,824,450
<b>Subtotal</b>	<b>87,091,319</b>	<b>96,488,607</b>	<b>95,872,581</b>	<b>101,436,071</b>
<b>Debt Service</b>				
CIP Sewer Revenue Bonds	4,584,025	4,592,700	4,592,700	4,605,088
MPC Bonds Debt Service-Sewer	8,160,660	6,208,406	6,208,406	7,404,997
MPC Bonds Debt Service-Water	20,743,772	20,230,664	20,230,664	21,002,087
<b>Subtotal</b>	<b>33,488,458</b>	<b>31,031,770</b>	<b>31,031,770</b>	<b>33,012,172</b>
TOTAL OPERATING BUDGET	120,579,777	127,520,377	126,904,351	134,448,243
<b>Transfers Out</b>				
AWT	3,042,216	3,231,417	3,231,417	2,177,402
CIP <sup>(b)</sup>	36,354,637	47,243,247	47,243,247	56,646,304
CIP Technology	147,825	700,809	700,809	11,463,242
Debt Service Fund <sup>(c)</sup>	4,779,561	-	-	-
Franchise Fees	8,545,741	8,668,113	8,668,113	8,868,936
<b>Subtotal</b>	<b>52,869,980</b>	<b>59,843,586</b>	<b>59,843,586</b>	<b>79,155,884</b>
<b>Total Uses</b>	<b>173,449,757</b>	<b>187,363,963</b>	<b>186,747,937</b>	<b>213,604,127</b>
<b>Sources Over/(Under) Uses</b>	<b>15,158,103</b>	<b>1,860,751</b>	<b>2,476,777</b>	<b>(22,304,135)</b>
<b>Ending Fund Balance</b>				
Operating Reserve	18,717,979	19,567,970	19,567,970	25,359,018
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,517,538
Special Contractual Fund Balance	845,335	845,335	845,335	-
Water & WasteWater Asset Replacement Reserve	44,429,555	46,239,707	46,239,707	45,416,037
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	12,206,931	-	26,339,028	-
<b>Total Ending Fund Balance</b>	<b>83,804,488</b>	<b>74,257,700</b>	<b>100,596,728</b>	<b>78,292,593</b>

<sup>(a)</sup> Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the division monthly as expenses occur.

<sup>(b)</sup> In FY 2022/23 Transfers Out CIP will occur as needed considering available cash and fund balances. Those same Transfers Out will see reductions if the resources are not available.

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

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

	<b>Adopted 2022/23</b>	<b>Forecast 2023/24</b>	<b>Forecast 2024/25</b>	<b>Forecast 2025/26</b>	<b>Forecast 2026/27</b>
<b>Beginning Fund Balance</b>					
Operating Reserve	25,309,018	25,359,018	26,571,275	28,102,825	29,078,725
Revenue Bond Debt Service Reserve	4,604,688	4,517,538	-	-	-
Special Contractual Fund Balance	845,335	-	-	-	-
Water & WasteWater Asset Replacement	46,239,707	45,416,037	47,412,553	49,573,948	51,728,702
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	20,597,980	-	65	20	66
<b>Total Beginning Fund Balance</b>	<b>100,596,728</b>	<b>78,292,593</b>	<b>76,983,893</b>	<b>80,676,793</b>	<b>83,807,493</b>
<b>Revenues</b>					
Water Service Charges	118,576,492	123,143,400	126,792,600	130,550,900	134,421,100
Water Reclamation Service Charges	45,995,649	47,542,900	49,144,300	50,800,500	52,514,300
Non-Potable Water Service Charges	15,406,758	15,758,600	16,119,800	16,487,100	16,863,300
Miscellaneous	1,373,916	1,393,300	1,413,100	1,433,200	1,453,500
Indirect Costs	921,000	948,700	977,200	1,006,500	1,036,700
Interest Earnings	780,451	1,130,500	1,536,900	1,954,600	2,183,200
Stormwater Fee	339,099	342,500	345,900	349,400	352,900
Property Rental	209,861	218,100	227,000	236,000	245,500
Contributions & Donations	5,550	5,600	5,700	5,700	5,800
<b>Subtotal</b>	<b>183,608,776</b>	<b>190,483,600</b>	<b>196,562,500</b>	<b>202,823,900</b>	<b>209,076,300</b>
<b>Transfers In</b>					
AWT	2,177,402	2,237,300	2,298,200	2,359,600	2,440,800
Debt Service	4,613,814	3,792,200	3,399,200	2,988,700	2,546,900
RWDS	900,000	900,000	900,000	900,000	900,000
<b>Subtotal</b>	<b>7,691,216</b>	<b>6,929,500</b>	<b>6,597,400</b>	<b>6,248,300</b>	<b>5,887,700</b>
<b>Total Sources</b>	<b>191,299,992</b>	<b>197,413,100</b>	<b>203,159,900</b>	<b>209,072,200</b>	<b>214,964,000</b>

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

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Expenditures</b>					
City Treasurer	2,495,042	2,601,100	2,716,200	2,832,700	2,952,500
Administrative Services	489,531	511,200	536,200	562,400	590,300
Water Resources	77,006,690	81,115,100	86,327,300	89,285,800	91,785,300
Citywide Indirect Cost Allocation	5,253,417	5,516,100	5,792,000	6,081,400	6,385,500
Department Indirect Cost	921,000	948,700	977,200	1,006,500	1,036,700
Citywide Pay Program	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Market	-	-	-	-	-
Market Catch-up	-	-	-	-	-
Vacation Trade	133,839	-	-	-	-
Leave Accrual Payments	489,202	501,600	513,700	525,900	537,700
Savings from Vacant Positions	(1,177,100)	(1,206,500)	(1,236,100)	(1,265,500)	(1,293,700)
Utilities	15,824,450	16,297,800	16,784,800	17,285,700	17,800,900
<b>Subtotal</b>	<b>101,436,071</b>	<b>106,285,100</b>	<b>112,411,300</b>	<b>116,314,900</b>	<b>119,795,200</b>
<b>Debt Service</b>					
CIP Sewer Revenue Bonds	4,605,088	-	-	-	-
MPC Bonds Debt Service-Sewer	7,404,997	10,720,200	11,964,600	15,252,100	17,393,400
MPC Bonds Debt Service-Water	21,002,087	23,317,300	19,509,100	22,974,000	24,557,700
<b>Subtotal</b>	<b>33,012,172</b>	<b>34,037,500</b>	<b>31,473,700</b>	<b>38,226,100</b>	<b>41,951,100</b>
 TOTAL OPERATING BUDGET	 134,448,243	 140,322,600	 143,885,000	 154,541,000	 161,746,300
<b>Transfers Out</b>					
AWT	2,177,402	2,237,300	2,298,200	2,359,600	2,440,800
CIP <sup>(a)</sup>	56,646,304	44,935,600	43,168,200	38,338,800	36,794,600
CIP Technology	11,463,242	2,034,900	644,400	942,900	430,500
Debt Service Fund	-	-	-	-	-
Franchise Fees	8,868,936	9,191,400	9,471,200	9,759,200	10,056,400
<b>Subtotal</b>	<b>79,155,884</b>	<b>58,399,200</b>	<b>55,582,000</b>	<b>51,400,500</b>	<b>49,722,300</b>
<b>Total Uses</b>	<b>213,604,127</b>	<b>198,721,800</b>	<b>199,467,000</b>	<b>205,941,500</b>	<b>211,468,600</b>
<b>Sources Over/(Under) Uses</b>	<b>(22,304,135)</b>	<b>(1,308,700)</b>	<b>3,692,900</b>	<b>3,130,700</b>	<b>3,495,400</b>
<b>Ending Fund Balance</b>					
Operating Reserve	25,359,018	26,571,275	28,102,825	29,078,725	29,948,800
Revenue Bond Debt Service Reserve	4,517,538	-	-	-	-
Special Contractual Fund Balance	-	-	-	-	-
Water & WasteWater Asset Replacement Reserve	45,416,037	47,412,553	49,573,948	51,728,702	54,354,012
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	-	65	20	66	81
<b>Total Ending Fund Balance</b>	<b>78,292,593</b>	<b>76,983,893</b>	<b>80,676,793</b>	<b>83,807,493</b>	<b>87,302,893</b>

<sup>(a)</sup> In FY 2022/23 Transfers Out CIP will occur as needed considering available cash and fund balances. Those same Transfers Out will see reductions if the resources are not available.

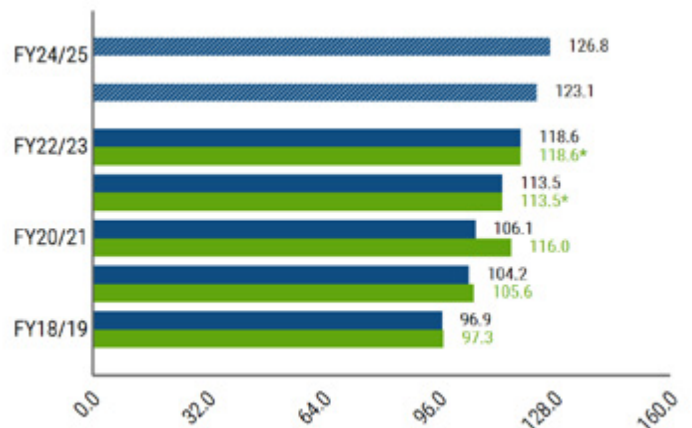
## WATER AND WATER RECLAMATION FUNDS SOURCES

Water and Water Reclamation Funds Sources for FY 2022/23 equal \$191.3 million which is an increase of \$2.1 million from the FY 2021/22 adopted budget. The sources include Water Service Charges, Water Reclamation Service Charges, Non-Potable Water Service Charges, Miscellaneous, Indirect Costs, Interest Earnings, Stormwater Fee, Property Rental, Contributions & Donations and Transfers In.

### WATER SERVICE CHARGES

Water Service Charges revenue for FY 2022/23 totals \$118.6 million, a \$5.0 million increase from the FY 2021/22 adopted budget due to rate and fee increases that are effective November 1, 2022. Increases for FY 2022/23 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 volumetric charge based on the amount of water consumed. The increase is also related to growth within the customer base. Rates and fees are reviewed annually to determine if they cover the costs of the services provided.

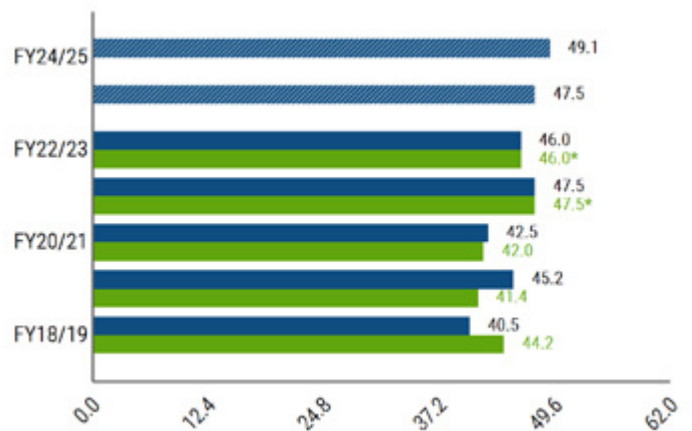
FY 2018/19 to FY 2024/25 (in millions)



### WATER RECLAMATION SERVICE CHARGES

Water Reclamation Service Charges revenue adopted for FY 2022/23 totals \$46.0 million, a \$1.5 million decrease compared to the FY 2021/22 adopted budget. The Water Reclamation Service Charges revenue is lower than last year primarily as a result of a decrease in average water usage during the winter months year over year. The decrease is being partially offset by rates and fees increases which are effective July 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 2018/19 to FY 2024/25 (in millions)



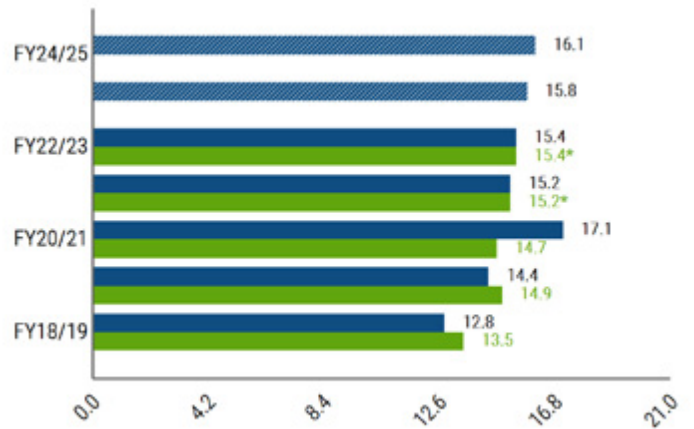
FORECAST BUDGET ACTUAL/FORECAST\*



**NON-POTABLE WATER SERVICE CHARGES**

Non-Potable Water Service Charges revenue includes advanced water treatment and effluent sales related to water treated to irrigation standards at the city’s Water Reclamation Plant for 24 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System (RWDS), and the city’s Gainey Water Reclamation Plant for irrigation use at the Gainey Ranch Golf Club. Other non-potable water sales include four golf courses in north Scottsdale that are part of the Irrigation Water Distribution System (IWDS), the McDowell Mountain golf course and four city recreation facilities. The costs related to contractual obligations to provide water for irrigation are recovered through rates charged for their use. Non-Potable Water Service Charges revenue adopted for FY 2022/23 totals \$15.4 million, reflecting a \$0.2 million increase from the FY 2021/22 adopted budget. This is due mainly to a right-sizing of effluent and Advanced Water Treatment Reverse Osmosis (AWT RO) sales assumptions based on historical trends and higher IWDS irrigation sales expectations.

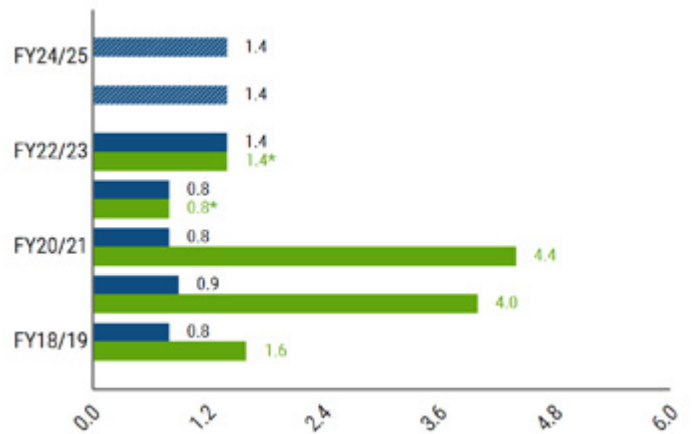
FY 2018/19 to FY 2024/25 (in millions)



**MISCELLANEOUS**

Miscellaneous revenue adopted for FY 2022/23 totals \$1.4 million, reflecting an increase of \$0.5 from the FY 2021/22 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; in FY 2019/20, primarily due to the receipt of a reimbursement of expenditures related to the rehabilitation of the Groundwater Treatment Facility and in FY 2020/21, due to an increase in participation agreements and a lawsuit won against aluminum sulfate manufacturers.

FY 2018/19 to FY 2024/25 (in millions)

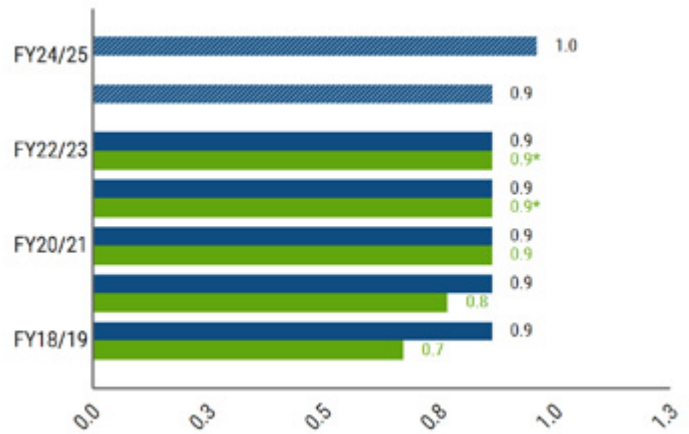


▨ FORECAST  
 ■ BUDGET  
 ■ ACTUAL/FORECAST\*

**INDIRECT COSTS**

The FY 2022/23 adopted budget for Indirect Costs is \$0.9 million, which is flat when compared to the FY 2021/22 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.

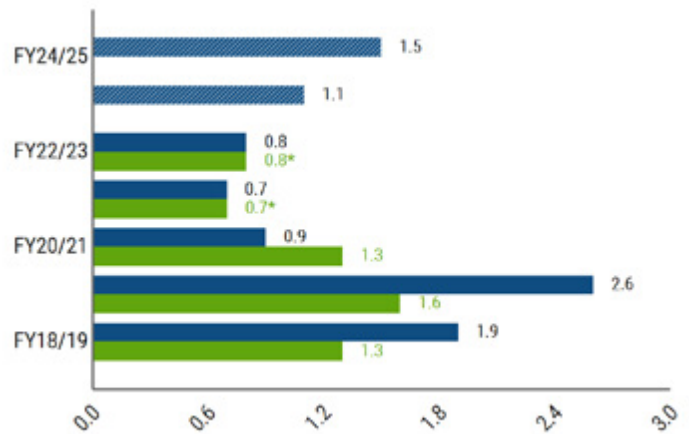
FY 2018/19 to FY 2024/25 (in millions)



**INTEREST EARNINGS**

Interest Earnings revenue adopted for FY 2022/23 totals \$0.8 million, a slight increase from the FY 2021/22 adopted budget. The increase is due to the presumption of interest rates trending higher 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.

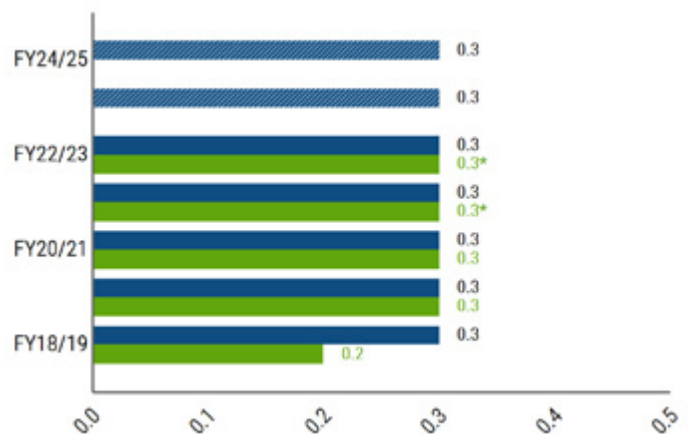
FY 2018/19 to FY 2024/25 (in millions)



**STORMWATER FEE**

Stormwater Fee revenue for FY 2022/23 totals \$0.3 million. This is flat when compared to the FY 2021/22 adopted budget. This revenue is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs.

FY 2018/19 to FY 2024/25 (in millions)

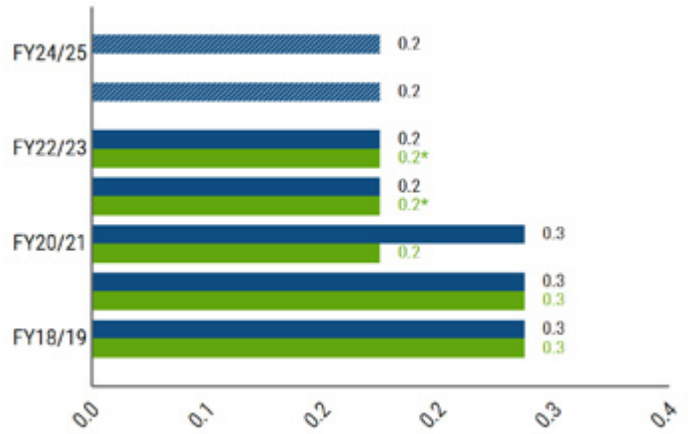


Legend: Forecast (blue), Budget (dark blue), Actual/Forecast\* (green)

**PROPERTY RENTAL**

Property Rental for FY 2022/23 totals \$0.2 million, flat from the FY 2021/22 adopted budget. Property Rental includes land and building rent from cell towers on Water Resources' property.

FY 2018/19 to FY 2024/25 (in millions)



**CONTRIBUTIONS & DONATIONS**

Contributions & Donations revenue for FY 2022/23 totals \$5,550. This is a slight increase when compared to the amount adopted in FY 2020/21. Contributions & Donations includes money being given by Arizona Public Service (APS), the Salt River Project (SRP), and the Central Arizona Project (CAP) to help support the Water Academy.

FY 2018/19 to FY 2024/25



**TRANSFERS IN**

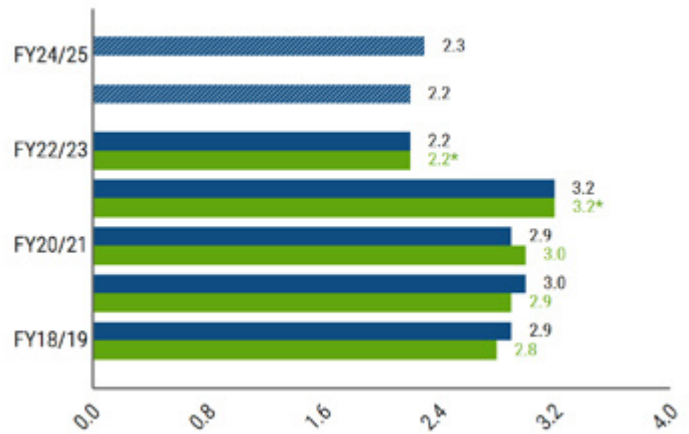
Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2022/23 is \$7.7 million across three separate transfers. More specific information is detailed in the following section.

▨ FORECAST   
 ■ BUDGET   
 ■ ACTUAL/FORECAST\*

**AWT**

AWT, or Advanced Water Treatment, for FY 2022/23 is budgeted at \$2.2 million, a decrease of \$1.1 million from the FY 2021/22 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.

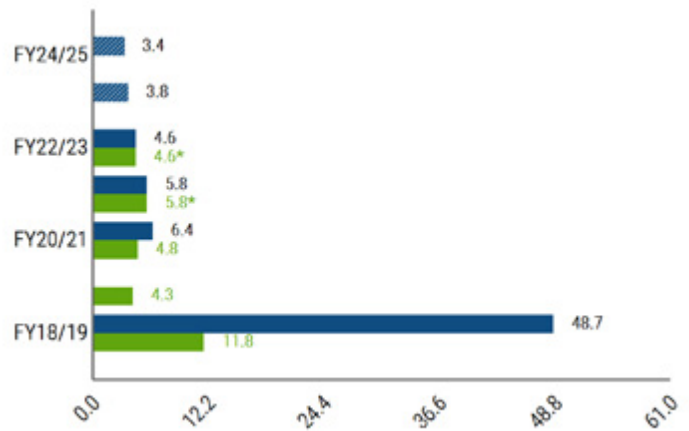
FY 2018/19 to FY 2024/25 (in millions)



**DEBT SERVICE**

Debt Service's adopted budget for FY 2022/23 is \$4.6 million. Debt Service includes transfers between the Capital Improvement Plan (CIP) and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. It also includes Municipal Property Corporation (MPC) Bond Interest from the Water Development Fee Fund transferred to the Water Debt Service Fund and a portion of the MPC Bond Interest transferred to the Sewer Debt Service Fund. The decrease in the Debt Service budget from FY2018/19 is due to a procedural change for efficiency, which has no impact on the cost of debt service or fund balance.

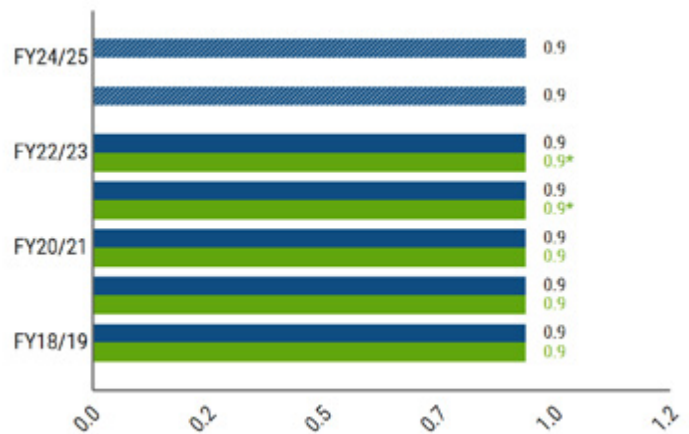
FY 2018/19 to FY 2024/25 (in millions)



**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 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

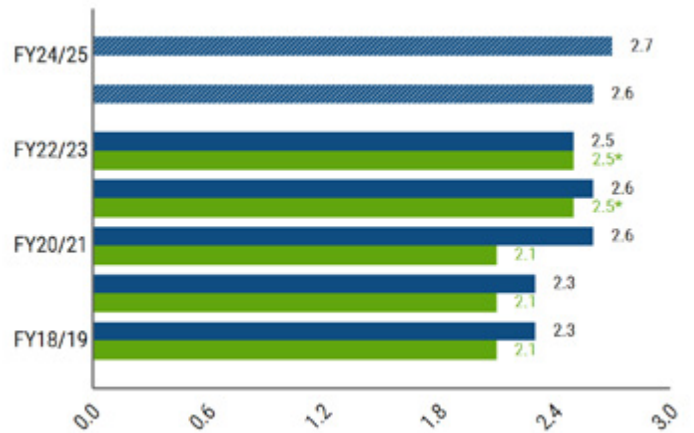
## WATER AND WATER RECLAMATION FUNDS USES

The Water and Water Reclamation Funds uses are presented by the following Divisions or major groupings: City Treasurer, Administrative Services, Water Resources, Citywide Indirect Cost Allocation, Department Indirect Cost, Fuel and Maintenance and Repair, Vacation Trade, 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 2022/23 budget of \$2.5 million is \$0.1 million lower than the FY 2021/22 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. 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.

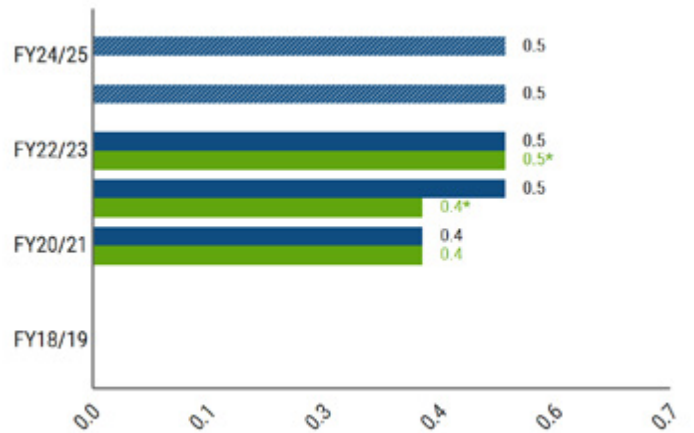
FY 2018/19 to FY 2024/25 (in millions)



### ADMINISTRATIVE SERVICES

The budget for Administrative Services in FY 2022/23 is \$0.5 million, flat when compared to the FY 2021/22 adopted budget. Budget was added to the Water and Water Reclamation Funds in FY 2020/21 to support one Software Engineer Sr., two Geographic Information Services (GIS) Technicians and associated software licensing costs which now reside in Administrative Services to allow for efficiencies and for the centralization of Information Technology (IT) staffing but which are still being supported out of the Water and Water Reclamation Funds.

FY 2018/19 to FY 2024/25 (in millions)

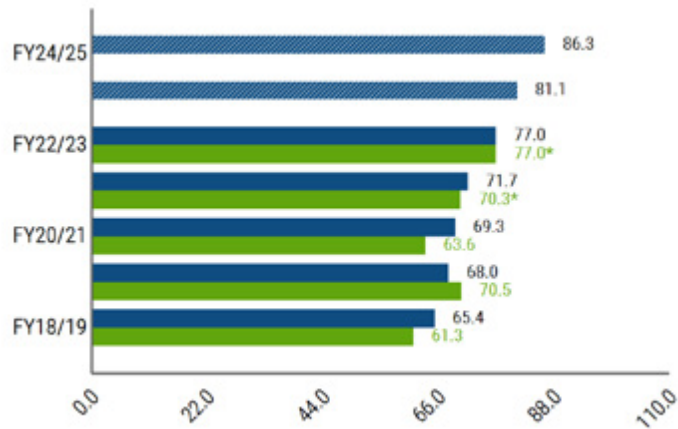


FORECAST BUDGET ACTUAL/FORECAST\*

**WATER RESOURCES**

The adopted FY 2022/23 Water Resources budget of \$77.0 million reflects an increase of \$5.3 million over the FY 2021/22 adopted budget. The increase is mainly due to increased purchased water costs in preparation for tier 1 drought conditions, added budget to support conservation activities, an increase in treatment chemicals and treatment filter media costs due to supply chain concerns and cost increases due to inflation, new positions being added, vehicles and equipment for those positions, inspection budget realignments, higher system testing costs, landscaping changes to allow for better fire projection, and higher maintenance and equipment 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, advanced water treatment production, recharging of effluent, the upkeep and maintenance of sewage treatment facilities and the compliance with regulatory and environmental requirements.

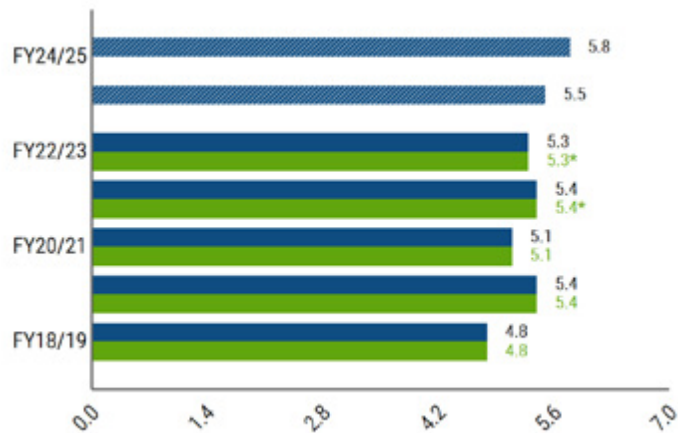
FY 2018/19 to FY 2024/25 (in millions)



**CITYWIDE INDIRECT COST ALLOCATION**

In FY 2022/23, the Citywide Indirect Cost Allocation budget is \$5.3 million which reflects a \$0.1 million increase from the FY 2021/22 adopted budget. 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 2018/19 to FY 2024/25 (in millions)



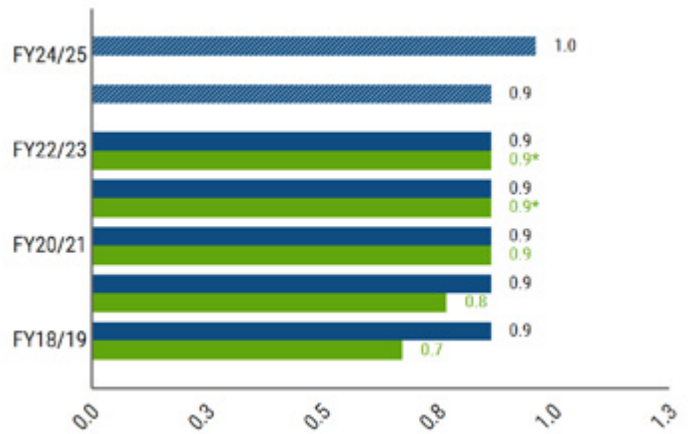
FORECAST BUDGET ACTUAL/FORECAST\*



**DEPARTMENT INDIRECT COST**

The FY 2022/23 adopted budget for Department Indirect Cost is \$0.9 million, which is flat when compared to the FY 2021/22 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 2018/19 to FY 2024/25 (in millions)



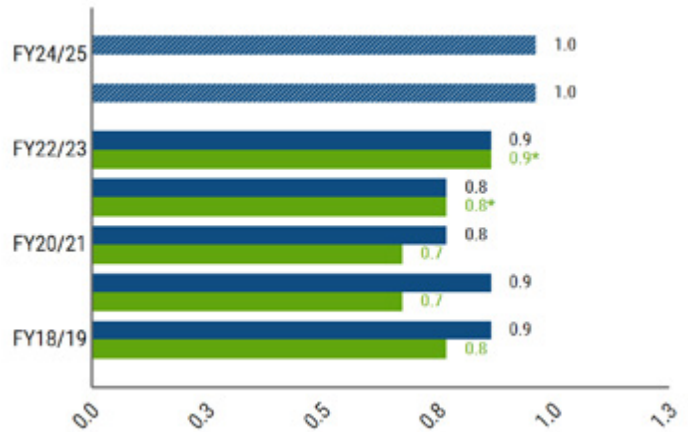
**NON-DIVISIONAL USES**

Non-Divisional Uses are items that were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2022/23 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 was 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 2022/23 Fuel and Maintenance and Repair is budgeted at \$0.9 million at the division level.

FY 2018/19 to FY 2024/25 (in millions)



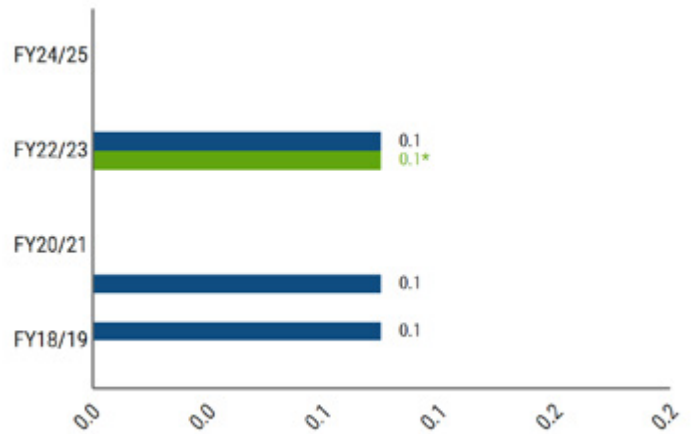
FORECAST BUDGET ACTUAL/FORECAST\*



**VACATION TRADE**

The Vacation Trade program allows employees who have been employed by the city for five years or more and who have used at least 80 hours of vacation (112 hours for 56 hour employees) during the approved eligibility period, may elect to trade up to 40 hours (56 hours for 56 hour employees) of vacation for equivalent compensation. A Vacation Trade program was not approved for FY 2020/21 and FY 2021/22. The FY 2022/23 Water and Water Reclamation Fund adopted budget includes \$0.1 million for the vacation trade program.

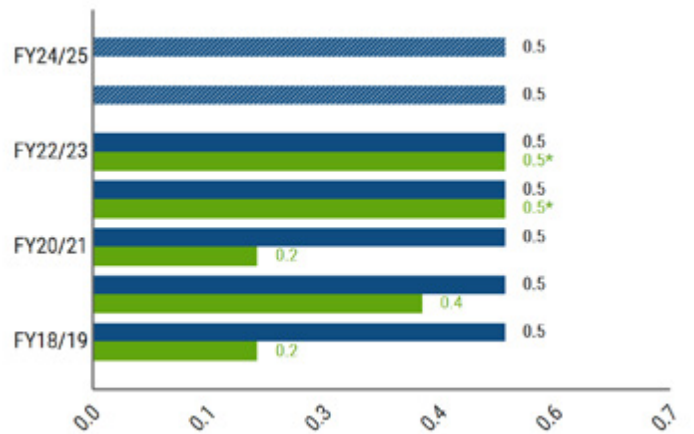
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 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.

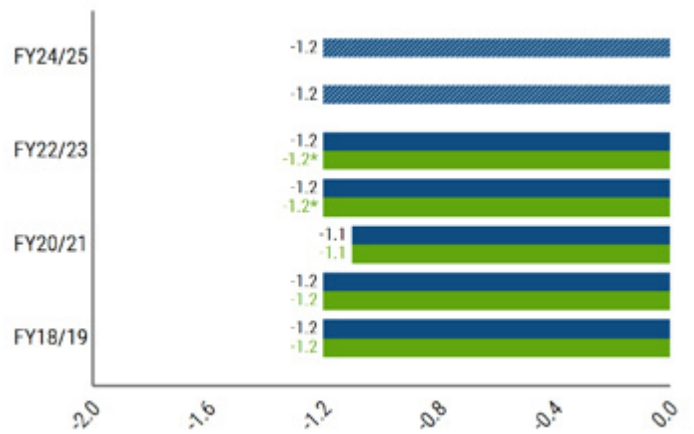
FY 2018/19 to FY 2024/25 (in millions)



**SAVINGS FROM VACANT POSITIONS**

Savings from Vacant Positions is the amount of savings due to vacant positions. The FY 2022/23 Water and Water Reclamation Funds estimate for vacancy savings is (\$1.2) million.

FY 2018/19 to FY 2024/25 (in millions)

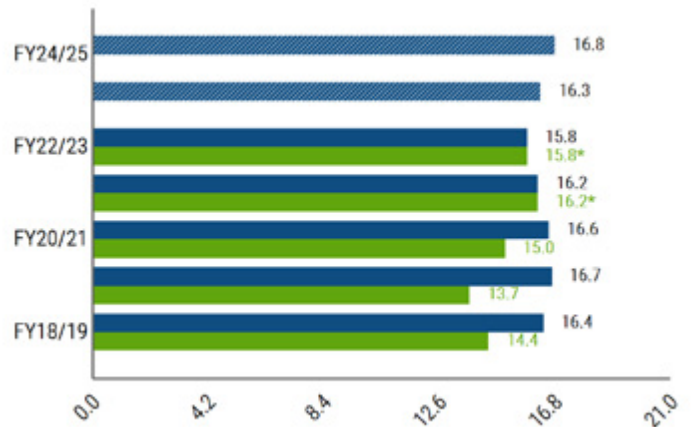


FORECAST BUDGET ACTUAL/FORECAST\*

**UTILITIES**

The adopted FY 2022/23 Utilities budget of \$15.8 million which is \$0.4 million less than the FY 2021/22 adopted budget based on usage and improved operational efficiency within the electrical line. 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 2018/19 to FY 2024/25 (in millions)



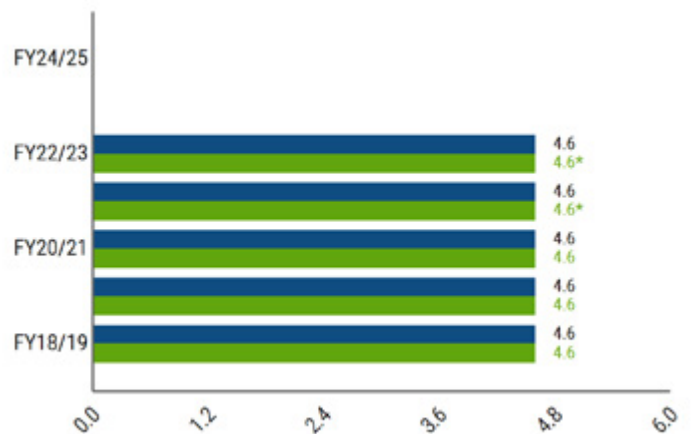
**DEBT SERVICE**

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 2022/23 Sewer Revenue Bonds budget is \$4.6 million which is flat when compared to the FY 2021/22 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. The Sewer Revenue Bonds will be fully paid off in FY 2022/23.

FY 2018/19 to FY 2024/25 (in millions)

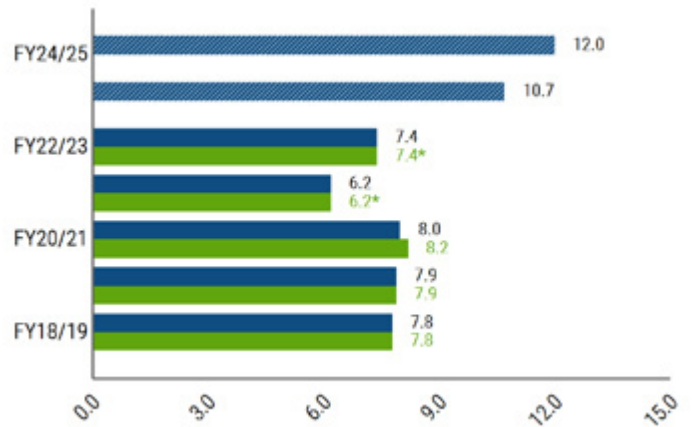


FORECAST BUDGET ACTUAL/FORECAST\*

**MPC BONDS DEBT SERVICE-SEWER**

MPC Bonds Debt Service-Sewer represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Sewer is budgeted at \$7.4 million in FY 2022/23, a \$1.2 million increase from the FY 2021/22 adopted budget based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.

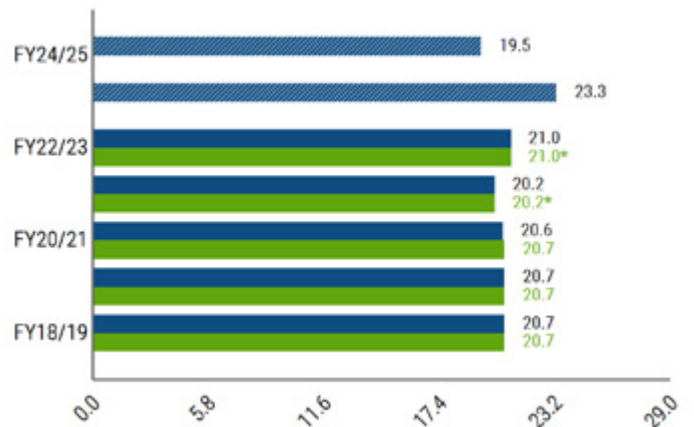
FY 2018/19 to FY 2024/25 (in millions)



**MPC BONDS DEBT SERVICE-WATER**

MPC Bonds Debt Service-Water represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water capital projects. The funding is derived from revenue generated from water rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Water is budgeted at \$21.0 million in FY 2022/23 which is \$0.8 million higher than the FY 2021/22 adopted budget based on the anticipated, scheduled payments of principal and interest payments from outstanding bonds.

FY 2018/19 to FY 2024/25 (in millions)



**TRANSFERS OUT**

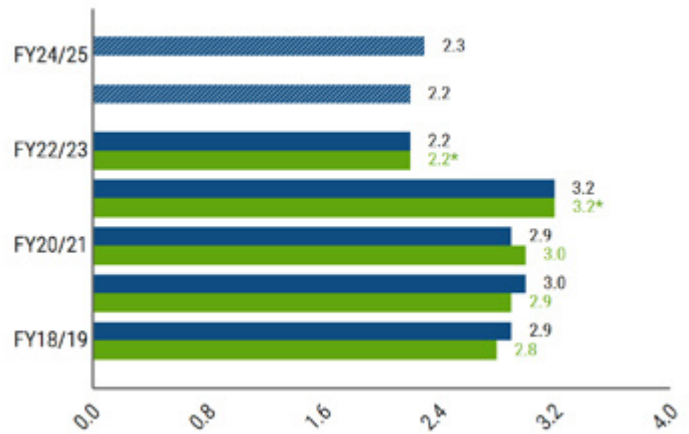
Transfers Out are the authorized movement of cash to other funds and/or capital projects.

FORECAST BUDGET ACTUAL/FORECAST\*

**AWT**

AWT, or Advanced Water Treatment, for FY 2022/23 is budgeted at \$2.2 million, a decrease of \$1.1 million from the FY 2021/22 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.

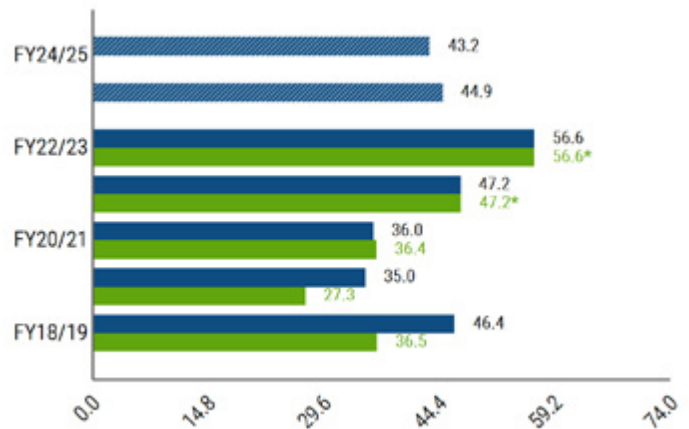
FY 2018/19 to FY 2024/25 (in millions)



**CIP**

CIP has an adopted budget of \$56.6 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.

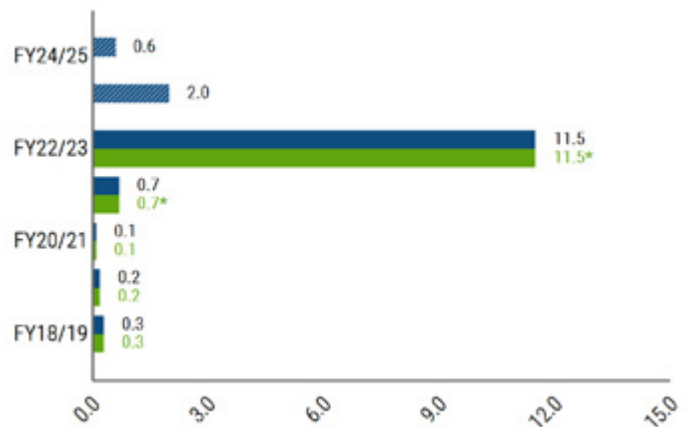
FY 2018/19 to FY 2024/25 (in millions)



**CIP TECHNOLOGY**

CIP Technology has an adopted budget of \$11.5 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 2018/19 to FY 2024/25 (in millions)

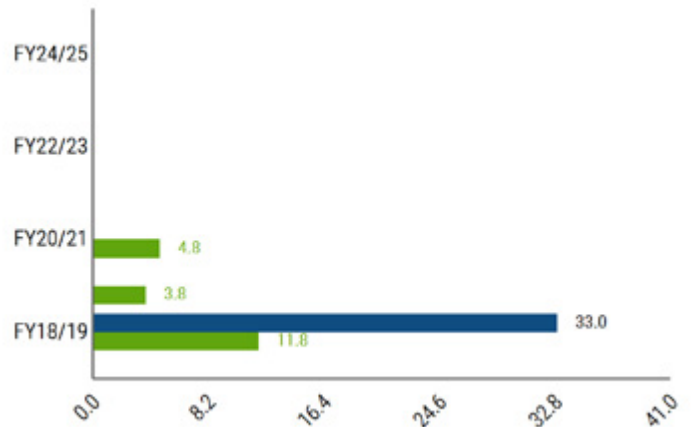


FORECAST BUDGET ACTUAL/FORECAST\*

**DEBT SERVICE FUND**

The Debt Service Fund within the Water and Water Reclamation Funds adopted budget for FY 2022/23 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.

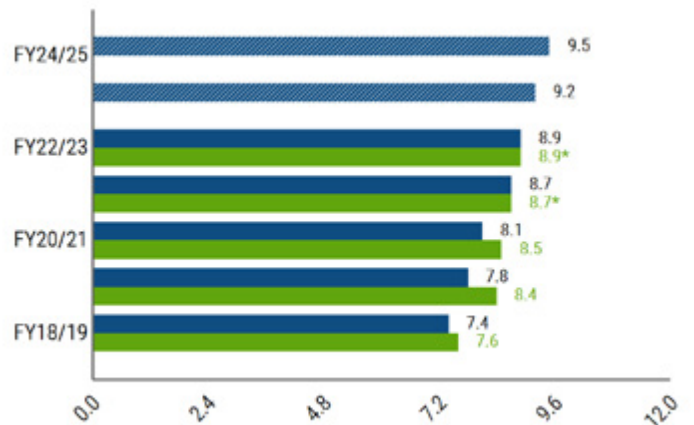
FY 2018/19 to FY 2024/25 (in millions)



**FRANCHISE FEES**

Franchise Fees is a transfer in FY 2022/23 of \$8.9 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 2018/19 to FY 2024/25 (in millions)



**WATER AND WATER RECLAMATION FUNDS ENDING BALANCE**

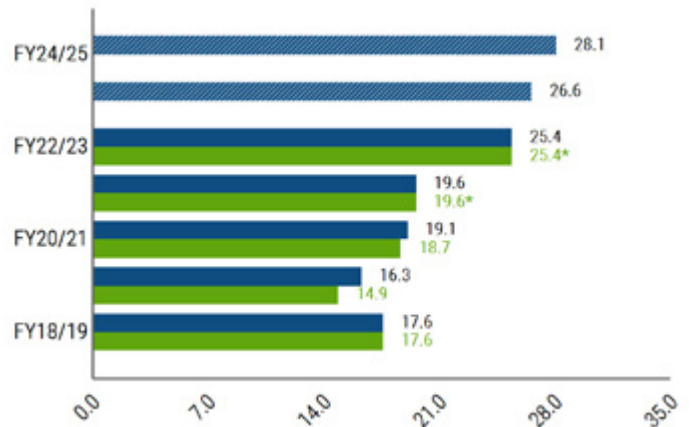
The Water and Water Reclamation Funds ending balance includes reserves, which protects the city's financial condition and provide for unexpected economic challenges; a Special Contractual Fund Balance designation; and an Unreserved, Undesignated Fund Balance. Growth of ending fund balance occurs when 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:

FORECAST BUDGET ACTUAL/FORECAST\*

**OPERATING RESERVE**

Operating Reserve of \$25.4 million is projected for the end of FY 2022/23. This reserve is intended to ensure adequate funding for operations and is 25 percent of operating uses, excluding transfers out and debt service as detailed in Financial Policy No. 2.04. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.

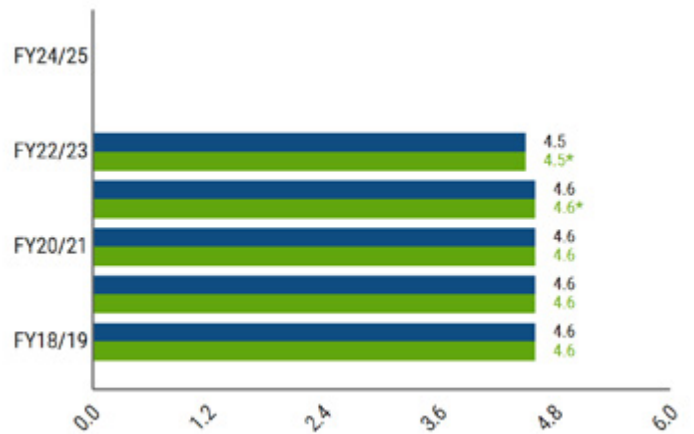
FY 2018/19 to FY 2024/25 (in millions)



**REVENUE BOND DEBT SERVICE RESERVE**

Revenue Bond Debt Service Reserve of \$4.5 million is projected for the end of FY 2022/23. 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.

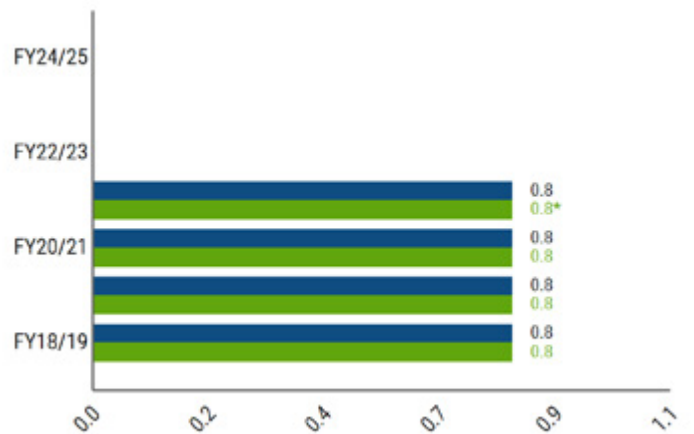
FY 2018/19 to FY 2024/25 (in millions)



**SPECIAL CONTRACTUAL FUND BALANCE**

Special Contractual Fund Balance was \$0.8 million as of the end of FY 2021/22. This balance reflected reserves established in accordance with various contractual agreements for delivery of non-potable water by the Water Resources Division and will be consolidated to other operating reserves in FY 2022/23 and beyond.

FY 2018/19 to FY 2024/25 (in millions)

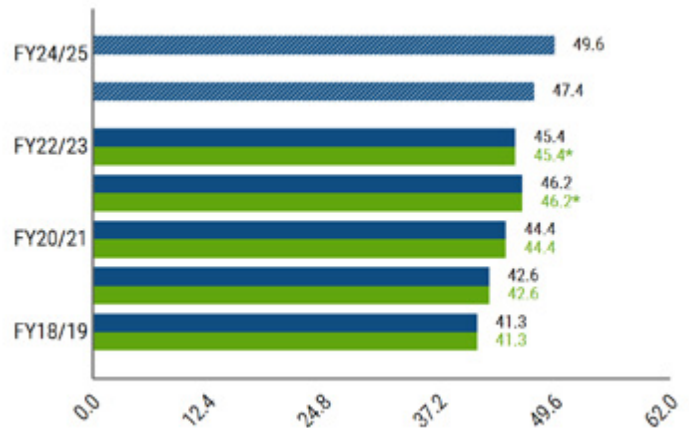


FORECAST BUDGET ACTUAL/FORECAST\*

**WATER & WASTEWATER ASSET REPLACEMENT RESERVE**

Water & WasteWater Asset Replacement Reserve of \$45.4 million is projected for the end of FY 2022/23. 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.

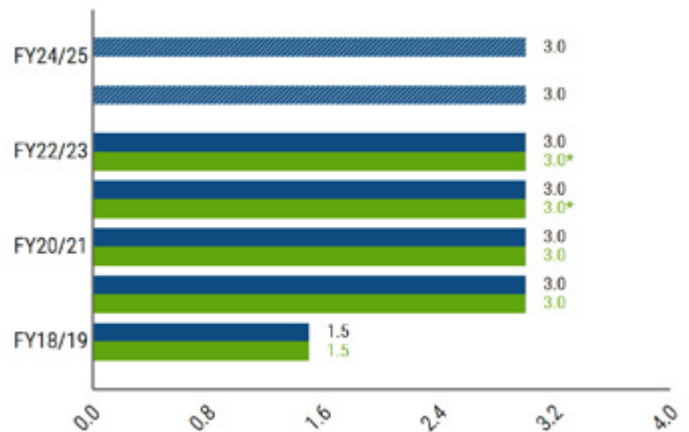
FY 2018/19 to FY 2024/25 (in millions)



**WATER DROUGHT RESERVE**

The Water Drought Reserve ending fund balance is \$3.0 million for FY 2022/23. Due to below average rainfall and snowpack for the last 20 years in the Colorado River Watershed, the Bureau of Reclamation (BOR) enacted the Drought Contingency (DCP) and declared tier one shortage. Through this declaraton, pricing adjustments will increase at each additional tier of the DCP. Scottsdale Water created a Water Drought Reserve to shore up any estimated funding shortfall. These funds would be used to offset any initial purchased water costs or rate increases if additional tiers are declared in the drought unexpectedly.

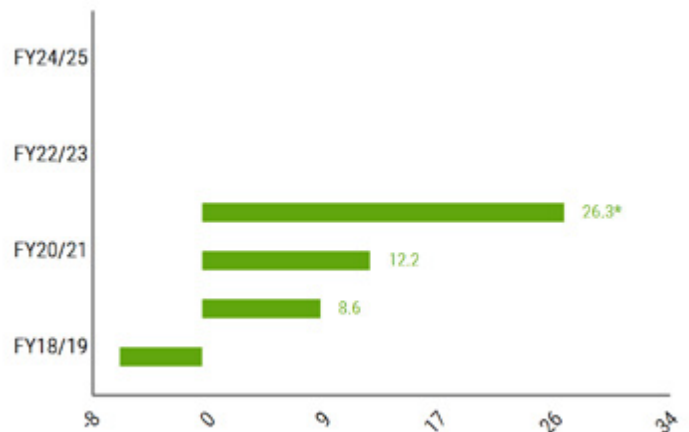
FY 2018/19 to FY 2024/25 (in millions)



**UNDESIGNATED, UNRESERVED FUND BALANCE**

The Undesignated, Unreserved fund balance is \$0.0 million for FY 2022/23. While there is no balance in FY 2022/23, 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 2018/19 to FY 2024/25 (in millions)



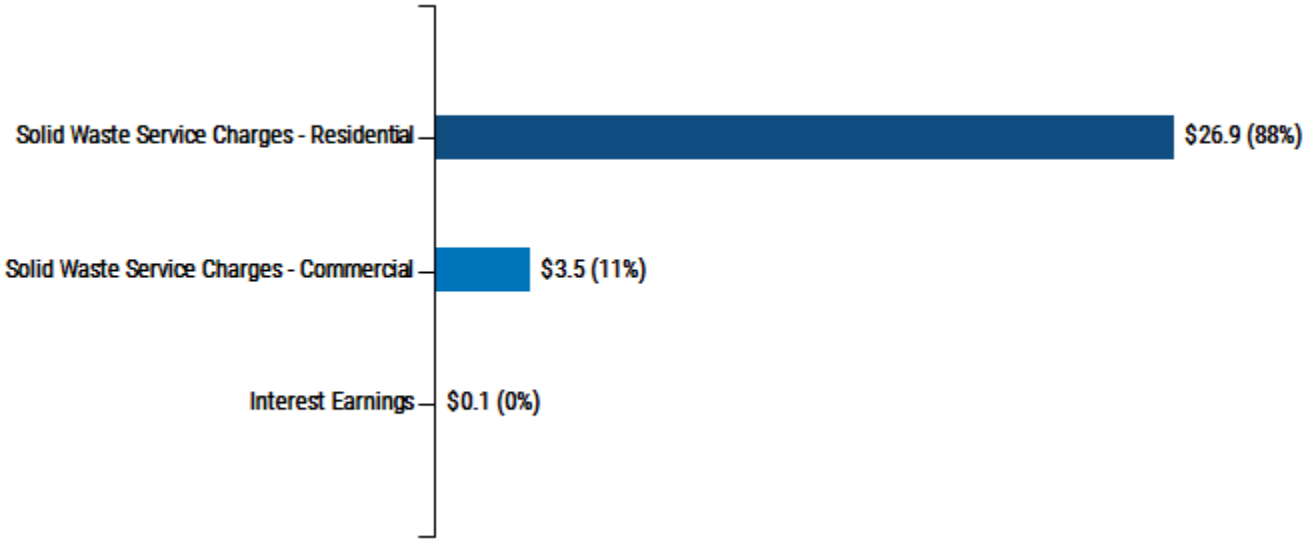
FORECAST BUDGET ACTUAL/FORECAST\*



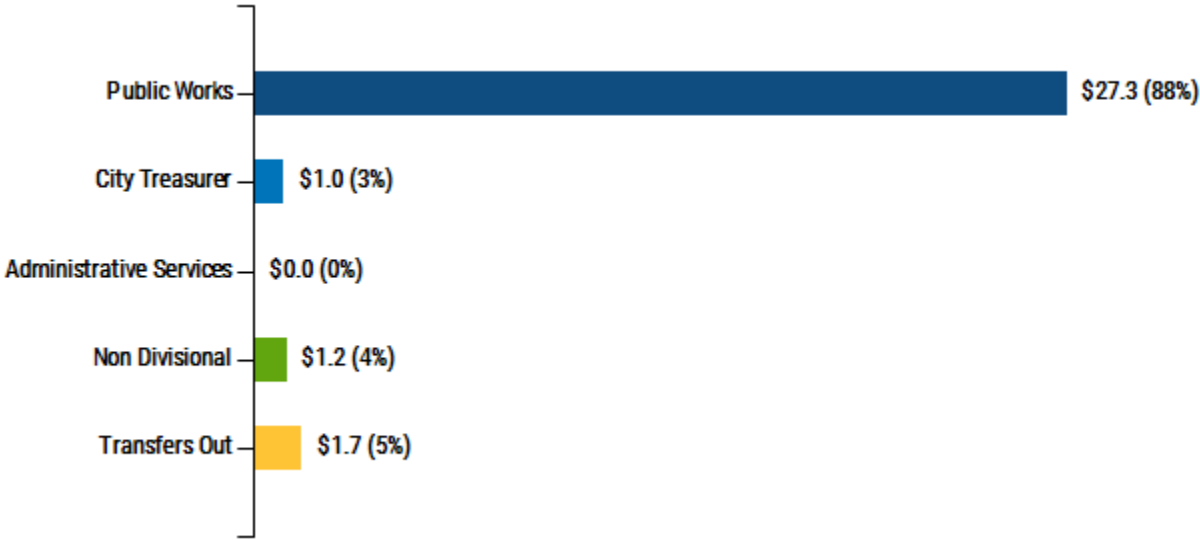
### Fund Purpose

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)**  
**\$30.5 Million**



**Solid Waste Fund Uses (% to Total)**  
**\$31.2 Million**



Rounding differences may occur.

## BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Operating Reserve <sup>(a)</sup>	5,214,439	4,073,551	3,893,818	4,428,568
Undesignated, Unreserved Fund Balance	986,361	3,109,151	5,512,984	4,670,900
<b>Total Beginning Fund Balance <sup>(b)</sup></b>	<b>6,200,800</b>	<b>7,182,702</b>	<b>9,406,802</b>	<b>9,099,468</b>
<b>Revenues</b>				
Solid Waste Service Charges - Residential	22,195,263	23,181,765	23,181,765	26,916,208
Solid Waste Service Charges - Commercial	3,294,978	3,190,296	3,190,296	3,500,332
Interest Earnings	82,712	48,936	48,936	50,144
Reimbursements from Outside Sources	42,400	-	-	-
<i>Subtotal</i>	<b>25,615,353</b>	<b>26,420,997</b>	<b>26,420,997</b>	<b>30,466,684</b>
<b>Transfers In</b>				
CIP <sup>(c)</sup>	871,645	-	-	-
<i>Subtotal</i>	<b>871,645</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>26,486,998</b>	<b>26,420,997</b>	<b>26,420,997</b>	<b>30,466,684</b>
<b>Expenditures</b>				
Public Works	21,059,186	24,578,488	21,921,286	27,319,948
City Treasurer	865,300	1,030,834	1,002,230	1,042,677
Administrative Services	8,000	8,000	8,000	8,000
Citywide Direct Cost Allocation <sup>(d)</sup>	453,514	-	-	-
Citywide Indirect Cost Allocation	1,230,912	1,210,226	1,210,226	1,399,781
Fuel and Maint and Repair <sup>(e)</sup>	-	-	2,411,423	-
Leave Accrual Payments	-	25,760	20,549	25,760
Savings from Vacant Positions	-	(320,000)	(422,286)	(320,000)
Utilities <sup>(e)</sup>	-	-	22,494	-
Vacation Trade	-	-	-	47,621
<i>Subtotal</i>	<b>23,616,912</b>	<b>26,533,308</b>	<b>26,173,922</b>	<b>29,523,787</b>
TOTAL OPERATING BUDGET	23,616,912	26,533,308	26,173,922	29,523,787
<b>Transfers Out</b>				
CIP	580,807	465,807	465,807	1,450,807
CIP Technology	18,409	88,602	88,602	209,634
<i>Subtotal</i>	<b>599,216</b>	<b>554,409</b>	<b>554,409</b>	<b>1,660,441</b>
<b>Total Uses</b>	<b>24,216,128</b>	<b>27,087,717</b>	<b>26,728,331</b>	<b>31,184,228</b>
<b>Sources Over/(Under) Uses</b>	<b>2,270,871</b>	<b>(666,720)</b>	<b>(307,334)</b>	<b>(717,544)</b>
<b>Ending Fund Balance</b>				
Operating Reserve <sup>(a)</sup>	3,893,818	4,361,640	4,302,562	4,428,568
Undesignated, Unreserved Fund Balance	4,577,853	2,154,342	4,796,906	3,953,356
<b>Total Ending Fund Balance</b>	<b>8,471,671</b>	<b>6,515,982</b>	<b>9,099,468</b>	<b>8,381,924</b>

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

<sup>(b)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$0.9 million) to better align with the fund balance calculation used in the Annual Financial Report.

<sup>(c)</sup> In FY 2020/21, savings were transferred from a Capital Improvement Plan (CIP) project that came in below the forecasted amount.

<sup>(d)</sup> Beginning in FY 2021/22, the Citywide Direct Cost Allocation from the Solid Waste Fund to the Transportation Fund was eliminated. Alley Maintenance performed by the Transportation and Streets Department was no longer needed as residential collections no longer occur in the alleyways.

<sup>(e)</sup> Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

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

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Operating Reserve	4,428,568	4,428,568	4,504,200	4,707,180	4,912,800
Undesignated, Unreserved Fund Balance	4,670,900	3,953,356	4,824,424	5,889,644	6,734,824
<b>Total Beginning Fund Balance</b>	<b>9,099,468</b>	<b>8,381,924</b>	<b>9,328,624</b>	<b>10,596,824</b>	<b>11,647,624</b>
<b>Revenues</b>					
Solid Waste Service Charges - Residential	26,916,208	27,982,900	29,092,300	30,246,100	31,446,100
Solid Waste Service Charges - Commercial	3,500,332	3,604,900	3,713,400	3,824,400	3,938,800
Interest Earnings	50,144	72,200	99,000	125,500	139,700
Reimbursements from Outside Sources	-	-	-	-	-
<i>Subtotal</i>	<b>30,466,684</b>	<b>31,660,000</b>	<b>32,904,700</b>	<b>34,196,000</b>	<b>35,524,600</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
<b>Total Sources</b>	<b>30,466,684</b>	<b>31,660,000</b>	<b>32,904,700</b>	<b>34,196,000</b>	<b>35,524,600</b>
<b>Expenditures</b>					
Public Works	27,319,948	27,766,200	29,006,800	30,260,900	31,532,200
City Treasurer	1,042,677	1,085,600	1,131,700	1,178,200	1,225,500
Administrative Services	8,000	8,000	8,400	8,800	9,300
Citywide Direct Cost Allocation	-	-	-	-	-
Citywide Indirect Cost Allocation	1,399,781	1,469,800	1,543,300	1,620,400	1,701,400
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	25,760	26,400	27,000	27,700	28,300
Savings from Vacant Positions	(320,000)	(328,000)	(336,000)	(344,000)	(351,700)
Utilities	-	-	-	-	-
Vacation Trade	47,621	-	-	-	-
<i>Subtotal</i>	<b>29,523,787</b>	<b>30,028,000</b>	<b>31,381,200</b>	<b>32,752,000</b>	<b>34,145,000</b>
TOTAL OPERATING BUDGET	29,523,787	30,028,000	31,381,200	32,752,000	34,145,000
<b>Transfers Out</b>					
CIP	1,450,807	610,800	225,000	375,000	280,000
CIP Technology	209,634	74,500	30,300	18,200	38,500
<i>Subtotal</i>	<b>1,660,441</b>	<b>685,300</b>	<b>255,300</b>	<b>393,200</b>	<b>318,500</b>
<b>Total Uses</b>	<b>31,184,228</b>	<b>30,713,300</b>	<b>31,636,500</b>	<b>33,145,200</b>	<b>34,463,500</b>
<b>Sources Over/(Under) Uses</b>	<b>(717,544)</b>	<b>946,700</b>	<b>1,268,200</b>	<b>1,050,800</b>	<b>1,061,100</b>
<b>Ending Fund Balance</b>					
Operating Reserve	4,428,568	4,504,200	4,707,180	4,912,800	5,121,750
Undesignated, Unreserved Fund Balance	3,953,356	4,824,424	5,889,644	6,734,824	7,586,974
<b>Total Ending Fund Balance</b>	<b>8,381,924</b>	<b>9,328,624</b>	<b>10,596,824</b>	<b>11,647,624</b>	<b>12,708,724</b>

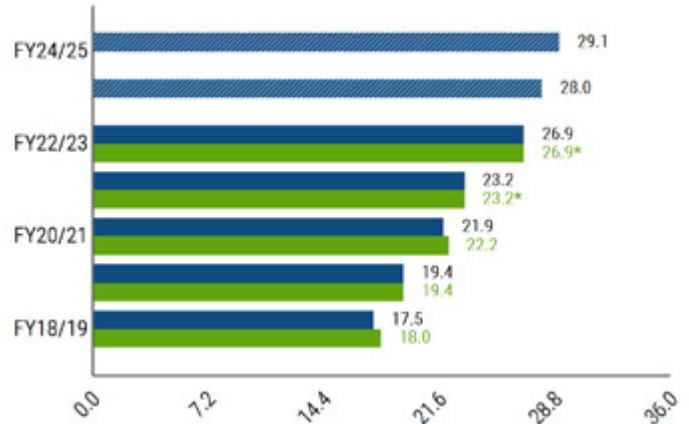
### SOLID WASTE FUND SOURCES

Solid Waste Fund sources for FY 2022/23 equal \$30.5 million which is an increase of \$4.0 million from the FY 2021/22 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 2022/23 adopted budget is \$26.9 million, an increase of \$3.7 million from the FY 2021/22 adopted budget due primarily to increases in landfill disposal costs, the one-time purchase of vehicles and equipment, and increased vehicle replacement costs. Also contributing to the increase is adding new positions to aid in collection efforts, the reclassification of positions, and a pay for performance and market adjustment for eligible employees.

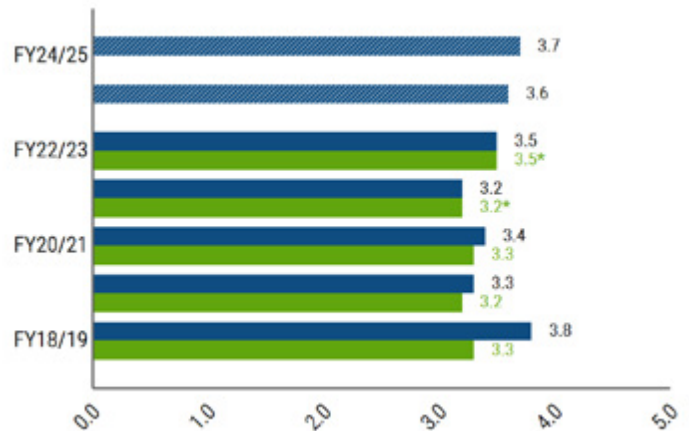
FY 2018/19 to FY 2024/25 (in millions)



#### 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 2022/23 adopted budget is \$3.5 million, an increase of \$0.3 million from the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

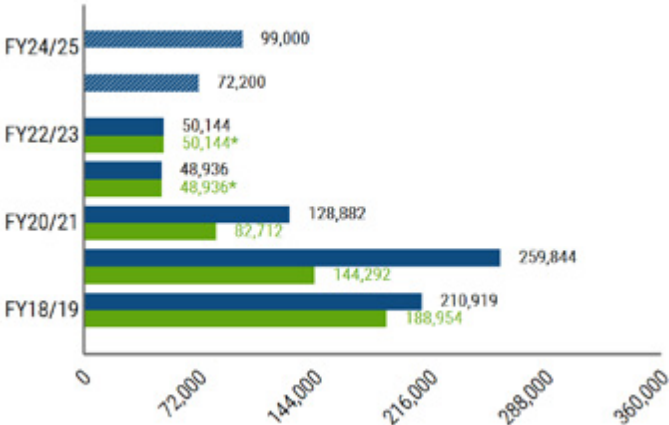


▨ FORECAST   
 ■ BUDGET   
 ■ ACTUAL/FORECAST\*

**INTEREST EARNINGS**

Interest Earnings revenue adopted for FY 2022/23 is \$50,144, which is flat compared to the FY 2021/22 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.

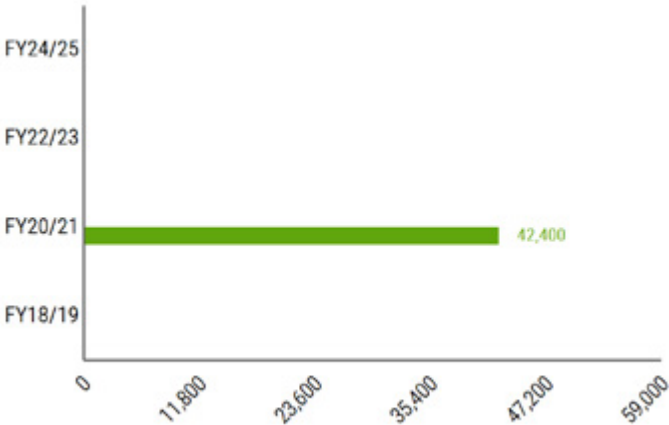
FY 2018/19 to FY 2024/25



**REIMBURSEMENTS FROM OUTSIDE SOURCES**

Reimbursements from Outside Sources often represents an insurance recovery for damaged equipment. The adopted FY 2022/23 budget for Reimbursements from Outside Sources is \$0.0 million as this revenue source is uncommon.

FY 2018/19 to FY 2024/25



FORECAST BUDGET ACTUAL/FORECAST\*

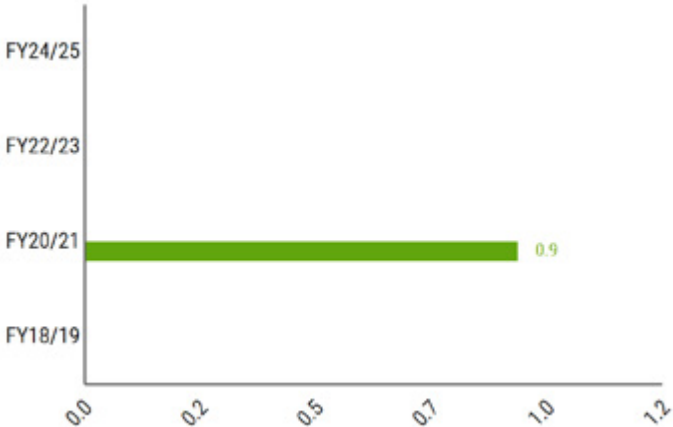
**TRANSFERS IN**

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2022/23 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 2018/19 to FY 2024/25 (in millions)



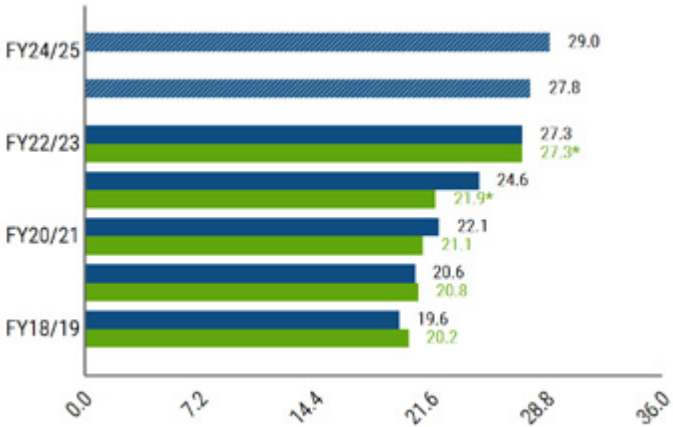
**SOLID WASTE FUND USES**

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 2022/23 budget of \$27.3 million is \$2.7 million more than the FY 2021/22 adopted budget due to the increase in costs associated with landfill disposal costs, maintenance and repair, and vehicle replacements.

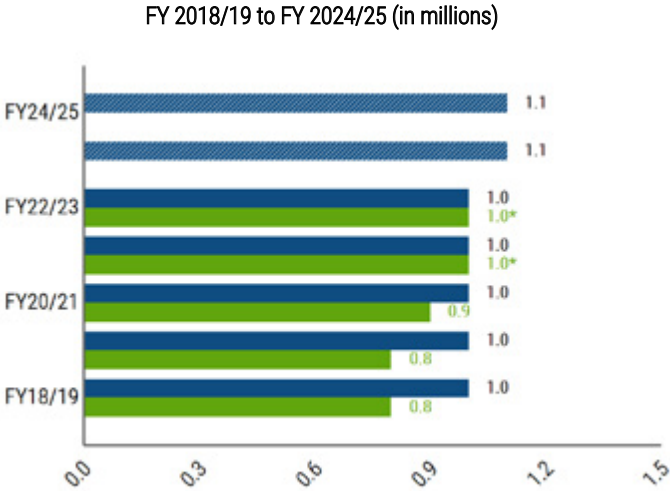
FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

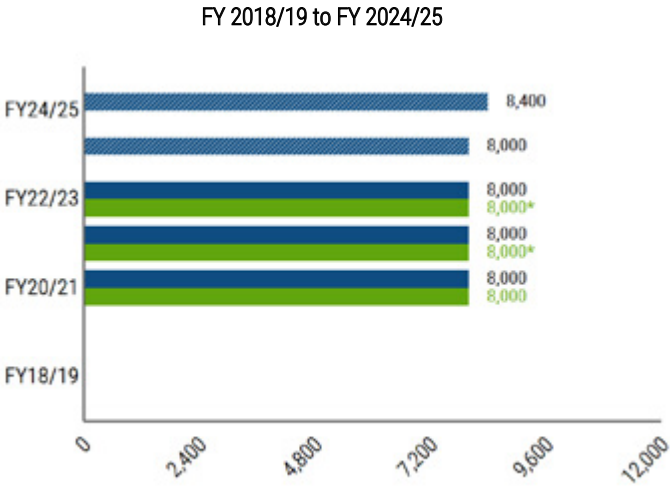
**CITY TREASURER**

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 2022/23 budget is \$1.0 million, which remains relatively flat when compared to the FY 2021/22 adopted budget.



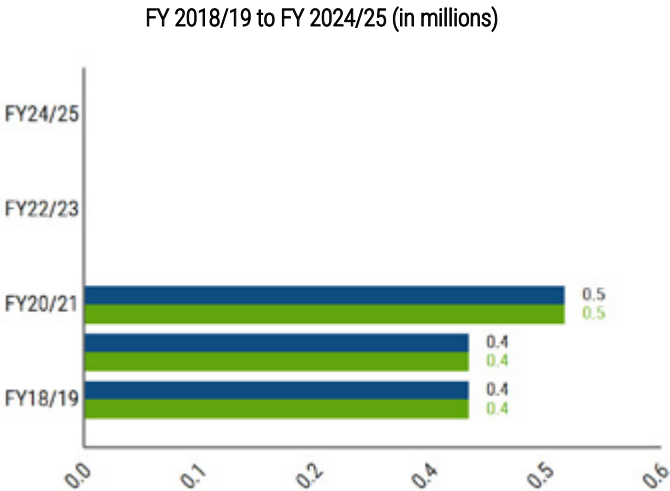
**ADMINISTRATIVE SERVICES**

This budget is used for software which is partially funded by the Solid Waste Fund, and administered by the Information Technology (IT) Department. The FY 2022/23 Administrative Services adopted budget is \$8,000.



**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. In FY 2021/22, the Citywide Direct Cost Allocation in the Transportation Fund was 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.



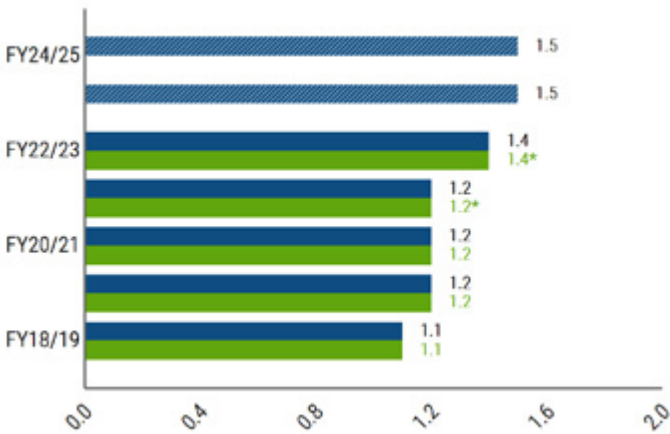
FORECAST BUDGET ACTUAL/FORECAST\*



**CITYWIDE INDIRECT COST ALLOCATION**

Citywide Indirect Cost Allocation includes reimbursement to the General Fund for centralized services provided to the Solid Waste Fund for payroll, accounts payable, human resources, information technology, city administration, etc. The FY 2022/23 adopted budget is \$1.4 million, which is an increase of \$0.2 million when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



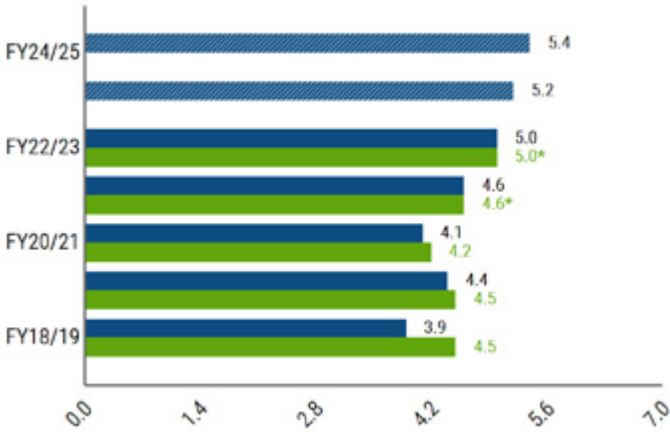
**NON-DIVISIONAL USES**

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 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 2022/23 Fuel and Maint and Repair is budgeted at \$5.0 million at the division level.

FY 2018/19 to FY 2024/25 (in millions)

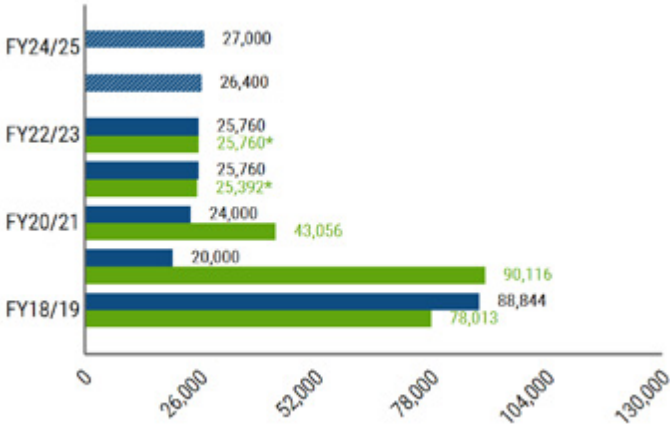


FORECAST BUDGET ACTUAL/FORECAST\*

**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. The total FY 2022/23 Leave Accrual Payments budget is \$25,760, which includes \$12,000 budgeted for medical leave accrual payouts and \$13,760 million budgeted for vacation accrual payouts.

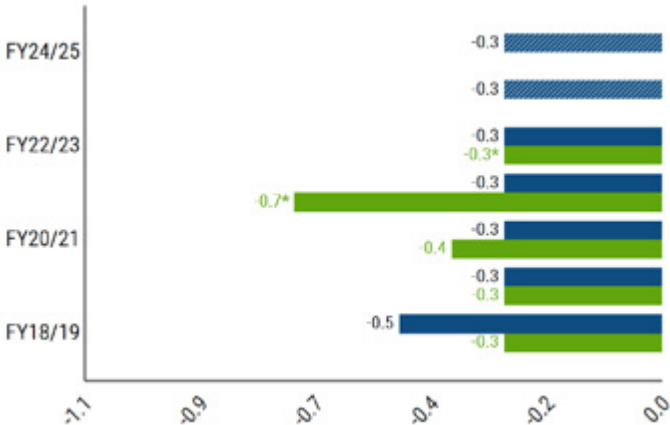
FY 2018/19 to FY 2024/25



**SAVINGS FROM VACANT POSITIONS**

The amount of savings estimated to be achieved from vacant positions. The FY 2022/23 Solid Waste Fund estimate for vacancy savings is (\$0.3) million.

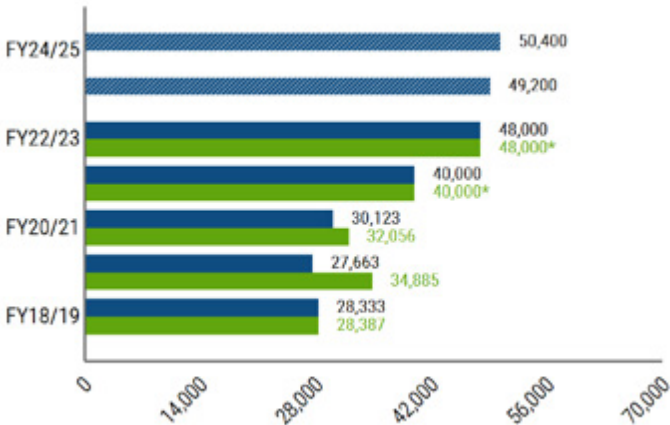
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 Utilities budget is \$48,000 which remains flat when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25

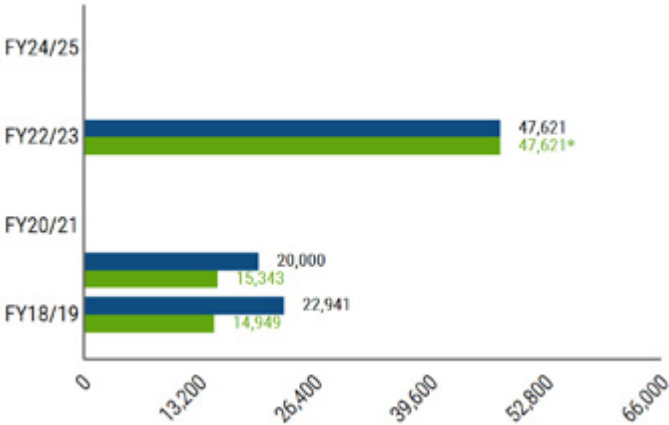


FORECAST BUDGET ACTUAL/FORECAST\*

**VACATION TRADE**

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

FY 2018/19 to FY 2024/25



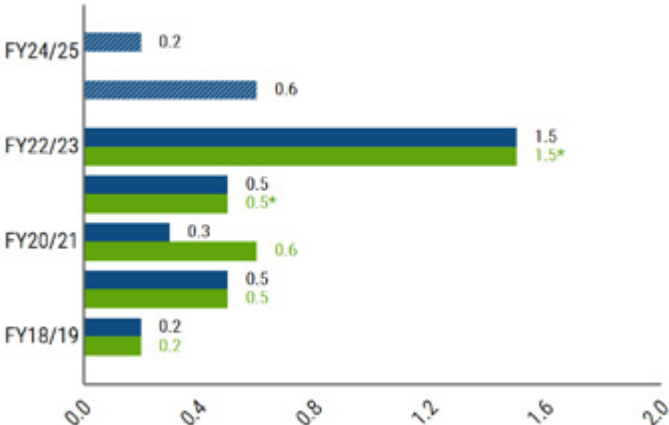
**TRANSFERS OUT**

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

**CIP**

The FY 2022/23 CIP Transfer Out of \$1.5 million is for design and engineering related to new lines of service to the existing layout of the transfer station facility, such as a stand-alone residential household hazardous materials, green waste disposal, and electronics storage building to be used as a drop off location. Additionally, doubling the current tipping floor loading space per existing plans to service new customers such as city residents and private haulers.

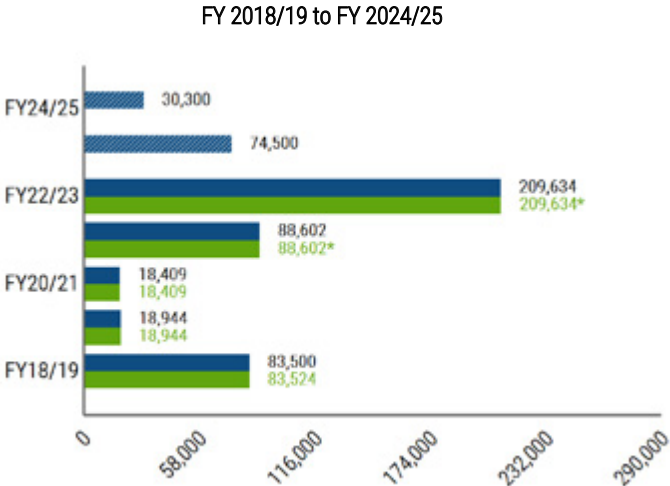
FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

**CIP TECHNOLOGY**

CIP Technology includes \$209,634 to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2022/23.

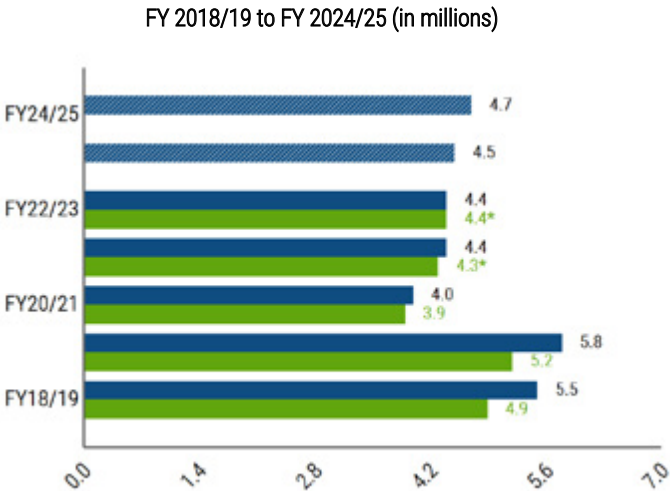


**SOLID WASTE FUND ENDING BALANCE**

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 2022/23 ending fund balance includes an Operating Reserve of \$4.4 million. Per Financial Policy No. 2.04, the city will maintain Operating Reserves in the Solid Waste Fund of 15 percent of operating uses, excluding transfers out to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities. Use of these reserves require Council approval and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.

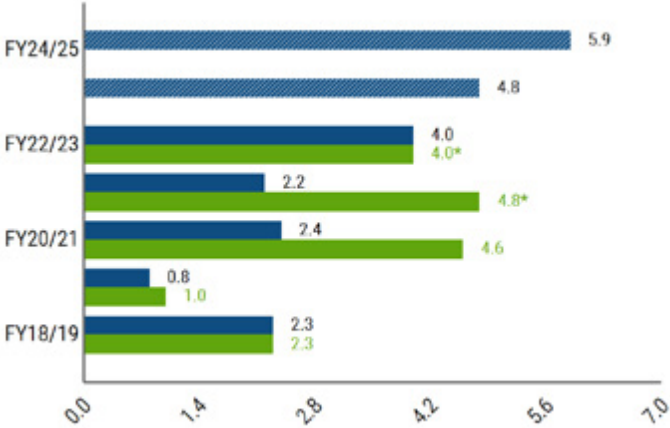


FORECAST BUDGET ACTUAL/FORECAST\*

**UNDESIGNATED, UNRESERVED FUND BALANCE**

The FY 2022/23 Undesignated, Unreserved Fund Balance is \$4.0 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 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

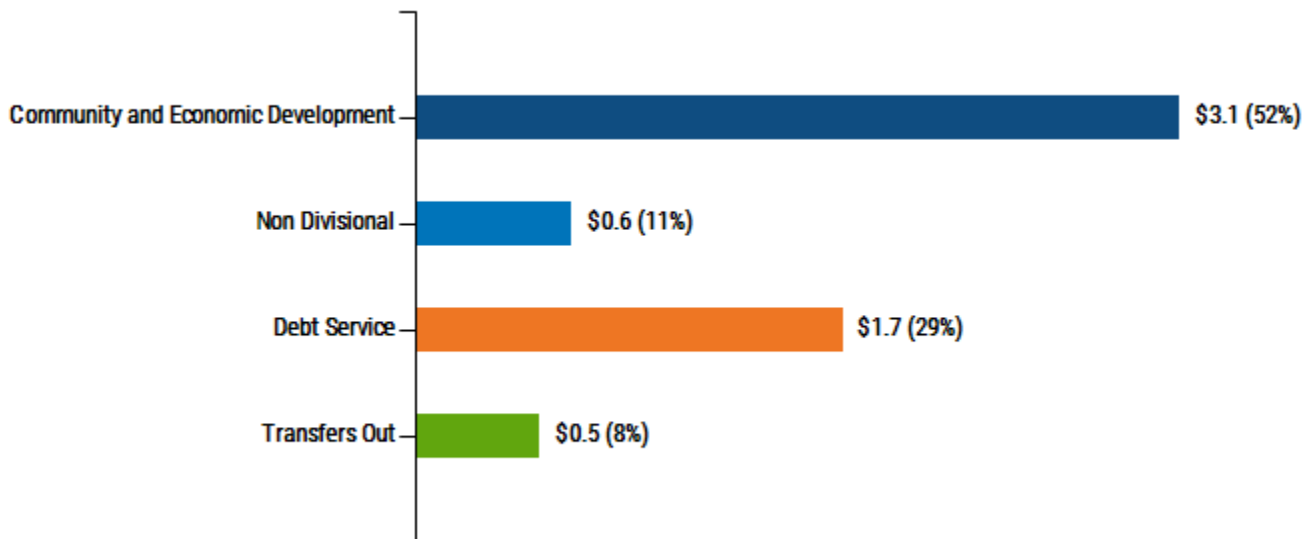
## Fund Purpose

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) \$8.3 Million



### Aviation Fund Uses (% to Total) \$5.9 Million



Rounding differences may occur.

## BUDGET BY FUND | Aviation Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Fleet Replacement Reserve	940,227	1,010,500	1,010,500	1,196,500
Future Capital Replacement	-	1,846,467	1,846,467	1,769,800
Operating Reserve	509,853	498,660	825,604	925,597
Undesignated, Unreserved Fund Balance	1,962,987	1,336,142	1,634,432	1,960,292
<b>Total Beginning Fund Balance<sup>(a)</sup></b>	<b>3,413,067</b>	<b>4,691,769</b>	<b>5,317,003</b>	<b>5,852,189</b>
<b>Revenues</b>				
Airport Fees	6,973,395	5,935,079	5,938,478	7,918,961
Property Rental	176,467	177,348	177,348	182,624
Jet Fuel	176,584	150,000	150,000	179,000
Interest Earnings	77,766	59,026	59,026	31,278
Federal Grants	157,000	-	-	-
Miscellaneous	108,361	-	13,690	-
<b>Subtotal</b>	<b>7,669,574</b>	<b>6,321,453</b>	<b>6,338,542</b>	<b>8,311,863</b>
<b>Transfers In</b>				
Debt Svc MPC Bonds	692,345	-	-	-
<b>Subtotal</b>	<b>692,345</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>8,361,919</b>	<b>6,321,453</b>	<b>6,338,542</b>	<b>8,311,863</b>
<b>Expenditures</b>				
Community and Economic Development	2,747,772	2,850,985	2,703,969	3,072,216
Citywide Direct Cost Allocation	367,923	424,874	424,874	446,810
Citywide Indirect Cost Allocation	186,722	190,311	190,311	101,966
Fuel and Maint and Repair <sup>(b)</sup>	-	-	48,710	-
Utilities <sup>(b)</sup>	-	-	83,125	-
Vacation Trade	-	-	-	7,894
Leave Accrual Payments	-	9,252	4,752	108,500
Savings from Vacant Positions	-	(35,000)	(14,932)	(35,000)
<b>Subtotal</b>	<b>3,302,417</b>	<b>3,440,422</b>	<b>3,440,809</b>	<b>3,702,386</b>
<b>Debt Service</b>				
MPC Bonds Debt Svc - Airport	1,721,994	1,724,244	1,724,244	1,719,244
<b>Subtotal</b>	<b>1,721,994</b>	<b>1,724,244</b>	<b>1,724,244</b>	<b>1,719,244</b>
TOTAL OPERATING BUDGET	5,024,411	5,164,666	5,165,053	5,421,630
<b>Transfers Out</b>				
CIP	26,843	604,680	604,680	487,233
CIP Technology	6,880	33,623	33,623	11,281
Debt Svc MPC Bonds	692,345	-	-	-
<b>Subtotal</b>	<b>726,068</b>	<b>638,303</b>	<b>638,303</b>	<b>498,514</b>
<b>Total Uses</b>	<b>5,750,479</b>	<b>5,802,969</b>	<b>5,803,356</b>	<b>5,920,144</b>
<b>Sources Over/(Under) Uses</b>	<b>2,611,440</b>	<b>518,484</b>	<b>535,186</b>	<b>2,391,719</b>
<b>Ending Fund Balance</b>				
Fleet Replacement Reserve	1,010,500	1,196,500	1,196,500	1,396,300
Future Capital Replacement	1,846,467	1,769,800	1,769,800	5,220,800
GO Debt Service Reserve - Non Preserve <sup>(c)</sup>	-	1,073,100	1,073,100	-
Operating Reserve	825,604	1,132,600	1,131,225	925,597
Undesignated, Unreserved Fund Balance	2,341,936	38,253	681,564	701,211
<b>Total Ending Fund Balance</b>	<b>6,024,507</b>	<b>5,210,253</b>	<b>5,852,189</b>	<b>8,243,908</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (-\$0.7 million) to better align with the fund balance calculation used in the Annual Financial Report.

<sup>(b)</sup> Budget adopted at the division level. At the start of the fiscal year the budget will move to a non-divisional account and then be transferred back to the division monthly as expenses occur.

<sup>(c)</sup> Beginning in FY 2022/23, the GO Debt Service Reserve - Non Preserve is included in the Future Capital Replacement Reserve.



# BUDGET BY FUND | Aviation Fund Five-Year Financial Forecast

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Fleet Replacement Reserve	1,196,500	1,396,300	1,526,800	1,623,200	1,667,900
Future Capital Replacement	1,769,800	5,220,800	7,694,500	10,292,100	12,938,100
Operating Reserve	925,597	925,597	922,425	959,550	998,125
Undesignated, Unreserved Fund Balance	1,960,292	701,211	445,083	340,858	164,483
<b>Total Beginning Fund Balance</b>	<b>5,852,189</b>	<b>8,243,908</b>	<b>10,588,808</b>	<b>13,215,708</b>	<b>15,768,608</b>
<b>Revenues</b>					
Airport Fees	7,918,961	7,993,300	8,068,300	8,144,100	8,220,500
Property Rental	182,624	183,300	184,300	185,100	185,900
Jet Fuel	179,000	180,800	182,600	184,400	186,300
Interest Earnings	31,278	45,800	62,100	78,800	88,000
Federal Grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Subtotal</b>	<b>8,311,863</b>	<b>8,403,200</b>	<b>8,497,300</b>	<b>8,592,400</b>	<b>8,680,700</b>
<b>Transfers In</b>					
Debt Svc MPC Bonds	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>8,311,863</b>	<b>8,403,200</b>	<b>8,497,300</b>	<b>8,592,400</b>	<b>8,680,700</b>
<b>Expenditures</b>					
Community and Economic Development	3,072,216	3,139,300	3,259,800	3,384,400	3,514,000
Citywide Direct Cost Allocation	446,810	469,200	492,600	517,200	543,100
Citywide Indirect Cost Allocation	101,966	107,100	112,400	118,000	123,900
Fuel and Maint and Repair	-	-	-	-	-
Utilities	-	-	-	-	-
Vacation Trade	7,894	-	-	-	-
Leave Accrual Payments	108,500	10,000	10,200	10,500	10,700
Savings from Vacant Positions	(35,000)	(35,900)	(36,800)	(37,600)	(38,500)
<b>Subtotal</b>	<b>3,702,386</b>	<b>3,689,700</b>	<b>3,838,200</b>	<b>3,992,500</b>	<b>4,153,200</b>
<b>Debt Service</b>					
MPC Bonds Debt Svc - Airport	1,719,244	1,722,200	1,722,700	1,720,700	1,721,200
<b>Subtotal</b>	<b>1,719,244</b>	<b>1,722,200</b>	<b>1,722,700</b>	<b>1,720,700</b>	<b>1,721,200</b>
TOTAL OPERATING BUDGET	5,421,630	5,411,900	5,560,900	5,713,200	5,874,400
<b>Transfers Out</b>					
CIP	487,233	619,100	298,800	321,100	282,000
CIP Technology	11,281	27,300	10,700	5,200	9,500
Debt Svc MPC Bonds	-	-	-	-	-
<b>Subtotal</b>	<b>498,514</b>	<b>646,400</b>	<b>309,500</b>	<b>326,300</b>	<b>291,500</b>
<b>Total Uses</b>	<b>5,920,144</b>	<b>6,058,300</b>	<b>5,870,400</b>	<b>6,039,500</b>	<b>6,165,900</b>
<b>Sources Over/(Under) Uses</b>	<b>2,391,719</b>	<b>2,344,900</b>	<b>2,626,900</b>	<b>2,552,900</b>	<b>2,514,800</b>
<b>Ending Fund Balance</b>					
Fleet Replacement Reserve	1,396,300	1,526,800	1,623,200	1,667,900	1,537,100
Future Capital Replacement	5,220,800	7,694,500	10,292,100	12,938,100	15,585,600
GO Debt Service Reserve - Non Preserve	-	-	-	-	-
Operating Reserve	925,597	922,425	959,550	998,125	1,038,300
Undesignated, Unreserved Fund Balance	701,211	445,083	340,858	164,483	122,408
<b>Subtotal</b>	<b>8,243,908</b>	<b>10,588,808</b>	<b>13,215,708</b>	<b>15,768,608</b>	<b>18,283,408</b>

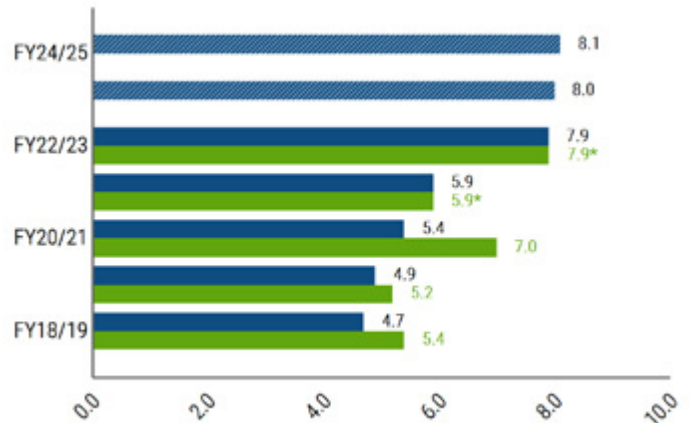
## AVIATION FUND SOURCES

Aviation Fund sources for FY 2022/23 are \$8.3 million, most of which is received from Airport Fees. Other sources include Property Rental, Jet Fuel, Interest Earnings, and in prior years, Federal Grants, Miscellaneous and Transfers In.

### AIRPORT FEES

Airport Fees are fees imposed for the aeronautical use of airport facilities, including but not limited to: aircraft overnight parking fees, hangar rentals, fuel flowage and transient landing fees. The Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The Airport Fees FY 2022/23 adopted budget is \$7.9 million which is \$2.0 million higher than the FY 2021/22 adopted budget. The increase is due to an overall increase in business activity, and to the anticipated increased activity for the Super Bowl LVII.

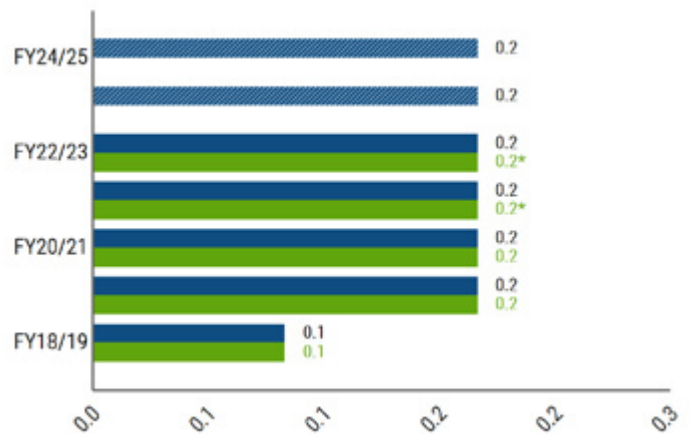
FY 2018/19 to FY 2024/25 (in millions)



### 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 2022/23 budget for Property Rental is \$0.2 million, which remains relatively flat from the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

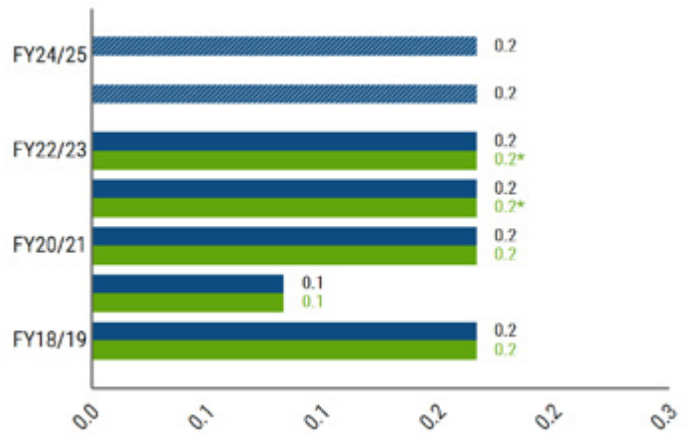


FORECAST
  BUDGET
  ACTUAL/FORECAST\*

**JET FUEL**

A jet fuel tax of 18 cents is charged to every gallon of fuel purchased at the airport. The adopted FY 2022/23 Jet Fuel budget is \$0.2 million, which remains flat when compared to the FY 2021/22 adopted budget.

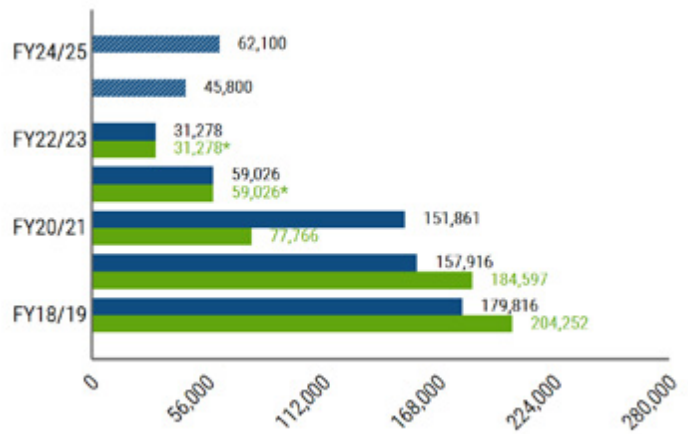
FY 2018/19 to FY 2024/25 (in millions)



**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 2018/19 to FY 2024/25



**FEDERAL GRANTS**

The FY 2020/21 actual amount for Federal Grants is related to an AZCares Airport grant received to mitigate the impact of the COVID-19 pandemic.

FY 2018/19 to FY 2024/25 (in millions)

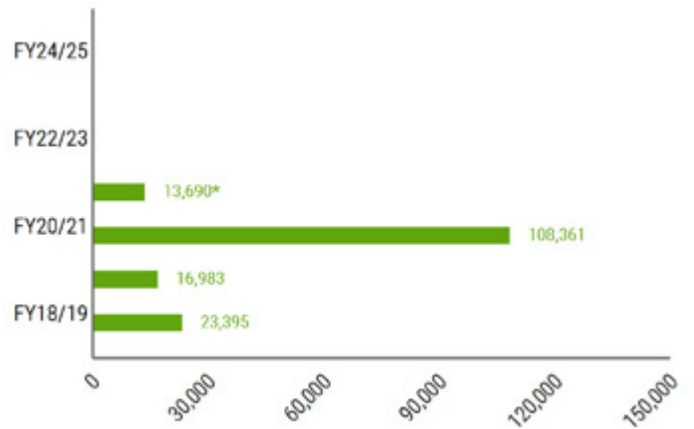


FORECAST BUDGET ACTUAL/FORECAST\*

**MISCELLANEOUS**

Miscellaneous includes other types of one-time revenue that may or may not be received each year such as the FY 2018/19 proceeds from an airport truck sold at an auction, the FY 2019/20 reimbursement for electricity charges during construction of the Aviation Business Center, and the FY 2020/21 reimbursement as part of an audit review settlement related to a bond-funded capital project.

FY 2018/19 to FY 2024/25



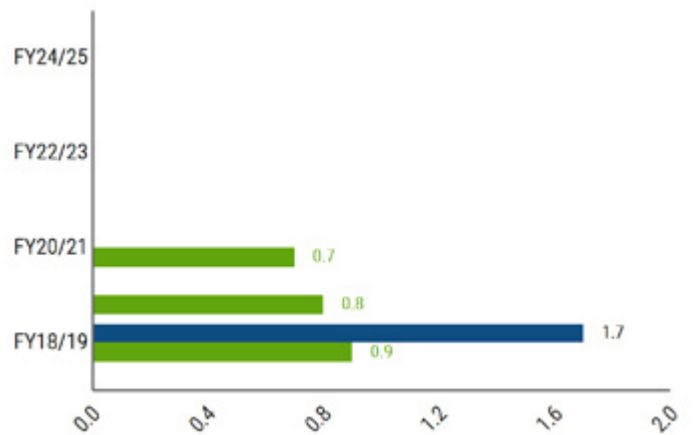
**TRANSFERS IN**

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

**DEBT SVC MPC BONDS**

Debt Svc MPC Bonds is an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds in order to finance the Airport Terminal Area Redevelopment capital improvement project.

FY 2018/19 to FY 2024/25 (in millions)



**AVIATION FUND USES**

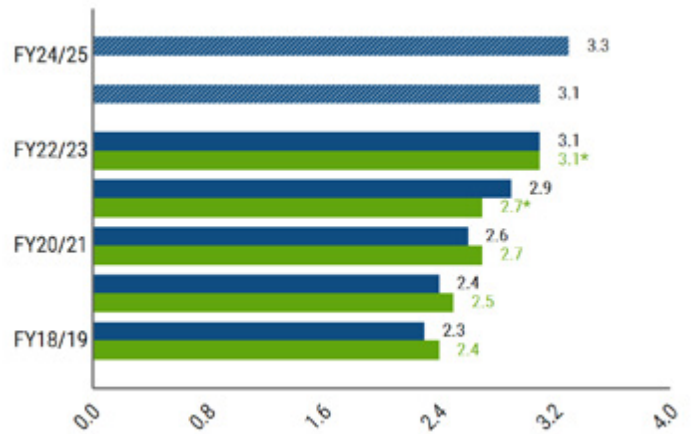
The Aviation Fund uses are presented as a portion of the Community and Economic Development division's operating budget. Additionally, there are uses related to Direct and Indirect Cost Allocation, Fuel and Maintenance and Repair, Utilities, Vacation Trade, Leave Accrual Payments, Savings from Vacant Positions, Debt Service and Transfers Out to other funds.

FORECAST BUDGET ACTUAL/FORECAST\*

**COMMUNITY AND ECONOMIC DEVELOPMENT**

Community and Economic Development includes costs related to the operation and maintenance of the city's airport. The FY 2022/23 adopted budget is \$3.1 million, which is \$0.2 million higher than the FY 2021/22 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.

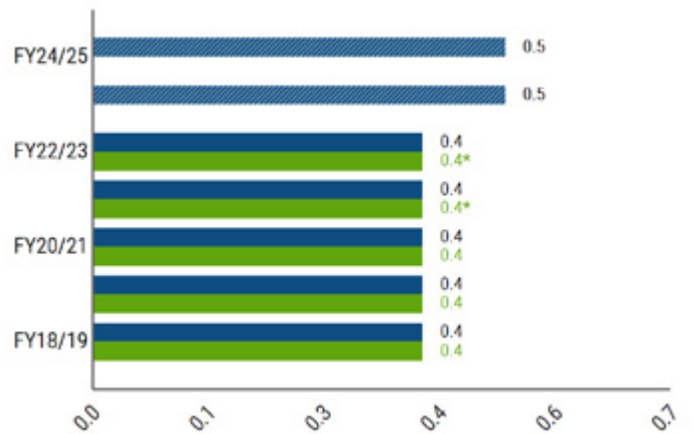
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 budget for this allocation is \$0.4 million, which remains flat from the FY 2021/22 adopted budget.

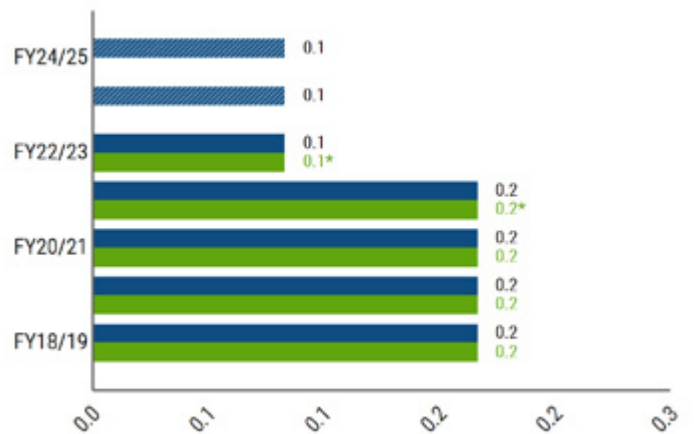
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 adopted budget is \$0.1 million, which is \$0.1 million lower than the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

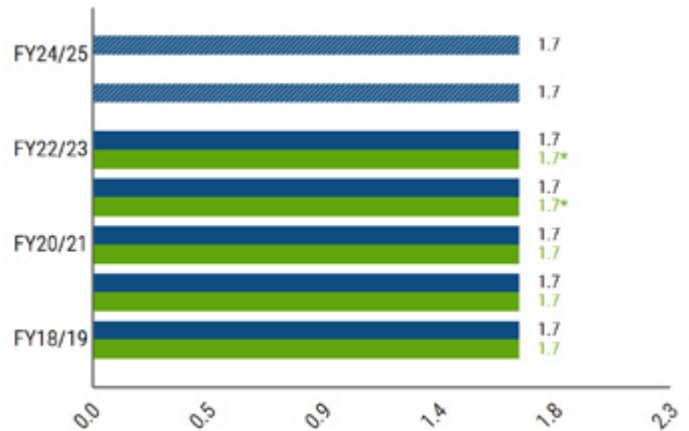
## DEBT SERVICE

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

### MPC BONDS DEBT SVC - AIRPORT

Contracts Payable represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The adopted FY 2022/23 budget is \$1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.

FY 2018/19 to FY 2024/25 (in millions)



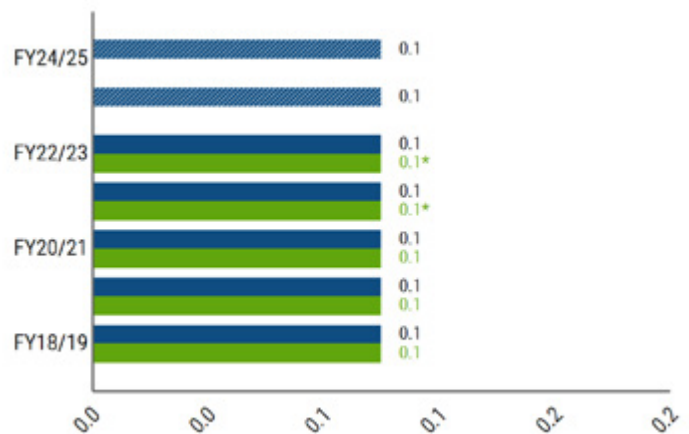
## NON-DIVISIONAL USES

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 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 adopted FY 2022/23 Fuel and Maint and Repair is budgeted at \$0.1 million at the division level.

FY 2018/19 to FY 2024/25 (in millions)

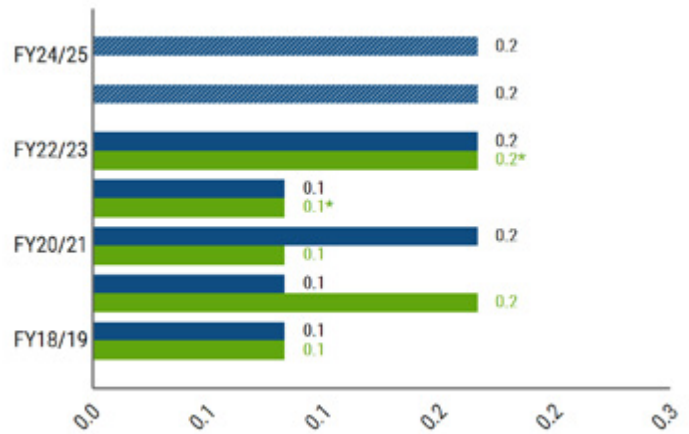


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 Utilities budget is \$0.2 million which represents an increase of \$0.1 million from the FY 2021/22 adopted budget.

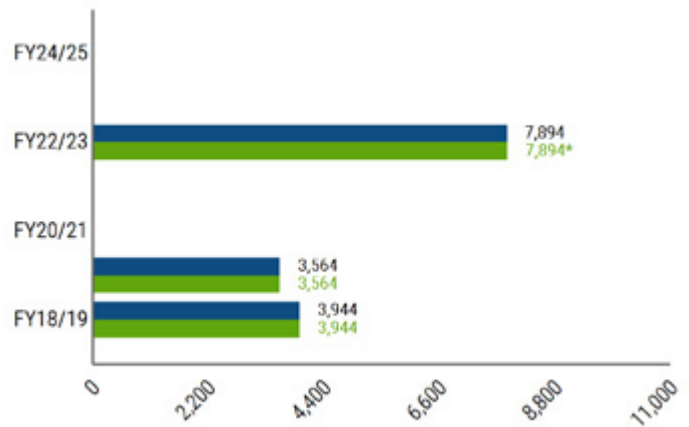
FY 2018/19 to FY 2024/25 (in millions)



**VACATION TRADE**

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation between October 24, 2021 and October 22, 2022, may elect to trade up to 40 hours of vacation time for cash. The program was canceled in FY 2020/21 and in FY 2021/22, but has been restated for FY 2022/23. The FY 2022/23 Vacation Trade adopted budget is \$7,894.

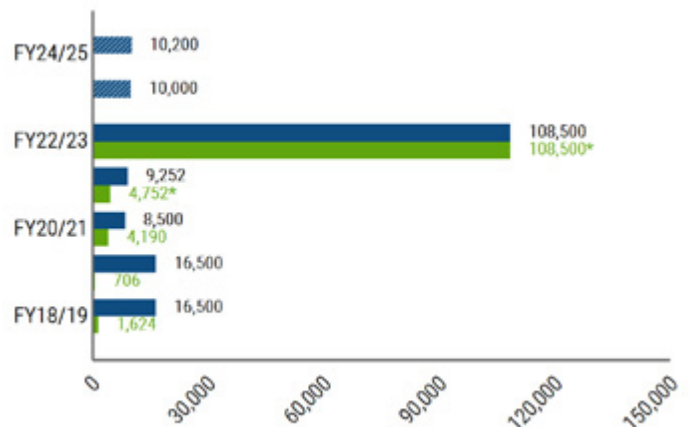
FY 2018/19 to FY 2024/25



**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 2022/23 leave accrual payments of \$108,500, which is significantly higher than the \$9,252 budgeted in FY 2021/22 due to the expected retirement of long-term staff to happen in FY 2022/23. Leave Accrual Payments include \$80,500 budgeted for medical leave accrual payouts and \$28,000 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 2018/19 to FY 2024/25



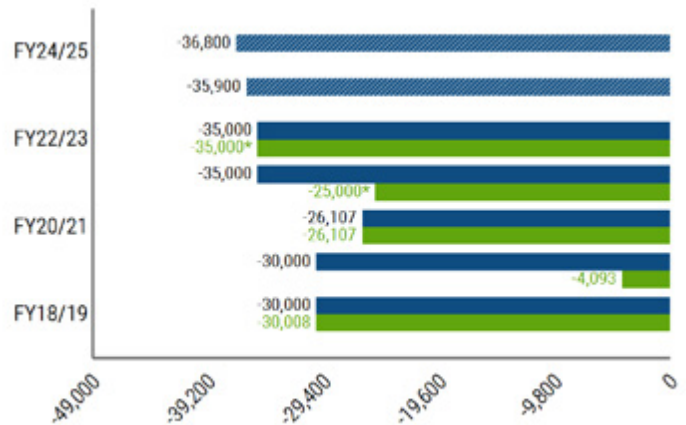
▨ FORECAST  
 ■ BUDGET  
 ■ ACTUAL/FORECAST\*



**SAVINGS FROM VACANT POSITIONS**

The amount of savings achieved from vacant positions for FY 2022/23 is estimated at (\$35,000), which is higher than FY 2021/22 partially due to anticipated retirements within the city, and the impact of challenges in the labor market.

FY 2018/19 to FY 2024/25



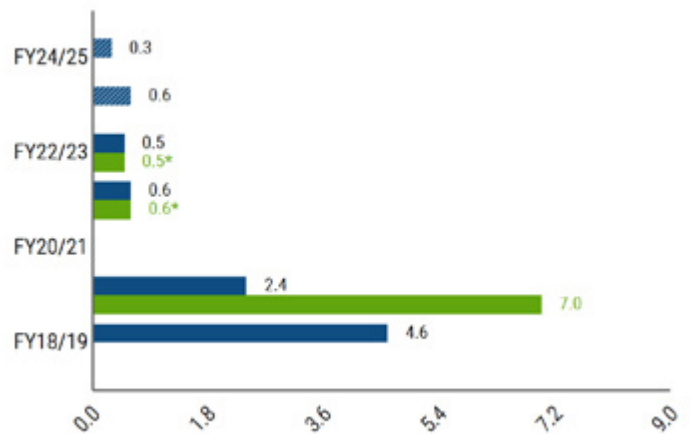
**TRANSFERS OUT**

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 2022/23 CIP adopted budget is \$0.5 million. FY 2019/20 includes a transfer to the Capital Improvement Plan (CIP) for the design and construction of aircraft box hangars and pavement preservation at the airport that was budgeted, but not processed in FY 2018/19.

FY 2018/19 to FY 2024/25 (in millions)

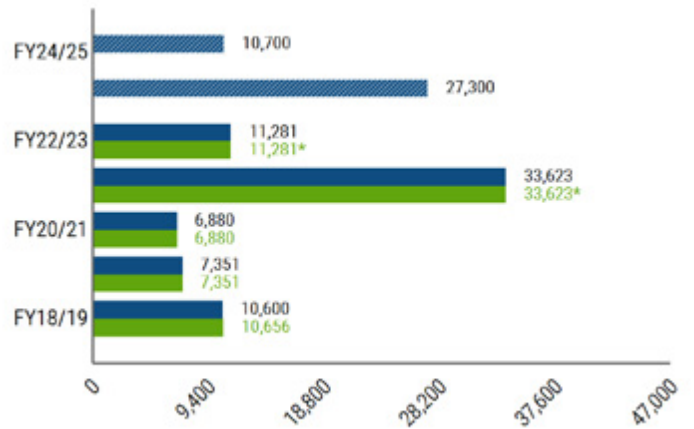


FORECAST BUDGET ACTUAL/FORECAST\*

**CIP TECHNOLOGY**

CIP Technology is the authorized transfer to CIP to fund technology-related capital projects. The FY 2022/23 adopted budget is \$11,281.

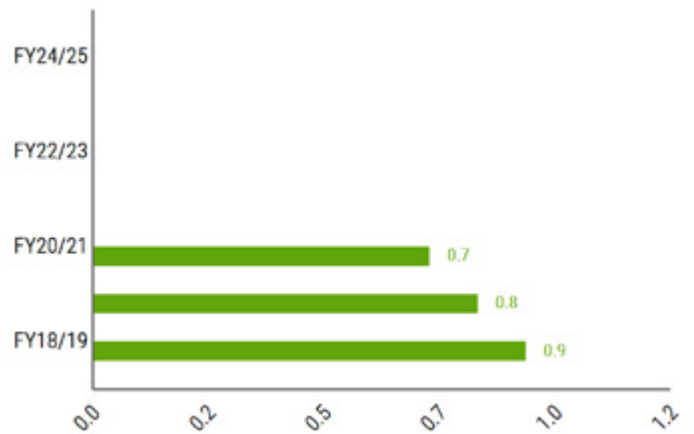
FY 2018/19 to FY 2024/25



**DEBT SVC MPC BONDS**

Debt Svc MPC Bonds is an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds (MPC) in order to finance the Airport Terminal Area Redevelopment capital improvement project.

FY 2018/19 to FY 2024/25 (in millions)



**AVIATION FUND ENDING BALANCE**

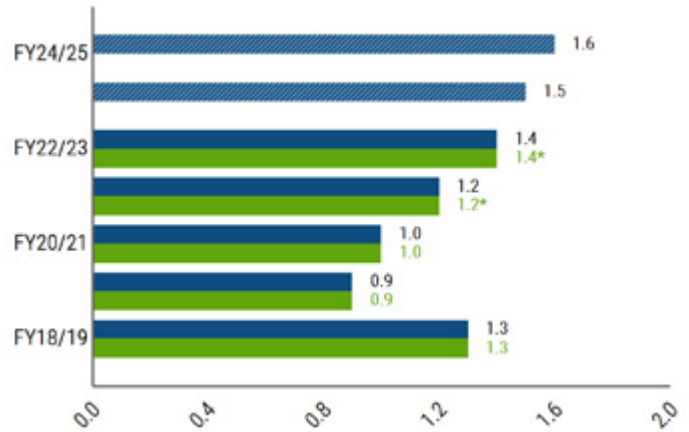
Fund balance protects the city’s financial condition and provides for unexpected economic challenges. The city’s budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This

FORECAST BUDGET ACTUAL/FORECAST\*

**FLEET REPLACEMENT RESERVE**

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of vehicles and heavy equipment at the airport. The FY 2022/23 Fleet Replacement Reserve ending fund balance is \$1.4 million.

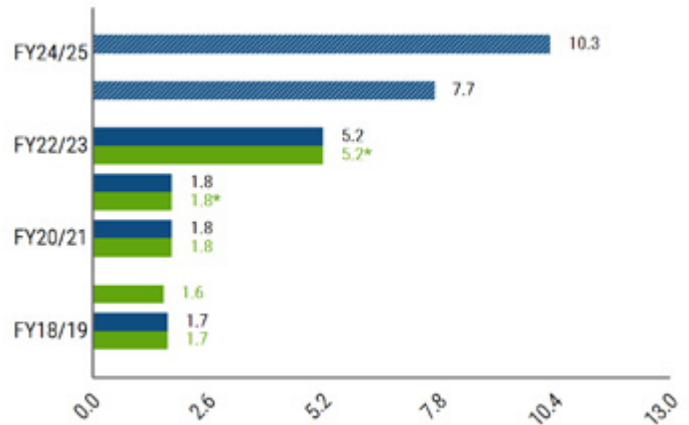
FY 2018/19 to FY 2024/25 (in millions)



**FUTURE CAPITAL REPLACEMENT**

The Future Capital Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Future Capital Replacement Reserve in FY 2022/23 is \$5.2 million. Beginning in FY 2022/23, the Future Capital Replacement Reserve also includes fund balance previously reported under the GO Debt Service Reserve - Non Preserve.

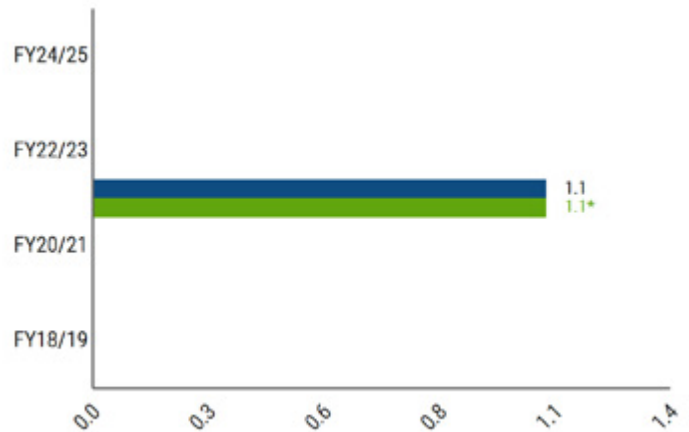
FY 2018/19 to FY 2024/25 (in millions)



**GO DEBT SERVICE RESERVE - NON PRESERVE**

The GO Debt Service Reserve - Non Preserve was established to set aside funds for the repayment of debt service. Beginning in FY 2022/23, the GO Debt Service Reserve - Non Preserve is reported in the Future Capital Replacement Reserve.

FY 2018/19 to FY 2024/25 (in millions)

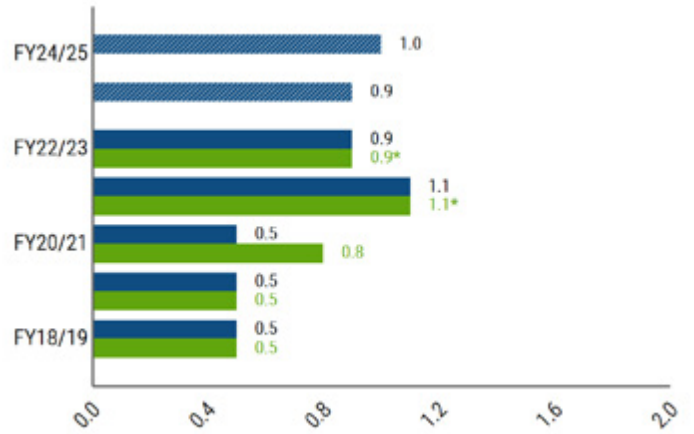


FORECAST BUDGET ACTUAL/FORECAST\*

**OPERATING RESERVE**

Operating Reserve, per Financial Policy No. 2.04, is intended to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities; and it is calculated as 25 percent of operating uses, excluding transfers out and debt service. The FY 2022/23 ending fund balance includes an Operating Reserve of \$1.0 million.

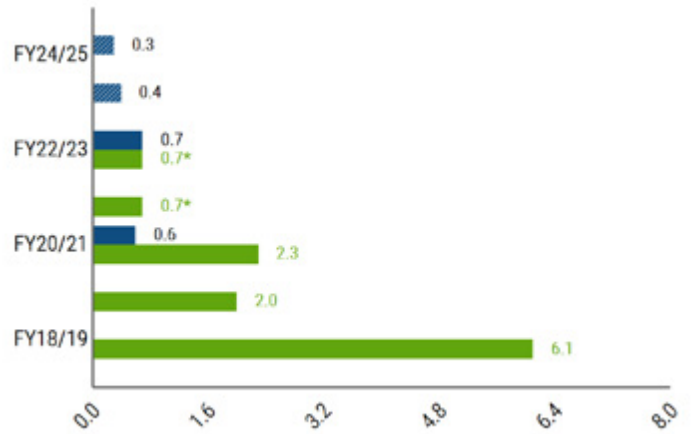
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 ending Undesignated, Unreserved Fund Balance is \$0.7 million.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

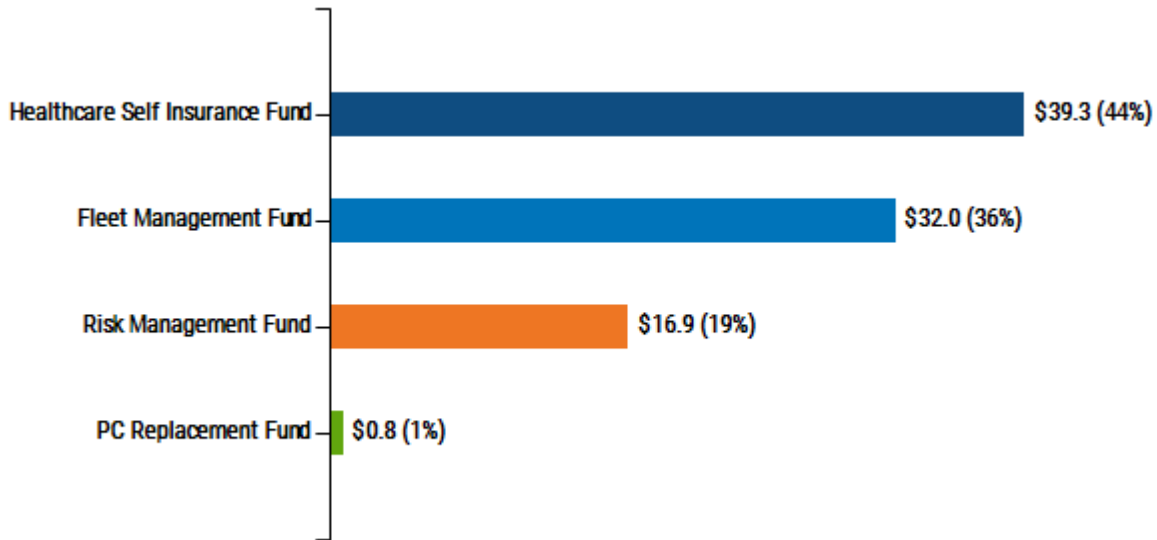


**FY 2022/23 Adopted Budget**

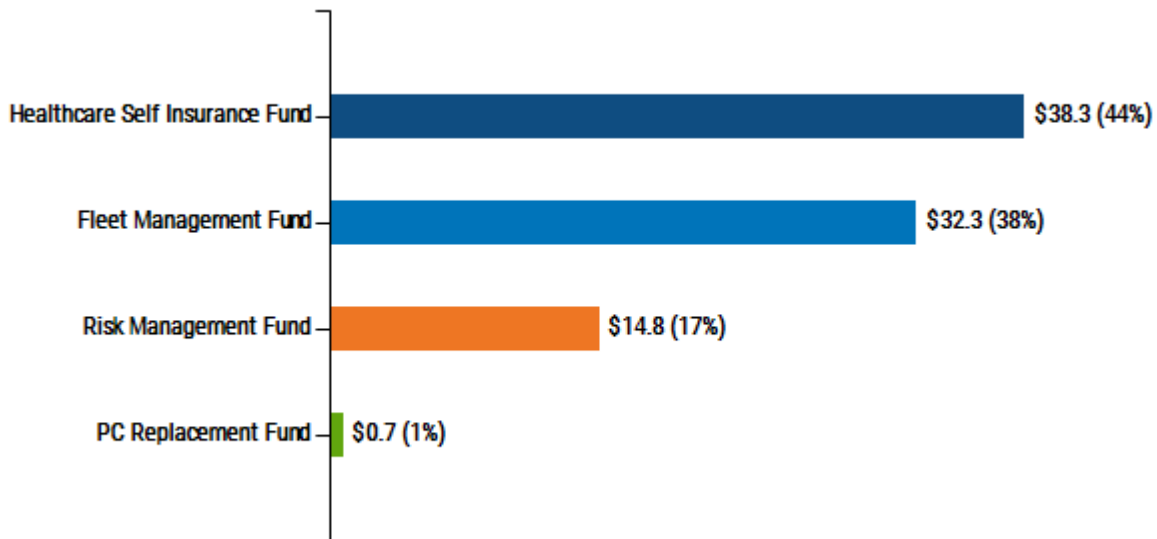
### Internal Service Funds Description

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has four separate Internal Service Funds to account for the activity of this fund type: Fleet Management, PC Replacement, Risk Management and Healthcare Self Insurance. Internal Service Offsets are included to avoid duplicating the budget, since the charges for these services are already included in the divisions' budgets.

**Internal Service Funds Sources (% to Total)**  
**\$88.9 Million**



**Internal Service Funds Uses (% to Total)**  
**\$86.2 Million**



Rounding differences may occur.



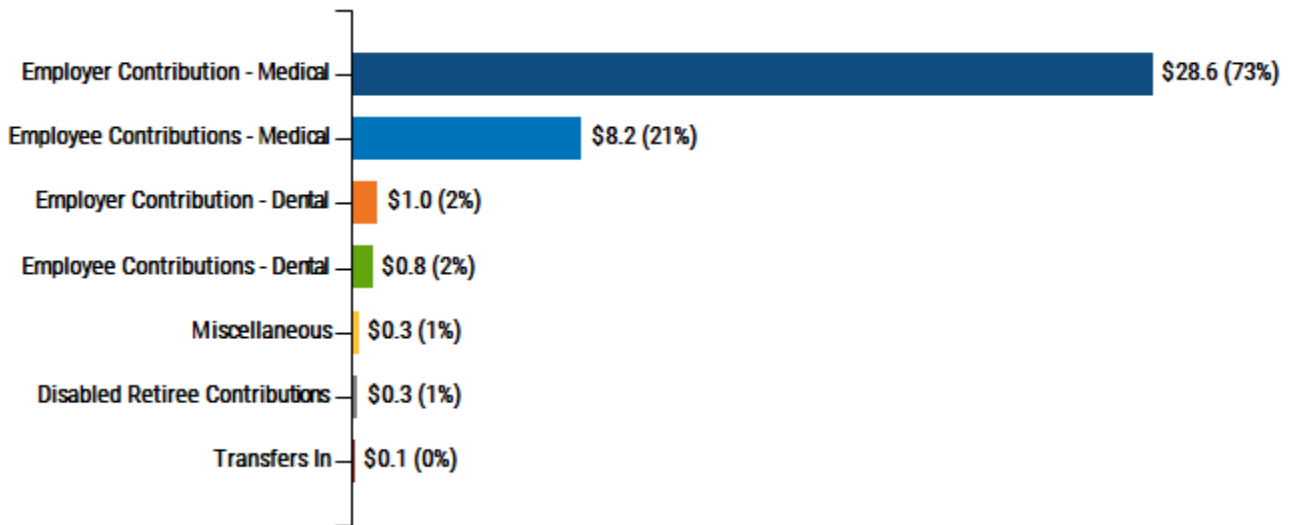
**FY 2022/23 Adopted Budget**



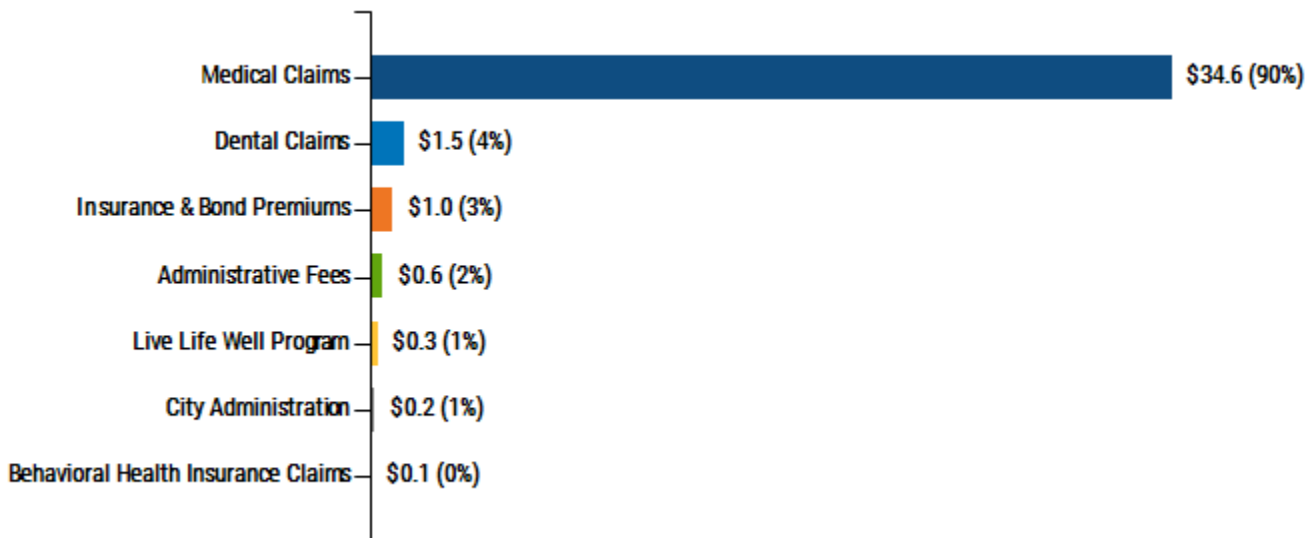
### Fund Purpose

The Healthcare Self Insurance Fund is used to account for the city’s self insured medical and dental benefits. Revenue to this fund is derived from premiums charged to both the city and employees. The premiums are collected for the city’s portion by charging the divisions and through payroll deductions for the employee’s portion. Revenue is also collected through premium charges to Public Safety disabled retirees (including, per City Council direction, a subsidy from the General Fund to cover Public Safety disabled retirees costs that exceed the premium charges) as well as state subsidies on healthcare contributions, Consolidated Omnibus Budget Reconciliation Act (COBRA), and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, behavioral, prescription and dental claims) as well as claims administration and other benefit plan expenses.

**Healthcare Self Insurance Fund Sources (% to Total)**  
**\$39.3 Million**



**Healthcare Self Insurance Fund Uses (% to Total)**  
**\$38.3 Million**



Rounding differences may occur.

## BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
IBNR Reserve	2,263,463	2,437,275	2,225,382	2,633,492
Operating Contingency	2,568,330	2,765,353	2,525,837	2,987,053
Premium Stabilization Reserve	2,939,225	3,042,786	2,981,883	2,995,596
Undesignated, Unreserved Fund Balance	6,396,582	7,570,687	12,383,420	10,007,270
<b>Total Beginning Fund Balance<sup>(a)</sup></b>	<b>14,167,600</b>	<b>15,816,101</b>	<b>20,116,522</b>	<b>18,623,411</b>
<b>Revenues</b>				
Employer Contribution - Medical	24,781,212	24,644,493	24,644,493	28,619,388
Employee Contributions - Medical	7,653,128	7,759,038	7,759,038	8,247,684
Employer Contribution - Dental	789,369	886,110	886,110	981,016
Employee Contributions - Dental	777,081	883,577	883,577	778,368
Miscellaneous	349,135	288,054	288,054	284,000
Disabled Retiree Contributions	273,729	258,924	258,924	250,908
<b>Subtotal</b>	<b>34,623,656</b>	<b>34,720,196</b>	<b>34,720,196</b>	<b>39,161,364</b>
<b>Transfers In</b>				
Operating	39,636	100,000	123,933	137,874
<b>Subtotal</b>	<b>39,636</b>	<b>100,000</b>	<b>123,933</b>	<b>137,874</b>
<b>Total Sources</b>	<b>34,663,292</b>	<b>34,820,196</b>	<b>34,844,129</b>	<b>39,299,238</b>
<b>Expenditures</b>				
Medical Claims	27,585,601	32,873,753	32,873,753	34,615,089
Dental Claims	1,447,009	1,460,184	1,460,184	1,486,467
Insurance & Bond Premiums	787,460	801,459	801,459	981,220
Administrative Fees	562,548	579,480	579,480	579,480
Live Life Well Program	341,691	344,875	344,875	336,538
City Administration	218,459	192,494	190,896	231,342
Behavioral Health Insurance Claims	82,773	86,593	86,593	86,693
<b>Subtotal</b>	<b>31,025,541</b>	<b>36,338,838</b>	<b>36,337,240</b>	<b>38,316,829</b>
TOTAL OPERATING BUDGET	31,025,541	36,338,838	36,337,240	38,316,829
<b>Total Uses</b>	<b>31,025,541</b>	<b>36,338,838</b>	<b>36,337,240</b>	<b>38,316,829</b>
<b>Sources Over/(Under) Uses</b>	<b>3,637,751</b>	<b>(1,518,642)</b>	<b>(1,493,111)</b>	<b>982,409</b>
<b>Ending Fund Balance</b>				
IBNR Reserve	2,225,382	2,633,492	2,633,492	2,769,415
Operating Contingency	2,525,837	2,987,053	2,987,053	3,140,835
Premium Stabilization Reserve	2,981,883	2,995,596	2,995,596	3,382,331
Undesignated, Unreserved Fund Balance <sup>(b)</sup>	10,072,249	5,681,318	10,007,270	10,313,239
<b>Total Ending Fund Balance</b>	<b>17,805,351</b>	<b>14,297,459</b>	<b>18,623,411</b>	<b>19,605,820</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$2.3 million) to better align with the fund balance calculation used in the Annual Financial Report.

<sup>(b)</sup> 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 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
IBNR Reserve	2,633,492	2,769,415	2,875,797	3,006,006	3,162,316
Operating Contingency	2,987,053	3,140,835	3,261,386	3,408,869	3,585,853
Premium Stabilization Reserve	2,995,596	3,382,331	3,546,860	3,719,494	3,900,715
Undesignated, Unreserved Fund Balance	10,007,270	10,313,239	11,354,677	12,541,551	13,598,436
<b>Total Beginning Fund Balance</b>	<b>18,623,411</b>	<b>19,605,820</b>	<b>21,038,720</b>	<b>22,675,920</b>	<b>24,247,320</b>
<b>Revenues</b>					
Employer Contribution - Medical	28,619,388	30,050,400	31,552,800	33,130,500	34,787,000
Employee Contributions - Medical	8,247,684	8,660,100	9,093,000	9,547,800	10,025,200
Employer Contribution - Dental	981,016	1,000,600	1,020,600	1,041,100	1,061,900
Employee Contributions - Dental	778,368	793,900	809,800	826,000	842,500
Miscellaneous	284,000	288,200	292,000	296,600	299,400
Disabled Retiree Contributions	250,908	263,500	276,600	290,400	304,900
<b>Subtotal</b>	<b>39,161,364</b>	<b>41,056,700</b>	<b>43,044,800</b>	<b>45,132,400</b>	<b>47,320,900</b>
<b>Transfers In</b>					
Operating	137,874	149,600	162,900	176,800	191,900
<b>Subtotal</b>	<b>137,874</b>	<b>149,600</b>	<b>162,900</b>	<b>176,800</b>	<b>191,900</b>
<b>Total Sources</b>	<b>39,299,238</b>	<b>41,206,300</b>	<b>43,207,700</b>	<b>45,309,200</b>	<b>47,512,800</b>
<b>Expenditures</b>					
Medical Claims	34,615,089	35,956,100	37,605,400	39,592,400	41,958,000
Dental Claims	1,486,467	1,531,100	1,577,000	1,624,300	1,673,000
Insurance & Bond Premiums	981,220	1,040,100	1,102,500	1,168,600	1,238,800
Administrative Fees	579,480	601,900	625,400	649,700	675,100
Live Life Well Program	336,538	336,400	336,800	337,500	337,800
City Administration	231,342	215,900	226,000	262,100	248,200
Behavioral Health Insurance Claims	86,693	91,900	97,400	103,200	109,500
<b>Subtotal</b>	<b>38,316,829</b>	<b>39,773,400</b>	<b>41,570,500</b>	<b>43,737,800</b>	<b>46,240,400</b>
TOTAL OPERATING BUDGET	38,316,829	39,773,400	41,570,500	43,737,800	46,240,400
<b>Total Uses</b>	<b>38,316,829</b>	<b>39,773,400</b>	<b>41,570,500</b>	<b>43,737,800</b>	<b>46,240,400</b>
<b>Sources Over/(Under) Uses</b>	<b>982,409</b>	<b>1,432,900</b>	<b>1,637,200</b>	<b>1,571,400</b>	<b>1,272,400</b>
<b>Ending Fund Balance</b>					
IBNR Reserve	2,769,415	2,875,797	3,006,006	3,162,316	3,347,876
Operating Contingency	3,140,835	3,261,386	3,408,869	3,585,853	3,795,897
Premium Stabilization Reserve	3,382,331	3,546,860	3,719,494	3,900,715	4,090,871
Undesignated, Unreserved Fund Balance	10,313,239	11,354,677	12,541,551	13,598,436	14,285,076
<b>Total Ending Fund Balance</b>	<b>19,605,820</b>	<b>21,038,720</b>	<b>22,675,920</b>	<b>24,247,320</b>	<b>25,519,720</b>

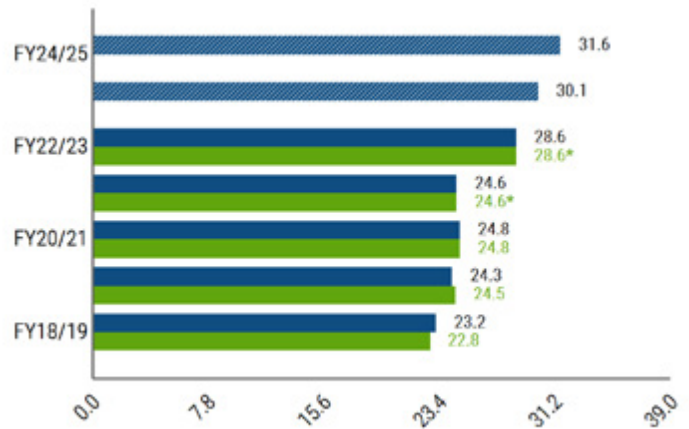
### HEALTHCARE SELF INSURANCE FUND SOURCES

Healthcare Self Insurance Fund sources for FY 2022/23 equal \$39.3 million, which is an increase of \$4.5 million from the FY 2021/22 adopted budget primarily due to a 5.3 percent projected increase for insurance plans which is seen in employer and employee contributions. Sources include Employer and Employee contributions for medical and dental premiums, Miscellaneous revenues, Public Safety Disabled Retiree Contributions, and Transfers In.

#### EMPLOYER CONTRIBUTION - MEDICAL

Employer Contribution - Medical represents the city's contribution towards employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee only premium for the richest plan and 90 percent of the lowest cost plan. The FY 2022/23 adopted budget of \$28.6 million represents an increase of \$4.0 million from the FY 2021/22 adopted budget due to the 5.3 percent projected healthcare plan cost increases.

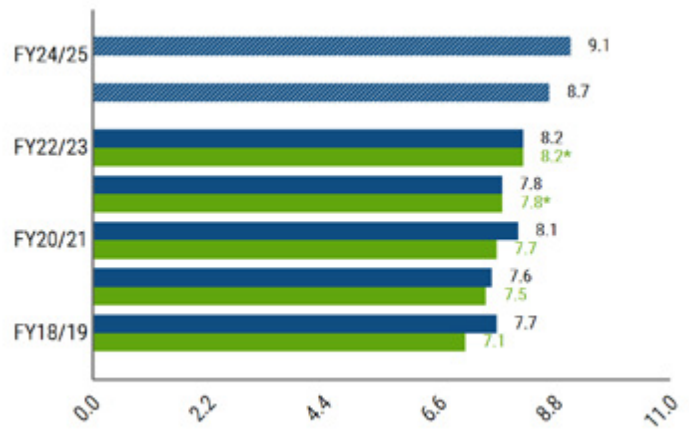
FY 2018/19 to FY 2024/25 (in millions)



#### 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 2022/23 adopted budget of \$8.2 million represents an increase of \$0.4 million from the FY 2021/22 adopted budget due to the projected 5.3 percent healthcare plan cost increases.

FY 2018/19 to FY 2024/25 (in millions)

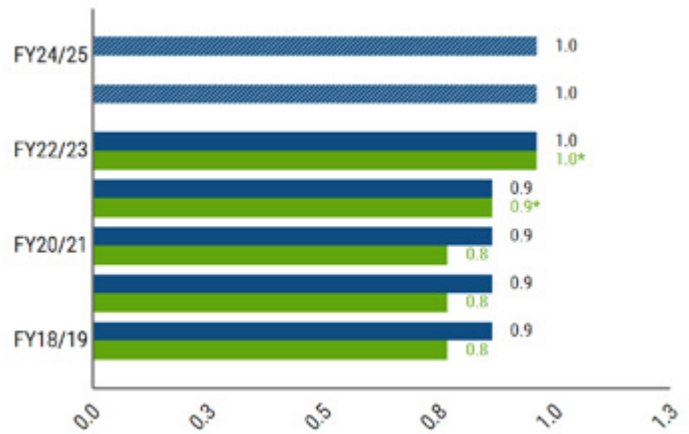


▨ FORECAST  
 ■ BUDGET  
 ■ ACTUAL/FORECAST\*

**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 2022/23 adopted budget of \$1.0 million represents an increase of \$0.1 million compared to the FY 2021/22 adopted budget.

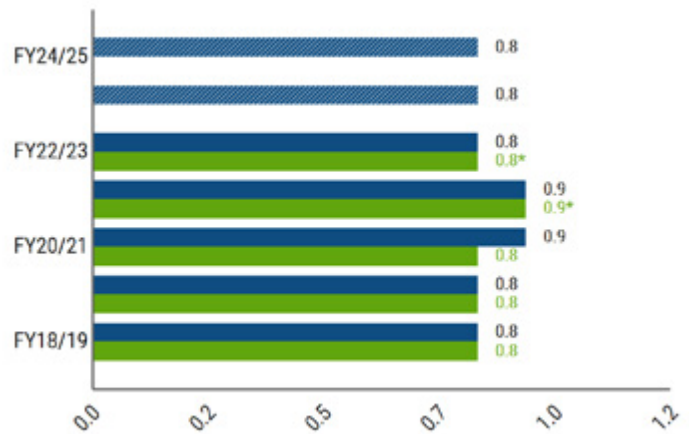
FY 2018/19 to FY 2024/25 (in millions)



**EMPLOYEE CONTRIBUTIONS - DENTAL**

Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. The FY 2022/23 adopted budget of \$0.8 million represents a \$0.1 million decrease compared to the FY 2021/22 adopted budget.

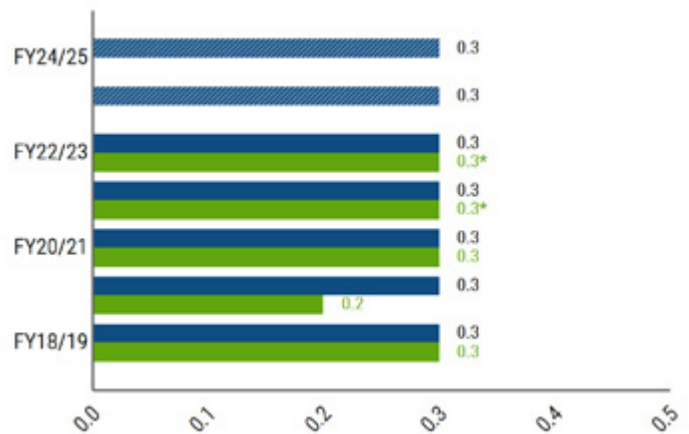
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 adopted budget of \$0.3 million remains flat compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

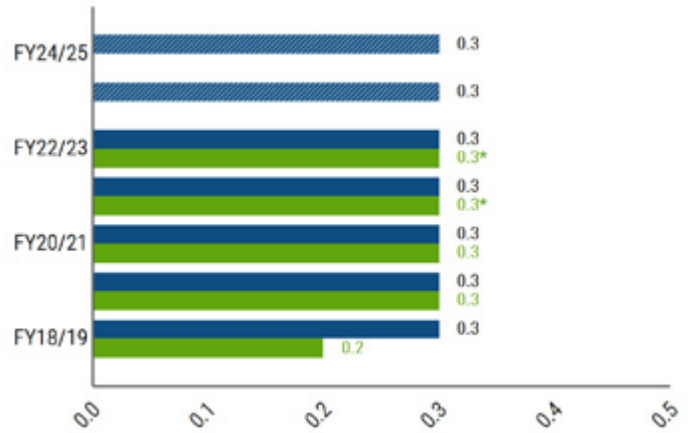


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 adopted budget of \$0.3 million remains flat compared to the FY 2020/21 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



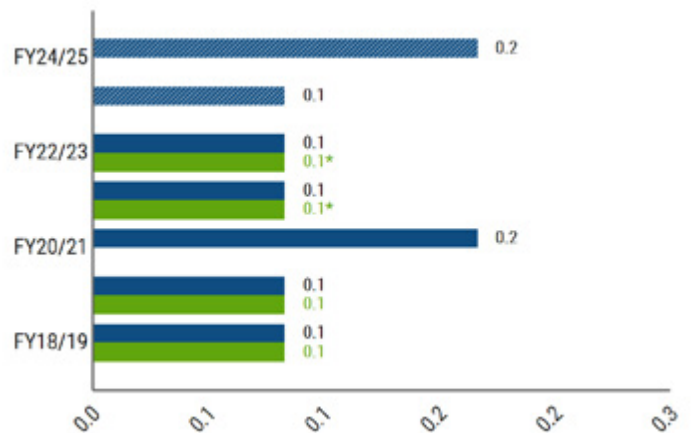
**TRANSFERS IN**

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 2022/23 is \$0.1 million, which is flat compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



**HEALTHCARE SELF INSURANCE FUND USES**

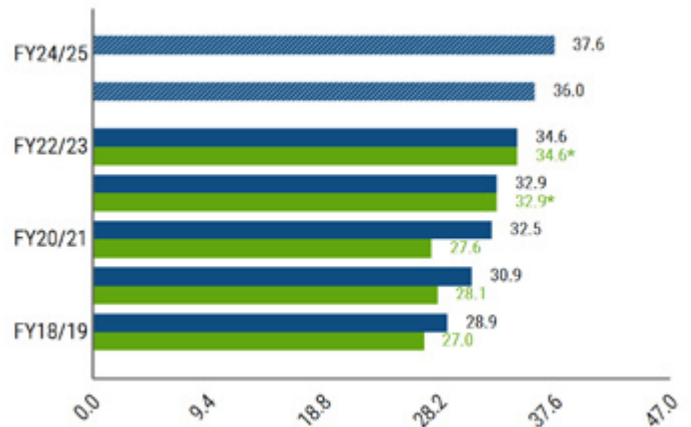
The direct operating expenditures of the Healthcare Self Insurance Fund include: Medical Claims, Dental Claims, Insurance & Bond Premiums, Administrative Fees, health related programs, and Behavioral Health Insurance Claims.

▨ 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 2022/23 adopted budget of \$34.6 million represents an increase of \$1.7 million from the FY 2021/22 adopted budget mostly due to the increasing costs of healthcare.

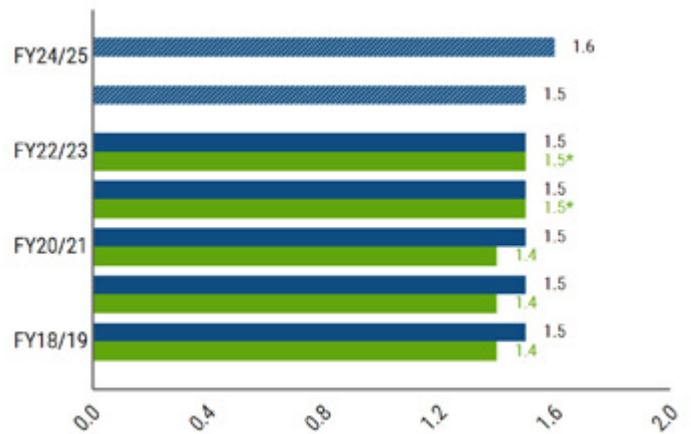
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 budget is \$1.5 million, which remains flat from the FY 2021/22 adopted budget.

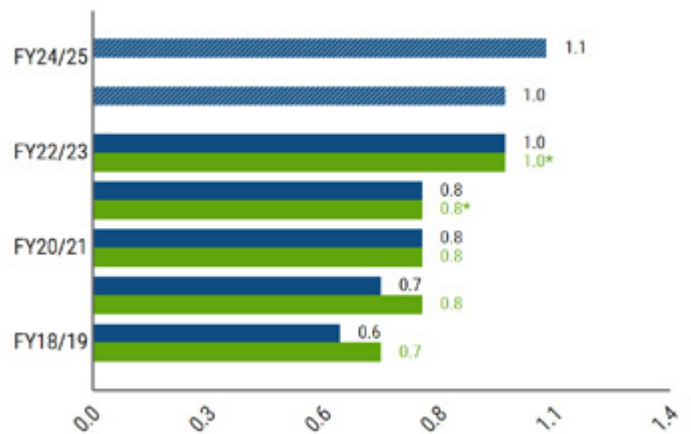
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 budget of \$1.0 million represents a \$0.2 million increase when compared to the FY 2021/22 adopted budget primarily due to rising costs for excess liability coverage for all plans by roughly 20 percent.

FY 2018/19 to FY 2024/25 (in millions)



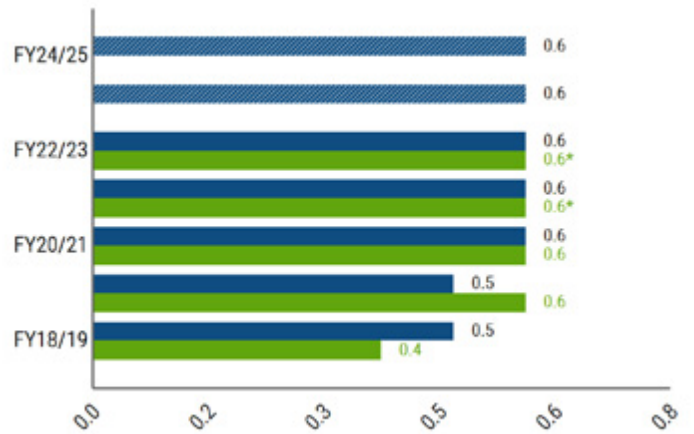
/// FORECAST    ■ BUDGET    ■ ACTUAL/FORECAST\*



**ADMINISTRATIVE FEES**

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The FY 2022/23 adopted budget of \$0.6 million is flat compared to the FY 2021/22 adopted budget.

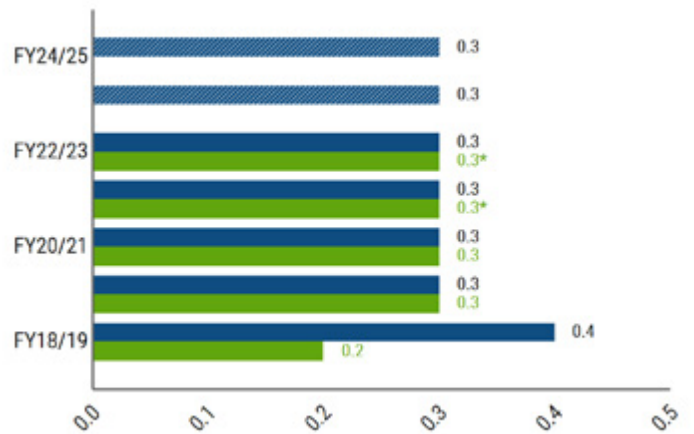
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 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.

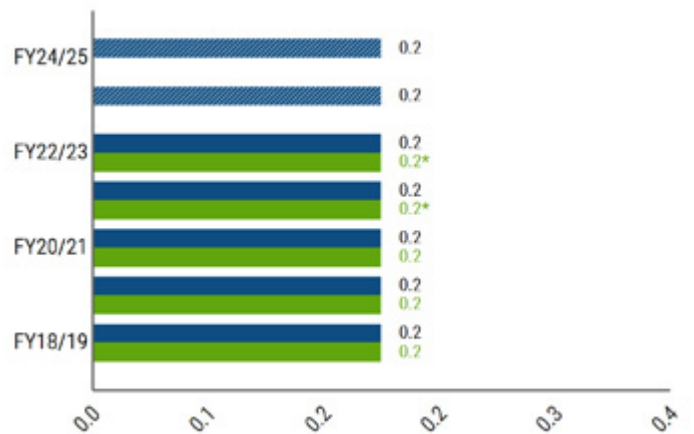
FY 2018/19 to FY 2024/25 (in millions)



**CITY ADMINISTRATION**

The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental, and wellness plans. The adopted FY 2022/23 budget of \$0.2 million remains flat compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

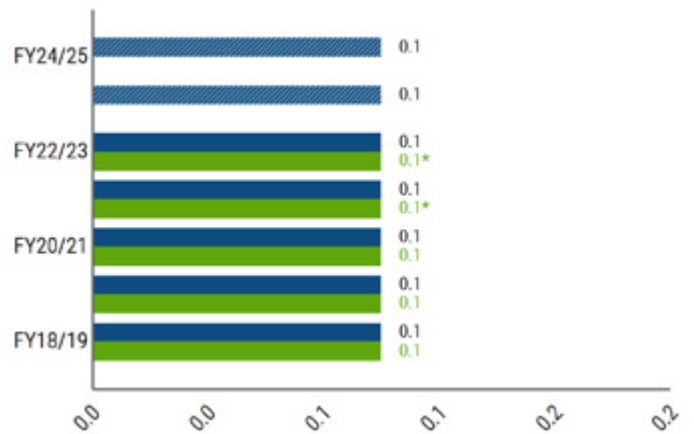


FORECAST BUDGET ACTUAL/FORECAST\*

**BEHAVIORAL HEALTH INSURANCE CLAIMS**

Behavioral Health Insurance Claims includes all behavioral claims expenses. The FY 2022/23 adopted budget of \$0.1 million remains flat compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



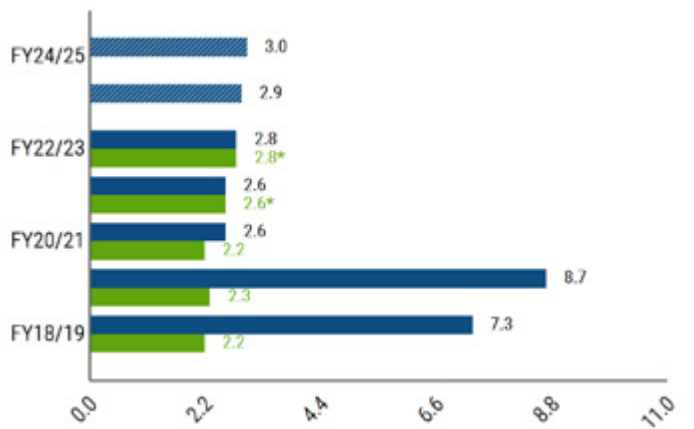
**HEALTHCARE SELF INSURANCE ENDING FUND BALANCE**

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 2022/23 IBNR Reserve is \$2.8 million, which represents an increase of \$0.2 million when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

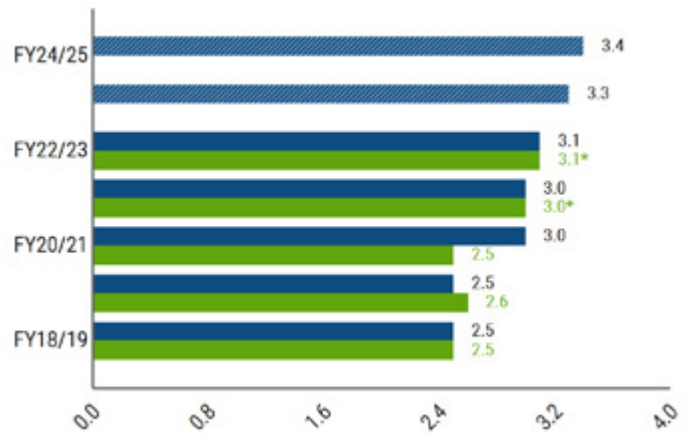


▨ FORECAST   
 ■ BUDGET   
 ■ ACTUAL/FORECAST\*

**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 2022/23 adopted budget is \$3.1 million.

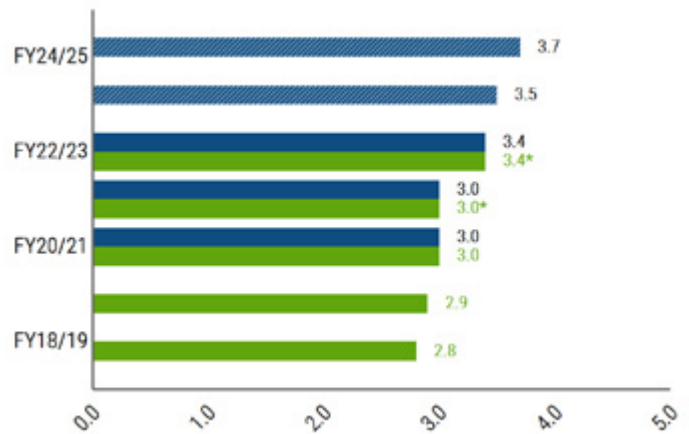
FY 2018/19 to FY 2024/25 (in millions)



**PREMIUM STABILIZATION RESERVE**

The purpose of the Premium Stabilization Reserve is to ensure revenue from premiums exceed medical and dental claims, and administrative expenses paid by the healthcare plan. The Premium Stabilization Reserve is calculated as 8.7 percent of the employer and employee contributions. The FY 2022/23 adopted budget is \$3.4 million.

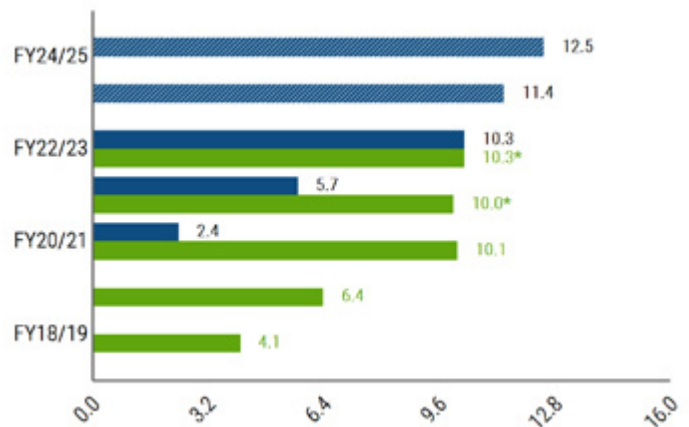
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 ending Undesignated, Unreserved Fund Balance is \$10.3 million. The difference of \$4.6 million between adopted FY 2021/22 and adopted FY 2022/23 is partially due to the unpredictability of medical claims in post-pandemic recovery and also restating the FY 2021/22 forecast beginning balance to better align with the fund balance calculation used in the Annual Comprehensive Financial Report.

FY 2018/19 to FY 2024/25 (in millions)

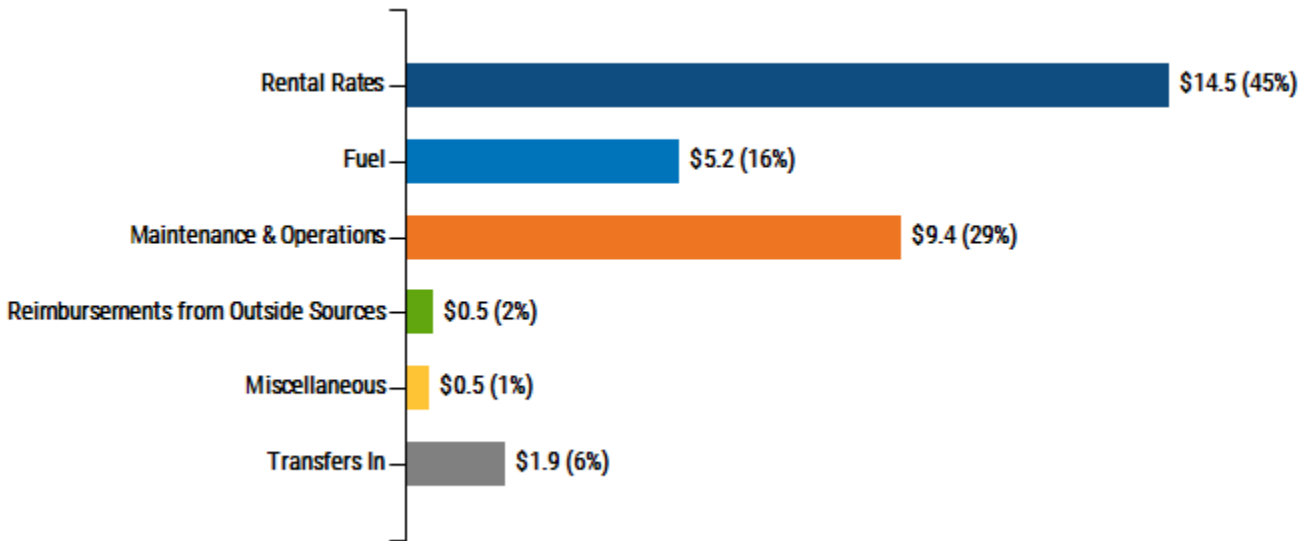


FORECAST BUDGET ACTUAL/FORECAST\*

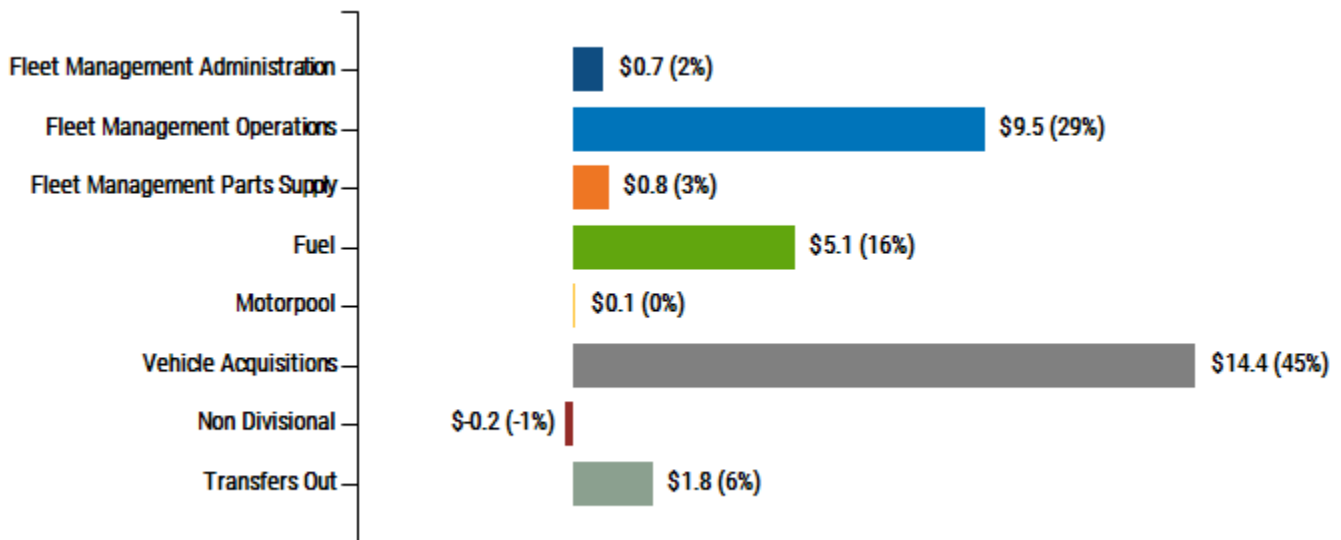
## Fund Purpose

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)**  
\$32.0 Million



**Fleet Management Fund Uses (% to Total)**  
\$32.3 Million



Rounding differences may occur.

# BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Operating Contingency	-	-	746,270	-
Undesignated, Unreserved Fund Balance	8,052,709	9,850,219	11,352,027	5,805,328
<b>Total Beginning Fund Balance <sup>(a)</sup></b>	<b>8,052,709</b>	<b>9,850,219</b>	<b>12,098,297</b>	<b>5,805,328</b>
<b>Revenues</b>				
Rental Rates	5,951,625	10,038,360	10,038,360	14,469,480
Fuel	2,608,405	3,646,872	3,646,872	5,183,460
Maintenance & Operations	8,479,489	8,972,196	8,472,196	9,408,048
Reimbursements from Outside Sources <sup>(b)</sup>	2,094,097	514,500	514,500	540,225
Miscellaneous <sup>(c)</sup>	(876,170)	467,884	467,884	456,157
<b>Subtotal</b>	<b>18,257,447</b>	<b>23,639,812</b>	<b>23,139,812</b>	<b>30,057,370</b>
<b>Transfers In</b>				
CIP	179,498	-	-	1,900,000
<b>Subtotal</b>	<b>179,498</b>	<b>-</b>	<b>-</b>	<b>1,900,000</b>
<b>Total Sources</b>	<b>18,436,945</b>	<b>23,639,812</b>	<b>23,139,812</b>	<b>31,957,370</b>
<b>Expenditures</b>				
Fleet Management Administration	509,947	671,357	633,664	708,612
Fleet Management Operations	8,581,731	8,728,422	8,291,187	9,531,520
Fleet Management Parts Supply	782,461	768,987	722,341	821,086
Fuel	2,449,496	3,542,162	3,541,850	5,137,812
Motorpool	27,520	60,828	43,342	65,748
Vehicle Acquisitions <sup>(d)</sup>	4,297,335	15,650,037	13,093,395	14,423,311
Fuel and Maint and Repair <sup>(e)</sup>	-	-	87,484	-
Leave Accrual Payments	-	26,945	17,003	90,000
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(170,000)	(410,191)	(300,000)
Vacation Trade	-	-	-	19,094
<b>Subtotal</b>	<b>16,648,490</b>	<b>29,278,738</b>	<b>26,020,075</b>	<b>30,497,183</b>
TOTAL OPERATING BUDGET	16,648,490	29,278,738	26,020,075	30,497,183
<b>Transfers Out</b>				
CIP	785,777	780,000	3,336,642	1,820,894
CIP Technology	16,533	76,064	76,064	27,598
<b>Subtotal</b>	<b>802,310</b>	<b>856,064</b>	<b>3,412,706</b>	<b>1,848,492</b>
<b>Total Uses</b>	<b>17,450,800</b>	<b>30,134,802</b>	<b>29,432,781</b>	<b>32,345,675</b>
<b>Sources Over/(Under) Uses</b>	<b>986,145</b>	<b>(6,494,990)</b>	<b>(6,292,969)</b>	<b>(388,305)</b>
<b>Ending Fund Balance</b>				
Operating Contingency <sup>(f)</sup>	746,270	-	-	-
Undesignated, Unreserved Fund Balance	8,292,584	3,355,229	5,805,328	5,417,023
<b>Total Ending Fund Balance</b>	<b>9,038,854</b>	<b>3,355,229</b>	<b>5,805,328</b>	<b>5,417,023</b>

(a) Restated FY 2021/22 Forecast beginning fund balance (+\$3.1 million) to better align with the fund balance calculation used in the Annual Financial Report.

(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 2020/21 resulted in a revenue loss generated from the difference in the carrying value of the assets versus the proceeds received from the sale of vehicles and equipment.

(d) 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 future years as well as shift of budget for long lead time vehicles to the CIP.

(e) Budget adopted at the division level. At the start of the fiscal year the budget moves to a non-divisional account and then is transferred back to the divisions monthly as expenses occur.

(f) FY 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 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Operating Contingency	-	-	-	-	-
Undesignated, Unreserved Fund Balance	5,805,328	5,417,023	4,396,423	3,352,823	2,219,423
<b>Total Beginning Fund Balance</b>	<b>5,805,328</b>	<b>5,417,023</b>	<b>4,396,423</b>	<b>3,352,823</b>	<b>2,219,423</b>
<b>Revenues</b>					
Rental Rates	14,469,480	15,232,600	16,036,800	16,884,800	17,779,700
Fuel	5,183,460	5,287,300	5,392,900	5,501,100	5,611,300
Maintenance & Operations	9,408,048	9,813,100	10,234,900	10,674,400	11,133,800
Reimbursements from Outside Sources	540,225	556,400	573,100	590,300	608,000
Miscellaneous	456,157	468,900	482,100	495,600	509,600
<i>Subtotal</i>	<u>30,057,370</u>	<u>31,358,300</u>	<u>32,719,800</u>	<u>34,146,200</u>	<u>35,642,400</u>
<b>Transfers In</b>					
CIP	1,900,000	-	-	-	-
<i>Subtotal</i>	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Sources</b>	<b>31,957,370</b>	<b>31,358,300</b>	<b>32,719,800</b>	<b>34,146,200</b>	<b>35,642,400</b>
<b>Expenditures</b>					
Fleet Management Administration	708,612	740,000	774,700	810,800	847,800
Fleet Management Operations	9,531,520	9,916,100	10,345,400	10,798,600	11,253,200
Fleet Management Parts Supply	821,086	859,500	901,700	946,600	993,100
Fuel	5,137,812	5,241,400	5,347,100	5,454,400	5,564,000
Motorpool	65,748	67,600	69,600	71,400	73,500
Vehicle Acquisitions	14,423,311	15,200,200	16,018,900	16,881,700	17,791,100
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Leave Accrual Payments</i>	90,000	92,200	94,600	96,800	99,000
<i>Operating Impacts</i>	-	-	-	27,000	27,000
<i>Savings from Vacant Positions</i>	(300,000)	(307,500)	(315,000)	(322,500)	(329,800)
<i>Vacation Trade</i>	19,094	-	-	-	-
<i>Subtotal</i>	<u>30,497,183</u>	<u>31,809,500</u>	<u>33,237,000</u>	<u>34,764,800</u>	<u>36,318,900</u>
TOTAL OPERATING BUDGET	30,497,183	31,809,500	33,237,000	34,764,800	36,318,900
<b>Transfers Out</b>					
CIP	1,820,894	500,000	500,000	500,000	500,000
CIP Technology	27,598	69,400	26,400	14,800	37,500
<i>Subtotal</i>	<u>1,848,492</u>	<u>569,400</u>	<u>526,400</u>	<u>514,800</u>	<u>537,500</u>
<b>Total Uses</b>	<b>32,345,675</b>	<b>32,378,900</b>	<b>33,763,400</b>	<b>35,279,600</b>	<b>36,856,400</b>
<b>Sources Over/(Under) Uses</b>	<b>(388,305)</b>	<b>(1,020,600)</b>	<b>(1,043,600)</b>	<b>(1,133,400)</b>	<b>(1,214,000)</b>
<b>Ending Fund Balance</b>					
Operating Contingency	-	-	-	-	-
Undesignated, Unreserved Fund Balance	5,417,023	4,396,423	3,352,823	2,219,423	1,005,423
<b>Total Ending Fund Balance</b>	<b>5,417,023</b>	<b>4,396,423</b>	<b>3,352,823</b>	<b>2,219,423</b>	<b>1,005,423</b>

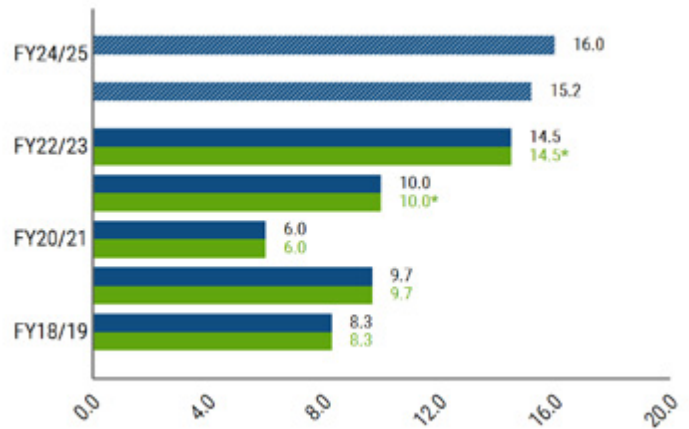
### FLEET MANAGEMENT FUND SOURCES

Fleet Management Sources for FY 2022/23 equal \$32.0 million which is an increase of \$8.3 million from the FY 2021/22 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.

### RENTAL RATES

Rental Rates represent the replacement fees charged to divisions sufficient for the acquisition and replacement of city vehicles and equipment. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year for the replacement fees charged to the divisions. Rental Rates make up 45 percent of the FY 2022/23 sources at \$14.5 million, which is an increase of about \$4.5 million from the FY 2021/22 adopted budget. The increase is due to a rise in cost for the replacement of vehicles and equipment.

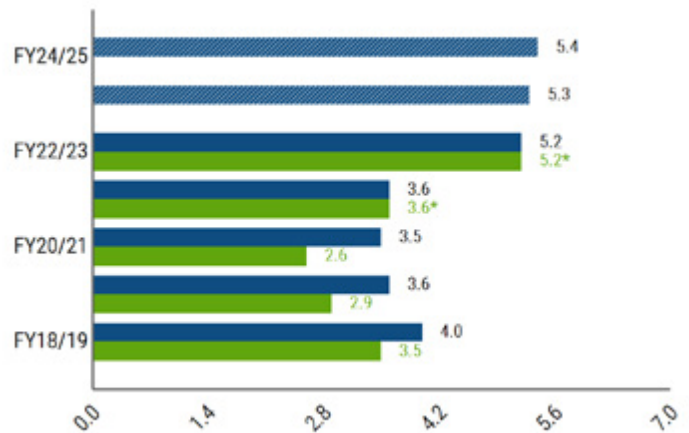
FY 2018/19 to FY 2024/25 (in millions)



### FUEL

Fuel represents the charges to other city divisions based on the fuel consumption of city vehicles and equipment. Rates are determined based on historical data as well as forecasted future consumption. Included in this methodology are local and national fuel cost trends. The FY 2022/23 adopted budget is \$5.2 million, which is an increase of \$1.6 million when compared to the FY 2021/22 adopted budget. The increase is due to the rise in cost of fuel.

FY 2018/19 to FY 2024/25 (in millions)



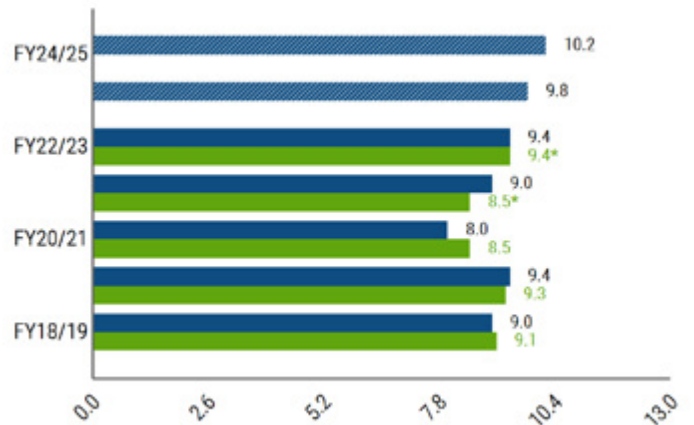
FORECAST BUDGET ACTUAL/FORECAST\*



**MAINTENANCE & OPERATIONS**

Maintenance & Operations sources originate from charges to other city divisions based on the usage of city vehicles and equipment. The Maintenance & Operations revenue for FY 2022/23 totals \$9.4 million, which is an increase of \$0.4 million from the FY 2021/22 adopted budget. The increase is due to the rise in cost of replacement parts.

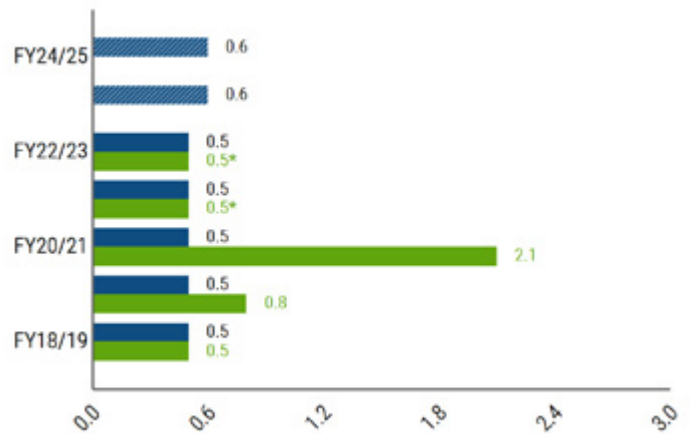
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23, which is flat from the FY 2021/22 adopted budget.

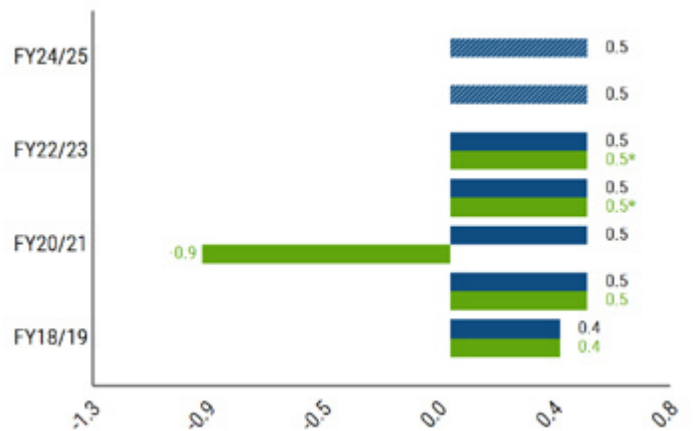
FY 2018/19 to FY 2024/25 (in millions)



**MISCELLANEOUS**

Miscellaneous is generated from the liquidation of surplus property. In FY 2020/21 the Miscellaneous revenue experienced a loss generated from the difference in the carrying value of the assets versus the proceeds received from the sale of vehicles and equipment. The FY 2022/23 adopted budget is \$0.5 million, which is flat when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

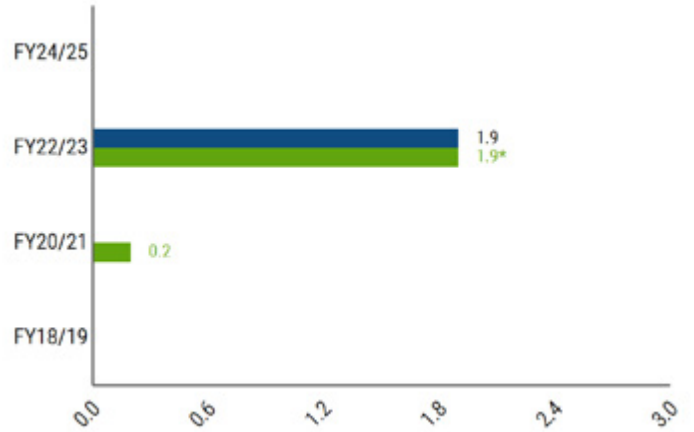
### TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2022/23 Fleet Management Fund adopted budget includes \$1.9 million in Transfers In.

#### CIP

The Transfers In for FY 2022/23 budgeted at \$1.9 million represents half of the North Corporation Yard Garage CIP project that will also be funded by the Transportation Fund.

FY 2018/19 to FY 2024/25 (in millions)



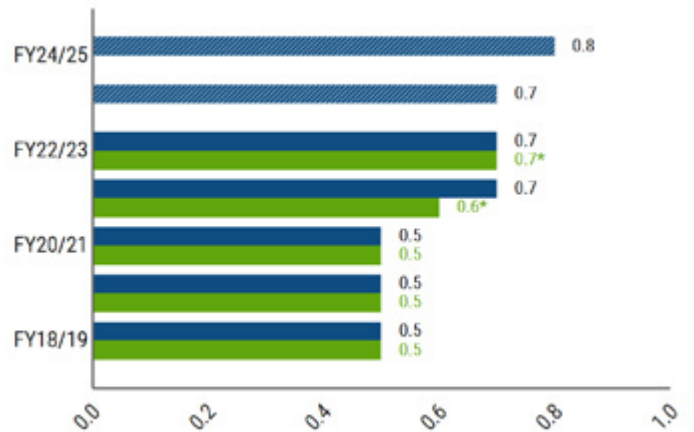
### FLEET MANAGEMENT FUND USES

Fleet Management Uses for FY 2022/23 equal \$32.3 million which is an increase of \$2.2 million from the FY 2021/22 adopted budget. The direct operating uses for the Fleet Management Fund are summarized below by Fleet Management Administration, Fleet Management Operations, Fleet Management Parts Supply, Fuel, Motorpool, and Vehicle Acquisitions.

#### FLEET MANAGEMENT ADMINISTRATION

Fleet Management Administration includes all costs related to supporting the management and administrative personnel that are dedicated to directing and overseeing the fleet operation of the city. The FY 2022/23 adopted budget is \$0.7 million, which is flat when compared to the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

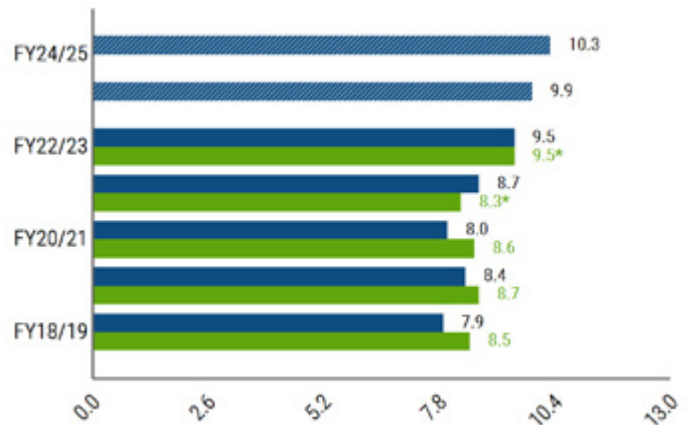


FORECAST BUDGET ACTUAL/FORECAST\*

**FLEET MANAGEMENT OPERATIONS**

Fleet Management Operations includes costs related to supporting technical personnel that perform the maintenance and repair functions of the city’s fleet operation, the funding for replacement parts, and the use of outside vendors when necessary. The FY 2022/23 adopted budget of \$9.5 million is a \$0.8 million increase over the FY 2021/22 adopted budget. The increase is due to higher anticipated fleet maintenance costs due to supply chain challenges and inflation.

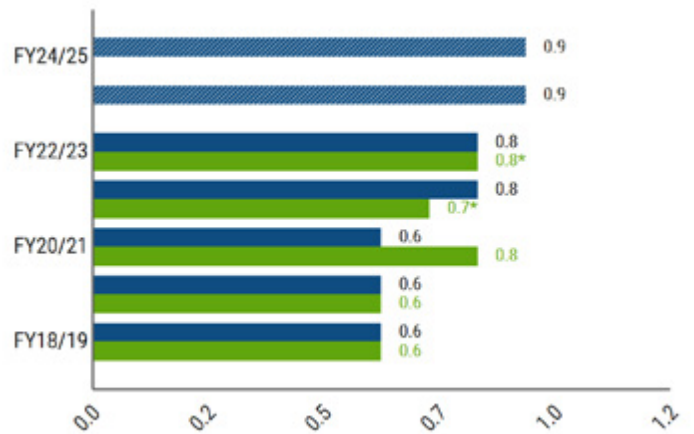
FY 2018/19 to FY 2024/25 (in millions)



**FLEET MANAGEMENT PARTS SUPPLY**

Fleet Management Parts Supply includes all costs related to supporting the specialized personnel that are dedicated to maintaining the parts segment of the city’s fleet operation, as well as the costs of all required supplies and tools. The FY 2022/23 adopted budget is \$0.8 million, which is flat when compared to the FY 2021/22 adopted budget.

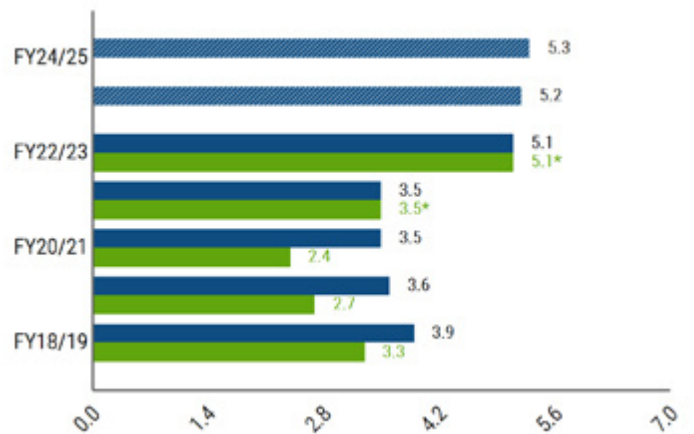
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 adopted budget is \$5.1 million, which is an increase of \$1.6 million from the FY 2021/22 adopted budget. The increase is due to rising fuel costs.

FY 2018/19 to FY 2024/25 (in millions)

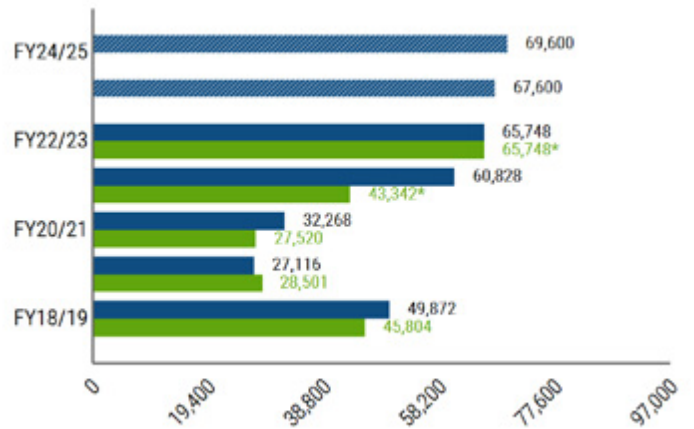


FORECAST BUDGET ACTUAL/FORECAST\*

**MOTORPOOL**

Motorpool includes all costs related to the care of the city’s motorpool vehicles including fuel and maintenance. The FY 2022/23 adopted budget of \$65,748 is a \$4,920 increase to the FY 2021/22 adopted budget. The increase is due to the addition of fleet replacement expenses for motorpool vehicles.

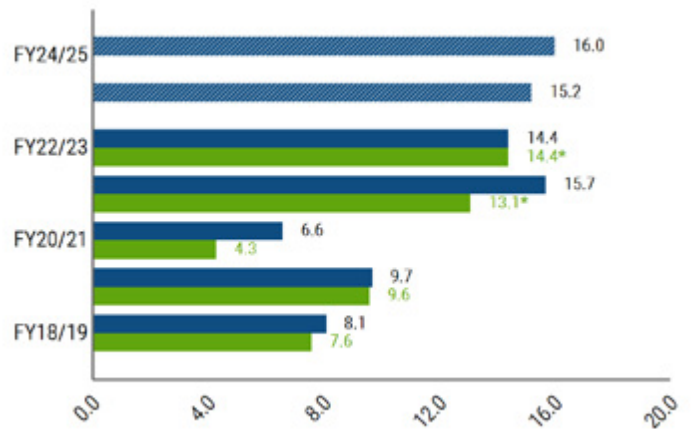
FY 2018/19 to FY 2024/25



**VEHICLE ACQUISITIONS**

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city's fleet. The FY 2022/23 adopted budget of \$14.4 million is a \$1.3 million decrease from the FY 2021/22 adopted budget due to the removal of one-time additional budget authority for delayed delivery of equipment due to supply chain issues.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

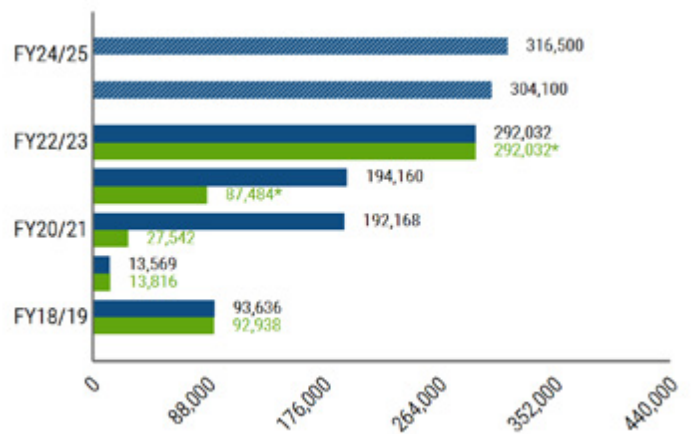
### NON-DIVISIONAL USES

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 2021/22 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 2022/23 Fuel and Maint and Repair is budgeted at \$0.3 million at the division level.

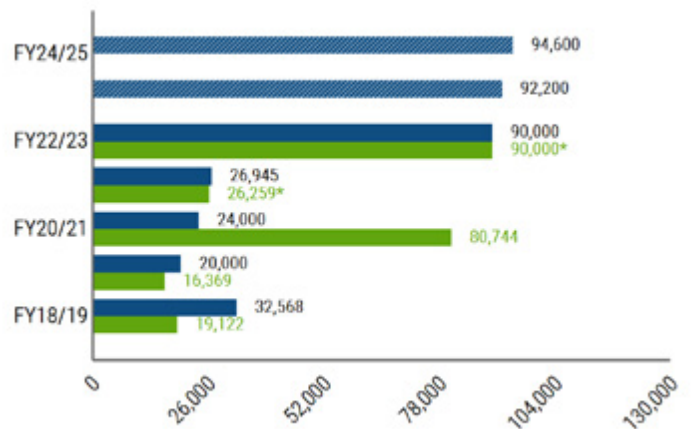
FY 2018/19 to FY 2024/25



### 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. The total FY 2022/23 Leave Accrual Payments budget is \$90,000, which includes \$45,000 budgeted for medical leave accrual payouts and \$45,000 budgeted for vacation accrual payouts.

FY 2018/19 to FY 2024/25

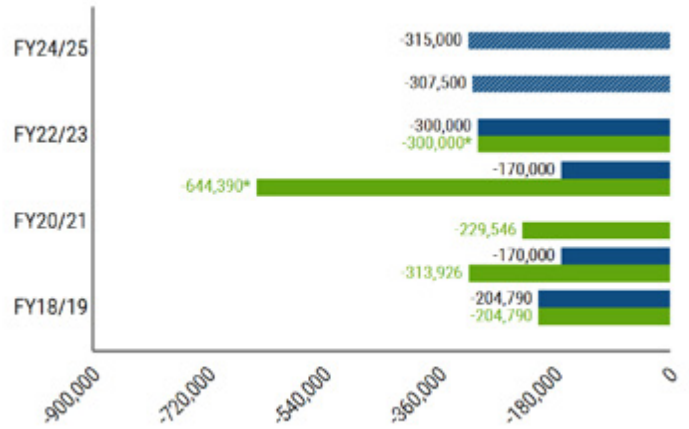


▨ FORECAST  
 ▨ BUDGET  
 ▨ ACTUAL/FORECAST\*

**SAVINGS FROM VACANT POSITIONS**

The amount of savings achieved from vacant positions for FY 2022/23 is estimated at (\$0.3) million. The significant amount of vacancy savings achieved in FY 2021/22 is the result of more resignations and retirements within the city than anticipated and reflects in part challenges in the labor market.

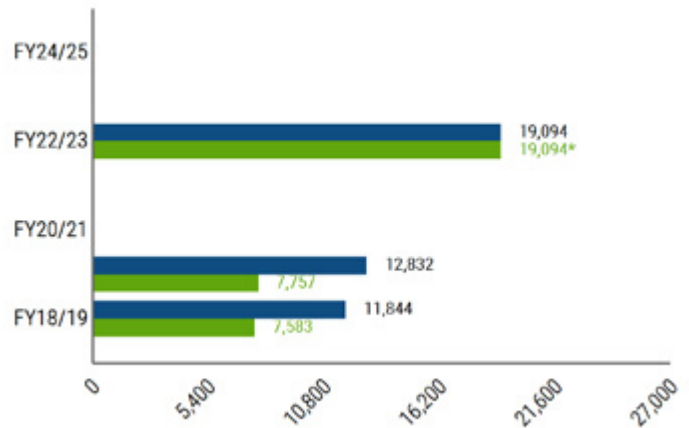
FY 2018/19 to FY 2024/25



**VACATION TRADE**

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

FY 2018/19 to FY 2024/25



FORECAST BUDGET ACTUAL/FORECAST\*

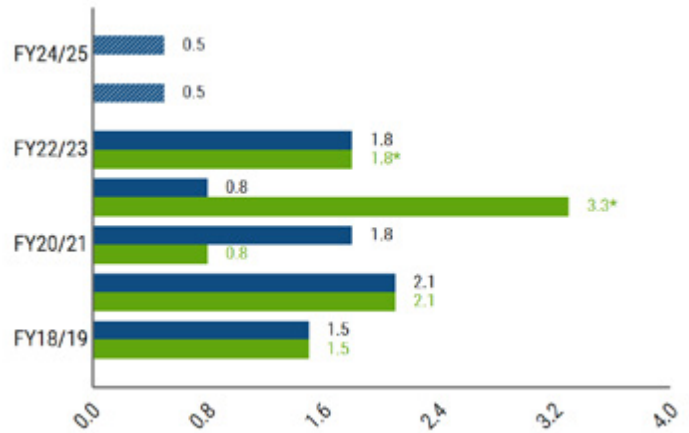
## TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2022/23 equal \$1.8 million which is an increase of \$1.0 million from the FY 2021/22 adopted budget.

## CIP

The FY 2022/23 CIP adopted budget of \$1.8 million will be primarily used to fund capital projects that include the Redundant Compressed Natural Gas (CNG) Compressor and the Fleet Electric Vehicle (EV) Infrastructure Implementation.

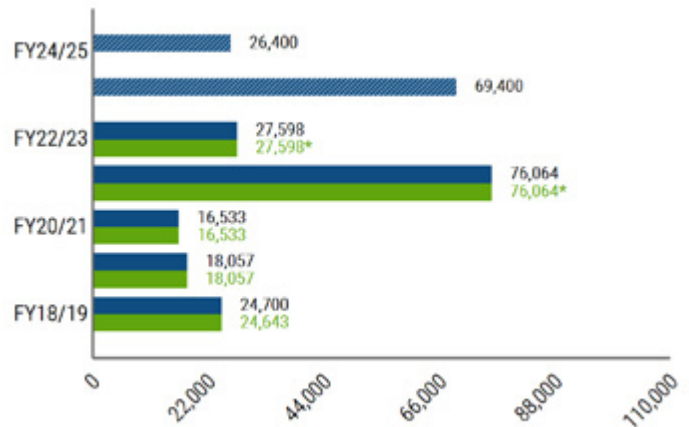
FY 2018/19 to FY 2024/25 (in millions)



## CIP TECHNOLOGY

The CIP Technology budget of \$27,598 is planned to help cover Fleet Management's portion of citywide technology capital projects during FY 2022/23.

FY 2018/19 to FY 2024/25



FORECAST BUDGET ACTUAL/FORECAST\*

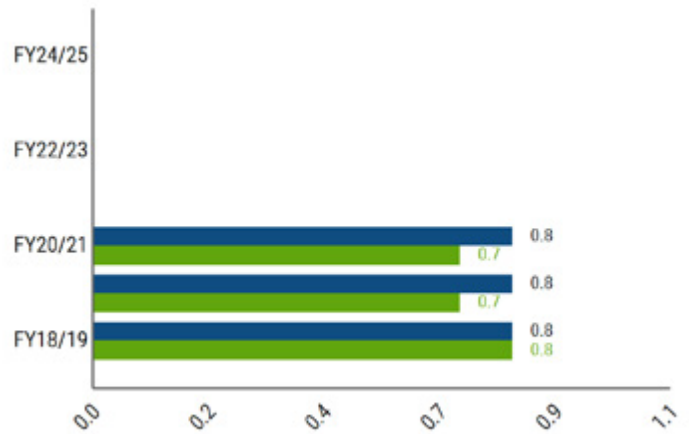
### FLEET MANAGEMENT FUND ENDING BALANCE

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.

### 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.

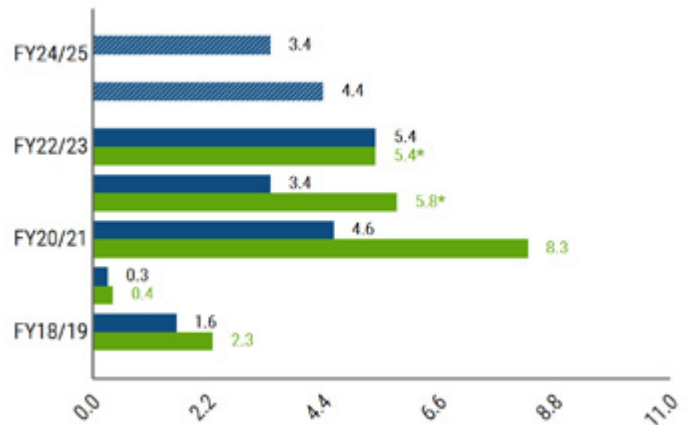
FY 2018/19 to FY 2024/25 (in millions)



### UNDESIGNATED, UNRESERVED FUND BALANCE

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2022/23 ending undesignated, unreserved fund balance is \$5.4 million. The current year balance is \$2.0 million greater than the FY 2021/22 adopted budget. The increase is the result from increased rental rates as a result of a rise in cost for the replacement of vehicles and equipment accompanied by a delay in expenditures due to supply chain issues.

FY 2018/19 to FY 2024/25 (in millions)



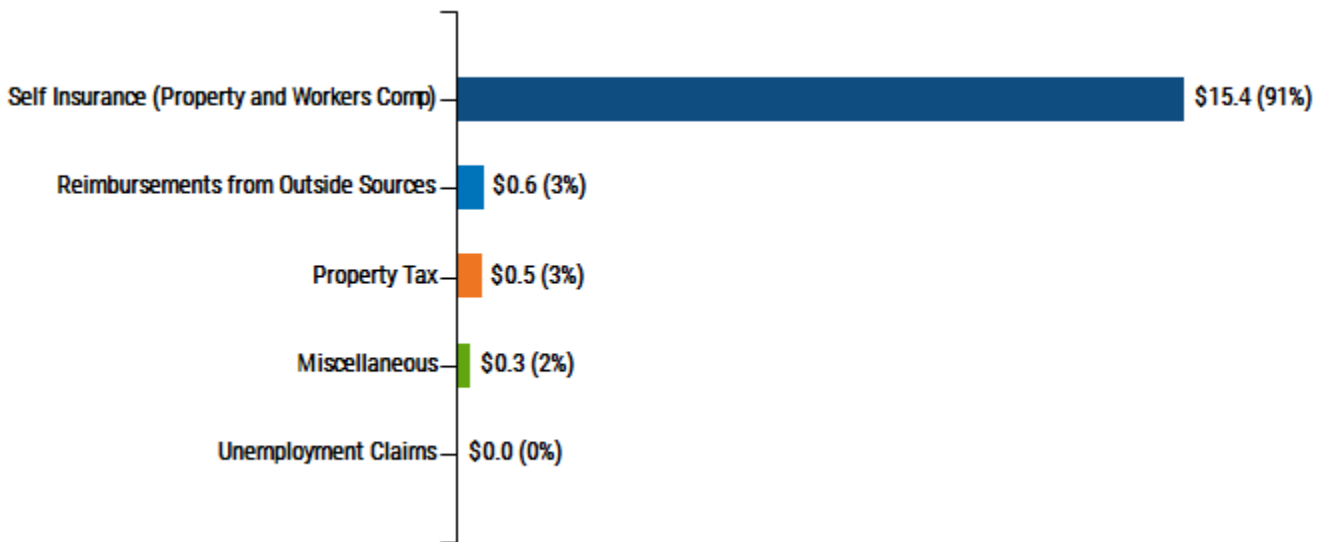
FORECAST
  BUDGET
  ACTUAL/FORECAST\*



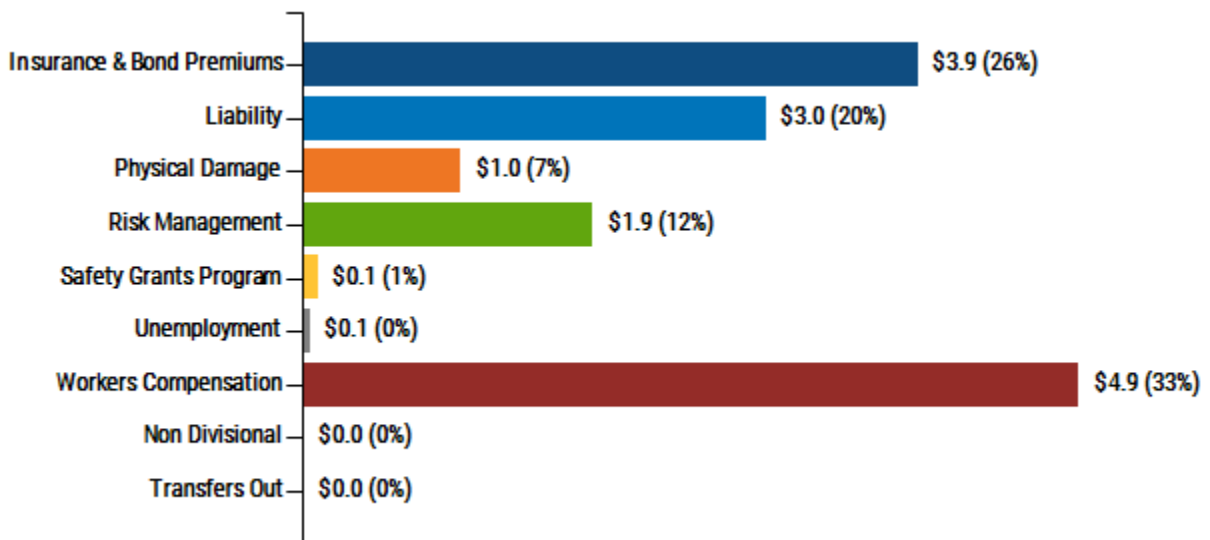
## Fund Purpose

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)**  
**\$16.9 Million**



**Risk Management Fund Uses (% to Total)**  
**\$14.8 Million**



Rounding differences may occur.

## BUDGET BY FUND | Risk Management Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	19,924,010	23,743,871	23,393,365	21,982,682
<b>Total Beginning Fund Balance<sup>(a)</sup></b>	<b>22,424,010</b>	<b>26,243,871</b>	<b>25,893,365</b>	<b>24,482,682</b>
<b>Revenues</b>				
Self Insurance (Property and Workers Comp)	11,000,004	11,000,000	11,000,000	15,437,357
Reimbursements from Outside Sources	2,208,523	575,000	575,000	575,000
Property Tax	1,829,000	290,000	290,000	536,000
Miscellaneous	255,645	330,000	330,000	290,000
Unemployment Claims	106,233	37,870	37,870	49,597
<b>Subtotal</b>	<b>15,399,405</b>	<b>12,232,870</b>	<b>12,232,870</b>	<b>16,887,954</b>
<b>Transfers In</b>				
CIP	47,999	-	-	-
<b>Subtotal</b>	<b>47,999</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>15,447,404</b>	<b>12,232,870</b>	<b>12,232,870</b>	<b>16,887,954</b>
<b>Expenditures</b>				
Insurance & Bond Premiums	2,692,325	2,915,155	2,915,155	3,921,281
Liability	1,640,274	2,887,503	2,887,503	2,954,252
Physical Damage	2,368,049	1,010,000	1,010,000	1,010,024
Risk Management	1,075,396	1,698,246	1,722,542	1,850,365
Safety Grants Program	21,292	50,000	50,000	98,000
Unemployment	136,265	50,003	50,003	50,000
Workers Compensation	4,125,465	3,720,000	4,986,937	4,948,442
Vacation Trade	-	-	-	4,801
<b>Subtotal</b>	<b>12,059,065</b>	<b>12,330,907</b>	<b>13,622,140</b>	<b>14,837,165</b>
TOTAL OPERATING BUDGET	12,059,065	12,330,907	13,622,140	14,837,165
<b>Transfers Out</b>				
CIP Technology	4,708	21,413	21,413	7,249
<b>Subtotal</b>	<b>4,708</b>	<b>21,413</b>	<b>21,413</b>	<b>7,249</b>
<b>Total Uses</b>	<b>12,063,773</b>	<b>12,352,320</b>	<b>13,643,553</b>	<b>14,844,414</b>
<b>Sources Over/(Under) Uses</b>	<b>3,383,631</b>	<b>(119,450)</b>	<b>(1,410,683)</b>	<b>2,043,540</b>
<b>Ending Fund Balance</b>				
Operating Contingency	2,482,193	2,500,000	1,900,000	2,500,000
Operating Reserve	23,325,448	23,624,421	22,582,682	24,026,222
<b>Total Ending Fund Balance</b>	<b>25,807,641</b>	<b>26,124,421</b>	<b>24,482,682</b>	<b>26,526,222</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast beginning fund balance (+\$0.1 million) to better align with the fund balance calculation used in the Annual Financial Report.

## BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	21,982,682	24,026,222	25,391,122	26,709,922	28,420,522
<b>Total Beginning Fund Balance</b>	<b>24,482,682</b>	<b>26,526,222</b>	<b>27,891,122</b>	<b>29,209,922</b>	<b>30,920,522</b>
<b>Revenues</b>					
Self Insurance (Property and Workers Comp)	15,437,357	15,828,600	16,714,600	18,152,000	19,123,000
Reimbursements from Outside Sources	575,000	525,000	525,000	475,000	475,000
Property Tax	536,000	550,000	550,000	550,000	550,000
Miscellaneous	290,000	290,000	290,000	290,000	290,000
Unemployment Claims	49,597	52,100	54,700	57,400	60,300
<b>Subtotal</b>	<b>16,887,954</b>	<b>17,245,700</b>	<b>18,134,300</b>	<b>19,524,400</b>	<b>20,498,300</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>16,887,954</b>	<b>17,245,700</b>	<b>18,134,300</b>	<b>19,524,400</b>	<b>20,498,300</b>
<b>Expenditures</b>					
Insurance & Bond Premiums	3,921,281	4,660,400	5,297,300	5,986,200	6,987,900
Liability	2,954,252	3,028,200	3,102,400	3,176,000	3,247,300
Physical Damage	1,010,024	1,035,300	1,060,600	1,085,800	1,110,200
Risk Management	1,850,365	1,918,100	2,001,000	2,089,400	2,183,200
Safety Grants Program	98,000	100,500	102,900	105,400	107,600
Unemployment	50,000	52,500	55,100	57,900	60,800
Workers Compensation	4,948,442	5,066,900	5,187,400	5,306,700	5,422,900
Vacation Trade	4,801	-	-	-	-
<b>Subtotal</b>	<b>14,837,165</b>	<b>15,861,900</b>	<b>16,806,700</b>	<b>17,807,400</b>	<b>19,119,900</b>
TOTAL OPERATING BUDGET	14,837,165	15,861,900	16,806,700	17,807,400	19,119,900
<b>Transfers Out</b>					
CIP Technology	7,249	18,900	8,800	6,400	11,900
<b>Subtotal</b>	<b>7,249</b>	<b>18,900</b>	<b>8,800</b>	<b>6,400</b>	<b>11,900</b>
<b>Total Uses</b>	<b>14,844,414</b>	<b>15,880,800</b>	<b>16,815,500</b>	<b>17,813,800</b>	<b>19,131,800</b>
<b>Sources Over/(Under) Uses</b>	<b>2,043,540</b>	<b>1,364,900</b>	<b>1,318,800</b>	<b>1,710,600</b>	<b>1,366,500</b>
<b>Ending Fund Balance</b>					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	24,026,222	25,391,122	26,709,922	28,420,522	29,787,022
<b>Total Ending Fund Balance</b>	<b>26,526,222</b>	<b>27,891,122</b>	<b>29,209,922</b>	<b>30,920,522</b>	<b>32,287,022</b>

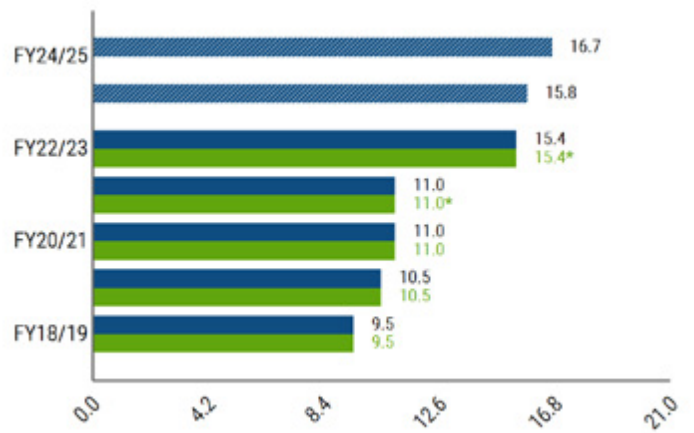
### RISK MANAGEMENT FUND SOURCES

Sources received in the Risk Management Fund consist of Self Insurance (Property and Workers Comp), Reimbursements from Outside Sources, Property Tax, Miscellaneous, and Unemployment Claims. More specific information on these sources is detailed below:

#### SELF INSURANCE (PROPERTY AND WORKERS COMP)

Self Insurance (Property and Workers Comp) represent this fund’s primary operating resources, which are derived from internal charges for services to other city divisions. The fund covers excess insurance premiums, administrative charges and claim payments for general and auto liability/physical damages, workers’ compensation and property damage. The FY 2022/23 adopted budget for Self Insurance (Property and Workers Comp) is \$15.4 million, which represents an increase of \$4.4 million from the FY 2021/22 adopted budget due to an annual evaluation to determine the Internal Service Rates charged to every department. The continued increases in FY 2023/24 - FY 2026/27 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.

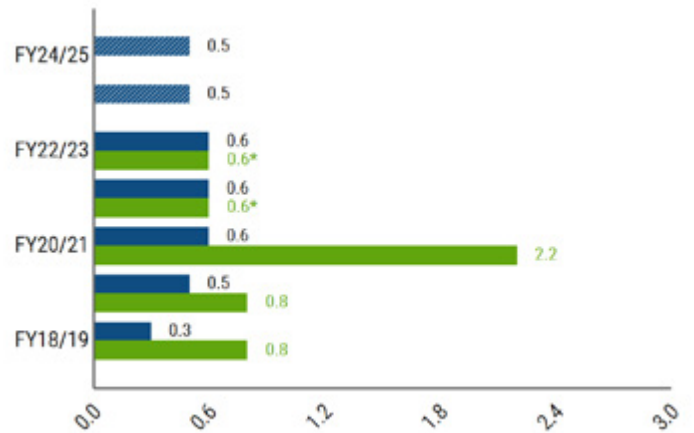
FY 2018/19 to FY 2024/25 (in millions)



#### 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 2022/23 are \$0.6 million, which remains flat when compared the FY 2021/22 adopted budget. The \$2.2 million shown in FY 2020/21 includes a large reimbursement related to a claim for a fire that damaged and totaled several solid waste trucks.

FY 2018/19 to FY 2024/25 (in millions)

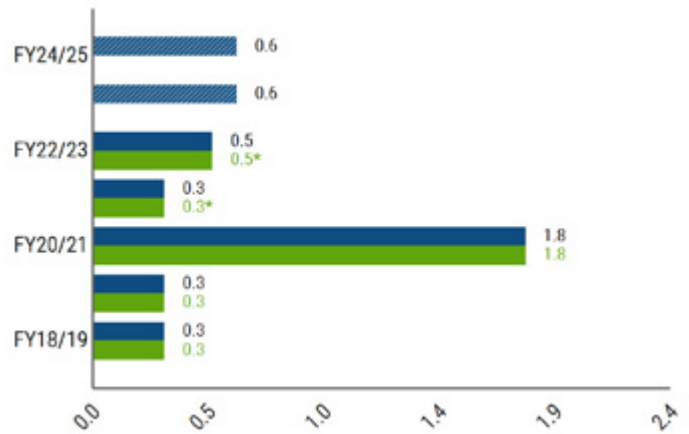


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 is \$0.5 million, which represents an increase of \$0.2 million due to the settlement of several large, unforeseen occurrences.

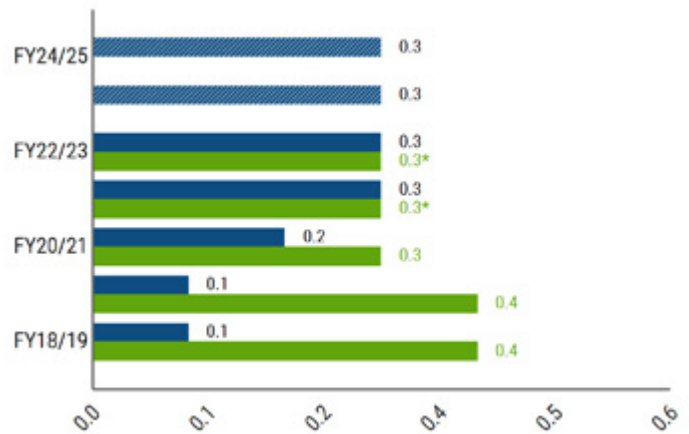
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 is budgeted at \$0.3 million which remains flat compared to the FY 2021/22 adopted budget.

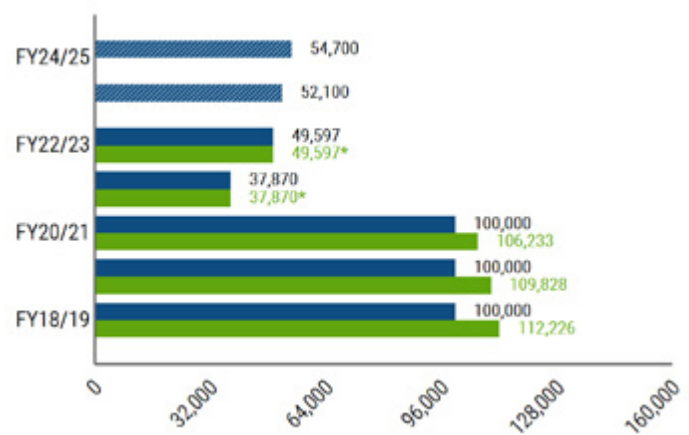
FY 2018/19 to FY 2024/25 (in millions)



**UNEMPLOYMENT CLAIMS**

Unemployment Claims includes charges to all positions for unemployment insurance. The FY 2022/23 adopted budget of \$49,597 reflects a minor increase from the FY 2021/22 adopted budget of \$37,870.

FY 2018/19 to FY 2024/25



FORECAST BUDGET ACTUAL/FORECAST\*

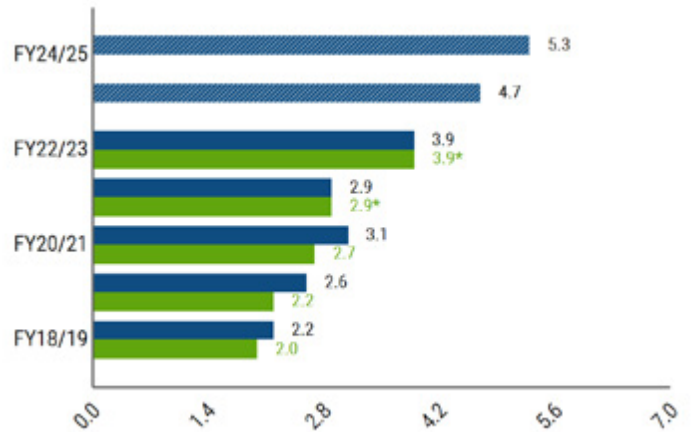
### RISK MANAGEMENT FUND USES

The direct operating expenditures of the Risk Management Fund are divided into the following major expenditure categories: Insurance & Bond Premiums, Liability, Physical Damage, Risk Management, Safety Grants Program, Unemployment, Workers Compensation and Vacation Trade. Also included are cash Transfers Out to the CIP.

#### INSURANCE & BOND PREMIUMS

Insurance & Bond Premiums includes various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. The adopted budget for FY 2022/23 is \$3.9 million, which is \$1.0 million higher than the FY 2021/22 adopted budget of \$2.9 million due to market hardening and the market running at a 30 percent premium.

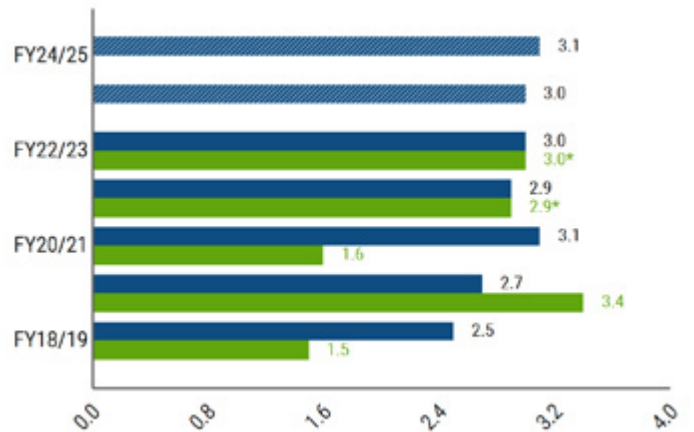
FY 2018/19 to FY 2024/25 (in millions)



#### 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 2022/23 is \$3.0 million, which is \$0.1 million higher than the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (in millions)

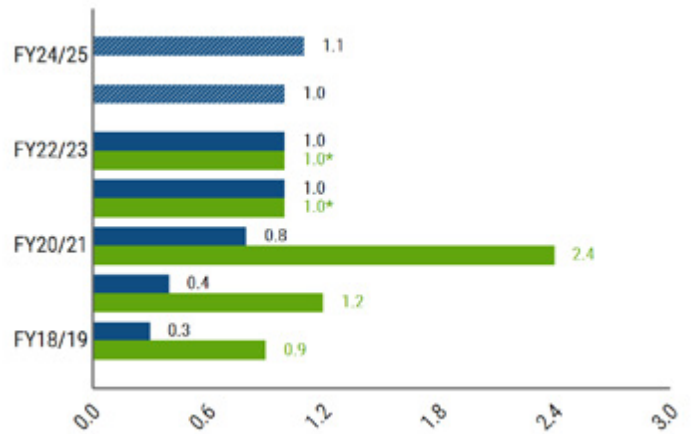


■ FORECAST 
 ■ BUDGET 
 ■ ACTUAL/FORECAST\*

**PHYSICAL DAMAGE**

Physical Damage is a claim used to pay for physical damage to city property or city vehicles. The adopted budget for FY 2022/23 is \$1.0 million, which remains flat compared to the FY 2021/22 adopted budget. The budget was adjusted in FY 2020/21 to align with previous actual expenditures which continue to increase due to weather related and catastrophic events. There was a large claim in FY 2020/21 for a fire that damaged and totaled several solid waste trucks. FY 2018/19 - FY 2019/20 had higher than anticipated damage to vehicles.

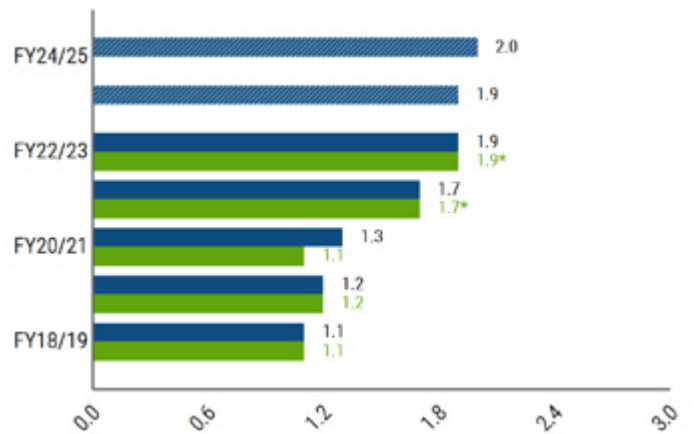
FY 2018/19 to FY 2024/25 (in millions)



**RISK MANAGEMENT**

The Risk Management operating budget is for day to day operations of the department. The adopted budget for FY 2022/23 is \$1.9 million, which is \$0.2 million greater than the FY 2021/22 adopted budget.

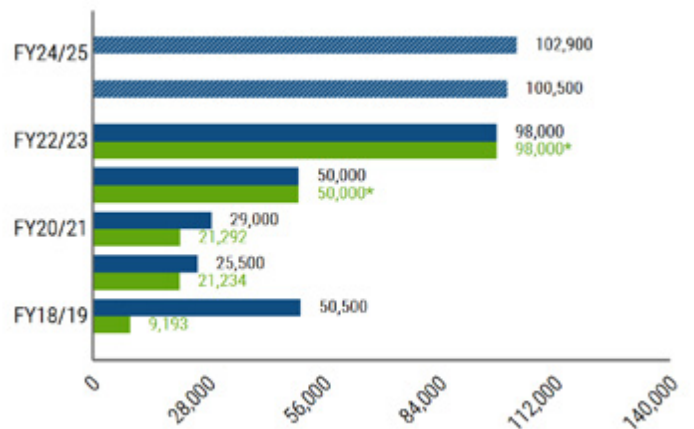
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 is \$0.1 million which is an increase of about \$50,000 compared to the FY 2021/22 adopted budget. FY 2018/19 show low levels of department requests for Safety Grants to help pay for operating supplies intended to reduce loss exposure.

FY 2018/19 to FY 2024/25

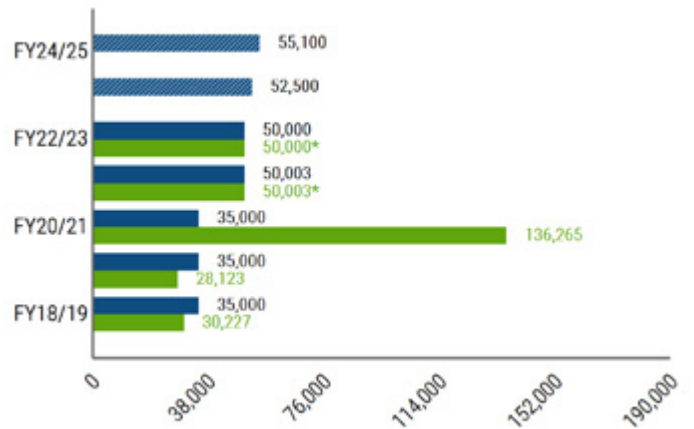


FORECAST BUDGET ACTUAL/FORECAST\*

**UNEMPLOYMENT**

Unemployment represents claims which can be paid to terminated city employees who qualify. The adopted budget for FY 2022/23 is \$50,000, which remains flat compared to the FY 2021/22 adopted budget. The FY 2020/21 actuals represent a higher level of expenses due to an increased number of unemployment claims resulting from the COVID-19 pandemic.

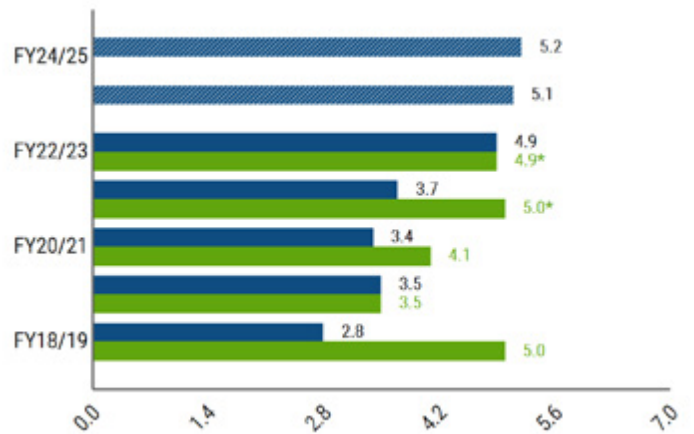
FY 2018/19 to FY 2024/25



**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 2022/23 is \$4.9 million which is \$1.2 million greater than the FY 2021/22 adopted budget due to the movement of the Municipal Firefighters Cancer Reimbursement Fund (MFCR) from the City Treasurer Division budget to the Risk Management Department. The Risk Management Department will charge the Public Safety - Fire Division for an MFCR assessment which will be included as revenue to the Risk Management Department, the Risk Management Department will then pay for the city's MFCR assessment. The increase in budget is also due to higher forecasted worker compensation expenses related to rising medical costs and partial disability to coincide with the Actuarial forecast.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*



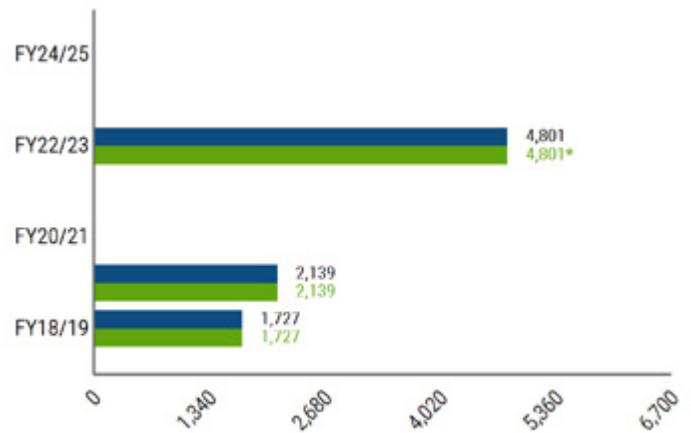
### NON-DIVISIONAL USES

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 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.

### VACATION TRADE

Through the Vacation Trade Program employees who have been employed by the city for five years or more, and have used at least 80 hours of vacation between October 24, 2021 and October 22, 2022, may elect to trade up to 40 hours of vacation time for cash. The program was canceled in FY 2020/21 and in FY 2021/22, but has been restated for FY 2022/23. The FY 2022/23 Vacation Trade adopted budget is \$4,801.

FY 2018/19 to FY 2024/25



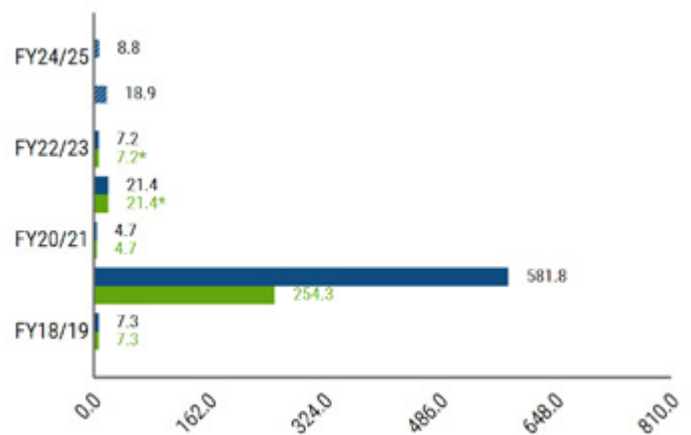
### TRANSFERS OUT

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 \$7,249 in FY 2022/23 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 2018/19 to FY 2024/25 (in thousands)



FORECAST BUDGET ACTUAL/FORECAST\*

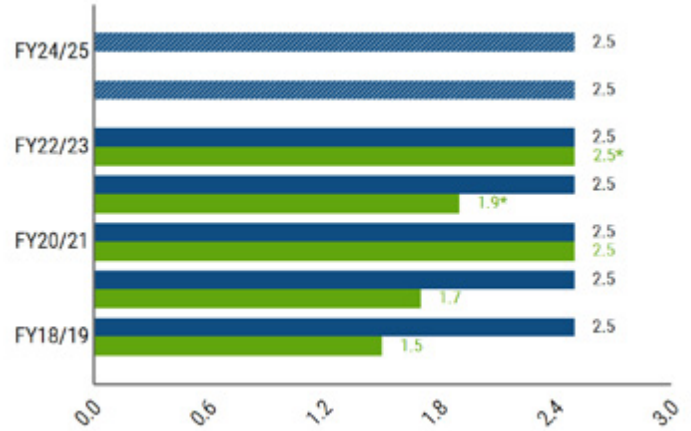
### RISK MANAGEMENT FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The Loss Trust Fund Board, per Financial Policy No. 2.07, set a target to maintain a Risk Management reserve fund balance equivalent to the actuary's 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.

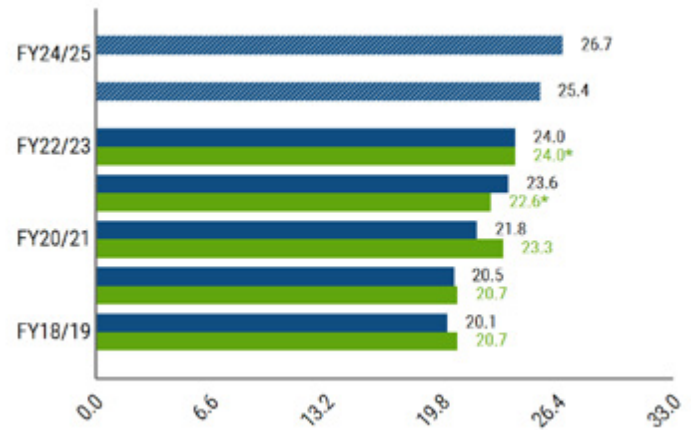
FY 2018/19 to FY 2024/25 (in millions)



### OPERATING RESERVE

The projected FY 2022/23 Operating Reserve is approximately \$24.0 million, which is an increase of \$0.4 million from the FY 2021/22 adopted budget.

FY 2018/19 to FY 2024/25 (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)  
\$0.7 Million**



Rounding differences may occur.

## BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Operating Contingency	500,000	500,000	500,000	100,000
Undesignated, Unreserved Fund Balance	1,381,480	1,265,822	1,329,103	1,292,656
<b>Total Beginning Fund Balance<sup>(a)</sup></b>	<b>1,881,480</b>	<b>1,765,822</b>	<b>1,829,103</b>	<b>1,392,656</b>
<b>Revenues</b>				
PC Replacement Fees <sup>(b)</sup>	744,830	750,000	750,000	750,000
<i>Subtotal</i>	<u>744,830</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
<b>Total Sources</b>	<b>744,830</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>
<b>Expenditures</b>				
Computer Hardware Acquisition	851,950	1,186,447	1,186,447	730,342
<i>Subtotal</i>	<u>851,950</u>	<u>1,186,447</u>	<u>1,186,447</u>	<u>730,342</u>
TOTAL OPERATING BUDGET	851,950	1,186,447	1,186,447	730,342
<b>Total Uses</b>	<b>851,950</b>	<b>1,186,447</b>	<b>1,186,447</b>	<b>730,342</b>
<b>Sources Over/(Under) Uses</b>	<b>(107,120)</b>	<b>(436,447)</b>	<b>(436,447)</b>	<b>19,658</b>
<b>Ending Fund Balance</b>				
Operating Contingency <sup>(c)</sup>	500,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,274,360	1,229,375	1,292,656	1,312,314
<b>Total Ending Fund Balance</b>	<b>1,774,360</b>	<b>1,329,375</b>	<b>1,392,656</b>	<b>1,412,314</b>

<sup>(a)</sup> Restated FY 2021/22 Forecast Beginning Fund Balance (+\$54,743) to better align with the fund balance calculation used in the Annual Financial Report.

<sup>(b)</sup> Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

<sup>(c)</sup> 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 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,292,656	1,312,314	1,439,714	884,014	402,014
<b>Total Beginning Fund Balance</b>	<b>1,392,656</b>	<b>1,412,314</b>	<b>1,539,714</b>	<b>984,014</b>	<b>502,014</b>
<b>Revenues</b>					
PC Replacement Fees	750,000	850,000	950,000	1,000,000	1,050,000
<i>Subtotal</i>	<u>750,000</u>	<u>850,000</u>	<u>950,000</u>	<u>1,000,000</u>	<u>1,050,000</u>
<b>Total Sources</b>	<b>750,000</b>	<b>850,000</b>	<b>950,000</b>	<b>1,000,000</b>	<b>1,050,000</b>
<b>Expenditures</b>					
Computer Hardware Acquisition	730,342	722,600	1,505,700	1,482,000	1,375,000
<i>Subtotal</i>	<u>730,342</u>	<u>722,600</u>	<u>1,505,700</u>	<u>1,482,000</u>	<u>1,375,000</u>
TOTAL OPERATING BUDGET	730,342	722,600	1,505,700	1,482,000	1,375,000
<b>Total Uses</b>	<b>730,342</b>	<b>722,600</b>	<b>1,505,700</b>	<b>1,482,000</b>	<b>1,375,000</b>
<b>Sources Over/(Under) Uses</b>	<b>19,658</b>	<b>127,400</b>	<b>(555,700)</b>	<b>(482,000)</b>	<b>(325,000)</b>
<b>Ending Fund Balance</b>					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
Undesignated, Unreserved Fund Balance	1,312,314	1,439,714	884,014	402,014	77,014
<b>Total Ending Fund Balance</b>	<b>1,412,314</b>	<b>1,539,714</b>	<b>984,014</b>	<b>502,014</b>	<b>177,014</b>

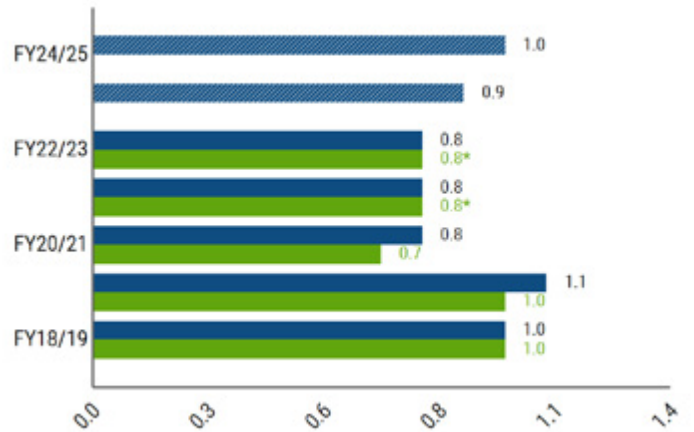
### PC REPLACEMENT FUND SOURCES

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 2022/23 is \$0.8 million, which is flat from the FY 2021/22 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 2018/19 to FY 2024/25 (in millions)



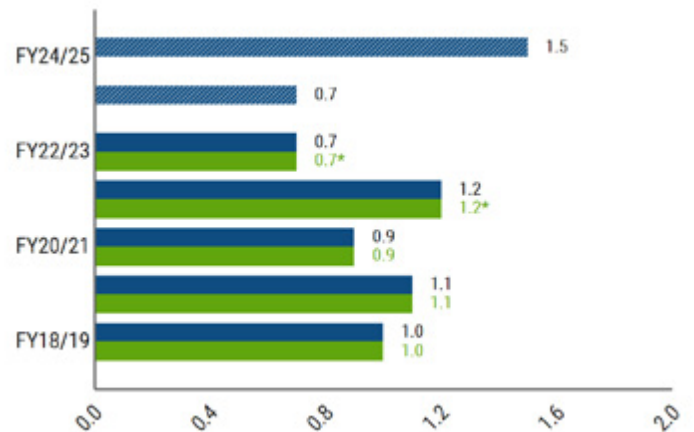
### PC REPLACEMENT FUND USES

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 2022/23 Computer Hardware Acquisition budget is \$0.7, which is \$0.5 million lower than the FY 2021/22 adopted budget. The expenditures vary from year to year depending on the replacement schedule.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

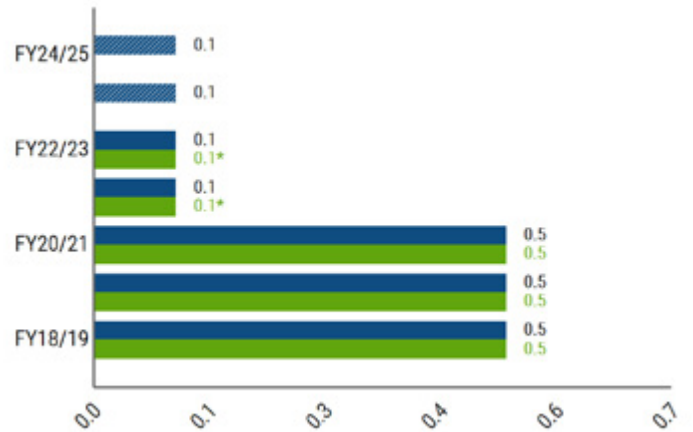
### PC REPLACEMENT FUND ENDING BALANCE

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 is set at \$0.1 million of budget authorization to offset unforeseen expenses that occur during the fiscal year. Beginning in FY 2021/22, the Operating Contingency was reduced from \$0.5 million to \$0.1 million to better align with historical usage. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.

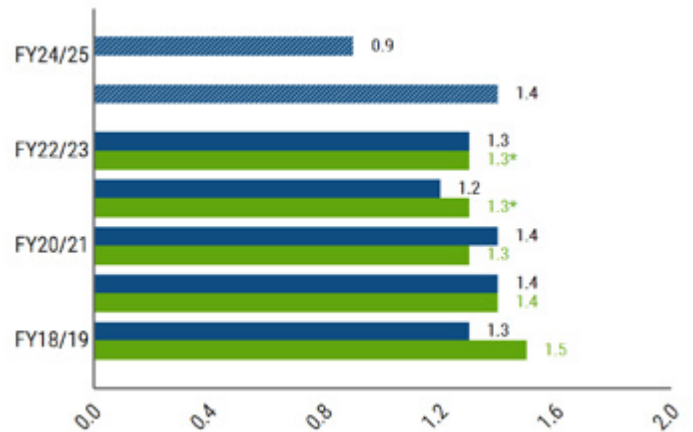
FY 2018/19 to FY 2024/25 (in millions)



#### UNDESIGNATED, UNRESERVED FUND BALANCE

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/contingencies. The FY 2022/23 ending undesignated, unreserved fund balance is \$1.3 million. This balance represents an accumulation of sources to be used for future year hardware purchases. A reduction of undesignated, unreserved fund balance beginning in FY 2024/25 reflects the efforts to utilize fund balance by aligning the PC Replacement Fees and Computer Hardware Acquisitions with anticipated replacement schedules throughout the city.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*



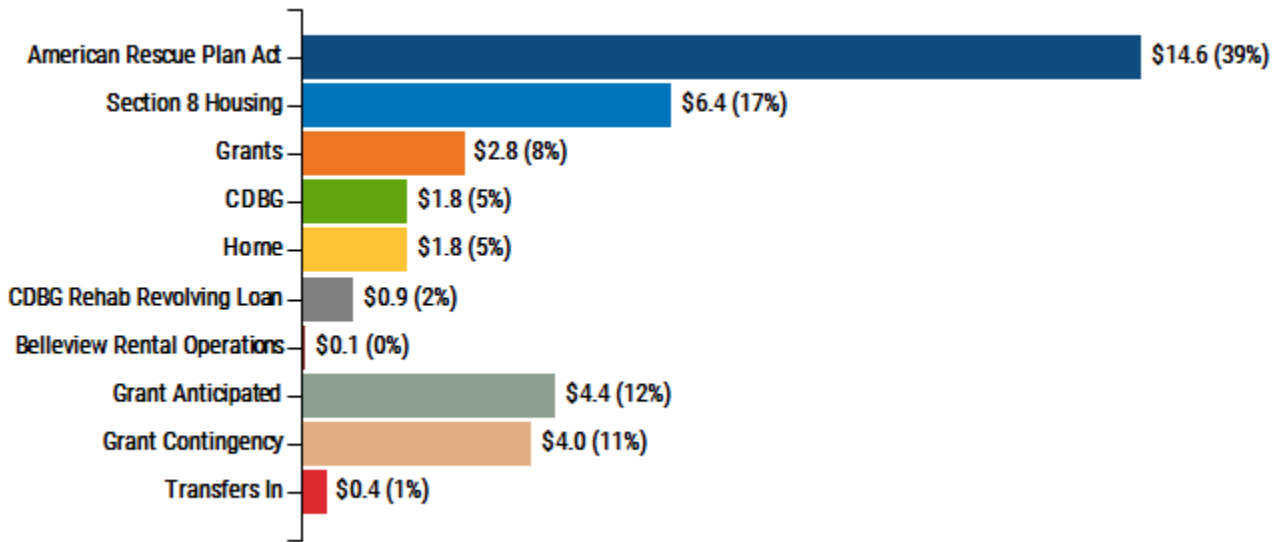
**FY 2022/23 Adopted Budget**



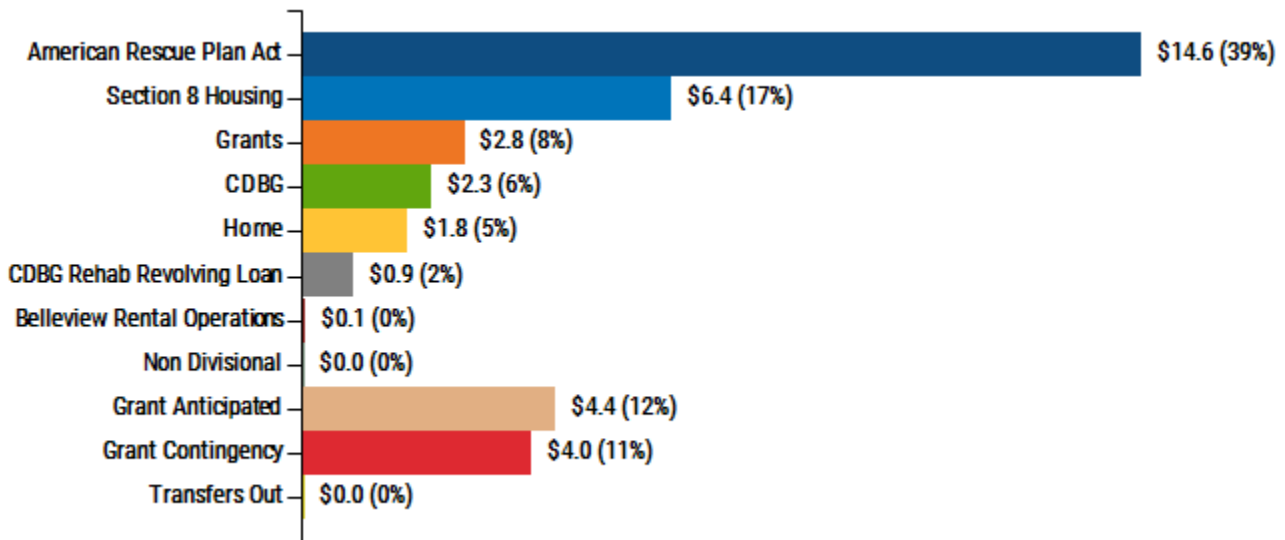
### Fund Purpose

The Grant Funds receive and expend the city’s federal, state, and local grants. The amount of grants received is generally based upon application to granting agencies by the city and through entitlement grants and are contingent upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The city will only expend grant funds that have been appropriately awarded by the granting agency and accepted in accordance with the city’s grant policy.

**Grant Funds Sources (% to Total)**  
\$37.4 Million



**Grant Funds Uses (% to Total)**  
\$37.4 Million



Rounding differences may occur.

BUDGET BY FUND | Grant Funds Summary

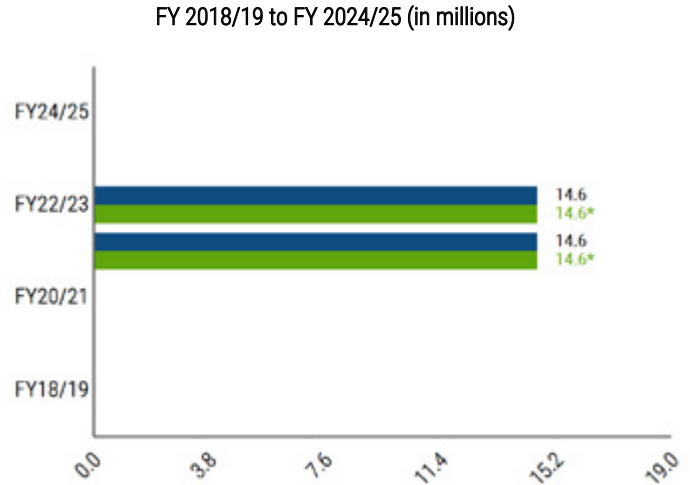
	<b>Adopted 2022/23</b>
<b>Revenues</b>	
American Rescue Plan Act	14,622,353
Housing Choice Voucher Program	6,428,547
Grants	2,833,249
HOME Investment Partnership	1,847,848
Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan	2,803,143
<b>Subtotal</b>	<b>28,535,140</b>
<b>Other Activity</b>	
Grant Anticipated	4,409,258
Grant Contingency	4,000,000
<b>Subtotal</b>	<b>8,409,258</b>
<b>Transfers In</b>	
CIP	422,675
<b>Subtotal</b>	<b>422,675</b>
<b>Total Sources</b>	<b>37,367,073</b>
<b>Expenditures</b>	
American Rescue Plan Act	14,622,353
Housing Choice Voucher Program	6,428,547
Grants	2,833,249
HOME Investment Partnership	1,847,848
Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan	3,215,763
<b>Subtotal</b>	<b>28,947,760</b>
TOTAL OPERATING BUDGET	28,947,760
<b>Other Activity</b>	
Grant Anticipated	4,409,258
Grant Contingency	4,000,000
<b>Subtotal</b>	<b>8,409,258</b>
<b>Transfers Out</b>	
CIP Technology	10,055
<b>Subtotal</b>	<b>10,055</b>
<b>Total Uses</b>	<b>37,367,073</b>
<b>Sources Over/(Under) Uses</b>	<b>-</b>

## 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:

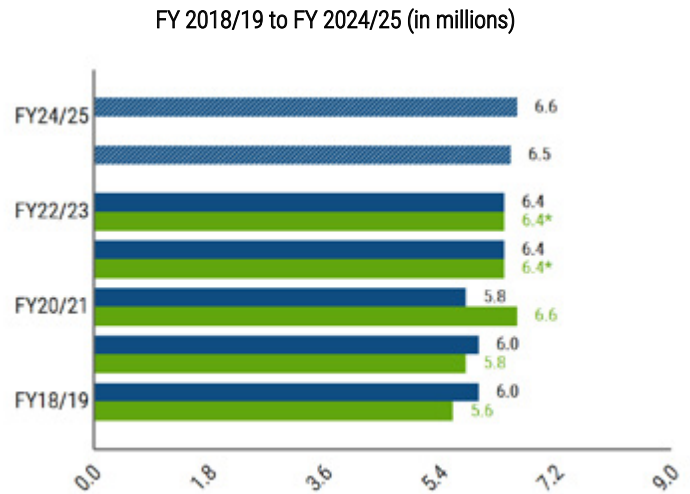
### AMERICAN RESCUE PLAN ACT

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 2022/23 revenue of \$14.6 million is the second half of the city's ARPA funding allocation.



### 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.

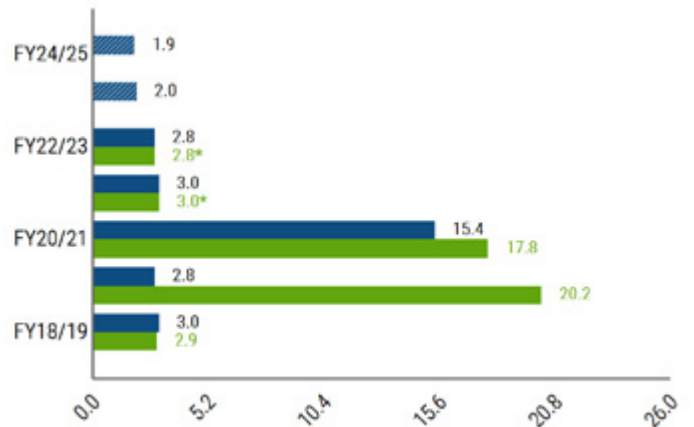


▨ FORECAST 
 ■ BUDGET 
 ■ ACTUAL/FORECAST\*

**GRANTS**

Miscellaneous federal, state and local grants include grants for law enforcement, fire services, community services, transportation and preservation projects. Additional grant funding was received from the AZCares Fund to assist with costs of public health and public safety personnel expenses in FY 2019/20 and in FY 2020/21. The FY 2022/23 adopted budget for Grants is \$2.8 million.

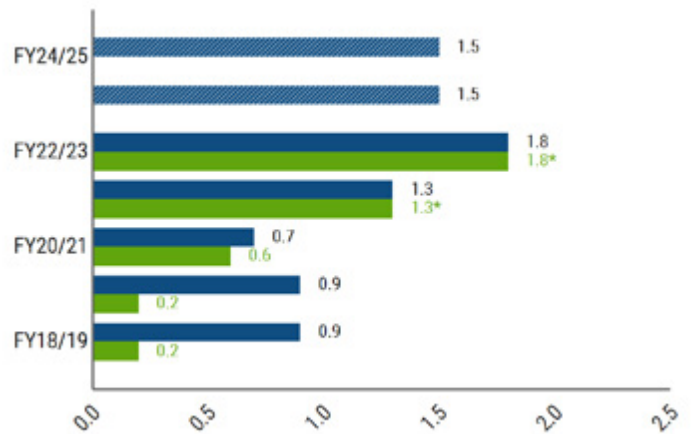
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 at \$1.8 million. HOME Funds actual amounts will vary depending on when the funds are received during the fiscal year.

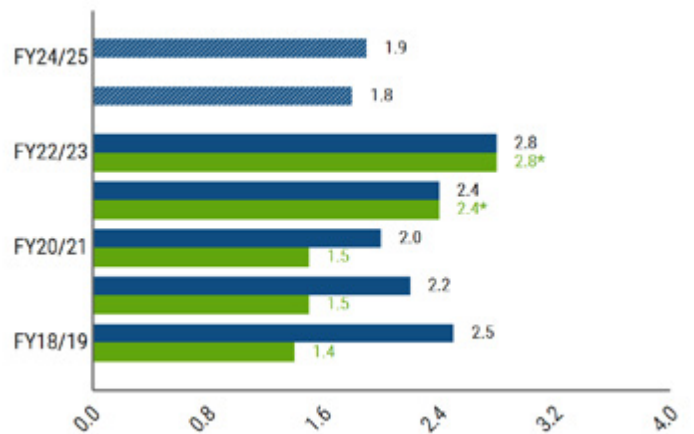
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 at \$2.8 million. These fund amounts will vary depending on when the funds are received during the fiscal year. This also includes \$0.1 million in budget for Belleview Rental Operations.

FY 2018/19 to FY 2024/25 (in millions)

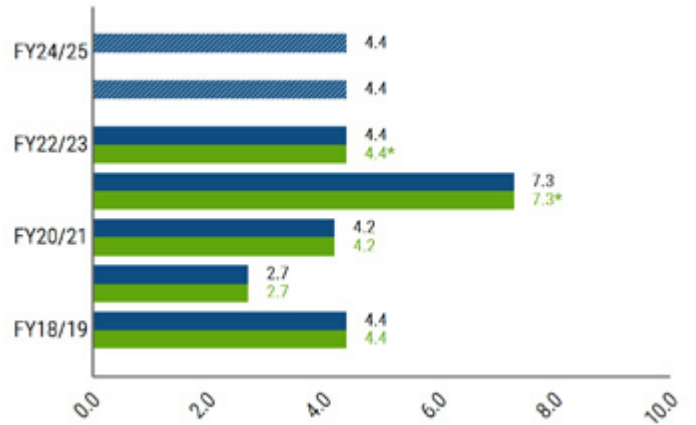


FORECAST BUDGET ACTUAL/FORECAST\*

**GRANTS ANTICIPATED**

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function, or which are to be used for general purposes. Grants Anticipated for FY 2022/23 totals \$4.4 million.

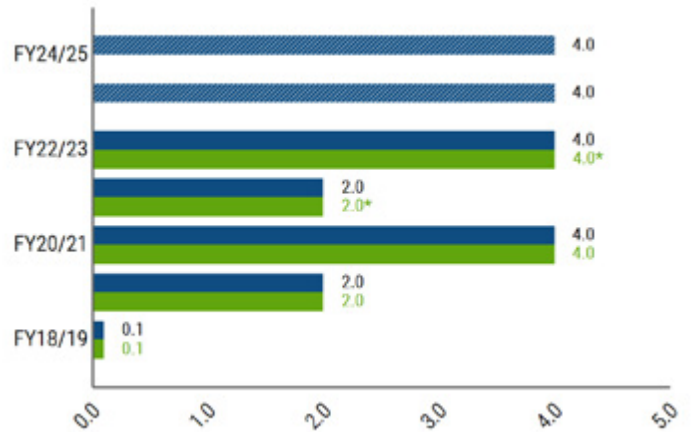
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 the adopted budget is \$4.0 million.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*

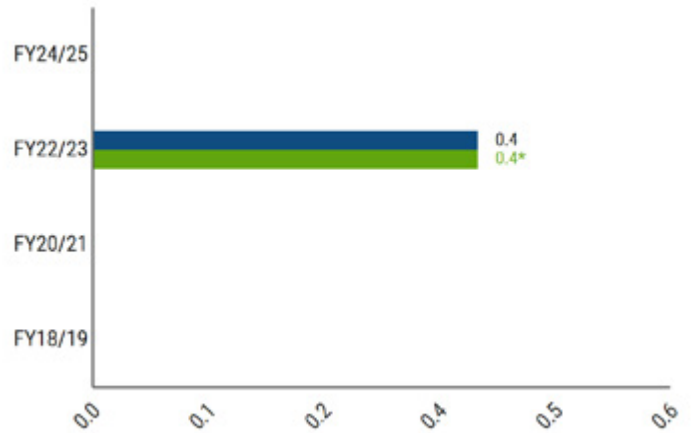
## TRANSFERS IN

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

### CIP

CIP includes the return of of \$0.4 million in CDBG funds transferred to the CIP which was originally designated to fund the Paiute Park Ramada and Parcourse capital projects. The budget is being transferred back to the Grants Fund as those projects will not be executed.

FY 2018/19 to FY 2024/25 (in millions)



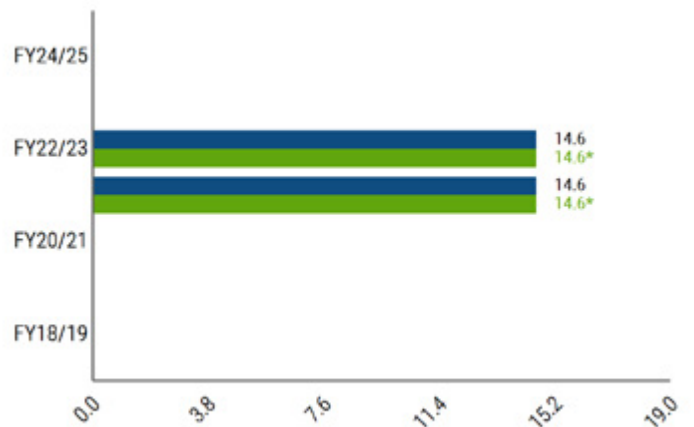
## GRANT FUNDS USES

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). The FY 2022/23 budget of \$14.6 million includes spending authority for the second half of the city's ARPA funding allocation.

FY 2018/19 to FY 2024/25 (in millions)

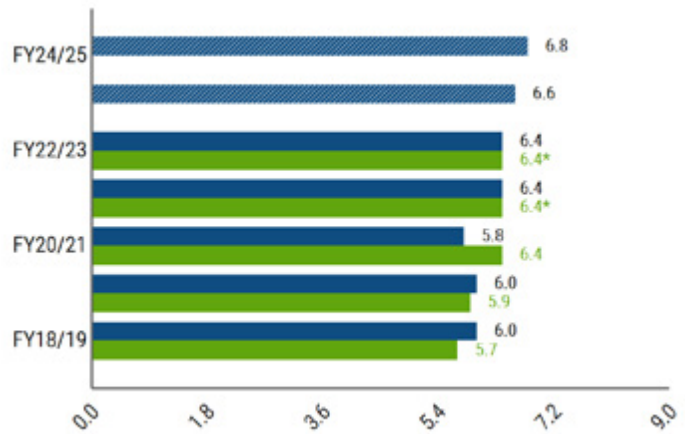


FORECAST BUDGET ACTUAL/FORECAST\*

**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 2022/23 at \$6.4 million. The actual amounts will vary depending on when the funds are received during the fiscal year.

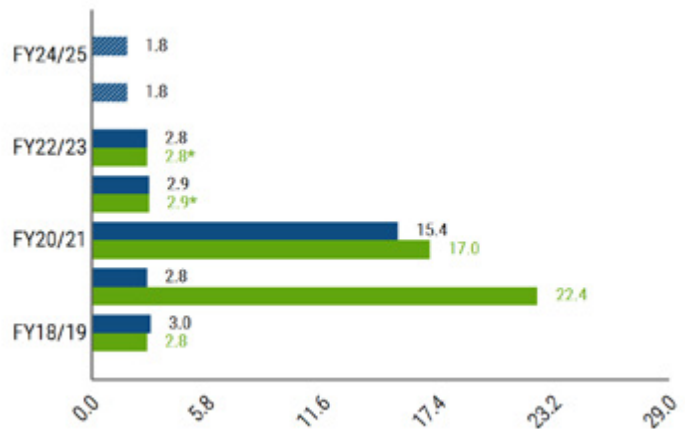
FY 2018/19 to FY 2024/25 (in millions)



**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 in FY 2020/21. The FY 2022/23 adopted budget for Grants is \$2.8 million.

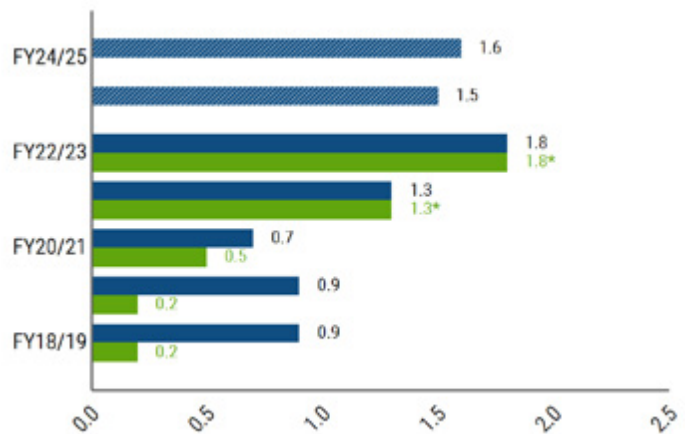
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 adopted budget is \$1.8 million, which is \$0.5 million greater than the FY 2021/22 adopted budget. HOME Funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.

FY 2018/19 to FY 2024/25 (in millions)

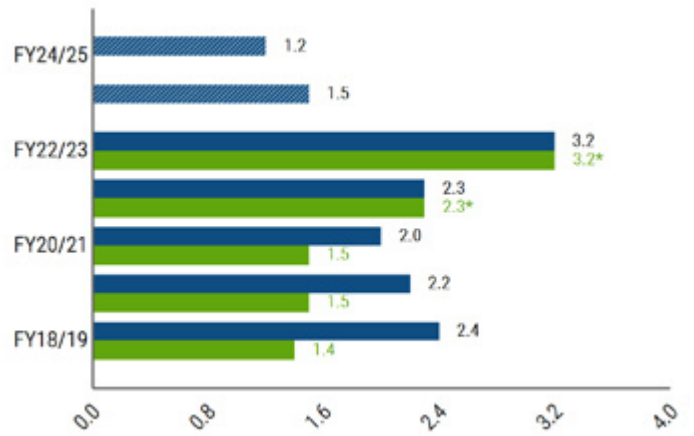


FORECAST BUDGET ACTUAL/FORECAST\*

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) & CDBG REHAB REVOLVING LOAN**

The City of Scottsdale receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG funds are provided on a formula basis to entitlement communities to develop viable urban communities by providing decent housing, suitable living environments and/or by expanding economic opportunities, primarily for low to moderate income persons. Staff estimates the CDBG and CDBG Rehab Revolving Loan Funds, including prior year's carryover for FY 2022/23 at \$3.2 million. These fund amounts will vary depending on when the funds are received during the fiscal year. This also includes \$0.1 million in budget for Belleview Rental Operations.

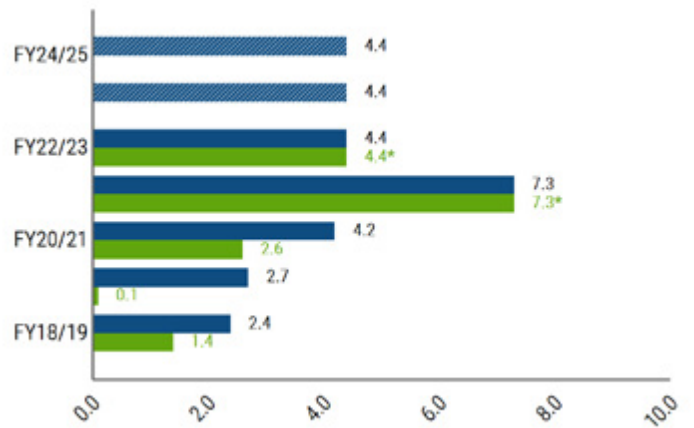
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 totals \$4.4 million.

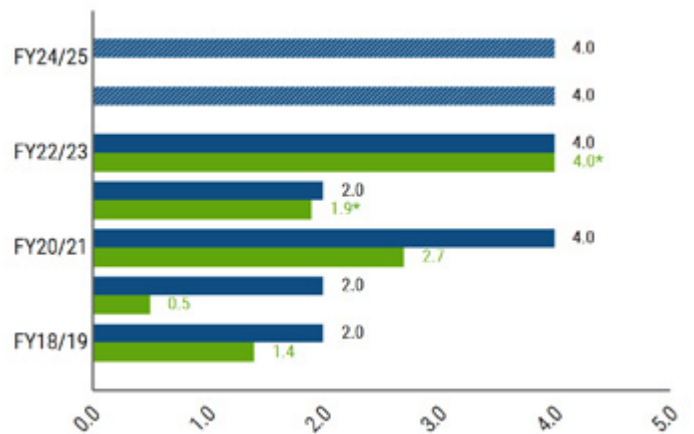
FY 2018/19 to FY 2024/25 (in millions)



**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 2022/23 the adopted budget is \$4.0 million.

FY 2018/19 to FY 2024/25 (in millions)



FORECAST BUDGET ACTUAL/FORECAST\*



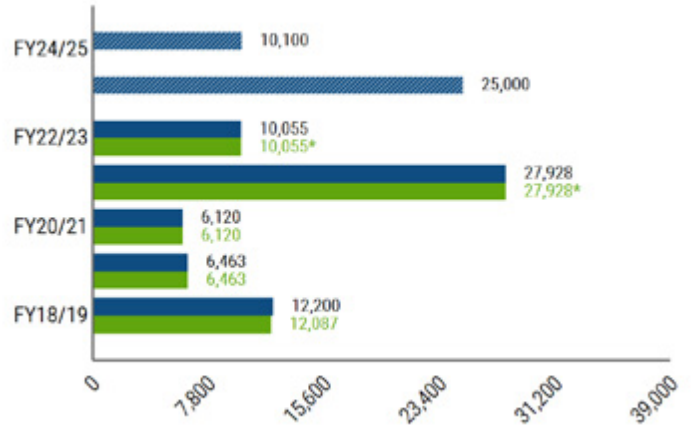
**TRANSFERS OUT**

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

**CIP TECHNOLOGY**

CIP Technology helps cover the portion of citywide technology capital projects. The FY 2022/23 adopted budget of \$10,055 is a shared cost for server and network infrastructure replacement programs.

FY 2018/19 to FY 2024/25



FORECAST
  BUDGET
  ACTUAL/FORECAST\*



**FY 2022/23 Adopted Budget**

**Fund Purpose**

The Special Districts Fund is used to account for proceeds received by property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

**Special Districts Fund Sources (% to Total)  
\$0.6 Million**



**Special Districts Fund Uses (% to Total)  
\$0.6 Million**



Rounding differences may occur.

## BUDGET BY FUND | Special Districts Fund Summary

	Actual 2020/21	Adopted 2021/22	Forecast 2021/22	Adopted 2022/23
<b>Beginning Fund Balance</b>				
Streetlight Districts	73,493	51,390	57,166	20,707
<b>Total Beginning Fund Balance</b>	<b>73,493</b>	<b>51,390</b>	<b>57,166</b>	<b>20,707</b>
<b>Revenues</b>				
Streetlight Districts	529,362	530,438	504,036	552,218
<i>Subtotal</i>	<b>529,362</b>	<b>530,438</b>	<b>504,036</b>	<b>552,218</b>
<b>Total Sources</b>	<b>529,362</b>	<b>530,438</b>	<b>504,036</b>	<b>552,218</b>
<b>Expenditures</b>				
Streetlight Districts	545,689	581,828	540,495	572,925
<i>Subtotal</i>	<b>545,689</b>	<b>581,828</b>	<b>540,495</b>	<b>572,925</b>
TOTAL OPERATING BUDGET	545,689	581,828	540,495	572,925
<b>Total Uses</b>	<b>545,689</b>	<b>581,828</b>	<b>540,495</b>	<b>572,925</b>
<b>Sources Over/(Under) Uses</b>	<b>(16,327)</b>	<b>(51,390)</b>	<b>(36,459)</b>	<b>(20,707)</b>
<b>Ending Fund Balance</b>				
Streetlight Districts	57,166	-	20,707	-
<b>Total Ending Fund Balance</b>	<b>57,166</b>	<b>-</b>	<b>20,707</b>	<b>-</b>

## BUDGET BY FUND | Special Districts Fund Five-Year Financial Forecast

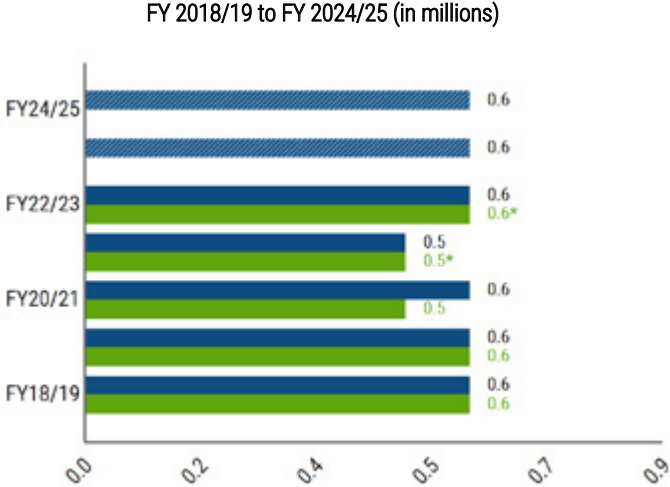
	Adopted 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
<b>Beginning Fund Balance</b>					
Streetlight Districts	20,707	-	-	-	-
<b>Total Beginning Fund Balance</b>	<b>20,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues</b>					
Streetlight Districts	552,218	584,400	596,100	608,000	620,200
<i>Subtotal</i>	<u>552,218</u>	<u>584,400</u>	<u>596,100</u>	<u>608,000</u>	<u>620,200</u>
<b>Total Sources</b>	<b>552,218</b>	<b>584,400</b>	<b>596,100</b>	<b>608,000</b>	<b>620,200</b>
<b>Expenditures</b>					
Streetlight Districts	572,925	584,400	596,100	608,000	620,200
<i>Subtotal</i>	<u>572,925</u>	<u>584,400</u>	<u>596,100</u>	<u>608,000</u>	<u>620,200</u>
TOTAL OPERATING BUDGET	572,925	584,400	596,100	608,000	620,200
<b>Total Uses</b>	<b>572,925</b>	<b>584,400</b>	<b>596,100</b>	<b>608,000</b>	<b>620,200</b>
<b>Sources Over/(Under) Uses</b>	<b>(20,707)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>					
Streetlight Districts	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SPECIAL DISTRICTS SOURCES**

Special Districts Sources for FY 2022/23 equal \$0.6 million, which is \$0.1 million higher compared to the FY 2021/22 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 2022/23 revenue budget is \$0.6 million.

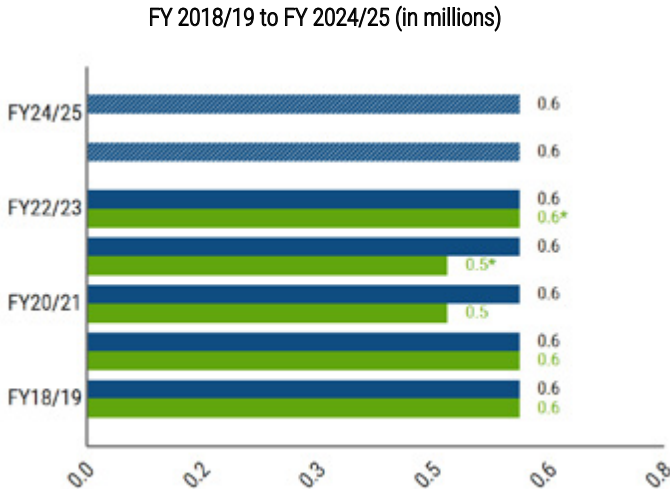


**SPECIAL DISTRICTS USES**

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 2022/23 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the community.



FORECAST BUDGET ACTUAL/FORECAST\*

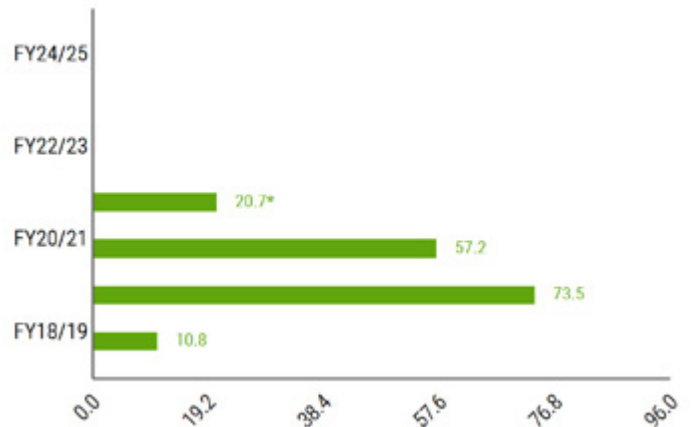
**SPECIAL DISTRICTS FUND BALANCE**

Growth of fund balance occurs when sources exceed uses. Any fund balance achieved during a fiscal year is then re-budgeted the following fiscal year to ultimately keep the reserve to a \$0 balance. A historical summary of the city’s Special Districts Fund ending balance is as follows:

**STREETLIGHT DISTRICTS**

The FY 2022/23 Streetlight Districts ending fund balance is projected to be \$0. The ending balance from the FY 2021/22 year-end forecast amount is carried forward to FY 2022/23 and is available to be re-budgeted to ultimately reduce the existing reserve to a \$0 balance.

FY 2018/19 to FY 2024/25 (in thousands)



▨ FORECAST  
 ▨ BUDGET  
 ▨ ACTUAL/FORECAST\*