

City of Scottsdale, Arizona Adopted FY 2004/05 Budget

Budget Summary

Volume One



City Council

Mary Manross, Mayor
Robert W. Littlefield, Vice Mayor
Betty Drake
Wayne Ecton
Jim Lane
Ron McCullagh
Kevin Osterman

Administrative Staff

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
Art Rullo,
Budget Director

**City of Scottsdale
 FY 2004/05 Budget
 Volume One
 Budget Summary
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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

Mayor Mary Manross has been Mayor of Scottsdale since June 2000. She was reelected and began her second term as Mayor in June 2004. Previously, she served two terms as a City Councilwoman from 1992 to 2000. 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 Robert W. Littlefield

Councilman Robert W. Littlefield was elected to his first term on the Scottsdale City Council in May 2002. Councilman Littlefield was the Chairperson of the three member City Council Budget Subcommittee for the FY 2004/05 budget. 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 Betty Drake

Councilwoman Betty Drake began her first term on the Scottsdale City Council in June 2004. She has served in a wide variety of official positions and held leadership positions at the local, state and federal levels. In Scottsdale, she served from 1996 to 2002 on the Scottsdale Planning Commission, from 1993 to 1996 on the Development Review Board, in 1993 on the Historic Preservation Task Force, and in 1992 on the Bicycle and Pedestrian Transportation Plan Task Force. Councilwoman Drake has lived in Scottsdale since 1987 and has been an Arizona resident since 1947. She has been active in community groups and her homeowners association board. She is President of Drake & Associates, which she founded in 1979 to provide consulting services in city planning, public art, bicycle and pedestrian planning and urban design. She holds a Bachelor of Architecture degree from the University of California at Berkeley.



Councilman Wayne Ecton

Councilman Wayne Ecton was elected to his first term on the Scottsdale City Council in March 2002. Councilman Ecton was a member of the City Council Budget Subcommittee for the FY 2004/05 budget. 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 Jim Lane

Councilman W. J. "Jim" Lane began his first term on the Scottsdale City Council in June 2004. Councilman Lane served on the 2002 Scottsdale Fire & EMS Advisory Committee, which was convened to evaluate and make recommendations to the city regarding fire and emergency medical services operations and

costs. In 2003, he volunteered to co-chair the "Know Enough to Vote NO Committee" to oppose ballot measures to end the city's contract with Rural/Metro Corp. for fire and emergency medical services. His community service also includes six years on the YMCA Board of Management. He came to Scottsdale from New Jersey in 1973 to take a position with KPMG (Peat Marwick), an international public accounting firm. He worked as a Certified Public Accountant (CPA) for twenty years with five of those years in the Public Accounting and Auditing Division. Councilman Lane has owned or operated businesses in construction, mining, computer technology, telecommunications and regional aviation. He currently owns a telecommunications and Internet consulting company, Chatham Hill Group LLC, headquartered in the Scottsdale Airpark. He holds a bachelor's degree in accounting from Saint Joseph's University.



Councilman Kevin Osterman

Councilman Kevin Osterman began his first term on the Scottsdale City Council in June 2004. Councilman Osterman was a member of the Scottsdale Planning Commission from 2000 to 2003. He also served on the 2000 Citizens Budget Committee and Bond Review Committee, and on the Mayor's Gang Task

Force. He first moved to Arizona in 1970, and has been a resident of Scottsdale since 1993. He has been involved with a variety of civic, youth, and professional organizations. He is a member of the Association for Conflict Resolution, the Arizona Alternative Dispute Resolution Association, the Aircraft Owners and Pilots Association, and the Arizona Pilot's Association. He is also a certified mediation trainer with the Arizona Alternative Dispute Resolution Association. Councilman Osterman holds a bachelor's degree in management and a master's degree in organizational management from the University of Phoenix. He is a graduate of Arizona State University's Institute for Public Executives.



Councilman Ron McCullagh

Councilman Ron McCullagh began his first term on the Scottsdale City Council in June 2004. Councilman McCullagh has lived in the Valley for 28 years and in Scottsdale for the past 12 years. His career experience includes six years as a university professor and 20 years as a businessman in the financial

services industry. He is retired. He is Past President of Valley Citizens League and serves on its board of directors. He also serves on the boards of Scottsdale Sister Cities, Scottsdale Rotary Club and the District 8 Republican Committee. He also is a member of the Scottsdale Leadership Class XVIII, Arizona Town Hall, the Arizona Tax Research Association, and the Arizona League of Women Voters. He holds bachelor's and master's degrees in business from the University of North Dakota, and a doctorate in business administration from the University of Florida. He is active with civic duties, he enjoys tennis, sailing, hiking and golf.



**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, ex-officio member of the Economic Development and Capital Planning 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 Budget Analyst

Prior to joining the City of Scottsdale in May 2003 Bryan was employed for the past 11 years with the State of Arizona. 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.

Joyce Gilbride, CPA, Senior Budget Analyst

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 American Institute of Certified Public Accountants.

Judy McIlroy, MBA Senior Budget Analyst

Judy McIlroy joined the Financial Services staff in December 2003. Prior to joining the City, she served as a Budget Analyst with the Arizona Department of Health Services. Judy holds a Bachelor of Science degree in Business Management and a Master of Business Administration degree from the University of Phoenix.

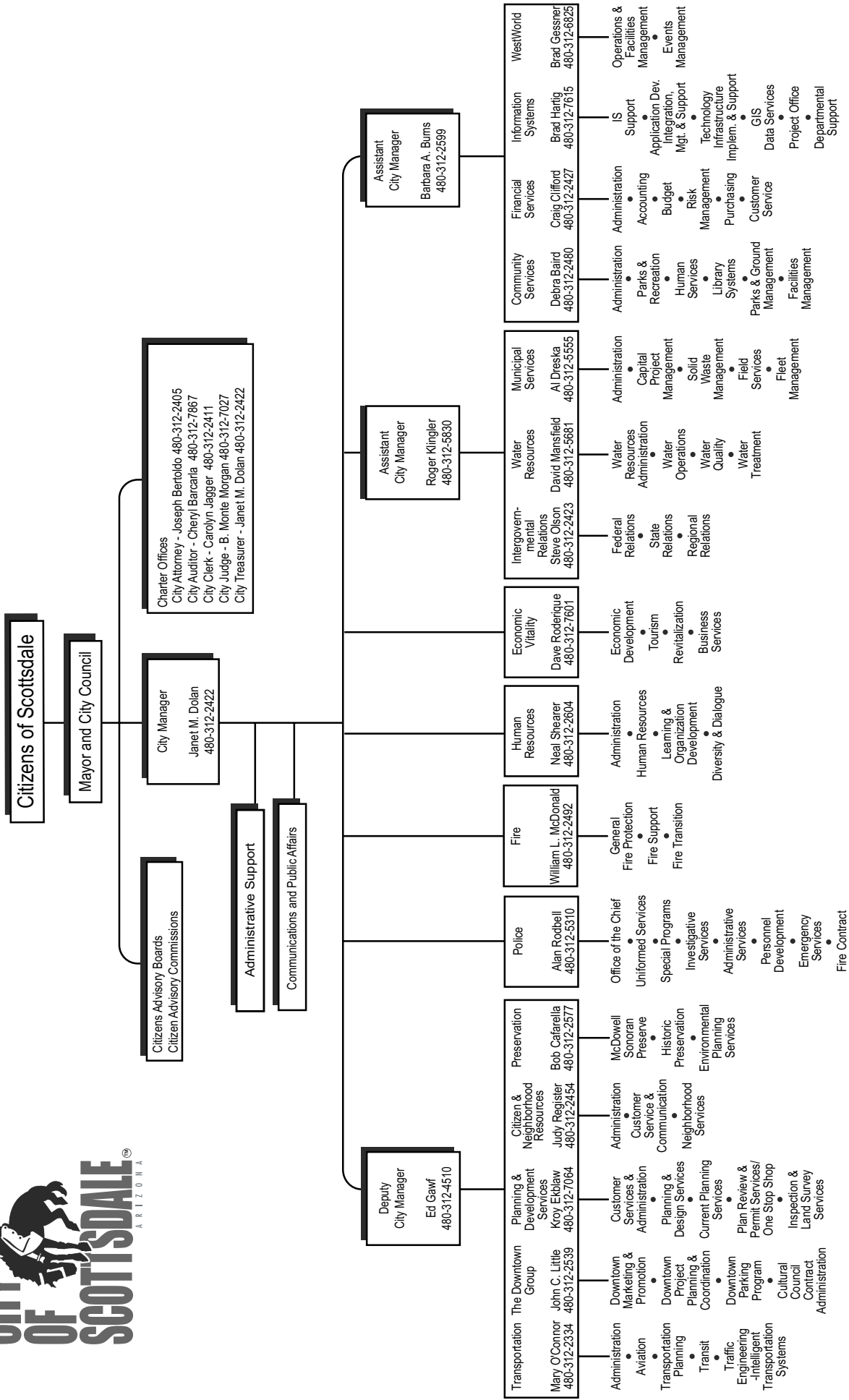
Jeff Nichols, CPA, Senior Budget Analyst

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 degree 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 Financial Services Department in increasingly responsible positions. Kristine holds a Bachelor of Science in Business Marketing degree from the University of Phoenix and an Associate of Arts in Visual Communications from Collins College.

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 and the 1990 census reporting 130,069. The population grew to 168,176 in October 1995 and is estimated at 222,600 for July 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 3.1% (April 2004).

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, dynamic message signs and signalization help minimize delays, especially during special events like the FBR 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 encouraging livable 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. 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. 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. 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 2006. 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 Indian6%
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
July 2004 estimate	222,600

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	\$57,484

[Source: City of Scottsdale, Economic Vitality Department]

Scottsdale Employment by Industry and Year

	2000		2010	
	Employment	Percent	Employment	Percent
Agriculture	1,918	1.5%	2,225	1.4%
Mining	122	0.1%	123	0.08%
Construction	7,077	5.5%	7,938	5.1%
Low Tech Manufacturing	2,985	2.3%	3,639	2.3%
High Tech Manufacturing	8,138	6.3%	8,762	5.6%
Transport	3,842	3.0%	4,038	2.6%
Wholesale Trade	6,674	5.2%	8,378	5.4%
Retail Trade	18,725	14.5%	23,507	15.0%
Finance, Insurance, Real Estate	16,440	12.8%	18,141	11.6%
Business Services	26,848	20.9%	36,081	23.1%
Health Industry	12,785	9.9%	14,934	9.6%
Hospitality	14,652	11.4%	17,900	11.4%
Personal Services	8,446	6.6%	10,600	6.8%
TOTAL	128,652	100.0%	156,267	100.0%

[Source: City of Scottsdale, Economic Vitality Department]

Largest Employers in Scottsdale

Rank	Company Name	Employees
1	Scottsdale Healthcare Corporation	4,444
2	Mayo Clinic	3,748
3	Scottsdale Unified School District	3,050
4	General Dynamics	3,000
5	AdvancePCS, Inc.	2,218
6	City of Scottsdale	1,848
7	Rural Metro Corporation	1,200
8	Scottsdale Insurance Company	1,153
9	Scottsdale Princess Resort	1,100
10	The Vanguard Group	1,050
11	Phase II Solutions	827
12	United States Postal Service - Scottsdale	659
13	Desert Mountain Properties	636
14	First Health Group	600
15	McKesson Health Solutions	600
16	Dial Corp	595
17	Pegasus Solutions	550
18	Paddock Pools	530
19	JDA Software Group, Inc.	502
20	The Boulders Resort	500
21	Pitre Automotive Group	475
22	Hyatt Regency at Gainey Ranch	471
23	United Blood Services	463
24	Best Software CRM Division	420
25	Dillards	400

[Source: City of Scottsdale, Economic Vitality Department]

Principal Property Taxpayers

June 30, 2004

Taxpayer	Type of Business	Assessed Valuation (in thousands of dollars)	% of Secondary Assessed Valuation
Arizona Public Service Company	Gas and Electric Utility	\$48,461	1.22%
Scottsdale Fashion Square	Shopping Center	44,415	1.12%
Qwest Communications, Inc.	Telecommunications	37,363	0.94%
First American Tax Valuation	Resort	24,345	0.61%
DC Ranch, LLC	Real Estate Development	22,805	0.57%
Gainey Drive Associates	Resort	18,572	0.47%
General Dynamics	Industrial Park	13,289	0.33%
Southwest Gas Corporation	Gas Utility	13,125	0.33%
Desert Mountain Properties, LP	Real Estate Development	12,697	0.32%
CMD Properties Inc.	Office Buildings	12,201	0.31%
Total		\$247,273	6.22%

Source: The City of Scottsdale's Property Tax Auditor, as obtained from the Arizona Department of Revenue, CVP Department and the 2003 Maricopa County Treasurer's Roll.

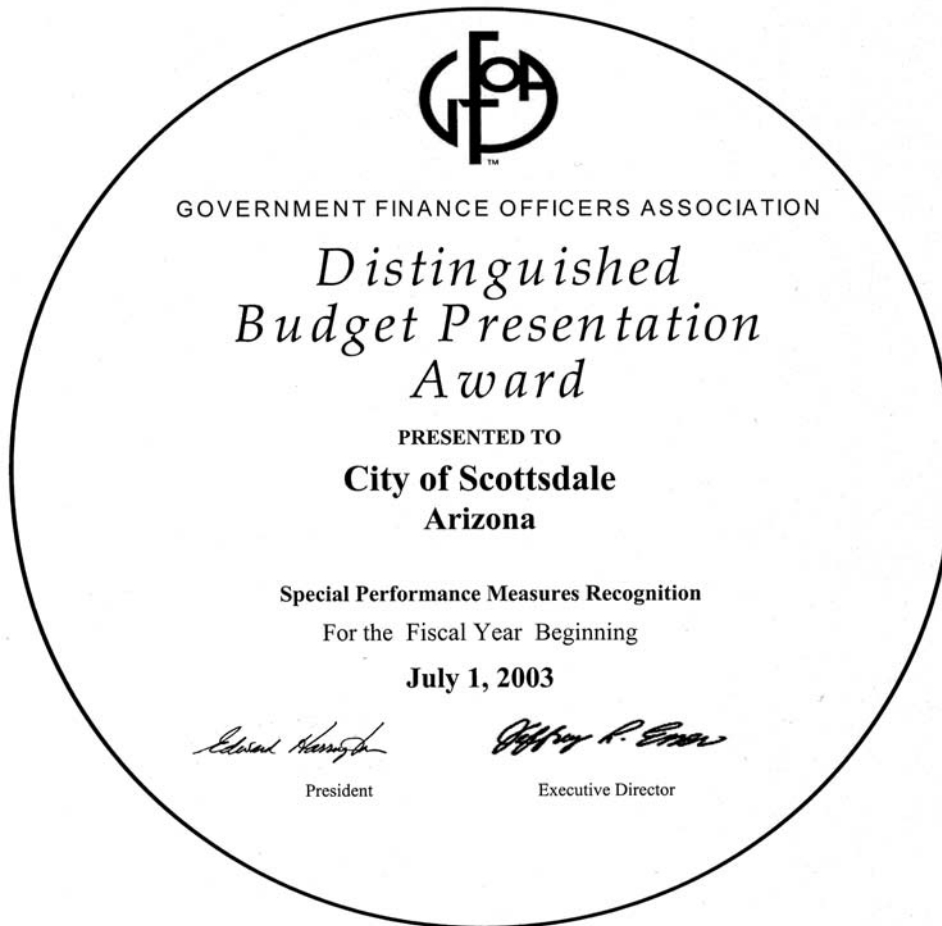
The Salt River Project Agricultural Improvement and Power District's (SRP) assessed valuation is not reflected in the total assessed valuation of the City. SRP is subject to a "voluntary contribution" in lieu of ad valorem taxation. The 2003/04 secondary assessed valuation of the Salt River Project within the City is \$20,073,212. The estimated secondary in lieu contribution is \$202,864.

Median Household Income Comparison

City	2000	1995	1990	Growth Rate
Scottsdale	\$57,484	\$48,319	\$39,037	47%
Phoenix	\$41,207	\$32,950	\$29,291	41%
Mesa	\$42,817	\$33,676	\$30,273	41%
Glendale	\$45,015	\$35,483	\$31,665	42%
Chandler	\$58,416	\$46,096	\$38,124	53%
Tempe	\$42,361	\$36,049	\$31,885	33%
Gilbert	\$68,032	\$51,660	\$41,081	66%
Peoria	\$52,199	\$40,820	\$34,205	53%
Metro Area	\$45,358	\$35,623	\$30,797	47%

Scottsdale is higher than Phoenix by: **27%** **36%** **27%**

[Source: City of Scottsdale, Economic Vitality Department]



Budget Award for Fiscal Year 2003/04 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, 2003. 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 8, 2004

Honorable Mayor and City Council:

The Scottsdale City Budget for the 2004/05 fiscal year is balanced, as required by Arizona state law, and keeps Scottsdale fiscally sound following the most challenging economic period in the City's history.

The adopted budget includes new revenues resulting from voter approval of the May 18 ballot initiatives to increase the City's sales tax rate, dedicating .10 percent to public safety and providing an additional .15 percent for the McDowell Sonoran Preserve.

Because of the new public safety revenue, the adopted operating budget includes approximately \$4.2 million to address high priority public safety needs such as traffic enforcement, code enforcement, additional police officers for the southern area encompassed by District 1, computer crimes investigations, upgrades to the police records system, enhancements to the crime laboratory, increased security at public buildings, upgrades to the photo radar program and formation of a park and preserve police patrol unit.

Because of the approval of the preserve tax, the adopted capital budget includes \$50.0 million for the McDowell Sonoran Preserve.

The total budgeted appropriation of \$1.1 billion continues to fund essential services, maintains investment in critical capital projects, carries forward Scottsdale's emergency reserve fund, and reflects a more realistic and better-defined Capital Improvement Program.

The adopted FY 2004/05 budget carries forward the March budget proposal with some modifications, based on public input and City Council directives. The City was able to channel \$12.2 million of the projected \$16.2 million ending FY 2003/04 General Fund unreserved fund balance towards the following in FY 2004/05:

- \$2.0 million for neighborhood revitalization in the area south of Camelback Road
- \$8.0 million set aside for investments in projects that will strengthen Scottsdale's economy
- \$2.0 million added to the General Fund contingency for capital projects
- \$0.2 million to replace the Police Mounted Patrol Barn at WestWorld, in place of a previous proposal to refurbish the existing barn

Other significant operating budget changes are:

- **Elimination of youth sports fields and aquatics facilities fees.** The budget eliminates the current \$3 per hour youth sports field maintenance fee and adds funding for maintenance of four additional youth sports fields. The related \$5 per hour aquatics facilities maintenance fee for City-sponsored aquatics teams will also be eliminated.
- **Papago Salado Association Membership.** The budget adds \$25,000 to the Mayor and City Council budget for membership in the Papago Salado Association.

The end of this budget process marks the beginning of the next. During the next 12 months, staff will track the national, state and local economies, report any new trends to the City Council and plan for them in the development of the proposed budget for FY 2005/06. The City's responsiveness to emerging economic challenges and its careful long-range planning have been key factors in Scottsdale's fiscal health.


The strength of the City's financial management was recently reaffirmed by the three major bond-rating agencies. All three continued their highest possible ratings for the City's general obligation bonds. This is a distinction the City earned in 2001 and continues to hold, along with a handful of exceptional local governments across the nation. 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. It is important to note Scottsdale did not use its General Fund Reserve in FY 2003/04 and has not assumed any use of the reserve to balance the FY 2004/05 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 the City finances and the budget development process. The general managers and the City staff members who participated in the planning and execution of our expanded public outreach on the budget also deserve a sincere "thank you" for their time and assistance with this well-received effort.

The City Council Budget Subcommittee deserves acknowledgment for the many hours they dedicated to gathering citizen input and priorities on the proposed budget, their intensive review of the program and capital budgets, and guidance of staff. The subcommittee's public outreach efforts contributed to increased citizen involvement in the budget process.

Finally, a note of thanks goes to the Mayor and City Council for their leadership on many critical budget issues and for the time they devoted the budget process.

The economic turbulence of the past several years has highlighted the importance of Scottsdale's continuing efforts to keep the city's finances healthy and build a sustainable local economy. The staff looks forward to continuing this work with the City Council and the entire community in the coming year.



Janet M. Dolan
City Manager



March 9, 2004

Honorable Mayor and City Council:

The City of Scottsdale 2004/05 Proposed Budget reflects the early stages of an apparent recovery in the national, statewide and local economy after an unprecedented three years of declining revenues for the City. The budget is based on more optimistic economic forecasts than the City has seen since FY 2000/01. However, the optimism is guarded. The magnitude and timing of the economic recovery is uncertain. The City is past a historic period of expansion. Its economy is maturing and moving to a slower – and more sustainable – level of growth.

The projected modest improvements in the City's revenues and savings carried over from this fiscal year will allow Scottsdale to meet its most pressing needs for the 2004/05 fiscal year. These needs include the transition to a municipal fire department, an increased focus on code enforcement and property maintenance in the mature portions of the City, and continued emphasis on economic vitality and redevelopment. However, because of conservative revenue projections, longer-term forecasts show the City's needs will potentially outpace revenues in two years. Given the unsettled nature of the economy, it is difficult to project revenues two or more years into the future with a degree of certainty. The forecasts serve as an early warning that the city must continue to exercise restraint in its long-range fiscal planning.

For these reasons, the City staff is proposing a conservative balanced budget that includes a limited number of new positions for the City's highest priorities and incremental enhancements in services. City staff continued to use a zero-based, "program budget" approach, which focuses on the quality of each service citizens receive from the City, whether the service is provided by one department or several. The staff also continued to develop 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 maintenance and operating costs.

As in years past, the main focus of the proposed budget is the General Fund, the City's largest fund, which supports basic services. Under the proposed budget, General Fund expenditures, debt payments and transfers-out to other funds will increase from \$194.9 million in the current fiscal year to \$214.1 million. The largest single factor in the increase is the transition to a municipal fire department, including one-time capital costs for new equipment. From a historic perspective, while General Fund expenditures, debt payments and transfers-out are increasing over last year, they remain below the \$218.2 million budget adopted in 2001/02.

Highlights of the proposed General Fund budget include the following:

Additional staff positions and resources to support the transition to a municipal fire department and to open a new fire station. The proposed budget includes \$5.8 million for equipment and other capital costs associated with the planned transition to a municipal department by July 2005. It also includes 13.5 new positions in other departments, such as Fleet Management and Human Resources, which will be phased in throughout the year to support the transition to a new municipal department. The estimated cost of the support positions is about \$520,000. The City's ongoing costs for these positions will be partially offset next fiscal year, when the City no longer is continuing to pay for the Rural/Metro contract. The proposed budget also includes additional firefighter positions to staff a new station at Jomax and Scottsdale roads.

A handful of new staff positions to address high priority service areas such as code enforcement, downtown, parks and recreation, economic vitality and building security. The budget proposes adding the equivalent of 8.84 positions at an estimated cost of \$440,000. These are the first new staff positions (unrelated to the fire transition) added to the General Fund budget since the FY 2002/03 budget. They include two code enforcement positions, two added positions in Economic Vitality focusing on job-creation, revenue enhancement and economic research, an administrative support position for the new Downtown Group, an additional technician for building maintenance needs, a position in the mailroom to help with increased security and screening, an added "K-9" police officer to enhance building security, and added part-time after-school recreation program leaders.

A \$3.5 million contingency for increased public safety services if voters approve a May 18 ballot measure. The draft General Fund budget includes this contingency so that the City will have the budgetary authority to spend additional dollars in FY 2004/05 if voters pass a ballot initiative to increase the City's sales tax rate by 0.10 percent for increased public safety services. The contingency would be used for additional police officers, code enforcement officers and upgrades in fire services.

A 2.5 percent cost-of-living pay adjustment for City personnel. Employees have not received a cost-of-living adjustment since January of 2003, and many are paying higher costs for health care and higher retirement system deductions. The total cost for the adjustment is \$2.7 million.

Added funding for public safety retirement costs. The City's contribution to the Arizona Public Safety Retirement System for FY 2004/05 increases by about \$600,000.

Added resources for tourism marketing. The draft budget includes a change recommended by the Tourism Development Commission to raise the percentage of Transient Occupancy Tax, or "bed tax," revenues that directly support tourism marketing and development. The proportion would rise from the current 66.7 percent to 80 percent. The change will provide approximately \$900,000 of additional funding for the City's hospitality development activities, but would eliminate the General Fund contribution for the Culture Quest program, which is funded at \$770,000 for the current fiscal year. Instead, Culture Quest and any additional tourism marketing initiatives would be funded through bed tax revenue.

Added support for downtown maintenance. The draft budget also reflects Scottsdale's effort to continue fostering economic vitality in the downtown area. It includes approximately \$465,000 for an Enhanced Maintenance Services Pilot Program to provide a higher level of maintenance, especially litter and refuse pick-up, for the downtown area.

Adjustments to youth sports field fees. The proposed budget proposes a reduction from \$3 to \$2 in the hourly fee charged to teams for the use of youth sports fields. The budget also provides an increased level of maintenance on four additional youth sports fields at Scottsdale schools.

Maintenance of the "emergency fund." The proposed budget continues the practice of setting aside a reserve equal to 10 percent of the General Fund and Highway User Fund program budgets to ensure the City can provide basic services in the event of major emergencies. This reserve is also very important in retaining the City's triple AAA bond ratings.

A second, significant component of the proposed budget is the Capital Improvement Budget, which includes funding for public buildings, parks, streets and other major infrastructure projects. The FY 2004/05 capital budget includes funding for:

- Reinvestment in infrastructure and parking structures in the downtown area.
- The new Fire Station #826 at Jomax and Scottsdale Roads
- A new Police Operational Building
- The CAP Basin Lighted Sports Complex
- The new senior center at the McDowell Village site at Granite Reef and McDowell roads
- The extension of Hayden Road north from Loop 101 to Thompson Peak Parkway
- The new Chaparral Water Treatment Plant
- Arsenic mitigation equipment for the City's water system
- Design of a proposed multi-purpose building at WestWorld

The proposed budget would affect citizens and taxpayers in the following ways:

The property tax rate will continue to drop. For the seventh consecutive year, the City's estimated combined property tax rate will drop. For FY 2004/05 the combined property tax rate will decrease by 5 cents from \$1.12 to \$1.07 per \$100 of assessed valuation.

Utility charges will rise marginally. The average homeowner's combined bill for water, sewer, refuse, and recycling services will increase an average of about \$1.50 per month.

A proposed charge may be added to utility bills for unfunded federal mandates on stormwater quality, if approved by the Council. The charge would increase the average residential utility bill by approximately 40 cents per month, in addition to the increase in regular charges. Revenue from this charge, approximately \$600,000 per year, will reimburse the General Fund for City programs needed to meet federal water quality standards for stormwater management.

Budget timing, ballot measures and state legislation

As noted above, the draft General Fund budget includes an appropriation of \$3.5 million for additional public safety expenditures, contingent on voter approval of a May 18 ballot measure for a dedicated 0.10 percent sales tax for public safety. The draft budget also includes capital appropriations for additional land purchases in the McDowell Sonoran Preserve if voters approve an additional 0.15 percent dedicated sales tax for preservation. The appropriations are included to give the Council flexibility to adjust the budget if voters approve these measures.

The City needs to include the additional appropriations to comply with state requirements for adoption of the tentative budget. The tentative budget sets the City's annual maximum legal expenditure limit. It cannot be increased after it is set in May. In the event the ballot initiatives are not approved, the City Council may lower the appropriation amounts when it adopts the final budget in June.

This proposed budget does not account for any potential legislative changes or modifications to the allocation of the state-shared revenues that could affect the City's final budget. The staff will continue to monitor the state's budget proposals and assess the impact of any proposed changes on the City.

Components of the Proposed Budget

This transmittal letter is intended to provide the City Council with a broad overview of the proposed budget, key changes and issues and recommendations for changes in the City's Financial Policies. As noted above, it focuses mainly on the General Fund. This fund provides the core services available to all citizens, and therefore warrants the most attention during the budget review process.

Two additional volumes complete the proposed budget. Volume Two includes individual budgets for more than 180 programs. The goal of the program budget is to provide the City Council, citizens, and other stakeholders a more focused analysis of the costs of each City service or function, whether the service is provided by one department or through the combined efforts of several areas. Each program budget includes a program description, services provided, City Council Broad Goals supported by the program, a multi-year summary of budget and staffing, customers, program broad goals and objectives and performance measures.

Volume Three provides a detailed summary of the proposed FY 2004/05 capital budget and five-year capital improvement plan, or CIP.

The following is a summary of budget highlights by fund. A more detailed analysis of each fund – revenues and operating expenditures – is included in the "Budget by Fund" section of this volume.

General Fund Revenues

The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. General Fund revenue estimates in the proposed budget are pragmatic. In the aftermath of three years of an economic downturn, with consumer confidence improving, the staff could risk being overly optimistic in forecasting revenues, hoping for more rapid revenue growth to better address the "pent-up" needs of the community. This approach would not be in the best long-term fiscal interest of the City.

The revenues forecasted in this proposed budget reflect a guarded optimism, tempered by the reality that the local, state and national economies are complex and uncertain. The proposed budget is based on projections that

Scottsdale's population will continue to grow at an annual rate of 1.6 percent, and the City will experience an estimated annual inflation rate of 2.5 percent for the coming fiscal year.

Total General Fund revenues and transfers-in are expected to increase about 5.2 percent, from \$203.7 million in FY 2003/04 to \$214.2 million in FY 2004/05. The following General Fund revenues represent the most significant changes between fiscal years:

Transaction Privilege Tax, or "Sales Tax" – These revenues are drawn from the 1.0 percent General Fund share of the City's 1.4 percent sales tax. (The remaining 0.4 percent goes to Special Revenue Funds for transportation and the McDowell Sonoran Preserve.) The tax is the City's single largest revenue source. It is projected to increase 3.2 percent, or \$2.6 million, to \$84.8 million in FY 2004/05. The projected increase in the tax reverses a three-year decline in sales tax revenue. The tentative nature of the national, state and local economies, relatively high unemployment and slow job growth, and the ongoing threat of terrorism all have the potential to affect this elastic revenue source. Beyond FY 2004/05, the five-year financial plan projections reflect a slow and modest increase in sales taxes – essentially keeping pace with a projected modest inflation rate.

Property Taxes – This revenue source is one of the few stable General Fund revenues and is anticipated to increase by \$1.1 million, or 6.4 percent over FY 2003/04, to \$17.6 million. The increase in revenue is driven by a combination of growth in existing property assessment values, up 6.2 percent, and new construction, up 4.6 percent.

Transient Occupancy Tax, the Hotel "Bed Tax" – This revenue source is expected to increase to \$6.7 million, a very modest 2 percent increase from FY 2003/04. Like sales taxes, these revenues are less predictable because of ongoing uncertainty in the economy and the magnified effects of potential acts of terrorism on business and pleasure travel. Growing competition from new resorts in neighboring jurisdictions limits the likelihood of significant growth in this revenue source in FY 2004/05 and beyond.

State-Shared Revenues, or "Intergovernmental Revenues" – These revenues are projected to increase less than 1 percent, from \$34.2 million in FY 2003/04 to \$34.5 million in 2004/05. These revenues are from state sales and income taxes shared with Arizona cities and towns, based on a statutorily determined formula. The shared sales tax revenue projection is based on a slow and modest statewide economic recovery. The shared income tax revenue projection reflects a two-year lag between the time citizens file their state taxes and the date the revenues are sent to cities and towns. These estimates do not factor in any potential reductions resulting from legislative changes or reductions. The Five-Year Financial Plan assumes the mid-decade census will adversely impact the City's state-shared revenues by an estimated \$1.7 million in FY 2006/07, as faster growth cities and towns within the state receive an increased proportion of the overall pool of state-shared revenues.

Development Permits and Fees - These revenues are projected to decrease by \$750,000, or 5 percent, to \$14.3 million from FY 2003/04. This unpredictable revenue source can have dramatic peaks and valleys from year to year. The staff foresees a slight slowdown in development and construction during the coming fiscal year and beyond as Scottsdale approaches build-out.

Fines and Forfeitures – These revenues are anticipated to increase approximately \$800,000, or 18.2 percent, to \$5.2 million in FY 2004/05. These revenues are expected to rise significantly because the State Legislature repealed legislation that diverted a substantial portion of the City's court fine revenue to the state.

Transfers-In – As noted above, the proposed budget includes a \$3.5 million contingency if voters approve a 0.10 percent sales tax for public safety. Those dollars would be transferred into the General Fund to support police, fire and code enforcement. This transfer-in constitutes a significant portion of the increase in General Fund revenues for 2004/05.

General Fund Expenditures

Under the proposed budget, General Fund expenditures, debt payments and transfers-out of the fund increase \$19.2 million, or 9.9 percent, from \$194.9 million in FY 2003/04 to \$214.1 million in FY 2004/05. The most noteworthy changes in the General Fund expenditures and transfers-out are outlined below:

New Staff Positions – The proposed budget includes the payroll, benefits and operating costs associated with 22.34 new General Fund positions, for a total cost of about \$960,000. The new staffing includes 13.5 new positions to support the fire transition, at a cost of about \$520,000. Most of these positions will be filled in the second half of the fiscal year to minimize the budget impact. The remaining 8.84 new positions add about \$440,000 to the proposed

budget and will be filled in the first half of the fiscal year. These new positions will address high priority services areas such as code enforcement, downtown, trash collection, parks and recreation, economic development and increased security for City buildings.

Contract Worker Conversions – The proposed budget reflects the conversion of 2 full-time and 10 part-time contract worker positions to City employee status. These long-time contract positions are in ongoing high priority service areas such as maintenance and citizen security. The conversions to City employee status will contribute to the Council's goal of high quality core services. The conversions are the equivalent of 6.2 full-time positions. After eliminating the contractual service costs for these individuals, the net fiscal impact on the FY 2004/05 budget is less than \$6,800.

Public Safety Retirement Costs – The City's contribution to the Arizona State Retirement System for police officers will rise by about \$600,000 in FY 2004/05. Under state law, a public safety employee's contribution to the retirement system is capped at 7.65 percent of the employee's annual compensation; the employer must pick up any increase in the actuarially determined total contribution rate.

Market Pay Adjustment – The proposed budget includes a 2.5 percent cost-of-living pay adjustment for City personnel, which equates to a \$2.7 million impact on the General Fund. The adjustment will help keep Scottsdale's pay ranges competitive. Employees have not received a cost-of-living adjustment since January 2003 and many have less take-home pay because of increased costs for retirement and health care.

Transfers-Out – The 2004/05 proposed budget increases the total amount transferred out of the General Fund to other funds by more than 50 percent, to \$16.9 million. The primary driver for the increase is a \$5.8 million transfer to the Capital Improvement Program for one-time capital equipment and facilities costs associated with the fire department transition. The transfer-out to the Highway User Revenue Fund (HURF) will increase by more than \$400,000, to \$3.6 million, to support transportation programs. Finally, \$600,000 is budgeted for transfer to the Self-Insurance Fund to meet the actuarially determined funding recommendations for claim expenses and rising insurance costs.

Fire Services - The fire budget includes \$1.3 million of contractual increases primarily for union-negotiated firefighter pay adjustments, anticipated increases in Rural/Metro Corporation's health care costs, and 401K benefits. It also includes \$300,000 for added firefighter positions for a new fire station at Jomax and Scottsdale roads. These positions are expected to be hired in the spring of 2004 and will work out of the temporary station at Jomax and Pima roads until the permanent Station #826 is completed.

Downtown Group and Downtown Maintenance – The Downtown Group, established in the second half of FY 2003/04, continues to strategically address the needs of downtown businesses, the arts community and a growing downtown residential population. This program has assumed the responsibility for managing the City's contract with the Scottsdale Cultural Council. Funding transfers from other programs offset most of the costs for this new program. The City also will launch a \$465,000 Enhanced Maintenance Services Pilot Program in the downtown, covering an area of more than 700 acres. The pilot program, mainly for enhanced litter and refuse services, is included in the Community Services Department budget. Most of the funding for this new pilot program will come from a Solid Waste Fund transfer-in.

Culture and Tourism – The proposed budget includes a 3 percent increase for the Scottsdale Cultural Council contract and a 2 percent increase for the Scottsdale Convention and Visitors Bureau contract. Also proposed is a modification in the percentage allocation of the bed tax, which would increase the City's budget for tourism development. Additional information on the proposed modification to the bed tax is under the section on "General Fund Policy Options for Council Consideration" below.

General Fund Balances and Reserves

The proposed FY 2004/05 budget includes the following fund balances and reserves:

General Fund Reserve – This reserve, projected to total \$24.2 million at the end of 2004/05, continues the City's financial policy of setting aside funds to protect Scottsdale in times of emergency. This is the City's "savings account." Most of these funds are carried over from previous years, and once they are spent, it will be extremely difficult to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of \$22.2 million, an amount equal to 10 percent of total annual operating costs for the General and Highway User Revenue funds. For FY 2004/05 the proposed General Fund Reserve includes an additional \$2 million set aside in case the City must

pay a settlement in an ongoing taxpayer refund audit. Maintaining this reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings.

Economic Investment – The proposed budget uses a portion of the original \$5.0 million balance set aside by the City Council for strategic economic development investments that demonstrate clear returns to the community. In FY 2004/05, \$304,000 from the Economic Investment allocation is proposed to pay a share of the initial debt payments for the Loloma Museum. Bed tax revenues will cover the balance of the debt payments, \$223,000. During FY 2004/05, the staff anticipates the Economic Investment allocation will provide \$500,000 of the \$3 million loan, approved by City Council last December, for the new Mayo Clinic/TGen research facility.

Operating Contingency – The proposed budget includes a \$2.5 million operating contingency to meet unforeseen expenses during the year. This reserve is especially important in FY 2004/05, as we prepare for the transition to a municipal fire operation and possible unforeseen costs.

Open Purchase Order Reserve – The proposed budget anticipates \$4.4 million of purchase orders from FY 2003/04 that will be completed and paid after the June 30 fiscal year-end. This reserve provides a funding source for these year-end carryover items.

Unreserved Fund Balance – After considering all of the other reserves, an unreserved fund balance of nearly \$12.6 million is projected at the end of the 2004/05 fiscal year, resulting mainly from a large carryover from the 2003/04 budget. These funds are not designated for a specific purpose. The City Council may choose to allocate some or all of these dollars for new or expanded programs or requests, or to allocate them to other reserve funds. The unreserved fund balance represents an accumulation of one-time revenues and would most appropriately be used for one-time expenditures, not to fund new or expanded programs with ongoing operating costs.

General Fund Budget Options for City Council Consideration

The General Fund budget outlined above is based on changes in three key Financial Policies recommended by the City staff for Council consideration. The changes would apply to:

The allocation of bed tax revenue. The Tourism Development Commission is recommending that the City Council increase the percentage of bed tax revenues used for tourism development purposes from 66.7 percent to 80 percent. The recommendations would require amendments to a City Ordinance. The change would mean a smaller portion of bed tax revenues, 20 percent, would remain in the General Fund to support core City services, and a larger portion would go to tourism development. As an offset, however, the current \$770,000 annual contribution from the General Fund for the Culture Quest program would be eliminated. Tourism development uses include destination marketing and promotion provided through the Scottsdale Convention and Visitors Bureau contract, visitor research and visitor-related capital projects.

The use of construction sales tax revenues. The staff is recommending a financial policy that limits to 75 percent the portion of annual construction sales tax revenues that may be used for ongoing operating expenses. The remaining 25 percent would be used to fund projects in the City's Capital Improvement Plan. This policy is intended to prevent an over-reliance on the potentially volatile construction sales tax for year-to-year operating costs.

Water quality charges. The staff is recommending that the City Council include a charge in water bills to fund programs to meet unfunded federal storm water quality mandates. The charge would help the City meet requirements under the National Pollution Discharge Elimination System (NPDES). The charge would generate approximately \$600,000 annually.

Special Revenue Funds

The City accounts for revenues earmarked for specific purposes – by law or City policy – through special revenue funds. Two potential new funds are included, one funded by the 0.15 percent sales tax increase for McDowell Sonoran Preservation proposed on the May 18 ballot, and the second funded by the 0.10 percent sales tax increase for public safety proposed on the same ballot. As noted previously, the potential new revenues and expenditures associated with these funds are included in the proposed budget to allow the City to comply with the Arizona's tentative budget adoption requirements.

The largest existing special revenue funds, by far, are for 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 transportation operating expenditures. These include \$10.3 million for master planning, transit services, traffic engineering and other operations in the Transportation Department and \$11.5 million for street and signal operations and maintenance provided by the Municipal Services Department.

The revenues and transfers-in to the Highway User Revenue Fund are expected to increase 4.8 percent, from \$23.8 million in FY 2003/04 to \$24.9 million in FY 2004/05. The largest source of revenue for this fund is the state Highway User Revenue Fund tax, commonly known as the gas tax. State shared gas taxes are expected to increase by about 3 percent from \$13.5 million to \$13.9 million. Local Transportation Assistance Fund revenue from the Arizona State Lottery is expected to remain at the same level as 2003/04, about \$1.1 million. Transfers-in to the fund are projected to increase by almost \$800,000 from \$9.1 million to \$9.9 million.

Total revenue to the Transportation Privilege Tax Fund is expected to increase 3.2 percent from \$15.2 million in FY 2003/04 to \$15.7 million in FY 2004/05. All of the revenues in this fund are used to support transportation purposes. Approximately \$6.3 million will go to the Highway User Revenue Fund to pay for operating costs supporting transportation improvements and \$9.4 million will go to the Capital Improvement Plan for transportation related capital projects.

Total revenue to the 1996 Preservation Privilege Tax Fund, which draws its revenue from the existing 0.2 percent preservation sales tax, is expected to increase by 3.2 percent from \$16.3 million in FY 2003/04 to \$16.8 million in FY 2004/05. Total expenditures and transfers-out of the fund are estimated at nearly \$21.0 million, compared to \$17.0 million in the current fiscal year. The primary expenditure driver is an anticipated increase in debt payments related to the planned issuance in April 2004 of \$65.4 million of General Obligation Preserve Bonds. The bonds will provide funding for the City to move ahead on current preserve purchase plans.

The budget for the 2004 Preservation Privilege Tax Fund, supported by a proposed 0.15 percent increase in the sales tax rate for preservation, is *contingent* on the outcome of the May 18 ballot initiative. The first-year revenue forecast for this potential new fund is \$11.7 million. Under the ballot language, revenues received by this fund may be used for debt service payments related to preserve acquisition and preserve-related construction, such as proposed trailheads.

The budget for a new Public Safety Privilege Tax Fund also is *contingent* on the outcome of another May 18 ballot question. The first-year revenue forecast for this potential new fund is approximately \$7.9 million. The total transfers-out of this fund to the General Fund for the purpose of covering proposed public safety initiative costs are estimated to be \$3.5 million. Any revenues collected and not transferred in FY 2004/05 would remain in the fund exclusively for future public safety uses.

A collection of smaller restricted revenues for specific City services is included in the Special Programs Fund. 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 \$2.5 million and \$4.0 million, respectively.

Examples of these funds include the Police Department RICO funds, the City Court's Court Enhancement Fund, the McCormick-Stillman Railroad Park Fund, the Scottsdale Cares charitable fund and the Preservation Rehab Fund for historic building rehabilitation.

Enterprise Funds

Enterprise funds account for the City's water, sewer, solid waste collection and aviation services, operated as stand-alone businesses. User fees are assessed to cover the full cost of services. Under the proposed budget, the total for revenues and transfers-in to these funds increase from the \$124.6 million in FY 2003/04 to \$130.9 million in FY 2004/05.

Federal water quality mandates continue to significantly affect the Water and Sewer Fund. The City faces mandates to reduce arsenic levels in drinking water and another forthcoming mandate to reduce levels of by-product compounds from chlorine disinfection by 2006. In this past year, the City began a trial project to help determine the most effective method to meet federal standards. However, the Five-Year Financial Plan still anticipates the need to issue over \$100 million in debt to pay for the infrastructure to meet these mandates.

The budget includes a modest 2.5 percent water fee increase to help pay for these added costs. It also includes future debt of \$20.0 million, to be issued in April 2004, and a small increase, 3.0 percent, in sewer rates to fund expansion and upgrades to wastewater treatment facilities.

The proposed fund balance and reserves in the Water and Sewer Fund will continue to meet three policy objectives adopted by the City Council last year: (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 and sewer financial plan focuses on preserving two reserves: a 90-day operating reserve and an infrastructure repair/replacement reserve (as required by our revenue bond indenture). Remaining accumulated funds will be used only for future infrastructure projects and to level rate impacts to customers over time. The budget proposes a drawdown of accumulated cash in accordance with the water and sewer multi-year financial plan to fund major infrastructure projects needed to meet the unfunded federal mandates for water quality previously noted.

The proposed FY 2004/05 Solid Waste Fund budget includes no increase in fees for the operation of refuse collection and recycling services. The Solid Waste Fund is expected to maintain a positive fund balance over the life of the Five-Year Financial Plan. The plan continues to meet the 90-day operating reserve financial policy adopted by City Council last year. The 90-day operating reserve was established to provide future funding to address emergencies and the possibility of significant future landfill cost increases. In 2004/05, it will help fund the new enhanced downtown maintenance pilot program.

Under the proposed budget, the average monthly residential utility bill for water, sewer and refuse service would increase about \$1.50 per month. As noted under the General Fund budget options section above, another 40 cents would be added to the average monthly residential bill to fund compliance with federal stormwater quality mandates.

The proposed FY 2004/05 Aviation Fund budget includes no increase in landing fees in FY 2004/05. The five-year forecast for this enterprise fund projects continued positive fund balances and no planned operating subsidies from the General Fund. The Aviation Five Year Financial Plan will meet the 90-day operating reserve financial policy adopted by City Council last year. This 90-day operating reserve was established to provide funding for potential emergencies, to provide matching funds for potential grants and to ensure that further General Fund subsidies are avoided.

Proposed Enterprise Funds policy changes for City Council consideration include the following:

The proposed water quality charge for stormwater. Details of this proposal are explained above under the section on "General Fund Budget Options." Revenues would be collected in the Water and Sewer Enterprise Fund and transferred-out monthly to the General Fund.

Funding for the Enhanced Maintenance Services Pilot Program. The proposed Solid Waste Fund budget includes approximately \$370,000 to fund the new Community Services Department pilot program in the downtown. The new program will provide residents and businesses located within the 700-acre downtown an enhanced level of litter and trash service to bolster the image and appearance of the area. An estimated 80 percent of the enhanced services would be solid waste-related. Therefore, the staff is recommending that the City Council authorize funding for up to 80 percent of the pilot program costs to come from the Solid Waste Fund, through a transfer-in to the General Fund.

Internal Service Funds

Internal Service Funds account for services and equipment provided to all City departments by centralized divisions, such as maintenance of the City's vehicle fleet and insurance coverage.

Most of the \$30.9 million in FY 2004/05 revenues and transfers-in to these two funds come from internal charges to City departments.

The total revenue and transfers-in to the Self-Insurance Fund of \$18.9 million reflect an expected increase over the current fiscal year, as the City moves to self-insuring for health care. The proposed budget anticipates total operating and claims expenditures and transfers-out of \$16.7 million in FY 2004/05. The projected ending fund balance reserve is \$12.1 million for property casualty and \$8.1 million for health benefits.

The proposed Fleet Management Fund forecasts \$12.0 million in revenues and includes a 3 percent increase in the FY 2004/05 fleet rate, which is then reflected in fleet rates charged to City departments. The FY 2004/05 budget includes \$3.6 million for vehicles and equipment. Of that amount, \$1.3 million would go to public safety vehicles and equipment, \$400,000 for solid waste, \$300,000 for street maintenance, and \$1.5 million for general fleet replacements. Additionally, the budget includes approximately \$59,000 to cover the initial costs associated with the staggered hiring of four equipment mechanics starting in March 2005 for the July 2005 fire department transition. After considering all of the proposed acquisitions and rates, the proposed Five-Year Financial Plan for the Fleet Management Fund continues to maintain a solid fund balance reserve.

Debt Service Fund

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

Total revenues and transfers-in to these funds are estimated at \$49.6 million for FY 2004/05, compared to \$41.7 million for FY 2003/04. The same amount, \$49.6 million, is planned for debt service payments. The increase in debt service payments results from planned April 2004 debt issuances of \$48.0 million of General Obligation Bonds for capital projects in the Bond 2000 Program.

Property taxes levied to pay for voter-approved bonds are the largest revenue source, providing \$26.9 million in FY 2004/05. The proposed budget projects the rate for "secondary" property taxes, the portion of property taxes specifically dedicated for bonds, will drop 2 cents from 64 cents to 62 cents per \$100 valuation. This is the seventh consecutive year of a drop in the property tax rate.

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 and sewer improvements, parks, buildings and information technology.

The City staff continues to use enhanced project evaluation and cash management processes started last year to prioritize and propose funding for projects. Prior budgets reflected very aggressive and sometimes unrealistic plans to move projects forward. The proposed five-year CIP uses updated, more conservative financial forecasts and reflects only those projects with the highest priority and most realistic expectation for completion during the next five years. This approach avoids raising expectations for projects that are not well defined or that the operating budget will not support. Projects not included in the new five-year CIP will be kept on a pending projects list to be incorporated in a later year when financial forecasts improve.

The improvements in managing CIP finances are helping the City hold down the amounts transferred from the General Fund for capital funding. Setting aside the \$5.8 million in one-time capital costs for the transition to a City fire department, transfers-in from the General Fund actually drop from \$6.8 million in FY 2003/04 to \$6.7 million. The underlying decrease 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 2004/05 is \$730.3 million, which includes the following major project areas (in millions):

Community Facilities	\$134.2
Preservation	\$108.7
Neighborhood Drainage & Flood Control	\$22.5
Public Safety	\$51.2
Service Facilities	\$21.4
Transportation	\$139.3
Water Services	\$253.0

The City continues to face a quandary in capital funding plans. An extremely favorable bond market makes debt financing very attractive at this time. At the same time, the City has limited resources to fund operating costs for many of the proposed capital projects.

Scottsdale is only starting to see signs of an economic recovery after the worst recession in the City's history. The proposed five-year CIP attempts to continue – and even expedite – priority projects with minimal near-term operational impacts.

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 0.2 percent transportation sales tax – will move to a single funding source. This change will improve 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 \$1.12 to \$1.07 per \$100 assessed value in FY 2004/05 and staying at or below \$1.07 for the next five years. This is 43 cents, or 29 percent, below the \$1.50 financial policy limit initiated with the Bond 2000 authorization.

Conclusion

The information provided in this proposal provides the basis for a comprehensive discussion of the proposed budget 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.

The primary goals of this challenging budget development process have been to:

- Use conservative and realistic revenue forecasts.
- Limit staff increases to high priority service areas and redeploy existing staff, where possible.
- Use a zero-based program budget approach to justify and control expenditures while still focusing on achieving the City Council's Broad Goals and providing basic City services.
- Focus on continuing high priority programs and eliminate or reduce 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 astute use of City resources for strategic economic development investments that demonstrate a clear return to the community.
- Maintain a prudent level of 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 2003/04 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.

Citizens already have met with the members of the City Council Budget Subcommittee and the staff to discuss budget priorities for the coming year, and many of their insights have been incorporated in the proposed budget. Over the coming weeks, the subcommittee and citizens will devote many more hours to understand and analyze the proposed budget and offer their perspectives. 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 April 5, when the staff will present the proposed Capital Improvement Plan. Two weeks later, on April 20, the staff will present the proposed Operating Budget and Comprehensive Financial Policy updates. The City Council is scheduled to adopt a tentative budget on May 17 and final budget on June 8, 2004.

The City staff and I look forward to a thorough and thoughtful examination of the FY 2004/05 proposed budget.


Janet M. Dolan
City Manager

FY 2004/05 Budget - How to Use This Book - Volume One

The City of Scottsdale’s budget for FY 2004/05 is comprised of three volumes:

Volume One - Budget Summary includes the City Council’s Mission Statement and Broad Goals, the City Manager’s Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2004/05 through FY 2008/09, which forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

Volume Two - Program Operation Budget 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 - Capital Improvement Plan includes the Capital Project Budget and Five-Year Capital Improvement Plan (CIP) 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 2004/05 Adopted Budget Summary - Volume One

Volume One begins with the **City Manager’s Transmittal** letters dated March 9 and June 8, 2004. The March 9th 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 8th letter conveys the key elements of the adopted budget and the changes from the proposed budget.

The **Overview** section of Volume One 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 contingency/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 **Fund Summaries & Five-Year Plan, Budget by Fund, and the Capital Improvement Plan** sections of Volume One represent the core of the City of Scottsdale’s adopted FY 2004/05 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 **Capital Improvement Plan** of Volume One 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 the **Appendix** that provides 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, 2004. A Glossary of terms used throughout the City’s budget is also included in this section along with the City Council’s ordinances reflecting the adoption of the City’s FY 2004/05 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 a multi-year planning horizon and to assess whether program and service levels can be sustained. Practices encourage the development of organizational goals, establishment of policies and plans to achieve these goals, and allocation of resources through the budget process that are consistent with goals, policies and plans. There is also a focus on measuring performance to determine what has been accomplished with scarce government resources. The following are excerpts of the NACSLB's guiding principles and budget practice recommendations.

Budget 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 stakeholder refers to anyone affected by or who has a stake in government. This term stakeholder includes, but is not limited to: citizens, customers, elected officials, management, employees and their representatives (whether unions or other agents), businesses, vendors, 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 are essential components 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 balanced 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 City of Scottsdale employee plays a role in the City's budget — whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, of course, each 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.

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

- 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 City departments have Budget Liaisons and CIP Liaisons that coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Budget Analyst on matters related to their specific operating budget. 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. The CIP Liaisons essentially serve the same role as the Budget Liaisons; however, their focus is on the coordination of capital projects and multi-year capital planning with the Financial Services Department staff. In many cases the same individual serves as both the departmental Budget Liaison and CIP Liaison. A list of Budget Liaisons and CIP Liaisons and their area of responsibility appears in the appendix, page 147.

- The **CIP Technology Review Team** and **CIP Construction Review Team** are comprised of mid-level staff from various City departments. These cross-departmental teams are responsible for reviewing the initial review of all of the City's capital projects. Their reviews are focused on timing and cost considerations, compiling lifecycle costs, and preparing a preliminary Capital Improvement Plan recommendation for review and revision by the General Managers, Chief Financial Officer, Deputy/Assistant Managers, City Manager, City Council and various boards and commissions comprised of citizens. A list of Coordination Team members appears in the appendix, page 147.
- 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 Analysts** are responsible for preparing the short-range and long-range revenue and expenditure forecasts, calculating user and indirect cost rates, developing the process and related forms for preparing the budget, providing budget training sessions to the Budget Liaisons and CIP Liaisons, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating and summarizing budget requests from departments and preparing budget review materials for the Chief Financial Officer, Deputy/Assistant Managers, City Manager, Mayor, and City Council.
- The **Budget Director, Chief Financial Officer (CFO), 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 Comprehensive Financial Policies (see page 22 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 **City Council Budget Subcommittee** gathers citizen input and priorities regarding the City's budget early in the budget development process. In the early winter the Subcommittee holds public budget forums in various geographic locations throughout the City. In late March, the Subcommittee holds budget work sessions with each of the department heads to review their proposed operating and capital budgets. The sessions are open to the public and are intended to assess how well the department's proposed budget aligns with the earlier citizen input, priorities, and supports the City Council's Broad Goals established by the Mayor and City Council. The Subcommittee also reviews the City's proposed multi-year Financial Plan including an examination of the revenue forecast and related assumptions. The Subcommittee members report their findings to the full City Council during a public meeting, in early May before the first public budget hearing with the full 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 and tentative budget and final adoption of the 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. While the budget may be reviewed by the Mayor and City Council in April and May and adopted in early June, its preparation begins with the City Council's fall retreat, which is open to the public. During the retreat the Council members collaborate on establishing a mission and broad goals for the community and articulating their priorities. During the retreat the following are also typically covered: methods of expanding and enhancing public input, the City's Financial Policies, the most current Financial/Revenue Forecast, and any emerging "hot budget issues". The City Council's feedback from the retreat provides the groundwork and starting point for the staff to begin framing the program and Capital Improvement Plan budgets.

Needs Assessment and Financial Capacity Phase

In this phase, which begins in the late summer and continues up to the final budget adoption, the staff compiles and updates on an ongoing basis the City's multi-year revenue forecast. The first year of the estimated revenues ultimately defines the expenditure limitations for the budget to be developed. The multi-year revenue perspective further refines the City's current and future period expenditures — with the goal of not adding programs, services or staff which do not have a sustainable funding source.

Also, during this key phase the City staff is assessing what programs, services and capital needs exist as seen by our citizens, boards, and commissions. Public input and involvement are an extremely important and value added component of Scottsdale's budget process in assessing citizen satisfaction with services and establishing priorities for the coming budget year(s).

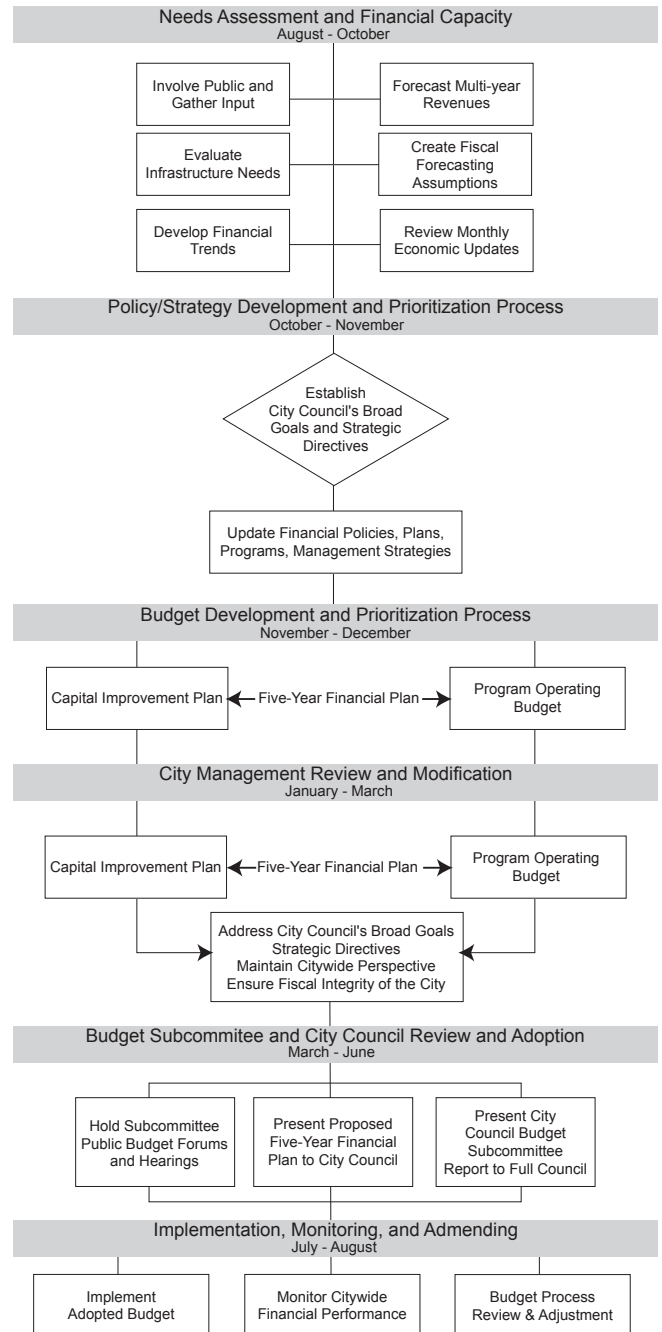
One way the City gathers public feedback on citizen satisfaction with services is through a citizen survey. In the early fall, an independent research organization conducts a citizen survey, which is facilitated by the City's Communications and Public Affairs (CAPA) staff and the results are shared during the City Council fall retreat.

Another way the City gathers public input and further insight into citizens' budget priorities for the forthcoming budget is through the City Council Budget Subcommittee. The Budget Subcommittee hosts a series of public budget forums in various geographic locations in the City during January. After the City Manager's proposed budget is released in March, the Budget Subcommittee conducts public budget work sessions reviewing the departmental/program budgets and the proposed multi-year Financial Year Plan and proposed budget with the City staff in budget work sessions.

The staff and City Council also use the Economic/ Financial Updates and Financial Trends Analysis Report as integral parts of the budget decision-making process incorporating both short and long-range economic and financial forecasts, program objectives and financial policy. The City's current financial condition with existing programs is evaluated, as well as its future financial capacity to sustain service levels. The most recent Economic/Financial Updates and Financial Trends Analysis Report may be viewed on the City's Internet website: www.ScottsdaleAz.gov.

The City's infrastructure needs (capital improvement projects) are also evaluated and play an important role in forecasting related short and long-term operating needs. The General Fund's ability to absorb the ongoing operating costs associated with proposed

Budget Phases



capital projects is an especially significant criterion in assessing whether a project moves forward in the Capital Improvement Plan and receives funding in the proposed Program Operating and Capital Budgets.

During this early phase of the budget development, the Financial Services Department staff make key fiscal forecasting assumptions, i.e., reserve funding, capital funding contributions, and compensation adjustments with special consideration given to major compensation cost drivers such as healthcare and retirement increases. The projected impacts of cost/inflation over the City's multi-year expenditure projections are also considered and factored into the analysis. The Financial Services Department staff prepares the City's multi-year revenue forecast for all major revenue sources using historical trend analysis as the starting point and then modifies the results to reflect emerging or known changes in each revenue source. Using the updates from the Financial Services Department staff monthly revenue meetings the earlier multi-year revenue projections are further updated and refined. This is an ongoing process before the budget is adopted, and usually results in at least monthly updates to the multi-year revenue projections. The review and forecasting process is an iterative one and continues with monthly monitoring by the Financial Services Department staff after budget adoption.

The preliminary assumptions are used to forecast the City's fiscal capacity and provide the financial framework within that program service levels and capital infrastructure project budgets must be developed.

Policy/Strategy Development and Prioritization Process Phase

At its fall retreat, the City Council review the citizen input, Financial Policies, Economic Trends Analysis, citizen survey results 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. The executive and senior management staffs update City financial policies, plans, programs, and management strategies to define how the City will achieve the broad goals. It is within this framework that the City staff formulates the proposed Program Operating and Capital Budgets.

Budget Development and Prioritization Process Phase

In the early fall the Capital Improvement Plan development begins in conjunction with the City's financial forecasts. Initial departmental capital project requests and changes to exiting capital projects 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. The teams involved in this 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 mid-level Capital Project Management staff with expertise in public building planning and construction, street improvements, stormwater management, landscaping, etc. The staff when developing their Program Operating Budget plans closely considers the operating impacts of current and proposed capital projects. Staff also considers City Council's Broad Goals and strategic directives as they develop program objectives and work plans for the budget period.

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

Under the City's zero-based program budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff, and program trade-offs resulting in service level reductions/increases must be submitted to the Budget Office in an Evaluation Decision Package. An Evaluation Decision Package provides extensive analysis and justification for the department's request and is reviewed by the City Manager during the budget development and prioritization process. In the later stages of the City's budget development process, Evaluation Decision Packages are considered and balanced among

numerous competing demands within the City's available, ongoing resources. When funding needs exceed the City's funding limits, remedies may be one or more of the following: reduce base budget, identify new revenues, employ process management tools, and/or form partnerships with other City programs or non-profit organizations.

City Management Review and Modification Phase

In the early winter, the Department submit their proposed Program Operating Budget and Capital Project Budget requests to the Budget Office. The Budget Director and Budget Analysts compile the information and provide the first review of the material. The initial multi-faceted review focuses on: ascertaining the departments complied with the Budget Office's budget instructions, reviewing the mathematical accuracy and logic of the departmental base budget and capital project requests, and any Evaluation Decision Packages. The review also includes a broader assessment of whether the departmental budget proposals address City Council's Broad Goals, strategic directives, and program service needs while maintaining a citywide perspective ensuring the fiscal integrity of the City (not exceeding our forecasted resources/limits).

The Deputy/Assistant City Managers, City Manager, CFO, Budget Director and Budget staff collaborate on the development of a recommended Five-Year Financial Plan and proposed budget for each fund and submit to the City Council for review and adoption. As noted above, the City Council Budget Subcommittee also reviews the proposed multi-year revenue forecasts for reasonableness and the expenditure budgets for efficiencies and alignment with community needs and expectations.

Budget Subcommittee and City Council Review and Adoption Phase

In late March, the City Council Budget Subcommittee holds public budget work sessions to review each department's budget and the City multi-year Financial Plan. This review is detailed in nature and focuses on how the department's program budgets address the articulated priorities of the public and City Council's Broad Goals.

In the early spring, the City Manager and CFO present a proposed financial plan — operating and capital — to the City Council for consideration and further public input. The City Council Budget Subcommittee presents their findings to the full City Council in early May, before the City's first public budget hearing. The budget is also communicated to the general public in a summary

format using a newspaper insert, "Budget in Brief" handouts, televised public City Council meetings and budget hearings, Internet and/or a combination of these formats.

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

The series of statutorily required public budget 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. Per State statute, the City Council must have Tentative Adoption of the proposed budget, on or before the second public budget hearing, which is usually held in mid-May. Tentative Adoption sets the legal maximum expenditure (i.e., appropriation) limit for the coming fiscal year budget. Under the City's Charter, the Final Adoption of the budget must occur at the first Regular City Council meeting in June.

Arizona State law requires a "balanced" budget, which is "all-inclusive". Arizona State Revised Statute (ARS 42-17151) defines a "balanced" budget as follow:

"Fix, levy and assess the amount to be raised from primary property taxation and secondary property taxation. This amount, plus all other sources of revenue, as estimated, and unencumbered balances from the preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year."

Under Arizona State law "all-inclusive" means if an item is not budgeted (i.e. does not have an appropriation), it cannot legally be spent during the fiscal year. Therefore, the budget must include sufficient appropriation provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the City to comply with the Arizona State law and to pro-actively pursue emerging revenue sources as the budget year unfolds. The contingent expenditure appropriations associated with items such as possible future grants/revenues may not be spent without prior City Council approval during a public meeting.

Arizona State Revised Statutes only requires communities to prepare budgets for two funds — the General Fund (ARS 42-17101) and Highway User Fund (ARS 28-6533). In addition to these two funds the City prepares budgets and requests legal appropriation for all of its funds — Special Revenue, Debt Service,

Enterprise, Internal Service, Grant & Trust and Capital Improvement Plan Funds. The ordinance adopting the annual budget requires City Council authorization for expenditures from the aforementioned funds, which in the aggregate constitute the City's total Operating, Capital Budget and Contingency/Reserves for purposes of complying with the state's balanced budget and legal maximum appropriations requirements.

Implementing, Monitoring, and Amending the Budget Phase

In July, the City staff begins the process of implementing the newly adopted budget and is accountable for budgetary control throughout the fiscal year. Revenue and 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 Economic Update Reports disclosing actual revenue, expenditure, and fund balance performance as compared to the budget plan.

Upon the final adoption of the budget, staff implements the Program Operating Budget and the Capital Improvement Plan, incorporating all changes from the Tentative Budget proposal. The final Program Operating Budget and Capital Improvement Plan are typically published no later than the end of July.

Scottsdale's 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 limited 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. The Financial Services Budget staff, senior management, and the Internal Audit staff 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 ongoing financial performance is required of all program managers on a monthly basis. Written budget to actual expenditure variance reports

must be submitted monthly by all City departments that have variances exceeding pre-determined variance ranges as established by the Budget Office. Additionally, the departments must explain in writing to the Budget Office any impact of a variance on the projected year-end budget saving and fund balanced budget.

The City of Scottsdale Budget is adopted at a department level and the Capital Improvement Plan is adopted at a project level. Per the City's Administrative Regulations, all proposed budget transfers from non-salary accounts between City departments, programs or capital projects require the written approval of the department General Manager, the requestor, and the Budget Director. If approved, the transfer is input into the budget system by the Financial Services Systems Integrator staff.

Per the City's Administrative Regulations, all proposed budget transfers from a salary account between City departments; programs or capital projects require the written approval of the department General Manager, the requestor, the Budget Director and the City Manager. If approved, the transfer is input into the budget system by the Financial Services Systems Integrator staff.

In addition, budget changes for capital projects funded by bonds require review by the Citizen Bond Review Commission and approval by the City Council. All requests for adjustment require written justification and an explanation of the fiscal impact, which is reviewed by the Financial Services staff prior to written approval.

All amendments to the budget that require a transfer from the Contingency/Reserve Funds require the prior approval of City Council at a public meeting.

Use of Contingency/Reserve Funds

The Contingency/Reserve Fund is strictly defined in the City's financial policies adopted by City Council annually and used when additional funds are necessary to offset events such as: unexpected revenue shortfalls or expenditure increases so that budgeted citizen service measures can be maintained; unanticipated grants are received; and when unanticipated and/or inadequately budgeted events threaten the public health or safety. Use of Contingency/Reserve Funds are to be utilized only after all budget sources have been examined for available funds. All Contingency/Reserve Fund requests require justification and an explanation of the fiscal impact, which is reviewed and approved in writing by the Budget Director, Chief Financial Officer, the applicable service area Deputy/Assistant Manager, and City Manager before being presented to City Council for consideration and approval.

Budgetary and Accounting Basis

Scottsdale’s budget is prepared on a cash basis of accounting for all fund types, which means certain transactions are recognized in the budget on a basis other than Generally Accepted Accounting Principles (GAAP), which is the basis used to prepare the City’s Comprehensive Annual Financial Report (CAFR). 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 revenues 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 or 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 expenses on the GAAP basis.
● Debt service principal payments in the Enterprise Funds are accounted for as expenses for budget purposes, but are reported as reductions of long-term debt liability on the GAAP basis.
● Certain debt service principal and interest payments are accounted for as expenses in the General Fund for budget basis purposes, but are reported as expenses in the Debt Service Fund 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, Grant & Trust, and Capital Improvement Plan.

Operating and Capital Budget Relationship

The City of Scottsdale’s Budget for FY 2004/05 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 2004/05 through FY

2008/09 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, customers, 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 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 modified zero-base expenditure analysis 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 City Council Budget Sub-Committee will solicit citizen input and serve in an advisory capacity in reviewing operating and capital budget recommendations from a departmental, program, and goals perspective.
5. Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP). All non-restricted 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. To ensure that Scottsdale does not become overly reliant on 'growth' revenues for operating needs, a minimum of 25% construction privilege tax revenues will transferred annually to the Capital Improvement Program for one-time capital project use.
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 Management, and Airport) 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 financial 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 .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 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 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 two tenths of percent (.2%) privilege tax revenue for transportation improvements will be restricted to funding the planning, design, construction and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, 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 carryforward 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, McDowell Sonoran 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 non-voter approved, will be utilized only when a dedicated revenue source (e.g., golf course revenue, privilege tax, 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 Sonoran Preservation debt service will be funded by the dedicated .2% privilege tax. The City's privilege tax to revenue bond debt service goal will be at least 1.5:1 for senior lien debt to ensure the City's ability to pay for preserve debt from this elastic revenue source.
32. Improvement District (ID) and Community Facility District *(CFD) Bonds shall be permitted only when there is a general City benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
 - a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the City. In addition, the City's cumulative improvement district debt will not exceed 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 Stabilization 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 and 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 Replacement and Extension 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, Working Capital 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 Management Fund 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 inter-governmental investment to maximize the value of waste disposal activities.
42. Aviation Fund 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 inter-governmental investment to maximize the value of airport activities.
43. 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 Council.
44. 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.
45. 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 SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget
Fund Summary
General Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance:				
General Fund Reserve	19,456,791	20,476,049	20,476,049	22,587,671
Economic Investment	5,000,000	4,220,550	4,220,550	9,819,205
Operating Contingency	2,822,626	1,700,000	2,500,000	2,500,000
PY Open Purchase Orders	-	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	3,316,687	1,756,774	1,691,732	7,110,176
Total Beginning Fund Balance	30,596,104	32,553,373	33,288,331	46,417,052
Revenues:				
Taxes - Local				
Privilege Tax	79,703,549	77,377,547	82,959,405	84,821,709
Property Tax	15,552,166	16,572,708	16,572,708	17,630,083
Transient Occupancy Tax	6,688,189	6,600,000	6,800,000	6,732,000
Light & Power Franchise	5,146,431	5,464,150	5,114,150	5,216,433
Cable TV	2,439,791	2,300,000	2,600,000	2,600,000
Salt River Project Lieu Tax	197,263	202,864	202,864	202,864
Fire Insurance Premium	413,773	334,750	425,000	500,666
Taxes - From Other Agencies				
State Shared Sales Tax	15,853,113	15,414,564	16,214,564	16,538,855
State Revenue Sharing	21,574,128	18,016,757	18,016,757	18,016,757
Auto Lieu Tax	7,984,078	6,940,606	7,690,606	7,844,418
Licenses, Permits & Fees				
Development Permits & Fees	15,423,728	13,500,000	16,500,000	14,250,000
Business Licenses & Fees	1,816,248	1,756,408	1,756,408	1,826,664
Recreation Fees	2,205,283	2,183,009	2,183,009	2,237,584
WestWorld	1,541,298	1,493,500	1,643,500	1,587,537
Fines & Forfeitures				
Court Fines	4,150,871	3,713,666	3,375,916	3,916,833
Parking Fines	213,614	142,093	121,793	209,015
Photo Radar Revenue	764,760	1,079,896	937,946	1,117,908
Library Fines	404,760	454,573	404,573	404,573
Interest Earnings/Property Rental				
Interest Earnings	1,655,503	750,000	1,500,000	1,575,000
Property Rental (MPC Debt)	2,529,464	3,280,000	3,000,000	3,370,000
Other Revenue				
Miscellaneous	1,866,763	1,500,000	1,100,000	1,200,000
Stormwater Water Quality Charge	-	-	-	612,000
TSA/CSA Revenue	-	-	-	1,321,489
Subtotal	188,124,773	179,077,090	189,119,199	193,732,389
Transfers In				
Fleet Management Fund	500,000	-	-	-
Special Programs Fund (McCormick)	357,260	356,660	356,660	-
Spec Rev - Public Safety Sales Tax (.10%)	-	-	-	4,192,514
In Lieu Prop Tax	2,302,553	2,520,215	2,520,215	2,517,313
Indirect Cost Allocation	8,045,269	8,728,540	8,728,540	8,635,220
Franchise Fee	4,839,604	4,992,003	4,992,003	4,996,477
Aviation Fund - CIP Advances/Security	-	-	259,051	63,587
Water Fund - Security Contract	-	-	-	194,232
Solid Waste Fund - Dntwn Maint Pilot Prog	-	-	-	371,948
Subtotal	16,044,686	16,597,418	16,856,469	20,971,291
Total Revenues & Transfers In	204,169,459	195,674,509	205,975,668	214,703,680
Use of Funds:				
Departments				
General Government				
Mayor & City Council	612,156	734,937	727,411	737,879
City Clerk	632,315	648,932	648,932	669,981
Elections	155,681	279,847	279,847	2,130
City Attorney	4,394,316	4,615,816	4,615,816	5,001,698
City Auditor	642,892	657,261	657,261	680,443
City Court	3,780,048	3,779,983	3,779,983	3,982,386

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget Fund Summary General Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<i>City Manager</i>	709,363	703,190	713,716	718,581
<i>CAPA</i>	1,209,719	1,384,005	1,384,005	1,323,512
<i>IGR</i>	416,283	447,910	447,910	714,782
<i>WestWorld</i>	1,900,213	2,173,217	2,173,217	2,271,440
<i>The Downtown Group</i>	-	-	79,975	3,923,439
<i>Preservation</i>	518,366	708,583	708,680	687,733
General Government Total	14,971,352	16,133,681	16,216,753	20,714,004
Police	51,171,225	54,467,836	55,309,747	61,056,902
Financial Services	7,630,558	7,487,934	7,457,298	7,678,835
Community Services	41,634,874	42,816,213	42,816,213	41,875,590
Information Systems	7,368,891	7,535,706	7,535,706	8,064,253
Fire	17,744,691	19,469,293	19,276,830	21,053,763
Municipal Services	385,331	540,252	540,252	537,783
Citizen & Neighborhood Resources	2,436,132	2,872,198	2,894,254	3,018,850
Human Resources	3,358,059	3,181,535	3,183,535	3,431,756
Economic Vitality	6,262,988	6,513,994	6,463,994	6,280,477
Planning & Development	11,546,365	12,563,814	12,558,717	12,756,970
<i>Estimated Department Expenditure Savings</i>	-	(500,000)	(500,000)	(500,000)
<i>Estimated Vacant Position Savings</i>	-	(500,000)	(1,687,155)	(500,000)
<i>Estimated CIP Operating Impacts</i>	-	-	-	-
Subtotal	164,510,466	172,582,456	172,066,144	185,469,183
Debt Service				
MPC Bonds Trf Out	9,611,539	7,371,768	6,413,373	7,297,573
MPC - Hospitality Funds Trf Out	50,000	194,495	-	273,429
Nordstrom Garage Lease	1,612,119	2,160,372	1,890,703	2,115,546
Waterfront Project	-	-	90,450	241,200
Promenade Agreement	883,000	883,000	1,050,000	1,155,000
Hotel Valley Ho	-	-	25,000	210,000
Stacked 40	-	-	-	447,000
All Other Contracts Payable	572,166	872,166	372,166	374,216
Subtotal	12,728,824	11,481,801	9,841,692	12,113,964
Total Operating Budget	177,239,290	184,064,257	181,907,836	197,583,147
Transfers Out				
CIP - General Fund Maintenance	4,781,710	3,525,500	3,525,500	3,702,900
CIP - General Fund - Public Safety	-	-	-	5,800,000
CIP - General Fund - All Other	8,098,600	3,299,800	3,299,800	7,200,000
Other Transfers	141,172	-	-	-
Special Revenue - Preservation Rehab Fund	-	-	-	10,000
Highway User Revenue Fund	10,554,202	3,175,625	3,051,449	3,691,538
Self Insurance Fund	-	750,000	750,000	600,000
Aviation Fund - Jet Fuel Tax	-	-	212,362	106,181
Special Prog Fund - Affdbl Housing Grant Match	100,000	100,000	100,000	100,000
Total Transfers Out	23,675,684	10,850,925	10,939,111	21,210,619
Total Expenditures & Transfers Out	200,914,974	194,915,182	192,846,947	218,793,766
Revenue Over/(Under) Expenditures	3,254,485	759,327	13,128,721	(4,090,087)
Ending Fund Balance				
General Fund Reserve	20,225,267	20,803,313	22,587,671	24,273,545
Economic Investment	4,220,550	4,019,205	1,819,205	9,014,884
Operating Contingency	2,500,000	2,500,000	1,458,089	2,500,000
Open Purchase Order Reserve	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	2,504,772	1,590,181	16,152,087	2,138,536
Total Ending Fund Balance	33,850,589	33,312,700	46,417,052	42,326,966

FIVE-YEAR FINANCIAL PLAN

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget Five-Year Financial Plan General Fund

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance:					
General Fund Reserve	22,587,671	24,273,545	25,010,123	25,878,121	26,800,336
Economic Investment	9,819,205	9,014,884	9,514,884	8,855,197	8,855,197
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
PY Open Purchase Orders	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	7,110,176	2,138,536	416,066	(3,640,375)	(8,414,900)
Total Beginning Fund Balance	46,417,052	42,326,966	41,841,073	37,992,943	34,140,633
Revenues:					
Taxes - Local					
Privilege Tax	84,821,709	87,718,519	90,780,499	93,931,771	96,774,920
Property Tax	17,630,083	18,674,566	19,784,981	20,762,840	21,789,028
Transient Occupancy Tax	6,732,000	6,933,960	7,141,979	7,356,238	7,576,925
Light & Power Franchise	5,216,433	5,372,926	5,534,114	5,700,137	5,871,141
Cable TV	2,600,000	2,652,000	2,705,040	2,759,141	2,814,324
Salt River Project Lieu Tax	202,864	202,864	202,864	202,864	202,864
Fire Insurance Premium	500,666	550,732	1,724,972	1,880,220	2,049,440
Taxes - From Other Agencies					
State Shared Sales Tax	16,538,855	16,869,632	16,493,025	16,822,886	17,159,343
State Revenue Sharing	18,016,757	18,196,925	17,392,894	17,566,823	17,742,491
Auto Lieu Tax	7,844,418	8,001,306	8,161,333	8,324,559	8,491,050
Licenses, Permits & Fees					
Development Permits & Fees	14,250,000	13,500,000	13,000,000	12,500,000	12,000,000
Business Licenses & Fees	1,826,664	1,899,730	1,975,720	2,054,748	2,136,938
Recreation Fees	2,237,584	2,282,336	2,327,983	2,374,542	2,422,033
WestWorld	1,587,537	1,603,412	1,619,446	1,635,641	1,651,997
Fines & Forfeitures					
Court Fines	3,916,833	3,956,001	3,995,561	4,035,517	4,075,872
Parking Fines	209,015	213,195	217,459	221,808	226,245
Photo Radar Revenue	1,117,908	1,123,498	1,129,115	1,134,761	1,140,434
Library Fines	404,573	404,573	404,573	404,573	404,573
Interest Earnings/Property Rental					
Interest Earnings	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
Property Rental (MPC Debt)	3,370,000	3,288,400	3,354,168	3,421,251	3,489,676
Other Revenue					
Miscellaneous	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Stormwater Water Quality Charge	612,000	630,360	649,271	668,749	688,811
TSA/CSA Revenue	1,321,489	1,320,830	1,323,005	1,318,380	1,322,555
Subtotal	193,732,389	198,170,767	202,693,002	207,852,450	212,805,662
Transfers In					
Fleet Management Fund	-	-	-	-	-
Special Programs Fund (McCormick)	-	-	-	-	-
Spec Rev - Public Safety Sales Tax (.10%)	4,192,514	3,660,231	3,870,033	4,094,959	4,338,500
In Lieu Prop Tax	2,517,313	2,665,589	2,919,707	3,109,488	3,311,605
Indirect Cost Allocation	8,635,220	8,721,572	8,808,788	8,896,876	8,985,845
Franchise Fee	4,996,477	5,205,487	5,404,824	5,615,612	5,834,621
Aviation Fund - CIP Advances/Security	63,587	65,177	66,806	68,476	70,188
Water Fund - Security Contract	194,232	199,088	204,065	209,167	214,396
Solid Waste Fund - Dntwn Maint Pilot Prog	371,948	-	-	-	-
Subtotal	20,971,291	20,517,144	21,274,224	21,994,578	22,755,155
Total Revenues & Transfers In	214,703,680	218,687,911	223,967,225	229,847,028	235,560,817
Use of Funds:					
Departments					
General Government					
Mayor & City Council	737,879	778,631	811,610	842,790	874,918
City Clerk	669,981	707,924	738,358	767,030	796,581
Elections	2,130	282,183	9,238	289,469	16,705
City Attorney	5,001,698	5,324,202	5,579,370	5,818,412	6,064,874
City Auditor	680,443	727,248	763,963	798,234	833,578
City Court	3,982,386	4,221,629	4,412,919	4,592,892	4,778,396
City Manager	718,581	788,670	831,512	871,577	912,890
CAPA	1,323,512	1,402,965	1,466,500	1,526,278	1,587,894
IGR	714,782	554,497	576,964	598,431	620,533

FIVE-YEAR FINANCIAL PLAN

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget Five-Year Financial Plan General Fund

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<i>WestWorld</i>	2,271,440	2,358,257	2,431,774	2,502,510	2,575,311
<i>The Downtown Group</i>	3,923,439	4,006,677	4,091,996	4,179,448	4,269,086
<i>Preservation</i>	687,733	722,823	751,881	779,603	808,150
General Government Total	20,714,004	21,875,705	22,466,084	23,566,673	24,138,917
Police	61,056,902	64,092,047	66,544,756	68,862,279	71,250,347
Financial Services	7,678,835	8,163,610	8,546,829	8,905,695	9,275,709
Community Services	41,875,590	43,439,778	45,116,128	46,717,415	48,366,236
Information Systems	8,064,253	8,536,687	8,913,899	9,268,593	9,634,201
Fire	21,053,763	21,937,140	22,786,633	23,644,494	24,529,336
Municipal Services	537,783	589,019	609,207	628,501	648,368
Citizen & Neighborhood Resources	3,018,850	3,181,684	3,312,717	3,436,319	3,563,697
Human Resources	3,431,756	3,631,820	3,792,090	3,942,995	4,098,530
Economic Vitality	6,280,477	6,469,270	6,649,885	6,831,168	7,017,230
Planning & Development	12,756,970	13,526,762	14,138,655	14,712,973	15,305,040
<i>Estimated Department Expenditure Savings</i>	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<i>Estimated Vacant Position Savings</i>	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
<i>Estimated CIP Operating Impacts</i>	-	1,262,000	2,459,500	5,116,300	6,357,000
Subtotal	185,469,183	195,705,524	204,336,383	214,633,406	223,184,611
Debt Service					
MPC Bonds Trf Out	7,297,573	3,217,046	3,212,421	5,364,091	5,189,411
MPC - Hospitality Funds Trf Out	273,429	271,688	269,788	272,413	269,913
Nordstrom Garage Lease	2,115,546	2,179,011	2,244,382	2,311,715	2,381,066
Waterfront Project	241,200	444,810	438,944	285,476	293,626
Promenade Agreement	1,155,000	748,353	-	-	-
Hotel Valley Ho	210,000	150,000	160,000	170,000	180,000
Stacked 40	447,000	787,500	827,000	868,000	912,000
All Other Contracts Payable	374,216	872,166	989,436	372,166	457,304
Subtotal	12,113,964	8,670,574	8,141,971	9,643,861	9,683,320
Total Operating Budget	197,583,147	204,376,098	212,478,354	224,277,267	232,867,931
Transfers Out					
CIP - General Fund Maintenance	3,702,900	3,856,500	4,181,700	4,828,900	3,196,300
CIP - General Fund - Public Safety	5,800,000	3,500,000	5,000,000	1,500,000	1,000,000
CIP - General Fund - All Other	7,200,000	3,000,000	2,000,000	2,000,000	2,000,000
Other Transfers	-	-	-	-	-
Special Revenue - Preservation Rehab Fund	10,000	10,000	10,000	10,000	10,000
Highway User Revenue Fund	3,691,538	3,625,024	3,539,121	276,990	198,850
Self Insurance Fund	600,000	600,000	400,000	600,000	600,000
Aviation Fund - Jet Fuel Tax	106,181	106,181	106,181	106,181	106,181
Special Prog Fund - Affdbl Housing Grant Match	100,000	100,000	100,000	100,000	100,000
Total Transfers Out	21,210,619	14,797,705	15,337,002	9,422,071	7,211,331
Total Expenditures & Transfers Out	218,793,766	219,173,803	227,815,355	233,699,338	240,079,262
Revenue Over/(Under) Expenditures	(4,090,087)	(485,892)	(3,848,130)	(3,852,310)	(4,518,445)
Ending Fund Balance					
General Fund Reserve	24,273,545	25,010,123	25,878,121	26,800,336	27,718,718
Economic Investment	9,014,884	9,514,884	8,855,197	8,855,197	8,855,197
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Open Purchase Order Reserve	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	2,138,536	416,066	(3,640,375)	(8,414,900)	(13,851,727)
Total Ending Fund Balance	42,326,966	41,841,073	37,992,943	34,140,633	29,622,188

Revenues Over/(Under) Expenditures the \$4.1 million excess of total expenditures and transfers out over total revenues and transfers in is solely attributable to City Council's policy decision to fund the following "one-time" capital projects from FY 2003/04 carryover funding: \$2.0 million for neighborhood revitalization south of Camelback Road, \$2.0 million addition to the CIP general fund contingency, and \$0.2 million to replace the Police Mounted Patrol Unit's barn at WestWorld.

Beyond FY 2004/05 budget, the excess of total expenditures and transfers out over total revenues and transfers may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Special Revenue Fund - Highway User Special Revenue Fund (HURF)**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance	-	-	-	-
Revenues:				
Highway User Revenue Tax	13,136,860	13,511,606	13,511,606	13,916,954
Local Transportation Assistance Fund	1,146,323	1,146,323	1,146,323	1,146,323
Subtotal	14,283,183	14,657,929	14,657,929	15,063,277
Transfers In				
Transportation Privilege Tax Fund (40%)	-	6,208,800	6,332,976	6,472,301
General Fund	10,803,496	3,175,625	3,051,449	3,691,538
Subtotal	10,803,496	9,384,425	9,384,425	10,163,840
Total Revenues & Transfers In	25,086,679	24,042,354	24,042,354	25,227,117
Use of Funds:				
Departments				
Transportation	10,858,049	10,143,267	10,143,267	10,563,729
Municipal Services	11,045,780	10,718,304	10,718,304	11,468,307
Subtotal	21,903,829	20,861,571	20,861,571	22,032,036
Debt Service				
Revenue Bonds	3,109,550	3,107,306	3,107,306	3,120,269
Subtotal	3,109,550	3,107,306	3,107,306	3,120,269
Total Operating Budget	25,013,379	23,968,877	23,968,877	25,152,305
Transfers Out				
CIP Fund (Tech. Replacement)	73,300	73,477	73,477	74,812
Total Transfers Out	73,300	73,477	73,477	74,812
Total Expenditures & Transfers Out	25,086,679	24,042,354	24,042,354	25,227,117
Revenue Over/(Under) Expenditures	-	-	-	-
Ending Fund Balance	-	-	-	-

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Special Revenue Fund - Highway User Special Revenue Fund (HURF)**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance	-	-	-	-	-
Revenues:					
Highway User Revenue Tax	13,916,954	14,334,463	14,764,497	15,207,432	15,663,654
Local Transportation Assistance Fund	1,146,323	1,146,323	1,146,323	1,146,323	1,146,323
Subtotal	15,063,277	15,480,786	15,910,820	16,353,755	16,809,977
Transfers In					
Transportation Privilege Tax Fund (40%)	6,472,301	6,692,360	6,926,592	7,169,023	7,384,094
General Fund	3,691,538	3,625,024	3,539,121	276,990	198,850
Subtotal	10,163,840	10,317,384	10,465,713	7,446,013	7,582,943
Total Revenues & Transfers In	25,227,117	25,798,170	26,376,533	23,799,768	24,392,920
Use of Funds:					
Departments					
Transportation	10,563,729	10,827,822	11,098,518	11,375,981	11,660,380
Municipal Services	11,468,307	11,755,015	12,048,890	12,350,112	12,658,865
Subtotal	22,032,036	22,582,837	23,147,408	23,726,093	24,319,245
Debt Service					
Revenue Bonds	3,120,269	3,142,294	3,155,450	-	-
Subtotal	3,120,269	3,142,294	3,155,450	-	-
Total Operating Budget	25,152,305	25,725,131	26,302,858	23,726,093	24,319,245
Transfers Out					
CIP Fund (Tech. Replacement)	74,812	73,039	73,675	73,675	73,675
Total Transfers Out	74,812	73,039	73,675	73,675	73,675
Total Expenditures & Transfers Out	25,227,117	25,798,170	26,376,533	23,799,768	24,392,920
Revenue Over/(Under) Expenditures	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Special Revenue Fund - Transportation Privilege Tax Special Revenue Fund (.20%)**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<u>Source of Funds:</u>				
Beginning Fund Balance	-	-	-	-
Revenues:				
Privilege Tax (.20%)	15,335,521	15,522,000	15,832,440	16,180,754
Interest Earnings	167,008	510,000	-	-
Subtotal	15,502,529	16,032,000	15,832,440	16,180,754
Total Revenues & Transfers In	15,502,529	16,032,000	15,832,440	16,180,754
<u>Use of Funds:</u>				
Transfers Out				
CIP Fund	15,502,529	9,823,200	9,499,464	9,708,452
Highway User Revenue Fund (40%)	-	6,208,800	6,332,976	6,472,301
Total Transfers Out	15,502,529	16,032,000	15,832,440	16,180,754
Revenue Over/(Under) Expenditures	-	-	-	-
Ending Fund Balance	-	-	-	-

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Special Revenue Fund - Transportation Privilege Tax Special Revenue Fund (.20%)**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<u>Source of Funds:</u>					
Beginning Fund Balance	-	-	-	-	-
Revenues:					
Privilege Tax (.20%)	16,180,754	16,730,899	17,316,481	17,922,558	18,460,234
Interest Earnings	-	-	-	-	-
Subtotal	16,180,754	16,730,899	17,316,481	17,922,558	18,460,234
Total Revenues & Transfers In	16,180,754	16,730,899	17,316,481	17,922,558	18,460,234
<u>Use of Funds:</u>					
Transfers Out					
CIP Fund	9,708,452	10,038,540	10,389,888	10,753,535	11,076,141
Highway User Revenue Fund (40%)	6,472,301	6,692,360	6,926,592	7,169,023	7,384,094
Total Transfers Out	16,180,754	16,730,899	17,316,481	17,922,558	18,460,234
Revenue Over/(Under) Expenditures	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Special Revenue Fund - 1995 Preservation Privilege Tax Fund (.20%)**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<u>Source of Funds:</u>				
Beginning Fund Balance	20,133,000	19,958,136	19,117,761	19,026,089
Revenues:				
Privilege Tax (.20%)	15,645,228	16,118,380	16,440,748	16,802,444
Interest Earnings	217,000	510,000	510,000	520,200
Subtotal	15,862,228	16,628,380	16,950,748	17,322,644
Total Revenues & Transfers In	15,862,228	16,628,380	16,950,748	17,322,644
<u>Use of Funds:</u>				
Debt Service				
Contractual Debt	956,214	956,583	956,583	955,115
Subtotal	956,214	956,583	956,583	955,115
Total Expenditures	956,214	956,583	956,583	955,115
Transfers Out				
Debt Service Fund (Preserve GO Bonds)	15,920,876	16,401,210	9,222,115	13,113,344
Debt Service Fund (Preserve Revenue Bonds)	-	-	6,863,722	6,860,785
Total Transfers Out	15,920,876	16,401,210	16,085,837	19,974,129
Total Expenditures & Transfers-Out	16,877,090	17,357,793	17,042,420	20,929,244
Revenue Over/(Under) Expenditures	(1,014,862)	(729,413)	(91,672)	(3,606,600)
Ending Fund Balance	19,118,138	19,228,723	19,026,089	15,419,489

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Special Revenue Fund - 2004 Preservation Privilege Tax Fund (.15%)**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<u>Source of Funds:</u>				
Beginning Fund Balance	-	-	-	-
Revenues:				
Privilege Tax (.15%)	-	-	-	11,662,984
Subtotal	-	-	-	11,662,984
Transfers In				
Total Revenues & Transfers In	-	-	-	11,662,984
<u>Use of Funds:</u>				
Debt Service				
Total Expenditures	-	-	-	-
Transfers Out				
Total Transfers Out	-	-	-	-
Total Expenditures & Transfers-Out	-	-	-	-
Revenue Over/(Under) Expenditures	-	-	-	11,662,984
Ending Fund Balance	-	-	-	11,662,984

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 • This Special Revenue fund was included in the proposed budget as a contingent •
 • item pending a proposed 0.15% privilege sales tax increase subject to ballot •
 • approval by Scottsdale citizens. Voters approved the proposed tax increase on •
 • May 18, 2004, subsequent to the adoption of the tentative budget. Over the •
 • coming months city staff will be negotiating the purchase of additional McDowell •
 • Sonoran Preserve land with the Arizona State Land Department. Land purchase •
 • expenditures and associated debt issuance plans will be prepared and matched •
 • against these dedicated special revenues in future budget publications. •
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FIVE-YEAR FINANCIAL PLAN *Fund Summaries and Five-Year Plan*

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Special Revenue Fund - 2004 Preservation Privilege Tax Fund (.15%)**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<u>Source of Funds:</u>					
Beginning Fund Balance	-	11,662,984	24,793,385	38,383,349	52,448,962
Revenues:					
Privilege Tax (.15%)	11,662,984	13,130,400	13,589,964	14,065,613	14,487,581
Subtotal	11,662,984	13,130,400	13,589,964	14,065,613	14,487,581
Transfers In					
Total Revenues & Transfers In	11,662,984	13,130,400	13,589,964	14,065,613	14,487,581
<u>Use of Funds:</u>					
Debt Service	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Transfers Out					
Total Transfers Out	-	-	-	-	-
Total Expenditures & Transfers-Out	-	-	-	-	-
Revenue Over/(Under) Expenditures	11,662,984	13,130,400	13,589,964	14,065,613	14,487,581
Ending Fund Balance	11,662,984	24,793,385	38,383,349	52,448,962	66,936,543

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• This Special Revenue fund was included in the proposed budget as a contingent •
 • item pending a proposed 0.15% privilege sales tax increase subject to ballot •
 • approval by Scottsdale citizens. Voters approved the proposed tax increase on •
 • May 18, 2004, subsequent to the adoption of the tentative budget. Over the •
 • coming months city staff will be negotiating the purchase of additional McDowell •
 • Sonoran Preserve land with the Arizona State Land Department. Land purchase •
 • expenditures and associated debt issuance plans will be prepared and matched •
 • against these dedicated special revenues in future budget publications. •
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FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Special Revenue Fund - Public Safety Privilege Tax Fund (.10%)**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<u>Source of Funds:</u>				
Beginning Fund Balance	-	-	-	-
Revenues:				
Privilege Tax (.10%)	-	-	-	7,775,323
Interest Earnings	-	-	-	75,000
Subtotal	-	-	-	7,850,323
Total Revenues & Transfers In	-	-	-	7,850,323
<u>Use of Funds:</u>				
Debt Service	-	-	-	-
Total Expenditures	-	-	-	-
Transfers Out				
General Fund	-	-	-	4,192,514
Total Transfers Out	-	-	-	4,192,514
Total Expenditures & Transfers-Out	-	-	-	4,192,514
Revenue Over/(Under) Expenditures	-	-	-	3,657,809
Ending Fund Balance	-	-	-	3,657,809

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• This Special Revenue fund was included in the proposed budget as a contingent •
 • item pending a proposed 0.10% privilege sales tax increase subject to ballot •
 • approval by Scottsdale citizens. Voters approved the proposed tax increase on •
 • May 18, 2004, subsequent to the adoption of the tentative budget. Only the first •
 • phase (year one) of enhanced public safety expenditures were included in the •
 • FY04/05 budget. Over the coming months city staff will be refining the multi-year •
 • public safety strategic expenditures plans and match them against these •
 • dedicated special revenues in future budget publications. •
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**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Special Revenue Fund - Public Safety Privilege Tax Fund (.10%)**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<u>Source of Funds:</u>					
Beginning Fund Balance	-	3,657,809	8,826,178	14,091,122	19,448,239
Revenues:					
Privilege Tax (.10%)	7,775,323	8,753,600	9,059,976	9,377,076	9,658,388
Interest Earnings	75,000	75,000	75,000	75,000	75,000
Subtotal	7,850,323	8,828,600	9,134,976	9,452,076	9,733,388
Total Revenues & Transfers In	7,850,323	8,828,600	9,134,976	9,452,076	9,733,388
<u>Use of Funds:</u>					
Debt Service	-	-	-	-	-
Total Expenditures	-	-	-	-	-
Transfers Out					
General Fund	4,192,514	3,660,231	3,870,033	4,094,959	4,338,500
Total Transfers Out	4,192,514	3,660,231	3,870,033	4,094,959	4,338,500
Total Expenditures & Transfers-Out	4,192,514	3,660,231	3,870,033	4,094,959	4,338,500
Revenue Over/(Under) Expenditures	3,657,809	5,168,369	5,264,943	5,357,117	5,394,888
Ending Fund Balance	3,657,809	8,826,178	14,091,122	19,448,239	24,843,126

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• This Special Revenue fund was included in the proposed budget as a contingent •
 • item pending a proposed 0.10% privilege sales tax increase subject to ballot •
 • approval by Scottsdale citizens. Voters approved the proposed tax increase on •
 • May 18, 2004, subsequent to the adoption of the tentative budget. Only the first •
 • phase (year one) of enhanced public safety expenditures were included in the •
 • FY04/05 budget. Over the coming months city staff will be refining the multi-year •
 • public safety strategic expenditures plans and match them against these •
 • dedicated special revenues in future budget publications. •

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FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Special Revenue Fund - Special Programs Fund**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance/Reserve				
Operating Contingency	-	-	250,000	500,000
Court Enhancement	-	-	1,377,153	1,610,158
Downtown Cultural/Arts	-	-	-	342,308
Human Resources	-	-	-	-
Police	-	-	281,301	110,461
Community Services	-	-	2,259,690	861,467
Preservation Rehabilitation	-	-	-	-
Citizen & Neighborhood Services	-	-	-	-
Planning & Development Services	-	-	-	-
Reserved	2,550,441	2,200,606	-	-
Total Beginning Fund Balance	2,550,441	2,200,606	3,918,144	2,924,394
Revenues:				
Misc Court Enhancement Revenue	590,999	574,446	635,617	643,562
Misc Downtown Cultural/Arts	-	-	-	300,000
Misc Human Resources	-	-	-	7,200
Misc Police Revenue	326,201	344,186	344,186	374,785
Misc Community Services Revenue	2,025,556	1,553,000	1,553,000	1,357,237
Misc Citizen and Neighborhood Revenue	903	68,801	68,801	19,692
Misc Planning & Dev. Revenue	20,475	20,000	20,000	20,608
Subtotal	2,964,135	2,560,433	2,621,604	2,723,084
Transfers In				
General Fund - Affdbl Housing Grant Match	100,000	100,000	100,000	100,000
CIP - Court Enhancement	31,255	-	-	-
General Fund - Preservation Rehab	-	-	-	10,000
Subtotal	131,255	100,000	100,000	110,000
Total Revenues & Transfers In	3,095,390	2,660,433	2,721,604	2,833,084
Use of Funds:				
Departments				
Court	80,515	290,359	252,612	291,292
Downtown Cultural/Arts	-	-	-	300,000
Human Resources	-	-	-	7,200
Police	273,906	344,186	515,026	374,785
Community Services	1,157,390	2,352,255	2,352,255	2,358,612
Preservation Rehab	-	-	-	10,000
Citizen and Neighborhood Resources	903	68,801	68,801	19,692
Planning & Development	14,066	20,000	20,000	20,608
Subtotal	1,526,780	3,075,601	3,208,694	3,382,189
Total Operating Budget	1,526,780	3,075,601	3,208,694	3,382,189
Transfers Out				
General Fund (McCormick MPC debt)	357,260	356,660	356,660	-
CIP Fund - Community Svcs (CDBG, Section 8)	-	-	-	2,400
CIP Fund - Police (RICO)	33,071	-	-	68,200
CIP Fund (Court)	70,000	423,500	150,000	543,100
Subtotal	460,331	780,160	506,660	613,700
Total Expenditures & Transfers Out	1,987,111	3,855,761	3,715,354	3,995,889
Revenue Over/(Under) Expenditures	1,108,279	(1,195,328)	(993,750)	(1,162,805)
Ending Fund Balance/Reserve				
Operating Contingency	250,000	250,000	-	500,000
Reserved:	3,408,720	755,278	-	-
Court	-	-	1,610,158	1,419,328
Downtown Cultural/Arts	-	-	-	342,308
Human Resources	-	-	-	-
Police	-	-	110,461	42,261
Community Services	-	-	1,203,775	(42,308)
Preservation Rehabilitation	-	-	-	-
Citizen & Neighborhood Services	-	-	-	-
Planning & Development Services	-	-	-	-
Total Ending Fund Balance	3,658,720	1,005,278	2,924,394	1,761,589

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Special Revenue Fund - Special Programs Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance/Reserve					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Court Enhancement	1,610,158	1,419,328	1,090,660	1,444,373	1,798,682
Downtown Cultural/Arts	342,308	342,308	342,308	342,308	342,308
Human Resources	-	-	-	-	-
Police	110,461	42,261	42,261	42,261	42,261
Community Services	861,467	(42,308)	57,692	157,692	257,692
Preservation Rehabilitation	-	-	-	-	-
Citizen & Neighborhood Services	-	-	-	-	-
Planning & Development Services	-	-	-	-	-
Reserved	-	-	-	-	-
Total Beginning Fund Balance	2,924,394	1,761,589	1,532,921	1,986,634	2,440,943
Revenues:					
Misc Court Enhancement Revenue	643,562	651,606	659,752	667,999	684,699
Misc Downtown Cultural/Arts	300,000	300,000	300,000	300,000	300,000
Misc Human Resources	7,200	7,380	7,565	7,754	7,947
Misc Police Revenue	374,785	384,155	393,758	403,602	413,693
Misc Community Services Revenue	1,357,237	2,419,377	2,479,817	2,541,967	2,605,466
Misc Citizen and Neighborhood Revenue	19,692	20,184	20,689	21,206	21,736
Misc Planning & Dev. Revenue	20,608	21,123	21,651	22,193	22,747
Subtotal	2,723,084	3,803,825	3,883,232	3,964,721	4,056,289
Transfers In					
General Fund - Affdbl Housing Grant Match	100,000	100,000	100,000	100,000	100,000
CIP - Court Enhancement	-	-	-	-	-
General Fund - Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Subtotal	110,000	110,000	110,000	110,000	110,000
Total Revenues & Transfers In	2,833,084	3,913,825	3,993,232	4,074,721	4,166,289
Use of Funds:					
Departments					
Court	291,292	298,574	306,039	313,690	321,532
Downtown Cultural/Arts	300,000	300,000	300,000	300,000	300,000
Human Resources	7,200	7,380	7,565	7,754	7,947
Police	374,785	384,155	393,758	403,602	413,693
Community Services	2,358,612	2,417,577	2,478,017	2,539,967	2,603,466
Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Citizen and Neighborhood Resources	19,692	20,184	20,689	21,206	21,736
Planning & Development	20,608	21,123	21,651	22,193	22,747
Subtotal	3,382,189	3,458,994	3,537,719	3,618,412	3,701,122
Total Operating Budget	3,382,189	3,458,994	3,537,719	3,618,412	3,701,122
Transfers Out					
General Fund (McCormick MPC debt)	-	-	-	-	-
CIP Fund - Community Svcs (CDBG, Section 8)	2,400	1,800	1,800	2,000	2,000
CIP Fund - Police (RICO)	68,200	-	-	-	-
CIP Fund (Court)	543,100	681,700	-	-	-
Subtotal	613,700	683,500	1,800	2,000	2,000
Total Expenditures & Transfers Out	3,995,889	4,142,494	3,539,519	3,620,412	3,703,122
Revenue Over/(Under) Expenditures	(1,162,805)	(228,668)	453,713	454,309	463,167
Ending Fund Balance/Reserve					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Reserved:					
Court	1,419,328	1,090,660	1,444,373	1,798,682	2,161,850
Downtown Cultural/Arts	342,308	342,308	342,308	342,308	342,308
Human Resources	-	-	-	-	-
Police	42,261	42,261	42,261	42,261	42,261
Community Services	(42,308)	57,692	157,692	257,692	357,692
Preservation Rehabilitation	-	-	-	-	-
Citizen & Neighborhood Services	-	-	-	-	-
Planning & Development Services	-	-	-	-	-
Total Ending Fund Balance	1,761,589	1,532,921	1,986,634	2,440,943	2,904,110

Revenues Over/ (Under) Expenditures - based on planned use of beginning fund balances, the expenditures appropriately exceed the current year projected revenues.

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget Fund Summary Debt Service Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance/Reserve	10,213,000	10,797,394	10,533,260	10,533,260
Revenues:				
Property Tax (Secondary)	22,382,000	25,538,638	22,725,137	26,858,978
Special Assessments	2,268,963	2,903,138	2,867,070	2,792,383
Subtotal	24,650,963	28,441,776	25,592,207	29,651,361
Transfers In				
Preservation Privilege Tax Fund - GO Bonds	15,920,876	9,537,488	9,222,115	13,113,344
Preservation Privilege Tax Fund - Rev Bonds	-	6,863,722	6,863,722	6,860,785
Subtotal	15,920,876	16,401,210	16,085,837	19,974,129
Total Revenues & Transfers In	40,571,840	44,842,986	41,678,044	49,625,490
Use of Funds:				
Debt Service by Type				
General Obligation Bonds	22,382,000	25,538,638	22,725,137	26,858,978
Preserve G. O. Bonds	9,039,954	9,537,488	9,222,115	13,113,344
Special Assessment Bonds	2,268,963	2,903,138	2,867,070	2,792,383
Preserve Revenue Bonds (SPA)	6,880,923	6,863,722	6,863,722	6,860,785
Subtotal	40,571,840	44,842,986	41,678,044	49,625,490
Total Expenditures	40,571,840	44,842,986	41,678,044	49,625,490
Revenue Over/(Under) Expenditures	-	-	-	-
Ending Fund Balance/Reserve	10,213,000	10,797,394	10,533,260	10,533,260

FIVE-YEAR FINANCIAL PLAN *Fund Summaries and Five-Year Plan*

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Debt Service Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance/Reserve	10,533,260	10,533,260	10,033,260	8,033,260	8,033,260
Revenues:					
Property Tax (Secondary)	26,858,978	29,424,821	31,949,807	35,000,470	36,391,958
Special Assessments	2,792,383	1,126,837	1,086,254	1,047,171	1,008,088
Subtotal	29,651,361	30,551,658	33,036,061	36,047,641	37,400,046
Transfers In					
Preservation Privilege Tax Fund - GO Bonds	13,113,344	13,143,607	14,140,369	11,194,282	11,161,407
Preservation Privilege Tax Fund - Rev Bonds	6,860,785	6,840,372	6,838,047	6,820,522	6,800,422
Subtotal	19,974,129	19,983,979	20,978,416	18,014,804	17,961,829
Total Revenues & Transfers In	49,625,490	50,535,637	54,014,477	54,062,445	55,361,875
Use of Funds:					
Debt Service by Type					
General Obligation Bonds	26,858,978	29,924,821	33,949,807	35,000,470	36,391,958
Preserve G. O. Bonds	13,113,344	13,143,607	14,140,369	11,194,282	11,161,407
Special Assessment Bonds	2,792,383	1,126,837	1,086,254	1,047,171	1,008,088
Preserve Revenue Bonds (SPA)	6,860,785	6,840,372	6,838,047	6,820,522	6,800,422
Subtotal	49,625,490	51,035,637	56,014,477	54,062,445	55,361,875
Total Expenditures	49,625,490	51,035,637	56,014,477	54,062,445	55,361,875
Revenue Over/(Under) Expenditures	-	(500,000)	(2,000,000)	-	-
Ending Fund Balance/Reserve	10,533,260	10,033,260	8,033,260	8,033,260	8,033,260

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• **Revenues Over/(Under) Expenditures** the excess of total expenditures and transfers out over total revenues and •
 • transfers in FYs 2005/06 and 2006/07 is the result of planned uses of beginning fund balance and /or defeasances •
 • of outstanding debt. •
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FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Enterprise Fund - Water and Sewer Fund**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance				
Operating Reserve	3,000,000	15,362,491	(914,612)	17,601,280
Repair/Replacement Reserve	14,045,440	15,165,507	14,285,966	15,031,430
Special Operations Funds	84,934	1,169,184	7,149,650	7,070,292
Total Beginning Fund Balance	17,130,374	31,697,182	20,521,004	39,703,002
Revenues:				
Water Charges	66,696,787	71,448,156	69,448,156	70,838,029
Sewer Charges	25,479,225	25,852,829	25,352,829	26,080,588
Effluent Sales	506,352	385,384	385,384	544,513
Interest Earnings	505,138	2,064,665	2,064,665	1,098,936
Miscellaneous Revenue	7,095,138	1,187,030	1,187,030	2,248,386
Subtotal	100,282,640	100,938,064	98,438,064	100,810,452
Transfers In				
CIP - Development Fees	4,958,281	4,969,869	6,574,700	6,558,100
Subtotal	4,958,281	4,969,869	6,574,700	6,558,100
Total Revenues & Transfers In	105,240,921	105,907,933	105,012,764	107,368,552
Use of Funds:				
Departments				
Financial Services	2,102,626	2,201,589	2,210,169	2,181,094
Water Resources	37,866,858	40,037,239	40,037,239	42,833,944
Estimated Water Dept. Savings	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Subtotal	38,969,484	41,238,828	41,247,408	44,015,038
Debt Service				
General Obligation Bonds	5,402,066	5,760,539	5,760,539	5,353,855
Revenue Bonds	4,313,558	6,516,486	6,512,986	6,524,524
MPC Bonds	1,678,225	1,719,700	7,502,726	7,456,913
Subtotal	11,393,849	13,996,725	19,776,251	19,335,292
Total Operating Budget	50,363,333	55,235,553	61,023,659	63,350,330
Transfers Out				
In Lieu Property Tax	2,349,775	2,442,474	2,442,474	2,437,440
Indirect Cost Allocation	5,908,854	6,331,846	6,331,846	6,297,805
Franchise Fee	4,851,050	4,994,903	4,994,903	4,996,477
Gnrl Fund - Security Contract	-	-	-	194,232
CIP Fund	28,906,462	35,359,213	11,037,883	28,294,212
Total Transfers Out	42,016,141	49,128,437	24,807,107	42,220,165
Revenue Over/(Under) Expenditures	12,861,448	1,543,943	19,181,998	1,798,056
Ending Fund Balance				
Operating Reserve	15,362,491	17,027,046	17,601,280	18,264,557
Repair/Replacement Reserve	15,165,507	16,024,253	15,031,430	16,364,314
Special Operations Fund Balance	304,904	189,826	7,070,292	6,872,188
Total Ending Fund Balance	30,832,902	33,241,125	39,703,002	41,501,059

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Enterprise Fund - Water and Sewer Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance					
Operating Reserve	17,601,280	18,264,557	19,484,090	18,809,541	19,519,994
Repair/Replacement Reserve	15,031,430	16,364,314	18,827,769	21,133,590	21,971,977
Special Operations Funds	7,070,292	6,872,188	6,670,048	6,463,526	6,252,462
Total Beginning Fund Balance	39,703,002	41,501,059	44,981,907	46,406,657	47,744,433
Revenues:					
Water Charges	70,838,029	73,491,234	76,224,808	79,046,763	81,325,234
Sewer Charges	26,080,588	27,210,631	28,381,182	29,596,327	30,557,725
Effluent Sales	544,513	558,125	572,079	586,381	601,040
Interest Earnings	1,098,936	1,347,967	1,609,171	1,684,566	1,712,718
Miscellaneous Revenue	2,248,386	2,288,105	2,328,186	2,368,775	2,409,872
Subtotal	100,810,452	104,896,062	109,115,426	113,282,812	116,606,588
Transfers In					
CIP - Development Fees	6,558,100	6,558,500	6,508,700	6,464,300	6,408,900
Subtotal	6,558,100	6,558,500	6,508,700	6,464,300	6,408,900
Total Revenues & Transfers In	107,368,552	111,454,562	115,624,126	119,747,112	123,015,488
Use of Funds:					
Departments					
Financial Services	2,181,094	2,235,621	2,291,512	2,348,800	2,407,520
Water Resources	42,833,944	42,918,219	45,002,412	46,127,473	47,280,660
Estimated Water Dept. Savings	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Subtotal	44,015,038	44,153,840	46,293,924	47,476,272	48,688,179
Debt Service					
General Obligation Bonds	5,353,855	6,857,065	-	-	-
Revenue Bonds	6,524,524	6,517,901	6,479,248	6,441,273	6,387,376
MPC Bonds	7,456,913	8,226,322	9,010,167	9,571,494	8,187,821
Subtotal	19,335,292	21,601,288	15,489,415	16,012,767	14,575,197
Total Operating Budget	63,350,330	65,755,128	61,783,339	63,489,039	63,263,376
Transfers Out					
In Lieu Property Tax	2,437,440	2,588,284	2,842,339	3,155,164	3,495,183
Indirect Cost Allocation	6,297,805	6,360,783	6,424,391	6,488,635	6,553,521
Franchise Fee	4,996,477	5,205,487	5,404,824	5,604,041	5,776,209
Gnrl Fund - Security Contract	194,232	199,088	204,065	209,167	214,396
CIP Fund	28,294,212	27,864,944	37,540,418	39,463,291	42,376,605
Total Transfers Out	42,220,165	42,218,586	52,416,037	54,920,297	58,415,914
Revenue Over/(Under) Expenditures	1,798,056	3,480,849	1,424,750	1,337,776	1,336,198
Ending Fund Balance					
Operating Reserve	18,264,557	19,484,090	18,809,541	19,519,994	19,854,053
Repair/Replacement Reserve	16,364,314	18,827,769	21,133,590	21,971,977	23,190,866
Special Operations Fund Balance	6,872,188	6,670,048	6,463,526	6,252,462	6,035,712
Total Ending Fund Balance	41,501,059	44,981,907	46,406,657	47,744,433	49,080,631

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget
Fund Summary
Enterprise Fund - Solid Waste Fund

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance	2,872,820	4,916,606	3,156,259	4,319,424
Operating Reserve	2,872,820	3,084,266	3,156,259	3,267,368
Unreserved	-	1,832,340	-	1,052,056
Total Beginning Fund Balance	2,872,820	4,916,606	3,156,259	4,319,424
Revenues:				
Refuse Collection Charges	16,250,466	16,177,531	16,177,531	16,722,321
Interest Earnings	41,918	48,700	48,700	40,468
Subtotal	16,292,384	16,226,231	16,226,231	16,762,789
Total Revenues & Transfers In	16,292,384	16,226,231	16,226,231	16,762,789
Use of Funds:				
Departments				
Financial Services	422,484	586,491	586,491	581,039
Municipal Services	11,570,589	12,137,487	12,137,487	12,397,653
Subtotal	11,993,073	12,723,978	12,723,978	12,978,692
Debt Service				
MPC Bonds - Transfer Station	343,993	345,493	345,493	343,243
Subtotal	343,993	345,493	345,493	343,243
Total Operating Budget	12,337,065	13,069,471	13,069,471	13,321,935
Transfers Out				
Indirect Cost Allocation	1,646,760	1,958,092	1,958,092	1,870,230
General Fund - Dntwn Pilot Prog	-	-	-	371,948
Fleet Management Fund	229,505	-	-	-
CIP Fund	18,400	18,500	18,500	279,900
In Lieu Property Tax	16,867	17,003	17,003	16,468
Total Transfers Out	1,911,532	1,993,595	1,993,595	2,538,546
Total Expenditures & Transfers	14,248,597	15,063,066	15,063,066	15,860,481
Revenue Over/(Under) Expenditures	2,043,786	1,163,165	1,163,165	902,308
Ending Fund Balance				
Operating Reserve	3,084,266	3,267,368	3,267,368	3,330,484
Unreserved	1,832,340	2,812,403	1,052,056	1,891,248
Total Ending Fund Balance	4,916,606	6,079,771	4,319,424	5,221,732

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Enterprise Fund - Solid Waste Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance	4,319,424	5,221,732	5,880,742	6,202,147	6,944,128
Operating Reserve	3,267,368	3,330,251	3,411,924	3,494,188	3,579,760
Unreserved	1,052,056	1,891,481	2,468,818	2,707,959	3,364,368
Total Beginning Fund Balance	4,319,424	5,221,732	5,880,742	6,202,147	6,944,128
Revenues:					
Refuse Collection Charges	16,722,321	16,995,787	17,401,915	17,911,627	18,556,260
Interest Earnings	40,468	48,165	51,843	51,600	54,036
Subtotal	16,762,789	17,043,952	17,453,758	17,963,227	18,610,296
Total Revenues & Transfers In	16,762,789	17,043,952	17,453,758	17,963,227	18,610,296
Use of Funds:					
Departments					
Financial Services	581,039	595,565	610,454	625,715	641,358
Municipal Services	12,397,653	12,707,594	13,025,284	13,350,916	13,684,689
Subtotal	12,978,692	13,303,159	13,635,738	13,976,632	14,326,048
Debt Service					
MPC Bonds - Transfer Station	343,243	345,493	341,993	343,413	344,400
Subtotal	343,243	345,493	341,993	343,413	344,400
Total Operating Budget	13,321,935	13,648,652	13,977,731	14,320,045	14,670,448
Transfers Out					
Indirect Cost Allocation	1,870,230	1,888,932	1,907,822	1,926,900	1,946,169
General Fund - Dntwn Pilot Prog	371,948	-	-	-	-
Fleet Management Fund	-	366,950	376,124	215,378	220,763
CIP Fund	279,900	464,506	854,800	742,938	4,037,131
In Lieu Property Tax	16,468	15,901	15,877	15,985	16,093
Total Transfers Out	2,538,546	2,736,290	3,154,622	2,901,201	6,220,156
Total Expenditures & Transfers	15,860,481	16,384,942	17,132,353	17,221,246	20,890,604
Revenue Over/(Under) Expenditures	902,308	659,010	321,405	741,981	(2,280,308)
Ending Fund Balance					
Operating Reserve	3,330,484	3,412,163	3,494,433	3,580,011	3,667,612
Unreserved	1,891,248	2,468,579	2,707,714	3,364,117	996,209
Total Ending Fund Balance	5,221,732	5,880,742	6,202,147	6,944,128	4,663,821

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Enterprise Fund - Aviation Fund**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<u>Source of Funds:</u>				
Beginning Fund Balance				
Operating Reserve	-	67,718	-	458,532
Repair and Replacement Reserve	-	-	-	288,836
Unreserved - Operating	-	-	480,533	-
Unreserved - Capital	-	-	(425,553)	-
Total Beginning Fund Balance	-	67,718	54,980	747,368
Revenues:				
Aviation Fees and Charges	2,423,921	2,852,980	2,852,980	2,852,980
Interest Earnings	-	-	9,924	20,276
Subtotal	2,423,921	2,852,980	2,862,904	2,873,256
Transfers In				
General Fund Transfer - Jet Fuel	-	-	212,362	106,181
Subtotal	-	-	212,362	106,181
Total Revenues & Transfers In	2,423,921	2,852,980	3,075,266	2,979,437
<u>Use of Funds:</u>				
Departments				
Transportation	1,284,389	1,334,787	1,334,787	1,449,468
Subtotal	1,284,389	1,334,787	1,334,787	1,449,468
Total Operating Budget	1,284,389	1,334,787	1,334,787	1,449,468
Transfers Out				
In Lieu Property Tax	45,972	60,738	60,738	63,405
Indirect Cost Allocation	254,945	190,554	190,554	203,304
Direct Cost Allocation (Fire)	234,715	248,048	248,048	263,881
General Fund - CIP/Security Contract	27,745	-	259,051	63,587
CIP Fund (Tech. Rep. & Fac. Maint.)	-	20,900	10,500	152,000
CIP Fund (Aviation Capital Proj Fund)	260,400	387,000	279,200	674,200
Total Transfers Out	823,777	907,240	1,048,091	1,420,377
Total Expenditures & Transfers Out	2,108,166	2,242,027	2,382,878	2,869,845
Revenue Over/(Under) Expenditures	315,755	610,953	692,388	109,592
Ending Fund Balance/Reserve				
Operating Reserve	315,755	333,697	458,532	510,911
Repair and Replacement Reserve	-	344,974	288,836	346,049
Total Ending Fund Balance	315,755	678,671	747,368	856,960

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Enterprise Fund - Aviation Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<u>Source of Funds:</u>					
Beginning Fund Balance					
Operating Reserve	458,532	510,911	521,036	531,930	543,208
Repair and Replacement Reserve	288,836	346,049	779,916	1,633,769	1,935,259
Unreserved - Operating	-	-	-	-	-
Unreserved - Capital	-	-	-	-	-
Total Beginning Fund Balance	747,368	856,960	1,300,952	2,165,699	2,478,467
Revenues:					
Aviation Fees and Charges	2,852,980	2,852,980	2,852,980	2,852,980	2,852,980
Interest Earnings	20,276	32,874	52,407	60,240	63,082
Subtotal	2,873,256	2,885,854	2,905,387	2,913,220	2,916,062
Transfers In					
General Fund Transfer - Jet Fuel	106,181	106,181	106,181	106,181	106,181
Subtotal	106,181	106,181	106,181	106,181	106,181
Total Revenues & Transfers In	2,979,437	2,992,035	3,011,568	3,019,401	3,022,243
<u>Use of Funds:</u>					
Departments					
Transportation	1,449,468	1,485,705	1,522,847	1,560,919	1,599,941
Subtotal	1,449,468	1,485,705	1,522,847	1,560,919	1,599,941
Total Operating Budget	1,449,468	1,485,705	1,522,847	1,560,919	1,599,941
Transfers Out					
In Lieu Property Tax	63,405	61,404	61,492	62,097	62,704
Indirect Cost Allocation	203,304	205,337	207,390	209,464	211,559
Direct Cost Allocation (Fire)	263,881	266,520	269,185	271,877	274,596
General Fund - CIP/Security Contract	63,587	65,177	66,806	68,476	70,188
CIP Fund (Tech. Rep. & Fac. Maint.)	152,000	10,400	10,400	10,600	120,600
CIP Fund (Aviation Capital Proj Fund)	674,200	453,500	8,700	523,200	541,200
Total Transfers Out	1,420,377	1,062,338	623,974	1,145,715	1,280,847
Total Expenditures & Transfers Out	2,869,845	2,548,043	2,146,821	2,706,633	2,880,789
Revenue Over/(Under) Expenditures	109,592	443,992	864,747	312,768	141,454
Ending Fund Balance/Reserve					
Operating Reserve	510,911	521,036	531,930	543,208	554,747
Repair and Replacement Reserve	346,049	779,916	1,633,769	1,935,259	2,065,175
Total Ending Fund Balance	856,960	1,300,952	2,165,699	2,478,467	2,619,922

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Internal Service Fund - Fleet Management Fund**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance/Reserve	8,218,480	5,430,636	8,504,595	9,328,936
Revenues:				
Rates (Acquisition)	4,484,136	4,580,155	4,580,155	4,880,874
Rates (Maintenance & Operation)	5,980,392	6,490,608	6,490,608	6,588,200
Misc Revenue (Surplus Property)	229,052	267,711	193,736	177,218
Interest	339,394	226,277	258,536	389,688
Subtotal	11,032,974	11,564,751	11,523,035	12,035,980
Transfers In				
Solid Waste Fund	229,505	-	-	-
Subtotal	229,505	-	-	-
Total Revenues & Transfers In	11,262,479	11,564,751	11,523,035	12,035,980
Use of Funds:				
Departments				
Municipal Services				
Vehicle Acquisition	3,902,566	3,544,350	3,393,000	3,553,000
Fleet Operations	6,086,919	6,392,302	6,643,114	6,810,755
Subtotal	9,989,484	9,936,652	10,036,114	10,363,755
Total Operating Budget	9,989,484	9,936,652	10,036,114	10,363,755
Transfers Out				
CIP Fund (Tech. Replacement)	547,000	26,600	26,600	27,200
CIP Fund Balance	3,000,000	494,980	635,980	1,614,900
General Fund Balance	513,839	-	-	-
Subtotal	4,060,839	521,580	662,580	1,642,100
Total Expenditures & Transfers Out	14,050,323	10,458,232	10,698,694	12,005,855
Revenue Over/(Under) Expenditures	(2,787,844)	1,106,519	824,341	30,125
Ending Fund Balance/Reserve	5,430,636	6,537,155	9,328,936	9,359,061

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Internal Service Fund - Fleet Management Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
<u>Source of Funds:</u>					
Beginning Fund Balance/Reserve	9,328,936	9,359,061	9,323,505	10,685,677	11,883,645
Revenues:					
Rates (Acquisition)	4,880,874	5,063,387	5,299,876	5,490,459	5,635,259
Rates (Maintenance & Operation)	6,588,200	6,907,728	7,071,441	7,239,034	7,410,599
Misc Revenue (Surplus Property)	177,218	177,650	290,498	240,369	250,669
Interest	389,688	495,623	539,723	609,711	672,001
Subtotal	12,035,980	12,644,388	13,201,538	13,579,573	13,968,528
Transfers In					
Solid Waste Fund	-	366,950	376,124	215,378	220,763
Subtotal	-	366,950	376,124	215,378	220,763
Total Revenues & Transfers In	12,035,980	13,011,338	13,577,662	13,794,951	14,189,291
<u>Use of Funds:</u>					
Departments					
Municipal Services					
Vehicle Acquisition	3,553,000	5,809,950	4,807,374	5,013,378	9,461,588
Fleet Operations	6,810,755	7,210,544	7,381,616	7,556,805	7,736,209
Subtotal	10,363,755	13,020,494	12,188,990	12,570,183	17,197,797
Total Operating Budget	10,363,755	13,020,494	12,188,990	12,570,183	17,197,797
Transfers Out					
CIP Fund (Tech. Replacement)	27,200	26,400	26,500	26,800	26,800
CIP Fund Balance	1,614,900	-	-	-	-
General Fund Balance	-	-	-	-	-
Subtotal	1,642,100	26,400	26,500	26,800	26,800
Total Expenditures & Transfers Out	12,005,855	13,046,894	12,215,490	12,596,983	17,224,597
Revenue Over/(Under) Expenditures	30,125	(35,556)	1,362,172	1,197,968	(3,035,306)
Ending Fund Balance/Reserve	9,359,061	9,323,505	10,685,677	11,883,645	8,848,339

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2004/05 Budget
Fund Summary
Internal Service Fund - Self Insurance Fund**

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance/Reserve				
Property Casualty Claim Reserve	11,777,018	10,022,976	12,201,068	12,579,102
Group Health Care Claims Reserve	4,272,440	5,179,930	5,179,930	5,436,415
Total Beginning Fund Balance	16,049,458	15,202,906	17,380,998	18,015,517
Revenues:				
Property and Liability	4,100,028	4,100,000	4,100,000	4,100,000
Group Health - Employer	3,080,081	7,298,223	7,298,223	11,457,962
Dental - Employer	711,274	613,736	613,736	440,640
Group Health - Employee	-	-	-	1,049,929
Dental - Employee	-	-	-	343,615
Unemployment Taxes	152,929	150,000	150,000	36,000
Interest - Property Casualty	345,822	237,866	237,866	312,958
Interest - Group Health Care	137,348	140,000	146,486	129,498
Property Tax (Tort Claims)	648,519	643,931	643,931	390,256
Miscellaneous	398,098	-	55,783	-
Subtotal	9,574,100	13,183,756	13,246,025	18,260,858
Transfers In				
General Fund	-	750,000	750,000	600,000
Total Revenues & Transfers In	9,574,100	13,933,756	13,996,025	18,860,858
Use of Funds:				
Departments				
Financial Services-Operating	2,311,253	2,436,477	2,436,477	2,433,735
Financial Services-Claims	2,585,688	2,800,000	2,800,000	2,800,000
Financial Services-Group Health Claims	3,334,918	7,801,960	7,801,960	10,800,000
Financial Services-Group Health Admin	-	250,000	312,269	704,000
Subtotal	8,231,859	13,288,437	13,350,706	16,737,735
Total Operating Budget	8,231,859	13,288,437	13,350,706	16,737,735
Transfers Out				
CIP Fund (Tech. Replacement)	10,700	10,800	10,800	11,100
Subtotal	10,700	10,800	10,800	11,100
Total Expenditures & Transfers Out	8,242,559	13,299,237	13,361,506	16,748,835
Revenue Over/(Under) Expenditures	1,331,541	634,519	634,519	2,112,023
Property Casualty Claim Res	12,201,068	10,407,496	12,579,102	12,069,481
Group Health Care Claims Res	5,179,930	5,429,929	5,436,415	8,058,059
Ending Fund Balance/Reserve	17,380,999	15,837,425	18,015,517	20,127,540

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Internal Service Fund - Self Insurance Fund**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance/Reserve					
Property Casualty Claim Reserve	12,579,102	12,069,481	12,090,197	11,975,377	12,024,069
Group Health Care Claims Reserve	5,436,415	8,058,059	8,057,093	8,233,494	8,259,198
Total Beginning Fund Balance	18,015,517	20,127,540	20,147,290	20,208,871	20,283,267
Revenues:					
Property and Liability	4,100,000	5,100,000	5,300,000	5,500,000	5,700,000
Group Health - Employer	11,457,962	12,750,000	14,100,000	15,100,000	16,950,000
Dental - Employer	440,640	480,000	480,000	495,000	500,000
Group Health - Employee	1,049,929	-	-	-	-
Dental - Employee	343,615	-	-	-	-
Unemployment Taxes	36,000	50,000	55,000	60,000	65,000
Interest - Property Casualty	312,958	316,014	309,597	304,639	302,163
Interest - Group Health Care	129,498	162,269	195,027	197,220	199,747
Property Tax (Tort Claims)	390,256	500,000	550,000	600,000	650,000
Miscellaneous	-	-	-	-	-
Subtotal	18,260,858	19,358,283	20,989,624	22,256,859	24,366,910
Transfers In					
General Fund	600,000	600,000	400,000	600,000	600,000
Total Revenues & Transfers In	18,860,858	19,958,283	21,389,624	22,856,859	24,966,910
Use of Funds:					
Departments					
Financial Services-Operating	2,433,735	2,494,578	2,556,943	2,620,866	2,686,388
Financial Services-Claims	2,800,000	3,250,000	3,350,000	3,550,000	3,650,000
Financial Services-Group Health Claims	10,800,000	13,393,235	14,598,626	15,766,516	16,870,172
Financial Services-Group Health Admin	704,000	790,120	811,874	834,280	857,358
Subtotal	16,737,735	19,927,933	21,317,443	22,771,662	24,063,918
Total Operating Budget	16,737,735	19,927,933	21,317,443	22,771,662	24,063,918
Transfers Out					
CIP Fund (Tech. Replacement)	11,100	10,600	10,600	10,800	10,800
Subtotal	11,100	10,600	10,600	10,800	10,800
Total Expenditures & Transfers Out	16,748,835	19,938,533	21,328,043	22,782,462	24,074,718
Revenue Over/(Under) Expenditures	2,112,023	19,750	61,581	74,397	892,192
Property Casualty Claim Res	12,069,481	12,090,197	11,975,377	12,024,069	12,136,686
Group Health Care Claims Res	8,058,059	8,057,093	8,233,494	8,259,198	9,038,773
Ending Fund Balance/Reserve	20,127,540	20,147,290	20,208,871	20,283,267	21,175,459

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget Fund Summary Trust Funds

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
<u>Source of Funds:</u>				
Beginning Fund Balance:				
Contingency	-	-	-	250,000
Street Light Districts	-	-	983,227	983,227
Downtown Enhanced Municipal Services District	-	-	45,320	45,320
Mayor's Committee for Employment of the Handicapped	-	-	9,581	9,581
Scottsdale Memorial Hospital Redevelopment	-	-	694,760	694,760
Total Beginning Fund Balance	1,615,152	1,615,152	1,732,888	1,732,888
Revenues:				
Trust & Agency	768,900	-	-	-
Street Light Districts	500,000	500,000	479,200	500,000
Downtown Enhanced Municipal Services District	-	663,000	535,000	670,000
Mayor's Committee for Employment of the Handicapped	-	10,000	5,000	10,000
Scottsdale Memorial Hospital Redevelopment	-	1,000,000	665,200	-
Subtotal	1,268,900	2,173,000	1,684,400	1,180,000
Total Revenues	1,268,900	2,173,000	1,684,400	1,180,000
<u>Use of Funds:</u>				
Expenditures:				
Trust & Agency	768,900	-	-	-
Street Light Districts	500,000	500,000	479,200	550,000
Downtown Enhanced Municipal Services District	-	663,000	535,000	670,000
Mayor's Committee for Employment of the Handicapped	-	10,000	5,000	15,000
Scottsdale Memorial Hospital Redevelopment	-	1,000,000	665,200	435,400
Subtotal	1,268,900	2,173,000	1,684,400	1,670,400
Total Expenditures	1,268,900	2,173,000	1,684,400	1,670,400
Revenue Over/(Under) Expenditures	-	-	-	(490,400)
Ending Fund Balance/Reserve				
Contingency	-	-	-	250,000
Street Light Districts	-	-	983,227	933,227
Downtown Enhanced Municipal Services District	-	-	45,320	45,320
Mayor's Committee for Employment of the Handicapped	-	-	9,581	4,581
Scottsdale Memorial Hospital Redevelopment	-	-	694,760	259,360
Total Ending Fund Balance	1,615,152	1,615,152	1,732,888	1,242,488

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Trust Funds**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance:					
Contingency	250,000	250,000	250,000	250,000	250,000
Street Light Districts	983,227	933,227	933,227	933,227	933,227
Downtown Enhanced Municipal Services District	45,320	45,320	45,320	45,320	45,320
Mayor's Committee for Employment of the Handicapped	9,581	4,581	4,581	4,581	4,581
Scottsdale Memorial Hospital Redevelopment	694,760	259,360	259,360	259,360	259,360
Total Beginning Fund Balance	1,732,888	1,242,488	1,242,488	1,242,488	1,242,488
Revenues:					
Trust & Agency	-	-	-	-	-
Street Light Districts	500,000	516,900	516,900	519,400	520,000
Downtown Enhanced Municipal Services District	670,000	543,100	548,700	553,500	686,000
Mayor's Committee for Employment of the Handicapped	10,000	10,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	-	-	-	-	-
Subtotal	1,180,000	1,070,000	1,075,600	1,082,900	1,216,000
Total Revenues	1,180,000	1,070,000	1,075,600	1,082,900	1,216,000
Use of Funds:					
Expenditures:					
Trust & Agency	-	-	-	-	-
Street Light Districts	550,000	516,900	516,900	519,400	520,000
Downtown Enhanced Municipal Services District	670,000	543,100	548,700	553,500	686,000
Mayor's Committee for Employment of the Handicapped	15,000	10,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	435,400	-	-	-	-
Subtotal	1,670,400	1,070,000	1,075,600	1,082,900	1,216,000
Total Expenditures	1,670,400	1,070,000	1,075,600	1,082,900	1,216,000
Ending Fund Balance/Reserve					
Contingency	250,000	250,000	250,000	250,000	250,000
Street Light Districts	933,227	933,227	933,227	933,227	933,227
Downtown Enhanced Municipal Services District	45,320	45,320	45,320	45,320	45,320
Mayor's Committee for Employment of the Handicapped	4,581	4,581	4,581	4,581	4,581
Scottsdale Memorial Hospital Redevelopment	259,360	259,360	259,360	259,360	259,360
Total Ending Fund Balance	1,242,488	1,242,488	1,242,488	1,242,488	1,242,488

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2004/05 Budget
Fund Summaries
Capital Improvement Plan

	Actual 2002/03	Adopted 2003/04	Forecast 2003/04	Adopted 2004/05
Source of Funds:				
Beginning Fund Balance	271,432,849	398,378,400	273,675,584	402,148,000
Revenues				
Bonds/Contracts				
General Obligation	-	39,500,000	48,000,000	-
General Obligation Preserve	-	50,000,000	65,400,000	-
Improvement District	-	-	-	-
Municipal Properties Corporation	-	7,100,000	-	25,100,000
Municipal Properties Corporation-Water	-	-	55,000,000	-
Municipal Properties Corporation-Sewer	-	-	20,000,000	-
Pay-As-You-Go				
Water & Sewer Development Fees	25,840,742	13,600,000	-	16,779,500
Extra Capacity Development Fee	-	-	-	-
Grants	-	6,368,700	6,368,700	7,548,100
Other Contributions	-	2,488,300	2,488,300	15,761,000
Interest Earnings	1,843,552	5,063,000	5,063,000	2,758,300
Miscellaneous	3,618,498	958,500	958,500	1,065,400
Subtotal	31,302,792	125,078,500	203,278,500	69,012,300
Transfers In				
From General Fund	13,659,800	6,825,300	6,825,300	16,702,900
From Highway User Fund	73,300	73,500	73,500	74,812
From Special Projects Fund	70,000	373,500	373,500	613,700
From Transportation Privilege (Sales) Tax Fund	14,162,448	9,823,200	9,499,464	9,708,452
From Aviation Fund	260,400	407,900	407,900	826,200
From Water & Sewer Funds	49,603,771	34,459,213	11,037,883	28,294,212
From Solid Waste Fund	801,200	18,500	18,500	279,900
From Internal Service Funds	1,032,300	532,300	532,300	1,653,200
From Grant Fund	1,613,989	-	-	-
Total Transfers In	81,277,208	52,513,413	28,768,347	58,153,376
Total Revenues & Transfers In	112,580,000	177,591,913	232,046,847	127,165,676
Use of Funds:				
Program Expenditures				
Community Facilities	17,360,684	76,087,200	10,128,922	136,558,200
Preservation	17,154,697	70,411,800	15,360,167	108,741,300
Neighborhood Drainage & Flood Control	3,471,927	12,320,500	2,841,211	22,456,800
Improvement Districts	3,655,200	4,750,500	30,731	-
Public Safety	3,323,043	18,581,100	5,615,230	44,070,400
Service Facilities	3,032,470	13,041,000	2,533,347	28,154,100
Transportation	19,718,492	119,959,700	23,446,670	139,635,300
Water Resources	37,662,471	180,426,300	31,231,432	253,037,400
Subtotal	105,378,984	495,578,100	91,187,710	732,653,500
Unexpended at Year End	-	(240,714,200)	-	(474,733,500)
Total Capital Improvement Expenditures	105,378,984	254,863,900	91,187,710	257,920,000
Transfers Out				
To Water & Sewer Operating Funds	4,958,281	4,969,900	4,969,900	6,558,100
Subtotal	4,958,281	4,969,900	4,969,900	6,558,100
Total Expenditures & Transfers	110,337,265	259,833,800	96,157,610	264,478,100
Ending Fund Balance	\$ 273,675,584	\$ 316,136,513	\$ 409,564,821	\$ 264,835,576

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Capital Improvement Plan
(in thousands)**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance *	402,148.0	264,835.6	209,030.5	151,442.3	117,706.3
Revenues					
Bonds/Contracts					
General Obligation	-	67,000.0	35,000.0	14,000.0	19,000.0
Municipal Properties Corporation	25,100.0	28,027.5	-	-	-
Municipal Properties Corporation-Water	-	18,000.0	-	13,000.0	-
Pay-As-You-Go					
Water & Sewer Development Fees	16,779.5	17,199.0	17,629.0	18,069.7	18,521.4
Extra Capacity Development Fee	-	-	-	-	11,000.0
Grants	7,548.1	4,152.3	4,976.1	180.0	713.0
Other Contributions	15,761.0	6,856.0	1,814.0	150.0	150.0
Interest Earnings	2,758.3	3,073.6	2,911.1	2,634.4	2,405.1
Miscellaneous	1,065.4	150.3	635.3	150.3	0.3
Subtotal	69,012.3	144,458.7	62,965.5	48,184.4	51,789.8
Transfers In					
General Fund	16,702.9	10,356.5	11,181.7	8,328.9	6,196.3
Highway User Fund	74.8	73.0	73.7	73.7	73.7
Special Projects Fund	613.7	683.5	1.8	2.0	2.0
Transportation Privilege Tax Fund	9,708.5	10,038.5	10,389.9	10,753.5	11,076.1
Aviation Fund	826.2	463.9	19.1	533.8	661.8
Water & Sewer Fund	28,294.2	27,864.9	37,540.4	39,463.3	42,376.6
Solid Waste Fund	279.9	81.4	460.2	336.5	3,618.5
Internal Service Funds	1,653.2	37.0	37.1	37.6	37.6
Subtotal	58,153.4	49,598.8	59,703.9	59,529.3	64,042.6
Total Revenues & Transfers In	127,165.7	194,057.5	122,669.4	107,713.7	115,832.5
Total Sources of Funds	529,313.7	458,893.1	331,699.9	259,156.0	233,538.8
Use of Funds:					
Program Expenditures					
Community Facilities	136,558.2	46,264.9	13,368.3	16,234.2	790.6
Preservation	108,741.3	200.0	2,000.0	-	-
Neighborhood Drainage & Flood Control	22,456.8	16,496.9	6,634.6	150.0	-
Public Safety	44,070.4	14,823.9	4,901.9	2,324.9	-
Service Facilities	28,154.1	5,392.6	12,400.5	5,513.0	8,676.5
Transportation	139,635.3	51,467.1	38,402.7	17,669.7	16,541.0
Water Services	253,037.4	48,255.2	30,657.0	54,921.0	13,588.0
Prior Year Unexpended *	-	474,733.5	414,330.1	348,946.2	310,773.6
Total Capital Improvement Plan Budget	732,653.5	657,634.1	522,695.1	445,759.0	350,369.7
Less: Estimated Capital Improvement Expenditures	(257,920.0)	(243,304.1)	(173,748.9)	(134,985.4)	(103,885.2)
Subtotal: Unexpended at Year End	474,733.5	414,330.1	348,946.2	310,773.6	246,484.5
Transfers Out					
To Water & Sewer Operating Funds	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
Subtotal	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
Total Use of Funds	264,478.1	249,862.6	180,257.6	141,449.7	110,294.1
Ending Fund Balance	264,835.6	209,030.5	151,442.3	117,706.3	123,244.7

* 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 2004/05 Adopted Budget Total Appropriation by Fund

	General Fund	Special Revenue	Debt Service	Enterprise	Internal Service	Trust	Capital	Total
Source of Funds:								
Beginning Fund Balance/Reserve	\$ 46,417,052	\$ 21,950,483	\$ 10,533,260	\$ 44,769,795	\$ 27,344,453	\$ 1,732,888	\$ 402,148,000	\$ 554,895,931
Revenues								
Taxes - Local								
Privilege Tax	84,821,709	-	-	-	-	-	-	84,821,709
Privilege Tax - Transportation (.20%)	-	16,180,754	-	-	-	-	-	16,180,754
Privilege Tax - Preservation (.20%)	-	16,802,444	-	-	-	-	-	16,802,444
Privilege Tax - Preservation (.15%)	-	11,662,984	-	-	-	-	-	11,662,984
Privilege Tax - Public Safety (.10%)	-	7,775,323	-	-	-	-	-	7,775,323
Property Tax	17,630,083	-	26,858,978	-	390,256	-	-	44,879,317
Transient Occupancy Tax	6,732,000	-	-	-	-	-	-	6,732,000
Light & Power Franchise	5,216,433	-	-	-	-	-	-	5,216,433
Cable TV	2,600,000	-	-	-	-	-	-	2,600,000
Salt River Project Lieu Tax	202,864	-	-	-	-	-	-	202,864
Fire Insurance Premium	500,666	-	-	-	-	-	-	500,666
Taxes - From Other Agencies								
State Shared Sales Tax	16,538,855	-	-	-	-	-	-	16,538,855
State Revenue Sharing	18,016,757	-	-	-	-	-	-	18,016,757
Transportation								
Highway User Revenue Tax	-	13,916,954	-	-	-	-	-	13,916,954
Auto Lieu Tax	7,844,418	-	-	-	-	-	-	7,844,418
Local Trans Assistance Fund	-	1,146,323	-	-	-	-	-	1,146,323
Internal Service Charges								
Fleet Management	-	-	-	-	11,469,074	-	-	11,469,074
Self-Insurance	-	-	-	-	17,428,146	-	-	17,428,146
Licenses, Permits & Fees								
Development Permits & Fees	14,250,000	-	-	-	-	-	16,779,500	31,029,500
Business Licenses & Fees	1,826,664	-	-	-	-	-	-	1,826,664
Recreation Fees	2,237,584	-	-	-	-	-	-	2,237,584
WestWorld	1,587,537	-	-	-	-	-	-	1,587,537
Fines & Forfeitures								
Court Fines	3,916,833	-	-	-	-	-	-	3,916,833
Parking Fines	209,015	-	-	-	-	-	-	209,015
Photo Radar	1,117,908	-	-	-	-	-	-	1,117,908
Library Fines & Fees	404,573	-	-	-	-	-	-	404,573
Interest Earnings/Property Rental								
Interest Earnings	1,575,000	595,200	-	1,159,680	832,144	-	2,758,300	6,920,324
Property Rental	3,370,000	-	-	-	-	-	-	3,370,000
Utilities & Enterprises								
Water Charges	-	-	-	73,191,154	-	-	-	73,191,154
Stormwater Water Quality Charge	612,000	-	-	-	-	-	-	612,000
Sewer Charges	-	-	-	26,080,588	-	-	-	26,080,588
Refuse/Recycling	-	-	-	16,722,321	-	-	-	16,722,321
Airport	-	-	-	2,852,980	-	-	-	2,852,980
Other Revenue								
Grant & Trust	-	20,729,833	-	-	-	1,180,000	7,548,100	29,457,933
Improvement District Assessments	-	-	2,792,383	-	-	-	-	2,792,383
Miscellaneous	1,200,000	-	-	439,774	177,218	-	16,826,400	18,643,392
TSA/CSA Revenue	1,321,489	-	-	-	-	-	-	1,321,489
Special Programs Revenue	-	2,723,084	-	-	-	-	-	2,723,084
Bond Proceeds	-	-	-	-	-	-	25,100,000	25,100,000
CIP Unexpended Year End	-	-	-	-	-	-	474,733,500	474,733,500
Less Internal Service Funds Offset	-	-	-	-	(28,861,220)	-	-	(28,861,220)
Subtotal	193,732,389	91,532,899	29,651,361	120,446,497	1,435,618	1,180,000	543,745,800	981,724,563
Transfers In								
Operating Transfers								
From General Fund	-	3,801,538	-	106,181	600,000	-	16,702,900	21,210,619
From Special Revenue Funds	4,192,514	-	19,974,129	-	-	-	10,396,964	34,563,607
From Enterprise Funds	629,767	-	-	-	-	-	29,400,312	30,030,079
From Internal Service Funds	-	-	-	-	-	-	1,653,200	1,653,200
From Capital Improvement Fund	-	-	-	6,558,100	-	-	-	6,558,100
Transfers to Gen Fund from Enterprise								
In-Lieu Property Tax	2,517,313	-	-	-	-	-	-	2,517,313
Indirect Cost Allocation	8,635,220	-	-	-	-	-	-	8,635,220
Franchise Fee	4,996,477	-	-	-	-	-	-	4,996,477
Subtotal	20,971,291	3,801,538	19,974,129	6,664,281	600,000	-	58,153,376	110,164,615
Other Activity								
Reserve Appropriations								
Economic Investment	9,819,205	-	-	-	-	-	-	9,819,205
Operating Contingency	2,500,000	500,000	-	-	-	250,000	4,500,000	7,750,000
Solid Waste	-	-	-	500,000	-	-	-	500,000
Self-Insurance	-	-	-	-	2,000,000	-	-	2,000,000
Water/Sewer	-	-	-	1,000,000	-	-	-	1,000,000
Carryover/Rebudgets	4,400,000	-	-	3,150,000	2,000,000	-	-	9,550,000
Subtotal	16,719,205	500,000	-	4,650,000	4,000,000	250,000	4,500,000	30,619,205
Total Revenues & Transfers In	231,422,885	95,834,437	49,625,490	131,760,778	6,035,618	1,430,000	606,399,176	1,122,508,383

TOTAL APPROPRIATION

Fund Summaries and Five-Year Plan

FY 2004/05 Adopted Budget Total Appropriation by Fund

	General Fund	Special Revenue	Debt Service	Enterprise	Internal Service	Trust	Capital	Total
Use of Funds:								
Departments								
General Government	20,714,004	601,292	-	-	-	-	-	21,315,296
Police	61,056,902	374,785	-	-	-	-	-	61,431,687
Financial Services	7,678,835	-	-	2,762,133	16,737,735	-	-	27,178,703
Transportation	-	10,563,729	-	1,449,468	-	-	-	12,013,197
Community Services	41,875,590	2,358,612	-	-	-	-	-	44,234,202
Information Systems	8,064,253	-	-	-	-	-	-	8,064,253
Fire	21,053,763	-	-	-	-	-	-	21,053,763
Water Resources	-	-	-	42,833,944	-	-	-	42,833,944
Municipal Services	537,783	11,468,307	-	12,397,653	10,363,755	-	-	34,767,498
Citizen & Neighborhood Resources	3,018,850	19,692	-	-	-	-	-	3,038,542
Human Resources	3,431,756	7,200	-	-	-	-	-	3,438,956
Economic Vitality	6,280,477	-	-	-	-	-	-	6,280,477
Planning & Development Services	12,758,970	20,608	-	-	-	-	-	12,779,578
Estimated Department Savings	(500,000)	-	-	(1,000,000)	-	-	-	(1,500,000)
Estimated Vacant Position Savings	(500,000)	-	-	-	-	-	-	(500,000)
Less Internal Service Fund Offsets	-	-	-	-	(28,861,220)	-	-	(28,861,220)
Subtotal	185,469,183	25,414,225	-	58,443,198	(1,759,730)	-	-	267,566,876
Grant and Trust Activity								
Community Dev Block Grants/HOME/Sec 8	-	7,372,542	-	-	-	-	-	7,372,542
Other Federal & State Grants	-	13,187,591	-	-	-	-	-	13,187,591
Trust Funds	-	-	-	-	-	1,670,400	-	1,670,400
Subtotal	-	20,560,133	-	-	-	1,670,400	-	22,230,533
Capital Improvements								
Community Facilities	-	-	-	-	-	-	136,558,200	136,558,200
Preservation	-	-	-	-	-	-	108,741,300	108,741,300
Neighborhood Drainage and Flood Control	-	-	-	-	-	-	22,456,800	22,456,800
Public Safety	-	-	-	-	-	-	44,070,400	44,070,400
Service Facilities	-	-	-	-	-	-	28,154,100	28,154,100
Transportation Improvements	-	-	-	-	-	-	139,635,300	139,635,300
Water and Wastewater	-	-	-	-	-	-	253,037,400	253,037,400
Subtotal	-	-	-	-	-	-	732,653,500	732,653,500
Debt Service								
General Obligation Bonds	-	-	26,858,978	5,353,855	-	-	-	32,212,833
General Obligation Bonds-Preserve	-	-	13,113,344	-	-	-	-	13,113,344
Preserve Authority Revenue Bonds	-	-	6,860,785	-	-	-	-	6,860,785
Revenue Bonds	-	3,120,269	-	6,524,524	-	-	-	9,644,793
MPC Bonds	7,571,002	-	-	7,800,156	-	-	-	15,371,158
Special Assessment Bonds	-	-	2,792,383	-	-	-	-	2,792,383
Contracts	4,542,962	955,115	-	-	-	-	-	5,498,077
Subtotal	12,113,964	4,075,384	49,625,490	19,678,535	-	-	-	85,493,373
Other Activity								
Reserve Appropriations	-	-	-	-	-	-	-	-
Economic Investment	9,819,205	-	-	-	-	-	-	9,819,205
Operating Contingency	2,500,000	500,000	-	-	-	250,000	4,500,000	7,750,000
Solid Waste	-	-	-	500,000	-	-	-	500,000
Self-Insurance	-	-	-	-	2,000,000	-	-	2,000,000
Water/Sewer	-	-	-	1,000,000	-	-	-	1,000,000
Carryover/Rebudgets	4,400,000	-	-	3,150,000	2,000,000	-	-	9,550,000
Subtotal	16,719,205	500,000	-	4,650,000	4,000,000	250,000	4,500,000	30,619,205
Total Budget	214,302,352	50,549,742	49,625,490	82,771,733	2,240,270	1,920,400	737,153,500	1,138,563,487
Transfers Out								
Capital Improvement Program	16,702,900	10,396,964	-	29,400,312	1,653,200	-	-	58,153,376
Operating Transfers	-	-	-	-	-	-	-	-
To General Fund	-	4,192,514	-	629,767	-	-	-	4,822,281
To Special Revenue Fund	3,801,538	-	-	-	-	-	-	3,801,538
To Debt Service Fund	-	19,974,129	-	-	-	-	-	19,974,129
To Internal Service Fund	600,000	-	-	-	-	-	-	600,000
To Enterprise Fund	106,181	-	-	-	-	-	6,558,100	6,664,281
Enterprise Transfers	-	-	-	-	-	-	-	-
In-Lieu Property Tax	-	-	-	2,517,313	-	-	-	2,517,313
Indirect Cost Allocation	-	-	-	8,635,220	-	-	-	8,635,220
Franchise Fee	-	-	-	4,996,477	-	-	-	4,996,477
Subtotal	21,210,619	34,563,607	-	46,179,089	1,653,200	-	6,558,100	110,164,615
Total Expenditures & Transfers Out	235,512,971	85,113,349	49,625,490	128,950,822	3,893,470	1,920,400	743,711,600	1,248,728,102
Revenue Over/(Under) Expenditures	(4,090,087)	10,721,088	-	2,809,956	2,142,148	(490,400)	(137,312,424)	(126,219,719)
Ending Fund Balance/Reserve	\$ 42,326,966	\$ 32,671,571	\$ 10,533,260	\$ 47,579,751	\$ 29,486,601	\$ 1,242,488	\$ 264,835,576	\$ 428,676,212



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 seven Special Revenue Funds: Highway User Revenue, Transportation Privilege Tax (.20%), 1995 Preservation Privilege Tax (.20%), 2004 Preservation Privilege Tax (.15%), Public Safety Privilege Tax (.10%), 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

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 2004/05 increased approximately \$8.7 million (4.2%) from the FY 2003/04 year-end estimate. The increase from the prior year-end estimate is attributable primarily to increases in transaction privilege (sales) taxes \$1.9 million (2.2%), the primary property tax revenue \$1.1 million (6.4%), court fines and forfeitures \$0.5 million (16.0%), Tourism Sports Authority and County Sports Authority revenue \$1.3 million (100.0%) and special revenue transfer-in from the 2004 public safety sales tax fund of approximately \$4.2 million (100.0%) from the May 18th vote to increase the sales tax rate. Also, the state-shared revenues are projected to remain flat with the current year-end estimate, which represents the reversal of a multi-year declining trend in a major funding source. 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. The development and permit fees are projected to decline \$2.3 million (13.6%) over the very strong FY 2003/04 performance. 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 \$117.7 million represent 54.8% 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 1.65 percent local sales tax. The remaining 0.65 percent of the local sales tax is a dedicated .20 percent to the Transportation Privilege Tax Fund, .20 percent to the 1995 Preservation Privilege Tax Fund, .15 percent to the 2004 Preservation Privilege Tax Fund and .10 percent to the Public Safety Privilege Tax Fund (all 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 2004/05 the adopted revenue budget is \$84.8 million, which is nearly a \$1.9 million, or 2.2% increase over the FY 2003/04 year-end estimate of \$83.0 million. The increase in the general sales tax represents the early stages of a national, state, and local economic

Transaction Privilege (Sales) Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$84.8	\$84.8*
2003/04	\$77.4	\$83.0*
2002/03	\$84.0	\$79.7
2001/02	\$79.1	\$80.3

recovery. However, this slight increase in the sales tax revenues is nowhere near the City's mid to late 1990's experience, when it saw nine consecutive years double-digit growth in sales tax revenue. The tentative nature of the national, state and local economies, slow job growth, and the on-going threat of terrorism make it difficult to predict with certainty if the projected improvement is the start of a sustainable, long-term economic recovery or a short-lived surge.

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 2.0 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 8.2% of the total projected FY 2004/05 General Fund resources. The FY 2004/05 revenue forecast of \$17.6 million represents an increase of slightly less than \$1.1 million or 6.4% from the FY 2003/04 year-end estimate of \$16.6 million. The increase in revenue is due to an increase in assessed valuations – 6.2% average increase in existing properties and 4.6% from new construction. The primary property tax rate of \$0.45 per \$100 of assessed valuation will result in an annual levy of \$450 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*
2004/05	\$17.6	\$17.6*
2003/04	\$16.6	\$16.6*
2002/03	\$15.4	\$15.6
2001/02	\$14.3	\$13.7

Transient Occupancy ("bed") Tax comes from Scottsdale collecting a 3.0 percent Transient Occupancy Tax on hotel and motel room rentals in addition to the sales tax. Currently, one-third of this tax is used to pay for General Fund operations. Per City Ordinance 2045/2291 (amended), 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 2004/05 budget includes an amendment to the ordinance and an increase of the allocation from 66.7 percent to 80.0 percent to continue supporting tourism and hospitality development purposes. The remaining 20.0 percent will be used to pay for General Fund operations. The adopted FY 2004/05 budget of \$6.7 million reflects a \$68,000 or 1.0 percent decrease from the FY 2003/04 year-end estimate of \$6.8 million. The ongoing uncertainty regarding the economic recovery and concerns over acts of terrorism are likely to continue to influence business and pleasure travel. Additionally, growing competition with more rooms available at new resorts in neighboring jurisdictions limits the likelihood of growth in this revenue in FY 2004/05 and beyond.

Transient Occupancy ("bed") Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.7	\$6.7*
2003/04	\$6.6	\$6.8*
2002/03	\$7.6	\$6.7
2001/02	\$7.9	\$6.7

Other Taxes — Franchise, In-Lieu Property Tax and Fire Insurance Premium are budgeted at \$8.5 million in FY 2004/05 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. The light and power franchise is projected to increase a very nominal 2.0% or \$0.1 million. The cable TV franchise tax and Salt River Project In Lieu Tax are projected to remain at the FY 2003/04 year-end estimates, which more accurately reflect the actual revenue collection trends. The fire insurance premium revenue is projected to have the greatest percent increase at 17.8% or \$75,700. The increase is driven by increased property insurance rates, which serve as the basis for applying the tax.

Other Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$8.5	\$8.5*
2003/04	\$8.3	\$8.3*
2002/03	\$8.2	\$8.2
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 \$42.4 million or 19.7% 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 increase in FY 2004/05 by nearly \$0.5 million or 1.1% from the FY 2003/04 year-end estimate of \$41.9 million. The slow emerging economic recovery is the main reason for the increase. The projected state-shared revenues do 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 project slow to no growth for these revenue sources. State-Shared Revenues consist of the following:

State Sales Tax for FY 2004/05 is expected to be \$16.5 million, which represents an extremely modest increase of \$0.3 million or 2.0% from the FY 2003/04 year-end estimate. Cities and towns share in a portion of the 5.0% 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. The FY 2004/05 forecast and beyond is conservative. Future budget years assume an annual increase of approximately 2.0% over the five-year forecast period. The exception is FY 2006/07, which reflects a decrease resulting from the mid-decade Special Census of the Phoenix metro area that will likely have an adverse impact on the City's share, as faster growth cities and towns within the region receive an increased proportion of the overall pool of state-shared revenues.

State Sales Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.5	\$16.5*
2003/04	\$15.4	\$16.2*
2002/03	\$15.8	\$15.9
2001/02	\$16.7	\$15.6

State Income Tax budget of \$18.0 million for FY 2004/05 is projected to remain flat with the current year-end estimate. The state-shared income revenue projection is based on conservative estimates, and the expectation any income increases realized by citizens in FY 2004/05 from the emerging economic recovery would not be realized immediately by the City. This is due to the two-year lag between the time citizens earn and report results to the State and then the State submits the actual revenues to cities and towns. Cities and towns in Arizona are prohibited from levying an income tax; however, they are entitled to 15.0 percent of state income tax collections from two years previous. For example, the revenue distribution for FY 2004/05 will come from the income tax paid in 2002, on income earned in calendar year 2001. Like the State Sales Tax, the FY 2004/05 forecast and beyond is conservative. Future budget years assume an annual increase of approximately 1.0% over the five-year forecast period. The exception is FY 2006/07, which again reflects a decrease resulting from the mid-decade Special Census of the Phoenix metro area that will likely have an adverse impact on the City's share, as faster growth cities and towns within the region receive an increased proportion of the overall pool of state-shared revenues.

State Income Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$18.0	\$18.0*
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 2004/05 is projected to be \$7.8 million, which represents an increase from the FY 2003/04 year-end estimate of nearly \$0.2 million or 2.0%.

State Auto Lieu Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7.8	\$7.8*
2003/04	\$6.9	\$7.7*
2002/03	\$6.7	\$8.0
2001/02	\$6.9	\$6.7

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 2004/05 are expected to be approximately \$14.3 million, which is nearly a \$2.3 million or 13.6% decline from the FY 2003/04 year-end revenue 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 Stacked 40 project, as well as continued investment in the Scottsdale Airpark area. The focus on downtown revitalization projects such as Loloma Museum, the Waterfront, and Los Arcos will continue development activity. Additionally, there exists the possible start of large in-fill projects such as Northsight and the former PCS site.

Development Permit & Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$14.3	\$14.3*
2003/04	\$13.5	\$16.5*
2002/03	\$15.5	\$15.4
2001/02	\$19.0	\$15.7

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 2004/05 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 2004/05 budget includes no increase in the development fees charged to customers.

Business Licenses & Fees in FY 2004/05 are budgeted at \$1.8 million, reflecting no increase from the FY 2003/04 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*
2004/05	\$1.8	\$1.8*
2003/04	\$1.8	\$1.8*
2002/03	\$1.7	\$1.8
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, if the increase is justified by the analysis and approved by City Council.

Recreation Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.2	\$2.2*
2003/04	\$2.2	\$2.2*
2002/03	\$2.1	\$2.2
2001/02	\$2.1	\$2.0

WestWorld Fees event revenue is expected to be approximately \$1.6 million. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually, if the increase is justified by the analysis and approved by City Council.

WestWorld Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.6	\$1.6*
2003/04	\$1.5	\$1.6*
2002/03	\$1.3	\$1.5
2001/02	\$1.3	\$1.5

Fines and Forfeiture Revenues

Fines and Forfeiture Revenues include court, parking, photo radar, and library fines. In the aggregate, the revenue for these items in FY 2004/05 is projected to be \$5.6 million for an increase of approximately \$0.8 million over the prior year. The detail of these revenues is noted below:

Court Fines are conservatively budgeted at \$3.9 million, which reflects a \$0.5 million increase from the FY 2003/04 year-end estimate. The FY 2003/04 year-end forecast includes \$0.3 million for the negative impacts from the State of Arizona's enacted shared-court collections, which retained 75% of the judicial collections each municipal court received in excess of their FY 2002/03 baseline collections during the fiscal year. The court fine collections were deposited in the State's General Fund and were to pay for the costs associated with the State's newly created collection system and enhance city and town court collections. For FY 2004/05, the State Legislature repealed the legislation. Therefore, \$0.3 million of this revenue increase is attributable to the State Legislature repealing the legislation.

Court Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.9	\$3.9*
2003/04	\$3.7	\$3.4*
2002/03	\$3.5	\$4.2
2001/02	\$3.8	\$3.4

Parking Fines are conservatively budgeted at slightly more than \$0.2 million for FY 2004/05, which is approximately \$87,200 more than the FY 2003/04 year-end estimate. This increase includes \$20,300 for the State of Arizona's enacted shared-court collections as noted above in Court Fines, which retained 75% of the judicial collections each municipal court received in excess of their FY 2002/03 baseline collections during the fiscal year. For FY 2004/05, the State Legislature repealed the legislation.

Parking Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.2	\$0.2*
2003/04	\$0.1	\$0.1*
2002/03	\$0.1	\$0.2
2001/02	\$0.2	\$0.1

Photo Radar Fines are budgeted at approximately \$1.1 million for FY 2004/05, which represents an increase of approximately \$0.2 million over the FY 2003/04 year-end estimate. This increase includes \$0.1 million, which is also attributable to the State Legislature repealing the legislation to retain 75% of the judicial collections each municipal court received in excess of their FY 2002/03 baseline collections during the fiscal year as noted in Court Fines. Additionally, the current photo radar contract was awarded during the summer of 2003 and included more red-light cameras, capable of detecting both red light running and a vehicle's speed. The cameras were installed during FY 2003/04. Having the cameras in place for the full fiscal year should contribute to an increase in revenue in FY 2004/05. However, the use of photo radar is intended as a deterrent to unsafe driving, not as a revenue producer.

Photo Radar Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.1	\$1.1*
2003/04	\$1.1	\$0.9*
2002/03	\$1.1	\$0.8
2001/02	\$1.5	\$0.8

The May 18, 2004 voter approved 0.10% increase in the sales tax rate will fund expanded photo radar (three new sites). No additional revenue for these additional sites was factored into the FY 2004/05 revenue estimate.

Library Fines are expected to remain flat with the FY 2003/04 year-end estimate of approximately \$0.4 million for FY 2004/05. In accordance with the City's adopted financial policies, the library fines are reviewed and adjusted annually, if necessary. No increase in fines is included in the FY 2004/05 budget.

Library Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
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 be approximately \$1.6 million for an increase of less than \$0.1 million over the FY 2003/04 year-end estimate of \$1.5 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 Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.6	\$1.6*
2003/04	\$0.8	\$1.5*
2002/03	\$3.3	\$1.7
2001/02	\$6.3	\$4.0

Property Rental Revenues

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 projected FY 2004/05 revenues of \$3.4 million represent a \$0.4 million increase in Property Rental revenue over the FY 2003/04 year-end estimate. The increase is attributable to a combination of scheduled increases in rental payments of \$0.3 million, plus the Thunderbird's \$80,000 contribution, which was waived in FY 2003/04 under the terms of the lease agreement.

Property Rental Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.4	\$3.4*
2003/04	\$3.3	\$3.0*
2002/03	\$3.4	\$2.5
2001/02	\$3.0	\$2.5

Other Revenue

Other Revenue is projected to increase by \$2.0 million in FY 2004/05 over the current year-end estimate. The increase is due to the City receiving its first contributions from the Tourism Sports Authority and County Sports Authority (TSA and CSA) for the repayment of the Giants professional baseball practice facility and an increase in the environmental water quality charge to help fund a portion of the “unfunded”, federally-mandated Stormwater Management program.

Miscellaneous revenue is projected to be \$1.2 million for FY 2004/05, which includes various miscellaneous revenues 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 increase \$0.1 million from the FY 2003/04 year-end estimate of \$1.1 million.

Stormwater Quality Charge revenue of approximately \$0.6 million in FY 2004/05 relates to a 1.0% increase to an existing environmental water quality charge to help pay a portion of the Stormwater Management program costs. These costs are driven by “unfunded” federal mandates that require the City to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff.

Tourism Sports Authority and County Sports Authority (TSA and CSA) revenue is projected to be \$1.3 million in FY 2004/05. The City’s first contributions from both the TSA and CSA will be used to pay for \$18.0 million of debt service payments associated with the Giants professional baseball practice facility. It is anticipated the debt will be issued in March of 2005 with the TSA and CSA being responsible for \$12.0 million and \$6.0 million, respectively. Annually, the TSA will pay approximately \$0.9 million and the CSA will pay over \$0.4 million for the debt service repayment.

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 Enterprise Fund. 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 2004/05 are expected to increase by \$4.1 million over the FY 2003/04 year-end estimate. The main driver in this increase is the \$4.2 million transfer-in from the Special Revenue-Public Safety Privilege Tax Fund.

The adopted General Fund budget includes approximately \$4.2 million of appropriations for public safety initiatives, which is a result of the May 18, 2004 vote to increase the City’s privilege (sales) tax from 1.40 percent to 1.65 percent. (Public Safety .10% and Preserve .15%). The additional (.10%) public safety privilege taxes will be used to hire additional police officers with focused enforcement in the citizen noted high demand service areas: traffic, driving under the influence, computer crimes, District 1, vice enforcement, code enforcement, photo red light operations as well as a special patrol in City parks and the McDowell Sonoran Preserve. The new public safety privilege taxes will also be used for related public safety capital equipment and facilities and to hire additional firefighters.

Other Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.1	\$3.1*
2003/04	\$1.5	\$1.1*
2002/03	\$2.0	\$1.9
2001/02	\$2.0	\$1.1

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 adopted budget of \$120.8 million represents 61.1% of the FY 2004/05 General Fund Operating Budget of \$197.6 million. The adopted FY 2004/05 personal services budget increased \$6.8 million or 6.0% from the FY 2003/04 adopted budget. The adopted General Fund budget includes 65.34 new full-time equivalent (FTEs) staff positions at an estimated total cost of over \$3.0 million. The General Fund additions can be summarized as follows:

	FTEs	Est. Cost
Fire Transition (civilians)	13.50	\$0.5M
New Public Safety	44.00	\$2.1M
Other High Priority Service Areas	7.84	\$0.4M
Total	65.34	\$3.0M

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$120.8	\$120.8*
2003/04	\$114.0	\$114.0*
2002/03	\$106.2	\$104.4
2001/02	\$100.8	\$96.0

Further detail on the new FTEs is provided below:

The addition of 13.50 new FTEs will be needed to support the City's transition to a municipal fire department by July 1, 2005. The estimated cost of these new positions is slightly over \$0.5 million, based on staggered hiring dates during FY 2004/05.

The additions also include 44.0 new public safety FTEs funded by the public safety privilege sales tax increase approved by voters on May 18, 2004 at an estimated cost of approximately \$2.1 million. The positions will be used in FY 2004/05 to enhance public services outlined in the public safety strategic plan including increased police enforcement in traffic, driving under the influence, computer crimes, District 1, vice enforcement, code enforcement, photo red light operations, as well as a special patrol in City parks and the McDowell Sonoran Preserve. Beyond next fiscal year, the public safety privilege taxes will be used to address other public safety strategic plan items such as additional bike units, traffic patrol, and other capital needs.

The additional 7.84 new FTE's will address ongoing high priority services areas such as code enforcement, downtown, parks and recreation, economic development, and enhanced building security at an estimated cost slightly over \$0.4 million. The 2.0 code enforcement FTEs will address citizens' increased demand for code enforcement throughout the whole City. The 1.0 FTE for the recently formed Downtown Group will provide clerical and administrative support for the staff and Executive Director. The 1.84 FTEs for parks and recreation include 1.0 additional maintenance technician to continue pro-actively handling the growth in facilities square footage. The other .84 FTE in parks is for

additional part-time recreation leaders for the Tonalea after school program. The 2.0 Economic Vitality FTEs will provide increased support for job creation efforts in retail and the biomedical industry and enhance the City's economic development research capability. Finally, 1.0 FTE is for the mailroom to handle the increased security and expanded screening of the City's mail.

The personal services costs include a 2.5 percent cost of living pay adjustment equaling \$2.7 million for City personnel. The adopted budget also maintains the City's merit pay program at an estimated cost of \$1.2 million for those employees that have earned the increase through job performance and have not reached the top of their position range. Externally driven cost factors increased the City's contribution to Arizona Public Safety Retirement System for FY 2004/05 by \$0.6 million. Conversely, the City's health care cost containment initiatives started in the current year will yield over \$1.1 million of cost avoidance in the FY 2004/05 budget.

Contractual Services adopted budget of \$57.5 million represents 29.1% of the FY 2004/05 General Fund Operating Budget of \$197.6 million. The FY 2004/05 budget of \$57.5 million is \$3.8 million or 7.1% more than the FY 2003/04 adopted budget. The increase in Contractual Services is primarily attributable to the combination of two items. The first is a general increase in contractual services costs of approximately \$3.5 million due to inflation and nominal usage increases.

Second, the adopted budget of \$57.5 million includes \$0.3 million to fund contractual services attributed to the favorable outcome of the public safety vote on May 18. The new positions funded with the public safety sales tax will be used to enhance public services outlined in the public safety strategic plan including increased police enforcement in the following areas: traffic, driving under the influence, computer crimes, District 1, vice enforcement, code enforcement, photo red light operations, as well as a special patrol in City parks and the McDowell Sonoran Preserve. Beyond next fiscal year, the public safety privilege taxes will be used to address other public safety strategic plan items such as additional bike units, traffic patrol, and other capital needs.

Commodities adopted budget of \$6.1 million represents 3.1% of the FY 2004/05 General Fund Operating Budget of \$197.6 million. The budget of \$6.1 million is \$1.3 million more than the FY 2003/04 adopted budget. The increase in Commodities is primarily attributable to the combination of two items. The first is a general increase in commodities costs of approximately \$0.4 million due to inflation and nominal usage increases.

Second, the adopted Commodities budget of \$6.1 million includes \$0.8 million to fund commodities attributed to the favorable outcome of the public safety vote on May 18. The new positions funded with the public safety sales tax will be used to enhance public services outlined in the public safety strategic

See glossary for Expenditure Type definitions.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$57.5	\$57.5*
2003/04	\$53.7	\$53.7*
2002/03	\$56.6	\$54.2
2001/02	\$56.4	\$54.8

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.1	\$6.1*
2003/04	\$4.8	\$4.7*
2002/03	\$5.5	\$5.5
2001/02	\$6.4	\$6.4

plan including increased police enforcement in the following areas: traffic, driving under the influence, computer crimes, District 1, vice enforcement, code enforcement, photo red light operations, as well as a special patrol in City parks and the McDowell Sonoran Preserve. Beyond next fiscal year, the public safety privilege taxes will be used to address other public safety strategic plan items such as additional bike units, traffic patrol, and other capital needs.

The Budget staff continues to review each department's proposed expenditure budget 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 the current or pending contractual and commodities contracts.

Capital Outlay adopted budget of \$1.1 million represents 0.6% of the FY 2004/05 General Fund Operating Budget of \$197.6 million. The adopted FY 2004/05 Capital Outlays budget of \$1.1 million includes \$1.0 million to fund capital outlays attributed to the favorable outcome of the public safety vote on May 18. The new positions funded with the public safety sales tax will be used to enhance public services outlined in the public safety strategic plan including increased police enforcement in the following areas: traffic, driving under the influence, computer crimes, District 1, vice enforcement, code enforcement, photo red light operations, as well as a special patrol in City parks and the McDowell Sonoran Preserve. As result of the ongoing zero-based program budget approach, the capital outlays have been included in the budget on a very limited basis. 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.

Debt Service budget of \$12.1 million represents 6.1% of the FY 2004/05 General Fund Operating Budget of \$197.6 million. The FY 2004/05 budget of \$12.1 million is \$0.6 million more than the FY 2003/04 adopted budget. The General Fund debt service is comprised of \$4.5 million in Contracts Payable and \$7.6 million in Municipal Property Corporation Bonds for FY 2004/05.

Contracts payable of \$4.5 million represent debt related to sales tax development agreements such as the Nordstrom Garage Lease, Hotel Valley Ho, Waterfront project, Stacked 40 and the Promenade Agreement.

Municipal Property Corporation (MPC) Bonds are issued by the City of Scottsdale Municipal Property Corporation (MPC), a nonprofit corporation created by the City in 1967, solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. A Board of Directors appointed by the City Council governs the MPC. The debt incurred by the corporation is a City obligation

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.1	\$1.1*
2003/04	-	\$0.2*
2002/03	\$0.1	\$0.4
2001/02	\$2.7	\$1.3

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$12.1	\$12.1*
2003/04	\$11.5	\$9.8*
2002/03	\$13.3	\$12.7
2001/02	\$10.5	\$10.3

and the repayment of debt is financed by pledged General Fund excise taxes. The scheduled MPC debt repayment included in the FY 2004/05 budget is \$7.6 million.

Transfers-Out in FY 2004/05 total \$21.2 million and includes \$3.7 million to the Capital Fund to cover the cost of on-going capital maintenance. The adopted budget also includes a transfer-out of \$7.2 million to the Capital Fund, which includes \$3.0 million for current investments in capital projects, \$2.0 million for Neighborhood Revitalization south of Camelback Road, \$0.2 million for the Police Mounted Patrol Barn Replacement and \$2.0 million added to the General Fund CIP Contingency. Additionally, a transfer out of \$5.8 million is included to cover one-time Fire transition capital costs. These one-time capital costs are necessary in order to transition to a municipal Fire department in July 2005. Additionally, \$3.7 million will be transferred-out to the Highway User Revenue Fund for transportation related operating costs (subsidy), \$0.6 million to the Self-Insurance Fund, \$0.1 million to the Aviation Fund for fuel tax collected and received in the General Fund, and \$0.1 million to the Special Revenue Fund for the Affordable Housing program grant match and the for the preservation and maintenance of properties on Scottsdale's Historic Register.

Revenues Over/(Under) Expenditures

The \$4.1 million excess of total expenditures and transfers out over total revenues and transfers in is solely attributable to City Council's policy decision to fund the following "one-time" capital projects from FY 2003/04 General Fund carryover funding:

- \$2.0 million for neighborhood revitalization south of Camelback Road

- \$2.0 million addition to the CIP general fund contingency

- \$0.2 million to replace the Police Mounted Patrol Unit's barn at WestWorld

The funding for these "one-time" capital projects totals \$4.2 million and will come from the City's anticipated FY 2003/04 General Fund ending unreserved fund balance. The \$4.2 million will be transferred out of the City's General fund in FY 2004/05 into the Capital Projects fund. Based on Arizona State law, the City's budget is deemed balanced as current year revenues and carryover resources from prior fiscal years are sufficient to cover the proposed total expenditures and transfers out in the coming year.

Beyond FY 2004/05 budget, the excess of total expenditures and transfers out over total revenues and transfers may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

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. For FY 2004/05, the General Fund Reserve includes an additional \$2.0 million for potential settlements related to ongoing taxpayer refund audits. Based on the revenue and expenditure estimates included in the adopted budget, the ending FY 2004/05 General Fund Reserve is projected to be approximately \$24.3 million. 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 projected FY 2004/05 ending balance is slightly over \$9.0 million. The budget includes partial funding in FY 2004/05 (in conjunction with \$223,429 of bed tax contributions) for the \$304,321 initial debt service payment and investment in the Loloma Museum. During FY 2004/05, the City anticipates paying out of the Economic Investment an additional \$0.5 million toward the Mayo T-Gen loan and repayments are expected in the following fiscal year. The budget also includes \$8.0 million of the projected \$16.2 million ending FY 2003/04 General Fund unreserved balance for "one-time" Economic Investment projects in FY 2004/05.

Operating Contingency of \$2.5 million is included to meet unforeseen expenses during the fiscal year.

Open Purchase Order Reserves of \$4.4 million are anticipated and adopted (i.e., carry forward as appropriated) from FY 2003/04 that will be completed and paid after the June 30 fiscal year-end. This reserve provides a funding source for these year-end carryover budget expenditures.

Unreserved Fund Balance is the remainder after considering all of the other reserves/uses. The ending unreserved fund balance is projected at approximately \$2.1 million, which represents the cumulative General Fund revenues not designated for a specific purpose. This amount represents an accumulation of one-time revenues and is most appropriately used for one-time expenditures. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses. Of the projected \$16.2 million ending FY 2003/04 unreserved balance, City Council allocated and appropriated \$12.2 million towards the following "one-time" projects in FY 2004/05: \$2.0 million for Neighborhood Revitalization south of Camelback Road, \$8.0 million added to Economic Investment, \$0.2 million for Police Mounted Barn Replacement, and \$2.0 million added to the CIP General Fund contingency.

Special Revenue Funds

Description

The City uses seven separate Special Revenue Funds to account for the activity of restricted revenues and designated expenditure uses for FY 2004/05. The individual funds are: Highway User Revenue, Transportation Privilege Tax (.20%), 1995 Preservation Privilege Tax (.20%), 2004 Preservation Privilege Tax (.15%), Public Safety Privilege Tax (.10%), Special Programs, and Grants. The applicable specific revenues, expenditures and fund balances 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 proposed FY 2004/05 budget of \$13.9 million represents an increase of \$0.4 million or 2.9% from the FY 2003/04 year-end estimate.

Special Revenue Fund Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.9	\$13.9*
2003/04	\$13.5	\$13.5*
2002/03	\$13.1	\$13.4
2001/02	\$13.2	\$12.6

Local Transportation Assistance Fund (LTAF) 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 no growth in this segment of intergovernmental transportation revenue. The proposed FY 2004/05 budget of \$1.1 million is flat with the FY 2003/04 year-end estimate due to the restrictions noted.

Special Revenue Fund Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.1	\$1.1*
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 Highway User Revenue Fund program expenditures. The proposed General Fund is budgeted to provide a \$3.7 million subsidy to support the programs of the Highway User Revenue Fund, 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 19.8% of the FY 2004/05 Highway User Revenue Fund Operating Budget of \$25.2 million. The adopted FY 2004/05 personal services budget is flat when compared to the FY 2003/04 adopted budget. The budget includes an additional 1.0 FTE as the result of a contract worker conversion.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$5.0	\$5.0*
2003/04	\$5.0	\$5.0*
2002/03	\$5.0	\$4.9
2001/02	\$4.8	\$4.5

Contractual Services adopted budget of \$16.5 million represents 65.5% of the FY 2004/05 Highway User Revenue Fund Operating Budget of \$25.2 million. The FY 2004/05 budget of \$16.5 million is \$1.1 million or 7.1% more than the FY 2003/04 adopted budget. The majority of this increase is due to the increase in transit costs and a larger street maintenance program for FY 2004/05.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.5	\$16.5*
2003/04	\$15.4	\$15.4*
2002/03	\$15.8	\$16.2
2001/02	\$15.6	\$15.1

Commodities adopted budget of \$0.5 million represents 2.0% of the FY 2004/05 Highway User Revenue Fund Operating Budget of \$25.2 million. The FY 2004/05 budget of \$0.5 million represents no increase from FY 2003/04 commodities budget. The lack of need for an increase is due to the continuing effort by staff toward zero-based program budgeting, whereby line-item expenditure budgets are carefully evaluated and justified before being included in the budget.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.6	\$0.8
2001/02	\$0.8	\$0.8

See glossary for Expenditure Type definitions.

SPECIAL REVENUE FUNDS

Budget by Fund

Capital Outlay adopted budget for FY 2004/05 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*
2004/05	-	-
2003/04	-	-
2002/03	-	\$0.1
2001/02	\$0.2	\$0.1

Debt Service adopted budget of approximately \$3.1 million is equal to the FY 2003/04 budget and represents 12.3% of the Highway User Revenue Fund Operating Budget. The debt consists of payment for the Highway User Revenue Bonds 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*
2004/05	\$3.1	\$3.1*
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 2004/05 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 (.20%)

Fund Purpose

In 1989, voters approved a Transportation Privilege (Sales) Tax (.20%), which is dedicated to funding transportation improvements and operations. 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 (.20%) Revenues

Transportation Privilege (Sales) Tax (.20%) of \$16.2 million represent 100.0% of this fund's budgeted operating revenue. After nearly a decade of double-digit revenue growth, the FY 2004/05 forecasts a modest 2.2% increase over the FY 2003/04 year-end estimate.

Please note there is a difference between the transportation and preservation privilege tax revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues.

Interest Earnings are no longer forecast in this fund due to a change in accounting procedure. At the end of the month, a journal entry is prepared transferring all revenue collected in this fund to either the Highway User Revenue Fund (capped at 40.0%) or the Transportation Capital Improvement Fund.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.2	\$16.2*
2003/04	\$15.5	\$15.8*
2002/03	\$16.4	\$15.3
2001/02	\$17.0	\$15.6

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	-	-
2003/04	\$0.5	-
2002/03	\$0.5	\$0.2
2001/02	\$0.6	\$0.2

**Transportation Privilege Tax Fund (.20%)
Expenditures By Expenditure Type**

There are no direct operating expenditures in the Transportation Privilege Tax Fund (.20%), only transfers-out to the Highway User Revenue Fund and Capital Projects Fund.

Transfers-Out in FY 2004/05 total \$16.2 million comprised of \$6.5 million to the Highway User Revenue Fund to cover the cost of transportation related operating costs, and \$9.7 million to the capital fund to cover the cost of transportation related capital improvements. The \$6.5 million transfer-out to the Highway User Revenue Fund represents a policy change adopted by City Council in FY 2003/04 allowing up to 40.0% of the annual Transportation Privilege (Sales) Tax (.20%) to be used to cover the cost of transportation system improvement operating costs.

Transportation Privilege Tax Fund (.20%) Balance

The FY 2004/05 Transportation Privilege Tax Fund (.20%) ending fund balance is projected to be zero since at year-end any remaining funds are transferred to the Capital Project Fund or Highway User Revenue Fund.

1995 Preservation Privilege Tax Fund (.20%)

Fund Purpose

In 1995, voters approved a 1995 Preservation Privilege (Sales) Tax (.20%), which is dedicated to the purchase of 36,400 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.

1995 Preservation Privilege Tax Fund (.20%) Revenues

1995 Preservation Privilege (Sales) Tax (.20%) of \$16.8 million represents 97.0% of this fund's operating revenue. After nearly a decade of double-digit revenue growth, the FY 2004/05 forecast a modest 2.2% increase.

Please note there is a difference between the transportation and preservation privilege revenue tax amounts, which is attributable to differences in the taxing provisions for each of the revenues.

Interest Earnings are expected to remain flat, with FY 2003/04 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 investments 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*
2004/05	\$16.8	\$16.8*
2003/04	\$16.1	\$16.4*
2002/03	\$16.6	\$15.6
2001/02	\$17.4	\$15.8

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.7
2001/02	-	\$0.8

1995 Preservation Privilege Tax Fund (.20%) Expenditures By Expenditure Type

There are no direct operating expenditures in the 1995 Preservation Privilege Tax Fund (.20%); however, there are debt service transactions and transfers-out.

Debt Service budget of slightly less than \$1.0 million is \$0.1 million more than 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*
2004/05	\$1.0	\$1.0*
2003/04	\$0.9	\$1.0*
2002/03	\$0.9	\$1.0
2001/02	\$0.9	\$0.9

Transfers-Out totaling \$20.0 million to the Debt Service Fund is to pay debt service on Preservation Bonds. The increase in the transfer-out of \$3.6 million from the FY 2003/04 adopted budget is directly attributable to the scheduled repayment of debt.

Revenues Over/(Under) Expenditures

The excess of total expenditures and transfers out over total revenues and transfers in FY's 2004/05 through 2006/07 is the result of planned uses of beginning fund balance.

1995 Preservation Privilege Tax Fund (.20%) Balance

The 1995 Preservation Privilege Tax Fund (.20%) is 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 2004/05 ending fund balance equals approximately \$15.4 million, which represents a \$3.6 million decrease from the FY 2003/04 year-end estimate. The fund balance, with annual revenue contributions, is expected to be sufficient to pay for existing debt service. All debt authorized by voters for this fund has been issued.

2004 Preservation Privilege Tax Fund (.15%)

Fund Purpose

This new fund is a result of the May 18, 2004 voter approved ballot initiative to increase the City's sales tax rate. The increase will dedicate an additional .15% of the City's sales tax rate to completing Scottsdale's McDowell Sonoran Preservation efforts. Revenues received by this fund will be used for debt service payments related to preserve acquisition and construction of essential preserve related necessities such as proposed trailheads.

2004 Preservation Privilege Tax Fund (.15%) Revenues

2004 Preservation Privilege (Sales) Tax (.15%) is expected to equal approximately \$11.7 million. Revenue collections will begin July 1, 2004 with remittance received in August 2004; therefore, the revenue forecast for this fund is calculated based on 11 months of cash receipts.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.7	\$11.7*
2003/04	-	-
2002/03	-	-
2001/02	-	-

2004 Preservation Privilege Tax Fund (.15%) Expenditures By Expenditure Type

There are no direct operating expenditures budgeted in the 2004 Preservation Privilege Tax Fund (.15%) for FY 2004/05. The May 18, 2004 ballot initiative to increase the City's privilege (sales) tax from 1.40 percent to 1.65 percent (Public Safety .10% and Preserve .15%) was approved; therefore, the (.15%) additional preserve sales tax revenue will be used for additional land purchases, trails, and other improvements.

2004 Preservation Privilege Tax Fund (.15%) Balance

The 2004 Preservation Privilege Tax Fund (.15%) will be used solely for the acquisition of and improvements to property (i.e., trailheads, trails) within the preserve and payment of debt service on Preserve General Obligation Bonds, Preserve Authority Bonds, and contractual debt. The projected FY 2004/05 ending fund balance is approximately \$11.7 million. Any revenues collected and not transferred in FY 2004/05 will remain in the 2004 Preservation Privilege Tax Fund (.15%) balance and will be used exclusively for future preservation needs.

• This Special Revenue fund was included in the proposed budget as a contingent item pending a proposed 0.15% privilege sales tax increase subject to ballot approval by Scottsdale citizens. Voters approved the proposed tax increase on May 18, 2004, subsequent to the adoption of the tentative budget. Over the coming months city staff will be negotiating the purchase of additional McDowell Sonoran Preserve land with the Arizona State Land Department. Land purchase expenditures and associated debt issuance plans will be prepared and matched against these dedicated special revenues in future budget publications.

Public Safety Privilege Tax Fund (.10%)

Fund Purpose

This new fund is a result of the May 18, 2004 voter approved ballot initiative to increase the City's sales tax rate, dedicating .10% to public safety. Revenues received by this fund will be used to enhance public services outlined in the public safety strategic plan such as traffic enforcement, driving under the influence, computer crimes, District 1, vice enforcement, photo radar enforcement and a special patrol for City parks and the McDowell Sonoran Preserve.

Public Safety Privilege Tax Fund (.10%) Revenues

Public Safety Privilege (Sales) Tax (.10%) is expected to equal approximately \$7.9 million. Revenue collections will begin July 1, 2004 with remittance received in August 2004; therefore, the revenue forecast for this fund is calculated based on 11 months of cash receipts.

Local Privilege Taxes Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7.9	\$7.9*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Public Safety Privilege Tax Fund (.10%) Expenditures By Expenditure Type

There are no direct operating expenditures within the Public Safety Privilege Tax Fund (.10%); however there are transfers-out to the General Fund to cover the costs of the enhanced public safety service expenditures.

Transfers-Out to the General Fund is approximately \$4.2 million to cover the costs of 44.0 FTE positions, including 32.0 Police Officers, 5.0 Police Sergeants, 1.0 Police Lieutenant, 2.0 Code Inspectors, 1.0 Police Support Specialist, 1.0 Criminalist, 1.0 Court Service Representative, and 1.0 Municipal Security Technician. The funding will also cover the costs of three new intersection detection systems to increase red light and fixed speed photo enforcement. Other public safety services that will be funded from the additional public safety privilege taxes include hiring additional firefighters, code enforcement officers, and related public safety capital equipment and facilities. Beyond next fiscal year, the additional public safety privilege taxes would be used to address other public safety strategic plan items such as additional bike units, traffic patrol, and other capital needs.

Public Safety Privilege Tax Fund (.10%) Balance

The projected FY 2004/05 ending fund balance is \$3.7 million. Any revenues collected and not transferred in FY 2004/05 will remain in the Public Safety Privilege Tax Fund (.10%) balance and will be used exclusively for future public safety needs.

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- This Special Revenue fund was included in the proposed budget as a contingent item pending a proposed 0.10% privilege sales tax increase subject to ballot approval by Scottsdale citizens. Voters approved the proposed tax increase on May 18, 2004, subsequent to the adoption of the tentative budget. Only the first phase (year one) of enhanced public safety expenditures were included in the FY04/05 budget. Over the coming months city staff will be refining the multi-year public safety strategic expenditures plans and match them against these dedicated special revenues in future budget publications.

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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 2004/05 budget for Miscellaneous Court Revenue equals \$0.6 million.

Miscellaneous Downtown Cultural/Arts Revenue is generated from donations and contributions as well as revenue from the Scottsdale Artist School lease agreement. The FY 2004/05 budget for Miscellaneous Downtown/Cultural Revenue equals \$0.3 million. This program was previously housed in Community Services Special Program.

Miscellaneous Police Revenue includes money from the following five sources: (1) Racketeering Influenced Corrupt Organization (RICO) funds, which is only to be used for law enforcement purposes; (2) Forensic Services Intergovernmental Agreements (IGA) with surrounding communities for full cost recovery of crime laboratory services provided; (3) donations for the Mounted Unit and Family Advocacy Center; (4) drug conviction assessments, which may only be used for crime laboratory analysis purposes; and (5) funds for school resource education supplies. The budget for this revenue source is \$0.4 million.

Miscellaneous Court Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.6	\$0.6*
2003/04	\$0.6	\$0.6*
2002/03	\$0.6	\$0.6
2001/02	\$0.5	\$0.5

Misc. Downtown Cultural/Arts Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Miscellaneous Police Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.4	\$0.5

Miscellaneous Community Services Revenue includes donations and contributions that are to be spent for the specific purpose indicated by the donors. Specific purposes include 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 is approximately \$1.4 million in FY 2004/05. Current revenues and the planned use of prior year carryover revenues will fund these services.

Miscellaneous Community Services Rev. Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.4	\$1.4*
2003/04	\$1.6	\$1.6*
2002/03	\$1.5	\$2.0
2001/02	\$2.2	\$1.5

Miscellaneous Human Resource Services Revenue includes corporate sponsorship obtained through community outreach efforts in support of cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration. In FY 2004/05, it is estimated that approximately \$7,200 will be deposited into this fund.

Miscellaneous Human Resources Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7,200	\$7,200*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Miscellaneous Citizen and Neighborhood Resources Revenue includes 50.0% of the total amount of fines collected for code enforcement violations. The fines pay for any abatement procedures necessary to clean up a property. In FY 2004/05, it is estimated the fines deposited into this fund will equal approximately \$19,700.

Miscellaneous Citizen and Neighborhood Resources Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$19,700	\$19,700*
2003/04	\$68,000	\$68,000*
2002/03	-	\$903
2001/02	-	-

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 buildings in the City. The budget for this revenue source of \$20,600 is a nominal \$600 increase over the FY 2003/04 year-end estimate.

Misc. Planning & Develop. Svs Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$20,600	\$20,600*
2003/04	\$20,000	\$20,000*
2002/03	\$42,500	\$20,475
2001/02	\$47,500	-

Transfers-In from the General Fund are budgeted at \$100,000 for the Affordable Housing program in Citizen and Neighborhood Resources, which is used as a local grant match to leverage federal and state housing grant funds, and \$10,000 for the preservation and maintenance of properties on Scottsdale's Historic Register.

Special Programs Fund Expenditures By Department

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

Courts budgeted expenditures in FY 2004/05 are approximately \$0.3 million, which is equivalent to the FY 2003/04 adopted budget. Expenditures will be used to enhance the technological, operational, and security facilities of the Court as well as maintain and enhance the Court's ability to collect and manage monies.

Courts Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3*
2002/03	\$0.1	\$0.1*
2001/02	\$0.1	\$0.1

Downtown Cultural/Arts budgeted expenditures in FY 2004/05 are \$0.3 million for items such as supporting the arts and special events. This program was previously housed in Community Services Special Program.

Downtown Cultural/Arts Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Police Special Programs budgeted expenditures in FY 2004/05 total \$374,785. Racketeering Influenced Corrupt Organization (RICO) Funds of \$221,130 will be used to supplement narcotics investigations operating expenses and to purchase 50 new tasers to provide officers with a “less lethal” option on suicidal/violent subjects; funding from intergovernmental agreements in the amount of \$116,155 will be used to purchase expendable supplies in support of police crime laboratory services; and \$27,500 from donations is budgeted to purchase expendable supplies in support of the Mounted Unit, Family Advocacy Center, and school resource education. In addition, \$10,000 has been budgeted in general police donations for several areas of the department including Teen Academy supplies, canine purchases, community meetings, and school presentations.

Police Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.3	\$0.5*
2002/03	\$0.3	\$0.3
2001/02	\$0.4	\$0.2

Community Services expenditures are budgeted at approximately \$2.4 million for FY 2004/05. Expenditures include the design of a model railroad building at McCormick-Stillman Railroad Park to be built in FY 2005/06.

Community Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.4	\$2.4*
2003/04	\$2.4	\$2.4*
2002/03	\$2.0	\$1.2
2001/02	\$2.2	\$1.5

Human Resource Services expenditures are budgeted at approximately \$7,200 for FY 2004/05. The funds received from corporate sponsorship obtained through community outreach efforts will support cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration.

Human Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$7,200	\$7,200*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Citizen & Neighborhood Resources budget totals \$19,700. The funds received from code enforcement violation fines will be used to pay for any abatement procedures necessary to clean up properties.

Citizen and Neighborhood Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$19,700	\$19,700*
2003/04	\$68,000	\$68,000*
2002/03	-	\$903
2001/02	-	-

SPECIAL REVENUE FUNDS

Budget by Fund

Planning and Development budget of \$20,600 represents a nominal increase of \$600 or 3.0% from the FY 2003/04 adopted budget. The funds will be spent on advertising and promoting through contractual services the City's Green Building Program.

Planning and Development Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$20,600	\$20,600*
2003/04	\$20,000	\$20,000*
2002/03	\$42,500	\$14,066
2001/02	\$47,500	\$10,000

Preservation Rehabilitation budget totals \$10,000 for FY 2004/05. A Historic Preservation Rehabilitation Fund of \$10,000 a year for life of the sales tax incentive to the Hotel Valley Ho was established and paid for by the owner of the Hotel Valley Ho. The funds are to be used by the City to assist in the preservation and maintenance of properties on Scottsdale's Historic Register.

Preserve Rehabilitation Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$10,000	\$10,000*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Transfers-Out total \$0.6 million, which includes \$0.1 million to the Capital Improvement Fund for RICO and \$0.5 million to the Capital Improvement Fund for Court related capital projects.

Revenues Over/(Under) Expenditures

The \$1.2 million of expenditures and transfers-out over the total revenues and transfers-in is attributable to planned uses of beginning fund balance by the Community Services Special Program.

Special Programs Fund Balance

Special Programs Fund balance of \$1.8 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 and audits. The City will only expend grant funds that have been appropriately awarded by the granting agency and accepted by City Council in a public meeting.

The total proposed FY 2004/05 grant revenue budget is \$20.7 million and includes \$13.4 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 of Arizona budget expenditure limits set with the tentative budget adoption. The appropriations associated with the contingent grant revenue are 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

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. In FY 2004/05 there are presently no operating grant revenues budgeted. All Transportation Grants at \$10.1 million in FY 2004/05 are capital-related, which are included in the Capital Improvement Plan.

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 only be used for those projects specifically approved in the grant application and are subject to agency expenditure guidelines and audits. For FY 2004/05, the CDBG and Section 8 budgets are \$1.5 million and \$5.3 million respectively, for approximately \$6.8 million.

Home Grants are received from the Maricopa County Home Consortium and are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. The FY 2004/05 operating grant revenue is budgeted at approximately \$0.5 million.

Transportation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	-	-
2003/04	\$0.5	\$0.5*
2002/03	-	\$0.8
2001/02	\$2.9	\$4.0

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.8	\$6.8*
2003/04	\$6.7	\$6.7*
2002/03	\$5.4	\$5.7
2001/02	\$5.1	\$5.5

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.7	\$0.7*
2002/03	\$0.3	-
2001/02	\$0.3	\$0.6

SPECIAL REVENUE FUNDS

Budget by Fund

Miscellaneous Federal & State Grants total \$13.4 million for FY 2004/05, which includes grants for law enforcement, library projects, aviation, and Homeland Security. The majority of the increase is due to the increase in future grants should they become available during the fiscal year.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.4	\$13.4*
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:

Transportation Grants in FY 2004/05 have no operating expenditures budgeted. All transportation grants at \$10.1 million in FY 2004/05 are capital-related, which are included in the Capital Improvement Plan.

Transportation Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	-	-
2003/04	\$0.5	\$0.5*
2002/03	-	\$0.8
2001/02	\$2.9	\$4.0

Community Development Block Grants (CDBG) and Section 8 Grants budgeted expenditures in FY 2004/05 of approximately \$6.8 million represents an increase of \$0.1 million or 1.5% from the FY 2003/04 adopted budget. The budgeted expenditures include costs for the following two new positions in FY 2004/05: (1) Grant Program Specialist to provide assistance to an increased number of low-moderate income households and decrease the length of time on the City Housing Rehabilitation waiting list, and (2) Housing Coordinator to fulfill the added responsibilities of the Scottsdale Housing Agency, implement the Section 8 program, and manage the First Time Homebuyer Program.

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.8	\$6.8*
2003/04	\$6.7	\$6.7*
2002/03	\$5.4	\$5.9
2001/02	\$5.1	\$5.2

Home Grants budgeted expenditures of \$0.5 million in FY 2004/05 are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing.

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.7	\$0.7*
2002/03	\$0.3	-
2001/02	\$0.3	\$0.6

Miscellaneous Federal & State Grants expenditure budget in FY 2004/05 equals approximately \$13.2 million which includes a provision for future grants that may become available during the year. The funding will be used in the contractual services, commodities and capital outlay expenditure categories to provide a wide variety of law enforcement, library, aviation, Homeland Security, and social services.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.2	\$13.2*
2003/04	\$5.1	\$5.1*
2002/03	\$4.7	\$1.3
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 Fund, which is shown in the General Fund debt service section of the Five-Year Financial Plan. 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 Statute. While the growth is unlimited, the City's use of this portion of the property tax is restricted by State Statute to solely pay debt service on voter approved general obligation bonds. The 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 54.1% of the total Debt Service Fund resources. The FY 2004/05 revenue forecast of \$26.9 million represents an increase of nearly \$4.2 million or 18.2% from the FY 2003/04 year-end estimate of \$22.7 million.

Secondary Property Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$26.9	\$26.9*
2003/04	\$25.5	\$22.7*
2002/03	\$22.8	\$22.4
2001/02	\$21.9	\$21.6

Special Assessment Revenue is estimated to be \$2.8 million for FY 2004/05, which is \$0.1 million less than the FY 2003/04 year-end estimate based on scheduled debt repayments. The \$2.8 million represents approximately 5.6% of the total debt service resources resulting from billings to the 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, per adopted financial policy, the City's cumulative improvement district debt will not exceed 5.0 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.

Special Assessment Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.8	\$2.8*
2003/04	\$2.9	\$2.9*
2002/03	\$2.6	\$2.3
2001/02	\$3.1	\$2.3

Transfers-In for FY 2004/05 of approximately \$20.0 million will be transferred in from the 1995 Preservation Privilege Tax Fund (.20%) (Special Revenue Fund) to pay debt service of \$13.1 million for Preserve General Obligation Bonds and \$6.9 million for Preserve Revenue Bonds issued for land acquisition in the McDowell Mountain Sonoran Preserve.

**Debt Service Fund Expenditures
By Debt Type**

General Obligation (GO) / Preserve GO Bonds Debt Service totals \$40.0 million for FY 2004/05, which represents an increase of nearly \$4.9 million or 14.0% from the FY 2003/04 adopted budget. The Preserve GO Bonds represent debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated .20% sales tax authorized by voters in 1995. The increase in the debt service expenditure is attributable to the May 2004 GO debt issuances of \$48.0 million for a variety of capital improvements and \$65.4 million 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*
2004/05	\$40.0	\$40.0*
2003/04	\$35.1	\$31.9*
2002/03	\$32.4	\$31.4
2001/02	\$30.3	\$25.2

Special Assessment Debt Service totals \$2.8 million for FY 2004/05, which reflects a \$0.1 million decrease from the FY 2003/04 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*
2004/05	\$2.8	\$2.8*
2003/04	\$2.9	\$2.9*
2002/03	\$2.6	\$2.3
2001/02	\$3.1	\$2.6

Preserve Revenue Authority Bonds Debt Service obligations for FY 2004/05 total \$6.9 million, which is equivalent to the FY 2003/04 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 2004/05, as no new bonds of this type will be issued. All future preserve debt will be repaid from the dedicated 2004 Preservation Privilege (Sales) Tax (.15%) authorized by the voters on May 18.

Preserve Revenue Bonds Authority Debt Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$6.9	\$6.9*
2003/04	\$6.9	\$6.9*
2002/03	\$6.9	\$6.9
2001/02	\$6.9	\$6.8

Revenues Over/(Under) Expenditures

The excess of total expenditures and transfers out over total revenues and transfers in FY's 2004/05 through 2006/07 is the result of planned uses of beginning fund balance and /or defeasances of outstanding debt.

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 2004/05 fund balance is projected to be \$10.5 million, which is equal to the FY 2003/04 year-end estimate. Based upon favorable market conditions, the fund balance may be used to defease outstanding debt.

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 adopted budget for FY 2004/05 totals \$70.8 million, which reflects a \$1.4 million increase or 2.0% from FY 2003/04 year-end estimate. The increase is a combination of an increase in the water rate and growth from anticipated new customers, partially offset by a decrease in water consumption. Monthly water billings consist of a base charge according to meter size and a variable charge for the amount of water consumed. The FY 2004/05 budget includes a 2.5% water rate increase for increased operating and capital costs resulting from the following "unfunded" 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 2006. 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*
2004/05	\$70.8	\$70.8*
2003/04	\$71.4	\$69.4*
2002/03	\$65.9	\$66.7
2001/02	\$62.5	\$65.1

compliance with the Arsenic Rule by January 2006. The arsenic mitigation program has identified the most cost-effective method for treating the groundwater, has initiated land acquisition for planned treatment facilities, and has secured contracts for the design and construction of these facilities. The estimated cost for this program is approximately \$59.5 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 granular-activated carbon to its treatment processes at its treatment facilities. Total projected costs for disinfection by-products compliance is \$40.0 million for existing customers. The total capital costs for the City to address these “unfunded” federal mandates is approximately \$100.0 million

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

Sewer Charge Revenue budget for FY 2004/05 totals \$26.1 million, which reflects a \$0.7 million or 2.9% increase from the FY 2003/04 year-end estimates. The increase is a combination of an 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 2004/05 budget includes a 3.0% rate increase for the costs associated with expansion and upgrades to wastewater treatment facilities.

Effluent Sales revenue budget totals \$0.5 million, which reflects approximately a \$0.1 million increase from the FY 2003/04 year-end estimate. Effluent sales relate to the sewage treated to irrigation standards at the City’s Water Campus for the 23 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*
2004/05	\$26.1	\$26.1*
2003/04	\$25.9	\$25.4*
2002/03	\$26.8	\$25.5
2001/02	\$26.5	\$24.3

Effluent Sales Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.4	\$0.4*
2002/03	\$0.3	\$0.5
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 2004/05 of \$1.1 million reflects a \$1.0 million decrease from the FY 2003/04 year-end estimate. This decrease is a result of low interest rates and fluctuating account balances.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$1.1	\$1.1*
2003/04	\$2.1	\$2.1*
2002/03	\$2.3	\$0.5
2001/02	\$5.3	\$2.0

Miscellaneous Revenue budget totals \$2.2 million for FY 2004/05, which is nearly a \$1.1 million increase from the FY 2003/04 year-end estimate. Receipts from the Central Groundwater Treatment Facility Superfund site are the primary revenue contributor.

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.2	\$2.2*
2003/04	\$1.2	\$1.2*
2002/03	\$3.9	\$7.1
2001/02	\$3.8	\$3.3

Transfers-In include the \$6.6 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 2004/05 budget remains consistent with the FY 2003/04 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 \$11.3 million represents 17.6% of the FY 2004/05 Water & Sewer operating budget. The adopted FY 2004/05 personal services budget increased \$0.7 million from the FY 2003/04 adopted budget. Major personal services cost drivers in the budget include increases of \$0.6 million related to health insurance costs, retirement system costs, a 2.5% salary market adjustment, and an additional 3.0 FTEs for increased maintenance efforts at both existing and new facilities at a cost of \$0.1 million for FY 2004/05.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.3	\$11.3*
2003/04	\$10.6	\$10.6*
2002/03	\$9.9	\$9.7
2001/02	\$9.9	\$9.6

Contractual Services budget of \$20.1 million represents 31.3% of the FY 2004/05 Water & Sewer operating budget. The budget increased \$1.2 million from the FY 2003/04 adopted budget due to the 91st Avenue Wastewater Treatment Plant billing estimates from the City of Phoenix based on strengths and flows.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$20.1	\$20.1*
2003/04	\$18.9	\$18.9*
2002/03	\$17.9	\$16.6
2001/02	\$19.5	\$18.4

Commodities budget of \$13.5 million represents 21.0% of the FY 2004/05 Water & Sewer operating budget. The adopted FY 2004/05 commodities budget increased \$0.7 million from the FY 2003/04 adopted budget related to water treatment chemicals and lab supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.5	\$13.5*
2003/04	\$12.8	\$12.8*
2002/03	\$13.6	\$12.3
2001/02	\$14.5	\$11.8

See glossary for Expenditure Type definitions.

Capital Outlay budget for FY 2004/05 is \$0.1 million, which is 0.2% of the FY 2004/05 Water & Sewer operating budget. The adopted FY 2004/05 budget increase of \$0.1 million is related to the purchase and upgrades of water trucks to meet additional workload capacity needs and address safety requirements.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.1	\$0.1*
2003/04	-	-
2002/03	-	\$0.1
2001/02	\$0.2	\$0.2

Debt Service budget of \$19.3 million represents 30.5% of the FY 2004/05 Water & Sewer operating budget. The adopted FY 2004/05 debt services budget increased \$5.3 million from the FY 2003/04 adopted budget related to issuance and sale of \$75.0 million principal amount MPC Bonds issued May 1, 2004. General Obligation Bond debt service for bonds previously issued decreased \$0.4 million, or 7.1%. Revenue Bond debt service for bonds previously issued remained 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*
2004/05	\$19.3	\$19.3*
2003/04	\$14.0	\$19.8*
2002/03	\$15.9	\$11.4
2001/02	\$13.0	\$14.5

Transfers-Out equals \$42.2 million, which is an increase of \$17.4 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 includes \$0.2 million for the City's security contract.

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 approximately \$18.3 million is projected for the end of FY 2004/05. This reserve is intended to ensure adequate funding for operations for a period of 90 days.

Repair/Replacement Reserve of approximately \$16.4 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 2.0 percent of the revenues received during the year, or until the reserve equals 2.0 percent of the value of total tangible assets. The reserve may be used from time to time for replacement or extension of the assets.

Unreserved Fund Balance for FY 2004/05 is zero. This fund balance 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 is transferred to the Capital Improvement Program.

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 Capital Improvement Plan fund.

Solid Waste Fund Revenues

Solid Waste Revenue budget for FY 2004/05 totals \$16.7 million, which reflects a \$0.5 million or 3.4% increase in Solid Waste revenue from the FY 2003/04 year-end estimate. The nominal increase is solely 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 2004/05 budget includes no rate increase for residential and commercial customers.

Interest Earnings budget of \$40,468 for FY 2004/05 is expected to remain relatively flat with the FY 2003/04 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 Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$16.7	\$16.7*
2003/04	\$16.2	\$16.2*
2002/03	\$16.1	\$16.3
2001/02	\$16.2	\$15.8

Interest Earnings Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$40,468	\$40,468*
2003/04	\$48,700	\$48,700*
2002/03	\$44,013	\$41,918
2001/02	\$35,000	\$55,200

Solid Waste Fund Expenditures By Expenditure Type

The Solid Waste 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 \$4.3 million represents 32.3% of the FY 2004/05 Solid Waste Fund budget. The adopted FY 2004/05 personal services budget increased \$0.1 million or 2.0% from the FY 2003/04 adopted budget. The budget does not include any additional positions. Major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, and a 2.5% salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.3	\$4.3*
2003/04	\$4.2	\$4.2*
2002/03	\$3.9	\$4.0
2001/02	\$3.8	\$3.7

Contractual Services budget of \$8.3 million represents 62.4% of the FY 2004/05 Solid Waste Fund budget. The adopted FY 2004/05 contractual services budget increased \$0.1 million or 1.0% from the FY 2003/04 adopted budget due in part to increased costs related to fleet maintenance and operations.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$8.3	\$8.3*
2003/04	\$8.2	\$8.2*
2002/03	\$8.0	\$7.7
2001/02	\$7.9	\$7.6

Commodities budget of \$0.3 million represents 2.3% of the FY 2004/05 Solid Waste Fund budget. The adopted FY 2004/05 commodities budget increased \$14,769 from the FY 2003/04 adopted budget related to the purchase of additional refuse containers.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3*
2002/03	\$0.4	\$0.3
2001/02	\$0.6	\$0.4

See glossary for Expenditure Type definitions.

Capital Outlay budget of \$70,000 represents 0.8% of the FY 2004/05 Solid Waste Fund budget. Funds will be used to purchase a new compact loader and trailer for more effective bulk collection services to residents.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$70,000	\$70,000*
2003/04	-	-
2002/03	\$231,452	\$7,530
2001/02	\$23,688	\$12,730

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*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.3	\$0.3

Transfers-Out equals \$2.5 million, which is an increase of \$0.5 million from the FY 2003/04 year-end estimate. The other transfers-out to the General Fund includes \$0.4 million for the Enhanced Maintenance Services Pilot Program in the downtown, covering more than 700 acres.

Solid Waste Fund Balance

Operating Reserve of \$3.3 million is projected for the end of FY 2004/05. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies and the probability of significant future increases in landfill costs.

Unreserved Fund Balance of \$1.9 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 including tie down fees, hangar rentals, fuel sales, and other rental charges. The FY 2004/05 budget of \$2.9 million remains flat with the FY 2003/04 year-end estimate. No rate increase is included in FY 2004/05.

Interest Earnings budgeted amount for FY 2004/05 totals \$20,276, which is up from the FY 2003/04 year-end estimate of \$9,924.

Aviation Fees and Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.9	\$2.9*
2003/04	\$2.9	\$2.9*
2002/03	\$2.4	\$2.4
2001/02	\$1.5	\$1.7

Transfers-In budget of \$0.1 million for FY 2004/05 is related to jet fuel tax collected and receipted in the General Fund and transferred to reimburse the Aviation Fund. This is strictly a tax receipt process and is not a General Fund subsidy to the Aviation Fund.

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 \$0.8 million represents 57.1% of the FY 2004/05 Aviation funds operating budget. The adopted FY 2004/05 personal services budget increased by less than \$0.1 million from the FY 2003/04 adopted budget. The major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, and a 2.5% salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.8	\$0.8*
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 35.7% of the FY 2004/05 Aviation funds operating budget. The adopted FY 2004/05 budget remains flat with the FY 2003/04 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5*
2002/03	\$0.5	\$0.6
2001/02	\$0.5	\$0.5

Commodities budget of \$0.1 million represents 4.4% of the FY 2004/05 Aviation funds operating budget, which remains relatively flat with the FY 2003/04 adopted budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.1M	\$0.1M*
2003/04	\$61,670	\$61,670*
2002/03	\$64,670	\$31,176
2001/02	\$50,795	\$77,090

Transfers-Out equal \$1.4 million, which is an increase of \$0.4 million from the FY 2003/04 year-end estimate.

Aviation Fund Balance

Operating Reserve of slightly more than \$0.5 million is projected for the end of FY 2004/05. This reserve is intended to ensure adequate funding for operations for a period of 90 days. 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.

Repair and Replacement Reserve of \$0.3 million is projected for the end of FY 2004/05. The intent of the reserve is to ensure adequate funding for emergency repair and replacement.

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 charged to the City departments as internal operating costs to each program based on the quantity and type of vehicle used. The department charges become revenue to the Fleet Management Fund.

Fleet Management Fund Revenues and Transfers-In

Internal Charges (Vehicle Acquisition and Maintenance & Operation) represent approximately 95.3% 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 for FY 2004/05 totals \$11.5 million and are projected to increase by approximately \$0.4 million from the FY 2003/04 year-end estimate. This is primarily attributed to the added cost to replace, maintain, and operate new vehicles added in FY 2003/04 and late FY 2002/03.

Miscellaneous Revenue from surplus property sales is budgeted at \$0.2 million for FY 2004/05, which is down a nominal \$16,518 compared to the FY 2003/04 year-end estimate.

Internal Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$11.5	\$11.5*
2003/04	\$11.1	\$11.1*
2002/03	\$10.5	\$10.5
2001/02	\$10.9	\$10.7

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.2	\$0.2*
2003/04	\$0.3	\$0.2*
2002/03	\$0.3	\$0.2
2001/02	-	\$0.5

Interest Earnings budget for FY 2004/05 totals \$0.4 million, which is a \$0.1 million increase from the FY 2003/04 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*
2004/05	\$0.4	\$0.4*
2003/04	\$0.2	\$0.3*
2002/03	\$0.3	\$0.3
2001/02	\$0.7	\$0.5

**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 \$2.6 million represents 25.0% of the FY 2004/05 Fleet Management Fund operating budget. The adopted FY 2004/05 personal services budget increased \$0.1 million or 6.0% from the FY 2003/04 adopted budget. Major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, a 2.5% salary market adjustment, and an additional 4.0 FTEs with staggered hire dates starting in March 2005 for maintenance support of City's municipal fire department at a cost of approximately \$52,000.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$2.6	\$2.6*
2003/04	\$2.5	\$2.5*
2002/03	\$2.6	\$2.3
2001/02	\$2.6	\$2.4

Contractual Services budget of \$0.7 million represents 6.7% of the FY 2004/05 Fleet Management Fund operating budget. The adopted FY 2004/05 contractual services budget remained flat from the FY 2003/04 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.7	\$0.7*
2003/04	\$0.7	\$0.7*
2002/03	\$0.7	\$0.7
2001/02	\$0.7	\$0.7

Commodities budget of \$3.5 million represents 33.0% of the FY 2004/05 Fleet Management Fund operating budget. The adopted FY 2004/05 commodities services budget increased \$0.3 million from the FY 2003/04 adopted budget related to increased prices for gas, as well as petroleum-based products and supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.5	\$3.5*
2003/04	\$3.2	\$3.2*
2002/03	\$3.3	\$3.5
2001/02	\$3.5	\$3.0

Capital Outlay budget of \$3.6 million represents 34.6% of the FY 2004/05 Fleet Management Fund operating budget. The adopted FY 2004/05 capital outlay budget remains relatively flat with the FY 2003/04 adopted budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$3.6	\$3.6*
2003/04	\$3.5	\$3.5*
2002/03	\$5.4	\$3.9
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 2004/05 fund balance is projected to be approximately \$9.4 million, which is nearly a \$0.1 million increase above the FY 2003/04 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, and property and liability claims.

Self-Insurance Fund Revenues and Transfers-In

Internal Charges (Property & Liability Insurance) represent approximately 21.7% of this fund's operating resources. 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 2004/05 budget of \$4.1 million remains flat with the FY 2003/04 year-end estimate.

Internal Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.1	\$4.1*
2003/04	\$4.1	\$4.1*
2002/03	\$4.3	\$4.1
2001/02	\$4.7	\$4.7

Group Health and Dental (Employer/Employee) represent approximately 70.5 % of this fund's operating resources. These charges are comprised of employer and employee contributions toward the City being fully self-insured. The FY 2004/05 budget of \$13.3 million reflects the first year of full self-insured status by the City.

Group Health and Dental Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$13.3	\$13.3*
2003/04	-	-
2002/03	-	-
2001/02	-	-

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 2004/05 budget of \$0.4 million, which now includes interest earnings pertaining to Group Healthcare, remains relatively flat from the FY 2003/04 year-end estimate.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.2	\$0.4*
2002/03	\$0.3	\$0.3
2001/02	\$0.8	\$0.5

Property Taxes (Tort Claims) reimburse the City for the actual cost of liability claim judgments paid during the most recently completed 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 2004/05 budget of \$0.4 million reflects a decrease of \$0.2 million from the FY 2003/04 year-end estimate, which is attributable to fewer liability claim judgments paid by the City in the prior calendar year.

Property Taxes Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.4	\$0.4*
2003/04	\$0.6	\$0.6*
2002/03	\$1.0	\$0.6
2001/02	-	\$0.6

Transfers-In total \$0.6 million from the General Fund to address anticipated rate increases and future actuarially determined funding needs.

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 9.6% of the FY 2004/05 Self-Insurance Fund budget. The adopted FY 2004/05 personal services budget increased 3.0% from the FY 2003/04 adopted budget. The budget does not include any additional staff positions. Major personal services cost drivers in the budget include increases in health insurance costs and retirement system costs, and a 2.5% salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$0.5	\$0.5*
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 90.4% of the FY 2004/05 Self-Insurance Fund budget. The adopted FY 2004/05 contractual services budget remains flat with the FY 2003/04 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$4.7	\$4.7*
2003/04	\$4.7	\$4.7*
2002/03	\$4.6	\$4.3
2001/02	\$3.9	\$5.2

Commodities budget of \$42,500 represents less than 1.0% of the FY 2004/05 Self-Insurance Fund budget. The adopted FY 2004/05 commodities budget remains flat with the FY 2003/04 adopted budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2004/05	\$42,500	\$42,500*
2003/04	\$0.1M	\$0.1M*
2002/03	\$0.2M	\$0.1M
2001/02	\$0.1M	\$0.1M

Transfers-Out budget of \$11,100 will be sent to the CIP fund for replacement of technical equipment.

Self-Insurance Fund Balance

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

The ending FY 2004/05 fund balance is projected to be \$20.1 million, which is an increase of \$2.1 million from the FY 2003/04 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 the Governmental Accounting Standards Board (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 Districts & Downtown Enhanced Municipal Service District

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 the standard level of core City service. The FY 2004/05 adopted budget is nearly \$1.2 million and will be used to pay for contractual services.

Mayor's Committee for Employment of the Handicapped

Fund Purpose

Used to account for proceeds for programs and activities to promote employment of handicapped individuals. The FY 2004/05 adopted budget is \$15,000 and will be used to pay for contractual services.

Scottsdale Memorial Hospital Redevelopment

Fund Purpose

Used to account for expenditures related to the development of the Scottsdale Memorial Hospital area. The FY 2004/05 adopted budget is over \$0.4 million and will be used to pay for capital outlay.

Revenues Over/(Under) Expenditures

Based on a planned use of beginning fund balance, the expenditures appropriately exceed the current year projected revenues.

Alphabetical Program Operating Budget Index by Department/Program

The following matrix provides a summary of the total adopted FY 2004/05 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 2004/05 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.
General Government							
City Attorney-Civil	18.50	1,953,161	-	-	-	1,953,161	32
City Cable	4.00	306,686	-	-	-	306,686	54
City Clerk	8.50	669,981	-	-	-	669,981	24
City Manager	10.00	718,581	-	-	-	718,581	48
Communications & Public Affairs	10.65	1,016,826	-	-	-	1,016,826	52
Court	59.08	3,982,386	291,292	-	-	4,273,678	43
Elections	-	2,130	-	-	-	2,130	26
Environmental Planning Services	1.00	190,299	-	-	-	190,299	72
Intergovernmental Relations	3.72	714,782	-	-	-	714,782	58
Internal Audit Program	8.00	680,443	-	-	-	680,443	40
Litigation	6.00	727,298	-	-	-	727,298	30
Mayor & City Council	11.00	737,879	-	-	-	737,879	20
Preservation	4.00	497,434	10,000	-	-	507,434	70
Prosecution	26.00	1,898,290	-	-	-	1,898,290	34
The Downtown Group	6.00	3,923,439	300,000	-	-	4,223,439	66
Victim Services	7.50	422,949	-	-	-	422,949	36
Westworld Operations	18.00	2,271,440	-	-	-	2,271,440	62
	201.95	20,714,004	601,292	-	-	21,315,296	
Police Department							
Auto Theft Investigations	9.00	823,073	-	-	-	823,073	114
Bicycle Patrol	11.00	1,020,121	-	-	-	1,020,121	88
Burglary & Theft Investigations	15.00	1,468,178	-	-	-	1,468,178	112
Canine Services	6.00	642,221	-	-	-	642,221	92
Communications	56.00	3,438,215	-	-	-	3,438,215	140
Computer Crime Investig-P.S. Tax	7.00	721,510	-	-	-	721,510	118
Crime Analysis	5.00	278,195	-	-	-	278,195	148
Crime Laboratory	16.00	1,209,060	116,155	-	-	1,325,215	146
Crime Prevention	2.00	175,942	-	-	-	175,942	78
Crime Scene Processing	9.00	578,968	-	-	-	578,968	150
Detention	29.00	2,726,762	-	-	-	2,726,762	98
Domestic Violence Investigations	7.00	638,706	-	-	-	638,706	108
Emergency Services	3.00	287,787	-	-	-	287,787	154
Event Traffic Control	-	305,960	-	-	-	305,960	100
False Alarm Reduction Program	1.00	59,868	-	-	-	59,868	158

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.
Fraud Investigations	11.00	1,015,232	-	-	-	1,015,232	116
Intelligence Unit	11.00	947,644	-	-	-	947,644	128
Internal Affairs	3.00	349,457	-	-	-	349,457	80
Mounted Patrol	7.10	540,927	12,500	-	-	553,427	92
Municipal Security	2.00	1,364,366	-	-	-	1,364,366	156
Narcotics Clandestine Lab Invest.	8.00	743,828	-	-	-	743,828	124
Narcotics Undercover Investigations	9.00	1,375,451	221,130	-	-	1,596,581	122
Office Of The Chief	11.00	1,447,692	10,000	-	-	1,457,692	76
Park & Preserve Patrol-P.S. Tax	7.00	581,018	-	-	-	581,018	96
Patrol Problem Solving Surv. Team	6.00	590,105	-	-	-	590,105	90
Patrol Services	220.00	20,548,603	-	-	-	20,548,603	82
Photo Enforcement	1.00	1,877,861	-	-	-	1,877,861	84
Planning, Research & Accreditation	5.00	356,975	-	-	-	356,975	152
Police Crisis Intervention	6.00	563,341	-	-	-	563,341	110
Police Records	30.00	1,599,236	-	-	-	1,599,236	134
Police Supply & Equipment	7.00	1,452,094	-	-	-	1,452,094	138
Property & Evidence	6.00	330,526	-	-	-	330,526	144
Recruiting & Personnel	7.00	564,175	-	-	-	564,175	130
School Resource Services	16.00	1,284,951	10,000	-	-	1,294,951	120
Sex Crimes Investigations	11.00	1,011,666	5,000	-	-	1,016,666	106
Special Event/Off Duty Coordination	2.00	161,060	-	-	-	161,060	102
Surveillance/SWAT	7.00	771,888	-	-	-	771,888	126
Technology	7.00	1,485,510	-	-	-	1,485,510	136
Telephone Reporting Services	5.00	274,568	-	-	-	274,568	142
Traffic Enforcement	29.00	3,128,264	-	-	-	3,128,264	86
Training	8.00	898,672	-	-	-	898,672	132
Violent Crimes Investigations	13.00	1,417,226	-	-	-	1,417,226	104
631.10		61,056,902	374,785	-	-	61,431,687	
Financial Services							
Accounting	13.00	1,491,995	-	-	-	1,491,995	164
Accounts Payable & Payroll	14.50	910,308	-	-	-	910,308	166
Budget	6.00	544,208	-	-	-	544,208	168
Copy Center	-	(95,818)	-	-	-	(95,818)	178
Financial Planning & Administration	3.00	370,896	-	-	-	370,896	162
Graphics	4.00	108,637	-	-	-	108,637	176
Mail	5.00	700,730	-	-	-	700,730	180
Meter Reading	15.00	-	-	973,961	-	973,961	186
Purchasing	15.00	1,101,475	-	-	-	1,101,475	172
Remittance Processing	12.00	471,474	-	471,474	-	942,948	190
Revenue Recovery	12.50	432,755	-	432,804	-	865,559	184
Risk Management	7.00	-	-	-	16,737,735	16,737,735	170
Stores/Warehouse Operations	5.00	312,227	-	-	-	312,227	174
Tax & License	13.00	753,128	-	-	-	753,128	182
Tax Audit	8.00	576,820	-	-	-	576,820	192
Utility Billing	10.00	-	-	883,894	-	883,894	188
143.00		7,678,835	-	2,762,133	16,737,735	27,178,703	

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.
Transportation Department							
Aviation	12.35	-	-	1,449,468	-	1,449,468	198
Intelligent Transportation Systems	3.00	-	567,619	-	-	567,619	206
Traffic Engineering	9.00	-	1,210,702	-	-	1,210,702	204
Transit	3.00	-	7,971,589	-	-	7,971,589	202
Transportation Administration	6.00	-	546,808	-	-	546,808	196
Transportation Master Planning	4.00	-	267,011	-	-	267,011	200
	37.35	-	10,563,729	1,449,468	-	12,013,197	
Community Services							
Adapted Recreation Services	6.88	312,888	-	-	-	312,888	214
Adult Sports & Fitness Programs	32.25	1,944,647	-	-	-	1,944,647	218
Aquatics	32.38	1,170,474	-	-	-	1,170,474	216
Branch Libraries	55.58	2,603,784	-	-	-	2,603,784	244
Community Rec. Services & Facilities	51.15	1,912,085	1,379,512	-	-	3,291,597	222
Community Svs Planning & Admin	4.00	591,865	-	-	-	591,865	210
Construction Services	9.00	815,839	-	-	-	815,839	260
Contract Administration	6.00	2,059,401	-	-	-	2,059,401	262
Downtown Maintenance Program	-	465,083	-	-	-	465,083	250
Facilities Maintenance	33.00	8,386,408	-	-	-	8,386,408	258
Facilities Mgmt Planning & Admin	7.55	673,077	-	-	-	673,077	256
Grounds & Landscape Maintenance	67.50	5,209,630	-	-	-	5,209,630	248
Housing Assist. & CDBG Programs	13.75	318,841	200,000	-	-	518,841	236
Human Services Planning & Admin.	4.00	368,554	-	-	-	368,554	230
Leisure Education Programs	9.16	876,592	-	-	-	876,592	224
Library Operations	27.50	3,388,305	182,312	-	-	3,570,617	240
Library Planning & Administration	3.00	325,526	-	-	-	325,526	238
Main Library	42.97	1,992,592	-	-	-	1,992,592	242
Medians & Right-Of-Way	2.00	1,134,617	-	-	-	1,134,617	252
Parks & Grounds Mgmt-Plan. & Admin	4.00	364,534	-	-	-	364,534	246
Parks & Recreation Plan. & Admin	5.44	631,873	-	-	-	631,873	212
Parks & Trails Planning & Development	1.00	71,255	-	-	-	71,255	228
Professional Baseball	9.85	870,941	-	-	-	870,941	254
Senior Citizen Services	20.97	1,376,814	10,088	-	-	1,386,902	232
Social Services Assistance & Referral	32.03	2,343,437	205,000	-	-	2,548,437	234
Trails & Equestrian Facilities	2.20	127,265	-	-	-	127,265	226
Youth Act. & After School Programs	30.48	1,539,263	381,700	-	-	1,920,963	220
	513.64	41,875,590	2,358,612	-	-	44,234,202	

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.
Information Systems							
Appl. Dev.IntegrationMgmt & Support	12.00	1,304,592	-	-	-	1,304,592	268
Application Support	7.00	674,388	-	-	-	674,388	276
GIS Data Services	9.00	775,987	-	-	-	775,987	272
Help Desk/Desktop Technical Support	11.00	792,020	-	-	-	792,020	278
Information Systems Administration	5.81	504,737	-	-	-	504,737	266
Project Office	5.00	434,837	-	-	-	434,837	274
Tech. Infra./Implementation Support	29.00	3,577,692	-	-	-	3,577,692	270
	78.81	8,064,253	-	-	-	8,064,253	
Fire Department							
Fire Support	2.68	264,853	-	-	-	264,853	284
General Fire Protection	1.00	20,788,910	-	-	-	20,788,910	282
	3.68	21,053,763	-	-	-	21,053,763	
Water Resources							
Advanced Water Treatment Plant	-	-	-	1,504,078	-	1,504,078	330
Cap Treatment Plant	-	-	-	7,775,905	-	7,775,905	324
Central Groundwater Treat. Fac. (CGTF)2.00	-	-	-	880,919	-	880,919	318
Gainey Wastewater Reclamation Plant	-	-	-	372,210	-	372,210	328
Industrial Pretreatment	2.00	-	-	165,386	-	165,386	326
Inlet Golf Course Irrigation	-	-	-	49,513	-	49,513	296
Irrigation Water Distribution Sys.	1.00	-	-	1,043,671	-	1,043,671	316
Planet Ranch Water Rights	1.00	-	-	234,545	-	234,545	290
Pump Back System	4.00	-	-	1,674,817	-	1,674,817	312
RWDS Administration	-	-	-	2,067,069	-	2,067,069	314
Southern Neighborhoods Water Sys.	-	-	-	3,807,632	-	3,807,632	306
Treatment Plant Staffing	32.50	-	-	1,196,425	-	1,196,425	322
Wastewater Collection	-	-	-	750,310	-	750,310	308
Wastewater Maintenance	-	-	-	345,554	-	345,554	310
Water & Wastewater Engineering	5.00	-	-	476,176	-	476,176	292
Water & Wastewater Op. Admin.	10.00	-	-	911,225	-	911,225	298
Water Camp. Wastewtr Recl. Plant	-	-	-	6,638,499	-	6,638,499	332
Water Conservation	4.00	-	-	478,716	-	478,716	300
Water Distribution	31.00	-	-	3,405,018	-	3,405,018	302
Water Production	20.00	-	-	5,993,863	-	5,993,863	304
Water Resources Administration	10.00	-	-	1,239,196	-	1,239,196	288
Water/Wastewater Quality	16.50	-	-	1,691,697	-	1,691,697	320
West World Golf Recharge	-	-	-	131,520	-	131,520	294
	139.00	-	-	42,833,944	-	42,833,944	

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.
Municipal Services							
Alley Maintenance	-		363,452	-	-	363,452	378
Asset Management	2.00	193,745	-	-	-	193,745	340
Capital Project Management	33.75	-	-	-	-	-	338
Commercial Refuse Collection	10.00	-	-	2,407,992	-	2,407,992	350
Container Repair Program	2.00	-	-	344,552	-	344,552	346
Emergency Response Team	-	-	54,038	-	-	54,038	354
Field Services Administration	2.00	-	243,788	-	-	243,788	352
Fleet Maintenance & Operations	35.00	-	-	-	4,358,479	4,358,479	368
Fleet Management Administration	5.00	-	-	-	555,001	555,001	366
Fleet Parts Supply	5.00	-	-	-	311,685	311,685	370
Fuel	-	-	-	-	1,585,242	1,585,242	372
Household Hazardous Waste	-	-	-	203,695	-	203,695	376
Municipal Services Administration	3.00	344,038	-	-	-	344,038	336
Residential Refuse Collection	59.25	-	-	8,764,419	-	8,764,419	344
Solid Waste Management Admin Svcs	5.00	-	-	414,617	-	414,617	342
Stormwater Management	4.00	-	-	-	-	-	380
Street Cleaning	9.00	-	853,944	-	-	853,944	360
Street Overlays & Maintenance	8.00	-	5,553,945	-	-	5,553,945	362
Street Signs & Markings	9.00	-	964,219	-	-	964,219	358
Traffic Signals	14.00	-	2,270,014	-	-	2,270,014	356
Transfer Station Operations	3.00	-	-	262,378	-	262,378	348
Unpaved Roads & Drainage Sys. Maint	10.00	-	1,164,907	-	-	1,164,907	364
Vehicle Acquisition	-	-	-	-	3,553,348	3,553,348	374
	219.00	537,783	11,468,307	12,397,653	10,363,755	34,767,498	
Citizen & Neighborhood Resources							
Citizen & Neighborhood Admin	4.00	425,511	-	-	-	425,511	384
Code Enforcement	15.00	1,087,408	19,692	-	-	1,107,100	392
Customer Service & Communications	6.00	523,806	-	-	-	523,806	386
Housing Rehabilitation & Ada	2.00	74,106	-	-	-	74,106	394
Information Resources	7.00	420,218	-	-	-	420,218	388
Neighborhood Services	3.00	487,801	-	-	-	487,801	390
	37.00	3,018,850	19,692	-	-	3,038,542	
Human Resources Systems							
Diversity & Dialogue	2.00	271,221	7,200	-	-	278,421	406
Employee Programs	-	65,123	-	-	-	65,123	402
Human Resources	28.50	2,275,567	-	-	-	2,275,567	400
Human Resources Administration	3.00	335,274	-	-	-	335,274	398
Learning & Organization Development	3.00	484,571	-	-	-	484,571	404
	36.50	3,431,756	7,200	-	-	3,438,956	

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.
Economic Vitality Dept							
Economic Development	2.00	291,281	-	-	-	291,281	412
Economic Vitality Admin	2.00	289,738	-	-	-	289,738	410
Existing Business Services	2.00	188,619	-	-	-	188,619	418
Hospitality Development	2.00	5,266,502	-	-	-	5,266,502	414
Revitalization	2.00	244,337	-	-	-	244,337	416
	10.00	6,280,477	-	-	-	6,280,477	
Planning & Development Services							
Current Planning Services	31.00	2,594,889	-	-	-	2,594,889	426
Customer Services & Administration	9.00	1,146,397	-	-	-	1,146,397	422
Inspection & Land Survey Services	50.00	4,275,314	-	-	-	4,275,314	430
Plan Review & Permit Services	44.00	4,031,350	20,608	-	-	4,051,958	428
Planning & Design Services	6.00	709,020	-	-	-	709,020	424
	140.00	12,756,970	20,608	-	-	12,777,578	
Estimated Department Savings	-	(\$500,000)	-	(\$1,000,000)	-	(\$1,500,000)	
Estimated Vacant Position Savings	-	(\$500,000)	-	-	-	(\$500,000)	
Total Program							
Operating Budget	2,191.03	185,469,183	25,414,225	58,443,198	27,101,490	296,428,096	
Less: Internal Service Fund Offset						(28,861,220)	
Total Net Program Operating Budget						267,566,876	
Add: Debt Service						85,493,373	
Total FY 2004/05 Net Program Operating Budget Plus Debt Service						353,060,249	
Reserves/Contingency Appropriations						25,869,205	
Total FY 2004/05 Operating Budget Appropriations						\$378,929,454 ^(A)	

(^A) Total FY 2004/05 Operating Budget Appropriations agrees to the adopted budget ordinance Schedule F found in the Appendix of Volume One.

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

Budget by Fund

**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.
General Government							
City Attorney-Civil					X		32
City Cable						X	54
City Clerk						X	24
City Manager	X	X	X	X	X	X	48
Communications & Public Affairs						X	52
Court	X					X	43
Elections						X	26
Environmental Planning Services		X			X		72
Intergovernmental Relations	X	X	X	X	X	X	58
Internal Audit Program					X		40
Litigation					X		30
Mayor and City Council	X	X	X	X	X	X	20
Preservation		X					70
Prosecution	X						34
The Downtown Group				X			66
Victim Services	X						36
WestWorld Operations		X		X			62
Police Department							
Auto Theft Investigations	X						114
Bicycle Patrol	X						88
Burglary & Theft Investigations	X						112
Canine Services	X						92
Communications	X						140
Computer Crime Investigations	X						118
Crime Analysis	X						148
Crime Laboratory	X						146
Crime Prevention	X						78
Crime Scene Processing	X						150

**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.
Detention	X						98
Domestic Violence Investigations	X						108
Emergency Services	X						154
Event Traffic Control	X						100
False Alarm Reduction Program	X						158
Fraud Investigations	X						116
Intelligence Unit	X						128
Internal Affairs	X						80
Mounted Patrol	X						92
Municipal Security	X						156
Narcotics Clandestine Lab Investigations	X						124
Narcotics Undercover Investigations	X						122
Office Of The Chief	X						76
Park & Preserve Patrol	X						96
Patrol Problem Solving Surveillance Team	X						90
Patrol Services	X						82
Photo Enforcement			X				84
Planning, Research and Accreditation	X						152
Police Crisis Intervention	X						110
Police Records	X						134
Police Supply & Equipment	X						138
Property and Evidence	X						144
Recruiting & Personnel	X						130
School Resource Services	X						120
Sex Crimes Investigations	X						106
Special Event/Off Duty Coordination	X						102
Surveillance/SWAT	X						126
Technology	X						136
Telephone Reporting Services	X						142
Traffic Enforcement			X				86
Training	X						132
Violent Crimes Investigations	X						104
Financial Services Department							
Accounting					X		164
Accounts Payable & Payroll					X		166
Budget					X		168
Copy Center					X		178
Financial Planning and Administration					X		162
Graphics					X		176

**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.
Mail					X		180
Meter Reading					X		186
Purchasing					X		172
Remittance Processing					X		190
Revenue Recovery					X		184
Risk Management					X		170
Stores/Warehouse Operations					X		174
Tax & License					X		182
Tax Audit					X		192
Utility Billing					X		188
Transportation Department							
Aviation			X				198
Intelligent Transportation Systems			X				206
Traffic Engineering	X		X				204
Transit			X				202
Transportation Administration			X				196
Transportation Master Planning			X				200
Community Services Department							
Adapted Recreation Services	X						214
Adult Sports & Fitness Programs	X						218
Aquatics	X						216
Branch Libraries	X						244
Community Recreation Services & Facilities	X						222
Community Services Planning and Admin.	X				X	X	210
Construction Services					X		260
Contract Administration					X		262
Downtown Maintenance		X			X		250
Facilities Maintenance					X		258
Facilities Mgmt Planning & Admin.					X		256
Grounds and Landscape Maintenance		X			X		248
Housing Assistance and CDBG Programs	X						236
Human Services Planning & Admin.	X				X		230
Leisure Education Programs	X						224
Library Operations	X						240
Library Planning and Administration	X				X		238
Main Library	X						242
Medians and Right of Way		X			X		252
Parks & Grounds Mgmt-Planning & Admin	X				X		246

**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.
Parks & Recreation Planning & Admin	X				X		212
Parks & Trails Planning & Development	X	X			X		228
Professional Baseball	X			X			254
Senior Citizen Services	X						232
Social Services Assistance and Referral	X						234
Trails & Equestrian Facilities	X	X					226
Youth Activities & After School Programs	X						220
Information Systems Department							
Appl. Dev., Integration, Mgmt & Support					X	X	268
Application Support					X	X	276
GIS Data Services					X	X	272
Help Desk/Desktop Technical Support					X	X	278
Information Systems Administration					X	X	266
Project Office					X	X	274
Technology Infrastructure/Implementation & Support					X	X	270
Fire Department							
Fire Support	X						284
General Fire Protection	X						282
Water Resources Department							
Advanced Water Treatment Plant					X		330
CAP Treatment Plant					X		324
Central Groundwater Treatment Facility (CGTF)					X		318
Gainey Wastewater Reclamation Plant					X		328
Industrial Pretreatment					X		326
Inlet Golf Course Irrigation					X		296
Irrigation Water Distribution Sys.					X		316
Planet Ranch Water Rights					X		290
Pump Back System					X		312
RWDS Administration					X		314
Southern Neighborhoods Water System					X		306
Treatment Plant Staffing					X		322
Wastewater Collection					X		308
Wastewater Maintenance					X		310
Water & Wastewater Engineering					X		292
Water & Wastewater Ops. Admin.					X		298
Water Campus Wastewtr Reclam. Plant					X		332
Water Conservation					X		300
Water Distribution					X		302

**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.
Water Production					X		304
Water Resources Administration					X		288
Water/Wastewater Quality					X		320
WestWorld Golf Recharge					X		294
Municipal Services Department							
Alley Maintenance	X						378
Asset Management					X		340
Capital Project Management					X		338
Commercial Refuse Collection	X						350
Container Repair Program	X						346
Emergency Response Team			X				354
Field Services Administration			X				352
Fleet Maintenance & Operations					X		368
Fleet Management Administration					X		366
Fleet Parts Supply					X		370
Fuel					X		372
Household Hazardous Waste	X						376
Municipal Services Administration					X		336
Residential Refuse Collection	X						344
Solid Waste Management Admin Svcs	X						342
Stormwater Management					X		380
Street Cleaning	X						360
Street Overlays and Maintenance			X				362
Street Signs and Markings			X				358
Traffic Signals			X				356
Transfer Station Operations	X						348
Unpaved Roads and Drainage Sys. Maint.			X				364
Vehicle Acquisition					X		374
Citizen and Neighborhood Resources Department							
Citizen & Neighborhood Administration	X						384
Code Enforcement	X						392
Customer Service & Communications	X						386
Housing Rehabilitation & ADA	X					X	394
Information Resources						X	388
Neighborhood Services	X						390

**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.
Human Resources Department							
Diversity & Dialogue						X	406
Employee Programs					X	X	402
Human Resources					X	X	400
Human Resources Administration					X	X	398
Learning & Organization Development					X	X	404
Economic Vitality Department							
Economic Development				X			412
Economic Vitality Administration				X			410
Existing Business Services				X			418
Hospitality Development				X			414
Revitalization				X			416
Planning and Development Services Department							
Current Planning Services		X					426
Customer Services & Administration		X					422
Inspection & Land Survey Services	X	X	X				430
Plan Review & Permit Services	X	X					428
Planning & Design Services		X					424

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 ten 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 justifications 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 141.
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.

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.

- 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 141.
- 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.
- 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 these 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 Budget Sub-Committee and by the full Council during budget work/study sessions and public hearings prior to budget adoption.

Capital Improvement Plan - Source of Funds

The Capital Improvement Plan (CIP) uses funding from prior year carryovers. Prior year carryovers are “blended” funding from the various funding sources described below. For FY 2004/05 – 2008/09 the funding added to the prior year carryovers includes 2000 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 33.1% of the CIP funding in FY 2004/05 – 2008/09. Approximately 66.9% of Scottsdale’s FY 2004/05 – 2008/09 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 for FY 2004/05 – 2008/09, 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.

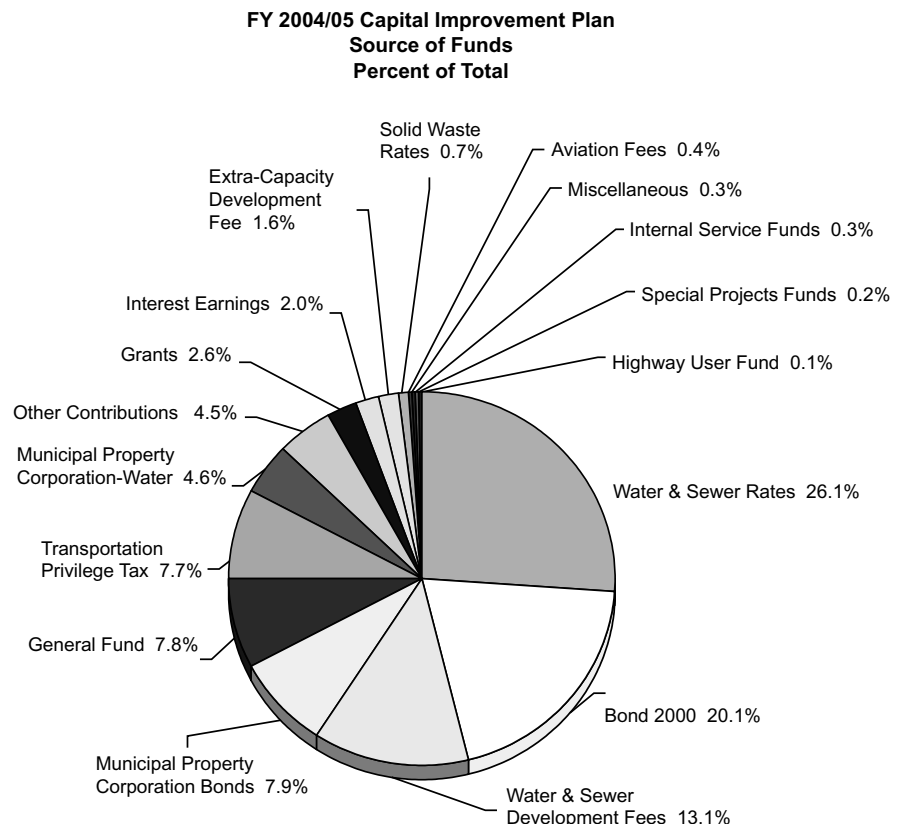
All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or general obligation bonds appropriately pay for projects that benefit the general public as 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.

Water & Sewer Rates 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 the CIP to fund water and sewer capital improvement projects.

Bond 2000 are general obligation bonds that were authorized by voters in calendar year 2000 and 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.

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.

Municipal Property Corporation Bonds are issued by the Municipal Property Corporation (MPC), 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. Pledged revenue streams, in this instance excise taxes, finance the repayment of MPC debt.

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

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

Municipal Property Corporation-Water represents bonds issued by the Municipal Property Corporation (MPC), 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. Pledged revenue streams, in this instance water rates, finance the repayment of MPC debt.

Other 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, the Maricopa County Flood Control District (FCD), and the Arizona Department of Transportation (ADOT), to name a few.

Grants represent revenues received from federal or state sources. Most grants require a matching funding source with the percentage of the match dependant on grant requirements. The funding is restricted in use to the improvements requested and approved in the grant application.

Interest Earnings represents interest earnings on cash balances on hand in the General Fund Capital Improvement Funds. The amount of interest earned on funding sources other than bond proceeds is allocated to capital improvement projects that do not have a dedicated funding source.

Extra-Capacity Development Fee represents fees paid by developers to pay for the extra-capacity demands they put on current water and sewer infrastructure when developing raw land or renovating existing development and intensifying water and sewer needs.

Solid Waste Rates represent utility bill revenues received for the collection and disposal of solid waste from residential and commercial customers.

Aviation Fees represent fee revenues received from users of the City's municipal airport and related facilities. Fees paid include transient landing fees; tie down fees, hangar fees, etc.

Miscellaneous funding represents revenues from several sources (groundwater treatment, reclaimed water distribution, and in-lieu fees) that are aggregated for reporting purposes.

Internal Service Funds represent revenues received for services provided to internal customers. The City has two internal service funds (Fleet and Self-Insurance Funds). Fleet rates represent revenues from the City's internal service Fleet Fund and per financial policy are restricted to use for improvements to facilities providing maintenance services to the City's rolling stock, the replacement of rolling stock, and the administration of the program. Self Insurance Funds represent revenues received from the City's internal service Self Insurance Fund and per financial policy are restricted to use for self-insurance expenditures and the administration of the program.

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

Capital Improvement Plan - Use of Funds

The Capital Improvement Plan (CIP) is comprised of seven major programs: Community Facilities, Preservation, Neighborhood Drainage and Flood Control, Public Safety, Service Facilities, Transportation, and Water Resources. The pie chart represents the percentages for each major program, while the table presents the five-year comparison of the major programs.

Expenditures are presented on a budget basis rather than a cash flow basis. Governmental budgeting procedures require adequate budget to pay for the entire contract to be available and appropriated in the period in which a contract is entered into. However, actual cash flows (expenditures) under the contract generally take place over more than one year and match cash flow funding receipts.

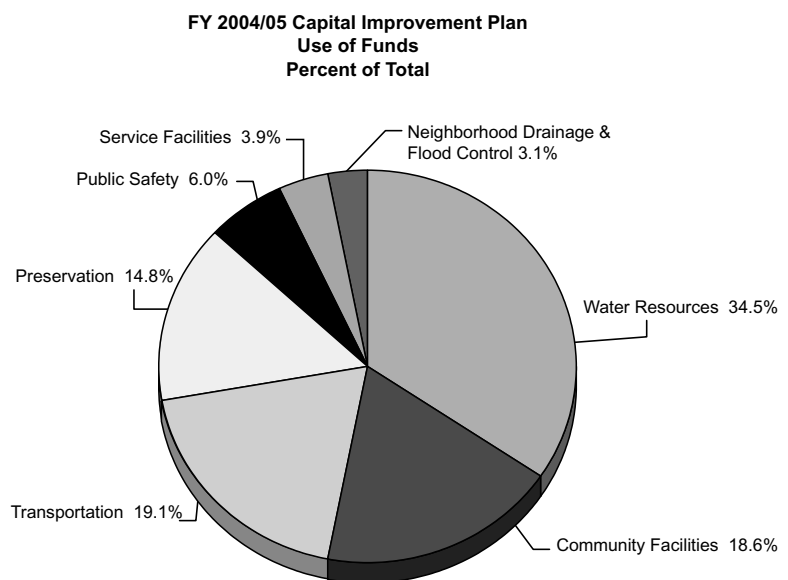
The following summarizes the seven major programs that comprise the total Capital Improvement Plan.

Community Facilities programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained by providing neighborhood recreations facilities, parks and libraries. These recreational needs are met by providing parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 18% (\$136.5 million) of the CIP has been identified to address the needs of this program. Highlights of this program include Arabian Library (\$.8 million); CAP Basin Lighted Sports Complex (\$12.4 million); McDowell Mountain Ranch Park and Aquatic Center (\$11.8 million); Scottsdale Senior Center at Granite Reef (\$10.9 million); Downtown Reinvestment (\$8.7 million); Neighborhood Revitalization (\$2.0 million); Scottsdale Papago Streetscape (\$6.2 million); Spring Training Facility (\$18.9 million); and WestWorld Multi-purpose Building (\$2.0 million).

Preservation addresses the City Council Broad Goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the McDowell Sonoran Preserve for the purpose of maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. The 1998 election expanded the recommended study boundary (RSB) from the original 12,876 acres to 36,400 acres. The 2004 election provided an additional revenue stream (.15% sales tax increase) as well as the bonding capacity (\$500 million) that continues to provide authority to carry on preservation efforts. Approximately 15% (\$108.7 million) of the CIP has been identified to address this program in FY 2004/05. Highlights of this program include the Expanded McDowell Sonoran Preserve (\$ 50.0 million); 124th Street Access Area Amenities (\$1.5 million); and Hidden Hills Trailhead Amenities (\$.49 million).

Neighborhood Drainage and Flood Control addresses the City Council Broad Goals of protecting a diverse, family-oriented community where neighborhoods are safe and well maintained; and coordinating planning to balance infrastructure and resource needs within the budget. This program achieves these goals through flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished through the use of detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 3% (\$22.6 million) of the CIP has been identified to address the drainage and flood control needs of the City. Highlights of this program include: 104th Street Storm Drain (\$.2 million); East Union Hills Interceptor Channel (\$1.9 million); and Flood Plain Acquisition Program (\$2.4 million).

Public Safety programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented



FIVE-YEAR CAPITAL IMPROVEMENT PLAN *Capital Improvement Plan*

community where neighborhoods are safe and well maintained. This goal is met by providing fire and police stations, training facilities, and automation systems related to fire and police operations. The fire protection component provides cost effective and high quality services throughout the community. Fire protection also includes such programs as public education, emergency medical service, and fire prevention. During FY 2004/05 the City will transition from contracting for fire services through Rural Metro Corporation to providing similar services with a municipal fire department. The Police Department recognizes the changing needs of our community and addresses those needs by maximizing community outreach and looking at creative alternatives in its crime prevention efforts. Approximately 6% (\$44.1 million) of the CIP has been identified to address the public safety needs of the City. Highlights of this program include: Fire Service Transition Cost (\$5.8 million); Fire Station #826, located in the area of Jomax and Scottsdale Roads (\$2.1 million); District 1 Police Facilities (\$1.4 million); Police Operational Support Building (\$26.7 million); Police/Fire Training Facility (\$4.2 million).

Service Facilities programs address the City Council Broad Goal of coordinating planning to balance infrastructure and resource needs within the budget. These programs achieve this goal through the renovation of current facilities and technology needs necessary for the efficient and effective operations of the City. Approximately 4% (\$28.1 million) of the CIP has been identified to address this program. Highlights include: computer, server, and network replacement programs (\$16.7 million); Utility Billing System (\$2.8 million); Police Records Management and Computer Aided Dispatch (CAD) Replacement (\$4.7 million); and Facility Repair and Maintenance Program (\$4.3 million).

Transportation programs address the City Council Broad Goal of providing for the safe, efficient, and affordable movement of people and goods. This program meets this goal by attempting to offer real transportation choices in a way that meets the needs of the community. In 1989 voters authorized a .2% privilege tax to fund transportation operations and improvements. This program looks for the best use of this funding and addresses the multi-modal concept. Approximately 19% (\$139.6 million) of the CIP has been identified to address the transportation needs of the City. Highlights of this program include: Security improvements at the Airport (\$3.5 million); Hayden Road-Pima Freeway to Thompson Peak Parkway (\$11.5 million); Pima Road-Pima Freeway to Thompson Peak Parkway (\$11.0 million); Neighborhood Traffic Management Program (\$3.1 million); Intelligent Transportation System Improvements (\$14.1 million); Bus Bay and Shelter Improvement Programs (\$3.7 million); and Downtown Parking (\$14.2 million).

Water Management addresses the City Council Broad Goal of coordinating planning to balance infrastructure and resource needs within the budget. This program achieves this goal by delivering safer, reliable water and providing wastewater services. This program also reflects the City's commitment to federal and state regulations. In addition to capital program expenditures, approximately \$32.4 million of water development fee revenues over the five-year period will be transferred to the program budget to repay bonded debt. Approximately 34% (\$253.0 million) of the CIP has been identified to address the water and wastewater needs of the City. Highlights of this program include: 91st Avenue Wastewater Treatment Plant Improvements (\$82.3 million); Arsenic Mitigation Treatment (\$34.5 million); Chaparral Water Treatment Plant (\$78.4 million); and the Water Reclamation Plant-Phase 3 (\$20.8 million).

Capital Improvement Plan - Use of Funds
In Millions of Dollars

Major Programs	2004/05	2005/06	2006/07	2007/08	2008/09
Community Facilities	136,558.2	46,264.9	13,368.3	16,234.2	790.6
Preservation	108,741.3	200.0	2,000.0	-	-
Neighborhood Drainage & Flood Control	22,456.8	16,496.9	6,634.6	150.0	-
Public Safety	44,070.4	14,823.9	4,901.9	2,324.9	-
Service Facilities	28,154.1	5,392.6	12,400.5	5,513.0	8,676.5
Transportation	139,635.3	51,467.1	38,402.7	17,669.7	16,541.0
Water Resources	253,037.4	48,255.2	30,657.0	54,921.0	13,588.0
Total Expenditures	732,653.5	182,900.6	108,365.0	96,812.8	39,596.1
Prior Year Unexpended	-	474,733.5	414,330.0	348,946.2	310,773.6
Unexpended at Year End (Rebudgets)	(474,733.5)	(414,330.0)	(348,946.1)	(310,773.6)	(246,484.5)
Transfers Out to Debt Service	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
Total Use of Funds	264,478.1	249,862.6	180,257.6	141,449.7	110,294.1

Capital Improvement Plan **FIVE-YEAR CAPITAL IMPROVEMENT PLAN**

**Adopted Fiscal Year 2004/05 Budget
Five-Year Financial Plan
Capital Improvement Plan
(in thousands)**

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09
Source of Funds:					
Beginning Fund Balance *	402,148.0	264,835.6	209,030.5	151,442.3	117,706.3
Revenues					
Bonds/Contracts					
General Obligation	-	67,000.0	35,000.0	14,000.0	19,000.0
Municipal Properties Corporation	25,100.0	28,027.5	-	-	-
Municipal Properties Corporation-Water	-	18,000.0	-	13,000.0	-
Pay-As-You-Go					
Water & Sewer Development Fees	16,779.5	17,199.0	17,629.0	18,069.7	18,521.4
Extra Capacity Development Fee	-	-	-	-	11,000.0
Grants	7,548.1	4,152.3	4,976.1	180.0	713.0
Other Contributions	15,761.0	6,856.0	1,814.0	150.0	150.0
Interest Earnings	2,758.3	3,073.6	2,911.1	2,634.4	2,405.1
Miscellaneous	1,065.4	150.3	635.3	150.3	0.3
Subtotal	69,012.3	144,458.7	62,965.5	48,184.4	51,789.8
Transfers In					
General Fund	16,702.9	10,356.5	11,181.7	8,328.9	6,196.3
Highway User Fund	74.8	73.0	73.7	73.7	73.7
Special Projects Fund	613.7	683.5	1.8	2.0	2.0
Transportation Privilege Tax Fund	9,708.5	10,038.5	10,389.9	10,753.5	11,076.1
Aviation Fund	826.2	463.9	19.1	533.8	661.8
Water & Sewer Fund	28,294.2	27,864.9	37,540.4	39,463.3	42,376.6
Solid Waste Fund	279.9	81.4	460.2	336.5	3,618.5
Internal Service Funds	1,653.2	37.0	37.1	37.6	37.6
Subtotal	58,153.4	49,598.8	59,703.9	59,529.3	64,042.6
Total Revenues & Transfers In	127,165.7	194,057.5	122,669.4	107,713.7	115,832.5
Total Sources of Funds	529,313.7	458,893.1	331,699.9	259,156.0	233,538.8
Use of Funds:					
Program Expenditures					
Community Facilities	136,558.2	46,264.9	13,368.3	16,234.2	790.6
Preservation	108,741.3	200.0	2,000.0	-	-
Neighborhood Drainage & Flood Control	22,456.8	16,496.9	6,634.6	150.0	-
Public Safety	44,070.4	14,823.9	4,901.9	2,324.9	-
Service Facilities	28,154.1	5,392.6	12,400.5	5,513.0	8,676.5
Transportation	139,635.3	51,467.1	38,402.7	17,669.7	16,541.0
Water Services	253,037.4	48,255.2	30,657.0	54,921.0	13,588.0
Prior Year Unexpended *	-	474,733.5	414,330.1	348,946.2	310,773.6
Total Capital Improvement Plan Budget	732,653.5	657,634.1	522,695.1	445,759.0	350,369.7
Less: Estimated Capital Improvement Expenditures	(257,920.0)	(243,304.1)	(173,748.9)	(134,985.4)	(103,885.2)
Subtotal: Unexpended at Year End	474,733.5	414,330.1	348,946.2	310,773.6	246,484.5
Transfers Out					
To Water & Sewer Operating Funds	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
Subtotal	6,558.1	6,558.5	6,508.7	6,464.3	6,408.9
Total Use of Funds	264,478.1	249,862.6	180,257.6	141,449.7	110,294.1
Ending Fund Balance	264,835.6	209,030.5	151,442.3	117,706.3	123,244.7

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

PROJECT LIST

Capital Improvement Plan

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 2004/05 through FY 2008/09. Please note only the first year (FY 2004/05) 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 this Volume (Three) where the project detail can be found.

Project #	Project Name	Estimated Expenditures					Forecast 2008/09	Total	Volume 3
		Thru 06/30/04	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08			Page # Ref.
F2101	104th St Storm Drain/Cactus-Cholla	(97.5)	225.0	-	-	-	-	225.0	50
P0403	124th Street Access Area Amenities	-	1,526.1	-	-	-	-	1,526.1	46
V0402	91st Ave - Salt River Outfall Rehabilitation	(1,750.2)	7,000.0	1,000.0	1,000.0	-	-	9,000.0	122
V6402	91st Ave Waste Water Treatment Plant	(35,025.1)	40,636.0	4,000.0	5,000.0	6,000.0	3,000.0	58,636.0	122
V9901	91st Ave WWTP - UP01 Expansion	(20,029.0)	34,632.0	8,000.0	1,000.0	1,000.0	5,000.0	49,632.0	122
S9903	96th Street - Shea Blvd to Sweetwater Blvd	(712.8)	3,589.0	-	-	-	-	3,589.0	102
A0501	ABC Building Bathroom Remodel	-	40.0	-	-	-	-	40.0	95
B8805	Accessibility-Facility Modifications	(765.6)	1,330.2	250.0	250.0	218.2	200.0	2,248.4	87
A0308	ADOT E3S12 Design	(22.5)	200.2	-	-	-	-	200.2	95
A0409	ADOT E4S39 Security Improvements	(147.5)	284.7	-	-	-	-	284.7	95
V0204	Advanced Water Treatment Plant - Phase 3	(271.4)	9,750.0	-	-	-	-	9,750.0	123
P0302	Aging Park Facility Renovations	(684.3)	4,497.3	-	-	-	-	4,497.3	27
P0204	Aging Parks - Chaparral Pool Building	(1,133.0)	1,605.0	-	-	-	-	1,605.0	27
A0502	Airport Parking Lot Lighting Upgrades	-	76.5	-	-	-	-	76.5	96
A0408	Airport Perimeter Blast Fence	(144.2)	189.5	-	-	-	-	189.5	96
A0401	Airport Security Fencing	-	250.0	-	-	-	-	250.0	96
A0302	Airport Terminal Area Renovations	-	110.0	380.0	-	503.1	503.2	1,496.3	97
W2105	Alameda/122nd St Booster Pump Station	(18.6)	150.0	700.0	700.0	-	-	1,550.0	123
New	Appaloosa Library	-	-	-	837.2	9,814.5	-	10,651.7	25
A0503	Apron Pavement Overlay (PMMP)-Delta,Shades, Term	-	1,081.0	-	-	-	-	1,081.0	97
New	Apron Pavement Reconstruction-Corporate Jets	-	-	-	-	-	751.0	751.0	97
P0201	Arabian Library Phase II	(478.9)	800.0	7,852.0	-	-	-	8,652.0	25
W3705	Architect / Engineer Services	(1,423.7)	1,710.0	-	150.0	-	-	1,860.0	123
W2106	Arsenic Mitigation Treatment	(2,206.7)	34,500.0	15,000.0	10,000.0	-	-	59,500.0	124
P8740	Art In Public Places	(3,189.5)	5,305.7	379.0	421.9	147.3	115.6	6,299.2	33
T9005	Arterial Roadway Street Lighting	(227.3)	828.1	-	-	-	-	828.1	114
B0507	Asset Consolidation	-	2,000.0	-	-	-	-	2,000.0	87
F8410	Automated Flood Warning System-North Area	(21.0)	194.4	-	-	-	-	194.4	50
A0504	Aviation Grant Match Contingency	-	150.0	-	-	-	-	150.0	98
A0301	Aviation Noise Exposure Maps	(317.6)	340.9	-	-	-	-	340.9	98
S0501	Bell Road-94th St to Thompson Peak Parkway	-	505.0	4,541.0	-	-	-	5,046.0	102
P0704	Bikeways Program	(1,340.6)	3,776.5	2,370.0	3,300.0	1,460.0	1,500.0	12,406.5	116
W9903	Booster Station Upgrades	(235.3)	575.0	-	-	-	-	575.0	124
T8110	Bus Bay Improvement Program	(84.4)	1,872.2	550.0	575.0	600.0	625.0	4,222.2	116
T1702	Bus Shelters Program	(549.8)	1,783.1	404.0	-	550.0	-	2,737.1	116
G9001	Buses Expansion	(1,818.2)	3,852.6	-	2,940.0	-	-	6,792.6	117
S2102	Cactus Rd - Pima Freeway to Frank Lloyd Wright Blvd(873.6)	-	8,650.4	-	-	-	-	8,650.4	103
S0301	Camelback Rd - 64th to 68th St	(220.1)	1,474.4	-	-	-	-	1,474.4	103
S0502	Camelback/Scottsdale and Marshall Way	-	1,000.0	-	-	-	-	1,000.0	103
P0205	CAP Basin Lighted Sports Complex	(932.8)	12,428.2	-	-	-	-	12,428.2	27

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
									Page #
									Ref.
W0301	CAP Hayden - Shea Water Connection	(759.7)	12,000.0	-	-	-	-	12,000.0	124
W0202	CAP Plant Expansion	(2,710.1)	31,400.0	3,000.0	3,000.0	20,000.0	-	57,400.0	125
P0206	Chaparral Park Extension	(222.2)	4,412.7	-	-	-	-	4,412.7	28
W9911	Chaparral Water Treatment Plant	(14,779.4)	78,357.9	-	-	-	-	78,357.9	125
W4702	Chaparral WTP Influent Wateline	(903.4)	5,242.8	-	-	-	-	5,242.8	125
W0302	Chaparral WTP Water Distribution System	(250.8)	9,500.0	-	-	-	-	9,500.0	126
T4701	CIP Advance Planning Program	(1,804.8)	2,183.0	200.0	200.0	200.0	200.0	2,983.0	104
M8838	City Attorney - Automate Criminal Justice System	(185.1)	250.0	-	-	-	-	250.0	71
M0402	City Attorney - Legal Case Matter Management System	-	160.0	-	-	-	-	160.0	71
B0404	City Hall - Kiva Electrical Upgrade	-	300.0	-	-	-	-	300.0	87
V9902	Citywide Flow Monitoring	(440.2)	910.0	-	-	-	-	910.0	126
F0501	Civic Center East - Drainage Improvement	-	131.1	1,328.1	-	-	-	1,459.2	50
D0203	Civic Center Mall Renovations Phase II	(23.4)	23.5	-	-	-	-	23.5	33
M0501	Community Services-Class System Upgrades	-	87.4	-	-	-	-	87.4	71
New	Container Repair Facilities	-	-	-	-	318.0	-	318.0	88
V0501	Core North/South Sewer	-	567.0	322.0	87.5	802.5	819.0	2,598.0	126
W0501	Core North/South Water	-	567.0	322.0	87.5	802.5	819.0	2,598.0	127
M0301	Courts - Case Management System	-	80.0	-	-	-	-	80.0	72
M0202	Courts - IVR	-	40.0	-	-	-	-	40.0	72
M0306	Courts - Videoconferencing	-	55.6	-	-	-	-	55.6	72
B0508	Courts-Customer Service Enhancement	-	225.0	-	-	-	-	225.0	88
B0509	Courts-Expansion	-	10.0	580.0	-	-	-	590.0	88
B0510	Courts-Security Area Remodel	-	2.5	101.7	-	-	-	104.2	89
E0204	Crime Laboratory Equipment Replacement	(129.1)	342.0	16.9	-	-	-	358.9	64
W8515	Deep Well Recharge / Recovery Facilities	(480.5)	3,100.0	-	1,000.0	-	1,000.0	5,100.0	127
A0505	Design Projects-04/05-05/06	-	237.6	73.6	34.5	200.1	-	545.8	98
n/a	Disabled Aircraft Removal Dolly	-	31.8	-	-	-	-	31.8	99
B0504	District 1 Police Facilities	-	1,386.0	8,558.2	826.8	-	-	10,771.0	64
B2104	District 2 Expansion	(775.1)	782.6	-	-	-	-	782.6	65
B0501	District 3 Expansion	-	505.3	-	-	-	-	505.3	65
M0502	Document Management System-City Attorney	-	247.0	-	-	-	-	247.0	73
M0403	Document Management System-City Clerk	(0.4)	248.5	-	-	-	-	248.5	73
M9906	Document Management System-Courts	(0.9)	350.0	-	-	-	-	350.0	73
n/a	Document Management System-Customer Services	-	-	391.0	-	-	-	391.0	74
D8738	Downtown Canal Transit Bridge	(1,846.1)	1,860.3	-	-	-	-	1,860.3	34
D6508	Downtown Directional Signs	(24.9)	40.0	-	-	-	-	40.0	34
D0401	Downtown Electrical Upgrades	(2.8)	900.0	450.0	-	-	-	1,350.0	34
D0402	Downtown Façade Program	-	300.0	-	-	-	-	300.0	35
D0501	Downtown Lighting Improvements	-	380.0	250.0	-	-	-	630.0	35
P8734	Downtown Parking	(1,503.9)	14,201.8	-	-	-	-	14,201.8	117
P0309	Downtown Reinvestment	(149.0)	8,741.2	-	-	-	-	8,741.2	35
n/a	Downtown Restrooms	-	-	-	575.0	450.0	-	1,025.0	36
D0208	Downtown Streetscape Amenities	(135.2)	200.0	-	415.3	-	-	615.3	36
S0312	Downtown Streetscape Enhancement Fund	-	311.7	99.1	-	-	-	410.8	36
F0502	Earll/Thomas Corridor-Drainage Improvement	-	500.0	6,197.0	3,849.0	-	-	10,546.0	51
F0401	East Union Hills Interceptor Channel	(37.8)	1,940.8	2,430.1	-	-	-	4,370.9	51
P0502	Eldorado Ballfield Renovation	-	1,168.5	-	-	-	-	1,168.5	28
P0505	Expanded McDowell Sonoran Preserve	-	50,000.0	-	-	-	-	50,000.0	46
E0401	Explosive Ordnance Disposal Equipment	(122.2)	150.0	-	-	-	-	185.0	65

PROJECT LIST

Capital Improvement Plan

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
									Page # Ref.
A0506	FAA Part 161-Noise Study	-	1,000.0	-	-	-	-	1,000.0	99
B9915	Facilities Repair and Maintenance Program	(1,949.4)	4,295.2	667.0	787.5	1,070.6	1,037.7	7,858.0	89
M0302	Financial Services - Automated Time & Attendance	(21.3)	300.0	-	-	-	-	300.0	74
M0503	Financial Services - IVR Tax and License	-	109.3	-	-	-	-	109.3	75
M0210	Financial Services - Utility Billing System	(0.5)	2,791.5	-	-	-	-	2,791.5	76
New	Financial Services-E-Procurement	-	-	67.5	-	-	-	67.5	74
M0308	Financial Services-Hand Held Meter Reading System	(2.6)	50.0	109.3	-	-	-	159.3	75
n/a	Financial Svs-Remittance Process Transport System	-	-	-	442.9	-	-	442.9	75
M0504	Financial Svs-Tax, Licensing & Alarm Billing System	-	928.0	-	-	-	-	928.0	76
E0501	Fire Department - Emergency Extrication Tools	-	80.0	-	-	-	-	80.0	60
E0502	Fire Service-Transition Costs	-	5,800.0	-	-	-	-	5,800.0	60
B0401	Fire Stn #809-Southwest Quadrant	-	1,100.0	-	-	-	-	1,100.0	60
B0402	Fire Stn #810 - Miller & Thomas Remodel	(2.3)	168.4	-	-	-	-	168.4	61
B0205	Fire Stn #811 - McDonald & Scottsdale Expansion	(177.3)	181.1	-	-	-	-	181.1	61
B0202	Fire Stn #812 & Rescue Vehicle-Scottsdale Airport(1,654.5)	(1,654.5)	1,802.5	-	-	-	-	1,802.5	61
B0503	Fire Stn #813 - Via Linda Expansion	-	25.0	243.0	-	-	-	268.0	62
E2102	Fire Stn #813 - Via Linda Vehicle & Equipment	(449.4)	556.2	-	-	-	-	556.2	62
B0506	Fire Stn #820 - Desert Mountain - permanent station	-	156.7	800.0	-	-	-	956.7	62
B0403	Fire Stn #826 - Jomax and Scottsdale Road	(1.1)	2,095.0	-	-	-	-	2,095.0	63
B9909	Fire Stn #827 - Ashler Hills & Pima	(840.2)	1,200.0	-	-	-	-	1,200.0	63
New	Flight Tracking System	-	60.0	-	-	-	-	60.0	99
F0302	Floodplain Acquisition Program	(1.4)	2,366.6	-	-	-	-	2,366.6	51
S0303	FLW/Via Linda Intersection	-	-	80.0	450.0	-	-	530.0	104
S0304	FLW-Scottsdale Rd to Shea	-	1,715.0	234.0	1,600.0	-	-	3,549.0	104
B0511	Fuel/Fleet Maintenance Facility-McKellips Svs Ctr	-	1,498.9	-	-	-	-	1,498.9	89
New	Gateway to the Preserve Amenities	-	-	200.0	2,000.0	-	-	2,200.0	46
F0201	Granite Reef Watershed	-	2,714.0	-	-	-	-	2,714.0	52
S0305	Hayden and McDonald-Intersection Improvement	(373.7)	2,651.0	-	-	-	-	2,651.0	105
S0306	Hayden and Via de Ventura - Intersection Improve.	-	1,355.7	-	-	-	-	1,355.7	106
S2103	Hayden Rd - Cactus to Redfield	(1,138.6)	10,112.0	-	-	-	-	10,112.0	105
S0202	Hayden Rd - Pima Freeway to Thompson Peak Pkwy(1,219.7)	(1,219.7)	11,459.4	-	-	-	-	11,459.4	105
S0201	Hayden/Miller Rd - Deer Valley to Pinnacle Peak	(777.1)	1,300.0	75.0	225.0	1,469.4	-	3,069.4	106
New	Helicopter Air Support Unit	-	-	-	4,075.1	2,324.9	-	6,400.0	66
P0305	Hidden Hills Trailheads Amenities	(81.4)	499.6	-	-	-	-	499.6	47
S0402	Indian Bend Rd - Scottsdale to Hayden	(273.5)	2,070.0	9,135.0	-	-	-	11,205.0	106
P9901	Indian Bend Wash Lakes Renovation	(154.7)	1,024.0	-	-	-	-	1,024.0	28
F0402	Indian School Park Watershed-Phase II	(0.3)	646.0	1,019.0	-	-	-	1,665.0	52
S0308	Indian School Rd - Drinkwater to Pima	-	900.0	3,138.0	-	-	-	4,038.0	107
New	Information Systems - Anti-Virus Replacement	-	-	-	-	-	61.1	61.1	76
M0505	Information Sys. - CDPD Mobile Wireless Replacement	-	213.0	-	-	-	-	213.0	77
New	Information Systems - Enterprise Back-up Software	-	-	-	-	-	378.0	378.0	77
M0204	Information Systems - GIS Mapping Platform Migration(82.8)	(82.8)	564.0	-	-	-	-	564.0	77
M9909	Information Systems - Network Infrastructure	(1,081.1)	1,746.9	361.0	361.0	361.0	361.0	3,190.8	78
M9921	Information Systems - PC Equipment	(1,412.8)	3,858.1	1,256.8	1,256.8	1,256.8	1,256.8	8,885.3	78
M0205	Information Systems - Security Investment/ Antivirus	(61.6)	298.0	29.0	-	-	-	327.0	79
M9910	Information Systems - Server Infrastructure	(1,314.1)	2,566.8	521.8	521.8	521.8	521.4	4,653.6	79
M0207	Information Systems - Technology Storage Area Network(271.2)	(271.2)	287.3	-	-	-	-	287.3	80
M9920	Information Systems - Telephone Equipment	(245.2)	950.0	233.6	257.7	260.5	260.5	1,962.3	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	Volume 3	
								Total	Page # Ref.
M0506	Information Systems - Web Content Management SW	-	154.2	144.2	-	-	-	298.4	81
W0502	Inner Circle Booster Pump Station	-	400.0	1,200.0	-	-	-	1,600.0	127
P0503	Irrigation Pump Replacement	-	203.7	214.7	278.9	-	-	697.3	29
F0303	Jackrabbit/Chaparral West-Drainage Improvement	-	385.0	2,000.0	666.0	-	-	3,051.0	52
E0503	Jail CCTV Monitoring / Recording System Replacement	-	184.7	-	-	-	-	184.7	66
E0504	Kiva-Audio/Video Upgrades	-	55.0	-	-	-	-	55.0	90
P9916	LaMirada Desert Park	(555.3)	650.0	-	-	-	-	650.0	29
P0202	Library Automation System Replacement	(84.9)	589.9	-	-	-	-	589.9	25
B0303	Lift Replacement	(186.5)	361.5	-	-	-	-	361.5	90
D0211	Loloma District Museum	(277.9)	7,515.0	-	-	-	-	7,515.0	37
D0502	Loloma District Plaza	-	250.0	250.0	-	-	-	500.0	37
D0503	Loloma District Public Parking Garage	-	2,400.0	-	-	-	-	2,400.0	37
D0403	Loloma District Streetscape Improvements	-	1,300.0	350.0	750.0	-	-	2,400.0	38
n/a	Loloma District-Stagebrush Theatre Relocation	-	-	-	1,600.0	-	-	1,600.0	38
T9902	Loop 101 Park and Ride(PNR)	-	249.9	2,777.8	2,817.0	-	-	5,844.7	117
V8620	Master Plan Update - Sewer	(217.6)	383.4	100.0	-	-	-	483.4	128
W8525	Master Plan Update - Water	(433.1)	766.8	300.0	-	-	-	1,066.8	128
S0310	McDonald - Scottsdale to Hayden	(49.0)	1,963.5	-	-	-	-	1,963.5	107
F0403	McDonald Drive Corridor-Drainage Improvement	(39.5)	1,482.0	-	-	-	-	1,482.0	53
P0209	McDowell Mountain Ranch Park and Aquatic Ctr	(947.4)	11,801.9	-	-	-	-	11,801.9	29
P6900	McDowell Sonoran Preserve	(250,078.0)	306,731.5	-	-	-	-	306,731.5	47
P0102	McDowell Sonoran Preserve Phase II	(38,970.5)	39,114.0	-	-	-	-	39,114.0	47
B9905	McKellips Service Center	(1,075.1)	1,311.4	-	-	-	-	1,311.4	90
V2101	Miller Road Sewer Phase 3	(0.1)	1,300.0	3,000.0	-	-	-	4,300.0	128
P0501	Mustang Library Additional Parking	-	84.0	-	-	-	-	84.0	26
T0502	Mustang Transit Center	-	300.0	1,700.0	-	-	-	2,000.0	118
D0404	NE Downtown Streetscape	-	1,980.0	-	-	-	-	1,980.0	38
N3001	Neighborhood Funding Partnership	(677.7)	752.1	-	-	-	-	752.1	39
N0501	Neighborhood Revitalization	-	2,000.0	-	-	-	-	2,000.0	39
F6302	Neighborhood Stormwater Management Improve.	(1,556.8)	2,661.4	150.0	150.0	150.0	-	3,111.4	53
T8140	Neighborhood Traffic Management Program	(1,983.0)	3,056.0	500.0	500.0	500.0	550.0	5,106.0	114
F6305	North Area Basin Master Plan	(758.8)	1,083.3	-	-	-	-	1,083.3	53
B2103	North Corp Yard Parking Garage	(1,106.5)	1,196.1	-	-	-	-	1,196.1	91
F3705	Northern Stormwater Risk/Vulnerability Mgmt.	(11,866.5)	12,059.9	-	-	-	-	12,059.9	54
New	Northsight Transit Center	-	-	75.0	125.0	-	-	200.0	118
F0712	NPDES Monitoring Stations/Sampling	(1,167.0)	2,004.3	152.0	250.0	-	-	2,406.3	54
F0305	Outfall Drain-Pima Freeway to Union Hills	(2,225.3)	2,900.0	-	-	-	-	2,900.0	55
S9905	Particulate Emission Reduction Program	(2,185.1)	2,500.0	-	-	-	-	2,500.0	107
New	Pavement Preser.-Taxiway "B", Kilo, Perimeter Rd.	-	-	105.2	104.7	-	-	209.9	100
n/a	Pima Rd - Deer Valley to Pinnacle Peak	-	-	-	-	100.0	1,300.0	1,400.0	108
S4702	Pima Rd - McDowell Rd to Via Linda	(12,351.0)	13,350.0	-	-	-	-	13,350.0	108
S2104	Pima Road - Pima Freeway to Thompson Peak	(853.1)	11,014.7	-	-	-	-	11,014.7	108
F0503	Pima Road Drainage System	-	399.0	64.8	1,719.6	-	-	2,183.4	55
n/a	Pinnacle Peak - Scottsdale Rd to Pima Rd	-	-	803.0	3,674.0	6,277.1	-	10,754.1	109
M0507	Planning & Dev. Svs - Digital Plan Review	-	56.1	-	-	-	-	56.1	81
M0208	Planning & Dev. Svs - Land Survey Asset Mgmt	(192.1)	279.3	16.9	-	-	-	296.2	81
M9903	Planning & Dev. Svs - Records Imaging	(226.5)	504.1	-	-	-	-	504.1	82
M0508	Planning & Dev. Svs - Records Reader/Printer	-	29.0	-	-	-	-	29.0	82

PROJECT LIST

Capital Improvement Plan

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
									Page #
									Ref.
P4711	Playground Equipment Replacement	(1,178.3)	1,400.5	134.4	150.0	165.0	175.0	2,024.9	30
M0509	Police AFIS Workstations Replacement	-	148.1	20.7	139.2	-	-	308.0	82
M9911	Police Barcode Equip. for Property Ev/Asset Tracking(23.5)	-	97.9	-	-	-	-	97.9	83
M0510	Police Criminal Intelligence System	-	35.8	-	-	-	-	35.8	83
M0511	Police Docking Station/Mounting Kits	-	195.0	13.0	13.0	6.5	-	227.5	83
E0302	Police Emergency Power	(83.3)	150.0	-	-	-	-	150.0	66
M0512	Police Fashion Square Radio Treatment	-	225.0	-	-	-	-	225.0	84
M0513	Police Handheld Data Terminals	-	32.4	-	-	-	-	32.4	84
M0303	Police Mobile Data and Communications Upgrade	(10.5)	190.0	-	-	-	-	190.0	84
B0502	Police Mounted Barn Replacement	-	200.0	-	-	-	-	200.0	67
B0302	Police Operational Support Building	(8.3)	26,700.0	5,205.8	-	-	-	31,905.8	67
M8915	Police Portable Radio Replacement Plan	(2,884.7)	4,197.1	-	-	-	-	4,197.1	85
New	Police Radio System Replacement	-	-	500.0	8,000.0	1,500.0	1,000.0	11,000.0	85
M0307	Police Records Management-Modifications	(30.8)	75.0	-	-	-	-	75.0	85
M0401	Police Records Mgt and CAD System Replacement	(1.2)	4,725.0	-	-	-	-	4,725.0	86
M0305	Police Wiretap Upgrade	(96.5)	150.0	-	-	-	-	150.0	86
M0405	Police/Fire Radio System Consultant	-	150.0	-	-	-	-	150.0	86
B0204	Police/Fire Training Facility Phase 2	(0.8)	4,220.8	-	-	-	-	4,220.8	67
A0507	Portable Noise Monitors	-	50.0	-	-	-	-	50.0	100
P0212	Public Pool Equipment Replacement	(350.3)	632.0	200.0	200.0	200.0	200.0	1,432.0	30
V4001	Radio Telemetry - Monitoring Auto. CW (Sewer)	(363.9)	655.5	54.6	56.3	-	-	766.4	129
W4001	Radio Telemetry - Monitoring Auto. CW (Water)	(550.2)	1,064.4	136.6	140.7	-	-	1,341.7	129
F6303	Reata Pass Detention Outlet	(405.1)	430.0	-	-	-	-	430.0	55
P0401	Recreational Amenity Replacement	(14.9)	300.0	150.0	150.0	150.0	150.0	900.0	30
E9903	Refurbish Two Fire Engines	-	210.0	-	-	-	-	210.0	63
W0503	Regional GAC Regeneration Facility	-	380.0	1,270.0	3,000.0	-	-	4,650.0	129
T0201	Regional Transit Maintenance Facility	-	500.0	500.0	1,500.0	-	-	2,500.0	118
V9908	Relief Sewers – Citywide	(731.8)	2,500.0	500.0	500.0	500.0	-	4,000.0	130
E2103	Replacement Fire Vehicle Contingency	(1,455.8)	1,764.9	-	-	-	-	1,764.9	64
T6101	Roadway Capacity Improvements	(8,413.0)	12,042.2	2,150.0	1,650.0	1,650.0	2,650.0	20,142.2	109
S0403	Rubberized Asphalt Overlay	(3,900.0)	3,900.0	-	-	-	-	3,900.0	109
A0405	Runway RSA-Safety Area Improvements	-	2,000.0	-	-	-	-	2,000.0	100
V0502	RWDS Improvements	-	865.0	-	485.0	-	-	1,350.0	130
B0207	SCA Improvements and Facility Upgrades	(152.2)	1,412.5	129.4	-	-	-	1,541.9	91
P8736	Scottsdale Papago Streetscape	(829.9)	6,229.0	-	-	-	-	6,229.0	39
n/a	Scottsdale Ranch Park Tennis Courts	-	-	384.8	-	-	-	384.8	31
S7005	Scottsdale Rd - FLW Blvd to Thompson Peak Pkwy(1,615.6)	-	16,896.0	-	-	-	-	16,896.0	110
F2706	Scottsdale Rd Bridge Over Indian Bend Wash	(1,293.5)	2,248.0	-	-	-	-	2,248.0	56
D0205	Scottsdale Rd Preser. & Streetscape Enhancements (116.4)	-	11,100.0	6,000.0	6,000.0	4,000.0	-	27,100.0	40
S2707	Scottsdale Rd - Indian Bend Rd to Gold Dust Rd (12,743.9)	-	19,942.0	-	-	-	-	19,942.0	110
S0311	Scottsdale Rd - Thomp. Peak Pkwy to Pinnacle Peak (1.4)	-	500.0	3,500.0	11,811.5	-	-	15,811.5	110
F0304	Scottsdale Road Corridor - Drainage Project	(5.5)	3,770.0	2,973.9	-	-	-	6,743.9	56
P0207	Scottsdale Senior Center at Granite Reef	(828.8)	10,878.6	-	-	-	-	10,878.6	31
P0504	Scottsdale Stadium Infrastructure Replacement	-	150.0	150.0	150.0	150.0	150.0	750.0	31
A0202	Security & Access Control System	(670.6)	729.2	-	-	-	-	729.2	101
W0303	Security Enhancements	(168.8)	850.0	350.0	350.0	350.0	350.0	2,250.0	130
New	Security Lighting Install-Main Aprons/Kilo	-	-	345.0	-	-	-	345.0	101
P0301	Self Check Machine/LAN Infrastructure Replace.	(409.6)	520.9	-	-	-	-	520.9	26

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
									Page #
F6301	Severe Weather Warning & Response Program	(1,196.8)	1,511.7	182.0	-	-	-	1,693.7	56
V3704	Sewer Collection System Improvements	(2,548.8)	5,296.0	500.0	1,100.0	300.0	600.0	7,796.0	131
V0703	Sewer Oversizing	(1,124.7)	1,835.7	-	-	-	-	1,835.7	131
S0313	Shea Blvd and 92nd St - Intersection Improvement	(118.4)	812.0	-	-	-	-	812.0	111
S0314	Shea Blvd and Hayden - Intersection Improvement	-	701.0	699.0	-	-	-	1,400.0	111
S0315	Shea Blvd: 90th & 96th St Intersection	(95.8)	596.5	-	-	-	-	596.5	111
T6103	Sidewalk Improvements	(872.2)	1,770.2	-	550.0	-	600.0	2,920.2	119
P9904	Sports Lighting Expansion & Upgrade	(31.4)	1,233.1	763.2	521.7	655.1	-	3,173.1	32
P0402	Spring Training Facility	(237.3)	18,900.0	-	-	-	-	18,900.0	40
S0406	SRP Street Light Purchase	-	442.5	-	-	-	-	442.5	115
S0404	Stacked 40-Center Rd to Hayden	-	5,100.0	1,500.0	-	-	-	6,600.0	112
S0405	Stacked 40-North Frontage Road	-	2,700.0	500.0	-	-	-	3,200.0	112
F0204	Stormwater Drain Pollution Prevention Markers	(42.7)	301.0	-	-	-	-	301.0	57
D2102	Taliesin West	(303.5)	517.5	-	-	-	-	517.5	40
A0306	Taxiway Extension & Transient Ramp	-	-	972.6	-	-	-	972.6	101
P0404	Teen Center-Civic Center Library	(79.6)	506.0	-	-	-	-	506.0	26
n/a	Thompson Peak Bridge @ Reata Pass Wash	-	-	1,939.9	-	-	-	1,939.9	112
S0316	Thompson Peak Parkway - Bell to Union Hills	-	3,440.0	8,000.0	3,328.8	-	-	14,768.8	113
S0317	Thunderbird/Redfield - Scottsdale to Hayden	(45.7)	2,151.2	-	-	1,560.0	1,850.0	5,561.2	113
T8150	Traffic Management Program-ITS	(6,005.8)	14,105.1	3,697.5	2,318.3	2,250.0	4,260.0	26,630.9	115
T8160	Traffic Signal Program	(1,860.2)	2,824.2	371.5	348.9	350.0	400.0	4,294.6	115
P9035	Trail Development/Acquisition	(834.4)	1,943.3	500.0	500.0	502.3	-	3,445.6	32
n/a	Transfer Station Expansion	-	-	-	-	-	3,600.0	3,600.0	91
E0505	Transfer Station Grappler	-	111.0	-	-	-	-	111.0	92
New	Transfer Station Paving and Painting	-	-	-	371.0	-	-	371.0	92
T0202	Transit Technology	-	-	-	350.0	-	1,351.8	1,701.8	119
S0503	Transportation Master Plan	-	350.0	150.0	-	-	-	500.0	113
S0319	Union Hills Dr-Scottsdale to 74th St	(2,312.9)	3,400.0	-	-	-	-	3,400.0	114
W0401	Union Hills to Hualapai Transmission Line-Pima Rd	-	750.0	-	-	-	-	750.0	131
T0302	Upper Cmlbk Wash MU Path - Cactus to Redfield	(80.0)	1,200.0	-	-	-	-	1,200.0	120
T0203	Upper Cmlbk Wash MU Path-92nd/Shea to Cactus	(212.8)	1,545.0	-	-	-	-	1,545.0	119
F0203	Upper Camelback Wash Watershed	(723.2)	3,942.2	-	-	-	-	3,942.2	57
A0407	Vehicle Security Gate Upgrade	(27.7)	120.0	-	-	-	-	120.0	102
n/a	Vista Del Camino Ballfield Renovation	-	-	23.3	818.3	-	-	841.6	32
P0307	Vista Del Camino Remodel/Expansion	(2.1)	3,004.7	-	-	-	-	3,004.7	33
W9912	Water Distribution System Improvements	(3,732.0)	7,500.0	2,500.0	2,000.0	1,250.0	2,000.0	15,250.0	132
W0710	Water Oversizing	(5,910.3)	8,214.1	-	-	-	-	8,214.1	132
W0205	Water Quality Improve. - Southern Neighborhoods	(710.7)	10,500.0	-	-	-	-	10,500.0	132
V0205	Water Reclamation Plant Phase 3	(2,266.6)	20,750.0	3,000.0	-	-	-	23,750.0	133
W6160	Water Rights Acquisition	(41,915.6)	44,052.0	-	-	20,916.0	-	64,968.0	133
W8570	Waterline Replacements	(11,963.0)	16,491.0	-	-	-	-	16,491.0	133
W4708	Well Sites	(14,266.4)	17,142.1	3,000.0	1,000.0	3,000.0	-	24,142.1	134
B0505	WestWorld 115,000 Sq. Ft. Multi-purpose Building	-	2,000.0	28,027.5	-	-	-	30,027.5	41
D0302	WestWorld-Arena Footings	-	87.0	-	-	-	-	87.0	41
D0206	WestWorld-Arenas 6, 7 & 8 Relocation	(2.4)	609.0	-	-	-	-	609.0	41
D0405	WestWorld-Driveways & Pedestrian/ Horse Paths	-	166.4	86.9	-	-	-	253.3	42
D0504	WestWorld-Electronic Signage	-	60.0	-	-	-	-	60.0	42
D0505	WestWorld-Landscaping Plan	-	225.1	-	-	-	-	225.1	42

PROJECT LIST

Capital Improvement Plan

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
									Page #
									Ref.
D0303	WestWorld-Paving Projects	(424.5)	530.5	-	-	-	-	530.5	43
D0207	WestWorld-Restroom Facility	(68.1)	669.5	-	-	-	-	669.5	43
D9902	WestWorld-Show Office/DofC Arenas & Walkway	-	377.0	-	-	-	-	377.0	43
D0506	WestWorld-Stall Mats	-	124.8	-	-	-	-	124.8	44
D0301	WestWorld-State Land Acquisitions	-	18,100.0	-	-	-	-	18,100.0	44
W9913	Zone 12 - 13 Water System Improvements	(6,197.2)	8,528.0	-	-	-	-	8,528.0	134
W0304	Zone 12 - 13 Water Transmission Lines	(79.3)	6,680.0	-	-	-	-	6,680.0	134
Contingency Budget			4,500.0	2,500.0	2,500.0	2,500.0	2,500.0	14,500.0	
Inception to Date Expenditures Through 01/31/04			(554,462.7)	-	-	-	-	(554,462.7)	
Estimated Expenditures 02/01/04 Through 06/30/04			(36,828.5)	-	-	-	-	(36,828.5)	
Prior Year Carry-Forward (1)			-	474,733.5	414,330.1	348,946.2	310,773.6	1,548,783.4	
Total Capital Budgets			(591,291.1)	737,153.5	660,134.4	525,195.5	448,259.7	352,870.1	2,723,613.2

(1) Prior year carry-forwards for 2004/05 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 a four-year forecast of capital project operating impacts (costs). The operating impacts of projects expected to be completed prior to the start of, or during FY2004/05 are calculated and included in the Program Operating Budget. 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 this Volume (One) on page 28. 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	Forecast				Total	Volume 3
		2005/06	2006/07	2007/08	2008/09		Page # Ref.
P0403	124th Street Access Area Amenities	25.0	25.0	25.0	25.0	100.0	50
P0302	Aging Park Facility Renovations	83.6	83.6	83.6	83.6	334.4	27
A0302	Airport Terminal Area Renovations	3.0	3.0	3.0	3.0	12.0	97
W2105	Alameda/122nd St Booster Pump Station	16.0	16.0	16.0	16.0	64.0	123
TBD	Appaloosa Library (see Notes)	-	-	-	-	-	25
P0201	Arabian Library Phase II	-	-	398.0	398.0	796.0	25
W2106	Arsenic Mitigation Treatment	650.0	2,000.0	2,000.0	2,000.0	6,650.0	124
S0501	Bell Road-94th St. to Thompson Peak Parkway	-	27.6	27.6	27.6	82.8	102
W9903	Booster Station Upgrades	2.0	2.0	2.0	2.0	8.0	124
T1702	Bus Shelters Program	22.0	23.0	24.0	25.0	94.0	116
G9001	Buses Expansion	1,200.0	1,900.0	1,900.0	1,900.0	6,900.0	117
S2102	Cactus Road-Pima Freeway to Frank Lloyd Wright	7.3	7.3	7.3	7.3	29.2	103
S0502	Camelback/Scottsdale and Marshall Way	8.6	8.6	8.6	8.6	34.4	103
P0205	CAP Basin Lighted Sports Complex	560.2	726.9	726.9	726.9	2,740.9	27
W0202	CAP Plant Expansion	-	1,300.0	1,300.0	1,300.0	3,900.0	125
P0206	Chaparral Park Extension	175.0	111.0	111.0	111.0	508.0	28
W9911	Chaparral Water Treatment Plant	100.0	200.0	200.0	200.0	700.0	125
W4702	Chaparral WTP Influent Waterline	1.0	1.0	1.0	1.0	4.0	125
W0302	Chaparral WTP Water Distribution System	2.0	2.0	2.0	2.0	8.0	126
M0402	City Attorney-Legal Case Matter Management System	16.0	14.0	16.0	18.0	64.0	71
M0501	Community Services-Class System Upgrades	12.0	23.0	23.0	23.0	81.0	71
V0501	Core North/South Sewer	5.0	8.0	10.0	15.0	38.0	126
W0501	Core North/South Water	5.0	8.0	10.0	15.0	38.0	127
M0301	Courts-Case Management System	3.5	3.5	3.5	3.5	14.0	72
B0508	Courts-Customer Service Enhancement	6.0	6.0	6.0	6.0	24.0	88
B0509	Courts-Expansion	80.8	288.1	288.1	288.1	945.1	88
M0202	Courts-IVR	5.0	5.0	5.0	5.0	20.0	72
B0510	Courts-Security Area Remodel	0.7	0.2	0.2	0.2	1.3	89
M0306	Courts-Videoconferencing	2.6	4.5	4.5	4.5	16.1	72
W8515	Deep Well Recharge/Recovery Facilities	2.0	2.0	2.0	2.0	8.0	127

OPERATING IMPACTS

Capital Improvement Plan

Project #	Project Name	Forecast				Total	Volume 3
		2005/06	2006/07	2007/08	2008/09		Page # Ref.
B0504	District 1 Police Facilities	-	-	332.0	315.0	647.0	64
B0501	District 3 Expansion	5.4	5.4	5.4	5.4	21.6	65
M0502	Doc. Mgt. Sys.-City Attorney	12.0	13.8	15.8	15.8	57.4	73
M9906	Doc. Mgt. Sys.-Courts	12.5	25.0	25.0	25.0	87.5	73
TBD	Doc. Mgt. Sys.-Customer Service	-	38.2	42.0	42.0	122.2	74
D0401	Downtown Electrical Upgrades	1.8	1.8	1.8	1.8	7.2	34
P8734	Downtown Parking	100.0	250.0	250.0	250.0	850.0	117
TBD	Downtown Restrooms	-	-	18.5	18.5	37.0	36
E0401	Explosive Ordnance Disposal	17.5	17.5	17.5	17.5	70.0	65
A0506	FAA Part 161-Noise Study	6.0	6.0	6.0	6.0	24.0	99
M0302	Financial Services-Automated Time & Attendance	7.5	7.5	7.5	7.5	30.0	74
M0308	Financial Services-Hand Held Meter Reading System	-	0.5	0.5	0.5	1.5	75
M0210	Financial Services-Utility Billing System	194.5	201.3	208.6	216.1	820.5	76
TBD	Financial Svs-Remittance Process Transport System	-	-	22.1	22.1	44.2	75
M0504	Financial Svs-Tax, Licensing & Alarm Billing System	24.0	26.9	30.1	30.1	111.1	76
B0401	Fire Station #809-Southwest Quadrant	18.5	18.5	18.5	18.5	74.0	60
B0402	Fire Station #810-Miller and Thomas Remodel	1.4	1.4	1.4	1.4	5.6	61
B0205	Fire Station #811-McDonald and Scottsdale Expansion	1.4	1.4	1.4	1.4	5.6	61
B0503	Fire Station #813-Via Linda Expansion	2.9	5.9	5.9	5.9	20.6	62
B0506	Fire Station #820-Desert Mountain	-	52.5	52.5	52.5	157.5	62
B0403	Fire Station #826-Jomax and Scottsdale Rd Vicinity	770.0	778.5	778.5	778.5	3,105.5	63
B9909	Fire Station #827-Ashler Hills and Pima	52.5	52.5	52.5	52.5	210.0	63
S0304	FLW-Scottsdale Rd to Shea	-	7.0	7.0	7.0	21.0	104
B0511	Fuel/Fleet Maint. Facility-McKellips Service Center	-	60.8	60.8	60.8	182.4	89
TBD	Gateway to the Preserve Amenities	-	10.0	30.0	30.0	70.0	46
S0306	Hayden Road and Via de Ventura Intersec. Improvement	0.2	0.2	0.2	0.2	0.8	106
S0202	Hayden Road-Pima Freeway to Thompson Peak Prky	46.8	46.8	46.8	46.8	187.2	105
S0201	Hayden/Miller Road-Deer Valley to Pinnacle Peak	-	-	-	1.0	1.0	106
TBD	Helicopter Air Support Unit (see Notes)	-	-	44.8	333.8	378.6	66
P0305	Hidden Hills Trailhead Amenities	19.6	19.6	19.6	19.6	78.4	47
S0402	Indian Bend-Scottsdale to Hayden	-	23.8	23.8	23.8	71.4	106
M0505	Information Sys-CDPD Mobile Wireless Replacement	27.6	27.6	27.6	27.6	110.4	77
TBD	Information Systems-Enterprise Back-up Software	-	-	-	42.1	42.1	77
M0205	Information Systems-Security Investment/ Antivirus	6.0	6.0	6.0	6.0	24.0	79
M0506	Information Systems-Web Content Management SW	28.9	57.7	57.7	57.7	202.0	81
W0502	Inner Circle Booster Pump Station	2.0	2.0	2.0	2.0	8.0	127
E0503	Jail CCTV Monitoring / Recording System Replacement	4.0	4.0	4.0	4.0	16.0	66
P0202	Library Automations System Replacement	44.0	44.0	44.0	44.0	176.0	25
D0211	Loloma District Museum	1,000.0	1,000.0	1,000.0	1,000.0	4,000.0	37
D0503	Loloma District Public Parking Garage	-	12.5	12.5	12.5	37.5	37
D0403	Loloma District Streetscape Improvements	7.5	10.0	10.0	10.0	37.5	38
S0310	McDonald-Scottsdale to Hayden	0.9	0.9	0.9	0.9	3.6	107
P0209	McDowell Mountain Ranch Park and Aquatic Center	512.5	512.5	512.5	512.5	2,050.0	29
V2101	Miller Road Sewer Phase 3	-	2.0	2.0	2.0	6.0	128
P0501	Mustang Library Additional Parking	0.5	0.5	0.5	0.5	2.0	126
T8140	Neighborhood Traffic Management Program	6.0	6.0	6.0	6.0	24.0	114
TBD	Pinnacle Peak-Scottsdale Rd to Pima Rd	-	-	-	49.2	49.2	109
M0507	Planning & Development Services-Digital Plan Review	2.0	2.0	2.0	2.0	8.0	81
M0508	Planning & Development Svs-Records Reader/Printer	1.0	1.0	1.0	1.0	4.0	82

Project #	Project Name	Forecast				Total	Volume 3
		2005/06	2006/07	2007/08	2008/09		Page # Ref.
M0510	Police Criminal Intelligence System	3.1	3.1	3.1	3.1	12.4	83
M0512	Police Fashion Square Radio Treatment	30.1	30.1	30.1	30.1	120.4	84
B0204	Police Fire/Training Facility Phase 2	-	98.8	98.8	98.8	296.4	67
M0513	Police Handheld Data Terminals	-	2.2	-	1.2	3.4	84
B0302	Police Operational Support Building	-	337.2	337.2	337.2	1,011.6	67
M8915	Police Portable Radio Replacement Plan	8.1	8.1	8.1	8.1	32.4	85
TBD	Police Radio System Replacement	-	-	-	1,508.0	1,508.0	85
A0507	Portable Noise Monitors	0.5	0.5	0.5	0.5	2.0	100
V4001	Radio Telemetry-Monitoring Autom. Citywide (Sewer)	4.0	4.0	4.0	4.0	16.0	129
W4001	Radio Telemetry-Monitoring Automation Citywide (Water)	5.0	5.0	5.0	5.0	20.0	129
W0503	Regional GAC Regeneration Facility	-	-	750.0	1,500.0	2,250.0	129
V9908	Relief Sewers-Citywide	2.0	2.0	2.0	2.0	8.0	130
T6101	Roadway Capacity Improvements	0.4	0.4	0.4	0.4	1.6	109
TBD	Scottsdale Ranch Park Tennis Courts	-	10.0	10.0	10.0	30.0	31
S7005	Scottsdale Road-Frank Lloyd Wright to Thompson Peak	10.1	10.1	10.1	10.1	40.4	110
S0311	Scottsdale Road-Thompson Peak to Pinnacle Peak	-	-	10.0	10.0	20.0	110
P0207	Scottsdale Senior Center at Granite Reef	179.8	359.6	359.6	359.6	1,258.6	31
W0303	Security Enhancements	2.0	2.0	2.0	2.0	8.0	130
TBD	Security Lighting Install-Main Aprons/Kilo	1.0	1.0	1.0	1.0	4.0	101
S0313	Shea Blvd and 92nd St-Intersection Improvement	0.5	0.5	0.5	0.5	2.0	111
S0314	Shea Blvd and Hayden Intersection Improvement	-	0.2	0.2	0.2	0.6	111
P9904	Sports Lighting Expansion & Upgrades	41.0	59.0	59.0	59.0	218.0	32
P0402	Spring Training Facility	-	1,000.0	1,000.0	1,000.0	3,000.0	40
S0406	SRP Street Light Purchase	172.0	172.1	172.3	172.3	688.7	115
S0404	Stacked 40-Center Rd to Hayden	26.4	26.4	26.4	26.4	105.6	112
S0405	Stacked 40-North Frontage Road	8.3	8.3	8.3	8.3	33.2	112
S0317	Thunderbird/Redfield-Scottsdale to Hayden	2.8	2.8	2.8	2.8	11.2	113
P9035	Trail Development/Acquisition	15.0	15.0	15.0	15.0	60.0	32
S0319	Union Hills Drive-Scottsdale to 74th St	9.0	9.0	9.0	9.0	36.0	114
TBD	Vista Del Camino Ballfield Renovation	-	-	10.0	10.0	20.0	32
P0307	Vista Del Camino Remodel/Expansion	22.5	22.5	22.5	22.5	90.0	33
W8570	Waterline Replacements	3.0	3.0	3.0	3.0	12.0	132
W4708	Well Sites	20.0	20.0	20.0	20.0	80.0	134
B0505	WestWorld-115,000 Sq.Ft. Multipurpose Building	-	-	1,015.0	1,015.0	2,030.0	41
D0505	WestWorld-Electronic Signage	5.0	5.5	6.0	6.0	22.5	42
D0207	WestWorld-Restroom Facility	9.0	9.0	9.0	9.0	36.0	43
W0304	Zone 12-13 Water Transmission Lines	5.0	5.0	5.0	5.0	20.0	134
Total Forecasted Operating Impacts		6,517.3	12,393.2	15,035.4	17,679.4	51,625.3	

Notes:

Appaloosa Library operating impacts are estimated at \$1,046,700 annual but will not be appropriated until 2009/10.
 Helicopter Air Support Units estimated operating impact when fully operational is \$1,100,000 annually for two helicopters.
 Operating impacts related to projects scheduled for completion in FY 2004/05 have been included in the appropriate departmental operating budget.



AUTHORIZED PERSONNEL POSITIONS - BY DEPARTMENT

Appendix

	Actual 2002/03	Adopted 2003/04	Estimated 2003/04	Adopted 2004/05
General Government				
Full-time	189.00	185.00	190.00	197.00
Part-time	6.50	6.50	6.50	4.95
Total FTE	195.50	191.50	196.50	201.95
Police				
Full-time	585.00	585.00	587.00	628.00
Part-time	3.10	3.10	3.10	3.10
Grant	2.00	2.00	-	-
Total FTE	590.10	590.10	590.10	631.10
Financial Services				
Full-time	142.00	138.00	137.00	139.00
Part-time	2.50	2.50	2.50	4.00
Total FTE	144.50	140.50	139.50	143.00
Transportation				
Full-time	45.00	37.00	35.00	36.00
Part-time	1.35	1.35	1.35	1.35
Total FTE	46.35	38.35	36.35	37.35
Community Services				
Full-time	335.00	322.00	322.00	323.00
Part-time	170.35	173.30	173.30	178.89
Grant	10.75	10.75	10.75	11.75
Total FTE	516.10	506.05	506.05	513.64
Information Systems				
Full-time	73.00	73.00	74.00	78.00
Part-time	0.81	0.81	0.81	0.81
Total FTE	73.81	73.81	74.81	78.81
Fire				
Full-time	-	-	1.00	1.00
Part-time *	2.68	2.68	2.68	2.68
Total FTE	2.68	2.68	3.68	3.68
Water Resources				
Full-time	139.00	135.00	135.00	138.00
Part-time	-	1.00	1.00	1.00
Total FTE	139.00	136.00	136.00	139.00
Municipal Services				
Full-time	210.00	213.00	212.00	216.00
Part-time	3.00	3.00	3.00	3.00
Total FTE	213.00	216.00	215.00	219.00
Citizen & Neighborhood Resources				
Full-time	35.00	32.00	32.00	36.00
Grant	-	-	-	1.00
Total FTE	35.00	32.00	32.00	37.00
Human Resources				
Full-time	33.00	32.00	32.00	34.00
Part-time	2.50	2.50	2.50	2.50
Total FTE	35.50	34.50	34.50	36.50
Economic Vitality				
Full-time	10.00	8.00	8.00	10.00
Total FTE	10.00	8.00	8.00	10.00
Planning and Development Services				
Full-time	151.00	142.00	140.00	140.00
Total FTE	151.00	142.00	140.00	140.00
Total Full-time Position FTE	1,947.00	1,902.00	1,905.00	1,976.00
Total Part-time Position FTE	192.79	196.74	196.74	202.28
Total Grant Funded Position	12.75	12.75	10.75	12.75
Total Citywide Position FTE	2,152.54	2,111.49	2,112.49	2,191.03

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 2004/05	General Fund	HURF	Special Programs	Enterprise	Internal Service	Total
General Government							
Full-time	197.00	194.00	-	3.00	-	-	197.00
Part-time	4.95	2.87	-	2.08	-	-	4.95
Total FTE	201.95	196.87	-	5.08	-	-	201.95
Police							
Full-time	628.00	627.00	-	1.00	-	-	628.00
Part-time	3.10	3.10	-	-	-	-	3.10
Total FTE	631.10	630.10	-	1.00	-	-	631.10
Financial Services							
Full-time	139.00	108.00	-	-	24.00	7.00	139.00
Part-time	4.00	4.00	-	-	-	-	4.00
Total FTE	143.00	112.00	-	-	24.00	7.00	143.00
Transportation							
Full-time	36.00	-	25.00	-	11.00	-	36.00
Part-time	1.35	-	-	-	1.35	-	1.35
Total FTE	37.35	-	25.00	-	12.35	-	37.35
Community Services							
Full-time	323.00	321.00	-	2.00	-	-	323.00
Part-time	178.89	171.33	-	7.56	-	-	178.89
Grant	11.75	-	-	11.75	-	-	11.75
Total FTE	513.64	492.33	-	21.31	-	-	513.64
Information Systems							
Full-time	78.00	78.00	-	-	-	-	78.00
Part-time	0.81	0.81	-	-	-	-	0.81
Total FTE	78.81	78.81	-	-	-	-	78.81
Fire							
Full-time	1.00	1.00	-	-	-	-	1.00
Part-time *	2.68	2.68	-	-	-	-	2.68
Total FTE	3.68	3.68	-	-	-	-	3.68
Water Resources							
Full-time	138.00	-	-	-	138.00	-	138.00
Part-time	1.00	-	-	-	1.00	-	1.00
Total FTE	139.00	-	-	-	139.00	-	139.00
Municipal Services							
Full-time	216.00	42.00	52.00	-	77.00	45.00	216.00
Part-time	3.00	0.75	-	-	2.25	-	3.00
Total FTE	219.00	42.75	52.00	-	79.25	45.00	219.00
Citizen & Neighborhood Resources							
Full-time	36.00	36.00	-	-	-	-	36.00
Grant	1.00	-	-	1.00	-	-	1.00
Total FTE	37.00	36.00	-	1.00	-	-	37.00
Human Resources							
Full-time	34.00	34.00	-	-	-	-	34.00
Part-time	2.50	2.50	-	-	-	-	2.50
Total FTE	36.50	36.50	-	-	-	-	36.50
Economic Vitality							
Full-time	10.00	10.00	-	-	-	-	10.00
Total FTE	10.00	10.00	-	-	-	-	10.00
Planning and Development Services							
Full-time	140.00	140.00	-	-	-	-	140.00
Total FTE	140.00	140.00	-	-	-	-	140.00
Total Full-time Position FTE	1,976.00	1,591.00	77.00	6.00	250.00	52.00	1,976.00
Total Part-time Position FTE	202.28	188.04	-	9.64	4.60	-	202.28
Total Grant Funded Position FTE	12.75	-	-	12.75	-	-	12.75
Total Citywide Position FTE	2,191.03	1,779.04	77.00	28.39	254.60	52.00	2,191.03

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 and CIP Liaisons

Budget Liaisons and **CIP Liaisons** coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Budget Analyst on matters related to their specific operating budget. 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. The **CIP Liaisons** (identified with an asterisk) essentially serve the same role; however, their focus is on coordination capital projects and multi-year capital planning with the Financial Services Department staff. In many cases the same individual serves both roles.

General Government	Financial Services Department	Lee Guillroy*
Mayor and City Council	Transportation Department	Janet Secor*
Office of the City Clerk	Community Services Depart.	Jeanne Jones/Don Penfield*
City Attorney & Prosecution	Information Systems Department	Jennifer Jensen*
City Auditor	Fire Department	Jim Ford, Rural Metro
City Court	Water Resources Department ...	Rick Gregoire/Joe Gross*
City Manager’s Office	Municipal Services Department	Terri Huston*
Communications & Public Affairs	Citizen and Neigh. Resources Dept.	Carrie Abts*
Intergovernmental Relations	Human Resources Department	Joe Kisler*
WestWorld	Economic Vitality Department	Kathy Montalvo*
Preservation Department	Planning & Dev. Services Dept.	Dan VandenHam*
Police Department		

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 Budget Subcommittee, 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
 Jennifer Jensen
- John Krusemark
- Mark Ledbetter
- Cindy Sheldon
- Joe Stowell
- Eric Wood
- Community Services Department
 Jason Song
- Financial Services Department
 Jacob Beard
- Police Department
 Mike Morrison

DEBT SERVICE EXPENSE

Appendix

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Final Payment Date
General Obligation Bonds (G.O.)						
Debt Service Fund						
1993 G. O. Refunding	\$ 3,165,370	\$ 3,650,370	\$ 3,730,495	\$ 3,736,690	\$ 3,745,250	06/30/09
1993A G. O. Refunding	2,495,640	147,140	-	-	-	06/30/11
1997 Series H & Pima Road	1,296,750	-	-	-	-	06/30/05
1997 Refunding Bonds	1,140,443	1,956,532	3,989,450	3,968,000	3,974,462	06/30/14
1989 Series I (1998)	1,228,895	1,208,320	1,190,470	1,190,480	177,800	06/30/18
1999A G.O. Bonds	1,294,325	1,279,325	1,261,075	1,260,475	1,257,000	06/30/09
2001 G.O. Refunding Bonds-6% & 20%	3,637,576	2,803,376	788,176	785,463	1,637,664	06/30/22
2002 Various Purpose G.O. Bonds-6% & 20% (\$28M iss. 5/02)	3,175,275	3,139,275	3,115,025	3,091,775	3,074,275	06/30/14
2002 G.O. Refunding Bonds-6% & 20%	4,336,862	5,651,512	5,649,762	5,660,012	5,816,962	06/30/19
2003 G.O. Refunding Bonds-6% & 20% (16,265,000 iss. 9/03)	602,944	607,044	2,140,919	2,146,294	2,159,431	6/30/13
Future Bond-Series 2004 Var. Purpose-6% & 20% (\$48M iss. 5/04)	4,463,098	4,460,685	4,461,210	4,464,535	4,464,743	06/30/18
Future Bond-Series 2006 Var. Purpose-6% & 20% (\$67M iss. 3/06)	-	4,998,442	4,998,075	5,002,575	4,979,825	06/30/25
Future Bond-Series 2007 Var. Purpose-6% & 20% (\$35M iss. 3/07)	-	-	2,613,650	2,627,200	2,615,450	06/30/26
Future Bond-Series 2008 Var. Purpose-6% & 20% (\$14M iss. 3/08)	-	-	-	1,056,971	1,061,913	06/30/27
Future Bond-Series 2009 Var. Purpose-6% & 20% (\$19M iss. 3/09)	-	-	-	-	1,417,183	06/30/28
Fiscal Agent Fees	21,800	22,800	11,500	10,000	10,000	
Total Debt Service Fund - Property Tax	26,858,978	29,924,821	33,949,807	35,000,470	36,391,958	
Water Utility Fund						
1993 Refunding	4,848,000	5,473,000	-	-	-	06/30/06
1993A Refunding	67,065	1,382,065	-	-	-	06/30/06
1993 Refunding CAB Accretion	438,790	-	-	-	-	06/30/05
Fiscal Agent Fees	2,000	2,000	-	-	-	
Total Water Utility Fund - Water Rates	5,355,855	6,857,065	-	-	-	
Preserve Sales Tax Fund						
1999 Preserve G.O. Bonds	2,565,625	2,549,375	2,525,625	2,469,375	2,432,500	06/30/24
2001 Preservation G.O. Bonds	2,383,503	2,364,566	2,343,328	2,324,791	2,328,791	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 (\$65.4M, iss. 4/04)	4,399,325	4,464,775	5,506,525	2,635,225	2,635,225	06/30/25
Total Preserve Debt Service - Preserve Sales Tax	13,113,344	13,143,607	14,140,369	11,194,282	11,161,407	
Total General Obligation Bonds	45,328,177	49,925,493	48,090,176	46,194,752	47,553,365	
Revenue Bonds						
Highway User Revenue Fund						
1993 Refunding	3,119,269	3,141,294	3,154,450	-	-	06/30/07
Fiscal Agent Fees	1,000	1,000	1,000	-	-	
Total Highway User Fund	3,120,269	3,142,294	3,155,450	-	-	
Water Utility Fund						
1989 Series B (1992)	222,742	222,828	225,010	226,495	227,273	06/30/12
1989 Series C (1994)	137,117	-	-	-	-	06/30/05
1996 Refunding Bonds	486,986	620,271	624,092	626,063	626,130	06/30/14
Fiscal Agent Fees	1,000	1,000	1,000	1,000	1,000	
Total Water Utility Fund - Water Rates	847,844	844,099	850,101	853,557	854,403	
Sewer Utility Fund						
1989 Series B (1992)	189,743	189,817	191,675	192,940	193,603	06/30/12
1989 Series C (1994)	116,803	-	-	-	-	06/30/05
1996 Refunding Bonds	414,840	528,379	531,634	533,313	533,370	06/30/14
1989 Series D (1997)	1,409,194	1,417,506	1,412,038	1,406,163	1,399,100	06/30/22
1989 Series E (1998)	3,544,100	3,536,100	3,491,800	3,453,300	3,404,900	06/30/23
Fiscal Agent Fees	2,000	2,000	2,000	2,000	2,000	
Total Sewer Utility Fund - Sewer Rates	5,676,680	5,673,802	5,629,147	5,587,716	5,532,973	
Total Revenue Bonds	9,644,793	9,660,195	9,634,698	6,441,273	6,387,375	

DEBT SERVICE EXPENSE, CONTINUED

Appendix

DEBT SERVICE EXPENSE FIVE YEAR FORECAST

	Adopted 2004/05	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Final Payment Date
Municipal Prop. Corp. (MPC) Bonds						
Excise Debt Fund						
1993 Refunding	\$ 4,394,138	\$ -	\$ -	\$ -	\$ -	06/30/05
1995 TPC	295,380	299,130	297,930	296,380	298,900	06/30/15
1998 Various Purposes	187,200	190,800	184,000	187,200	-	06/30/08
Future Bonds - Loloma Museum (\$4.1 mil Mar 2005) General Fund funded*	304,321	303,063	305,463	302,088	303,713	06/30/25
Future Bonds - Loloma Museum (\$3.0 mil Mar 2005) Bed tax funded	223,429	221,688	219,788	222,413	219,913	06/30/25
Future Bonds - Giants Practice Field (\$6.0 mil Mar 2005) CSA funded**	440,496	440,277	441,002	439,460	440,852	06/30/25
Future Bonds - Giants Practice Field (\$12.0 mil Mar 2005) TSA funded**	880,993	880,553	882,003	878,920	881,703	06/30/25
Future Bonds - Westworld (\$18.0 mil Mar 2005)	1,099,366	1,103,223	1,102,023	1,100,423	1,103,423	06/30/35
Future Bonds - Westworld (\$30.0 mil Mar 2007)	-	-	2,159,687	2,159,620	2,160,820	06/30/27
Fiscal Agent Fees	50,000	50,000	50,000	50,000	50,000	
Total Excise Debt Fund	7,875,323	3,488,734	5,641,896	5,636,504	5,459,324	
*The first year debt service payment will be paid from the Economic Investment						
**The total of these amounts have an offsetting revenue in the General Fund from the TSA/CSA						
Solid Waste Fund						
1995 Transfer Station	339,243	341,493	337,993	339,413	340,400	06/30/10
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	
Total Solid Waste Fund	343,243	345,493	341,993	343,413	344,400	
Water Fund						
2001 Scottswater	1,756,700	1,804,550	1,868,900	1,908,400	-	6/30/08
Future Bonds - MPC/Arsenic (\$55.0 mil May 2004)	4,177,223	4,176,765	4,174,793	4,174,977	4,177,287	6/30/24
Future Bonds - MPCVI/Arsenic (\$18.0 mil May 2006)	-	722,184	1,444,367	1,444,367	1,444,367	6/30/25
Future Bonds - MPC/Arsenic (\$13.0 mil May 2008)	-	-	-	521,577	1,043,154	6/30/27
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	
Total Water Fund	5,937,923	6,707,498	7,492,060	8,053,321	6,668,808	
Sewer Fund						
Future Bonds - MPC/Sewer (\$20.0 mil May 2004)	1,518,990	1,518,823	1,518,107	1,518,173	1,519,013	6/30/24
Total Sewer Fund	1,518,990	1,518,823	1,518,107	1,518,173	1,519,013	
Total Municipal Property Corporation Bonds	15,675,479	12,060,549	14,994,056	15,551,411	13,991,545	
Scottsdale Preserve Authority						
Series 1997A	641,113	-	-	-	-	06/30/05
Series 1998	5,307,926	5,312,126	5,304,126	5,294,226	5,277,126	06/30/24
Series 2001 Refunding	903,746	1,520,246	1,525,921	1,518,296	1,515,296	06/30/22
Fiscal Agent Fees	8,000	8,000	8,000	8,000	8,000	
Total Scottsdale Preserve Authority Bonds	6,860,785	6,840,372	6,838,047	6,820,522	6,800,422	
Contracts Payable						
General Fund						
U.S. Corps of Engineers - IBW	231,166	231,166	231,166	231,166	231,166	2032
Dial Corp (max. \$440,000 total or 10 yrs)	31,000	31,000	31,000	31,000	113,058	2009
US Patent Office	2,050	-	-	-	3,080	2009
Nordstrom Garage Lease	2,076,100	2,138,383	2,202,534	2,268,611	2,336,669	2028
Nordstrom Garage Sales Tax	39,446	40,629	41,848	43,104	44,397	2028
Anchor National Life (max. \$2,240,000 or 10 yrs)	-	500,000	617,270	-	-	2007
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 (max. \$5,487,000 or 7 yrs)	1,155,000	748,353	-	-	-	2006
Waterfront Retail Sales Tax Rebate (max. \$3,150,000 plus int.)	-	143,310	288,194	285,476	293,626	2015
Waterfront Construction Sales Tax Rebate	241,200	301,500	150,750	-	-	2015
Hotel Valley Ho (max. \$2.5M or 20 yrs)***	210,000	150,000	160,000	170,000	180,000	2024
Stacked 40's/Lund - Retail Sales Tax Rebate (max. \$5,500,000 plus int.)	375,000	787,500	827,000	868,000	912,000	2014
Stacked 40's/Lund - Construction Sales Tax Rebate	72,000	-	-	-	-	2014
Total General Fund	4,542,962	5,181,841	4,659,763	4,007,356	4,223,996	
***\$10,000 is transferred out annually to the Special Programs Fund for the preservation and maintenance of properties on the City of Scottsdale's Historic Register						
Special Revenue Fund						
McDowell Sonoran Preserve	955,115	951,765	952,290	955,780	952,480	2013
Total Special Revenue Fund	955,115	951,765	952,290	955,780	952,480	
Total Contracts Payable	5,498,077	6,133,606	5,612,053	4,963,136	5,176,476	
Special Assessment Bonds						
Existing Districts (excluding ID 104)	2,763,528	1,101,884	1,064,203	1,026,522	988,841	01/01/13
Series 104	23,855	22,453	21,051	19,649	18,247	2012
Fiscal Agent Fees	5,000	2,500	1,000	1,000	1,000	
Total Special Assessment Bonds	2,792,383	1,126,837	1,086,254	1,047,171	1,008,088	
TOTAL DEBT SERVICE	\$ 85,799,694	\$ 85,747,052	\$ 86,255,284	\$ 81,018,265	\$ 80,917,271	

LONG-TERM DEBT OUTSTANDING

Appendix

Long-Term Debt Outstanding

As of 6/30/04 through 6/30/08

	Actual Balance at 6/30/04	Scheduled Balance at 6/30/05	Scheduled Balance at 6/30/06	Scheduled Balance at 6/30/07	Scheduled Balance at 6/30/08	Final Payment Date
General Obligation Bonds (G.O.)						
1993 G.O. Refunding	\$16,605,000	\$15,740,000	\$7,590,000	\$4,910,000	\$2,550,000	06/30/09
1993A G.O. Refunding	3,825,000	1,455,000	-	-	-	06/30/06
1997 Series H	1,235,000	-	-	-	-	06/30/05
1997 Refunding	19,770,000	19,685,000	18,780,000	15,800,000	12,685,000	06/30/14
1989 Series I(1998)	8,090,000	7,235,000	6,345,000	5,415,000	4,445,000	06/30/18
1999 A	5,500,000	4,500,000	3,450,000	2,350,000	1,200,000	06/30/09
1999	16,925,000	15,375,000	13,725,000	11,975,000	10,150,000	06/30/24
2001	28,225,000	27,200,000	26,135,000	25,030,000	23,880,000	06/30/24
2001 Refunding	41,355,000	38,625,000	36,620,000	36,550,000	36,480,000	06/30/22
2002	61,295,000	59,275,000	57,190,000	55,025,000	52,775,000	06/30/24
2002 Refunding	63,505,000	61,660,000	58,445,000	55,120,000	51,685,000	06/30/19
2003 Refunding	15,020,000	14,975,000	14,925,000	13,340,000	11,710,000	06/30/13
2004	113,400,000	111,800,000	110,100,000	107,900,000	107,900,000	06/30/25
Future Bonds	-	-	62,925,000	93,450,000	102,950,000	06/30/28
Total General Obligation Bonds	394,750,000	377,525,000	416,230,000	426,865,000	418,410,000	
Revenue Bonds						
1993 HURF Refunding	8,475,000	5,815,000	2,990,000	-	-	06/30/07
1996 Refunding	6,175,000	5,600,000	4,750,000	3,850,000	2,900,000	06/30/14
1989 Util Series D (1997)	9,775,000	9,200,000	8,575,000	7,925,000	7,250,000	06/30/22
1989 Util Series E (1998)	33,535,000	32,135,000	30,645,000	29,095,000	27,475,000	06/30/23
2004 Refunding	18,880,000	18,800,000	18,435,000	18,060,000	17,670,000	06/30/16
Total Revenue Bonds	76,840,000	71,550,000	65,395,000	58,930,000	55,295,000	
Municipal Property Corporation Bonds (MPC)						
1993 Refunding	4,170,000	-	-	-	-	06/30/05
1998 Various Purpose	680,000	520,000	350,000	180,000	-	06/30/08
1995 Transfer Station	1,740,000	1,485,000	1,215,000	935,000	640,000	06/30/10
2001 Scottswater	6,625,000	5,135,000	3,545,000	1,835,000	-	06/30/08
2004	75,000,000	72,810,000	70,060,000	67,235,000	64,335,000	06/30/24
Future Bonds	-	40,655,000	57,339,272	83,802,816	93,885,098	06/30/35
Total MPC Bonds	88,215,000	120,605,000	132,509,272	153,987,816	158,860,098	
Scottsdale Preserve Authority Bonds						
1997 Excise Tax	595,000	-	-	-	-	06/30/05
1998 Excise Tax	45,155,000	43,225,000	41,175,000	39,010,000	36,725,000	06/30/24
2001 Refunding	17,305,000	17,235,000	16,545,000	15,820,000	15,070,000	06/30/22
2004 Refunding	22,925,000	22,925,000	22,850,000	22,775,000	22,700,000	06/30/16
Total Scottsdale Preserve Authority Bonds	85,980,000	83,385,000	80,570,000	77,605,000	74,495,000	

LONG-TERM DEBT OUTSTANDING

Appendix

	Actual Balance at 6/30/04	Scheduled Balance at 6/30/05	Scheduled Balance at 6/30/06	Scheduled Balance at 6/30/07	Scheduled Balance at 6/30/08	Final Payment Date
Contracts Payable						
U.S. Corps of Engineers	3,240,991	3,175,633	3,106,932	3,034,716	2,958,806	06/30/32
Dial Corporation	230,313	186,313	155,313	124,313	93,313	06/30/08
U.S. Patent Office	5,130	3,080	3,080	3,080	3,080	01/29/09
Bureau of Reclamation/Westworld	1,595,000	1,540,000	1,485,000	1,430,000	1,375,000	07/29/32
Bureau of Reclamation/TPC	1,705,000	1,650,000	1,595,000	1,540,000	1,485,000	06/10/35
McDowell Sonoran Preserve	6,825,000	6,195,000	5,540,000	4,855,000	4,135,000	06/30/13
Underground Improvement District 104	112,362	98,341	84,321	70,300	56,279	06/30/13
Total Contracts Payable	13,713,796	12,848,367	11,969,646	11,057,409	10,106,478	
Special Assessment Bonds						
Existing Districts	8,754,734	6,340,000	5,505,000	4,670,000	3,835,000	01/01/13
Total Special Assessment Bonds	8,754,734	6,340,000	5,505,000	4,670,000	3,835,000	
Total All Existing Bonds and Contracts	668,253,530	631,598,367	591,914,646	555,862,409	524,166,478	
Total All Future Bonds and Contracts	-	40,655,000	120,264,272	177,252,816	196,835,098	
Total Long-Term Debt Outstanding	\$668,253,530	\$672,253,367	\$712,178,918	\$733,115,225	\$721,001,576	

Sales Tax Agreements

The City also has the following sales tax agreements, in which the City's payments are contingent upon the sales tax generated on the sites. These agreements are not included in the Long-term Debt Outstanding in accordance with generally accepted accounting principles. However, they are shown on the debt service schedule for purposes of budget expenditure authority and cash flow planning.

Entity	Final Payment Date
Nordstrom	06/30/28
Anchor National Life/Portales	06/30/07
Promenade	06/30/06
Waterfront	06/30/15
Hotel Valley Ho	06/30/24
Stacked 40's	06/30/14

COMPUTATION OF LEGAL DEBT MARGINS

June 30, 2004

Net Secondary Assessed Valuation as of June 30, 2004 \$ 3,975,522,083
 Debt Limit Equal to 20% of Assessed Valuation 795,104,417

General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2004):

1993 Refunding	\$6,681,000
1993A Refunding	2,374,400
1997 Refunding	17,405,000
1989 Series I (1998)	4,445,000
1999 Preservation	16,925,000
2001 Preservation	28,225,000
2001 Refunding	41,355,000
2002	52,000,000
2002 Refunding	40,630,000
2003 Refunding	15,020,000
2004	96,400,000

Net Outstanding Bonded Debt Subject to 20% Limit 321,460,400

Legal 20% Debt Margin (Available Borrowing Capacity) \$473,644,017

Debt Limit Equal to 6% of Assessed Valuation \$238,531,325

General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2004):

1993 Refunding	\$9,924,000
1993A Refunding	1,450,600
1997 Series H Roads	1,235,000
1997 Refunding	2,365,000
1989 Series I (1998)	3,645,000
1999A Streets	4,219,605
1999A Pima Road	1,280,395
2002	9,295,000
2002 Refunding	22,875,000
2004	17,000,000

Net Outstanding Bonded Debt Subject to 6% Limit 73,289,600

Legal 6% Debt Margin (Available Borrowing Capacity) \$165,241,725

State Regulation

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

City of Scottsdale Compliance with State Regulation

This schedule indicates that the secondary assessed valuation of property within the City of Scottsdale allows a maximum legal bonding capacity of \$795,104,417 for projects subject to the 20% limitation and \$238,531,325 for projects subject to the 6% limitation.

Legal Debt Capacity Used based on the City's current outstanding general obligation debt, as of June 30, 2004, the City has *used* (borrowed) the following legal debt capacity by percentage limitation:

20% limitation	\$321,460,400	or 40.43%
6% limitation	\$73,289,600	or 30.73%
Total O/S G.O. Bonds	\$394,750,000	

Legal Debt Capacity Available based on the City's current outstanding general obligation debt, as of June 30, 2004, the City has available (for borrowing) the following legal debt capacity by percentage limitation:

20% limitation	\$473,644,017	or 59.57%
6% limitation	\$165,241,725	or 69.27%

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.

Balanced Budget - Arizona State law requires a “balanced” budget, which is “all-inclusive”. Arizona State Revised Statute (42-17151) defines a “balanced” budget as follow:

“Fix, levy and assess the amount to be raised from primary property taxation and secondary property taxation. This amount, plus all other sources of revenue, as estimated, and unencumbered balances from the preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year.”

Under Arizona State law “all-inclusive” means if an item is not budgeted (i.e. does not have an appropriation), it cannot legally be spent during the fiscal year. Therefore, the budget must include sufficient appropriation provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the City to comply with the Arizona State law and to pro-actively pursue emerging revenue sources as the budget year unfolds. The contingent expenditure appropriations associated with items such as possible future grants/revenues may not be spent without prior City Council approval during a public meeting.

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.

Bond Funds – Established to account for bond proceeds to be used only for approved bond projects.

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 the appropriating body has approved it.

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 Expenditures - the City defines a capital expenditure as using the following three criteria: (1) relatively high monetary value (equal to or greater than \$25,000), (2) long asset life (equal to or greater than 5 years useful life), and (3) results in the creation of a fixed asset, or the revitalization of a fixed asset.

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 Funds – Established 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.

Capital Improvement Plan (CIP) – A capital improvement plan is a comprehensive plan that projects the capital needs of the community. Generally, it is a cyclical process that projects the needs for a set number of years. Capital improvement 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.

Debt Service Funds – Established to account for the accumulation of resources and for 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.

Department – The combination of divisions of the City headed by a general manager with a specific and unique set of goals and objectives (i.e., 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 Capital Funds – are used to account for utility rates and development fees for specific projects.

Enterprise Funds – Established 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.

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.

Estimate – Represents the original adopted budget plus any prior year open purchase orders, contingency transfers, 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. It is the City's practice to exclude prior year carryover purchase orders from individual department expenditure totals reflected in the General Fund five-year financial plan. Instead an aggregate amount of estimated carryover purchase orders is shown as reserve of the fund balance. Using an aggregate amount prevents year-to-year distortions at the departmental level, which could result from fluctuations in carryover purchase orders.

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 right-of-ways.

Fringe Benefits – Contributions made by a government to meet commitments or obligations for employee-related expenses. Included is 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 the 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, 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 – 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.

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 (i.e., education or drug enforcement), but it is sometimes for general purposes.

Grant Capital Funds – are used to account for the proceeds of capital grants.

Golf Course Surcharge – A \$1 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 FBR 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 (i.e., 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 – Established 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.

Mission – Defines the primary purpose of the City and is intended to guide all organizational decisions, policies, and activities (internal and external) on a daily 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 the 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 and G.O 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.

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 2.0% 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.

Special Revenue Funds – Established 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.

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

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, divisions, departments and/or capital projects.

Transportation Privilege Tax Capital Fund – Established to account solely for transportation projects.

Trend Analysis – Examines changes over time, which provides useful management information such as the City's current financial situation and its future financial capacity to sustain service levels.

Trust Funds – Established 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.

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

Unrestricted General Capital Fund – Established to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

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

ORDINANCE NO. 3574

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, 2004, AND ENDING JUNE 30, 2005, 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 17, 2004, 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 8, 2004 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 22, 2004, 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, 2004 and ending June 30, 2005, and

WHEREAS, the City of Scottsdale budget, which was adopted on June 8, 2004, 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 2004/05.

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 the fund balance operating contingencies and reserves. Furthermore City Council delegates to the City Manager the authority to transfer of sums within any expenditure appropriation. The City Manager's approval shall be required to execute the transfer of sums within any expenditure appropriation. Also, any unencumbered appropriation balance or portion thereof may be transferred between offices, departments, divisions, or agencies to offset any fiscal year 2004/05 year-end budget variances upon 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. Schedules F for the fiscal year 2004/05 Adopted Budget follows:

SCHEDULE F

**CITY OF SCOTTSDALE
Summary of Specific Budget Appropriations
Fiscal Year 2004/05**

	OPERATING BUDGET	CAPITAL BUDGET	OTHER FISCAL ACTIVITY	TOTAL ACTIVITY
Department:				
General Government	\$ 21,315,296	\$ -	\$ -	\$ 21,315,296
Police	61,431,687	-	-	61,431,687
Financial Services	27,178,703	-	-	27,178,703
Transportation	12,013,197	-	-	12,013,197
Community Services	44,234,202	-	-	44,234,202
Information Systems	8,064,253	-	-	8,064,253
Fire	21,053,763	-	-	21,053,763
Water Resources	42,833,944	-	-	42,833,944
Municipal Services	34,767,498	-	-	34,767,498
Citizen & Neighborhood Resources	3,038,542	-	-	3,038,542
Human Resources	3,438,956	-	-	3,438,956
Economic Vitality	6,280,477	-	-	6,280,477
Planning & Development Services	12,777,578	-	-	12,777,578
Estimated Department Savings	(2,000,000)	-	-	(2,000,000)
CIP Operating Impacts	-	-	-	-
Internal Service Fund Offsets	(28,861,220)	-	-	(28,861,220)
Debt Service	85,493,373	-	-	85,493,373
Capital Improvements	-	732,653,500	-	732,653,500
Other Fiscal Activity:				
Grants	-	-	20,560,133	20,560,133
Designated Funds (Trusts)	-	-	1,670,400	1,670,400
Total 2004/05 Budget	\$ 353,060,249	\$ 732,653,500	\$ 22,230,533	\$ 1,107,944,282
Reserve/Contingency Appropriations	25,869,205	4,500,000	250,000	30,619,205
Total Budget Appropriation	\$ 378,929,454	\$ 737,153,500	\$ 22,480,533	\$ 1,138,563,487

ORDINANCE NO. 3575

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 30TH DAY OF JUNE, 2005.

WHEREAS, by the provisions of the City Charter and State Statute, an ordinance is required to set the property tax levy for fiscal year 2004/05.

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 30th day of June, 2005, and allowable tort liability claims. The total primary levy is \$18,020,339, resulting in a tax rate of \$0.4518 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 \$0.6184 per \$100 of assessed value, a rate sufficient to raise the sum of \$26,858,978 for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2005.

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.

