

Budget Summary

VOLUME ONE | FY 2025/26 Budget



ATTORNEY'S OFFICE
CLERK'S OFFICE
WATER
STADIUM



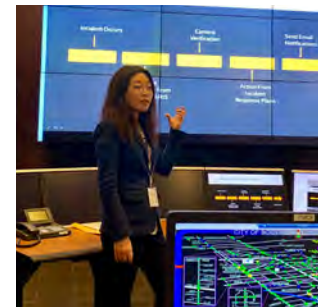
WESTWORLD
TRANSPORTATION AND
INFRASTRUCTURE
FIRE



LIBRARY AND
HUMAN SERVICES
PARKS AND
RECREATION
AND PRESERVE
AUDITOR'S
OFFICE
MANAGER'S OFFICE

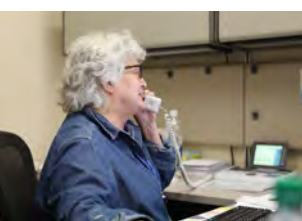


TREASURER'S OFFICE
CITY
COUNCIL
CONSTITUENT
SERVICES
RAILROAD PARK
AVIATION



POLICE
GOVERNMENT
RELATIONS
COMMUNICATIONS
EMERGENCY
MANAGEMENT
COURT
FACILITIES

HUMAN
RESOURCES
PLANNING AND
DEVELOPMENT
SERVICES
ECONOMIC
DEVELOPMENT
FLEET



TOURISM
AND EVENTS
INFORMATION
TECHNOLOGY
SOLID
WASTE



Adopted FY 2025/26 Budget

City of Scottsdale, Arizona

Volume One

Budget Summary



City Council

Lisa Borowsky, Mayor

Jan Dubauskas, Vice Mayor

Barry Graham

Adam Kwasman

Kathy Littlefield

Maryann McAllen

Solange Whitehead

Administrative Staff

Greg Caton, City Manager

Sonia Andrews, City Treasurer/CFO

Jeff Walther, Assistant City Manager

Scott Selin, Budget Director

Ana Lía Johnson, Assistant Budget Director

Savita Swaroop, Dept. Systems Analyst/Prog. III

Samantha Jordan, Sr. Budget Analyst

Trey Nilles, Sr. Budget Analyst

Linna Zhou, Sr. Budget Analyst

Jordan Fraser, Budget Analyst

JunJun Rose, Budget Analyst

Maya Kwiedacz, Budget Intern

FY 2025/26 Adopted Budget – Volume One

Budget Summary

About Scottsdale

Report to our Community 1

City Organization..... 4

Scottsdale City Council 5

Charter Officers..... 7

Financial Overview 8

Community Profile 11

Demographics 13

Overview

Executive Summary..... 17

Final Budget Transmittal 28

Budget Adoption Ordinance 33

Property Tax Levy Ordinance 56

Proposed Budget Transmittal 58

Distinguished Budget Presentation Award 62

Budget Development Process 63

Budget Calendar..... 73

Adopted Comprehensive Financial Policies and Governing Guidance..... 74

Fund Accounting - Fund Types..... 92

Budget by Fund

Total Budget Overview 93

Total Appropriation 97

General Fund 101

Ambulance Service Fund 131

Special Revenue Funds 139

 Preservation Fund..... 141

 Park and Preserve Tax Allocation Fund..... 149

 Park and Preserve Tax Fund – Park Improvements..... 155

 Park and Preserve Tax Fund – Preserve Maintenance..... 163

 Park and Preserve Tax Fund – Park Maintenance..... 171

 Park and Preserve Tax Fund – Fire Mitigation 179

 Park and Preserve Tax Fund – Police Ranger..... 187

Budget by Fund

Special Programs Fund.....	195
Stadium Facility Fund	211
Tourism Development Fund	219
Destination Marketing.....	222
Non-Destination Marketing	224
Transportation Fund	226
Debt Service Fund	247
Bonded Debt	255
Debt Service Expense	261
Long-Term Debt Outstanding	263
Enterprise Funds	265
Water and Water Reclamation Funds	267
Solid Waste Fund	289
Aviation Fund	299
Internal Service Funds.....	311
Healthcare Self Insurance Fund	313
Fleet Management Fund	323
Fleet Replacement Fund	335
Risk Management Fund	341
PC Replacement Fund	351
Grants & Special Districts Funds	
Grant Funds	357
Special Districts Fund	365

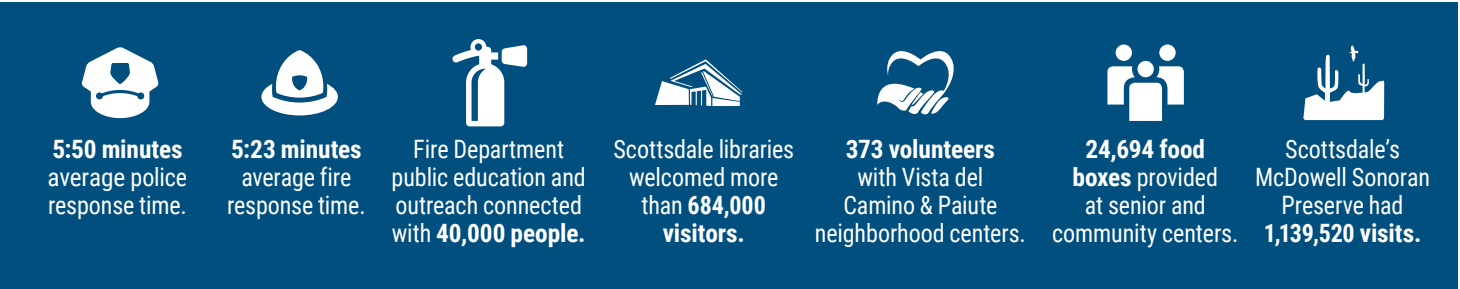
Report To Our Community

for Fiscal Year 2024/25



Moving Scottsdale Forward

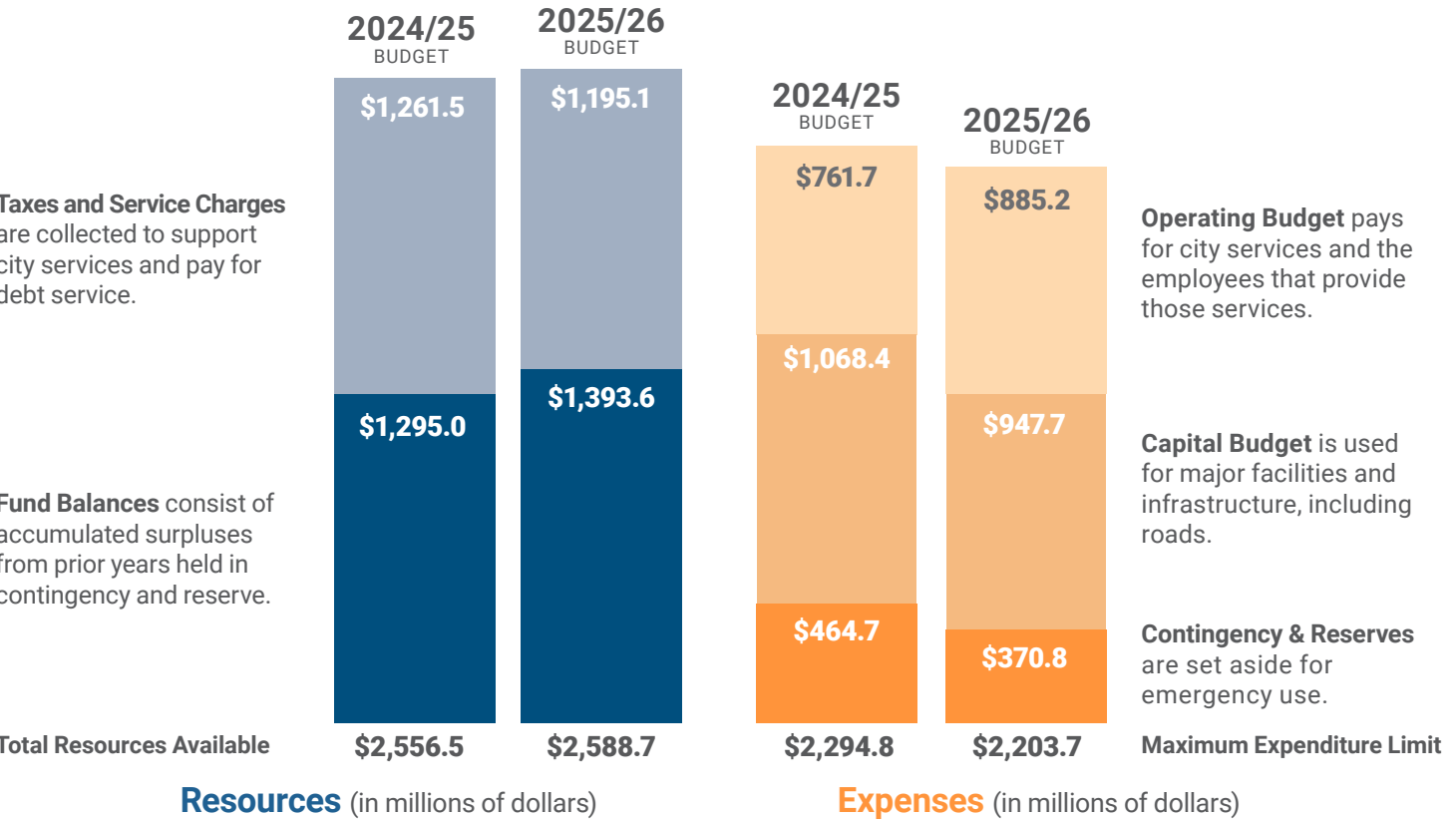
Scottsdale’s passionate professionals work on the frontlines and behind the scenes to provide exceptional customer service. The city’s workforce is spread out in a variety of roles to ensure Scottsdale is a safe place to live, work and play. From public-facing departments, such as fire, police, and human services, to departments like human resources, fleet management and information technology; all are critical in running the city.



Resources and Expenses

Scottsdale is required by law to adopt a budget each year and cannot spend more than the total budgeted amount. This includes all city funds for the fiscal year ending June 30. City Council adopted the Fiscal Year 2025/26 budget in June 2025.

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



Spotlighting Our Departments

Highlighted Accomplishments

- **Parks and Recreation and Preserve** achieved national accreditation from the Commission for Accreditation of Park and Recreation Agencies, maintaining its distinction as the longest-accredited agency in Arizona and one of the top five in the nation.
- The **McDowell Sonoran Preserve** had its grand opening of the Brown's Ranch Interpretive Trail, highlighting ranching in the early 1900s through the eyes of the Brown's family to present day Scottsdale.



- From potholes to mediation services, **Constituent Services** allows residents to submit digital requests 24/7.
- In March 2025, the **Scottsdale Food Bank** expanded from Vista del Camino Community Center to a new warehouse location at 7601 E. McKellips Road.



- The **Scottsdale Fire Department** Regional Training Center opened in 2025, hosting its inaugural class in January. This state-of-the-art facility enhances the department's training capabilities and offers a centralized location equipped with advanced resources and technology.



- The **Office of Emergency Management** completed the 2025 Scottsdale Emergency Operations Plan, enhancing the city's ability to prioritize critical services and resources during emergencies.

In FY 2024/25,
the food bank:



Donated and rescued
536,423
pounds of food



Provided assistance
to community
members valued at
\$1,244,547



4,250
Volunteer hours



- The Hontz Training Facility expansion was completed for the **Scottsdale Police Department**, delivering upgraded firing ranges, classrooms and equipment storage to support officer development and long-term readiness.

Highlighted Accomplishments

- **Scottsdale Airport** was awarded the 2025 Airport Business of the Year for the construction of NetJet's new executive terminal, large aircraft storage and maintenance hangar.



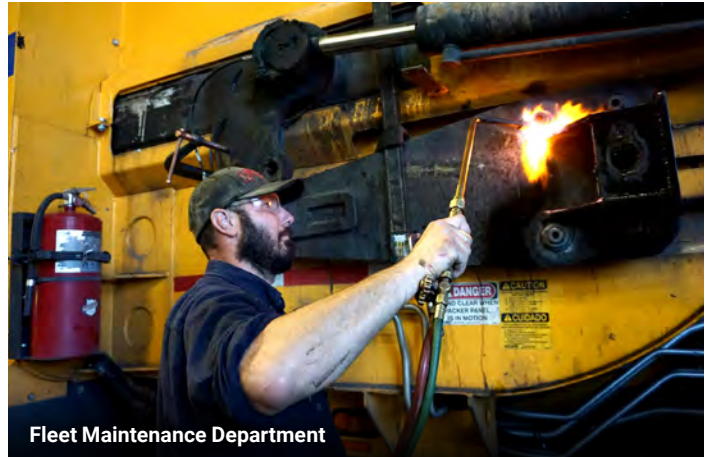
Scottsdale Airport

- The city's **Economic Development Department** was one of 86 organizations accredited by the International Economic Development Council.
- **Scottsdale Stadium** completed construction of a revitalized Left Field Berm in February 2025 and opened the Left Field Day Park in April. The park provides a unique opportunity for constituents and visitors of Old Town to soak in the sights and sounds of the ballpark.



Scottsdale Stadium

- The **Facilities Management Department** replaced the emergency generator for the Police Department District 3.
- The **Fleet Maintenance Department** closed 8,832 vehicle repair orders, 97% of which were completed and available the very same day.



Fleet Maintenance Department

- The **Information Technology Department** and **City Treasurer's Office** implemented a new, modern citywide enterprise financial platform that streamlines how Scottsdale manages its accounting, budgeting, procurement and financial reporting, enhancing efficiency and transparency.
- **Scottsdale's Transportation and Infrastructure Department** completed the Indian Bend Wash Underpass at Chaparral Road, improving safety and connectivity for pedestrians and bicyclists.



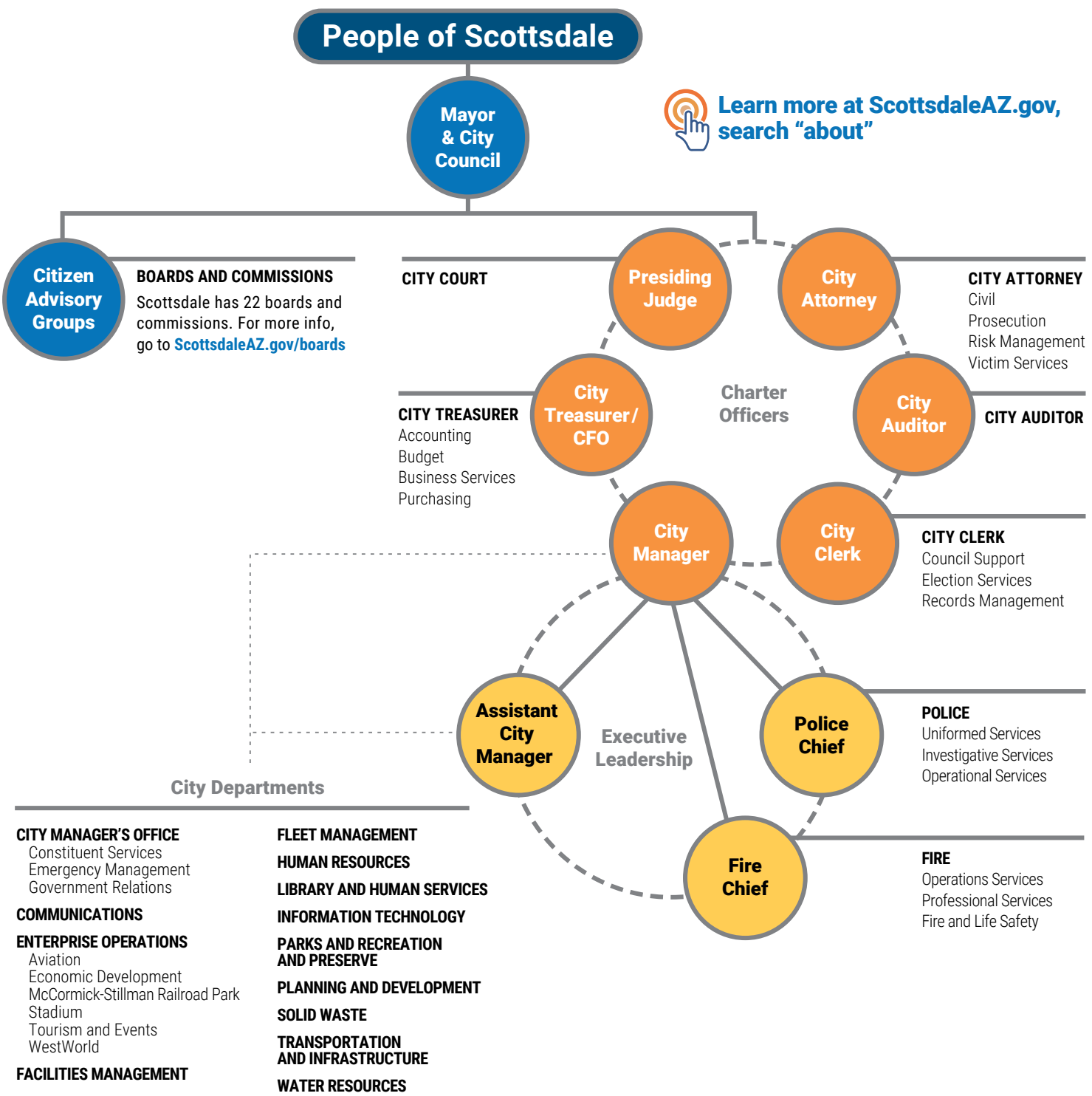
Chaparral Road Underpass

Reporting issues is EZ
SCOTTSDALE EZ 

Residents made 54,879 requests using Scottsdale EZ last year. The number one request? Electric scooters. Have concerns about electric scooters or other issues? Report it at [ScottsdaleAZ.gov](https://scottsdaleaz.gov), search "EZ".

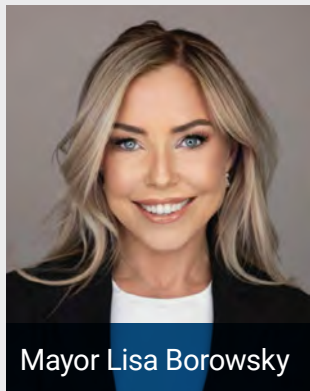
Meet Our Leadership

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.



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 policies, approve programs, appropriate funds, enact laws, select charter officers and appoint residents to serve on advisory board. The mayor serves as 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 Lisa Borowsky

Lisa Borowsky began her first term as mayor of Scottsdale in January 2025.

She is a lifelong Scottsdale resident and is dedicated to keeping Scottsdale a world-renowned tourist destination while prioritizing a community that residents are proud to call home.

Lisa attended Scottsdale public schools, obtained her undergraduate degree from Arizona State University and her J.D. at St. John's University School of Law in New York.

She returned home to begin her career in commercial litigation. Throughout her legal career, Lisa represented homeowners plagued by construction failures, recovering millions of dollars on their behalf.

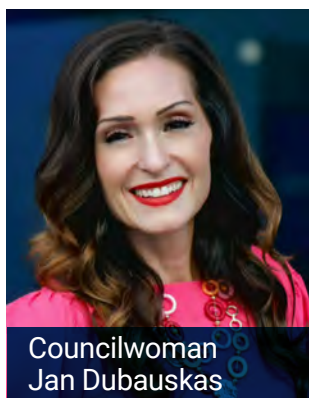
Lisa's most important accomplishment, however, is raising her daughter here in Scottsdale. They enjoy spending time with their family, dogs and horses and playing tennis.

Lisa served on the Scottsdale City Council from 2008 to 2012, leading efforts for meaningful structural changes to the city budget process and securing a voter-approved amendment to the City Charter to strengthen fiscal accountability to taxpayers.

She grew up competing in quarter horse shows and still enjoys riding and spending time at Scottsdale's great restaurants, resorts and events.

She loves meeting and hearing from residents. Please reach out with ideas, concerns or to become a city volunteer.

MBorowsky@ScottsdaleAZ.gov | 480-312-2433



**Councilwoman
Jan Dubauskas**

Jan Dubauskas began her term on the Scottsdale City Council in January 2025.

She has lived in Arizona since 1998 and been a Scottsdale resident for more than 10 years.

Jan has been practicing law for nearly 20 years. She served as general counsel and chief operating officer for a health insurance carrier and regularly appeared on national cable

news as a health insurance expert.

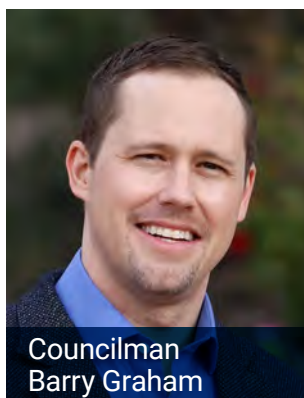
Prior to that, she served as director of compliance for a life insurance company.

Jan has a bachelor's degree from the University of Oregon and a J.D. from Arizona State University's Sandra Day O'Connor College of Law.

She is a graduate of Scottsdale 101 Citizen Academy and the city's police and water citizen academies.

Jan and her husband have a blended family with five children ranging in age from 7-27. Their youngest daughters attend school in the Scottsdale Unified School District.

JDubauskas@ScottsdaleAZ.gov | 480-312-7402



**Councilman
Barry Graham**

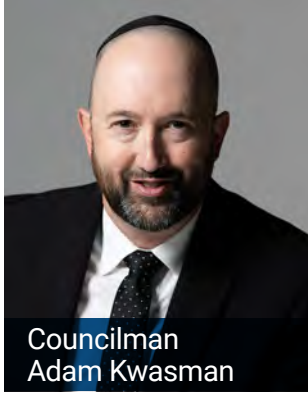
Barry Graham began serving on the Scottsdale City Council in January 2023.

A Scottsdale native and Chaparral High School all-state athlete, Barry now lives in southern Scottsdale with his wife and their twin sons. He is a Certified Public Accountant with expertise in auditing and financial performance analysis for Arizona-based businesses.

Barry has long been active in the community—he is a Scottsdale Leadership graduate, former planning commissioner, and past chairman of both the Transportation Commission and Building Advisory Board of Appeals. A proud Scottsdale Fire Citizens' Academy alum, Barry also led the successful 2015 "Yes to Bonds" campaign that improved local public safety infrastructure.

Barry holds degrees in economics and international relations from Boston University and a master's in accounting from the University of Massachusetts, where he delivered the commencement address. He has served as a precinct committeeman since 2012 and twice as treasurer of his local legislative district.

BGraham@scottsdaleaz.gov | 480-312-7454



Adam Kwasman began his first term on the Scottsdale City Council in January 2025.

He serves as the president and managing attorney of Kwasman Law.

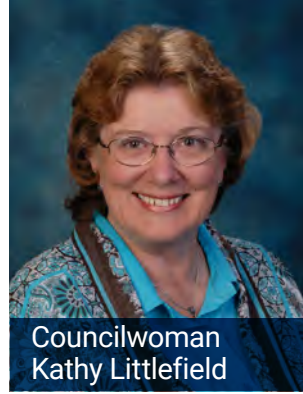
Adam previously served in the Arizona House of Representatives where he was vice chairman of the Ways & Means committee and sat on the Appropriations, Commerce

and Joint-Legislative Budget committees. He earned the "Hero of the Taxpayer" award from Americans for Prosperity, the "Champion of Small Business" award by the National Federation of Independent Businesses, and the "Friend of the Family Award" by the Arizona Family Project.

Adam earned his bachelor's degree (cum laude) from Tulane University, his Master of Arts in Economics from George Mason University, and his J.D. from Arizona State University's Sandra Day O'Connor College of Law.

He draws inspiration from his wife and their four children. The Kwasmans are members of Congregation Beth Tefillah and Chabad of Arizona.

AKwasman@SwcottsdaleAZ.gov | 480-312-2374



Kathy Littlefield began her third term on the Scottsdale City Council in January 2023.

A Scottsdale native and Arizona State University graduate, she brings over 25 years of financial and management experience to the role. She co-founded and manages NetXpert Systems, Inc., a successful Scottsdale-based computer company.

Her professional background includes work in the City of Plano's Budget Office and several Scottsdale businesses and nonprofits.

Councilwoman Littlefield has long been active in civic life, serving in leadership roles with the Civitan Club, Special Olympics, North Scottsdale Little League, and her local legislative district. She's a proud member of the Daughters of the American Revolution and the Mayflower Society. Deeply committed to her community, she has supported youth programs and veterans' initiatives throughout her career.

She and her husband, former Councilman Bob Littlefield, have been married over 46 years and have two children and one grandchild.

KLittlefield@ScottsdaleAZ.gov | 480-312-7412



Maryann McAllen began her first term on the Scottsdale City Council in January 2025.

Becoming a city councilwoman has been a lifelong goal for Maryann who dreamed of serving her community since she was a student at Supai Elementary School.

Maryann has lived in Scottsdale for 60 years. She attended Coronado High School and

is now the president of the Coronado Foundation for the Future, which funds scholarships for current students.

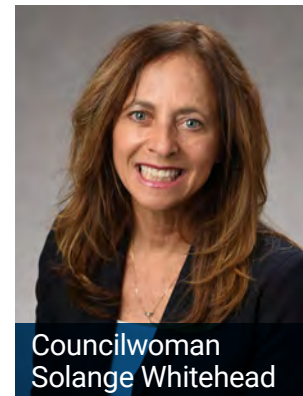
She earned a bachelor's degree in communication and nonprofit studies from Arizona State University. After graduation, she began a 14-year career in the city's Parks and Recreation and Human Services departments.

Maryann has been married to her husband for 32 years. They raised their four children in Scottsdale.

Maryann is a graduate of Scottsdale Leadership and the past chair of the Scottsdale Parks and Recreation Commission.

She is also a proud small business owner in Scottsdale.

MMcallen@ScottsdaleAZ.gov | 480-312-7456



Solange Whitehead began her second term on the Scottsdale City Council in January 2023.

An electrical engineer, businesswoman, and conservationist, she moved to Scottsdale in 1996 and quickly made it home. Councilwoman Whitehead is committed to community-first policymaking, bringing diverse stakeholders together to find

solutions that protect public health, enhance quality of life, and use tax dollars wisely. She is known for her hands-on approach, regularly engaging with residents, businesses, and neighborhoods across Scottsdale.

A former preserve commissioner and "Conservationist of the Year" honoree, she helped pass the Protect Our Preserve initiative and supports sustainability through policy and action. She serves on the board of Waste Not, volunteers at the Granite Reef Senior Center, and championed the 3D printer lab at Scottsdale Community College.

Councilwoman Whitehead and her husband have three grown children and enjoy spending time outdoors.

SWhitehead@ScottsdaleAZ.gov | 480-312-7423

Charter Officers

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



Greg Caton
City Manager
GCaton@ScottsdaleAZ.gov
480-312-7759



Luis Santaella
Interim City Attorney
LSantaella@ScottsdaleAZ.gov
480-312-7771



Lai Cluff
Acting City Auditor
LCluff@ScottsdaleAZ.gov
480-312-7851



Ben Lane
City Clerk
BLane@ScottsdaleAZ.gov
480-312-2411



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



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

Awards and Recognitions

- **Scottsdale Airport** received the FAA Western-Pacific Region Outstanding Airport Award, showcasing excellence in operations, safety and community engagement.
- **Scottsdale's Accounting Division** earned its 51st consecutive Certificate of Achievement in Financial Reporting from the Government Finance Officers' Association, a testament to the city's transparent and comprehensive annual reports.
- **Scottsdale's Short-Term Rental Resource Center** received a 2025 CIO 100 Award, reflecting the city's continued innovation and commitment to addressing community concerns. The Resource Center integrates advanced AI and machine learning technology, strengthening cross-departmental collaboration and exceptional service delivery.
- **Scottsdale's Procurement Division** earned the prestigious 2025 Achievement of Excellence in Procurement® Award from the National Procurement Institute.



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

Financial Overview

for Fiscal Year 2025/26



Making Cents of Numbers

The City of Scottsdale implements the priorities of residents through funding programs and services. The budget is the highest form of policy approved by the City Council and is presented in multiple formats to accommodate a variety of audiences. The city invites Scottsdale residents to provide input annually throughout the budget development and adoption.



*Difference between resources and uses is allocated to the city's contingencies and reserves.

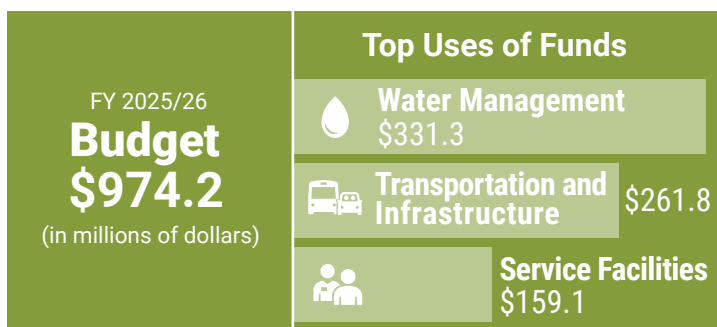
Scottsdale's Budgets

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



Capital Budget

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

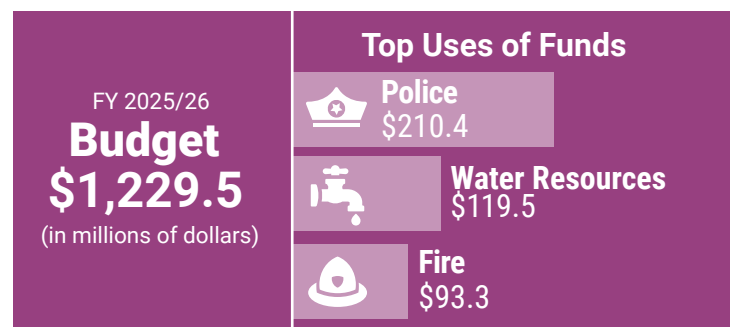


All other uses of funds: \$222.0



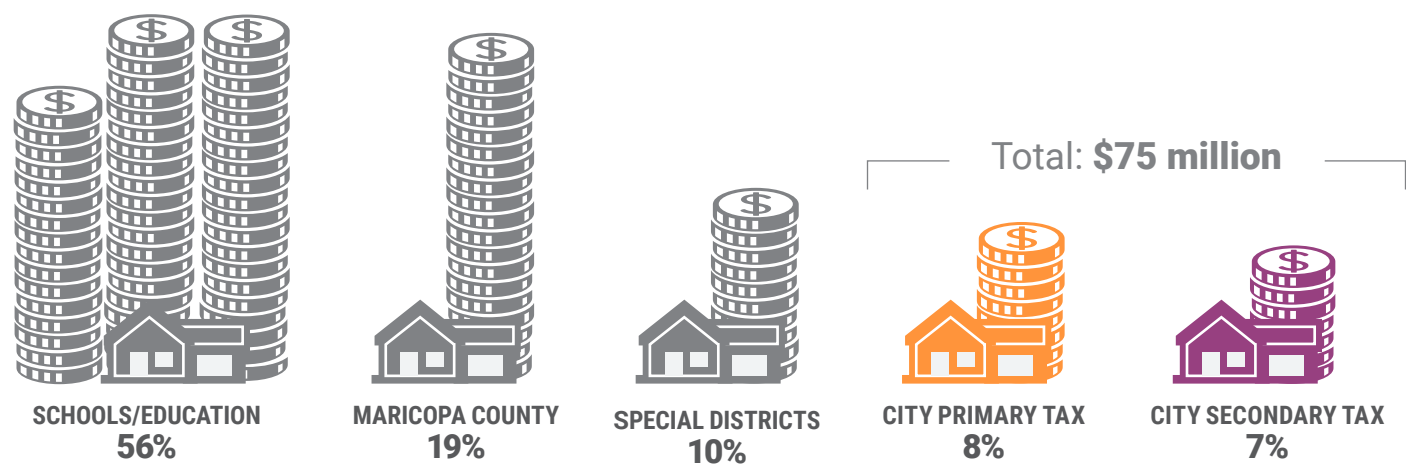
Operating Budget

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

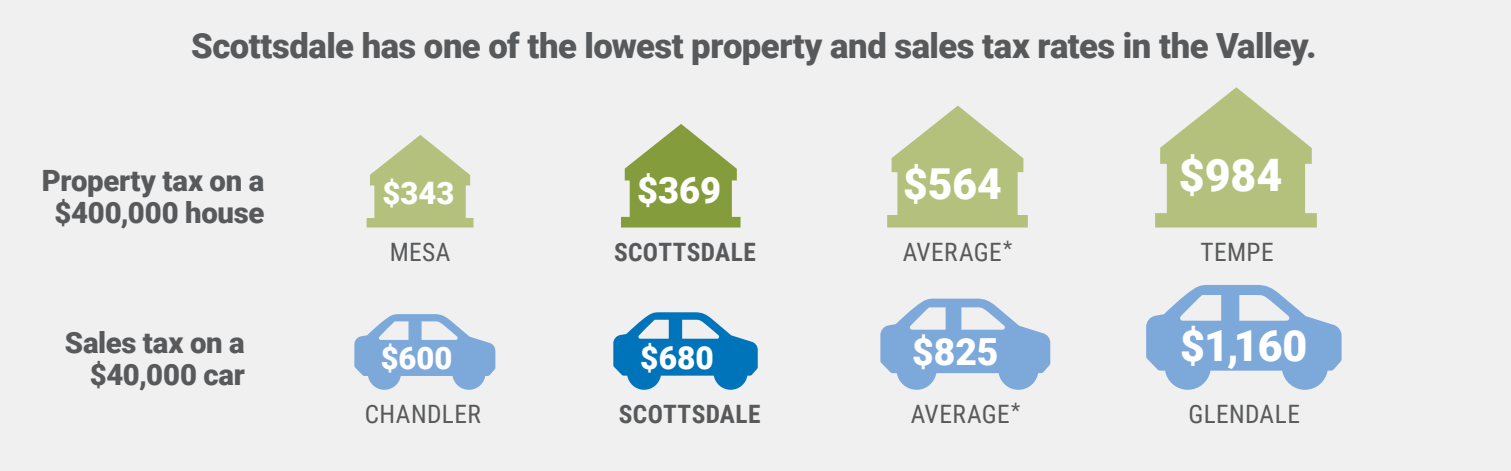


All other uses of funds: \$806.3

Where Do My Property Taxes Go?

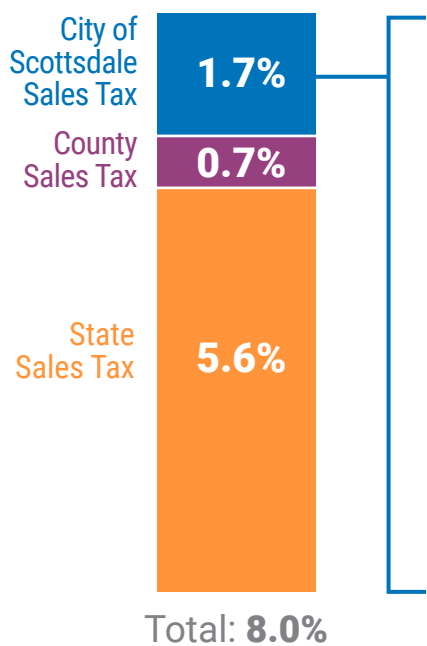


*Some property tax numbers may vary based on location in Scottsdale



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

Where Do My Sales Taxes Go?



Understanding Scottsdale's Sales Taxes

- **General Fund (1.00%)** - Available for any municipal purpose.
- **Public Safety (0.10%)** - Dedicated exclusively to public safety.
- **Transportation (0.30%)** - Dedicated to transportation improvements and approved by voters in 1989 (0.20%) and 2018 (0.10%).
- **Preserve (0.15%)** - Dedicated to the purchase of land within the McDowell Sonoran Preserve and approved by voters in 2004.
- **Parks and Preserve (0.15%)** - Dedicated to parks and recreational facilities and maintenance and protection of the McDowell Sonoran Preserve and approved by voters in 2024.

Simply Better Service

for Fiscal Year 2025/26



71.8 MILLION GALLONS OF
DRINKING WATER
DELIVERED DAILY

1,539
MILES OF
SANITARY
SEWERS

135 MILES OF PAVED
PATHWAYS
168 UNPAVED

9 BUS
ROUTES

54 **8** WATER
SOLID WASTE FACILITIES
TRUCKS

4 FREE TROLLEY
ROUTES

2,902
LANE MILES
OF ROADS

11,677
FIRE HYDRANTS

15 FIRE
STATIONS

337 SIGNALIZED
INTERSECTIONS

45 FIRE RESPONSE
VEHICLES

4 POLICE
STATIONS

30,500
ACRES OF
PRESERVE LAND

166 SPORTS
COURTS

361 POLICE
VEHICLES

46
PARKS

1,116
TOTAL
ACRES
OF PARKS

1 RAILROAD
PARK

1 BASEBALL
STADIUM

6 COMMUNITY
CENTERS

4 PUBLIC
LIBRARIES

5 URBAN
LAKES

3 OFF-LEASH
AREAS

10 OUTDOOR
EQUESTRIAN
ARENAS

30 PUBLIC
SCHOOLS
20,940
ENROLLMENT

2 SENIOR
CENTERS

80 ATHLETIC
FIELDS

4 AQUATIC
FACILITIES

7 SPRAY
FEATURES

41 PLAYGROUNDS

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

79 TOTAL SPECIAL EVENTS
AT WESTWORLD

51
GOLF
COURSES

28,167
COMPANIES DOING
BUSINESS IN
SCOTTSDALE

1 AIRPORT

7 MUSEUMS

184 ART GALLERIES
& ART DEALERS

55 HOTELS
10,073 ROOMS



Community Profile

for Fiscal Year 2025/26



Welcome to Scottsdale, Arizona

A World-Class Community

Scottsdale is a premier community nestled at the foot of the McDowell Mountains in the Valley of the Sun. Residents enjoy a high quality of life with attractive residential, recreational and shopping areas in a city that has earned its enviable reputation as an internationally recognized visitor destination and a thriving location for businesses of all kinds.

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

Scottsdale was founded by Army Chaplain Winfield Scott in 1888 but was not incorporated until 1951 when Scottsdale was a small community of 2,021 residents situated on about two square miles of land. Today, Scottsdale is home to more than 246,000 residents enjoying the rich diversity of experiences offered within the city's 185 square miles.



Scottsdale Public Library's Ultimate Play Date



Western Week – End of Trail



Día De Los Muertos



Scottsdale Veteran's Day

Scottsdale Top Attractions



① Pinnacle Peak Park



② Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



③ TPC Scottsdale



④ WestWorld



⑤ Scottsdale Airport/Airpark



⑥ McCormick-Stillman Railroad Park



⑦ Indian Bend Wash Greenbelt



⑧ Scottsdale Fashion Square



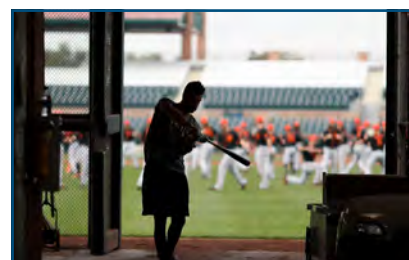
⑨ Scottsdale Waterfront



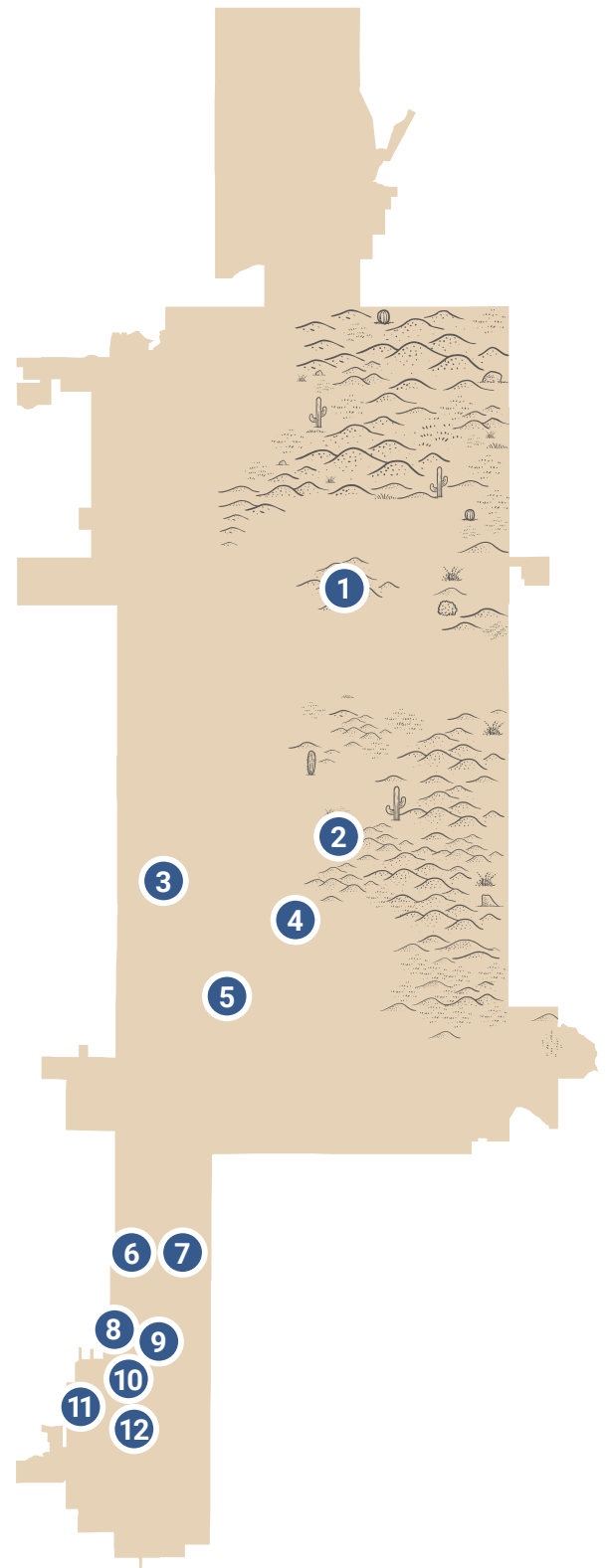
⑩ Civic Center



⑪ Scottsdale's Museum of the West



⑫ Scottsdale Stadium



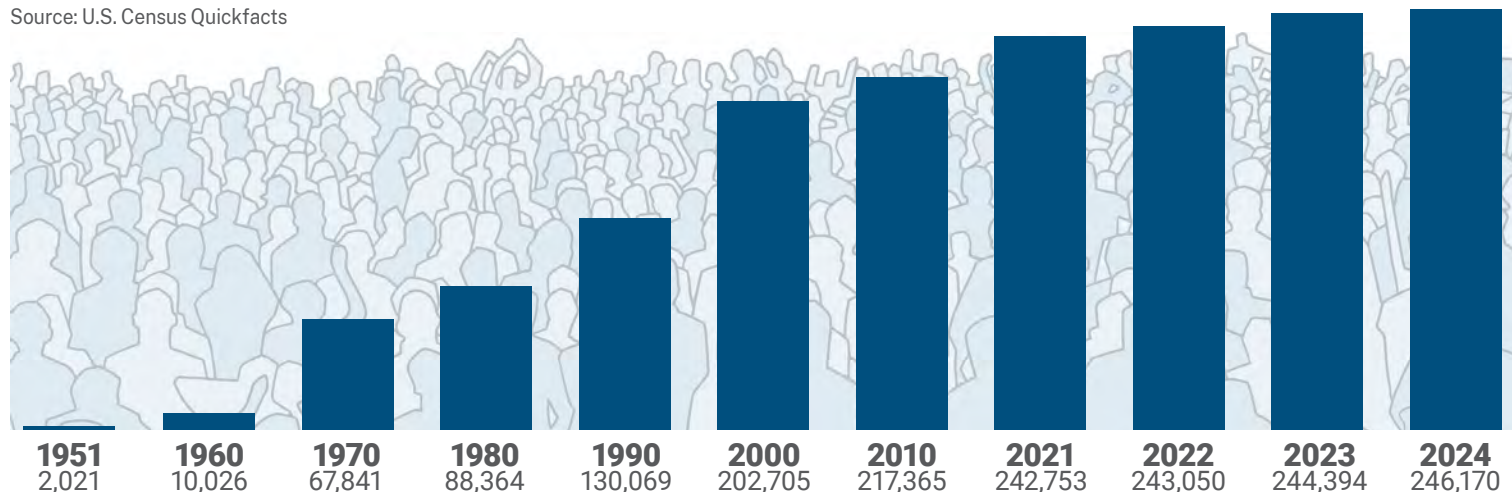
Demographics

for Fiscal Year 2025/26



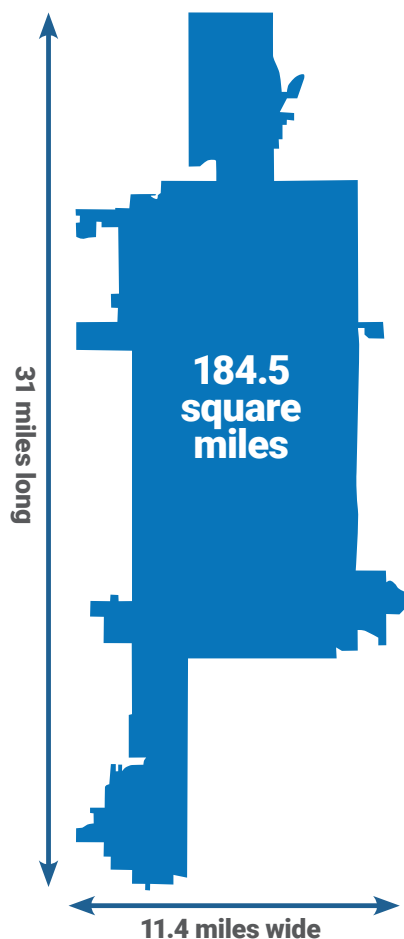
Scottsdale by the Numbers: A Demographic Summary

Source: U.S. Census Quickfacts



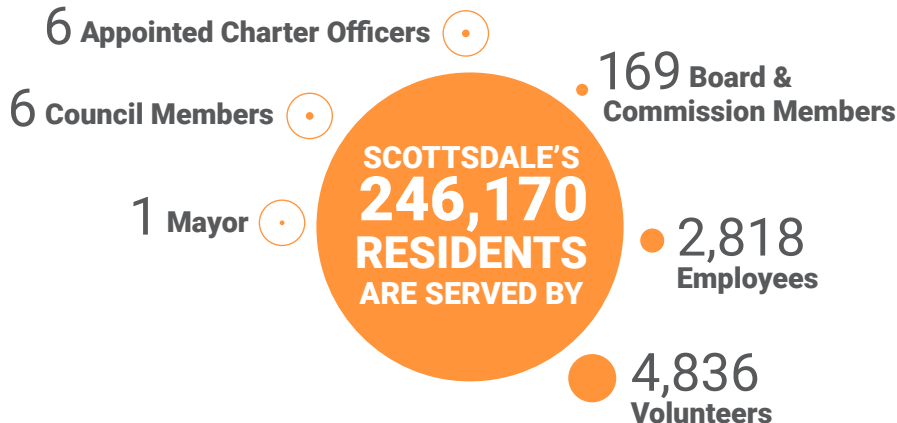
Scottsdale is the 48th largest city in the U.S. by area.

U.S. Census Bureau Quickfacts and City of Scottsdale



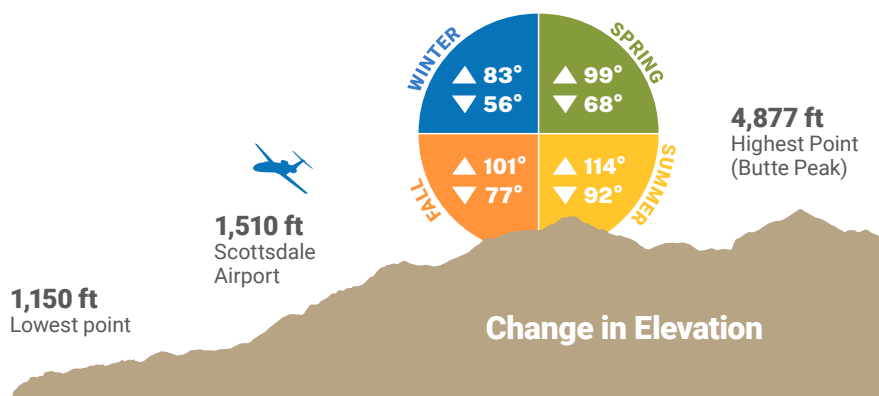
Over 7,800 people directly serve the residents of Scottsdale.

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



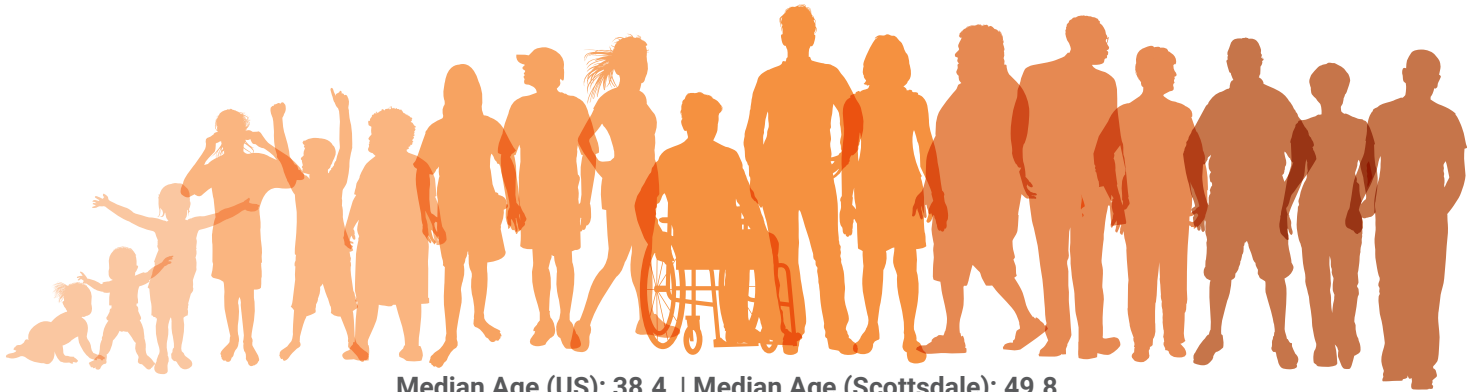
Scottsdale's elevation rises by nearly 4,000 feet from south to north.

Source: National Weather Service



Scottsdale Residents

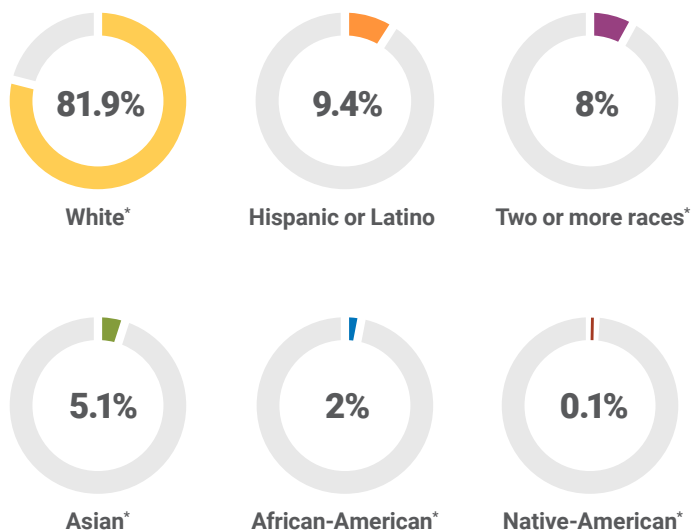
Scottsdale's median age of 49.8 is more than 10 years older than the U.S. median age of 38.4.



Median Age (US): 38.4 | Median Age (Scottsdale): 49.8

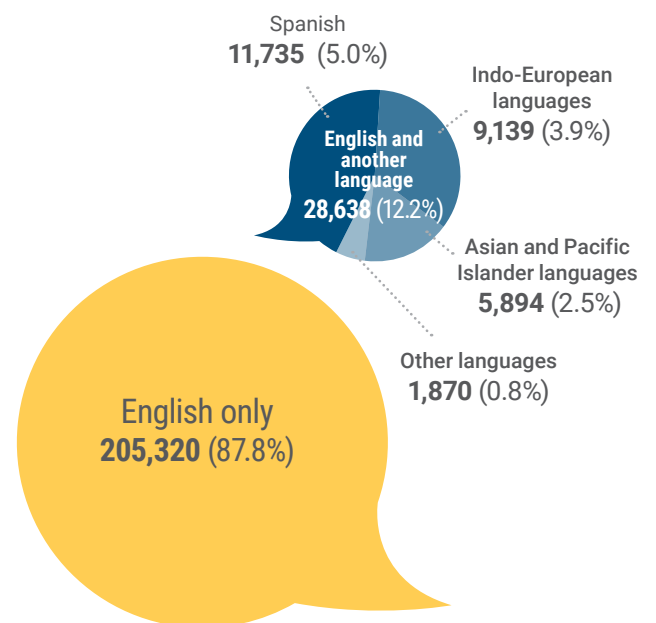


Scottsdale Population by Race and Ethnicity

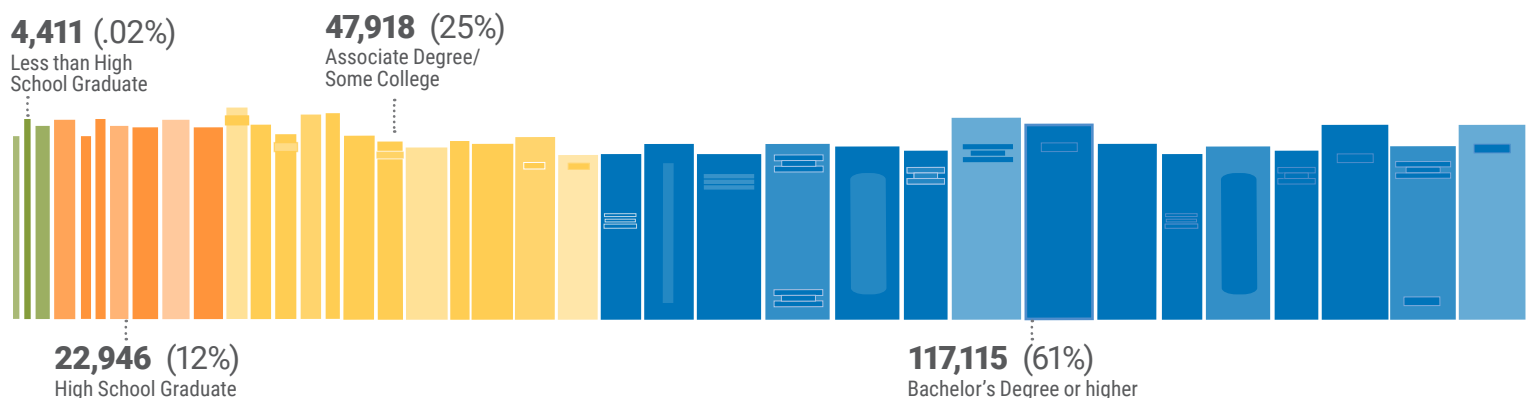


*Non-Hispanic or Latino

While most Scottsdale residents speak English, 1 in 5 can also speak another language.



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



7,451 employees

Healthcare and finance firms lead the list of top employers.

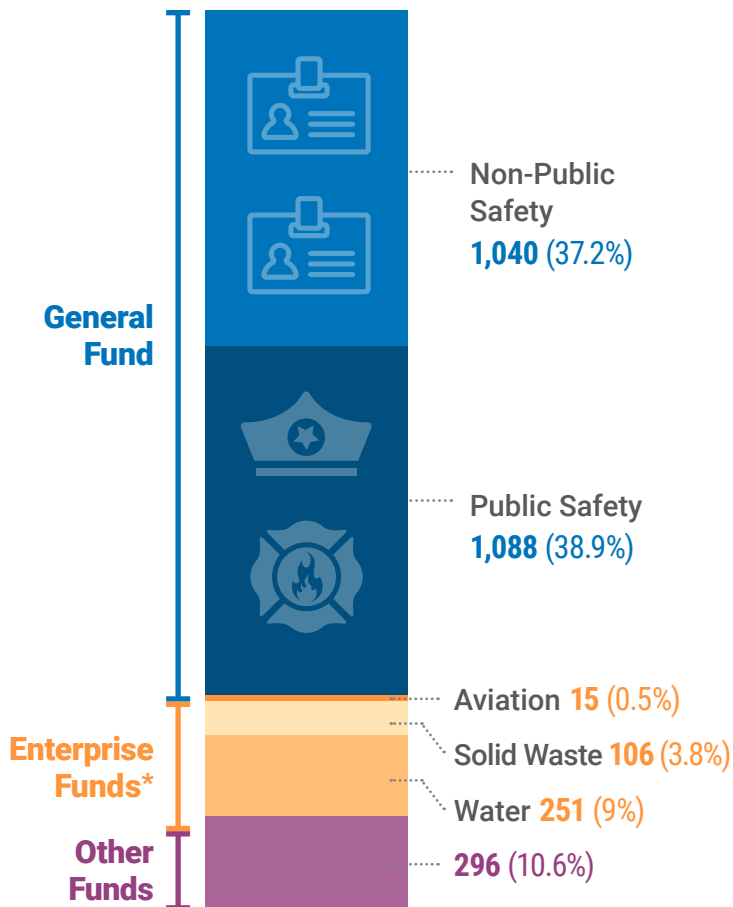
Source: City of Scottsdale Economic Development Department (2025)



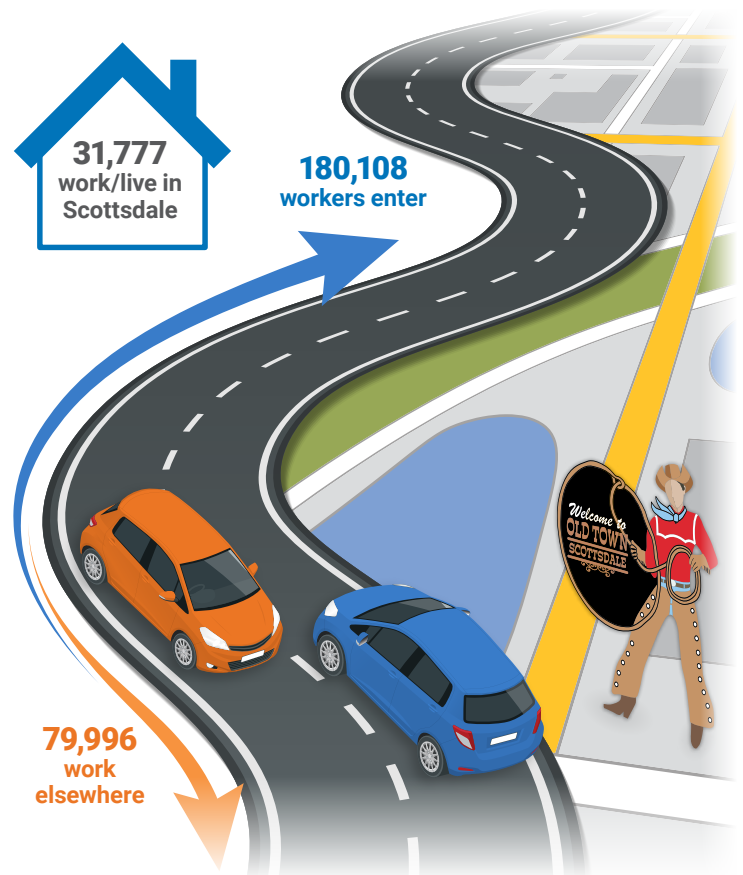
City of Scottsdale Full-time Employees and Their Funding Sources

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

Source: U.S. Census Inflow/Outflow Analysis



Scottsdale businesses and organizations have 211,885 employees



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

 To view additional demographic information, visit [ScottsdaleAZ.gov](https://www.ScottsdaleAZ.gov) and search "about"

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



FY 2025/26 Adopted Budget



EXECUTIVE SUMMARY

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2025/26. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

The adopted FY 2025/26 budget anticipates a decline in sales tax revenues compared to FY 2024/25, with gradual revenue growth occurring over the upcoming five years. Scottsdale's economy and tourism activities remain strong, however future economic conditions remain uncertain. Scottsdale will continue to ensure that the split between ongoing sustainable revenues and one-time revenues is appropriate.

The adopted FY 2025/26 budget is \$2.2 billion and represents an overall decrease of 4.0% from the FY 2024/25 budget.

CITY COUNCIL POLICY DECISIONS

The following are the major policy items included in the city's adopted FY 2025/26 budget:

- \$4.5 million General Fund for staffing for Phase II of the city's Ambulance Service.
- \$1.5 million to staff a second fire truck for Station 601.
- \$50.0 million General Fund for a one-time paydown of Public Safety Personnel Retirement System (PSPRS) pension liability.
- \$5.3 million for salary adjustments to align Police pay to the market.
- \$12.5 million for merit and market adjustments for employees.
- \$25.2 million in revenue from the newly-established 0.15% Park and Preserve sales tax, which was approved in November 2024 by voters.

STAFFING CHANGES

The city's total FTE count for FY 2025/26 is 2,796.90 which is a net increase of 96.45 FTE from the FY 2024/25 adopted budget.

There was a reduction of 1.71 FTE positions during FY 2024/25 after the budget was adopted and a total of 98.16 positions were added in the FY 2025/26 budget. The positions that were added in the FY 2025/26 budget were spread across departments with identified needs, including the following:

- Fire Department: An increase of 44.0 FTE positions to provide staffing for Phase II of the ambulance service, to restaff a fire truck for Fire Station 601, and to begin implementation of the new 0.15% Park and Preserve Tax.

Police Department: An increase of 22.0 FTE positions to add School Resource Officers, provide additional staffing in the Real Time Crime Center (RTCC), support the Criminal Intelligence Unit, provide support for records and evidence personnel, and to begin implementation of the new 0.15% Park and Preserve Tax.
- Parks and Recreation and Preserve: An increase of 9.01 FTE positions to begin implementation of the new 0.15% Park and Preserve tax, expand programming, and to reflect a change in city reporting structure.
- Transportation and Infrastructure: An increase of 7.25 FTE positions to bolster project management capabilities, provide necessary technical expertise and to reflect a change in city reporting structure.

All staffing changes are summarized in the Summary of FTE Changes Appendix that follows this Executive Summary.

HOW THE ADOPTED BUDGET WILL AFFECT CITIZENS' PROPERTY TAX RATES

The FY 2025/26 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 \$0.7 million for tort liability claim payments made during calendar year 2024.

For FY 2025/26, the city's total primary property tax levy of \$40.3 million is an increase of \$0.6 million over the FY 2024/25 levy of \$39.6 million. The FY 2024/25 primary property tax rate of \$0.4958 per \$100 of assessed valuation will decrease by \$0.0067 to \$0.4891 in FY 2025/26.

For FY 2024/25, the city's secondary property tax levy will increase by \$0.1 million from the FY 2024/25 adopted budget of \$34.8 million to \$34.9 million. The FY 2024/25 secondary tax rate of \$0.4358 will decrease by \$0.0125 to \$0.4233 per \$100 of assessed valuation in FY 2025/26.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2025/26, the city's total combined property tax levy decreased by approximately \$0.6 million from \$74.5 million in FY 2024/25 to \$75.1 million in FY 2025/26.

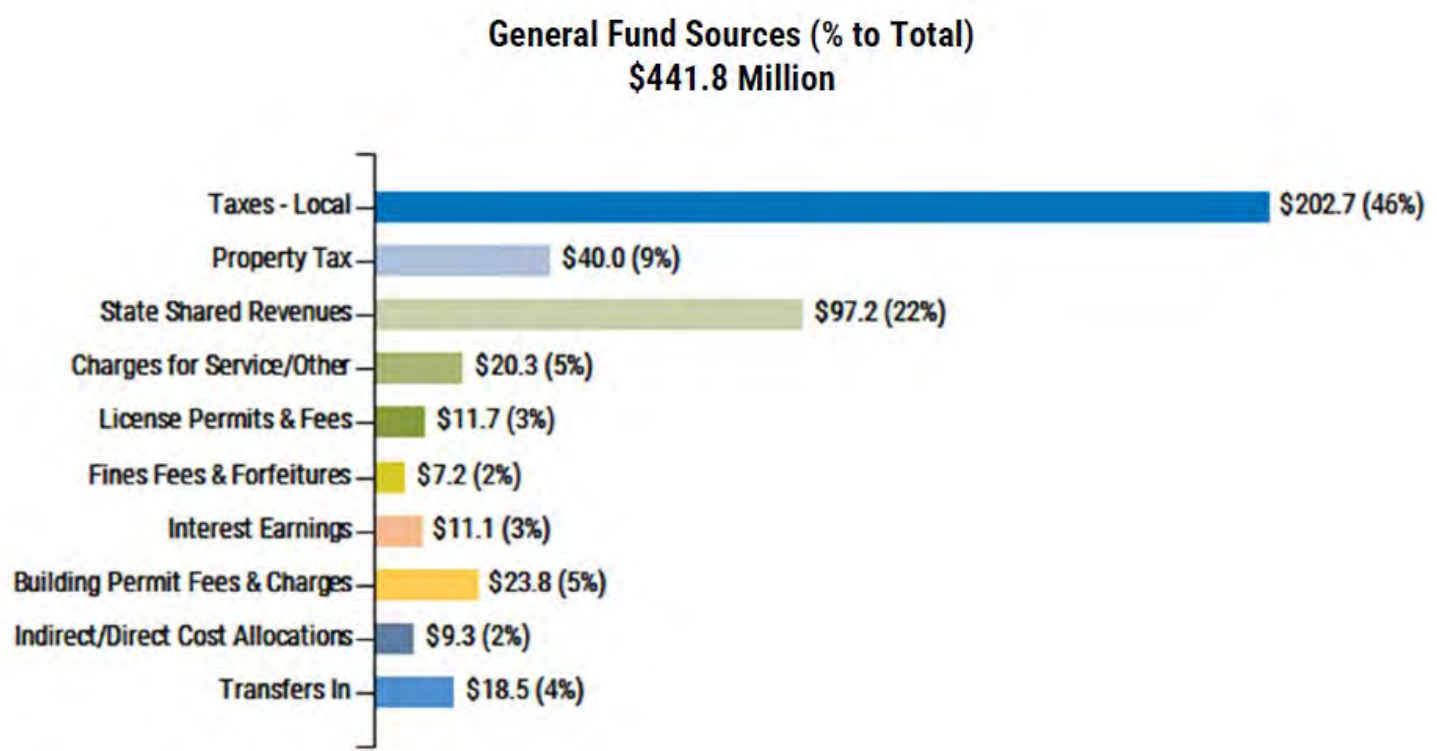
In FY 2025/26, citizen tax bills will reflect a combined property tax rate of \$0.9124, which is \$0.0192 less than the FY 2024/25 combined rate of \$0.9316. The management of the combined property tax rate is included in the city's adopted financial policies for debt management, which states that the 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 \$91.24 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.

FUND HIGHLIGHTS

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2025/26 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 2025/26 are \$441.8 million, approximately \$7.0 million more than the FY 2024/25 adopted budget. The following bar graph summarizes the major sources.



Note: Rounding differences may occur

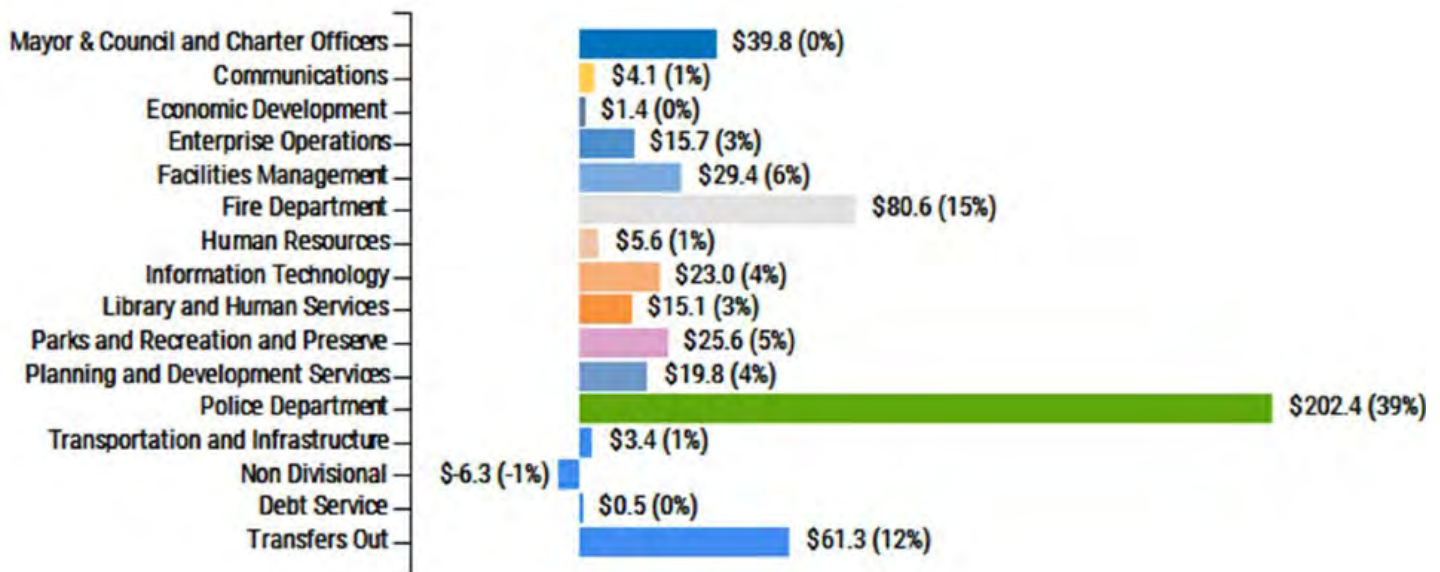
That total projected increase comes from a net of several different sources. Below highlights the sources contributing significantly to the change as compared to the FY 2024/25 adopted budget:

- \$5.2 million from a projected slight increase in anticipated general fund sales tax collections.
- \$0.2 million from projected Electric & Gas Franchise collections explained by higher electric usage and rates.
- \$4.0 million net reduction from the city’s proportionate slices of state shared income tax, sales tax, and vehicle license fees mostly due to the impact of a State imposed flat tax policy.
- \$2.0 million from increased Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- \$3.1 million for charges for services including WestWorld Equestrian Facility Fees based on anticipated events and establishing a more appropriate cost recovery formula used when developing WestWorld fees, intergovernmental revenue due to higher collections from the fire insurance premium tax, property rental, and other miscellaneous charges for service.
- \$4.5 million net reduction from interest earnings, due to anticipated spenddown of reserves.

GENERAL FUND – USES

The adopted FY 2025/26 General Fund uses budget is projected to be approximately \$521.1 million (not including contingency, reserves, and designations). The following bar graph provides a summary of the General Fund uses.

General Fund Uses (% to Total) \$521.1 Million



Note: Rounding differences may occur

Scottsdale is a people-powered service provider. As such, most expenses are related to funding for our high-performance workforce and providing pay and benefit packages that allow the city to retain and recruit employees. Significant personnel expenditures included in the adopted operating budget include:

- \$50.0 million General Fund for a one-time paydown of the PSPRS liability. This contribution will result in lower retirement contribution rates in future years.
- \$2.3 million General Fund for the citywide pay for performance program to eligible employees.
- \$5.0 million General Fund for the citywide market adjustment.
- \$4.7 million General Fund for personnel programs, which includes citywide pay programs, leave accrual, parental leave and vacation trade.

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

City Attorney:

- \$0.1 million to reclassify a temp worker to part-time.

City Clerk:

- \$0.6 million in one-time funding for a possible special election.

City Court:

- \$0.1 million to move a Deputy Court Administrator position to the General Fund from the Special Revenue Fund.

City Treasurer:

- \$0.3 million for software licensing needs.

Communication:

- \$0.2 million for the ADA Transition Plan.

Parks and Recreation and Preserve:

- \$0.2 million for the city's mowing contract.
- \$0.2 million for Leisure Education professional services.

Planning:

- \$0.6 million for the annual subscription fees for planning software.

Fire Department:

- \$4.5 million to launch Phase II of the city's ambulance service.
- \$1.5 million to restaff a fire truck at Station 601.
- \$0.5 million for the Fire Warehouse lease agreement.
- \$0.4 million for fleet vehicle upfitting.
- \$0.4 million for ballistic panel replacement.

Police Department:

- \$5.3 million for salary adjustments to align Police pay to the market.
- \$0.8 million to expand the Drone as First Responder Program within the Real Time Crime Center (RTCC).
- \$0.5 million to match patrol fleet vehicles to service needs.
- \$0.4 million for the city's municipal security contract.
- \$0.3 million for the automated license plate reader program.

GENERAL FUND ENDING BALANCE

The FY 2025/26 budget includes the following:

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

The FY 2025/26 Emergency and Operating Reserve is \$115.0 million.

Operating Contingency – Operating Contingency for FY 2025/26 is \$15.4 million of budget authorization if unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

PSPRS Pension Liabilities – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The FY 2025/26 PSPRS Pension Liabilities fund balance designation is \$26.7 million.

Development Agreements – Designation created in FY 2019/20 for eligible infrastructure reimbursements. The FY 2025/26 fund balance designation is \$16.2 million.

Facilities Repair/Replacement Reserve – Designation created to refer to contingency or reserve funds set aside specifically for the repair or replacement of city facilities. These funds are used only after all alternative budget funding sources have been fully considered. The FY 2025/26 Facilities Repair/Replacement Reserve is \$10.0 million.

Revenue Loss Reserve – Revenue Loss Reserve is a contingency established to offset unexpected decreases in revenue and are used when additional funds are needed to maintain service levels due to unforeseen revenue shortfalls, unanticipated grants or inadequately budgeted events that threaten public health or safety. The FY 2025/26 Revenue Loss Reserve is \$15.0 million.

General Fund Balance – General Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2025/26 ending fund balance is \$0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

SPECIAL REVENUE FUNDS

The city accounts for sources dedicated for specific purposes – by law or city policy – through Special Revenue Funds. There are six Special Revenue Funds – Transportation Fund, Preservation Fund, Park and Preserve Tax 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 funding for the Transportation Fund comes from the 1990 (0.20 percent) voter-approved sales tax, and partially from the state's Local Transportation Assistance Fund, which is funded from lottery proceeds, and it is distributed to cities and towns through an annual application process. Total sources are expected to be about \$56.9 million in FY 2025/26.

Uses total about \$61.5 million in FY 2025/26, of which \$37.1 million represents operating expenses. The operating expenses from the Transportation 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. \$24.4 million will be transferred to the Capital Improvement Plan to comply with the city's adopted Financial Policies regarding the use of the 1990 transportation sales tax and for 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 \$29.7 million in FY 2025/26. Approximately \$26.4 million will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2026, is expected to be \$151.4 million.

The **Park and Preserve Tax Fund** accounts for sources and uses related to the voter approved Proposition 490, which assesses a 0.15 percent transaction privilege and use tax for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve. Total sources are expected to be about \$25.2 million in FY 2025/26.

Revenues received into this fund will be transferred to a variety of funds per Ordinance 4633, after debt requirements are satisfied. The allocation of these revenues will be as follows:

- *Park Improvements Fund* – 51 percent
- *Preserve Maintenance Fund* – 18 percent
- *Park Maintenance Fund* – 14 percent
- *Fire Mitigation Fund* – 10 percent
- *Police Ranger Fund* – 7 percent

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 Police Department 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 FY 2025/26 budgeted revenue is \$37.3 million and budgeted expenditures are \$36.4 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 is projected to receive revenues of \$2.2 million in FY 2025/26, uses of \$4.3 million and a projected June 30, 2026 ending fund balance of \$3.9 million.

DEBT SERVICE FUND

The Debt Service Fund is designated for payment of long-term debt. Total sources are \$78.4 million for FY 2025/26.

The \$78.6 million budget for debt service payments in FY 2025/26 is approximately \$15.0 million less than the FY 2024/25 Adopted Budget.

ENTERPRISE FUNDS

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

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

- Increasing costs for raw water.
- Increasing electricity costs for water plan production, booster stations operations and other essential system power supply.
- Operating cost increases for personnel services and benefits.

Increases to base fees are proposed to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system. Increases to commodity rates are proposed to generate sufficient revenues to maintain the water fund as a self-sustaining enterprise, encourage efficient water use and urge conservation. Increased commodity rates are proposed for all tiers within both the residential and commercial rates.

Overall, the water and water reclamation base fees and commodity rate changes are forecasted to generate an annual revenue increase of approximately \$14.2 million. Water rate changes are effective on November 1, 2025, and water reclamation rates on July 1, 2025.

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, 2025, and are expected to generate approximately \$1.8 million in additional revenue. Revenue requirements for the Solid Waste Fund for FY 2025/26 were primarily impacted by inflationary effects, landfill and transfer disposal costs, and recycling market volatility and resulting costs.

Total Solid Waste Fund sources are expected to be about \$38.4 million, annual uses are expected to be \$36.9 million, and ending fund balance is projected to be \$11.8 million at the end of FY 2025/26.

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 \$11.0 million, annual uses are expected to be \$6.6 million, and ending fund balance is projected to be \$20.0 million at the end of FY 2025/26.

INTERNAL SERVICE FUNDS

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

The **Fleet Management Fund** accounts for the costs of operating and maintaining, all the city's vehicles, equipment, and other rolling stock. User departments are assessed maintenance and operation costs (\$10.9 million) and fuel costs (\$5.6 million). Fleet Management, in cooperation with the corresponding departments, 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 projected FY 2025/26 fund balance of about \$7.2 million represents funds previously collected for maintenance and operations that will be expended in future years.

The **Fleet Replacement Fund** accounts for all fleet acquisition and replacement activities. 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. Projected revenues into the fund are \$28.6 million with expenditures of \$27.1 million, leaving a projected ending fund balance in FY 2025/26 of \$1.6 million.

The **PC Replacement Fund** accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to city departments as an internal operating charge based on the quantity and type of hardware used. For FY 2025/26, user departments will be assessed estimated costs of \$1.0 million. The fund has projected expenditures of \$1.3 million, leaving an estimated FY 2025/26 ending fund balance of \$1.2 million.

The **Risk Management Fund** accounts for the activity related to the city's property, liability, and workers compensation programs. Total revenues into the fund are estimated at \$21.5 million; user departments pay \$20.1 million of this revenue through assessments. The estimated ending fund balance on June 30, 2026, of about \$34.7 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the governing body's (Loss Trust Fund Board) requirement to maintain a 75 percent confidence level in the actuarial assessment.

The **Healthcare Self Insurance Fund** accounts for the activity related to employee healthcare programs (medical and dental). The estimated \$44.1 million in healthcare expenditures from this fund is shared by the city, its employees and public safety disabled retirees. For FY 2025/26, the city's portion of the shared cost was set at a lower amount than needed to utilize fund balance. FY 2025/26 presents a \$4.0 million increase in uses compared to the FY 2024/25 adopted budget due to rising healthcare costs.

The projected FY 2025/26 ending fund balance of \$20.6 million includes: 1) a reserve for large claims beyond what was anticipated and for incurred but not reported claims; 2) an operating contingency used only for unforeseen emergencies; 3) a premium stabilization reserve to ensure revenue from premiums exceed medical and dental claims and administrative expenses paid by the healthcare plan; and 4) a healthcare self insurance fund balance which accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, the healthcare self insurance fund balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses.

GRANTS AND SPECIAL DISTRICTS FUNDS

Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the \$24.8 million of total grant funding there are three larger grants: Housing Choice Voucher Program (previously Section 8 Housing Grant) at \$10.8 million, the HOME Investment Partnership Grant at \$1.3 million, and the Community Development Block Grant (CDBG) at \$2.8 million. In addition to numerous identified smaller grants, the city includes \$4.0 million in the grant budget for anticipated and/or unidentified future grants. This gives the City Council the budget authority to accept and spend grant funds that are not specifically known at the time the budget is adopted. This practice also allows the city to comply with state budget laws regarding annual expenditure limits. The ending fund balance of the individual grants is carried forward to future periods, re-budgeted, and is available to be spent solely for the intended purposes.

A **Special Districts Fund** is used to account for the proceeds received from property owners in the city's 357 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources are estimated at \$0.6 million and uses are estimated at \$0.6 million for FY 2025/26. If an ending fund balance of the Special Districts Fund exists, it is carried forward to future periods and is available to be re-budgeted but must be spent solely for the intended purposes.

CAPITAL IMPROVEMENT PLAN

A separate, key component of the city's annual financial plan is the five-year Capital Improvement Plan (CIP) for infrastructure and public facilities – including roads, water and water reclamation improvements, parks, buildings and information technology. Projects

listed in the capital budget are funded by a combination of funding sources and typically take multiple years to complete. Some of the funding sources include the city's transportation sales tax; voter approved general obligation bonds (including Bond 2019), user fees, grants, Proposition 400 Regional Transportation Sales Tax, voter-approved Preservation Sales Tax, development impact fees and General Fund transfers. The city established a fund for each funding source to track the diverse resources used to pay for the acquisition or construction of major capital projects.

Below is a summary of the \$974.2 million capital budget highlights by program, along with some notable examples in each capital program area:

Community Facilities (\$93.3 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 9.6 percent of the CIP addresses the needs of this program. Significant Community Facilities projects during FY 2025/26 include the McCormick-Stillman Roundhouse; Scottsdale Stadium Renovations Phase 2; as well as the continuation and initiation of various Bond 2019 program projects. Some examples are the 42 - Add a Dog Park to Thompson Peak Park; 22 – Build New Swimming Pools and Replace Building at Cactus Pool; and 23 – Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash.

Preservation (\$11.8 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 1.2 percent of the CIP addresses this program. Significant preserve projects include a feasibility study for the Rio Verde Wildlife Crossing, trailhead improvements, and wildland fire prevention and safety improvements.

Drainage and Flood Control (\$38.5 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 4.0 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include various WestWorld projects, the Roosevelt Street Storm Drain project, the Villa Monterey Drainage Improvement project, and the Princess Drive Drainage project.

Public Safety (\$78.4 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 8.0 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as Renovate Fire Station 606; and various Bond 2019 program projects. Some examples are the 38-Build a New Fire Department Training Facility; 40 - Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand; 33-Renovate the Via Linda Police Station to Increase Efficiency and the 27 - Modernize and Expand the Police and Fire Training Facility.

Service Facilities (\$159.1 million) – addresses the goal of coordinating land use and infrastructure planning. These programs achieve this goal through the renovation of current facilities and technology necessary for the efficient and effective operations of the city. Approximately 16.3 percent of the CIP addresses this program. Service Facilities projects include Facilities Upgrade and Replacement Program; Network and Server Infrastructure Replacement Program; the continuation of the Enterprise Resource Planning System; and the continuation of various Bond 2019 program projects. Some examples are the 63-Build Parking Structures in Old Town Scottsdale and solar system installation and upgrade projects.

Transportation (\$261.8 million) – addresses multi-modal transportation needs. Approximately 26.9 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include various pedestrian improvements; Pavement Overlay Program; Pima Road: Dynamite Boulevard to Las Piedras; Scottsdale Road: Jomax Road to Dixileta Drive; Happy Valley Road: Pima Road to Alma School Road; Shea Boulevard Intersections: Arizona State Route 101 to 136th Street; Intelligent Transportation System Infrastructure and Network Improvements; and Kilo Ramp Rehabilitation.

Water Management (\$331.3 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 34.0 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the Greenway Hayden Loop Sewer Improvements, deep well recharge and recovery projects, as well the design and construction of multiple other projects to keep water treatment facilities functioning properly.

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

The budget continues the practice of leveraging one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees, excess interest) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. The FY 2025/26 budget transfers a total of \$48.8 million from the General Fund to the CIP.

CONCLUSION

The goal of this summary is to provide the reader with some key highlights that are most likely to be 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 (Department Operating Budget), and Volume Three (Capital Improvement Plan).

Summary of FTE Changes
FTE Changes from Prior Fiscal Year by Department

FY 2024/25 Adopted FTEs		2,700.45	
Department / Position Title	FY 2024/25 FTE Adjustment/ Reclassif.	FTE Changes	FY 2025/26 Net Change from FY 2024/25
MAYOR AND COUNCIL			
EXECUTIVE ASSISTANT		(1.00)	(1.00)
Subtotal	-	(1.00)	(1.00)
CITY ATTORNEY'S OFFICE			
DEPT SAFETY & TRAINING COORD	2.00	-	2.00
ASSISTANT CITY ATTORNEY I	-	0.63	0.63
Subtotal	2.00	0.63	2.63
CITY CLERK'S OFFICE			
MANAGEMENT ASSOCIATE		1.00	1.00
Subtotal	-	1.00	1.00
CITY COURT			
SOFTWARE ENGINEER SENIOR	-	1.00	1.00
Subtotal	-	1.00	1.00
CITY TREASURER'S OFFICE			
BID & CONTRACT ANALYST	-	1.00	1.00
DEPUTY BUDGET DIRECTOR	-	1.00	1.00
INTERN	-	0.50	0.50
Subtotal	-	2.50	2.50
COMMUNICATIONS			
COMMUNICATIONS SPECIALIST	1.63	-	1.63
COMMUNICATIONS SUPERVISOR	1.00	-	1.00
DIGITAL MEDIA DESIGNER	3.00	-	3.00
VIDEO PRODUCTION ASSISTANT	1.00	-	1.00
Subtotal	6.63	-	6.63
HUMAN RESOURCES			
HUMAN RESOURCES INTERN	0.50	-	0.50
HUMAN RESOURCES ANALYST SR.	1.00	-	1.00
HUMAN RESOURCES ASST DIRECTOR	-	1.00	1.00
HUMAN RESOURCES MANAGER	-	1.00	1.00
HUMAN RESOURCES SUPERVISOR	-	1.00	1.00
Subtotal	1.50	3.00	4.50
POLICE DEPARTMENT			
POLICE CIVILIAN INVESTIGATOR	-	1.00	1.00
POLICE COMMUNICATIONS DISPATCH	-	4.00	4.00
POLICE LIEUTENANT - (SWORN)	-	1.00	1.00
POLICE OFFICER - (SWORN)	-	4.00	4.00
POLICE OFFICER - PARK RANGER - (SWORN)	-	3.00	3.00
POLICE PROPERTY/EVIDENCE TECH	-	1.00	1.00
POLICE RECORDS SPECIALIST	-	1.00	1.00
POLICE RECORDS SUPERVISOR	-	1.00	1.00
POLICE RTCC SUPERVISOR	-	1.00	1.00
POLICE RTCC TECHNICIAN	-	4.00	4.00
POLICE SERGEANT - (SWORN)	-	1.00	1.00
Subtotal	-	22.00	22.00
FIRE DEPARTMENT			
AMBULANCE BILLING SPECIALIST	-	2.00	2.00
EMS TRAINING AND CERTIFICATION	-	1.00	1.00
FIRE CAPTAIN (56) - (SWORN)	-	8.00	8.00
FIRE ENGINEER (56) - (SWORN)	-	3.00	3.00
FIREFIGHTER (56) - (SWORN)	-	29.00	29.00
WILDLAND URBAN INTERFACE RISK	-	1.00	1.00
Subtotal	-	44.00	44.00
ENTERPRISE OPERATIONS			
OLD TOWN SPECIALIST	1.00	-	1.00
BUSINESS OPERATIONS MANAGER	1.00	-	1.00
SENIOR DIRECTOR ENTERPRISE OPERATIONS	1.00	-	1.00
ADMINISTRATIVE ASSISTANT	1.00	-	1.00
RECREATION LEADER I	(0.04)	-	(0.04)
RECREATION LEADER II	-	6.00	6.00
RECREATION LEADER SENIOR	-	1.00	1.00
Subtotal	3.96	7.00	10.96

Department / Position Title	FY 2024/25 FTE Adjustment/ Reclassif.	FTE Changes	FY 2025/26 Net Change from FY 2024/25
PLANNING AND DEVELOPMENT SERVICES			
CODE ENFORCEMENT ASSISTANT	(1.00)	-	(1.00)
Subtotal	(1.00)	-	(1.00)
LIBRARY & HUMAN SERVICES			
DEPT SAFETY & TRAINING COORD	(1.00)	-	(1.00)
INTERN	(0.01)	-	(0.01)
COMMUNICATIONS SPECIALIST	(1.63)	-	(1.63)
COMMUNICATIONS SUPERVISOR	(1.00)	-	(1.00)
DIGITAL MEDIA DESIGNER	(3.00)	-	(3.00)
VIDEO PRODUCTION ASSISTANT	(1.00)	-	(1.00)
EXECUTIVE DIRECTOR	(1.00)	-	(1.00)
EXECUTIVE ASSISTANT SR.	(1.00)	-	(1.00)
MANAGEMENT ANALYST	(1.00)	-	(1.00)
BUSINESS OPERATIONS MANAGER	(1.00)	-	(1.00)
SENIOR DIRECTOR ENTERPRISE OPERATIONS	(1.00)	-	(1.00)
HUMAN SERVICES DEPT DIRECTOR	(1.00)	-	(1.00)
SENIOR DIRECTOR LIBRARY & HUMAN SVCS	1.00	-	1.00
OTHER ADJUSTMENTS	(3.21)	-	(3.21)
HUMAN SERVICES CASE WORKER	-	(0.73)	(0.73)
HUMAN SERVICES SPECLIST	-	(0.50)	(0.50)
RECREATION LEADER II	-	1.00	1.00
Subtotal	(15.85)	(0.23)	(16.08)
PARKS & RECREATION & PRESERVE			
INTERN	0.01	-	0.01
SENIOR DIRECTOR PARKS & REC & PRESERVE	1.00	-	1.00
EXECUTIVE ASSISTANT SR.	1.00	-	1.00
MANAGEMENT ANALYST	1.00	-	1.00
ADMINISTRATIVE ASSISTANT	(1.00)	-	(1.00)
RECREATION LEADER I	0.04	-	0.04
MAINTENANCE TECHNICIAN	-	1.00	1.00
PARKS MAINTENANCE FOREMAN	-	1.00	1.00
URBAN FORESTER	-	1.00	1.00
PLANNER PRINCIPAL	-	1.00	1.00
LIFEGUARD/INSTRUCTOR	-	1.84	1.84
PUBLIC WORKS PROJECT COORD	-	1.00	1.00
RECREATION LEADER I	-	0.12	0.12
RECREATION LEADER II	-	0.58	0.58
MAINTENANCE WORKER II	-	1.47	1.47
Subtotal	2.05	9.01	11.06
FLEET MANAGEMENT			
FLEET MECHANIC	-	1.00	1.00
Subtotal	-	1.00	1.00
FACILITIES MANAGEMENT			
ELECTRICIAN	-	1.00	1.00
Subtotal	-	1.00	1.00
TRANSPORTATION AND INFRASTRUCTURE			
DEPT SAFETY & TRAINING COORD	(1.00)	-	(1.00)
CITY ENGINEER	(1.00)	-	(1.00)
SR DIRECTOR CITY ENGINEER	1.00	-	1.00
DEPT SYSTEMS ANALYST/PROG II	-	1.00	1.00
ITS SIGNALS TECH I	-	1.00	1.00
ITS SIGNALS TECH II	-	1.00	1.00
MANAGEMENT ANALYST	-	1.00	1.00
PROJECT MANAGER SENIOR	-	2.00	2.00
PUBLIC WORKS PROJECT COORD	-	1.00	1.00
PROJECT MANAGEMENT ASSISTANT	-	0.25	0.25
Subtotal	(1.00)	7.25	6.25
Total Change from Adopted FY 2024/25	(1.71)	98.16	96.45

FY 2025/26 Adopted FTEs	2,796.90
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City Manager's Office

3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

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

July 1, 2025

Honorable Mayor and City Council,

I am pleased to share the City of Scottsdale's final budget for Fiscal Year 2025/26, along with our five-year Capital Improvement Plan (CIP) covering FY 2025/26 through FY 2029/30.

The budget is balanced and delivers strong value for taxpayers. It is the financial plan for delivering essential city services and focuses on important community priorities. Special thanks go to the Budget Review Commission for their part in the budget development process, to the City Treasurer and her team, and to our department and division leaders who worked hard to fund City Council and organizational goals while keeping taxes and fees low and maintaining the high level of service residents expect.

For FY 2025/26, the total budget is \$2.204 billion. This includes:

- Operating Budget: \$1.230 billion (with contingencies)
- Capital Budget: \$974.2 million (with contingencies)

This represents a 4.0% decrease from last year's adopted budget of \$2.295 billion. The decrease is mainly due to expected lower sales tax revenues next year, which is the result of the state eliminating the residential rental tax and slower consumer spending caused by uncertain economic conditions. Sales tax revenues are projected to start growing again in FY 2026/27 and beyond.

The city's five-year Capital Improvement Plan totals \$2.20 billion, representing an important investment in the foundational infrastructure of our world-class community. That total includes:

- \$995.5 million for water and wastewater projects
- \$540.5 million for transportation projects
- \$213.9 million for service facilities
- \$177.2 million for community facilities
- \$113.2 million for public safety
- \$163.5 million for flood control and other projects

Staffing and Key Workforce Initiatives

The budget adds 98.16 new full-time equivalent positions to strengthen essential city services:

- 44 positions in the Fire Department to open Fire Station 608, expand ambulance service (phase II), and provide fire prevention, rescue, and emergency response.

- 22 positions in the Police Department for patrol, investigations, support services, and the Police Ranger program.
- 9.01 positions in Parks, Recreation, and Preserve.
- 7 positions in Enterprise Operations.
- 7.25 positions in Transportation and Infrastructure.
- 8.90 positions in other city departments.

Investing in these roles will improve emergency response times, enhance public safety, and maintain the quality of community services residents rely on.

The budget also continues the performance pay programs to help employees keep up with rising cost of living and ensure Scottsdale remains competitive in attracting and keeping talented staff. Additional funding is included to raise salaries in certain jobs to match market rates. Fair pay and strong benefits are essential for Scottsdale to remain an employer of choice in an increasingly competitive labor market.

A new revenue stream

The budget includes \$25.2 million in new revenue from the 0.15% Park and Preserve sales tax that voters approved in November 2024, provide important financial backing for key public safety and preservation initiatives. The funds will be used for park improvements and maintenance, upkeep in Scottsdale's McDowell Sonoran Preserve, and improved safety in the Preserve, city parks, and the wildland urban interface in the form of additional Police park rangers and Fire Department wildfire mitigation and technical rescue.

This new tax replaces the expiring 0.20% Preserve sales tax, which was used to buy land for the Preserve. As a result, the city's local sales tax rate drops from 1.75% to 1.70% starting July 1, 2025.

General Fund Expenditures

The General Fund operating budget (excluding transfers) for FY 2025/26 shows a net increase in spending of \$89.2 million from the previous year, driven largely by a one-time \$50 million payment to the Police Public Safety Retirement Plan System and \$5.3 million for salary adjustments to align employee pay to the market. Noteworthy General Fund expenditure changes in the Proposed 2025/26 Budget are highlighted below; additional detail about all changes can be found in the Department Operating sections.

Police Department

- \$50.0 million for a one-time PSPRS pension liability paydown.
- \$3.0 million to move operating capital funding from the CIP to the operating budget.
- \$0.9 million for the addition of 11 patrol vehicles and relevant upfitting costs (\$1.2 million all funds for 15 patrol vehicles)
- \$0.8 million for the addition of two Drone as First Responder operations.

- \$0.4 million for new software programs.
- \$0.4 million for providing municipal security at locations such as One Civic Center, City Hall, and Libraries.

Fire Department

- \$4.5 million for Phase II of the ambulance service including 25 FTE, medical exams, training, billing and dispatch contracts, equipment, and supplies.
- \$1.5 million to re-staff a second truck for Station 601 to include 15 FTE, medical exams, training, uniforms, and supplies.
- \$1.4 million to move operating capital funding from the CIP to the operating budget.
- \$0.5 million for the warehouse lease agreement and operating costs.
- \$0.4 million of one-time funding to properly upfit various fire apparatus vehicles.
- \$0.4 million of one-time funding to replace 250 ballistic vest panel inserts.
- \$0.4 million to support the new training facility.

Communications Department

- 0.2 million to carryover consultant services costs for developing the American Disability Act Transition Plan Phase I approved for FY 2024/25.

Other City Departments

- **Enterprise Operations** - \$0.4 million to fund a new strategic plan for Scottsdale Arts and an expected increase in the financial participation agreement with Scottsdale Arts.
- **Facilities Management** - \$0.7 million for inflationary cost increases for utilities.
- **Planning and Development Services** - \$0.6 million to cover subscription costs for planning/fire permitting, inspections, and code enforcement software.
- **Transportation and Infrastructure** - \$2.6 million to keep Capital Projects Management in the operating budget; and \$0.3 million for new project management software intended to improve efficiency and enhance data accuracy across capital projects.
- **Human Resources** - \$0.4 million to add 3.0 FTEs, which include a Human Resources Assistant Director, a Human Resources Manager to supervise employee training, and a Human Resources Supervisor oversee employee benefits.
- **Information Technology** - \$0.8 million to address increased cost in software and licensing subscriptions; \$0.7 million to fund an artificial intelligence initiative to enhance efficiency and improve service delivery; and \$0.4 million to fund additional cloud services.

Capital Improvement Program

The five-year Capital Improvement Plan (CIP) totals \$2.20 billion; the budget for FY 2025/26 is \$974.2 million including contingencies. The projects highlighted below address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

Capital project costs that do not have a dedicated funding source are funded by transfers from the General Fund. The total FY 2025/26 transfers to CIP from the General Fund operating budget is \$48.8 million.

Notable projects for FY 2025/26 are highlighted below. Please note that the amounts shown are the amounts budgeted for FY 2025/26 and may not reflect the total cost of the project.

- **Bond 2019 Program (FY2025/26: \$134.7 million)** - The voter approved Bond 2019 program supports important community infrastructure projects with a total of \$319 million in bond funds. To date, the city has completed 18 of these projects, and the FY2025/26 budget includes funding for additional Bond 2019 projects in various stages including expanding the Granite Reef Senior Center, repairing lakes and irrigation at Vista del Camino Park, and adding a dog park to Thompson Peak Park.
- **Pavement Overlay Program (FY 2025/26: \$43.0 million)** – Scottsdale’s streets and pavement require greater investment, and the CIP includes substantial funding for ongoing street pavement, public alley overlays, and all other associated improvements.
(Funding Source: Transportation 0.20% Sales Tax, HURF)
- **Old Town Beautification and Infrastructure Upgrades (FY 2025/26: \$2.0 million)** – Funds to design and build pedestrian improvements in Old Town Scottsdale.
(Funding Source: General Fund)
- **Brown Avenue Parking Structure (FY 2025/26: \$21.0 million)** – Funds to design and build an expansion of the Brown Avenue Parking Corral in Old Town Scottsdale (Brown Ave. between 1st and 2nd Streets). The new construction will provide approximately 374 to 395 public parking spaces, a net increase of 162 to 183 spaces depending on final design.
(Funding Sources: 2019 Bond)
- **Build New Parking Structure in the NE Quadrant (FY 2025/26: \$14.6 million)** – Funds to design and build a new parking garage in the northeast quadrant of Old Town Scottsdale (north and south of 6th Avenue, east of Wells Fargo Avenue and west of Civic Center Plaza. The new garage will provide approximately 272 public parking spaces, a net increase of 128 spaces over the current count of 144.
(Funding Sources: General Fund)

- **64th Street Canal Path Wall: Thomas Road to Indian School Road (FY 2025/26: \$0.6 million)**
– The concrete retaining wall along the Crosscut Canal between Thomas Road and Indian School Road requires repair.
(Funding Sources: Transportation 0.20% Sales Tax)
- **Scottsdale Road: Thompson Peak Parkway to Pinnacle Peak Road Phase II (FY 2025/26: \$0.9 million)** - This project will complete Scottsdale Road to the ultimate six-lane major arterial configuration including the major intersections at Thompson Peak Parkway, Deer Valley Road, Williams Drive, and Pinnacle Peak Road to improve safety, capacity and accessibility for vehicles, bicycles and pedestrians.
(Funding Sources: Regional Sales Tax - Arterial Life Cycle Program, Transportation 0.1% Sales Tax 2019)
- **Greenway Hayden Loop Sewer Improvements (FY 2025/26: \$21.6 million)** - This project replaces the 18-inch diameter sewer with a 21-inch diameter and a 30-inch diameter sewer to upsize capacity for current and future connections north of Frank Lloyd Wright Boulevard between Pima Road and Princess Drive.
(Funding Source: Water Reclamation Rates, Sewer Development fees, MPC Bonds)

Conclusion

The Fiscal Year 2025/26 budget provides a robust foundation for our municipal organization to continue delivering the world-class service our residents expect. I thank the City Council for their guidance and support in developing this critical plan. Special thanks also go to the City Treasurer's Office, budget staff, department liaisons, and all city employees who helped create it. We look forward to implementing this budget and serving the Scottsdale community in the months ahead.

Sincerely,



Greg Caton
City Manager

ORDINANCE NO. 4670

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF SCOTTSDALE FOR THE FISCAL YEAR BEGINNING JULY 1, 2025, AND ENDING JUNE 30, 2026, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE; ADOPTING THE FINAL FY 2025/2026 CLASSIFICATION PLAN AND JOB CLASSIFICATION PAY TABLE; AND AUTHORIZING OR APPROVING, AS APPLICABLE, CERTAIN SALARY ADJUSTMENTS INCLUDED IN THE FINAL BUDGET FOR CITY EMPLOYEES AND CHARTER OFFICERS AND SETTING THE SALARIES OF THE PRESIDING JUDGE AND ASSOCIATE JUDGES.

WHEREAS, in accordance with the provisions of Title 42, Chapter 17 of the Arizona Revised Statutes, and the Scottsdale City Charter, the City Council did, on May 20, 2025, make a budget estimate of the different amounts required to meet the public expenses for the fiscal year beginning July 1, 2025, and ending June 30, 2026 ("Fiscal Year 2025/2026"), an estimate of receipts from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Scottsdale, Arizona;

WHEREAS, following publication of notice as required by law, the City Council held a public hearing on June 10, 2025, at which any taxpayer could appear and be heard in favor of or against any proposed expenditure or property tax levy;

WHEREAS, following the public hearing, the City Council convened in a special meeting for purposes of finally determining and adopting the estimates of proposed expenditures, which estimates, when adopted, would constitute the budget of the City of Scottsdale for Fiscal Year 2025/2026;

WHEREAS, publication has been duly made, as required by law, of said budget estimates, together with a notice that the City Council will meet on June 24, 2025 for the purpose of assessing the primary and secondary property tax levies;

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

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

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

Section 1. Pursuant to the laws of the State of Arizona and the Scottsdale City Charter, the City Council hereby adopts Schedules A through G, as further described below, attached hereto as Exhibit 1 and incorporated herein by this reference in their entirety, as the Final Budget of the City of Scottsdale Fiscal Year 2025/2026:

Schedule A, Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2025/2026

Schedule B, Summary of Property Tax Levy and Property Tax Rate Information Fiscal Year 2025/2026

Schedule C, Summary by Fund of Revenues Other than Property Taxes Fiscal Year 2025/2026

Schedule D, Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers Fiscal Year 2025/2026

Schedule E, Summary by Division of Expenditures/Expenses Within Each Fund Type Fiscal Year 2025/2026

Schedule F, Summary by Division of Expenditures/Expenses Fiscal Year 2025/2026

Schedule G, Full-Time Employees and Personnel Compensation Fiscal Year 2025/2026

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

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

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

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

Section 6. Pursuant to Sections 14-20 through 14-24 of the Scottsdale Revised Code, the City Council hereby adopts the Final FY 2025/2026 Job Classification Plan and Job Classification Pay Table, which are on file with, and available for review at, the Office of the City Clerk.

Section 7. Further, all to become effective July 1, 2025, the City Council hereby (i) authorizes a two percent salary market adjustment for all job classifications except as specified in this section, a five percent step program for sworn Police and Fire personnel, and up to three percent salary merit increase for all eligible City employees based on performance, as reflected in the Fiscal Year 2025/2026 Final Budget and the Final FY 2025/2026 Job Classification Plan and Job Classification Pay Table; (ii) pursuant to Section 9-6 of the Scottsdale Revised Code, sets the salaries for the Presiding City Judge and the Associate Judges to increase their current

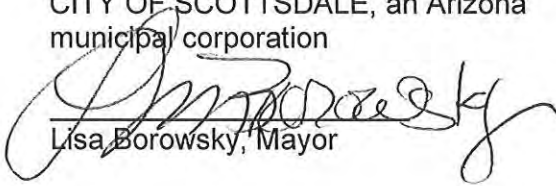
salaries as follows: a two percent salary market adjustment and an additional salary increase up to three percent but not to exceed the salary range for the position, and (iii) approves a two percent salary market adjustment for all other Charter Officers.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 10th day of June, 2025.

ATTEST:


Ben Lane, City Clerk

CITY OF SCOTTSDALE, an Arizona
municipal corporation


Lisa Borowsky, Mayor

APPROVED AS TO FORM:


Sherry R. Scott, City Attorney
By: William Hylen, Supervising Assistant City Attorney

CITY OF SCOTTSDALE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2025/2026
Schedule A

FUNDS											
Fiscal Year		SCH		General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Grants & Special Districts Funds	Enterprise Funds	Internal Service Funds	Total All Funds
2025	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	\$621,671,380	\$89,605,429	\$101,779,431	\$1,091,140,901	\$29,103,544	\$305,041,611	\$56,506,597	\$2,294,848,893
2025	Actual Expenditures/Expenses**	E	2	\$372,446,344	\$71,278,467	\$93,647,344	\$1,068,380,341	\$20,216,396	\$179,540,032	\$691,793	\$1,806,200,717
2026	Fund Balance/Net Position at July 1		3	\$278,056,759	\$234,753,596	\$8,861,572	\$644,982,625	\$0	\$148,734,222	\$78,247,217	\$1,393,635,991
2026	Primary Property Tax Levy	B	4	\$39,592,038	\$0	\$0	\$0	\$0	\$0	\$678,687	\$40,270,725
2026	Secondary Property Tax Levy	B	5	\$0	\$0	\$34,851,032	\$0	\$0	\$0	\$0	\$34,851,032
2026	Estimated Revenues Other than Property Taxes	C	6	\$391,093,472	\$179,140,277	\$0	\$234,300,299	\$24,217,205	\$278,421,293	\$12,421,949	\$1,119,594,495
2026	Other Financing Sources	D	7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	Other Financing (Uses)	D	8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2026	Interfund Transfers In	D	9	\$20,843,237	\$24,489,181	\$43,581,009	\$186,803,783	\$1,195,252	\$11,210,140	\$12,750,000	\$300,872,602
2026	Interfund Transfers (Out)	D	10	\$61,302,960	\$119,658,607	\$0	\$5,389,240	\$11,668	\$101,605,123	\$12,905,004	\$300,872,602
2026	Line 11: Reduction for Fund Balance Reserved for Future										
	Maintained for Future Debt Retirement										
	Maintained for Future Capital Projects		11								
	Maintained for Future Financial Stability										
2026	Total Financial Resources Available		12	\$708,742,269	\$413,893,873	\$43,712,604	\$879,282,924	\$24,217,205	\$427,155,515	\$91,347,853	\$2,588,352,243
2026	Budgeted Expenditures/Expenses	E	13	\$651,976,796	\$125,044,410	\$87,293,613	\$974,236,138	\$25,400,789	\$266,748,064	\$73,042,334	\$2,203,742,144

Expenditure Limitation Comparison

1. Budgeted expenditures/expenses
2. Add/subtract : estimated net reconciling items
3. Budgeted expenditures/expenses adjusted for reconciling items
4. Less: estimated exclusions
5. Amount subject to the expenditure limitation
6. EEC expenditure limitation

	2024/2025	2025/2026
1. Budgeted expenditures/expenses	\$2,294,848,905	\$2,203,742,144
2. Add/subtract : estimated net reconciling items	-	-
3. Budgeted expenditures/expenses adjusted for reconciling items	2,294,848,905	2,203,742,144
4. Less: estimated exclusions	(1,699,149,014)	(1,470,145,032)
5. Amount subject to the expenditure limitation	595,699,891	733,597,112
6. EEC expenditure limitation	613,422,568	880,771,880

*Includes expenditure adjustments approved in FY 2024/2025 from Schedule E.

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

CITY OF SCOTTSDALE
Summary of Property Tax Levy and Property Tax Rate Information
Fiscal Year 2025/2026
Schedule B

	Fiscal Year 2024/2025	Fiscal Year 2025/2026
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	<u>38,384,363</u>	<u>39,592,037</u>
2. Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	<u>-</u>	
3. Property tax levy amounts		
A. Primary property taxes (includes tort judgments)*	39,640,195	40,270,725
B. Secondary property taxes	34,839,617	34,851,032
C. Total property tax levy amounts	<u>74,479,812</u>	<u>75,121,757</u>
4. Property taxes collected**		
A. Primary property taxes		
(1) 2024/2025 levy	33,374,681	
(2) Prior years' levies	408,000	
(3) Total primary property taxes	<u>33,782,681</u>	
B. Secondary property taxes		
(1) 2024/2025 levy	29,741,038	
(2) Prior years' levies	-	
(3) Total secondary property taxes	<u>29,741,038</u>	
C. Total property taxes collected	<u>63,523,719</u>	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate	0.4958	0.4891
<u>Property tax judgement</u>		
(2) Secondary property tax rate	0.4358	0.4233
<u>Property tax judgement</u>		
(3) Total city tax rate	<u>0.9316</u>	<u>0.9124</u>

B. Special assessment district tax rates

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

* Does not include an additional \$416,160 in expected FY 2025/26 property tax revenue from preceding years; this anticipated revenue increases total FY 2025/26 property tax revenue to \$40,686,884.

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

CITY OF SCOTTSDALE
Summary by Fund of Revenues Other than Property Taxes
Fiscal Year 2025/2026
Schedule C

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
GENERAL FUND			
TAXES - LOCAL			
AMUSEMENT	\$0	\$3,294,528	\$3,195,354
AUTOMOTIVE	\$21,669,534	\$23,839,961	\$24,164,071
CONSTRUCTION	\$19,082,770	\$20,362,871	\$20,542,762
DINING/ENTERTNMNT	\$17,642,330	\$17,981,835	\$17,288,912
FOOD STORES	\$11,595,180	\$11,367,529	\$10,297,475
HOTEL/MOTEL	\$10,694,437	\$11,260,580	\$10,992,272
MAJOR DEPT STORES	\$13,255,768	\$13,523,557	\$13,475,587
MANUFACTURING	\$0	\$2,410,313	\$2,391,599
MISC RETAIL STORES	\$39,218,637	\$45,105,007	\$44,715,205
OTHER ACTIVITY	\$22,959,779	\$6,404,988	\$6,328,636
RENTAL	\$20,801,422	\$21,763,673	\$15,928,415
SERVICE WITH RETAIL	\$0	\$8,572,710	\$8,558,473
UTILITIES	\$6,082,669	\$6,257,645	\$6,415,547
WHOLESALE	\$0	\$3,852,611	\$3,902,456
ELECTRIC & GAS FRANCHISE	\$10,281,610	\$10,281,610	\$10,487,242
CABLE TV LICENSE FEE	\$3,328,440	\$3,112,678	\$2,894,791
SALT RIVER PROJECT IN LIEU	\$200,000	\$200,000	\$200,000
STORMWATER FEE	\$964,999	\$964,999	\$962,319
TOTAL TAXES - LOCAL	\$197,777,575	\$210,557,095	\$202,741,116
STATE SHARED REVENUES			
STATE SHARED SALES TAX	\$37,126,139	\$37,723,200	\$38,560,076
STATE SHARED INCOME TAX	\$51,842,004	\$51,990,692	\$46,243,346
AUTO LIEU TAX	\$12,283,924	\$12,283,924	\$12,401,290
TOTAL STATE SHARED REVENUES	\$101,252,067	\$101,997,816	\$97,204,712
CHARGES FOR SERVICE/OTHER			
WESTWORLD EQUESTRIAN FACILITY FEES	\$6,177,020	\$6,527,620	\$6,614,024
INTERGOVERNMENTAL AGREEMENTS	\$4,353,946	\$5,912,394	\$6,022,182
MISCELLANEOUS	\$1,077,095	\$1,551,295	\$1,787,411
PROPERTY RENTAL	\$5,640,969	\$5,640,969	\$5,924,773
TOTAL CHARGES FOR SERVICE/OTHER	\$17,249,030	\$19,632,278	\$20,348,390
LICENSE PERMITS & FEES			
BUSINESS & LIQUOR LICENSES	\$2,667,130	\$2,706,130	\$2,669,037
FIRE CHARGES FOR SERVICES	\$7,205,507	\$4,494,464	\$10,793,194
RECREATION FEES	\$5,607,476	\$5,692,476	\$6,009,970
TOTAL LICENSE PERMITS & FEES	\$15,480,113	\$12,893,070	\$19,472,201

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
FINES FEES & FORFEITURES			
COURT FINES	\$4,094,429	\$4,094,429	\$4,113,661
LIBRARY	\$42,868	\$42,868	\$43,726
PARKING FINES	\$261,000	\$261,000	\$261,000
PHOTO RADAR	\$2,644,511	\$2,644,511	\$2,644,511
JAIL DORMITORY	\$146,880	\$146,880	\$149,818
TOTAL FINES FEES & FORFEITURES	\$7,189,688	\$7,189,688	\$7,212,716
INTEREST EARNINGS			
INTEREST EARNINGS	\$15,593,866	\$14,943,866	\$11,103,081
TOTAL INTEREST EARNINGS	\$15,593,866	\$14,943,866	\$11,103,081
BUILDING PERMIT FEES & CHARGES			
BUILDING & RELATED PERMITS	\$21,769,857	\$21,519,857	\$23,752,610
TOTAL BUILDING PERMIT FEES & CHARGES	\$21,769,857	\$21,519,857	\$23,752,610
INDIRECT/DIRECT COST ALLOCATIONS			
INDIRECT COSTS	\$8,786,469	\$8,786,469	\$8,796,368
DIRECT COST ALLOCATION (FIRE)	\$440,265	\$440,265	\$462,278
TOTAL INDIRECT/DIRECT COST ALLOCATIONS	\$9,226,734	\$9,226,734	\$9,258,646
TOTAL GENERAL FUND	\$385,538,930	\$397,960,404	\$391,093,472
SPECIAL REVENUE FUNDS			
PARK AND PRESERVE TAX FUNDS			
AMUSEMENT	\$0	\$0	\$434,231
AUTOMOTIVE	\$0	\$0	\$3,283,772
CONSTRUCTION	\$0	\$0	\$2,791,654
DINING/ENTERTNMNT	\$0	\$0	\$2,349,473
FOOD STORES	\$0	\$0	\$1,399,373
HOTEL/MOTEL	\$0	\$0	\$1,498,946
MAJOR DEPT STORES	\$0	\$0	\$1,831,262
MANUFACTURING	\$0	\$0	\$325,006
MISC RETAIL STORES	\$0	\$0	\$6,076,565
OTHER ACTIVITY	\$0	\$0	\$494,097
RENTAL	\$0	\$0	\$2,164,589
SERVICE WITH RETAIL	\$0	\$0	\$1,163,051
UTILITIES	\$0	\$0	\$871,839
WHOLESALE	\$0	\$0	\$530,323
TOTAL PARK AND PRESERVE TAX FUNDS	\$0	\$0	\$25,214,181

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
PRESERVATION FUNDS			
AMUSEMENT	\$0	\$0	\$434,231
AUTOMOTIVE	\$6,894,851	\$11,031,948	\$3,283,776
CONSTRUCTION	\$6,071,791	\$6,071,791	\$2,791,654
DINING/ENTERTNMNT	\$5,613,468	\$5,613,468	\$2,349,473
FOOD STORES	\$3,689,376	\$3,689,376	\$1,399,373
HOTEL/MOTEL	\$3,402,775	\$3,402,775	\$1,498,946
MAJOR DEPT STORES	\$4,217,745	\$4,217,745	\$1,831,262
MANUFACTURING	\$0	\$0	\$325,006
MISC RETAIL STORES	\$12,478,658	\$12,478,658	\$6,076,565
OTHER ACTIVITY	\$6,437,240	\$6,437,240	\$494,097
RENTAL	\$6,618,635	\$6,618,635	\$2,164,589
SERVICE WITH RETAIL	\$0	\$0	\$1,163,051
UTILITIES	\$1,935,395	\$1,935,395	\$871,839
WHOLESALE	\$0	\$0	\$530,323
INTEREST EARNINGS	\$4,901,570	\$4,901,570	\$4,436,344
TOTAL PRESERVATION FUNDS	\$62,261,504	\$66,398,601	\$29,650,529
TRANSPORTATION FUND			
AMUSEMENT	\$0	\$520,734	\$578,975
AUTOMOTIVE	\$3,672,200	\$3,694,369	\$4,378,362
CONSTRUCTION	\$3,455,900	\$3,455,900	\$3,722,207
DINING/ENTERTNMNT	\$3,193,700	\$3,193,700	\$3,132,632
FOOD STORES	\$2,102,900	\$2,102,900	\$1,865,831
HOTEL/MOTEL	\$1,937,400	\$1,937,400	\$1,998,595
MAJOR DEPT STORES	\$2,343,200	\$2,343,200	\$2,441,685
MANUFACTURING	\$0	\$423,099	\$433,342
MISC RETAIL STORES	\$6,947,100	\$9,379,136	\$8,102,084
OTHER ACTIVITY	\$3,254,600	\$488,192	\$658,799
RENTAL	\$3,771,400	\$3,771,400	\$2,886,120
SERVICE WITH RETAIL	\$0	\$1,269,293	\$1,550,735
UTILITIES	\$1,041,500	\$1,041,500	\$1,162,452
WHOLESALE	\$0	\$553,282	\$707,098
HIGHWAY USER TAX	\$19,344,049	\$19,344,049	\$19,537,489
LOCAL TRANSPORTATION ASSISTANCE FUND	\$610,000	\$610,000	\$610,000
INTERGOVERNMENTAL AGREEMENTS	\$89,556	\$89,556	\$221,734
MISCELLANEOUS	\$31,200	\$31,200	\$12,100
PROPERTY RENTAL	\$5,844	\$5,844	\$5,844
INTEREST EARNINGS	\$3,747,159	\$3,747,159	\$2,942,285
TOTAL TRANSPORTATION FUND	\$55,547,708	\$58,001,913	\$56,948,369
TOURISM DEVELOPMENT FUND			
TRANSIENT OCCUPANCY TAX	\$31,561,346	\$33,805,485	\$33,000,000
MISCELLANEOUS	\$25,000	\$25,000	\$15,000
PROPERTY RENTAL	\$3,245,605	\$3,245,605	\$3,657,800
INTEREST EARNINGS	\$687,414	\$687,414	\$592,737
TOTAL TOURISM DEVELOPMENT FUND	\$35,519,365	\$37,763,504	\$37,265,537

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
SPECIAL PROGRAMS FUND			
ELECTRIC & GAS FRANCHISE	\$265,000	\$265,000	\$265,000
STORMWATER FEE - CIP	\$7,896,004	\$7,896,004	\$7,868,373
WESTWORLD EQUESTRIAN FACILITY FEES	\$1,233,438	\$1,233,438	\$1,286,364
INTERGOVERNMENTAL AGREEMENTS	\$503,937	\$503,937	\$206,822
MISCELLANEOUS	\$5,070,037	\$5,125,111	\$7,689,029
PROPERTY RENTAL	\$282,651	\$282,651	\$1,185,346
CONTRIBUTIONS & DONATIONS	\$1,093,133	\$1,093,133	\$1,105,772
BUSINESS & LIQUOR LICENSES	\$50,160	\$50,160	\$50,160
RECREATION FEES	\$3,255,853	\$3,255,853	\$4,963,254
COURT FINES	\$2,611,154	\$2,611,154	\$2,618,654
LIBRARY	\$117,300	\$117,300	\$119,646
POLICE FEES	\$95,400	\$95,400	\$95,400
INTEREST EARNINGS	\$236,834	\$236,834	\$256,648
BUILDING & RELATED PERMITS	\$415,663	\$415,663	\$126,120
INDIRECT/DIRECT COST ALLOCATIONS	\$0	\$0	\$20,000
TOTAL SPECIAL PROGRAMS FUND	\$23,126,564	\$23,181,638	\$27,856,588
STADIUM FACILITY FUND			
MISCELLANEOUS	\$288,441	\$288,441	\$294,210
PROPERTY RENTAL	\$1,049,798	\$1,049,798	\$1,005,598
CONTRIBUTIONS & DONATIONS	\$726,950	\$726,950	\$725,000
INTEREST EARNINGS	\$187,963	\$187,963	\$180,265
TOTAL STADIUM FACILITY FUND	\$2,253,152	\$2,253,152	\$2,205,073
TOTAL SPECIAL REVENUE FUNDS	\$178,708,293	\$187,598,808	\$179,140,277
GRANTS & SPECIAL DISTRICTS FUNDS			
SPECIAL DISTRICTS FUND			
STREETLIGHT DISTRICTS	\$570,133	\$570,133	\$579,465
TOTAL SPECIAL DISTRICTS FUND	\$570,133	\$570,133	\$579,465
GRANT FUNDS			
MISCELLANEOUS	\$573,919	\$573,919	\$602,615
PROPERTY RENTAL	\$65,651	\$65,651	\$67,100
CONTRIBUTIONS & DONATIONS	\$3,696,252	\$3,696,252	\$2,647,107
FEDERAL GRANTS	\$22,531,760	\$22,531,760	\$19,447,166
STATE GRANTS	\$1,686,953	\$1,686,953	\$873,752
TOTAL GRANT FUNDS	\$28,554,535	\$28,554,535	\$23,637,740
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$29,124,668	\$29,124,668	\$24,217,205

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
CAPITAL IMPROVEMENT PROJECT FUNDS			
ESTIMATED UNEXPENDED PRIOR YEAR	\$0	\$0	\$0
AMUSEMENT	\$0	\$0	\$289,488
AUTOMOTIVE	\$1,970,000	\$1,970,000	\$2,189,180
CONSTRUCTION	\$1,734,800	\$1,734,800	\$1,861,102
DINING/ENTERTNMNT	\$1,603,700	\$1,603,700	\$1,566,315
FOOD STORES	\$1,054,100	\$1,054,100	\$932,916
HOTEL/MOTEL	\$1,853,600	\$1,853,600	\$999,297
MAJOR DEPT STORES	\$1,205,100	\$1,205,100	\$1,220,841
MANUFACTURING	\$0	\$0	\$216,671
MISC RETAIL STORES	\$3,565,300	\$3,565,300	\$4,051,043
OTHER ACTIVITY	\$1,839,200	\$1,839,200	\$329,400
RENTAL	\$1,876,800	\$1,876,800	\$1,443,058
SERVICE WITH RETAIL	\$0	\$0	\$775,368
UTILITIES	\$525,200	\$525,200	\$581,226
WHOLESALE	\$0	\$0	\$353,548
OTHER WATER REVENUE	\$8,250,000	\$8,250,000	\$11,000,000
OTHER WATER RECLAMATION REVENUE	\$6,150,000	\$6,150,000	\$7,900,000
NON-POTABLE WATER SERVICE CHARGES	\$2,100,000	\$2,100,000	\$2,100,000
INTERGOVERNMENTAL AGREEMENTS	\$29,598,502	\$29,598,502	\$111,167,850
CONTRIBUTIONS & DONATIONS	\$2,454,955	\$2,454,955	\$0
INTEREST EARNINGS	\$10,151,780	\$10,151,780	\$6,065,689
BUILDING & RELATED PERMITS	\$65,000	\$95,619	\$75,000
FEDERAL GRANTS	\$7,237,384	\$7,237,384	\$29,182,307
BOND PROCEEDS	\$240,000,000	\$210,000,000	\$50,000,000
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	\$323,235,421	\$293,266,040	\$234,300,299
ENTERPRISE FUNDS			
AVIATION FUND			
JET FUEL	\$233,000	\$233,000	\$259,461
AIRPORT FEES	\$8,958,864	\$9,208,864	\$9,391,985
PROPERTY RENTAL	\$191,458	\$191,458	\$196,493
INTEREST EARNINGS	\$448,314	\$448,314	\$577,458
TOTAL AVIATION FUND	\$9,831,636	\$10,081,636	\$10,425,397
WATER & WATER RECLAMATION FUNDS			
STORMWATER FEE	\$338,612	\$338,612	\$339,642
WATER SERVICE FEES	\$135,292,948	\$135,292,948	\$142,943,240
SEWER SERVICE FEES	\$55,625,122	\$55,625,122	\$60,413,477
NON-POTABLE WATER SERVICE CHARGES	\$16,760,212	\$16,760,212	\$18,676,089
MISCELLANEOUS	\$5,185,203	\$5,185,203	\$3,141,964
PROPERTY RENTAL	\$221,851	\$221,851	\$232,679
CONTRIBUTIONS & DONATIONS	\$5,500	\$5,500	\$9,000
INTEREST EARNINGS	\$4,383,299	\$4,383,299	\$2,426,151
FEDERAL GRANTS	\$0	\$0	\$492,914
INDIRECT COSTS	\$818,408	\$818,408	\$919,905
TOTAL WATER & WATER RECLAMATION FUNDS	\$218,631,155	\$218,631,155	\$229,595,061

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
SOLID WASTE FUND			
SOLID WASTE SERVICE CHARGES - COMMERCIAL	\$4,635,583	\$4,635,583	\$4,669,583
SOLID WASTE SERVICE CHARGES - RESIDENTIAL	\$31,832,858	\$31,832,858	\$33,431,829
INTEREST EARNINGS	\$339,971	\$339,971	\$299,423
TOTAL SOLID WASTE FUND	\$36,808,412	\$36,808,412	\$38,400,835
TOTAL ENTERPRISE FUNDS	\$265,271,203	\$265,521,203	\$278,421,293
INTERNAL SERVICE FUNDS			
PC REPLACEMENT FUND			
INTERNAL SERVICE OFFSETS	(\$950,007)	(\$950,007)	(\$1,010,659)
PC REPLACEMENT	\$950,007	\$950,007	\$1,010,659
TOTAL PC REPLACEMENT FUND	\$0	\$0	\$0
SELF INSURANCE FUNDS - HEALTH			
INTERNAL SERVICE OFFSETS	(\$29,452,240)	(\$29,452,240)	(\$31,171,221)
DISABLED RETIREE CONTRIBUTIONS	\$205,434	\$185,992	\$213,497
EMPLOYEE CONTRIBUTIONS - DENTAL	\$807,431	\$776,226	\$792,527
EMPLOYEE CONTRIBUTIONS - MEDICAL	\$8,208,052	\$8,674,260	\$9,192,108
EMPLOYER CONTRIBUTION - DENTAL	\$962,436	\$874,767	\$893,137
EMPLOYER CONTRIBUTION - MEDICAL	\$28,489,804	\$29,544,434	\$30,278,084
MISCELLANEOUS	\$253,122	\$291,748	\$305,184
TOTAL SELF INSURANCE FUNDS - HEALTH	\$9,474,039	\$10,895,187	\$10,503,316
SELF INSURANCE FUNDS - RISK			
INTERNAL SERVICE OFFSETS	(\$18,857,984)	(\$18,857,984)	(\$20,105,408)
SELF INSURANCE (PROPERTY AND WORKERS COMP)	\$18,803,303	\$18,803,303	\$20,050,923
UNEMPLOYMENT CLAIMS	\$54,681	\$54,681	\$54,485
MISCELLANEOUS	\$290,000	\$480,000	\$240,000
REIMBURSEMENTS FROM OUTSIDE SOURCES	\$525,000	\$525,000	\$525,000
TOTAL SELF INSURANCE FUNDS - RISK	\$815,000	\$1,005,000	\$765,000

Source of Revenues	Budgeted Revenues 2024/2025	Actual Revenues 2024/2025*	Adopted Revenues 2025/2026
FLEET FUNDS			
FUEL	\$6,019,338	\$4,019,338	\$5,576,328
MAINTENANCE & OPERATIONS	\$8,850,827	\$9,850,827	\$10,923,737
RENTAL RATES	\$15,158,258	\$15,158,258	\$15,494,758
MISCELLANEOUS	\$482,128	\$482,128	\$574,721
REIMBURSEMENTS FROM OUTSIDE SOURCES	\$567,561	\$567,561	\$578,912
INTERNAL SERVICE OFFSETS	(\$29,928,423)	(\$29,928,423)	(\$31,994,823)
TOTAL FLEET FUNDS	<u>\$1,149,689</u>	<u>\$149,689</u>	<u>\$1,153,633</u>
TOTAL INTERNAL SERVICE FUNDS	<u>\$11,438,728</u>	<u>\$12,049,876</u>	<u>\$12,421,949</u>
TOTAL ALL FUNDS	<u>\$1,193,317,243</u>	<u>\$1,185,520,999</u>	<u>\$1,119,594,495</u>

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

CITY OF SCOTTSDALE
Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2025/2026
Schedule D

Fund	Other Financing Sources/(Uses) 2025/2026	Adopted Interfund Transfers 2025/2026	
		IN	OUT
GENERAL FUND			
GENERAL FUND	\$0	\$20,843,237	\$61,302,960
TOTAL GENERAL FUND	<u>\$0</u>	<u>\$20,843,237</u>	<u>\$61,302,960</u>
GRANTS & SPECIAL DISTRICTS FUNDS			
GRANT FUNDS	\$0	\$1,192,098	\$11,668
SPECIAL DISTRICTS FUND	\$0	\$3,154	\$0
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	<u>\$0</u>	<u>\$1,195,252</u>	<u>\$11,668</u>
SPECIAL REVENUE FUNDS			
PARK AND PRESERVE TAX FUNDS	\$0	\$24,489,181	\$30,176,957
PRESERVATION FUNDS	\$0	\$0	\$38,156,235
SPECIAL PROGRAMS FUND	\$0	\$0	\$13,100,508
STADIUM FACILITY FUND	\$0	\$0	\$1,660,000
TOURISM DEVELOPMENT FUND	\$0	\$0	\$12,155,450
TRANSPORTATION FUND	\$0	\$0	\$24,409,457
TOTAL SPECIAL REVENUE FUNDS	<u>\$0</u>	<u>\$24,489,181</u>	<u>\$119,658,607</u>
DEBT SERVICE FUNDS			
DEBT	\$0	\$43,581,009	\$0
TOTAL DEBT SERVICE FUNDS	<u>\$0</u>	<u>\$43,581,009</u>	<u>\$0</u>
CAPITAL IMPROVEMENT PROJECT FUNDS			
CAPITAL IMPROVEMENT PROGRAM	\$0	\$186,803,783	\$5,389,240
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	<u>\$0</u>	<u>\$186,803,783</u>	<u>\$5,389,240</u>
ENTERPRISE FUNDS			
AVIATION FUND	\$0	\$0	\$156,774
SOLID WASTE FUND	\$0	\$0	\$2,415,605
WATER & WATER RECLAMATION FUNDS	\$0	\$11,210,140	\$99,032,744
TOTAL ENTERPRISE FUNDS	<u>\$0</u>	<u>\$11,210,140</u>	<u>\$101,605,123</u>
INTERNAL SERVICE FUNDS			
FLEET FUNDS	\$0	\$12,600,000	\$12,788,833
SELF INSURANCE FUNDS - HEALTH	\$0	\$150,000	\$0
SELF INSURANCE FUNDS - RISK	\$0	\$0	\$116,171
TOTAL INTERNAL SERVICE FUNDS	<u>\$0</u>	<u>\$12,750,000</u>	<u>\$12,905,004</u>
TOTAL ALL FUNDS	<u>\$0</u>	<u>\$300,872,602</u>	<u>\$300,872,602</u>

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2025/2026
Schedule E

Fund/Departments	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
GENERAL FUND				
MAYOR AND CITY COUNCIL	\$1,228,149	\$2,004	\$1,230,153	\$1,106,449
CITY ATTORNEY'S OFFICE	\$9,016,837	\$19,752	\$9,036,589	\$9,924,074
CITY AUDITOR'S OFFICE	\$1,420,460	(\$46,950)	\$1,373,510	\$1,379,751
CITY CLERK'S OFFICE	\$1,457,536	(\$8,046)	\$1,449,490	\$1,953,342
CITY COURT	\$6,095,604	\$64,969	\$6,160,573	\$6,602,524
CITY MANAGER'S OFFICE	\$3,716,297	(\$75,462)	\$3,640,835	\$4,195,146
CITY TREASURER'S OFFICE	\$13,642,181	(\$174,576)	\$13,467,605	\$14,589,951
COMMUNICATIONS	\$3,392,813	\$258,858	\$3,651,671	\$4,119,065
ECONOMIC DEVELOPMENT	\$1,351,146	(\$15,423)	\$1,335,723	\$1,385,527
ENTERPRISE OPERATIONS	\$15,065,688	\$2,302,844	\$17,368,532	\$15,655,532
FACILITIES MANAGEMENT	\$28,978,091	(\$1,048,519)	\$27,929,572	\$29,395,932
FIRE DEPARTMENT	\$72,920,941	\$285,976	\$73,206,917	\$90,648,047
HUMAN RESOURCES	\$4,461,683	\$13,214	\$4,474,897	\$5,569,163
INFORMATION TECHNOLOGY	\$20,361,688	(\$98,620)	\$20,263,068	\$22,979,657
LIBRARY & HUMAN SERVICES	\$17,342,593	(\$75,965)	\$17,266,628	\$15,123,175
PARKS & RECREATION & PRESERVE	\$24,301,616	(\$234,733)	\$24,066,883	\$25,563,598
PLANNING AND DEVELOPMENT SERVICES	\$18,762,507	\$320,341	\$19,082,848	\$19,759,172
POLICE DEPARTMENT	\$136,918,706	(\$780,957)	\$136,137,749	\$202,386,619
TRANSPORTATION AND INFRASTRUCTURE	\$1,041,947	(\$32,562)	\$1,009,385	\$3,401,633
DEBT SERVICE	\$458,404	\$0	\$458,404	\$481,324
ESTIMATED DIVISION SAVINGS	(\$10,773,000)	(\$2,191,688)	(\$12,964,688)	(\$11,000,000)
PERSONNEL PROGRAMS	\$5,252,571	(\$2,452,571)	\$2,800,000	\$4,700,442
CONTINGENCY / RESERVE APPROPRIATION	\$245,256,922	\$16,051,994	\$0	\$182,056,673
TOTAL GENERAL FUND	\$621,671,380	\$12,083,880	\$372,446,344	\$651,976,796
TOTAL GENERAL FUND	\$621,671,380	\$12,083,880	\$372,446,344	\$651,976,796
GRANTS & SPECIAL DISTRICTS FUNDS				
GRANT FUNDS				
MAYOR AND CITY COUNCIL	\$0	\$0	\$0	\$5,000
COMMUNICATIONS	\$1,072,040	(\$300,000)	\$772,040	\$812,090
ECONOMIC DEVELOPMENT	\$0	\$0	\$0	\$10,000
FIRE DEPARTMENT	\$101,000	\$1,028,450	\$1,129,450	\$0
LIBRARY & HUMAN SERVICES	\$15,955,038	\$284,567	\$16,239,605	\$17,592,191
PARKS & RECREATION & PRESERVE	\$131,585	\$0	\$131,585	\$3,156
POLICE DEPARTMENT	\$938,950	\$423,288	\$1,362,238	\$2,395,733
PERSONNEL PROGRAMS	\$0	\$13,672	\$13,672	\$0
CONTINGENCY / RESERVE APPROPRIATION	\$10,332,480	(\$1,555,127)	\$0	\$4,000,000
TOTAL GRANT FUNDS	\$28,531,093	(\$105,150)	\$19,648,590	\$24,818,170
SPECIAL DISTRICTS FUND				
SPECIAL DISTRICTS	\$572,451	(\$4,645)	\$567,806	\$582,619
TOTAL SPECIAL DISTRICTS FUND	\$572,451	(\$4,645)	\$567,806	\$582,619
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	\$29,103,544	(\$109,795)	\$20,216,396	\$25,400,789

Fund/Departments	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
SPECIAL REVENUE FUNDS				
SPECIAL PROGRAMS FUND				
MAYOR AND CITY COUNCIL	\$58,806	\$0	\$58,806	\$68,806
CITY COURT	\$2,151,916	(\$15,265)	\$2,136,651	\$2,141,824
ECONOMIC DEVELOPMENT	\$20,000	\$0	\$20,000	\$20,000
ENTERPRISE OPERATIONS	\$4,754,869	(\$78,701)	\$4,676,180	\$4,329,238
FIRE DEPARTMENT	\$844,837	(\$4,320)	\$840,517	\$919,006
LIBRARY & HUMAN SERVICES	\$1,191,771	(\$818)	\$1,190,953	\$998,225
PARKS & RECREATION & PRESERVE	\$668,128	\$0	\$668,128	\$990,287
PLANNING AND DEVELOPMENT SERVICES	\$617,822	\$0	\$617,822	\$715,493
POLICE DEPARTMENT	\$5,063,949	(\$99,482)	\$4,964,467	\$4,359,034
TRANSPORTATION AND INFRASTRUCTURE	\$255,817	\$0	\$255,817	\$255,817
DEBT SERVICE	\$57,729	\$0	\$57,729	\$48,892
CONTINGENCY / RESERVE APPROPRIATION	\$1,320,809	\$4,211	\$0	\$1,500,000
TOTAL SPECIAL PROGRAMS FUND	\$17,006,453	(\$194,375)	\$15,487,070	\$16,346,622
PARK AND PRESERVE TAX FUNDS				
FIRE DEPARTMENT	\$0	\$0	\$0	\$1,754,034
PARKS & RECREATION & PRESERVE	\$0	\$0	\$0	\$8,112,363
POLICE DEPARTMENT	\$0	\$0	\$0	\$1,255,012
CONTINGENCY / RESERVE APPROPRIATION	\$0	\$0	\$0	\$4,825,254
TOTAL PARK AND PRESERVE TAX FUNDS	\$0	\$0	\$0	\$15,946,663
STADIUM FACILITY FUND				
ENTERPRISE OPERATIONS	\$1,654,006	(\$920,000)	\$734,006	\$2,660,770
CONTINGENCY / RESERVE APPROPRIATION	\$2,242,032	\$929,424	\$0	\$2,201,721
TOTAL STADIUM FACILITY FUND	\$3,896,038	\$9,424	\$734,006	\$4,862,491
TOURISM DEVELOPMENT FUND				
ENTERPRISE OPERATIONS	\$21,864,126	\$1,013,571	\$22,877,697	\$24,270,326
PERSONNEL PROGRAMS	\$1,082	(\$1,082)	\$0	\$1,082
CONTINGENCY / RESERVE APPROPRIATION	\$10,423,034	\$651,407	\$0	\$4,000,000
TOTAL TOURISM DEVELOPMENT FUND	\$32,288,242	\$1,663,896	\$22,877,697	\$28,271,408
TRANSPORTATION FUND				
FACILITIES MANAGEMENT	\$1,291,966	\$0	\$1,291,966	\$1,395,410
INFORMATION TECHNOLOGY	\$18,800	\$0	\$18,800	\$18,800
PARKS & RECREATION & PRESERVE	\$2,166,854	\$636	\$2,167,490	\$2,712,276
TRANSPORTATION AND INFRASTRUCTURE	\$29,066,503	(\$211,293)	\$28,855,210	\$33,055,373
ESTIMATED DIVISION SAVINGS	(\$368,136)	\$0	(\$368,136)	(\$368,136)
PERSONNEL PROGRAMS	\$243,879	(\$29,515)	\$214,364	\$244,364
CONTINGENCY / RESERVE APPROPRIATION	\$3,994,830	\$0	\$0	\$4,732,539
TOTAL TRANSPORTATION FUND	\$36,414,696	(\$240,172)	\$32,179,694	\$41,790,626
PRESERVATION FUNDS				
CONTINGENCY / RESERVE APPROPRIATION	\$0	\$1,673,806	\$0	\$17,826,600
TOTAL PRESERVATION FUNDS	\$0	\$1,673,806	\$0	\$17,826,600
TOTAL SPECIAL REVENUE FUNDS	\$89,605,429	\$2,912,579	\$71,278,467	\$125,044,410

Fund/Departments	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
DEBT SERVICE FUNDS				
DEBT				
DEBT SERVICE	\$93,647,344	\$0	\$93,647,344	\$78,562,788
CONTINGENCY / RESERVE APPROPRIATION	\$8,132,087	\$0	\$0	\$8,730,825
TOTAL DEBT	\$101,779,431	\$0	\$93,647,344	\$87,293,613
TOTAL DEBT SERVICE FUNDS	\$101,779,431	\$0	\$93,647,344	\$87,293,613
ENTERPRISE FUNDS				
AVIATION FUND				
ENTERPRISE OPERATIONS	\$3,343,715	(\$29,792)	\$3,313,923	\$3,597,894
DEBT SERVICE	\$1,722,744	\$0	\$1,722,744	\$1,720,744
INDIRECT/DIRECT COST ALLOCATION	\$609,316	\$0	\$609,316	\$600,754
PERSONNEL PROGRAMS	\$5,113	(\$1,541)	\$13,572	\$17,922
CONTINGENCY / RESERVE APPROPRIATION	\$16,508,374	(\$631,840)	\$0	\$5,352,093
TOTAL AVIATION FUND	\$22,189,262	(\$663,173)	\$5,659,555	\$11,289,407
SOLID WASTE FUND				
CITY TREASURER'S OFFICE	\$1,002,905	(\$1,526)	\$1,001,379	\$1,067,202
INFORMATION TECHNOLOGY	\$8,000	\$0	\$8,000	\$8,000
SOLID WASTE MANAGEMENT	\$30,715,551	(\$164,599)	\$30,550,952	\$31,611,925
ESTIMATED DIVISION SAVINGS	(\$332,345)	\$0	(\$332,345)	(\$332,345)
INDIRECT/DIRECT COST ALLOCATION	\$2,037,592	\$0	\$2,037,592	\$2,005,323
PERSONNEL PROGRAMS	\$82,177	(\$34,238)	\$47,939	\$80,689
CONTINGENCY / RESERVE APPROPRIATION	\$5,734,298	\$0	\$0	\$6,166,119
TOTAL SOLID WASTE FUND	\$39,248,178	(\$200,363)	\$33,313,517	\$40,606,913
WATER & WATER RECLAMATION FUNDS				
CITY TREASURER'S OFFICE	\$2,407,057	(\$17,823)	\$2,389,234	\$2,157,784
INFORMATION TECHNOLOGY	\$709,908	(\$13,713)	\$696,195	\$729,452
TRANSPORTATION AND INFRASTRUCTURE	\$0	\$0	\$0	\$2,490,716
WATER RESOURCES	\$107,353,417	(\$291,350)	\$107,062,067	\$112,850,463
DEBT SERVICE	\$29,382,531	(\$6,403,400)	\$22,979,131	\$34,173,514
ESTIMATED DIVISION SAVINGS	\$0	\$0	\$0	(\$1,200,000)
INDIRECT/DIRECT COST ALLOCATION	\$7,395,899	\$0	\$7,395,899	\$7,572,474
PERSONNEL PROGRAMS	\$120,431	(\$65,997)	\$54,434	\$161,034
CONTINGENCY / RESERVE APPROPRIATION	\$96,234,928	\$15,013,559	\$0	\$55,916,307
TOTAL WATER & WATER RECLAMATION FUNDS	\$243,604,171	\$8,221,276	\$140,576,960	\$214,851,744
TOTAL ENTERPRISE FUNDS	\$305,041,611	\$7,357,740	\$179,550,032	\$266,748,064
INTERNAL SERVICE FUNDS				
SELF INSURANCE FUNDS - RISK				
CITY ATTORNEY'S OFFICE	\$19,468,792	(\$1,015,940)	\$18,452,852	\$19,493,903
HUMAN RESOURCES	\$52,500	\$0	\$52,500	\$52,500
INTERNAL SERVICE OFFSETS	(\$18,857,984)	\$0	(\$18,857,984)	(\$20,105,408)
PERSONNEL PROGRAMS	\$7,012	(\$4,474)	\$2,538	\$2,888
CONTINGENCY / RESERVE APPROPRIATION	\$30,312,728	\$1,240,000	\$0	\$34,707,698
TOTAL SELF INSURANCE FUNDS - RISK	\$30,983,048	\$219,586	(\$350,094)	\$34,151,581

Fund/Departments	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
FLEET FUNDS				
FLEET MANAGEMENT	\$32,770,222	(\$11,660,840)	\$21,109,382	\$45,544,224
ESTIMATED DIVISION SAVINGS	(\$306,780)	(\$152,220)	(\$459,000)	(\$306,780)
PERSONNEL PROGRAMS	\$121,927	(\$91,927)	\$30,000	\$123,389
INTERNAL SERVICE OFFSETS	(\$29,928,423)	\$0	(\$29,928,423)	(\$31,994,823)
CONTINGENCY / RESERVE APPROPRIATION	\$1,897,123	(\$1,897,123)	\$0	\$2,000,000
TOTAL FLEET FUNDS	\$4,554,069	(\$13,802,110)	(\$9,248,041)	\$15,366,010
PC REPLACEMENT FUND				
INFORMATION TECHNOLOGY	\$1,637,100	(\$300,000)	\$1,337,100	\$1,317,661
INTERNAL SERVICE OFFSETS	(\$950,007)	\$0	(\$950,007)	(\$1,010,659)
CONTINGENCY / RESERVE APPROPRIATION	\$100,000	\$0	\$0	\$100,000
TOTAL PC REPLACEMENT FUND	\$787,093	(\$300,000)	\$387,093	\$407,002
SELF INSURANCE FUNDS - HEALTH				
HUMAN RESOURCES	\$40,146,439	(\$791,364)	\$39,355,075	\$44,054,681
INTERNAL SERVICE OFFSETS	(\$29,452,240)	\$0	(\$29,452,240)	(\$31,171,221)
CONTINGENCY / RESERVE APPROPRIATION	\$9,488,188	\$0	\$0	\$10,234,281
TOTAL SELF INSURANCE FUNDS - HEALTH	\$20,182,387	(\$791,364)	\$9,902,835	\$23,117,741
TOTAL INTERNAL SERVICE FUNDS	\$56,506,597	(\$14,673,888)	\$691,793	\$73,042,334
CAPITAL PROJECT FUNDS				
CAPITAL IMPROVEMENT PROGRAM				
CAPITAL PROJECTS	\$1,068,380,341	\$0	\$1,068,380,341	\$947,725,578
CONTINGENCY / RESERVE APPROPRIATION	\$22,760,560	\$0	\$0	\$26,510,560
TOTAL CAPITAL IMPROVEMENT PROGRAM	\$1,091,140,901	\$0	\$1,068,380,341	\$974,236,138
TOTAL CAPITAL PROJECT FUNDS	\$1,091,140,901	\$0	\$1,068,380,341	\$974,236,138
TOTAL ALL FUNDS	\$2,294,848,893	\$7,570,516	\$1,806,210,717	\$2,203,742,144

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

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses
Fiscal Year 2025/2026
Schedule F

Department/Fund	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
MAYOR AND CITY COUNCIL				
GENERAL FUND	\$1,228,149	\$2,004	\$1,230,153	\$1,106,449
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$0	\$0	\$0	\$5,000
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$58,806	\$0	\$58,806	\$68,806
TOTAL MAYOR AND CITY COUNCIL	\$1,286,955	\$2,004	\$1,288,959	\$1,180,255
CITY ATTORNEY'S OFFICE				
GENERAL FUND	\$9,016,837	\$19,752	\$9,036,589	\$9,924,074
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	\$19,468,792	(\$1,015,940)	\$18,452,852	\$19,493,903
TOTAL CITY ATTORNEY'S OFFICE	\$28,485,629	(\$996,188)	\$27,489,441	\$29,417,977
CITY AUDITOR'S OFFICE				
GENERAL FUND	\$1,420,460	(\$46,950)	\$1,373,510	\$1,379,751
TOTAL CITY AUDITOR'S OFFICE	\$1,420,460	(\$46,950)	\$1,373,510	\$1,379,751
CITY CLERK'S OFFICE				
GENERAL FUND	\$1,457,536	(\$8,046)	\$1,449,490	\$1,953,342
TOTAL CITY CLERK'S OFFICE	\$1,457,536	(\$8,046)	\$1,449,490	\$1,953,342
CITY COURT				
GENERAL FUND	\$6,095,604	\$64,969	\$6,160,573	\$6,602,524
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$2,151,916	(\$15,265)	\$2,136,651	\$2,141,824
TOTAL CITY COURT	\$8,247,520	\$49,704	\$8,297,224	\$8,744,348
CITY MANAGER'S OFFICE				
GENERAL FUND	\$3,716,297	(\$75,462)	\$3,640,835	\$4,195,146
TOTAL CITY MANAGER'S OFFICE	\$3,716,297	(\$75,462)	\$3,640,835	\$4,195,146
CITY TREASURER'S OFFICE				
GENERAL FUND	\$13,642,181	(\$174,576)	\$13,467,605	\$14,589,951
ENTERPRISE FUND - SOLID WASTE	\$1,002,905	(\$1,526)	\$1,001,379	\$1,067,202
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$2,407,057	(\$17,823)	\$2,389,234	\$2,157,784
TOTAL CITY TREASURER'S OFFICE	\$17,052,143	(\$193,925)	\$16,858,218	\$17,814,937
COMMUNICATIONS				
GENERAL FUND	\$3,392,813	\$258,858	\$3,651,671	\$4,119,065
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$1,072,040	(\$249,950)	\$822,090	\$812,090
TOTAL COMMUNICATIONS	\$4,464,853	\$8,908	\$4,473,761	\$4,931,155
ECONOMIC DEVELOPMENT				
GENERAL FUND	\$1,351,146	(\$15,423)	\$1,335,723	\$1,385,527
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$0	\$0	\$0	\$10,000
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$20,000	\$0	\$20,000	\$20,000
TOTAL ECONOMIC DEVELOPMENT	\$1,371,146	(\$15,423)	\$1,355,723	\$1,415,527
ENTERPRISE OPERATIONS				
GENERAL FUND	\$15,065,688	\$2,302,844	\$17,368,532	\$15,655,532
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$4,754,881	(\$78,701)	\$4,676,180	\$4,327,288
SPECIAL REVENUE FUND - STADIUM FACILITY	\$1,654,006	(\$920,000)	\$734,006	\$2,660,770
SPECIAL REVENUE FUND - TOURISM DEVELOPMENT	\$21,864,126	\$1,013,571	\$22,877,697	\$24,269,426
ENTERPRISE FUND - AVIATION	\$3,343,715	(\$29,792)	\$3,313,923	\$3,637,894
TOTAL ENTERPRISE OPERATIONS	\$46,682,416	\$2,287,922	\$48,970,338	\$50,550,910

Department/Fund	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
FACILITIES MANAGEMENT				
GENERAL FUND	\$28,978,091	(\$1,048,519)	\$27,929,572	\$29,395,932
SPECIAL REVENUE FUND - TRANSPORTATION	\$1,291,966	\$0	\$1,291,966	\$1,395,410
TOTAL FACILITIES MANAGEMENT	<u>\$30,270,057</u>	<u>(\$1,048,519)</u>	<u>\$29,221,538</u>	<u>\$30,791,342</u>
FIRE DEPARTMENT				
GENERAL FUND	\$72,920,941	\$285,976	\$73,206,917	\$90,648,047
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$101,000	\$1,028,450	\$1,129,450	\$0
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	\$0	\$0	\$0	\$1,754,034
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$844,837	(\$4,320)	\$840,517	\$919,006
TOTAL FIRE DEPARTMENT	<u>\$73,866,778</u>	<u>\$1,310,106</u>	<u>\$75,176,884</u>	<u>\$93,321,087</u>
FLEET MANAGEMENT				
INTERNAL SERVICE FUND - FLEET	\$32,770,222	(\$11,660,840)	\$21,109,382	\$45,544,224
TOTAL FLEET MANAGEMENT	<u>\$32,770,222</u>	<u>(\$11,660,840)</u>	<u>\$21,109,382</u>	<u>\$45,544,224</u>
HUMAN RESOURCES				
GENERAL FUND	\$4,461,683	\$13,214	\$4,474,897	\$5,569,163
INTERNAL SERVICE FUND - SELF INSURANCE - HEALTH	\$40,146,439	(\$791,364)	\$39,355,075	\$44,054,681
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	\$52,500	\$0	\$52,500	\$52,500
TOTAL HUMAN RESOURCES	<u>\$44,660,622</u>	<u>(\$778,150)</u>	<u>\$43,882,472</u>	<u>\$49,676,344</u>
INFORMATION TECHNOLOGY				
GENERAL FUND	\$20,361,688	(\$98,620)	\$20,263,068	\$22,979,657
SPECIAL REVENUE FUND - TRANSPORTATION	\$18,800	\$0	\$18,800	\$18,800
ENTERPRISE FUND - SOLID WASTE	\$8,000	\$0	\$8,000	\$8,000
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$709,908	(\$13,713)	\$696,195	\$729,452
INTERNAL SERVICE FUND - PC REPLACEMENT	\$1,637,100	(\$300,000)	\$1,337,100	\$1,317,661
TOTAL INFORMATION TECHNOLOGY	<u>\$22,735,496</u>	<u>(\$412,333)</u>	<u>\$22,323,163</u>	<u>\$25,053,570</u>
LIBRARY & HUMAN SERVICES				
GENERAL FUND	\$17,342,593	(\$75,965)	\$17,266,628	\$15,123,175
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$15,955,038	\$284,567	\$16,239,605	\$17,592,191
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$1,191,771	(\$818)	\$1,190,953	\$998,225
TOTAL LIBRARY & HUMAN SERVICES	<u>\$34,489,402</u>	<u>\$207,784</u>	<u>\$34,697,186</u>	<u>\$33,713,591</u>
PARKS & RECREATION & PRESERVE				
GENERAL FUND	\$24,301,616	(\$234,733)	\$24,066,883	\$25,563,598
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$131,585	\$0	\$131,585	\$3,156
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	\$0	\$0	\$0	\$8,112,363
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$668,128	\$0	\$668,128	\$990,287
SPECIAL REVENUE FUND - TRANSPORTATION	\$2,166,854	\$636	\$2,167,490	\$2,712,276
TOTAL PARKS & RECREATION & PRESERVE	<u>\$27,268,183</u>	<u>(\$234,097)</u>	<u>\$27,034,086</u>	<u>\$37,381,680</u>
PLANNING AND DEVELOPMENT SERVICES				
GENERAL FUND	\$18,762,507	\$320,341	\$19,082,848	\$19,759,172
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$617,822	\$0	\$617,822	\$715,493
TOTAL PLANNING AND DEVELOPMENT SERVICES	<u>\$19,380,329</u>	<u>\$320,341</u>	<u>\$19,700,670</u>	<u>\$20,474,665</u>
POLICE DEPARTMENT				
GENERAL FUND	\$136,918,706	(\$780,957)	\$136,137,749	\$202,386,619
GRANTS & SPECIAL DISTRICTS FUND - GRANT	\$938,950	\$423,288	\$1,362,238	\$2,395,733
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	\$0	\$0	\$0	\$1,255,012
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$5,063,949	(\$99,482)	\$4,964,467	\$4,359,034
TOTAL POLICE DEPARTMENT	<u>\$142,921,605</u>	<u>(\$457,151)</u>	<u>\$142,464,454</u>	<u>\$210,396,398</u>

Department/Fund	Adopted Budget Expenditures 2024/2025	Expenditure Adjustments Approved 2024/2025	Actual Expenditures 2024/2025*	Adopted Budget Expenditures 2025/2026
SOLID WASTE MANAGEMENT				
ENTERPRISE FUND - SOLID WASTE	\$30,715,551	(\$164,599)	\$30,550,952	\$31,611,925
TOTAL SOLID WASTE MANAGEMENT	<u>\$30,715,551</u>	<u>(\$164,599)</u>	<u>\$30,550,952</u>	<u>\$31,611,925</u>
TRANSPORTATION AND INFRASTRUCTURE				
GENERAL FUND	\$1,041,947	(\$32,562)	\$1,009,385	\$3,401,633
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	\$255,817	\$0	\$255,817	\$255,817
SPECIAL REVENUE FUND - TRANSPORTATION	\$29,066,503	(\$211,293)	\$28,855,210	\$33,055,373
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$0	\$0	\$0	\$2,490,716
TOTAL TRANSPORTATION AND INFRASTRUCTURE	<u>\$30,364,267</u>	<u>(\$243,855)</u>	<u>\$30,120,412</u>	<u>\$39,203,539</u>
WATER RESOURCES				
ENTERPRISE FUND - WATER & WATER RECLAMATION	\$107,353,417	(\$291,350)	\$107,062,067	\$112,026,353
TOTAL WATER RESOURCES	<u>\$107,353,417</u>	<u>(\$291,350)</u>	<u>\$107,062,067</u>	<u>\$112,026,353</u>
OTHER				
CAPITAL PROJECTS	\$1,068,380,341	\$0	\$1,068,380,341	\$947,725,578
CLASS AND COMP STUDY	\$0	\$9,620	\$9,620	\$0
CONTINGENCY / RESERVE APPROPRIATION	\$464,738,393	\$31,480,311	\$0	\$370,836,370
DEBT SERVICE	\$125,268,752	(\$6,403,400)	\$118,865,352	\$114,987,262
ESTIMATED DIVISION SAVINGS	(\$11,780,261)	(\$2,343,908)	(\$14,124,169)	(\$13,247,261)
INDIRECT/DIRECT COST ALLOCATION	\$10,042,807	\$0	\$10,042,807	\$10,178,551
INTERNAL SERVICE OFFSETS	(\$79,188,654)	\$0	(\$79,188,654)	(\$84,282,111)
PERSONNEL PROGRAMS	\$5,834,192	(\$2,677,293)	\$3,156,899	\$5,859,220
NON DIVISIONAL	\$572,451	(\$4,645)	\$567,806	\$906,469
TOTAL OTHER	<u>\$1,583,868,021</u>	<u>\$20,060,685</u>	<u>\$1,107,710,002</u>	<u>\$1,352,964,078</u>
TOTAL ALL FUNDS	<u>\$2,294,848,905</u>	<u>\$7,620,566</u>	<u>\$1,806,250,767</u>	<u>\$2,203,742,144</u>

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

CITY OF SCOTTSDALE
Full-Time Employees and Personnel Compensation
Fiscal Year 2025/2026
Schedule G

Fund	Full-Time Equivalent (FTE) 2025/2026	Employee Salaries and Hourly Costs 2025/2026	Retirement Costs 2025/2026	Healthcare Costs 2025/2026	Other Benefit Costs 2025/2026	Total Adopted Personnel Compensation 2025/2026
GENERAL FUND	2,128.07	\$211,839,849	\$95,774,159	\$26,976,030	\$13,043,951	\$347,633,989
TOTAL GENERAL FUND	2,128.07	\$211,839,849	\$95,774,159	\$26,976,030	\$13,043,951	\$347,633,989
GRANTS & SPECIAL DISTRICTS FUNDS						
GRANT FUNDS	16.50	\$2,396,424	\$195,189	\$236,653	\$127,942	\$2,956,208
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	16.50	\$2,396,424	\$195,189	\$236,653	\$127,942	\$2,956,208
SPECIAL REVENUE FUNDS						
PARK AND PRESERVE TAX FUNDS	25.71	\$2,354,482	\$554,513	\$216,546	\$123,504	\$3,249,045
SPECIAL PROGRAMS FUND	65.03	\$4,682,955	\$825,629	\$577,914	\$303,357	\$6,389,855
STADIUM FACILITY FUND	10.90	\$723,586	\$79,643	\$92,004	\$52,107	\$947,340
TOURISM DEVELOPMENT FUND	5.69	\$677,405	\$76,568	\$89,484	\$47,680	\$891,137
TRANSPORTATION FUND	103.98	\$9,907,362	\$1,047,019	\$1,414,080	\$656,590	\$13,025,051
TOTAL SPECIAL REVENUE FUNDS	211.31	\$18,345,790	\$2,583,372	\$2,390,028	\$1,183,238	\$24,502,428
ENTERPRISE FUNDS						
AVIATION FUND	15.48	\$1,426,891	\$163,653	\$143,784	\$104,727	\$1,839,055
SOLID WASTE FUND	106.40	\$9,025,110	\$959,047	\$1,315,032	\$599,453	\$11,898,642
WATER & WATER RECLAMATION FUNDS	251.14	\$24,887,811	\$2,774,205	\$3,352,260	\$1,741,382	\$32,755,658
TOTAL ENTERPRISE FUNDS	373.02	\$35,339,812	\$3,896,905	\$4,811,076	\$2,445,562	\$46,493,355
INTERNAL SERVICE FUNDS						
FLEET FUNDS	55.00	\$4,489,040	\$516,711	\$735,436	\$325,151	\$6,066,338
SELF INSURANCE FUNDS - HEALTH	0.00	\$338,677	\$0	\$0	\$0	\$338,677
SELF INSURANCE FUNDS - RISK	13.00	\$1,515,673	\$156,190	\$180,708	\$97,697	\$1,950,268
TOTAL INTERNAL SERVICE FUNDS	68.00	\$6,343,390	\$672,901	\$916,144	\$422,848	\$8,355,283
TOTAL ALL FUNDS	2,796.90	\$274,265,265	\$103,122,526	\$35,329,931	\$17,223,541	\$429,941,263

ORDINANCE NO. 4671

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY ADOPTING THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN FOR THE CITY OF SCOTTSDALE FOR THE PERIOD BEGINNING JULY 1, 2025, AND ENDING JUNE 30, 2030.

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

WHEREAS, on May 20, 2025, the City Council tentatively adopted the five-year Capital Improvement Plan for the period beginning July 1, 2025, and ending June 30, 2030, pursuant to Ordinance No. 4669;

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

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

Section 1. The City Council hereby finally adopts the five-year Capital Improvement Plan for the period beginning July 1, 2025, and ending June 30, 2030, a summary of which is attached hereto as Exhibit 1, and incorporated herein by this reference, to use as a guide in the scheduling and development of capital improvements for the stated five-year period. The complete version of the Final Five-Year Capital Improvement Plan is on file with, and available for review at, the Office of the City Clerk.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 10th day of June, 2025

ATTEST:

Ben Lane
Ben Lane, City Clerk

CITY OF SCOTTSDALE, an Arizona
municipal corporation

Lisa Borowsky
Lisa Borowsky, Mayor

APPROVED AS TO FORM:

Sherry R. Scott
Sherry R. Scott, City Attorney
By: William Hylen, Supervising Assistant City Attorney

Adopted Five-Year Capital Improvement Plan
FY 2025/26 - FY 2029/30
Program Summary

Program	Net Carryforward Appropriation*	FY 2025/26 Request	Total 2025/26 Appropriation	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Total 5-Year Program
Community Facilities								
Neighborhood & Community Parks/Park Improvements	23,497,574 46,125,856 69,623,430	7,602,098 16,123,051 23,725,149	31,099,672 62,248,907 93,348,579	10,591,561 17,922,144 28,513,705	6,231,442 16,294,575 22,526,017	11,457,124 1,610,040 13,067,164	310,474 19,452,624 19,763,098	59,690,273 117,528,290 177,218,563
Drainage								
Flood Control	5,621,153	32,856,712	38,477,865	30,503,998	29,366,205	3,720,838	-	102,068,906
Drainage Total	5,621,153	32,856,712	38,477,865	30,503,998	29,366,205	3,720,838	-	102,068,906
Preservation								
Preservation/Preservation Improvements	-	11,750,000	11,750,000	5,600,000	17,450,000	15,800,000	10,800,000	61,400,000
Preservation Total	-	11,750,000	11,750,000	5,600,000	17,450,000	15,800,000	10,800,000	61,400,000
Public Safety								
Fire Protection	20,323,619	17,657,460	37,981,079	16,075,148	3,846,006	-	-	57,902,233
Police	29,046,132	11,416,182	40,462,314	14,843,200	-	-	-	55,305,514
Public Safety Total	49,369,751	29,073,642	78,443,393	30,918,348	3,846,006	-	-	113,207,747
Service Facilities								
Municipal Facilities/Improvements	47,975,298	71,618,044	119,593,342	10,813,918	5,054,950	8,546,082	5,788,320	149,796,612
Technology Improvements	18,308,917	21,166,799	39,475,716	10,397,139	4,239,912	7,206,029	2,764,793	64,083,589
Service Facilities Total	66,284,216	92,784,843	159,069,058	21,211,057	9,294,862	15,752,111	8,553,113	213,880,201
Transportation								
Aviation/Aviation Improvements	12,308,703	4,514,435	16,823,138	15,896,312	11,694,663	7,217,098	3,080,269	54,711,480
Streets/Street Improvements	99,834,641	113,615,801	213,450,442	82,926,613	47,966,646	29,224,732	16,651,263	390,219,696
Traffic/Traffic Reduction	8,590,735	2,149,161	10,739,896	4,620,385	3,530,770	1,440,984	1,440,984	21,773,019
Transit/Multi-Modal Improvements	12,536,560	8,258,069	20,794,629	13,892,329	15,173,238	19,189,602	4,777,221	73,827,019
Transportation Total	133,270,640	128,537,466	261,808,105	117,335,639	78,365,317	57,072,416	25,949,737	540,531,214
Water Management								
Wastewater Improvements	76,271,484	49,352,333	125,623,817	69,025,556	76,953,074	89,901,766	62,608,549	424,112,762
Water Improvements	130,915,833	74,799,488	205,715,321	155,736,891	80,451,078	62,885,645	66,562,580	571,351,515
Water Management Total	207,187,317	124,151,821	331,339,138	224,762,447	157,404,152	152,787,411	129,171,129	995,464,277
Grand Total	531,356,506	442,879,633	974,236,138	458,845,194	318,252,559	258,199,940	194,237,077	2,203,770,908

*Under Arizona law, specifically ARS 35-190, unused funds from one fiscal year can only be spent in the following fiscal year if the Council formally reappropriates the funds as part of the new budget. Since many capital projects extend across fiscal years during planning, design, and construction, it's essential to reappropriate funds to ensure completion. Importantly, this process doesn't increase total project costs.

ORDINANCE NO. 4672

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE SUBJECT TO TAXATION, A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; FIXING THE PRIMARY PROPERTY TAX RATE AND SECONDARY PROPERTY TAX RATE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON BONDED INDEBTEDNESS; AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2026.

WHEREAS, by the provisions of the City Charter, an ordinance is required to set the property tax levy for the fiscal year beginning July 1, 2025, and ending June 30, 2026;

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

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

WHEREAS, the required Truth in Taxation hearing and public hearing were held on June 10, 2025, and the City Council made the following policy decisions relating to the primary property taxes:

a. Accepted increasing the levy amount for the two percent (2%) maximum legal amount for fiscal year 2025/26; and

b. Increased the levy amount to account for six hundred seventy-eight thousand, six hundred eighty-seven dollars (\$678,687) for tort claim payments for calendar year 2024; and now, therefore,

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

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

Section 2. There is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be, by law, exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending June 30, 2026, and allowable tort liability claims. The total primary levy is forty million, two hundred seventy thousand, seven hundred twenty-five dollars (\$40,270,725), resulting in a tax rate of \$0.4891 per one hundred and no/100 dollars (\$100.00) of assessed valuation. If this exceeds the maximum

levy allowed by law, the Maricopa County Board of Supervisors is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

Section 3. In addition to the rate set in Section 2 above, there is hereby levied on each one hundred and no/100 dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be, by law, exempt from taxation, a secondary property tax rate of \$0.4233 per one hundred and no/100 dollars (\$100.00) of assessed valuation, which is a rate sufficient to raise the sum of thirty-four million, eight hundred fifty-one thousand, thirty-two dollars (\$34,851,032) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2026.

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

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

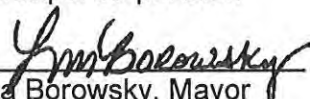
Section 6. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 24th day of June 2025.


ATTEST:


Ben Lane, City Clerk

CITY OF SCOTTSDALE, an Arizona
municipal corporation


Lisa Borowsky, Mayor

APPROVED AS TO FORM:


Sherry R. Scott, City Attorney
By: Jennifer Fernandez, Assistant City Attorney

Fiscal Year 2025/26 Proposed Budget Transmittal Letter

Honorable Mayor, City Council, and Budget Review Commission

I am pleased to present you the City of Scottsdale's Fiscal Year Proposed 2025/26 Budget and five year Capital Improvement Plan for FY 2025/26 through FY2029/30 for your consideration.

The Proposed Budget is a balanced budget that provides Scottsdale citizens a significant return on their tax dollars. The budget bolsters core city services and addresses significant community priorities. This budget was realized through the work and efforts of department and division directors and staff to provide funding for council and organization goals, while still maintaining taxes and fees low for citizens and continuing our high levels of existing service for our customers.

The total Proposed FY2025/26 Budget is \$2.208 billion consisting of the proposed Operating Budget of \$1.229 billion, including contingencies, and proposed Capital Budget of \$978.5 million, including contingencies. The Proposed Budget shows a 3.8% decrease from the Adopted FY 2024/25 budget of \$2.295 billion. It anticipates that there will be a reduction in sales tax revenues in FY 2025/26 when compared to the current FY 2024/25 forecast, due to the continued implementation of the State's elimination of the residential rental tax and lower consumer spending with uncertain economic conditions. The Proposed Budget projects that sales tax revenues will return to modest levels of growth in FY 2026/27 and into future years.

The city's five-year CIP for FY 2025/26 through FY 2029/30 totals \$2.24 billion consisting of \$995.5 million in water and wastewater projects, \$540.5 million in transportation projects, \$213.9 million in service facility projects, \$208.2 million in community facilities projects, \$111.8 million in public safety projects and \$167.9 million in flood control and other projects.

Staffing additions and notable programs and initiatives

The proposed budget includes 98.16 new full-time equivalents (FTEs) consisting of the following:

- 44.00 new FTEs for the Fire Department to staff Fire Station 608, phase II of the ambulance service program, and fire mitigation and rescue services
- 22.00 new FTEs for the Police Department for supportive, investigative and uniformed services, and to staff the Police Ranger program
- 9.01 new FTEs for the Parks Recreation and Preserve Department
- 7.00 new FTEs for the Enterprise Operations Department
- 7.25 new FTEs for the Transportation and Infrastructure Department
- 8.90 FTE for all other city departments

More detail regarding these FTE positions can be found in the FY 2025/26 Operating Expenditure Summary section of the budget document.

This budget proposal continues the ongoing market and performance pay adjustment programs for staff (detailed in the General Fund Expenditures section below), which will help employees face persistent inflation costs, and help the city retain top-quality talent amidst wage pressures in the region. Additionally, the Proposed FY 2025/26 budget includes additional funding for salary adjustments to bring certain positions in line with the market.

The proposed budget includes \$25.2 million of new revenues from the 0.15% Park and Preserve sales tax approved by voters in November 2024 and effective July 1, 2025. These revenues are allocated according to Council adopted Ordinance No. 4633 for park improvements and maintenance, Preserve maintenance, Police park ranger program and Fire fuel mitigation and technical rescue. The 0.15% Park and Preserve sales tax was approved by voters to replace

the expiring 0.20% Preserve sales tax used for the acquisition of land in the Preserve, which will result in the city's local sales tax rate being lowered from 1.75% to 1.70% effective July 1, 2025.

General Fund Revenue Sources

General Fund revenue (excluding transfers) estimates reflect a modest net increase of \$4.3 million from the adopted FY 2024/25 budget. That total projected net increase comes from several different sources and factors, most notably:

- Local Sales Taxes – The Proposed Budget projects an increase of \$5.2 million from the FY2024/25 adopted budget of \$183.0 million, including the public safety 0.1% sales tax. The current FY 2024/25 forecast projects that \$196.0 million will be received by the end of FY 2024/25. The FY 2025/26 Proposed Budget expects a \$7.8 million decrease from the forecast to a total of \$188.2 million; these estimates reflect anticipated slower growth and also reflect the continued impact of the residential rental tax elimination that went into effect in January 2025.
- State-Shared Taxes and Vehicle Licensing Fees – The Proposed Budget projects a decrease of (\$4.0 million) due primarily to the state's switch to a flat income tax rate model.
- Primary Property Tax Collections – The Proposed Budget projects an increase of \$1.6 (\$0.8 million due to the allowable 2% statutory adjustment and \$0.4 million due to new growth).
- Building Permit Fees – The Proposed Budget projects an increase of \$2.0 million from Building Permit Fees & Charges to help cover inflationary costs and department operating costs to provide an excellent customer experience.
- Fire Department Revenues – The Proposed Budget projects an increase of \$3.6 million in additional revenue from the recently created ambulance transportation service, increases associated with third-party fire protection system inspections and from special events reimbursements.
- Interest Earnings - The Proposed Budget projects a decrease of (\$4.5 million) due to a reduction in fund balance and a changing interest rate environment.

General Fund Expenditures

The General Fund proposed operating budget (excluding transfers) for next fiscal year shows a net increase in spending of \$89.5 million from the FY 2024/25 adopted budget which includes a one-time \$50 million payment to the Police Public Safety Retirement Plan System and \$5.3 million for salary adjustments to align to the market. Noteworthy General Fund expenditure changes in the Proposed 2025/26 Budget are highlighted below; additional detail about all changes can be found in the Department Operating sections.

Police Department

- \$50.0 million for a one-time PSPRS pension liability paydown.
- \$2.8 million to move operating capital funding from the CIP to the operating budget.
- \$0.9 million for the addition of 11 patrol vehicles and relevant upfitting costs (\$1.2 million all funds for 15 patrol vehicles)
- \$0.8 million for the addition of two Drone as First Responder operations.
- \$0.4 million for new software programs.
- \$0.4 million for providing municipal security at locations such as One Civic Center, City Hall, and Libraries.

Fire Department

- \$4.5 million for Phase II of the ambulance service including 25 FTE, medical exams, training, billing and dispatch contracts, equipment, and supplies.
- \$1.5 million to re-staff a fire truck for Station 608 to include 15 FTE, medical exams, training, uniforms, and supplies.

- \$1.4 million to move operating capital funding from the CIP to the operating budget.
- \$0.5 million for the warehouse lease agreement and operating costs.
- \$0.4 million of one-time funding to properly upfit various fire apparatus vehicles.
- \$0.4 million of one-time funding to replace 250 ballistic vest panel inserts.
- \$0.4 million to support the new training facility.

Communications Department

- 0.2 million to carryover consultant services costs for developing the American Disability Act transition plan Phase I approved for FY 2024/25.

Other City Departments

- Enterprise Operations Department - \$0.4 million to fund a new strategic plan for Scottsdale Arts and an expected increase in the financial participation agreement with Scottsdale Arts.
- Facilities Management Department - \$0.7 million for inflationary cost increases for utilities.
- Planning and Development Services Department - \$0.6 million to cover subscription costs for planning/fire permitting, inspections, and code enforcement software.
- Transportation and Infrastructure Department - \$3.3 million to keep Capital Projects Management in the operating budget; and \$0.3 million for new project management software intended to improve efficiency and enhance data accuracy across capital projects.
- Human Resources Department - \$0.5 million to add 3.0 FTEs, which include a Human Resources Assistant Director, a Human Resources Manager to supervise employee training, and a Human Resources Supervisor oversee employee benefits.
- Information Technology Department - \$0.8 million to address increased cost in software and licensing subscriptions; \$0.7 million to fund an artificial intelligence initiative to enhance efficiency and improve service delivery; and \$0.4 million to fund additional cloud services.

Capital Improvement Program

The proposed five-year Capital Improvement Plan (CIP) totals \$2.24 billion with the Proposed CIP budget for FY 2025/26 at \$978.5 million including contingencies. The projects highlighted below address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

Capital project costs that do not have a dedicated funding source are funded by transfers from the General Fund. The total FY 2025/26 transfers to CIP from the General Fund operating budget is \$48.8 million.

Notable projects for FY 2025/26 are highlighted below. Please note that the amounts shown are the amounts budgeted for FY 2025/26 and may not reflect the total cost of the project.

- Bond 2019 Program (FY2025/26: \$136.2million) - The voter approved Bond 2019 program funded 58 projects with a total of \$319 million in bond funds. The city has completed 18 projects to date and included in the FY2025/26 budget is funding for 41 Bond 2019 projects in various stages including the expansion of the Granite Reef Senior Center, repairs to lakes and irrigation at Vista Del Camino Park, and adding a Dog Park to Thompson Peak Park.
- Pavement Overlay Program (FY 2025/26: \$43.0 million) - This program is for ongoing street pavement, public alley overlays, and all other associated improvements.
(Funding Source: General Fund, Transportation 0.20% Sales Tax, HURF)
- Old Town Concrete Improvement (FY 2025/26: \$2.0 million) - This project will design and construct pedestrian improvements in the Old Town area.
(Funding Source: General Fund)
- Build New Parking Structure in the NE Quadrant (FY 2025/26: \$14.6 million) - This project will design and construct a parking garage located in the northeast quadrant of Old Town Scottsdale, both north and south of

E 6th Ave, east of N Wells Fargo Avenue and west of N Civic Center Plaza. The capacity of the new garage will be approximately 272 spaces, providing a net increase of 144 public spaces over the 128 spaces currently at the location.

(Funding Sources: General Fund)

- 64th Street Canal Path Wall: Thomas Road to Indian School Road (FY 2025/26: \$0.6 million) - The project will perform repairs to the retaining wall of reinforced concrete along the Crosscut Canal between Thomas Road to Indian School Road. The wall has longitudinal cracking and cosmetic damage in several locations that need repairs.

(Funding Sources: Transportation 0.20% Sales Tax)

- Scottsdale Road: Thompson Peak Parkway to Pinnacle Peak Road Phase II (FY 2025/26: \$0.9 million) - This project will complete Scottsdale Road to the ultimate six-lane major arterial configuration including the major intersections of Thompson Peak Parkway, Deer Valley Road, Williams Drive, and Pinnacle Peak Road to improve safety, capacity and accessibility for motor vehicles, bicycles and pedestrians.

(Funding Sources: Regional Sales Tax - Arterial Life Cycle Program, Transportation 0.1% Sales Tax 2019)

- Greenway Hayden Loop Sewer Improvements (FY 2025/26: \$21.6 million) - This project replaces the existing 18-inch diameter sewer with a 21-inch diameter and a 30-inch diameter sewer to provide capacity for current and future connections at North of Frank Lloyd Wright Boulevard between Pima Road and Princess Drive.

(Funding Source: Water Reclamation Rates, Sewer Development fees, MPC Bonds)

Conclusion

I would like to express appreciation to the City Council for their guidance and support throughout the development of this proposed budget. Additionally, I'd like to express a special thanks to the City Treasurer's Office, budget department staff, budget liaisons and all other city staff who have contributed to this budget. This budget proposal supports the Scottsdale community and will allow the city to continue to provide the world class service that our citizens and customers expect. We look forward to discussing the contents of this proposal in more depth with City Council, the Budget Review Commission and the community over the coming months.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Caton', with a stylized flourish at the end.

Greg Caton – Interim City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Scottsdale
Arizona**

For the Fiscal Year Beginning

July 01, 2024

Christopher P. Morrell

Executive Director

Budget Award for Fiscal Year 2024/25 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, 2024. 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.

CITY OF SCOTTSDALE'S BUDGET DEVELOPMENT PROCESS

RECOMMENDED BUDGET PRACTICES

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

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

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

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

A. Budget Process Definition

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

A good budget process includes several essential features:

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

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

B. Mission of the Budget Process

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

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

The budget process should accomplish the following:

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

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

C. PRINCIPLES/ELEMENTS OF THE BUDGET PROCESS

The budget process consists of four broad principles that stem from the definition and mission of the budget process which was 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 principle 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

In total, GFOA identified 59 practices to achieve the higher-level activities identified in the principles and elements of budgeting. Scottsdale's budget process attempts to incorporate all the GFOA's recommended practices.

BUDGET ROLES AND RESPONSIBILITIES

Every Scottsdale employee plays a role in the city's budget — whether in its formulation, preparation, implementation, administration or evaluation. Ultimately, each department director, through the city manager and other 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 departments 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 departments have **budget liaisons** that coordinate the day-to-day budget management within their respective departments along with the budget staff. The budget liaisons serve as the vital communication link between their city department and the Budget Division 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, supporting to the Accounting Division in the preparation of the Annual Comprehensive Financial Report, and preparing budget review materials for the city treasurer/chief financial officer, city manager and other charter officers, department directors, City Council, Budget Review Commission, 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 departmental 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 departments. These cross-departmental 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 directors and key leadership staff. They provide an organizational-wide view for collaboration and prioritization, serve as advisors for policies and technologies, balance projects against Council objectives and refine the initial prioritization of overall city goals and objectives. The committee presents its funding recommendations to the City Council for final approval.

The **department 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 department director and charter officer is responsible for evaluating, reviewing, justifying and prioritizing all operating and capital budget requests for their division. Only those requests that department 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 division.

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

The **city treasurer, other city charter officers** and **department 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 periodic meetings with the city treasurer/CFO and executive leadership to ensure that the proposed budget addresses the City Council's priorities and provides guidance on key policy issues related to budget development.

The **Budget Review Commission** serves in an advisory capacity to the City Council on the proposed operating and capital budget, including major revenue forecasts, proposed expenditures, and the city's budget governing policies. From February to April, the Budget Review Commission holds frequent public meetings to review, discuss, and gather community input on the proposed budget before forwarding its recommendations to the City Council for consideration in the budget adoption process.

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 and review 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 City Council also receives recommendations from the Budget Review Commission. From March through May, the city treasurer/CFO updates the City Council on the development of the budget process during their monthly meetings. The Mayor and City Council are ultimately responsible for holding public budget hearings to review of the city manager's proposed budget, tentative budget adoption (mid-May) and final adoption of the budget (mid-June). All City Council budget discussions are open to the public for comments 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 the city's multi-fund, multi-year revenue forecast. The first year of revenue estimates is the most critical in the process as that will ultimately define the expenditure limitations for the upcoming 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 the proposed department budget service levels, capital budget and operating impacts.

Policy/Strategy Development and Prioritization Phase

During 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 forecasts. They discuss organizational priorities, constituent suggestions and budgetary expectations. 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 department directors and senior management staff update city policies, plans, programs and management strategies to define how the city will achieve its goals. It is within this framework that the city staff formulates the proposed operating and capital budgets.

Budget Development and Prioritization Phase

Capital budget development begins in the early fall in conjunction with the city's multi-year financial forecasts. Initial departmental capital project requests and changes to existing capital projects are reviewed by cross-departmental teams for accurate costing and congruence with city objectives, and are prioritized using a set of pre-determined criteria. Financing sources are then sought for the highest-ranking projects.

When developing their department 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 goals for the upcoming fiscal year. Budget staff prepare initial program operating budgets by using a target-based budget approach. This requires that the budget be prepared solely at the existing service operating levels – no significant modifications are permitted at this stage of the budget development process. Department staff are 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 target-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 Division in a decision package which is then prioritized and approved by the department's executive leadership. Departments must provide rigorous analysis, justifying their decision packages. Once submitted, all decision packages are ultimately reviewed by budget staff, the budget director and the city treasurer.

The initial multi-faceted review focuses on ascertaining the departments' needs with the Budget Division's budget instructions, reviewing the mathematical accuracy and logic of the departmental base budget and decision packages. The review also includes a broader assessment of whether the departmental 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).

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 Phase

The city manager, city treasurer and executive leadership, including the budget director, review decision packages and balance them among numerous competing demands and priorities within the city's available ongoing resources. The result of this collaboration is the development of a proposed budget and a recommended five-year financial plan for each fund.

Budget Review Commission Phase

The Budget Review Commission (BRC) convenes throughout the budget process. During spring, the BRC conducts a thorough analysis of the city's financials and, subsequent to the publication of the proposed budget, review both the operating and capital budgets. The BRC formulates and presents recommendations to the City Council for consideration during the budget adoption process, including potential suggestions for modifications.

City Council Review and Adoption Phase

In spring, 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, via the city's website and YouTube channel.

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

Later in spring, 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 to adopt 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, meaning that all revenue sources, including the primary property tax levy, must equal or exceed expenditures.

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

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

operating, capital budget and contingency/reserves for purposes of complying with the state's balanced budget and legal maximum appropriation requirements.

Implementing, Monitoring and Amending the Budget Phase

In July, city staff implement the operating budget and the capital improvement plan, and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined and compared to budget plans and corrective action is taken if necessary. The budget team and department budget liaisons review current expenditure, demographic, economic and financial trends on a monthly basis 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. A monthly financial report is also presented to Council.

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 Office staff, other charter officers, department 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 departments 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 departments must be able to explain in writing to the Budget Division the projected year-end budget savings and/or fund balances.

The City of Scottsdale's operating budget is adopted at the fund and department level, and the capital improvement plan is adopted at a project and fund level. The City Council must give prior approval to change the operating budget of a department/fund, to a capital improvement project, or to utilize any contingency appropriation.

BUDGET DEVELOPMENT PROCESS



USE OF CONTINGENCY/RESERVE FUNDS

Contingency/Reserve Funds are strictly defined in the city's financial policies, are 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 levels can be maintained;
- When unanticipated grants are received; or
- 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 department director, budget director, city treasurer, the applicable city charter officer 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 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.

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

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

- Certain revenues, expenditures and transfers are not included in the budget, but are accrued and reported in the ACFR. 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 ACFR.
- 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 ACFR.
- 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 ACFR.
- Debt service principal payments in the Enterprise Funds are expenses in the budget, but reported as reduction of long-term debt liability in the ACFR.
- 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 ACFR.
- For budget purposes the Risk Management Fund presents claim expenditures on a short-term basis while in the ACFR, the claim expenditures also include a long-term accrual for "incurred, but not reported" (IBNR) claims.

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

OPERATING AND CAPITAL BUDGET RELATIONSHIP

The City of Scottsdale's FY 2025/26 Adopted Budget comprised of three volumes:

Volume One – Budget Summary includes the City Council's mission statement and broad goals, the city manager's transmittal letters, the signed budget adoption and property tax levy ordinances, final state forms, executive summary and adopted financial policies. Volume One also contains a budget by fund section, which includes five-year financial forecasts that cover the period FY 2025/26 through FY 2029/30. This section also provides five-year historical summaries for sources and uses by fund.

Volume Two – Department Operating Budget contains descriptions of services provided by each department, 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, department 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 funding sources are matched with budgeted expenditures. Future year projected operating impacts are also included. Finally, there is an appendix which includes a list of acronyms and a glossary.

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

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

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

FIVE-YEAR FINANCIAL PLAN

The city's five-year financial planning process is a year-round process, which lays the groundwork for the proposed budget. The budget process begins in the early fall with the Budget Division'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, Ambulance Services, Transportation, Preservation, Parks & Preserve, 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 departments 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-May, the city manager provides the City Council and Budget Review Commission 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, Budget Review Commission, 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 on 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. Revenue and expenditure variances with prior year comparison are reported monthly and CIP budget reported quarterly to the City Council, city management and other stakeholders via Financial Update and Financial Report. Staff monitor and identify changes in the financial and economic climates and consider 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 division works collaboratively with city departments throughout the year to prepare the revenue estimates. This multi-disciplinary approach and continual reassessment promotes collaboration between the central Budget staff and the department 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.

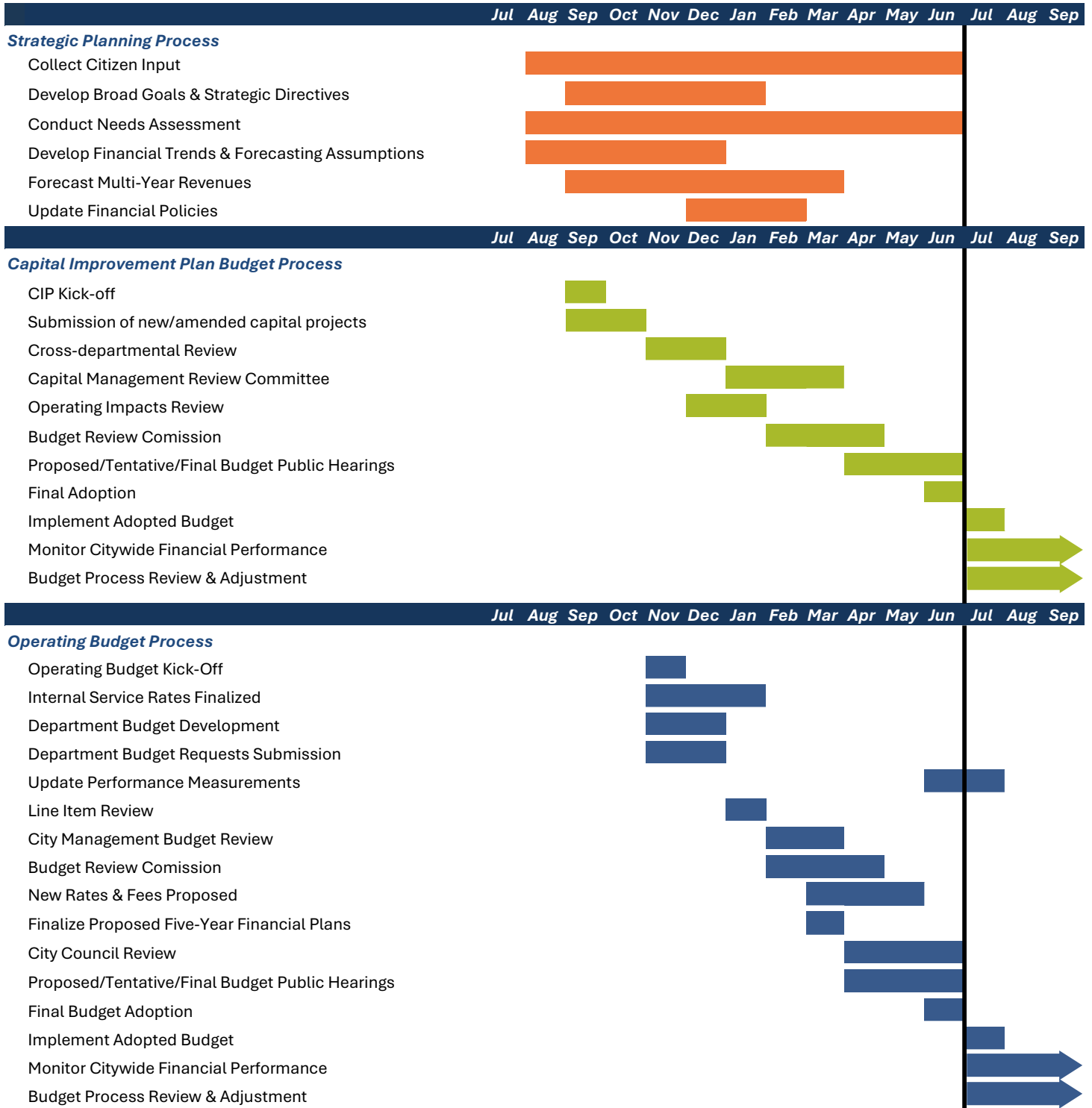
EXPENDITURE AND YEAR-END SAVINGS FORECASTING

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

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

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

**BUDGET PLANNING AND DEVELOPMENT
FISCAL YEAR 2025/26 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 high bond credit ratings 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 departments will participate in the responsibility of meeting policy goals and ensuring the long-term financial health of the city. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources, and future service requirements.

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

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

Policy 1 Fiscal Planning and Budgeting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Waste, and Aviation) will be recovered through the indirect cost allocation plan.

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

1.10 Budget Control. The city shall establish appropriate management controls to monitor expenditure budgets to ensure they do not exceed authorizations. For operating budgets, this control shall be exercised at the department/fund/general account classification level. The general account classification consists of personnel and non-personnel categories. For capital budgets, the budgetary control shall be exercised at the project level. See Policy 3 Expenditure Management for further policy guidance on budget controls.

1.11 Budget Amendments. The city can amend appropriations for line items, funds, projects, or departments if total expenditures do not exceed the final appropriation budget adopted by council. Requests for amendments within the same department, fund, and general account classifications must be approved by the department's executive director or equivalent and the city's budget director. Pursuant to Article 6, Section 11 of the Scottsdale City Charter and as clarified by these Policies, amendments requiring the transfer of contingency appropriation or the transfer of appropriation between funds, departments, general account classifications, and capital projects can be made at the direction of the city manager subject to council approval.

1.12 Budget Deficit. If a deficit is projected during the fiscal year, the city will take steps to reduce expenditures or increase revenues before considering using fund balance or reserves. The city manager may institute a cessation during the

fiscal year on hiring, promotions, transfers, capital equipment purchases, and capital projects. Such action will not be taken arbitrarily or without knowledge of the council.

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

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

Policy 2 Reserves and Fund Balance

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

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

operating uses, excluding transfers out, to provide stability and flexibility to respond to unexpected events.

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

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

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

2.04 Park and Preserve Tax Revenue Stabilization Reserve. The city will maintain a "Revenue

Stabilization Reserve" in the Park and Preserve Tax Funds of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required policy level of 20 percent within the next two fiscal years following the fiscal year in which the funds were used.

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

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

2.06 Asset Replacement Reserves. An asset replacement reserve may be considered if needed to provide for the replacement of critical assets. Departments shall identify aging capital assets or develop an asset replacement schedule to determine funding of an asset's replacement reserve.

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

supported by excise taxes, dedicated taxes, or revenues, at a minimum of 25 percent of the next fiscal year's debt service.

the city treasurer/chief financial officer or designee, to assign fund balance for specific purposes.

2.08 Self-Insurance Reserves – Risk Management.

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, and general liability losses. A qualified actuarial firm shall be retained on an annual basis to project and develop losses to recommend appropriate reserve levels. The Loss Trust Fund Board's target is to maintain a minimum Risk Management reserve fund balance equivalent to the actuary's 80 percent confidence interval of projected total outstanding claims liability.

2.09 Self-Insurance Reserves – Healthcare. The city will maintain "Self-Insurance Reserves" at a level that will adequately fund the city's financial obligations for the healthcare program. A qualified actuarial firm shall be retained to project liabilities and establish reserve levels.

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

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

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

2.13 Assignment of Fund Balance. In accordance with Resolution No. 8751, the city council authorized

Policy 3 Expenditure Management

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 department/fund level/general account classification. A department cannot spend more than the budget appropriated for the fund, department, and/or account classification unless additional appropriation is approved by council.

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

c) Mid-year initiatives. Budget related requests for new, ongoing programs initiated outside of the annual budget development process requires approval by the city manager and the related budget authority approved by council.

d) Position Control. A system will be used to facilitate position control. The number of full-time and regular part-time employees on the payroll shall not exceed the total number

of full-time equivalents (FTEs) authorized by council through the budget process. The budget will identify the resources required to support the authorized staffing. Personnel additions outside of the budget process are discouraged and only accepted when approved by the city manager and the related budget authority is approved by council.

- e) 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, appropriated for each fiscal year. CIP projects are defined typically as multi-year efforts which may include purchases or construction of infrastructure or equipment which results in a new capitalized asset costing more than \$50,000 and having a useful life of five years or more.
- b) Project Review and Selection. Proposed CIP projects will include a detailed project description, identification of need and funding sources, full cost estimates, anticipated time schedule, full operating impacts, and other information necessary for proper evaluation of the city's investment in, and the ability to fund, the projects. Proposed CIP projects will be reviewed and prioritized by a cross-departmental team to ensure they are consistent with the council goals.

- c) Funding of CIP Projects. CIP projects must have sufficient budget authority and a funding source identified in the five-year CIP plan to meet the entire amount of the commitment. Future operating and maintenance costs associated with new capital improvements approved by council will be forecasted and included in the operating budget and five-year financial plan.

Capital projects will be monitored to ensure that no unnecessary budget appropriation authority exists due to inactivity or upon project completion. Before fiscal year-end, any unspent funding for inactive or completed projects will revert to the fund balance of the funding source.

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

increases that do not meet the policy's threshold of 10 percent and \$1.0 million.

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

Policy 4 Revenue Management

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

- 4.01 Custody. In accordance with Scottsdale Revised Code Chapter 2 Article IV, Section 2-131, the city treasurer/chief financial officer shall control receipts and have custody of all the money of the city.
- 4.02 Revenue Collection. The city will maintain effective internal controls and formal procedures to ensure the proper billing, collection, and accounting of all receipts and receivables. The city will vigilantly pursue collecting all revenues, late penalties, and related interest as authorized by the Arizona Revised Statutes and city policies.
- 4.03 Revenue Base. The city will strive to maintain a diversified and stable General Fund revenue base to shelter it from economic changes or short-term fluctuations by exploring appropriate and allowable sources of revenues for funding programs and projects which may include revenues from assessments, contracts, grants and contributions, taxes, and fees.
- 4.04 Dedicated Revenues. Revenues will not be dedicated for specific purposes, unless approved by council, required by law, or restricted by an outside party. All non-restricted revenues (except

for Proprietary Fund revenues) will be deposited in the General Fund.

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

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

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

Policy 5 Grants Management

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

governs the Grant Acquisition and Administration process.

- 5.01 Grant Application. The city shall apply for only those grants that are consistent with the goals and priority needs of the city. The potential for incurring ongoing costs, including the assumption of support for grant-funded positions from local revenues, and required city funds needed to be used in conjunction with the grant must 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 evaluated by the city treasurer/chief financial officer or designee for any cash match requirements, their potential impact on the operating budget which includes any additional funds needed to carry out the use of the intended grant, and the extent to which they meet the city's goals. If there are city funds needed to execute the grant, the source of funding shall be identified prior to application.
- 5.03 Budget Control. The city should avoid relying on grant funding to support ongoing programs. All grant program initiatives will be evaluated as part of the budget process. In the event of reduced grant funding, or inconsistent and/or fluctuating grants, city resources may be substituted only after all program priorities and alternatives are considered during the budget process.

Policy 6 Capital Asset Maintenance and Replacement

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

#226, which governs Capital Assets: Acquisition, Inventory and Disposal.

- 6.01 Maintenance and Replacement Plans. Periodic physical inventories and assessments for all types of capital assets should be conducted to determine the condition, use, repair, and replacement needs of the assets. A multi-year maintenance and replacement plan should be maintained for critical assets.
- 6.02 Ongoing Funding. The city will establish an ongoing 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 ongoing 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/chief financial officer, as chief investment officer, or his/her designee shall invest all funds of the city according to the approved Investment Policy. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial returns on principal, in that order. The city treasurer/chief financial officer 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.

state, and local laws, and maintaining the city's high bond ratings.

8.01 Evaluation for Issuance of Debt Obligations. The city treasurer/chief financial officer 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/chief financial officer 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/chief financial officer will seek input from the city's external financial advisor, bond counsel and the City of Scottsdale Municipal Property Corporation (MPC)² Board (if related to MPC debt) carefully consider the debt service structure, timing, terms, and other such matters concerning each debt issuance.

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,

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

- d) The debt portfolio's principal and interest payments should generally be structured to result in level debt service or to align with the useful life of the assets, unless an alternate structure is warranted. Deferral of principal is discouraged.
- e) The weighted average maturity of the debt issuance should generally be no greater than the reasonably expected average economic life of all the assets being financed.
- f) Debt proceeds will reasonably be utilized within three years, and in approved circumstances five-years, in compliance with Internal Revenue Service (IRS) regulations.
- g) Debt obligations must comply with all applicable federal, state, and local laws, regulations, and covenants.

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

8.04 Types of Debt Obligations:

General Obligation (G.O.) Bonds.

- a) G.O. Bonds are voter authorized debt supported by (secondary) property tax revenues. The issuance of G.O. Bonds shall be carefully considered and used only for

public projects benefitting a broad public interest.

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

Excise Tax/Revenue Secured Obligations.

- a) Non-voter authorized debt (i.e., MPC, Excise Tax Obligations, Revenue Obligations, and other non-voter authorized debt) will be used only when a dedicated non-property tax source (e.g., excise taxes and utility revenues) can be identified to pay or reimburse the General Fund for paying debt service expenses.
- b) Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
- c) The General Fund excise tax debt service should not exceed 10 percent of the General Fund's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility.
- d) The city treasurer/chief financial officer shall perform a five-year analysis of debt coverage and other ratios, debt security, and reserve requirements for each debt issuance.
- e) Careful consideration of the intended use of the financed facilities, including private activity use, must be evaluated when determining the appropriate debt structure.
- f) McDowell Sonoran Preserve (Preserve) debt service will be funded by the dedicated 0.15 percent privilege tax.

- g) The city will maintain appropriate Debt Service Reserves as stated in Policy 2.

Improvement District (ID) Bonds.

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

Community Facility District (CFD) Bonds.

- a) CFDs are special taxing districts created to provide a funding mechanism to finance construction, acquisition, operation, and maintenance of public infrastructure that benefits real property within the CFD.
- b) CFDs have statutory taxing and borrowing authority within the city. For that reason, council must fully understand the benefits, potential drawbacks, risks, and legal exposures, to ensure the financial protection of the city and its property owners and taxpayers, and to ensure the success of the CFD, when considering each CFD formation. The city will maintain a separate written CFD policy to establish policy directions, application, and formation procedures.

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

8.05 Refunding Bonds. Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Typically, this is done to achieve lower interest costs, reduce debt service payments, or to restructure the debt to meet the city's goals. When making a determination on refunding bonds, the city treasurer/chief financial officer 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/chief financial officer will direct the investment of bond proceeds in accordance with permitted investments for each bond issue and with the city's separately written Investment Policy. Bond interest earnings will be limited to funding changes to the bond financed CIP, as approved by the city treasurer/chief financial officer or be applied to debt service payments on the bonds issued. The investment of bond proceeds shall comply with all applicable federal, state, and indenture restrictions.
- 8.07 Use of Bond Proceeds. The city shall not give or loan its bond proceeds to any individual, association, or corporation unless legally authorized and approved by council.
- 8.08 Lending of City's Credit. The city shall not loan, give its credit, or guarantee loans for private developers or private party financing arrangements.
- 8.09 Issuance and Post Issuance Compliance and Continuing Disclosure Undertakings. The city will comply with arbitrage rebate requirements of Internal Revenue Code Section 148 and related Treasury Regulations and shall maintain and comply with separately written procedures for tax-exempt bonds (Written Policies Relating to Issuance and Post-Issuance Compliance Procedures for Tax-Advantaged Obligations of the City of Scottsdale, Arizona) to ensure tax-exempt bonds remain in compliance with federal tax requirements. Additionally, the city will comply with Rule 15c2-12 of the Securities and Exchange Act of 1934 adopted by the SEC for reporting significant events and shall maintain and comply with separately written procedures for continuing disclosure compliance (Continuing Disclosure Compliance Procedures Regarding the Securities and Exchange Commission Rule 15c2-12 for the City of Scottsdale, Arizona).

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

- 9.01 Enterprise Funds. Separate funds will be established and maintained to properly account for each enterprise operation. Enterprise Funds will not be used to subsidize the operations of other non-Enterprise Funds. Interfund charges will be assessed for the administrative support of the enterprise activity based on a rational nexus between the charges and cost of the benefits received.
- 9.02 Rates and Fees. The city will establish rates and fees at levels that recover the total direct and indirect costs for operating and capital requirements, including debt service and debt coverage requirements for water, wastewater, solid waste, and general aviation services. All existing enterprise rates and charges will be reviewed annually and developed pursuant to a multi-year financial plan that strives to gradually implement user rate adjustments to avoid acute fluctuations.
- 9.03 Enterprise Rate Stabilization. In order to ensure long-term stability of the city's enterprise systems and rates, the city will develop its rates to include future capital needs. In conjunction with debt issuances, funds in excess of reserves and operating requirements will be used to supplement "pay as you go" capital expenditures to avoid significant and unplanned rate adjustments.
- 9.04 Operating Reserves. The city will maintain "Operating Reserves" in its Enterprise Funds as stated in Policy 2 to provide for emergencies, unexpected declines in revenues, and other unanticipated events.

Policy 9 Enterprise Funds

The city's Enterprise Fund operations (Water, Wastewater, Solid Waste, and Aviation) are self-supporting operations

9.05 Debt Financing. Debt financing will be used for capital projects too large to fund with current resources and when a debt issuance is affordable and appropriate to facilitate “intergenerational equity,” wherein projects with longer lives are paid over several generations through debt service payments. The Enterprise Funds shall incorporate “pay-as-you-go” funding in the annual CIP. Pay-as-you-go funding should account for a minimum of 25 percent of the CIP, for each five-year planning period. Pay-as-you-go funding is defined as all sources of revenue other than city debt issuance, i.e., fund balance, dedicated revenues, contributions, grants, etc.

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

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

Policy 10 Tourism Development Fund

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

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

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

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

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

10.03 Unused Funds. Subject to council approval, at the end of each fiscal year, any unused funds from the second 50 percent as referenced in 10.02 above will be available for use in following years for any of the non-marketing tourism

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

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 Park and Preserve Tax Funds

The city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of McDowell Sonoran Preserve (the Preserve) including police and fire security and protection. This policy provides for the proper allocation of revenues collected from the 0.15 percent Park and Preserve Tax in accordance with voter approval and Scottsdale Ordinance No. 4633.

- 11.01 Deposits to the Park and Preserve Tax Allocation Fund. 100 percent of the Park and Preserve Tax shall be deposited to the Park and Preserve Tax Allocation Fund.

- 11.02 Distributions from the Parks and Preserve Tax Allocation Fund. The annual revenues deposited to the Parks and Preserve Tax Allocation Fund shall be distributed in accordance with Scottsdale Ordinance No. 4633 and in compliance with state law. After debt requirements in section 11.03 are satisfied, all remaining revenues shall be distributed to the respective Park and Preserve Tax Funds as follows:

- a) 51 percent to the Parks and Preserve Tax – Park Improvement Fund for city parks improvement needs
- b) 18 percent to the Parks and Preserve Tax – Preserve Maintenance Fund for McDowell Sonoran Preserve maintenance and protection needs
- c) 14 percent to the Parks and Preserve Tax – Park Maintenance Fund for city parks

- and recreational facilities maintenance (excluding WestWorld)
- d) 10 percent to the Parks and Preserve Tax – Fire Fund for Fire Department needs related to parks and the Preserve including, but is not limited to, technical rescue teams for the Preserve and city parks and for fire fuel mitigation around the Preserve and in and around the city for the protection and maintenance of the Preserve and city parks
- e) 7 percent to the Parks and Preserve Tax - Police Fund for city park rangers and security needs for city parks and the Preserve

- 11.03 Distribution for Debt Service. Debt may be used to fund certain capital improvements for WestWorld in accordance with financial policies. Notwithstanding Section 11.02 above, on an annual basis, the Park and Preserve Tax revenues will be used to satisfy any debt requirements as required by bond covenants. Debt requirements will be limited to no more than \$4,500,000 of the Park and Preserve Tax revenues on an annual basis.

- 11.04 Fund Balance in Park and Preserve Tax Funds. At the end of each year, any unused park and preserve tax revenues in each respective Park and Preserve Tax Fund will be carried forward for use in future years within that fund.

- 11.05 Annual Report. The city treasurer/chief financial officer will prepare an annual accounting of the Park and Preserve Tax Funds for city council.

Policy 12 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.

12.01 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.

12.02 Evaluation of Costs and Financial Impacts. Development agreements and contracts for economic development will be carefully evaluated for financial and cost impacts to the city by the city treasurer/chief financial officer and city manager or designees. Such costs and financial impacts will be forecasted and included in the operating budget, five-year financial plan, and/or the Capital Improvement Plan.

12.03 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 13 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 ongoing 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.

13.01 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 ongoing risk assessments, training, safety reviews, loss prevention, and the transfer of risk when prudent.

13.02 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.

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

13.04 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.

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

13.06 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.

13.07 Liability Tort Settlements and Judgments. Annually, the city shall include liability tort settlements and judgments authorized by the State of Arizona's Property Tax Oversight

Commission into the primary property tax creating a reimbursement revenue to the Risk Management Fund.

Policy 14 Accounting, Auditing, and Financial Reporting

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

- 14.01 Financial Records. The city treasurer/chief financial officer maintains the official financial records of the city, to include the general ledger, the city's budget documents, debt-related documents, etc.
- 14.02 Compliance. The city's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, General Accepted Accounting Principles (GAAP), and standards of the Governmental Accounting Standards Board (GASB).
- 14.03 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.
- 14.04 Monthly Financial Reports. The city treasurer/chief financial officer shall issue timely monthly financial reports to council in accordance with the Scottsdale City Charter.
- 14.05 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.

- 14.06 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.
- 14.07 Expenditure Limitation Report. The city treasurer/chief financial officer will prepare an Annual Expenditure Limitation Report (AELR) and submit the AELR each year to the State Auditor General in accordance with A.R.S. § 41-1279.07.

Policy 15 Pension Funding

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

- 15.01 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.
- 15.02 Funding Policy. The city shall maintain and comply with a separate written pension funding policy for its Public Safety Personnel Retirement System that is approved by the council annually in accordance with A.R.S. § 38-863.01.
- 15.03 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.

- 15.04 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/chief financial officer. Changes to the below guidance must be approved by the council through the budget process.

- 1) Funding for General Fund CIP.
 - a) 25 to 50 percent of the unrestricted portion of construction privilege tax revenues.
 - b) 100 percent of General Fund interest earnings.
 - c) Any additional funding as recommended through the budget process.
- 2) General Fund Operating Surplus. Year-end General Fund operating surpluses not needed to restore contingency, reserves, or designations or to cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the General Fund CIP in the following fiscal year's budget development process.
- 3) Funding for Public Safety Accidental Disabled Retirees. A General Fund transfer will be made to the Benefits Healthcare Self-Insurance Fund to subsidize the cost of providing healthcare benefits to sworn public safety accidental disabled retirees.
- 4) Transportation Fund Operating Surpluses. Year-end Transportation Fund operating surpluses not needed to restore contingency or reserves or to cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the Transportation Fund CIP in the following fiscal year's budget development process.
- 5) Allocation of Dedicated 0.2 Percent Transportation Privilege Tax. No less than 50 percent of the dedicated 0.2 percent privilege tax revenue for transportation improvements will be allocated to the capital budget for planning, design, construction, and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, and transit.

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

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

General Fund is the primary operating fund of the city. It exists to account for the resources devoted to finance the services traditionally associated with local government. This includes essential services such as 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. Activity related to the Ambulance Service program is reported separately in the Ambulance Service Fund.

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

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

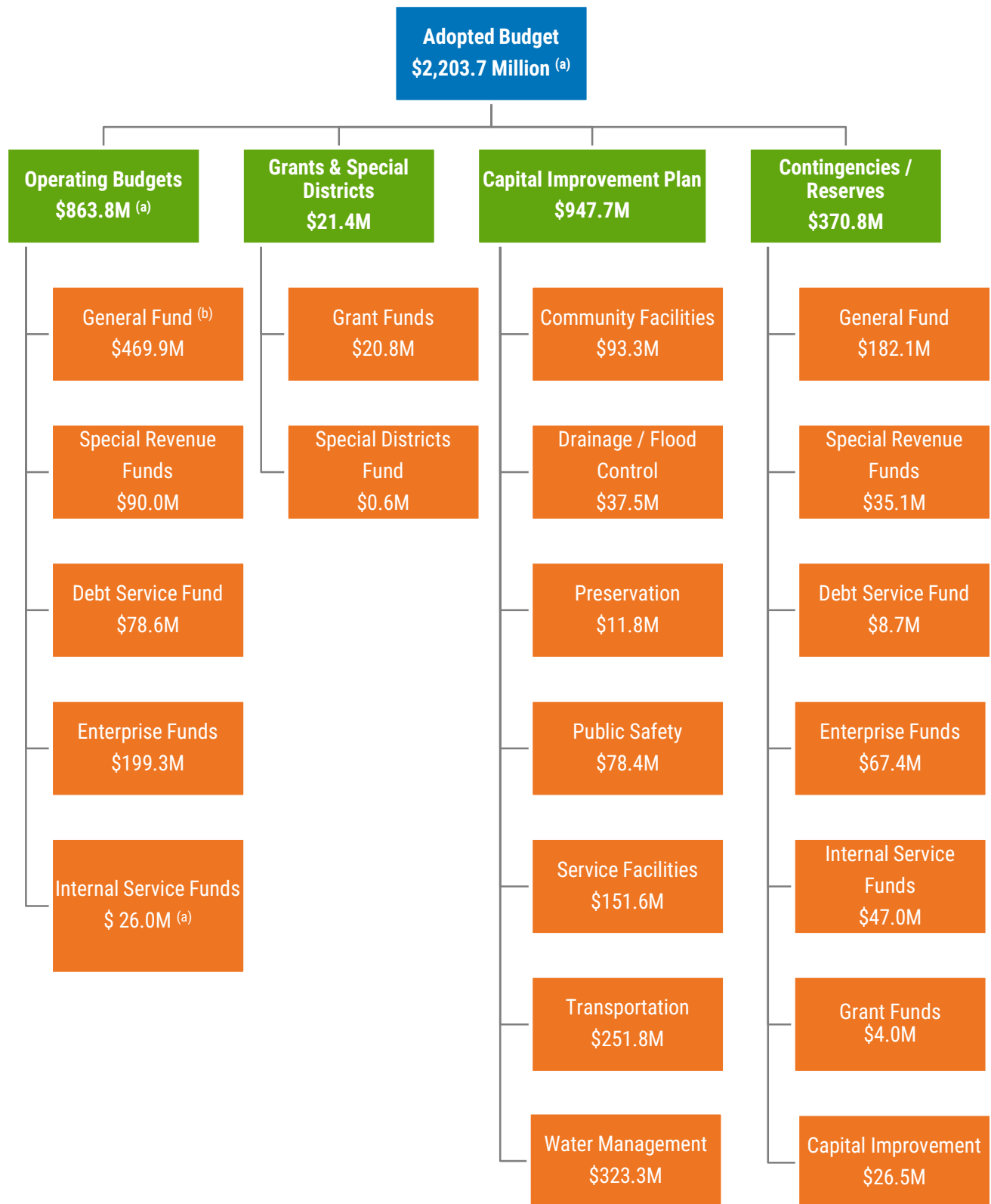
Grant Funds are used to leverage city funds to address priority program and service needs.

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.

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

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.

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.



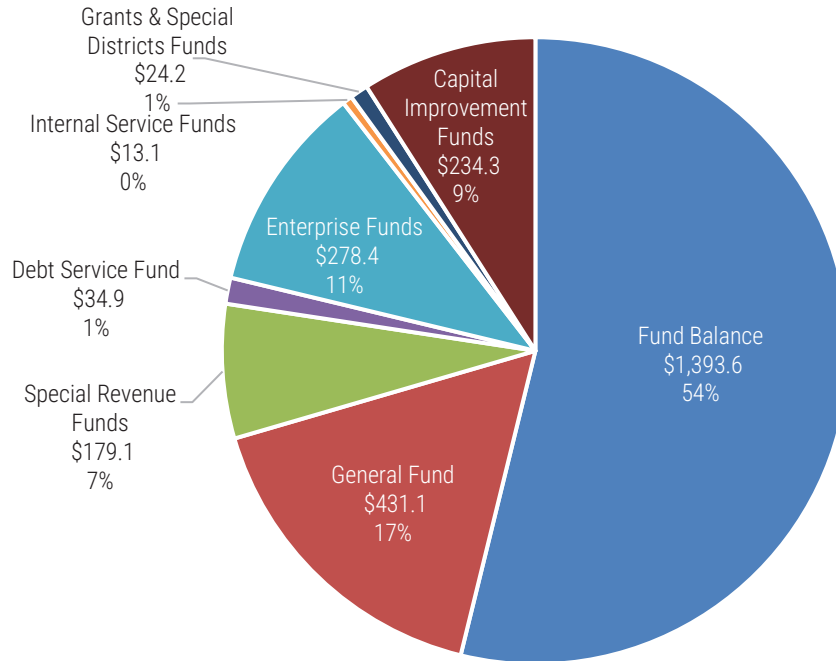
^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$84.3M

^(b) Includes Ambulance Service Fund

Rounding differences may occur.

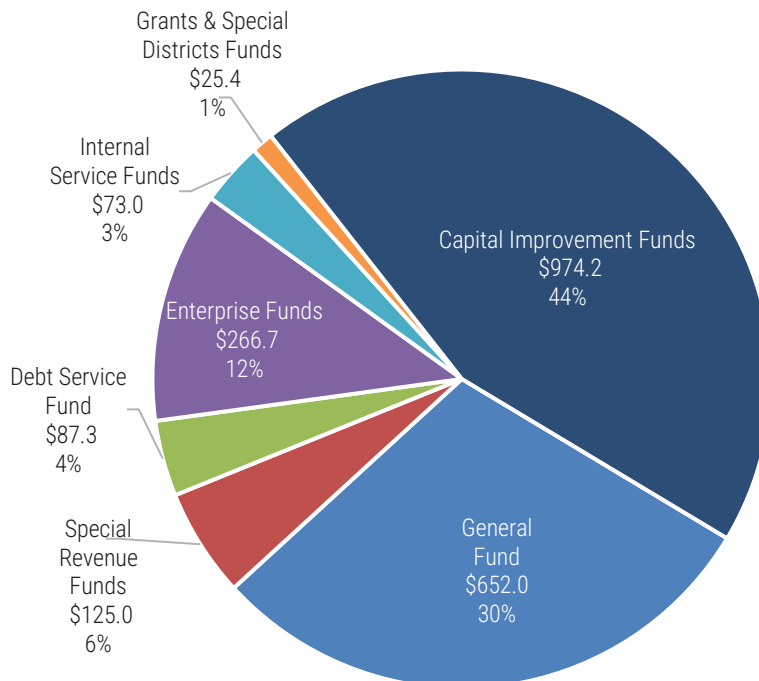
Fund Balance and Revenue by Fund Type

The total City of Scottsdale FY 2025/26 adopted budget is funded by \$2,588.8 million in revenue and fund balance. The total amount of fund balance available is \$1,393.6 million, and the estimated revenue is \$1,195.1 million, which includes \$234.3 million in Capital Improvement Funds, \$431.1 million in General Fund, \$278.4 million in Enterprise Funds, and \$251.3 million in other funds. A complete detail of revenues can be found on the Total Appropriation schedule.



Total Budget Appropriation by Fund Type

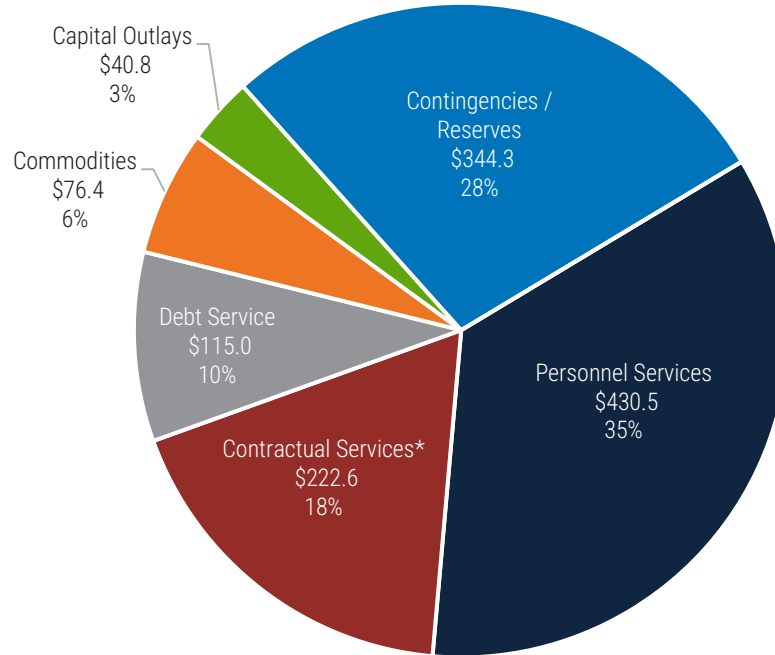
The total City of Scottsdale FY 2025/26 adopted budget appropriation is \$2,203.7 million, which includes \$370.9 million in contingencies/reserves. The Capital Improvement Plan and its associated contingencies/reserves account for 44 percent of the annual budget appropriation at \$974.2 million.



Rounding differences may occur.

Total Operating Budget Appropriation by Expense Type

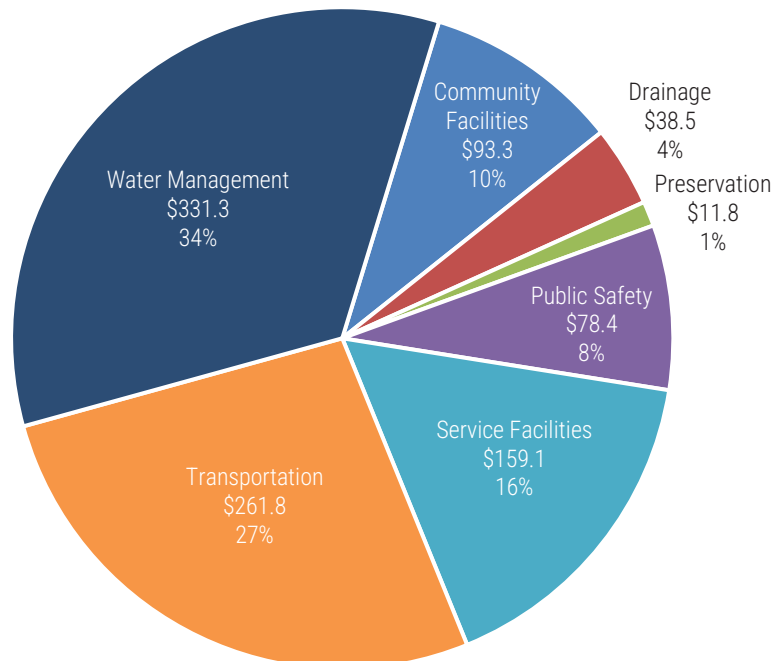
The total operating budget appropriation is \$1,229.5 million, and includes \$344.3 million in contingencies/reserves, or 28 percent of the budget. The largest expense type is Personnel Services at 35 percent or \$430.5 million.



*Includes Internal Service Offsets and Indirect Costs.

Total Capital Improvement Plan Appropriation by Program

The total Capital Improvement Plan appropriation is \$974.2 million, and includes \$26.5 million in contingencies/reserves which is allocated across the various programs. The largest program is Water Management at 34 percent or \$331.3 million.



Rounding differences may occur.

	Sources		Uses					Transfers Out	Ending Balance
	Beginning Balance	Revenue	Transfers In	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlays	Contingencies / Reserves	Other ¹
General Fund	278,056,759	423,352,837	18,494,590	341,210,127	98,849,377	12,853,971	6,909,169	182,056,673	16,721,909
Ambulance Service Fund	-	7,748,832	2,348,647	6,933,581	1,295,219	1,464,676	404,003	-	-
Special Revenue Funds	30,810,748	56,948,369	-	13,025,051	20,287,020	1,503,299	2,267,017	4,708,239	24,409,457
Transportation	159,867,258	29,650,529	-	-	-	-	-	17,826,600	38,156,235
Preservation	-	25,214,181	-	-	-	-	-	-	25,214,181
P&P - Park Allocation	-	-	-	254,033	1,514,249	176,400	291,060	670,722	522,021
P&P - Park Maintenance	-	-	3,428,485	950,759	1,974,015	221,847	-	943,986	317,446
P&P - Preserve Maintenance	-	-	4,408,053	819,113	25,405	62,894	347,600	376,503	-
P&P - Police Ranger	-	-	1,714,243	1,225,140	398,150	99,860	30,884	526,210	82,728
P&P - Fire Mitigation	-	-	2,448,918	-	1,870,000	660,000	200,000	2,307,833	168,674
P&P - Park Improvements	-	-	12,489,482	6,389,855	6,153,228	2,183,539	120,000	1,500,000	4,962,776
Special Programs	23,384,986	27,856,588	-	891,137	23,308,340	8,661	63,270	4,000,000	2,488,873
Tourism Development	14,713,383	37,265,537	-	947,340	434,289	129,141	1,150,000	2,201,721	13,100,508
Stadium Facility	5,977,221	2,205,073	-	-	-	-	-	-	12,155,450
Debt Service Fund	8,861,572	34,851,032	43,581,009	-	78,562,788	-	-	8,730,825	11,552,062
Enterprise Funds	122,534,395	229,595,061	11,210,140	32,755,658	73,117,144	45,048,861	441,300	55,916,307	1,660,000
Water & Water Reclamation	10,291,960	38,400,835	-	11,898,642	19,563,457	966,652	6,720	6,166,119	-
Solid Waste	15,907,867	10,425,397	-	1,839,055	3,417,205	68,300	12,000	5,352,093	99,032,744
Aviation	-	-	-	-	-	-	-	-	2,415,605
Internal Service Funds	21,175,484	603,633	-	6,066,338	2,303,065	9,726,672	170,000	1,000,000	156,774
Fleet Management	-	550,000	12,600,000	-	-	100,000	26,994,758	1,000,000	12,788,833
Fleet Replacement	1,457,935	-	-	-	-	-	1,317,661	100,000	6,224,274
PC Replacement	32,824,065	1,443,687	-	1,950,268	17,223,864	375,159	-	34,707,698	550,000
Risk Management	22,789,733	10,503,316	150,000	338,677	43,716,004	-	-	10,234,281	1,050,933
Healthcare Self-Insurance	-	-	-	-	-	-	-	-	116,171
Grants & Special Districts	-	23,637,740	1,192,098	2,956,208	17,075,825	712,690	73,447	4,000,000	-
Grants	-	579,465	3,154	-	582,619	-	-	-	11,668
Special Districts	-	-	-	-	-	-	-	-	-
Subtotal	748,653,366	960,832,112	114,068,819	430,450,982	411,671,263	76,362,622	40,798,889	344,325,810	295,483,362

Total Operating Budget Appropriation¹² 1,229,506,006

Capital Improvement Funds	644,982,625	234,300,299	186,803,783	-	-	-	947,725,578	26,510,560	5,389,240	86,461,329
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Total Capital Budget Appropriation¹² 974,236,138

Total All Funds	1,393,635,991	1,195,132,411	300,872,602	430,450,982	411,671,263	76,362,622	988,524,467	370,836,370	300,872,602	385,026,258
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Total Budget Appropriation¹² 2,203,742,144

¹¹Other includes Internal Service Offsets and Indirect Costs.
¹²Total Budget Appropriation excludes Transfers Out and assumes the use of reserve appropriations.

BUDGET BY FUND | Total Appropriation

Description	General Fund ^(a)	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Beginning Fund Balance	278,056,759	234,753,596	8,861,572	148,734,222	78,247,217	-	644,982,625	1,393,635,991
Revenues								
Taxes - Local								
Sales Tax	170,787,302	84,047,283		259,461			16,809,453	271,903,499
Sales Tax - Public Safety (0.10%)	17,409,462							17,409,462
Electric & Gas Franchise	10,487,242	265,000						10,752,242
Cable TV License Fee	2,894,791							2,894,791
Stormwater Fee	962,319			339,642				1,301,961
Salt River Project In Lieu	200,000						200,000	200,000
Stormwater Fee - CIP		7,868,373						7,868,373
Transient Occupancy Tax		33,000,000						33,000,000
State Shared Revenues								
State Shared Income Tax	46,243,346							46,243,346
State Shared Sales Tax	38,560,076							38,560,076
Auto Lieu Tax	12,401,290							12,401,290
Charges For Service/Other								
Intergovernmental	6,022,182	2,870,356				-	111,167,850	120,060,388
Property Rental	5,924,773	5,219,412		429,172		67,100		11,640,457
Miscellaneous	1,787,411	5,568,539	-	3,141,964	1,119,905	602,615	-	12,220,434
Westworld Equestrian Facility Fees	6,614,024	1,286,364						7,900,388
Contributions & Donations	-	1,830,772		9,000		2,647,107	-	4,486,879
Property Tax								
Property Tax	40,008,197		34,851,032		678,687			75,537,916
Interest Earnings								
Interest Earnings	11,103,081	8,408,279		3,303,032		-	6,065,689	28,880,081
Other Revenue								
Grants	-			492,914		16,320,918	29,182,307	45,996,139
Special Districts						579,465		579,465
Property Rental		635,176						635,176
Reimbursements from Outside Sources					1,103,912		-	1,103,912
Building Permit Fees & Charges								
Building Permit Fees & Charges	23,752,610	126,120					75,000	23,953,730
License Permits & Fees								
Recreation Fees	6,009,970	4,963,254						10,973,224
Fire Charges For Services	10,793,194							10,793,194
Business & Liquor Licenses	2,669,037	50,160						2,719,197
Indirect/Direct Cost Allocations								
Indirect Costs	8,796,368			919,905				9,716,273
Direct Cost Allocation (Fire)	462,278							462,278
Indirect/Direct Cost Allocations		20,000						20,000
Fines Fees & Forfeitures								
Court Fines	4,113,661	2,618,654						6,732,315
Photo Radar	2,644,511							2,644,511
Parking Fines	261,000							261,000
Library	43,726	119,646						163,372
Jail Dormitory	149,818							149,818
Police Fees		95,400						95,400
Taxes- From Other Agencies								
Local Transportation Assistance Fund		610,000						610,000
Highway User Tax		19,537,489						19,537,489
Other Financing Sources								
Bond Proceeds			-				50,000,000	50,000,000
Utilities & Enterprises								
Water Service Charges				142,943,240			11,000,000	153,943,240
Non-Potable Water Service Charges				18,676,089			2,100,000	20,776,089
Water Reclamation Service Charges				60,413,477			7,900,000	68,313,477
Airport Fees				9,391,985				9,391,985
Refuse/Recycling				38,101,412				38,101,412
Internal Service Charges								
Fleet Management					31,994,823			31,994,823
Less Internal Service Funds Offset					(84,282,111)			(84,282,111)
Self Insurance					61,474,761			61,474,761
PC Replacement					1,010,659			1,010,659
Subtotal	431,101,669	179,140,277	34,851,032	278,421,293	13,100,636	20,217,205	234,300,299	1,191,132,411

^(a) Includes Ambulance Services.

BUDGET BY FUND | Total Appropriation

Description	General Fund ^(a)	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Other Activity								
Grant Contingency						4,000,000		4,000,000
Subtotal	-	-	-	-	-	4,000,000	-	4,000,000
Transfers In								
From CIP	-	-		-	-	1,192,098		1,192,098
From Enterprise Franchise Fees	10,913,920							10,913,920
From Operating	9,929,317	-		-	12,750,000	-		22,679,317
From Park Maintenance		3,428,485						3,428,485
From Preserve Maintenance		4,408,053						4,408,053
From Police Ranger		1,714,243						1,714,243
From Fire Mitigation		2,448,918						2,448,918
From Park Improvements		12,489,482						12,489,482
From Special Districts						3,154		3,154
From Debt Svc GO Bonds			26,406,235					26,406,235
From WIFA Debt			725,000					725,000
From Debt Svc MPC Bonds			16,449,774					16,449,774
From General Fund							48,755,838	48,755,838
From Special Programs Fund							1,295,430	1,295,430
From Tourism Development Fund							1,676,263	1,676,263
From Transportation Sales Tax (0.20%) Fund							21,809,457	21,809,457
From Grants Fund							11,668	11,668
From Risk Management Fund							16,171	16,171
From Stormwater Fee Fund							7,203,623	7,203,623
From Preservation Sales Tax Fund							11,750,000	11,750,000
From Stadium Concessionaire Contrbn							1,000,000	1,000,000
From Park & Recreation Tax (0.15%) Fund							4,962,776	4,962,776
From HURF							2,600,000	2,600,000
From Special Events Parking							3,842,389	3,842,389
From Debt Service				6,250,567				6,250,567
From Water & Water Reclamation Funds							81,105,826	81,105,826
From AWT				4,059,573				4,059,573
From RWDS				900,000				900,000
From Aviation Fund							156,774	156,774
From Solid Waste Fund							328,735	328,735
From Fleet Fund							288,833	288,833
Subtotal	20,843,237	24,489,181	43,581,009	11,210,140	12,750,000	1,195,252	186,803,783	300,872,602
Sources Total	451,944,906	203,629,458	78,432,041	289,631,433	25,850,636	25,412,457	421,104,082	1,496,005,013

^(a) Includes Ambulance Services.

BUDGET BY FUND | Total Appropriation

Description	General Fund ^(a)	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Expenditures								
Mayor and City Council	1,106,449	68,806				5,000		1,180,255
City Clerk	1,953,342							1,953,342
City Attorney	9,924,074				19,493,903	-		29,417,977
City Auditor	1,379,751							1,379,751
City Court	6,602,524	2,141,824				-		8,744,348
City Manager	4,195,146	-				-		4,195,146
Facilities Management	29,395,932	1,395,410						30,791,342
Transportation and Infrastructure	3,401,633	33,311,190		2,600,794		-		39,313,617
Economic Development	1,385,527	20,000				10,000		1,415,527
Planning and Development Services	19,759,172	715,493						20,474,665
Fire Department	90,648,047	2,673,040				-		93,321,087
Police Department	202,386,619	5,614,046				2,395,733		210,396,398
City Treasurer	14,589,951	-		3,224,986		-		17,814,937
Library and Human Services	15,123,175	998,225				17,592,191		33,713,591
Parks and Recreation and Preserve	25,563,598	11,814,926				3,156		37,381,680
Enterprise Operations	15,655,532	31,257,484		3,637,894				50,550,910
Communications	4,119,065					812,090		4,931,155
Human Resources	5,569,163				44,107,181			49,676,344
Information Technology	22,979,657	18,800		737,452	1,317,661			25,053,570
Fleet Management					45,544,224	-		45,544,224
Water Resources				111,916,275				111,916,275
Solid Waste Management				31,611,925				31,611,925
Citywide Indirect Cost Allocation				8,796,368				8,796,368
Department Indirect Cost				919,905				919,905
Citywide Direct Cost Allocation				462,278				462,278
Personnel Programs ^(b)	4,700,442	272,596		759,905	126,277			5,859,220
Savings from Vacant Positions	(11,000,000)	(368,136)		(1,572,345)	(306,780)			(13,247,261)
Utilities				323,850				323,850
Special Districts						582,619		582,619
Less Internal Service Funds Offset					(84,282,111)			(84,282,111)
Subtotal	469,438,799	89,933,704	-	163,419,287	26,000,355	21,400,789	-	770,192,934
Debt Service								
Contracts Payable	481,324	48,892						530,216
GO Debt Service - Non Preserve			34,984,366					34,984,366
GO Debt Service - Preserve			26,406,235					26,406,235
Wifa Debt Service Fund			725,000					725,000
MPC Excise Debt			16,447,187					16,447,187
MPC Bonds Debt Service-Sewer				7,127,643				7,127,643
MPC Bonds Debt Service-Water				16,027,871				16,027,871
MPC Bonds Debt Svc - Airport				1,720,744				1,720,744
Future Debt-budget Use Only				11,018,000				11,018,000
Subtotal	481,324	48,892	78,562,788	35,894,258	-	-	-	114,987,262
Capital								
Community Facilities							93,348,579	93,348,579
Drainage/Flood Control							37,477,865	37,477,865
Public Safety							78,443,393	78,443,393
Service Facilities							151,616,530	151,616,530
Transportation							251,750,073	251,750,073
Preservation							11,750,000	11,750,000
Water Management							323,339,138	323,339,138
Subtotal	-	-	-	-	-	-	947,725,578	947,725,578

^(a) Includes Ambulance Services.

^(b) Includes Citywide Pay Program/Citywide Pay Program Tail, Leave Accrual Payments/Parental Leave and Vacation Trade.

BUDGET BY FUND | Total Appropriation

Description	General Fund ^(a)	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Other Activity								
Emergency Reserve	22,991,132							22,991,132
Operating Contingency	15,401,012	6,608,418		6,000,000	8,125,850			36,135,280
Operating Reserve	91,964,529	3,708,239		37,410,744	32,207,698			165,291,210
PSPRS Pension Liabilities	26,700,000							26,700,000
Reserve - Facilities Repair/Replacement	10,000,000							10,000,000
Revenue Loss Reserve	15,000,000							15,000,000
Grant Contingency						4,000,000	8,158,032	12,158,032
Debt Service Reserve		17,826,600		10,156,125				27,982,725
Revenue Stabilization Reserve		3,216,836		5,000,000				8,216,836
Appropriation Contingency		1,500,000						1,500,000
Stadium Lifecycle		2,201,721						2,201,721
GO Debt Service Reserve - Non Preserve			3,498,437	-				3,498,437
Debt Stabilization Reserve			5,232,388					5,232,388
General Fund Contingency							5,452,528	5,452,528
Transportation 0.2% Sales Tax Contingency							3,000,000	3,000,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
Water Drought Reserve				5,000,000				5,000,000
Water Rates Contingency							4,000,000	4,000,000
Sewer Rates Contingency							4,000,000	4,000,000
Fleet Replacement Reserve				3,867,650				3,867,650
Aviation Funds Contingency							900,000	900,000
IBNR Reserve					3,109,297			3,109,297
Premium Stabilization Reserve					3,599,134			3,599,134
Subtotal	182,056,673	35,061,814	8,730,825	67,434,519	47,041,979	4,000,000	26,510,560	370,836,370
TOTAL BUDGET	651,976,796	125,044,410	87,293,613	266,748,064	73,042,334	25,400,789	974,236,138	2,203,742,144
Transfers Out								
To CIP	33,000,000	48,936,315		79,316,879	237,650	-		161,490,844
To CIP Construction Sales Tax	4,652,758							4,652,758
To CIP Excess Interest	11,103,080							11,103,080
To Debt Svc MPC Bonds	10,045,321	6,404,453						16,449,774
To Operating	2,501,801	5,493,800			100,000	-		8,095,601
To CIP Technology		-		2,274,456	67,354	11,668		2,353,478
To Fire Mitigation		2,448,918						2,448,918
To Park Improvements		12,489,482						12,489,482
To Park Maintenance		3,428,485						3,428,485
To Park Ranger		1,714,243						1,714,243
To Preserve Maintenance		4,408,053						4,408,053
To WIFA Debt		725,000						725,000
To Debt Svc GO Bonds		26,406,235						26,406,235
To CIP Stormwater		7,203,623						7,203,623
To Grants Fund							1,192,098	1,192,098
To AWT				4,059,573				4,059,573
To Debt Service Fund				2,953,425				2,953,425
To Franchise Fees				10,913,920				10,913,920
To Other				2,086,870	12,500,000			14,586,870
To Water & Water Reclamation Funds							4,197,142	4,197,142
Subtotal	61,302,960	119,658,607	-	101,605,123	12,905,004	11,668	5,389,240	300,872,602
Uses Total	713,279,756	244,703,017	87,293,613	368,353,187	85,947,338	25,412,457	979,625,378	2,504,614,746
Sources Over/(Under) Uses ^(a)	(261,334,850)	(41,073,559)	(8,861,572)	(78,721,754)	(60,096,702)	-	(558,521,296)	(1,008,609,733)
Ending Fund Balance ^(a)	16,721,909	193,680,037	-	70,012,468	18,150,515	-	86,461,329	385,026,258
Ending Fund Balance ^(d)	198,778,582	228,741,851	8,730,825	137,446,987	65,192,494	4,000,000	112,971,889	755,862,628

^(a) Includes Ambulance Services.

^(b) Includes Citywide Pay Program/Citywide Pay Program Tail, Leave Accrual Payments/Parental Leave and Vacation Trade.

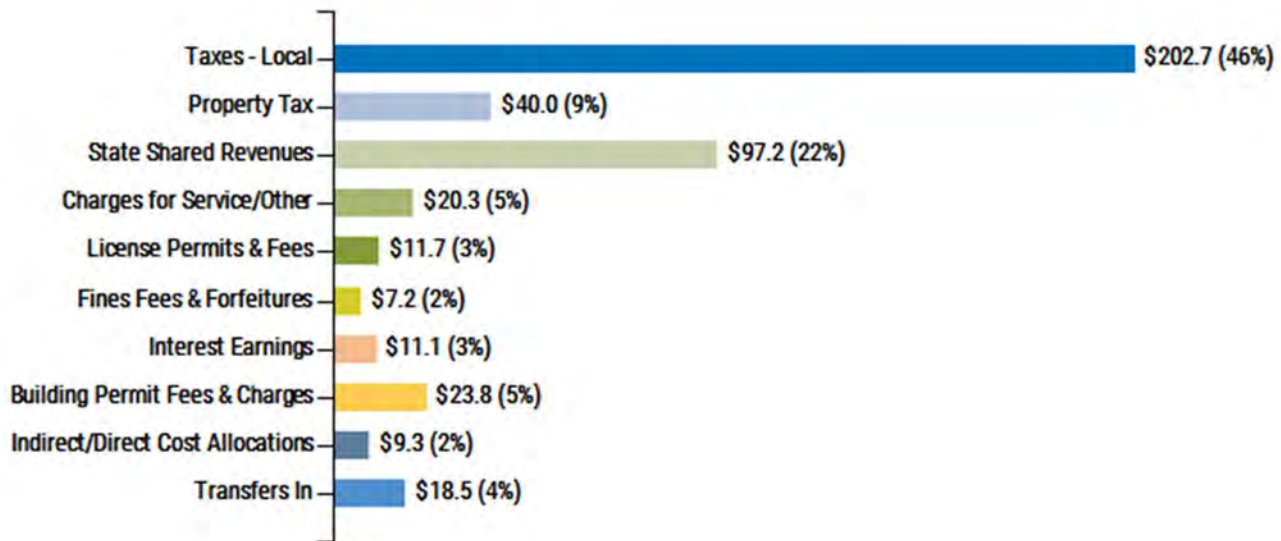
^(c) Includes use of reserve appropriations.

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

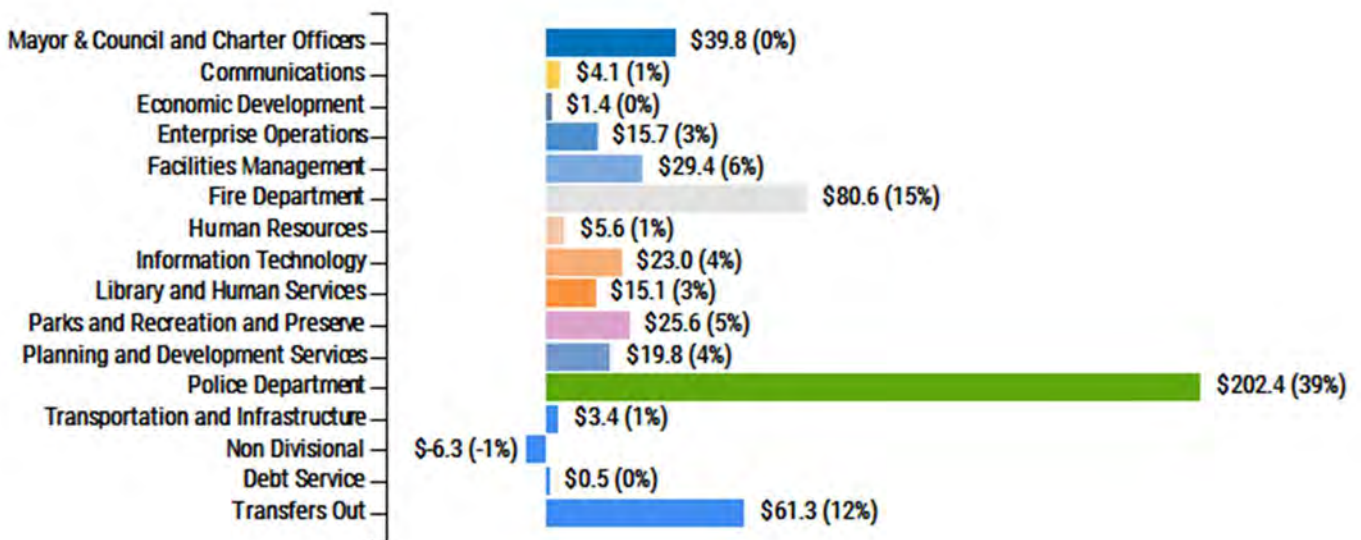
FUND PURPOSE

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

General Fund Sources (% to Total) \$441.8 Million



General Fund Uses (% to Total) \$521.1 Million



Rounding differences may occur.

BUDGET BY FUND | General Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Emergency and Operating Reserve	80,576,131	91,058,674	89,051,001	86,576,601
General Plan Initiatives	15,000,000	15,000,000	15,000,000	-
Innovation Initiatives	500,000	500,000	500,000	500,000
Operating Contingency	8,094,483	15,000,000	13,662,223	17,268,072
PSPRS Pension Liabilities	140,319,493	119,958,595	133,144,150	157,012,086
Development Agreements	9,800,000	9,800,000	14,600,000	9,800,000
Reserve - Facilities Repair/Replacement	-	-	-	-
Revenue Loss Reserve	-	-	-	-
General Fund Balance	500,000	500,000	500,000	6,900,000
Total Beginning Fund Balance	254,790,107	251,817,269	266,457,374	278,056,759
Revenues				
Taxes - Local				
Sales Tax	175,425,883	166,613,974	178,425,843	170,787,302
Sales Tax - Public Safety (0.10%)	17,264,996	16,388,552	17,571,965	17,409,462
Electric & Gas Franchise	10,741,645	10,281,610	10,281,610	10,487,242
Cable TV License Fee	3,357,561	3,328,440	3,112,678	2,894,791
Stormwater Fee	965,272	964,999	964,999	962,319
Salt River Project In Lieu	233,550	200,000	200,000	200,000
State Shared Revenues				
State Shared Income Tax	64,406,192	51,842,004	51,990,692	46,243,346
State Shared Sales Tax	36,692,587	37,126,139	37,723,200	38,560,076
Auto Lieu Tax	12,580,362	12,283,924	12,283,924	12,401,290
Property Tax				
Property Tax	36,529,710	38,384,363	33,103,994	40,008,197
Building Permit Fees & Charges				
Building Permit Fees & Charges	21,744,766	21,769,857	21,519,857	23,752,610
Charges For Service/Other				
Westworld Equestrian Facility Fees	6,227,078	6,177,020	6,527,620	6,614,024
Intergovernmental	4,831,895	4,353,946	5,912,394	6,022,182
Property Rental	5,767,607	5,640,969	5,640,969	5,924,773
Miscellaneous	2,356,279	1,077,095	1,551,295	1,787,411
Contributions & Donations	1,000	-	-	-
License Permits & Fees				
Recreation Fees	5,722,928	5,607,476	5,692,476	6,009,970
Fire Charges For Services	2,908,985	2,354,649	2,831,214	3,044,362
Business & Liquor Licenses	2,699,893	2,667,130	2,706,130	2,669,037
Interest Earnings				
Interest Earnings	14,390,525	15,593,866	14,943,866	11,103,081
Indirect/Direct Cost Allocations				
Indirect Costs	7,796,475	8,786,469	8,786,469	8,796,368
Direct Cost Allocation (Fire)	516,947	440,265	440,265	462,278
Fines Fees & Forfeitures				
Court Fines	3,550,106	4,094,429	4,094,429	4,113,661
Photo Radar	2,979,032	2,644,511	2,644,511	2,644,511
Parking Fines	248,521	261,000	261,000	261,000
Jail Dormitory	321,752	146,880	146,880	149,818
Library	46,654	42,868	42,868	43,726
Other Revenue				
Miscellaneous	51,770	-	-	-
Subtotal	440,359,972	419,072,435	429,401,148	423,352,837
Transfers In				
CIP	5,066	-	-	-
Enterprise Franchise Fees	9,585,692	9,995,402	9,995,402	10,913,920
Operating	8,366,112	5,819,262	6,088,558	5,493,770
Loan Repayment - Transfer Station ^(a)	-	-	-	2,086,900
Subtotal	17,956,870	15,814,664	16,083,960	18,494,590
Total Sources	458,316,841	434,887,099	445,485,108	441,847,427

BUDGET BY FUND | General Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Expenditures				
Mayor and City Council	1,021,866	1,228,149	1,230,153	1,106,449
City Auditor's Office	1,065,812	1,420,460	1,373,510	1,379,751
City Attorney's Office	7,999,935	9,016,837	9,036,589	9,924,074
City Clerk's Office	974,209	1,457,536	1,449,490	1,953,342
City Court	5,523,078	6,095,604	6,160,573	6,602,524
City Manager's Office	3,021,983	3,751,620	3,640,835	4,195,146
City Treasurer's Office	11,663,554	13,642,181	13,467,605	14,589,951
Communications	3,022,164	3,392,813	3,651,671	4,119,065
Economic Development	1,242,335	1,351,146	1,335,723	1,385,527
Enterprise Operations ^(b)	15,236,725	15,065,688	17,368,532	15,655,532
Facilities Management	25,384,322	28,978,091	27,929,572	29,395,932
Fire Department	63,949,583	67,114,435	67,666,979	80,550,568
Human Resources	4,260,569	4,461,683	4,474,897	5,569,163
Information Technology	19,488,191	20,361,688	20,263,068	22,979,657
Library and Human Services	15,136,037	17,342,593	17,266,628	15,123,175
Parks and Recreation and Preserve	22,623,111	24,301,616	24,066,883	25,563,598
Planning and Development Services	16,168,627	18,762,507	19,082,848	19,759,172
Police Department	137,211,483	136,918,706	136,137,749	202,386,619
<i>PSPRS Pension Liability Paydown</i>	11,460,048	-	-	50,000,000
Transportation and Infrastructure	773,845	1,041,947	1,009,385	3,401,633
Personel Programs ^(c)	-	5,252,571	2,800,000	4,700,442
<i>Savings from Vacant Positions</i>	-	(10,773,000)	(12,964,688)	(11,000,000)
Subtotal	355,767,428	370,184,871	366,448,002	459,341,320
Debt Service				
Contracts Payable	436,575	458,404	458,404	481,324
Subtotal	436,575	458,404	458,404	481,324
TOTAL OPERATING BUDGET	356,204,003	370,643,275	366,906,406	459,822,644
Transfers Out				
CIP	53,659,834	17,800,000	19,800,000	33,000,000
CIP Construction Sales Tax	8,645,404	8,673,987	9,255,850	4,652,758
CIP Excess Interest	14,390,525	15,593,866	15,593,866	11,103,080
Debt Service MPC Bonds	12,334,305	17,311,481	17,311,481	10,045,321
Operating	1,415,503	204,500	5,018,120	2,501,801
Subtotal	90,445,571	59,583,834	66,979,317	61,302,960
Total Uses	446,649,574	430,227,109	433,885,723	521,125,604
Sources Over/(Under) Uses	11,667,267	4,659,990	11,599,385	(79,278,177)
Ending Fund Balance				
Emergency and Operating Reserve	89,051,001	94,100,400	86,576,601	114,955,661
General Plan Initiatives	15,000,000	15,000,000	-	-
Innovation Initiatives	500,000	500,000	500,000	-
Operating Contingency	13,662,223	20,000,000	17,268,072	15,401,012
PSPRS Pension Liabilities	133,144,150	116,576,859	157,012,086	26,700,000
Development Agreements	14,600,000	9,800,000	9,800,000	16,200,000
Reserve - Facilities Repair/Replacement	-	-	-	10,000,000
Revenue Loss Reserve	-	-	-	15,000,000
General Fund Balance	500,000	500,000	6,900,000	521,909
Total Ending Fund Balance	266,457,374	256,477,259	278,056,759	198,778,582

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

^(b) Includes the portion of Tourism and Events, WestWorld, and professional baseball funded by the General Fund. Does not include Enterprise Funds (Water and Water Reclamation Fund, Solid Waste Fund and Aviation Fund)

^(c) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Emergency and Operating Reserve	86,576,601	114,955,661	105,765,700	112,628,950	115,036,875
General Plan Initiatives	-	-	-	-	-
Innovation Initiatives	500,000	-	-	-	-
Operating Contingency	17,268,072	15,401,012	15,300,200	15,307,800	15,315,400
PSPRS Pension Liabilities	157,012,086	26,700,000	42,100,000	26,300,000	19,400,000
Development Agreements	9,800,000	16,200,000	16,200,000	16,200,000	16,200,000
Reserve - Facilities Repair/Replacement	-	10,000,000	10,000,000	10,000,000	10,000,000
Revenue Loss Reserve	-	15,000,000	15,000,000	15,000,000	15,000,000
General Fund Balance	6,900,000	521,909	533,582	475,532	486,107
Total Beginning Fund Balance	278,056,759	198,778,582	204,899,482	195,912,282	191,438,382
Revenues					
Taxes - Local					
Sales Tax	170,787,302	175,908,000	181,194,000	187,540,400	195,052,400
Sales Tax - Public Safety (0.10%)	17,409,462	17,932,300	18,470,700	19,117,000	19,882,100
Electric & Gas Franchise	10,487,242	10,697,000	10,911,000	11,129,100	11,351,700
Cable TV License Fee	2,894,791	2,750,100	2,640,000	2,560,800	2,535,200
Stormwater Fee	962,319	965,800	969,400	972,900	976,400
Salt River Project In Lieu	200,000	200,000	200,000	200,000	200,000
State Shared Revenues					
State Shared Income Tax	46,243,346	51,299,600	53,421,000	55,826,500	58,259,000
State Shared Sales Tax	38,560,076	40,215,400	41,978,100	43,356,700	44,780,500
Auto Lieu Tax	12,401,290	12,526,500	12,651,800	12,778,300	12,906,100
Property Tax					
Property Tax	40,008,197	41,248,600	42,498,500	43,765,100	45,058,300
Building Permit Fees & Charges					
Building Permit Fees & Charges	23,752,610	23,918,700	24,088,400	24,262,000	24,347,800
Charges For Service/Other					
Westworld Equestrian Facility Fees	6,614,024	6,666,800	6,709,100	6,752,000	6,795,200
Intergovernmental	6,022,182	6,134,200	6,248,400	6,363,600	6,481,400
Property Rental	5,924,773	5,937,000	5,972,200	6,008,600	5,855,700
Miscellaneous	1,787,411	1,736,000	1,755,200	1,773,100	1,792,000
Contributions & Donations	-	-	-	-	-
License Permits & Fees					
Recreation Fees	6,009,970	6,130,100	6,251,800	6,373,900	6,474,900
Fire Charges For Services	3,044,362	2,359,700	1,676,300	1,456,000	1,371,700
Business & Liquor Licenses	2,669,037	2,671,700	2,674,500	2,677,400	2,680,200
Interest Earnings					
Interest Earnings	11,103,081	10,827,400	10,850,600	11,003,700	11,910,100
Indirect/Direct Cost Allocations					
Indirect Costs	8,796,368	9,060,100	9,332,100	9,612,000	9,900,300
Direct Cost Allocation (Fire)	462,278	485,400	509,700	535,100	561,900
Fines Fees & Forfeitures					
Court Fines	4,113,661	4,132,100	4,135,400	4,138,900	4,140,900
Photo Radar	2,644,511	2,644,500	2,644,500	2,644,500	2,644,500
Parking Fines	261,000	261,000	261,000	261,000	261,000
Jail Dormitory	149,818	152,800	155,900	159,000	162,200
Library	43,726	44,800	45,600	46,600	47,600
Other Revenue					
Miscellaneous	-	-	-	-	-
Subtotal	423,352,837	436,905,600	448,245,200	461,314,200	476,429,100
Transfers In					
CIP	-	-	-	-	-
Enterprise Franchise Fees	10,913,920	11,267,700	11,633,000	12,010,500	12,400,800
Operating	5,493,770	5,581,400	7,175,700	8,982,200	9,143,300
Loan Repayment - Transfer Station ^(a)	2,086,900	2,086,900	3,500,000	3,500,000	3,500,000
Subtotal	18,494,590	18,936,000	22,308,700	24,492,700	25,044,100
Total Sources	441,847,427	455,841,600	470,553,900	485,806,900	501,473,200

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Expenditures					
Mayor and City Council	1,106,449	1,143,300	1,213,700	1,215,400	1,246,900
City Auditor's Office	1,379,751	1,440,800	1,542,000	1,557,700	1,623,100
City Attorney's Office	9,924,074	10,268,100	10,947,400	10,962,400	11,348,500
City Clerk's Office	1,953,342	1,697,900	1,510,500	1,832,700	1,591,500
City Court	6,602,524	6,904,900	7,394,200	7,438,900	7,743,100
City Manager's Office	4,195,146	4,354,800	4,598,400	4,651,800	4,800,000
City Treasurer's Office	14,589,951	15,163,600	16,184,500	16,318,300	17,024,300
Communications	4,119,065	4,109,600	4,382,000	4,418,300	4,588,900
Economic Development	1,385,527	1,437,300	1,522,400	1,533,700	1,586,300
Enterprise Operations ^(b)	15,655,532	16,026,900	16,654,500	16,939,800	17,459,300
Facilities Management	29,395,932	30,217,000	31,416,600	32,106,200	33,135,700
Fire Department	80,550,568	83,076,700	87,799,900	90,987,900	91,948,600
Human Resources	5,569,163	5,856,200	6,309,800	6,346,200	6,560,600
Information Technology	22,979,657	23,602,500	25,156,400	25,386,300	26,723,300
Library and Human Services	15,123,175	15,617,600	16,750,700	16,872,500	17,569,200
Parks and Recreation and Preserve	25,563,598	26,407,400	28,073,100	28,422,200	29,570,400
Planning and Development Services	19,759,172	20,464,000	21,124,400	21,203,300	22,163,200
Police Department	202,386,619	153,858,000	164,506,800	166,116,300	173,197,800
PSPRS Pension Liability Paydown	50,000,000	-	-	-	-
Transportation and Infrastructure	3,401,633	3,427,800	3,646,300	3,652,600	3,785,900
Personel Programs ^(c)	4,700,442	7,988,000	9,283,700	11,158,500	11,564,400
Savings from Vacant Positions	(11,000,000)	(10,505,000)	(10,032,300)	(9,530,700)	(9,054,100)
Subtotal	459,341,320	422,557,400	449,985,000	459,590,300	476,176,900
Debt Service					
Contracts Payable	481,324	505,400	530,800	557,200	585,100
Subtotal	481,324	505,400	530,800	557,200	585,100
TOTAL OPERATING BUDGET	459,822,644	423,062,800	450,515,800	460,147,500	476,762,000
Transfers Out					
CIP	33,000,000	-	-	-	-
CIP Construction Sales Tax	4,652,758	4,786,400	4,879,200	4,951,000	5,002,700
CIP Excess Interest	11,103,080	10,827,400	10,850,600	11,003,700	11,910,100
Debt Service MPC Bonds	10,045,321	10,280,400	13,145,500	14,028,600	6,796,900
Operating	2,501,801	763,700	150,000	150,000	150,000
Subtotal	61,302,960	26,657,900	29,025,300	30,133,300	23,859,700
Total Uses	521,125,604	449,720,700	479,541,100	490,280,800	500,621,700
Sources Over/(Under) Uses	(79,278,177)	6,120,900	(8,987,200)	(4,473,900)	851,500
Ending Fund Balance					
Emergency and Operating Reserve	114,955,661	105,765,700	112,628,950	115,036,875	119,190,500
General Plan Initiatives	-	-	-	-	-
Innovation Initiatives	-	-	-	-	-
Operating Contingency	15,401,012	15,300,200	15,307,800	15,315,400	15,323,300
PSPRS Pension Liabilities	26,700,000	42,100,000	26,300,000	19,400,000	16,000,000
Development Agreements	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
Reserve - Facilities Repair/Replacement	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Revenue Loss Reserve	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
General Fund Balance	521,909	533,582	475,532	486,107	576,082
Total Ending Fund Balance	198,778,582	204,899,482	195,912,282	191,438,382	192,289,882

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

^(b) Includes the portion of Tourism and Events, WestWorld, and professional baseball funded by the General Fund. Does not include Enterprise Funds (Water and Water Reclamation Fund, Solid Waste Fund and Aviation Fund)

^(c) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

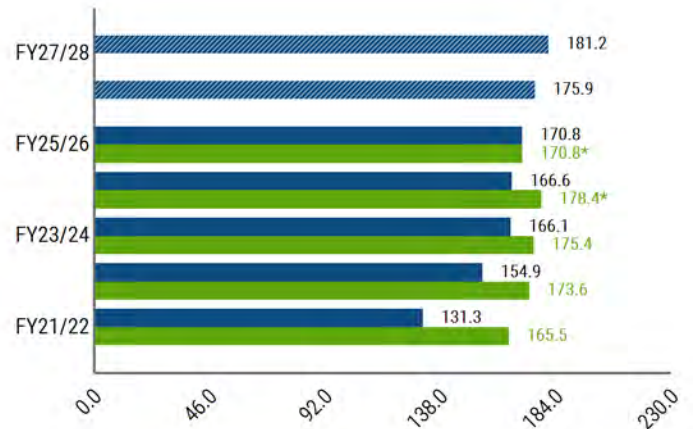
GENERAL FUND SOURCES

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 2025/26, estimated General Fund revenues and transfers in equal \$441.8 million, an increase of approximately \$7.0 million, or 1.6 percent, from the FY 2024/25 adopted budget of \$434.9 million. 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 1.0 percent General Fund share of the city's total 1.7 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. Sales Tax (1.00%) is the General Fund's largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. The FY 2025/26 budgeted revenue is \$170.8 million, which is approximately \$4.2 million higher than the FY 2024/25 budgeted revenue of \$166.6 million, due to inflation adjustment. Staff forecast the Sales Tax collections by business category to arrive at more precise projections. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic, and legal considerations.

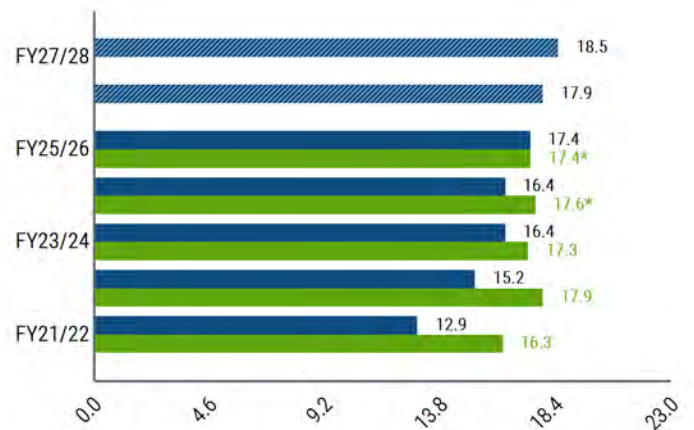
FY 2021/22 to FY 2027/28 (in millions)



SALES TAX - PUBLIC SAFETY (0.10%)

Sales Tax - Public Safety (0.10%) represents the 0.1 percent of the total 1.7 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) budgeted revenue for FY 2025/26 is \$17.4 million, which is an increase of \$1.0 million from the FY 2024/25 budgeted revenue. This designated sales tax covers 6.1 percent of the FY 2025/26 Public Safety Police and Fire General Fund budgets combined.

FY 2021/22 to FY 2027/28 (in millions)

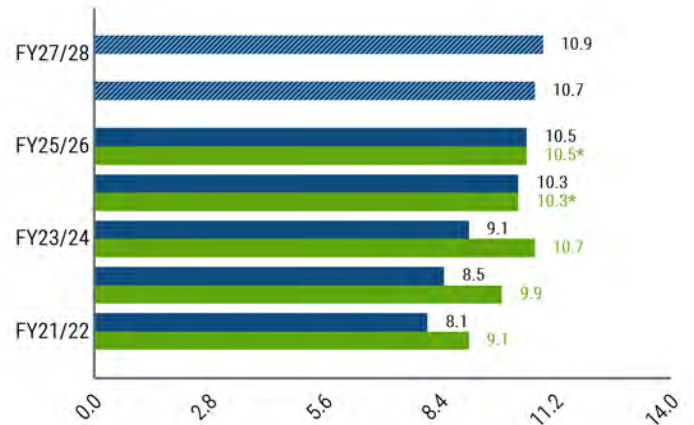


FORECAST BUDGET ACTUAL/FORECAST*

ELECTRIC & GAS FRANCHISE

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies to use city rights-of-way and in-lieu property tax for municipal utilities. The FY 2025/26 budgeted revenue for Electric & Gas Franchise totals \$10.5 million, which is an increase of approximately \$0.2 million from the FY 2024/25 budgeted revenue, mostly explained by higher electric usage and rates.

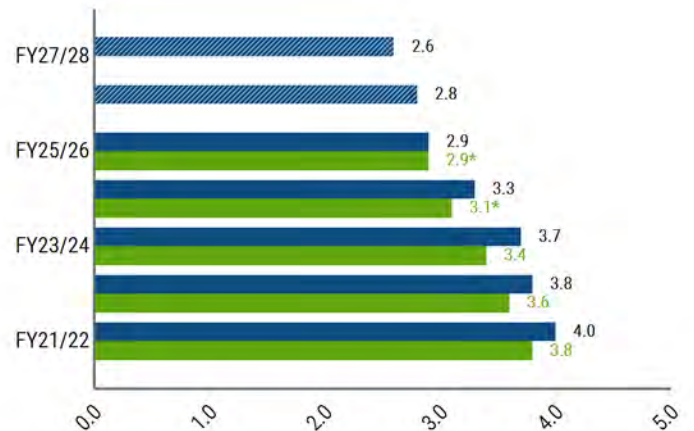
FY 2021/22 to FY 2027/28 (in millions)



CABLE TV LICENSE FEE

Cable TV License Fee is a franchise tax charged on revenues from cable companies for use of city rights-of-way. The FY 2025/26 budgeted revenue is \$2.9 million, which is a decrease of \$0.4 million from the FY 2024/25 budgeted revenue, mostly due to the anticipated decrease in the number of cable TV customers as a result of the growing demand for streaming services.

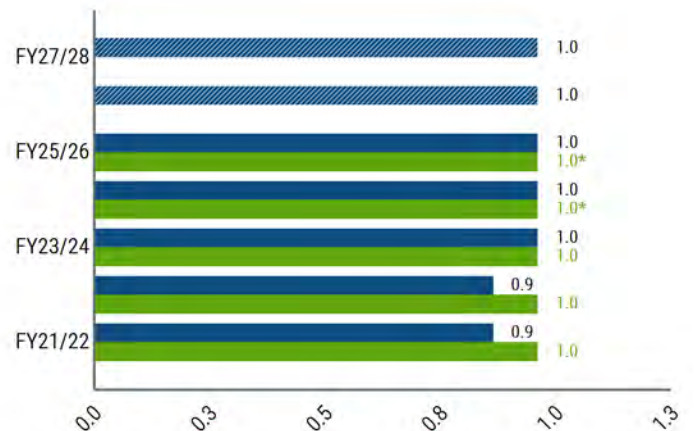
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 budgeted revenue totals \$1.0 million, which remains flat from the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

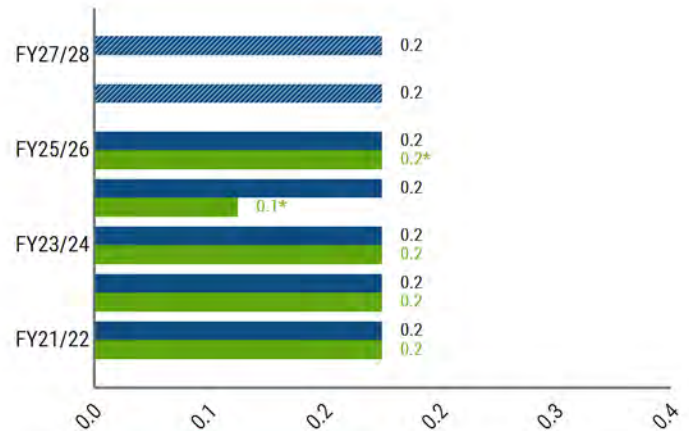


FORECAST BUDGET ACTUAL/FORECAST*

SALT RIVER PROJECT IN LIEU

Salt River Project In Lieu is a franchise tax charged to Salt River Project (SRP), a local utility provider, for the use of city rights-of-way and in-lieu property tax for municipal utilities. The FY 2025/26 budgeted revenue is \$0.2 million, which remains flat compared to the FY 2024/25 adopted budget.

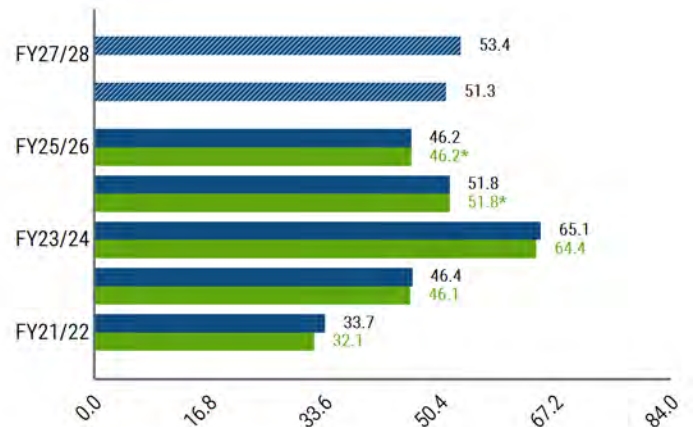
FY 2021/22 to FY 2027/28 (in millions)



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, a portion of the state income tax collections are shared with cities and towns. Effective January 1, 2023, the percentage was increased from 15 percent to 18 percent to help offset the impacts to local governments of the State institution of a flat income tax. There is a two-year lag between the time citizens report income to the State and when the State remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax for FY 2025/26 is budgeted at \$46.2 million, a decrease of \$5.6 million from the FY 2024/25 budgeted revenue of \$51.8 million.

FY 2021/22 to FY 2027/28 (in millions)

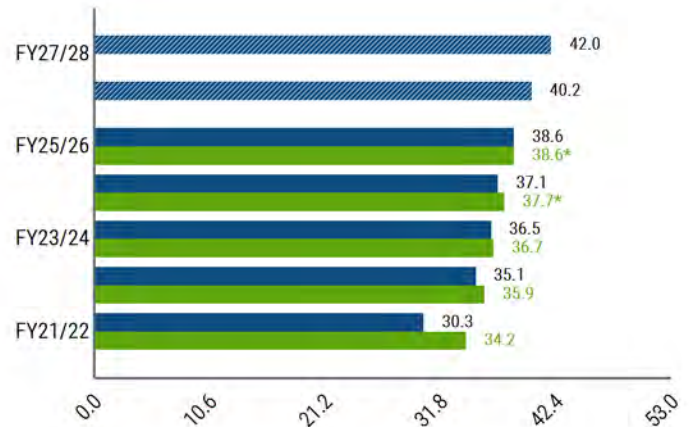


FORECAST BUDGET ACTUAL/FORECAST*

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 5.6 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales are 40 percent shared and 60 percent non-shared (retained by the State). Of the shared portion, 25 percent is returned to incorporated cities and towns, 40.51 percent is returned to counties, and 34.49 percent is returned to the state General Fund. The FY 2025/26 budgeted revenue is \$38.6 million, which is an increase of \$1.4 million compared to the FY 2024/25 budgeted revenue of \$37.1 million, mostly due to inflation and continued strong consumer spending.

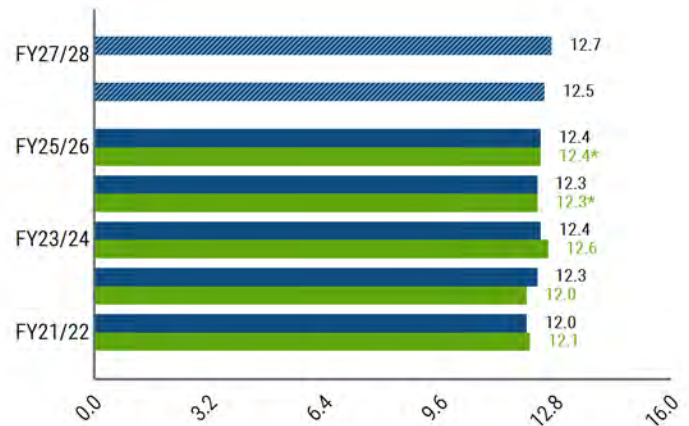
FY 2021/22 to FY 2027/28 (in millions)



AUTO LIEU TAX

Auto Lieu Tax, also known as Vehicle License Tax, is part of the vehicle license fees collected by Maricopa County, but it is actually a state revenue source. Approximately 20 percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be spent on any municipal public purpose. The FY 2025/26 budgeted revenue is \$12.4 million, which is an increase of \$0.1 million from the FY 2024/25 budgeted revenue.

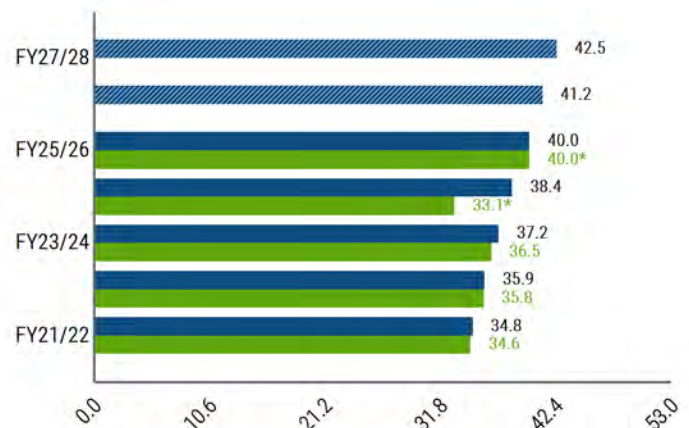
FY 2021/22 to FY 2027/28 (in millions)



PROPERTY TAX

Property Tax represents the primary portion of the Property Tax which is levied on the assessed value of all property within the city to help pay for general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a 2.0-percent increase per year, plus an allowance for annexations and new construction. Primary property tax accounts for approximately 9.1 percent of the total adopted FY 2025/26 General Fund sources. The FY 2025/26 adopted primary property tax rate of \$0.4891 per \$100 of assessed valuation represents a \$0.0067 decrease from the FY 2024/25 primary property tax rate. The FY 2025/26 budgeted revenue is \$40.0 million, an increase of \$1.6 million compared to the FY 2024/25 budgeted revenue, due to the 2.0-percent statutory allowable increase and new construction.

FY 2021/22 to FY 2027/28 (in millions)

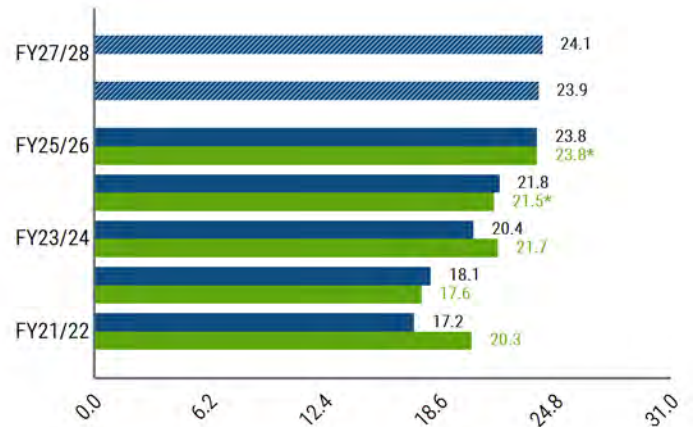


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

BUILDING PERMIT FEES & CHARGES

Building Permit Fees & Charges includes fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications; 2) plan review of construction documents; 3) the issuance of building, electrical, mechanical, and plumbing permits; and 4) the inspection of buildings/structures in the construction phase. The FY 2025/26 budgeted revenue is \$23.8 million, which is an increase of \$2.0 million from the FY 2024/25 budgeted revenue, due to anticipated higher revenues from development projects.

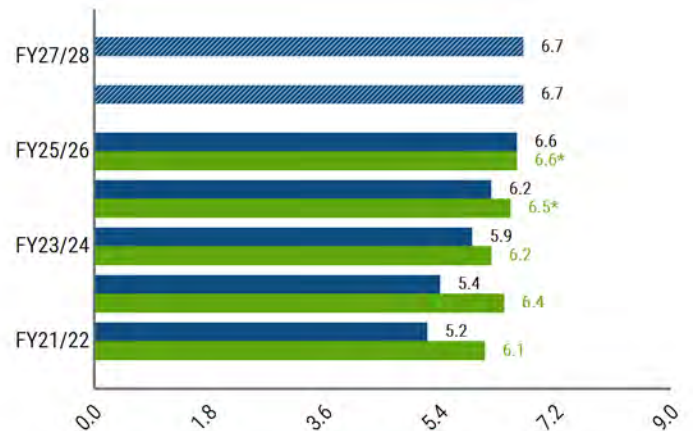
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 budgeted revenue is mostly based on future confirmed bookings, and it is estimated to be \$6.6 million, which is an increase of approximately \$0.4 million from the FY 2024/25 budgeted revenue, due primarily to the increase in concessions rent payments.

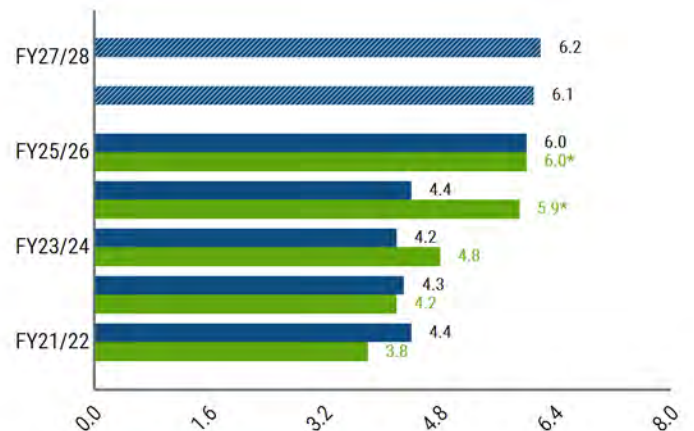
FY 2021/22 to FY 2027/28 (in millions)



INTERGOVERNMENTAL

Intergovernmental revenue sources include payments for School Resource Officers (SRO) from the Public Safety Division to service local-area schools, a Salt River Pima-Maricopa Indian Community agreement for providing crime laboratory services, and payments for Fire insurances premium credits. The FY 2025/26 budgeted revenue is \$6.0 million, which is an increase of \$1.6 million from the FY 2024/25 budgeted revenue, due to higher collections from the fire insurance premium tax.

FY 2021/22 to FY 2027/28 (in millions)

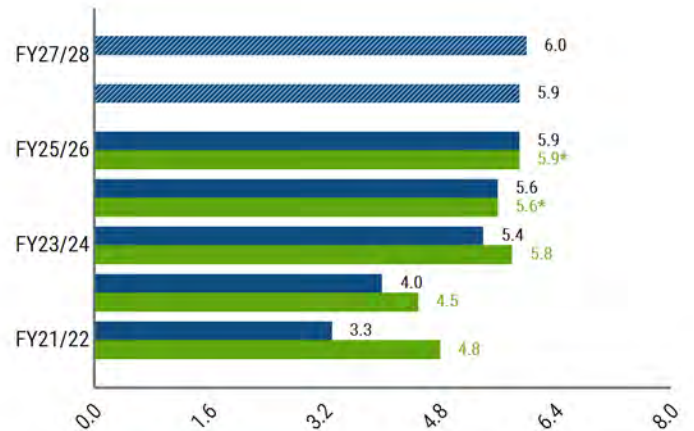


FORECAST BUDGET ACTUAL/FORECAST*

PROPERTY RENTAL

Property Rental revenues are rental fees on facilities such as baseball fields, as well as funding received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2025/26 budgeted revenue is estimated to be \$5.9 million, which is an increase of \$0.3 million from the FY 2024/25 budgeted revenue, mostly due to anticipated growth in revenues from cell tower leases, TPC operations, and golf course rentals.

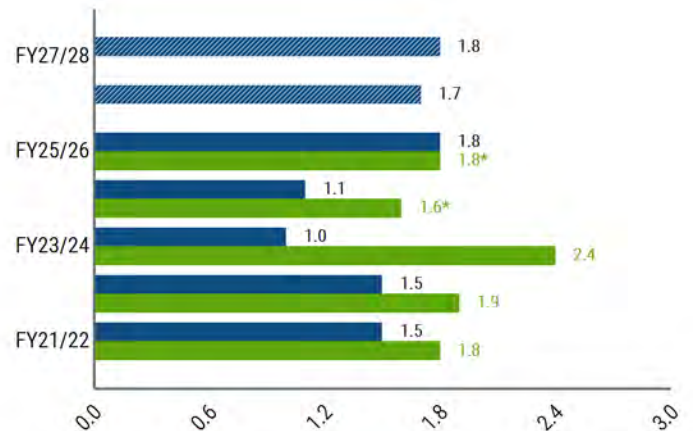
FY 2021/22 to FY 2027/28 (in millions)



MISCELLANEOUS

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as recovery of expenses, sale of surplus property, passport fees, copies of materials, etc. The FY 2025/26 budgeted revenue is \$1.8 million, which is an increase of \$0.7 million compared to the FY 2024/25 budgeted revenue. The increase is primarily due to a dispatch services contract with the Phoenix Fire Department.

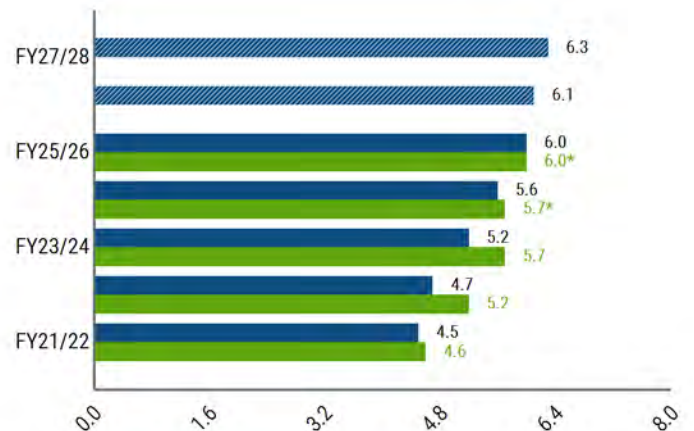
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 budgeted revenue of \$6.0 million is \$0.4 million higher than the FY 2024/25 budgeted revenue of \$5.6 million, mostly due to increases in instructor/class fees.

FY 2021/22 to FY 2027/28 (in millions)

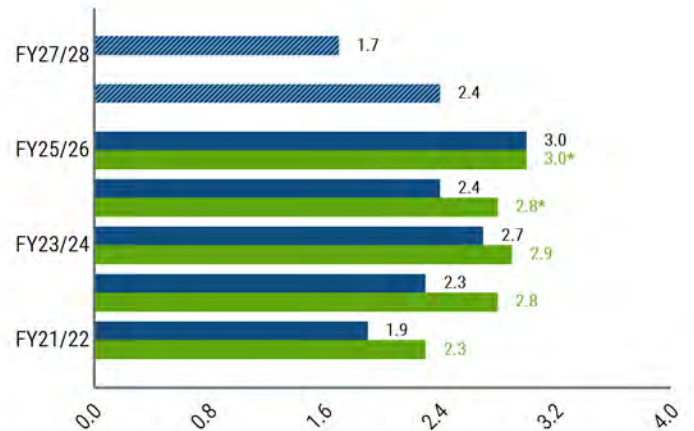


FORECAST BUDGET ACTUAL/FORECAST*

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, medical enhancement costs associated with the ambulance agreement, and payments for ambulance emergency transportation service. In addition, the Fire Department collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits, and incident reports. The FY 2025/26 budgeted revenue is \$3.0 million, representing a \$0.6 million increase compared to the FY 2024/25 budgeted revenue. The increase is primarily due to higher revenues from staffing special events, as well as greater monthly Advanced Life Support fee collections.

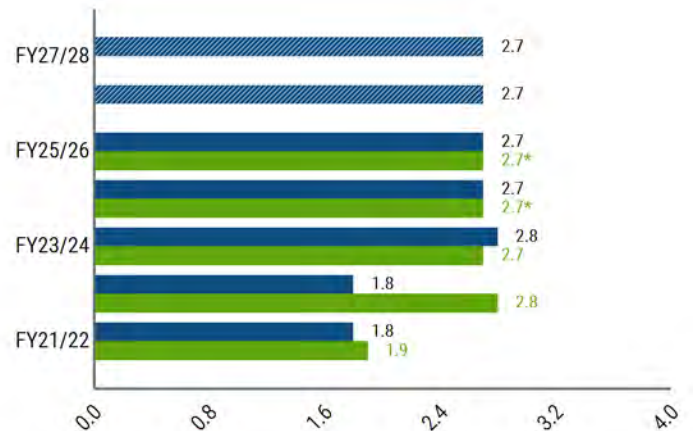
FY 2021/22 to FY 2027/28 (in millions)



BUSINESS & LIQUOR LICENSES

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities such as short-term rental. The FY 2025/26 budgeted revenue is \$2.7 million, which is flat compared to the FY 2024/25 adopted budget.

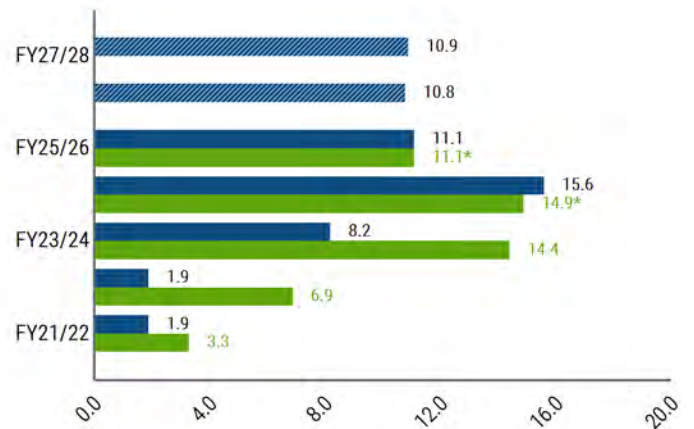
FY 2021/22 to FY 2027/28 (in millions)



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 applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues. The FY 2025/26 budgeted revenue is \$11.1 million, which is a decrease of \$4.5 million from the FY 2024/25 budgeted revenue. Per the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies, 100 percent of net interest income is transferred to the CIP.

FY 2021/22 to FY 2027/28 (in millions)

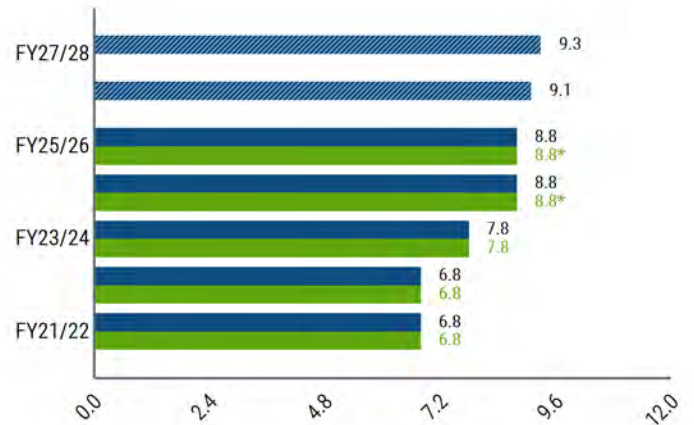


FORECAST BUDGET ACTUAL/FORECAST*

INDIRECT COSTS

Indirect Costs are payments for services provided by the General Fund to other operating areas within the city. These services include: Accounting, Human Resources, Information Technology, etc. The FY 2025/26 budgeted revenue for indirect cost is \$8.8 million, which flat compared to FY 2024/25.

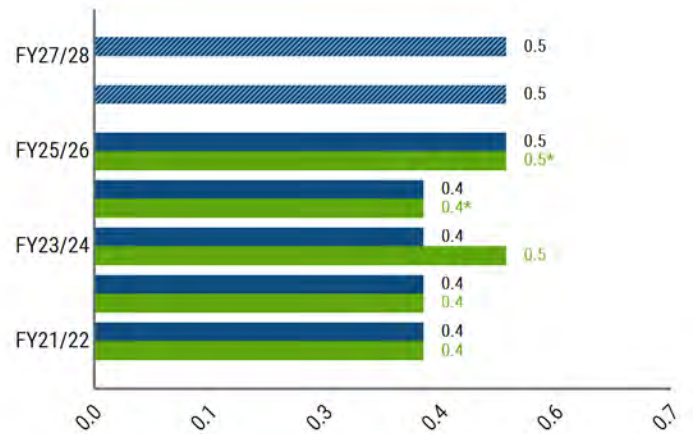
FY 2021/22 to FY 2027/28 (in millions)



DIRECT COST ALLOCATION (FIRE)

Direct Cost Allocation (Fire) is the direct cost of fire services at the Scottsdale Airport. The FY 2025/26 budgeted revenue is \$0.5 million, which is an increase of \$0.1 million when compared to the FY 2024/25 budget. The revenue is received from the Aviation Fund.

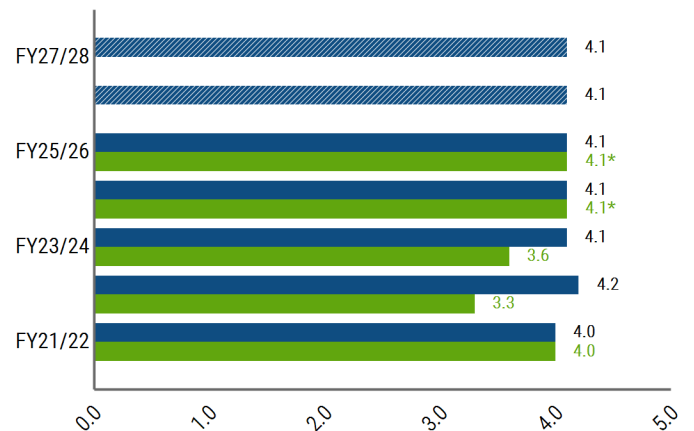
FY 2021/22 to FY 2027/28 (in millions)



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, the Judicial Collections Enhancement, or remitted to the State of Arizona. The FY 2025/26 budgeted revenue is \$4.1 million, which is flat compared to the FY 2024/25 budget.

FY 2021/22 to FY 2027/28 (in millions)

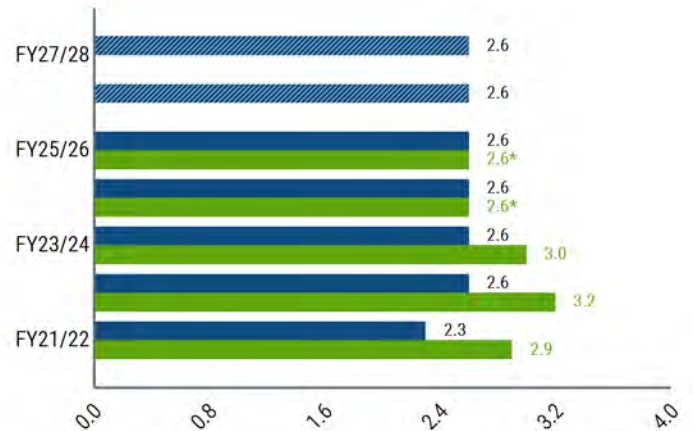


FORECAST BUDGET ACTUAL/FORECAST*

PHOTO RADAR

Photo Radar is the General Fund's portion of photo enforcement penalties as assessed by the Presiding Judge. Examples include red light fines, 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, Judicial Collections Enhancement, or remitted to the State of Arizona. The FY 2025/26 budgeted revenue is \$2.6 million, which remains flat from the FY 2024/25 budget. Photo Radar revenue is offset by the costs to run the program. The use of photo radar by the Police Department is designed as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.

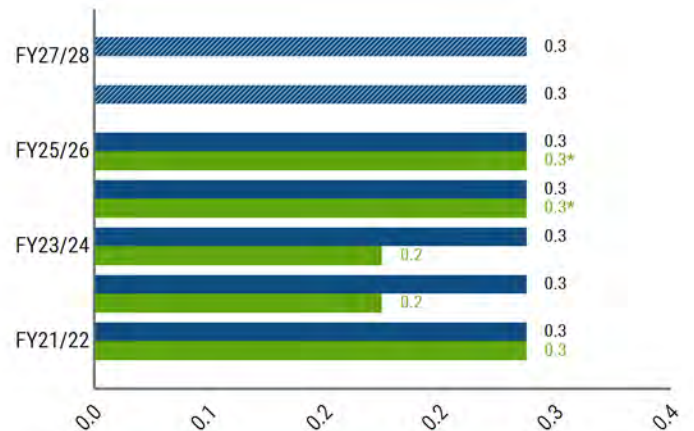
FY 2021/22 to FY 2027/28 (in millions)



PARKING FINES

Parking Fines are the General Fund portion of parking fees assessed per City Ordinance. The FY 2025/26 budgeted revenue is \$0.3 million, which is flat from the FY 2024/25 budgeted revenue. Other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

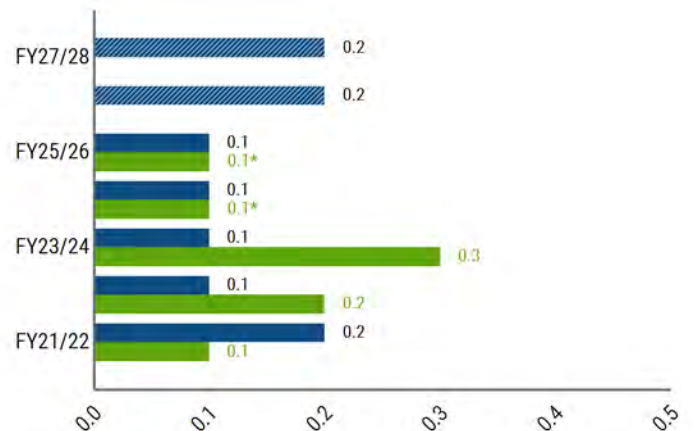
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 budgeted revenue is \$0.1 million which remains flat compared to the FY 2024/25 budgeted revenue.

FY 2021/22 to FY 2027/28 (in millions)

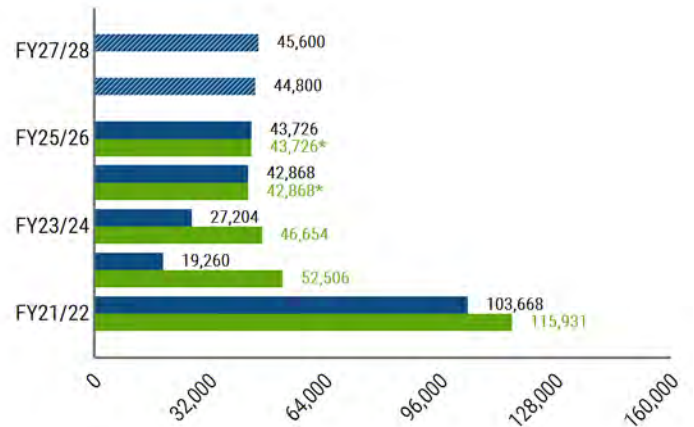


FORECAST BUDGET ACTUAL/FORECAST*

LIBRARY

Library fees are revenues collected from meeting room rentals at any of the four library branches and from when library materials are lost. Late fees were eliminated in FY 2020/21. The library fee budgeted revenue for FY 2025/26 is \$43,726.

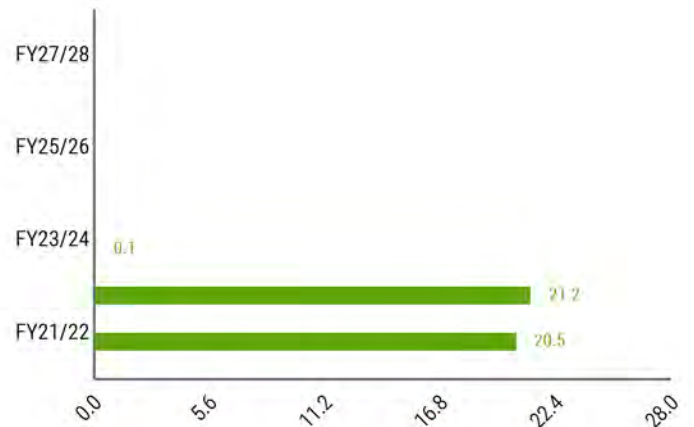
FY 2021/22 to FY 2027/28



MISCELLANEOUS

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as one-time development contributions, sale of properties, etc. FY 2021/22 and FY 2022/23 represent one-time proceeds from Museum Square and 94th Street and Bell Road land sales, respectively. FY 2023/24 consisted of Juneteenth sponsorships. The FY 2025/26 budgeted revenue for Miscellaneous is \$0, as this revenue source is uncommon.

FY 2021/22 to FY 2027/28 (in millions)



TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2025/26 General Fund adopted budget includes \$18.5 million in Transfers In.

FORECAST BUDGET ACTUAL/FORECAST*

TRANSFERS IN

The FY 2025/26 adopted budget for Transfers In is \$18.5 million and includes: 1) a total of \$5.5 million from the Tourism Development Fund: \$4.0 million to comply with Financial Policy No.10.02 which allocates 12 percent of the transient lodging/bed tax revenues to the General Fund; \$1.0 million to payback the General Fund contribution for the Scottsdale Stadium renovation phase two; and \$0.5 million to support city tourism operations at WestWorld, the Short-Term Rental program and the Police Park Range Unit programs; 2) \$2.1 million from the Solid Waste Fund to repay a General Loan for the construction of the Transfer Station; and 3) \$10.9 million from the Water and Water Reclamation Fund for the Enterprise Franchise Fees, which is five percent of Water Services and Water Reclamation Charges. The city charges all utility companies, including the city's Water and Water Reclamation Fund, for the use of right-of-ways and medians.

FY 2021/22 to FY 2027/28 (in millions)



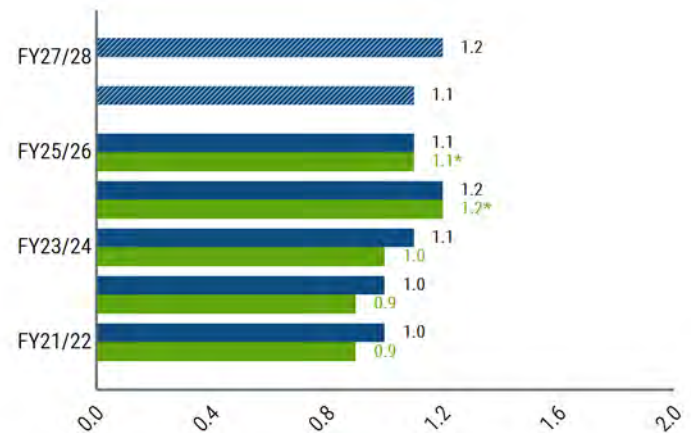
GENERAL FUND USES

The General Fund uses are presented by the following departments, additional non-departmental operating categories, debt service and transfers out. The increase in FY 2025/26 is partially due to the one-time PSPRS pension liability paydown.

MAYOR AND CITY COUNCIL

The Mayor and City Council includes the voter-elected mayor, six Council members and operational support staff. The FY 2025/26 adopted budget is \$1.1 million, a decrease of \$0.1 million from the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

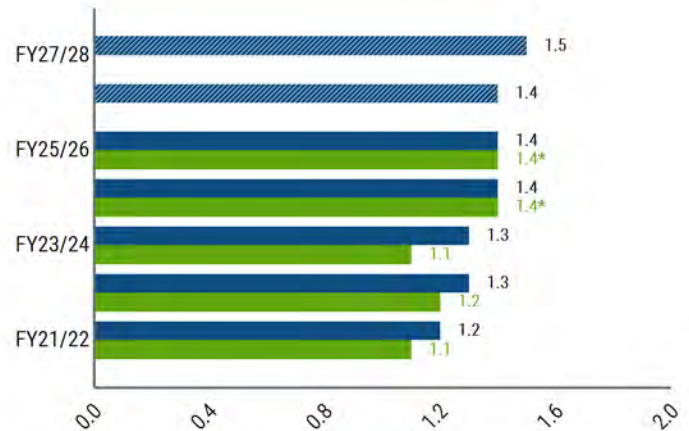


FORECAST BUDGET ACTUAL/FORECAST*

CITY AUDITOR

The City Auditor's Office conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2025/26 adopted budget is \$1.4 million which is flat compared to the FY 2024/25 adopted budget.

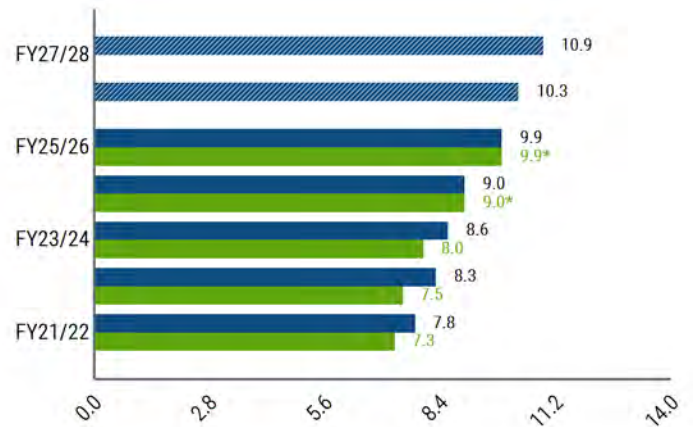
FY 2021/22 to FY 2027/28 (in millions)



CITY ATTORNEY'S OFFICE

The City Attorney's Office provides the city with legal advice and includes Civil, Prosecution, Risk Management, and Victim Services. The FY 2025/26 adopted budget is \$9.9 million, which is an increase of \$0.9 million when compared to the FY 2024/25 adopted budget. The increase is mainly due to higher costs of property, liability, and worker's compensation insurance, and pay-for-performance and market adjustments.

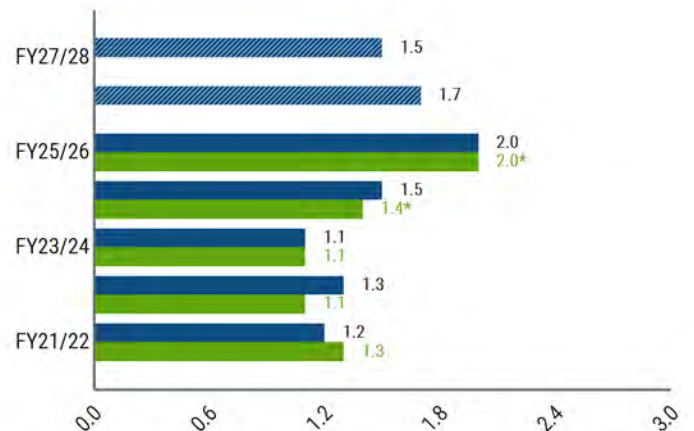
FY 2021/22 to FY 2027/28 (in millions)



CITY CLERK

The City Clerk's Office 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 FY 2025/26 adopted budget is \$2.0 million, an increase of \$0.5 million from the FY 2024/25 adopted budget, due to one-time funding for the November 2025 special election. Election-related expenses include: advertising, Spanish translations, informational pamphlets, and intergovernmental agreements.

FY 2021/22 to FY 2027/28 (in millions)

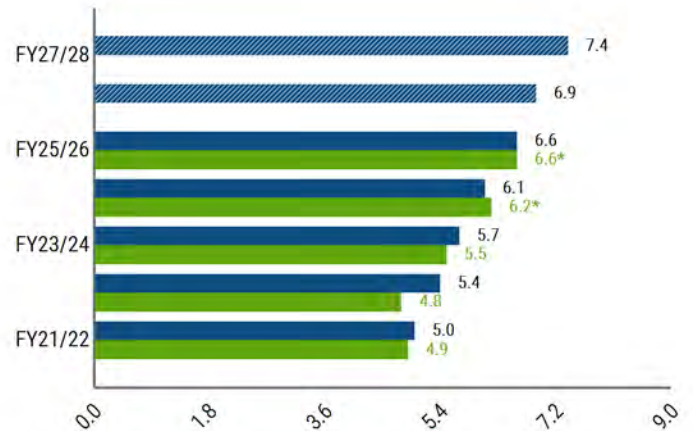


FORECAST BUDGET ACTUAL/FORECAST*

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. The FY 2025/26 adopted budget is \$6.6 million, reflecting a \$0.5 million increase from the FY 2024/25 adopted budget. This increase is primarily due to the transfer of a Deputy Court Administrator position from the Special Programs Fund to the General Fund.

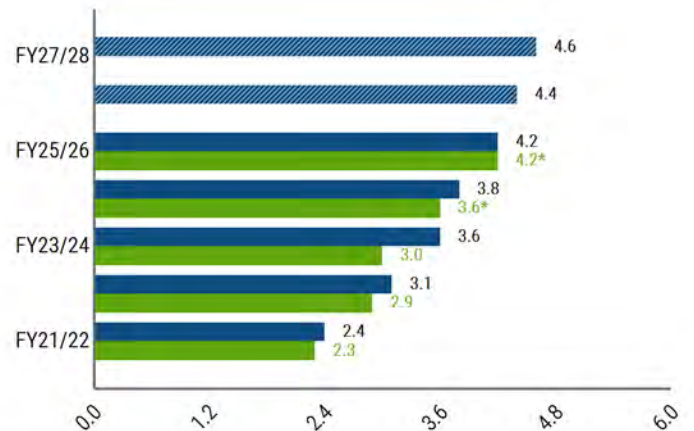
FY 2021/22 to FY 2027/28 (in millions)



CITY MANAGER

The City Manager's Office 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, and build relationships with other governments. The FY 2025/26 adopted budget is \$4.2 million. This is an increase of \$0.4 million compared to the FY 2024/25 adopted budget. The change is primarily due to the addition of three FTE to the budget due to departmental reorganizations.

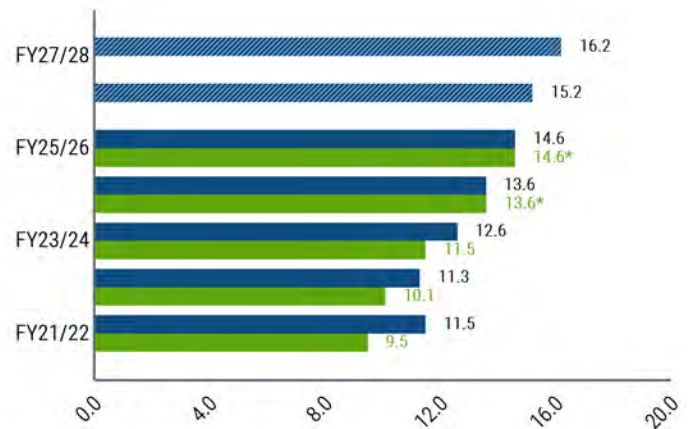
FY 2021/22 to FY 2027/28 (in millions)



CITY TREASURER

The City Treasurer's Office is responsible for providing City Council and management with timely financial reports, as well as oversight of the Accounting, Budget, Business Services, and Purchasing divisions. The FY 2025/26 adopted budget of \$14.6 million represents an increase of \$1.0 million from the FY 2024/25 adopted budget. The increase is related to: 1) the addition of 1.50 FTE, 2) an FY 2025/26 pay-for-performance and market adjustment applied to eligible employees, and 3) an increase in contractual expenses to provide funding for software subscriptions and technological support to implement an online licensing system.

FY 2021/22 to FY 2027/28 (in millions)

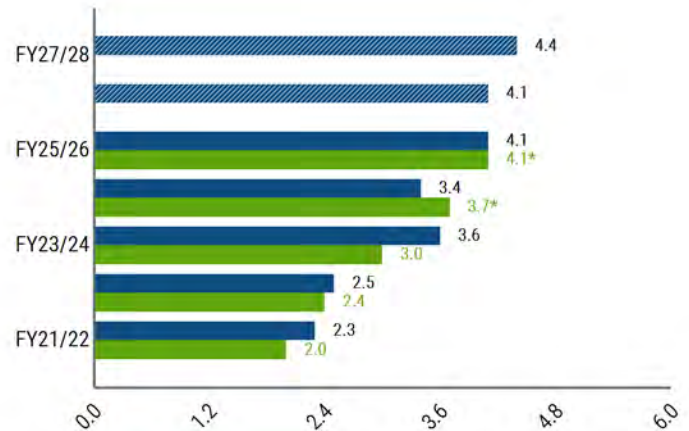


FORECAST BUDGET ACTUAL/FORECAST*

COMMUNICATIONS

The Communications Department serves as the primary source of city information, managing media relations, public outreach, and ensuring accurate and timely communication with citizens and employees. The FY 2025/26 adopted budget is \$4.1 million, which is a \$0.5 million increase compared to the FY 2024/25 adopted budget. The increase is mainly due to a FY 2025/26 pay for performance and market adjustment applied to eligible employees.

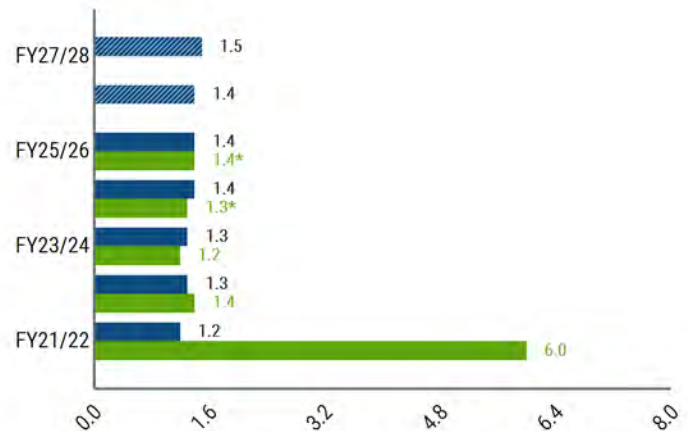
FY 2021/22 to FY 2027/28 (in millions)



ECONOMIC DEVELOPMENT

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 FY 2025/26 adopted budget is \$1.4 million, which is flat compared to the FY 2024/25 adopted budget. FY 2021/22 included a one-time \$5.0 million reimbursement for a development project.

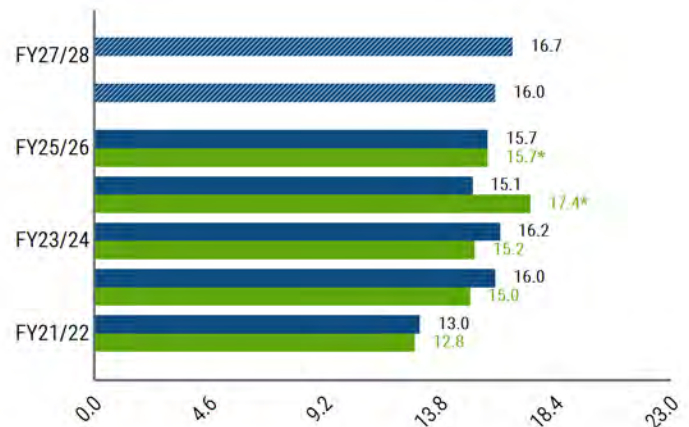
FY 2021/22 to FY 2027/28 (in millions)



ENTERPRISE OPERATIONS

Enterprise Operations consists of 1) Aviation, 2) Tourism and Events, 3) WestWorld, 4) McCormick-Stillman Railroad Park, and 5) Scottsdale Stadium. The department's mission is to collaborate across divisions to develop new strategic approaches to funding utilization, financial business relations, performance metrics, operating and capital planning, and to identify opportunities for operational synergies, cost efficiencies, and revenue growth. The FY 2025/26 adopted budget is \$15.7 million, which is an increase of \$0.6 million when compared to the FY 2024/25 adopted budget mainly due to increases in 1) electricity costs due to additional events; 2) property, liability, and worker's compensation insurance; 3) fleet maintenance, repair, and replacement costs; and 4) sponsorship contracts.

FY 2021/22 to FY 2027/28 (in millions)

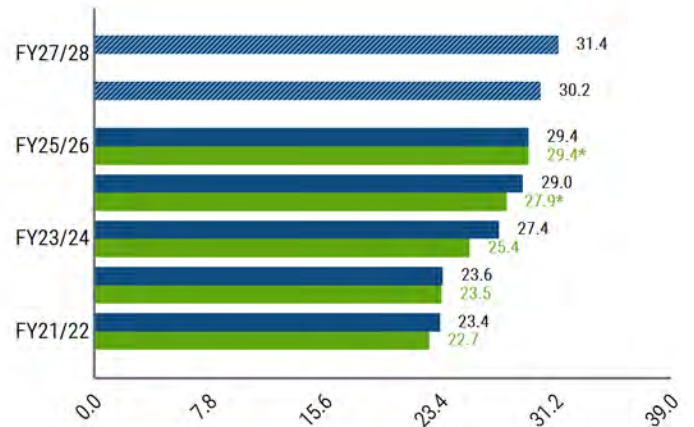


FORECAST BUDGET ACTUAL/FORECAST*

FACILITIES MANAGEMENT

The Facilities Management Department provides on-demand and preventative maintenance services, scheduled lifecycle equipment replacements, and Americans with Disabilities Act (ADA) improvements for approximately three million square feet of city-owned facilities. These facilities include office buildings, museums, performance venues, libraries, well sites, and recreation, aquatic and tennis centers, as well as critical infrastructure for Police, Fire, and Water Resources Departments. The FY 2025/26 adopted budget is \$29.4 million, which is an increase of \$0.4 million compared to the FY 2024/25 adopted budget. This is primarily due to: 1) Personnel Services increases from the addition of 1.00 FTE and FY 2025/26 pay-for-performance and market adjustments; 2) Contractual Services and Commodities cost increases driven by higher utility and maintenance contracts, and rising material and supply prices; and 3) Capital Outlays increases for citywide facilities assessments and furniture.

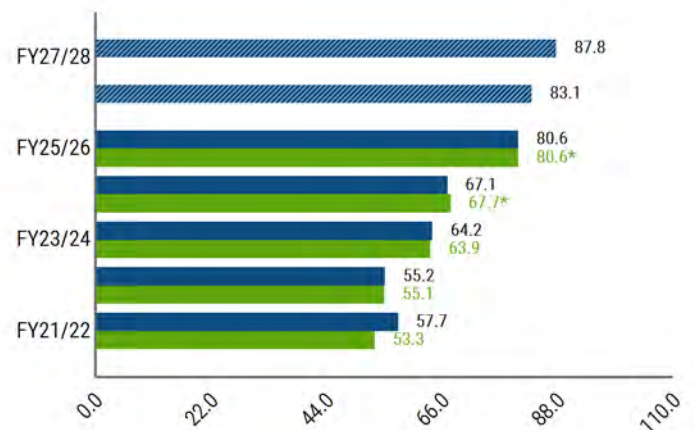
FY 2021/22 to FY 2027/28 (in millions)



FIRE DEPARTMENT

The Fire Department responds to emergencies through timely, skilled, and compassionate service, including fire, emergency medical, chemical, biological, nuclear and radiologic, wildland, and technical rescue. The FY 2025/26 adopted budget is \$80.6 million, which is an increase of \$13.5 million when compared to the FY 2024/25 adopted budget. The increase is mainly due to: 1) the addition of 15.00 full-time equivalent (FTE) positions to support restaffing the fire truck at station 601; 2) the replacement of 250 ballistic panel vest inserts, 156 self-contained breathing apparatuses, and portable radios; 3) higher fleet maintenance, repair, and replacement costs; 4) property, liability, and workers' compensation insurance; and 5) various contract increases.

FY 2021/22 to FY 2027/28 (in millions)

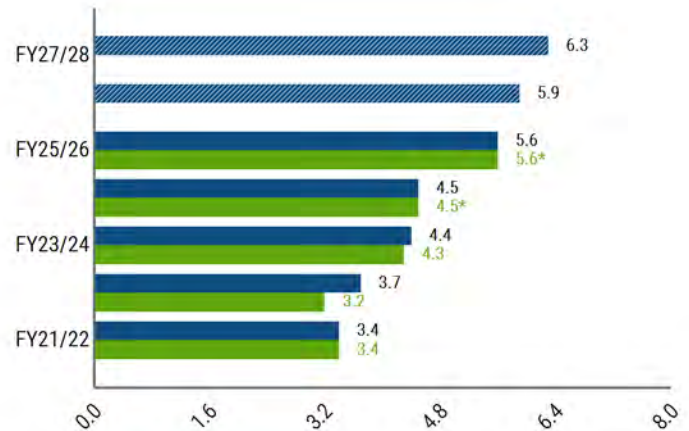


FORECAST BUDGET ACTUAL/FORECAST*

HUMAN RESOURCES

The Human Resources Department provides support in recruitment, employee relations, benefits administration, and training, to help ensure a productive and positive work environment for all city employees. The FY 2025/26 adopted budget is \$5.6 million, which is a \$1.1 million increase from the FY 2024/25 adopted budget mainly due to the addition of three new full-time positions, FY 2025/26 pay for performance-and-market adjustments applied to eligible employees, and funding for a one-time compensation program.

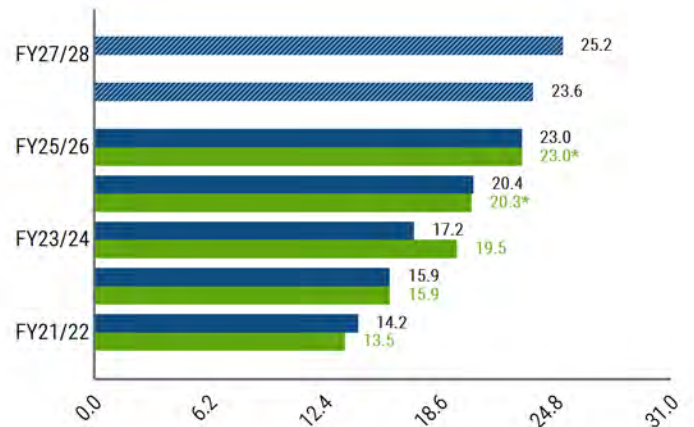
FY 2021/22 to FY 2027/28 (in millions)



INFORMATION TECHNOLOGY

The Information Technology (IT) Department provides a dynamic, proactive technology environment that meets the city's existing and future departmental service needs through reliable and secure infrastructure and applications. The FY 2025/26 adopted budget is \$23.0 million, which is an increase of \$2.6 million. The increase is mainly due to the one-time increase for software subscriptions, funding for technology related programs, and FY 2025/26 pay for performance and market adjustments applied for eligible employees.

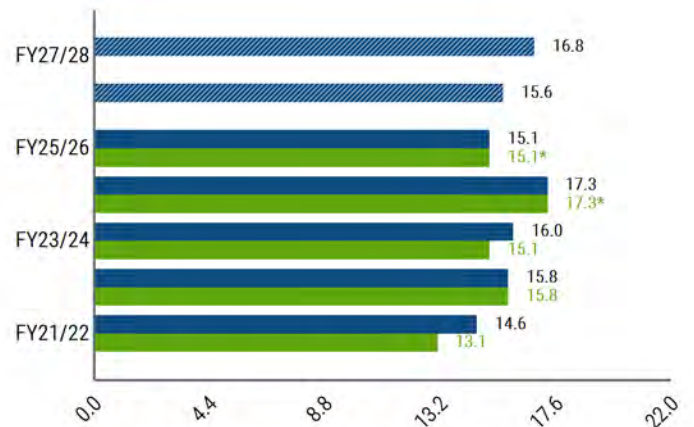
FY 2021/22 to FY 2027/28 (in millions)



LIBRARY AND HUMAN SERVICES

The Library and Human Services Department supports the quality of life in Scottsdale by providing services through the Public Library System, Human Services, and the Housing and Community Assistance office. The FY 2025/26 adopted budget is \$15.1 million, which is a decrease of \$2.2 million when compared to the FY 2024/25 adopted budget mainly due to one-time funding for community assistance that is not available in FY 2025/26.

FY 2021/22 to FY 2027/28 (in millions)

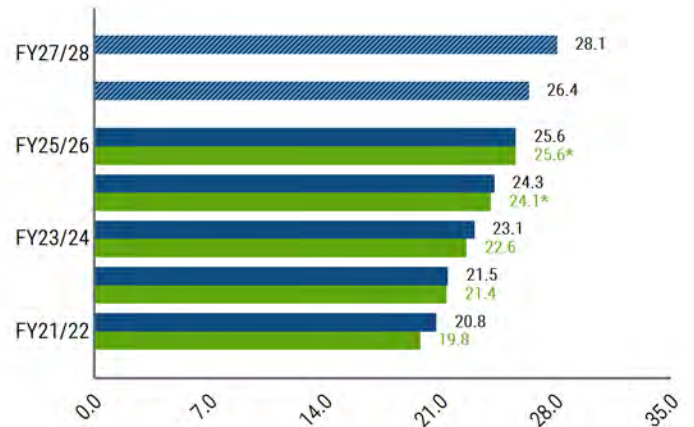


FORECAST BUDGET ACTUAL/FORECAST*

PARKS AND RECREATION AND PRESERVE

The Parks and Recreation and Preserve Department manages a wide range of parks, open space, trails, and facilities, while delivering a wide variety of programming that supports a healthy, inclusive, and active community. The FY 2025/26 adopted budget is \$25.6 million, which is an increase of \$1.3 million mainly due to 1) a change in city reporting structure carried out during FY 2024/25; 2) an increase in leisure education instructor fees; and 3) an increase in water utility costs for Reata Sports Complex.

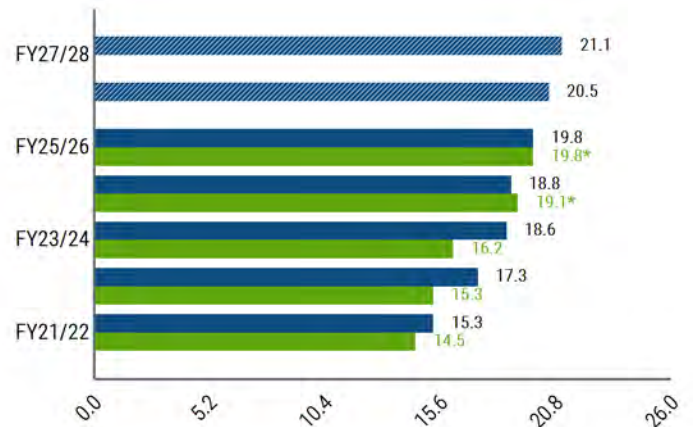
FY 2021/22 to FY 2027/28 (in millions)



PLANNING AND DEVELOPMENT SERVICES

The Planning and Development Services Department works in partnership with the community to shape the city physically, sustainably, and aesthetically through preservation and revitalization to provide a high quality of life. The department is comprised of Administration, Technology, Office of Environmental Initiatives, Long Range Planning, Current Planning, Plan Review Services, One Stop Shop, Records, Inspection Services, Stormwater Management, Neighborhoods, and Code Enforcement. The FY 2025/26 adopted budget is \$19.8 million, which is a \$1.0 million increase compared to the FY 2024/25 adopted budget. The increase is primarily due to: subscription costs for new planning software; and pay-for-performance and market adjustments to wages.

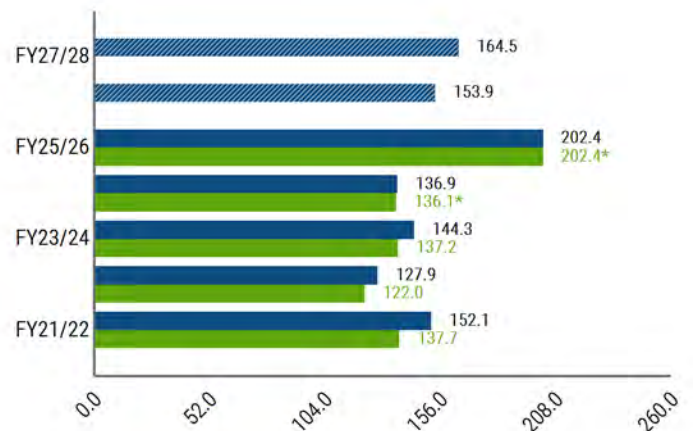
FY 2021/22 to FY 2027/28 (in millions)



POLICE DEPARTMENT

The Police Department provides efficient and effective police services to the community, including confronting crime, responding to citizens' and visitors' concerns, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services, and the Office of the Police Chief. The FY 2025/26 adopted budget of \$202.4 million is \$65.5 million higher than the FY 2024/25 adopted budget of \$136.9 million. The increase is primarily driven by a one-time, \$50.0 million PSPRS payment to pay down the unfunded liability, the addition of 22.00 FTE and related compensation adjustments, and higher operating costs for software, drone operations, vehicles/equipment, and capital replacements moved into the operating budget.

FY 2021/22 to FY 2027/28 (in millions)

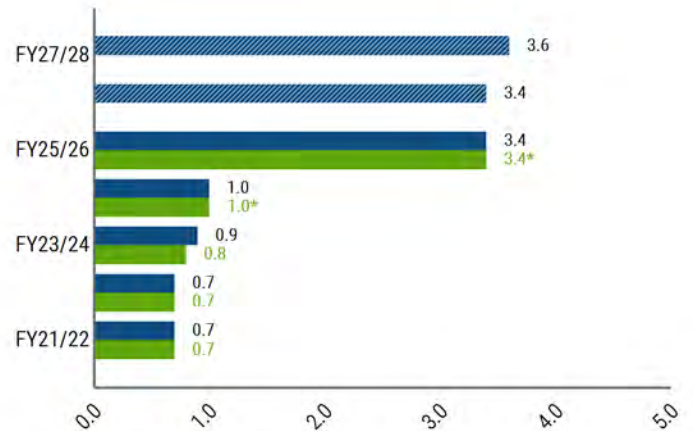


FORECAST BUDGET ACTUAL/FORECAST*

TRANSPORTATION AND INFRASTRUCTURE

Transportation and Infrastructure manages the oversight of capital projects, which includes design, project management, and construction of capital improvement projects including infrastructure, and acquires, manages, and disposes of city-owned land and land rights. Additionally, Transportation and Infrastructure provides for the safe, efficient, and convenient movement of people and goods. The FY 2025/26 adopted budget is \$3.4 million, which is an increase of \$2.4 million compared to the FY 2024/25 adopted budget. This is primarily due to: 1) Personnel Services increases from adding 6.25 FTE, pay-for-performance and market adjustments to wages, and shifting capital project management staff costs to operating budgets; 2) Contractual Services increases for ADA Phase Two projects, higher internal service rates, and new project management software; and 3) Capital Outlays increases for one-time vehicle purchases, including pickup trucks and a bucket truck.

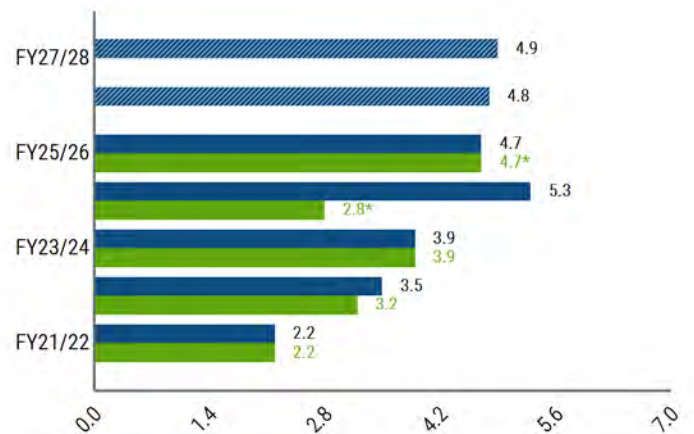
FY 2021/22 to FY 2027/28 (in millions)



PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. The FY 2025/26 adopted budget is \$4.7 million, which is a \$0.6 million decrease compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

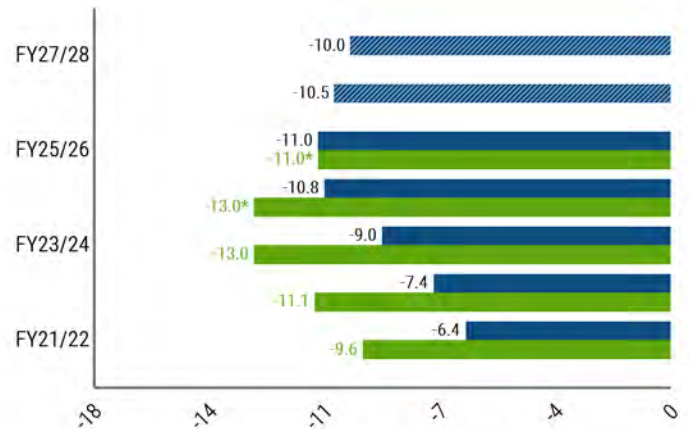


FORECAST BUDGET ACTUAL/FORECAST*

SAVINGS FROM VACANT POSITIONS

The amount of savings accrued from vacant positions for FY 2025/26 is estimated at (\$11.0) million. The significant amount of annual vacancy savings accrued since FY 2021/22 reflect challenges in the labor market, and are the result of more resignations and retirements within the city than anticipated.

FY 2021/22 to FY 2027/28 (in millions)



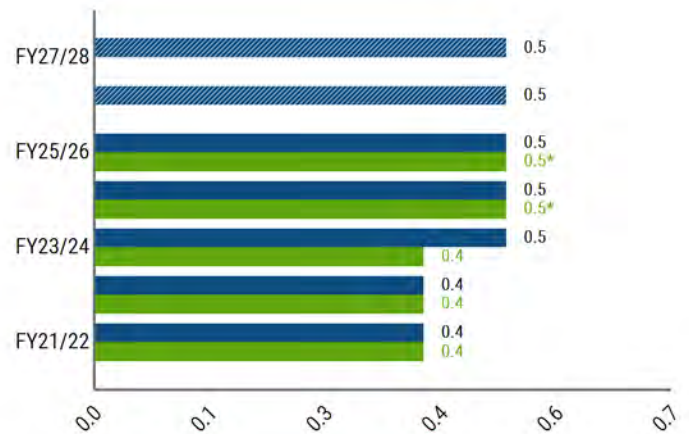
DEBT SERVICE AND TRANSFERS OUT

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 land leased at WestWorld and Tournament Players Club (TPC) from the Bureau of Reclamation. The FY 2025/26 Contracts Payable budget is \$0.5 million.

FY 2021/22 to FY 2027/28 (in millions)

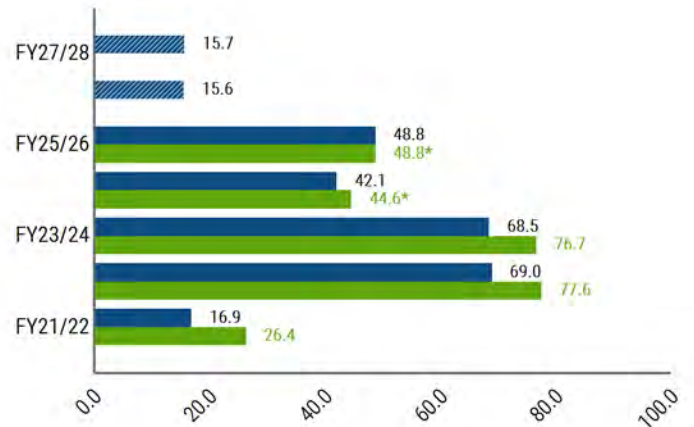


FORECAST BUDGET ACTUAL/FORECAST*

CIP

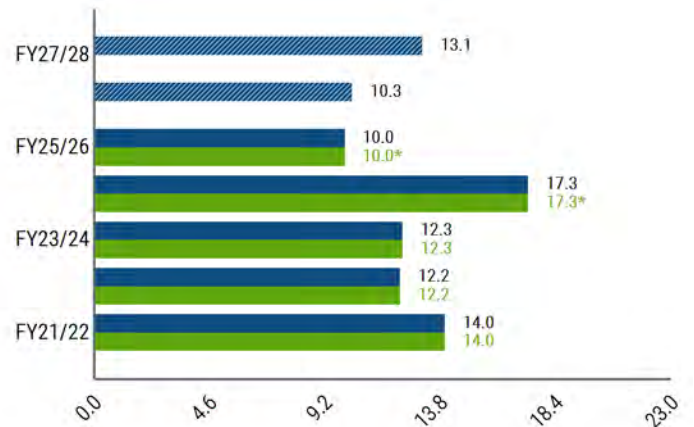
Transfers Out to the Capital Improvement Plan (CIP) in FY 2025/26 is \$48.8 million, which ensures compliance with the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies: \$4.7 million, or 25 percent, of the construction sales tax and \$11.1 million, or 100 percent, of interest income. Transfers Out to the CIP also includes \$33.0 million to provide funding for various CIP projects that do not have a dedicated funding source.

FY 2021/22 to FY 2027/28 (in millions)

**DEBT SERVICE MPC BONDS**

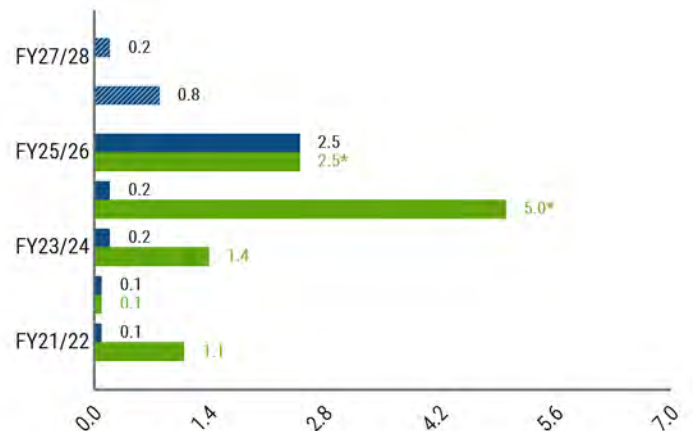
Debt Service Municipal Property Corporation (MPC) bonds includes transfers to the Debt Service Fund for the annual debt service payments for MPC bonds issued that use sales tax as dedicated revenue source to service the debt. The MPC bonds issued include SkySong, WestWorld land acquisitions, Tournament Players Club (TPC) improvements, the Tony Nelssen Equestrian Center (TNEC) and the Scottsdale Fashion Square parking garage. In FY 2025/26 a total of \$10.1 million will be transferred to the Debt Service Fund for MPC bonds issued.

FY 2021/22 to FY 2027/28 (in millions)

**OPERATING**

The FY 2025/26 Operating Transfers Out budget of \$2.5 million represents an operating loan to the Ambulance Service Fund that will be repaid utilizing future excess proceeds. The FY 2024/25 expenses consisted primarily of a \$3.9 million loan to the Ambulance Fund to offset overages and a \$1.0 million transfer to install art on Arizona State Route 101.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

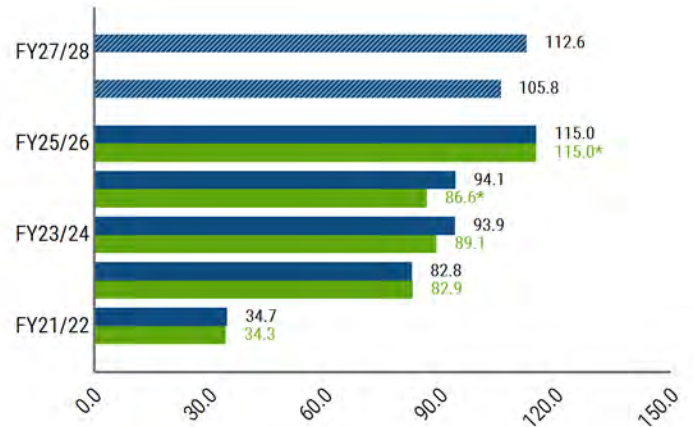
GENERAL FUND ENDING BALANCE

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 AND OPERATING RESERVE

The Emergency and Operating Reserve complies with Financial Policies 2.01 and 2.02. The General Fund maintains an Emergency Reserve (5% of operating uses, excluding transfers out) for immediate-response emergencies and an Operating Reserve (20% of operating uses, excluding transfers out) for significant unexpected events or revenue shortfalls. Use of the Emergency Reserve must be appropriated by Council, although the City Manager may authorize immediate expenditures to protect health, safety and welfare (with a report to Council as soon as practical). Use of the Operating Reserve requires Council approval. Reserves used must be restored to policy levels within one fiscal year (Emergency) or two fiscal years (Operating). The FY 2025/26 Emergency and Operating Reserve designated fund balance is \$115.0 million.

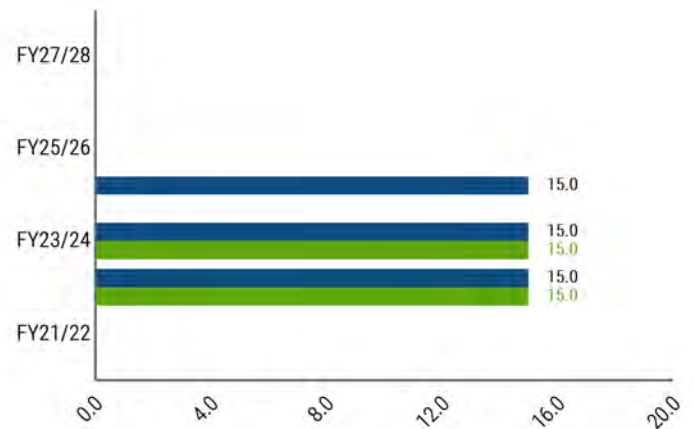
FY 2021/22 to FY 2027/28 (in millions)



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. There is no budget adopted for the FY 2025/26 General Fund General Plan Initiatives designation.

FY 2021/22 to FY 2027/28 (in millions)

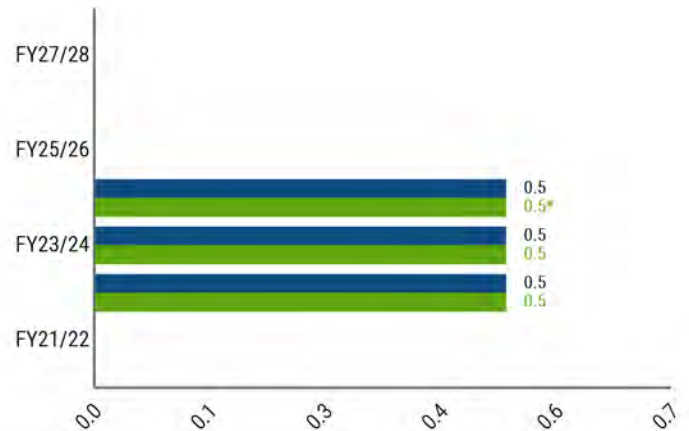


FORECAST BUDGET ACTUAL/FORECAST*

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. There is no budget adopted for the FY 2025/26 General Fund Innovation Initiatives designation.

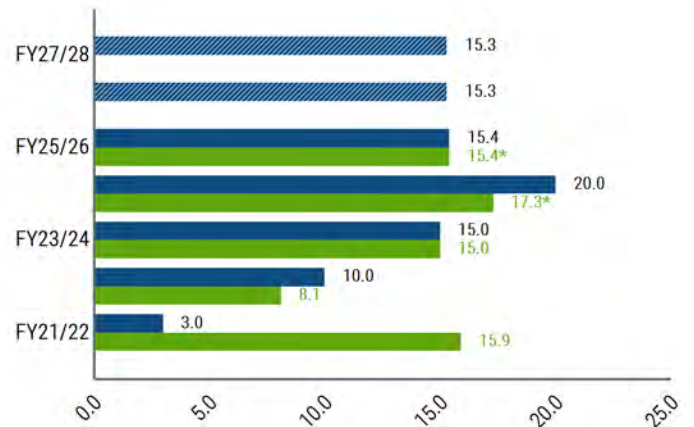
FY 2021/22 to FY 2027/28 (in millions)



OPERATING CONTINGENCY

Operating Contingency for FY 2025/26 is set at \$15.4 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 required City Council approval.

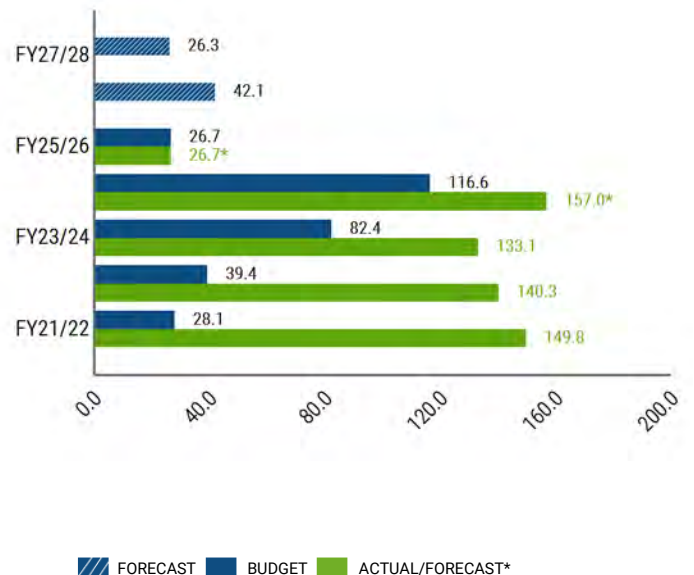
FY 2021/22 to FY 2027/28 (in millions)



PSPRS PENSION LIABILITIES

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The PSPRS Pension Liabilities designation is to address the unfunded liability and shore-up the city's portion of the pension program for public safety personnel. The FY 2025/26 PSPRS Pension Liabilities fund balance designation is \$26.7 million.

FY 2021/22 to FY 2027/28 (in millions)

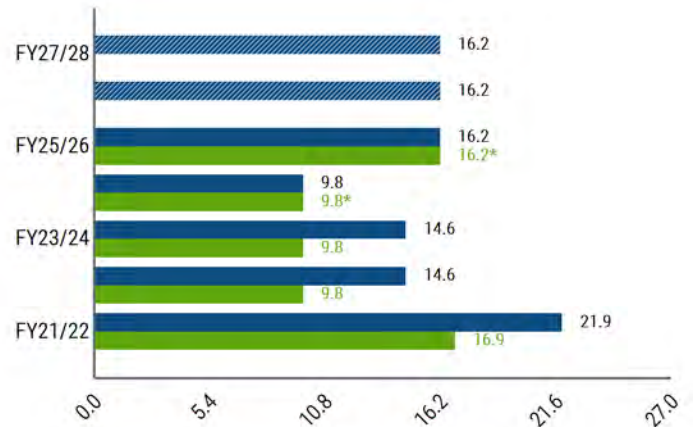


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

DEVELOPMENT AGREEMENTS

Designation created in FY 2019/20 for eligible infrastructure reimbursements associated with milestones achieved in development agreements. The FY 2025/26 Development Agreements fund balance designation is \$16.2 million.

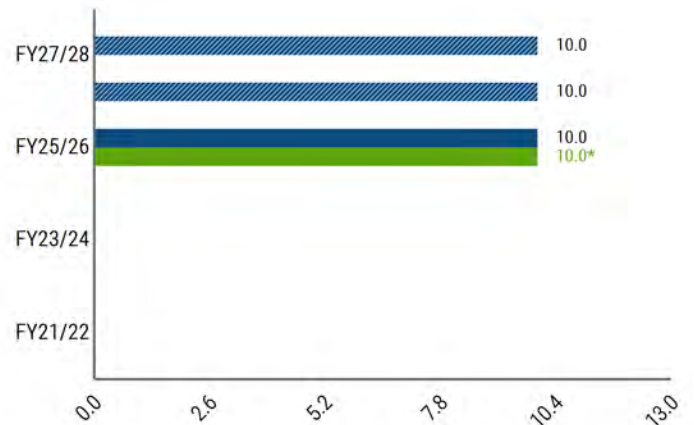
FY 2021/22 to FY 2027/28 (in millions)



FACILITIES REPAIR/REPLACEMENT RESERVE

The Facilities Repair/Replacement Reserve in the General Fund refers to contingency or reserve funds set aside specifically for the repair or replacement of city facilities. These funds are used only after all alternative budget funding sources have been fully considered. Requests to use these reserve funds requires Council approval. The FY 2025/26 adopted budget is \$10.0 million.

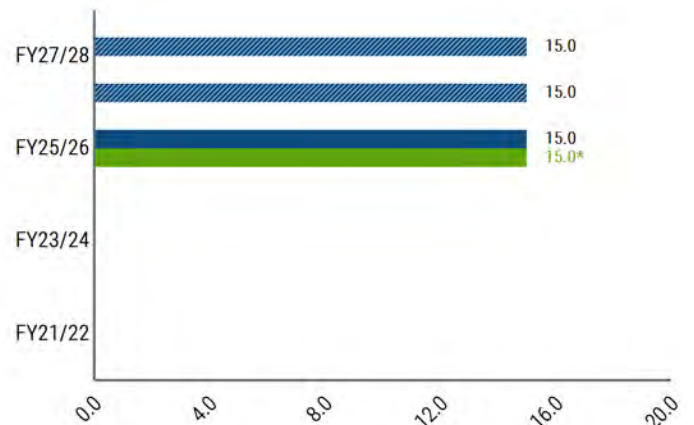
FY 2021/22 to FY 2027/28 (in millions)



REVENUE LOSS RESERVE

A Revenue Loss Reserve is a type of contingency or reserve fund established to offset unexpected decreases in revenue. These reserves are strictly defined in the city's financial policies and are used when additional funds are necessary to maintain service levels due to unforeseen revenue shortfalls, unanticipated grants, or inadequately budgeted events that threaten public health or safety. Use of these funds requires City Council's approval. The FY 2025/26 adopted budget is \$15.0 million.

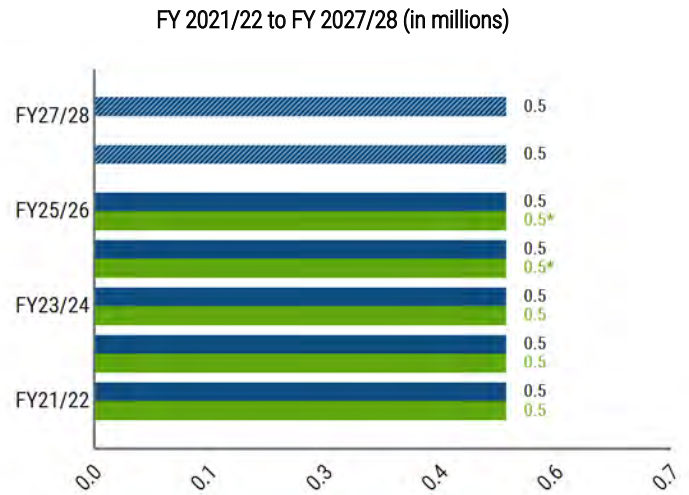
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

GENERAL FUND BALANCE

General Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2025/26 General Fund Balance is \$0.5 million. Under prudent fiscal management practices, this balance may be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.



FORECAST BUDGET ACTUAL/FORECAST*

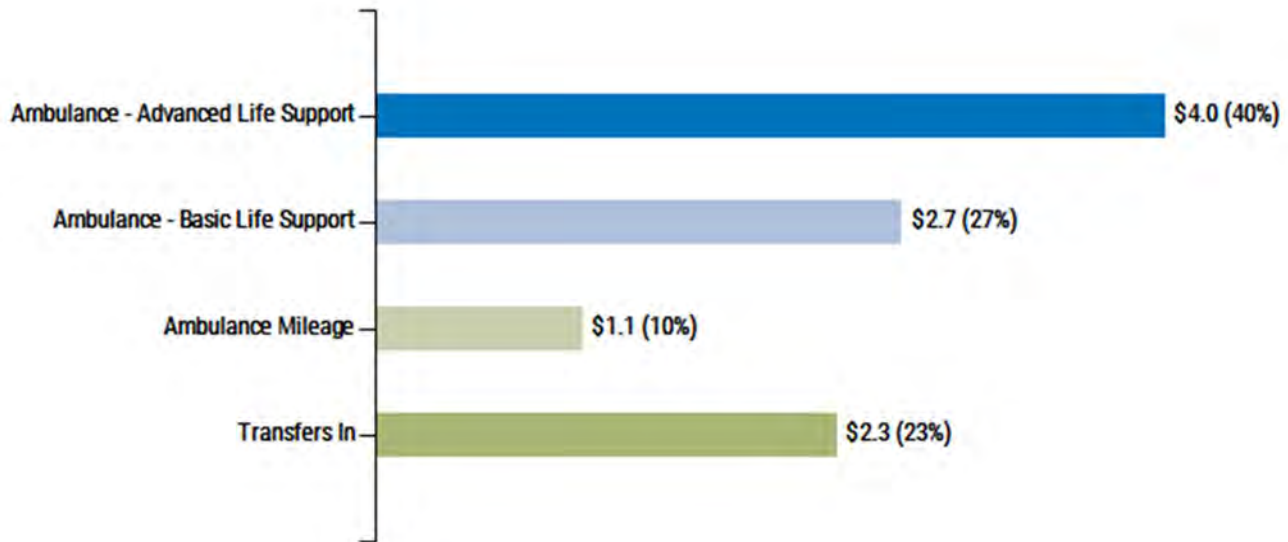


FY 2025/26 Adopted Budget

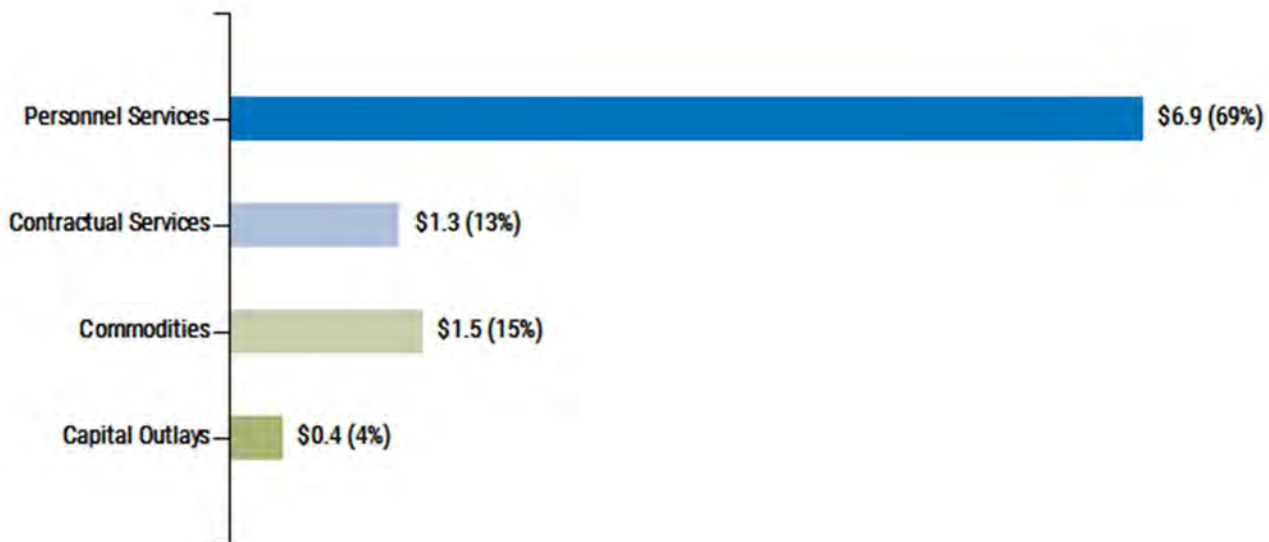
AMBULANCE SERVICE FUND

The Ambulance Service Fund records activity associated with the city's ambulance service, which is operated by the Fire Department. The implementation of the ambulance service is planned in multiple phases. Phase one, launched in December 2024, introduced three ambulances into service and one reserve. Phase two, scheduled to begin in December 2025, will include an additional three in service ambulances and two reserves. Phase three, scheduled to begin in December 2026, will include three additional in service ambulances. The Ambulance Service Fund will receive a General Fund Operating Loan to support operations, which will be repaid utilizing future excess proceeds.

Ambulance Service Fund Sources (% to Total) \$10.1 Million



Ambulance Service Fund Uses (% to Total) \$10.1 Million



Rounding differences may occur.

BUDGET BY FUND | Ambulance Service Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Ambulance Service Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Revenues				
Ambulance - Advanced Life Support	-	4,850,858	857,130	4,015,609
Ambulance - Basic Life Support	-	-	571,420	2,677,073
Ambulance Mileage	-	-	234,700	1,056,150
Subtotal	-	4,850,858	1,663,250	7,748,832
Transfers In				
General Fund Operating Loan ^(a)	1,337,777	-	3,876,688	2,348,647
Subtotal	1,337,777	-	3,876,688	2,348,647
Total Sources	1,337,777	4,850,858	5,539,938	10,097,479
Expenditures^{(b)(c)}				
Personnel Services	882	3,844,428	3,603,071	6,933,581
Contractual Services	225,442	1,138,489	1,113,278	1,295,219
Commodities	868,642	791,990	791,990	1,464,676
Capital Outlays	242,811	31,599	31,599	404,003
Subtotal	1,337,777	5,806,506	5,539,938	10,097,479
TOTAL OPERATING BUDGET	1,337,777	5,806,506	5,539,938	10,097,479
Transfers Out				
General Fund Operating Loan	-	-	-	-
Subtotal	-	-	-	-
Total Uses	1,337,777	5,806,506	5,539,938	10,097,479
Sources Over/(Under) Uses	-	(955,648)	-	-
Ending Fund Balance				
Ambulance Service Fund Balance	-	(955,648)	-	-
Total Ending Fund Balance	-	(955,648)	-	-

^(a) General Fund Operating Loan that will be repaid utilizing future excess proceeds.

^(b) Indirect Costs not included in operating expenses.

^(c) Some program direct costs (e.g. support costs) are accounted for in other fund Five Year Forecasts.

Vehicle Purchases - Capital Expenses

A total of 12 ambulances and two vehicles will be purchased over three years: FY 2023/24, FY 2025/26 and FY 2026/27. Future excess proceeds from the ambulance service will be used to pay back the \$6.7 million in General Fund utilized for these expenses.

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Vehicle Purchases	1,602,700	-	180,000	2,293,856

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Ambulance Service Fund Balance	-	-	-	-	-
Total Beginning Fund Balance	-	-	-	-	-
Revenues					
Ambulance - Advanced Life Support	4,015,609	6,809,000	8,312,400	9,395,600	10,335,100
Ambulance - Basic Life Support	2,677,073	4,539,300	5,541,600	6,263,800	6,890,100
Ambulance Mileage	1,056,150	1,760,300	2,112,300	2,347,100	2,581,700
Subtotal	7,748,832	13,108,600	15,966,300	18,006,500	19,806,900
Transfers In					
General Fund Operating Loan ^(a)	2,348,647	613,700	-	-	-
Subtotal	2,348,647	613,700	-	-	-
Total Sources	10,097,479	13,722,300	15,966,300	18,006,500	19,806,900
Expenditures^{(b)(c)}					
Personnel Services	6,933,581	9,564,600	10,937,300	11,131,700	11,751,500
Contractual Services	1,295,219	2,044,800	1,942,200	2,061,500	2,184,300
Commodities	1,464,676	1,772,300	1,614,300	1,680,200	1,749,500
Capital Outlays	404,003	340,600	-	-	-
Subtotal	10,097,479	13,722,300	14,493,800	14,873,400	15,685,300
TOTAL OPERATING BUDGET	10,097,479	13,722,300	14,493,800	14,873,400	15,685,300
Transfers Out					
General Fund Operating Loan ^(a)	-	-	1,472,500	3,133,100	4,121,600
Subtotal	-	-	1,472,500	3,133,100	4,121,600
Total Uses	10,097,479	13,722,300	15,966,300	18,006,500	19,806,900
Sources Over/(Under) Uses	-	-	-	-	-
Ending Fund Balance					
Ambulance Service Fund Balance	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

^(a) General Fund Operating Loan that will be repaid utilizing future excess proceeds.

^(b) Indirect Costs not included in operating expenses.

^(c) Some program direct costs (e.g. support costs) are accounted for in other fund Five Year Forecasts.

Vehicle Purchases - Capital Expenses

A total of 12 ambulances and two vehicles will be purchased over three years: FY 2023/24, FY 2025/26 and FY 2026/27. Future excess proceeds from the ambulance service will be used to pay back the \$6.7 million in General Fund utilized for these expenses.

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Vehicle Purchases	2,293,856	2,575,344	-	-	-

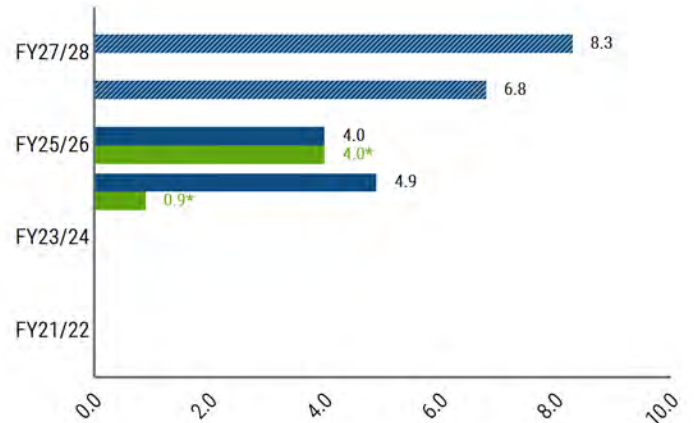
AMBULANCE SERVICE FUND SOURCES

Ambulance Fund sources include ambulance service revenue and a transfer in from the General Fund. FY 2025/26 sources are budgeted at \$10.1 million.

AMBULANCE - ADVANCED LIFE SUPPORT

Ambulance - Advanced Life Support includes emergency service revenue generated by providing timely door-to-door medical care and safe transport for patients who need complex medical interventions. The FY 2025/26 budgeted revenue is \$4.0 million, which is a decrease of \$0.9 million when compared to the FY 2024/25 adopted budget. The decrease is primarily the result of budgeting all FY 2024/25 service revenues in a single account, which have been distributed among three separate revenue accounts in FY 2025/26 to distinguish revenue by service type. The FY 2025/26 revenue forecast is \$4.0 million, which is an increase of \$3.1 million when compared to the FY 2024/25 revenue forecast due to: 1) deploying phase two of the ambulance service, scheduled to begin in December 2025, which will include the addition of three in service ambulances; and 2) phase one of the ambulance service launching in December 2024, midway through the fiscal year, which resulted in partial-year revenue for FY 2024/25, whereas FY 2025/26 will reflect a full-year of phase one revenue.

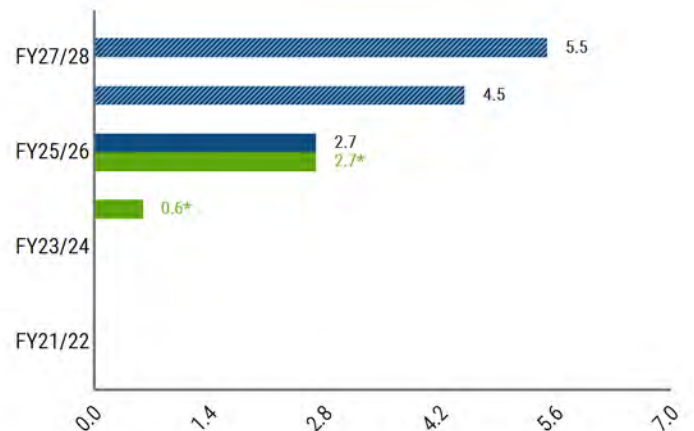
FY 2021/22 to FY 2027/28 (in millions)



AMBULANCE - BASIC LIFE SUPPORT

Ambulance - Basic Life Support includes emergency service revenue generated by providing timely door-to-door medical care and safe patient transport. The FY 2025/26 budgeted revenue is \$2.7 million, which is an increase of \$2.7 million when compared to the FY 2024/25 adopted budget. The increase is due to: 1) budgeting all FY 2024/25 service revenues in a single account, which have been distributed among three separate revenue accounts in FY 2025/26 to distinguish revenue by service type; 2) deploying phase two of the ambulance service, scheduled to begin in December 2025, which will include the addition of three in service ambulances; and 3) phase one of the ambulance service launching in December 2024, midway through the fiscal year, which resulted in partial-year revenue for FY 2024/25, whereas FY 2025/26 will reflect a full-year of phase one revenue.

FY 2021/22 to FY 2027/28 (in millions)

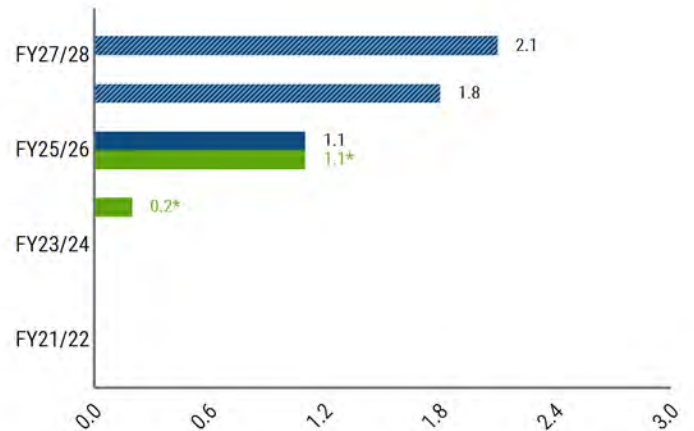


FORECAST BUDGET ACTUAL/FORECAST*

AMBULANCE MILEAGE

Ambulance Mileage includes revenue generated for mileage driven based on the distance traveled while transporting patients to local hospitals and specialty centers. The FY 2025/26 budgeted revenue is \$1.1 million, which is an increase of \$1.1 million when compared to the FY 2024/25 adopted budget. The increase is due to: 1) budgeting all FY 2024/25 service revenues in a single account, which have been distributed among three separate revenue accounts in FY 2025/26 to distinguish revenue by service type; 2) deploying phase two of the ambulance service, scheduled to begin in December 2025, which will include the addition of three in service ambulances; and 3) phase one of the ambulance service launching in December 2024, midway through the fiscal year, which resulted in partial-year revenue for FY 2024/25, whereas FY 2025/26 will reflect a full-year of phase one revenue.

FY 2021/22 to FY 2027/28 (in millions)



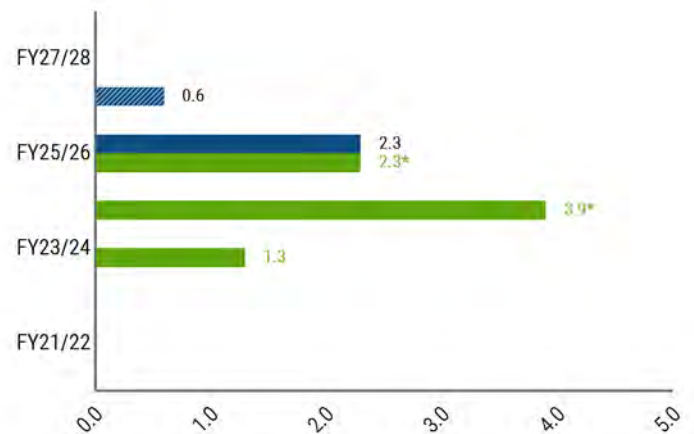
TRANSFERS IN

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

GENERAL FUND OPERATING LOAN

The General Fund Operating Loan represents funding to support operations and services provided by the Ambulance Service Fund. The loan will be repaid utilizing future excess proceeds. The FY 2025/26 budgeted transfer in is \$2.3 million, which will vary annually based on funding requirements.

FY 2021/22 to FY 2027/28 (in millions)



AMBULANCE SERVICE FUND USES

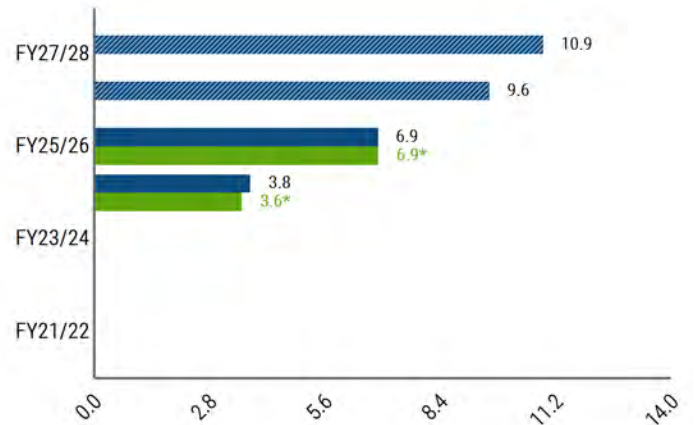
Ambulance Service Fund Uses include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2025/26 adopted budget is \$10.1 million.

FORECAST BUDGET ACTUAL/FORECAST*

PERSONNEL SERVICES

Personnel Services includes the compensation paid to employees of the City of Scottsdale, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2025/26 adopted budget is \$6.9 million, which is an increase of \$3.1 million when compared to the FY 2024/25 adopted budget. The increase is mainly due to the addition of 24.00 full-time equivalent (FTE) positions to support phase two of the ambulance service. The Ambulance Service Fund supports 53.00 FTE positions.

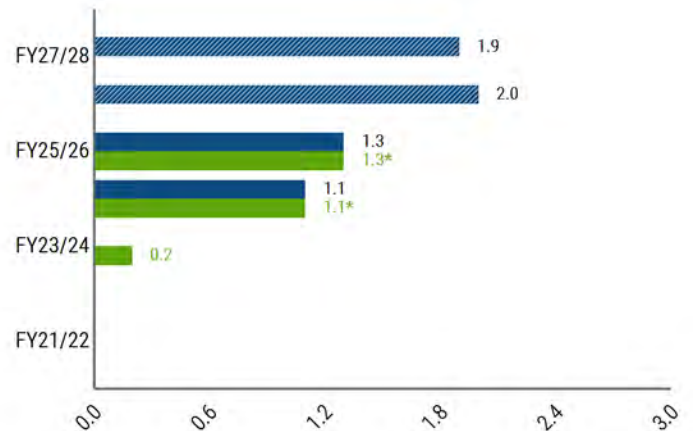
FY 2021/22 to FY 2027/28 (in millions)



CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as custodial services, trash removal, and mowing. The FY 2025/26 adopted budget is \$1.3 million, which is an increase of \$0.2 million when compared to the FY 2024/25 adopted budget mainly due to: 1) an increase to the external billing agency contract to support phase two of the ambulance service; 2) higher fleet replacement costs; 3) funding for a contracted Medical Director; and 4) medical exams for the additional FTE.

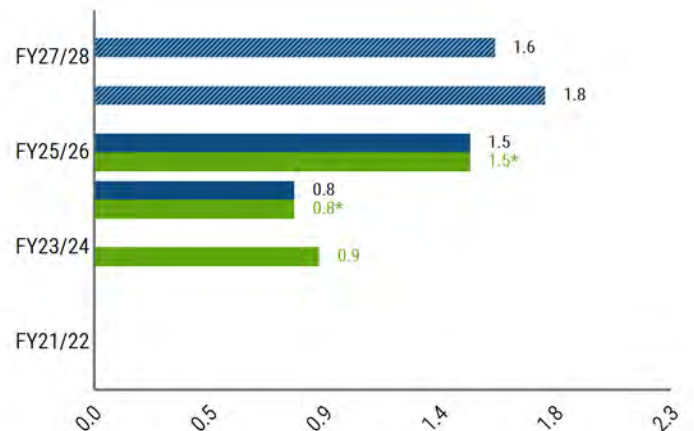
FY 2021/22 to FY 2027/28 (in millions)



COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The FY 2025/26 adopted budget is \$1.5 million, which is an increase of \$0.7 million when compared to the FY 2024/25 adopted budget. The increase is mainly due to phase two of the ambulance service, which involves outfitting three additional ambulances with the required medical supplies, safety equipment, and tools necessary for operation.

FY 2021/22 to FY 2027/28 (in millions)

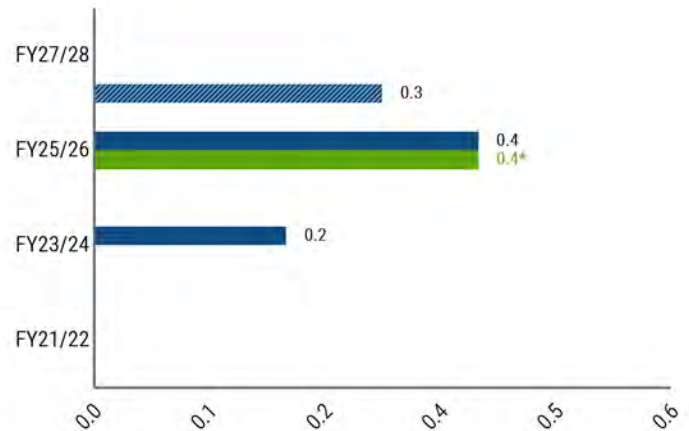


FORECAST BUDGET ACTUAL/FORECAST*

CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 budget of \$0.4 million provides funding for cardiac monitors, ambulance chairs, chest compression systems, and portable radios.

FY 2021/22 to FY 2027/28 (in millions)



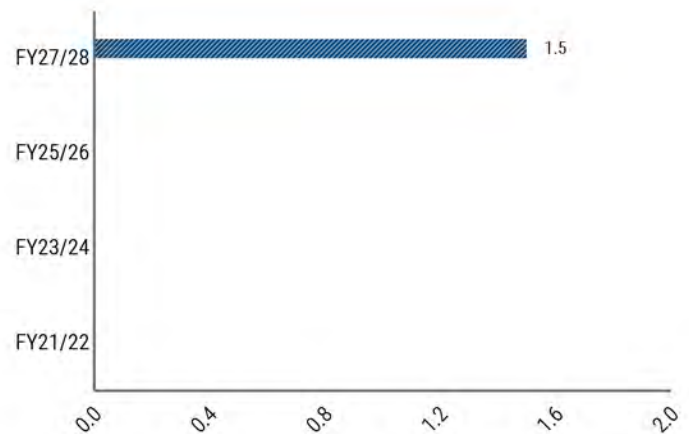
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).

GENERAL FUND OPERATING LOAN

The General Fund Operating Loan represents repayment for funding received for operations and services provided by the Ambulance Service Fund. The loan will be repaid utilizing future excess proceeds. Repayment is expected to begin in FY 2027/28. As of FY 2025/26, the balance of the loan to be repaid is \$7.6 million.

FY 2021/22 to FY 2027/28 (in millions)



AMBULANCE SERVICE FUND ENDING BALANCE

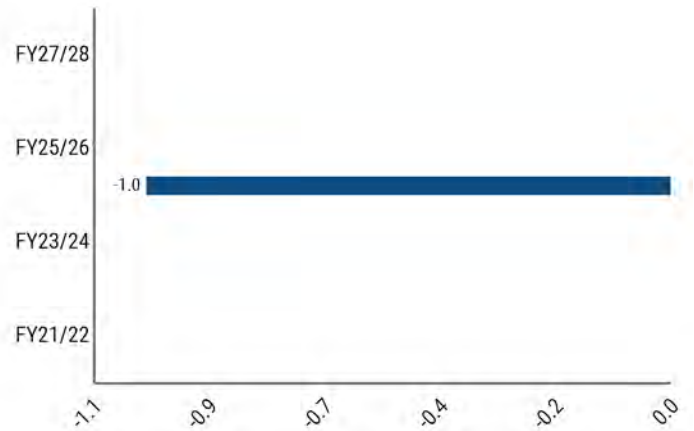
The Ambulance Service Fund Endings Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2025/26 ending balance is zero.

 FORECAST
  BUDGET
  ACTUAL/FORECAST*

AMBULANCE SERVICE FUND BALANCE

The Ambulance Service Fund Balance accounts for any funds remaining after the designation to all other uses, contingencies, and reserves. The FY 2025/26 Ambulance Service Fund Balance is zero and is expected to remain at zero until the General Fund Operating Loan is fully repaid.

FY 2021/22 to FY 2027/28 (in millions)

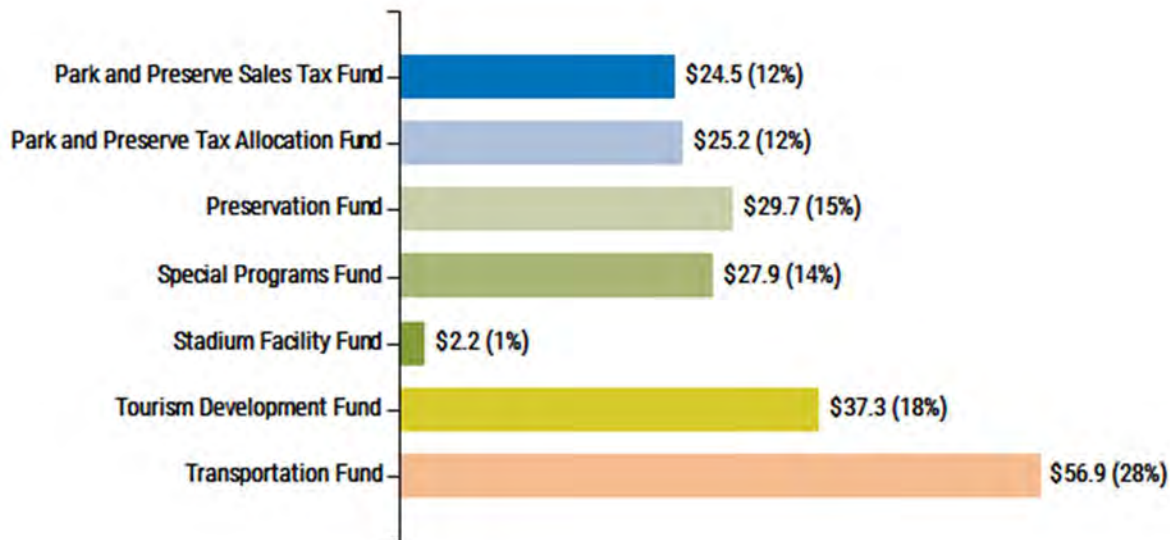


FORECAST BUDGET ACTUAL/FORECAST*

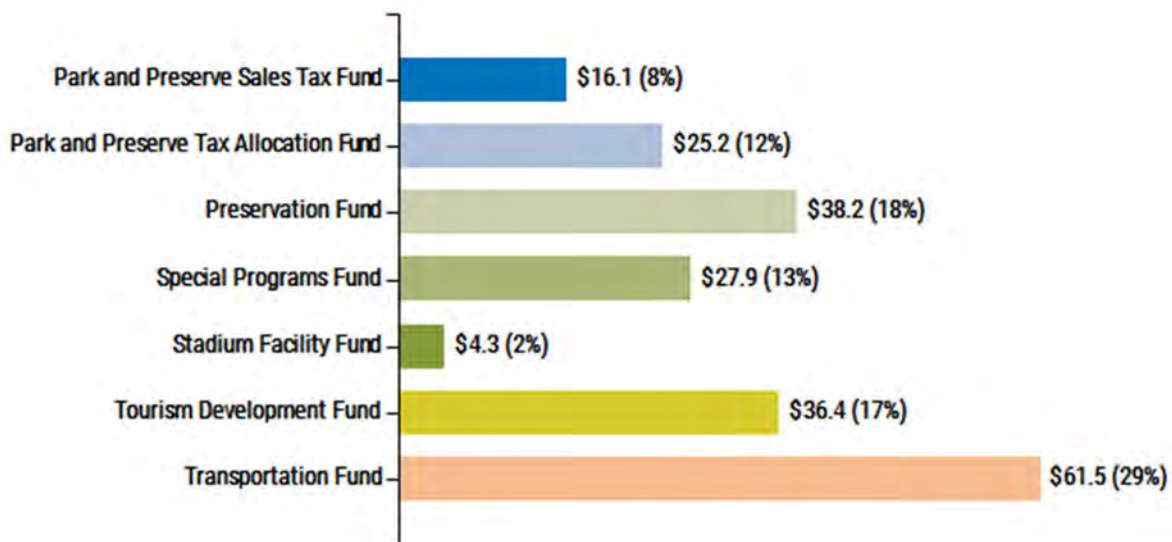
SPECIAL REVENUE FUNDS DESCRIPTION

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 - Parks and Preservation (0.15%), Highway User Tax, Transient Occupancy Tax, and revenue for 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) \$203.6 Million



Special Revenue Funds Uses (% to Total) \$209.6 Million



Rounding differences may occur.

Note: Per financial policy No. 11, the Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and after all debt requirements are satisfied, funds are transferred to the respective Park and Preserve Tax Funds.

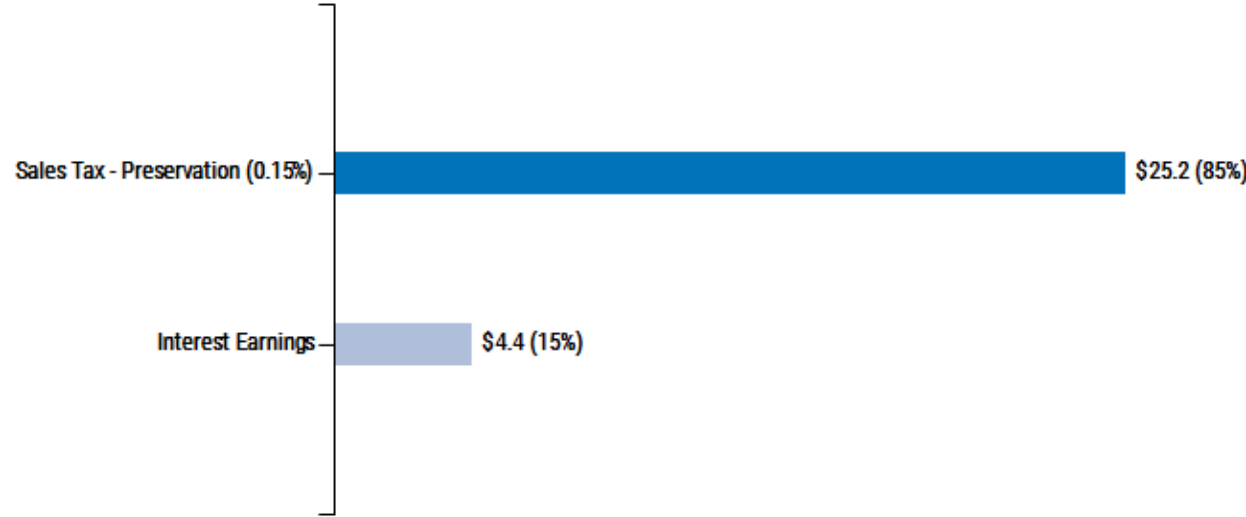


FY 2025/26 Adopted Budget

FUND PURPOSE

The Preservation Fund accounts for the portion of the city’s sale tax 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, which sunsetted June 2025. In May 2004, voters approved a 0.15 percent increase to the city’s sales tax rate dedicated to the McDowell Sonoran Preserve land acquisition, which is due to sunset in 2034 and may sunset earlier than originally anticipated based on the council and voter approval. Differing from the 1995 tax, the 2004 tax allows for the construction of essential preserve related necessities such as proposed trailheads. 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 projects within the preserve.

Preservation Fund Sources (% to Total)
\$29.7 Million



Preservation Fund Uses (% to Total)
\$38.2 Million



Rounding differences may occur.

BUDGET BY FUND | Preservation Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Debt Service Reserve	35,354,537	38,817,300	38,849,700	26,406,235
Restricted for Capital	74,581,668	97,995,188	98,834,854	133,461,023
Total Beginning Fund Balance	109,936,205	136,812,488	137,684,554	159,867,258
Revenues				
Sales Tax - Preservation (0.15%) ^(a)	25,897,550	24,582,829	26,355,882	25,214,185
Sales Tax - Preservation (0.20%) ^(b)	34,530,023	32,777,105	35,141,149	-
Interest Earnings	3,701,977	4,901,570	4,901,570	4,436,344
Subtotal	64,129,550	62,261,504	66,398,601	29,650,529
Transfers In				
CIP	4,311	-	-	-
Subtotal	4,311	-	-	-
Total Sources	64,133,862	62,261,504	66,398,601	29,650,529
Transfers Out				
CIP	1,031,120	5,366,780	5,366,780	11,750,000
Debt Service GO Bonds ^(c)	35,354,393	38,817,300	38,849,117	26,406,235
Subtotal	36,385,513	44,184,080	44,215,897	38,156,235
Total Uses	36,385,513	44,184,080	44,215,897	38,156,235
Sources Over/(Under) Uses	27,748,348	18,077,424	22,182,704	(8,505,706)
Ending Fund Balance				
Debt Service Reserve	38,849,700	24,670,700	26,406,235	17,826,600
Restricted for Capital	98,834,854	130,219,212	133,461,023	133,534,952
Total Ending Fund Balance	137,684,554	154,889,912	159,867,258	151,361,552

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

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

^(c) Debt Service will be paid off in 2027.

BUDGET BY FUND | Preservation Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Debt Service Reserve	26,406,235	17,826,600	115,743,300	-	-
Restricted for Capital	133,461,023	133,534,952	42,209,152	29,140,852	13,548,652
Total Beginning Fund Balance	159,867,258	151,361,552	157,952,452	29,140,852	13,548,652
Revenues					
Sales Tax - Preservation (0.15%) ^(a)	25,214,185	25,978,700	-	-	-
Sales Tax - Preservation (0.20%) ^(b)	-	-	-	-	-
Interest Earnings	4,436,344	4,038,800	4,381,700	207,800	70,500
<i>Subtotal</i>	<i>29,650,529</i>	<i>30,017,500</i>	<i>4,381,700</i>	<i>207,800</i>	<i>70,500</i>
Transfers In					
CIP	-	-	-	-	-
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total Sources	29,650,529	30,017,500	4,381,700	207,800	70,500
Transfers Out					
CIP	11,750,000	5,600,000	17,450,000	15,800,000	10,800,000
Debt Service GO Bonds ^(c)	26,406,235	17,826,600	115,743,300	-	-
<i>Subtotal</i>	<i>38,156,235</i>	<i>23,426,600</i>	<i>133,193,300</i>	<i>15,800,000</i>	<i>10,800,000</i>
Total Uses	38,156,235	23,426,600	133,193,300	15,800,000	10,800,000
Sources Over/(Under) Uses	(8,505,706)	6,590,900	(128,811,600)	(15,592,200)	(10,729,500)
Ending Fund Balance					
Debt Service Reserve	17,826,600	115,743,300	-	-	-
Restricted for Capital	133,534,952	42,209,152	29,140,852	13,548,652	2,819,152
Total Ending Fund Balance	151,361,552	157,952,452	29,140,852	13,548,652	2,819,152

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

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

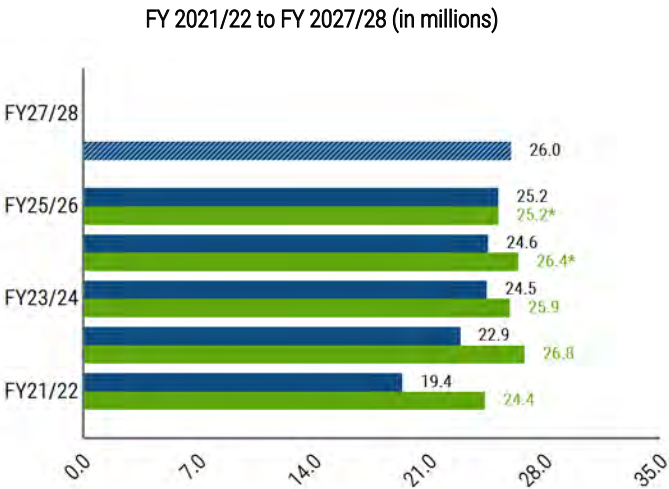
^(c) Debt Service will be paid off in 2027.

PRESERVATION FUND SOURCES

Preservation Fund sources for FY 2025/26 are budgeted at \$29.7 million, a decrease of \$32.6 million when compared to the FY 2024/25 adopted budget due to the 1995 voter approved 0.20% tax, which sunsetted June 2025. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

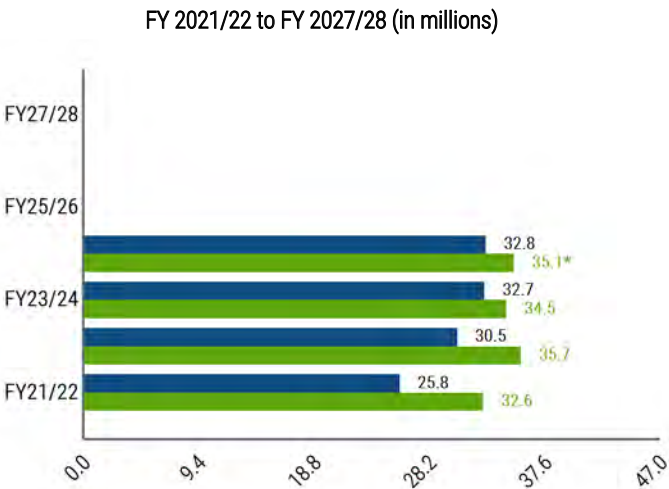
SALES TAX - PRESERVATION (0.15%)

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15% city sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve and construction of essential preserve related necessities such as trailheads. The tax is due to sunset in 2034 and may sunset earlier than anticipated based on the council and voter approval. The FY 2025/26 budgeted revenue is \$25.2 million, which is a decrease of \$0.6 million when compared to the FY 2024/25 adopted budget.



SALES TAX - PRESERVATION (0.20%)

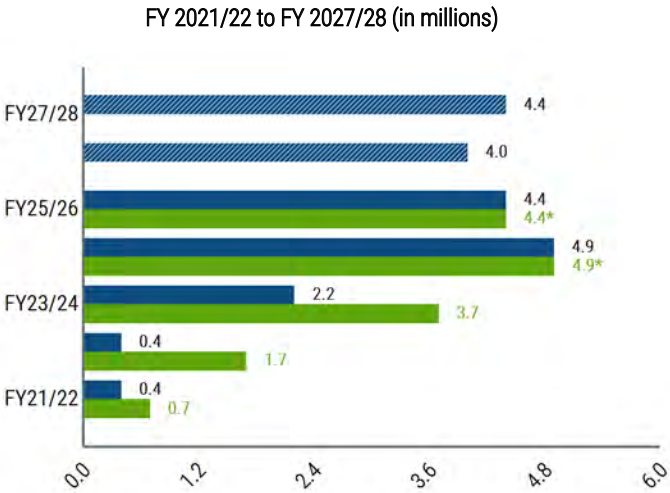
Sales Tax - Preservation (0.20%) represents the 1995 voter approved 0.20% city sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, which sunsetted June 2025. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits may result in additional funds received after the expiration of the tax.



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 2025/26 budgeted revenue is \$4.4 million, which is a decrease of \$0.5 million when compared to the FY 2024/25 adopted budget due to a decrease in the available cash balance.



PRESERVATION FUND USES

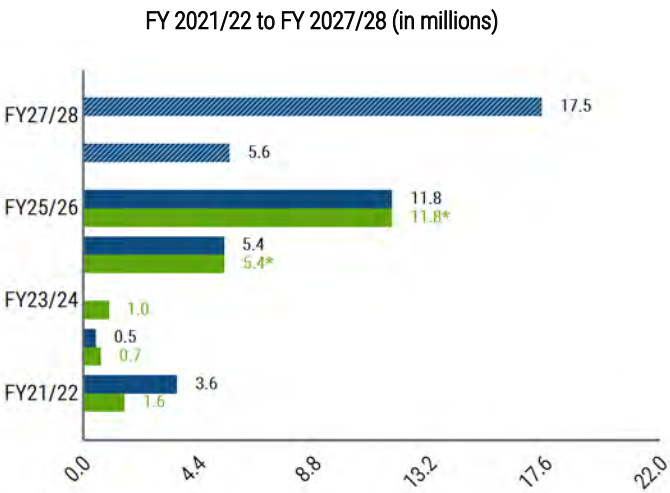
Preservation Fund uses are presented as Transfers Out to other funds. Uses for FY 2025/26 are budgeted at \$38.2 million, a decrease of \$6.0 million when compared to the FY 2024/25 adopted budget.

TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds or the Capital Improvement Plan (CIP).

CIP

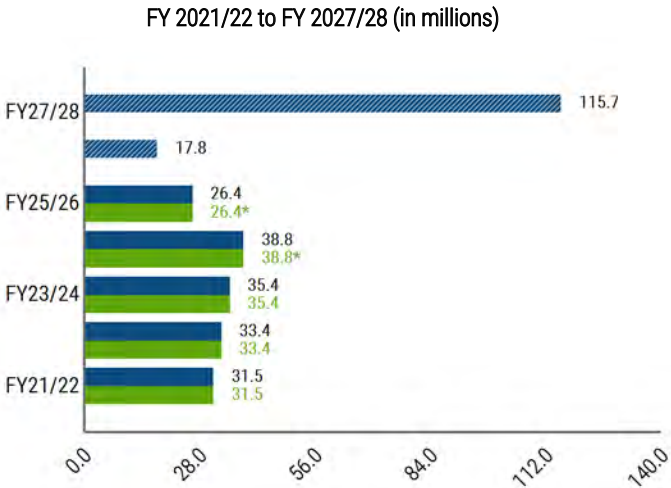
Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects such as Fraesfield, Tom's Thumb, and Brown's Ranch Trailhead Improvments. The FY 2025/26 adopted budget is \$11.8 million.



FORECAST BUDGET ACTUAL/FORECAST*

DEBT SERVICE GO BONDS

Debt Service General Obligation (G.O.) Bonds are Transfers Out from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve G.O. debt service. The FY 2025/26 adopted budget is \$26.4 million, which is a decrease of \$12.4 million when compared to the FY 2024/25 adopted budget due to lower payments for the 2020 G.O. Refunding Preserve Bonds and paying off the Refunding 2012 G.O. Preserve Bonds. Debt service related to the 0.15 percent Preservation Sales Tax will be paid off in FY 2027/28.

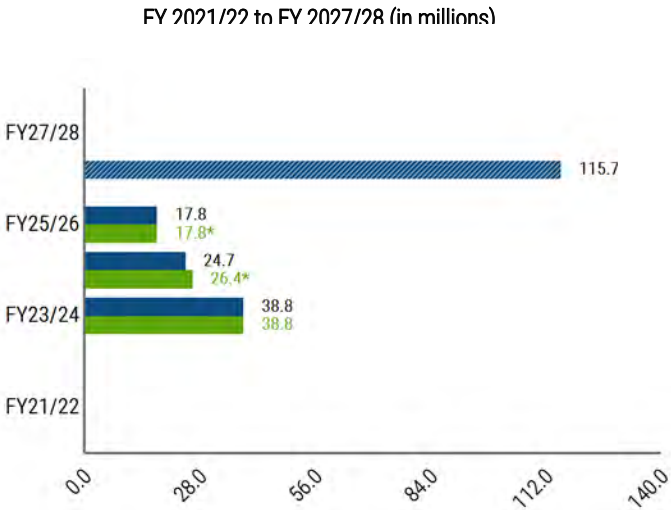


PRESERVATION FUND ENDING BALANCE

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

DEBT SERVICE RESERVE

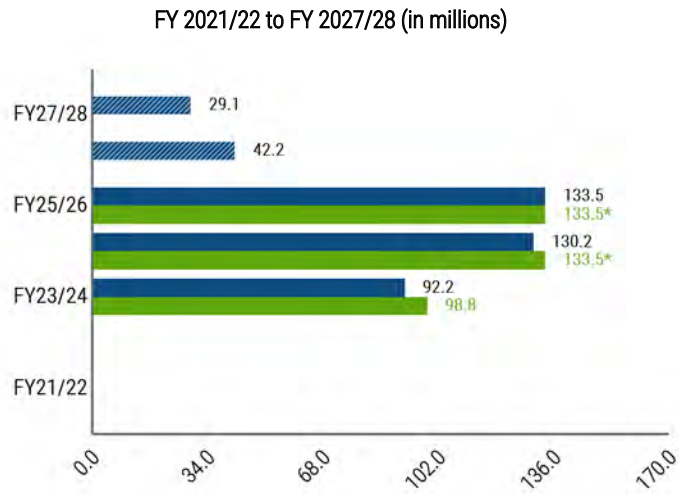
Per Financial Policy No. 2.07, the Debt Service Reserve is equal to the next fiscal year's debt service and will be used to pay future debt service. The Debt Service Reserve balance for FY 2025/26 is \$17.8 million. Debt service related to the 0.15 percent Preservation Sales Tax will be paid off in FY 2027/28.



FORECAST BUDGET ACTUAL/FORECAST*

RESTRICTED FOR CAPITAL

Restricted for Capital accounts for any funds remaining after the designation of all other reserves/uses. The Restricted for Capital reserve for FY 2025/26 is \$133.5 million. This reserve will decrease in the upcoming years as a result of paying off debt service related to the 0.15 percent Preservation Sales Tax.



FORECAST BUDGET ACTUAL/FORECAST*



FY 2025/26 Adopted Budget

FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approved Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of McDowell Sonoran Preserve, including police and fire security and protection. Per financial policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and after all debt requirements are satisfied, will be transferred to the respective Park and Preserve Tax Funds as follows: 1) 51 percent to the Park Improvements Fund; 2) 18 percent to the Preserve Maintenance Fund; 3) 14 percent to the Park Maintenance Fund; 4) 10 percent to the Fire Mitigation Fund; and 5) 7 percent to the Police Ranger Fund.

Park and Preserve Tax Allocation Fund Sources (% to Total) \$25.2 Million



Park and Preserve Tax Allocation Fund Uses (% to Total) \$25.2 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Allocation Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Total Beginning Fund Balance	-	-	-	-
<u>Revenues</u>				
Sales Tax	-	-	-	25,214,181
<i>Subtotal</i>	-	-	-	<i>25,214,181</i>
Total Sources	-	-	-	25,214,181
<u>Transfers Out</u>				
WestWorld Debt Service	-	-	-	725,000
Park Improvements - 51%	-	-	-	12,489,482
Preserve Maintenance - 18%	-	-	-	4,408,053
Park Maintenance - 14%	-	-	-	3,428,485
Fire Mitigation - 10%	-	-	-	2,448,918
Police Ranger - 7%	-	-	-	1,714,243
<i>Subtotal</i>	-	-	-	<i>25,214,181</i>
Total Uses	-	-	-	25,214,181
Sources Over/(Under) Uses	-	-	-	-
Total Ending Fund Balance	-	-	-	-

The Park and Preserve Tax Allocation Fund is established for the first time in FY 2025/26 to accommodate the voter-approved 0.15 percent Park and Preserve Tax.

BUDGET BY FUND | Park and Preserve Tax Allocation Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Total Beginning Fund Balance	-	-	-	-	-
Revenues					
Sales Tax	25,214,181	25,978,300	26,763,500	27,704,900	28,818,400
<i>Subtotal</i>	<i>25,214,181</i>	<i>25,978,300</i>	<i>26,763,500</i>	<i>27,704,900</i>	<i>28,818,400</i>
Total Sources	25,214,181	25,978,300	26,763,500	27,704,900	28,818,400
Transfers Out					
WestWorld Debt Service	725,000	2,950,000	3,450,000	3,450,000	3,450,000
Park Improvements - 51%	12,489,482	11,744,400	11,889,900	12,370,000	12,937,900
Preserve Maintenance - 18%	4,408,053	4,145,100	4,196,400	4,365,900	4,566,300
Park Maintenance - 14%	3,428,485	3,224,000	3,263,900	3,395,700	3,551,600
Fire Mitigation - 10%	2,448,918	2,302,800	2,331,400	2,425,500	2,536,800
Park Ranger - 7%	1,714,243	1,612,000	1,631,900	1,697,800	1,775,800
<i>Subtotal</i>	<i>25,214,181</i>	<i>25,978,300</i>	<i>26,763,500</i>	<i>27,704,900</i>	<i>28,818,400</i>
Total Uses	25,214,181	25,978,300	26,763,500	27,704,900	28,818,400
Sources Over/(Under) Uses	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

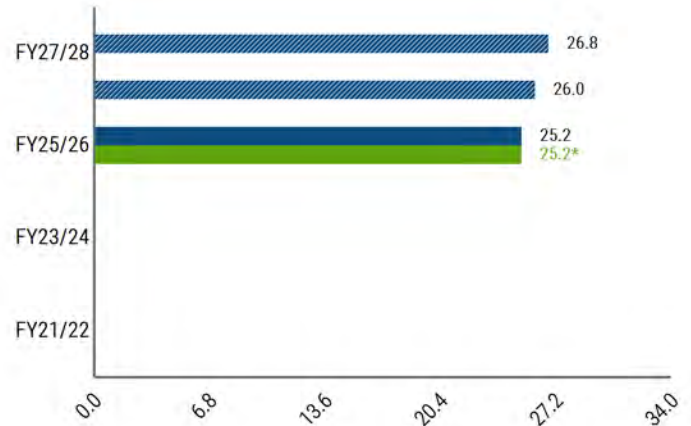
PARK AND PRESERVE TAX ALLOCATION FUND SOURCES

Per Financial Policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and after all debt requirements are satisfied, are transferred to the respective Park and Preserve Tax Funds. The FY 2025/26 budgeted revenue for the Park and Preserve Tax Allocation Fund is \$25.2 million.

SALES TAX

Beginning in FY 2025/26, in accordance with voter approved Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of McDowell Sonoran Preserve, including police and fire security and protection. The FY 2025/26 budgeted sales tax revenue is \$25.2 million.

FY 2021/22 to FY 2027/28 (in millions)



PARK AND PRESERVE TAX ALLOCATION FUND USES

Park and Preserve Tax Allocation Fund uses are directed by Ordinance No. 4633 and include transfers out to satisfy debt requirements and to Park and Preserve Tax Funds. The FY 2025/26 adopted budget is \$25.2 million.

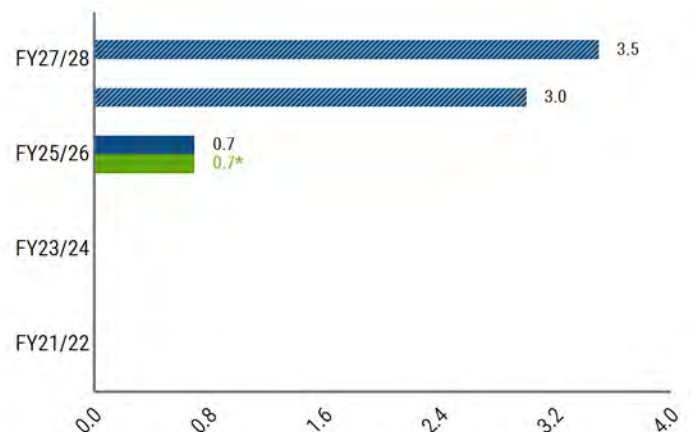
TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds.

WESTWORLD DEBT SERVICE

WestWorld Debt Service represents Park and Preserve Tax revenues that are transferred to debt service and will be used to satisfy debt requirements as required by bond covenants. Debt requirements will be limited to no more than \$4.5 million of the Park and Preserve Tax revenues on an annual basis. The FY 2025/26 adopted budget is \$0.7 million.

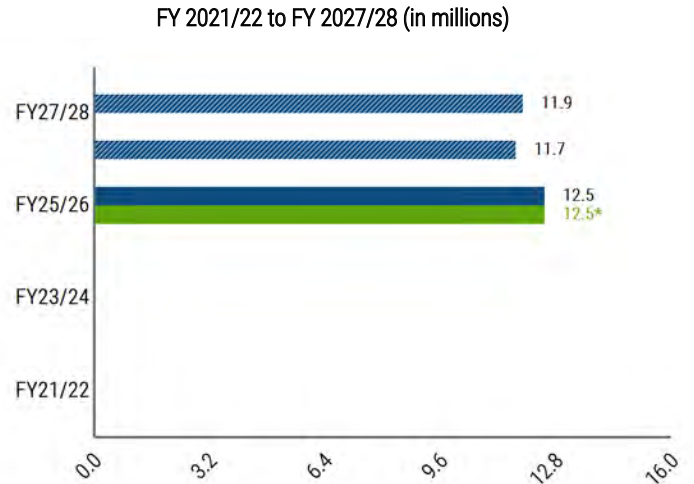
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

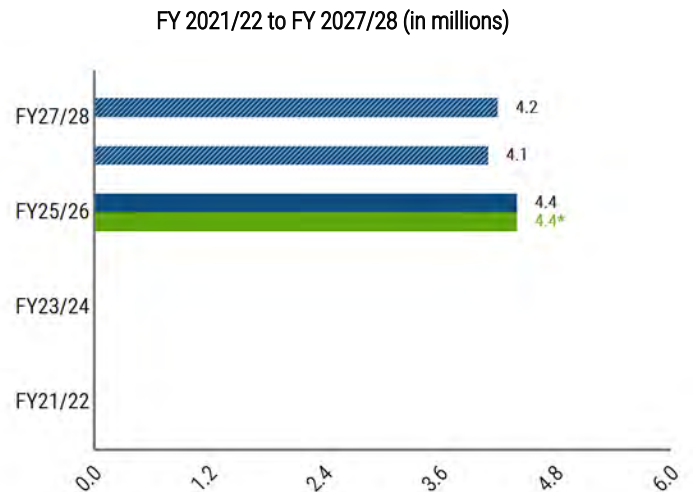
PARK IMPROVEMENTS - 51%

Park Improvements - 51% represents the 51 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Park Improvements Fund and restricted for city parks improvement needs. The FY 2025/26 adopted budget is \$12.5 million.



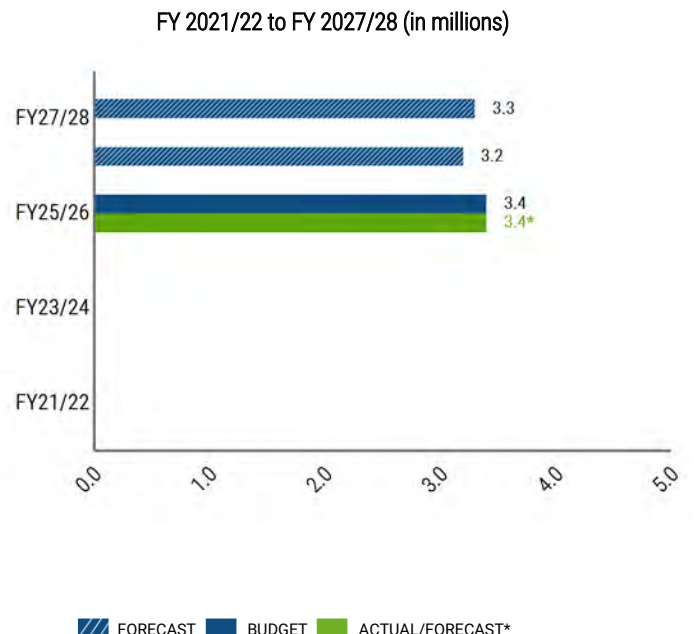
PRESERVE MAINTENANCE - 18%

Preserve Maintenance - 18% represents the 18 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Preserve Maintenance Fund and restricted for McDowell Sonoran Preserve maintenance and protection needs. The FY 2025/26 adopted budget is \$4.4 million.



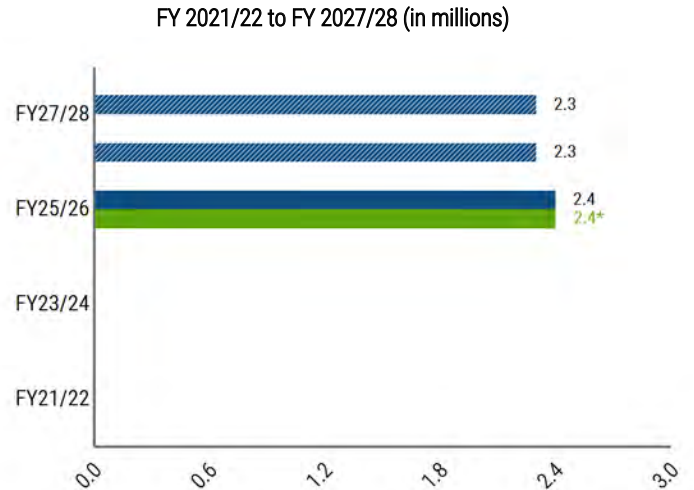
PARK MAINTENANCE - 14%

Park Maintenance - 14% represents the 14 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Park Maintenance Fund and restricted for city parks and recreational facilities maintenance (excluding WestWorld). The FY 2025/26 adopted budget is \$3.4 million.



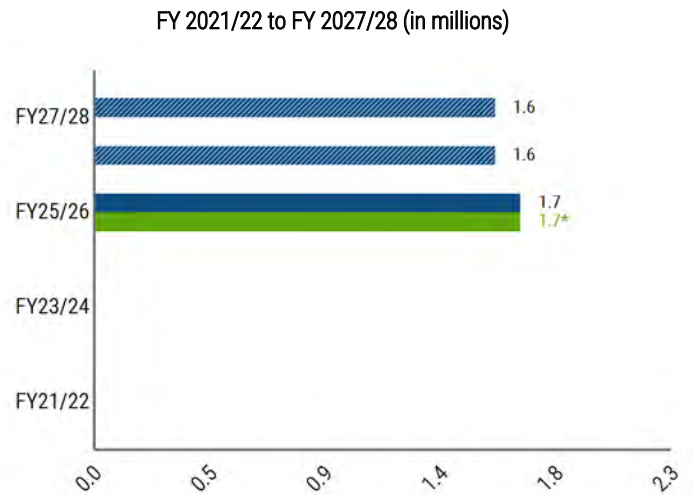
FIRE MITIGATION - 10%

Fire Mitigation - 10% represents the 10 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Fire Mitigation Fund and restricted for Fire Department needs related to parks and the Preserve. The FY 2025/26 adopted budget is \$2.4 million.



POLICE RANGER - 7%

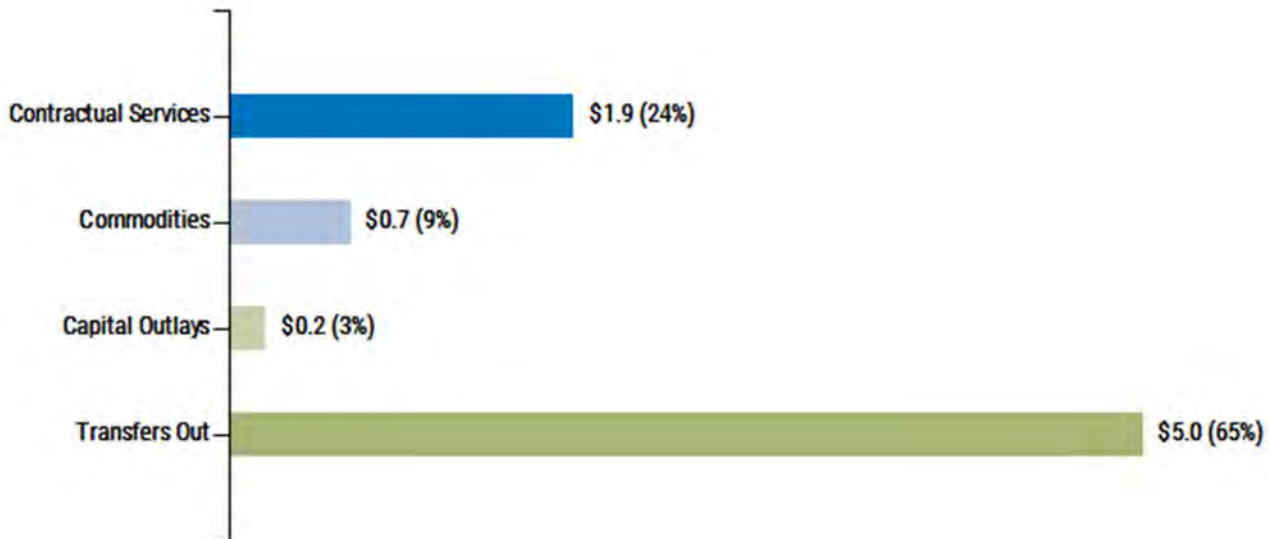
Police Ranger - 7% represents the 7 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Police Ranger Fund and restricted for city park rangers and security needs for city parks and the Preserve. The FY 2025/26 adopted budget is \$1.7 million.



FORECAST BUDGET ACTUAL/FORECAST*

FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Park Improvements Fund represents the 51 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for city parks improvement needs.

**Park Improvements Fund Sources (% to Total)
\$12.5 Million****Park Improvements Fund Uses (% to Total)
\$7.7 Million**

Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Park Improvements Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	-	-	-
Revenue Stabilization Reserve	-	-	-	-
Park Improvements Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Transfers In				
Park Improvements - 51%	-	-	-	12,489,482
<i>Subtotal</i>	-	-	-	12,489,482
Total Sources	-	-	-	12,489,482
Expenditures				
Contractual Services	-	-	-	1,870,000
Commodities	-	-	-	660,000
Capital Outlays	-	-	-	200,000
<i>Subtotal</i>	-	-	-	2,730,000
 TOTAL OPERATING BUDGET	-	-	-	2,730,000
Transfers Out				
CIP	-	-	-	4,962,776
<i>Subtotal</i>	-	-	-	4,962,776
Total Uses	-	-	-	7,692,776
Sources Over/(Under) Uses	-	-	-	4,796,706
Ending Fund Balance				
Operating Contingency	-	-	-	769,278
Revenue Stabilization Reserve	-	-	-	1,538,555
Park Improvements Fund Balance	-	-	-	2,488,873
Total Ending Fund Balance	-	-	-	4,796,706

The Park Improvements Fund is established for the first time in FY 2025/26 to accommodate the voter-approved 0.15 percent Park and Preserve Tax.

BUDGET BY FUND | Park and Preserve Tax Fund - Park Imprvmnts Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	-	769,278	734,970	1,445,000	191,500
Revenue Stabilization Reserve	-	1,538,555	1,469,940	2,890,000	383,000
Park Improvements Fund Balance	-	2,488,873	6,986,496	2,296,306	16,511,806
Total Beginning Fund Balance	-	4,796,706	9,191,406	6,631,306	17,086,306
Transfers In					
Park Improvements - 51%	12,489,482	11,744,400	11,889,900	12,370,000	12,937,900
<i>Subtotal</i>	<i>12,489,482</i>	<i>11,744,400</i>	<i>11,889,900</i>	<i>12,370,000</i>	<i>12,937,900</i>
Total Sources	12,489,482	11,744,400	11,889,900	12,370,000	12,937,900
Expenditures					
Contractual Services	1,870,000	460,000	150,000	150,000	150,000
Commodities	660,000	555,000	300,000	555,000	350,000
Capital Outlays	200,000	200,000	-	400,000	400,000
<i>Subtotal</i>	<i>2,730,000</i>	<i>1,215,000</i>	<i>450,000</i>	<i>1,105,000</i>	<i>900,000</i>
TOTAL OPERATING BUDGET	2,730,000	1,215,000	450,000	1,105,000	900,000
Transfers Out					
CIP	4,962,776	6,134,700	14,000,000	810,000	18,952,600
<i>Subtotal</i>	<i>4,962,776</i>	<i>6,134,700</i>	<i>14,000,000</i>	<i>810,000</i>	<i>18,952,600</i>
Total Uses	7,692,776	7,349,700	14,450,000	1,915,000	19,852,600
Sources Over/(Under) Uses	4,796,706	4,394,700	(2,560,100)	10,455,000	(6,914,700)
Ending Fund Balance					
Operating Contingency	769,278	734,970	1,445,000	191,500	1,985,260
Revenue Stabilization Reserve	1,538,555	1,469,940	2,890,000	383,000	3,970,520
Park Improvements Fund Balance	2,488,873	6,986,496	2,296,306	16,511,806	4,215,826
Total Ending Fund Balance	4,796,706	9,191,406	6,631,306	17,086,306	10,171,606

PARK IMPROVEMENTS FUND SOURCES

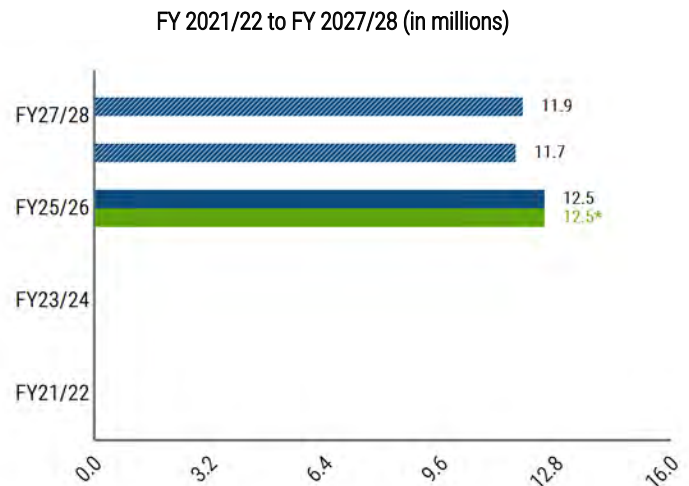
Per financial policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 51 percent of the collections after all debt requirements are satisfied are transferred to the Park Improvements Fund. Park Improvements Fund sources for FY 2025/26 are budgeted at \$12.5 million.

TRANSFERS IN

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

PARK IMPROVEMENTS - 51%

Park Improvements - 51% represents a 51 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund. Park Improvements Fund revenue is restricted for city parks improvement needs. The FY 2025/26 adopted transfer from the Park and Preserve Tax Allocation Fund is \$12.5 million.

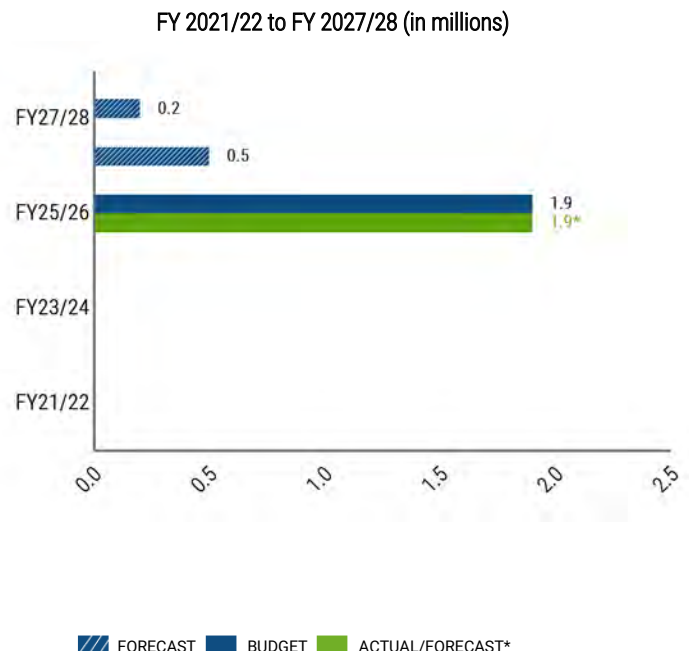


PARK IMPROVEMENTS FUND USES

Park Improvements Fund uses are directed by Ordinance No. 4633 and includes Contractual Services, Commodities, Capital Outlays, and Transfers Out. The FY 2025/26 adopted budget is \$7.7 million.

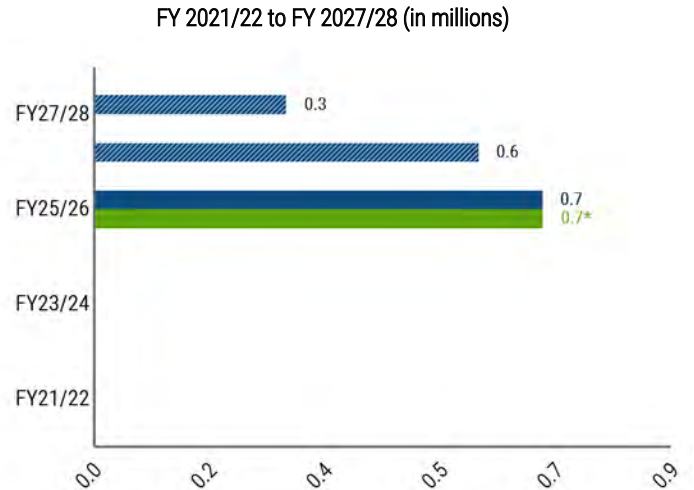
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as architectural and engineering services and landscape improvements. The FY 2025/26 adopted budget is \$1.9 million, which is higher than future years. The adopted budget includes one-time services for Chaparral Park master site planning and landscape improvements and a larger initial budget for design services for Vista Del Camino and Eldorado Parks that are necessary for future CIP projects.



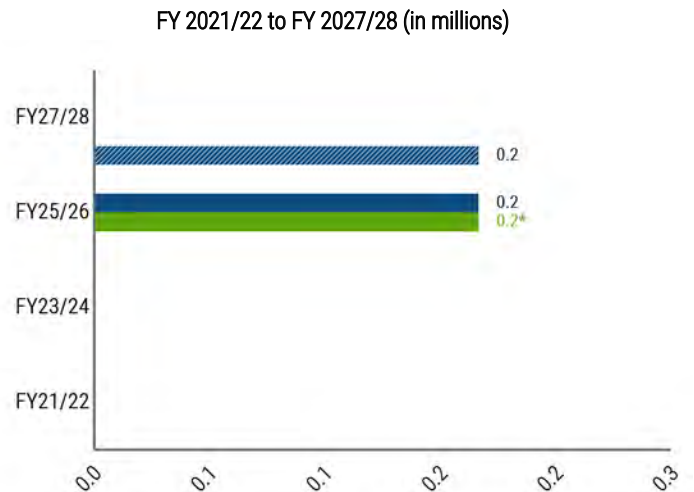
COMMODITIES

Commodities includes expendable items purchased through the city-approved centralized purchasing process such as turf, park amenities, and trees. The FY 2025/26 adopted budget is \$0.7 million.



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget of \$0.2 million provides funding for installation of security cameras in city parks with a connection to Scottsdale's Real Time Crime Center. There is no budget authorization in FY 2027/28.



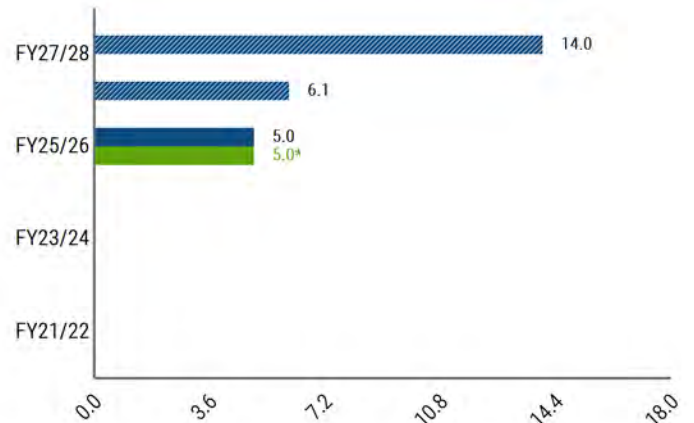
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).

CIP

The FY 2025/26 budget transfers \$5.0 million to the CIP for the Pima Park Improvements and Rotary Park Playground and Shade Replacement projects. The FY 2027/28 budget transfers increase to \$14.0 million for the Indian Bend Wash Plan Improvements (Vista del Camino and Eldorado Parks) and Chaparral Park Improvements projects.

FY 2021/22 to FY 2027/28 (in millions)



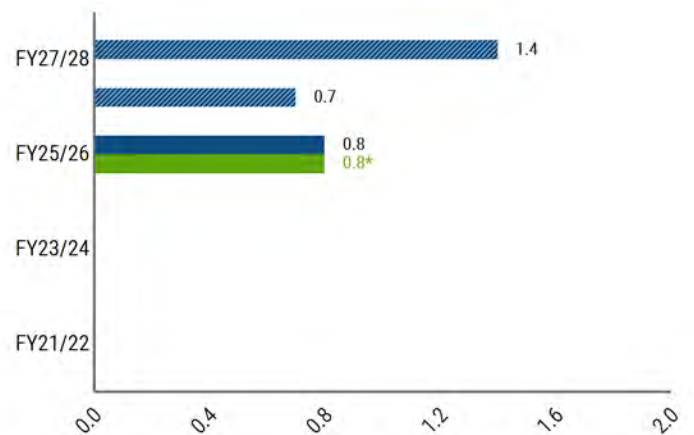
PARK IMPROVEMENTS FUND ENDING BALANCE

The Park Improvements Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2025/26 ending balance is \$4.8 million.

OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires council approval. The FY 2025/26 Operating Contingency is \$0.8 million of budget authorization if unforeseen expenses occur during the fiscal year.

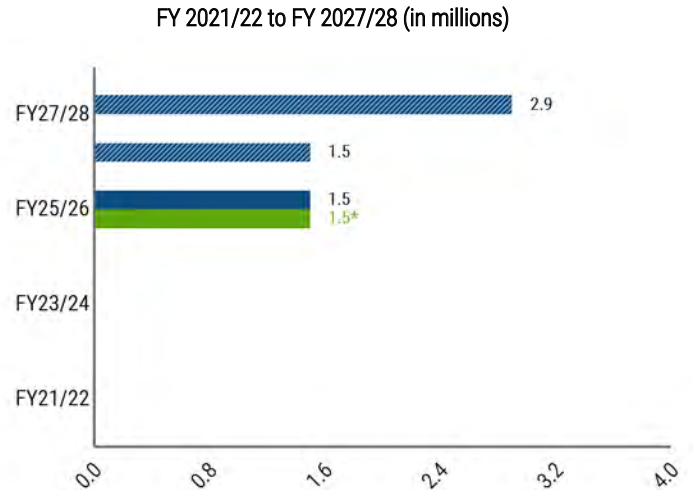
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

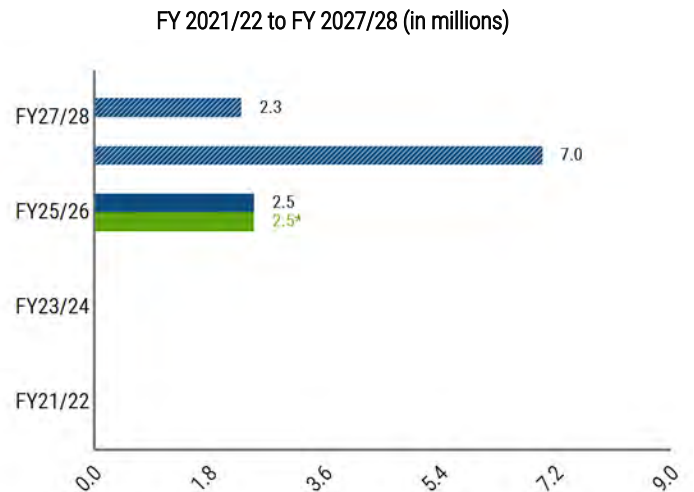
REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out other than to the CIP, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2025/26 Revenue Stabilization Reserve is \$1.5 million of budget authorization.



PARK IMPROVEMENTS FUND BALANCE

The Park Improvements Fund Balance accounts for any funds remaining after the designation to all other reserves and uses. The FY 2025/26 Park Improvements Fund Balance is \$2.5 million. The FY 2026/27 fund balance increases to \$7.0 million due to rolling over to funds for CIP projects planned for FY 2027/28.



 FORECAST
  BUDGET
  ACTUAL/FORECAST*



FY 2025/26 Adopted Budget

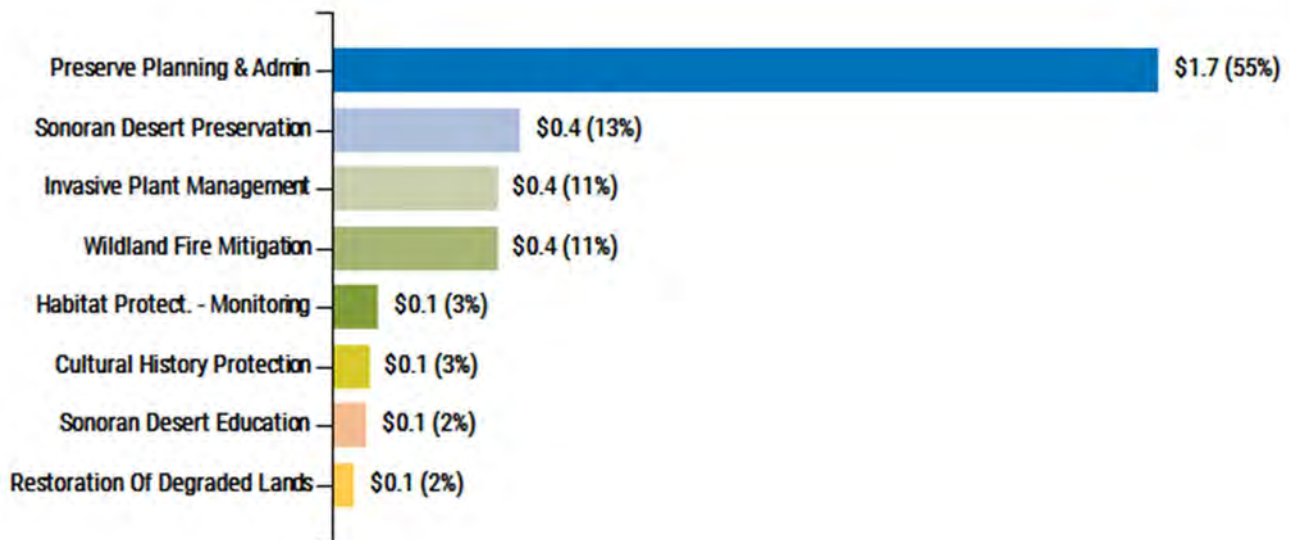
FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Preserve Maintenance Fund represents the 18 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for McDowell Sonoran Preserve maintenance and protection needs.

Preserve Maintenance Fund Sources (% to Total) \$4.4 Million



Preserve Maintenance Fund Uses (% to Total) \$3.1 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Preserve Maintenance Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	-	-	-
Revenue Stabilization Reserve	-	-	-	-
Major Maintenance/Repair Reserve Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Transfers In				
Preserve Maintenance - 18%	-	-	-	4,408,053
<i>Subtotal</i>	-	-	-	4,408,053
Total Sources	-	-	-	4,408,053
Expenditures				
Preserve Planning and Administration	-	-	-	1,741,621
Sonoran Desert - Natural Resource Projects	-	-	-	400,000
Invasive Plant Management	-	-	-	350,000
Wildland Fire Mitigation	-	-	-	350,000
Habitat Protection - Monitoring	-	-	-	100,000
Cultural History Protection	-	-	-	80,000
Sonoran Desert Education	-	-	-	75,000
Restoration of Degraded Lands	-	-	-	50,000
Sonoran Desert - Periodic Projects	-	-	-	-
<i>Subtotal</i>	-	-	-	3,146,621
 TOTAL OPERATING BUDGET	-	-	-	3,146,621
Total Uses	-	-	-	3,146,621
Sources Over/(Under) Uses	-	-	-	1,261,432
Ending Fund Balance				
Operating Contingency	-	-	-	314,662
Revenue Stabilization Reserve	-	-	-	629,324
Major Maintenance/Repair Reserve Fund Balance	-	-	-	317,446
Total Ending Fund Balance	-	-	-	1,261,432

The Preserve Maintenance Fund is established for the first time in FY 2025/26 to accommodate the voter-approved 0.15 percent Park and Preserve Tax.

BUDGET BY FUND | Park and Preserve Tax Fund - Preserve Maintenance Five-Year Financial

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	-	314,662	391,010	383,460	392,980
Revenue Stabilization Reserve	-	629,324	782,020	766,920	785,960
Major Maintenance/Repair Reserve Fund Balance	-	317,446	323,402	707,852	1,115,392
Total Beginning Fund Balance	-	1,261,432	1,496,432	1,858,232	2,294,332
Transfers In					
Preserve Maintenance - 18%	4,408,053	4,145,100	4,196,400	4,365,900	4,566,300
<i>Subtotal</i>	4,408,053	4,145,100	4,196,400	4,365,900	4,566,300
Total Sources	4,408,053	4,145,100	4,196,400	4,365,900	4,566,300
Expenditures					
Preserve Planning and Administration	1,741,621	1,826,500	1,928,000	1,958,000	2,033,200
Sonoran Desert - Natural Resource Projects	400,000	563,800	575,000	586,500	598,300
Invasive Plant Management	350,000	358,900	367,800	376,900	342,300
Wildland Fire Mitigation	350,000	358,900	376,700	386,100	395,800
Habitat Protection - Monitoring	100,000	150,000	153,000	156,100	159,200
Cultural History Protection	80,000	82,000	84,100	86,200	88,300
Sonoran Desert Education	75,000	170,000	300,000	330,000	338,300
Restoration of Degraded Lands	50,000	50,000	50,000	50,000	50,000
Sonoran Desert - Periodic Projects	-	350,000	-	-	-
<i>Subtotal</i>	3,146,621	3,910,100	3,834,600	3,929,800	4,005,400
TOTAL OPERATING BUDGET	3,146,621	3,910,100	3,834,600	3,929,800	4,005,400
Total Uses	3,146,621	3,910,100	3,834,600	3,929,800	4,005,400
Sources Over/(Under) Uses	1,261,432	235,000	361,800	436,100	560,900
Ending Fund Balance					
Operating Contingency	314,662	391,010	383,460	392,980	400,540
Revenue Stabilization Reserve	629,324	782,020	766,920	785,960	801,080
Major Maintenance/Repair Reserve Fund Balance	317,446	323,402	707,852	1,115,392	1,653,612
Total Ending Fund Balance	1,261,432	1,496,432	1,858,232	2,294,332	2,855,232

PRESERVE MAINTENANCE FUND SOURCES

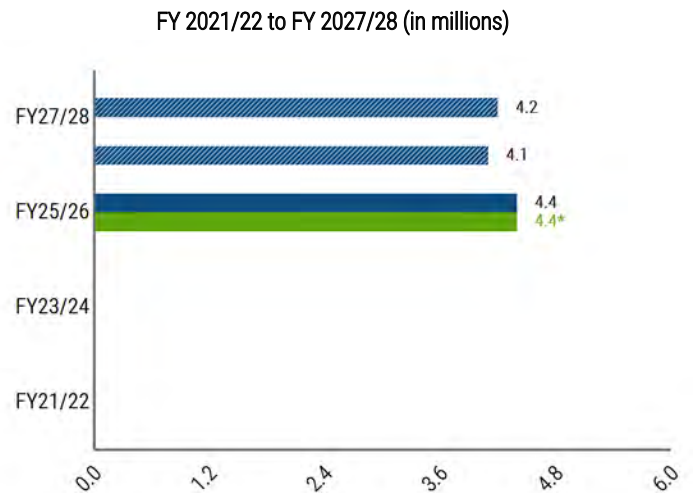
Per financial policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund and 18 percent of the collections after all debt requirements are satisfied are transferred to the Preserve Maintenance Fund. Preserve Maintenance Fund Sources for FY 2025/26 are budgeted at \$4.4 million.

TRANSFERS IN

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

PRESERVE MAINTENANCE - 18%

Preserve Maintenance - 18% represents a 18 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund. Preserve Maintenance Fund revenue is restricted for McDowell Sonoran Preserve maintenance and protection needs. The FY 2025/26 transfer from the Park and Preserve Tax Allocation Fund is \$4.4 million.

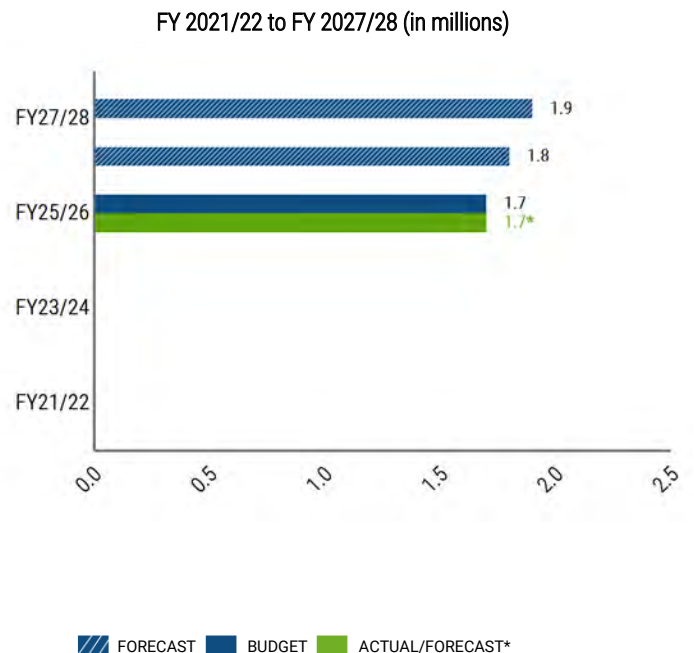


PRESERVE MAINTENANCE FUND USES

The Preserve Maintenance Fund uses are directed by Ordinance No. 4633 and includes funding for McDowell Sonoran Preserve maintenance and protection needs. The FY 2025/26 adopted budget is \$3.1 million.

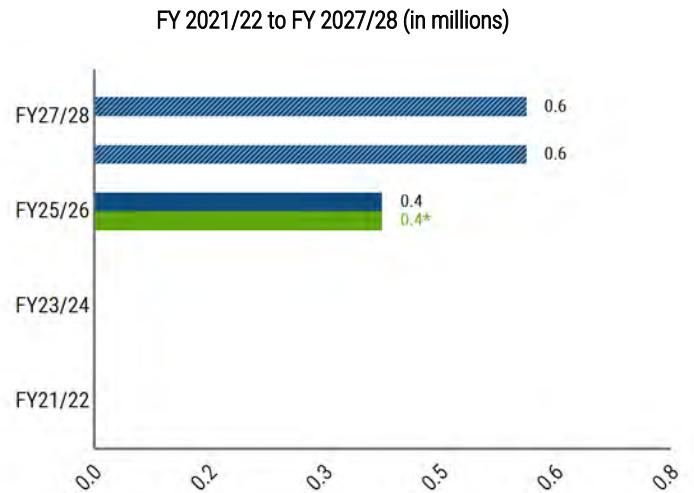
PRESERVE PLANNING AND ADMINISTRATION

Preserve Planning and Administration provides funding for: 1) personnel expenses for 9.71 full-time equivalent (FTE) positions; 2) contractual services to include custodial, volunteer support, and trail maintenance; and 3) commodities such as building maintenance and agriculture and horticulture supplies. The FY 2025/26 adopted budget is \$1.7 million.



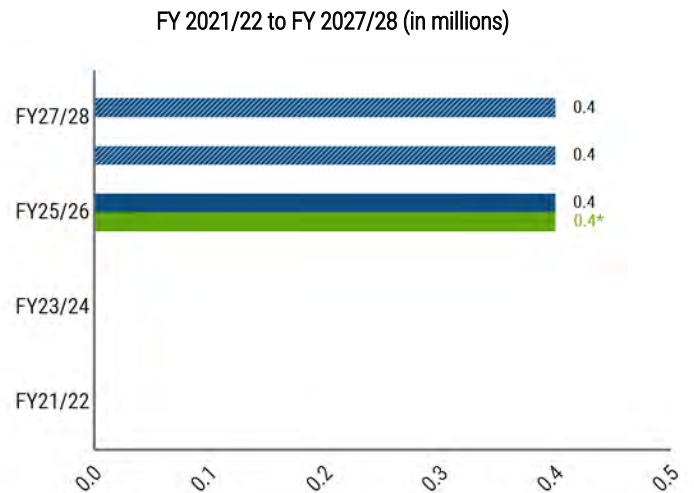
SONORAN DESERT - NATURAL RESOURCE PROJECTS

Sonoran Desert - Natural Resource Projects provides funding for contractual services to support projects such as studies and analysis of flora, fauna, riparian areas, and geology. The FY 2025/26 adopted budget is \$0.4 million.



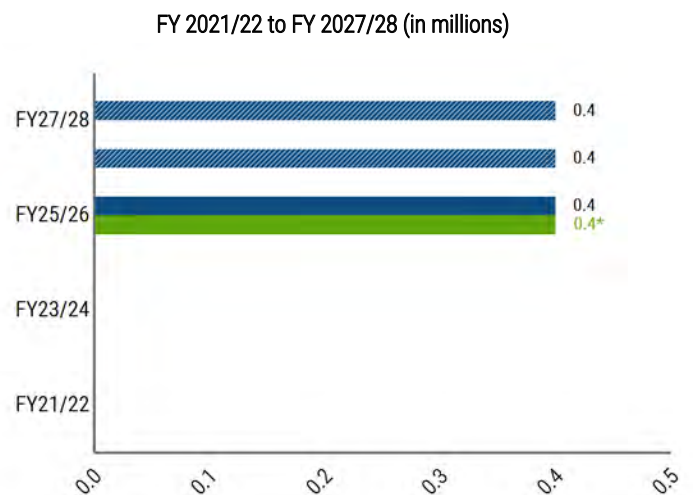
INVASIVE PLANT MANAGEMENT

Invasive Plant Management provides funding for: 1) contractual services to control invasive plant growth; and 2) commodities such as pre-emergent chemicals. The FY 2025/26 adopted budget is \$0.4 million.



WILDLAND FIRE MITIGATION

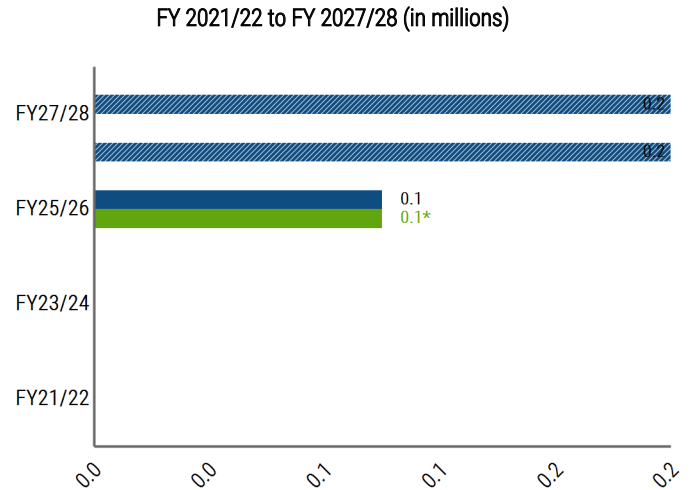
Wildland Fire Mitigation provides funding for: 1) contractual services such as mechanical thinning of plants; and 2) commodities such as operating supplies. The FY 2025/26 adopted budget is \$0.4 million.



FORECAST BUDGET ACTUAL/FORECAST*

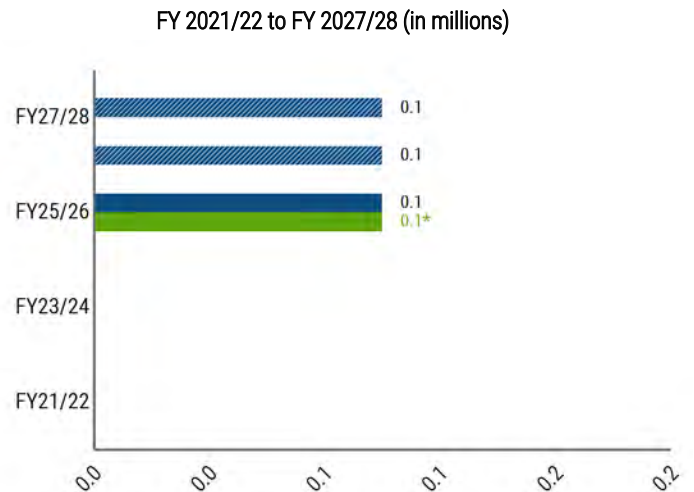
HABITAT PROTECTION - MONITORING

Habitat Protection - Monitoring provides funding for contractual services to establish the habitat protection and monitoring center to include mapping, monitoring, and assessing the progress of the wildland fire mitigation and restoration of degraded lands projects. The FY 2025/26 adopted budget is \$0.1 million.



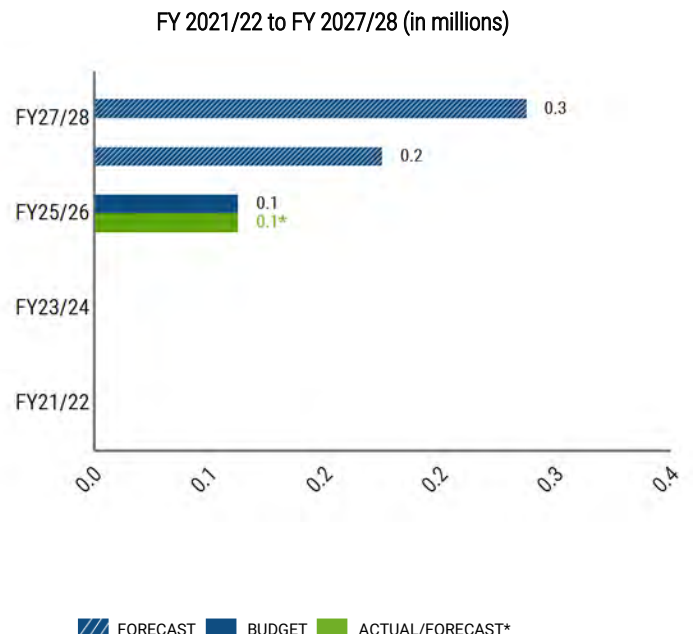
CULTURAL HISTORY PROTECTION

Cultural History Protection provides funding for the preservation of prehistoric and historic areas within the Preserve, including associated artifacts and archeology. Funding supports contractual services to complete surveys of previously unsurveyed areas and to develop a discovery and monitoring plan. The FY 2025/26 adopted budget is \$0.1 million.



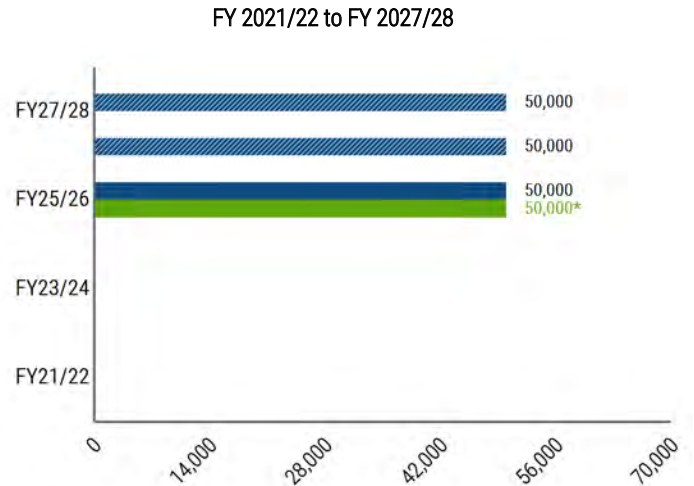
SONORAN DESERT EDUCATION

Sonoran Desert Education funds public access for educational purposes to include: 1) contractual services for bus transportation and educational program expenses for Scottsdale students, residents, tourists, and the general public; and 2) commodities such as office supplies. The FY 2025/26 adopted budget is \$0.1 million.



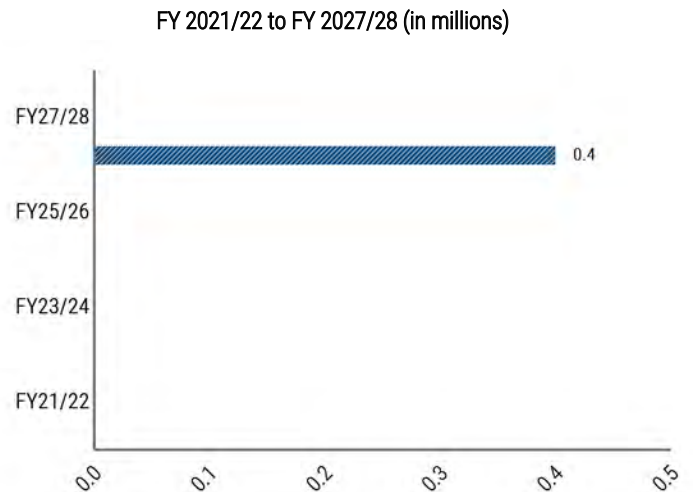
RESTORATION OF DEGRADED LANDS

Restoration of Degraded Lands provides funding for contractual services to complete land restoration projects. The FY 2025/26 adopted budget is \$50,000.



SONORAN DESERT - PERIODIC PROJECTS

Sonoran Desert - Periodic Projects provides funding for contractual services for periodic projects including trailhead and trail updates and modifications, such as shade, restroom upgrades, and trail assessments. There are no expenses budgeted for FY 2025/26.



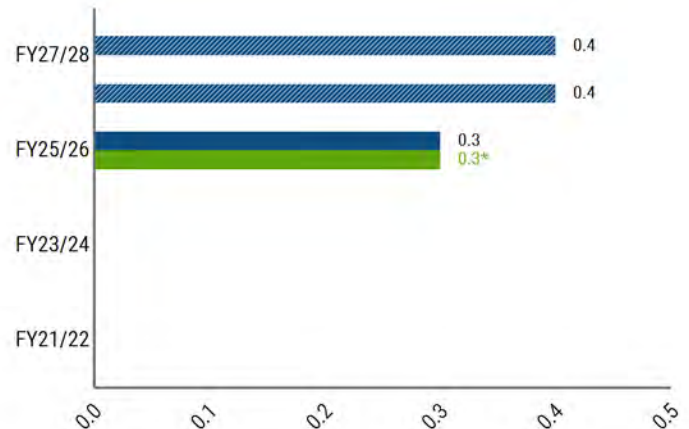
PRESERVE MAINTENANCE FUND ENDING BALANCE

The Preserve Maintenance Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2025/26 ending balance is approximately \$1.3 million.

OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires council approval. The FY 2025/26 Operating Contingency is \$0.3 million of budget authorization if unforeseen expenses occur during the fiscal year.

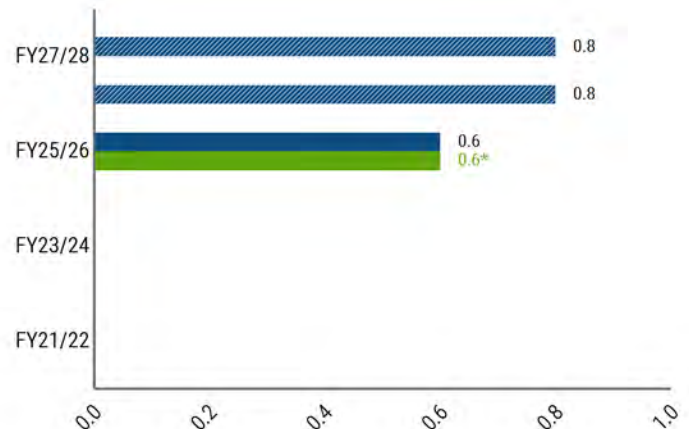
FY 2021/22 to FY 2027/28 (in millions)



REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2025/26 Revenue Stabilization Reserve is \$0.6 million of budget authorization.

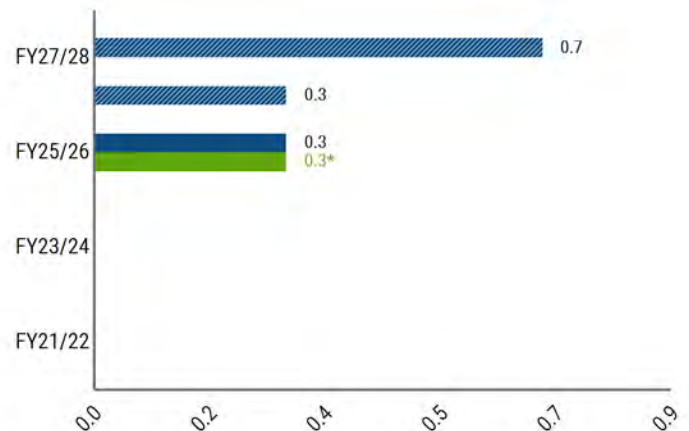
FY 2021/22 to FY 2027/28 (in millions)



MAJOR MAINTENANCE/REPAIR RESERVE FUND

The Major Maintenance/Repair Reserve Fund balance accounts for any funds remaining after the designation to all other reserves and uses. The FY 2025/26 Major Maintenance/Repair Reserve Fund balance is \$0.3 million.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

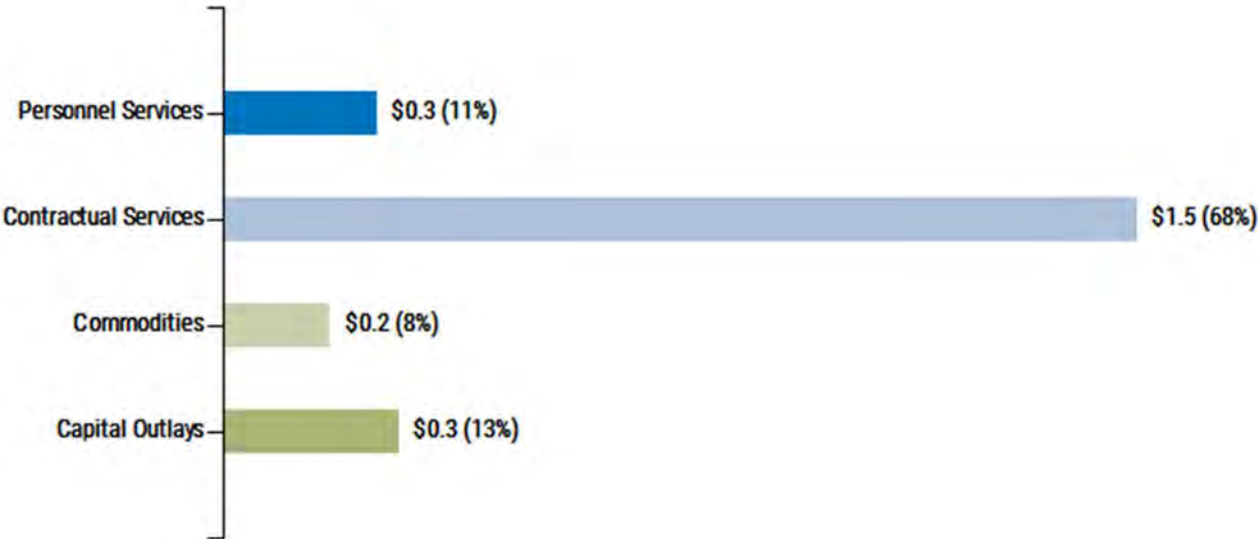
FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Park Maintenance Fund represents the 14 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for city parks and recreational facilities maintenance (excluding WestWorld).

Park Maintenance Fund Sources (% to Total)
\$3.4 Million



Park Maintenance Fund Uses (% to Total)
\$2.2 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Park Maintenance Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	-	-	-
Revenue Stabilization Reserve	-	-	-	-
Park Maintenance Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Transfers In				
Park Maintenance - 14%	-	-	-	3,428,485
<i>Subtotal</i>	-	-	-	3,428,485
Total Sources	-	-	-	3,428,485
Expenditures				
Personnel Services	-	-	-	254,033
Contractual Services	-	-	-	1,514,249
Commodities	-	-	-	176,400
Capital Outlays	-	-	-	291,060
<i>Subtotal</i>	-	-	-	2,235,742
 TOTAL OPERATING BUDGET	-	-	-	2,235,742
Total Uses	-	-	-	2,235,742
Sources Over/(Under) Uses	-	-	-	1,192,743
Ending Fund Balance				
Operating Contingency	-	-	-	223,574
Revenue Stabilization Reserve	-	-	-	447,148
Park Maintenance Fund Balance	-	-	-	522,021
Total Ending Fund Balance	-	-	-	1,192,743

The Park Maintenance Fund is established for the first time in FY 2025/26 to accommodate the voter-approved 0.15 percent Park and Preserve Tax.

BUDGET BY FUND | Park and Preserve Tax Fund - Park Maintenance Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	-	223,574	302,940	305,520	312,250
Revenue Stabilization Reserve	-	447,148	605,880	611,040	624,500
Park Maintenance Fund Balance	-	522,021	478,523	679,483	932,493
Total Beginning Fund Balance	-	1,192,743	1,387,343	1,596,043	1,869,243
Transfers In					
Park Maintenance - 14%	3,428,485	3,224,000	3,263,900	3,395,700	3,551,600
<i>Subtotal</i>	3,428,485	3,224,000	3,263,900	3,395,700	3,551,600
Total Sources	3,428,485	3,224,000	3,263,900	3,395,700	3,551,600
Expenditures					
Personnel Services	254,033	1,168,400	1,526,500	1,559,500	1,653,800
Contractual Services	1,514,249	1,135,500	1,435,300	1,469,600	1,485,400
Commodities	176,400	54,200	43,400	43,400	43,400
Capital Outlays	291,060	671,300	50,000	50,000	50,000
<i>Subtotal</i>	2,235,742	3,029,400	3,055,200	3,122,500	3,232,600
TOTAL OPERATING BUDGET	2,235,742	3,029,400	3,055,200	3,122,500	3,232,600
Total Uses	2,235,742	3,029,400	3,055,200	3,122,500	3,232,600
Sources Over/(Under) Uses	1,192,743	194,600	208,700	273,200	319,000
Ending Fund Balance					
Operating Contingency	223,574	302,940	305,520	312,250	323,260
Revenue Stabilization Reserve	447,148	605,880	611,040	624,500	646,520
Park Maintenance Fund Balance	522,021	478,523	679,483	932,493	1,218,463
	1,192,743	1,387,343	1,596,043	1,869,243	2,188,243

PARK MAINTENANCE FUND SOURCES

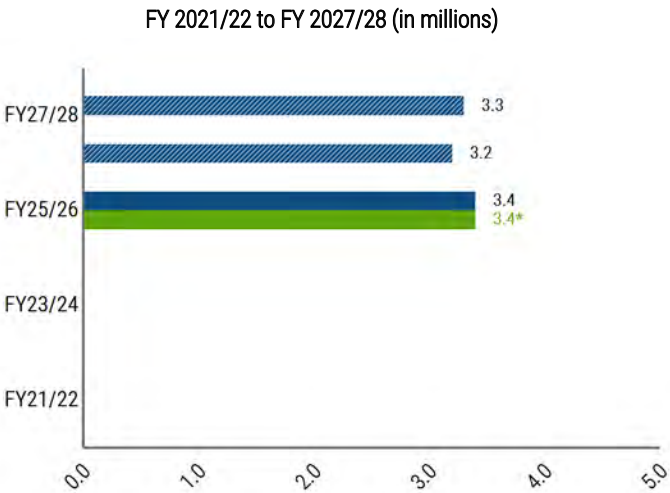
Per financial policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 14 percent of the collections after all debt requirements are satisfied are transferred to the Parks Maintenance Fund. Park Maintenance Fund sources for FY 2025/26 are budgeted at \$3.4 million.

TRANSFERS IN

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

PARK MAINTENANCE - 14%

Park Maintenance - 14% represents a 14 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund. Park Maintenance Fund revenue is restricted for city parks and recreational facilities maintenance (excluding WestWorld). The FY 2025/26 transfer from the Park and Preserve Tax Allocation Fund is \$3.4 million.

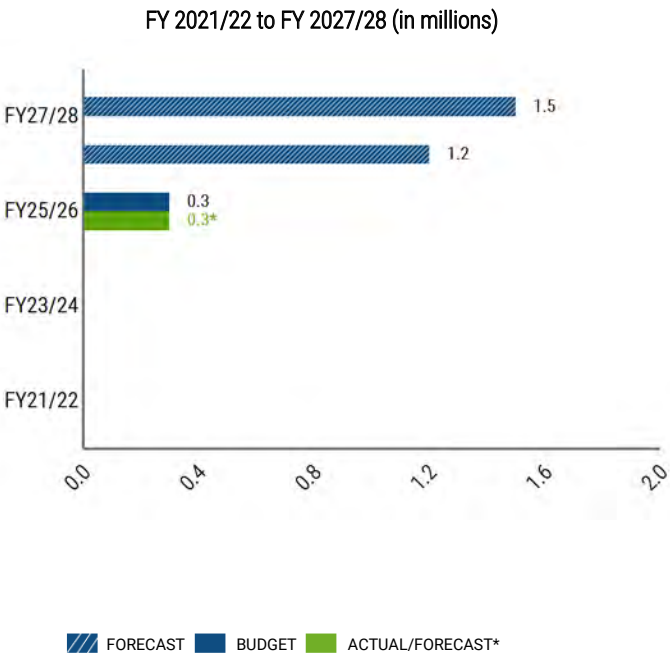


PARK MAINTENANCE FUND USES

Park Maintenance Fund uses are directed by Ordinance No. 4633 and include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2025/26 adopted budget is \$2.2 million.

PERSONNEL SERVICES

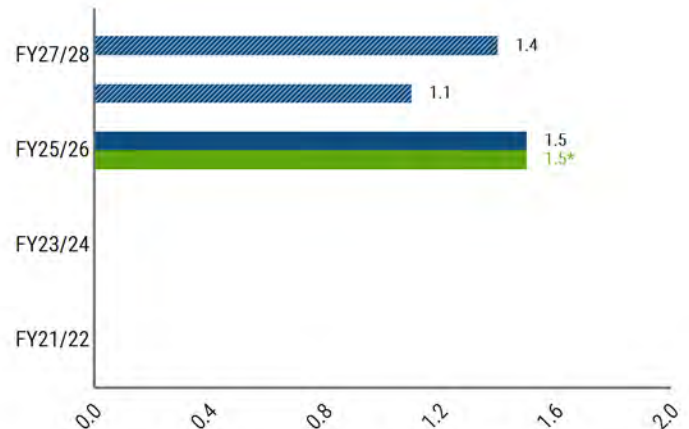
Personnel Services includes salaries paid to employees of the City of Scottsdale, overtime, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2025/26 adopted budget is \$0.3 million. The Park Maintenance Fund supports 4.00 full-time equivalent (FTE) positions. The FY 2026/27 forecast includes additional FTE positions to achieve the staffing levels required for city parks and recreational facilities maintenance.



CONTRACTUAL SERVICES

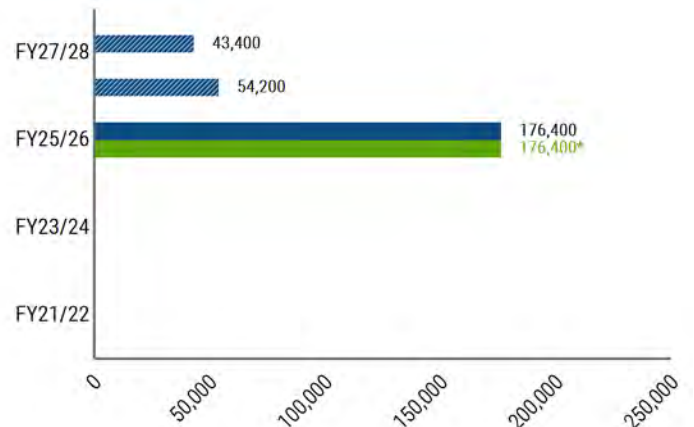
Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as structural tree pruning, storm damage response, software platform licensing and maintenance, turf and sport court maintenance, and professional painting. The FY 2025/26 adopted budget is \$1.5 million.

FY 2021/22 to FY 2027/28 (in millions)

**COMMODITIES**

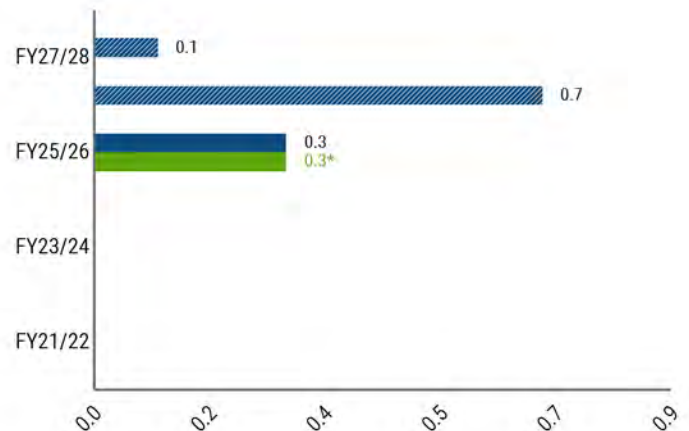
Commodities includes expendable items purchased through the city-approved centralized purchasing process such as irrigation replacement valves, agriculture and horticulture supplies, and battery powered equipment to replace gas powered equipment. The FY 2025/26 adopted budget is \$0.2 million.

FY 2021/22 to FY 2027/28

**CAPITAL OUTLAYS**

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget of \$0.3 million provides funding for Gator utility carts, a Ditch Witch trailer-mounted vacuum excavator, two F-150 trucks, and turf maintenance equipment.

FY 2021/22 to FY 2027/28 (in millions)



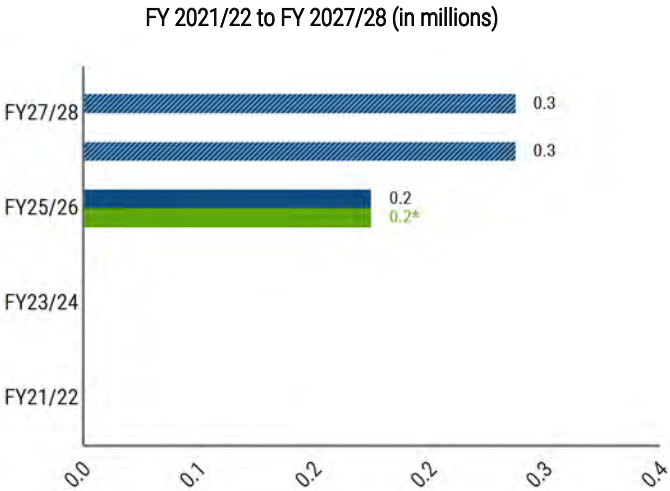
FORECAST BUDGET ACTUAL/FORECAST*

PARK MAINTENANCE FUND ENDING BALANCE

The Park Maintenance Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2025/26 ending balance is approximately \$1.2 million.

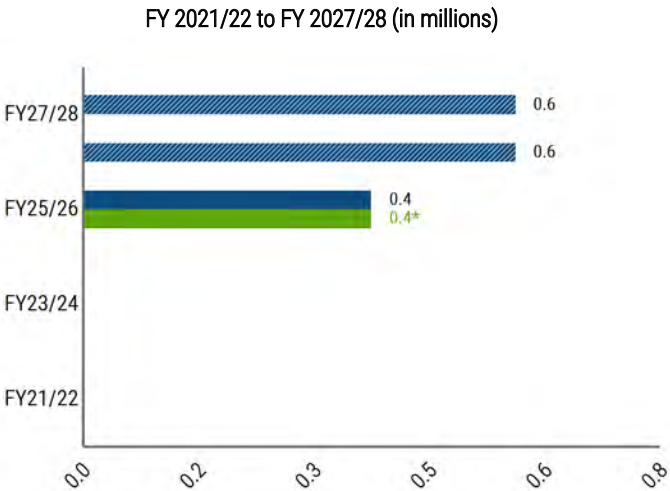
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires council approval. The FY 2025/26 Operating Contingency is \$0.2 million of budget authorization if unforeseen expenses occur during the fiscal year.



REVENUE STABILIZATION RESERVE

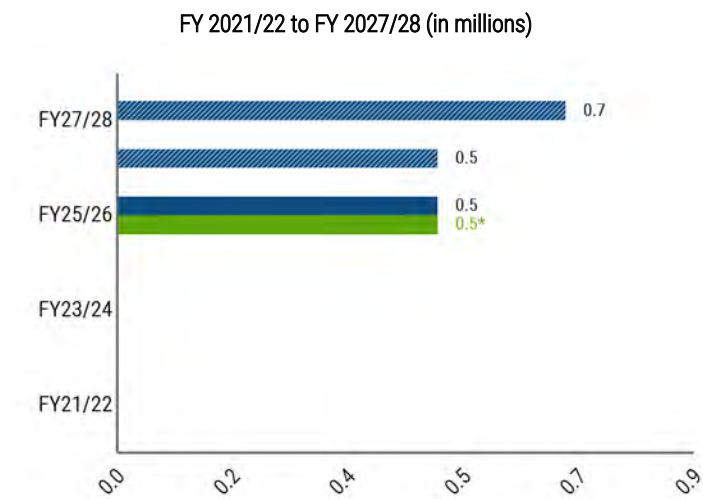
Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2025/26 Revenue Stabilization Reserve is \$0.4 million of budget authorization.



FORECAST BUDGET ACTUAL/FORECAST*

PARK MAINTENANCE FUND BALANCE

The Park Maintenance Fund Balance accounts for any funds remaining after the designation to all other reserves and uses. The FY 2025/26 Park Maintenance Fund Balance is \$0.5 million.





FY 2025/26 Adopted Budget

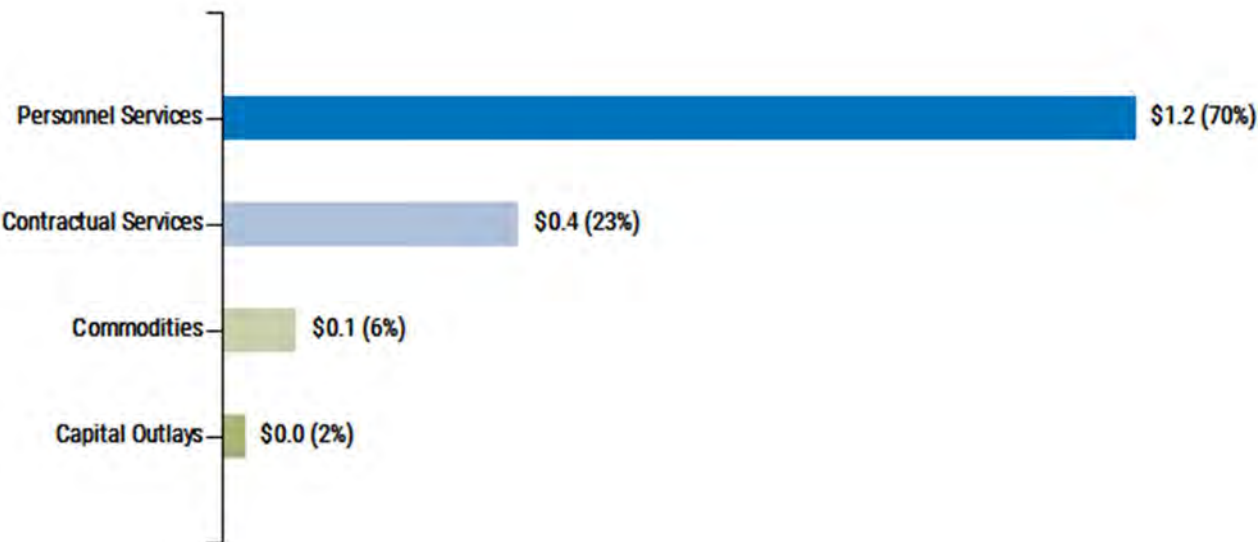
FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Fire Mitigation Fund represents the 10 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for Fire Department needs related to parks and the Preserve. These needs include, but are not limited to, technical rescue teams for the Preserve and city parks, and fire fuel mitigation around the Preserve and in and around the city for the protection and maintenance of the Preserve and city parks.

Fire Mitigation Fund Sources (% to Total)
\$2.4 Million



Fire Mitigation Fund Uses (% to Total)
\$1.8 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Fire Mitigation Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	-	-	-
Revenue Stabilization Reserve	-	-	-	-
Fire Mitigation Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Transfers In				
Fire Mitigation - 10%	-	-	-	2,448,918
<i>Subtotal</i>	-	-	-	2,448,918
Total Sources	-	-	-	2,448,918
Expenditures				
Personnel Services	-	-	-	1,225,140
Contractual Services	-	-	-	398,150
Commodities	-	-	-	99,860
Capital Outlays	-	-	-	30,884
<i>Subtotal</i>	-	-	-	1,754,034
TOTAL OPERATING BUDGET	-	-	-	1,754,034
Total Uses	-	-	-	1,754,034
Sources Over/(Under) Uses	-	-	-	694,884
Ending Fund Balance				
Operating Contingency	-	-	-	175,403
Revenue Stabilization Reserve	-	-	-	350,807
Fire Mitigation Fund Balance	-	-	-	168,674
Total Ending Fund Balance	-	-	-	694,884

The Fire Mitigation Fund is established for the first time in FY 2025/26 to accommodate the voter-approved 0.15 percent Park and Preserve Tax.

BUDGET BY FUND | Park and Preserve Tax Fund - Fire Mitigation Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	-	175,403	197,050	211,140	210,080
Revenue Stabilization Reserve	-	350,807	394,100	422,280	420,160
Fire Mitigation Fund Balance	-	168,674	436,034	613,764	941,644
Total Beginning Fund Balance	-	694,884	1,027,184	1,247,184	1,571,884
Transfers In					
Fire Mitigation - 10%	2,448,918	2,302,800	2,331,400	2,425,500	2,536,800
<i>Subtotal</i>	2,448,918	2,302,800	2,331,400	2,425,500	2,536,800
Total Sources	2,448,918	2,302,800	2,331,400	2,425,500	2,536,800
Expenditures					
Personnel Services	1,225,140	1,612,500	1,752,100	1,740,100	1,788,800
Contractual Services	398,150	305,700	305,800	306,100	306,200
Commodities	99,860	52,300	53,500	54,600	55,900
Capital Outlays	30,884	-	-	-	-
<i>Subtotal</i>	1,754,034	1,970,500	2,111,400	2,100,800	2,150,900
 TOTAL OPERATING BUDGET	 1,754,034	 1,970,500	 2,111,400	 2,100,800	 2,150,900
Total Uses	1,754,034	1,970,500	2,111,400	2,100,800	2,150,900
Sources Over/(Under) Uses	694,884	332,300	220,000	324,700	385,900
Ending Fund Balance					
Operating Contingency	175,403	197,050	211,140	210,080	215,090
Revenue Stabilization Reserve	350,807	394,100	422,280	420,160	430,180
Fire Mitigation Fund Balance	168,674	436,034	613,764	941,644	1,312,514
Total Ending Fund Balance	694,884	1,027,184	1,247,184	1,571,884	1,957,784

FIRE MITIGATION FUND SOURCES

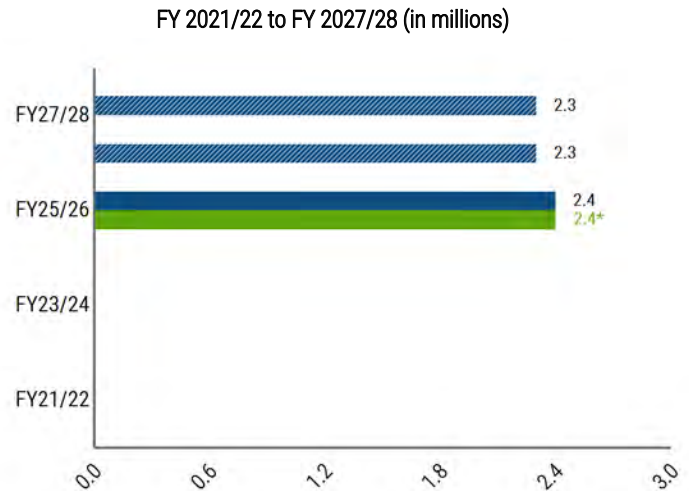
Per financial policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 10 percent of the collections after all debt requirements are satisfied are transferred to the Fire Mitigation Fund. The Fire Mitigation Fund sources for FY 2025/26 are budgeted at \$2.4 million.

TRANSFERS IN

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

FIRE MITIGATION - 10%

Fire Mitigation - 10% represents a 10 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund. Fire Mitigation Fund revenue is restricted for Fire Department needs related to parks and the Preserve including, but not limited to, technical rescue teams for the Preserve and city parks and fire fuel mitigation around the Preserve and in and around the city for the protection and maintenance of the Preserve and city parks. The FY 2025/26 transfer from the Park and Preserve Tax Allocation Fund is \$2.4 million.

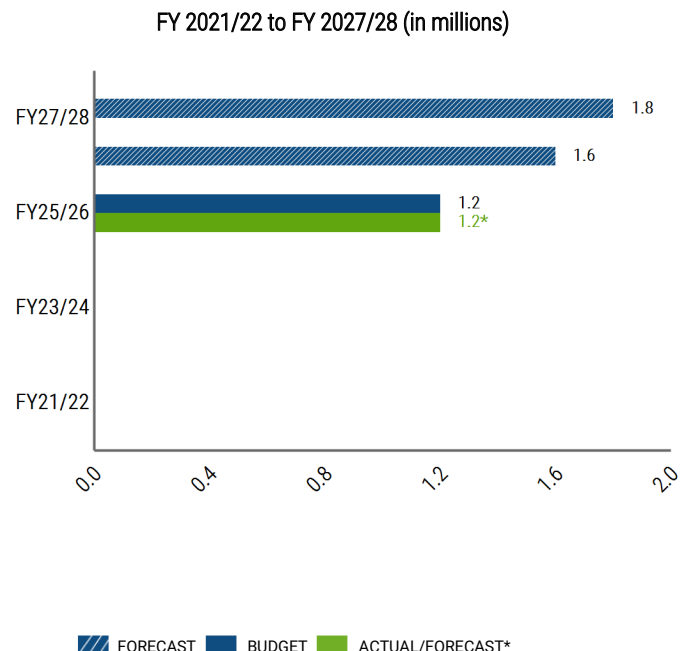


FIRE MITIGATION FUND USES

Fire Mitigation Fund uses are directed by Ordinance No. 4633 and include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2025/26 adopted budget is \$1.8 million.

PERSONNEL SERVICES

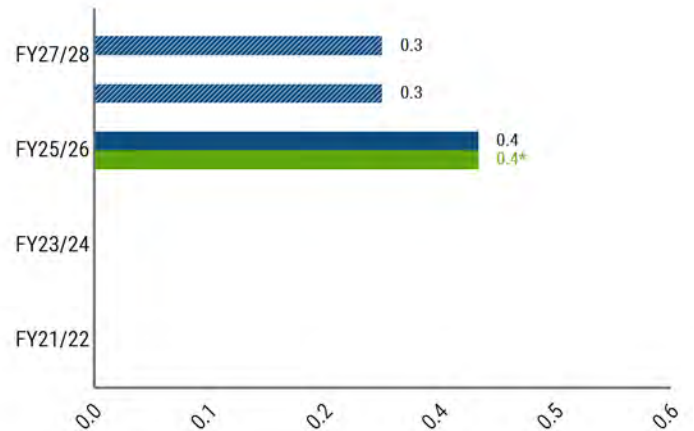
Personnel Services includes salaries paid to employees of the City of Scottsdale, overtime, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2025/26 adopted budget is \$1.2 million, which includes overtime. The Fire Mitigation Fund supports 4.00 full-time equivalent (FTE) positions.



CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as fuel abatement to mitigate threats and tuition for the technical rescue team. The FY 2025/26 adopted budget is \$0.4 million.

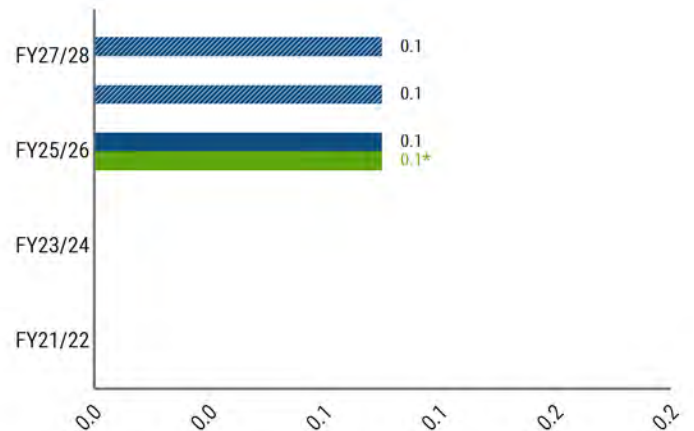
FY 2021/22 to FY 2027/28 (in millions)



COMMODITIES

Commodities includes expendable items purchased through the city-approved centralized purchasing process such as uniforms, personal protective equipment, and technical rescue team equipment. The FY 2025/26 adopted budget is \$0.1 million.

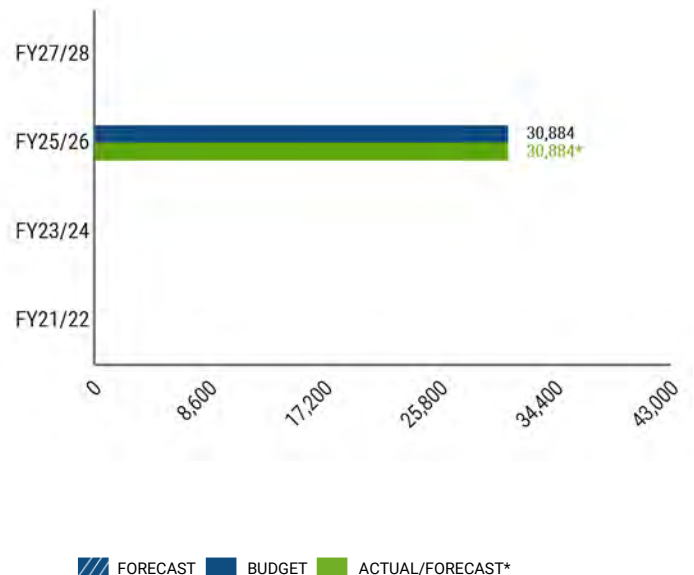
FY 2021/22 to FY 2027/28 (in millions)



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget of \$30,884 provides funding for a vegetation drone to evaluate the fire volatility of trees and shrubs in the preserve and for computer equipment.

FY 2021/22 to FY 2027/28



FORECAST BUDGET ACTUAL/FORECAST*

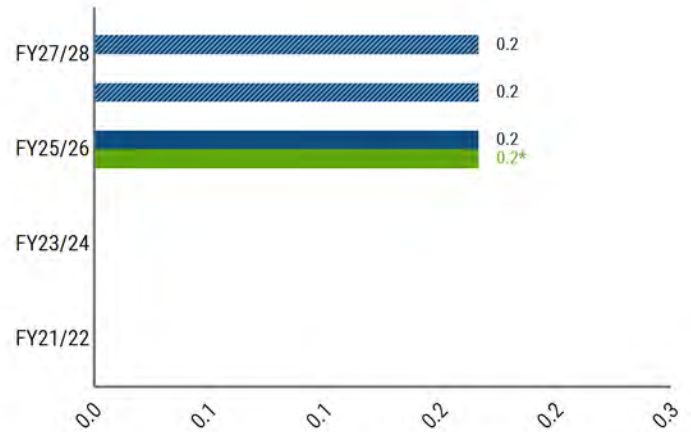
FIRE MITIGATION FUND ENDING BALANCE

The Fire Mitigation Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2025/26 ending balance is approximately \$0.7 million.

OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires council approval. The FY 2025/26 Operating Contingency is \$0.2 million of budget authorization if unforeseen expenses occur during the fiscal year.

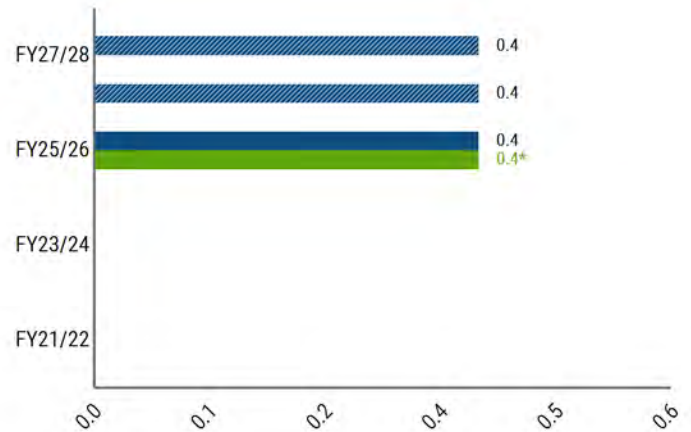
FY 2021/22 to FY 2027/28 (in millions)



REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2025/26 Revenue Stabilization Reserve is \$0.4 million of budget authorization.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

FIRE MITIGATION FUND BALANCE

The Fire Mitigation Fund Balance accounts for any funds remaining after the designation to all other uses, contingencies, and reserves. The FY 2025/26 Fire Mitigation Fund Balance is \$0.2 million.





FY 2025/26 Adopted Budget

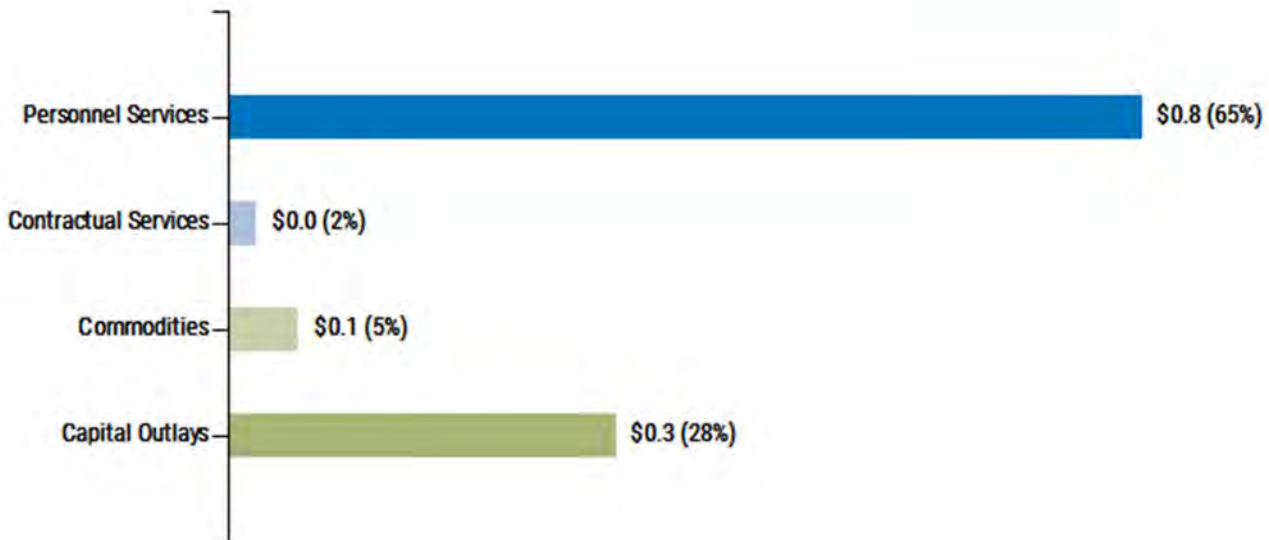
FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Police Ranger Fund represents the seven percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for police ranger operations.

Police Ranger Fund Sources (% to Total) \$1.7 Million



Police Ranger Fund Uses (% to Total) \$1.3 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Police Ranger

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	-	-	-
Revenue Stabilization Reserve	-	-	-	-
Police Ranger Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Transfers In				
Police Ranger - 7%	-	-	-	1,714,243
<i>Subtotal</i>	-	-	-	1,714,243
Total Sources	-	-	-	1,714,243
Expenditures				
Personnel Services	-	-	-	819,113
Contractual Services	-	-	-	25,405
Commodities	-	-	-	62,894
Capital Outlays	-	-	-	347,600
<i>Subtotal</i>	-	-	-	1,255,012
 TOTAL OPERATING BUDGET	-	-	-	1,255,012
Total Uses	-	-	-	1,255,012
Sources Over/(Under) Uses	-	-	-	459,231
Ending Fund Balance				
Operating Contingency	-	-	-	125,501
Revenue Stabilization Reserve	-	-	-	251,002
Police Ranger Fund Balance	-	-	-	82,728
Total Ending Fund Balance	-	-	-	459,231

The Police Ranger Fund is established for the first time in FY 2025/26 to accommodate the voter-approved 0.15 percent Park and Preserve Tax.

BUDGET BY FUND | Park and Preserve Tax Fund - Police Ranger

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	-	125,501	144,690	158,360	161,050
Revenue Stabilization Reserve	-	251,002	289,380	316,720	322,100
Police Ranger Fund Balance	-	82,728	190,261	197,551	276,781
Total Beginning Fund Balance	-	459,231	624,331	672,631	759,931
Transfers In					
Police Ranger - 7%	1,714,243	1,612,000	1,631,900	1,697,800	1,775,800
<i>Subtotal</i>	<i>1,714,243</i>	<i>1,612,000</i>	<i>1,631,900</i>	<i>1,697,800</i>	<i>1,775,800</i>
Total Sources	1,714,243	1,612,000	1,631,900	1,697,800	1,775,800
Expenditures					
Personnel Services	819,113	1,340,300	1,471,700	1,493,000	1,562,800
Contractual Services	25,405	26,700	28,000	29,300	30,800
Commodities	62,894	66,000	69,300	72,900	76,400
Capital Outlays	347,600	13,900	14,600	15,300	16,000
<i>Subtotal</i>	<i>1,255,012</i>	<i>1,446,900</i>	<i>1,583,600</i>	<i>1,610,500</i>	<i>1,686,000</i>
TOTAL OPERATING BUDGET	1,255,012	1,446,900	1,583,600	1,610,500	1,686,000
Total Uses	1,255,012	1,446,900	1,583,600	1,610,500	1,686,000
Sources Over/(Under) Uses	459,231	165,100	48,300	87,300	89,800
Ending Fund Balance					
Operating Contingency	125,501	144,690	158,360	161,050	168,600
Revenue Stabilization Reserve	251,002	289,380	316,720	322,100	337,200
Police Ranger Fund Balance	82,728	190,261	197,551	276,781	343,931
Total Ending Fund Balance	459,231	624,331	672,631	759,931	849,731

POLICE RANGER FUND SOURCES

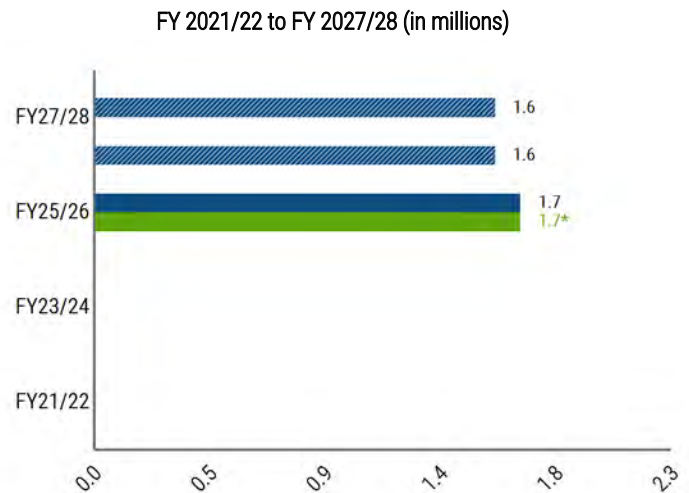
Per Financial Policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 7 percent of the collections after all debt requirements are satisfied are transferred to the Police Ranger Fund. The FY 2025/26 budgeted revenue for the Police Ranger Fund is \$1.7 million.

TRANSFERS IN

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

POLICE RANGER - 7%

Police Ranger - 7% represents a seven percent annual revenue distribution from the Park and Preserve Tax Allocation Fund. Police Ranger Fund revenue is restricted for city park rangers and security needs for city parks and the Preserve. The FY 2025/26 transfer from the Park and Preserve Tax Allocation Fund is \$1.7 million.

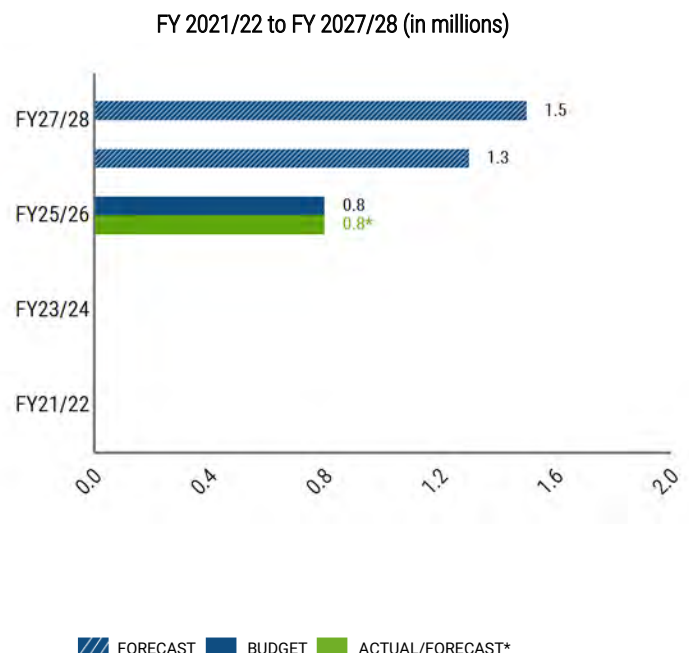


POLICE RANGER FUND USES

Police Ranger Fund uses are directed by Ordinance No. 4633 and include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2025/26 adopted budget is \$1.3 million.

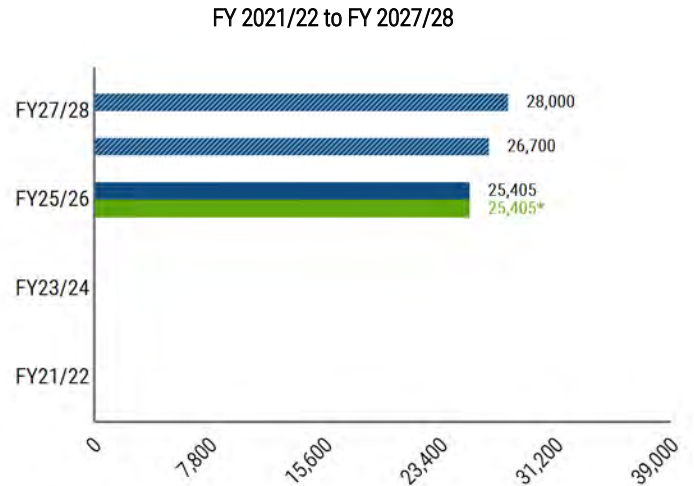
PERSONNEL SERVICES

Personnel Services includes salaries paid to employees of the City of Scottsdale, overtime, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2025/26 adopted budget is \$0.8 million. The Police Ranger Fund supports 8.00 full-time equivalent (FTE) positions.



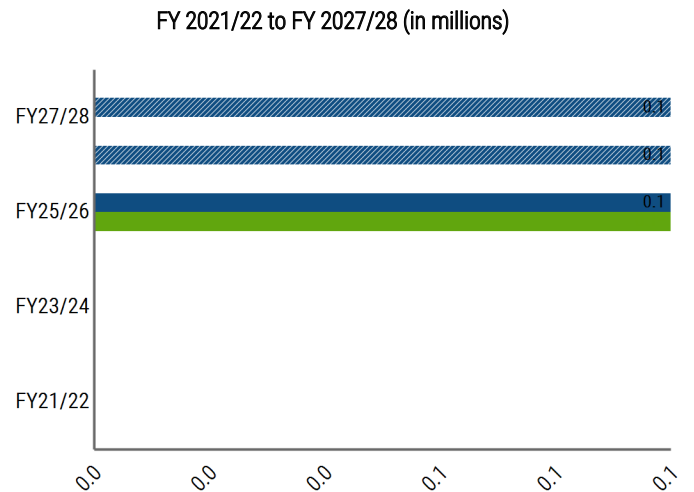
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as the procurement of radio and body camera services. The FY 2025/26 adopted budget is \$25,405.



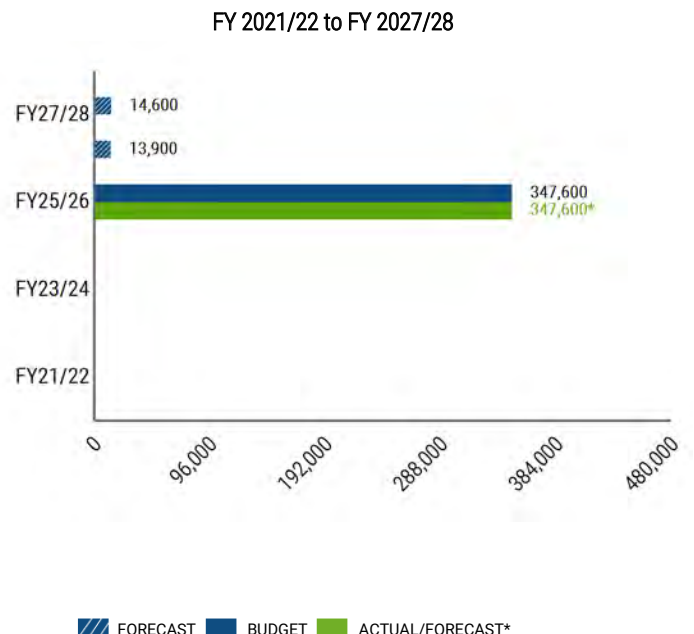
COMMODITIES

Commodities includes expendable items purchased through the city-approved centralized purchasing process such as radios, uniforms, and equipment to outfit officers. The FY 2025/26 adopted budget is \$0.1 million.



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget of \$0.3 million provides funding for one-time vehicle purchases and computer equipment.

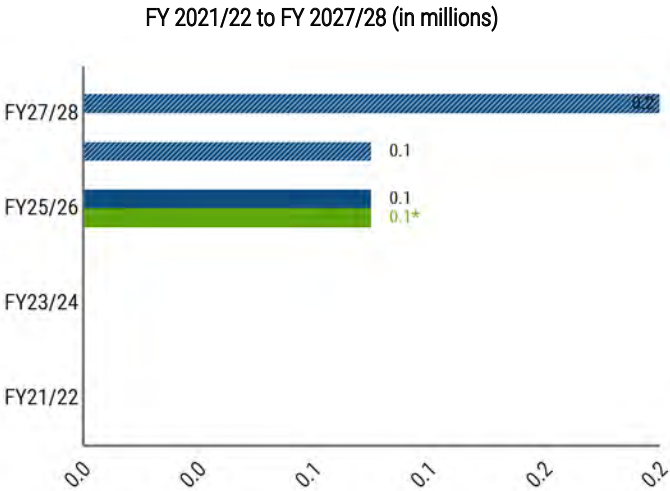


POLICE RANGER FUND ENDING BALANCE

The Police Ranger Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2025/26 ending balance is approximately \$0.5 million.

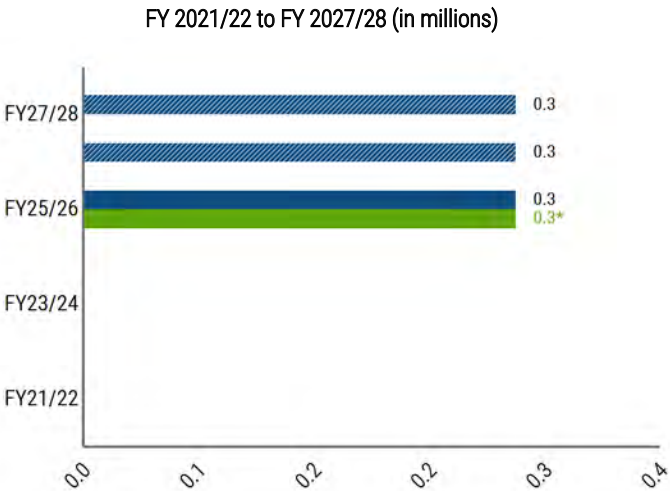
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires council approval. The FY 2025/26 Operating Contingency is \$0.1 million of budget authorization if unforeseen expenses occur during the fiscal year.



REVENUE STABILIZATION RESERVE

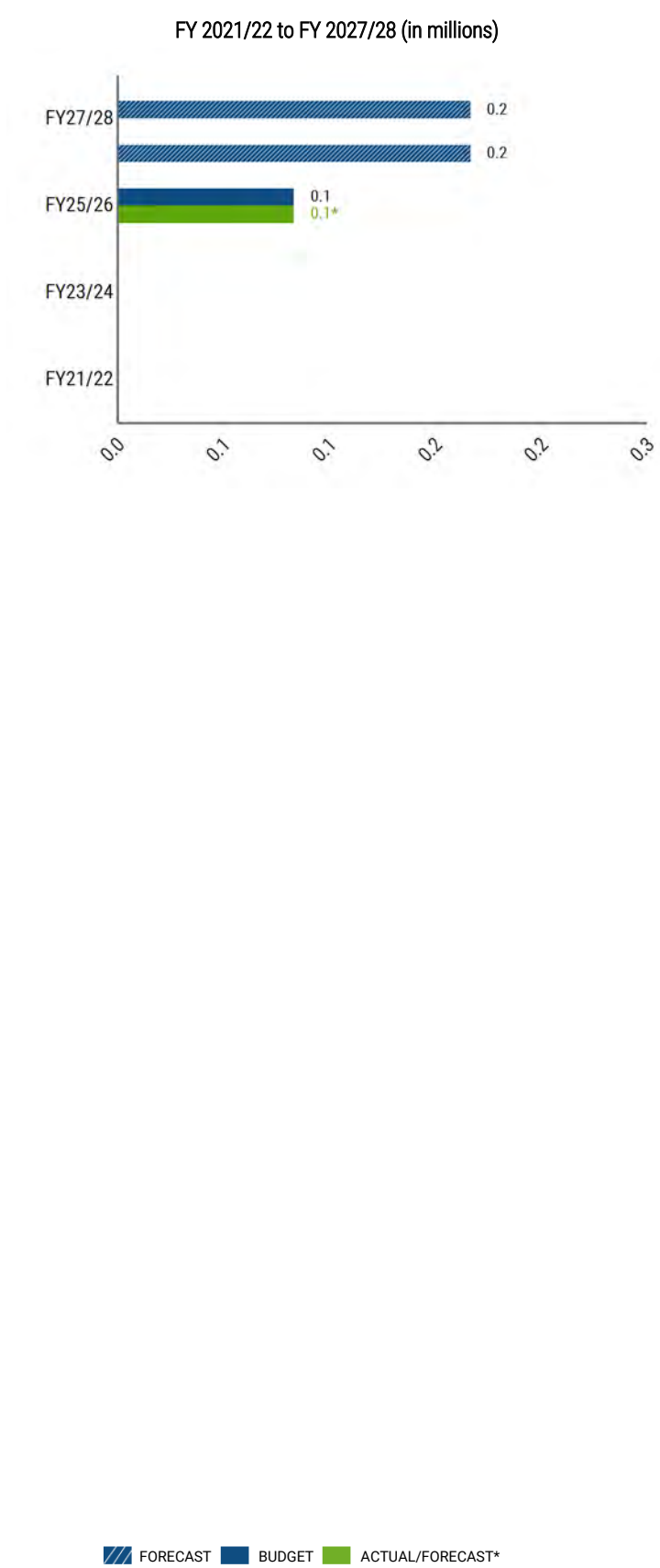
Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2025/26 Revenue Stabilization Reserve is \$0.3 million of budget authorization.



FORECAST BUDGET ACTUAL/FORECAST*

POLICE RANGER FUND BALANCE

The Police Ranger Fund Balance accounts for any funds remaining after the designation to all other uses, contingencies, and reserves. The FY 2025/26 Police Ranger Fund Balance is \$0.1 million.



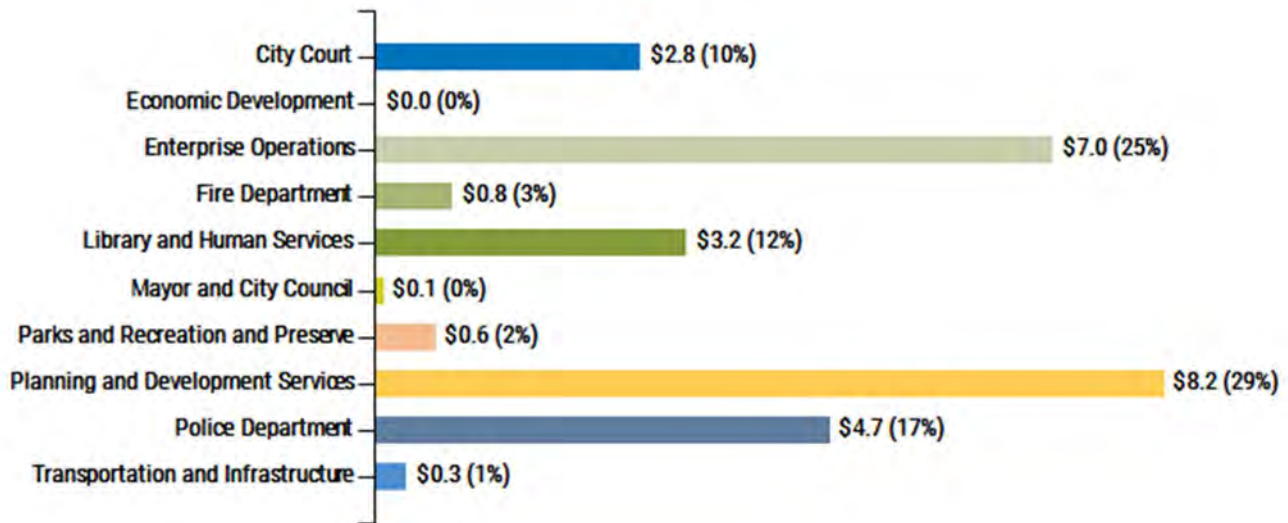


FY 2025/26 Adopted Budget

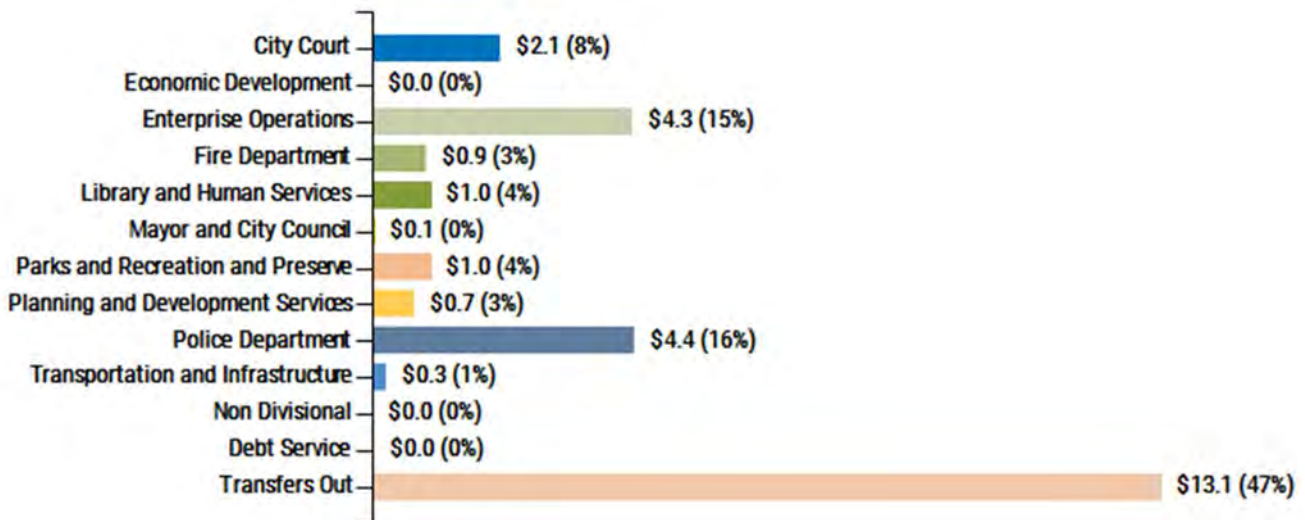
FUND PURPOSE

In accordance with the Governmental Accounting Standards Board, the Special Programs Fund is used to account for dedicated funding sources and donations earmarked for specific purposes 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 for the intended purpose.

Special Programs Fund Sources (% to Total) \$27.9 Million



Special Programs Fund Uses (% to Total) \$27.9 Million



Rounding differences may occur.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Appropriation Contingency ^(a)	673,500	1,500,000	1,500,000	1,500,000
Reserve - City Court	6,938,105	5,950,353	6,319,251	6,911,908
Reserve - City Manager's Office	275	275	4,486	4,486
Reserve - Economic Development	406	406	406	406
Reserve - Enterprise Operations	3,612,060	4,579,603	5,102,692	4,459,258
Reserve - Fire Department	802,724	808,171	996,412	968,644
Reserve - Library and Human Services	1,051,023	1,457,872	2,536,470	2,156,759
Reserve - Mayor and City Council	11,120	12,651	10,304	45,707
Reserve - Parks and Recreation and Preserve	1,140,099	1,176,885	1,164,240	1,093,120
Reserve - Planning and Development Services	3,689,712	5,366,400	5,970,422	5,672,601
Reserve - Police Department	2,924,489	3,290,941	1,831,296	1,693,159
Reserve - Transportation and Infrastructure	352,818	471,820	345,207	378,938
Total Beginning Fund Balance	20,522,831	23,115,378	24,281,186	23,384,986
Revenues				
City Court	1,920,011	2,729,308	2,729,308	2,756,622
City Manager's Office	4,211	-	-	-
Economic Development	-	20,000	20,000	20,000
Enterprise Operations	4,867,992	4,717,511	4,717,511	7,029,857
Fire Department	828,009	757,676	812,750	818,005
Library and Human Services	1,864,490	811,241	811,241	3,246,319
Mayor and City Council	-	94,208	94,208	103,500
Parks and Recreation and Preserve	610,029	597,007	597,007	637,928
Planning and Development Services	9,903,124	8,206,004	8,206,004	8,178,373
Police Department	3,003,911	4,846,331	4,846,331	4,720,984
Transportation and Infrastructure	607,211	347,278	347,278	345,000
Subtotal	23,608,987	23,126,564	23,181,638	27,856,588
Transfers In				
CIP ^(b)	1,010,544	-	-	-
Operating ^(c)	271,919	10,000	10,000	-
Subtotal	1,282,463	10,000	10,000	-
Total Sources	24,891,450	23,136,564	23,191,638	27,856,588

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

^(b) In FY 2023/24, the Council approved to return of the \$1,000,000 monetary donation received from the Scottsdale Railroad and Mechanical Society to fund the purchase and installation of an indoor play structure inside the McCormick Stillman Railroad Park Roundhouse.

^(c) FY 2023/24 includes an accounting entry to ensure that the national opioid settlement distribution received from Maricopa County was recorded in an appropriate cost center.

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Expenditures				
City Court	1,751,086	2,151,916	2,136,651	2,141,824
Economic Development	-	20,000	20,000	20,000
Enterprise Operations	3,948,130	4,754,881	4,676,180	4,329,238
Fire Department	634,321	844,837	840,517	919,006
Library and Human Services	385,932	1,191,771	1,190,953	998,225
Mayor and City Council	815	58,806	58,806	68,806
Parks and Recreation and Preserve	585,888	668,128	668,128	990,287
Planning and Development Services	71,906	617,822	617,822	715,493
Police Department	4,077,104	5,063,949	4,964,467	4,359,034
Transportation and Infrastructure	19,709	255,805	255,817	255,817
Subtotal	11,474,892	15,627,915	15,429,341	14,797,730
Debt Service				
Contracts Payable	136,104	57,729	57,729	48,892
Subtotal	136,104	57,729	57,729	48,892
TOTAL OPERATING BUDGET	11,610,997	15,685,644	15,487,070	14,846,622
Transfers Out				
CIP	2,036,890	620,000	620,000	5,137,819
CIP Stormwater	6,004,742	7,227,254	7,227,254	7,203,623
Debt Svc MPC Bonds	766,429	753,515	753,515	759,066
Operating ^(a)	714,038	-	-	-
Subtotal	9,522,099	8,600,769	8,600,769	13,100,508
Total Uses	21,133,096	24,286,413	24,087,839	27,947,130
Sources Over/(Under) Uses	3,758,355	(1,149,849)	(896,201)	(90,542)
Ending Fund Balance				
Appropriation Contingency ^(b)	700,000	1,320,809	1,320,809	1,500,000
Reserve - City Court	6,319,251	6,527,745	6,911,908	7,526,706
Reserve - City Manager's Office	4,486	275	4,486	4,486
Reserve - Economic Development	406	406	406	406
Reserve - Enterprise Operations	5,102,692	3,857,468	4,459,258	2,452,146
Reserve - Fire Department	996,412	721,009	968,644	867,643
Reserve - Library and Human Services	2,536,470	1,077,342	2,156,759	4,404,853
Reserve - Mayor and City Council	10,304	48,054	45,707	80,401
Reserve - Parks and Recreation and Preserve	1,164,240	1,105,764	1,093,120	494,317
Reserve - Planning and Development Services	5,970,422	5,068,578	5,672,601	5,267,108
Reserve - Police Department	1,831,296	3,053,325	1,693,159	1,777,149
Reserve - Transportation and Infrastructure	345,207	505,564	378,938	419,229
Total Ending Fund Balance	24,281,186	21,965,530	23,384,986	23,294,444

^(a) FY 2023/24 includes an accounting entry to ensure that the national opioid settlement distribution received from Maricopa County was recorded in an appropriate cost center. Additionally, it includes a transfer out to the Planning and Development Services Department to cover the cost of permits pulled by Southwest Gas with funds received from franchise fees.

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

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	6,911,908	7,526,706	8,094,406	8,525,006	8,922,906
Reserve - City Manager's Office	4,486	4,486	4,486	4,486	4,486
Reserve - Economic Development	406	406	406	406	406
Reserve - Enterprise Operations	4,459,258	2,452,146	3,400,796	4,193,196	5,732,496
Reserve - Fire Department	968,644	867,643	726,943	530,043	334,343
Reserve - Library and Human Services	2,156,759	4,404,853	4,486,053	4,569,053	4,652,953
Reserve - Mayor and City Council	45,707	80,401	114,801	148,901	182,501
Reserve - Parks and Recreation and Preserve	1,093,120	494,317	419,417	488,817	558,717
Reserve - Planning and Development Services	5,672,601	5,267,108	5,146,608	5,076,008	3,370,408
Reserve - Police Department	1,693,159	1,777,149	2,102,249	2,391,749	2,636,849
Reserve - Transportation and Infrastructure	378,938	419,229	461,729	506,429	553,329
Total Beginning Fund Balance	23,384,986	23,294,444	24,957,894	26,434,094	26,949,394
Revenues					
City Court	2,756,622	2,752,500	2,745,500	2,740,900	2,743,600
City Manager's Office	-	-	-	-	-
Economic Development	20,000	20,000	20,000	20,000	20,000
Enterprise Operations	7,029,857	7,169,700	7,297,900	7,437,800	7,581,800
Fire Department	818,005	826,400	834,700	843,200	851,800
Library and Human Services	3,246,319	545,300	561,400	578,000	595,300
Mayor and City Council	103,500	103,900	104,500	105,100	44,800
Parks and Recreation and Preserve	637,928	650,700	663,900	677,000	689,900
Planning and Development Services	8,178,373	7,947,100	7,975,900	8,004,600	8,033,400
Police Department	4,720,984	4,943,900	5,172,200	5,308,400	5,430,400
Transportation and Infrastructure	345,000	345,000	345,000	345,000	345,000
Subtotal	27,856,588	25,304,500	25,721,000	26,060,000	26,336,000
Transfers In					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	27,856,588	25,304,500	25,721,000	26,060,000	26,336,000

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

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Expenditures					
City Court	2,141,824	2,184,800	2,314,900	2,343,000	2,436,400
Economic Development	20,000	20,000	20,000	20,000	20,000
Enterprise Operations	4,329,238	5,162,900	5,425,200	5,498,800	5,683,300
Fire Department	919,006	967,100	1,031,600	1,038,900	1,087,200
Library and Human Services	998,225	464,100	478,400	494,100	509,600
Mayor and City Council	68,806	69,500	70,400	71,500	72,600
Parks and Recreation and Preserve	990,287	725,600	594,500	607,100	619,800
Planning and Development Services	715,493	170,500	120,600	155,600	100,600
Police Department	4,359,034	4,618,800	4,882,700	5,063,300	5,304,400
Transportation and Infrastructure	255,817	255,800	255,800	255,800	255,800
Subtotal	14,797,730	14,639,100	15,194,100	15,548,100	16,089,700
Debt Service					
Contracts Payable	48,892	46,700	44,500	42,300	40,200
Subtotal	48,892	46,700	44,500	42,300	40,200
TOTAL OPERATING BUDGET	14,846,622	14,685,800	15,238,600	15,590,400	16,129,900
Transfers Out					
CIP	5,137,819	961,500	994,600	1,900,000	-
CIP Stormwater	7,203,623	7,232,100	7,261,600	7,287,100	7,318,900
Debt Svc MPC Bonds	759,066	763,600	752,000	769,200	759,800
Operating	-	-	-	-	-
Subtotal	13,100,508	8,957,200	9,008,200	9,956,300	8,078,700
Total Uses	27,947,130	23,643,000	24,246,800	25,546,700	24,208,600
Sources Over/(Under) Uses	(90,542)	1,661,500	1,474,200	513,300	2,127,400
Ending Fund Balance					
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	7,526,706	8,094,406	8,525,006	8,922,906	9,230,106
Reserve - City Manager's Office	4,486	4,486	4,486	4,486	4,486
Reserve - Economic Development	406	406	406	406	406
Reserve - Enterprise Operations	2,452,146	3,400,796	4,193,196	5,732,496	7,537,696
Reserve - Fire Department	867,643	726,943	530,043	334,343	98,943
Reserve - Library and Human Services	4,404,853	4,486,053	4,569,053	4,652,953	4,738,653
Reserve - Mayor and City Council	80,401	114,801	148,901	182,501	154,701
Reserve - Parks and Recreation and Preserve	494,317	419,417	488,817	558,717	628,817
Reserve - Planning and Development Services	5,267,108	5,146,608	5,076,008	3,370,408	3,319,808
Reserve - Police Department	1,777,149	2,102,249	2,391,749	2,636,849	2,762,849
Reserve - Transportation and Infrastructure	419,229	461,729	506,429	553,329	602,329
Total Ending Fund Balance	23,294,444	24,957,894	26,434,094	26,949,394	29,078,794

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

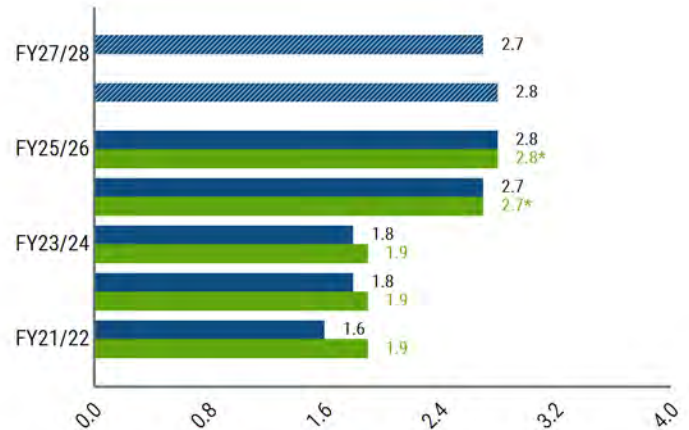
SPECIAL PROGRAMS FUND SOURCES

Sources received in the Special Programs Fund include revenue generated from Fines, Fees, Forfeitures and Permits, Racketeering Influenced Corrupt Organization (RICO), Contributions/Donations, Other Revenues, and Transfers In. The Sources are detailed by department 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 Laws 1999, Chapter 346. These provisions provide funding for maintaining and enhancing the Court's ability to collect and manage monies. The FY 2025/26 budget for restricted City Court revenue is \$2.7 million, which is an increase of \$0.1 million when compared to the FY 2024/25 adopted budget.

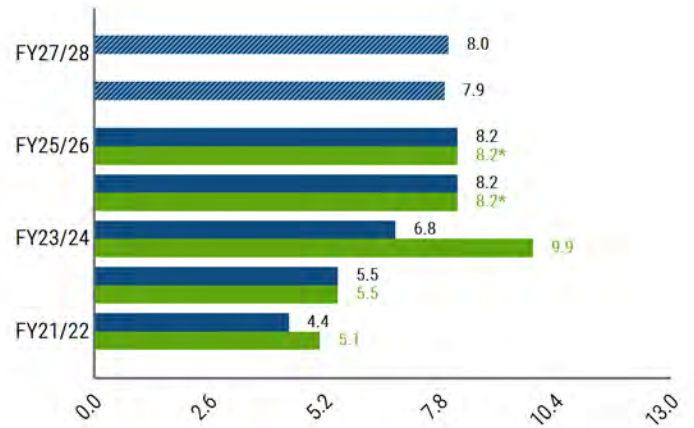
FY 2021/22 to FY 2027/28 (in millions)



PLANNING AND DEVELOPMENT SERVICES

Planning and Development Services revenue is generated from contributions, donations and lease agreements. Beginning in FY 2021/22, the portion of the Stormwater Fee dedicated for capital improvement projects is being recorded in the Special Programs Fund instead of directly in the CIP. The estimated special revenue for FY 2025/26 is \$8.2 million, which remains flat compared to the FY 2024/25 adopted budget. The FY2023/24 actual revenue was significantly higher than the adopted budget, mainly due to a transfer of developers' in-lieu payments from the CIP Airpark Fund to the Airpark Special Improvements Fund.

FY 2021/22 to FY 2027/28 (in millions)

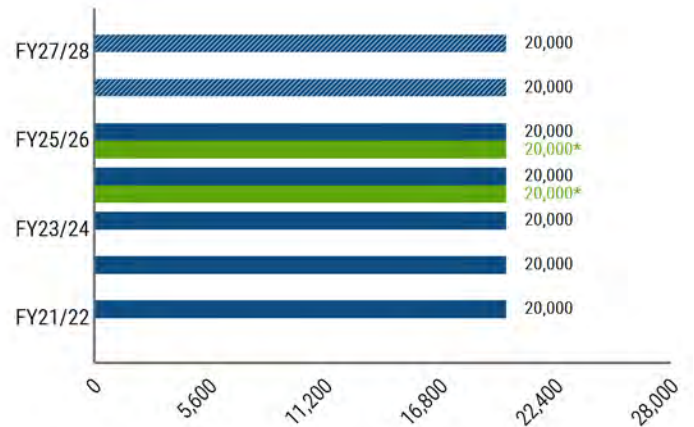


FORECAST BUDGET ACTUAL/FORECAST*

ECONOMIC DEVELOPMENT

Economic Development revenue is generated from contributions and donations. The FY 2025/26 budgeted revenue is \$20,000, which is flat from the FY 2024/25 adopted budget.

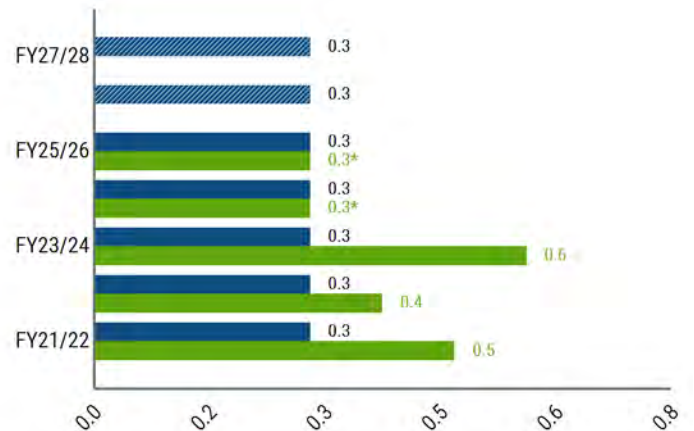
FY 2021/22 to FY 2027/28



TRANSPORTATION AND INFRASTRUCTURE

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of and maintenance of city rights-of-way. 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 2025/26 estimated revenue of \$0.3 million is flat compared to the FY 2024/25 budgeted revenue.

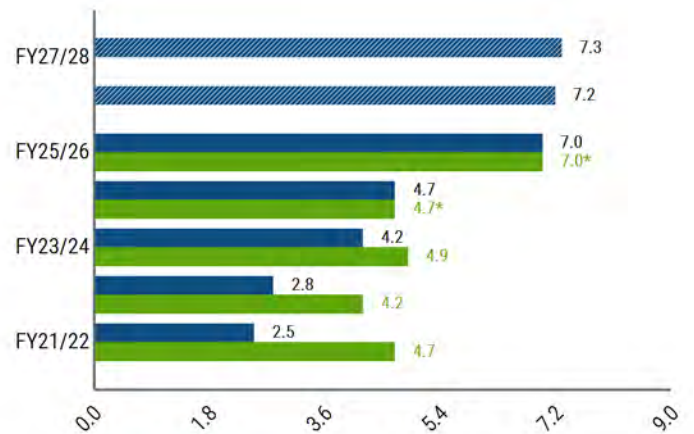
FY 2021/22 to FY 2027/28 (in millions)



ENTERPRISE OPERATIONS

Revenue sources include ticket revenue from the McCormick-Stillman Railroad Park, WestWorld parking revenue, special events, Silverado golf course ticket surcharges, donations, contributions, lease agreements, revenue from the Bureau of Reclamation (BOR), and user fees and charges that are restricted to specific uses per the revenue source. The FY 2025/26 budgeted revenue for Enterprise Operations special programs revenue is \$7.0 million, which is an increase of \$2.3 million when compared to the FY 2024/25 budget due to an increase in anticipated yearly ticket revenue at McCormick-Stillman Railroad Park due to the park's extended business hours and the addition of the brand-new Roundhouse indoor play structure, BOR special revenue spending authority to fund the Monterra Improvements project, and a BOR approved basin fund surcharge to convert turf to xeriscape at TPC Scottsdale.

FY 2021/22 to FY 2027/28 (in millions)

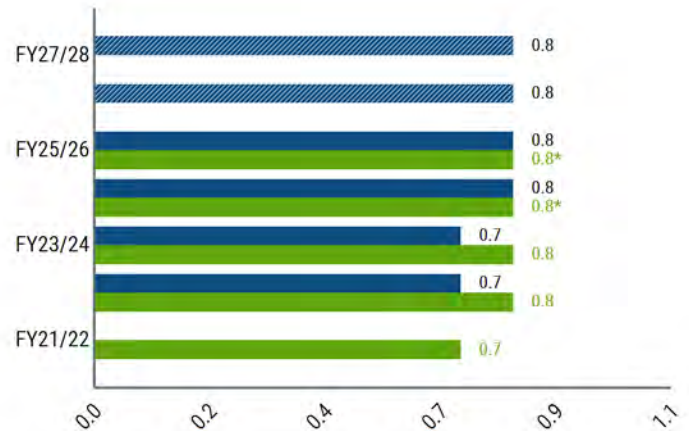


FORECAST BUDGET ACTUAL/FORECAST*

FIRE DEPARTMENT

Fire Department Special Programs Fund revenue is generated from the Smart and Safe Arizona Act, also known as Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults aged 21 and over and was approved by voters in the 2020 general election. Proposition 207 revenue received by local public safety agencies are expected to cover training and personnel costs. Other fire revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories of donations include public education support, equipment acquisition, and fire station enhancements. The FY 2025/26 budgeted special programs revenue for the Fire Department is \$0.8 million, which remains relatively flat when compared with the FY 2024/25 adopted budget.

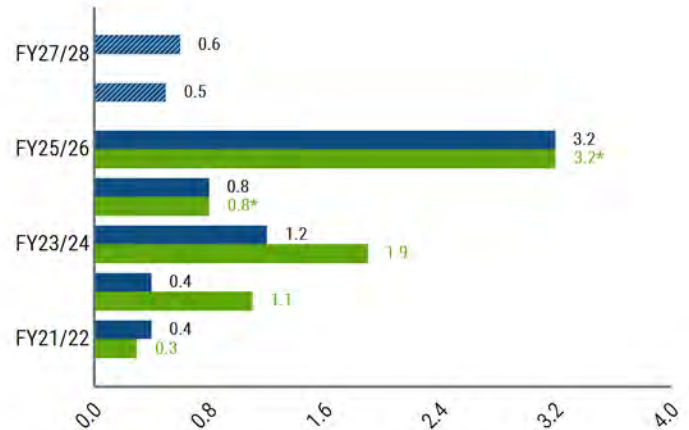
FY 2021/22 to FY 2027/28 (in millions)



LIBRARY AND HUMAN SERVICES

Library and Human Services Special Programs Fund revenue includes sales from the Library Shop, One Arizona Opioid settlement funds, donations, contributions, memorials, and user fees and charges that are restricted to specific uses per the revenue source. The FY 2025/26 budgeted special programs revenue for Library and Human Services is \$3.2 million, which is an increase of \$2.4 million when compared to the FY 2024/25 adopted budget, due to reclassifying One Arizona Opioid settlement funds from reserves into budgeted revenue.

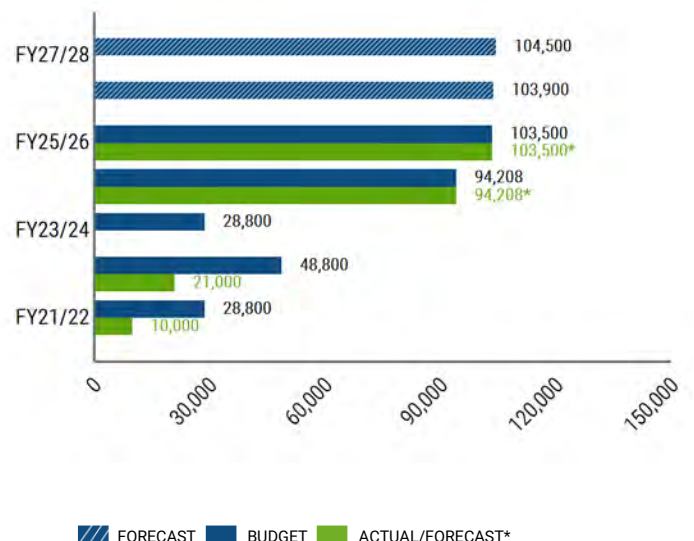
FY 2021/22 to FY 2027/28 (in millions)



MAYOR AND CITY COUNCIL

Mayor and City Council receive contributions and donations to fund events, such as the State of the City, Mayor's Ability awards, and Constitution Day Contest. The FY 2025/26 estimated special revenue is \$103,500. The FY 2023/24 actual revenue was \$0, because no contributions were received.

FY 2021/22 to FY 2027/28

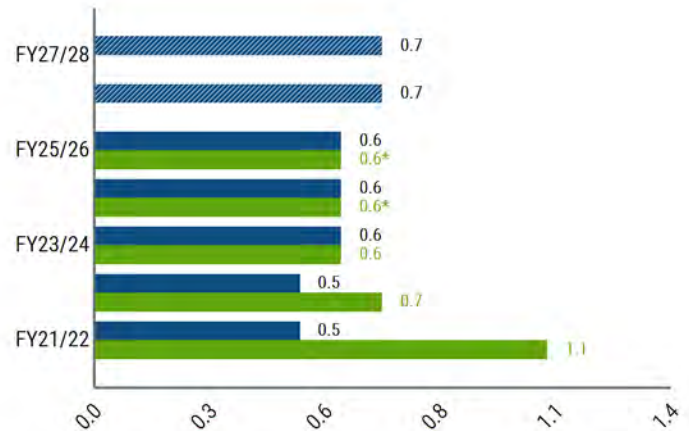


FORECAST BUDGET ACTUAL/FORECAST*

PARKS AND RECREATION AND PRESERVE

Parks and Recreation and Preserve special programs revenue includes fees from reservations and rentals, donations, contributions, and sponsorship agreements restricted to specific uses per the revenue source. The FY 2025/26 budgeted special programs revenue for Parks and Recreation and Preserve is \$0.6 million, which is relatively flat when compared to the FY 2024/25 adopted budget.

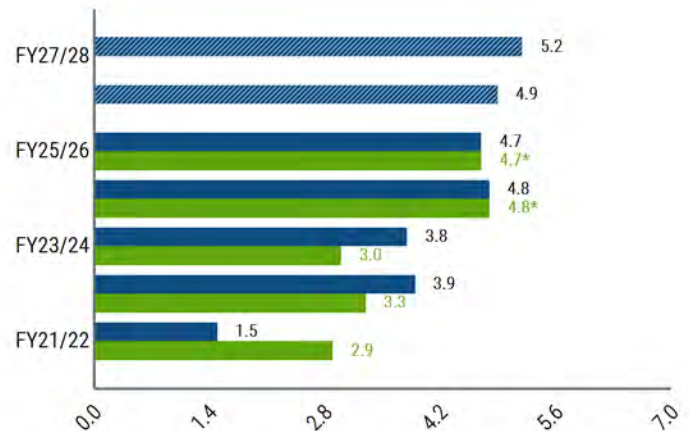
FY 2021/22 to FY 2027/28 (in millions)



POLICE DEPARTMENT

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 (A.R.S. § 28-872) for driving under the influence and driving without insurance offences; 6) Officer Safety Equipment established by A.R.S. § 41-1723 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 Arizona Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults 21 and over and was approved by voters in 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 2025/26 is \$4.7 million, which is a decrease of \$0.1 million from the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

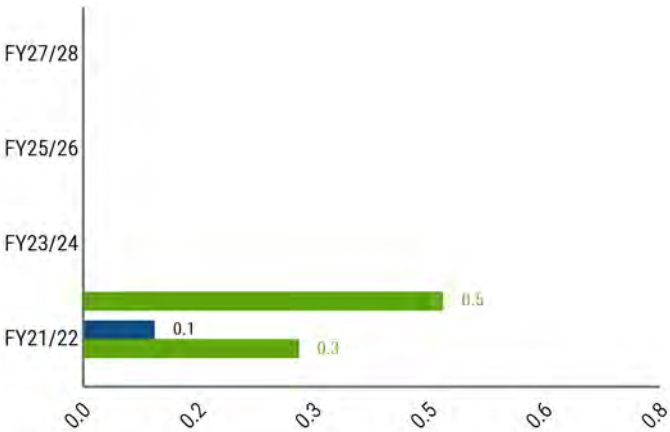
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2025/26 adopted budget did not include any transfers in for the Special Programs Fund.

CIP

CIP Transfers In to the Special Programs Fund for FY 2025/26 are \$0. The FY 2022/23 amount represents a transfer from the CIP stormwater in-lieu fee which was designated for a floodplain management study.

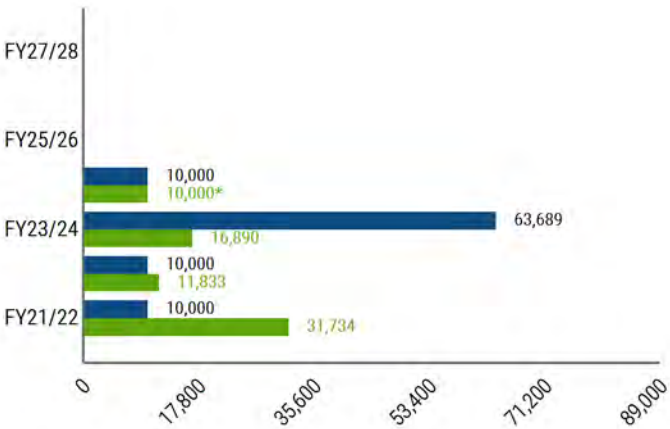
FY 2021/22 to FY 2027/28 (in millions)



OPERATING

Operating Transfers In to the Special Programs Fund for FY 2025/26 are \$0. The Transfers In for FY 2024/25 includes a City Council authorized transfer of \$10,000 used to assist in the preservation and upkeep of properties on Scottsdale's Historic Register.

FY 2021/22 to FY 2027/28



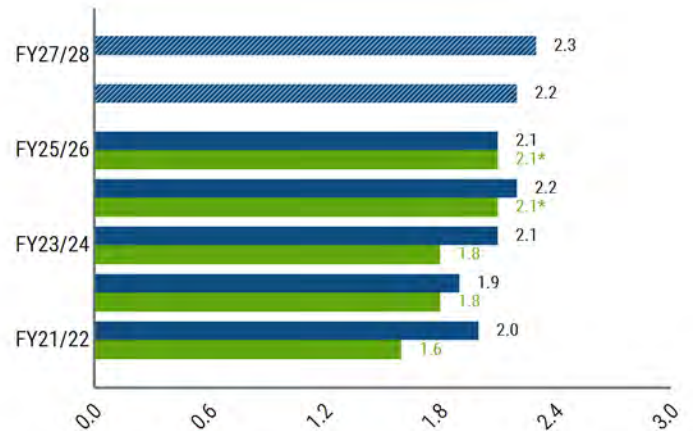
SPECIAL PROGRAMS FUND USES

The Special Programs Fund uses are detailed by department as follows.

CITY COURT

City Court adopted budget for FY 2025/26 is \$2.1 million and includes the following specific uses: 1) enhancements to the Court's technological, operational, and security facilities, as allowed under the Court Enhancement Fund (CEF) established by Scottsdale City Ordinance No. 2570 section 9-7.2; 2) additional expenditures, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Laws 1999, Chapter 346, 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 2025/26 adopted budget reflects a decrease of \$0.1 million when compared to the FY 2024/25 adopted budget.

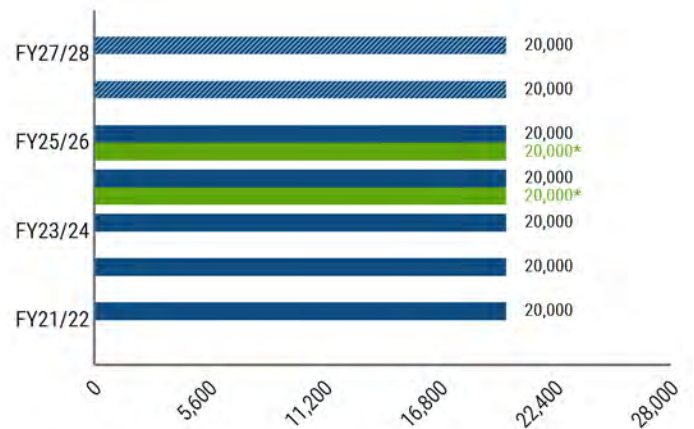
FY 2021/22 to FY 2027/28 (in millions)



ECONOMIC DEVELOPMENT

The expenditures related to Economic Development are used to support various events and business development in Scottsdale. The adopted budget for FY 2025/26 is \$20,000, which is flat compared to the FY 2024/25 adopted budget.

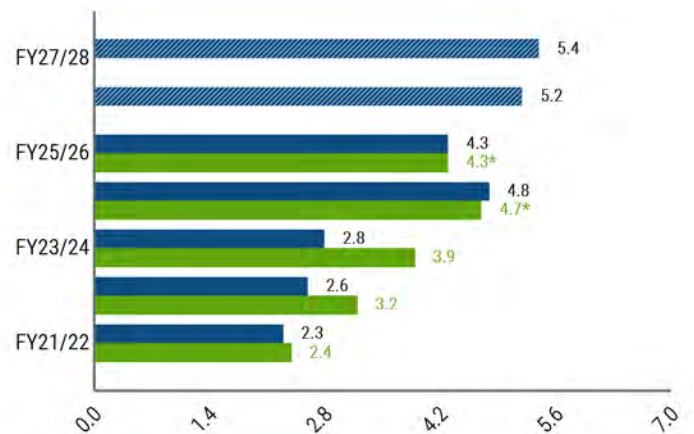
FY 2021/22 to FY 2027/28



ENTERPRISE OPERATIONS

Enterprise Operations budgeted expenditures include personnel services to support 32.59 full-time equivalent (FTE) positions, WestWorld Master Plan architectural and design services, McCormick-Stillman Railroad Park facility maintenance, Silverado Golf Course maintenance and improvements, Bureau of Reclamation (BOR) approved expenses, and special events. The FY 2025/26 adopted budget is \$4.3 million, which is a decrease of \$0.5 million when compared to the FY 2024/25 adopted budget. The reduction is mainly due to the removal of a FY 2024/25 one-time expense for the WestWorld Master Plan.

FY 2021/22 to FY 2027/28 (in millions)

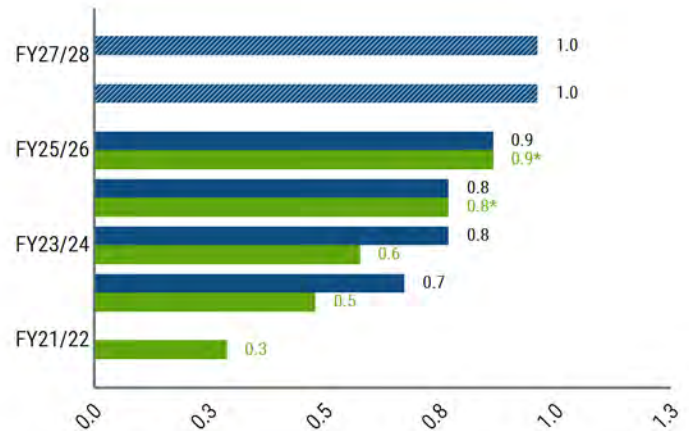


FORECAST BUDGET ACTUAL/FORECAST*

FIRE DEPARTMENT

Fire Department expenditures support personnel, public education, equipment acquisition, and fire station enhancements. The FY 2025/26 adopted budget is \$0.9 million, which is an increase of \$0.1 million compared to the FY 2024/25 adopted budget.

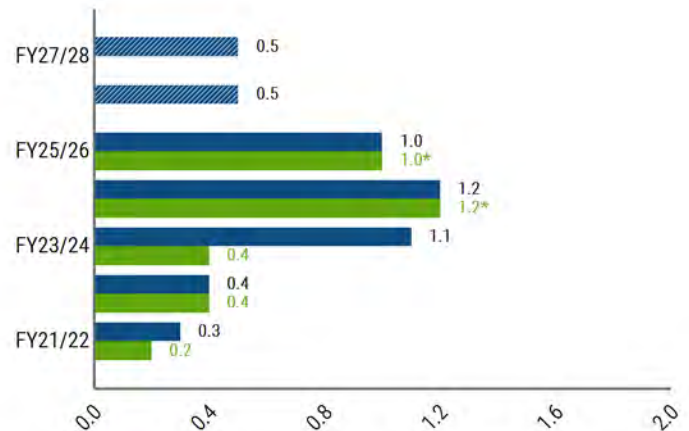
FY 2021/22 to FY 2027/28 (in millions)



LIBRARY AND HUMAN SERVICES

Library and Human Services budgeted expenditures include opioid abatement, funding community support agencies (Scottsdale Cares), library programs and operations, special events, and memorials. The FY 2025/26 adopted budget is \$1.0 million, which is a decrease of \$0.2 million when compared to the FY 2024/25 adopted budget. Fluctuations in budget and actuals are mainly due to One Arizona Opioid funding distributions.

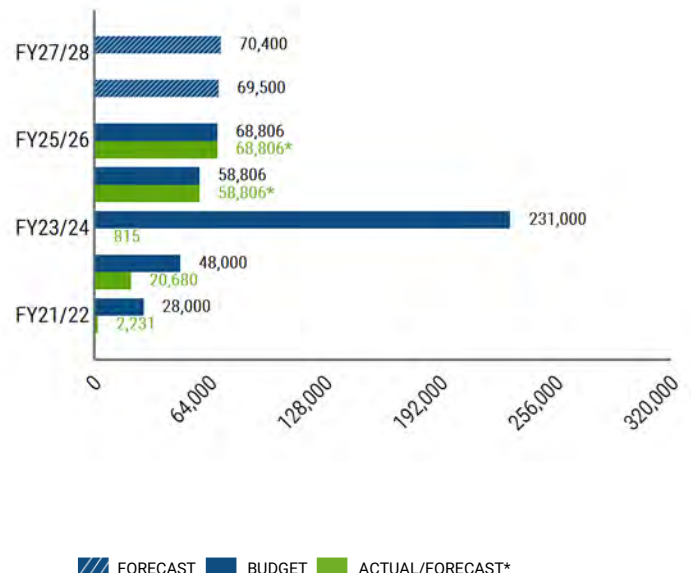
FY 2021/22 to FY 2027/28 (in millions)



MAYOR AND CITY COUNCIL

Mayor and City Council expenditures are for events such as the State of the City events, Mayor's Ability Awards, Constitution Day Contest and other potential new events. The FY 2025/26 adopted budget is \$68,806. The increase compared to the FY 2024/25 adopted budget is due to greater funding for the State of the City Address. Most of the FY 2023/24 budget was for the Mayor and Council Breakfast and the State of the City Address.

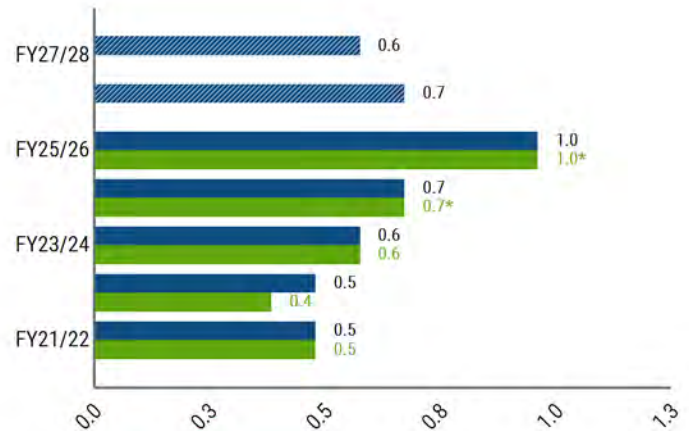
FY 2021/22 to FY 2027/28



PARKS AND RECREATION AND PRESERVE

Parks and Recreation and Preserve budgeted expenditures include youth sports field and pool maintenance, services to support Preserve projects, memorials, and special events. The FY 2025/26 budget is \$1.0 million, which is an increase of \$0.3 million when compared to the FY 2024/25 adopted budget mainly due to increased spending for youth sports.

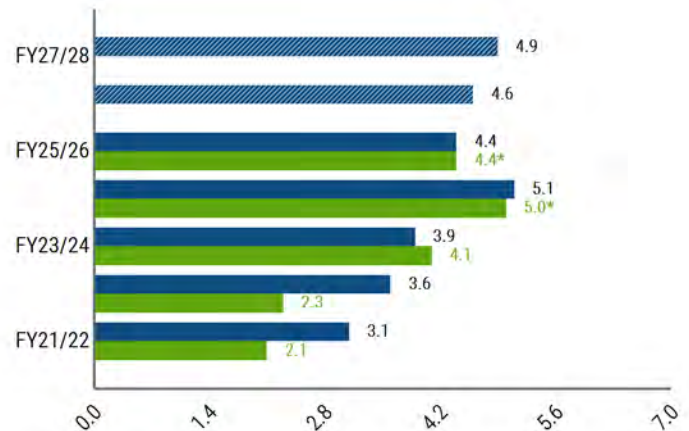
FY 2021/22 to FY 2027/28 (in millions)



POLICE DEPARTMENT

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); and 9) personnel costs for the Short Term Rental Unit. The FY 2025/26 adopted budget is \$4.4 million, which is \$0.7 million less than the FY 2024/25 adopted budget due to the movement of Park Ranger personnel to the Park and Preserve Tax Police Ranger Fund.

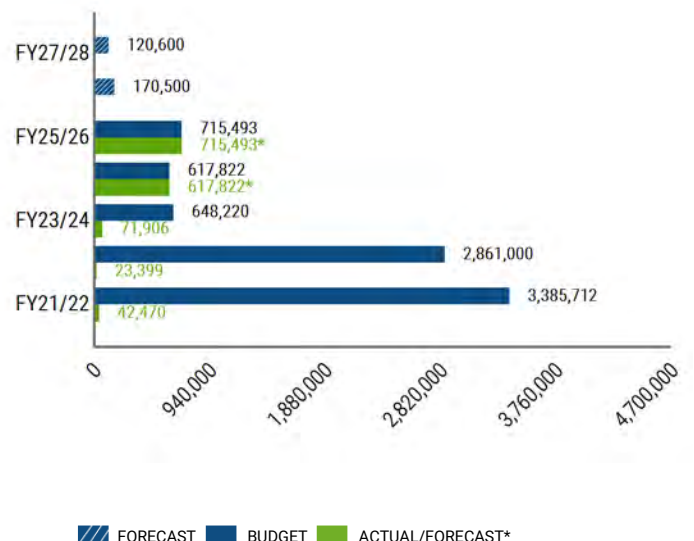
FY 2021/22 to FY 2027/28 (in millions)



PLANNING AND DEVELOPMENT SERVICES

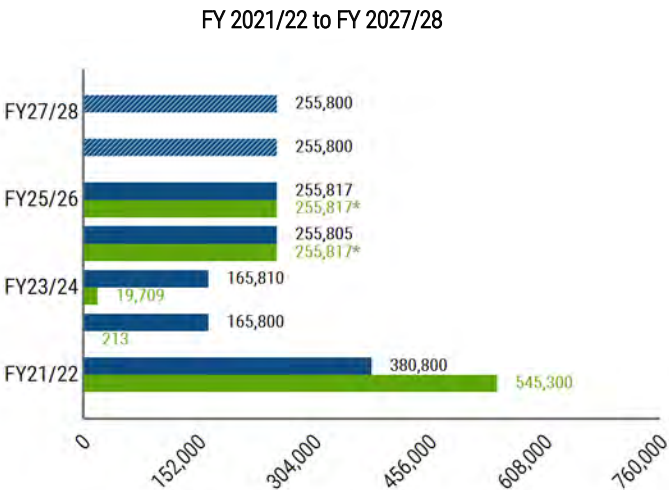
Special Programs Fund activity in Planning and Development Services includes funding for floodplain management and stormwater master planning, public art initiatives through developer in-lieu payments, and consultant support for community preservation and historic preservation planning. The reduction in post-FY 2022/23 budgets is mainly due to the availability of cash in the Downtown Cultural Trust for the acquisition and installation of public art. The FY 2025/26 adopted budget is \$715,493, which is a \$97,671 increase compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28



TRANSPORTATION AND INFRASTRUCTURE

Transportation and Infrastructure expenditures are used to maintain various rights-of-way on behalf of Southwest Gas via a Franchise Agreement. The expenditures are also used towards the Loloma School lease agreement for maintenance. The FY 2025/26 budget is \$255,817, which is flat compared to FY 2024/25.

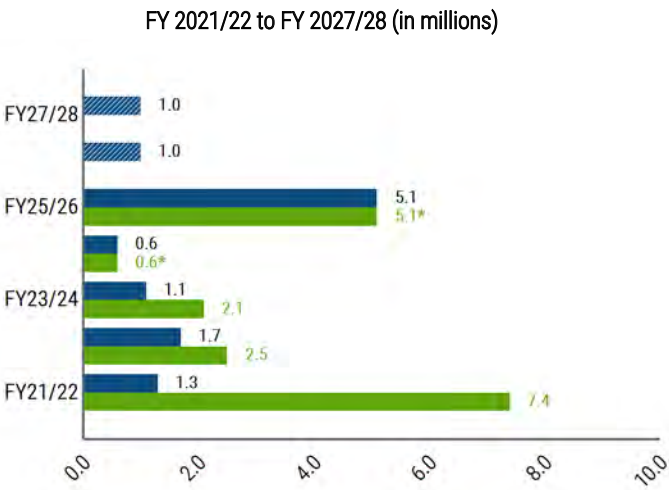


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2025/26 adopted budget includes \$13.1 million in Transfers Out.

CIP

The FY 2025/26 budget of \$5.1 million primarily provides funding for 1) the replacement of outdated 9-1-1 computer aided dispatch and records management; 2) the WestWorld Monterra improvement project; 3) the sports field turf conversion project; and 4) the Ballfield Shade-Horizon Park project.

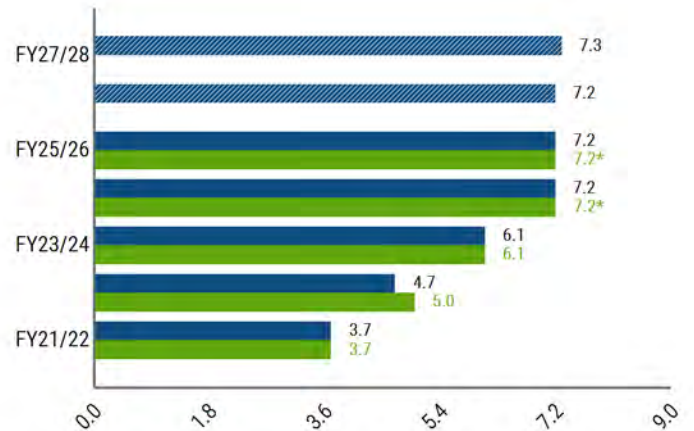


FORECAST BUDGET ACTUAL/FORECAST*

CIP STORMWATER

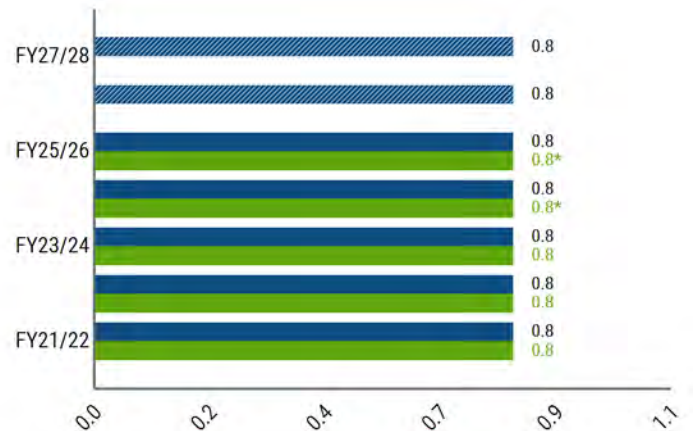
CIP Stormwater is the \$6.95 monthly Stormwater fee paid by utility customers and is transferred to the CIP to be used for drainage and flood control capital projects. The FY 2025/26 budget is \$7.2 million, which is flat when compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

**DEBT SERVICE MPC BONDS**

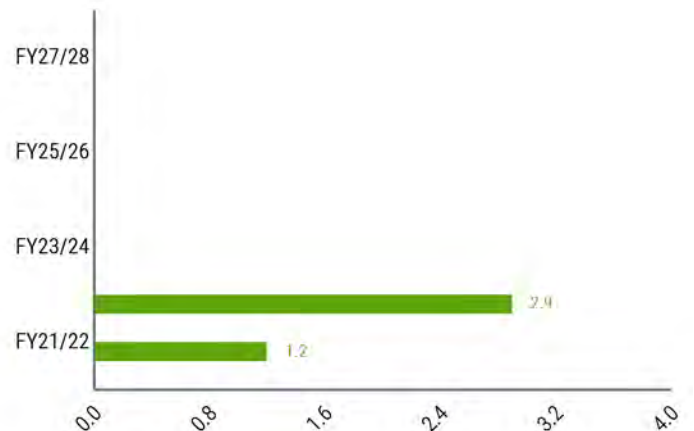
The adopted FY 2025/26 budget of \$0.8 million is a transfer out to the Debt Service Fund for the Municipal Property Corporation (MPC) Bonds issued for the McDowell Mountain Golf Course and Stormwater Fee for projects.

FY 2021/22 to FY 2027/28 (in millions)

**OPERATING**

There is no Operating Transfer Out budget for FY 2025/26. The FY 2022/23 Operating Transfers Out budget of \$2.9 million moved the remaining balance of Scottsdale AZcares funding to the General Fund.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

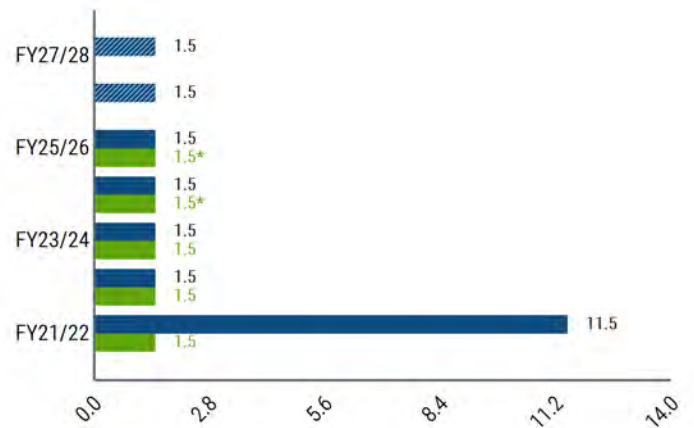
SPECIAL PROGRAMS FUND ENDING BALANCE

The Special Programs Fund Ending Balance 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 2025/26 is set at \$1.5 million, which remains the same as in FY 2024/25. The FY 2021/22 adopted budget included a \$10.0 million affordable housing contingency approved by City Council.

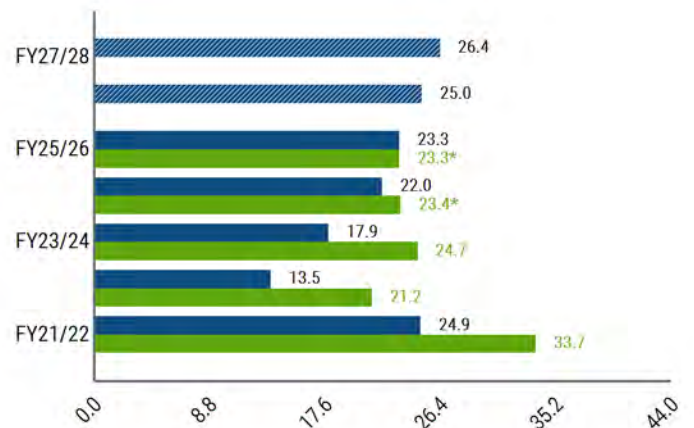
FY 2021/22 to FY 2027/28 (in millions)



SPECIAL PROGRAMS FUND BALANCE

Special Programs Fund ending balance of \$23.3 million for FY 2025/26 primarily represents the following individual ending fund balances: \$7.5 million for City Court; \$2.5 million for Enterprise Operations; \$0.9 million for Fire Department; \$4.4 million for Library and Human Services; \$0.5 million for Parks and Recreation and Preserve; \$5.3 million for Planning and Development Services; \$1.8 million for Police Department; \$0.4 million for Transportation and Infrastructure Department.

FY 2021/22 to FY 2027/28 (in millions)

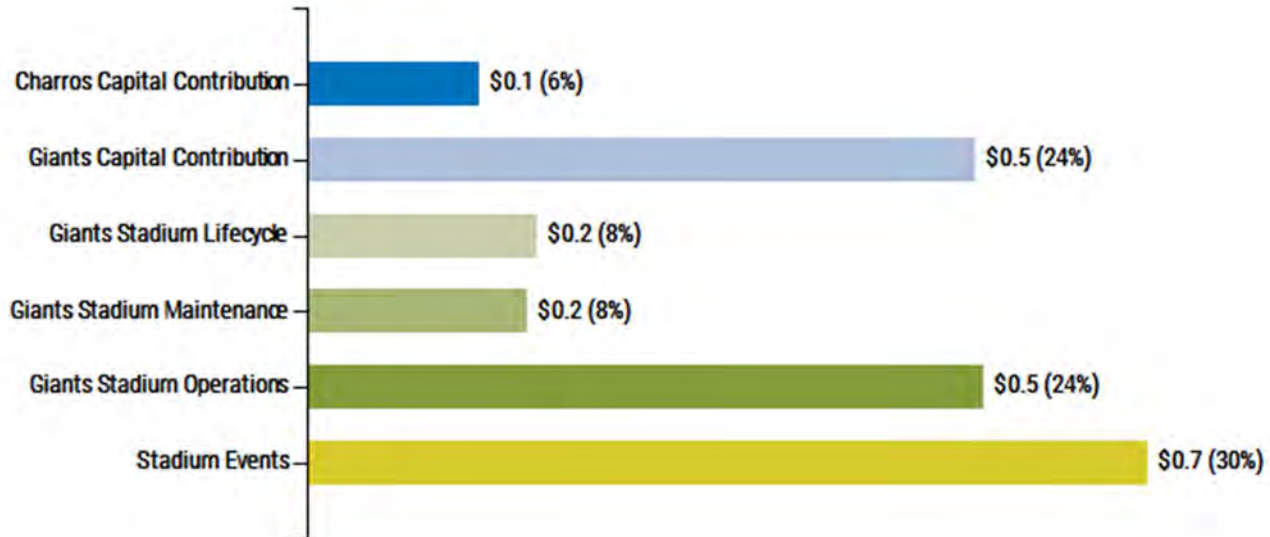


FORECAST BUDGET ACTUAL/FORECAST*

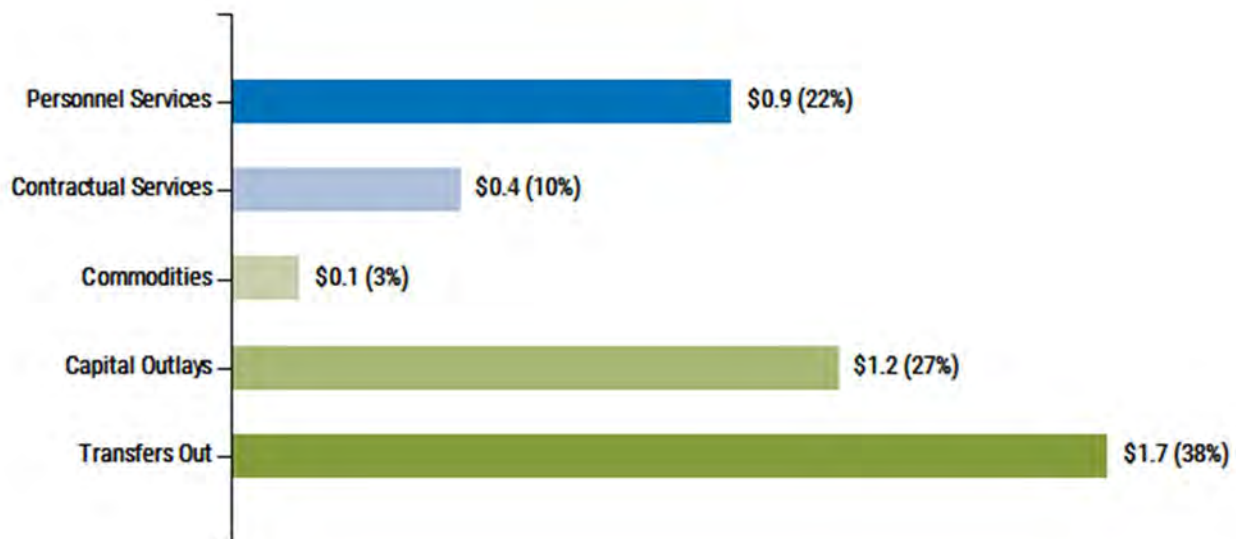
FUND PURPOSE

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

Stadium Facility Fund Sources (% to Total) \$2.2 Million



Stadium Facility Fund Uses (% to Total) \$4.3 Million



BUDGET BY FUND | Stadium Facility Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Stadium Lifecycle	3,094,822	3,104,069	3,113,493	3,171,456
Stadium Facility Fund Balance	2,012,457	2,641,458	2,004,582	2,805,765
Total Beginning Fund Balance	5,107,279	5,745,527	5,118,075	5,977,221
Revenues				
Charros Capital Contribution	135,000	135,000	135,000	135,000
Giants Capital Contribution ^(a)	-	525,000	525,000	525,000
Giants Stadium Lifecycle	144,844	187,963	187,963	180,265
Giants Stadium Maintenance	173,765	176,399	176,399	172,500
Giants Stadium Operations	485,852	531,790	531,790	531,710
Stadium Events	737,560	697,000	697,000	660,598
<i>Subtotal</i>	<i>1,677,021</i>	<i>2,253,152</i>	<i>2,253,152</i>	<i>2,205,073</i>
Total Sources	1,677,021	2,253,152	2,253,152	2,205,073
Expenditures				
Personnel Services	295,381	280,089	280,089	947,340
Contractual Services	484,019	253,238	253,238	434,289
Commodities	99,110	70,679	70,679	129,141
Capital Outlays ^(b)	127,715	1,050,000	130,000	1,150,000
<i>Subtotal</i>	<i>1,006,225</i>	<i>1,654,006</i>	<i>734,006</i>	<i>2,660,770</i>
TOTAL OPERATING BUDGET	1,006,225	1,654,006	734,006	2,660,770
Transfers Out				
CIP ^(c)	-	-	-	1,000,000
Debt Service MPC Bonds	660,000	660,000	660,000	660,000
<i>Subtotal</i>	<i>660,000</i>	<i>660,000</i>	<i>660,000</i>	<i>1,660,000</i>
Total Uses	1,666,225	2,314,006	1,394,006	4,320,770
Sources Over/(Under) Uses	10,796	(60,854)	859,146	(2,115,697)
Ending Fund Balance				
Stadium Lifecycle	3,113,493	2,242,032	3,171,456	2,201,721
Stadium Facility Fund Balance	2,004,582	3,442,641	2,805,765	1,659,803
Total Ending Fund Balance	5,118,075	5,684,673	5,977,221	3,861,524

(a) FY 2023/24 Giants Capital Contribution was received in FY 2024/25.

(b) FY 2025/26 Capital Outlays for Stadium Sound Replacement and Upgrade.

(c) Transfer to CIP for Stadium Center Field and Gate A Improvements capital project.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Stadium Lifecycle	3,171,456	2,201,721	1,631,221	1,717,121	1,543,221
Stadium Facility Fund Balance	2,805,765	1,659,803	1,509,903	1,287,903	1,142,103
Total Beginning Fund Balance	5,977,221	3,861,524	3,141,124	3,005,024	2,685,324
Revenues					
Charros Capital Contribution	135,000	135,000	135,000	135,000	135,000
Giants Capital Contribution ^(a)	525,000	525,000	525,000	600,000	600,000
Giants Stadium Lifecycle	180,265	179,500	175,900	176,100	182,800
Giants Stadium Maintenance	172,500	175,900	179,400	183,000	186,700
Giants Stadium Operations	531,710	542,200	553,000	564,100	575,500
Stadium Events	660,598	672,800	685,200	697,900	710,900
Subtotal	2,205,073	2,230,400	2,253,500	2,356,100	2,390,900
Total Sources	2,205,073	2,230,400	2,253,500	2,356,100	2,390,900
Expenditures					
Personnel Services	947,340	995,600	1,081,900	1,095,300	1,148,700
Contractual Services	434,289	444,100	454,500	464,900	475,700
Commodities	129,141	101,100	103,200	105,600	108,000
Capital Outlays ^(b)	1,150,000	750,000	90,000	350,000	350,000
Subtotal	2,660,770	2,290,800	1,729,600	2,015,800	2,082,400
TOTAL OPERATING BUDGET	2,660,770	2,290,800	1,729,600	2,015,800	2,082,400
Transfers Out					
CIP ^(c)	1,000,000	-	-	-	-
Debt Service MPC Bonds	660,000	660,000	660,000	660,000	660,000
Subtotal	1,660,000	660,000	660,000	660,000	660,000
Total Uses	4,320,770	2,950,800	2,389,600	2,675,800	2,742,400
Sources Over/(Under) Uses	(2,115,697)	(720,400)	(136,100)	(319,700)	(351,500)
Ending Fund Balance					
Stadium Lifecycle	2,201,721	1,631,221	1,717,121	1,543,221	1,376,021
Stadium Facility Fund Balance	1,659,803	1,509,903	1,287,903	1,142,103	957,803
Total Ending Fund Balance	3,861,524	3,141,124	3,005,024	2,685,324	2,333,824

(a) FY 2023/24 Giants Capital Contribution was received in FY 2024/25.

(b) FY 2025/26 Capital Outlays for Stadium Sound Replacement and Upgrade.

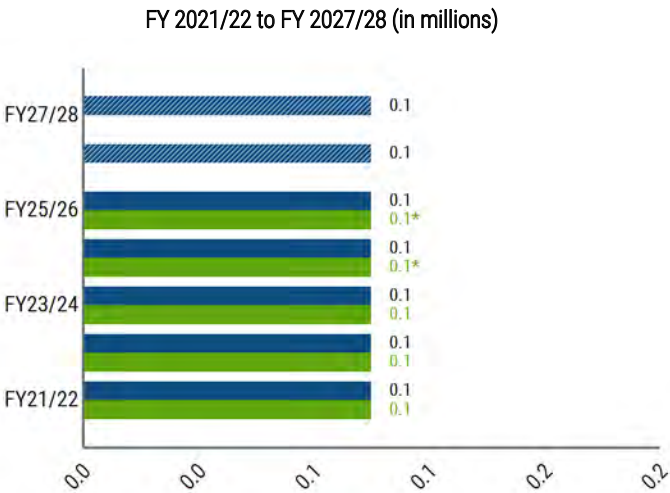
(c) Transfer to CIP for Stadium Center Field and Gate A Improvements capital project.

STADIUM FACILITY FUND SOURCES

The Stadium Facility Fund sources for FY 2025/26 are budgeted at \$2.2 million, a decrease of \$0.1 million from the FY 2024/25 adopted budget.

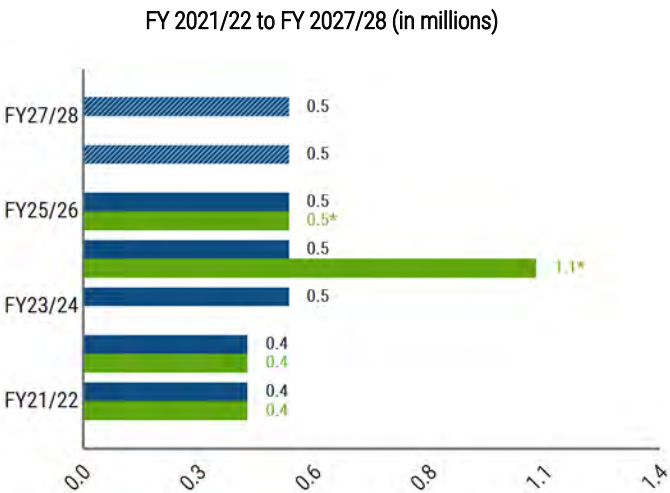
CHARROS CAPITAL CONTRIBUTION

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



GIANTS CAPITAL CONTRIBUTION

Giants Capital Contribution represents the San Francisco Giants organization's annual contractual contribution, which is used for debt service to help fund the stadium rehabilitation and improvement projects. Per the baseball facilities agreement, the contribution rate went up to \$0.5 million starting in FY 2023/24, and will increase to \$0.6 million starting in FY 2028/29 until the end of the contract. Actual revenue for FY 2024/25 is higher than budgeted revenue due to the FY 2023/24 receipt being recorded in FY 2024/25.

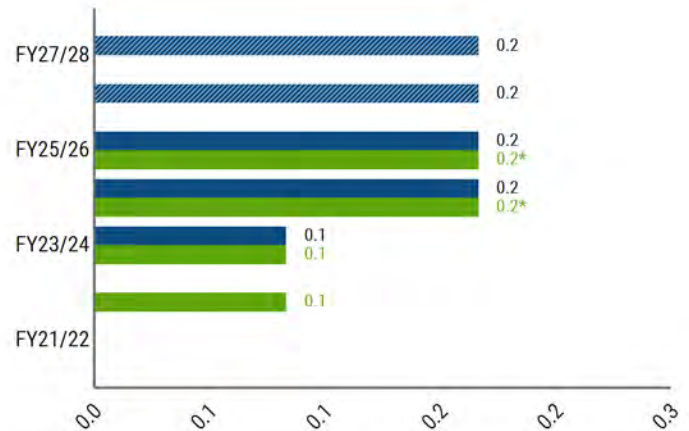


FORECAST BUDGET ACTUAL/FORECAST*

GIANTS STADIUM LIFECYCLE

The Giants Stadium Lifecycle revenue is used for the maintenance and operation of the stadium, lifecycle improvements, and small projects. Per the participation agreement, the San Francisco Giants would pay the city a \$0.1 million annual contribution for 20 years. In lieu of the annual payment, the Giants paid an up-front lifecycle contribution of \$2.5 million in FY 2020/21. The FY 2025/26 budgeted revenue amount of \$0.2 million is the estimated interest revenue the city expects to collect on the balance of the up-front lifecycle contribution.

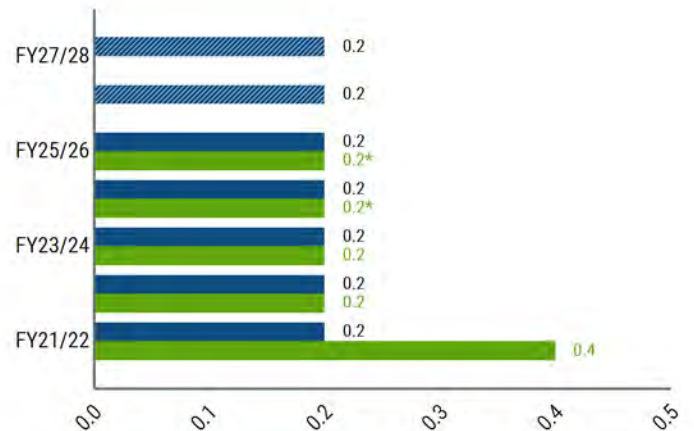
FY 2021/22 to FY 2027/28 (in millions)



GIANTS STADIUM MAINTENANCE

Giants Stadium Maintenance is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards maintaining the baseball facilities and minor facility improvement requested by the team. The portion paid by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2025/26 budgeted revenue is \$0.2 million. The actual revenue in FY 2021/22 also includes the FY 2020/21 payment due to timing of the receipt.

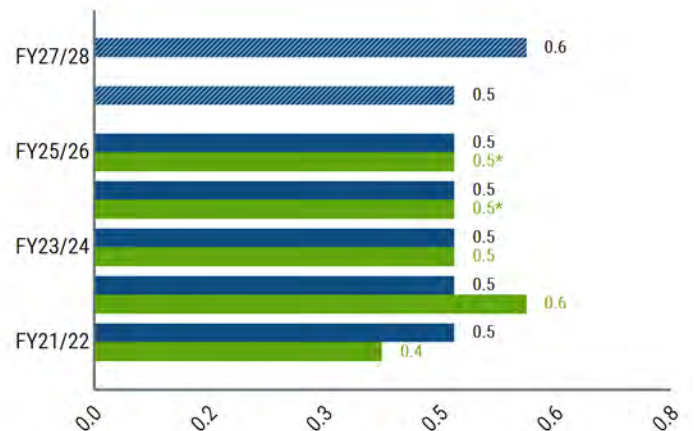
FY 2021/22 to FY 2027/28 (in millions)



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 by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2025/26 budgeted revenue is \$0.5 million.

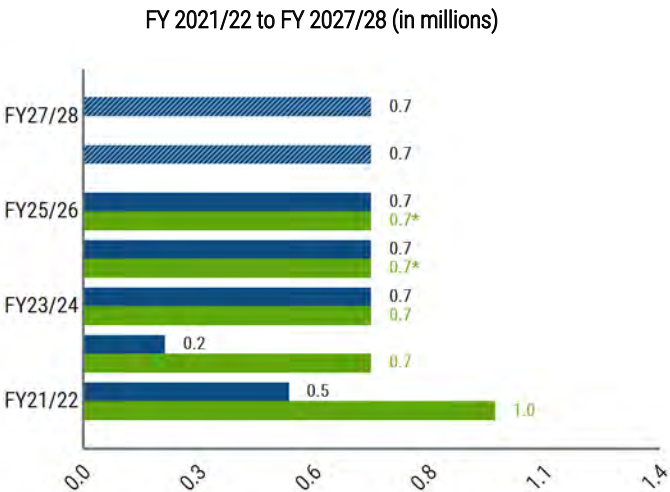
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

STADIUM EVENTS

Stadium Events represents revenue generated from the events held on the stadium campus. Events are held by a variety of different groups and organizations throughout the year and are held outside of the Giants exclusive use period. It includes stadium usage fees and the city's percentage of stadium concession revenues. The FY 2025/26 budgeted revenue is \$0.7 million.

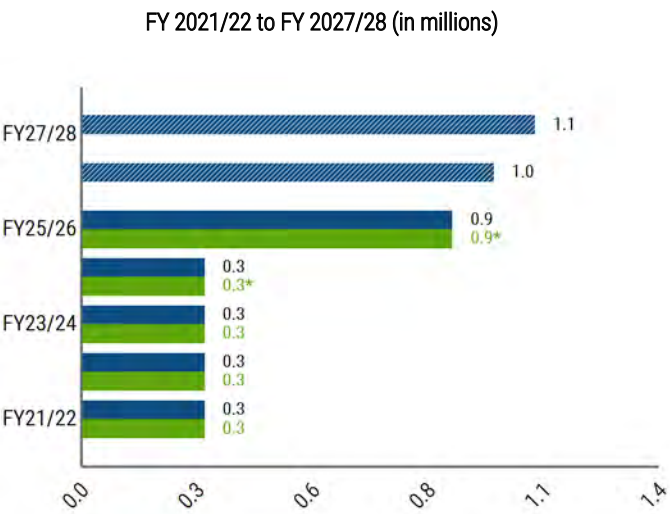


STADIUM FACILITY FUND USES

The Stadium Facility Fund uses include Personnel Services, Contracted Services, Commodities, Capital Outlays, Debt Service, and Transfers Out. Uses for FY 2025/26 are budgeted at \$4.3 million, an increase of \$2.0 million from the FY 2024/25 adopted budget due to shifting the stadium budget from the General Fund to the Stadium Facility Fund and a \$1.0 million transfer out to the CIP for capital improvements.

PERSONNEL SERVICES

Personnel Services includes the compensation paid to employees of the City of Scottsdale, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workmen's compensation insurance. The FY 2025/26 adopted budget amount is \$0.9 million, which is higher than prior years due to moving budget from the General Fund to the Stadium Facility Fund. The Stadium Facility Fund supports 17.90 full-time equivalent (FTE) positions.

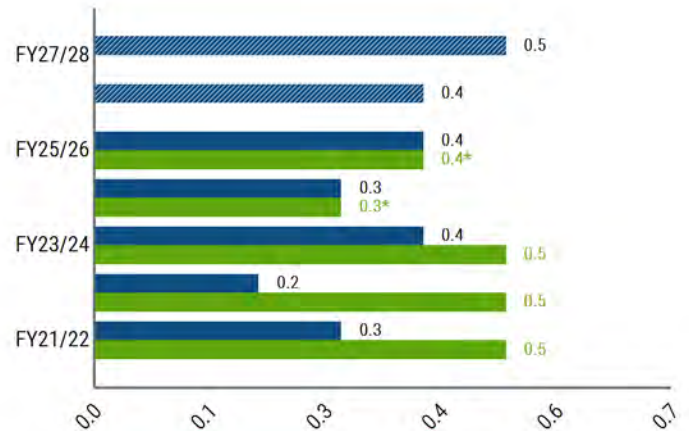


FORECAST BUDGET ACTUAL/FORECAST*

CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as custodial services, trash removal, and mowing. The FY 2025/26 adopted budget is \$0.4 million. The FY 2021/22 adopted budget is \$0.3 million.

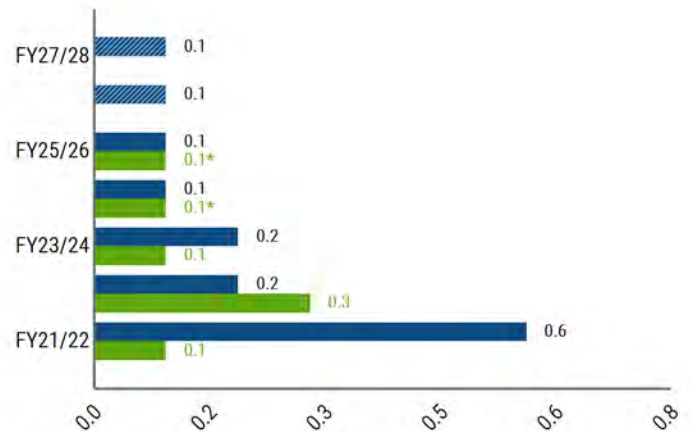
FY 2021/22 to FY 2027/28 (in millions)



COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The FY 2025/26 adopted budget is \$0.1 million. The FY 2021/22 adopted budget of \$0.6 million included one-time funding for the replacement of stadium seats planned for FY 2021/22, but delayed until FY 2022/23 as a result of supply chain challenges.

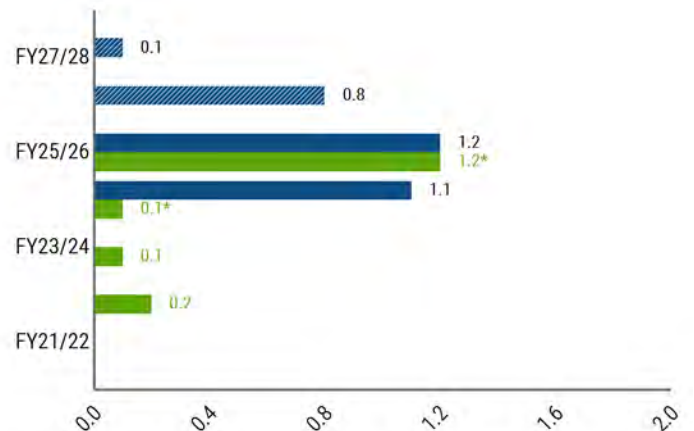
FY 2021/22 to FY 2027/28 (in millions)



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an initial individual cost greater than \$50,000, an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget of \$1.2 million provides one-time funding for stadium sound replacement and upgrade, which is an increase of \$0.1 million when compared to the FY 2024/25 budget. The project to reseal the Charro Lodge was completed in FY 2024/25 and the remaining unused budget was carried forward to FY 2025/26.

FY 2021/22 to FY 2027/28 (in millions)



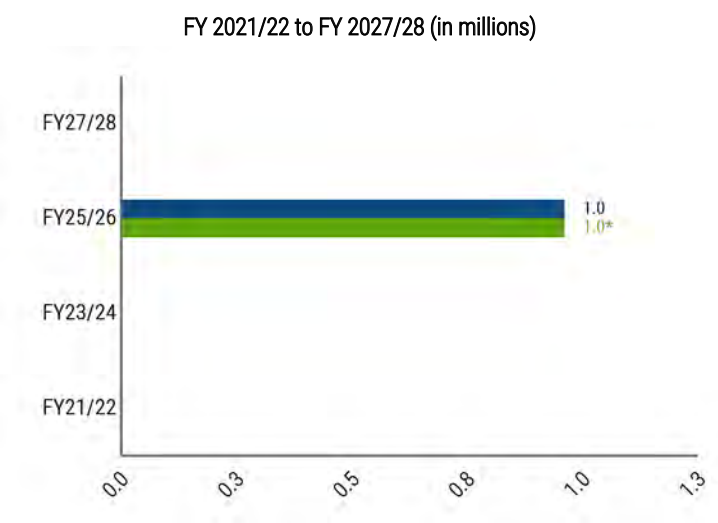
FORECAST BUDGET ACTUAL/FORECAST*

TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).

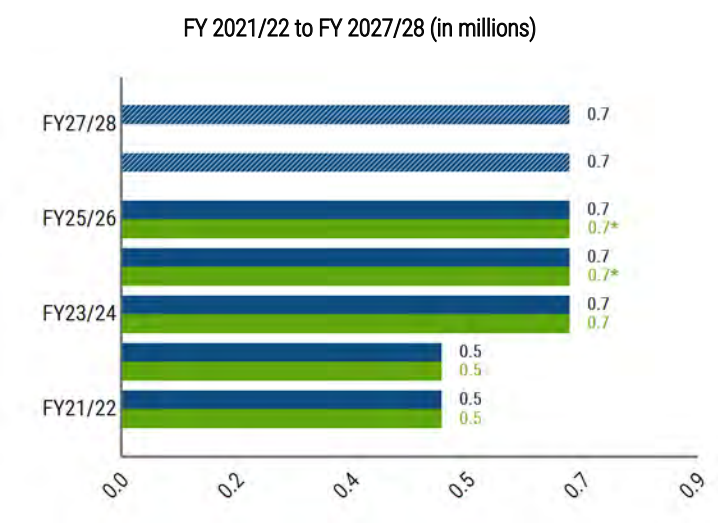
CIP

The FY 2025/26 budget transfers \$1.0 million to the CIP for the Stadium Center Field and Gate A Improvement capital project.



DEBT SERVICE MPC BONDS

Debt Service MPC Bonds accounts for annual contributions from the Giants and Charros to the Debt Service Fund to help support the stadium renovation projects. The annual contribution from the Giants increased in FY 2023/24. The FY 2025/26 adopted budget is \$0.7 million.

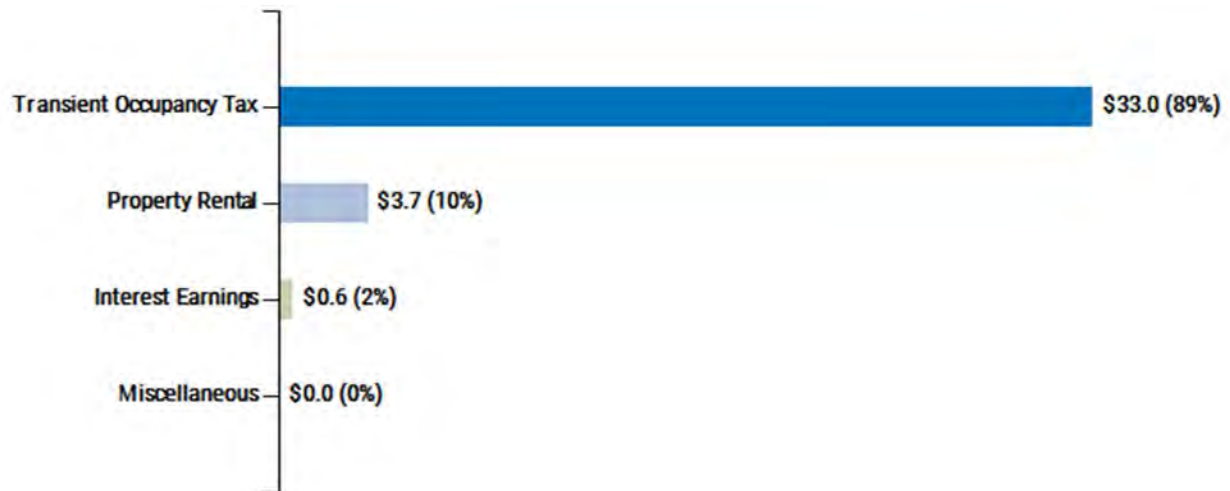


FORECAST BUDGET ACTUAL/FORECAST*

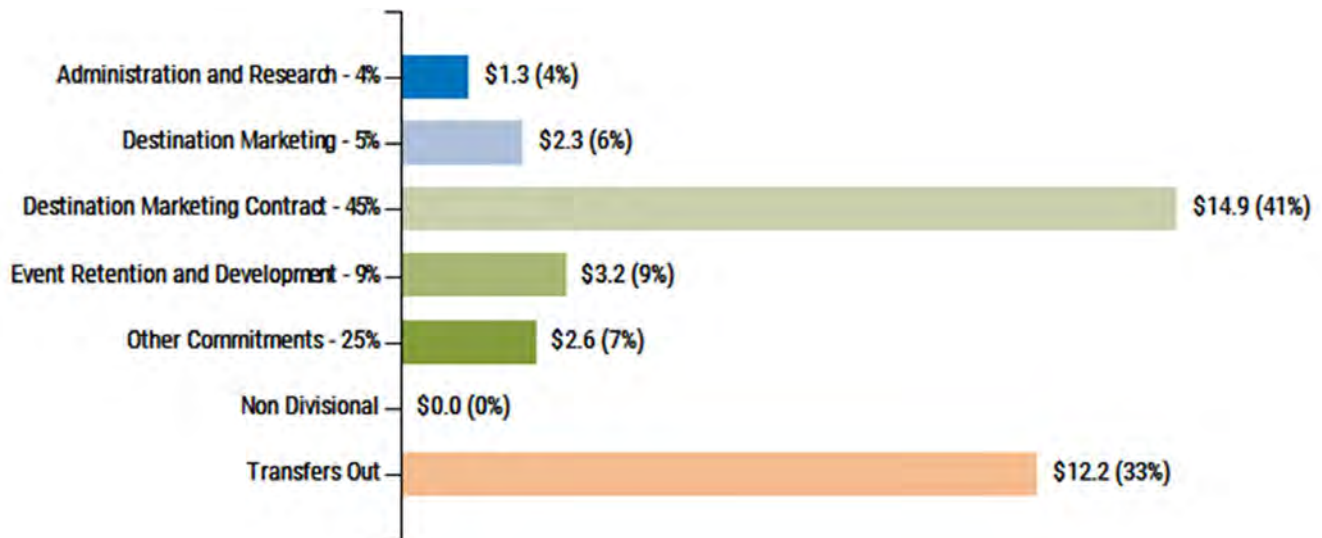
FUND PURPOSE

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

Tourism Development Fund Sources (% to Total) \$37.3 Million



Tourism Development Fund Uses (% to Total) \$36.4 Million



Rounding differences may occur.

BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Destination Marketing Fund Balance	7,276,338	6,026,858	5,713,284	6,221,667
Operating Contingency - Destination Marketing ^(a)	-	1,500,000	1,500,000	1,500,000
Operating Contingency - Non- Destination Marketing	2,500,000	2,500,000	2,500,000	2,500,000
Non Destination Marketing Fund Balance	11,538,505	5,819,310	7,927,637	4,491,716
Total Beginning Fund Balance	21,314,843	15,846,168	17,640,921	14,713,383
Revenues				
Transient Occupancy Tax	34,597,315	31,561,346	33,805,485	33,000,000
Property Rental	3,932,551	3,245,605	3,245,605	3,657,800
Interest Earnings	497,635	687,414	687,414	592,737
Miscellaneous	14,373	25,000	25,000	15,000
Subtotal	39,041,874	35,519,365	37,763,504	37,265,537
Transfers In				
CIP ^(b)	1,703,401	-	-	-
Operating ^(c)	-	-	1,000,000	-
Subtotal	1,703,401	-	1,000,000	-
Total Sources	40,745,275	35,519,365	38,763,504	37,265,537
Expenditures				
Destination Marketing Contract - 45%	15,576,628	14,202,606	15,212,468	14,850,000
Destination Marketing - 5% ^(d)	1,944,994	1,372,424	1,372,424	2,343,722
Administration and Research - 4%	903,082	1,260,657	1,263,284	1,318,641
Event Retention and Development - 9%	3,059,656	3,590,521	3,390,521	2,970,004
Other Commitments - 25% ^(e)	1,235,017	1,439,000	1,639,000	2,789,041
Subtotal	22,719,377	21,865,208	22,877,697	24,271,408
TOTAL OPERATING BUDGET	22,719,377	21,865,208	22,877,697	24,271,408
Transfers Out				
CIP ^(f)	8,876,199	6,450,000	7,750,000	1,676,263
Debt Svc MPC Bonds	4,982,379	4,974,787	4,974,787	4,985,387
Operating	3,689,565	2,031,900	2,031,900	1,533,800
GF Transfer - 12%	4,151,678	3,787,362	4,056,658	3,960,000
Subtotal	21,699,820	17,244,049	18,813,345	12,155,450
Total Uses	44,419,198	39,109,257	41,691,042	36,426,858
Sources Over/(Under) Uses	(3,673,923)	(3,589,892)	(2,927,538)	838,679
Ending Fund Balance				
Destination Marketing Fund Balance	7,213,284	6,423,034	6,221,667	5,732,653
Operating Contingency - Destination Marketing ^(a)	-	1,500,000	1,500,000	1,500,000
Operating Contingency - Non- Destination Marketing	2,500,000	2,500,000	2,500,000	2,500,000
Non-Destination Marketing Fund Balance	7,927,637	1,833,242	4,491,716	5,819,409
Total Ending Fund Balance	17,640,921	12,256,276	14,713,383	15,552,062

^(a) A \$1.5 million Operating Contingency was established in FY 2024/25 to provide budget authorization in the event of unforeseen expenses occurring during the year.

^(b) In FY 2023/24, savings from the WestWorld Tent Refurbishment capital project were transferred back to the original funding source.

^(c) FY 2024/25 includes the return of a prior transfer out to Facilities for the Arizona State Route 101 Traffic Interchange project which was transferred out to the CIP instead.

^(d) Spending in excess of the five percent calculated amount is intended to utilize existing fund balance for one-time items.

^(e) Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for Operating, Capital, and Transfer Out uses. Please note that portions of the Transfers Out category compose the other areas of the 25 percent allocation.

^(f) Per Financial Policy 10.02, the 25 percent for Other Commitments cannot have a single commitment exceed \$600,000, unless approved by council. The CIP Transfers Out contains a project that exceeds \$600,000. Adoption of the budget would serve as approval by council in compliance with Policy 10.02.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Destination Marketing Fund Balance	6,221,667	5,732,653	5,562,053	5,426,553	5,353,353
Operating Contingency - Destination Marketing ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Operating Contingency - Non- Destination Marketing	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Non Destination Marketing Fund Balance	4,491,716	5,819,409	7,391,409	9,513,309	14,345,509
Total Beginning Fund Balance	14,713,383	15,552,062	16,953,462	18,939,862	23,698,862
Revenues					
Transient Occupancy Tax	33,000,000	33,726,000	34,737,800	35,953,600	37,391,800
Property Rental	3,657,800	3,749,200	3,843,000	3,958,300	4,077,000
Interest Earnings	592,737	581,200	552,000	534,600	535,500
Miscellaneous	15,000	15,000	15,000	15,000	15,000
Subtotal	37,265,537	38,071,400	39,147,800	40,461,500	42,019,300
Transfers In					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	37,265,537	38,071,400	39,147,800	40,461,500	42,019,300
Expenditures					
Destination Marketing Contract - 45%	14,850,000	15,176,700	15,632,000	16,179,100	16,826,300
Destination Marketing - 5% ^(b)	2,343,722	2,060,800	2,072,600	2,071,800	2,078,800
Administration and Research - 4%	1,318,641	1,346,200	1,384,800	1,432,700	1,488,700
Event Retention and Development - 9%	2,970,004	3,035,400	3,126,400	3,235,800	3,365,300
Other Commitments - 25% ^(c)	2,789,041	2,725,800	2,125,800	1,925,800	1,925,900
Subtotal	24,271,408	24,344,900	24,341,600	24,845,200	25,685,000
TOTAL OPERATING BUDGET	24,271,408	24,344,900	24,341,600	24,845,200	25,685,000
Transfers Out					
CIP ^(d)	1,676,263	1,771,500	2,125,800	-	-
Debt Svc MPC Bonds	4,985,387	4,972,200	4,990,800	5,008,200	4,127,200
Operating	1,533,800	1,534,280	1,534,664	1,534,668	534,684
GF Transfer - 12%	3,960,000	4,047,120	4,168,536	4,314,432	4,487,016
Subtotal	12,155,450	12,325,100	12,819,800	10,857,300	9,148,900
Total Uses	36,426,858	36,670,000	37,161,400	35,702,500	34,833,900
Sources Over/(Under) Uses	838,679	1,401,400	1,986,400	4,759,000	7,185,400
Ending Fund Balance					
Destination Marketing Fund Balance	5,732,653	5,562,053	5,426,553	5,353,353	5,352,553
Operating Contingency - Destination Marketing ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Operating Contingency - Non- Dest. Marketing	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Non Destination Marketing Fund Balance	5,819,409	7,391,409	9,513,309	14,345,509	21,531,709
Total Ending Fund Balance	15,552,062	16,953,462	18,939,862	23,698,862	30,884,262

^(a) A \$1.5 million Operating Contingency was established in FY 2024/25 to provide budget authorization in the event of unforeseen expenses occurring during the year.

^(b) Spending in excess of the five percent calculated amount is intended to utilize existing fund balance for one-time items.

^(c) Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for Operating, Capital, and Transfer Out uses. Please note that portions of the Transfers Out category compose the other areas of the 25 percent allocation.

^(d) Per Financial Policy 10.02, the 25 percent for Other Commitments cannot have a single commitment exceed \$600,000, unless approved by council. The CIP Transfers Out contains a project that exceeds \$600,000. Adoption of the budget would serve as approval by council in compliance with Policy 10.02.

BUDGET BY FUND | Tourism Development Fund - Destination Marketing

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Destination Marketing	7,276,338	6,026,858	5,713,284	6,221,667
Operating Contingency ^(a)	-	1,500,000	1,500,000	1,500,000
Total Beginning Fund Balance	7,276,338	7,526,858	7,213,284	7,721,667
Revenues				
Transient Occupancy Tax	17,298,658	15,780,673	16,902,742	16,500,000
Interest Earnings	159,909	190,533	190,533	204,708
Subtotal	17,458,567	15,971,206	17,093,275	16,704,708
Total Sources	17,458,567	15,971,206	17,093,275	16,704,708
Expenditures				
Destination Marketing Contract - 45%	15,576,628	14,202,606	15,212,468	14,850,000
Destination Marketing - 5% ^(b)	1,944,994	1,372,424	1,372,424	2,343,722
Subtotal	17,521,621	15,575,030	16,584,892	17,193,722
 TOTAL OPERATING BUDGET	 17,521,621	 15,575,030	 16,584,892	 17,193,722
Total Uses	17,521,621	15,575,030	16,584,892	17,193,722
Sources Over/(Under) Uses	(63,054)	396,176	508,383	(489,014)
Ending Fund Balance				
Destination Marketing	7,213,284	6,423,034	6,221,667	5,732,653
Operating Contingency ^(a)	-	1,500,000	1,500,000	1,500,000
Total Ending Fund Balance	7,213,284	7,923,034	7,721,667	7,232,653

^(a) A \$1.5 million Operating Contingency was established in FY 2024/25 to provide budget authorization in the event of unforeseen expenses occurring during the year.

^(b) Spending in excess of the five percent calculated amount is intended to utilize existing fund balance for one-time items.

BUDGET BY FUND | Tourism Development Fund - Destination Marketing

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Destination Marketing	6,221,667	5,732,653	5,562,053	5,426,553	5,353,353
Operating Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Beginning Fund Balance	7,721,667	7,232,653	7,062,053	6,926,553	6,853,353
Revenues					
Transient Occupancy Tax	16,500,000	16,863,000	17,368,900	17,976,800	18,695,900
Interest Earnings	204,708	203,900	200,200	200,900	208,400
Subtotal	16,704,708	17,066,900	17,569,100	18,177,700	18,904,300
Total Sources	16,704,708	17,066,900	17,569,100	18,177,700	18,904,300
Expenditures					
Destination Marketing Contract - 45%	14,850,000	15,176,700	15,632,000	16,179,100	16,826,300
Destination Marketing - 5% ^(b)	2,343,722	2,060,800	2,072,600	2,071,800	2,078,800
Subtotal	17,193,722	17,237,500	17,704,600	18,250,900	18,905,100
TOTAL OPERATING BUDGET	17,193,722	17,237,500	17,704,600	18,250,900	18,905,100
Total Uses	17,193,722	17,237,500	17,704,600	18,250,900	18,905,100
Sources Over/(Under) Uses	(489,014)	(170,600)	(135,500)	(73,200)	(800)
Ending Fund Balance					
Destination Marketing	5,732,653	5,562,053	5,426,553	5,353,353	5,352,553
Operating Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Ending Fund Balance	7,232,653	7,062,053	6,926,553	6,853,353	6,852,553

^(a) A \$1.5 million Operating Contingency was established in FY 2024/25 to provide budget authorization in the event of unforeseen expenses occurring during the year.

^(b) Spending in excess of the five percent calculated amount is intended to utilize existing fund balance for one-time items.

BUDGET BY FUND | Tourism Development Fund - Non-Destination Marketing

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Non-Destination Marketing Fund Balance	11,538,505	5,819,310	7,927,637	4,491,716
Total Beginning Fund Balance	14,038,505	8,319,310	10,427,637	6,991,716
Revenues				
Transient Occupancy Tax ^(a)	17,298,657	15,780,673	16,902,743	16,500,000
Property Rental	3,932,551	3,245,605	3,245,605	3,657,800
Interest Earnings	337,726	496,881	496,881	388,029
Miscellaneous	14,373	25,000	25,000	15,000
Subtotal	21,583,307	19,548,159	20,670,229	20,560,829
Transfers In				
CIP ^(b)	1,703,401	-	-	-
Operating ^(c)	-	-	1,000,000	-
Subtotal	1,703,401	-	1,000,000	-
Total Sources	23,286,708	19,548,159	21,670,229	20,560,829
Expenditures				
Administration and Research - 4%	903,082	1,260,657	1,263,284	1,318,641
Event Retention and Development - 9%	2,309,656	2,840,521	2,640,521	2,970,004
Other Commitments - 25% ^(d)	1,985,017	2,189,000	2,389,000	2,789,041
Subtotal	5,197,756	6,290,178	6,292,805	7,077,686
TOTAL OPERATING BUDGET	5,197,756	6,290,178	6,292,805	7,077,686
Transfers Out				
CIP ^(e)	8,876,199	6,450,000	7,750,000	1,676,263
Debt Service MPC Bonds	4,982,379	4,974,787	4,974,787	4,985,387
Operating	3,689,565	2,031,900	2,031,900	1,533,800
GF Transfer - 12%	4,151,678	3,787,362	4,056,658	3,960,000
Subtotal	21,699,820	17,244,049	18,813,345	12,155,450
Total Uses	26,897,577	23,534,227	25,106,150	19,233,136
Sources Over/(Under) Uses	(3,610,868)	(3,986,068)	(3,435,921)	1,327,693
Ending Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Non-Destination Marketing Fund Balance	7,927,637	1,833,242	4,491,716	5,819,409
Total Ending Fund Balance	10,427,637	4,333,242	6,991,716	8,319,409

^(a) The Non-Destination Marketing plan composes 50 percent of the Transient Occupancy Tax Revenues. Please note that the 4 percent, 9 percent, 25 percent, and 12 percent are calculated off of 100 percent of Transient Occupancy Tax Revenues.

^(b) In FY 2023/24, savings from the WestWorld Tent Refurbishment capital project were transferred back to the original funding source.

^(c) FY 2024/25 includes the return of a prior Transfer Out to Facilities for the Arizona State Route 101 Traffic Interchange project which was transferred out to the CIP instead.

^(d) Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for Operating, Capital, and Transfer Out uses. Please note that portions of the Transfers Out category compose the other areas of the 25 percent allocation.

^(e) Per Financial Policy 10.02, the 25 percent for Other Commitments cannot have a single commitment exceed \$600,000, unless approved by council. The CIP Transfers Out contains a project that exceeds \$600,000. Adoption of the budget serves as approval by council in compliance with Policy 10.02.

BUDGET BY FUND | Tourism Development Fund - Non-Destination Marketing

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Non-Destination Marketing Fund Balance	4,491,716	5,819,409	7,391,409	9,513,309	14,345,509
Total Beginning Fund Balance	6,991,716	8,319,409	9,891,409	12,013,309	16,845,509
Revenues					
Transient Occupancy Tax ^(a)	16,500,000	16,863,000	17,368,900	17,976,800	18,695,900
Property Rental	3,657,800	3,749,200	3,843,000	3,958,300	4,077,000
Interest Earnings	388,029	377,300	351,800	333,700	327,100
Miscellaneous	15,000	15,000	15,000	15,000	15,000
Subtotal	20,560,829	21,004,500	21,578,700	22,283,800	23,115,000
Transfers In					
CIP ^(b)	-	-	-	-	-
Operating ^(c)	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	20,560,829	21,004,500	21,578,700	22,283,800	23,115,000
Expenditures					
Administration and Research - 4%	1,318,641	1,346,200	1,384,800	1,432,700	1,488,700
Event Retention and Development - 9%	2,970,004	3,035,400	3,126,400	3,235,800	3,365,300
Other Commitments - 25% ^(b)	2,789,041	2,725,800	2,125,800	1,925,800	1,925,900
Subtotal	7,077,686	7,107,400	6,637,000	6,594,300	6,779,900
TOTAL OPERATING BUDGET	7,077,686	7,107,400	6,637,000	6,594,300	6,779,900
Transfers Out					
CIP ^(c)	1,676,263	1,771,500	2,125,800	-	-
Debt Service MPC Bonds	4,985,387	4,972,200	4,990,800	5,008,200	4,127,200
Operating	1,533,800	1,534,280	1,534,664	1,534,668	534,684
GF Transfer - 12%	3,960,000	4,047,120	4,168,536	4,314,432	4,487,016
Subtotal	12,155,450	12,325,100	12,819,800	10,857,300	9,148,900
Total Uses	19,233,136	19,432,500	19,456,800	17,451,600	15,928,800
Sources Over/(Under) Uses	1,327,693	1,572,000	2,121,900	4,832,200	7,186,200
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Non-Destination Marketing Fund Balance	5,819,409	7,391,409	9,513,309	14,345,509	21,531,709
Total Ending Fund Balance	8,319,409	9,891,409	12,013,309	16,845,509	24,031,709

^(a) The Non-Destination Marketing plan composes 50 percent of the Transient Occupancy Tax Revenues. Please note that the 4 percent, 9 percent, 25 percent, and 12 percent are calculated off of 100 percent of Transient Occupancy Tax Revenues.

^(b) Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for Operating, Capital, and Transfer Out uses. Please note that portions of the Transfers Out category compose the other areas of the 25 percent allocation.

^(c) Per Financial Policy 10.02, the 25 percent for Other Commitments cannot have a single commitment exceed \$600,000, unless approved by council. The CIP Transfers Out contains a project that exceeds \$600,000. Adoption of the budget serves as approval by council in compliance with Policy 10.02.

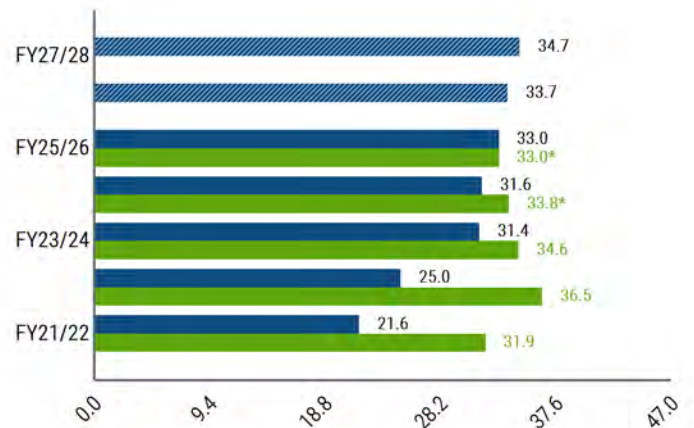
TOURISM DEVELOPMENT FUND SOURCES

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

TRANSIENT OCCUPANCY TAX

Transient Occupancy Tax reflects a voter-approved tax of five percent on hotel and motel room rentals, as well as on short-term rentals, in addition to the sales tax. The FY 2025/26 budgeted revenue of \$33.0 million is \$1.4 million higher than the FY 2024/25 amount. Future years' budgets assume a return to pre-pandemic trends while accounting for the impact of inflation in room rates.

FY 2021/22 to FY 2027/28 (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 pays a rate of 2.0 percent of the adjusted gross revenue above \$100.0 million in addition to a set amount of \$1.5 million annually through the end of the lease. The FY 2025/26 Property Rental budgeted revenue of \$3.7 million is \$0.5 million higher than the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

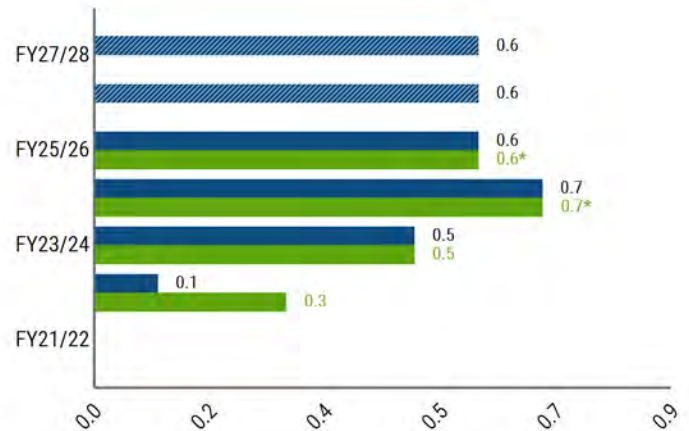


FORECAST BUDGET ACTUAL/FORECAST*

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 \$0.6 million in FY 2025/26.

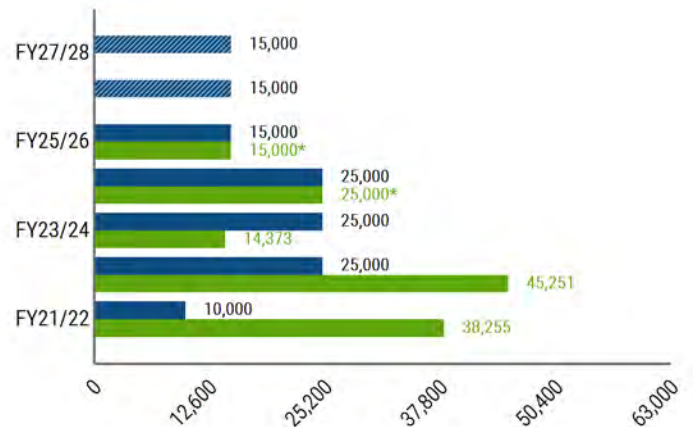
FY 2021/22 to FY 2027/28 (in millions)



MISCELLANEOUS

Miscellaneous includes additional sources that may be collected and are not attributable to one of the specific sources previously noted. Beginning in FY 2021/22, a series of micro-events are offered for Scottsdazzle. The FY 2025/26 Miscellaneous budgeted revenue is set at \$15,000.

FY 2021/22 to FY 2027/28

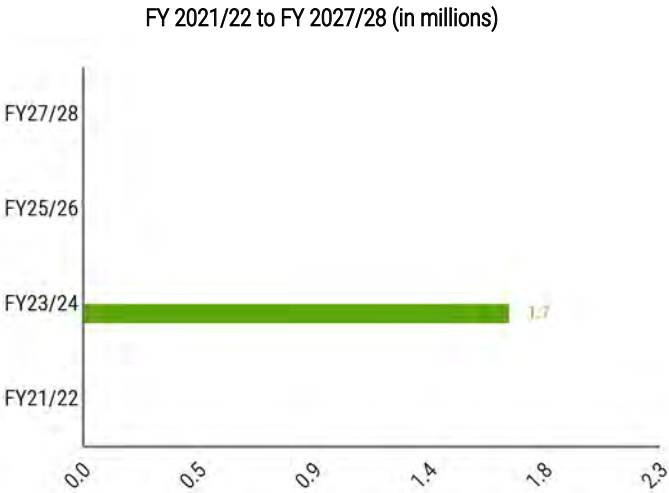


TRANSFERS IN

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

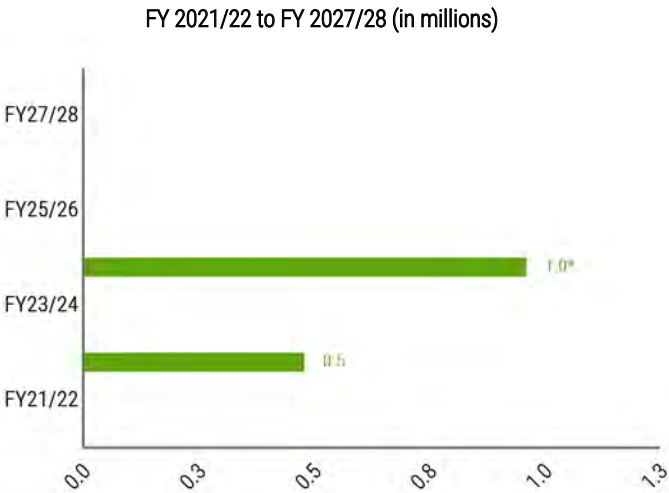
CIP

Transfers In from the Capital Improvement Plan (CIP) include remaining funds from completed capital projects that were transferred back to the Tourism Development Fund operating budget. The FY 2023/24 CIP Transfers In correspond to the savings in the WestWorld Tent Refurbishment capital project that were transferred to the original funding source.



OPERATING

Operating Transfers In are composed of non-capital funding being transferred between funds. The FY 2024/25 actual of \$1.0 million represents a transfer in to correct funding that was improperly transferred out to the General Fund for a public art wall painting at State Route 101. The corresponding transfer out can be seen under the Transfer Out section.



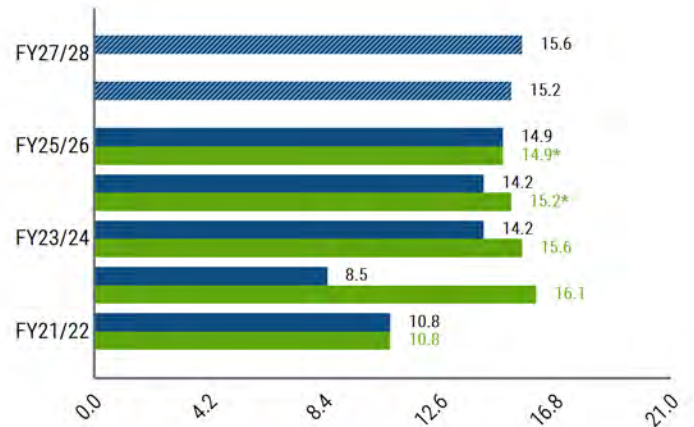
TOURISM DEVELOPMENT FUND USES

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

DESTINATION MARKETING - 45%

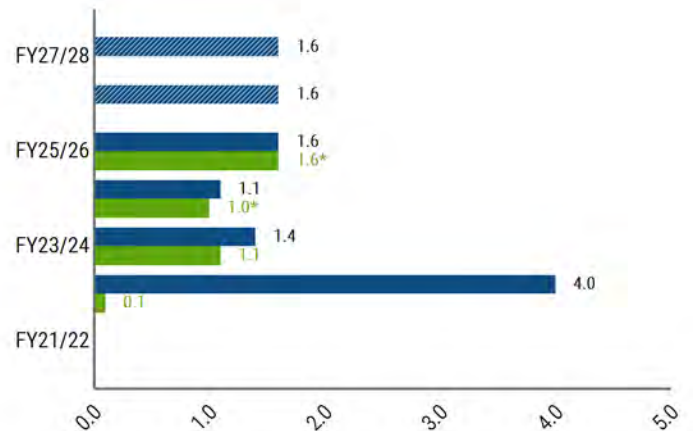
Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Prior to FY 2022/23, the totality of this allocation was utilized through a contract with Experience Scottsdale. Beginning in FY 2022/23, per the new Experience Scottsdale Destination Marketing Services Agreement approved by City Council on June 21, 2022, the payment to Experience Scottsdale will be equal to 45 percent of Bed Tax collections. The FY 2025/26 adopted budget of \$14.9 million is an increase of \$0.7 million compared to the FY 2024/25 adopted budget. See Destination Marketing schedule for further detail.

FY 2021/22 to FY 2027/28 (in millions)

**DESTINATION MARKETING - 5%**

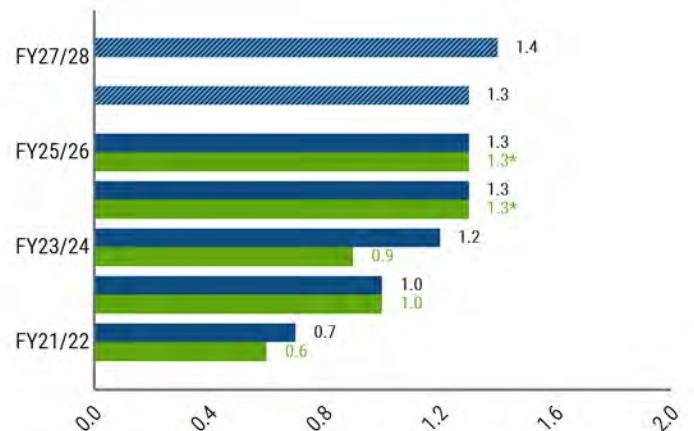
Destination Marketing - 5% is the portion of bed tax allocated for destination marketing per Financial Policy No. 10 that is used for in-house destination marketing efforts. The FY 2025/26 budget is \$1.6 million, which is an increase of \$0.5 million from the FY 2024/25 adopted budget. The increase is largely due to the budgeted use of accumulated fund balance for one-time items in FY 2025/26. See Destination Marketing schedule for further detail.

FY 2021/22 to FY 2027/28 (in millions)

**ADMINISTRATION AND RESEARCH - 4%**

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 2025/26 adopted budget of \$1.3 million is flat when compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

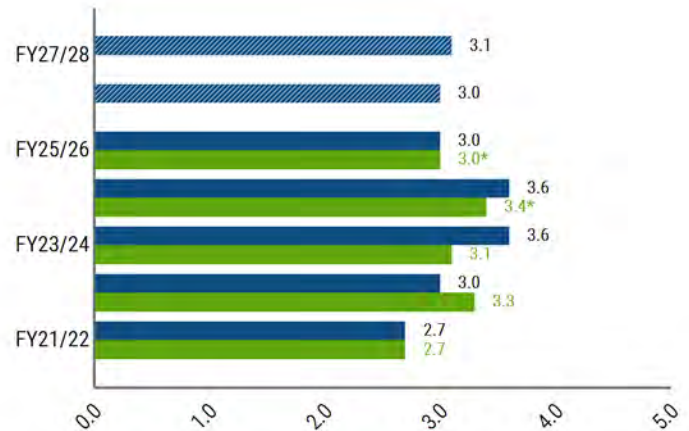


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

EVENT RETENTION AND DEVELOPMENT - 9%

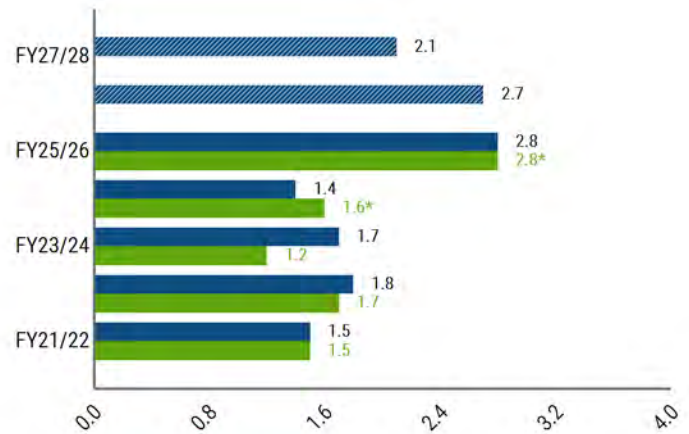
Per Financial Policy No. 10, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated towards four programs: new event development, community events, matching marketing and event venue fee. The FY 2025/26 adopted budget of \$3.0 million is a decrease of \$0.6 million compared to the FY 2024/25 adopted budget mainly due to the reclassification of Canal Convergence funding, now being housed under the Other Commitments - 25%.

FY 2021/22 to FY 2027/28 (in millions)

**OTHER COMMITMENTS - 25%**

Financial Policy No. 10 allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Resort, 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 commitments or multi-year annual commitments, not to exceed \$0.6 million per project unless otherwise approved by City Council. The FY 2025/26 adopted budget of \$2.8 million includes: 1) \$0.8 million for Canal Convergence; 2) \$0.2 million for seasonal and special events; 3) \$1.3 million of operating and one-time capital funding for the Museum of the West; 4) \$0.3 million of funding for Tourism Strategic Plan support; and 5) \$0.1 million to purchase signage and kiosks for Historic Old Town Scottsdale.

FY 2021/22 to FY 2027/28 (in millions)

**TRANSFERS OUT**

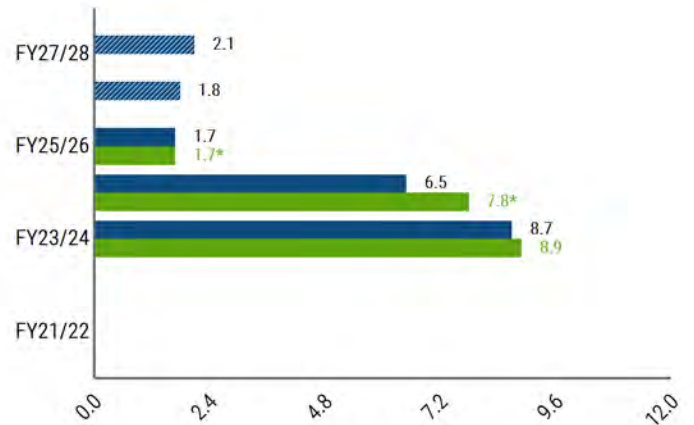
Transfers Out is the authorized movements of cash or other resources to other funds and/or capital projects. The total amount of Transfers Out for FY 2025/26 is \$12.2 million. More specific information is detailed below.

FORECAST BUDGET ACTUAL/FORECAST*

CIP

The FY 2025/26 \$1.7 million budget includes transfers to the CIP to fund the following capital projects: 1) 45 - Renovate WestWorld Horse Barns to Increase Rentable Space (\$1.5 million); and 2) McCormick-Stillman Railroad Park Signage (\$0.2 million).

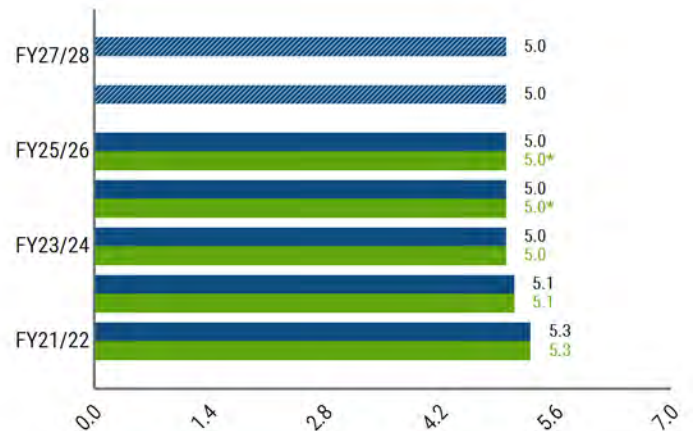
FY 2021/22 to FY 2027/28 (in millions)



DEBT SERVICE MPC BONDS

Debt Service 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 2025/26 adopted budget is \$5.0 million.

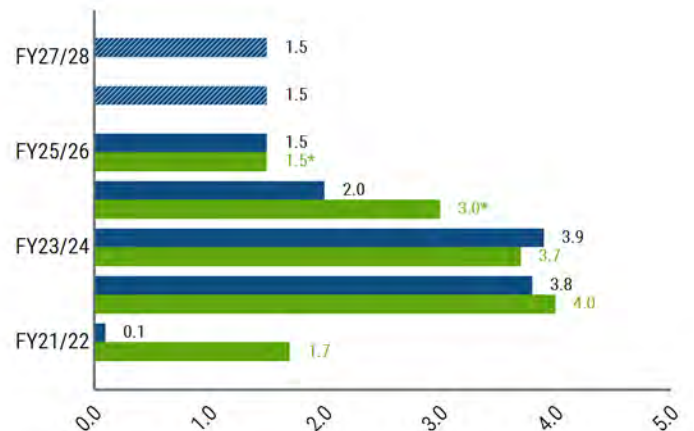
FY 2021/22 to FY 2027/28 (in millions)



OPERATING

Operating Transfers Out for FY 2025/26 adopted budget is \$1.5 million for the following: 1) \$0.5 million for operational support at WestWorld; 2) \$1.0 million for the payback to the General Fund for the \$5.0 million contribution for the Scottsdale Stadium Renovations Phase 2; 3) \$25,000 to support the Sister Cities Association partnership; and 4) \$8,800 to support the Short Term Rental Program Enforcement.

FY 2021/22 to FY 2027/28 (in millions)

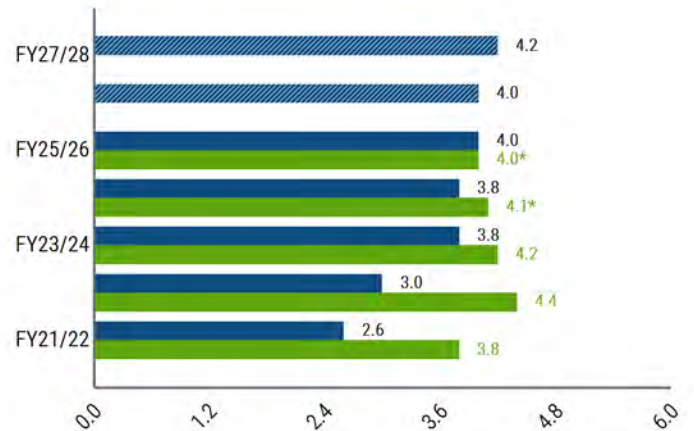


FORECAST BUDGET ACTUAL/FORECAST*

GF TRANSFER - 12%

Financial Policy No. 10 allocates 12 percent of the transient lodging/bed tax revenues to a transfer to the General Fund. The FY 2025/26 adopted budget of \$4.0 million is an increase of \$0.2 million when compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)



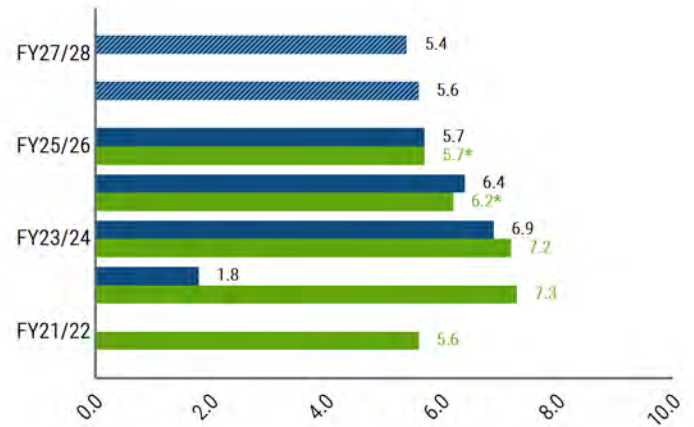
TOURISM DEVELOPMENT FUND ENDING BALANCE

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 FUND BALANCE

Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Destination Marketing holds the portion of the ending fund balance resulting from unspent destination marketing allocations, excluding a destination marketing Operating Contingency of \$1.5 million. The FY 2025/26 Tourism Development Fund Destination Marketing fund balance is \$5.7 million.

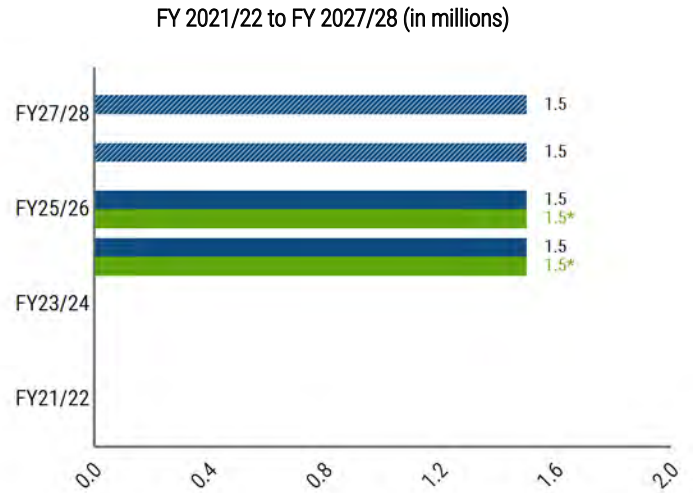
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

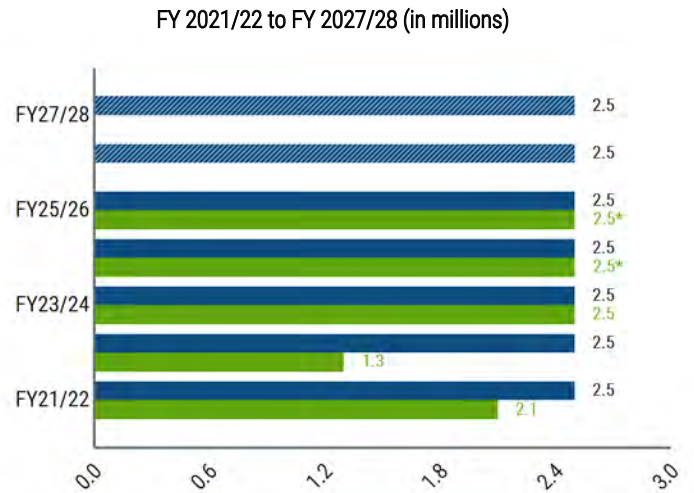
OPERATING CONTINGENCY - DESTINATION MARKETING

Operating Contingency - Destination Marketing is budgeted in FY 2025/26 at \$1.5 million for destination marketing related unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.



OPERATING CONTINGENCY - NON-DEST. MARKETING

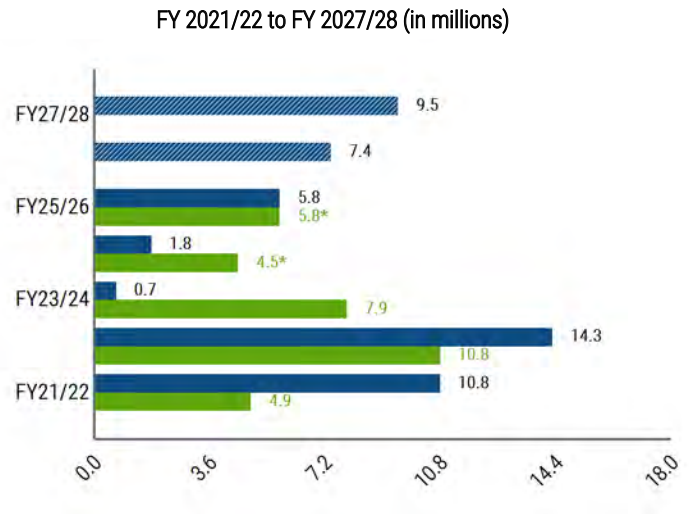
Operating Contingency - Non-Destination Marketing is budgeted in FY 2025/26 at \$2.5 million of budget authorization for non-destination marketing related unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.



FORECAST BUDGET ACTUAL/FORECAST*

NON-DESTINATION MARKETING FUND BALANCE

Non-Destination Marketing Fund Balance accounts for any funds remaining after the designation of all other reserves/uses for Non-Destination Marketing purposes. The FY 2025/26 Non-Destination Marketing Fund Balance is \$5.8 million.

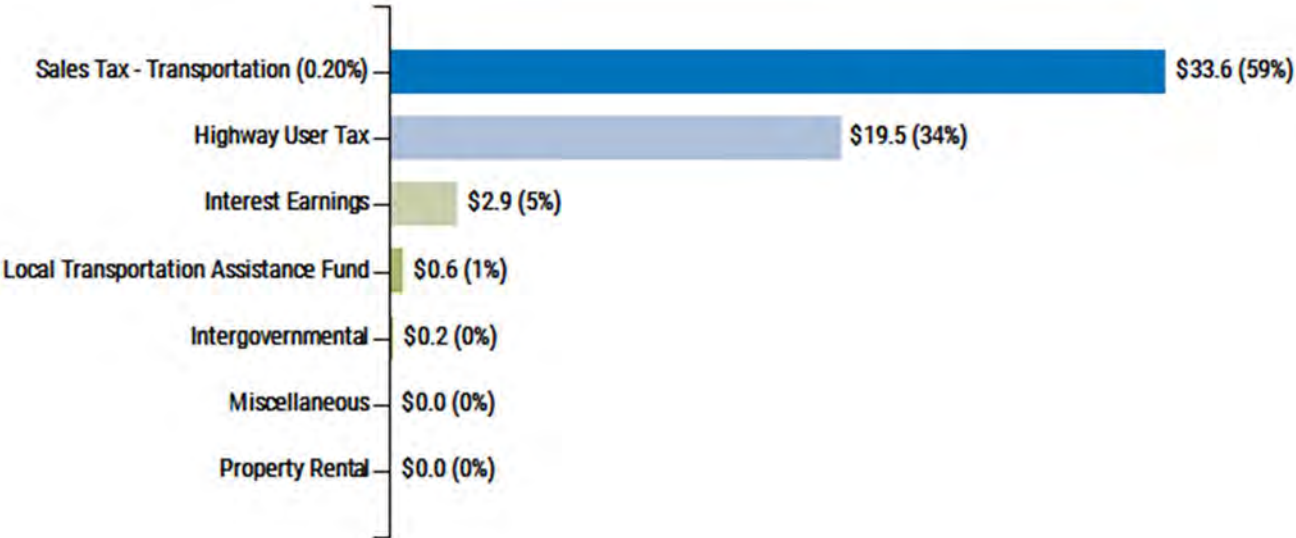


FORECAST BUDGET ACTUAL/FORECAST*

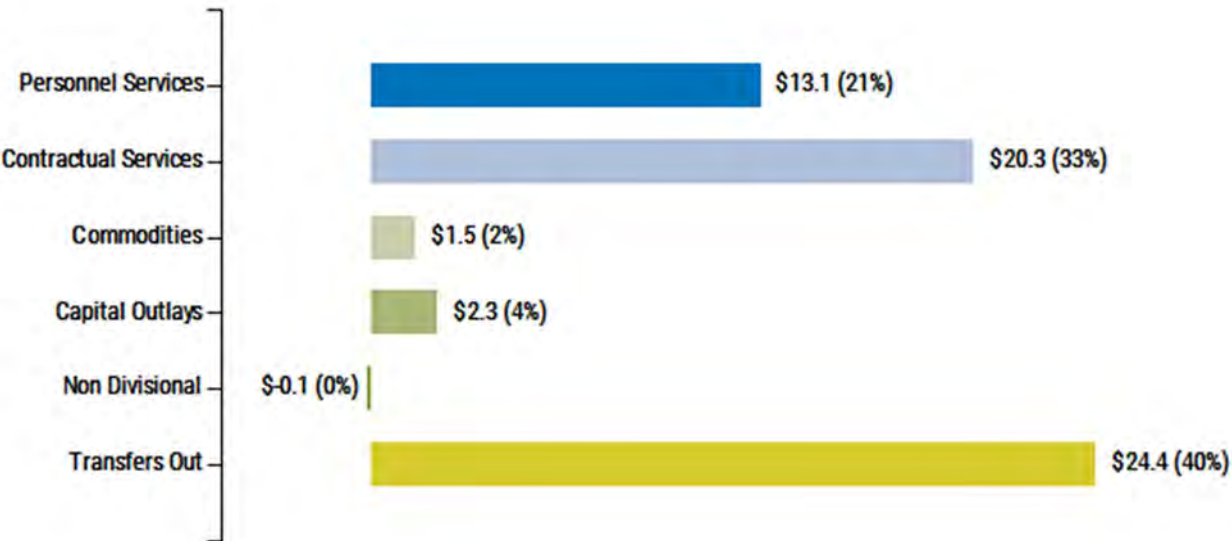
FUND PURPOSE

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 State 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. 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 and is not reflected in this section.

Transportation Fund Sources (% to Total)
\$56.9 Million



Transportation Fund Uses (% to Total)
\$61.5 Million



Rounding differences may occur.

BUDGET BY FUND | Transportation Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	500,000	1,000,000	1,000,000	1,000,000
Operating Reserve	3,230,530	3,230,530	3,230,530	3,450,395
Transportation Fund Balance	43,783,660	33,291,622	34,617,009	26,360,353
Total Beginning Fund Balance	47,514,190	37,522,152	38,847,539	30,810,748
Revenues				
Sales Tax - Transportation (0.20%)	33,635,523	31,719,900	34,174,105	33,618,917
Highway User Tax	18,742,665	19,344,049	19,344,049	19,537,489
Interest Earnings	2,562,415	3,747,159	3,747,159	2,942,285
Local Transportation Assistance Fund	610,192	610,000	610,000	610,000
Intergovernmental	354,282	89,556	89,556	221,734
Miscellaneous	212,217	31,200	31,200	12,100
Property Rental	5,708	5,844	5,844	5,844
Subtotal	56,123,003	55,547,708	58,001,913	56,948,369
Transfers In				
CIP ^(a)	-	-	205,300	-
Subtotal	-	-	205,300	-
Total Sources	56,123,003	55,547,708	58,207,213	56,948,369
Expenditures				
Personnel Services	8,978,973	10,812,917	10,602,260	13,124,523
Contractual Services	16,776,910	18,398,441	18,398,441	20,287,020
Commodities	1,339,729	1,628,215	1,628,215	1,503,299
Capital Outlays	2,504,646	1,704,550	1,704,550	2,267,017
Personnel Programs ^(b)	-	243,879	214,364	268,664
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(368,136)	(368,136)	(368,136)
Subtotal	29,600,258	32,419,866	32,179,694	37,082,387
TOTAL OPERATING BUDGET	29,600,258	32,419,866	32,179,694	37,082,387
Transfers Out				
CIP	34,917,762	33,965,051	33,965,051	24,409,457
CIP Technology	271,634	99,259	99,259	-
Subtotal	35,189,396	34,064,310	34,064,310	24,409,457
Total Uses	64,789,654	66,484,176	66,244,004	61,491,844
Sources Over/(Under) Uses	(8,666,651)	(10,936,468)	(8,036,791)	(4,543,475)
Ending Fund Balance				
Operating Contingency	500,000	752,843	752,843	1,000,000
Operating Reserve	3,230,530	3,241,987	3,241,987	3,708,239
Transportation Fund Balance	35,117,009	22,590,854	26,815,918	21,559,034
Total Ending Fund Balance	38,847,539	26,585,684	30,810,748	26,267,273

^(a) Per Council direction, CIP Transportation Fund Contingency was transferred to Operating for the purchase of two street sweepers.

^(b) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	3,450,395	3,708,239	3,820,340	3,989,730	4,074,010
Transportation Fund Balance	26,360,353	21,559,034	8,424,833	62,043	658,963
Total Beginning Fund Balance	30,810,748	26,267,273	13,245,173	5,051,773	5,732,973
Revenues					
Sales Tax - Transportation (0.20%)	33,618,917	34,637,700	35,684,400	36,940,000	38,424,800
Highway User Tax	19,537,489	19,732,900	19,930,200	20,129,500	20,330,800
Interest Earnings	2,942,285	2,936,600	2,777,900	2,663,600	2,215,900
Local Transportation Assistance Fund	610,000	610,000	610,000	610,000	610,000
Intergovernmental	221,734	226,200	230,700	235,300	240,000
Miscellaneous	12,100	7,100	7,100	7,100	7,100
Property Rental	5,844	5,800	5,800	5,800	5,800
Subtotal	56,948,369	58,156,300	59,246,100	60,591,300	61,834,400
Transfers In					
CIP	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	56,948,369	58,156,300	59,246,100	60,591,300	61,834,400
Expenditures					
Personnel Services	13,124,523	13,662,900	14,705,200	14,775,600	15,410,900
Contractual Services	20,287,020	20,592,200	21,113,000	21,809,500	22,551,400
Commodities	1,503,299	1,533,400	1,524,200	1,559,000	1,594,400
Capital Outlays	2,267,017	1,961,100	2,005,000	2,049,600	2,095,700
Personnel Programs ^(a)	268,664	273,700	278,100	283,100	288,400
Operating Impacts	-	556,400	656,300	656,300	695,300
Savings from Vacant Positions	(368,136)	(376,300)	(384,500)	(393,000)	(401,600)
Subtotal	37,082,387	38,203,400	39,897,300	40,740,100	42,234,500
TOTAL OPERATING BUDGET	37,082,387	38,203,400	39,897,300	40,740,100	42,234,500
Transfers Out					
CIP	24,409,457	32,975,000	27,542,200	19,170,000	19,662,000
CIP Technology	-	-	-	-	-
Subtotal	24,409,457	32,975,000	27,542,200	19,170,000	19,662,000
Total Uses	61,491,844	71,178,400	67,439,500	59,910,100	61,896,500
Sources Over/(Under) Uses	(4,543,475)	(13,022,100)	(8,193,400)	681,200	(62,100)
Ending Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	3,708,239	3,820,340	3,989,730	4,074,010	4,223,450
Transportation Fund Balance	21,559,034	8,424,833	62,043	658,963	447,423
Total Ending Fund Balance	26,267,273	13,245,173	5,051,773	5,732,973	5,670,873

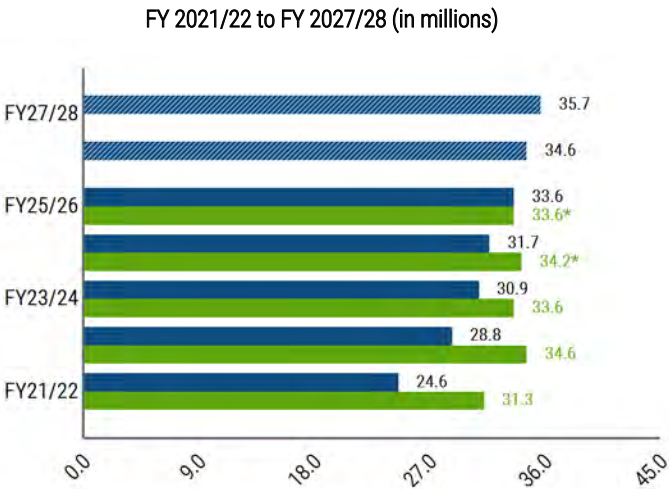
^(a) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

TRANSPORTATION FUND SOURCES

Transportation Fund sources for FY 2025/26 equal \$56.9 million which is an increase of \$1.4 million from the FY 2024/25 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.

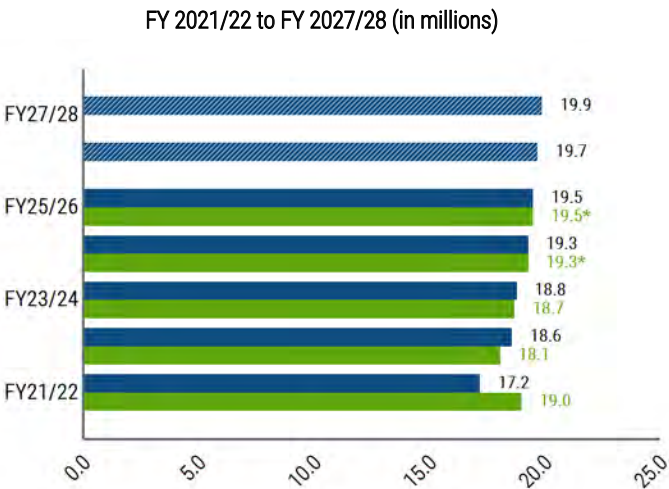
SALES TAX - TRANSPORTATION (0.20%)

Sales Tax - Transportation (0.20%) represents the 0.20 percent of the city's sales tax dedicated solely to transportation. Although the rate is the same for both the Transportation and 1995 Preservation sales taxes, they generate different revenues because each is authorized under different legal provisions. The adopted FY 2025/26 budget of \$33.6 million represents an increase of \$1.9 million, or 6.0 percent, over the FY 2024/25 adopted budget due to strong consumer demand and spending.



HIGHWAY USER TAX

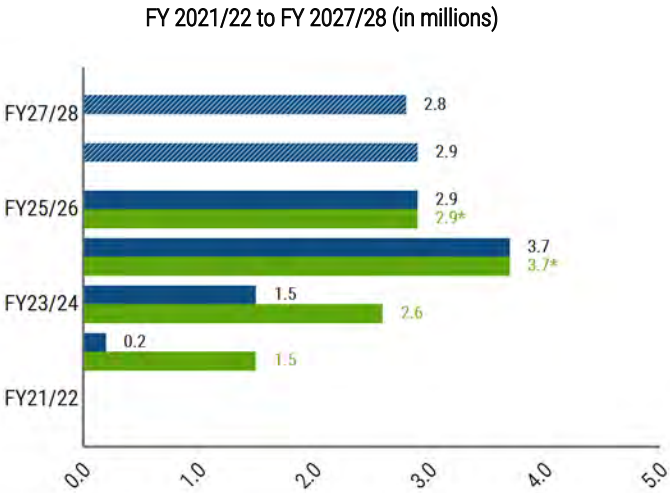
Highway User Tax, also known as the gas tax or the Highway User Revenue Fund (HURF), is distributed by the State of Arizona. The state constitution requires that all highway user revenue be used solely for street, highway, or transit purposes. Cities and towns receive 27.5 percent of the highway user 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 2025/26 budget of \$19.5 million represents a \$0.2 million increase from the FY 2024/25 adopted budget.



FORECAST BUDGET ACTUAL/FORECAST*

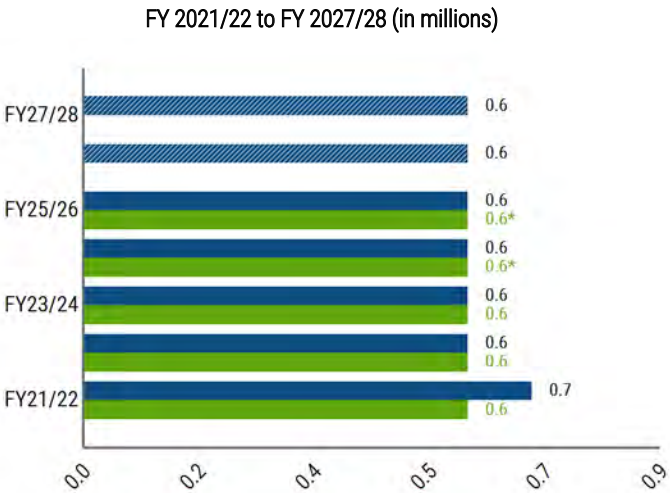
INTEREST EARNINGS

Interest Earnings are generated on idle Transportation 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 \$2.9 million in FY 2025/26, a decrease of \$0.8 million from the prior year.



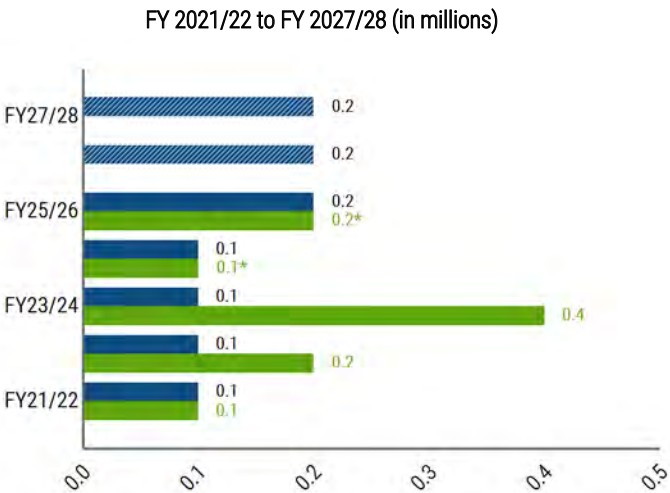
LOCAL TRANSPORTATION ASSISTANCE FUND

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 2025/26 budget for this revenue is \$0.6 million, which represents the entire allocation available to the city.



INTERGOVERNMENTAL

Intergovernmental represents the city’s allocation of the half-cent sales tax for transportation improvements approved in Proposition 400 by Maricopa County voters in November 2004. This revenue, through the Transportation Fund, funds the American’s with Disabilities Act (ADA) Cab Connection Rides program, which addresses the transportation needs of people with disabilities within the city. The FY 2025/26 budget is \$0.2 million, which is an increase of \$0.1 million compared to the FY 2024/25 adopted budget.



FORECAST BUDGET ACTUAL/FORECAST*

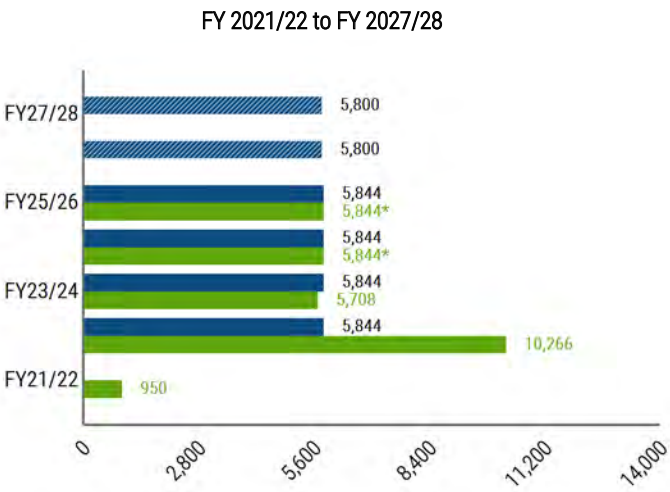
MISCELLANEOUS

Miscellaneous includes various revenues the city receives in the Transportation Fund during any given year that are not attributable to one of the specific revenue categories previously noted. The FY 2025/26 budget of \$12,100 represents a decrease of \$19,100 from the FY 2024/25 adopted budget.



PROPERTY RENTAL

Property Rental represents revenue received from a transportation services business use of office space at the South Corporation Yard. The adopted FY 2025/26 budget for Property Rental is \$5,844.



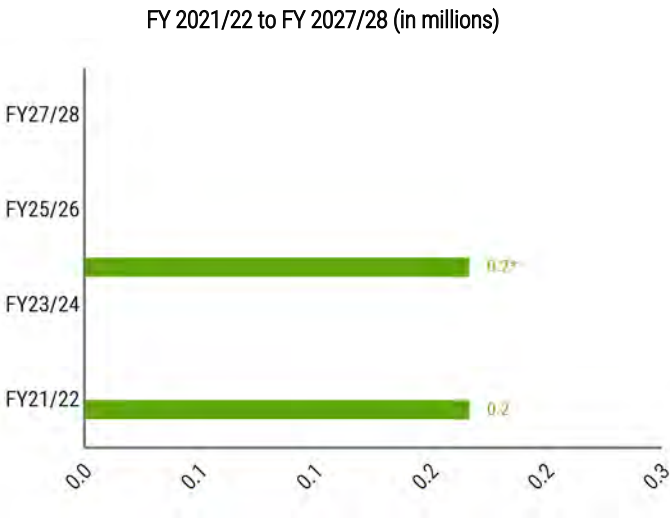
FORECAST BUDGET ACTUAL/FORECAST*

TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. There are no Transfers In budgeted for FY 2025/26.

CIP

There were \$0.2 million of CIP Transfers In during FY 2024/25. Per council direction, CIP Transportation Fund Contingency was transferred to Operating for the purchase of two street sweepers.

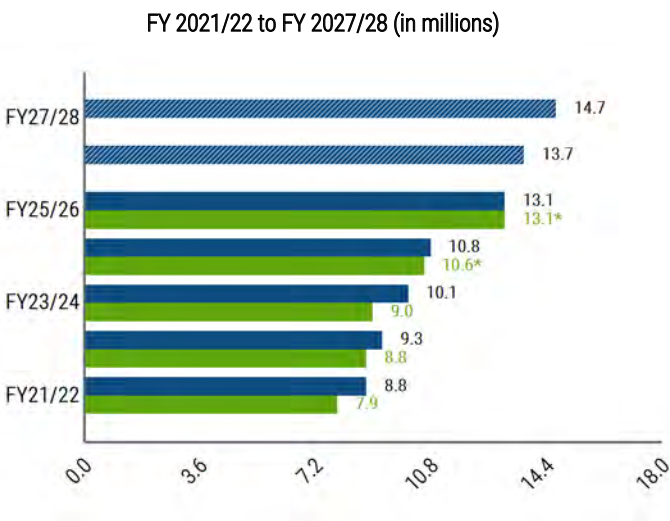


TRANSPORTATION FUND USES

The Transportation Fund Uses for FY 2025/26 are budgeted at \$61.5 million and represent expenses by division, additional non-divisional operating categories, and transfers out to the CIP. This is a decrease of \$5.0 million compared to the FY 2024/25 adopted budget.

PERSONNEL SERVICES

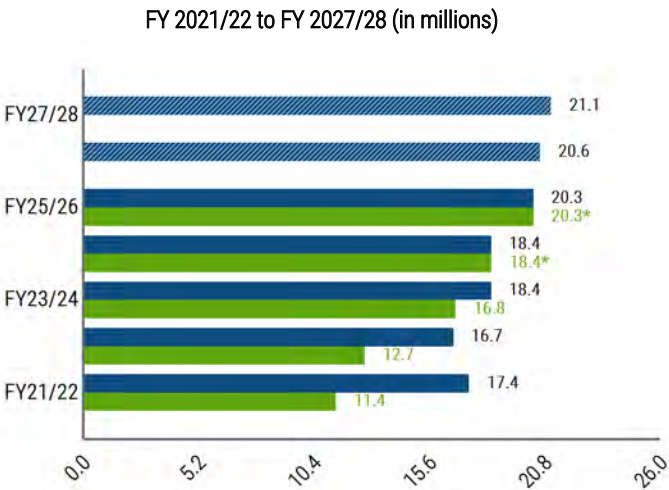
Personnel Services includes the salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. It is reduced by vacancy savings, but increased for medical and vacation leave accrual payouts that are made at the time of separation from the city. Personnel Services also include pay-for-performance and compensation adjustments. Personnel Services has an adopted budget of \$13.1 million for FY 2025/26, which is a \$2.3 million increase compared to the FY 2024/25 adopted budget.



FORECAST BUDGET ACTUAL/FORECAST*

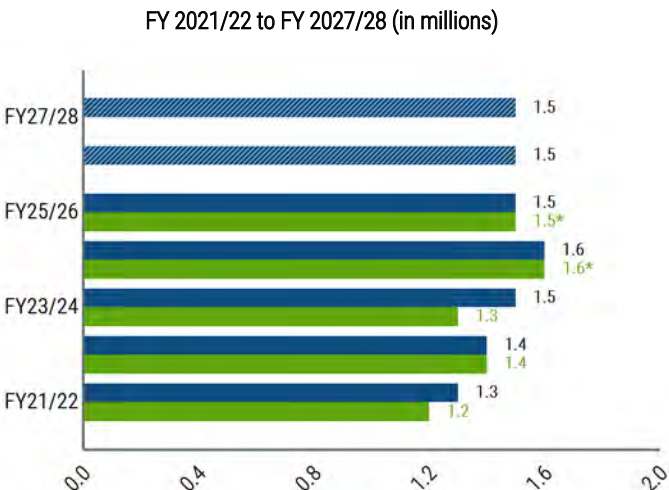
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments. The FY 2025/26 adopted budget of \$20.3 million is a \$1.9 million increase compared to the FY 2024/25 adopted budget of \$18.4 million.



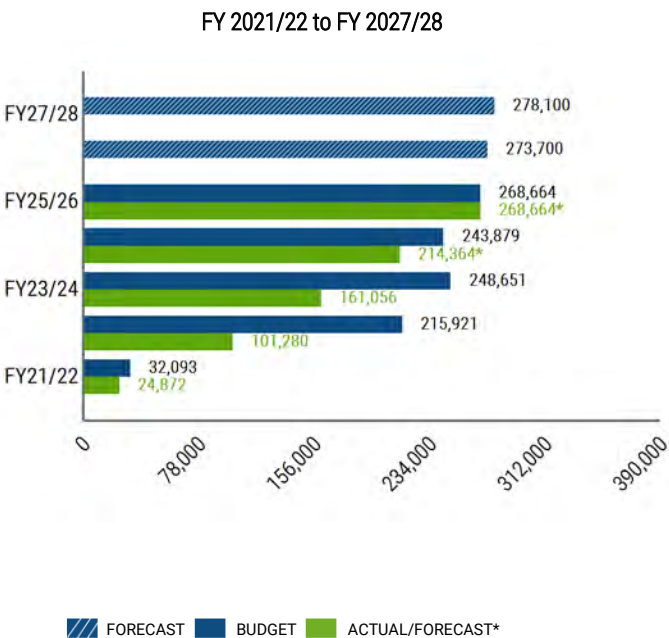
COMMODITIES

Transportation Fund commodity expenses encompass general operating supplies and materials—from protective clothing, repair and replacement parts, and small tools to maintenance materials and minor equipment—along with incidental items like office and furniture supplies, safety incentives, and refreshments. The adopted commodities budget for FY 2025/26 is \$1.5 million, which is a decrease of \$0.1 million compared to FY 2024/25.



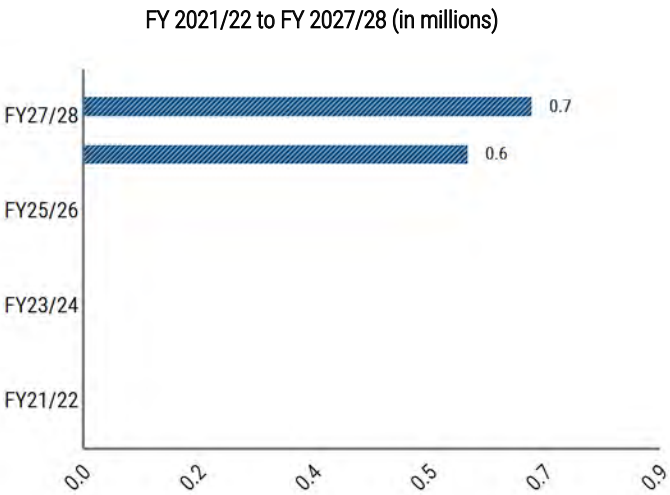
PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. The FY 2025/26 adopted budget includes \$268,664 for Personnel Programs. This represents a \$24,785 increase compared to the FY 2024/25 adopted budget which was \$243,879.



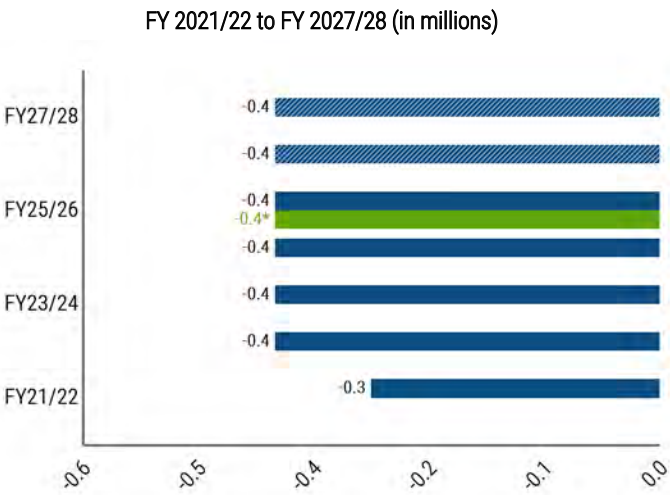
OPERATING IMPACTS

Operating Impacts is additional future costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2024/25 and years prior, operating impacts have been included at the division level. FY 2026/27 through FY 2027/28 are forecasted at \$0.6 million and \$0.7 million, respectively.



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2025/26 is estimated at (\$0.4) million.



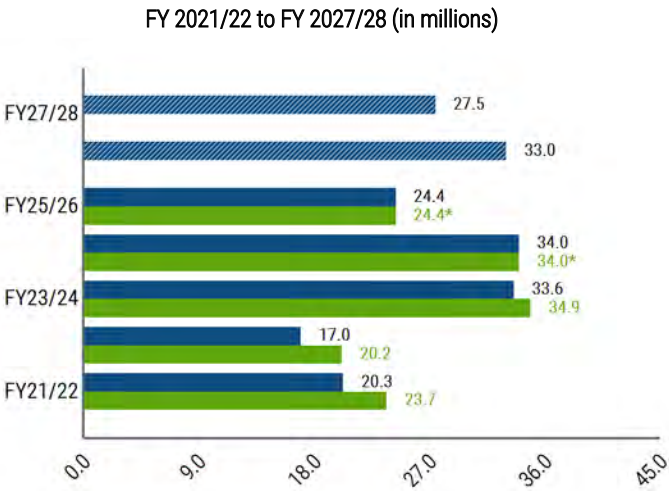
FORECAST BUDGET ACTUAL/FORECAST*

TRANSFERS OUT

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

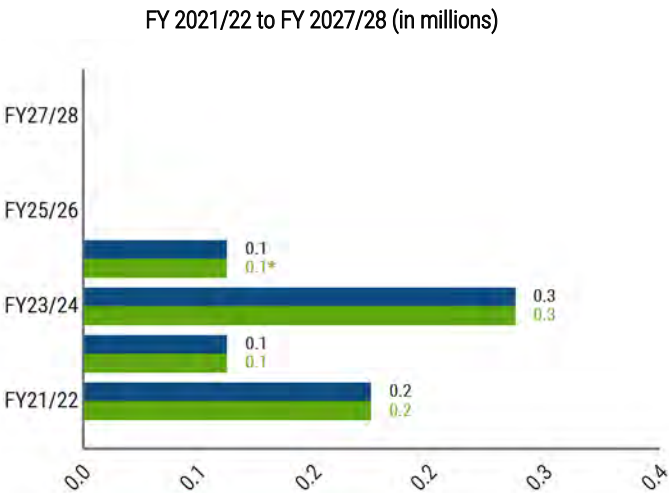
CIP

Per the FY 2025/26 adopted budget, the city will transfer \$24.4 million into the Capital Improvement Plan—sourced from Transportation operating funds (including PAYGO and half of the 0.20% Transportation sales tax per Governing Guidance No. 5) and from the Highway User Revenue Fund—to fund capital projects such as the Pavement Overlay Program. This is a \$9.6 million decrease compared to the FY 2024/25 adopted budget.



CIP TECHNOLOGY

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. There is no transfer budgeted for FY 2025/26.



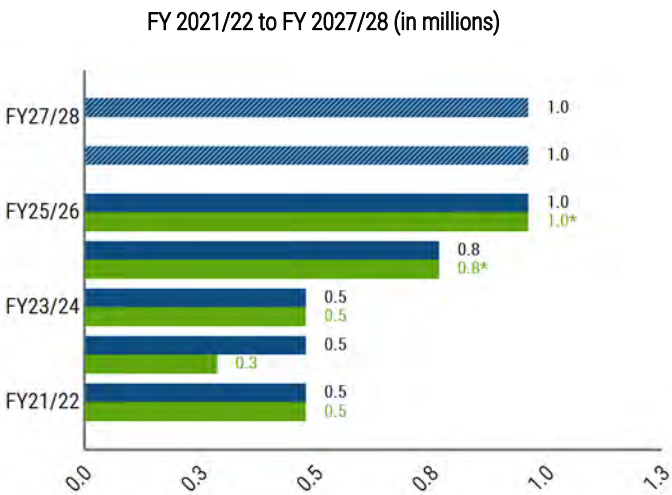
FORECAST BUDGET ACTUAL/FORECAST*

TRANSPORTATION FUND ENDING BALANCE

Fund balances, contingencies, and reserves protect the city’s financial condition and provide for unexpected economic challenges. The specific make-up of the city’s Transportation Fund Ending Balance is noted in the following:

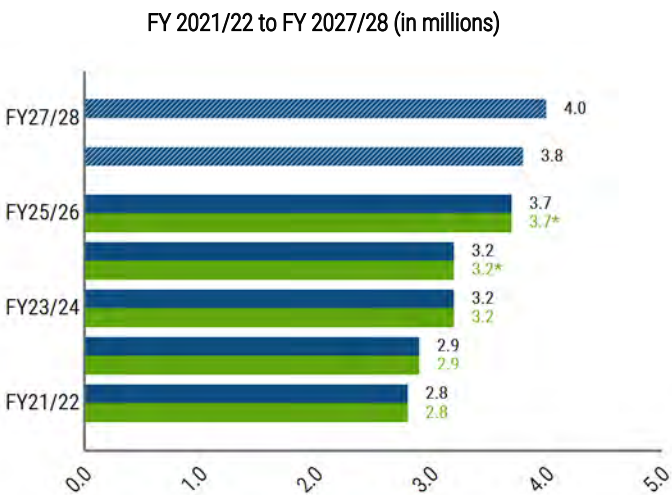
OPERATING CONTINGENCY

Operating Contingency includes \$1.0 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

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 2025/26 Transportation Fund operating reserve is \$3.7 million.



FORECAST BUDGET ACTUAL/FORECAST*

TRANSPORTATION FUND BALANCE

The Transportation Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2025/26 ending transportation fund balance is \$21.6 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.



FUND PURPOSE

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

Debt Service Fund Sources (% to Total) \$78.4 Million



Debt Service Fund Uses (% to Total) \$78.6 Million



Rounding differences may occur.

BUDGET BY FUND | Debt Service Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Debt Stabilization Reserve	5,055,080	5,055,080	5,055,079	5,057,640
GO Debt Service Reserve - Non Preserve	7,291,445	5,591,445	5,163,899	3,803,932
Total Beginning Fund Balance	12,346,525	10,646,525	10,218,978	8,861,572
Revenues				
Property Tax	35,119,046	28,615,822	29,741,038	34,851,032
Interest Income Non-pooled	5,960	-	-	-
Subtotal	35,125,006	28,615,822	29,741,038	34,851,032
Transfers In				
Debt Service GO Bonds	35,463,531	38,817,300	38,849,117	26,406,235
Debt Service MPC Bonds	18,743,113	23,699,783	23,699,783	16,449,774
WIFA Debt ^(a)	-	-	-	725,000
Subtotal	54,206,645	62,517,083	62,548,900	43,581,009
Total Sources	89,331,650	91,132,905	92,289,938	78,432,041
Debt Service				
GO Debt Service - Non Preserve	37,356,475	31,101,005	31,101,005	34,984,366
GO Debt Service - Preserve	35,354,393	38,849,117	38,849,117	26,406,235
MPC Excise Debt	18,748,329	23,697,222	23,697,222	16,447,187
WIFA Debt Service ^(a)	-	-	-	725,000
Subtotal	91,459,197	93,647,344	93,647,344	78,562,788
TOTAL OPERATING BUDGET	91,459,197	93,647,344	93,647,344	78,562,788
Total Uses	91,459,197	93,647,344	93,647,344	78,562,788
Sources Over/(Under) Uses	(2,127,546)	(2,514,439)	(1,357,406)	(130,747)
Ending Fund Balance				
Debt Stabilization Reserve	5,055,079	5,025,824	5,057,640	5,232,388
GO Debt Service Reserve - Non Preserve	5,163,899	3,106,262	3,803,932	3,498,437
Total Ending Fund Balance	10,218,978	8,132,086	8,861,572	8,730,825

^(a) WIFA debt for WestWorld is supported by Prop 490 revenues.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Debt Stabilization Reserve	5,057,640	5,232,388	5,235,100	5,056,193	5,236,443
GO Debt Service Reserve - Non Preserve	3,803,932	3,498,437	3,680,125	3,974,732	2,770,782
Total Beginning Fund Balance	8,861,572	8,730,825	8,915,225	9,030,925	8,007,225
Revenues					
Property Tax	34,851,032	36,982,900	38,061,900	26,683,900	22,475,100
Interest Income Non-pooled	-	-	-	-	-
Subtotal	34,851,032	36,982,900	38,061,900	26,683,900	22,475,100
Transfers In					
Debt Service GO Bonds ^(a)	26,406,235	17,826,600	115,743,300	-	-
Debt Service MPC Bonds	16,449,774	16,676,200	19,548,300	20,466,000	12,343,900
WIFA Debt ^(b)	725,000	2,950,000	3,450,000	3,450,000	3,450,000
Subtotal	43,581,009	37,452,800	138,741,600	23,916,000	15,793,900
Total Sources	78,432,041	74,435,700	176,803,500	50,599,900	38,269,000
Debt Service					
GO Debt Service - Non Preserve	34,984,366	36,801,200	37,947,400	27,707,900	22,950,800
GO Debt Service - Preserve ^(a)	26,406,235	17,826,500	115,742,300	-	-
MPC Excise Debt	16,447,187	16,673,600	19,548,100	20,465,700	12,831,700
WIFA Debt Service ^(b)	725,000	2,950,000	3,450,000	3,450,000	3,450,000
Subtotal	78,562,788	74,251,300	176,687,800	51,623,600	39,232,500
TOTAL OPERATING BUDGET	78,562,788	74,251,300	176,687,800	51,623,600	39,232,500
Total Uses	78,562,788	74,251,300	176,687,800	51,623,600	39,232,500
Sources Over/(Under) Uses	(130,747)	184,400	115,700	(1,023,700)	(963,500)
Ending Fund Balance					
Debt Stabilization Reserve	5,232,388	5,235,100	5,056,193	5,236,443	4,748,645
GO Debt Service Reserve - Non Preserve	3,498,437	3,680,125	3,974,732	2,770,782	2,295,080
Total Ending Fund Balance	8,730,825	8,915,225	9,030,925	8,007,225	7,043,725

^(a) The GO Bonds will be retired early, with repayment expected to be completed in FY 2027/28.

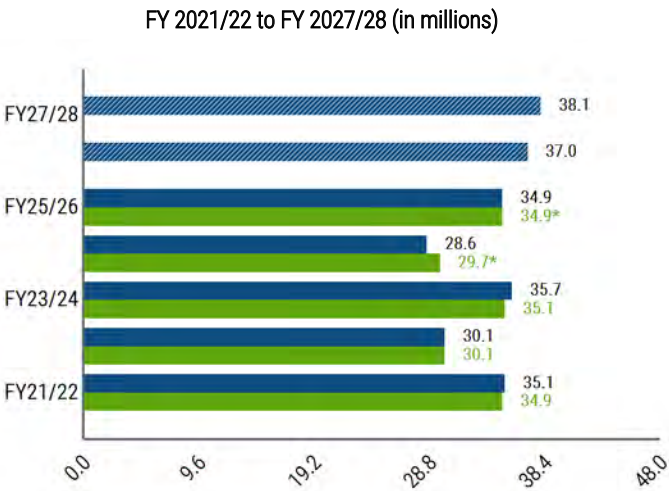
^(b) WIFA debt for WestWorld is supported by Prop 490 revenues.

DEBT SERVICE FUND SOURCES

Debt Service Fund sources for FY 2025/26 equal \$78.4 million. Sources include Property Tax, and Transfers In.

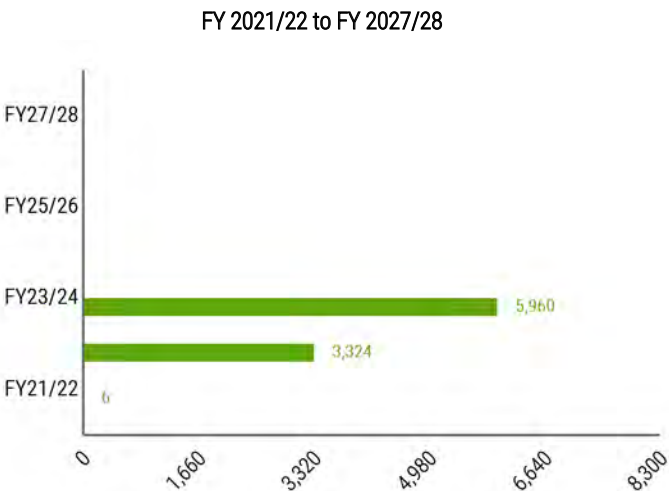
PROPERTY TAX

Property Tax represents the secondary portion of the property tax that is limited by state statute and levied to repay debt service on voter-approved General Obligation (GO) bonds. The city issues General Obligation bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems, and public safety and municipal facilities. The FY 2025/26 levy amount (revenue) is \$34.9 million.



INTEREST INCOME NON-POOLED

Interest Income Non-pooled is interest revenue derived from Municipal Property Corporation (MPC) Bonds, which is received on an irregular basis.



TRANSFERS IN

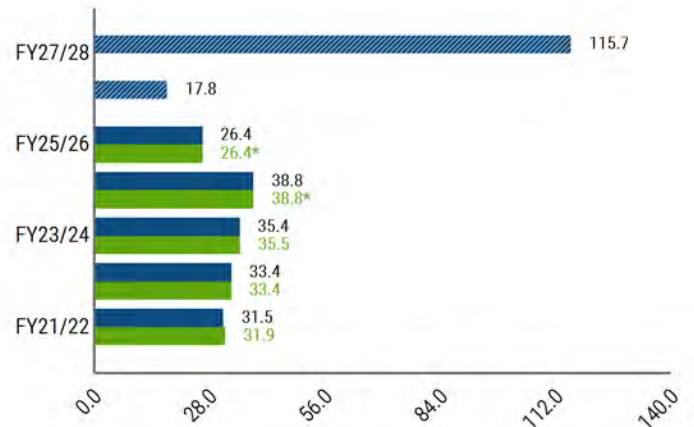
Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2025/26 adopted budget includes \$43.6 million in Transfers In. More specific information is detailed below.

FORECAST BUDGET ACTUAL/FORECAST*

DEBT SVC GO BONDS

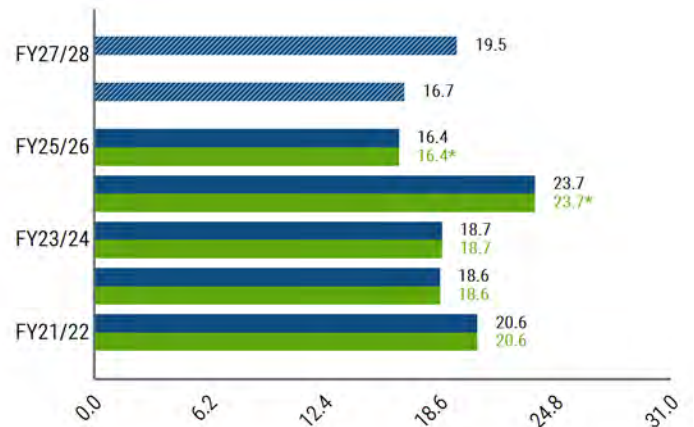
Debt Svc GO Bonds are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation (GO) debt service. Total Debt Svc GO Bonds Transfers In for FY 2025/26 is \$26.4 million which is \$7.3 million less than the FY 2024/25 adopted budget reflecting lower payments for the GO Debt Service - Preserve Bonds. Preserve Sales Tax supported GO bonds are scheduled to be paid off in 2027.

FY 2021/22 to FY 2027/28 (in millions)

**DEBT SVC MPC BONDS**

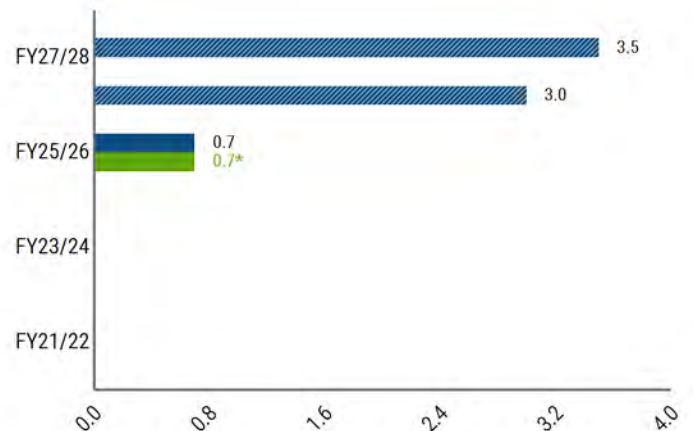
Debt Svc Municipal Property Corporation (MPC) Bonds includes Transfers In from General Fund, Tourism Development Fund, Special Programs Fund, Stormwater Fund, and the Stadium Facility Fund to the Debt Service Fund to facilitate the payment of MPC Bonds debt service. Total Debt Service Transfers In for FY 2025/26 equal \$16.4 million which is \$7.3 million lower than FY 2024/25.

FY 2021/22 to FY 2027/28 (in millions)

**WIFA DEBT**

WIFA debt represents loans or financing provided by the Water Infrastructure Finance Authority (WIFA) to fund drainage improvement capital projects at WestWorld. WIFA is a state-level authority that offers low-interest loans and financial assistance to municipalities for water-related infrastructure, including parks and recreational facilities. The WIFA debt for WestWorld is backed by the dedicated revenue stream from Proposition 490, which is the 0.15% sales tax approved by voters in November 2024.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST
 BUDGET
 ACTUAL/FORECAST*

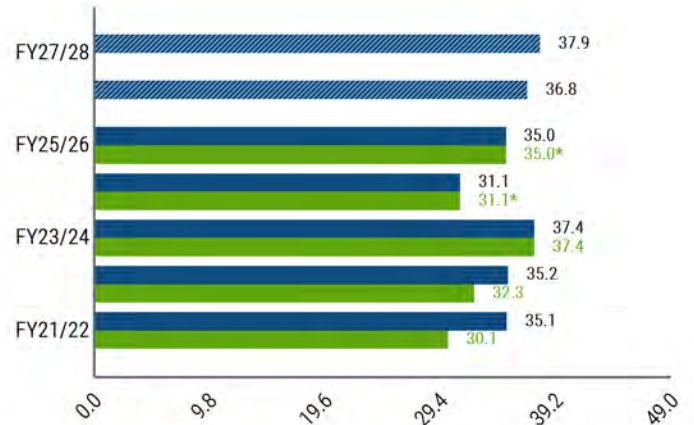
DEBT SERVICE FUND USES

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2025/26 adopted budget includes \$78.6 million in Debt Service.

GO DEBT SERVICE - NON PRESERVE

GO Debt Service - Non-Preserve is voter-authorized General Obligation debt issued for capital projects not associated with the McDowell Sonoran Preserve. General Obligation debt is repaid by Property Tax (secondary). Under state law, cities and towns are allowed to levy a Secondary Property Tax for the sole purpose of retiring the principal and interest on General Obligation indebtedness. For FY 2025/26, the General Obligation Bonds debt service is forecasted at \$35.0 million, which is a \$3.9 million increase when compared to the FY 2024/25 adopted budget.

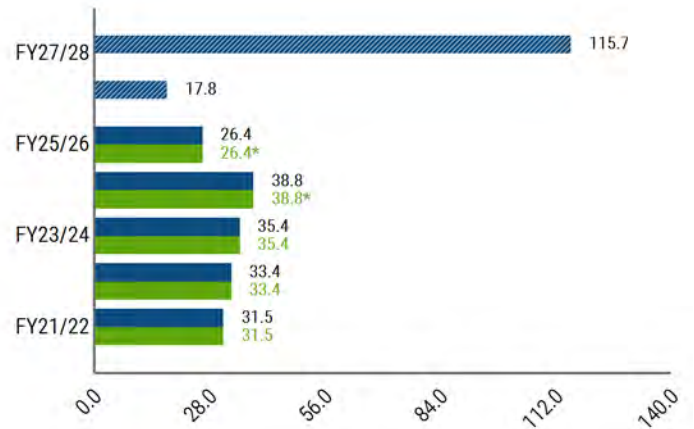
FY 2021/22 to FY 2027/28 (in millions)



GO DEBT SERVICE - PRESERVE

GO Debt Service - Preserve represents General Obligation debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 which sunsetted in June 2025, and a 0.15 percent sales tax authorized by voters in 2004 which may sunset earlier than originally anticipated, based on council and voter approval. GO Debt Service - Preserve is budgeted at \$26.4 million in FY 2025/26.

FY 2021/22 to FY 2027/28 (in millions)

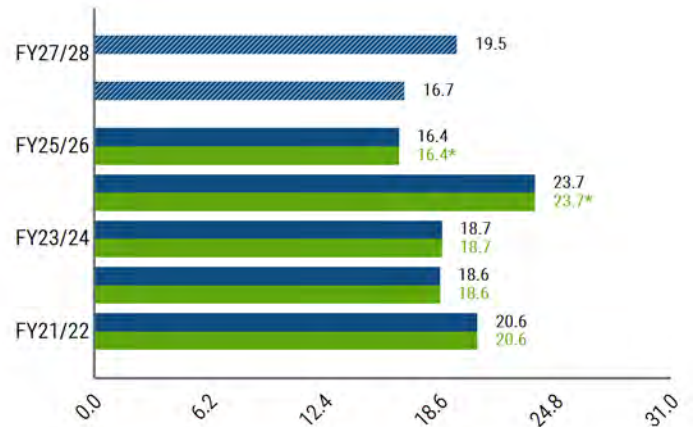


FORECAST BUDGET ACTUAL/FORECAST*

MPC EXCISE DEBT

MPC Excise Debt represents Municipal Property Corporation bonds which are non-voter approved and issued by the City of Scottsdale Municipal Property Corporation, a nonprofit corporation created by the city in 1967 for the sole purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the city. The debt incurred by the corporation is a city obligation and the repayment of debt is financed by General Fund sales taxes, Tourism Development Fund bed tax receipts, etc. Per Financial Policy No. 8.04, non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt services expenses. Debt Service payments for FY 2025/26 total \$16.5 million, which is an decrease of \$7.2 million compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)



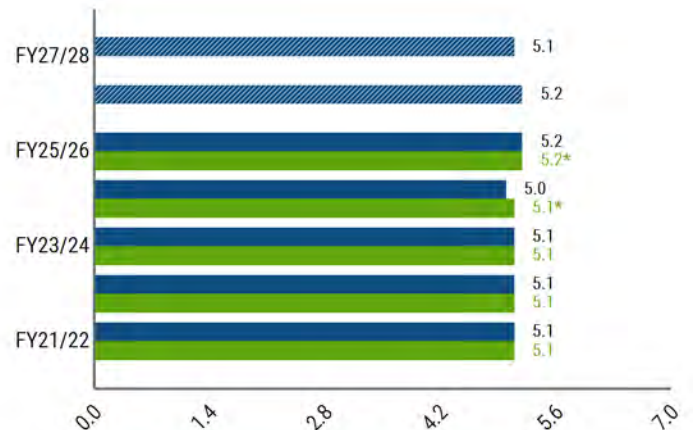
DEBT SERVICE FUND ENDING BALANCE

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 \$5.2 million is projected for FY 2025/26. 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.

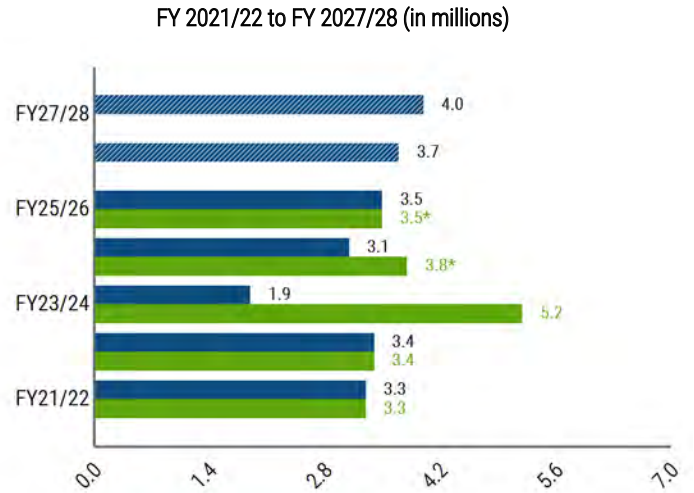
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

GO DEBT SERVICE RESERVE - NON PRESERVE

GO Debt Service Reserve – Non Preserve reserve is projected at \$3.5 million for FY 2025/26. The GO Debt Service Reserve – Non-Preserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with GO Debt Service. Per Financial Policy No. 2.06, the secondary property tax supported debt reserve should be no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt.



FORECAST BUDGET ACTUAL/FORECAST*

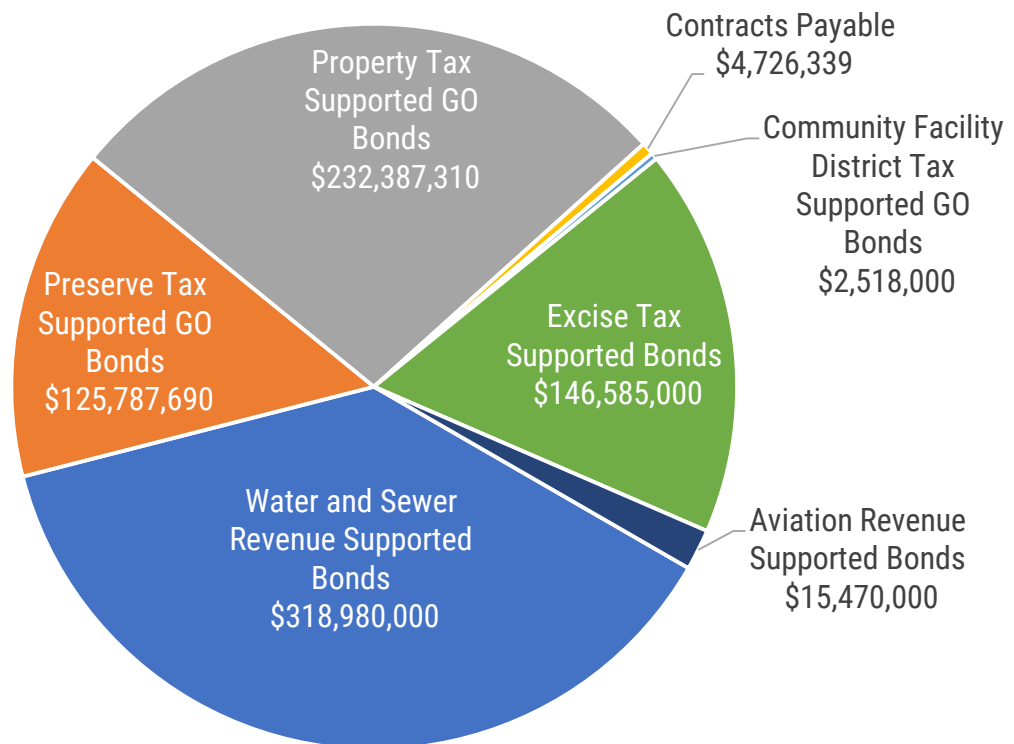
Outstanding Debt by Type

The adopted FY 2025/26 budget includes outstanding debt by type and planned issuances as follows:

	New Issuance Adopted in FY25/26	FY25/26 Principal and Interest Payments	Outstanding Debt at 7/1/26
G.O Bonds – NonPreserve	-	\$34,981,866	\$232,387,310
G.O Bonds - Preserve	-	\$26,404,235	\$125,787,690
Excise Tax Supported	\$25,000,000	\$17,165,787	\$146,585,000
Water and Sewer Revenue Supported	\$50,000,000	\$34,162,404	\$318,980,000
Aviation Revenue Supported	-	\$1,719,244	\$15,470,000
Contracts Payable	-	\$983,375	\$4,726,339
Total – City Debt	\$75,000,000	\$115,416,910	\$843,936,339

Outstanding City Debt at 7/1/26 - \$843,936,339

Outstanding Community Facility District Debt at 7/1/26 - \$2,518,000



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

Preserve Tax Supported General Bonds – The city issues General Obligation Bonds for Sonoran McDowell Preserve land and land improvements. General obligation bonds require voter approval. Preserve excise tax revenues are pledged to repay the preserve bonds.

Excise Tax Supported Bonds – The city has debt secured by a pledge of all unrestricted excise taxes, transaction, franchise, privilege and business taxes, State-shared sales and income taxes, fees for licenses and permits and State revenue sharing, and fines and forfeitures, issued through the Municipal Property Corporation (MPC). These obligations were issued to fund the Museum of the West, TPC land and land improvements, WestWorld Land, Skysong Land, Flood Control, and other city improvements.

Water and Sewer Revenue Supported Bonds – Water and sewer revenue supported bonds and other debt obligations are repaid with water and sewer revenues.

Aviation Revenue Supported Bonds – Aviation revenue bonds are issued through the Municipal Property Corporation (MPC), pledging city excise tax revenues but are repaid with aviation revenues.

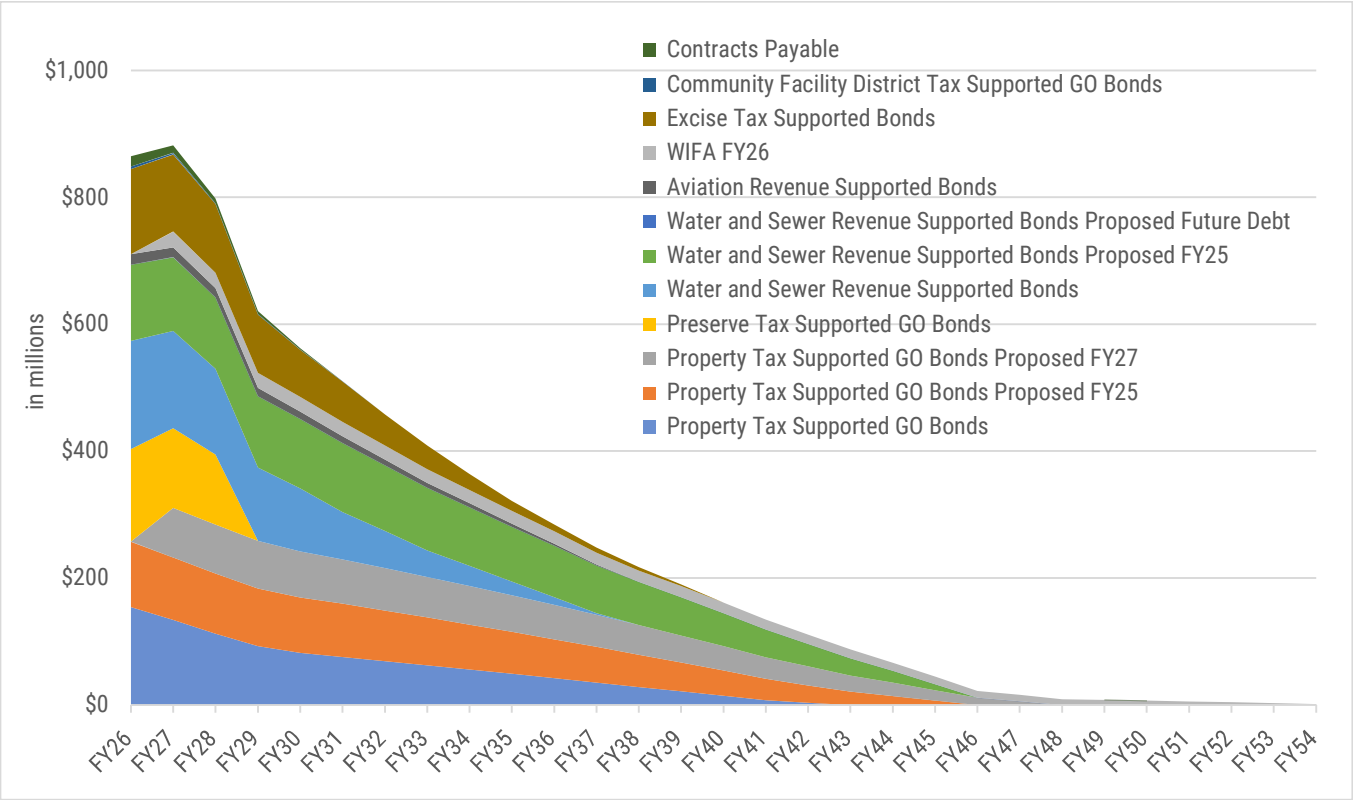
Contracts Payable – The city has lease purchase agreements for the financing of equipment.

Community Facility District (CFD) Tax Supported Debt – The city has two CFDs (DC Ranch and Scottsdale Waterfront Commercial). CFD bonds are repaid from a special purpose tax levied on the properties within the Districts. The city has no liability for CFD debt.

Debt Repayment Fiscal Year End 2025/26 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 approximately 60 percent of total debt repaid in 10 years and 77 percent repaid in 15 years.



Property Tax Debt Limitation Fiscal Year End 2025/26

The Arizona Constitution, (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed six percent of the assessed valuation of the taxable property in that city. In addition to the six percent limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20 percent of the assessed valuation for supplying such city with water, artificial light, or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety, and Streets and Transportation Facilities		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$2,768,261,618	6% Constitutional Limit	\$830,478,485
Less General Obligation Bonds Outstanding	(385,781,815)	Less General Obligation Bonds Outstanding	(20,766,745)
Excess Premium	(10,870,519)	Excess Premium	(833,037)
Available 20% Limitation Borrowing Capacity	\$2,371,599,284	Available 6% Limitation Borrowing Capacity	\$808,878,703

Primary and Secondary Property Tax Rates History: Tax rates per \$100 assessed valuation

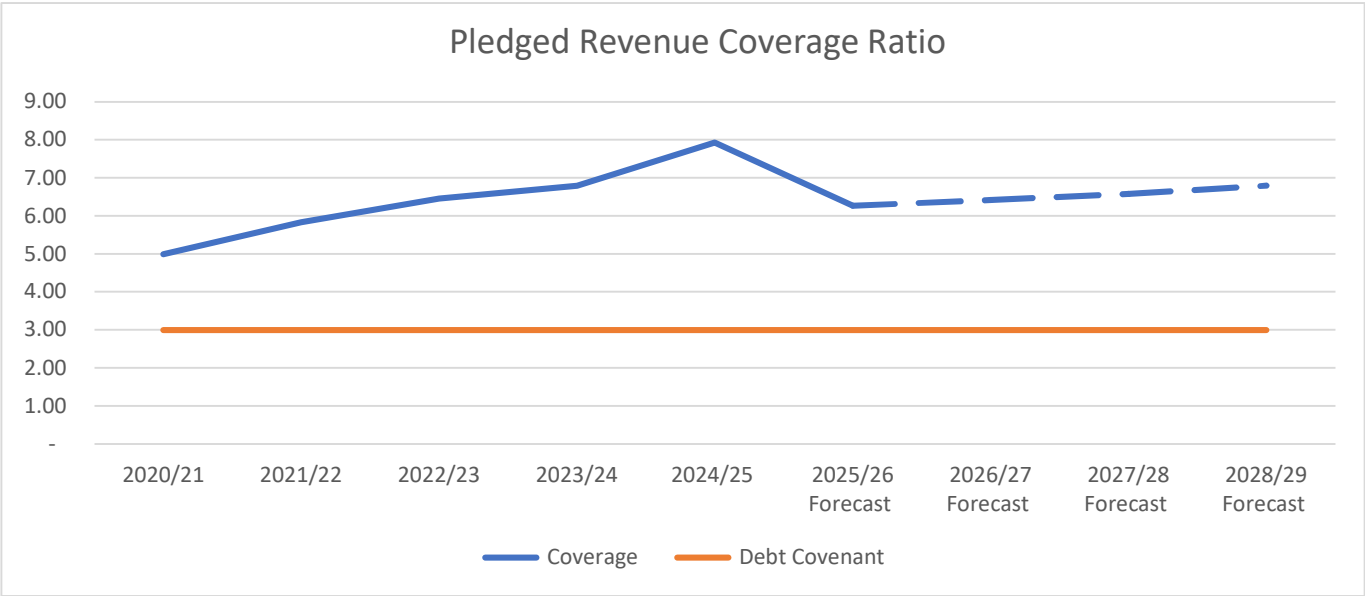
The primary property tax revenues are used by the General Fund for services such as Police, Fire, Community Services, and many other governmental purposes. The secondary property tax revenues are used to repay debt service on general obligation bonds.

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2020/21	\$0.5273	\$0.5043	\$1.0316
2021/22	\$0.5039	\$0.5042	\$1.0081
2022/23	\$0.4970	\$0.4101	\$0.9071
2023/24	\$0.5150	\$0.4664	\$0.9814
2024/25	\$0.4958	\$0.4358	\$0.9316
2025/26 Forecast	\$0.4891	\$0.4233	\$0.9124

Adopted Financial Policy Section 8.04 General Obligation Bonds: The city will not exceed \$1.50 combined (primary and secondary) property tax rate per \$100 net assessed limited property value unless otherwise directed by the council.

Pledged Revenue Coverage – Municipal Property Corporation*

The Municipal Property Corporation (“MPC”) is a non-profit corporation created by the city as a financing conduit for the purpose of financing the construction or acquisition of city capital improvement projects. In order to obtain the funds necessary for the construction or acquisition of facilities, the MPC issues bonds and then leases the facilities to the city for lease-rental payments which equal the semiannual debt service payments on the MPC bonds.



*Includes debt service payments paid out of the General Fund, the Special Programs Fund, the Tourism Development Fund, the Stadium Facility Fund and the Water and Sewer Funds.

Scottsdale's Bond Rating

Scottsdale General Obligation Bonds continue to maintain the highest possible rating from the three major national bond rating agencies, Moody's Investors Services, Standard & Poor's Rating Services, and Fitch Ratings, reaffirming their confidence in the city's financial management and its economic outlook. Scottsdale is one of a select number of municipalities achieving top ratings from all three.

High bond ratings mean the city is able to sell General Obligation Bonds to finance voter-approved capital projects, including new parks, libraries, and pools at lower interest rates. Because the ratings are high, Scottsdale's General Obligation Bonds are highly desirable and therefore increase the value of existing bonds for investors.

Summary of Current Ratings:	Moody's Investors Service	Standard & Poor's Ratings Services	Fitch Ratings
General Obligation (GO)	Aaa	AAA	AAA
Municipal Property Corporation (MPC)	Aa1	AAA	AA+
Scottsdale Preserve Authority (SPA)	Aa2	AA+	AA+
Water & Sewer Revenue (W&S)	Aaa	AAA	AAA

Debt Management

Scottsdale's primary debt management objectives are to minimize the cost of borrowing to taxpayers while assuring that total indebtedness does not exceed available resources and conforms to Arizona legal requirements. The necessity to incur debt in order to finance the capital program requires the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the city's capacity to incur and repay additional debt require careful examination.

Proper debt management provides for the protection and eventual enhancement of bond ratings; and compliance with debt instrument provisions and required disclosures to investors, underwriters, and rating agencies. Financial Policy No.8 is used when evaluating the purpose, necessity and condition under which decisions are made to issue debt. Financial Policy No.8 is also meant to supplement the legal framework of public debt law provided by the Arizona Constitution, State statutes, federal tax laws, and the city's bond resolutions and covenants.

BUDGET BY FUND | Debt Service Expense

	Forecast 2024/25	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Final Payment Date
Debt Service Fund							
General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported							
2015 G.O. Refunding Bonds (\$86.4M Apr 2015)	9,335,650	9,590,200	9,774,800	9,838,400	-	-	2028
2017 G.O. Refunding Bonds (\$26.8M May 2017)	4,039,967	4,126,317	4,280,149	4,366,424	4,562,324	-	2029
2017C G.O. Various Purpose Bonds (\$25.5M Dec 2017)	2,934,000	2,635,250	2,310,000	-	-	-	2027
2021 G.O. Various Purpose Bonds (Taxable) (\$19.8M Feb 2021)	1,219,624	1,221,324	1,217,624	1,218,624	1,219,224	1,219,424	2040
2021 G.O. Various Purpose Bonds (Tax-Exempt) (\$31.4M Feb 2021)	2,005,500	2,004,500	2,006,500	2,006,300	2,003,900	2,004,300	2040
2023 G.O. Various Purpose Bonds (Taxable) (\$39.5M Jan 2023)	3,809,775	3,683,525	3,583,525	3,483,525	3,383,525	3,283,525	2042
2023 G.O. Various Purpose Bonds (Tax-Exempt) (\$34.2M Jan 2023)	3,415,750	3,320,750	3,225,750	3,130,750	3,035,750	2,940,750	2042
Estimated G.O. Various Purpose Bonds (\$107.0M May 2025)	4,337,839	8,400,000	8,400,000	7,400,000	7,000,000	7,000,000	2045
Future G.O. Various Purpose Bonds (\$78.0M Feb 2027)	-	-	2,000,000	6,500,000	6,500,000	6,500,000	2047
Fiscal Agent Fees and Arbitrage Fees	2,900	2,500	2,900	3,300	3,100	2,800	
	31,101,005	34,984,366	36,801,248	37,947,323	27,707,823	22,950,799	
Preserve General Obligation Bonds - Preserve Sales Tax Supported							
2014 G.O. Bonds Preserve (\$14.0M May 2014)	747,900	734,000	-	-	-	-	2026
2015 G.O. Refunding Bonds Preserve (\$74.0M Apr 2015)	946,250	2,710,000	-	-	-	-	2026
2017 G.O. Refunding Bonds Preserve (\$13.2M May 2017)	1,481,048	1,449,698	1,433,116	8,210,100	-	-	2028
2017A G.O. Bonds Preserve (\$17.4M Mar 2017)	820,600	820,600	2,645,600	15,645,800	-	-	2028
2020 G.O. Taxable Refunding Bonds Preserve (\$167.9M Dec 2020)	34,851,489	20,689,937	13,746,428	91,885,000	-	-	2028
Fiscal Agent Fees and Arbitrage Fees	1,830	2,000	1,400	1,400	-	-	
	38,849,117	26,406,235	17,826,544	115,742,300	-	-	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported							
2006 MPC Refunding Bonds SkySong (GF/ST) (\$42.8M Nov 2006)	2,817,250	2,819,250	2,811,750	2,815,000	2,813,250	2,816,500	2034
2006 MPC Refunding Bonds WW/TPC Land Acquisition 80-acres (GF/ST) (\$30.5M Nov 2006)	2,584,750	2,640,250	2,738,250	2,796,250	2,850,750	2,866,500	2030
2014 MPC Refunding Bonds TPC (GF/ST) (\$5.3M May 2014)	1,738,800	-	-	-	-	-	2025
2014 MPC Refunding Bonds WW/TPC Land Acq 52 and 17-acres (GF/ST) (\$17.4M May 2014)	5,657,663	-	-	-	-	-	2025
2015A MPC (Taxable) TPC Golf Surcharge (GF/ST) (\$12.4M Jan 2015)	163,513	164,113	164,250	162,588	163,044	162,413	2034
2015A MPC (Taxable) TPC Golf Surcharge (TDF) (\$2.2M Jan 2015)	900,000	900,000	900,000	900,000	900,000	900,000	2034
2015A MPC Museum (TDF) (\$12.2M Jan 2015)	854,613	858,613	170,863	890,863	889,263	892,063	2034
2019A MPC Crossroads Flood Control (SF) (\$9.3M Oct 2019)	668,750	664,750	665,000	664,250	667,500	664,500	2039
2019B MPC (Taxable) Stadium Improvements (Charros Contribution) (\$2.1M Oct 2019)	135,000	135,000	135,000	135,000	135,000	135,000	2039
2019B MPC (Taxable) Stadium Improvements (Giants Contribution) (\$8.4M Oct 2019)	525,000	525,000	525,000	525,000	525,000	525,000	2039
2019B MPC (Taxable) Stadium Improvements (TDF) (\$22.8M Oct 2019)	1,527,113	1,530,078	1,531,528	1,529,868	1,526,588	1,526,653	2039
2021B MPC Refunding Bonds (Taxable) McDowell Golf (SPF) (\$0.9M Feb 2021)	84,765	94,316	98,637	87,665	101,681	95,345	2033
2021B MPC Refunding Bonds (Taxable) Museum (TDF) (\$0.8M Feb 2021)	22,756	27,666	702,506	-	-	-	2027
2021B MPC Refunding Bonds (Taxable) SFS Garage Payoff (GF/ST) (\$14.1M Feb 2021)	2,646,480	2,731,235	2,830,102	2,900,240	-	-	2028
2021B MPC Refunding Bonds (Taxable) TNEC (GF/ST) (\$15.1M Feb 2021)	1,289,529	1,291,321	1,338,583	1,448,905	3,389,139	-	2033
2021B MPC Refunding Bonds (Taxable) TNEC (TDF) (\$10.5M Feb 2021)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	807,416	2033
2021B MPC Refunding Bonds (Taxable) TPC (GF/ST) (\$2.6M Feb 2021)	80,994	78,710	78,347	608,257	969,275	190,604	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acq 52- and 17-acres (GF/ST) (\$10.4M Feb 2021)	320,567	311,443	310,008	2,407,668	3,836,534	754,405	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acquisition 80-acres (TDF) (\$16.3M Feb 2021)	470,332	469,044	467,326	470,004	492,298	488,854	2035
Fiscal Agent Fees and Arbitrage Fees	9,350	6,400	6,400	6,400	6,400	6,400	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported - Subtotal by Funding Source							
General Fund/Excise Tax (GF/ST)	17,308,895	10,042,722	10,277,690	13,145,308	14,028,392	6,796,822	
Special Revenue/Stormwater Fee (SF)	668,750	664,750	665,000	664,250	667,500	664,500	
Tourism Development Fund (TDF)	4,974,813	4,985,400	4,972,222	4,990,735	5,008,149	4,614,986	
Special Program (McDowell Golf) (SPF)	84,765	94,316	98,637	87,665	101,681	95,345	
Giants/Charros Contribution	660,000	660,000	660,000	660,000	660,000	660,000	
Subtotal Municipal Property Corporation (MPC) Bonds - Excise Tax Supported	23,697,222	16,447,187	16,673,549	19,547,957	20,465,721	12,831,653	
WIFA Loan - Excise Tax Supported							
2026 WIFA Loan (May 2026)		725,000	2,950,000	3,450,000	3,450,000	3,450,000	2046
Total Debt Service Funds	93,647,344	78,562,788	74,251,341	176,687,580	51,623,544	39,232,452	
General Fund							
Service Concession Agreements							
BOR Administration/WestWorld	229,202	240,662	252,695	265,330	278,596	292,526	2032
BOR Administration/TPC	229,202	240,662	252,695	265,330	278,596	292,526	2035
Subtotal General Fund Service Concession Agreements	458,404	481,324	505,390	530,660	557,193	585,052	
Contracts Payable							
John Deere Mowing Equipment	15,529	15,530	10,354	-	-	-	2027
Subtotal General Fund Contracts Payable	15,529	15,530	10,354	-	-	-	
Total General Fund	473,933	496,854	515,744	530,660	557,193	585,052	

BUDGET BY FUND | Debt Service Expense

	Forecast 2024/25	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Final Payment Date
Special Revenue Funds							
<u>Contracts Payable</u>							
Underground Utility Improvement District	55,545	48,892	46,707	44,523	42,338	40,154	2031
John Deere Mowing Equipment	17,375	17,375	11,584	-	-	-	2027
Police Department I.T. Hardware Equipment	-	420,254	420,253	420,254	-	-	2028
Subtotal Special Revenue Funds Contracts Payable	72,919	486,521	478,544	464,777	42,338	40,154	
Total Special Revenue Funds							
	72,919	486,521	478,544	464,777	42,338	40,154	
<u>Municipal Property Corporation (MPC) Bonds - Water and Sewer Funds</u>							
2006 MPC Refunding Bonds Water (\$82.8M Nov 2006)	5,865,773	5,838,297	5,810,151	5,794,291	5,767,262	5,755,835	2030
2006 MPC Refunding Bonds Water Reclamation (\$9.9M Nov 2006)	698,977	695,703	692,349	690,459	687,238	685,915	2030
2015 MPC Refunding Bonds Water (\$71.5M Mar 2015)	4,159,532	4,169,460	-	-	-	-	2026
2015 MPC Refunding Bonds Water Reclamation (\$22.1M Mar 2015)	1,287,468	1,290,540	-	-	-	-	2026
2015A MPC Water Reclamation (\$18.5M Jan 2015)	1,295,413	1,298,413	258,913	1,348,913	1,351,213	1,352,463	2034
2017 MPC Refunding Bonds Water (\$47.7M Mar 2017)	1,694,740	1,774,473	1,861,766	1,947,849	2,919,460	2,923,594	2034
2017 MPC Refunding Bonds Water Reclamation (\$47.7M Mar 2017)	2,508,485	2,626,502	2,755,709	2,883,126	4,321,265	4,327,382	2034
2017A MPC Water (\$39.1M May 2017)	2,826,606	2,824,606	2,823,356	2,827,606	2,827,006	2,823,206	2037
2021A Refunding Bonds Water (\$1.8M Feb 2021)	89,782	89,782	89,782	89,782	89,782	1,885,422	2030
2021A Refunding Bonds Water Reclamation (\$6.1M Feb 2021)	306,218	306,218	306,218	306,218	306,218	6,430,578	2030
2021B MPC Refunding Bonds (Taxable) Water (\$38.2M Feb 2021)	1,328,025	1,326,294	5,170,959	4,592,206	960,789	962,176	2036
2021B MPC Refunding Bonds (Taxable) Water Reclamation (\$26.2M Feb 2021)	908,352	907,116	3,536,784	3,141,081	657,259	658,219	2036
Estimated MPC Water/Sewer Bonds (\$120.0M May 2025)	-	8,515,000	8,150,000	4,960,000	7,740,000	4,360,000	2045
Fiscal Agent Fees and Arbitrage Fees	12,760	9,610	9,700	9,700	11,200	11,200	
	22,982,130	31,672,014	31,465,687	28,591,232	27,638,693	32,175,990	
<u>Water and Sewer Fund Supported Debt</u>							
Future Water/Sewer Debt (\$50.0M May 2026)	-	2,500,000	3,750,000	3,750,000	3,750,000	3,750,000	2046
Future Water/Sewer Debt (\$82.0M Jan. 2027)	-	-	3,000,000	6,275,000	6,275,000	6,275,000	2047
Future Water/Sewer Debt (\$142.0 Jan. 2028)	-	-	-	5,000,000	10,825,000	10,825,000	2048
Future Water/Sewer Debt (\$77.5M Jan. 2030)	-	-	-	-	-	650,000	2050
Fiscal Agent Fees and Arbitrage Fees	-	500	2,000	3,500	3,500	5,000	
	-	2,500,500	6,752,000	15,028,500	20,853,500	21,505,000	
<u>Municipal Property Corporation (MPC) Bonds - Aviation Fund</u>							
2017B MPC (\$23.5M 2017)	1,721,244	1,719,244	1,719,744	1,717,494	1,717,494	1,719,494	2037
Fiscal Agent Fees and Arbitrage Fees	1,500	1,500	1,500	1,500	1,500	1,500	
	1,722,744	1,720,744	1,721,244	1,718,994	1,718,994	1,720,994	
Total Debt Service Expense - All Funds							
	118,899,070	115,439,420	115,184,560	223,021,742	102,434,261	95,259,642	

BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/25	Balance at 6/30/26	Balance at 6/30/27	Balance at 6/30/28	Balance at 6/30/29	Balance at 6/30/30	Final Payment Date
Debt Service Fund							
<u>General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported</u>							
2015 G.O. Refunding Bonds (\$86.4M Apr 2015)	27,005,000	18,495,000	9,460,000	-	-	-	2028
2017 G.O. Refunding Bonds (\$26.8M May 2017)	15,602,660	12,172,310	8,416,610	4,386,850	-	-	2029
2017C G.O. Various Purpose Bonds (\$25.5M Dec 2017)	4,605,000	2,200,000	-	-	-	-	2027
2021 G.O. Various Purpose Bonds (Taxable) (\$19.8M Feb 2021)	15,945,000	15,010,000	14,060,000	13,090,000	12,100,000	11,090,000	2040
2021 G.O. Various Purpose Bonds (Tax-Exempt) (\$31.4M Feb 2021)	25,175,000	23,850,000	22,470,000	21,035,000	19,545,000	17,995,000	2040
2023 G.O. Various Purpose Bonds (Taxable) (\$39.5M Jan 2023)	35,485,000	33,485,000	31,485,000	29,485,000	27,485,000	25,485,000	2042
2023 G.O. Various Purpose Bonds (Tax-Exempt) (\$34.2M Jan 2023)	30,300,000	28,400,000	26,500,000	24,600,000	22,700,000	20,800,000	2042
Estimated G.O. Various Purpose Bonds (\$107.0M May 2025)	103,050,000	98,775,000	94,365,000	90,815,000	87,515,000	84,055,000	2045
Future G.O. Various Purpose Bonds (\$79.0M Feb 2027)			78,000,000	77,500,000	75,050,000	72,480,000	2047
Total General Obligation Bonds	257,167,660	232,387,310	284,756,610	260,911,850	244,395,000	231,905,000	
<u>Preserve General Obligation Bonds - Preserve Sales Tax Supported</u>							
2014 G.O. Bonds Preserve (\$14.0M May 2014)	725,000	-	-	-	-	-	2026
2015 G.O. Refunding Bonds Preserve (\$74.0M Apr 2015)	2,670,000	-	-	-	-	-	2026
2017 G.O. Refunding Bonds Preserve (\$13.2M May 2017)	10,267,340	9,242,690	8,183,390	-	-	-	2028
2017A G.O. Bonds Preserve (\$17.4M Mar 2017)	17,410,000	17,410,000	15,585,000	-	-	-	2028
2020 G.O. Taxable Refunding Bonds Preserve (\$167.9M Dec 2020)	118,325,000	99,135,000	86,730,000	-	-	-	2028
Total Preserve General Obligation Bonds	149,397,340	125,787,690	110,498,390	-	-	-	
<u>Municipal Property Corporation (MPC) Bonds - Excise Tax Supported</u>							
2006 MPC Refunding Bonds SkySong	19,385,000	17,535,000	15,600,000	13,565,000	11,430,000	9,185,000	2034
2006 MPC Refunding Bonds WW/TPC Land Acquisition 80-acres	12,005,000	9,965,000	7,725,000	5,315,000	2,730,000	-	2030
2006 MPC Refunding Bonds	3,970,912	-	-	-	-	-	2026
2015A MPC (Taxable) TPC Golf Surcharge	7,955,000	7,190,000	6,400,000	5,585,000	4,740,000	3,865,000	2034
2015A MPC Museum	6,175,000	5,520,000	5,520,000	4,800,000	4,060,000	3,295,000	2034
2019A MPC Crossroads Flood Control	7,355,000	6,960,000	6,545,000	6,110,000	5,650,000	5,170,000	2039
2019B MPC (Taxable) Stadium Improvements	25,150,000	23,625,000	22,065,000	20,470,000	18,840,000	17,170,000	2039
2021B MPC Refunding Bonds (Taxable) McDowell Golf	680,000	595,000	505,000	425,000	330,000	240,000	2033
2021B MPC Refunding Bonds (Taxable) Museum	715,000	695,000	-	-	-	-	2027
2021B MPC Refunding Bonds (Taxable) SFS Garage Payoff	8,275,000	5,630,000	2,865,000	-	-	-	2028
2021B MPC Refunding Bonds (Taxable) TNEC	19,665,000	17,445,000	15,160,000	12,740,000	8,350,000	7,680,000	2033
2021B MPC Refunding Bonds (Taxable) TPC	2,394,100	2,348,700	2,303,300	1,727,500	783,600	605,100	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acq 52- and 17-acr	9,475,900	9,296,300	9,116,700	6,837,500	3,101,400	2,394,900	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acquisition 80-acre	14,995,000	14,780,000	14,565,000	14,345,000	14,100,000	13,855,000	2035
Total Municipal Property Corporation (MPC) Bonds - Excise Tax Supported	138,195,912	121,585,000	108,370,000	91,920,000	74,115,000	63,460,000	
<u>WIFA Loan - Excise Tax Supported</u>							
2026 WIFA Loan (May 2026)	-	25,000,000	24,205,000	23,690,000	23,150,000	22,585,000	2054
Total Debt Service Funds	544,760,912	504,760,000	527,830,000	376,521,850	341,660,000	317,950,000	
General Fund							
<u>Service Concession Agreements</u>							
BOR Administration/WestWorld	1,667,322	1,493,353	1,300,392	1,087,078	851,965	593,517	2032
BOR Administration/TPC	2,416,796	2,272,805	2,111,023	1,930,134	1,728,743	1,505,367	2035
Subtotal General Fund Service Concession Agreements	4,084,118	3,766,159	3,411,415	3,017,212	2,580,708	2,098,884	
<u>Contracts Payable</u>							
John Deere Mowing Equipment	25,218	10,239	-	-	-	-	2027
Subtotal General Fund Contracts Payable	25,218	10,239	-	-	-	-	
Total General Fund	4,109,336	3,776,397	3,411,415	3,017,212	2,580,708	2,098,884	
Special Revenue Funds							
<u>Contracts Payable</u>							
Underground Utility Improvement District	284,304	167,997	129,807	91,617	53,427	15,237	2033
John Deere Mowing Equipment	28,214	11,455	-	-	-	-	2027
Police Department I.T. Hardware Equipment	-	770,490	396,466	-	-	-	2028
Subtotal Special Revenue Funds Contracts Payable	312,519	949,942	526,273	91,617	53,427	15,237	
Total Special Revenue Funds	312,519	949,942	526,273	91,617	53,427	15,237	

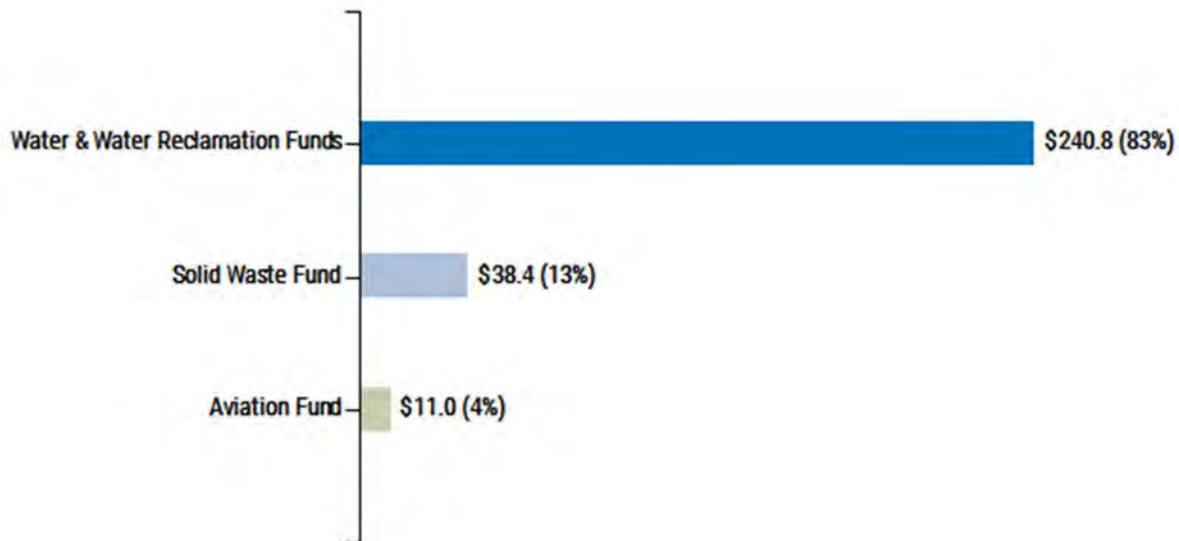
BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/25	Balance at 6/30/26	Balance at 6/30/27	Balance at 6/30/28	Balance at 6/30/29	Balance at 6/30/30	Final Payment Date
<u>Municipal Property Corporation (MPC) Bonds - Water and Sewer Funds</u>							
2006 MPC Refunding Bonds Water	25,090,176	20,506,387	15,721,556	10,713,342	5,481,748	-	2030
2006 MPC Refunding Bonds Water	3,970,912	-	-	-	-	-	2026
2006 MPC Refunding Bonds Water Reclamation	2,989,824	2,443,613	1,873,444	1,276,658	653,252	-	2030
2015 MPC Refunding Bonds Water Reclamation	1,229,088	-	-	-	-	-	2026
2015A MPC Water Reclamation	9,355,000	8,365,000	8,365,000	7,275,000	6,150,000	4,990,000	2034
2017 MPC Refunding Bonds Water	14,029,344	12,872,160	11,569,824	10,116,288	7,618,464	4,991,616	2034
2017 MPC Refunding Bonds Water Reclamation	20,765,656	19,052,840	17,125,176	14,973,712	11,276,536	7,388,384	2034
2017A MPC Water	27,415,000	25,590,000	23,675,000	21,660,000	19,565,000	17,390,000	2037
2021A Refunding Bonds Water	1,795,640	1,795,640	1,795,640	1,795,640	1,795,640	-	2030
2021A Refunding Bonds Water Reclamation	6,124,360	6,124,360	6,124,360	6,124,360	6,124,360	-	2030
2021B MPC Refunding Bonds (Taxable) Water	34,302,100	33,509,300	28,865,500	24,750,300	24,215,900	23,672,600	2036
2021B MPC Refunding Bonds (Taxable) Water Reclamation	23,462,900	22,920,700	19,744,500	16,929,700	16,564,100	16,192,400	2036
Estimated MPC Water/Sewer Bonds (\$120.0M May 2025)	141,661,000	116,300,000	112,800,000	112,350,000	109,100,000	103,350,000	2045
Total Municipal Property Corporation (MPC) Bonds - Water & Sewer Revenue Supported	312,191,000	269,480,000	247,660,000	227,965,000	208,545,000	177,975,000	
<u>Water and Sewer Fund Supported Debt</u>							
Future Water/Sewer Debt (\$50.0M May 2026)	-	49,500,000	47,725,000	45,875,000	43,950,000	41,950,000	2046
Future Water/Sewer Debt (\$82.0M Jan. 2027)	-	-	81,000,000	78,200,000	75,275,000	72,225,000	2047
Future Water/Sewer Debt (\$142.0M Jan. 2028)	-	-	-	140,000,000	135,125,000	130,050,000	2048
Future Water/Sewer Debt (\$77.5M Jan. 2030)	-	-	-	-	-	77,500,000	2050
Total Future Debt - Water & Sewer Revenue Supported	-	49,500,000	128,725,000	264,075,000	254,350,000	321,725,000	
<u>Municipal Property Corporation (MPC) Bonds - Aviation Fund</u>							
2017B MPC (\$23.5M 2017)	16,560,000	15,470,000	14,325,000	13,125,000	11,865,000	10,540,000	2037
Total Municipal Property Corporation (MPC) Bonds - Aviation Revenue Supported	16,560,000	15,470,000	14,325,000	13,125,000	11,865,000	10,540,000	
Total Outstanding Debt - All Funds	877,933,767	843,936,339	922,477,688	884,795,679	819,054,135	830,304,121	

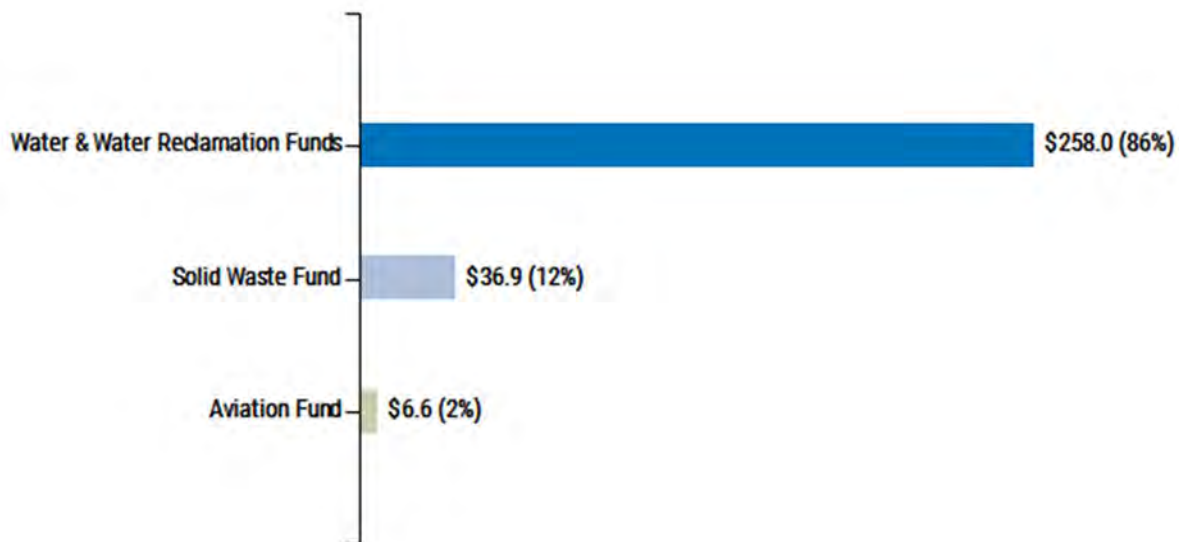
ENTERPRISE FUNDS DESCRIPTION

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) \$290.2 Million



Enterprise Funds Uses (% to Total) \$301.5 Million



Rounding differences may occur.

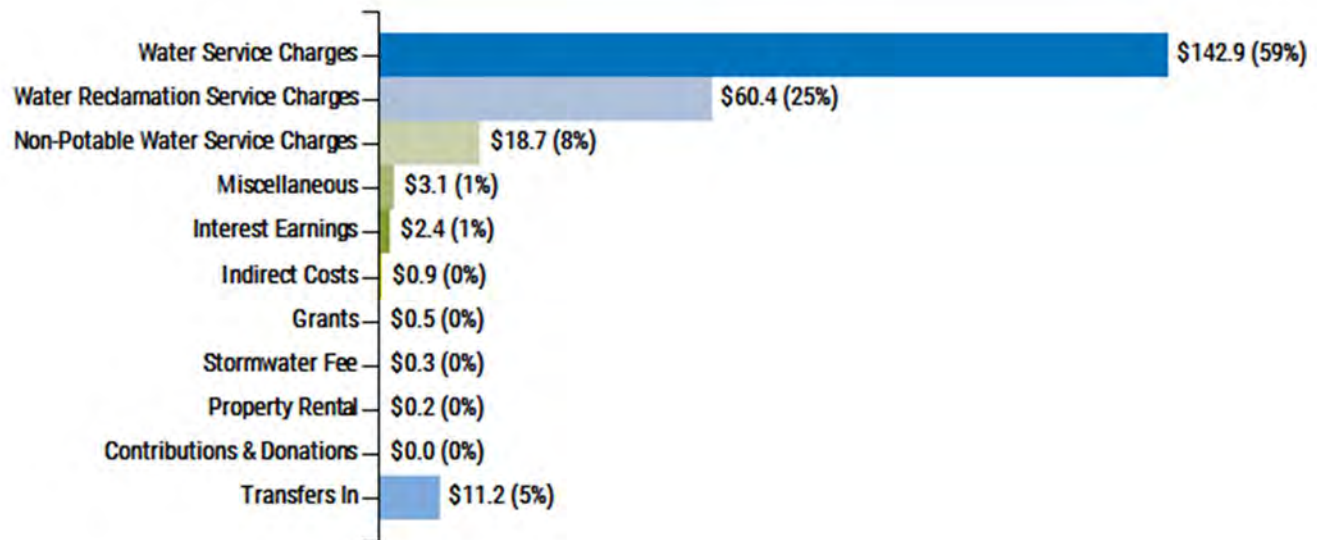


FY 2025/26 Adopted Budget

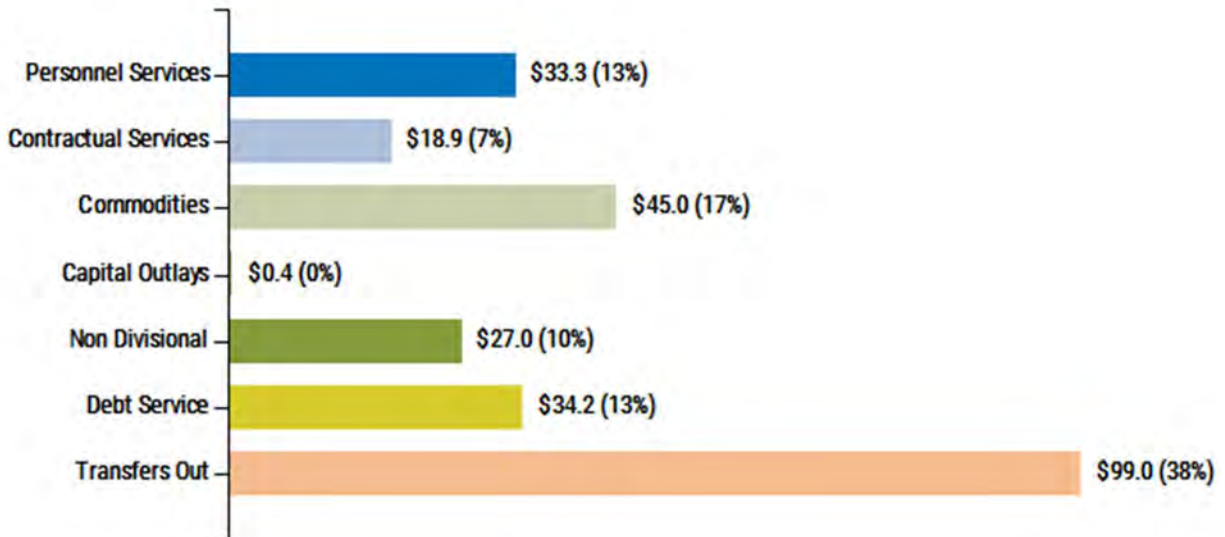
FUND PURPOSE

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) \$240.8 Million



Water & Water Reclamation Funds Uses (% to Total) \$258.0 Million



Rounding differences may occur.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Debt Service Reserve	-	7,345,633	7,345,633	9,538,125
Operating Contingency ^(a)	5,000,000	5,000,000	5,000,000	5,000,000
Operating Reserve	25,377,768	27,949,618	27,949,618	29,496,679
Revenue Stabilization Reserve	-	-	-	-
Water & Wastewater Asset Replacement Reserve	70,104,919	44,210,907	63,718,091	73,499,591
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000
Total Beginning Fund Balance	105,482,687	89,506,158	109,013,342	122,534,395
Revenues				
Water Service Charges	128,451,084	135,292,948	135,292,948	142,943,240
Water Reclamation Service Charges	48,792,151	55,625,122	55,625,122	60,413,477
Non-Potable Water Service Charges	18,170,087	16,760,212	16,760,212	18,676,089
Miscellaneous	8,328,781	5,185,203	5,185,203	3,141,964
Interest Earnings	3,791,820	4,383,299	4,383,299	2,426,151
Indirect Costs	818,408	818,408	818,408	919,905
Grants	138,675	-	-	492,914
Stormwater Fee	337,721	338,612	338,612	339,642
Property Rental	215,835	221,851	221,851	232,679
Contributions & Donations	3,750	5,500	5,500	9,000
<i>Subtotal</i>	209,048,312	218,631,155	218,631,155	229,595,061
Transfers In				
Advanced Water Treatment	3,829,549	3,689,477	3,689,477	4,059,573
Debt Service	12,797,951	9,610,227	9,610,227	6,250,567
Reclaimed Water Distribution System	900,000	900,000	900,000	900,000
<i>Subtotal</i>	17,527,500	14,199,704	14,199,704	11,210,140
Total Sources	226,575,812	232,830,859	232,830,859	240,805,201

^(a) Operating Contingency of \$5.0 million was added in FY 2023/24 to align with other operating funds.

BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Expenditures				
Personnel Services	24,801,397	30,695,359	30,372,473	33,294,364
Contractual Services	16,388,630	19,181,871	19,181,871	18,941,580
Commodities	39,595,358	42,613,044	42,613,044	45,048,861
Capital Outlays	781,620	410,000	410,000	441,300
Citywide Indirect Cost Allocation	5,883,327	6,577,491	6,577,491	6,652,569
Department Indirect Cost	818,408	818,408	818,408	919,905
Personnel Programs ^(a)	-	620,691	554,694	661,294
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(1,203,702)	(1,203,702)	(1,200,000)
Utilities	18,287,710	18,273,550	18,273,550	20,002,050
Subtotal	106,556,449	117,986,712	117,597,829	124,761,923
Debt Service				
2024 Rev Bond Debt Svc-Sewer	-	3,841,500	-	-
2024 Rev Bond Debt Svc-Water	-	2,561,900	-	-
Future Debt	-	-	-	11,018,000
MPC Bonds Debt Service-Sewer	7,515,546	7,009,413	7,009,413	7,127,643
MPC Bonds Debt Service-Water	21,028,709	15,969,718	15,969,718	16,027,871
Subtotal	28,544,255	29,382,531	22,979,131	34,173,514
TOTAL OPERATING BUDGET	135,100,704	147,369,243	140,576,960	158,935,437
Transfers Out				
Advanced Water Treatment	3,829,549	3,689,477	3,689,477	4,059,573
CIP	64,841,096	59,249,640	59,249,640	79,074,794
CIP Technology	2,944,082	1,416,830	1,416,830	2,031,032
Debt Service Fund	6,678,173	4,381,497	4,381,497	2,953,425
Franchise Fees	9,585,692	9,995,402	9,995,402	10,913,920
Other	65,860	-	-	-
Subtotal	87,944,452	78,732,846	78,732,846	99,032,744
Total Uses	223,045,157	226,102,089	219,309,806	257,968,181
Sources Over/(Under) Uses	3,530,655	6,728,770	13,521,053	(17,162,980)
Ending Fund Balance				
Debt Service Reserve	7,345,633	9,538,125	9,538,125	9,725,825
Operating Contingency ^(b)	5,000,000	4,539,124	5,000,000	5,000,000
Operating Reserve	27,949,618	29,496,679	29,496,679	31,190,482
Revenue Stabilization Reserve ^(c)	-	-	-	5,000,000
Water & Wastewater Asset Replacement Reserve	63,718,091	47,661,000	73,499,591	49,455,108
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000
Total Ending Fund Balance	109,013,342	96,234,928	122,534,395	105,371,415

^(a) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

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

^(c) Revenue Stabilization Reserve of \$5.0 million was established to safeguard against fluctuations in collections and other revenues.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Debt Service Reserve	9,538,125	9,725,825	12,237,825	12,861,700	12,329,000
Operating Contingency ^(a)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Operating Reserve	29,496,679	31,190,482	31,879,375	33,077,625	33,608,300
Revenue Stabilization Reserve ^(b)	-	5,000,000	5,000,000	5,000,000	5,000,000
Water & WasteWater Asset Replacement Reserve	73,499,591	49,455,108	38,487,115	33,553,590	18,803,515
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Beginning Fund Balance	122,534,395	105,371,415	97,604,315	94,492,915	79,740,815
Revenues					
Water Service Charges	142,943,240	147,248,600	151,684,400	156,254,800	160,963,800
Water Reclamation Service Charges	60,413,477	62,785,200	65,251,200	67,814,700	70,479,600
Non-Potable Water Service Charges	18,676,089	19,161,300	19,660,400	20,173,600	20,701,400
Miscellaneous	3,141,964	3,161,300	1,180,700	1,200,700	1,221,100
Interest Earnings	2,426,151	2,420,600	2,355,500	2,362,700	2,437,400
Indirect Costs	919,905	938,300	957,100	976,200	980,400
Grants	492,914	-	-	-	-
Stormwater Fee	339,642	340,900	342,100	343,400	344,600
Property Rental	232,679	240,600	248,700	257,200	266,000
Contributions & Donations	9,000	9,000	9,000	9,000	9,000
<i>Subtotal</i>	<i>229,595,061</i>	<i>236,305,800</i>	<i>241,689,100</i>	<i>249,392,300</i>	<i>257,403,300</i>
Transfers In					
Advanced Water Treatment	4,059,573	4,182,400	4,346,700	4,431,600	4,566,900
Debt Service	6,250,567	5,588,300	5,061,300	4,440,900	3,721,000
Reclaimed Water Distribution System	900,000	900,000	900,000	900,000	900,000
<i>Subtotal</i>	<i>11,210,140</i>	<i>10,670,700</i>	<i>10,308,000</i>	<i>9,772,500</i>	<i>9,187,900</i>
Total Sources	240,805,201	246,976,500	251,997,100	259,164,800	266,591,200

^(a) Operating Contingency of \$5.0 million was added in FY 2023/24 to align with other operating funds.

^(b) Revenue Stabilization Reserve of \$5.0 million was established to safeguard against fluctuations in collections and other revenues.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Expenditures					
Personnel Services	33,294,364	34,650,200	37,283,700	37,432,100	39,025,100
Contractual Services	18,941,580	19,328,900	19,822,300	20,337,000	20,903,100
Commodities	45,048,861	45,590,100	46,152,600	46,732,800	47,329,700
Capital Outlays	441,300	84,900	86,600	88,600	90,500
Citywide Indirect Cost Allocation	6,652,569	6,852,000	7,057,800	7,269,400	7,487,400
Department Indirect Cost	919,905	938,200	957,000	976,300	995,700
Personnel Programs	661,294	673,700	686,100	698,800	712,000
Operating Impacts	-	-	250,000	250,000	322,500
Savings from Vacant Positions	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Utilities	20,002,050	20,599,500	21,214,400	21,848,200	22,501,400
Subtotal	124,761,923	127,517,500	132,310,500	134,433,200	138,167,400
Debt Service					
2024 Rev Bond Debt Svc-Sewer	-	-	-	-	-
2024 Rev Bond Debt Svc-Water	-	-	-	-	-
Future Debt	11,018,000	14,904,600	19,991,100	28,597,600	25,864,600
MPC Bonds Debt Service-Sewer	7,127,643	7,552,800	8,372,700	7,326,000	13,457,500
MPC Bonds Debt Service-Water	16,027,871	15,759,900	15,255,500	12,568,200	14,353,900
Subtotal	34,173,514	38,217,300	43,619,300	48,491,800	53,676,000
TOTAL OPERATING BUDGET	158,935,437	165,734,800	175,929,800	182,925,000	191,843,400
Transfers Out					
Advanced Water Treatment	4,059,573	4,182,400	4,346,700	4,431,600	4,566,900
CIP	79,074,794	70,009,800	58,158,600	71,838,000	34,284,200
CIP Technology	2,031,032	766,300	2,521,300	502,900	-
Debt Service Fund	2,953,425	2,782,600	2,519,100	2,208,900	1,848,900
Franchise Fees	10,913,920	11,267,700	11,633,000	12,010,500	12,400,800
Other	-	-	-	-	-
Subtotal	99,032,744	89,008,800	79,178,700	90,991,900	53,100,800
Total Uses	257,968,181	254,743,600	255,108,500	273,916,900	244,944,200
Sources Over/(Under) Uses	(17,162,980)	(7,767,100)	(3,111,400)	(14,752,100)	21,647,000
Ending Fund Balance					
Debt Service Reserve	9,725,825	12,237,825	12,861,700	12,329,000	13,351,525
Operating Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Operating Reserve	31,190,482	31,879,375	33,077,625	33,608,300	34,541,850
Revenue Stabilization Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Water & WasteWater Asset Replacement Reserve	49,455,108	38,487,115	33,553,590	18,803,515	38,494,440
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Ending Fund Balance	105,371,415	97,604,315	94,492,915	79,740,815	101,387,815

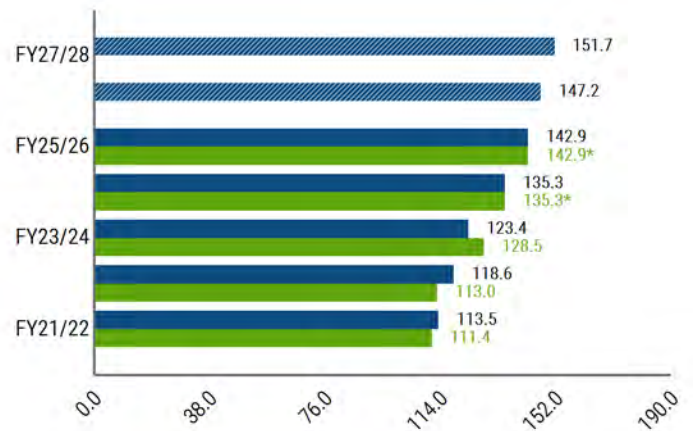
WATER AND WATER RECLAMATION FUNDS SOURCES

Water and Water Reclamation Funds' Sources for FY 2025/26 equal \$240.8 million which is an increase of \$8.0 million from the FY 2024/25 adopted budget. The sources include Water Service Charges, Water Reclamation Service Charges, Non-Potable Water Service Charges, Miscellaneous, Interest Earnings, Indirect Costs, Grants, Stormwater Fees, Property Rental, Contributions & Donations, and Transfers In.

WATER SERVICE CHARGES

Water Service Charges revenue includes base fees according to meter size and monthly volumetric charges based on the amount of water consumed. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The FY 2025/26 budgeted revenue for Water Service Charges is \$142.9 million, a \$7.6 million increase from the FY 2024/25 adopted budget, primarily due to cost increases for raw water, additional actions required for drought preparedness, and increasing costs for replacing and repairing aging infrastructure. It is also due to growth within the customer base.

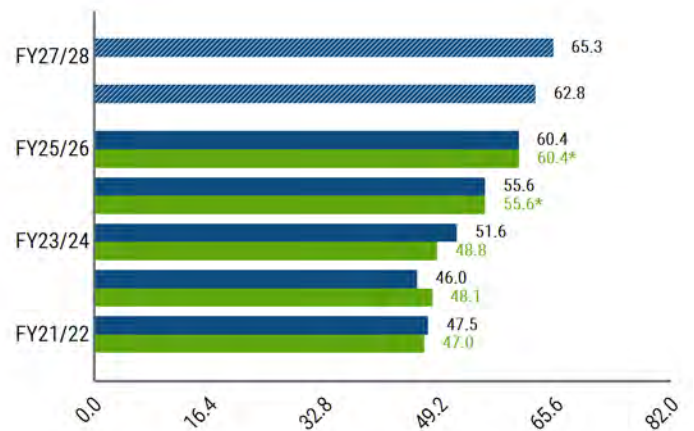
FY 2021/22 to FY 2027/28 (in millions)



WATER RECLAMATION SERVICE CHARGES

Water Reclamation Service Charges revenue includes base fees according to meter size, and volumetric charges based on customer classification and miscellaneous service charges. The FY 2025/26 adopted budget for Water Reclamation Service Charges is \$60.4 million, a \$4.8 million increase compared to the FY 2024/25 adopted budget. The increase is primarily due to rates and fee increases and growth within the customer base. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The increases to base fees and volumetric rates result from cost increases related to supply challenges, replacing and repairing aging infrastructure, and personnel services.

FY 2021/22 to FY 2027/28 (in millions)

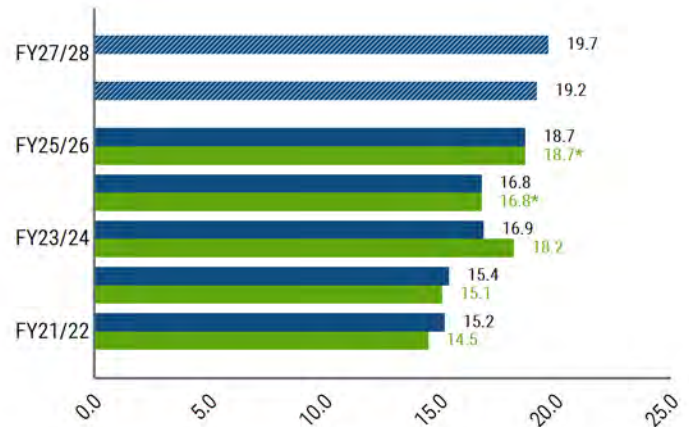


FORECAST BUDGET ACTUAL/FORECAST*

NON-POTABLE WATER SERVICE CHARGES

Non-Potable Water Service Charges revenue is generated from irrigation water sales. The city sells effluent produced at the Water Reclamation Plant to 24 north Scottsdale golf courses through the Reclaimed Water Distribution System (RWDS). It also sells water from the Gainey Water Reclamation Plant for irrigation at 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 city recovers the costs of its irrigation-water contracts by billing the affected customers through service rates. Non-Potable Water Service Charges budgeted revenue for FY 2025/26 totals \$18.7 million, reflecting a \$1.9 million increase from the FY 2024/25 adopted budget. This is due mainly to growth in RWDS and IWDS irrigation sales.

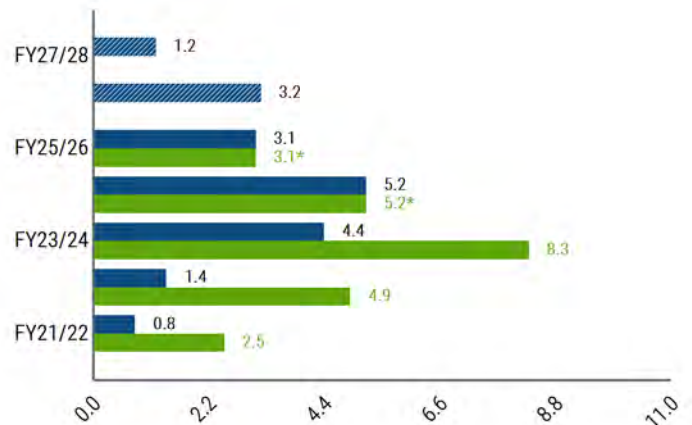
FY 2021/22 to FY 2027/28 (in millions)



MISCELLANEOUS

Miscellaneous revenue adopted for FY 2025/26 totals \$3.1 million, reflecting a decrease of \$2.1 million from the FY 2024/25 adopted budget. The decrease is primarily due to lower grant funding from the Water Infrastructure Finance Authority and the absence of settlement recoveries received during FY 2024/25. The actual FY 2023/24 amount is significantly higher than budget primarily due to higher compensation received from the Central Arizona Project (CAP) and Arizona Department of Water Resources (ADWR) for reducing usage from Lake Mead.

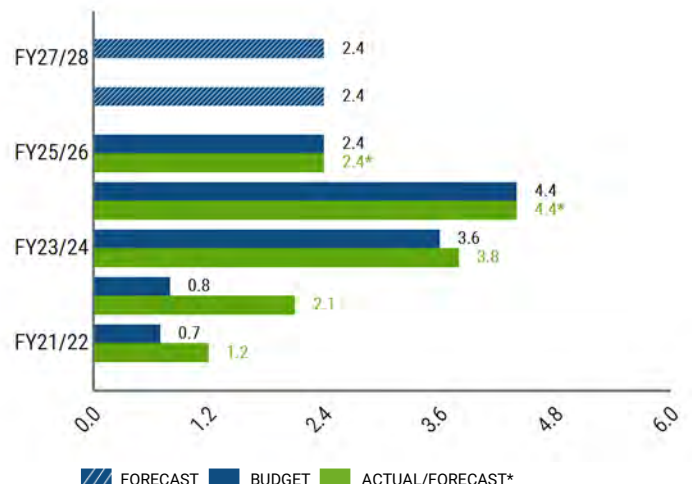
FY 2021/22 to FY 2027/28 (in millions)



INTEREST EARNINGS

Interest earnings are generated on Water and Water Reclamation Funds' cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest Earnings revenue adopted for FY 2025/26 totals \$2.4 million, a \$2.0 million decrease from the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

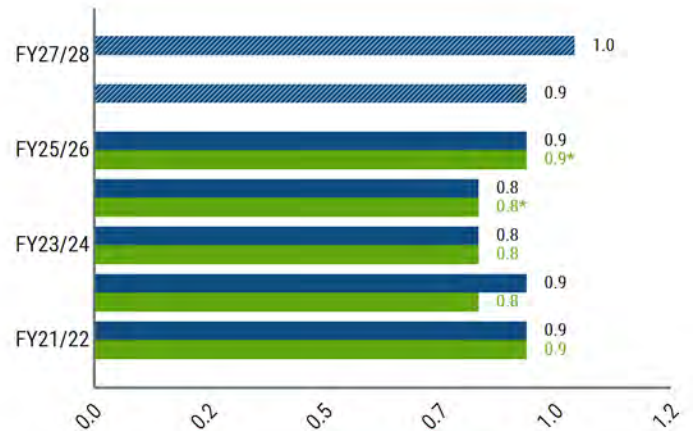


FORECAST BUDGET ACTUAL/FORECAST*

INDIRECT COSTS

The Indirect Costs represent internal charges to the RWDS Fund, Inlet Silverado Golf Course Fund, Irrigation Water Distribution System (IWDS) Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and Well PCX-1/North Indian Bend Wash (NIBW) Granular Activated Carbon (GAC) Treatment Facility (PCX/NGTF) Fund for central operations under the Water and Water Reclamation Funds. The FY 2025/26 adopted budget for Indirect Costs is \$0.9 million, which is a \$0.1 million increase from the FY 2024/25 adopted budget.

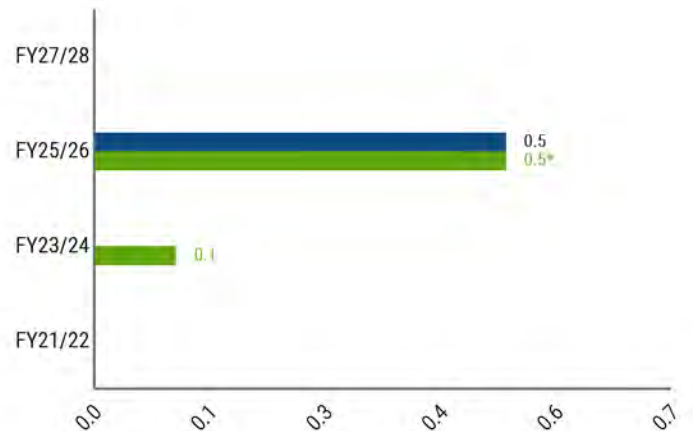
FY 2021/22 to FY 2027/28 (in millions)



GRANTS

Grants revenue includes funding from the Water Infrastructure Finance Authority's Water Conservation Grant Fund to support Scottsdale Water's expanded residential grass removal rebate program, with funds awarded in prior years being spent during FY 2025/26. The FY 2025/26 Grants budgeted revenue is \$0.5 million.

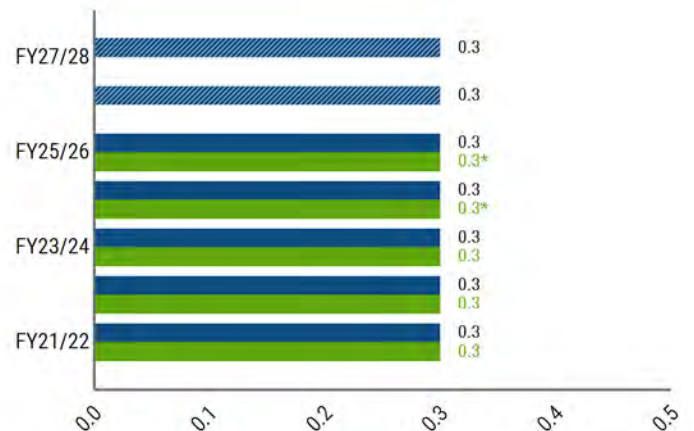
FY 2021/22 to FY 2027/28 (in millions)



STORMWATER FEE

The Stormwater Fee is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs. Stormwater Fee revenue for FY 2025/26 totals \$0.3 million, which is flat when compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

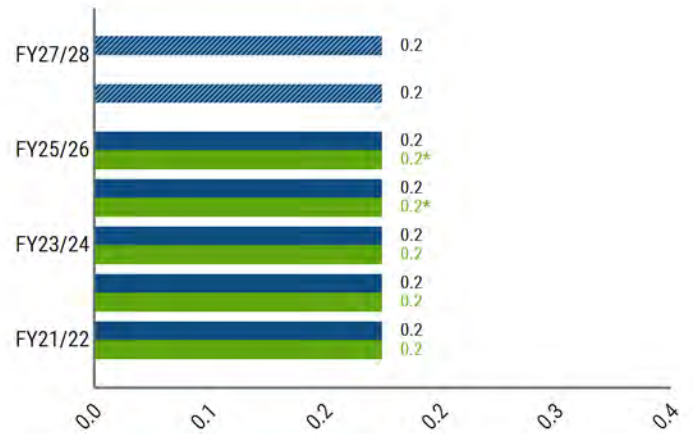


FORECAST BUDGET ACTUAL/FORECAST*

PROPERTY RENTAL

Property Rental includes land and building rent from cell towers on Water Resources' property. Property Rental for FY 2025/26 totals \$0.2 million, which is flat compared to the FY 2024/25 adopted budget.

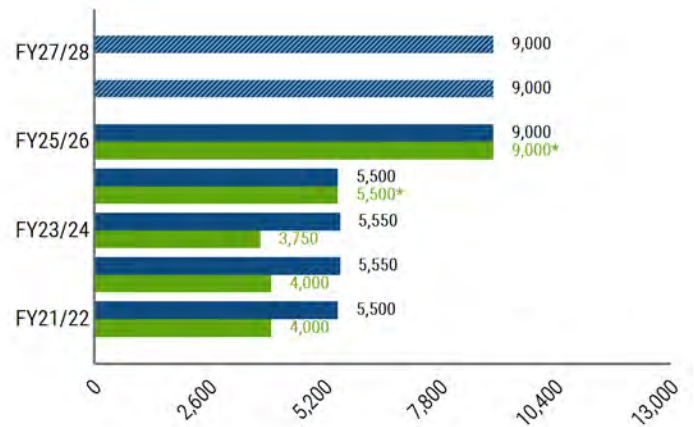
FY 2021/22 to FY 2027/28 (in millions)



CONTRIBUTIONS & DONATIONS

Contributions & Donations includes money provided by Arizona Public Service (APS), the Salt River Project (SRP), and the Central Arizona Project (CAP) to help support the Water Academy. Contributions & Donations revenue for FY 2025/26 totals \$9,000.

FY 2021/22 to FY 2027/28



FORECAST BUDGET ACTUAL/FORECAST*

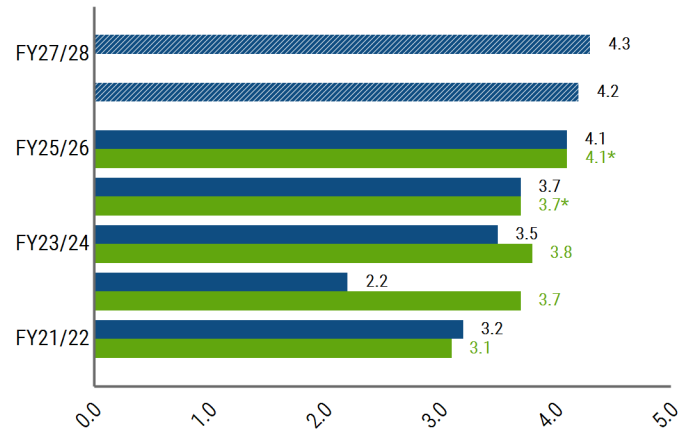
TRANSFERS IN

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 2025/26 is \$11.2 million, across three separate transfers. More specific information is detailed in the following section.

AWT

AWT, or Advanced Water Treatment, represents an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The adopted FY 2025/26 budget is \$4.1 million, an increase of \$0.4 million from the FY 2024/25 adopted budget.

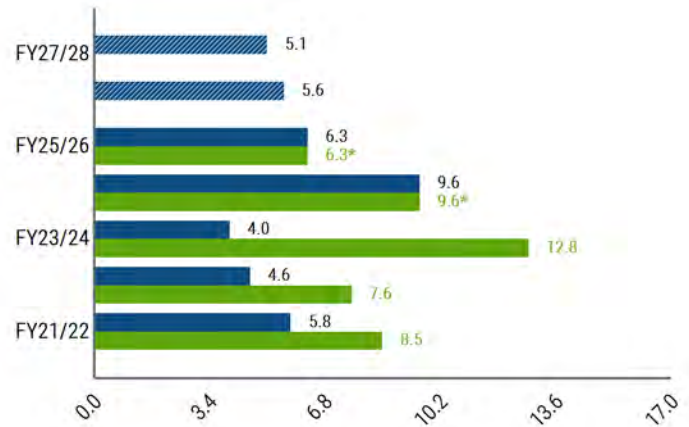
FY 2021/22 to FY 2027/28 (in millions)



DEBT SERVICE

Debt Service includes transfers between the Capital Improvement Plan (CIP) and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. The adopted Debt Service budget for FY 2025/26 is \$6.3 million, which is a decrease of \$3.3 million. The decrease is primarily due to the exclusion of Municipal Property Corporation (MPC) bond interest that had been included in FY 2024/25. The FY 2021/22 and FY 2022/23 actual amounts are greater than the adopted amounts due to an unbudgeted Development Fee Transfer which was required to cover part of the debt payments.

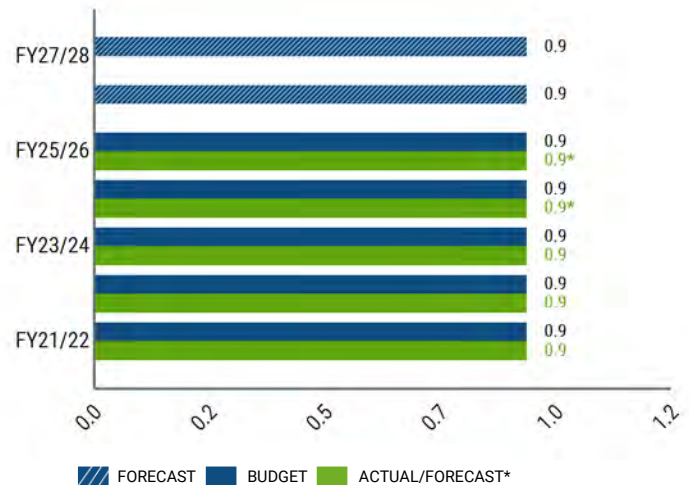
FY 2021/22 to FY 2027/28 (in millions)



RWDS

RWDS, or Reclaimed Water Distribution System, which is budgeted at \$0.9 million, is a transfer from the CIP to the Water and Water Reclamation Funds for debt service payments related to the RWDS system.

FY 2021/22 to FY 2027/28 (in millions)



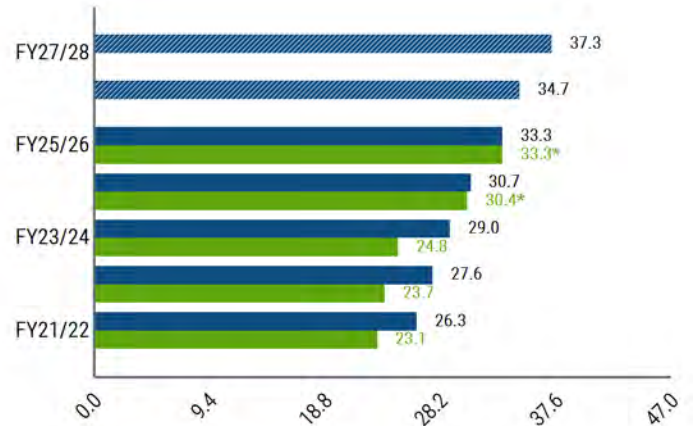
WATER AND WATER RECLAMATION FUNDS USES

The Water and Water Reclamation Funds' uses are presented by the following major groupings: Personnel Services, Contractual Services, Commodities, Capital Outlays, Citywide Indirect Cost Allocation. Additionally, there are Non-Divisional Uses, Debt Service payments, and Transfers Out to other funds.

PERSONNEL SERVICES

Personnel Services includes salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. It is reduced by vacancy savings, but increased for medical and vacation leave accrual payouts that are made at the time of separation from the city. Personnel Services also include citywide pay-for-performance and compensation adjustments. The FY 2025/26 Personnel Services budget is \$33.3 million, which is a \$2.6 million increase compared to the FY 2024/25 budget adopted budget.

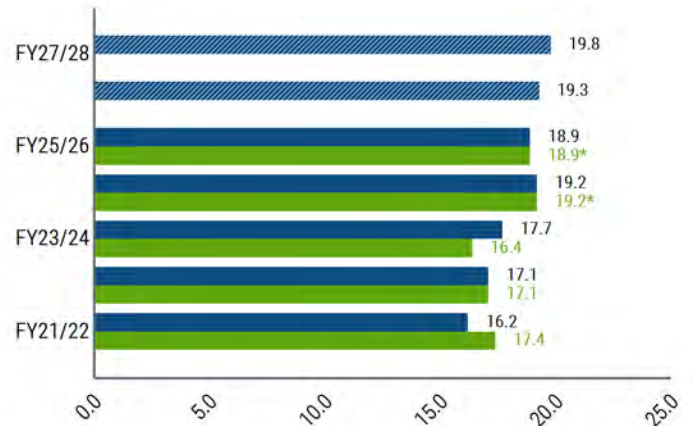
FY 2021/22 to FY 2027/28 (in millions)



CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city divisions. Contractual services for the Water and Water Reclamation Fund cover a range of specialized activities, including wastewater treatment at the jointly owned 91st Avenue Wastewater Treatment Plant, security services, sewer system cleaning and inspections, water-use audits and conservation studies, system repairs, leak detection, and specialized contractor work such as asphalt cutting and trench shoring. The line also funds communications infrastructure, metering accuracy testing, and other technical services essential to maintaining safe, reliable, and efficient water and wastewater operations. The FY 2025/26 adopted budget of \$18.9 million is a \$0.3 million decrease compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

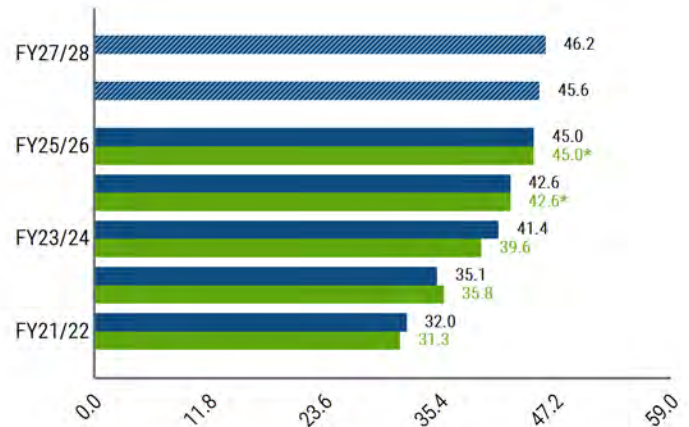


FORECAST BUDGET ACTUAL/FORECAST*

COMMODITIES

Commodities includes supplies, repair and replacement parts, small tools, and maintenance and repairs. Commodity expenses for the Water and Water Reclamation Fund include the purchase of raw and treated water, granular activated carbon for taste, odor, and regulatory compliance, and a variety of chemicals essential for water and wastewater treatment processes. These chemicals support coagulation, disinfection, salinity reduction, advanced water treatment, and effluent delivery systems, ensuring compliance with environmental permits and maintaining high water quality standards. The budget for FY 2025/26 is \$45.0 million, which is an increase of \$2.4 million compared to FY 2024/25.

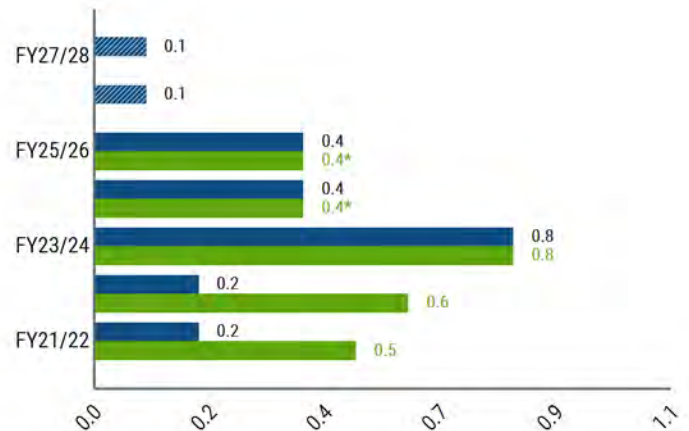
FY 2021/22 to FY 2027/28 (in millions)



CAPITAL OUTLAYS

Capital Outlays includes the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increases the capacity, efficiency, span of life, or economy of operating an existing fixed asset. The FY 2025/26 budget is \$0.4 million, almost entirely for the purchase of a hydro excavation truck to excavate or locate buried utilities and clean up debris from water line repairs.

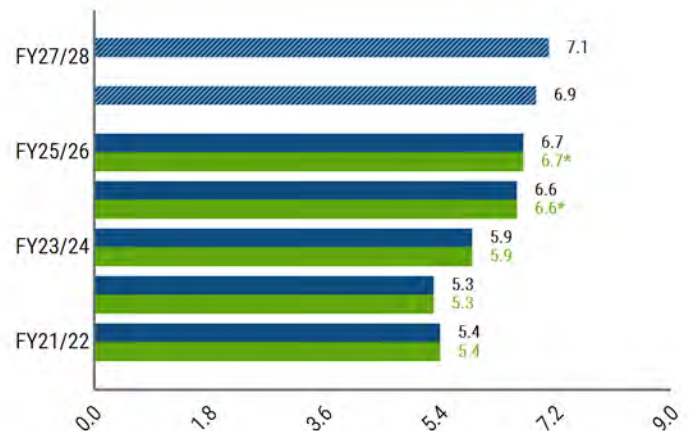
FY 2021/22 to FY 2027/28 (in millions)



CITYWIDE INDIRECT COST ALLOCATION

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. The FY 2025/26 adopted budget includes \$6.7 million for the Citywide Indirect Cost Allocation. This is a \$0.1 million increase compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

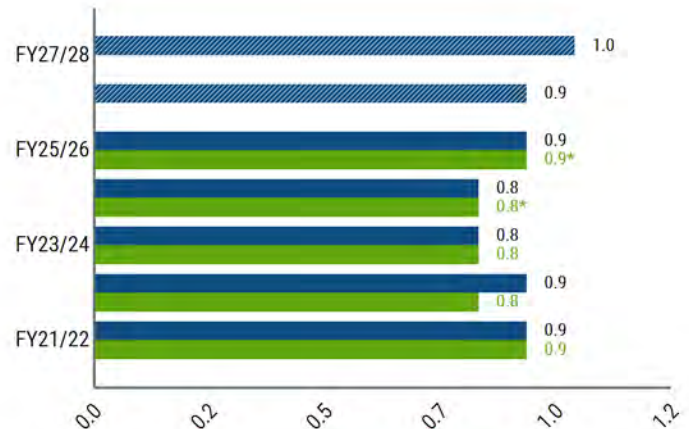


FORECAST BUDGET ACTUAL/FORECAST*

DEPARTMENT INDIRECT COST

The Department Indirect Cost represents internal charges from the Reclaimed Water Distribution System (RWDS) Fund, Inlet Silverado Golf Course Fund, IWDS Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds. The FY 2025/26 adopted budget for Department Indirect Cost is \$0.9 million, which is a \$0.1 million increase compared to the FY 2024/25 adopted budget.

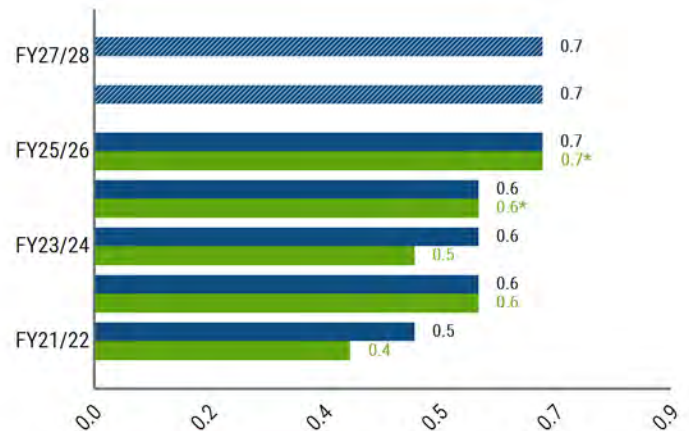
FY 2021/22 to FY 2027/28 (in millions)



PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. The FY 2025/26 adopted budget is \$0.7 million, which is a \$0.1 million increase compared to the FY 2024/25 adopted budget.

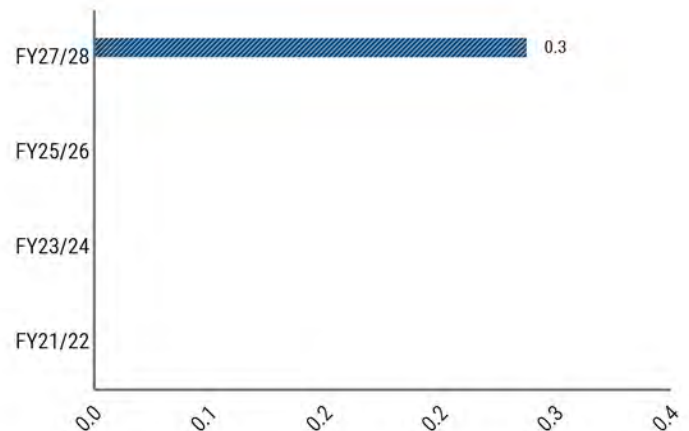
FY 2021/22 to FY 2027/28 (in millions)



OPERATING IMPACTS

Operating impacts are defined as the additional expenses or savings resulting from a capital project. These impacts may include costs such as maintenance, hiring new full-time employees (FTEs), or other ongoing operational expenses. There are no Operating Impacts budgeted for FY 2025/26. Operating Impacts set to begin in FY 2027/28 are for costs related to annual maintenance of the Utility Billing Management System.

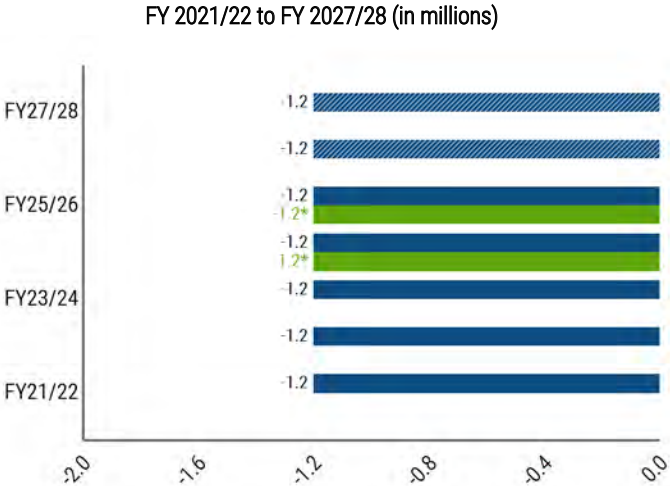
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

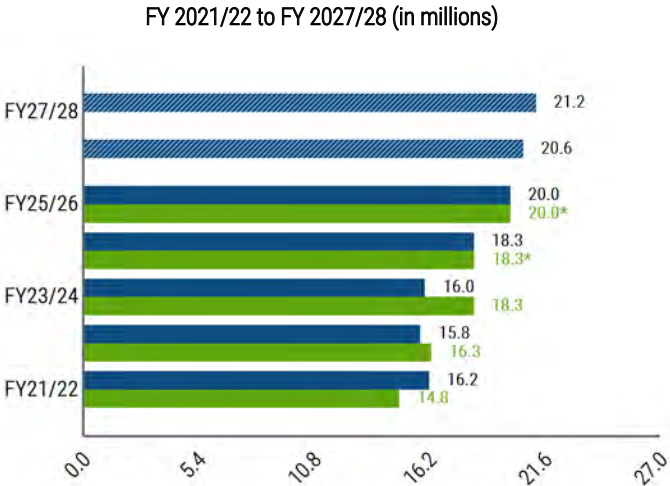
SAVINGS FROM VACANT POSITIONS

The amount of savings accrued from vacant positions for FY 2025/26 is budgeted at (\$1.2) million, which includes anticipated retirements within the city, and the impact of challenges in the labor market.



UTILITIES

The Water and Water Reclamation Fund's utilities budget (water, electric, sewer, gas, solid waste and recycling services) reports separately to allow for better transparency and accountability. The adopted FY 2025/26 Utilities budget of \$20.0 million is \$1.7 million more than the FY 2024/25 adopted budget, primarily due to increased electricity expenses.



FORECAST BUDGET ACTUAL/FORECAST*

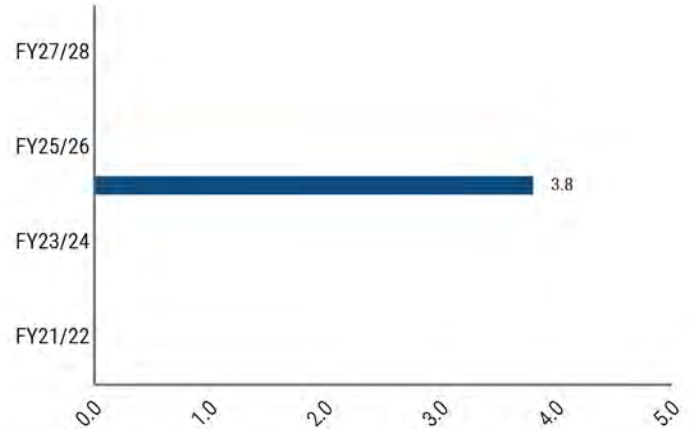
DEBT SERVICE

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

2024 REV BOND DEBT SERVICE - SEWER

Sewer Revenue Bonds funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects. Sewer Revenue Bonds represent the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. 2024 Sewer Revenue Bonds payments were budgeted for \$3.8 million. There was no need for these bonds; therefore, there was no vote on issuance.

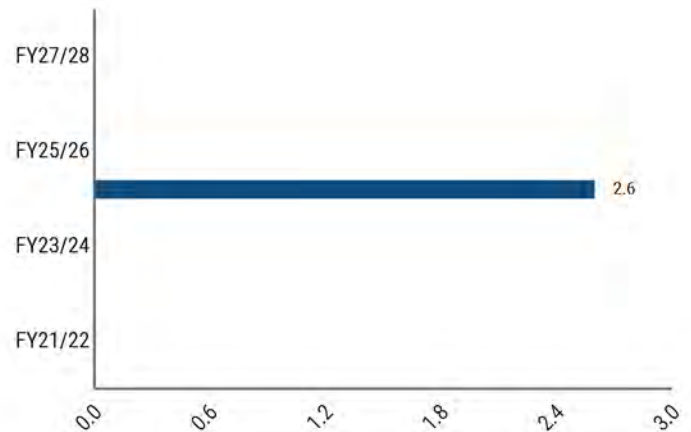
FY 2021/22 to FY 2027/28 (in millions)



2024 REV BOND DEBT SERVICE - WATER

Water Revenue Bonds funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects. Water Revenue Bonds represent the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. 2024 water Revenue Bonds payments were budgeted for \$2.6 million. There was no need for these bonds; therefore, there was no vote on issuance.

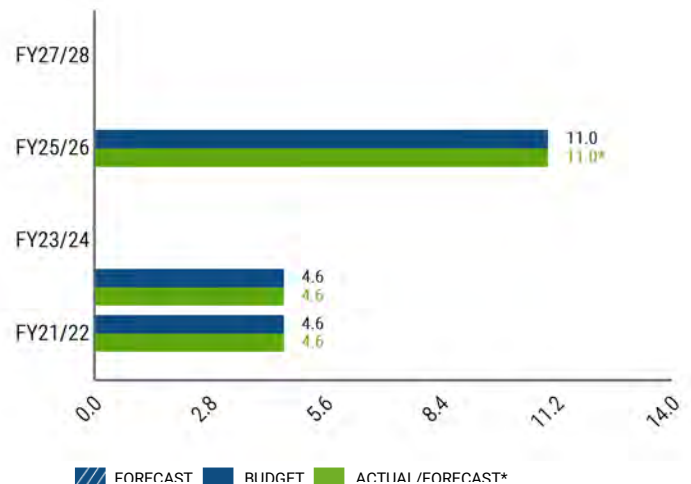
FY 2021/22 to FY 2027/28 (in millions)



FUTURE DEBT

This is a placeholder budget for future debt issued that would be repaid with water and/or sewer fees.

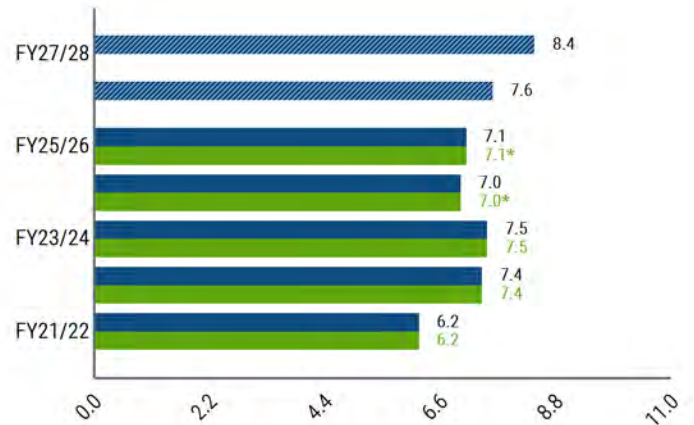
FY 2021/22 to FY 2027/28 (in millions)



MPC BONDS DEBT SERVICE - SEWER

MPC Bonds Debt Service - Sewer represents repayment of Municipal Property Corporation (MPC) bonds and the fiscal agent fees associated with water reclamation capital projects. The MPC is a nonprofit corporation created by the City in 1967 to finance capital improvement projects. Funding for these payments comes from water reclamation rates and fees paid by Scottsdale residents and businesses. The FY 2025/26 adopted budget includes \$7.1 million for MPC Bonds Debt Service - Sewer, which is a \$0.1 million increase compared to the FY 2024/25 adopted budget.

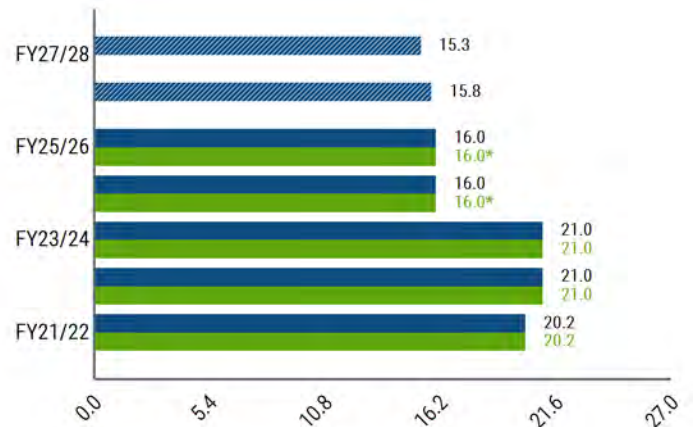
FY 2021/22 to FY 2027/28 (in millions)



MPC BONDS DEBT SERVICE - WATER

MPC Bonds Debt Service - Water represents repayment of Municipal Property Corporation (MPC) bonds and the fiscal agent fees associated with water capital projects. The MPC is a nonprofit corporation created by the City in 1967 to finance capital improvement projects. Funding for these payments comes from water rates and fees paid by Scottsdale residents and businesses. The FY 2025/26 adopted budget includes \$16.0 million for MPC Bonds Debt Service - Water, which is flat compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

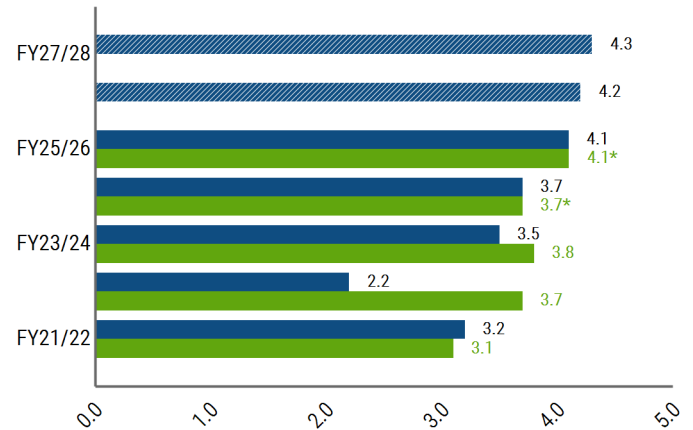
TRANSFERS OUT

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

AWT

AWT, or Advanced Water Treatment, represents an internal transfer between Water and Water Reclamation Fund reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The adopted budget for FY 2025/26 is \$4.1 million, an increase of \$0.4 million from the FY 2024/25 adopted budget, due to higher costs at the Advanced Water Treatment Plant.

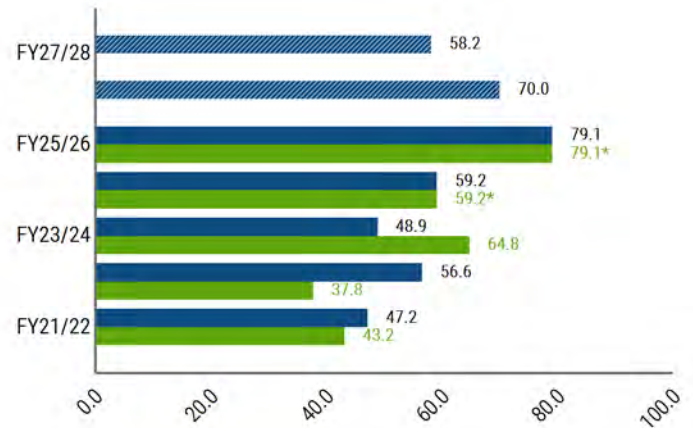
FY 2021/22 to FY 2027/28 (in millions)



CIP

CIP has an adopted budget of \$79.1 million in authorized transfers to the CIP to pay for general water and water reclamation capital projects. Examples of projects include water distribution and treatment system improvements, modification and improvement of the multi-city Sub-Regional Operating Group (SROG) facility enhancements, and water treatment facility improvements. The CIP Transfers Out budget varies according to the CIP projects being built each year.

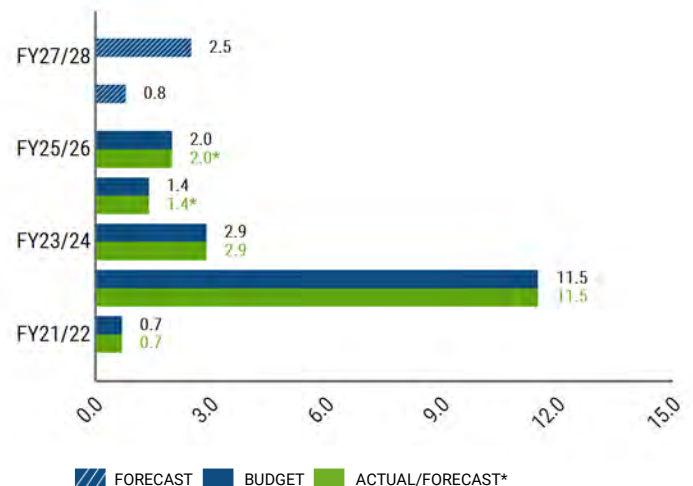
FY 2021/22 to FY 2027/28 (in millions)



CIP TECHNOLOGY

CIP Technology has an adopted budget of \$2.0 million in authorized transfers to the CIP to pay for general water and water reclamation technology projects in FY 2025/26. FY 2022/23 adopted budget is significantly higher as it included the Water and Water Reclamation Funds' proportionate share of funding for the Utility Billing Management System implementation project.

FY 2021/22 to FY 2027/28 (in millions)

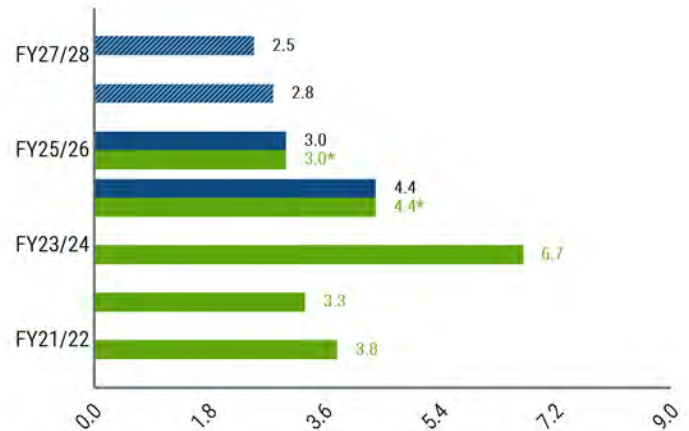


FORECAST BUDGET ACTUAL/FORECAST*

DEBT SERVICE FUND

Municipal Property Corporation (MPC) bonds finance water and sewer capital projects. Development fees collected from new development are deposited into the Water Supply Development Fee and the Sewer Fund. For MPC bonds that are supported by those development-fee funds, the city transfers a portion of receipts from the Water Supply Development Fee and/or the Sewer Fund into the Water Debt Service Fund to pay bond interest and satisfy any required debt-service reserve. The Sewer Revenue Bonds matured in FY 2022/23; the Debt Service Reserve was reduced to zero in FY 2023/24. The city planned to issue replacement water and sewer revenue bonds in December 2024, which reestablished related debt-service activity in FY 2024/25.

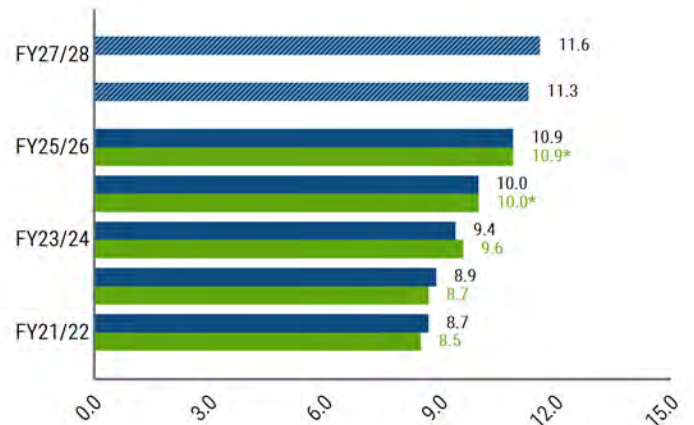
FY 2021/22 to FY 2027/28 (in millions)



FRANCHISE FEES

Franchise Fees is a transfer in FY 2025/26 of \$10.9 million from the Water and Water Reclamation Funds to the General Fund for use of the city's rights-of-way 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.

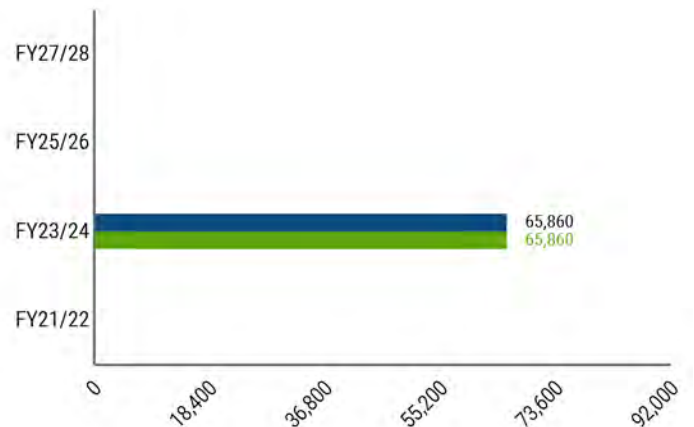
FY 2021/22 to FY 2027/28 (in millions)



OTHER

In FY 2023/24, a transfer out to the General Fund supported a portion of grant writing services to enhance current efforts to seek additional funding sources for citywide services and projects. The FY 2025/26 adopted amount is zero as no contribution is planned to be made from Water Funds beyond year one of the program.

FY 2021/22 to FY 2027/28



FORECAST BUDGET ACTUAL/FORECAST*

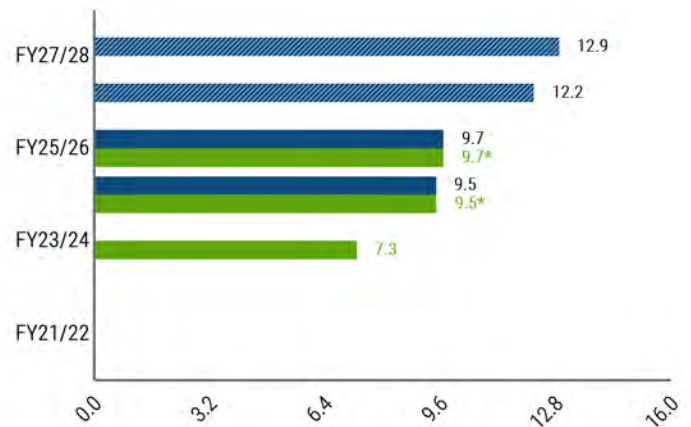
WATER AND WATER RECLAMATION FUNDS ENDING BALANCE

The Water and Water Reclamation Funds' ending balance includes reserves and contingency, which protect the city's financial condition and provide for unexpected economic challenges. Growth of ending fund balance occurs when sources exceed uses. Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) uses. Once fund balances are spent, they are only replenished by future-year sources in excess of uses. The city's budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource-allocation/limit-setting process. This process allows the city to set aside savings before allocated or spent as budgeted uses. The specific make-up of the city's Water and Water Reclamation Funds balance is as follows:

DEBT SERVICE RESERVE

The Debt Service Reserve is required under the terms of the revenue bond indenture to ensure that funds are set aside as collateral for the bonds' debt service payments. Debt Service Reserve was projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunset in FY 2022/23. However, with the planned issuance of 2024 Water and Sewer Revenue Bonds in December 2024, the FY 2024/25 reserve was budgeted at \$9.5 million, increasing to \$9.7 million in FY 2025/26.

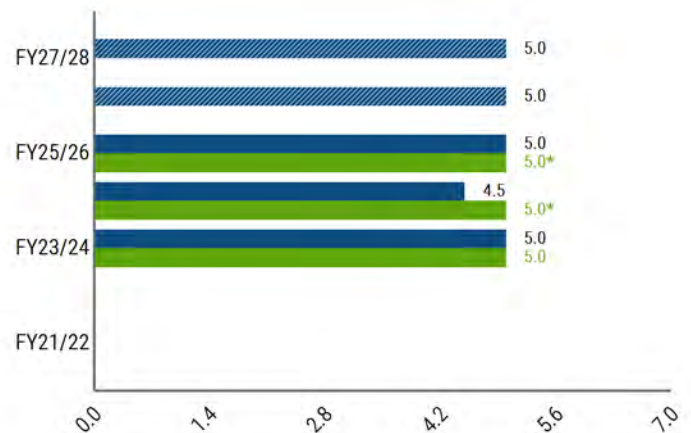
FY 2021/22 to FY 2027/28 (in millions)



OPERATING CONTINGENCY

Pursuant to financial policy 1.09, the city's annual budget includes contingency appropriations to provide for unanticipated increases in service delivery costs and unexpected needs that may arise throughout the fiscal year. FY 2025/26 budget for Operating Contingency is \$5.0 million.

FY 2021/22 to FY 2027/28 (in millions)

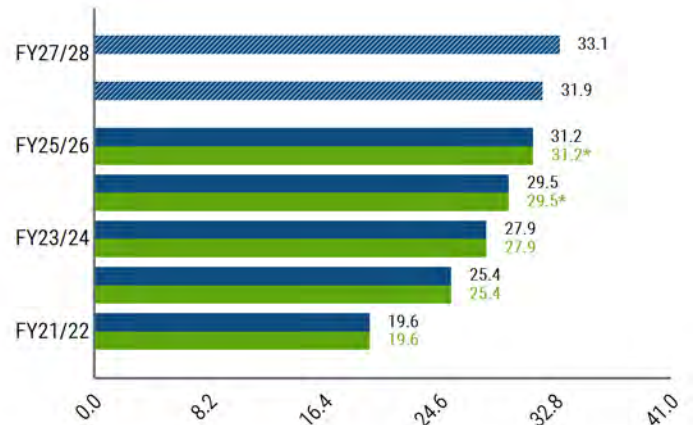


FORECAST BUDGET ACTUAL/FORECAST*

OPERATING RESERVE

Operating Reserve projected for the end of FY 2025/26 is \$31.2 million. This reserve is intended to ensure adequate funding for operations and is budgeted at 25 percent of operating uses, excluding transfers out and debt service as detailed in Financial Policy No. 2.05. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.

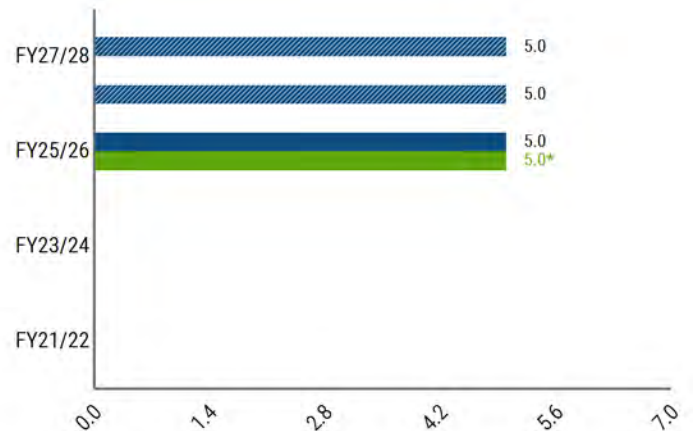
FY 2021/22 to FY 2027/28 (in millions)



REVENUE STABILIZATION RESERVE

At the direction of the City Treasurer, this reserve was established in FY 2025/26 as a contingency, should there be unforeseen fluctuations in water and sewer revenues.

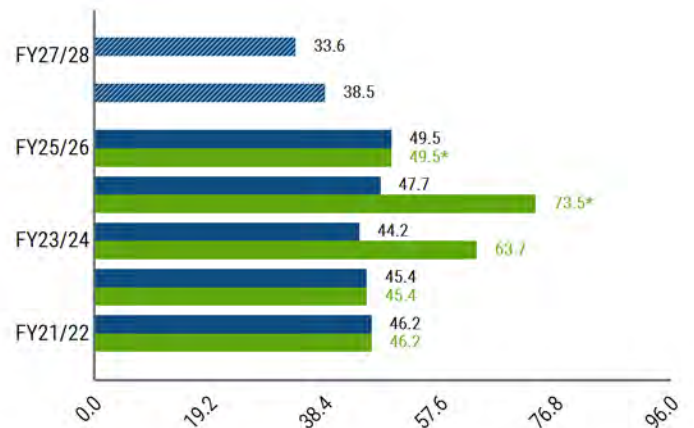
FY 2021/22 to FY 2027/28 (in millions)



WATER & WASTEWATER ASSET REPLACEMENT RESERVE

The Water & Wastewater Asset Replacement Reserve is required per the terms of the revenue bond indenture, to ensure that the assets which serve as collateral for the Sewer Revenue Bonds are preserved. 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. The FY 2025/26 reserve is budgeted at \$49.5 million.

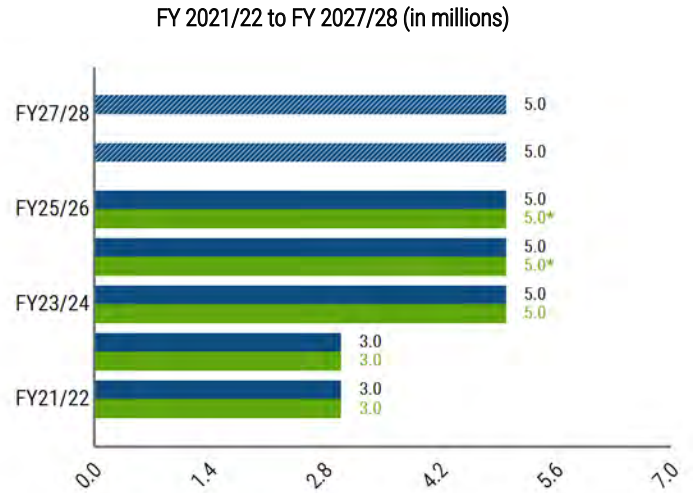
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

WATER DROUGHT RESERVE

The Water Drought Reserve ending fund balance will remain at \$5.0 million for FY 2025/26. The Colorado River basin is in a Tier 1 Shortage for calendar year 2025. The announcement came from the Bureau of Reclamation based on projections for Lake Mead water levels. The shortage declaration means reduced water for some stakeholders who receive water from the Central Arizona Project (CAP); those stakeholders who receive a portion of their water from CAP include municipalities, agriculture, tribes, and others. This Water Drought Reserve will ensure the city is prepared for unexpected cost increases related to water purchases and other unforeseen expenses.



FORECAST BUDGET ACTUAL/FORECAST*

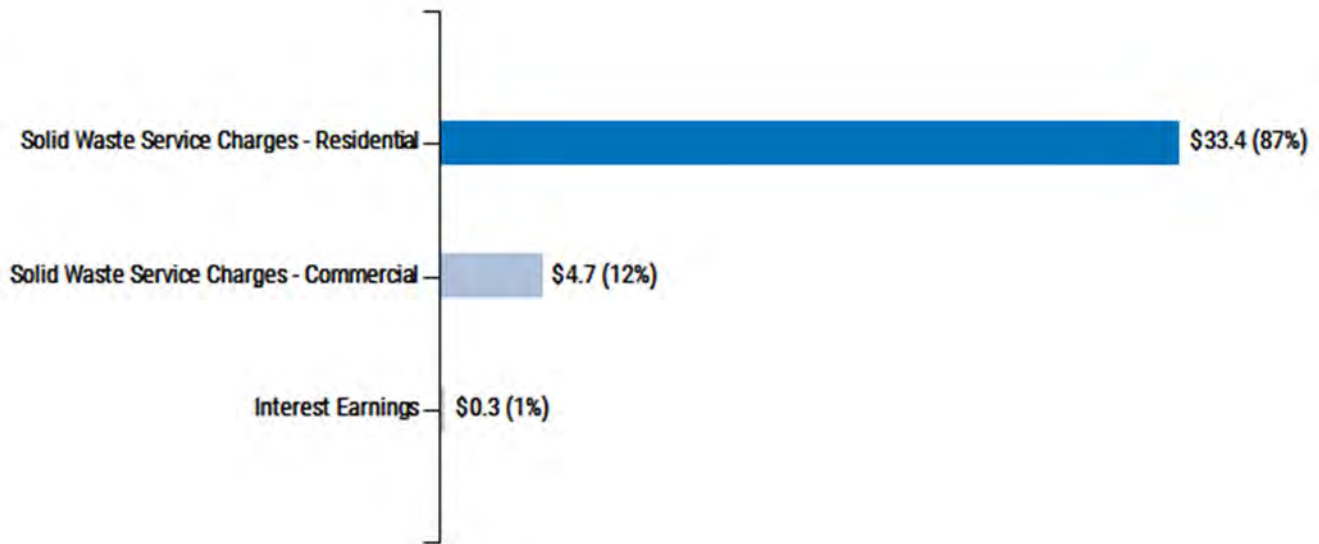


FY 2025/26 Adopted Budget

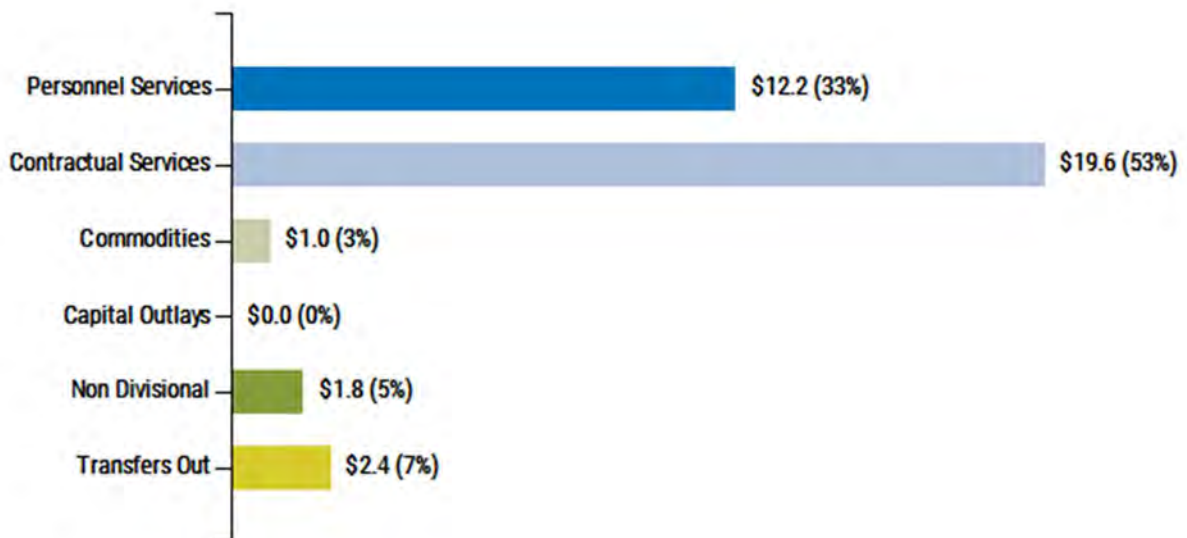
FUND PURPOSE

The Solid Waste Fund accounts for the transactions related to the city's commercial and residential refuse, recycling, brush, and bulk collections business activities. The operating sources and uses are accounted for in this fund while the capital expenditures are accounted for in a separate Solid Waste Capital Fund. The operating sources, uses, and ending fund balance of the Solid Waste Fund are described in the following section.

Solid Waste Fund Sources (% to Total) \$38.4 Million



Solid Waste Fund Uses (% to Total) \$36.9 Million



Rounding differences may occur.

BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	1,000,000	1,000,000	1,000,000
Operating Reserve	4,428,568	4,693,091	4,169,593	5,027,082
Solid Waste Fund Balance	6,268,712	4,119,759	7,204,832	4,264,878
Total Beginning Fund Balance	10,697,280	9,812,850	12,374,425	10,291,960
Revenues				
Solid Waste Service Charges - Residential	29,532,136	31,832,858	31,832,858	33,431,829
Solid Waste Service Charges - Commercial	4,198,831	4,635,583	4,635,583	4,669,583
Interest Earnings	308,721	339,971	339,971	299,423
Miscellaneous	6,717	-	-	-
Subtotal	34,046,405	36,808,412	36,808,412	38,400,835
Total Sources	34,046,405	36,808,412	36,808,412	38,400,835
Expenditures				
Personnel Services	10,677,108	11,892,982	11,726,857	12,150,298
Contractual Services	16,498,100	18,865,797	18,865,797	19,563,457
Commodities	598,803	967,677	967,677	966,652
Capital Outlays	31,670	-	-	6,720
Citywide Indirect Cost Allocation	1,785,696	2,037,592	2,037,592	2,005,323
Personnel Programs ^(a)	-	82,177	47,939	80,689
Savings from Vacant Positions	-	(332,345)	(332,345)	(332,345)
Subtotal	29,591,377	33,513,880	33,313,517	34,440,794
TOTAL OPERATING BUDGET	29,591,377	33,513,880	33,313,517	34,440,794
Transfers Out				
CIP	2,566,007	5,442,219	5,442,219	200,000
CIP Technology	211,877	135,141	135,141	128,735
Other ^(b)	-	-	-	2,086,870
Subtotal	2,777,884	5,577,360	5,577,360	2,415,605
Total Uses	32,369,261	39,091,240	38,890,877	36,856,399
Sources Over/(Under) Uses	1,677,144	(2,282,828)	(2,082,465)	1,544,436
Ending Fund Balance				
Operating Contingency	600,000	707,216	1,000,000	1,000,000
Operating Reserve	4,169,593	5,027,082	5,027,082	5,166,119
Solid Waste Fund Balance	7,604,832	1,795,724	4,264,878	5,670,277
Total Ending Fund Balance	12,374,425	7,530,022	10,291,960	11,836,396

^(a) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

^(b) Repayment of a \$17.8 million loan from the General Fund for the Solid Waste Transfer Station capital project.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	5,027,082	5,166,119	5,535,180	5,611,905	5,746,380
Solid Waste Fund Balance	4,264,878	5,670,277	1,685,316	2,589,691	4,448,116
Total Beginning Fund Balance	10,291,960	11,836,396	8,220,496	9,201,596	11,194,496
Revenues					
Solid Waste Service Charges - Residential	33,431,829	35,092,900	36,836,900	38,668,300	38,668,300
Solid Waste Service Charges - Commercial	4,669,583	4,861,900	5,061,800	5,270,500	5,278,600
Interest Earnings	299,423	298,200	291,100	293,600	301,400
Miscellaneous	-	-	-	-	-
Subtotal	38,400,835	40,253,000	42,189,800	44,232,400	44,248,300
Total Sources	38,400,835	40,253,000	42,189,800	44,232,400	44,248,300
Expenditures					
Personnel Services	12,150,298	12,629,100	13,563,400	13,605,500	14,173,900
Contractual Services	19,563,457	20,253,200	20,934,700	21,690,200	22,490,000
Commodities	966,652	1,011,400	1,051,500	1,093,000	1,136,800
Capital Outlays ^(a)	6,720	1,200,000	-	-	-
Citywide Indirect Cost Allocation	2,005,323	2,065,500	2,127,400	2,191,300	2,257,000
Personnel Programs ^(b)	80,689	81,700	82,800	84,000	85,100
Savings from Vacant Positions	(332,345)	(339,700)	(347,100)	(354,800)	(362,600)
Subtotal	34,440,794	36,901,200	37,412,700	38,309,200	39,780,200
TOTAL OPERATING BUDGET	34,440,794	36,901,200	37,412,700	38,309,200	39,780,200
Transfers Out					
CIP ^(c)	200,000	4,730,000	140,000	255,000	200,000
CIP Technology	128,735	150,800	156,000	175,300	69,500
Other ^(d)	2,086,870	2,086,900	3,500,000	3,500,000	3,500,000
Subtotal	2,415,605	6,967,700	3,796,000	3,930,300	3,769,500
Total Uses	36,856,399	43,868,900	41,208,700	42,239,500	43,549,700
Sources Over/(Under) Uses	1,544,436	(3,615,900)	981,100	1,992,900	698,600
Ending Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operating Reserve	5,166,119	5,535,180	5,611,905	5,746,380	5,967,030
Solid Waste Fund Balance	5,670,277	1,685,316	2,589,691	4,448,116	4,926,066
Total Ending Fund Balance	11,836,396	8,220,496	9,201,596	11,194,496	11,893,096

^(a) In FY 2026/27, two \$500,000 expenditures are included for equipment purchases.

^(b) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

^(c) The FY 2026/27 increase is due to the planned capital acquisition of land from the Arizona State Land Trust.

^(d) Repayment of a \$17.8 million loan from the General Fund for the Solid Waste Transfer Station capital project.

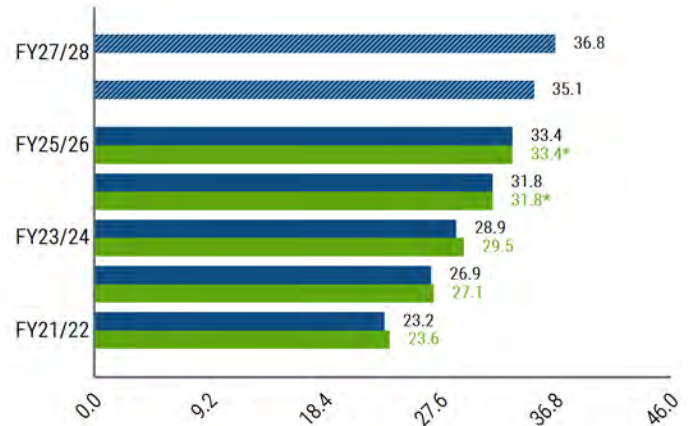
SOLID WASTE FUND SOURCES

Solid Waste Fund sources for FY 2025/26 equal \$38.4 million which is an increase of \$1.6 million compared to the FY 2024/25 adopted budget. The sources include Solid Waste Service Charges for both residential and commercial customers, Interest Earnings, and occasionally Miscellaneous Revenues.

SOLID WASTE SERVICE CHARGES - RESIDENTIAL

Solid Waste Service Charges – Residential includes solid waste service charges and recycled material fees for residential customers. Residential customers are billed a flat fee per month, and the fees are reviewed annually to determine if they cover the costs of the services provided. Other Solid Waste Service Charges - Residential revenue includes residential refuse and recycle container charges, initiation charges, and late charges. The FY 2025/26 budgeted revenue is \$33.4 million, an increase of \$1.6 million from FY 2024/25. The higher revenue reflects approved residential rate increases that were necessary to cover rising operating expenses, principally higher Personnel Services and greater internal service costs for fleet maintenance and repair, fuel, and rental rates.

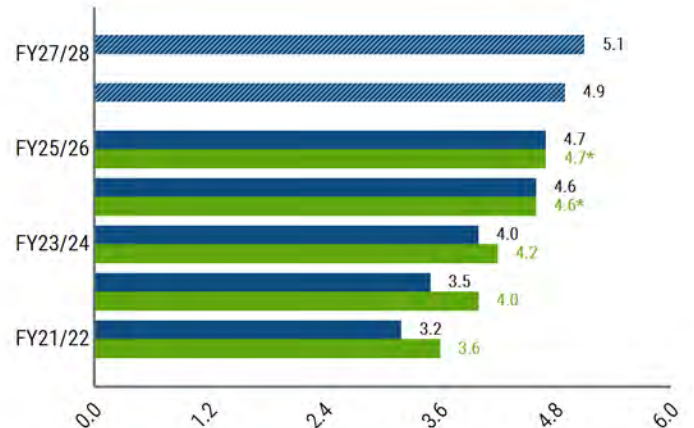
FY 2021/22 to FY 2027/28 (in millions)



SOLID WASTE SERVICE CHARGES - COMMERCIAL

Solid Waste Service Charges – Commercial includes 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 2025/26 budgeted revenue is \$4.7 million, increasing by \$0.1 million from the FY 2024/25 budgeted revenue.

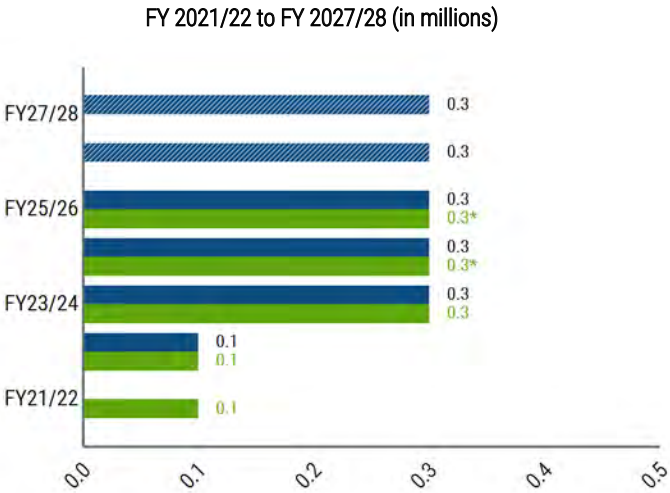
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

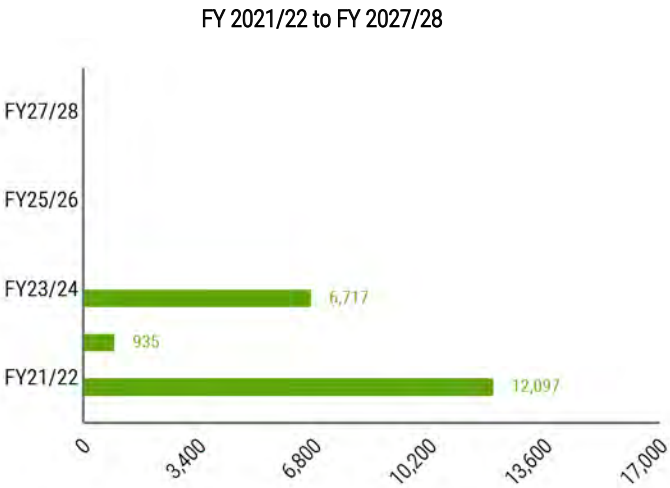
INTEREST EARNINGS

Interest Earnings revenue adopted for FY 2025/26 is \$0.3 million. Interest Earnings are generated on the Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield.



MISCELLANEOUS

Miscellaneous revenue often represents a revenue or credit to the fund outside of normal operations. The FY 2025/26 budgeted revenue for Miscellaneous is \$0, as this revenue source is uncommon.



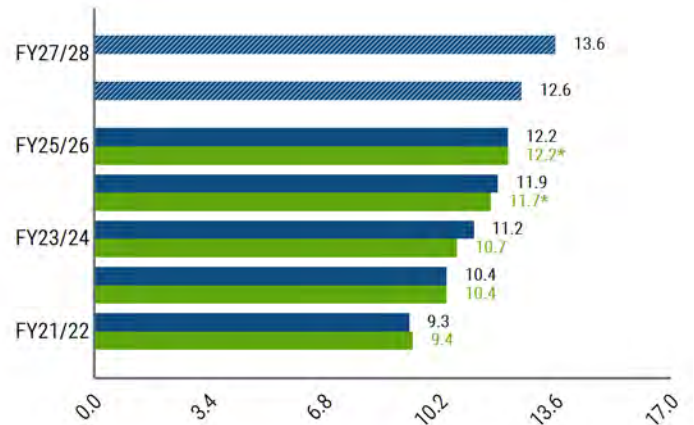
SOLID WASTE FUND USES

The Solid Waste Fund uses are comprised of Personnel Services, Contractual Services, Commodities, Capital Outlays, Indirect Cost Allocation, Personnel Programs, Savings from Vacant Positions, and Transfers Out to other funds.

PERSONNEL SERVICES

Personnel Services includes the salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. Personnel Services has a budget of \$12.2 million for FY 2025/26, which is a \$0.3 million increase compared to the FY 2024/25 budget adopted budget. The increase in Personnel Services is due to a FY 2025/26 pay-for-performance and market adjustment applied to eligible employees.

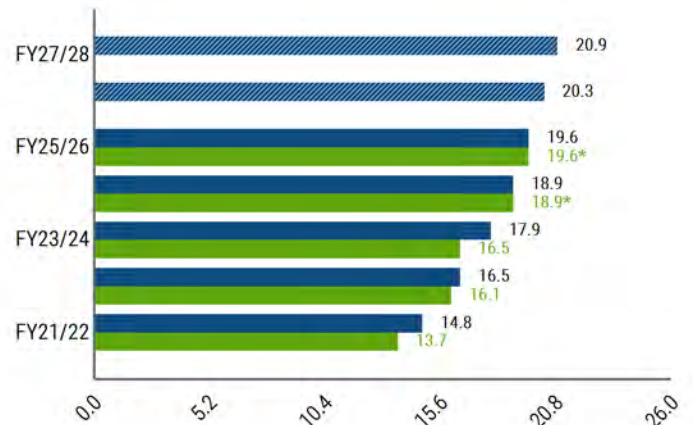
FY 2021/22 to FY 2027/28 (in millions)



CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city divisions. The FY 2025/26 budget of \$19.6 million represents a \$0.7 million increase over the FY 2024/25 budget, which was \$18.9 million. The increase in Contractual Services is due to increases in internal service costs for fleet maintenance and repair, fuel, and rental rates. The increase would be larger but is partially offset by a decrease in internal service costs for property, liability, and workers' compensation coverage.

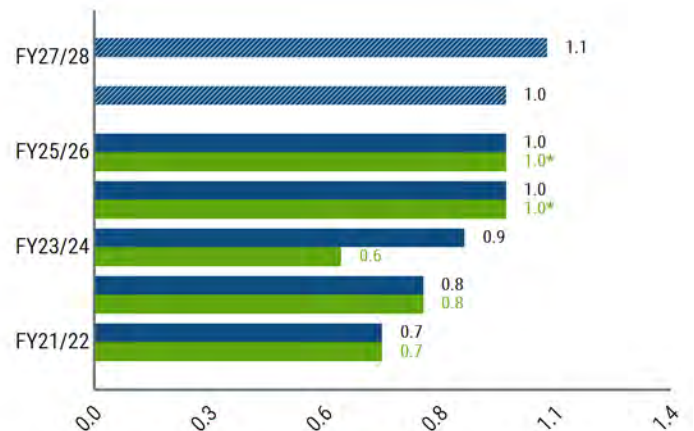
FY 2021/22 to FY 2027/28 (in millions)



COMMODITIES

Commodities includes supplies, repair and replacement parts, small tools, and maintenance and repairs. The budget for FY 2025/26 is \$1.0 million, which is essentially flat compared to FY 2024/25.

FY 2021/22 to FY 2027/28 (in millions)

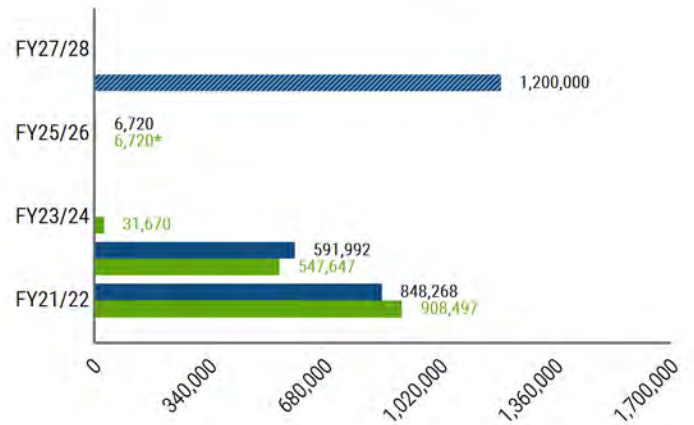


FORECAST BUDGET ACTUAL/FORECAST*

CAPITAL OUTLAYS

Capital Outlays includes the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increases the capacity, efficiency, span of life, or economy of operating an existing fixed asset. The FY 2025/26 adopted budget is \$6,720. The \$1.2 million projected FY 2026/27 budget is for planned equipment purchases.

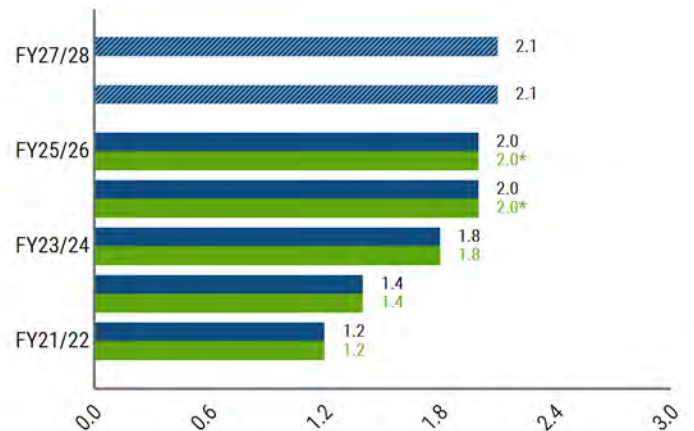
FY 2021/22 to FY 2027/28



CITYWIDE INDIRECT COST ALLOCATION

Indirect cost allocations charged to the Enterprise Funds for specific central administrative functions which benefit the Enterprise operations (e.g., Information Technology, Payroll, and Human Resources). The FY2025/26 budget is \$2.0 million, which is flat when compared to FY 2024/25.

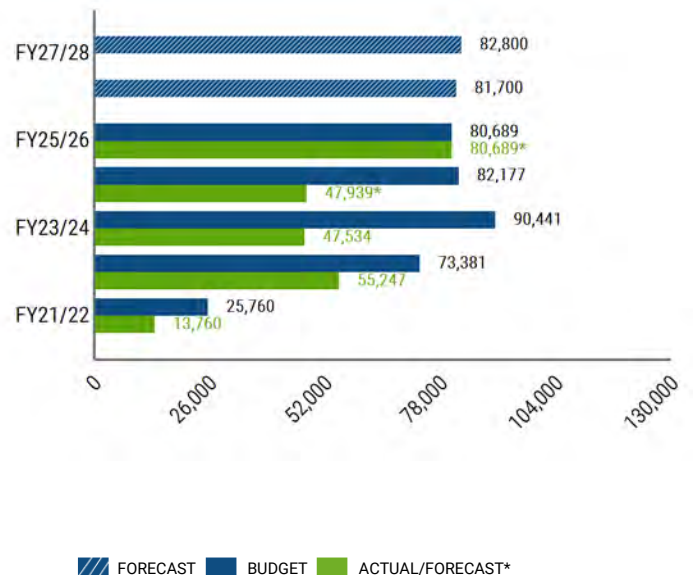
FY 2021/22 to FY 2027/28 (in millions)



PERSONNEL PROGRAMS

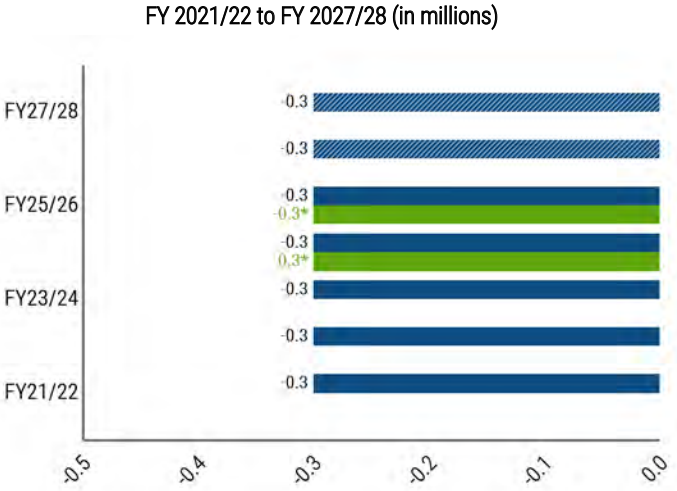
Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

FY 2021/22 to FY 2027/28



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2025/26 is estimated at (\$0.3) million.

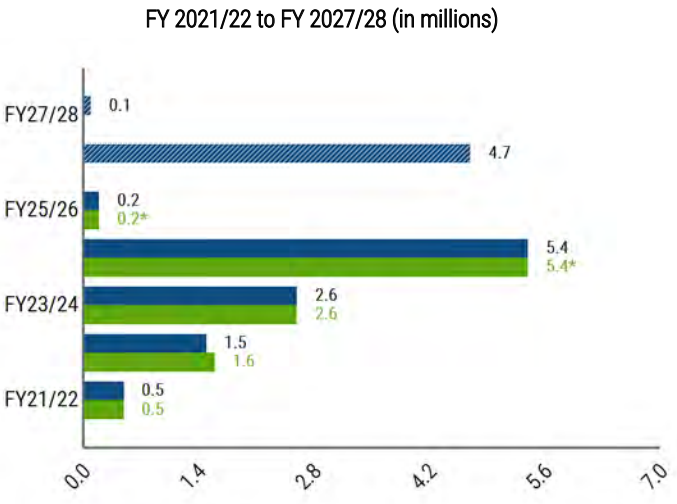


TRANSFERS OUT

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

CIP

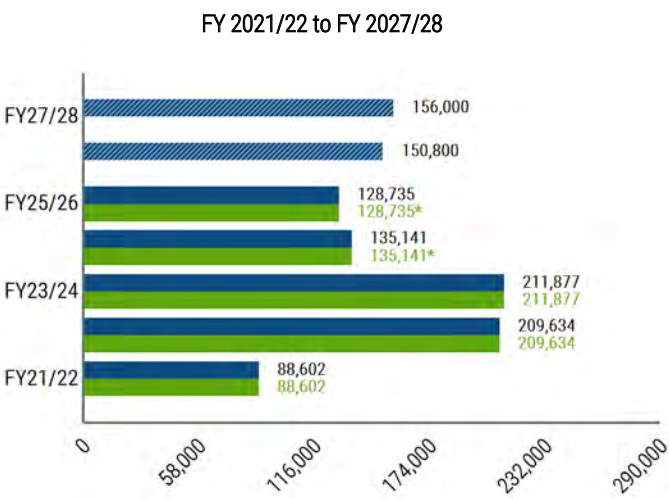
The FY 2025/26 CIP Transfer Out of \$0.2 million is for the Solid Waste Upgrades & Improvements Program. This is a decrease of \$5.2 million compared to the FY 2024/25 adopted budget, which was for costs associated with the Transfer Station Enhancements to allow for a standalone residential household hazardous materials, green waste disposal, and electronics storage building to be used as a drop off location.



FORECAST BUDGET ACTUAL/FORECAST*

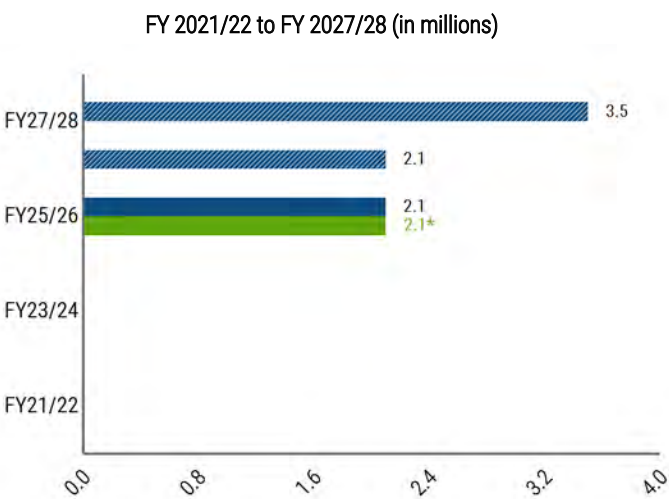
CIP TECHNOLOGY

CIP Technology includes \$128,735 for improved Solid Waste Fund technologies and to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2025/26.



OTHER

In lieu of issuing debt, the Transfer Station Enhancement project will be partially paid via a loan from the General Fund. Repayment begins in FY 2025/26. This transfer records repayment of that loan. Three percent interest is charged on that loan and is factored into the transfer amount.



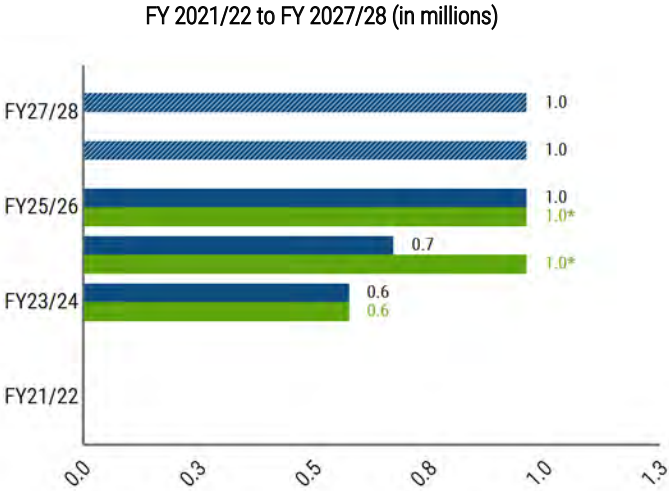
SOLID WASTE FUND ENDING BALANCE

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 and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before being allocated or spent as budgeted expenditures. The specific make-up of the city's Solid Waste Fund ending balance is noted in the following:

FORECAST BUDGET ACTUAL/FORECAST*

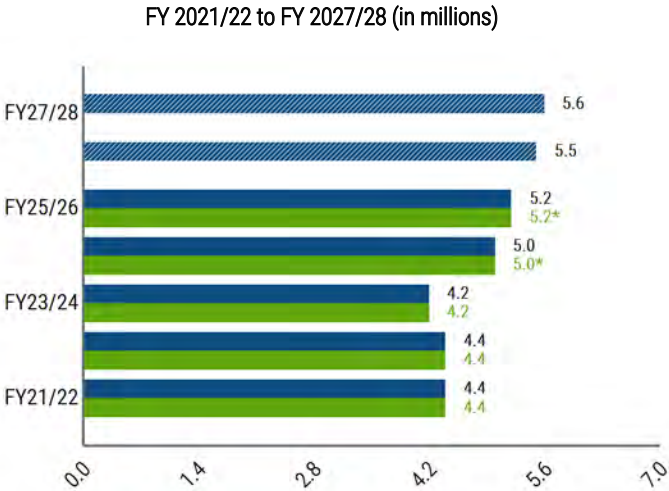
OPERATING CONTINGENCY

Operating Contingency was added to be used for potential recycling market volatility, transfer fee increases, and landfill increases. Operating Contingency in the FY 2025/26 adopted budget is \$1.0 million, a \$0.3 million increase compared to the FY 2024/25 adopted budget of \$0.7 million.



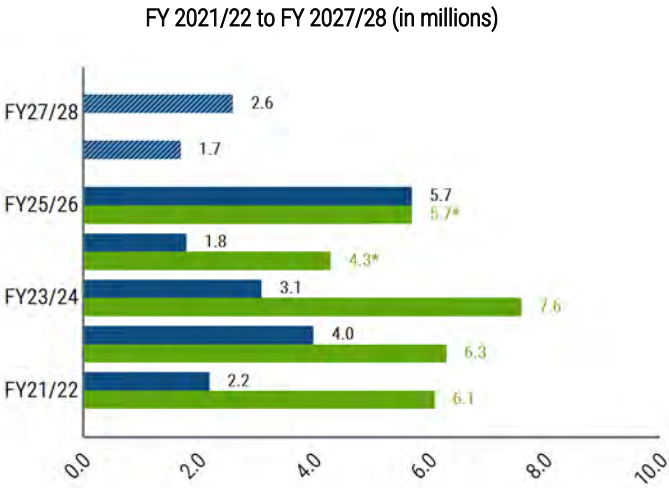
OPERATING RESERVE

The FY 2025/26 ending fund balance includes an Operating Reserve of \$5.2 million, a \$0.2 million increase compared to the FY 2024/25 adopted budget. Per Financial Policy No. 2.04, the city will maintain Operating Reserves in the Solid Waste Fund of 15 percent of operating uses, excluding transfers out to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities. Use of these reserves requires Council approval and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.



SOLID WASTE FUND BALANCE

The Solid Waste Fund balance represents the projected fiscal year end undesignated, unreserved fund balance. FY 2025/26 is projected to close with a balance of \$5.7 million, which is a \$3.9 million increase compared to the FY 2024/25 adopted budget.



FORECAST BUDGET ACTUAL/FORECAST*

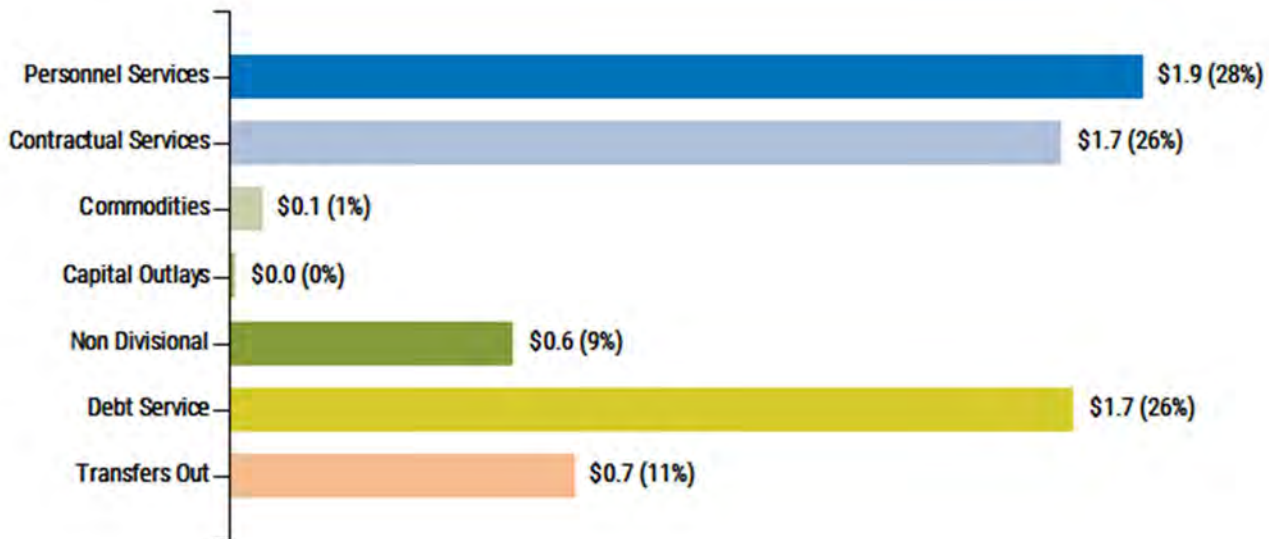
FUND PURPOSE

The Aviation 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) \$11.0 Million



Aviation Fund Uses (% to Total) \$6.6 Million



Rounding differences may occur.

BUDGET BY FUND | Aviation Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Debt Service Reserve	430,675	430,675	430,675	430,175
Fleet Replacement Reserve	1,396,300	1,890,800	1,890,800	3,755,000
Future Capital Replacement	8,338,650	11,973,129	11,071,464	10,733,156
Operating Reserve	494,922	959,499	979,324	989,536
Total Beginning Fund Balance	10,660,547	15,254,103	14,372,263	15,907,867
Revenues				
Airport Fees	9,365,107	8,958,864	9,208,864	9,391,985
Interest Earnings	346,785	448,314	448,314	577,458
Jet Fuel	233,473	233,000	233,000	259,461
Property Rental	188,587	191,458	191,458	196,493
Miscellaneous	314,246	-	-	-
Subtotal	10,448,198	9,831,636	10,081,636	10,425,397
Transfers In				
Debt Service MPC Bonds ^(a)	647,645	599,100	599,100	547,100
Subtotal	647,645	599,100	599,100	547,100
Total Sources	11,095,843	10,430,736	10,680,736	10,972,497
Expenditures				
Personnel Services	1,783,021	1,797,397	1,767,605	1,861,133
Contractual Services	1,294,204	1,454,325	1,454,325	1,696,461
Commodities	48,805	58,800	58,800	68,300
Capital Outlays	400	63,193	63,193	12,000
Citywide Direct Cost Allocation	516,947	440,265	440,265	462,278
Citywide Indirect Cost Allocation	127,452	169,051	169,051	138,476
Personnel Programs ^(b)	-	15,113	13,572	17,922
Savings from Vacant Positions	-	(40,000)	(40,000)	(40,000)
Subtotal	3,770,829	3,958,144	3,926,811	4,216,570
Debt Service				
MPC Bonds Debt Service - Airport	1,722,244	1,722,744	1,722,744	1,720,744
Subtotal	1,722,244	1,722,744	1,722,744	1,720,744
TOTAL OPERATING BUDGET	5,493,073	5,680,888	5,649,555	5,937,314
Transfers Out				
CIP	1,206,507	2,820,439	2,820,439	42,085
CIP Technology	36,901	76,038	76,038	114,689
Debt Service MPC Bonds ^(a)	647,645	599,100	599,100	547,100
Subtotal	1,891,053	3,495,577	3,495,577	703,874
Total Uses	7,384,126	9,176,465	9,145,132	6,641,188
Sources Over/(Under) Uses	3,711,717	1,254,271	1,535,604	4,331,309
Ending Fund Balance				
Debt Service Reserve	430,675	430,175	430,175	430,300
Fleet Replacement Reserve	1,890,800	3,755,000	3,755,000	3,867,650
Future Capital Replacement	11,071,464	11,333,663	10,733,156	14,887,083
Operating Reserve	979,324	989,536	989,536	1,054,143
Total Ending Fund Balance	14,372,263	16,508,374	15,907,867	20,239,176

^(a) Intra-funds transfer for debt service.

^(b) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

BUDGET BY FUND | Aviation Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Debt Service Reserve	430,175	430,300	429,800	429,800	430,300
Fleet Replacement Reserve	3,755,000	3,867,650	3,983,680	4,103,190	4,226,286
Future Capital Replacement	10,733,156	14,887,083	18,197,446	21,459,286	24,452,315
Operating Reserve	989,536	1,054,143	1,098,050	1,154,700	1,176,375
Total Beginning Fund Balance	15,907,867	20,239,176	23,708,976	27,146,976	30,285,276
Revenues					
Airport Fees	9,391,985	9,490,400	9,585,100	9,680,800	9,777,400
Interest Earnings	577,458	575,100	564,100	565,500	580,400
Jet Fuel	259,461	262,100	264,700	267,300	270,000
Property Rental	196,493	195,700	197,700	199,700	201,600
Miscellaneous	-	-	-	-	-
Subtotal	10,425,397	10,523,300	10,611,600	10,713,300	10,829,400
Transfers In					
Debt Service MPC Bonds ^(a)	547,100	492,600	435,500	375,400	310,900
Subtotal	547,100	492,600	435,500	375,400	310,900
Total Sources	10,972,497	11,015,900	11,047,100	11,088,700	11,140,300
Expenditures					
Personnel Services	1,861,133	1,932,100	2,083,000	2,091,200	2,178,500
Contractual Services	1,696,461	1,769,900	1,815,800	1,863,000	1,913,200
Commodities	68,300	71,400	71,900	72,500	73,000
Capital Outlays	12,000	12,500	13,000	13,500	14,000
Citywide Direct Cost Allocation	462,278	485,400	509,700	535,100	561,900
Citywide Indirect Cost Allocation	138,476	142,600	146,900	151,300	155,900
Personnel Programs ^(b)	17,922	18,300	18,500	18,900	19,200
Savings from Vacant Positions	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Subtotal	4,216,570	4,392,200	4,618,800	4,705,500	4,875,700
Debt Service					
MPC Bonds Debt Service - Airport	1,720,744	1,721,200	1,719,000	1,719,000	1,721,000
Subtotal	1,720,744	1,721,200	1,719,000	1,719,000	1,721,000
TOTAL OPERATING BUDGET	5,937,314	6,113,400	6,337,800	6,424,500	6,596,700
Transfers Out					
CIP	42,085	816,600	803,200	1,082,100	354,700
CIP Technology	114,689	123,500	32,600	68,400	13,100
Debt Service MPC Bonds ^(a)	547,100	492,600	435,500	375,400	310,900
Subtotal	703,874	1,432,700	1,271,300	1,525,900	678,700
Total Uses	6,641,188	7,546,100	7,609,100	7,950,400	7,275,400
Sources Over/(Under) Uses	4,331,309	3,469,800	3,438,000	3,138,300	3,864,900
Ending Fund Balance					
Debt Service Reserve	430,300	429,800	429,800	430,300	430,300
Fleet Replacement Reserve	3,867,650	3,983,680	4,103,190	4,226,286	4,353,074
Future Capital Replacement	14,887,083	18,197,446	21,459,286	24,452,315	28,147,877
Operating Reserve	1,054,143	1,098,050	1,154,700	1,176,375	1,218,925
Total Ending Fund Balance	20,239,176	23,708,976	27,146,976	30,285,276	34,150,176

^(a) Intra-funds transfer for debt service.

^(b) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

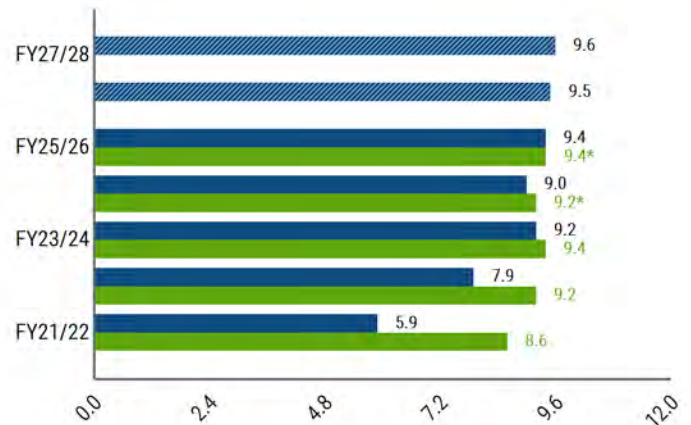
AVIATION FUND SOURCES

Aviation Fund sources for FY 2025/26 are \$11.0 million, most of which is received from Airport Fees. Other sources include Interest Earnings, Jet Fuel, Property Rental, 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. Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The FY 2025/26 budgeted revenue is \$9.4 million, which is an increase of \$0.4 million when compared to the FY 2024/25 adopted budget.

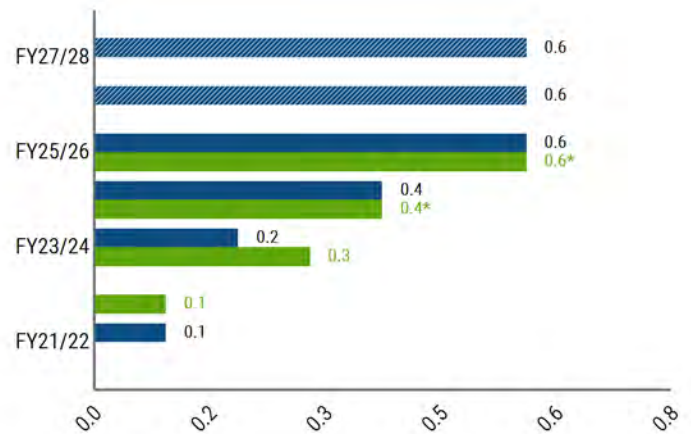
FY 2021/22 to FY 2027/28 (in millions)



INTEREST EARNINGS

Interest earnings are generated on idle Aviation Fund cash balances throughout the year. 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. The FY 2025/26 budgeted revenue is \$0.6 million, which is an increase of \$0.2 million when compared to the FY 2024/25 adopted budget, due to a combination of increased interest rates and fund balance.

FY 2021/22 to FY 2027/28 (in millions)

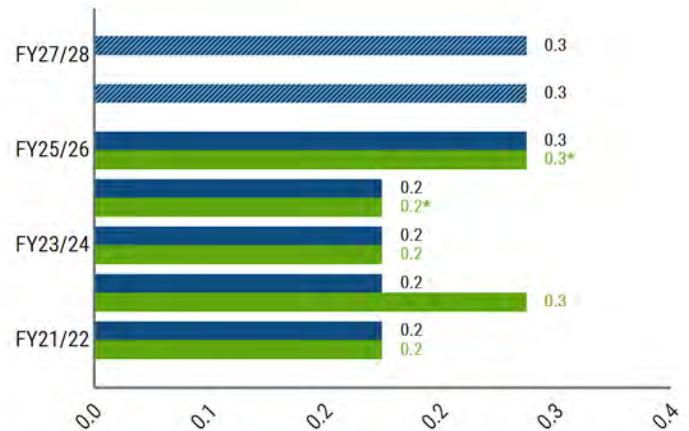


FORECAST BUDGET ACTUAL/FORECAST*

JET FUEL

A jet fuel tax of 1.8 cents is charged to every gallon of fuel purchased at the airport. The FY 2025/26 budgeted revenue is \$0.3 million, which is a \$0.1 million increase when compared to the FY 2024/25 adopted budget.

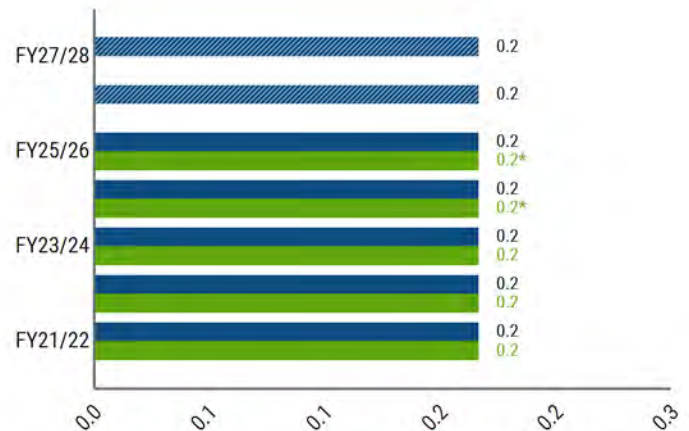
FY 2021/22 to FY 2027/28 (in millions)



PROPERTY RENTAL

Property Rental includes the annual \$0.2 million amortization payment of a 20-year land lease for the construction and operation of a park-and-ride facility at the airport that sunsets in 2032. It also includes the rent of a well site, radio shop, and a fire station managed by other city departments. The FY 2025/26 budgeted revenue is \$0.2 million, which is flat when compared with the FY 2024/25 adopted budget.

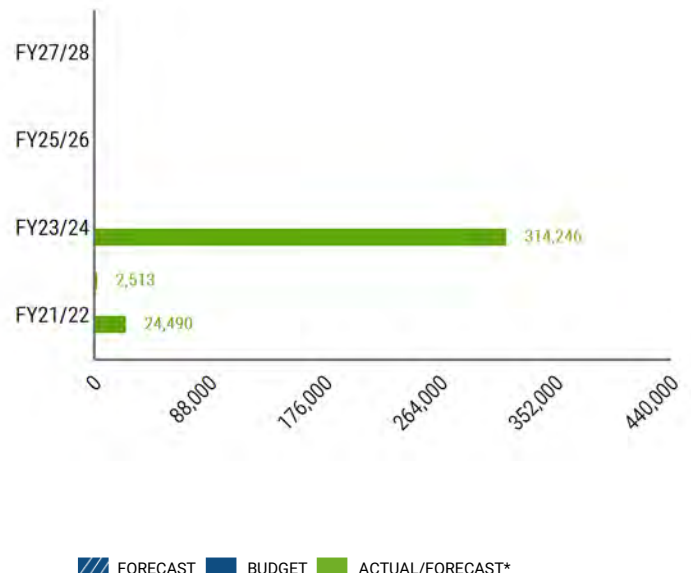
FY 2021/22 to FY 2027/28 (in millions)



MISCELLANEOUS

Miscellaneous revenue often represents a revenue or credit to the fund outside of normal operations. The FY 2023/24 revenue was due to the transfer of a fire truck from Aviation to Fleet; the Aviation Fund was reimbursed for the value of the fire truck. The adopted FY 2025/26 budgeted revenue is \$0, as this revenue source is uncommon.

FY 2021/22 to FY 2027/28



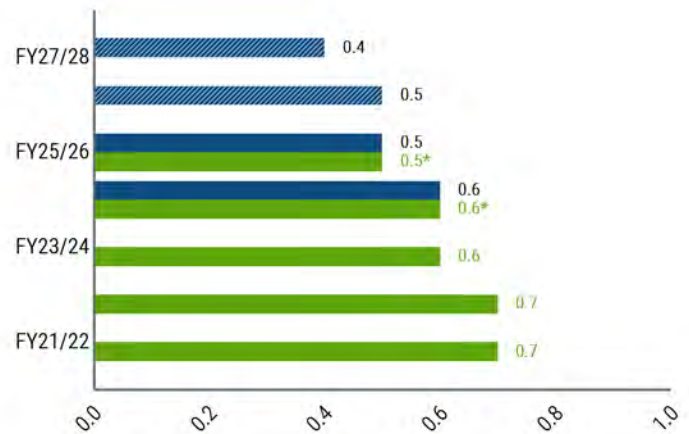
TRANSFERS IN

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 make debt service payments on the FY 2017/18 issuance of Municipal Corporation Bonds, which financed the Airport Terminal Area Redevelopment capital improvement project. The FY 2025/26 adopted budget is \$0.5 million, a \$0.1 million decrease compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)



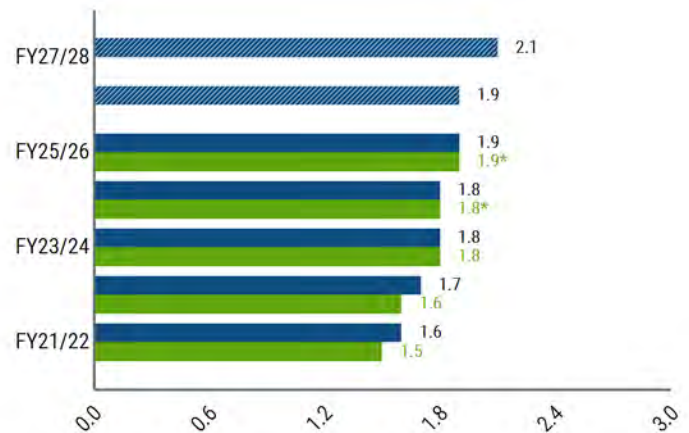
AVIATION FUND USES

The Aviation Fund uses are comprised of Personnel Services, Contractual Services, Commodities, Capital Outlays, Direct and Indirect Cost Allocation, Personnel Programs, Savings from Vacant Positions, Debt Service, and Transfers Out to other funds.

PERSONNEL SERVICES

Personnel Services includes the compensation paid to employees of the City of Scottsdale and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2025/26 adopted budget amount is \$1.9 million, which is \$0.1 million more than FY 2024/25 due to merit and market increases for eligible employees. The Aviation Fund supports 15.48 full-time equivalent (FTE) positions.

FY 2021/22 to FY 2027/28 (in millions)

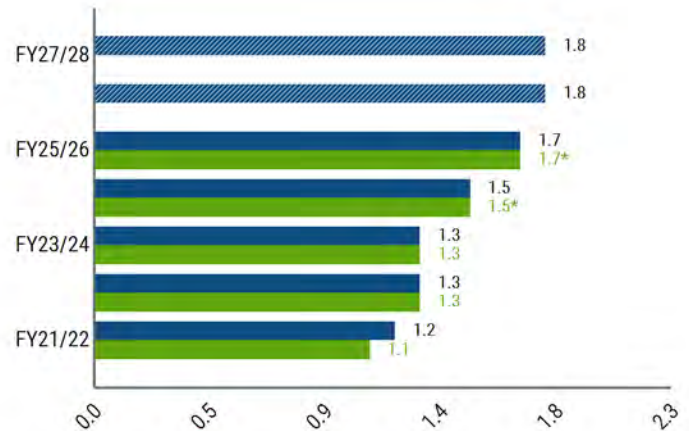


FORECAST BUDGET ACTUAL/FORECAST*

CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments. The FY 2025/26 adopted budget is \$1.7 million, which is a \$0.2 million increase from FY 2024/25. The increase is primarily due to rising costs of reimbursing U.S. Customs and Border Patrol for two full-time Customs Officers who inspect and clear aircraft when they arrive from destinations outside the United States; overtime expenses and data-line and connectivity fees are also reimbursed.

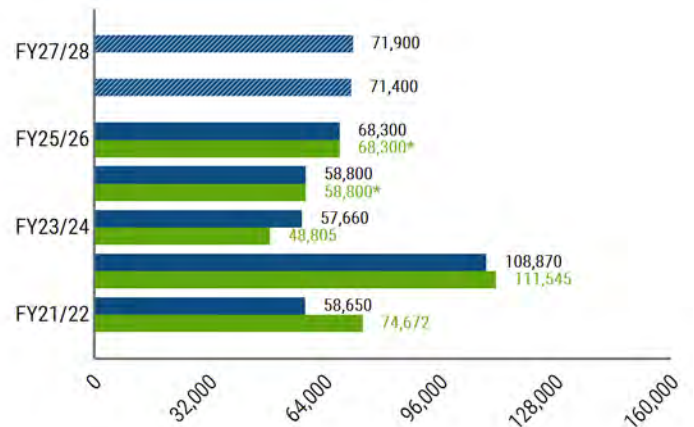
FY 2021/22 to FY 2027/28 (in millions)



COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The FY 2025/26 adopted budget is \$68,300, which is a \$9,500 increase compared to the FY 2024/25 adopted budget.

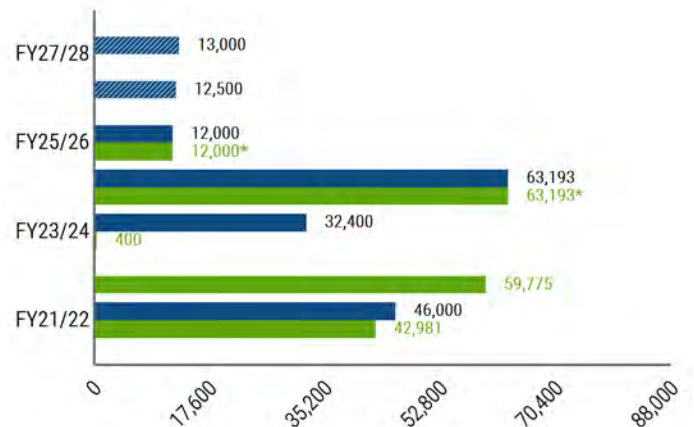
FY 2021/22 to FY 2027/28



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget is \$12,000, which is a decrease of \$51,193 compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28

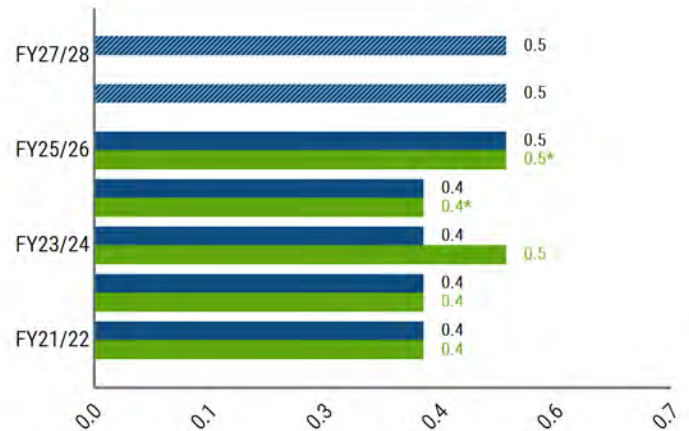


FORECAST BUDGET ACTUAL/FORECAST*

CITYWIDE DIRECT COST ALLOCATION

Citywide Direct Cost Allocation represents Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel. The FY 2025/26 budget for this allocation is \$0.5 million, which is an increase of \$0.1 million compared to the FY 2024/25 adopted budget.

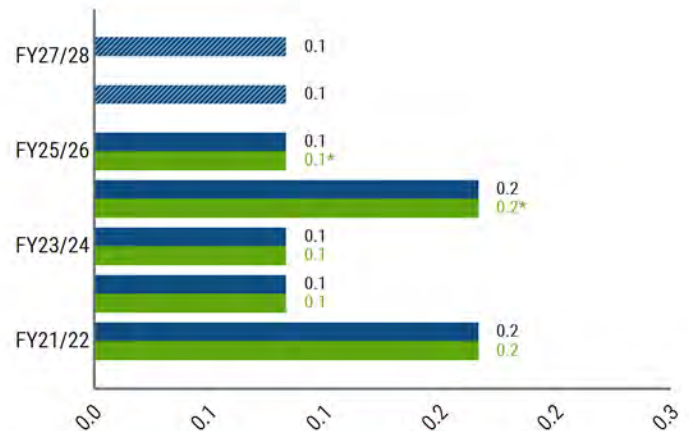
FY 2021/22 to FY 2027/28 (in millions)



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's 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 2025/26 adopted budget is \$0.1 million, which is \$0.1 million lower than the FY 2024/25 adopted budget.

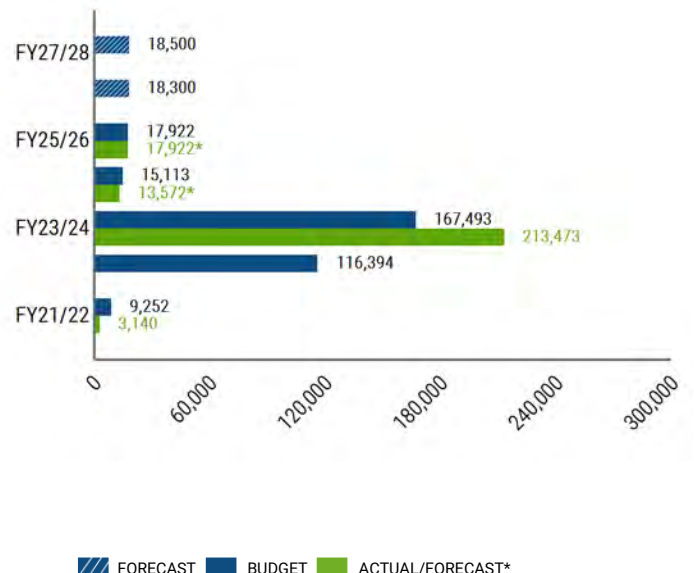
FY 2021/22 to FY 2027/28 (in millions)



PERSONNEL PROGRAMS

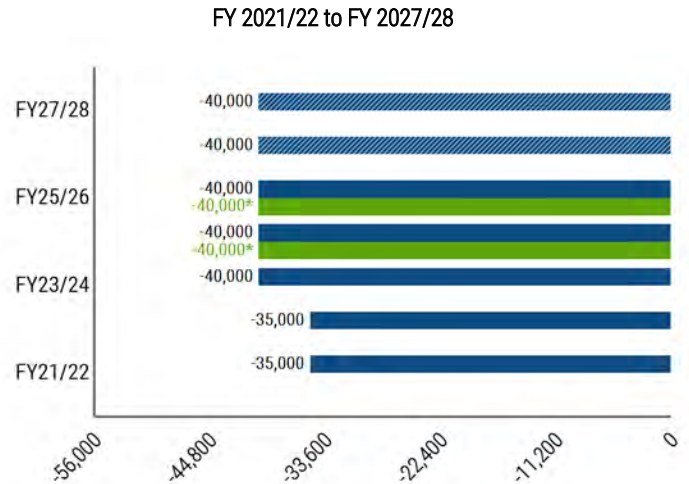
Personnel Programs are composed of non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. The FY 2025/26 adopted budget is \$17,922.

FY 2021/22 to FY 2027/28



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2025/26 is estimated at (\$40,000), which includes anticipated retirements within the city and the impact of challenges in the labor market.

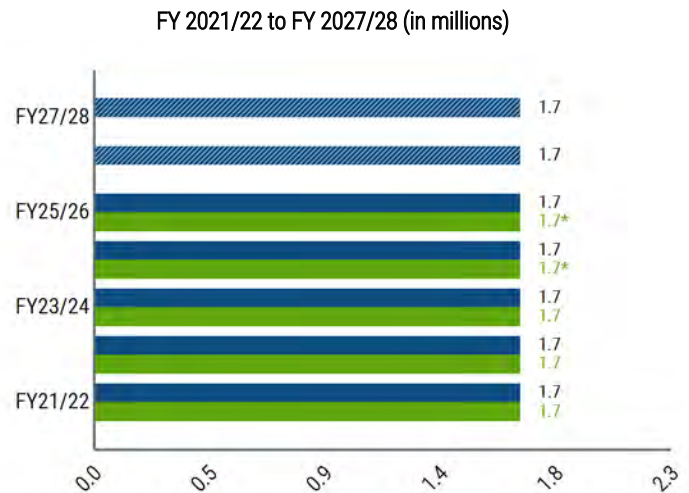


DEBT SERVICE

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

MPC BONDS DEBT SERVICE - AIRPORT

MPC Bonds Debt Service - Airport represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The FY 2025/26 adopted budget is \$1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.



TRANSFERS OUT

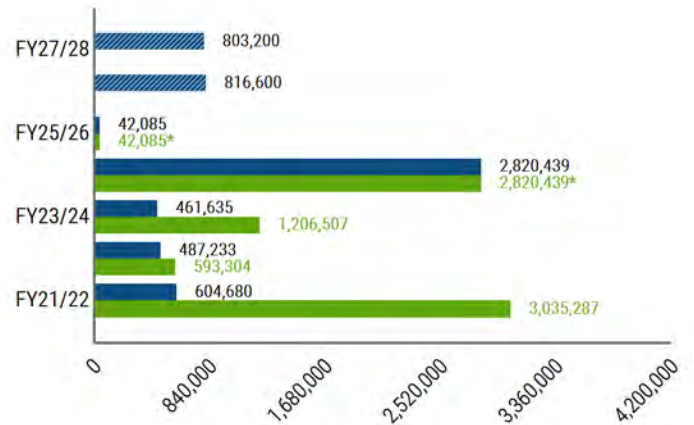
Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).

FORECAST BUDGET ACTUAL/FORECAST*

CIP

Transfers Out CIP are used to fund capital projects related to the Airport. The FY 2025/26 CIP adopted budget is \$42,085, which is \$2,778,354 less than the FY 2024/25 adopted budget. The decrease is largely due to the completion of various projects, such as the airport perimeter road rebuild; geometry and rehabilitation work on Taxiway A and its connector links; rehabilitation of Airport Drive; Kilo ramp resurfacing; design and construction of new exit taxiways B2, B15, and B9; installation of airport security gates; replacement of airside ramp lighting with LED fixtures; reconstruction of Gate 1 taxilane and the Taxiway Alpha bypass; rehabilitation of Runway 03/21; and rehabilitation of Taxiways A11 and A12.

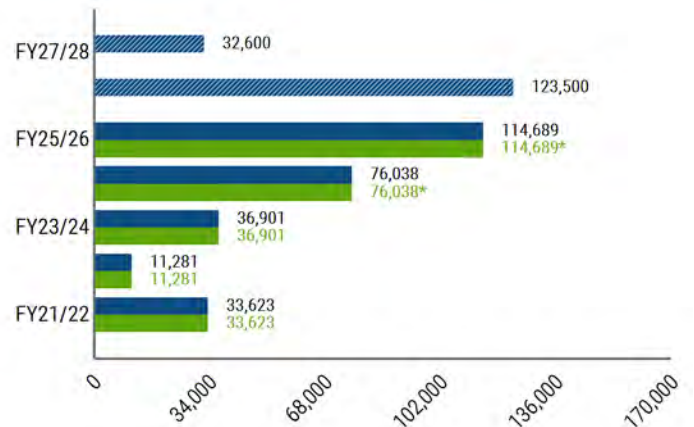
FY 2021/22 to FY 2027/28



CIP TECHNOLOGY

CIP Technology is the authorized transfer to fund technology-related capital projects. The FY 2025/26 adopted budget is \$114,689, which is an increase of \$38,651 compared to the FY 2024/25 adopted budget. The increase is primarily due to installation of fiber optic infrastructure to reduce operating costs.

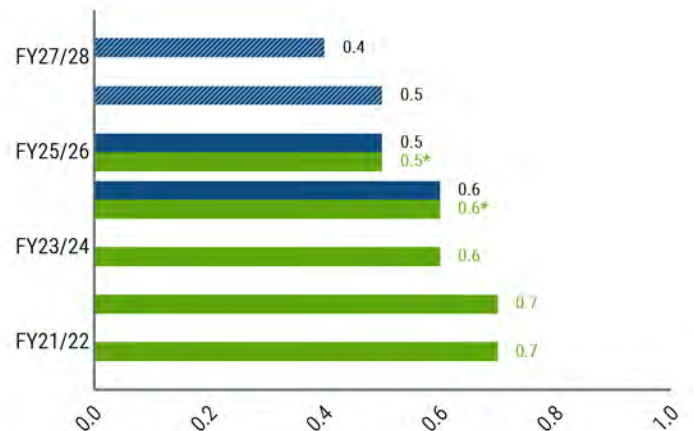
FY 2021/22 to FY 2027/28



DEBT SERVICE MPC BONDS

Debt Service MPC Bonds is an internal transfer between airport funds to make debt service payments on the FY 2017/18 issuance of Municipal Corporation (MPC) Bonds, which financed the Airport Terminal Area Redevelopment capital improvement project. The FY 2025/26 adopted budget is \$0.5 million, which is a decrease of \$0.1 million compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

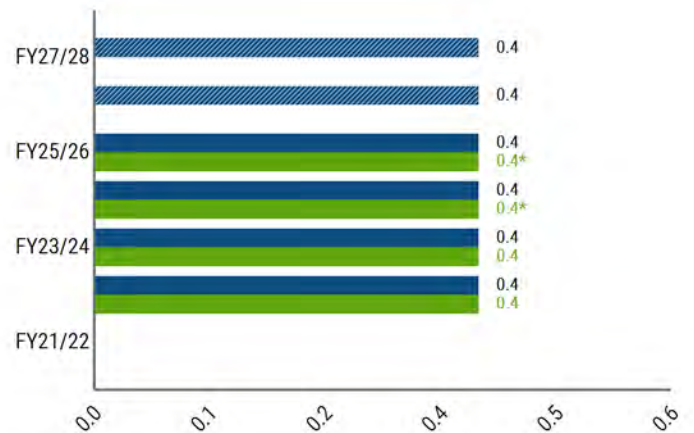
AVIATION FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before they are allocated or spent as budgeted expenditures. The specific make-up of the city's Aviation Fund ending balance and reserves are noted in the following:

DEBT SERVICE RESERVE

The Debt Service Reserve was established in FY 2022/23 by Financial Policy No. 2.07 to set aside funds for debt service payments. The FY 2025/26 Debt Service Reserve is \$0.4 million, which is flat compared to the FY 2024/25 adopted budget.

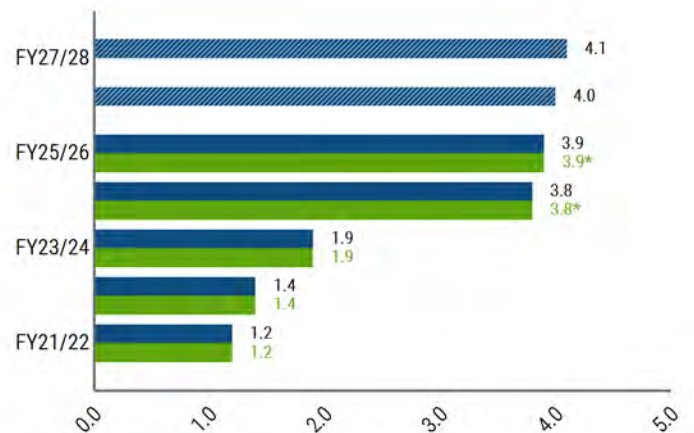
FY 2021/22 to FY 2027/28 (in millions)



FLEET REPLACEMENT RESERVE

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of aviation vehicles and heavy equipment. The FY 2025/26 Fleet Replacement Reserve ending fund balance is \$3.9 million, which is a \$0.1 million increase compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

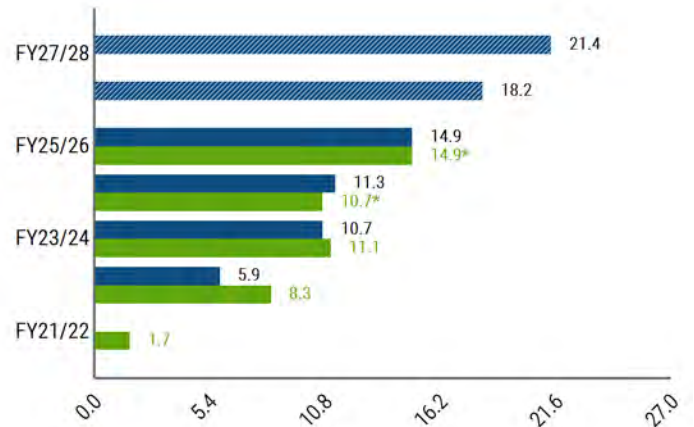


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUTURE CAPITAL REPLACEMENT

The Future Capital Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Future Capital Replacement Reserve in FY 2025/26 is \$14.9 million, which is a \$3.6 million increase compared to the FY 2024/25 adopted budget.

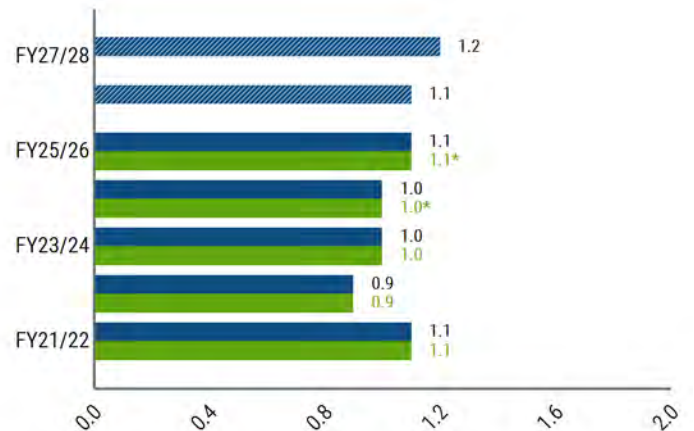
FY 2021/22 to FY 2027/28 (in millions)



OPERATING RESERVE

Operating Reserve, per Financial Policy No. 2.05, is intended to provide for emergencies, unexpected declines in revenues, and other unanticipated events. It is calculated as 25 percent of operating uses, excluding transfers out and debt service. The FY 2025/26 ending fund balance includes an Operating Reserve of \$1.1 million, which is an increase of \$0.1 million compared to FY 2024/25.

FY 2021/22 to FY 2027/28 (in millions)

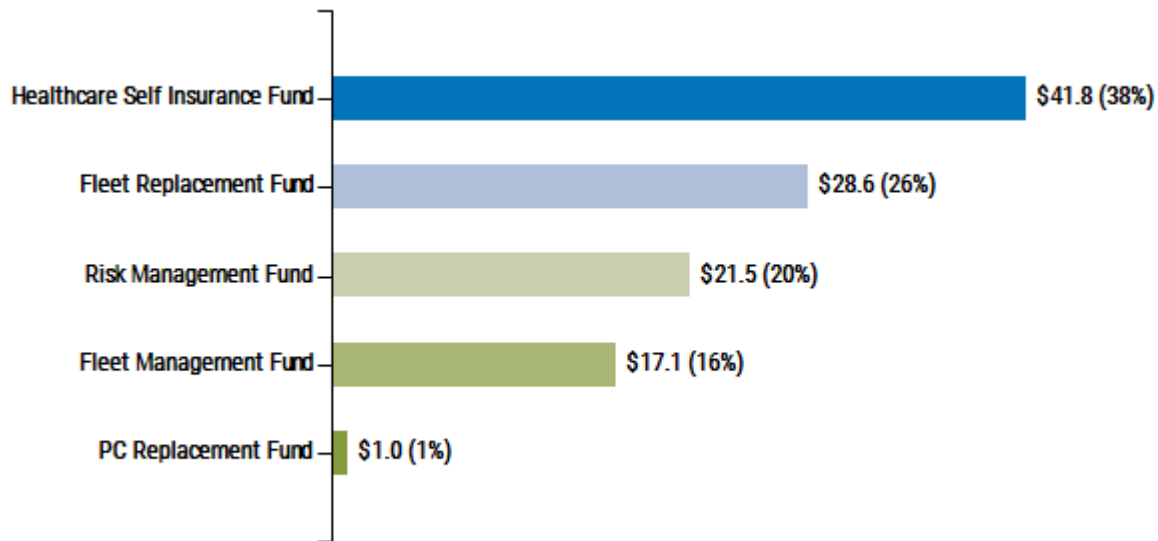


FORECAST BUDGET ACTUAL/FORECAST*

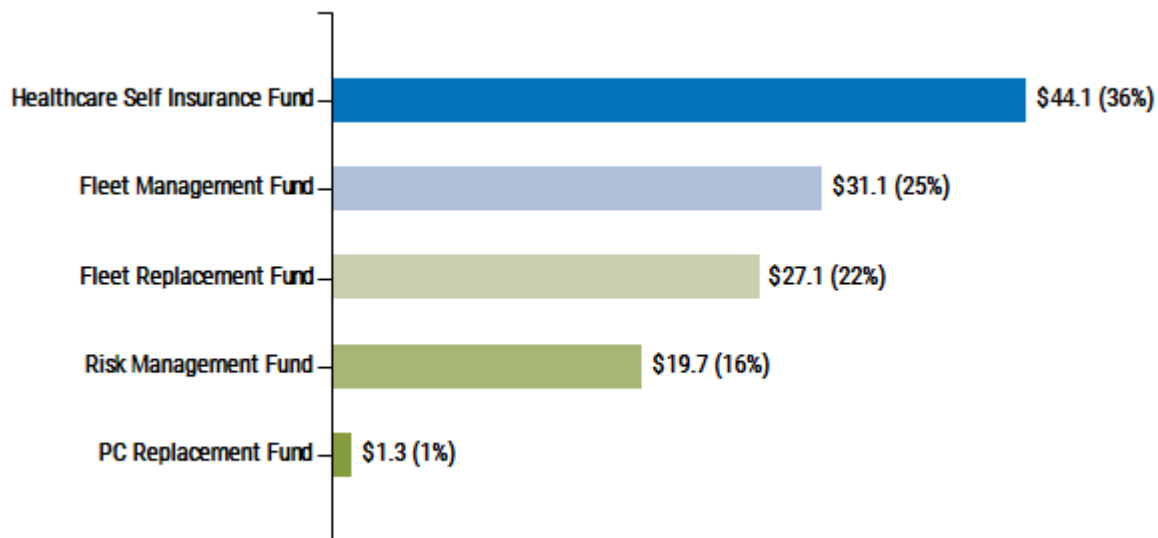
INTERNAL SERVICE FUNDS DESCRIPTION

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has five separate Internal Service Funds to account for the activity of this fund type: Fleet Management, Fleet Replacement, 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)
\$110.1 Million



Internal Service Funds Uses (% to Total)
\$123.2 Million



Rounding differences may occur.



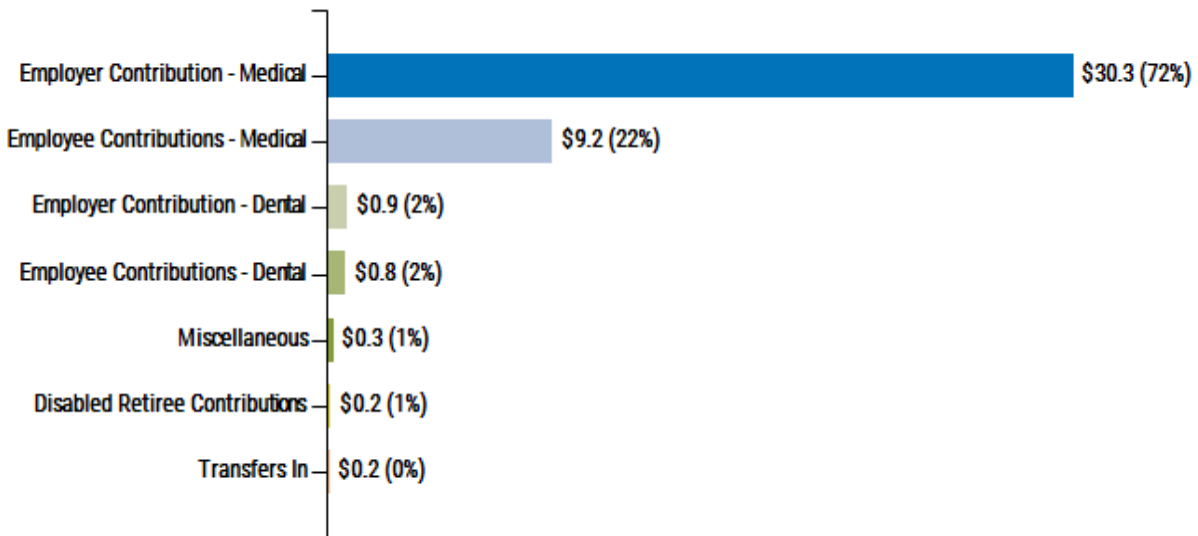
FY 2025/26 Adopted Budget

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. Premiums are collected from the city by charging departments and from employees through payroll deductions. Revenue is also collected through premium charges to Public Safety disabled retirees (including, per City Council direction, a subsidy transfer from the General Fund to cover Public Safety disabled retirees's 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.

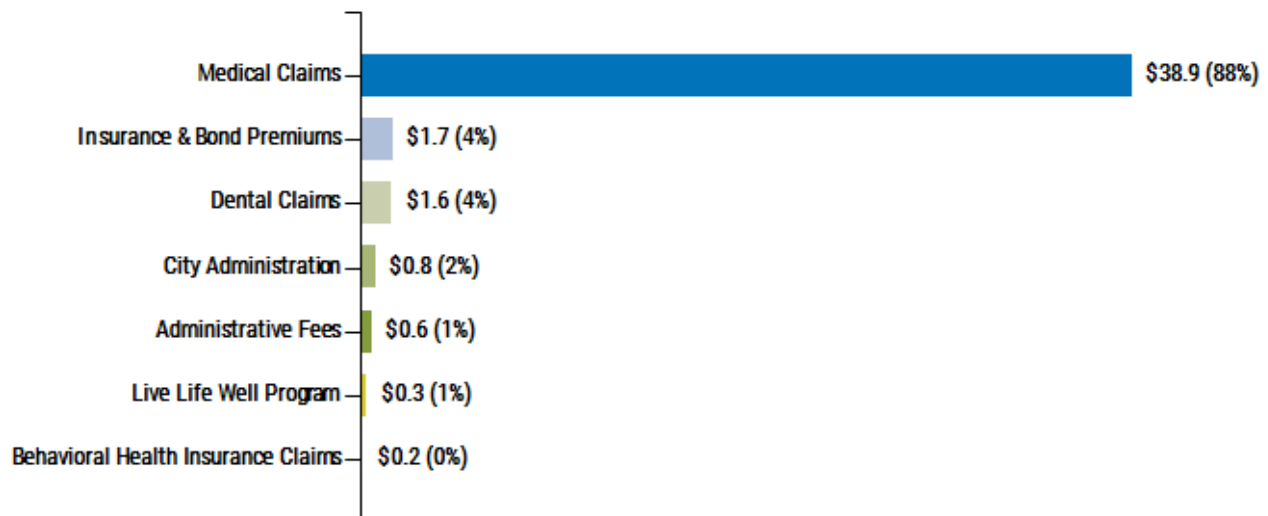
Healthcare Self Insurance Fund Sources (% to Total)

\$41.8 Million



Healthcare Self Insurance Fund Uses (% to Total)

\$44.1 Million



BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Incurred but Not Reported Reserve	2,769,415	2,701,435	2,812,827	2,868,895
Operating Contingency	3,140,835	3,065,299	3,191,193	3,254,728
Premium Stabilization Reserve	3,382,331	3,318,654	3,377,725	3,364,565
Healthcare Self Insurance Fund Balance	9,579,684	10,506,707	12,284,204	13,301,545
Total Beginning Fund Balance	18,872,265	19,592,095	21,665,949	22,789,733
Revenues				
Employer Contributions - Medical ^(a)	27,732,414	28,489,804	29,544,434	30,278,084
Employee Contributions - Medical	8,081,218	8,208,052	8,674,260	9,192,108
Employer Contributions - Dental	861,865	962,436	874,767	893,137
Employee Contributions - Dental	768,865	807,431	776,226	792,527
Miscellaneous	325,244	253,122	291,748	305,184
Disabled Retiree Contributions	214,740	205,434	185,992	213,497
Subtotal	37,984,346	38,926,279	40,347,427	41,674,537
Transfers In				
Operating	67,726	194,500	131,432	150,000
Subtotal	67,726	194,500	131,432	150,000
Total Sources	38,052,072	39,120,779	40,478,859	41,824,537
Expenditures				
Medical Claims	31,043,695	35,735,548	34,839,691	38,915,249
Insurance & Bond Premiums	1,484,749	1,403,967	1,622,784	1,658,147
Dental Claims	1,472,550	1,675,114	1,578,612	1,611,763
City Administration ^(b)	228,628	230,049	230,049	767,656
Administrative Fees	580,471	601,901	584,079	603,736
Live Life Well Program	285,350	336,718	336,718	334,988
Behavioral Health Insurance Claims	162,945	163,142	163,142	163,142
Subtotal	35,258,388	40,146,439	39,355,075	44,054,681
TOTAL OPERATING BUDGET	35,258,388	40,146,439	39,355,075	44,054,681
Total Uses	35,258,388	40,146,439	39,355,075	44,054,681
Sources Over/(Under) Uses	2,793,684	(1,025,660)	1,123,784	(2,230,144)
Ending Fund Balance				
Incurred but Not Reported Reserve	2,812,827	2,868,895	2,868,895	3,109,297
Operating Contingency	3,191,193	3,254,728	3,254,728	3,525,850
Premium Stabilization Reserve	3,377,725	3,364,565	3,364,565	3,599,134
Healthcare Self Insurance Fund Balance	12,284,204	9,078,247	13,301,545	10,325,308
Total Ending Fund Balance	21,665,949	18,566,435	22,789,733	20,559,589

^(a)The premium increases anticipated for FY 2025/26 will be absorbed by fund balance.

^(b) In FY 2025/26, the increase includes the new employee onsite clinic program.

BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Incurred but Not Reported Reserve	2,868,895	3,109,297	3,315,000	3,536,945	3,774,079
Operating Contingency	3,254,728	3,525,850	3,758,522	4,009,552	4,277,747
Premium Stabilization Reserve	3,364,565	3,599,134	3,993,726	4,196,471	4,409,813
Healthcare Self Insurance Fund Balance	13,301,545	10,325,308	9,015,341	7,150,421	4,473,150
Total Beginning Fund Balance	22,789,733	20,559,589	20,082,589	18,893,389	16,934,789
Revenues					
Employer Contributions - Medical ^(a)	30,278,084	34,300,500	36,092,800	37,980,300	39,967,100
Employee Contributions - Medical	9,192,108	9,663,300	10,158,500	10,679,700	11,227,700
Employer Contributions - Dental	893,137	911,000	929,200	947,800	966,800
Employee Contributions - Dental	792,527	808,400	824,600	841,000	857,900
Miscellaneous	305,184	307,400	309,300	311,700	313,900
Disabled Retiree Contributions	213,497	221,700	230,200	238,700	247,400
Subtotal	41,674,537	46,212,300	48,544,600	50,999,200	53,580,800
Transfers In					
Operating	150,000	150,000	150,000	150,000	150,000
Subtotal	150,000	150,000	150,000	150,000	150,000
Total Sources	41,824,537	46,362,300	48,694,600	51,149,200	53,730,800
Expenditures					
Medical Claims	38,915,249	41,557,400	44,409,900	47,459,100	50,718,900
Insurance & Bond Premiums	1,658,147	1,746,100	1,838,300	1,936,200	2,039,000
Dental Claims	1,611,763	1,644,000	1,676,900	1,710,400	1,744,600
City Administration ^(b)	767,656	757,800	784,500	799,600	820,800
Administrative Fees	603,736	627,300	651,600	677,100	703,800
Live Life Well Program	334,988	335,200	342,300	335,700	336,100
Behavioral Health Insurance Claims	163,142	171,500	180,300	189,700	199,600
Subtotal	44,054,681	46,839,300	49,883,800	53,107,800	56,562,800
TOTAL OPERATING BUDGET	44,054,681	46,839,300	49,883,800	53,107,800	56,562,800
Total Uses	44,054,681	46,839,300	49,883,800	53,107,800	56,562,800
Sources Over/(Under) Uses	(2,230,144)	(477,000)	(1,189,200)	(1,958,600)	(2,832,000)
Ending Fund Balance					
Incurred but Not Reported Reserve	3,109,297	3,315,000	3,536,945	3,774,079	4,027,477
Operating Contingency	3,525,850	3,758,522	4,009,552	4,277,747	4,564,325
Premium Stabilization Reserve	3,599,134	3,993,726	4,196,471	4,409,813	4,634,220
Healthcare Self Insurance Fund Balance	10,325,308	9,015,341	7,150,421	4,473,150	876,767
Total Ending Fund Balance	20,559,589	20,082,589	18,893,389	16,934,789	14,102,789

^(a) The premium increases anticipated for FY 2025/26 will be absorbed by fund balance.

^(b) In FY 2025/26, the increase includes the new employee onsite clinic program.

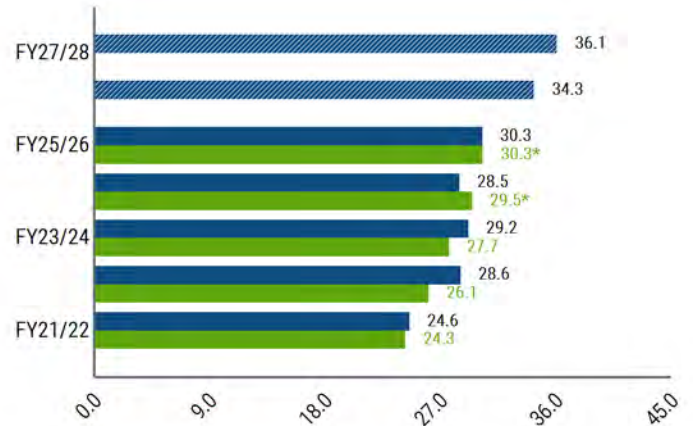
HEALTHCARE SELF INSURANCE FUND SOURCES

Healthcare Self Insurance Fund sources for FY 2025/26 equal \$41.8 million, which represents an increase of \$2.7 million from the FY 2024/25 adopted budget. Sources include Employer and Employee contributions for medical and dental premiums, Miscellaneous revenues, Public Safety Disabled Retiree Contributions, and Transfers In.

EMPLOYER CONTRIBUTION - MEDICAL

Employer Contribution - Medical represents the city's contribution towards employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee-only premium for the richest plan and 90 percent of the lowest cost plan. The FY 2025/26 adopted budget of \$30.3 million is \$1.8 million higher than the FY 2024/25 adopted budget, partially anticipated healthcare premium increases to be absorbed by fund balance.

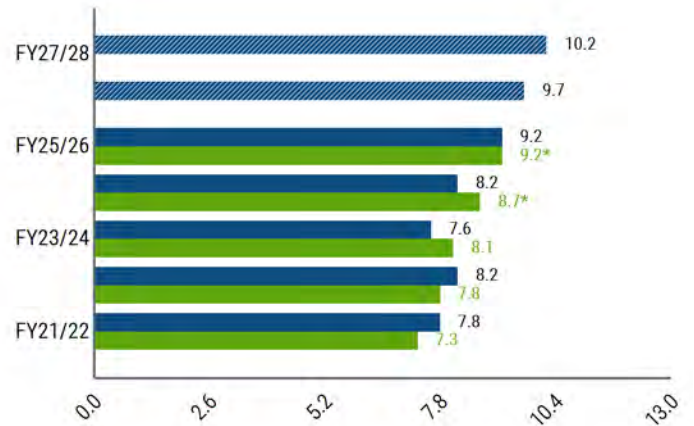
FY 2021/22 to FY 2027/28 (in millions)



EMPLOYEE CONTRIBUTIONS - MEDICAL

Employee Contributions - Medical captures the employee portion of healthcare premiums, whether collected through payroll deductions or billed under Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage. The FY 2025/26 adopted budget of \$9.2 million represents an increase of \$1.0 million from the FY 2024/25 adopted budget due to an anticipated 8.9 percent increase in healthcare premiums.

FY 2021/22 to FY 2027/28 (in millions)

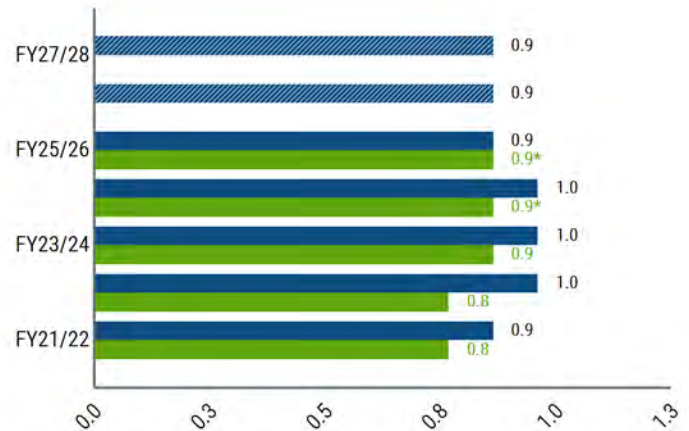


FORECAST BUDGET ACTUAL/FORECAST*

EMPLOYER CONTRIBUTION - DENTAL

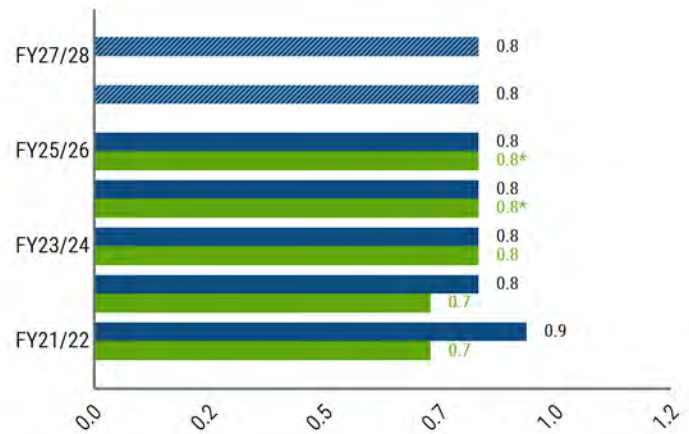
Employer Contribution - Dental is comprised of the city's contribution to the dental premiums. The city contributes 100 percent of the employee-only premium cost for the Health Maintenance Organization (HMO) dental plan and 88 percent of the employee only portion of the premium cost for the Preferred Provider Organization (PPO) dental plan. The FY 2025/26 adopted budget of \$0.9 million represents a decrease of \$0.1 million from the FY 2024/25 adopted budget to allow for the anticipated healthcare premium increases to be absorbed by fund balance.

FY 2021/22 to FY 2027/28 (in millions)

**EMPLOYEE CONTRIBUTIONS - DENTAL**

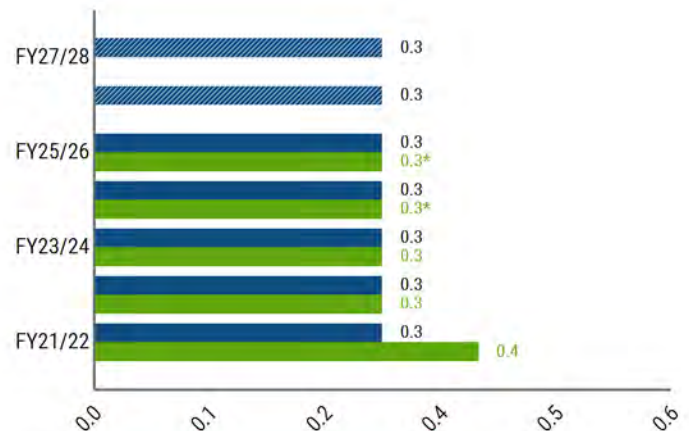
Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. The FY 2025/26 adopted budget of \$0.8 million remains flat compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (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 2025/26 adopted budget of \$0.3 million remains flat compared to the FY 2024/25 adopted budget.

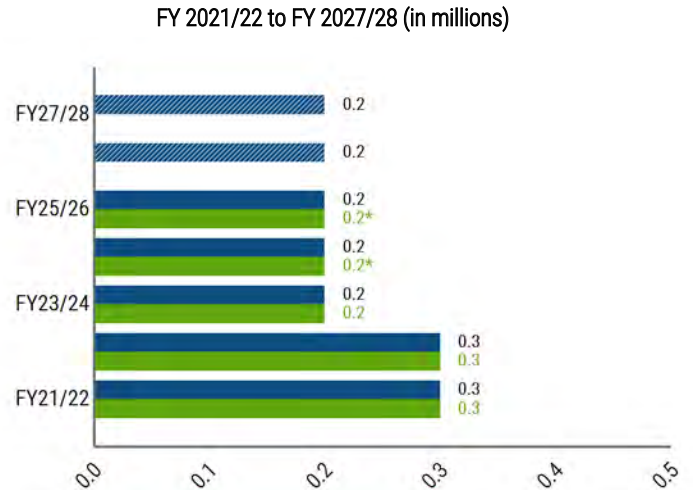
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 adopted budget of \$0.2 million remains flat from the FY 2024/25 adopted budget.

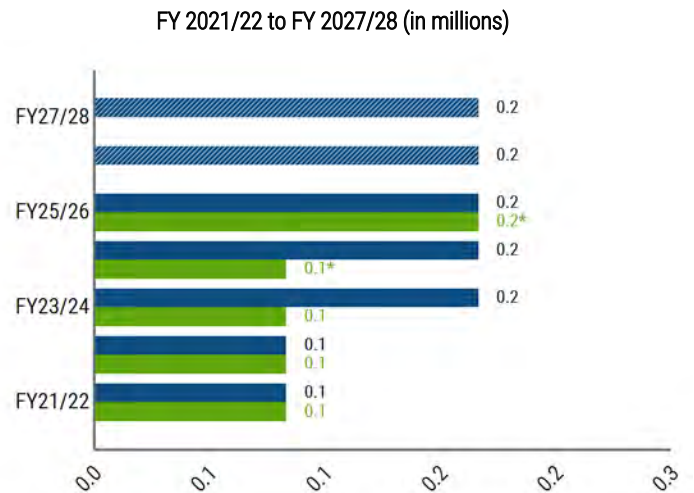


TRANSFERS IN

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

OPERATING

Operating includes a transfer in from the General Fund per City Council direction to subsidize the annual costs that exceeded premium collections for Public Safety disabled retirees. Total operating transfers in for FY 2025/26 is \$0.2 million.



HEALTHCARE SELF INSURANCE FUND USES

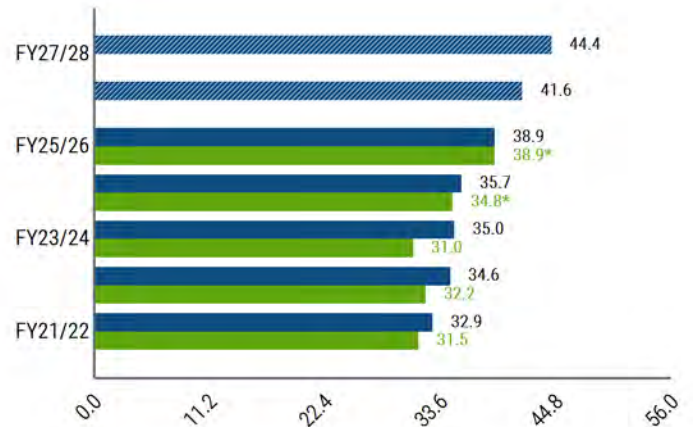
The direct operating expenditures of the Healthcare Self Insurance Fund include: Medical Claims, Insurance & Bond Premiums, Dental Claims, City Administration, Administrative Fees, Live Life Well program, and Behavioral Health Insurance Claims.

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 2025/26 adopted budget of \$38.9 million represents an increase of \$3.2 million from the FY 2024/25 adopted budget mostly due to the increasing costs of healthcare.

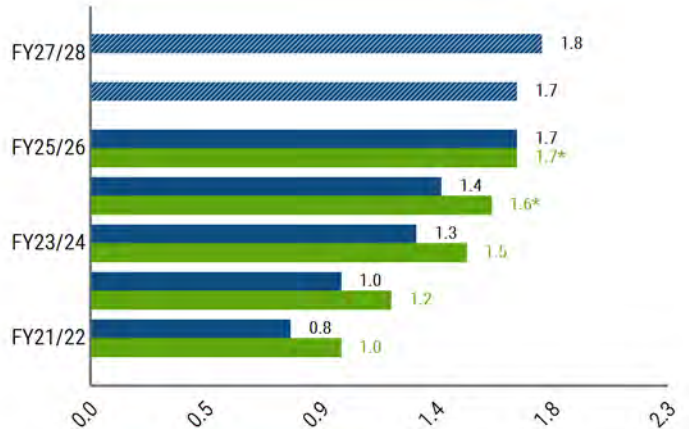
FY 2021/22 to FY 2027/28 (in millions)



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 FY 2025/26 adopted budget of \$1.7 million represents a \$0.3 million increase when compared to the FY 2024/25 adopted budget primarily due to rising costs for excess liability coverage for all plans.

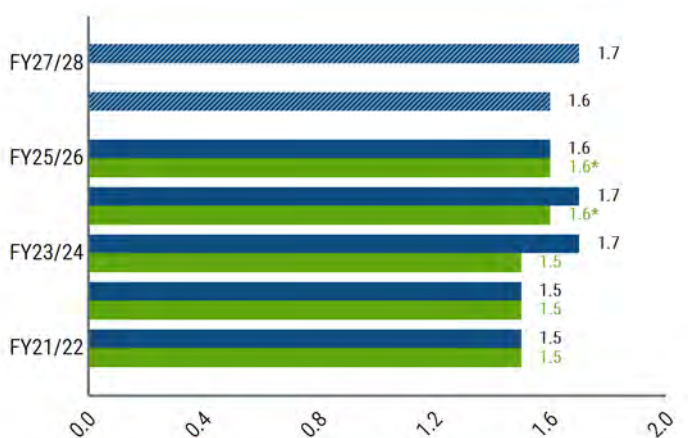
FY 2021/22 to FY 2027/28 (in millions)



DENTAL CLAIMS

Dental Claims includes all dental claims expenses for members of the plans, including employees and their families and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants. The FY 2025/26 adopted budget of \$1.6 million represents a decrease of \$0.1 million from the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28 (in millions)

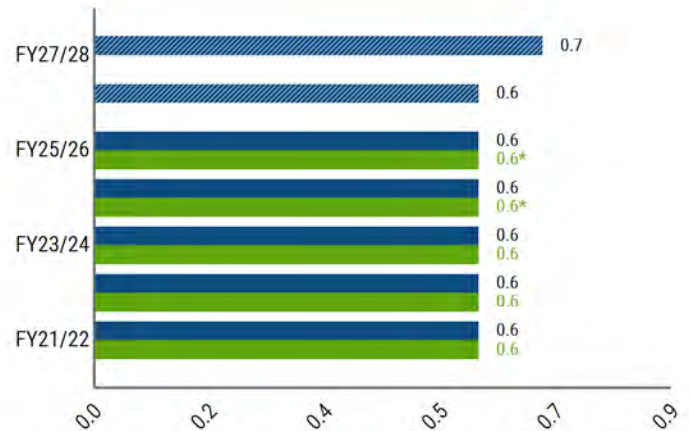


/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

ADMINISTRATIVE FEES

Administrative Fees are the external costs incurred for administering the healthcare and dental plans. The FY 2025/26 adopted budget of \$0.6 million is flat compared to the FY 2024/25 adopted budget.

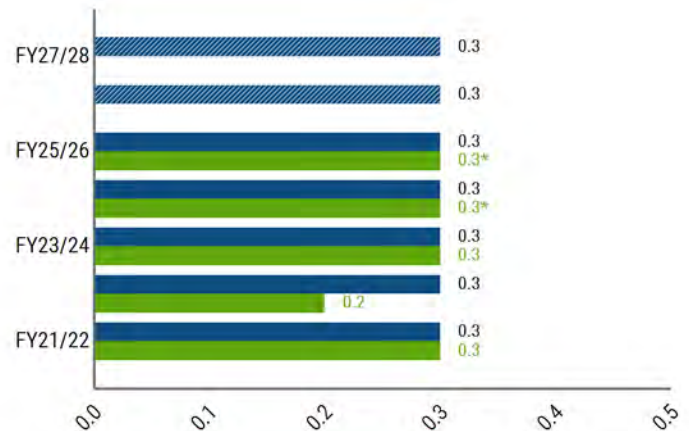
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 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.

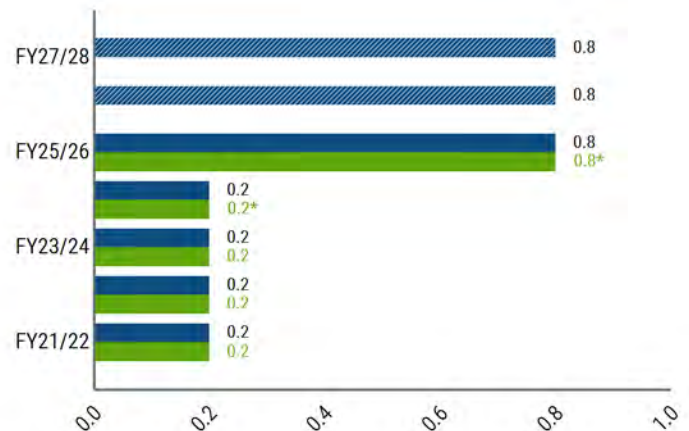
FY 2021/22 to FY 2027/28 (in millions)



CITY ADMINISTRATION

The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental, and wellness plans. The FY 2025/26 adopted budget for administrative expenses is \$0.8 million represents an increase of \$0.6 million from the FY 2024/25 adopted budget mostly due to funding for the implementation of a new employee on-site clinic program.

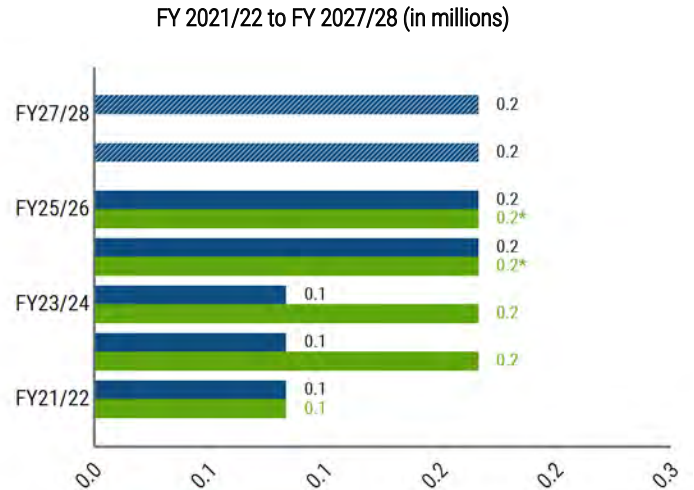
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

BEHAVIORAL HEALTH INSURANCE CLAIMS

Behavioral Health Insurance Claims includes all behavioral claims expenses. The FY 2025/26 adopted budget of \$0.2 million remains flat with the FY 2024/25 adopted budget based on latest usage of services.

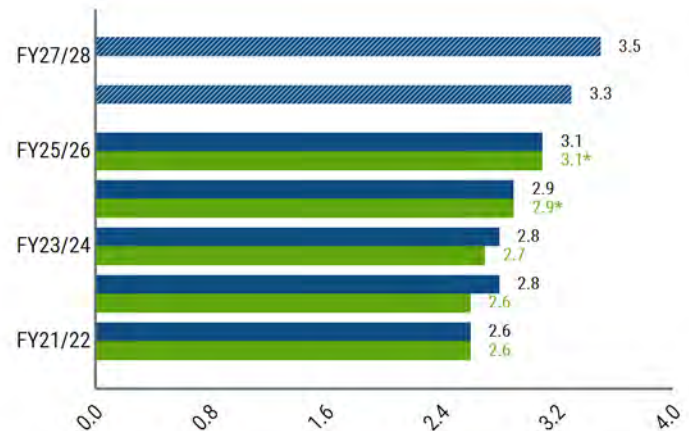


HEALTHCARE SELF INSURANCE ENDING FUND BALANCE

The Healthcare Self Insurance Fund ending balance is maintained to provide for coverage of self-insured benefits. The Healthcare Self Insurance Fund has three different reserves: IBNR (incurred but not reported) Reserve, Operating Contingency, and Premium Stabilization Reserve. The Healthcare Self Insurance Fund also includes a Healthcare Self Insurance Fund Balance.

RESERVE FOR INCURRED BUT NOT REPORTED

Reserve for incurred but not reported (IBNR) claims. The IBNR Reserve represents the liability that occurs for claims incurred but paid after the end of a fiscal year, and it is calculated as the sum of 7.7 percent of Medical Claims and 7.0 percent of Dental Claims. The projected FY 2025/26 IBNR Reserve is \$3.1 million.

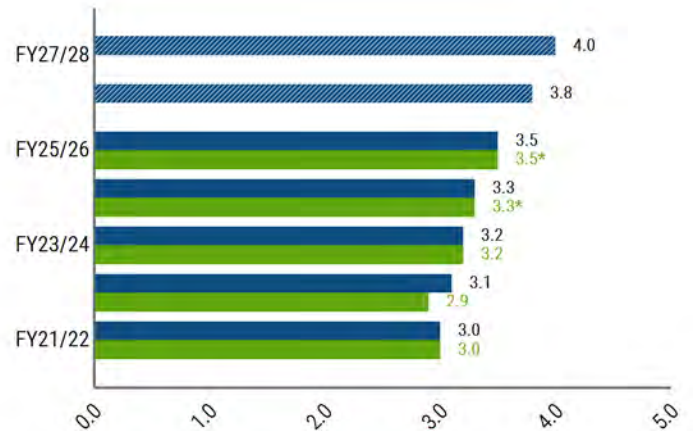


FORECAST BUDGET ACTUAL/FORECAST*

OPERATING CONTINGENCY

Contingency funds are utilized only after all other budget options have been considered and require City Council approval. The Operating Contingency is calculated as 8.7 percent of Medical and Dental Claims. The FY 2025/26 Operating Contingency is \$3.5 million.

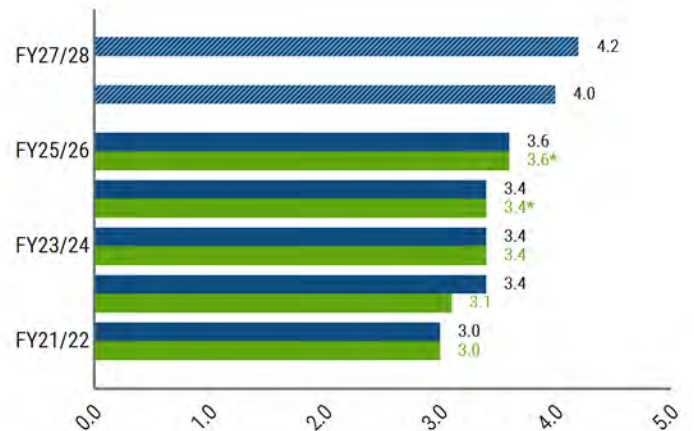
FY 2021/22 to FY 2027/28 (in millions)



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 Premium Stabilization Reserve is set at 3.6 million for FY 2025/26.

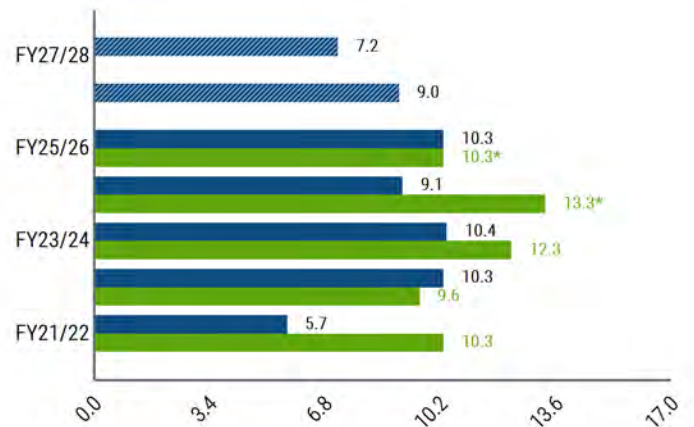
FY 2021/22 to FY 2027/28 (in millions)



HEALTHCARE SELF INSURANCE FUND BALANCE

The Healthcare Self Insurance Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or expand programs with ongoing operating expenses. The Healthcare Self Insurance Fund Balance for FY 2025/26 is \$10.3 million.

FY 2021/22 to FY 2027/28 (in millions)

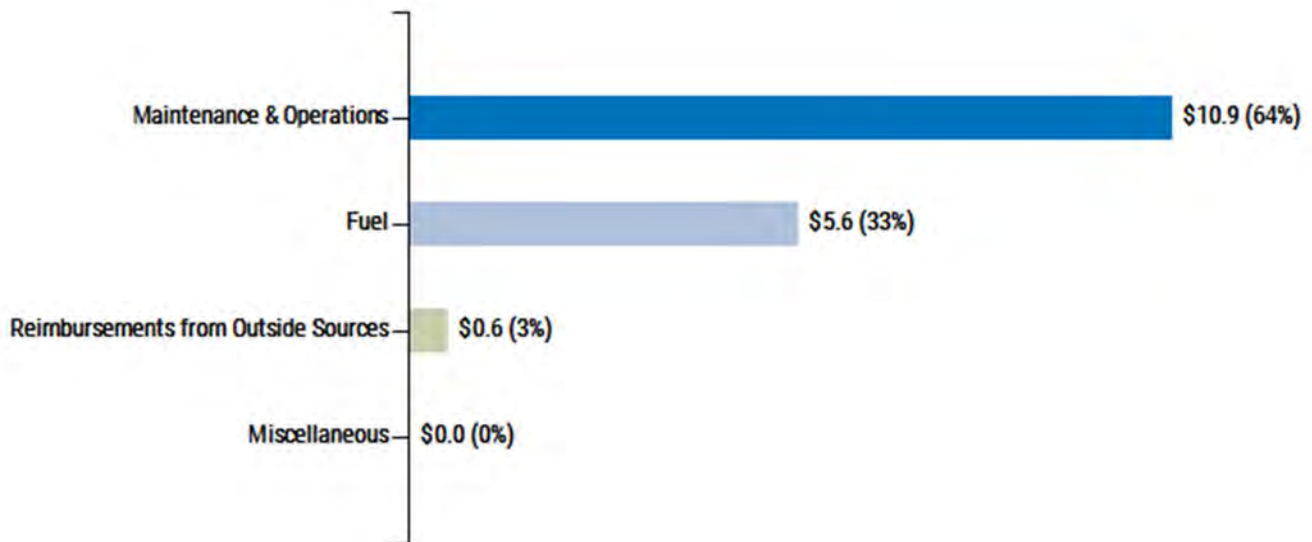


FORECAST BUDGET ACTUAL/FORECAST*

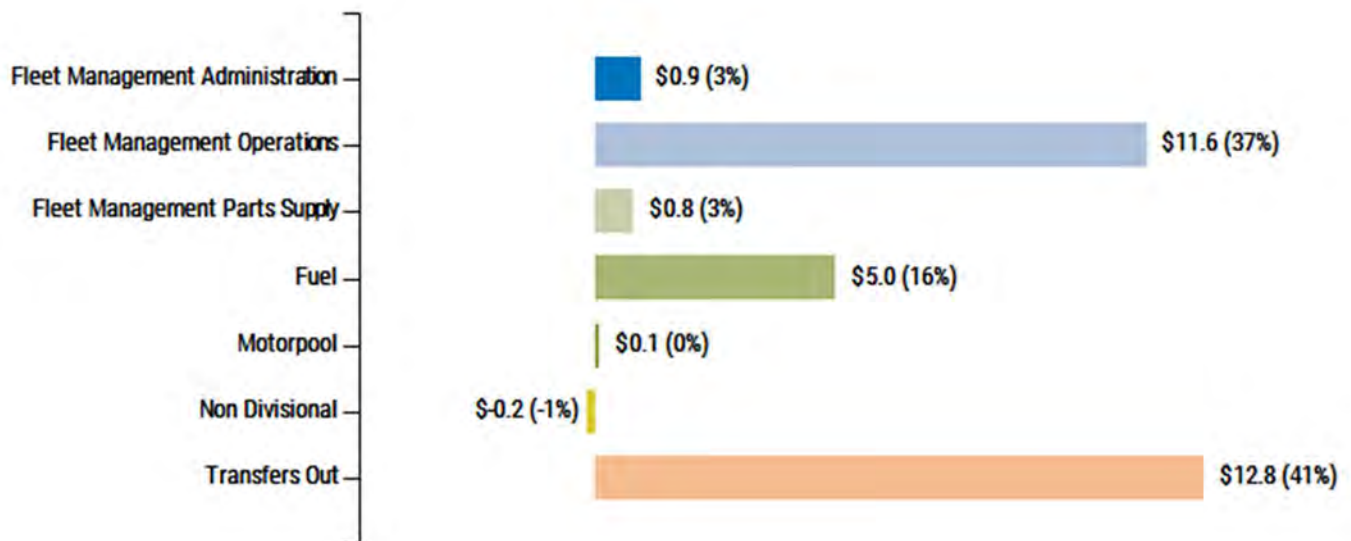
FUND PURPOSE

The Fleet Management Fund is used to account for the expenditures associated with the operation and routine maintenance of the city's equipment and vehicles. Operation costs, fuel, preventive maintenance, repairs, and small tools are charged to the city departments as internal operating costs based on the quantity, type of equipment, and vehicles used. These department charges are treated as revenue to the Fleet Management Fund.

Fleet Management Fund Sources (% to Total)
\$17.1 Million



Fleet Management Fund Uses (% to Total)
\$31.1 Million



Rounding differences may occur.

BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency ^(a)	-	3,000,000	3,000,000	1,000,000
Fleet Management Fund Balance	11,016,702	8,001,439	9,345,663	20,175,484
Total Beginning Fund Balance	11,016,702	11,001,439	12,345,663	21,175,484
Revenues				
Maintenance & Operations	11,086,138	8,850,827	9,850,827	10,923,737
Fuel	5,381,162	6,019,338	4,019,338	5,576,328
Reimbursements from Outside Sources	779,369	567,561	567,561	578,912
Miscellaneous	638,412	482,128	482,128	24,721
Rental Rates	14,342,420	15,158,258	15,158,258	-
Subtotal	32,227,500	31,078,112	30,078,112	17,103,698
Total Sources	32,227,500	31,078,112	30,078,112	17,103,698
Expenditures				
Fleet Management Administration	788,875	947,624	919,168	944,125
Fleet Management Operations	10,499,392	10,799,395	10,698,071	11,598,945
Fleet Management Parts Supply	615,746	743,753	712,693	780,923
Fuel	4,363,478	5,019,543	5,019,543	5,049,609
Motorpool	70,184	77,608	77,608	75,864
Vehicle Acquisitions ^{(b)(c)}	5,924,744	15,182,299	3,682,299	-
Personnel Programs ^(d)	-	121,927	30,000	123,389
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(306,780)	(459,000)	(306,780)
Subtotal	22,262,420	32,585,369	20,680,382	18,266,075
TOTAL OPERATING BUDGET	22,262,420	32,585,369	20,680,382	18,266,075
Transfers Out				
CIP	8,533,883	500,000	500,000	237,650
CIP Technology	102,237	67,909	67,909	51,183
Other ^(e)	-	-	-	12,500,000
Subtotal	8,636,120	567,909	567,909	12,788,833
Total Uses	30,898,540	33,153,278	21,248,291	31,054,908
Sources Over/(Under) Uses	1,328,961	(2,075,166)	8,829,821	(13,951,210)
Ending Fund Balance				
Electric Vehicle Contingency	-	1,000,000	-	-
Operating Contingency ^(a)	3,000,000	897,123	1,000,000	1,000,000
Fleet Management Fund Balance	9,345,663	7,029,150	20,175,484	6,224,274
Total Ending Fund Balance	12,345,663	8,926,273	21,175,484	7,224,274

^(a) Operating Contingency was added during FY 2023/24 to be used for increased Maintenance and Repair costs due to Vehicle Acquisition deferrals, fuel fluctuations, and supply chain challenges.

^(b) FY 2023/24 included manufacturing cutbacks and parts shortages which caused delays in deliveries; therefore, many scheduled vehicle purchases were shifted to the CIP to accommodate long lead times to order vehicles. This funding was returned to the operating budget for FY 2024/25.

^(c) FY 2024/25 the vehicle acquisitions have been moved to a new Fleet Replacement Fund. Beginning in FY 2025/26 the vehicle replacement activity is being recorded in the Fleet Replacement Fund.

^(d) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

^(e) An FY 2025/26 transfer is planned to transfer fund balance from the Fleet Management Fund to the Fleet Replacement Fund in order to display vehicle acquisition activities.

BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fleet Management Fund Balance	20,175,484	6,224,274	4,795,574	3,266,074	2,131,074
Total Beginning Fund Balance	21,175,484	7,224,274	5,795,574	4,266,074	3,131,074
Revenues					
Maintenance & Operations	10,923,737	11,510,600	12,112,200	12,804,700	13,570,700
Fuel	5,576,328	5,707,000	5,839,600	5,955,600	6,074,000
Reimbursements from Outside Sources	578,912	590,500	602,300	614,300	626,600
Miscellaneous	24,721	24,700	24,700	24,700	24,800
Rental Rates	-	-	-	-	-
Subtotal	17,103,698	17,832,800	18,578,800	19,399,300	20,296,100
Total Sources	17,103,698	17,832,800	18,578,800	19,399,300	20,296,100
Expenditures					
Fleet Management Administration	944,125	975,000	1,036,900	1,038,300	1,076,200
Fleet Management Operations	11,598,945	12,109,700	12,746,900	13,050,500	13,578,500
Fleet Management Parts Supply	780,923	817,500	884,100	897,500	946,800
Fuel	5,049,609	5,150,900	5,254,000	5,359,400	5,467,000
Motorpool	75,864	78,300	80,900	83,900	87,100
Vehicle Acquisitions ^(a)	-	-	-	-	-
Personnel Programs ^(b)	123,389	126,000	128,500	131,200	133,800
Operating Impacts	-	5,000	5,000	5,000	5,000
Savings from Vacant Positions	(306,780)	(313,500)	(320,400)	(327,500)	(334,700)
Subtotal	18,266,075	18,948,900	19,815,900	20,238,300	20,959,700
TOTAL OPERATING BUDGET	18,266,075	18,948,900	19,815,900	20,238,300	20,959,700
Transfers Out					
CIP	237,650	237,700	237,700	190,100	190,100
CIP Technology	51,183	74,900	54,700	105,900	41,900
Other ^(c)	12,500,000	-	-	-	-
Subtotal	12,788,833	312,600	292,400	296,000	232,000
Total Uses	31,054,908	19,261,500	20,108,300	20,534,300	21,191,700
Sources Over/(Under) Uses	(13,951,210)	(1,428,700)	(1,529,500)	(1,135,000)	(895,600)
Ending Fund Balance					
Electric Vehicle Contingency	-	-	-	-	-
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fleet Management Fund Balance	6,224,274	4,795,574	3,266,074	2,131,074	1,235,474
Total Ending Fund Balance	7,224,274	5,795,574	4,266,074	3,131,074	2,235,474

^(a) Beginning in FY 2025/26 the vehicle replacement activity is being recorded in the new Fleet Replacement Fund.

^(b) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

^(c) An FY 2025/26 transfer is planned to transfer fund balance from the Fleet Management Fund to the Fleet Replacement Fund in order to display vehicle acquisition activities.

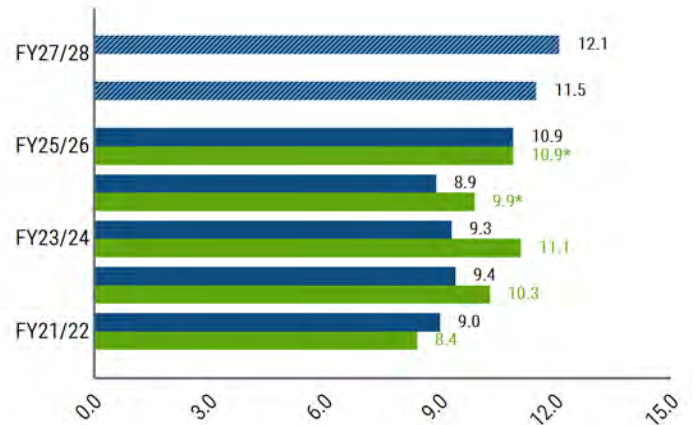
FLEET MANAGEMENT FUND SOURCES

Fleet Management Sources for FY 2025/26 equal \$17.1 million, which is a decrease of \$14.0 million from the FY 2024/25 budgeted sources. The Fleet Management Fund includes revenues from rates charged to city divisions as internal operating costs for Fuel and for Maintenance & Operations. Reimbursements from Outside Sources and Miscellaneous are also revenues received in the fund. In prior fiscal years, Rental Rates were also charged to divisions and routed to the fund for the purpose of vehicle acquisition. Beginning this fiscal year, Rental Rates are recorded in the new Fleet Replacement Fund.

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 2025/26 totals \$10.9 million, which is an increase of \$2.0 million from the FY 2024/25 budgeted revenue.

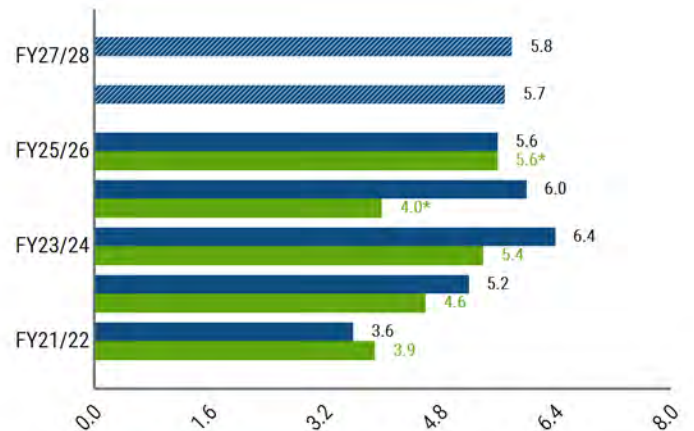
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 budgeted revenue is \$5.6 million, which is a decrease of \$0.4 million when compared to the FY 2024/25 budgeted revenue.

FY 2021/22 to FY 2027/28 (in millions)

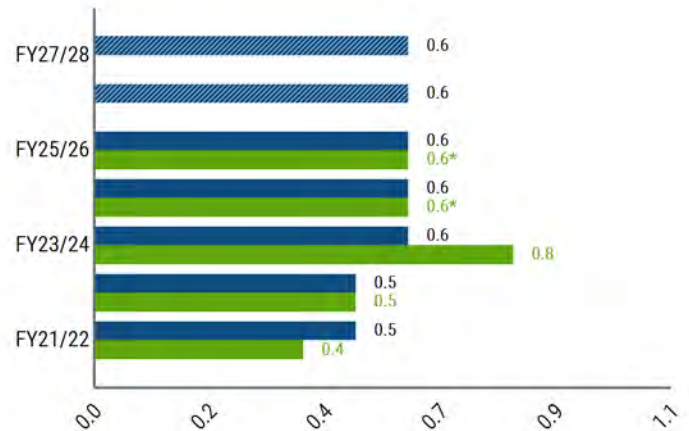


FORECAST BUDGET ACTUAL/FORECAST*

REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursements from Outside Sources revenue is generated from any insurance recoveries received and reimbursements for fuel taxes and vehicle parts. Reimbursements from Outside Sources is budgeted at \$0.6 million for FY 2025/26, which is flat compared with the FY 2024/25 budgeted revenue.

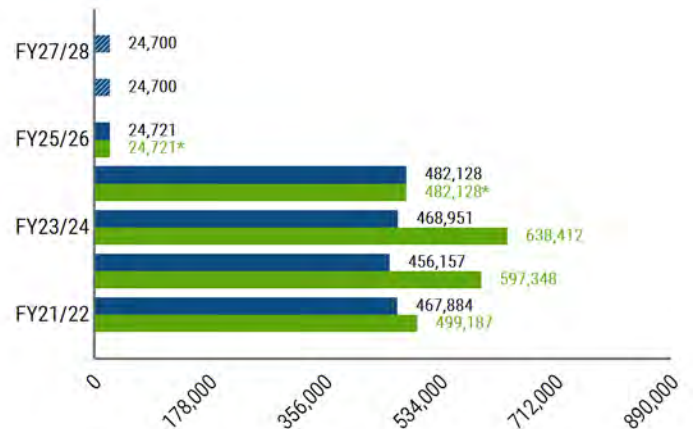
FY 2021/22 to FY 2027/28 (in millions)



MISCELLANEOUS

Miscellaneous revenue is generated from the liquidation of surplus property and fuel tax recovery from the state. The FY 2025/26 budgeted revenue is \$24,721, which is a \$457,407 decrease from the FY 2024/25 budgeted revenue. The decrease reflects the reclassification of proceeds from surplus equipment sales to the newly established Fleet Replacement Fund.

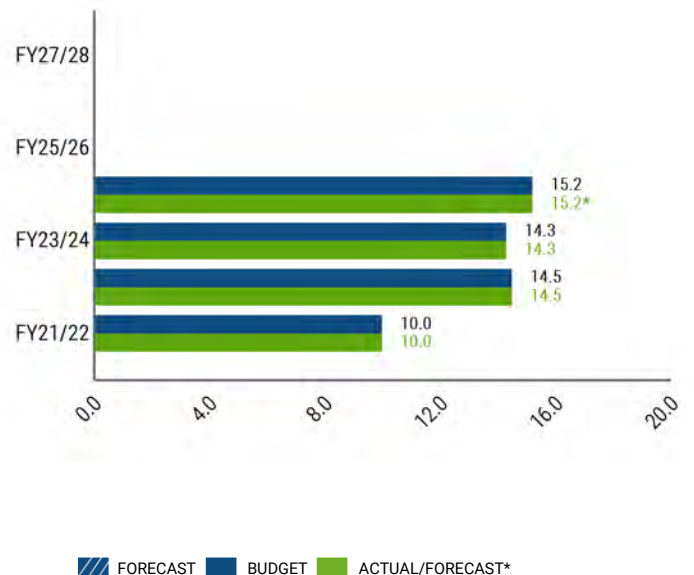
FY 2021/22 to FY 2027/28



RENTAL RATES

Rental Rates represent the replacement fees charged to departments that are 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 made up 49 percent of the FY 2024/25 revenue sources at \$15.2 million. From FY 2025/26 forward, rental rates will be routed to the newly created Fleet Replacement Fund.

FY 2021/22 to FY 2027/28 (in millions)



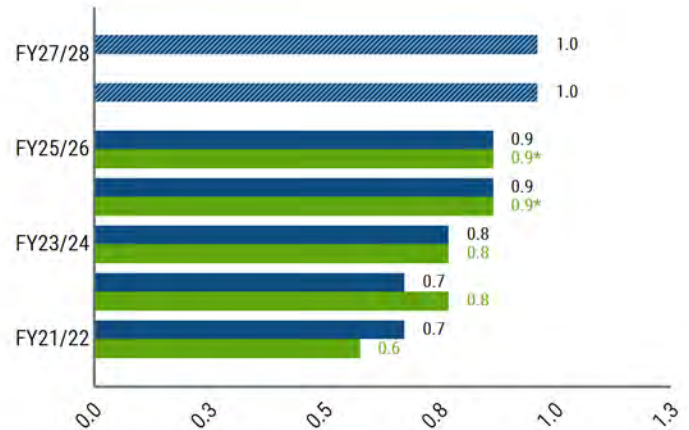
FLEET MANAGEMENT FUND USES

Fleet Management Uses for FY 2025/26 equal \$18.3 million which is a decrease of \$14.3 million from the FY 2024/25 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, and Motorpool.

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 2025/26 adopted budget is \$0.9 million, which is flat when compared to the FY 2024/25 adopted budget.

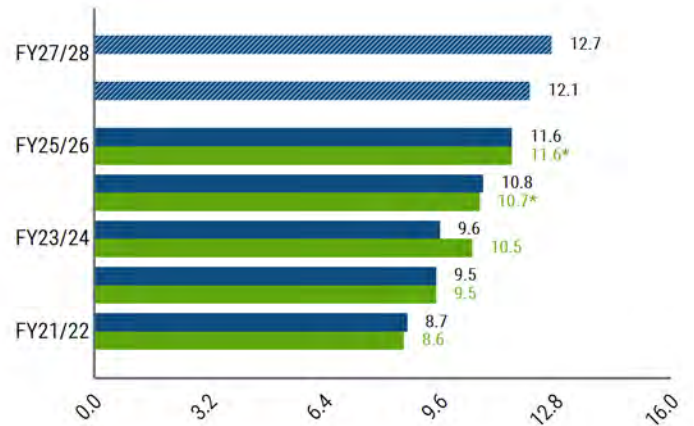
FY 2021/22 to FY 2027/28 (in millions)



FLEET MANAGEMENT OPERATIONS

Fleet Management Operations includes costs related to supporting technical personnel that perform the maintenance and repair functions of the city's fleet operation, the funding for replacement parts, and the use of outside vendors when necessary. The FY 2025/26 adopted budget of \$11.6 million is a \$0.8 million increase over the FY 2024/25 adopted budget. The increase is due, in large part, to inflation in the price of parts used to maintain the fleet of more than 1,300 pieces of equipment.

FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

FLEET MANAGEMENT PARTS SUPPLY

Fleet Management Parts Supply includes all costs related to supporting the specialized personnel that are dedicated to maintaining the parts segment of the city's fleet operation, as well as the costs of all required supplies and tools. The FY 2025/26 adopted budget is \$0.8 million, which is an increase of \$0.1 million when compared to the FY 2024/25 adopted budget.

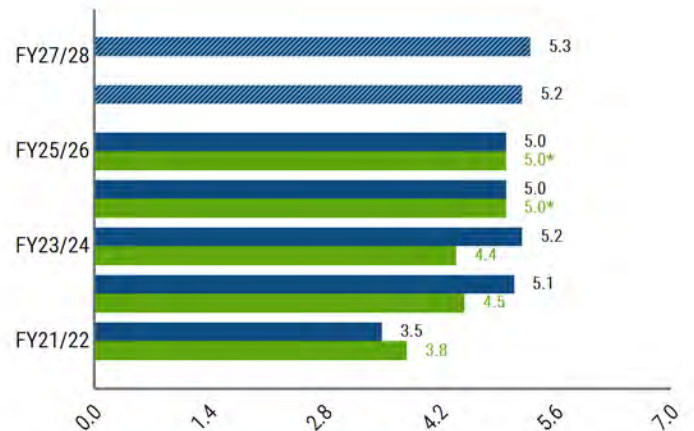
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 adopted budget is \$5.0 million, which is flat compared to the FY 2024/25 adopted budget.

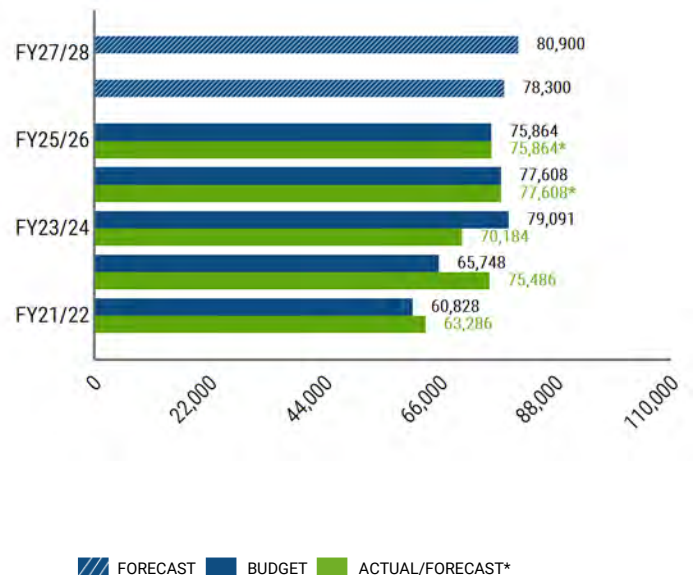
FY 2021/22 to FY 2027/28 (in millions)



MOTORPOOL

Motorpool includes all costs related to the care of the city's motorpool vehicles including fuel and maintenance. The FY 2025/26 adopted budget of \$75,864 is a \$1,744 decrease compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28

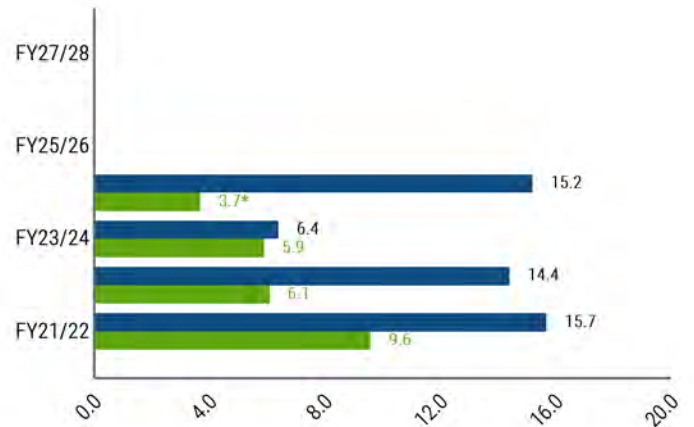


FORECAST BUDGET ACTUAL/FORECAST*

VEHICLE ACQUISITIONS

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city's fleet. Beginning in FY 2025/26, vehicle acquisitions will be budgeted in the new Fleet Replacement Fund. Vehicle acquisition expenses in FY 2024/25 were much lower than budgeted due to long lead times and anticipated delivery delays.

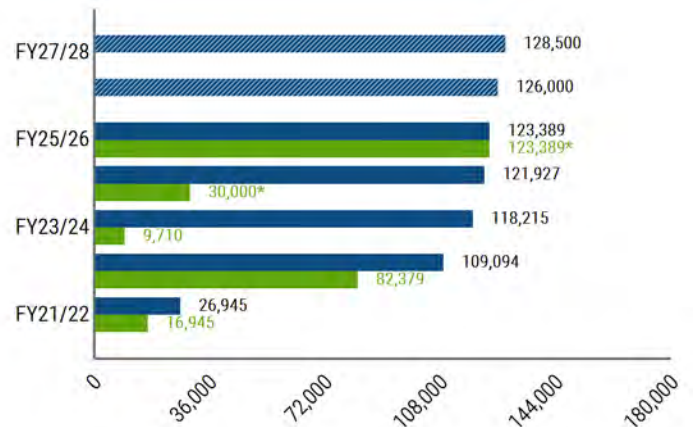
FY 2021/22 to FY 2027/28 (in millions)



PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

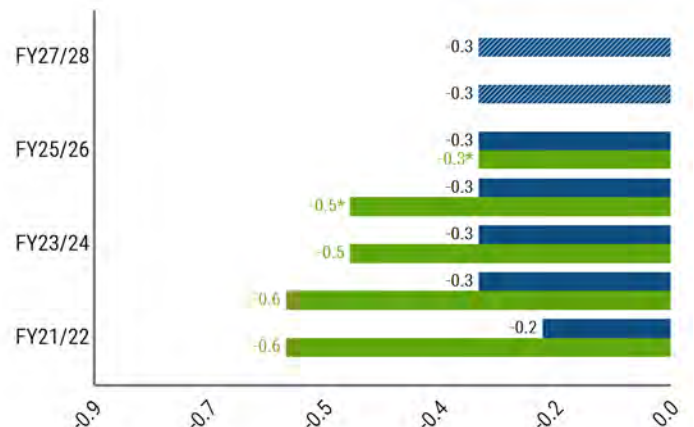
FY 2021/22 to FY 2027/28



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2025/26 is estimated at (\$0.3) million.

FY 2021/22 to FY 2027/28 (in millions)



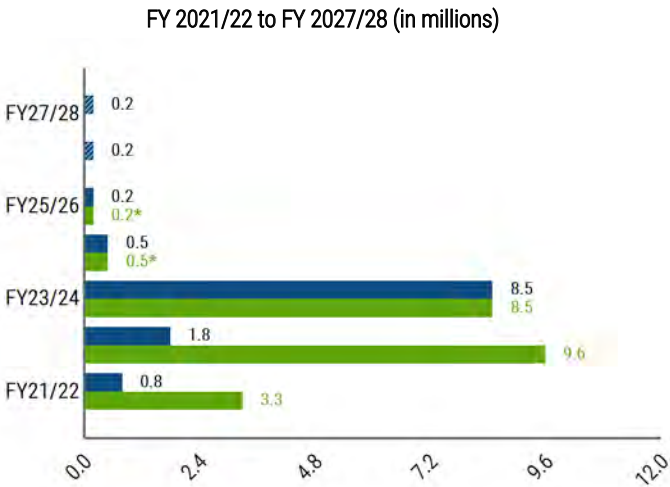
FORECAST BUDGET ACTUAL/FORECAST*

TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2025/26 equal \$12.8 million which is an increase of \$12.2 million from the FY 2024/25 adopted budget. The bulk of this is attributable to a transfer of \$12.5 million from the Fleet Management Fund to the new Fleet Replacement Fund.

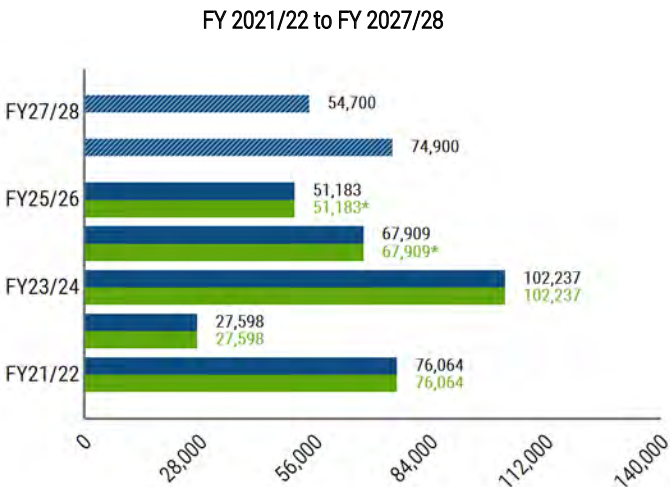
CIP

The FY 2025/26 CIP adopted budget of \$0.2 million will be primarily used to fund the Fleet Electric Vehicle (EV) Infrastructure Implementation. Project elements include, but are not limited to, electric vehicle charging stations, equipment required for maintenance, and required infrastructure.



CIP TECHNOLOGY

The CIP Technology budget of \$51,183 is planned to help cover Fleet Management's portion of citywide technology capital projects during FY 2025/26.

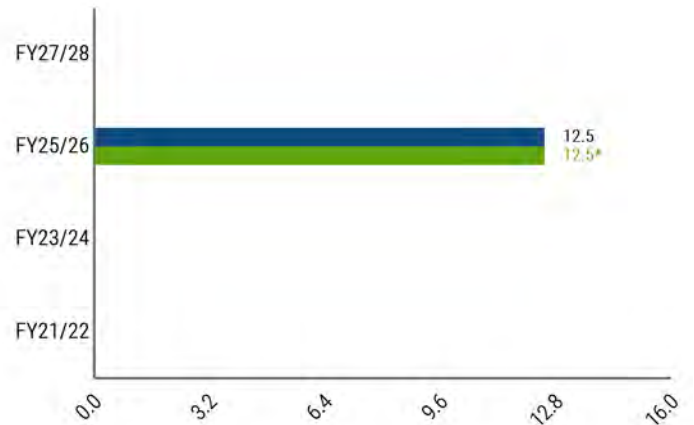


FORECAST BUDGET ACTUAL/FORECAST*

OTHER

In FY 2025/26, \$12.5 million is set to be transferred from the Fleet Management Fund to the new Fleet Replacement fund.

FY 2021/22 to FY 2027/28 (in millions)



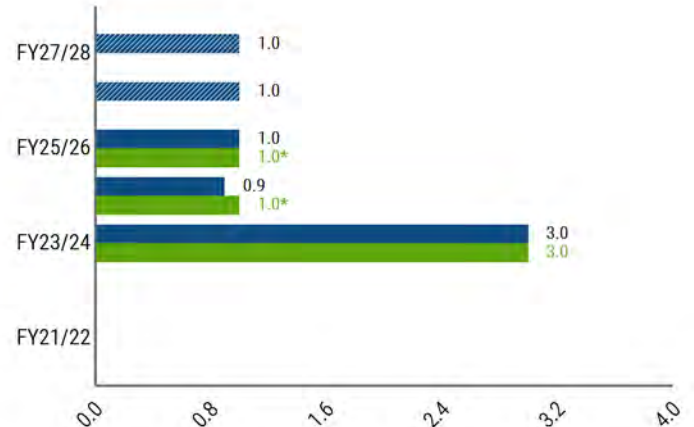
FLEET MANAGEMENT FUND ENDING BALANCE

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.

OPERATING CONTINGENCY

The Operating Contingency was reinstated to be used for increased Maintenance and Repair costs due to Vehicle Acquisition deferrals, fuel fluctuations, and supply chain shifts. The FY 2025/26 adopted budget is \$1.0 million.

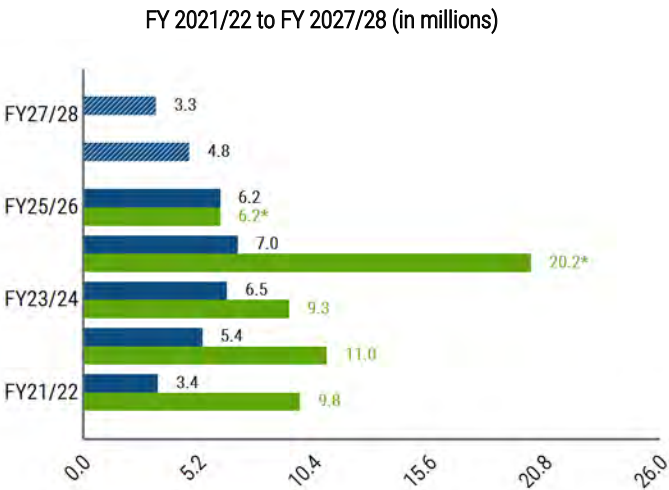
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

FLEET MANAGEMENT FUND BALANCE

Fleet Management Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2025/26 ending Fleet Management Fund Balance is \$6.2 million which is \$0.8 million less than the FY 2024/25 adopted budget.



FORECAST BUDGET ACTUAL/FORECAST*

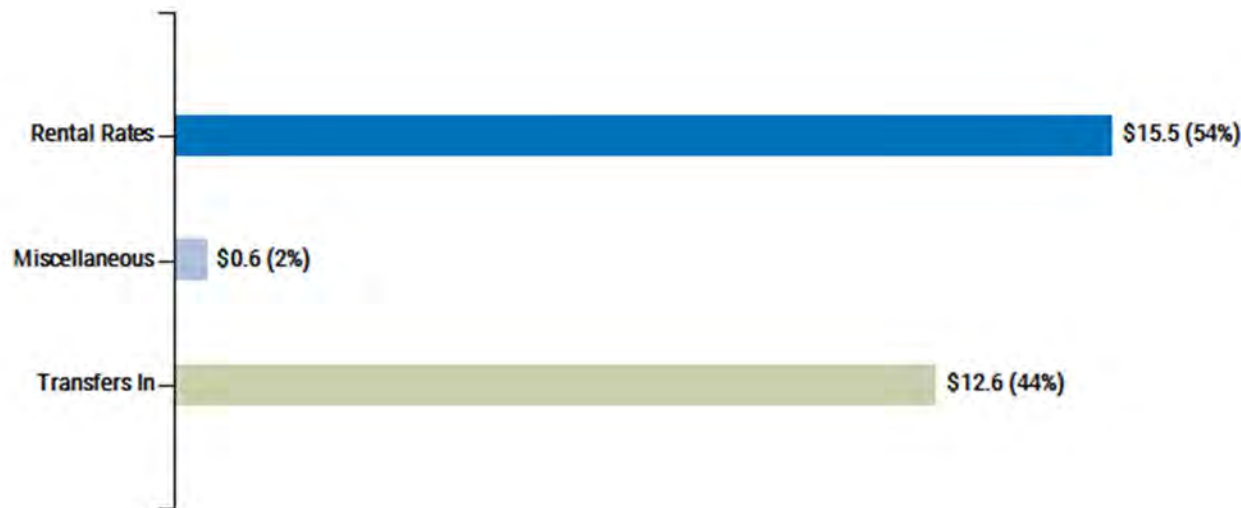


FY 2025/26 Adopted Budget

FUND PURPOSE

Beginning in FY 2025/26, the Fleet Replacement Fund was created to record all fleet acquisition and replacement activity. Acquisition and replacement costs for vehicles and major equipment are charged to the city departments as internal capital costs based on the quantity and type of assets being replaced. These department charges are treated as revenue to the Fleet Replacement Fund.

Fleet Replacement Fund Sources (% to Total)
\$28.6 Million



Fleet Replacement Fund Uses (% to Total)
\$27.1 Million



Rounding differences may occur.

BUDGET BY FUND | Fleet Replacement Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	-	-	-	-
Fleet Replacement Fund Balance	-	-	-	-
Total Beginning Fund Balance	-	-	-	-
Revenues				
Rental Rates	-	-	-	15,494,758
Miscellaneous	-	-	-	550,000
Subtotal	-	-	-	16,044,758
Transfers In				
Operating ^(a)	-	-	-	12,600,000
Subtotal	-	-	-	12,600,000
Total Sources	-	-	-	28,644,758
Expenditures				
Vehicle Acquisition ^(b)	-	-	-	27,094,758
Subtotal	-	-	-	27,094,758
TOTAL OPERATING BUDGET	-	-	-	27,094,758
Total Uses	-	-	-	27,094,758
Sources Over/(Under) Uses	-	-	-	1,550,000
Ending Fund Balance				
Operating Contingency	-	-	-	1,000,000
Fleet Replacement Fund Balance	-	-	-	550,000
Total Ending Fund Balance	-	-	-	1,550,000

^(a) Beginning in FY 2025/26, the Fleet Replacement Fund was created to record all fleet acquisition and replacement activity. A \$12.5 million cash transfer is budgeted to move fund balance from the Fleet Management Fund to the new Fleet Replacement Fund. Annual \$0.1 million transfer from the Risk Management Fund to the Fleet Replacement Fund to cover replacement of totaled vehicles.

^(b) Includes carryover of \$11.5 million resulted from vehicle acquisition market delays.

BUDGET BY FUND | Fleet Replacement Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	-	1,000,000	1,000,000	1,000,000	1,000,000
Fleet Replacement Fund Balance		550,000	1,116,500	1,776,500	2,542,500
Total Beginning Fund Balance	-	1,550,000	2,116,500	2,776,500	3,542,500
Revenues					
Rental Rates	15,494,758	15,804,700	16,197,200	16,608,100	16,936,900
Miscellaneous	550,000	566,500	583,500	601,000	619,000
Subtotal	16,044,758	16,371,200	16,780,700	17,209,100	17,555,900
Transfers In					
Operating ^(a)	12,600,000	100,000	100,000	100,000	100,000
Subtotal	12,600,000	100,000	100,000	100,000	100,000
Total Sources	28,644,758	16,471,200	16,880,700	17,309,100	17,655,900
Expenditures					
Vehicle Acquisition ^(b)	27,094,758	15,904,700	16,220,700	16,543,100	16,872,000
Subtotal	27,094,758	15,904,700	16,220,700	16,543,100	16,872,000
TOTAL OPERATING BUDGET	27,094,758	15,904,700	16,220,700	16,543,100	16,872,000
Total Uses	27,094,758	15,904,700	16,220,700	16,543,100	16,872,000
Sources Over/(Under) Uses	1,550,000	566,500	660,000	766,000	783,900
Ending Fund Balance					
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fleet Replacement Fund Balance	550,000	1,116,500	1,776,500	2,542,500	3,326,400
Total Ending Fund Balance	1,550,000	2,116,500	2,776,500	3,542,500	4,326,400

^(a) Beginning in FY 2025/26, the Fleet Replacement Fund was created to record all fleet acquisition and replacement activity. A \$12.5 million cash transfer is budgeted to move fund balance from the Fleet Management Fund to the new Fleet Replacement Fund. Annual \$0.1 million transfer from the Risk Management Fund to the Fleet Replacement Fund to cover replacement of totaled vehicles.

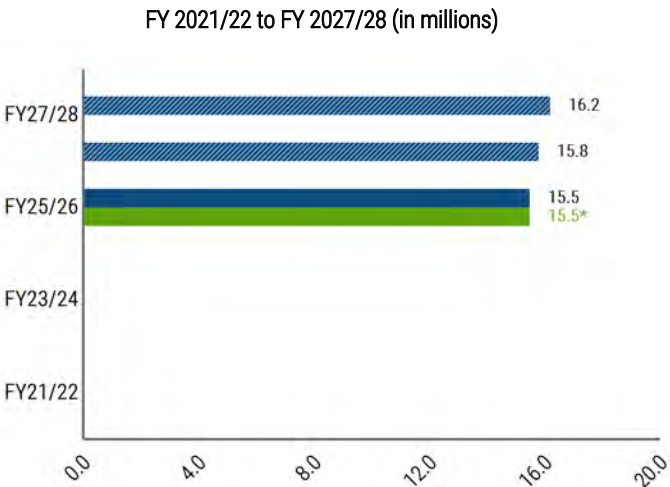
^(b) FY 2025/26 includes carryover of \$11.5 million resulted from vehicle acquisition market delays.

FLEET REPLACEMENT FUND SOURCES

Beginning in FY 2025/26, the Fleet Replacement Fund was created to record all fleet acquisition and replacement activity. Fleet Replacement Fund Sources for FY 2025/26 equal \$28.6 million. The Fleet Replacement Fund includes revenues from rates charged to city departments as internal operating costs for Vehicle Acquisitions, as well as funds from the sale of surplus equipment. A \$12.5 million cash transfer is budgeted to move fund balance from the Fleet Management Fund to the new Fleet Replacement Fund.

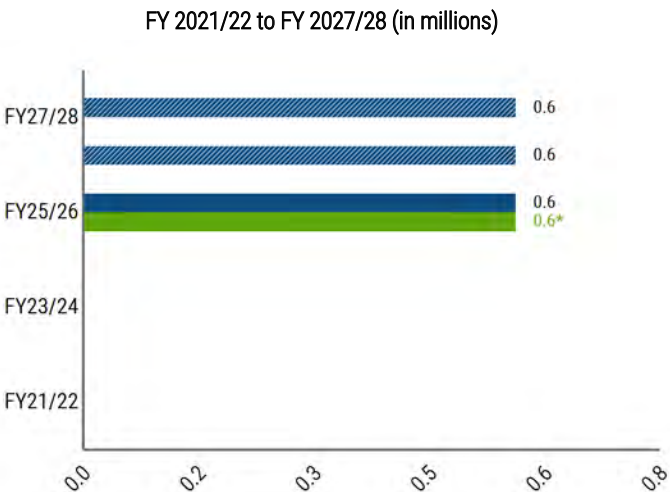
RENTAL RATES

Rental Rates represent the replacement fees charged to departments 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 to minimize large projected increases/decreases each year for the replacement fees charged to the departments. The FY 2025/26 adopted budget is \$15.5 million.



MISCELLANEOUS

Miscellaneous revenue is generated from the liquidation of surplus property. The FY 2025/26 adopted budget includes Miscellaneous revenue of \$0.6 million.



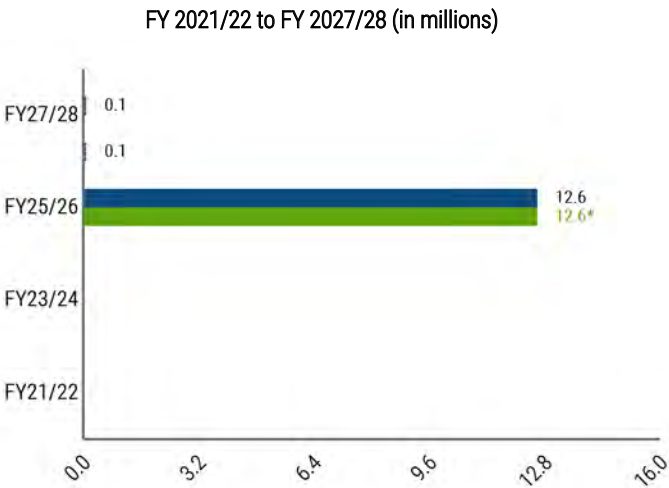
TRANSFERS IN

Transfers In are the authorized movement of cash or other resources from other funds. The FY 2025/26 adopted budget includes \$12.6 million for Transfers In.

FORECAST
 BUDGET
 ACTUAL/FORECAST*

OPERATING

A \$12.5 million cash transfer is budgeted to move fund balance from the Fleet Management Fund to the new Fleet Replacement Fund. Additionally, an annual \$0.1 million transfer from the Risk Management Fund to the Fleet Replacement Fund is budgeted to cover replacement of totaled vehicles.

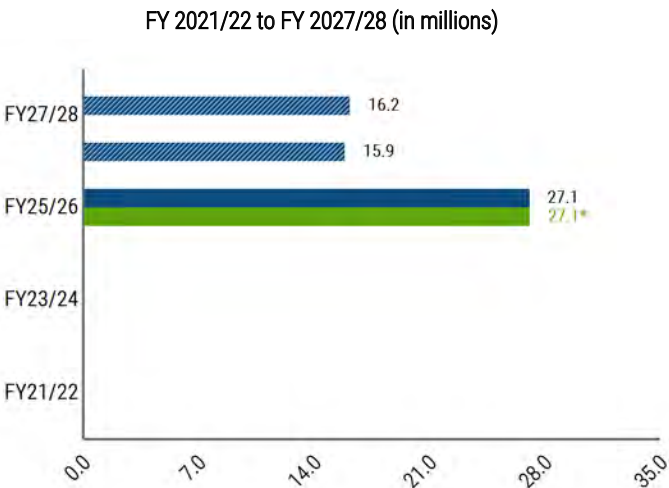


FLEET REPLACEMENT FUND USES

Fleet Replacement Fund Uses for FY 2025/26 equal \$27.1 million. The Fleet Replacement Fund is specifically for the purpose of Vehicle Acquisitions.

VEHICLE ACQUISITION

The FY 2025/26 adopted budget includes \$27.1 million in Vehicle Acquisition funding. A portion of this funding is carried over from the prior year's unspent Vehicle Acquisition appropriation because delivery delays and reduced government-order vehicle allocations often push replacement procurements past their originally budgeted year. Additionally, increased funding complies with Fleet Audit recommendations—ensuring vehicles and equipment are replaced on schedule and minimizing costly maintenance on aging assets.

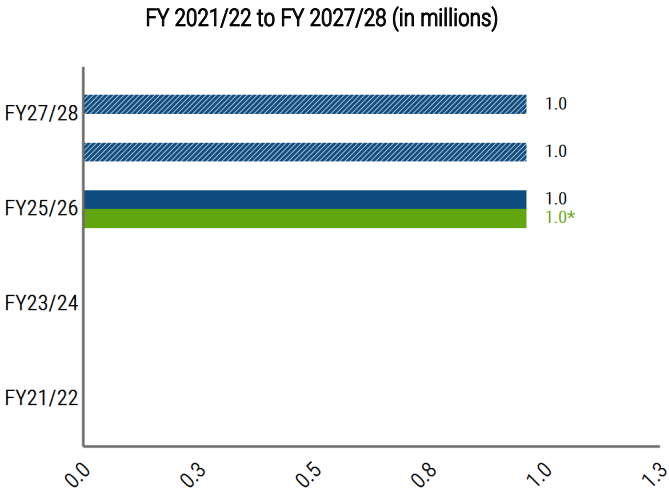


FLEET REPLACEMENT FUND ENDING BALANCE

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 being allocated or spent as budgeted expenditures.

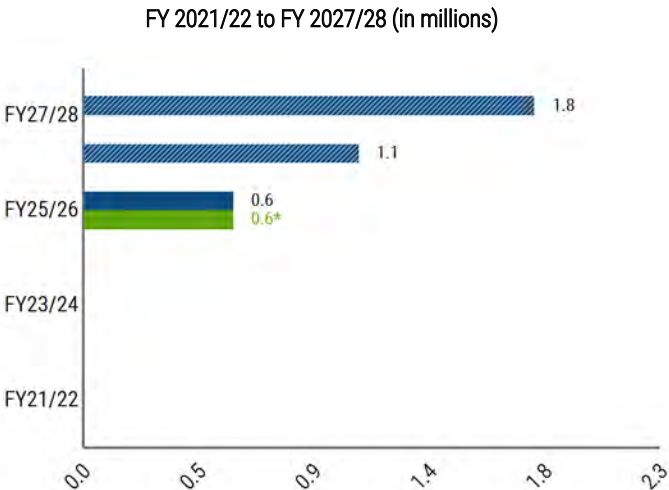
OPERATING CONTINGENCY

Operating Contingency is used to cover potential cost increases in purchasing vehicles and equipment due to economic changes. The FY 2025/26 adopted budget is \$1.0 million. Contingency funds are utilized only after all budget options have been considered and require City Council approval.



FLEET REPLACEMENT FUND BALANCE

The Fleet Replacement Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2025/26 ending Fleet Replacement Fund Balance is \$0.6 million.

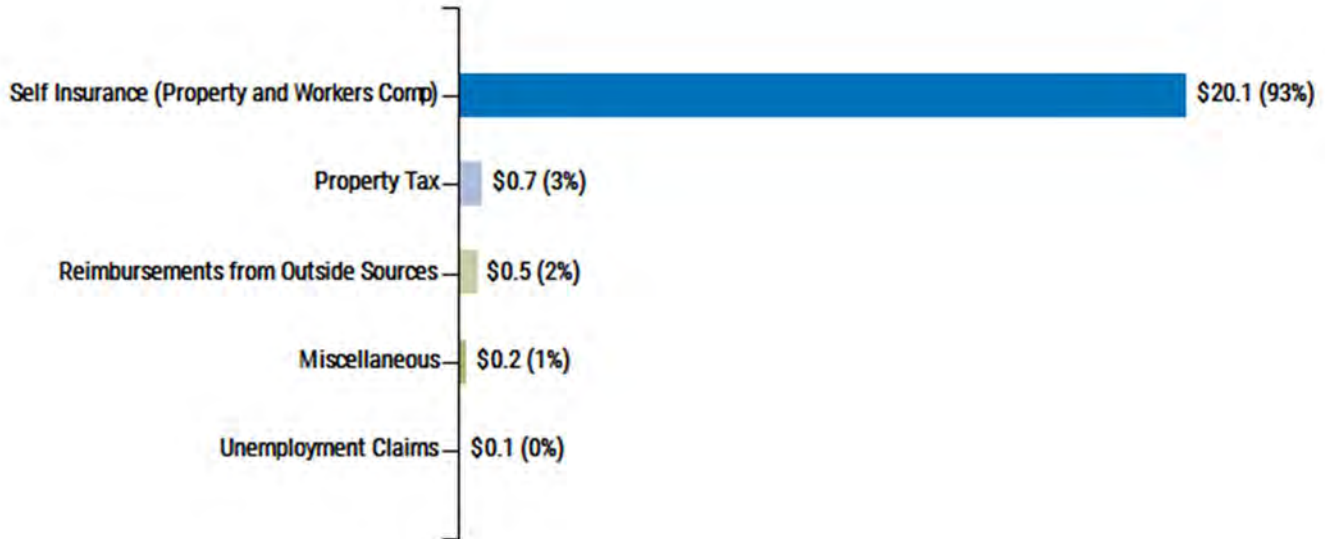


FORECAST BUDGET ACTUAL/FORECAST*

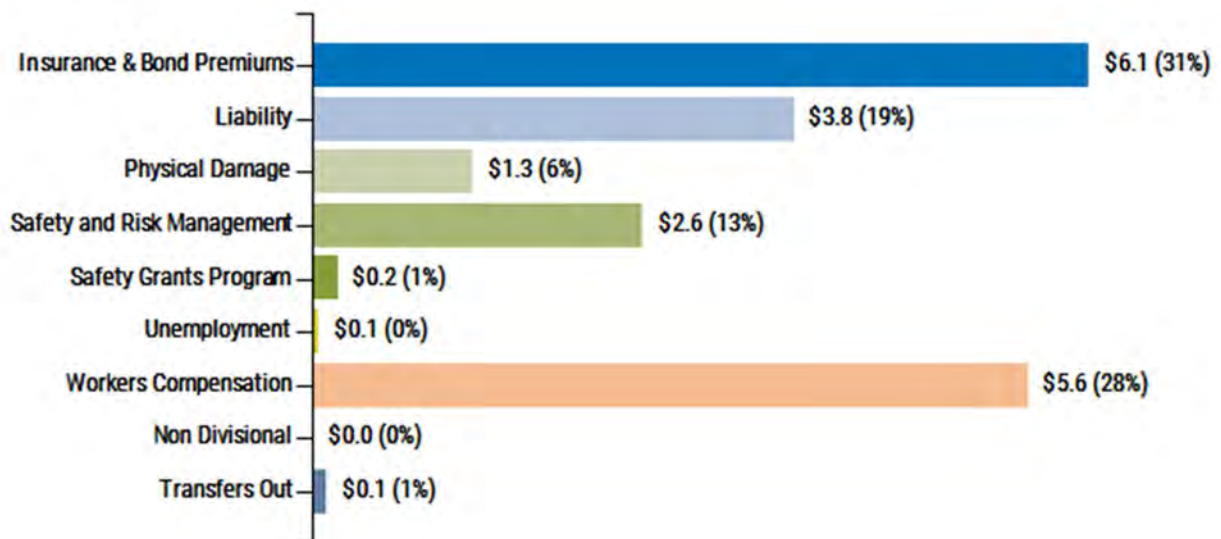
FUND PURPOSE

The Risk Management Fund is used to account for the city's self insurance, safety, and risk management functions. Revenue is derived from internal charges to city departments and is captured as internal rates. Payments for unemployment, workers' compensation, and property and liability claims are disbursed from this fund.

Risk Management Fund Sources (% to Total) \$21.5 Million



Risk Management Fund Uses (% to Total) \$19.7 Million



Rounding differences may occur.

BUDGET BY FUND | Risk Management Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	24,555,196	26,488,589	27,875,137	30,324,065
Total Beginning Fund Balance	27,055,196	28,988,589	30,375,137	32,824,065
Revenues				
Self Insurance (Property and Workers Comp)	16,506,444	18,803,303	18,803,303	20,050,923
Property Tax ^(a)	2,201,944	1,200,000	1,200,000	678,687
Reimbursements from Outside Sources	587,617	525,000	525,000	525,000
Miscellaneous	227,773	290,000	480,000	240,000
Unemployment Claims	47,398	54,681	54,681	54,485
Subtotal	19,571,174	20,872,984	21,062,984	21,549,095
Total Sources	19,571,174	20,872,984	21,062,984	21,549,095
Expenditures				
Insurance and Bond Premiums	4,898,369	5,357,665	5,357,665	6,081,380
Liability	2,260,873	4,239,988	3,239,988	3,770,611
Physical Damage	1,512,023	1,520,028	1,520,028	1,255,854
Safety and Risk Management	2,004,488	2,477,246	2,461,306	2,584,173
Safety Grants Program	206,276	143,407	143,407	203,181
Unemployment	8,300	52,500	52,500	52,500
Workers Compensation	5,331,356	5,730,458	5,730,458	5,598,704
Personnel Programs ^(b)	-	7,012	2,538	2,888
Subtotal	16,221,684	19,528,304	18,507,890	19,549,291
TOTAL OPERATING BUDGET	16,221,684	19,528,304	18,507,890	19,549,291
Transfers Out				
CIP	29,549	20,541	106,166	16,171
Operating ^(c)	-	-	-	100,000
Subtotal	29,549	20,541	106,166	116,171
Total Uses	16,251,233	19,548,845	18,614,056	19,665,462
Sources Over/(Under) Uses	3,319,941	1,324,139	2,448,928	1,883,633
Ending Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	27,875,137	27,812,728	30,324,065	32,207,698
Total Ending Fund Balance	30,375,137	30,312,728	32,824,065	34,707,698

^(a) Anticipated decreases in Property Tax are due to expected reductions in the volume and scale of involuntary tort claims.

^(b) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

^(c) Transfer to the Fleet Replacement Fund to cover replacement of totaled police vehicles.

BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	30,324,065	32,207,698	33,710,098	35,026,998	36,244,898
Total Beginning Fund Balance	32,824,065	34,707,698	36,210,098	37,526,998	38,744,898
Revenues					
Self Insurance (Property and Workers Comp)	20,050,923	20,839,100	21,857,800	22,929,100	24,727,200
Property Tax	678,687	550,000	550,000	550,000	550,000
Reimbursements from Outside Sources	525,000	500,000	500,000	500,000	500,000
Miscellaneous	240,000	240,000	240,000	240,000	240,000
Unemployment Claims	54,485	56,500	58,600	60,800	63,000
Subtotal	21,549,095	22,185,600	23,206,400	24,279,900	26,080,200
Total Sources	21,549,095	22,185,600	23,206,400	24,279,900	26,080,200
Expenditures					
Insurance and Bond Premiums	6,081,380	6,841,600	7,696,700	8,658,800	9,741,200
Liability	3,770,611	3,854,400	3,940,100	4,028,000	4,118,400
Physical Damage	1,255,854	1,283,800	1,312,400	1,341,900	1,372,000
Safety and Risk Management	2,584,173	2,648,100	2,800,300	2,816,400	2,911,600
Safety Grants Program	203,181	207,600	212,300	216,800	221,600
Unemployment	52,500	55,100	57,900	60,800	63,800
Workers Compensation	5,598,704	5,667,600	5,743,100	5,808,100	5,880,000
Personnel Programs ^(a)	2,888	3,000	3,100	3,100	3,200
Subtotal	19,549,291	20,561,200	21,765,900	22,933,900	24,311,800
TOTAL OPERATING BUDGET	19,549,291	20,561,200	21,765,900	22,933,900	24,311,800
Transfers Out					
CIP	16,171	22,000	23,600	28,100	11,100
Operating ^(b)	100,000	100,000	100,000	100,000	100,000
Subtotal	116,171	122,000	123,600	128,100	111,100
Total Uses	19,665,462	20,683,200	21,889,500	23,062,000	24,422,900
Sources Over/(Under) Uses	1,883,633	1,502,400	1,316,900	1,217,900	1,657,300
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	32,207,698	33,710,098	35,026,998	36,244,898	37,902,198
Total Ending Fund Balance	34,707,698	36,210,098	37,526,998	38,744,898	40,402,198

^(a) Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

^(b) Transfer to the Fleet Replacement Fund to cover replacement of totaled police vehicles.

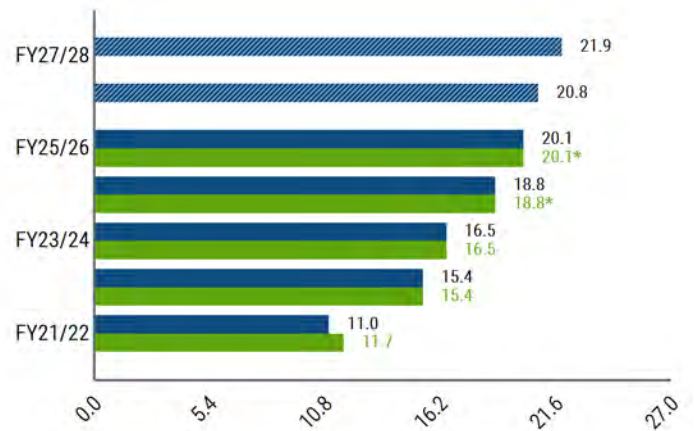
RISK MANAGEMENT FUND SOURCES

Revenue sources received in the Risk Management Fund consist of Self Insurance (Property and Workers' Compensation), Property Tax, Reimbursements from Outside Sources, Unemployment Claims, and other Miscellaneous revenues. The FY 2025/26 budgeted revenue to the Risk Management Fund is \$21.5 million, reflecting a \$0.7 million increase from the FY 2024/25 adopted budget.

SELF INSURANCE (PROPERTY AND WORKERS' COMPENSATION)

Self Insurance represents the Risk Management Fund's primary source of operating revenue which are derived from internal charges for services to other city departments. The FY 2025/26 budgeted revenue is \$20.1 million, which is an increase of \$1.3 million from the FY 2024/25 adopted budget due to an annual evaluation to determine the internal service rates charged to every department. Increases to internal service rates in subsequent years assumes the need to charge departments more due to increased costs while maintaining the Loss Trust Fund Board's preferred 80 percent confidence level of the most recent actuarial assessment in the fund balance.

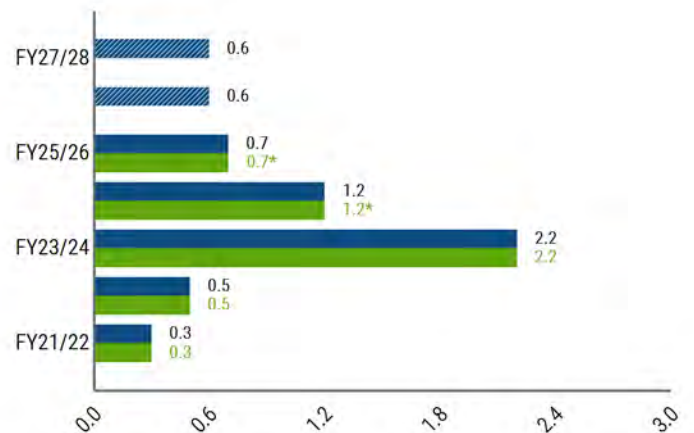
FY 2021/22 to FY 2027/28 (in millions)



PROPERTY TAX

Property Tax represents a reimbursement to the city's Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city's primary tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. The tort expenses are paid from the Risk Management Fund, therefore the reimbursement becomes revenue to this fund once property taxes are collected. The FY 2025/26 budgeted revenue is \$0.7 million, which is a decrease of \$0.5 million when compared to the FY 2024/25 adopted budget due to the expected reductions in the volume and scale of involuntary tort claims. Reimbursements were higher in FY 2023/24 and FY 2024/25 due to an increase in involuntary tort claim payments.

FY 2021/22 to FY 2027/28 (in millions)

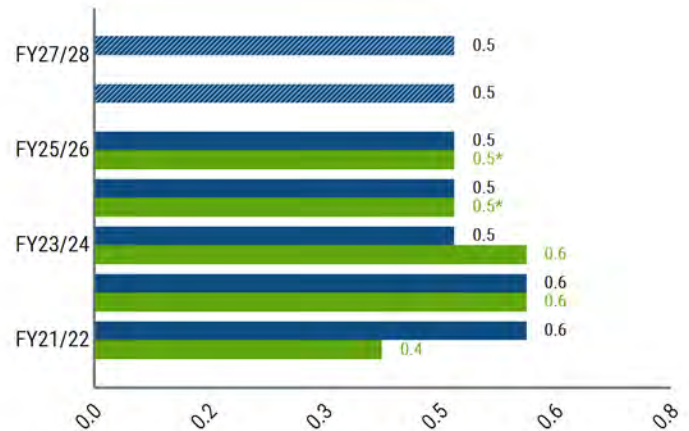


FORECAST BUDGET ACTUAL/FORECAST*

REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursements from Outside Sources represents reimbursements received from insurance claims. The primary component of this source is subrogation, where the city seeks reimbursement from third party insurance companies for various types of claims. The FY 2025/26 budgeted revenue is \$0.5 million, which is flat when compared to the FY 2024/25 adopted budget.

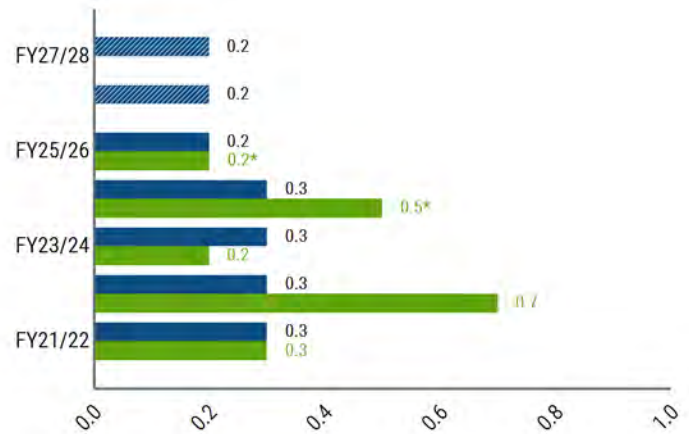
FY 2021/22 to FY 2027/28 (in millions)



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 Police Department 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. The FY 2025/26 budgeted revenue is \$0.2 million, which is a \$0.1 million decrease from FY 2024/25 adopted budget.

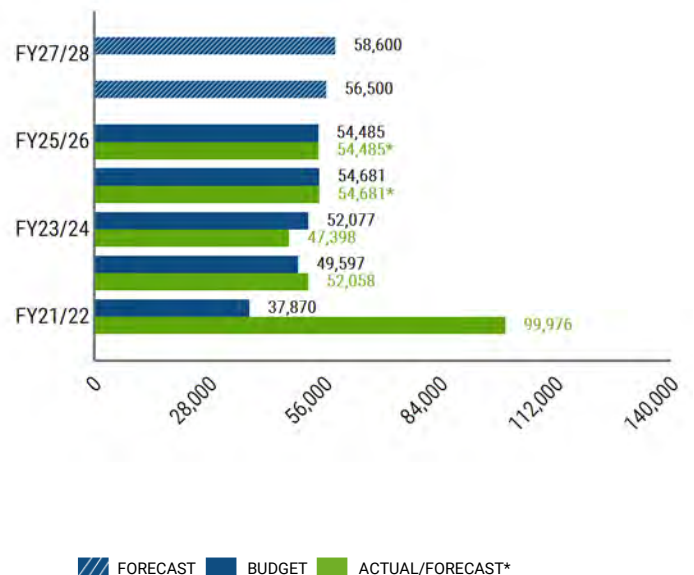
FY 2021/22 to FY 2027/28 (in millions)



UNEMPLOYMENT CLAIMS

Unemployment Claims includes charges to all positions for unemployment insurance. The FY 2025/26 budgeted revenue is \$54,485, which is relatively flat when compared to the FY 2024/25 adopted budget.

FY 2021/22 to FY 2027/28



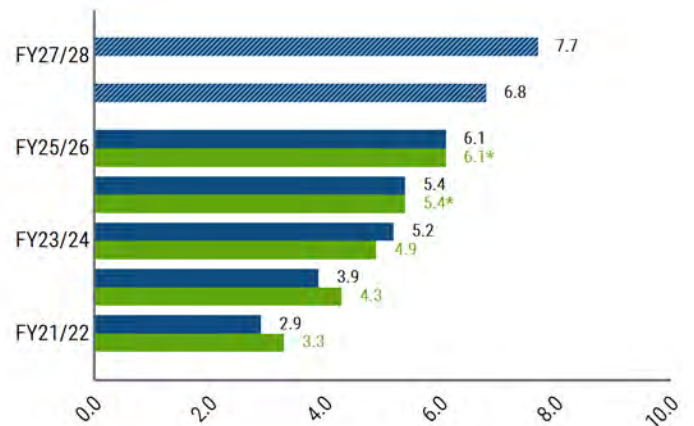
RISK MANAGEMENT FUND USES

The direct operating expenditures of the Risk Management Fund are divided into the following major expenditure categories: Insurance and Bond Premiums, Liability, Physical Damage, Safety and Risk Management, Safety Grants Program, Unemployment, Workers' Compensation, and Personnel Programs. Also included are cash Transfers Out to the Capital Improvement Plan (CIP) and to other funds. The FY 2025/26 adopted budget is \$19.7 million, a \$0.1 increase from the FY 2024/25 adopted budget.

INSURANCE AND BOND PREMIUMS

Insurance and Bond Premiums includes various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. The FY 2025/26 adopted budget is \$6.1 million, which is an increase of \$0.7 million when compared to the FY 2024/25 adopted budget due to increased premiums.

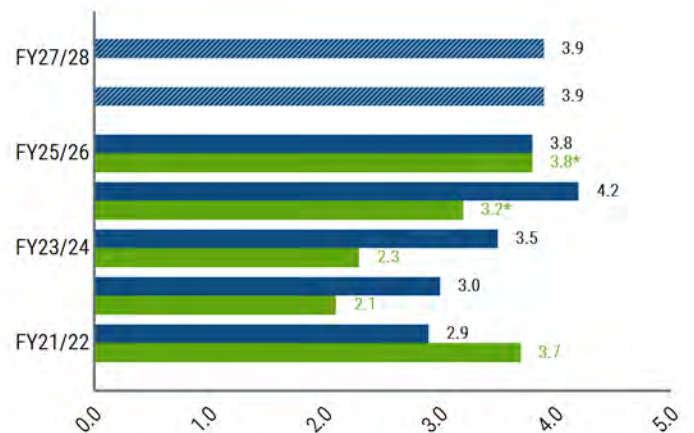
FY 2021/22 to FY 2027/28 (in millions)



LIABILITY

Liability primarily includes claim payments and legal costs for all activities not related to physical damage or workers' compensation claims. The FY 2025/26 adopted budget is \$3.8 million, which is a decrease of \$0.4 million when compared to the FY 2024/25 adopted budget due to a decrease in general liability claims.

FY 2021/22 to FY 2027/28 (in millions)

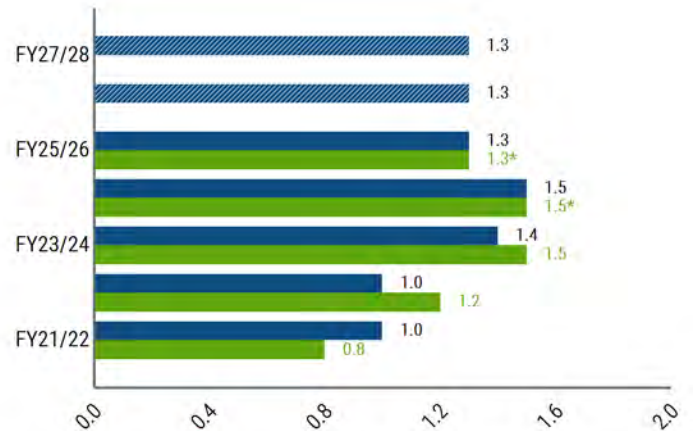


FORECAST BUDGET ACTUAL/FORECAST*

PHYSICAL DAMAGE

Physical Damage represents claims used to pay for damage to city property or city vehicles. The FY 2025/26 adopted budget is \$1.3 million, which is a decrease of \$0.2 million when compared to the FY 2024/25 adopted budget due to a decrease in claims.

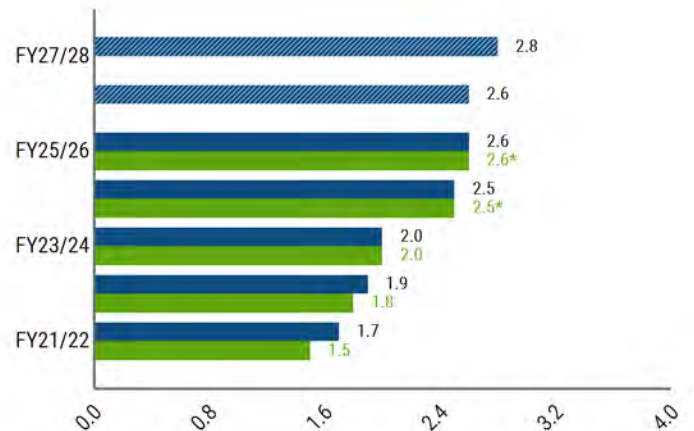
FY 2021/22 to FY 2027/28 (in millions)



SAFETY AND RISK MANAGEMENT

The Safety and Risk Management operating budget is for day-to-day operations of the Risk Management Fund. The FY 2025/26 adopted budget is \$2.6 million, which is an increase of \$0.1 million compared to the FY 2024/25 adopted budget.

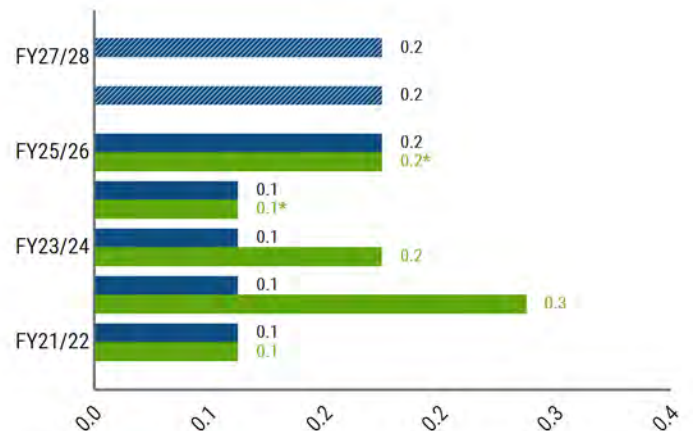
FY 2021/22 to FY 2027/28 (in millions)



SAFETY GRANTS PROGRAM

The Safety Grants Program evaluates and addresses funding requests from city departments to pay for office furniture, equipment, office operating supplies, and protective clothing that would enhance safety or reduce known losses in the workplace. Certain criteria must be met to receive these funds with no other funding sources available to cover the expense. The FY 2025/26 adopted budget is \$0.2 million, which is an increase of \$0.1 million compared to the FY 2024/25 adopted budget due to expanding the city's Safety Grants Program. The above average expenditure in FY 2022/23 was mainly due to heightened demand for ergonomic furniture and safety cabinets.

FY 2021/22 to FY 2027/28 (in millions)

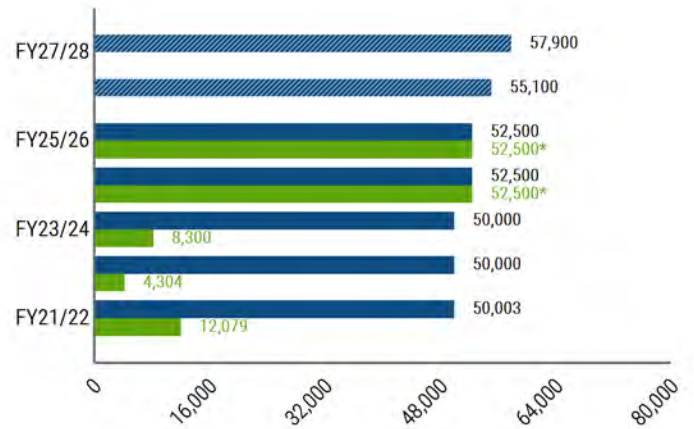


FORECAST BUDGET ACTUAL/FORECAST*

UNEMPLOYMENT

Unemployment is composed of claims paid to qualifying terminated city employees. The FY 2025/26 adopted budget is \$52,500, which remains flat when compared to the FY 2024/25 adopted budget.

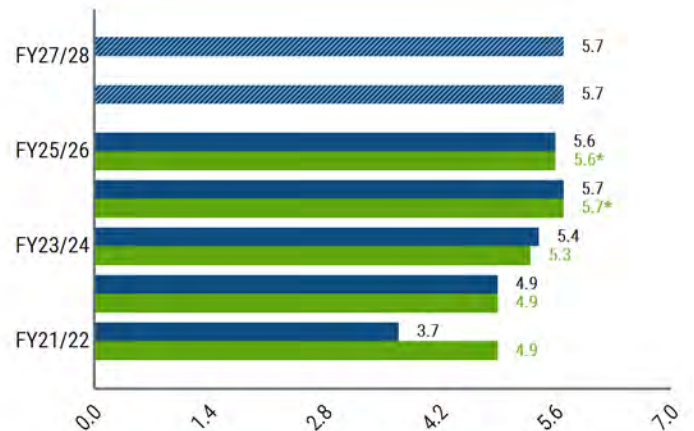
FY 2021/22 to FY 2027/28



WORKERS' COMPENSATION

Workers' Compensation is composed of claims paid to current city employees in the event of an injury, illness, or disease occurring in the course of city employment. The FY 2025/26 adopted budget is \$5.6 million, which is a decrease of \$0.1 million when compared to the FY 2024/25 adopted budget.

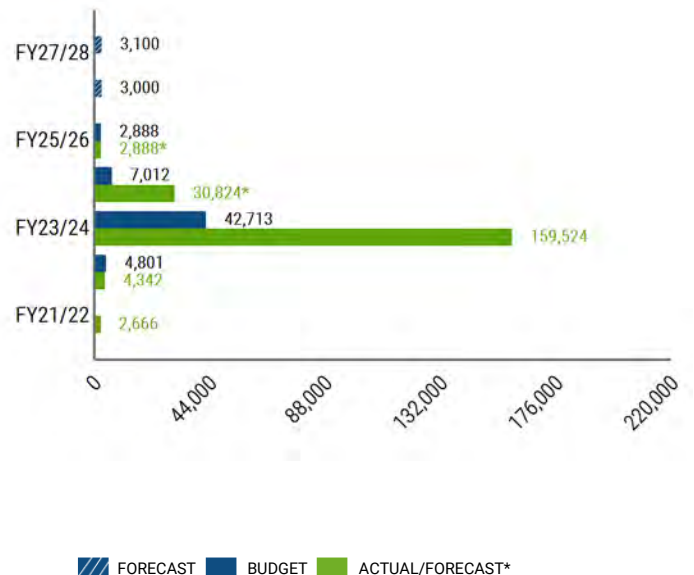
FY 2021/22 to FY 2027/28 (in millions)



PERSONNEL PROGRAMS

Personnel Programs includes non-periodic costs such as leave accruals, parental leave, vacation trade, and one-time merit payments. The FY 2025/26 budget is \$2,888, which is a decrease of \$4,124 when compared to the FY 2024/25 adopted budget. The FY 2024/25 actuals were higher than budget due to retirement payouts. The FY 2023/24 budget and actuals were higher than average due to retirement payouts and a budgeted class and compensation study.

FY 2021/22 to FY 2027/28



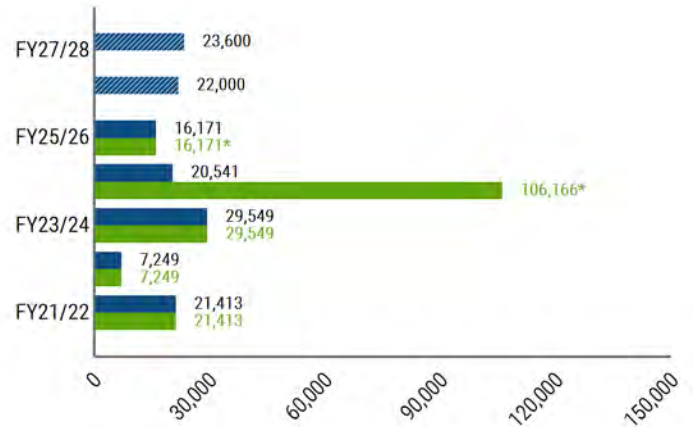
TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds or the Capital Improvement Plan (CIP).

CIP

CIP helps cover Risk Management's portion of citywide technology replacement capital projects. The FY 2025/26 adopted budget is \$16,171, which is a decrease of \$4,370 when compared to the FY 2024/25 adopted budget. The FY 2024/25 forecast includes a \$100,000 transfer for Comanche Park fencing and court repairs due to storm damage.

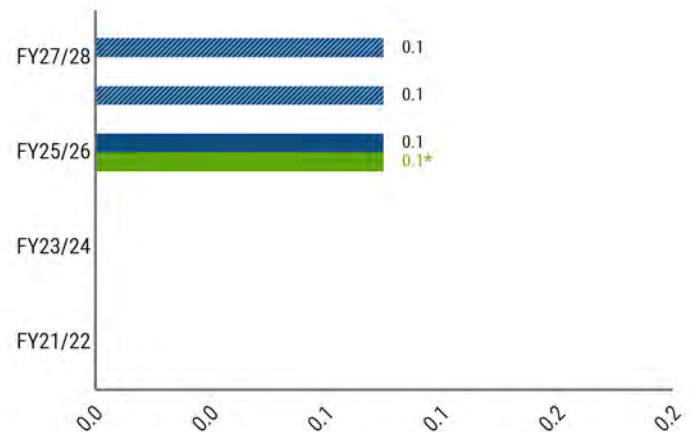
FY 2021/22 to FY 2027/28



OPERATING

Beginning FY 2025/26, Operating includes transfers to the Fleet Replacement Fund to cover the replacement of totaled Police vehicles. The FY 2025/26 adopted budget for Operating Transfers is \$0.1 million.

FY 2021/22 to FY 2027/28 (in millions)



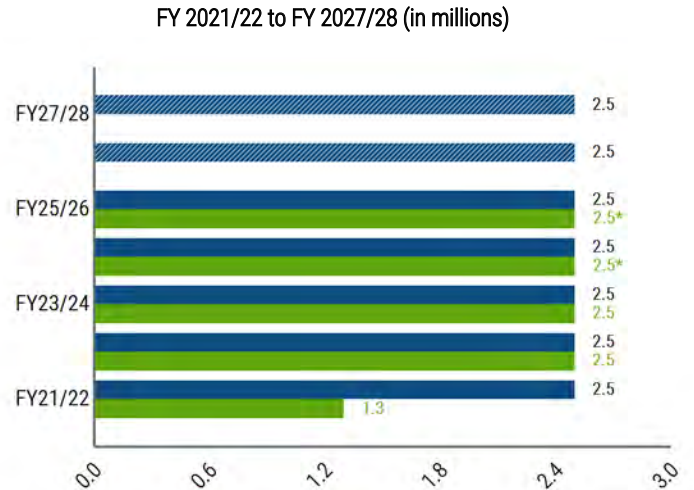
RISK MANAGEMENT FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The Loss Trust Fund Board, per Financial Policy No. 2.08, sets a target to maintain a Risk Management reserve fund balance equivalent to the actuary's 80 percent confidence level of the most recent actuarial assessment. Each year the projected balance is actuarially determined based on actual losses and potential outstanding claims.

FORECAST BUDGET ACTUAL/FORECAST*

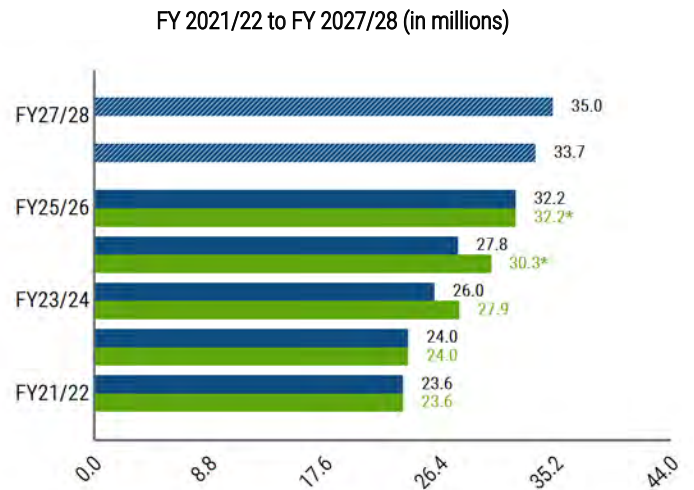
OPERATING CONTINGENCY

The FY 2025/26 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 other budget options have been examined and requires City Council approval.



OPERATING RESERVE

The FY 2025/26 Operating Reserve is \$32.2 million, which is an increase of \$4.4 million when compared to the FY 2024/25 adopted budget.



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 departments as an internal operating cost based on the quantity and type of hardware used. The internal charges paid by the departments become revenue to the PC Replacement Fund.

PC Replacement Fund Sources (% to Total)
\$1.0 Million



PC Replacement Fund Uses (% to Total)
\$1.3 Million



Rounding differences may occur.

BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Operating Contingency	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,586,455	1,668,285	1,745,028	1,357,935
Total Beginning Fund Balance	1,686,455	1,768,285	1,845,028	1,457,935
Revenues				
PC Replacement Fees ^(a)	850,000	950,007	950,007	1,010,659
Subtotal	850,000	950,007	950,007	1,010,659
Total Sources	850,000	950,007	950,007	1,010,659
Expenditures				
Computer Hardware Acquisition	691,427	1,637,100	1,337,100	1,317,661
Subtotal	691,427	1,637,100	1,337,100	1,317,661
TOTAL OPERATING BUDGET	691,427	1,637,100	1,337,100	1,317,661
Total Uses	691,427	1,637,100	1,337,100	1,317,661
Sources Over/(Under) Uses	158,573	(687,093)	(387,093)	(307,002)
Ending Fund Balance				
Operating Contingency	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,745,028	981,192	1,357,935	1,050,933
Total Ending Fund Balance	1,845,028	1,081,192	1,457,935	1,150,933

^(a) Beginning in FY 2024/25, the PC Replacement Fees are intentionally under-collecting to utilize available fund balance.

BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,357,935	1,050,933	839,433	593,933	308,133
Total Beginning Fund Balance	1,457,935	1,150,933	939,433	693,933	408,133
Revenues					
PC Replacement Fees ^(a)	1,010,659	1,040,500	1,094,200	1,147,700	1,205,500
<i>Subtotal</i>	1,010,659	1,040,500	1,094,200	1,147,700	1,205,500
Total Sources	1,010,659	1,040,500	1,094,200	1,147,700	1,205,500
Expenditures					
Computer Hardware Acquisition	1,317,661	1,252,000	1,339,700	1,433,500	1,513,600
<i>Subtotal</i>	1,317,661	1,252,000	1,339,700	1,433,500	1,513,600
 TOTAL OPERATING BUDGET	 1,317,661	 1,252,000	 1,339,700	 1,433,500	 1,513,600
Total Uses	1,317,661	1,252,000	1,339,700	1,433,500	1,513,600
Sources Over/(Under) Uses	(307,002)	(211,500)	(245,500)	(285,800)	(308,100)
Ending Fund Balance					
Operating Contingency	100,000	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,050,933	839,433	593,933	308,133	33
Total Ending Fund Balance	1,150,933	939,433	693,933	408,133	100,033

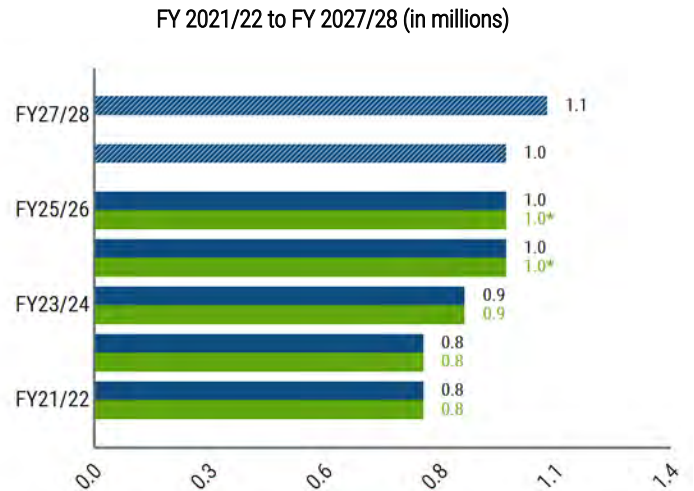
^(a) Beginning in FY 2024/25, the PC Replacement Fees are intentionally under-collecting to utilize available fund balance.

PC REPLACEMENT FUND SOURCES

The PC Replacement Fund includes revenue from rates charged to the city departments 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 represent the rates charged to other city funds and departments 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 departments each year. The revenue for FY 2025/26 is \$1.0 million, which is relatively flat compared to the FY 2024/25 adopted budget.

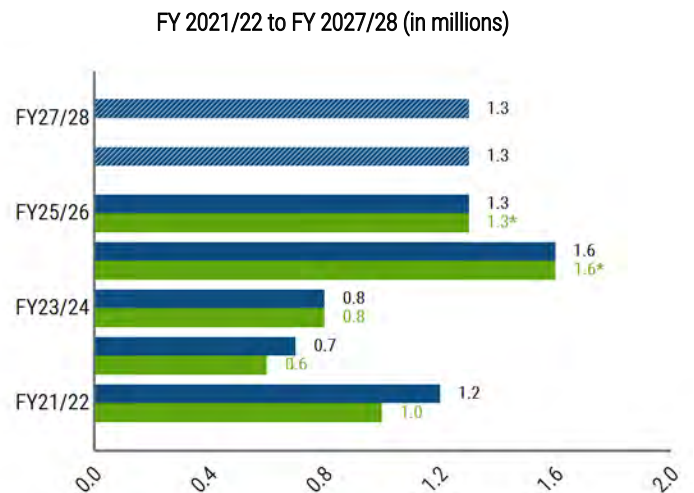


PC REPLACEMENT FUND USES

The direct operating expenditures of the PC Replacement Fund are budgeted in the capital outlay category.

COMPUTER HARDWARE ACQUISITION

Computer Hardware Acquisition includes the purchase of desktop computers, laptops, ruggedized laptops, monitors, and printers. The computer hardware inventory for the entire city is aggregated as one asset and is thus classified as a capital asset on the city's balance sheet. The FY 2025/26 Computer Hardware Acquisition adopted budget is \$1.3 million, which is \$0.3 million lower than the FY 2024/25 adopted budget. The expenditures vary from year to year depending on the replacement schedule.



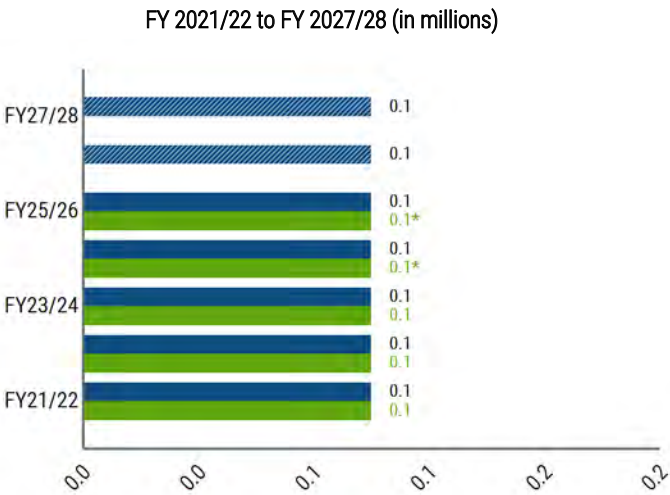
PC REPLACEMENT FUND ENDING BALANCE

The PC Replacement Fund ending balance varies primarily due to the hardware replacement schedule. The fund balance at the end of each year includes the accumulated balance to be used for future year hardware purchases. The PC Replacement Fund ending balance includes: Operating Contingency and PC Replacement Fund Balance.

FORECAST BUDGET ACTUAL/FORECAST*

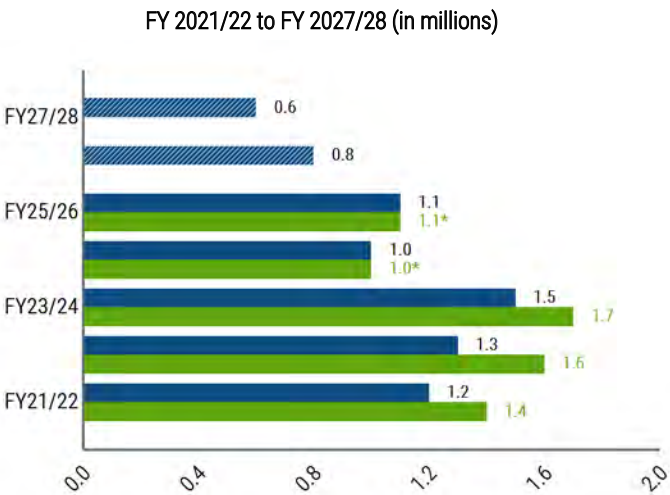
OPERATING CONTINGENCY

Operating Contingency is set at \$0.1 million of budget authorization to offset unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.



PC REPLACEMENT FUND BALANCE

PC Replacement Fund Balance accounts for PC Replacement Fund remaining after the designation of all other reserves and contingencies. The FY 2025/26 ending fund balance is \$1.1 million. This balance represents an accumulation of sources to be used for future year hardware purchases. The city has made efforts to utilize accrued fund balance beginning in FY 2024/25 by aligning the PC Replacement Fees and Computer Hardware Acquisitions with anticipated replacement schedules throughout the city.



FORECAST BUDGET ACTUAL/FORECAST*

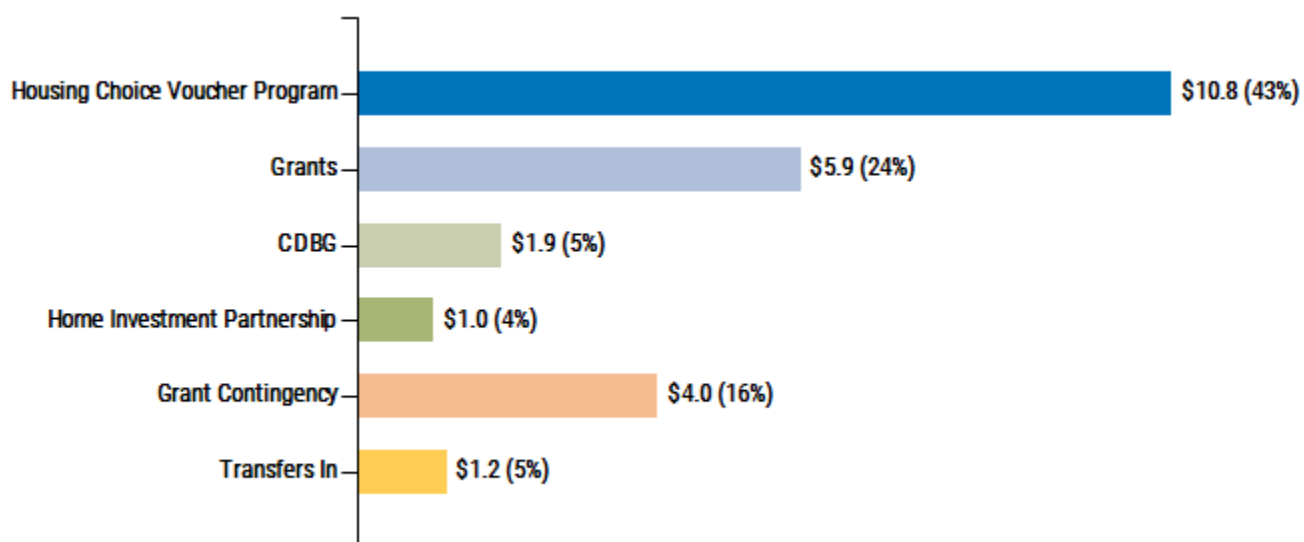


FY 2025/26 Adopted Budget

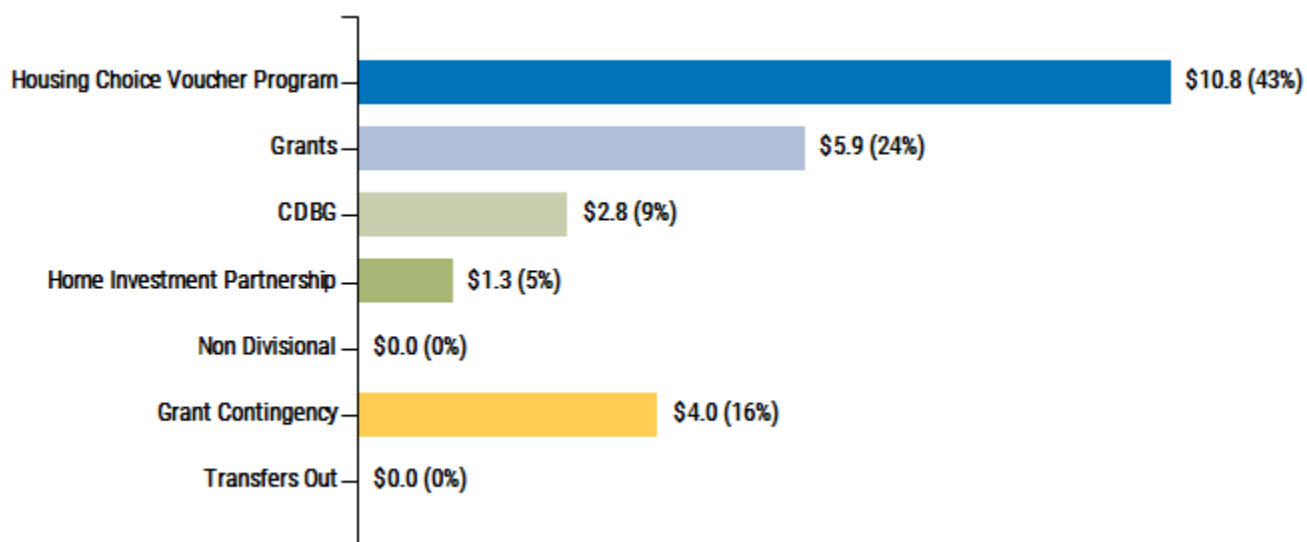
FUND PURPOSE

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) \$24.8 Million



Grant Funds Uses (% to Total) \$24.8 Million



Rounding differences may occur.

BUDGET BY FUND | Grant Funds Summary

	Adopted 2024/25	Adopted 2025/26
<u>Revenues</u>		
Housing Choice Voucher Program	8,970,468	10,796,471
Grants ^(a)	4,553,150	5,888,059
CDBG	3,259,617	1,932,511
HOME Investment Partnership	1,438,820	1,020,699
<i>Subtotal</i>	<i>18,222,055</i>	<i>19,637,740</i>
Other Activity		
Grants Anticipated ^(a)	6,332,480	-
Grant Contingency	4,000,000	4,000,000
<i>Subtotal</i>	<i>10,332,480</i>	<i>4,000,000</i>
Transfers In		
CIP ^(b)	-	1,192,098
<i>Subtotal</i>	<i>-</i>	<i>1,192,098</i>
Total Sources	28,554,535	24,829,838
<u>Expenditures</u>		
Housing Choice Voucher Program	8,970,467	10,796,471
Grants ^(a)	4,553,150	5,945,322
CDBG	3,236,176	2,805,678
HOME Investment Partnership	1,438,820	1,270,699
<i>Subtotal</i>	<i>18,198,613</i>	<i>20,818,170</i>
 TOTAL OPERATING BUDGET	 18,198,613	 20,818,170
Other Activity		
Grants Anticipated ^(a)	6,332,480	-
Grant Contingency	4,000,000	4,000,000
<i>Subtotal</i>	<i>10,332,480</i>	<i>4,000,000</i>
Transfers Out		
CIP	23,442	-
CIP Technology	-	11,668
<i>Subtotal</i>	<i>23,442</i>	<i>11,668</i>
Total Uses	28,554,535	24,829,838
Sources Over/(Under) Uses		-

^(a) Starting in FY 2025/26, anticipated grants are included in departments under the Grants category.

^(b) CIP project DK09 - Construct the Residence at Paiute is not moving forward, so the funds will be transferred back to the original funding source.

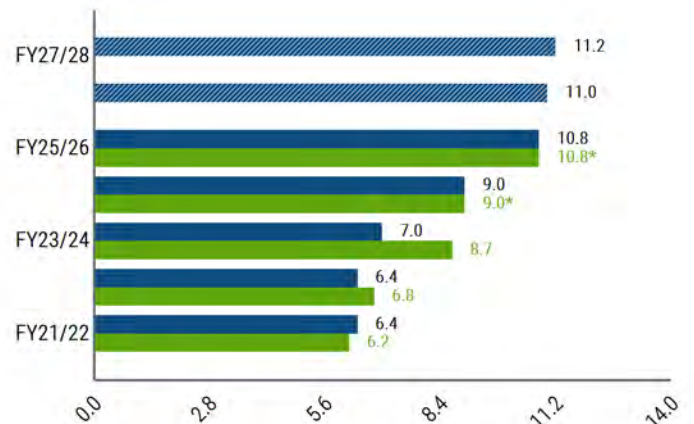
GRANT FUNDS SOURCES

Scottsdale pursues grant funding to leverage city funds to address priority program and service needs. The major areas of grant revenue consist of the Housing Choice Voucher (HCV) Program (formerly known as "Section 8"), miscellaneous federal, state, and local grants, Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan, and HOME Investment Partnership (HOME) funds.

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 2025/26 at \$10.8 million. The actual amounts will vary depending on when the funds are received during the fiscal year.

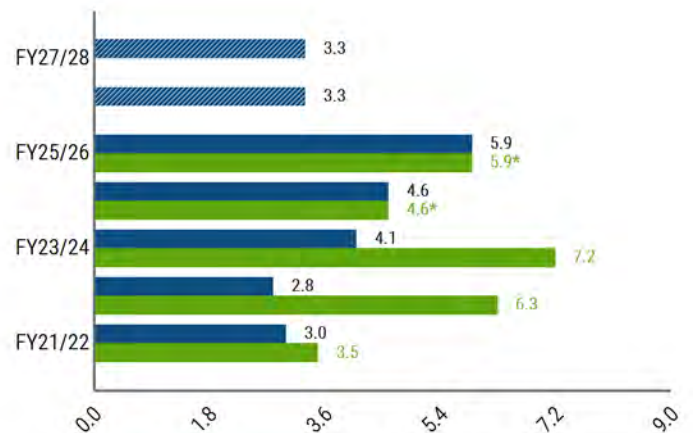
FY 2021/22 to FY 2027/28 (in millions)



GRANTS

Miscellaneous federal, state, and local grants include grants for law enforcement, fire services, human services, transportation, and preservation projects. The FY 2025/26 budgeted revenue is \$5.9 million, reflecting a \$1.3 million increase primarily due to a change in budget treatment. Beginning in FY 2025/26, anticipated grants are included in departments under the Grants category.

FY 2021/22 to FY 2027/28 (in millions)

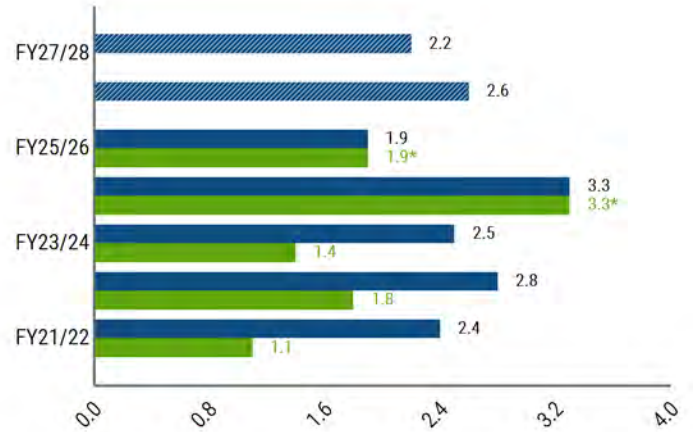


FORECAST BUDGET ACTUAL/FORECAST*

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 2025/26 at \$1.9 million. These fund amounts will vary depending on when the funds are received during the fiscal year. This also includes \$0.1 million in budget for Bellevue Rental Operations.

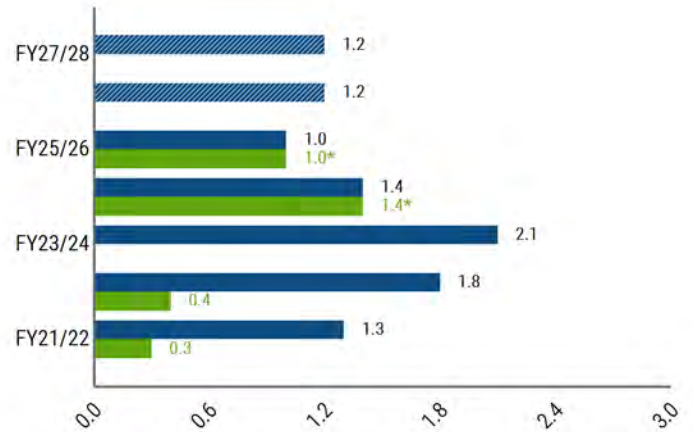
FY 2021/22 to FY 2027/28 (in millions)



HOME INVESTMENT PARTNERSHIP

HOME Investment Partnership Funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation, including prior year's carryover for FY 2025/26 at \$1.0 million. HOME Funds actual amounts will vary depending on when the funds are received during the fiscal year.

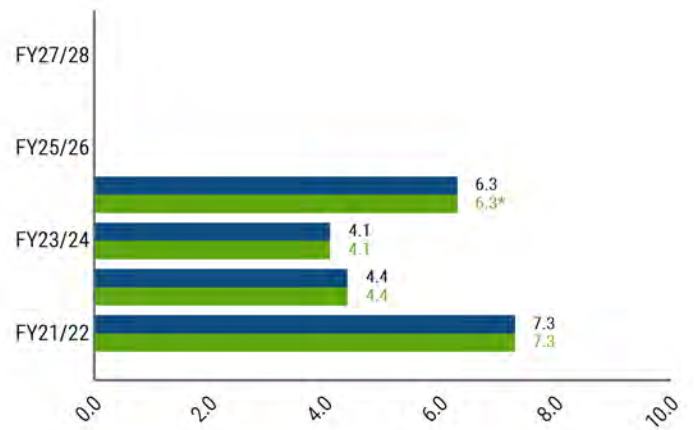
FY 2021/22 to FY 2027/28 (in millions)



GRANTS ANTICIPATED

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or used for general purposes. Starting in FY 2025/26, anticipated grants are included in departments under the Grants category.

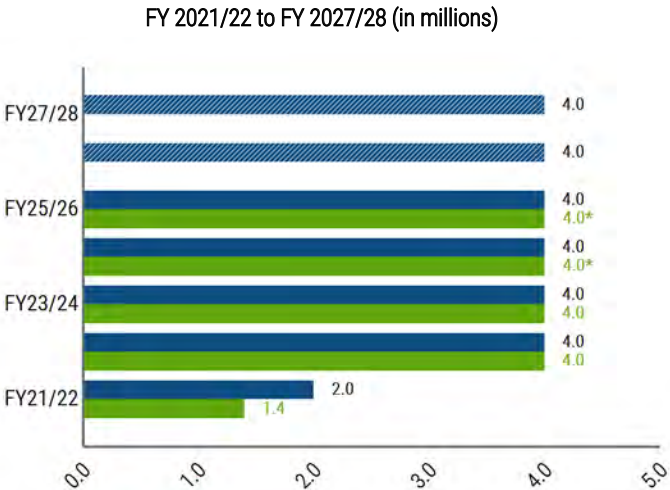
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

GRANT CONTINGENCY

Grant Contingency provides for unexpected grant awards in the event that unforeseen expenses occur during the fiscal year while conducting operations. For FY 2025/26 the Grant Contingency is \$4.0 million.

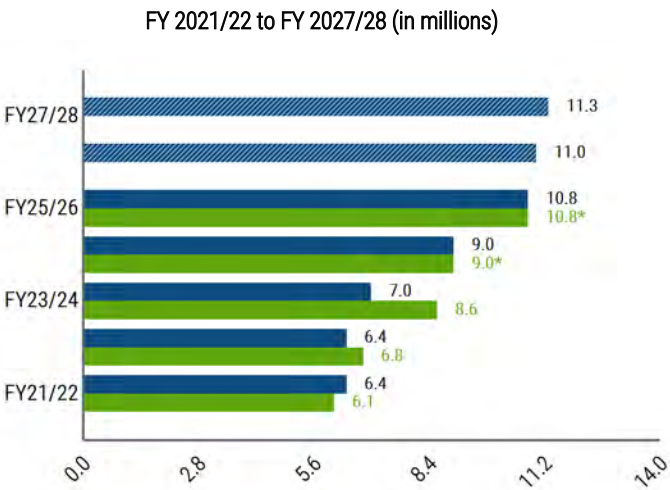


GRANT FUNDS USES

Scottsdale seeks grant funding to leverage city funds to address priority program and service needs. The major areas of grant uses consist of the Housing Choice Voucher (HCV) Program (formally known as "Section 8"), miscellaneous federal, state, and local grants, Community Development Block Grant (CDBG) & CDBG Rehab Revolving Loan, and HOME Investment Partnership (HOME) funds.

HOUSING CHOICE VOUCHER PROGRAM

The Housing Choice Voucher (HCV) Program is funded through the U.S. Department of Housing and Urban Development (HUD). This program offers rental assistance which is based upon the household's income. Families must be income eligible based on the Program Income Guidelines. The program provides affordable and safe housing opportunities for lower-income families, senior citizens, and persons with disabilities. Staff estimates the HVC allocations, including prior year's carryover in FY 2025/26 at \$10.8 million. The actual amounts will vary depending on when the funds are received during the fiscal year.

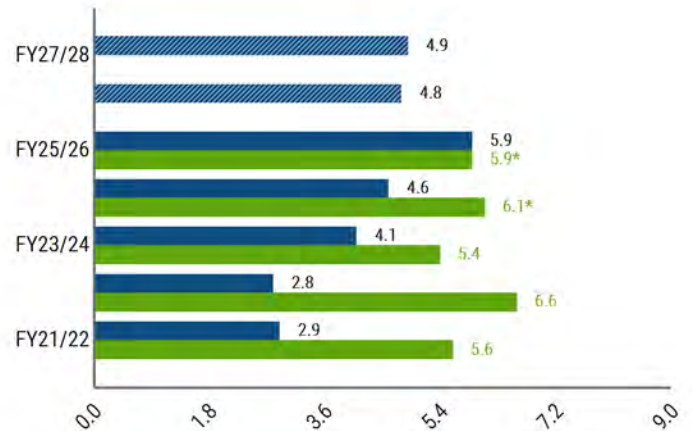


FORECAST BUDGET ACTUAL/FORECAST*

GRANTS

Miscellaneous federal, state, and local grants include grants for law enforcement, fire services, community services, transportation, and preservation projects. The FY 2025/26 adopted budget for Grants is \$5.9 million.

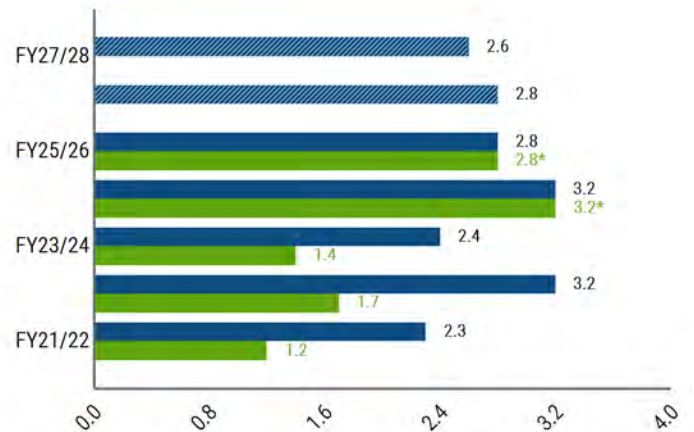
FY 2021/22 to FY 2027/28 (in millions)



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 2025/26 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 Bellevue Rental Operations.

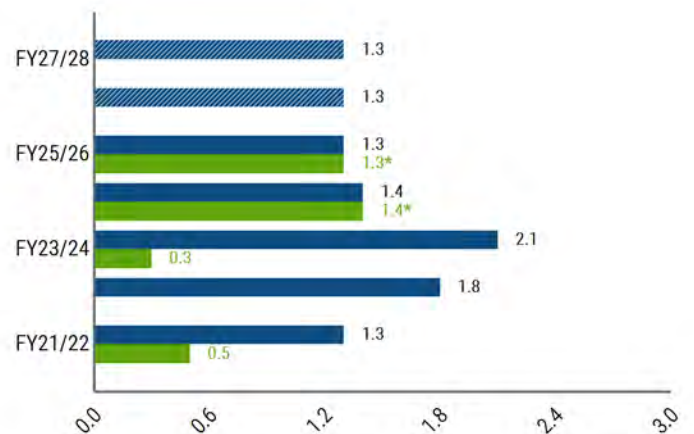
FY 2021/22 to FY 2027/28 (in millions)



HOME INVESTMENT PARTNERSHIP

HOME Investment Partnership Funds are used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private sector participation in housing. The FY 2025/26 adopted budget is \$1.3 million. HOME Funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.

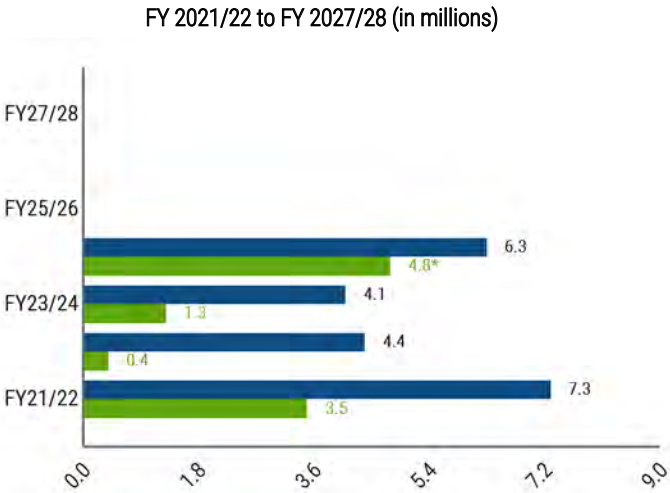
FY 2021/22 to FY 2027/28 (in millions)



FORECAST BUDGET ACTUAL/FORECAST*

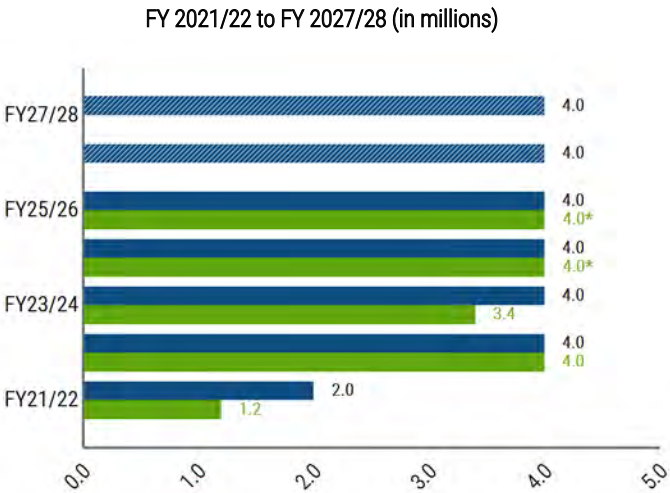
GRANTS ANTICIPATED

These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or general purposes. Starting in FY 2025/26, anticipated grants are included in departments under the Grants category.



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 2025/26 the grant contingency is \$4.0 million.



TRANSFERS OUT

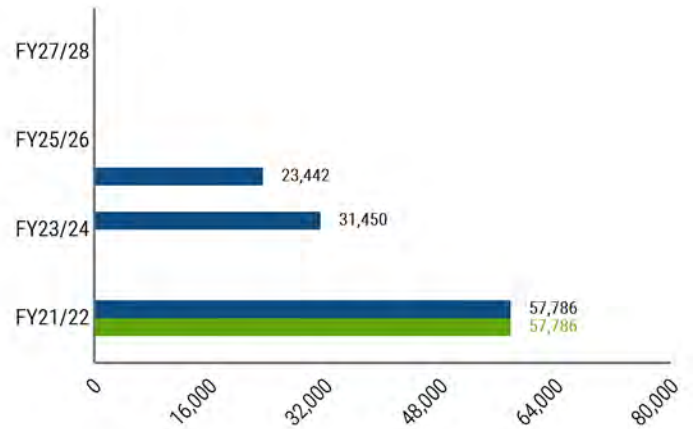
Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects.

FORECAST BUDGET ACTUAL/FORECAST*

CIP

There is no transfer out to the Capital Improvement Plan (CIP) in the FY 2025/26 adopted budget as the anticipated reimbursement of capital expenses will be directly recorded in the capital budget.

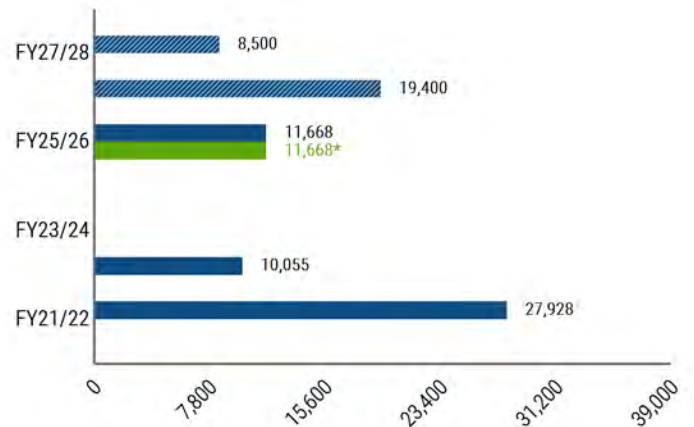
FY 2021/22 to FY 2027/28



CIP TECHNOLOGY

CIP Technology helps cover the portion of citywide technology capital projects. The FY 2025/26 CIP Technology adopted budget is \$11,668.

FY 2021/22 to FY 2027/28



/// FORECAST ■ BUDGET ■ ACTUAL/FORECAST*

FUND PURPOSE

The Special Districts Fund is used to account for proceeds received from property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

Special Districts Fund Sources (% to Total)
\$0.6 Million



Special Districts Fund Uses (% to Total)
\$0.6 Million



Rounding differences may occur.

BUDGET BY FUND | Special Districts Fund Summary

	Actual 2023/24	Adopted 2024/25	Forecast 2024/25	Adopted 2025/26
Beginning Fund Balance				
Streetlight Districts	42,298	2,318	(2,327)	-
Total Beginning Fund Balance	42,298	2,318	(2,327)	-
Revenues				
Streetlight Districts	488,602	570,133	570,133	579,465
<i>Subtotal</i>	<i>488,602</i>	<i>570,133</i>	<i>570,133</i>	<i>579,465</i>
Transfers In				
Operating ^(a)	-	-	-	3,154
<i>Subtotal</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3,154</i>
Total Sources	488,602	570,133	570,133	582,619
Expenditures				
Streetlight Districts	533,227	572,451	567,806	582,619
<i>Subtotal</i>	<i>533,227</i>	<i>572,451</i>	<i>567,806</i>	<i>582,619</i>
TOTAL OPERATING BUDGET	533,227	572,451	567,806	582,619
Total Uses	533,227	572,451	567,806	582,619
Sources Over/(Under) Uses	(44,625)	(2,318)	2,327	-
Ending Fund Balance				
Streetlight Districts	(2,327)	-	-	-
Total Ending Fund Balance	(2,327)	-	-	-

^(a) FY 2025/26 transfer from the General Fund to cover the cost of a one-time property tax exemption.

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

	Adopted 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30
Beginning Fund Balance					
Streetlight Districts	-	-	-	-	-
Total Beginning Fund Balance	-	-	-	-	-
Revenues					
Streetlight Districts	579,465	582,600	582,600	582,600	582,600
<i>Subtotal</i>	<u>579,465</u>	<u>582,600</u>	<u>582,600</u>	<u>582,600</u>	<u>582,600</u>
Transfers In					
Operating ^(a)	3,154	-	-	-	-
<i>Subtotal</i>	<u>3,154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sources	582,619	582,600	582,600	582,600	582,600
Expenditures					
Streetlight Districts	582,619	582,600	582,600	582,600	582,600
<i>Subtotal</i>	<u>582,619</u>	<u>582,600</u>	<u>582,600</u>	<u>582,600</u>	<u>582,600</u>
 TOTAL OPERATING BUDGET	 582,619	 582,600	 582,600	 582,600	 582,600
Total Uses	582,619	582,600	582,600	582,600	582,600
Sources Over/(Under) Uses	-	-	-	-	-
Ending Fund Balance					
Streetlight Districts	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

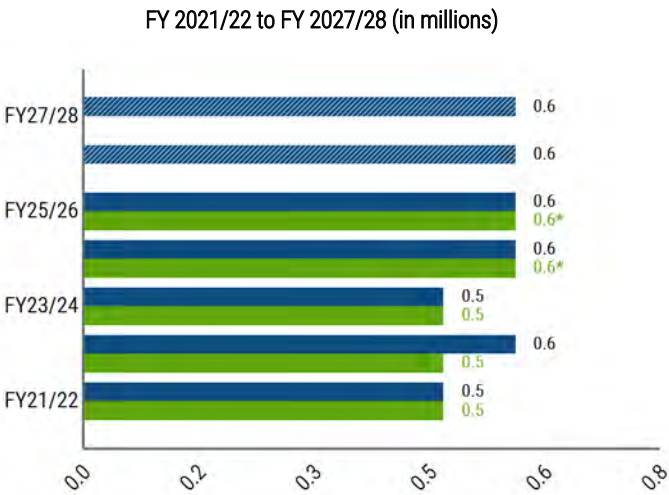
^(a) FY 2025/26 transfer from the General Fund to cover the cost of a one-time property tax exemption.

SPECIAL DISTRICTS FUND SOURCES

Special Districts Fund Sources are derived from the levy assessed on property owners within the city's streetlight districts.

STREETLIGHT DISTRICTS

Streetlight Districts Fund revenue represents the levy assessed on property owners within each of the city's 357 streetlight districts. The streetlight levy is calculated based solely on estimated energy costs. The adopted FY 2025/26 revenue budget is \$0.6 million, which is relatively flat compared to the FY 2024/25 adopted budget.

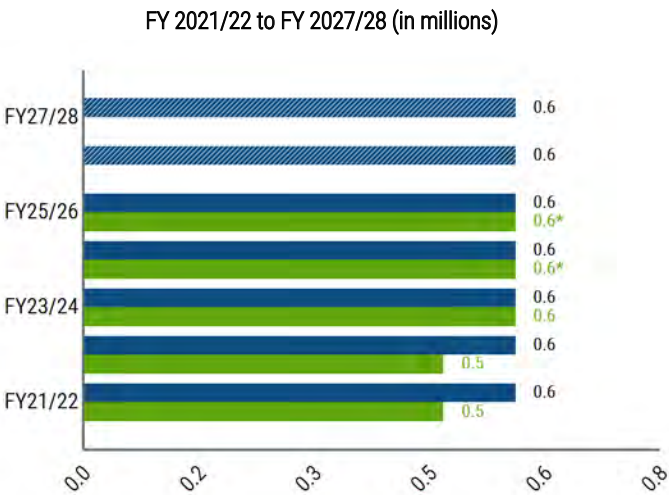


SPECIAL DISTRICTS FUND USES

Special Districts Fund Uses consists of streetlight districts expenditures. The cost of operating each streetlight district varies based on the cost of electricity usage and number of streetlights.

STREETLIGHT DISTRICTS

Streetlight Districts adopted FY 2025/26 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the city.



SPECIAL DISTRICTS FUND BALANCE

Growth of fund balance occurs when sources exceed uses. Any fund balance, negative or positive, achieved during a fiscal year is re-budgeted the following fiscal year to ultimately keep the reserve at a \$0 balance. A historical summary of the city's Special Districts Fund ending balance is as follows:

FORECAST BUDGET ACTUAL/FORECAST*

STREETLIGHT DISTRICTS

The FY 2025/26 Streetlight Districts ending fund balance is projected to be \$0. The ending balance from the prior year-end amount either positive or negative will be carried forward to the future year and is available to be re-budgeted, ultimately reducing the existing reserve to a \$0 balance.





FY 2025/26 Adopted Budget