



# Adopted FY 2020/21 Budget

## City of Scottsdale, Arizona

### Volume One

## Budget Summary



### City Council

W.J. "Jim" Lane, Mayor  
Solange Whitehead, Vice Mayor  
Suzanne Klapp  
Virginia Korte  
Kathy Littlefield  
Linda Milhaven  
Guy Phillips

### Administrative Staff

Jim Thompson, City Manager	Amy Foster, Systems Integrator
Jeff Nichols, City Treasurer	Alan Lothson, Sys. Integration Supervisor
Bill Murphy, Assistant City Manager	Keith Marquis, Sr. Budget Analyst
Brent Stockwell, Assistant City Manager	Adam Samuels, Sr. Budget Analyst
Judy Doyle, Budget Director	Yumi Urata, Sr. Budget Analyst
Sylvia Dlott, CIP Budget Manager	Phil Verver, Sr. Budget Analyst
Ana Lia Johnson, Operating Budget Manager	





# FY 2020/21 Adopted Budget – Volume One

## Budget Summary

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DISTILLERY

RESTAURANT







## Collaboration and Commitment in the Face of Challenge

Uncertainty feels like the new normal, both in Scottsdale and across the world. One guarantee in the face of challenge is Scottsdale’s commitment to Simply Better Service for a World Class Community. Whether working remotely or on-site, Scottsdale employees are on-the-job for you. This may look slightly different than in the past, but our commitment to excellence remains certain.

Scottsdale’s mayor and six council members govern the city, and along with 2,641 employees and 5,002 volunteers, serve more than 258,000 residents.

Scottsdale employees are working to safely provide you with Simply Better Service. Read this annual report to learn how. If you have comments or suggestions on how we can improve this document, please contact the City Manager’s Office: 480-312-2800 | [citymanager@ScottsdaleAZ.gov](mailto:citymanager@ScottsdaleAZ.gov)



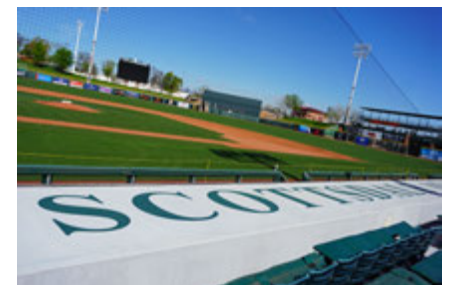
### Value Scottsdale’s Unique Lifestyle and Character

*Scottsdale honors the past while embracing the future*



### Highlighted Accomplishments

- The West’s Most Western Town celebrated its heritage during the fourth annual **Western Week**. The week included the 67<sup>th</sup> Parada del Sol – one of America’s longest-running parades – along with the Trail’s End and Arizona Indian festivals. These cultural events attracted more than 30,000 people into Old Town throughout the weekend.
- A partnership between the city, San Francisco Giants and the Scottsdale Charros resulted in the completion of the **Scottsdale Stadium** renovation in time for Spring Training 2020. While life has thrown us a curve-ball with the COVID-19 pandemic and this spring training season was a short one, we are eager to safely welcome the public to see the updates recently completed.



### Looking Forward

- WestWorld is set to expand its sports programs in the upcoming year, including the ability to host indoor pickleball events in the Tony Nelson Equestrian Center and increased field capacity on the polo field.



## Seek Sustainability

Scottsdale strives to conserve and sustain our desert community

### Highlighted Accomplishments

- The city of Scottsdale established a Firewise Wildland Prevention Team, which works to prevent or reduce the devastation a fire can have on the McDowell Sonoran Preserve, the wildlife and the families living nearby.
- Scottsdale continues to go green by completing a compressed natural gas fuel site at the solid waste transfer station, allowing for deployment of the first compressed natural gas fuel powered street sweeper in the city. This also provides a critical second fueling site for Scottsdale’s 37 **compressed natural gas-powered solid waste trucks**.



### Looking Forward

- Scottsdale is committed to increasing the green waste diversion rate to 20 percent or greater by June 2021.

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

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



**\$70**  
Chandler



**\$90**  
Scottsdale



**\$92**  
Average



**\$130**  
Mesa



## Preserve Meaningful Open Space

Scottsdale values our desert and green spaces



Photo by: Matt Winquist

### Highlighted Accomplishments

- The Scottsdale McDowell Sonoran Preserve turns 25! This anniversary was celebrated in October 2019 by the dedication of the preserve’s two newest access facilities – the Fraesfield and Granite Mountain trailheads which was attended by influential champions of the preserve. Initially the preserve was 4.5 square miles consisting of three parcels of city-owned land. Now 25 years later, this permanently protected desert habitat encompasses nearly 48 square miles about one-quarter of Scottsdale’s total land area.
- In response to the COVID-19 pandemic, the preserve followed public health guidelines while seeing record attendance levels. More than 340,000 visits occurred in the first three months of 2020.

### Looking Forward

- A new trailhead in the Pima-Dynamite area has been designed and construction is underway to provide additional access to and experiences in the preserve.





## Advance Transportation

Scottsdale provides and maintains an outstanding transportation system

### Highlighted Accomplishments

- Construction was completed on the Civic Center Bridge as well as the 68th Street and Pima Road bridges over the Arizona Canal.
- **Intersection safety improvements** were completed at Hayden Road and Thomas Road, which has consistently had one of the city's highest collision rates.



### Looking Forward

- To further improve safety and efficiency, traffic signals in the Old Town area will be re-timed and freeway interchange signals will be coordinated with arterial roads.

## SCOTTSDALE EZ

### Reporting Potholes is EZ, ScottsdaleEZ

Our crews responded to 477 pothole complaints in less than 36 hours on average. Have a pothole or other issue? Report it at [ScottsdaleAZ.gov](http://ScottsdaleAZ.gov), search "EZ."



## Enhance Neighborhoods

Scottsdale commits to create thriving present and future neighborhoods

### Highlighted Accomplishments

- The Scottsdale Police Department continues to develop community relationships through community engagement events and expanded interaction with the public through social media, where the audience grew by 84.3 percent.
- Scottsdale Library launched the Memory Café program for community members with Alzheimer's and their caregivers and Human Services hosted the Coffee and Conversations Program which provides a safe place, resources and information for people experiencing homelessness.

### Looking Forward

- Construction on Fire Stations 603 and 616 will be completed this year, fulfilling projects from the 2015 voter-approved bond.
- **Contactless library service** models will be explored and expanded in the upcoming year, allowing the library to be a continued resource during the COVID-19 pandemic and beyond.



5:36 minutes average police response time



5:06 minutes average fire response time



Fire Department public education and outreach connected with more than 20,000 people



Scottsdale libraries welcomed more than 800,000 visitors



324 volunteers with Vista del Camino & Paiute Neighborhood Centers



1,470 families served at Paiute Neighborhood Center

Note: Due to the COVID-19 emergency, numbers may vary from previous years.



**Highlighted Accomplishments**

- In response to the COVID-19 pandemic and economic crisis, Scottsdale’s Economic Development Department launched small business support efforts including a **Scottsdale Good to Go banner** program, a Small Business Assistance Center, a business locator application, and SupportScottsdale.com in partnership with the Scottsdale Area Chamber of Commerce and Experience Scottsdale.



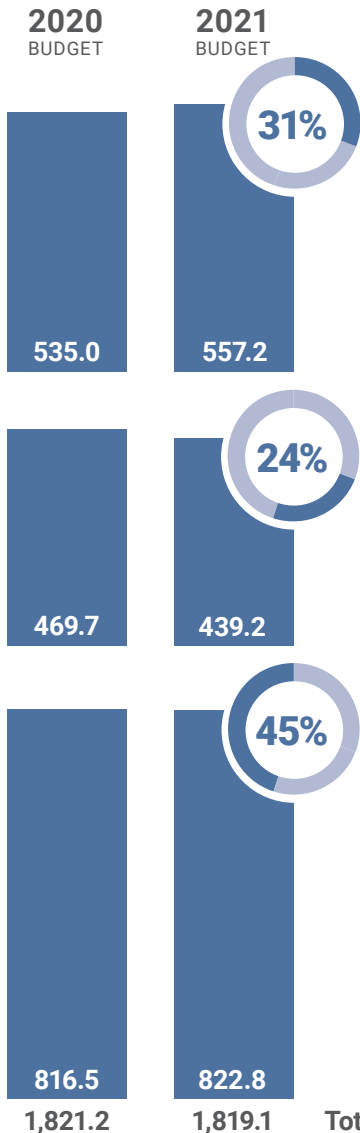
**Looking Forward**

- Scottsdale will continue the process of updating the General Plan, which includes working with a Citizen Review Committee, city boards, city-wide public outreach with citizens, and conduct public hearings with the Planning Commission and City Council in preparation for voter-consideration in November 2021.

**Resources and Expenses**

Scottsdale is required by law to adopt a budget each year and cannot spend more than that total amount. This includes all city funds for the fiscal year ending June 30. These numbers are as adopted by the City Council in June 2020. The city’s financial statements are audited annually by an independent auditor. The most recent audit for 2019 received a clean opinion. If you would like more information, visit [ScottsdaleAZ.gov](http://ScottsdaleAZ.gov) and search “budget.”

**Resources** (in millions of dollars)



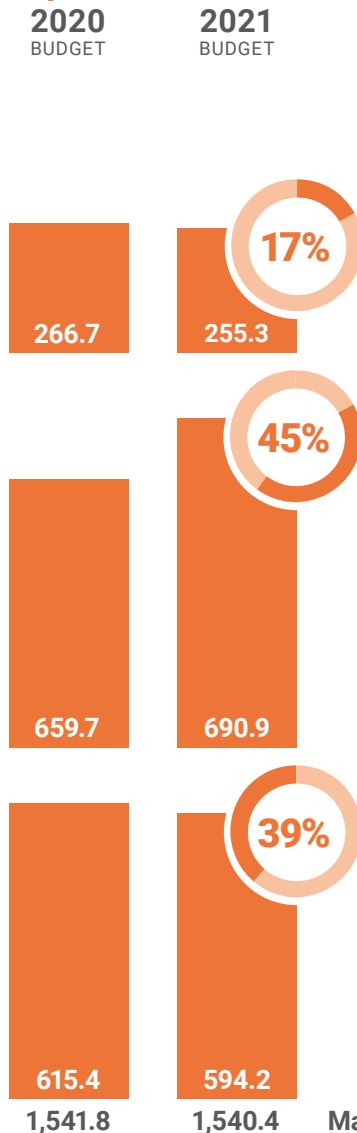
**Fund Balances** consist of accumulated surpluses from prior years held in contingency and reserve.

Note: Fund balances increased as expenditures declined in anticipation of economic volatility related to the COVID-19 pandemic.

**Capital** anticipated for designated purposes and not to be spent by year-end.

**Taxes & Service Charges** are collected to support city services and pay for debt service.

**Expenses** (in millions of dollars)



Note: The FY 2020/21 budget incorporates forecasted impacts of the COVID-19 pandemic. Funding was maintained for operations and capital project priorities through evaluation of base budget requests and all proposed budget additions.

**Contingency & Reserves** are set aside for emergency use.

**Capital Budget** is used to construct major facilities including buildings and roads.  
 Note: The increase in capital budget expenses is the result of bonds approved by Scottsdale voters in 2019.

**Operating Budget** pays for city services and employees that provide those services.

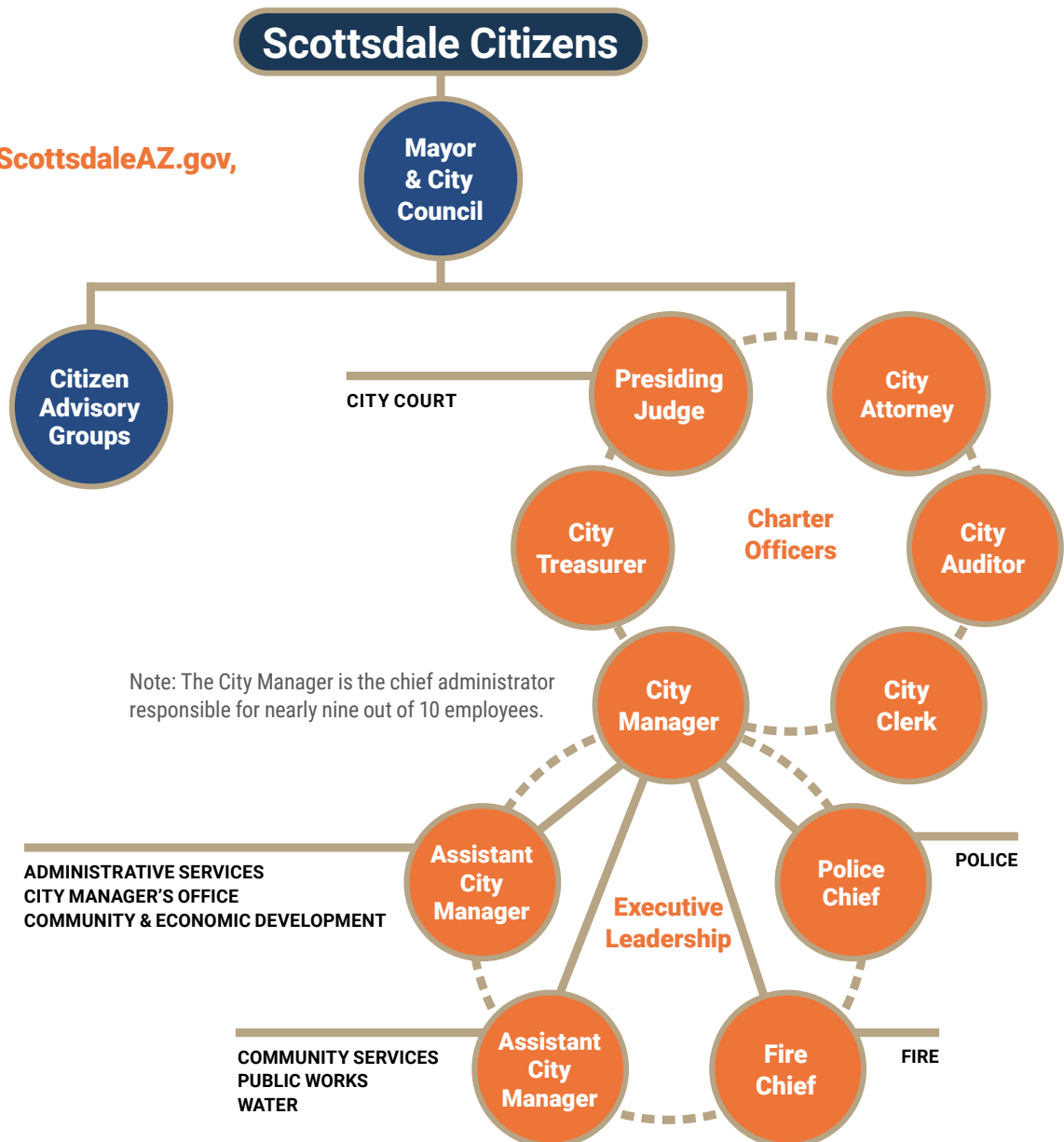




## An Introduction to Our Leadership

The City Council is the governing body for Scottsdale. The council consists of the mayor and six council members who are elected to represent the city at large and serve overlapping, four-year terms. In November 2020 elections will be held for the mayor and three City Council members, with the winners starting office in January 2021. These seven citizens oversee city government and set policy, approve programs, appropriate funds, enact laws, select charter officers and appoint residents to serve on advisory bodies. The mayor is the chair of the Scottsdale City Council and presides over its meetings, which are typically held on Tuesdays in the City Hall Kiva Forum located at 3939 N. Drinkwater Blvd. in Old Town Scottsdale. 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 city government in Scottsdale. These positions are the city attorney, city auditor, city clerk, city manager, city treasurer and presiding city judge.

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



## Scottsdale City Council



**Mayor W. J. "Jim" Lane**

W. J. "Jim" Lane served for four years on the Scottsdale City Council beginning in June 2004 and began his third term as Mayor in January 2017. Mayor Lane currently represents the city as a member of the Flinn Foundation Arizona Bioscience Roadmap Steering Committee. He is a member and past President of the Arizona Municipal Water Users Association, a member of the Governor's Arizona Workforce Committee, member of the Executive Committee of the League of Arizona Cities and Towns. He is a member the MAG Regional Council and former President of the MAG Executive Board and Economic Development Committee. Mayor Lane also serves on the Municipal Tax Code Commission, Arizona Game and Fish Appointment Recommendation Board, he is a member of the Phoenix Committee on Foreign Relations and an Honorary Member of the Taliesin West Board of Stewards. He came to Scottsdale from New Jersey in 1973 to take a position with KPMG (Peat Marwick), an international CPA firm. He worked as an Arizona CPA for 20 years with five of those years in public accounting as a financial statement auditor. Mayor Lane has owned and operated businesses in construction, mining, computer technology, telecommunications, regional aviation and financial consulting. Mayor Lane is also a former adjunct professor of Business and Accounting at Scottsdale Community College. He holds a Bachelor of Science degree in Accounting from Saint Joseph's University in Philadelphia.

[jlane@ScottsdaleAZ.gov](mailto:jlane@ScottsdaleAZ.gov) • 480-312-2433



**Councilwoman  
Suzanne Klapp**

Suzanne Klapp began her first term on the Scottsdale City Council in January 2009 and began her third term in January 2017. She has more than 40 years of management experience in manufacturing, distribution and retail operations. She began her career with Whirlpool Corp. where she worked for 14 years in a variety of positions in marketing, communications,

human resources, production and material control. Later, she owned a custom plastics manufacturing plant in Indiana. She moved to Scottsdale in 1998 and has since owned custom framing retail stores in Scottsdale and Phoenix. She is member of the Valley Metro RPTA board and helped found and continues to advise the Scottsdale Gateway Alliance. She is a graduate of Valley Leadership and is on the Advisory Board of Scottsdale Leadership. She serves as Chair of the City Council's Economic Development Subcommittee. She holds a Bachelor of Arts degree in English and Journalism from the University of Evansville and Master of Business Administration from Southern Methodist University.

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**Councilmember  
Virginia Korte**

Councilmember Virginia Korte began her second term on the Scottsdale City Council in January 2017. She has an extensive background in business and non-profit management as well as community service. In 1981 she joined her family business (Ray Korte Chevrolet) to work with and learn from her father where she served in various roles until becoming general

manager and dealer in 1991. After selling the dealership in 1998, Virginia was hired as a biology professor at Scottsdale Community College and became the first Executive Director of their Center for Native & Urban Wildlife, serving until 2002. In 1996, Virginia was named to the Board of Directors of the Scottsdale Area Chamber of Commerce, and in 2002, she was hired as President and CEO. Virginia then served as President and CEO of Scottsdale Training and Rehabilitation Services (STARS) from 2008 until 2014. She currently serves as a member of the board for Business United for Scottsdale Schools.

[vkorte@ScottsdaleAZ.gov](mailto:vkorte@ScottsdaleAZ.gov) • 480-312-7456



**Councilwoman  
Kathy Littlefield**

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

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

**klittlefield@ScottsdaleAZ.gov • 480-312-7412**



**Councilman  
Guy Phillips**

Guy Phillips began his second term on the Scottsdale City Council in January 2017. Councilman Phillips was raised in Phoenix where he graduated from Camelback High School in 1977. He moved to Scottsdale in 1994. He attended Maricopa Community College and subsequently started the air conditioning contracting business that he still owns and operates. He was a

general contractor and homebuilder whose business was one of the first to implement Scottsdale’s Green Building Program. He is a member of the Better Business Bureau, the Arizona Small Business Association, the North Scottsdale Chamber of Commerce, the Heritage Foundation, the National Rifle Association, and the Arizona Archaeological Society. Councilman Phillips has created many startup businesses with a patent pending and in his spare time he likes to restore vintage muscle cars. Scottsdale is where Guy Phillips met his wife Cora, and together they raised a family of five children who all attended Scottsdale public schools.

**gphillips@ScottsdaleAZ.gov • 480-312-2374**



**Councilwoman  
Linda Milhaven**

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

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

**lmilhaven@ScottsdaleAZ.gov • 480-312-7454**



**Councilwoman  
Solange Whitehead**

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

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

**swhitehead@ScottsdaleAZ.gov • 480-312-7423**



## Charter Officers



**Jim Thompson**  
City Manager  
[jthompson@ScottsdaleAZ.gov](mailto:jthompson@ScottsdaleAZ.gov)  
480-312-2800



**Sherry R. Scott**  
City Attorney  
[sscott@ScottsdaleAZ.gov](mailto:sscott@ScottsdaleAZ.gov)  
480-312-2405



**Carolyn Jagger**  
City Clerk  
[cjagger@ScottsdaleAZ.gov](mailto:cjagger@ScottsdaleAZ.gov)  
480-312-2411



**Sharron Walker**  
City Auditor  
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480-312-7867



**Jeff Nichols**  
City Treasurer  
[jenichols@ScottsdaleAZ.gov](mailto:jenichols@ScottsdaleAZ.gov)  
480-312-2364






**Joseph Olcavage**  
Presiding Judge  
[jolcavage@ScottsdaleAZ.gov](mailto:jolcavage@ScottsdaleAZ.gov)  
480-312-7604

## Scottsdale Successfully Shifts to a New Way of Providing Simply Better Service



Service may look different right now, but the results of Simply Better Service are the same and Scottsdale remains committed to supporting the community in safe and innovative ways:

- The Mayor's Office and Scottsdale Video Network have been producing a series of videos in which Mayor W.J. "Jim" Lane hosts in-depth discussions with subject matter experts on topics around the city's response to the COVID-19 pandemic. 
- While public meetings cannot safely be held in person, all City Council, board and commission meetings are conducted electronically and remotely and are broadcast live on Scottsdale Video Network and streamed live online to allow residents to watch the live proceedings.
- The Scottsdale City Council approved over \$29 million of Federal CARES Act funding to support the community in the form of care for vulnerable citizens, emergency response, public safety, business assistance and more. 
- Scottsdale launched a COVID-19 update page for residents to stay up-to-date and informed on the rapidly changing situation.

 **For the latest COVID-19 information, visit [ScottsdaleAZ.gov](https://www.scottsdaleaz.gov), search "coronavirus"**

**Connect with us @ScottsdaleAZgov**







# Welcome to Scottsdale, Arizona

## A world-class community

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

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

Scottsdale was founded by Army Chaplain Winfield Scott in 1888 but was not incorporated until 1951 when Scottsdale was a small community of 2,000 residents situated on about two square miles of land. Today, Scottsdale has more than 250,000 residents enjoying the rich diversity of experiences offered within the city's 185 square miles.



Scottsdale Civic Center



Intergenerational tutoring at Yavapai Elementary



Thomas Road Bike Stop



Yoga in the Preserve



Canal Convergence





One Civic Center



Scottsdale Airport

## All Work and All Play

### Business

Scottsdale is one of the state's leading job centers with a robust economy anchored by bio-life science companies, high-tech innovation, financial services, tourism and corporate headquarters. More than 22,000 companies do business in Scottsdale, supplying roughly 200,000 jobs. SkySong, the ASU Scottsdale Innovation Center, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale's downtown, Old Town Scottsdale, is an emerging center for high-tech businesses. Farther north, the Scottsdale Airpark is the city's largest employment area and the Scottsdale Cure Corridor is a partnership of premier health care providers and biomedical companies.

### Tourism

With great weather, fantastic scenery and a calendar full of special events, Scottsdale is a popular tourist destination in Arizona. Scottsdale welcomes millions of visitors annually. The city boasts many hotels and resorts, restaurants and spas. That activity adds up to big business. The annual economic impact of Scottsdale visitors is estimated at several billion dollars. Visitors generate more than 57 million dollars of annual tax revenue – representing about one in every five city tax dollars.

### Special Events

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



Parada del Sol



Barrett-Jackson Auction



# Scottsdale Top Attractions



1. Pinnacle Peak Park



2. Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



3. TPC Scottsdale



4. WestWorld



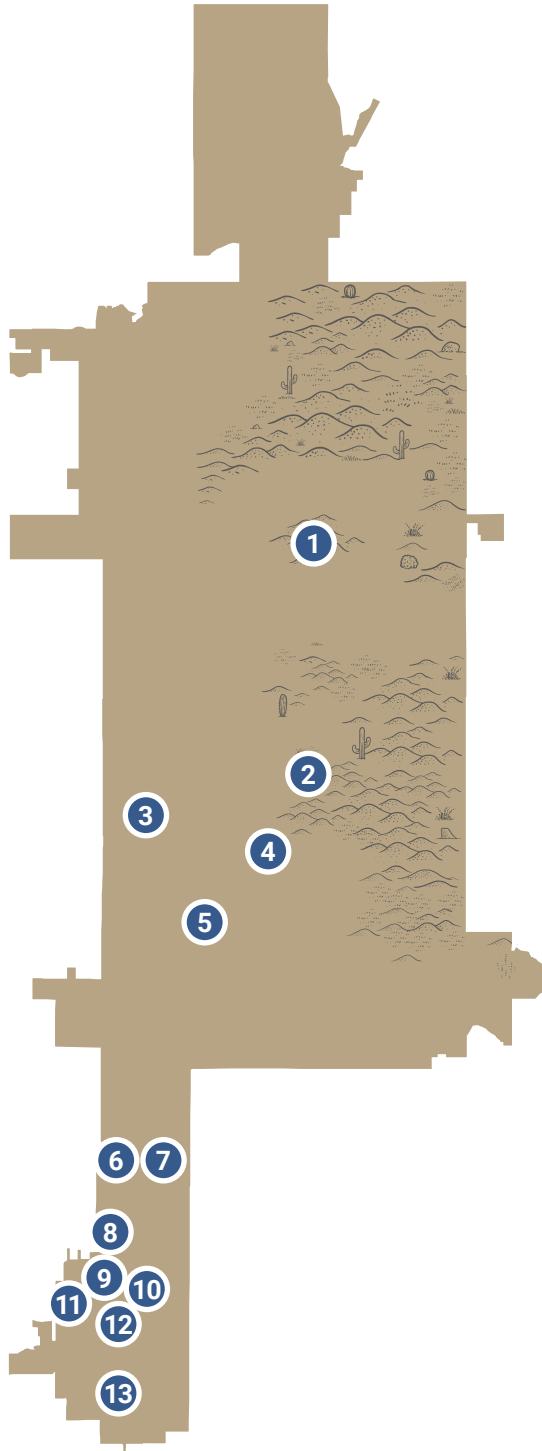
5. Scottsdale Airport/Airpark



6. McCormick-Stillman Railroad Park



7. Indian Bend Wash Greenbelt



8. Scottsdale Fashion Square



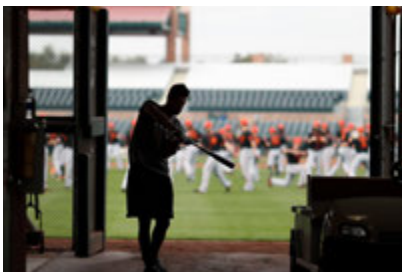
9. Old Town Scottsdale



10. Scottsdale Historical Museum



11. Scottsdale's Museum of the West



12. Scottsdale Stadium



13. SkySong





## Scottsdale Stadium Gets a Giant Update

Nestled in the heart of Old Town Scottsdale, Scottsdale Stadium is home to the Cactus League Spring Training, Arizona Fall League, and a series of year-round meetings and events. This newly renovated 16-acre premier event venue – with a diverse mix of indoor and outdoor function space including the 42,000 square foot clubhouse and event center – sits in the same location as it did when originally built in 1956. These renovations are part of an agreement that guarantees Scottsdale Stadium will host San Francisco Giants Spring Training games through at least 2044. The Stadium was first rebuilt in 1992 and has undergone renovations in 2005 and most recently in 2019. Over the years, the city of Scottsdale has cultivated key partnerships with sports teams, nonprofit organizations, tourism boards and local businesses to help this space thrive.

The Spring Training home for the San Francisco Giants, Scottsdale Stadium is unique as the only Cactus League venue located in a downtown setting. Within walking distance of Old Town Scottsdale shops, hotels, restaurants and more, this renovated space is more than a stadium; it's a gathering place for fans, families, locals and visitors to celebrate, relax and cheer.

 [Learn more at ScottsdaleAZ.gov, search "stadium"](#)



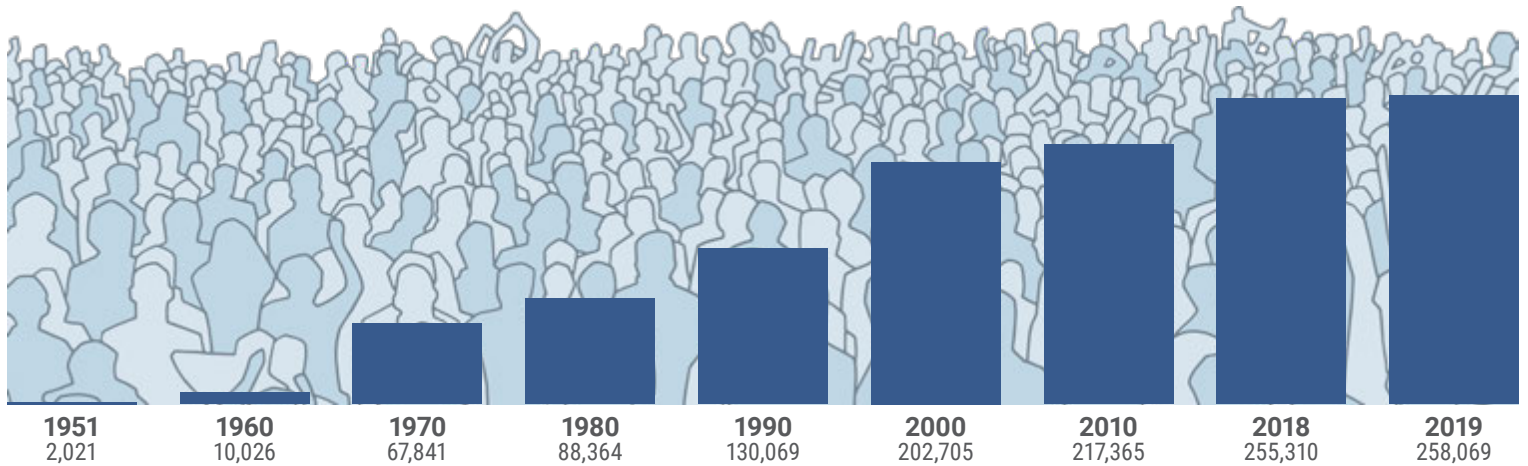
Photo courtesy of the Scottsdale Historical Society



## Scottsdale by the Numbers: A Demographic Summary

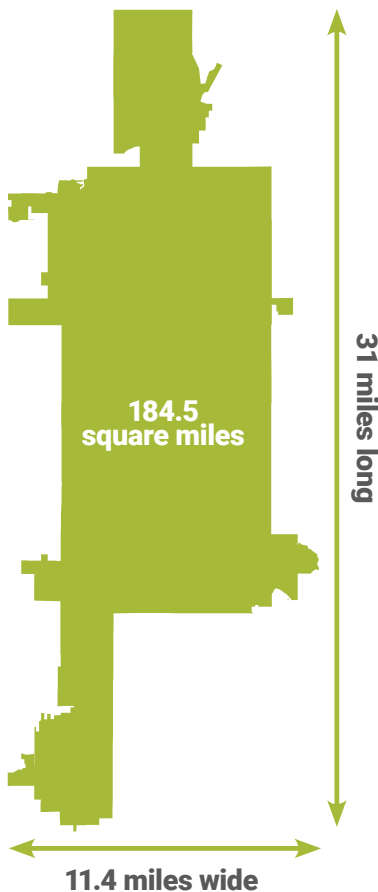
Scottsdale is the 85th largest city in the U.S. by population, and currently has over a quarter million residents.

Source: U.S. Census (2019)



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

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



Almost 8,000 people directly serve the residents of Scottsdale.

Source: City of Scottsdale

6 Council Members

6 Appointed Officers

1 Mayor

159 Boards & Commission Members

479 Part-time Employees

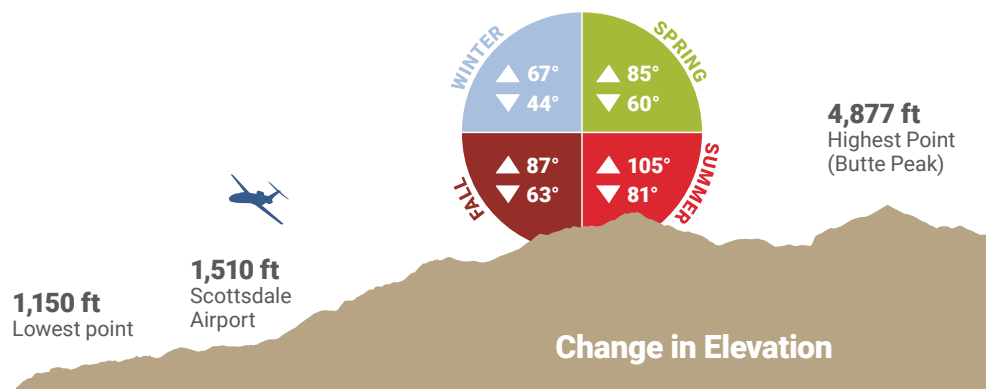
2,162 Full-time Employees

5,002 Volunteers

SCOTTSDALE'S  
**258,069**  
CITIZENS  
ARE SERVED BY

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

Source: City of Scottsdale and Scottsdale Airport Weather Station (2019-2020)

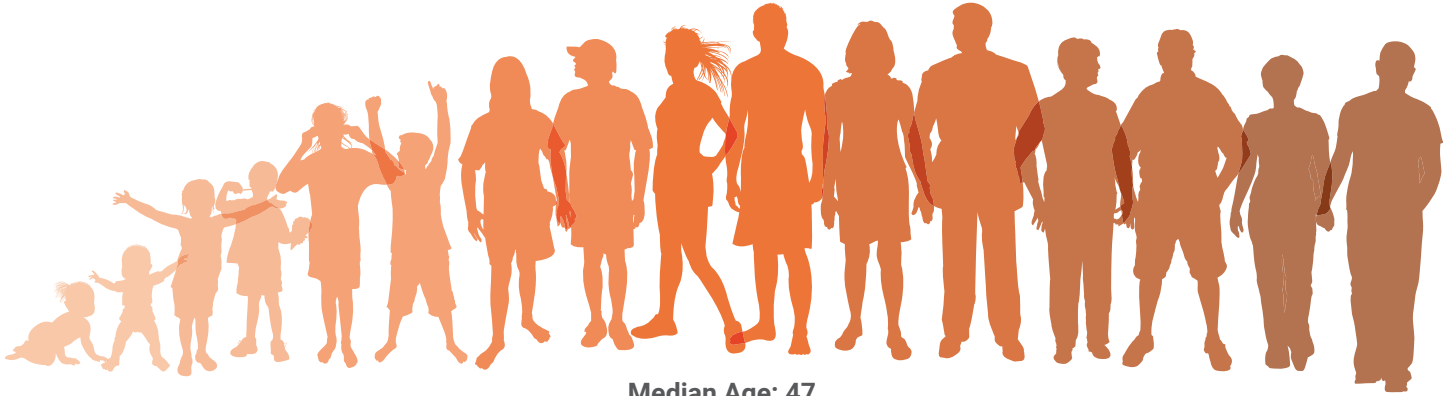




# Scottsdale Residents

Scottsdale's median age of 47 is 9 years older than the U.S. median age of 38.

Source: U.S. Census (2014-2018 ACS)

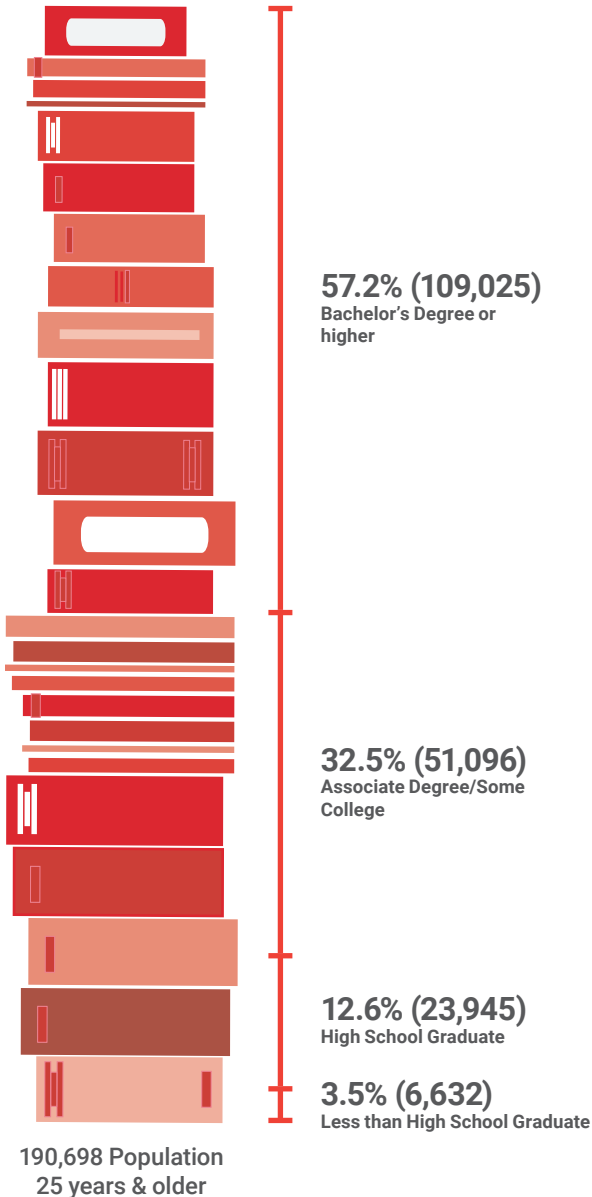


Median Age: 47



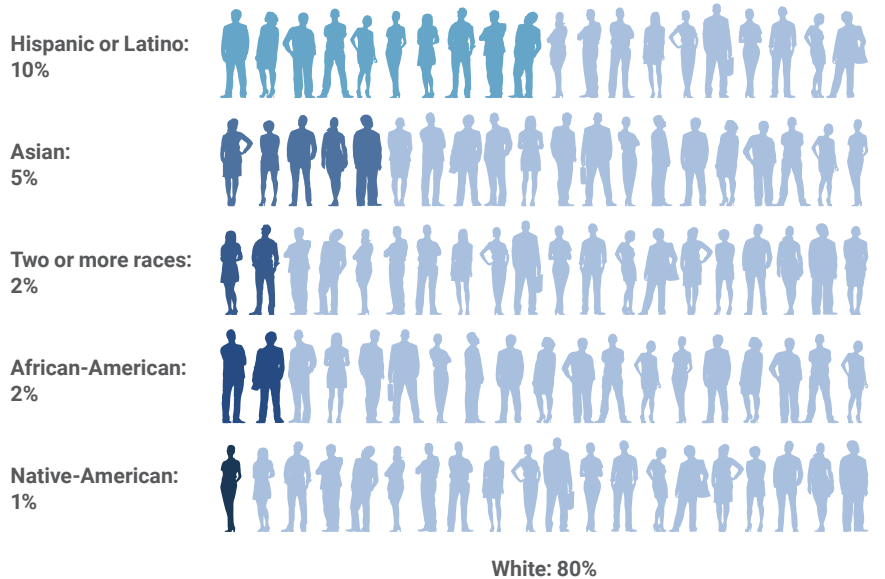
Nearly 6 out of ten Scottsdale adults have earned a bachelor's degree or higher.

Source: U.S. Census (2014-2018 ACS)



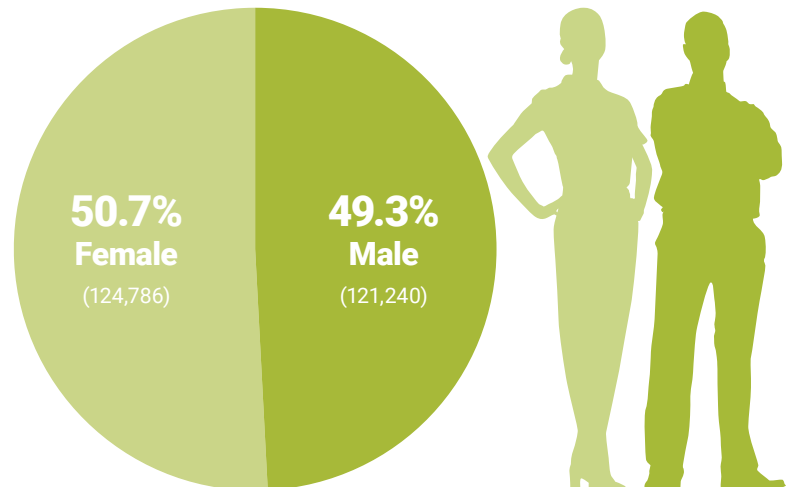
While most residents are white, 20 percent are of a different race or ethnicity.

Source: U.S. Census (2014-2018 ACS)



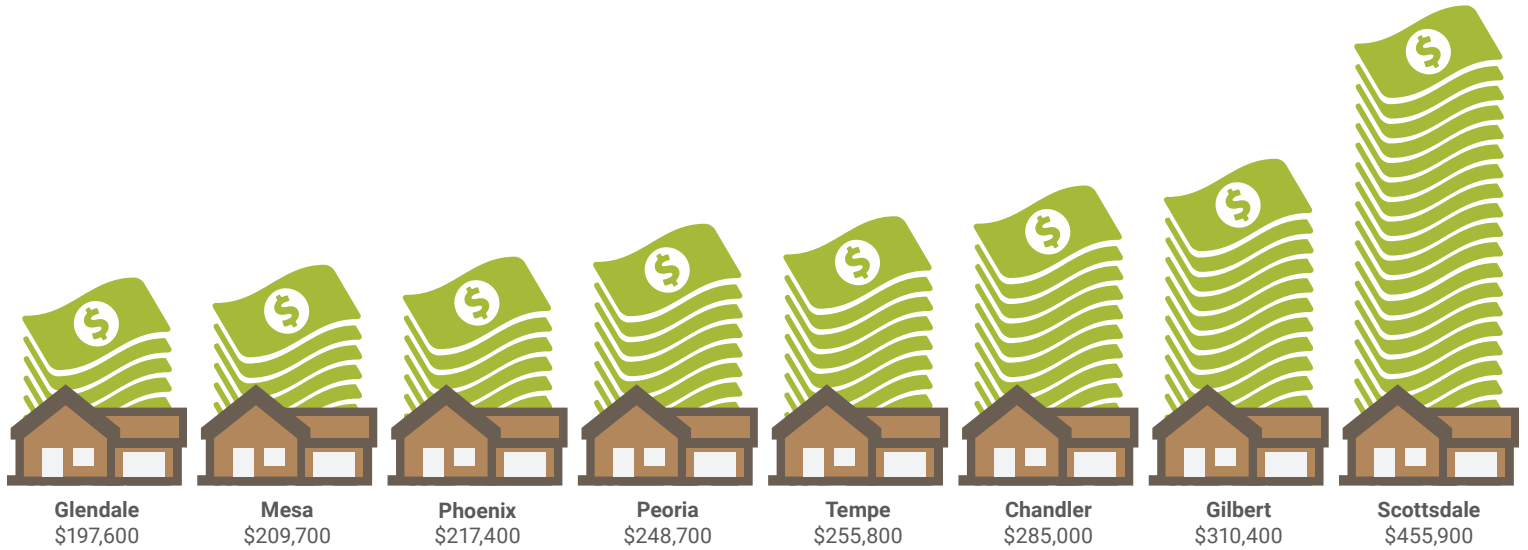
There are slightly more women than men in Scottsdale.

Source: U.S. Census (2014-2018 ACS)



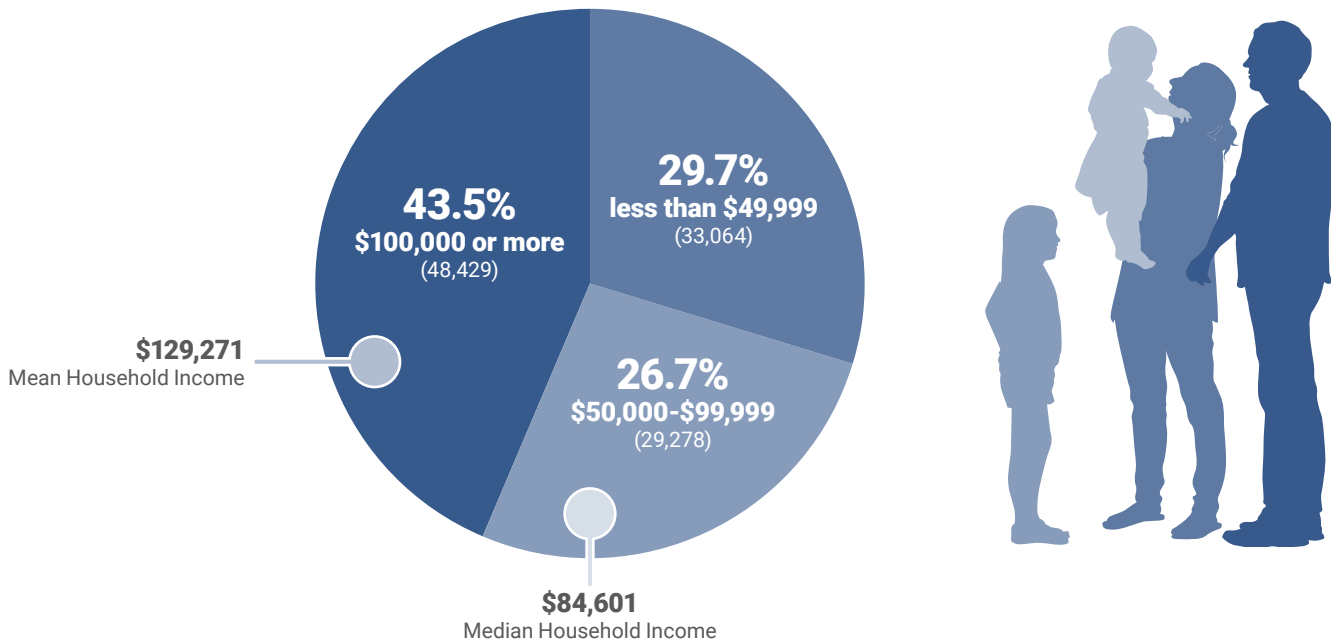
**Scottsdale has the highest median housing price of any of the large Valley cities.**

Source: U.S. Census (2014-2018 ACS)



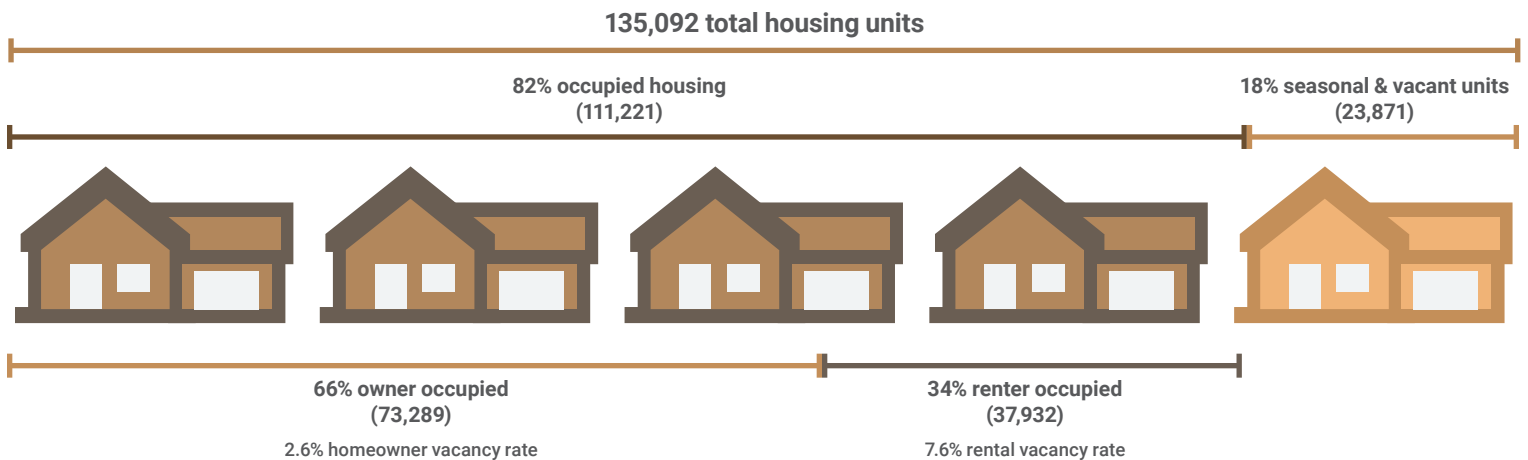
**More than 40 percent of Scottsdale households make more than \$100,000 a year.**

Source: U.S. Census (2014-2018 ACS)



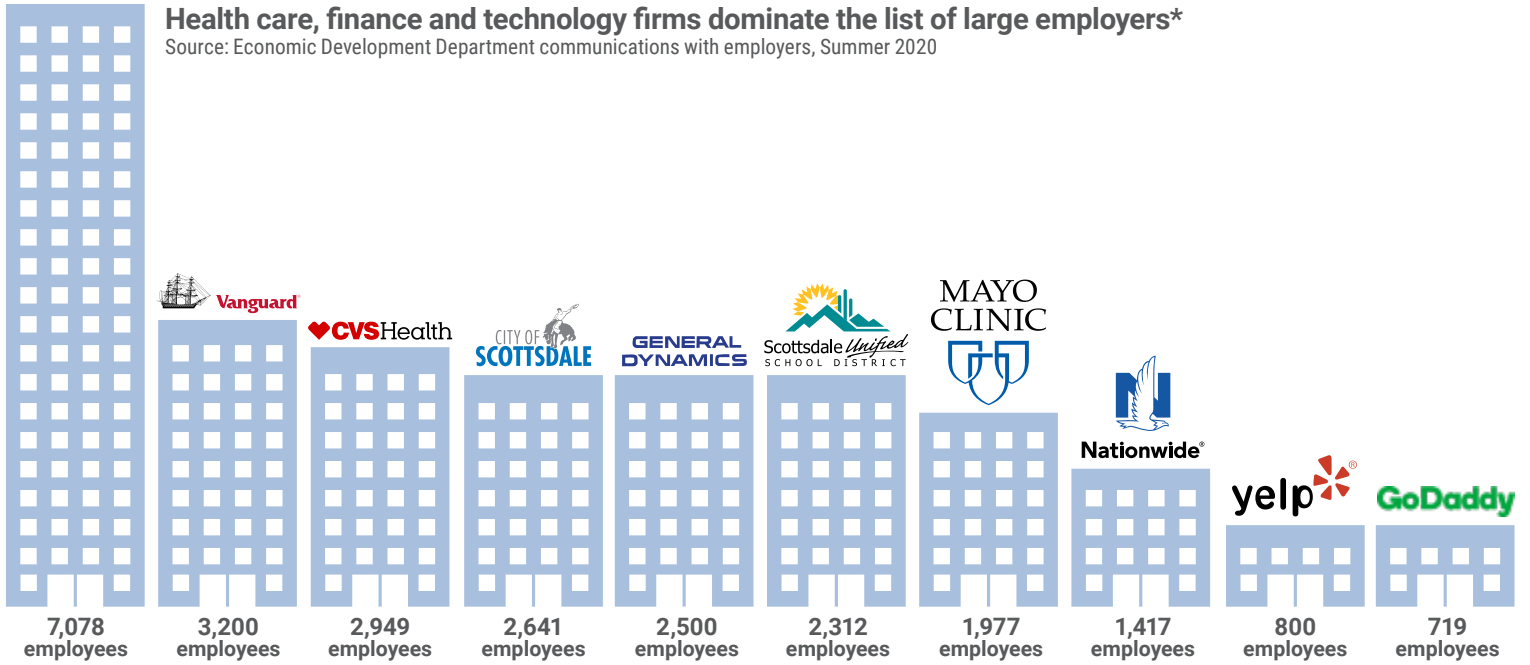
**The majority of housing units in Scottsdale are owner occupied.**

Source: U.S. Census (2014-2018 ACS)



### Health care, finance and technology firms dominate the list of large employers\*

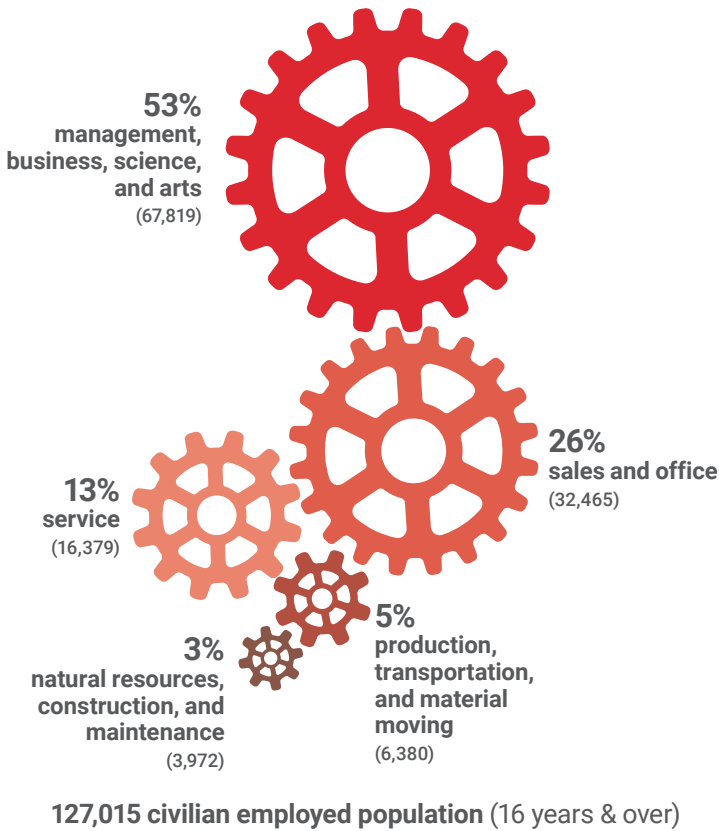
Source: Economic Development Department communications with employers, Summer 2020



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

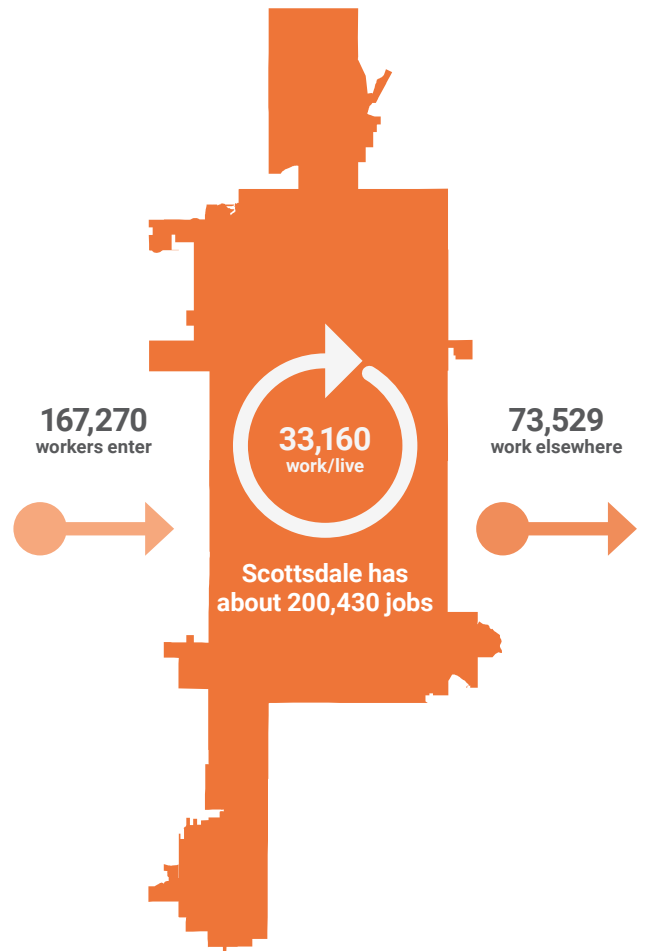
### Most Scottsdale residents work in management or office jobs.

Source: U.S. Census (2014-2018 ACS)



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

Source: U.S. Census Inflow/Outflow Analysis 2017



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

Note: Population estimates are based on one-year census estimates. All other estimates are based on five-year estimates.



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



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

**6 WATER FACILITIES**

**67.6**  
MILLION  
GALLONS  
OF WATER  
DELIVERED  
DAILY

**52** SOLID WASTE  
TRUCKS

**1,505**  
MILES OF  
SANITARY  
SEWERS

**2,133** MILES OF WATER MAINS

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

**4** POLICE STATIONS

**341** POLICE VEHICLES



**15** FIRE STATIONS



**40** FIRE RESPONSE VEHICLES

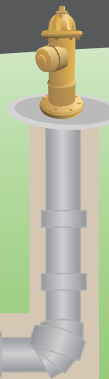


**308** TRAFFIC SIGNALS



**3,004** LANE MILES OF ROADS

**11,375** FIRE HYDRANTS



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

# 42 PARKS

## 30,500 ACRES OF PRESERVE LAND

11 TRAILHEADS AND 225 MILES OF NON-MOTORIZED TRAILS IN THE PRESERVE

### 975 TOTAL ACRES

### 37 PLAYGROUNDS

## 4 URBAN LAKES

### 70 ATHLETIC FIELDS

### 39 BASKETBALL COURTS

### 3 OFF-LEASH AREAS

### 4 AQUATIC FACILITIES

### 31 VOLLEYBALL COURTS

### 19 PICKLEBALL COURTS

### 6 SPRAY FEATURES

### 2 SKATE PARKS

### 51 TENNIS COURTS 2 TENNIS CENTERS

### 1 RAILROAD PARK

### 3 EQUESTRIAN CENTERS

### 1 BASEBALL STADIUM

## 130 MILES OF PAVED PATHWAYS, 144 UNPAVED

### 2 SENIOR CENTERS

### 6 COMMUNITY CENTERS

### 4 PUBLIC LIBRARIES



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

**50 HOTELS**  
**8,758 ROOMS**

**1 AIRPORT**

**22,444 COMPANIES DOING BUSINESS IN SCOTTSDALE**

**7 MUSEUMS**

**104 ART GALLERIES & ART DEALERS**

**38 PUBLIC SCHOOLS**  
**25,606 ENROLLMENT**

**840 RESTAURANTS**

**4 FREE TROLLEY ROUTES**

**10 BUS ROUTES**

**51 GOLF COURSES**

**379 DAYS OF SPECIAL EVENTS AT WESTWORLD**









## Executive Summary

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2020/21. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

### **Current year City Council policy decisions**

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As mentioned in the Final Budget Transmittal Letter, the Fiscal Year 2020/21 budget is presented within the context of a year unlike any other in memory. As the budget was finalized, we remained in the throes of local response and management of the global COVID-19 pandemic. In less than six months, most city operations and services have been re-crafted to reflect our current operating environment and our new fiscal realities. This budget reflects those changes and recognizes that much uncertainty remains.

The following are the major policy items that were included and/or implemented in the city's adopted FY 2020/21 budget to mitigate the impacts of COVID-19. Each of these items were discussed during City Council's public budget review sessions:

- No market adjustment or citywide pay for performance funding was included for FY 2020/21.
- Increased funding for employee medical costs (\$1.2 million General Fund; \$0.3 million other various funds) to cover the city's share of an anticipated 5.8 percent, which was mostly offset by eliminating the employer contribution payment to healthcare for one pay period (-\$0.9 million General Fund).
- Will delay filling vacant positions until January 2021 (-\$2.3 million General Fund; -\$0.8 million other various funds)
- Will delay filling vacant positions until July 2021 (-\$1.1 million General Fund; -\$0.2 million various other funds).
- Furloughed positions until January 2021 (-\$0.9 million General Fund).
- Eliminated Contract Labor expenses (-\$0.2 million General Fund; -\$0.1 million Water Fund).
- Eliminated Vacation Trade Program (-\$0.7 million General Fund; -\$0.1 million various other funds).
- Deferred vehicle and equipment purchases (-\$3.6 million General Fund, -\$0.6 Transportation Fund).
- Eliminate trolley service until October 2020 (-\$1.0 million Transportation Fund, -\$0.4 million Fleet Management Fund).
- Received \$29.6 million from the AZCares Fund for expenses related to COVID-19 as part of the federal CARES Act.

**Staffing Changes**

To mitigate the budgetary impacts of the COVID-19 pandemic, 44.00 FTE non-essential positions will be held vacant until January 1, 2021 and another 15.00 FTE non-essential positions until July 1, 2021. Below is a table summarizing the position titles of the FTEs that were affected.

ACCOUNT SPEC III	HUMAN SERVICES SPEC	POLICE COMM SUP
ADMIN ASST SUPV	HUMAN SVCS CTR SUPV	POLICE REC SPEC SR
ADMINISTRATIVE SEC	INTERN	POLICE RECORDS SPEC
BID & CONTRACT SPEC	IRRIGAT TECHNICIAN	POOL MANAGER ASST
CITIZEN SERVICE DIR	IT TECHNICIAN	PRO TEM JUDGE
CITY ATTORNEY ASST 1	LIBRARIAN 1	PROJECT MANAGER
CITY ATTORNEY SENIOR	LIBRARY ASSISTANT	RECREATION LEADER 1
CITY PROSECUTOR	LIBRARY MONITOR	RECREATION LEADER 2
CIVIL ENGINEER	LIBRARY PAGE	RECREATION LEADER SR
CONTRACTS COORD	LIFEGUARD HD-AQUATIC	SLD WST EQUIP OP I
CUSTODIAL WORKER	LIFEGUARD/INSTRUCTOR	STREETS EQPMNT OP SR
CUSTOMER SERVICE REP	MAINTENANCE WKR 1	SYSTEMS INTEGRATOR
DEVEL SVCS REP 2	MAINTENANCE WKR 3	TAX AUDITOR SR
ECONOMIC DEV PRG MGR	PAINTER	TECHNOLOGY COORD
ECONOMIC DEVEL SPEC	PARALEGAL SENIOR	TRAFFIC ENG ANALYST
EQUIPMENT PARTS TECH	PARKS & REC MGR	TRANS PLAN PROG MGR
FLEET TECHNICIAN 1	PLANNER SENIOR	WATER METER TECH 1
FLEET TECHNICIAN 1	PLANNING SPECIALIST	WATER RES PIPELINE
FLEET TECHNICIAN 2	PLANS EXAMINER	WW MAINT WORKER
HOUSING SPECIALIST I	POLICE AIDE	WW MAINT WORKER-CDL
HUMAN SERVICES REP	POLICE COM SYS MGR	

The city's total FTE count for FY 2020/21 is 2,538.98, which is a net increase of 7.53 FTE from the prior year adopted budget. A number of positions from the Library Systems Department were eliminated due to the closing of the Palomino Library, while a number of firefighters and fire engineers were added to address daily staffing and the known upcoming attrition issue the division is facing due to a significant number of retirements expected over the next five years and to operate the Fire apparatus purchased through the Bond 2019 Program.

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



FTE Changes from Prior Fiscal Year by Division			
FY 2019/20 Adopted FTEs		2,531.45	
<b>Administrative Services</b>		<b>Public Safety - Fire</b>	
Geographic Information System Technician	2.00	Firefighter	6.00 GF
<b>City Court</b>		Firefighter	6.00
Hearing Officer	(1.00) GF	Fire Engineer	3.00 GF
Pro Tem Judge	(0.03) GF	Firefighter Pipeline	(0.40) GF
<b>Community Services</b>		<b>Public Safety - Police</b>	
Human Services Specialist	(0.22) GF	Forensic Scientist II	1.00
Librarian I	(2.00) GF	<b>Public Works</b>	
Librarian II	(1.00) GF	Administrative Assistance Supervisor	(0.25) GF
Library Aide	(2.62) GF	ITS Signals Manager *	(1.00)
Library Assistant	(0.70) GF	Street Maintenance Worker	2.00
Library Page	(1.24) GF	<b>Water Resources</b>	
Library Supervisor	(1.00) GF	Geographic Information System Technician	(2.00)
Lifeguard Head	0.10 GF		
Management Analyst	0.32 GF		
Recreation Leader I	(0.33) GF		
Recreation Leader II	(0.10) GF		
WestWorld Facility Manager *	1.00 GF		
		<b>Net Change All Divisions</b>	<b>7.53</b>
		<b>FY 2019/20 Adopted FTEs</b>	<b>2,538.98</b>

\* Position reclassified and transferred  
GF = General Fund

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

The FY 2020/21 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 \$1,829,000 for tort liability claim payments made during calendar year 2019.

For FY 2020/21, the city's total primary property tax levy is \$34.9 million and is an increase of \$2.0 million over the FY 2019/20 levy of \$32.9 million. The increase is due to the tort liability claim payments and new construction. The FY 2020/21 primary property tax rate is \$0.5273 per \$100 of assessed valuation, which is an increase of \$0.0075 from the FY 2019/20 rate of \$0.5198 per \$100 of assessed valuation.

The FY 2020/21 secondary property tax levy is set at \$33.4 million, which is an increase of \$0.4 million from the FY 2019/20 levy due to an increase in debt service payments. However, due to increased property values, the secondary tax rate decreased by \$0.0171 to \$0.5043 per \$100 of assessed valuation in FY 2020/21.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2020/21, the city's total combined property tax levy is \$68.3 million, which is an increase of \$2.4 million from FY 2019/20.

In FY 2020/21, citizen tax bills will reflect an estimated combined property tax rate of \$1.0316, which is \$0.0096 less than the FY 2019/20 combined rate of \$1.0412. The management of the combined property tax rate is included in the city's adopted financial policies for debt management, which states that the combined tax rate will not exceed \$1.50 per \$100 of assessed value. Based on this combined rate, an owner of a home with a County Assessor's real property value of \$100,000 will pay approximately \$103.16 in

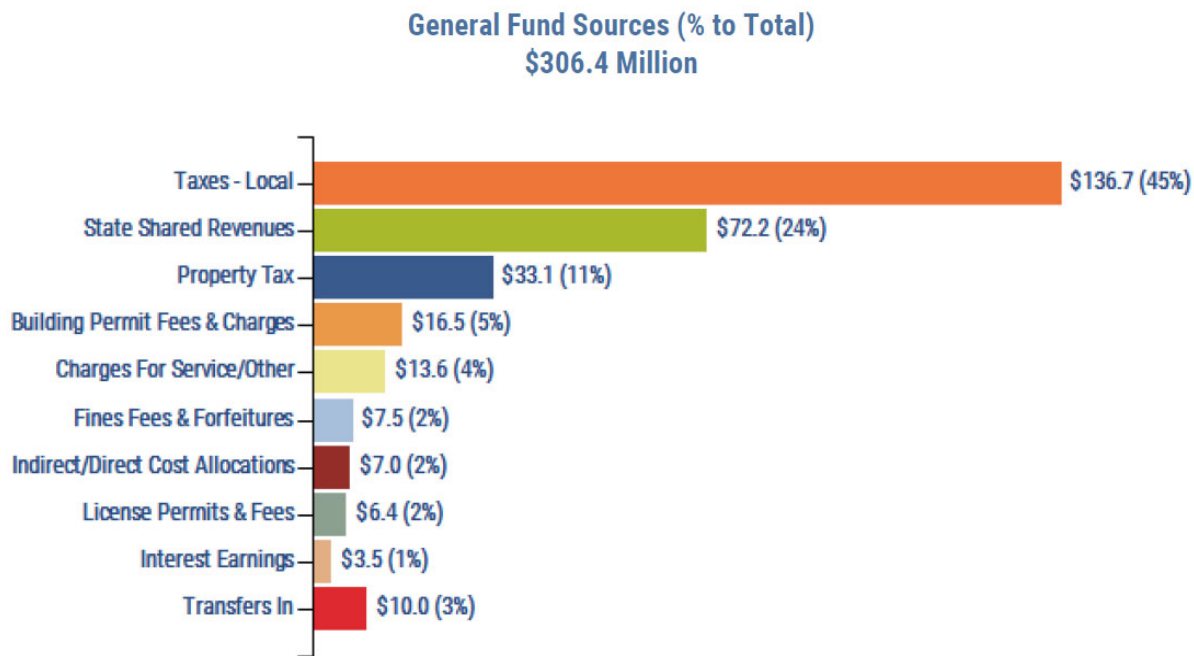
city property taxes, applying the combined property tax rate. The Maricopa County Assessor’s Office, not the City of Scottsdale, determines real property values used to calculate property tax bills.

**Fund Highlights**

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2020/21 budget. The General Fund is presented first and in more detail because of the 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 2020/21 are \$306.4 million, approximately \$13.4 million (4.2 percent) less than the FY 2019/20 year-end forecasted budget. The following bar graph summarizes the major sources.



Note: Rounding difference may occur

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

- (\$10.7 million) from a projected decrease in General Fund Sales Tax revenue, including (\$1.2 million) for the portion dedicated to Public Safety (a decrease of 8.0 percent from the forecasted FY 2019/20 budget) as a result of the economic conditions caused by the COVID-19 pandemic.
- (\$3.3 million) from now recording the Stormwater Fee – CIP revenue directly in the CIP Fund instead of transferring it out from the General Fund.
- (\$1.5 million) from Building Permit Fees & Charges due to a decrease in anticipated construction activity in FY 2020/21, resulting in a lower demand for real estate permits. Part of this is because all permits related to Nationwide’s complex construction will have already been issued.
- (\$1.0 million) in Cable TV Franchise Fees due to FY 2019/20 forecast including a payment from FY 2018/19 that is not expected to reoccur in FY 2020/21.
- (\$600,000) primarily related to a one-time Fire Regional Dispatch contract reimbursement from City of Phoenix received in FY 2019/20.
- (\$400,000) less in interest earnings projected by the city’s investment advisor using macroeconomic trends.

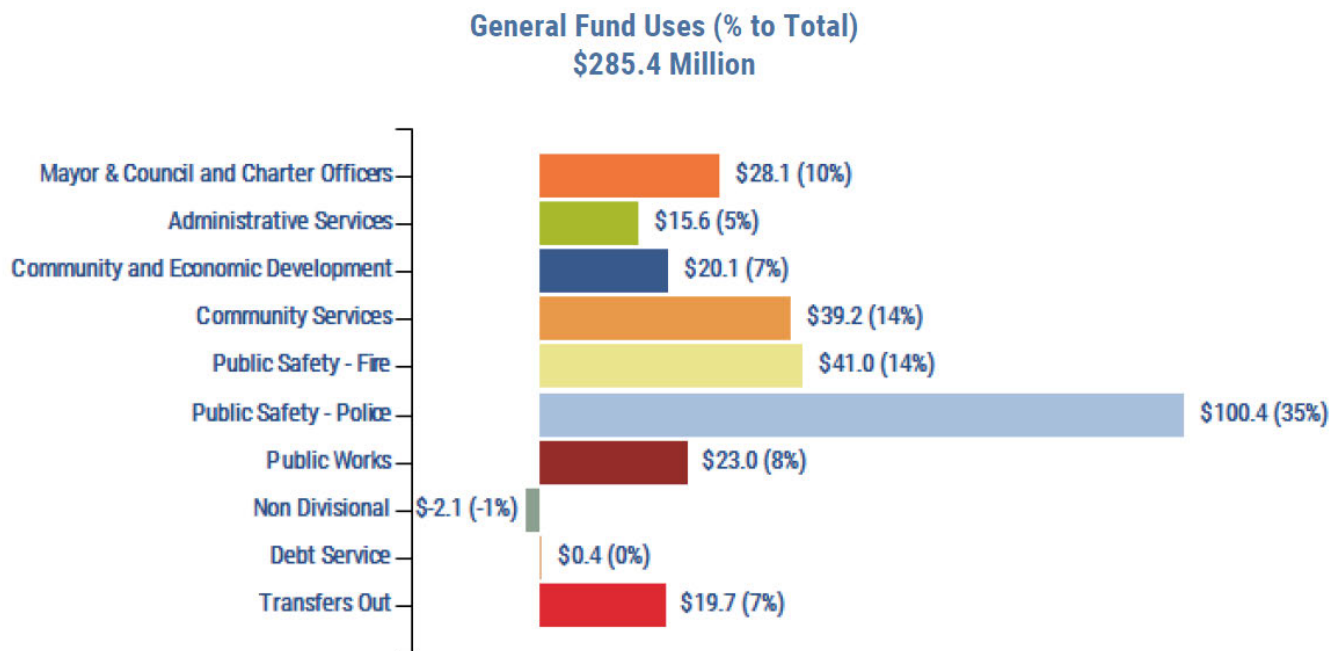
- (\$300,000) due to a new methodology being used to calculate the Indirect Cost Allocation to cover costs of providing services to the Enterprise Funds (HR, payroll, IT, etc.).

The decrease would have been greater but is being partially offset by:

- \$4.1 million from a projected increase in state shared income tax.
- \$500,000 in additional Property Rental revenue, due mainly to high expected stadium usage fees and stadium concessions – property rental fees due to the recent renovation, greater revenue expected from the Tournament Players Club and an overall increase in land and building rent.
- \$500,000 in higher anticipated Westworld Equestrian Facility Fees mostly related to the timing of deposits that were supposed to be reflected in FY 2019/20, but instead occurred in FY 2020/21.
- \$400,000 in additional primary property tax revenue from collection of new construction on the tax rolls (City Council elected to forego the allowable 2 percent statutory adjustment due to the economic impact of the COVID-19 pandemic).
- \$300,000 in additional revenues to house a larger number of offenders in new jail dormitory facility.

### General Fund - Uses

The adopted FY 2020/21 General Fund uses budget is projected to be approximately \$285.4 million (not including \$67.6 million in contingency, reserve and designation), approximately \$9.6 million (3.2 percent) less than the FY 2019/20 year-end forecasted budget. The following bar graph provides a summary of the General Fund uses.



Note: Rounding difference may occur

The FY 2020/21 General Fund Uses decrease when compared to the FY 2019/20 forecast is primarily related to Debt Service and Transfers Out. A final Certificates of Participation (COPs) payment of \$2.5 million was made in FY 2019/20 for a public safety radio system and; therefore, no longer needed beginning in FY 2020/21. Additionally, for FY 2020/21, the two-thirds of the tax on food for home consumption (\$6.0 million) that is transferred out to the CIP (per Financial Policy No. 17) will instead be transferred to Operating Contingency so funds can be available for unforeseen expenses related to the COVID-19 pandemic



## General Fund Ending Balance

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The FY 2020/21 budget includes the following:

**Operating Contingency** – Operating Contingency includes \$3.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. In FY 2020/21, an additional \$6.0 million of budget authorization is also included and represents two-thirds of the 1.10 percent sales tax collected on food for home consumption set aside by Council's direction to be used in the event of unforeseen expenses related to the COVID-19 pandemic. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

**Operating Reserve** – The Operating Reserve complies with Reserve Management Financial Policy No. 36. The policy states the General Fund will maintain a stabilization reserve of ten percent of the annual General Fund operating expenditures which is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the ending FY 2020/21 General Fund Operating Reserve is \$26.6 million.

**PSPRS Pension Liabilities** – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. Beginning in FY 2018/19 a 'PSPRS Pension Liabilities' designation was created. This begins to address the unfunded liability in this area and will shore-up the city's portion of the pension program for public safety personnel. In prior years, funds were held in the Undesignated, Unreserved Fund Balance. The FY 2020/21 PSPRS Pension Liabilities adopted budget is \$52.2 million, which is an increase of \$2.5 million from the FY 2019/20 forecast as a result of forecasting greater sources than uses. The FY 2020/21 PSPRS Pension Liabilities ending fund balance would have been greater but is being offset by a \$1.0 million payment to the PSPRS to pay down unfunded liability.

**AZCares Funding** – In late FY 2019/20, the city received an AZCares Grant of \$29.6 million, which could only be used to cover public safety personnel services expenses incurred from March 1, 2020 through June 30, 2020 and forecasted through December 30, 2020. The public safety's related budget and expenses, which span over FY 2019/20 and FY 2020/21, were moved to the Grant Funds from the General Fund. Moving the budget and expenses resulted in an equal amount of funding available within the General Fund. The newly available amount of \$29.6 million in the General Fund was then designated ('AZCares Funding') in the fund balance to be used to supplement existing programs, create new programs, execute contracts and expend funds as may be necessary to mitigate the effects of and aid in recovery from the COVID-19 pandemic.

**Cavasson Infrastructure Reimbursement** – Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one and two of the development agreement. The FY 2020/21 adopted budget is \$14.3 million.

**Undesignated, Unreserved Fund Balance** – Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2020/21 ending undesignated, unreserved fund balance is \$0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses. The current year balance is significantly lower than prior to FY 2018/19. This is due to moving the majority of funds to PSPRS Pension Liabilities to address the unfunded liability for public safety personnel.

## Special Revenue Funds

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

The **Transportation Fund** accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state gas taxes. Funding also comes from the 1990 (0.20 percent) and 2019 (0.10 percent) voter-approved sales tax and the state's Local Transportation Assistance Fund, which is funded from lottery proceeds and it is distributed to cities and towns through an annual application process. Total sources are expected to be about \$40.4 million.

Uses total about \$36.4 million of which \$25.8 million represents operating expenses. The operating expenses are those necessary to operate and maintain the city's transportation system. The largest expenses include transit contracts, trolley maintenance, medians

and rights-of-way maintenance and the street overlay program. Of the Transfers out, \$10.6 million is dedicated for transportation capital projects per Financial Policy No. 26 (50 percent of the 1990 (0.2 percent) transportation sales tax revenue).

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 \$38.4 million. Approximately \$31.9 million of this amount will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2020 is expected to be \$44.0 million. The timing and amount of any future preservation bond issuances depends on revenue and the availability and price for state lands.

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

The **Tourism Development Fund** is a special revenue fund created to account for transient occupancy (bed) tax revenues and Fairmont Scottsdale Princess Hotel Lease payments which are to be used for tourism related activities and General Fund support. The fund currently has annual sources of \$16.5 million, annual uses of \$17.2 million (includes authorized carryovers from prior fiscal years) and a projected June 30, 2021 ending fund balance of \$5.7 million.

## Debt Service Fund

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Debt Service Fund is designated for payment of long-term debt. Total sources are \$87.5 million for FY 2020/21.

A total of about \$87.5 million is planned for debt service payments in FY 2020/21, which is approximately \$10.4 million less than the FY 2019/20 year-end forecast primarily due to some bonds being paid off and others nearing the end of their payment cycle.

## Enterprise Funds

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

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

- Groundwater treatment operating costs to improve the reliability and water quality of South Scottsdale wells
- Water distribution system improvements that are essential to ensure water system safety and reliability
- Operating cost increases for conservation initiatives and personnel services

There were no water rates and fees increases in FY 2020/21 in an effort to provide financial relief to customers due to the economic conditions caused by COVID-19.

To address cost recovery, increases to water miscellaneous charges were adopted effective July 1, 2020, to meet the City's financial policy that charges recover all direct and indirect costs of service. Miscellaneous charges are assessed to specific users of the service so that general rate payers do not bear the burden.

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

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

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

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

Overall, the sewer base fee and volumetric rate changes are forecasted to generate an annual revenue increase of approximately \$0.6 million, or 1.5 percent, and are effective January 1, 2021.

**Solid Waste Fund** – The Solid Waste Fund accounts for the transactions related to the city’s commercial and residential refuse, recycling, brush and bulk collections business activities. To maintain the revenue requirements of the Solid Waste Fund, modifications to the residential and commercial solid waste rates were implemented effective July 1, 2020 and are expected to generate approximately \$2.9 million in additional revenue. Revenue requirements for the Solid Waste Fund are primarily impacted by landfill disposal costs and recycling processing costs.

Total Solid Waste Fund sources are expected to be about \$25.4 million, annual uses are expected to be \$24.8 million, and ending fund balance is projected to be \$6.4 million by June 30, 2021.

**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 \$5.9 million, annual uses are expected to be \$4.9 million, and ending fund balance is projected to be \$4.0 million by June 30, 2021.

## Internal Service Funds

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

The **Fleet Management Fund** accounts for the costs of operating, maintaining, and acquiring all of the city’s vehicles and other rolling stock. User divisions are assessed maintenance and operation costs (\$8.0 million), acquisition costs (\$6.0 million), and fuel costs (\$3.5 million). Fleet Management establishes, collects, and manages funds to provide acquisition and/or replacement of approved fleet assets based on life cycle cost analysis performed on each equipment class. Fleet Management, in cooperation with the using division, calculates an annual rate for each individual asset based on condition, suitability for service, the state of the current economy, the repair history, the actual utilization rate of each asset and other applicable factors. The fund balance of about \$5.4 million estimated on June 30, 2021 represents funds previously collected for maintenance, operations and vehicle/equipment acquisitions that will be expended in future years.

FY 2020/21 budget includes the deferring of the replacement of non-essential vehicles and equipment in an effort to mitigate the budgetary impacts of COVID-19.

The **PC Replacement Fund** accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to the city divisions as an internal operating charge based on the quantity and type of hardware used. For FY 2020/21, user divisions are assessed estimated costs of \$0.8 million, leaving an estimated ending fund balance of \$1.9 million on June 30, 2021. User fees were reduced for FY 2020/21 due to efforts to utilize Undesignated, Unreserved Fund Balance.

The **Risk Management Fund** accounts for the activity related to the city’s property, liability, and workers compensation programs. User divisions are assessed estimated costs of \$11.0 million. The estimated ending fund balance on June 30, 2021 of about \$24.3 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the governing body’s (Loss Trust Fund Board) requirement to maintain an 85 percent confidence level in the actuarial assessment.

The **Healthcare Self Insurance Fund** accounts for the activity related to employee healthcare programs (medical and dental). The estimated \$36.0 million in healthcare costs is shared by the city, its employees and public safety disabled retirees. For FY 2020/21, there was a \$1.7 million increase in uses compared to the FY 2019/20 forecast budget. The benefits plan includes employees and



applicable spouses/partners can earn an incentive payment of up to \$240 by completing a wellness exam and health risk assessment to help offset the increase in premiums. Additionally, employees and spouses/partners can receive an additional \$20 per month incentive if, through their doctors, they report blood pressure results within certain approved ranges. Finally, there is a tobacco surcharge of \$20 per month for employees and/or family members who self-report the use of tobacco products.

The estimated ending fund balance on June 30, 2021 of \$11.0 million includes: 1) a reserve for large claims beyond what was anticipated and for incurred but not reported claims; 2) an operating contingency used only for unforeseen emergencies; 3) a premium stabilization reserve to ensure revenue from premiums exceed medical and dental claims and administrative expenses paid by the healthcare plan; and 4) an undesignated, unreserved fund balance which accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, the undesignated, unreserved fund balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses.

The fund balance would have been greater, but it is partially offset by less revenue received as the result of eliminating, for one pay period, the General Fund employer contribution payment to healthcare. Because the Healthcare Self Insurance Fund had sufficient fund balance to meet its reserve requirements, a pay period holiday was used as a budget balancing strategy to help mitigate the budgetary impacts of COVID-19 in the General Fund.

### **Grants, Endowments and Special Districts Funds**

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Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the \$32.1 million total grants are two larger grants – Section 8 Housing at \$5.8 million and the Community Development Block Grant (CDBG) at \$1.2 million. In addition to numerous identified smaller grants, the city includes \$4.2 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.

The city established the **Endowments** Program in November 1991 to offer residents an opportunity to contribute to their community with immediate and planned gifts held in perpetuity. In 1993, Council authorized an agreement with the Arizona Community Foundation to administer the endowment funds in accordance with the intended public purposes for each fund. The city holds four endowment funds: Rassner Library, Scottsdale Community, Scottsdale Employee, and Herbert R. Drinkwater Youth Services. For FY 2020/21 the city anticipates \$26,800 in distributions.

A **Special Districts Fund** is used to account for the proceeds received from property owners in the city's 355 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources and uses are estimated at \$0.6 million for FY 2020/21. 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. The fund balance is used to lower assessments.

### **Capital Improvement Plan**

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

Below is a summary of the \$690.9 million capital budget highlights by program, along with some notable examples in each capital program area:

**Community Facilities** (\$41.2 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 6.0 percent of the CIP addresses the needs of this program. Significant Community Facilities projects include the completion of the Scottsdale Stadium Renovations and the initiation of various Bond 2019 program projects. Some examples are the 4-Install High Efficiency

Sports Lighting at 4 Facilities, the 10-Replace Tennis Court Surface at Indian School Park and Scottsdale Tennis Center, the 53-Build Multi-Use Sport Fields in the area of Bell Road projects and the 50-Renovate Arena at WestWorld to Provide Event Space projects.

**Preservation** (\$45.7 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 6.6 percent of the CIP addresses this program. Significant preserve projects include the restoration of areas where unwanted trails and roads are eradicated.

**Drainage and Flood Control** (\$23.8 million) – addresses flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished using detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 3.4 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include the completion of the Crossroads East Flood Control Phase I and the continuation of construction for the Granite Reef Watershed Phase 1 improvements between Indian School Road and McDonald Drive.

**Public Safety** (\$22.1 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 3.2 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as the completion of Fire Stations 603 and 616 and the initiation of various Bond 2019 program projects. Some examples are the 38-Build a New Fire Department Training Facility and the 7-Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency projects.

**Service Facilities** (\$24.0 million) – addresses the goal of coordinating land use and infrastructure planning. These programs achieve this goal through the renovation of current facilities and technology necessary for the efficient and effective operations of the city. Approximately 3.5 percent of the CIP addresses this program. Service Facilities projects include Facilities Repair and Maintenance Program, Network and Server Infrastructure Replacement Program, modifications of Fleet Fuel sites and the initiation of various Bond 2019 program projects. Some examples are the 5-Modernize Computer Equipment Rooms to Protect City Servers, the 9-Install Fiber Optic Infrastructure to Reduce Operating Costs and the 36-Provide Free Public WiFi at the Civic Center Plaza projects.

**Transportation** (\$213.5 million) – addresses multi-modal transportation needs. Approximately 30.9 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include the design and construction of the north general area aviation box hangars, the widening of Happy Valley Road from Pima Road to Alma School Road, the design and construction of a six-lane major arterial cross-section on Pima Road from Pinnacle Peak Road to Happy Valley Road, continuation of the extension of Raintree Drive from Scottsdale to Hayden Roads and continuation of the design and construction of turn lanes, bike lanes and pedestrian improvements at 68<sup>th</sup> Street from Indian School to Thomas Road.

**Water Management** (\$320.5 million) – focuses on the capital needs required to deliver safe, reliable water and to provide water reclamation services. This program also addresses the requirement to achieve federal and state regulations. Approximately 46.4 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the construction of water and sewer lines at Crossroads East, the installation of the Jomax Road Sewer Interceptor and Lift Station, the Reclaimed Water Distribution System (RWDS) Improvements to pipeline pump stations and reservoirs, the replacement of the Booster Station 57, the continuation of the Frank Lloyd Wright 24-inch Transmission Main and Booster Station 83B Modifications and the construction of the Thomas Groundwater Treatment Facility.

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

The budget continues the practice of leveraging one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. In FY 2020/21, the budget assumes the General Fund will transfer a total of \$4.7 million to the CIP.

## Conclusion

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As previously noted in the City Manager’s Final Budget Transmittal Letter, the Fiscal Year 2020/21 budget supports city operations in a reasonable way during a time of great concern and uncertainty. The budget reflects our organization’s commitment to continuing to serve our community within the confines of the pandemic and our current financial constraints.





**FY 2020/21 Adopted Budget**



**City Manager**

3939 N. Drinkwater Blvd.  
Scottsdale, AZ 85251

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FAX 480-312-9055  
WEB [www.ScottsdaleAZ.gov](http://www.ScottsdaleAZ.gov)

July 1, 2020

**Fiscal Year 2020/21 Final Budget Transmittal**

Honorable Mayor and City Council:

The Fiscal Year 2020/21 budget is presented within the context of a year unlike any other in memory. As the budget is finalized, we remain in the throes of local response and management of the global COVID-19 pandemic.

In less than six months, most city operations and services have been re-crafted to reflect our current operating environment and our new fiscal realities. This budget reflects those changes and recognizes that much uncertainty remains.

As stated in the proposed budget transmittal written weeks ago, uncertainty is a fact of life in our current environment. Public health data continues to drive national, state and local decisions that have real impacts on city finances and operations.

At the close of the prior fiscal year when the immediate economic impacts of the situation were becoming apparent, we took action. We curtailed non-essential expenditures, ceased non-essential travel and placed hiring for non-essential positions on hold. Those actions remain in place as we continue managing this situation in a new fiscal year.

We remain committed to providing the City Council with monthly analysis and recommendations about the city's financial realities and how they may influence our day-to-day operations.

The Executive Summary that follows this memo provides additional detail about specific changes in revenues, expenditures, citywide staffing levels and highlights from the Capital Improvement Plan for this fiscal year.

The Fiscal Year 2020/21 budget supports city operations in a reasonable way during a time of great concern and uncertainty. The budget reflects our organization's commitment to continuing to serve our community within the confines of the pandemic and our current financial constraints.

Sincerely,



Jim Thompson,  
City Manager



## Office of the City Manager

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

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

### Fiscal Year 2020/21 Proposed Budget Transmittal

Honorable Mayor and City Council:

The proposed budget for Fiscal Year 2020/21 is provided for your review as the first step in our public consideration of this foundational basis of the city's annual operations.

This year is unlike any other in memory. Staff had completed submitting budget requests, the internal review and evaluation process was finished, this proposed budget was prepared for City Council review – and then COVID-19 hit.

Uncertainty is a fact of life in our current environment. Given that, this proposed budget is provided to begin our deliberations and set the maximum expenditure limitation.

We simply do not know how the changing world and its economy will impact us. It will likely be substantial, but not insurmountable. We have already curtailed some expenditures and placed hiring for non-public safety positions on hold.

Prior to final budget adoption in June, the actual impacts of COVID-19 will be less uncertain, and any additional adjustments we need to make to this proposed budget will be recommended and discussed.

### Sources

General Fund sources are estimated to increase \$600,000 from the forecasted FY 2019/20 budget. That total projected increase comes from a net of several different sources:

- \$7.1 million from a projected increase in state shared revenues (the city's proportionate slices of state income tax, state sales tax, vehicle license fees and gasoline tax), however this estimate is subject to change; the state may update estimates later in the budget process.
- \$1.1 million from additional primary property tax collections (\$650,000 due to the allowable 2 percent statutory adjustment and \$450,000 is due to new construction on the tax rolls).
- \$400,000 in additional Property Rental revenue, due mainly to high expected stadium usage fees and stadium concessions – property rental fees due to the recent renovation, greater revenue expected from the Tournament Players Club and an overall increase in land and building rent.

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

- (\$3.3 million) from now recording the Stormwater Fee – CIP revenue directly in the CIP Fund instead of transferring it out from the General Fund.
- (\$1.9 million) from a projected decrease in general fund sales tax revenue, including (\$200,000) for the portion dedicated to Public Safety (a decrease of 1.3 percent over the forecasted FY 2019/20 budget).



- (\$1.2 million) from Building Permit Fees & Charges due to a decrease in anticipated construction activity in FY 2020/21, resulting in a lower demand for real estate permits. Part of this is because all permits related to Nationwide's complex construction will have already been issued.
- (\$1.0 million) in Cable TV Franchise Fees due to FY 2019/20 forecast including a payment from FY 2018/19 that is not expected to reoccur in FY 2020/21.
- (\$600,000) primarily related to a one-time Fire Regional Dispatch contract reimbursement from City of Phoenix received in FY 2019/20.
- (\$300,000) less in interest earnings projected by the city's investment advisor using macroeconomic trends.
- (\$300,000) due to a new methodology being used to calculate the Indirect Cost Allocation to cover costs of providing services to the Enterprise Funds (HR, payroll, IT, etc.).

The secondary property tax levy will increase \$400,000 next fiscal year to \$33.4 million as a net result of paying off prior general obligation debt and the anticipated first issuance related to the Bond 2019 program. Despite the small increase to the levy, the secondary rate will decrease from 0.5214 to 0.5043 due to expected increases in property values.

### **Uses**

Overall the proposed operating budget for the next fiscal year increases General Fund spending by \$5.3 million from the FY 2020/21 forecasted budget to address increasing costs and priority programs in a variety of areas. Included in these expenses are both pension related expenses and other General Fund expenses.

In case the economy improves, we have added funding sufficient to continue the third year of the three-year market catch-up, and for those eligible, performance adjustment, both of which could be considered at some point in the fiscal year.

The proposed budget also includes an additional \$1.2 million in the General Fund (\$1.5 million all funds) to cover the city's share of an anticipated 5.8 percent increase in employee medical costs and \$800,000 (all funds) for the vacation trade program, which allows employees to trade-in earned vacation hours they do not intend to take.

### **Addressing Pension Expenses**

The General Fund budget includes a \$1.4 million net increase in funding for pension related costs. Of this

- \$1.0 million for increased Public Safety Personnel Retirement System (PSPRS) (for sworn police and fire employees) contribution rates.
- \$400,000 for increased Arizona State Retirement System (ASRS) employer contribution rates.

One-time costs included in FY 2019/20 for a Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan (DROP) will not carry-forward to FY 2020/21.

## **Other General Fund Expenses**

The proposed budget also includes money for these priority items:

- \$1.6 million to cover the greater costs in custodial contracts throughout the city as more locations are requiring services, some remaining open 24 hours / 7 days a week.
- \$1.0 million of one-time funding for fleet upgrades to three aging fire trucks
- \$700,000 to cover various Fire Department/Information Technology contract cost increases, including the Electronic Patient Report, the Phoenix Dispatch, and Medical Director contracts along with various software license and maintenance contracts.
- \$1.0 million is requested to address staffing costs and issues in the Fire Department, including some steps intended to address the department's attrition issues: \$600,000 will cover overtime costs related to backfilling positions for those in training and increased funding for acting out of class pay; \$400,000 will address department's constant staffing needs including an increase in overtime to meet operational staffing requirements.
- \$300,000 in Occupational Safety and Health Administration fall protection mitigation improvements to city facilities.
- \$300,000 for 2020 General Election costs.

## **Reducing Library expenses**

Closing Palomino Library will save the General Fund nearly \$600,000 by reducing staff and eliminating associated operating expenses. An additional \$300,000 annual reduction comes from reduced material costs as the library winnows its DVD collection (as use has decreased) combined with additional materials coming from the Maricopa County Library District.

## **Capital Improvement Program**

An estimated \$252 million will be spent on capital improvements in the upcoming fiscal year. These projects address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

City review groups held a number of meetings November through March to review and prioritize capital project requests. The result of those meetings is the proposed FY 2020/21 through FY 2024/25 CIP funding recommendation to the City Council.

On Nov. 5, 2019, Scottsdale voters approved General Obligation bond funding totaling \$319 million. The implementation plan was discussed with City Council during a Feb. 11 Work Study Session and is reflected in this proposed budget.

### CIP transfers

The total FY 2020/21 CIP transfer from the General Fund operating budget is \$11.3 million, which consists of:

- \$5.9 million – per financial policy #17 food tax
- \$2.6 million – per financial policy #17, transfer net interest income in excess of \$1.0 million
- \$2.7 million – per financial policy #17, transfer a minimum of 25 percent of construction sales tax

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

Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza - (FY 2020/21: \$4.0 million, \$27.3 million total remaining budget)

Rebuild the Scottsdale Civic Center Plaza as the community's signature special event and public gathering space. Design would create an "event ready" venue that includes an iconic stage structure. With few regional competitors for large events in an outdoor setting, the new public space would place Scottsdale in a competitive position to attract large-scale events, such as Super Bowl Live, a multi-day event leading up to Super Bowl 2023.

*Funding sources: Bond 2019*

Build Parking Structures in Old Town (FY 2020/21: \$2.2 million, \$21.0 million)

Build parking structures to ensure an effective supply of parking for residents, visitors, and businesses that park in Old Town Scottsdale.

*Funding sources: Bond 2019*

Crossroads East Flood Control Phase I (FY 2020/21: \$12.1 million)

The city is working with the development company for Nationwide Insurance to design and build drainage improvements that will provide protect homes and businesses around Crossroads East and downstream development from a 100-year flood event.

*Funding sources: General Fund, Arizona State Land Department and MPC Bonds*

Fire Stations 603 and 616 (FY 2020/21: \$8.2 million)

Complete construction of Fire Stations 603 and 616 approved by the voters under the General Obligation Bonds 2015.

*Funding Sources: G.O. Bond 2015, General Fund and In-Lieu Fees*

Fleet Fuel Site Upgrade (FY 2020/21: \$3.3 million)

Design and replace up to five existing underground storage tanks that are used to fuel a large portion of the city's fleet.

*Funding sources: Fleet Rates*

Runway 03/21 Rehabilitation/Reconstruction (FY 2020/21: \$11.6 million)

Design and build pavement rehabilitation improvements and reconstruction of the runway at Scottsdale Airport.

*Funding sources: Aviation Funds, Grants*

Hayden Road/Miller Road: Pinnacle Peak Road to Happy Valley Road (FY 2020/21: \$6.0 million)



Design, acquire right-of-way and build a four-lane roadway to connect the existing Miller Road roadway sections to the north and south, including an at-grade crossing of the Rawhide Wash.

*Funding sources: Regional Sales Tax – Arterial Life Cycle Program, Transportation, 0.1% Sales Tax.*

Pima Road: Pinnacle Peak to Happy Valley (FY 2020/21: \$30.5 million)

Design, acquire right-of-way and build a six-lane roadway that includes landscaped median, turn lanes, bike lanes, sidewalks, curb and gutter, roadway drainage and Intelligent Transportation Systems (ITS) facilities.

*Funding sources: Regional Sales Tax – Arterial Life Cycle Program, Transportation, 0.1% Sales Tax, Transportation 0.2% Sales Tax and CIP Stormwater Fee.*

Pima Road: Happy Valley Road to Jomax Road (FY 2020/21: \$1.6 million, \$22.3 million total remaining budget)

Build Pima Road to its ultimate six-lane configuration including the major intersection of Jomax Road, but not including the Happy Valley Road intersection.

*Funding sources: Regional Sales Tax – Arterial Life Cycle Program, Transportation, 0.1% Sales Tax.*

SROG Regional Wastewater Facilities (FY 2020/21: \$29.7 million, \$44.7 million total remaining budget)

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

*Funding sources: Sewer Rates*

**Conclusion**

While this proposed Fiscal Year 2020/21 budget is presented in a time of uncertainty, it reflects months of painstaking work by staff across the city to understand our needs, project our resources, and develop a plan that accounts for both.

This proposal is presented for your review, with full understanding that as we better understand the real impacts of COVID-19, adjustments will be likely.

Sincerely,



Jim Thompson  
City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Scottsdale  
Arizona**

For the Fiscal Year Beginning

**July 1, 2019**

*Christopher P. Morrill*

Executive Director

**Budget Award for Fiscal Year 2019/20 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, 2019. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operating guide, and as a communications device.

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

# WHAT WORKS CITIES SILVER 2020

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

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

Scottsdale is one of 24 cities nationally that have been certified in the first three years of the program, the first in Arizona, and the smallest city to be certified when Scottsdale received recognition first in 2019.



## City of Scottsdale's Budget Development Process

### Recommended Budget Practices

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

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

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

### Budget Process Definition

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

A good budget process is characterized by several essential features:

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

These key characteristics of good budgeting 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.

### Mission of the Budget Process

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

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

The budget process should accomplish the following:

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

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

## Principles/Elements of the Budget Process

The budget process consists of four broad principles that stem from the definition and mission previously described. These principles encompass many functions that spread across a governmental organization. They reflect the fact that development of a balanced budget is a political and managerial process that also has financial and technical dimensions.

Each of the principles incorporates components or elements that represent achievable results. These elements help translate the guiding principles into action components. Individual budgetary practices are derived from these elements and are a way to accomplish the elements. The principles and elements provide a structure to categorize budgetary practices.

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

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

### 2. Develop Approaches to Achieve Goals

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

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

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

### 4. Evaluate Performance and Make Adjustments

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

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

## Budget Roles and Responsibilities

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

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

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

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

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 capital project operating impacts with the budget staff. In some cases, the same individual serves as both the divisional budget liaison and CIP liaison.

The **CIP technology review team**, **CIP construction review team** and **CIP transportation review team** are comprised of individuals from various city divisions. These cross-divisional teams are responsible for the initial review of all the city's capital project requests. Their reviews are focused on ensuring that projects are scoped properly, infrastructure components are coordinated, long-term operating impacts are included, timeframes are realistic, projects are coordinated geographically, and project costs are adequate. They also consider if the request is congruent with city objectives and priorities using a set of predetermined criteria. The review group recommendations are forwarded to the capital management review committee.

The **capital management review committee (CMRC)** is formed by division directors and key staff. They provide enterprise-wide view for synergy and priority, serve as a sounding board/advisor for policies and technologies, balance projects against Council objectives, and refine the preliminary prioritization considering overall city goals and objectives. The committee forwards its funding recommendations to the City Council for the final approval.

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

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

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

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

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

## Budget Phases

### Needs Assessment and Financial Capacity Phase

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



### **Policy/Strategy Development and Prioritization Process Phase**

In the fall and winter the City Council typically reviews citizen input, citizen board and commission feedback, financial policies, citizen survey results and the most current financial forecast. They discuss broad organizational goals, priorities, constituents' suggestions and expectations for Scottsdale. From this, the City Council establishes broad goals and strategic directives, which are the cornerstone for the development of the budget. These broad goals provide the overall direction for Scottsdale and serve as a basis for decision-making. The division directors and senior management staff update city financial policies, plans, programs and management strategies to define how the city will achieve the broad goals. It is within this framework that the city staff formulates the proposed operating and capital budgets.

### **Budget Development and Prioritization Process Phase**

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

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

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

### **City Management Review and Modification Phase**

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

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

### **City Council Budget Review and Adoption Phase**

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

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

Next, a series of required public budget hearings are held, and the City Council adopts the budget and property tax levy consistent

with the City Charter and state law. Per the City Charter, the City Council must have tentative adoption of the proposed budget on or before the second regular City Council meeting in May each year. This meeting is usually held in mid-May. *(Note: State law requires the City Council adopted the tentative budget on or before the third Monday in July of each fiscal year.)* Tentative adoption sets the legal maximum expenditure limit (i.e., appropriation) for the coming fiscal year budget.

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

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

Arizona state law also requires an “expenditure limitation”, imposed by the Arizona Constitution and approved by the voters in 1980 (Article 9, Section 20). 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 pro-actively 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 City Council’s prior approval at a public meeting.

Arizona State Revised Statutes only requires communities to prepare budgets for two funds – the General Fund (ARS 42-17101) and Highway User Revenue Fund (ARS 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, Endowments, Special Districts, and Capital Funds. The ordinance adopting the annual budget requires City Council authorization for expenditures from the funds, which in the aggregate constitute the city’s total operating, capital budget and contingency/reserves for purposes of complying with the state’s balanced budget and legal maximum appropriations requirements.

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

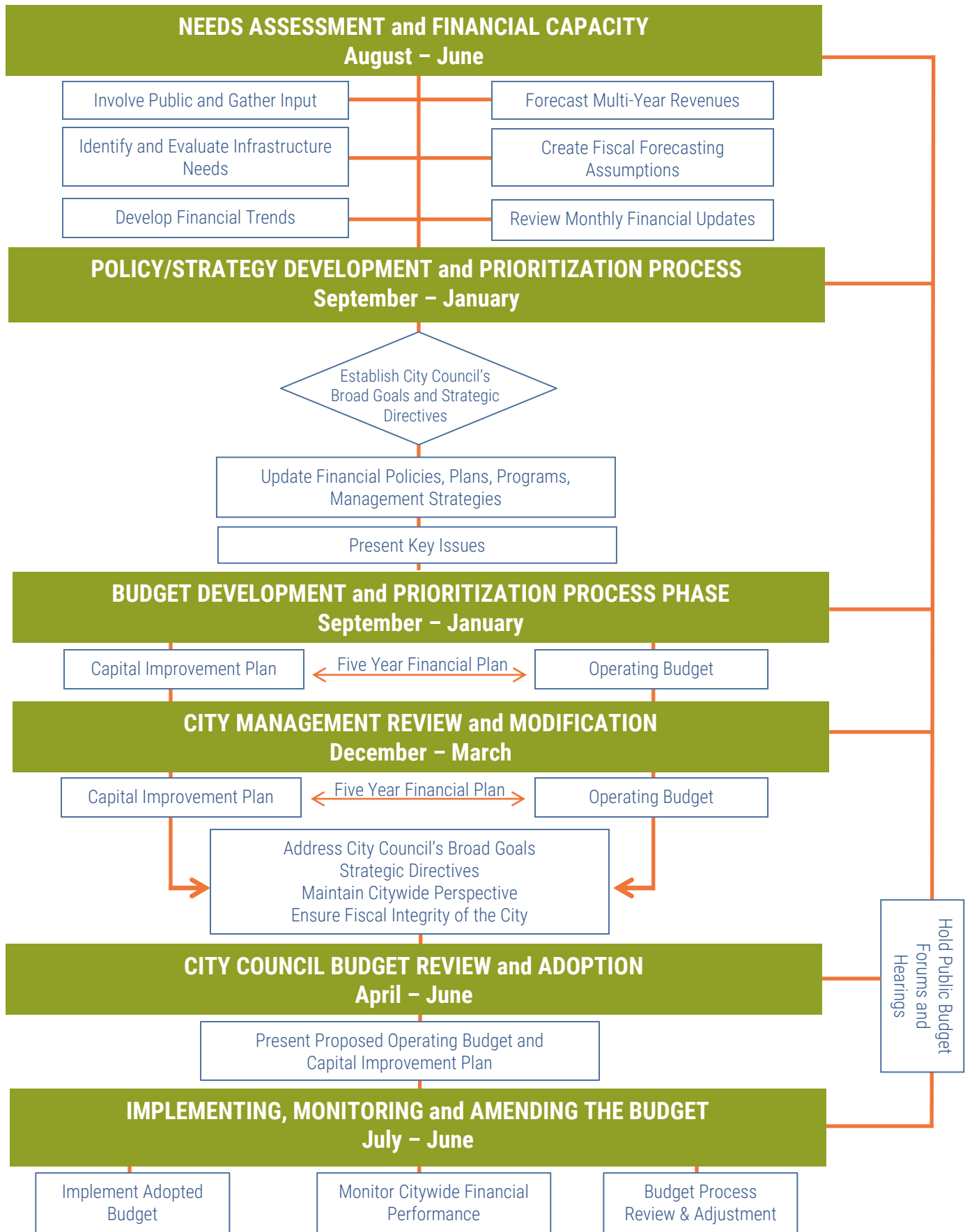
In July city staff implement the operating budget and the capital improvement plan and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined compared to budget plans and corrective action is taken if necessary. The budget team and divisional budget liaisons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

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

City staff from every city program 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 along with the city value of “listen, communicate, and take action” stresses open communication and stakeholder involvement determining satisfaction with programs and in identifying areas needing additional attention.

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

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



## Use of Contingency/Reserve Funds

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

## Budgetary and Accounting Basis

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

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

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

The major differences between the budget and the CAFR are:

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

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

## Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2020/21 is comprised of three volumes:

**Volume One – Budget Summary** includes the City Council's mission statement and broad goals, the city manager's transmittal letters, executive summary and adopted financial policies. Volume One also contains a budget by fund section, which includes five-year financial forecasts that cover the period FY 2020/21 through FY 2024/25. This section also provides five-year historical summaries for sources and uses by fund.

**Volume Two – Division Operating Budget** contains descriptions of services provided by each division, staffing summaries, operating budgets by expenditure category and the applicable funding sources, current fiscal year objectives, as well as prior year achievements, significant changes, and performance measures. In addition, division operating budgets and their relationship with the broad goals and the general plan are included.



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

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

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

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

## Five-Year Financial Plan

The city's five-year financial planning process used to develop the proposed budget is a year-round process. The budget process begins in the early fall with the Budget Department's initial update of the five-year financial plan for each of the city's major funds. Staff review the five-year financial plans for the following funds that appear in the budget – General, Transportation, Preservation, Special Programs, Tourism Development, Special Districts, Endowment, 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 the city divisions to update the forecast for the current fiscal year and to create a forecast for the coming budget year. The forecasts serve as the basis for the development of the city's proposed five-year financial plan.

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

The five-year financial plans provide the City Council, city management, citizens 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 citizens to wide or irregular fluctuations in rates/fees and service levels.

Proposed future operating impacts of capital projects are also included in the forecast, which facilitates the planning, integration and timing of the capital projects into the city's five-year financial plans. The City Council and city management use the plans to assess the impact of their proposed decisions in a long-range financial context. These decisions may include the proposed addition of new staff, new debt issuances and debt refunding, tax rate changes, the desire to create, modify or eliminate rates/fees, new or expanded services and state legislation changes. Based on the fiscal impact of these decisions 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 current budget monthly and adjust the estimated annual revenues and expenditures based on the latest economic information, legislative changes and City Council priorities. Per the City Charter the revenue and expenditure variances, estimated ending fund balances and the status of the current year contingency usage are reported monthly to the City Council, city management and other stakeholders via the operating budget Monthly Financial Update and Monthly Financial Report, and the CIP budget status is shared quarterly. Staff also monitor and identify changes in the financial and economic climates and considers solutions to negative trends, thereby preserving the financial health of Scottsdale.

## Revenue Forecasting

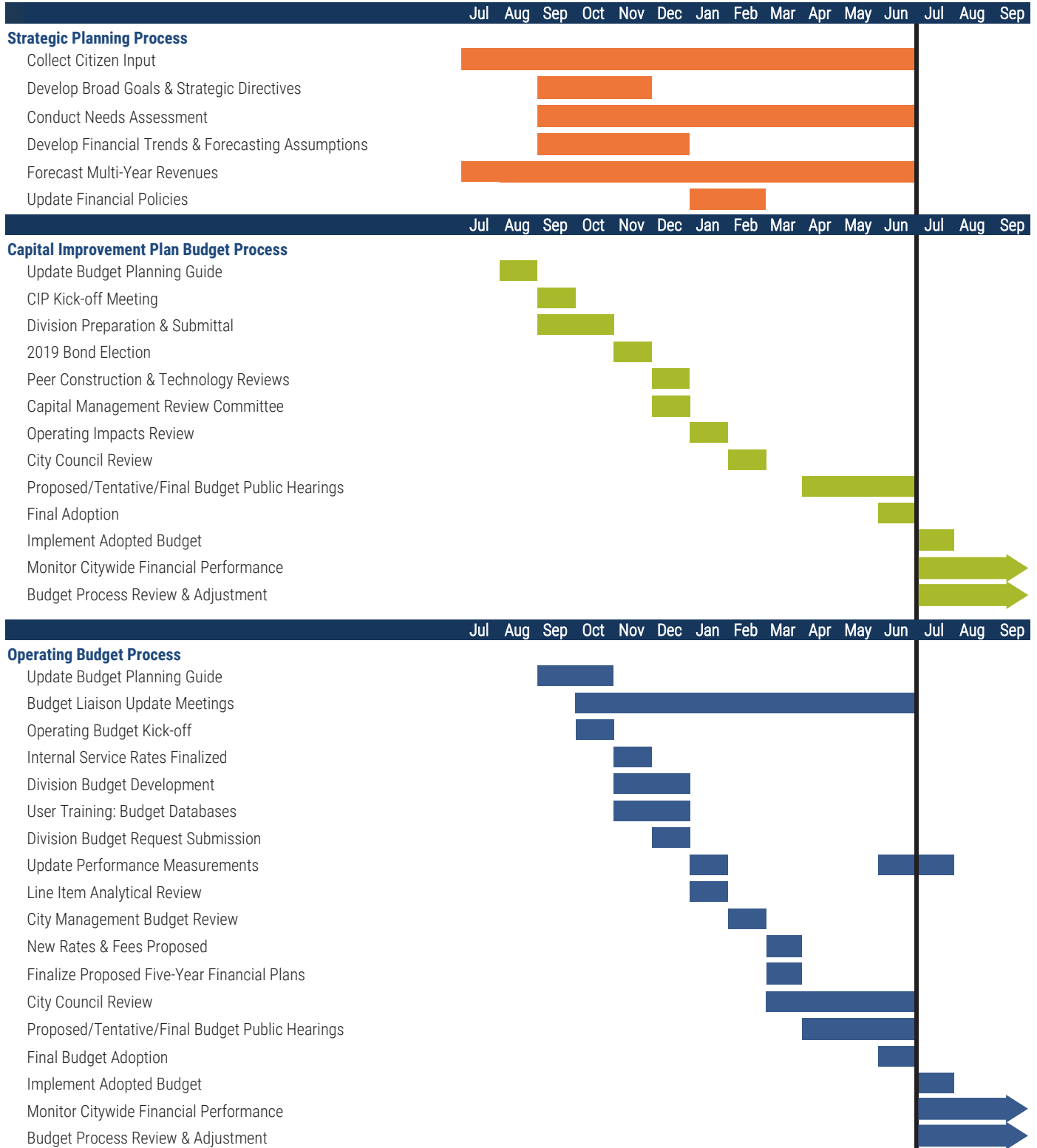
The City of Scottsdale uses both qualitative and quantitative methods for forecasting revenues by blending various techniques to develop conservative and prudent revenue projections. Qualitative revenue forecasting methods used by staff to develop multi-year financial plans include consensus, judgmental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

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

## Expenditure and Year-End Savings Forecasting

Each month throughout the fiscal year, the Budget Department staff works with city divisions to monitor year-to-date actual expenditures against the year-to-date approved budget and prior year actual expenditures. Each division is also required to forecast their year-end expenditures and related savings. All significant actual or forecasted variances are researched and a reason for the likely variance as well as possible ways to resolve the variance are considered by staff. Pro-active 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.

**BUDGET PLANNING AND DEVELOPMENT  
FISCAL YEAR 2020/21 CALENDAR**



## Adopted Comprehensive Financial Policies and Governing Guidance

### Operating Management

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



source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed on a reasonably periodic or on an “opportunity” basis.

15. Cash and Investment programs will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
16. Uncollectible accounts, excluding City Court, will be no more than five-tenths of one percent of revenue on an annual basis unless otherwise approved by City Council.
17. Any year-end General Fund operating surpluses not needed to restore contingency reserves or cover unforeseen shortfalls in the budget, but in no case less than: (1) 25 percent of construction privilege tax revenues; (2) 100 percent of net interest income in excess of \$1.0 million; and (3) two-thirds of the 1.1 percent sales tax collected on food for home consumption, which will then be reduced 25 percent in year two of the five-year financial plan and each subsequent year until the transfer is \$0 will be transferred to the General Fund Capital Improvement Program in the following fiscal year unless otherwise directed by City Council.
18. Addition of personnel will only be requested to meet program initiatives and policy directives; after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased net revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
19. Benefits and compensation will be administered in accordance with policy given by City Council. As part of a cost-containment strategy, total costs for health insurance premiums will be shared between the employer, employees and public safety disabled retirees. Total premiums will be evaluated on an annual basis to ensure they are reasonable and competitive and that total premiums are expected to provide adequate funding of anticipated claims and a reasonable level of loss reserves.
20. An annual General Fund transfer will be made to the Benefits Healthcare Self Insurance Fund to subsidize the cost of providing healthcare benefits to sworn public safety accidental disabled retirees.
21. Property tax will be levied to recover: (1) annual payments of principal and interest for existing and planned general obligation bond issuances, including the factors and amounts authorized by state law but net of the amount required under state law and (2) revenues required for the General Fund equal to (a) the prior year’s revenue (b) plus new growth added to the tax roll and (c) the prior year’s tort liability payments as approved by City Council. Council may also approve the legally allowable maximum over the previous year’s primary levy.
- 21A. 100 percent of the transient lodging (bed) taxes received by the city shall be deposited into the Special Revenue Fund for Tourism Development (Tourism Development Fund). Additionally, the Tourism Development Fund shall receive 100 percent of Princess Hotel lease revenues.

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

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

At the end of each fiscal year, any unused funds in the Tourism Development Fund will be available for use in following years for any of the non-marketing tourism categories (except the general fund category) and may be allocated without limitations, except that they may not be leveraged for multi-year annual commitments, such as debt service payments.

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

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

## Capital Management

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

## Debt Management

28. General Obligation debt, which is supported by property tax revenues and grows in proportion to the city's assessed valuation and/or property tax rate increases, will be utilized only as authorized by voters. Other types of voter-approved debt may also be utilized only when they are supported by dedicated revenue sources.
29. General Obligation debt issuances (excluding Preserve General Obligation debt) will be managed on an annual basis to match funds to Capital Improvement Plan cash flow requirements. The city will not exceed \$1.50 combined property tax per \$100 assessed value unless otherwise directed by City Council.
30. Non-voter approved debt will be utilized only when a dedicated revenue source (e.g., facility revenue and bed tax) can be identified to pay, or reimburse the city for paying, debt service expenses. City Debt Service (excluding enterprise, general obligation and preservation) costs (Municipal Property Corporation, Revenue Bond, and Contractual Debt) should not exceed five percent of the city's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility. The following considerations will be made to the question of pledging of project (facility) revenues towards debt service requirements:
  - a. The project requires monies not available from other sources.
  - b. Matching fund monies are available which may be lost if not applied for in a timely manner.
  - c. Catastrophic conditions.
  - d. The city shall not give or loan its credit in aid of, nor make any donation, grant or payment of any public funds, by subsidy or otherwise, to any individual, association, or corporation, except where there is a clearly identified public purpose and the city either receives direct consideration substantially equal to its expenditure or provides direct assistance to those in need.

31. McDowell Sonoran Preservation debt service will be funded by the dedicated 0.35 percent privilege tax. The city's privilege taxes to revenue bond debt service goal will be at least 1.5:1 for senior lien debt to ensure the city's ability to pay for preserve debt from this elastic revenue source.
32. Improvement District (ID) and Community Facility District (CFD) Bonds shall be permitted only when there is a general city benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
  - a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the city. In addition, the city's cumulative improvement district debt will not exceed five percent of the city's net assessed limited property valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.
  - b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. In addition, the city's cumulative facility district debt will not exceed five percent of the city's net assessed limited property valuation. The landowner/developer shall also contribute \$0.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
33. Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction of this plan.
34. While considering the bond rating impacts, the effect on short-term user rates and the level of cash reserves, the Water and Water Reclamation Enterprise Funds will use long-term debt when prudent to achieve a ratio of long-term debt to tangible fixed assets (capital assets net of depreciation plus equity in joint venture) of no more than 50 percent.

### Reserve Management

35. All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the city's balanced five-year financial plan.
36. The following stabilization reserves will be maintained for unforeseen emergencies or catastrophic impacts to the city:
  - a. General Fund Stabilization Reserve of 10 percent of annual General Fund operating expenditures.
  - b. Transportation Fund Stabilization Reserve of 10 percent of annual Transportation Fund operating expenditures.
  - c. An Excise Tax Stabilization Reserve will be funded at no less than \$5.0 million to be temporarily used for unforeseen emergencies or catastrophic impacts to the city.
37. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, and will not exceed 10 percent of the amount needed to pay the following year's bonded indebtedness for General Obligation bond principal and interest (excluding Preserve General Obligation bonds). A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.
38. Contingency Reserves for each fund to be established annually will be maintained to offset unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds, and subject to City Council approval.
39. Separate Operating Fund Reserves will be maintained for the city's Water, Water Reclamation, Solid Waste Management, and Aviation Enterprise Funds. Such reserves shall be funded between 60 and 120 days of budgeted operating expenditures, excluding expenditures for debt service. Operating Fund Reserves shall be maintained to provide contingency funding and expenditure flexibility in the event of unexpected declines in revenue or increases in costs.

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

### Financial Reporting

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





INFORMATION

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

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

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

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

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

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

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

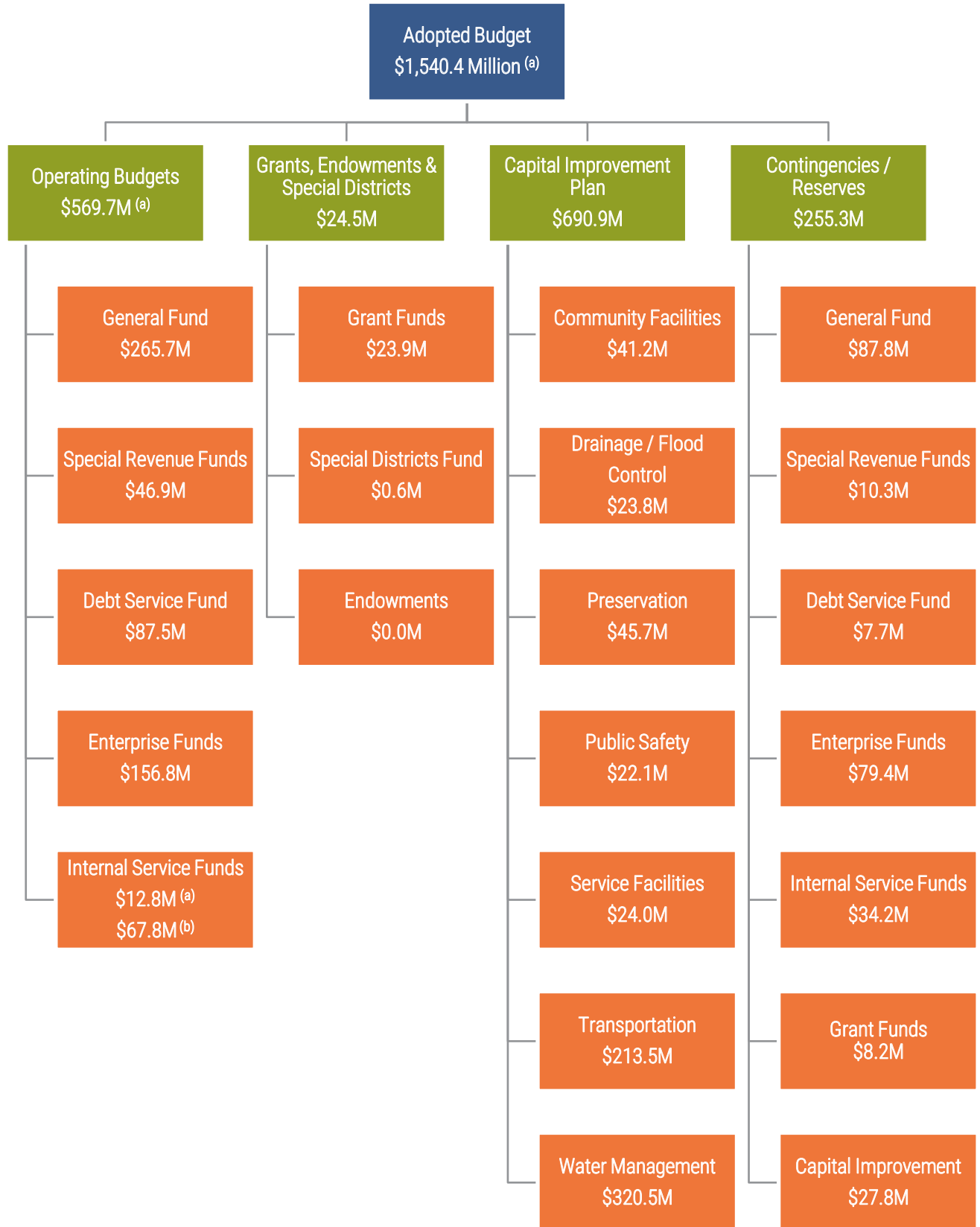
**Grant Funds** are used to leverage city funds to address priority program and service needs.

**Endowment Funds** are used to carry out the purposes of community projects, and programs for the public good and youth.

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

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

# BUDGET BY FUND | Total Budget Overview



<sup>(a)</sup> Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$55.0M

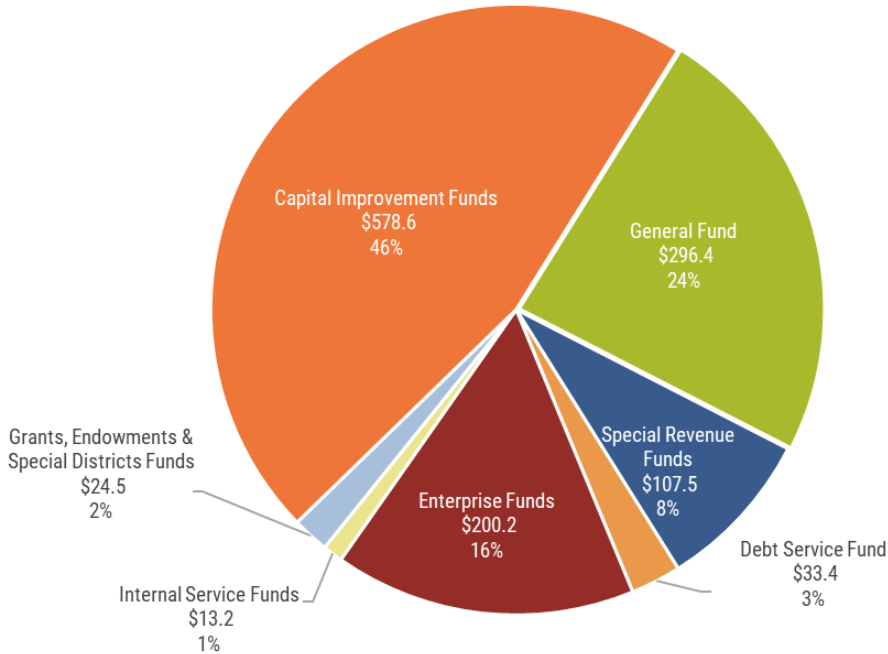
<sup>(b)</sup> Internal Service Funds Budget prior to Internal Service Funds offsets of \$55.0M

Note: Amounts are rounded in millions; therefore, differences may occur.



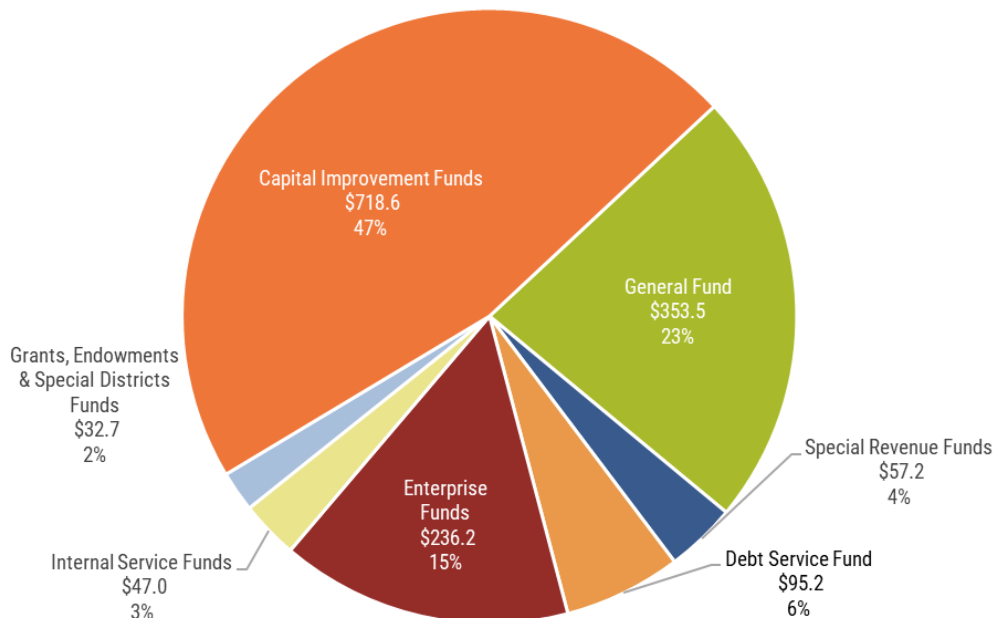
The total Scottsdale FY 2020/21 adopted budget consists of \$1,253.7 million in revenue including, \$439.2 million in prior year Capital Improvement Plan (CIP) unexpended revenue, \$68.3 million in property taxes, \$40.0 million in bond proceeds, and \$706.3 million in other operating and capital revenues. A complete detail of revenues can be found on the Total Appropriation schedule. Below is the revenue breakdown by fund type.

**Revenue \$1,253.7 Million  
by Fund Type**



The total Scottsdale FY 2020/21 adopted budget appropriation is \$1,540.4 million, which includes \$255.3 million in contingencies/reserves. The Capital Improvement accounts for the largest portion of the annual budget appropriation at \$718.6 million.

**Total Budget Appropriation \$1,540.4 Million  
by Fund Type**

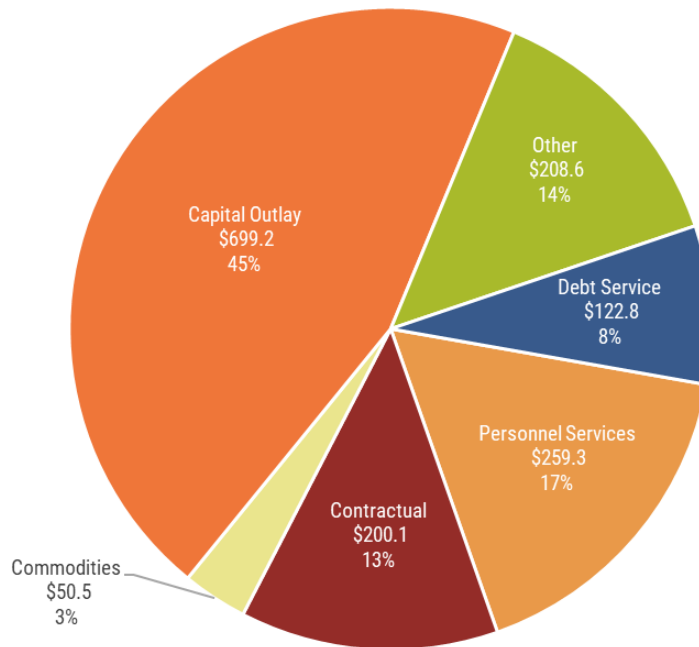




# BUDGET BY FUND | Total Budget Overview

The largest expense category in the FY 2020/21 budget is Capital Outlay at 45 percent, or \$699.2 million. Expenses for Personnel Services, Contractual Services, and Commodities together account for \$509.9 million, or approximately 33 percent of the total authorized budget.

**Total Budget Appropriation \$1,540.4 Million  
by Expense Type**



	Beginning Balance	Sources			Uses						Ending Balance
		Revenue	Transfers In	Other*	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlay	Other*	Transfers Out	
<b>General Fund</b>	111,146,523	296,381,678	10,030,342	-	195,466,012	61,473,385	8,265,684	491,925	87,759,046	19,674,477	44,428,014
<b>Special Revenue Funds</b>											
Transportation	14,164,619	40,388,051	-	-	7,706,768	16,980,634	1,033,265	85,950	3,080,662	10,627,187	15,038,204
Preservation	43,925,267	39,144,543	-	-	-	-	-	-	-	39,031,459	44,038,351
Special Programs	18,962,062	11,419,076	10,000	-	2,883,233	6,720,792	1,363,999	70,000	1,500,000	2,813,876	15,039,238
Tourism Development	6,398,649	16,520,374	-	-	294,711	9,729,856	4,370	-	5,699,654	7,190,432	-
<b>Debt Service Fund</b>	7,655,157	33,372,880	54,141,646	-	-	87,514,526	-	-	7,655,157	-	-
<b>Enterprise Funds</b>											
Water & Water Reclamation	67,481,993	168,899,073	10,119,930	-	22,976,015	66,127,189	32,076,067	260,000	77,945,559	47,116,166	-
Solid Waste	5,766,688	25,447,844	-	-	8,061,404	14,124,138	666,221	-	5,716,985	293,409	2,352,375
Aviation	3,027,963	5,894,949	-	-	1,395,803	2,816,620	57,150	-	4,008,578	33,723	611,038
<b>Internal Service Funds</b>											
Fleet Management	8,062,599	952,877	-	-	4,442,016	1,668,093	6,749,729	6,478,466	(16,691,645)	1,772,711	4,596,106
PC Replacement	1,967,622	-	-	-	-	-	-	868,508	(252,850)	-	1,351,964
Risk Management	22,275,391	2,604,000	-	-	946,510	10,667,325	52,876	-	13,207,972	4,708	-
Healthcare Self-Insurance	11,539,155	9,624,925	165,700	-	289,936	35,656,626	5,200	-	(17,040,851)	-	2,418,869
<b>Grants, Endowments &amp; Special Districts</b>											
Grants	-	23,878,428	-	8,224,168	14,806,362	8,834,057	171,889	60,000	8,224,168	6,120	-
Endowments	3,585	26,800	-	-	-	8,800	18,000	-	3,585	-	-
Special Districts	57,021	553,252	-	-	-	610,273	-	-	-	-	-
<b>Capital Improvement</b>	234,291,615	578,603,984	61,353,035	-	-	-	-	690,862,106	27,750,000	7,256,385	148,380,143
<b>Total All Funds</b>	<b>556,725,907</b>	<b>1,253,712,734</b>	<b>135,820,653</b>	<b>8,224,168</b>	<b>259,268,770</b>	<b>322,932,314</b>	<b>50,464,450</b>	<b>699,176,955</b>	<b>208,566,020</b>	<b>135,820,653</b>	<b>278,254,301</b>

Total Budget Appropriation\*\* 1,540,408,509

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

\*\*Total Budget Appropriation excludes Transfers Out and assumes the use of reserve appropriations with the exception of the AZCares Funding and the Cavasson Infrastructure Reimbursement General Fund designations.

# BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grant, Endowment & Special Districts Funds	Capital Improvement Funds	Total
<b>Beginning Fund Balance</b>	<b>111,146,523</b>	<b>83,450,596</b>	<b>7,655,157</b>	<b>76,276,644</b>	<b>43,844,767</b>	<b>60,606</b>	<b>234,291,615</b>	<b>556,725,906</b>
<b>Revenues</b>								
<b>Taxes - Local</b>								
Sales Tax	111,660,529	59,553,140		175,000			10,963,284	182,351,953
Sales Tax - Public Safety (0.10%)	10,971,211							10,971,211
Transient Occupancy Tax		15,020,374						15,020,374
Electric & Gas Franchise	8,660,966	251,507						8,912,473
Cable TV License Fee	4,206,063							4,206,063
Stormwater Fee - CIP	-						3,258,800	3,258,800
Stormwater Fee	942,896			336,000				1,278,896
Salt River Project In Lieu	232,348							232,348
<b>Utilities &amp; Enterprises</b>								
Water Service Charges				106,066,120			2,250,000	108,316,120
Water Reclamation Service Charges				42,529,800			2,400,000	44,929,800
Refuse/Recycling				25,318,962				25,318,962
Non-Potable Water Service Charges				17,113,400			1,500,000	18,613,400
Airport Fees				5,391,621				5,391,621
<b>Charges For Service/Other</b>								
Intergovernmental	4,094,331	357,937					53,631,554	58,083,822
Property Rental	3,326,396	3,340,157		460,367		54,764		7,181,684
Westworld Equestrian Facility Fees	5,046,027							5,046,027
Contributions & Donations	-	3,476,189		5,500		1,242,391		4,724,080
Miscellaneous	1,101,286	520,603		787,700	905,394		149,500	3,464,483
<b>State Shared Revenues</b>								
State Shared Income Tax	37,081,460							37,081,460
State Shared Sales Tax	24,525,227							24,525,227
Auto Lieu Tax	10,595,315							10,595,315
<b>Property Tax</b>								
Property Tax	33,064,709		33,372,880		1,829,000			68,266,589
<b>Other Revenue</b>								
CIP Unexpended Year End							439,155,006	439,155,006
Grants						22,608,073	20,789,900	43,397,973
Property Rental		330,000						330,000
Special Districts						553,252		553,252
Reimbursements from Outside Sources					1,115,000			1,115,000
<b>Other Financing Sources</b>								
Bond Proceeds							40,000,000	40,000,000
<b>Taxes- From Other Agencies</b>								
Highway User Tax		17,999,622						17,999,622
Local Transportation Assistance Fund		655,000						655,000
<b>Building Permit Fees &amp; Charges</b>								
Building Permit Fees & Charges	16,518,181	15,000					65,000	16,598,181
<b>Interest Earnings</b>								
Interest Earnings	3,464,832	878,197		1,206,896			4,440,940	9,990,865
<b>Fines Fees &amp; Forfeitures</b>								
Court Fines	4,003,074	2,070,751						6,073,825
Photo Radar	2,656,115							2,656,115
Jail Dormitory	342,000							342,000
Parking Fines	282,030							282,030
Library	252,175							252,175
Police Fees		145,800						145,800
<b>Internal Service Charges</b>								
Self Insurance					46,074,553			46,074,553
Fleet Management					17,516,645			17,516,645
PC Replacement					752,850			752,850
Less Internal Service Funds Offset					(55,011,640)			(55,011,640)
<b>License Permits &amp; Fees</b>								
Recreation Fees	2,829,658	2,347,753						5,177,411
Business & Liquor Licenses	1,791,200	56,500						1,847,700
Fire Charges For Services	1,767,150							1,767,150
<b>Indirect/Direct Cost Allocations</b>								
Indirect Costs	6,522,218			850,500				7,372,718
Indirect/Direct Cost Allocations		453,514						453,514
Direct Cost Allocation (Fire)	444,281							444,281
<b>Subtotal</b>	<b>296,381,678</b>	<b>107,472,044</b>	<b>33,372,880</b>	<b>200,241,866</b>	<b>13,181,802</b>	<b>24,458,480</b>	<b>578,603,984</b>	<b>1,253,712,734</b>

## BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grant, Endowment & Special Districts Funds	Capital Improvement Funds	Total
<b>Other Activity</b>								
Grant Anticipated						4,224,168		4,224,168
Grant Contingency						4,000,000		4,000,000
<i>Subtotal</i>	-	-	-	-	-	<b>8,224,168</b>	-	<b>8,224,168</b>
<b>Transfers In</b>								
From Aviation Fund							33,723	33,723
From AWT				2,863,545				2,863,545
From Debt Service				6,356,385				6,356,385
From Debt Svc GO Bonds			31,867,424					31,867,424
From Debt Svc MPC Bonds			20,860,222					20,860,222
From Debt Svc SPA Bonds			1,414,000					1,414,000
From Enterprise Franchise Fees	8,111,171							8,111,171
From Fleet Fund							1,772,711	1,772,711
From General Fund							4,687,996	4,687,996
From Grants Fund							6,120	6,120
From Operating		10,000				165,700		175,700
From Preservation Sales Tax Fund							5,750,035	5,750,035
From Risk Management Fund							4,708	4,708
From RWDS				900,000				900,000
From Solid Waste Fund							293,409	293,409
From Special Programs Fund							2,035,696	2,035,696
From Special Revenue Funds	1,919,171							1,919,171
From Transportation Sales Tax (0.20%) Fund							10,627,187	10,627,187
From Water & Water Reclamation Funds							36,141,450	36,141,450
<i>Subtotal</i>	<b>10,030,342</b>	<b>10,000</b>	<b>54,141,646</b>	<b>10,119,930</b>	<b>165,700</b>	-	<b>61,353,035</b>	<b>135,820,653</b>
<b>Total Sources</b>	<b>306,412,020</b>	<b>107,482,044</b>	<b>87,514,526</b>	<b>210,361,796</b>	<b>13,347,502</b>	<b>32,682,648</b>	<b>639,957,019</b>	<b>1,397,757,555</b>

# BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grant, Endowment & Special Districts Funds	Capital Improvement Funds	Total
<b>Expenditures</b>								
Mayor and City Council	845,429	28,000						873,429
City Clerk	1,194,128							1,194,128
City Attorney	6,554,365				11,666,711			18,221,076
City Auditor	1,102,587							1,102,587
City Court	4,550,341	1,869,822						6,420,163
City Manager	3,910,285					570,443		4,480,728
Public Works	22,970,050	24,287,531		22,149,648	19,314,304			88,721,533
Community and Economic Development	20,076,695	13,700,636		2,565,186				36,342,517
Public Safety - Fire	41,000,603	300				5,815,440		46,816,343
Public Safety - Police	100,425,800	1,662,132				8,330,336		110,418,268
City Treasurer	9,991,747	59,737		3,538,863				13,590,347
Community Services	39,235,504	5,340,216				9,182,889		53,758,609
Administrative Services	15,560,742	18,800		383,398	36,820,270			52,783,210
Water Resources				69,337,805				69,337,805
Citywide Direct Cost Allocation				897,795				897,795
Citywide Indirect Cost Allocation				6,522,218				6,522,218
Department Indirect Cost				850,500				850,500
Leave Accrual Payments	1,941,424	104,100		498,501	24,000			2,568,025
Savings from Vacant Positions	(4,039,824)	(197,696)		(1,437,071)				(5,674,591)
Utilities				16,604,946				16,604,946
Less Internal Service Funds Offset					(55,011,640)			(55,011,640)
Special Districts						610,273		610,273
<b>Subtotal</b>	<b>265,319,876</b>	<b>46,873,578</b>	<b>-</b>	<b>121,911,789</b>	<b>12,813,645</b>	<b>24,509,381</b>	<b>-</b>	<b>471,428,269</b>
<b>Debt Service</b>								
CIP Sewer Revenue Bonds				4,584,025				4,584,025
Contracts Payable	377,130			1,721,994				2,099,124
GO Debt Service - Non Preserve			33,372,830					33,372,830
GO Debt Service - Preserve			31,867,474					31,867,474
MPC Bonds Debt Service-Sewer				8,024,922				8,024,922
MPC Bonds Debt Service-Water				20,588,390				20,588,390
MPC Excise Debt			20,860,222					20,860,222
SPA Debt Service			1,414,000					1,414,000
<b>Subtotal</b>	<b>377,130</b>	<b>-</b>	<b>87,514,526</b>	<b>34,919,331</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,810,987</b>
<b>Capital</b>								
Community Facilities							41,215,561	41,215,561
Drainage / Flood Control							23,812,956	23,812,956
Preservation							45,680,826	45,680,826
Public Safety							22,106,509	22,106,509
Service Facilities							24,025,228	24,025,228
Transportation							213,542,531	213,542,531
Water Management							320,478,494	320,478,494
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>690,862,106</b>	<b>690,862,106</b>



# BUDGET BY FUND | Total Appropriation

Description	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grant, Endowment & Special Districts Funds	Capital Improvement Funds	Total
<b>Other Activity</b>								
Aviation Funds Contingency							250,000	250,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
General Fund Contingency							5,000,000	5,000,000
Grant Anticipated						4,224,168		4,224,168
Grant Contingency						4,000,000	8,300,000	12,300,000
Greater Airpark Special Improvements Contingency							2,000,000	2,000,000
Old Town Special Improvements Contingency							3,200,000	3,200,000
Sewer Rates Contingency							2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency							3,000,000	3,000,000
Water Rates Contingency							3,000,000	3,000,000
Appropriation Contingency		1,500,000						1,500,000
Debt Stabilization Reserve			6,164,760					6,164,760
Fleet Replacement Reserve				1,010,500				1,010,500
GO Debt Service Reserve - Non Preserve			1,490,397					1,490,397
IBNR Reserve					2,604,365			2,604,365
Operating Contingency	8,985,014	3,000,000			6,779,143			18,764,157
Operating Reserve	26,569,701	2,580,662		23,664,064	21,807,972			74,622,399
Premium Stabilization Reserve					3,042,786			3,042,786
PSPRS Pension Liabilities	52,204,331							52,204,331
Repair/Replacement Reserve				46,276,022				46,276,022
Reserve - Administration and Research		1,066,552						1,066,552
Reserve - Community Services						3,585		3,585
Reserve - Events and Event Development		2,133,102						2,133,102
Revenue Bond Debt Service Reserve				4,604,688				4,604,688
Special Contractual Fund Balance				845,335				845,335
Water Drought Reserve				3,000,000				3,000,000
<b>Subtotal</b>	<b>87,759,046</b>	<b>10,280,316</b>	<b>7,655,157</b>	<b>79,400,609</b>	<b>34,234,266</b>	<b>8,227,753</b>	<b>27,750,000</b>	<b>255,307,147</b>
<b>TOTAL BUDGET</b>	<b>353,456,052</b>	<b>57,153,894</b>	<b>95,169,683</b>	<b>236,231,729</b>	<b>47,047,911</b>	<b>32,737,134</b>	<b>718,612,106</b>	<b>1,540,408,509</b>
<b>Transfers Out</b>								
To AWT				2,863,545				2,863,545
To CIP		18,362,688		36,295,468	1,756,178			56,414,334
To CIP 25% Construction Sales Tax	2,223,164							2,223,164
To CIP Excess Interest	2,464,832							2,464,832
To CIP Technology		50,230		173,114	21,241	6,120		250,705
To Debt Svc GO Bonds		31,867,424						31,867,424
To Debt Svc MPC Bonds	14,810,781	6,049,441						20,860,222
To Franchise Fees				8,111,171				8,111,171
To Operating	175,700	1,919,171						2,094,871
To Trnsfrs Out-Debt Svc SPA Bonds		1,414,000						1,414,000
To Water & Water Reclamation Funds							7,256,385	7,256,385
<b>Subtotal</b>	<b>19,674,477</b>	<b>59,662,954</b>	<b>-</b>	<b>47,443,298</b>	<b>1,777,419</b>	<b>6,120</b>	<b>7,256,385</b>	<b>135,820,653</b>
<b>Uses Total</b>	<b>373,130,529</b>	<b>116,816,848</b>	<b>95,169,683</b>	<b>283,675,027</b>	<b>48,825,330</b>	<b>32,743,254</b>	<b>725,868,491</b>	<b>1,676,229,162</b>
<i>Sources Over/(Under) Uses<sup>(a)</sup></i>	<i>(66,718,509)</i>	<i>(9,334,804)</i>	<i>(7,655,157)</i>	<i>(73,313,231)</i>	<i>(35,477,828)</i>	<i>(60,606)</i>	<i>(85,911,472)</i>	<i>(278,471,607)</i>
<b>Ending Fund Balance<sup>(a)</sup></b>	<b>44,428,014</b>	<b>74,115,792</b>	<b>-</b>	<b>2,963,413</b>	<b>8,366,939</b>	<b>-</b>	<b>148,380,143</b>	<b>278,254,300</b>
<b>Ending Fund Balance<sup>(b)</sup></b>	<b>132,187,060</b>	<b>84,396,108</b>	<b>7,655,157</b>	<b>82,364,022</b>	<b>42,601,205</b>	<b>8,227,753</b>	<b>176,130,143</b>	<b>533,561,446</b>

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

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



**FY 2020/21 Adopted Budget**



PROVIDED FOR THE PROTECTION OF  
OUR EMPLOYEES AND CUSTOMERS

Happy

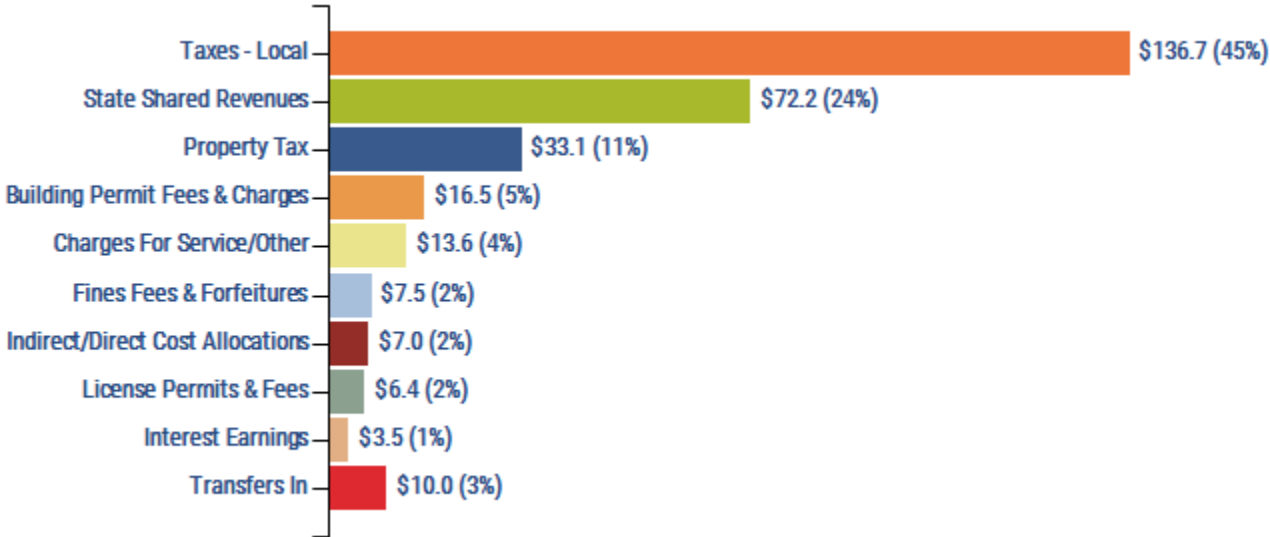
DEVELOP



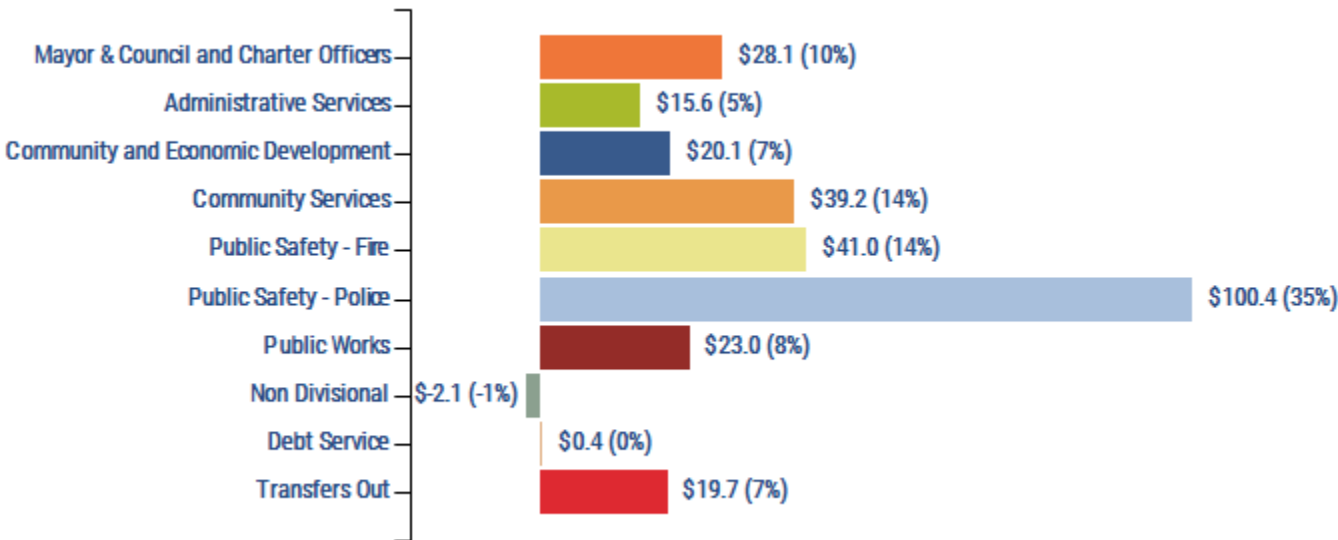
**Fund Purpose**

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

**General Fund Sources (% to Total)  
\$306.4 Million**



**General Fund Uses (% to Total)  
\$285.4 Million**





# BUDGET BY FUND | General Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	26,123,613	-	26,847,880	26,642,583
PSPRS Pension Liabilities	-	46,994,255	55,868,543	49,465,296
AZCares Funding	-	-	-	17,238,644
Cavasson Infrastructure Reimbursement	-	-	-	14,300,000
Undesignated, Unreserved Fund Balance	36,128,114	500,000	500,000	500,000
<b>Total Beginning Fund Balance <sup>(a)</sup></b>	<b>65,251,727</b>	<b>77,744,842</b>	<b>86,216,423</b>	<b>111,146,523</b>
<b>Revenues</b>				
<b>Taxes - Local</b>				
Sales Tax	122,152,010	124,533,772	121,238,872	111,660,529
Sales Tax - Public Safety (0.10%)	11,973,914	12,231,225	12,123,743	10,971,211
Electric & Gas Franchise	8,570,725	8,615,610	8,615,610	8,660,966
Cable TV License Fee	3,292,822	4,164,419	5,219,440	4,206,063
Stormwater Fee	938,119	942,896	942,896	942,896
Salt River Project In Lieu	238,021	231,986	231,986	232,348
Stormwater Fee - CIP <sup>(b)</sup>	2,164,343	3,258,742	3,258,742	-
<b>State Shared Revenues</b>				
State Shared Income Tax	30,268,913	33,082,812	33,015,272	37,081,460
State Shared Sales Tax	25,186,830	26,266,732	24,664,587	24,525,227
Auto Lieu Tax	10,791,553	11,413,102	10,889,557	10,595,315
<b>Property Tax</b>				
Property Tax	31,383,216	32,617,000	32,617,000	33,064,709
<b>Building Permit Fees &amp; Charges</b>				
Building Permit Fees & Charges	15,885,044	15,834,143	17,984,143	16,518,181
<b>Charges For Service/Other</b>				
Westworld Equestrian Facility Fees	4,863,594	5,014,885	4,565,118	5,046,027
Intergovernmental	4,148,529	4,253,555	4,270,755	4,094,331
Property Rental	3,558,764	3,432,574	2,838,449	3,326,396
Miscellaneous	2,367,883	1,327,591	2,031,259	1,101,286
<b>Fines Fees &amp; Forfeitures</b>				
Court Fines	4,526,477	5,062,977	4,158,572	4,003,074
Photo Radar	2,243,052	2,414,903	2,614,903	2,656,115
Jail Dormitory	-	-	-	342,000
Parking Fines	288,089	260,289	260,289	282,030
Library	425,919	447,300	306,052	252,175
<b>Indirect/Direct Cost Allocations</b>				
Indirect Costs	6,091,427	6,841,159	6,841,159	6,522,218
Direct Cost Allocation (Fire)	383,500	413,780	413,780	444,281
<b>License Permits &amp; Fees</b>				
Recreation Fees	4,553,807	4,596,893	2,776,983	2,829,658
Business & Liquor Licenses	1,866,405	1,785,341	1,785,341	1,791,200
Fire Charges For Services	2,091,913	1,602,829	1,772,829	1,767,150
<b>Interest Earnings</b>				
Interest Earnings	4,270,540	4,958,564	3,864,484	3,464,832
<b>Subtotal</b>	<b>304,525,409</b>	<b>315,605,079</b>	<b>309,301,821</b>	<b>296,381,678</b>
<b>Transfers In</b>				
CIP	42,311	-	-	-
Debt Service	-	-	321,070	-
Enterprise Franchise Fees	7,581,035	7,833,961	7,826,100	8,111,171
Special Revenue Funds	3,074,269	2,758,627	2,406,366	1,919,171
<b>Subtotal</b>	<b>10,697,614</b>	<b>10,592,588</b>	<b>10,553,536</b>	<b>10,030,342</b>
<b>Total Sources</b>	<b>315,223,024</b>	<b>326,197,667</b>	<b>319,855,357</b>	<b>306,412,020</b>

<sup>(a)</sup> Excludes accrued liabilities of \$1.4 million in FY 2018/19 and unknown accrued liabilities in current and future years.

<sup>(b)</sup> Beginning in FY 2020/21, the Stormwater Fee – CIP is recorded directly in the CIP versus a Transfer Out to CIP.

# BUDGET BY FUND | General Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Expenditures</b>				
Mayor and City Council	727,294	775,112	791,987	845,429
City Attorney	7,299,165	7,087,156	7,150,243	6,554,365
City Auditor	943,657	1,032,637	1,065,472	1,102,587
City Clerk	1,000,495	828,072	1,144,109	1,194,128
City Court	4,763,306	5,070,798	5,141,754	4,550,341
City Manager	3,408,071	3,980,309	3,904,696	3,910,285
City Treasurer	8,685,916	9,981,707	10,014,074	9,991,747
Administrative Services	14,353,950	15,159,728	14,929,971	15,560,742
Community and Economic Development	19,968,689	20,840,692	20,745,499	20,076,695
Community Services	40,859,201	42,432,873	40,068,376	39,235,504
Public Safety - Fire	43,741,685	45,167,730	39,637,804	41,000,603
Public Safety - Police	99,526,145	106,475,691	96,853,115	100,425,800
Public Works	20,310,483	13,006,852	17,453,621	22,970,050
<i>Fuel and Maint and Repair</i>	-	-	2,149,275	-
<i>Leave Accrual Payments</i>	-	2,094,505	602,267	1,941,424
<i>Operating Impacts</i>	-	-	-	-
<i>Utilities</i> <sup>(a)</sup>	-	8,508,271	4,012,567	-
<i>Citywide Pay Program</i>	-	3,712,936	-	-
<i>Compensation Other</i>	-	5,242,688	-	-
<i>Savings from Vacant Positions</i>	-	(5,800,000)	(2,146,859)	(4,039,824)
<i>Vacation Trade</i>	-	732,855	-	-
<b>Subtotal</b>	<b>265,588,057</b>	<b>286,330,612</b>	<b>263,517,971</b>	<b>265,319,876</b>
<b>Debt Service</b>				
Certificates of Participation <sup>(b)</sup>	2,548,680	2,548,680	2,548,680	-
Contracts Payable	342,068	359,171	359,171	377,130
<b>Subtotal</b>	<b>2,890,748</b>	<b>2,907,851</b>	<b>2,907,851</b>	<b>377,130</b>
TOTAL OPERATING BUDGET	268,478,805	289,238,463	266,425,822	265,697,006
<b>Transfers Out</b>				
CIP	112,828	67,400	1,218,500	-
CIP 25% Construction Sales Tax	2,541,592	2,659,535	2,445,937	2,223,164
CIP Excess Interest	3,270,540	4,007,189	2,864,484	2,464,832
CIP Food Tax <sup>(c)</sup>	5,316,690	5,121,913	5,181,715	-
CIP Stormwater	2,164,343	2,504,808	3,258,742	-
Debt Svc MPC Bonds	12,217,145	13,084,428	13,376,738	14,810,781
Operating	156,386	153,319	153,319	175,700
<b>Subtotal</b>	<b>25,779,523</b>	<b>27,598,592</b>	<b>28,499,435</b>	<b>19,674,477</b>
<b>Total Uses</b>	<b>294,258,328</b>	<b>316,837,055</b>	<b>294,925,257</b>	<b>285,371,483</b>
<b>Sources Over/(Under) Uses</b>	<b>20,964,696</b>	<b>9,360,612</b>	<b>24,930,100</b>	<b>21,040,537</b>
<b>Ending Fund Balance</b>				
Operating Contingency <sup>(c)</sup>	142,192	3,000,000	2,810,600	8,985,014
Operating Reserve	26,847,880	28,923,846	26,642,583	26,569,701
PSPRS Pension Liabilities <sup>(d)</sup>	58,726,351	54,681,608	49,654,696	52,204,331
AZCares Funding <sup>(e)</sup>	-	-	17,238,644	29,628,014
Cavasson Infrastructure Reimbursement <sup>(f)</sup>	-	-	14,300,000	14,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000
<b>Total Ending Fund Balance</b> <sup>(g)</sup>	<b>86,216,423</b>	<b>87,105,454</b>	<b>111,146,523</b>	<b>132,187,060</b>

<sup>(a)</sup> Beginning in FY 2020/21, Utilities are initially budgeted at the division level. At the start of the fiscal year the budget will move to a macro level and then will be transferred back to the divisions monthly as expenses occur.

<sup>(b)</sup> City issued \$20.0 million of Certificates of Participation debt for a public safety radio system, which ends in FY 2019/20.

<sup>(c)</sup> In FY 2020/21, two-thirds of the tax on food for home consumption (\$6.0 million) was transferred to Contingency so funds could be available for unforeseen expenses related to the COVID-19 pandemic.

<sup>(d)</sup> Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2018/19 PSPRS Net Pension unfunded Liabilities are \$8.0 million for Public Safety - Fire and \$181.4 million for Public Safety - Police.

<sup>(e)</sup> Designation created in FY 2019/20 for funding received as part of the AZCares Grant Program that alleviates Public Safety spending related to COVID-19 and as a result generated savings in the General Fund.

<sup>(f)</sup> Designation created in FY 2019/20 for Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one and two of the development agreement.

<sup>(g)</sup> Excludes accrued liabilities of \$1.4 million in FY 2018/19 and unknown accrued liabilities in current and future years.

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	26,642,583	26,569,701	30,099,950	31,343,590	32,624,810
PSPRS Pension Liabilities	49,465,296	58,189,345	51,052,496	42,006,856	36,126,436
AZCares Funding	17,238,644	29,628,014	29,628,014	29,628,014	29,628,014
Cavasson Infrastructure Reimbursement	14,300,000	14,300,000	14,300,000	14,300,000	14,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
<b>Total Beginning Fund Balance <sup>(a)</sup></b>	<b>111,146,523</b>	<b>132,187,060</b>	<b>128,580,460</b>	<b>120,778,460</b>	<b>116,179,260</b>
<b>Revenues</b>					
<b>Taxes - Local</b>					
Sales Tax	111,660,529	117,451,400	124,498,600	130,723,500	137,259,800
Sales Tax - Public Safety (0.10%)	10,971,211	11,519,700	12,210,900	12,821,500	13,462,600
Electric & Gas Franchise	8,660,966	8,737,100	8,813,900	8,813,900	8,813,900
Cable TV License Fee	4,206,063	4,222,900	4,239,800	4,256,700	4,273,800
Stormwater Fee	942,896	942,900	942,900	942,900	942,900
Salt River Project In Lieu	232,348	234,700	237,000	239,400	241,800
Stormwater Fee - CIP	-	-	-	-	-
<b>State Shared Revenues</b>					
State Shared Income Tax	37,081,460	37,155,600	31,582,300	34,740,500	37,346,000
State Shared Sales Tax	24,525,227	25,751,500	27,296,600	28,661,400	30,094,500
Auto Lieu Tax	10,595,315	11,125,100	11,792,600	12,382,200	13,001,300
<b>Property Tax</b>					
Property Tax	33,064,709	34,017,100	34,996,800	36,004,800	37,041,800
<b>Building Permit Fees &amp; Charges</b>					
Building Permit Fees & Charges	16,518,181	16,862,100	16,813,800	16,968,300	17,256,900
<b>Charges For Service/Other</b>					
Westworld Equestrian Facility Fees	5,046,027	5,295,100	5,374,300	5,459,400	5,541,700
Intergovernmental	4,094,331	4,052,600	4,071,500	4,088,000	4,104,900
Property Rental	3,326,396	3,454,100	3,583,600	3,523,400	3,543,600
Miscellaneous	1,101,286	1,192,400	1,187,700	1,183,600	1,185,400
<b>Fines Fees &amp; Forfeitures</b>					
Court Fines	4,003,074	4,599,400	4,722,600	4,746,400	4,769,100
Photo Radar	2,656,115	2,676,400	2,684,400	2,704,900	2,726,000
Jail Dormitory	342,000	988,600	1,200,000	1,350,000	1,350,000
Parking Fines	282,030	284,200	287,100	290,000	291,300
Library	252,175	419,200	421,600	424,300	426,900
<b>Indirect/Direct Cost Allocations</b>					
Indirect Costs	6,522,218	6,848,300	7,190,700	7,550,300	7,927,800
Direct Cost Allocation (Fire)	444,281	466,500	489,800	514,300	540,000
<b>License Permits &amp; Fees</b>					
Recreation Fees	2,829,658	4,933,800	5,028,100	5,624,800	5,720,600
Business & Liquor Licenses	1,791,200	1,796,800	1,802,600	1,808,400	1,808,400
Fire Charges For Services	1,767,150	1,783,900	1,790,700	1,792,500	1,794,400
<b>Interest Earnings</b>					
Interest Earnings	3,464,832	2,078,900	1,269,000	1,269,700	1,738,800
<b>Subtotal</b>	<b>296,381,678</b>	<b>308,890,300</b>	<b>314,528,900</b>	<b>328,885,100</b>	<b>343,204,200</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
Debt Service	-	-	-	-	-
Enterprise Franchise Fees	8,111,171	8,347,100	8,590,100	8,840,100	9,097,700
Special Revenue Funds	1,919,171	2,069,000	2,178,500	2,273,800	2,373,900
<b>Subtotal</b>	<b>10,030,342</b>	<b>10,416,100</b>	<b>10,768,600</b>	<b>11,113,900</b>	<b>11,471,600</b>
<b>Total Sources</b>	<b>306,412,020</b>	<b>319,306,400</b>	<b>325,297,500</b>	<b>339,999,000</b>	<b>354,675,800</b>

<sup>(a)</sup> Excludes accrued liabilities of \$1.4 million in FY 2018/19 and unknown accrued liabilities in current and future years.

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Expenditures</b>					
Mayor and City Council	845,429	925,000	980,600	1,043,400	1,072,100
City Attorney	6,554,365	7,618,300	7,897,500	8,168,200	8,422,600
City Auditor	1,102,587	1,167,600	1,211,400	1,261,300	1,305,400
City Clerk	1,194,128	928,700	1,287,000	1,003,000	1,362,400
City Court	4,550,341	4,846,300	5,053,200	5,264,200	5,467,200
City Manager	3,910,285	4,298,300	4,413,700	4,555,400	4,699,800
City Treasurer	9,991,747	10,952,300	11,352,700	11,750,300	12,139,000
Administrative Services	15,560,742	16,490,400	17,551,900	18,156,800	18,720,600
Community and Economic Development	20,076,695	21,852,000	22,556,900	23,149,200	23,836,200
Community Services	39,235,504	44,078,100	45,727,000	47,424,500	49,145,600
Public Safety - Fire	41,000,603	51,028,400	53,454,500	55,639,100	57,635,100
Public Safety - Police	100,425,800	115,839,400	120,790,100	125,503,500	130,320,200
Public Works	22,970,050	23,626,200	24,198,600	24,923,800	25,609,600
<i>Fuel and Maint and Repair</i>	-	-	-	-	-
<i>Leave Accrual Payments</i>	1,941,424	1,990,000	2,039,700	2,090,700	2,143,000
<i>Operating Impacts</i>	-	1,342,900	1,077,100	2,647,100	4,423,700
<i>Utilities</i>	-	-	-	-	-
<i>Citywide Pay Program</i>	-	-	-	-	-
<i>Compensation Other</i>	-	-	-	-	-
<i>Savings from Vacant Positions</i>	(4,039,824)	(6,380,400)	(6,571,800)	(6,769,000)	(6,972,100)
<i>Vacation Trade</i>	-	-	-	-	-
<b>Subtotal</b>	<b>265,319,876</b>	<b>300,603,500</b>	<b>313,020,100</b>	<b>325,811,500</b>	<b>339,330,400</b>
<b>Debt Service</b>					
Certificates of Participation	-	-	-	-	-
Contracts Payable	377,130	396,000	415,800	436,600	458,400
<b>Subtotal</b>	<b>377,130</b>	<b>396,000</b>	<b>415,800</b>	<b>436,600</b>	<b>458,400</b>
TOTAL OPERATING BUDGET	265,697,006	300,999,500	313,435,900	326,248,100	339,788,800
<b>Transfers Out</b>					
CIP	-	323,400	-	-	-
CIP 25% Construction Sales Tax	2,223,164	2,334,300	2,474,400	2,598,100	2,728,000
CIP Excess Interest	2,464,832	1,078,900	269,000	269,700	738,800
CIP Food Tax <sup>(a)</sup>	-	4,713,200	3,330,700	1,748,600	-
CIP Stormwater	-	-	-	-	-
Debt Svc MPC Bonds	14,810,781	13,263,100	13,362,000	13,476,200	13,595,400
Operating	175,700	200,600	227,500	257,500	260,000
<b>Subtotal</b>	<b>19,674,477</b>	<b>21,913,500</b>	<b>19,663,600</b>	<b>18,350,100</b>	<b>17,322,200</b>
<b>Total Uses</b>	<b>285,371,483</b>	<b>322,913,000</b>	<b>333,099,500</b>	<b>344,598,200</b>	<b>357,111,000</b>
<b>Sources Over/(Under) Uses</b>	<b>21,040,537</b>	<b>(3,606,600)</b>	<b>(7,802,000)</b>	<b>(4,599,200)</b>	<b>(2,435,200)</b>
<b>Ending Fund Balance</b>					
Operating Contingency <sup>(a)</sup>	8,985,014	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	26,569,701	30,099,950	31,343,590	32,624,810	33,978,880
PSPRS Pension Liabilities <sup>(b)</sup>	52,204,331	51,052,496	42,006,856	36,126,436	32,337,166
AZCares Funding <sup>(c)</sup>	29,628,014	29,628,014	29,628,014	29,628,014	29,628,014
Cavasson Infrastructure Reimbursement <sup>(d)</sup>	14,300,000	14,300,000	14,300,000	14,300,000	14,300,000
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
<b>Total Ending Fund Balance <sup>(e)</sup></b>	<b>132,187,060</b>	<b>128,580,460</b>	<b>120,778,460</b>	<b>116,179,260</b>	<b>113,744,060</b>

<sup>(a)</sup> In FY 2020/21, two-thirds of the tax on food for home consumption (\$6.0 million) was transferred to Contingency so funds could be available for unforeseen expenses related to the COVID-19 pandemic.

<sup>(b)</sup> Designation is to address the Public Safety Personnel Retirement System (PSPRS) unfunded liability. FY 2018/19 PSPRS Net Pension Liabilities are \$8.0 million for Public Safety - Fire and \$181.4 million for Public Safety - Police.

<sup>(c)</sup> Designation is for funding received as part of the AZCares Grant Program that alleviates Public Safety spending related to COVID-19 and as a result generated savings in the General Fund.

<sup>(d)</sup> Designation created in FY 2019/20 for Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one and two of the development agreement.

<sup>(e)</sup> Excludes accrued liabilities of \$1.4 million in FY 2018/19 and unknown accrued liabilities in current and future years.



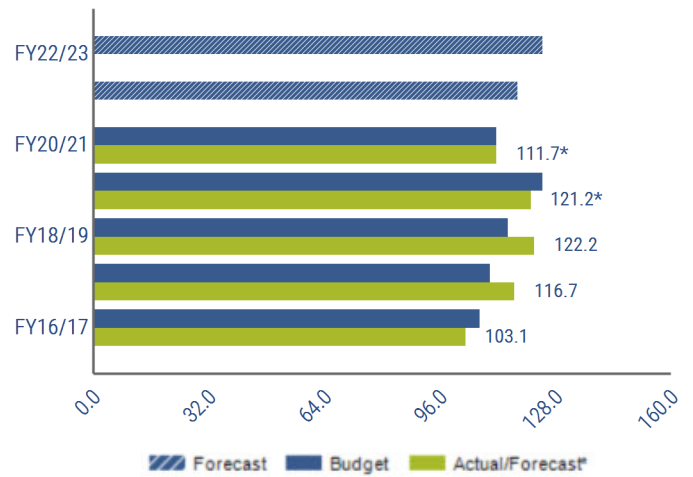
## General Fund Sources

General Fund sources include both revenues and transfers in from other funds such as the Special Programs, Tourism and Development and Water and Water Reclamation Funds. For FY 2020/21 estimated General Fund revenues and transfers in equal \$306.4 million, a decrease of approximately \$13.4 million, or 4.2 percent, from the FY 2019/20 year-end forecast of \$319.9 million. The decrease is primarily related to the economic conditions caused by the COVID-19 pandemic, and to a few other factors which include the following: 1) beginning in FY 2020/21, the Stormwater Fee – CIP is being recorded directly in the Capital Improvement Plan (CIP) versus the General Fund, and then transferred out to the CIP, which represents a \$3.3 million reduction in the General Fund; 2) the Cable TV License Fee has a decrease of \$1.0 million due to the timing of the FY 2018/19 payment, which was received in FY 2019/20; and 3) the Building Permit Fees & Changes includes a decrease of \$1.5 million due to higher than anticipated revenues in FY 2019/20. The decrease would have been greater but is being offset by a significant increase in the State Shared Income Tax, which is \$4.1 million greater than the FY 2019/20 year-end forecast due to a two-year lag between the time citizens report income to the state and when the state remits shared income tax revenues to cities and towns. The General Fund Sources that are used for operating budget and debt service; and that contribute to the Capital Improvement Plan are identified in this section.

**Sales Tax (1.00%)**

Sales Tax (1.00%) represents the 1.00 percent General Fund share of the city's total 1.65 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. It is the General Fund's largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. For FY 2020/21, the anticipated revenue budget is \$111.7 million, which is approximately \$9.6 million, or 7.9 percent, less than the FY 2019/20 year-end forecast of \$121.2 million due to the economic impact of the COVID-19 pandemic. Staff forecast the Sales Tax collections by business category to arrive at more precise projections. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic and legal considerations. FY 2016/17 includes a one-time 'loss' of \$3.7 million in collections as a result of the Arizona Department of Revenue (ADOR) taking over the administration, collection and reporting of Sales Tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily, which resulted in a one-time reduction in collections related to the timing of payments being received. Beginning in FY 2016/17, a portion of the Food Sales Tax collections is transferred to the CIP to fund various capital projects. The transfers to the CIP was not approved for FY 2020/21. Instead, the funds were moved to the Operating Contingency so they would be available for unforeseen expenses related to the COVID-19 pandemic. The 1.00 percent five-year Sales Tax forecast is shown in detail in the following table by major business category.

FY 2016/17 to FY 2022/23 (in millions)



**Sale Tax (1.00%) Five-Year Forecast by Business Category** (rounding differences may occur)

Revenue Category	FY 18/19	% of	FY 19/20	% of	FY 19/20	% of	FY 20/21	% of
	Actual	Total	Adopted	Total	Forecast	Total	Adopted	Total
Automotive	18,029,964	15%	17,484,926	14%	17,858,269	15%	15,347,205	14%
Construction	10,166,366	8%	10,638,138	9%	9,783,747	8%	8,892,654	8%
Food	7,975,833	7%	8,747,768	7%	8,837,475	7%	8,977,521	8%
Hotel/Motel	7,258,775	6%	7,203,939	6%	6,068,394	5%	3,652,275	3%
Major Dept Stores	9,681,104	8%	9,698,675	8%	9,685,662	8%	9,658,491	9%
Misc. Retail	22,442,660	18%	22,365,584	18%	24,260,317	20%	21,804,791	20%
Other Taxable	10,946,746	9%	11,156,136	9%	11,023,397	9%	10,064,372	9%
Rental	17,227,959	14%	18,509,676	15%	18,666,907	15%	18,034,275	16%
Restaurants	11,492,336	9%	11,847,374	10%	10,275,942	8%	7,969,694	7%
Utilities	4,519,396	4%	4,660,009	4%	4,778,762	4%	4,933,240	4%
Other	2,410,870	2%	2,221,547	2%	0	0%	2,326,011	2%
<b>Total</b>	<b>122,152,010</b>	<b>100%</b>	<b>124,533,772</b>	<b>100%</b>	<b>121,238,872</b>	<b>100%</b>	<b>111,660,529</b>	<b>100%</b>

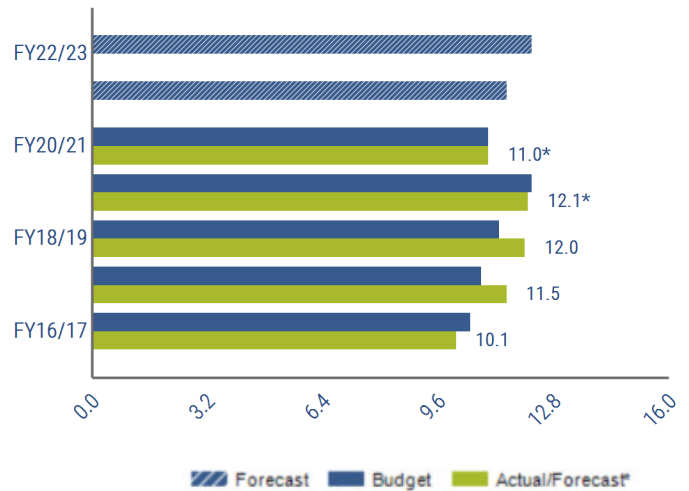
  

Revenue Category	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of	FY 24/25	% of
	Forecast	Total	Forecast	Total	Forecast	Total	Forecast	Total
Automotive	16,114,600	14%	17,081,500	14%	17,935,600	14%	18,832,400	14%
Construction	9,337,300	8%	9,897,500	8%	10,392,400	8%	10,912,000	8%
Food	9,426,400	8%	9,992,000	8%	10,491,600	8%	11,016,200	8%
Hotel/Motel	3,834,900	3%	4,065,000	3%	4,268,300	3%	4,481,700	3%
Major Dept Stores	10,141,400	9%	10,749,900	9%	11,287,400	9%	11,851,800	9%
Misc. Retail	22,895,000	19%	24,268,700	19%	25,482,100	19%	26,756,200	19%
Other Taxable	10,868,400	9%	11,638,000	9%	12,314,800	9%	13,026,400	9%
Rental	18,936,000	16%	20,072,200	16%	21,075,800	16%	22,129,600	16%
Restaurants	8,368,200	7%	8,870,300	7%	9,313,800	7%	9,779,500	7%
Utilities	5,179,900	4%	5,490,700	4%	5,765,200	4%	6,053,500	4%
Other	2,349,300	2%	2,372,800	2%	2,396,500	2%	2,420,500	2%
<b>Total</b>	<b>117,451,400</b>	<b>100%</b>	<b>124,498,600</b>	<b>100%</b>	<b>130,723,500</b>	<b>100%</b>	<b>137,259,800</b>	<b>100%</b>

**Sales Tax - Public Safety (0.10%)**

Sales Tax - Public Safety (0.10%) represents the 0.10 percent of the total 1.65 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) revenue budget for FY 2020/21 is \$11.0 million, which is a \$1.2 million decrease from the FY 2019/20 year-end forecast of \$12.1 million due to the COVID-19 pandemic. This designated sales tax covers 7.8 percent of the FY 2020/21 Public Safety Police and Fire General Fund budgets combined. The 0.10 percent five-year Sales Tax - Public Safety Tax is shown in detail by business category in the following table. FY 2016/17 includes a one-time 'loss' of \$0.4 million in collections as a result of the Arizona Department of Revenue (ADOR) taking over the administration, collection and reporting of Sales Tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily, which resulted in a one-time reduction in collections related to the timing of payments being received. The 0.10 percent five-year Sales Tax forecast is shown in detail in the following table by major business category.

FY 2016/17 to FY 2022/23 (in millions)



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

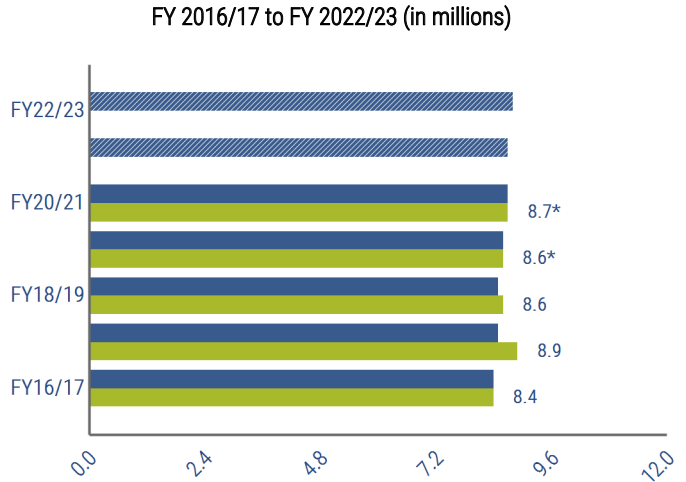
Revenue Category	FY 18/19	% of	FY 19/20	% of	FY 19/20	% of	FY 20/21	% of
	Actual	Total	Adopted	Total	Forecast	Total	Adopted	Total
Automotive	1,802,995	15%	1,748,493	14%	1,785,827	15%	1,534,721	14%
Construction	1,016,440	8%	1,063,814	9%	978,262	8%	889,265	8%
Food	797,583	7%	874,777	7%	883,748	7%	897,752	8%
Hotel/Motel	725,877	6%	720,394	6%	606,840	5%	365,229	3%
Major Dept Stores	968,110	8%	969,868	8%	968,566	8%	965,850	9%
Misc. Retail	2,244,264	19%	2,236,559	18%	2,426,027	20%	2,180,479	20%
Other Taxable	1,094,674	9%	1,115,614	9%	1,102,333	9%	1,044,195	10%
Rental	1,722,798	14%	1,850,968	15%	1,866,670	15%	1,803,427	16%
Restaurants	1,149,234	10%	1,184,737	10%	1,027,594	8%	796,969	7%
Utilities	451,939	4%	466,001	4%	477,876	4%	493,324	4%
<b>Total</b>	<b>11,973,914</b>	<b>100%</b>	<b>12,231,225</b>	<b>100%</b>	<b>12,123,743</b>	<b>100%</b>	<b>10,971,211</b>	<b>100%</b>

Revenue Category	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of	FY 24/25	% of
	Forecast	Total	Forecast	Total	Forecast	Total	Forecast	Total
Automotive	1,611,500	14%	1,708,200	14%	1,793,600	14%	1,883,300	14%
Construction	933,700	8%	989,700	8%	1,039,200	8%	1,091,200	8%
Food	942,600	8%	999,200	8%	1,049,200	8%	1,101,700	8%
Hotel/Motel	383,500	3%	406,500	3%	426,800	3%	448,100	3%
Major Dept Stores	1,014,100	9%	1,074,900	9%	1,128,600	9%	1,185,000	9%
Misc. Retail	2,289,500	20%	2,426,900	20%	2,548,200	20%	2,675,600	20%
Other Taxable	1,096,400	10%	1,162,200	10%	1,220,300	10%	1,281,300	10%
Rental	1,893,600	16%	2,007,200	16%	2,107,600	16%	2,213,000	16%
Restaurants	836,800	7%	887,000	7%	931,400	7%	978,000	7%
Utilities	518,000	4%	549,100	4%	576,600	4%	605,400	4%
<b>Total</b>	<b>11,519,700</b>	<b>100%</b>	<b>12,210,900</b>	<b>100%</b>	<b>12,821,500</b>	<b>100%</b>	<b>13,462,600</b>	<b>100%</b>

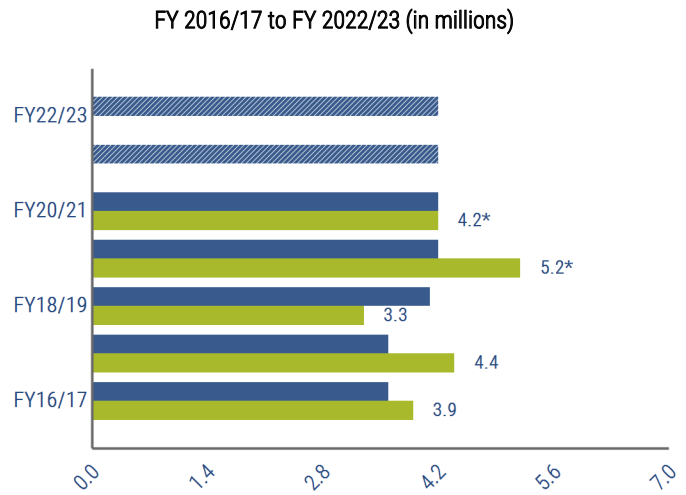
**Electric & Gas Franchise**

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies for use of city right-of-ways and in-lieu property tax for municipal utilities. The FY 2020/21 budget for Electric & Gas Franchise totals \$8.7 million. This revenue has remained relatively consistent over the past few years.



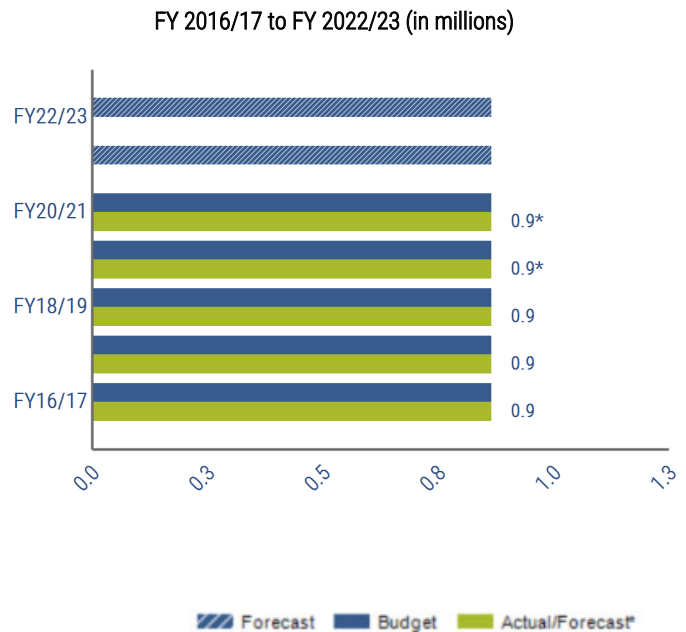
**Cable TV License Fee**

Cable TV License Fee is a franchise tax charged on revenues from cable companies for use of city right-of-ways. The FY 2020/21 budget is \$4.2 million, which is a decrease of \$1.0 million from the FY 2019/20 year-end forecast due to the timing of the FY 2018/19 fourth quarter cable franchise fee payment, which was received and recorded in FY 2019/20.



**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 2020/21 revenue budget of \$0.9 million has remained consistent over the past years.

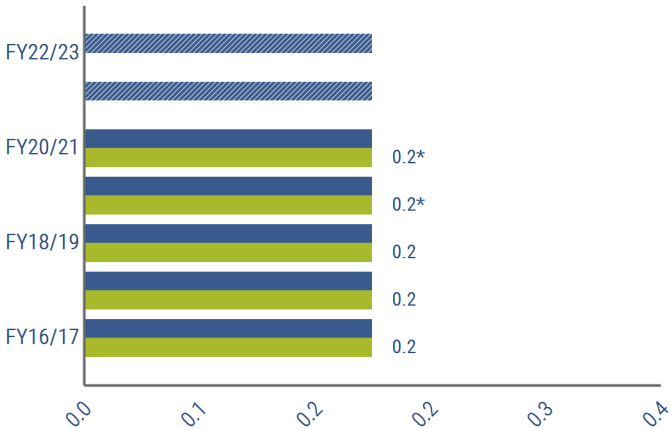




**Salt River Project In Lieu**

Salt River Project In Lieu is franchise taxes charged to Salt River Project (SRP), a local utility provider, for the use of city right-of-ways and in-lieu property tax for municipal utilities. Revenues have been consistent in prior years and both the adopted FY 2020/21 revenue and the FY 2019/20 year-end forecast revenue total \$0.2 million.

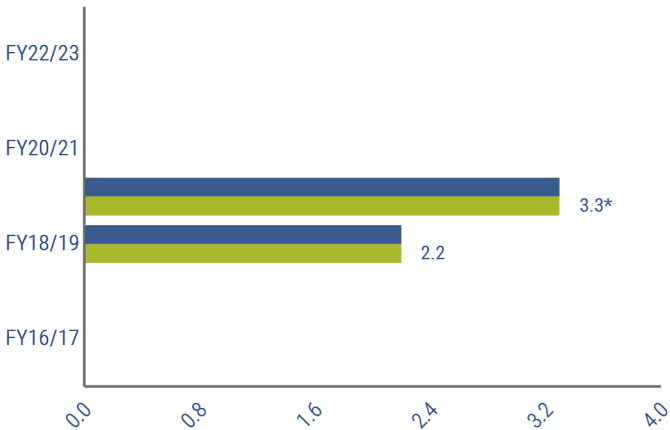
FY 2016/17 to FY 2022/23 (in millions)



**Stormwater Fee - CIP**

Stormwater Fee - CIP (Capital Improvement Plan) is a user fee to protect the health, safety and welfare of the public from the impacts of flooding and is dedicated to fund/partially fund stormwater related capital projects. Beginning in FY 2018/19, a \$2.00 monthly stormwater fee was approved by Council to support stormwater related capital improvements. In FY 2019/20, an additional \$0.95 was authorized by Council, which increased the stormwater fee to \$2.95 to further fund stormwater related capital improvement projects. Beginning in FY 2020/21, the Stormwater Fee - CIP is directly recorded in the CIP instead of in the General Fund; therefore, the corresponding Transfers Out to the CIP won't be needed.

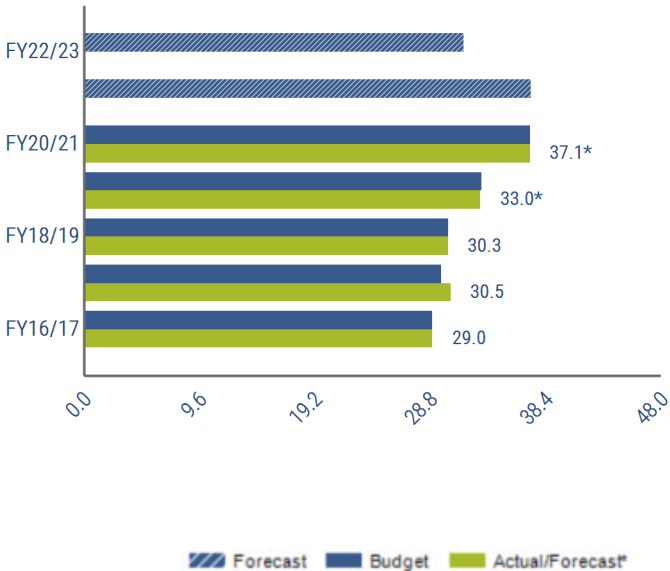
FY 2016/17 to FY 2022/23 (in millions)



**State Shared Income Tax**

The formula for distribution of the State Shared Income Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns in Arizona are prohibited by law from levying a local income tax; however, 15 percent of the state income tax collections are shared with the cities and towns. There is a two-year lag between the time citizens report income to the state and when the state remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax is budgeted at \$37.1 million for FY 2020/21, an increase of \$4.1 million from the FY 2019/20 year-end forecast of \$33.0 million as the state reported an increase in tax collections of 12.3 percent in FY 2018/19.

FY 2016/17 to FY 2022/23 (in millions)

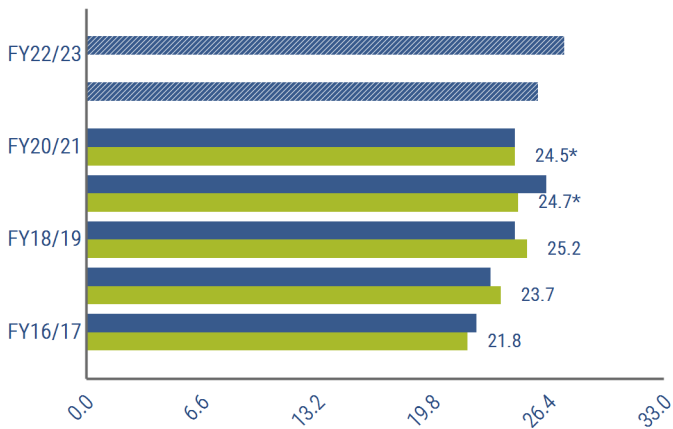


Forecast Budget Actual/Forecast\*

**State Shared Sales Tax**

The formula for distribution of State Shared Sales Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns share in a portion of the 5.60 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales is 40.00 percent shared and 60.00 percent non-shared (retained by the state). Of the shared portion, 25.00 percent is returned to incorporated cities and towns, 40.51 percent is returned to counties, and 34.49 percent is returned to the State General Fund. The FY 2020/21 revenue budget is \$24.5 million versus the FY 2019/20 year-end forecast of \$24.7 million, which is a decrease of \$0.2 million. After budget adoption, the League of Arizona Cities and Towns provided an updated FY 2020/21 State Shared Sales Tax forecast, which was \$1.1 million lower due to the COVID-19 pandemic impacts, and is not included in this amount.

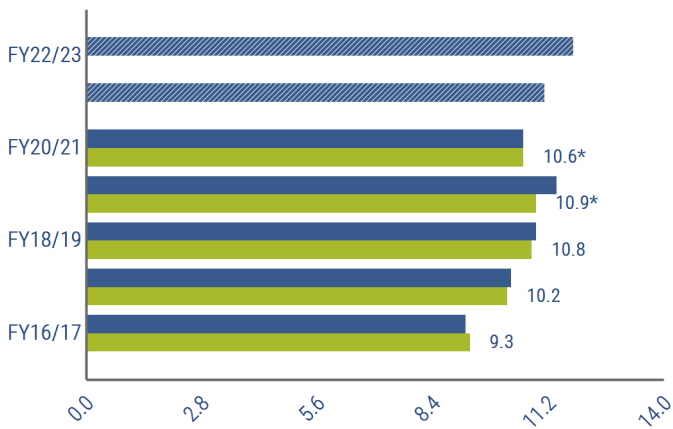
FY 2016/17 to FY 2022/23 (in millions)



**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. Twenty percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The revenue budget for FY 2020/21 is \$10.6 million, which is \$0.3 million less than the FY 2019/20 year-end forecast of \$10.9 million. After budget adoption, the League of Arizona Cities and Towns provided an updated FY 2020/21 Auto Lieu Tax forecast, which was \$1.2 million higher, and is consistent with the economic forecast for the automotive industry during the COVID-19 pandemic.

FY 2016/17 to FY 2022/23 (in millions)

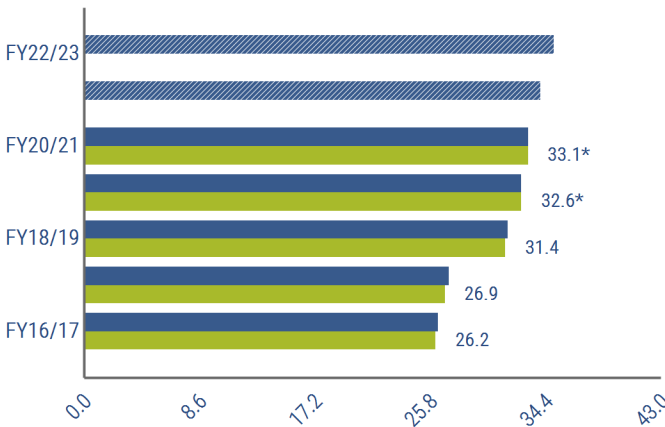


Forecast Budget Actual/Forecast\*

**Property Tax**

Property Tax represents the primary portion of the Property Tax which is levied on the assessed value of all property within the city to help pay for general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a two percent increase per year, plus an allowance for annexations and new construction. However for FY 2020/21, the City Council did not elect to include the two percent statutory allowable increase in an effort to put less financial burden on property owners during the COVID-19 pandemic. Primary property tax accounts for approximately 10.8 percent of the total adopted FY 2020/21 General Fund sources. The FY 2020/21 revenue budget of \$33.1 million represents an increase of \$0.5 million from the FY 2019/20 year-end forecast of \$32.6 million due to new constructions. The adopted primary property tax rate of 0.5273 cents per \$100 of assessed valuation represents a 0.0075 cent increase from the FY 2019/20 rate.

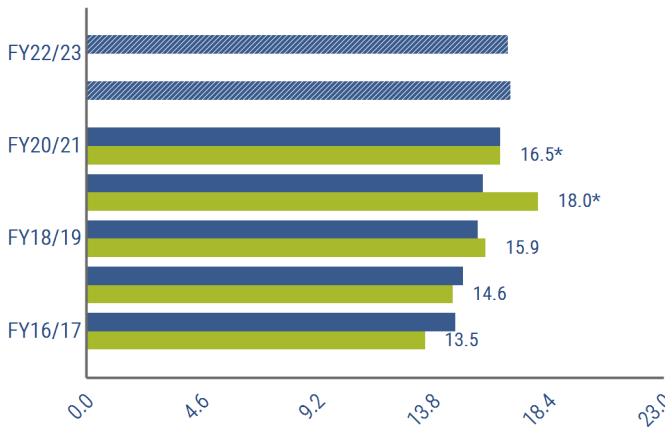
FY 2016/17 to FY 2022/23 (in millions)



**Building Permit Fees & Charges**

Building Permit Fees & Charges includes fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications; 2) plan review of construction documents; 3) the issuance of building, electrical, mechanical and plumbing permits; and 4) the inspection of buildings/structures in the construction phase. The FY 2020/21 revenue budget of \$16.5 million is \$1.5 million lower than than the FY 2019/20 year-end forecast mostly due to higher than anticipated revenues received from large development projects in FY 2019/20.

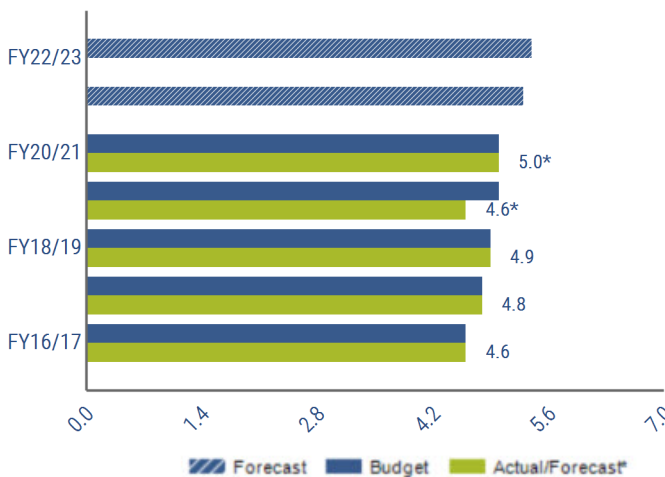
FY 2016/17 to FY 2022/23 (in millions)



**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 income at WestWorld. The FY 2020/21 revenue budget is mostly based on future confirmed bookings, and it is estimated to be \$5.0 million, which is an increase of \$0.4 million from the FY 2019/20 year-end forecast. The FY 2019/20 year-end forecast reflects loss revenue from events cancelled due to the COVID-19 pandemic.

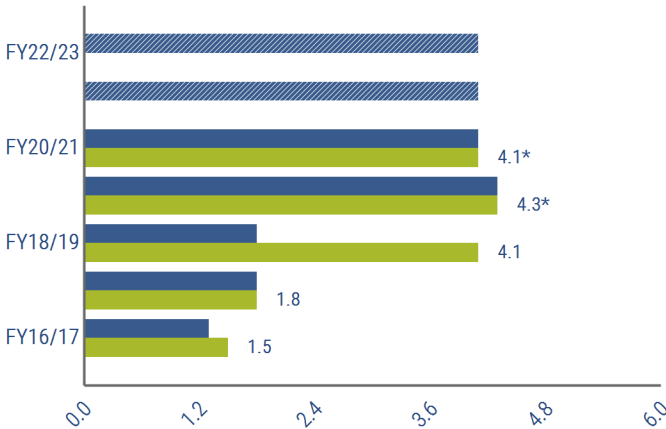
FY 2016/17 to FY 2022/23 (in millions)



**Intergovernmental**

Intergovernmental revenue is related to School Resource Officers from the Public Safety - Police Division servicing local area schools, a Salt River Pima Maricopa Indian Community agreement for providing crime laboratory services, and revenue received from the County Library District for reciprocal interlibrary use. FY 2020/21 revenues are budgeted at \$4.1 million, which is a decrease of \$0.2 million from the FY 2019/20 year-end forecast primarily due to the termination of the agreement with the Scottsdale Unified School District for shared use of the Palomino Library upon the library closing at the end of FY 2019/20. Beginning in FY 2018/19 a change in an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) was adopted to recognize the Fire Insurance Premium credit as a revenue and expense for the Public Safety Personnel Retirement System (PSPRS) where previously only the net was recorded as an expense.

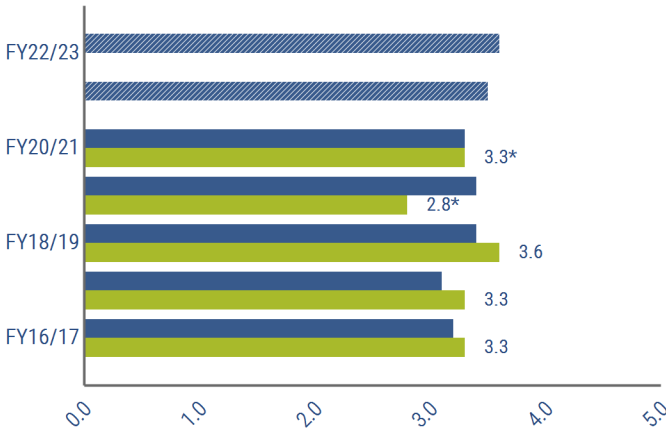
FY 2016/17 to FY 2022/23 (in millions)



**Property Rental**

Property Rental revenues are rental fees on facilities such as the Scottsdale Stadium, as well as funding received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2020/21 adopted revenue is estimated to be \$3.3 million. The FY 2019/20 year-end forecast of \$2.8 million is lower when compared to the FY 2019/20 adopted budget due to a loss in rental revenue from the Scottsdale Stadium. The stadium was closed for construction during the spring, and when it became available, it was negatively impacted by the the COVID-19 pandemic.

FY 2016/17 to FY 2022/23 (in millions)



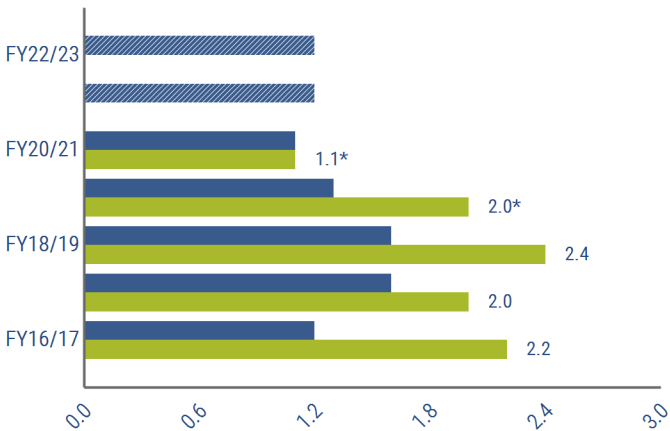
Forecast Budget Actual/Forecast\*



**Miscellaneous**

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as Other Sale of Property, Passport Fees, Copies of Materials, etc. The FY 2020/21 adopted revenue is \$1.1 million, which is \$0.9 million lower than the FY 2019/20 year-end forecast of \$2.0 million due to a FY 2019/20 one-time Fire Regional Dispatch contract reimbursement from the City of Phoenix. Actual revenues being higher than the adopted amount in FY 2016/17 - FY 2018/19 are related to unbudgeted revenues collected from: the San Francisco (SF) Giants for stadium usage, prosecution material requests, and mobile integrated health services. In FY 2019/20, the Regional Wireless Cooperative revenue was moved to the Intergovernmental revenue category and the SF Giants stadium usage revenue was moved to the Special Programs Fund.

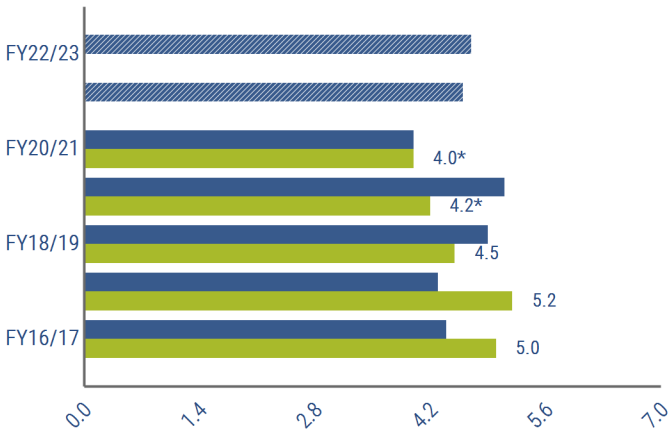
FY 2016/17 to FY 2022/23 (in millions)



**Court Fines**

Court Fines is the General Fund portion of penalties or fees assessed by State Statute, City Ordinance or the Presiding Judge. Examples include: fines, a portion of the registration fee to attend Defensive Driving School, bonds forfeited to the city, and default fees. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and the Judicial Collections Enhancement or remitted to the State of Arizona. Revenues of \$4.0 million are budgeted for FY 2020/21, which is a decrease of \$0.2 million when compared to the FY 2019/20 year-end forecast of \$4.2 million.

FY 2016/17 to FY 2022/23 (in millions)

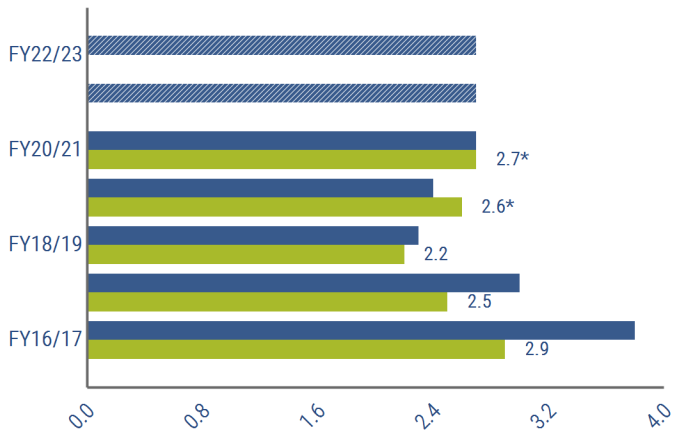


Forecast Budget Actual/Forecast\*

**Photo Radar**

Photo Radar is the General Fund's portion of photo enforcement penalties as assessed by the Presiding Judge. Examples include: red light and speeding fines and a portion of the registration fee to attend Defensive Driving School. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement or remitted to the State of Arizona. Revenues are budgeted at \$2.7 million for FY 2020/21, which is a slight increase when compared to the FY 2019/20 year-end forecast. Photo Radar revenue is completely offset by the costs to run the program. The use of photo radar by the Public Safety - Police Division is designed as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.

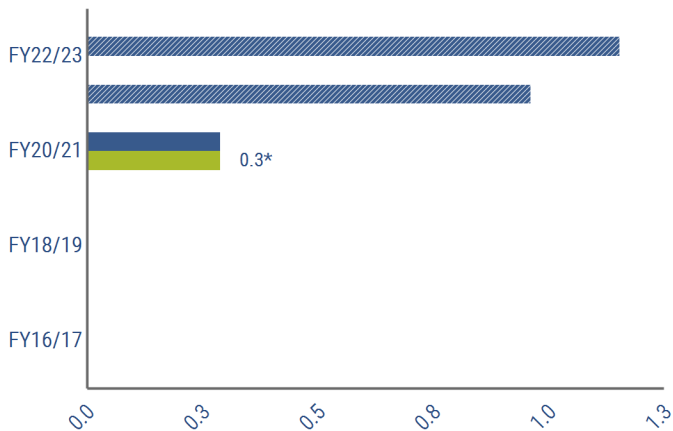
FY 2016/17 to FY 2022/23 (in millions)



**Jail Dormitory**

The city approved a capital project, renovation of the downtown jail (Jail Dormitory Phase I) in FY2018/19 to create enough space to allow offenders adjudicated outside of Scottsdale the opportunity to serve their sentence in the renovated jail. Beginning in FY 2020/21, Jail Dormitory Phase I started operations 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 2020/21 adopted revenue is \$0.3 million and is expected to increase as people from out of jurisdictions elect to serve their time at the Scottsdale Jail Dormitory.

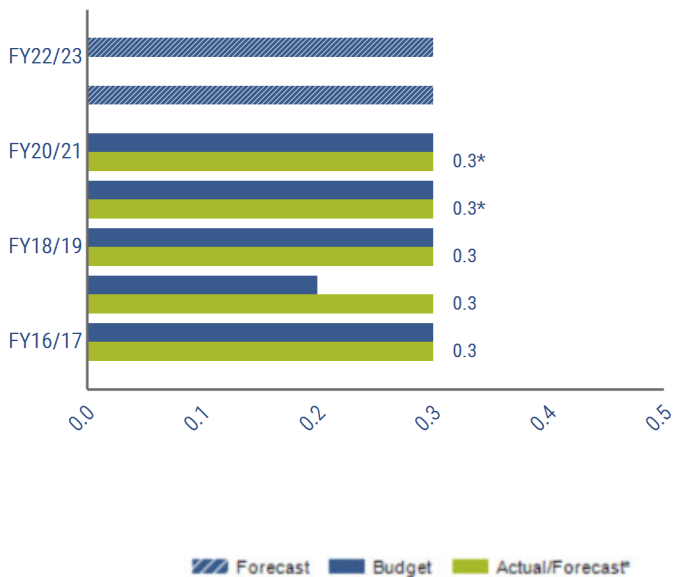
FY 2016/17 to FY 2022/23 (in millions)



**Parking Fines**

Parking Fines are the General Fund portion of parking fees assessed per City Ordinance and are budgeted at \$0.3 million for FY 2020/21, which represents no change from the FY 2019/20 year-end forecast. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

FY 2016/17 to FY 2022/23 (in millions)

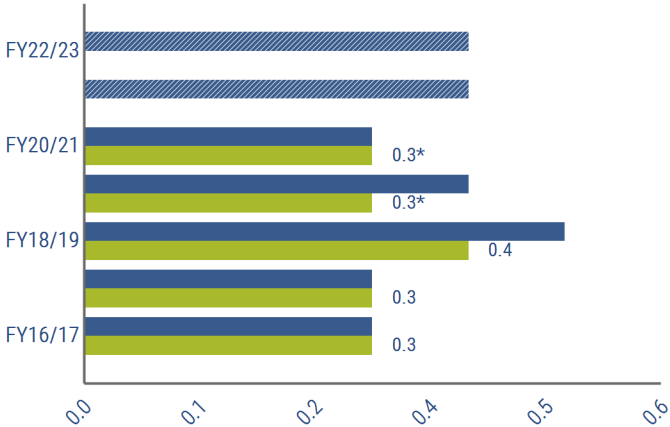


Forecast Budget Actual/Forecast\*

**Library**

Library fees are monies collected when library materials are lost, and/or are damaged. Beginning in FY 2020/21, late fees were eliminated, and revenues are budgeted at \$0.3 million.

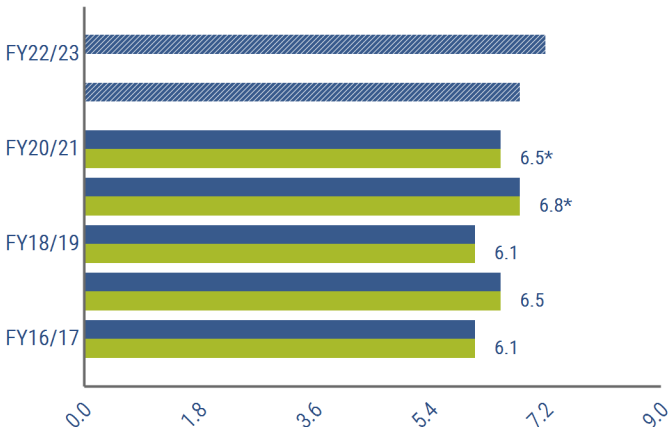
FY 2016/17 to FY 2022/23 (in millions)



**Indirect Costs**

Indirect Costs is payments for services provided by the General Fund to other operating areas within the city. These services include Accounting, Human Resources, Information Technology, etc. Indirect Costs are budgeted at \$6.5 million for FY 2020/21, which is a decrease of \$0.3 million when compared to the FY 2019/20. Although overall Direct Costs used in the Indirect Costs calculation are higher, the Indirect Costs rate decreased from 9.7 percent in FY 2019/20 to 8.1 percent in FY 2020/21.

FY 2016/17 to FY 2022/23 (in millions)



**Direct Cost Allocation (Fire)**

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

FY 2016/17 to FY 2022/23 (in millions)

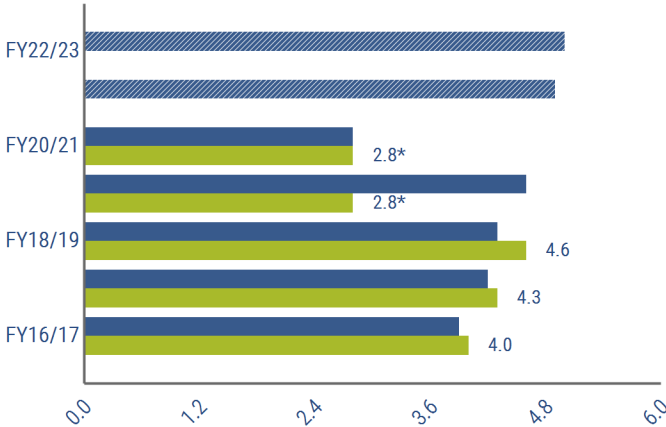


Forecast Budget Actual/Forecast\*

**Recreation Fees**

Recreation Fees includes revenue from various recreational programs, classes and entry fees. In accordance with the city's adopted financial policies, recreation fees are reviewed and adjusted annually as needed to meet cost recovery targets as approved by City Council. The FY 2020/21 budget and the FY 2019/20 year-end forecast are estimated to be \$2.8 million, which is lower than previous years due to recreational programs and facilities being closed and/or having reduced participation as a result of the COVID-19 pandemic.

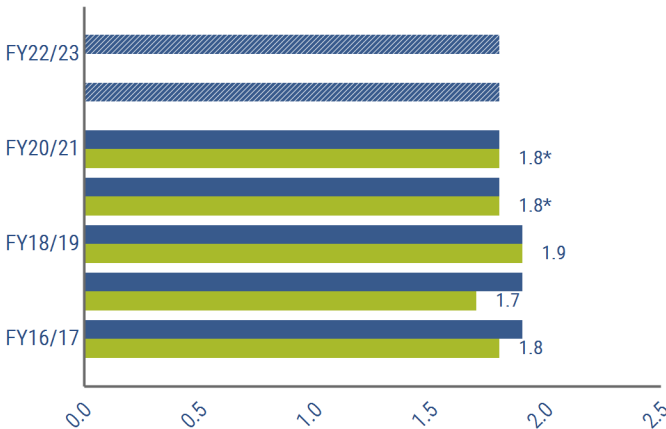
FY 2016/17 to FY 2022/23 (in millions)



**Business & Liquor Licenses**

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities. Revenues of \$1.8 million are budgeted for FY 2020/21, which is flat when compared to the FY 2019/20 year-end forecast.

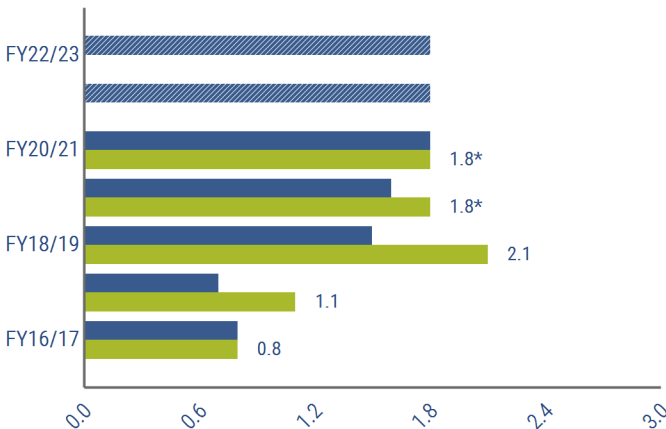
FY 2016/17 to FY 2022/23 (in millions)



**Fire Charges for Services**

Fire Charges for Services includes fees for the cost recovery of fire and medical standbys at special events, after hours inspections, ambulance staffing, and medical enhancement costs associated with the ambulance agreement. In addition, the Public Safety - Fire Division collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits and incident reports. The FY 2020/21 revenues are budgeted at \$1.8 million, which is flat when compared to the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



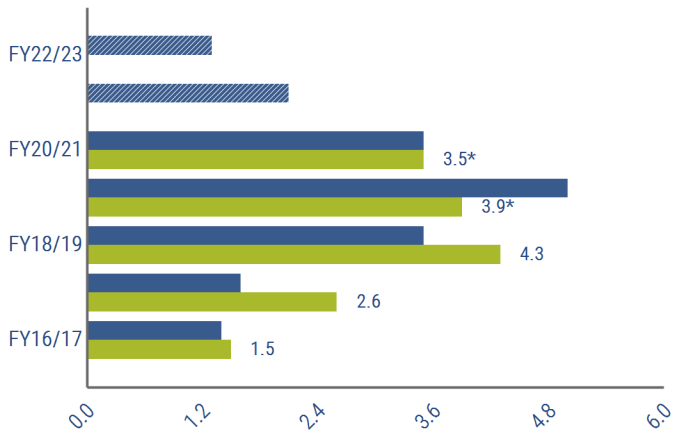
Forecast Budget Actual/Forecast\*



**Interest Earnings**

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city’s available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan accrue to the CIP budget and are not included in General Fund revenues. Interest Earnings revenue is budgeted at 3.5 million in FY 2020/21, a decrease of \$0.4 million when compared to the FY 2019/20 year-end forecast of \$3.9 million due to a decrease in projected interest rates. Per Financial Policy No.17, 100 percent of net interest income in excess of \$1.0 million will be transferred to the General Fund CIP.

FY 2016/17 to FY 2022/23 (in millions)



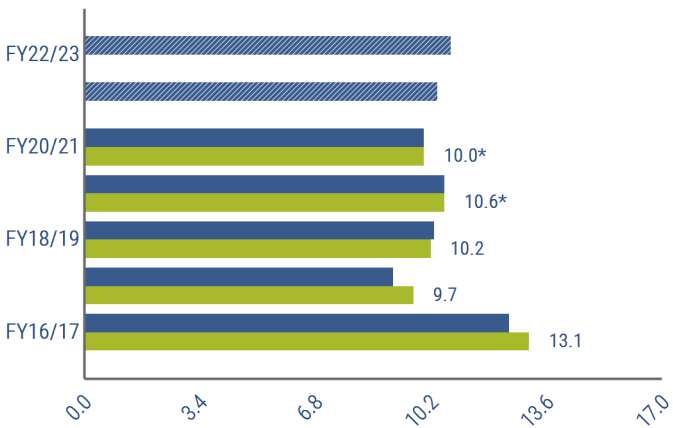
**Transfers In**

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2020/21 General Fund adopted budget includes \$10.0 million in Transfers In.

**Transfers In**

The Transfers In for FY 2020/21 are budgeted at \$10.0 million and include: 1) \$8.1 million from the Water and Water Reclamation Fund for Enterprise Franchise Fees, which is five percent of Water Service and Water Reclamation Charges revenue. The city charges all utility companies, including the city’s Water and Water Reclamation Fund, for use of the right-of-ways and medians; 2) \$1.8 million from the Tourism Development Fund to comply with Financial Policy No. 21A (12 percent of the transient lodging/bed tax revenues); 3) \$0.1 million from the Tourism Development Fund to support marketing efforts at WestWorld and the Scottsdale Stadium; and 4) \$300 from the Special Programs Fund to cover a portion of the General Fund costs associated with administering the 30 -Day Tow Program, including the enforcement of the State Statute related to driving under the influence and driving without insurance offenses. The FY 2020/21 budget of \$10.0 million is \$0.6 million lower than the FY 2019/20 year-end forecast due to: 1) a \$0.3 million one-time refund in FY 2019/20 related to the Scottsdale Waterfront Community Facilities District from the Debt Service Stabilization Fund which is no longer required in FY 2020/21; 2) a significant reduction of the 30-Day Tow Program transfers in based on new regulations restricting revenue sources; and 3) decreased transfers from the Tourism Development Fund due to lower bed tax revenue anticipated as a result of the COVID-19 pandemic.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

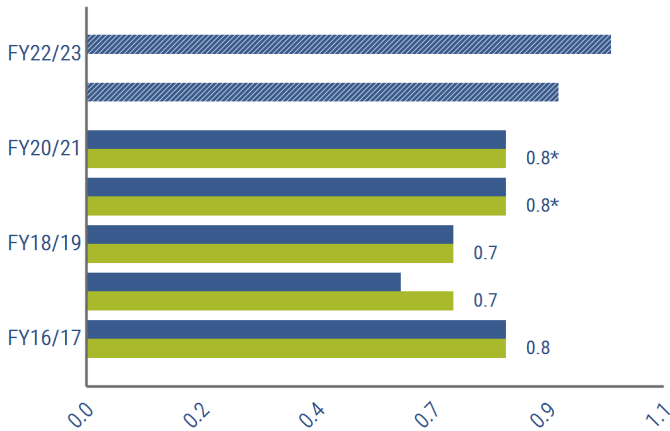
**General Fund Uses**

The General Fund uses are presented by the following divisions, additional non-divisional operating categories, debt service and transfers out. The increases in FY 2021/22 and FY 2022/23 forecasts are mostly related to increases in Personnel Services costs including salaries and benefits.

**Mayor and City Council**

Mayor and City Council includes the voter elected mayor, six Council members and operational support staff. Expenditures have remained relatively flat with a budget of \$0.8 million in FY 2020/21.

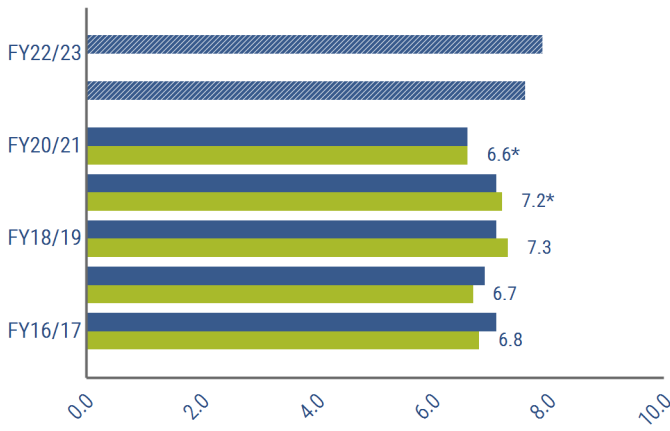
FY 2016/17 to FY 2022/23 (in millions)



**City Attorney**

The City Attorney is the city’s chief legal advisor and includes Civil, Prosecution, Risk Management and Victim Services Departments. The FY 2020/21 budget of \$6.6 million is \$0.6 million lower than the FY 2019/20 year-end forecast mainly due to several vacant positions being on hold to maintain budgetary health in the current economic conditions caused by the COVID-19 pandemic.

FY 2016/17 to FY 2022/23 (in millions)

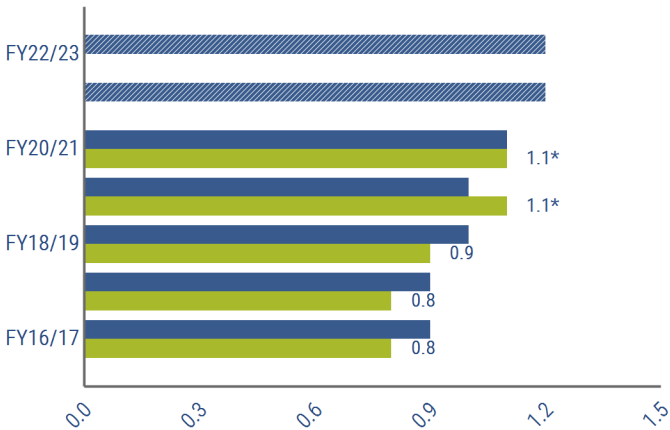


Forecast Budget Actual/Forecast\*

**City Auditor**

The City Auditor conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2020/21 budget is \$1.1 million, which is flat compared to the FY 2019/20 year-end forecast.

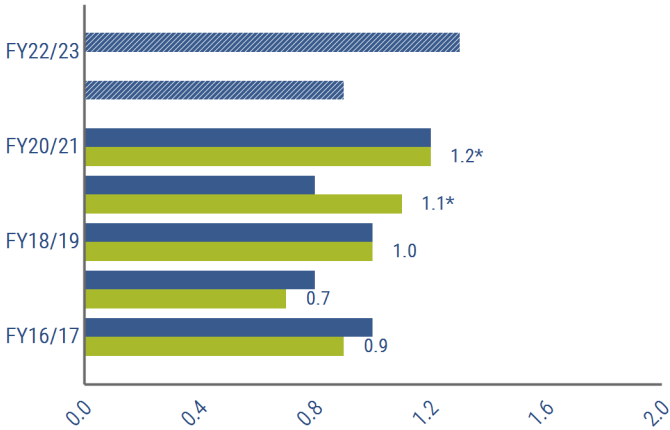
FY 2016/17 to FY 2022/23 (in millions)



**City Clerk**

The City Clerk conducts all local elections, gives notice of all City Council meetings, keeps the records of Council proceedings, administers the city's records management program, authenticates ordinances and resolutions, and provides administrative support to the Council. The Clerk's expenses fluctuate from year to year due to the cycle of elections. The City Clerk conducts and oversees the election process for municipal elections, referendums and initiatives within the city resulting in increased costs when these activities occur. At times elections are known, such as when Council seats are up for election; and other times, the elections may not be known such as new debt issuances being taken to the voters; therefore, some differences between budget to actuals may reflect this as is the case in FY 2019/20. The FY 2020/21 budget of \$1.2 million is \$0.1 million higher than the FY 2019/20 year-end forecast and is an election year.

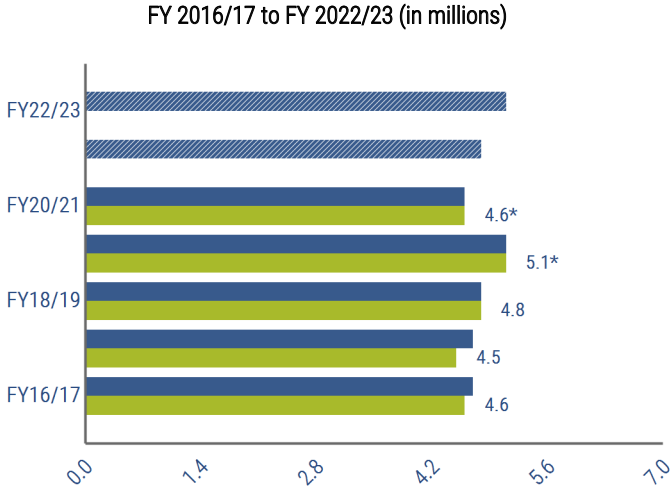
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

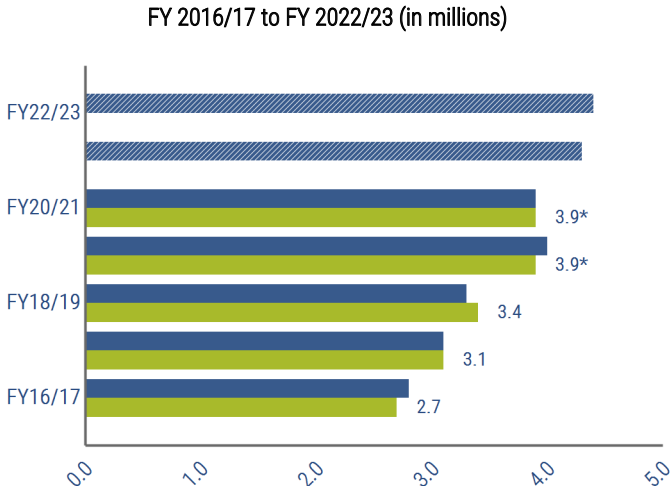
**City Court**

The City Court is part of the integrated judicial system for Arizona and is the judicial branch for the city efficiently resolving civil traffic and misdemeanor violations, petty offenses, City Ordinance and code violations, and issuance of protective orders. There is a total of \$4.6 million budgeted for FY 2020/21, which is a decreased of \$0.5 million when compared to the FY 2019/20 year-end forecast due to transferring four positions from the General Fund to the Special Programs Fund to relieve the General Fund and mitigate the impacts related to the COVID-19 pandemic. The decrease is also due to the elimination of 1.03 FTEs deemed unnecessary to the day to day operations of the Court.



**City Manager**

The City Manager Division provides the organizational leadership necessary to successfully implement the policy direction of the City Council, communicates that direction to the organization, ensures the efficient, effective and economical delivery of services to citizens, builds relationships with other governments, and fosters diversity. The FY 2020/21 adopted budget of \$3.9 million is flat when compared to the FY 2019/20 year-end forecast. Beginning in FY 2019/20, the Communications Department was moved to the City Manager Division from the Administrative Services Division. In addition, the Emergency Management Department no longer resides within the City Manager Division but is now within the Public Safety - Fire Division. The Communications and Emergency Management Departments' financial history have been moved to the new divisions from the previous divisions to best reflect year over year comparisons.



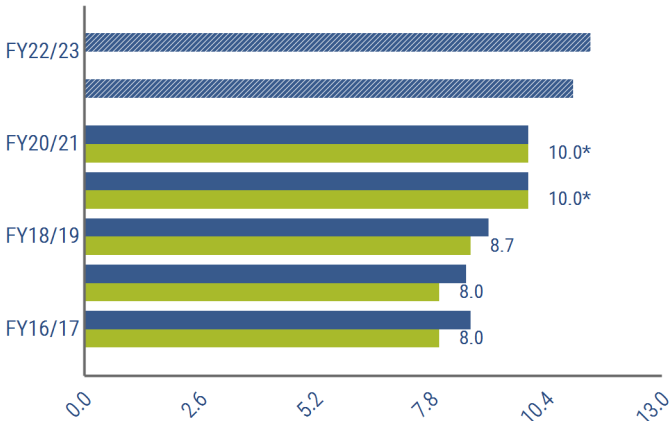
Forecast Budget Actual/Forecast\*



**City Treasurer**

The City Treasurer, the city's chief financial officer, is responsible for providing City Council and management with timely financial reports as well as oversight of the Accounting, Budget, Finance, Business Services and Purchasing Departments. The FY 2020/21 budget of \$10.0 million is flat when compared to the FY 2019/20 year-end forecast. Beginning in FY 2019/20, administrative overhead costs were no longer charged to the Capital Improvement Plan and instead charged to the operating budget.

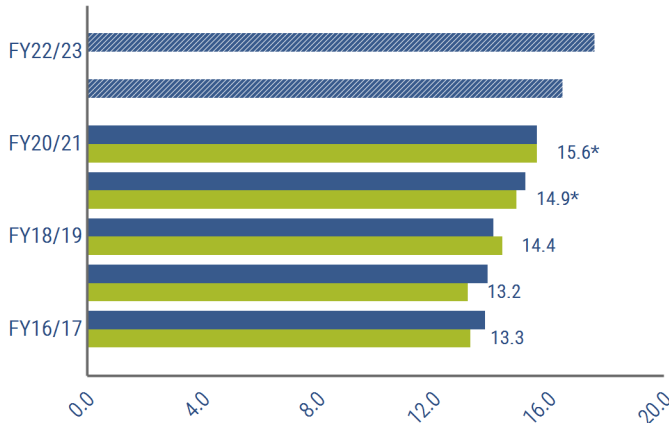
FY 2016/17 to FY 2022/23 (in millions)



**Administrative Services**

Administrative Services is comprised of the Human Resources and the Information Technology Departments. These departments are responsible for a wide breadth of activities including the sharing of information; training, recruiting and hiring employees as well as benefits and compensation; and the design, support and maintenance of a variety of citywide systems and hardware. The FY 2020/21 Administrative Services budget of \$15.6 million is \$0.7 million higher than the FY 2019/20 year-end forecast. The increase is due to moving the funding for the Geographic Information System (GIS) software maintenance from individual divisions to the Information Technology Department.

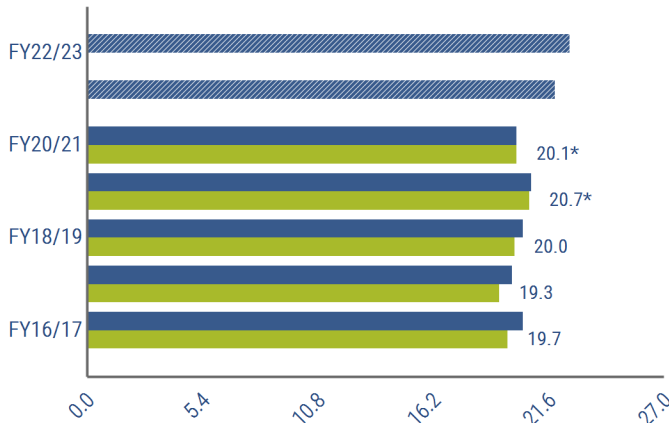
FY 2016/17 to FY 2022/23 (in millions)



**Community and Economic Development**

Community and Economic Development works to preserve Scottsdale as a great community, offering value-added programs to stimulate the economy, sustain, revitalize, and build upon the community's unique lifestyle and character. The departments with General Fund budgets include Economic Development, Planning and Development Services, and Tourism and Events. The FY 2020/21 budget is \$20.1 million, which is a decrease of \$0.6 million from the FY 2019/20 year-end forecast of \$20.7 million primarily due to: 1) delaying funding for vacant positions; 2) a reduction of consultant services; and 3) elimination of funding for contract workers as part of the city's COVID-19 cost savings initiative. Additionally, the decrease is due to the end of a tax rebate agreement with a local hotel.

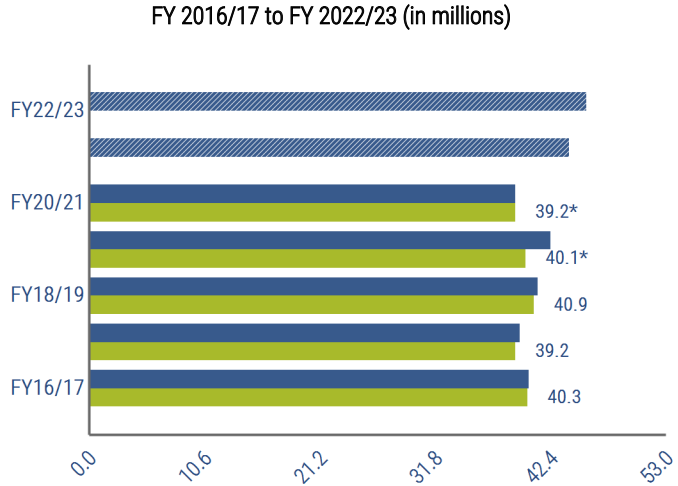
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

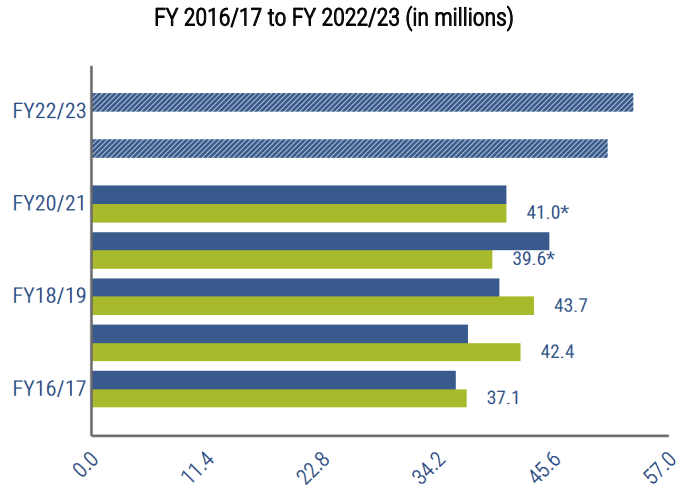
**Community Services**

Community Services is comprised of six departments including: Human Services, Library Systems, Parks & Recreation, Planning and Administration, Preserve Management, and WestWorld, all of which work to improve the quality of life of Scottsdale residents. The FY 2020/21 adopted budget of \$39.2 million is a \$0.9 million decrease from the FY 2019/20 year-end forecast of \$40.1 million. This decrease is primarily related to: 1) transferring three Scottsdale Stadium positions and one McCormick-Stillman Railroad Park position to the Special Programs Fund; 2) transferring Stadium budget for professional services, utilities, and maintenance and repairs to the new Stadium Fund in the Special Programs Fund; 3) delaying funding for vacant positions; 4) eliminating funding for contract workers and custodial services as part of the city's COVID-19 cost savings initiative; 5) closing of the Palomino Library; 6) reducing fleet maintenance and repair costs associated with the decision to utilize available Fleet Management Fund balance; and 7) eliminating one-time funding for the replacement of restrooms at McCormick-Stillman Railroad Park, and the replacement of outdated audio visual equipment at all libraries, Human Services centers, and Parks & Recreation centers.



**Public Safety - Fire**

Public Safety - Fire responds to emergencies through timely, skilled and compassionate service including; fire, emergency medical, chemical, biological, nuclear and radiologic, wildland and technical rescue. The FY 2020/21 adopted budget of \$41.0 million is \$1.4 million higher than the FY 2019/20 year-end forecast of \$39.6 million. The increase is due to: 1) the increase of 3.00 FTEs to operate a Fire apparatus purchased through the Bond 2019 Program; 2) the funding of 25 percent match for six Firefighter positions mostly funded by the Grant Funds; 3) increased retirement rates as well as an increase in health and dental insurance premiums; 4) a payment to Public Safety Personnel Retirement System (PSPRS) to pay down the unfunded liability; 5) increases in various contracts including Phoenix Dispatch, medical director, medical exam, wellness, and uniform cleaning; and 6) a one-time replacement of an aging fire truck. The increase would have been greater but it is offset by: 1) eligible Public Safety Personnel Services costs related to the COVID-19 pandemic and now funded by the AZCares Grant were moved from the General Fund to the Grant Funds; 2) a reduction in fleet maintenance, repair, and replacement costs associated with the decision to utilize available Fleet Management Fund balance and to postpone the replacement of some scheduled vehicles; and 3) a FY 2019/20 one-time Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan (DROP) that was not budgeted in FY 2020/21. The FY 2019/20 year-end forecast of \$39.6 million is \$5.6 million lower than the FY 2019/20 adopted budget of \$45.2 million mostly due to the AZCares Grant received from the state to assist with Public Safety Personnel Services costs related to the COVID-19 pandemic. Eligible Personnel Services costs were also moved from the General Fund to the Grant Funds in FY 2019/20.

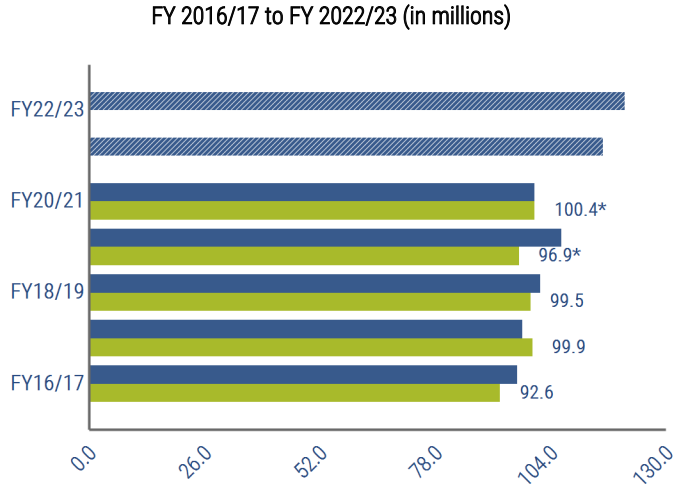


Forecast Budget Actual/Forecast\*

**Public Safety - Police**

Public Safety - Police provides efficient and effective police services to the community including: confronting crime, responding to citizens and visitors' concerns, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services and Office of the Police Chief. The FY 2020/21 adopted budget is \$100.4 million, which is \$3.5 million higher than the FY 2019/20 year-end forecast of \$96.9 million. The increase is primarily related to: 1) increased retirement rates as well as an increase in health and dental insurance premiums; 2) a payment to Public Safety Personnel Retirement System (PSPRS) to pay down the unfunded liability; and 3) increased Property, Liability and Workers Compensation needs due to an increased number of Risk Management claims seen by the city over the past fiscal year. The increase

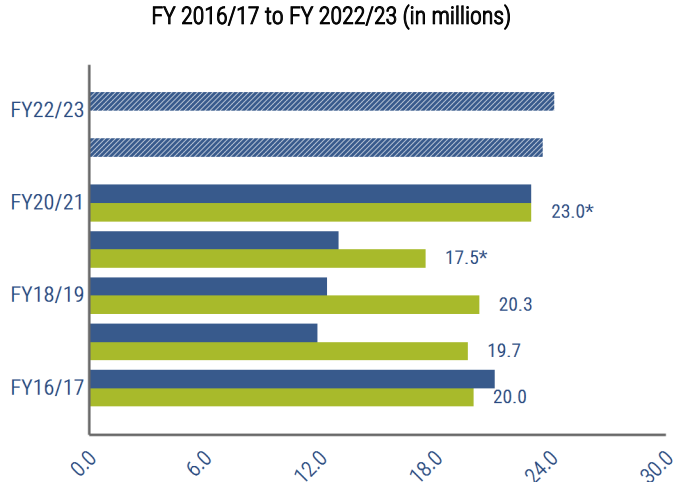
would have been greater but it is offset by: 1) eligible Public Safety Personnel Services costs related to the COVID-19 pandemic and now funded by the AZCares Grant were moved from the General Fund to the Grant Funds; 2) a reduction in fleet maintenance, repair, and replacement costs associated with the decision to utilize available Fleet Management Fund balance and to postpone the replacement of some scheduled vehicles; and 3) a FY 2019/20 one-time Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan (DROP) that was not budgeted in FY 2020/21. Furthermore, additional expenses such as On-Call and Uniform Allowance were reduced to maintain budgetary health in the current economic conditions caused by the COVID-19 pandemic. The FY 2019/20 year-end forecast of \$96.9 million is \$9.6 million lower than the FY 2019/20 adopted budget of \$106.5 million mostly due to the AZCares Grant received from the state to assist with Public Safety Personnel Services costs related to the COVID-19 pandemic. Eligible Personnel Services costs were also moved from the General Fund to the Grant Funds in FY 2019/20.



Forecast Budget Actual/Forecast\*

**Public Works**

Public Works General Fund includes Capital Project Management (CPM) which oversees the design and construction of capital improvement projects (also includes the city's real estate services area) and Facilities Management which includes the repair and maintenance of three million square feet of city-owned facilities as well as strategic space planning and contract administration. The FY 2020/21 adopted budget of \$23.0 million is an increase of \$5.5 million when compared to the FY 2019/20 year-end forecast of \$17.5 million. The increase is related to: 1) higher Property, Liability and Workers' Compensation due to an increased number of Risk Management claims seen by the city over the past fiscal year; 2) increased contract costs for custodial services; 3) an administrative change beginning in FY 2020/21 which places the budgets associated with utilities into the divisions instead of budgeting those at a citywide macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. As part of this change, however, the FY 2020/21 adopted budget will reflect two years of utilities (FY 2019/20 and FY 2020/21); and 4) funding for safety modifications and improvements to city facilities. The increase would have been greater but it is offset by delaying funding for vacant positions as part of the city's COVID-19 cost savings initiative.



**Non-Divisional Uses**

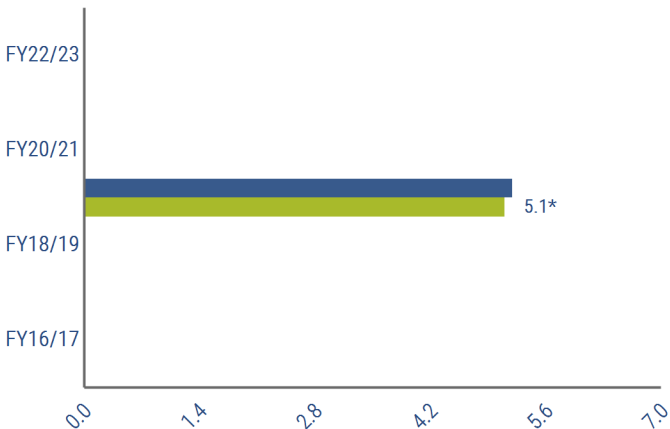
Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and completed budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

Forecast Budget Actual/Forecast\*

**Fuel and Maint and Repair**

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

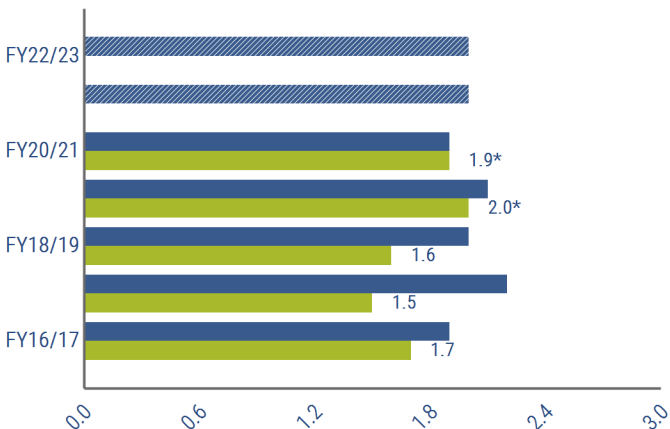
FY 2016/17 to FY 2022/23 (in millions)



**Leave Accrual Payments**

Leave Accrual Payments includes accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. The total FY 2020/21 Leave Accrual Payments budget is \$1.9 million, which includes \$1.2 million budgeted for medical leave accrual payouts and \$0.7 million budgeted for vacation accrual payouts.

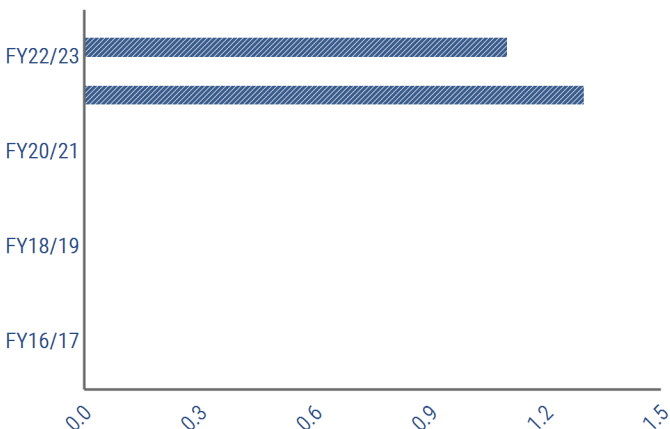
FY 2016/17 to FY 2022/23 (in millions)



**Operating Impacts**

Operating Impacts is additional costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. For FY 2020/21 and years prior, operating impacts have been included at the division level. FY 2021/22 is forecasted at \$1.3 million based on the adopted CIP Five Year Plan.

FY 2016/17 to FY 2022/23 (in millions)



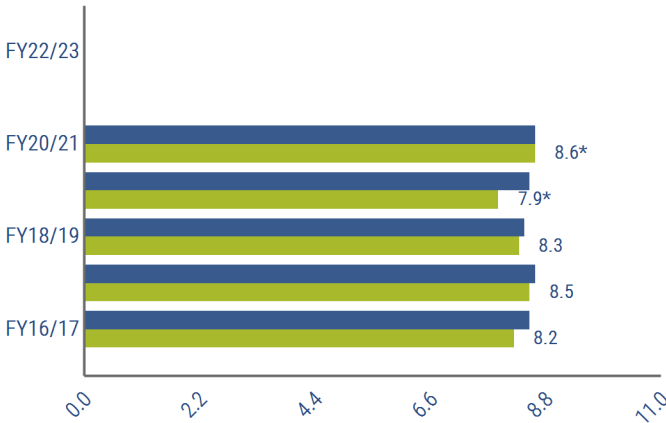
Forecast Budget Actual/Forecast\*



**Utilities**

Beginning in FY 2020/21, Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2020/21 Utilities budget is \$8.6 million which is an increase of \$0.7 million when compared to the FY 2019/20 year-end forecast due to some city facilities being closed or having limited usage during the COVID-19 pandemic.

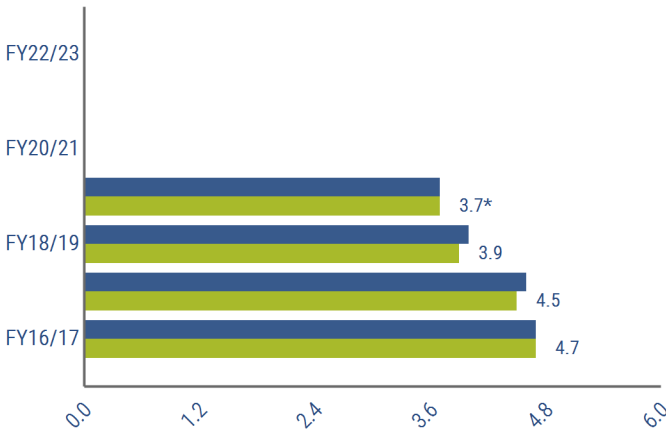
FY 2016/17 to FY 2022/23 (in millions)



**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21. Public Safety Pay Programs (Fire Pay Program, Police Pay Program, and Sergeant Pay Programs) recorded in prior years are integrated in Citywide Pay Program beginning in FY 2020/21.

FY 2016/17 to FY 2022/23 (in millions)

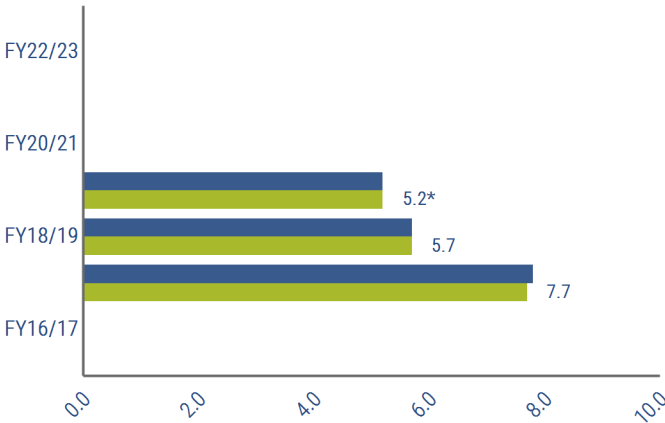


Forecast Budget Actual/Forecast\*

**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21. FY 2017/18 includes the Parker Case Ruling payout and the statewide litigation related to pension reform which occurred in 2011 and was determined to be unconstitutional by the Arizona Supreme Court. The settlement of this case is an extension of a ruling issued in Hall v. Elected Officials Retirement Plan related to the same pension reform in 2011. Both lawsuits were due to current employees having their pension contributions increased to a higher rate which resulted in a diminished benefit for existing employees. While there are numerous provisions related to the settlements, this payout was to retroactively compensate employees who had their pension rates increased. This impacts Tier 1 employees (those hired prior to July 1st, 2011) in both Police and Fire and also impacts Elected Officials, resulting in a large one-time payout plus interest which the city has chosen to absorb versus further increasing the unfunded liability that currently exists in the respective pension plans.

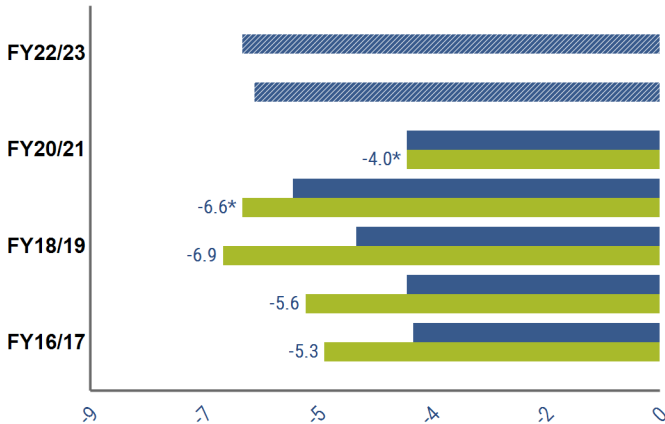
FY 2016/17 to FY 2022/23 (in millions)



**Savings from Vacant Positions**

Savings from Vacant Positions is the amount of savings achieved from vacant positions. The General Fund experiences approximately 142 vacant positions at any given time. The FY 2020/21 General Fund estimate for vacancy saving is (\$4.0) million, which is \$2.6 million less than the FY 2019/20 year-end forecast. As part of the city's COVID-19 cost savings initiative, a number of vacant positions are either partially funded or not funded in FY 2020/21. The resulting savings are budgeted at the division level.

FY 2016/17 to FY 2022/23 (in millions)

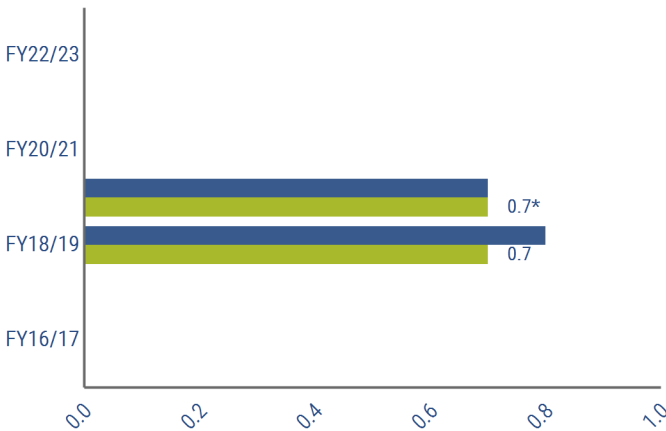


Forecast Budget Actual/Forecast\*

**Vacation Trade**

Beginning in FY 2018/19, the city reinstated an annual vacation trade program. The vacation trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23 (in millions)



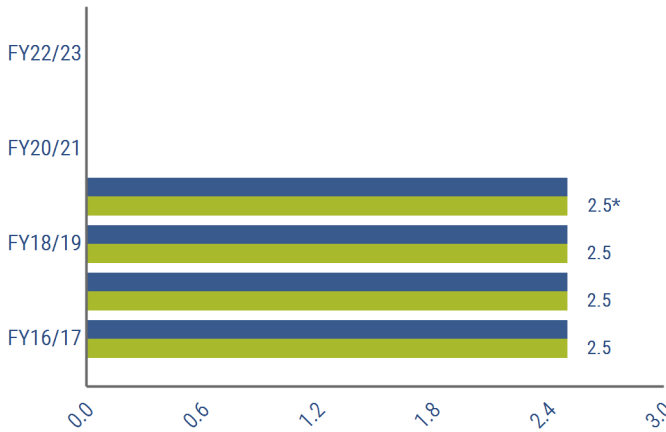
**Debt Service and Transfers Out**

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.

**Certificates of Participation**

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

FY 2016/17 to FY 2022/23 (in millions)

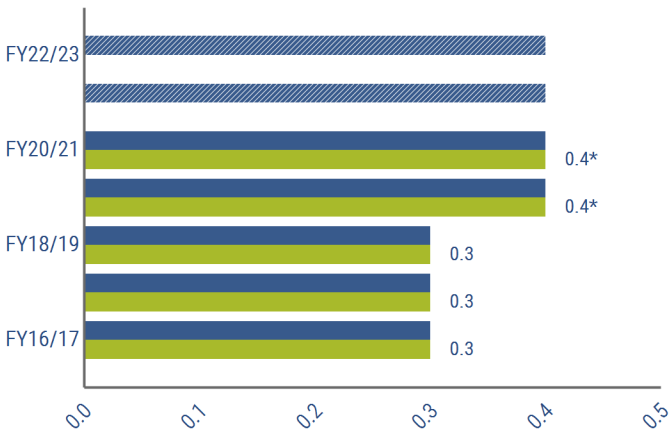


Forecast Budget Actual/Forecast\*

**Contracts Payable**

Contracts Payable is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site. The FY 2020/21 Contracts Payable budget is \$0.4 million.

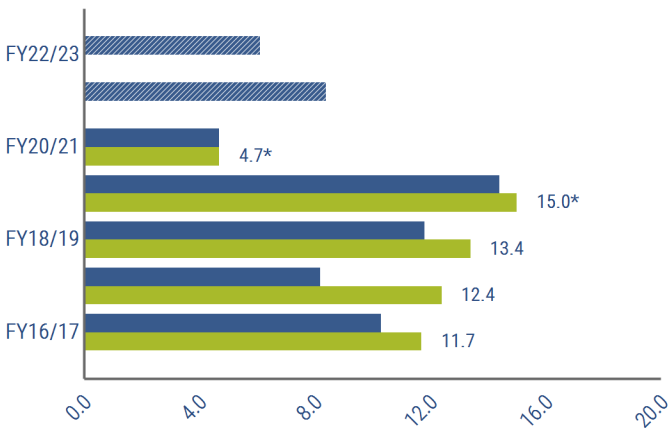
FY 2016/17 to FY 2022/23 (in millions)



**CIP**

Transfers Out to the Capital Improvement Plan (CIP) in FY 2020/21 is \$4.7 million, which ensures compliance with Financial Policy No.17 (\$2.2 million or 25 percent of the construction sales tax, and \$2.5 million or 100 percent of net interest income in excess of \$1.0 million). Financial Policy No.17 also directs two-thirds of the 1.10 percent sales tax collected on food for home consumption to be transferred to the CIP. However, for FY 2020/21, City Council's direction is to move the sales tax on food for home consumption to the Operating Contingency to be utilized in the event of unforeseen expenses related to the COVID-19 pandemic. Beginning in FY 2020/21, the portion of the Stormwater fee paid by utility customers that is dedicated to funding stormwater related capital projects is recorded directly in the CIP instead of in the General Fund, and then transferred out to the CIP.

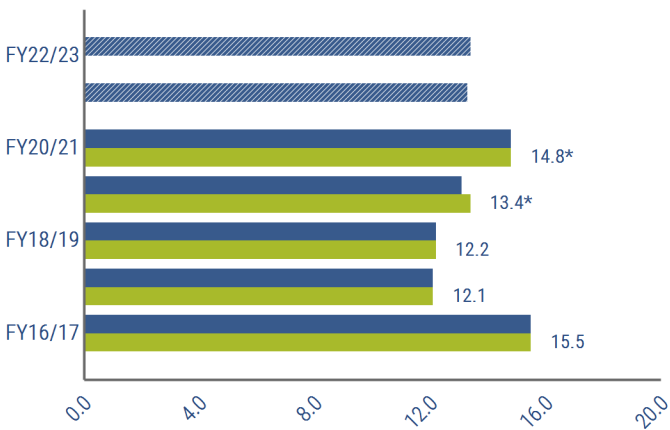
FY 2016/17 to FY 2022/23 (in millions)



**Debt Svc MPC Bonds**

Debt Service Municipal Property Corporation (MPC) bonds includes transfers to the Debt Service Fund for the annual debt service payments for MPC bonds issued that use sales tax as dedicated revenue source to service the debt. The MPC bonds issued include SkySong, WestWorld land acquisitions, Tournament Players Club (TPC) improvements, the Tony Nelssen Equestrian Center (TNEC) and the Scottsdale Fashion Square parking garage. In FY 2020/21 a total of \$14.8 million will be transferred to the Debt Service Fund for MPC bonds issued.

FY 2016/17 to FY 2022/23 (in millions)

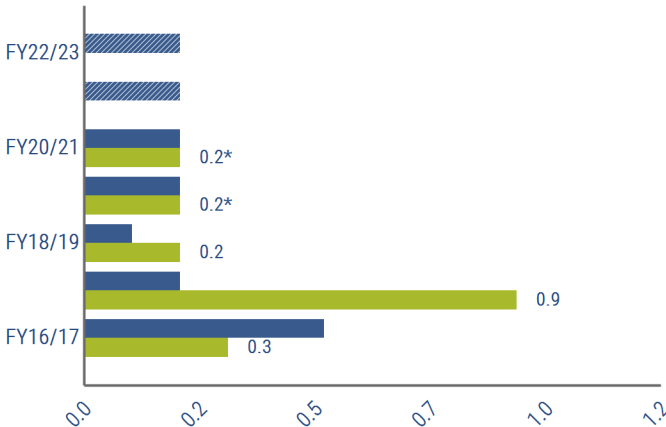


Forecast Budget Actual/Forecast\*

**Operating**

The FY 2020/21 Operating Transfers Out budget of \$0.2 million is to the Healthcare Self Insurance Fund to subsidize the costs of providing disabled public safety retiree healthcare benefits, per City Council direction. FY 2017/18 includes a transfer of approximately \$0.8 million, approved by City Council, to the Downtown Cultural Trust for downtown development.

FY 2016/17 to FY 2022/23 (in millions)



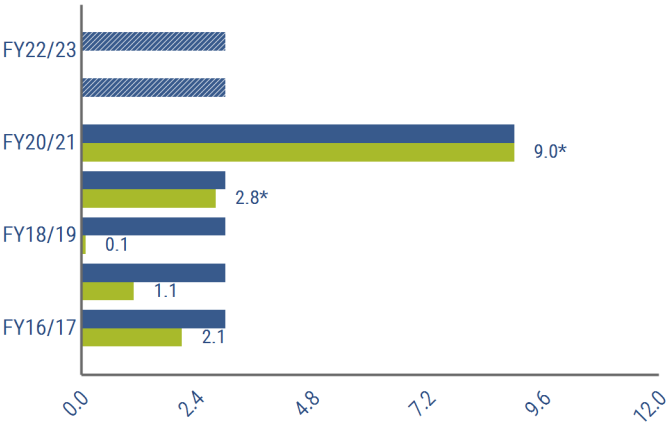
**General Fund Ending Balance**

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

**Operating Contingency**

Operating Contingency includes \$3.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. In FY 2020/21, an additional \$6.0 million of budget authorization is also included and represents two-thirds of the 1.10 percent sales tax collected on food for home consumption set aside by Council's direction to be used in the event of unforeseen expenses related to the COVID-19 pandemic. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

FY 2016/17 to FY 2022/23 (in millions)



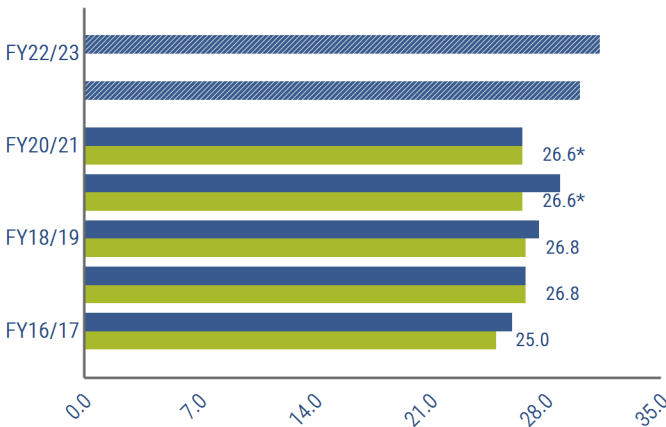
Forecast Budget Actual/Forecast



**Operating Reserve**

The Operating Reserve complies with Reserve Management Financial Policy No. 36. The policy states the General Fund will maintain a stabilization reserve of ten percent of the annual General Fund operating expenditures which is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent. Based on the operating budget expenditure estimate, the ending FY 2020/21 General Fund Operating Reserve is \$26.6 million.

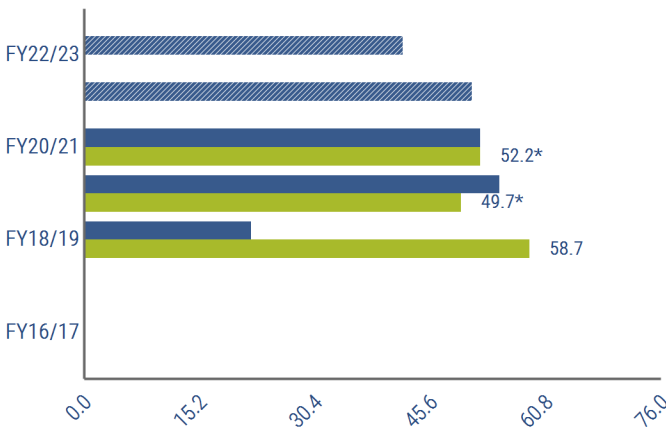
FY 2016/17 to FY 2022/23 (in millions)



**PSPRS Pension Liabilities**

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. Beginning in FY 2018/19 a 'PSPRS Pension Liabilities' designation was created. This begins to address the unfunded liability in this area and will shore-up the city's portion of the pension program for public safety personnel. In prior years, funds were held in the Undesignated, Unreserved Fund Balance. The FY 2020/21 PSPRS Pension Liabilities adopted budget is \$52.2 million, which is an increase of \$2.5 million from the FY 2019/20 forecast as a result of forecasting greater sources than uses. The FY 2020/21 PSPRS Pension Liabilities ending fund balance would have been greater but is being offset by a \$1.0 million payment to the PSPRS to pay down the unfunded liability.

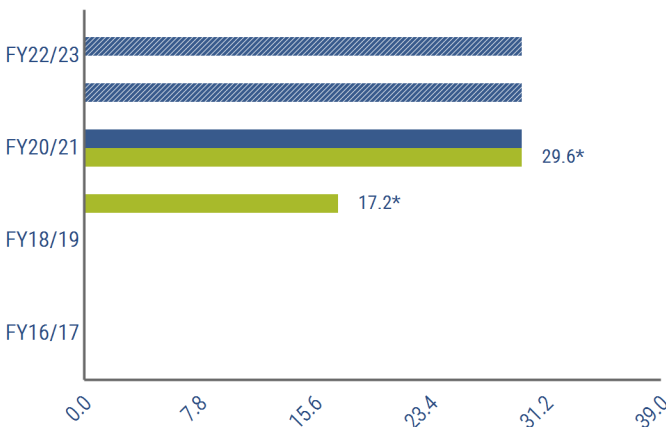
FY 2016/17 to FY 2022/23 (in millions)



**AZCares Funding**

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

FY 2016/17 to FY 2022/23 (in millions)

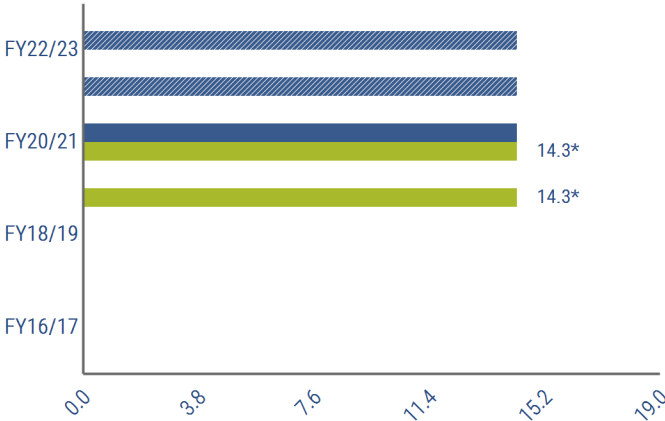


Forecast Budget Actual/Forecast\*

**Cavasson Infrastructure Reimbursement**

Designation created in FY 2019/20 for the Cavasson Development Project and the eligible infrastructure reimbursements associated with milestones achieved in phases one and two of the development agreement. The FY 2020/21 adopted budget is \$14.3 million.

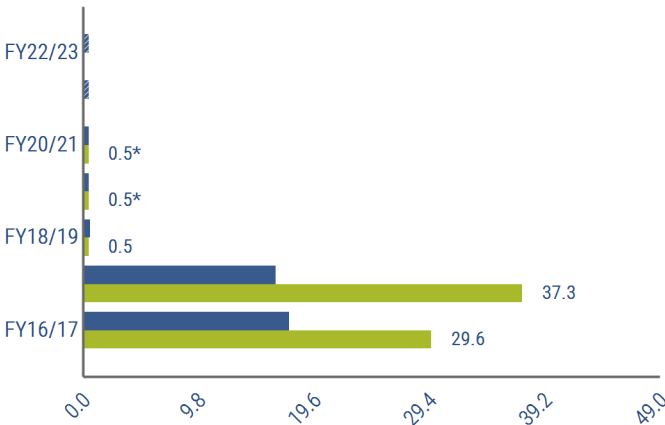
FY 2016/17 to FY 2022/23 (in millions)



**Undesignated, Unreserved Fund Balance**

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2020/21 ending undesignated, unreserved fund balance is \$0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses. The current year balance is significantly lower than prior to FY 2018/19. This is due to moving the majority of funds to PSPRS Pension Liabilities to address the unfunded liability for public safety personnel.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*



**FY 2020/21 Adopted Budget**



EXIT

GOOD VIBES ONLY  
BOB ROSE

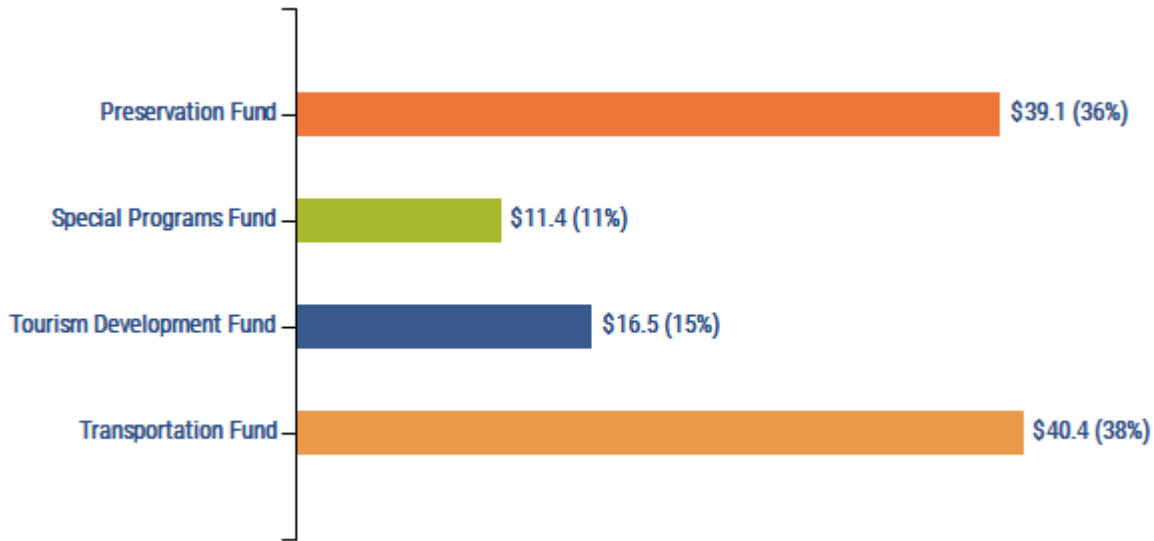
ALL SEASONS  
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Public and Recreation

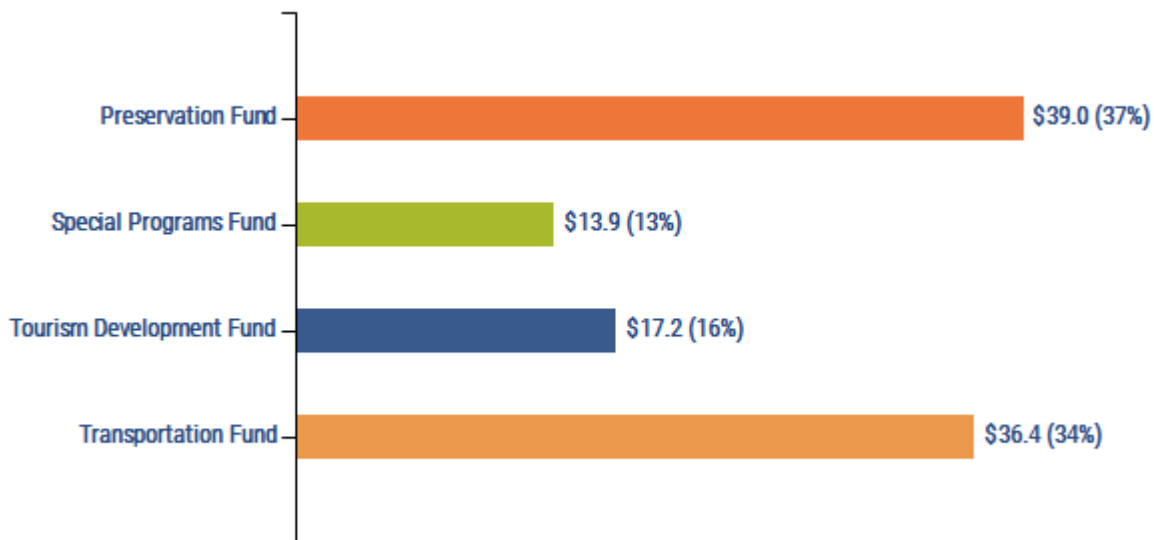
### Special Revenue Funds Description

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 (0.30%), Sales Tax - Preservation (0.35%), Highway User Tax, Transient Occupancy Tax, and special programs such as the Police 30-Day Tow program. The sections to follow discuss each of the funds in more detail.

**Special Revenue Funds Sources (% to Total)**  
\$107.5 Million



**Special Revenue Funds Uses (% to Total)**  
\$106.5 Million





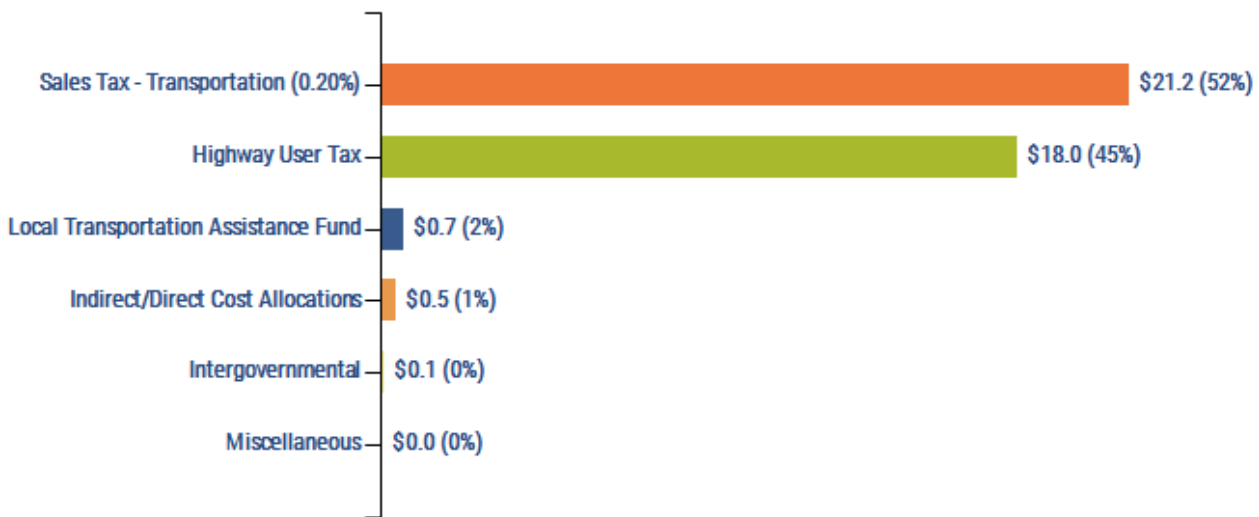


**FY 2020/21 Adopted Budget**

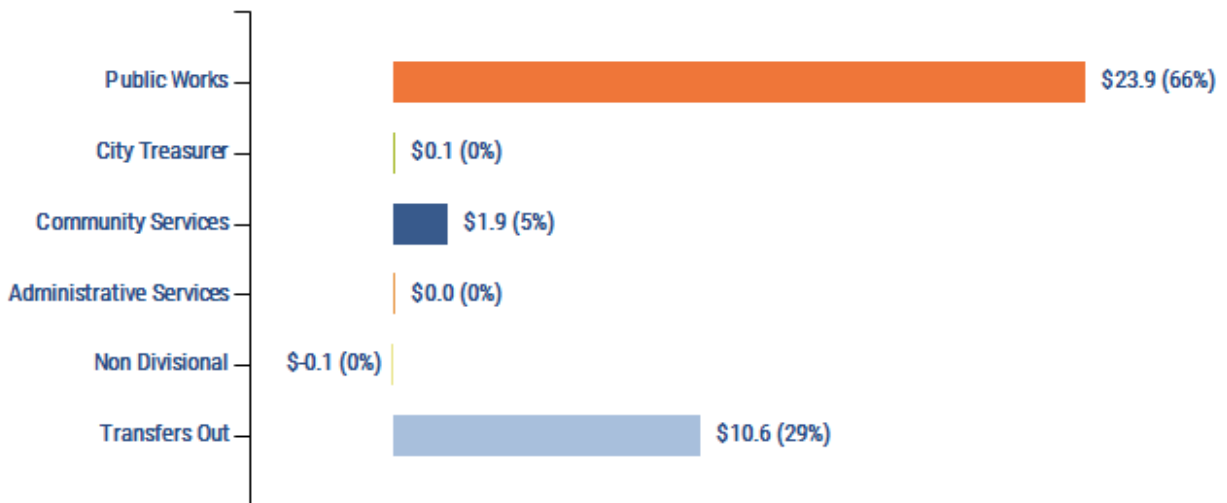
### Fund Purpose

The State of Arizona requires the city to establish and maintain an accounting for Highway User Tax revenue. The Transportation Fund receives and expends the city's allocation of the Arizona Highway User Tax which is allocated based on the official U.S. Census Bureau population estimate, as directed by Statute. These monies must be used for street construction, reconstruction, or maintenance. The fund also accounts for other transportation related revenues as well as for the 1989 voter approved Sales Tax - Transportation of 0.20 percent, which per Financial Policy No. 26, 50 percent is dedicated to transportation operations and 50 percent is dedicated to transportation improvements. The 2018 voter approved 0.10 percent Sales Tax increase dedicated to the Arterial Life Cycle Program is accounted for in a separate Transportation Capital Fund.

**Transportation Fund Sources (% to Total)**  
\$40.4 Million



**Transportation Fund Uses (% to Total)**  
\$36.4 Million



## BUDGET BY FUND | Transportation Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Contingency	500,000	500,000	500,000	500,000
Operating Reserve	2,524,055	2,617,890	2,722,738	2,795,890
Undesignated, Unreserved Fund Balance	4,256,610	7,054,039	9,910,823	10,868,729
<b>Total Beginning Fund Balance</b>	<b>7,280,665</b>	<b>10,171,929</b>	<b>13,133,561</b>	<b>14,164,619</b>
<b>Revenues</b>				
Sales Tax - Transportation (0.20%)	23,031,728	23,583,386	23,386,060	21,153,915
Sales Tax - Transportation (0.10%) <sup>(a)</sup>	4,755,799	12,053,356	2,683,200	-
Highway User Tax	17,072,604	16,944,055	17,100,376	17,999,622
Local Transportation Assistance Fund	641,606	655,000	655,000	655,000
Indirect/Direct Cost Allocations	424,355	438,493	431,095	453,514
Intergovernmental	112,996	150,000	150,000	120,000
Miscellaneous	265,414	130,240	130,240	6,000
<b>Subtotal</b>	<b>46,304,501</b>	<b>53,954,530</b>	<b>44,535,971</b>	<b>40,388,051</b>
<b>Transfers In</b>				
CIP	-	1,200,000	1,200,000	-
Operating <sup>(b)</sup>	459,249	300,000	300,000	-
<b>Subtotal</b>	<b>459,249</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>
<b>Total Sources</b>	<b>46,763,750</b>	<b>55,454,530</b>	<b>46,035,971</b>	<b>40,388,051</b>
<b>Expenditures</b>				
Public Works	22,724,205	23,904,007	22,858,094	23,923,731
City Treasurer	54,833	56,739	59,335	59,737
Community Services	1,778,798	1,892,446	1,892,446	1,897,945
Administrative Services	-	-	-	18,800
Citywide Pay Program	-	149,088	-	-
Compensation Other	-	197,371	-	-
Fuel and Maint and Repair	-	-	1,085,593	-
Leave Accrual Payments	-	104,100	62,745	104,100
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(370,900)	-	(197,696)
Utilities <sup>(c)</sup>	-	1,561,822	818,967	-
Vacation Trade	-	29,942	-	-
<b>Subtotal</b>	<b>24,557,836</b>	<b>27,524,615</b>	<b>26,777,180</b>	<b>25,806,617</b>
TOTAL OPERATING BUDGET	24,557,836	27,524,615	26,777,180	25,806,617
<b>Transfers Out</b>				
CIP	12,715,864	14,391,693	14,293,029	10,576,957
CIP 0.10% Sales Tax	3,559,353	12,053,356	3,879,645	-
CIP Technology	77,800	55,059	55,059	50,230
<b>Subtotal</b>	<b>16,353,017</b>	<b>26,500,108</b>	<b>18,227,733</b>	<b>10,627,187</b>
<b>Total Uses</b>	<b>40,910,854</b>	<b>54,024,723</b>	<b>45,004,913</b>	<b>36,433,804</b>
<b>Sources Over/(Under) Uses</b>	<b>5,852,896</b>	<b>1,429,807</b>	<b>1,031,058</b>	<b>3,954,247</b>
<b>Ending Fund Balance</b>				
Operating Contingency	500,000	500,000	500,000	500,000
Operating Reserve	2,722,738	2,752,462	2,795,890	2,580,662
Undesignated, Unreserved Fund Balance	9,910,823	8,349,274	10,868,729	15,038,204
<b>Total Ending Fund Balance</b>	<b>13,133,561</b>	<b>11,601,736</b>	<b>14,164,619</b>	<b>18,118,866</b>

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

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

(c) Beginning in FY 2020/21, Utilities are initially budgeted at the division level. At the start of the fiscal year the budget will move to a macro level and then be transferred back to the divisions monthly as expenses occur.

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

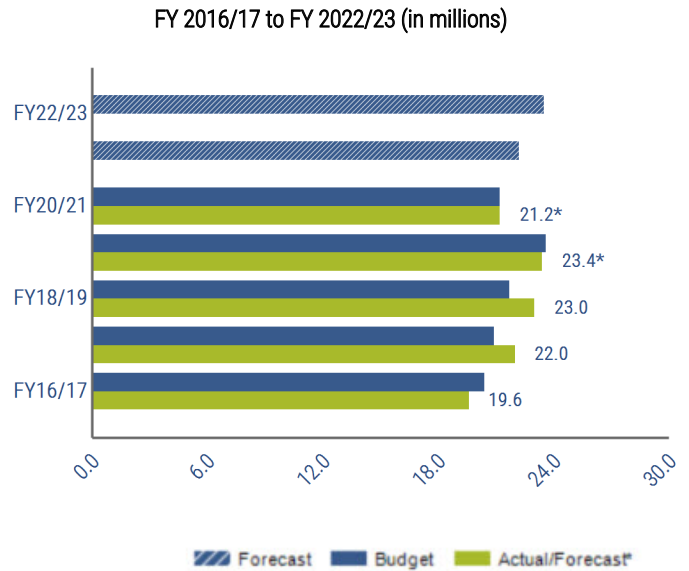
	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,795,890	2,580,662	2,862,040	2,952,190	3,045,020
Undesignated, Unreserved Fund Balance	10,868,729	15,038,204	16,288,326	17,590,476	18,625,546
<b>Total Beginning Fund Balance</b>	<b>14,164,619</b>	<b>18,118,866</b>	<b>19,650,366</b>	<b>21,042,666</b>	<b>22,170,566</b>
<b>Revenues</b>					
Sales Tax - Transportation (0.20%)	21,153,915	22,211,600	23,544,300	24,721,400	25,957,500
Sales Tax - Transportation (0.10%)	-	-	-	-	-
Highway User Tax	17,999,622	18,023,200	17,973,500	18,144,700	18,456,100
Local Transportation Assistance Fund	655,000	655,000	655,000	655,000	655,000
Indirect/Direct Cost Allocations	453,514	462,500	471,300	480,700	489,900
Intergovernmental	120,000	120,000	120,000	120,000	120,000
Miscellaneous	6,000	6,000	6,000	6,000	6,000
<b>Subtotal</b>	<b>40,388,051</b>	<b>41,478,300</b>	<b>42,770,100</b>	<b>44,127,800</b>	<b>45,684,500</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
Operating	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>40,388,051</b>	<b>41,478,300</b>	<b>42,770,100</b>	<b>44,127,800</b>	<b>45,684,500</b>
<b>Expenditures</b>					
Public Works	23,923,731	26,567,500	27,412,600	28,280,700	29,153,800
City Treasurer	59,737	62,900	66,200	69,600	71,300
Community Services	1,897,945	1,728,400	1,766,900	1,806,200	1,846,700
Administrative Services	18,800	18,900	19,000	19,100	19,200
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	104,100	106,700	109,400	112,100	114,900
Operating Impacts	-	595,000	616,000	640,000	972,100
Savings from Vacant Positions	(197,696)	(459,000)	(468,200)	(477,500)	(487,100)
Utilities	-	-	-	-	-
Vacation Trade	-	-	-	-	-
<b>Subtotal</b>	<b>25,806,617</b>	<b>28,620,400</b>	<b>29,521,900</b>	<b>30,450,200</b>	<b>31,690,900</b>
TOTAL OPERATING BUDGET	25,806,617	28,620,400	29,521,900	30,450,200	31,690,900
<b>Transfers Out</b>					
CIP	10,576,957	11,105,800	11,772,200	12,360,700	12,978,800
CIP 0.10% Sales Tax	-	-	-	-	-
CIP Technology	50,230	220,600	83,700	189,000	76,000
<b>Subtotal</b>	<b>10,627,187</b>	<b>11,326,400</b>	<b>11,855,900</b>	<b>12,549,700</b>	<b>13,054,800</b>
<b>Total Uses</b>	<b>36,433,804</b>	<b>39,946,800</b>	<b>41,377,800</b>	<b>42,999,900</b>	<b>44,745,700</b>
<b>Sources Over/(Under) Uses</b>	<b>3,954,247</b>	<b>1,531,500</b>	<b>1,392,300</b>	<b>1,127,900</b>	<b>938,800</b>
<b>Ending Fund Balance</b>					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,580,662	2,862,040	2,952,190	3,045,020	3,169,090
Undesignated, Unreserved Fund Balance	15,038,204	16,288,326	17,590,476	18,625,546	19,440,276
<b>Total Ending Fund Balance</b>	<b>18,118,866</b>	<b>19,650,366</b>	<b>21,042,666</b>	<b>22,170,566</b>	<b>23,109,366</b>

### Transportation Fund Sources

Transportation Fund sources for FY 2020/21 equal \$40.4 million which is a decrease of \$5.6 million from the FY 2019/20 year-end forecast mostly due to the economic conditions caused by the COVID-19 pandemic. The same methodology for developing the Sales Tax budgeted in the General Fund is also used for the Transportation Fund.

#### Sales Tax - Transportation (0.20%)

Sales Tax - Transportation (0.20%) represents the 0.20 percent of the city's sales tax dedicated solely to transportation. Please note that while the rate is the same for the transportation and 1995 preservation sales tax, there is a difference between the revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues. The adopted FY 2020/21 budget of \$21.2 million represents a decrease of \$2.2 million, or 10 percent, over the FY 2019/20 year-end forecast. The one-time decrease in collections in FY 2016/17 is the result of Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily, which caused a one-time timing delay of collections. The following table is a five year forecast by business category for the transportation sales tax.



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

Business Category	FY 18/19	% of	FY 19/20	% of	FY 19/20	% of	FY 20/21	% of
	Actual	Total		Adopted		Total		Forecast
Automotive	3,466,056	15%	3,371,321	14%	3,262,741	14%	2,959,140	14%
Construction	2,017,570	9%	2,051,171	9%	2,135,485	9%	1,714,619	8%
Food	1,589,402	7%	1,686,683	7%	1,775,791	8%	1,730,983	8%
Hotel/Motel	1,440,812	6%	1,389,013	6%	1,194,182	5%	704,206	3%
Major Dept Stores	1,857,433	8%	1,870,031	8%	1,894,515	8%	1,862,282	9%
Misc. Retail	4,121,111	18%	4,312,375	18%	4,328,698	19%	4,204,247	20%
Other Taxable	1,952,195	8%	2,151,048	9%	1,978,789	8%	2,013,341	10%
Rental	3,409,215	15%	3,568,906	15%	3,770,017	16%	3,477,243	16%
Restaurants	2,285,860	10%	2,284,328	10%	2,117,154	9%	1,536,661	7%
Utilities	892,074	4%	898,510	4%	928,688	4%	951,193	4%
<b>Total</b>	<b>23,031,728</b>	<b>100%</b>	<b>23,583,386</b>	<b>100%</b>	<b>23,386,060</b>	<b>100%</b>	<b>21,153,914</b>	<b>100%</b>

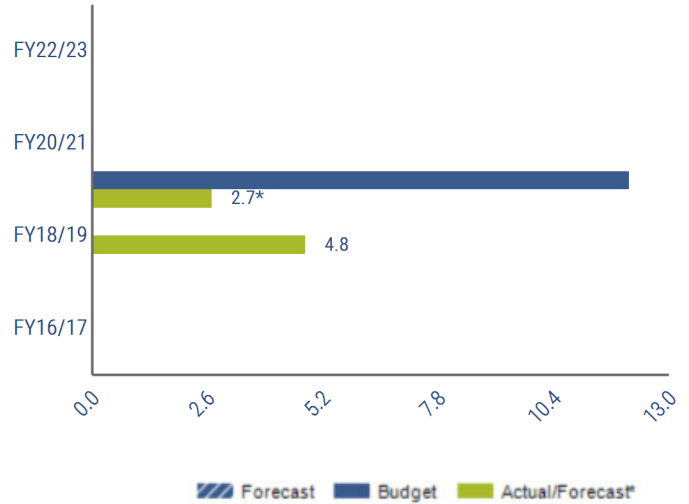
Business Category	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of	FY 24/25	% of
	Forecast	Total		Forecast		Total		Forecast
Automotive	3,107,100	14%	3,293,500	14%	3,458,200	14%	3,631,100	14%
Construction	1,800,300	8%	1,908,300	8%	2,003,700	8%	2,103,900	8%
Food	1,817,500	8%	1,926,600	8%	2,022,900	8%	2,124,000	8%
Hotel/Motel	739,400	3%	783,800	3%	823,000	3%	864,200	3%
Major Dept Stores	1,955,400	9%	2,072,700	9%	2,176,300	9%	2,285,100	9%
Misc. Retail	4,414,500	20%	4,679,400	20%	4,913,400	20%	5,159,100	20%
Other Taxable	2,114,000	10%	2,240,800	10%	2,352,800	10%	2,470,400	10%
Rental	3,651,100	16%	3,870,200	16%	4,063,700	16%	4,266,900	16%
Restaurants	1,613,500	7%	1,710,300	7%	1,795,800	7%	1,885,600	7%
Utilities	998,800	4%	1,058,700	4%	1,111,600	4%	1,167,200	4%
<b>Total</b>	<b>22,211,600</b>	<b>100%</b>	<b>23,544,300</b>	<b>100%</b>	<b>24,721,400</b>	<b>100%</b>	<b>25,957,500</b>	<b>100%</b>



**Sales Tax - Transportation (0.10%)**

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

FY 2016/17 to FY 2022/23 (in millions)



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

Business Category	FY 18/19	% of	FY 19/20	% of	FY 19/20	% of	FY 20/21	% of
	Actual	Total		Adopted		Total		Forecast
Automotive	709,754	15%	1,748,493	15%	1,286,373	14%	1,534,721	14%
Construction	312,885	7%	885,947	7%	778,376	8%	881,340	8%
Food	310,500	7%	874,777	7%	733,646	8%	897,752	8%
Hotel/Motel	354,974	7%	720,394	6%	493,207	5%	365,227	3%
Major Dept Stores	360,347	8%	969,867	8%	727,696	8%	965,850	9%
Misc. Retail	834,451	18%	2,236,558	19%	1,777,549	19%	2,180,479	20%
Other Taxable	486,661	10%	1,115,614	9%	923,964	10%	1,044,195	10%
Rental	709,426	15%	1,850,968	15%	1,471,691	16%	1,803,427	16%
Restaurants	499,968	11%	1,184,737	10%	820,271	9%	796,969	7%
Utilities	176,832	4%	466,001	4%	355,258	4%	493,324	4%
<b>Total</b>	<b>4,755,798</b>	<b>100%</b>	<b>12,053,356</b>	<b>100%</b>	<b>9,368,031</b>	<b>100%</b>	<b>10,963,284</b>	<b>100%</b>

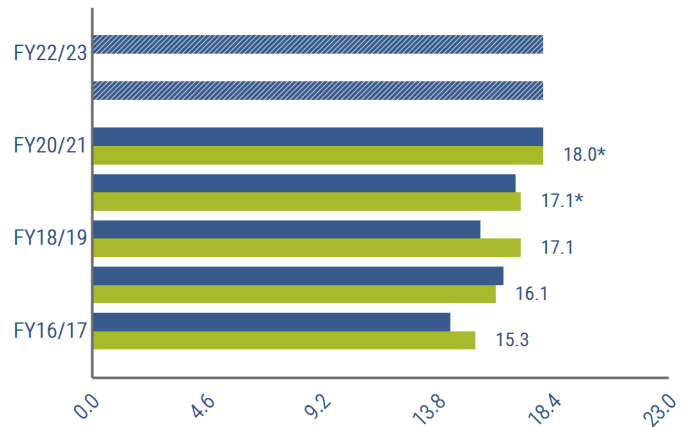
  

Business Category	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of	FY 24/25	% of
	Forecast	Total		Forecast		Total		Forecast
Automotive	1,611,500	14%	1,708,200	14%	1,793,600	14%	1,883,300	14%
Construction	925,400	8%	980,900	8%	1,029,900	8%	1,081,400	8%
Food	942,600	8%	999,200	8%	1,049,200	8%	1,101,700	8%
Hotel/Motel	383,500	3%	406,500	3%	426,800	3%	448,100	3%
Major Dept Stores	1,014,100	9%	1,074,900	9%	1,128,600	9%	1,185,000	9%
Misc. Retail	2,289,500	20%	2,426,900	20%	2,548,200	20%	2,675,600	20%
Other Taxable	1,096,400	10%	1,162,200	10%	1,220,300	10%	1,281,300	10%
Rental	1,893,600	16%	2,007,200	16%	2,107,600	16%	2,213,000	16%
Restaurants	836,800	7%	887,000	7%	931,400	7%	978,000	7%
Utilities	518,000	4%	549,100	5%	576,600	5%	605,400	5%
<b>Total</b>	<b>11,511,400</b>	<b>100%</b>	<b>12,202,100</b>	<b>100%</b>	<b>12,812,200</b>	<b>100%</b>	<b>13,452,800</b>	<b>100%</b>

### 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 2020/21 budget of \$18.0 million represents a \$0.9 million increase from the FY 2019/20 year-end forecast due to estimates provided by the League of Arizona Cities and Towns.

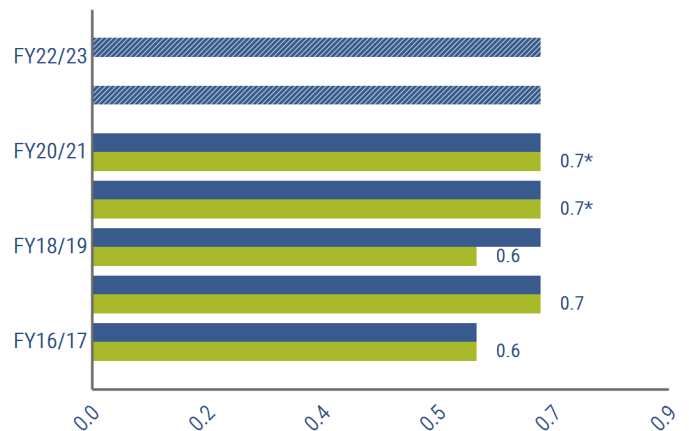
FY 2016/17 to FY 2022/23 (in millions)



### Local Transportation Assistance Fund

Local Transportation Assistance Fund supports the development and operation of a comprehensive multi-modal public transportation program in Arizona. The funding to 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 2020/21 budget for this revenue is \$0.7 million, which represents the entire allocation available to the city.

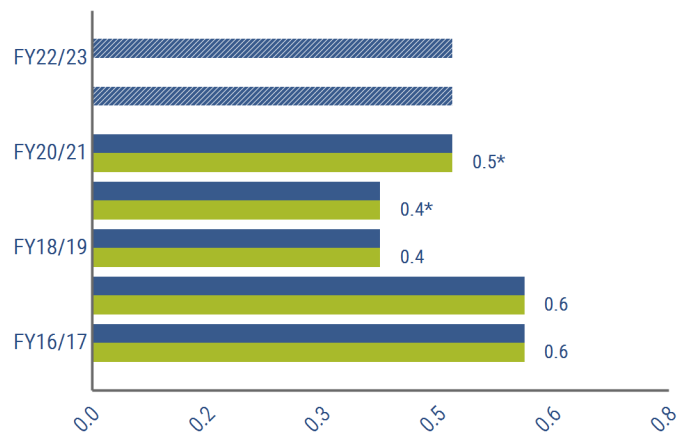
FY 2016/17 to FY 2022/23 (in millions)



### Indirect/Direct Cost Allocations

Indirect/Direct Cost Allocations represents direct charges to the Solid Waste Fund to cover the costs associated with alley maintenance performed by the Transportation and Street Operations Department for the benefit of Solid Waste operations. The budget for this revenue in FY 2020/21 is \$0.5 million which is an increase of \$0.1 million from the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)

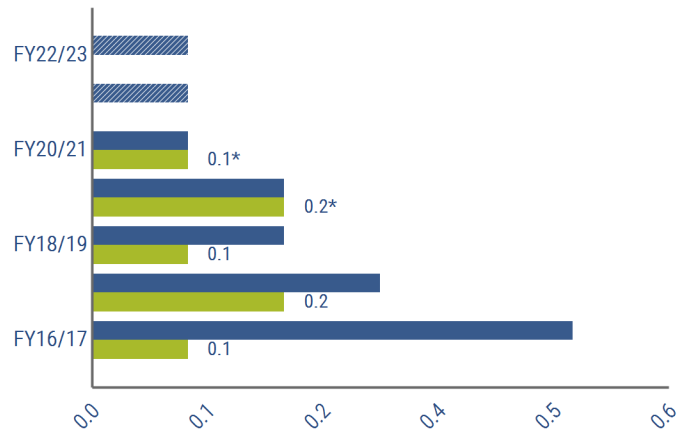


Forecast Budget Actual/Forecast\*

## 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 2020/21 budget is \$0.1 million, which is slightly less than the FY 2019/20 year-end forecast and is related to a reduction in participation in the past few years that has stabilized at the level estimated for FY 2020/21.

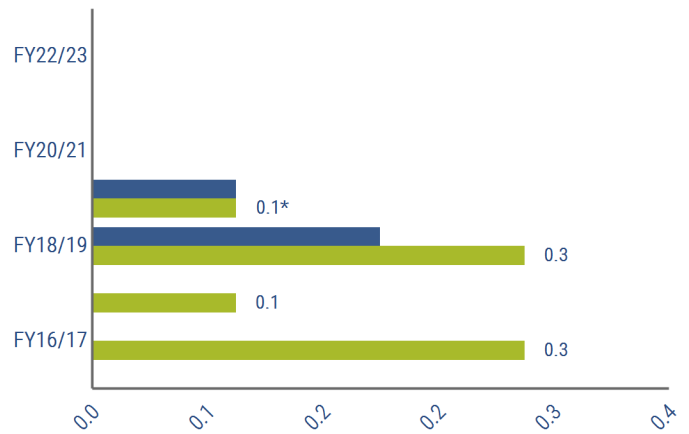
FY 2016/17 to FY 2022/23 (in millions)



## 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 2020/21 budget of \$6,000 represents a \$0.1 million decrease from the FY 2019/20 year-end forecast and is due to the reimbursement from the Valley Metro Regional Public Transportation Authority (RPTA) and City of Phoenix expected to be significantly less for the foreseeable future.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

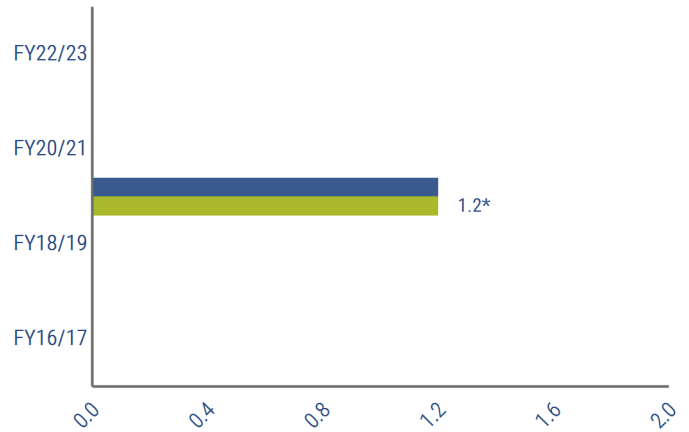
### Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2020/21 is \$0.0 million. More specific information is detailed below.

#### CIP

For FY 2019/20, Council authorized a transfer in the amount of \$1.2 million to reimburse the Transportation Fund for its contribution to the Drinkwater Bridge Structural Repairs capital project. The Maricopa Association of Governments (MAG) reimbursed the capital project with Proposition 400 funding so the contribution from the Transportation Fund is no longer needed.

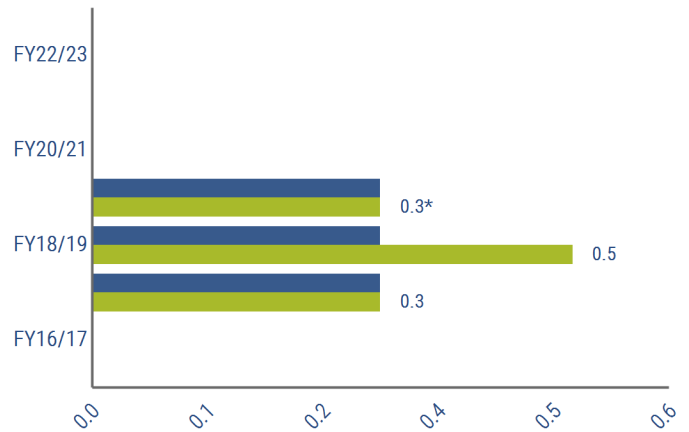
FY 2016/17 to FY 2022/23 (in millions)



#### Operating

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

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

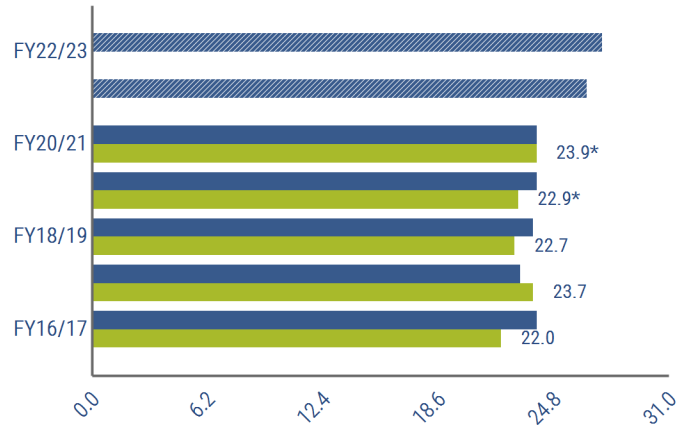
### Transportation Fund Uses

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

#### Public Works

The expenditures for Public Works include alley maintenance, streets cleaning, lighting maintenance, and traffic signal maintenance. The adopted FY 2020/21 Public Works budget of \$23.9 million is an increase of \$1.0 million from the FY 2019/20 year-end forecast of \$22.9 million mainly due to an initiation of a study to provide a data collection assessment of roadways, paved alleys, parking lots, and right-of-ways. Additional budgeted increases include utilities, landfill disposal costs, and custodial contracts.

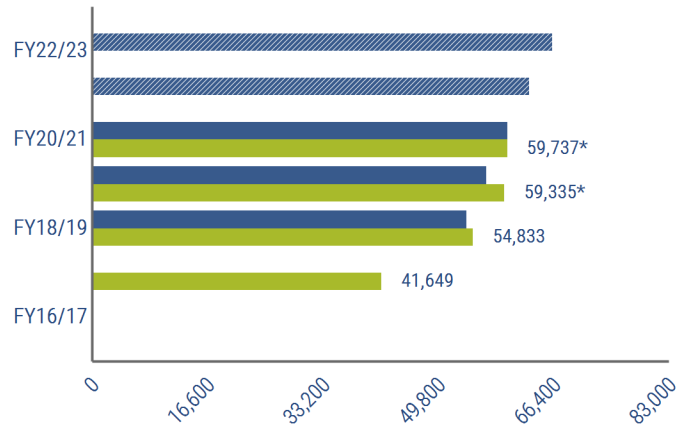
FY 2016/17 to FY 2022/23 (in millions)



#### City Treasurer

This budget is used to partially fund the Sr. Budget Analyst position within the City Treasurer Division. The position is primarily dedicated to supporting the complex operating and capital financial needs within the Transportation Fund. The FY 2020/21 adopted budget is \$59,737.

FY 2016/17 to FY 2022/23

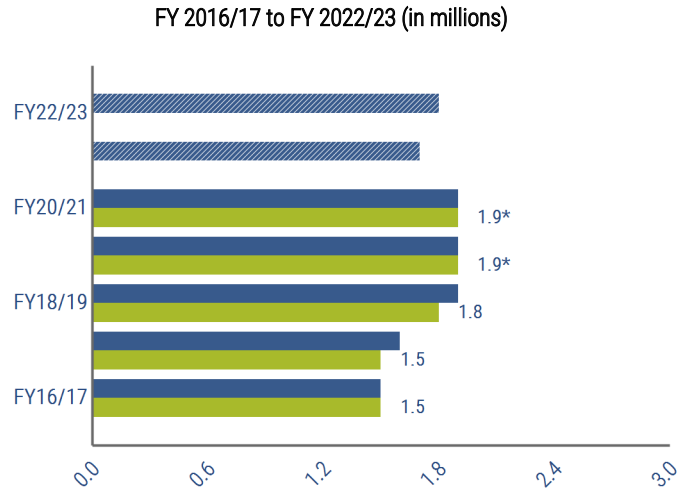


Forecast Budget Actual/Forecast\*



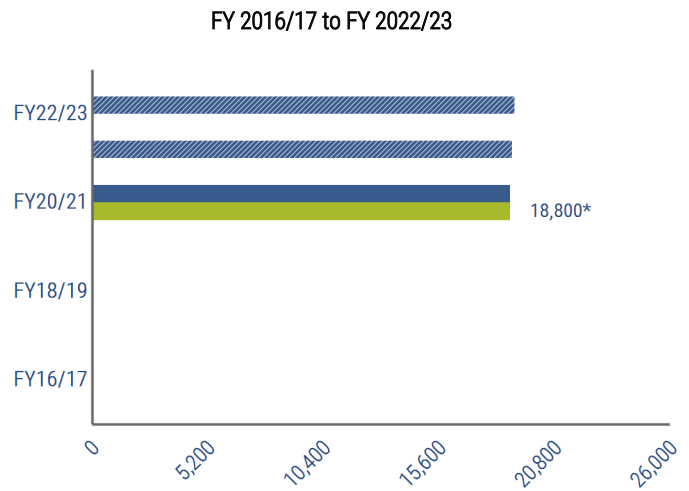
**Community Services**

This budget is used for the contracted landscaping of medians and right-of-ways. The FY 2020/21 adopted budget of \$1.9 million is relatively flat when compared to the FY 2019/20 year-end forecast.



**Administrative Services**

This budget is used for software funded by the Transportation Fund which is administered by the Information Technology (IT) department. The FY 2020/21 adopted budget is \$18,800.



Forecast Budget Actual/Forecast

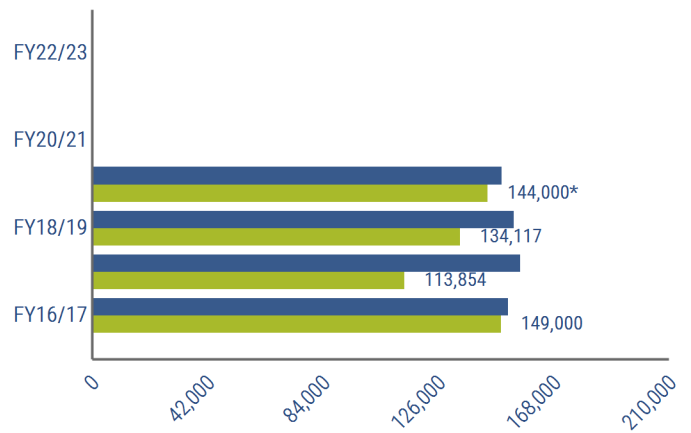
### Non-Divisional Uses

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

### Citywide Pay Program

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

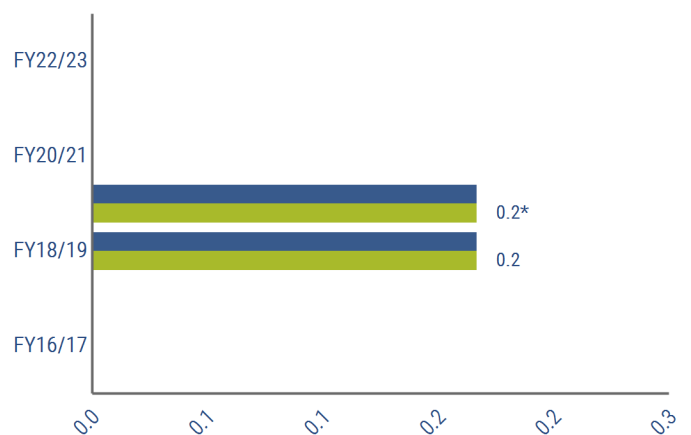
FY 2016/17 to FY 2022/23



### Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23 (in millions)

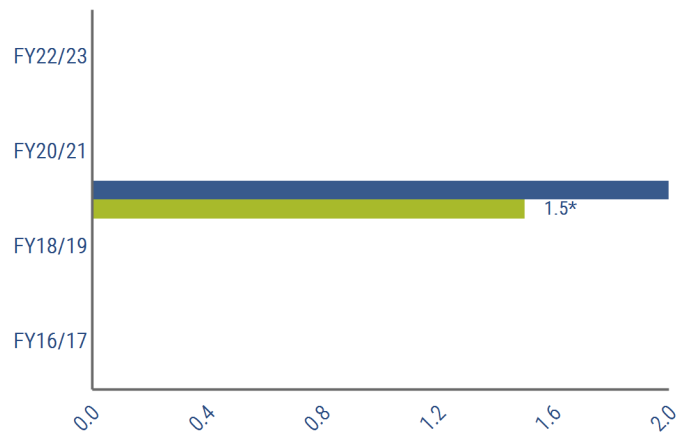


Forecast Budget Actual/Forecast\*

## Fuel and Maint and Repair

Beginning in FY 2019/20, Fuel and Maintenance and Repair is budgeted at the division level and then at the beginning of the fiscal year is moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2020/21 Fuel and Maintenance and Repair is budgeted at \$2.0 million at the division level.

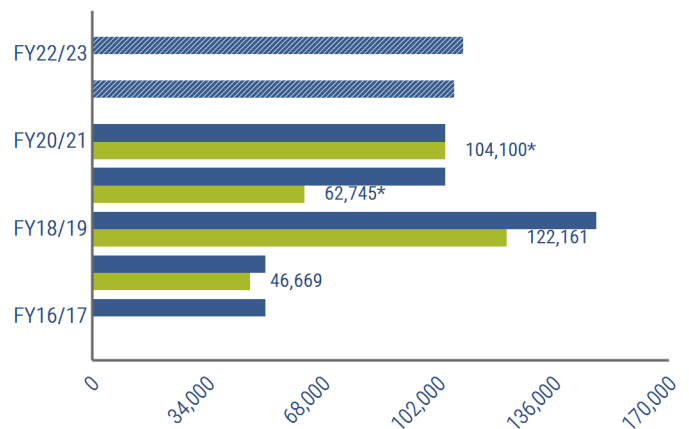
FY 2016/17 to FY 2022/23 (in millions)



## Leave Accrual Payments

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2020/21 leave accrual payments budget is \$104,100, which includes \$24,000 budgeted for medical leave accrual payouts and \$80,100 budgeted for vacation leave accrual payouts. The FY 2019/20 year-end forecast and FY 2016/17 - FY 2018/19 actuals displayed are recorded and reported as part of the division's expenditures.

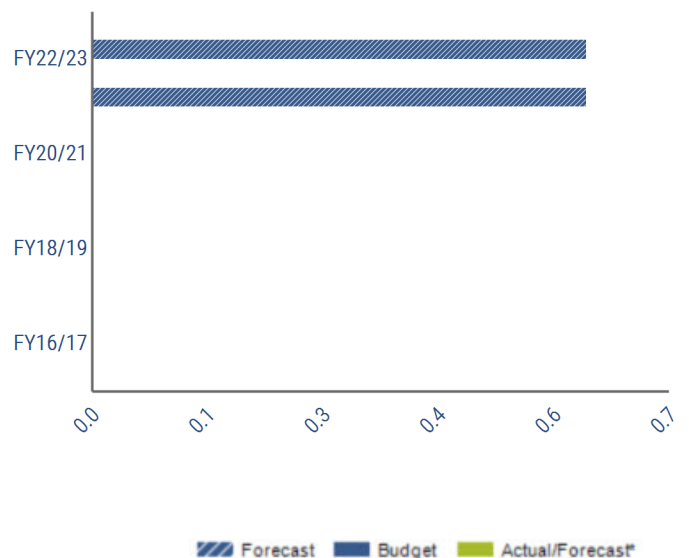
FY 2016/17 to FY 2022/23



## Operating Impacts

Operating Impacts is additional costs associated with Capital Improvement Plan (CIP) projects that impact operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. While the FY 2020/21 adopted budget is \$0.0 million, FY 2021/22 and FY 2022/23 are forecasted at \$0.6 million based on the current approved CIP projects.

FY 2016/17 to FY 2022/23 (in millions)

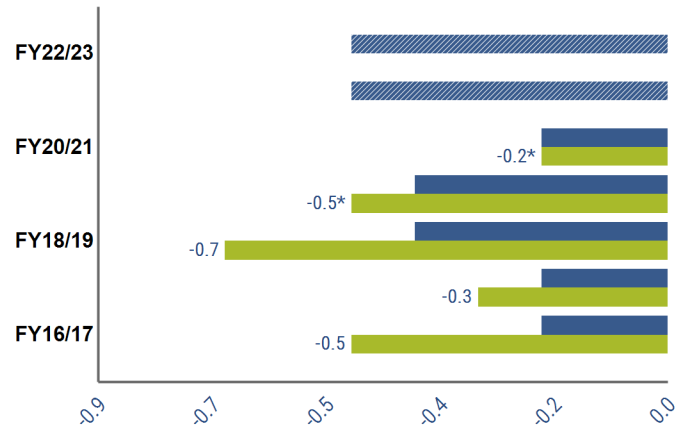


Forecast Budget Actual/Forecast\*

## Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings achieved from vacant positions. The FY 2020/21 Transportation Fund estimate for vacancy savings is (\$0.2) million.

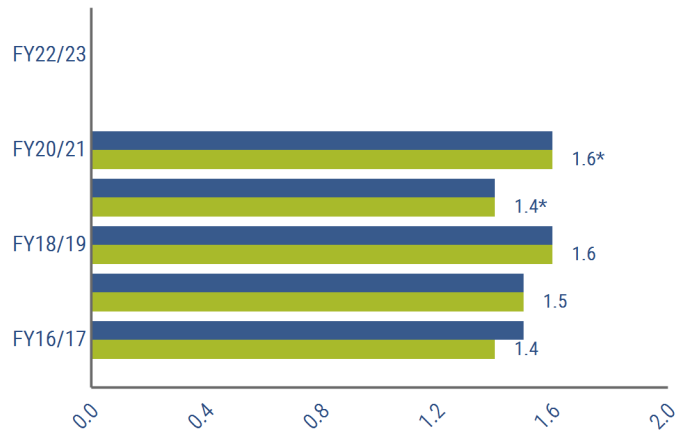
FY 2016/17 to FY 2022/23 (in millions)



## Utilities

Beginning in FY 2020/21, Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2020/21 Utilities budget is \$1.6 million which is \$0.1 million greater than the FY 2019/20 year-end forecast.

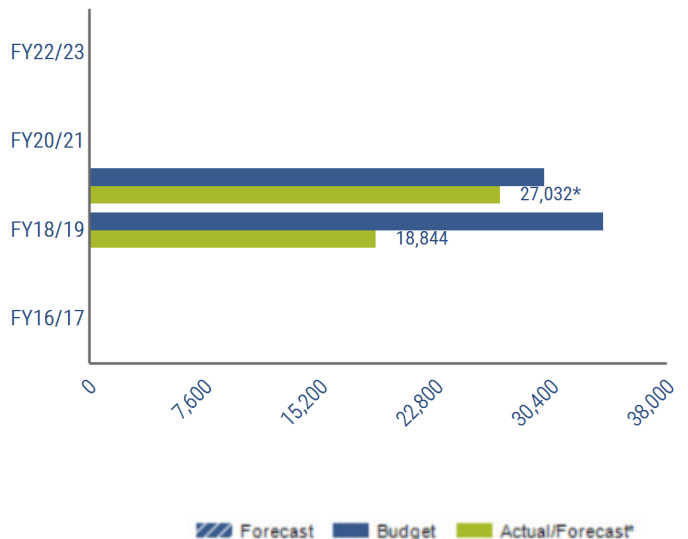
FY 2016/17 to FY 2022/23 (in millions)



## Vacation Trade

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23



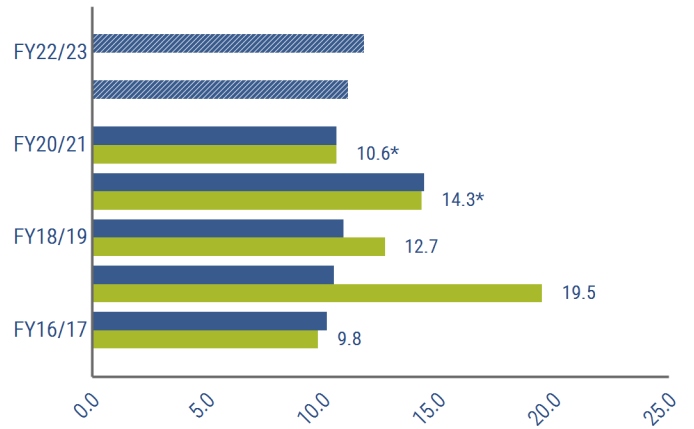
### Transfers Out

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

#### CIP

The FY 2020/21 budget includes a \$10.6 million transfer of the Sales Tax - Transportation (0.20%) revenue, which is 50 percent of the revenue collected per Financial Policy No. 26, to the Capital Improvement Plan (CIP).

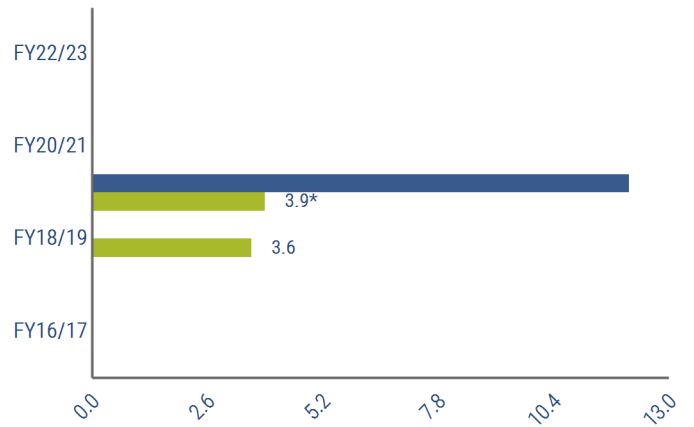
FY 2016/17 to FY 2022/23 (in millions)



#### CIP 0.10% Sales Tax

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

FY 2016/17 to FY 2022/23 (in millions)

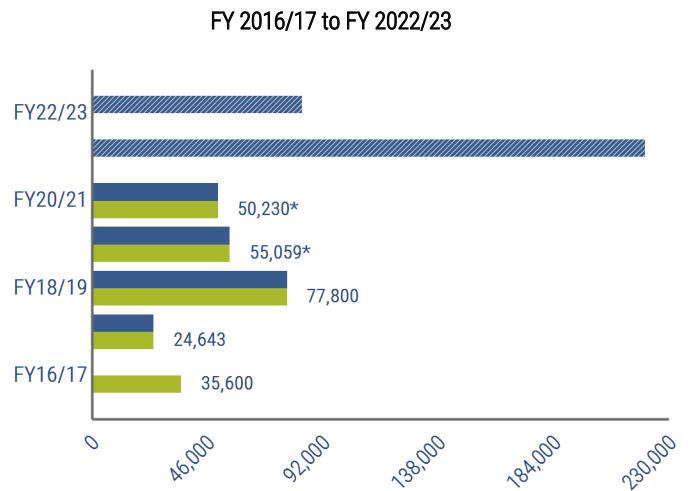


Forecast Budget Actual/Forecast\*



**CIP Technology**

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2020/21 adopted budget is \$50,230. The large forecast for FY 2021/22 represents funding for the Enterprise Resource Planning (ERP) System implementation project.

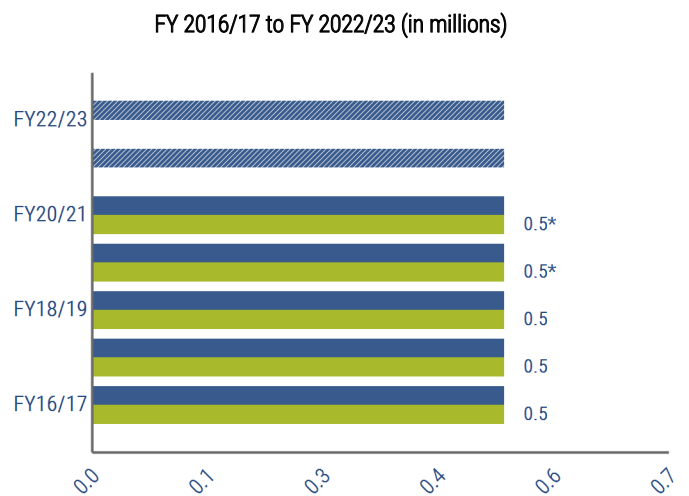


**Transportation Fund Ending Balance**

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

**Operating Contingency**

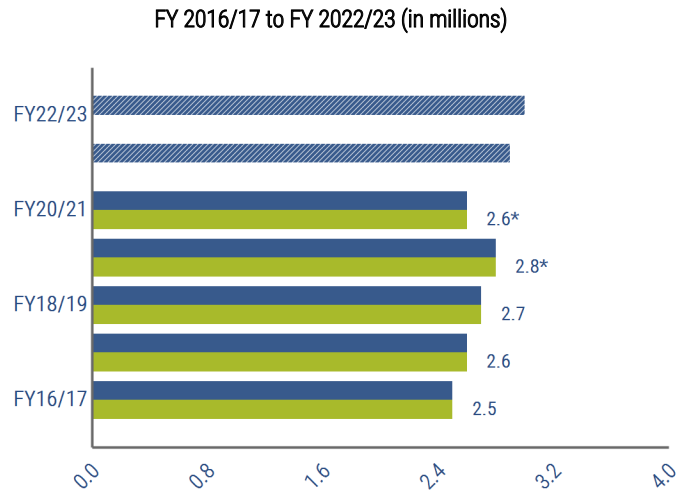
Operating Contingency includes \$0.5 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.



Forecast Budget Actual/Forecast\*

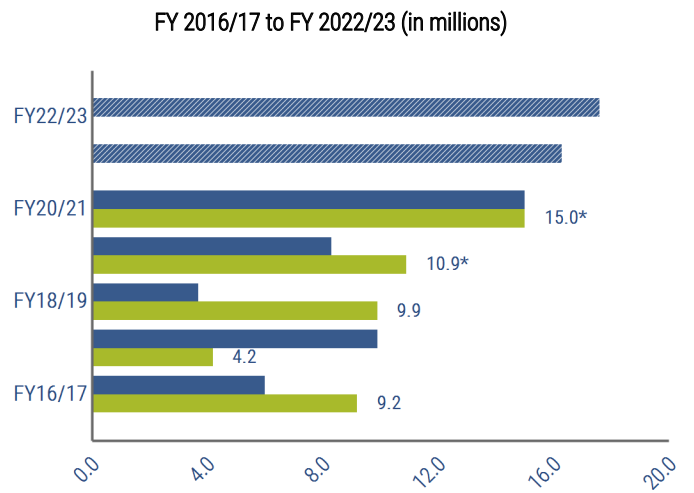
## Operating Reserve

Per Financial Policy No. 36, the city's transportation operating reserve shall be 10 percent of the annual Transportation Fund operating budget, and shall be used for unforeseen emergencies or catastrophic impacts to the city related to transportation. The FY 2020/21 Transportation Fund operating reserve is \$2.6 million.



## Undesignated, Unreserved Fund Balance

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2020/21 ending undesignated, unreserved fund balance is \$15.0 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.

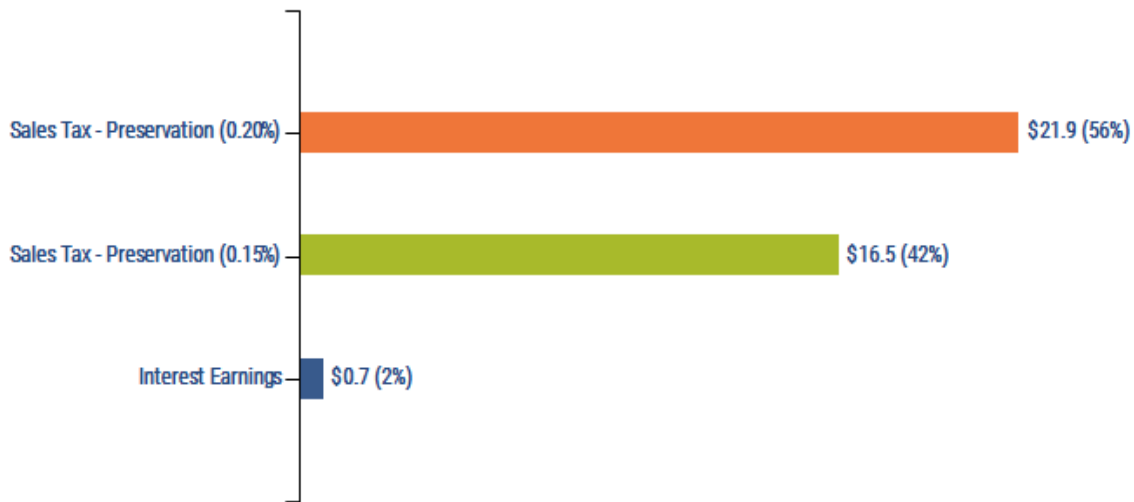


Forecast Budget Actual/Forecast\*

### Fund Purpose

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

**Preservation Fund Sources (% to Total)**  
**\$39.1 Million**



**Preservation Fund Uses (% to Total)**  
**\$39.0 Million**



## BUDGET BY FUND | Preservation Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Debt Service Liabilities	32,389,579	29,347,891	36,650,145	43,925,267
<b>Total Beginning Fund Balance</b>	<b>32,389,579</b>	<b>29,347,891</b>	<b>36,650,145</b>	<b>43,925,267</b>
<b>Revenues</b>				
Sales Tax - Preservation (0.20%)	23,943,381	24,462,445	24,375,517	21,942,413
Sales Tax - Preservation (0.15%)	17,960,882	18,346,834	18,281,651	16,456,812
Interest Earnings	924,971	1,066,651	831,301	745,318
<i>Subtotal</i>	<b>42,829,234</b>	<b>43,875,930</b>	<b>43,488,469</b>	<b>39,144,543</b>
<b>Total Sources</b>	<b>42,829,234</b>	<b>43,875,930</b>	<b>43,488,469</b>	<b>39,144,543</b>
<b>Transfers Out</b>				
CIP	6,574,593	4,450,872	3,479,092	5,750,035
Debt Svc GO Bonds	26,872,190	27,599,380	27,599,380	31,867,424
Trnsfrs Out-Debt Svc SPA Bonds	5,121,885	5,134,875	5,134,875	1,414,000
<i>Subtotal</i>	<b>38,568,668</b>	<b>37,185,127</b>	<b>36,213,347</b>	<b>39,031,459</b>
<b>Total Uses</b>	<b>38,568,668</b>	<b>37,185,127</b>	<b>36,213,347</b>	<b>39,031,459</b>
<b>Sources Over/(Under) Uses</b>	<b>4,260,566</b>	<b>6,690,803</b>	<b>7,275,122</b>	<b>113,084</b>
<b>Ending Fund Balance</b>				
Debt Service Liabilities	36,650,145	36,038,694	43,925,267	44,038,351
<b>Total Ending Fund Balance</b>	<b>36,650,145</b>	<b>36,038,694</b>	<b>43,925,267</b>	<b>44,038,351</b>

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Debt Service Liabilities	43,925,267	44,038,351	46,764,551	54,815,751	63,236,551
<b>Total Beginning Fund Balance</b>	<b>43,925,267</b>	<b>44,038,351</b>	<b>46,764,551</b>	<b>54,815,751</b>	<b>63,236,551</b>
<b>Revenues</b>					
Sales Tax - Preservation (0.20%)	21,942,413	23,039,600	24,422,000	25,643,100	26,925,300
Sales Tax - Preservation (0.15%)	16,456,812	17,279,700	18,316,400	19,232,100	20,193,700
Interest Earnings	745,318	447,100	273,100	272,900	374,000
<i>Subtotal</i>	<b>39,144,543</b>	<b>40,766,400</b>	<b>43,011,500</b>	<b>45,148,100</b>	<b>47,493,000</b>
<b>Total Sources</b>	<b>39,144,543</b>	<b>40,766,400</b>	<b>43,011,500</b>	<b>45,148,100</b>	<b>47,493,000</b>
<b>Transfers Out</b>					
CIP	5,750,035	4,017,900	450,000	300,000	-
Debt Svc GO Bonds	31,867,424	32,602,300	34,510,300	36,427,300	39,922,500
Trnsfrs Out-Debt Svc SPA Bonds <sup>(a)</sup>	1,414,000	1,420,000	-	-	-
<i>Subtotal</i>	<b>39,031,459</b>	<b>38,040,200</b>	<b>34,960,300</b>	<b>36,727,300</b>	<b>39,922,500</b>
<b>Total Uses</b>	<b>39,031,459</b>	<b>38,040,200</b>	<b>34,960,300</b>	<b>36,727,300</b>	<b>39,922,500</b>
<b>Sources Over/(Under) Uses</b>	<b>113,084</b>	<b>2,726,200</b>	<b>8,051,200</b>	<b>8,420,800</b>	<b>7,570,500</b>
<b>Ending Fund Balance</b>					
Debt Service Liabilities	44,038,351	46,764,551	54,815,751	63,236,551	70,807,051
<b>Total Ending Fund Balance</b>	<b>44,038,351</b>	<b>46,764,551</b>	<b>54,815,751</b>	<b>63,236,551</b>	<b>70,807,051</b>

<sup>(a)</sup> The Transfers Out-Debt Svc SPA Bonds is for the repayment of Scottsdale Preserve Authority Bonds with the final payment due in FY 2021/22.



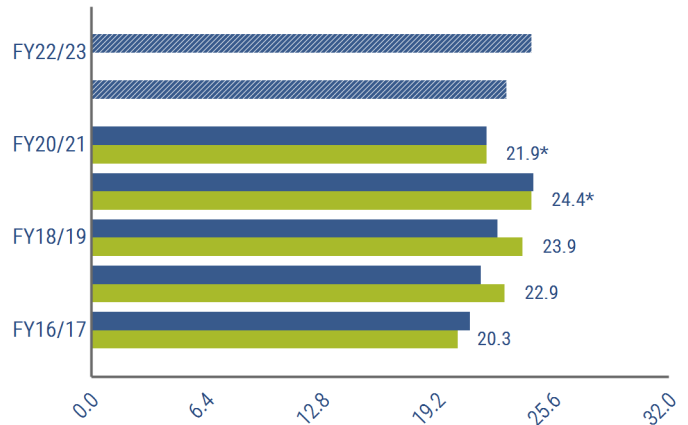
### Preservation Fund Sources

The Preservation Fund sources for FY 2020/21 are budgeted at \$39.1 million, a decrease of \$4.3 million from the FY 2019/20 year-end forecast. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

#### Sales Tax - Preservation (0.20%)

Sales Tax - Preservation (0.20%) represents the 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve of which will sunset in the year 2025. The FY 2020/21 budget of \$21.9 million represents a decrease of \$2.5 million, or ten percent, from the FY 2019/20 year-end forecast. The following table is a five-year forecast by business category for the preservation sales tax.

FY 2016/17 to FY 2022/23 (in millions)



Sales Tax - Preservation (0.20%) Five-Year Forecast by Business Category (rounding differences may occur)

Revenue Category	FY 18/19	% of	FY 19/20	% of	FY 19/20	% of	FY 20/21	% of
	Actual	Total	Adopted	Total	Forecast	Total	Adopted	Total
Automotive	3,605,327	15%	3,496,985	14%	3,402,803	14%	3,069,440	14%
Construction	2,032,496	8%	2,127,628	9%	2,170,466	9%	1,778,531	8%
Food	1,594,865	7%	1,749,554	7%	1,798,098	7%	1,795,505	8%
Hotel/Motel	1,451,483	6%	1,440,788	6%	1,210,101	5%	730,456	3%
Major Dept Stores	1,935,862	8%	1,939,735	8%	1,930,985	8%	1,931,698	9%
Misc. Retail	4,487,722	19%	4,473,117	18%	4,690,207	19%	4,360,959	20%
Other Taxable	2,188,939	9%	2,231,227	9%	2,247,357	9%	2,088,387	10%
Rental	3,444,936	14%	3,701,935	15%	3,836,563	16%	3,606,855	16%
Restaurants	2,298,038	10%	2,369,475	10%	2,141,431	9%	1,593,938	7%
Utilities	903,713	4%	932,002	4%	947,506	4%	986,646	4%
<b>Total</b>	<b>23,943,381</b>	<b>100%</b>	<b>24,462,445</b>	<b>100%</b>	<b>24,375,517</b>	<b>100%</b>	<b>21,942,413</b>	<b>100%</b>

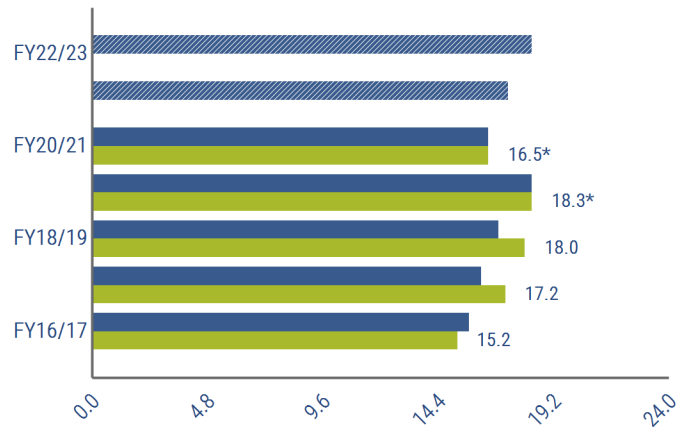
Revenue Category	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of	FY 24/25	% of
	Forecast	Total	Forecast	Total	Forecast	Total	Forecast	Total
Automotive	3,222,900	14%	3,416,300	14%	3,587,100	14%	3,766,500	14%
Construction	1,867,500	8%	1,979,600	8%	2,078,600	8%	2,182,500	8%
Food	1,885,300	8%	1,998,400	8%	2,098,300	8%	2,203,200	8%
Hotel/Motel	767,000	3%	813,000	3%	853,700	3%	896,400	3%
Major Dept Stores	2,028,300	9%	2,150,000	9%	2,257,500	9%	2,370,400	9%
Misc. Retail	4,579,000	20%	4,853,700	20%	5,096,400	20%	5,351,200	20%
Other Taxable	2,192,800	10%	2,324,400	10%	2,440,600	10%	2,562,600	10%
Rental	3,787,200	16%	4,014,400	16%	4,215,100	16%	4,425,900	16%
Restaurants	1,673,600	7%	1,774,000	7%	1,862,700	7%	1,955,800	7%
Utilities	1,036,000	4%	1,098,200	4%	1,153,100	4%	1,210,800	4%
<b>Total</b>	<b>23,039,600</b>	<b>100%</b>	<b>24,422,000</b>	<b>100%</b>	<b>25,643,100</b>	<b>100%</b>	<b>26,925,300</b>	<b>100%</b>

Forecast Budget Actual/Forecast\*

**Sales Tax - Preservation (0.15%)**

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent of the city’s sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities such as proposed trailheads. These funds are due to sunset in the year 2034. The FY 2020/21 budget of \$16.5 million represents a decrease of \$1.8 million, or ten percent, over the FY 2019/20 year-end forecast. The following table is a five year forecast by business category for the 0.15 percent preservation sales tax.

FY 2016/17 to FY 2022/23 (in millions)



**Sales Tax - Preservation (0.15%) Five-Year Forecast by Business Category** (rounding differences may occur)

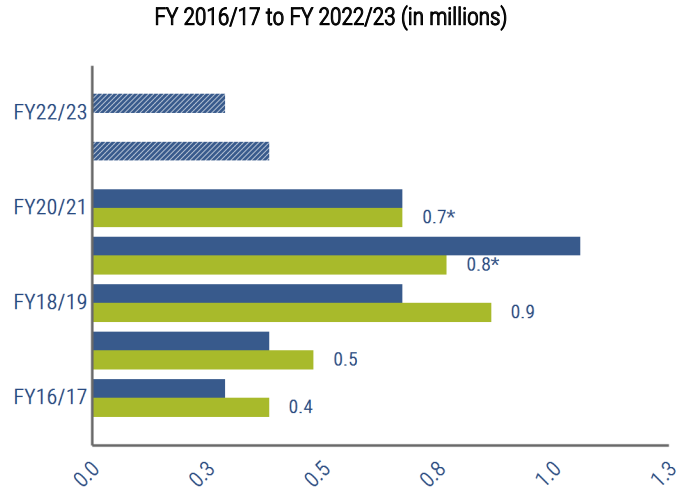
Revenue Category	FY 18/19 Actual	% of Total	FY 19/20 Adopted	% of Total	FY 19/20 Forecast	% of Total	FY 20/21 Adopted	% of Total
Automotive	2,704,492	15%	2,622,739	14%	2,552,103	14%	2,302,081	14%
Construction	1,524,661	8%	1,595,721	9%	1,627,849	9%	1,333,899	8%
Food	1,196,374	7%	1,312,165	7%	1,348,574	7%	1,346,628	8%
Hotel/Motel	1,088,816	6%	1,080,591	6%	907,576	5%	547,842	3%
Major Dept Stores	1,452,164	8%	1,454,801	8%	1,448,239	8%	1,448,774	9%
Misc. Retail	3,366,398	19%	3,354,838	18%	3,517,655	19%	3,270,719	20%
Other Taxable	1,642,015	9%	1,673,420	9%	1,685,521	9%	1,566,290	10%
Rental	2,584,203	14%	2,776,451	15%	2,877,430	16%	2,705,141	16%
Restaurants	1,723,849	10%	1,777,106	10%	1,606,074	9%	1,195,454	7%
Utilities	677,909	4%	699,002	4%	710,630	4%	739,985	4%
<b>Total</b>	<b>17,960,882</b>	<b>100%</b>	<b>18,346,834</b>	<b>100%</b>	<b>18,281,651</b>	<b>100%</b>	<b>16,456,812</b>	<b>100%</b>

Revenue Category	FY 21/22 Forecast	% of Total	FY 22/23 Forecast	% of Total	FY 23/24 Forecast	% of Total	FY 24/25 Forecast	% of Total
Automotive	2,417,200	14%	2,562,200	14%	2,690,300	14%	2,824,800	14%
Construction	1,400,600	8%	1,484,600	8%	1,558,800	8%	1,636,700	8%
Food	1,414,000	8%	1,498,800	8%	1,573,700	8%	1,652,400	8%
Hotel/Motel	575,200	3%	609,700	3%	640,200	3%	672,200	3%
Major Dept Stores	1,521,200	9%	1,612,500	9%	1,693,100	9%	1,777,800	9%
Misc. Retail	3,434,300	20%	3,640,400	20%	3,822,400	20%	4,013,500	20%
Other Taxable	1,644,600	10%	1,743,300	10%	1,830,500	10%	1,922,000	10%
Rental	2,840,400	16%	3,010,800	16%	3,161,300	16%	3,319,400	16%
Restaurants	1,255,200	7%	1,330,500	7%	1,397,000	7%	1,466,900	7%
Utilities	777,000	4%	823,600	4%	864,800	4%	908,000	4%
<b>Total</b>	<b>17,279,700</b>	<b>100%</b>	<b>18,316,400</b>	<b>100%</b>	<b>19,232,100</b>	<b>100%</b>	<b>20,193,700</b>	<b>100%</b>

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 2020/21 budget of \$0.7 million is a decrease of \$0.1 million from the FY 2019/20 year-end forecast.

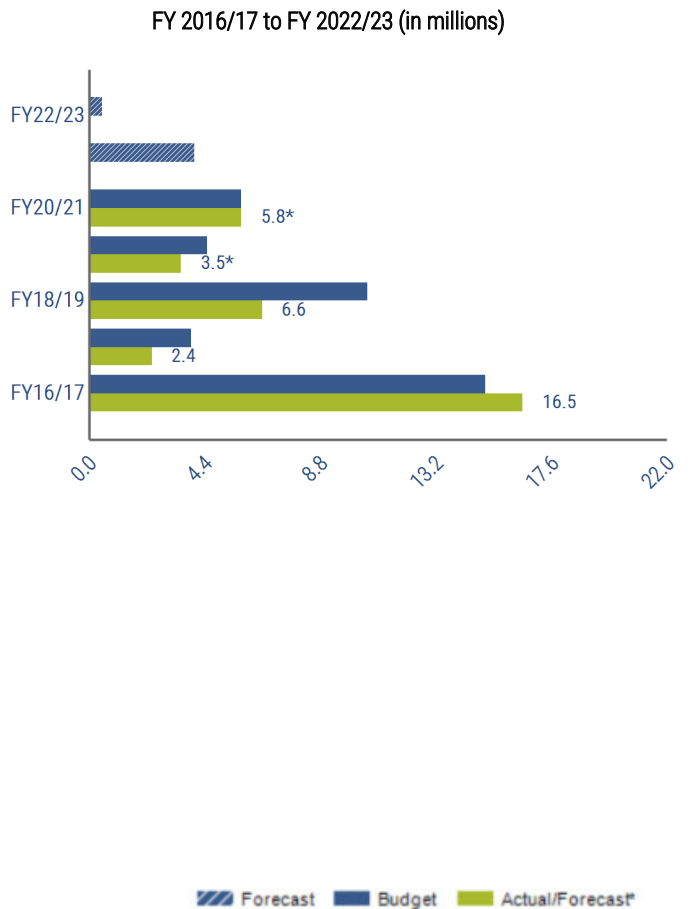


### Transfers Out

Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. Transfers Out in FY 2020/21 is \$39.0 million, which is an increase of \$2.8 million from the FY 2019/20 year-end forecast and is provided in further detail in the following:

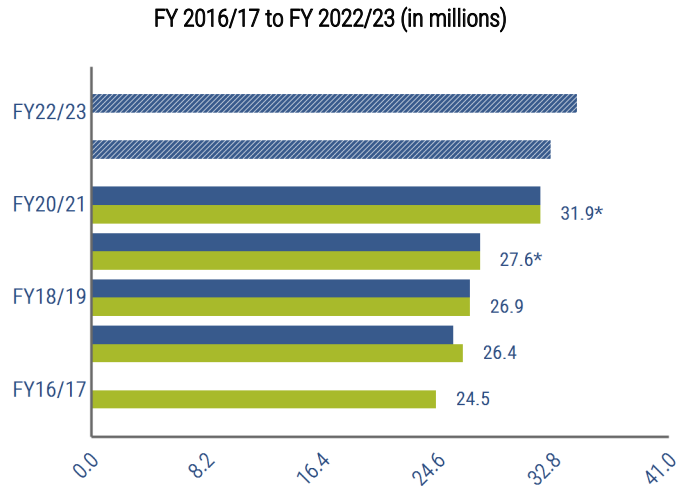
#### CIP

Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects. The CIP project schedule is broken into trail construction, trailhead maintenance and habitat and safety improvements. The FY 2020/21 adopted budget is \$5.8 million, an increase of \$2.3 million from the FY 2019/20 year-end forecast; the increase is related to the completion of the Pinnacle Peak Park Improvements and the Fraesfield and Granite Mountain Trailhead capital projects. In FY 2016/17 the activity was related to purchasing preserve land within the planned boundaries that was approved by the voters in May 1995.



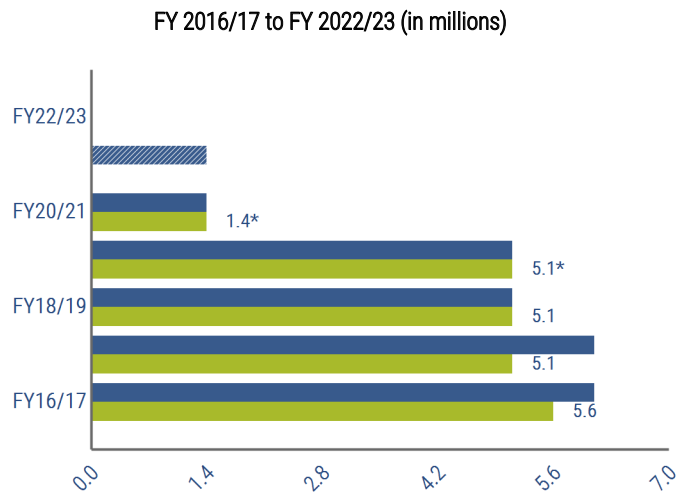
**Debt Svc GO Bonds**

A transfer out to the Debt Service Fund to facilitate payments on the Preserve General Obligation Bonds. The debt issuances are related to the land acquisition in the McDowell Mountain Sonoran Preserve and are repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. The FY 2020/21 Total Debt Svc GO Bonds Transfers Out adopted budget is \$31.9 million, an increase of \$4.2 million which is due to the Debt Service amortization schedule.



**Debt Svc SPA Bonds**

A transfer out to the Debt Service Fund to facilitate payments for the Scottsdale Preserve Authority Bonds. The Scottsdale Preserve Authority Revenue Board authorizes debt issuances that are related to the land acquisition in the McDowell Mountain Sonoran Preserve. It is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. The adopted budget for the Debt Svc SPA Bonds Transfers out for FY 2020/21 is \$1.4 million, a decrease of \$3.7 million which is due to the Debt Service amortization schedule with the final payment due in FY 2021/22.



Forecast Budget Actual/Forecast\*

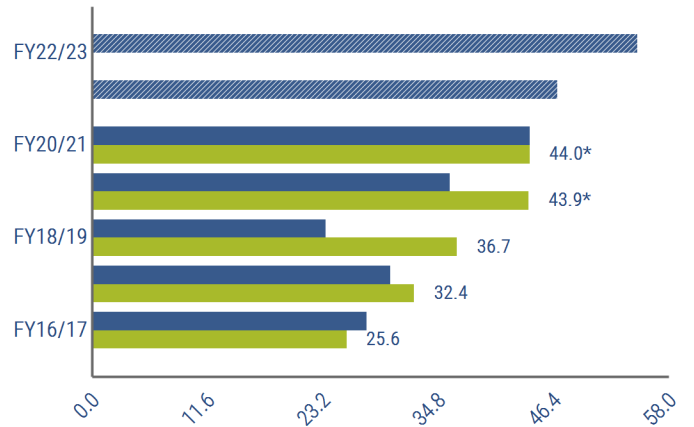
### Preservation Fund Ending Balance

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

### Debt Service Liabilities

Debt Service Liabilities accounts for any funds remaining after the designation of all other reserves/uses. The FY 2020/21 Debt Service Liabilities balance is \$44.0 million, represents an increase of \$0.1 million, over the FY 2019/20 year-end forecast which represents the cumulative Preservation sources less uses. These designated funds will be used to pay future debt service payments.

FY 2016/17 to FY 2022/23 (in millions)



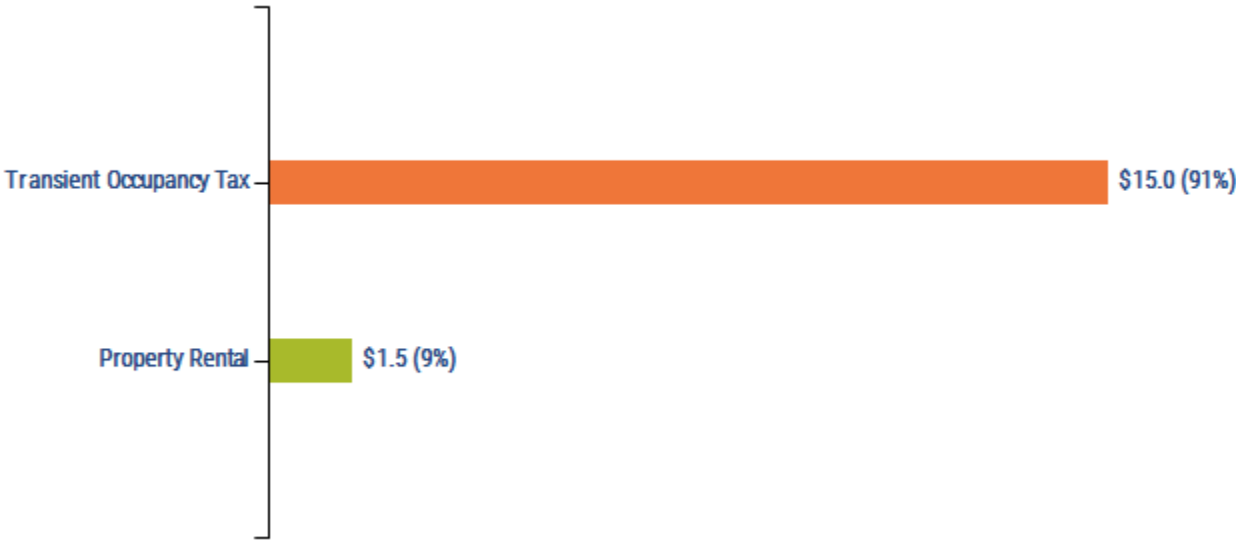
Forecast Budget Actual/Forecast\*



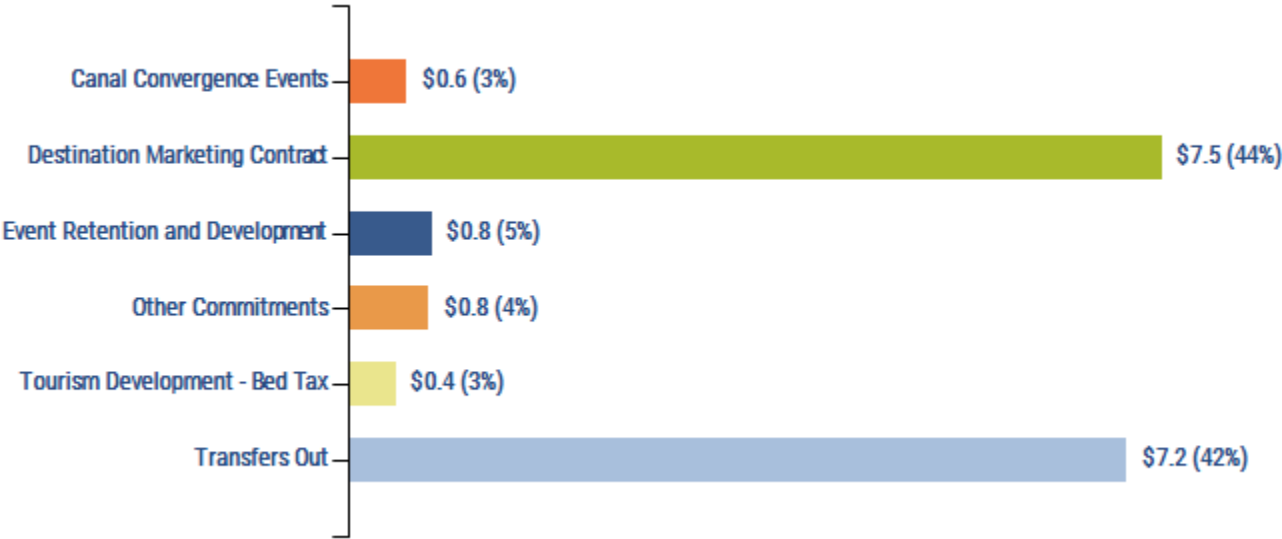
**Fund Purpose**

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

**Tourism Development Fund Sources (% to Total)**  
**\$16.5 Million**



**Tourism Development Fund Uses (% to Total)**  
**\$17.2 Million**



## BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	493,036	823,278	861,589	861,589
Reserve - Events and Event Development	875,557	1,543,110	1,706,578	1,706,578
Undesignated, Unreserved Fund Balance	4,804,219	104,053	1,224,510	1,330,482
<b>Total Beginning Fund Balance</b>	<b>8,672,812</b>	<b>4,970,441</b>	<b>6,292,677</b>	<b>6,398,649</b>
<b>Revenues</b>				
Transient Occupancy Tax	22,407,421	21,530,228	18,771,782	15,020,374
Property Rental	2,023,411	1,999,114	2,019,105	1,500,000
Miscellaneous	25,254	-	-	-
<i>Subtotal</i>	<i>24,456,086</i>	<i>23,529,342</i>	<i>20,790,887</i>	<i>16,520,374</i>
<b>Transfers In</b>				
CIP	471,047	-	-	-
<i>Subtotal</i>	<i>471,047</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Total Sources</b>	<b>24,927,133</b>	<b>23,529,342</b>	<b>20,790,887</b>	<b>16,520,374</b>
<b>Expenditures</b>				
Banner Program	356	-	-	-
Canal Convergence Events	750,194	750,000	750,000	550,000
Destination Marketing Contract	11,203,710	10,765,114	9,385,891	7,510,187
Event Retention and Development	1,168,165	1,937,721	1,587,721	775,000
Other Commitments	1,798,671	1,380,000	1,072,309	751,750
Administration and Research	527,744	760,496	650,871	442,000
Vacation Trade	-	713	-	-
<i>Subtotal</i>	<i>15,448,841</i>	<i>15,594,044</i>	<i>13,446,792</i>	<i>10,028,937</i>
TOTAL OPERATING BUDGET	15,448,841	15,594,044	13,446,792	10,028,937
<b>Transfers Out</b>				
CIP	5,000,000	-	-	-
Debt Svc MPC Bonds	3,592,805	4,583,623	4,585,509	5,271,616
Operating	3,265,622	2,983,627	2,652,614	1,918,816
<i>Subtotal</i>	<i>11,858,427</i>	<i>7,567,250</i>	<i>7,238,123</i>	<i>7,190,432</i>
<b>Total Uses</b>	<b>27,307,268</b>	<b>23,161,294</b>	<b>20,684,915</b>	<b>17,219,369</b>
<b>Sources Over/(Under) Uses</b>	<b>(2,380,135)</b>	<b>368,048</b>	<b>105,972</b>	<b>(698,995)</b>
<b>Ending Fund Balance</b>				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	861,589	823,278	861,589	1,066,552
Reserve - Events and Event Development	1,706,578	1,543,110	1,706,578	2,133,102
Undesignated, Unreserved Fund Balance	1,224,510	472,101	1,330,482	-
<b>Total Ending Fund Balance</b>	<b>6,292,677</b>	<b>5,338,489</b>	<b>6,398,649</b>	<b>5,699,654</b>

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	861,589	1,066,552	591,885	174,118	35,685
Reserve - Events and Event Development	1,706,578	2,133,102	1,183,769	348,236	71,369
Undesignated, Unreserved Fund Balance	1,330,482	-	-	-	-
<b>Total Beginning Fund Balance</b>	<b>6,398,649</b>	<b>5,699,654</b>	<b>4,275,654</b>	<b>3,022,354</b>	<b>2,607,054</b>
<b>Revenues</b>					
Transient Occupancy Tax	15,020,374	15,771,400	16,717,700	17,553,600	18,431,200
Property Rental	1,500,000	1,575,000	1,669,500	1,753,000	1,840,600
Miscellaneous	-	-	-	-	-
<i>Subtotal</i>	<u>16,520,374</u>	<u>17,346,400</u>	<u>18,387,200</u>	<u>19,306,600</u>	<u>20,271,800</u>
<b>Transfers In</b>					
CIP	-	-	-	-	-
<i>Subtotal</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Sources</b>	<b>16,520,374</b>	<b>17,346,400</b>	<b>18,387,200</b>	<b>19,306,600</b>	<b>20,271,800</b>
<b>Expenditures</b>					
Banner Program	-	-	-	-	-
Canal Convergence Events	550,000	650,000	650,000	650,000	650,000
Destination Marketing Contract	7,510,187	7,885,700	8,358,800	8,776,800	9,215,600
Event Retention and Development	775,000	1,500,000	1,504,600	1,579,800	1,658,800
Other Commitments	751,750	1,000,000	1,180,000	780,000	780,000
Administration and Research	442,000	450,000	551,600	584,600	619,300
Vacation Trade	-	-	-	-	-
<i>Subtotal</i>	<u>10,028,937</u>	<u>11,485,700</u>	<u>12,245,000</u>	<u>12,371,200</u>	<u>12,923,700</u>
TOTAL OPERATING BUDGET	10,028,937	11,485,700	12,245,000	12,371,200	12,923,700
<b>Transfers Out</b>					
CIP	-	-	-	-	-
Debt Svc MPC Bonds	5,271,616	5,275,400	5,272,300	5,126,800	5,118,500
Operating	1,918,816	2,009,300	2,123,200	2,223,900	2,329,600
<i>Subtotal</i>	<u>7,190,432</u>	<u>7,284,700</u>	<u>7,395,500</u>	<u>7,350,700</u>	<u>7,448,100</u>
<b>Total Uses</b>	<b>17,219,369</b>	<b>18,770,400</b>	<b>19,640,500</b>	<b>19,721,900</b>	<b>20,371,800</b>
<b>Sources Over/(Under) Uses</b>	<b>(698,995)</b>	<b>(1,424,000)</b>	<b>(1,253,300)</b>	<b>(415,300)</b>	<b>(100,000)</b>
<b>Ending Fund Balance</b>					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	1,066,552	591,885	174,118	35,685	2,352
Reserve - Events and Event Development	2,133,102	1,183,769	348,236	71,369	4,702
Undesignated, Unreserved Fund Balance	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>5,699,654</b>	<b>4,275,654</b>	<b>3,022,354</b>	<b>2,607,054</b>	<b>2,507,054</b>

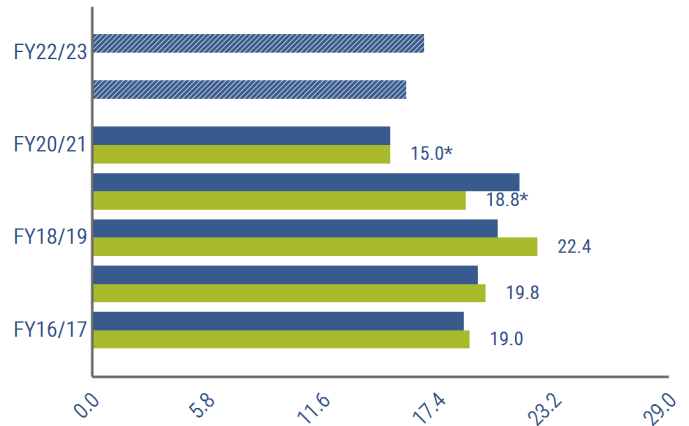
### Tourism Development Fund Sources

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

#### Transient Occupancy Tax

Transient Occupancy Tax reflects a voter approved tax of five percent on hotel and motel room rentals, and on short-term rentals in addition to the sales tax. Beginning January 1, 2017, the Arizona Department of Revenue (ADOR) has taken over administration, collection and reporting of transient occupancy tax. The FY 2020/21 budget of \$15.0 million is \$3.8 million lower than the FY 2019/20 year-end forecast to reflect the impact of the COVID-19 pandemic on the Tourism Industry.

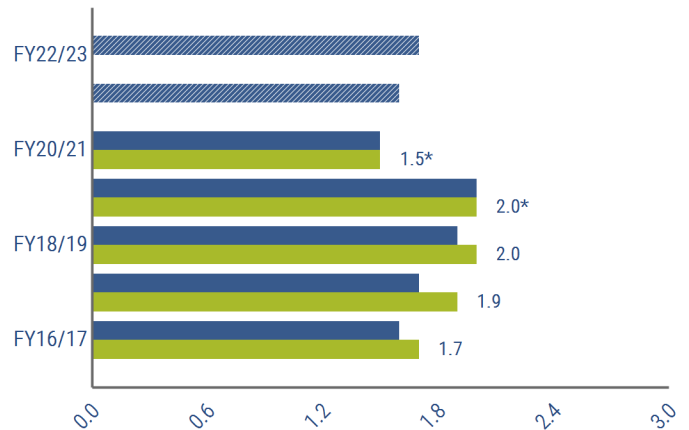
FY 2016/17 to FY 2022/23 (in millions)



#### Property Rental

The Fairmont Scottsdale Princess Hotel has a ground lease agreement with the City of Scottsdale. The Fairmont Scottsdale Princess Hotel shall pay a rate of 1.5 percent through December 2020, and of 2.0 percent thereafter, of the adjusted gross revenue above \$100.0 million in addition to a set amount of \$1.5 million annually. The FY 2020/21 adopted budget for Property Rental of \$1.5 million is \$0.5 million lower than the FY 2019/20 year-end forecast, which reflects the impact of the COVID-19 pandemic on the Tourism Industry.

FY 2016/17 to FY 2022/23 (in millions)

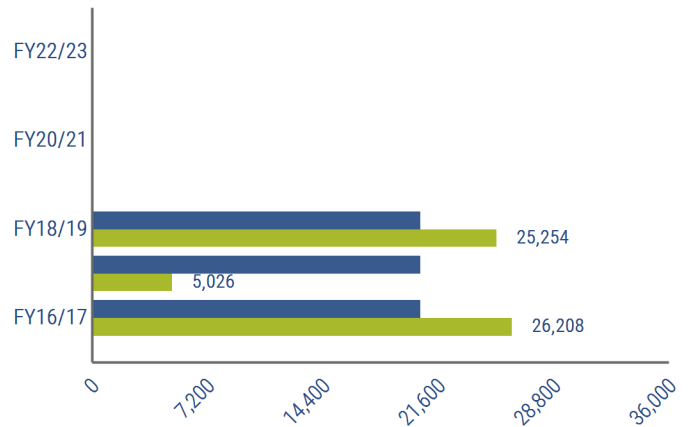


Forecast Budget Actual/Forecast\*

## Miscellaneous

Miscellaneous includes additional sources that may be collected and are not attributable to one of the specific sources previously noted. In prior years, this revenue category included the reimbursement for the Banner Program, which beginning in FY 2019/20 will be reported under the General Fund.

FY 2016/17 to FY 2022/23



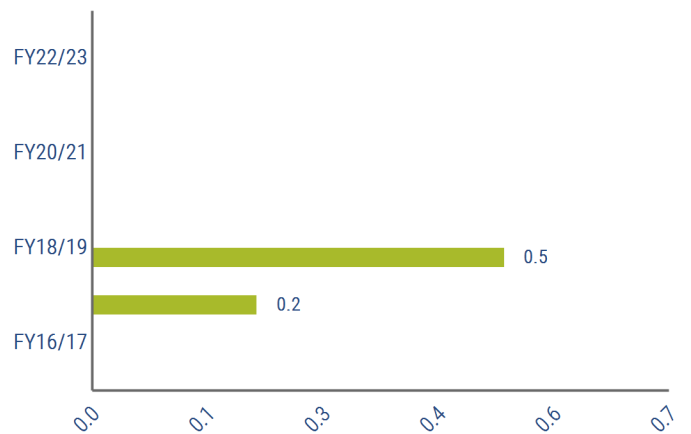
## Transfers In

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

## CIP

Transfers in from the Capital Improvement Plan (CIP) in FY 2017/18 and in FY 2018/19 include remaining funds from completed capital projects that were transferred back to the Tourism Development Fund operating budget.

FY 2016/17 to FY 2022/23 (in millions)



## Tourism Development Fund Uses

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

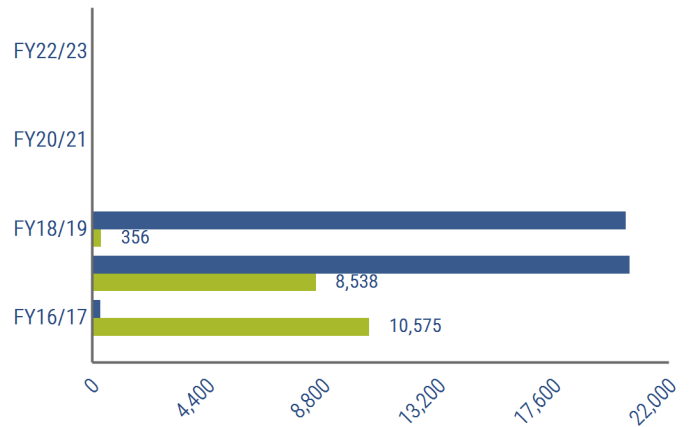
Forecast Budget Actual/Forecast\*



## Banner Program

Expenses incurred installing banners on behalf of event producers for their events. These expenses are reimbursed to the city through the Banner Program, which has been moved to the General Fund.

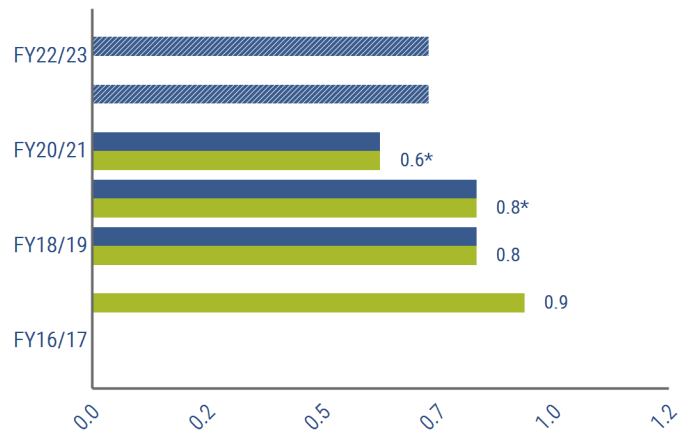
FY 2016/17 to FY 2022/23



## Canal Convergence Events

Canal Convergence Events began during FY 2017/18 and includes funding used to expand from a four-day to a ten-day event and to move the event from March to November as part of the Tourism Strategic Plan. The FY 2020/21 adopted budget is \$0.6 million, which is \$0.2 million lower than the FY 2019/20 year-end forecast due to the impact of the COVID-19 pandemic on the Tourism Industry.

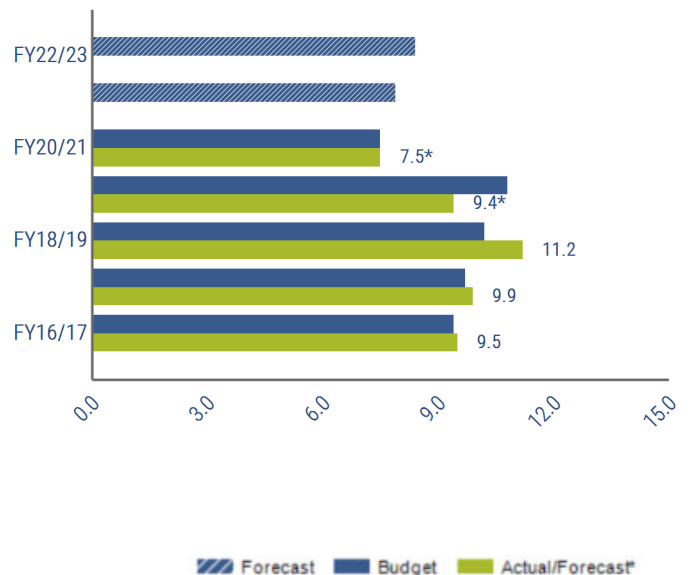
FY 2016/17 to FY 2022/23 (in millions)



## Destination Marketing Contract

Per Financial Policy No. 21A, 50 percent of the Transient Occupancy Tax received by the city is used for destination marketing through a contract with Experience Scottsdale. The adopted FY 2020/21 budget for Destination Marketing Contract of \$7.5 million is a \$1.9 million decrease from the FY 2019/20 year-end forecast, which reflects the impact of the COVID-19 pandemic on the Tourism Industry.

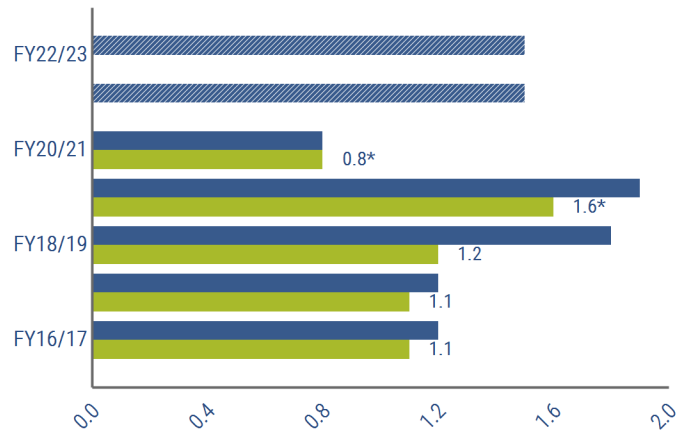
FY 2016/17 to FY 2022/23 (in millions)



## Event Retention and Development

Per Financial Policy No. 21A, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated toward new event development, community events, matching event advertising, event venue fee, and event notification program. The FY 2020/21 adopted budget of \$0.8 million is \$0.8 million lower than the FY 2019/20 year-end forecast due to the impact of the COVID-19 pandemic on the Tourism Industry.

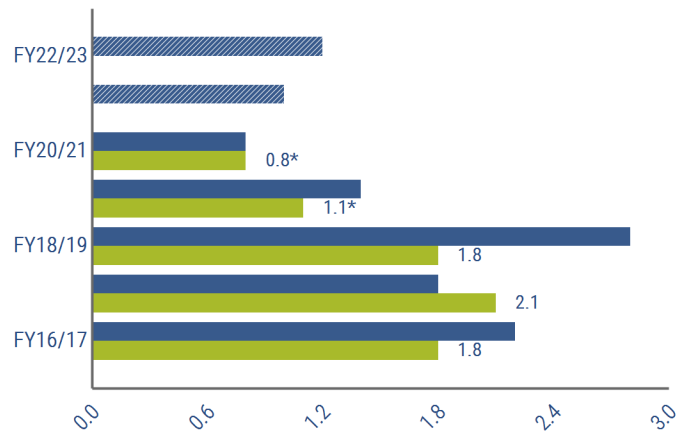
FY 2016/17 to FY 2022/23 (in millions)



## Other Commitments

Financial Policy No. 21A allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Hotel, or the balance of the remaining Tourism Development Fund revenues to be allocated for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects in the form of one-time or multi-year annual commitments, not to exceed \$0.6 million per project unless otherwise approved by City Council. The FY 2020/21 budget of \$0.8 million is \$0.3 million lower than the FY 2019/20 year-end forecast mainly due to the impact of the COVID-19 pandemic on the tourism industry. Other Commitments includes \$0.2 million for advertising and promotion of Old Town, \$0.2 million for city sponsored events, and \$0.4 million of matching payments for the Museum of the West.

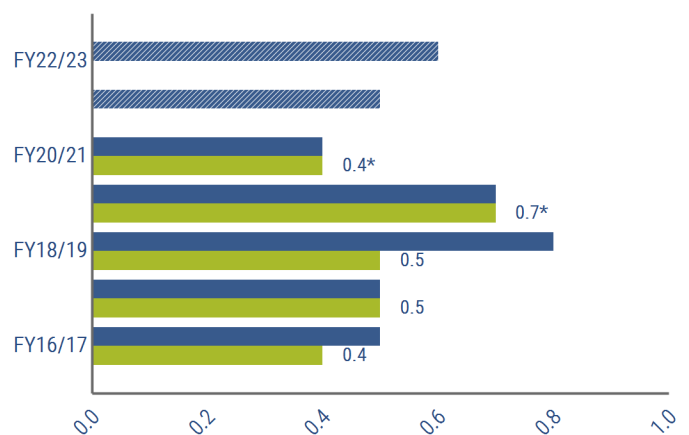
FY 2016/17 to FY 2022/23 (in millions)



## Administration and Research

Financial Policy No. 21A allows for four percent of the Transient Occupancy Tax revenues to be allocated for tourism-related administration and research expenses. The FY 2020/21 adopted budget of \$0.4 million is \$0.3 million lower than the FY 2019/20 year-end forecast due to the impact of the COVID-19 pandemic on the Tourism Industry.

FY 2016/17 to FY 2022/23 (in millions)



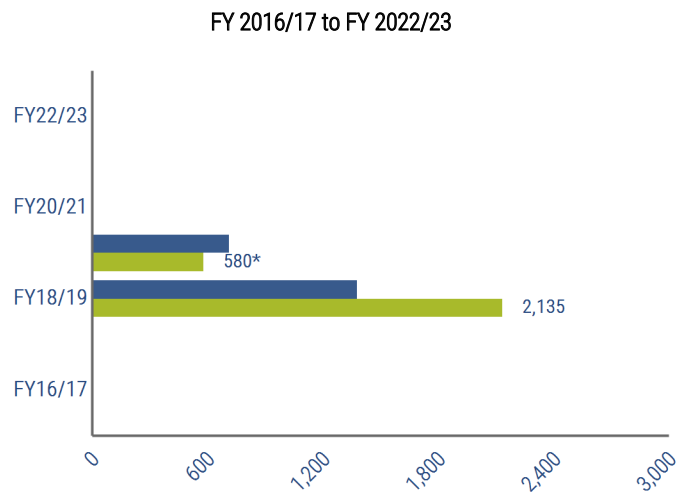
Forecast Budget Actual/Forecast\*

### Non-Divisional Uses

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

### Vacation Trade

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

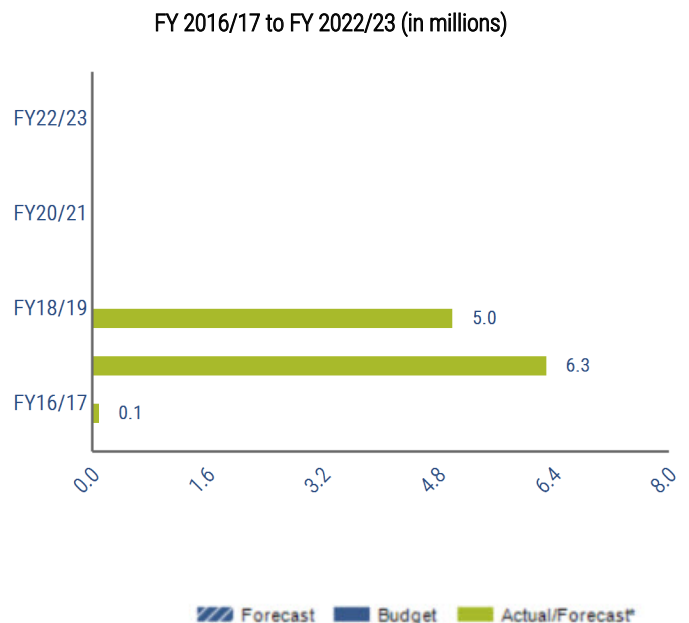


### Transfers Out

Transfers Out are the authorized movements of cash or other resources to other funds and/or capital projects. The total amount of Transfers Out for FY 2020/21 is \$7.2 million. More specific information is detailed below.

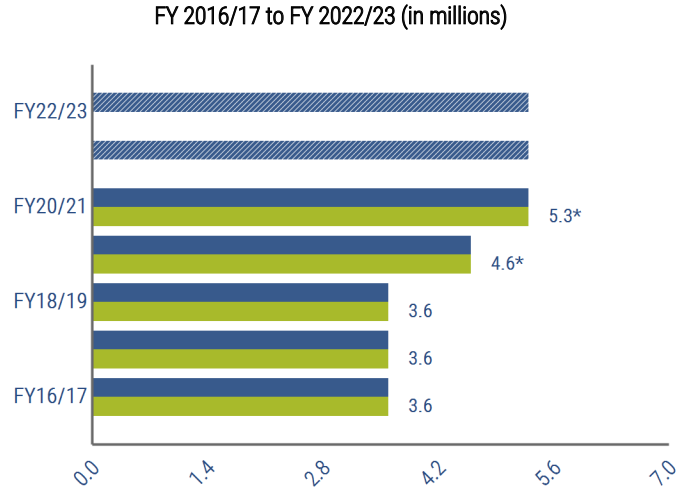
### CIP

The FY 2018/19 year-end forecast includes a \$5.0 million transfer to the CIP related to the Scottsdale Stadium Renovations Design capital project approved by Council.



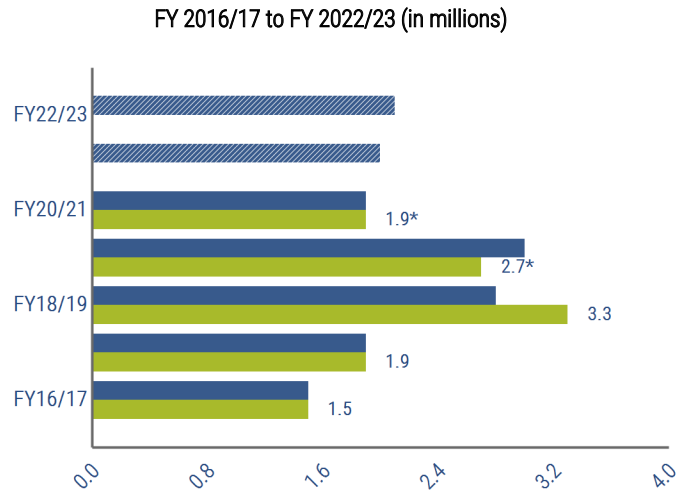
## Debt Svc MPC Bonds

Debt Svc MPC Bonds is a transfer out to the Debt Service Fund for the debt issued as Municipal Property Corporation (MPC) bonds related to the acquisition of 80 acres of land for WestWorld, the construction of the Tony Nelssen Equestrian Center at WestWorld, the construction of the Scottsdale Museum of the West, and the renovation of the Scottsdale Stadium. The FY 2020/21 adopted budget is \$5.3 million, which is \$0.7 million greater than the FY 2019/20 year-end forecast due to the issuance of MPC bonds to fund the Scottsdale Stadium Renovations capital project.



## Operating

The FY 2020/21 budget for Operating transfers out of \$1.9 million includes a transfer of \$1.8 million to the General Fund that represents the 12 percent of Transient Occupancy Tax collections, as mandated per Council approved updated Financial Policy No. 21A; and \$0.1 million to the General Fund for marketing expenses at WestWorld and the Scottsdale Stadium.



## Tourism Development Fund Ending Balance

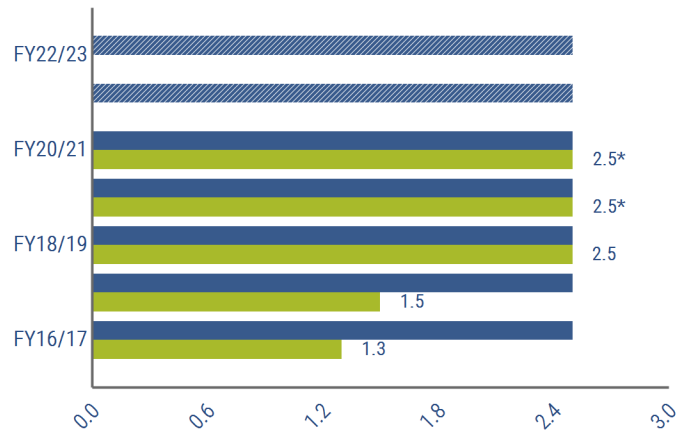
Fund balance protects the city's financial condition and provides for unexpected economic challenges. The specific make-up of the Tourism Development Fund ending balance is noted below.

Forecast Budget Actual/Forecast\*

## Operating Contingency

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

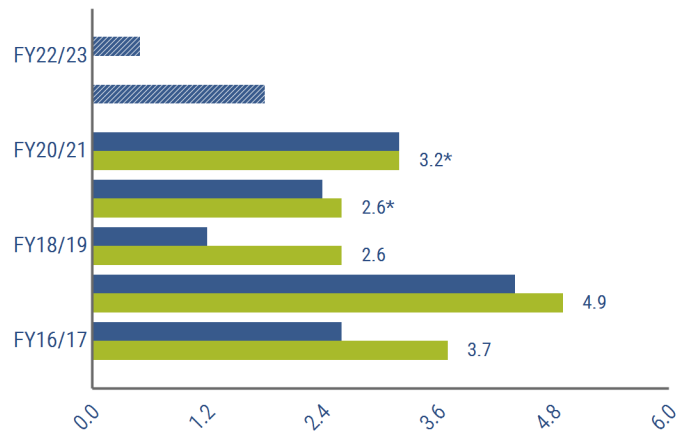
FY 2016/17 to FY 2022/23 (in millions)



## Reserve

Tourism Development Fund Reserve of \$3.2 million includes \$1.1 million from Administration and Research and \$2.1 million from Events and Event Development.

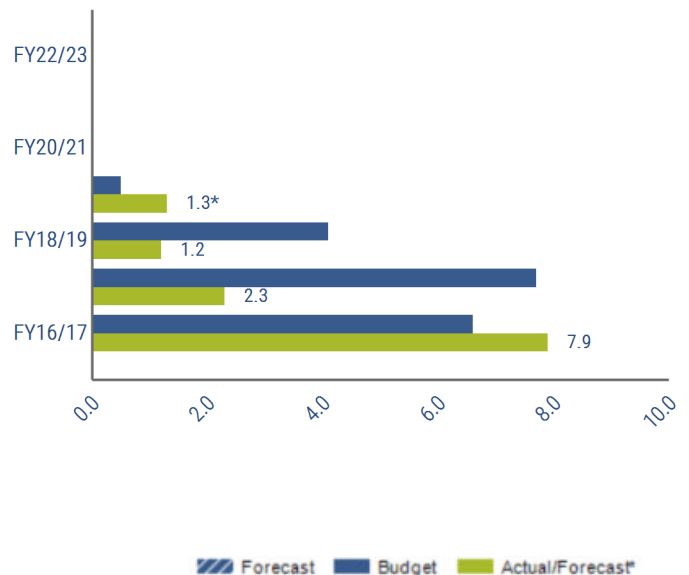
FY 2016/17 to FY 2022/23 (in millions)



## Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2020/21 undesignated, unreserved fund balance is \$0.0 million.

FY 2016/17 to FY 2022/23 (in millions)

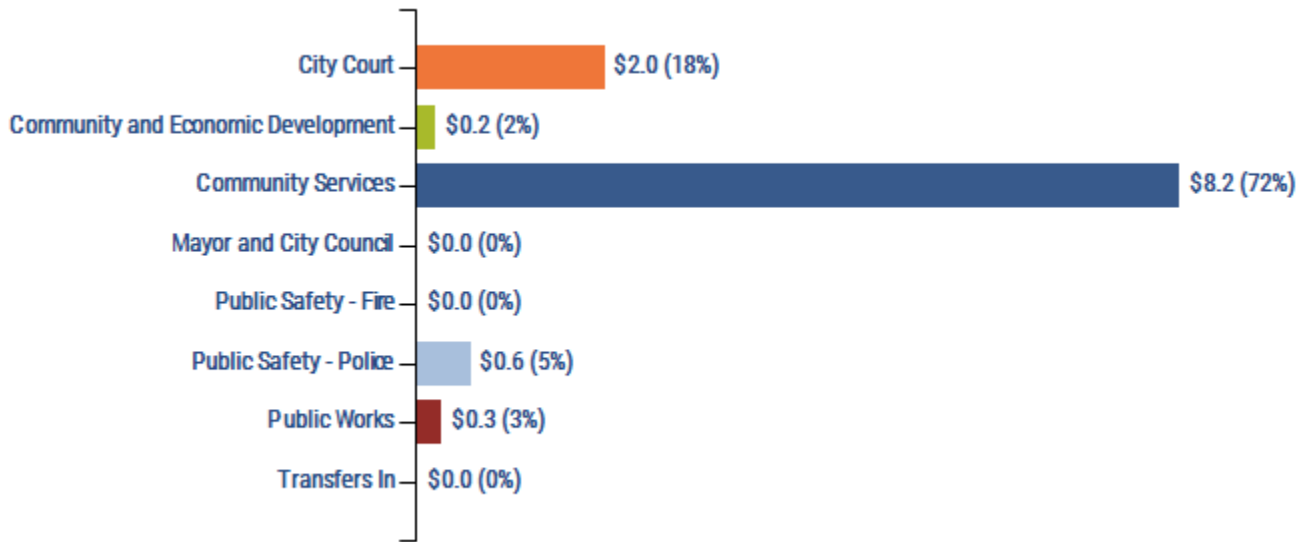




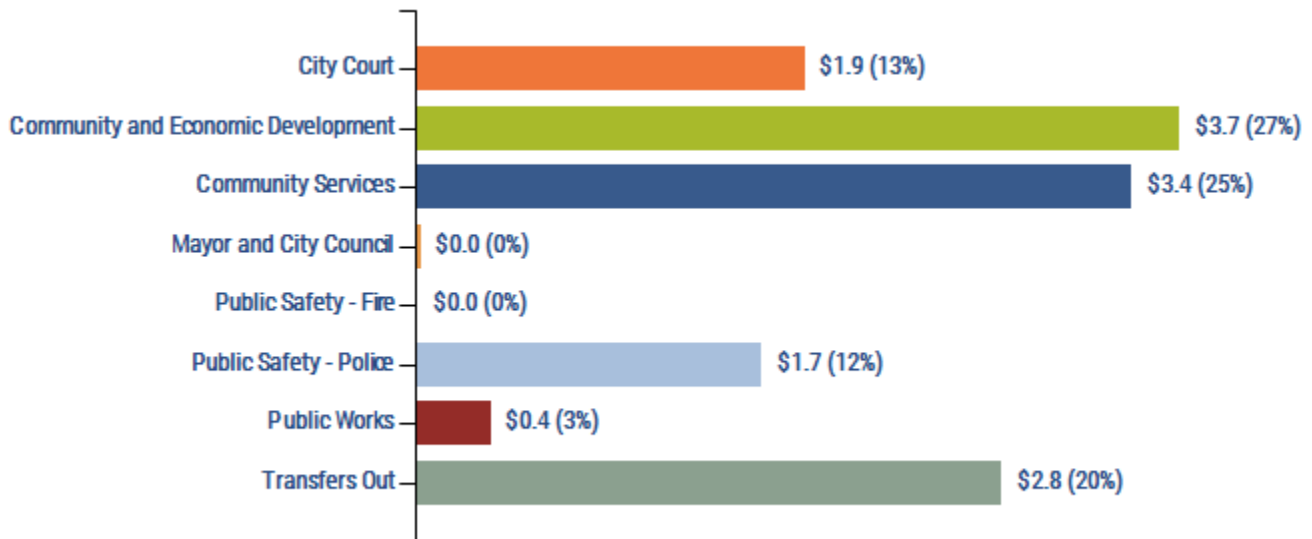
### Fund Purpose

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

**Special Programs Fund Sources (% to Total)**  
\$11.4 Million



**Special Programs Fund Uses (% to Total)**  
\$13.9 Million



## BUDGET BY FUND | Special Programs Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Appropriation Contingency <sup>(a)</sup>	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	7,606,314	7,650,294	7,977,185	8,777,535
Reserve - Community and Economic Development	3,703,151	2,079,727	3,938,951	4,283,763
Reserve - Community Services	2,035,952	1,530,040	1,934,218	2,500,534
Reserve - Mayor and City Council	6,759	6,759	5,788	5,788
Reserve - Public Safety - Fire	12,467	10,788	8,828	28
Reserve - Public Safety - Police	925,772	888,582	678,414	3,077,139
Reserve - Public Works	355,686	342,033	341,222	317,275
<b>Total Beginning Fund Balance</b>	<b>14,646,100</b>	<b>12,508,223</b>	<b>14,884,607</b>	<b>18,962,062</b>
<b>Revenues</b>				
City Court	1,953,910	2,088,295	2,045,723	2,045,580
Community and Economic Development	506,188	135,000	793,968	215,000
Community Services	2,946,999	5,329,205	4,584,177	8,244,542
Mayor and City Council	10,700	28,000	28,000	28,800
Public Safety - Fire	1,005	500	1,500	500
Public Safety - Police	1,088,656	2,457,416	4,751,914	597,737
Public Works	282,788	286,675	286,675	286,917
<b>Subtotal</b>	<b>6,790,246</b>	<b>10,325,091</b>	<b>12,491,957</b>	<b>11,419,076</b>
<b>Transfers In</b>				
CIP <sup>(b)</sup>	-	-	673,197	-
Operating	10,000	10,000	10,000	10,000
<b>Subtotal</b>	<b>10,000</b>	<b>10,000</b>	<b>683,197</b>	<b>10,000</b>
<b>Total Sources</b>	<b>6,800,246</b>	<b>10,335,091</b>	<b>13,175,154</b>	<b>11,429,076</b>

<sup>(a)</sup> The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. Any use of this contingency requires City Council's approval.

<sup>(b)</sup> During FY 2019/20, the balance of Stadium funds in the CIP related to the previous Baseball Facilities Agreement were transferred to a newly established 'Stadium Facility Fund' within the Special Programs Fund to record all Stadium sources and uses to ensure compliance with the current Baseball Facilities Agreement.

## BUDGET BY FUND | Special Programs Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Expenditures</b>				
City Court	1,138,039	1,251,523	1,245,373	1,869,822
Community and Economic Development	280,387	401,391	309,156	3,671,699
Community Services	2,811,222	3,378,581	3,443,258	3,442,271
Mayor and City Council	11,671	28,000	28,000	28,000
Public Safety - Fire	4,644	10,300	10,300	300
Public Safety - Police	1,180,590	2,314,277	1,896,438	1,662,132
Public Works	163,946	445,087	310,622	363,800
<b>Subtotal</b>	<b>5,590,500</b>	<b>7,829,159</b>	<b>7,243,147</b>	<b>11,038,024</b>
 TOTAL OPERATING BUDGET	 5,590,500	 7,829,159	 7,243,147	 11,038,024
<b>Transfers Out</b>				
CIP	599,768	2,762,000	1,035,000	2,035,696
Debt Svc MPC Bonds	103,575	105,800	765,800	777,825
Operating	267,896	75,000	53,752	355
<b>Subtotal</b>	<b>971,239</b>	<b>2,942,800</b>	<b>1,854,552</b>	<b>2,813,876</b>
<b>Total Uses</b>	<b>6,561,739</b>	<b>10,771,959</b>	<b>9,097,699</b>	<b>13,851,900</b>
<b>Sources Over/(Under) Uses</b>	<b>238,507</b>	<b>(436,868)</b>	<b>4,077,455</b>	<b>(2,422,824)</b>
<b>Ending Fund Balance</b>				
Appropriation Contingency <sup>(a)</sup>	1,497,264	1,500,000	1,475,000	1,500,000
Reserve - City Court	7,977,185	8,487,066	8,777,535	8,617,597
Reserve - Community and Economic Development	3,938,951	1,823,336	4,283,763	837,064
Reserve - Community Services	1,934,218	652,864	2,500,534	5,224,980
Reserve - Mayor and City Council	5,788	6,759	5,788	6,588
Reserve - Public Safety - Fire	8,828	988	28	228
Reserve - Public Safety - Police	678,414	916,721	3,077,139	1,612,389
Reserve - Public Works	341,222	183,621	317,275	240,392
<b>Total Ending Fund Balance</b>	<b>14,884,607</b>	<b>12,071,355</b>	<b>18,962,062</b>	<b>16,539,238</b>

<sup>(a)</sup> The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. Any use of this contingency requires City Council's approval.

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Appropriation Contingency <sup>(a)</sup>	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	8,777,535	8,617,597	7,931,297	7,898,997	7,792,997
Reserve - Community and Economic Development	4,283,763	837,064	755,564	752,564	748,964
Reserve - Community Services	2,500,534	5,224,980	5,609,880	5,977,480	6,260,980
Reserve - Mayor and City Council	5,788	6,588	7,388	8,188	8,988
Reserve - Public Safety - Fire	28	228	428	628	828
Reserve - Public Safety - Police	3,077,139	1,612,389	847,189	542,989	559,289
Reserve - Public Works	317,275	240,392	261,492	282,592	303,692
<b>Total Beginning Fund Balance</b>	<b>18,962,062</b>	<b>16,539,238</b>	<b>15,413,238</b>	<b>15,463,438</b>	<b>15,675,738</b>
<b>Revenues</b>					
City Court	2,045,580	2,001,100	1,976,300	1,976,400	1,997,000
Community and Economic Development	215,000	215,000	215,000	215,000	215,000
Community Services	8,244,542	4,797,500	4,920,200	5,102,000	5,125,900
Mayor and City Council	28,800	28,800	28,800	28,800	28,800
Public Safety - Fire	500	500	500	500	500
Public Safety - Police	597,737	597,700	597,700	597,700	597,700
Public Works	286,917	286,900	286,900	286,900	286,900
<b>Subtotal</b>	<b>11,419,076</b>	<b>7,927,500</b>	<b>8,025,400</b>	<b>8,207,300</b>	<b>8,251,800</b>
<b>Transfers In</b>					
CIP	-	-	-	-	-
Operating	10,000	10,000	10,000	10,000	10,000
<b>Subtotal</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>
<b>Total Sources</b>	<b>11,429,076</b>	<b>7,937,500</b>	<b>8,035,400</b>	<b>8,217,300</b>	<b>8,261,800</b>

<sup>(a)</sup> The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. Any use of this contingency requires City Council's approval.

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Expenditures</b>					
City Court	1,869,822	1,944,500	2,008,600	2,082,400	2,165,300
Community and Economic Development	3,671,699	306,500	228,000	228,600	229,300
Community Services	3,442,271	3,798,000	3,936,300	4,050,700	4,171,600
Mayor and City Council	28,000	28,000	28,000	28,000	28,000
Public Safety - Fire	300	300	300	300	300
Public Safety - Police	1,662,132	1,283,200	826,600	531,500	542,100
Public Works	363,800	265,800	265,800	265,800	265,800
<b>Subtotal</b>	<b>11,038,024</b>	<b>7,626,300</b>	<b>7,293,600</b>	<b>7,187,300</b>	<b>7,402,400</b>
TOTAL OPERATING BUDGET	11,038,024	7,626,300	7,293,600	7,187,300	7,402,400
<b>Transfers Out</b>					
CIP	2,035,696	762,900	20,000	-	20,000
Debt Svc MPC Bonds	777,825	614,600	616,300	767,800	764,100
Operating	355	59,700	55,300	49,900	44,300
<b>Subtotal</b>	<b>2,813,876</b>	<b>1,437,200</b>	<b>691,600</b>	<b>817,700</b>	<b>828,400</b>
<b>Total Uses</b>					
	<b>13,851,900</b>	<b>9,063,500</b>	<b>7,985,200</b>	<b>8,005,000</b>	<b>8,230,800</b>
<b>Sources Over/(Under) Uses</b>					
	<b>(2,422,824)</b>	<b>(1,126,000)</b>	<b>50,200</b>	<b>212,300</b>	<b>31,000</b>
<b>Ending Fund Balance</b>					
Appropriation Contingency <sup>(a)</sup>	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	8,617,597	7,931,297	7,898,997	7,792,997	7,624,697
Reserve - Community and Economic Development	837,064	755,564	752,564	748,964	744,664
Reserve - Community Services	5,224,980	5,609,880	5,977,480	6,260,980	6,451,180
Reserve - Mayor and City Council	6,588	7,388	8,188	8,988	9,788
Reserve - Public Safety - Fire	228	428	628	828	1,028
Reserve - Public Safety - Police	1,612,389	847,189	542,989	559,289	550,589
Reserve - Public Works	240,392	261,492	282,592	303,692	324,792
<b>Total Ending Fund Balance</b>	<b>16,539,238</b>	<b>15,413,238</b>	<b>15,463,438</b>	<b>15,675,738</b>	<b>15,706,738</b>

<sup>(a)</sup> The Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. Any use of this contingency requires City Council's approval.



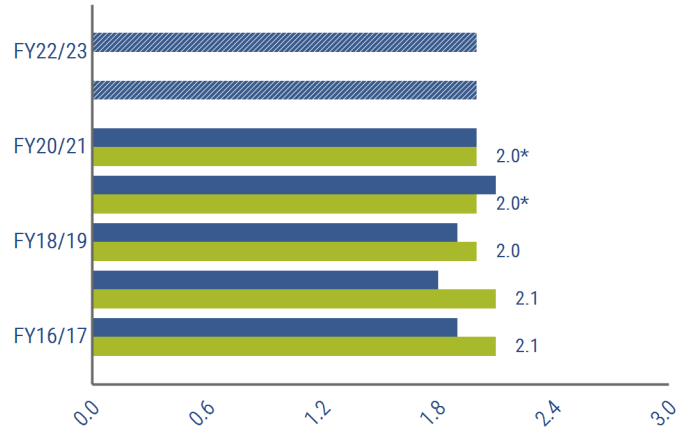
### Special Programs Sources

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

#### City Court

City Court revenue originates from four sources: Court Enhancement Fund (CEF), Judicial Collections Enhancement Fund (JCEF), Fill-the-Gap (FTG) and Jury Fee Donations. CEF is established by Scottsdale City Ordinance No. 2570 section 9-7.2 and provides funding to enhance the technological, operational, and security facilities of the Court. JCEF and FTG were established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, which provide funding for maintaining and enhancing the Court’s ability to collect and manage monies. The FY 2020/21 budget for restricted City Court revenue is \$2.0 million, which is flat when compared to the FY 2019/20 year-end forecast.

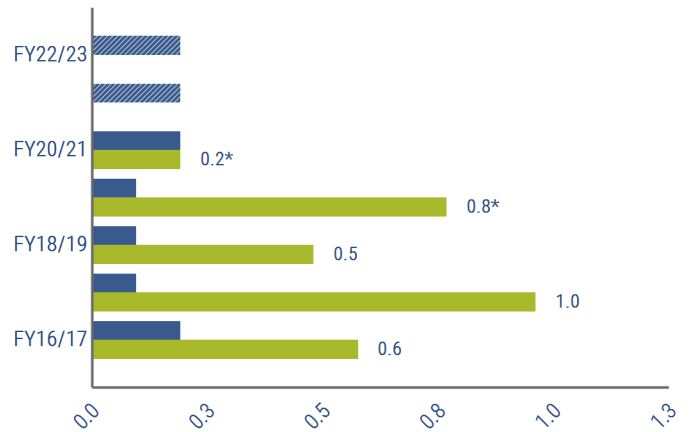
FY 2016/17 to FY 2022/23 (in millions)



#### Community and Economic Development

Community and Economic Development revenue is generated from contributions, donations and lease agreements. FY 2016/17 - FY 2018/19 actuals include in lieu developer fees for public art for various projects. The estimated special revenue for FY 2020/21 is \$0.2 million, which is \$0.6 million lower when compared to the FY 2019/20 year-end forecast. Timing of in-lieu developer fees are difficult to forecast. The FY 2019/20 actual includes contributions received to the Downtown Cultural Trust and the Airpark Cultural Trust in FY 2019/20.

FY 2016/17 to FY 2022/23 (in millions)

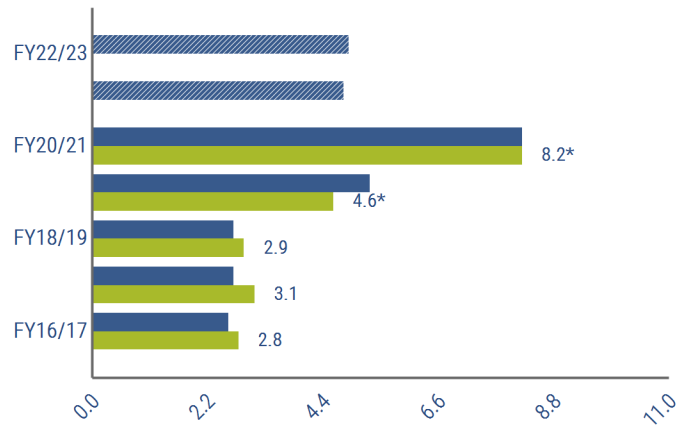


Forecast Budget Actual/Forecast\*

**Community Services**

Community Services special programs revenue includes donations, contributions, lease agreements, revenue from the Bureau of Reclamation, gross sales from the McDowell Mountain Golf Course, and user fees and charges that are restricted to specific uses per the revenue source. Restricted uses of special revenue include those for library and human services, afterschool and summer programs, enhancing parks, youth sports field and pool sponsored team allocations, Silverado Golf Surcharge, Charros/San Francisco (SF) Giants contributions to capital improvements to the Scottsdale Stadium, providing memorials, special events, funding community support agencies (Scottsdale Cares), and operating the McCormick-Stillman Railroad Park. The estimated Community Services special program revenue for FY 2020/21 is \$8.2 million, which is \$3.6 million higher than the FY 2019/20 year-end forecast due to contributions received from the SF Giants per agreement to maintain the stadium and to a one-time reimbursement from the Tournament Players Club for a Midway Grill Improvements capital project in FY 2019/20. The project was delayed and re-budgeted in FY 2020/21. The increase would have been greater but it is being offset by reduced revenues from the McCormick-Stillman Railroad Park due to the effect of COVID-19 pandemic.

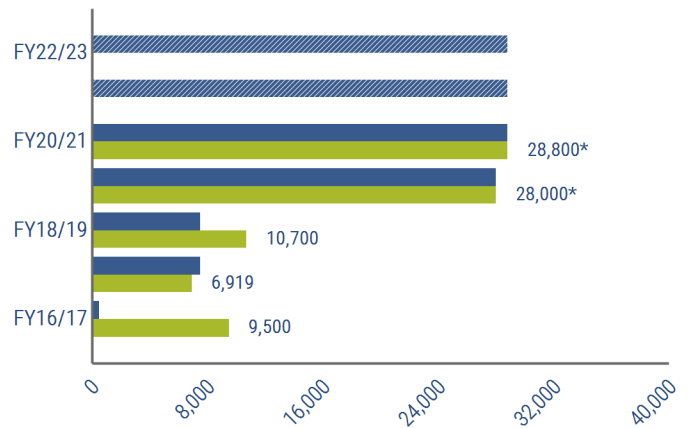
FY 2016/17 to FY 2022/23 (in millions)



**Mayor and City Council**

Mayor and City Council receive contributions and donations to fund the yearly Mayor's Constitution event. A conservative budget for this fund was established in FY 2016/17 based on historical collections. The FY 2020/21 estimated special revenue of \$28,800 is flat compared to the FY 2019/20 year-end forecast, which includes additional funding to support the annual Mayor and Council Breakfast event.

FY 2016/17 to FY 2022/23

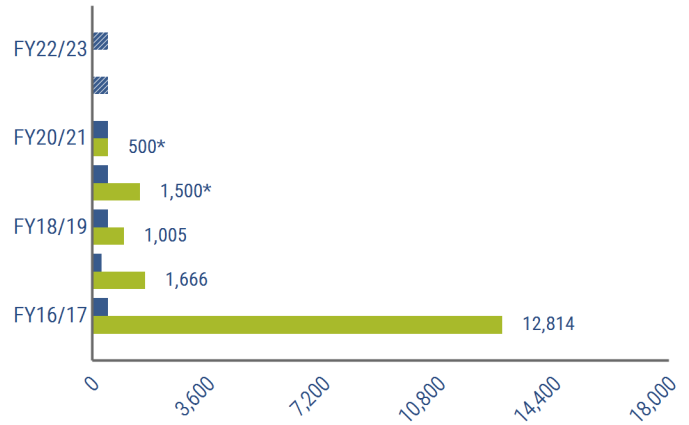


Forecast Budget Actual/Forecast\*

**Public Safety - Fire**

Public Safety - Fire revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition, and fire station enhancements. In FY 2016/17, a large donation was made through a citizen's will. The estimated revenue through restricted revenue sources for FY 2020/21 is \$500.

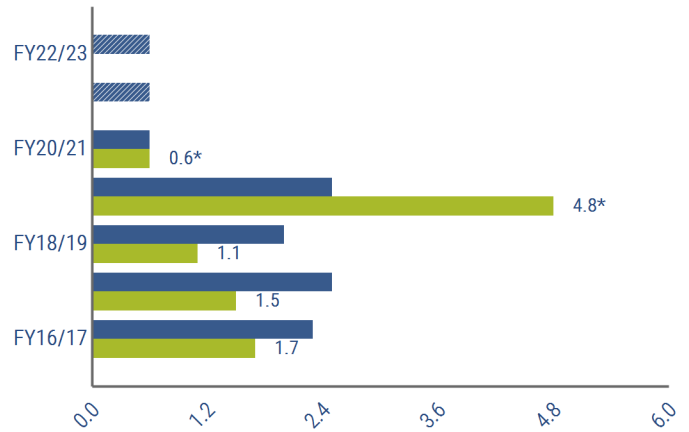
FY 2016/17 to FY 2022/23



**Public Safety - Police**

Public Safety - Police revenue is generated from the following seven sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds to enhance police operations; 2) Forensic Services Intergovernmental Agreement (IGA) with communities neighboring Scottsdale for full cost recovery of services provided at the crime laboratory; 3) drug conviction assessments for the purpose of crime laboratory analysis; 4) donations made specifically for the Mounted Unit, Family Advocacy, Canine Unit, and Cadet Program; 5) Police 30-Day Tow Program that enforces State Statute (28-872) for driving under the influence and driving without insurance offences; 6) Officer Safety Equipment established by Senate Bill 1398 that imposes a \$13 assessment (\$4 to the investigating/arresting agency) on all criminal charges, civil traffic, and parking charges to purchase safety equipment for officers; and 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. Revenue estimated through restricted revenue sources for FY 2020/21 is \$0.6 million, which is a decrease of \$4.2 million from the FY 2019/20 year-end forecast due to a change in the reporting of the RICO fund balance during FY 2019/20. RICO funds are held at the Arizona Attorney General and Maricopa County Attorney's Office. Beginning in FY 2019/20, the beginning balance of RICO funds, \$4.1 million as of July 1, 2019 was added to the Public Safety - Police Special Programs five-year plan to reflect the total available funds instead of reporting only the current year's revenue and expense estimate.

FY 2016/17 to FY 2022/23 (in millions)

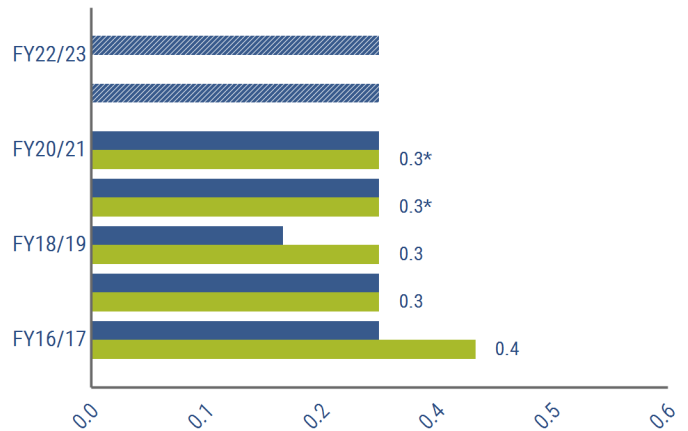


Forecast Budget Actual/Forecast\*

**Public Works**

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of city right-of-ways. These payments are used to offset costs associated with maintaining various city right-of-ways. The FY 2020/21 estimated revenue of \$0.3 million is flat compared to the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



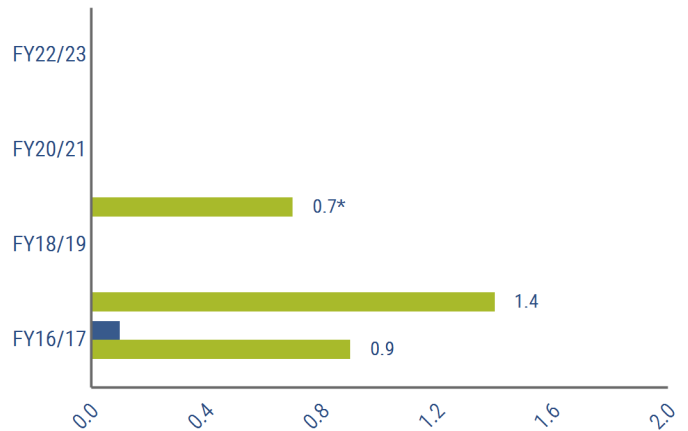
**Transfers In**

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2020/21 adopted budget includes \$10,000 in Transfers In.

**Transfers In**

Transfers In to the Specials Programs Fund for FY 2020/21 is \$10,000, which is a decrease of \$0.7 million from the FY 2019/20 forecast year-end. This is due to a decision during FY 2019/20 to move the San Francisco (SF) Giants ticket sales revenue from the CIP to a newly established Stadium Facility Fund within the Special Programs Fund. The FY 2016/17 and FY 2017/18 actuals represent internal transfers which allowed for better monitoring of the Downtown Cultural Trust and the Airpark Cultural Trust.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

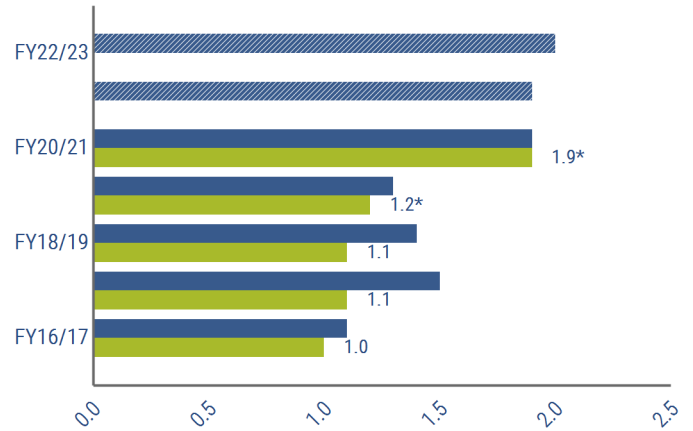
## Special Programs Fund Uses

The Special Programs Fund uses are detailed as followed by division, which includes Transfers Out.

### City Court

City Court adopted budget for FY 2020/21 is \$1.9 million and includes the following specific uses: 1) enhancements to the Court’s technological, operational, and security facilities, as allowed under the Court Enhancement Fund (CEF) established by Scottsdale City Ordinance No. 2570 section 9-7.2; 2) additional expenditures, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, for the maintenance and enhancement of the Court’s ability to collect and manage monies; and 3) services to enhance the experience of citizens serving on juries using jury fee donations. The FY 2020/21 adopted budget is an increase of \$0.7 million compared to the FY 2019/20 year-end forecast. This is due to transferring four positions from the General Fund to the Special Programs Fund to maintain operating budget health during the challenging economic conditions caused by the COVID-19 pandemic; and to consulting fees for Pro Tem Judges to preside in a new Community Intervention Court. FY 2018/19 adopted amounts have been updated to include the Citywide Pay Program in the division amounts.

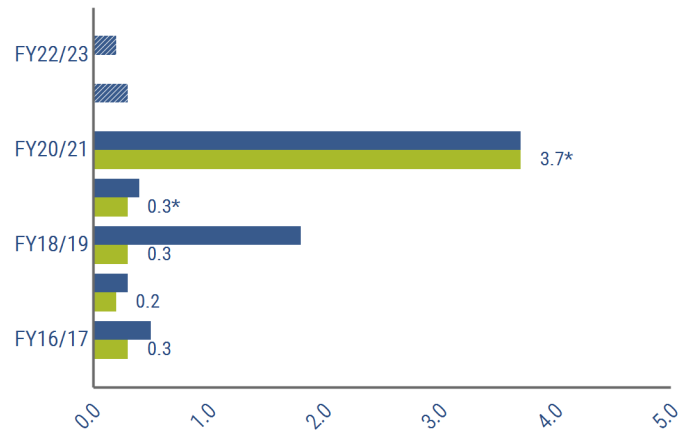
FY 2016/17 to FY 2022/23 (in millions)



### Community and Economic Development

The expenditures related to Community and Economic Development are used to further downtown cultural and community arts events, preserve and maintain properties on Scottsdale’s Historic Register, support Art in Public Places, and to preserve and maintain the Sanctuary and Tournament Players Club (TPC) golf courses. The adopted budget for FY 2020/21 is \$3.7 million, which is \$3.4 million higher than the FY 2019/20 year-end forecast. This is mainly related to an increase in funding of Downtown Cultural Trust and Airpark Cultural Trust for the acquisition and installation of public art. The FY 2018/19 adopted amounts have been updated to reflect the Citywide Pay Program in the division amounts.

FY 2016/17 to FY 2022/23 (in millions)

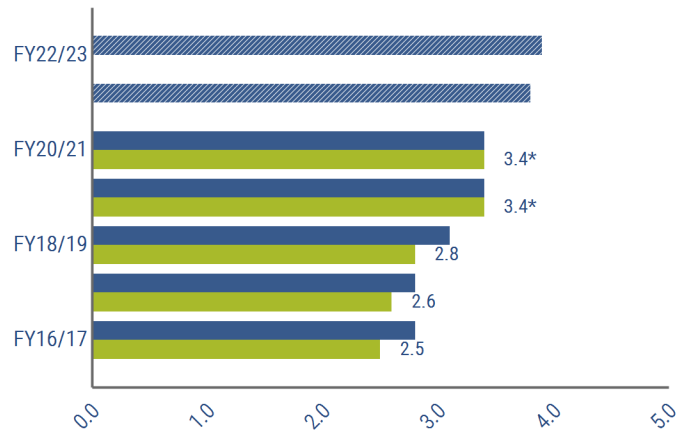


Forecast Budget Actual/Forecast\*

**Community Services**

Community Services expenditures include youth sports field and pool maintenance, capital outlays improvements, Silverado Golf Course maintenance/improvements, special events, providing memorials, funding community support agencies (Scottsdale Cares), afterschool programs, summer programs, library programs and operations, and maintaining the facilities at the McCormick-Stillman Railroad Park and San Francisco (SF) Giants Stadium. The FY 2020/21 budget is \$3.4 million, which is flat when compared to the FY 2019/20 year-end forecast. There was an increase in FY 2020/21 related to transferring of multiple positions to the Stadium Fund in the Special Programs Fund from the General Fund, which was offset by one-time funding in FY 2019/20 for the Silverado Golf course repairs and improvements removed in FY 2020/21. FY 2018/19 adopted amounts have been updated to reflect the Citywide Pay Program in the division.

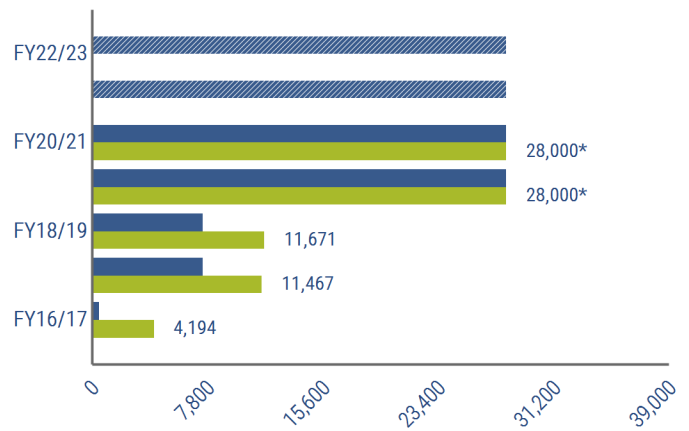
FY 2016/17 to FY 2022/23 (in millions)



**Mayor and City Council**

Mayor and City Council expenditures are for the annual Mayor's Constitution event. The adopted budget for FY 2020/21 is \$28,000 and is flat compared to the FY 2019/20 year-end forecast, which includes additional funding to support the annual Mayor and Council Breakfast event.

FY 2016/17 to FY 2022/23



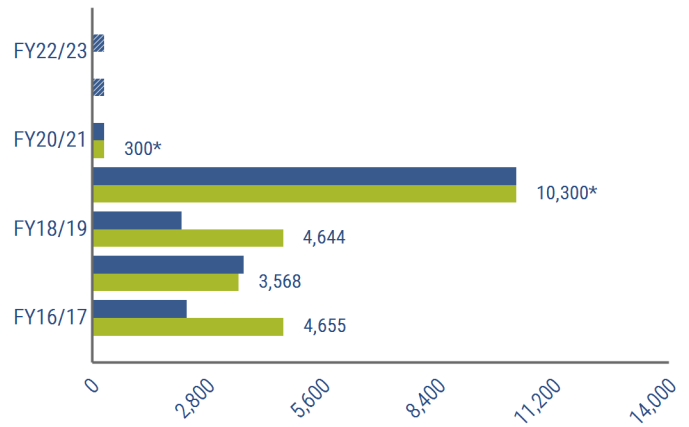
Forecast Budget Actual/Forecast\*



**Public Safety - Fire**

Public Safety - Fire expenditures support public education, equipment acquisition, and fire station enhancements. The FY 2020/21 adopted budget is \$300, which is a decrease of \$10,000 compared to the FY 2019/20 year-end forecast. This is due to the one-time funding increase of \$10,000 in FY 2019/20 to align the expenditure budget with the amount of donations (sources) available for use.

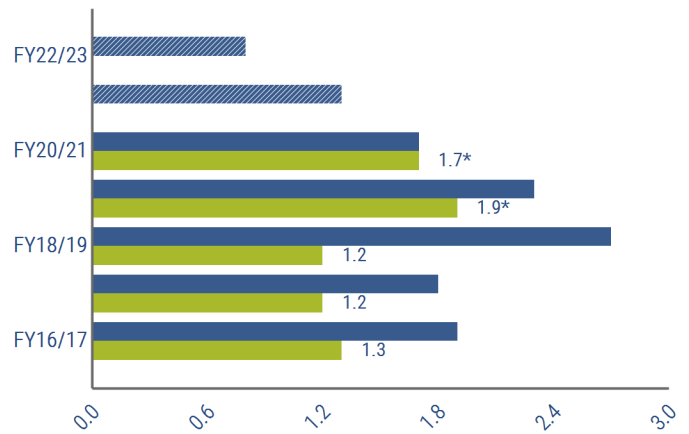
FY 2016/17 to FY 2022/23



**Public Safety - Police**

Public Safety - Police expenditures include: 1) law enforcement enhancements using Racketeer Influenced and Corrupt Organizations (RICO) funds; 2) the provision of Crime Laboratory Services; 3) veterinary costs and specific training; 4) education and supplies for the Mounted Unit and Canine Unit; 5) School Resource Services including the Cadet Program; 6) Family Advocacy Center; 7) costs associated with administering the 30-Day Tow Program that enforces ARS §28-3511; 8) equipment that enhances officer’s safety while on duty; and 9) cost recovery for administration and enforcement of City Ordinance No. 3966 (Second Hand and Pawn Transaction Fees). The FY 2020/21 adopted budget is \$1.7 million, which is \$0.2 million less than the FY 2019/20 year-end forecast due to eliminating funding for investigative equipment that is no longer needed. FY 2018/19 adopted amounts have been updated to reflect the Citywide Pay Program in the division amounts.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

**Public Works**

Public Works expenditures are used to maintain various right-of-ways on behalf of Southwest Gas via a Franchise Agreement, and the Loloma School lease agreement. The FY 2020/21 budget is \$0.4 million, which is an increase of \$0.1 million from the FY 2019/20 year-end forecast due to the lower in FY 2020/21 budget anticipating \$0.1 million more in Loloma School maintenance.

FY 2016/17 to FY 2022/23 (in millions)



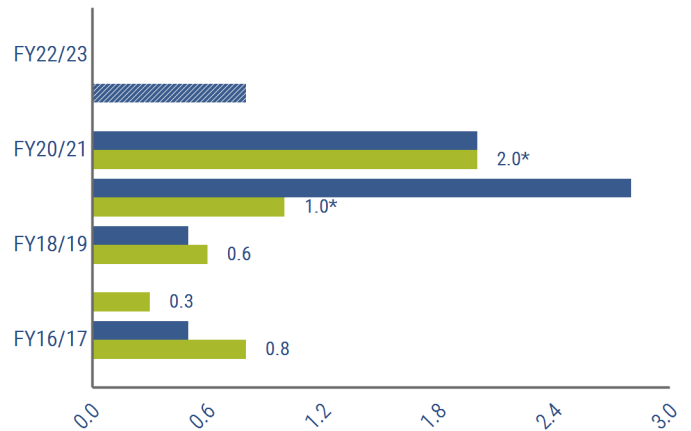
**Transfers Out**

Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2020/21 adopted budget includes \$2.8 million in Transfers Out.

**CIP**

Capital Improvement Plan (CIP) Transfers Out are the authorized movement of cash or other resources to fund capital projects. The FY 2020/21 budget of \$2.0 million for transfers out is an increase of \$1.0 million from the FY 2019/20 year-end forecast. The increase is due to various funding: 1) the TPC Stadium Course Midway Grill Improvements; 2) the DNA Evidence Storage Facility; and 3) the Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency capital projects.

FY 2016/17 to FY 2022/23 (in millions)

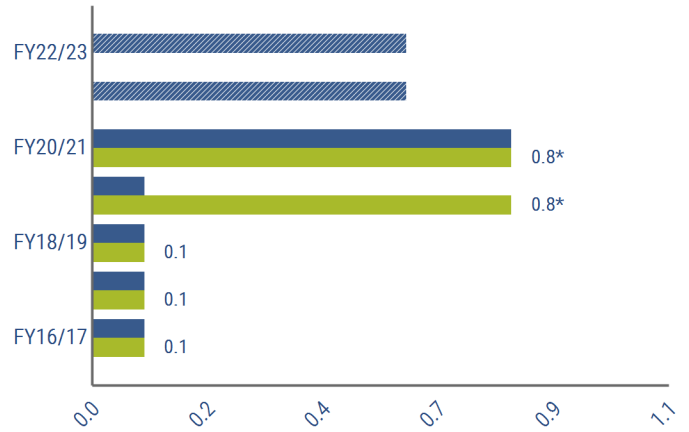


Forecast Budget Actual/Forecast\*

**Debt Service MPC Bonds**

The adopted FY 2020/21 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 the San Francisco (SF) Giants Stadium Renovation. The increase in the FY 2019/20 year-end forecast from adopted budget in previous years is related to funding a portion of SF Giants Stadium Renovation project.

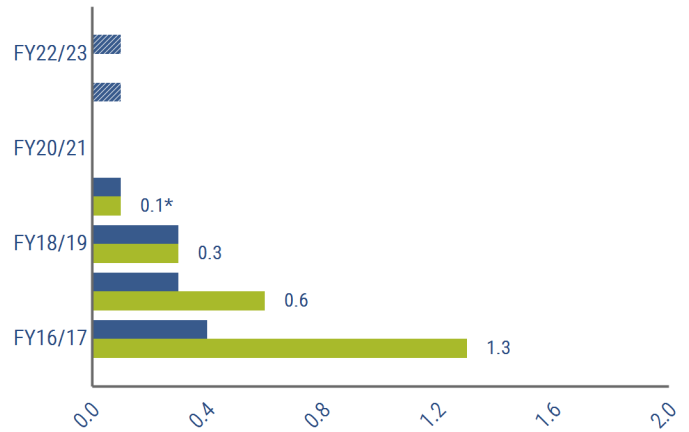
FY 2016/17 to FY 2022/23 (in millions)



**Operating**

The FY 2020/21 Operating Transfers Out is \$355, a decrease of over \$50,000 from the FY 2019/20 year-end forecast due to a revenue reduction in the 30-Day Tow Program in recent years, which reimburses the city for Police Officer time spent working on the program. The significantly higher actuals in FY 2016/17 - FY 2017/18 represent internal transfers which allowed for better monitoring of the Downtown Cultural Trust and Airpark Cultural Trust. The Operating category also includes any funds received in excess of invoiced funds for the Southwest Gas franchise agreement to be transferred to the General Fund. Excess franchise agreement funds do not occur regularly.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

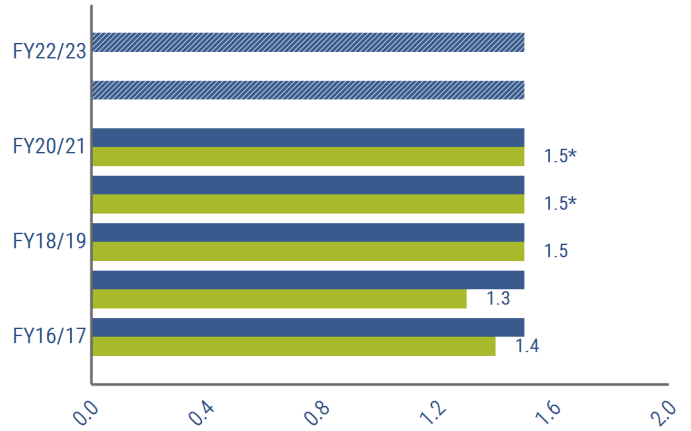
### Special Programs Fund Ending Balance

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

#### Appropriation Contingency

Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance total. Any use of this contingency requires City Council's approval. The adopted Appropriation Contingency for FY 2020/21 is \$1.5 million.

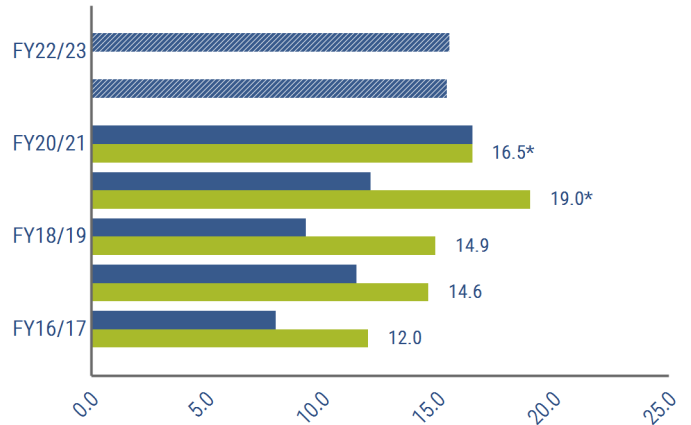
FY 2016/17 to FY 2022/23 (in millions)



#### Special Programs Ending Fund Balance

Special Programs Fund ending balance of \$16.5 million for FY 2020/21 represents the following individual ending fund balances: \$8.6 million for City Court; \$0.8 million for Community and Economic Development; \$5.2 million for Community Services; \$6,588 for Mayor and City Council; \$228 for Public Safety - Fire; \$1.6 million for Public Safety - Police; and \$0.2 million for Public Works. Any remaining fund balance is available in future years and can only be used for its dedicated purpose and if budget authority is included. Amounts prior to FY 2019/20 have been adjusted to include the Lassner Library Endowment.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*



**FY 2020/21 Adopted Budget**

# Mask Up

You are required to cover your nose and mouth in this facility.



A HEALTHY **SCOTTSDALE**  
STARTS WITH **YOU**

## A healthy Scottsdale starts with you.



Stay home if you're sick, or have any symptoms of illness.

Practice good hand hygiene. Sanitize or wash for at least 20 seconds.



Keep your distance. Stay six feet away from others.

Cover your nose and mouth when you can't keep your distance.



Clean and sanitize items and surfaces you touch frequently.

For resources and more information, visit [ScottsdaleAZ.gov](http://ScottsdaleAZ.gov)

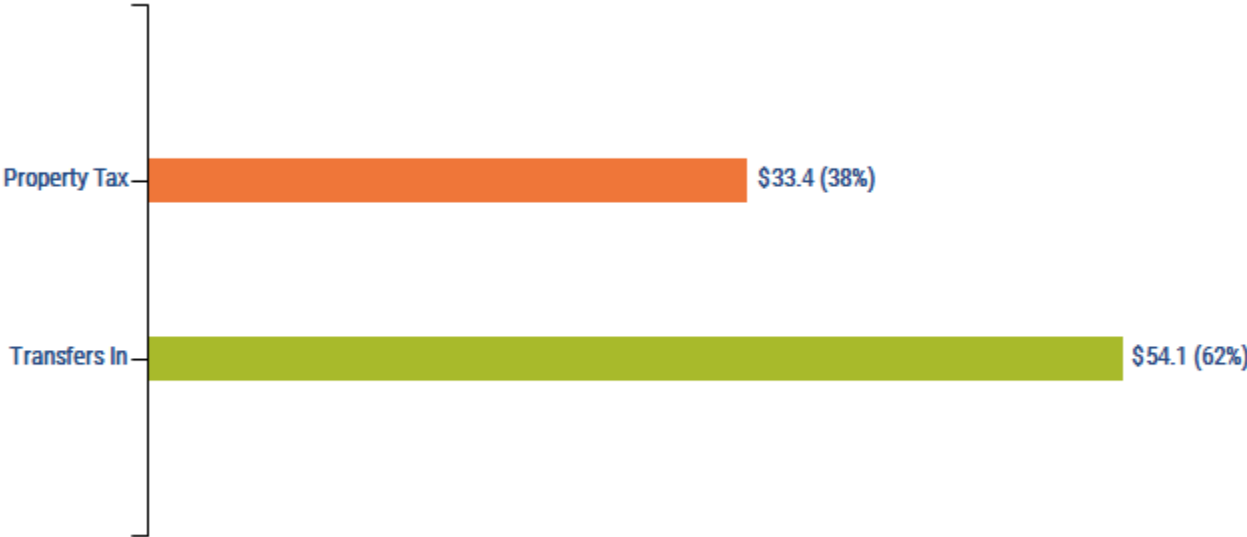




**Fund Purpose**

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

**Debt Service Fund Sources (% to Total)  
\$87.5 Million**



**Debt Service Fund Uses (% to Total)  
\$87.5 Million**



## BUDGET BY FUND | Debt Service Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Debt Stabilization Reserve	9,057,960	5,830,986	6,804,720	6,164,760
GO Debt Service Reserve - Non Preserve	2,470,701	1,521,496	1,393,953	1,490,397
<b>Total Beginning Fund Balance</b>	<b>11,528,661</b>	<b>7,352,482</b>	<b>8,198,673</b>	<b>7,655,157</b>
<b>Revenues</b>				
Property Tax	34,087,421	32,971,795	32,971,795	33,372,880
Contributions/Donations	-	510,000	-	-
Interest Income Non-pooled	1,825	-	-	-
Other Governmental Units Share	4,226,209	6,059,522	5,930,963	-
Surcharge	139,618	160,000	-	-
<b>Subtotal</b>	<b>38,455,073</b>	<b>39,701,317</b>	<b>38,902,758</b>	<b>33,372,880</b>
<b>Transfers In</b>				
Debt Svc GO Bonds	26,872,190	34,519,380	34,638,061	31,867,424
Debt Svc MPC Bonds	22,532,592	25,083,299	25,299,719	20,860,222
Debt Svc SPA Bonds	5,121,885	5,134,875	5,134,875	1,414,000
<b>Subtotal</b>	<b>54,526,666</b>	<b>64,737,554</b>	<b>65,072,655</b>	<b>54,141,646</b>
<b>Total Sources</b>	<b>92,981,739</b>	<b>104,438,871</b>	<b>103,975,413</b>	<b>87,514,526</b>
<b>Debt Service</b>				
GO Debt Service - Non Preserve	35,164,169	39,891,795	39,913,942	33,372,830
GO Debt Service - Preserve	26,872,190	27,599,380	27,599,470	31,867,474
MPC Excise Debt	22,534,416	25,593,299	25,299,719	20,860,222
SPA Debt Service	5,121,885	5,134,875	5,134,875	1,414,000
<b>Subtotal</b>	<b>89,692,660</b>	<b>98,219,349</b>	<b>97,948,006</b>	<b>87,514,526</b>
TOTAL OPERATING BUDGET	89,692,660	98,219,349	97,948,006	87,514,526
<b>Transfers Out</b>				
Debt Svc MPC Bonds	6,619,067	-	-	-
Debt Svc Stabilization <sup>(a)</sup>	-	7,309,448	6,570,923	-
<b>Subtotal</b>	<b>6,619,067</b>	<b>7,309,448</b>	<b>6,570,923</b>	<b>-</b>
<b>Total Uses</b>	<b>96,311,727</b>	<b>105,528,797</b>	<b>104,518,929</b>	<b>87,514,526</b>
<b>Sources Over/(Under) Uses</b>	<b>(3,329,988)</b>	<b>(1,089,926)</b>	<b>(543,516)</b>	<b>-</b>
<b>Ending Fund Balance</b>				
Debt Stabilization Reserve	6,804,720	4,741,060	6,164,760	6,164,760
GO Debt Service Reserve - Non Preserve	1,393,953	1,521,496	1,490,397	1,490,397
<b>Total Ending Fund Balance</b>	<b>8,198,673</b>	<b>6,262,556</b>	<b>7,655,157</b>	<b>7,655,157</b>

<sup>(a)</sup> Debt Service Stabilization is a transfer between two debt service funds to cover the difference in the Maricopa County Stadium District and Arizona Sports and Tourism Authority revenue contribution amounts for Cactus League spring training facilities and the debt service payment. This debt service amount was fully paid off in FY 2019/20 so the transfer ceased after that time.

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

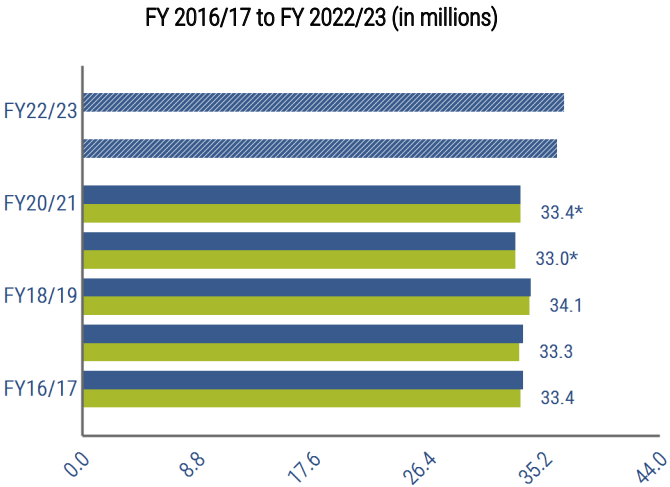
	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Debt Stabilization Reserve	6,164,760	6,164,760	6,164,760	6,164,760	6,164,760
GO Debt Service Reserve - Non Preserve	1,490,397	1,490,397	1,490,397	1,490,397	1,490,397
<b>Total Beginning Fund Balance</b>	<b>7,655,157</b>	<b>7,655,157</b>	<b>7,655,157</b>	<b>7,655,157</b>	<b>7,655,157</b>
<b>Revenues</b>					
Property Tax	33,372,880	36,167,600	36,656,300	36,972,500	35,746,200
Contributions/Donations	-	-	-	-	-
Interest Income Non-pooled	-	-	-	-	-
Other Governmental Units Share	-	-	-	-	-
Surcharge	-	-	-	-	-
<i>Subtotal</i>	<b>33,372,880</b>	<b>36,167,600</b>	<b>36,656,300</b>	<b>36,972,500</b>	<b>35,746,200</b>
<b>Transfers In</b>					
Debt Svc GO Bonds	31,867,424	32,602,300	34,510,300	36,427,300	39,922,500
Debt Svc MPC Bonds	20,860,222	19,153,100	19,250,600	19,370,800	19,478,000
Debt Svc SPA Bonds	1,414,000	1,420,000	-	-	-
<i>Subtotal</i>	<b>54,141,646</b>	<b>53,175,400</b>	<b>53,760,900</b>	<b>55,798,100</b>	<b>59,400,500</b>
<b>Total Sources</b>	<b>87,514,526</b>	<b>89,343,000</b>	<b>90,417,200</b>	<b>92,770,600</b>	<b>95,146,700</b>
<b>Debt Service</b>					
GO Debt Service - Non Preserve	33,372,830	36,167,600	36,656,300	36,972,500	35,746,200
GO Debt Service - Preserve	31,867,474	32,602,400	34,510,300	36,427,300	39,922,500
MPC Excise Debt	20,860,222	19,153,000	19,250,600	19,370,800	19,478,000
SPA Debt Service	1,414,000	1,420,000	-	-	-
<i>Subtotal</i>	<b>87,514,526</b>	<b>89,343,000</b>	<b>90,417,200</b>	<b>92,770,600</b>	<b>95,146,700</b>
TOTAL OPERATING BUDGET	87,514,526	89,343,000	90,417,200	92,770,600	95,146,700
<b>Transfers Out</b>					
Debt Svc MPC Bonds	-	-	-	-	-
Debt Svc Stabilization	-	-	-	-	-
<i>Subtotal</i>	-	-	-	-	-
<b>Total Uses</b>	<b>87,514,526</b>	<b>89,343,000</b>	<b>90,417,200</b>	<b>92,770,600</b>	<b>95,146,700</b>
<b>Sources Over/(Under) Uses</b>	-	-	-	-	-
<b>Ending Fund Balance</b>					
Debt Stabilization Reserve	6,164,760	6,164,760	6,164,760	6,164,760	6,164,760
GO Debt Service Reserve - Non Preserve	1,490,397	1,490,397	1,490,397	1,490,397	1,490,397
<b>Total Ending Fund Balance</b>	<b>7,655,157</b>	<b>7,655,157</b>	<b>7,655,157</b>	<b>7,655,157</b>	<b>7,655,157</b>

**Debt Service Fund Sources**

Debt Service Fund sources for FY 2020/21 equal \$87.5 million. Sources have historically included Property Tax, Contributions/Donations, Interest Income Non-Pooled, Other Governmental Units Share, Surcharge and Transfers In.

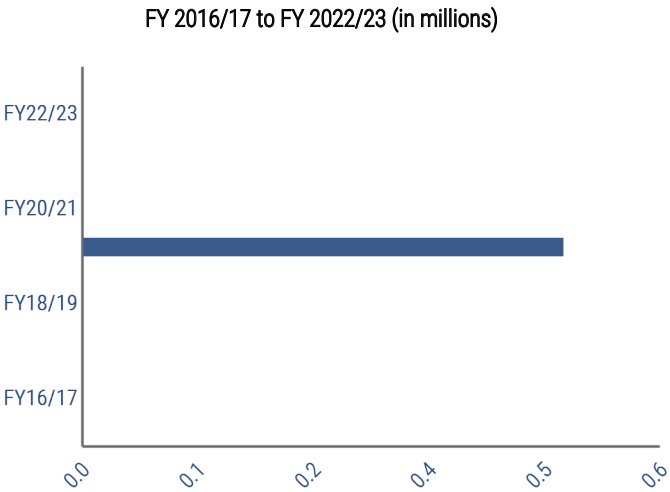
**Property Tax**

Property Tax represents the secondary portion of the property tax that is limited and levied to pay debt service. The city's use of this portion of the property tax is restricted by State Statute to solely pay debt service on voter-approved general obligation bonds. The FY 2020/21 levy amount (revenue) of \$33.4 million is \$0.4 million higher when compared to the FY 2019/20 year-end forecast mainly due to the net effect of paying down old debt issuances and a planned issuance for the Bond 2019 program. While the levy amount is increasing for FY 2020/21 due to increasing property values, the secondary rate is decreasing.



**Contributions/Donations**

Contributions/Donations beginning in FY 2019/20, per the Baseball Facilities Agreement, consist of revenue received from the Charros organization and the San Francisco Giants to fund a portion of the Scottsdale Stadium renovation. Actuals for FY 2019/20 and the budget starting in FY 2020/21 were moved to the Stadium Facility Fund within the Special Programs Fund.

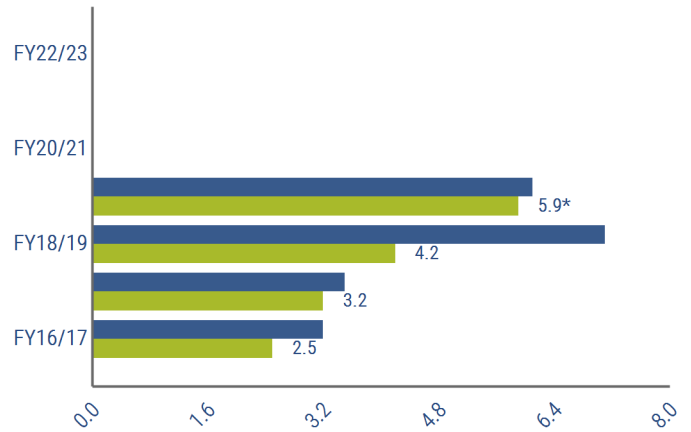


Forecast Budget Actual/Forecast\*

**Other Governmental Units Share**

Other Governmental Units Share consists of revenue received from Maricopa County Stadium District (MCSD) and the Arizona Sports and Tourism Authority (AZSTA) contributions made to the city to pay debt service associated with the Cactus League spring training facilities (San Francisco Giants professional baseball practice facility). MCSD contributions are derived from a \$2.50 surcharge on car rentals in Maricopa County; AZSTA contributions are derived from a 1.00 percent hotel room tax and a 3.25 percent car rental surcharge (net of the \$2.50 MCSD surcharge). The FY 2020/21 Other Governmental Units Share adopted budget is zero because MCSD and AZSTA's paid off the rest of their debt service responsibilities for the Cactus League spring training facilities in 2019/20.

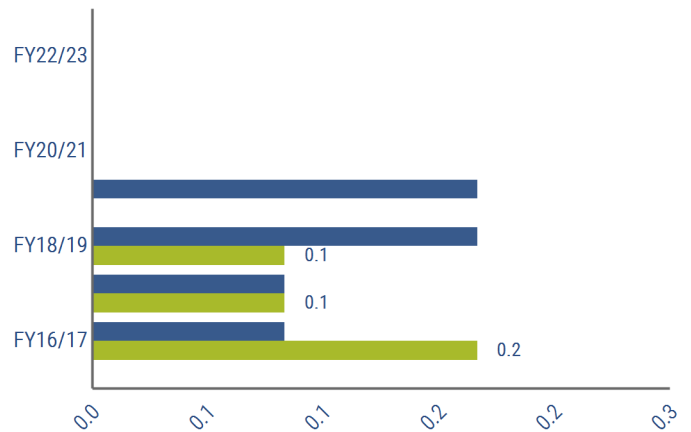
FY 2016/17 to FY 2022/23 (in millions)



**Surcharge**

Surcharge represents the \$1.00 ticket surcharge assessed on San Francisco Giants spring training games held in Scottsdale. Actuals for FY 2019/20 and the FY 2020/21 budgeted revenue have been moved to the Stadium Facility Fund within the Special Programs Fund. The surcharge expires July 31, 2021. The surcharge is used to help pay for capital projects and/or debt service related to professional baseball facilities.

FY 2016/17 to FY 2022/23 (in millions)



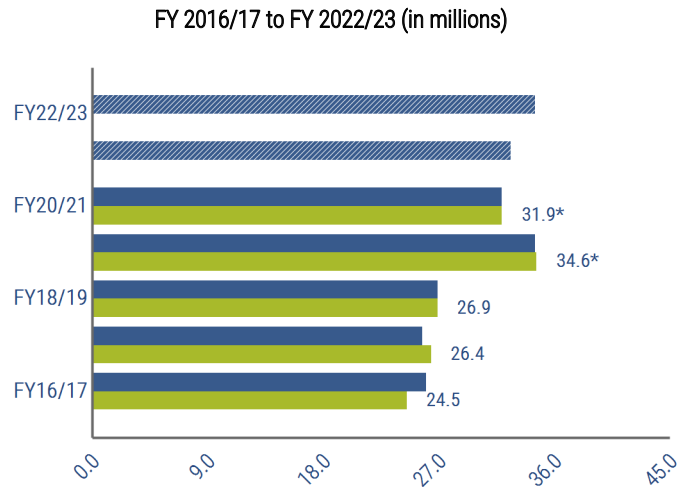
**Transfers In**

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2020/21 adopted budget includes \$54.1 million in Transfers In. More specific information is detailed below.

Forecast Budget Actual/Forecast\*

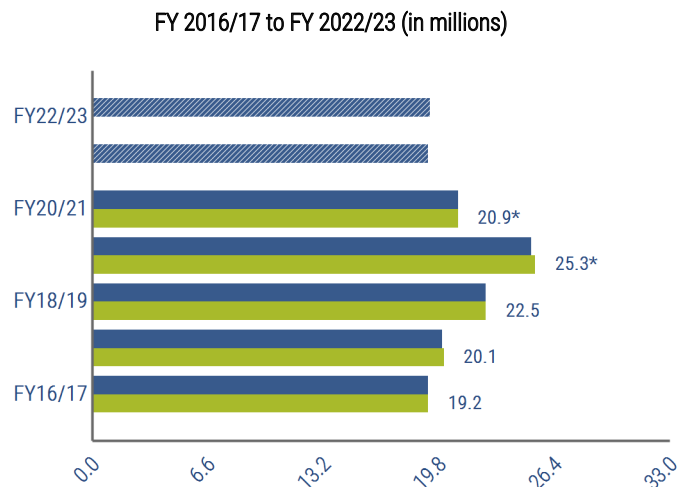
**Debt Svc GO Bonds**

Debt Svc GO Bonds are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation (GO) debt service. Total Debt Svc GO Bonds Transfers In for FY 2020/21 equal \$31.9 million which is \$2.7 million less than FY 2019/20 reflecting a decrease based on the established debt service repayment schedule.



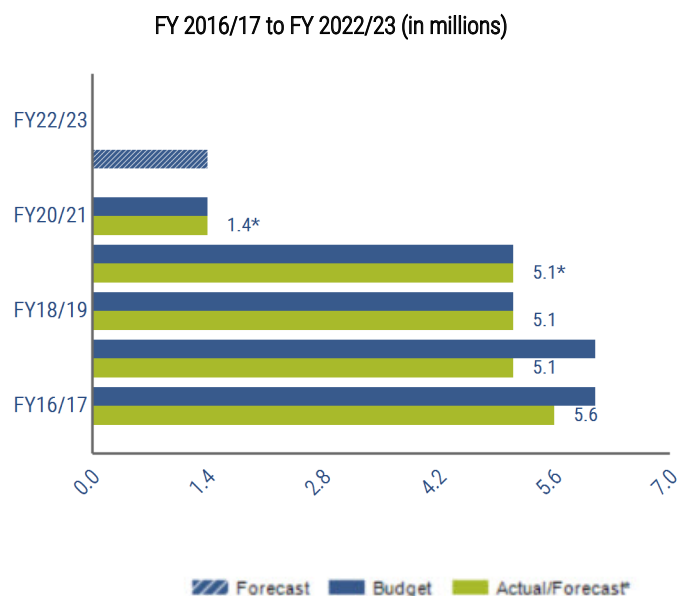
**Debt Svc MPC Bonds**

Debt Svc Municipal Property Corporation (MPC) Bonds includes Transfers In from General Fund, Tourism Development Fund and Special Programs Fund to the Debt Service Fund, including the Stadium Facility Fund within the Special Programs Funds, to the Debt Service Fund to facilitate the payment of MPC Bonds debt service. Total Debt Service Transfers In for FY 2020/21 equal \$20.9 million.



**Debt Svc SPA Bonds**

Debt Svc SPA Bonds, or Scottsdale Preserve Authority Bonds, are Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Scottsdale Preserve Authority debt service. Total Debt Svc SPA Bonds Transfers In for FY 2020/21 equal \$1.4 million. This is due to some bonds being paid off and others nearing the end of their payment cycle.





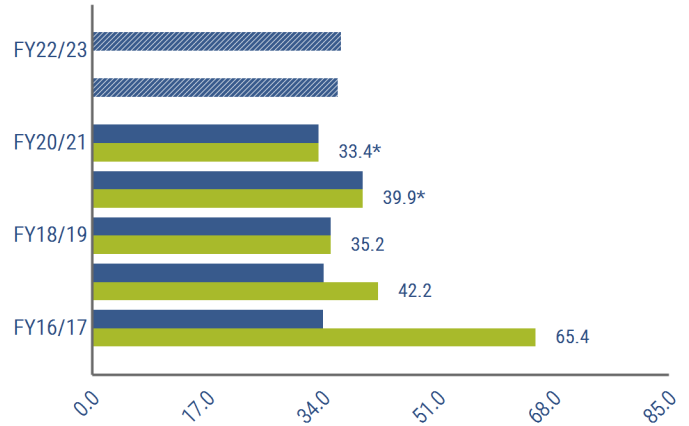
### Debt Service Fund Uses

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2020/21 adopted budget includes \$87.5 million in Debt Service.

#### GO Debt Service - Non Preserve

GO Debt Service - Non-Preserve is voter authorized General Obligation debt issued for capital projects not associated with 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 2020/21, the General Obligation Bonds debt service is forecasted at \$33.4 million, which is a decrease of \$6.5 million from the FY 2019/20 year-end forecast of \$39.9 million. This was due to the defeasing of GO bond debt using existing resources in FY 2019/20. This decrease would have been greater but is being offset by new bonds that were approved in 2019. GO Debt Service - Non-Preserve was higher in FY 2016/17 due to an additional principal payoff for a refunding bond in the amount of \$31.1 million.

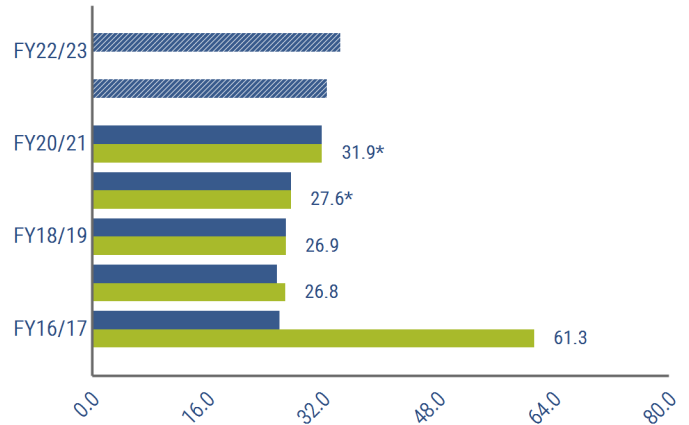
FY 2016/17 to FY 2022/23 (in millions)



#### GO Debt Service - Preserve

GO Debt Service - Preserve represents General Obligation debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. GO Debt Service - Preserve is budgeted at \$31.9 million in FY 2020/21 which is an increase of \$4.3 million over the FY 2019/20 year-end forecast mainly due to increased refunding/refinancing payments of the 2015 and 2017 GO Preserve bonds. GO Debt Service - Preserve in FY 2016/17 was higher than normal due to an additional principal payoff for a refunding bond in the amount of \$37.0 million.

FY 2016/17 to FY 2022/23 (in millions)

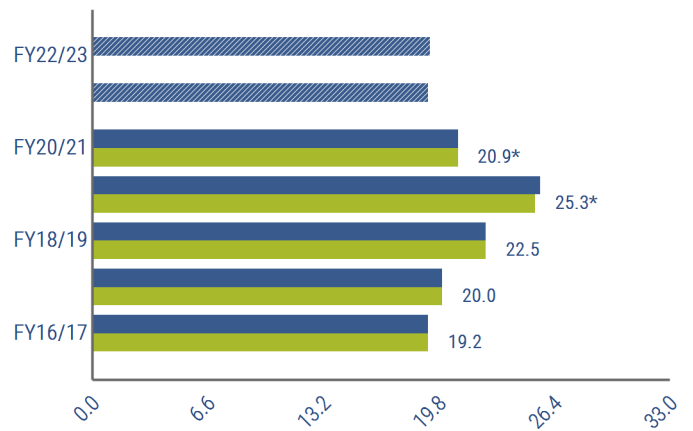


Forecast Budget Actual/Forecast\*

**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. 30, non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt services expenses. Debt Service payments for FY 2020/21 total \$20.9 million, a \$4.4 million decrease from the FY 2019/20 year-end forecast. The decrease is due mainly to the paying off of the 2015 MPC Refunding Spring Training MCSD and AZSTA bond in FY 2019/20.

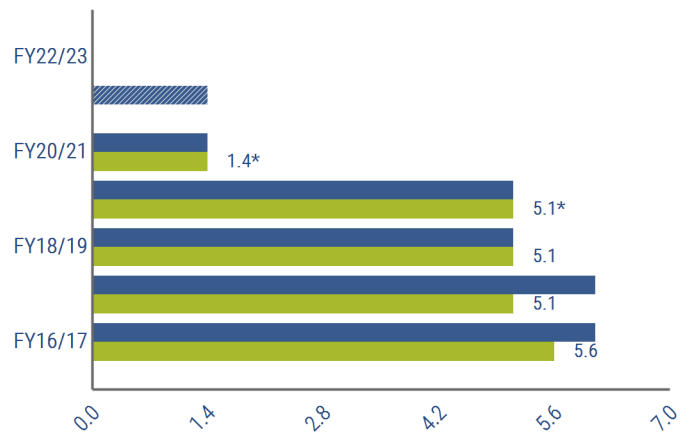
FY 2016/17 to FY 2022/23 (in millions)



**SPA Debt Service**

SPA Debt Service represents prior Scottsdale Preserve Authority debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Scottsdale Preserve Authority debt is repaid by the Preserve dedicated 0.20 percent sales tax authorized by voters in 1995 and the 0.15 percent sales tax authorized by voters in 2004. Debt Service for FY 2020/21 totals \$1.4 million which is \$3.7 million lower than last year. This is due to some bonds being paid off and others nearing the end of their payment cycle.

FY 2016/17 to FY 2022/23 (in millions)



**Transfers Out**

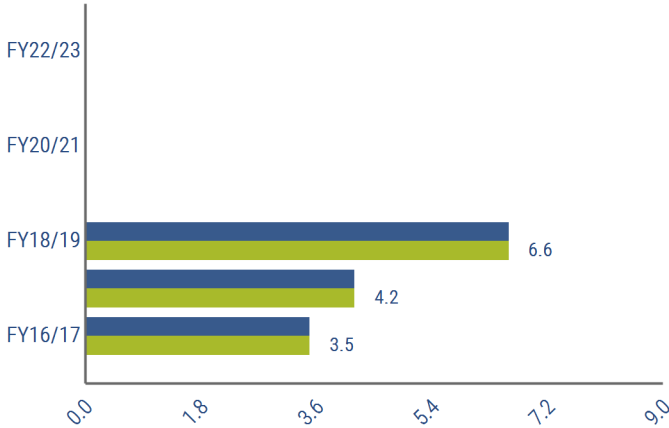
Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. The FY 2020/21 adopted budget includes \$0.0 million in Transfers Out. More specific information is detailed below.

Forecast Budget Actual/Forecast\*

**Debt Svc MPC Bonds**

Debt Svc MPC Bonds was renamed to Debt Svc Stabilization in FY 2019/20.

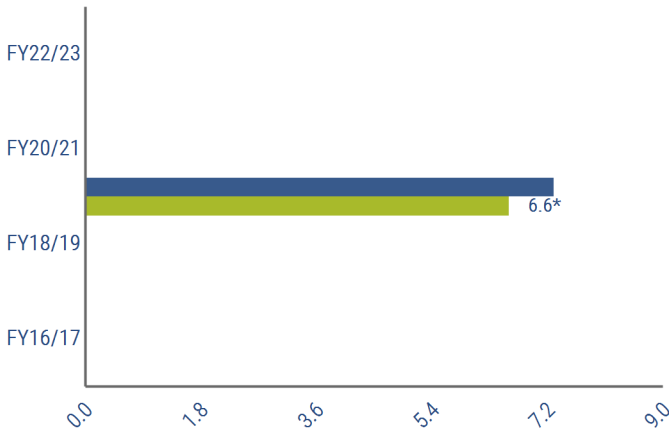
FY 2016/17 to FY 2022/23 (in millions)



**Debt Svc Stabilization**

A Debt Svc Stabilization budget was set up in FY 2016/17 to cover the difference in the Maricopa County Stadium District and Arizona Sports and Tourism Authority revenue contribution amounts for Cactus League spring training facilities and the debt service payment. This is an internal transfer between two Debt Service Funds; therefore, there is a corresponding Transfer In of the same amount reflected in Transfer In - Debt Svc MPC Bonds. As the corresponding debt was paid off in FY 2019/20, that is the last year this transfer needed to occur.

FY 2016/17 to FY 2022/23 (in millions)



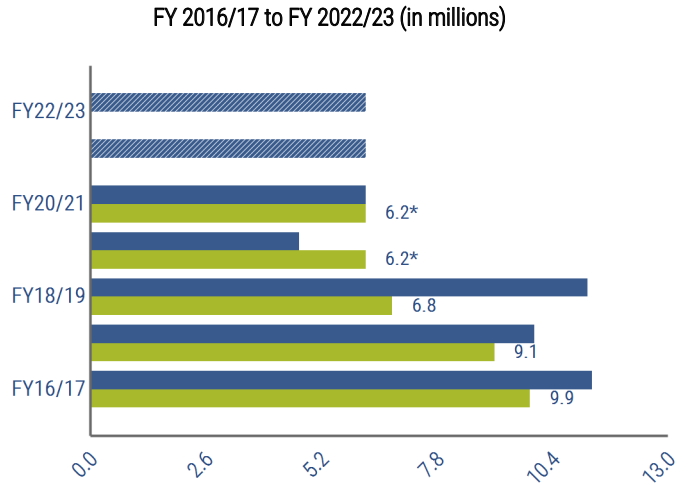
**Debt Service Fund Ending Balance**

Ending fund balance includes reserves which protect the city’s financial condition and provide for unexpected economic challenges. The Debt Service Fund ending balance varies primarily due to the timing of debt issuances and related repayment schedules. Growth of fund balance occurs when sources exceed uses. The specific make-up of the city’s Debt Service Fund ending balance is noted in the following:

Forecast Budget Actual/Forecast\*

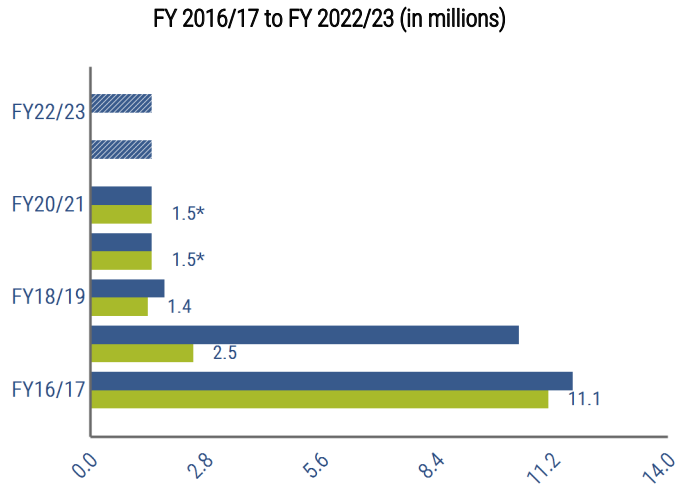
**Debt Stabilization Reserve**

Debt Stabilization Reserve of \$6.2 million is projected for FY 2020/21. The Debt Stabilization Reserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with the MPC Excise Debt. While there is no legal requirement to hold this reserve at a certain level, the City Council has indicated that it should be maintained to protect the city from unexpected financial challenges.



**GO Debt Service Reserve - Non Preserve**

GO Debt Service Reserve – Non Preserve reserve is projected at \$1.5 million for FY 2020/21. 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.



Forecast Budget Actual/Forecast\*

# BUDGET BY FUND | Debt Service Expense

	Forecast 2019/20	Proposed 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Final Payment Date
<b>Debt Service Funds</b>							
<u>General Obligation (G.O.) Bonds - Property Tax (Secondary)</u>							
2010 G.O. Various Purpose (\$50.8M Apr 2010)	9,314,328	428,488	-	-	-	-	2021
2012 G.O. Refunding Bonds (\$38.5M Jul 2012)	5,667,943	4,440,145	-	-	-	-	2021
2014 G.O. Refunding Bonds (\$73.8M May 2014)	11,822,942	11,396,985	10,958,900	11,022,300	-	-	2023
2015 G.O. Refunding Bonds (\$86.4M Apr 2015)	9,242,095	8,905,895	9,451,100	9,349,300	20,304,200	9,335,700	2028
2017 G.O. Refunding Bonds (\$26.8M May 2017)	1,233,579	1,233,579	3,613,600	3,818,300	3,911,900	4,040,000	2029
2017C G.O. Various Purpose (\$25.5M Dec 2017)	2,630,500	2,631,500	2,828,000	2,620,000	2,417,000	2,934,000	2027
Future G.O. Bonds: \$40.0M issue Sep 2020	-	4,333,333	3,230,000	1,960,000	2,388,000	5,348,000	2040
Future G.O. Bonds: \$70.0M issue Sep 2021	-	-	6,083,300	3,550,000	2,989,000	5,499,000	2041
Future G.O. Bonds: \$100.0M issue Sep 2022	-	-	-	4,333,300	4,960,000	6,420,000	2042
Future G.O. Bonds: \$40.0M issue Sep 2024	-	-	-	-	-	2,166,700	2044
Fiscal Agent Fees and Arbitrage Fees	2,555	2,955	2,700	3,100	2,400	2,800	
	<b>39,913,942</b>	<b>33,372,880</b>	<b>36,167,600</b>	<b>36,656,300</b>	<b>36,972,500</b>	<b>35,746,200</b>	
<u>Preserve General Obligation Bonds - Preserve Sales Tax</u>							
2011 G.O. Bonds Preserve (22.525M Feb 2011)	989,000	983,800	972,400	-	-	-	2022
2011 G.O. Refunding Bonds Preserve (34.4M Apr 2011)	7,983,750	3,755,500	3,753,500	73,300	1,538,300	-	2024
2012 G.O. Bonds Preserve (\$50M Feb 2012)	3,073,250	3,028,250	1,468,300	1,468,300	1,468,300	1,468,300	2034
2012 G.O. Refunding Bonds Preserve (\$44.5M Jul 2012)	2,294,382	2,977,880	4,833,300	4,457,600	6,619,100	31,133,000	2025
2013 G.O. Bonds Preserve (\$75M Feb 2013)	3,825,200	3,765,200	4,205,200	4,625,200	4,525,200	2,975,200	2034
2014 G.O. Bonds Preserve (\$14M May 2014)	986,594	983,744	985,400	985,200	982,300	985,300	2034
2014 G.O. Refunding Bonds Preserve (\$9.365M May 2014)	1,549,958	1,544,915	1,561,800	1,574,600	-	-	2023
2015 G.O. Refunding Bonds Preserve (\$74.015M Apr 2015)	4,585,155	9,005,955	8,975,400	12,988,900	12,895,100	1,056,100	2034
2017A G.O. Preserve Bonds (\$17.410M Mar 2017)	820,600	820,600	820,600	820,600	820,600	820,600	2034
2017B G.O. Preserve Acquisition Refinancing Bonds (\$18.5M May 2017)	924,750	4,434,750	4,459,300	6,048,800	6,079,500	-	2024
2017 G.O. Refunding Bonds Preserve (\$13.159M May 2017)	562,186	562,185	562,200	1,463,400	1,494,600	1,481,000	2034
Fiscal Agent Fees	4,645	4,645	4,900	4,400	4,300	3,000	
	<b>27,599,470</b>	<b>31,867,424</b>	<b>32,602,300</b>	<b>34,510,300</b>	<b>36,427,300</b>	<b>39,922,500</b>	
<u>Scottsdale Preserve Authority Bonds - Preserve Sales Tax</u>							
2010 Scottsdale Preserve Revenue Refunding Bonds	3,722,625	-	-	-	-	-	2020
2011 Scottsdale Preserve Revenue Refunding Bonds	1,407,250	1,411,500	1,417,500	-	-	-	2022
Fiscal Agent Fees	5,000	2,500	2,500	-	-	-	
	<b>5,134,875</b>	<b>1,414,000</b>	<b>1,420,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<u>Municipal Property Corp. (MPC) Bonds - Excise Tax</u>							
2006 MPC Refunding SkySong (GF/ST)	2,813,000	2,814,250	2,817,000	2,821,000	2,816,000	2,817,300	2034
2015 MPC Refunding Spring Training (MCSD and AZSTA)	6,570,173	-	-	-	-	-	2020
2015 MPC Refunding Spring Training Charros(Contribution)	150,000	160,000	-	-	-	-	2021
2015 MPC Refunding Spring Training (GF/ST)	589,275	1,689,806	-	-	-	-	2021
2006 MPC Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	2,494,000	2,524,000	2,544,000	2,564,300	2,579,500	2,584,800	2030
2015 MPC Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	68,350	68,350	68,400	68,400	68,400	68,400	2035
2015 MPC Refunding WW/TPC Land Acquisition 80-acres (TDF)	600,000	600,000	600,000	600,000	600,000	600,000	2035
2014 MPC Refunding TPC (\$4.2M) (GF/ST)	514,946	518,655	518,300	518,300	518,600	518,800	2027
2015 MPC Refunding TPC (GF/ST)	96,884	96,884	96,900	96,900	96,900	96,900	2031
2014 MPC Refunding WW/TPC Land Acq 52- and 17-acres (16.0M) (GF/ST)	1,933,667	1,948,057	1,988,400	1,986,900	2,010,400	2,032,700	2027
2015 MPC Refunding WW/TPC Land Acq 52- and 17-acres (GF/ST)	383,392	383,392	383,400	383,400	383,400	383,400	2031
2013A MPC SFS Garage Payoff (\$31M) (GF/ST)	2,398,900	2,472,900	2,544,400	2,623,200	2,698,400	2,779,900	2028
2013B MPC McDowell Golf (\$1.6M) (SPF)	105,825	107,825	104,600	106,300	107,800	104,100	2033
2013C MPC TNEC (\$41.9M) (GF/ST)	1,455,875	1,457,125	1,464,600	1,462,900	1,467,100	1,471,900	2033
2013C MPC TNEC (TDF)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	2033
2015A MPC Revenue Museum (TDF)	889,213	889,463	893,900	891,900	893,600	888,900	2034
2015A MPC Revenue Taxable TPC (TDF)	900,000	900,000	900,000	900,000	900,000	900,000	2034
2015A MPC Revenue Taxable TPC Golf Surcharge (GF/ST)	161,512	162,912	163,700	163,900	161,700	163,500	2034
2019A MPC Revenue Crossroads Flood Control (SF)	456,961	665,500	665,000	663,800	666,800	668,800	2039
2019B MPC Revenue Taxable Stadium Improvements (TDF)	996,296	1,679,653	1,679,000	1,677,900	1,530,700	1,527,100	2039
2019B MPC Bonds - Stadium Improvements Giants (Contribution)	375,000	375,000	375,000	375,000	525,000	525,000	2038
2019B MPC Bonds - Stadium Improvements Charros (Contribution)	135,000	135,000	135,000	135,000	135,000	135,000	2039
Future MPC Bonds (Contribution)-	-	-	-	-	-	-	
Fiscal Agent Fees	11,450	11,450	11,500	11,500	11,500	11,500	
Subtotal by Funding Source:							
General Fund/Sales Tax (GF/ST)	12,916,501	14,143,781	12,596,600	12,696,700	12,807,900	12,925,100	
General Fund/Stormwater Fee (SF)	458,461	667,000	666,500	665,300	668,300	670,300	
Tourism Development Fund (TDF)	4,588,009	5,271,616	5,275,400	5,272,300	5,126,800	5,118,500	
Special Program (McDowell Golf) (SPF)	105,825	107,825	104,600	106,300	107,800	104,100	
MCSD and AZSTA	6,570,923	-	-	-	-	-	
SFG/Charros (Contributions)	660,000	670,000	510,000	510,000	660,000	660,000	
	<b>25,299,719</b>	<b>20,860,222</b>	<b>19,153,100</b>	<b>19,250,600</b>	<b>19,370,800</b>	<b>19,478,000</b>	
<b>Total Debt Service Funds</b>	<b>97,948,006</b>	<b>87,514,526</b>	<b>89,343,000</b>	<b>90,417,200</b>	<b>92,770,600</b>	<b>95,146,700</b>	

# BUDGET BY FUND | Debt Service Expense

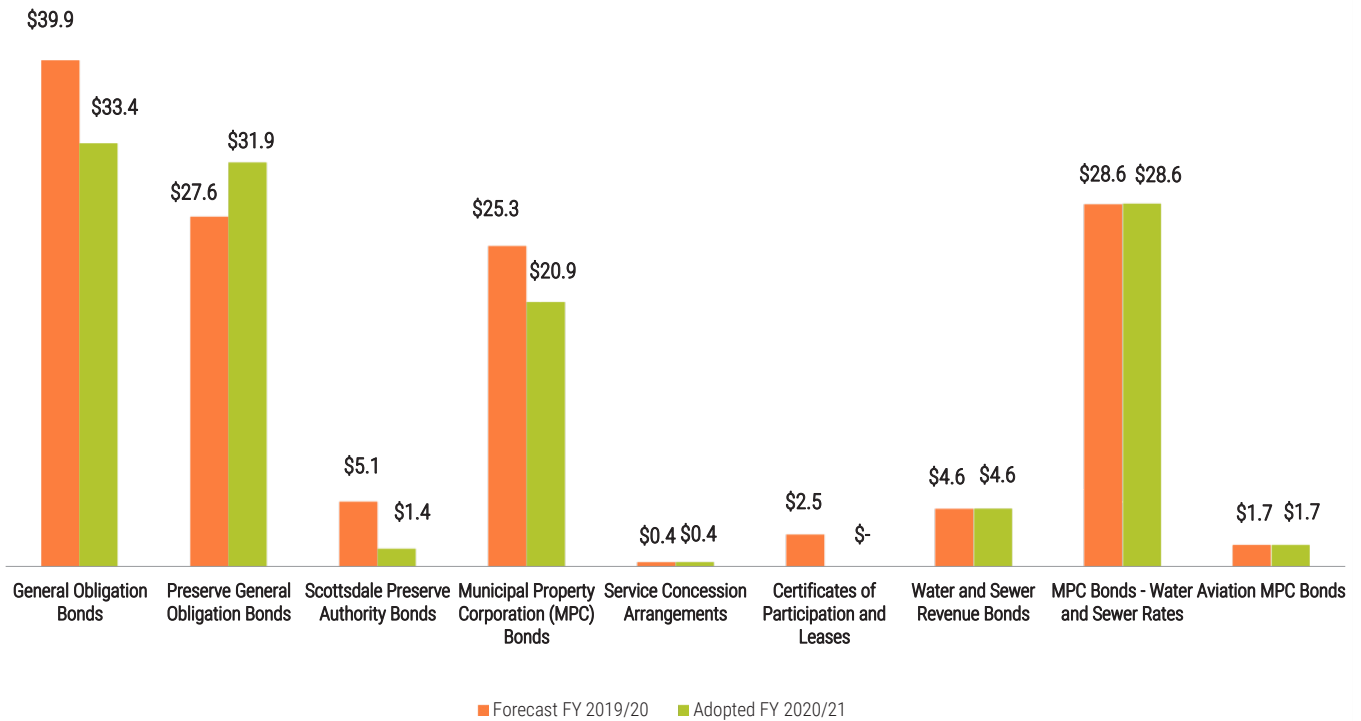
	Forecast 2019/20	Proposed 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Final Payment Date
<b>General Fund</b>							
<u>Service Concession Arrangements</u>							
BOR Administration/Westworld	179,585	188,565	198,000	207,900	218,300	229,200	2032
BOR Administration/TPC	179,586	188,565	198,000	207,900	218,300	229,200	2035
	<u>359,171</u>	<u>377,130</u>	<u>396,000</u>	<u>415,800</u>	<u>436,600</u>	<u>458,400</u>	
<u>Certificates of Participation and Leases</u>							
Police/Fire Radio Communication	2,548,680	-	-	-	-	-	2020
	<u>2,548,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total General Fund</b>	<b><u>2,907,851</u></b>	<b><u>377,130</u></b>	<b><u>396,000</u></b>	<b><u>415,800</u></b>	<b><u>436,600</u></b>	<b><u>458,400</u></b>	
<b>Water and Sewer Funds</b>							
<u>Water Sewer Revenue Bonds</u>							
2008 Water Sewer Revenue Refunding Bonds-Water Reclamation	4,574,188	4,583,625	4,592,300	4,604,700	-	-	2023
Fiscal Agent Fees	400	400	400	400	-	-	
	<u>4,574,588</u>	<u>4,584,025</u>	<u>4,592,700</u>	<u>4,605,100</u>	<u>-</u>	<u>-</u>	
<u>MPC Bonds - Water and Sewer Rates</u>							
2006 MPC Refunding Bonds-Water	11,186,945	11,136,015	11,086,400	11,041,700	10,987,500	5,865,800	2030
2006 MPC Refunding Bonds-Sewer	1,333,055	1,326,985	1,321,100	1,315,800	1,309,300	699,000	2030
2010 MPC Bonds-Water	466,458	504,997	543,700	79,300	79,300	79,300	2030
2010 MPC Bonds-Sewer	1,591,142	1,722,603	1,854,700	270,300	270,300	270,300	2030
2015A MPC-Sewer	1,352,363	1,349,613	1,350,900	1,350,200	1,352,400	1,347,400	2034
2015 MPC Refunding Bonds-Water	4,699,174	4,642,392	4,600,600	4,597,600	4,605,600	4,589,400	2028
2015 MPC Refunding Bonds- Sewer	1,454,502	1,436,926	1,424,000	1,423,100	1,425,500	1,420,500	2028
2017 MPC Refunding Bonds-Water	1,475,460	1,475,460	1,475,500	2,287,900	2,364,300	2,440,700	2036
2017 MPC Refunding Bonds - Sewer	2,183,915	2,183,915	2,183,900	3,386,500	3,499,600	3,612,600	2036
2017A MPC Bonds-Water	2,089,970	2,087,569	2,086,500	2,090,200	2,087,200	2,088,900	2037
2017A MPC Bonds-Water Reclamation (Developer Fee)	738,136	737,287	736,900	738,200	737,200	737,700	2037
Fiscal Agent Fees	9,550	9,550	9,600	9,600	9,600	9,600	
	<u>28,580,670</u>	<u>28,613,312</u>	<u>28,673,800</u>	<u>28,590,400</u>	<u>28,727,800</u>	<u>23,161,200</u>	
<b>Total Water and Sewer Funds</b>	<b><u>33,155,258</u></b>	<b><u>33,197,337</u></b>	<b><u>33,266,500</u></b>	<b><u>33,195,500</u></b>	<b><u>28,727,800</u></b>	<b><u>23,161,200</u></b>	
<b>Aviation Fund</b>							
<u>Aviation MPC Bonds</u>							
2017B MPC Bonds	1,721,244	1,720,494	1,722,700	1,717,700	1,720,700	1,721,200	2037
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500	1,500	
<b>Total Aviation Funds</b>	<b><u>1,722,744</u></b>	<b><u>1,721,994</u></b>	<b><u>1,724,200</u></b>	<b><u>1,719,200</u></b>	<b><u>1,722,200</u></b>	<b><u>1,722,700</u></b>	
<b>TOTAL DEBT SERVICE EXPENSE - ALL FUNDS</b>	<b><u>135,733,859</u></b>	<b><u>122,810,987</u></b>	<b><u>124,729,700</u></b>	<b><u>125,747,700</u></b>	<b><u>123,657,200</u></b>	<b><u>120,489,000</u></b>	



**Debt Service Expense FY 2019/20 vs. FY 2020/21**

Type of Bond	Forecast FY 2019/20	Adopted FY 2020/21
General Obligation Bonds	39,913,942	33,372,880
Preserve General Obligation Bonds	27,599,470	31,867,424
Scottsdale Preserve Authority Bonds	5,134,875	1,414,000
Municipal Property Corporation (MPC) Bonds	25,299,719	20,860,222
Service Concession Arrangements	359,171	377,130
Certificates of Participation and Leases	2,548,680	-
Water and Sewer Revenue Bonds	4,574,588	4,584,025
MPC Bonds - Water and Sewer Rates	28,580,670	28,613,312
Aviation MPC Bonds	1,722,744	1,721,994
<b>Total</b>	<b>135,733,859</b>	<b>122,810,987</b>

(in millions)



# BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/20	Balance at 6/30/21	Balance at 6/30/22	Balance at 6/30/23	Balance at 6/30/24	Final Payment Date
<b>Debt Service Funds</b>						
<b>General Obligation Bonds - Property Tax (Secondary) Supported</b>						
2010 G.O. Various Purpose Bonds	415,000	-	-	-	-	2021
2012 G.O. Refunding Bonds	4,238,329	-	-	-	-	2021
2014 G.O. Refunding Bonds	30,898,620	20,832,541	10,701,250	-	-	2023
2015 G.O. Refunding Bonds	73,915,000	67,590,000	60,530,000	53,360,000	35,020,000	2028
2017 G.O. Refunding Bonds	26,826,110	26,826,110	24,446,110	21,742,360	18,809,860	2029
2017C G.O. Various Purpose Bonds	15,230,000	13,360,000	11,200,000	9,140,000	7,180,000	2027
Future G.O. Bonds	-	37,000,000	101,500,000	199,050,000	196,675,000	2042
	<u>151,523,059</u>	<u>165,608,651</u>	<u>208,377,360</u>	<u>283,292,360</u>	<u>257,684,860</u>	
<b>Preserve General Obligation Bonds - Preserve Sales Tax Supported</b>						
2011 G.O. Bonds-Preserve	1,845,000	935,000	-	-	-	2022
2011 G.O. Refunding Bonds-Preserve	8,310,000	4,970,000	1,465,000	1,465,000	-	2024
2012 G.O. Bonds-Preserve	47,100,000	45,600,000	45,600,000	45,600,000	45,600,000	2034
2012 G.O. Refunding Bonds-Preserve	43,306,671	41,880,000	38,530,000	35,415,000	30,045,000	2025
2013 G.O. Bonds-Preserve	71,500,000	70,000,000	68,000,000	65,500,000	63,000,000	2034
2014 G.O. Bonds-Preserve	10,690,000	10,080,000	9,450,000	8,795,000	8,120,000	2034
2014 G.O. Refunding Bonds-Preserve	4,331,380	2,972,459	1,528,750	-	-	2023
2015 G.O. Refunding Bonds-Preserve	46,195,000	38,675,000	30,960,000	19,000,000	6,775,000	2034
2017A G.O. Bonds-Preserve	17,410,000	17,410,000	17,410,000	17,410,000	17,410,000	2034
2017B G.O. Preserve Acquisition Refinancing Bonds	18,495,000	14,985,000	11,275,000	5,790,000	-	2024
2017 G.O. Refunding Bonds-Preserve	13,158,890	13,158,890	13,158,890	12,257,640	11,280,140	2034
	<u>282,341,941</u>	<u>260,666,349</u>	<u>237,377,640</u>	<u>211,232,640</u>	<u>182,230,140</u>	
<b>Scottsdale Preserve Authority Bonds - Preserve Sales Tax Supported</b>						
2011 Scottsdale Preserve Revenue Refunding Bonds	2,630,000	1,350,000	-	-	-	2022
	<u>2,630,000</u>	<u>1,350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Municipal Property Corp. (MPC) Bonds - Excise Tax Supported</b>						
2006 MPC Refunding SkySong	27,385,000	25,940,000	24,420,000	22,820,000	21,145,000	2034
2015 MPC Refunding Spring Training	1,761,720	-	-	-	-	2021
2006 MPC Refunding WW/TPC 80-acres	20,480,000	18,980,000	17,385,000	15,690,000	13,895,000	2030
2015 MPC Refunding WW/TPC 80-acres	14,457,510	14,457,510	14,457,510	14,457,510	14,457,510	2035
2014 MPC Refunding TPC	3,089,038	2,707,643	2,307,521	1,887,416	1,446,025	2027
2015 MPC Refunding TPC	2,162,411	2,162,411	2,162,411	2,162,411	2,162,411	2031
2014 MPC Refunding WW/TPC 52- and 17-acres	11,940,962	10,522,357	8,992,479	7,387,584	5,678,975	2027
2015 MPC Refunding WW/TPC 52- and 17-acres	8,557,600	8,557,600	8,557,600	8,557,600	8,557,600	2031
2013A MPC Garage	18,255,000	16,585,000	14,760,000	12,765,000	10,595,000	2028
2013B MPC McDowell Mnt	1,075,000	1,010,000	945,000	875,000	800,000	2033
2013C MPC TNEC	27,970,000	26,420,000	24,785,000	23,070,000	21,265,000	2033
2015A MPC Museum	9,700,000	9,180,000	8,640,000	8,075,000	7,480,000	2034
2015A Taxable TPC	11,375,000	10,735,000	10,075,000	9,395,000	8,690,000	2034
2019A MPC Revenue Crossroads Flood Control	9,070,000	8,760,000	8,435,000	8,095,000	7,735,000	2039
2019B MPC Revenue Taxable Stadium Improvements	32,335,000	30,950,000	29,540,000	28,105,000	26,640,000	2039
	<u>199,614,241</u>	<u>186,967,521</u>	<u>175,462,521</u>	<u>163,342,521</u>	<u>150,547,521</u>	
<b>Total Debt Service Funds</b>	<u><b>636,109,241</b></u>	<u><b>614,592,521</b></u>	<u><b>621,217,521</b></u>	<u><b>657,867,521</b></u>	<u><b>590,462,521</b></u>	

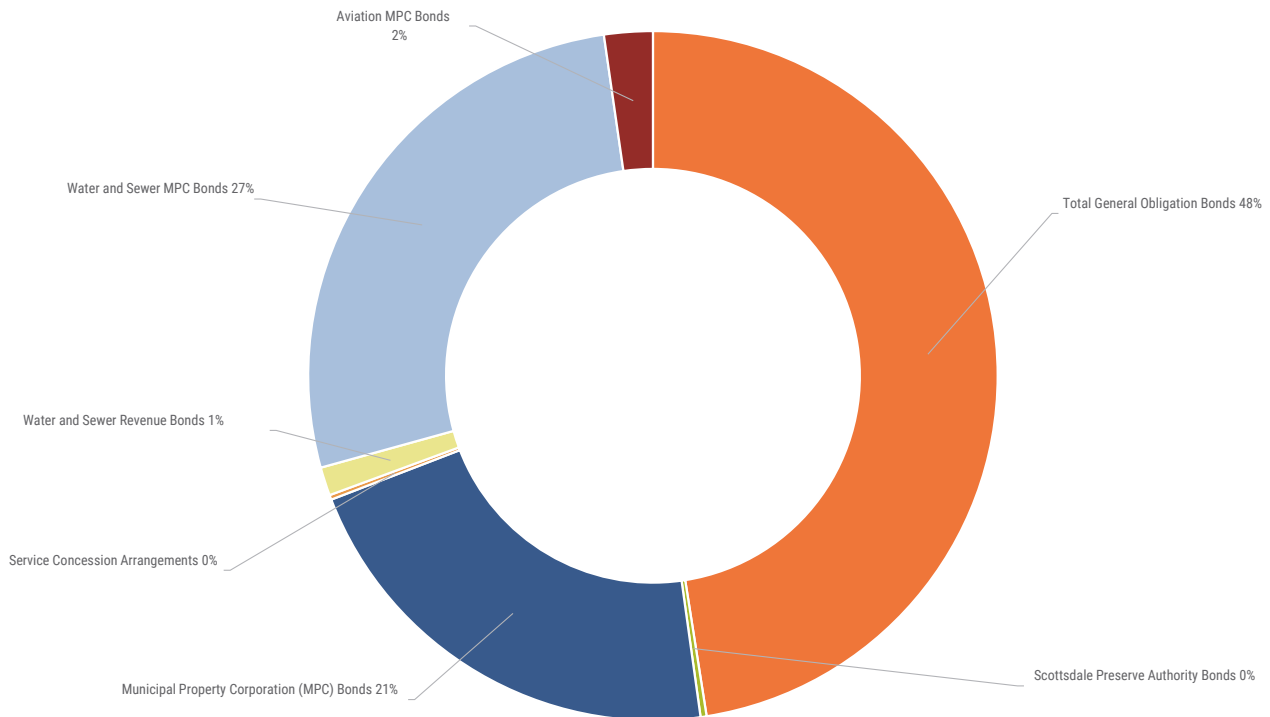
# BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/20	Balance at 6/30/21	Balance at 6/30/22	Balance at 6/30/23	Balance at 6/30/24	Final Payment Date
<b>General Fund</b>						
<b><u>Service Concession Arrangements</u></b>						
BOR Administration/Westworld	959,524	879,564	799,603	719,643	639,683	2032
BOR Administration/TPC	1,108,170	1,034,292	960,414	886,536	812,658	2035
	<u>2,067,694</u>	<u>1,913,856</u>	<u>1,760,017</u>	<u>1,606,179</u>	<u>1,452,341</u>	
<b>Total General Fund</b>	<b><u>2,067,694</u></b>	<b><u>1,913,856</u></b>	<b><u>1,760,017</u></b>	<b><u>1,606,179</u></b>	<b><u>1,452,341</u></b>	
<b>Water and Sewer Funds</b>						
<b><u>Water Sewer Revenue Bonds</u></b>						
2008 Water Sewer Revenue Refunding Bonds	12,450,000	8,520,000	4,375,000	-	-	2023
	<u>12,450,000</u>	<u>8,520,000</u>	<u>4,375,000</u>	<u>-</u>	<u>-</u>	
<b><u>MPC Bonds - Water and Sewer Rates Supported</u></b>						
2006 MPC Refunding Water/Sewer MPC Bonds	71,060,000	62,150,000	52,850,000	43,135,000	32,995,000	2030
2010 Water & Sewer MPC Bonds	12,440,000	10,710,000	8,740,000	8,740,000	8,740,000	2030
2015A Water & Sewer MPC Bonds	14,695,000	13,905,000	13,090,000	12,235,000	11,335,000	2034
2015 Refunding Water & Sewer MPC Bonds	39,020,759	34,892,479	30,612,479	26,122,479	21,397,479	2028
2017 Refunding Water & Sewer MPC Bonds	79,970,000	79,970,000	79,970,000	77,955,000	75,690,000	2036
2017A Water & Sewer MPC Bonds	35,320,000	33,890,000	32,390,000	30,810,000	29,155,000	2037
	<u>252,505,759</u>	<u>235,517,479</u>	<u>217,652,479</u>	<u>198,997,479</u>	<u>179,312,479</u>	
<b>Total Water and Sewer Funds</b>	<b><u>264,955,759</u></b>	<b><u>244,037,479</u></b>	<b><u>222,027,479</u></b>	<b><u>198,997,479</u></b>	<b><u>179,312,479</u></b>	
<b>Aviation Fund</b>						
<b><u>Aviation MPC Bonds - Aviation Supported</u></b>						
Municipal Property Corp. (MPC) Bonds						
2017B MPC Bonds	21,285,000	20,430,000	19,530,000	18,590,000	17,600,000	2037
	<u>21,285,000</u>	<u>20,430,000</u>	<u>19,530,000</u>	<u>18,590,000</u>	<u>17,600,000</u>	
<b>Total Aviation Fund</b>	<b><u>21,285,000</u></b>	<b><u>20,430,000</u></b>	<b><u>19,530,000</u></b>	<b><u>18,590,000</u></b>	<b><u>17,600,000</u></b>	
<b>TOTAL LONG-TERM DEBT OUTSTANDING - ALL FUNDS</b>	<b><u>924,417,694</u></b>	<b><u>880,973,856</u></b>	<b><u>864,535,017</u></b>	<b><u>877,061,179</u></b>	<b><u>788,827,341</u></b>	

## Outstanding Bonds By Type Forecast at June 30, 2020

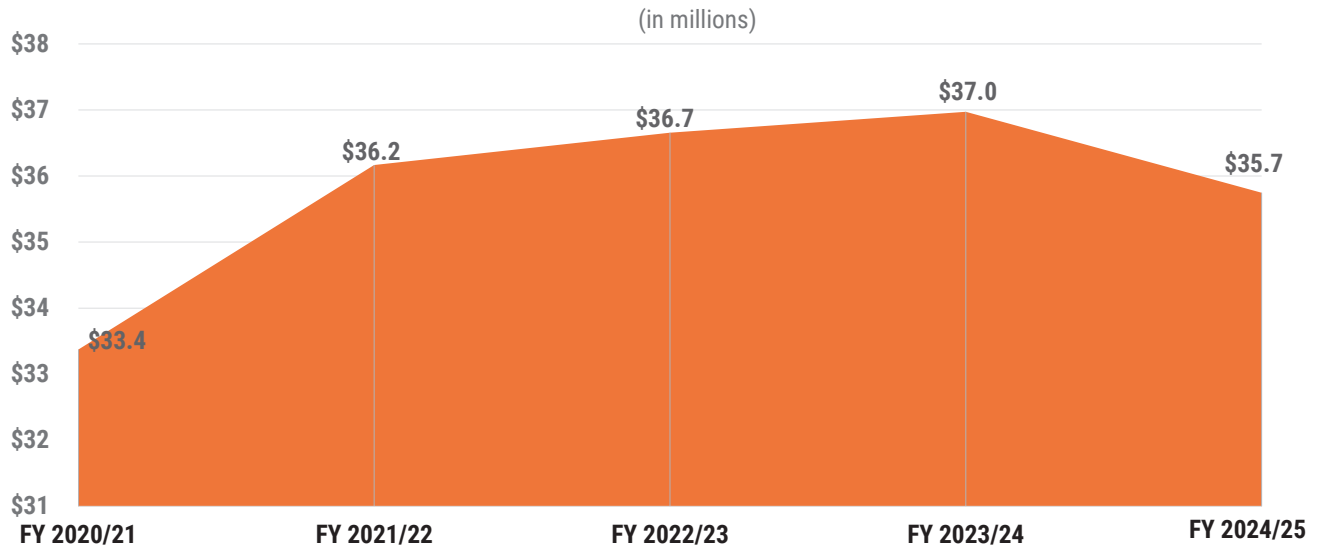
Type of Issuance	Principal Bond Amount	% Total
General Obligation Bonds (Combined)		
6% Capacity	-	0%
20% Capacity	444,046,000 <sup>(a)</sup>	100%
<b>Total General Obligation Bonds</b>	<b>444,046,000 <sup>(a)</sup></b>	<b>48%</b>
Scottsdale Preserve Authority Bonds	2,630,000	0%
Municipal Property Corporation (MPC) Bonds	199,614,241	21%
Service Concession Arrangements	2,067,694	0%
Water and Sewer Revenue Bonds	12,450,000	1%
Water and Sewer MPC Bonds	252,505,759	27%
Aviation MPC Bonds	21,285,000	2%
<b>Total</b>	<b>934,598,694</b>	<b>100%</b>

<sup>(a)</sup> Amount includes \$10,181,000 of excess premium which counts against the 20 percent threshold but is not considered GO Bond Debt.



**General Obligation Bonds Property Tax (Secondary) Supported**

<b>FY 2020/21</b>	<b>FY 2021/22</b>	<b>FY 2022/23</b>	<b>FY 2023/24</b>	<b>FY 2024/25</b>
\$33,372,880	\$36,167,600	\$36,656,300	\$36,972,500	\$35,746,200



**COMPUTATION OF LEGAL DEBT MARGINS  
Forecast June 30, 2020**

Net Assessed Valuation Forecasted as of June 30, 2020	\$ 7,701,892,481
Debt Limit Equal to 20% of Assessed Valuation	1,540,378,496
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds forecasted for payment on July 1, 2020):	
2010 GO Various Purpose Bonds	415,000
2011 GO Preserve Bonds	1,845,000
2011 GO Preserve Refunding Bonds	8,310,000
2012 GO Preserve Bonds	47,100,000
2012 GO Preserve / Non-Preserve Refunding Bonds	47,545,000
2013 GO Preserve Bonds	71,500,000
2014 GO Preserve Bonds	10,690,000
2014 GO Preserve / Non-Preserve Refunding Bonds	35,230,000
2015 GO Preserve / Non-Preserve Refunding Bonds	120,110,000
2017A GO Preserve Bonds	17,410,000
2017B GO Preserve Refinancing Bonds	18,495,000
2017 GO Preserve / Non-Preserve Refunding Bonds	39,985,000
2017C GO Various Purpose Bonds	15,230,000
	433,865,000
Net Outstanding Forecasted Bonded Debt Subject to 20% Limit	10,181,000
Net Outstanding Forecasted Excess Premium Subject to 20% Limit	444,046,000 (A)
	<b>1,096,332,496 (C)</b>
Debt Limit Equal to 6% of Assessed Valuation	462,113,549
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds forecasted for payment on July 1, 2020):	
	-
Net Outstanding Forecasted Bonded Debt Subject to 6% Limit	- (B)
	<b>462,113,549 (D)</b>

**State Regulation**

The Arizona Constitution (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the assessed valuation of the taxable property in that city. In addition to the 6% limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20% of the assessed valuation for supplying such city with water, artificial light, or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

**CITY OF SCOTTSDALE COMPLIANCE WITH STATE REGULATION**

This schedule indicates the assessed valuation of property tax within the City of Scottsdale allows a maximum legal bonding capacity of \$1,540,378,496 for projects subject to the 20% limitation and \$462,113,549 for projects subject to the 6% limitation.

**Legal Debt Capacity Used**

Based on the city's current outstanding general obligation debt, it is forecasted as of June 30, 2020, the city has used (borrowed) the following legal debt capacity, including excess premium, by percentage limitation:

- 20% limitation (A) \$444,046,000 or 29%
- 6% limitation (B) \$0 or 0%

**Legal Capacity Available**

Based on the city's current outstanding general obligation debt, it is forecasted as of June 30, 2020, the city has available (for borrowing) the following legal debt capacity by percentage limitation:

- 20% limitation (C) \$1,096,332,496 or 71%
- 6% limitation (D) \$462,113,549 or 100%



## General Obligation Bond Capacity Available as of June 30, 2020

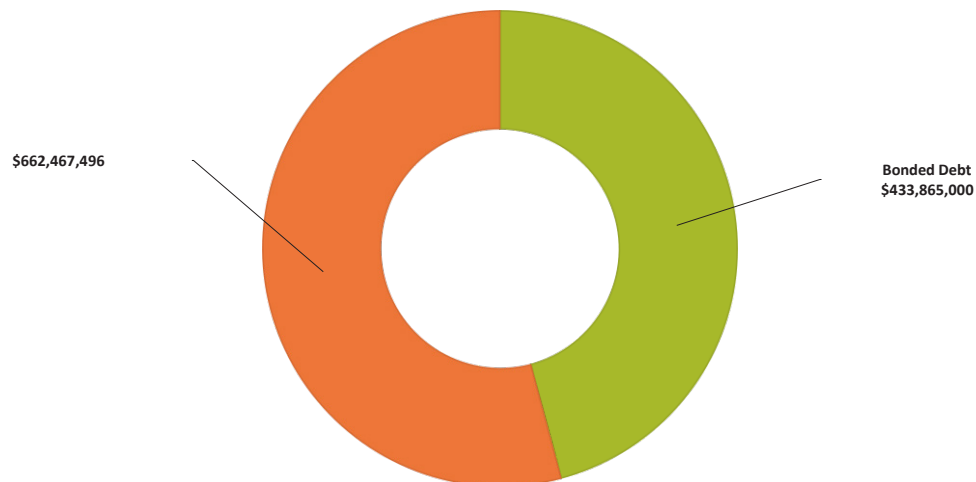
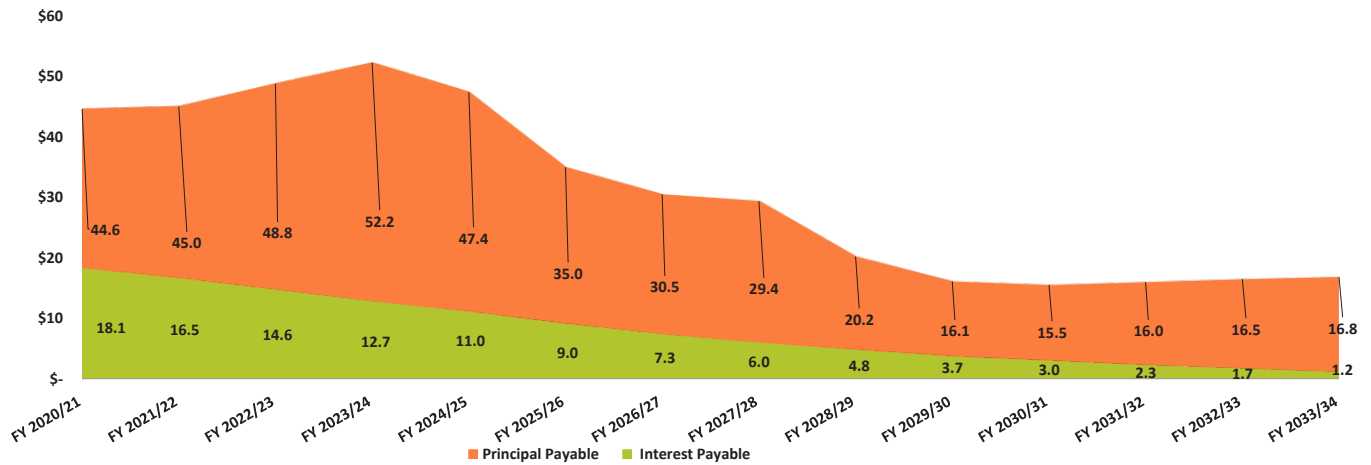
Under Arizona Constitution Article IX, section 8 (amended by Proposition 104 in 2006), cities may issue General Obligation Bonds for streets and transportation facilities, public safety, law enforcement, fire and emergency services facilities, water, water reclamation, artificial light, acquisition and development of land for open space preserves, parks, playgrounds and recreation facilities up to an amount not exceeding 20 percent of secondary assessed value. Cities may also issue General Obligation Bonds for all other general purposes not included in the 20 percent debt margin category up to an amount not exceeding six percent of the secondary assessed value.

### Outstanding General Obligation Bonds Subject to 20 Percent Limit as of June 30, 2020

Maturity Date	Principal Payable	Interest Payable	Fiscal Total
FY 2020/21	44,590,000	18,143,259	62,733,259
FY 2021/22	45,020,000	16,512,259	61,532,259
FY 2022/23	48,780,000	14,620,834	63,400,834
FY 2023/24	52,235,000	12,727,784	64,962,784
FY 2024/25	47,375,000	11,013,109	58,388,109
FY 2025/26	34,950,000	9,046,159	43,996,159
FY 2026/27	30,465,000	7,333,334	37,798,334
FY 2027/28	29,355,000	5,963,984	35,318,984
FY 2028/29	20,195,000	4,773,884	24,968,884
FY 2029/30	16,095,000	3,699,784	19,794,784
FY 2030/31	15,515,000	2,997,134	18,512,134
FY 2031/32	15,990,000	2,256,565	18,246,565
FY 2032/33	16,470,000	1,725,965	18,195,965
FY 2033/34	16,830,000	1,178,165	18,008,165
<b>Total</b>	<b>433,865,000</b> <sup>(a)</sup>	<b>111,992,216</b>	<b>545,857,216</b>

<sup>(a)</sup> Amount does not include \$10,181,000 of excess premium which counts against the 20 percent threshold but is not considered GO Bond Debt.

(in millions)





**FY 2020/21 Adopted Budget**



CITY OF SCOTTSDALE  
A healthy community  
starts with you.

SCOTTSDALE  
HUMAN  
SERVICES

SCOTTSDALE  
HUMAN  
SERVICES

CITY OF SCOTTSDALE  
A healthy community  
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SCOTTSDALE  
HUMAN  
SERVICES

#  
FIRST THINGS FIRST  
FirstThingsFirst.org  
Healthy snacks  
Healthy meals  
Healthy kids

#  
FIRST THINGS FIRST  
FirstThingsFirst.org  
Healthy snacks  
Healthy meals  
Healthy kids

Concerned Citizens  
Community

FIRST THINGS FIRST  
FirstThingsFirst.org  
Healthy snacks  
Healthy meals  
Healthy kids

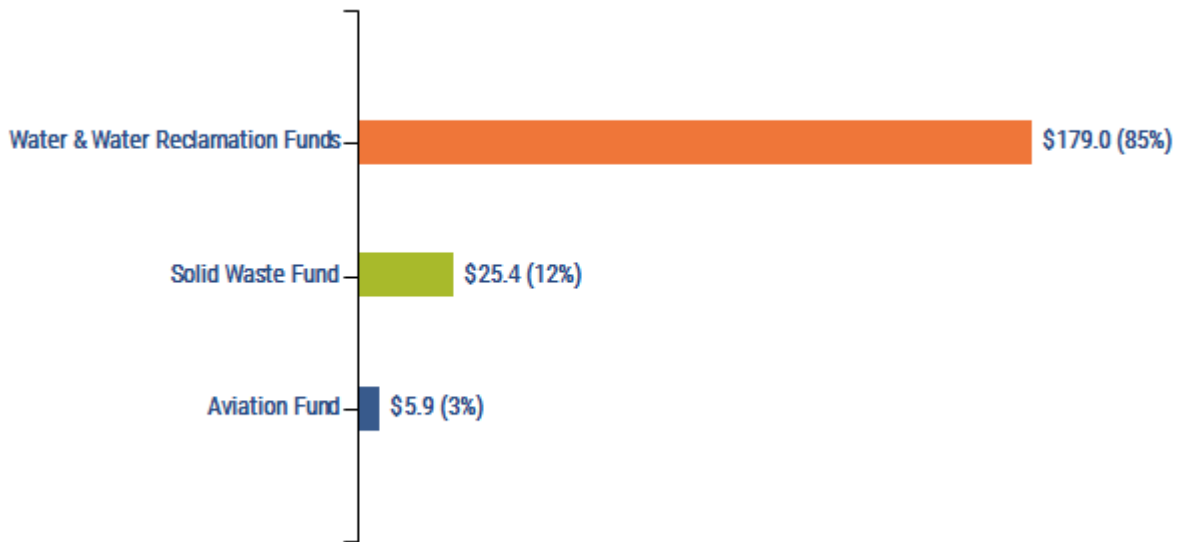
#  
FIRST THINGS FIRST  
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Healthy snacks  
Healthy meals  
Healthy kids

Healthy kids

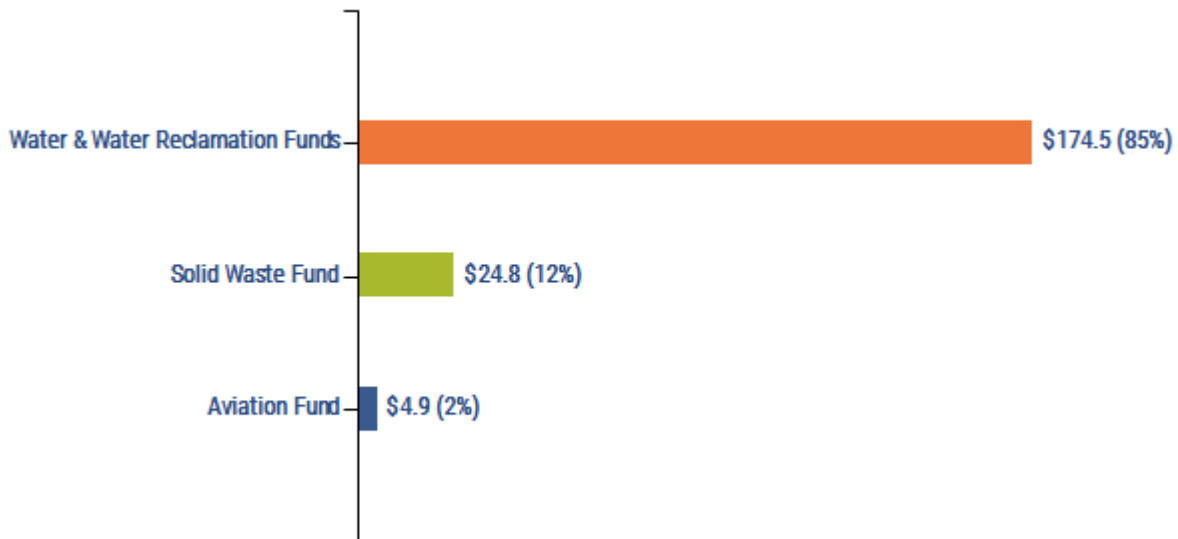
## Enterprise Funds Description

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)**  
\$210.4 Million



**Enterprise Funds Uses (% to Total)**  
\$204.3 Million





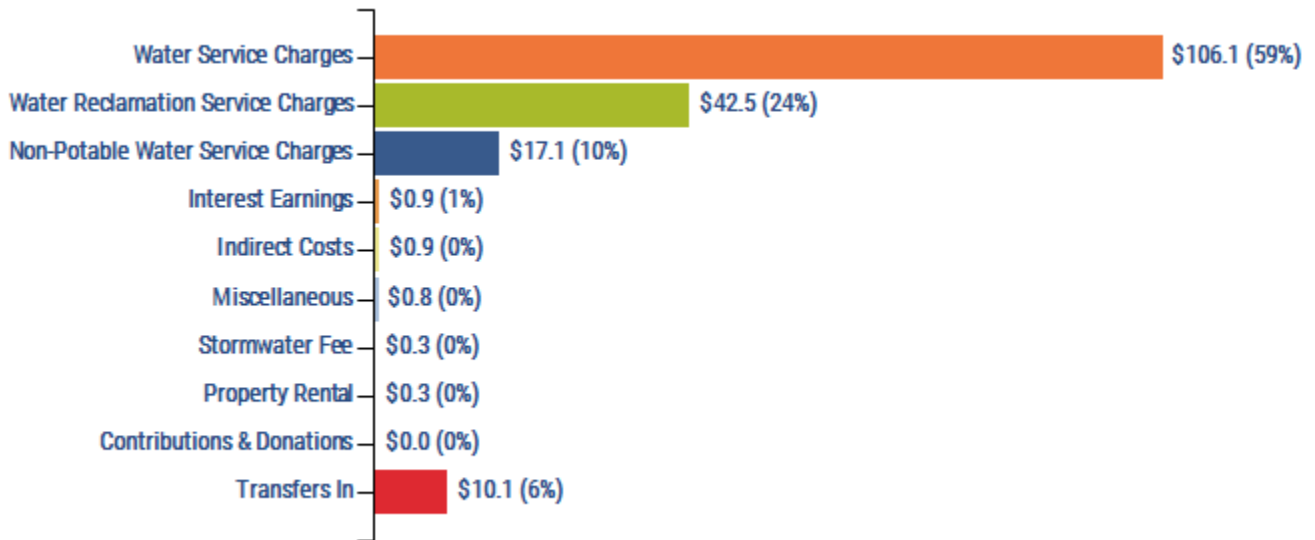
**FY 2020/21 Adopted Budget**



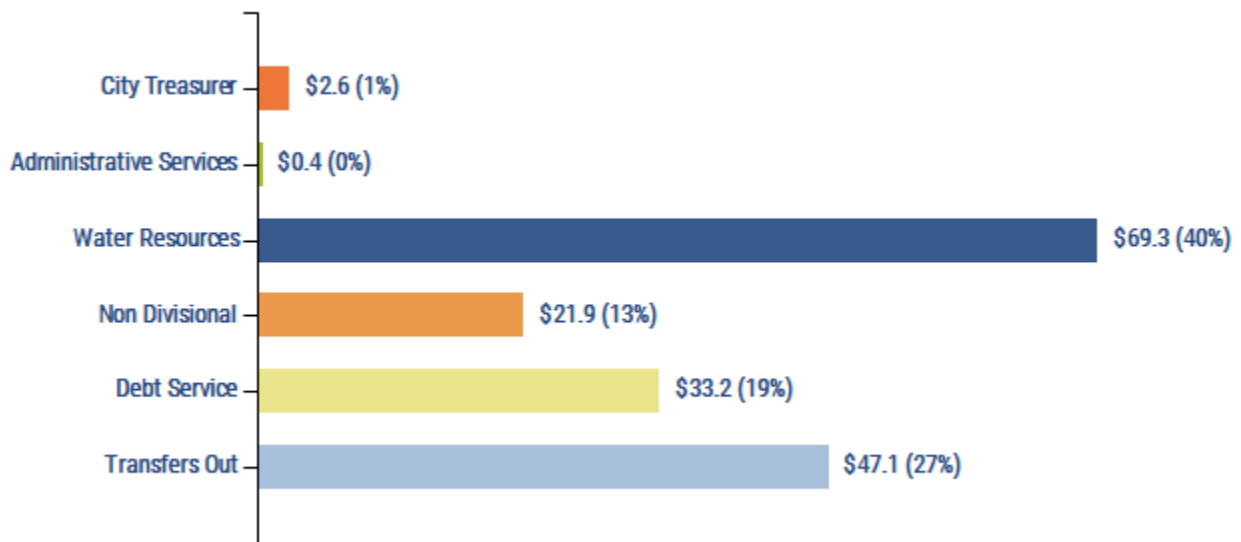
### Fund Purpose

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)**  
**\$179.0 Million**



**Water & Water Reclamation Funds Uses (% to Total)**  
**\$174.5 Million**





# BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Reserve	14,913,396	17,602,285	17,602,285	16,287,724
Repair/Replacement Reserve	40,302,123	41,302,123	41,302,123	42,644,246
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	845,335	852,702	845,335	845,335
Water Drought Reserve	-	1,500,000	1,500,000	3,000,000
Undesignated, Unreserved Fund Balance	-	1,755,330	-	100,000
<b>Total Beginning Fund Balance</b>	<b>60,665,542</b>	<b>67,617,128</b>	<b>65,854,431</b>	<b>67,481,993</b>
<b>Revenues</b>				
Water Service Charges	97,258,755	104,247,290	104,727,290	106,066,120
Water Reclamation Service Charges	44,176,711	45,239,400	41,739,408	42,529,800
Non-Potable Water Service Charges	13,473,338	14,419,683	14,419,683	17,113,400
Interest Earnings	1,313,353	2,576,903	2,028,463	926,153
Indirect Costs	734,347	947,540	947,540	850,500
Miscellaneous	1,586,843	875,543	875,543	787,700
Stormwater Fee	234,882	332,750	332,750	336,000
Property Rental	273,453	255,800	255,800	283,900
Contributions & Donations	5,500	5,500	5,500	5,500
<b>Subtotal</b>	<b>159,057,183</b>	<b>168,900,409</b>	<b>165,331,977</b>	<b>168,899,073</b>
<b>Transfers In</b>				
AWT	2,842,514	2,985,000	2,985,000	2,863,545
Debt Service	11,836,411	-	13,560,428	6,356,385
RWDS	900,000	900,000	900,000	900,000
<b>Subtotal</b>	<b>15,578,925</b>	<b>3,885,000</b>	<b>17,445,428</b>	<b>10,119,930</b>
<b>Total Sources</b>	<b>174,636,108</b>	<b>172,785,409</b>	<b>182,777,405</b>	<b>179,019,003</b>
<b>Expenditures</b>				
City Treasurer	2,095,716	2,340,933	2,415,135	2,557,210
Administrative Services	-	-	-	375,398
Water Resources	61,316,294	67,952,568	68,280,390	69,337,805
Citywide Indirect Cost Allocation	4,800,678	5,384,333	5,384,333	5,108,148
Department Indirect Cost	734,347	947,540	947,540	850,500
Citywide Pay Program	-	450,761	-	-
Compensation Other	-	754,097	-	-
Fuel and Maint and Repair	-	-	393,852	-
Vacation Trade	-	63,448	-	-
Leave Accrual Payments	-	466,001	427,558	466,001
Savings from Vacant Positions	-	(1,177,100)	(599,741)	(1,099,426)
Utilities	14,415,742	16,719,046	16,499,046	16,604,946
<b>Subtotal</b>	<b>83,362,777</b>	<b>93,901,627</b>	<b>93,748,113</b>	<b>94,200,582</b>
<b>Debt Service</b>				
CIP Sewer Revenue Bonds	4,566,588	4,574,588	4,574,588	4,584,025
MPC Bonds Debt Service-Sewer	7,793,144	7,919,889	7,919,889	8,024,922
MPC Bonds Debt Service-Water	20,654,523	20,660,781	20,660,781	20,588,390
<b>Subtotal</b>	<b>33,014,255</b>	<b>33,155,258</b>	<b>33,155,258</b>	<b>33,197,337</b>
TOTAL OPERATING BUDGET	116,377,032	127,056,885	126,903,371	127,397,919
<b>Transfers Out</b>				
AWT	2,842,514	2,985,000	2,985,000	2,863,545
CIP	30,468,562	34,992,794	43,283,468	35,993,625
CIP Technology	341,665	151,904	151,904	147,825
Debt Service Fund <sup>(a)</sup>	11,836,411	-	-	-
Franchise Fees	7,581,035	7,833,961	7,826,100	8,111,171
<b>Subtotal</b>	<b>53,070,187</b>	<b>45,963,659</b>	<b>54,246,472</b>	<b>47,116,166</b>
<b>Total Uses</b>	<b>169,447,219</b>	<b>173,020,544</b>	<b>181,149,843</b>	<b>174,514,085</b>
<b>Sources Over/(Under) Uses</b>	<b>5,188,889</b>	<b>(235,135)</b>	<b>1,627,562</b>	<b>4,504,918</b>
<b>Ending Fund Balance</b>				
Operating Reserve	17,602,285	16,287,724	16,287,724	19,107,333
Repair/Replacement Reserve	41,302,123	42,644,246	42,644,246	44,429,555
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	845,335	845,335	845,335	845,335
Water Drought Reserve	1,500,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	-	-	100,000	-
<b>Total Ending Fund Balance</b>	<b>65,854,431</b>	<b>67,381,993</b>	<b>67,481,993</b>	<b>71,986,911</b>

<sup>(a)</sup> Beginning in FY 2019/20, a procedural change was implemented in the recording of debt service for water and sewer bonds. The procedural change was done for efficiency and has no impact on the cost of debt service or fund balance.

# BUDGET BY FUND | Water and Water Reclamation Funds Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Reserve	16,287,724	19,107,333	23,000,406	25,426,095	29,216,792
Repair/Replacement Reserve	42,644,246	44,429,555	45,439,282	46,536,093	47,972,784
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688	-
Special Contractual Fund Balance	845,335	845,335	845,335	845,335	845,335
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	100,000	-	-	-	-
<b>Total Beginning Fund Balance</b>	<b>67,481,993</b>	<b>71,986,911</b>	<b>76,889,711</b>	<b>80,412,211</b>	<b>81,034,911</b>
<b>Revenues</b>					
Water Service Charges	106,066,120	109,207,800	112,443,300	115,775,300	119,207,100
Water Reclamation Service Charges	42,529,800	43,748,200	45,002,500	46,293,900	47,623,300
Non-Potable Water Service Charges	17,113,400	17,507,000	17,911,000	18,325,600	18,751,100
Interest Earnings	926,153	555,300	338,600	338,800	464,100
Indirect Costs	850,500	867,500	884,900	902,600	920,700
Miscellaneous	787,700	795,600	803,500	811,700	819,600
Stormwater Fee	336,000	339,400	342,800	346,200	349,600
Property Rental	283,900	295,200	307,000	319,400	332,200
Contributions & Donations	5,500	5,600	5,600	5,700	5,700
<b>Subtotal</b>	<b>168,899,073</b>	<b>173,321,600</b>	<b>178,039,200</b>	<b>183,119,200</b>	<b>188,473,400</b>
<b>Transfers In</b>					
AWT	2,863,545	2,892,200	2,921,100	2,950,300	2,979,800
Debt Service	6,356,385	5,835,200	5,286,200	4,715,000	4,336,300
RWDS	900,000	900,000	900,000	900,000	900,000
<b>Subtotal</b>	<b>10,119,930</b>	<b>9,627,400</b>	<b>9,107,300</b>	<b>8,565,300</b>	<b>8,216,100</b>
<b>Total Sources</b>	<b>179,019,003</b>	<b>182,949,000</b>	<b>187,146,500</b>	<b>191,684,500</b>	<b>196,689,500</b>
<b>Expenditures</b>					
City Treasurer	2,557,210	2,512,200	2,608,100	2,707,100	2,803,800
Administrative Services	375,398	390,800	407,300	424,100	440,800
Water Resources	69,337,805	73,107,400	76,643,600	79,336,600	82,095,900
Citywide Indirect Cost Allocation	5,108,148	5,363,600	5,631,800	5,913,200	6,209,000
Department Indirect Cost	850,500	867,500	884,900	902,600	920,700
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Vacation Trade	-	-	-	-	-
Leave Accrual Payments	466,001	476,700	487,300	498,000	509,100
Savings from Vacant Positions	(1,099,426)	(1,203,900)	(1,230,500)	(1,258,100)	(1,286,300)
Utilities	16,604,946	17,110,300	17,620,700	18,145,600	19,038,000
<b>Subtotal</b>	<b>94,200,582</b>	<b>98,624,600</b>	<b>103,053,200</b>	<b>106,669,100</b>	<b>110,731,000</b>
<b>Debt Service</b>					
CIP Sewer Revenue Bonds	4,584,025	4,592,700	4,605,100	-	-
MPC Bonds Debt Service-Sewer	8,024,922	8,139,500	7,750,800	7,861,900	7,354,800
MPC Bonds Debt Service-Water	20,588,390	20,534,400	20,839,400	20,865,800	15,806,500
<b>Subtotal</b>	<b>33,197,337</b>	<b>33,266,600</b>	<b>33,195,300</b>	<b>28,727,700</b>	<b>23,161,300</b>
TOTAL OPERATING BUDGET	127,397,919	131,891,200	136,248,500	135,396,800	133,892,300
<b>Transfers Out</b>					
AWT	2,863,545	2,892,200	2,921,100	2,950,300	2,979,800
CIP	35,993,625	34,265,800	30,676,100	43,332,200	47,157,000
CIP Technology	147,825	649,900	5,188,200	542,400	239,100
Debt Service Fund	-	-	-	-	-
Franchise Fees	8,111,171	8,347,100	8,590,100	8,840,100	9,097,700
<b>Subtotal</b>	<b>47,116,166</b>	<b>46,155,000</b>	<b>47,375,500</b>	<b>55,665,000</b>	<b>59,473,600</b>
<b>Total Uses</b>	<b>174,514,085</b>	<b>178,046,200</b>	<b>183,624,000</b>	<b>191,061,800</b>	<b>193,365,900</b>
<b>Sources Over/(Under) Uses</b>	<b>4,504,918</b>	<b>4,902,800</b>	<b>3,522,500</b>	<b>622,700</b>	<b>3,323,600</b>
<b>Ending Fund Balance</b>					
Operating Reserve	19,107,333	23,000,406	25,426,095	29,216,792	30,288,661
Repair/Replacement Reserve	44,429,555	45,439,282	46,536,093	47,972,784	50,224,515
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	-	-
Special Contractual Fund Balance	845,335	845,335	845,335	845,335	845,335
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>71,986,911</b>	<b>76,889,711</b>	<b>80,412,211</b>	<b>81,034,911</b>	<b>84,358,511</b>

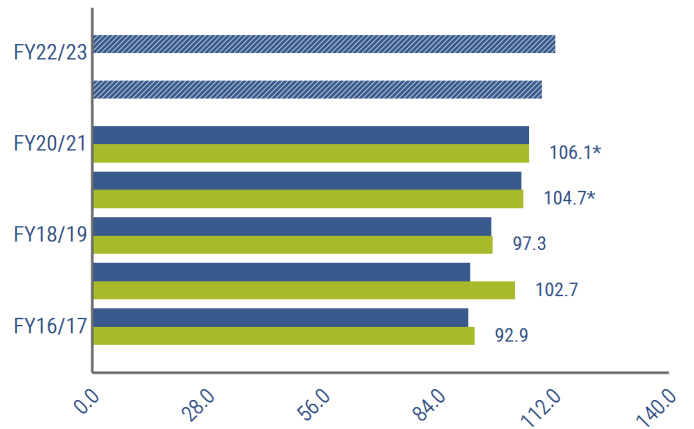
**Water and Rater Reclamation Funds Sources**

Water and Water Reclamation Funds Sources for FY 2020/21 equal \$179.0 million which is a decrease of \$3.8 million from the FY 2019/20 year-end forecast. The sources include Water Service Charges, Water Reclamation Service Charges, Non-Potable Water Service Charges, Interest Earnings, Indirect Costs, Miscellaneous, Stormwater Fee, Property Rental, Contributions and Donations and Transfers In.

**Water Service Charges**

Water Service Charges revenue for FY 2020/21 totals \$106.1 million, a \$1.4 million increase from the FY 2019/20 year-end forecast mainly due to an increase in Water Base Service Charges based on the three-year prior average and growth forecast. There were no rates and fees increases in FY 2020/21 in an effort to provide financial relief to customers due to the economic conditions caused by COVID-19.

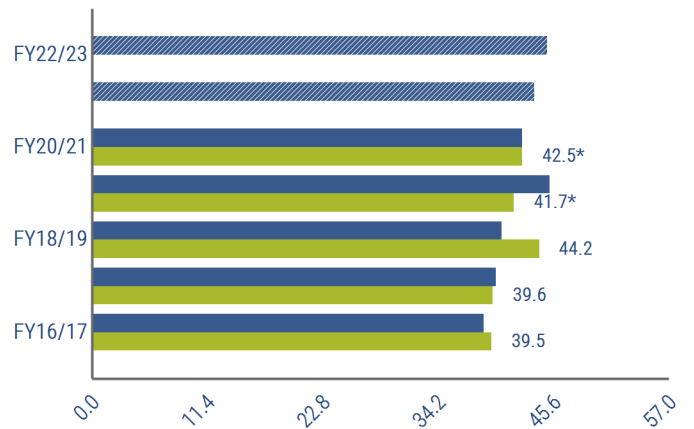
FY 2016/17 to FY 2022/23 (in millions)



**Water Reclamation Service Charges**

Water Reclamation Service Charges revenue adopted for FY 2020/21 totals \$42.5 million, an \$0.8 million increase compared to the FY 2019/20 year-end forecast. The Water Reclamation Service Charges revenue is greater than last year due to rates and fees increases which are effective January 1, 2021. Monthly water reclamation billings consist of a base fee and a flow charge for capital costs and operation and maintenance expenses that vary by customer classification determined by relative wastewater loadings. Rates and fees are reviewed annually to determine if they cover the costs of the services provided.

FY 2016/17 to FY 2022/23 (in millions)

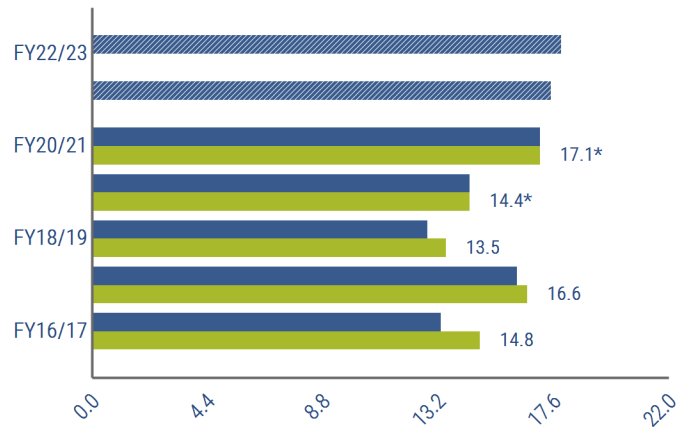


Forecast Budget Actual/Forecast\*

## Non-Potable Water Service Charges

Non-Potable Water Service Charges revenue includes advanced water treatment and effluent sales related to water treated to irrigation standards at the city's Water Reclamation Plant for 23 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System (RWDS), and the city's Gainey Water Reclamation Plant for irrigation use at the Gainey Ranch Golf Club. Other non-potable water sales include three golf courses in north Scottsdale that are part of the Irrigation Water Distribution System (IWDS), the McDowell Mountain golf course and three city recreation facilities. The costs related to contractual obligations to provide water for irrigation are recovered through rates charged for their use. Non-Potable Water Service Charges revenue adopted for FY 2020/21 totals \$17.1 million, reflecting a \$2.7 million increase from the FY 2019/20 year-end forecast. This is due mainly to additional budget being added to the RWDS and IWDS irrigation sales account lines to better reflect accurate cost recovery. It is also due to a ratio shift in the treated Advanced Water Treatment Reverse Osmosis (AWT RO) and treated effluent water blend that Water Reclamation sells to golf courses.

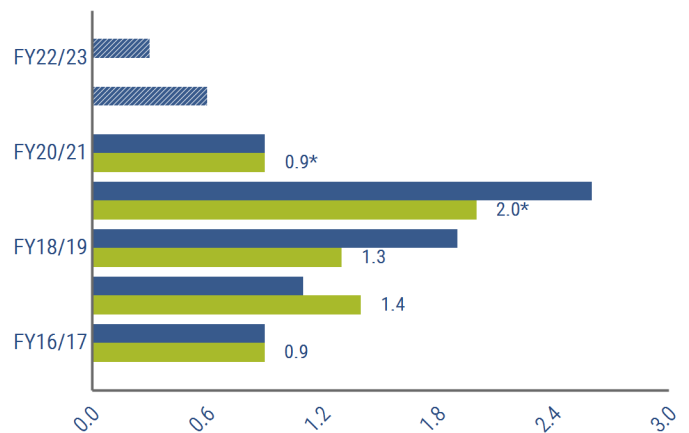
FY 2016/17 to FY 2022/23 (in millions)



## Interest Earnings

Interest Earnings revenue adopted for FY 2020/21 totals \$0.9 million, a \$1.1 million decrease from the FY 2019/20 year-end forecast. The decrease is due to a lower expected return on investment than last fiscal year associated with lower projected interest rate earnings as a result of macroeconomic trends. Interest earnings are generated on Water and Water Reclamation Funds cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield, and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool.

FY 2016/17 to FY 2022/23 (in millions)

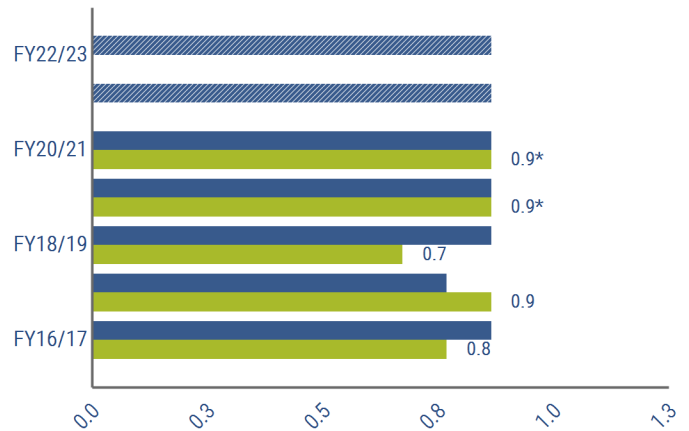


Forecast Budget Actual/Forecast\*

## Indirect Costs

The FY 2020/21 adopted budget for Indirect Costs is \$0.9 million, which is slightly less than the FY 2019/20 year-end forecast. The Indirect Costs represent internal charges to the RWDS Fund, Inlet Silverado Golf Course Fund, Irrigation Water Distribution System (IWDS) Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and Well PCX-1/North Indian Bend Wash (NIBW) Granular Activated Carbon (GAC) Treatment Facility (PCX/NGTF) Fund for central operations under the Water and Water Reclamation Funds.

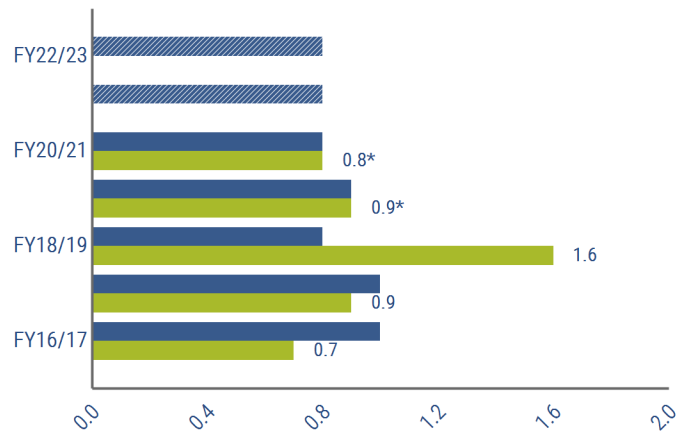
FY 2016/17 to FY 2022/23 (in millions)



## Miscellaneous

Miscellaneous revenue adopted for FY 2020/21 totals \$0.8 million, reflecting a small decrease from the FY 2019/20 year-end forecast. Miscellaneous revenue includes the sale of excess property no longer in use, recovery of various line extension agreements and recovery of expenses from outside parties. Miscellaneous revenues were abnormally high in FY 2018/19 primarily due to the unbudgeted sale of Booster Site 36.

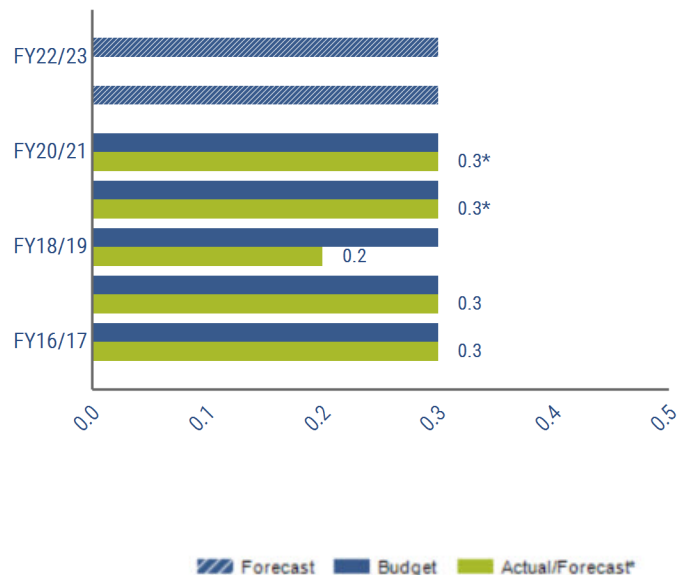
FY 2016/17 to FY 2022/23 (in millions)



## Stormwater Fee

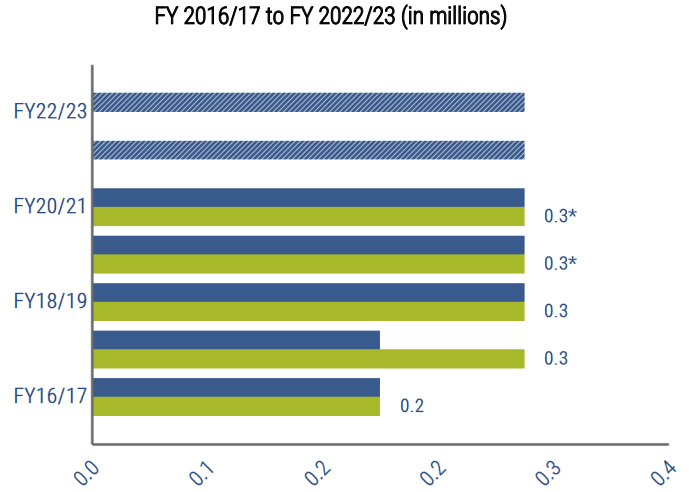
Stormwater Fee revenue for FY 2020/21 totals \$0.3 million. This is flat when compared to the FY 2019/20 year-end forecast. This revenue is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs.

FY 2016/17 to FY 2022/23 (in millions)



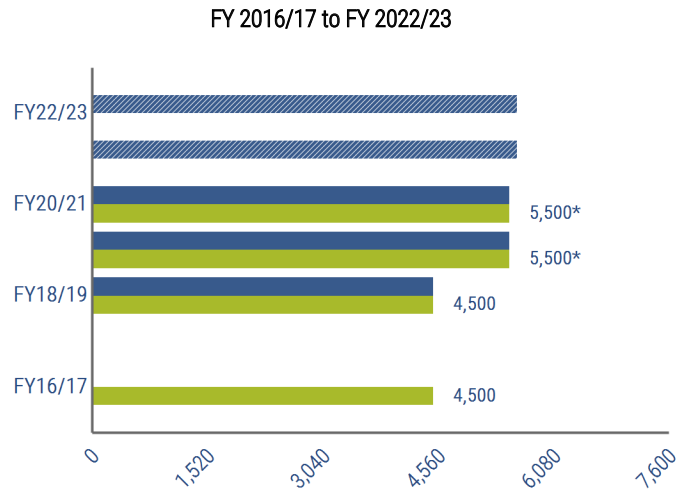
**Property Rental**

Property Rental for FY 2020/21 totals \$0.3 million, flat from the FY 2019/20 year-end forecast. Property Rental includes land and building rent from cell towers on Water Resources' property.



**Contributions & Donations**

Contributions & Donations revenue for FY 2020/21 totals \$5,500. This is flat as compared to the amount forecasted in FY 2019/20. Contributions & Donations includes money being given by citizens to help support the Water Academy. Based on revenue trends, a budget was created beginning in FY 2018/19.



**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 2020/21 is \$10.1 million across three separate transfers. More specific information is detailed in the following section.

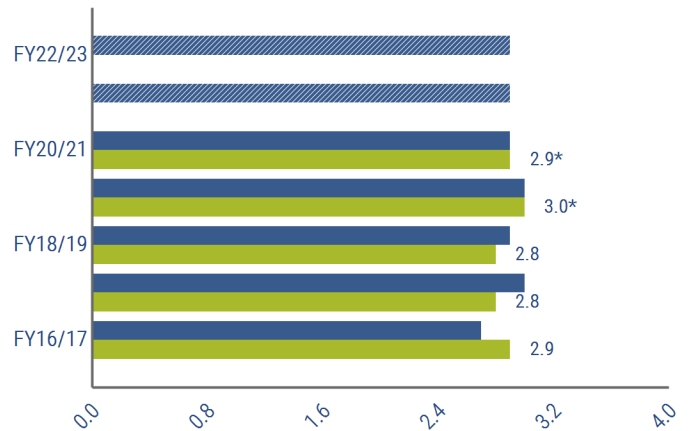
Forecast Budget Actual/Forecast\*



## AWT

AWT, or Advanced Water Treatment, for FY 2020/21 is budgeted at \$2.9 million, a decrease of \$0.1 million from the FY 2019/20 year-end forecast. AWT is an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant.

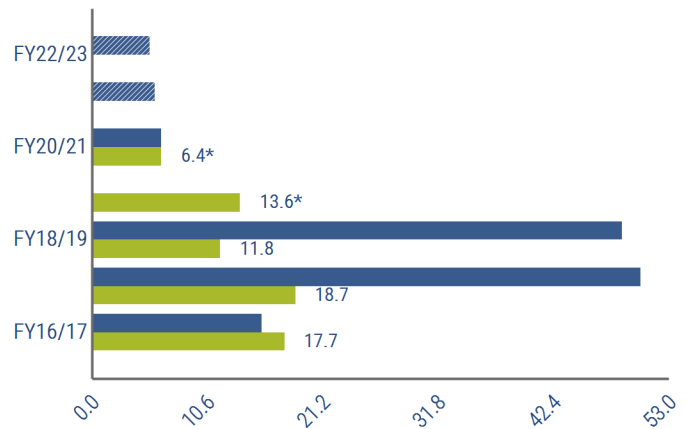
FY 2016/17 to FY 2022/23 (in millions)



## Debt Service

Debt Service's adopted budget for FY 2020/21 is \$6.4 million. This line includes transfers between the Capital Improvement Plan (CIP) and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. Starting in FY 2017/18 Debt Service also includes transfers between the Water and Water Reclamation Funds and the water and water reclamation debt service funds to account for debt service payments related to water and water reclamation capital projects.

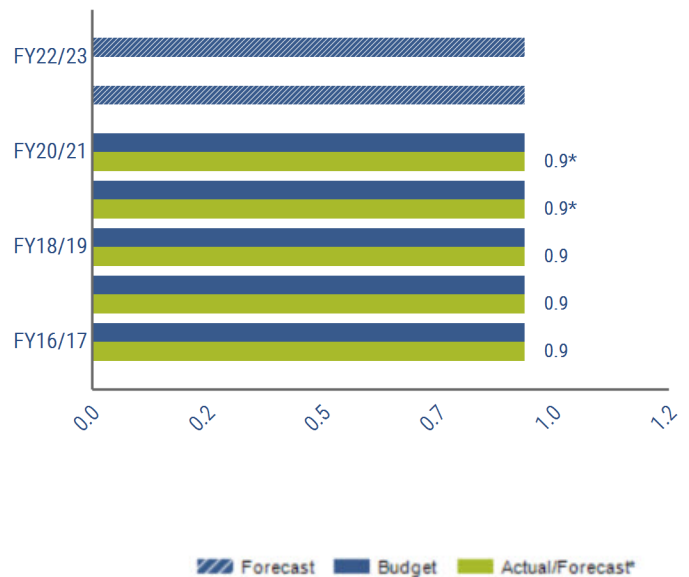
FY 2016/17 to FY 2022/23 (in millions)



## RWDS

RWDS, or Reclaimed Water Distribution System, which is budgeted for \$0.9 million, is a transfer from the CIP to the Water and Water Reclamation Funds for debt service payments related to the RWDS system.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

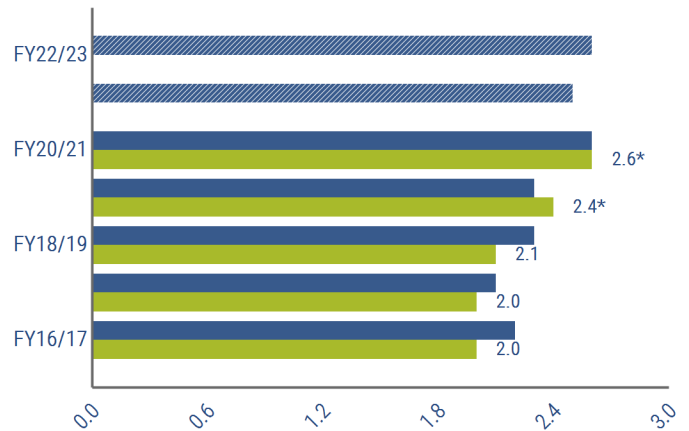
### Water and Water Reclamation Funds Uses

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

#### City Treasurer

The adopted FY 2020/21 budget of \$2.6 million is higher by \$0.2 million when compared to FY 2019/20 year-end forecast. City Treasurer uses are for utility billing services, remittance processing, revenue recovery and other water and water reclamation related payments that are handled by City Treasurer staff. The staff who perform these services have a set percentage of their salary paid out of the Water and Water Reclamation Funds based on the time they are expected to work on water and water reclamation related tasks. These percentages are as follows: those involved with Utility Billing: 69 percent, Remittance Processing: 38 percent, and Revenue Recovery: 42 percent. In addition, executive and management staff who oversee employees who perform water and water reclamation functions have a portion of their salaries charged to those funds as well. Finally, any non-personnel services related charges (including contractual services, commodities and capital outlay) incurred by these employees will be charged similarly to the Water and Water Reclamation Funds.

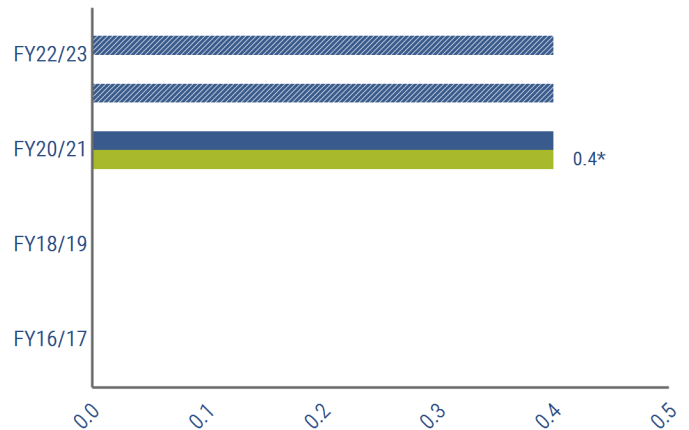
FY 2016/17 to FY 2022/23 (in millions)



#### Administrative Services

Budget has been added to the Water and Water Reclamation Funds in FY 2020/21 to support one Software Engineer Sr., two Geographic Information Services (GIS) Technicians and associated software licensing costs which now reside in Administrative Services to allow for efficiencies and for the centralization of Information Technology (IT) staffing but are still being supported out of the Water and Water Reclamation Funds.

FY 2016/17 to FY 2022/23 (in millions)

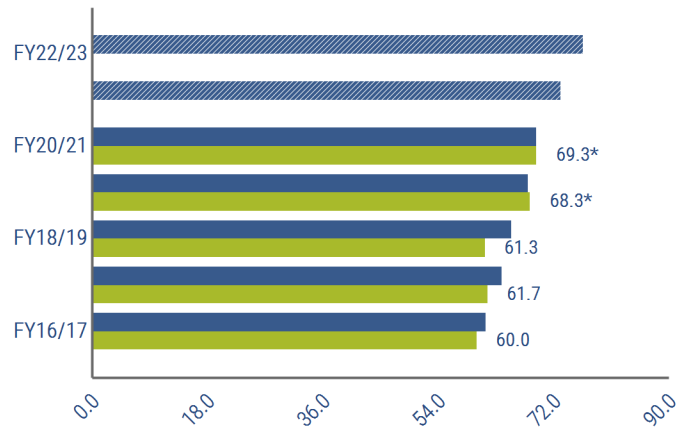


Forecast Budget Actual/Forecast\*

## Water Resources

The adopted FY 2020/21 Water Resources budget of \$69.3 million reflects an increase of \$1.0 million over the FY 2019/20 year-end forecast. The increase is mainly due to a greater need for treatment chemicals (alum) due to higher costs and new facilities coming online, higher purchased water needs, increased costs related to sewer cleaning, and higher equipment, software maintenance and contract servicing costs. The Water Resources division is where water and water reclamation functions are performed. Water functions include the production and management of drinking water, the storing and upkeep of drinking water sources and the maintaining of drinking water quality for Scottsdale's customers. Water reclamation functions include the efficient processing and treatment of sewage, recharging of effluent, the upkeep and maintenance of sewage treatment facilities and the compliance with regulatory and environmental requirements.

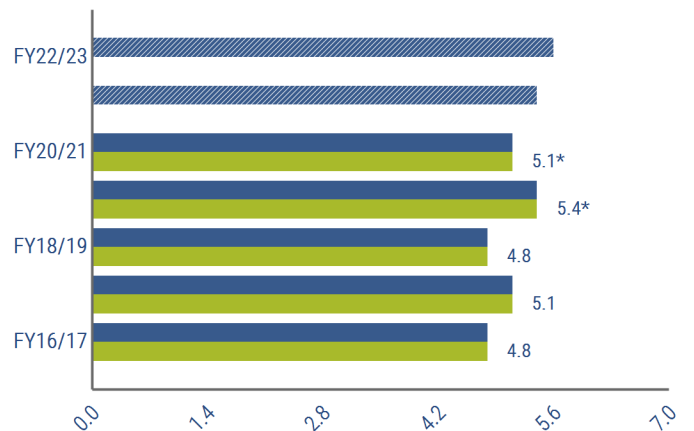
FY 2016/17 to FY 2022/23 (in millions)



## Citywide Indirect Cost Allocation

In FY 2020/21, the Citywide Indirect Cost Allocation budget is \$5.1 million which reflects a \$0.3 million increase from the FY 2019/20 year-end forecast. This is due to the use of a new methodology to determining Citywide Indirect Costs. The Citywide Indirect Cost Allocation rate decreased from 9.70 percent to 8.10 percent. Citywide Indirect Cost Allocation represents Enterprise Funds charges for specific General Fund central administrative functions which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based upon a combination of relative benefits received and the proportion of the overall operating budgets for direct service providers.

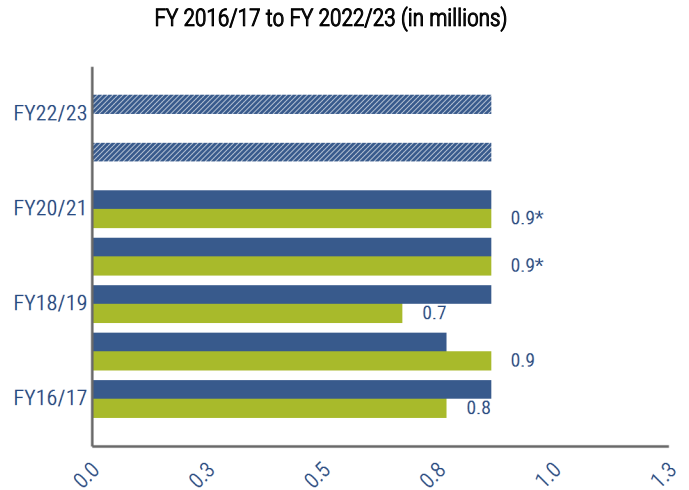
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

## Department Indirect Cost

The FY 2020/21 adopted budget for Department Indirect Cost is \$0.9 million, which is flat when compared to the FY 2019/20 year-end forecast. This budget mirrors the budget and actuals from the Indirect Costs source detailed in the Sources section. The Department Indirect Cost represents internal charges from the Reclaimed Water Distribution System (RWDS) Fund, Inlet Silverado Golf Course Fund, IWDS Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds.

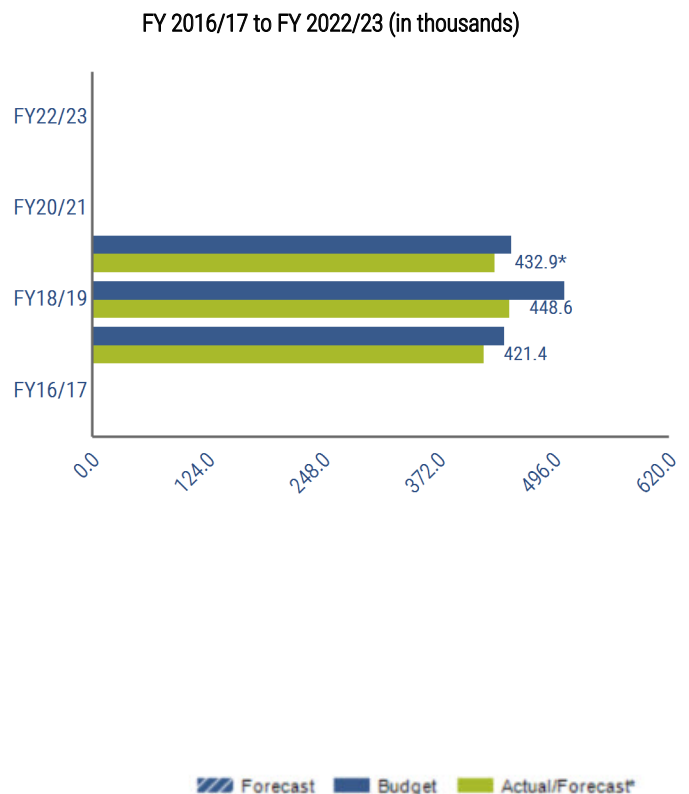


## Non-Divisional Uses

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

## Citywide Pay Program

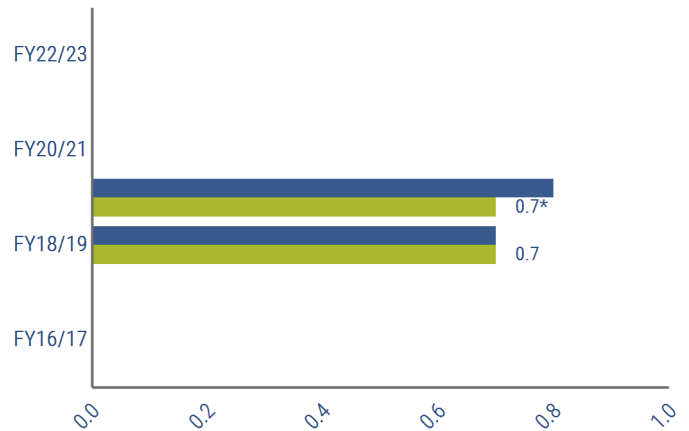
A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.



**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

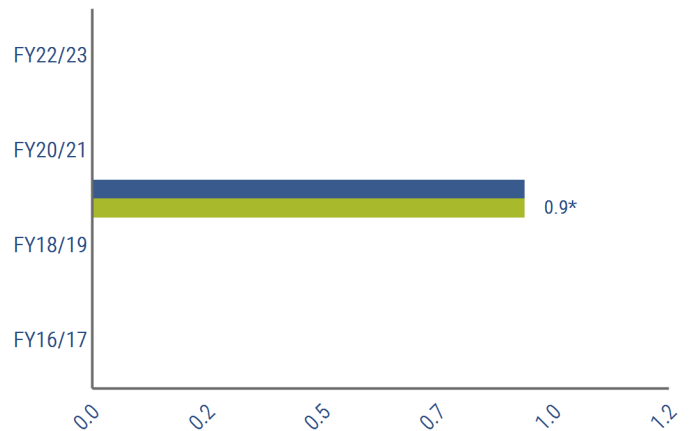
FY 2016/17 to FY 2022/23 (in millions)



**Fuel and Maint and Repair**

Beginning in FY 2019/20, Fuel and Maint and Repair is budgeted at the division level and then at the beginning of the fiscal year is moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2020/21 Fuel and Maint and Repair is budgeted at \$0.9 million at the division level.

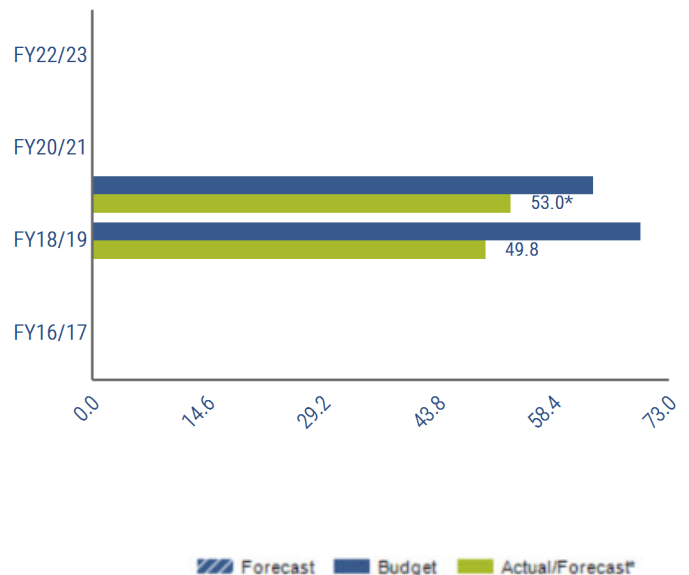
FY 2016/17 to FY 2022/23 (in millions)



**Vacation Trade**

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

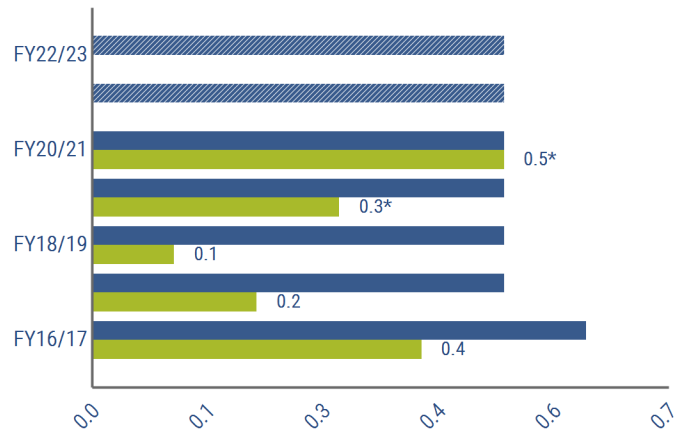
FY 2016/17 to FY 2022/23 (in thousands)



## Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2020/21 leave accrual payments of \$0.5 million include \$0.3 million budgeted for medical leave accrual payouts and \$0.2 million budgeted for vacation leave accrual payouts.

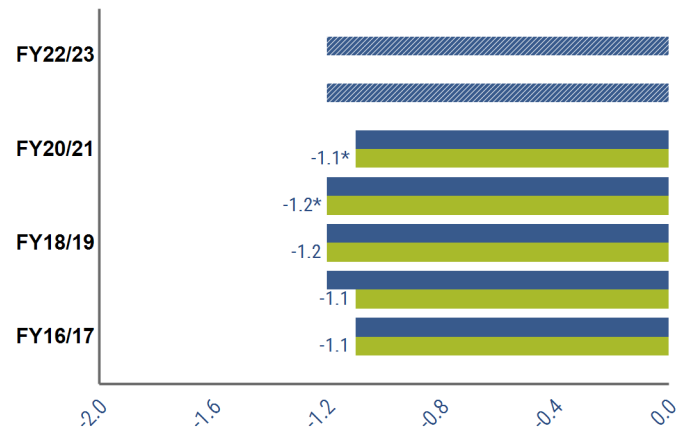
FY 2016/17 to FY 2022/23 (in millions)



## Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings resulted from vacant positions. The FY 2020/21 Water and Water Reclamation Funds estimate for vacancy savings is (\$1.1) million.

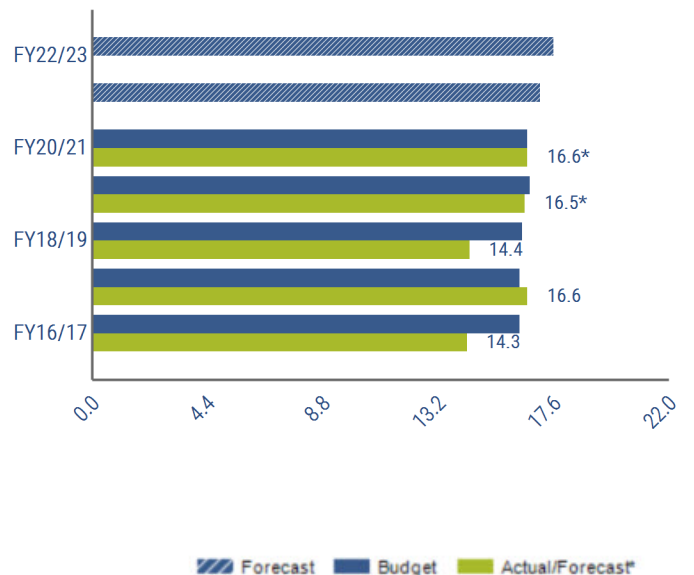
FY 2016/17 to FY 2022/23 (in millions)



## Utilities

The adopted FY 2020/21 Utilities budget of \$16.6 million which is \$0.1 million more than the FY 2019/20 year-end forecast. The Water and Water Reclamation Funds utilities budget (water, electric, sewer, gas, solid waste and recycling services) reports separately to allow for better transparency and accountability.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*



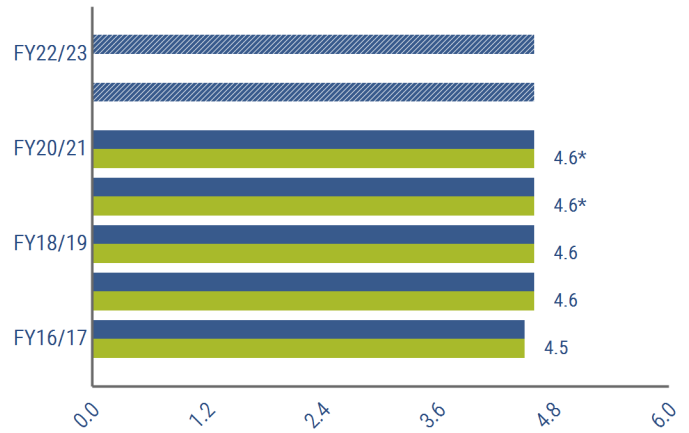
**Debt Service**

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

**CIP Sewer Revenue Bonds**

The adopted FY 2020/21 Sewer Revenue Bonds budget is \$4.6 million which is flat when compared to the FY 2019/20 year-end forecast. Sewer Revenue Bonds represents the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects.

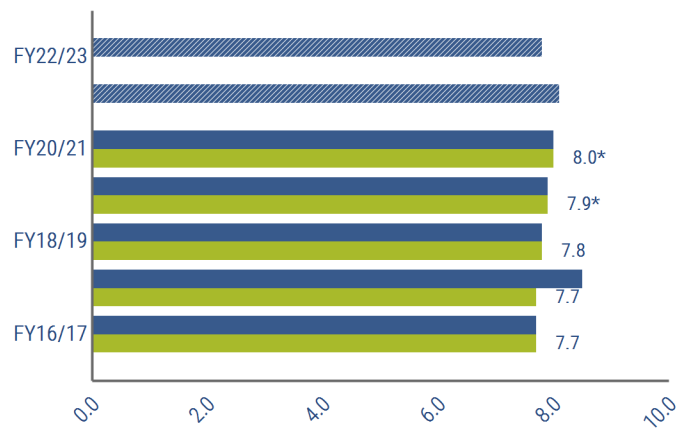
FY 2016/17 to FY 2022/23 (in millions)



**MPC Bonds Debt Service-Sewer**

MPC Bonds Debt Service-Sewer represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Sewer is budgeted at \$8.0 million in FY 2020/21, a \$0.1 million increase over the FY 2019/20 year-end forecast.

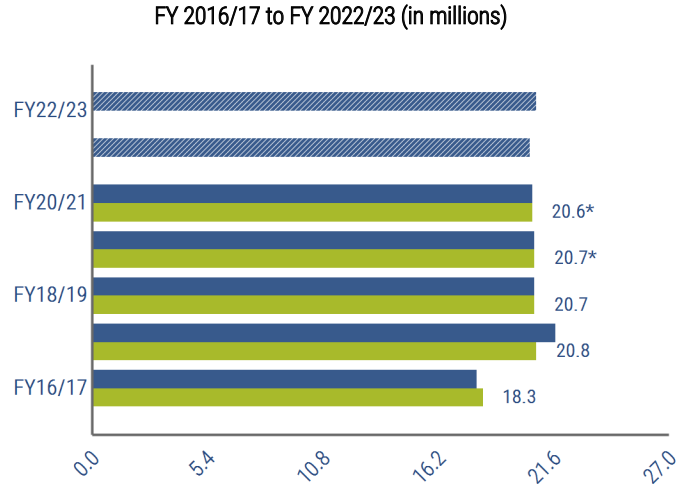
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

## MPC Bonds Debt Service-Water

MPC Bonds Debt Service-Water represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water capital projects. The funding is derived from revenue generated from water rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Water is budgeted at \$20.6 million in FY 2020/21 which is \$0.1 million lower than the FY 2019/20 year-end forecast.

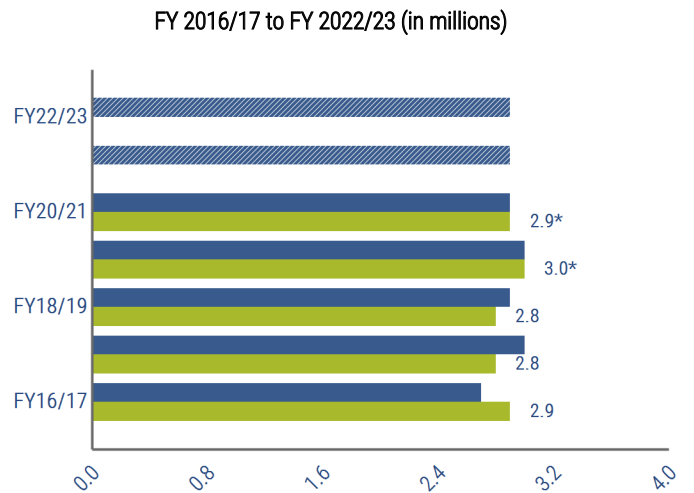


## Transfers Out

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

## AWT

AWT, or Advanced Water Treatment, for FY 2020/21 is budgeted at \$2.9 million, a decrease of \$0.1 million from the FY 2019/20 year-end forecast. AWT is an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant.

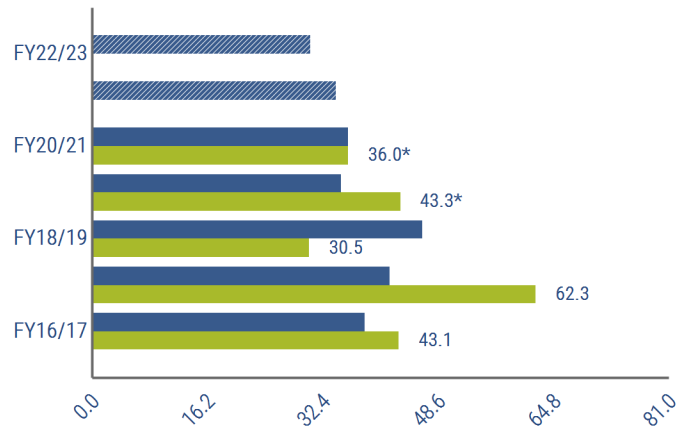


Forecast Budget Actual/Forecast\*

## CIP

CIP has an adopted budget of \$35.6 million in authorized transfers to the CIP Fund to pay for general water and water reclamation capital projects. Examples of projects include the modification and improvement of the Multi-City Sub-Regional Operating Group (SROG) facility enhancements, water distribution and treatment system improvements and the recharging of regional recharge basins. The CIP Transfer budget varies according to the CIP projects being built each year.

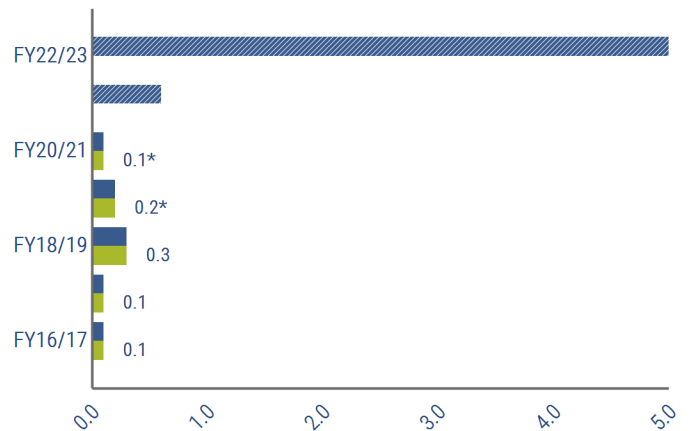
FY 2016/17 to FY 2022/23 (in millions)



## CIP Technology

CIP Technology has an adopted budget of \$0.1 million in authorized transfers to the CIP Fund to pay for general water and water reclamation technology projects. There is a large increase in FY 2022/23 to cover costs related to the new Utility Billing Management System.

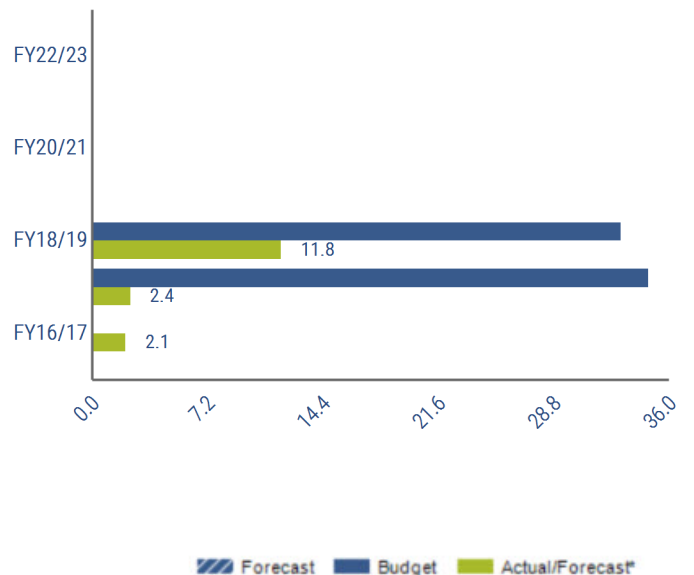
FY 2016/17 to FY 2022/23 (in millions)



## Debt Service Fund

The Debt Service Fund within the Water and Water Reclamation Funds adopted budget for FY 2020/21 is \$0.0 million due to a procedural change implemented in the recording for water and sewer bonds in FY 2018/19. Historically Debt Service Fund was an internal transfer of MPC Bonds between water and water reclamation debt service funds to the Water and Water Reclamation Funds to better account for debt service payments related to water and water reclamation capital projects. Prior to FY 2017/18, water and water reclamation debt service was budgeted in the citywide Debt Service Fund.

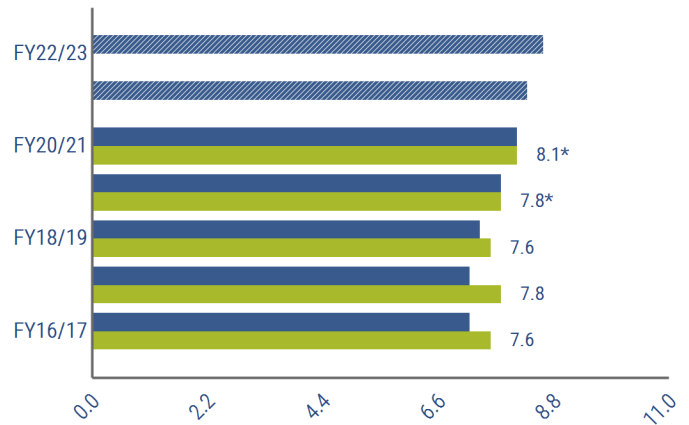
FY 2016/17 to FY 2022/23 (in millions)



## Franchise Fees

Franchise Fees is a transfer of \$8.1 million from the Water and Water Reclamation Funds to the General Fund for use of the city's right-of-ways and medians. The Water Resources Division is treated as any other utility would be in this regard. The annual charge is five percent of Water Service and Water Reclamation Charges revenue.

FY 2016/17 to FY 2022/23 (in millions)



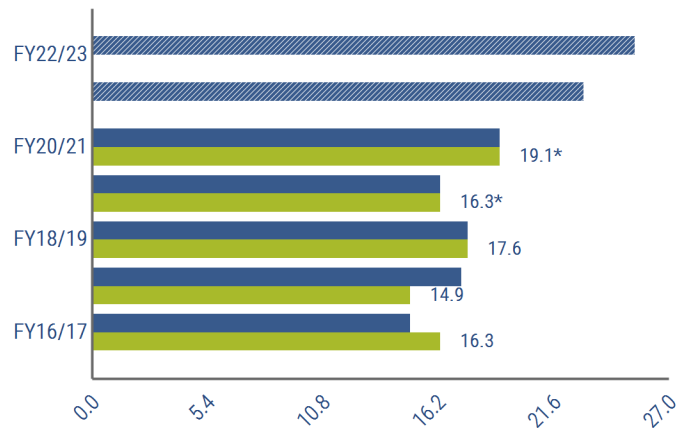
## Water and Water Reclamation Funds Ending Balance

The Water and Water Reclamation Funds ending balance includes reserves, which protects the city's financial condition and provide for unexpected economic challenges; a Special Contractual Fund Balance designation; and an Unreserved, Undesignated Fund Balance. Growth of ending fund balance occurs when sources exceed uses. Ending fund balances are similar to a company's net equity (assets less liabilities). Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) uses. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city's budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted uses. The specific make-up of the city's Water and Water Reclamation Funds balance is as follows:

## Operating Reserve

Operating Reserve of \$19.1 million is projected for the end of FY 2020/21. This reserve is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 120 days as detailed in Financial Policy No. 39. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.

FY 2016/17 to FY 2022/23 (in millions)

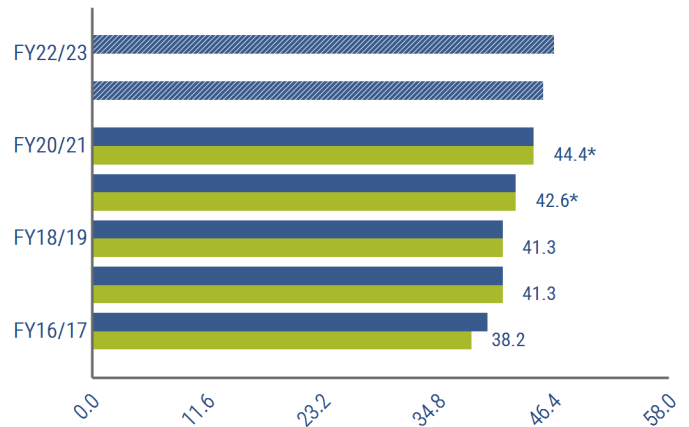


Forecast Budget Actual/Forecast\*

## Repair/Replacement Reserve

Repair/Replacement Reserve of \$44.4 million is projected for the end of FY 2020/21. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside to preserve the assets, which in turn, are the collateral for the Sewer Revenue Bonds. There shall be deposited an amount equal to at least two percent of the revenues received during the year into the reserve until such time as the reserve equals two percent of the value of total tangible assets. The reserve may be used in times of unusual circumstances for replacement or extension of the assets.

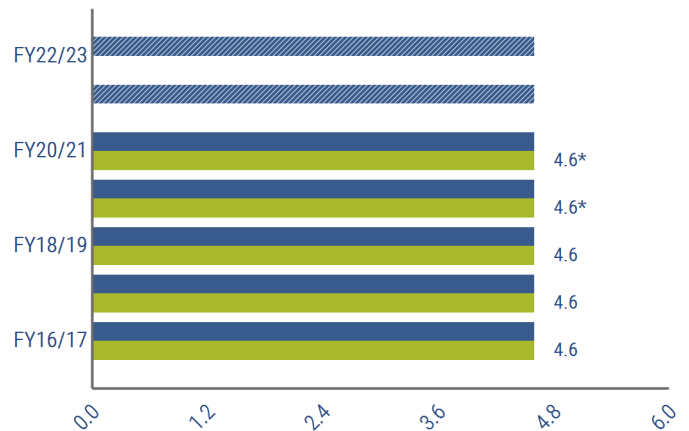
FY 2016/17 to FY 2022/23 (in millions)



## Revenue Bond Debt Service Reserve

Revenue Bond Debt Service Reserve of \$4.6 million is projected for the end of FY 2020/21. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside as collateral for the Sewer Revenue Bonds debt service payments.

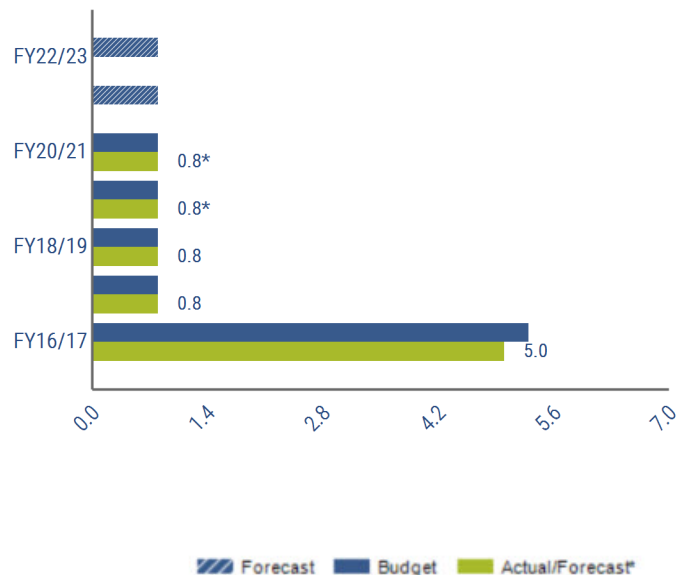
FY 2016/17 to FY 2022/23 (in millions)



## Special Contractual Fund Balance

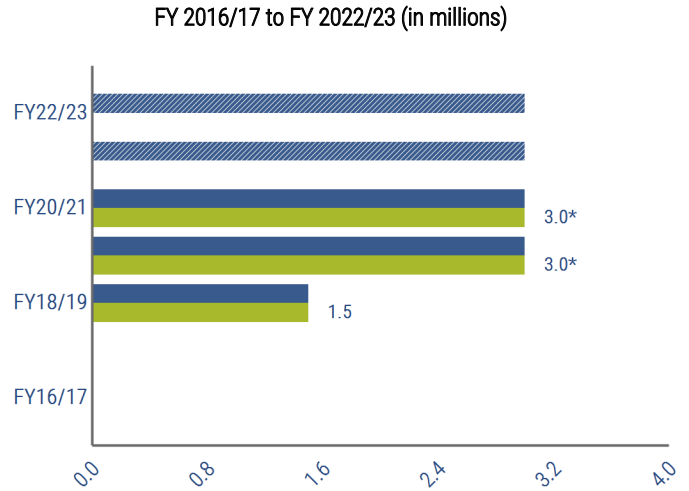
Special Contractual Fund Balance of \$0.8 million is projected for the end of FY 2020/21. This balance reflects reserves established in accordance with various contractual agreements for delivery of non-potable water by the Water Resources Division. This reserve has decreased substantially after FY 2016/17 because capital project costs related to RWDS and IWDS that previously resided in Water and Water Reclamation Funds were deemed to be more appropriately housed in the CIP.

FY 2016/17 to FY 2022/23 (in millions)



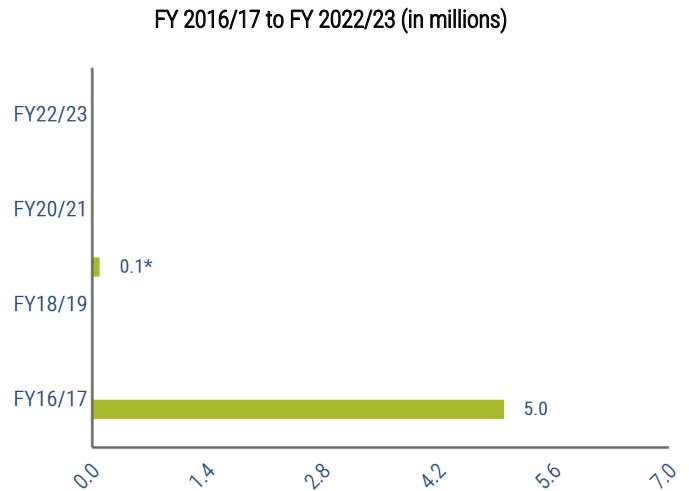
## Water Drought Reserve

The Water Drought Reserve ending fund balance is \$3.0 million for FY 2020/21. Due to below average rainfall and snowpack for the last 20 years in the Colorado River Watershed, the Bureau of Reclamation (BOR) has been considering declaring an official drought. If a drought is declared, the Central Arizona Water Conservation District, will enact drought plan rates that will significantly increase costs of water to the City of Scottsdale. Based on this information Scottsdale Water is proposing a Water Drought Reserve equal to 40 percent of an estimated funding shortfall, or \$3.0 million. These funds would be used to offset the initial rate increase if drought plan rates are enacted. The Water Drought Reserve will not offset the entire impact, and will only be available for the first year of drought plan rate impacts.



## Undesignated, Unreserved Fund Balance

The Undesignated, Unreserved fund balance is \$0.0 million for FY 2020/21. While there is no balance in FY 2020/21, it historically represents the cumulative Water and Water Reclamation Funds sources not designated for a specific purpose. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating uses.



Forecast Budget Actual/Forecast\*



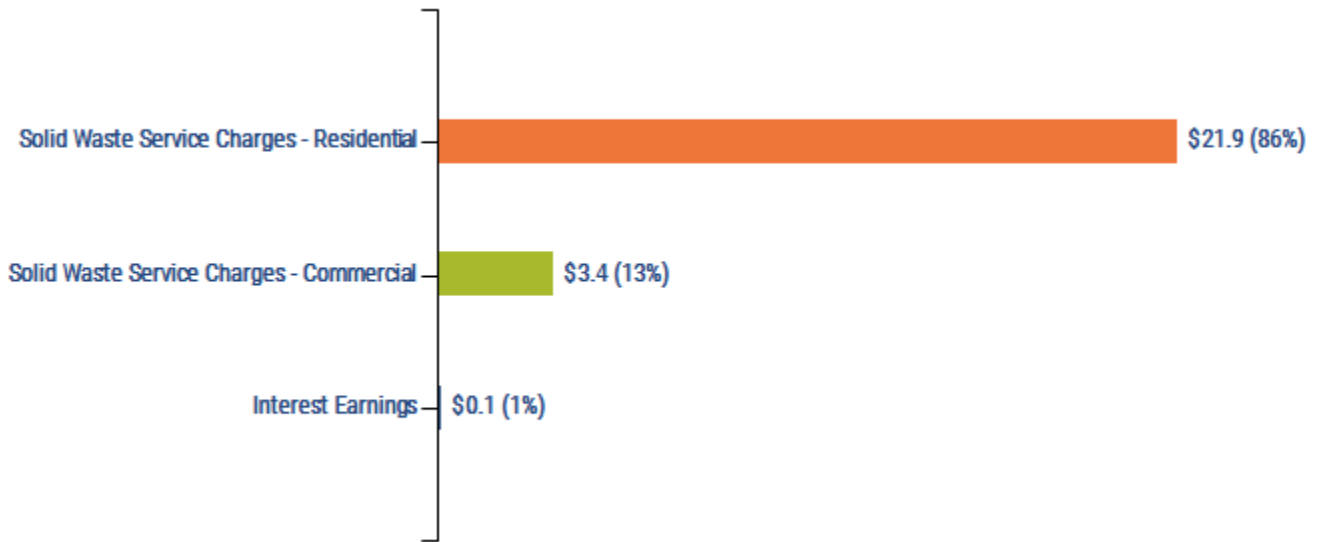


**FY 2020/21 Adopted Budget**

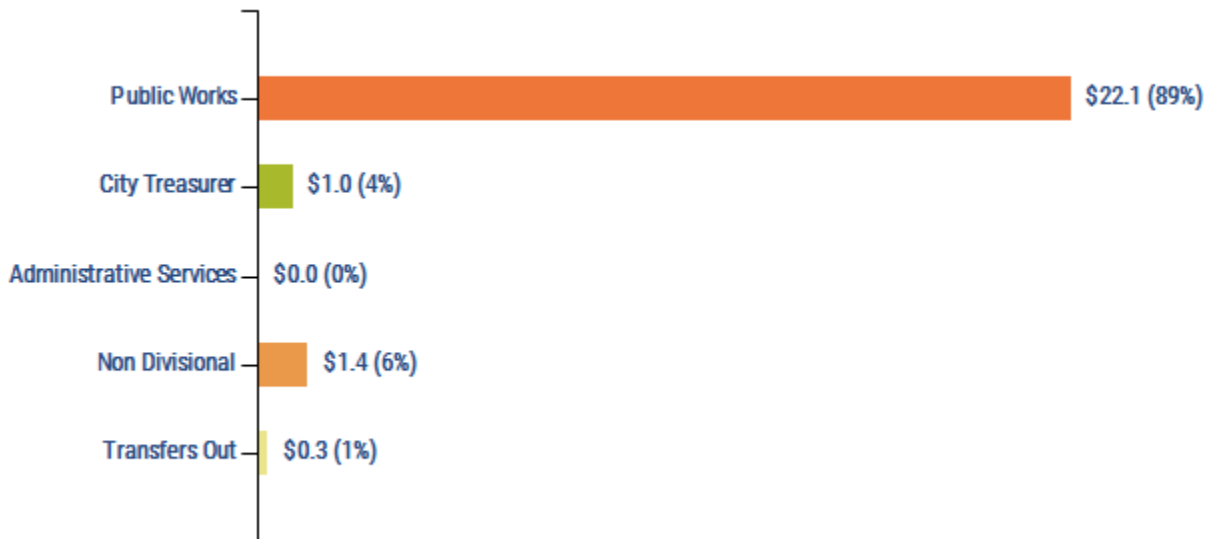
## Fund Purpose

This fund accounts for the transactions related to the city’s commercial and residential refuse, recycling, brush and bulk collections business activities. The operating sources and uses are accounted for in this fund while the capital expenditures are accounted for in the Capital Improvement Plan. The operating sources, uses and ending fund balance of the Solid Waste Fund are described in the following sections.

**Solid Waste Fund Sources (% to Total)**  
\$25.4 Million



**Solid Waste Fund Uses (% to Total)**  
\$24.8 Million



## BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Reserve	5,104,383	5,443,746	4,907,622	5,199,352
Undesignated, Unreserved Fund Balance	3,408,835	2,063,537	2,322,151	567,336
<b>Total Beginning Fund Balance</b>	<b>8,513,218</b>	<b>7,507,283</b>	<b>7,229,773</b>	<b>5,766,688</b>
<b>Revenues</b>				
Solid Waste Service Charges - Residential	18,045,356	19,383,182	19,383,182	21,900,739
Solid Waste Service Charges - Commercial	3,298,827	3,314,484	3,314,484	3,418,223
Interest Earnings	188,954	259,844	202,511	128,882
<i>Subtotal</i>	<u>21,533,136</u>	<u>22,957,510</u>	<u>22,900,177</u>	<u>25,447,844</u>
<b>Total Sources</b>	<b>21,533,136</b>	<b>22,957,510</b>	<b>22,900,177</b>	<b>25,447,844</b>
<b>Expenditures</b>				
Public Works	20,179,009	20,619,318	19,535,417	22,149,648
City Treasurer	816,191	983,383	1,004,001	981,653
Administrative Services	-	-	-	8,000
Citywide Direct Cost Allocation	424,355	435,509	431,095	453,514
Citywide Indirect Cost Allocation	1,084,703	1,238,341	1,238,341	1,230,236
Citywide Pay Program	-	164,487	29,033	-
Compensation Other	-	189,301	-	-
Fuel and Maint and Repair	-	-	1,789,233	-
Leave Accrual Payments	-	20,000	-	24,000
Savings from Vacant Positions	-	(320,000)	(167,316)	(311,538)
Vacation Trade	-	20,000	-	-
Utilities <sup>(a)</sup>	-	27,663	7,014	-
<i>Subtotal</i>	<u>22,504,258</u>	<u>23,378,002</u>	<u>23,866,818</u>	<u>24,535,513</u>
TOTAL OPERATING BUDGET	22,504,258	23,378,002	23,866,818	24,535,513
<b>Transfers Out</b>				
CIP	228,800	477,500	477,500	275,000
CIP Technology	83,524	18,944	18,944	18,409
<i>Subtotal</i>	<u>312,324</u>	<u>496,444</u>	<u>496,444</u>	<u>293,409</u>
<b>Total Uses</b>	<b>22,816,582</b>	<b>23,874,446</b>	<b>24,363,262</b>	<b>24,828,922</b>
<b>Sources Over/(Under) Uses</b>	<b>(1,283,445)</b>	<b>(916,936)</b>	<b>(1,463,085)</b>	<b>618,922</b>
<b>Ending Fund Balance</b>				
Operating Reserve	4,907,622	5,764,439	5,199,352	4,033,235
Undesignated, Unreserved Fund Balance	2,322,151	825,908	567,336	2,352,375
<b>Total Ending Fund Balance</b>	<b>7,229,773</b>	<b>6,590,347</b>	<b>5,766,688</b>	<b>6,385,610</b>

<sup>(a)</sup> Beginning in FY 2020/21, Utilities are initially budgeted at the division level. At the start of the fiscal year the budget will move to a macro level and then be transferred back to the divisions monthly as expenses occur.

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Reserve	5,199,352	4,033,235	4,285,200	4,442,499	4,604,449
Undesignated, Unreserved Fund Balance	567,336	2,352,375	1,879,510	1,167,811	217,461
<b>Total Beginning Fund Balance</b>	<b>5,766,688</b>	<b>6,385,610</b>	<b>6,164,710</b>	<b>5,610,310</b>	<b>4,821,910</b>
<b>Revenues</b>					
Solid Waste Service Charges - Residential	21,900,739	22,554,100	23,227,300	23,920,900	25,457,800
Solid Waste Service Charges - Commercial	3,418,223	3,508,300	3,600,900	3,696,500	3,697,200
Interest Earnings	128,882	77,100	47,200	47,000	64,500
<i>Subtotal</i>	<u>25,447,844</u>	<u>26,139,500</u>	<u>26,875,400</u>	<u>27,664,400</u>	<u>29,219,500</u>
<b>Total Sources</b>	<b>25,447,844</b>	<b>26,139,500</b>	<b>26,875,400</b>	<b>27,664,400</b>	<b>29,219,500</b>
<b>Expenditures</b>					
Public Works	22,149,648	23,590,900	24,444,500	25,322,600	26,217,600
City Treasurer	981,653	1,016,800	1,052,100	1,087,800	1,124,500
Administrative Services	8,000	8,200	8,300	8,500	8,700
Citywide Direct Cost Allocation	453,514	462,500	471,300	480,700	489,900
Citywide Indirect Cost Allocation	1,230,236	1,291,700	1,356,300	1,424,200	1,495,400
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	24,000	24,600	25,600	26,200	26,800
Savings from Vacant Positions	(311,538)	(326,400)	(332,900)	(339,600)	(346,400)
Vacation Trade	-	-	-	-	-
Utilities	-	-	-	-	-
<i>Subtotal</i>	<u>24,535,513</u>	<u>26,068,300</u>	<u>27,025,200</u>	<u>28,010,400</u>	<u>29,016,500</u>
TOTAL OPERATING BUDGET	24,535,513	26,068,300	27,025,200	28,010,400	29,016,500
<b>Transfers Out</b>					
CIP	275,000	210,000	195,000	375,000	225,000
CIP Technology	18,409	82,100	209,600	67,400	29,400
<i>Subtotal</i>	<u>293,409</u>	<u>292,100</u>	<u>404,600</u>	<u>442,400</u>	<u>254,400</u>
<b>Total Uses</b>	<b>24,828,922</b>	<b>26,360,400</b>	<b>27,429,800</b>	<b>28,452,800</b>	<b>29,270,900</b>
<b>Sources Over/(Under) Uses</b>	<b>618,922</b>	<b>(220,900)</b>	<b>(554,400)</b>	<b>(788,400)</b>	<b>(51,400)</b>
<b>Ending Fund Balance</b>					
Operating Reserve	4,033,235	4,285,200	4,442,499	4,604,449	4,769,836
Undesignated, Unreserved Fund Balance	2,352,375	1,879,510	1,167,811	217,461	674
<b>Total Ending Fund Balance</b>	<b>6,385,610</b>	<b>6,164,710</b>	<b>5,610,310</b>	<b>4,821,910</b>	<b>4,770,510</b>

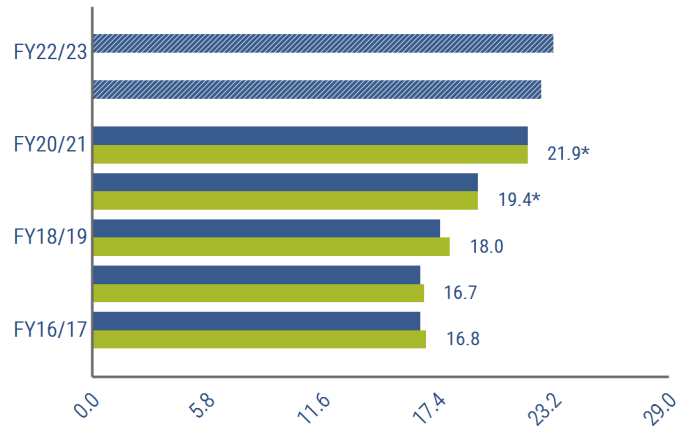
### Solid Waste Fund Sources

Solid Waste Fund sources for FY 2020/21 equal \$25.4 million which is an increase of \$2.5 million from the FY 2019/20 year-end forecast. The sources include Solid Waste Service Charges for both residential and commercial customers as well as Interest Earnings.

#### 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 2020/21 adopted budget is \$21.9 million, an increase of \$2.5 million from the FY 2019/20 year-end forecast due primarily to increases in landfill disposal costs and recycling processing costs.

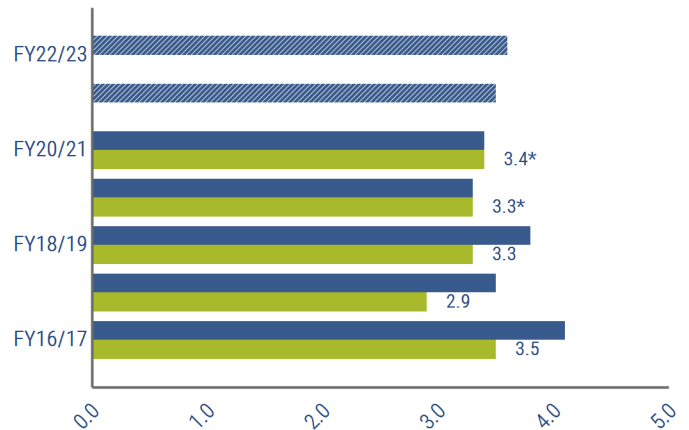
FY 2016/17 to FY 2022/23 (in millions)



#### Solid Waste Service Charges - Commercial

Solid Waste Service Charges – Commercial include solid waste service charges for commercial customers. Commercial customers are charged based upon the size of the container and the number of pickups per month. Other Solid Waste Service Charges - Commercial revenue includes commercial roll-off charges, initiation charges, late charges and commercial recycled materials fees. Fees and charges are reviewed annually to determine if they cover the costs of the services provided. The FY 2020/21 adopted budget is \$3.4 million, an increase of \$0.1 million from the FY 2019/20 year-end forecast.

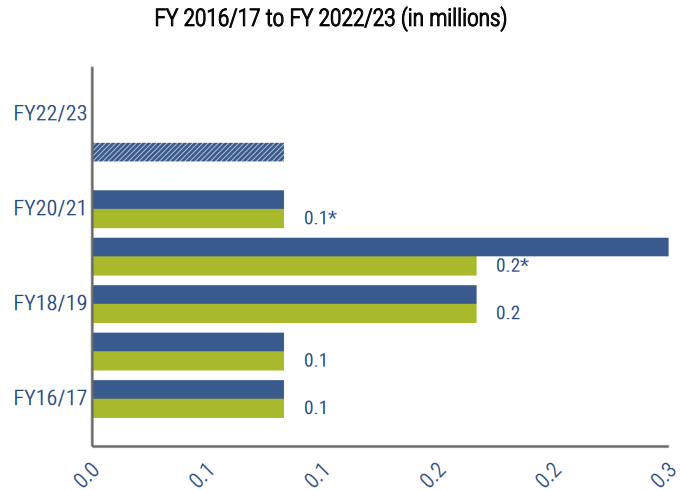
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

### Interest Earnings

Interest Earnings revenue adopted for FY 2020/21 is \$0.1 million, decreasing \$0.1 million from the FY 2019/20 year-end forecast. Interest earnings are generated on the Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield.

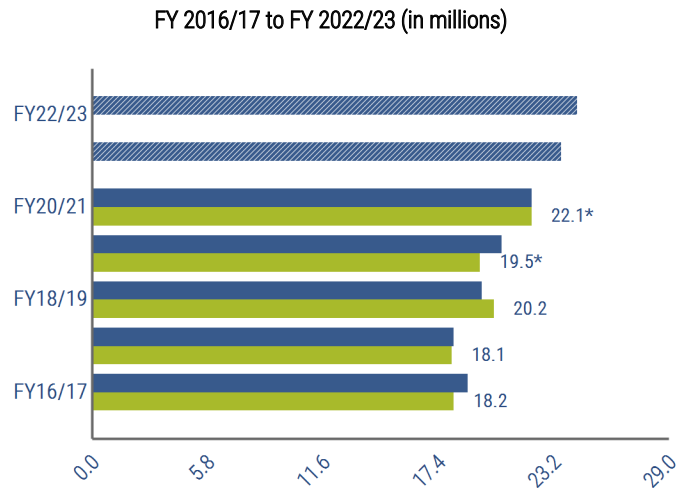


### Solid Waste Fund Uses

The Solid Waste Fund uses are presented by division (Public Works, City Treasurer, and Administrative Services), and also include Citywide Direct Cost Allocation, Citywide Indirect Cost Allocation, and non-divisional uses.

### Public Works

Public Works provides solid waste collection, transportation, disposal, compliance and education. The goal is to provide these services at the lowest practical rate with the highest possible customer satisfaction. The adopted FY 2020/21 budget of \$22.1 million is \$2.6 million more than the FY 2019/20 year-end forecast due to the increase in costs associated with landfill disposal costs, recycling processing fees, maintenance and repair, and vehicle replacements.

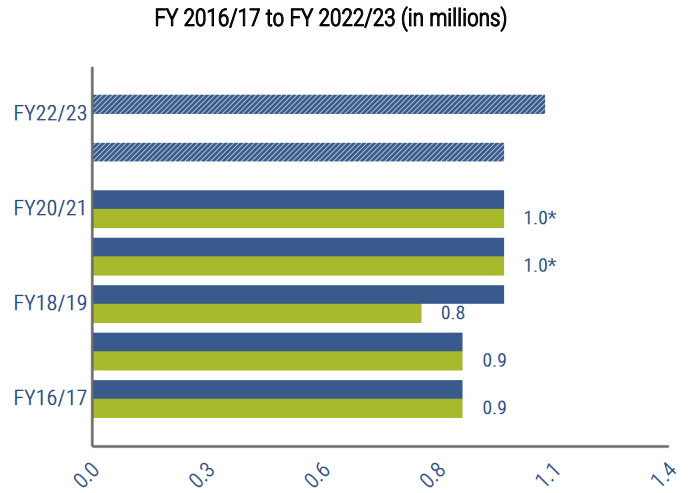


Forecast Budget Actual/Forecast\*



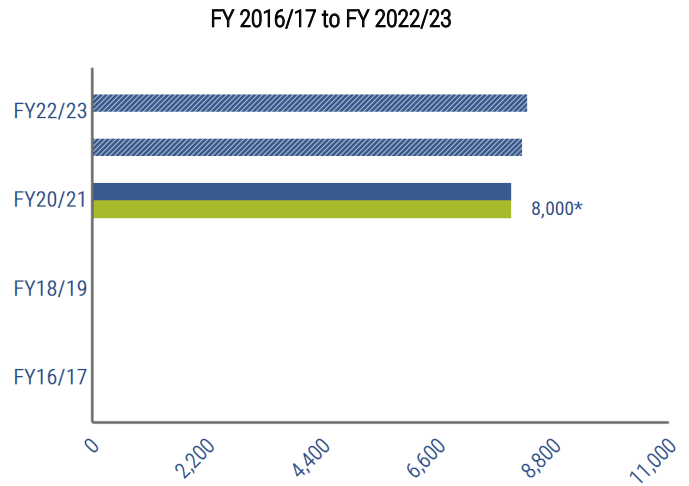
**City Treasurer**

Expenses related to utility billing services, remittance processing, revenue recovery and solid waste related payments are handled by the City Treasurer. The staff who perform these services have a set percentage of their personnel services and related expenses needed to perform their job paid out of the Solid Waste Fund. The adopted FY 2020/21 budget is \$1.0 million, which remains relatively flat when compared to the FY 2019/20 year-end forecast.



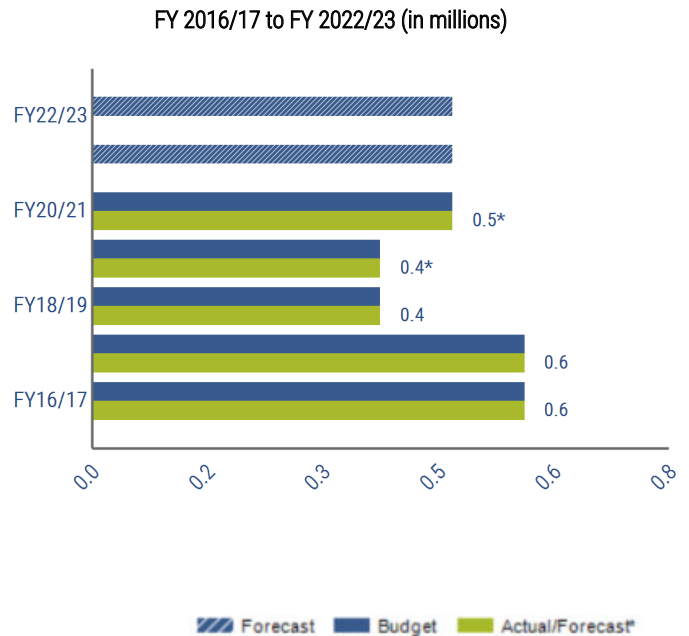
**Administrative Services**

This budget is used for software which is partially funded by the Solid Waste Fund, and administered by the Information Technology (IT) Department. The FY 2020/21 Administrative Services adopted budget is \$8,000.



**Citywide Direct Cost Allocation**

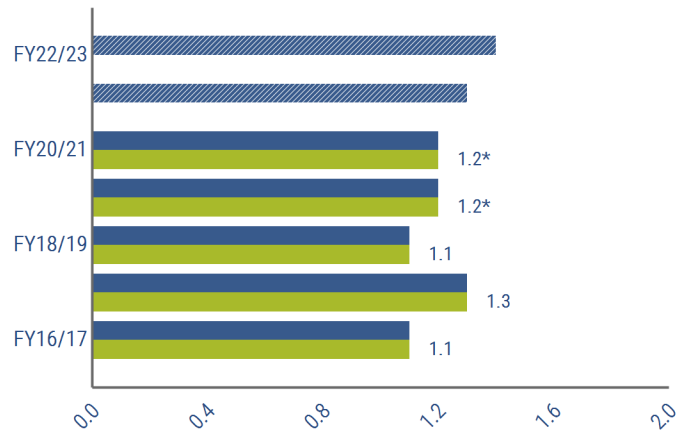
The Citywide Direct Cost Allocation represents charges for the direct cost of alley maintenance performed by the Street Operations Department for the benefit of Solid Waste operations. The alley maintenance expenses are budgeted in the Transportation Fund, which then receives 100 percent cost recovery from the Solid Waste Fund for this function. The budget for this allocation for FY 2020/21 is \$0.5 million, an increase of \$0.1 million from the FY 2019/20 year-end forecast.



**Citywide Indirect Cost Allocation**

Citywide Indirect Cost Allocation includes reimbursement to the General Fund for centralized services provided to the Solid Waste Fund for payroll, accounts payable, human resources, information technology, city administration, etc. The FY 2020/21 adopted budget is \$1.2 million, which remains relatively flat to the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



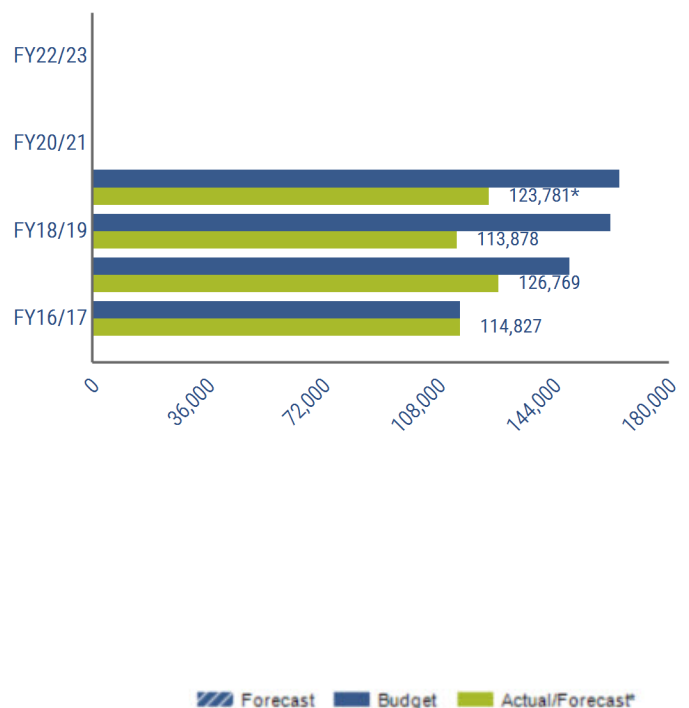
**Non-Divisional Uses**

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

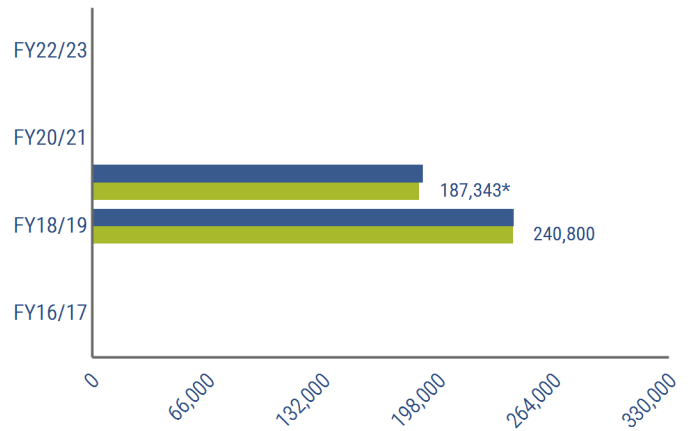
FY 2016/17 to FY 2022/23



**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

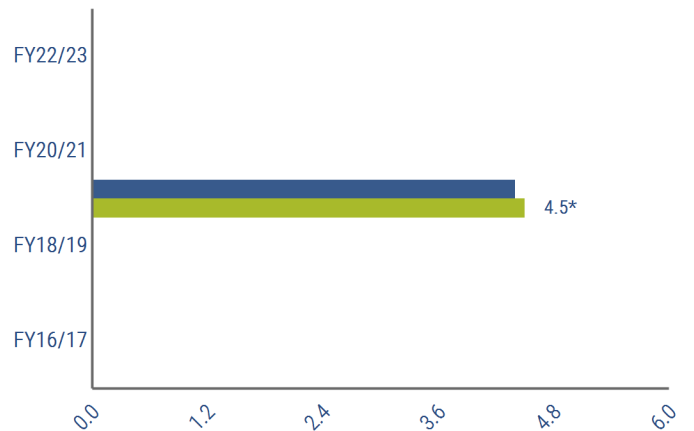
FY 2016/17 to FY 2022/23



**Fuel and Maint and Repair**

Beginning in FY 2019/20, Fuel and Maint and Repair is budgeted at the division level and then at the beginning of the fiscal year is moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2020/21 Fuel and Maint and Repair is budgeted at \$4.1 million at the division level.

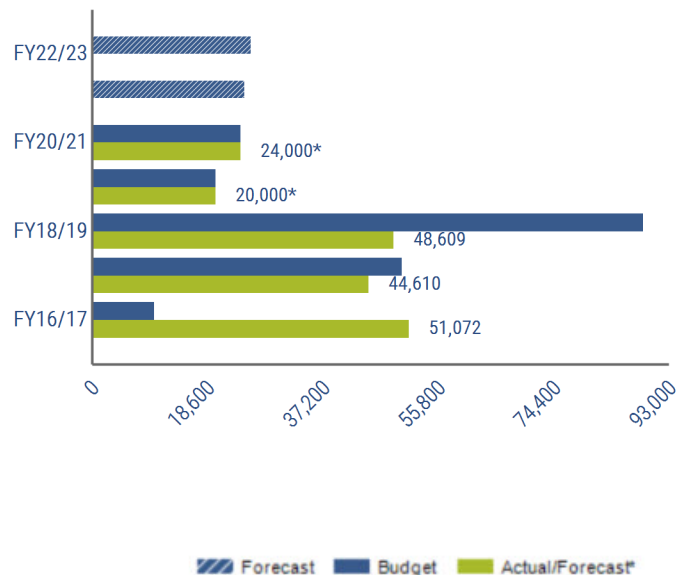
FY 2016/17 to FY 2022/23 (in millions)



**Leave Accrual Payments**

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2020/21 leave accrual payments budget of \$24,000 includes \$12,000 budgeted for medical leave accrual payouts and \$12,000 budgeted for vacation leave accrual payouts. The FY 2019/20 year-end forecast and FY 2016/17 - FY 2018/19 actuals displayed are recorded and reported as part of the division's expenditures.

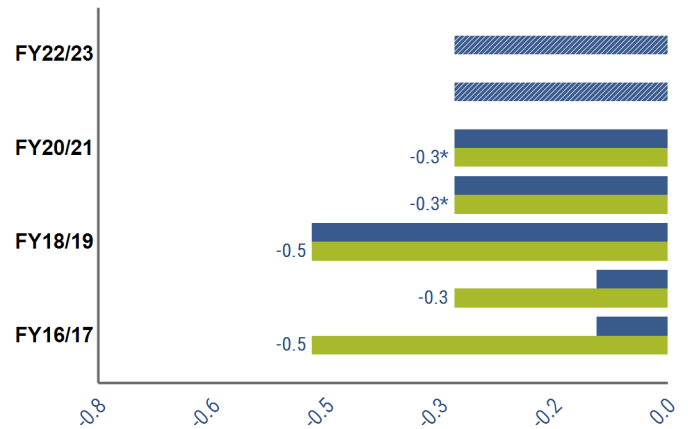
FY 2016/17 to FY 2022/23



## Savings from Vacant Positions

The amount of savings estimated to be achieved from vacant positions. The FY 2020/21 Solid Waste Fund estimate for vacancy savings is (\$0.3) million.

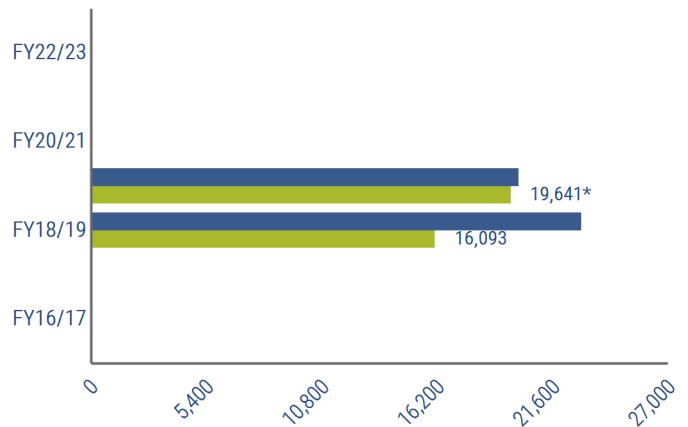
FY 2016/17 to FY 2022/23 (in millions)



## Vacation Trade

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

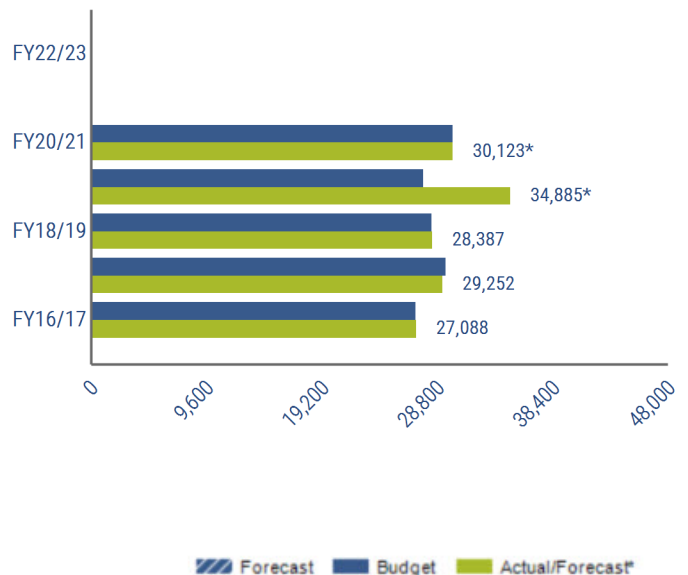
FY 2016/17 to FY 2022/23



## Utilities

Beginning in FY 2020/21, Utilities are budgeted at the division level and then at the beginning of the year are moved to a macro account. Budgeting on a macro level is a tool used by the Budget Department to more accurately track how expenses are occurring by each division. Utilities include city expenses on water, electric, sewer, gas, solid waste and recycling services. The FY 2020/21 Utilities budget is \$30,123 which is relatively flat from the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23



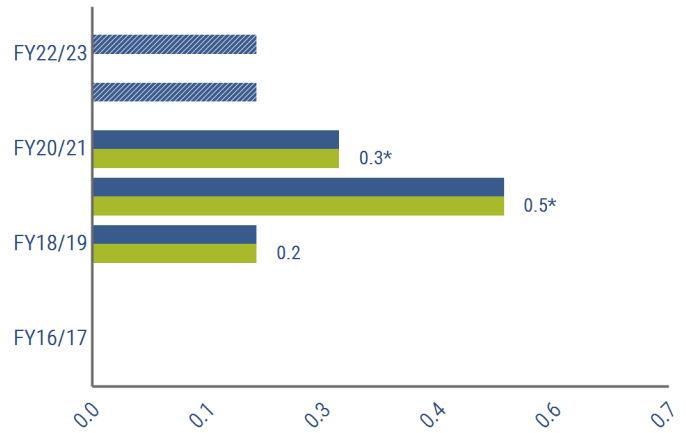
## Transfers Out

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

### CIP

The FY 2020/21 CIP transfer out of \$0.3 million is primarily to begin replacing existing 300-gallon sized solid waste containers in residential alleys with new 90-gallon size trash containers.

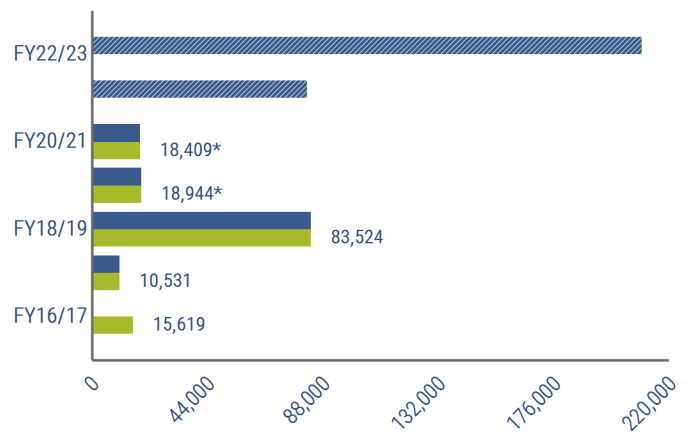
FY 2016/17 to FY 2022/23 (in millions)



### CIP Technology

CIP Technology includes \$18,409 to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2020/21. The large transfer amount in FY 2018/19 was for Mail Postage Inserter replacement equipment. The large transfer for FY 2022/23 represents funding for the Utility Billing Management System implementation project.

FY 2016/17 to FY 2022/23



## Solid Waste Fund Ending Balance

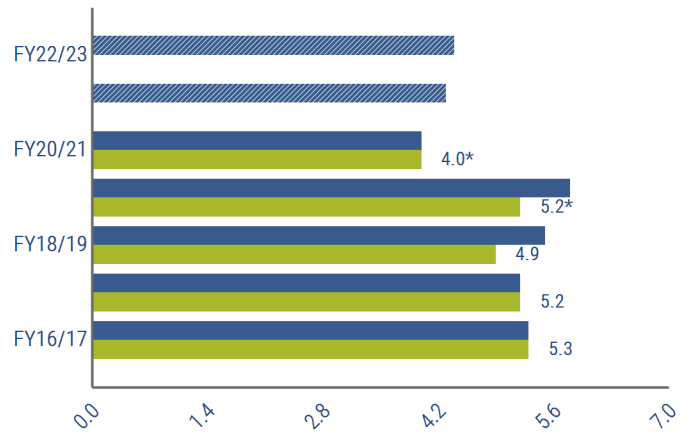
Fund balance/reserves protect the city's financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) expenditures. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city's budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before being allocated or spent as budgeted expenditures. The specific make-up of the city's Solid Waste Fund ending balance is noted in the following:

Forecast Budget Actual/Forecast\*

**Operating Reserve**

The FY 2020/21 ending fund balance includes an Operating Reserve of \$4.0 million. Per Financial Policy No. 39, this reserve is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 120 days. Operating reserves shall be maintained to provide funding and expenditure flexibility in the event of unexpected declines in revenue or increases in costs.

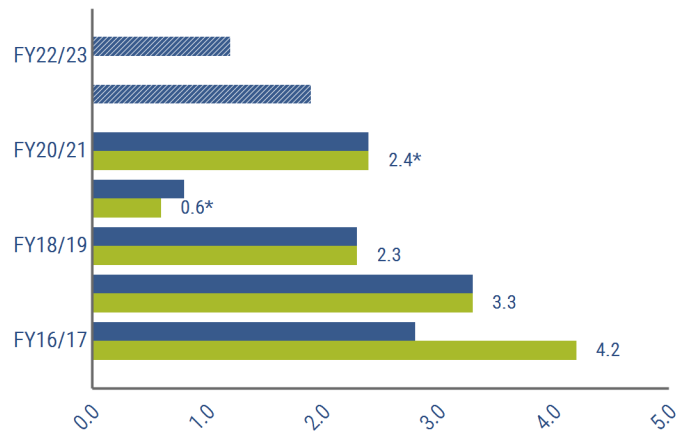
FY 2016/17 to FY 2022/23 (in millions)



**Undesignated, Unreserved Fund Balance**

The FY 2020/21 undesignated, unreserved fund balance is \$2.4 million. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*



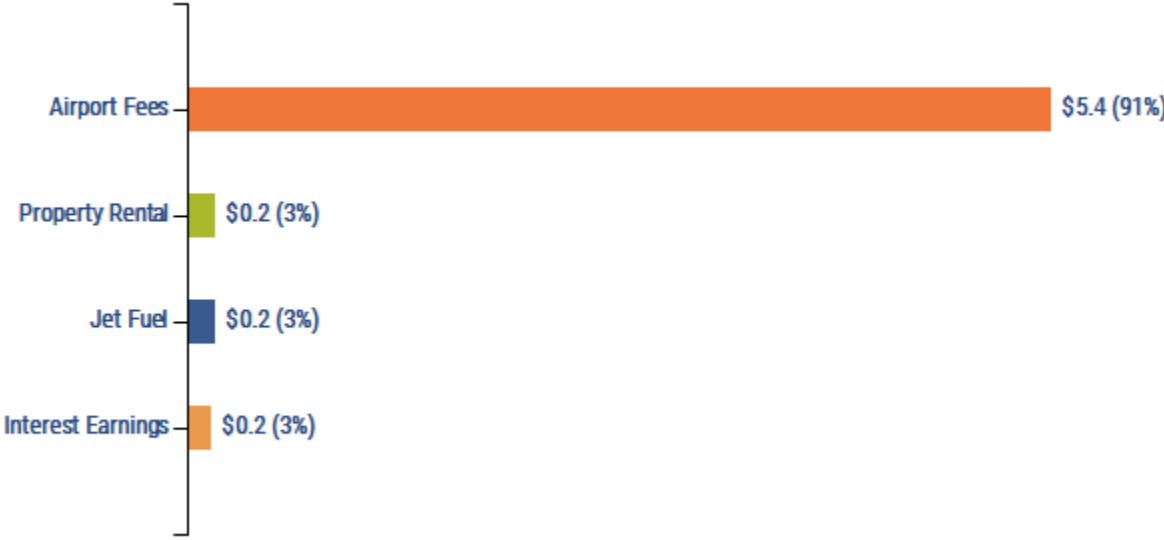


**FY 2020/21 Adopted Budget**

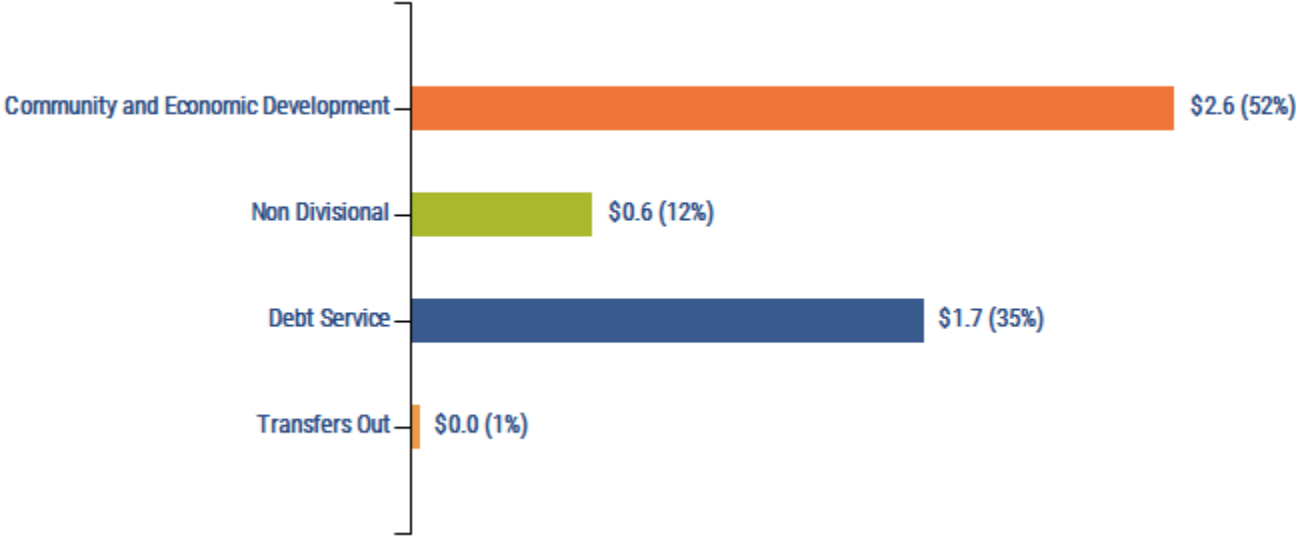
### Fund Purpose

This fund accounts for the transactions related to the city’s aviation business activity at the Scottsdale Airport, which includes operating sources and uses. Capital expenditures are accounted for in a separate Aviation Capital Fund.

**Aviation Fund Sources (% to Total)**  
**\$5.9 Million**



**Aviation Fund Uses (% to Total)**  
**\$4.9 Million**



## BUDGET BY FUND | Aviation Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Fleet Replacement Reserve	2,400,055	1,287,548	1,275,500	905,384
Operating Reserve	1,408,930	492,840	486,420	521,563
Repair/Replacement Reserve	2,406,257	1,566,637	1,736,045	1,601,016
Undesignated, Unreserved Fund Balance	2,174,776	-	6,066,268	-
<b>Total Beginning Fund Balance</b>	<b>8,390,018</b>	<b>3,347,025</b>	<b>9,564,233</b>	<b>3,027,963</b>
<b>Revenues</b>				
Airport Fees	5,370,267	4,893,177	4,897,177	5,391,621
Property Rental	100,029	171,947	171,947	176,467
Jet Fuel	166,924	146,000	166,000	175,000
Interest Earnings	204,252	157,916	123,073	151,861
Miscellaneous	23,395	-	-	-
<b>Subtotal</b>	<b>5,864,868</b>	<b>5,369,040</b>	<b>5,358,197</b>	<b>5,894,949</b>
<b>Transfers In</b>				
Debt Svc MPC Bonds <sup>(a)</sup>	862,510	-	-	-
<b>Subtotal</b>	<b>862,510</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>6,727,378</b>	<b>5,369,040</b>	<b>5,358,197</b>	<b>5,894,949</b>
<b>Expenditures</b>				
Community and Economic Development	2,369,510	2,354,614	2,478,691	2,565,186
Citywide Direct Cost Allocation	383,500	413,780	413,780	444,281
Citywide Indirect Cost Allocation	206,046	218,487	204,085	183,834
Citywide Pay Program	-	25,801	-	-
Compensation Other	-	42,258	-	-
Fuel and Maint and Repair	-	-	50,170	-
Vacation Trade	-	3,564	-	-
Leave Accrual Payments	-	16,500	15,740	8,500
Savings from Vacant Positions	-	(30,000)	(7,481)	(26,107)
Utilities <sup>(b)</sup>	-	122,296	17,855	-
<b>Subtotal</b>	<b>2,959,056</b>	<b>3,167,300</b>	<b>3,172,840</b>	<b>3,175,694</b>
<b>Debt Service</b>				
Contracts Payable	1,721,494	1,722,744	1,722,744	1,721,994
<b>Subtotal</b>	<b>1,721,494</b>	<b>1,722,744</b>	<b>1,722,744</b>	<b>1,721,994</b>
TOTAL OPERATING BUDGET	4,680,550	4,890,044	4,895,584	4,897,688
<b>Transfers Out</b>				
CIP	-	2,357,791	6,991,532	26,843
CIP Technology	10,656	7,351	7,351	6,880
Debt Svc MPC Bonds <sup>(a)</sup>	861,957	-	-	-
<b>Subtotal</b>	<b>872,613</b>	<b>2,365,142</b>	<b>6,998,883</b>	<b>33,723</b>
<b>Total Uses</b>	<b>5,553,163</b>	<b>7,255,186</b>	<b>11,894,467</b>	<b>4,931,411</b>
<b>Sources Over/(Under) Uses</b>	<b>1,174,215</b>	<b>(1,886,146)</b>	<b>(6,536,270)</b>	<b>963,538</b>
<b>Ending Fund Balance</b>				
Fleet Replacement Reserve	1,275,500	940,227	905,384	1,010,500
Operating Reserve	486,420	520,652	521,563	523,496
Repair/Replacement Reserve	1,736,045	-	1,601,016	1,846,467
Undesignated, Unreserved Fund Balance	6,066,268	-	-	611,038
<b>Total Ending Fund Balance</b>	<b>9,564,233</b>	<b>1,460,879</b>	<b>3,027,963</b>	<b>3,991,501</b>

<sup>(a)</sup> Beginning in FY 2019/20, an accounting change was made to the reporting of debt service.

<sup>(b)</sup> Beginning in FY 2020/21, Utilities are initially budgeted at the division level. At the start of the fiscal year the budget will move to a macro level and then be transferred back to the division monthly as expenses occur.

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

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Fleet Replacement Reserve	905,384	1,010,500	1,024,900	1,154,200	1,237,300
Operating Reserve	521,563	523,496	539,293	554,071	570,805
Repair/Replacement Reserve	1,601,016	1,846,467	1,963,176	2,070,318	2,153,828
Undesignated, Unreserved Fund Balance		611,038	1,514,932	2,296,312	3,008,468
<b>Total Beginning Fund Balance</b>	<b>3,027,963</b>	<b>3,991,501</b>	<b>5,042,301</b>	<b>6,074,901</b>	<b>6,970,401</b>
<b>Revenues</b>					
Airport Fees	5,391,621	6,018,900	6,058,500	6,098,800	6,139,300
Property Rental	176,467	177,200	178,000	178,700	179,500
Jet Fuel	175,000	176,800	178,500	180,300	182,100
Interest Earnings	151,861	91,200	55,800	55,700	76,500
Miscellaneous	-	-	-	-	-
<b>Subtotal</b>	<b>5,894,949</b>	<b>6,464,100</b>	<b>6,470,800</b>	<b>6,513,500</b>	<b>6,577,400</b>
<b>Transfers In</b>					
Debt Svc MPC Bonds	-	-	-	-	-
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Sources</b>	<b>5,894,949</b>	<b>6,464,100</b>	<b>6,470,800</b>	<b>6,513,500</b>	<b>6,577,400</b>
<b>Expenditures</b>					
Community and Economic Development	2,565,186	2,648,300	2,705,800	2,773,700	2,842,900
Citywide Direct Cost Allocation	444,281	466,500	489,800	514,300	540,000
Citywide Indirect Cost Allocation	183,834	193,000	202,700	212,800	223,500
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Vacation Trade	-	-	-	-	-
Leave Accrual Payments	8,500	8,700	8,900	9,000	9,300
Savings from Vacant Positions	(26,107)	(35,800)	(36,600)	(37,400)	(38,200)
Utilities	-	-	-	-	-
<b>Subtotal</b>	<b>3,175,694</b>	<b>3,280,700</b>	<b>3,370,600</b>	<b>3,472,400</b>	<b>3,577,500</b>
<b>Debt Service</b>					
Contracts Payable	1,721,994	1,724,200	1,719,200	1,722,200	1,722,700
<b>Subtotal</b>	<b>1,721,994</b>	<b>1,724,200</b>	<b>1,719,200</b>	<b>1,722,200</b>	<b>1,722,700</b>
TOTAL OPERATING BUDGET	4,897,688	5,004,900	5,089,800	5,194,600	5,300,200
<b>Transfers Out</b>					
CIP	26,843	377,400	337,100	397,900	572,400
CIP Technology	6,880	31,000	11,300	25,500	10,500
Debt Svc MPC Bonds	-	-	-	-	-
<b>Subtotal</b>	<b>33,723</b>	<b>408,400</b>	<b>348,400</b>	<b>423,400</b>	<b>582,900</b>
<b>Total Uses</b>	<b>4,931,411</b>	<b>5,413,300</b>	<b>5,438,200</b>	<b>5,618,000</b>	<b>5,883,100</b>
<b>Sources Over/(Under) Uses</b>	<b>963,538</b>	<b>1,050,800</b>	<b>1,032,600</b>	<b>895,500</b>	<b>694,300</b>
<b>Ending Fund Balance</b>					
Fleet Replacement Reserve	1,010,500	1,024,900	1,154,200	1,237,300	1,379,900
Operating Reserve	523,496	539,293	554,071	570,805	588,082
Repair/Replacement Reserve	1,846,467	1,963,176	2,070,318	2,153,828	2,321,872
Undesignated, Unreserved Fund Balance	611,038	1,514,932	2,296,312	3,008,468	3,374,847
<b>Total Ending Fund Balance</b>	<b>3,991,501</b>	<b>5,042,301</b>	<b>6,074,901</b>	<b>6,970,401</b>	<b>7,664,701</b>

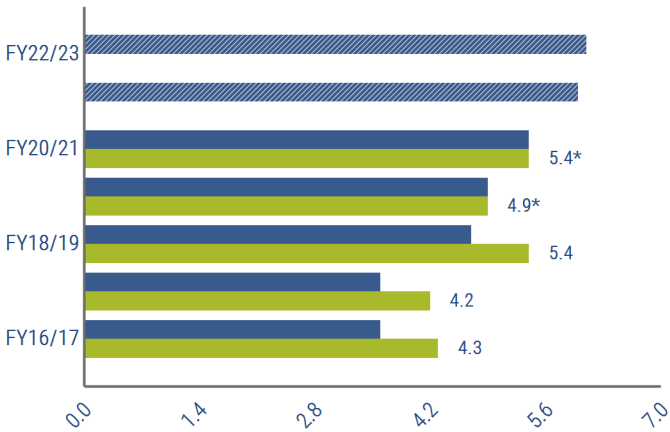
**Aviation Fund Sources**

Aviation Fund sources for FY 2020/21 are \$5.9 million, most of which is received from Airport Fees. Other sources include Property Rental, Jet Fuel, Interest Earnings, and in prior years, Miscellaneous and Transfers In.

**Airport Fees**

Airport Fees are fees imposed for the aeronautical use of airport facilities, including aircraft overnight tie-down fees, hangar/T-shade rentals, fuel flowage and transient landing fees. The Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The Airport Fees FY 2020/21 adopted budget is \$5.4 million which is \$0.5 million higher than the FY 2019/20 year-end forecast. The increase is due to additional revenue expected from an increase in Airport Fees supported by public comment and recommended by the Airport Advisory Commission.

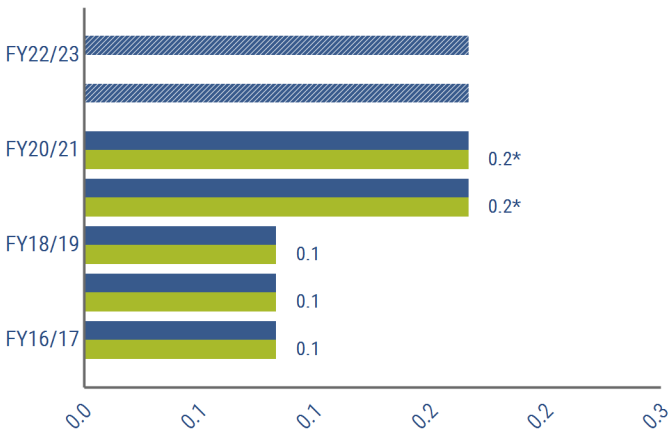
FY 2016/17 to FY 2022/23 (in millions)



**Property Rental**

Property Rental includes the annual \$0.1 million amortization payment of a 20-year land lease for the construction and operation of a park-and-ride facility at the airport that sunsets in 2032; as well as the rent of a well site, radio shop and a fire station managed by other city divisions that was recorded under Airport Fees in previous years. The FY 2020/21 budget for Property Rental is \$0.2 million, which remains relatively flat from the FY 2019/20 year-end forecast.

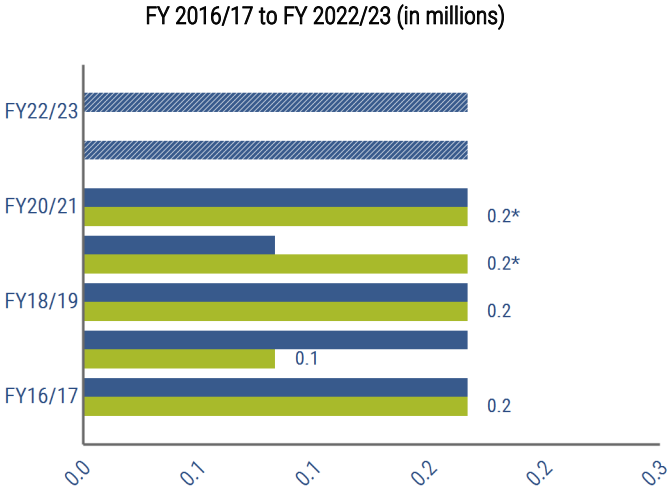
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

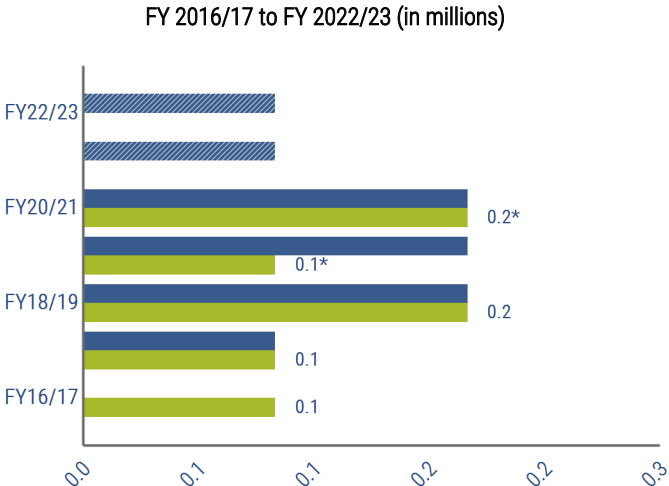
**Jet Fuel**

A jet fuel tax of 0.18 cents is charged to every gallon of fuel purchased at the airport. The adopted FY 2020/21 Jet Fuel budget is \$0.2 million, which remains flat when compared to the FY 2019/20 year-end forecast.



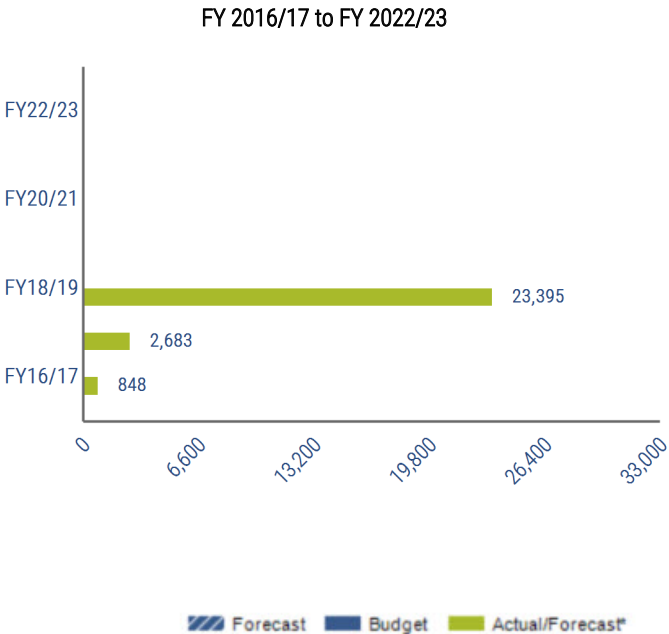
**Interest Earnings**

Interest earnings are generated on idle Aviation Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest earnings in FY 2016/17 was budgeted under \$50,000.



**Miscellaneous**

Miscellaneous includes other types of one-time revenue that may or may not be received each year such as the FY 2018/19 proceeds from an airport truck sold at an auction.



Forecast Budget Actual/Forecast\*



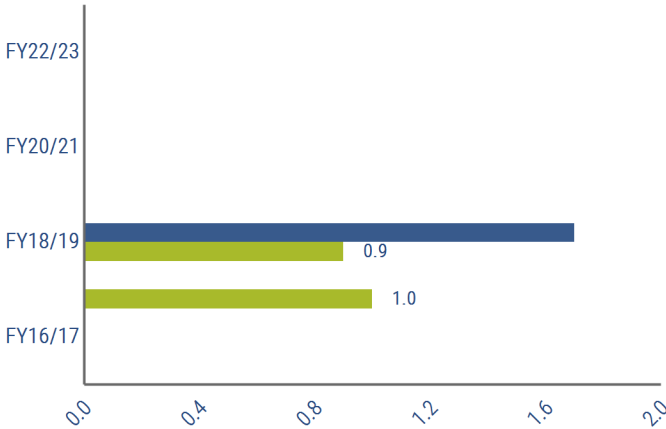
**Transfers In**

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

**Debt Svc MPC Bonds**

Debt Svc MPC Bonds was an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds in order to finance the Airport Terminal Area Redevelopment capital improvement project. Beginning in FY 2019/20, as a result of an accounting change made to the reporting of debt service, the internal transfer will not occur.

FY 2016/17 to FY 2022/23 (in millions)



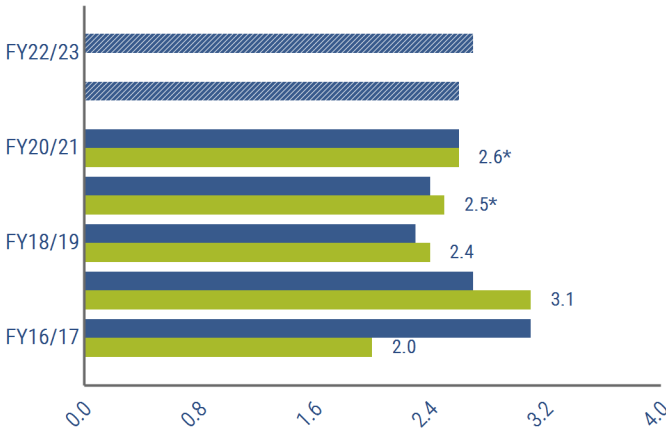
**Aviation Fund Uses**

The Aviation Fund uses are presented as a portion of the Community and Economic Development division's operating budget. Additionally, there are uses related to Direct and Indirect Cost Allocation, Citywide Pay Program, Compensation Other, Fuel and Maintenance and Repair, Vacation Trade, Leave Accrual Payments, Savings from Vacant Positions, Utilities, Contracts Payable and Transfers Out to other funds.

**Community and Economic Development**

Includes costs related to the operation and maintenance of the city's airport. The FY 2020/21 adopted budget is \$2.6 million, which is \$0.1 million higher than the FY 2019/20 year-end forecast.

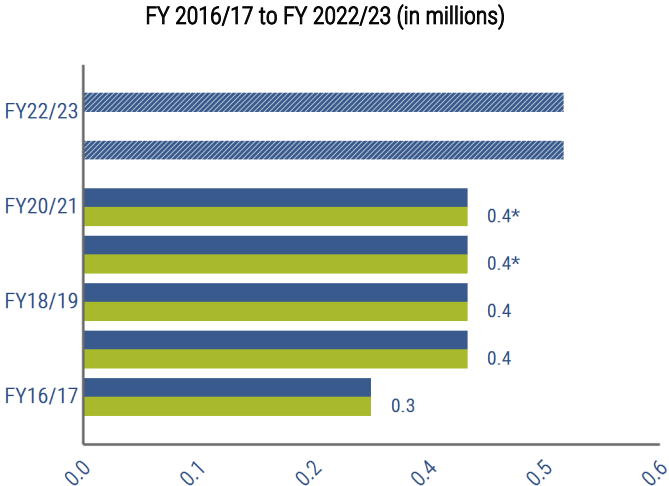
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

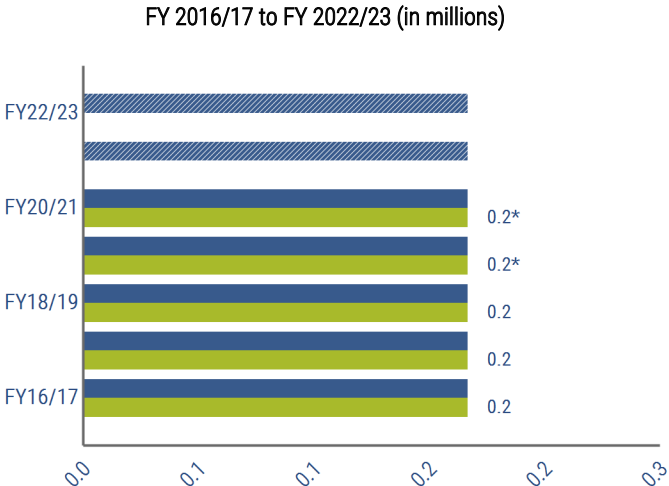
**Citywide Direct Cost Allocation**

Citywide Direct Cost Allocation represents Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel. The FY 2020/21 budget for this allocation is \$0.4 million, which remains relatively flat from the FY 2019/20 year-end forecast.



**Citywide Indirect Cost Allocation**

Citywide Indirect Cost Allocation represents charges to the Aviation Fund for specific General Fund central administrative functions, which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city’s indirect costs are allocated to the Enterprise Funds based on relative benefits received. The citywide indirect cost allocation for the FY 2020/21 adopted budget is \$0.2 million, which remains relatively flat from the FY 2019/20 year-end forecast.



**Non-Divisional Uses**

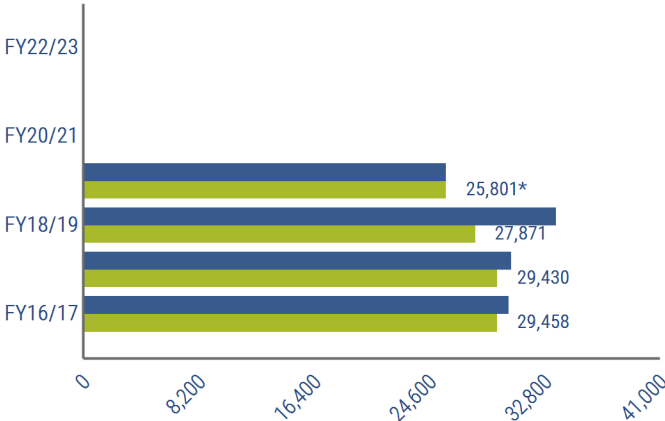
Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years’ budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division’s uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

Forecast Budget Actual/Forecast\*

**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

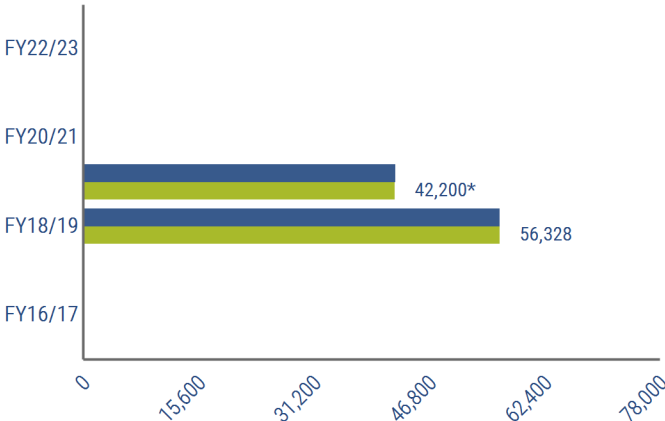
FY 2016/17 to FY 2022/23



**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

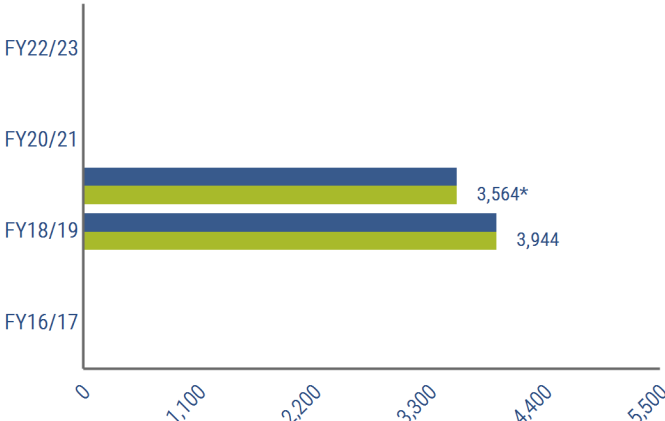
FY 2016/17 to FY 2022/23



**Vacation Trade**

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23

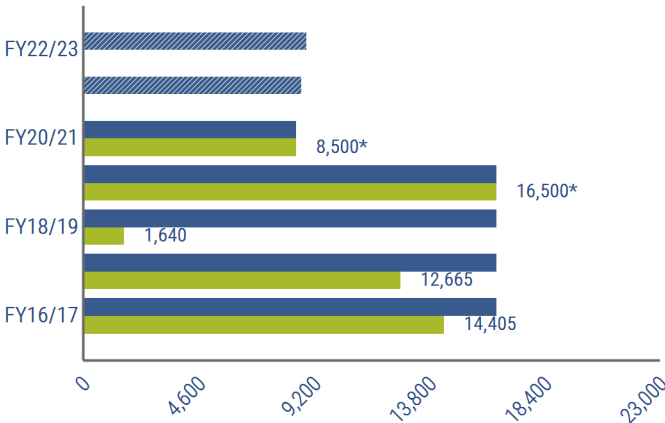


Forecast Budget Actual/Forecast\*

**Leave Accrual Payments**

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. The FY 2020/21 leave accrual payments budget includes \$3,500 for medical leave accrual payouts and \$5,000 for vacation leave accrual payouts.

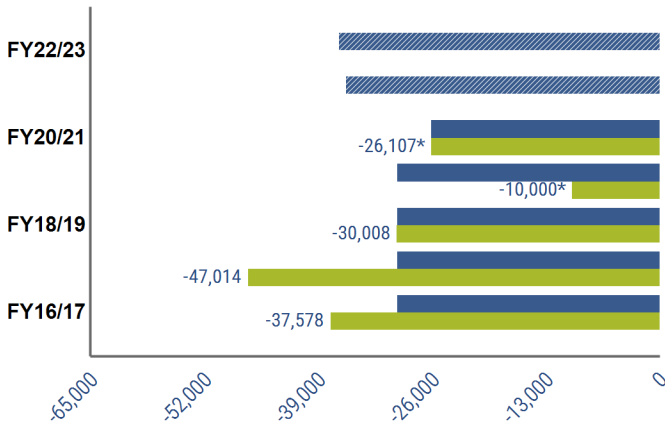
FY 2016/17 to FY 2022/23



**Savings from Vacant Positions**

Savings from Vacant Positions is the amount of savings resulting from vacant positions. The FY 2020/21 Aviation Fund estimate for vacancy savings is (\$26,107).

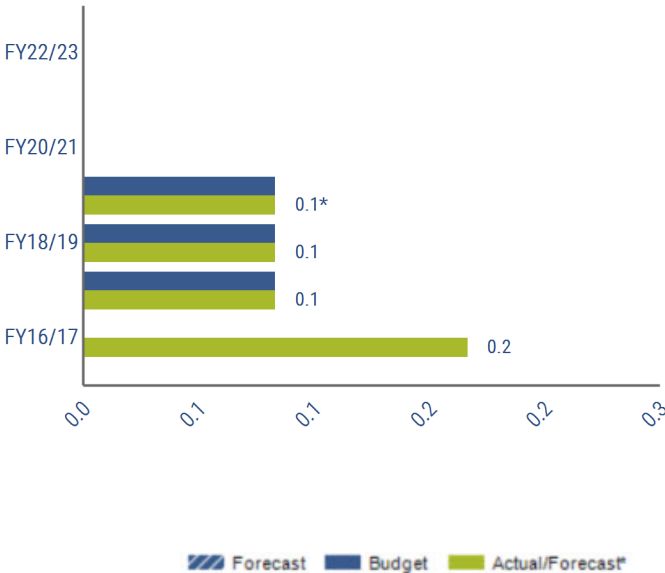
FY 2016/17 to FY 2022/23



**Utilities**

In an effort to provide greater efficiency in monitoring the budget to actual expenses for utilities as well as forecasting year-end results, beginning March 2017 an administrative change moved the utilities budgets (water, electric, sewer, gas, solid waste and recycling services) from individual divisions to a citywide macro level account, by fund.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

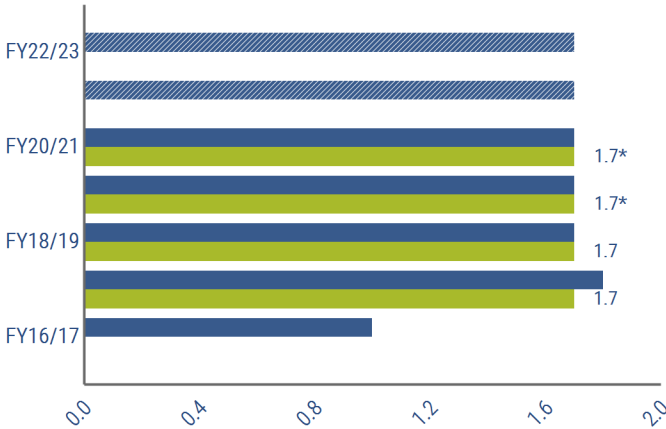
**Debt Service**

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

**Contracts Payable**

Contracts Payable represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The adopted FY 2020/21 budget is \$1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.

FY 2016/17 to FY 2022/23 (in millions)



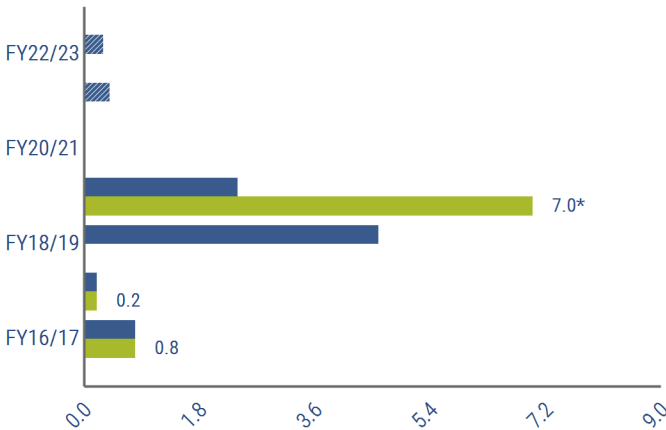
**Transfers Out**

Transfers Out are the authorized movement of cash to other funds and/or capital projects. More specific information is detailed below.

**CIP**

Transfers Out CIP are used to fund capital projects related to the Airport. The FY 2020/21 CIP adopted budget is \$0.0 million. The FY 2019/20 year-end forecast includes a transfer to the Capital Improvement Plan (CIP) for the design and construction of aircraft box hangars and pavement preservation at the airport that was budgeted, but not processed in FY 2018/19.

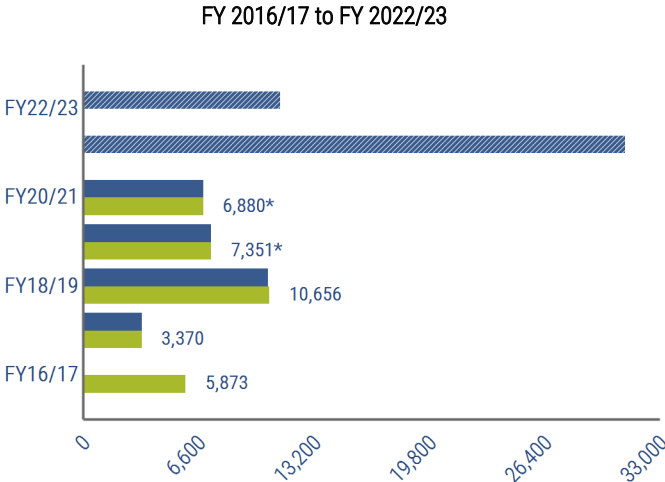
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

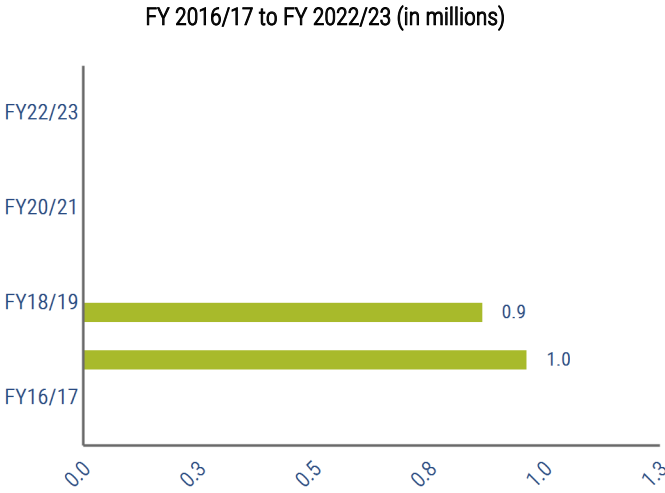
**CIP Technology**

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2020/21 adopted budget is \$6,880. The large forecast for FY 2021/22 represents funding for the Enterprise Resource Planning System Implementation capital project.



**Debt Svc MPC Bonds**

Debt Svc MPC Bonds was an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds (MPC) in order to finance the Airport Terminal Area Redevelopment capital improvement project. Beginning in FY 2019/20, as a result of an accounting change made to the reporting of debt service, the internal transfer will not occur.



**Aviation Fund Ending Balance**

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. The city’s budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. The specific make-up of the city’s Aviation Fund ending balance and reserves are noted in the following:

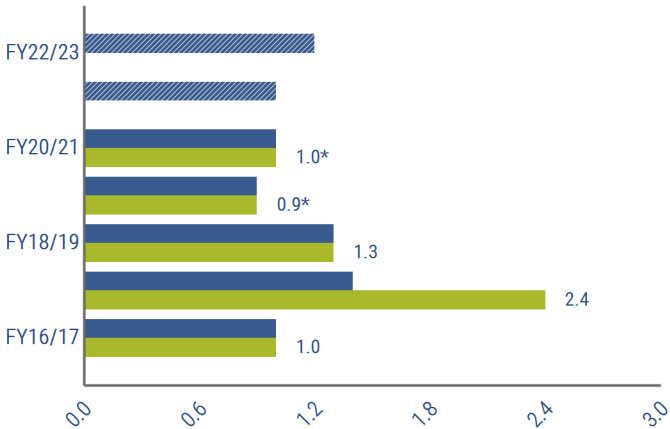
Forecast Budget Actual/Forecast\*



**Fleet Replacement Reserve**

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of fire equipment specific to fire operations dedicated to the airport. The FY 2020/21 Fleet Replacement Reserve ending fund balance is \$1.0 million.

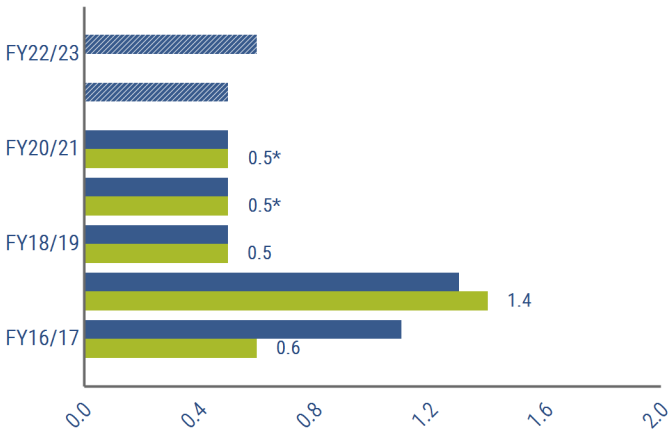
FY 2016/17 to FY 2022/23 (in millions)



**Operating Reserve**

The FY 2020/21 ending fund balance includes an Operating Reserve of \$0.5 million. This reserve, per Financial Policy No. 39, is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 120 days. The purpose of the reserve is to provide for emergencies and potential grant matches, and to ensure that General Fund subsidies are avoided.

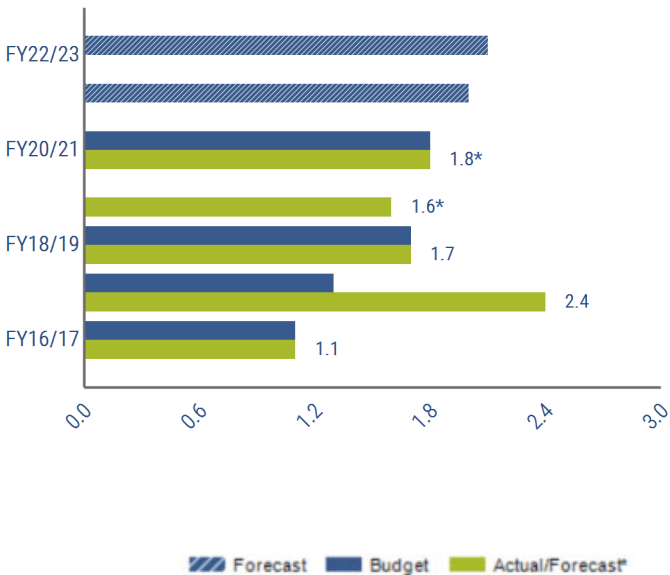
FY 2016/17 to FY 2022/23 (in millions)



**Repair/Replacement Reserve**

The Repair/Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Repair/Replacement Reserve in FY 2020/21 is \$1.8 million.

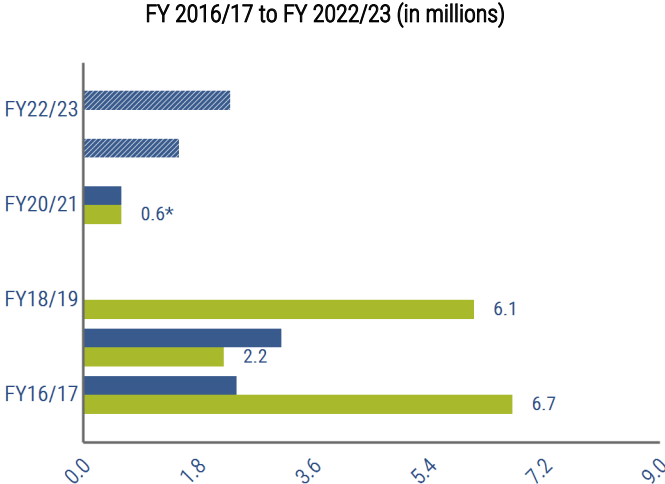
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

**Undesignated, Unreserved Fund Balance**

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses. The FY 2020/21 ending undesignated, unreserved fund balance is \$0.6 million.



Forecast Budget Actual/Forecast\*



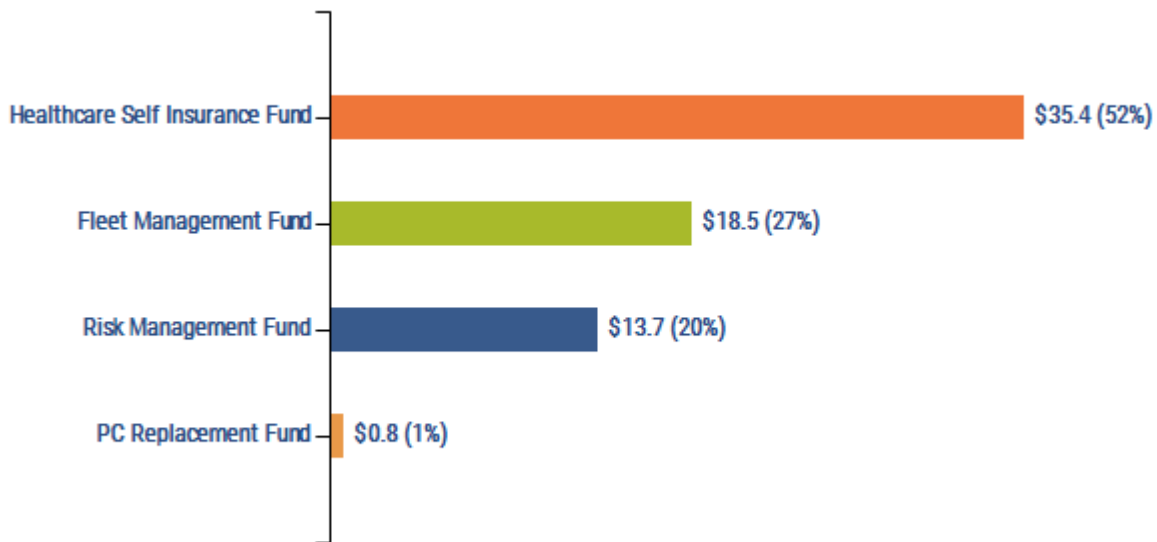
**FY 2020/21 Adopted Budget**



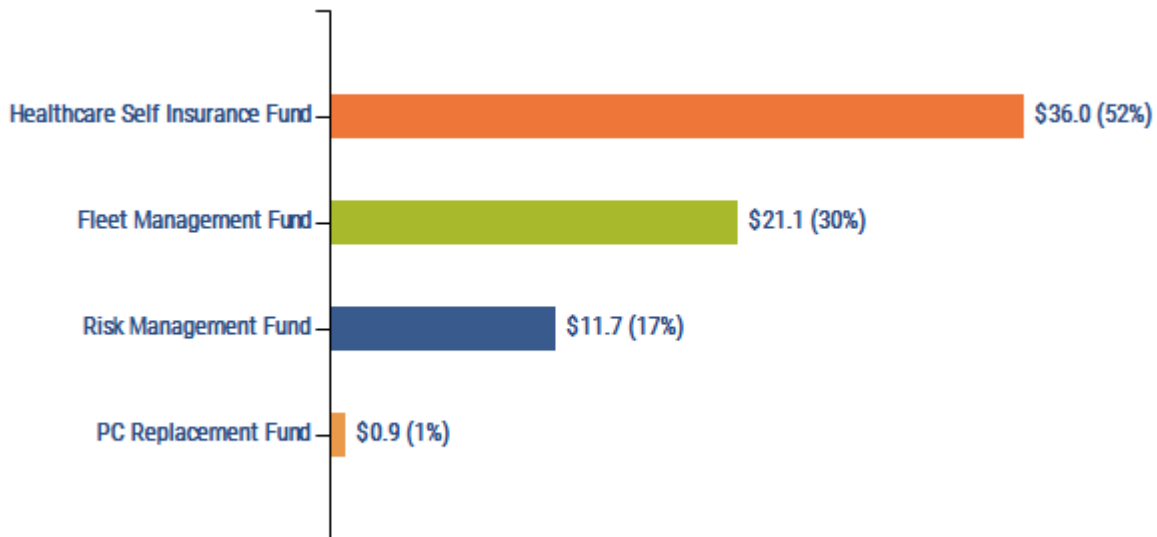
### Internal Service Funds Description

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has four separate Internal Service Funds to account for the activity of this fund type: Healthcare Self Insurance, Fleet Management, Risk Management, and PC Replacement. 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)**  
\$68.4 Million



**Internal Service Funds Uses (% to Total)**  
\$69.6 Million





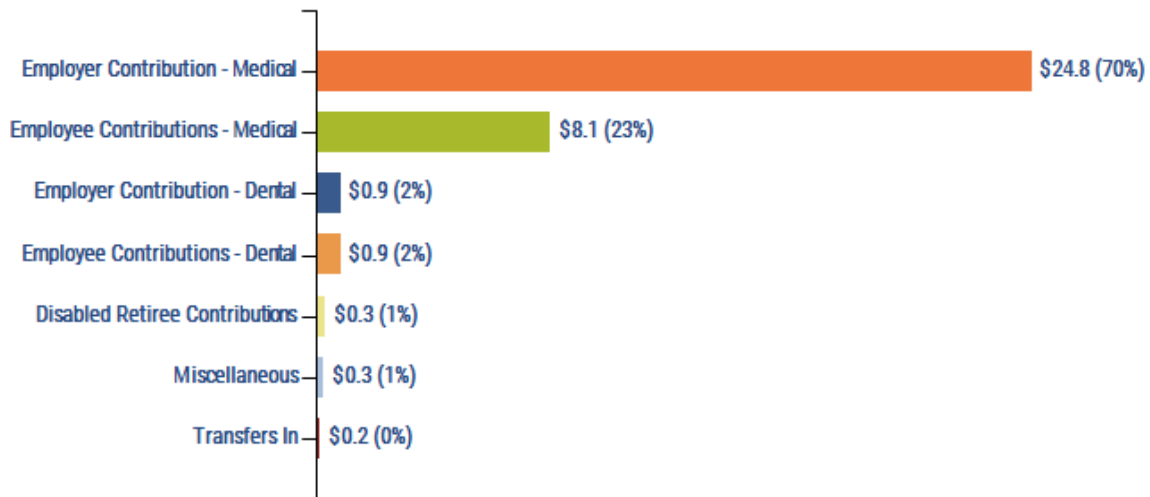
**FY 2020/21 Adopted Budget**



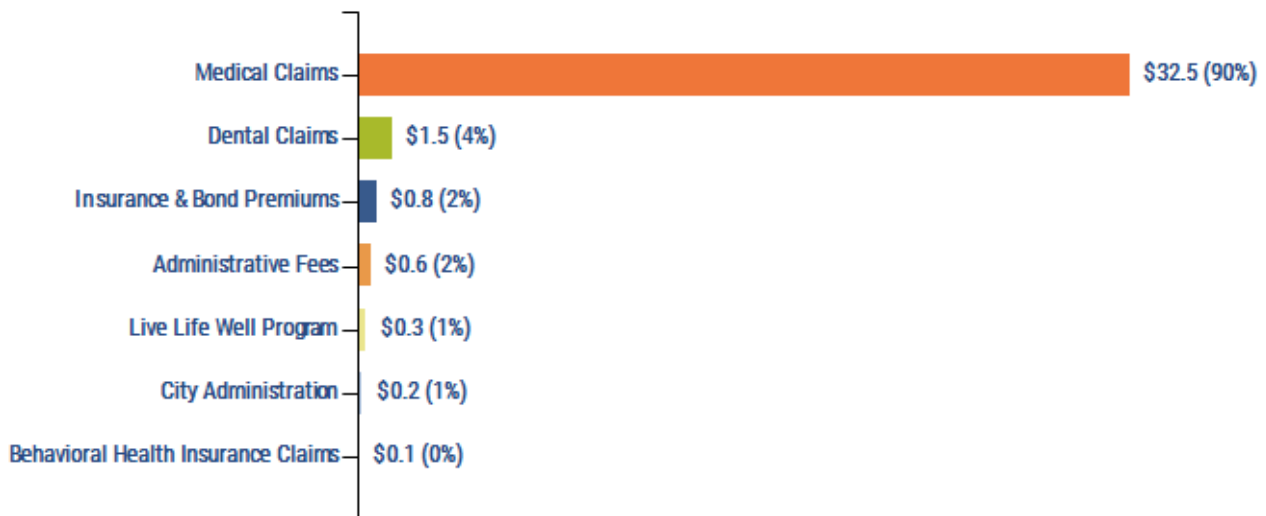
## Fund Purpose

The Healthcare Self Insurance Fund is used to account for the city's self insured medical and dental benefits. Revenue to this fund is derived from premiums charged to both the city and employees. The premiums are collected for the city's portion by charging the divisions and through payroll deductions for the employee's portion. Revenue is also collected through premium charges to public safety disabled retirees (including per City Council direction, a subsidy from the General Fund to cover Public Safety disabled retirees costs that exceed the premium charges) as well as State subsidies on healthcare contributions, Consolidated Omnibus Budget Reconciliation Act (COBRA), and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, behavioral, prescription and dental claims) as well as claims administration and other benefit plan expenses.

**Healthcare Self Insurance Fund Sources (% to Total)**  
**\$35.4 Million**



**Healthcare Self Insurance Fund Uses (% to Total)**  
**\$36.0 Million**



## BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
IBNR Reserve	2,222,760	2,415,477	2,177,679	2,479,047
Operating Contingency	2,521,964	2,740,428	2,471,945	2,812,550
Premium Stabilization Reserve	2,579,405	2,878,875	2,758,782	2,944,482
Undesignated, Unreserved Fund Balance	1,988,641	2,905,770	4,056,274	3,303,076
<b>Total Beginning Fund Balance</b>	<b>9,312,770</b>	<b>10,940,550</b>	<b>11,464,680</b>	<b>11,539,155</b>
<b>Revenues</b>				
Employer Contribution - Medical	22,774,565	24,347,313	24,347,313	24,773,410
Employee Contributions - Medical	7,141,324	7,613,343	7,613,343	8,144,856
Employer Contribution - Dental	804,385	931,400	814,632	868,735
Employee Contributions - Dental	759,253	786,359	786,359	866,252
Disabled Retiree Contributions	230,610	282,972	282,972	321,300
Miscellaneous	286,949	322,316	302,316	292,517
<b>Subtotal</b>	<b>31,997,085</b>	<b>34,283,703</b>	<b>34,146,935</b>	<b>35,267,070</b>
<b>Transfers In</b>				
Operating	146,386	143,319	143,319	165,700
<b>Subtotal</b>	<b>146,386</b>	<b>143,319</b>	<b>143,319</b>	<b>165,700</b>
<b>Total Sources</b>	<b>32,143,471</b>	<b>34,427,022</b>	<b>34,290,254</b>	<b>35,432,770</b>
<b>Expenditures</b>				
Medical Claims	26,965,298	30,867,972	30,867,972	32,495,477
Dental Claims	1,447,866	1,460,184	1,460,184	1,460,184
Insurance & Bond Premiums	658,730	667,319	773,196	801,459
Administrative Fees	422,567	503,055	503,055	579,480
Live Life Well Program	249,959	344,316	344,316	345,081
City Administration	173,609	206,773	182,750	183,488
Behavioral Health Insurance Claims	73,532	84,306	84,306	86,593
Citywide Pay Program	-	2,860	-	-
Compensation Other	-	2,306	-	-
<b>Subtotal</b>	<b>29,991,561</b>	<b>34,139,091</b>	<b>34,215,779</b>	<b>35,951,762</b>
TOTAL OPERATING BUDGET	29,991,561	34,139,091	34,215,779	35,951,762
<b>Total Uses</b>	<b>29,991,561</b>	<b>34,139,091</b>	<b>34,215,779</b>	<b>35,951,762</b>
<b>Sources Over/(Under) Uses</b>	<b>2,151,910</b>	<b>287,931</b>	<b>74,475</b>	<b>(518,992)</b>
<b>Ending Fund Balance</b>				
IBNR Reserve	2,177,679	2,479,047	2,479,047	2,604,365
Operating Contingency	2,471,945	2,812,550	2,812,550	2,954,143
Premium Stabilization Reserve	2,758,782	2,954,641	2,944,482	3,042,786
Undesignated, Unreserved Fund Balance	4,056,274	2,982,243	3,303,076	2,418,869
<b>Total Ending Fund Balance</b>	<b>11,464,680</b>	<b>11,228,481</b>	<b>11,539,155</b>	<b>11,020,163</b>

# BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
IBNR Reserve	2,479,047	2,604,365	2,756,783	2,918,213	3,089,290
Operating Contingency	2,812,550	2,954,143	3,126,702	3,309,454	3,503,116
Premium Stabilization Reserve	2,944,482	3,042,786	3,302,059	3,494,016	3,697,387
Undesignated, Unreserved Fund Balance	3,303,076	2,418,869	2,231,719	2,165,680	2,119,670
<b>Total Beginning Fund Balance</b>	<b>11,539,155</b>	<b>11,020,163</b>	<b>11,417,263</b>	<b>11,887,363</b>	<b>12,409,463</b>
<b>Revenues</b>					
Employer Contribution - Medical	24,773,410	27,210,900	28,843,600	30,574,100	32,408,700
Employee Contributions - Medical	8,144,856	8,633,500	9,151,500	9,700,700	10,282,800
Employer Contribution - Dental	868,735	886,100	903,800	921,900	940,300
Employee Contributions - Dental	866,252	883,600	901,200	919,300	937,700
Disabled Retiree Contributions	321,300	340,600	361,000	382,700	405,700
Miscellaneous	292,517	296,800	301,300	305,800	310,200
<b>Subtotal</b>	<b>35,267,070</b>	<b>38,251,500</b>	<b>40,462,400</b>	<b>42,804,500</b>	<b>45,285,400</b>
<b>Transfers In</b>					
Operating	165,700	190,600	217,500	247,500	250,000
<b>Subtotal</b>	<b>165,700</b>	<b>190,600</b>	<b>217,500</b>	<b>247,500</b>	<b>250,000</b>
<b>Total Sources</b>	<b>35,432,770</b>	<b>38,442,100</b>	<b>40,679,900</b>	<b>43,052,000</b>	<b>45,535,400</b>
<b>Expenditures</b>					
Medical Claims	32,495,477	34,435,100	36,490,600	38,670,100	40,980,000
Dental Claims	1,460,184	1,504,000	1,549,100	1,595,600	1,643,400
Insurance & Bond Premiums	801,459	849,600	900,500	954,400	1,011,900
Administrative Fees	579,480	601,900	625,400	649,700	675,100
Live Life Well Program	345,081	345,200	345,300	345,400	345,500
City Administration	183,488	217,300	201,700	211,500	246,500
Behavioral Health Insurance Claims	86,593	91,900	97,200	103,200	109,200
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
<b>Subtotal</b>	<b>35,951,762</b>	<b>38,045,000</b>	<b>40,209,800</b>	<b>42,529,900</b>	<b>45,011,600</b>
TOTAL OPERATING BUDGET	35,951,762	38,045,000	40,209,800	42,529,900	45,011,600
<b>Total Uses</b>	<b>35,951,762</b>	<b>38,045,000</b>	<b>40,209,800</b>	<b>42,529,900</b>	<b>45,011,600</b>
<b>Sources Over/(Under) Uses</b>	<b>(518,992)</b>	<b>397,100</b>	<b>470,100</b>	<b>522,100</b>	<b>523,800</b>
<b>Ending Fund Balance</b>					
IBNR Reserve	2,604,365	2,756,783	2,918,213	3,089,290	3,270,498
Operating Contingency	2,954,143	3,126,702	3,309,454	3,503,116	3,708,236
Premium Stabilization Reserve	3,042,786	3,302,059	3,494,016	3,697,387	3,912,842
Undesignated, Unreserved Fund Balance	2,418,869	2,231,719	2,165,680	2,119,670	2,041,687
<b>Total Ending Fund Balance</b>	<b>11,020,163</b>	<b>11,417,263</b>	<b>11,887,363</b>	<b>12,409,463</b>	<b>12,933,263</b>

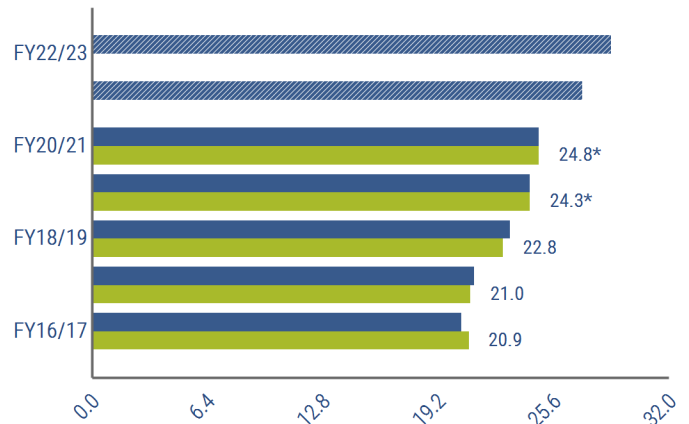
### Healthcare Self Insurance Fund Sources

Healthcare Self Insurance Fund sources for FY 2020/21 equal \$35.4 million, which is an increase of \$1.1 million from the FY 2019/20 year-end forecast, mostly due to higher medical premiums as a result of increased healthcare costs. Sources include city and employee contributions for medical and dental premiums, Miscellaneous revenues, Public Safety Disabled Retiree Contributions and Transfers In.

#### Employer Contribution - Medical

Employer Contribution - Medical represents the city's contribution towards employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee only premium for the richest plan and 90 percent of the lowest cost plan. The FY 2020/21 adopted budget of \$24.8 million represents an increase of \$0.5 million from the FY 2019/20 year-end forecast due to the increasing costs of healthcare. The increase would have been greater, but it is partially offset by less revenue received as the result of eliminating, for one pay period, the General Fund employer contribution payment to healthcare.

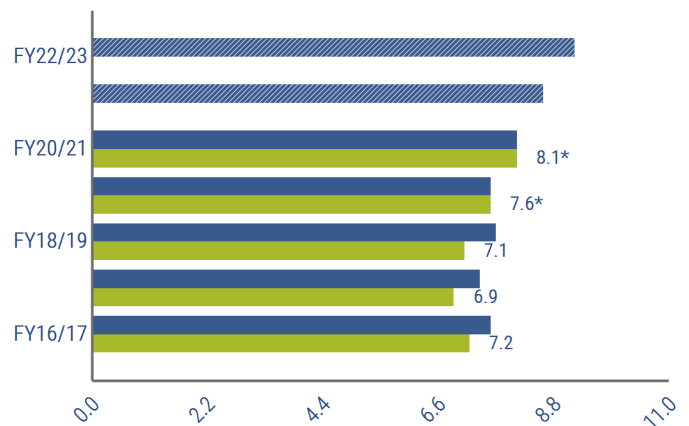
FY 2016/17 to FY 2022/23 (in millions)



#### Employee Contributions - Medical

Employee Contributions - Medical captures the employee portion of healthcare premiums collected through payroll deductions, and continuation of healthcare coverage (Consolidated Omnibus Budget Reconciliation Act - COBRA). The FY 2020/21 adopted budget of \$8.1 million, represents an increase of \$0.5 million from the FY 2019/20 year-end forecast due to the increasing costs of healthcare.

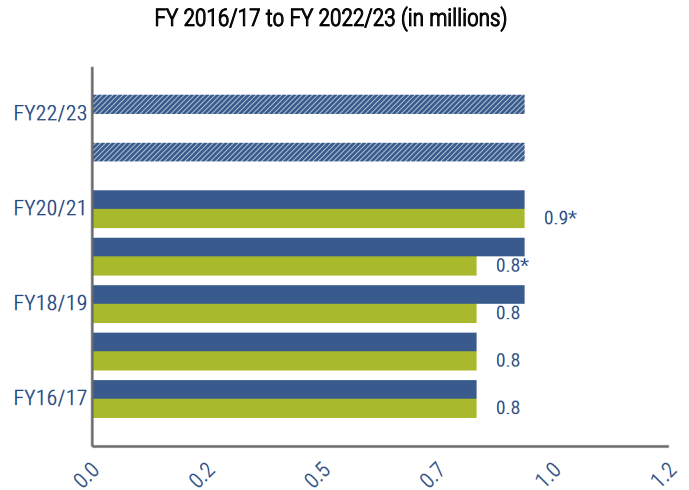
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

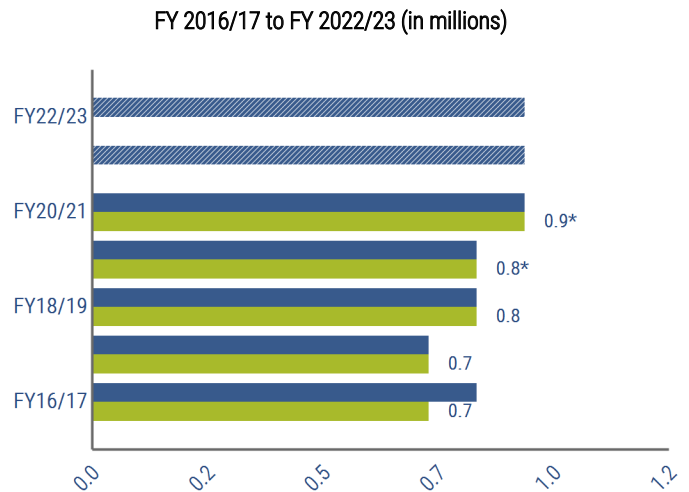
**Employer Contribution - Dental**

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 2020/21 adopted budget of \$0.9 million is slightly higher than the FY 2019/20 year-end forecast.



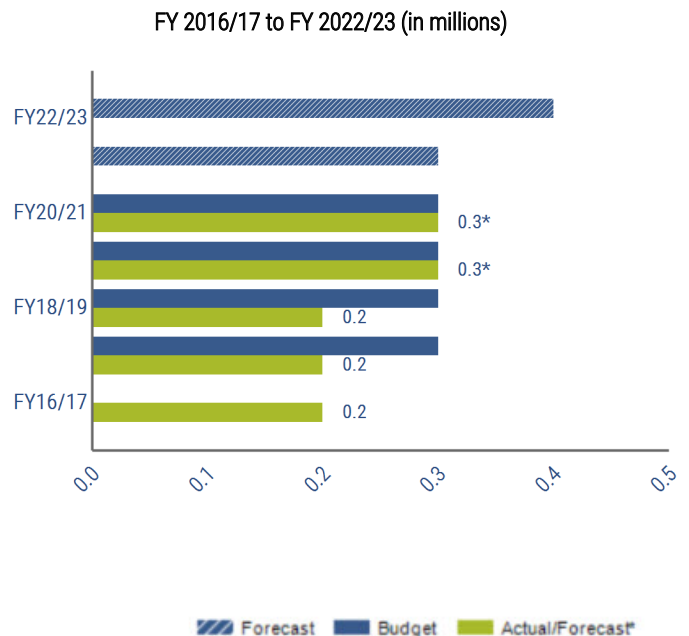
**Employee Contributions - Dental**

Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. FY 2020/21 is estimated at \$0.9 million, which is \$0.1 million higher than the FY 2019/20 year-end forecast.



**Disabled Retiree Contributions**

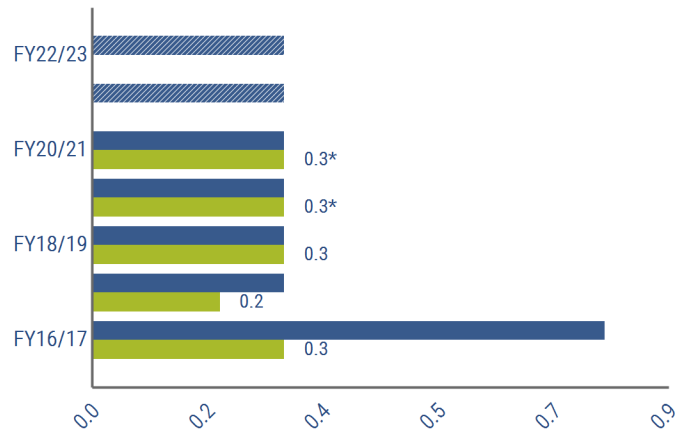
Disabled Retiree Contributions captures the Public Safety disabled retiree healthcare premiums collected through direct collections at the same rate as an active employee. The FY 2020/21 adopted budget of \$0.3 million remains flat from the FY 2019/20 year-end forecast.



**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 2020/21 adopted budget of \$0.3 million is relatively flat compared to the FY 2019/20 year-end forecast. In prior years, the pharmacy rebates received under the agreement with Cigna were included as a part of this budget. However, pharmacy rebates that were received were recorded as credits to medical claims expenditures creating a budget to actual variance. Beginning in FY 2017/18, pharmacy rebates are budgeted as credits to medical claims expenditures. There was a large pharmacy rebate expected in FY 2016/17.

FY 2016/17 to FY 2022/23 (in millions)



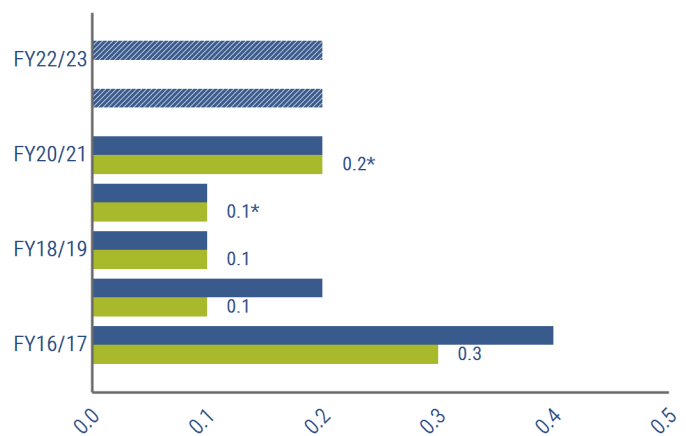
**Transfers In**

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

**Operating**

Operating includes a transfer in from the General Fund per City Council direction to subsidize the annual costs that exceeded premium collections for Public Safety disabled retirees. Total operating transfers in for FY 2020/21 is \$0.2 million, which is \$0.1 million higher than the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



**Healthcare Self Insurance Fund Uses**

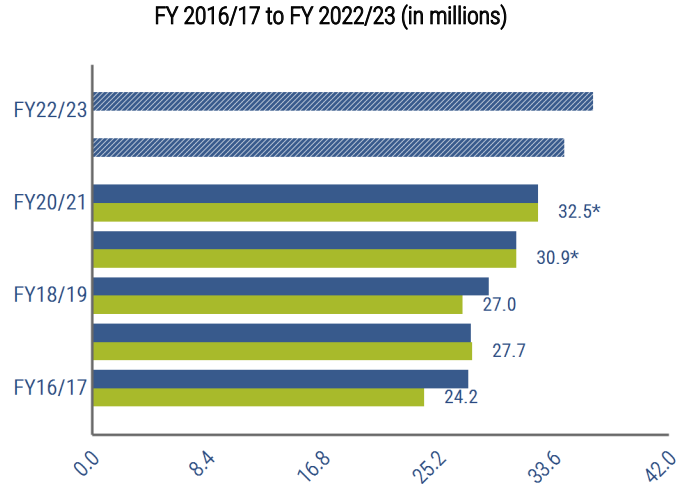
The direct operating expenditures of the Healthcare Self Insurance Fund include: Medical and Dental Claims, Insurance & Bond Premiums, Administrative Fees and health related programs.

Forecast Budget Actual/Forecast\*



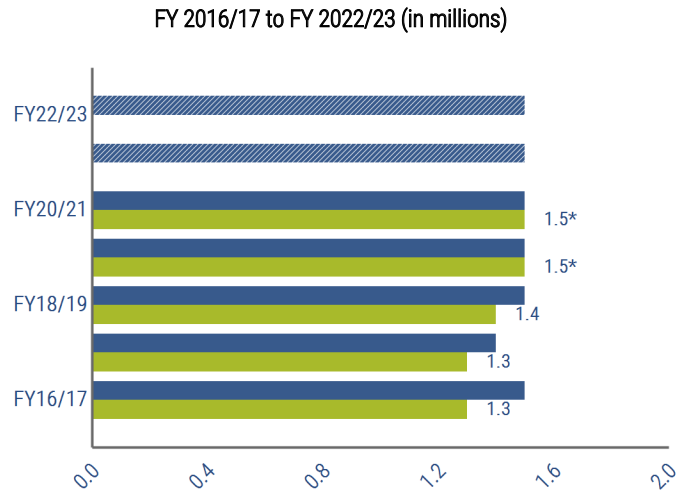
## Medical Claims

Medical Claims includes all medical claims expenses for members of the plans, including employees, COBRA participants, Public Safety disabled retirees and families. The FY 2020/21 adopted budget of \$32.5 million represents an increase of \$1.6 million from the FY 2019/20 year-end forecast mostly due to the increasing costs of healthcare.



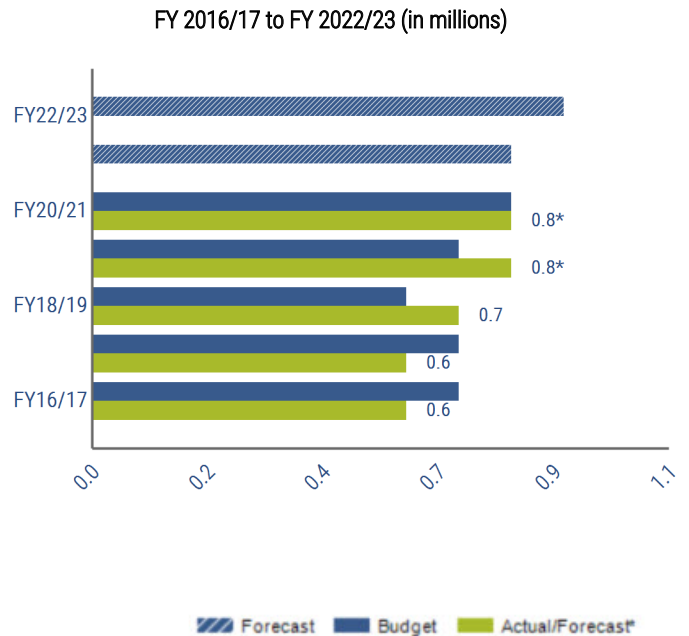
## Dental Claims

Dental Claims includes all dental claims. The adopted FY 2020/21 budget is \$1.5 million, which remains flat from the FY 2019/20 year-end forecast.



## Insurance & Bond Premiums

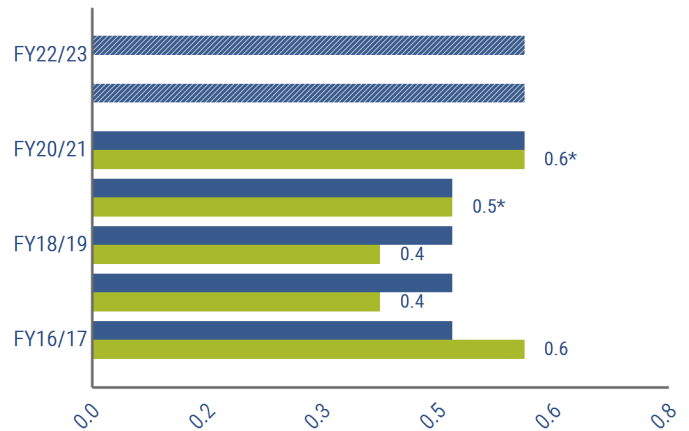
Insurance & Bond Premiums include the stop-loss insurance purchased to limit the city's exposure to large dollar claims. This type of coverage is used to ensure catastrophic claims do not upset the financial reserves of the self funded plan. The adopted FY 2020/21 budget of \$0.8 million remains flat when compared to the FY 2019/20 year-end forecast. FY 2016/17 actuals includes reinsurance fees and stop loss insurance; however, the budget was included in City Administration.



**Administrative Fees**

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The decrease from prior years actuals is related to changing providers and to receiving more favorable terms. The FY 2020/21 adopted budget of \$0.6 million is \$0.1 million higher than the FY 2019/20 year-end forecast.

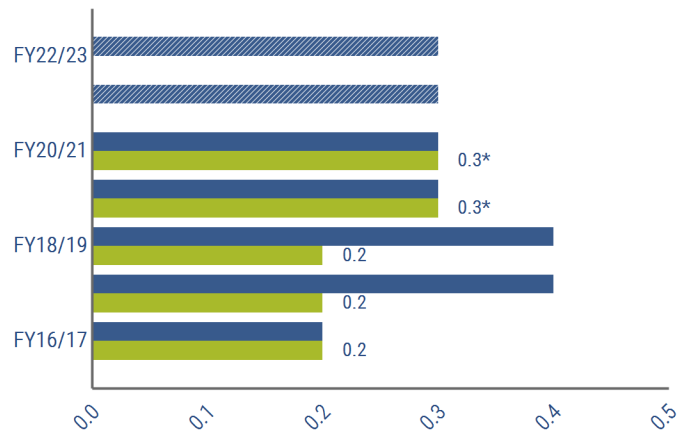
FY 2016/17 to FY 2022/23 (in millions)



**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 2020/21 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.

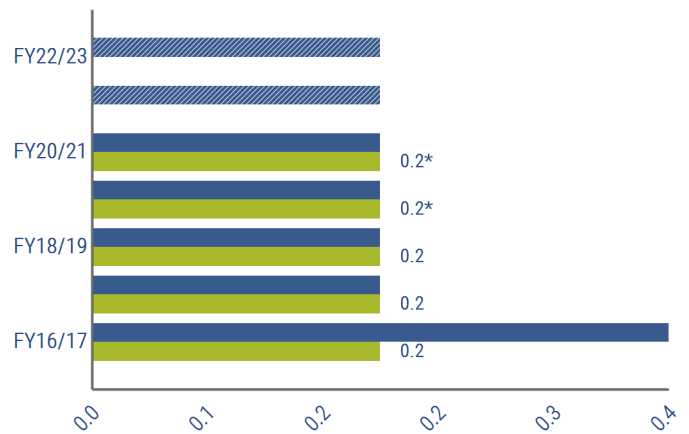
FY 2016/17 to FY 2022/23 (in millions)



**City Administration**

The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental and wellness plans. The adopted FY 2020/21 budget of \$0.2 million remains flat compared to the FY 2019/20 year-end forecast. The FY 2016/17 City Administration budget included reinsurance fees and stop loss insurance; however, the expenditures were recorded in Insurance & Bond Premiums.

FY 2016/17 to FY 2022/23 (in millions)

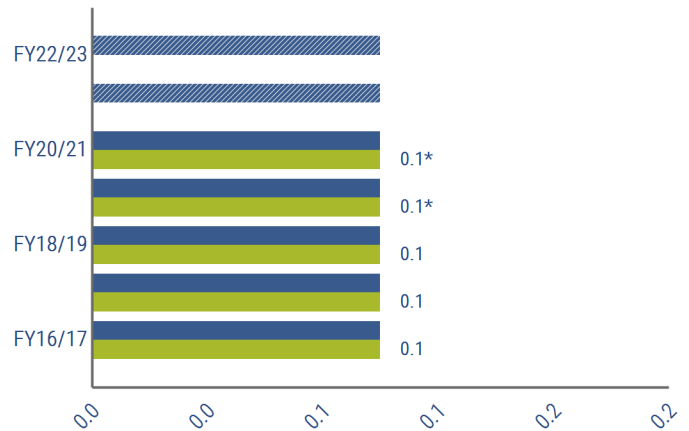


Forecast Budget Actual/Forecast\*

**Behavioral Health Insurance Claims**

Behavioral Health Insurance Claims ncludes all behavioral claims expenses. The FY 2020/21 adopted budget of \$0.1 million remains flat compared to the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



**Non-Divisional Uses**

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

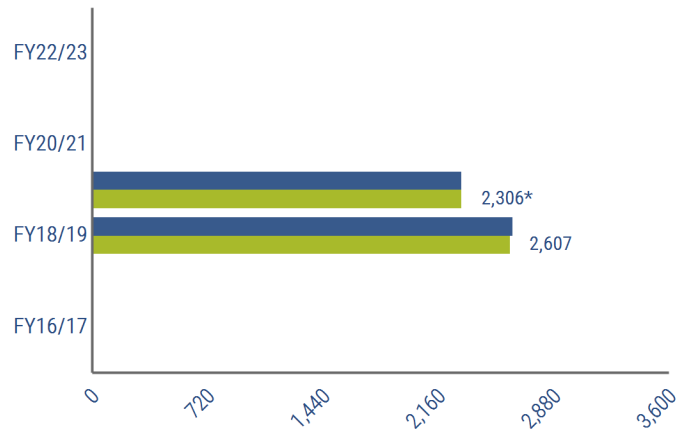
FY 2016/17 to FY 2022/23



**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23



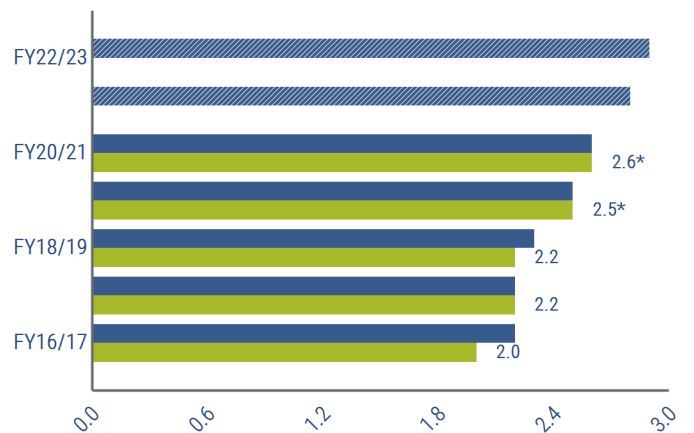
**Healthcare Self Insurance Ending Fund Balance**

The Healthcare Self Insurance Fund ending balance is maintained to provide for coverage of self insured benefits. In FY 2019/20 an actuarial study to the Healthcare Self Insurance Fund reserving policies resulted in the recommendation to create three different reserves: IBNR (incurred but not reported) Reserve, Operating Contingency, and Premium Stabilization Reserve. The Healthcare Self Insurance Fund also includes an Undesignated, Unreserved Fund Balance.

**IBNR Reserve**

Reserve for incurred but not reported (IBNR) claims. The IBNR Reserve represents the liability that occurs for claims incurred but paid after the end of a fiscal year and it is calculated as the sum of 7.7 percent of Medical Claims and seven percent of Dental Claims. The projected FY 2020/21 IBNR Reserve is \$2.6 million, which is \$0.1 million higher than the FY 2019/20 year-end forecast.

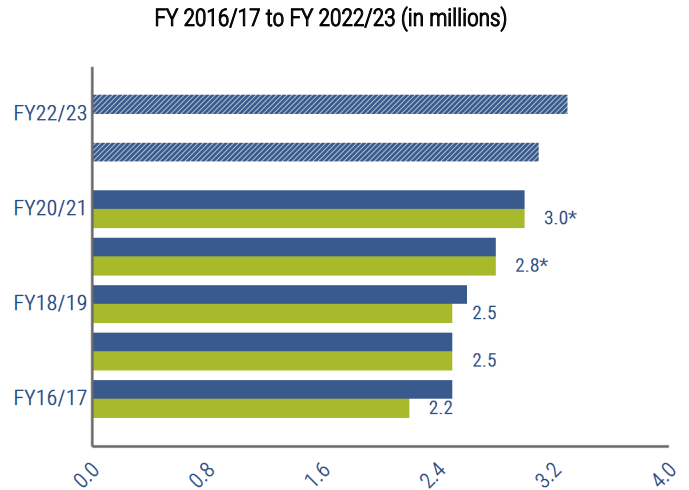
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

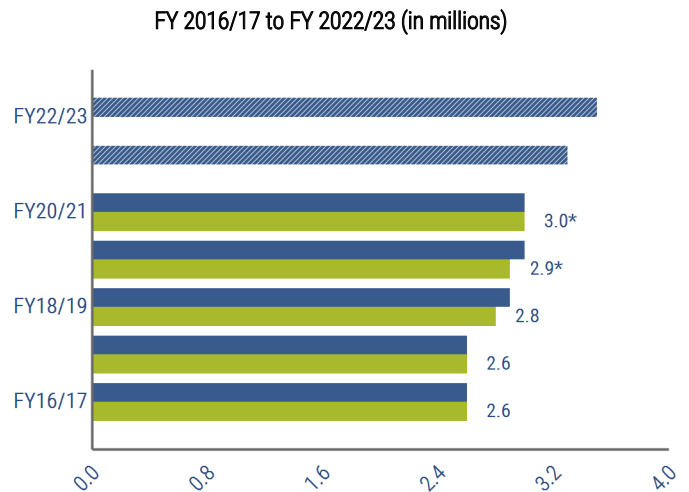
**Operating Contingency**

Contingency funds are utilized only after all other budget options have been considered and require City Council approval. The Operating Contingency is calculated as the 8.7 percent of Medical and Dental Claims. The FY 2020/21 adopted budget is \$3.0 million.



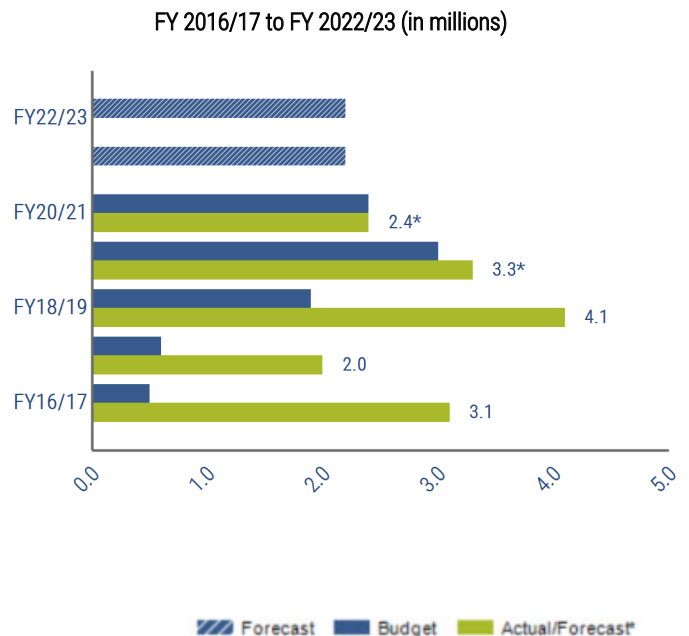
**Premium Stabilization Reserve**

The purpose of Premium Stabilization Reserve is to ensure revenue from premiums exceed medical and dental claims, and administrative expenses paid by the healthcare plan. The Premium Stabilization Reserve is calculated as 8.7 percent of the employer and employee contributions. The FY 2020/21 adopted budget is \$3.0 million.



**Undesignated, Unreserved Fund Balance**

The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses. The FY 2020/21 ending undesignated, unreserved fund balance is \$2.4million.



Forecast Budget Actual/Forecast\*



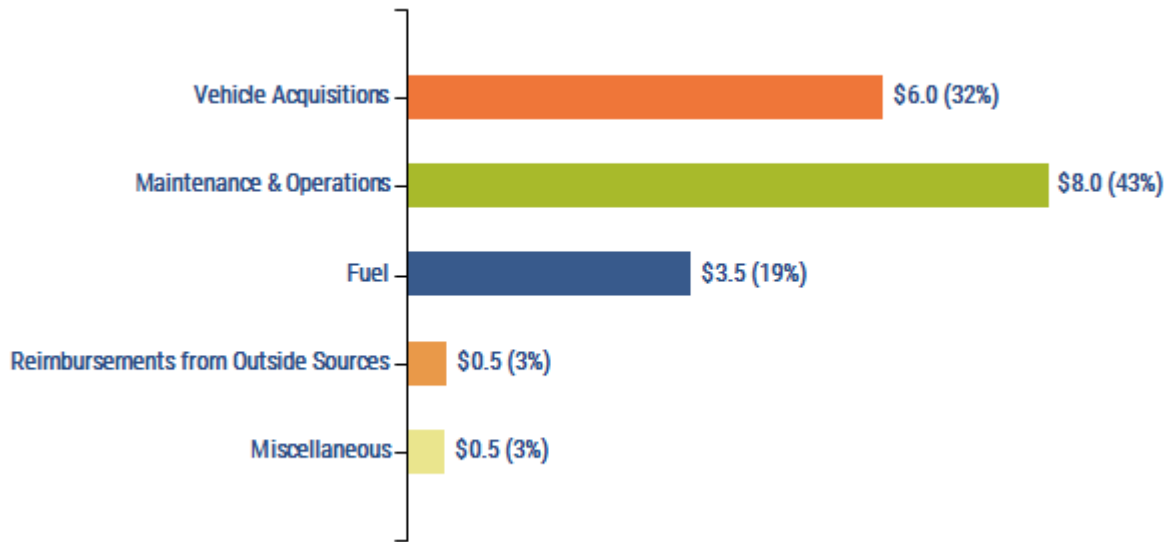
**FY 2020/21 Adopted Budget**



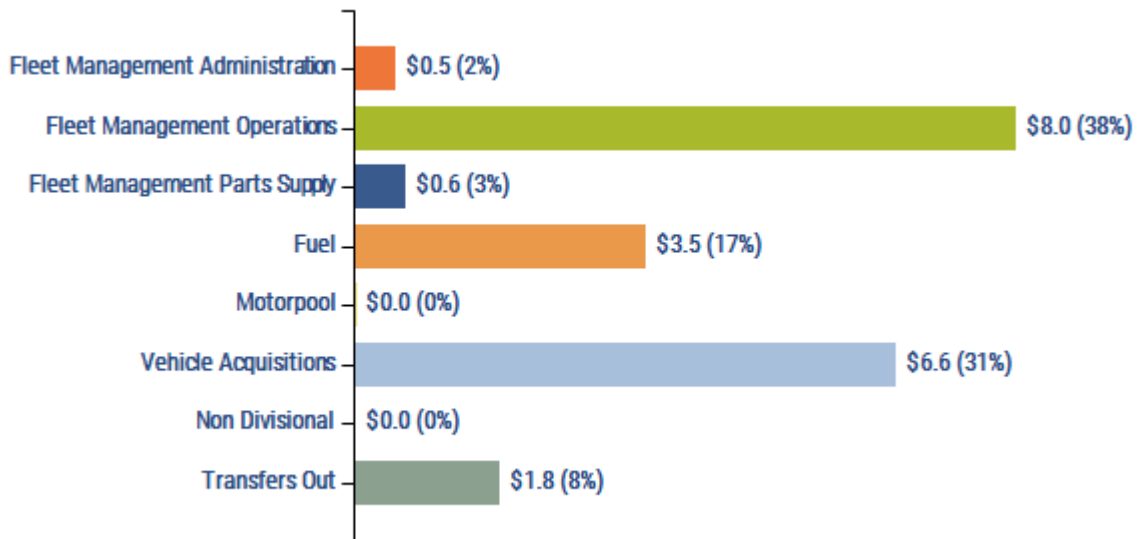
## Fund Purpose

This fund is used to account for the expenditures associated with purchasing and maintaining the city's equipment and vehicles. Replacement and operation of equipment and vehicles are charged to the city divisions as internal operating costs based on the quantity and type of equipment and vehicles used. The division charges become revenue to the Fleet Management Fund.

**Fleet Management Fund Sources (% to Total)**  
\$18.5 Million



**Fleet Management Fund Uses (% to Total)**  
\$21.1 Million



## BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Undesignated, Unreserved Fund Balance	9,217,829	9,263,964	9,102,404	8,062,599
<b>Total Beginning Fund Balance</b>	<b>9,217,829</b>	<b>9,263,964</b>	<b>9,102,404</b>	<b>8,062,599</b>
<b>Revenues</b>				
Vehicle Acquisitions <sup>(a)</sup>	8,286,516	9,734,421	9,734,421	5,951,625
Maintenance & Operations	9,119,495	9,400,504	9,571,453	8,023,791
Fuel	3,474,784	3,567,160	3,460,730	3,541,229
Reimbursements from Outside Sources	517,046	500,000	500,000	490,000
Miscellaneous	420,710	450,000	450,000	462,877
<i>Subtotal</i>	<u>21,818,552</u>	<u>23,652,085</u>	<u>23,716,604</u>	<u>18,469,522</u>
<b>Total Sources</b>	<b>21,818,552</b>	<b>23,652,085</b>	<b>23,716,604</b>	<b>18,469,522</b>
<b>Expenditures</b>				
Fleet Management Administration	485,535	496,468	521,053	499,315
Fleet Management Operations	8,452,816	8,359,436	9,638,582	8,043,166
Fleet Management Parts Supply	587,403	619,602	612,809	623,477
Fuel	3,322,887	3,567,160	2,928,408	3,541,229
Motorpool	45,804	27,116	18,702	32,268
Vehicle Acquisitions <sup>(a)</sup>	7,556,189	9,734,421	8,866,479	6,574,849
Citywide Pay Program	-	92,071	-	-
Compensation Other	-	123,596	-	-
Fuel and Maint and Repair	-	-	36,728	-
Leave Accrual Payments	-	20,000	13,444	24,000
Savings from Vacant Positions	-	(170,000)	-	-
Vacation Trade	-	12,832	-	-
<i>Subtotal</i>	<u>20,450,634</u>	<u>22,882,702</u>	<u>22,636,205</u>	<u>19,338,304</u>
TOTAL OPERATING BUDGET	20,450,634	22,882,702	22,636,205	19,338,304
<b>Transfers Out</b>				
CIP	1,458,700	2,102,147	2,102,147	1,756,178
CIP Technology	24,643	18,057	18,057	16,533
<i>Subtotal</i>	<u>1,483,343</u>	<u>2,120,204</u>	<u>2,120,204</u>	<u>1,772,711</u>
<b>Total Uses</b>	<b>21,933,977</b>	<b>25,002,906</b>	<b>24,756,409</b>	<b>21,111,015</b>
<b>Sources Over/(Under) Uses</b>	<b>(115,425)</b>	<b>(1,350,821)</b>	<b>(1,039,805)</b>	<b>(2,641,493)</b>
<b>Ending Fund Balance</b>				
Operating Contingency <sup>(a)</sup>	-	-	-	825,000
Undesignated, Unreserved Fund Balance	9,102,404	7,913,143	8,062,599	4,596,106
<b>Total Ending Fund Balance</b>	<b>9,102,404</b>	<b>7,913,143</b>	<b>8,062,599</b>	<b>5,421,106</b>

<sup>(a)</sup> A total of 36 vehicle replacements will be delayed in FY 2020/21 as a budget balancing initiative. As a result, contingency (which use of requires City Council approval) was set aside for emergencies or unforeseen Fleet Management expenditures not otherwise budgeted.

## BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Undesignated, Unreserved Fund Balance	8,062,599	5,421,106	5,612,306	6,067,406	6,462,006
<b>Total Beginning Fund Balance</b>	<b>8,062,599</b>	<b>5,421,106</b>	<b>5,612,306</b>	<b>6,067,406</b>	<b>6,462,006</b>
<b>Revenues</b>					
Vehicle Acquisitions <sup>(a)</sup>	5,951,625	10,580,000	11,065,600	11,573,400	12,104,700
Maintenance & Operations	8,023,791	9,972,500	10,271,700	10,579,500	10,897,400
Fuel	3,541,229	3,792,900	3,890,800	3,991,400	4,094,400
Reimbursements from Outside Sources	490,000	514,500	540,200	567,200	595,600
Miscellaneous	462,877	467,900	468,400	468,900	469,400
<i>Subtotal</i>	<u>18,469,522</u>	<u>25,327,800</u>	<u>26,236,700</u>	<u>27,180,400</u>	<u>28,161,500</u>
<b>Total Sources</b>	<b>18,469,522</b>	<b>25,327,800</b>	<b>26,236,700</b>	<b>27,180,400</b>	<b>28,161,500</b>
<b>Expenditures</b>					
Fleet Management Administration	499,315	528,600	552,000	576,100	599,400
Fleet Management Operations	8,043,166	8,770,300	9,067,600	9,370,700	9,677,400
Fleet Management Parts Supply	623,477	757,000	792,500	827,900	864,000
Fuel	3,541,229	3,792,900	3,890,800	3,991,400	4,094,400
Motorpool	32,268	36,000	37,200	38,500	39,600
Vehicle Acquisitions <sup>(a)</sup>	6,574,849	10,580,000	11,065,600	11,573,400	12,104,700
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
Fuel and Maint and Repair	-	-	-	-	-
Leave Accrual Payments	24,000	24,600	25,200	25,800	26,400
Savings from Vacant Positions	-	(173,400)	(176,900)	(180,400)	(184,000)
Vacation Trade	-	-	-	-	-
<i>Subtotal</i>	<u>19,338,304</u>	<u>24,316,000</u>	<u>25,254,000</u>	<u>26,223,400</u>	<u>27,221,900</u>
TOTAL OPERATING BUDGET	19,338,304	24,316,000	25,254,000	26,223,400	27,221,900
<b>Transfers Out</b>					
CIP	1,756,178	750,000	500,000	500,000	500,000
CIP Technology	16,533	70,600	27,600	62,400	25,500
<i>Subtotal</i>	<u>1,772,711</u>	<u>820,600</u>	<u>527,600</u>	<u>562,400</u>	<u>525,500</u>
<b>Total Uses</b>	<b>21,111,015</b>	<b>25,136,600</b>	<b>25,781,600</b>	<b>26,785,800</b>	<b>27,747,400</b>
<b>Sources Over/(Under) Uses</b>	<b>(2,641,493)</b>	<b>191,200</b>	<b>455,100</b>	<b>394,600</b>	<b>414,100</b>
<b>Ending Fund Balance</b>					
Operating Contingency <sup>(a)</sup>	825,000	-	-	-	-
Undesignated, Unreserved Fund Balance	4,596,106	5,612,306	6,067,406	6,462,006	6,876,106
<b>Total Ending Fund Balance</b>	<b>5,421,106</b>	<b>5,612,306</b>	<b>6,067,406</b>	<b>6,462,006</b>	<b>6,876,106</b>

<sup>(a)</sup> A total of 36 vehicle replacements will be delayed in FY 2020/21 as a budget balancing initiative. As a result, contingency (which use of requires City Council approval) was set aside for emergencies or unforeseen Fleet Management expenditures not otherwise budgeted.

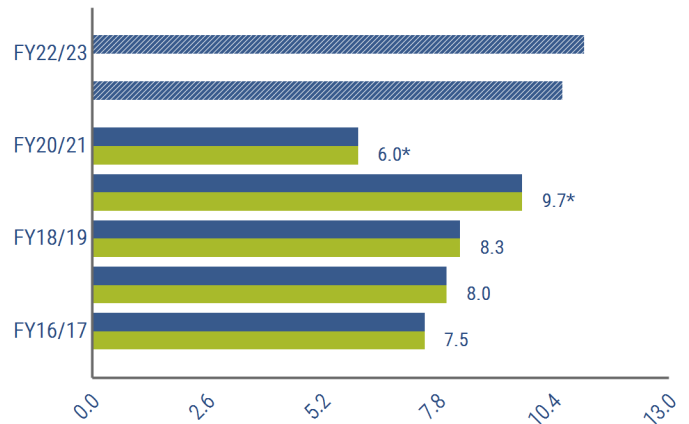
### Fleet Management Fund Sources

Fleet Management Sources for FY 2020/21 equal \$18.5 million which is a decrease of \$5.2 million from the FY 2019/20 year-end forecast, a direct result of a budget balancing initiatives to delay 36 vehicle replacements. The Fleet Management Fund includes revenue from rates charged to city division as internal operating costs for Vehicle Acquisitions, Maintenance & Operations, and Fuel. Reimbursements from Outside Sources and Miscellaneous are also revenue received in the fund.

#### Vehicle Acquisitions

Vehicle Acquisitions represents the “rental” rate charged to divisions sufficient for the acquisition and replacement of city vehicles and equipment. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year for the rental rates charged to the divisions. Vehicle Acquisition rates make up 32 percent of the FY 2020/21 sources at \$6.0 million, which is a decrease of about \$3.8 million from the FY 2019/20 year-end forecast. The decrease is due to a deferment of the replacement of non-essential vehicles and equipment as well as an effort to reduce the Undesignated, Unreserved Fund Balance. The future budget years are expected to return to prior year levels of acquisition.

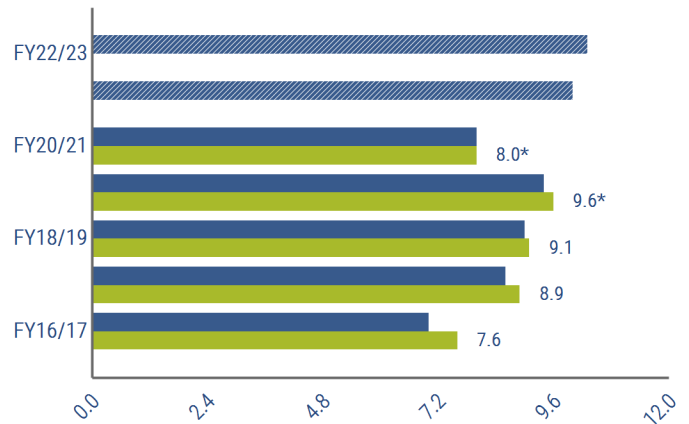
FY 2016/17 to FY 2022/23 (in millions)



#### Maintenance & Operations

Maintenance & Operations sources originate from charges to other city divisions based on the usage of city vehicles and equipment. The Maintenance & Operations revenue for FY 2020/21 totals \$8.0 million, which is a decrease of \$1.6 million from the FY 2019/20 year-end revenue forecast. The decrease is a direct result of reductions to maintenance on the city's idle trolley fleet. Trolley service was suspended as a result of the COVID-19 pandemic.

FY 2016/17 to FY 2022/23 (in millions)

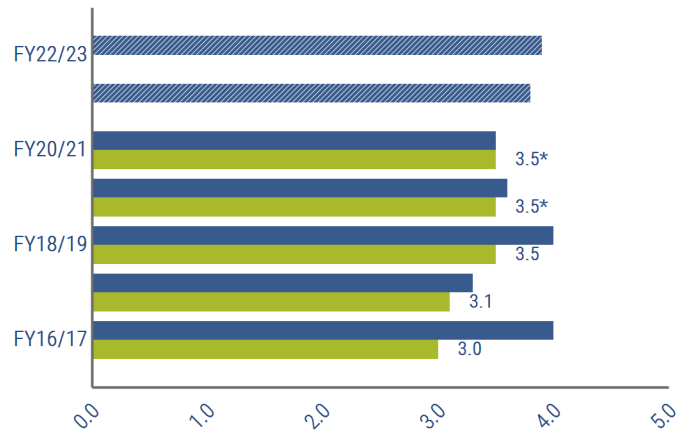


Forecast Budget Actual/Forecast\*

**Fuel**

Fuel represents the charges to other city divisions based on the fuel consumption of city vehicles and equipment. Rates are determined based on historical data as well as forecasted future consumption. Included in this methodology are local and national fuel cost trends. The FY 2020/21 adopted budget is \$3.5 million, which is flat when compared to the FY 2019/20 year-end forecast.

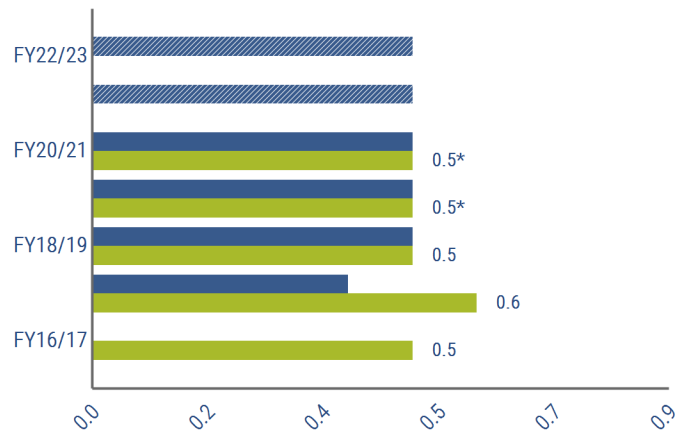
FY 2016/17 to FY 2022/23 (in millions)



**Reimbursements from Outside Sources**

Reimbursement from Outside Sources revenue is generated from any insurance recoveries received and reimbursements for fuel taxes and vehicle parts. Historically, these reimbursements were not budgeted. Reimbursements from Outside Sources is budgeted at \$0.5 million for FY 2020/21, which is flat when compared to the FY 2019/20 year-end forecast.

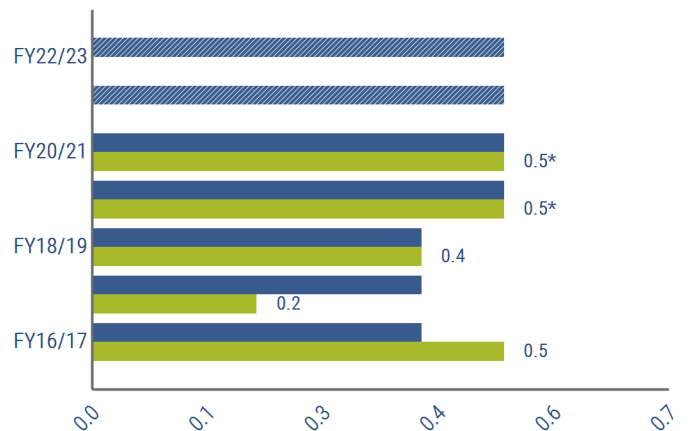
FY 2016/17 to FY 2022/23 (in millions)



**Miscellaneous**

Miscellaneous is generated from the liquidation of surplus property. The FY 2020/21 adopted budget is \$0.5 million, which is flat when compared to the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

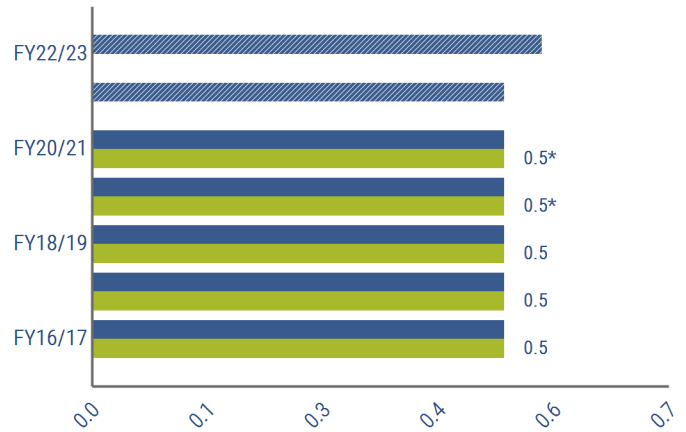
### Fleet Management Fund Uses

Fleet Management Uses for FY 2020/21 equal \$19.3 million which is a decrease of \$3.3 million from the FY 2019/20 year-end forecast. The direct operating uses for the Fleet Management Fund are summarized below by Fleet Management Administration, Fleet Management Operations, Fleet Management Parts Supply, Fuel, Motorpool, and Vehicle Acquisitions.

#### Fleet Management Administration

Fleet Management Administration includes all costs related to supporting the management and administrative personnel that are dedicated to directing and overseeing the fleet operation of the city. The FY 2020/21 adopted budget of \$0.5 million remains relatively flat when compared to the FY 2019/20 year-end forecast.

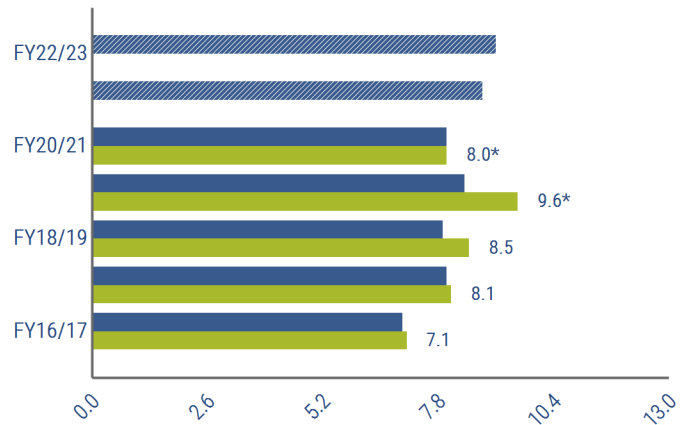
FY 2016/17 to FY 2022/23 (in millions)



#### 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 2020/21 adopted budget of \$8.0 million is a \$1.6 million decrease over the FY 2019/20 year-end forecast. The decrease is a direct result of reductions in maintenance of the city's idle trolley fleet through the fourth quarter of FY 2019/20 and use of subletting repair in FY 2019/20 due to vacancies in staffing and specialized repair services.

FY 2016/17 to FY 2022/23 (in millions)

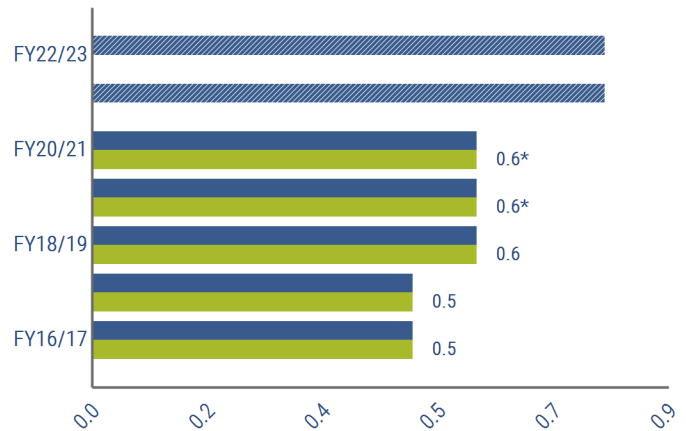


Forecast Budget Actual/Forecast\*

### 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 2020/21 adopted budget of \$0.6 million remains relatively flat when compared to the FY 2019/20 year-end forecast. Futures increases are attributed to a full complement of staff within Parts Supply.

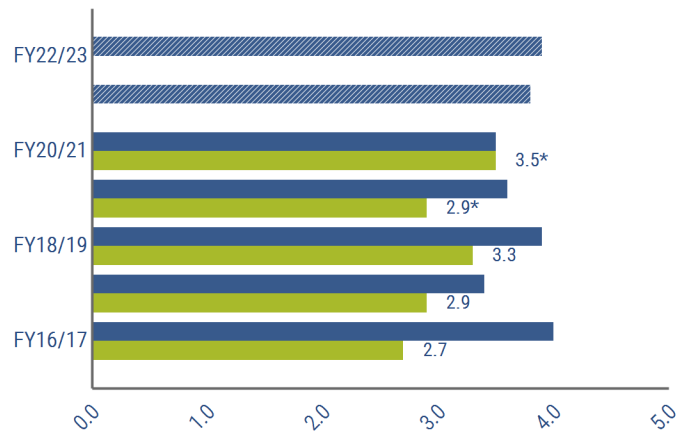
FY 2016/17 to FY 2022/23 (in millions)



### 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 2020/21 adopted budget is \$3.5 million. The fuel budget was increased by \$0.6 million from the FY 2019/20 year-end forecast due to an expected increased use of diesel and unleaded fuel.

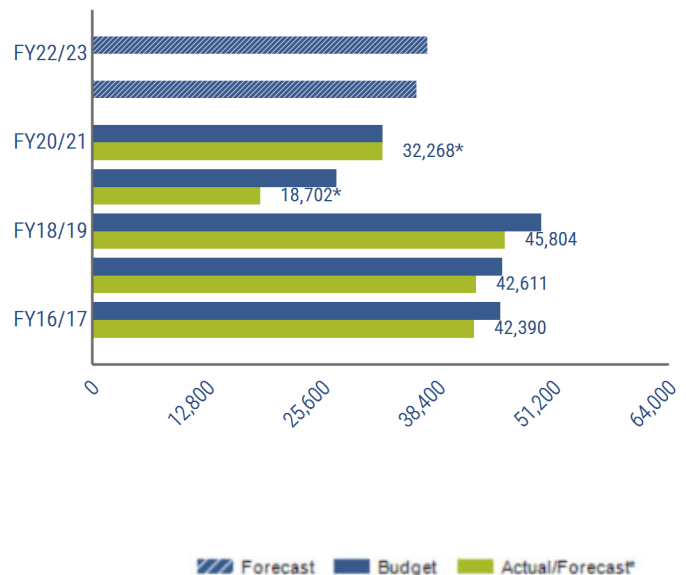
FY 2016/17 to FY 2022/23 (in millions)



### Motorpool

Motorpool includes all costs related to the care of the city's motorpool vehicles including fuel and maintenance. The FY 2020/21 adopted budget of \$32,268 is a \$13,566 increase to the FY 2019/20 year-end forecast. The increase is due to the addition of fleet replacement expenses on the motorpool vehicles.

FY 2016/17 to FY 2022/23

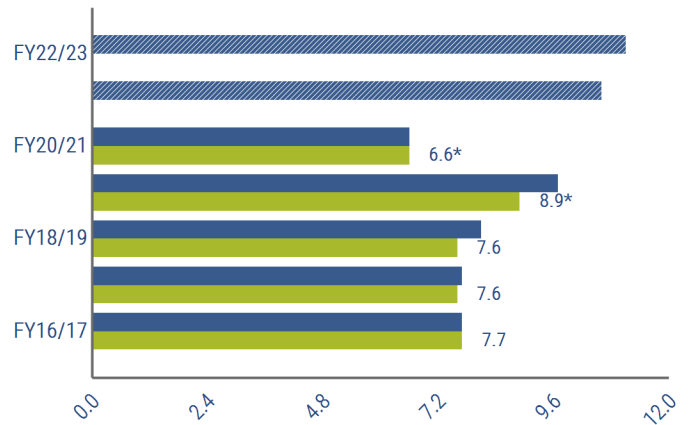




**Vehicle Acquisitions**

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city's fleet. The FY 2020/21 adopted budget of \$6.6 million is a \$2.3 million decrease from the FY 2019/20 year-end forecast due to a deferment of replacement of non-essential vehicles and equipment. Future year increases reflect the replacement costs associated with the deferment from prior years as well as inflation rates for new vehicles.

FY 2016/17 to FY 2022/23 (in millions)



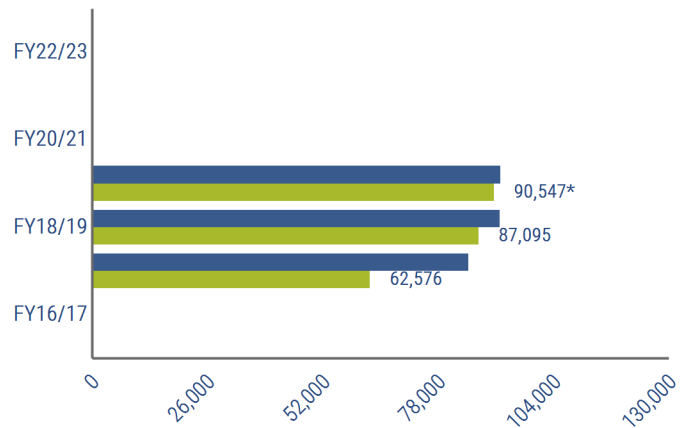
**Non-Divisional Uses**

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY 2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23

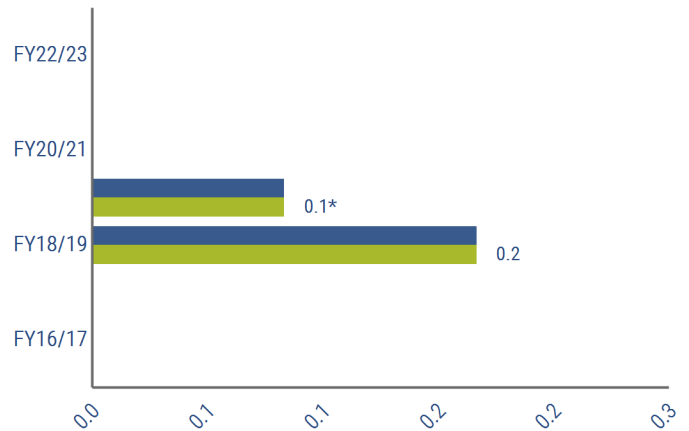


Forecast Budget Actual/Forecast\*

**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

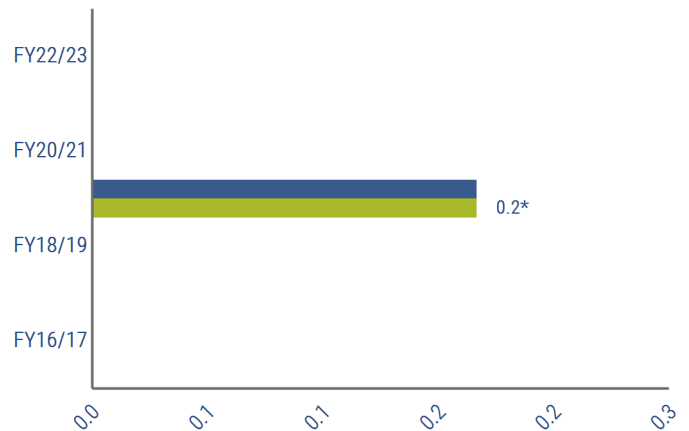
FY 2016/17 to FY 2022/23 (in millions)



**Fuel and Maint and Repair**

Beginning in FY 2019/20, Fuel and Maint and Repair is budgeted at the division level and then at the beginning of the fiscal year is moved to a macro account. Budgeting on a macro level is a tool used by the budget department to more accurately track how expenses are occurring by each division. Fuel and Maintenance and Repair includes expenses related to vehicle and equipment repairs and fuel usage. The adopted FY 2020/21 Fuel and Maint and Repair is budgeted at \$0.2 million at the division level.

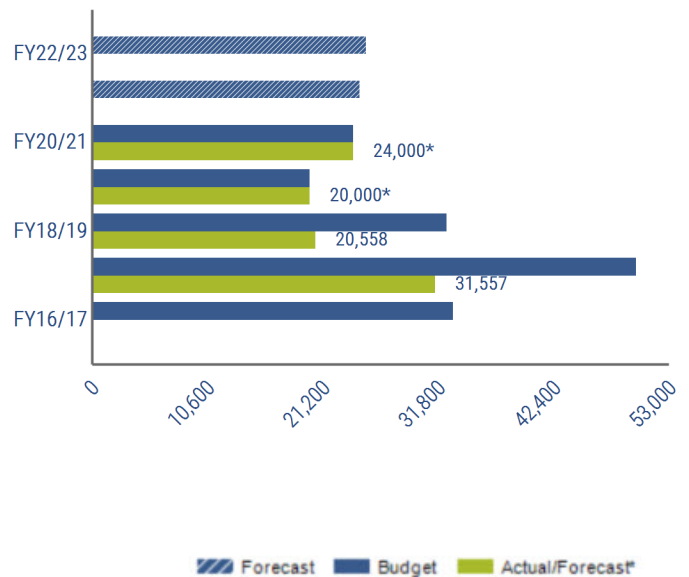
FY 2016/17 to FY 2022/23 (in millions)



**Leave Accrual Payments**

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2020/21 leave accrual payments of \$24,000 include \$12,000 budgeted for medical leave accrual payouts and \$12,000 budgeted for vacation leave accrual payouts. The FY 2019/20 year-end forecast and FY 2016/17 - FY 2018/19 actuals displayed are recorded and reported as part of the division's expenditures.

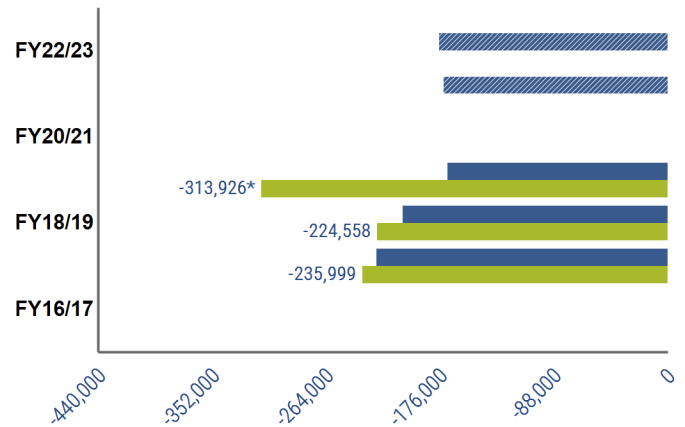
FY 2016/17 to FY 2022/23



**Savings from Vacant Positions**

The amount of savings achieved from vacant positions for FY 2020/21 is estimated at \$0.0 million. The FY 2020/21 savings were already accounted for in the citywide effort to delay filling of vacant positions until January 2021.

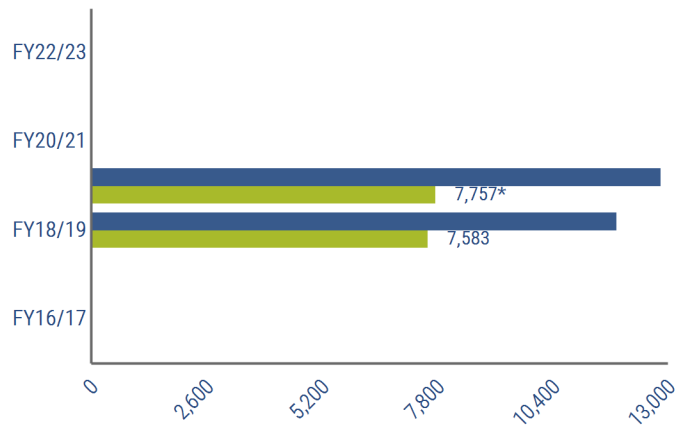
FY 2016/17 to FY 2022/23



**Vacation Trade**

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23



Forecast Budget Actual/Forecast\*

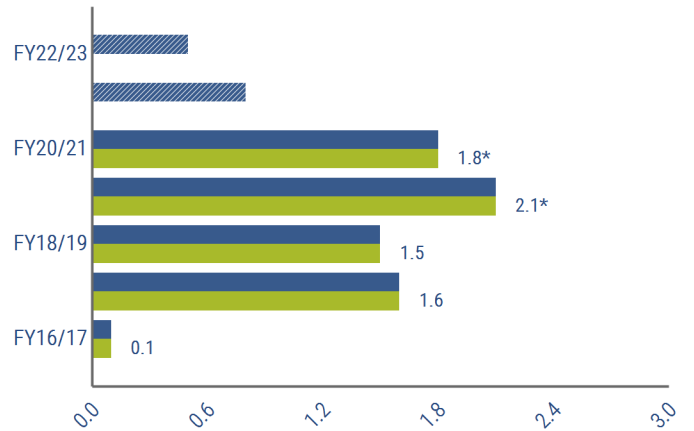
### Transfers Out

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2020/21 equal \$1.7 million which is a decrease of \$0.3 million from the FY 2019/20 year-end forecast.

### CIP

The FY 2020/21 CIP adopted budget of \$1.8 million will be primarily used to fund a capital project that investigates, designs, and constructs replacement fuel tanks for up to five underground storage tanks.

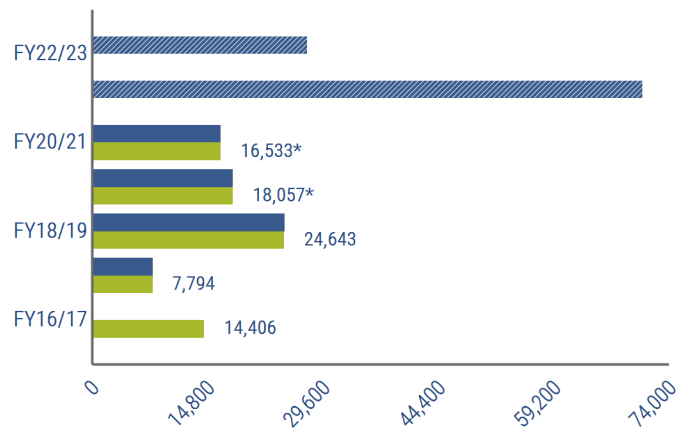
FY 2016/17 to FY 2022/23 (in millions)



### CIP Technology

CIP Technology of \$16,533 is planned to help cover the Fleet Management's portion of citywide technology capital projects during FY 2020/21. The large forecast for FY 2021/22 represents funding for the Enterprise Resource Planning (ERP) System implementation project.

FY 2016/17 to FY 2022/23



Forecast Budget Actual/Forecast\*

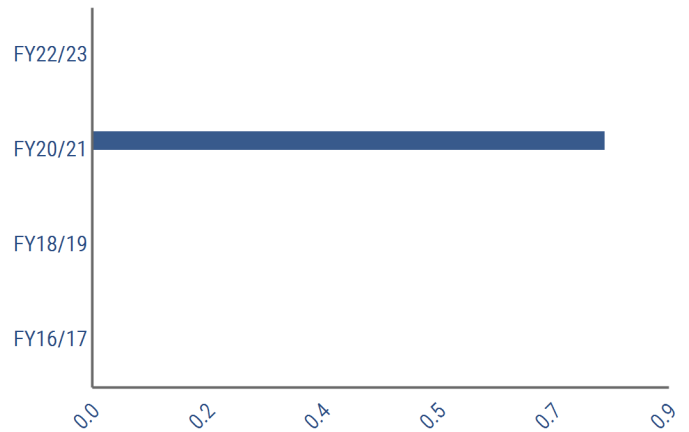
### Fleet Management Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. The Fleet Management Fund ending balance includes: Operating Contingency and Undesignated, Unreserved Fund Balance.

#### Operating Contingency

Operating Contingency includes a one-time \$0.8 million of budget authorization in the event that unforeseen maintenance and repair expenses occur due to the deferment of vehicle acquisitions during the fiscal year. Contingency funds are utilized only after all budget options have been examined and require City Council approval.

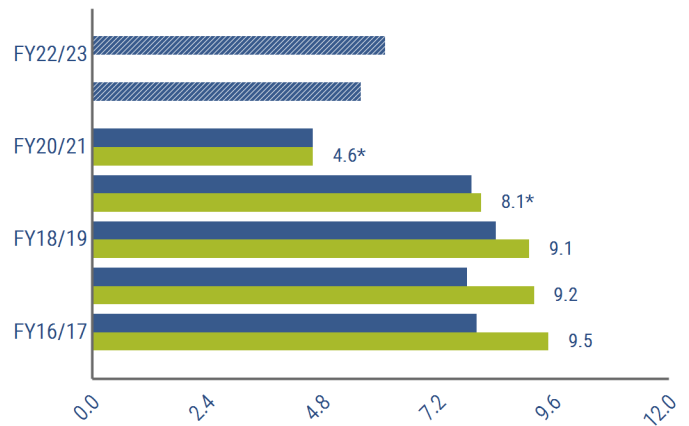
FY 2016/17 to FY 2022/23 (in millions)



#### Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2020/21 ending undesignated, unreserved fund balance is \$4.6 million. The current year balance is \$3.5 million less than the FY 2019/20 year-end forecast. The decrease is the result from an intentional reduction in Vehicle Acquisition rates charged to divisions as a budget balancing strategy to address the impacts of the COVID-19 pandemic.

FY 2016/17 to FY 2022/23 (in millions)

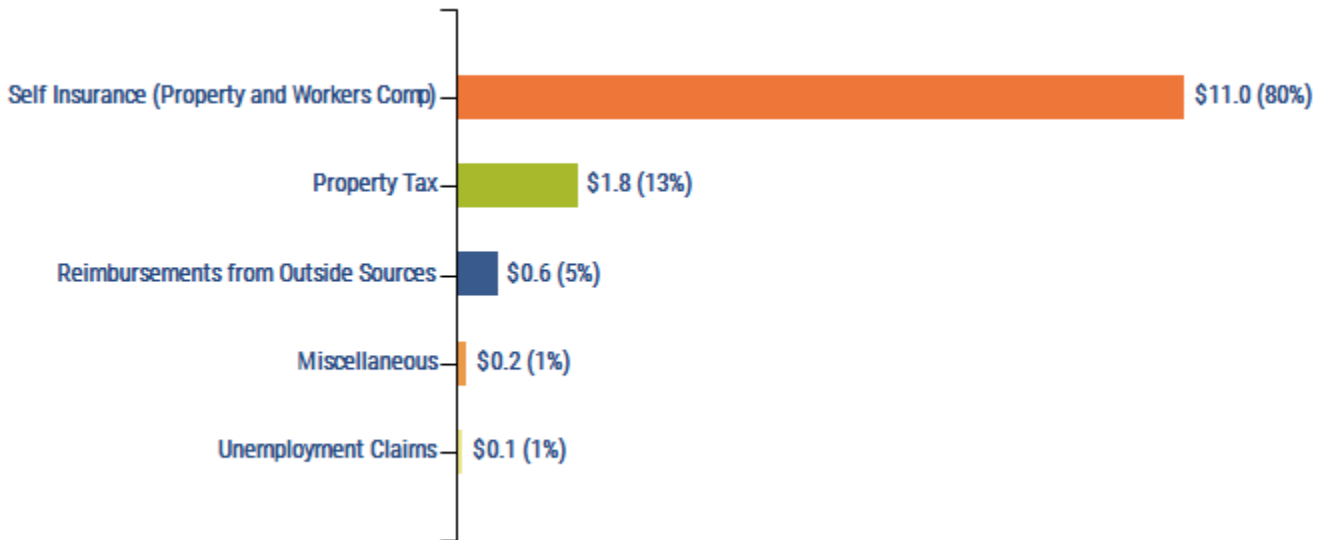


Forecast Budget Actual/Forecast\*

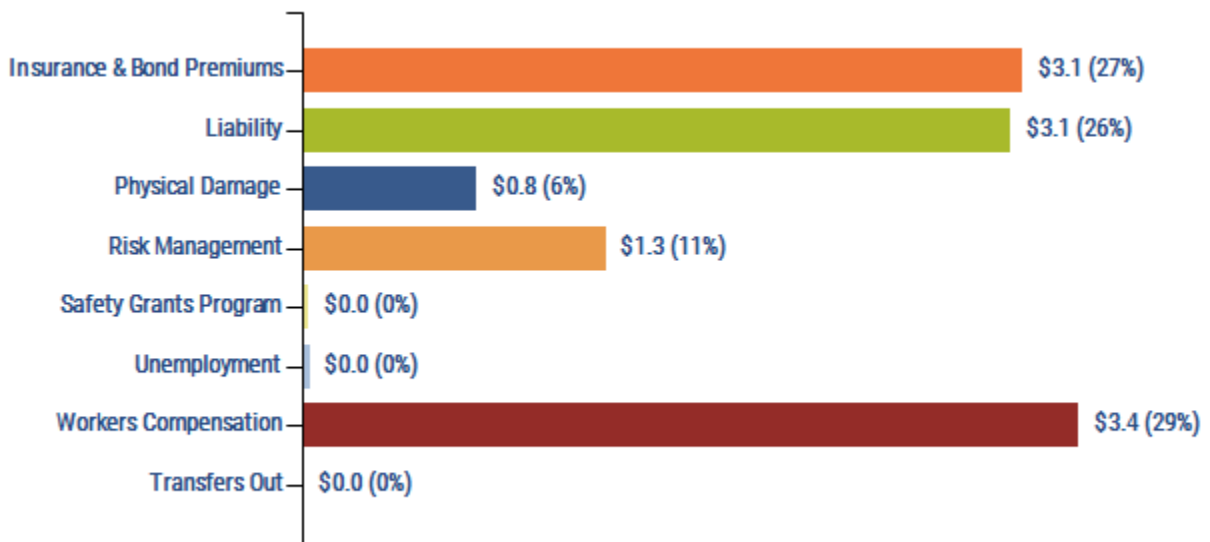
### Fund Purpose

The Risk Management Fund is used to account for the city’s self insurance, safety and risk management functions. Revenue to this fund is derived from internal charges to city divisions and is captured as internal rates. Payments for unemployment, workers’ compensation, and property and liability claims are made from this fund.

**Risk Management Fund Sources (% to Total)**  
\$13.7 Million



**Risk Management Fund Uses (% to Total)**  
\$11.7 Million



## BUDGET BY FUND | Risk Management Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	19,007,354	20,176,262	19,685,252	19,775,391
<b>Total Beginning Fund Balance</b>	<b>21,507,354</b>	<b>22,676,262</b>	<b>22,185,252</b>	<b>22,275,391</b>
<b>Revenues</b>				
Self Insurance (Property and Workers Comp)	9,500,000	10,500,000	10,500,000	11,000,000
Property Tax	320,667	251,471	251,471	1,829,000
Reimbursements from Outside Sources	764,944	450,000	650,000	625,000
Miscellaneous	445,836	100,000	150,000	150,000
Unemployment Claims	112,226	100,000	100,000	100,000
<i>Subtotal</i>	<b>11,143,673</b>	<b>11,401,471</b>	<b>11,651,471</b>	<b>13,704,000</b>
<b>Total Sources</b>	<b>11,143,673</b>	<b>11,401,471</b>	<b>11,651,471</b>	<b>13,704,000</b>
<b>Expenditures</b>				
Insurance & Bond Premiums	1,969,017	2,566,000	2,566,000	3,112,000
Liability	1,494,437	2,719,206	3,269,206	3,064,703
Physical Damage	894,692	430,024	650,000	755,000
Risk Management	1,078,086	1,230,288	1,292,285	1,313,508
Safety Grants Program	9,193	25,500	25,500	29,000
Unemployment	30,227	35,000	35,000	35,000
Workers Compensation	4,982,821	3,469,000	3,469,000	3,357,500
Citywide Pay Program	-	23,212	-	-
Compensation Other	-	39,506	-	-
Vacation Trade	-	2,139	-	-
<i>Subtotal</i>	<b>10,458,473</b>	<b>10,539,875</b>	<b>11,306,991</b>	<b>11,666,711</b>
TOTAL OPERATING BUDGET	10,458,473	10,539,875	11,306,991	11,666,711
<b>Transfers Out</b>				
CIP Technology <sup>(a)</sup>	7,302	581,841	254,341	4,708
<i>Subtotal</i>	<b>7,302</b>	<b>581,841</b>	<b>254,341</b>	<b>4,708</b>
<b>Total Uses</b>	<b>10,465,775</b>	<b>11,121,716</b>	<b>11,561,332</b>	<b>11,671,419</b>
<b>Sources Over/(Under) Uses</b>	<b>677,898</b>	<b>279,755</b>	<b>90,139</b>	<b>2,032,581</b>
<b>Ending Fund Balance</b>				
Operating Contingency	1,500,000	2,500,000	1,732,000	2,500,000
Operating Reserve	20,685,252	20,456,017	20,543,391	21,807,972
<b>Total Ending Fund Balance</b>	<b>22,185,252</b>	<b>22,956,017</b>	<b>22,275,391</b>	<b>24,307,972</b>

<sup>(a)</sup> FY 2019/20 includes budget for a new modern risk management platform to effectively manage liability and workers compensation claims. The project was completed in FY 2019/20 at a lower cost than originally anticipated.



## BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	19,775,391	21,807,972	23,549,072	24,864,672	25,987,372
<b>Total Beginning Fund Balance</b>	<b>22,275,391</b>	<b>24,307,972</b>	<b>26,049,072</b>	<b>27,364,672</b>	<b>28,487,372</b>
<b>Revenues</b>					
Self Insurance (Property and Workers Comp)	11,000,000	12,720,600	12,661,900	12,871,500	13,330,400
Property Tax	1,829,000	330,000	330,000	330,000	330,000
Reimbursements from Outside Sources	625,000	500,000	500,000	500,000	500,000
Miscellaneous	150,000	150,000	150,000	150,000	150,000
Unemployment Claims	100,000	100,000	100,000	100,000	100,000
<b>Subtotal</b>	<b>13,704,000</b>	<b>13,800,600</b>	<b>13,741,900</b>	<b>13,951,500</b>	<b>14,410,400</b>
<b>Total Sources</b>	<b>13,704,000</b>	<b>13,800,600</b>	<b>13,741,900</b>	<b>13,951,500</b>	<b>14,410,400</b>
<b>Expenditures</b>					
Insurance & Bond Premiums	3,112,000	3,261,000	3,420,400	3,587,700	3,763,200
Liability	3,064,703	3,134,200	3,204,200	3,275,600	3,348,900
Physical Damage	755,000	772,100	789,400	807,000	825,000
Risk Management	1,313,508	1,373,300	1,427,800	1,484,900	1,544,100
Safety Grants Program	29,000	29,600	30,400	31,000	31,600
Unemployment	35,000	35,800	36,600	37,400	38,200
Workers Compensation	3,357,500	3,433,600	3,510,300	3,588,500	3,669,000
Citywide Pay Program	-	-	-	-	-
Compensation Other	-	-	-	-	-
Vacation Trade	-	-	-	-	-
<b>Subtotal</b>	<b>11,666,711</b>	<b>12,039,600</b>	<b>12,419,100</b>	<b>12,812,100</b>	<b>13,220,000</b>
TOTAL OPERATING BUDGET	11,666,711	12,039,600	12,419,100	12,812,100	13,220,000
<b>Transfers Out</b>					
CIP Technology	4,708	19,900	7,200	16,700	8,500
<b>Subtotal</b>	<b>4,708</b>	<b>19,900</b>	<b>7,200</b>	<b>16,700</b>	<b>8,500</b>
<b>Total Uses</b>	<b>11,671,419</b>	<b>12,059,500</b>	<b>12,426,300</b>	<b>12,828,800</b>	<b>13,228,500</b>
<b>Sources Over/(Under) Uses</b>	<b>2,032,581</b>	<b>1,741,100</b>	<b>1,315,600</b>	<b>1,122,700</b>	<b>1,181,900</b>
<b>Ending Fund Balance</b>					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	21,807,972	23,549,072	24,864,672	25,987,372	27,169,272
<b>Total Ending Fund Balance</b>	<b>24,307,972</b>	<b>26,049,072</b>	<b>27,364,672</b>	<b>28,487,372</b>	<b>29,669,272</b>

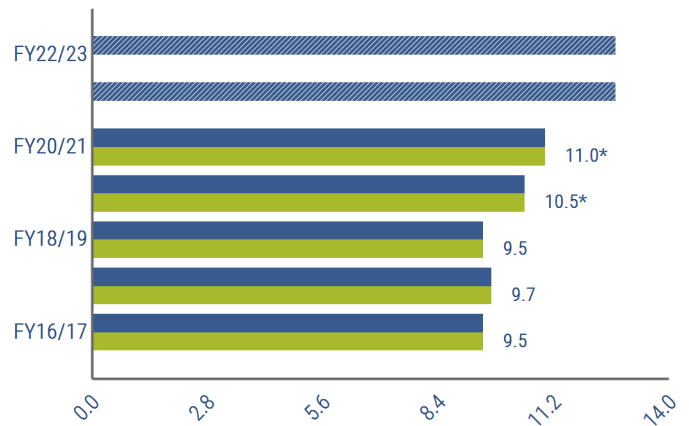
### Risk Management Fund Sources

Sources received in the Risk Management Fund consist of Self Insurance (Property and Workers Comp), Property Tax, Reimbursements from Outside Sources, Miscellaneous and Unemployment Claims. More specific information on these sources is detailed below.

#### Self Insurance (Property and Workers Comp)

Self Insurance (Property and Workers Comp) represent this fund's operating resources, which are derived from internal charges for services to other city divisions. The fund covers excess insurance premiums, administrative charges and claim payments for general and auto liability/physical damages, workers' compensation, and property damage. The FY 2020/21 budget was increased to cover the costs of ongoing claims that were initiated in FY 2019/20 and will continue into FY 2020/21. The FY 2020/21 sources budget for Self Insurance (Property and Workers Comp) is \$11.0 million. The increase in FY 2021/22 - FY 2022/23 is due to the city's Loss Trust Fund Board's preference to maintain an 85 percent confidence level of the most recent actuarial assessment in the fund balance.

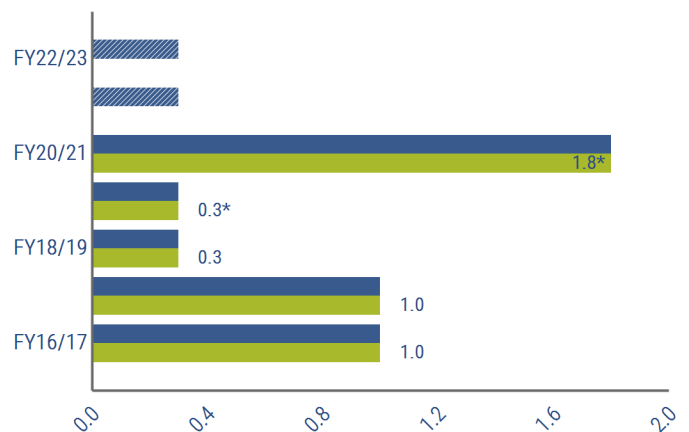
FY 2016/17 to FY 2022/23 (in millions)



#### Property Tax

Property Tax represents a reimbursement to the city's Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city's primary tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. The tort expenses are paid from the Risk Management Fund therefore the reimbursement becomes revenue to this fund. The budgeted tort claims for FY 2020/21 total \$1.8 million. The increase in FY 2020/21 is due to the settlement of several large, unforeseen occurrences from the previous fiscal year.

FY 2016/17 to FY 2022/23 (in millions)

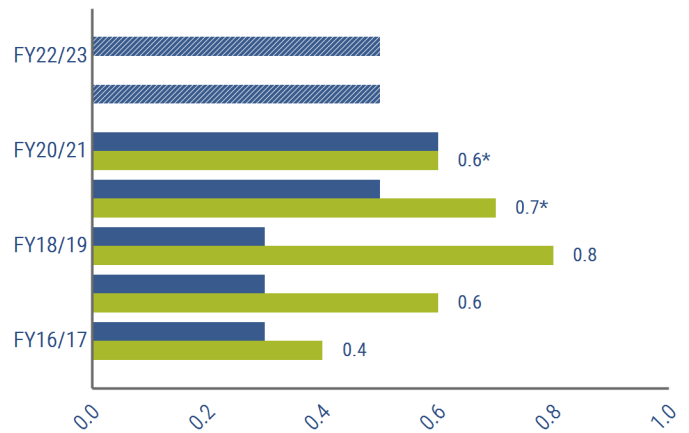


Forecast Budget Actual/Forecast\*

### 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 Workers Compensation related claims. Reimbursements from Outside Sources for FY 2020/21 are \$0.6 million, which is a decrease of \$0.1 million when compared the FY 2019/20 year-end forecast.

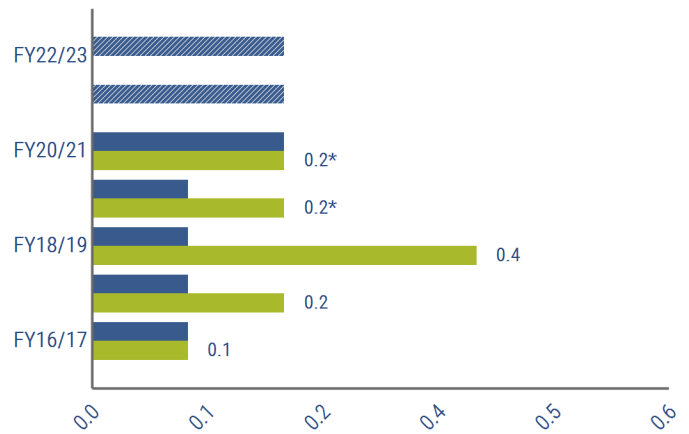
FY 2016/17 to FY 2022/23 (in millions)



### Miscellaneous

Miscellaneous revenue represents special event reimbursement related to services provided by off-duty police officers. When an off-duty police officer is contracted for services certain insurance requirements must be met. If the event producer does not meet the specified insurance thresholds, additional costs are billed to cover potential city liability. When the Public Safety - Police Division receives these reimbursements, they are then deposited into the city's Risk Management Fund. Also included is subrogation recoveries which are claim amounts paid by third parties that are recovered by the city for damage occurring on or to city property. These reimbursements were moved to this category in FY 2018/19 for better tracking purposes. Miscellaneous revenue for FY 2020/21 is budgeted at \$0.2 million which is flat when compared to the FY 2019/20 year-end forecast.

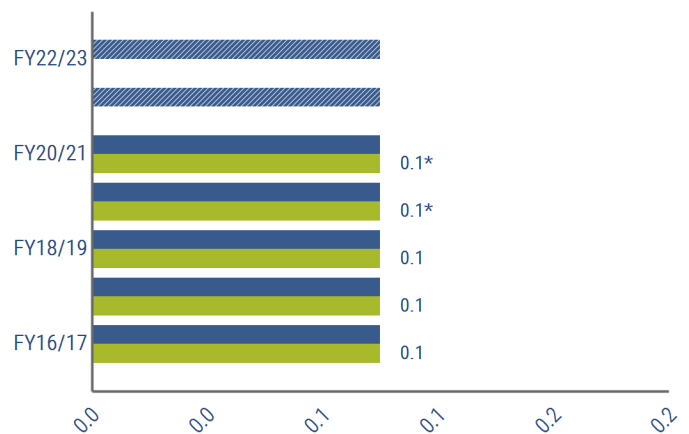
FY 2016/17 to FY 2022/23 (in millions)



### Unemployment Claims

Unemployment Claims revenue represents reimbursement for administrative charges and claim payments. The budgeted revenue from the unemployment claims for FY 2020/21 is \$0.1 million, which is flat when compared with the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

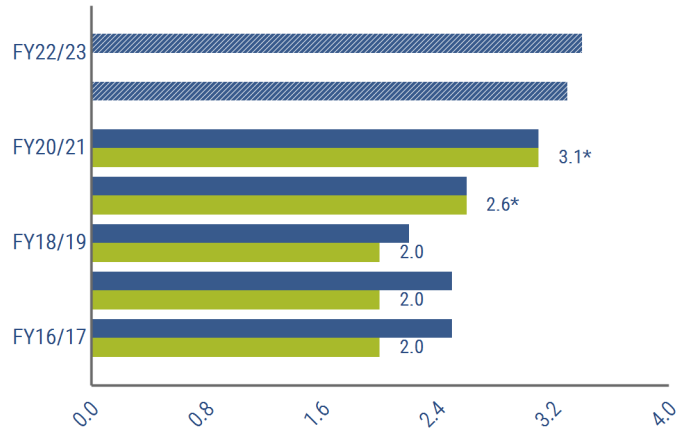
### Risk Management Fund Uses

The direct operating expenditures of the Risk Management Fund are divided into the following major expenditure categories: Insurance & Bond Premiums, Liability, Physical Damage, Risk Management, Safety Grants Program, Unemployment and Workers Compensation. Also included are the following non-divisional categories: Citywide Pay Program, Compensation Other and Vacation Trade. There are also cash Transfers Out to the CIP.

#### Insurance & Bond Premiums

Insurance & Bond Premiums includes various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. This budget was increased for FY 2020/21 due to the ongoing claims that were initiated in FY 2019/20 and will continue into FY 2020/21. The adopted budget for FY 2020/21 is \$3.1 million, which is \$0.5 million more than the FY 2019/20 year-end forecast of \$2.6 million.

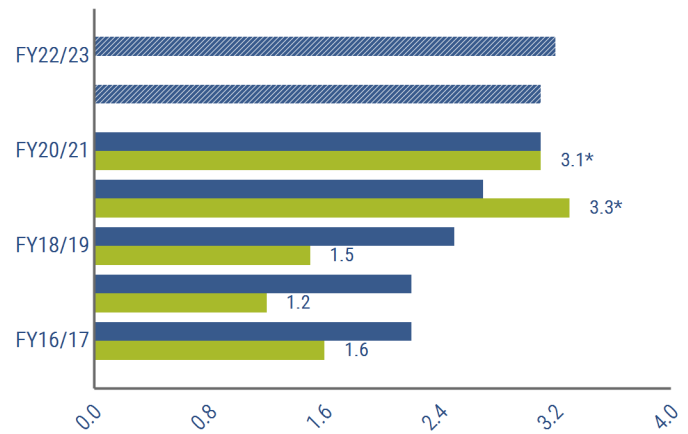
FY 2016/17 to FY 2022/23 (in millions)



#### Liability

Liability primarily includes claim payments and legal costs for all activity not related to physical damage or workers compensation claims. The adopted budget for FY 2020/21 is \$3.1 million, which is \$0.2 less than the FY 2019/20 year-end forecast.

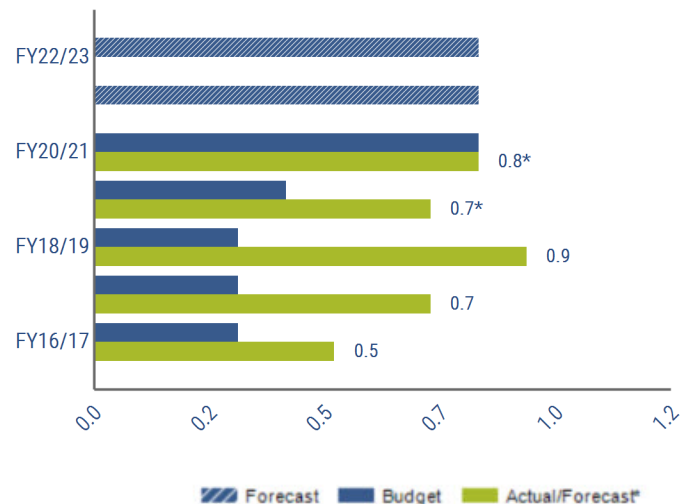
FY 2016/17 to FY 2022/23 (in millions)



#### Physical Damage

Physical Damage is a claim used to pay for physical damage to city property or city vehicles. FY 2016/17 - FY 2018/19 had higher than anticipated damage to solid waste trucks. The adopted budget for FY 2020/21 is \$0.8 million, which is an increase of \$0.1 million when compared to the FY 2019/20 year-end forecast. The budget was adjusted to align with the previous actual expenditures.

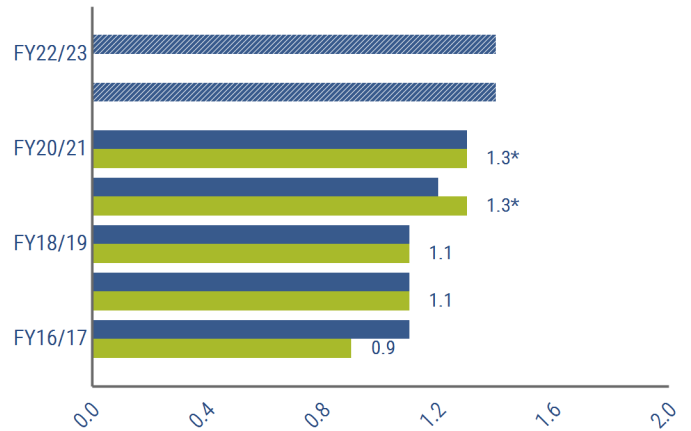
FY 2016/17 to FY 2022/23 (in millions)



**Risk Management**

Risk Management operating budget is for day to day operations of the department. The adopted budget for FY 2020/21 is \$1.3 million, which remains consistent with the FY 2019/20 year-end forecast.

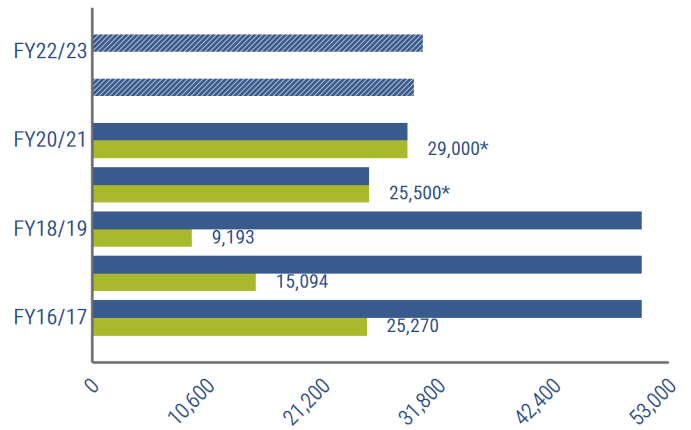
FY 2016/17 to FY 2022/23 (in millions)



**Safety Grants Program**

Safety Grants Program is for city divisions to request funds to pay for office furniture/equipment, office operating supplies, and protective clothing that would enhance safety or reduce a known loss in the workplace. In order to receive these funds certain criteria must be met and no other funding source available. FY 2016/17 - FY 2018/19, is the result of the lack of department requests for Safety Grants to help pay for other operating supplies that will reduce loss exposure, such as property loss, third party liability or employee injury. The budgeted expenditure for FY 2020/21 is \$29,000 which is \$3,500 more than the FY 2019/20 year-end forecast.

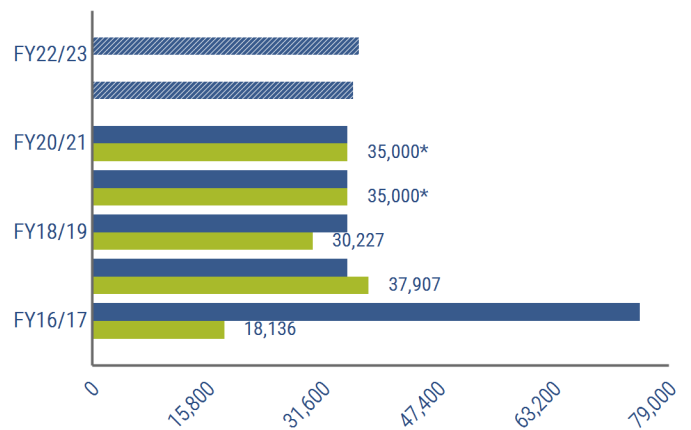
FY 2016/17 to FY 2022/23



**Unemployment**

Unemployment represents claims which can be paid to terminated city employees who qualify. The adopted budget for FY 2020/21 is \$35,000, which remains consistent with the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23

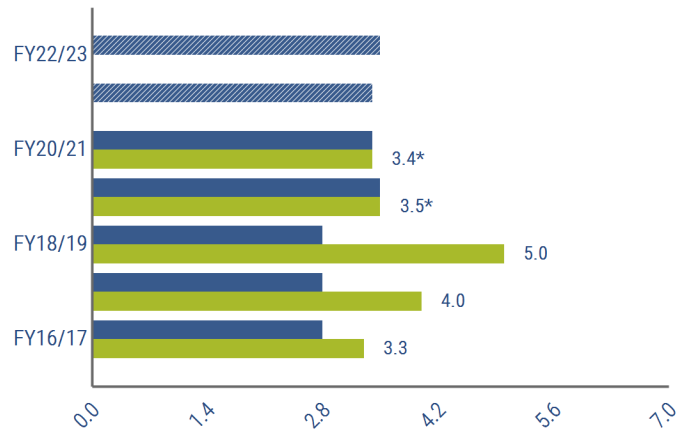


Forecast Budget Actual/Forecast\*

**Workers Compensation**

Workers Compensation represents claims paid to current city employees in the event of an injury, illness, or disease occurring in the course of city employment. The adopted budget for FY 2020/21 is \$3.4 million which is \$0.1 million less than the FY 2019/20 year-end forecast. Due to the uncertainty in the claims paid each year, this category is difficult to budget for. An increase in medical claims also creates an increase in medical bill review services paid further contributing to a budget to actual variance.

FY 2016/17 to FY 2022/23 (in millions)



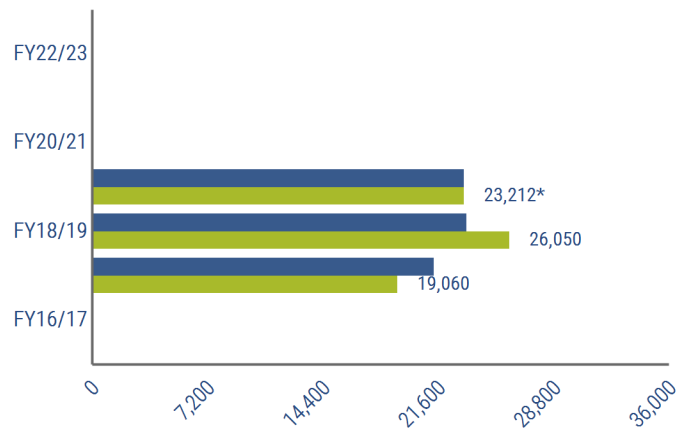
**Non-Divisional Uses**

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23

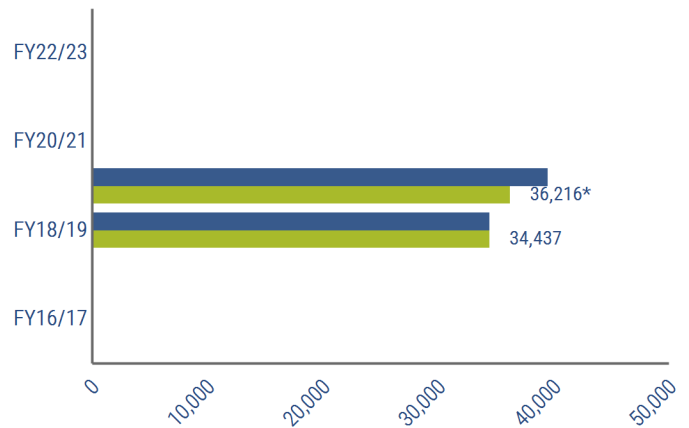


Forecast Budget Actual/Forecast\*

**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

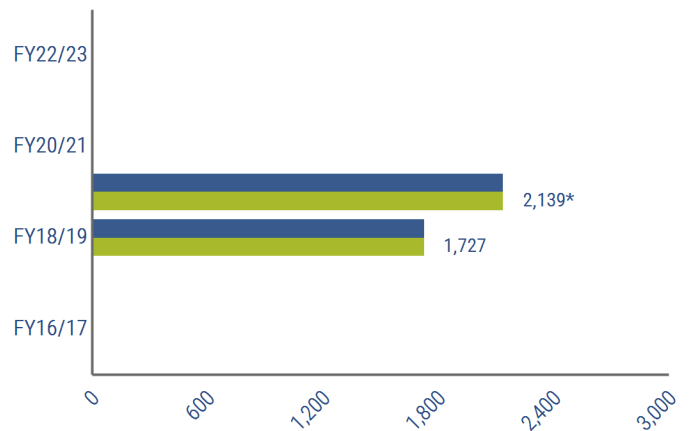
FY 2016/17 to FY 2022/23



**Vacation Trade**

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year to elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23



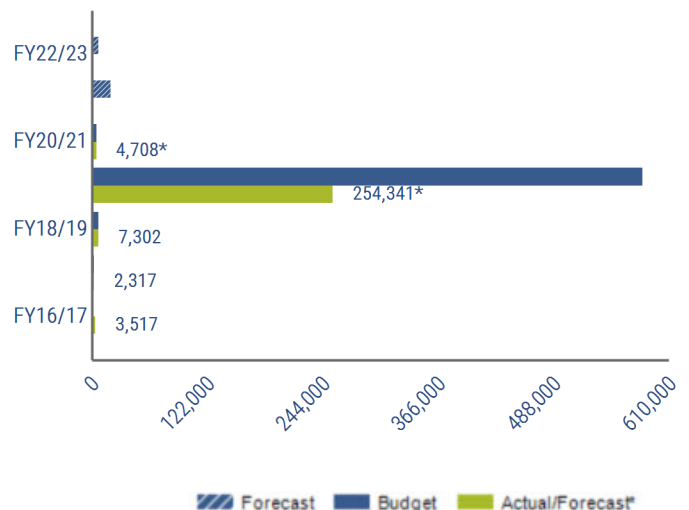
**Transfers Out**

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

**CIP Technology**

The CIP Technology budget of \$4,708 in FY 2020/21 is planned to help cover the Risk Management's portion of citywide technology replacement capital projects. FY 2019/20 included budget for a new modern risk management platform to effectively manage liability and workers compensation claims; the expense was lower than originally anticipated.

FY 2016/17 to FY 2022/23





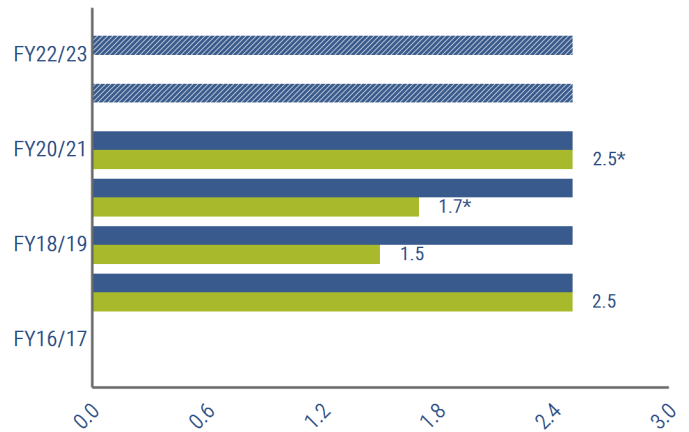
### Risk Management Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The specific make-up of the city's Risk Management Fund ending balance is noted in the following:

#### Operating Contingency

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

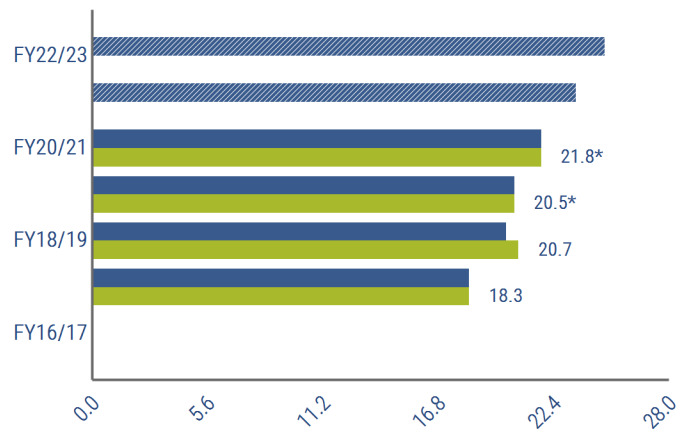
FY 2016/17 to FY 2022/23 (in millions)



#### Operating Reserve

Operating Reserve is set by the Loss Trust Fund Board and has been determined to be an 85 percent confidence level of the most recent actuarial assessment. Each year the projected balance is actuarially determined based on current actual losses and potential outstanding claims. The projected FY 2020/21 operating reserve is approximately \$21.8 million, which is an increase of \$1.3 million from the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

### Fund Purpose

The PC Replacement fund is used to account for the expenditures associated with purchasing the city’s computers, monitors and printers. The replacement of computers, monitors and printers (hardware) is charged to the city divisions as an internal operating cost based on the quantity and type of hardware used. The divisions' charges become revenue to the PC Replacement Fund.

#### PC Replacement Fund Sources (% to Total) \$0.8 Million



#### PC Replacement Fund Uses (% to Total) \$0.9 Million



## BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Operating Contingency	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,408,220	1,401,160	1,467,622	1,467,622
<b>Total Beginning Fund Balance</b>	<b>1,908,220</b>	<b>1,901,160</b>	<b>1,967,622</b>	<b>1,967,622</b>
<b>Revenues</b>				
PC Replacement Fees <sup>(a)</sup>	1,019,355	1,069,023	1,069,023	752,850
<b>Subtotal</b>	<b>1,019,355</b>	<b>1,069,023</b>	<b>1,069,023</b>	<b>752,850</b>
<b>Total Sources</b>	<b>1,019,355</b>	<b>1,069,023</b>	<b>1,069,023</b>	<b>752,850</b>
<b>Expenditures</b>				
Computer Hardware Acquisition	959,953	1,069,023	1,069,023	868,508
<b>Subtotal</b>	<b>959,953</b>	<b>1,069,023</b>	<b>1,069,023</b>	<b>868,508</b>
TOTAL OPERATING BUDGET	959,953	1,069,023	1,069,023	868,508
<b>Total Uses</b>	<b>959,953</b>	<b>1,069,023</b>	<b>1,069,023</b>	<b>868,508</b>
<b>Sources Over/(Under) Uses</b>	<b>59,402</b>	<b>-</b>	<b>-</b>	<b>(115,658)</b>
<b>Ending Fund Balance</b>				
Operating Contingency	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,467,622	1,401,160	1,467,622	1,351,964
<b>Total Ending Fund Balance</b>	<b>1,967,622</b>	<b>1,901,160</b>	<b>1,967,622</b>	<b>1,851,964</b>

<sup>(a)</sup> Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

## BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,467,622	1,351,964	868,964	876,064	425,564
<b>Total Beginning Fund Balance</b>	<b>1,967,622</b>	<b>1,851,964</b>	<b>1,368,964</b>	<b>1,376,064</b>	<b>925,564</b>
<b>Revenues</b>					
PC Replacement Fees <sup>(a)</sup>	752,850	774,900	798,600	821,800	847,400
<b>Subtotal</b>	<b>752,850</b>	<b>774,900</b>	<b>798,600</b>	<b>821,800</b>	<b>847,400</b>
<b>Total Sources</b>	<b>752,850</b>	<b>774,900</b>	<b>798,600</b>	<b>821,800</b>	<b>847,400</b>
<b>Expenditures</b>					
Computer Hardware Acquisition	868,508	1,257,900	791,500	1,272,300	1,245,500
<b>Subtotal</b>	<b>868,508</b>	<b>1,257,900</b>	<b>791,500</b>	<b>1,272,300</b>	<b>1,245,500</b>
TOTAL OPERATING BUDGET	868,508	1,257,900	791,500	1,272,300	1,245,500
<b>Total Uses</b>	<b>868,508</b>	<b>1,257,900</b>	<b>791,500</b>	<b>1,272,300</b>	<b>1,245,500</b>
<b>Sources Over/(Under) Uses</b>	<b>(115,658)</b>	<b>(483,000)</b>	<b>7,100</b>	<b>(450,500)</b>	<b>(398,100)</b>
<b>Ending Fund Balance</b>					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,351,964	868,964	876,064	425,564	27,464
<b>Total Ending Fund Balance</b>	<b>1,851,964</b>	<b>1,368,964</b>	<b>1,376,064</b>	<b>925,564</b>	<b>527,464</b>

<sup>(a)</sup> Beginning in FY 2020/21 the PC Replacement Fees internal service charge was reduced in order to utilize available Undesignated, Unreserved Fund Balance.

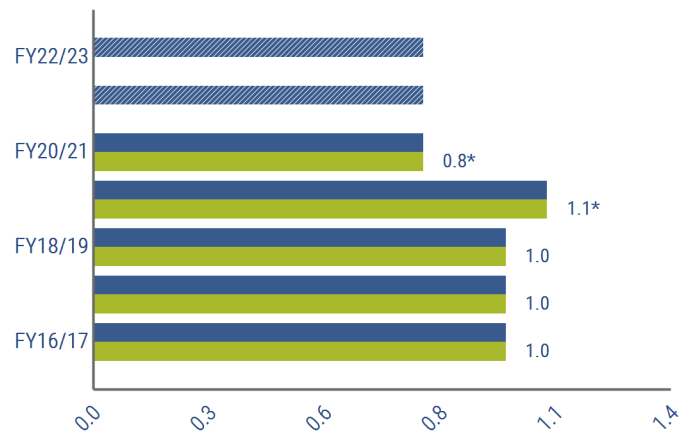
### PC Replacement Fund Sources

The PC Replacement Fund includes revenue from rates charged to the city divisions as internal operating costs to each program based on the quantity and type of hardware used. The only source of revenue to this fund is the PC Replacement Fees, detailed below.

#### PC Replacement Fees

PC Replacement Fees represents the rates charged to other city funds and divisions for the acquisition and replacement of city computer hardware. The amount collected ensures sufficient funding is available for hardware acquisition and replacement while also considering future needs. The goal is to minimize large fluctuations to the rates that are charged to the divisions each year. The revenue for FY 2020/21 is \$0.8 million, which is \$0.3 million lower than the FY 2019/20 year-end forecast. The decrease is due to efforts to utilize Undesignated, Unreserved Fund Balance.

FY 2016/17 to FY 2022/23 (in millions)



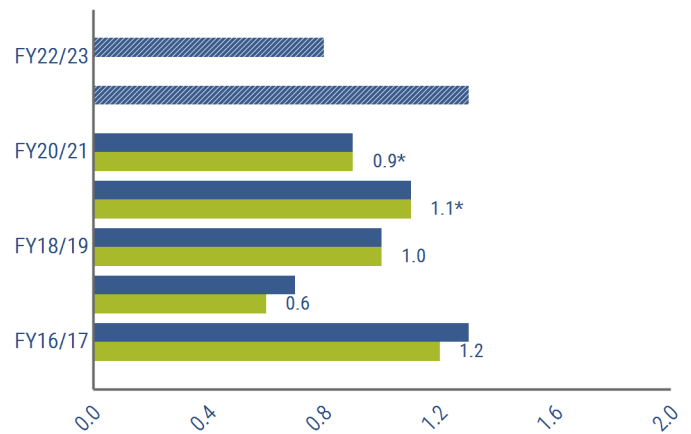
### PC Replacement Fund Uses

The direct operating expenditures of the PC Replacement Fund are budgeted in the capital outlay category.

#### Computer Hardware Acquisition

Computer Hardware Acquisition includes the purchase of desktop computers, laptops, ruggedized laptops, monitors, and printers. The computer hardware inventory for the entire city is aggregated as one asset and is thus classified as a capital asset on the city’s balance sheet. The adopted FY 2020/21 Computer Hardware Acquisition budget is \$0.9 million, which is \$0.2 million lower than the FY 2019/20 year-end forecast. The expenditures vary from year to year depending on the replacement schedule.

FY 2016/17 to FY 2022/23 (in millions)



### PC Replacement Fund Ending Balance

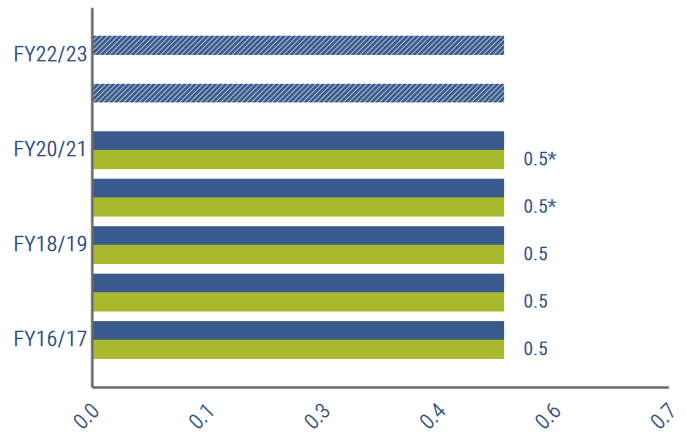
The PC Replacement Fund ending balance varies primarily due to the hardware replacement schedule. The fund balance at the end of each year includes the accumulated balance to be used for future year hardware purchases. The PC Replacement Fund ending balance includes: Operating Contingency and Undesignated, Unreserved Fund Balance.

Forecast Budget Actual/Forecast\*

**Operating Contingency**

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

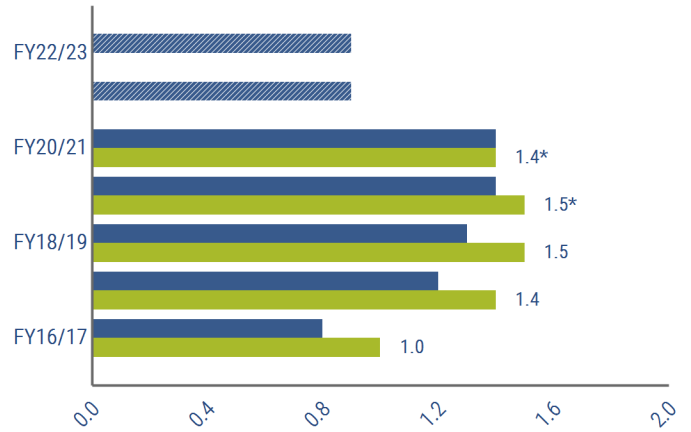
FY 2016/17 to FY 2022/23 (in millions)



**Undesignated, Unreserved Fund Balance**

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/contingencies. The FY 2020/21 ending undesignated, unreserved fund balance is \$1.4 million, which is \$0.1 million lower than the FY 2019/20 year-end forecast due to efforts to utilize fund balance by reducing the PC Replacement Fees. This balance represents an accumulation of sources to be used for future year hardware purchases.

FY 2016/17 to FY 2022/23 (in millions)

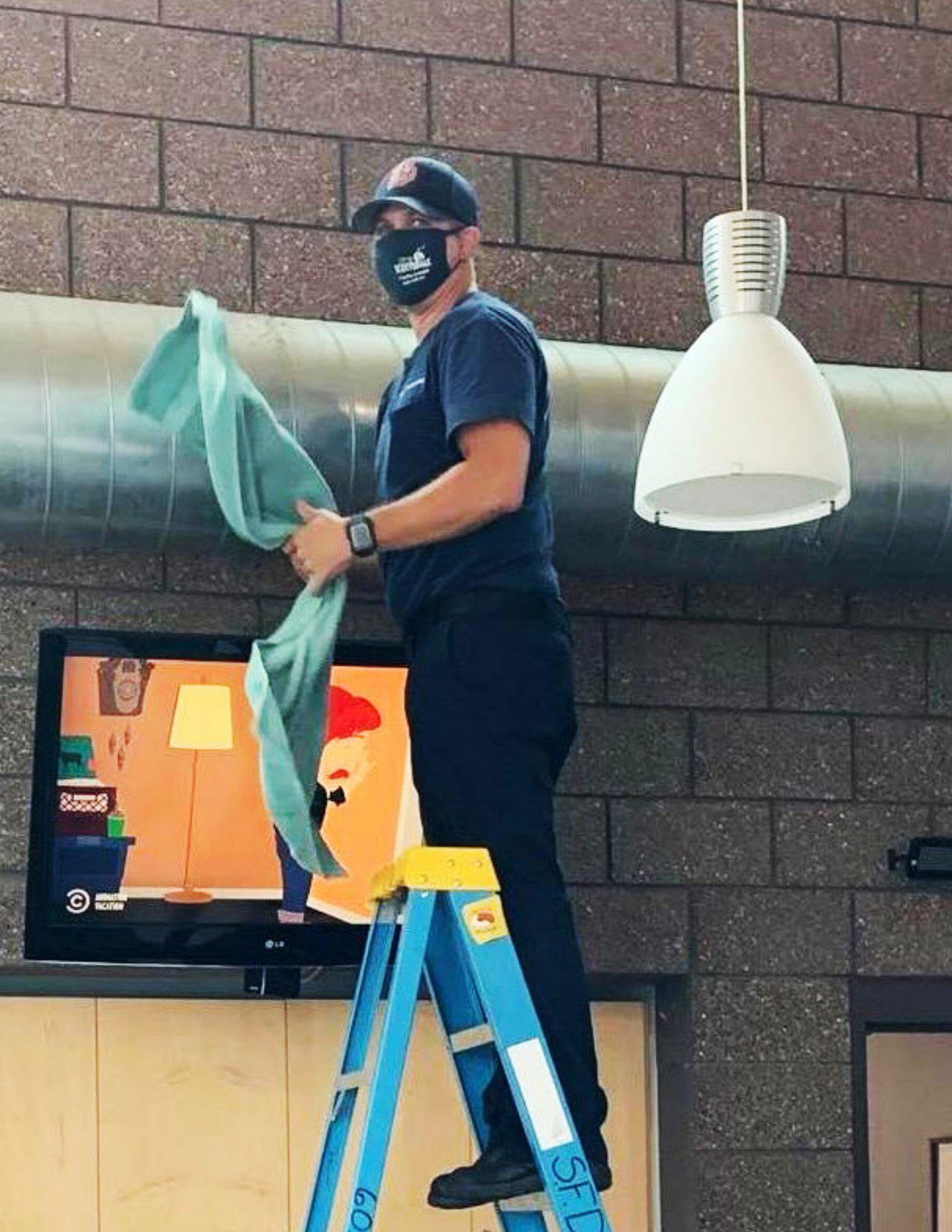


Forecast Budget Actual/Forecast\*



**FY 2020/21 Adopted Budget**





S.F.D.

San Francisco Fire Department

60

S.F.D.



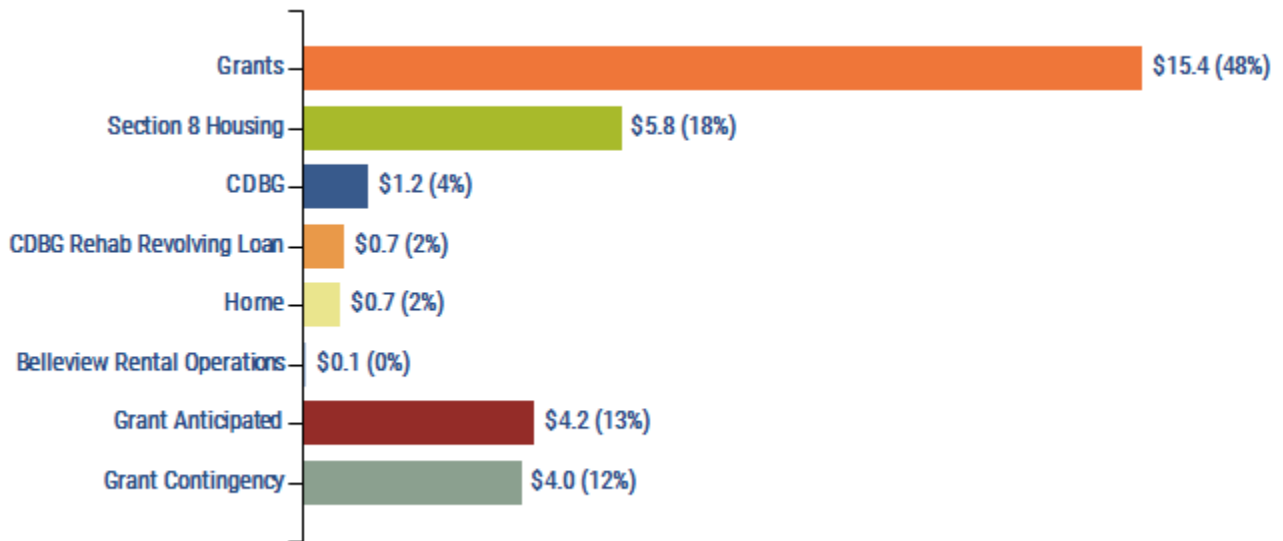
© HOW TO TRAIN YOUR DRAGON

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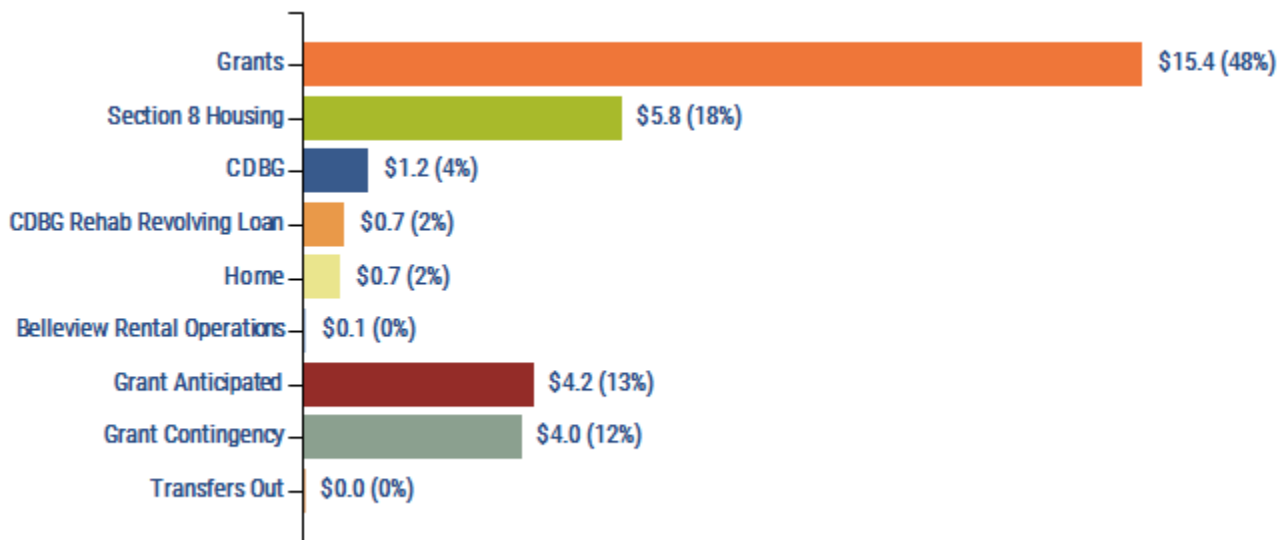
## Fund Purpose

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)**  
\$32.1 Million



**Grant Funds Uses (% to Total)**  
\$32.1 Million



## BUDGET BY FUND | Grant Funds Summary

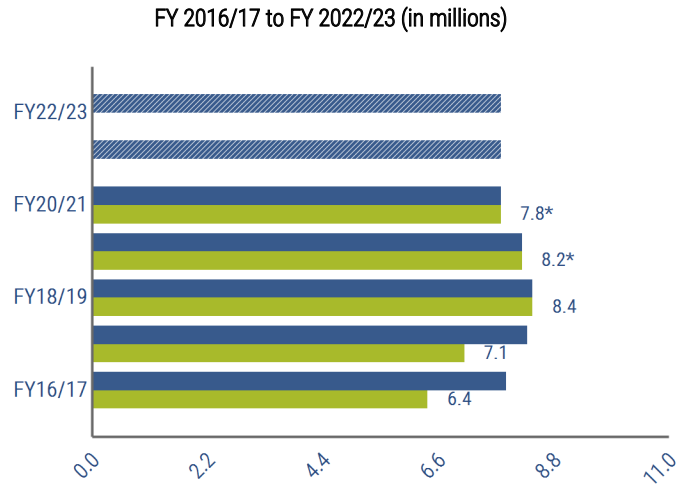
	<u>Adopted 2020/21</u>
<b>Revenues</b>	
Grants	15,361,367
Section 8 Housing	5,824,374
CDBG	1,202,912
CDBG Rehab Revolving Loan	749,782
Home	685,229
Belleview Rental Operations	54,764
<i>Subtotal</i>	<u>23,878,428</u>
<b>Other Activity</b>	
Grant Anticipated	4,224,168
Grant Contingency	4,000,000
<i>Subtotal</i>	<u>8,224,168</u>
<hr/>	
<b>Total Sources</b>	<b>32,102,596</b>
<hr/>	
<b>Expenditures</b>	
Grants	15,361,367
Section 8 Housing	5,824,374
CDBG	1,196,792
CDBG Rehab Revolving Loan	749,782
Home	685,229
Belleview Rental Operations	54,764
<i>Subtotal</i>	<u>23,872,308</u>
 TOTAL OPERATING BUDGET	 23,872,308
 <b>Other Activity</b>	
Grant Anticipated	4,224,168
Grant Contingency	4,000,000
<i>Subtotal</i>	<u>8,224,168</u>
 <b>Transfers Out</b>	
CIP Technology	6,120
<i>Subtotal</i>	<u>6,120</u>
<hr/>	
<b>Total Uses</b>	<b>32,102,596</b>
<hr/>	
<b>Sources Over/(Under) Uses</b>	<b>-</b>
<hr/>	

### Grant Funds Sources

The city pursues grant funding to leverage city funds to address priority program and service needs. The major areas of grant revenue consist of Community Development Block Grant (CDBG), HOME Choice Voucher (Section 8), Home Investment Partnership (HOME) funds, miscellaneous federal, state, local grants and anticipated grants. The revenues by grant are detailed in the following sections below:

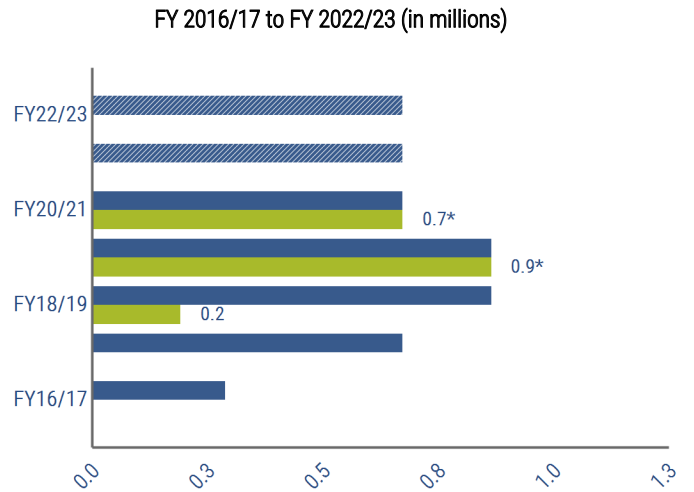
#### Community Development Block Grant (CDBG) & House Choice Voucher (Section 8)

CDBG and Section 8 funds are awarded annually by the U.S. Department of Housing and Urban Development (HUD) through entitlement grants based on formula allocations. These grant revenues may only be used for those projects specifically approved in the funding agreement they must meet applicable federal regulations and are subject to agency expenditure guidelines and audits. Staff estimates the CDBG and Section 8 allocations, including prior year's carryover for FY 2020/21 at \$7.8 million. CDBG and Section 8 funds actual amounts will vary depending on when the funds are received during the fiscal year.



#### HOME

HOME funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation, including prior year's carryover for FY 2020/21 at \$0.7 million. HOME funds actual amounts will vary depending on when the funds are received during the fiscal year. The actuals for FY 2017/18 and FY 2016/17 are less than \$50 thousand and were received to pay Habitat for Humanity and other related programs. However those organizations did not complete the housing projects in those years as planned.

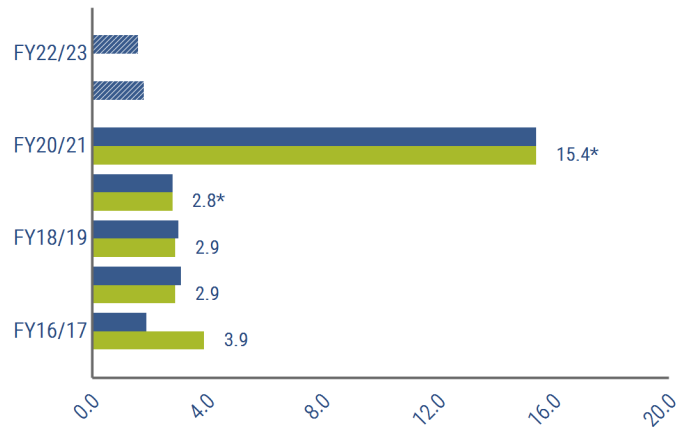


Forecast Budget Actual/Forecast\*

**Grants**

Miscellaneous Federal, State and Local Grants include grants for law enforcement, fire services, community services, transportation, and preservation projects. Additional grant funding was received from the AZCares Fund, to assist with costs of public health and public safety personnel expenses in FY 2019/20 and FY 2020/21. The adopted budget for these grants is \$15.4 million for FY 2020/21.

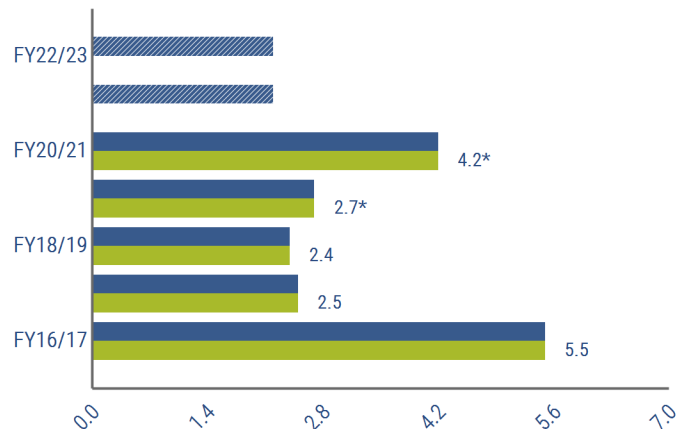
FY 2016/17 to FY 2022/23 (in millions)



**Grants Anticipated**

Grants Anticipated for FY 2020/21 totals \$4.2 million. These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or which are to be used for general purposes. Additional contingency has been added for FY 2020/21 for unanticipated grants related to COVID-19.

FY 2016/17 to FY 2022/23 (in millions)



**Grant Funds Uses**

The city seeks grant funding to leverage city funds to address priority program and service needs. The major areas of grant uses consist of Community Development Block Grant (CDBG), House Choice Voucher (Section 8), HOME Investment Partnerships (HOME) funds, miscellaneous federal, state, local grants and anticipated grants. The expenditures by grant are detailed in the following sections below:

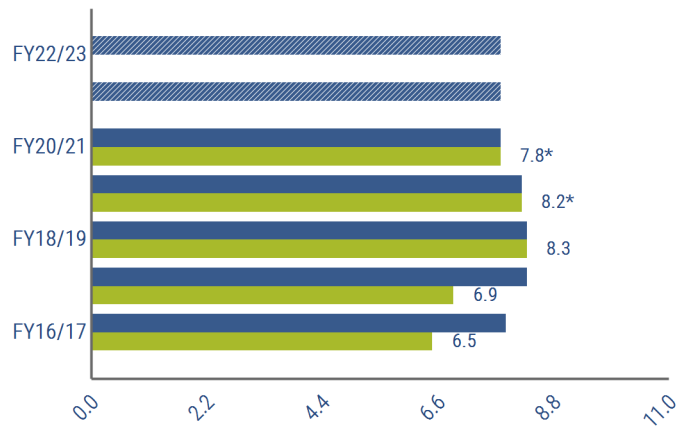
Forecast Budget Actual/Forecast\*



**Community Development Block Grant (CDBG) & House Choice Voucher (Section 8)**

CDBG and Section 8 funds are used for social and housing services for the elderly, disabled and low-income families. The adopted budget for these grants is estimated at \$7.8 million for FY 2020/21, which is a decrease of \$0.3 million from the FY 2019/20 year-end forecast. CDBG and Section 8 expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.

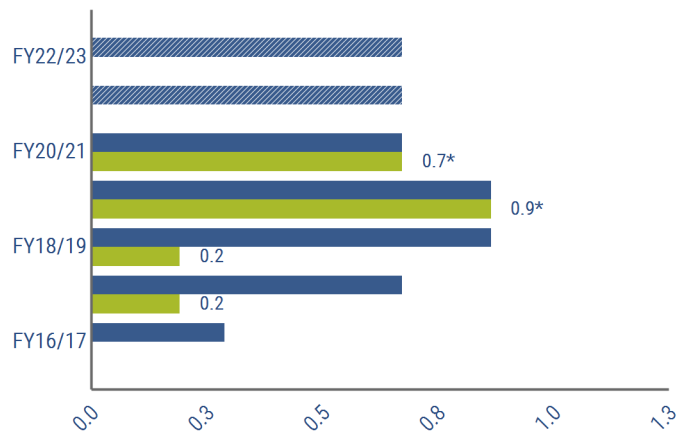
FY 2016/17 to FY 2022/23 (in millions)



**HOME**

HOME funds are used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. The FY 2020/21 adopted budget is \$0.7 million, which is \$0.2 million less when compared to the FY 2019/20 year-end forecast. HOME funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year. The actuals for FY 2016/17 is less than \$50 thousand and were received to pay Habitat for Humanity and other related programs. However, those organizations did not complete the housing projects in those years as planned.

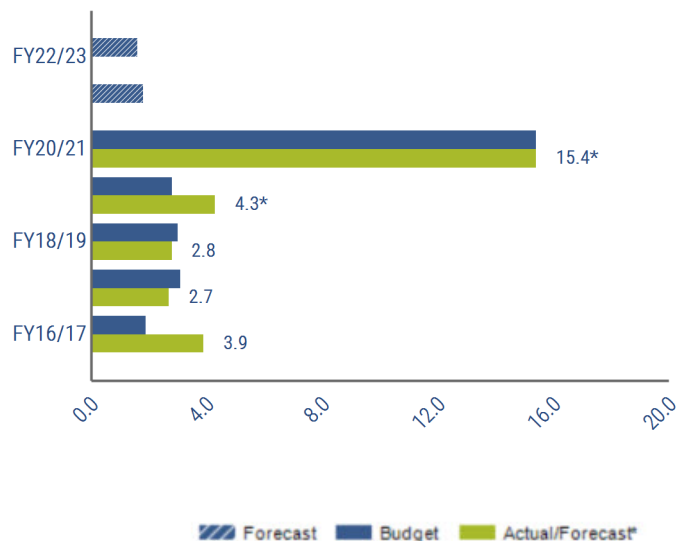
FY 2016/17 to FY 2022/23 (in millions)



**Grants**

Miscellaneous Federal, State and Local Grants include grants for law enforcement, fire services, community services, transportation, and preservation projects. Additional grant funding was received from the AZCares Fund, to assist with costs of public health and public safety personnel expenses in FY 2019/20 and FY 2020/21. The adopted budget for these grants is \$15.4 million for FY 2020/21.

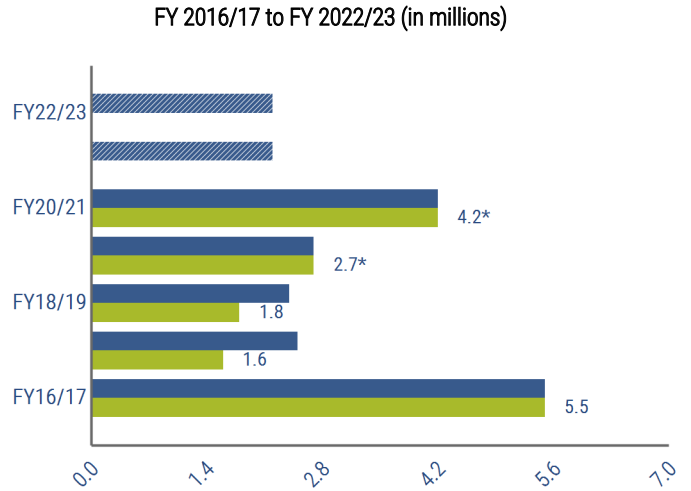
FY 2016/17 to FY 2022/23 (in millions)



Forecast Budget Actual/Forecast\*

**Grants Anticipated**

Grants Anticipated for FY 2020/21 totals \$4.2 million. These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or general purposes. Additional contingency has been added for FY 2020/21 for unanticipated grants related to COVID-19.

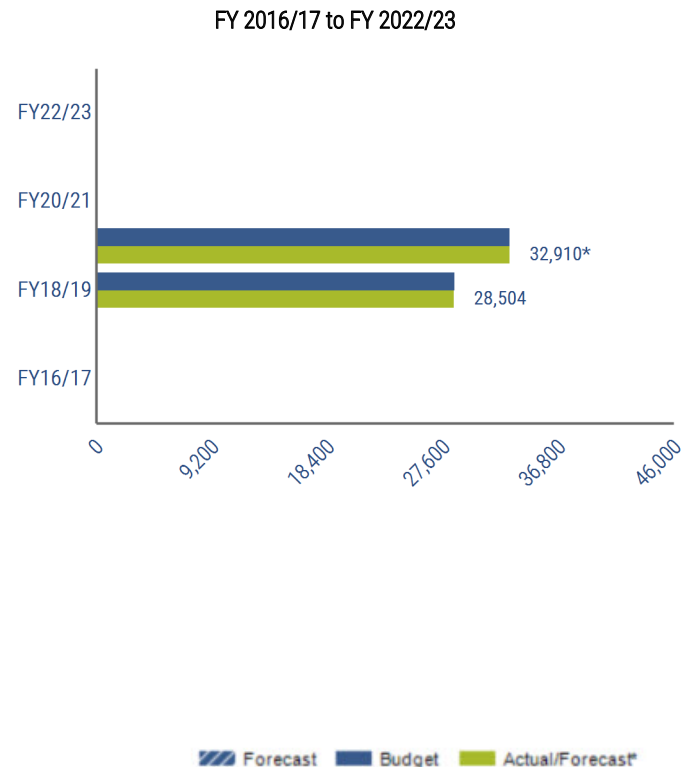


**Non-Divisional Uses**

Non-Divisional Uses are items that until FY 2020/21 were budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2019/20 year-end forecast and prior years' budget and actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses. Beginning in FY2020/21 due to an administrative change, most non-divisional uses are placed into the divisions instead of at a macro level. The administrative change is in an effort to have more meaningful year-over-year comparisons going forward. The change also includes moving the budget to a macro level holding account at the beginning of the fiscal year and complete budget transfers to move the needed budget back to the applicable divisions as expenditures occur.

**Compensation Other**

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18. A market adjustment to eligible employees was not approved for FY 2020/21.

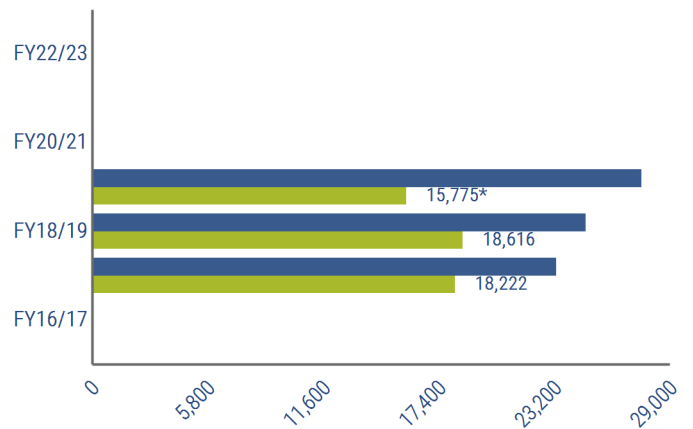




**Citywide Pay Program**

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance was not approved for FY 2020/21.

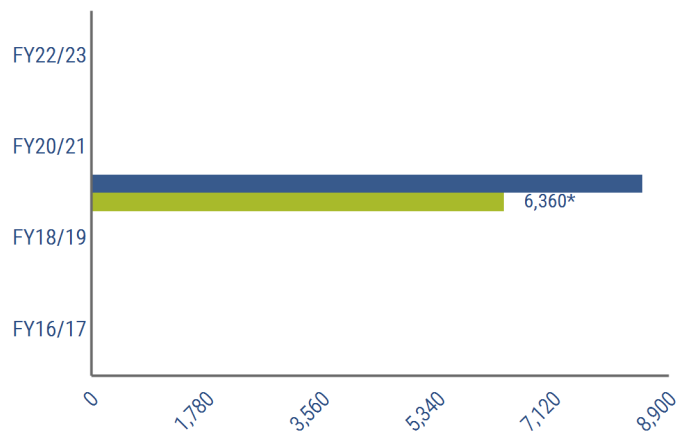
FY 2016/17 to FY 2022/23



**Fire Pay Program**

Fire Pay Program is for performance increases within established salary ranges for eligible firefighters, fire engineers and fire captains based on performance. The Fire Pay Program was not approved for FY 2020/21. This Fire Pay Program funding was for six full-time firefighters that were added during FY 2018/19 with Staffing For Adequate Response (SAFER) grant funds.

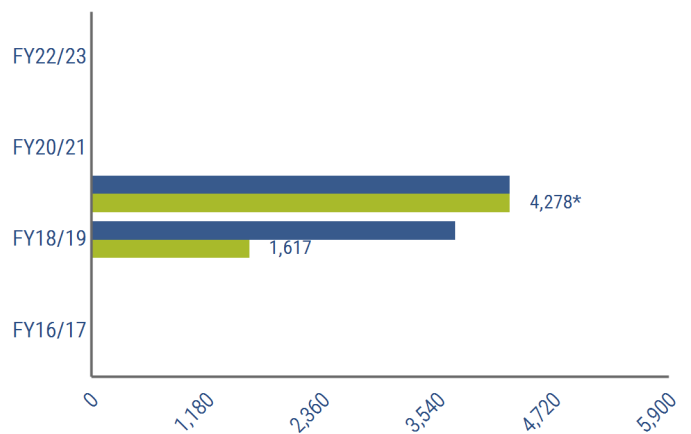
FY 2016/17 to FY 2022/23



**Vacation Trade Program**

The Vacation Trade program allows employees who have been employed by the city for ten years or more, and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. A Vacation Trade program was not approved for FY 2020/21.

FY 2016/17 to FY 2022/23



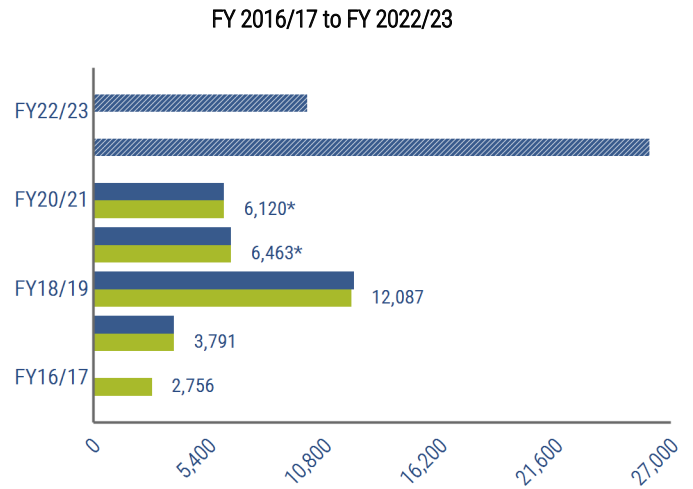
Forecast Budget Actual/Forecast\*

## Transfers Out

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

### CIP Technology

CIP Technology of \$6,120 is planned to help cover the portion of citywide technology capital projects during FY 2020/21. The budget for FY 2021/22 is shared cost for a part of a citywide Enterprise Resource Planning System.

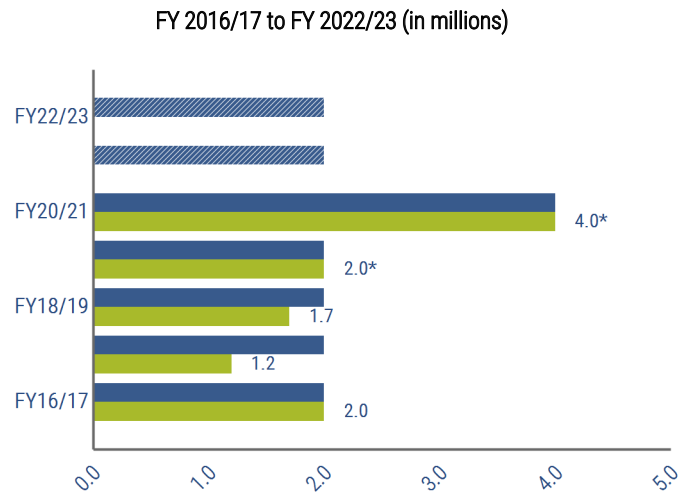


## Grant Contingency

Grant Contingency provides for unexpected grant awards. The make-up of the city's Grant Funds ending balance is below:

### Grant Contingency

Grant Contingency for FY 2020/21 totals \$4.0 million, in the event that unforeseen expenses occur during the fiscal year while conducting operations. Additional contingency has been added in FY 2020/21 for unanticipated grants related to COVID-19. Contingency funds are only utilized upon City Council approval.

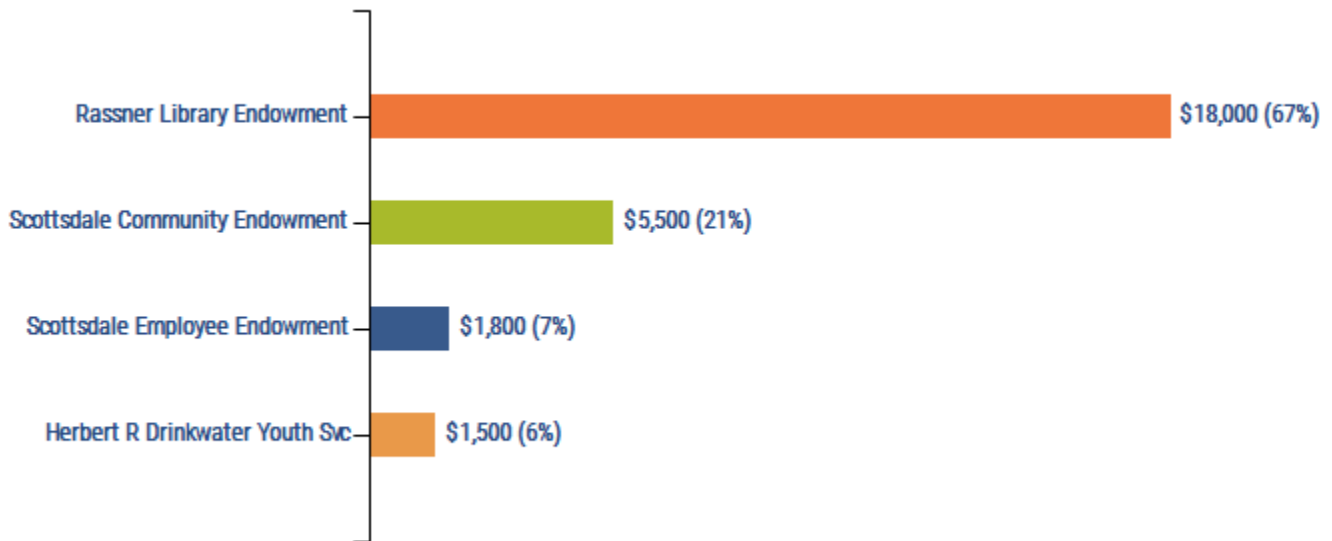


Forecast Budget Actual/Forecast\*

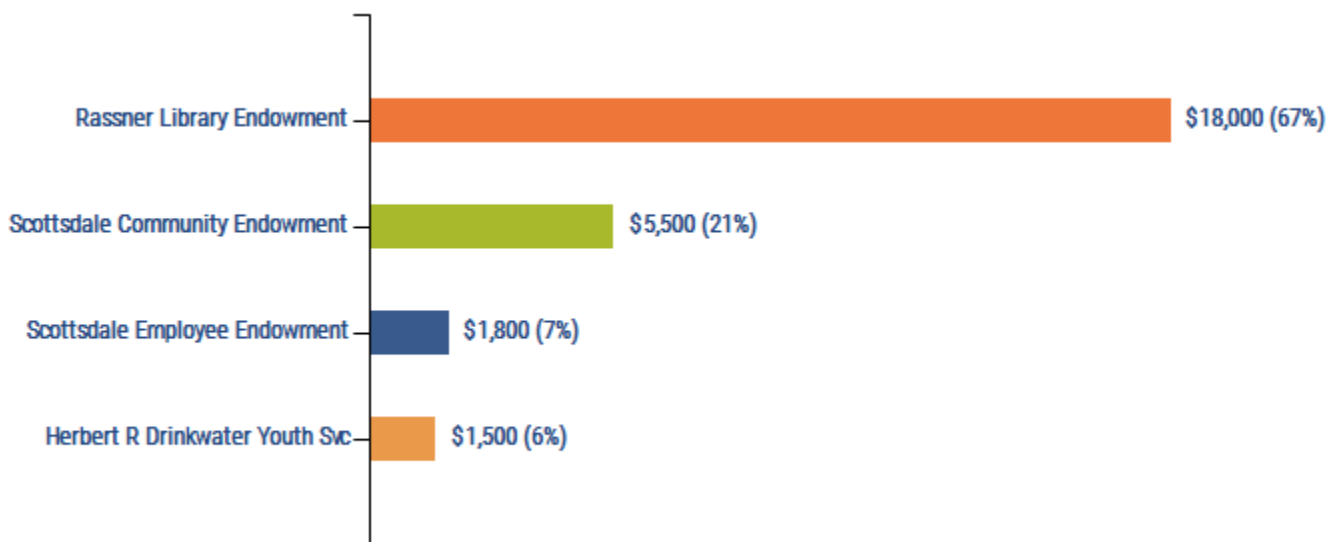
### Fund Purpose

The city established the Endowment Program in November 1991 to offer residents an opportunity to contribute to their community with immediate and planned gifts held in perpetuity. In 1993, Council authorized an agreement with the Arizona Community Foundation to administer the endowment funds in accordance with the intended public purposes for each fund. The city holds four endowment funds: Rassner Library Endowment, Scottsdale Community Endowment, Scottsdale Employee Endowment, and Herbert R. Drinkwater Youth Services.

**Endowment Fund Sources (% to Total)**  
\$26,800



**Endowment Fund Uses (% to Total)**  
\$26,800



## BUDGET BY FUND | Endowment Funds Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Reserve - Community Services	34,385	38,530	13,585	3,585
<b>Total Beginning Fund Balance</b>	<b>34,385</b>	<b>38,530</b>	<b>13,585</b>	<b>3,585</b>
<b>Revenues</b>				
Rassner Library Endowment	28,698	22,000	18,000	18,000
Scottsdale Community Endowment	3,401	5,500	5,500	5,500
Scottsdale Employee Endowment	1,046	1,800	1,800	1,800
Herbert R Drinkwater Youth Svc	848	1,500	1,500	1,500
<i>Subtotal</i>	<b>33,993</b>	<b>30,800</b>	<b>26,800</b>	<b>26,800</b>
<b>Total Sources</b>	<b>33,993</b>	<b>30,800</b>	<b>26,800</b>	<b>26,800</b>
<b>Expenditures</b>				
Rassner Library Endowment	49,330	28,000	28,000	18,000
Scottsdale Community Endowment	3,963	5,500	5,500	5,500
Scottsdale Employee Endowment	750	1,800	1,800	1,800
Herbert R Drinkwater Youth Svc	750	1,500	1,500	1,500
<i>Subtotal</i>	<b>54,793</b>	<b>36,800</b>	<b>36,800</b>	<b>26,800</b>
TOTAL OPERATING BUDGET	54,793	36,800	36,800	26,800
<b>Total Uses</b>	<b>54,793</b>	<b>36,800</b>	<b>36,800</b>	<b>26,800</b>
<b>Sources Over/(Under) Uses</b>	<b>(20,800)</b>	<b>(6,000)</b>	<b>(10,000)</b>	<b>-</b>
<b>Ending Fund Balance</b>				
Reserve - Community Services	13,585	32,530	3,585	3,585
<b>Total Ending Fund Balance</b>	<b>13,585</b>	<b>32,530</b>	<b>3,585</b>	<b>3,585</b>

## BUDGET BY FUND | Endowment Funds Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Reserve - Community Services	3,585	3,585	3,585	3,585	3,585
<b>Total Beginning Fund Balance</b>	<b>3,585</b>	<b>3,585</b>	<b>3,585</b>	<b>3,585</b>	<b>3,585</b>
<b>Revenues</b>					
Rassner Library Endowment	18,000	18,000	18,000	18,000	18,000
Scottsdale Community Endowment	5,500	5,500	5,500	5,500	5,500
Scottsdale Employee Endowment	1,800	1,800	1,800	1,800	1,800
Herbert R Drinkwater Youth Svc	1,500	1,500	1,500	1,500	1,500
<i>Subtotal</i>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>
<b>Total Sources</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>
<b>Expenditures</b>					
Rassner Library Endowment	18,000	18,000	18,000	18,000	18,000
Scottsdale Community Endowment	5,500	5,500	5,500	5,500	5,500
Scottsdale Employee Endowment	1,800	1,800	1,800	1,800	1,800
Herbert R Drinkwater Youth Svc	1,500	1,500	1,500	1,500	1,500
<i>Subtotal</i>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>
TOTAL OPERATING BUDGET	26,800	26,800	26,800	26,800	26,800
<b>Total Uses</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>	<b>26,800</b>
<b>Sources Over/(Under) Uses</b>	-	-	-	-	-
<b>Ending Fund Balance</b>					
Reserve - Community Services	3,585	3,585	3,585	3,585	3,585
<b>Total Ending Fund Balance</b>	<b>3,585</b>	<b>3,585</b>	<b>3,585</b>	<b>3,585</b>	<b>3,585</b>

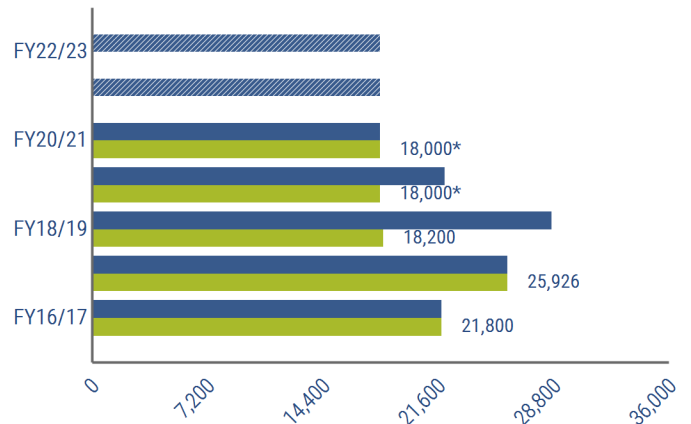
### Endowment Funds Sources

Distributions of interest income from the Endowment Funds are made each year in accordance with agreements between the city and the Arizona Community Foundation, which holds the principal. To better monitor the Endowment Funds, beginning in FY 2019/20 the sources were moved from the Special Programs Fund to the newly created Endowment Funds. All budget/actual history was also moved for meaningful year-over-year comparisons.

#### Rassner Library Endowment

The Rassner Library Endowment Fund was established in 1989 to support the educational and technological needs of the Scottsdale Public Library System by funding the development of the Library’s collection, supporting early learning and youth projects, and/or purchasing equipment to assist in the circulation of library material. The Rassner Library Endowment budget for FY 2020/21 is \$18,000, which is flat when compared to the FY 2019/20 year-end forecast.

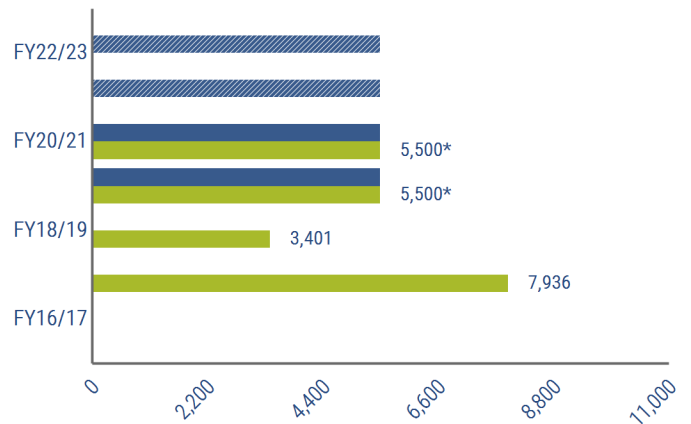
FY 2016/17 to FY 2022/23



#### Scottsdale Community Endowment

The Scottsdale Community Endowment Fund is used to support community projects and programs benefiting the public good in the City of Scottsdale. The Scottsdale Community Endowment budget for FY 2020/21 is \$5,500, which is flat when compared to the FY 2019/20 year-end forecast. Previous distributions from the Scottsdale Community Endowment Fund benefited the city's Operation Fix It program, Victim Assistance Program and the Mayors Youth Council. A budget was established beginning in FY 2019/20, because disbursements have occurred regularly over the last couple of years.

FY 2016/17 to FY 2022/23

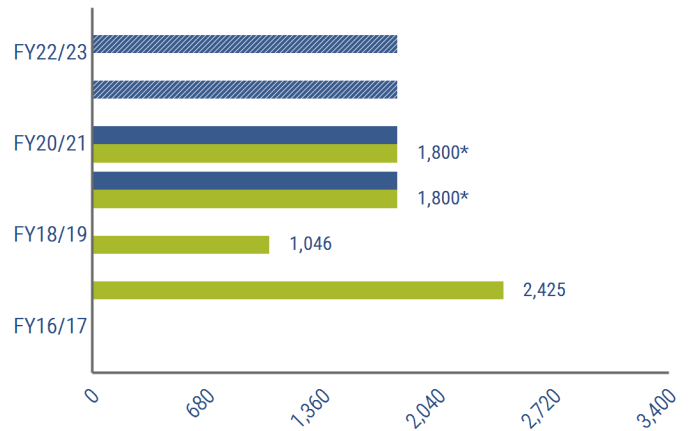


Forecast Budget Actual/Forecast\*

**Scottsdale Employee Endowment**

The Scottsdale Employee Endowment Fund was established in 2000 from employee donations to support 501(c)(3) tax exempt organizations serving the Scottsdale area. The Scottsdale Employee Endowment budget for FY 2020/21 is \$1,800, which is flat when compared to the FY 2019/20 year-end forecast. A budget was established beginning in FY 2019/20, because disbursements have occurred regularly over the last couple of years.

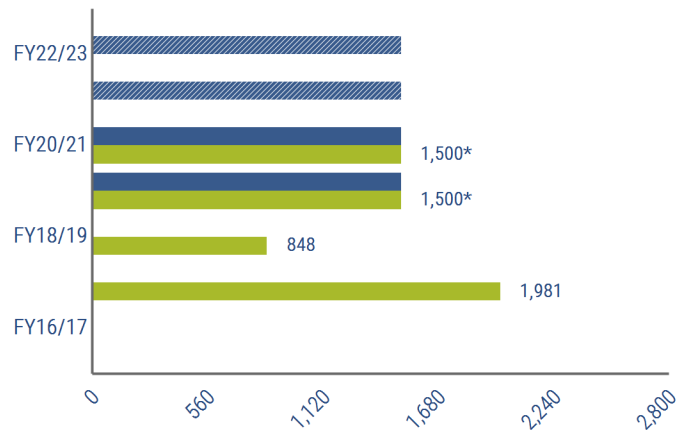
FY 2016/17 to FY 2022/23



**Herbert R. Drinkwater Youth Svc**

The Herbert R. Drinkwater Youth Services Endowment Fund is used to support City of Scottsdale's youth programs. The Herbert R. Drinkwater Youth Services budget for FY 2020/21 is \$1,500, which is flat when compared to the FY 2019/20 year-end forecast. Previous distributions from the Herbert R. Drinkwater Youth Services Fund benefited the city's Operation Fix It program, Victim Assistance Program and the Mayors Youth Council. A budget was established beginning in FY 2019/20, because disbursements have occurred regularly over the last couple of years.

FY 2016/17 to FY 2022/23



Forecast Budget Actual/Forecast\*



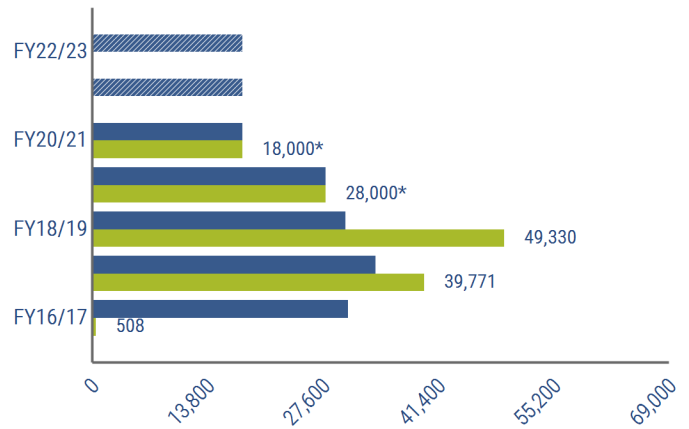
### Endowment Funds Uses

The interest income from the Endowment Funds are used to carry out the purposes of community projects, programs for the public good within the City of Scottsdale and youth programs through the Rassner Library Endowment, Scottsdale Community Endowment, Scottsdale Employee Endowment and the Herbert R. Drinkwater Youth Services Endowment. To better monitor the Endowment Funds, beginning in FY 2019/20 the uses were moved from the Special Programs Fund to the newly created Endowment Funds. All budget/actual history was also moved for meaningful year-over-year comparisons.

#### Rassner Library Endowment

The Rassner Library Endowment Fund was established in 1989 to support the needs of the Scottsdale Public Library System by funding the development of the Library’s collection, supporting early learning and youth projects, and/or purchasing equipment to assist in the circulation of library material. The Rassner Library Endowment budget for FY 2020/21 is \$18,000, which is \$10,000 less than the FY 2019/20 year-end forecast of \$28,000 and will be used to support the educational and technological needs of the Libraries.

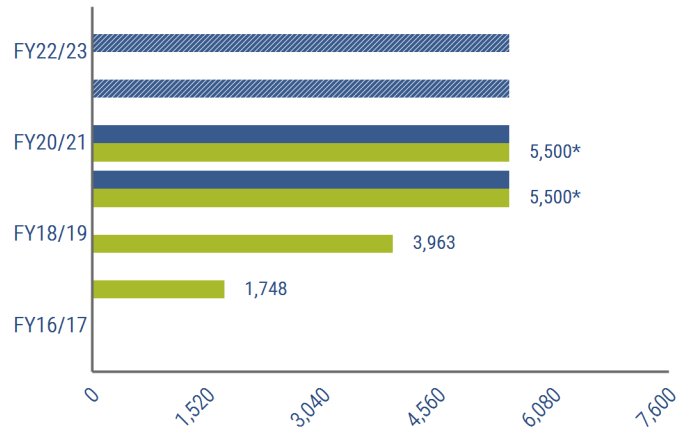
FY 2016/17 to FY 2022/23



#### Scottsdale Community Endowment

The Scottsdale Community Endowment Fund is used to support projects in the Community Services Division, Human Services Department. The budget of \$5,500 for FY 2020/21 will be used to carry out the city’s Operation Fix It Program for the Agua Linda Park Project. Through Operation Fix It, volunteers will improve the common spaces including recreation areas and the children’s playground. Improvements will include installation of new ramada canopies, new granite, removal and replacement of vegetation, and maintenance and upgrades to recreation and playground areas. Use of the Scottsdale Community Endowment Fund did not occur in FY 2016/17. A budget was established beginning in FY 2019/20, because disbursements have occurred regularly over the last couple of years.

FY 2016/17 to FY 2022/23

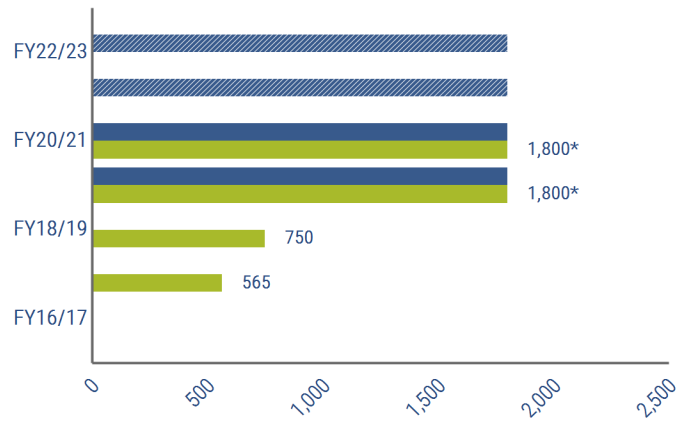


Forecast Budget Actual/Forecast\*

**Scottsdale Employee Endowment**

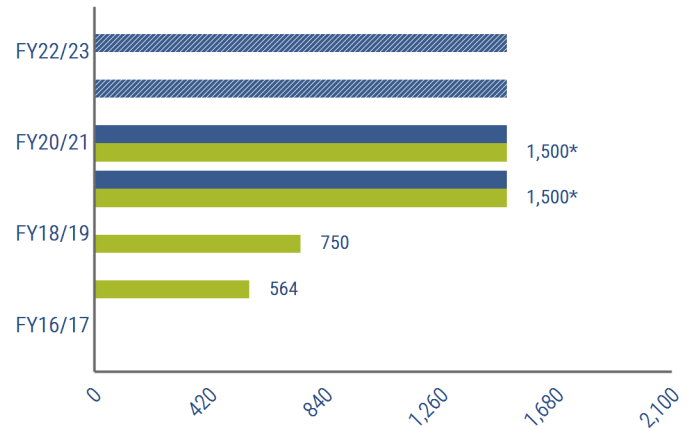
The Scottsdale Employee Endowment Fund was established in 2000 from employee donations to support 501(c)(3) tax exempt organizations serving the Scottsdale area. A budget was established beginning in FY 2019/20, because disbursements have occurred regularly over the last couple of years. In FY 2016/17 the principal was too small to consider using any disbursement. The budget for FY 2020/21 is \$1,800, which is flat when compared to the FY 2019/20 year-end forecast.

FY 2016/17 to FY 2022/23



**Herbert R. Drinkwater Youth Svc**

The Herbert R. Drinkwater Youth Services Endowment Fund supports youth programs, including the city's Operation Fix It program, Victim Assistance Program and the Mayors Youth Council. A budget was established beginning in FY 2019/20, because disbursements have occurred regularly over the last couple of years. The budget for FY 2020/21 is \$1,500, which is flat when compared to the FY 2019/20 year-end forecast.



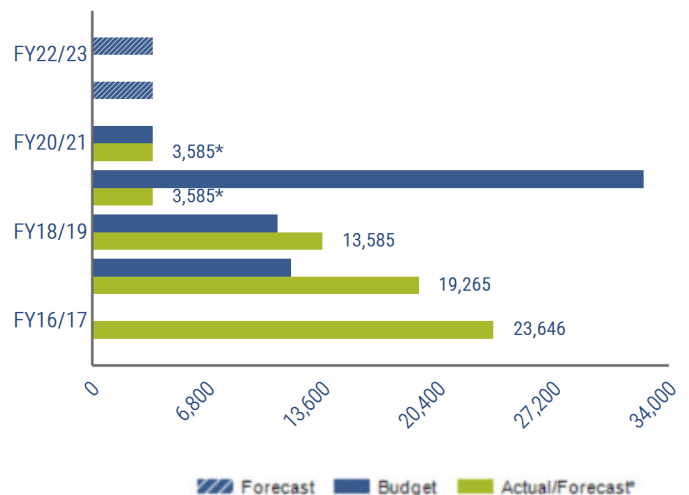
**Endowment Funds Ending Balance**

The fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses.

**Reserve - Community Services**

Reserve - Community Services includes ending balances of all endowment funds previously detailed and it is anticipated to be \$3,585 for FY 2020/21.

FY 2016/17 to FY 2022/23





**FY 2020/21 Adopted Budget**

### Fund Purpose

The Special Districts Fund is used to account for proceeds received by property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

**Special Districts Fund Sources (% to Total)**  
**\$0.6 Million**



**Special Districts Fund Uses (% to Total)**  
**\$0.6 Million**



## BUDGET BY FUND | Special Districts Fund Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance</b>				
Streetlight Districts	4,433	(7,828)	10,797	57,021
<b>Total Beginning Fund Balance</b>	<b>4,433</b>	<b>(7,828)</b>	<b>10,797</b>	<b>57,021</b>
<b>Revenues</b>				
Streetlight Districts	590,711	646,718	621,953	553,252
<i>Subtotal</i>	<b><i>590,711</i></b>	<b><i>646,718</i></b>	<b><i>621,953</i></b>	<b><i>553,252</i></b>
<b>Total Sources</b>	<b>590,711</b>	<b>646,718</b>	<b>621,953</b>	<b>553,252</b>
<b>Expenditures</b>				
Streetlight Districts	584,347	638,890	575,729	610,273
<i>Subtotal</i>	<b><i>584,347</i></b>	<b><i>638,890</i></b>	<b><i>575,729</i></b>	<b><i>610,273</i></b>
TOTAL OPERATING BUDGET	584,347	638,890	575,729	610,273
<b>Total Uses</b>	<b>584,347</b>	<b>638,890</b>	<b>575,729</b>	<b>610,273</b>
<b>Sources Over/(Under) Uses</b>	<b>6,364</b>	<b>7,828</b>	<b>46,224</b>	<b>(57,021)</b>
<b>Ending Fund Balance</b>				
Streetlight Districts	10,797	-	57,021	-
<b>Total Ending Fund Balance</b>	<b>10,797</b>	<b>-</b>	<b>57,021</b>	<b>-</b>

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

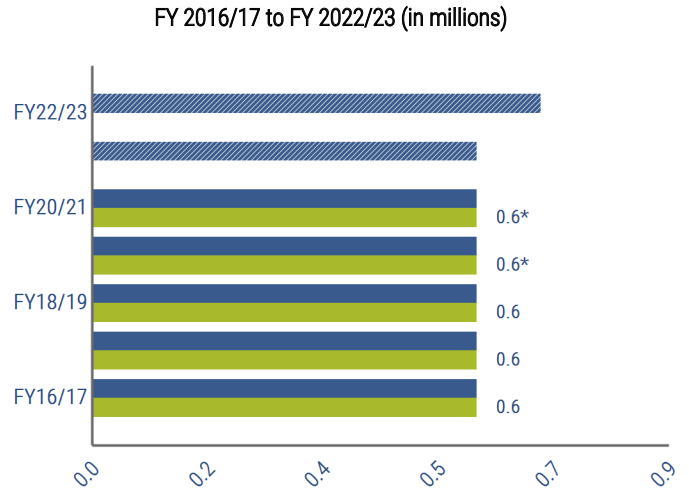
	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Beginning Fund Balance</b>					
Streetlight Districts	57,021	-	-	-	-
<b>Total Beginning Fund Balance</b>	<b>57,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues</b>					
Streetlight Districts	553,252	634,700	660,100	686,500	713,900
<i>Subtotal</i>	<i>553,252</i>	<i>634,700</i>	<i>660,100</i>	<i>686,500</i>	<i>713,900</i>
<b>Total Sources</b>	<b>553,252</b>	<b>634,700</b>	<b>660,100</b>	<b>686,500</b>	<b>713,900</b>
<b>Expenditures</b>					
Streetlight Districts	610,273	634,700	660,100	686,500	713,900
<i>Subtotal</i>	<i>610,273</i>	<i>634,700</i>	<i>660,100</i>	<i>686,500</i>	<i>713,900</i>
 TOTAL OPERATING BUDGET	 610,273	 634,700	 660,100	 686,500	 713,900
<b>Total Uses</b>	<b>610,273</b>	<b>634,700</b>	<b>660,100</b>	<b>686,500</b>	<b>713,900</b>
<b>Sources Over/(Under) Uses</b>	<b>(57,021)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>					
Streetlight Districts	-	-	-	-	-
<b>Total Ending Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Special Districts Sources

Special Districts Sources for FY 2020/21 equal \$0.6 million, which is flat from FY 2019/20. Sources include Streetlight Districts revenue which is derived from the levy assessed on property owners within the city's streetlight districts.

#### Streetlight Districts

Streetlight Districts revenue represents the levy assessed on property owners within each of the city's 355 streetlight districts. The levy is calculated based on the expected costs for the year less any reserve balance from the prior fiscal year. The adopted FY 2020/21 revenue budget is \$0.6 million.

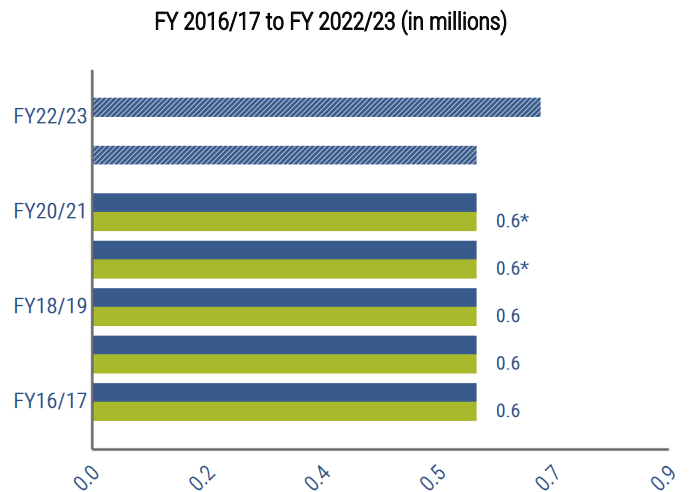


### Special Districts Uses

Special Districts Uses consists of Streetlight Districts Expenditures. The cost of operating each district varies based on the cost of electricity usage and number of streetlights.

#### Streetlight Districts

Streetlight Districts adopted FY 2020/21 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the community.



Forecast Budget Actual/Forecast\*



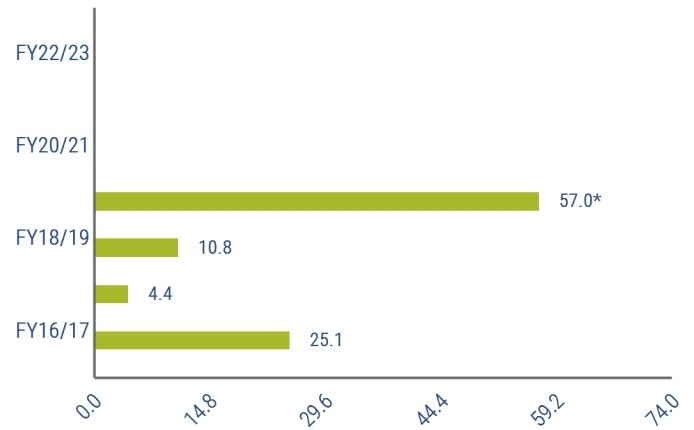
### Special Districts Fund Balance

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. A historical summary of the city’s Special Districts fund balance is as follows:

#### Streetlight Districts

The FY 2020/21 Streetlight Districts ending fund balance is projected to be \$0. The ending balance from the FY 2019/20 year-end forecast amount is carried forward to FY 2020/21 and is available to be re-budgeted to ultimately reduce the existing reserve to a \$0 balance.

FY 2016/17 to FY 2022/23 (in thousands)



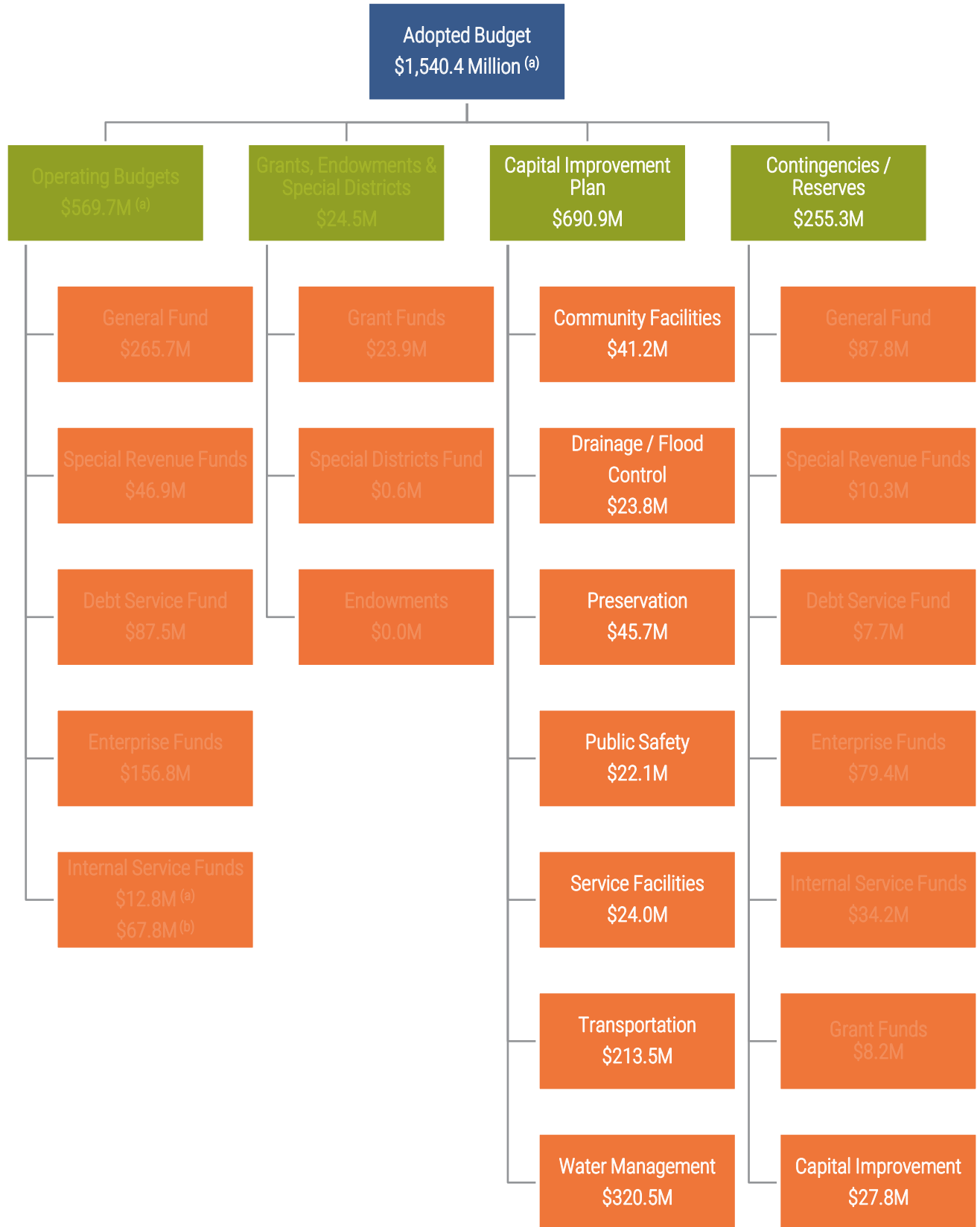
Forecast Budget Actual/Forecast\*



**FY 2020/21 Adopted Budget**



# BUDGET BY FUND | Capital Improvement Plan Funds



<sup>(a)</sup> Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$55.0M

<sup>(b)</sup> Internal Service Funds Budget prior to Internal Service Funds offsets of \$55.0M

Note: Amounts are rounded in millions; therefore, differences may occur.

## BUDGET BY FUND | Capital Improvement Plan Funds Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Beginning Fund Balance <sup>(a)</sup></b>	301,758,330	266,595,297	284,475,534	234,291,615
<b>Revenues</b>				
Charges for Service/Other	5,469,661	38,709,557	16,106,146	53,781,054
Bond Proceeds	-	47,162,600	43,468,001	40,000,000
Other Revenue	7,574,698	6,620,745	5,301,277	20,789,900
Taxes - Local	-	-	9,368,031	14,222,084
Utilities & Enterprises	6,656,346	6,150,000	6,150,000	6,150,000
Interest Earnings	5,160,711	5,237,047	4,223,132	4,440,940
Building Permit Fees & Charges	80,636	340,000	77,000	65,000
<b>Subtotal</b>	<b>24,942,051</b>	<b>104,219,949</b>	<b>84,693,587</b>	<b>139,448,978</b>
<b>Transfers In</b>				
2015 GO Bond Interest	324,000	-	-	-
Aviation Fund	10,656	2,365,142	6,998,883	33,723
Contributions	49,599	-	-	-
Downtown Cultural Trust	-	-	150,000	-
Fleet Fund	1,483,343	2,120,204	2,120,204	1,772,711
General Fund	11,178,822	11,788,637	11,710,636	4,687,996
Grants Fund	44,873	6,463	6,463	6,120
In Lieu Fees Fund	832	-	-	-
Preservation Sales Tax Fund	6,574,593	4,450,872	3,479,092	5,750,035
Risk Management Fund	7,302	581,841	254,341	4,708
Solid Waste Fund	312,324	496,444	496,444	293,409
Special Programs Fund	549,337	2,762,000	885,000	2,035,696
Stadium Capital Improvement Fund	62,828	67,400	-	-
Stormwater Fee Fund	2,164,343	2,504,808	3,258,742	-
Tourism Development Fund	5,000,000	-	-	-
Transportation Sales Tax (0.10%) Fund	3,559,353	12,053,356	3,879,645	-
Transportation Sales Tax (0.20%) Fund	12,793,664	14,446,752	14,348,088	10,627,187
Water & Water Reclamation Funds	36,794,337	35,144,698	43,435,372	36,141,450
<b>Subtotal</b>	<b>80,910,206</b>	<b>88,788,617</b>	<b>91,022,910</b>	<b>61,353,035</b>
<b>Total Sources</b>	<b>105,852,257</b>	<b>193,008,566</b>	<b>175,716,497</b>	<b>200,802,013</b>
<b>Total Fund Balance and New Sources</b>	<b>407,610,587</b>	<b>459,603,863</b>	<b>460,192,031</b>	<b>435,093,628</b>

<sup>(a)</sup> Prior year unexpended sources and uses of funds are estimated and included in the Beginning Fund Balance.

## BUDGET BY FUND | Capital Improvement Plan Funds Summary

	Actual 2018/19	Adopted 2019/20	Forecast 2019/20	Adopted 2020/21
<b>Expenditures</b>				
Community Facilities	12,431,589	64,938,834	46,501,100	41,215,561
Drainage / Flood Control	1,730,551	25,540,216	14,852,200	23,812,956
Preservation	6,624,593	52,708,015	3,479,100	45,680,826
Public Safety	2,485,762	17,395,309	13,825,200	22,106,509
Service Facilities	7,979,778	18,377,191	9,228,000	24,025,228
Transportation	44,533,920	188,233,083	41,007,600	213,542,531
Water Management	45,610,950	292,497,878	73,635,000	320,478,494
Prior Year Unexpended	-	-	-	-
<b>Subtotal</b>	<b>121,397,143</b>	<b>659,690,525</b>	<b>202,528,200</b>	<b>690,862,106</b>
<b>Less: Estimated Capital Improvement Expenditures</b>	-	(190,071,000)	-	(251,707,100)
<b>Subtotal: Unexpended at Year End</b>	-	<b>469,619,525</b>	-	<b>439,155,006</b>
<b>Transfers Out</b>				
G.O. Bonds Fund	324,000	6,920,000	7,038,591	-
MPC Bonds - Aviation	553	-	-	-
Stadium Capital Improvement Fund	42,311	-	673,197	-
Tourism Development Fund	471,047	-	-	-
Transportation Sales Tax (0.20%) Fund	-	1,200,000	1,200,000	-
Water & Water Reclamation Funds	900,000	900,000	14,460,428	7,256,385
<b>Subtotal</b>	<b>1,737,911</b>	<b>9,020,000</b>	<b>23,372,216</b>	<b>7,256,385</b>
<b>Total Uses</b>	<b>123,135,053</b>	<b>199,091,000</b>	<b>225,900,416</b>	<b>258,963,485</b>
<b>Ending Fund Balance <sup>(a)</sup></b>				
Aviation Funds Contingency	-	250,000	225,104	250,000
CIP Stormwater Utility Bill Fee Contingency	-	1,000,000	1,000,000	1,000,000
General Fund Contingency	-	25,000,000	6,596,929	5,000,000
Grant Contingency	-	8,350,100	8,125,000	8,300,000
Greater Airpark Special Improvements Contingency	-	-	-	2,000,000
Old Town Special Improvements Contingency	-	-	-	3,200,000
Sewer Rates Contingency	-	2,000,000	2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency	-	3,000,000	-	3,000,000
Water Rates Contingency	-	3,000,000	3,000,000	3,000,000
<b>Reserved:</b>				
Reserved Fund Balance	284,475,534	260,512,863	234,291,615	176,130,143
<b>Total Ending Fund Balance</b>	<b>284,475,534</b>	<b>260,512,863</b>	<b>234,291,615</b>	<b>176,130,143</b>

<sup>(a)</sup> Contingencies are unfunded and allow for the expenditure of unanticipated revenue that is not included in the beginning or ending fund balance. City Council approval is required before use of capital contingencies.

# BUDGET BY FUND | Capital Improvement Plan Funds Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
Beginning Fund Balance <sup>(a)</sup>	234,291,615	176,130,143	185,246,073	207,796,136	177,659,436
<b>Revenues</b>					
Charges for Service/Other	53,781,054	23,627,100	23,491,400	140,072,600	3,795,900
Bond Proceeds	40,000,000	95,000,000	100,000,000	-	50,000,000
Other Revenue	20,789,900	5,990,000	1,620,000	4,704,300	4,529,800
Taxes - Local	14,222,084	14,770,200	15,460,900	16,071,000	16,711,600
Utilities & Enterprises	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Interest Earnings	4,440,940	2,553,100	1,542,500	1,582,300	2,216,300
Building Permit Fees & Charges	65,000	65,000	65,000	65,000	65,000
<b>Subtotal</b>	<b>139,448,978</b>	<b>148,155,400</b>	<b>148,329,800</b>	<b>168,645,200</b>	<b>83,468,600</b>
<b>Transfers In</b>					
2015 GO Bond Interest	-	-	-	-	-
Aviation Fund	33,723	408,400	348,400	423,400	582,900
Contributions	-	-	-	-	-
Downtown Cultural Trust	-	-	-	-	-
Fleet Fund	1,772,711	820,600	527,600	562,400	525,500
General Fund	4,687,996	8,449,800	6,074,100	4,616,400	3,466,800
Grants Fund	6,120	26,000	10,000	22,900	9,800
In Lieu Fees Fund	-	-	-	-	-
Preservation Sales Tax Fund	5,750,035	4,017,900	450,000	300,000	-
Risk Management Fund	4,708	19,900	7,200	16,700	8,500
Solid Waste Fund	293,409	292,100	404,600	442,400	254,400
Special Programs Fund	2,035,696	762,900	20,000	-	20,000
Stadium Capital Improvement Fund	-	-	-	-	-
Stormwater Fee Fund	-	-	-	-	-
Tourism Development Fund	-	-	-	-	-
Transportation Sales Tax (0.10%) Fund	-	-	-	-	-
Transportation Sales Tax (0.20%) Fund	10,627,187	11,326,400	11,855,900	12,549,700	13,054,800
Water & Water Reclamation Funds	36,141,450	34,915,700	35,864,300	43,874,600	47,396,100
<b>Subtotal</b>	<b>61,353,035</b>	<b>61,039,700</b>	<b>55,562,100</b>	<b>62,808,500</b>	<b>65,318,800</b>
<b>Total Sources</b>	<b>200,802,013</b>	<b>209,195,100</b>	<b>203,891,900</b>	<b>231,453,700</b>	<b>148,787,400</b>
<b>Total Fund Balance and New Sources</b>	<b>435,093,628</b>	<b>385,325,243</b>	<b>389,137,973</b>	<b>439,249,836</b>	<b>326,446,836</b>

<sup>(a)</sup> Prior year unexpended sources and uses of funds are estimated and included in the Beginning Fund Balance.



# BUDGET BY FUND | Capital Improvement Plan Funds Five-Year Financial Forecast

	Adopted 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25
<b>Expenditures</b>					
Community Facilities	41,215,561	52,314,848	40,123,424	12,294,926	16,120,668
Drainage / Flood Control	23,812,956	-	-	30,975,811	-
Preservation	45,680,826	450,000	450,000	-	-
Public Safety	22,106,509	10,281,641	16,360,127	24,799,461	20,000
Service Facilities	24,025,228	21,773,820	22,603,566	22,172,280	9,623,429
Transportation	213,542,531	55,690,397	30,063,451	131,373,497	17,049,056
Water Management	320,478,494	37,445,001	40,740,000	35,020,230	20,983,500
Prior Year Unexpended <sup>(a)</sup>	-	439,155,006	423,766,743	398,951,674	399,612,479
<b>Subtotal</b>	<b>690,862,106</b>	<b>617,110,713</b>	<b>574,107,311</b>	<b>655,587,879</b>	<b>463,409,132</b>
<b>Less: Estimated Capital Improvement Expenditures</b>	<b>(251,707,100)</b>	<b>(193,343,970)</b>	<b>(175,155,637)</b>	<b>(255,975,400)</b>	<b>(145,346,600)</b>
<b>Subtotal: Unexpended at Year End</b>	<b>439,155,006</b>	<b>423,766,743</b>	<b>398,951,674</b>	<b>399,612,479</b>	<b>318,062,532</b>
<b>Transfers Out</b>					
G.O. Bonds Fund	-	-	-	-	-
MPC Bonds - Aviation	-	-	-	-	-
Stadium Capital Improvement Fund	-	-	-	-	-
Tourism Development Fund	-	-	-	-	-
Transportation Sales Tax (0.20%) Fund	-	-	-	-	-
Water & Water Reclamation Funds	7,256,385	6,735,200	6,186,200	5,615,000	5,236,300
<b>Subtotal</b>	<b>7,256,385</b>	<b>6,735,200</b>	<b>6,186,200</b>	<b>5,615,000</b>	<b>5,236,300</b>
<b>Total Uses</b>	<b>258,963,485</b>	<b>200,079,170</b>	<b>181,341,837</b>	<b>261,590,400</b>	<b>150,582,900</b>
<b>Ending Fund Balance <sup>(b)</sup></b>					
Aviation Funds Contingency	250,000	250,000	250,000	250,000	250,000
CIP Stormwater Utility Bill Fee Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General Fund Contingency	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Grant Contingency	8,300,000	8,300,000	8,300,000	8,300,000	8,300,000
Greater Airpark Special Improvements Contingency	2,000,000	-	-	-	-
Old Town Special Improvements Contingency	3,200,000	-	-	-	-
Sewer Rates Contingency	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water Rates Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
<b>Reserved:</b>					
Reserved Fund Balance	176,130,143	185,246,072	207,796,136	177,659,436	175,863,936
<b>Total Ending Fund Balance</b>	<b>176,130,143</b>	<b>185,246,073</b>	<b>207,796,136</b>	<b>177,659,436</b>	<b>175,863,936</b>

<sup>(a)</sup> Prior year unexpended uses are based on annual cashflow estimates.

<sup>(b)</sup> Contingencies are unfunded and allow for the expenditure of unanticipated revenue that is not included in the beginning or ending fund balance. City Council approval is required before use of capital contingencies.



**FY 2020/21 Adopted Budget**