

SCOTTSDALE CITY COUNCIL  
WORK STUDY SESSION MINUTES  
MONDAY, NOVEMBER 30, 2020



CITY HALL KIVA  
3939 N. DRINKWATER BOULEVARD  
SCOTTSDALE, AZ 85251

**CALL TO ORDER**

Vice Mayor Solange Whitehead called to order a Work Study Session of the Scottsdale City Council at 5:33 P.M. on Tuesday, October 20, 2020, in the City Hall Kiva.

**ROLL CALL**

Present: Vice Mayor Solange Whitehead  
Councilmembers Suzanne Klapp, Virginia L. Korte, Kathy Littlefield,  
Linda Milhaven, and Guy Phillips

Absent: Mayor W.J. "Jim" Lane

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott,  
Acting City Treasurer Judy Doyle, City Auditor Sharron Walker, and  
City Clerk Carolyn Jagger

**1. Fiscal Year 2019/20 Financial Update**

**Request:** Receive, discuss, and provide possible direction on the financial summary presentation for FY 2019/20.

**Presenter(s):** Judy Doyle, Acting City Treasurer; Joyce Gilbride, Accounting Director; Gina Kirklin, Enterprise and Finance Director

**Staff Contact(s):** Sylvia Dlott, Acting Budget Director, 480-312-2419, [sdlott@scottsdaleaz.gov](mailto:sdlott@scottsdaleaz.gov)

Acting City Treasurer Judy Doyle, Accounting Director Joyce Gilbride, and Enterprise and Finance Director Gina Kirklin gave a PowerPoint presentation (attached) on Fiscal Year 2019/20.

**2. Monthly Financial Update**

**Request:** Receive, discuss, and provide possible direction on the City Treasurer's monthly financial presentation as of October 2020.

**Presenter(s):** Judy Doyle, Acting City Treasurer

**Staff Contact(s):** Sylvia Dlott, Acting Budget Director, 480-312-2419, [sdlott@scottsdaleaz.gov](mailto:sdlott@scottsdaleaz.gov)

Acting City Treasurer Judy Doyle gave a PowerPoint presentation (attached) on the City's financial status as of October 2020.

**NOTE:** MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

**3. Monthly Budget Monitoring Update**

**Request:** Presentation, discussion, and possible Council direction regarding the monitoring of FY 2020/21 revenues and expenditures.

**Presenter(s):** Jim Thompson, City Manager

**Staff Contact(s):** Sylvia Dlott, Acting Budget Director, 480-312-2419, [sdlott@scottsdaleaz.gov](mailto:sdlott@scottsdaleaz.gov)

City Manager Jim Thompson gave a PowerPoint presentation (attached) on Fiscal Year 2020/21 revenues and expenditures.

**ADJOURNMENT**

The Work Study Session adjourned at 6:11 P.M.

**SUBMITTED BY:**



**Carolyn Jagger**  
City Clerk

Officially approved by the City Council on

January 12, 2021

## CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Study Session of the City Council of Scottsdale, Arizona, held on the 30<sup>th</sup> day of November 2020.

I further certify that the meeting was duly called and held, and that a quorum was present.

**DATED** the 12<sup>th</sup> day of January 2021.

  
\_\_\_\_\_  
Carolyn Jagger, City Clerk

## Work Study Item 1

# FY 2019/20 Financial Update & Statement of Net Position

City Council Meeting – November 30, 2020

## General Fund Operating Sources Fiscal Year End 2019/20 (in millions: rounding differences may occur)

	FY 2019/20	FY 2019/20	FY 2019/20	Approved vs. Forecast	
	Adopted Budget	Forecast* Budget	Actual	Favorable / (Unfavorable) Amount	(Unfavorable) Percent
Taxes - Local	\$154.0	\$151.6	\$152.8	\$1.2	1%
Property Tax	\$32.6	\$32.6	\$32.2	(\$0.5)	(1%)
State Shared Revenues	\$70.8	\$68.6	\$70.2	\$1.7	2%
Charges for Service/Other	\$14.0	\$13.7	\$14.7	\$1.0	8%
License Permits & Fees	\$8.0	\$6.3	\$6.9	\$0.6	9%
Fines Fees & Forfeitures	\$8.2	\$7.3	\$7.3	\$ -	-
Interest Earnings	\$5.0	\$3.9	\$4.7	\$0.9	22%
Building Permit Fees & Charges	\$15.8	\$18.0	\$18.5	\$0.5	3%
Indirect/Direct Cost Allocations	\$7.3	\$7.3	\$7.2	(\$0.1)	(1%)
Transfers In	\$10.6	\$10.6	\$11.3	\$0.8	8%
<b>Total General Fund Operating Sources</b>	<b>\$326.2</b>	<b>\$319.9</b>	<b>\$326.0</b>	<b>\$6.2</b>	<b>2%</b>

\*Forecast as of Adopted FY 2020/21.

# General Fund Operating Sources: 1% Sales Tax

## Fiscal Year End 2019/20

(in millions: rounding differences may occur)

	FY 2019/20 Adopted Budget	FY 2019/20 Forecast* Budget	FY 2019/20 Actual	Approved vs. Forecast Favorable / (Unfavorable) Amount	Percent
Automotive	\$17.5	\$17.9	\$17.6	(\$0.3)	(2%)
Construction	10.6	9.8	10.6	0.8	8%
Dining/Entertainment	11.8	10.3	10.3	-	-
Food Stores	8.7	8.8	8.5	(0.3)	(3%)
Hotel/Motel	7.2	6.1	5.9	(0.1)	(2%)
Major Dept Stores	9.7	9.7	9.5	(0.2)	(2%)
Misc Retail Stores	22.4	24.3	24.5	0.2	1%
Other Activity	13.4	11.0	13.4	2.3	21%
Rental	18.5	18.7	17.9	(0.8)	(4%)
Utilities	4.7	4.8	4.7	(0.1)	(1%)
<b>Total General Fund Sales Tax</b>	<b>\$124.5</b>	<b>\$121.2</b>	<b>\$122.9</b>	<b>\$1.7</b>	<b>1%</b>

\*Forecast as of Adopted FY 2020/21.

3

# General Fund Operating Uses by Category

## Fiscal Year End 2019/20

(in millions: rounding differences may occur)

	FY 2019/20 Adopted Budget	FY 2019/20 Forecast* Budget	FY 2019/20 Actual	Approved vs. Forecast Favorable / (Unfavorable) Amount	Percent
Personnel Services	\$207.2	\$193.3	\$191.8	\$1.5	1%
Contractual Services	\$54.6	\$61.3	\$59.6	\$1.7	3%
Commodities	\$9.1	\$8.5	\$8.1	\$0.5	5%
Capital Outlays	\$0.9	\$0.4	\$1.5	(\$1.0)	nm
Contracts Payable & COPs	\$2.9	\$2.9	\$2.9	\$ -	-
Transfers Out	\$27.6	\$28.5	\$29.4	(\$0.9)	(3%)
<b>Total General Fund Operating Uses</b>	<b>\$302.3</b>	<b>\$294.9</b>	<b>\$293.2</b>	<b>\$1.7</b>	<b>1%</b>

\*Forecast as of Adopted FY 2020/21.

\*\*Includes non-divisional utilities and leave accrual payouts net of vacancy savings.

4

# General Fund Sources Over/(Under) Uses Fiscal Year End 2019/20

(in millions: rounding differences may occur)

	FY 2019/20 Adopted Budget	FY 2019/20 Forecast Budget*	FY 2019/20 Actuals	Variance	
				Fav/(Unfav)	%
<b>Sources</b>	\$326.2	\$319.9	\$326.0	\$6.2	2%
<b>Uses</b>	\$302.3	\$294.9	\$293.2	\$1.7	1%
<b>Change in Fund Balance</b>	\$23.9	\$25.0	\$32.8	\$7.9	

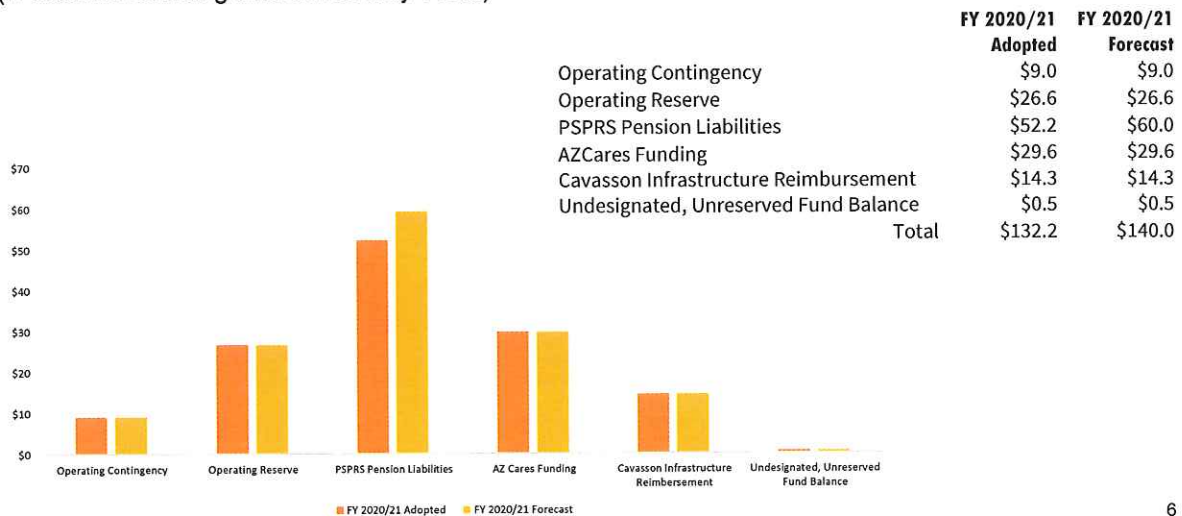
<b>Ending Undesignated, Unreserved Fund Balance</b>	\$0.5	\$0.5	\$0.5	\$-
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\*Forecast as of Adopted FY 2020/21

5

# FY 2020/21 General Fund Undesignated, Unreserved Fund Balance

(in millions: rounding differences may occur)



6

# FY 2019/20 Financial Highlights

## Statement of Net Position

(in millions: rounding differences may occur)

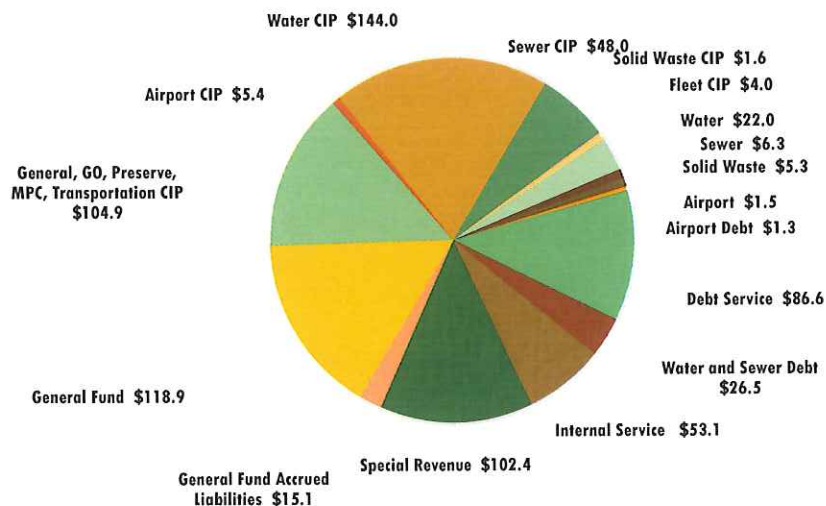
<b>Assets</b>	<b>FY 2019/20</b>	<b>FY 2018/19</b>	<b>Change</b>
Cash and Cash Equivalents	\$746.9	\$651.6	\$95.3
Receivables	156.3	113.3	43.0
Other	188.4	194.8	(6.4)
Capital Assets (Net of Depreciation)			
Governmental Activities	4,425.7	4,378.3	47.4
Equity in Joint Venture	92.1	100.3	(8.2)
Other Enterprise Activities	1,508.4	1,493.6	14.8
<b>Total Assets</b>	<b>\$7,117.8</b>	<b>\$6,931.9</b>	<b>\$185.9</b>
<b>Liabilities</b>			
Accruals: Payables, Payroll and Benefits	(154.9)	(153.9)	(1.0)
Accrued Compensated Absences	(31.9)	(30.3)	(1.6)
Other Liabilities	(162.1)	(98.8)	(63.3)
Net Pension Liabilities	(352.0)	(327.3)	(24.7)
Bonds, Loans and Other Payables	(1,042.0)	(1,102.8)	60.8
<b>Total Liabilities</b>	<b>\$(1,742.9)</b>	<b>\$(1,713.1)</b>	<b>\$(29.8)</b>
<b>NET POSITION</b>	<b>\$5,374.9</b>	<b>\$5,218.8</b>	<b>\$156.1</b>

7

# FY 2019/20 Financial Highlights

## Cash and Equivalent Balances \$746.9 million

(in millions: rounding differences may occur)



8

# Receivables and Other Assets

(in millions: rounding differences may occur)

## \$156.3 Receivables

- \$52.9 Leases
- \$29.4 Property and Other Local Taxes
- \$28.1 Interest, Fines and Other
- \$25.3 Intergovernmental and Grants
- \$20.6 Charges for Services

## \$188.4 Other

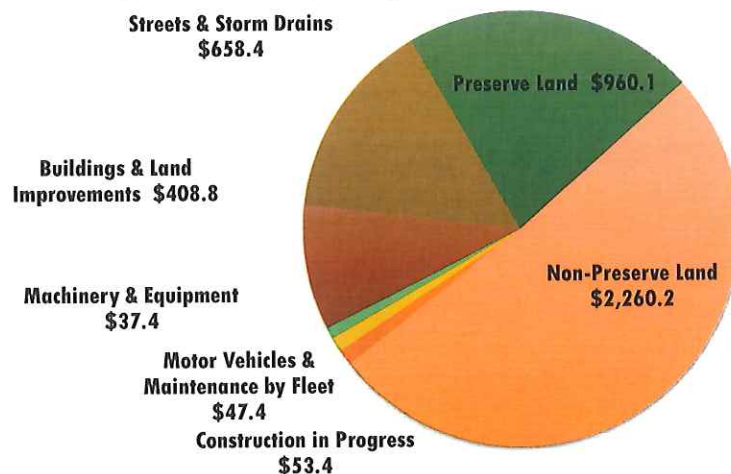
- \$74.0 Pensions
- \$55.4 Service Concession Arrangement
- \$29.2 Deferred Amounts on Refundings
- \$28.4 Supplies and Prepaid Items
- \$1.1 Customer Deposits
- \$0.3 OPEB-Related Amounts

9

# FY 2019/20 Financial Highlights

## Net Capital Assets by Type – Government \$4,425.7 million

(in millions: rounding differences may occur)

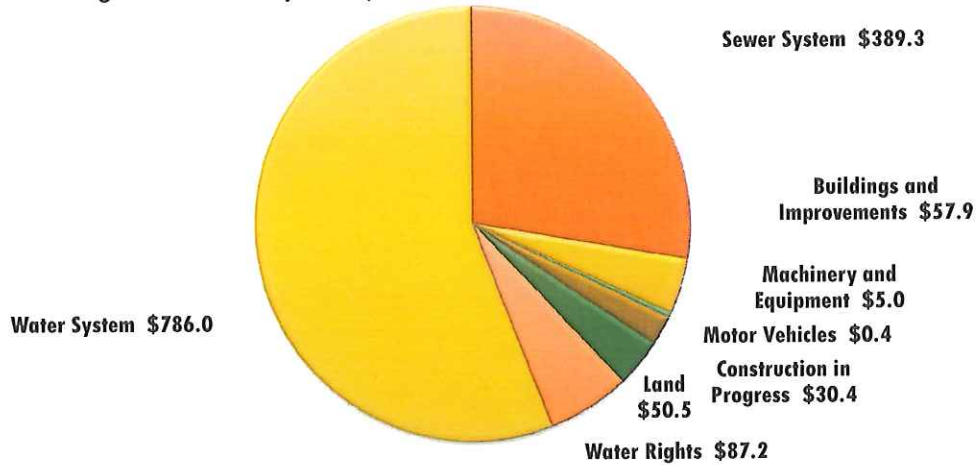


10



## FY 2019/20 Financial Highlights Net Capital Assets by Type – Enterprise \$1,406.7 million

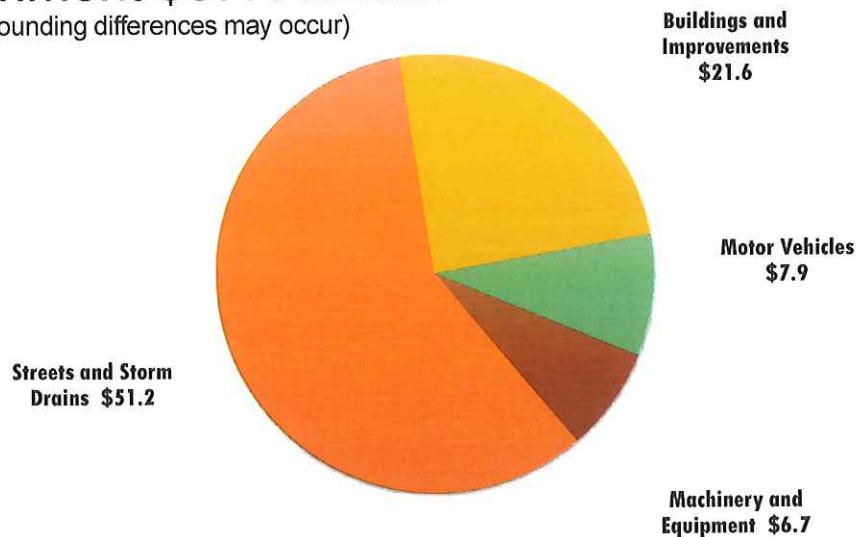
(in millions: rounding differences may occur)



11

## FY 2019/20 Financial Highlights Annual Depreciation/Amortization by Type – Government \$87.4 million

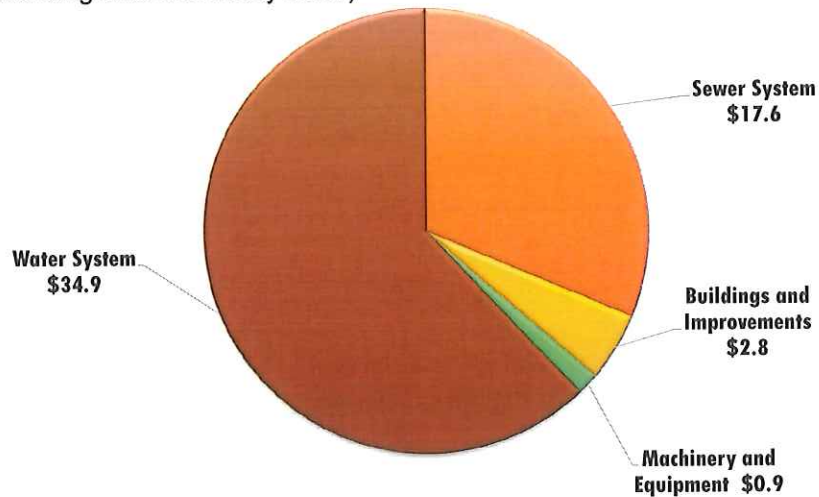
(in millions: rounding differences may occur)



12

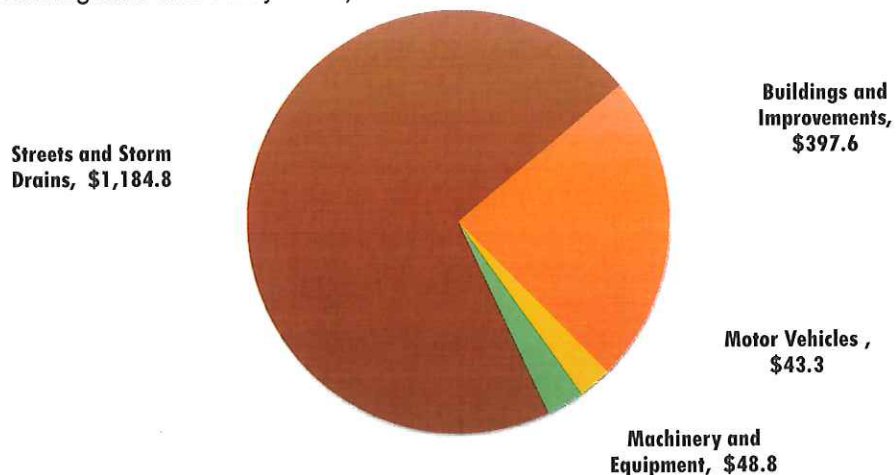
## FY 2019/20 Financial Highlights Annual Depreciation/Amortization by Type – Enterprise \$56.2 million

(in millions: rounding differences may occur)



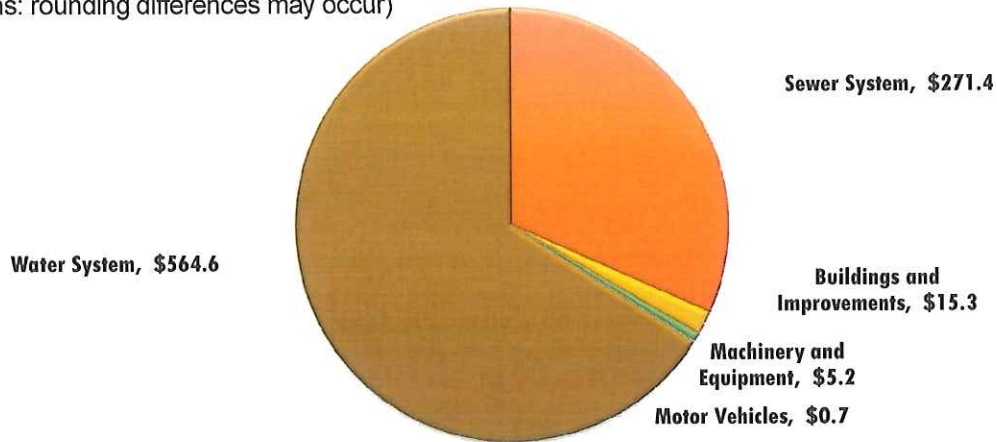
## FY 2019/20 Financial Highlights Accumulated Depreciation/Amortization by Type – Government \$1,674.5 million

(in millions: rounding differences may occur)



## FY 2019/20 Financial Highlights Accumulated Depreciation/Amortization by Type – Enterprise \$857.2 million

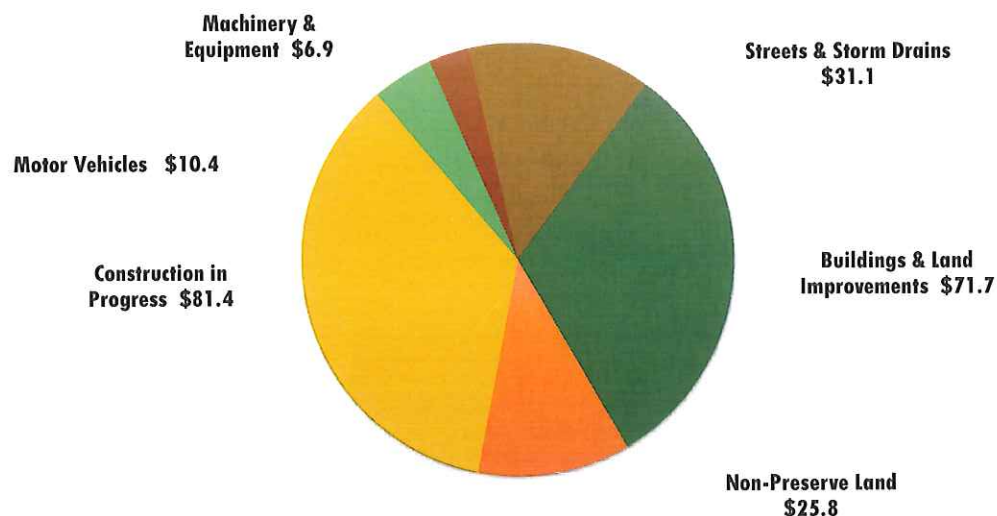
(in millions: rounding differences may occur)



15

## FY 2019/20 Financial Highlights Acquisitions by Type –Government \$227.3 million

(in millions: rounding differences may occur)

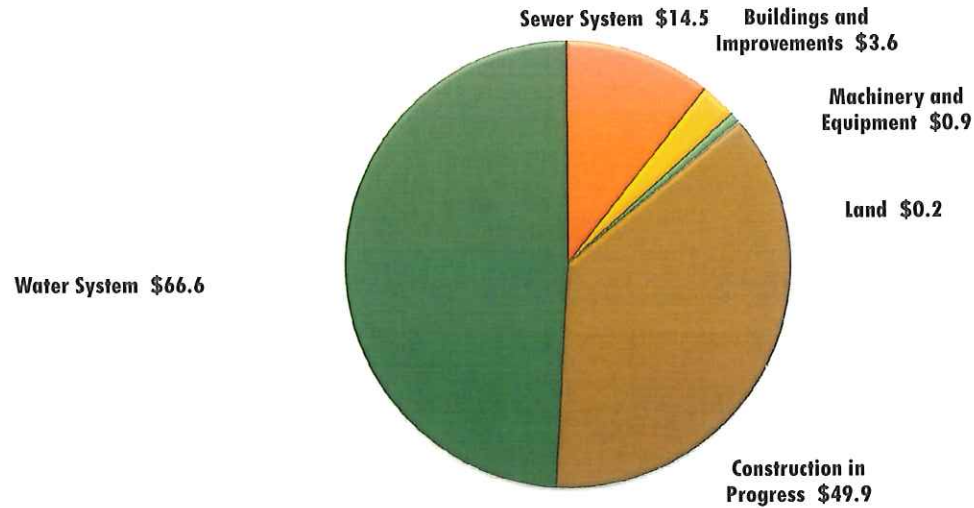


16

## FY 2019/20 Financial Highlights

### Acquisitions by Type – Enterprise \$135.7 million

(in millions: rounding differences may occur)



17

## FY 2019/20 Financial Highlights

### Accruals and Other Liabilities

(in millions: rounding differences may occur)

**\$154.9**

#### Accruals: Payables, Payroll and Benefits

- \$147.4 - Accounts and Interest Payable  
- \$7.5 - Payroll and Benefits

**\$31.9**

#### Accrued Compensated Absences

**\$162.1**

#### Other Liabilities

**\$352.0**

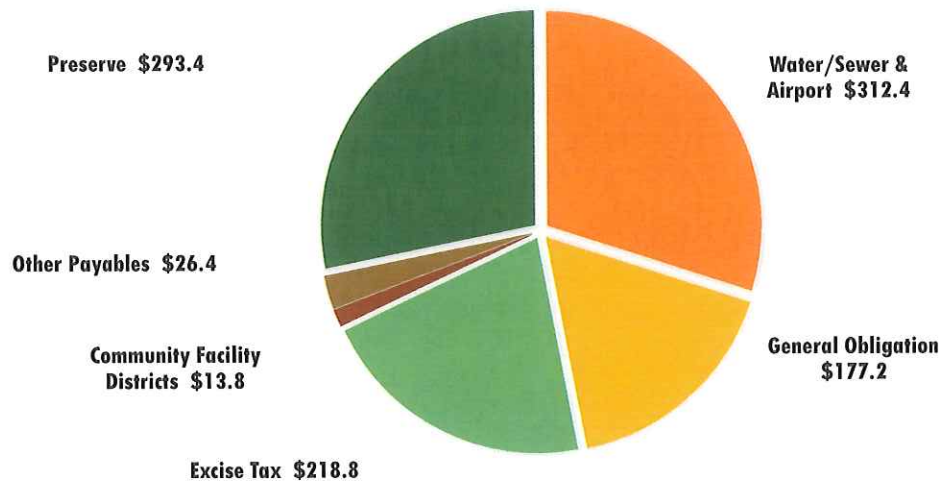
#### Net Pension Liabilities

18

# FY 2019/20 Financial Highlights

## Bonds, Loans and Other Payables \$1,042.0 million

(in millions: rounding differences may occur)



## Work Study Item 2

### Monthly Financial Update – October 31, 2020

City Council Meeting – November 30, 2020

1

### General Fund Operating Sources October 2020: Fiscal Year to Date (in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable) Amount	Percent
Taxes - Local	\$47.1	\$51.6	\$47.1	\$37.8	\$9.3	25%
Property Tax	3.3	2.4	4.9	3.9	1.0	26%
State Shared Revenues	21.3	22.9	26.5	23.0	3.6	16%
Charges for Service/Other	3.3	4.0	4.4	3.3	1.1	33%
License Permits & Fees	2.6	2.4	1.9	1.4	0.5	36%
Fines Fees & Forfeitures	2.6	2.6	2.1	2.2	( 0.2)	(7%)
Interest Earnings	0.8	1.4	1.2	1.2	-	-
Building Permit Fees & Charges	5.6	7.0	5.7	5.4	0.3	6%
Indirect/Direct Cost Allocations	2.4	2.7	2.6	2.6	-	-
Transfers In	5.6	5.7	5.2	5.0	0.2	5%
<b>Total Sources</b>	<b>\$94.6</b>	<b>\$102.7</b>	<b>\$101.6</b>	<b>\$85.7</b>	<b>\$15.9</b>	<b>19%</b>

2

## General Fund Operating Sources: 1% Sales Tax

### October 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Automotive	\$6.2	\$6.1	\$6.2	\$4.6	\$1.5	32%
Construction	3.5	3.7	3.8	2.2	1.6	71%
Dining/Entertnmt	3.3	3.6	2.5	1.5	1.0	66%
Food Stores	2.3	2.6	2.7	2.2	0.5	21%
Hotel/Motel	1.5	1.6	0.9	0.5	0.4	94%
Major Dept Stores	3.1	3.3	2.8	2.4	0.4	17%
Misc Retail Stores	6.5	7.4	7.7	5.6	2.1	37%
Other Activity	3.9	4.2	4.2	2.8	1.4	52%
Rental	5.6	5.6	5.2	5.3	(0.1)	(3%)
Utilities	1.7	1.7	1.7	1.8	(0.1)	(3%)
<b>Sales Tax Total</b>	<b>\$37.5</b>	<b>\$39.9</b>	<b>\$37.7</b>	<b>\$29.0</b>	<b>\$8.7</b>	<b>30%</b>

3

## General Fund Operating Uses by Category

### October 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Personnel Services*	\$60.6	\$65.7	\$56.8	\$56.8	\$ -	-
Contractual Services	22.8	24.8	22.1	24.4	2.3	9%
Commodities	2.2	2.4	2.2	2.0	(0.2)	(10%)
Capital Outlays	0.1	0.1	0.4	0.3	-	-
Contracts Payable & COPs	-	-	-	-	-	-
Transfers Out	0.7	1.1	-	-	-	-
<b>Total Uses</b>	<b>\$86.4</b>	<b>\$94.0</b>	<b>\$81.5</b>	<b>\$83.5</b>	<b>\$2.1</b>	<b>2%</b>
*Pay Periods thru October:	8	8	9			

4

## General Fund Operating Uses: Personnel Services

### October 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Salaries*	\$40.6	\$42.7	\$35.1	\$35.3	\$0.2	1%
Overtime	\$2.1	\$2.7	\$3.2	\$2.7	(\$0.5)	(19%)
Health/Dental	\$6.1	\$6.5	\$4.4	\$4.3	(\$0.1)	(1%)
Fringe Benefits	\$2.8	\$3.0	\$3.1	\$3.1	\$ -	-
Retirement	\$8.8	\$10.5	\$11.0	\$11.3	\$0.3	3%
Contract Workers	\$0.2	\$0.2	\$ -	\$0.1	\$ -	-
<b>Personnel Services Total</b>	<b>\$60.6</b>	<b>\$65.7</b>	<b>\$56.8</b>	<b>\$56.8</b>	<b>\$ -</b>	<b>-</b>
*Pay Periods thru October:	8	8	9			

5

## General Fund Operating Division Expenditures

### October 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Mayor & Council and Charter Officers	\$8.8	\$9.5	\$9.9	\$10.3	\$0.4	4%
Administrative Services	5.5	6.4	5.9	6.6	0.7	10%
Community and Economic Development	7.5	7.8	7.8	8.0	0.2	2%
Community Services	13.2	13.2	12.8	13.0	0.2	1%
Public Safety - Fire	12.9	15.0	10.8	10.7	(0.1)	(1%)
Public Safety - Police	31.6	34.6	27.8	28.5	0.8	3%
Public Works	6.3	6.4	6.4	6.4	-	-
<b>Total</b>	<b>\$85.7</b>	<b>\$92.9</b>	<b>\$81.5</b>	<b>\$83.5</b>	<b>\$2.1</b>	<b>2%</b>

6



**General Fund Results: Summary**  
**October 2020: Fiscal Year to Date**  
(in millions: rounding differences may occur)

	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual Vs. Budget	
					Fav/(Unf)	%
<b>Sources</b>	\$94.6	\$102.7	\$101.6	\$85.7	\$15.9	19%
<b>Uses</b>	\$86.4	\$94.0	\$81.5	\$83.5	\$2.1	2%
<b>Change in Fund Balance</b>	\$8.2	\$8.7	\$20.1	\$2.2	\$18.0	

## Work Study Item 3

### **FY 2020/21 Budget Monitoring**

City Council Meeting – November 30, 2020

1

### **General Fund Results: Summary October 2020: Fiscal Year to Date**

(in millions: rounding differences may occur)

	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual vs. Budget	
				Fav/(Unf)	%
Sources	\$102.7	\$101.6	\$85.7	\$15.9	19%
Uses	\$94.0	\$81.5	\$83.5	\$2.1	2%
Fund Balance Change	\$8.7	\$20.1	\$2.2	\$18.0	

2

## Continued positive

- This year's revenues are coming in better than budgeted by \$15.9 million (+\$6.1 million from September)
- Expenditures are coming in lower than budgeted by \$2.1 million (\$0.7 million from September)
- Continuing managing positions, currently 5.4% vacant (138 positions)

3

## Tourism Development Fund Results: Summary October 2020: Fiscal Year to Date

(in millions: rounding differences may occur)

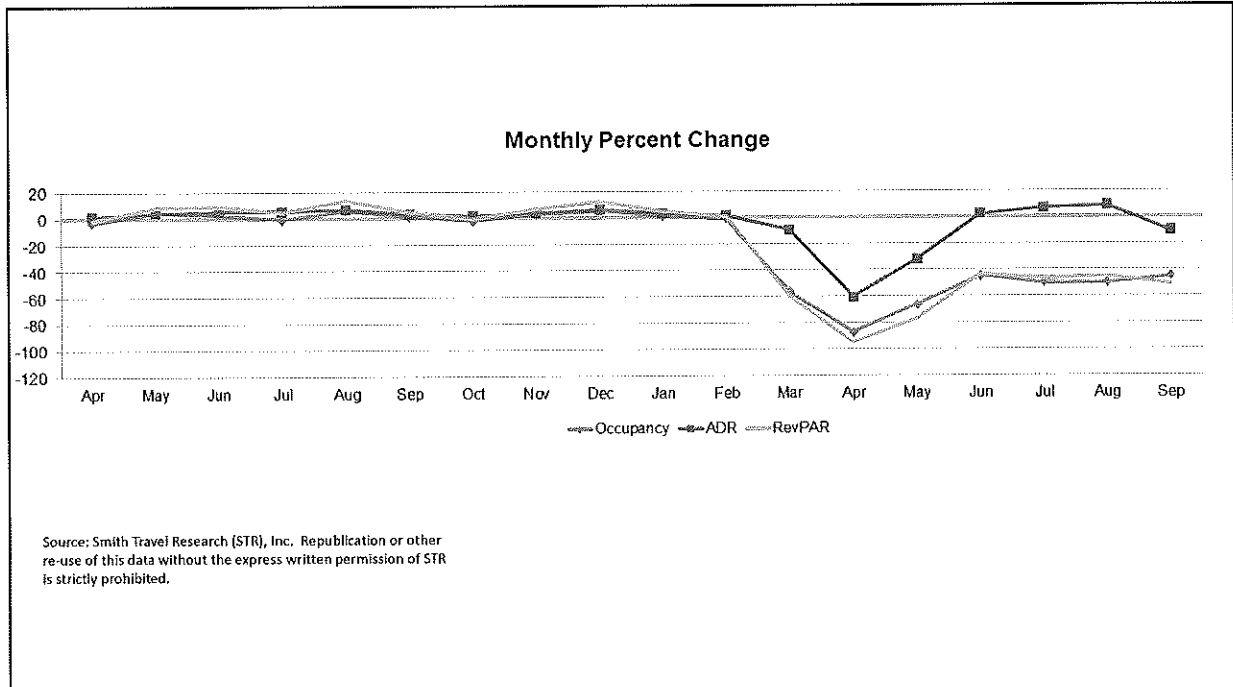
	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual vs. Budget	
				Fav/(Unf)	%
Sources	\$5.3	\$3.3	\$2.3	\$1.0	42%
Uses	\$8.2	\$5.6	\$5.7	\$0.1	3%
Fund Balance Change	(\$2.9)	(\$2.2)	(\$3.4)	\$0.8	

4

## Cautious optimism

- This year's revenues are coming in better than budgeted by \$1.0 million (+\$0.1 million from September)
- Expenditures are coming in lower than budgeted by \$0.1 million (in line with September)
- Year-over-year decrease of approximately 10.2% of average daily revenue (ADR) rates in September 2020

5



6