

# City of Scottsdale, Arizona FY 2003/04 Budget

## Budget Summary

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### Volume One



#### City Council

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Mary Manross, Mayor  
Ned O'Hearn, Vice Mayor  
Wayne Ecton  
Robert W. Littlefield  
Cynthia Lukas  
David Ortega  
Tom Silverman

#### Administrative Staff

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Jan M. Dolan,  
City Manager  
Barbara Burns,  
Assistant City Manager  
Ed Gawf,  
Deputy City Manager  
Roger Klingler,  
Assistant City Manager  
Craig Clifford, CPA  
Chief Financial Officer

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**Mayor and City Council's Mission**

It is the mission of the City of Scottsdale to build citizen trust by fostering/practicing open, accountable, and responsive government; to provide quality services; to provide long-term prosperity; to preserve Scottsdale's unique southwestern character; to plan and manage growth in harmony with its desert surroundings; and to promote livability by enhancing and protecting its neighborhoods. Quality of life for residents and visitors shall be the paramount consideration.



**Mary Manross, Mayor**

Mary Manross was elected Mayor of Scottsdale in May 2000 after eight years as a councilwoman. Mayor Manross is a member of the National League of Cities (NLC) Transportation Infrastructure Steering Committee, the primary group responsible for the NLC's National policy on transportation. Mayor Manross also chairs Valley Metro, serves as President of the Arizona Municipal Water Users Association (AMWUA), is on the Executive Committee of Maricopa Association of Governments (MAG), is an executive board member of The League of Arizona Cities and Towns and active with the Arizona Town Hall and Arizona Women in Municipal Government. Prior to her time in elected office, Mayor Manross held positions of leadership in community, education and church organizations. A thirty-year resident of Scottsdale, Mayor Manross holds a bachelor degree in Political Science and a secondary teaching credential.

**Mayor and City Council's Broad Goals**

**Goal A: Neighborhoods**

Enhance and protect a diverse, family-oriented community where neighborhoods are safe, protected from adverse impacts, and well maintained.

**Goal B: Preservation**

Preserve the character and environment of Scottsdale.

**Goal C: Transportation**

Provide for the safe, efficient and affordable movement of people and goods.

**Goal D: Economy**

Position Scottsdale for short- and long-term economic prosperity by stabilizing, promoting, strengthening, stimulating, expanding and diversifying our economic resources.

**Goal E: Fiscal and Resource Management**

Ensure Scottsdale is fiscally responsible and fair in its management of taxpayer money and city assets, and coordinates land use and infrastructure planning within the context of financial demands and available resources.

**Goal F: Open and Responsive Government**

Make government accessible, responsive and accountable so that pragmatic decisions reflect community input and expectations.



**Vice Mayor Ned O'Hearn**

Councilman Ned O'Hearn was elected to his first term on the Scottsdale City Council in May 2000.

Councilman O'Hearn is Executive Vice President of ONCOR International - an international service organization based in Washington, D.C., that is comprised of and owned by 54 independent commercial real estate brokerage companies around the world. He is a facilitator, trainer and coordinator of business activities. With a master's degree in city planning from San Diego State University, Councilman

O'Hearn holds a particular interest in the ways cities prepare for and respond to demographic and economic change. Councilman O'Hearn was born in Massachusetts and received his bachelor's degree in English from The College of The Holy Cross. He served as an officer in the Navy with Vietnam service.



**Councilman Wayne Ecton**

Councilman Wayne Ecton was elected to his first term on the Scottsdale City Council in March 2002. He previously served on the 2001/2002 Citizens Budget Committee and the Big Box Ideas Team, which helped the city develop an ordinance to regulate the placement and appearance of "big box" retail buildings. A Scottsdale resident since 1996, Councilman Ecton is a member of the Coalition of Pinnacle Peak, the Greater Pinnacle Peak Homeowners Association, Friends of the McDowell

Land Trust and the Foothills Community Foundation. He also is a member of the Scottsdale Center for the Arts, the Art Alliance for Contemporary Glass, the American Craft Council and the Glass Art Society. Councilman Ecton retired from Alcoa after 33 years in high-level financial management positions in the U.S. corporate headquarters and International and U. S. operating locations. Councilman Ecton holds a bachelor's degree in business. He was also a member of the Financial Executives Institute until his retirement.



**Councilman Robert W. Littlefield**

Councilman Robert W. Littlefield was elected to his first term on the Scottsdale City Council in May 2002. He is the founder and president of NetXpert Systems, Inc., a Scottsdale-based computer company. He also is a commercial pilot and flight instructor. Councilman Littlefield has been involved in a variety of civic, youth and professional organizations. He is a member and former director of the Arizona Software & Internet Association, the Arizona Pilot's Association, Aircraft Owners and Pilots Association, National Federation of

Independent Business, American Legion, Kiwanis Club and Civitan. A Vietnam combat veteran, Councilman Littlefield served in the U.S. Army from 1968 to 1970 and in the Arizona Army National Guard from 1971 to 1974. Councilman Littlefield holds a bachelor's degree in engineering from Arizona State University.



**Councilwoman  
Cynthia Lukas**

Councilwoman Cynthia Lukas was elected to her first term on the Scottsdale City Council in March 1998. She teaches English at Paradise Valley Community College. Currently, she represents Scottsdale on the Energy, Environment and Natural

Resources Policy Committee of the National League of Cities and the Domestic Violence Coordinating Committee of the Maricopa Association of Governments. A graduate of the Scottsdale Leadership program and the Citizen's Police Academy, Councilwoman Lukas has served the community as chairwoman of the Historic Resources Preservation Task Force, a member of the Charter Review Advisory Commission, a member of the CityShape 2020 Steering Committee reviewing Scottsdale's General Plan, and a member of the "Save Our McDowells" campaign steering committees to secure funding for acquisition of lands in the McDowell Sonoran Preserve. Councilwoman Lukas graduated with a B.A. Magna Cum Laude in English, Phi Beta Kappa, from the University of Arkansas, then an M.A. in Communications from Fairfield University in Connecticut



**Councilman  
David Ortega**

Councilman David Ortega was elected to his first term on the Scottsdale City Council in May 2000. Councilman Ortega graduated with a degree in Architecture from the University of Arizona, with additional studies at La Salle Arquitectura in Mexico City, Mexico. In 1978, he interned

with Bennie Gonzales, the award-winning architect who designed Scottsdale City Hall, the Scottsdale Center for the Arts, and the original Civic Center Library. Mr. Ortega opened his own architectural firm in downtown Scottsdale in 1984. His professional work includes a wide variety of residential and commercial projects in Arizona and California. In addition, he has completed a number of *pro bono* projects, including the Chrysalis Shelter for Victims of Domestic Violence and the Saint Maria Goretti Catholic Church. Councilman Ortega has been an active member of the American Institute of Architects since 1984. In addition to his professional work, Councilman Ortega has been very active in community civic, educational, and charitable organizations since becoming a Scottsdale resident in 1979.



**Councilman  
Tom Silverman**

Councilman Tom Silverman was elected to his first term on the Scottsdale City Council in March 2000. A resident since 1953, Councilman Silverman's civic involvement includes terms as president of the Scottsdale Chamber of Commerce and the

Scottsdale Foundation for the Handicapped. He has served on the board of directors of the Scottsdale Memorial Hospital Foundation and the Scottsdale Chamber of Commerce Foundation, in addition to the advisory boards of the Scottsdale Historical Society, Scottsdale Leadership and the McDowell Sonoran Land Trust. Councilman Silverman is a Scottsdale Charros life member. He was chairman of the Governor's Tourism Advisory Council for the Arizona Office of Tourism and served on the Scottsdale Hospitality Commission. Councilman Silverman is the co-owner and general manager of Scottsdale's Chaparral Suites Hotel. He is a graduate of Scottsdale High School, Arizona State University and the first Scottsdale Leadership class. In 1991, he received the Frank W. Hodges Alumni Achievement Award from Scottsdale Leadership and also was named "Citizen of the Year" by the Scottsdale Association of Realtors.



**Jan M. Dolan,  
City Manager**

Janet M. Dolan has been City Manager of Scottsdale since August 2000. Prior to her arrival in Scottsdale, she served 10 years as City Manager of Menlo Park, California. From 1984 to 1990, she served as Assistant City Manager in Santa Rosa, California,

where she was responsible for labor relations and oversaw the Public Works, Recreation and Parks, Community Development and Utilities departments. From 1982 to 1984 she served as Assistant to the City Manager of Reno, Nevada and as Director of Administrative Services/Administrative Assistant in Great Falls, Montana, from 1979 to 1984. Ms. Dolan has a Bachelor of Arts degree with honors from the University of Montana, graduate coursework in public administration from Montana State University, and leadership training at the Senior Executive Institute for Government Officials at the University of Virginia. As Scottsdale's City Manager, she is a member of the management committees for the Maricopa Association of Governments, the Regional Public Transportation Authority and the Southwest Regional Operating Group, which oversees wastewater operations for a consortium of Valley cities.

**Barbara Burns,  
Assistant City Manager**

Barbara Burns was appointed Assistant City Manager in 1990 and has responsibility for overseeing the following Departmental areas; Financial Services, Community Services, Information Systems and WestWorld. Barbara has been with the City of Scottsdale since 1975, working in a number of program areas prior to her current position. Before coming to work in Scottsdale, she was employed in State and County government and the private sector.

Barbara received her Masters Degree in Business Administration from Arizona State University and Bachelors of Arts Degree in Psychology from Akron University in Ohio. She serves on the Board of Directors for the Cactus League Baseball Association and is a graduate and member of Valley Leadership Class IV. She is also a member of the International City Management Association and the Arizona City/County Management Association.

**Ed Gawf,  
Deputy City Manager**

Ed Gawf was appointed to the City of Scottsdale's new Deputy City Manager position in September 2001. His responsibilities include overseeing the City's Transportation, Planning Systems, Citizen & Neighborhood Resources and Preservation Departments.

Ed began his career as a Planner with the City of Arvada, Colorado before moving on to Boulder where he held several positions, including Director of Planning. As Ed's career developed, he moved to San Jose, California where he served in a variety of roles including the Deputy Director of Planning, Building and Code Enforcement. Before moving to Scottsdale, Ed was the Director of Planning and Community Environment for the City of Palo Alto, California. In this role, Ed oversaw the transportation, building and planning processes of the City. He holds a Bachelor of Arts as well as a Masters degree, both in Political Science, from Oklahoma State University, and is a member of the American Institute of Certified Planners.

**Roger Klingler,  
Assistant City Manager**

Roger Klingler was appointed Assistant City Manager in February, 1998, and has responsibility for overseeing the City's Water Resources, Municipal Services Departments, and Intergovernmental Relations and the implementation of the City's \$800 million CIP Program. He has served the City since 1979 in several capacities. He was Water Resources General Manager from 1994 to 1998, and Assistant General Manager from 1990 to 1994.

Mr. Klingler previously served the City as Assistant to the City Manager for Intergovernmental Relations, representing the City before the State Legislature and other state, federal and local agencies. He also worked as a Management Assistant in the City's office of Management and Productivity, analyzing and implementing productivity improvements in various City Departments.

He received his Master's Degree in Public Administration and Bachelors of Arts Degree in Political Science from Michigan State University. Mr. Klingler is on the Board of Managers for the Scottsdale/Paradise Valley YMCA, is a graduate of Valley Leadership Class XII, and Scottsdale Leadership Class I, and is a member of the International City Management Association and the Arizona City/County Management Association.

**Craig Clifford, CPA,  
Chief Financial Officer**

Craig Clifford is a Certified Public Accountant and Certified Government Financial Manager, hired by the City in 1992. Prior to joining the City he served as Accounting Manager, Budget Manager and Auditor for other Arizona municipalities and worked in the banking industry. He earned undergraduate degrees in Business Management and Accounting from Arizona State University and a Masters in Business Administration with honors from the University of Phoenix. He is also a graduate of The Advanced Government Finance Institute sponsored by the Government Finance Officers Association (GFOA), the Advanced Public Executive Program sponsored by Arizona State University, and the College for Financial Planning, Denver Colorado. He currently serves on the GFOA Executive Board, served on the GFOA Budget and Management subcommittee, and is Past President of the Arizona Finance Officers Association. He is a member of the Arizona Society of CPAs, American Institute of CPAs, Association of Government Accountants, Municipal Treasurer's Association and Diplomat of the American Board of Forensic Accounting.

**Art Rullo, MPA,  
Budget Director**

Art Rullo joined the Financial Services staff as Budget Director in August of 2002. Art holds a Bachelor of Science degree in Accounting from Saint Vincent College and a Masters of Public Administration degree from the University of Pittsburgh. Over his professional career Art has worked for large urban city and county governments as well as an international public accounting firm. His professional designations include Certified Government Finance Manager (CGFM) and a Certified Public Finance Officer (CPFO). Art also serves as a budget reviewer for the Government Finance Officers Association.

**Bryan Bundy, MBA,  
Senior Financial Analyst**

Prior to joining the City of Scottsdale in May 2003 Bryan was employed for the past 11 years with the State of Arizona. Bryan is a Chicago native and moved to Arizona in 1987 to attend college. He holds a Bachelor of Science degree in Accounting from Arizona State University and an M.B.A. in Management Information Systems from Western International University.

**Cindy Ensign, CPA,  
Accounting Coordinator**

Cindy Ensign is a Certified Public Accountant who was hired by the City of Scottsdale in November of 1999 as the person responsible for the coordination between department Budget Liaisons and Financial Services staff. Prior to joining the City, she worked for a private construction firm as their company Controller. Cindy holds a Bachelor of Science degree in Accounting from Arizona State University and an Associates of Arts degree in Computer Science from Scottsdale Community College and is a member of the Arizona Society of Certified Public Accountants.

**Joyce Gilbride, CPA,  
Accounting Coordinator**

Joyce Gilbride is a Certified Public Accountant and holds a Master of Business Administration degree from the University of Phoenix. During her thirteen year career with the City, she has held a series of increasingly responsible positions in areas of accounting, audit, and budget. Joyce is a member of the Arizona Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

**Jeff Nichols, CPA,  
Accounting Coordinator**

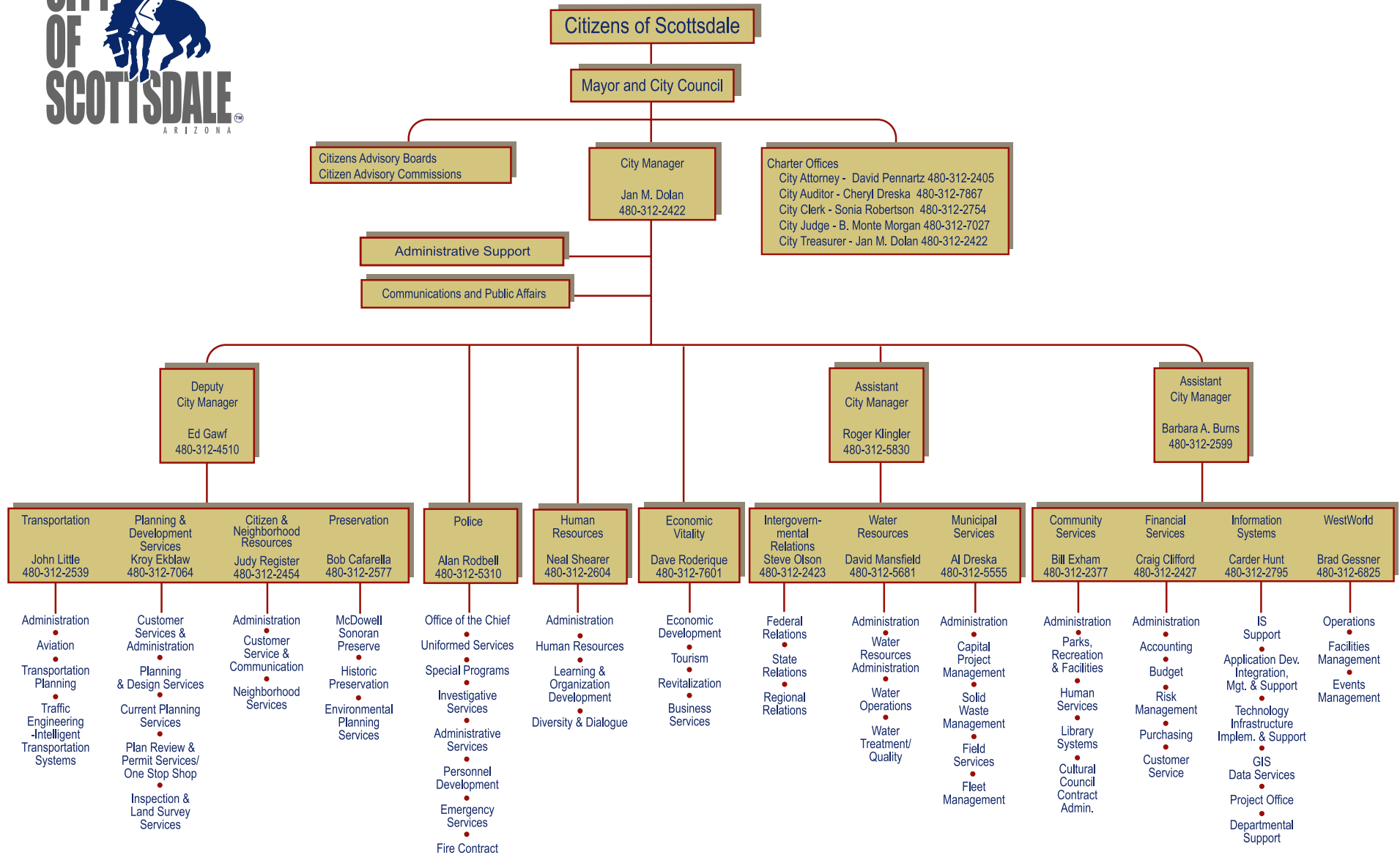
Jeff Nichols is a Certified Public Accountant hired by the City in September 2001. Prior to joining the City, he served as a Senior Management Assistant and as an Accountant with the City of Tempe. Jeff also worked in the field of public accounting before moving to Arizona in 1986. Jeff holds a Bachelor of Science in Business Administration with an emphasis in Accountancy from Central Michigan University.

**Kristine Zich,  
Multimedia Communications Coordinator**

Kristine Zich joined the Financial Services staff in September 1993 supporting the Accounting and Budget Divisions in increasingly responsible positions. Kristine is a member of the American Institute of Graphic Arts and holds a Bachelor of Science in Business Marketing degree from the University of Phoenix.



# CITY ORGANIZATIONAL CHART



Origin and Growth

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing an area approximately 185.2 square miles. Lying at an elevation of 1,260 feet above sea level, the City averages 314 days of sunshine and 7.74 inches of rainfall per year, with the average minimum and maximum temperatures ranging from 55.7 degrees to 84.6 degrees, respectively. The City is bordered to the west by Phoenix, the state capital, by Tempe to the south, and by the Salt River/Pima Maricopa Indian Community to the east. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

Scottsdale was founded in the 1800's when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the City. The City incorporated in 1951 and the City Charter, under which it is presently governed, was adopted in 1961. The City has experienced significant increases in population, with the 1950 census reporting 2,032 residents. The City's 1990 census was 130,069. The population grew to 168,176 in October 1995 and is estimated to grow to approximately 216,640 by January 2003 and an estimated 221,033 in January 2004.

Government and Organization

Scottsdale operates under a council-manager form of government as provided by its Charter. The Mayor and six City Council members are elected at large on a non-partisan ballot for a four-year term. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The City Manager, in turn, appoints City employees and department General Managers under service procedures specified by Charter.

Employment

Scottsdale is creating jobs faster than it is adding to its labor force, and thus is a net importer of jobs. Not only does this situation create employment opportunities for the residents, but it also creates a significant business component to the local tax base. The unemployment rate is lower than state and metro levels and is approximately 3.7% (May 2003).

Transportation

Scottsdale's transportation network offers citizens a variety of mobility choices. The Pima and Red Mountain Freeways and City streets let people move into and around the City. The advanced technology of Intelligent Transportation Systems detection and signalization make getting around faster, especially during special events like the Phoenix Open. Local and regional bus routes and alternative modes of transportation such as Cab Connection and bicycles provide additional access to this extraordinary City. Scottsdale Airport, operated by the City, provides general aviation and worldwide charter air service. The Transportation Department's divisions are Aviation, Traffic Engineering, Transportation Master Planning, Capital Improvement Projects Planning, and Administration. They work together to support the mission of protecting neighborhoods and providing for safe, efficient and affordable movement of people and goods in Scottsdale.

Educational Facilities

Several institutions of higher learning are available to City residents. Scottsdale Community College, a part of the Maricopa Community College System, is located on the eastern border of the City, on the Salt River/Pima Maricopa Indian Community. The college is a two-year college which offers a wide variety of academic, occupational, developmental, and special interest programs. Arizona State University, one of the major universities in the nation, is located in Tempe just south of the City. The University has approximately 45,700 students, graduate and undergraduate, a choice of 12 colleges and has 1,822 full-time faculty members. Other higher educational facilities include the University of Phoenix and the Scottsdale Culinary Institute. The City is also served by 25 public elementary and middle schools, 5 public high schools, and a number of private schools.

Tourism

Tourism is one of Scottsdale's largest industries and is a significant contributor to Scottsdale's economy. Numerous resort and convention facilities, along with many hotels and motels, provide nearly 10,000 guest rooms, along with many public and private golf courses and tennis courts, and several country clubs. The number of rooms is expected to remain stable through 2003. More than 2,500 retail shops, boutiques, and galleries are located throughout the City and a selection of almost 400 restaurants is available. These services and facilities, complemented by the mild winter, have made Scottsdale a popular vacation spot for tourists and winter visitors.

**Demographics**

The following tables provide additional demographic statistics for the City of Scottsdale and its citizenry from the 2000 U.S. Census.

**Gender**

Male .....	48.2%
Female .....	51.8%

**Age Composition**

Under 5 years .....	5.2%
5 – 14 years .....	11.1%
15 – 24 years .....	9.7%
25 – 54 years .....	45.5%
55 – 59 years .....	6.5%
60 – 74 years .....	14.5%
75 – 84 years .....	5.8%
85+ .....	1.8%
Median age (years) .....	42.1

**Occupational Composition**

Technical/Sales .....	
Administrative/Support .....	20.0%
Managerial & Professional .....	18.0%
Service/Labor .....	23.0%
Craft/Construction .....	4.0%
Retired/Student .....	35.0%

**Race/Ethnic Origin**

White .....	88.0%
Hispanic .....	7.0%
Asian .....	2.0%
African American .....	1.2%
American Indian .....	.6%
Other .....	1.2%

**Educational Attainment**

4 or more years of college .....	44.1%
1 – 3 years of college .....	33.3%
High School Diploma .....	16.2%
Less than High School Diploma .....	6.4%

**Land Use**

Residential .....	63.0%
Undeveloped/Agricultural .....	25.0%
Industrial/Commercial .....	12.0%

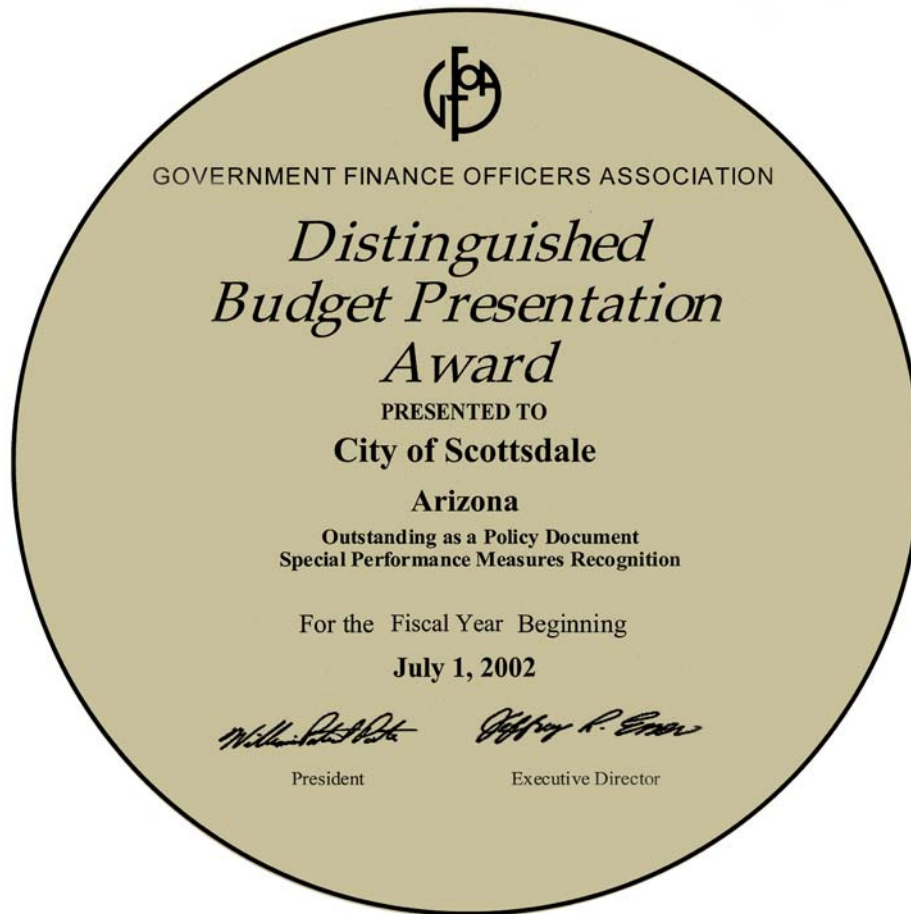
**Population**

1951 .....	2,021
1960 .....	27,010
1965 .....	54,504
1970 .....	67,841
1975 .....	78,085
1980 .....	84,412
1985 .....	92,844
1990 .....	130,069
1995 .....	168,176
2000 .....	202,705
January 2004 estimate .....	220,480

**Household Income**

Less than \$15,000 .....	8.5%
\$15,001- \$29,000 .....	13.4%
\$30,000 - \$39,000 .....	10.3%
\$40,000 – \$59,999 .....	18.0%
\$60,000+ .....	49.8%
Median Household Income .....	\$59,873

[Source: City of Scottsdale, Economic Vitality Department]



### **Budget Award for Fiscal Year 2002/03 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 the fiscal year beginning July 1, 2002. 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 operations guide, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.



June 2, 2003

Honorable Mayor and City Council:

The Scottsdale City Budget for Fiscal Year 2003/04 keeps Scottsdale fiscally sound during the most challenging economic period in the City's history.

As outlined in my original transmittal letter for the draft budget in March (see pages 3-10 of this section), the City is entering an unprecedented third year of declining revenues amid continued economic uncertainty. FY 2003/04 revenue projections show declines in many of the City's significant revenue sources, such as privilege tax, transient occupancy tax, state-shared revenues and development permits and fees.

Despite these challenges, the budget continues to fund essential services, maintains investment in critical capital projects and carries forward Scottsdale's emergency reserve fund. To bring the budget into balance, the City has reduced the size of its workforce, trimmed employee programs and fringe benefits, reduced the General Fund subsidy to transportation projects and adopted a more realistic and better-defined Capital Improvement Program.

The adopted FY 2003/04 budget essentially carries forward the March budget proposal with some modifications, based on public input and City Council directives. The most significant changes are noted below:

- **General Fund Operating Contingency.** The City Council requested and adopted a \$1 million increase in the General Fund Operating Contingency, which increased the proposed operating contingency budget amount from \$1.5 million to \$2.5 million.
- **Property Tax Rate.** The City's overall real property tax rate was adopted at \$1.12 per \$100 of assessed value. This change represents a 3 cent reduction from the prior year tax rate.
- **Culture Quest.** Based on community input and City Council members' direction, funding for Culture Quest continues for FY 2003/04 at \$770,000.
- **Transit Services.** The City Council voted to restore \$674,700 in funding for transit services set to be cut in the proposed budget. Because of the restored funding, the Transit Division will continue the Maricopa County Special Transportation Services, continue Express Route 510, and maintain the current weekday peak-hour and midday schedules on Scottsdale and Miller roads. As noted by staff during the public input process, the funding source used to restore these transit services in FY 2003/04 will not be available in subsequent years.
- **WestWorld Covered Arena and Walkway to the Equidome.** The adopted FY 2003/04 capital budget includes \$577,000 to restore a covered arena and walkway project not in the initial five-year capital plan.
- **Capital Improvement Plan Update.** In the time between the transmittal of the proposed budget and the final budget adoption, work on several capital projects progressed and used available funds in FY 2002/03. As a result, the amount to be carried over to the FY 2003/04 capital budget was reduced by \$9.5 million. The new, lower total for the capital budget is \$495.5 million.

The end of one budget process marks the beginning of another. During the next 12 months, staff will closely track the national, state and local economies and report any new trends. This information will be used in developing the proposed budget for FY 2004/05. The City's responsiveness to emerging economic challenges and its careful long-range planning

have been key factors in Scottsdale's fiscal health. Despite actual FY 2002/03 revenues that lagged behind adopted budget estimates, the City spotted the trend early enough to cut expenditures without affecting services.

The City's financial management has earned Scottsdale the highest possible ratings from the three major bond-rating agencies since 2001. Scottsdale remains among a few exceptional local governments nationwide with similar ratings. This fact is especially noteworthy because many communities across the country have tapped into their financial reserves as revenues dropped, and their ratings have been downgraded. Scottsdale did not use its General Fund Reserve in FY 2002/03 and has not assumed any use of the reserve to balance the FY 2003/04 budget.

The adopted budget is the culmination of the diligent efforts of many people. Special recognition goes to the Financial Services staff for their outstanding management of City finances and the budget development process.

The Citizens Budget Review Committee deserves acknowledgment for the many months they volunteered to learn about the City's finances and complete an intensive review of the program and capital budgets.

Finally, a note of thanks goes to the Mayor and City Council for your guidance on many critical budget issues and for the time you devoted to hear from representatives of civic and cultural organizations, transit users, neighborhood groups and other members of the public.

The economic turbulence of the past several years has highlighted the importance of Scottsdale's continuing efforts to build a sustainable local economy. The Morrison Institute study, "Which Way Scottsdale?" highlighted some of the critical questions the City must answer to make its economy less reactive to events on the national level and more stable in the long run. The staff looks forward to continuing this vital work with the City Council and the entire community.



Janet M. Dolan  
City Manager



March 12, 2003

Honorable Mayor and City Council:

The Proposed FY 2003/04 Scottsdale City Budget is designed to meet the economic challenges confronting the City in the next budget year and to prepare Scottsdale for future challenges.

The City is entering an unprecedented third year of declining revenues. There is continuing uncertainty about the timing and magnitude of an economic recovery. Developing the proposed budget required difficult choices to achieve a budget that balances the following objectives: (1) delivering quality services expected by residents and businesses (2) continuing innovation to help manage costs, (3) striking a balance between current expectations and investing in the City's future needs and economic generators, and (4) ensuring sound fiscal practices.

The proposed budget and the related Five-Year Financial Plan for each of the City's funds assume conservative economic forecasts and limited revenue growth. At this point in the City's history, this is the only prudent approach. Not only is the timing of an economic recovery uncertain, it is not likely to generate the level of economic expansion and double-digit revenue increases that Scottsdale experienced in the 1990s. Slower revenue growth means Scottsdale must carefully weigh the costs and benefits of all programs. As the community evolves, the City must be able to sustain basic municipal services at high levels of quality. At the same time, Scottsdale's government must be flexible enough to reallocate staff and resources from programs that have served their purpose into new initiatives that meet emerging needs and mission critical programs.

In developing the proposed budget, City staff followed a zero-based program budget approach leading to a focused review of services delivered by the City, increased scrutiny of expenditures and prioritization of programs to be funded using limited resources. Key features of the draft budget include:

- An \$8.8 million decrease in expenditures and transfers-out of the General Fund, the largest fund, which supports basic City services. Expenditures and transfers-out will decline from an estimated FY 2002/03 year-end level of \$204.3 million to \$195.5 million in FY 2003/04.
- Externally driven personnel cost increases due primarily to increases in City retirement contributions and health care insurance premiums. Increases in retirement contributions are estimated at \$3.4 million, and increases in health care costs are estimated at \$2.6 million.
- An annualized reduction of \$2.6 million in personnel costs through the elimination of 41 vacant positions. Of the total, 32 positions will come from the General Fund, where revenues are influenced significantly by the economy.
- Additional measures to control personnel costs, including the elimination of across-the-board pay increases, elimination or reduction of several fringe benefits and employee programs and a reduction of about \$1.4 million in training, travel and business conference expenditures.
- A more realistic and precise plan for continued investment in the City's basic infrastructure and public facilities, combined with a more comprehensive analysis of associated maintenance and operating costs. Improved cash management and other changes in the proposed Capital Improvement Plan will ensure that the City can take advantage of favorable financing and construction markets to build key projects and phase in operating costs for new facilities at a reasonable pace.

- A reduction in General Fund subsidies to transportation. The draft budget proposes a change in financial policies that would allow the City to use up to 40 percent of the .2 percent Transportation Privilege (Sales) Tax for operations that support improvements to the City's transportation system. Reductions in transit services also are proposed. Both proposals will reduce the General Fund subsidy to transportation.
- Sustained funding of the General Fund ten-percent reserve to ensure the City can provide basic services in the event of major emergencies. The reserve is also very important in retaining the City's triple AAA bond ratings.
- An estimated five-cent drop in the combined property tax rate, from \$1.15 to \$1.10 per \$100 in assessed valuation.
- An average increase of only about \$1.50 in the average homeowner's combined bill for water & sewer, refuse, and recycling services.

This initial draft budget does not account for two significant factors that could affect the final budget. As more information becomes available, it will be presented:

- A change in the allocation of state shared revenues. So far, the Legislature has not moved forward with cuts to shared revenues. The City continues to monitor the state's budget proposals.
- Approval of voter initiatives to implement a municipal fire department by November 2003. A staff task force is refining a detailed plan for the transition, if voters approve the initiatives. Cost estimates drawn from the plan are expected within the next week, and will include analyses of one-time transition costs and any differences between the current fire services budget and the budget for a municipal fire department.

While the City Council will be reviewing and adopting budgets for all of the City's various funds, the major focus of this document will be on the General Fund. The General Fund is the City's largest fund and includes revenue sources that are typically the most unpredictable. The General Fund pays for traditional municipal services, such as police and fire protection, parks, libraries, and social services. This fund provides the core services available to all citizens, and therefore warrants the most attention during the budget review process.

The draft budget includes more than 180 programs, which represents a significant expansion over the staff's initial efforts last year to identify costs by program. The goal of the program budget is to provide the City Council and citizens a more focused analysis of the costs of each City service or function. Each program budget includes a program description, services provided, City Council's Broad Goals supported by the program, a multi-year summary of its budget and staffing, customers, program broad goals and objectives and performance measures.

A summary of programs by department is included so the reader can see a department's total budget and the proportions of the budget and staff dedicated to specific programs. This summary is intended to enhance the level of public discussion and participation in the prioritization of programs and resources to achieve the City Council's Broad Goals reaffirmed at the October 2002 council workshop.

The following is a summary of budget highlights. A more detailed analysis of the all the City's funds and their applicable program budgets is included in the accompanying attachments.

## **General Fund Revenues**

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As noted above, the General Fund is the core service delivery budget and the largest fund with the highest potential for revenue fluctuations. The estimates in this proposal reflect a very conservative and cautious assessment of revenues due to the uncertainty regarding the national, state, and local economies and the possibility of war. With consumer confidence at an all-time low, the timing and degree to which a recovery may specifically impact Scottsdale's economy is impossible to predict. The proposed budget is based on projections that Scottsdale's population will continue to grow at an annual rate of 1.8 percent, and annual inflation will be approximately 2.0 percent for the coming fiscal year.

The overall General Fund revenues and transfers-in to the fund are expected to decline from \$201.2 million, the current year-end estimate, to \$195.6 million in FY 2003/04, a decrease of \$5.6 million or 2.7 percent. The following General Fund revenues represent the most significant changes between fiscal years:

- Transaction Privilege (Sales) Tax – This revenue source represents the 1.0 percent General Fund share of the City's 1.4 percent sales tax. Of the remaining 0.4 percent of the sales tax, 0.2 percent is dedicated to transportation and 0.2 percent to preservation. These taxes flow into the City's Special Revenue Funds. The Transaction Privilege (Sales) Tax is the City's single largest revenue source. It is estimated to decrease from the FY 2002/03



year-end estimate by \$1.8 million, or 2.2 percent, to \$78.2 million in FY 2003/04. The decrease in the Transaction Privilege (Sales) Tax represents a continued and significant reversal of a long-standing trend of dramatic increases in sales tax revenue. Prior to FY 2001/02, the City saw nine consecutive years of double-digit growth in sales tax revenue. The decline in the FY 2003/04 revenue is estimated to be on par with the current year decline – attributable to the level of economic uncertainty anticipated to continue into next year. The tentative nature of the national and state economies, employment instability resulting in less spending by consumers, and the threat of a war in the Middle East and related acts of terrorism make it impossible to predict with certainty when this revenue source might improve. Looking beyond FY 2003/04, the Five-Year Financial Plan does not foresee a return to double-digit increases of the past and projects instead a slow and very modest increase in sales taxes – essentially keeping pace with very modest inflation.

- Property Taxes – This revenue source is one of the few stable General Fund revenues and is anticipated to increase by \$1.1 million over the current year end estimate, or 7.1 percent, to \$16.5 million. The increase in revenue is driven by a combination of increases in property values and the addition of new construction.
- Transient Occupancy (“bed”) Tax – This revenue source is expected to remain flat with the FY 2002/03 year-end estimate of \$6.7 million. Again, the ongoing uncertainty regarding the economy, the negative impacts of a potential war and/or acts of terrorism are likely to continue suppressing business and pleasure travel. Increased competition from new resorts in neighboring jurisdictions also limits the likelihood of growth in this revenue source in FY 2003/04.
- State-Shared Revenues (“Intergovernmental Revenues”) – These revenues are projected to decrease by \$4.9 million, or 13.2 percent, from the current year-end estimate of \$37.2 million to \$32.3 million. These revenues are from state sales and income taxes and are shared with Arizona cities and towns. The projections for these revenue sources are conservative and based on a soft economy and lower actual income taxes reported to the state. The estimates do not factor in any reductions resulting from legislative changes or reductions.
- Development Permits and Fees - These revenues are projected to decrease by \$750,000, or 5.3 percent, to \$13.5 million. Slowing in development and construction during the current year is expected to continue into next fiscal year.

### General Fund Expenditures

The proposed General Fund budget reflects the focused effort of the City staff to hold down spending with an increased emphasis on funding the City’s mission critical priorities. The proposed General Fund budget reflects the elimination of 32 full-time equivalent positions (FTE’s) through attrition, the majority of the 41 total FTE’s (all funds) eliminated from the City workforce in FY 2002/03. If additional staff is required in a program to meet City Council’s Broad Goals, staff is reallocated from existing programs in the various City departments.

Overall General Fund expenditures and transfers-out of the fund decrease 4.3 percent, or \$8.8 million, from an estimated 2002/03 fiscal year-end estimate of \$204.3 million to \$195.5 million. Using a zero-based program budget approach, non-mission critical expenditures have been eliminated and increases in other areas have been held down to help offset market price increases for goods and services needed to continue City business. The reduction in General Fund expenditures is especially noteworthy in light of the sizable increases in the City’s required contribution to the Arizona State Retirement System, the increased costs of health care insurance premiums and the effects of the employees’ FY 2002/03 market pay adjustment. The following represent significant expenditure and transfers-out items:

- Eliminated Positions – The payroll and benefits associated with the 32 eliminated General Fund positions reduce the proposed budget by \$2.0 million annually. In addition, the City will save nearly \$600,000 through a reduction in contract positions in the General Fund. Redeploying staff should minimize any service level impacts.
- Elimination and Reduction of Employee Programs – The reduction and elimination of various employee benefits and programs generates additional budget savings. Examples of these programs and the applicable savings include: elimination of vacation trade and unscheduled leave incentive pay (\$506,000), reduction of superior performance pay (\$459,000), reduction of tuition assistance (\$50,000), elimination of self-managed team pay (\$110,000) and elimination of miscellaneous minor fringe benefits (\$50,000).
- No Market Pay Adjustment – The proposed FY 2003/04 budget does not include a market pay adjustment for any employees. Each 1.0 percent market adjustment in General Fund salaries equates to a \$1.0 million budget increase.

- Transfers-Out – The overall amount of transfers-out to other funds decreases by \$13.3 million or 55.1 percent to \$10.8 million. The proposed transfer to the CIP for various capital and maintenance projects decreases \$6.2 million to \$7.5 million. The reduction in the CIP transfer is attributable to the City’s capital project rejustification process and the related modifications to the CIP cash management. The transfer to the Highway User Revenue Fund decreases by \$7.8 million to \$2.5 million. The reduction is premised on a proposed financial policy change that would allow up to 40 percent of the .2 percent Transportation Privilege (Sales) Tax dollars to be used for operating costs that support improvements to the City’s transportation system. The remaining 60 percent of the .2 percent Transportation Privilege (Sales) Tax dollars would continue to be transferred to the CIP. Finally, \$750,000 is transferred to the Self-Insurance Fund. The transfer is needed to meet actuarial funding recommendations and rising insurance costs since September 11, 2001.
- Public Safety (Police) – The police department will establish a Repeat Offender Program in an effort to better address burglary and vehicle thefts. The creation of this new program will be accomplished by redeploying four officers by eliminating the DARE Program and three from other police programs at a net cost increase of only \$40,000. Scottsdale will continue its commitment to providing School Resource Officers at high schools and ensuring schools receive drug awareness and safety information.
- Public Safety (Fire) – The fire budget includes \$1.2 million of contractual increases primarily for union negotiated firefighter pay adjustments. It also includes \$300,000 for new firefighter positions to staff a new fire station located at Jomax and Scottsdale Roads, scheduled to open in the fall of 2003.
- Culture and Tourism – The General Fund includes no increases in contract costs for the Scottsdale Convention and Tourism Bureau or the Scottsdale Cultural Council. However, the proposed budget increases funding for the Culture Quest program and continues the downtown lighting program begun during the 2002 holiday season.

## **General Fund Balances and Reserves**

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The proposed FY 2003/04 budget includes the following fund balances and reserves:

- General Fund Reserve – This reserve continues the City’s financial policy of setting aside funds to protect Scottsdale in times of emergency. This is the City’s “savings account,” and it is important to note that most of these funds are from “carry over,” and once they are spent, it will be difficult, if not impossible, to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of 10 percent of total annual operating costs for the General and Highway User Revenue funds. Based on the revenue and expenditure estimates included in the proposed budget, the ending FY 2003/04 General Fund Reserve is projected to be \$ 20.7 million, which equals approximately the current estimate for the FY 2002/03 ending balance. Because of ongoing economic challenges, the proposed budget does not set aside additional reserve funds. Maintaining this reserve is very important to the municipal credit rating agencies and in retaining the City’s triple AAA bond ratings.
- Economic Investment Reserve - The proposed budget uses a portion of the annual \$5.0 million balance set aside by the City Council for strategic economic development investments that demonstrate clear returns to the community. In FY 2003/04, funds from this reserve and revenue from the Tourism Development Fund are proposed to be used to provide initial financing for the Loloma Museum. Once the City taps the Economic Investment Reserve for its first-year funding for each economic investment, it shifts the continued funding into the appropriate area of the operating budget. For example, funds for the Culture Quest program during the current budget year come from the Economic Investment Reserve, but continued funding has been included in the Economic Vitality Department budget. Continued funding to finance the Loloma Museum project will be included in the operating budget after FY 2003/04.
- Operating Contingency – The proposed budget includes a \$1.5 million operating contingency to meet unforeseen expenses during the year.
- Unreserved Fund Balance - After considering all of the other reserves, an ending unreserved fund balance of \$1.4 million is projected, which represents cumulative General Fund revenues not designated for a specific purpose. The City Council may choose to allocate some or all of these dollars to funding new or expanded programs or requests, or to allocate it to reserve funds.

**General Fund Budget Options for City Council Consideration**

Two key policy issues, which are integral parts of the General Fund budget assumptions, are noted below. Both assumptions relate to transportation funding, which has direct impacts on the General Fund but is accounted for in the Highway User Revenue Fund (a Special Revenue Fund outlined later in this summary). Proposed changes to the City's comprehensive financial policies are presented for your review:

- Use of .2 Percent Transportation Privilege (Sales) Tax – As noted above, the proposed General Fund transfers-out (subsidy) to the Highway User Revenue Fund decreases by \$7.8 million to \$2.5 million. The reduction is premised on the City Council's adoption of a financial policy change that would allow up to 40 percent of the .2 percent Transportation Privilege (Sales) Tax to be used for operations that support improvements to the City's transportation system. It should be noted that the current Capital Fund balance and projected cash flows would allow for the continuation of all priority transportation CIP projects.
- Reductions in Transit Program – The proposed budget reflects service reductions in the Transit Program. The proposed transit service reductions focus on reducing frequency of service on bus routes that travel along Scottsdale Road, Hayden Road, Via Linda and Granite Reef. The only route being eliminated in its entirety is Express Route 510, which runs from McCormick Parkway and Hayden Road into downtown Phoenix. Transit programs that serve seniors and people with disabilities will remain a priority.

Based on current revenue and expenditure projections and assuming City Council's adoption of the 40 percent funding policy and the Transit Program reductions, the General Fund could essentially eliminate its subsidy to the Highway User Revenue Fund by the fifth year of the Five-Year Financial Plan.

**Special Revenue Funds**

The City accounts for revenues earmarked for specific purposes – by law or City policy – through special revenue funds. The largest uses, by far, are transportation and preservation.

Transportation programs are accounted for in two separate funds, the Highway User Revenue Fund and the Transportation Privilege Tax Fund. The Highway User Revenue Fund accounts for the main transportation operating expenditures, which include \$10.7 million for the City's transportation program provided by the Municipal Services Department (street and signal operations and maintenance) and \$9.4 million provided by the Transportation Department (transportation master planning, transit, traffic engineering and intelligent transportation systems).

The revenues and transfers-in to the Highway User Revenue Fund are expected to decrease by \$1.3 million from the FY 2002/03 year-end estimate of \$24.6 million to \$23.3 million, or 5.3 percent. The largest source of revenue into this fund is the Highway User Revenue Tax ("gas tax"), which is designated specifically for transportation purposes. Shared gas taxes are expected to increase by about \$400,000 from \$13.1 million to \$13.5 million. Local Transportation Assistance Fund Revenue ("state lottery") included in the fund is expected to remain flat from the current year revenue estimate of \$1.1 million. Transfers-in to the fund are projected to decrease by \$1.6 million from \$10.3 million to \$8.7 million. The proposed budget for the Highway User Revenue Fund reflects the proposed policy change that would allow the City's .2 percent Transportation Privilege (Sales) Tax to be used for operating costs that support improvements to the City's transportation system. For FY 2003/04, this change will mean a contribution of \$6.2 million from sales taxes to cover transportation operating costs.

Revenue to the Transportation Privilege Tax Fund is expected to decrease about \$100,000 from the current fiscal year-end estimate of \$16.1 million to \$16.0 million in FY 2003/04. The decrease is due to projected lower sales tax collections. All of the revenues in this fund are transferred to other funds for transportation purposes. As noted above, \$6.2 million will go to the Highway User Revenue Fund to pay for operating costs supporting transportation improvements and \$9.8 million will go to the Capital Improvement Plan for transportation related capital projects.

Revenue to the Preservation Privilege Tax Fund also is expected to decrease slightly from the current fiscal year-end forecast of \$16.6 million because of lower sales tax collections. Total expenditures and transfers-out of the fund are estimated at \$16.8 million compared to \$17.3 million in the current year. The primary expenditure of this fund is \$900,000 for debt service payment on the preservation bonds, with the remainder going to the fund balance of \$19.2 million, which has been accumulating for several years. The fund balance will be needed to pay additional debt service over the next few years. The City expects to issue \$50 million in preserve bonds in March of 2004 and an additional \$15.4 million in preserve bonds in March of 2005. Current preserve purchase plans are moving ahead and conservative revenues estimates, coupled with revised debt issuance plans, forecast no long-term negative impact on this special revenue fund.

A collection of smaller restricted revenues for specific City services is included in the Special Programs Fund (Special Revenue). These funds make up the balance of the revenues and expenditures covered under the special revenue funds category. The services included in these various funds are intended to be fully self-supporting and not subsidized by the General Fund. Total revenues and transfers-in and expenditures and transfers-out for these funds are estimated at \$3.6 million and \$3.2 million, respectively. Examples of these funds, which cover a variety of departments and services, include the Police Department (RICO), City Court (Court Enhancement Fund), parks (McCormick-Stillman Railroad Park), libraries (Library Book Sales), senior and social services (Scottsdale Cares). All revenues not expended during the fiscal year carry over to the following year.

## Enterprise Funds

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Enterprise funds account for the City's water & sewer, solid waste collection and aviation services, operated as stand-alone businesses, where user fees cover the cost of services. The total for revenue and transfers-in to these funds increases from a 2002/03 fiscal year-end estimate of \$106.4 million to \$120.9 million in FY 2003/04, under the proposed budget.

The most significant impacts on the Water & Sewer Funds continue to be compliance by 2006 with the new federal mandates to reduce arsenic levels in drinking water, and another forthcoming mandate to reduce levels of by-product compounds from chlorine disinfection. In this past year, the City began a trial project to help determine the most effective and efficient method to meet federal standards. However, the Five-Year Financial Plan still anticipates the need to issue over \$100 million in debt in future years to pay these mandated costs. The proposed budget includes a modest 3 percent user fee increase to help pay for these added costs.

The Water & Sewer Funds draft budget proposes future debt of \$18.4 million and a small increase, 2.5 percent, in residential sewer rates to fund expansion and upgrades to wastewater treatment facilities.

No increase is proposed in fees for Solid Waste Fund operations for refuse collection and recycling services.

Under the new rates, the average monthly residential utility bill for water & sewer and refuse service would increase about \$1.50 per month.

The Aviation Fund proposes an increase in landing fees that will help pay for operational costs and, in conjunction with grant revenues, fund several capital projects at the airport. The five-year forecast for this enterprise is for continued positive operations and no further subsidy by the General Fund.

### Enterprise Fund(s) Policy Changes for City Council Consideration

Several reserve changes are proposed for the Enterprise Funds. The changes are of significant importance for the implementation of a long-range financial plan for the Water & Sewer Funds. Under the plan, the Water & Sewer Funds balance and reserves should meet three objectives: 1) ensure adequate funding for operations; 2) ensure infrastructure repair and replacement; and, 3) provide for incremental and affordable rate changes for customers over time. The long-range water & sewer financial plan focuses on preserving two reserves: 90- day operating reserve and an infrastructure repair/replacement reserve (as required by our bond indenture). Remaining funds will be used only to accumulate cash for future infrastructure projects and level rate impacts to customers over time. These accumulated funds (working capital) currently total nearly \$94 million. The proposed draw-down of accumulated cash is in accordance with the water & sewer multi-year financial plan. The cash will be used for major capital improvement projects planned many years ago.

A positive financial position is forecasted for both the Solid Waste Fund and Aviation Fund and operational reserves are recommended for both enterprise funds. A positive fund balance in the Solid Waste Fund is a result of retired debt, slower growth and stable landfill pricing. It is recommended that a 90-day operating reserve be established to provide future funding to address emergencies and the real possibility of significant future landfill cost increases.

A positive financial position is forecasted for the Aviation Fund due to changes in operations and addition of new landing fees. A 90-day airport operating reserve is also recommended for consideration to provide for emergencies, provide funding for potential grant matches and ensure that further General Fund subsidies are avoided.

**Internal Service Funds**

Internal Service Funds account for services and equipment provided to all City departments by centralized divisions – for the City’s vehicle fleet and a Self-Insurance Fund.

Most of the revenues and transfers-in for these two funds are derived from internal charges to City departments and are budgeted at \$17.4 million for FY 2003/04. About \$640,000 comes from property taxes specifically levied to cover the cost of tort judgments. Another \$460,000 comes from interest earnings and other miscellaneous sources.

The budget for the Self-Insurance Fund of \$5.2 million is relatively flat, with the FY 2002/03 year-end estimate, due to the actual claims and associated costs remaining level. However, the fund is receiving a \$750,000 transfers-in from the General Fund to meet actuarial funding recommendations and rising insurance costs since the September 11, 2001 terrorist attacks.

The Fleet Management Fund includes expected increases in fuel costs of approximately \$150,000 and the costs associated with retrofitting the police vehicles with fuel tank bladders equals about \$368,000. These cost increases are being offset by expected savings due to a revised fleet policy on types of vehicles used, expected useful life of vehicles and reductions in take-home use of City vehicles. Based on these policy changes, the Fleet Management Fund will be transferring \$3.0 million of excess fund balance to the Capital Improvement Plan.

**Debt Service Fund**

Debt service funds are designated for payment of long-term debt not paid through General, Enterprise or Special Revenue funds.

The total for revenues and transfers-in to these funds equals \$43.8 million for FY 2003/04, an increase of \$3.2 million from the \$40.6 million the current year end estimate. The same amount is expended to meet debt service payments.

Reductions are due to re-evaluation of the City’s Capital Improvement Plan, related cash flow requirements and revision of proposed bond issuances related to the Bond 2000 general obligation bond authorization.

Property taxes levied to pay for voter-approved bonds are the largest revenue source, providing \$24.5 million in FY 2003/04. The proposed budget projects the rate for “secondary” property taxes, the portion of property taxes specifically dedicated for bonds, will fall slightly from 65 cents to 62 cents per \$100 valuation.

Debt service funds also receive revenue from special district assessments and pay for special district debt service. The remaining revenues in these funds are from interest earnings and miscellaneous sources.

**Capital Improvement Plan**

A separate, key component of the annual financial plan is the City’s Five-Year Capital Improvement Plan (CIP) for infrastructure and public facilities – including roads, water & sewer improvements, parks, buildings and information technology.

During better economic times, previous capital project budgets were, simply put, very optimistic. Prior budgets reflected a very aggressive plan to move projects forward. The proposed Five-Year Capital Improvement Plan uses newly developed conservative financial forecasts and reflects only those projects seen as having the highest priority and the most realistic expectation for completion during the next five years. The proposed Capital Improvement Plan demonstrates a more conservative and workable plan for the foreseeable future. It does not raise expectations that the City will soon begin lower priority projects or projects that the operating budget will not support. This does not mean these remaining projects will not be completed. It merely means the projects not included in the new Five-Year Capital Improvement Financial Plan will be kept on a pending projects list to be incorporated in a later year when financial forecasts improve.

The proposed budget includes \$7.5 million of funding from the General Fund. This represents a decrease of \$6.2 million in funding from the FY 2002/03 year-end estimate. The proposed reduction to transfers-in from the General Fund is a result of the new capital project rejustification process undertaken this year and the ability to adjust capital cash flow requirements to better match actual capital spending. The total proposed CIP appropriation for FY 2003/04 equals \$507.6 million.

The City faces an “interesting” financial situation: an extremely favorable bond market offset by the worst recession in Scottsdale’s history. The proposed five-year plan reflects an attempt to continue (and even expedite) projects with minimal

near-term operational impacts – to help direct money into the local economy, complete needed projects and take advantage of the favorable bond market. At the same time, the proposed plan defers many projects that have significant operational impacts – to help us address the current economic downturn, the expectation for little or no near-term recovery, and more conservative long-term financial forecasts.

Also included in the proposed Capital Improvement Plan are administrative changes that will assist in better management of cash flows and project expenditure tracking. For example, where feasible, projects that formerly had multiple funding sources – such as bonds and the .2 percent Transportation Privilege (Sales) Tax – will move to a single funding source. This change improves the management of cash flows for the various funding sources, resulting in better planning of bond issuances, federal arbitrage compliance, and citizen property tax impacts. Without this change, the allocation of expenditures to different funding sources is based on assumptions that do not always provide a reliable estimate of the amount and timing for future bond issuances. One positive outcome of this approach for taxpayers is a plan that forecasts the combined property tax rate dropping from \$1.15 to \$1.10 per \$100 assessed value in FY 2003/04 and staying at or below \$1.12 for the next five years. This is 38 cents, or 25 percent, below the \$1.50 financial policy limit initiated with the Bond 2000 authorization.

## Conclusion

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The extensive information provided in this proposal provides the basis for a comprehensive discussion over the next few months, when the City Council and the public will have the opportunity to gain more insight into the budget development process and the City's financial picture.

In summary, the primary goals of this challenging budget development process have been to:

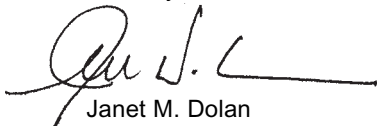
- Use conservative and realistic revenue forecasts.
- Reduce the number of staff positions and redeploy staff to mission critical programs
- Use a zero-based program budget approach to justify and reduce expenditures while still focusing on achieving City Council's Broad Goals and providing basic City services.
- Focus on continuing mission critical programs and eliminating or reducing funding to less critical programs.
- Continue to fund needed investment in the City's infrastructure and facilities.
- Continue to plan for the future through the prudent investment of City resources in strategic economic development investment that demonstrates a clear return to the community.
- Maintain minimum financial reserves.

It is appropriate to thank the City staff, especially Chief Financial Officer Craig Clifford, Budget Director Art Rullo and the entire Financial Services staff, who have put much time and expertise into the development of the proposed budget. The staff has been working on this document since adoption of the FY 2002/03 City Budget, when the first steps of this budget review process began. Departments have worked closely with the Financial Services staff and senior management in developing, documenting and reviewing every component of this proposal. The staff has embraced the City Council's Broad Goals in building a financial plan that delivers the highest quality services at the most reasonable cost to the residents and businesses of Scottsdale.

Over the coming weeks, the Citizen Budget Review Committee will be devoting many hours to understand and analyze the proposed budget and offer their perspectives and insights. Their input is an important part of the budget development process.

The City Council is scheduled to begin its formal review of the proposed budget on March 31, when the staff will present the Capital Improvement Plan during a work-study session. Several other work-study sessions are scheduled. The City Council is scheduled to adopt a tentative budget on May 19 and a final budget on June 2, 2003.

The City staff and I look forward to a thorough and thoughtful examination of the FY 2003/04 proposed budget.



Janet M. Dolan

## FY 2003/04 Budget - How to Use This Book - Volume One

### The City of Scottsdale's budget for FY 2003/04 is comprised of three volumes:

**Volume One** includes the City Council's Mission Statement and Broad Goals, the City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2003/04 through FY 2007/08, which forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

**Volume Two** presents the individual programs within each department. The publication includes specific information about the program descriptions, goals and objectives, customers, partners, and staffing, along with a summary of the program operating budgets by expenditure category and the applicable funding sources.

**Volume Three** includes the Capital Project Budget and Five-Year Capital Improvement Plan with more detailed information for each project. Projects accounted for in Enterprise funds are also included in the Capital Project Budget. Capital Project Budget funding sources are matched with budgeted expenditures. All future year operating impacts are noted in the Capital Budget and are included in the Five-Year Financial Plan.

### FY 2003/04 Adopted Budget Summary - Volume One

Volume One begins with the **City Manager's Transmittal Letters** dated March 12 and June 2, 2003. The March 12<sup>th</sup> letter was used to transmit the City Manager's proposed budget to City Council and highlights the prevailing economic condition under which the budget was prepared. The June 2<sup>nd</sup> letter conveys the key elements of the adopted budget and the changes from the proposed budget.

The next section of Volume One (**Overview**) describes in further detail the City's budget development process, which includes the roles and responsibilities of staff in the budget development process, the budget adoption, implementation and amendment processes, the use of contingencies/reserves, the basis of accounting used to prepare the budget, and the relationship of the operating budget to the capital budget. This section concludes with a summary of the City's adopted Comprehensive Financial Policies, which are used to build the budget and manage the City's finances.

The remaining three sections of Volume One (**Fund Summaries & Five-Year Plan, Budget by Fund and Capital Improvement Plan**) represent the core of the City of Scottsdale's adopted FY 2003/04 budget. The Fund Summaries & Five-Year Plan provides a retrospective and prospective view of the City's funds. The first part of the Budget by Fund section, entitled Legal Compliance and Financial Management, offers a brief explanation of the City's use of fund accounting to maintain fiscal accountability. Next, a summary entitled Fund Accounting-Fund Types provides the reader with a description of the generic governmental fund types used by the City.

After an explanation of the fund types, a summary of the revenues, expenditures and fund balance by individual funds are presented. The **Budget by Fund** section concludes with two matrixes – 1) Program Operating Budget by Department/Program and 2) Program Budget Relationship with Mayor and City Council's Broad Goals. Both matrixes provide a bridge to Volume Two with specific page cross-references where the individual program information can be located.

The next section of Volume One (**Capital Improvement Plan**) describes the City's Five-Year Capital Improvement Plan along with the associated operating impacts of the capital projects. This section references the reader to Volume Three for further detailed information on capital projects such as the project description, funding source(s), and geographic location.

Volume One concludes with an **Appendix** that provides the following items:

- A summary of authorized staff positions by City department and fund type.
- The City departmental staff support in the budget development effort.
- A Five-Year Debt Service Schedule, Schedule of Long-Term Debt Outstanding, and a Computation of the Legal Debt Margin as of June 30, 2003.
- A Glossary of terms used throughout the City's budget.
- The City Council's ordinances reflecting the adoption of the City's FY 2003/04 budget and property tax levy.

## Recommended Budget Practices

The City of Scottsdale budget process incorporates the recommended practices promulgated by the National Advisory Council on State and Local Budgeting (NACSLB). Concurrently, City staff applies diligent effort into improving the process, decisions and outcomes with each new budget year.

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 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 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 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 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 on the basis of 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.*

Communication and involvement with citizens and other stakeholders is stressed. The broad nature of the budget mission allows issues to be addressed that have limited the success of budgeting in the past. Apathy is a serious illness of government. It is in the best interests of government to have involved stakeholders.

The term stakeholders refers to anyone affected by or who has a stake in government. This term includes, but is not limited to: citizens, customers, elected officials, management, employees and their representatives (whether unions or other agents), businesses, other governments, and the media.

It is vital that the budget processes include diverse stakeholders. 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 this aspect of the budget process cannot be overstated. Regular and frequent reporting is necessary to provide accountability, educate and inform stakeholders, and improve their confidence in the government. Communication and involvement is an essential component of every aspect of the budget process.



## Principles and 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 budget is a political and managerial process that also has financial and technical dimensions.

Each of the principles of the budget process 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

- A government should have broad goals that provide overall direction for the government and serve as a basis for decision-making.

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

2) Develop Approaches to Achieve Goals - A government should have specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.

- a) Adopt financial policies
- b) Develop programmatic, operating, and capital policies and plans
- c) Develop programs and services that are consistent with policies and plans
- d) Develop management strategies

3) Develop a Budget Consistent with Approaches to Achieve Goals - A financial plan and budget that moves toward achievement of goals, within the constraints of available resources, should be prepared and adopted.

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

4) Evaluate Performance and Make Adjustments - Program and financial performance should be continually evaluated, and adjustments made, to encourage progress toward achieving goals.

- a) Monitor, measure, and evaluate performance
- b) 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 of the NACSLB's recommended practices.

## Budget Roles and Responsibilities

Every Scottsdale employee plays a role in budgeting — whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, of course, each general manager, through the City Manager, is accountable to the City Council for the performance of program personnel in meeting City Council's Broad Goals (see page V in the Introduction section) and specific workplan objectives within allocated resource limits.

Actual budget responsibility can be identified more specifically:

- The **Program Manager** is responsible for preparing an estimate of remaining cost requirements 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 **Budget Liaisons** serve as the vital communication link between the programs and the Financial Services budget staff. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. A list of budget liaisons and their area of responsibility appears in the appendix, page 129.
- The **Capital Improvement Plan Coordination Teams** are comprised of staff from various City departments. The teams are responsible for reviewing all capital projects (construction and technology) for timing and cost considerations, compiling lifecycle costs, and preparing a preliminary Capital Improvement Plan recommendation for review and revision by the

General Managers, City Manager, City Council and various boards and commissions comprised of citizens. A list of Coordination Team members appears in the appendix, page 129.

- The **Division Directors, General Managers, 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. General Managers critically evaluate all requests, prioritize, and submit a balanced budget plan including only those requests, which support City Council's Broad Goals, City Manager workplan, administrative direction, and program objectives.
- The **Budget Director** and budget staff within the Financial Services Department are responsible for preparing short-range and long-range revenue and expenditure forecasts, and calculating program budget limits. Budget staff develop the process for preparing the budget, coordinate the compiling, analysis, and summarization of program requests and prepare budget review materials for the City Manager, Mayor, and City Council. Assistance is provided to General Managers or staff with preparation requirements and with presentation formats.
- The **Budget Director, Chief Financial Officer, and Deputy/Assistant City Managers** 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 and CIP requests and working with program managers to develop program and service recommendations that are consistent with City Council's Broad Goals, management strategies, and the City's Adopted Financial Policies (see page 18 of this Overview section).
- The **City Manager** is responsible for reviewing the total financial program and submitting a balanced City-wide proposed budget which supports the City Council's Broad Goals established by the Mayor and City Council.
- The **Mayor and City Council** initially set the direction for the budget by establishing Broad Goals for the organization which serve as a basis for decision-making. The Mayor and City Council are ultimately responsible for the review of the City Manager's proposed budget and adoption of the final budget.

## City of Scottsdale's Budget Process

The budget process is key to the development of Scottsdale's strategic plan - allowing City Council and staff the opportunity to reassess goals and objectives and the means for accomplishing them. Even though the budget may be reviewed by the Mayor and City Council in April & May and adopted in early June, its preparation begins at least eight months prior, with the City Council's fall retreat. During the retreat the City Council collaborate on establishing a mission and broad goals for the community. Citizen input, City Financial Policies, Economic Trend Analysis, and the most current Financial Forecast are also considered in the fall.

It is with this groundwork the program and Capital Improvement Plan budgets are developed and subsequently reviewed.

**Needs Assessment and Financial Capacity Phase** - This is the foundation of assessing what our current financial conditions are and what needs exist as seen by our citizens, boards, and commissions. Public input and involvement are an important component of Scottsdale's budget process in assessing citizen satisfaction with services and establishing priorities for the coming budget year(s).

The City utilizes a Citizen Budget Review Committee to achieve a very focused and intensive review of the proposed budget. The Citizen Budget Review Committee is appointed by the Mayor and City Council to review program objectives and budgets from a "user's" perspective. The Committee usually begins by gaining an understanding of the basic service level and current operation of each program, then reviewing assumptions (objectives, performance measures, etc.) upon which the budget is being developed, but does not begin reviewing the actual expenditure budget until the Review Phase.

Economic and Financial Trend Analysis is an integral part of Scottsdale's decision-making process, which includes both short and long-range economic and financial forecasts. The City's current financial condition with existing programs is evaluated as well as future financial capacity, integrating long-range plans, objectives and financial policy. Scottsdale's most recent Economic and Financial Trend Analysis Report may be viewed on the City's Internet site: [www.ScottsdaleAz.gov](http://www.ScottsdaleAz.gov). City infrastructure needs (capital improvement projects) are also evaluated and play an important role in forecasting related short and long-term operating needs. During this phase, strategic fiscal forecasting assumptions are made, i.e., reserve funding, capital funding contributions, compensation adjustments, and cost/inflation adjustments. These preliminary assumptions result in the City's forecasted fiscal capacity and provide a balanced financial framework upon which service programs and capital infrastructure project budgets are developed.

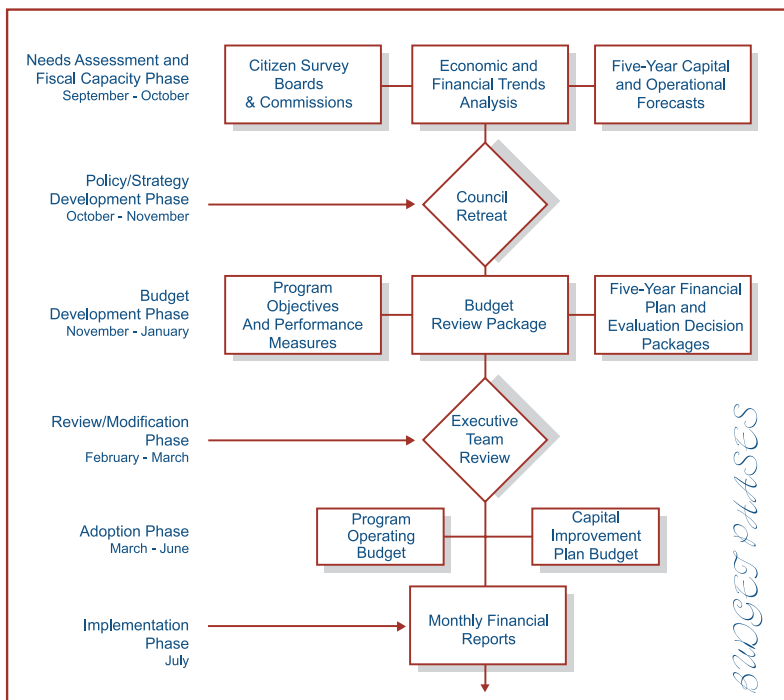
**Policy/Strategy Development Phase** - The City Council uses a fall retreat to review the citizen input, Financial Policies, Economic Trend Analysis, and the most current Financial Forecast. They discuss broad organizational goals, priorities, and constituents' suggestions and expectations for Scottsdale. 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. Executive 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 program budget plans are formulated.

**Budget Development Phase** - Capital Improvement Plan (CIP) development begins in conjunction with the financial forecasts in the fall. Initial project requests and changes are reviewed by a cross-departmental team for accurate costing, congruence with City objectives and prioritized using a set of predetermined criteria. Financing sources are then sought for the highest-ranking projects. Teams involved in the process include the CIP Technology Review Team and the CIP Construction Review Team. The CIP Technology Review Team is made up of mid-level technology managers from various City departments. The CIP Construction Review Team is made up of Capital Project Management staff with expertise in public building planning and construction, street improvements, landscaping, etc. The operating impacts of current and proposed capital projects are taken into consideration by staff when developing their Program Operating Budget plans. Staff also considers City Council's Broad Goals and strategic directives as they develop program objectives and work plans for the budget period.

Program operating budgets represent existing base service operating levels. Staff is asked to evaluate programs and/or positions for possible trade-offs, reduction or elimination, or service level changes to offset inflation, contractual, compensation, and benefit cost increases. A zero-based program budget approach requires staff to prepare evaluation decision packages to address growth, service level changes, citizens and City Council priorities. Evaluation decision packages are balanced to forecasted resource limits. When funding needs exceed funding limits, remedies may be one or more of the following: reduce base budget, identify new revenues, employ process management tools, and/or form partnerships with other programs.

**Budget Review/Modification Phase** - Staff present their program operating budget and capital project budget requests to the Chief Financial Officer and Budget Director. Budget recommendations are reviewed to ensure that preliminary base budgets, capital project requests and evaluation decision packages address City Council's Broad Goals, strategic directives, and program service needs while maintaining the fiscal integrity of the City (not exceeding our forecasted resources/limits). General Managers, Deputy/Assistant City Managers, the City Manager, and Budget staff collaborate on the development of a recommended Five-Year Financial Plan and proposed budget to be submitted to the City Council for review and adoption. The Citizen Budget Review Committee also reviews expenditure budgets for efficiencies and alignment with community needs and expectations.

**Adoption Phase** - A proposed financial plan is presented by the City Manager to the City Council and a summary of the budget is communicated to the general public in the form of a newspaper insert, handout, video, or combination of these formats. The Citizen Budget Review Committee prepares a written report of their findings/recommendations and submits it to the City Council in early May before the Tentative Budget Adoption. A series of public hearings and Council work-study sessions are held and the City Council adopts the budget and tax levy consistent with the City Charter and State law.



**Implementation Phase** - City staff are accountable for budgetary control throughout the fiscal year. Expenditure patterns are examined, compared to budget plans, and corrective action, if necessary, is taken during the fiscal year. Members of the Financial Services staff meet every month to review current demographic, economic and financial trends, which may impact the City, and to plan strategy to ensure the City's fiscal integrity. City management and City Council are also provided monthly financial reports disclosing actual revenue, expenditure, and fund balance performance, as compared to the budget plan.

### Review and Adoption of the Budget

The City Council considers the proposed budget and holds work-study sessions and public hearings in April and May. The sessions provide an opportunity for City management, departments, and the general public to offer information and recommendations to the City Council.

Legally, the budget must be adopted by the first City Council meeting in June. State law requires the budget to be all-inclusive, which means if it is not budgeted, it cannot be legally expended during the fiscal year. Therefore, the budget must include sufficient provisions for contingent revenues and expenditures that cannot be accurately determined when the budget is adopted. The ordinance adopting the annual budget currently requires City Council authorization for expenditures from Operating Contingency/Reserves.

### Implementation and Monitoring of the Budget

Upon adoption of the budget, staff implements the Program Operating Budget and the Capital Improvement Plan, incorporating all changes from the Tentative Budget proposal. The Program Operating Budget and Capital Improvement Plan are typically published in mid to late July.

Scottsdale programs and activities are periodically reviewed to determine if they are achieving City Council's Broad Goals, accomplishing strategic objectives and making efficient use of resources. City values of "plan and innovate for the future" and "focus on quality customer service" along with City Manager directed studies of several service and program areas during the next budget year help communicate this expectation. Financial Services, senior management, and Internal Audit all provide assistance to staff in their review of programs.

Every City service or program is expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed and reviewed on a periodic basis by program managers. 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 services and in identifying areas needing added attention.

Monitoring of the City's financial performance is required of all program managers on a monthly basis. Variance from budget explanations and projected impact upon year-end fund balance reporting is forwarded to the budget office. Economic activity, City-wide budget-to-actual expenditures, budget-to-projected revenues, impacts to fund balance, capital project updates, grant and special revenue activity are all reviewed and reported monthly by Financial Services staff to City management and City Council. Performance measurement updates are also required of staff on a quarterly basis. All periodic financial reports and performance measurement updates are included as part of the City's intranet communication network for the benefit of all employees and management.

### Amendment to the Budget

The City of Scottsdale Budget is adopted at a department level and the Capital Improvement Plan is adopted at a project level. Any transfers between departments or projects and out of contingency require City Council approval. In addition, budget changes for capital projects funded by bonds require review by the Citizen Bond Review Commission. All requests for adjustment require written justification and an explanation of the fiscal impact, which is reviewed by the Financial Services staff, prior to approval.

### Use of Contingency/Reserves

Contingency/Reserve Fund use is defined by City financial policy: When additional funds are necessary to offset unexpected revenue shortfalls or expenditure increases so that budgeted citizen service measures can be maintained; and when unanticipated and/or inadequately budgeted events threaten the public health or safety. Use of Contingency/Reserve Funds are to be utilized only after all budget sources have been examined for available funds. All requests for use of Contingency/Reserve Funds require justification and an explanation of the fiscal impact, which is reviewed by the Budget Director, Chief Financial Officer, and City Manager before being presented to City Council for approval.

## Budgetary and Accounting Basis

Scottsdale's budget process is based upon accounting for certain transactions on a budgetary basis, which is a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary and GAAP basis are:

- Certain revenues, expenditures, and transfers are not included on the budget basis, but are accrued and reported on the GAAP basis. For example, increases or decreases in compensated absences are not reported for budget basis purposes, but are presented as revenue or expenditures on the GAAP basis.
- Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charges to the Enterprise Funds are accounted for as transfers in or out on the budgetary basis, but are recorded as revenues and expenses on the GAAP basis.
- Capital outlays in the Enterprise Funds are presented as expenses for budget basis, but are recorded as assets along with associated depreciation expense on the GAAP basis.
- Debt service principal payments in the Enterprise Funds are accounted for as expenses for budget purposes, but are reported as reduction of long-term debt liability on the GAAP basis.

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

## Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2003/04 is comprised of three volumes:

*Volume One* includes the City Council's Mission Statement and Broad Goals, City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2003/04 through FY 2007/08 and forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

*Volume Two* presents the individual programs within each department. The publication includes specific information about the program descriptions and

goals and objectives, customer, partners, staffing, along with a summary of the program operating budgets by expenditure category and the applicable funding sources.

*Volume Three* includes the Capital Project Budget and Five-Year Capital Improvement Plan with more detailed information for each project. Projects accounted for in Enterprise funds are also included in the Capital Project Budget. Capital Project Budget funding sources are matched with budgeted expenditures. All future year operating impacts are noted in the Capital Budget and included in the Five-Year Financial Plan.

Expenditures for the Five-Year Capital Improvement Plan are presented on a budget basis.

Governmental accounting procedures require adequate budget to pay for an entire contract to be available and appropriated in the period in which a contract is entered; therefore, expenditures are presented on a budget basis as opposed to cash flow basis. For example, a 180 day construction contract entered into 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 fiscal year-end are carried forward and budgeted again in year two.

Funding sources for the Five-Year Capital Improvement Plan are presented on budget basis except for transfers-in from the Program Operating Budget which are presented on a cash basis. These revenue sources are presented in the period that the funding will be transferred in order to provide continuity between the Program Operating Budget and the Capital Improvement Plan. As a result of presenting the transfers on the cash basis, funding sources do not equal budgeted expenditures in each period, creating a fund balance as cash accumulates for larger expenditures in later years. For further explanation of capital project funding sources and expenditures, refer to the Capital Improvement Plan section, and the Fund Summaries and Five-Year Financial Plan section of this volume.

## City of Scottsdale's Comprehensive Financial Policies

The following City financial policies adopted by the City Council establish the framework for Scottsdale's overall fiscal planning and management. They set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. Scottsdale's publicly adopted financial policies show the credit rating industry and prospective investors (bond buyers) the City's commitment to sound financial management and fiscal integrity. The financial policies also improve the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can lead to improvement in City bond ratings and lower cost of capital. The City is in compliance with the comprehensive financial policies adopted with this budget.

### Operating Management Policies

1. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health. 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. Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and zero-based program budget approach that requires every program to be justified annually in terms of meeting intended objectives ("effectiveness criteria") and in terms of value received for dollars allocated ("efficiency criteria"). The process will include a diligent review of programs by staff, management, citizens and City Council.
4. A Citizen Budget Review Committee will be created annually at the very beginning of the budget development process to serve in an advisory capacity to review the program operating and capital project budget recommendations from a departmental, program, and goals perspective. Specific roles of the Committee, and its composition, will be determined by the City Council.
5. Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP). All nonrestricted revenues will be deposited in the General Fund and appropriated by the budget process.
6. Current revenues will fund current expenditures and a diversified and stable revenue system will be developed to protect programs from short-term fluctuations in any single revenue source.
7. 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 revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
8. Enterprise (Water & Sewer, Solid Waste, and Aviation) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service 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 based on five-year fund plans.
9. All non-enterprise user fees and charges will be examined annually to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.
10. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed annually to ensure that fees recover all direct and indirect development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents.

11. Capital equipment replacement will be accomplished through the use of a “rental” rate structure. The rates will be revised annually to ensure that charges to operating departments are sufficient for operation and replacement of vehicles and other capital equipment (fleet, computers, phones and copier systems). Replacement costs will be based upon equipment lifecycle financial analysis.
12. 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.
13. Balanced revenue and expenditure forecasts will be prepared to examine the City’s ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated annually, focus on a three-year horizon, but include a five-year outlook.
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. Departments, in cooperation with the City Manager, will identify all activities that could be provided 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 annually or on an “opportunity” basis.
15. Cash and Investment programs will be maintained in accordance with the City Charter and the adopted investment policy and 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. The City will follow an aggressive, consistent, but sensitive to the circumstances policy of collecting revenues to the limit of our ability. Collection policy goal will be for all adjusted uncollectible accounts to be no more than 0.5 of 1% of the total City revenue being adjusted for bad debts annually.

### **Capital Management Policies**

17. A five-year Capital Improvement Plan will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction which results in a capitalized asset costing more than \$25,000 and having a useful (depreciable life) of two years or more.
18. The Capital Improvement Plan will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.
19. Proposed capital projects will be reviewed and prioritized by a cross-departmental team regarding accurate costing (design, capital, and operating) and overall consistency with the City’s goals and objectives. Financing sources will then be identified for the highest ranking projects.
20. Capital improvement lifecycle costs will be coordinated with the development of the Program Operating Budget. Future operating, maintenance and replacement costs associated with new capital improvements will be forecast, matched to available revenue sources and included in the Program Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.
21. Dedicated .2 percent Transportation Privilege (Sales) Tax 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, transit and aviation and transportation improvement operating costs.
22. Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 25 percent of all capital improvement projects 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.

- 23. Pay-as-you-go contributions up to 10% or \$500,000, whichever is less, may be authorized by City Council towards any single utility undergrounding improvement district. Any unused annual budget authorization may carry forward towards a maximum \$2 million appropriation for utility undergrounding capital projects that benefit the community as a whole.

**Debt Management Policies**

- 24. The City will seek to maintain and, if possible, improve our current bond rating in order to minimize borrowing costs and preserve access to credit.
- 25. An analysis showing how the new issue combined with current debt impacts the City's debt capacity and conformance with City debt policies will accompany every future bond issue proposal.
- 26. The City will communicate, and, where appropriate, coordinate with all jurisdictions with which we share a common tax base concerning our collective plans for future debt issues.
- 27. City Debt Service costs (GO, MPC, HURF, Revenue Bond, Preservation and Contractual Debt) should not exceed 25% of the City's operating revenue in order to control fixed costs and ensure expenditure flexibility. Improvement District (ID) and Community Facility District (CFD) debt service is not included in this calculation because it is paid by district property owners and is not an obligation of the general citizenry. Separate criteria have been established regarding ID and CFD debt policies.
- 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 as authorized by voters. Other types of voter-approved debt (e.g., water, sewer, and HURF) may also be utilized when they are supported by dedicated revenue sources (e.g., fees and user charges).
- 29. General Obligation debt issuances will be managed on an annual basis to match funds to Capital Improvement Plan cashflow requirements while being sensitive to the property tax burden on citizens. Careful management of bond issuances will allow the City to not exceed \$1.50 property tax per \$100 assessed value.
- 30. Municipal Property Corporation and contractual debt, which is nonvoter approved, will be utilized only when a dedicated revenue source (e.g., golf course revenue, bed tax) can be identified to pay debt service expenses. 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 project to be financed will generate net positive revenues (i.e., the additional tax revenues generated by the project will be greater than the debt service requirements). The net revenues should not simply be positive over the life of the bonds, but must be positive each year within a reasonably short period (e.g., by the third year of debt service payments).
- 31. McDowell Mountain Preservation debt service will be funded by the dedicated .2 percent Preservation Privilege (Sales) Tax. The City's privilege tax to 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 5 percent of the City's secondary assessed 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 5 percent of the City's secondary assessed valuation. The landowner/developer shall also contribute \$.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
  33. Debt financing should not exceed the useful life of the infrastructure improvement with the average (weighted) bond maturities at or below ten years.
  34. A ratio of current assets to current liabilities of at least 2/1 will be maintained to ensure the City's ability to pay short-term obligations.
  35. 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.
  36. Utility rates will be set, as a minimum, to ensure the ratio of revenue to debt service meets our bond indenture requirement of 1.2/1. The City goal will be to maintain a minimum ratio of utility revenue to debt service of 1.6/1 or greater, to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes, and to ensure a balanced pay-as-you-go Capital Improvement Plan.
- ### Reserve Policies
37. 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.
  38. General Fund Reserve of 10 percent of annual general governmental (General/HURF funds) operating expenditures will be maintained for unforeseen emergencies or catastrophic impacts to the City. Funds in excess of 10 percent, but not to exceed \$5 million, may be used for economic investment in the community when justified by the financial return to the City.
  39. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, sufficient to pay the bonded indebtedness for General Obligation bond principal and interest. 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.
  40. Water & Sewer Fund Reserves will be maintained to meet three objectives: 1) ensure adequate funding for operations; 2) to ensure infrastructure repair and replacement; and, 3) to provide working capital to provide level rate change for customers.
    - a. An Operating Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide sufficient expenditure flexibility during times of unusual weather resulting in variations in average consumption and associated operating expenses.
    - b. A Repair/Replacement Reserve will be maintained, per bond indenture requirements, to meet the minimum requirement of 2% of all tangible assets of the system to ensure replacement of water and sewer infrastructure.
    - c. In addition, Special Operations Fund Balance will be funded based upon a multi-year financial plan to provide adequate cash for water and sewer capital improvements and to level the impact of rate increases upon our customers.

41. Solid Waste Operating Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with solid waste disposal. Costs may include site purchase, technology applications, or intergovernmental investment to maximize the value of waste disposal activities.
42. Aviation Operating Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with airport operations. Costs may include site purchase, technology applications, or intergovernmental investment to maximize the value of airport activities.
43. Fleet Management Reserve will be maintained based upon lifecycle replacement plans to ensure adequate fund balance required for systematic replacement of fleet vehicles and operational contingencies. Operating departments will be charged for fleet operating costs per vehicle class and replacement costs spread over the useful life of the vehicles.
44. Self-Insurance Reserves will be maintained at a level, which, together with purchased insurance policies, will adequately indemnify the City's property, liability, and health benefit risk. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels, which will be approved by City Council.
45. Operating Contingency/Reserves, to be determined annually, will be maintained to offset unanticipated revenue shortfalls and/or 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.

## Financial Reporting Policies

46. 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) and the Government Finance Officers Association (GFOA).
47. An annual audit will be performed by an independent public accounting firm, with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR).
48. The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference.
49. The City's CAFR will also be submitted to the National Federation of Municipal Analysts (NFMA) Awards Program and to national repositories identified by the NFMA as a continuing commitment to disclose thoroughness to enable investors to make informed decisions.
50. The City's Budget will be submitted to the GFOA Distinguished Budget Presentation Program. The budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units and as a communications device for all significant budgetary issues, trends and resource choices.
51. Financial systems will maintain internal controls to monitor revenues, expenditures, and program performance on an ongoing basis.

Fund Accounting - Fund Types

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

The 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 protection, 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 five Special Revenue Funds: Highway User Revenue, Preservation Privilege Tax, Transportation Privilege Tax, Special Programs, and Grants.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

Enterprise Funds are used to account for operations, including debt service, that are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, 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 two Internal Service Funds to account for Fleet and Self-Insurance activities.

Trust Funds are used to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

Capital Improvement 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 Project funds to ensure legal compliance and financial management for various restricted revenues. Examples of restricted revenue funds are:

- Bond Funds – are used to account for bond proceeds to be used only for approved bond projects.
Transportation Privilege Tax Capital Fund – are used to account solely for transportation projects.
Grant Capital Funds – are used to account for the proceeds of capital grants.
Enterprise Capital Funds – are used to account for utility rates and development fees for specific projects.
Unrestricted General Capital Fund – are used to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

The following section presents several schedules detailing the City of Scottsdale's Budget by Fund and includes Fund Summaries and the Five-Year Financial Plan for each of the City's funds.

# FUND SUMMARIES

# Fund Summaries and Five-Year Plan

## FY 2003/04 Adopted Budget Fund Summaries General Fund

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b>Source of Funds:</b>				
<b>Beginning Fund Balance/Reserve</b>				
General Fund Reserve	19,188,743	19,456,791	19,456,791	20,476,049
Economic Investment Reserve	290,000	5,000,000	5,000,000	4,220,550
Operating Contingency	3,285,626	2,000,000	2,822,626	1,700,000
Unreserved Fund Balance	6,923,789	1,942,716	3,316,687	1,756,774
<b>Total Beginning Fund Balance/Reserve</b>	<b>29,688,158</b>	<b>28,399,507</b>	<b>30,596,104</b>	<b>28,153,373</b>
<b>Revenues</b>				
Taxes - Local				
Privilege Tax	80,297,091	84,047,534	79,547,534	77,377,547
Property Tax	13,681,229	15,410,034	15,410,034	16,572,708
Transient Occupancy Tax	6,652,563	7,600,000	6,750,000	6,600,000
Light & Power Franchise	5,237,517	5,640,622	5,132,000	5,464,150
Cable TV	2,222,977	2,114,113	2,349,720	2,300,000
Salt River Project Lieu Tax	195,649	202,864	202,864	202,864
Fire Insurance Premium	316,014	210,000	325,000	334,750
Taxes - From Other Agencies				
State Shared Sales Tax	15,620,534	15,793,835	15,703,311	15,414,564
State Revenue Sharing	21,142,391	21,048,652	21,587,869	18,016,757
Auto Lieu Tax	6,687,874	6,700,000	7,711,567	6,940,606
Licenses, Permits & Fees				
Development Permits & Fees	15,763,842	15,500,000	15,250,000	13,500,000
Business Licenses & Fees	1,815,284	1,705,250	1,705,250	1,756,408
Recreation Fees	2,043,784	2,129,765	2,129,765	2,183,009
WestWorld	1,467,953	1,300,000	1,450,000	1,493,500
Fines & Forfeitures				
Court Fines	3,434,388	3,464,909	4,000,000	3,713,666
Parking Fines	132,776	137,000	200,000	142,093
Photo Radar Revenue	778,646	1,150,000	750,000	1,079,896
Library Fines & Fees	423,448	445,659	400,659	454,573
Interest Earnings/Property Rental				
Interest Earnings	3,985,142	3,250,000	750,000	750,000
Property Rental	2,520,881	3,386,842	2,980,000	3,280,000
Other Revenue				
Miscellaneous	1,239,607	1,956,346	1,556,346	1,500,000
<b>Subtotal</b>	<b>185,659,590</b>	<b>193,193,425</b>	<b>185,891,919</b>	<b>179,077,090</b>
<b>Transfers-In</b>				
In-Lieu Prop Tax	2,227,248	2,316,343	2,302,553	2,520,215
Indirect Cost Allocation	7,959,653	8,045,269	8,045,269	8,728,540
Franchise Fee	4,777,824	4,811,104	4,839,604	4,992,003
Special Programs Fund (McCormick)	356,830	357,260	357,260	356,660
Special Programs Fund (RICO)	90,247	-	-	-
Fleet Management Fund	77,220	500,000	500,000	-
Grant Fund	26,210	-	-	-
Los Arcos District Fund	14,754	-	-	-
Solid Waste Fund	77,220	-	-	-
Water & Sewer Funds	396,009	-	-	-
Aviation CIP Fund	114,695	-	-	-
<b>Subtotal</b>	<b>16,117,910</b>	<b>16,029,976</b>	<b>16,044,686</b>	<b>16,597,418</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>201,777,500</b>	<b>209,223,401</b>	<b>201,936,605</b>	<b>195,674,509</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
General Government				
City Council	746,096	779,655	779,655	734,937
City Clerk	671,329	652,757	652,757	648,932
Elections	330,625	2,402	2,402	279,847
City Attorney	4,518,014	4,850,413	4,850,413	4,615,816
City Auditor	620,827	644,101	644,101	657,261

FY 2003/04 Adopted Budget  
Fund Summaries  
General Fund

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<i>City Court</i>	3,687,077	3,854,284	3,854,284	3,779,983
<i>City Manager</i>	956,670	986,888	986,888	703,190
<i>CAPA</i>	1,408,060	1,446,132	1,446,132	1,384,005
<i>IGR</i>	445,166	443,128	443,128	447,910
<i>WestWorld</i>	1,803,788	2,105,171	2,105,171	2,173,217
<i>Endowment Office</i>	92,156	-	-	-
<i>Preservation</i>	449,139	519,979	519,979	708,583
General Government Total	15,301,468	16,284,910	16,284,910	16,133,681
Police	47,457,994	51,303,989	51,278,989	54,467,836
Financial Services	7,075,290	7,521,434	7,521,434	7,487,934
Transportation	57	-	-	-
Community Services	43,417,726	43,277,271	43,266,821	42,816,213
Information Systems	7,599,217	7,578,079	7,578,079	7,535,706
Fire	16,280,572	17,916,459	17,916,459	19,469,293
Municipal Services	551,114	588,117	588,117	540,252
Citizen & Neighborhood Resources	2,336,717	2,785,007	2,785,007	2,872,198
Human Resources	3,903,669	3,458,750	3,458,750	3,181,535
Economic Vitality	5,612,049	6,530,719	6,564,797	6,513,994
Planning & Development Services	12,391,790	13,188,192	13,188,192	12,563,814
Open P.O. Carryover (HURF)	1,738,015	-	-	-
GAAP Expenditures	535,181	-	-	-
Estimated Department Savings	-	(2,000,000)	(1,500,000)	(500,000)
Estimated Vacant Position Savings	-	-	(2,000,000)	(500,000)
<b>Subtotal</b>	<b>164,200,859</b>	<b>168,432,927</b>	<b>166,931,555</b>	<b>172,582,456</b>
<b>Debt Service</b>				
MPC Bonds (Transfer-Out)	9,423,996	10,712,179	10,147,031	7,371,768
MPC - Hospitality Funds (Transfer- Out)	37,744	381,103	50,000	194,495
Nordstrom Garage Lease	2,017,147	2,309,990	1,612,119	2,160,372
Promenade Agreement	859,964	883,000	883,000	883,000
All Other Contracts Payable	378,924	682,167	572,166	872,166
<b>Subtotal</b>	<b>3,256,035</b>	<b>14,968,439</b>	<b>13,264,316</b>	<b>11,481,801</b>
<b>Total Operating Budget</b>	<b>167,456,894</b>	<b>183,401,366</b>	<b>180,195,871</b>	<b>184,064,257</b>
<b>Transfers-Out</b>				
CIP - General Fund Maintenance	2,294,531	3,653,000	5,561,200	3,525,500
CIP - General Fund - All Other	20,772,927	9,227,324	8,148,850	3,299,800
Highway User Revenue Fund	9,335,212	10,373,416	10,373,415	3,175,625
Self Insurance Fund	-	-	-	750,000
Special Programs Fund (Affordable Housing)	400,000	100,000	100,000	100,000
Special Programs Fund (Locomotive & Human Serv)	30,000	-	-	-
Aviation Grants Fund	359,694	-	-	-
Aviation CIP Fund	18,599	-	-	-
Aviation Fund	21,509	24,830	-	-
Grant Fund	10,814	-	-	-
MPC Fund	75,066	-	-	-
Los Arcos District Fund	80,250	-	-	-
Water & Sewer Funds	14,058	-	-	-
<b>Total Transfers-Out</b>	<b>33,412,660</b>	<b>23,378,570</b>	<b>24,183,465</b>	<b>10,850,925</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>200,869,554</b>	<b>206,779,936</b>	<b>204,379,336</b>	<b>194,915,182</b>
<b>Revenue Over Expenditures</b>	<b>907,946</b>	<b>2,443,465</b>	<b>(2,442,731)</b>	<b>759,327</b>
<b>Ending Fund Balance/Reserve</b>				
General Fund Reserve	19,456,791	20,795,349	20,476,049	20,803,313
Economic Investment Reserve	5,000,000	4,220,550	4,220,550	4,019,205
Operating Contingency	2,822,626	2,760,000	1,700,000	2,500,000
Unreserved Fund Balance	3,316,687	3,067,073	1,756,774	1,590,181
<b>Total Ending Fund Balance/Reserve</b>	<b>\$30,596,104</b>	<b>\$30,842,972</b>	<b>\$28,153,373</b>	<b>\$28,912,700</b>

**FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
General Fund**

	<b>Adopted 2003/04</b>	<b>Forecast 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>					
General Fund Reserve	20,476,049	20,803,313	21,248,952	21,922,536	22,813,037
Economic Investment Reserve	4,220,550	4,019,205	3,639,882	2,235,765	2,235,765
Operating Contingency	1,700,000	2,500,000	2,500,000	2,500,000	2,500,000
Unreserved Fund Balance	1,756,774	1,590,181	2,211,921	3,462,981	3,094,781
<b>Total Beginning Fund Balance/Reserve</b>	<b>28,153,373</b>	<b>28,912,700</b>	<b>29,600,755</b>	<b>30,121,282</b>	<b>30,643,583</b>
<b>Revenues</b>					
Taxes - Local					
Privilege Tax	77,377,547	78,545,533	80,146,444	82,795,837	85,718,712
Property Tax	16,572,708	17,395,932	18,255,741	19,157,946	20,104,812
Transient Occupancy Tax	6,600,000	6,816,994	7,055,589	7,373,090	7,704,879
Light & Power Franchise	5,464,150	5,737,357	6,024,225	6,325,436	6,641,708
Cable TV	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Salt River Project Lieu Tax	202,864	202,864	202,864	202,864	202,864
Fire Insurance Premium	334,750	344,793	355,136	365,790	376,764
Taxes - From Other Agencies					
State Shared Sales Tax	15,414,564	15,939,610	16,380,560	16,880,894	17,290,835
State Revenue Sharing	18,016,757	16,627,749	16,627,749	16,627,749	16,627,749
Auto Lieu Tax	6,940,606	7,120,371	7,454,630	7,843,496	8,235,671
Licenses, Permits & Fees					
Development Permits & Fees	13,500,000	13,500,000	13,500,000	13,500,000	13,500,000
Business Licenses & Fees	1,756,408	1,826,664	1,899,730	1,975,720	2,054,748
Recreation Fees	2,183,009	2,237,584	2,293,524	2,350,862	2,409,634
WestWorld	1,493,500	1,508,435	1,523,370	2,003,604	2,053,990
Fines & Forfeitures					
Court Fines	3,713,666	3,769,371	3,825,912	3,883,300	3,941,550
Parking Fines	142,093	144,227	146,393	148,447	150,531
Photo Radar Revenue	1,079,896	1,090,934	1,102,086	1,113,354	1,124,738
Library Fines & Fees	454,573	463,664	472,937	482,396	482,396
Interest Earnings/Property Rental					
Interest Earnings	750,000	1,500,000	1,657,775	2,107,775	2,357,775
Property Rental	3,280,000	3,370,000	3,493,600	3,622,144	3,755,830
Other Revenue					
Miscellaneous	1,500,000	1,700,000	1,700,000	1,700,000	1,700,000
<b>Subtotal</b>	<b>179,077,090</b>	<b>182,142,082</b>	<b>186,418,266</b>	<b>192,760,704</b>	<b>198,735,185</b>
<b>Transfers-In</b>					
Special Programs Fund (McCormick)	356,660	-	-	-	-
In-Lieu Property Tax	2,520,215	2,655,728	2,896,885	3,121,505	3,324,403
Indirect Cost Allocation	8,728,540	8,664,410	9,019,049	9,382,685	9,757,992
Franchise Fee	4,992,003	5,187,048	5,339,300	5,495,049	5,709,356
<b>Subtotal</b>	<b>16,597,418</b>	<b>16,507,187</b>	<b>17,255,233</b>	<b>17,999,239</b>	<b>18,791,751</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>195,674,509</b>	<b>198,649,269</b>	<b>203,673,500</b>	<b>210,759,943</b>	<b>217,526,936</b>

# Fund Summaries and Five-Year Plan

## FIVE-YEAR FINANCIAL PLAN

### FY 2003/04 Adopted Budget Five-Year Financial Plan General Fund

<u>Use of Funds</u>	<b>Adopted 2003/04</b>	<b>Forecast 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>
<b>Departments</b>					
General Government					
<i>City Council</i>	734,937	759,910	785,796	812,573	840,245
<i>City Clerk</i>	648,932	670,992	693,857	717,517	741,967
<i>Elections</i>	279,847	907	285,503	990	296,974
<i>City Attorney</i>	4,615,816	4,774,461	4,938,927	5,109,464	5,285,768
<i>City Auditor</i>	657,261	680,115	703,827	728,406	753,823
<i>City Court</i>	3,779,983	3,909,866	4,044,635	4,184,115	4,328,277
<i>City Manager</i>	703,190	730,793	759,653	789,819	821,078
<i>CAPA</i>	1,384,005	1,430,580	1,478,806	1,528,692	1,580,237
<i>IGR</i>	447,910	462,501	477,593	493,188	509,288
<i>WestWorld</i>	2,173,217	2,252,421	2,335,421	2,422,975	2,513,417
<i>Preservation</i>	708,583	732,121	756,501	781,734	807,789
General Government Total	16,133,681	16,404,668	17,260,519	17,569,473	18,478,863
Police	54,467,836	56,452,783	58,524,809	60,696,416	62,941,595
Financial Services	7,487,934	7,746,404	8,014,503	8,292,234	8,579,346
Community Services	42,816,213	44,240,045	45,714,774	47,242,790	48,820,602
Information Systems	7,535,706	7,792,630	8,058,906	8,333,698	8,617,698
Fire	19,469,293	20,054,063	20,656,042	21,276,256	21,907,974
Municipal Services	540,252	527,745	513,588	497,757	479,751
Citizen & Neighborhood Resources	2,872,198	2,968,900	3,068,970	3,172,576	3,279,620
Human Resources	3,181,535	3,289,854	3,402,156	3,518,489	3,638,715
Economic Vitality	6,513,994	6,919,617	7,100,663	7,287,263	7,479,570
Planning & Development Services	12,563,814	12,998,792	13,450,242	13,918,885	14,403,280
Estimated Department Savings	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Estimated Vacant Position Savings	(500,000)	(750,000)	(1,000,000)	(1,000,000)	(1,000,000)
Estimated CIP Operating Impacts	-	521,500	2,123,500	4,081,500	5,308,000
<b>Subtotal</b>	<b>172,582,456</b>	<b>178,667,001</b>	<b>186,388,672</b>	<b>194,387,337</b>	<b>202,435,015</b>
<b>Debt Service</b>					
MPC Bonds (Transfer-Out)	7,371,768	5,586,674	2,797,161	3,492,145	3,486,362
MPC - Hospitality Funds (Transfer-Out)	194,495	275,089	275,605	275,917	275,500
Nordstrom Garage Lease	2,160,372	2,224,883	2,291,938	2,360,697	2,431,517
Waterfront Garage Lease	-	-	1,019,000	1,019,000	1,019,000
Promenade Agreement	883,000	883,000	883,000	367,226	-
All Other Contracts Payable	872,166	874,516	872,166	789,435	372,166
<b>Subtotal</b>	<b>11,481,801</b>	<b>9,844,162</b>	<b>8,138,870</b>	<b>8,304,420</b>	<b>7,584,545</b>
<b>Total Operating Budget</b>	<b>184,064,257</b>	<b>188,511,163</b>	<b>194,527,542</b>	<b>202,691,757</b>	<b>210,019,560</b>
<b>Transfers-Out</b>					
CIP - General Fund Maintenance	3,525,500	4,920,500	3,382,800	3,346,800	2,837,800
CIP - General Fund - All Other	3,299,800	1,079,500	1,617,200	653,200	3,412,200
Highway User Revenue Fund	3,175,625	2,750,051	2,925,431	3,045,885	1,542
Self-Insurance Fund	750,000	600,000	600,000	400,000	600,000
Special Programs Fund (Affordable Housing)	100,000	100,000	100,000	100,000	100,000
<b>Total Transfers-Out</b>	<b>10,850,925</b>	<b>9,450,051</b>	<b>8,625,431</b>	<b>7,545,885</b>	<b>6,951,542</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>194,915,182</b>	<b>197,961,214</b>	<b>203,152,973</b>	<b>210,237,642</b>	<b>216,971,102</b>
<b>Revenue Over Expenditures</b>	<b>759,327</b>	<b>688,055</b>	<b>520,527</b>	<b>522,301</b>	<b>555,834</b>
<b>Ending Fund Balance/Reserve</b>					
General Fund Reserve	20,803,313	21,248,952	21,922,536	22,813,037	23,305,343
Economic Investment Reserve	4,019,205	3,639,882	2,235,765	2,235,765	2,235,765
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Unreserved Fund Balance	1,590,181	2,211,921	3,462,981	3,094,781	3,158,309
<b>Total Ending Fund Balance/Reserve</b>	<b>\$28,912,700</b>	<b>\$29,600,755</b>	<b>\$30,121,282</b>	<b>\$30,643,583</b>	<b>\$31,199,417</b>

# FUND SUMMARIES

# Fund Summaries and Five-Year Plan

**FY 2003/04 Adopted Budget  
Fund Summaries  
Highway User Revenue Fund (HURF) - Special Revenue**

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>	-	-	-	-
<b>Revenues</b>				
Highway User Revenue Tax	12,573,971	13,118,064	13,118,064	13,511,606
Local Transportation Assistance Fund	1,150,630	1,146,323	1,146,323	1,146,323
Local Trans Assistance Fund II	605,041	-	-	-
<b>Subtotal</b>	<b>14,329,642</b>	<b>14,264,387</b>	<b>14,264,387</b>	<b>14,657,929</b>
<b>Transfers-In</b>				
Transportation Sales Tax Fund (40%)	-	-	-	6,208,800
General Fund	9,335,212	10,373,416	10,373,415	3,175,625
Grant Fund	199,662	-	-	-
<b>Subtotal</b>	<b>9,534,874</b>	<b>10,373,416</b>	<b>10,373,415</b>	<b>9,384,425</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>23,864,516</b>	<b>24,637,803</b>	<b>24,637,802</b>	<b>24,042,354</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Transportation	9,917,482	10,556,093	10,556,093	10,143,267
Municipal Services	10,640,860	10,898,475	10,898,475	10,718,304
<b>Subtotal</b>	<b>20,558,342</b>	<b>21,454,568</b>	<b>21,454,568</b>	<b>20,861,571</b>
<b>Debt Service</b>				
Revenue Bonds	3,103,300	3,110,050	3,110,050	3,107,306
<b>Subtotal</b>	<b>3,103,300</b>	<b>3,110,050</b>	<b>3,110,050</b>	<b>3,107,306</b>
<b>Total Operating Budget</b>	<b>23,661,642</b>	<b>24,564,618</b>	<b>24,564,618</b>	<b>23,968,877</b>
<b>Transfers-Out</b>				
Fleet Management Fund	116,403	-	-	-
CIP Fund (Tech. Replacement)	86,471	73,184	73,184	73,477
<b>Total Transfers-Out</b>	<b>202,874</b>	<b>73,184</b>	<b>73,184</b>	<b>73,477</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>23,864,516</b>	<b>24,637,802</b>	<b>24,637,802</b>	<b>24,042,354</b>
<b>Ending Fund Balance/Reserve</b>	-	-	-	-



FY 2003/04 Adopted Budget  
 Five-Year Financial Plan  
 Highway User Revenue Fund (HURF) - Special Revenue

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
Beginning Fund Balance/Reserve	-	-	-	-	-
<b>Revenues</b>					
Highway User Revenue Tax	13,511,606	13,916,954	14,334,463	14,764,497	15,207,432
Local Transportation Assistance Fund	1,146,323	1,146,323	1,146,323	1,146,323	1,146,323
<b>Subtotal</b>	<b>14,657,929</b>	<b>15,063,277</b>	<b>15,480,786</b>	<b>15,910,820</b>	<b>16,353,755</b>
<b>Transfers-In</b>					
Transportation Privilege Tax Fund (40%)	6,208,800	6,239,844	6,364,641	6,555,580	6,752,248
General Fund	3,175,625	2,750,051	2,925,431	3,045,885	1,542
<b>Subtotal</b>	<b>9,384,425</b>	<b>8,989,895</b>	<b>9,290,072</b>	<b>9,601,465</b>	<b>6,753,790</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>24,042,354</b>	<b>24,053,172</b>	<b>24,770,858</b>	<b>25,512,285</b>	<b>23,107,544</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Transportation	10,143,267	9,788,040	10,121,076	10,469,385	10,828,758
Municipal Services	10,718,304	11,070,052	11,434,449	11,813,775	12,205,112
<b>Subtotal</b>	<b>20,861,571</b>	<b>20,858,091</b>	<b>21,555,525</b>	<b>22,283,160</b>	<b>23,033,869</b>
<b>Debt Service</b>					
Revenue Bonds	3,107,306	3,120,269	3,142,294	3,155,450	-
<b>Subtotal</b>	<b>3,107,306</b>	<b>3,120,269</b>	<b>3,142,294</b>	<b>3,155,450</b>	<b>-</b>
<b>Total Operating Budget</b>	<b>23,968,877</b>	<b>23,978,360</b>	<b>24,697,819</b>	<b>25,438,610</b>	<b>23,033,869</b>
<b>Transfers-Out</b>					
CIP Fund (Tech. Replacement)	73,477	74,812	73,039	73,675	73,675
<b>Total Transfers-Out</b>	<b>73,477</b>	<b>74,812</b>	<b>73,039</b>	<b>73,675</b>	<b>73,675</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>24,042,354</b>	<b>24,053,172</b>	<b>24,770,858</b>	<b>25,512,285</b>	<b>23,107,544</b>
Ending Fund Balance/Reserve	-	-	-	-	-

# FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

**FY 2003/04 Adopted Budget  
Fund Summaries  
Transportation Privilege Tax Fund - Special Revenue**

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>	1,413,298	-	-	-
<b>Revenues</b>				
Privilege Tax (.2%)	15,586,485	16,388,147	15,600,000	15,522,000
Interest Earnings	215,170	500,000	500,000	510,000
<b>Subtotal</b>	<b>15,801,655</b>	<b>16,888,147</b>	<b>16,100,000</b>	<b>16,032,000</b>
<b>Total Revenues</b>	<b>15,801,655</b>	<b>16,888,147</b>	<b>16,100,000</b>	<b>16,032,000</b>
<b><u>Use of Funds:</u></b>				
<b>Transfers-Out</b>				
CIP Fund	17,214,953	16,888,147	16,100,000	9,823,200
Highway User Revenue Fund	-	-	-	6,208,800
<b>Total Transfers-Out</b>	<b>17,214,953</b>	<b>16,888,147</b>	<b>16,100,000</b>	<b>16,032,000</b>
<b>Ending Fund Balance/Reserve</b>	-	-	-	-

FY 2003/04 Adopted Budget  
 Five-Year Financial Plan  
 Transportation Privilege Tax Fund - Special Revenue

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
Beginning Fund Balance/Reserve	-	-	-	-	-
<b>Revenues</b>					
Privilege Tax (.2%)	15,522,000	15,599,610	15,911,602	16,388,950	16,880,619
Interest Earnings	510,000	522,750	538,433	554,585	571,223
<b>Subtotal</b>	<b>16,032,000</b>	<b>16,122,360</b>	<b>16,450,035</b>	<b>16,943,536</b>	<b>17,451,842</b>
<b>Total Revenues</b>	<b>16,032,000</b>	<b>16,122,360</b>	<b>16,450,035</b>	<b>16,943,536</b>	<b>17,451,842</b>
<b>Use of Funds:</b>					
<b>Transfers-Out</b>					
CIP Fund	9,823,200	9,882,516	10,085,394	10,387,956	10,699,594
Highway User Revenue Fund	6,208,800	6,239,844	6,364,641	6,555,580	6,752,248
<b>Total Transfers-Out</b>	<b>16,032,000</b>	<b>16,122,360</b>	<b>16,450,035</b>	<b>16,943,536</b>	<b>17,451,842</b>
Ending Fund Balance/Reserve	-	-	-	-	-

# FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

**FY 2003/04 Adopted Budget  
Fund Summaries  
Preservation Privilege Tax Fund - Special Revenue**

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
Beginning Fund Balance/Reserve	18,247,049	13,054,167	20,133,000	19,958,136
<b>Revenues</b>				
Privilege Tax (.2%)	15,814,383	16,640,659	16,199,377	16,118,380
Interest Earnings	758,699	500,000	500,000	510,000
<b>Subtotal</b>	<b>16,573,082</b>	<b>17,140,659</b>	<b>16,699,377</b>	<b>16,628,380</b>
<b>Total Revenues</b>	<b>16,573,082</b>	<b>17,140,659</b>	<b>16,699,377</b>	<b>16,628,380</b>
<b><u>Use of Funds:</u></b>				
<b>Debt Service</b>				
Contractual Debt	951,778	955,213	955,213	956,583
<b>Subtotal</b>	<b>951,778</b>	<b>955,213</b>	<b>955,213</b>	<b>956,583</b>
<b>Total Operating Budget</b>	<b>951,778</b>	<b>955,213</b>	<b>955,213</b>	<b>956,583</b>
<b>Transfers-Out</b>				
Debt Service Fund (Preserve GO/Revenue Bonds)	13,735,353	15,992,383	15,919,028	16,401,210
<b>Total Transfers-Out</b>	<b>13,735,353</b>	<b>15,992,383</b>	<b>15,919,028</b>	<b>16,401,210</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$20,133,000</b>	<b>\$13,247,230</b>	<b>\$19,958,136</b>	<b>\$19,228,723</b>

**FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Preservation Privilege Tax Fund - Special Revenue**

	<b>Adopted 2003/04</b>	<b>Forecast 2004/05</b>	<b>Forecast 2005/06</b>	<b>Forecast 2006/07</b>	<b>Forecast 2007/08</b>
<b><u>Source of Funds:</u></b>					
<b>Beginning Fund Balance/Reserve</b>	<b>19,958,136</b>	<b>19,228,723</b>	<b>16,817,768</b>	<b>14,271,474</b>	<b>12,283,810</b>
<b>Revenues</b>					
Privilege Tax (.2%)	16,118,380	16,198,972	16,522,952	17,018,640	17,529,199
Interest Earnings	510,000	522,750	538,433	554,585	571,223
<b>Subtotal</b>	<b>16,628,380</b>	<b>16,721,722</b>	<b>17,061,384</b>	<b>17,573,226</b>	<b>18,100,422</b>
<b>Total Revenues</b>	<b>16,628,380</b>	<b>16,721,722</b>	<b>17,061,384</b>	<b>17,573,226</b>	<b>18,100,422</b>
<b><u>Use of Funds:</u></b>					
<b>Debt Service</b>					
Contractual Debt	956,583	955,115	951,765	952,290	955,780
<b>Subtotal</b>	<b>956,583</b>	<b>955,115</b>	<b>951,765</b>	<b>952,290</b>	<b>955,780</b>
<b>Total Operating Budget</b>	<b>956,583</b>	<b>955,115</b>	<b>951,765</b>	<b>952,290</b>	<b>955,780</b>
<b>Transfers-Out</b>					
Debt Service Fund (Preserve GO/Revenue Bonds)	16,401,210	18,177,562	18,655,913	18,608,600	18,516,288
<b>Total Transfers-Out</b>	<b>16,401,210</b>	<b>18,177,562</b>	<b>18,655,913</b>	<b>18,608,600</b>	<b>18,516,288</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$19,228,723</b>	<b>\$16,817,768</b>	<b>\$14,271,474</b>	<b>\$12,283,810</b>	<b>\$10,912,164</b>

# FUND SUMMARIES

# Fund Summaries and Five-Year Plan

**FY 2003/04 Adopted Budget  
Fund Summaries  
Special Programs Fund - Special Revenue**

	<b>Actual 2001/02</b>	<b>Adopted 2002/03</b>	<b>Estimate 2002/03</b>	<b>Adopted 2003/04</b>
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>				
Operating Contingency	-	-	-	-
Unreserved	1,963,425	2,308,879	2,550,441	2,200,606
<b>Total Beginning Fund Balance/Reserve</b>	<b>1,963,425</b>	<b>2,308,879</b>	<b>2,550,441</b>	<b>2,200,606</b>
<b>Revenues</b>				
Misc Court Revenue	530,682	550,000	537,187	574,446
Misc Police Revenue	492,611	309,491	309,491	344,186
Misc Community Services Revenue	1,536,252	1,452,800	1,452,800	1,553,000
Misc Citizen and Neighborhood Revenue	-	-	-	68,801
Misc Planning & Development Services Revenue	-	42,500	20,000	20,000
<b>Subtotal</b>	<b>2,559,545</b>	<b>2,354,791</b>	<b>2,319,478</b>	<b>2,560,433</b>
<b>Transfers-In</b>				
General Fund (Affordable Housing)	400,000	100,000	100,000	100,000
General Fund (Locomotive & Human Serv)	30,000	-	-	-
CIP Fund	157,624	-	-	-
<b>Subtotal</b>	<b>587,624</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>3,147,169</b>	<b>2,454,791</b>	<b>2,419,478</b>	<b>2,660,433</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Court	110,234	81,865	81,865	290,359
Police	162,451	309,491	399,301	344,186
Community Services	1,527,133	2,054,147	1,696,887	2,352,255
Citizen and Neighborhood Resources	-	-	-	68,801
Planning & Development Services	10,000	42,500	14,000	20,000
<b>Subtotal</b>	<b>1,809,818</b>	<b>2,488,003</b>	<b>2,192,053</b>	<b>3,075,601</b>
<b>Total Operating Budget</b>	<b>1,809,818</b>	<b>2,488,003</b>	<b>2,192,053</b>	<b>3,075,601</b>
<b>Transfers-Out</b>				
General Fund (McCormick MPC debt)	356,830	357,260	357,260	356,660
CIP Fund (RICO and Court)	393,505	235,500	220,000	373,500
<b>Subtotal</b>	<b>750,335</b>	<b>592,760</b>	<b>577,260</b>	<b>730,160</b>
<b>Ending Fund Balance/Reserve</b>				
Operating Contingency	-	-	-	250,000
Unreserved	2,550,441	1,682,907	2,200,606	805,278
<b>Total Ending Fund Balance/Reserve</b>	<b>\$2,550,441</b>	<b>\$1,682,907</b>	<b>\$2,200,606</b>	<b>\$1,055,278</b>

FY 2003/04 Adopted Budget  
 Five-Year Financial Plan  
 Special Programs Fund - Special Revenue

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>					
Operating Contingency	-	250,000	350,000	350,000	350,000
Unreserved	2,200,606	805,278	667,135	282,164	609,854
<b>Total Beginning Fund Balance/Reserve</b>	<b>2,200,606</b>	<b>1,055,278</b>	<b>1,017,135</b>	<b>632,164</b>	<b>959,854</b>
<b>Revenues</b>					
Misc Court Revenue	574,446	581,882	589,422	597,067	604,819
Misc Police Revenue	344,186	354,882	365,911	377,285	389,013
Misc Community Services Revenue	1,553,000	1,631,000	1,720,000	1,798,000	1,888,000
Misc Citizen and Neighborhood Revenue	68,801	71,080	73,435	75,868	78,382
Misc Planning & Development Services Revenue	20,000	20,500	20,500	20,500	21,000
<b>Subtotal</b>	<b>2,560,433</b>	<b>2,659,344</b>	<b>2,769,269</b>	<b>2,868,720</b>	<b>2,981,214</b>
<b>Transfers- In</b>					
General Fund (Affordable Housing)	100,000	100,000	100,000	100,000	100,000
<b>Subtotal</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>2,660,433</b>	<b>2,759,344</b>	<b>2,869,269</b>	<b>2,968,720</b>	<b>3,081,214</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Court	290,359	299,725	309,394	319,376	329,682
Police	344,186	354,882	365,911	377,285	389,013
Community Services	2,352,255	1,631,000	1,720,000	1,798,000	1,888,000
Citizen and Neighborhood Resources	68,801	71,080	73,435	75,868	78,382
Planning & Development Services	20,000	20,000	20,500	20,500	20,500
<b>Subtotal</b>	<b>3,075,601</b>	<b>2,376,687</b>	<b>2,489,240</b>	<b>2,591,030</b>	<b>2,705,577</b>
<b>Total Operating Budget</b>	<b>3,075,601</b>	<b>2,376,687</b>	<b>2,489,240</b>	<b>2,591,030</b>	<b>2,705,577</b>
<b>Transfers-Out</b>					
General Fund (McCormick MPC debt)	356,660	-	-	-	-
CIP Fund (RICO and Court)	373,500	420,800	765,000	50,000	-
<b>Subtotal</b>	<b>730,160</b>	<b>420,800</b>	<b>765,000</b>	<b>50,000</b>	<b>-</b>
<b>Ending Fund Balance/Reserve</b>					
Operating Contingency	250,000	350,000	350,000	350,000	350,000
Unreserved	805,278	667,135	282,164	609,854	985,491
<b>Total Ending Fund Balance/Reserve</b>	<b>\$1,055,278</b>	<b>\$1,017,135</b>	<b>\$632,164</b>	<b>\$959,854</b>	<b>\$1,335,491</b>

# FUND SUMMARIES

# *Fund Summaries and Five-Year Plan*

FY 2003/04 Adopted Budget  
Fund Summaries  
Debt Service Fund

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
Beginning Fund Balance/Reserve	7,185,000	7,689,000	10,213,000	10,797,394
<b>Revenues</b>				
Property Tax (Secondary)	21,607,666	22,766,364	22,766,364	25,538,638
Special Assessments	2,342,334	2,562,210	2,562,236	2,903,138
<b>Subtotal</b>	<b>23,950,000</b>	<b>25,328,574</b>	<b>25,328,600</b>	<b>28,441,776</b>
<b>Transfers-In</b>				
Preservation Sales Tax Fund	13,735,353	15,992,383	15,919,028	16,401,210
General Fund	75,066	-	-	-
<b>Subtotal</b>	<b>13,735,353</b>	<b>15,992,383</b>	<b>15,919,028</b>	<b>16,401,210</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>37,685,353</b>	<b>41,320,957</b>	<b>41,247,628</b>	<b>44,842,986</b>
<b><u>Use of Funds:</u></b>				
<b>Debt Service by Type</b>				
General Obligation Bonds	18,318,000	23,299,855	22,181,970	25,538,638
Preserve General Oligation Bonds	6,896,000	9,110,961	9,037,606	9,537,488
Special Assessment Bonds	2,601,000	2,562,210	2,562,236	2,903,138
Preserve Authority Revenue Bonds	6,842,000	6,881,422	6,881,422	6,863,722
<b>Subtotal</b>	<b>34,657,000</b>	<b>41,854,448</b>	<b>40,663,234</b>	<b>44,842,986</b>
<b>Total Operating Budget</b>	<b>34,657,000</b>	<b>41,854,448</b>	<b>40,663,234</b>	<b>44,842,986</b>
Ending Fund Balance/Reserve	\$10,213,353	\$7,155,509	\$10,797,394	\$10,797,394



FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Debt Service Fund

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>	<b>10,797,394</b>	<b>10,797,394</b>	<b>9,297,394</b>	<b>7,797,394</b>	<b>3,797,394</b>
<b>Revenues</b>					
Property Tax (Secondary)	25,538,638	27,788,752	31,433,914	33,895,143	37,775,565
Special Assessments	2,903,138	2,802,697	1,136,655	1,095,576	1,055,996
<b>Subtotal</b>	<b>28,441,776</b>	<b>30,591,449</b>	<b>32,570,569</b>	<b>34,990,719</b>	<b>38,831,561</b>
<b>Transfers-In</b>					
Preservation Privilege Tax Fund	16,401,210	18,177,562	18,655,913	18,608,600	18,516,288
<b>Subtotal</b>	<b>16,401,210</b>	<b>18,177,562</b>	<b>18,655,913</b>	<b>18,608,600</b>	<b>18,516,288</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>44,842,986</b>	<b>48,769,011</b>	<b>51,226,482</b>	<b>53,599,319</b>	<b>57,347,849</b>
<b>Use of Funds:</b>					
<b>Debt Service by Type</b>					
General Obligation Bonds	25,538,638	29,288,752	32,933,914	37,895,143	39,775,565
Preserve General Obligation Bonds	9,537,488	11,316,777	11,815,541	11,770,553	11,695,766
Special Assessment Bonds	2,903,138	2,802,697	1,136,655	1,095,576	1,055,996
Preserve Authority Revenue Bonds	6,863,722	6,860,785	6,840,372	6,838,047	6,820,522
<b>Subtotal</b>	<b>44,842,986</b>	<b>50,269,011</b>	<b>52,726,482</b>	<b>57,599,319</b>	<b>59,347,849</b>
<b>Total Operating Budget</b>	<b>44,842,986</b>	<b>50,269,011</b>	<b>52,726,482</b>	<b>57,599,319</b>	<b>59,347,849</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$10,797,394</b>	<b>\$9,297,394</b>	<b>\$7,797,394</b>	<b>\$3,797,394</b>	<b>\$1,797,394</b>

# FUND SUMMARIES

# Fund Summaries and Five-Year Plan

FY 2003/04 Adopted Budget  
Fund Summaries  
Water and Sewer Funds - Enterprise

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b>Source of Funds:</b>				
<b>Beginning Fund Balance/Reserve</b>				
Operating Reserve	3,000,000	3,000,000	3,000,000	15,362,491
Repair/Replacement Reserve	14,156,204	14,099,754	14,045,440	15,165,507
Special Operations Funds	(181,224)	217,178	84,934	1,239,003
Unreserved Fund Balance	5,223,844	889,599	-	-
<b>Total Beginning Fund Balance/Reserve</b>	<b>22,198,824</b>	<b>18,206,531</b>	<b>17,130,374</b>	<b>31,767,001</b>
<b>Revenues</b>				
Water Charges	65,122,321	65,852,136	67,941,812	71,448,156
Sewer Charges	24,276,160	26,840,802	24,936,468	25,852,829
Effluent Sales	360,058	321,409	364,922	385,384
Interest Earnings	1,991,097	2,335,951	2,393,042	2,064,665
Miscellaneous Revenue	3,322,594	3,908,778	2,544,239	1,187,030
<b>Subtotal</b>	<b>95,072,231</b>	<b>99,259,076</b>	<b>98,180,483</b>	<b>100,938,064</b>
<b>Transfers-In</b>				
Grant Fund	1,258	-	-	-
CIP - Development Fees	4,973,319	4,958,281	4,958,281	4,969,869
<b>Subtotal</b>	<b>4,974,577</b>	<b>4,958,281</b>	<b>4,958,281</b>	<b>4,969,869</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>100,046,808</b>	<b>104,217,357</b>	<b>103,138,764</b>	<b>105,907,933</b>
<b>Use of Funds:</b>				
<b>Departments</b>				
Financial Services	2,080,217	2,102,626	2,102,626	2,201,589
Water Resources	39,443,531	39,306,787	39,306,787	40,037,239
Estimated Water Dept. Savings	-	(1,000,000)	(1,000,000)	(1,000,000)
<b>Subtotal</b>	<b>41,523,748</b>	<b>40,409,413</b>	<b>40,409,413</b>	<b>41,238,828</b>
<b>Debt Service</b>				
General Obligation Bonds	6,129,220	6,230,833	6,230,833	5,760,539
Revenue Bonds	6,551,098	6,513,921	6,513,921	6,516,486
MPC Bonds	1,451,685	3,180,725	1,680,725	1,719,700
<b>Subtotal</b>	<b>14,497,729</b>	<b>15,925,479</b>	<b>14,425,479</b>	<b>13,996,725</b>
<b>Total Operating Budget</b>	<b>56,021,477</b>	<b>57,334,892</b>	<b>54,834,892</b>	<b>55,235,553</b>
<b>Transfers-Out</b>				
In-Lieu Property Tax	2,137,428	2,253,508	2,239,718	2,442,474
Indirect Cost Allocation	5,836,607	5,908,844	5,908,844	6,331,846
Franchise Fee	4,769,004	4,811,104	4,839,604	4,992,003
General Fund	380,014	-	-	-
CIP Fund	35,937,727	33,453,940	21,679,079	35,359,213
Fleet Fund	33,000	-	-	-
<b>Total Transfers-Out</b>	<b>49,093,780</b>	<b>46,427,395</b>	<b>34,667,245</b>	<b>49,125,537</b>
<b>Ending Fund Balance/Reserve</b>				
Operating Reserve	3,000,000	3,000,000	15,362,491	17,027,046
Repair/Replacement Reserve	14,045,440	15,847,142	15,165,507	16,024,253
Special Operations Fund Balance	84,934	335,826	239,003	262,545
Unreserved Balance	-	478,633	-	-
<b>Total Ending Fund Balance/Reserve</b>	<b>\$17,130,374</b>	<b>\$19,661,601</b>	<b>\$30,767,001</b>	<b>\$33,313,844</b>

FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Water and Sewer Funds - Enterprise

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>					
Operating Reserve	15,362,491	17,027,046	18,637,019	20,789,503	21,245,182
Repair/Replacement Reserve	15,165,507	16,024,253	17,508,082	20,037,928	22,237,460
Special Operations Funds	1,239,003	262,545	214,647	90,017	57,793
<b>Total Beginning Fund Balance/Reserve</b>	<b>31,767,001</b>	<b>33,313,844</b>	<b>36,359,748</b>	<b>40,917,448</b>	<b>43,540,435</b>
<b>Revenues:</b>					
Water Charges	71,448,156	74,858,877	77,020,529	79,374,256	81,715,935
Sewer Charges	25,852,829	26,783,648	27,711,724	28,652,685	29,609,995
Effluent Sales	385,384	395,018	404,894	415,015	484,613
Interest Earnings	2,064,665	1,612,534	1,050,696	692,997	666,732
Miscellaneous Revenue	1,187,030	1,219,891	1,255,823	1,293,829	1,309,785
<b>Subtotal</b>	<b>100,938,064</b>	<b>104,869,968</b>	<b>107,443,666</b>	<b>110,428,782</b>	<b>113,787,060</b>
<b>Transfers-In</b>					
CIP - Development Fees	4,969,869	6,297,294	6,297,606	6,247,838	6,203,463
<b>Subtotal</b>	<b>4,969,869</b>	<b>6,297,294</b>	<b>6,297,606</b>	<b>6,247,838</b>	<b>6,203,463</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>105,907,933</b>	<b>111,167,262</b>	<b>113,741,272</b>	<b>116,676,620</b>	<b>119,990,523</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Financial Services	2,201,589	2,275,303	2,351,572	2,430,812	2,512,633
Water Resources	40,037,239	41,778,413	43,116,071	44,502,208	45,931,759
Estimated Water Dept. Savings	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>Subtotal</b>	<b>41,238,828</b>	<b>43,053,716</b>	<b>44,467,643</b>	<b>45,933,020</b>	<b>47,444,392</b>
<b>Debt Service</b>					
General Obligation Bonds	5,760,539	5,355,855	6,857,065	-	-
Revenue Bonds	6,516,486	6,528,024	6,520,901	6,482,248	6,444,273
MPC Bonds	1,719,700	8,033,960	11,288,810	12,789,077	12,830,103
<b>Subtotal</b>	<b>13,996,725</b>	<b>19,917,839</b>	<b>24,666,776</b>	<b>19,271,325</b>	<b>19,274,376</b>
<b>Total Operating Budget</b>	<b>55,235,553</b>	<b>62,971,555</b>	<b>69,134,419</b>	<b>65,204,345</b>	<b>66,718,768</b>
<b>Transfers-Out</b>					
In-Lieu Property Tax	2,442,474	2,575,526	2,811,269	3,031,218	3,294,169
Indirect Cost Allocation	6,331,846	6,268,528	6,519,269	6,780,039	7,051,241
Franchise Fee	4,992,003	5,187,048	5,339,300	5,495,049	5,664,846
CIP Fund	35,359,213	31,118,701	25,379,315	33,542,981	34,852,171
<b>Total Transfers-Out</b>	<b>49,125,537</b>	<b>45,149,802</b>	<b>40,049,153</b>	<b>48,849,288</b>	<b>50,862,427</b>
<b>Ending Fund Balance/Reserve</b>					
Operating Reserve	17,027,046	18,637,019	20,789,503	21,245,182	22,651,233
Repair/Replacement Reserve	16,024,253	17,508,082	20,037,928	22,237,460	23,238,285
Special Operations Fund Balance	262,545	214,647	214,647	90,017	82,368
<b>Total Ending Fund Balance/Reserve</b>	<b>33,313,844</b>	<b>36,359,748</b>	<b>40,917,448</b>	<b>43,540,435</b>	<b>45,971,886</b>

# FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

FY 2003/04 Adopted Budget  
Fund Summaries  
Solid Waste Fund - Enterprise

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>				
Operating Reserve	1,852,436	2,139,799	2,872,820	3,155,854
Unreserved	-	-	-	1,340,158
<b>Total Beginning Fund Balance/Reserve</b>	<b>1,852,436</b>	<b>2,139,799</b>	<b>2,872,820</b>	<b>4,496,012</b>
<b>Revenues</b>				
Refuse Collection Charges	15,796,170	16,115,445	16,115,445	16,177,531
Interest Earnings	55,199	44,013	44,013	48,700
<b>Subtotal</b>	<b>15,851,369</b>	<b>16,159,458</b>	<b>16,159,458</b>	<b>16,226,231</b>
<b>Total Revenues</b>	<b>15,851,369</b>	<b>16,159,458</b>	<b>16,159,458</b>	<b>16,226,231</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Financial Services	514,776	565,264	565,264	586,491
Municipal Services	11,080,368	11,946,975	11,717,474	12,137,487
<b>Subtotal</b>	<b>11,595,144</b>	<b>12,512,239</b>	<b>12,282,738</b>	<b>12,723,978</b>
<b>Debt Service</b>				
MPC Bonds - Transfer Station	343,221	341,993	341,993	345,493
<b>Subtotal</b>	<b>343,221</b>	<b>341,993</b>	<b>341,993</b>	<b>345,493</b>
<b>Total Operating Budget</b>	<b>11,938,365</b>	<b>12,854,232</b>	<b>12,624,731</b>	<b>13,069,471</b>
<b>Transfers-Out</b>				
Indirect Cost Allocation	1,643,484	1,646,768	1,646,768	1,958,092
General Fund	77,200	-	-	-
Fleet Management Fund	331,000	-	229,500	-
CIP Fund	823,812	18,400	18,400	18,500
In-Lieu Property Tax	17,124	16,867	16,867	17,003
<b>Total Transfers-Out</b>	<b>2,892,620</b>	<b>1,682,035</b>	<b>1,911,535</b>	<b>1,993,595</b>
<b>Ending Fund Balance/Reserve</b>				
Operating Reserve	2,872,820	3,213,558	3,155,854	3,267,368
Unreserved	-	549,433	1,340,158	2,391,809
<b>Total Ending Fund Balance/Reserve</b>	<b>\$2,872,820</b>	<b>\$3,762,991</b>	<b>\$4,496,012</b>	<b>\$5,659,177</b>

# Fund Summaries and Five-Year Plan

## FIVE-YEAR FINANCIAL PLAN

FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Solid Waste Fund - Enterprise

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>					
Operating Reserve	3,155,854	3,267,368	3,371,234	3,479,101	3,590,309
Unreserved	1,340,158	2,391,809	2,588,394	3,221,373	3,646,945
<b>Total Beginning Fund Balance/Reserve</b>	<b>4,496,012</b>	<b>5,659,177</b>	<b>5,959,628</b>	<b>6,700,474</b>	<b>7,237,254</b>
<b>Revenues</b>					
Refuse Collection Charges	16,177,531	16,400,759	16,713,327	17,048,437	17,374,630
Interest Earnings	48,700	59,000	58,878	53,311	45,728
<b>Subtotal</b>	<b>16,226,231</b>	<b>16,459,759</b>	<b>16,772,205</b>	<b>17,101,748</b>	<b>17,420,358</b>
<b>Total Revenues</b>	<b>16,226,231</b>	<b>16,459,759</b>	<b>16,772,205</b>	<b>17,101,748</b>	<b>17,420,358</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Financial Services	586,491	604,086	622,208	640,875	660,101
Municipal Services	12,137,487	12,537,606	12,948,702	13,378,368	13,821,490
<b>Subtotal</b>	<b>12,723,978</b>	<b>13,141,692</b>	<b>13,570,910</b>	<b>14,019,242</b>	<b>14,481,591</b>
<b>Debt Service</b>					
MPC Bonds - Transfer Station	345,493	343,243	345,493	341,993	343,413
<b>Subtotal</b>	<b>345,493</b>	<b>343,243</b>	<b>345,493</b>	<b>341,993</b>	<b>343,413</b>
<b>Total Operating Budget</b>	<b>13,069,471</b>	<b>13,484,935</b>	<b>13,916,403</b>	<b>14,361,235</b>	<b>14,825,004</b>
<b>Transfers-Out</b>					
Indirect Cost Allocation	1,958,092	1,938,511	2,016,052	2,096,694	2,180,561
CIP Fund	18,500	718,900	81,400	89,200	3,618,500
In-Lieu Property Tax	17,003	16,962	17,504	17,839	18,320
<b>Total Transfers-Out</b>	<b>1,993,595</b>	<b>2,674,373</b>	<b>2,114,956</b>	<b>2,203,733</b>	<b>5,817,381</b>
<b>Ending Fund Balance/Reserve</b>					
Operating Reserve	3,267,368	3,371,234	3,479,101	3,590,309	3,706,251
Unreserved	2,391,809	2,588,394	3,221,373	3,646,945	308,976
<b>Total Ending Fund Balance/Reserve</b>	<b>\$5,659,177</b>	<b>\$5,959,628</b>	<b>\$6,700,474</b>	<b>\$7,237,254</b>	<b>\$4,015,227</b>

# FUND SUMMARIES

# *Fund Summaries and Five-Year Plan*

**FY 2003/04 Adopted Budget  
Fund Summaries  
Aviation Fund - Enterprise**

	<b>Actual 2001/02</b>	<b>Adopted 2002/03</b>	<b>Estimate 2002/03</b>	<b>Adopted 2003/04</b>
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>	-			
Operating Reserve	-	-	-	67,718
Unreserved	73,641	-	-	-
<b>Total Beginning Fund Balance/Reserve</b>	<b>73,641</b>	<b>-</b>	<b>-</b>	<b>67,718</b>
<b>Revenues</b>				
Airport	1,674,898	2,386,019	2,497,039	2,852,980
<b>Subtotal</b>	<b>1,674,898</b>	<b>2,386,019</b>	<b>2,497,039</b>	<b>2,852,980</b>
<b>Transfers-In</b>				
Grant Fund	8,564	24,830	-	-
General Fund	12,945	-	-	-
<b>Subtotal</b>	<b>21,509</b>	<b>24,830</b>	<b>-</b>	<b>-</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>1,696,407</b>	<b>2,410,849</b>	<b>2,497,039</b>	<b>2,852,980</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Transportation	1,203,044	1,263,624	1,282,096	1,334,787
<b>Subtotal</b>	<b>1,203,044</b>	<b>1,263,624</b>	<b>1,282,096</b>	<b>1,334,787</b>
<b>Total Operating Budget</b>	<b>1,203,044</b>	<b>1,263,624</b>	<b>1,282,096</b>	<b>1,334,787</b>
<b>Transfers-Out</b>				
In-Lieu Property Tax	72,696	45,968	45,968	60,738
Indirect Cost Allocation	264,461	254,944	254,944	190,554
Direct Cost Allocation (Fire)	215,095	234,713	234,713	248,048
General Fund	-	-	-	-
CIP Fund (Tech. Replacement)	11,772	-	-	20,900
CIP Fund (Other)	2,980	611,600	611,600	387,000
<b>Total Transfers-Out</b>	<b>567,004</b>	<b>1,147,225</b>	<b>1,147,225</b>	<b>907,240</b>
<b>Ending Fund Balance/Reserve</b>				
Operating Reserve	-	-	67,718	333,697
Unreserved	-	-	-	344,974
<b>Total Ending Fund Balance/Reserve</b>	<b>\$0</b>	<b>\$0</b>	<b>\$67,718</b>	<b>\$678,671</b>

FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Aviation Fund - Enterprise

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>					
Operating Reserve	67,718	333,697	340,882	347,699	354,654
Unreserved	-	344,974	817,488	1,090,373	1,920,809
<b>Total Beginning Fund Balance/Reserve</b>	<b>67,718</b>	<b>678,671</b>	<b>1,158,370</b>	<b>1,438,072</b>	<b>2,275,463</b>
<b>Revenues</b>					
Airport	2,852,980	2,910,039	2,968,240	3,027,605	3,088,157
<b>Subtotal</b>	<b>2,852,980</b>	<b>2,910,039</b>	<b>2,968,240</b>	<b>3,027,605</b>	<b>3,088,157</b>
<b>Total Revenues</b>	<b>2,852,980</b>	<b>2,910,039</b>	<b>2,968,240</b>	<b>3,027,605</b>	<b>3,088,157</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Transportation	1,334,787	1,363,528	1,390,798	1,418,614	1,446,986
<b>Subtotal</b>	<b>1,334,787</b>	<b>1,363,528</b>	<b>1,390,798</b>	<b>1,418,614</b>	<b>1,446,986</b>
<b>Total Operating Budget</b>	<b>1,334,787</b>	<b>1,363,528</b>	<b>1,390,798</b>	<b>1,418,614</b>	<b>1,446,986</b>
<b>Transfers-Out</b>					
In-Lieu Property Tax	60,738	63,240	68,112	72,447	77,649
Indirect Cost Allocation	190,554	188,648	196,194	204,042	212,204
Direct Cost Allocation (Fire)	248,048	268,723	287,534	301,910	313,986
CIP Fund (Tech. Replacement)	20,900	11,000	10,400	10,400	10,600
CIP Fund (Other)	387,000	535,200	735,500	182,800	4,600
<b>Total Transfers-Out</b>	<b>907,240</b>	<b>1,066,812</b>	<b>1,297,740</b>	<b>771,600</b>	<b>619,039</b>
<b>Ending Fund Balance/Reserve</b>					
Operating Reserve	333,697	340,882	347,699	354,654	361,747
Unreserved	344,974	817,488	1,090,373	1,920,809	2,935,848
<b>Total Ending Fund Balance/Reserve</b>	<b>\$678,671</b>	<b>\$1,158,370</b>	<b>\$1,438,072</b>	<b>\$2,275,463</b>	<b>\$3,297,595</b>

# FUND SUMMARIES

# *Fund Summaries and Five-Year Plan*

**FY 2003/04 Adopted Budget  
Fund Summaries  
Fleet Management Fund - Internal Service**

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>	<b>8,790,004</b>	<b>8,316,958</b>	<b>8,218,480</b>	<b>4,057,212</b>
<b>Revenues</b>				
Rates (Acquisition)	5,016,658	4,711,698	4,448,626	4,580,155
Rates (Maintenance & Operation)	5,701,491	5,758,743	5,980,284	6,490,608
Misc Revenue (Surplus Property)	517,009	318,418	318,418	267,711
Interest	503,984	309,149	346,648	226,277
<b>Subtotal</b>	<b>11,739,142</b>	<b>11,098,008</b>	<b>11,093,976</b>	<b>11,564,751</b>
<b>Transfers-In</b>				
General Fund	674,150	-	-	-
Water/Sewer Funds	33,000	-	-	-
Solid Waste Fund	331,000	-	229,500	-
HURF Fund	116,403	-	-	-
Special Programs Fund (Rico)	119,236	-	-	-
<b>Subtotal</b>	<b>1,273,789</b>	<b>-</b>	<b>229,500</b>	<b>-</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>13,012,931</b>	<b>11,098,008</b>	<b>11,323,476</b>	<b>11,564,751</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Municipal Services				
Vehicle Acquisition	4,474,108	5,395,500	5,354,223	3,544,350
Fleet Operations	6,285,902	6,624,356	5,942,521	6,392,302
<b>Subtotal</b>	<b>10,760,010</b>	<b>12,019,856</b>	<b>11,296,744</b>	<b>9,936,652</b>
<b>Total Operating Budget</b>	<b>10,760,010</b>	<b>12,019,856</b>	<b>11,296,744</b>	<b>9,936,652</b>
<b>Transfers-Out</b>				
CIP Fund (Tech. Replacement)	27,225	437,900	688,000	521,580
CIP Fund	2,720,000	-	3,000,000	-
General Fund	77,220	500,000	500,000	-
<b>Subtotal</b>	<b>2,824,445</b>	<b>937,900</b>	<b>4,188,000</b>	<b>521,580</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>13,584,455</b>	<b>12,957,756</b>	<b>15,484,744</b>	<b>10,458,232</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$8,218,480</b>	<b>\$6,457,210</b>	<b>\$4,057,212</b>	<b>\$5,163,731</b>



FY 2003/04 Adopted Budget  
 Five-Year Financial Plan  
 Fleet Management Fund - Internal Service

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>	<b>4,057,212</b>	<b>5,163,731</b>	<b>6,270,166</b>	<b>5,566,132</b>	<b>5,543,886</b>
<b>Revenues</b>					
Rates (Acquisition)	4,580,155	4,766,181	4,940,398	5,168,208	5,349,719
Rates (Maintenance & Operation)	6,490,608	6,652,873	6,805,889	6,962,425	7,136,485
Misc Revenue (Surplus Property)	267,711	177,218	210,250	312,925	294,438
Interest	226,277	266,659	303,771	287,776	291,193
<b>Subtotal</b>	<b>11,564,751</b>	<b>11,862,931</b>	<b>12,260,308</b>	<b>12,731,334</b>	<b>13,071,835</b>
<b>Total Revenues</b>	<b>11,564,751</b>	<b>11,862,931</b>	<b>12,260,308</b>	<b>12,731,334</b>	<b>13,071,835</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Municipal Services:					
Vehicle Acquisition	3,544,350	4,205,000	6,258,500	5,888,750	6,168,250
Fleet Operations	6,392,302	6,524,296	6,679,442	6,838,330	7,001,051
<b>Subtotal</b>	<b>9,936,652</b>	<b>10,729,296</b>	<b>12,937,942</b>	<b>12,727,080</b>	<b>13,169,301</b>
<b>Total Operating Budget</b>	<b>9,936,652</b>	<b>10,729,296</b>	<b>12,937,942</b>	<b>12,727,080</b>	<b>13,169,301</b>
<b>Transfers-Out</b>					
CIP Fund (Tech. Replacement)	521,580	27,200	26,400	26,500	26,800
<b>Subtotal</b>	<b>521,580</b>	<b>27,200</b>	<b>26,400</b>	<b>26,500</b>	<b>26,800</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>10,458,232</b>	<b>10,756,496</b>	<b>12,964,342</b>	<b>12,753,580</b>	<b>13,196,101</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$5,163,731</b>	<b>\$6,270,166</b>	<b>\$5,566,132</b>	<b>\$5,543,886</b>	<b>\$5,419,620</b>

# FUND SUMMARIES

## *Fund Summaries and Five-Year Plan*

FY 2003/04 Adopted Budget  
Fund Summaries  
Self-Insurance Fund - Internal Service

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b><u>Source of Funds:</u></b>				
<b>Beginning Fund Balance/Reserve</b>	<b>16,806,885</b>	<b>14,372,766</b>	<b>14,998,945</b>	<b>15,202,906</b>
<b>Revenues</b>				
Property and Liability	4,499,784	4,099,164	4,099,164	4,100,000
Unemployment Taxes	157,188	150,000	150,000	150,000
Interest	477,063	300,745	292,234	237,866
Property Tax (Tort Claims)	590,599	982,300	982,300	643,931
Miscellaneous	1,077,780	-	-	-
<b>Subtotal</b>	<b>6,802,414</b>	<b>5,532,209</b>	<b>5,523,698</b>	<b>5,131,797</b>
<b>Transfers-In</b>				
General Fund	-	-	-	750,000
<b>Total Revenues &amp; Transfers-In</b>	<b>6,802,414</b>	<b>5,532,209</b>	<b>5,523,698</b>	<b>5,881,797</b>
<b><u>Use of Funds:</u></b>				
<b>Departments</b>				
Financial Services-Operating	1,617,810	2,517,330	2,508,989	2,436,477
Financial Services-Claims	4,078,373	2,800,000	2,800,048	2,800,000
<b>Total Operating Budget</b>	<b>5,696,183</b>	<b>5,317,330</b>	<b>5,309,037</b>	<b>5,236,477</b>
<b>Transfers-Out</b>				
CIP Fund	2,900,000	-	-	-
CIP Fund (Tech. Replacement)	14,171	10,700	10,700	10,800
<b>Subtotal</b>	<b>2,914,171</b>	<b>10,700</b>	<b>10,700</b>	<b>10,800</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>8,610,354</b>	<b>5,328,030</b>	<b>5,319,737</b>	<b>5,247,277</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$14,998,945</b>	<b>\$14,576,945</b>	<b>\$15,202,906</b>	<b>\$15,837,426</b>

FY 2003/04 Adopted Budget  
 Five-Year Financial Plan  
 Self-Insurance Fund - Internal Service

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>	<b>15,202,906</b>	<b>15,837,426</b>	<b>16,288,373</b>	<b>17,063,156</b>	<b>17,980,455</b>
<b>Revenues</b>					
Property and Liability	4,100,000	4,650,000	5,275,000	6,000,000	6,750,000
Unemployment Taxes	150,000	150,000	150,000	150,000	150,000
Interest	237,866	313,196	389,363	412,607	440,126
Property Tax (Tort Claims)	643,931	650,000	650,000	650,000	650,000
<b>Subtotal</b>	<b>5,131,797</b>	<b>5,763,196</b>	<b>6,464,363</b>	<b>7,212,607</b>	<b>7,990,126</b>
<b>Transfers-In</b>					
General Fund	750,000	600,000	600,000	400,000	600,000
<b>Total Revenues &amp; Transfers-In</b>	<b>5,881,797</b>	<b>6,363,196</b>	<b>7,064,363</b>	<b>7,612,607</b>	<b>8,590,126</b>
<b>Use of Funds:</b>					
<b>Departments</b>					
Financial Services-Operating	2,436,477	2,633,833	2,849,048	3,083,830	3,340,048
Financial Services-Claims	2,800,000	3,267,316	3,429,932	3,600,678	3,779,962
<b>Subtotal</b>	<b>5,236,477</b>	<b>5,901,149</b>	<b>6,278,980</b>	<b>6,684,508</b>	<b>7,120,010</b>
<b>Total Operating Budget</b>	<b>5,236,477</b>	<b>5,901,149</b>	<b>6,278,980</b>	<b>6,684,508</b>	<b>7,120,010</b>
<b>Transfers-Out</b>					
CIP Fund (Tech. Replacement)	10,800	11,100	10,600	10,800	10,800
<b>Subtotal</b>	<b>10,800</b>	<b>11,100</b>	<b>10,600</b>	<b>10,800</b>	<b>10,800</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>5,247,277</b>	<b>5,912,249</b>	<b>6,289,580</b>	<b>6,695,308</b>	<b>7,130,810</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$15,837,426</b>	<b>\$16,288,373</b>	<b>\$17,063,156</b>	<b>\$17,980,455</b>	<b>\$19,439,771</b>

# FUND SUMMARIES

# *Fund Summaries and Five-Year Plan*

FY 2003/04 Adopted Budget  
Fund Summaries  
Trust Funds

	Actual 2001/02	Adopted 2002/03	Estimate 2002/03	Adopted 2003/04
<b>Source of Funds:</b>				
Beginning Fund Balance/Reserve	1,800,172	2,500,000	1,615,152	1,615,152
<b>Revenues</b>				
Trusts	55,270	768,900	768,900	1,010,000
Street Light Districts	1,012,033	500,000	500,000	500,000
Downtown Enhanced Municipal Services District	-	-	-	663,000
<b>Subtotal</b>	<b>1,067,303</b>	<b>1,268,900</b>	<b>1,268,900</b>	<b>2,173,000</b>
<b>Total Revenues</b>	<b>1,067,303</b>	<b>1,268,900</b>	<b>1,268,900</b>	<b>2,173,000</b>
<b>Use of Funds:</b>				
<b>Expenditures</b>				
Trusts	208,395	768,900	768,900	1,010,000
Street Light Districts	1,043,927	500,000	500,000	500,000
Downtown Enhanced Municipal Services District	-	-	-	663,000
<b>Subtotal</b>	<b>1,252,322</b>	<b>1,268,900</b>	<b>1,268,900</b>	<b>2,173,000</b>
<b>Total Expenditures</b>	<b>1,252,322</b>	<b>1,268,900</b>	<b>1,268,900</b>	<b>2,173,000</b>
Ending Fund Balance/Reserve	\$1,615,153	\$2,500,000	\$1,615,152	\$1,615,152

FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Trust Funds

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance/Reserve</b>	1,615,152	1,615,152	1,615,152	1,615,152	1,615,152
<b>Revenues</b>					
Trusts	1,010,000	10,000	10,000	10,000	10,000
Street Light Districts	500,000	1,020,000	1,025,000	1,025,000	1,030,000
Downtown Enhanced Municipal Services District	663,000	670,000	673,000	680,000	686,000
<b>Subtotal</b>	<b>2,173,000</b>	<b>1,700,000</b>	<b>1,708,000</b>	<b>1,715,000</b>	<b>1,726,000</b>
<b>Total Revenues</b>	<b>2,173,000</b>	<b>1,700,000</b>	<b>1,708,000</b>	<b>1,715,000</b>	<b>1,726,000</b>
<b>Use of Funds:</b>					
<b>Expenditures</b>					
Trusts	1,010,000	10,000	10,000	10,000	10,000
Street Light Districts	500,000	1,020,000	1,025,000	1,025,000	1,030,000
Downtown Enhanced Municipal Services District	663,000	670,000	673,000	680,000	686,000
<b>Subtotal</b>	<b>2,173,000</b>	<b>1,700,000</b>	<b>1,708,000</b>	<b>1,715,000</b>	<b>1,726,000</b>
<b>Total Expenditures</b>	<b>2,173,000</b>	<b>1,700,000</b>	<b>1,708,000</b>	<b>1,715,000</b>	<b>1,726,000</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$1,615,152</b>	<b>\$1,615,152</b>	<b>\$1,615,152</b>	<b>\$1,615,152</b>	<b>\$1,615,152</b>

# FUND SUMMARIES

# Fund Summaries and Five-Year Plan

## FY 2003/04 Adopted Budget Fund Summaries Capital Improvement Plan

	Actual 2001/02	Adopted 2002/03	Forecast 2002/03	Adopted 2003/04
<b>Source of Funds:</b>				
<b>Beginning Fund Balance</b>	<b>279,337.4</b>	<b>231,103.1</b>	<b>362,119.9</b>	<b>398,378.4</b>
<b>Revenues</b>				
Bonds/Contracts				
General Obligation	28,000.0	60,400.0	-	39,500.0
General Obligation Preserve	40,000.0	15,000.0	-	50,000.0
Improvement District	7,500.0	-	-	-
Municipal Properties Corporation	-	17,115.0	-	7,100.0
Pay-As-You-Go				
Water & Sewer Development Fees	30,026.3	17,211.6	22,894.7	13,600.0
Extra Capacity Development Fee	-	11,000.0	-	-
Grants	-	6,044.9	-	6,368.7
Other Contributions	3,897.1	9,580.7	-	2,488.3
Interest Earnings	8,916.3	12,026.7	6,082.7	5,063.0
Miscellaneous	1,112.2	571.1	546.8	958.5
<b>Subtotal</b>	<b>119,451.9</b>	<b>148,950.0</b>	<b>29,524.2</b>	<b>125,078.5</b>
<b>Transfers In</b>				
From General Fund	23,086.1	12,880.3	12,880.3	6,825.3
From Highway User Fund	86.5	73.2	73.2	73.5
From Special Projects Fund	393.5	235.5	235.5	373.5
From Transportation Privilege (Sales) Tax Fund	17,214.6	16,888.1	15,384.7	9,823.2
From Aviation Fund	14.8	611.6	611.6	407.9
From Water & Sewer Funds	35,937.7	33,453.9	23,279.4	35,359.2
From Solid Waste Fund	823.8	18.4	18.4	18.5
From Internal Service Funds	2,761.4	448.6	448.6	532.3
From Grant Fund	9.7	-	-	-
<b>Total Transfers In</b>	<b>80,328.0</b>	<b>64,609.7</b>	<b>52,931.7</b>	<b>53,413.4</b>
<b>Total Revenues &amp; Transfers In</b>	<b>199,780.0</b>	<b>213,559.7</b>	<b>82,455.9</b>	<b>178,491.9</b>
<b>Use of Funds:</b>				
<b>Program Expenditures</b>				
Community Facilities	6,990.7	73,195.9	17,074.0	76,087.2
Preservation	25,278.6	85,720.6	17,085.7	70,411.8
Neighborhood Drainage & Flood Control	2,800.0	19,719.3	3,431.1	12,320.5
Improvement Districts	5,007.3	16,177.2	3,485.5	4,750.5
Public Safety	8,765.4	22,337.5	3,280.2	18,581.1
Service Facilities	5,734.5	13,107.9	2,852.4	13,041.0
Transportation	10,525.3	119,166.8	17,817.0	119,959.7
Water Resources	45,956.4	163,324.6	36,538.3	180,426.3
Contingency	966.0	6,000.0	735.4	2,500.0
<b>Total Capital Improvement Plan Budget</b>	<b>112,024.1</b>	<b>518,749.8</b>	<b>102,299.6</b>	<b>498,078.1</b>
<b>Less: Expended Inception to Date</b>	<b>-</b>	<b>(203,736.1)</b>	<b>-</b>	<b>(257,363.9)</b>
<b>Subtotal Unexpended</b>	<b>-</b>	<b>315,013.7</b>	<b>-</b>	<b>240,714.2</b>
<b>Transfers Out</b>				
To Water & Sewer Operating Funds	4,973.3	4,958.3	4,958.3	4,969.9
<b>Subtotal</b>	<b>4,973.3</b>	<b>4,958.3</b>	<b>4,958.3</b>	<b>4,969.9</b>
<b>Total Expenditures &amp; Transfers</b>	<b>116,997.4</b>	<b>208,694.4</b>	<b>107,257.9</b>	<b>262,333.8</b>
<b>Ending Fund Balance</b>	<b>362,119.9</b>	<b>235,968.4</b>	<b>337,317.9</b>	<b>314,536.5</b>

FY 2003/04 Adopted Budget  
Five-Year Financial Plan  
Capital Improvement Plan

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance *</b>	<b>398,378.4</b>	<b>314,536.6</b>	<b>312,723.0</b>	<b>251,474.7</b>	<b>227,978.7</b>
<b>Revenues</b>					
Bonds/Contracts					
General Obligation	39,500.0	55,000.0	58,000.0	36,000.0	27,000.0
General Obligation-Preserve	50,000.0	15,400.0	-	-	-
Municipal Properties Corporation	7,100.0	17,000.0	25,000.0	-	-
Municipal Properties Corporation-Arsenic		50,000.0	35,000.0	15,600.0	-
Municipal Properties Corporation-Sewer		18,400.0			
Pay-As-You-Go					
Water & Sewer Development Fees	13,600.0	14,200.0	14,600.0	15,700.0	22,000.0
Extra Capacity Development Fee	-	11,700.0	-	-	-
Grants	6,368.7	7,172.9	5,817.6	2,404.2	85.4
Other Contributions	2,488.3	18,697.0	2,937.0	4,068.0	-
Interest Earnings	5,063.0	3,656.3	3,137.1	2,976.8	3,263.7
Miscellaneous	958.5	59.1	2.1	2.1	2.3
<b>Subtotal</b>	<b>125,078.5</b>	<b>211,285.3</b>	<b>144,493.8</b>	<b>76,751.1</b>	<b>52,351.4</b>
<b>Transfers In</b>					
General Fund	6,825.3	6,000.0	5,000.0	4,000.0	6,250.0
Highway User Fund	73.5	74.8	73.0	73.7	73.7
Special Projects Fund	373.5	420.8	765.0	50.0	-
Transportation Privilege Tax Fund	9,823.2	9,882.5	10,085.4	10,388.0	10,699.6
Aviation Fund	407.9	546.2	745.9	193.2	15.2
Water & Sewer Fund	35,359.2	31,118.7	25,379.3	33,543.0	34,852.2
Solid Waste Fund	18.5	718.9	81.4	89.2	3,618.5
Internal Service Funds	532.3	38.3	37.0	37.1	37.6
<b>Subtotal</b>	<b>53,413.4</b>	<b>48,800.2</b>	<b>42,167.0</b>	<b>48,374.2</b>	<b>55,546.8</b>
<b>Sub-Total Revenues &amp; Transfers In</b>	<b>178,491.9</b>	<b>260,085.5</b>	<b>186,660.8</b>	<b>125,125.3</b>	<b>107,898.2</b>
<b>Total Sources of Funds</b>	<b>576,870.4</b>	<b>574,622.1</b>	<b>499,383.8</b>	<b>376,600.0</b>	<b>335,876.9</b>
<b>Use of Funds:</b>					
Community Facilities	76,087.2	55,319.5	33,989.5	11,870.2	6,267.5
Preservation	70,411.8	1,376.1	-	-	-
Neighborhood Drainage & Flood Control	12,320.5	17,592.8	16,496.9	6,634.6	150.0
Improvement Districts	4,750.5	-	-	-	-
Public Safety	18,581.1	30,555.6	6,022.7	-	-
Service Facilities	13,041.0	5,860.4	4,608.5	3,819.8	6,671.8
Transportation	119,959.7	48,721.4	57,944.2	26,216.4	16,565.9
Water Services	180,426.3	100,863.5	35,790.7	57,421.0	10,000.0
Contingency	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Prior Year Unexpended *	-	240,714.2	246,574.3	162,315.0	128,453.3
<b>Total Capital Improvement Plan Budget</b>	<b>498,078.1</b>	<b>503,503.5</b>	<b>403,926.8</b>	<b>270,777.0</b>	<b>170,608.5</b>
<b>Less: Estimated Inception to Date Expenditures</b>	<b>(257,363.9)</b>	<b>(256,929.2)</b>	<b>(241,611.8)</b>	<b>(142,323.7)</b>	<b>(111,809.0)</b>
<b>Subtotal: Unexpended at Year End</b>	<b>240,714.2</b>	<b>246,574.3</b>	<b>162,315.0</b>	<b>128,453.3</b>	<b>58,799.5</b>
<b>Transfers Out</b>					
To Water/Sewer Operating Funds	4,969.9	4,969.9	6,297.3	6,297.6	6,247.8
<b>Subtotal</b>	<b>4,969.9</b>	<b>4,969.9</b>	<b>6,297.3</b>	<b>6,297.6</b>	<b>6,247.8</b>
<b>Total Use of Funds</b>	<b>262,333.8</b>	<b>261,899.1</b>	<b>247,909.1</b>	<b>148,621.3</b>	<b>118,056.8</b>
<b>Ending Fund Balance</b>	<b>314,536.6</b>	<b>312,723.0</b>	<b>251,474.7</b>	<b>227,978.7</b>	<b>217,820.0</b>

\* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses).

# TOTAL APPROPRIATION

# Fund Summaries and Five-Year Plan

FY 2003/04 Adopted Budget  
Total Appropriation by Fund

	General Fund	Special Revenue	Debt Service	Enterprise	Internal Service	Trust	Capital	Total
<b>Source of Funds:</b>								
Beginning Fund Balance/Reserve	28,153,373	22,158,742	10,797,394	36,330,731	19,260,118	1,615,152	398,378,400	516,693,910
<b>Revenues</b>								
Taxes - Local								
Privilege Tax	77,377,547							77,377,547
Privilege Tax - Transportation		15,522,000						15,522,000
Privilege Tax - Preservation		16,118,380						16,118,380
Property Tax	16,572,708		25,538,638		643,931			42,755,277
Transient Occupancy Tax	6,600,000							6,600,000
Light & Power Franchise	5,464,150							5,464,150
Cable TV	2,300,000							2,300,000
Salt River Project Lieu Tax	202,864							202,864
Fire Insurance Premium	334,750							334,750
Taxes - From Other Agencies								
State Shared Sales Tax	15,414,564							15,414,564
State Revenue Sharing	18,016,757							18,016,757
Transportation								
Highway User Revenue Tax		13,511,606						13,511,606
Auto Lieu Tax	6,940,606							6,940,606
Local Trans Assistance Fund		1,146,323						1,146,323
Internal Service Charges								
Fleet Management					11,070,763			11,070,763
Self-Insurance					4,250,000			4,250,000
Licenses, Permits & Fees								
Development Permits & Fees	13,500,000						13,600,000	27,100,000
Business Licenses & Fees	1,756,408							1,756,408
Recreation Fees	2,183,009							2,183,009
WestWorld	1,493,500							1,493,500
Fines & Forfeitures								
Court Fines	3,713,666							3,713,666
Parking Fines	142,093							142,093
Photo Radar	1,079,896							1,079,896
Library Fines & Fees	454,572							454,572
Interest Earnings/Property Rental								
Interest Earnings	750,000	1,020,000		2,113,365	464,143		5,063,000	9,410,508
Property Rental	3,280,000							3,280,000
Utilities & Enterprises								
Water Charges				73,020,570				73,020,570
Sewer Charges				25,852,829				25,852,829
Refuse/Recycling				16,177,531				16,177,531
Airport				2,852,980				2,852,980
Other Revenue								
Grant & Trust		25,861,714				2,173,000	6,368,700	34,403,414
Improvement District Assessments			2,903,138					2,903,138
Miscellaneous	1,500,000				267,711		3,446,800	5,214,511
Special Programs Revenue		2,560,433						2,560,433
Bond Proceeds							96,600,000	96,600,000
CIP Unexpended Prior Year							240,714,200	240,714,200
Less Internal Service Funds Offset					(15,170,763)			(15,170,763)
<b>Subtotal</b>	<b>179,077,090</b>	<b>75,740,456</b>	<b>28,441,776</b>	<b>120,017,275</b>	<b>1,525,785</b>	<b>2,173,000</b>	<b>365,792,700</b>	<b>772,768,082</b>
<b>Transfers-In</b>								
Operating Transfers								
From General Fund		3,275,625			750,000		6,825,300	10,850,925
From Special Revenue Funds	356,660		16,401,210				10,270,177	27,028,047
From Enterprise Funds							35,785,613	35,785,613
From Internal Service Funds							532,380	532,380
From Capital Improvement Fund				4,969,869				4,969,869
Transfers to Gen Fund from Enterprise								
In-Lieu Property Tax	2,520,215							2,520,215
Indirect Cost Allocation	8,728,540							8,728,540
Franchise Fee	4,992,003							4,992,003
<b>Subtotal</b>	<b>16,597,418</b>	<b>3,275,625</b>	<b>16,401,210</b>	<b>4,969,869</b>	<b>750,000</b>	<b>-</b>	<b>53,413,470</b>	<b>95,407,592</b>
<b>Other Activity</b>								
Reserve Appropriations								
Economic Investment	3,860,550							3,860,550
Operating Contingency	2,500,000	750,000					2,500,000	5,750,000
Solid Waste				500,000				500,000
Self-Insurance					2,000,000			2,000,000
Water/Sewer				1,000,000				1,000,000
Carryover/Rebudgets	9,600,000			3,150,000	2,000,000			14,750,000
<b>Subtotal</b>	<b>15,960,550</b>	<b>750,000</b>	<b>-</b>	<b>4,650,000</b>	<b>4,000,000</b>	<b>-</b>	<b>2,500,000</b>	<b>27,860,550</b>
<b>Total Revenues &amp; Transfers-In</b>	<b>211,635,059</b>	<b>79,766,081</b>	<b>44,842,986</b>	<b>129,637,144</b>	<b>6,275,785</b>	<b>2,173,000</b>	<b>421,706,170</b>	<b>896,036,224</b>



# Fund Summaries and Five-Year Plan

## TOTAL APPROPRIATION

### FY 2003/04 Adopted Budget Total Appropriation by Fund

	General Fund	Special Revenue	Debt Service	Enterprise	Internal Service	Trust	Capital	Total
<b>Use of Funds:</b>								
<b>Departments</b>								
General Government	16,133,681	290,359						16,424,040
Police	54,467,836	344,186						54,812,022
Financial Services	7,487,934			2,788,080	5,236,477			15,512,491
Transportation		10,143,267		1,334,787				11,478,054
Community Services	42,816,213	2,352,255						45,168,468
Information Systems	7,535,706							7,535,706
Fire	19,469,293							19,469,293
Water Resources				40,037,239				40,037,239
Municipal Services	540,252	10,718,304		12,137,487	9,936,652			33,332,695
Citizen & Neighborhood Resources	2,872,198	68,801						2,940,999
Human Resources	3,181,535							3,181,535
Economic Vitality	6,513,994							6,513,994
Planning & Development Services	12,563,814	20,000						12,583,814
Estimated Department Savings	(500,000)			(1,000,000)				(1,500,000)
Estimated Vacant Position Savings	(500,000)							(500,000)
Less Internal Service Fund Offsets					(15,170,763)			(15,170,763)
<b>Subtotal</b>	<b>172,582,456</b>	<b>23,937,172</b>	<b>-</b>	<b>55,297,593</b>	<b>2,366</b>	<b>-</b>	<b>-</b>	<b>251,819,587</b>
<b>Grant and Trust Activity</b>								
Community Dev Block Grants/HOME/Sec 8		7,473,643						7,473,643
Other Federal & State Grants		18,388,071						18,388,071
Trust Funds						2,173,000		2,173,000
<b>Subtotal</b>	<b>-</b>	<b>25,861,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,173,000</b>	<b>-</b>	<b>28,034,714</b>
<b>Capital Improvements</b>								
Community Facilities							76,087,200	76,087,200
Preservation							70,411,800	70,411,800
Drainage and Flood Control							12,320,500	12,320,500
Improvement Districts							4,750,500	4,750,500
Public Safety							18,581,100	18,581,100
Service Facilities							13,041,000	13,041,000
Transportation Improvements							119,959,700	119,959,700
Water and Wastewater							180,426,300	180,426,300
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>495,578,100</b>	<b>495,578,100</b>
<b>Debt Service</b>								
General Obligation Bonds			25,538,638	5,760,539				31,299,177
General Obligation Bonds-Preserve			9,537,488					9,537,488
Preserve Authority Revenue Bonds			6,863,722					6,863,722
Revenue Bonds		3,107,306		6,516,486				9,623,792
MPC Bonds	7,566,263			2,065,193				9,631,456
Special Assessment Bonds			2,903,138					2,903,138
Contracts	3,915,538	956,583						4,872,121
<b>Subtotal</b>	<b>11,481,801</b>	<b>4,063,889</b>	<b>44,842,986</b>	<b>14,342,218</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,730,894</b>
<b>Other Activity</b>								
Reserve Appropriations								
Economic Investment	3,860,550							3,860,550
Operating Contingency	2,500,000	750,000					2,500,000	5,750,000
Solid Waste				500,000				500,000
Self-Insurance					2,000,000			2,000,000
Water/Sewer				1,000,000				1,000,000
Carryover/Rebudgets	9,600,000			3,150,000	2,000,000			14,750,000
<b>Subtotal</b>	<b>15,960,550</b>	<b>750,000</b>	<b>-</b>	<b>4,650,000</b>	<b>4,000,000</b>	<b>-</b>	<b>2,500,000</b>	<b>27,860,550</b>
<b>Total Budget</b>	<b>200,024,807</b>	<b>54,612,775</b>	<b>44,842,986</b>	<b>74,289,811</b>	<b>4,002,366</b>	<b>2,173,000</b>	<b>498,078,100</b>	<b>878,023,845</b>
<b>Transfers-Out</b>								
Capital Improvement Program	6,825,300	10,270,177		35,785,613	532,380			53,413,470
Operating Transfers								
To General Fund		356,660						356,660
To Special Revenue Fund	3,275,625							3,275,625
To Debt Service Fund		16,401,210						16,401,210
To Internal Service Fund	750,000							750,000
To Enterprise Fund							4,969,869	4,969,869
Enterprise Transfers								
In-Lieu Property Tax				2,520,215				2,520,215
Indirect Cost Allocation				8,728,540				8,728,540
Franchise Fee				4,992,003				4,992,003
<b>Subtotal</b>	<b>10,850,925</b>	<b>27,028,047</b>	<b>-</b>	<b>52,026,372</b>	<b>532,380</b>	<b>-</b>	<b>4,969,869</b>	<b>95,407,592</b>
<b>Total Expenditures &amp; Transfers-Out</b>	<b>210,875,732</b>	<b>81,640,822</b>	<b>44,842,986</b>	<b>126,316,183</b>	<b>4,534,746</b>	<b>2,173,000</b>	<b>503,047,969</b>	<b>973,431,437</b>
<b>Revenue Over Expenditures</b>	<b>759,327</b>	<b>(1,874,741)</b>	<b>-</b>	<b>3,320,961</b>	<b>1,741,039</b>	<b>-</b>	<b>(81,341,799)</b>	<b>(77,395,213)</b>
<b>Ending Fund Balance/Reserve</b>	<b>\$28,912,700</b>	<b>\$20,284,001</b>	<b>\$10,797,394</b>	<b>\$39,651,692</b>	<b>\$21,001,157</b>	<b>\$1,615,152</b>	<b>\$317,036,601</b>	<b>\$439,298,697</b>



## Legal Compliance and Financial Management

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. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes; for example, Special Revenue Funds are used to account for the expenditure of restricted revenues, while Enterprise Funds account for self-sustaining "business" related activities for which a fee is charged to cover all costs associated with that business. The General Fund is the City's chief operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

A detailed overview of the City's budgeted revenues, expenditures, and fund balance by fund is presented in this section.

## Fund Accounting - Fund Types

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

The **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 protection, 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 five Special Revenue Funds: Highway User Revenue, Preservation Privilege Tax, Transportation Privilege Tax, Special Programs, and Grants.

**Debt Service Funds** are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

**Enterprise Funds** are used to account for operations, including debt service, that are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, 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 two Internal Service Funds to account for Fleet and Self-Insurance activities.

**Trust Funds** are used to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

**Capital Improvement 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 Project funds to ensure legal compliance and financial management for various restricted revenues. Examples of restricted revenue funds are:

- **Bond Funds** – are used to account for bond proceeds to be used only for approved bond projects.
- **Transportation Privilege Tax Capital Fund** – are used to account solely for transportation projects.
- **Grant Capital Funds** – are used to account for the proceeds of capital grants.
- **Enterprise Capital Funds** – are used to account for utility rates and development fees for specific projects.
- **Unrestricted General Capital Fund** – are used to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

The following pages summarize  
Scottsdale's Program Budget  
Revenues, Expenditures and  
Individual Fund Balance/  
Reserves by Fund.

See glossary for Expenditure  
Type definitions.

**General Fund**

**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 and a Highway User Revenue Fund (see Special Revenue Fund section). The General Fund is the largest fund and typically the fund of most interest and significance to citizens.

**General Fund Revenues and Transfers-In**

General Fund resources include both revenues and transfers-in from other fund types such as the Special Revenue, Enterprise and Internal Service Funds. Estimated total revenues and transfers-in for FY 2003/04 decreased approximately \$6.3 million (3.1%) from the FY 2002/03 year-end estimate. The decrease from the prior year-end estimate is attributable primarily to declines in the transaction privilege (sales) taxes \$2.2 million (2.8%), state-shared revenues \$3.9 million (10.4%), and development and permit fees \$1.8 million (11.8%). A forecasted increase in the primary property tax revenue \$1.2 million (7.8%) is the most significant growth revenue in the budget. Growth in other revenues such as licenses, permits, fines and fees are expected to be much lower than in recent years and slow revenue growth is anticipated for Arizona and Scottsdale in the future. Revenue and transfers-in determine Scottsdale's capacity to provide program services to our citizens. The major resources, which fund the program operating budget, debt service and capital projects, are identified below.

**Local Tax Revenues**

Local Tax Revenues of \$108.9 million represent 55.6% of the General Fund total operating resources and are the fund's largest category of revenue source. With the exception of property taxes, these are all "elastic" revenues, meaning they vary directly with the economy – when the economy is good, they increase, as people are spending money and traveling, and during an economic downturn, the opposite is true. Local Taxes Revenues consist of the following:

**Transaction Privilege (Sales) Tax** represents the General Fund's 1.0 percent share of the City of Scottsdale's 1.4 percent local sales tax. The remaining 0.4 percent of the local sales tax is dedicated 0.2 percent to the Transportation Privilege Tax Fund and 0.2 percent to the Preservation Privilege Tax Fund (both are Special Revenue Funds). This revenue also includes sales tax application and penalty fees. This revenue is the General Fund's single largest revenue source and the General Fund portion of the tax is used to pay for general governmental operations and the repayment of excise debt. For FY 2003/04 this revenue is forecasted to be \$77.4 million, which is a decrease from the FY 2002/03 year-end estimate by \$2.2 million, or 2.8%. The decrease in the general sales tax represents a continued and significant reversal of a long-standing trend of dramatic increases in sales tax revenue. Prior to FY 2000/01 the City saw nine consecutive years of double-digit growth in sales tax revenue. The decline in the FY 2003/04 revenue is forecasted to be on par with the current year decline – attributable to the level of economic uncertainty anticipated to continue into next year. The tentative nature of the national and state economies, employment instability

Transaction Privilege (Sales) Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$77.4	\$77.4*
2002/03	\$84.0	\$79.6*
2001/02	\$79.1	\$80.3

resulting in less spending by consumers, and the ongoing threat of terrorism military actions make it impossible to predict with certainty when this revenue source might improve.

**Primary Property Tax** represents the General Fund's portion of the Primary Property Tax which is levied on the assessed value of all property within the City to help pay for City general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a 2 percent increase per year, plus an allowance for annexations and new construction. Another component of the primary property tax accounts for the reimbursement to the City for the cost of liability claim judgments as allowed by State Statute. This component becomes revenue to the City's Self-Insurance Fund and will be discussed more fully in the Internal Service Funds section. Primary property tax accounts for 8.5% of the total General Fund resources. The FY 2003/04 revenue forecast of \$16.6 million represents an increase of slightly more than \$1.2 million or 7.8% from the FY 2002/03 year-end estimate. The increase is due to an increase in assessed valuation – 5.7% from new construction and 5.7% average increase in existing properties. The primary property tax rate of \$0.48 per \$100 of assessed valuation will result in a levy of \$48 for the owner of a home valued at \$100,000.

Primary Property Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$16.6	\$16.6*
2002/03	\$15.4	\$15.4*
2001/02	\$14.3	\$13.7

**Transient Occupancy ("bed") Tax** comes from Scottsdale collecting a 3 percent Transient Occupancy Tax on hotel and motel room rentals in addition to the sales tax. One-third of this tax is used to pay for General Fund operations. Per City Ordinance, the other two-thirds is restricted for use for tourism and hospitality purposes and pays for contracts to increase tourism and debt service for destination attractions. The adopted FY 2003/04 budget of \$6.6 million reflects approximately a \$150,000 or 2.2% decrease from the FY 2002/03 year-end estimate. The continuing slump in the economy, increased competition from resorts in neighboring jurisdictions and the drop in tourism following the September 11 terrorist attack have lead to the third year of forecasted declines in this revenue source.

Transient Occupancy ("bed") Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$6.6	\$6.6*
2002/03	\$7.6	\$6.8*
2001/02	\$7.9	\$6.7

**Other Taxes — Franchise, In-Lieu Property Tax and Fire Insurance Premium** are budgeted at \$8.3 million in FY 2003/04 and include franchise taxes charged on revenues from utility companies and cable companies for use of City right-of-ways, an in-lieu property tax for municipal utilities, and a fire insurance premium tax, which is used to help supplement fire protection service costs. With the exception of the cable TV franchise tax, these revenues are predicted to increase by a nominal amount based on historic growth trends. The FY 2003/04 cable TV franchise tax budget is actually projected to decrease by approximately 2.0% from the FY 2002/03 year-end estimate, which more accurately reflects the actual recent revenue collection trends.

Other Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$8.3	\$8.3*
2002/03	\$8.2	\$8.0*
2001/02	\$6.5	\$8.0

**State-Shared Tax Revenues**

State-Shared Tax Revenues include the state sales tax, income tax collections, and auto lieu tax, which are shared with all cities and towns throughout the state and represent slightly less than 21.0% of the total General Fund resources. The formula for distribution of the sales and income tax revenue is based upon the relation of the City's population to the total state population. The State Department of Revenue collects and distributes funds and provides revenue forecasts to cities and towns for these revenue sources. The auto lieu tax is shared based on the City's population in relation to the total incorporated population of Maricopa County. Scottsdale's portion of the state-shared taxes is expected to decrease in FY 2003/04 by nearly \$3.9 million or 10.4% from the FY 2002/03 year-end estimate. The lingering economic slump is the main reason for the decline. This anticipated decline in state-shared revenues does not factor in any reduction that may result from actions of the state legislature. Looking forward, the consensus for the economic growth statewide and the region is slow. Our conservative budget estimates for state-shared revenues reflect slow to negative growth for these two revenue sources. State-Shared Revenues consist of the following:

**State Sales Tax** for FY 2003/04 is expected to be \$15.4 million. This represents a modest decline of \$0.3 million or 1.9% from the FY 2002/03 year-end estimate due to a generally sluggish economy. Cities and towns share in a portion of the 5 percent sales tax collected by the State – the State retains 50.0%, schools are designated to receive 40.0%, and the remaining 10.0% is allocated to cities and towns based on percentage of population. Our FY 2003/04 forecast is conservative – approximately \$0.6 million or 4.0% less than the forecast provided by the Arizona Department of Revenue. Future budget years assume an annual increase of approximately 3.0% over the five-year forecast period.

State Sales Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$15.4	\$15.4*
2002/03	\$15.8	\$15.7*
2001/02	\$16.7	\$15.6

**State Income Tax** is budgeted at \$18.0 million for FY 2003/04. This is \$3.6 million or 16.7% less than the FY 2002/03 year-end estimate due to the generally sluggish economy and its impact on the incomes of individuals and businesses – decreased profits and capital gains. Cities and towns in Arizona are prohibited from levying an income tax; however, they are entitled to 15 percent of state income tax collections from two years previous. For example, the revenue distribution for FY 2003/04 will come from the income tax paid in 2002, on income earned in calendar year 2001.

State Income Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$18.0	\$18.0*
2002/03	\$21.1	\$21.6*
2001/02	\$20.8	\$21.1

**State Auto Lieu Tax** is part of the vehicle license fees collected by Maricopa County, but is actually a State revenue source. The City receives its share of the vehicle license tax collection based on its population in relation to the total incorporated population of Maricopa County. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The City has designated these tax proceeds for transportation services. The budget for FY 2003/04 is projected to be \$6.9 million, which represents a decrease from the FY 2002/03 year-end estimate by 10.4% or \$0.8 million. The appearance of a decline is attributable to a change in the state's

State Auto Lieu Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$6.9	\$6.9*
2002/03	\$6.7	\$7.7*
2001/02	\$6.9	\$6.7

monthly revenue distribution process that resulted in a 13<sup>th</sup> month of revenue being recorded by the City in the current fiscal year. When compared to the FY 2002/03 adopted budget, the FY 2003/04 budget for State Auto Lieu Taxes of \$6.9 million actually reflects a projected increase of over \$0.2 million or 3.6%.

**Licenses, Permits & Fees Revenues**

Licenses, Permits & Fees Revenues include revenue from various business licenses, all fees recovered as a part of the development process, and recreation fees. This category includes building, electrical, mechanical, and plumbing permits, as well as Subdivision, zoning, and plan check fees. Recreation Fees include revenue from the various recreational programs, classes, entry fees, and WestWorld Equestrian Facility event revenue. In accordance with Scottsdale’s financial policy, all fees and charges are reviewed annually.

Scottsdale’s development activity is slowing as our community is changing from growth oriented to a maturing community focused more on sustaining its high quality of life. New commercial and residential construction activity is expected to continue, but at a slower pace, due to the attractiveness of Scottsdale, the low commercial vacancy rates along with historically low mortgage interest rates. Licenses, Permits & Fees Revenue consist of the following:

**Development Permits & Fees** in FY 2003/04 are expected to be \$13.5 million, which is nearly a \$1.8 million or 11.8% decline from the FY 2002/03 year-end estimate. Commercial construction is expected to remain steady as a result of the completion of the Pima (101) Freeway, which will spur activity in the Perimeter Center and Horseman’s Park areas and the Stack 40 project, as well as continued investment in the Scottsdale Airpark area. There also exists the possible start of large in-fill projects such as Loloma, Los Arcos, the Waterfront, Northsight, and the former PCS site.

The housing growth that continues to occur will be focused more on the custom home segment with values over \$400,000 while the construction of production homes and multi-family housing will continue to decline as less land is available for their construction. In addition, single-family remodeling and fix-up activity has been increasing at a fast pace and likely will grow more as the housing stock matures and less undeveloped raw land is available.

While the FY 2003/04 development permit revenue forecast is conservative when compared to historical trends, it factors in the complexity and changing nature of the development activity expected throughout the City. These trends are continually monitored in order to make management adjustments during each fiscal year. The FY 2003/04 budget includes a 4.0% increase in the development fees effective July 2003.

Development Permit & Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$13.5	\$13.5*
2002/03	\$15.5	\$15.3*
2001/02	\$19.0	\$15.7

**Business Licenses & Fees** in FY 2003/04 are budgeted at \$1.8 million, reflecting a nominal increase of 5.9% from the FY 2002/03 year-end estimate. The increase is based on historic growth trends.

Business Licenses & Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.8	\$1.8*
2002/03	\$1.7	\$1.7*
2001/02	\$1.7	\$1.8

**Recreation Fees** are budgeted at \$2.2 million and include revenue from the various recreational programs, classes and entry fees. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually. The recreation fees for select programs include fee increases effective July 2003.

Recreation Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.2	\$2.2*
2002/03	\$2.1	\$2.1*
2001/02	\$2.1	\$2.0

**WestWorld Fees** event revenue is expected to be approximately \$1.5 million. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually. The WestWorld fees are proposed to increase effective January 2004.

WestWorld Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.5	\$1.5*
2002/03	\$1.3	\$1.5*
2001/02	\$1.3	\$1.5



**Fines and Forfeiture Revenues**

Fines and Forfeiture Revenues includes court, parking, photo radar, and library fines. In the aggregate, the revenue for these items in FY 2003/04 is projected to be \$5.4 million for an increase of approximately \$0.2 million over the prior year. The detail of these revenues is noted below:

**Court Fines** are conservatively budgeted at \$3.7 million, which reflects a \$0.3 million decline from the FY 2002/03 year-end estimate. However, when compared to the FY 2002/03 adopted budget, an increase of more than \$0.2 million is expected. The increase in the budget between years is attributable to increased collection efforts (i.e., the use of a second collection agency for delinquent accounts). With the State of Arizona’s recently enacted shared-court collections this revenue source may be adversely impacted in future years. As passed in the State’s budget, 75% of the judicial collections that each municipal court receives in excess of their FY 2002/03 collections will be deposited in the State general fund up to \$45 million every year. Although the purpose is to fund the State’s newly created collection system that may enhance city and town court collections, it will have a potential negative impact on those cities and towns that already have dependable and effective collections systems in place, such as Scottsdale. Also, it may be inequitable due to differing growth stages of cities and towns. If city and town court collections are steady due to stabilized population growth, the impact may be less severe than those cities and towns which are experiencing significant growth.

**Parking Fines** are conservatively budgeted at more than \$0.1 million for FY 2003/04, which is slightly less than the FY 2002/03 year-end estimate.

**Photo Radar Fines** are budgeted at approximately \$1.1 million for FY 2003/04, which represents an increase of approximately \$0.3 million over the FY 2002/03 year-end estimate. The awarding of a new photo radar contract in the summer of 2003 that includes more red-light cameras, capable of detecting both red light running and a vehicle’s speed were installed during FY 2002/03. This should contribute to an increase in revenue in FY 2003/04. However, the use of photo radar is intended as a deterrent to unsafe driving, not as a revenue producer.

Court Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$3.7	\$3.7*
2002/03	\$3.5	\$4.0*
2001/02	\$3.8	\$3.4

Parking Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.1	\$0.1*
2002/03	\$0.1	\$0.2*
2001/02	\$0.2	\$0.1

Photo Radar Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.1	\$1.1*
2002/03	\$1.1	\$0.7*
2001/02	\$1.5	\$0.8

**Library Fines** are budgeted at approximately \$0.4 million for FY 2003/04, which is in line with the FY 2002/03 year-end estimate. Various library fines are proposed to increase effective January 2004.

Library Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.4	\$0.4*
2002/03	\$0.4	\$0.4*
2001/02	\$0.4	\$0.4

**Interest Earnings**

Interest Earnings are generated on idle General Fund cash balance throughout the year. Interest revenue is expected to remain flat with FY 2002/03 year-end estimate of \$0.8 million. This revenue is a function of the relationship between the City's available cash balance and the interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues.

Interest Earnings Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.8	\$0.8*
2002/03	\$3.3	\$0.8*
2001/02	\$6.3	\$4.0

**Property Rental Revenue**

Property Rental Revenues are rental fees on facilities such as the Scottsdale Stadium, as well as amounts received from the Tournament Players Club and Princess Hotel for percent of revenue on gross sales agreements. The increase in Property Rental revenue from the FY 2002/03 year-end estimate is attributable to a combination of scheduled increases in rental payments of \$0.3 million, which includes \$80,000 for the Thunderbirds contribution that was waived in FY 2002/03 under the terms of the lease agreement.

Property Rental Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$3.3	\$3.3*
2002/03	\$3.4	\$3.0*
2001/02	\$3.0	\$2.5

**Other Revenue**

Other Revenue represents various miscellaneous revenues that the City receives during any given year that are not attributable to one of the specific revenue categories noted above. The revenue is expected to remain relatively flat with the FY 2002/03 year-end estimate of \$1.5 million.

Other Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.5	\$1.5*
2002/03	\$2.0	\$1.6*
2001/02	\$2.0	\$1.1

**Transfers-In**

Transfers-In essentially represent the reimbursement of cost incurred for services (i.e., utility billing, payroll processing, benefits administration, etc.) provided and paid by the General Fund on behalf of the Special Revenue, Enterprise and Internal Service Funds. The cost of the services provided by the General Fund is allocated annually to these user funds on a rational and equitable basis. The total transfers-in for FY 2003/04 are expected to increase by \$0.6 million or 3.6% over the FY 2002/03 year-end estimate. During the fiscal year, the Special Programs Fund (Special Revenue Fund) will transfer \$356,660 to pay debt service on bonds issued for improvements at McCormick Railroad Park. This will be the last payment on the McCormick Railroad Park improvements.

**General Fund Expenditures By Expenditure Type**

The General Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay and debt service. Additionally, there are transfers-out to other funds.

**Personal Services** budget of \$111.7 million (net of an anticipated \$0.5 million savings from future eliminated positions) represents 60.7% of the FY 2003/04 General Fund Operating Budget of \$184.1 million. The adopted FY 2003/04 personal services budget increased \$6.0 million or 5.7% from the FY 2002/03 adopted budget of \$106.2 million. The budget does not include any additional positions or cost-of-living raise for employees. Actually, the budget eliminates 32 vacant General Fund positions, which equals \$2.0 million in annualized personnel cost savings. Any staffing changes/increases needed to address service demands were accomplished through the redeployment of existing personnel. Major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$111.7	\$111.7*
2002/03	\$106.2	\$106.2*
2001/02	\$100.8	\$96.0

**Contractual Services** budget of \$56.0 million (net of an anticipated \$250,000 million of future savings) represents 30.4% of the FY 2003/04 General Fund Operating Budget of \$184.1 million. The FY 2003/04 of \$56.0 million is \$0.6 million or 1.1% less than the FY 2002/03 adopted budget of \$56.6 million (net of \$1 million of expected savings). The decrease is primarily due to the continuing effort by staff to review proposed expenditures using a zero-based program budget approach. Under this approach, line-item expenditure budgets are carefully evaluated and justified while providing for required increases that are called for in current or pending contracts.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$56.0	\$56.0*
2002/03	\$56.6	\$56.6*
2001/02	\$56.4	\$54.8

**Commodities** budget of \$4.8 million (net of an anticipated \$250,000 million of future savings) represents 2.6% of the FY 2003/04 General Fund Operating Budget of \$184.1 million. The FY 2003/04 budget of \$4.8 million is \$0.7 million or 12.7% less than the FY 2002/03 adopted budget of \$5.5 million (net of \$1 million expected savings). The decrease is due to the continuing effort by staff to review proposed expenditures using a zero-based program budget approach. Under this approach, line-item expenditure budgets are carefully evaluated and justified, while providing for required increases that are called for in current or pending contracts. The decrease is attributable to the establishment of strict guidelines limiting spending to items of the highest necessity.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$4.8	\$4.8*
2002/03	\$5.5	\$5.5*
2001/02	\$6.4	\$6.4

**Capital Outlay** budget for FY 2003/04 is zero. As result of the ongoing zero-based program budget approach, no capital outlay were approved for inclusion in the budget. Capital Outlays less than \$25,000 are funded from the Program Operating Budget, while those equal to or greater than \$25,000 are funded from the City's Capital Improvement Plan.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0	\$0*
2002/03	\$0.1	\$0.1*
2001/02	\$2.7	\$1.3

**Debt Service** budget of \$11.5 million represents 6.2% of the FY 2003/04 General Fund Operating Budget of \$184.1 million. The FY 2003/04 of \$11.5 million is \$1.8 million or 13.5% less than the FY 2002/03 adopted budget of \$13.3 million.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$11.5	\$11.5*
2002/03	\$13.3	\$13.3*
2001/02	\$10.5	\$10.3

**Contracts payable** of \$3.9 million represent debt related to sales tax development agreements such as the Nordstrom Garage Lease and the Promenade Agreement.

**Municipal Property Corporation (MPC) Bonds** are issued by the Municipal Property Corporation, a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation and the repayment of debt is financed by pledged excise taxes. The \$7.6 million debt budget is net of \$3.0 million planned debt defeasance which will lower the annualized debt service payments.

**Transfers-Out** in FY 2003/04 total \$10.9 million and includes \$3.5 million and \$3.3 million to the Capital Fund to cover the cost of on-going capital maintenance and to fund current investments in capital projects, respectively. Additionally, \$3.2 million will be transferred-out to Highway User Revenue Fund for transportation related operating costs (subsidy), \$0.8 to the Self-Insurance Fund and \$0.1 million to the Special Revenue Fund for the Affordable Housing program. The budgeted transfers-out of \$10.9 million represents a significant reduction from FY 2002/03 year-end estimate of \$24.2 million. The decrease is attributable to reductions in the Capital Fund and Highway User Revenue Fund transfers. The reduced Capital Fund transfer-out relates to rejustification of the City's five-year capital improvement plan and an evaluation of the capital cash flows, all of which will require a reduced General Fund contributions in FY 2003/04. The decrease in the Highway User Revenue Fund transfer-out relates to a FY 2003/04 policy change adopted by City Council allowing up to 40.0% of the annual .2 percent Transportation Privilege (Sales) Tax to be used to cover the cost of transportation system improvements operating costs, thereby requiring less reliance on the General Fund subsidy.

See glossary for Expenditure Type definitions.

### General Fund Balance/Reserves/Operating Contingency

Fund Balance/Reserves/Operating Contingency protects the City's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when revenues exceed expenditures. Fund balances are similar to a company's net equity (assets less liabilities) and should only be used for nonrecurring (non-operational) expenditures, since once they are spent they are only replenished by future year resources in excess of expenditures.

The City's budget planning and adopted financial policies call for the establishment of reserves and an operating contingency as part of the resource allocation/limit setting process. This process allows the City to "set aside savings" before it is allocated or spent as budgeted expenditures. The specific make-up of the City's fund balance, reserves and operating contingency are noted below:

**General Fund Reserve** continues the City's adopted financial policy of setting aside a reserve to protect Scottsdale in times of emergency. This is the City's "savings account," and it is important to note that most of these funds are from "carry over", and once they are spent it will be difficult, if not impossible, to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of 10 percent of the General and Highway User Revenue funds total annual operating costs. Based on the revenue and expenditure estimates included in the adopted budget, the ending FY 2003/04 General Fund Reserve is projected to be \$ 20.8 million, which is a nominal \$0.3 million increase over the FY 2002/03 year-end estimate. Maintaining the General Fund Reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings. It should be noted that the revenue sources that help build the General Fund Reserve during good economic times are considered "elastic" and therefore are subject to downturns during recessionary times.

**Economic Investment** is set aside by the City Council for strategic economic development investments that demonstrate clear returns to the community. The budget includes partial funding in FY 2003/04 (in conjunction with bed tax contributions) for financing the Loloma Museum investment. The projected FY 2003/04 ending balance is \$4.0 million.

**Operating Contingency** of \$2.5 million is set aside to meet unforeseen expenses during the fiscal year. The planned \$2.5 million contingency balance represents a \$0.8 million increase over the FY 2002/03 year-end estimate of \$1.7 million.

**Unreserved Fund Balance** is the remainder after considering all of the other reserves/uses. The ending unreserved fund balance is projected to be nearly \$1.6 million, which represents cumulative General Fund revenues not designated for a specific purpose. During the budget development process, City Council may choose to allocate some or all of these dollars to programs requiring more funding, or allocate it to reserve funds.

**Special Revenue Funds**

**Description**

The City uses five separate Special Revenue Funds to account for the activity of this governmental fund type. The individual funds are: Highway User Revenue, Transportation Privilege Tax, Preservation Privilege Tax, Special Programs, and Grants. The applicable specific revenues, expenditures and fund balance of the individual Special Revenue Funds, along with each fund's purpose, are described below:

*Highway User Revenue Fund*

**Fund Purpose**

This fund receives and expends the City's allocation of the Arizona Highway User Revenue tax and other transportation related revenues. The amount available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance or transit. The State of Arizona requires the City to establish and maintain a Highway User Revenue Fund.

**Highway User Revenue Fund Revenues and Transfers-In**

**Highway User Revenue Tax ("gas tax")** is distributed by the State of Arizona based upon the population of each city and the county of origin for the sales of fuel. The State constitution requires that all highway user revenue be used solely for street, highway or transit purposes. The current gas tax is 18 cents per gallon. The cities share in 27.5 percent of State collected highway user revenues, based half on population and half on the origin of the gas sale. The FY 2003/04 budget of \$13.5 million represents an increase of \$0.4 million or 3.1% from the FY 2002/03 year-end estimate.

**Local Transportation Assistance Fund Revenue ("state lottery")** is distributed by the State of Arizona based upon population and city and town participation in the lottery. LTAF revenue sharing was capped at a total of \$20.5 million in 1989 by the Arizona state legislature, resulting in virtually no growth in this segment of intergovernmental transportation revenue; however, an additional \$2.5 million is distributed if lottery sales support the higher level. The FY 2003/04 budget of \$1.1 million is flat with the FY 2002/03 year-end estimate due to the restrictions noted.

Special Revenue Fund Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$13.5	\$13.5*
2002/03	\$13.1	\$13.1*
2001/02	\$13.2	\$12.6

Special Revenue Fund Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.1	\$1.1*
2002/03	\$1.1	\$1.1*
2001/02	\$1.2	\$1.2

**Transfers-In** from the Transportation Privilege Tax Fund and the General Fund support the programs offered in Highway User Revenue Fund. The General Fund is budgeted to provide a \$3.2 million subsidy to support the programs of Highway User Revenue Fund. A financial policy change, starting in FY 2003/04, allows up to 40.0% of the .2% Transportation Privilege (Sales) Tax dollars to be transferred to Highway User Revenue Fund to cover the costs of transportation system improvements operating costs. The total transfers-in for FY 2003/04 are expected to decrease by \$1.0 million or 9.5%, which corresponds with the total resources needed to balance the budgeted operating and capital expenditures in the Highway User Revenue Fund.

**Highway User Revenue Fund Expenditures By Expenditure Type**

The Highway User Revenue Fund expenditures are presented by five major expenditure categories: personal services, contractual services, commodities, capital outlay, and debt service plus transfers-out to other funds as noted below:

**Personal Services** budget of \$5.0 million represents 20.8% of the FY 2003/04 Highway User Revenue Fund Operating Budget of \$24.0 million. The adopted FY 2003/04 personal services budget remained flat with the FY 2002/03 adopted budget. The budget does not include any additional positions. Any staffing changes/increases to address service demands were accomplished through the redeployment of existing personnel. Major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$5.0	\$5.0*
2002/03	\$5.0	\$5.0*
2001/02	\$4.8	\$4.5

**Contractual Services** budget of \$15.4 million represents 64.2% of the FY 2003/04 Highway User Revenue Fund Operating Budget of \$24.0 million. The FY 2003/04 budget of \$15.4 million is \$0.4 million or 2.5% less than the FY 2002/03 adopted budget. The decrease is due to the continuing effort by staff toward a zero-based program budget, whereby line-item expenditure budgets are carefully evaluated and justified, while providing for required increases that are called for in current or pending contracts. The budget includes approximately \$1.1 million in transit service reductions. Other contractual increases offset the decrease.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$15.4	\$15.4*
2002/03	\$15.8	\$15.8*
2001/02	\$15.6	\$15.1

**Commodities** budget of \$0.5 million represents 2.1% of the FY 2003/04 General Fund Operating Budget of \$24.0 million. The FY 2003/04 budget of \$0.5 million is \$0.1 million or 16.7% less than the FY 2002/03 adopted budget. The increase is due to the continuing effort by staff toward zero-based program budgeting, whereby line-item expenditure budgets are carefully evaluated and justified, while providing for required increases that are called for in current or pending contracts. The decrease is attributable to the establishment of strict guidelines limiting spending to items of the highest necessity.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0.6	\$0.6*
2001/02	\$0.8	\$0.8

**See glossary for Expenditure Type definitions.**



**Capital Outlay** budget for FY 2003/04 is zero. As a result of the on-going zero-based program budget approach, no capital outlay was approved for inclusion in the budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0	\$0*
2002/03	\$0	\$0*
2001/02	\$0.2	\$0.1

**Debt Service** budget of \$3.1 million is equal to the FY 2003/04 amount and represents 12.9% of the Highway User Revenue Fund Operating Budget. The debt consists of payment for the Highway User Revenue Bonds (1993 Refunding series) along with the applicable annual fiscal agent fees. The Highway User Revenue Bonds are slated to be fully repaid in FY 2006/07.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$3.1	\$3.1*
2002/03	\$3.1	\$3.1*
2001/02	\$3.1	\$3.1

**Transfers-Out** to the capital project fund of approximately \$0.1 million is to cover the cost of replacing computer/telephone equipment.

**Highway User Revenue Fund Balance**

The FY 2003/04 Highway User Revenue Fund ending balance is projected to be zero. The fund does not maintain a fund balance due to its reliance on the General and Transportation Privilege Tax Funds to make up the difference between revenue and expenditures each year.

*Transportation Privilege Tax Fund*

**Fund Purpose**

In 1989, voters approved a .2 percent Transportation Privilege (Sales) Tax, which is dedicated to funding transportation improvements. This fund accounts for the activity related to the Transportation Privilege tax. Revenues are transferred to the Highway User Revenue Fund (up to 40.0% of the sales tax revenues) and to Capital Projects to fund transportation related improvements.

**Transportation Privilege Tax Fund Revenues**

**.2 percent Transportation Privilege (Sales) Taxes** of \$15.5 million represents 97.0% of this fund's budgeted operating revenue. After nearly a decade of double-digit revenue growth, the FY 2003/04 forecast for sales tax is flat, primarily due to a combination of the recession and the severe downturn in tourism since the September 11th terrorist attack. Please note there is a relatively minor difference of \$0.6 million between the transportation and preservation privilege tax revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$15.5	\$15.5*
2002/03	\$16.4	\$15.6*
2001/02	\$17.0	\$15.6

**Interest Earnings** of \$0.5 million represent 3.0% of this fund's budgeted operating revenue. Interest earnings are generated on idle Transportation Privilege Tax cash balance throughout the year. FY 2003/04 interest earnings are expected to remain flat with the FY 2002/03 year-end estimate of \$0.5 million. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle 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 Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.5*
2001/02	\$0.6	\$0.2

**Transportation Privilege Tax Fund Expenditures By Expenditure Type**

There are no direct operating expenditures in the Transportation Privilege Tax Fund, only transfers-out to the Capital Projects Fund and Highway User Revenue Fund.

**Transfers-Out** in FY 2003/04 total \$16.0 million comprised of \$9.8 million to the capital fund to cover the cost of capital transportation related improvements and \$6.2 million to Highway User Revenue Fund. The \$6.2 million transfer-out to the Highway User Revenue Fund represents a FY 2003/04 policy change adopted by City Council allowing up to 40.0% of the annual .2 percent Transportation Privilege (Sales) Tax to be used to cover the cost of transportation system improvements operating costs.

**Transportation Privilege Tax Fund Balance**

The FY 2003/04 Transportation Privilege Tax Fund ending fund balance is projected to be zero since at year-end any remaining funds are normally transferred to the Capital Project Fund or Highway User Revenue Fund.

Preservation Privilege Tax Fund

Fund Purpose

In 1995, voters approved a 0.2 percent Preservation Privilege (Sales) Tax, which is dedicated to the purchase of 35,830 acres of land within the McDowell Sonoran Preserve. Revenue collections and contractual debt associated with purchased land are accounted for in this fund. A transfer is made to the Debt Service Fund to pay debt service payments associated with bonds issued for purchases.

Preservation Privilege Tax Fund Revenues

**.2 percent Preservation Privilege (Sales) Tax** of \$16.1 million represents 97.0% of this fund's operating revenue. After nearly a decade of double-digit revenue growth, the FY 2003/04 forecast for sales tax is flat, primarily due to a combination of the recession and the severe downturn in tourism since the September 11th terrorist attack. Please note there is a relatively minor difference of \$0.6 million between the transportation and preservation privilege revenue tax amounts, which is attributable to differences in the taxing provisions for each of the revenues.

**Interest Revenue** is expected to remain flat, with FY 2002/03 year-end estimate of \$0.5 million. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield.

Local Privilege Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$16.1	\$16.1*
2002/03	\$16.6	\$16.2*
2001/02	\$17.4	\$15.8

Interest Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.5*
2001/02	\$0	\$0.8

**Preservation Privilege Tax Fund Expenditures By Expenditure Type**

There are no direct operating expenditures in the Preservation Privilege Sales Tax Fund; however, there are debt service transactions and transfers-out.

**Debt Service** budget of \$0.9 million is equal to the FY 2003/04 adopted budget and consists of contractual debt for the McDowell Sonoran Preserve.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.9	\$0.9*
2002/03	\$0.9	\$0.9*
2001/02	\$0.9	\$0.9

**Transfers-Out** totaling \$16.4 million to the Debt Service Fund pay debt service on Preservation Bonds. The increase in the transfer-out of \$0.5 million from the FY 2002/03 year-end estimate is directly attributable to the scheduled repayment of debt.

**Preservation Privilege Tax Fund Balance**

The Preserve Privilege Tax Funds are used solely for the acquisition of property within the preserve and payment of debt service on Preserve General Obligation Bonds, Preserve Authority Bonds, and contractual debt. The projected FY 2003/04 ending fund balance equals \$19.2 million, which represents a \$0.8 million decrease from the FY 2002/03 year-end estimate. The fund balance, with annual revenue contributions, is expected to be sufficient to pay for existing debt service and an anticipated additional \$65 million of authorized debt will be issued over the next two years.

Special Programs Fund

Fund Purpose

This fund is used to account for dedicated funding sources and donations earmarked for specific purposes. All revenue not expended in the current fiscal year is carried over to the next fiscal year to continue funding the intended purpose.

Special Programs Fund Revenues

**Miscellaneous Court Revenue** originates from three sources: Court Enhancement, Judicial Collections Enhancement Fund (JCEF), and Fill the Gap (FTG). The Court Enhancement is established by Scottsdale City Ordinance 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 2003/04 budget for Miscellaneous Court Revenue equals \$0.6 million, which is on par with the FY 2002/03 year-end estimate.

**Miscellaneous Police Revenue** includes money from the following four sources: (1) Racketeering Influenced Corrupt Organization (RICO) funds and is only to be used for law enforcement purposes, (2) a Forensic Services Intergovernmental Agreements (IGA) with surrounding communities for full cost recovery of crime laboratory services provided, (3) donations for the Mounted Unit, Family Advocacy Center, and (4) drug conviction assessments which may only be used for crime laboratory analysis purposes. The budget for this revenue source of \$0.3 million which is on par with FY 2002/03 year-end estimate.

**Miscellaneous Community Services Revenue** includes donations and contributions that are to be spent for the specific purpose indicated by the donors. Specific purposes include supporting the arts, enhancing parks, libraries and human services, providing memorials, covering the expenses associated with special events, providing funds to community support agencies (Scottsdale Cares), and maintaining and operating the train, carousel and park facilities at the McCormick-Stillman Railroad Park. This revenue also includes McCormick-Stillman Railroad Park revenue generated from the operations of the train and carousel owned by the Scottsdale Railroad and Mechanical Society. The budget for this revenue source of approximately \$1.6 million represents an increase of 6.9% over the FY 2002/03 year-end estimate. Current revenues and the planned use of prior year carryover revenues will fund these services.

Miscellaneous Court Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.6	\$0.6*
2002/03	\$0.6	\$0.6*
2001/02	\$0.5	\$0.5

Miscellaneous Police Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.4*
2001/02	\$0.4	\$0.5

Miscellaneous Community Services Rev. Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.6	\$1.6*
2002/03	\$1.5	\$1.5*
2001/02	\$2.2	\$1.5

**Miscellaneous Citizen and Neighborhood Resources Revenues** are generated by the City Court deposit of 50.0% of the total amount of fines collected for code enforcement violations. The fines pay for the Hearing Officer and any abatement procedures necessary to clean up a property. In FY 2003/04, it is estimated the fines deposited into this fund will equal approximately \$68,000.

Miscellaneous Citizen and Neighborhood Resources Revenues Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$68,000	\$68,000*
2002/03	\$0	\$0*
2001/02	\$0	\$0

**Miscellaneous Planning and Development Services Revenue** originates from the Green Building Program fees. The Green Building Program is a whole-systems approach utilizing design and building techniques to minimize environmental impact and to reduce the energy consumption of a building while contributing to the health of its occupants. The program fees are used to fund promotion, education, and public outreach to pro-actively campaign for environmentally responsible building in the City. The budget for this revenue source of \$20,000 is expected to remain flat with the FY 2002/03 year-end estimate.

Miscellaneous Planning and Development Services Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$20,000	\$20,000*
2002/03	\$42,500	\$20,000*
2001/02	\$47,500	\$0

**Transfers-In** from the General Fund is budgeted at \$0.1 million for the Affordable Housing program in Citizen and Neighborhood Resources. The funds are used as a match to leverage federal and state housing grant funds.

**Special Programs Fund Expenditures By Department**

The use of funds in the Special Programs Fund includes departmental operating expenditures, debt service and transfers-out as noted below:

**Courts** increased the use of three Special Program funding sources (Court Enhancement, Judicial Collection Enhancement Fund (JCEF), Fill the Gap) in FY 2003/04 that were not utilized in the prior year for operating purposes. The FY 2003/04 budget totals \$0.3 million. The total increase in the Special Program operating budget is \$0.2 million over the FY 2002/03 adopted budget. The most significant increase resulted from the transfer of 4.1 FTE from the General Fund to Court Enhancement funding in FY 2003/04. This change in funding sources is an appropriate use of the special program funds.

Courts Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.3	\$0.3*
2002/03	\$0.1	\$0.1*
2001/02	\$0.1	\$0.1

**Police** FY 2003/04 Special Programs budget of \$344,186, remains relatively flat with the FY 2002/03 adopted budget. Racketeering Influenced Corrupt Organization (RICO) Funds of \$165,000 will be used to supplement narcotics investigations operating expenses; funding from intergovernmental agreements in the amount of \$111,306 will be used to purchase expendable supplies in support of police crime laboratory services; and \$42,500 from donations is budgeted to purchase expendable supplies in support of the Mounted Unit and Family Advocacy Center.

Police Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3*
2001/02	\$0.4	\$0.2

**Community Services** have increased their budget to \$2.4 million, representing an increase of \$0.4 million or 20.0% from the FY 2002/03 adopted budget. The increase is primarily due to planned improvements to the McCormick-Stillman Railroad Park. These improvements include renovating two cafe/lounge cars, remodeling the Maricopa Depot (i.e., replacing siding, floors and air conditioning), purchasing materials for a sound stage to replace the current gazebo, and purchasing new playground and shade equipment.

Community Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.4	\$2.4*
2002/03	\$2.0	\$1.7*
2001/02	\$2.2	\$1.5

**Citizen & Neighborhood Resources** budget totals \$68,000. The funds received from code enforcement violations fines will be used to pay the personal services and related contractual services costs of a Hearing Officer.

Citizen and Neighborhood Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$68,000	\$68,000*
2002/03	\$0	\$0*
2001/02	\$0	\$0

**Planning and Development** adjusted the FY 2003/04 budget downward to \$20,000 equaling the FY 2002/03 estimated collections, which more accurately reflect the anticipated revenues. The funds will be spent on advertising and promoting through contractual services the City's Green Building Program. The decrease in funding is limited solely to the contractual services expenditure category.

Planning and Development Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$20,000	\$20,000*
2002/03	\$42,500	\$14,000*
2001/02	\$47,500	\$10,000

**Transfers-Out** total \$0.7 million, which includes \$0.3 million to the General Fund to pay debt service MPC on the McCormick Stillman Railroad and \$0.4 million to the Capital Improvement Fund for RICO and Court related capital improvement projects.

**Special Programs Fund Balance**

Special Programs Fund balance of \$1.1 million represents cash received and restricted by donors or contributors for specific uses. All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose. The Special Programs Fund balance is largely a matter of timing differences between when funds are received and ultimately spent for the intended purpose.



Grant Fund

Fund Purpose

This fund receives and expends the City's federal, state, and local grant revenues. The amount of grants received is generally based upon application to granting agencies by the City and 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. The City will only expend grant funds that have been awarded by the appropriate agency and accepted by City Council.

The total FY 2003/04 grant revenue budget is \$25.8 million and includes \$17.1 million for contingent grant revenue that may become available during the fiscal year. The contingent grant revenue is included to create budgetary capacity for City Council to accept new grants and still comply with state budget expenditure limits. The appropriation associated with the contingent grant revenue is not available for expenditures unless a new grant is awarded and accepted by City Council. The City aggressively seeks grant funding to leverage City funds to address priority program and service needs. The major areas of the grant revenue budget are noted below:

Grant Fund Revenues by Grant Area

**Aviation Grants** budget of \$12.8 million for FY 2003/04 includes \$12.3 million for future grants should they become available. The budget amount is primarily for capital-related aviation grants, which will be transferred to the capital fund should the grant ultimately be awarded to the City. The Aviation program traditionally receives federal and state grants for such improvements as runway widening, taxiway reconstruction, land acquisition and various safety related improvements. Grants are not normally awarded until October, the beginning of the federal fiscal year. Again, the appropriation associated with the grant revenue is not available for expenditures unless a new grant is awarded and accepted by City Council.

**Transportation Grants** are often available for transit purposes, such as bus purchases and shelters, and to promote alternate transportation modes, such as construction of bike lanes and paths. The FY 2003/04 operating grant revenue is budgeted at slightly over \$0.5 million. The budget amount excludes capital-related transportation grants, which are included in the Capital Improvement Plan.

Aviation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$12.8	\$12.8*
2002/03	\$15.2	\$1.1*
2001/02	\$8.4	\$5.6

Transportation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0	\$0.1*
2001/02	\$2.9	\$4.0

**Community Development Block Grants (CDBG) and Section 8 Grants** are awarded annually by the U.S. Department of Housing and Urban Development (HUD) upon application for funding by the City. These grant revenues may be used only for those projects approved in the grant application and are subject to agency expenditure guidelines. For FY 2003/04, the CDBG and Section 8 budgets are \$1.7 million and \$5.0 million respectively, for a total of approximately \$6.7 million.

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$6.7	\$6.7*
2002/03	\$5.4	\$5.7*
2001/02	\$5.1	\$5.5

**Home Grants** are received from the Maricopa County Home Consortium. Expenditures are made to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing and leverage private-sector participation in housing. The FY 2003/04 operating grant revenue is budgeted at approximately \$0.7 million.

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.7	\$0.7*
2002/03	\$0.3	\$0*
2001/02	\$0.3	\$0.6

**Miscellaneous Federal & State Grants** total \$5.1 million for FY 2003/04 and include grants for law enforcement, victim services, library projects, and neighborhood flood control improvements. The FY 2003/04 budget includes \$0.3 million in continuing grant revenue from FY 2002/03 grant awards and \$4.8 million in future grants contingent upon awards.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$5.1	\$5.1*
2002/03	\$4.7	\$1.3*
2001/02	\$8.3	\$1.9

**Grant Fund Expenditures By Grant**

Information on Grant Fund expenditures is noted below:

**Aviation Grants** budgeted expenditures in FY 2003/04 of approximately \$12.8 million includes \$0.5 million for Arizona Department of Transportation pavement preservation and grant match funds. The \$12.3 million aviation grant balance is for proposed future grants that may be awarded during the fiscal year. The majority of grants will be spent on capital outlay, with a minor portion on contractual services.

Aviation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$12.8	\$12.8*
2002/03	\$15.2	\$1.1*
2001/02	\$8.4	\$5.6

**Transportation Grants** expenditures are budgeted at approximately \$0.5 million in FY 2003/04. The transportation grants will be used to construct bus shelters and bus stop pull offs, purchase and install bus stop improvements, and to purchase buses. The grants will be spent on operations. The budget amount excludes capital-related transportation grants, which are included in the Capital Improvement Plan.

Transportation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0	\$0.1*
2001/02	\$2.9	\$4.0

**Community Development Block Grants (CDBG) and Section 8 Grants** budgeted expenditures in FY 2003/04 of approximately \$6.7 million represents an increase of \$1.3 million or 23.8% from the FY 2002/03 adopted budget. The increase in expenditures will be funded by a combination of an increase in grant funding and a draw down of the fund balance. The contractual services expenditure category will experience the most significant increase as the grant funds will pass through to sub-recipients for property rehabilitations.

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$6.7	\$6.7*
2002/03	\$5.4	\$5.8*
2001/02	\$5.1	\$5.2

**Home Grants** budgeted expenditures of \$0.7 million in FY 2003/04 are expected to increase by approximately \$0.4 million due to increases in the contractual services expenditure category for sub-recipients to rehabilitate and purchase their properties.

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.7	\$0.7*
2002/03	\$0.3	\$0*
2001/02	\$0.3	\$0.6

**Miscellaneous Federal & State Grants** expenditure budget in FY 2003/04 equals approximately \$5.1 million. The funding will be used in the contractual services (\$2.6 million), commodities (\$1.5 million) and capital outlay (\$1.0 million) expenditure categories to provide a wide variety of law enforcement, library, neighborhood flood control and social services.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$5.1	\$5.1*
2002/03	\$4.7	\$1.4*
2001/02	\$8.3	\$1.9

**Grant Fund Balance**

The Grant Fund balance can fluctuate from year to year due to the nature of the specific grants that have been awarded. Most of the City’s grant awards are “expenditure driven” reimbursement grants, meaning the City is reimbursed after the grant-related expenditure is made for the intended purpose. On a less frequent basis, the City is awarded “endowment” type grants, which means the City actually receives the grant funding prior to making an expenditure.

**Debt Service Funds**

**Fund Purpose**

This fund records the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds, with the exception of General Funded MPC debt which is shown in the General Fund section. The applicable specific revenues, expenditures, and fund balance of the Debt Service Fund are described below:

**Debt Service Fund Revenues and Transfers-In**

**Secondary Property Tax** represents the portion of the property tax that is exclusively limited to pay debt service by Arizona State Statue. While the growth is unlimited, the City's use of this portion of the property tax is restricted by State Statue to solely pay debt service on voter approved general obligation bonds. The debt service for bonds already issued, plus estimated debt service for bonds planned to be issued within the budgeted fiscal year, is levied. Secondary property tax accounts for 57.0% of the Debt Service Fund resources. The FY 2003/04 revenue forecast of \$25.5 million represents an increase of \$2.7 million or 11.8% from the FY 2002/03 year-end estimate.

Secondary Property Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$25.5	\$25.5*
2002/03	\$22.8	\$22.8*
2001/02	\$21.9	\$21.6

**Special Assessment Revenue** represents approximately 10.0% of debt service revenue resulting from billing to property owners within an Improvement District. Districts are formed when owners desire improvement to their property, such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the 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 5 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years. The FY 2003/04 Special Assessment revenue is estimated to be \$2.9 million, which is \$0.3 million more than the FY 2002/03 year-end estimate based on scheduled debt repayments.

Special Assessment Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.9	\$2.9*
2002/03	\$2.6	\$2.6*
2001/02	\$3.1	\$2.3

**Transfers-In** for FY 2003/04 of \$16.4 million will be transferred from the Preservation Privilege Tax Fund (Special Revenue Fund) to pay debt service on \$9.5 million of Preserve G.O. Bonds and \$6.9 million of Preserve Revenue Bonds issued for land acquisition in the McDowell Mountain Sonoran Preserve.

**Debt Service Fund Expenditures  
By Debt Type**

**General Obligation Bond Debt Service** totals \$35.1 million for FY 2003/04, which represents an increase of approximately \$2.7 million or 8.3% from the FY 2002/03 adopted budget. The increase in the debt service expenditure is attributable to planned G.O. debt issuances of \$39.5 million in December of 2003 for a variety of capital improvements and \$50.0 million in March 2004 for the continuing purchase of the McDowell Sonoran Preserve.

General Obligation Bond Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$35.1	\$35.1*
2002/03	\$32.4	\$31.2*
2001/02	\$30.3	\$25.2

**Special Assessment Debt Service** totals \$2.9 million for FY 2003/04, which reflects a \$0.3 million increase or 11.5% from the FY 2002/03 adopted budget. Special Assessment Bonds are issued for property owners desiring improvements to their property such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. The City's debt management policy requires that the full cash value of the property to debt ratio is a minimum of 3:1 prior to issuance of debt and at least 5:1 after construction of the improvements.

Special Assessment Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.9	\$2.9*
2002/03	\$2.6	\$2.6*
2001/02	\$3.1	\$2.6

**Preserve Revenue Authority Bonds Debt Service** obligations for FY 2003/04 total \$6.9 million, which is equivalent to the FY 2002/03 adopted budget. The Preserve Revenue Authority Bonds represent prior debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. The debt service remains level in FY 2003/04 as no new bonds of this type will be issued. All future issuances of bonds to acquire preserve land will be General Obligation bonds approved by voters, and all preserve debt, past and future, is repaid from the dedicated .2% Preservation Privilege (Sales) Tax authorized by the voters in 1995.

Preserve Revenue Bonds Authority Debt Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$6.9	\$6.9*
2002/03	\$6.9	\$6.9*
2001/02	\$6.9	\$6.8

**Municipal Property Corporation (MPC) Bond Debt Service**, which is paid by General Fund excise taxes is accounted for in the General Fund.

**Debt Service Fund Balance**

The Debt Service Fund balance varies primarily due to the timing of debt issuances and related repayment schedule. The ending FY 2003/04 fund balance is projected to be \$10.8 million, which is equal to the FY 2002/03 year-end estimate.

**Enterprise Funds**

**Description**

The City uses three separate Enterprise Funds to account for the activity of this proprietary fund type. The individual funds are Water & Sewer, Solid Waste, and Aviation. In the 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 payment of costs to specific users of services and avoiding general taxation. Moderate rate increases are included as part of this budget to offset increasing operating costs, mandated environmental standard compliance, and pay-as-you-go capital costs attributable to repair and replacement of infrastructure. The applicable specific revenues of the individual funds along with each fund's purpose are described below:

*Water & Sewer Funds*

**Fund Purpose**

This fund accounts for the activity related to the City's water and sewer business activity, including operating and debt service payments. Capital Expenditures are accounted for in various CIP funds.

**Water & Sewer Funds Revenues and Transfers-In**

**Water Charges Revenue** The Water Charges revenue budget for FY 2003/04 totals \$71.4 million, which reflects a \$3.5 million increase or 5.2% from FY 2002/03 year-end estimate. The increase is a combination of a 3.0% increase in the water rate and growth from anticipated new customers. Monthly water billings consist of a base charge according to meter size and a variable charge for the amount of water consumed. The FY 2003/04 budget includes a 3.0% water rate increase for increased operating and capital costs resulting from the following mandated and proposed regulations from the United States Environmental Protection Agency (EPA): (1) EPA Mandatory Arsenic Rule requiring that utilities decrease the maximum contaminant level of arsenic in drinking water from 50 parts per billion to 10 parts per billion by 2006; and (2) Pending EPA Disinfection by-product regulation (by-products resulting from adding chlorine to water) requiring that water systems in the United States reduce Disinfection by-products in potable water at all points of delivery in the system. The City anticipates required compliance by 2008. These significant federal "unfunded" mandates will require costly improvements to Scottsdale's Water treatment and delivery systems in order to meet the new requirements.

Because the majority of the City's groundwater resources exceed the new standard for arsenic, the City is particularly susceptible to arsenic related cost increases. The City must continue its reliance on groundwater, where arsenic is naturally occurring, for peak demand and drought protection. Therefore, the City has incorporated an arsenic mitigation program into its capital improvement program to ensure that the City's groundwater supply resources will be in

Water Charges Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$71.4	\$71.4*
2002/03	\$65.9	\$67.9*
2001/02	\$62.5	\$65.1

compliance with the Arsenic Rule by February 2006. The arsenic mitigation program will identify the most cost-effective method for treating the groundwater, assess land acquisition alternatives for eight planned treatment facilities, and secure contracts for the design and construction of these facilities. The estimated cost for this program is approximately \$63.6 million during the planning horizon. This program benefits existing customers.

As noted, the City must also address environmental regulations that require all water systems in the United States to reduce the maximum contaminant level of disinfection by-products in potable water at all points of system delivery. To ensure compliance, the City will add granule activated charcoal to its treatment processes at its treatment facilities. With total projected costs of \$40 million for existing customers, the capital cost for the City to address the new mandates is over \$100 million total.

The financial plan to address these requirements calls for debt issuance over the next several years that will help level the impacts to our customers over many years, thereby avoiding large rate increase in any one year.

**Sewer Charges Revenue** budget for FY 2003/04 totals \$25.8 million, which reflects a \$0.9 million increase or 3.7% from the FY 2002/03 year-end estimates. The increase is a combination of a 2.5% increase in the sewer rate and growth from anticipated new customers. Residential customers are charged a flat fee per month and commercial users are charged based upon water consumption and type of business. Fees are studied annually to determine if they are covering the cost of providing this service. The FY 2003/04 budget includes a 2.5% rate increase for the costs associated with expansion of the multi-city 91st Avenue Wastewater Treatment Facility and related facilities to accommodate existing customers' sewer treatment needs.

**Effluent Sales** revenue budget totals \$0.4 million which remains flat with the FY 2002/03 year-end estimate. Effluent sales relate to the sewage treated to irrigation standards at the City's Water Campus for the twenty golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System and the Gainey Ranch golf course effluent use from that regional wastewater plant. Both are contractual obligations to provide effluent water for irrigation uses and all costs for providing these services are recovered through rates charged for the use.

**Overview of User Fees Revenue Policy**

Enterprise User Fees rate adjustments are based upon five-year financial plans developed for each operation, and are reviewed annually per Scottsdale's adopted financial policies to meet the stated objectives of:

- Equity — charges are borne by the beneficiaries of a project or service;
- Level distribution of necessary cost increases — to avoid large rate increases in any one year;
- Increasing debt as little as possible — to ensure that the City can meet bond coverage requirements and remain financially healthy;
- Rate design — which encourages conservation and efficient use of City resources.

Sewer Charge Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$25.8	\$25.9*
2002/03	\$26.8	\$24.9*
2001/02	\$26.5	\$24.3

Effluent Sales Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.4	\$0.4*
2002/03	\$0.3	\$0.4*
2001/02	\$0.4	\$0.4



**Interest Earnings** are generated on idle Water & Sewer 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 idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest revenue for FY 2003/04 of \$2.1 million is expected to decline by \$0.3 million from FY 2002/03 year-end estimate.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.1	\$2.1*
2002/03	\$2.3	\$2.4*
2001/02	\$5.3	\$2.0

**Miscellaneous Revenue** budget totals \$1.2 million for FY 2003/04, which is a \$1.3 million decrease, or 52.0%, from the FY 2003/04 year-end estimate. Receipts from the Central Groundwater Treatment Facility Superfund site are the primary revenue contributor. Estimated revenue decreased by \$1.3 million due to a decrease in anticipated reimbursable expenses.

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$1.2	\$1.2*
2002/03	\$3.9	\$2.5*
2001/02	\$3.8	\$3.3

**Transfers-In** include the \$5.0 million portion of Sewer Development fee revenues received in the enterprise capital improvement fund, which is transferred to the General Fund budget to pay debt service on revenue bonds issued for development-related capital improvements. The FY 2003/04 budget remains consistent with the FY 2002/03 year-end estimate.

**Water & Sewer Fund Expenditures By Expenditure Type**

The Water & Sewer Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay and debt service. Additionally, there are transfers-out to other funds.

**Personal Services** budget of \$10.6 million represents 19.2% of the FY 2003/04 Water & Sewer operating budget (direct services and debt service, net of an anticipated \$1.0 million of future savings). The adopted FY 2003/04 personal services budget increased \$0.7 million or 7.0% from the FY 2002/03 adopted budget. The budget does not include any additional positions. Actually, the budget eliminates one vacant Water & Sewer Fund position, which equals approximately \$100,000 in annualized personnel cost savings. Any staffing changes/increases to address service demands were accomplished through the redeployment of existing personnel. Major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$10.6	\$10.6*
2002/03	\$9.9	\$9.9*
2001/02	\$9.9	\$9.6

**Contractual Services** budget of \$18.9 million represents 34.2% of the FY 2003/04 Water & Sewer operating budget (direct services and debt service, net of an anticipated \$1.0 million of future savings). The budget increased \$1.0 million or 5.6% from the FY 2002/03 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$18.9	\$18.9*
2002/03	\$17.9	\$17.9*
2001/02	\$19.5	\$18.4

**Commodities** budget of \$12.8 million represents 23.2% of the FY 2003/04 Water & Sewer operating budget (direct services and debt service, net of an anticipated \$1.0 million of future savings). The adopted FY 2003/04 commodities budget decreased \$0.8 million or 5.9% from the FY 2002/03 adopted budget. Decreases include a reduction in purchased water at the CAP Water Treatment Plant and other miscellaneous reductions.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$12.8	\$12.8*
2002/03	\$13.6	\$13.6*
2001/02	\$14.5	\$11.8

**See glossary for Expenditure Type definitions.**

**Capital Outlay** budget for FY 2003/04 is zero. As a result of the on-going zero-based program budget approach, no capital outlay was approved for inclusion in the budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0	\$0*
2002/03	\$0	\$0*
2001/02	\$0.2	\$0.2

**Debt Service** budget of \$14.0 million represents 25.4% of the FY 2003/04 Water & Sewer operating budget (direct services and debt service, net of an anticipated \$1.0 million of future savings). The adopted FY 2003/04 debt services budget decreased \$1.9 million or 11.9% from the FY 2002/03 adopted budget. The decrease is attributed to the deferred issuance of \$1.5 million of MPC bonds for the purpose of arsenic mitigation. General Obligation and Revenue Bond debt service for bonds previously issued is unchanged. Debt service payments are funded from water and sewer service fees and an annual transfer of \$4.9 million in sewer development fees from the Capital Improvement Program.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$14.0	\$14.8*
2002/03	\$15.9	\$14.4*
2001/02	\$13.0	\$14.5

**Transfers-Out** equal \$49.1 million, which is an increase of \$2.7 million over the prior year budget. The increase is primarily attributable to an increase in the capital fund transfer. The other transfers-out to the General Fund are consistent with the prior year.

### Water & Sewer Fund Balance/Reserves

Fund Balance/Reserves protect the City's financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when revenues exceed expenditures. 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) expenditures since once fund balances are spent, they are only replenished by future year resources in excess of expenditures.

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 it is allocated or spent as budgeted expenditures. The specific make-up of the City's fund balance and reserves are noted below:

**Operating Reserve** of \$17.0 million is projected for the end of FY 2003/04. This reserve is intended to ensure adequate funding for operations for a period of 90 days.

**Repair/Replacement Reserve** of \$16.0 million is required by the revenue bond indenture to ensure that funds are set aside to preserve the assets, which in turn are the collateral for the Water Revenue Bonds. The reserve is required to be at least 2 percent of the revenues received during the year, or until the reserve equals 2 percent of the value of total tangible assets. The reserve may be used from time to time for replacement or extension of the assets and may be liquidated when the bonds are paid off.

**Unreserved Fund Balance** of \$0.3 million represents the net financial resources that are expendable or available for budgeting. In the event there is a remaining unreserved fund balance at fiscal year-end, the balance would typically be transferred to the Capital Improvement Program in a future year.

*Solid Waste Fund*

**Fund Purpose**

This fund accounts for the transactions related to the City’s solid waste and recycling business activity, including operating and debt service payments. Capital expenditures are accounted for in a separate CIP fund.

**Solid Waste Fund Revenues**

**Solid Waste Revenue** budget for FY 2003/04 totals \$16.2 million, which reflects less than a \$0.1 million increase or 0.4% in Solid Waste revenue from the FY 2002/03 year-end estimate. The nominal increase is attributable to growth from anticipated new customers. Solid Waste Charges are billed monthly for the pickup of solid waste. Residential customers are charged a flat fee per month, while commercial customers are charged based upon the size of the container and the number of pickups per month. In addition, the City also provides roll-off, uncontained service, recycling programs, and household hazardous waste collection. The FY 2003/04 budget includes no rate increase for residential and commercial customers.

**Interest Earnings** budget of \$48,700 for FY 2003/04 is expected to remain relatively flat with the FY 2002/03 year-end estimate. Interest Earnings are generated on idle 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 idle 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 Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$16.2	\$16.2*
2002/03	\$16.1	\$16.1*
2001/02	\$16.2	\$15.8

Interest Earnings Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$48,700	\$48,700*
2002/03	\$44,013	\$44,013*
2001/02	\$35,000	\$55,200

**Solid Waste Fund Expenditures By Expenditure Type**

The Solid Waste Fund expenditures are presented by the following four major expenditure categories: personal services, contractual services, commodities, and debt service. Additionally, there are transfers-out to other funds.

**Personal Services** budget of \$4.3 million represents 32.8% of the FY 2003/04 Solid Waste Fund budget (direct services and debt service). The adopted FY 2003/04 personal services budget increased \$0.4 million or 8.4% from the FY 2002/03 adopted budget. The budget does not include any additional positions. Actually, the budget eliminates 1 vacant Solid Waste position, which equals approximately \$79,000 in annualized personnel cost savings. Any staffing changes/ increases to address service demands were accomplished through the redeployment of existing personnel. Major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$4.3	\$4.3*
2002/03	\$3.9	\$3.9*
2001/02	\$3.8	\$3.7

**Contractual Services** budget of \$8.2 million represents 62.6% of the FY 2003/04 Solid Waste Fund budget (direct services and debt service). The adopted FY 2003/04 contractual services budget increased \$0.2 million or 3.0% from the FY 2002/03 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$8.2	\$8.2*
2002/03	\$8.0	\$8.0*
2001/02	\$7.9	\$7.6

**Commodities** budget of \$0.3 million represents 2.0% of the FY 2003/04 Solid Waste Fund budget (direct services and debt service). The adopted FY 2003/04 commodities budget decreased \$0.1 million or 33.4% from the FY 2002/03 adopted budget.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.3	\$0.3*
2002/03	\$0.4	\$0.4*
2001/02	\$0.6	\$0.4

See glossary for Expenditure Type definitions.

**Debt Service** includes approximately \$0.3 million for the payment of MPC debt service on the Transfer Station. The amount of the debt service is consistent with the prior year.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3*
2001/02	\$0.3	\$0.3

**Solid Waste Fund Balance**

**Operating Reserve** of \$3.3 million is projected for the end of FY 2003/04. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The FY 2003/04 operating reserve was created as result of an adopted financial policy change by City Council. The intent of the reserve is to provide for emergencies and the real probability of significant future increases in landfill costs.

**Unreserved Fund Balance** of \$2.4 million represents the net financial resources that are expendable or available for budgeting.

Aviation Fund

Fund Purpose

This fund accounts for the transactions related to the City’s aviation business activity at the Scottsdale Airport, which includes operating and debt service payments. Capital Expenditures are accounted for in a separate CIP fund.

Aviation Fund Revenues

Aviation Fees and Charges are for a variety of services provided to airport customers, (e.g., tie down fees, hangar rentals, fuel sales, and other rental charges). The following airport rates and fees have been approved by the Airport Advisory Commission and adopted by City Council: 8 cent per gallon fuel flowage fee, Transient Landing Fee equal to \$1.50 per 1,000 pounds maximum certificated take-off weight for all transient aircraft weighing 12,500 pounds or more, and Airport hourly labor rate of \$42.27. The FY 2003/04 budget of \$2.9 million includes less than a \$0.4 million increase in revenue from the FY 2002/03 year-end estimate, due to fee modifications that will allow the airport to cover all of its direct and indirect costs and establish a 90-day operating reserve.

Aviation Fund Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.9	\$2.9*
2002/03	\$2.4	\$2.5*
2001/02	\$1.5	\$1.7

Aviation Fund Expenditures By Expenditure Type

The direct operating expenditures of the Aviation Fund are divided into the following three major expenditure categories, plus transfers-out:

**Personal Services** budget of \$0.7 million represents 55.9% of the FY 2003/04 Aviation funds operating budget. The adopted FY 2003/04 personal services budget increased less than \$0.1 million from the FY 2002/03 adopted budget. The major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.7	\$0.7*
2002/03	\$0.7	\$0.7*
2001/02	\$0.6	\$0.6

See glossary for Expenditure Type definitions.

**Contractual Services** budget of \$0.5 million represents 39.5% of the FY 2003/04 Aviation funds operating budget. The adopted FY 2003/04 budget is flat with FY 2002/03 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.5*
2001/02	\$0.5	\$0.5

**Commodities** budget of less than \$0.1 million represents 4.5% of the FY 2003/04 Aviation funds operating budget which remains relatively flat with the FY 2002/03 adopted budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$61,670	\$61,670*
2002/03	\$64,670	\$64,670*
2001/02	\$50,795	\$77,090

**Transfers-Out** equals \$0.9 million, which is a decrease of \$0.2 million from the FY 2002/03 year-end estimate. The decrease is primarily attributable to a \$0.2 million decrease in the capital fund transfer. The other transfers-out to the General Fund are consistent with the prior year.

**Aviation Fund Balance**

**Operating Reserve** of slightly more than \$0.3 million is projected for the end of FY 2003/04. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The FY 2003/04 operating reserve was created as result of an adopted financial policy change by City Council. The intent of the reserve is to provide for emergencies, provide for potential grant matches and to ensure that further General Fund subsidies are avoided.

**Unreserved Fund Balance** of slightly more than \$0.3 million represents the net financial resources that are expendable or available for budgeting.



**Internal Service Funds**

**Description**

The City uses two separate Internal Service Funds to account for the activity of this fund type. The individual funds are Fleet Management and Self-Insurance Funds.

*Fleet Management Fund*

**Fund Purpose**

This fund is used to account for the expenditures associated with purchasing and maintaining the City’s vehicles. Replacement and operation of vehicles are assessed as internal operating costs to each program based on the quantity and type of vehicle used. These charges become revenue to the Fleet Management Fund, while the new vehicle purchases are reflected as transfers-in to the fund.

**Fleet Management Fund Revenues and Transfers-In**

**Internal Charges** (Vehicle Acquisition and Maintenance & Operation) represent approximately 96.0% of this fund’s operating resources (revenue and transfers-in). These charges are comprised of a “rental” rate to programs sufficient for the acquisition/replacement, maintenance and operation of City vehicles. Internal Charges budget for FY 2003/04 totals \$11.1 million and is projected to increase by more than \$0.6 million from the FY 2002/03 year-end estimate. This is primarily attributed to the cost to replace, maintain, and operate new vehicles added in FY 2002/03 and late FY 2001/02

**Miscellaneous Revenue** FY 2003/04 budget of \$0.3 million remains flat with the FY 2002/03 year-end estimate.

Internal Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$11.1	\$11.1*
2002/03	\$10.5	\$10.4*
2001/02	\$10.9	\$10.7

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3*
2001/02	\$0	\$0.5

**Interest Earnings** budget for FY 2003/04 totals \$0.2 million, which drops slightly from the FY 2002/03 year-end estimate. Interest earnings are generated on idle Fleet Management 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 idle 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 Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.2	\$0.2*
2002/03	\$0.3	\$0.3*
2001/02	\$0.7	\$0.5

**Transfers-In** to the Fleet Management Fund are for new vehicle purchases budgeted in other funds and transferred to Fleet Management for the actual purchase. No new vehicle transfers are included in the FY 2003/04 budget. In FY 2003/04, a transfer-in of \$0.8 million is budgeted from the General Fund to the Self-Insurance Fund to cover the increased cost of the City's property and liability insurance.

**Fleet Management Fund Expenditures By Expenditure Type**

The direct operating expenditures of the Fleet Management Fund are divided into the following four major expenditure categories:

**Personal Services** budget of \$2.5 million represents 25.0% of the FY 2003/04 Fleet Management Fund operating budget (direct services and debt service). The adopted FY 2003/04 personal services budget decreased \$0.1 million or 5.4% from the FY 2002/03 adopted budget. Five vacant Fleet positions were eliminated for FY 2003/04 which equals approximately \$280,000 in annualized personnel cost savings. Any staffing changes/increases to address service demands were accomplished through the redeployment of existing personnel. Major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$2.5	\$2.5*
2002/03	\$2.6	\$2.6*
2001/02	\$2.6	\$2.4

**Contractual Services** budget of \$0.7 million represents 4.5% of the FY 2003/04 Fleet Management Fund operating budget (direct services and debt service). The adopted FY 2003/04 contractual services budget remains flat with the FY 2002/03 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.7	\$0.7*
2002/03	\$0.7	\$0.7*
2001/02	\$0.7	\$0.7

**Commodities** budget of \$3.2 million represents 32.7% of the FY 2003/04 Fleet Management Fund operating budget (direct services and debt service). The adopted FY 2003/04 commodities services budget remains flat with the FY 2002/03 adopted budget.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$3.2	\$3.2*
2002/03	\$3.2	\$3.2*
2001/02	\$3.5	\$3.0

**Capital Outlay** budget of \$3.5 million represents 35.7% of the FY 2003/04 Fleet Management Fund operating budget (direct services and debt service). The adopted FY 2003/04 capital outlay budget decreased \$1.9 million or 35.0% from the FY 2002/03 adopted budget. The decrease is a result of modified fleet replacement policies that extend the useful life of fleet vehicles, thereby reducing the amount of replacements needed.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$3.5	\$3.5*
2002/03	\$5.4	\$5.4*
2001/02	\$4.8	\$4.6

### Fleet Management Fund Balance

The Fleet Management Fund balance varies primarily due to the vehicle replacement schedule. The portion of internal charges to programs for replacement vehicles is evenly spread over the expected life of the vehicles. This charge becomes revenue to the Fleet Management Fund and is representative of the replacement charge for many vehicles with differing useful lives. Therefore, the revenue does not vary significantly by year, but the year in which vehicles are purchased may vary significantly if, for example, several large, expensive vehicles are scheduled for replacement in a single year. The fund balance at the end of each year includes the accumulated balance to be used for future year vehicle purchases.

The ending FY 2003/04 fund balance is projected to be \$5.2 million, which is an increase of \$1.1 million or 26.8% greater than the FY 2002/03 year-end estimate.

See glossary for Expenditure Type definitions.

*Self-Insurance Fund*

**Fund Purpose**

The Self-Insurance Fund is used to account for the City's self-insurance program. Revenue to this fund is derived from charges to user programs. This fund provides coverage of unemployment, self-insured benefits, workers' compensation, property, and liability claims.

**Self-Insurance Fund Revenues and Transfers-In**

**Internal Charges (Property & Liability Insurance)** represent approximately 70.0% of this fund's operating resources (revenue and transfers-in). These charges are comprised of a self-insurance charge covering general and auto liability/physical damages, workers' compensation, unemployment taxes and property charges. The FY 2003/04 budget of \$4.3 million remains flat with the FY 2002/03 year-end estimate.

**Interest Earnings** are generated on idle Self-Insurance 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 idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield. The FY 2003/04 budget of \$0.2 million reflects a \$0.1 million or 33.0% decrease from the FY 2002/03 year-end estimate.

**Tort Claims (Property Taxes)** reimburse the City for the actual cost of liability claim judgments during the most recent calendar year, as allowed by the Arizona Attorney General. Claim judgments are paid from the Self-Insurance Fund – an Internal Service Fund – and therefore, the reimbursement becomes revenue to this fund. The FY 2003/04 budget of \$0.6 million reflects a decrease of \$0.4 million or 40.0% from the FY 2002/03 year-end estimate, which is attributable to fewer liability claim judgments paid by the City in the prior year.

**Transfers-In** total \$0.8 million from the General Fund to begin addressing anticipated rate increases and future actuarially determined funding needs.

Internal Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$4.3	\$4.3*
2002/03	\$4.3	\$4.3*
2001/02	\$4.7	\$4.7

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.2	\$0.2*
2002/03	\$0.3	\$0.3*
2001/02	\$0.8	\$0.5

Property Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.6	\$0.6*
2002/03	\$1.0	\$1.0*
2001/02	\$0	\$0.6

**Self-Insurance Fund Expenditures By Expenditure Type**

The direct operating expenditures of the Self-Insurance Fund are divided into the following three major expenditure categories plus transfers-out:

**Personal Services** budget of \$0.5 million represents 9.3% of the FY 2003/04 Self-Insurance Fund budget (direct services and debt service). The adopted FY 2003/04 personal services budget remains flat with the FY 2002/03 adopted budget. The budget does not include any additional positions. One vacant Self-Insurance Fund position was eliminated for FY 2003/04 which equals approximately \$60,000 in annualized personnel cost savings. Any staffing changes/increases to address service demands were accomplished through the redeployment of existing personnel. Major personal services cost drivers in the budget include significant increases in health insurance costs and retirement system costs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.5*
2001/02	\$0.5	\$0.5

**Contractual Services** budget of \$4.7 million represents 89.9% of the FY 2003/04 Self-Insurance Fund budget (direct services and debt service). The adopted FY 2003/04 contractual services budget increased \$0.1 million or 2.2% from the FY 2002/03 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$4.7	\$4.7*
2002/03	\$4.6	\$4.6*
2001/02	\$3.9	\$5.2

**Commodities** budget of \$0.1 million represents less than 1.0% of the FY 2003/04 Self-Insurance Fund budget (direct services and debt service). The adopted FY 2003/04 commodities budget decreased \$0.1 million or 50.0% from the FY 2002/03 adopted budget.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2003/04	\$0.1	\$0.1*
2002/03	\$0.2	\$0.2*
2001/02	\$0.1	\$0.1

**Transfers-Out** budget of \$10,000 will be sent to the CIP fund for replacement of computer/telephone equipment.

**Self-Insurance Fund Balance**

The Self-Insurance Fund balance is maintained to provide for coverage of unemployment, self-insured benefits, workers' compensation, property and liability claims. The required fund balance is actuarially determined on an annual basis.

The ending FY 2003/04 fund balance is projected to be \$15.8 million, which is an increase of \$0.6 million or 3.9% from the FY 2002/03 year-end estimate.

**Trust Funds**

**Description**

This fund is used to account for assets "held in trust" by the City. The City holds the funds in a trustee capacity as defined by GASB Statement No. 34. All funds not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose. The City maintains the following three Trust Funds.

*Streetlight Improvement District &  
Enhanced Municipal Service District*

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**Fund Purpose**

Used to account for proceeds received by property owners in return for the City providing agreed-upon increased levels of municipal services beyond standard level of City service. The FY 2003/04 budget is \$1,163,000 and will be used to pay for contractual services.

*Mayor's Committee for Employment of the Handicapped*

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**Fund Purpose**

Used to account for proceeds for programs and activities to promote employment of handicapped individuals. The FY 2003/04 budget is \$10,000 and will be used to pay for contractual services.

*Scottsdale Memorial Hospital Redevelopment*

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**Fund Purpose**

Used to account for expenditures related to the development of the Scottsdale Memorial Hospital area. The FY 2003/04 budget is \$1,000,000 and will be used to pay for capital outlay.

**Alphabetical Program Operating Budget Index by Department/Program**

The following matrix provides a summary of the total adopted FY 2003/04 Program Operating Budget by department and highlights each department's specific programs. The matrix includes the source(s) of funding for each program by governmental fund accounting type plus it includes the applicable number of full-time equivalent employees (FTE's) by program and department. Further details on an individual program can be found in Volume Two of the adopted FY 2003/04 budget. The column on the right-hand side of the matrix indicates the specific page cross-reference in Volume Two where the program information begins.

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total	Vol. Two Page # Ref.
<b>General Government Department</b>							
City Attorney-Civil	17.50	\$1,742,337	-	-	-	\$1,742,337	28
City Cable	4.00	308,948	-	-	-	308,948	48
City Clerk	8.50	648,932	-	-	-	648,932	20
City Manager	10.00	703,190	-	-	-	703,190	42
Communications & Public Affairs	10.65	1,075,057	-	-	-	1,075,057	46
Court	57.88	3,779,983	\$290,359	-	-	4,070,342	40
Elections	-	279,847	-	-	-	279,847	22
Environmental Planning Services	1.00	195,363	-	-	-	195,363	60
Intergovernmental Relations	2.72	447,910	-	-	-	447,910	52
Internal Audit Program	8.00	657,261	-	-	-	657,261	36
Litigation	6.00	650,083	-	-	-	650,083	26
Mayor and City Council	12.00	734,937	-	-	-	734,937	18
Preservation	4.00	513,220	-	-	-	513,220	58
Prosecution	26.00	1,821,215	-	-	-	1,821,215	30
Victim Services	7.50	402,181	-	-	-	402,181	32
WestWorld Operations	15.75	2,173,217	-	-	-	2,173,217	54
	<b>191.50</b>	<b>\$16,133,681</b>	<b>\$290,359</b>	<b>-</b>	<b>-</b>	<b>\$16,424,040</b>	
<b>Police Department</b>							
Auto Theft Investigations	8.00	790,246	-	-	-	790,246	100
Bicycle Patrol	10.00	834,325	-	-	-	834,325	76
Burglary & Theft Investigations	16.00	1,402,575	-	-	-	1,402,575	98
Canine Services	5.00	553,690	-	-	-	553,690	80
City Facility & Workplace Security	1.00	396,433	-	-	-	396,433	140
Communications	57.00	3,562,589	-	-	-	3,562,589	124
Crime Analysis	5.00	291,110	-	-	-	291,110	132
Crime Laboratory	15.00	1,105,391	136,686	-	-	1,242,077	130
Crime Prevention	2.00	183,980	-	-	-	183,980	66
Crime Scene Processing	9.00	559,149	-	-	-	559,149	134
Detention	29.00	2,663,877	-	-	-	2,663,877	84
Domestic Violence Investigations	11.00	891,264	-	-	-	891,264	94
Emergency Services	3.00	280,829	-	-	-	280,829	138
Event Traffic Control	2.00	293,949	-	-	-	293,949	86
False Alarm Reduction Program	1.00	55,202	-	-	-	55,202	142
Fraud Investigations	11.00	926,605	-	-	-	926,605	102

**PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM**

*Budget by Fund*

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total	Vol. Two Page # Ref.
Intelligence Unit	8.00	\$664,750	-	-	-	\$664,750	112
Internal Affairs	3.00	309,312	-	-	-	309,312	68
Mounted Patrol	6.10	470,421	\$12,500	-	-	482,921	82
Narcotics Clandestine Lab Invest.	8.00	716,219	-	-	-	716,219	108
Narcotics Undercover Investigations	10.00	1,329,310	165,000	-	-	1,494,310	106
Office of The Chief	12.00	1,416,751	10,000	-	-	1,426,751	64
Patrol Prob. Solv. Surv. Team	6.00	584,256	-	-	-	584,256	78
Patrol Services	209.00	18,819,902	-	-	-	18,819,902	70
Photo Enforcement	1.00	1,783,884	-	-	-	1,783,884	72
Planning, Research and Accreditation	6.00	419,826	-	-	-	419,826	136
Police Crisis Intervention	6.00	541,347	-	-	-	541,347	96
Police Records	29.00	1,534,423	-	-	-	1,534,423	118
Police Supply & Equipment	6.00	1,328,970	-	-	-	1,328,970	122
Property and Evidence	5.00	285,771	-	-	-	285,771	128
Recruiting & Personnel	7.00	582,249	-	-	-	582,249	114
School Resource Services	16.00	1,376,657	10,000	-	-	1,386,657	104
Sex Crimes Investigations	6.00	593,892	10,000	-	-	603,892	92
Special Event/Off Duty Coordination	-	152,648	-	-	-	152,648	88
Surveillance/SWAT	7.00	757,424	-	-	-	757,424	110
Technology	6.00	1,235,447	-	-	-	1,235,447	120
Telephone Reporting Services	6.00	329,285	-	-	-	329,285	126
Traffic Enforcement	21.00	2,198,495	-	-	-	2,198,495	74
Training	8.00	857,003	-	-	-	857,003	116
Violent Crimes Investigations	13.00	1,388,380	-	-	-	1,388,380	90
	<b>590.10</b>	<b>\$54,467,836</b>	<b>\$344,186</b>	<b>-</b>	<b>-</b>	<b>\$54,812,022</b>	
<b>Financial Services Department</b>							
Accounting	13.00	1,507,517	-	-	-	1,507,517	148
Accounts Payable & Payroll	13.00	865,114	-	-	-	865,114	150
Budget	6.00	528,687	-	-	-	528,687	152
Copy Center	-	(95,894)	-	-	-	(95,894)	162
Financial Planning & Administration	3.00	356,456	-	-	-	356,456	146
Graphics	4.00	103,247	-	-	-	103,247	160
Mail	3.00	473,717	-	-	-	473,717	164
Meter Reading	15.00	-	-	\$980,505	-	980,505	170
Purchasing	16.00	1,149,249	-	-	-	1,149,249	156
Remittance Processing	14.00	528,688	-	529,249	-	1,057,937	174
Revenue Recovery	11.50	389,807	-	374,405	-	764,212	168
Risk Management	7.00	-	-	-	\$5,236,477	5,236,477	154
Stores/Warehouse Operations	5.00	307,017	-	-	-	307,017	158
Tax & License	12.00	802,941	-	-	-	802,941	166
Tax Audit	8.00	571,388	-	-	-	571,388	176
Utility Billing	10.00	-	-	903,921	-	903,921	172
	<b>140.50</b>	<b>\$7,487,934</b>	<b>-</b>	<b>\$2,788,080</b>	<b>\$5,236,477</b>	<b>\$15,512,491</b>	



Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total	Vol. Two Page # Ref.
<b>Transportation Department</b>							
Aviation	12.35	-	-	\$1,334,787	-	\$1,334,787	182
Intelligent Transportation Systems	3.00	-	\$503,380	-	-	503,380	192
Traffic Engineering	8.00	-	1,048,972	-	-	1,048,972	190
Transit	3.00	-	7,495,505	-	-	7,495,505	186
Transportation Administration	6.00	-	563,905	-	-	563,905	180
Transportation Cap. Planning/Eval.	1.00	-	-	-	-	-	188
Transportation Master Planning	5.00	-	531,505	-	-	531,505	184
	<b>38.35</b>	<b>-</b>	<b>\$10,143,267</b>	<b>\$1,334,787</b>	<b>-</b>	<b>\$11,478,054</b>	
<b>Community Services Department</b>							
Adapted Recreation Services	6.88	\$285,886	-	-	-	285,886	198
Adult Sports & Fitness Programs	44.98	2,792,944	-	-	-	2,792,944	204
Aquatics	28.52	1,099,259	-	-	-	1,099,259	200
Arts and Cultural Services	-	2,780,596	300,000	-	-	3,080,596	248
Branch Libraries	53.58	2,650,152	20,000	-	-	2,670,152	244
Community Rec. Services & Fac.	83.77	3,682,296	1,049,980	-	-	4,732,276	208
Community Services Plan. & Admin.	4.00	558,549	-	-	-	558,549	196
Construction Services	10.00	652,130	-	-	-	652,130	224
Contract and Project Management	4.00	801,699	-	-	-	801,699	226
Custodial Services	2.00	1,235,722	-	-	-	1,235,722	222
Facilities Maintenance	36.00	8,068,091	-	-	-	8,068,091	220
Grounds & Landscape Maintenance	28.00	2,441,776	-	-	-	2,441,776	228
Housing Assist. & CDBG Programs	12.75	307,358	300,000	-	-	607,358	236
Human Services Planning & Admin.	3.00	303,462	-	-	-	303,462	238
Leisure Education Programs	9.16	861,617	-	-	-	861,617	210
Library Operations	28.50	3,263,877	189,000	-	-	3,452,877	240
Library Planning and Administration	3.00	298,416	-	-	-	298,416	246
Main Library	39.22	1,861,425	-	-	-	1,861,425	242
Medians and Right Of Way	2.00	972,347	-	-	-	972,347	230
Parks Rec.& Fac.-Planning & Admin	6.00	687,282	-	-	-	687,282	218
Parks Rec.& Fac.-Support Services	4.44	1,468,199	-	-	-	1,468,199	216
Parks & Trails Planning & Dev.	2.55	204,021	50,000	-	-	254,021	214
Professional Baseball	5.00	376,366	-	-	-	376,366	202
Senior Citizen Services	20.97	1,279,620	8,875	-	-	1,288,495	232
Social Services Assist. & Referral	32.03	2,324,023	202,700	-	-	2,526,723	234
Trails & Equestrian Facilities	2.20	125,321	-	-	-	125,321	212
Youth Activ. & After School Prog.	29.64	1,433,779	231,700	-	-	1,665,479	206
	<b>506.05</b>	<b>\$42,816,213</b>	<b>\$2,352,255</b>	<b>-</b>	<b>-</b>	<b>\$45,168,468</b>	

**PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM**

*Budget by Fund*

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total	Vol. Two Page # Ref.
<b>Information Systems Department</b>							
Appl. Dev. Integr. Mgmt & Support	12.00	\$1,258,039	-	-	-	\$1,258,039	254
Departmental Support	6.00	566,897	-	-	-	566,897	262
GIS Data Services	9.00	860,072	-	-	-	860,072	258
Information Systems Administration	6.81	612,366	-	-	-	612,366	252
Project Office	4.00	351,574	-	-	-	351,574	260
Tech. Infrs./Imple. Support	36.00	3,886,758	-	-	-	3,886,758	256
	<b>73.81</b>	<b>\$7,535,706</b>	-	-	-	<b>\$7,535,706</b>	
<b>Fire Department</b>							
Fire Support	2.68	252,248	-	-	-	252,248	268
General Fire Protection	-	19,217,045	-	-	-	19,217,045	266
	<b>2.68</b>	<b>\$19,469,293</b>	-	-	-	<b>\$19,469,293</b>	
<b>Water Resources Department</b>							
Advanced Water Treatment Plant	-	-	-	\$1,158,976	-	1,158,976	314
CAP Treatment Plant	-	-	-	7,496,490	-	7,496,490	308
Central Groundwater Treatmt. Fac.	2.00	-	-	1,037,762	-	1,037,762	302
Gainey Wastewater Reclamation Plant	-	-	-	338,935	-	338,935	312
Industrial Pretreatment	2.00	-	-	163,238	-	163,238	310
Inlet Golf Course Irrigation	-	-	-	47,581	-	47,581	280
Irrigation Water Distribution System	1.00	-	-	1,005,040	-	1,005,040	300
Planet Ranch Water Rights	1.00	-	-	262,754	-	262,754	274
Pump Back System	4.00	-	-	1,621,062	-	1,621,062	296
RWDS Administration	-	-	-	1,828,164	-	1,828,164	298
Southern Neigh. Wtr System	-	-	-	3,624,498	-	3,624,498	290
Treatment Plant Staffing	29.50	-	-	959,438	-	959,438	306
Wastewater Collection	-	-	-	603,904	-	603,904	292
Wastewater Maintenance	-	-	-	354,213	-	354,213	294
Water & Wastewater Engineering	5.00	-	-	410,797	-	410,797	276
Water & Wastewater Op. Admin.	10.00	-	-	876,428	-	876,428	282
Wtr Campus Wstewtr Reclam. Plant	-	-	-	5,047,939	-	5,047,939	316
Water Conservation	4.00	-	-	470,691	-	470,691	284
Water Distribution	31.00	-	-	3,218,659	-	3,218,659	286
Water Production	20.00	-	-	6,469,641	-	6,469,641	288
Water Resources Administration	10.00	-	-	1,319,536	-	1,319,536	272
Water/Wastewater Quality	16.50	-	-	1,597,293	-	1,597,293	304
WestWorld Golf and Recharge	-	-	-	124,200	-	124,200	278
	<b>136.00</b>	-	-	<b>\$40,037,239</b>	-	<b>\$40,037,239</b>	

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total	Vol. Two Page # Ref.
<b>Municipal Services Department</b>							
Alley Maintenance	-	-	\$197,050	-	-	\$197,050	362
Asset Management	2.00	\$201,673	-	-	-	201,673	324
Capital Project Management	38.75	-	-	-	-	-	322
Commercial Refuse Collection	10.00	-	-	\$ 2,384,965	-	2,384,965	334
Container Repair Program	2.00	-	-	329,735	-	329,735	330
Emergency Response Team	-	-	51,898	-	-	51,898	338
Field Services Administration	2.00	-	243,750	-	-	243,750	336
Fleet Maintenance & Operations	31.00	-	-	-	\$4,150,687	4,150,687	352
Fleet Management Administration	5.00	-	-	-	596,744	596,744	350
Fleet Parts Supply	5.00	-	-	-	289,821	289,821	354
Fuel	-	-	-	-	1,355,050	1,355,050	356
Household Hazardous Waste	-	-	-	201,357	-	201,357	360
Municipal Services Administration	3.00	338,579	-	-	-	338,579	320
Residential Refuse Collection	59.25	-	-	8,577,134	-	8,577,134	328
Solid Waste Management Admin Svcs.	5.00	-	-	375,496	-	375,496	326
Street Cleaning	9.00	-	862,492	-	-	862,492	344
Street Overlays and Maintenance	8.00	-	5,044,647	-	-	5,044,647	346
Street Signs and Markings	9.00	-	947,154	-	-	947,154	342
Traffic Signals	14.00	-	2,222,323	-	-	2,222,323	340
Transfer Station Operations	3.00	-	-	268,800	-	268,800	332
Unpaved Rds & Drainage Sys. Maint	10.00	-	1,148,990	-	-	1,148,990	348
Vehicle Acquisition	-	-	-	-	3,544,350	3,544,350	358
	<b>216.00</b>	<b>\$540,252</b>	<b>\$10,718,304</b>	<b>\$12,137,487</b>	<b>\$9,936,652</b>	<b>\$33,332,695</b>	
<b>Citizen &amp; Neighborhood Resources Department</b>							
Citizen & Neighborhood Admin	2.00	269,992	-	-	-	269,992	366
Code Enforcement	10.00	618,194	68,801	-	-	686,995	376
Customer Service & Communications	6.00	694,761	-	-	-	694,761	368
Housing Rehabilitation & ADA	1.00	68,037	-	-	-	68,037	378
Information Resources	-	-	-	-	-	-	372
Neighborhood Citizen Service Centers	5.00	335,121	-	-	-	335,121	380
Neighborhood Education	4.00	336,154	-	-	-	336,154	370
Neighborhood Services	4.00	549,939	-	-	-	549,939	374
	<b>32.00</b>	<b>\$2,872,198</b>	<b>\$68,801</b>	<b>-</b>	<b>-</b>	<b>\$2,940,999</b>	
<b>Human Resources Department</b>							
Diversity & Dialogue	2.00	262,620	-	-	-	262,620	392
Employee Programs	-	52,975	-	-	-	52,975	388
Human Resources	26.50	2,078,532	-	-	-	2,078,532	386
Human Resources Administration	3.00	318,946	-	-	-	318,946	384
Learning & Organization Dev.	3.00	468,462	-	-	-	468,462	390
	<b>34.50</b>	<b>\$3,181,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$3,181,535</b>	

**PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM**

*Budget by Fund*

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total	Vol. Two Page # Ref.
<b>Economic Vitality Department</b>							
Economic Development	2.00	\$279,082	-	-	-	\$279,082	398
Economic Vitality Administration	2.00	279,288	-	-	-	279,288	396
Existing Business Services	1.00	129,495	-	-	-	129,495	404
Hospitality Development	1.00	5,481,340	-	-	-	5,481,340	400
Revitalization	2.00	344,789	-	-	-	344,789	402
	<b>8.00</b>	<b>\$6,513,994</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$6,513,994</b>	
<b>Planning &amp; Development Services Department</b>							
Current Planning Services	26.00	2,251,260	-	-	-	2,251,260	412
Customer Services & Administration	7.00	1,006,419	-	-	-	1,006,419	408
Inspection & Land Survey Services	54.00	4,541,082	-	-	-	4,541,082	416
Plan Review & Permit Services	47.00	3,885,066	\$20,000	-	-	3,905,066	414
Planning & Design Services	8.00	879,987	-	-	-	879,987	410
	<b>142.00</b>	<b>\$12,563,814</b>	<b>\$20,000</b>	<b>-</b>	<b>-</b>	<b>\$12,583,814</b>	
Estimated Department Savings	-	(\$500,000)	-	(\$1,000,000)	-	(\$1,500,000)	
Estimated Vacant Position Savings	-	(\$500,000)	-	-	-	(\$500,000)	
<b>Total Program Operating Budget</b>	<b>2,111.49</b>	<b>\$172,582,456</b>	<b>\$23,937,172</b>	<b>\$55,297,593</b>	<b>\$15,173,129</b>	<b>\$266,990,350</b>	
<b>Less: Internal Service Fund Offset</b>						<b>(15,170,763)</b>	
<b>Total Net Program Operating Budget</b>						<b>251,819,587</b>	
<b>Add: Debt Service</b>						<b>74,730,894</b>	
<b>Total FY 2003/04 Net Program Operating Budget Plus Debt Service</b>						<b>326,550,481</b>	
<b>Reserves/Contingency Appropriations</b>						<b>24,860,550</b>	
<b>Total FY 2003/04 Operating Budget Appropriations</b>						<b>\$351,411,031 <sup>(A)</sup></b>	

(<sup>A</sup>) Total FY 2003/04 Operating Budget Appropriations agrees to the adopted budget ordinance Schedule F found in the Appendix of Volume One.

**Relationship with Mayor and City Council's Broad Goals  
Alphabetical Program Budget Index**

The following matrix provides a summary of each program's relationship to the Mayor and City Council's Broad Goals. The column on the right-hand side of the matrix indicates the specific page cross-reference in Volume Two where the program information begins.

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Fiscal and Resource Management	Goal F Open and Responsive Government	Volume Two Page # Ref.
<b>General Government</b>							
City Attorney-Civil					X		28
City Cable						X	48
City Clerk						X	20
City Manager	X	X	X	X	X	X	42
Communications & Public Affairs						X	46
Court	X					X	40
Elections						X	22
Environmental Planning Services		X			X		60
Intergovernmental Relations	X	X	X	X	X	X	52
Internal Audit Program					X		36
Litigation					X		26
Mayor and City Council	X	X	X	X	X	X	18
Preservation		X					58
Prosecution	X						30
Victim Services	X						32
WestWorld Operations		X		X			54
<b>Police Department</b>							
Auto Crimes Investigations	X						100
Bicycle Patrol	X						76
Burglary & Theft Investigations	X						98
Canine Services	X						80
City Facility & Workplace Security	X						140
Communications	X						124
Crime Analysis	X						132
Crime Laboratory	X						130
Crime Prevention	X						66
Crime Scene Processing	X						134
Detention	X						84

**PROGRAM BUDGET RELATIONSHIP  
WITH MAYOR AND CITY COUNCIL'S BROAD GOALS**

*Budget by Fund*

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Fiscal and Resource Management	Goal F Open and Responsive Government	Volume Two Page # Ref.
Domestic Violence Investigations	X						94
Emergency Services	X						138
Event Traffic Control	X						86
False Alarm Reduction Program	X						142
Fraud Investigations	X						102
Intelligence Unit	X						112
Internal Affairs	X						68
Mounted Patrol	X						82
Narcotics Clandestine Lab Investigations	X						108
Narcotics Undercover Investigations	X						106
Office Of The Chief	X						64
Patrol Problem Solving Surveillance Team	X						78
Patrol Services	X						70
Photo Enforcement			X				72
Planning, Research and Accreditation	X						136
Police Crisis Intervention	X						96
Police Records	X						118
Police Supply & Equipment	X						122
Property and Evidence	X						128
Recruiting & Personnel	X						114
School Resource Services	X						104
Sex Crimes Investigations	X						92
Special Event/Off Duty Coordination	X						88
Surveillance/SWAT	X						110
Technology	X						120
Telephone Reporting Services	X						126
Traffic Enforcement			X				74
Training	X						116
Violent Crimes Investigations	X						90
<b>Financial Services Department</b>							
Accounting					X		148
Accounts Payable & Payroll					X		150
Budget					X		152
Copy Center					X		162
Financial Planning and Administration					X		146
Graphics					X		160
Mail					X		164
Meter Reading					X		170
Purchasing					X		156

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Fiscal and Resource Management	Goal F Open and Responsive Government	Volume Two Page # Ref.
Remittance Processing					X		174
Revenue Recovery					X		168
Risk Management					X		154
Stores/Warehouse Operations					X		158
Tax & License					X		166
Tax Audit					X		176
Utility Billing					X		172
<b>Transportation Department</b>							
Aviation			X				182
Intelligent Transportation Systems			X				192
Traffic Engineering	X		X				190
Transit			X				186
Transportation Administration			X				180
Transportation Capital Planning/ Evaluation			X				188
Transportation Master Planning			X				184
<b>Community Services Department</b>							
Adapted Recreation Services	X						198
Adult Sports & Fitness Programs	X						204
Aquatics	X						200
Arts and Cultural Services	X	X		X			248
Branch Libraries	X						244
Community Recreation Services & Facilities	X						208
Community Services Planning and Admin.	X				X	X	196
Construction Services					X		224
Contract and Project Management					X		226
Custodial Services					X		222
Facilities Maintenance					X		220
Grounds and Landscape Maintenance		X			X		228
Housing Assistance and CDBG Programs	X						236
Human Services Planning & Admin.	X				X		238
Leisure Education Programs	X						210
Library Operations	X						240
Library Planning and Administration	X				X		246
Main Library	X						242
Medians and Right Of Way		X			X		230
Parks Rec.& Facilities-Planning & Admin	X				X		218
Parks Rec.& Facilities-Support Services	X						216
Parks & Trails Planning and Development	X	X			X		214

**PROGRAM BUDGET RELATIONSHIP  
WITH MAYOR AND CITY COUNCIL'S BROAD GOALS**

*Budget by Fund*

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Fiscal and Resource Management	Goal F Open and Responsive Government	Volume Two Page # Ref.
Professional Baseball	X			X			202
Senior Citizen Services	X						232
Social Services Assistance and Referral	X						234
Trails & Equestrian Facilities	X	X					212
Youth Activities & After School Programs	X						206
<b>Information Systems Department</b>							
Appl. Dev., Integration, Mgmt & Support					X	X	254
Departmental Support					X	X	262
GIS Data Services					X	X	258
Information Systems Administration					X	X	252
Project Office					X	X	260
Tech. Infrastructure/Implementation Sup.					X	X	256
<b>Fire Department</b>							
Fire Support	X						268
General Fire Protection	X						266
<b>Water Resources Department</b>							
Advanced Water Treatment Plant					X		314
CAP Treatment Plant					X		308
Central Groundwater Treatment Facility					X		302
Gainey Wastewater Reclamation Plant					X		312
Industrial Pretreatment					X		310
Inlet Golf Course Irrigation					X		280
Irrigation Water Distribution Sys.					X		300
Planet Ranch Water Rights					X		274
Pump Back System					X		296
RWDS Administration					X		298
Southern Neighborhoods Water System					X		290
Treatment Plant Staffing					X		306
Wastewater Collection					X		292
Wastewater Maintenance					X		294
Water & Wastewater Engineering					X		276
Water & Wastewater Ops. Admin.					X		282
Water Campus Wastewtr Reclam. Plant					X		316
Water Conservation					X		284
Water Distribution					X		286
Water Production					X		288
Water Resources Administration					X		272



	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Fiscal and Resource Management	Goal F Open and Responsive Government	Volume Two Page # Ref.
Water/Wastewater Quality					X		304
WestWorld Golf and Recharge					X		278
<b>Municipal Services Department</b>							
Alley Maintenance	X						362
Asset Management					X		324
Capital Project Management					X		322
Commercial Refuse Collection	X						334
Container Repair Program	X						330
Emergency Response Team			X				338
Field Services Administration			X				336
Fleet Maintenance & Operations					X		352
Fleet Management Administration					X		350
Fleet Parts Supply					X		354
Fuel					X		356
Household Hazardous Waste	X						360
Municipal Services Administration					X		320
Residential Refuse Collection	X						328
Solid Waste Management Admin Svcs	X						326
Street Cleaning	X						344
Street Overlays and Maintenance			X				346
Street Signs and Markings			X				342
Traffic Signals			X				340
Transfer Station Operations	X						332
Unpaved Roads and Drainage Sys. Maint.			X				348
Vehicle Acquisition					X		358
<b>Citizen and Neighborhood Resources Department</b>							
Citizen & Neighborhood Admin	X						366
Code Enforcement	X						376
Customer Service & Communications	X						368
Housing Rehabilitation & ADA	X					X	378
Information Resources					X		372
Neighborhood Citizen Service Centers	X						380
Neighborhood Education	X						370
Neighborhood Services	X						374

**PROGRAM BUDGET RELATIONSHIP  
WITH MAYOR AND CITY COUNCIL'S BROAD GOALS**

*Budget by Fund*

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Fiscal and Resource Management	Goal F Open and Responsive Government	Volume Two Page # Ref.
<b>Human Resources Department</b>							
Diversity & Dialogue						X	392
Employee Programs						X	388
Human Resources					X	X	386
Human Resources Administration					X	X	384
Learning & Organization Dev					X	X	390
<b>Economic Vitality Department</b>							
Economic Development				X			398
Economic Vitality Administration				X			396
Existing Business Services				X			404
Hospitality Development				X			400
Revitalization				X			402
<b>Planning and Development Services Department</b>							
Current Planning Services		X					412
Customer Services & Administration		X					408
Inspection & Land Survey Services	X	X	X				416
Plan Review & Permit Services	X	X					414
Planning & Design Services		X					410

### Five-Year Capital Improvement Plan

The material presented in this section provides an overview of the City's CIP development process, project evaluation criteria, funding sources, operating impacts associated with capital projects, and a capital projects list, for further detail see Volume Three.

The capital budget authorizes and provides the basis for control of expenditures for the acquisition of significant City assets and construction of all capital facilities. A five-year Capital Improvement Plan (CIP) is developed and updated annually, including anticipated funding sources. Capital budget appropriations lapse at the end of the fiscal year; however, they are re-budgeted until the project is complete and capitalized. As capital improvement projects are completed, the operation of these facilities is funded in the Program Operating Budget.

The Program Operating Budget authorizes and provides the basis for control of operating expenditures for both internal and citizen services, including operating and maintaining new capital facilities. Program Operating Budget appropriations lapse at the end of the fiscal year. The Program Operating Budget is funded with recurring annual revenues such as taxes, licenses, fines, user fees, and interest income.

The following guidelines determine what is a CIP project:

- Relatively high monetary value (at least \$25,000)
- Long life (at least five years)
- Results in creation of a fixed asset, or the revitalization of a fixed asset

Included within the above definition of a Capital project are the following items:

- Construction of new facilities
- Remodeling or expansion of existing facilities
- Purchase, improvement and development of land
- Operating equipment and machinery for new or expanded facilities
- Planning and engineering costs related to specific capital improvements
- Street construction, reconstruction, resurfacing or renovation

In general, automotive and other rolling stock, personal computers, and other equipment not attached to or part of new facilities are not to be included as a CIP project. The exception to this is when the total dollar amount of all the items are of a considerable value that they are grouped together and considered as a single capital project.

The City of Scottsdale uses two cross-departmental CIP Coordination Teams, one for review of construction related projects and the other for review of technology related projects. The **Construction Review Team** (see appendix for a list of staff names) consists of seven individuals from a variety of programs and professional disciplines to review project submissions and ensure that:

- Projects are scoped properly (a building has ADA access, includes telephones, computers, etc.)
- Infrastructure components are coordinated (a waterline is installed at the same time as a roadway improvement at a specific location)
- Long-term operating impacts are included in estimates (staffing, utility and maintenance costs are considered)
- Timeframes for construction activity and cash flow requirements are realistic
- Projects are coordinated geographically (i.e., not more than one north/south major thoroughfare is restricted at a time), and
- Project costs are reviewed to determine the adequacy of the budget and appropriate funding sources

The **Technology Review Team** (see appendix for a list of staff names) included eight individuals from a variety of programs to review technology project submissions and ensure that:

- Project meets City's current hardware, software and security standards
- If technology will be accessed from remote locations what network bandwidth requirements are needed to support the application
- Long-term operating impacts are included in estimates (training, maintenance and support)
- Who is responsible for funding ongoing maintenance of hardware, operating system, application and database, if applicable

- Who is responsible for day-to-day support
- Does the system require after hours technical support
- Includes funding to cover ongoing monthly communication costs associated with the system, if applicable
- Backups and data retention have been considered
- Disaster recovery and security considerations have been taken into account

While these examples are not exhaustive they provide excellent examples of the value added through project review by cross-departmental teams.

Each department was required to submit both new project requests and rejustifications to the applicable CIP review team. If the review teams had questions concerning a request the departments were asked to clarify the issue to assist the review team in prioritizing the project against all City needs.

After this far-reaching review process the CIP Review Teams prioritize the program. Projects are prioritized based on City Council's Broad Goals, department priorities, anticipated funding sources, and during the first review the International City/County Management Association (ICMA) Project Prioritization Matrix as adjusted for the City of Scottsdale. The ICMA Prioritization Criteria were obtained from Capital Projects: New Strategies for Planning, Management, and Finance, Copyright 1989, pp 85-87.

**The twelve prioritization criteria used by Scottsdale for construction related projects are:**

1. **Capital Cost** - This element is for the total cost of constructing or installing the proposed work. Of particular concern in assigning a score for this element is the question of what makes a project a high or low priority. For purposes of this evaluation, use the following rating range:

CAPITAL COST	SCORE
Under \$100,000	5
\$100,000 - \$1,000,000	4
\$1,000,000 - \$5,000,000	3
Over \$5,000,000	2

This "forced" scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current tight financial status of CIP funds. A project that is relatively expensive that should be deemed an overall

high priority project will have its rank bolstered by other evaluation elements in which it will receive high rating scores.

2. **Annual Recurring Costs** - The expected change in operation and maintenance costs. Program operating departments provide year-by-year estimates of the additional costs or reductions likely in the program budget because of the new project. Also to be considered are changes in revenues that may be affected by a project, for example, the loss in property taxes incurred when private land is used for a capital project. See Capital Projects Operating Impacts schedule on page 123 of this section.
3. **Health and Safety Effects** - This criterion includes health-related environmental impacts like reductions/increases in traffic accidents, injuries, deaths, sickness due to poor water quality, health hazards due to sewer problems, etc.
4. **Community and Citizen Benefits** - Economic impacts such as property values, the future tax base, added jobs, income to citizens, changes in business income, and the stabilization (or revitalization) of neighborhoods. Such impacts may apply more to capital projects related to growth and expansion than to infrastructure maintenance although deteriorating structures can adversely affect business.
5. **Environmental, Aesthetic, and Social Effects** - A catch-all criterion for other significant quality-of-life-related impacts, this includes community appearance, noise, air and water pollution effects, households displaced, damage to homes, effect on commuters, changes in recreational opportunities, etc.
6. **Distributional Effects** - Estimates of the number and type of persons likely to be affected by the project and nature of the impact; for instance, explicit examination of project impact on various geographical areas; on low-moderate income areas; and on specific target groups. Equity issues are central here - who pays, who benefits, and the social goals of the jurisdiction.
7. **Public Perception of Need** - This criterion refers to project assessment of (a) the extent of public support; (b) interest group advocacy and/or opposition.
8. **Feasibility of Implementation** - This element is a measure of (a) special implementation problems (e.g., physical or engineering restraints) and (b) compatibility with the General Plan.
9. **Implication of Deferring the Project** - Deferring capital projects is tempting for hard-pressed governments but an estimate of the possible effects, such as higher future costs and inconvenience to the public, provides valuable guidance in proposal assessment.

- 10. Uncertainty of Information Supplied** - Amount of uncertainty and risk - For each proposal, each of the above criteria will have associated with it some degree of uncertainty as to cost estimates, effect on service quality, or impact of new procedures. When substantial uncertainties exist regarding any of the evaluation criteria for any proposal, the City should consider estimating, at least in broad terms, the amount of uncertainty — probability of occurrence — and the magnitude of the likely negative consequences. Few cities generate such information but even “educated guesses” are useful here.
- 11. Effect on Interjurisdictional Relationships** - Possible beneficial/adverse effects on relationships with other jurisdictions or quasi-governmental agencies in the area constitute this criterion. Such effects, e.g., waste disposal via landfills in other jurisdictions, are likely to require special regional coordination and could impair the proposal’s attractiveness.
- 12. Mayor and City Council’s Broad Goals** - If a capital project directly addresses the Mayor and City Council’s Broad Goals, the relative attractiveness of that project increases.

- 2. Annual Recurring Costs** - This element reflects other costs relative to a proposed project, including operation and maintenance costs, licensing costs, and potential revenues generated by the completed project. If a project has potentially high O&M and licensing costs, then a lower rating should be assigned. If a project has the potential of generating revenues, then a higher rating should be assigned. Overall, the score for this element should reflect a compilation of all three factors. See Capital Projects Operating Impacts schedule on page 123 of this section.
- 3. Technological Infrastructure** - This criterion refers to projects required to maintain the technology infrastructure for essential City operations. This would include such items as networks and servers; telephone PBX, extension or improvements to the Wide Area Network for remote locations, etc. Projects that include elements related to these items would necessarily be scored higher than projects that don’t support the integrity of the technology infrastructure.

**The ten prioritization criteria used by Scottsdale for technology related projects are:**

- 1. Capital Cost** - This element is for the total cost of constructing or installing the proposed work. Of particular concern in assigning a score for this element is the question of what makes a project a high or low priority. For purposes of this evaluation, use the following rating range:

CAPITAL COST	SCORE
Under \$100,000	5
\$100,000 - \$1,000,000	4
\$1,000,000 - \$5,000,000	3
Over \$5,000,000	2

Again, this “forced” scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current tight financial status of CIP funds. A project that is relatively expensive that should be deemed an overall high priority project will have its rank bolstered by other evaluation elements in which it will receive high rating scores.

- 4. Service Enhancement And Staff/Citizen Benefits** - This element considers the impacts that a project may have on service and the benefits the project may offer to citizens or staff members. This criterion should be viewed in terms of the numbers of citizens or staff members that may benefit from the project and how a service may be enhanced by the project.
- 5. Distributional (Cross-Departmental) Effects** - This element deals with the extent of influence of a proposed project. The impacts and benefits may be spread over the community at-large or to a specific geographic area or to the entire City staff or to specific City staff at specific locations.

An example of a project that would receive a higher rating score would be a utility billing project where almost all citizens would benefit from the project and some staff members also benefit. Compare this to a transit technology project that targets a specific population, and benefits a limited number of staff members.

- 6. Feasibility of Implementation** - This element is a measure of: (a) special implementation problems, e.g. physical and engineering restraints and (b) compatibility with the City’s overall Technology Plan. A project would be considered for higher rating score if it has few restraints to accomplish it and is also compatible with the overall Technology Plan.
- 7. Implication of Deferring the Project** - This element accounts for the downside risk incurred for deferring a project, such as higher future costs, loss of contributions, continued inconvenience to the public

and staff, possible constraints to network capacity, deterioration of the City’s technology infrastructure or legal liability. In this evaluation, increased implications for delaying a project translates into a higher rating score.

Projects that address the limitations of a system or software package that may render a system unusable if corrective measures are not taken would score high for this element. In addition, a lower score might be in order if future lower costs associated with technology would come into the equation.

- 8. **Uncertainty of Information Supplied** - This element measures the success potential of a proposed project. Rating scores should be awarded based on the accuracy of information given by the proposing department, the detail of cost estimates, and the potential of the project going awry due to its very nature. Lower rating scores will be assigned for projects that, basically, have insufficient information to allow a “good” review of the project for prioritization.
- 9. **Effect on Regional Governance** - Rating scores should be determined based on the possible beneficial or adverse effects on a proposed project due to relationships with other jurisdictions or quasi-governmental agencies in the area. Such effects may require special regional coordination that could directly impact the success or scheduling of a project. The identification of such impacts may result in lower rating scores until such issues are resolved.
- 10. **Mayor and City Council’s Broad Goals** - The question to answer is simply “does it or doesn’t it” and, if the proposed project does, to what degree are the Mayor and City Council’s Broad Goals being met?

After all proposed projects are prioritized using this criteria, the list of projects is reviewed from two more viewpoints: (1) Does the list stand an “intuitive check”? Do projects fall in the priority order that was “anticipated”?; and (2) Are there any linkages between projects? Are any projects related to each other in such a manner that having them accomplished concurrently would be advantageous? What about sequencing or timing? Are any projects dependent on the completion of other projects? Adjustments to the priority list may be necessary dependent on this final review.

The prioritized projects are subsequently reviewed by the City Manager, Assistant/Deputy City Manager, Chief Financial Officer, Budget Director, CIP Coordinator and various General Managers. Then the recommended five-year CIP Plan is reviewed by the City Council and Citizen Budget Review Committee during budget work/ study sessions and public hearings prior to budget adoption.

**Capital Improvement Plan - Funding Sources**

The Capital Improvement Plan uses funding from the 2000 voter-approved bonds, as well as any remaining funds from the 1989 and 1992 voter-approved bonds, and Preservation G.O. Bonds. These General Obligation Bonds, together with Municipal Property Corporation Bonds, provide the bond-funded portion of the plan, which is approximately 51% of the CIP. Approximately 49% of Scottsdale’s CIP is funded with pay-as-you-go revenues which include development fees, dedicated sales tax revenues and contributions from fund balance transfers. The following pie chart represents funding source percentages, while the table presents the five-year comparison of the funding sources on a cash flow basis.

Funding sources for the CIP are presented on a cash flow basis. These revenue sources are presented in the period that the revenue is expected to be collected. Funding sources include estimated balances on hand at the beginning of the period as well as revenue expected to be received during the period. As a result of presenting revenue on the cash basis, pay-as-you-go funding sources do not equal budgeted expenditures in each period, sometimes creating a fund deficit as cash accumulates for project expenditures in subsequent years.

All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or general obligation bonds appropriately pay for projects that benefit the general public as a whole. User fees, development fees, and/or contributions pay for projects that benefit specific users. Other factors considered when funding the capital plan are whether the financing method provides funding when needed and the financial costs associated with the funding source. The following summarizes some of the funding sources for the CIP.

**General Obligation (G.O.) Bonds** are bonds that are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer’s property taxing power, and must be authorized by the electorate.

**Special Assessment Bonds** are issued for property owners desiring improvements to their property such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City’s budget; however, the property owners fund the debt service payments through a special assessment on their improved property.

**Municipal Property Corporation (MPC) Bonds** are issued by the Municipal Property Corporation, a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation, but does not require voter approval. The repayment of MPC debt is financed by pledged excise taxes.

**Preserve Bonds** represent debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. The 1998 election expanded the recommended study boundary (RSB) from the original 12,876 acres to 36,400 acres and this budget provides for authority to continue preservation efforts. Preserve debt is repaid by a dedicated 0.2% sales tax authorized by the voters in 1995.

**Water & Sewer Development Fees** are revenues received from developers when new construction developments are made. These fees are based upon the increased costs of providing additional infrastructure and services in the development areas.

**Contributions** represent amounts paid by other organizations to pay for capital projects. Other contributions come from developers to pay for capital projects in development areas.

**Tourism – Bed Tax** represents revenues received from privilege tax on hotel and motel room rentals within the City. These funds pay for capital projects that increase tourism.

**General Fund** transfers represent the pay-as-you-go contribution from general revenues for capital projects without a dedicated funding source.

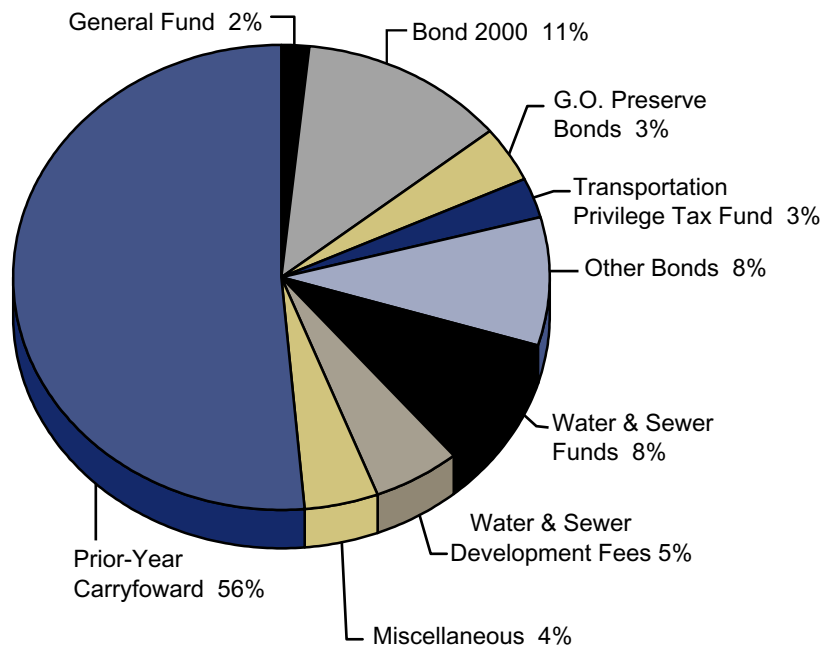
**Water & Sewer Funds** are utility bill revenues received from the sale of domestic water and the fees collected for the disposal of sanitary sewer waste from customers within the City. Water & Sewer operating revenues in excess of operating expenditures are transferred to CIP to fund water and sewer projects.

**Preservation Privilege (Sales) Tax** represents revenues received from the 1995 voter approved 0.2% sales tax on local retail and other sales. These revenues are restricted for the purchase of land within the McDowell Sonoran Preserve.

**Transportation Privilege (Sales) Tax** represents revenues received from the 1989 voter approved 0.2% sales tax on local retail and other sales.

**Prior year Carryovers** are committed funds from prior year purchase orders that are rebudgeted until they are expended and uncommitted funds rebudgeted until the projects are completed.

**2003/08 Capital Improvement Plan  
Funding Sources  
Percent of Total**



# FIVE-YEAR PLAN SUMMARY

# Capital Improvement Plan

## FY 2003/04 Adopted Budget Five-Year Financial Plan Capital Improvement Plan

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08
<b>Source of Funds:</b>					
<b>Beginning Fund Balance *</b>	<b>398,378.4</b>	<b>314,536.6</b>	<b>312,723.0</b>	<b>251,474.7</b>	<b>227,978.7</b>
<b>Revenues</b>					
Bonds/Contracts					
General Obligation	39,500.0	55,000.0	58,000.0	36,000.0	27,000.0
General Obligation-Preserve	50,000.0	15,400.0	-	-	-
Municipal Properties Corporation	7,100.0	17,000.0	25,000.0	-	-
Municipal Properties Corporation-Arsenic		50,000.0	35,000.0	15,600.0	-
Municipal Properties Corporation-Sewer		18,400.0			
Pay-As-You-Go					
Water & Sewer Development Fees	13,600.0	14,200.0	14,600.0	15,700.0	22,000.0
Extra Capacity Development Fee	-	11,700.0	-	-	-
Grants	6,368.7	7,172.9	5,817.6	2,404.2	85.4
Other Contributions	2,488.3	18,697.0	2,937.0	4,068.0	-
Interest Earnings	5,063.0	3,656.3	3,137.1	2,976.8	3,263.7
Miscellaneous	958.5	59.1	2.1	2.1	2.3
<b>Subtotal</b>	<b>125,078.5</b>	<b>211,285.3</b>	<b>144,493.8</b>	<b>76,751.1</b>	<b>52,351.4</b>
<b>Transfers In</b>					
General Fund	6,825.3	6,000.0	5,000.0	4,000.0	6,250.0
Highway User Fund	73.5	74.8	73.0	73.7	73.7
Special Projects Fund	373.5	420.8	765.0	50.0	-
Transportation Privilege Tax Fund	9,823.2	9,882.5	10,085.4	10,388.0	10,699.6
Aviation Fund	407.9	546.2	745.9	193.2	15.2
Water & Sewer Fund	35,359.2	31,118.7	25,379.3	33,543.0	34,852.2
Solid Waste Fund	18.5	718.9	81.4	89.2	3,618.5
Internal Service Funds	532.3	38.3	37.0	37.1	37.6
<b>Subtotal</b>	<b>53,413.4</b>	<b>48,800.2</b>	<b>42,167.0</b>	<b>48,374.2</b>	<b>55,546.8</b>
<b>Sub-Total Revenues &amp; Transfers In</b>	<b>178,491.9</b>	<b>260,085.5</b>	<b>186,660.8</b>	<b>125,125.3</b>	<b>107,898.2</b>
<b>Total Sources of Funds</b>	<b>576,870.4</b>	<b>574,622.1</b>	<b>499,383.8</b>	<b>376,600.0</b>	<b>335,876.9</b>
<b>Use of Funds:</b>					
Community Facilities	76,087.2	55,319.5	33,989.5	11,870.2	6,267.5
Preservation	70,411.8	1,376.1	-	-	-
Neighborhood Drainage & Flood Control	12,320.5	17,592.8	16,496.9	6,634.6	150.0
Improvement Districts	4,750.5	-	-	-	-
Public Safety	18,581.1	30,555.6	6,022.7	-	-
Service Facilities	13,041.0	5,860.4	4,608.5	3,819.8	6,671.8
Transportation	119,959.7	48,721.4	57,944.2	26,216.4	16,565.9
Water Services	180,426.3	100,863.5	35,790.7	57,421.0	10,000.0
Contingency	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Prior Year Unexpended *	-	240,714.2	246,574.3	162,315.0	128,453.3
<b>Total Capital Improvement Plan Budget</b>	<b>498,078.1</b>	<b>503,503.5</b>	<b>403,926.8</b>	<b>270,777.0</b>	<b>170,608.5</b>
<b>Less: Estimated Inception to Date Expenditures</b>	<b>(257,363.9)</b>	<b>(256,929.2)</b>	<b>(241,611.8)</b>	<b>(142,323.7)</b>	<b>(111,809.0)</b>
<b>Subtotal: Unexpended at Year End</b>	<b>240,714.2</b>	<b>246,574.3</b>	<b>162,315.0</b>	<b>128,453.3</b>	<b>58,799.5</b>
<b>Transfers Out</b>					
To Water/Sewer Operating Funds	4,969.9	4,969.9	6,297.3	6,297.6	6,247.8
<b>Subtotal</b>	<b>4,969.9</b>	<b>4,969.9</b>	<b>6,297.3</b>	<b>6,297.6</b>	<b>6,247.8</b>
<b>Total Use of Funds</b>	<b>262,333.8</b>	<b>261,899.1</b>	<b>247,909.1</b>	<b>148,621.3</b>	<b>118,056.8</b>
<b>Ending Fund Balance</b>	<b>314,536.6</b>	<b>312,723.0</b>	<b>251,474.7</b>	<b>227,978.7</b>	<b>217,820.0</b>

\* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses).



**Capital Project List**

The following is a summary of the capital projects listed in alphabetical order that are included in the City's five-year Capital Improvement Plan (CIP) for the period FY 2003/04 through FY 2007/08. Please note only the first year (FY 2003/04) of the CIP is adopted by the City Council. Subsequent years are presented solely for long-term planning purposes and may be funded in future periods, based on emerging community priorities and available funding. Further project detail such as project descriptions, specific funding source(s) and geographic location of the project are included in Volume Three. The column on the right-hand side of the matrix indicates the specific page cross-reference in Volume Three where the project detail can be found.

**PROJECT LIST**

Project #	Project Name	Estimated Expenditures						Total	Volume 3
		Thru 06/30/03	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08		Page # Ref.
F2101	104th St Storm Drain/Cactus-Cholla	(78.8)	225.0	-	-	-	-	225.0	19
P0403	124th Street Access Area Amenities	-	150.0	1,376.1	-	-	-	1,526.1	19
P9040	68th St Footbridge	(0.8)	45.8	-	-	-	-	45.8	19
V0402	91st Ave-Salt River Outfall Rehabilitation	-	4,000.0	4,000.0	4,000.0	2,000.0	6,000.0	20,000.0	20
V6402	91st Ave Waste Water Treatment Plant	(33,455.7)	37,636.0	3,000.0	3,000.0	5,000.0	3,000.0	51,636.0	20
V9901	91st Ave WWTP-UP01 Expansion	(12,755.2)	27,632.0	4,561.9	2,185.5	2,251.0	-	36,630.4	20
S9903	96th Street – Shea to Sweetwater Blvd	(596.9)	3,589.0	-	-	-	-	3,589.0	21
B8805	Accessible Facility Modifications	(653.3)	1,080.2	250.0	250.0	250.0	218.2	2,048.4	21
V0204	Advanced Water Treatment Plant-Phase 3	(268.5)	4,750.0	5,000.0	-	-	-	9,750.0	21
P0302	Aging Park Facility Renovations	(369.0)	2,218.4	2,278.9	-	-	-	4,497.3	22
P0204	Aging Parks-Chaparral Pool Building	(95.8)	1,605.0	-	-	-	-	1,605.0	22
A5001	Airport Land Acquisition	(255.5)	391.1	-	-	-	-	391.1	22
n/a	Airport Maintenance Facility	-	-	51.5	530.5	-	-	582.0	23
n/a	Airport Parking Lot Lighting Upgrades	-	-	76.5	-	-	-	76.5	23
A0401	Airport Security Fencing	-	50.0	200.0	-	-	-	250.0	23
A0302	Airport Terminal Area Renovations	-	-	1,006.9	145.0	180.0	-	1,331.9	24
W2105	Alameda/122nd St Booster Pump Station	(18.6)	150.0	700.0	-	-	-	850.0	24
A0402	Apron Pavement Reconstruction	-	1,400.0	-	-	-	-	1,400.0	24
P0201	Arabian Library Phase II	(479.3)	479.5	-	-	-	-	479.5	25
W3705	Architect/Engineer Services	(1,375.0)	1,560.0	150.0	-	150.0	-	1,860.0	25
W2106	Arsenic Mitigation Treatment	(1,628.6)	19,500.0	15,000.0	15,000.0	14,600.0	-	64,100.0	25
P8740	Art In Public Places	(2,692.6)	4,237.1	432.4	197.8	189.9	145.1	5,202.3	26
T9005	Arterial Roadway Street Lighting	(227.3)	828.1	-	-	-	-	828.1	26
F8410	Automated Flood Warning System-North Area	(14.8)	194.4	-	-	-	-	194.4	26
A0301	Aviation Noise Exposure Maps	-	341.0	-	-	-	-	341.0	27
M9911	Barcode Equip. for Property/Evidence/Asset Tracking	(11.7)	97.9	-	-	-	-	97.9	27
I0101	Bell Road II ID	(7,412.7)	8,633.1	-	-	-	-	8,633.1	27
n/a	Bell Road-94th St to Thompson Peak Parkway	-	-	505.0	4,541.0	-	-	5,046.0	28
P0704	Bikeways Program	(1,006.1)	3,377.0	399.2	1,870.0	3,300.0	1,460.3	10,406.5	28
W9903	Booster Station Upgrades	(196.3)	375.0	100.0	-	-	-	475.0	28
A2105	Bravo Taxiway Extension-Grant Match	-	123.4	-	-	-	-	123.4	29
T8110	Bus Bay Improvement Program	(66.4)	1,632.2	800.0	800.0	800.0	669.1	4,701.3	29
T1702	Bus Shelters Program	(471.0)	1,687.1	-	-	-	-	1,687.1	29
G9001	Buses Expansion	(73.1)	3,852.6	840.0	300.0	2,940.0	-	7,932.6	30
S2102	Cactus Rd-Pima Freeway to Frank Lloyd Wright Blvd	(147.4)	4,580.4	4,070.0	-	-	-	8,650.4	30

# PROJECT LIST

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Project #	Project Name	Estimated Expenditures					Forecast 2007/08	Total	Volume 3
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S0301	Camelback Rd-64th to 68th St	(183.2)	1,474.4	-	-	-	-	1,474.4	30
P0205	CAP Basin Lighted Sports Complex	(861.0)	12,428.2	-	-	-	-	12,428.2	31
W0301	CAP Hayden-Shea Water Connection	(1.2)	5,500.0	3,500.0	-	-	-	9,000.0	31
W0202	CAP Plant Expansion	(12.7)	7,000.0	16,000.0	5,464.0	29,973.0	-	58,437.0	31
P0206	Chaparral Park Extension	(174.5)	412.7	4,000.0	-	-	-	4,412.7	32
S0302	Chaparral Rd Improvements-Miller to Hayden	(37.0)	500.0	-	-	-	-	500.0	32
W9911	Chaparral Water Treatment Plant	(13,095.0)	73,357.9	-	-	-	-	73,357.9	32
W4702	Chaparral WTP Influent Waterline	(247.5)	5,242.8	-	-	-	-	5,242.8	33
W0302	Chaparral WTP Water Distribution System	(0.7)	4,500.0	3,000.0	-	-	-	7,500.0	33
A9903	Cholla Hangar Infrastructure – Grant Match	-	56.0	-	-	-	-	56.0	33
T4701	CIP Design Concept Program	(1,739.6)	2,183.0	-	-	-	-	2,183.0	34
M8838	City Attorney-Automate Criminal Justice System	(183.8)	250.0	-	-	-	-	250.0	34
M0402	City Attorney-Legal Case Matter Management System	-	160.0	-	-	-	-	160.0	34
M9901	City Clerk-Imaging through the Internet	(2.0)	35.0	-	-	-	-	35.0	35
V9902	Citywide Flow Monitoring	(540.8)	910.0	-	-	250.0	-	1,160.0	35
n/a	Civic Center East-Drainage Improvement	-	-	131.1	1,328.1	-	-	1,459.2	35
P0207	Civic Center Senior Center Replacement	(710.9)	4,119.3	8,211.5	-	-	-	12,330.8	36
M9903	Community Development – Records Imaging	(188.5)	504.1	-	-	-	-	504.1	36
n/a	Community Services-Class System Upgrades	-	-	87.4	-	-	-	87.4	36
M0301	Courts-Case Management System	-	80.0	100.0	50.0	50.0	-	280.0	37
M0202	Courts-IVR	-	40.0	-	-	-	-	40.0	37
M0306	Courts-Videoconferencing	-	-	22.3	33.3	-	-	55.6	37
New	Courts-Ergonomic Work Stations	-	-	36.0	-	-	-	36.0	38
New	Courts-Expansion	-	-	10.0	580.0	-	-	590.0	38
New	Courts-Security Area Remodel	-	-	2.5	101.7	-	-	104.2	38
E0204	Crime Laboratory Equipment Replacement	(129.1)	292.8	49.2	16.9	-	-	358.9	39
W8515	Deep Well Recharge/Recovery Facilities	(283.9)	1,600.0	1,500.0	-	1,000.0	-	4,100.0	39
A0403	Design Projects-03/04-05/06	-	250.0	70.0	165.0	-	-	485.0	39
A0404	Disabled Aircraft Removal Dolly	-	31.8	-	-	-	-	31.8	40
B2104	District 2 Expansion	(744.0)	782.6	2,300.0	-	-	-	3,082.6	40
M0403	Document Management System-City Clerk	-	248.5	-	-	-	-	248.5	40
M9906	Document Management System-Courts	(0.9)	100.0	250.0	-	-	-	350.0	41
New	Document Management System-Customer Services	-	-	-	391.0	-	-	391.0	41
D6508	Downtown Directional Signs	(24.9)	40.0	-	-	-	-	40.0	41
D0401	Downtown Electrical Upgrades	-	450.0	450.0	450.0	-	-	1,350.0	42
D0402	Downtown Façade Program	-	300.0	-	-	-	-	300.0	42
New	Downtown Lighting Improvements	-	-	380.0	250.0	-	-	630.0	42
P8734	Downtown Parking	(1,854.6)	9,417.8	-	-	-	-	9,417.8	43
P0309	Downtown Reinvestment	-	5,785.7	2,979.5	-	-	-	8,765.2	43
New	Downtown Restrooms	-	-	-	-	575.0	450.0	1,025.0	43
D0208	Downtown Streetscape Amenities	(100.4)	200.0	-	-	-	-	200.0	44
S0312	Downtown Streetscape Enhancement Fund	-	311.7	-	99.1	415.3	-	826.1	44
P9055	Downtown/Canal Footbridge for Fifth Avenue Area	(362.3)	644.8	-	-	-	-	644.8	44
D8738	Downtown/Canal Transit Bridge	(1,299.3)	1,605.1	-	-	-	-	1,605.1	45
n/a	Earll/Thomas Corridor-Drainage Improvement	-	-	500.0	6,197.0	3,849.0	-	10,546.0	45
V0301	East Shea Sewer Improvements	-	600.0	-	-	-	-	600.0	45
F0401	East Union Hills Interceptor Channel	-	456.8	1,484.0	2,430.1	-	-	4,370.9	46
P0208	Eldorado Pool Renovation	(5,000.2)	5,388.4	-	-	-	-	5,388.4	46
B0101	Energy Management Opportunities	(139.2)	213.4	-	-	-	-	213.4	46

Project #	Project Name	Estimated Expenditures					Total	Volume 3	
		Thru 06/30/03	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07		Forecast 2007/08	Page # Ref.
E0401	Explosive Ordinance Disposal Equipment	-	185.0	-	-	-	185.0	47	
New	FAA Part 161-Noise Study	-	-	1,000.0	-	-	1,000.0	47	
B9915	Facilities Repair and Maintenance Program	(1,761.7)	3,098.2	830.0	545.0	680.0	453.9	5,607.1	47
B0203	Family Advocacy Center	(3,682.5)	3,942.5	-	-	-	-	3,942.5	48
M0308	Financial Services-Hand Held Meter Reading System	-	50.0	-	109.3	-	-	159.3	48
n/a	Financial Services-IVR Tax and License	-	-	109.3	-	-	-	109.3	48
M0302	Financial Services-Payroll/Human Resource System	(9.2)	128.8	-	-	-	-	128.8	49
n/a	Financial Services-Remittance Process Transport Sys	-	-	-	-	442.9	-	442.9	49
n/a	Financial Services-Tax, Licensing & Alarm Billing Sys	-	-	928.0	-	-	-	928.0	49
B0401	Fire Stn #809-Southwest Quadrant	-	165.0	935.0	-	-	-	1,100.0	50
B0402	Fire Stn #810-Miller & Thomas Remodel	-	168.4	-	-	-	-	168.4	50
B0205	Fire Stn #811-McDonald & Scottsdale Expansion	(5.2)	181.1	-	-	-	-	181.1	50
B0202	Fire Stn #812 & Rescue Vehicle-Scottsdale Airport	(110.9)	1,802.5	-	-	-	-	1,802.5	51
E2102	Fire Stn #813-Via Linda Vehicle & Equipment	(449.4)	556.2	-	-	-	-	556.2	51
B2101	Fire Stn #817-Vicinity Bell Rd & 100th Street	(794.6)	807.0	-	-	-	-	807.0	51
B9010	Fire Stn #818-Troon North Fire Station	(908.4)	919.0	-	-	-	-	919.0	52
n/a	Fire Stn #820-Desert Mountain-permanent station	-	-	156.7	800.0	-	-	956.7	52
B0403	Fire Stn #826-Jomax and Scottsdale Road	-	790.0	1,305.0	-	-	-	2,095.0	52
B9909	Fire Stn #827-Ashler Hills & Pima	(79.1)	800.0	400.0	-	-	-	1,200.0	53
A0304	Flight Tracking System	-	60.0	-	-	-	-	60.0	53
F0302	Floodplain Acquisition Program	-	1,183.3	1,183.3	-	-	-	2,366.6	53
S0303	FLW/Via Linda Intersection	-	-	38.0	492.0	-	-	530.0	54
S0304	FLW-Scottsdale Rd to Shea	-	1,715.0	200.0	1,634.0	-	-	3,549.0	54
F0201	Granite Reef Watershed	-	700.0	4,728.0	-	-	-	5,428.0	54
S2103	Hayden Rd-Cactus to Redfield	(96.0)	5,000.0	5,112.0	-	-	-	10,112.0	55
S0201	Hayden Rd-Deer Valley to Pinnacle Peak	-	950.0	-	-	300.0	1,819.4	3,069.4	55
S0202	Hayden Rd-Pima Freeway to Thompson Peak Pkwy	(652.5)	11,459.4	-	-	-	-	11,459.4	55
S9904	Hayden Rd-Princess Drive to Freeway	(3,783.0)	4,126.0	-	-	-	-	4,126.0	56
S0305	Hayden and McDonald-Intersection Improvement	-	2,651.0	-	-	-	-	2,651.0	56
S0306	Hayden and Via de Ventura-Intersection Improvement	-	322.7	1,033.0	-	-	-	1,355.7	56
S0401	Hayden/Thomas Intersection Improvement	-	161.0	1,269.0	-	-	-	1,430.0	57
P0305	Hidden Hills Trailheads Amenities	-	499.6	-	-	-	-	499.6	57
S0402	Indian Bend Rd-Scottsdale to Hayden	-	270.0	1,800.0	9,135.0	-	-	11,205.0	57
P9901	Indian Bend Wash Lakes Renovation	(139.8)	1,024.0	-	-	-	-	1,024.0	58
F8430	Indian School Park Watershed-Phase I	(42.6)	546.0	-	-	-	-	546.0	58
F0402	Indian School Park Watershed-Phase II	-	60.0	586.0	1,019.0	-	-	1,665.0	58
S0308	Indian School Rd-Drinkwater to Pima	-	300.0	600.0	3,138.0	-	-	4,038.0	59
S7002	Indian School Rd-Indian Bend Wash to 81st St.	(3,109.6)	3,100.0	-	-	-	-	3,100.0	59
M0204	Info. Services-GIS Mapping Platform Migration	(52.9)	564.0	-	-	-	-	564.0	59
M9909	Info. Services-Network Infrastructure	(310.9)	1,296.5	361.0	361.0	361.0	361.0	2,740.5	60
M9921	Info. Services-PC Equipment	(1,029.5)	2,748.8	1,256.8	1,256.8	1,256.8	1,256.8	7,776.0	60
M0205	Info. Services-Security Investment/ Antivirus	(58.0)	69.0	171.0	29.0	-	-	269.0	61
M9910	Info. Services-Server Infrastructure	(1,047.9)	2,045.4	521.8	521.8	521.8	521.8	4,132.5	61
M0207	Info. Services-Technology Storage Area Network	(197.6)	287.3	-	-	-	-	287.3	61
M9920	Info. Services-Telephone Equipment	(162.0)	641.5	308.5	233.6	257.7	260.5	1,701.8	62
F0303	Jackrabbit/Chaparral West-Drainage Improvement	-	85.0	300.0	2,000.0	666.0	-	3,051.0	62
n/a	Jail CCTV Monitoring/Recording System Replacement	-	-	184.7	-	-	-	184.7	63
A0307	Kilo Ramp & Service Road	(1,577.2)	1,652.4	-	-	-	-	1,652.4	63
B8810	Kiva Technology & Facility Improvements	120.6	171.5	-	-	-	-	171.5	63

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Project #	Project Name	Estimated Expenditures					Forecast 2007/08	Total	Volume 3
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P9916	LaMirada Desert Park	(57.5)	650.0	-	-	-	650.0	64	
A2107	Land Acquisition Keekor Parcel-Grant Match	-	150.0	-	-	-	150.0	64	
P0202	Library Automation System Replacement	(64.8)	589.9	-	-	-	589.9	64	
B0303	Lift Replacement	(13.0)	361.5	-	-	-	361.5	65	
D0211	Loloma District Museum	(212.2)	7,500.0	-	-	-	7,500.0	65	
n/a	Loloma District Public Parking Garage	-	-	1,400.0	1,000.0	-	2,400.0	65	
n/a	Loloma District-Stagebrush Theatre Relocation	-	-	-	-	1,600.0	1,600.0	66	
D0403	Loloma District Streetscape Improvements	-	200.0	700.0	750.0	750.0	2,400.0	66	
T9902	Loop 101 Park and Ride(PNR)	-	86.0	-	-	-	86.0	66	
V8620	Master Plan Update-Sewer	(116.0)	383.0	-	100.0	-	483.0	67	
W8525	Master Plan Update-Water	(433.1)	766.8	-	300.0	-	1,066.8	67	
S0310	McDonald Drive-Scottsdale to Hayden	-	348.8	1,614.7	-	-	1,963.5	67	
F0403	McDonald Drive Corridor-Drainage Project	-	650.0	832.0	-	-	1,482.0	68	
P0209	McDowell Mountain Ranch Park and Aquatic Center	(226.6)	11,576.9	-	-	-	11,576.9	68	
P6900	McDowell Sonoran Preserve	(276,083.2)	345,845.5	-	-	-	310,845.5	68	
B9905	McKellips Service Center	(1,062.0)	1,311.4	-	-	-	1,311.4	69	
V2101	Miller Road Sewer Phase 3	0.0	1,300.0	3,000.0	-	-	4,300.0	69	
P0203	Mustang Library Study Rooms	(118.2)	129.4	-	-	-	129.4	69	
D0404	NE Downtown Streetscape	-	367.0	1,613.0	-	-	1,980.0	70	
N3001	Neighborhood Funding Partnership	(628.7)	752.1	-	-	-	752.1	70	
F6302	Neighborhood Stormwater Management Improv.	(1,250.5)	1,773.2	888.2	150.0	150.0	3,111.4	70	
T8140	Neighborhood Traffic Management Program	(1,534.7)	2,556.0	500.0	500.0	500.0	4,556.0	71	
P0104	Nevelson Sculpture Re-Siting	(46.0)	360.0	-	-	-	360.0	71	
F6305	North Area Basin Master Plan	(623.9)	1,083.3	-	-	-	1,083.3	71	
B2103	North Corp Yard Parking Garage	(1,095.7)	1,196.1	-	-	-	1,196.1	72	
F3705	Northern Stormwater Risk/Vulnerability Mgt	(19,530.0)	23,060.1	-	-	-	23,060.1	72	
F0712	NPDES Monitoring Stations/Sampling	(1,153.9)	1,330.3	674.0	152.0	250.0	2,406.3	72	
V9907	Outer Loop Sewer Scottsdale Road to Pima Road	(831.4)	1,163.0	-	-	-	1,163.0	73	
F0305	Outfall Drain-Pima Freeway to Union Hills	(89.7)	2,900.0	-	-	-	2,900.0	73	
P0211	Paiute Nighborhood Ctr Bldgs 7 & 9 Remodel/Walkway	(614.7)	767.4	-	-	-	767.4	73	
S9905	Particulate Emission Reduction Program	(1,730.1)	2,500.0	-	-	-	2,500.0	74	
New	Pavement Preservation-Runway 3/21	-	-	80.0	-	55.0	225.0	74	
A0201	Perimeter Road Improvements-Airport Project	(27.6)	27.6	-	-	-	27.6	74	
n/a	Pima Rd-Deer Valley to Pinnacle Peak	-	-	-	-	100.0	900.0	75	
S4702	Pima Rd-McDowell Rd to Via Linda	(11,781.2)	13,350.0	-	-	-	13,350.0	75	
S2104	Pima Road-Pima Freeway to Thompson Peak	(571.3)	4,481.0	6,533.7	-	-	11,014.7	75	
New	Pima Road Drainage System	-	-	399.0	64.8	1,719.6	2,183.4	76	
S0204	Pinnacle Peak-Scottsdale Rd to Pima Rd	-	-	-	803.0	3,674.0	6,277.1	76	
M0208	Planning Systems-Land Survey Asset Management	(114.8)	262.9	16.4	16.9	-	296.2	76	
M0404	Planning Systems-Laptops & Wireless Connectivity	-	26.9	26.9	-	-	53.8	77	
P4711	Playground Equipment Replacement	(1,087.4)	1,273.9	126.6	134.4	150.0	1,849.9	77	
E0302	Police Emergency Power	(3.5)	150.0	-	-	-	150.0	77	
M0303	Police Mobile Data and Communications Upgrade	(10.0)	55.0	-	-	-	55.0	78	
B0302	Police Operational Support Building	-	2,200.0	24,500.0	5,205.8	-	31,905.8	78	
M8915	Police Portable Radio Replacement Plan	(2,053.5)	4,197.1	-	-	-	4,197.1	78	
M0307	Police Records Management-Modifications	(27.8)	75.0	-	-	-	75.0	79	
M0401	Police Records Mgt and CAD System Replacement	-	4,725.0	-	-	-	4,725.0	79	
M9005	Police RMS/AFIS Enhancements	(337.5)	347.2	300.0	-	-	647.2	79	
M0304	Police Security Systems	-	37.5	-	-	-	37.5	80	
M0305	Police Wiretap Upgrade	(83.4)	150.0	-	-	-	150.0	80	

Project #	Project Name	Estimated Expenditures Thru 06/30/03	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Total	Volume 3
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M0405	Police/Fire Radio System Consultant	-	150.0	-	-	-	-	150.0	80
B0204	Police/Fire Training Facility Phase 2	-	3,795.8	425.0	-	-	-	4,220.8	81
n/a	Public Pool Equipment Replacement	-	-	200.0	200.0	200.0	200.0	800.0	81
P0212	Public Pool Safety Upgrades	(343.4)	432.0	-	-	-	-	432.0	81
V0401	Pump Station 96 (RWDS A) Modifications	-	700.0	-	-	-	-	700.0	82
V0203	Pump Station 97 (RWDS B) Modifications	(0.5)	700.0	-	-	-	-	700.0	82
V4001	Radio Telemetry-Monitoring Automation (Sewer)	(335.6)	602.5	53.0	54.6	56.3	-	766.4	82
W4001	Radio Telemetry-Monitoring Automation (Water)	(492.9)	931.8	132.6	136.6	140.7	-	1,341.7	83
F6303	Reata Pass Detention Outlet	(395.9)	430.0	-	-	-	-	430.0	83
P0401	Recreational Amenity Replacement	-	150.0	150.0	150.0	150.0	150.0	750.0	83
E9903	Refurbish Two Fire Engines	-	210.0	-	-	-	-	210.0	84
T0201	Regional Transit Maintenance Facility	-	1,103.0	2,541.0	8,566.9	-	-	12,210.9	84
V9908	Relief Sewers – Citywide	(731.3)	2,000.0	500.0	-	-	-	2,500.0	84
E2103	Replacement Fire Vehicle Contingency	(1,000.6)	1,764.9	-	-	-	-	1,764.9	85
T6101	Roadway Capacity Improvements	(7,988.5)	8,953.0	1,500.0	2,000.0	1,500.0	1,500.0	15,453.0	85
S0403	Rubberized Asphalt Overlay	-	3,900.0	-	-	-	-	3,900.0	85
A0405	Runway RSA-Safety Area Improvements	-	1,500.0	500.0	-	-	-	2,000.0	86
B0207	SCA Improvements and Facility Upgrades	(154.3)	1,302.3	110.2	129.4	-	-	1,541.9	86
P8736	Scottsdale Papago Streetscape	(600.2)	6,229.0	-	-	-	-	6,229.0	86
n/a	Scottsdale Ranch Park Tennis Courts	-	-	-	384.8	-	-	384.8	87
S0205	Scottsdale Rd-Dynamite to Carefree Highway	-	921.2	-	-	-	-	921.2	87
S7005	Scottsdale Rd-FLW Blvd to Thompson Peak	(1,392.1)	16,896.0	-	-	-	-	16,896.0	87
F2706	Scottsdale Rd Bridge Over Indian Bend Wash	(221.2)	2,248.0	-	-	-	-	2,248.0	88
D0205	Scottsdale Rd Preservation & Streetscape Enhance.	(65.7)	4,543.0	6,557.0	6,000.0	6,000.0	4,000.0	27,100.0	88
S2707	Scottsdale Road-Indian Bend Rd to Gold Dust Rd	(4,499.2)	19,942.0	-	-	-	-	19,942.0	88
n/a	Scottsdale Road-Pinnacle Peak to Dynamite	-	-	-	2,092.6	-	-	2,092.6	89
S0311	Scottsdale Road-Thompson Peak to Pinnacle Peak	-	-	3,000.0	12,811.5	-	-	15,811.5	89
F0304	Scottsdale Road Corridor-Drainage Project	-	490.0	3,280.0	2,973.9	-	-	6,743.9	89
A0202	Security & Access Control System	(618.2)	669.3	-	-	-	-	669.3	90
W0303	Security Enhancements	-	500.0	-	-	-	-	500.0	90
P0301	Self Check Machine/LAN Infrastructure Replacement	(200.8)	520.9	-	-	-	-	520.9	90
F6301	Severe Weather Warning & Response Program	(1,141.8)	1,216.7	295.0	182.0	-	-	1,693.7	91
V3704	Sewer Collection System Rehabilitation	(2,242.4)	3,296.0	-	250.0	-	-	3,546.0	91
V0703	Sewer Oversizing	(1,115.7)	1,835.7	-	-	-	-	1,835.7	91
S0313	Shea Blvd and 92nd St-Intersection Improvement	-	812.0	-	-	-	-	812.0	92
S0314	Shea Blvd and Hayden-Intersection Improvement	-	100.0	601.0	181.0	-	-	882.0	92
S0315	Shea Blvd: 90th & 96th St Intersection	-	335.5	261.0	-	-	-	596.5	92
T9904	Shea Sidewalk Match Funds	(139.7)	511.0	-	-	-	-	511.0	93
T6103	Sidewalk Improvements	(861.0)	1,270.2	281.4	292.4	-	-	1,844.0	93
P0213	Sonoran Hills Park	(895.3)	946.0	-	-	-	-	946.0	93
P9904	Sports Lighting Expansion & Upgrade	(30.3)	620.0	613.1	763.2	521.7	655.1	3,173.1	94
P0402	Spring Training Facility	-	900.0	20,000.0	-	-	-	20,900.0	94
S0406	SRP Street Light Purchase	-	442.5	-	-	-	-	442.5	94
S0404	Stacked 40's-Center Rd to Hayden	-	3,100.0	2,000.0	1,500.0	-	-	6,600.0	95
S0405	Stacked 40's-North Frontage Road	-	1,200.0	1,500.0	500.0	-	-	3,200.0	95
F0204	Stormwater Drain Pollution Prevention Markers	-	301.0	-	-	-	-	301.0	95
P8732	Strategic Areas	(340.0)	379.1	-	-	-	-	379.1	96
D2102	Taliesin West	(3.5)	517.5	-	-	-	-	517.5	96
A0306	Taxiway Extension & Transient Ramp	-	-	-	972.6	-	-	972.6	96

# PROJECT LIST

# Capital Improvement Plan

Project #	Project Name	Estimated Expenditures					Forecast 2007/08	Total	Volume 3
		Thru 06/30/03	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07			Page # Ref.
A0406	Taxiway Overlay-Alpha & Charlie	-	410.3	-	-	-	-	410.3	97
S0316	Thompson Peak-Bell to Union Hills	-	2,760.0	3,722.0	513.6	9,040.2	-	16,035.8	97
n/a	Thompson Peak Bridge @ Reata Pass Wash	-	-	-	1,391.1	-	-	1,391.1	97
S0317	Thunderbird/Redfield-Scottsdale to Hayden	(43.7)	130.0	-	-	2,660.0	1,850.0	4,640.0	98
T8150	Traffic Management Program-ITS	(4,813.9)	8,450.3	4,654.8	2,697.5	818.3	1,250.0	17,870.9	98
T8160	Traffic Signal Program	(1,592.6)	2,463.5	360.7	371.5	348.9	350.0	3,894.6	98
P9035	Trail Development/Acquisition	(826.4)	1,443.3	500.0	500.0	500.0	502.3	3,445.6	99
n/a	Transfer Station Expansion	-	-	-	-	-	3,600.0	3,600.0	99
New	Transfer Station Refurbishment	-	-	550.0	-	-	-	550.0	99
T0202	Transit Technology	-	350.0	-	-	-	-	350.0	100
V2102	Troon East RWDS Pump Station Modifications	(0.7)	300.0	-	-	-	-	300.0	100
S0319	Union Hills Dr-Scottsdale to 74th St	(86.6)	3,400.0	-	-	-	-	3,400.0	100
W0401	Union Hills Trans. Line-Water Campus to Site 120	-	400.0	1,000.0	-	-	-	1,400.0	101
T0302	Upper Camelback Wash MUP-Cactus to Redfield	-	1,200.0	-	-	-	-	1,200.0	101
T0203	Upper Camelback Wash MUP-92nd/Shea to Cactus	-	1,545.0	-	-	-	-	1,545.0	101
F0203	Upper Camelback Wash Watershed	(169.7)	1,630.0	2,312.2	-	-	-	3,942.2	102
M0210	Utility Billing System	(0.3)	2,791.5	-	-	-	-	2,791.5	102
W5705	Utility Sleeve Crossings/Outer Loop	(1,215.8)	1,815.0	-	-	-	-	1,815.0	102
A0407	Vehicle Security Gate Upgrade	-	120.0	-	-	-	-	120.0	103
n/a	Vista Del Camino Ballfield Renovation	-	-	-	23.3	818.3	-	841.6	103
P0307	Vista Del Camino Remodel/Expansion	(2.2)	274.1	2,730.6	-	-	-	3,004.7	103
W9912	Water Distribution System Improvements	(2,946.2)	4,500.0	750.0	300.0	-	-	5,550.0	104
W0710	Water Oversizing	(5,726.2)	8,214.1	-	-	-	-	8,214.1	104
W0205	Water Quality Improvements-Southern Neighbor.	(670.7)	10,000.0	-	-	-	-	10,000.0	104
V0205	Water Reclamation Plant Phase 3	(2,105.1)	4,750.0	15,000.0	-	-	-	19,750.0	105
W6160	Water Rights Acquisition	(41,830.6)	44,052.0	20,916.0	-	-	-	64,968.0	105
W8570	Waterline Replacements	(8,951.7)	12,491.0	3,000.0	1,000.0	2,000.0	1,000.0	19,491.0	105
W4708	Well Sites	(13,491.4)	17,142.1	-	4,000.0	-	-	21,142.1	106
New	WestWorld-100,000 Sq Ft Multi-purpose Building	-	-	1,600.0	23,000.0	-	-	24,600.0	106
D0302	WestWorld-Arena Footings	-	87.0	-	-	-	-	87.0	106
D0206	WestWorld-Arenas 7 & 8 Relocation	(0.8)	309.0	-	-	-	-	309.0	107
D9902	WestWorld-Covered Arena & Walkway to Equidome	-	577.0	-	-	-	-	577.0	107
D0405	WestWorld-Driveways & Pedestrian/ Horse Paths	-	82.0	84.4	86.9	-	-	253.3	107
n/a	WestWorld-Landscaping Plan	-	-	225.1	-	-	-	225.1	108
D0303	WestWorld-Paving Projects	(0.9)	530.5	-	-	-	-	530.5	108
D0207	WestWorld-Restroom Facility	-	669.5	-	-	-	-	669.5	108
D0301	WestWorld-State Land Acquisition-51.92 Acres	-	10,015.0	-	-	-	-	10,015.0	109
W9913	Zone 12-13 Water System Improvements	(802.5)	8,528.0	-	-	-	-	8,528.0	109
W0304	Zone 12-13 Water Transmission Lines	(0.4)	6,680.0	-	-	-	-	6,680.0	109
W8560	Zone 2 Reservoir-120th & Shea Blvd	(4,979.1)	5,741.5	-	-	-	-	5,741.5	110
W0207	Zone 9 Reservoir Expansion	(6,781.1)	7,000.0	-	-	-	-	7,000.0	110
	<b>Contingency Budget</b>	-	<b>2,500.0</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>2,500.0</b>	<b>12,500.0</b>	
	<b>Inception to Date Expenditures Through 03/31/03</b>	-	<b>(528,159.8)</b>	-	-	-	-	<b>(528,159.8)</b>	
	<b>Estimated Expenditures 04/01/03-06/30/03</b>	-	<b>(30,675.1)</b>	-	-	-	-	<b>(30,751.9)</b>	
	<b>Prior Year Carry-Forward (¹)</b>	-	-	<b>240,714.2</b>	<b>246,574.4</b>	<b>162,315.1</b>	<b>128,453.3</b>	<b>778,057.0</b>	
	<b>Total Capital Improvement Plan Budget</b>	-	<b>498,078.1</b>	<b>503,503.8</b>	<b>403,927.2</b>	<b>270,777.5</b>	<b>170,608.9</b>	<b>1,846,819.0</b>	

(¹) Prior year carry-forwards for 2003/04 are estimated and included in individual projects.

**Capital Projects Operating Impacts**

The operating impact of capital projects are analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational efficiency savings associated with projects are also taken into consideration (net operating costs) during the capital project evaluation and review process. As capital improvement projects are completed, the operating costs of these projects have been identified and included in the appropriate departmental program budgets. Departmental staff plan and budget for significant start-up costs, as well as operation and maintenance of new facilities.

The table below presents the five-year forecast of capital project operating impacts (costs). These operating cost estimates represent the staffing and maintenance necessary due to the completion and expected completion of capital projects. The capital projects operating impacts are incorporated into the General Fund budget found in the Fund Summaries and Five-Year Financial Plan section of Volume One on page 27. The operating impacts are also factored in the appropriate program expenditures found through out Volume Two. For a complete description of each capital project, refer to Volume Three using the page cross-reference column on the right-hand side of the matrix.

**OPERATING IMPACTS**

Project #	Project Name	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Total	Volume 3 Page # Ref.
P0403	124th Street Access Area Amenities	-	-	25.0	25.0	25.0	75.0	19
S9903	96th Street – Shea Blvd to Sweetwater Blvd	-	18.5	18.5	18.5	18.5	74.0	21
P0302	Aging Park Facility Renovations	-	58.0	83.6	83.6	83.6	308.8	22
n/a	Airport Maintenance Facility	-	-	-	6.0	6.0	12.0	23
A0302	Airport Terminal Area Renovations	-	8.5	8.5	8.5	8.5	34.0	24
W2105	Alameda/122nd St Booster Pump Station	-	16.0	16.0	16.0	16.0	64.0	24
W2106	Arsenic Mitigation Treatment	-	600.0	650.0	4,500.0	4,500.0	10,250.0	25
T9005	Arterial Roadway Street Lighting	-	53.9	53.9	53.9	53.9	215.6	26
M9911	Barcode Equipment for Property Ev/Asset Tracking	19.6	19.6	19.6	19.6	19.6	98.0	27
n/a	Bell Road-94th St to Thompson Peak Parkway	-	-	-	27.6	27.6	55.2	28
P0704	Bikeways Program	-	5.0	5.0	5.0	5.0	20.0	28
T1702	Bus Shelter Program	-	33.0	45.0	50.0	55.0	183.0	29
G9001	Buses Expansion	-	1,200.0	1,200.0	1,900.0	1,900.0	6,200.0	30
S2102	Cactus Rd-Pima Freeway to Frank Lloyd Wright Blvd	-	-	36.4	36.4	36.4	109.2	30
S0301	Camelback Rd-64th to 68th	-	3.8	3.8	3.8	3.8	15.2	30
P0205	CAP Basin Lighted Sports Complex	-	363.5	726.9	726.9	726.9	2,544.2	31
W0301	CAP Hayden-Shea Water Connection	-	-	-	2.0	2.0	4.0	31
W0202	CAP Plant Expansion	-	-	-	-	1,300.0	-	31
P0206	Chaparral Park Extension	-	-	175.0	111.0	111.0	397.0	32
W9911	Chaparral Water Treatment Plant	-	-	-	-	200.0	200.0	32
W4702	Chaparral WTP Influent Waterline	-	-	1.0	1.0	1.0	3.0	33
M0402	City Attorney-Legal Case Matter Management System	-	16.0	14.0	16.0	18.0	64.0	34
M9901	City Clerk-Imaging Through the Internet	3.0	3.0	3.0	3.0	3.0	15.0	35
P0207	Civic Center Senior Center Replacement	-	-	179.8	359.6	359.6	899.0	36
n/a	Community Services-Class System Upgrades	-	-	12.0	23.0	23.0	58.0	36
n/a	Courts-Expansion	-	-	80.8	288.1	288.1	657.0	38
M0202	Courts-IVR	5.0	5.0	5.0	5.0	5.0	25.0	37
n/a	Courts-Security Area Remodel	-	-	0.7	0.2	0.2	1.1	38
M0306	Courts-Videoconferencing	-	2.6	4.5	4.5	4.5	16.1	37
M0403	Doc. Mgt. Sys.-City Clerk	-	5.0	5.0	5.0	5.0	20.0	40
M9906	Doc. Mgt. Sys.-Courts	-	-	12.5	25.0	25.0	62.5	41
n/a	Doc. Mgt. Sys.-Customer Service	-	-	-	23.2	27.0	50.2	41

# OPERATING IMPACTS

# Capital Improvement Plan

Project #	Project Name	Volume 3					Total	Page # Ref.
		Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08		
D0401	Downtown Electrical Upgrades	-	1.8	1.8	1.8	1.8	7.2	42
n/a	Downtown Lighting Improvements	-	-	(0.5)	(0.5)	(0.5)	(1.5)	42
P8734	Downtown Parking	-	25.0	50.0	50.0	50.0	175.0	43
n/a	Downtown Restrooms	-	-	-	-	18.5	18.5	43
P0208	Eldorado Pool Renovation	87.2	87.2	87.2	87.2	87.2	436.2	46
E0401	Explosive Ordnance Disposal	2.2	22.4	-	-	-	24.6	47
n/a	FAA Part 161-Noise Study	-	-	6.0	6.0	6.0	18.0	47
M0302	Financial Services-Payroll/Human Resource System	-	7.5	7.5	7.5	7.5	30.0	49
M0308	Financial Services-Hand Held Meter Reading System	-	-	-	0.5	0.5	1.0	48
n/a	Financial Services-Remittance Process Transport System	-	-	-	22.1	22.1	44.2	49
n/a	Financial Services-Tax, Licensing & Alarm Billing System	-	-	24.0	26.9	30.1	81.0	49
B0401	Fire Station #809-Southwest Quadrant	-	18.5	18.5	18.5	18.5	74.0	50
B0402	Fire Station #810-Miller and Thomas Remodel	-	1.4	1.4	1.4	1.4	5.6	50
B0205	Fire Station #811-McDonald and Scottsdale Expansion	-	1.4	1.4	1.4	1.4	5.6	50
B2101	Fire Station #817-Vicinity of Bell Rd and 100th St.	26.0	52.5	52.5	52.5	52.5	236.0	51
B9010	Fire Station #818-Troon North	26.0	52.5	52.5	52.5	52.5	236.0	52
n/a	Fire Station #820-Desert Mountain	-	-	-	52.5	52.5	105.0	52
B0403	Fire Station #826-Jomax & Scottsdale Rd	-	-	778.5	778.5	778.5	2,335.5	52
B9909	Fire Station #827-Ashler Hills and Pima	-	-	52.5	52.5	52.5	157.5	53
A0304	Flight Tracking System	-	5.0	5.0	5.0	5.0	20.0	53
S0304	FLW-Scottsdale Rd to Shea	-	-	-	7.0	7.0	14.0	54
S0306	Hayden and Via de Ventura-Intersection Improvement	-	-	0.8	0.8	0.8	2.4	56
S2103	Hayden Rd-Cactus to Redfield	-	-	17.9	17.9	17.9	53.7	55
S0202	Hayden Rd-Pima Freeway to Thompson Peak Parkway	-	46.8	46.8	46.8	46.8	187.2	55
S9904	Hayden Rd-Princess Drive to Freeway	-	26.9	26.9	26.9	26.9	107.6	56
S0401	Hayden/Thomas Intersection Improvement	-	-	0.7	0.7	0.7	2.1	57
P0305	Hidden Hills Trailhead Amenities	-	19.6	19.6	19.6	19.6	78.4	57
S0402	Indian Bend Rd-Scottsdale to Hayden	-	-	-	23.8	23.8	47.6	57
M0205	Information Services-Security Investment/ Antivirus	6.0	6.0	6.0	6.0	6.0	30.0	61
n/a	Jail CCTV Monitoring/Recording System Replacement	-	-	4.0	4.0	4.0	12.0	63
P9916	La Mirada Desert Park	-	30.0	30.0	30.0	30.0	120.0	64
P0202	Library Automations System Replacement	-	44.0	44.0	44.0	44.0	176.0	64
D0211	Loloma District Museum	-	-	100.0	100.0	100.0	300.0	65
n/a	Loloma District Public Parking Garage	-	-	-	12.5	12.5	25.0	65
D0403	Loloma District Streetscape Improvements	-	5.0	7.5	10.0	10.0	32.5	66
S0310	McDonald Drive-Scottsdale to Hayden	-	-	-	0.9	0.9	1.8	67
P0209	McDowell Mountain Ranch Park and Aquatic Center	-	-	512.5	512.5	512.5	1,537.5	68
B9905	McKellips Service Center	-	2.3	2.3	2.3	2.3	9.2	69
V2101	Miller Road Sewer Phase 3	-	-	2.0	2.0	2.0	6.0	69
P0203	Mustang Library Study Room	1.6	1.6	1.6	1.6	1.6	8.2	69
T8140	Neighborhood Traffic Management Program	-	20.0	25.0	25.0	30.0	100.0	71
V9907	Outer Loop Sewer Scottsdale Road to Pima Road	-	3.0	3.0	3.0	3.0	12.0	73
S0204	Pinnacle Peak-Scottsdale Rd to Pima Rd	-	-	-	-	49.2	49.2	76
M0404	Planning Systems-Laptops & Wireless Connectivity	-	5.0	5.0	5.0	5.0	20.0	77
B0204	Police Fire/Training Facility Phase 2	-	-	-	98.8	98.8	197.6	81
M0303	Police Mobile Data and Communication Upgrade	5.0	10.0	15.0	15.0	15.0	60.0	78
B0302	Police Operational Support Building	-	-	-	337.2	337.2	674.4	78
M8915	Police Portable Radio Replacement Plan	-	8.1	8.1	8.1	8.1	32.4	78
M0401	Police Records Management & CAD System Replacement-	-	250.0	250.0	250.0	250.0	1,000.0	79



Project #	Project Name	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Total	Volume 3
								Page # Ref.
M0307	Police Records Management System (Modifications)	11.0	22.0	22.0	22.0	22.0	99.0	79
V0401	Pump Station 96 (RWDS) Modifications	2.5	5.0	5.0	5.0	5.0	22.5	82
V0203	Pump Station 97 (RWDS) Modifications	2.5	5.0	5.0	5.0	5.0	22.5	82
V4001	Radio Telemetry-Monitoring Automation Citywide (Sewer)	4.0	4.0	4.0	4.0	4.0	20.0	82
W4001	Radio Telemetry-Monitoring Automation Citywide (Water)	5.0	5.0	5.0	5.0	5.0	25.0	83
V9908	Relief Sewers – Citywide	4.1	4.1	4.1	4.1	4.1	20.5	84
T6101	Roadway Capacity Improvements	-	2.2	2.2	2.2	2.2	8.8	85
n/a	Scottsdale Ranch Park Tennis Courts	-	-	-	10.0	10.0	20.0	87
S7005	Scottsdale Rd-Frank Lloyd Wright Blvd to TPP	-	50.6	50.6	50.6	50.6	202.4	87
S2707	Scottsdale Rd-Indian Bend Rd to Gold Dust Rd	-	36.5	36.5	36.5	36.5	146.0	88
S0311	Scottsdale Rd-Thompson Peak to Pinnacle Peak	-	-	-	-	49.9	49.9	89
V3704	Sewer Collection System Rehabilitation	1.0	2.0	2.0	2.0	2.0	9.0	91
S0313	Shea Blvd and 92nd St-Intersection Improvement	-	0.5	0.5	0.5	0.5	2.0	92
S0314	Shea Blvd and Hayden-Intersection Improvement	-	-	-	0.8	0.8	1.6	92
P9904	Sports Lighting Expansion & Upgrades	-	24.0	41.0	59.0	59.0	183.0	94
P0402	Spring Training Facility	-	-	-	1,000.0	1,000.0	2,000.0	94
S0406	SRP Street Light Purchase	-	171.8	172.0	172.1	172.3	688.2	94
S0404	Stacked 40's-Center Rd to Hayden	-	26.4	26.4	26.4	26.4	105.6	95
S0405	Stacked 40's-North Frontage Road	-	8.3	8.3	8.3	8.3	33.2	95
S0317	Thunderbird/Redfield-Scottsdale to Hayden	-	-	-	-	14.2	14.2	98
T8150	Traffic Management Program-ITS	-	270.0	310.0	400.0	400.0	1,380.0	98
T8160	Traffic Signal Program	-	61.3	64.0	66.6	69.3	261.2	98
P9035	Trail Development/Acquisition	5.0	10.0	15.0	15.0	15.0	60.0	99
n/a	Transfer Station Expansion	-	-	-	-	(102.8)	(102.8)	99
V2102	Troon East RWDS Pump Station Modifications	-	5.0	5.0	5.0	5.0	20.0	100
S0319	Union Hills Drive-Scottsdale to 74th St.	-	9.0	9.0	9.0	9.0	36.0	100
W0401	Union Hills Transmission Line-Water Campus to Site 120	-	-	3.0	3.0	3.0	9.0	101
M0210	Utility Billing System	157.3	194.5	201.3	208.6	216.1	977.8	102
n/a	Vista Del Camino Ballfield Renovation	-	-	-	-	10.0	10.0	103
P0307	Vista Del Camino Remodel/Expansion	-	-	22.5	22.5	22.5	67.5	103
W9912	Water Distribution System Improvements	3.0	3.0	3.0	3.0	3.0	15.0	104
W0205	Water Quality Improvements-Southern Neighborhoods	-	-	500.0	500.0	500.0	1,500.0	104
W8570	Waterline Replacements	3.0	3.0	3.0	3.0	3.0	15.0	105
n/a	WestWorld-100,000 Sq.Ft. Multipurpose Building	-	-	-	898.0	898.0	1,796.0	106
D0207	WestWorld-Restroom Facility	9.0	9.0	9.0	9.0	9.0	45.0	108
W0304	Zone 12-13 Water Transmission Lines	-	-	5.0	5.0	5.0	15.0	109
W0207	Zone 9 Reservoir Expansion	-	-	3.0	3.0	3.0	9.0	110
<b>Total Estimated Operating Impacts</b>		<b>389.1</b>	<b>4,097.2</b>	<b>7,190.0</b>	<b>14,739.4</b>	<b>16,307.8</b>	<b>41,423.3</b>	



**AUTHORIZED PERSONNEL POSITIONS - BY DEPARTMENT**

	<b>Actual 2001/02</b>	<b>Adopted 2002/03</b>	<b>Estimated 2002/03</b>	<b>Adopted 2003/04</b>
<b>General Government</b>				
Full-time	189.00	189.00	189.00	185.00
Part-time	6.50	6.50	6.50	6.50
Grant	1.00	-	-	-
<b>Total FTE</b>	<b>196.50</b>	<b>195.50</b>	<b>195.50</b>	<b>191.50</b>
<b>Police</b>				
Full-time	569.00	586.00	585.00	585.00
Part-time	3.10	3.10	3.10	3.10
Grant	2.00	2.00	2.00	2.00
<b>Total FTE</b>	<b>574.10</b>	<b>591.10</b>	<b>590.10</b>	<b>590.10</b>
<b>Financial Services</b>				
Full-time	142.00	142.00	142.00	138.00
Part-time	2.50	2.50	2.50	2.50
<b>Total FTE</b>	<b>144.50</b>	<b>144.50</b>	<b>144.50</b>	<b>140.50</b>
<b>Transportation</b>				
Full-time	45.00	45.00	45.00	37.00
Part-time	1.85	1.35	1.35	1.35
<b>Total FTE</b>	<b>46.85</b>	<b>46.35</b>	<b>46.35</b>	<b>38.35</b>
<b>Community Services</b>				
Full-time	335.00	335.00	335.00	322.00
Part-time	170.35	170.35	170.35	173.30
Grant	10.75	10.75	10.75	10.75
<b>Total FTE</b>	<b>516.10</b>	<b>516.10</b>	<b>516.10</b>	<b>506.05</b>
<b>Information Systems</b>				
Full-time	73.00	72.00	73.00	73.00
Part-time	0.81	0.81	0.81	0.81
<b>Total FTE</b>	<b>73.81</b>	<b>72.81</b>	<b>73.81</b>	<b>73.81</b>
<b>Fire *</b>				
Part-time	2.68	2.68	2.68	2.68
<b>Total FTE</b>	<b>2.68</b>	<b>2.68</b>	<b>2.68</b>	<b>2.68</b>
<b>Water Resources</b>				
Full-time	140.00	139.00	139.00	135.00
Part-time	-	-	-	1.00
<b>Total FTE</b>	<b>140.00</b>	<b>139.00</b>	<b>139.00</b>	<b>136.00</b>
<b>Municipal Services</b>				
Full-time	207.00	210.00	210.00	213.00
Part-time	3.00	3.00	3.00	3.00
<b>Total FTE</b>	<b>210.00</b>	<b>213.00</b>	<b>213.00</b>	<b>216.00</b>
<b>Citizen &amp; Neighborhood Resources</b>				
Full-time	35.00	35.00	35.00	32.00
Part-time	-	-	-	-
<b>Total FTE</b>	<b>35.00</b>	<b>35.00</b>	<b>35.00</b>	<b>32.00</b>
<b>Human Resources</b>				
Full-time	34.00	33.00	33.00	32.00
Part-time	2.50	2.50	2.50	2.50
<b>Total FTE</b>	<b>36.50</b>	<b>35.50</b>	<b>35.50</b>	<b>34.50</b>
<b>Economic Vitality</b>				
Full-time	10.00	10.00	10.00	8.00
Part-time	-	-	-	-
<b>Total FTE</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>8.00</b>
<b>Planning and Development Services</b>				
Full-time	157.00	151.00	151.00	142.00
Part-time	-	-	-	-
<b>Total FTE</b>	<b>157.00</b>	<b>151.00</b>	<b>151.00</b>	<b>142.00</b>
<b>Total Full-time Position FTE</b>	<b>1,936.00</b>	<b>1,947.00</b>	<b>1,947.00</b>	<b>1,902.00</b>
<b>Total Part-time Position FTE</b>	<b>193.29</b>	<b>192.79</b>	<b>192.79</b>	<b>196.74</b>
<b>Total Grant Funded Position FTE</b>	<b>13.75</b>	<b>12.75</b>	<b>12.75</b>	<b>12.75</b>
<b>Total City-wide Position FTE</b>	<b>2,143.04</b>	<b>2,152.54</b>	<b>2,152.54</b>	<b>2,111.49</b>

**Note:**

- Full-Time Equivalent (FTE) - A calculation used to convert part time hours to equivalent full-time positions.
- Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing number of hours budgeted by 2,080.
- \* 40 Part-time Fire Support Positions (2.68 FTE), included in the Fire Support program.

# AUTHORIZED PERSONNEL POSITIONS - BY FUND

Appendix

	Adopted 2003/04	General Fund	HURF	Special Programs	Enterprise	Internal Service	Capital Project	Grants	Total
<b>General Government</b>									
Full-time	185.00	183.00	-	2.00	-	-	-	-	185.00
Part-time	6.50	4.42	-	2.08	-	-	-	-	6.50
Grant	0.00	0.00	-	0.00	-	-	-	-	0.00
<b>Total FTE</b>	<b>191.50</b>	<b>187.42</b>	<b>-</b>	<b>4.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>191.50</b>
<b>Police</b>									
Full-time	585.00	584.00	-	1.00	-	-	-	-	585.00
Part-time	3.10	3.10	-	-	-	-	-	-	3.10
Grant	2.00	-	-	-	-	-	-	2.00	2.00
<b>Total FTE</b>	<b>590.10</b>	<b>587.10</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.00</b>	<b>590.10</b>
<b>Financial Services</b>									
Full-time	138.00	106.00	-	-	25.00	7.00	-	-	138.00
Part-time	2.50	2.50	-	-	-	-	-	-	2.50
<b>Total FTE</b>	<b>140.50</b>	<b>108.50</b>	<b>-</b>	<b>-</b>	<b>25.00</b>	<b>7.00</b>	<b>-</b>	<b>-</b>	<b>140.50</b>
<b>Transportation</b>									
Full-time	37.00	0.00	25.00	-	11.00	-	1.00	-	37.00
Part-time	1.35	-	-	-	1.35	-	-	-	1.35
<b>Total FTE</b>	<b>38.35</b>	<b>0.00</b>	<b>25.00</b>	<b>-</b>	<b>12.35</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>38.35</b>
<b>Community Services</b>									
Full-time	322.00	320.00	-	2.00	-	-	-	-	322.00
Part-time	173.30	165.74	-	7.56	-	-	-	-	173.30
Grant	10.75	0.00	-	0.00	-	-	-	10.75	10.75
<b>Total FTE</b>	<b>506.05</b>	<b>485.74</b>	<b>-</b>	<b>9.56</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.75</b>	<b>506.05</b>
<b>Information Systems</b>									
Full-time	73.00	73.00	-	-	-	-	-	-	73.00
Part-time	0.81	0.81	-	-	-	-	-	-	0.81
<b>Total FTE</b>	<b>73.81</b>	<b>73.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73.81</b>
<b>Fire *</b>									
Part-time	2.68	2.68	-	-	-	-	-	-	2.68
<b>Total FTE</b>	<b>2.68</b>	<b>2.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.68</b>
<b>Water Resources</b>									
Full-time	135.00	-	-	-	135.00	-	-	-	135.00
Part-time	1.00	-	-	-	1.00	-	-	-	1.00
<b>Total FTE</b>	<b>136.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136.00</b>
<b>Municipal Services</b>									
Full-time	213.00	5.00	52.00	-	77.00	41.00	38.00	-	213.00
Part-time	3.00	-	0.00	-	2.25	0.00	0.75	-	3.00
<b>Total FTE</b>	<b>216.00</b>	<b>5.00</b>	<b>52.00</b>	<b>-</b>	<b>79.25</b>	<b>41.00</b>	<b>38.75</b>	<b>-</b>	<b>216.00</b>
<b>Citizen &amp; Neighborhood Resources</b>									
Full-time	32.00	31.00	-	1.00	-	-	-	-	32.00
Part-time	0.00	0.00	-	-	-	-	-	-	0.00
<b>Total FTE</b>	<b>32.00</b>	<b>31.00</b>	<b>-</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.00</b>
<b>Human Resources</b>									
Full-time	32.00	32.00	-	-	-	-	-	-	32.00
Part-time	2.50	2.50	-	-	-	-	-	-	2.50
<b>Total FTE</b>	<b>34.50</b>	<b>34.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34.50</b>
<b>Economic Vitality</b>									
Full-time	8.00	8.00	-	-	-	-	-	-	8.00
Part-time	0.00	0.00	-	-	-	-	-	-	0.00
<b>Total FTE</b>	<b>8.00</b>	<b>8.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.00</b>
<b>Planning and Development Services</b>									
Full-time	142.00	142.00	-	-	-	-	-	-	142.00
Part-time	0.00	0.00	-	-	-	-	-	-	0.00
<b>Total FTE</b>	<b>142.00</b>	<b>142.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142.00</b>
<b>Total Full-time Position FTE</b>	<b>1,902.00</b>	<b>1,484.00</b>	<b>77.00</b>	<b>6.00</b>	<b>248.00</b>	<b>48.00</b>	<b>39.00</b>	<b>-</b>	<b>1,902.00</b>
<b>Total Part-time Position FTE</b>	<b>196.74</b>	<b>181.75</b>	<b>-</b>	<b>9.64</b>	<b>4.60</b>	<b>-</b>	<b>0.75</b>	<b>-</b>	<b>196.74</b>
<b>Total Grant Funded Position FTE</b>	<b>12.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.75</b>	<b>12.75</b>
<b>Total City-wide Position FTE</b>	<b>2,111.49</b>	<b>1,665.75</b>	<b>77.00</b>	<b>15.64</b>	<b>252.60</b>	<b>48.00</b>	<b>39.75</b>	<b>12.75</b>	<b>2,111.49</b>

**Note:**  
 Full-Time Equivalent (FTE) - A calculation used to convert part time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing number of hours budgeted by 2,080.  
 \* 40 Part-time Fire Support Positions (2.68 FTE), included in the Fire Support program.

**CITY STAFF SUPPORT**

**Budget Liaisons**

**Budget Liaisons** serve as the vital communication link between the City’s program staff and the budget office staff. Liaisons are responsible for coordinating information, reviewing forms for proper completion, ensuring that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. Listed below are the budget liaisons and their area of responsibility.

General Government

- Mayor and City Council ..... Jeff Kulaga
- Office of the City Clerk ..... Linda Lorbeer
- City Attorney & Prosecution ..... Sue Mitrisin
- City Auditor ..... Jeri Futo
- City Court ..... Lisa Gurtler
- City Manager’s Office ..... Jeff Kulaga
- Communications & Public Affairs ..... Maggie Wilson
- Intergovernmental Relations ..... Steve Olson
- WestWorld ..... Jennifer Bowley

Preservation Department ..... Susan Quinet

Police Department ..... Holly Christian/Carla Murillo

Financial Services Department ..... Joyce Gilbride

Transportation Department ..... Janet Secor

Community Services Department ..... Jeanne Jones

Information Systems Department ..... Jennifer Jensen

Fire Department ..... Jim Ford, Rural Metro

Water Resources Department ..... Rick Gregoire

Municipal Services Department ..... Terri Huston

Citizen and Neigh. Resources Dept. .... Carrie Abts

Human Resources Department ..... Joe Kisler

Economic Vitality Department ..... Kathy Montalvo

Planning & Dev. Services Dept. .... Dan VandenHam

**Capital Improvement Plan Coordination Teams**

The **Capital Improvement Plan Coordination Teams** are comprised of staff from various City departments. The teams are responsible for reviewing all capital projects (construction and technology) for timing and cost considerations, compiling lifecycle costs, and preparing a preliminary capital improvement plan recommendation for review and revision by the General Managers, City Manager, Deputy/Assistant City Managers, Chief Financial Officer, Budget Director, CIP Coordinator, City Council and various boards and commissions comprised of citizens.

**CIP Construction Review Team**

- Municipal Services Department  
Joe Gross and Alex McLaren
- Transportation Department  
Dave Meinhart
- Financial Services Department  
Jeff Nichols
- Planning and Development Services Department  
Tim Conner
- Community Services Department  
Don Penfield
- Information Systems Department  
Rich Peterson

**CIP Technology Review Team**

- Information Systems Department  
Brad Hartig  
Jennifer Jensen  
Shannon Tolle  
John Krusemark  
Mark Ledbetter
- Community Services Department  
Jason Song
- Financial Services Department  
Jacob Beard
- Police Department  
Mike Morrison

# DEBT SERVICE EXPENSE

Appendix

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Final Payment Date
<b>General Obligation Bonds</b>						
Debt Service Fund:						
1989 Series C (issued 1992)						06/30/02
1993 G. O. Refunding	3,145,370	3,165,370	3,650,370	3,730,495	3,736,690	06/30/09
1989 Series D (issued 1993)	116,200	116,200	116,200	116,200	116,200	06/30/13
1993A G. O. Refunding	1,846,818	3,093,443	744,943	2,132,803	2,139,890	06/30/11
1995 G.O. Series & Pima Road						06/30/03
1997 Series H & Pima Road	1,330,250	1,296,750				06/30/05
1997 Refunding Bonds	1,139,083	1,140,443	1,956,533	3,989,450	3,968,000	06/30/14
1989 Series I (1998)	1,247,195	1,228,895	1,208,320	1,190,470	1,190,480	06/30/18
1999A G.O. Bonds	1,306,075	1,294,325	1,279,325	1,261,075	1,260,475	06/30/09
2001 G.O. Refunding Bonds-6% & 20%	3,741,576	3,637,576	2,803,376	788,176	785,464	06/30/22
2002 Various Purpose G.O. Bonds-6% & 20% (28M iss. 5/02)	3,208,700	3,175,275	3,139,275	3,115,025	3,091,775	06/30/14
2002 G.O. Refunding Bonds-6% & 20%	5,454,963	4,336,863	5,651,513	5,649,763	5,660,013	06/30/19
Future Bond-Series 2004 Var. Purpose-6% & 20% (39.5M iss. 12/03)	2,981,508	4,781,475	4,782,475	4,780,475	4,775,475	06/30/14
Future Bond-Series 2005 Var. Purpose-6% & 20% (55M iss. 3/05)		2,000,337		4,829,660	4,829,865	06/30/21
Future Bond-Series 2006 Var. Purpose-6% & 20% (58M iss. 3/06)			2,751,049	4,567,046	4,564,896	06/30/25
Future Bond-Series 2007 Var. Purpose-6% & 20% (36M iss. 3/07)				1,733,005	2,831,119	06/30/26
Future Bond-Series 2008 Var. Purpose-6% & 20% (27M iss. 3/08)					815,224	06/30/27
Fiscal Agent Fees	20,900	21,800	22,800	11,500	10,000	
<b>Total Debt Service Fund-Property Tax</b>	<b>25,538,638</b>	<b>29,288,752</b>	<b>32,933,914</b>	<b>37,895,143</b>	<b>39,775,565</b>	
Water Utility Fund:						
1993 Refunding	4,818,000	4,848,000	5,473,000			06/30/06
1993A Refunding	67,065	67,065	1,382,065			06/30/06
1993 Refunding CAB Accretion	873,474	438,790				06/30/05
Fiscal Agent Fees	2,000	2,000	2,000			
<b>Total Water Utility Fund</b>	<b>5,760,539</b>	<b>5,355,855</b>	<b>6,857,065</b>			
Preserve Sales Tax Fund						
1999 Preserve G.O. Bonds	2,601,250	2,565,625	2,549,375	2,525,625	2,469,375	06/30/24
2001 Preservation G.O. Bonds	2,392,754	2,383,504	2,364,566	2,343,329	2,324,791	06/30/24
2001 G.O. Refunding Bonds-Preservation Portion	1,464,980	1,464,980	1,464,980	1,464,980	1,464,980	06/30/22
2002 G.O. Bonds-Preservation Portion (40M iss. 5/02, prev. 70M)	1,939,218	1,939,218	1,939,218	1,939,218	1,939,218	06/30/24
2002 G.O. Refunding Bonds-Preservation Portion	360,693	360,693	360,693	360,693	360,693	06/30/19
Future Bond-Preservation GO Series 2004 (50M, iss. 3/04)	778,594	2,335,782	2,335,782	2,335,782	2,335,782	06/30/23
Future Bond-Preservation GO Series 2005 (15.4M, iss. 3/05)		266,976	800,927	800,927	800,927	06/30/24
<b>Total Debt Service Fund-Preserve Sales Tax</b>	<b>9,537,488</b>	<b>11,316,777</b>	<b>11,815,541</b>	<b>11,770,553</b>	<b>11,695,766</b>	
<b>Total General Obligation Bonds</b>	<b>40,836,665</b>	<b>45,961,384</b>	<b>51,606,520</b>	<b>49,665,696</b>	<b>51,471,331</b>	
<b>Revenue Bonds</b>						
Highway User Revenue Fund:						
1993 Refunding	3,106,306	3,119,269	3,141,294	3,154,450		06/30/07
Fiscal Agent Fees	1,000	1,000	1,000	1,000		
<b>Total Highway User Fund</b>	<b>3,107,306</b>	<b>3,120,269</b>	<b>3,142,294</b>	<b>3,155,450</b>		
Water Utility Fund:						
1992 Utility Refunding						06/30/00
1989 Series B (1992)	222,067	222,742	222,828	225,010	226,495	06/30/12
1989 Series C (1994)	136,003	137,117				06/30/05
1996 Refunding Bonds	473,594	486,986	620,271	624,092	626,063	06/30/14
Future Bonds						
Fiscal Agent Fees	3,000	3,000	2,500	2,500	2,500	
<b>Total Water Utility Fund</b>	<b>834,663</b>	<b>849,844</b>	<b>845,599</b>	<b>851,601</b>	<b>855,057</b>	
Sewer Utility Fund:						
1992 Utility Refunding						06/30/00
1989 Series B (1992)	189,168	189,743	189,817	191,675	192,940	06/30/12
1989 Series C (1994)	115,854	116,803				06/30/05
1996 Refunding Bonds	403,432	414,840	528,379	531,634	533,313	06/30/14
1989 Series D (1997)	1,424,069	1,409,194	1,417,506	1,412,038	1,406,163	06/30/22
1989 Series E (1998)	3,545,800	3,544,100	3,536,100	3,491,800	3,453,300	06/30/23
Future Bonds						06/30/22
Fiscal Agent Fees	3,500	3,500	3,500	3,500	3,500	
<b>Total Sewer Utility Fund</b>	<b>5,681,823</b>	<b>5,678,180</b>	<b>5,675,302</b>	<b>5,630,647</b>	<b>5,589,216</b>	
<b>Total Revenue Bonds</b>	<b>9,623,792</b>	<b>9,648,293</b>	<b>9,663,195</b>	<b>9,637,698</b>	<b>6,444,273</b>	

	Adopted 2003/04	Forecast 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Final Payment Date
<b>Municipal Prop. Corp. (MPC) Bonds</b>						
Excise Debt Fund:						
1993 Refunding	4,381,513	4,394,138	-	-	-	06/30/05
1994 Refunding	1,135,620	-	-	-	-	06/30/04
1995 TPC	301,180	295,380	299,130	297,930	296,380	06/30/15
1996 McCormick/Stillman	356,660	-	-	-	-	06/30/04
1998 Various Purposes	188,400	187,200	190,800	184,000	187,200	06/30/08
2002 Refunding	3,782,050	3,777,700	3,782,025	3,784,200	3,773,950	6/30/14
Future Bonds - Loloma Museum (4.1 mil Nov 2003) GF funded	208,205	330,634	330,518	333,043	332,314	06/30/23
Future Bonds - Loloma Museum (3.0 mil Nov 2003) Bed tax funded	152,635	242,388	242,304	244,154	243,621	06/30/23
Future Bonds - Westworld (10 mil Jul 2004)	-	468,028	864,761	860,641	864,745	07/01/24
Future Bonds - Westworld (25 mil Nov 2005)	-	-	1,404,117	2,102,675	2,103,675	06/30/24
Future Bonds - Giants Practice Field (7 mil Nov 2004)	-	379,323	568,872	567,060	569,722	06/30/24
Fiscal Agent Fees	60,000	55,000	55,000	55,000	55,000	
Sub-Total Excise Debt Fund	10,566,263	10,129,791	7,737,527	8,428,703	8,426,607	
Less Anticipated Debt Defeasance	(3,000,000)	(3,800,000)	(3,800,000)	(3,800,000)	(3,800,000)	
<b>Total Excise Debt Fund</b>	<b>7,566,263</b>	<b>5,861,763</b>	<b>3,072,766</b>	<b>3,768,062</b>	<b>3,761,862</b>	
Solid Waste Fund:						
1995 Transfer Station	341,493	339,243	341,493	337,993	339,413	06/30/10
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	
<b>Total Solid Waste Fund</b>	<b>345,493</b>	<b>343,243</b>	<b>345,493</b>	<b>341,993</b>	<b>343,413</b>	
Water Fund:						
2001 Scottswater	1,715,700	1,756,700	1,804,550	1,868,900	1,908,400	6/30/08
Future Bonds - MPC/Arsenic (50 mil July 2004)	-	4,584,533	4,585,282	4,587,883	4,587,157	06/30/19
Future Bonds - MPCV/Arsenic (35 mil July 2005)	-	-	3,209,150	3,211,675	3,211,925	6/30/20
Future Bonds - MPC/Arsenic (15.6 mil July 2006)	-	-	-	1,429,742	1,431,918	6/30/21
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	
<b>Total Water Fund</b>	<b>1,719,700</b>	<b>6,345,233</b>	<b>9,602,982</b>	<b>11,102,200</b>	<b>11,143,400</b>	
Sewer Fund:						
Future Bonds - MPC/Sewer (18.4 mil July 2004)	-	1,688,727	1,685,828	1,686,877	1,686,703	6/30/19
<b>Total Sewer Fund</b>	<b>-</b>	<b>1,688,727</b>	<b>1,685,828</b>	<b>1,686,877</b>	<b>1,686,703</b>	
<b>Total MPC Bonds</b>	<b>9,631,456</b>	<b>14,238,966</b>	<b>14,707,069</b>	<b>16,899,132</b>	<b>16,935,378</b>	
<b>Scottsdale Preserve Authority</b>						
Series 1997A	654,900	641,113	-	-	-	06/30/05
Series 1998	5,301,826	5,307,926	5,312,126	5,304,126	5,294,226	06/30/24
Series 2001 Refunding	901,996	903,746	1,520,246	1,525,921	1,518,296	06/30/22
Fiscal Agent Fees	5,000	8,000	8,000	8,000	8,000	
<b>Total Preserve Authority Bonds</b>	<b>6,863,722</b>	<b>6,860,785</b>	<b>6,840,372</b>	<b>6,838,047</b>	<b>6,820,522</b>	
<b>Contracts Payable</b>						
General Fund:						
U.S. Corps of Engineers - IBW	231,166	231,166	231,166	231,166	231,166	2032
Dial Corp	31,000	31,000	31,000	31,000	31,000	2008
US Patent Office	-	2,050	-	-	-	2009
Nordstrom Garage Lease	2,120,090	2,183,693	2,249,203	2,316,680	2,386,180	2008
Nordstrom Garage Sales Tax	40,282	41,490	42,735	44,017	45,337	2008
Anchor National Life	500,000	500,000	500,000	417,270	0	2010
BOR Administration/Westworld	55,000	55,000	55,000	55,000	55,000	2032
BOR Administration/TPC	55,000	55,000	55,000	55,000	55,000	2035
Promenade	883,000	883,000	883,000	367,226	-	2007
Future - Waterfront Garage Lease	-	-	1,000,000	1,000,000	1,000,000	2009
Future - Waterfront GL Sales Taxes	-	-	19,000	19,000	19,000	2009
<b>Total General Fund</b>	<b>3,915,538</b>	<b>3,982,399</b>	<b>5,066,104</b>	<b>4,536,358</b>	<b>3,822,683</b>	
Special Revenue Fund:						
McDowell Sonoran Preserve	956,583	955,115	951,765	952,290	955,780	2013
<b>Total Special Revenue Fund</b>	<b>956,583</b>	<b>955,115</b>	<b>951,765</b>	<b>952,290</b>	<b>955,780</b>	
<b>Total Contracts Payable</b>	<b>4,872,121</b>	<b>4,937,514</b>	<b>6,017,869</b>	<b>5,488,648</b>	<b>4,778,463</b>	
<b>Special Assessment Bonds</b>						
Existing Districts (excluding ID 104)	2,867,070	2,768,528	1,104,384	1,065,203	1,027,522	01/01/13
Series 104	36,068	34,169	32,271	30,373	28,474	2013
<b>Total Special Assessment Bonds</b>	<b>2,903,138</b>	<b>2,802,697</b>	<b>1,136,655</b>	<b>1,095,576</b>	<b>1,055,996</b>	
<b>TOTAL DEBT SERVICE EXPENSE</b>	<b>74,730,894</b>	<b>84,449,639</b>	<b>89,971,681</b>	<b>89,624,798</b>	<b>87,505,963</b>	

# LONG-TERM DEBT OUTSTANDING

*Appendix*

## Long-Term Debt Outstanding

As of 6/30/03 through 6/30/07

	Balance at 6/30/03	Balance at 6/30/04	Balance at 6/30/05	Balance at 6/30/06	Balance at 6/30/07	Final Payment Date
<b>General Obligation Bonds</b>						
1993 G.O. Refunding	\$20,025,000	\$19,110,000	\$18,245,000	\$10,095,000	\$6,910,000	06/30/09
1989 Series D (1993)	2,905,000	2,905,000	2,905,000	2,905,000	2,905,000	06/30/13
1993A G.O. Refunding	17,180,000	16,105,000	13,735,000	12,280,000	10,745,000	06/30/11
1997 Series H	2,415,000	1,235,000	-	-	-	06/30/05
1997 Refunding	19,850,000	19,770,000	19,685,000	18,780,000	15,800,000	06/30/14
1989 Series I (1998)	8,910,000	8,090,000	7,235,000	6,345,000	5,415,000	06/30/18
1999 A	6,450,000	5,500,000	4,500,000	3,450,000	2,350,000	06/30/09
1999	18,400,000	16,925,000	15,375,000	13,725,000	11,975,000	06/30/24
2001	29,210,000	28,225,000	27,200,000	26,135,000	25,030,000	06/30/24
2001 Refunding	49,570,000	46,845,000	44,115,000	42,110,000	42,040,000	06/30/22
2002	66,260,000	64,295,000	62,275,000	60,190,000	58,025,000	06/30/24
2002 Refunding	67,920,000	65,015,000	63,170,000	59,955,000	56,630,000	06/30/19
Future Bonds	-	103,345,000	153,790,000	203,980,000	230,685,000	06/30/24
<b>Total General Obligation Bonds</b>	<b>309,095,000</b>	<b>397,365,000</b>	<b>432,230,000</b>	<b>459,950,000</b>	<b>468,510,000</b>	
<b>Revenue Bonds</b>						
1993 HURF Refunding	10,990,000	8,475,000	5,815,000	2,990,000	-	06/30/07
1989 Util Series B (1992)	2,910,000	2,660,000	2,395,000	2,115,000	1,815,000	06/30/12
1989 Util Series C (1994)	465,000	240,000	-	-	-	06/30/05
1996 Refunding	6,700,000	6,175,000	5,600,000	4,750,000	3,850,000	06/30/14
1989 Util Series D (1997)	17,100,000	16,550,000	15,975,000	15,350,000	14,700,000	06/30/22
1989 Util Series E (1998)	44,055,000	42,745,000	41,345,000	39,855,000	38,305,000	06/30/23
<b>Total Revenue Bonds</b>	<b>82,220,000</b>	<b>76,845,000</b>	<b>71,130,000</b>	<b>65,060,000</b>	<b>58,670,000</b>	
<b>MPC Bonds</b>						
1993 Refunding	8,120,000	4,170,000	-	-	-	06/30/05
1994 Refunding	1,080,000	-	-	-	-	06/30/04
1995 Taxable Excise - TPC	2,270,000	2,150,000	2,025,000	1,885,000	1,735,000	06/30/15
1996 McCormick/Stillman Park	340,000	-	-	-	-	06/30/04
1998 Various Purpose	835,000	680,000	520,000	350,000	180,000	06/30/08
1995 Transfer Station	1,985,000	1,740,000	1,485,000	1,215,000	935,000	06/30/10
2001 Scottswater	8,025,000	6,625,000	5,135,000	3,545,000	1,835,000	06/30/08
2002 Refunding	29,310,000	27,140,000	24,855,000	22,440,000	19,890,000	06/30/14
Future Bonds	-	11,125,000	27,385,000	50,870,000	49,000,000	06/30/24
<b>Total MPC Bonds</b>	<b>51,965,000</b>	<b>53,630,000</b>	<b>61,405,000</b>	<b>80,305,000</b>	<b>73,575,000</b>	
<b>Scottsdale Preserve Authority Bonds</b>						
1997 Excise Tax	1,160,000	595,000	-	-	-	06/30/05
1998 Excise Tax	69,740,000	67,925,000	65,995,000	63,945,000	61,780,000	06/30/24
2001 Refunding	17,370,000	17,305,000	17,235,000	16,545,000	15,820,000	06/30/22
<b>Total Scottsdale Preserve Authority Bonds</b>	<b>88,270,000</b>	<b>85,825,000</b>	<b>83,230,000</b>	<b>80,490,000</b>	<b>77,600,000</b>	



## Long-Term Debt Outstanding (continued from previous page)

	Balance at 6/30/03	Balance at 6/30/04	Balance at 6/30/05	Balance at 6/30/06	Balance at 6/30/07	Final Payment Date
<b>Contracts</b>						
U.S. Corps of Engineers	3,303,168	3,240,991	3,175,633	3,106,932	3,034,716	2032
Dial Corporation	268,057	237,057	206,057	175,057	144,057	2009
U.S. Patent Office	5,130	5,130	3,080	3,080	3,080	01/29/09
Nordstrom Garage Lease	32,800,212	33,678,061	34,572,543	35,483,270	36,409,762	01/31/28
Bureau of Reclamation/Westworld	1,650,000	1,595,000	1,540,000	1,485,000	1,430,000	07/29/32
Bureau of Reclamation/TPC	1,760,000	1,705,000	1,650,000	1,595,000	1,540,000	06/10/35
McDowell Sonoran Preserve	7,430,000	6,825,000	6,195,000	5,540,000	4,855,000	06/30/13
Underground Improvement District 104	140,271	126,250	112,229	98,208	84,188	06/30/13
Anchor National Life/Portales	2,117,270	1,617,270	1,117,270	617,270	-	06/30/07
Promenade	2,953,353	2,070,353	1,187,353	304,353	-	06/30/07
Future	-	-	-	4,789,300	3,770,300	06/30/11
<b>Total Contracts Payable</b>	<b>52,427,461</b>	<b>51,100,112</b>	<b>49,759,165</b>	<b>53,197,470</b>	<b>51,271,103</b>	
<b>Special Assessment Bonds</b>						
Existing Districts	11,140,470	8,754,734	6,340,000	5,505,000	4,670,000	01/01/13
<b>Total Spec Assessment Bonds</b>	<b>11,140,470</b>	<b>8,754,734</b>	<b>6,340,000</b>	<b>5,505,000</b>	<b>4,670,000</b>	
Total All Existing Bonds and Contracts	595,117,931	559,049,846	522,919,165	484,868,170	450,840,803	
Total All Future Bonds and Contracts	-	114,470,000	181,175,000	259,639,300	283,455,300	
<b>TOTAL LONG-TERM DEBT OUTSTANDING</b>	<b>\$595,117,931</b>	<b>\$673,519,846</b>	<b>\$704,094,165</b>	<b>\$744,507,470</b>	<b>\$734,296,103</b>	

**COMPUTATION OF LEGAL DEBT MARGINS**

As of June 30, 2003

Net Secondary Assessed Valuation as of June 30, 2003 ..... \$3,526,640,612

Debt Limit Equal to 20% of Assessed Valuation ..... \$705,320,922

General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2003):

1993 Refunding .....	\$ 7,596,000
1989 Series D (1993).....	2,905,000
1993A Refunding .....	14,654,400
1997 Refunding .....	17,405,000
1989 Series I (1998) .....	4,445,000
1999 Preservation .....	18,400,000
2001 Preservation .....	29,210,000
2001 Refunding .....	47,155,000
2002 .....	55,000,000
2002 Refunding .....	<u>40,630,000</u>

Net Outstanding Bonded Debt Subject to 20% Limit ..... 237,400,400

**Legal 20% Debt Margin (Available Borrowing Capacity) ..... \$467,920,522**

Debt Limit Equal to 6% of Net Secondary Assessed Valuation ..... \$211,596,277

General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2003):

1993 Refunding .....	\$ 12,429,000
1993A Refunding .....	2,525,600
1997 Series H Roads .....	2,415,000
1997 Refunding .....	2,445,000
1989 Series I (1998) .....	4,465,000
1999A Streets .....	4,948,446
1999A Pima Road .....	1,501,554
2001 Refunding .....	2,415,000
2002 .....	11,260,000
2002 Refunding .....	<u>27,290,000</u>

Net Outstanding Bonded Debt Subject to 6% Limit ..... 71,694,600

**Legal 6% Debt Margin (Available Borrowing Capacity) ..... \$139,901,677**

Per Arizona Statute, municipalities may not incur general obligation debt in an amount exceeding 6% of the taxable property within the municipal boundaries. However, for certain types of bonded expenditures such as water, sewers, open space preserves, parks, and playgrounds, the limit is 20%. This schedule indicates that the assessed value of property within Scottsdale allows bonding of \$712.5 million for projects subject to the 20% limitation and \$213.8 million for projects subject to the 6% limit. Considering current outstanding debt, the available debt (borrowing) capacity of 20% general obligation debt is \$475.1 million and \$142.1 million for 6% debt.

## GLOSSARY OF TERMS

**Actual** – Actual, as used in the fund summaries and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a GAAP basis, with the exception that depreciation and amortization are not budgeted and principal payments on debt in the enterprise funds are budgeted as expenses.

**Adopted** – Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the budget as approved by the City Council.

**Appropriation** – An authorization made by the City council which permits the City to incur obligations and to expend resources.

**Assessed Valuation** – A government sets a valuation upon real estate or other property as a basis for levying taxes. An assessed valuation represents the appraised valuation less any exemptions.

**Base Budget** – Cost of continuing the existing levels of service in the current budget year.

**Beginning Balance** – The beginning balance is the residual non-restricted funds brought forward from the previous fiscal year (ending balance).

**Bonds** – Bonds are debt instruments which require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

**Budget** – A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether it has been approved by the appropriating body.

**Budget Calendar** – The schedule of key dates which a government follows in the preparation and adoption of the budget.

**Budgetary Basis** – Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that (1) encumbrances are considered to be an expenditure chargeable to appropriations; (2) no depreciation is budgeted for proprietary funds; and (3) bond principal in the enterprise funds is subject to appropriation.

**Capital Outlay** – Includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: 1) have an estimated useful life of more than one year; 2) typically have a unit cost of \$5,000 or more; and 3) be a betterment or improvement. Replacement of a capital item is classified as a capital outlay under the same code as the original purchase. Replacement or repair parts are classified under commodities.

**Capital Improvement Plan (CIP)** – A capital improvements plan is a comprehensive plan which projects the capital needs of the community. Generally, it is a cyclical process that projects the needs for a set number of years. Capital improvements plans are essential to sound infrastructure and financial planning. The annual capital budget is derived from the long-term CIP.

**Capital Project** – Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as streets, bridges, drainage, street lighting, and water systems.

**Commodities** – Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

**Community Facilities Districts (CFD)** – CFDs are special purpose public improvement districts. By utilizing a variety of public funding options such as bonds, special assessments, taxes and user fees, CFDs provide a mechanism to finance public infrastructure, the operation and maintenance of public infrastructure, and enhanced municipal services in qualifying areas.

**Consumer Price Index (CPI)** – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

**Contingency** – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Contracts Payable** – Contracts payable represents a liability reflecting amounts due on contracts of goods or services furnished to the City.

**Contractual Services** – Includes expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services accounts.

**Cost Center** – An organizational budget/operating unit within each City division or department.

**Court Enhancement Fund** – A fund to accumulate fees imposed by the City Court on fines, sanctions, penalties and assessments for the purpose of enhancing the technological, operational and security capabilities of the City Court.

**Debt Service** – Paid from the General Fund, is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site.

**Department** – The combination of divisions of the City headed by a general manager with a specific and unique set of goals and objectives (e.g., Police, Fire, Financial Services, Water Resources, etc.).

**Division** – A functional unit within a department consisting of one or more cost centers engaged in activities supporting the unit's mission and objectives.

**Encumbrance** – Includes obligations in the form of purchase orders, contracts, or other commitments. They cease to be encumbrances when paid, canceled, or when the actual liability is established.

**Encumbrance Rebudgets** – The balance of unliquidated purchase commitments brought forward from the previous fiscal year.

**Ending Balance** – The residual non-restricted funds that are spendable or available for appropriation at the end of the fiscal year.

**Enterprise Fund** – Established to account for operations financed and operated in a manner similar to private business enterprises (i.e., the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges). Examples of enterprise funds are those for the water and sewer utility, airport, and solid waste.

**Equipment Rental** – Represents fees charged to other areas of the City for the maintenance, repair, and replacement of City vehicles. The fee for these charges is returned to the fleet management internal service fund as revenue.

**Estimated** – Represents the original adopted budget plus any approved changes and anticipated year-end savings.

**Excise Debt** – Represents debt that is repaid by excise taxes. In this case, the excise taxes used to fund the debt service payments are a portion of the transaction privilege (sales) tax and transient occupancy tax.

**Expenditures** – Represents decreases in net financial resources. They include current operating expenses which require the current or future use of net current assets, debt services, and capital outlays.

**Fees** – Charges for specific services.

**Financial Policy** – A government's directive with respect to revenues, spending, reserves, and debt management as these relate to government services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of government budgets and its funding.

**Fiscal Year** – A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Scottsdale's fiscal year is July 1 through June 30.

**Five-Year Financial Plan** – An estimation of revenues and expenses required by the City to operate for the next five-year period.

**Forecast** – A prediction of a future outcome based on known and unknown factors.

**Franchise Fee** – Charged to the water and sewer utility fund, is a reimbursement to the general fund for the utility's use of City streets and rights-of-way.

**Fringe Benefits** – Contributions made by a government to meet commitments or obligations for employee-related expenses. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans.

**Full-Time Equivalent (FTE)** – A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing number of hours budgeted by 2,080.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance** – The balance of net financial resources that are spendable or available for appropriation.

**Fund Summary** – A combined statement of revenues, expenditures, and changes in fund balance for the prior year's actual, adopted, and estimated budgets, and the current year's adopted budgets.

**GAAP Adjustments** – Differences arising from the use of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable when reporting on operations in conformity with Generally Accepted Accounting Principles (GAAP). For example, depreciation and amortization in Enterprise Funds are not considered expenses on the budget basis of accounting, but are considered expenses on the GAAP basis.

**General Fund** – Used to account for all financial resources except those required to be accounted for in another fund.

**General Long-term Debt** – Represents any unmatured debt not considered to be a fund liability.

**General Obligation Bonds (G.O. Bonds)** – Bonds secured by the full faith and credit of the issuer. G.O. bonds issued by local units of government are secured by a pledge of the issuer's property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and roads.

**Generally Accepted Accounting Principles (GAAP)** – The uniform minimum standards and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provides standards by which to measure financial presentations.

**Goal** – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

**Grant** – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (e.g., education or drug enforcement), but it is sometimes for general purposes.

**Golf Course Surcharge** – A \$1.00 per nine hole surcharge established in 1994 for all City owned golf courses. Revenue collected from this source is used for capital improvements, debt service on capital improvements, silt management, catastrophic flood funding, and support of the Phoenix Open golf tournament.

**Highway User Fuel Tax** – Gasoline tax shared with municipalities; a portion is distributed based upon the population of the City and a portion is distributed based upon the origin of the sales of the fuel. The Arizona State Constitution requires that this revenue be used solely for street and highway purposes.

**Improvement Districts** – Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on affected property. Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Indirect Cost Allocation** – Funding transferred to the general fund from enterprise funds for specific central administrative functions which benefit those funds (e.g., City Manager, Financial Services Department, Human Resources, Legal, etc.).

**In-Lieu Property Tax** – Charges to the enterprise funds which compensates the general fund for the property tax that would have been paid if the utilities were for-profit companies.

**Intergovernmental Revenues** – Levied by one government but shared on a predetermined basis with another government or class of governments.

**Internal Service Fund** – Used to account for the financing of goods and services provided by one department or agency to other departments or agencies of a government, or to other governments on a cost-reimbursement basis.

**Municipal Property Corporation (MPC)** – A non-profit corporation established to issue bonds to fund City capital improvements projects.

**Needs Assessment** – The foundation for determining what City customers feel is needed. Market surveys, public hearings, and boards and commission surveys are conducted.

**Objective** – Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

**Operating Budget** – The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is required by law in Arizona and is a requirement of Scottsdale's City Charter.

**Operating Revenue** – Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

**Ordinance** – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or a constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

**Other Fiscal Activity** – Refers to various trust and agency funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, and other funds.

**Outstanding Debt** – The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

**Pay-as-you-go Capital Improvement Projects (PAYG)** – Capital projects whose funding source is derived from City revenue sources other than through the sale of voter-approved bonds.

**PC Replacement Program** – Established to centralize the responsibility for personal computer service and maintenance of computer and printer inventories. Departments are assessed an annual fee based upon their inventory of PCs and printers in use. The charge is accumulated in the PC Replacement Fund and used to replace printers and desktop/laptop computers on a standard replacement schedule.

**Performance Measure** – Data collected to determine how effective or efficient a program is in achieving its objectives.

**Personal Services** – Include the salaries and wages paid to employees plus the City’s contribution for fringe benefits such as retirement, social security, health, and Workers’ Compensation insurance.

**Preserve Bonds** – Represent excise tax revenue bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable solely from and secured by a 0.2% sales tax approved by City voters. The bonds are issued for the purpose of acquiring land for the McDowell Sonoran Preserve.

**Priority Category** – An objective evaluation of a program’s services into one of the four categories.

**Mission Critical Programs** – a program is deemed to be “mission critical” if it directly provides a service(s) to citizens in one or more of the following four areas and is not available outside of the City service delivery systems:

1. Health
  2. Safety
  3. Welfare
  4. Mandated Service (federal, state or local law/code/statute/charter)
- Reduction of Service Levels – Not Likely
  - Outsourcing of Service – Not Likely
  - Customer Base - Typically very broad (City-wide) and a large number of customers

**Unique Programs** - a program is deemed to be “unique” if it provides a service(s) that is not available outside of the City service delivery systems and is highly desired by the citizens.

- Reduction of Service Levels – Could potentially be reduced with a direct impact on the level of service(s) received by customers
- Outsourcing of Service – Opportunity is extremely limited
- Customer Base - Typically have a very broad (City-wide), large, distinct, and identifiable customer base

**Support and Administrative Programs** – a program is deemed to be “support and administrative” if it provides essential leadership and support services to guide and marshal City resources (human, financial or capital assets) in a variety of program and service areas.

- Typically would not provide direct front line service(s) to citizens
- Reduction of Service Levels – Could potentially be reduced without a direct impact on citizens
- Outsource of Service - Opportunity to outsource the service is available but limited
- Customer Base - Typically would be primarily focused on a specific group of internal customers (employees) or programs

**Discretionary Programs**- a program is deemed to be “discretionary” if it provides beneficial services addressing citizens “wants” versus “needs” or provides enhanced service levels beyond those typically required of the basic service.

- Outcomes/benefits - Intangible and difficult to evaluate and quantify
- Reduction of Service Levels – Could be reduced or eliminated impacting only a limited number of beneficiaries/customers
- Customer Base - Limited number of customers that use the service on a sporadic basis or there is a limited geographic or demographic base of customers
- Service Tenure – Please note newer services added or enhanced in more recent years *may* have an increased likelihood of being more discretionary in nature

**Program** – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible. A program differs from a division from the standpoint that cost centers from different departments may make up a program while cost centers from the same department make up a division.

**Program Budget** – A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

**Property Tax** – Based according to value of property and is used as the source of monies to pay general obligation debt (secondary property tax) and to support the general fund (primary property tax).

**Primary Property Tax** – Levied for the purpose of funding general government operations. Annual increases are limited to 2% of the previous year's maximum allowable primary property tax levy plus allowances for new construction and annexation of new property and tort litigation settlements.

**Rebudget** – Carryover represents encumbered and committed funds carried forward to the next fiscal year budget.

**Refunding** – A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds. There are generally two major reasons for refunding: (1) to reduce the issuer's interest costs or (2) to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited into escrow to pay the debt service on the outstanding obligations when due, or they are used to immediately retire the outstanding obligations. The new obligations are referred to as the refunding bonds and the outstanding obligations being refinanced are referred to as the refunded bonds or the prior issue.

**Reserve** – An account which records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

**Revenue Bonds** – Bonds payable from a specific source of revenue which do not pledge the full faith and credit of the issuer. Revenue bonds are payable from identified sources of revenue and do not affect the property tax rate. Pledged revenues may be derived from operation of the financed project, grants, excise, or other specified non-property tax.

**Racketeered Influenced and Corrupt Organizations (RICO) Funds** – Funds obtained from an anti-racketeering revolving fund maintained by either the Federal or State government as a result of asset forfeitures from criminal enterprises and are allocated to municipalities for approved non-recurring public safety expenditures.

**Secondary Property Tax** – Levied for the purpose of funding the principal, interest, and redemption charges on general obligation bonds of the City. The amount of this tax is determined by the annual debt service requirements on the City's general obligation bonds.

**Self Insurance** – The retention by an entity of a risk of loss arising out of the ownership of property or from some other cause instead of transferring that risk through the purchase of an insurance policy.

**Service Levels** – Describe the present services provided by a City department and/or division within the department.

**Sinking Fund** – An account into which a debt issuer makes periodic deposits to ensure the timely availability of sufficient monies for the payment of debt service requirements. The revenues to be deposited into the sinking fund and payments therefrom are determined by the terms of the bond contract.

**Special Assessment** – A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

**Street Light Improvement Districts** – Formed to provide a means for properties within a district to maintain street lights within their boundaries. A street light tax is levied against the property owner to cover the cost of electrical billings received and paid by the City.

**Taxes** – Compulsory charges levied by a government for the purpose of financing services performed for common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, such as water service.

**Tax Rate** – The amount of tax levied for each \$100 of assessed valuation.

**Transfers** – The authorized exchanges of cash or other resources between funds.

**Trust Fund** – Consists of resources received and held by the government unit as trustee to be expended or invested in accordance with the conditions of the trust.

**Unreserved Fund Balance** – The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

**User Fee** – The fee charged for services to the party or parties who directly benefits.

ORDINANCE NO. 3513

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF SCOTTSDALE FOR THE FISCAL YEAR BEGINNING JULY 1, 2003, AND ENDING JUNE 30, 2004, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE.

WHEREAS, in accordance with the provisions of Title 42 Chapter 17, Articles 1-5, Arizona Revised Statutes (A.R.S.) and the City Charter, the Mayor and Council did, on May 19, 2003, make a budget estimate of the different amounts required to meet the public expenses for the ensuing year, an estimate of receipts from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Scottsdale, Arizona, and

WHEREAS, in accordance with said sections of said Code and City Charter and following due public notice, the Mayor and Council met on June 2, 2003 and adopted the budget, and at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures or the primary and secondary tax levies, and

WHEREAS, it appears that publication has been duly made, as required by law, of said budget estimates, together with a notice that the Mayor and Council will meet on June 16, 2003, in the City Hall Kiva for the purpose of making the primary and secondary tax levies as set forth in said estimates, and

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

WHEREAS, the Mayor and Council of the City of Scottsdale have appeared and filed with the City Clerk said Tentative Budget for the fiscal year beginning July 1, 2003 and ending June 30, 2004, and

WHEREAS, the City of Scottsdale budget, which was adopted on June 2, 2003, provides the resources for specific program activity and service levels, therefore

BE IT ORDAINED by the Mayor and Council of the City of Scottsdale, Arizona, as follows:

SECTION 1. That the following estimates of revenue and expenditures as now reduced or changed are hereby adopted as the budget of the City of Scottsdale, Arizona, for the fiscal year 2003/04.

SECTION 2. Upon the recommendation of the City Manager, and with the approval of the City Council, expenditures may be made from the appropriation for contingencies and reserves. The transfer of sums within any expenditure appropriation may be made upon the written approval of the City Manager. Any unencumbered appropriation balance or portion thereof may be transferred between offices, departments, or agencies to offset budget variances upon the written approval of the City Manager.

SECTION 3. Money from any fund may be used for any of the appropriations, except money specifically restricted by State law or by City Ordinance or by Resolution.

SECTION 4. Schedule F of the Adopted Budget follows:



**SCHEDULE F**

**City of Scottsdale  
Summary of Specific Budget Appropriations  
Fiscal Year 2003/04**

	<b>Operating Budget</b>	<b>Capital Budget</b>	<b>Other Fiscal Activity</b>	<b>Total Activity</b>
Operating Budget				
General Government	\$ 16,424,040			\$ 16,424,040
Police	54,812,022			54,812,022
Financial Services	15,512,491			15,512,491
Transportation	11,478,054			11,478,054
Community Services	45,168,468			45,168,468
Information Systems	7,535,706			7,535,706
Fire	19,469,293			19,469,293
Water Resources	40,037,239			40,037,239
Municipal Services	33,332,695			33,332,695
Citizen & Neighborhood Resources	2,940,999			2,940,999
Human Resources	3,181,535			3,181,535
Economic Vitality	6,513,994			6,513,994
Planning and Development	12,583,814			12,583,814
Estimated Department Savings	(2,000,000)			(2,000,000)
Internal Service Fund Offsets	(15,170,763)			(15,170,763)
Debt Service	74,730,894			74,730,894
Capital Improvements		495,578,100		495,578,100
Other Fiscal Activity				
Grants			25,861,714	25,861,714
Designated Funds			2,173,000	2,173,000
<b>Total 2003/04 Budget</b>	<b>\$ 326,550,481</b>	<b>\$ 495,578,100</b>	<b>\$ 28,034,714</b>	<b>\$ 850,163,295</b>
Reserve/Contingency Appropriations	24,860,550	2,500,000	500,000	27,860,550
<b>Total Budget Appropriation</b>	<b>\$ 351,411,031</b>	<b>\$ 498,078,100</b>	<b>\$ 28,534,714</b>	<b>\$ 878,023,845</b>

ORDINANCE NO. 3512

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE, SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30<sup>TH</sup> DAY OF JUNE, 2004.

WHEREAS, by the provisions of the City Charter and State Statute, an ordinance is required to set the property tax levy for fiscal year 2003/04.

WHEREAS, the county of Maricopa is assessing and collecting authority for the City of Scottsdale, the Clerk is hereby directed to transmit a certified copy of this ordinance to the County Assessor.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AS FOLLOWS:

SECTION 1. There is hereby levied on each one hundred dollars (\$100.00) of the assessed value of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending on the 30<sup>th</sup> day of June, 2004, and allowable tort liability claims. The total primary levy is \$17,216,639, resulting in a tax rate of \$0.4783 per \$100 of assessed value. Said figure subject to change only if a court decision were to reduce the net assessed valuation in a significant manner.

SECTION 2. In addition to the rate set in SECTION 1 hereof, there is hereby levied on each one hundred dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a secondary property tax rate of \$0.6424 per \$100 of assessed value, a rate sufficient to raise the sum of \$25,538,638 for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2004.

SECTION 3. Failure by the county officials of Maricopa County, Arizona, to properly return the delinquent list, any irregularity in assessments or omission in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer(s) to timely perform any of the assigned duties shall not invalidate any proceedings or any deed or sale pursuant thereto, the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Scottsdale upon such property for the delinquent taxes unpaid thereon, and no overcharge as to part of the taxes or of costs shall invalidate any proceedings for the collection of taxes or the foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed.