



VOLUME ONE

BUDGET SUMMARY

City of Scottsdale • FY 2019/20 Budget

McCormick-Stillman Railroad Park, winner of the
2019 ELGL Knope Best Park & Open Space competition

Photo: Sam Mitchell Photography

Adopted FY 2019/20 Budget

City of Scottsdale, Arizona

Volume One

Budget Summary



City Council

W.J. "Jim" Lane, Mayor

Linda Milhaven, Vice Mayor

Suzanne Klapp

Virginia Korte

Kathy Littlefield

Guy Phillips

Solange Whitehead

Administrative Staff

Jim Thompson, City Manager

Jeff Nichols, City Treasurer

Bill Murphy, Assistant City Manager

Brent Stockwell, Assistant City Manager

Judy Doyle, Budget Director

The City of Scottsdale's FY 2019/20 budget is comprised of three volumes:

Volume One – Budget Summary begins with an **About Scottsdale** section and includes the city's award-winning annual report. The report is produced for taxpayers and demonstrates the city's commitment to good government and responsible fiscal action in a citizen-centric format.

The **Overview** section of Volume One includes the City Manager's Adopted and Proposed Budget Transmittal letters. The letters are used to transmit the adopted and proposed budgets to City Council and highlight the prevailing economic condition under which the budget was prepared. The section also includes an Executive Summary which highlights items, issues and trends that shaped the FY 2019/20 budget. This section describes in further detail the city's budget development process including:

- Roles and responsibilities of City Council, divisional staff and review teams
- Budget adoption, implementation and amendment processes
- Use of contingency/reserves
- Basis of accounting used to prepare the budget
- Operating and capital budget relationship

This section includes a budget planning and development calendar to offer a visual timeline of the strategic planning process along with the city divisional staff that support the budget development efforts. This section concludes with a summary of the city's adopted Comprehensive Financial Policies and Governing Guidance, which are used to build the budget and manage the city's finances.

The **Budget by Fund** section begins with *Fund Accounting - Fund Types* which provides a description of the generic governmental fund types used by the city. The remainder of this section provides a total budget overview, total appropriation, fund overviews, fund summaries and Five-Year Financial Forecasts as well as information on the sources, uses, transfers, and ending fund balances, including *Sales Tax Five-Year Forecast by Business Category, Debt Service Expense, Long-Term Debt Outstanding, Property Tax Supported Debt and Legal Debt Margins*.

Volume Two – Division Operating Budget

Provides detailed information on each of the city's divisions, including descriptions, prior year highlights, priorities, staffing, and a summary of the operating budgets by expenditure category and the applicable funding sources.

Volume Three – Capital Improvement Plan

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 is developed and updated annually, including anticipated funding sources.



FY 2019/20 Adopted Budget



FY 2019/20 Adopted Budget – Volume One
 Budget Summary
 Table of Contents

About Scottsdale

Report to our Community i
 City Organizationv
 Scottsdale City Councilvi
 Charter Officersviii
 Community Profileix
 Demographicsxiii
 Assets and Facilities xvii

Overview

Final Budget Transmittal 1
 Proposed Budget Transmittal 7
 Distinguished Budget Presentation Award 13
 ICMA Certificate of Excellence 14
 Executive Summary 15
 Budget Development Process 25
 Budget Calendar 35
 Budget Liaisons and CIP Liaisons 36
 Adopted Comprehensive Financial Policies
 and Governing Guidance 37

Budget by Fund

Fund Accounting - Fund Types 43
 Total Budget Overview 45
 Total Appropriation 48
 General Fund 53
 Special Revenue Funds 89
 Transportation Fund 91
 Preservation Fund 109
 Tourism Development Fund 119
 Special Programs Fund 135
 Debt Service Fund 155
 Debt Service Expense 168
 Long-Term Debt Outstanding 171
 Property Tax Supported Debt 174
 Legal Debt Margins 175
 Enterprise Funds 179
 Water and Water Reclamation Funds 181
 Solid Waste Fund 201

TABLE OF CONTENTS

Aviation Fund.....	213	Grants, Endowments & Special Districts	
Internal Service Funds	229	Funds.....	277
Healthcare Self Insurance Fund	231	Grant Funds	278
Fleet Management Fund.....	245	Endowment Funds.....	289
Risk Management Fund.....	259	Special Districts Fund.....	297
PC Replacement Fund	271	Capital Improvement Plan Funds	303



Richard Nixon
The 37th President of the United States (1969-1974). He is depicted here carrying the First Lady and their children, a symbol of family and leadership.

Pat Nixon
The First Lady of the United States (1969-1974). She is depicted here being carried by her husband, Richard Nixon.

Tracy Nixon
The eldest child of Richard and Pat Nixon.

Christopher Nixon
The second child of Richard and Pat Nixon.

Elizabeth Nixon
The third child of Richard and Pat Nixon.

John Nixon
The fourth child of Richard and Pat Nixon.

Michael Nixon
The fifth child of Richard and Pat Nixon.

Josephine Nixon
The sixth child of Richard and Pat Nixon.

Christopher Nixon
The seventh child of Richard and Pat Nixon.

Elizabeth Nixon
The eighth child of Richard and Pat Nixon.

John Nixon
The ninth child of Richard and Pat Nixon.

Michael Nixon
The tenth child of Richard and Pat Nixon.

Josephine Nixon
The eleventh child of Richard and Pat Nixon.

Christopher Nixon
The twelfth child of Richard and Pat Nixon.

Elizabeth Nixon
The thirteenth child of Richard and Pat Nixon.

John Nixon
The fourteenth child of Richard and Pat Nixon.

Michael Nixon
The fifteenth child of Richard and Pat Nixon.

Josephine Nixon
The sixteenth child of Richard and Pat Nixon.

Christopher Nixon
The seventeenth child of Richard and Pat Nixon.

Elizabeth Nixon
The eighteenth child of Richard and Pat Nixon.

John Nixon
The nineteenth child of Richard and Pat Nixon.

Michael Nixon
The twentieth child of Richard and Pat Nixon.

Look for this symbol for links to additional information



Our Mission: Simply Better Service for a World-Class Community

This annual report provides an overview of the city of Scottsdale’s priorities, strategic initiatives and performance measures. It is organized around the six guiding principles the city uses to achieve its mission.

Nearly 8,000 people directly serve Scottsdale in this mission. Voters elect the mayor and six council members to set policy and direction, who in turn appoint six charter officers to advise them and run day-to-day operations. About 2,800 employees deliver hundreds of programs and services for residents and businesses and those employees are joined by more than 6,000 volunteers. That team serves more than 250,000 people who call Scottsdale home and about nine million people who visit our community each year.

If you have comments or suggestions on how we can improve this document, please contact the City Manager’s Office: 480-312-2800 | citymanager@ScottsdaleAZ.gov



Value Scottsdale’s Unique Lifestyle and Character

Scottsdale blends a spirit of the old west with a legacy of planning and innovation to continuously improve services and quality of life for our community.



Scottsdale residents continue to enjoy a high quality of life. Nine in 10 residents positively rated the overall image or reputation of Scottsdale in the most recent National Citizen Survey.

**Overall
Quality
of Life**



Percent rating positively (excellent/good)



Learn more at ScottsdaleAZ.gov, search “survey”

Highlighted Accomplishments

- To honor the past, a historic archive and community resource called the Scottsdale Heritage Connection was installed at the Civic Center Library.
- The city of Scottsdale and Experience Scottsdale launched Scottsdale Contemporary Month celebrating a curated collection of special events, art galleries, performing art centers, museum, architecture and food.

Looking Forward

- The city, San Francisco Giants and the Scottsdale Charros are partnering to modernize Scottsdale Stadium to enhance the fan experience and increase the stadium’s usability for non-baseball events and activities.



Seek Sustainability

As a desert community, Scottsdale values conserving natural resources to sustain our quality of life.

Highlighted Accomplishments

- Residents diverted 28 percent of household waste to recycling rather than shipping it to the landfill.
- Scottsdale’s fleet of solid waste collection vehicles is green. Six out of every 10 trucks are powered by compressed natural gas, while the rest use bio-diesel.
- Scottsdale Water is working with large commercial customers, providing recommendations and tools that save more than 38 million gallons of water annually.

Looking Forward

- Scottsdale is doing its part to improve our air quality by maintaining its green fleet and by reducing the total mileage driven by five percent in the next year.



Scottsdale Water launched the Choose Tap! campaign to promote the city’s water quality, value and convenience. Twenty bottle filling stations were installed around the community and a bottle refill trailer spread the word at events. Combined they dispensed more than 18,000 gallons of water – offsetting the equivalent of 100,000 one-time use plastic water bottles.

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

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



\$72
Gilbert



\$85
Scottsdale



\$90
Average



\$125
Mesa



Preserve Meaningful Open Space

For 25 years, Scottsdale’s McDowell Sonoran Preserve has provided residents and visitors unmatched natural experiences.



Last year the preserve was visited nearly 750,000 times.

Highlighted Accomplishments

- The city opened two new trailheads at Granite Mountain and at Fraesfield, and completed 10 miles of new trails to welcome people to the preserve.

Looking Forward

- Another new trailhead is being built at Pima and Dynamite, providing more access to the extensive network of trails in the preserve’s northern expanse.

The McDowell Sonoran Conservancy’s 580 volunteer stewards care for the preserve and those who enjoy it – you can be one of them.



Visit mcdowellsonoran.org to learn how to become a volunteer



Advance Transportation

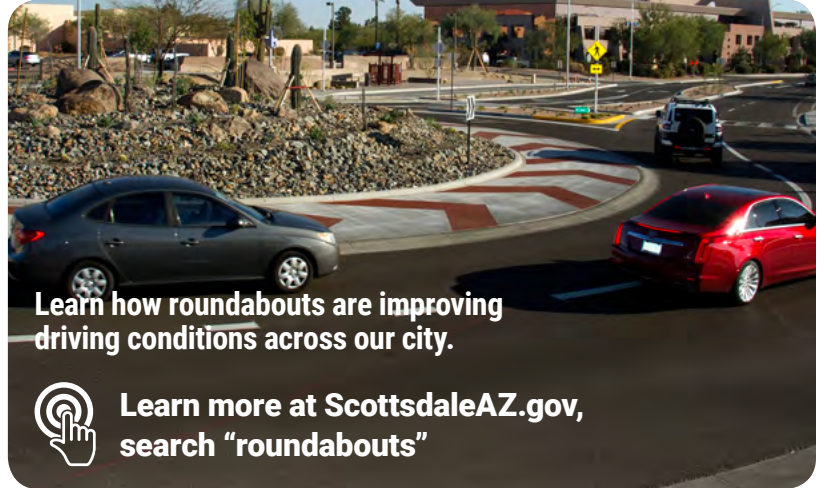
From maintaining high quality roads to convenient public transit, providing exceptional transportation options drives our city forward.

Highlighted Accomplishments

- Voter-approved bonds financed resurfacing 57 lane miles of city streets, improving driving conditions and reducing maintenance costs.
- The city expanded trolley and bus services, provided eight new bus stop pads and updated signs to improve accessibility to public transit.

Looking Forward

- A safe and efficient street network remains a top priority, evidenced through continuous investment in street surfaces, traffic signals and road markings.



Learn how roundabouts are improving driving conditions across our city.



Learn more at ScottsdaleAZ.gov, search "roundabouts"

SCOTTSDALE EZ

Our crews repaired 99 percent of all street repair requests within 48 hours. See a pothole? Report it at ScottsdaleAZ.gov, search "EZ."



Enhance Neighborhoods

Scottsdale's exceptional quality of life begins in our wonderful neighborhoods, where the city continues to focus attention and resources to keep them safe and thriving.



Highlighted Accomplishments

- Nearly 900 volunteers participated in the award-winning Operation Fix It program, completing 188 repair and beautification projects for neighbors unable to do the work themselves.
- Community supporters stepped up to help 332 senior citizens, donating money and materials to the Adopt-A-Senior program.

Nextdoor

The city of Scottsdale is sharing info & answering questions in your neighborhood via Nextdoor, the free neighborhood social network



Visit nextdoor.com and find your neighborhood



5:05 minutes average police response time



4:52 minutes average fire response time



Fire Department public education and outreach connected with more than 21,000 people



Scottsdale's public libraries welcomed more than one million visitors



537 volunteers with Vista del Camino & Paiute Neighborhood Centers



1,680 families served at Paiute Neighborhood Center



Support Economic Vitality

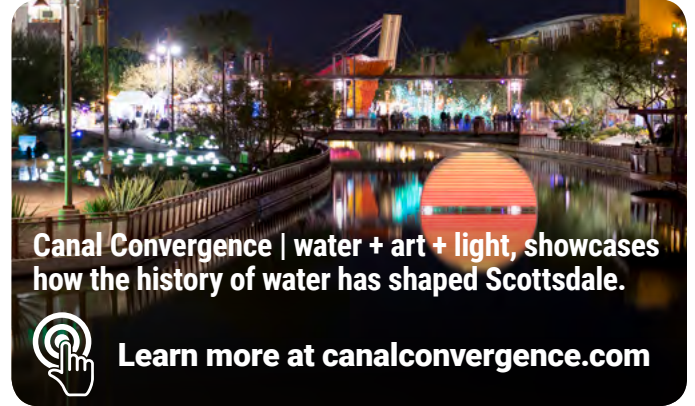
Our strong and diverse economy makes a high quality of life possible in our community. Scottsdale is home to more than 18,000 businesses and hosts hundreds of special events annually.

Highlighted Accomplishments

- Scottsdale’s Economic Development Department attracted new companies and helped others expand, resulting in 1,531 new jobs with an average wage of \$68,000.

Looking Forward

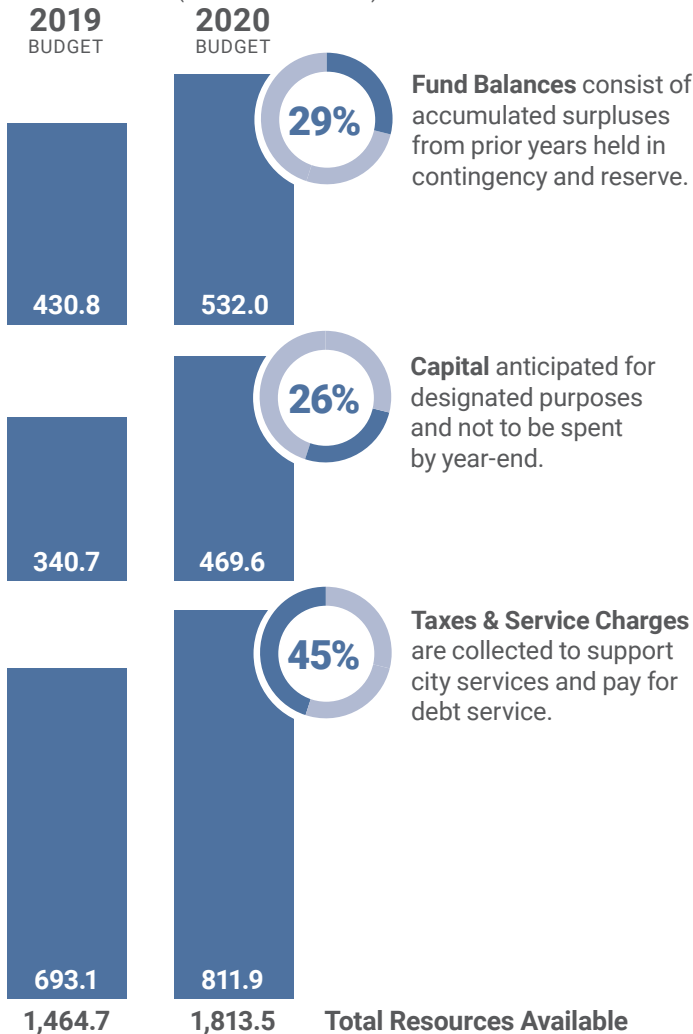
- Construction has started on Papago Marketplace, a landmark project in the McDowell Corridor as well as the new Nationwide campus, Cavasson, at Hayden and Loop 101.



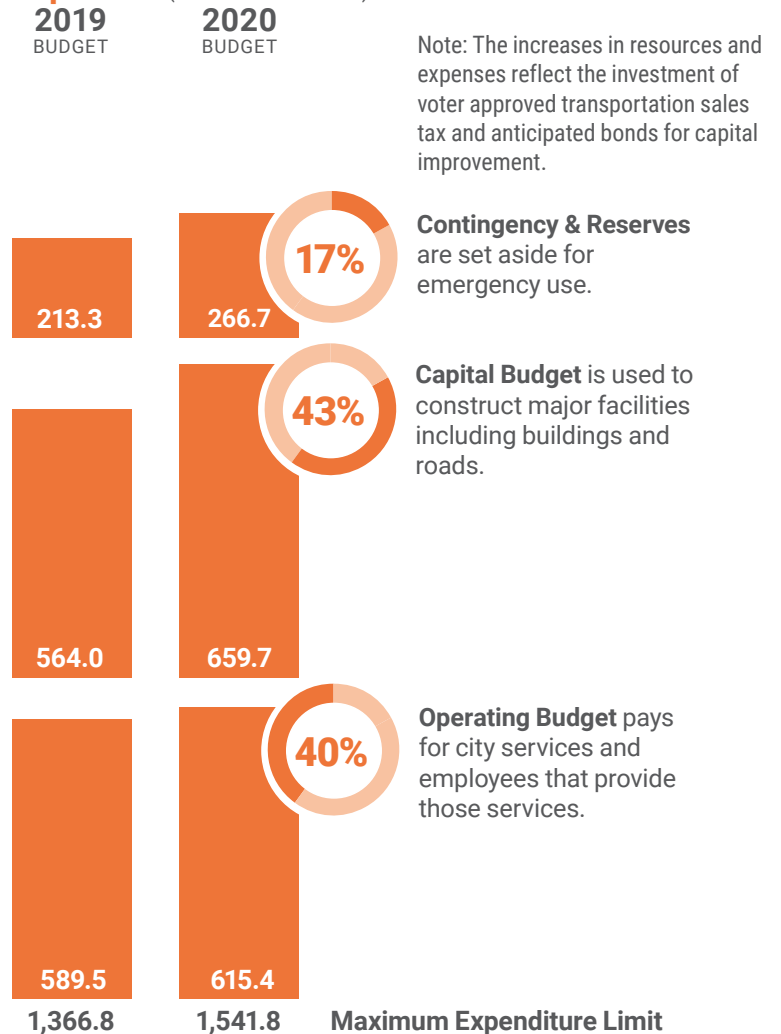
The Resources and Expenses that Fund Scottsdale’s High Quality of Life

Scottsdale is required by law to adopt a budget each year and cannot spend more than that total amount. This includes all city funds for the fiscal year ending June 30. These numbers are as adopted by the City Council in June 2019. The city’s financial statements are audited annually by an independent auditor. The most recent audit for 2018 received a clean opinion. If you would like more information, visit ScottsdaleAZ.gov and search “budget.”

Resources (in millions of dollars)



Expenses (in millions of dollars)



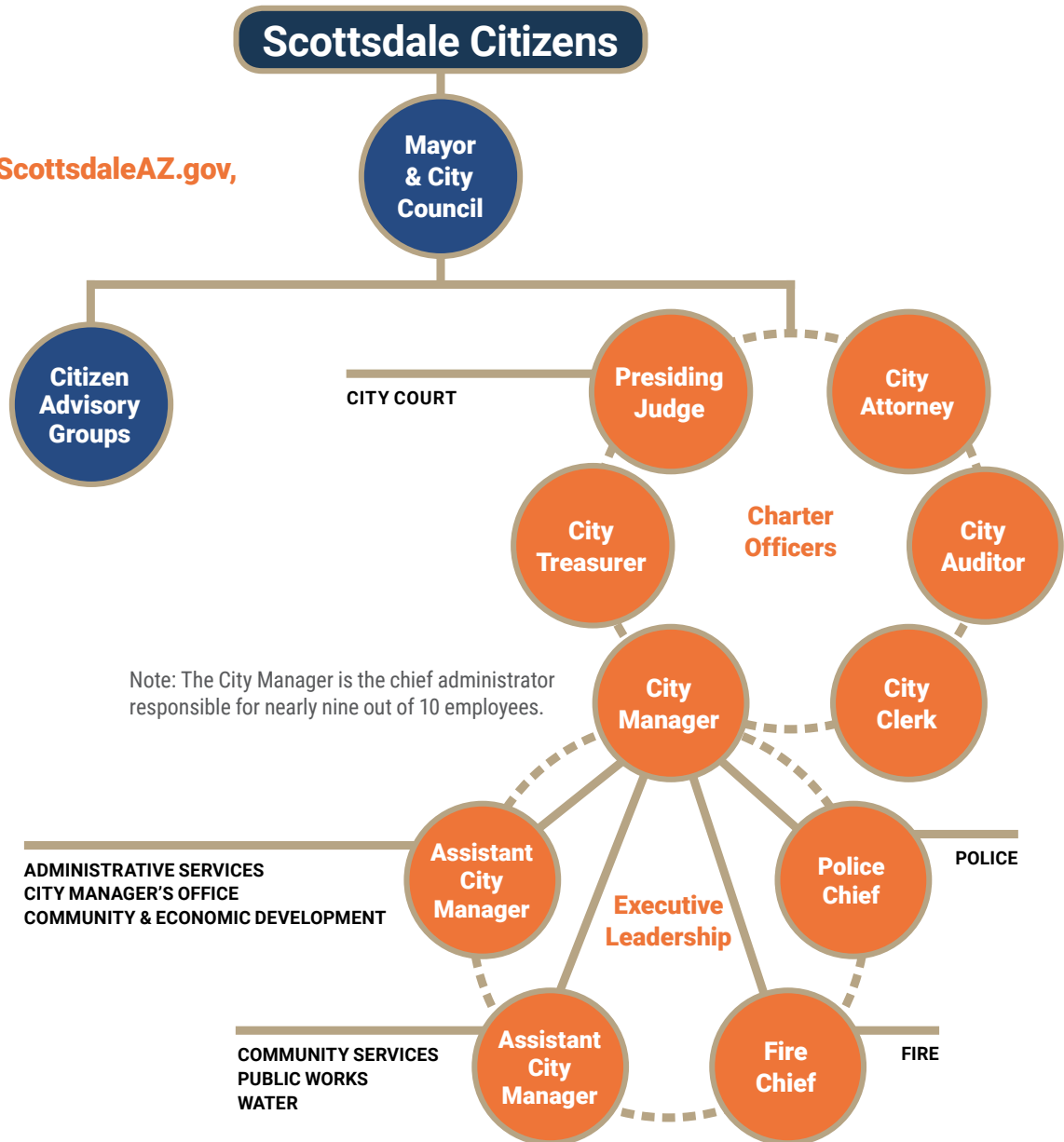
Note: The increases in resources and expenses reflect the investment of voter approved transportation sales tax and anticipated bonds for capital improvement.

Some numbers may not add correctly due to rounding.

An Introduction to Our Leadership

The City Council is the governing body for Scottsdale. The council consists of the mayor and six council members who are elected to represent the city at large and serve overlapping, four-year terms. These seven citizens oversee city government and set policy, approve programs, appropriate funds, enact laws, select charter officers and appoint residents to serve on advisory bodies. The mayor is the chair of the Scottsdale City Council and presides over its meetings, which are typically held on Tuesdays in the City Hall Kiva Forum located at 3939 N. Drinkwater Blvd. in Old Town Scottsdale. The City Council hires six officers to advise them on policy issues and run day-to-day operations. They are collectively known as the charter officers because their positions are spelled out in the City Charter, a voter-approved document which describes the organization and authority of city government in Scottsdale. These positions are the city attorney, city auditor, city clerk, city manager, city treasurer and presiding city judge.

 Learn more at ScottsdaleAZ.gov, search "about"



Scottsdale City Council



Mayor W. J. "Jim" Lane

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

jlane@ScottsdaleAZ.gov • 480-312-2433



**Councilwoman
Suzanne Klapp**

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

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

sklapp@ScottsdaleAZ.gov • 480-312-7402



**Councilmember
Virginia Korte**

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

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

vkorte@ScottsdaleAZ.gov • 480-312-7456



**Councilwoman
Kathy Littlefield**

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

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

klittlefield@ScottsdaleAZ.gov • 480-312-7412



**Councilman
Guy Phillips**

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

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

gphillips@ScottsdaleAZ.gov • 480-312-2374



**Councilwoman
Linda Milhaven**

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

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

lmilhaven@ScottsdaleAZ.gov • 480-312-7454



**Councilwoman
Solange Whitehead**

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

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

swhitehead@ScottsdaleAZ.gov • 480-312-7423

Charter Officers



Jim Thompson

City Manager

jthompson@ScottsdaleAZ.gov
480-312-2800



Sherry R. Scott

City Attorney

sscott@ScottsdaleAZ.gov
480-312-2405



Carolyn Jagger

City Clerk

cjagger@ScottsdaleAZ.gov
480-312-2411



Sharron Walker

City Auditor

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480-312-7867



Jeff Nichols

City Treasurer

jenichols@ScottsdaleAZ.gov
480-312-2364



Joseph Olcavage

Presiding Judge

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480-312-7604

Highlighted Recognition



Scottsdale achieves What Works Cities Silver Certification.

A Bloomberg Philanthropies Initiative, the certification rates how well cities are managed by measuring the extent to which city leaders incorporate data and evidence in their decision-making. Scottsdale was recognized for adopting a business mindset to run a well-managed government, embracing transparency, embedding data in decision-making – and several other accomplishments that resulted from those practices. Scottsdale was one of seven cities to achieve 2019 What Works Cities Certification and the smallest city to be certified to-date.

Operation Fix It receives Outstanding Achievement in Local Government Innovation Award.

This award recognizes programs that successfully confront an important service delivery dilemma and have a positive impact and benefit to the community.

Tourism and Events wins six advertising awards for Old Town rebranding.

The Phoenix Chapter of the American Advertising Federation presented ADDY Awards for the Old Town Rebrand Campaign, including three gold level awards (for magazine print, outdoor board advertising and integrated campaign), one silver award (for magazine print) and one bronze (for outdoor board). The Tourism and Events Department was also awarded the coveted Judge's Choice Award for the entire campaign.

Scottsdale Employee Awards.

At Scottsdale's annual Employee Awards Program on Dec. 5, 160 employees and one volunteer were honored. The winners were among more than 550 employees nominated in several categories.



Find more recognitions and rankings at ScottsdaleAZ.gov, search "recognition"

Welcome to Scottsdale, Arizona

A world-class community

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

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

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





SkySong



HonorHealth Thompson Peak Medical Center



Hyatt Regency Scottsdale Resort & Spa at Gainey Ranch

All Work and All Play

Business

Scottsdale is one of the state's leading job centers with a robust economy anchored by bio-life science companies, high-tech innovation, financial services, tourism and corporate headquarters. Scottsdale is home to nearly 18,000 businesses supplying more than 150,000 jobs. SkySong, the ASU Scottsdale Innovation Center, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale's downtown, Old Town Scottsdale, is an emerging center for high-tech businesses. Farther north, the Scottsdale Airpark is the city's largest employment area and the Scottsdale Cure Corridor is a partnership of premier health care providers and biomedical companies.

Tourism

With great weather, fantastic scenery and a calendar full of special events, Scottsdale is a popular tourist destination in Arizona. Millions of people visit Scottsdale annually. The city boasts many hotels and resorts, restaurants and spas. That activity adds up to big business. The annual economic impact of Scottsdale visitors is estimated at several billion dollars. Annual tax revenue generated by domestic visitors was estimated around 47 million dollars – representing about one in every five city tax dollars.

Special Events

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



Scottsdale Arabian Horse Show



Scottsdale Stadium



Parada del Sol

Scottsdale Top Attractions



1. Pinnacle Peak Park



2. Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



3. TPC Scottsdale



4. WestWorld



6. McCormick-Stillman Railroad Park



8. Scottsdale Fashion Square



10. Scottsdale Historical Museum



12. Scottsdale Stadium



5. Scottsdale Airport/Airpark



7. Indian Bend Wash Greenbelt



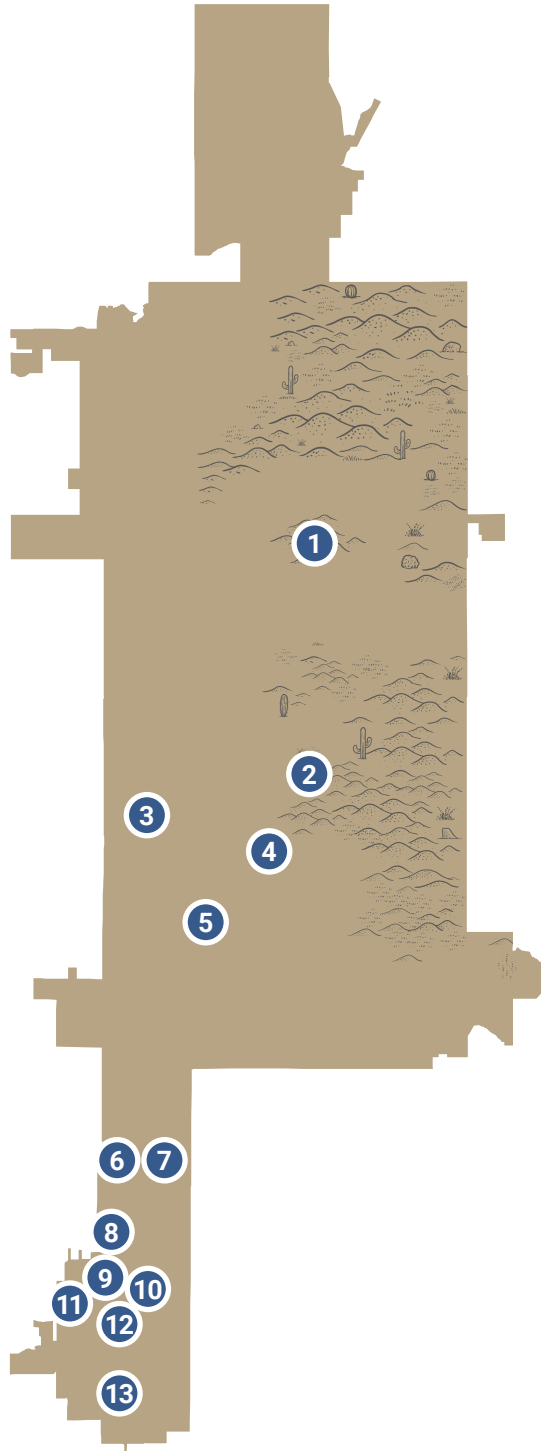
9. Old Town Scottsdale



11. Scottsdale's Museum of the West



13. SkySong





The Best Park in the Nation!

The McCormick-Stillman Railroad Park captured the 2019 ELGL Knope Award for the nation's best park or open space, beating out 31 competitors in a national contest sponsored by Engaging Local Government Leaders. This award symbolizes not just one of the best open spaces in the nation but also showcases the management of public places that make communities special. The Railroad Park and the city of Scottsdale would like to thank all of our citizens and supporters for their role in helping the park receive such a meaningful recognition.



The 30-acre McCormick-Stillman Railroad Park, located in the heart of Scottsdale, is the most unique park of its kind in the country. The park entertains approximately one million visitors annually.

Take a ride on the Paradise & Pacific Railroad and the 1950-vintage Allan Herschell carousel. Immerse yourself in the massive model railroad museum. Play on one-of-a-kind playgrounds, enjoy shopping and ice cream, or just relax in the grass under a tree in one of the nation's most fun and beautiful parks.

 [Learn more at TheRailroadPark.com](http://TheRailroadPark.com)

Photos by: Scott Amonson, Barrett-Jackson, Mark Boisclair Photography, Inc., James L. Christy, Jake Debruyckere, Michael Duerinckx, Bernard Gagnon, Ken Greshowak, HAPI, Maureen Isree



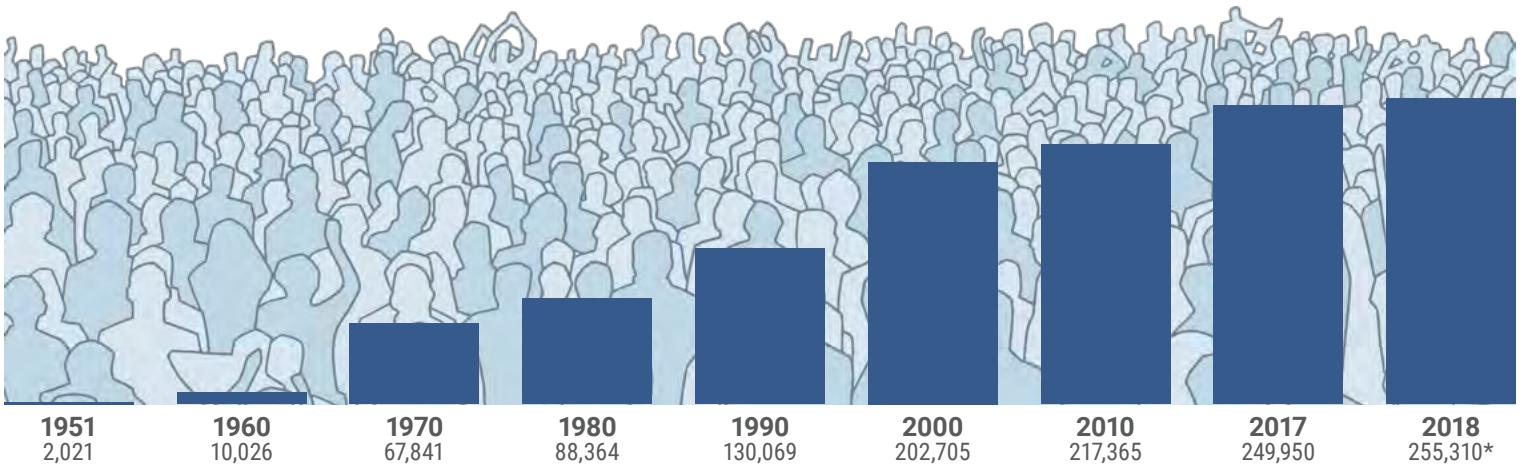
Railfair: *October 12-13, 2019*

All aboard! The McCormick-Stillman Railroad Park celebrates all things railroad with model train displays and exhibits and a wide selection of the park's seldom seen vintage railroad equipment on display along with special presentations on railroad and Arizona history. Take a free tour of the Roald Amundsen Pullman car and the Scottsdale Railroad Museum.

Look for this symbol for the most up-to-date demographic information

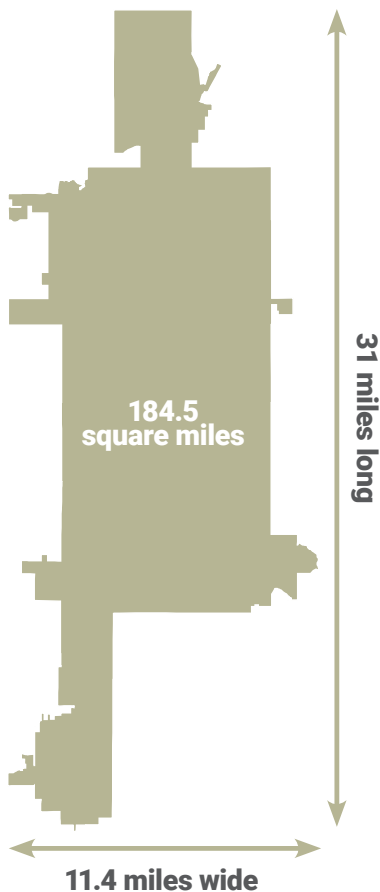
Scottsdale by the Numbers: A Demographic Summary

Scottsdale is the 85th largest city in the U.S. by population, and currently has over a quarter million residents.
Source: U.S. Census (2018)



More than 8,000 people directly serve the residents of Scottsdale.
Source: City of Scottsdale

Scottsdale is the 45th largest city in the U.S. by area.
Source: U.S. Census and City of Scottsdale (2010)



6 Council Members

6 Appointed Officers

1 Mayor

163 Boards & Commission Members

544 Part-time Employees

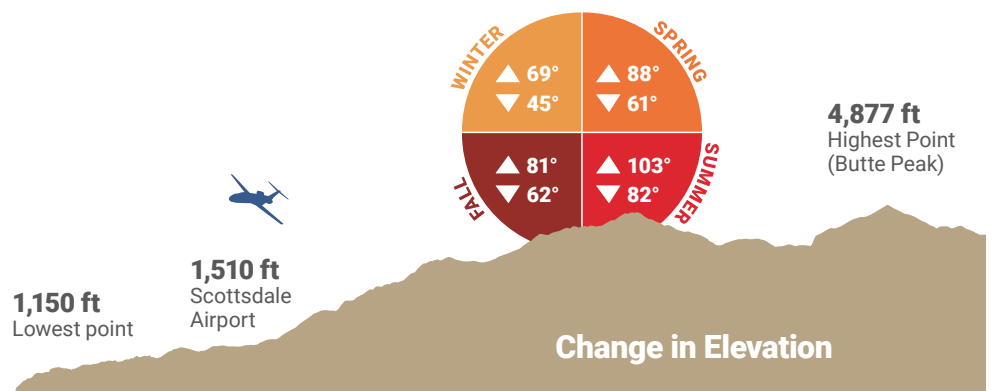
2,183 Full-time Employees

6,063 Volunteers

SCOTTSDALE'S
255,310*
CITIZENS
ARE SERVED BY

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

Scottsdale's elevation rises by nearly 4,000 feet from south to north.
Source: City of Scottsdale and Scottsdale Airport Weather Station (2018-2019)

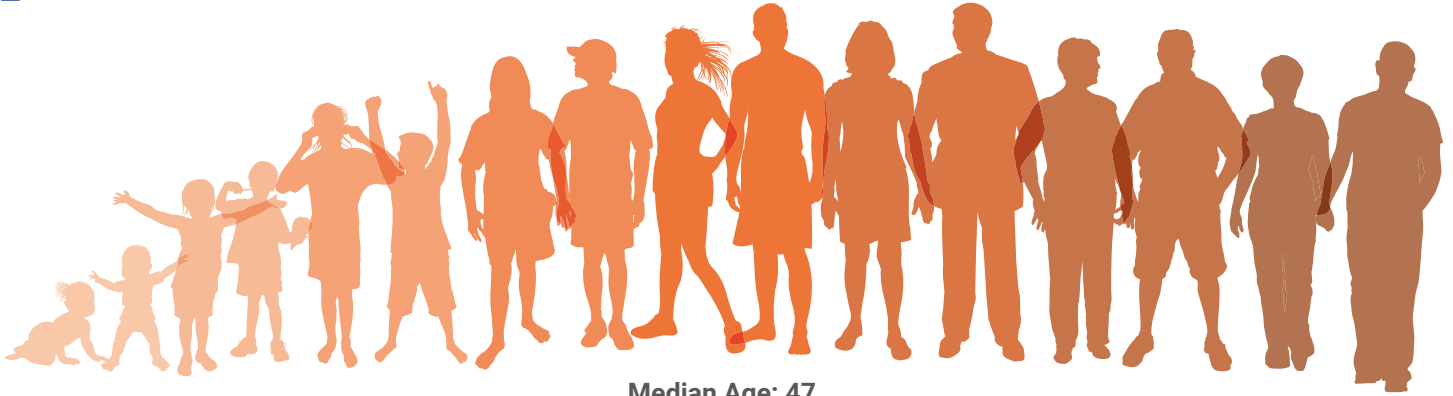


Scottsdale Residents



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

Source: U.S. Census (2013-2017 ACS)



Median Age: 47



More than half of Scottsdale adults have earned a bachelor's degree or higher.

Source: U.S. Census (2013-2017 ACS)



56% (103,577)
Bachelor's Degree or higher

28% (51,078)
Associate Degree/Some College

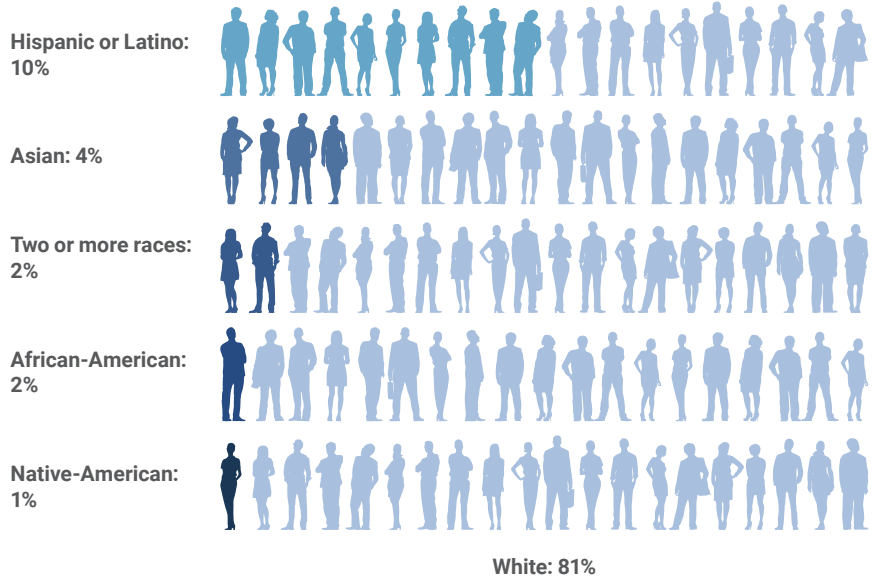
12.5% (23,141)
High School Graduate

3.5% (6,628)
Less than High School Graduate

184,424 Population
25 years & older

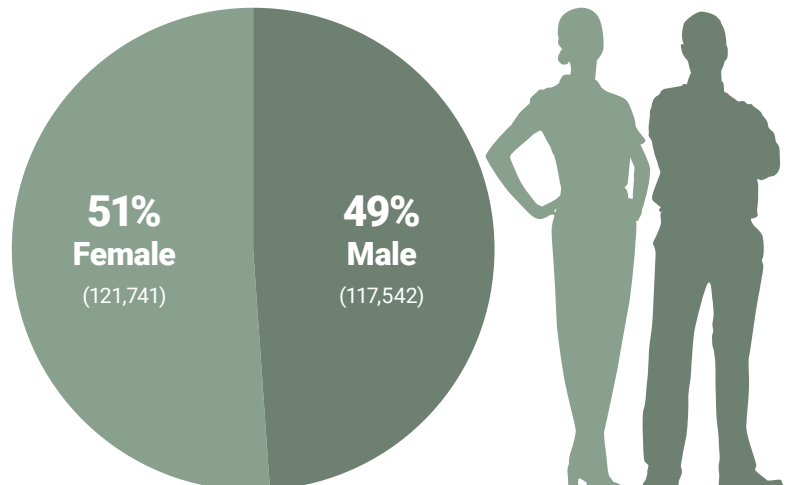
While most residents are white, about 1 in 10 are Hispanic or Latino.

Source: U.S. Census (2013-2017 ACS)



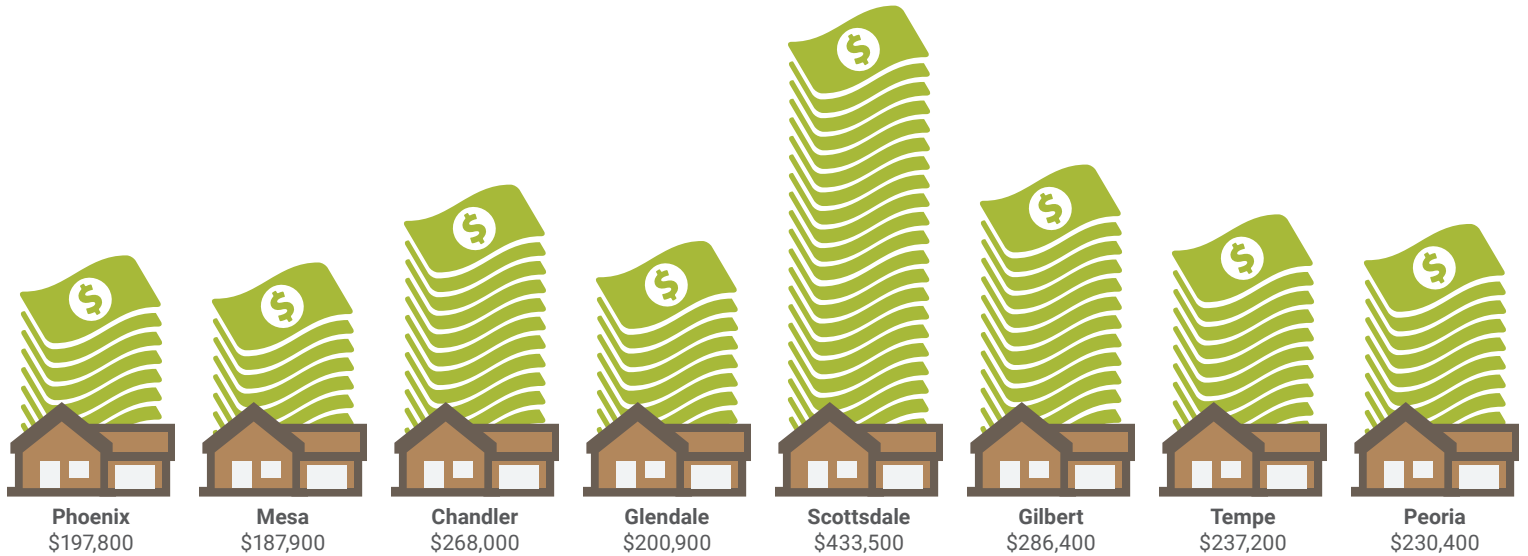
There are more women than men in Scottsdale

Source: U.S. Census (2013-2017 ACS)



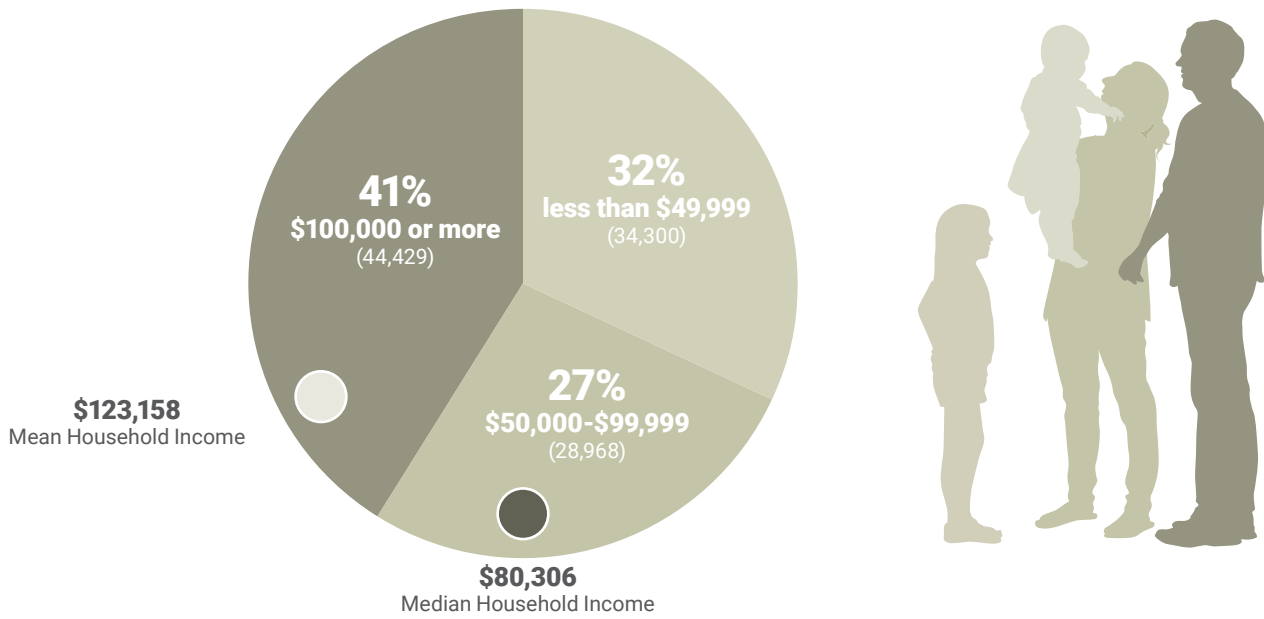
Scottsdale has the highest median housing price of any of the large Valley cities.

Source: U.S. Census (2013-2017 ACS)



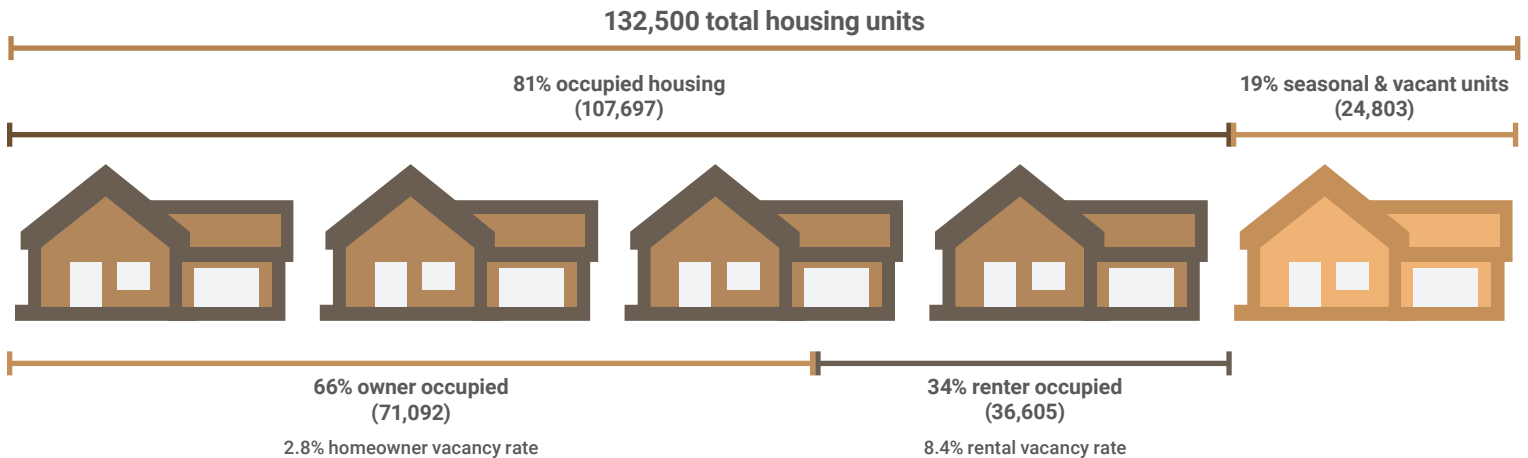
More than 40 percent of Scottsdale households make more than \$100,000 a year.

Source: U.S. Census (2013-2017 ACS)



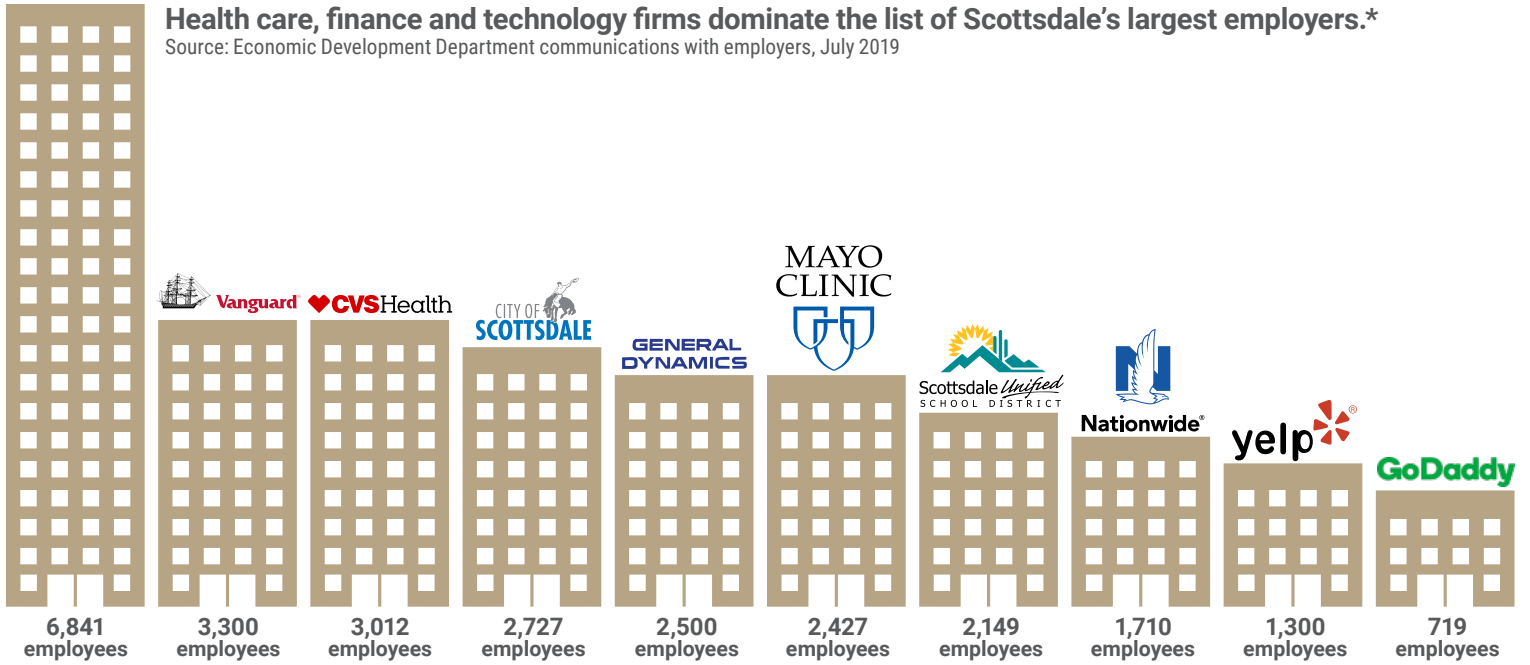
While most homes are owner-occupied year-round, about 15,500 homes (12 percent) are for seasonal residents.

Source: U.S. Census (2013-2017 ACS)



Health care, finance and technology firms dominate the list of Scottsdale's largest employers.*

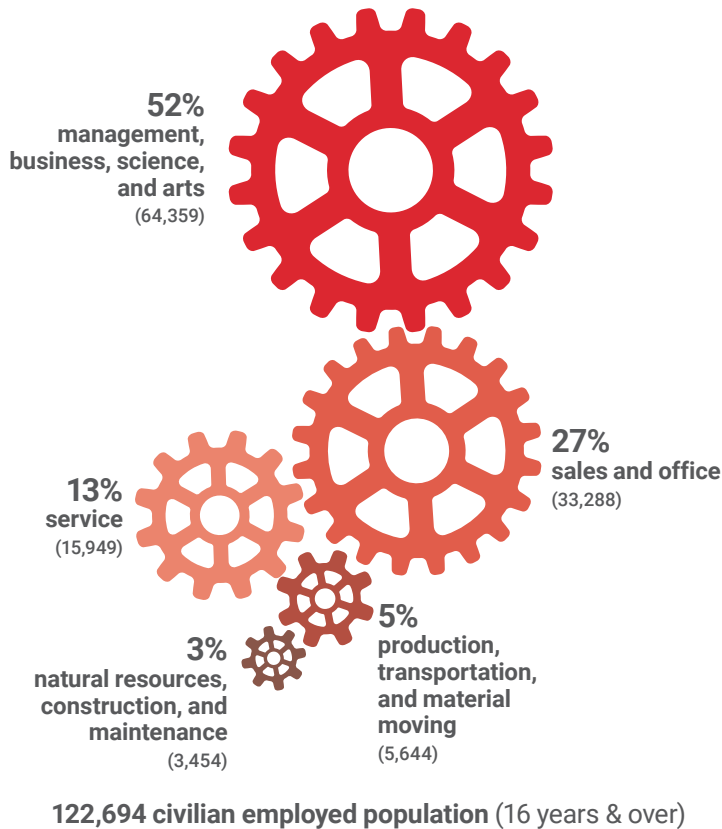
Source: Economic Development Department communications with employers, July 2019



* Excludes grocers, convenience stores and traditional retail stores.

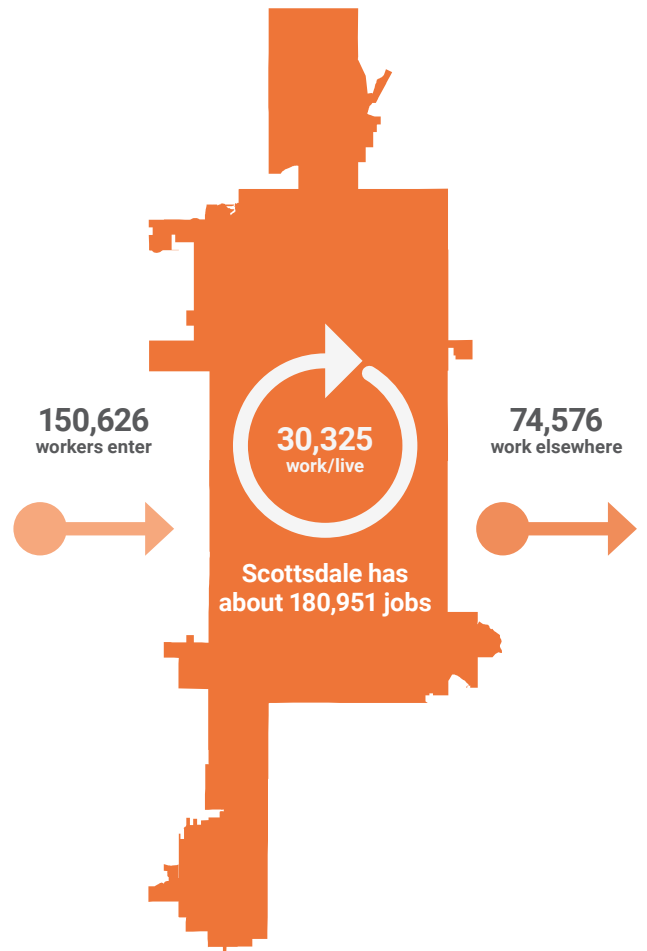
Most residents work in management or office jobs.

Source: U.S. Census (2013-2017 ACS)



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

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



To view additional demographic information, visit ScottsdaleAZ.gov and search "about"

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



Learn more at ScottsdaleAZ.gov, search "about"

6 WATER FACILITIES

66.3
MILLION
GALLONS
OF WATER
DELIVERED
DAILY

52 SOLID WASTE
TRUCKS

1,483
MILES OF
SANITARY
SEWERS

2,124 MILES OF WATER MAINS

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

4 POLICE STATIONS

343 POLICE VEHICLES



15 FIRE STATIONS



40 FIRE RESPONSE VEHICLES

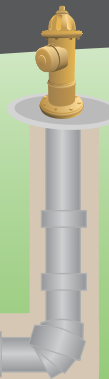


296 TRAFFIC SIGNALS



2,851 LANE MILES OF ROADS

9,756 FIRE HYDRANTS



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

42 PARKS

30,500 ACRES OF PRESERVE LAND

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

975 TOTAL ACRES

37 PLAYGROUNDS

4 URBAN LAKES

70 ATHLETIC FIELDS

39 BASKETBALL COURTS

3 OFF-LEASH AREAS

4 AQUATIC FACILITIES

31 VOLLEYBALL COURTS

19 PICKLEBALL COURTS

7 SPRAY FEATURES

2 SKATE PARKS

53 TENNIS COURTS 2 TENNIS CENTERS

1 RAILROAD PARK

3 EQUESTRIAN CENTERS

1 BASEBALL STADIUM

129 MILES OF PAVED PATHWAYS, 153 UNPAVED

2 SENIOR CENTERS

6 COMMUNITY CENTERS

5 PUBLIC LIBRARIES

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

50 HOTELS
8,825 ROOMS

1 AIRPORT

18,000+ BUSINESSES

7 MUSEUMS

111 ART GALLERIES & ART DEALERS

38 PUBLIC SCHOOLS
25,598 ENROLLMENT

827 RESTAURANTS

4 FREE TROLLEY ROUTES

10 BUS ROUTES

51 GOLF COURSES

296 DAYS
OF SPECIAL
EVENTS AT
WESTWORLD

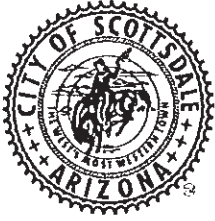
HAVE A GREAT
SUMMER
LIKE US ON FACEBOOK
FOLLOW US ON
INSTAGRAM



HAVE A GREAT
SUMMER
LIKE US ON FACEBOOK
US ON
STAGRAM

McCormick-Stillman RAILROAD PARK





City Manager

3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

PHONE 480-312-2800
FAX 480-312-9055
WEB www.ScottsdaleAZ.gov

July 1, 2019

Honorable Mayor and City Council:

The Fiscal Year 2019/20 budget supports a municipal organization that continues to deliver high quality and high value services for residents, businesses and visitors in Scottsdale.

Projected revenue increases will provide resources needed to address priority areas including capital improvements and employee pay, benefits and pensions.

Noteworthy items in the budget are described in the appropriate sections below, with additional detail included within the budget documents that follow.

Sources

Substantial revenue increases are projected as the economy remains strong. General Fund revenue is estimated to increase \$23.5 million from the adopted FY 2018/19 budget. The projected increase comes from several different sources with the significant or noteworthy changes highlighted below:

- \$10.7 million from a projected increase in general fund sales tax revenue, including \$1.0 million for the portion dedicated to Public Safety (an increase of 8.5 percent over the adopted FY 2018/19 budget)
- \$5.1 million from a projected increase in state shared revenues (the city's proportionate slices of state income tax, state sales tax, and vehicle license fees)
- \$1.9 million of the projected increase is due to a change during FY 2018/19 after budget adoption in the way the Fire Insurance Premium Tax Credit is recorded due to new accounting regulations. There is an offsetting expense of the same amount for a net \$0 impact to the General Fund. The change is an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) to recognize the Fire Insurance Premium credit as an expense and revenue for the Public Safety Personnel Retirement System (PSPRS) where previously just the net was recorded as an expense
- \$1.4 million additional interest earnings projected by the city's investment advisor using macroeconomic trends, all of which will be transferred to the CIP
- \$1.1 million will be generated by a \$1 monthly increase to the stormwater fee paid by utility customers; 95 cents of every \$1 generated will be used solely for stormwater capital projects

- \$1.1 million from additional primary property tax collections (\$630,000 due to the allowable 2 percent statutory adjustment and \$430,000 due to new construction on the tax rolls)
- \$700,000 in the indirect cost allocation to cover the increased costs of providing internal services (e.g. human resources and information technology to the Enterprise Funds)
- \$400,000 from an increase in the transfer from the Water and Water Reclamation Funds to the General Fund, for use of the city's rights-of-way and medians. The annual charge is 5 percent of Water Service and Water Reclamation Charges revenue
- \$300,000 from a projected increase in building permit applications
- \$300,000 from partial year new revenue collected to house non-violent low risk defendants in the new jail dormitory space scheduled to open in February 2020
- \$100,000 in additional funds are anticipated from the Maricopa County Library District to purchase library materials; a corresponding expenditure is included as well.

The secondary property tax levy will decrease \$1.2 million next fiscal year to \$33.0 million due to the pay down of general obligation debt. The secondary rate will decrease from 0.5705 to 0.5214.

Uses

The operating budget for next fiscal year increases general fund spending by \$16.7 million from the FY 2018/19 adopted budget. Part of this increase supports the City Council's commitment to investing in our high-performance organization and employees:

- \$4.6 million General Fund (\$5.6 million all funds) is for a 2.5 percent market adjustment for city employees
- \$2.2 million General Fund (\$3.1 million all funds) for the citywide pay for performance program, through which employees may receive pay increases based on performance (up to the maximum of their salary range)
- \$1.0 million General Fund supports the specific pay program for police officers and sergeants
- \$600,000 General Fund supports the specific pay program for firefighters, fire engineers and fire captains
- \$600,000 General Fund (\$1.0 million all funds) is for the second phase of a three-year plan to address employee salaries that have fallen below market comparisons
- \$400,000 will allow us to increase vacation days for sworn fire personnel from five to six

The budget also includes an additional \$1.0 million in the General Fund (\$1.6 million all funds) to cover the city's share of an anticipated 6.8 percent increase in employee medical costs, and \$900,000 for the vacation trade program, which allows employees to trade-in earned vacation hours they do not intend to take.

Addressing pension expenses

The budget includes \$4.1 million for a handful of pension-related expenses. Within the Public Safety Personnel Retirement System (for sworn police and fire employees), an increase of \$3.4 million will be used as follows:

- \$1.9 million to account for the previously mentioned change in the way the Fire Insurance Premium Tax Credit is recorded due to new accounting regulations. There is an offsetting revenue of the same amount for a net \$0 impact to the General Fund. The change is an accounting reporting requirement by the Governmental Accounting Standards Board to recognize the Fire Insurance Premium credit as an expense and revenue for the PSPRS where previously just the net was recorded as an expense
- \$800,00 million for increased employer contribution rates in FY 2019/20
- \$700,00 is a one-time Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan (DROP) program

Additionally, \$700,000 General Fund (\$1.2 million all funds) is included for increased employer contribution rates in FY 2019/20 for employees in the Arizona State Retirement System.

Other General Fund expenses

The budget also includes money for several priority items:

- \$700,000 covers administrative overhead costs for capital projects that were previously charged to the CIP; this amount is completely offset by a corresponding decrease in transfers out to the CIP from the food tax
- \$400,000 in one-time funding is carried forward from the FY 2018/19 budget for the McCormick-Stillman Railroad Park restroom project which will not be completed until this fiscal year
- \$400,000 for increased costs in custodial contracts throughout the city as more locations require services, including some open 24 hours per day, 7 days a week
- \$100,000 and 1.0 full time equivalent employee for a contracts coordinator position in Public Works to administer and coordinate different service contracts
- \$200,000 covers annual operating costs for three completed capital projects: Fire Stations 613 and 616, and the Airport Terminal Area Redevelopment Project
- \$200,000 is a one-time expenditure to replace outdated audio-visual equipment at all libraries, senior centers, community centers and parks facilities
- \$200,000 is a one-time expenditure to purchase pension planning software to help manage liabilities and costs of the Public Safety Personnel Retirement System
- \$100,000 will cover increased payment to the Arizona Department of Revenue for the administration of collecting sales tax

Capital Improvement Program

An estimated \$190.1 million will be spent on capital improvements in Fiscal Year 2019/20. These projects address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

The City Council Capital Improvement Plan Subcommittee held a handful of meetings January through March to review and prioritize capital project requests. The result of those meetings is the proposed FY 2019/20 through FY 2023/24 CIP funding recommendation to the City Council.

In addition to the highlights below, the budget includes a \$20 million CIP contingency appropriation that would be used only if Scottsdale voters approve any of the bond questions on the Nov. 5 ballot.

CIP transfers

The total FY 2019/20 CIP transfer from the General Fund operating budget is \$14.4 million, which consists of:

- \$5.1 million – per Financial Policy No. 17, transfer two-thirds of the 1.1 percent of sales tax collected on food for home consumption
- \$4.0 million – per Financial Policy No. 17, transfer net interest income in excess of \$1.0 million
- \$2.7 million – per Financial Policy No. 17, transfer a minimum of 25 percent of construction sales tax
- \$2.5 million – stormwater fee of \$2.95 per month to fund Drainage and Flood Control CIP projects
- \$67,400 – per the city's Baseball Facilities agreement with the Scottsdale Charros and San Francisco Giants, which makes a capital improvement contribution of 40-cents per Spring Training ticket sold (*Subsequent to the FY 2019/20 CIP budget adoption on June 11, 2019 City Council authorized the transfer of the Stadium Capital Improvement Fund to the Operating Budget*)

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

Scottsdale Stadium Phase I improvements (FY 2019/20: \$41.8 million total remaining budget)

In March and in June, the City Council approved a construction contract for the first phase of improvements to Scottsdale Stadium, spring training home to the San Francisco Giants. The primary element of these improvements are flexible multiuse facilities that will support the team's clubhouse during baseball, and a multiuse event center managed by the city the rest of the year.

Funding sources: Scottsdale Tourism Development Fund (Bed Tax), San Francisco Contributions, MPC Bonds, and Stadium's Concessionaire funds.

Build/rebuild fire stations (FY 2019/20: \$10.4 million total remaining budget)

In 2015, Scottsdale voters approved \$16.4 million in bond financing to build or rebuild four fire stations. Fire Stations 605 (75th Street and Shea) and 613 (North Hayden Road in Desert Foothills area) are complete.

The two remaining stations – Fire Station 616 (Desert Mountain) and Fire Station 603 (McCormick Ranch) will begin construction in the coming fiscal year

Funding sources: G.O. Bonds 2015, General Fund, G.O. Bond 2015 Interest, and Transportation In-Lieu Fees

Downtown sidewalk and lighting improvements (FY 2019/20: \$4.3 million total remaining budget)

Three separate projects currently under design will connect, widen, improve accessibility and enhance lighting to downtown sidewalks where needed. The new lighting will also include the addition of electrical outlets to support seasonal downtown lighting.

Funding sources: Transportation Sales Tax and General Fund

Granite Reef Watershed drainage improvements (FY 2019/20: \$6.4 million total remaining budget; \$31.0 million forecasted in FY 2023/24)

Drainage improvements will provide 100-year flood protection and eliminate the need for mandatory flood insurance for the structures in the Granite Reef Wash corridor between Thomas and McKellips roads. Construction of two of the three sections of Phase 1 are complete with the design of Phase 2 underway.

Funding sources: General Fund, Maricopa County Flood Control District and Salt River Pima-Maricopa Indian Community

Crossroads East Flood Control Phase I (FY 2019/20: \$14.7 million total remaining budget)

The city is working with the development company for Nationwide Insurance to design and build an open drainage channel to protect the future mixed-use development and other parcels downstream from a 100-year flood event.

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

Drinkwater Bridge (FY 2019/20: \$5.5 million total remaining budget)

Reconstruction of the bridge is underway and it is anticipated to open in November 2019.

Funding sources: Transportation Sales Tax and Regional Transportation Sales Tax (Prop 400)

Pima Road: Pinnacle Peak to Happy Valley (FY 2019/20: \$21.5 million total remaining budget)

Design and right-of-way acquisition are underway; the project will expand the road to a major six-lane arterial street with landscaped median, turn lanes, bike lanes, sidewalks, curb and gutter, roadway drainage and Intelligent Transportation Systems facilities.

Funding sources: Transportation Sales Tax and Regional Transportation Sales Tax (Prop. 400)

Raintree Drive: Scottsdale to Hayden (FY 2019/20: \$14.9 million total remaining budget)

Construction of the first phase of the Raintree Drive project from Scottsdale Road to Hayden Road will begin. This project will provide a direct connection between the Arizona State Route 101 and

Scottsdale Road, simplify the route from Hayden Road to Scottsdale Road and help to relieve some traffic congestion currently experienced on Frank Lloyd Wright Boulevard in this area.

Funding sources: Transportation Sales Tax and Regional Transportation Sales Tax (Prop 400)

Thomas Groundwater Treatment Facility (FY 2019/20: \$28.0 million total remaining budget)

A new facility is being built to receive and treat a side stream of water discharged from the Groundwater Treatment Facility.

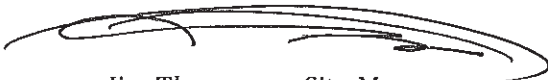
Funding sources: Water Rates and MPC Bonds

Conclusion

Scottsdale's Fiscal Year 2019/20 budget provides the means for the City of Scottsdale to continue the high-quality city services our residents expect and deserve.

City staff serve the community with pride and dedication, and on their behalf, I thank the Mayor, City Council and residents of Scottsdale for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Thompson", with a large, sweeping flourish underneath.

Jim Thompson, City Manager



City Manager

3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

PHONE 480-312-2800
FAX 480-312-9055
WEB www.ScottsdaleAZ.gov

April 9, 2019

Honorable Mayor and City Council:

The proposed budget for Fiscal Year 2019/20 is provided for your review as the first step in our annual budget process.

A substantial revenue increase is projected for the next fiscal year. As the economy continues modest growth, local and state shared revenues will grow accordingly. This revenue provides the financial means to address the increasing costs of providing service as well as improving or expanding city services in key areas.

Sources

General Fund sources are estimated to increase \$23.6 million from the adopted FY 2018/19 budget. That total projected increase comes from several different sources:

- \$10.7 million from a projected increase in general fund sales tax revenue, including \$1.0 million for the portion dedicated to Public Safety (an increase of 7.8 percent over the adopted FY 2018/19 budget)
- \$5.1 million from a projected increase in state shared revenues (the city's proportionate slices of state income tax, state sales tax, vehicle license fees and gasoline tax), however this estimate is subject to change; the state may update estimates later in the budget process
- \$1.9 million of the projected increase is due to a change during FY 2018/19 after budget adoption in the way the Fire Insurance Premium Tax Credit is recorded due to new accounting regulations. There is an offsetting expense of the same amount for a net \$0 impact to the General Fund. The change is an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) to recognize the Fire Insurance Premium credit as an expense and revenue for the Public Safety Personnel Retirement System (PSPRS) where previously just the net was recorded as an expense
- \$1.4 million additional interest earnings projected by the city's investment advisor using macroeconomic trends, all of which will be transferred to the CIP
- \$1.1 million will be generated by a \$1 monthly increase to the stormwater fee paid by utility customers; 95 cents of every \$1 generated will be used solely for stormwater capital projects

- \$1.1 million from additional primary property tax collections (\$630,000 due to the allowable 2 percent statutory adjustment and \$430,000 due to new construction on the tax rolls)
- \$700,000 in the indirect cost allocation to cover the increased costs of providing internal services (e.g. human resources and information technology to the Enterprise Funds)
- \$400,000 from an increase in the transfer from the Water and Water Reclamation Funds to the General Fund, for use of the city's rights-of-way and medians. The annual charge is 5 percent of Water Service and Water Reclamation Charges revenue
- \$300,000 from a projected increase in building permit applications
- \$300,000 from partial year new revenue collected to house non-violent low risk defendants in the new jail dormitory space scheduled to open in February 2020

The secondary property tax levy will decrease \$1.2 million next fiscal year to \$33.0 million due to the pay down of general obligation debt. The secondary rate will decrease from 0.5705 to 0.5214.

Uses

The proposed operating budget for next fiscal year increases general fund spending by \$15.9 million from the FY 2018/19 adopted budget. Part of this increase supports the City Council's commitment to investing in our high-performance organization and employees:

- \$4.6 million General Fund (\$6.8 million all funds) is for a 2.5 percent market adjustment for city employees who meet performance expectations
- \$2.2 million General Fund (\$3.2 million all funds) for the citywide pay for performance program, through which employees may receive pay increases based on performance (up to the maximum of their salary range)
- \$1.0 million General Fund supports the specific pay program for police officers and sergeants
- \$600,000 General Fund supports the specific pay program for firefighters, fire engineers and fire captains
- \$600,000 General Fund (\$900,000 all funds) is for the second phase of a three-year plan to address employee salaries that have fallen below market comparisons
- \$400,000 will allow us to increase vacation days for sworn fire personnel from five to six

The proposed budget also includes an additional \$1.0 million in the General Fund (\$1.6 million all funds) to cover the city's share of an anticipated 6.8 percent increase in employee medical costs, and \$800,000 for the vacation trade program, which allows employees to trade-in earned vacation hours they do not intend to take.

Addressing pension expenses

The proposed budget includes \$4.1 million for a handful of pension-related expenses. Within the Public Safety Personnel Retirement System (for sworn police and fire employees), an increase of \$3.4 million will be used as follows:

- \$1.9 million to account for the previously mentioned change in the way the Fire Insurance Premium Tax Credit is recorded due to new accounting regulations. There is an offsetting revenue of the same amount for a net \$0 impact to the General Fund. The change is an accounting reporting requirement by the Governmental Accounting Standards Board to recognize the Fire Insurance Premium credit as an expense and revenue for the PSPRS where previously just the net was recorded as an expense
- \$800,00 million for increased employer contribution rates in FY 2019/20
- \$700,00 is a one-time Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan (DROP) program

Additionally, \$700,000 is included for increased employer contribution rates in FY 2019/20 for employees in the Arizona State Retirement System.

Other General Fund expenses

The proposed budget also includes money for several priority items:

- \$400,000 for increased costs in custodial contracts throughout the city as more locations require services, including some open 24 hours per day, 7 days a week
- \$200,000 covers annual operating costs for three completed capital projects: Fire Stations 613 and 616, and the Airport Terminal Area Redevelopment Project
- \$200,000 is a one-time expenditure to replace outdated audio-visual equipment at all libraries, senior centers, community centers and parks facilities
- \$200,000 is a one-time expenditure to purchase pension planning software to help manage liabilities and costs of the Public Safety Personnel Retirement System

Capital Improvement Program

An estimated \$147 million will be spent on capital improvements in Fiscal Year 2019/20. These projects address City Council priorities and critical capital infrastructure needs in a variety of areas and are supported by different funding sources.

The City Council Capital Improvement Plan Subcommittee held a handful of meetings January through March to review and prioritize capital project requests. The result of those meetings is the proposed FY 2019/20 through FY 2023/24 CIP funding recommendation to the City Council.

Additionally, the subcommittee evaluated various options to address remaining unmet priority capital needs and recommended that the City Council discuss and adopt a funding strategy. The City Council is scheduled to hold this discussion April 15.

CIP transfers

The total FY 2019/20 CIP transfer from the General Fund operating budget is \$15.1 million, which consists of:

- \$5.8 million – per financial policy #17 food tax (Note: this transfer amount will be reduced in the FY 2019/20 Tentative Budget by \$0.7 million to \$5.1 million to offset administrative overhead costs that will no longer be charged to the Capital Improvement Plan and instead charged to the General Fund operating budget. This change in charging administrative overhead costs will also apply to the Transportation Fund. The FY 2019/20 Tentative Budget will also include a \$0.8 million shift in the charging of administrative overhead costs from the Transportation Fund capital budget to the Transportation Fund operating budget.
- \$4.0 million – per financial policy #17, transfer net interest income in excess of \$1.0 million
- \$2.7 million – per financial policy #25, transfer a minimum of 25 percent of construction sales tax
- \$2.5 million – stormwater fee of \$2.95 per month to fund Drainage and Flood Control CIP projects
- \$67,400 – per the city's Baseball Facilities agreement with the Scottsdale Charros and San Francisco Giants, which makes a capital improvement contribution of 40-cents per Spring Training ticket sold

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

Build/rebuild fire stations (FY 2019/20: \$8.3 million)

In 2015, Scottsdale voters approved \$16.4 million in bond financing to build or rebuild four fire stations. Fire Stations 605 (75th Street and Shea) and 613 (North Hayden Road in Desert Foothills area) are complete.

The two remaining stations – Fire Station 616 (Desert Mountain) and Fire Station 603 (McCormick Ranch) will begin construction in the coming fiscal year

Funding sources: G.O. Bond 2015 and General Fund

Downtown sidewalk and lighting improvements (FY 2019/20: \$2.3 million)

Two separate projects currently under design will connect, widen, improve accessibility and enhance lighting to downtown sidewalks where needed. The new lighting will also include the addition of electrical outlets to support seasonal downtown lighting.

Funding sources: Transportation Sales Tax and General Fund

Granite Reef Watershed drainage improvements (FY 2019/20: \$6.7 million; \$37.7 million total remaining budget)

Drainage improvements will provide 100-year flood protection and eliminate the need for mandatory flood insurance for the structures in the Granite Reef Wash corridor between Thomas and McKellips roads. Construction of two of the three sections of Phase 1 are complete with the design of Phase 2 underway.

Funding sources: General Fund, Maricopa County Flood Control District and Salt River Pima-Maricopa Indian Community

Crossroads East Flood Control Phase I (FY 2019/20: \$15.1 million)

The city is working with the development company for Nationwide Insurance to design and build an open drainage channel to protect the future mixed-use development and other parcels downstream from a 100-year flood event.

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

Drinkwater Bridge (FY 2019/20: \$7.6 million)

Reconstruction of the bridge is underway and it is anticipated to open in November 2019.

Funding sources: Transportation Sales Tax and Regional Transportation Sales Tax (Prop 400)

Pima Road: Pinnacle Peak to Happy Valley (FY 2019/20: \$22.1 million)

Design and right-of-way acquisition is underway; the project will expand the road to a major six-lane arterial street with landscaped median, turn lanes, bike lanes, sidewalks, curb and gutter, roadway drainage and Intelligent Transportation Systems facilities.

Funding sources: Transportation Sales Tax and Regional Transportation Sales Tax (Prop. 400)

Raintree Drive: Scottsdale to Hayden (FY 2019/20: \$16.0 million)

Construction of the first phase of the Raintree Drive project from Scottsdale Road to Hayden Road will begin. This project will provide a direct connection between the Loop 101 freeway and Scottsdale Road, simplify the route from Hayden Road to Scottsdale Road and help to relieve some traffic congestion currently experienced on Frank Lloyd Wright Boulevard in this area.

Funding sources: Transportation Sales Tax and Regional Transportation Sales Tax (Prop 400)

Thomas Groundwater Treatment Facility (FY 2019/20: \$23.3 million)

A new facility is being built to receive and treat a side stream of water discharged from the Groundwater Treatment Facility.

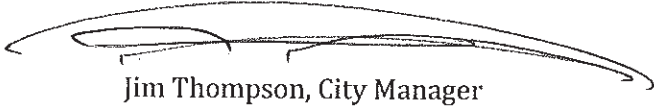
Funding sources: Water Rates and Municipal Property Corporation Bonds

Conclusion

Also included in the proposed budget is an organization chart that reflects several organization changes which carry no fiscal impact - no additional dollars are needed. Changing these reporting relationships should further improve teamwork and increase efficiency. For example, Transportation will become part of Public Works so that those who design, build, and maintain the roads are in the same division. WestWorld will join Community Services to activate the facility in additional ways. The budget will reflect these changes by adjusting cost centers and accounts for some staff and programs. Some of these are included in the proposed budget presented here, while the remainder will be included with the tentative budget in May.

This proposed Fiscal Year 2019/20 budget provides the means for the City of Scottsdale to continue the high-quality city services our residents expect and deserve. It is a starting-off point for additional conversations with the City Council and the community.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Thompson", with a long, sweeping underline that extends to the right.

Jim Thompson, City Manager



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Scottsdale

Arizona

For the Fiscal Year Beginning

July 1, 2018

Christopher P. Morill

Executive Director

Budget Award for Fiscal Year 2018/19 Budget

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for fiscal year beginning July 1, 2018. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operating guide, and as a communications device.

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



INTERNATIONAL CITY/COUNTY
MANAGEMENT ASSOCIATION

This
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is presented to

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Presented at the 105th ICMA Annual Conference
in Nashville/Davidson County, Tennessee

21 October 2019

A handwritten signature in black ink, appearing to read 'Marc A. Ott'.

MARC A. OTT
ICMA EXECUTIVE DIRECTOR

A handwritten signature in blue ink, appearing to read 'Karen Pinkos'.

KAREN PINKOS
ICMA PRESIDENT



Executive Summary

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2019/20. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

Current year City Council policy decisions

The following are the major policy items included in the city's adopted FY 2019/20 budget. Each of these items were discussed during City Council's public budget review sessions:

- \$4.6 million General Fund (\$5.6 million all funds) is for a 2.5 percent market adjustment for city employees.
- \$3.8 million General Fund (\$4.7 million all funds) for the citywide pay for performance program, through which employees may receive pay increases based on performance (up to the maximum of their salary range).
- \$0.6 million General Fund (\$1.0 million all funds) for the second phase of a three-year plan to address employee salaries that have fallen below market comparisons.
- \$0.4 million General Fund to increase vacation days for sworn fire personnel from five to six.
- \$1.0 million General Fund (\$1.6 million all funds) to cover the city's share of an anticipated 6.8 percent increase in employee medical costs.
- \$0.7 million General Fund for a one-time Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan (DROP) program.
- \$0.7 million General Fund for administrative overhead costs for capital projects that were previously charged to the CIP; this amount is completely offset by a corresponding decrease in transfers out to the CIP from the food tax.
- \$54.7 million General Fund was designated in the ending fund balance for "PSPRS Pension Liabilities" to begin to address the unfunded liability in this area and shore-up the city's portion of the pension program for public safety personnel.
- \$5.1 million, or two-thirds of the amount collected for the 1.10 percent sales tax on food for home consumption, will be transferred to the Capital Improvement Plan (CIP) in an effort to ensure the city's assets are properly maintained.
- \$1.1 million from additional primary property tax collections (\$630,000 due to the allowable two percent statutory adjustment and \$430,000 due to new construction on the tax rolls).

- \$1.1 million will be generated by a \$1 monthly increase to the Stormwater Fee paid by utility customers; 95 cents of every \$1 generated will be used solely for stormwater capital projects.
- The secondary property tax levy will decrease \$1.2 million from \$34.2 million to \$33.0 million due to the pay down of general obligation debt. The secondary rate will decrease from \$0.5705 to \$0.5214.
- Water and Water Reclamation include increases to base fees and rate adjustments to reflect the recovery of fixed operating costs and to capture the demands placed on the system. Additionally, included are volumetric increases for residential and commercial customers to also address cost recovery.
- The Solid Waste Fund includes increases to its solid waste rates for residential and commercial refuse front loader containers.
- Rate/fee adjustments are included for the Community and Economic Development, Community Services, and Public Safety – Fire divisions.

How the adopted budget will affect citizens' property tax rates

The FY 2019/20 primary property tax levy will be used to support General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and other general governmental functions. The primary property tax levy also includes a repayment to the Risk Management Fund reserve of \$251,471 for tort liability claim payments made during calendar year 2018.

For FY 2019/20, the city's total proposed primary property tax levy of \$32.9 million is an increase of \$1.0 million over the current year levy of \$31.9 million, due to the two percent statutory adjustment. The current primary property tax rate of \$0.5316 per \$100 of assessed valuation is projected to decrease by \$0.0118 to \$0.5198 in FY 2019/20.

For FY 2019/20, the city's proposed secondary property tax levy is forecasted to decrease \$1.2 million from the FY 2018/19 adopted budget of \$34.2 million to \$33.0 million due to a decrease in debt service payments. The current secondary tax rate of \$0.5705 is expected to decrease by \$0.0491 to \$0.5214 per \$100 of assessed valuation in FY 2019/20.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2019/20, the city's total proposed combined property tax levy is forecasted to decrease over the current year by approximately \$0.3 million from \$66.1 million in FY 2018/19 to \$65.8 million in FY 2019/20.

In FY 2019/20, citizen tax bills will reflect an estimated combined property tax rate of \$1.0412, which is \$0.0609 less than the FY 2018/19 combined rate of \$1.1021. The management of the combined property tax rate is included in the city's adopted financial policies for debt management, which states that the combined tax rate will not exceed \$1.50 per \$100 of assessed value. Based on this combined rate, an owner of a home with a County Assessor's real property value of \$100,000 will pay approximately \$104.12 in city property taxes, applying the proposed combined property tax rate. The Maricopa County Assessor's Office, not the City of Scottsdale, determines real property values used to calculate property tax bills.

How the adopted budget will affect compensation and staffing levels

Compensation and Benefits – The FY 2019/20 budget includes \$4.6 million General Fund (\$5.6 million all funds) for a 2.5 percent market adjustment for city employees. Additionally, \$0.6 million (\$1.0 million all funds) is included for the second phase of a three-year plan to address employee salaries that have fallen below market comparisons.

As the economy improves, the employment market is more competitive. This program will ensure a competitive, equitable and consistent classification and compensation plan for city employees and better position our organization as an employer of choice within the Valley.

In addition to this market adjustment, the FY 2019/20 budget includes \$3.8 million in the General Fund (\$4.7 million all funds) to continue the citywide pay for performance program, through which employees may receive pay increases based on performance (up to the maximum of their salary range).

The budget also includes an additional \$1.0 million in the General Fund (\$1.6 million all funds) to help cover a 6.8 percent increase expected for employee medical costs.

Staffing Changes – The city’s total FTE count for FY 2019/20 is 2,531.45 which is a net increase of 21.01 FTE from the prior year adopted budget.

The positions that were added in FY 2019/20 were spread across divisions where needs had been identified. For example:

- Re-establishing three Court Security Officer (2.48 FTE) positions as City Court employees rather than contracted workers to better align with Court Officer roles and responsibilities mandated by the Arizona Supreme Court.
- The addition of a new Software Engineer Sr. position (1.00 FTE) to expand and modernize custom developed solutions to enable the business of delivering and managing clean water.
- The addition of a Public Affairs Specialist (1.00 FTE) position to support growing citywide communication needs.
- The addition of six Firefighter (6.00 FTE) positions primarily funded with Staffing For Adequate Response (SAFR) grant funds.
- The addition of two Detention Officer (2.00 FTE) positions to support Phase I of the Jail Dormitory Project and a Police Aide (1.00 FTE) position to assist in domestic violence investigative duties.

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

FTE Changes from Prior Fiscal Year by Division			
FY 2018/19 Adopted FTEs		2,510.44	
Administrative Services			
Software Engineer Sr.	1.00		
Intern	0.50	GF	
Treasury Technology Manager	(1.00)	GF	
City Court			
Court Security Officer (2 @ 1.00 FTE, 1 @ 0.48 FTE)	2.48		
City Manager			
Assistant City Manager	1.00	* GF	
Public Affairs Specialist	1.00	GF	
City Treasurer			
Treasury Technology Manager	1.00	GF	
Community & Economic Development			
Intern	0.30		
Strategic Initiative/Special Project Administrator	(1.00)	GF	
Community Services			
Community Services Director	(1.00)	* GF	
Strategic Initiative/Special Project Administrator	1.00	GF	
Recreation Leader I	(0.68)	GF	
Recreation Leader II	2.08	GF	
Human Services Specialist	0.14	GF	
Library Aide	0.08	GF	
Library Monitor	(0.03)	GF	
Library Page	(0.11)	GF	
Pool Manager	0.47	GF	
Community Services - Cont'd			
Pool Manager, Assistant			(0.95) GF
Parks & Recreation Manager			(1.00) GF
Parks & Recreation Manager			1.00
Maintenance Worker I			0.24
Public Safety - Fire			
Firefighter (6 @ 1.00 FTE)			6.00
Public Safety - Police			
Police Aide			2.00 GF
Police Parking Control Checker			0.40 GF
Police Detention Officer (2 @ 1.00 FTE)			2.00 GF
Police Officer (Sworn)			(1.00) GF
Public Works			
Intern			0.48
Contracts Coordinator			1.00 GF
Solid Waste Equip Operator I (2 @ -0.21 FTE)			(0.42)
Fleet Technician II			1.00
Fleet Technician III			1.00
Water Resources			
SCADA Systems Specialist			1.00
W/WW Treatment Plant Op III			1.00
Intern			0.03
Net Change All Divisions			21.01
FY 2019/20 Adopted FTEs		2,531.45	

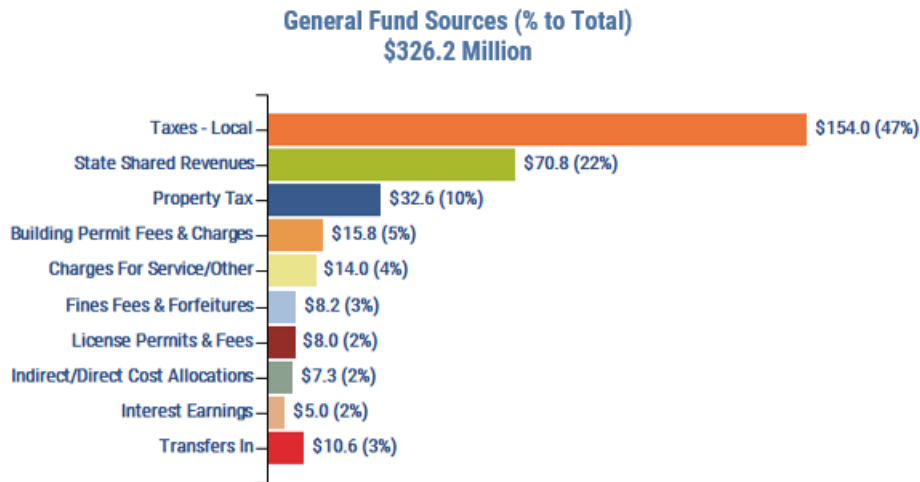
* Position reclassified and transferred
GF = General Fund

Fund Highlights

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2019/20 budget. The General Fund is presented first and in more detail because of the size and importance.

General Fund - Sources

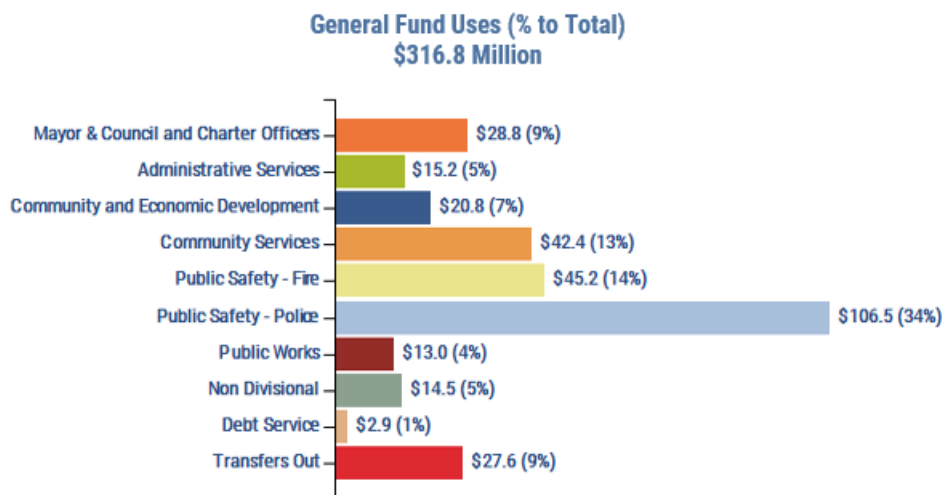
The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. Forecasted General Fund sources for FY 2019/20 are \$326.2 million, approximately \$15.8 million (5.1 percent) more than the FY 2018/19 year-end forecasted budget. The following bar graph summarizes the major sources.



Note: Rounding difference may occur

General Fund - Uses

The adopted FY 2019/20 General Fund uses budget is projected to be approximately \$316.8 million (not including \$86.6 million in contingency, reserve and designation), approximately \$19.2 million (6.5 percent) more than the FY 2018/19 year-end forecasted budget. The following bar graph provides a summary of the General Fund uses.



Note: Rounding difference may occur

General Fund Ending Balance

The FY 2019/20 budget includes the following:

Operating Contingency – The budget includes a \$3.0 million operating contingency to meet unforeseen expenses during the year. The operating contingency can only be used after it is determined that existing resources could not be used and requires City Council approval.

General Fund Reserve – This reserve is budgeted to be \$28.9 million on June 30, 2020; or 10 percent of annual General Fund operating expenses per City Council adopted Financial Policy No.36. Use of the reserve requires City Council approval and will only be used to protect Scottsdale in times of unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund reserve also preserves the city's highest possible bond ratings from all three major rating agencies.

PSPRS Pension Liabilities – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. Beginning in FY 2018/19 a 'PSPRS Pension Liabilities' designation was created. The amount designated in FY 2019/20 for PSPRS Pension Liabilities is \$54.7 million. This begins to address the unfunded liability in this area and shore-up the city's portion of the pension program for public safety personnel. In prior years, funds were held in the Undesignated, Unreserved Fund Balance.

Undesignated, Unreserved Fund Balance – An undesignated, unreserved fund balance of \$0.5 million is expected on June 30, 2020. The undesignated, unreserved fund balance represents accumulated surpluses of prior years.

Special Revenue Funds

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

The **Transportation Fund** accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state gas taxes. Funding also comes from the 1990 (0.20 percent) and 2019 (0.10 percent) voter-approved sales tax and the state's Local Transportation Assistance Fund, which is funded from lottery proceeds and it is distributed to cities and towns through an annual application process. Total sources are expected to be about \$55.5 million.

Uses total about \$54.0 million of which \$27.5 million represents operating expenses. Of the \$26.5 million dedicated for transportation capital projects, \$14.4 million is transferred to CIP which per Financial Policy No. 26 is 50 percent of the 1990 (0.2 percent) transportation sales tax revenue. The remaining \$12.1 million transferred is from the 2019 (0.1 percent) transportation sales tax revenue and is dedicated 100 percent to Arterial Life Cycle Programs (ALCP) CIP projects. The operating expenses are those necessary to operate and maintain the city's transportation system. The largest expenses include transit contracts, trolley maintenance, medians and rights-of-way maintenance and the street overlay program.

The **Preservation Fund** is used to account for sources and uses related to the acquisition of the Scottsdale McDowell Sonoran Preserve. Funding comes from the 1995 (0.20 percent) and 2004 (0.15 percent) voter-approved sales tax. Under the sales tax ballot language, the preservation sales tax revenues are to be used only for preserve acquisition, preserve related construction and trailheads.

These sales tax revenues are forecasted to be \$43.9 million. Approximately \$32.7 million of this amount will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2020 is expected to be \$36.0 million. The timing and amount of any future preservation bond issuances depends on revenue and the availability and price for state lands.

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

The **Tourism Development Fund** is a special revenue fund created to account for transient occupancy (bed) tax revenues and Fairmont Scottsdale Princess Hotel Lease payments both of which are to be used for tourism related activities and General Fund

support. The fund currently has annual sources of \$23.5 million, annual uses of \$23.2 million (includes authorized carryovers from prior fiscal years) and a projected June 30, 2020 ending fund balance of \$5.3 million.

Debt Service Fund

Debt Service Fund is designated for payment of long-term debt. Total sources are \$104.4 million for FY 2019/20.

A total of about \$98.2 million is planned for debt service payments in FY 2019/20, which is approximately \$8.5 million more than the FY 2018/19 year-end forecast primarily due to the defeasing of GO bond debt using existing resources.

Enterprise Funds

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

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

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

Increases to base fees were adopted to better reflect the recovery of fixed operating costs and adjusted to capture the demand availability designed into the system. Adopted volumetric rate changes for residential and commercial customers include an increase in tier two through five.

Overall, the water base fee and rate adjustments are forecasted to generate an annual revenue increase of approximately \$3.0 million, or 3.0 percent, and are effective November 1, 2019.

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

- Maintenance costs to ensure regulatory compliance with Capacity, Management, Operations and Maintenance (CMOM) regulations and to minimize wastewater overflows
- Odor control maintenance and repair costs
- Operating cost increase for personnel services

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

Adopted volumetric changes for residential and commercial customers include an increase in all categories by approximately 1.1 percent.

Overall, the sewer rate changes are forecasted to generate an annual revenue increase of approximately \$0.8 million, or 2.0 percent, and are effective July 1, 2019.

Total Water and Water Reclamation Fund sources are expected to be about \$172.8 million, annual uses are expected to be \$173.0 million, and ending fund balance is projected to be \$67.4 million by June 30, 2020.

Solid Waste Fund – The Solid Waste Fund accounts for the transactions related to the city's commercial and residential refuse, recycling, brush and bulk collections business activities. To maintain the revenue requirements of the Solid Waste Fund,

modifications to the residential and commercial solid waste rates were implemented effective July 1, 2019 and are expected to generate approximately \$1.6 million in additional revenue.

Total Solid Waste Fund sources are expected to be about \$23.0 million, annual uses are expected to be \$23.9 million, and ending fund balance is projected to be \$6.6 million by June 30, 2020.

Aviation Fund – The Aviation Fund accounts for the transactions related to the city’s aviation business activity at the Scottsdale Airport. Total Aviation Fund sources are expected to be about \$5.4 million, annual uses are expected to be \$7.3 million, and ending fund balance is projected to be \$1.5 million by June 30, 2020.

Internal Service Funds

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

The **Fleet Management Fund** accounts for the costs of operating, maintaining, and acquiring all of the city’s vehicles and other rolling stock. User divisions are assessed maintenance and operation costs (\$9.4 million), acquisition costs (\$9.7 million), and fuel costs (\$3.6 million). Fleet Management establishes, collects, and manages funds to provide acquisition and/or replacement of approved fleet assets based on life cycle cost analysis performed on each equipment class. Fleet Management, in cooperation with the using division, calculates an annual rate for each individual asset based on condition, suitability for the service, current economy, the repair history, the actual utilization rate of each asset and other applicable factors. The fund balance of about \$7.9 million estimated on June 30, 2020 represents funds previously collected for maintenance, operations and vehicle/equipment acquisitions that will be expended in future years.

The **PC Replacement Fund** accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to the city divisions as an internal operating charge based on the quantity and type of hardware used. For FY 2019/20, user divisions are assessed estimated costs of \$1.1 million, leaving an estimated ending fund balance of \$1.9 million on June 30, 2020.

The **Risk Management Fund** accounts for the activity related to the city’s property, liability, and workers compensation programs. User divisions are assessed estimated costs of \$11.4 million. The estimated ending fund balance on June 30, 2020 of about \$23.0 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the governing body’s (Loss Trust Fund Board) requirement to maintain an 85 percent confidence level in the actuarial assessment.

The **Healthcare Self Insurance Fund** accounts for the activity related to employee healthcare programs (medical and dental). The estimated \$34.1 million in healthcare costs is shared by the city, its employees and public safety disabled retirees. For FY 2019/20, there was a \$2.0 million increase in uses compared to the FY 2018/19 adopted budget. The benefits plan includes employees and applicable spouses/partners can earn an incentive payment of up to \$240 by completing a wellness exam and health risk assessment to help offset the increase in premiums. Additionally, employees and spouses/partners can receive an additional \$20 per month incentive if, through their doctors, they report blood pressure results within certain approved ranges. Finally, there is a tobacco surcharge of \$20 per month for employees and/or family members who self-report the use of tobacco products.

Beginning in FY 2019/20, the city provided employees access to the One Guide – Cigna Concierge Service and the Omada Diabetes Prevention Program.

The estimated ending fund balance on June 30, 2020 of \$11.2 million includes a reserve for large claims beyond what was anticipated and for incurred but not reported claims, and an operating contingency used only for unforeseen emergencies.

Grants, Endowments and Special Districts Funds

Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the \$12.0 million total grants are two larger grants – Section 8 Housing at \$6.0 million and the Community Development Block Grant (CDBG) at \$1.3 million. In addition to numerous identified smaller grants, the city includes \$4.7 million in the grant budget for anticipated and/or unidentified future grants. This gives the City Council the budget authority to accept and spend grant funds that are not specifically known at the time the budget is adopted. This practice also allows the city to comply with state budget laws regarding annual

expenditure limits. The ending fund balance of the individual grants is carried forward to future periods, re-budgeted, and is available to be spent solely for the intended purposes.

The city established the **Endowments** Program in November 1991 to offer residents an opportunity to contribute to their community with immediate and planned gifts held in perpetuity. In 1993, Council authorized an agreement with the Arizona Community Foundation to administer the endowment funds in accordance with the intended public purposes for each fund. The city holds four endowment funds: Rassner Library, Scottsdale Community, Scottsdale Employee, and Herbert R. Drinkwater Youth Services. For FY 2019/20 the city anticipates \$30,800 in distributions.

A **Special Districts Fund** is used to account for the proceeds received from property owners in the city's 355 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources and uses are estimated at \$0.6 million for FY 2019/20. If an ending fund balance of the Special Districts Fund exists, it is carried forward to future periods and is available to be re-budgeted but must be spent solely for the intended purposes. The fund balance is used to lower assessments.

Capital Improvement Plan

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

Below is a summary of the \$659.7 million capital budget highlights by program, along with some notable examples in each capital program area:

Community Facilities (\$64.9 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 9.8 percent of the CIP addresses the needs of this program. Significant Community Facilities projects include the Scottsdale Stadium Renovations, the initiation of the McCormick Stillman Railroad Park Improvements Phase I, the continuation of the design and construction of the various Downtown sidewalk and lighting projects and the design and beginning of construction of the Civic Center Library Story Time Expansion.

Preservation (\$52.7 million) – addresses the goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the Scottsdale McDowell Sonoran Preserve for maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. Approximately 8.0 percent of the CIP addresses this program. Significant preserve projects include the design and construction of the Fraesfield and Granite Mountain trailheads.

Drainage and Flood Control (\$25.5 million) – addresses flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished using detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 4.0 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include the Crossroads East Flood Control Phase I and the continuation of construction for the Granite Reef Watershed Phase 1 improvements between Indian School Road and McDonald Drive.

Public Safety (\$17.4 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 2.6 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as the design and construction of Fire Stations 603 and 616 and the jail dormitory.

Service Facilities (\$18.4 million) – addresses the goal of coordinating land use and infrastructure planning. These programs achieve this goal through the renovation of current facilities and technology necessary for the efficient and effective operations of the city. Approximately 2.8 percent of the CIP addresses this program. Service Facilities projects include Facilities Repair and Maintenance

Program, Network and Server Infrastructure Replacement Program, modifications of Fleet Fuel sites and the implementation of a risk management platform to manage liability and workmen's compensation claims.

Transportation (\$188.2 million) – addresses multi-modal transportation needs. Approximately 28.5 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include the design and construction of the north general area aviation box hangars, the widening of Happy Valley Road from Pima Road to Alma School Road, the design and construction of a six-lane major arterial cross-section on Pima Road from Pinnacle Peak Road to Happy Valley Road, continuation of the extension of Raintree Drive from Scottsdale to Hayden Roads and completion of the Drinkwater Bridge structural repairs.

Water Management (\$292.5 million) – focuses on the capital needs required to deliver safe, reliable water and to provide water reclamation services. This program also addresses the requirement to achieve federal and state regulations. Approximately 44.3 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include the construction of water and sewer lines at Crossroads East, the installation of the Jomax Road Sewer Interceptor and Lift Station, the Reclaimed Water Distribution System (RWDS) Improvements to pipeline pump stations and reservoirs, the replacement of the Booster Station 57, the continuation of the Frank Lloyd Wright 24-inch Transmission Main and Booster Station 83B Modifications and the construction of the Thomas Groundwater Treatment Facility.

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

The budget continues the practice of leveraging one-time elastic revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. The municipal bond rating agencies view this as a sound fiscal practice. In FY 2019/20, the budget assumes the General Fund will transfer a total of \$14.4 million to the CIP.

Conclusion

The goal of this summary is to provide the reader with the key highlights most likely of interest to readers. For readers requiring greater levels of detail and information, they are encouraged to review the rest of Volume One (Budget Summary), Volume Two (Division Operating Budget), and Volume Three (Capital Improvement Plan).



FY 2019/20 Adopted Budget

City of Scottsdale's Budget Process

Recommended Budget Practices

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

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

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

Budget 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

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

Mission of the Budget Process

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

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

The budget process should accomplish the following:

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

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

Principles/Elements of the Budget Process

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

Each of the principles 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

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

2. Develop Approaches to Achieve Goals

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

3. Develop a Budget Consistent with Approaches to Achieve Goals

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

4. Evaluate Performance and Make Adjustments

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

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

Budget Roles and Responsibilities

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

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

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

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

The **capital improvement plan (CIP) liaisons** essentially serve the same role as the budget liaisons; however, their focus is on the coordination of capital projects, multi-year capital planning and capital project operating impacts with the budget staff. In some cases, the same individual serves as both the divisional budget liaison and CIP liaison. A list of budget liaisons and CIP liaisons and their area of responsibility appears later in this section.

The **CIP technology review team** and **CIP construction review team** are comprised of supervisors and managers from various city divisions. These cross-divisional teams are responsible for the initial review of all the city's capital project requests. Their reviews are focused on timing and cost considerations, compiling lifecycle costs, and preparing a preliminary capital improvement plan recommendation for review and revision by the division directors, budget staff, city treasurer, city manager, City Council and various citizen boards and commissions.

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

The **senior budget analysts** are responsible for preparing the multi-fund short-range and long-range revenue and expenditure forecasts, coordinating with budget liaisons in calculating user fees, calculating the indirect cost rate, developing the process and related forms for preparing and monitoring the budget, coordinating the compilation of budget data, analyzing operating and capital budget requests, supporting the Accounting Department in the Comprehensive Annual Financial Report preparation, asset monitoring, evaluating and summarizing budget requests from divisions and preparing budget review materials for the city treasurer, division directors, city manager, City Council, media and citizens.

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

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

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

The **CIP Subcommittee** is comprised of a subset of members of the City Council. Subcommittee meetings are held regularly over the course of the fiscal year. In the spring, members review the city's proposed CIP and make funding recommendations to the full City Council. Ultimately, their recommendations are discussed at public meetings prior to budget adoption.

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-fund, multi-year revenue forecast. The first year of the revenue estimates is the most critical in the process as that will ultimately define the expenditure limitations for the forthcoming budget year. The multi-year revenue perspective further refines the city's planning for current and future period expenditures – with the goal of not adding service areas, services or staff which do not have a 'sustainable' funding source over the five-year planning timeframe.

The preliminary assumptions are used to forecast the city's fiscal capacity and provide the financial framework within which the proposed division budget service levels, capital budget operating impacts and capital infrastructure project budgets must be developed.

Policy/Strategy Development and Prioritization Process Phase

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

Budget Development and Prioritization Process Phase

In the early fall, the Capital Improvement Plan (CIP) development begins in conjunction with the city's multi-year financial forecasts. Initial divisional capital project requests and changes to existing capital projects are reviewed by cross-divisional teams for accurate costing, congruence with city objectives and prioritized using a set of pre-determined criteria. Financing sources are then sought for the highest-ranking projects. The teams involved in this process include the CIP technology review team and the CIP construction review team. The CIP review teams are made up of individuals from a variety of city divisions and professional disciplines. When developing their division operating budget plans, staff closely considers the ongoing 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 update their proposed performance measurements. The performance measurements are developed to assess results and ensure accountability, which enable managers and policy makers to evaluate progress towards stated goals and objectives. The staff also prepare their proposed program operating budgets at this time by using a modified zero-based budget approach, which requires that the budget be prepared solely at the existing service operating levels – no modifications are permitted at this stage of the budget development process. The divisional staff is also asked to evaluate their programs and/or positions for possible trade-offs, reductions, eliminations or service level changes to offset inflation, contractual, compensation and benefit cost increases.

Under the city's modified zero-based budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff and program trade-offs resulting in service level reductions/increases must be submitted to the Budget Department in a decision package. A decision package provides extensive analysis and justification for the division's request and is reviewed by the city manager, city treasurer and budget director during the budget development and prioritization process. In the later stages of the city's budget development process, decision packages are considered and balanced among numerous competing demands within the city's available ongoing resources. When funding needs exceed the city's funding limits, remedies may include one or more of the following: reduce the 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 divisions submit their proposed operating budget requests to the Budget Department. The initial multi-faceted review focuses on ascertaining the division's needs with the Budget Department's budget instructions, reviewing the mathematical accuracy and logic of the divisional base budget and capital project requests, and any decision packages. The review also includes a broader assessment of whether the divisional budget proposals address City Council's broad goals, strategic directives and service needs while maintaining a citywide perspective ensuring the fiscal integrity of the city (not exceeding forecasted resources/limits).

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

City Council Budget Review and Adoption Phase

Throughout the fiscal year, the CIP Subcommittee may meet to discuss citywide CIP needs from a policy perspective. In the spring, funding recommendations are discussed at public meetings.

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

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

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

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

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

"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 restricted and unrestricted 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 and contingency provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the city to comply with the Arizona state law and to pro-actively pursue emerging revenue sources as the budget year unfolds. Expenditures (i.e., appropriations) associated with items such as possible future grants/revenues may not be spent without City Council's prior approval at a public meeting.

Arizona State Revised Statutes only requires communities to prepare budgets for two funds – the General Fund (ARS 42-17101) and Highway User Revenue Fund (ARS 28-6533) (see the Transportation Fund). In addition to these two funds the city prepares budgets and requests legal appropriation for the following funds – Special Revenue, Debt Service, Enterprise, Internal Service, Grants and Capital Improvement Plan Funds. The ordinance adopting the annual budget requires City Council authorization for expenditures from the funds, which in the aggregate constitute the city's total operating, capital budget and contingency/reserves for purposes of complying with the state's balanced budget and legal maximum appropriations requirements.

Implementing, Monitoring, and Amending the Budget Phase

In July, the city staff begins the process of implementing the newly adopted budget and is accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined compared to budget plans and corrective action is taken if necessary. The senior budget analysts and divisional budget liaisons meet every month to review current demographic, economic and financial trends, which may impact the city and to discuss possible strategies to ensure the city's fiscal integrity. City management and City Council are also provided monthly financial updates and reports disclosing actual revenue, expenditure and fund balance performance as compared to the budget plan.

Upon the final adoption of the budget, staff implement the operating budget and the capital improvement plan. The adopted operating budget and capital improvement plan books are typically published by September.

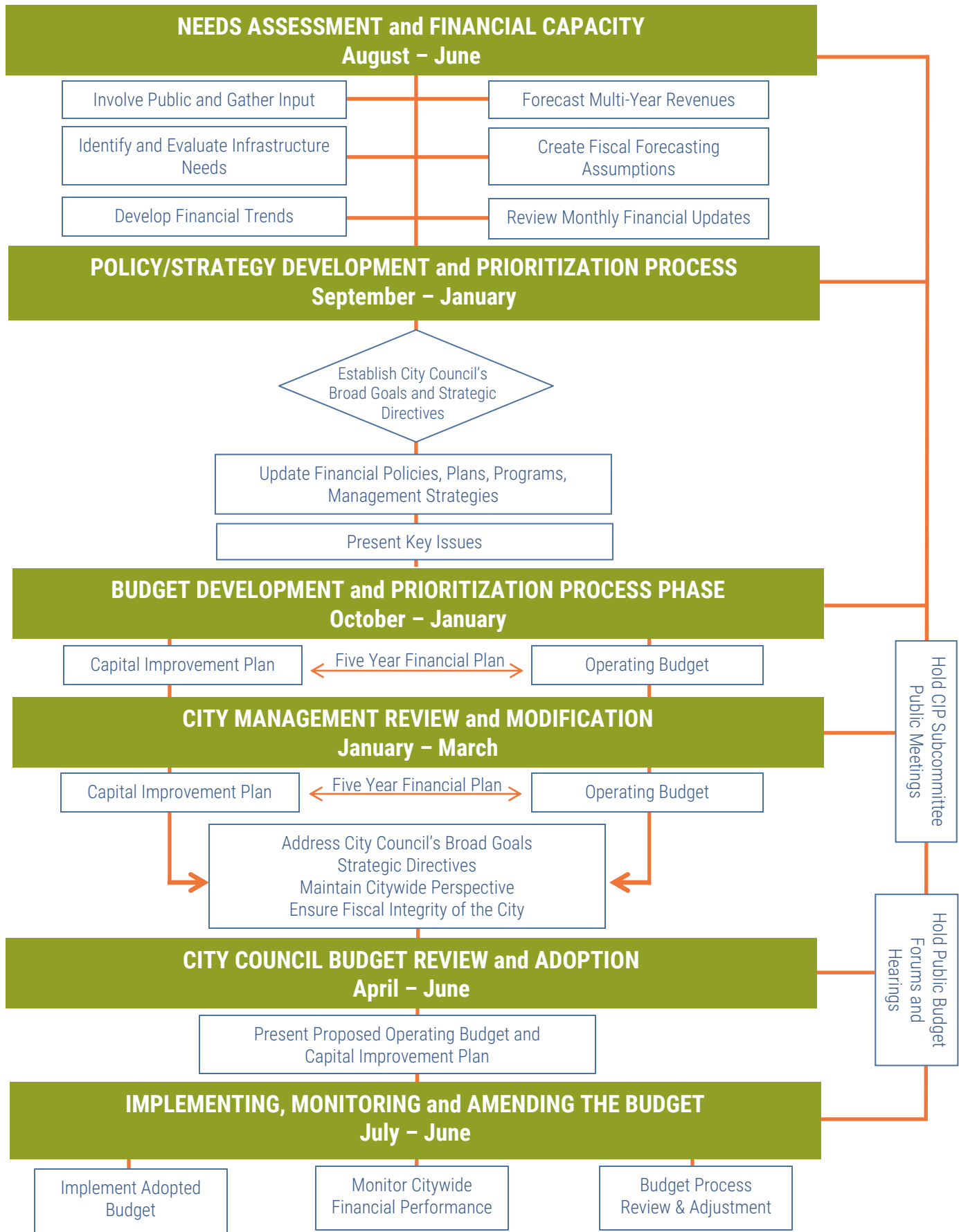
Scottsdale's programs and activities are periodically reviewed to determine if they are achieving City Council's broad goals, accomplishing strategic objectives and making efficient use of limited resources. City values of "plan and innovate for the future" and "focus on quality customer service" along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

The staff of every city program is expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed, reviewed and reported on quarterly. Scottsdale's culture along with the city value of "listen, communicate, and take action" stresses open communication and stakeholder involvement determining satisfaction with programs and in identifying areas needing additional attention.

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

The City of Scottsdale's operating budget is adopted at a division level and the capital improvement plan is adopted at a project level.

All mid-year amendments to the budget that require a budget transfer from the Contingency/Reserve Funds require City Council's prior approval at a public meeting before the adjustment can be made by staff. If approved, the transfer is processed in the budget system by the Budget Department.



Use of Contingency/Reserve Funds

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

Budgetary and Accounting Basis

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

Under the modified accrual basis, revenues are estimated for the fiscal year if they are accrued; amounts can be determined and will be collected within the current period. Principal and interest on general long-term debt is budgeted as expenditures when due, whereas other expenditures are budgeted for based on the timing of the receipt of the good or service.

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

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

- Certain revenues, expenditures and transfers are not included in the budget, but are accrued and reported in the CAFR. For example, increases or decreases in compensated absences are not included for budget purposes, but are presented in the CAFR.
- Franchise fees charged to the Enterprise Funds are accounted for as transfers-in or transfers-out in the budget but are recorded as revenues and expenses in the CAFR.
- Capital outlays in the Enterprise Funds are presented as expenses in the budget but are recorded as assets along with associated depreciation expenses in the CAFR.
- Debt service principal payments in the Enterprise Funds are expenses in the budget but reported as reduction of long-term debt liability in the CAFR.
- Certain debt service principal and interest payments are accounted for as expenses in the General Fund for the budget but are reported as expenses in the Debt Service Funds in the CAFR.
- For budget purposes, the Risk Management Fund presents claim expenditures on a cash basis while in the CAFR, the claim expenditures reflect an accrual for "incurred but not reported" (IBNR) claims.

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

Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2019/20 is comprised of three volumes:

Volume One – Budget Summary includes the City Council's mission statement and broad goals, the city manager's transmittal letters, executive summary and adopted financial policies. Volume One also contains a budget by fund section, which includes five-year financial forecasts that cover the period FY 2019/20 through FY 2023/24. This section also provides five-year historical summaries for sources and uses by fund.

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

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

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

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

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

Five-Year Financial Plan

The city's five-year financial planning process used to develop the proposed budget is a year-round process. The budget process begins in the early fall with the Budget Department's initial update of the five-year financial plan for each of the city's major funds. The staff reviews the five-year financial plans for the following funds that appear in the budget – General, Transportation, Preservation, Special Programs, Tourism Development, Special Districts, Endowment, Debt Service, Water and Water Reclamation, Solid Waste, Aviation, Fleet, PC Replacement, Risk Management, and Healthcare Self Insurance. Using the latest fiscal, operational, and legislative information, the staff works collaboratively with the city divisions to update the forecast for the current fiscal year related to the most recently adopted budget and to create a forecast for the coming budget year. The forecasts serve as the basis for the development of the city's proposed five-year financial plan.

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

The five-year financial plans provide the City Council, city management, citizens and municipal bond rating agencies with the benefits of a long-term financial perspective of revenues, expenditures, cash transfers in/out, fund balances and capital financing options. They also serve as the basis to test the potential impacts of proposed policy and operational modifications and pending legislative changes all intended to avoid subjecting citizens to wide or irregular fluctuations in rates/fees and service levels.

Proposed future operating impacts of capital projects are also included in the forecast, which facilitates the planning, integration and timing of the capital projects into the city's five-year financial plans. The City Council and city management use the plans to assess the impact of their proposed decisions in a long-range financial context. These decisions may include the proposed addition of new staff, new debt issuances and debt refunding, tax rate changes, the desire to create, modify or eliminate rates/fees, new or expanded services and state legislation changes. Based on the fiscal impact of these decisions, City Council has an opportunity to modify the proposed plans.

As noted above, the development and update of the five-year financial plans is a year-round process. The staff monitors the current budget monthly and adjusts the estimated annual revenues and expenditures based on the latest economic information, legislative changes and City Council priorities. The revenue and expenditure variances estimated ending fund balances and the status of the current year contingency usage are reported monthly to the City Council, city management and other stakeholders via the Monthly Financial Update and Monthly Financial Report. The staff also monitor and identify changes in the financial and economic climates

and considers solutions to negative trends, thereby preserving the financial health of Scottsdale.

Revenue Forecasting

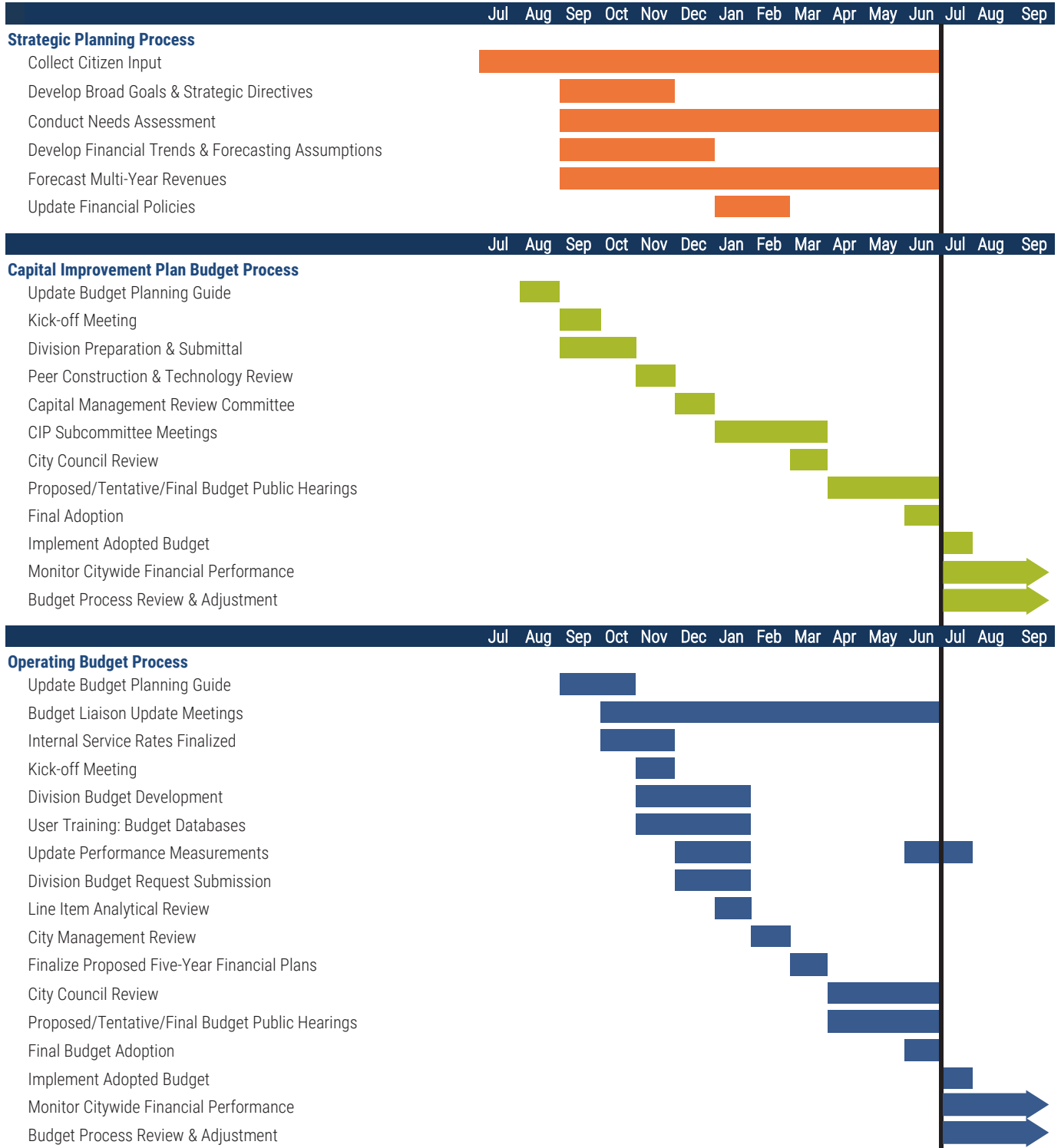
The City of Scottsdale uses both qualitative and quantitative methods for forecasting revenues by blending various techniques to develop conservative and prudent revenue projections. Qualitative revenue forecasting methods used by staff to develop multi-year financial plans include consensus, judgmental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

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

Expenditure and Year-End Savings Forecasting

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

BUDGET PLANNING AND DEVELOPMENT
FISCAL YEAR 2019/20 CALENDAR



Budget Liaisons and **CIP Liaisons** coordinate the budget within their respective division / department. The Budget Liaisons serve as the vital communication link between their city division / department and the Budget Department on matters related to their specific operating budget. Budget Liaisons are responsible for the review, analysis, and coordination of information; ensuring the proper completion and submission of forms and documentation; monitoring the internal review process to meet timelines; and facilitating problem resolution throughout the budget process. If needed in a division / department, the CIP Liaison (identified with an asterisk) essentially serves the same role; however, their focus is on coordination of capital projects and multiyear capital planning with the Budget Department staff. In many cases the same individual serves both roles.

Division / Department	Budget / CIP Liaison
Mayor and City Council	Kelli Kuester
City Attorney	Danielle Taebel *
City Auditor	Sharron Walker
City Clerk	Cathleen Butteweg
City Court	Ken Kung *
City Manager	Megan Lynn / Brent Stockwell *
City Treasurer	Phillip Verver *
Administrative Services	Jennifer Jensen *
Community Services	Bryan Bundy / Mike Murphy *
WestWorld	Jennifer Bowley *
Community and Economic Development	
Aviation	Carmen Williams *
Economic Development	Paula Guidry / Rob Millar *
Planning and Development	Dan VandenHam *
Tourism and Events	Maria Luna / Karen Churchard *
Public Safety – Fire	Teresa Martin / Ryan Freeburg *
Public Safety – Police	Christy Alonzo *
Public Works	Monica Staats* / Keith Marquis *
Water Resources	Gina Kirklin / Howard McCasland *

Operating Management

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

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

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

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

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

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

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

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

Capital Management

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

Debt Management

28. General Obligation debt, which is supported by property tax revenues and grows in proportion to the city's assessed valuation and/or property tax rate increases, will be utilized only as authorized by voters. Other types of voter-approved debt may also be utilized only when they are supported by dedicated revenue sources.
29. General Obligation debt issuances (excluding Preserve General Obligation debt) will be managed on an annual basis to match funds to Capital Improvement Plan cash flow requirements. The city will not exceed \$1.50 combined property tax per \$100 assessed value unless otherwise directed by City Council.
30. Non-voter approved debt will be utilized only when a dedicated revenue source (e.g., facility revenue and bed tax) can be identified to pay, or reimburse the city for paying, debt service expenses. City Debt Service (excluding enterprise, general obligation and preservation) costs (Municipal Property Corporation, Revenue Bond, and Contractual Debt) should not exceed five percent of the city's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility. The following considerations will be made to the question of pledging of project (facility) revenues towards debt service requirements:
 - a. The project requires monies not available from other sources.

- b. Matching fund monies are available which may be lost if not applied for in a timely manner.
 - c. Catastrophic conditions.
 - d. The city shall not give or loan its credit in aid of, nor make any donation, grant or payment of any public funds, by subsidy or otherwise, to any individual, association, or corporation, except where there is a clearly identified public purpose and the city either receives direct consideration substantially equal to its expenditure or provides direct assistance to those in need.
31. McDowell Sonoran Preservation debt service will be funded by the dedicated 0.35 percent privilege tax. The city's privilege taxes to revenue bond debt service goal will be at least 1.5:1 for senior lien debt to ensure the city's ability to pay for preserve debt from this elastic revenue source.
32. Improvement District (ID) and Community Facility District (CFD) Bonds shall be permitted only when there is a general city benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
- a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the city. In addition, the city's cumulative improvement district debt will not exceed five percent of the city's net assessed limited property valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.
 - b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. In addition, the city's cumulative facility district debt will not exceed five percent of the city's net assessed limited property valuation. The landowner/developer shall also contribute \$0.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
33. Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction of this plan.
34. While considering the bond rating impacts, the effect on short-term user rates and the level of cash reserves, the Water and Water Reclamation Enterprise Funds will use long-term debt when prudent to achieve a ratio of long-term debt to tangible fixed assets (capital assets net of depreciation plus equity in joint venture) of no more than 50 percent.

Reserve Management

35. All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the city's balanced five-year financial plan.
36. The following stabilization reserves will be maintained for unforeseen emergencies or catastrophic impacts to the city:
- a. General Fund Stabilization Reserve of 10 percent of annual General Fund operating expenditures.
 - b. Transportation Fund Stabilization Reserve of 10 percent of annual Transportation Fund operating expenditures.
 - c. An Excise Tax Stabilization Reserve will be funded at no less than \$5.0 million to be temporarily used for unforeseen emergencies or catastrophic impacts to the city.
37. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, and will not exceed 10 percent of the amount needed to pay the following year's bonded indebtedness for General Obligation bond principal and interest (excluding Preserve General Obligation bonds). A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.
38. Contingency Reserves for each fund to be established annually will be maintained to offset unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the

public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds, and subject to City Council approval.

39. Separate Operating Fund Reserves will be maintained for the city's Water, Water Reclamation, Solid Waste Management, and Aviation Enterprise Funds. Such reserves shall be funded between 60 and 90 days of budgeted operating expenditures, excluding expenditures for debt service. Operating Fund Reserves shall be maintained to provide contingency funding and expenditure flexibility in the event of unexpected declines in revenue or increases in costs.
40. Replacement and Extension Reserves will be maintained by the Water and Water Reclamation Enterprise Funds to ensure adequate resources for replacement of water and water reclamation infrastructure. Such reserves shall equal two percent of the gross book value of all tangible fixed assets of the system and shall be utilized only to provide contingency funding and expenditure flexibility during times of unusual circumstances.
41. Self Insurance Reserves will be maintained at a level that will adequately fund the city's financial obligations for the payment of property, workers' compensation, liability, and health benefit losses. A qualified actuarial firm shall be retained on an annual basis to project and develop losses in order to recommend appropriate reserve levels. The Loss Trust Fund Board's target is to maintain a Risk Management reserve fund balance equivalent to the actuary's 85 percent confidence interval of projected total outstanding claims liability.
42. The Fleet Fund and PC Replacement Fund will be maintained to ensure adequate funding for systematic replacement and operational needs.
43. Any intentional drawdown of fund reserves requires City Council approval.

Financial Reporting

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



FY 2019/20 Adopted Budget



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

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

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

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

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

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

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

Grants, Endowments and Special Districts Funds are used to leverage city funds to address priority program and service needs. Special Districts Fund is used to account for the city's streetlight districts.

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

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

Transportation Sales Tax Capital Funds – used to account solely for transportation projects.

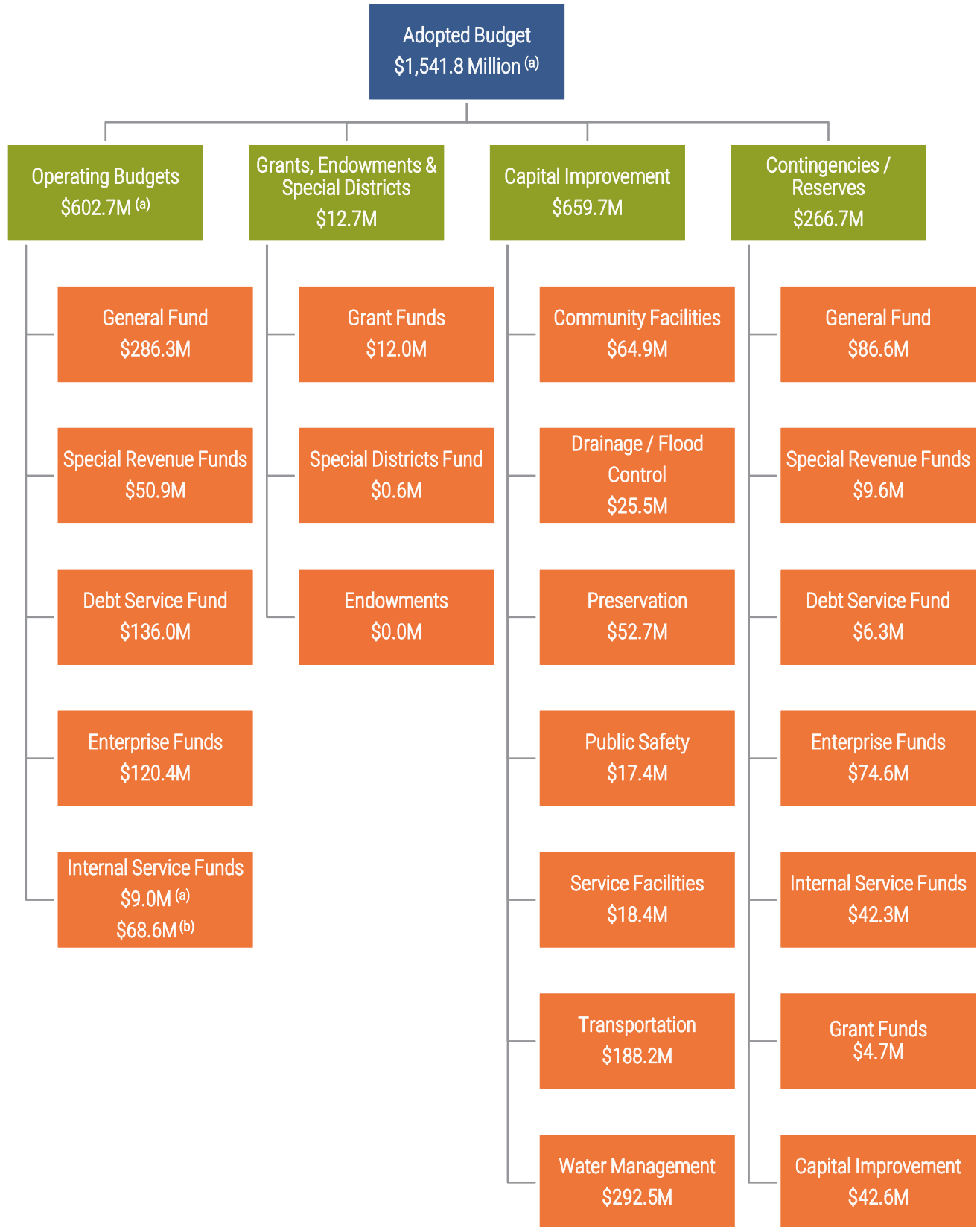
Enterprise Capital Funds – used to account for utility rates and development fees for specific projects.

General Capital Funds – used to account for transfers-in from the General Fund operating budget and for any other activity for which a restricted revenue fund has not been created.



FY 2019/20 Adopted Budget

BUDGET BY FUND | Total Budget Overview



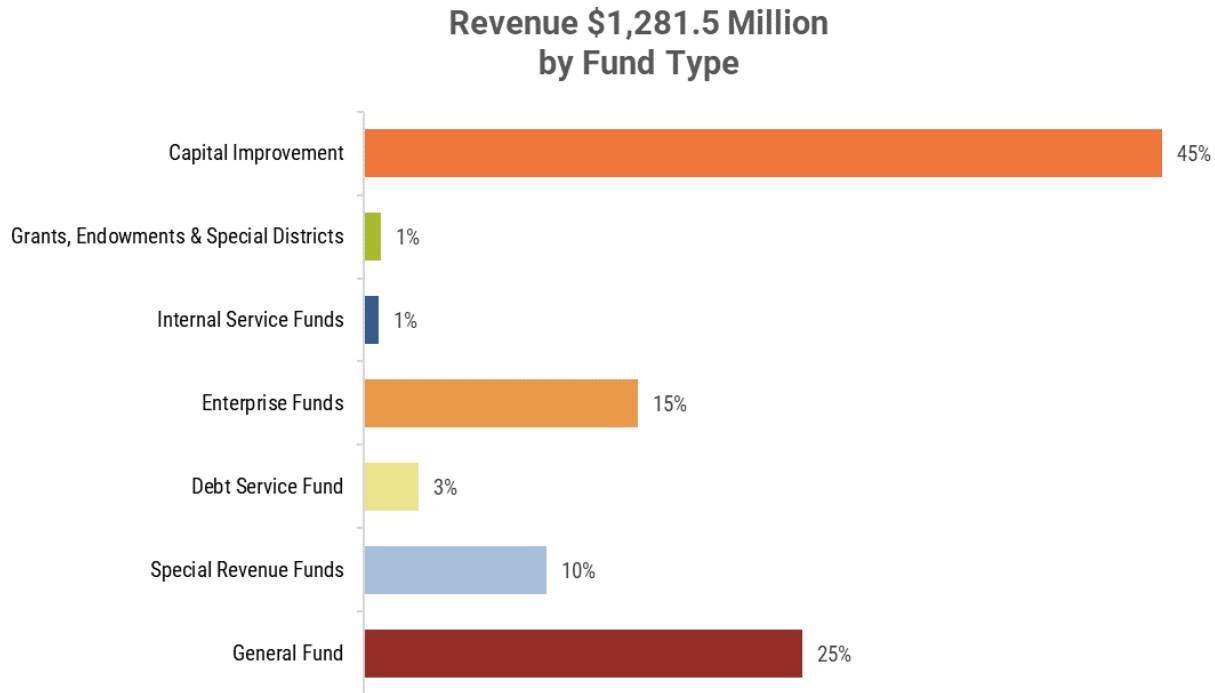
^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

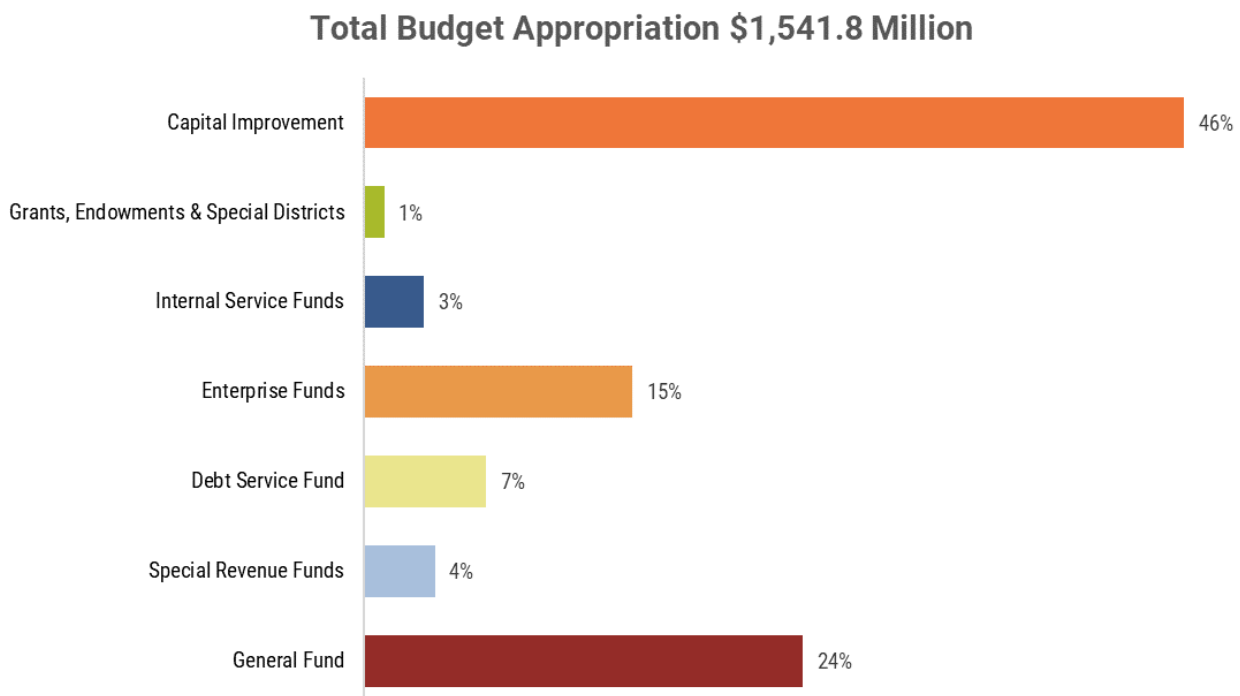
Note: Amounts are rounded in millions; therefore, differences may occur.

BUDGET BY FUND | Total Budget Overview

The total Scottsdale FY 2019/20 adopted budget consists of \$1,281.5 million in revenue including, \$469.6 million in prior year CIP unexpended revenue, \$65.8 million in property taxes, \$47.2 million in bond proceeds, and \$698.9 million in other operating and capital revenues. A complete detail of revenues can be found on the Total Appropriation schedule. Below is the revenue breakdown by fund type.



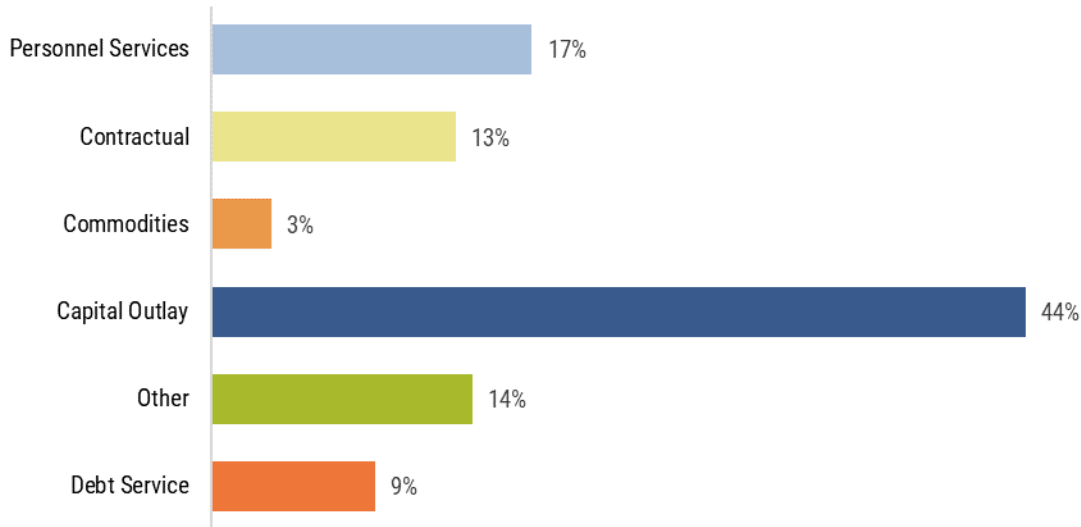
The total Scottsdale FY 2019/20 adopted budget appropriation is \$1,541.8 million, which includes \$266.7 million in contingencies/reserves. The Capital Improvement accounts for the largest portion of the annual budget appropriation at \$702.3 million.



BUDGET BY FUND | Total Budget Overview

The largest expense category in the FY 2019/20 budget is Capital Outlay at 44 percent, or \$673.0 million. Expenses for Personnel Services, Contractual Services, and Commodities together account for \$517.1 million, or approximately 34 percent of the total authorized budget.

Total Budget Appropriation \$1,541.8 Million by Expense Type



	Sources				Uses					Ending Balance	
	Beginning Balance	Revenue	Transfers In	Other*	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlay	Other*		Transfers Out
General Fund	77,744,842	315,605,079	10,592,588	-	213,203,813	66,057,367	9,079,401	897,882	86,605,454	27,598,592	500,000
Special Revenue Funds											
Transportation	10,171,929	53,954,530	1,500,000	-	7,952,117	18,470,013	1,023,285	79,200	3,252,462	26,500,108	8,349,274
Preservation	29,347,891	43,875,930	-	-	-	-	-	-	-	37,185,127	36,038,694
Special Programs	12,508,223	10,325,091	10,000	-	2,352,882	3,468,396	1,332,881	675,000	1,500,000	2,942,800	10,571,355
Tourism Development	4,970,441	23,529,342	-	-	289,722	15,299,852	4,470	-	4,866,388	7,567,250	472,101
Debt Service Fund	7,352,482	39,701,317	64,737,554	-	-	98,219,349	-	-	6,262,556	7,309,448	-
Enterprise Funds											
Water & Water Reclamation	67,617,128	168,900,409	3,885,000	-	23,732,222	65,157,956	30,888,834	946,000	73,713,866	45,963,659	-
Solid Waste	7,507,283	22,957,510	-	-	8,145,088	12,882,014	677,050	-	7,438,289	496,444	825,908
Aviation	3,347,025	5,369,040	-	-	1,412,668	2,744,914	61,195	39,000	2,093,146	2,365,142	-
Internal Service Funds											
Fleet Management	9,263,964	950,000	-	-	4,615,656	1,549,454	7,083,013	9,634,579	(15,041,890)	2,120,204	252,948
PC Replacement	1,901,160	-	-	-	-	-	-	1,069,023	(569,023)	-	1,401,160
Risk Management	22,676,262	801,471	-	-	946,861	9,538,864	54,150	-	12,356,017	581,841	-
Healthcare Self-Insurance	10,940,550	9,004,990	143,319	-	291,687	33,843,404	4,000	-	(14,050,232)	-	-
Grants, Endowments & Special Districts											
Grants	-	12,039,335	-	4,671,360	1,737,361	10,233,815	61,696	-	4,671,360	6,463	-
Endowments	34,661	30,800	-	-	-	8,800	28,000	-	-	-	28,661
Special Districts	(7,828)	646,718	-	-	-	638,890	-	-	-	-	-
Capital Improvement	266,595,297	573,839,474	88,788,617	-	-	-	-	659,690,525	42,600,100	9,020,000	217,912,763
Total All Funds	531,971,310	1,281,531,036	169,657,078	4,671,360	264,680,077	338,113,088	50,297,975	673,031,209	215,698,493	169,657,078	276,352,864

Total Budget Appropriation** 1,541,820,842

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

**Total Budget Appropriation excludes Transfers Out and assumes use of reserve appropriations

BUDGET BY FUND | Total Appropriation

	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants, Endowments & Special Districts	Capital Improvement	Total
Beginning Fund Balance	77,744,842	56,998,484	7,352,482	78,471,436	44,781,936	26,833	266,595,297	531,971,310
Revenues								
Taxes - Local								
Sales Tax (1.00%)	124,533,772							124,533,772
Sales Tax - Preservation (0.15%)		18,346,833						18,346,833
Sales Tax - Preservation (0.20%)		24,462,446						24,462,446
Sales Tax - Public Safety (0.10%)	12,231,225							12,231,225
Sales Tax - Transportation (0.10%)		12,053,356						12,053,356
Sales Tax - Transportation (0.20%)		23,583,386						23,583,386
Transient Occupancy Tax		21,530,228						21,530,228
Electric & Gas Franchise	8,615,610	251,675						8,867,285
Cable TV License Fee	4,164,419							4,164,419
Stormwater Fee - CIP	3,258,742							3,258,742
Stormwater Fee	942,896			332,750				1,275,646
Salt River Project In Lieu	231,986							231,986
Jet Fuel				146,000				146,000
Utilities & Enterprises								
Water Service Charges				104,247,290			2,250,000	106,497,290
Water Reclamation Service Charges				45,239,400			2,400,000	47,639,400
Refuse/Recycling				22,697,666				22,697,666
Non-Potable Water Service Charges				14,419,683			1,500,000	15,919,683
Airport Fees				4,893,177				4,893,177
State Shared Revenues								
State Shared Income Tax	33,082,812							33,082,812
State Shared Sales Tax	26,266,732							26,266,732
Auto Lieu Tax	11,413,102							11,413,102
Internal Service Charges								
Self Insurance					44,561,387			44,561,387
Fleet Management					22,702,085			22,702,085
PC Replacement					1,069,023			1,069,023
Charges For Service/Other								
Intergovernmental	4,253,555	353,937	6,059,522				33,574,757	44,241,771
Property Rental	3,432,574	4,180,690		427,747		63,732		8,104,743
Contributions & Donations		416,850	510,000	5,500		1,944,829	5,134,800	8,011,979
Westworld Equestrian Facility Fees	5,014,885							5,014,885
Miscellaneous	1,278,966	230,240		192,000	700,000			2,401,206
Property Tax								
Property Tax	32,617,000		32,971,795		251,471			65,840,266
Other Financing Sources								
Bond Proceeds							47,162,600	47,162,600
Taxes- From Other Agencies								
Highway User Tax		16,944,055						16,944,055
Local Transportation Assistance Fund		655,000						655,000
Building Permit Fees & Charges								
Building Permit Fees & Charges	15,834,143						340,000	16,174,143
Interest Earnings								
Interest Earnings	5,007,189	1,243,230		2,994,663			5,237,047	14,482,129
License Permits & Fees								
Recreation Fees	4,596,893	2,693,753						7,290,646
Business & Liquor Licenses	1,785,341	58,000						1,843,341
Fire Charges For Services	1,602,829							1,602,829
Fines Fees & Forfeitures								
Court Fines	5,062,977	2,058,063						7,121,040
Photo Radar	2,414,903							2,414,903
Library	447,300							447,300
Police Fees		290,250						290,250
Parking Fines	260,289							260,289
Indirect/Direct Cost Allocations								
Indirect Costs	6,841,159			947,540				7,788,699
Direct Cost Allocation (Fire)	413,780							413,780

BUDGET BY FUND | Total Appropriation

	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants, Endowments & Special Districts	Capital Improvement	Total
Other Revenue								
Intergovernmental		1,748,229						1,748,229
Grants						10,061,574	6,620,745	16,682,319
Property Rental		104,179	160,000					264,179
Miscellaneous		42,000		683,543	172,316			897,859
Special Districts						646,718		646,718
Reimbursements from Outside Sources					950,000			950,000
Indirect/Direct Cost Allocations		438,493						438,493
CIP Unexpended Year End							469,619,525	469,619,525
Less Internal Service Fund Offsets					(59,649,821)			(59,649,821)
Subtotal	315,605,079	131,684,893	39,701,317	197,226,959	10,756,461	12,716,853	573,839,474	1,281,531,036
Other Activity								
Grant Anticipated						2,671,360		2,671,360
Grant Contingency						2,000,000		2,000,000
Subtotal	-	-	-	-	-	4,671,360	-	4,671,360
Transfers In								
From Aviation Fund							2,365,142	2,365,142
From AWT				2,985,000				2,985,000
From CIP		1,200,000						1,200,000
From Debt Svc GO Bonds			34,519,380					34,519,380
From Debt Svc MPC Bonds			25,083,299					25,083,299
From Debt Svc SPA Bonds			5,134,875					5,134,875
From Enterprise Franchise Fees	7,833,961							7,833,961
From Fleet Fund							2,120,204	2,120,204
From General Fund							11,788,637	11,788,637
From Grants Fund							6,463	6,463
From Operating		310,000			143,319			453,319
From Preservation Sales Tax Fund							4,450,872	4,450,872
From Risk Management Fund							581,841	581,841
From RWDS				900,000				900,000
From Solid Waste Fund							496,444	496,444
From Special Programs Fund							2,762,000	2,762,000
From Special Revenue Funds	2,758,627							2,758,627
From Stadium Capital Improvement Fund							67,400	67,400
From Stormwater Fee Fund							2,504,808	2,504,808
From Transportation Sales Tax (0.10%) Fund							12,053,356	12,053,356
From Transportation Sales Tax (0.20%) Fund							14,446,752	14,446,752
From Water & Water Reclamation Funds							35,144,698	35,144,698
Subtotal	10,592,588	1,510,000	64,737,554	3,885,000	143,319	-	88,788,617	169,657,078
Total Sources	326,197,667	133,194,893	104,438,871	201,111,959	10,899,780	17,388,213	662,628,091	1,455,859,474

BUDGET BY FUND | Total Appropriation

	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants, Endowments & Special Districts	Capital Improvement	Total
Expenditures								
Mayor and City Council	775,112	28,000						803,112
City Clerk	828,072							828,072
City Attorney	7,087,156				10,475,018			17,562,174
City Auditor	1,032,637							1,032,637
City Court	5,070,798	1,202,824						6,273,622
City Manager	3,980,309					1,000,000		4,980,309
Public Works	13,006,852	24,349,094		20,619,318	22,804,203			80,779,467
Community and Economic Development	20,840,692	15,976,586		2,354,614				39,171,892
Public Safety - Fire	45,167,730	10,300				376,362		45,554,392
Public Safety - Police	106,475,691	2,294,843				304,561		109,075,095
City Treasurer	9,981,707	56,739		3,324,316				13,362,762
Community Services	42,432,873	5,214,105				10,302,722		57,949,700
Administrative Services	15,159,728				35,202,948			50,362,676
Water Resources				67,952,568				67,952,568
Citywide Direct Cost Allocation				849,289				849,289
Citywide Indirect Cost Allocation				6,841,161				6,841,161
Department Indirect Cost				947,540				947,540
Citywide Pay Program	2,201,132	213,802		641,049	118,143	32,445		3,206,571
Compensation Other	5,242,688	270,145		985,656	165,408	40,808		6,704,705
Fire Pay Program	558,689					8,496		567,185
Leave Accrual Payments	2,094,505	104,100		502,501	20,000			2,721,106
Police Pay Program	719,609							719,609
Savings from Vacant Positions	(5,800,000)	(370,900)		(1,527,100)	(170,000)			(7,868,000)
Sergeant Pay Program	233,506							233,506
Utilities	8,508,271	1,561,822		16,869,005				26,939,098
Vacation Trade	732,855	36,358		87,012	14,971	4,278		875,474
Special Districts						638,890		638,890
Less Internal Service Fund Offsets					(59,649,821)			(59,649,821)
Subtotal	286,330,612	50,947,818	-	120,446,929	8,980,870	12,708,562	-	479,414,791
Debt Service								
Certificates of Participation	2,548,680							2,548,680
Contracts Payable	359,171			1,722,744				2,081,915
GO Debt Service - Non Preserve			39,891,795					39,891,795
GO Debt Service - Preserve			27,599,380					27,599,380
MPC Bonds Debt Service-Sewer				7,919,889				7,919,889
MPC Bonds Debt Service-Water				20,660,781				20,660,781
MPC Excise Debt			25,593,299					25,593,299
Sewer Revenue Bonds				4,574,588				4,574,588
SPA Debt Service			5,134,875					5,134,875
Subtotal	2,907,851	-	98,219,349	34,878,002	-	-	-	136,005,202
Capital Improvement								
Community Facilities							64,938,834	64,938,834
Drainage / Flood Control							25,540,216	25,540,216
Preservation							52,708,015	52,708,015
Public Safety							17,395,309	17,395,309
Service Facilities							18,377,191	18,377,191
Transportation							188,233,083	188,233,083
Water Management							292,497,878	292,497,878
Subtotal	-	-	-	-	-	-	659,690,525	659,690,525

BUDGET BY FUND | Total Appropriation

	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants, Endowments & Special Districts	Capital Improvement	Total
Other Activity								
Aviation Funds Contingency							250,000	250,000
CIP Stormwater Utility Bill Fee Contingency							1,000,000	1,000,000
General Fund Contingency							25,000,000	25,000,000
Grant Anticipated						2,671,360		2,671,360
Grant Contingency						2,000,000		2,000,000
Grants Contingency							8,350,100	8,350,100
Sewer Rates Contingency							2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency							3,000,000	3,000,000
Water Rates Contingency							3,000,000	3,000,000
Appropriation Contingency		1,500,000						1,500,000
Debt Stabilization Reserve			4,741,060					4,741,060
Designated For Future Acquisition					6,910,195			6,910,195
Fleet Replacement Reserve				940,227				940,227
GO Debt Service Reserve - Non Preserve			1,521,496					1,521,496
Healthcare Claims Reserve					8,728,481			8,728,481
Operating Contingency	3,000,000	3,000,000			6,250,000			12,250,000
Operating Reserve	28,923,846	2,752,462		22,572,815	20,456,017			74,705,140
PSPRS Pension Liabilities	54,681,608							54,681,608
Repair/Replacement Reserve				42,644,246				42,644,246
Reserve - Administration and Research		823,278						823,278
Reserve - Events and Event Development		1,543,110						1,543,110
Revenue Bond Debt Service Reserve				4,604,688				4,604,688
Special Contractual Fund Balance				845,335				845,335
Water Drought Reserve				3,000,000				3,000,000
Subtotal	86,605,454	9,618,850	6,262,556	74,607,311	42,344,693	4,671,360	42,600,100	266,710,324
TOTAL BUDGET	375,843,917	60,566,668	104,481,905	229,932,242	51,325,563	17,379,922	702,290,625	1,541,820,842
Transfers Out								
To AWT				2,985,000				2,985,000
To CIP	67,400	21,604,565		37,828,085	2,102,147			61,602,197
To CIP 0.1% Sales Tax		12,053,356						12,053,356
To CIP 25% Construction Sales Tax	2,659,535							2,659,535
To CIP Excess Interest	4,007,189							4,007,189
To CIP Food Tax	5,121,913							5,121,913
To CIP Stormwater	2,504,808							2,504,808
To CIP Technology		55,059		178,199	599,898	6,463		839,619
To Debt Svc GO Bonds		27,599,380						27,599,380
To Debt Svc MPC Bonds	13,084,428	4,689,423						17,773,851
To Debt Svc Stabilization			7,309,448					7,309,448
To Franchise Fees				7,833,961				7,833,961
To G.O. Bonds Fund							6,920,000	6,920,000
To Operating	153,319	3,058,627						3,211,946
To Transportation Sales Tax (0.20%) Fund							1,200,000	1,200,000
To Trnsfrs Out-Debt Svc SPA Bonds		5,134,875						5,134,875
To Water & Water Reclamation Funds							900,000	900,000
Subtotal	27,598,592	74,195,285	7,309,448	48,825,245	2,702,045	6,463	9,020,000	169,657,078
Total Uses	403,442,509	134,761,953	111,791,353	278,757,487	54,027,608	17,386,385	711,310,625	1,711,477,920
Sources Over/(Under) Uses	(77,244,842)	(1,567,060)	(7,352,482)	(77,645,528)	(43,127,828)	1,828	(48,682,534)	(255,618,446)
Ending Fund Balance*	500,000	55,431,424	-	825,908	1,654,108	28,661	217,912,763	276,352,864

* Assuming Use of Reserve Appropriations



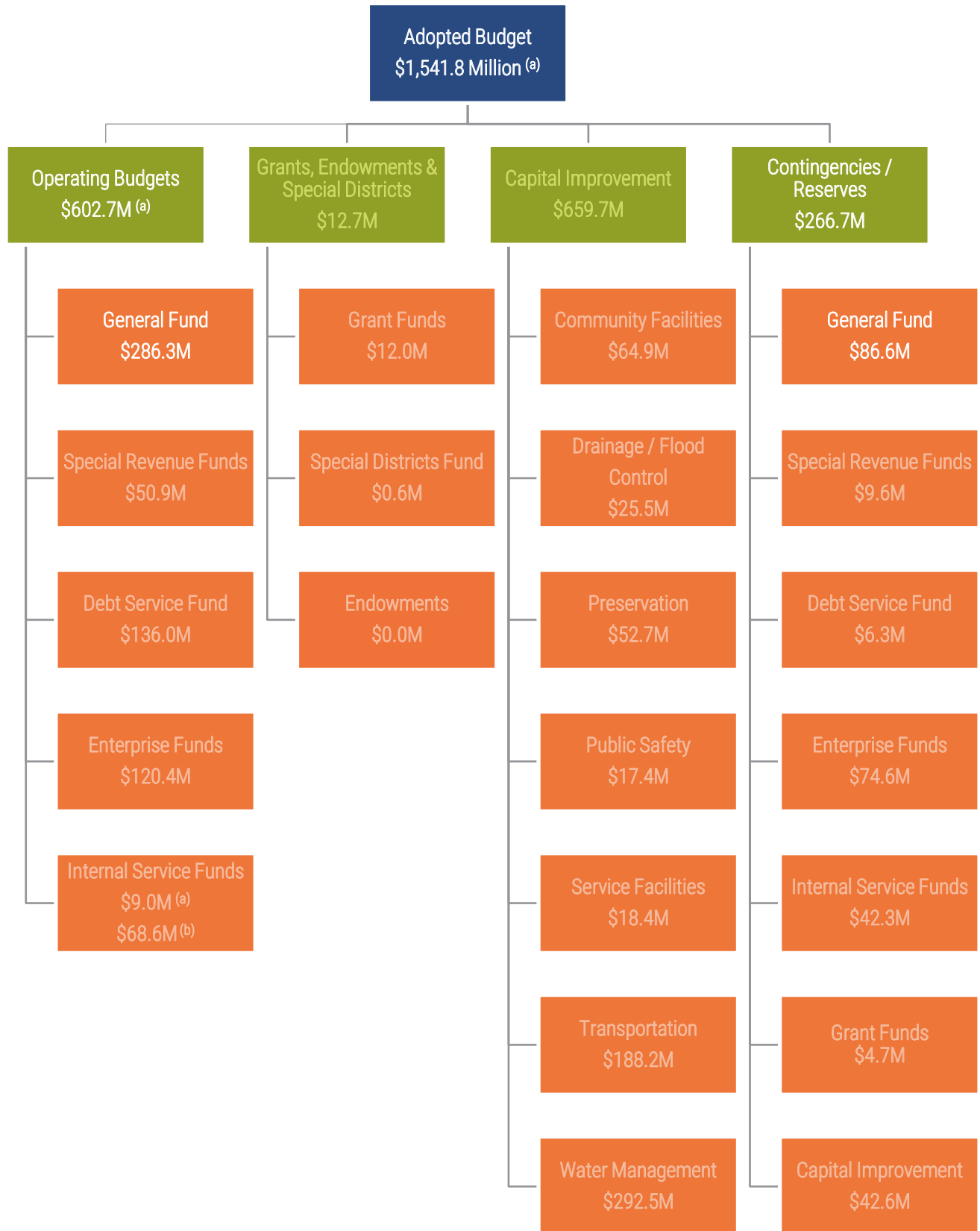
FY 2019/20 Adopted Budget



GABE

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BUDGET BY FUND | General Fund Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

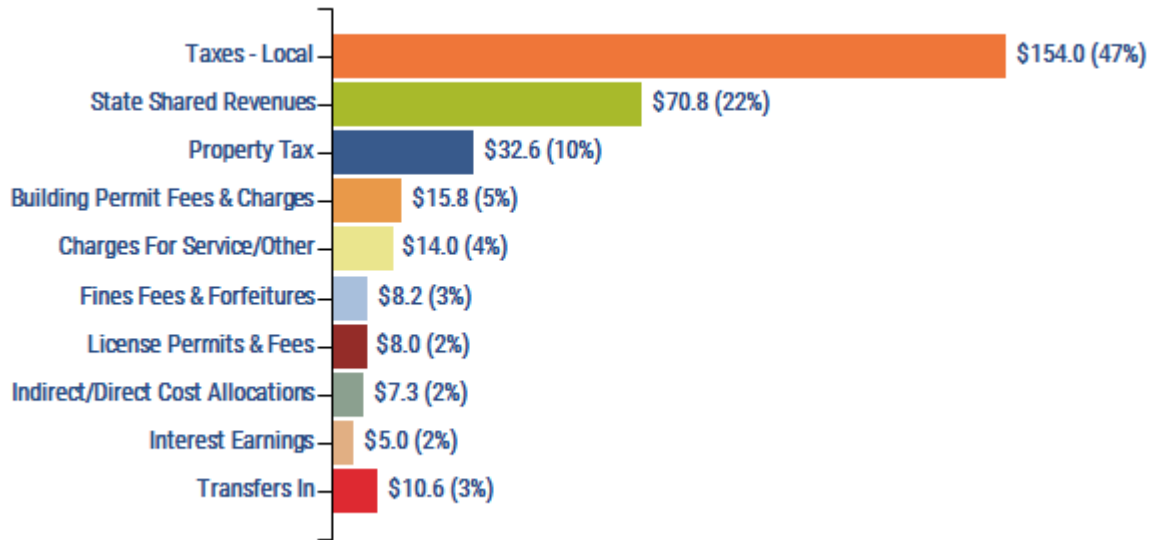


FY 2019/20 Adopted Budget

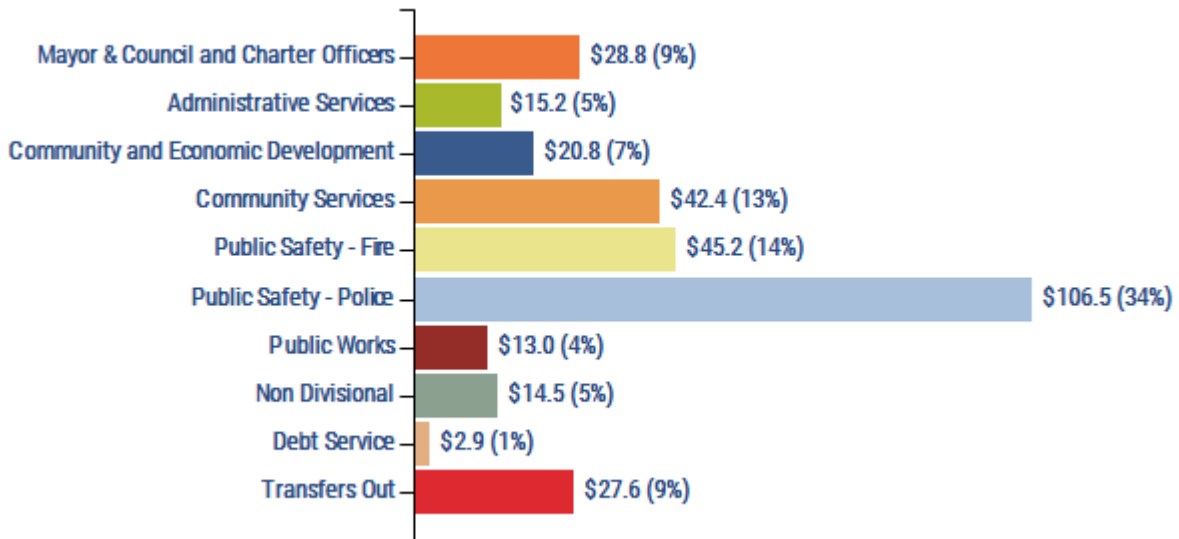
Fund Purpose

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

General Fund Sources (% to Total)
\$326.2 Million



General Fund Uses (% to Total)
\$316.8 Million



BUDGET BY FUND | General Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	25,039,500	26,804,087	26,123,614	27,250,587
PSPRS Pension Liabilities	-	-	-	46,994,255
Undesignated, Unreserved Fund Balance	28,734,617	21,071,574	35,731,154	500,000
Total Beginning Fund Balance ^(a)	56,774,117	50,875,661	65,251,727	77,744,842
Revenues				
Taxes - Local				
Sales Tax (1.00%)	116,679,087	114,810,435	119,648,212	124,533,772
Sales Tax - Public Safety (0.10%)	11,453,972	11,267,798	11,731,475	12,231,225
Electric & Gas Franchise	8,853,508	8,541,000	8,441,000	8,615,610
Cable TV License Fee	4,390,974	4,143,700	4,343,700	4,164,419
Stormwater Fee - CIP	-	2,170,000	2,170,000	3,258,742
Stormwater Fee	931,107	933,234	933,234	942,896
Salt River Project In Lieu	227,034	217,952	237,952	231,986
State Shared Revenues				
State Shared Income Tax	30,549,330	30,278,353	30,267,907	33,082,812
State Shared Sales Tax	23,719,256	24,479,293	24,919,720	26,266,732
Auto Lieu Tax	10,205,590	10,899,543	10,883,645	11,413,102
Property Tax				
Property Tax	26,918,556	31,558,188	31,558,188	32,617,000
Building Permit Fees & Charges				
Building Permit Fees & Charges	14,593,993	15,565,523	15,637,803	15,834,143
Charges For Service/Other				
Westworld Equestrian Facility Fees	4,804,448	4,902,586	4,802,586	5,014,885
Intergovernmental	1,767,266	1,819,929	3,740,907	4,253,555
Property Rental	3,329,515	3,372,747	3,372,747	3,432,574
Miscellaneous	1,937,435	1,583,201	1,711,764	1,278,966
Fines Fees & Forfeitures				
Court Fines	5,240,019	4,851,286	4,651,286	5,062,977
Photo Radar	2,536,490	2,264,853	2,264,853	2,414,903
Library	307,470	466,950	466,950	447,300
Parking Fines	313,608	251,884	251,884	260,289
License Permits & Fees				
Recreation Fees	4,291,700	4,306,882	4,506,882	4,596,893
Business & Liquor Licenses	1,708,533	1,885,121	1,885,121	1,785,341
Fire Charges For Services	1,124,694	1,512,900	1,722,900	1,602,829
Indirect/Direct Cost Allocations				
Indirect Costs	6,546,723	6,091,427	6,091,427	6,841,159
Direct Cost Allocation (Fire)	350,000	383,500	383,500	413,780
Interest Earnings				
Interest Earnings	2,634,528	3,574,918	3,574,918	5,007,189
Subtotal	285,414,835	292,133,203	300,200,561	315,605,079
Transfers In				
Enterprise Franchise Fees	7,756,139	7,417,865	7,417,865	7,833,961
Special Revenue Funds	1,919,195	2,880,448	2,772,563	2,758,627
Subtotal	9,675,334	10,298,313	10,190,428	10,592,588
Total Sources	295,090,168	302,431,516	310,390,989	326,197,667

^(a) Excludes accrued liabilities of \$1.4 million in FY 2017/18 and unknown accrued liabilities in current and future years.

BUDGET BY FUND | General Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Expenditures				
Mayor and City Council	668,430	663,553	678,655	775,112
City Attorney	6,719,019	7,063,005	7,476,619	7,087,156
City Auditor	812,711	960,417	1,022,407	1,032,637
City Clerk	732,076	1,038,391	1,010,301	828,072
City Court	4,545,649	4,785,513	4,935,037	5,070,798
City Manager	3,145,632	3,311,057	3,526,728	3,980,309
City Treasurer	8,007,753	9,146,685	8,948,403	9,981,707
Administrative Services	13,226,406	14,056,227	14,431,952	15,159,728
Community and Economic Development	19,292,672	20,413,122	20,469,242	20,840,692
Community Services	39,170,896	41,205,770	41,769,507	42,432,873
Public Safety - Fire	42,424,038	40,311,276	43,408,253	45,167,730
Public Safety - Police	99,906,718	101,727,372	102,434,364	106,475,691
Public Works	19,709,681	12,417,500	17,394,217	13,006,852
Leave Accrual Payments	-	2,033,500	880,207	2,094,505
Operating Impacts	-	-	-	-
Utilities	-	8,421,780	3,145,863	8,508,271
Citywide Pay Program	-	2,464,123	-	2,201,132
Fire Pay Program	-	513,509	-	558,689
Police Pay Program	-	758,988	-	719,609
Sergeant Pay Program	-	223,062	-	233,506
Compensation Other	-	5,661,107	-	5,242,688
Savings from Vacant Positions	-	(4,846,100)	(1,916,630)	(5,800,000)
Vacation Trade	-	829,857	-	732,855
Subtotal	258,361,679	273,159,714	269,615,125	286,330,612
Debt Service				
Certificates of Participation	2,548,679	2,548,680	2,548,680	2,548,680
Contracts Payable	325,779	342,068	342,068	359,171
Subtotal	2,874,458	2,890,748	2,890,748	2,907,851
TOTAL OPERATING BUDGET	261,236,137	276,050,462	272,505,873	289,238,463
Transfers Out				
CIP	3,065,755	67,400	117,400	67,400
CIP 25% Construction Sales Tax	2,544,863	2,347,771	2,550,718	2,659,535
CIP Excess Interest	1,634,528	2,574,918	2,574,918	4,007,189
CIP Food Tax	5,179,442	4,630,261	5,346,617	5,121,913
CIP Stormwater	-	2,170,000	2,170,000	2,504,808
Debt Svc MPC Bonds	12,080,089	12,220,576	12,219,827	13,084,428
Operating	871,744	124,425	130,562	153,319
Subtotal	25,376,421	24,135,351	25,110,042	27,598,592
Total Uses	286,612,558	300,185,813	297,615,915	316,837,055
Sources Over/(Under) Uses	8,477,610	2,245,703	12,775,074	9,360,612
Ending Fund Balance				
Operating Contingency	1,127,362	3,000,000	2,765,000	3,000,000
Operating Reserve	26,123,614	27,605,046	27,250,587	28,923,846
PSPRS Pension Liabilities	-	21,950,000	47,511,214	54,681,608
Undesignated, Unreserved Fund Balance	38,000,751	566,318	500,000	500,000
Total Ending Fund Balance ^(a)	65,251,727	53,121,364	78,026,801	87,105,454

^(a) Excludes accrued liabilities of \$1.4 million in FY 2017/18 and unknown accrued liabilities in current and future years.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	27,250,587	28,923,846	29,676,660	30,337,620	30,992,900
PSPRS Pension Liabilities	46,994,255	54,681,608	55,457,794	52,639,034	46,978,754
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Beginning Fund Balance ^(a)	77,744,842	87,105,454	88,634,454	86,476,654	81,471,654
Revenues					
Taxes - Local					
Sales Tax (1.00%)	124,533,772	121,844,000	121,089,100	122,534,700	124,133,300
Sales Tax - Public Safety (0.10%)	12,231,225	11,966,200	11,889,700	12,032,200	12,189,600
Electric & Gas Franchise	8,615,610	8,691,000	8,767,100	8,843,900	8,843,900
Cable TV License Fee	4,164,419	4,206,100	4,248,100	4,290,600	4,333,500
Stormwater Fee - CIP	3,258,742	3,258,800	3,258,800	3,258,800	3,258,800
Stormwater Fee	942,896	942,900	942,900	942,900	942,900
Salt River Project In Lieu	231,986	234,300	236,600	239,000	241,400
State Shared Revenues					
State Shared Income Tax	33,082,812	34,472,300	35,885,700	35,096,200	34,885,600
State Shared Sales Tax	26,266,732	25,688,900	25,534,700	25,841,100	26,177,100
Auto Lieu Tax	11,413,102	11,641,400	11,874,200	12,111,700	12,353,900
Property Tax					
Property Tax	32,617,000	32,533,300	33,538,500	34,574,700	35,496,700
Building Permit Fees & Charges					
Building Permit Fees & Charges	15,834,143	15,916,700	15,985,500	16,285,300	16,326,200
Charges For Service/Other					
Westworld Equestrian Facility Fees	5,014,885	5,088,500	5,163,600	5,250,500	5,341,700
Intergovernmental	4,253,555	4,166,000	4,172,500	4,182,700	4,076,900
Property Rental	3,432,574	3,586,900	3,787,300	3,850,900	3,842,800
Miscellaneous	1,278,966	1,212,700	1,217,800	1,223,200	1,228,600
Fines Fees & Forfeitures					
Court Fines	5,062,977	5,742,800	5,893,400	5,927,100	5,974,500
Photo Radar	2,414,903	2,434,800	2,459,100	2,478,400	2,503,100
Library	447,300	447,500	449,000	450,500	452,100
Parking Fines	260,289	262,200	264,200	267,000	269,600
License Permits & Fees					
Recreation Fees	4,596,893	4,690,100	4,783,600	4,878,900	4,945,100
Business & Liquor Licenses	1,785,341	1,790,700	1,796,600	1,802,100	1,807,700
Fire Charges For Services	1,602,829	1,635,900	1,663,600	1,691,300	1,719,100
Indirect/Direct Cost Allocations					
Indirect Costs	6,841,159	7,183,200	7,542,400	7,919,500	8,315,500
Direct Cost Allocation (Fire)	413,780	434,500	456,200	479,000	479,000
Interest Earnings					
Interest Earnings	5,007,189	5,282,400	5,337,100	5,432,200	5,585,200
Subtotal	315,605,079	315,354,100	318,237,300	321,884,400	325,723,800
Transfers In					
Enterprise Franchise Fees	7,833,961	8,063,300	8,298,100	8,539,800	8,791,000
Special Revenue Funds	2,758,627	2,750,900	2,735,400	2,832,700	2,832,700
Subtotal	10,592,588	10,814,200	11,033,500	11,372,500	11,623,700
Total Sources	326,197,667	326,168,300	329,270,800	333,256,900	337,347,500

^(a) Excludes accrued liabilities of \$1.4 million in FY 2017/18 and unknown accrued liabilities in current and future years.

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Expenditures					
Mayor and City Council	775,112	870,800	968,800	989,600	1,011,300
City Attorney	7,087,156	7,165,900	7,233,500	7,304,400	7,378,600
City Auditor	1,032,637	1,042,200	1,057,700	1,063,500	1,077,100
City Clerk	828,072	1,117,800	846,600	1,136,600	866,800
City Court	5,070,798	5,136,200	5,194,900	5,257,100	5,321,900
City Manager	3,980,309	3,879,000	3,900,700	3,926,700	3,985,500
City Treasurer	9,981,707	10,135,300	10,274,300	10,422,500	10,573,800
Administrative Services	15,159,728	15,527,300	15,705,400	16,109,600	16,316,900
Community and Economic Development	20,840,692	20,594,700	20,759,500	20,944,800	21,134,600
Community Services	42,432,873	42,290,000	42,849,800	43,450,900	44,062,100
Public Safety - Fire	45,167,730	46,131,600	46,761,300	47,439,800	48,053,600
Public Safety - Police	106,475,691	107,183,700	108,078,600	109,085,400	110,282,500
Public Works	13,006,852	12,817,700	12,950,300	13,160,400	13,376,200
Leave Accrual Payments	2,094,505	2,136,400	2,179,100	2,222,700	2,267,100
Operating Impacts	-	298,200	1,119,900	1,146,400	1,196,100
Utilities	8,508,271	8,593,300	8,679,300	8,766,100	8,853,900
Citywide Pay Program	2,201,132	4,481,200	6,435,000	8,251,900	9,941,100
Fire Pay Program	558,689	1,093,200	1,469,900	1,778,600	1,965,100
Police Pay Program	719,609	1,455,800	2,032,800	2,584,000	3,109,600
Sergeant Pay Program	233,506	460,100	636,400	760,500	858,700
Compensation Other	5,242,688	9,198,100	9,222,100	9,248,700	9,261,900
Savings from Vacant Positions	(5,800,000)	(5,974,000)	(6,153,200)	(6,337,800)	(6,528,000)
Vacation Trade	732,855	754,800	777,500	800,800	824,800
Subtotal	286,330,612	296,389,300	302,980,200	309,513,200	315,191,200
Debt Service					
Certificates of Participation ^(a)	2,548,680	-	-	-	-
Contracts Payable	359,171	377,200	396,000	415,800	436,600
Subtotal	2,907,851	377,200	396,000	415,800	436,600
TOTAL OPERATING BUDGET	289,238,463	296,766,500	303,376,200	309,929,000	315,627,800
Transfers Out					
CIP	67,400	67,400	67,400	67,400	67,400
CIP 25% Construction Sales Tax	2,659,535	2,578,200	2,552,500	2,565,700	2,592,600
CIP Excess Interest	4,007,189	4,282,400	4,337,100	4,432,200	4,585,200
CIP Food Tax	5,121,913	4,761,900	4,746,800	4,789,200	4,835,500
CIP Stormwater	2,504,808	2,504,800	2,504,800	2,504,800	2,504,800
Debt Svc MPC Bonds	13,084,428	13,502,400	13,643,200	13,746,100	13,853,300
Operating	153,319	175,700	200,600	227,500	257,500
Subtotal	27,598,592	27,872,800	28,052,400	28,332,900	28,696,300
Total Uses	316,837,055	324,639,300	331,428,600	338,261,900	344,324,100
Sources Over/(Under) Uses	9,360,612	1,529,000	(2,157,800)	(5,005,000)	(6,976,600)
Ending Fund Balance					
Operating Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Operating Reserve	28,923,846	29,676,660	30,337,620	30,992,900	31,562,770
PSPRS Pension Liabilities	54,681,608	55,457,794	52,639,034	46,978,754	39,432,284
Undesignated, Unreserved Fund Balance	500,000	500,000	500,000	500,000	500,000
Total Ending Fund Balance^(b)	87,105,454	88,634,454	86,476,654	81,471,654	74,495,054

^(a) City issued \$20.0 million of Certificates of Participation debt for a public safety radio system in FY 2010/11, which ends in FY 2019/20.

^(b) Excludes accrued liabilities of \$1.4 million in FY 2017/18 and unknown accrued liabilities in current and future years.

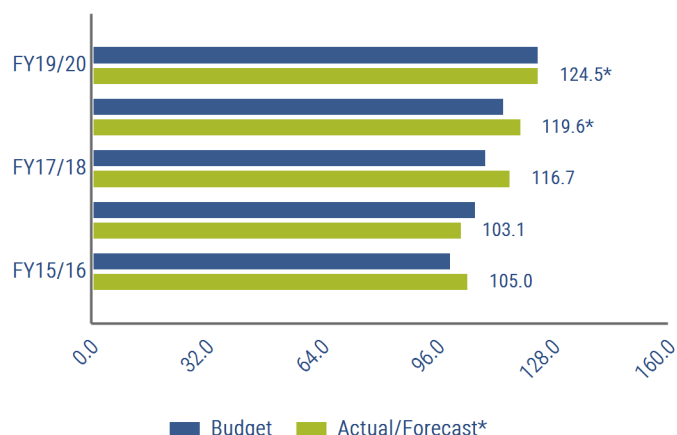
General Fund Sources

General Fund sources include both revenues and transfers in from other fund types such as the Special Programs, Tourism and Development and Water and Water Reclamation. For FY 2019/20 estimated General Fund revenues and transfers in equal \$326.2 million, an increase of approximately \$15.8 million, or 5.1 percent, from the FY 2018/19 year-end forecast of \$310.4 million. Primarily contributing to the increase is \$5.4 million in Sales Taxes, \$1.1 million in Stormwater Fee CIP, \$4.7 million in State Shared Revenues, \$1.1 million in Property Tax, and \$1.4 million for Interest Earnings. Scottsdale continues to experience positive trends in revenue, with the majority of revenue categories projected to increase in activity levels and/or fees. Revenues and transfers in determine Scottsdale's capacity to provide program services to citizens. The major resources, which fund the operating budget, debt service, and contribute to the Capital Improvement Plan (CIP), are identified in this section.

Sales Tax (1.00%)

Sales Tax (1.00%) represents the 1.00 percent General Fund share of the city's total 1.65 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. It is the General Fund's largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. For FY 2019/20, the anticipated revenue budget is \$124.5 million, which is approximately \$4.9 million, or 4.1 percent, more than the FY 2018/19 year-end forecast of \$119.6 million. Staff forecast the Sales Tax collections by business category to arrive at more precise projections. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic and legal considerations. FY 2016/17 includes a one-time 'loss' of \$3.7 million in collections as a result of the Arizona Department of Revenue (ADOR) taking over the administration, collection and reporting of Sales Tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily, which resulted in a one-time reduction in collections related to the timing of payments being received. Beginning in FY 2016/17 a portion of the Food Sales Tax collections is transferred to the CIP to fund various projects. The FY 2019/20 transfer to CIP is \$5.1 million, or 2/3, of the Food category estimated collections. The 1.00 percent five-year Sales Tax forecast is shown in detail in the following table by major business category.

Adopted Budget to Actual/Forecast* (in millions)



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

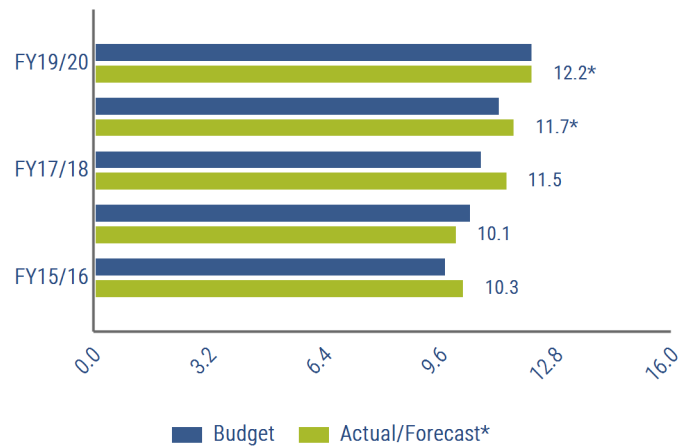
Revenue Category	FY 17/18 Actual	% of Total	FY 18/19 Adopted	% of Total	FY 18/19 Forecast	% of Total	FY 19/20 Adopted	% of Total
Automotive	16,413,532	14%	16,442,129	14%	17,950,939	15%	17,484,926	14%
Construction	10,179,451	9%	9,391,085	8%	10,202,875	9%	10,638,138	9%
Food	7,769,940	7%	6,941,920	6%	8,019,924	7%	8,747,768	7%
Hotel/Motel	6,629,797	6%	6,875,547	6%	7,041,524	6%	7,203,939	6%
Major Dept Stores	9,938,336	9%	9,663,443	8%	9,292,831	8%	9,698,674	8%
Misc. Retail	20,981,471	18%	21,374,879	19%	21,302,627	18%	22,365,584	18%
Other Taxable	9,552,521	8%	9,720,637	8%	10,491,942	9%	11,156,135	9%
Rental	17,197,194	15%	17,002,808	15%	17,435,589	15%	18,509,676	15%
Restaurants	10,849,528	9%	10,615,163	9%	11,127,534	9%	11,847,374	10%
Utilities	5,027,992	4%	4,650,364	4%	4,570,102	4%	4,660,009	4%
Other	2,139,324	2%	2,132,460	2%	2,212,325	2%	2,221,547	2%
Total	116,679,087	100%	114,810,436	100%	119,648,212	100%	124,533,772	100%

Revenue Category	FY 20/21 Forecast	% of Total	FY 21/22 Forecast	% of Total	FY 22/23 Forecast	% of Total	FY 23/24 Forecast	% of Total
Automotive	17,345,600	14%	17,136,200	14%	17,136,200	14%	17,136,200	14%
Construction	10,313,000	8%	10,209,800	8%	10,262,600	8%	10,370,400	8%
Food	8,255,300	7%	8,255,300	7%	8,337,800	7%	8,421,200	7%
Hotel/Motel	7,184,900	6%	7,138,900	6%	7,412,900	6%	7,403,300	6%
Major Dept Stores	9,355,000	8%	9,306,100	8%	9,464,500	8%	9,653,800	8%
Misc. Retail	22,091,100	18%	21,981,400	18%	22,319,200	18%	22,765,600	18%
Other Taxable	10,953,100	9%	10,897,500	9%	11,063,000	9%	11,284,200	9%
Rental	18,245,500	15%	18,182,400	15%	18,364,200	15%	18,731,500	15%
Restaurants	11,373,800	9%	11,267,800	9%	11,438,700	9%	11,609,300	9%
Utilities	4,545,100	4%	4,522,200	4%	4,522,200	4%	4,522,200	4%
Other	2,181,600	2%	2,191,500	2%	2,213,400	2%	2,235,600	2%
Total	121,844,000	100%	121,089,100	100%	122,534,700	100%	124,133,300	100%

Sales Tax - Public Safety (0.10%)

Sales Tax - Public Safety (0.10%) represents the 0.10 percent of the total 1.65 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) revenue budget for FY 2019/20 is \$12.2 million, which is an increase over the FY 2018/19 year-end forecast of \$11.7 million. This designated sales tax covers 8.1 percent of the FY 2019/20 Public Safety Police and Fire General Fund budgets combined. FY2016/17 includes a one-time 'loss' of \$0.4 million in collections as a result of the Arizona Department of Revenue (ADOR) taking over the administration, collection and reporting of Sales Tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily, which resulted in a one-time reduction in collections related to the timing of payments being received. The 0.10 percent five-year Sales Tax - Public Safety Tax is shown in detail by business category in the following table.

Adopted Budget to Actual/Forecast* (in millions)



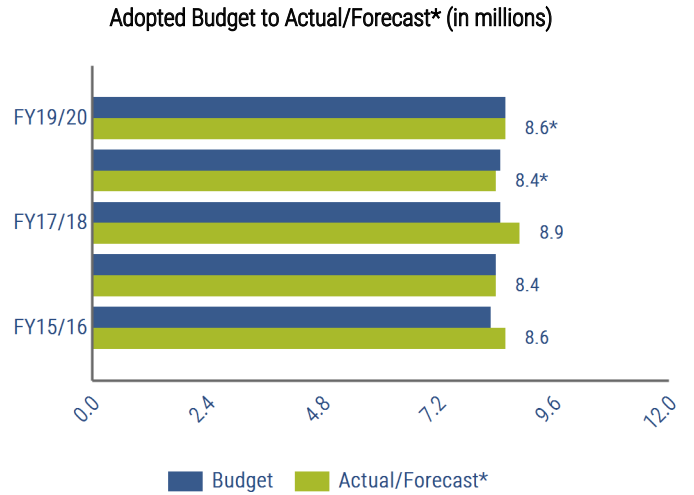
Sales Tax - Public Safety (0.10%) Five -Year Forecast by Business Category (rounding differences may occur)

Revenue Category	FY 17/18 Actual	% of Total	FY 18/19 Adopted	% of Total	FY 18/19 Forecast	% of Total	FY 19/20 Adopted	% of Total
Automotive	1,641,351	14%	1,644,213	15%	1,794,922	15%	1,748,493	14%
Construction	1,017,942	9%	939,109	8%	1,010,180	9%	1,063,814	9%
Food	776,993	7%	694,192	6%	801,992	7%	874,777	7%
Hotel/Motel	662,979	6%	687,555	6%	704,152	6%	720,394	6%
Major Dept Stores	993,832	9%	966,344	9%	929,283	8%	969,867	8%
Misc. Retail	2,098,149	18%	2,137,488	19%	2,129,208	18%	2,236,558	18%
Other Taxable	955,252	8%	972,064	9%	1,049,136	9%	1,115,614	9%
Rental	1,719,725	15%	1,700,281	15%	1,743,180	15%	1,850,968	15%
Restaurants	1,084,951	9%	1,061,516	9%	1,112,413	9%	1,184,737	10%
Utilities	502,799	4%	465,036	4%	457,010	4%	466,001	4%
Total	11,453,972	100%	11,267,798	100%	11,731,475	100%	12,231,225	100%

Revenue Category	FY 20/21 Forecast	% of Total	FY 21/22 Forecast	% of Total	FY 22/23 Forecast	% of Total	FY 23/24 Forecast	% of Total
Automotive	1,734,600	15%	1,713,600	15%	1,713,600	15%	1,713,600	14%
Construction	1,031,300	9%	1,021,000	9%	1,026,300	9%	1,037,000	8%
Food	825,500	7%	825,500	7%	833,800	7%	842,100	7%
Hotel/Motel	718,500	6%	713,900	6%	741,300	6%	740,300	6%
Major Dept Stores	935,500	8%	930,600	8%	946,500	8%	965,400	8%
Misc. Retail	2,209,100	19%	2,198,100	20%	2,231,900	19%	2,276,600	19%
Other Taxable	1,095,300	10%	1,089,800	10%	1,106,300	9%	1,128,400	9%
Rental	1,824,500	16%	1,818,200	16%	1,836,400	16%	1,873,100	15%
Restaurants	1,137,400	10%	1,126,800	10%	1,143,900	10%	1,160,900	9%
Utilities	454,500	4%	452,200	4%	452,200	4%	452,200	4%
Total	11,966,200	104%	11,889,700	106%	12,032,200	103%	12,189,600	100%

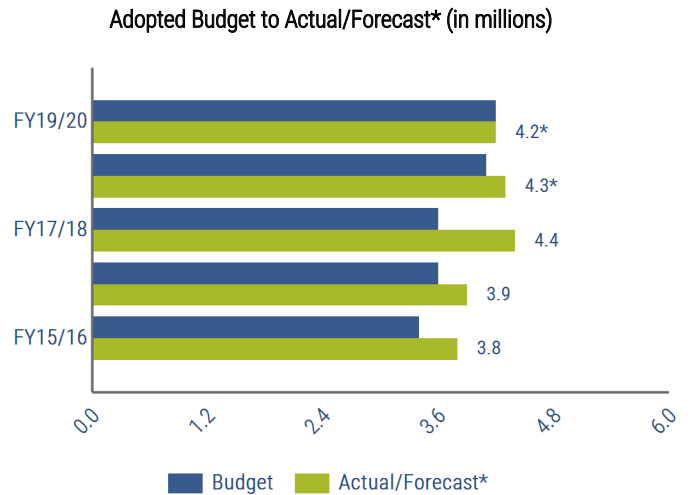
Electric & Gas Franchise

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies for use of city right-of-ways and in-lieu property tax for municipal utilities. The FY 2019/20 budget for Electric & Gas Franchise totals \$8.6 million. This revenue has remained consistent over the past few years due to the nature of the activity.



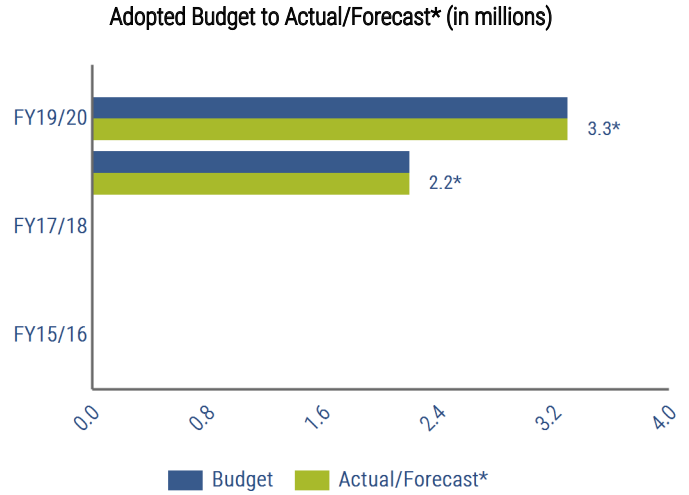
Cable TV License Fee

Cable TV License Fee is a franchise tax charged on revenues from cable companies for use of city right-of-ways. The FY 2019/20 budget is \$4.2 million, which is a decrease of \$0.1 million from the FY 2018/19 year-end forecast due to higher cable TV prices and numerous streaming TV services available.



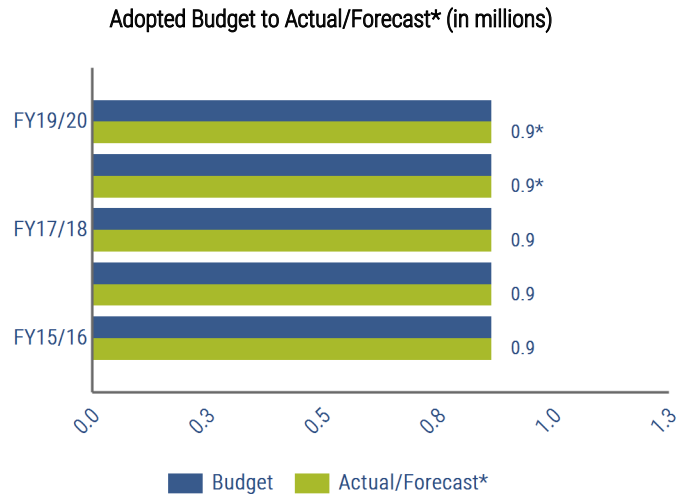
Stormwater Fee - CIP

Stormwater Fee - CIP (Capital Improvement Plan) is a user fee to protect the health, safety and welfare of the public from the impacts of flooding and is dedicated to fund/partially fund stormwater related capital projects. Beginning in FY 2018/19, a \$2.00 monthly stormwater fee was approved by Council to support stormwater related capital improvements. The FY 2019/20 budget of \$3.3 million includes an additional \$0.95 authorized by City Council to the monthly stormwater fee to further fund stormwater related capital improvement projects. All revenue collected is transferred out to the CIP.



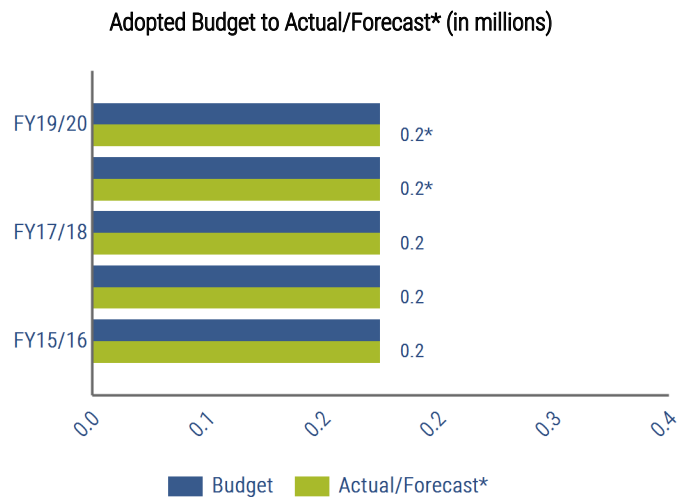
Stormwater Fee

Stormwater Fee is a monthly charge to customers to help pay a portion of the city's Stormwater Management program costs. These costs are driven by unfunded federal mandates that require the city to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff. The FY 2019/20 revenue budget of \$0.9 million is flat compared to the FY 2018/19 year-end forecast.



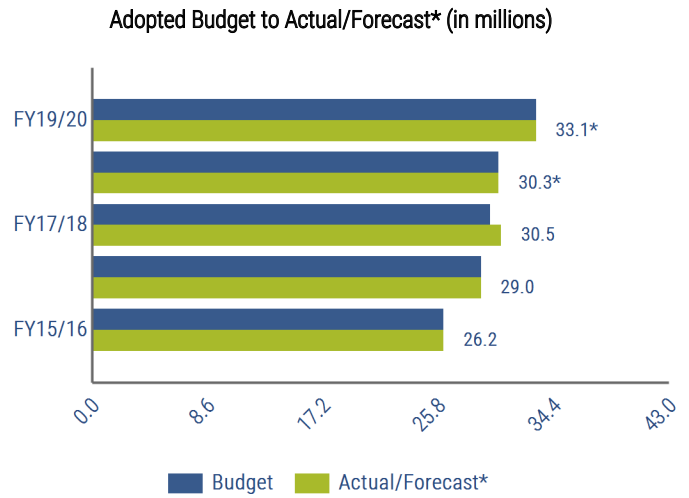
Salt River Project In Lieu

Salt River Project In Lieu is franchise taxes charged to Salt River Project (SRP), a local utility provider, for the use of city right-of-ways and in-lieu property tax for municipal utilities. Revenues have been consistent in prior years and both the adopted FY 2019/20 revenue and the FY 2018/19 year-end forecast revenue total \$0.2 million.



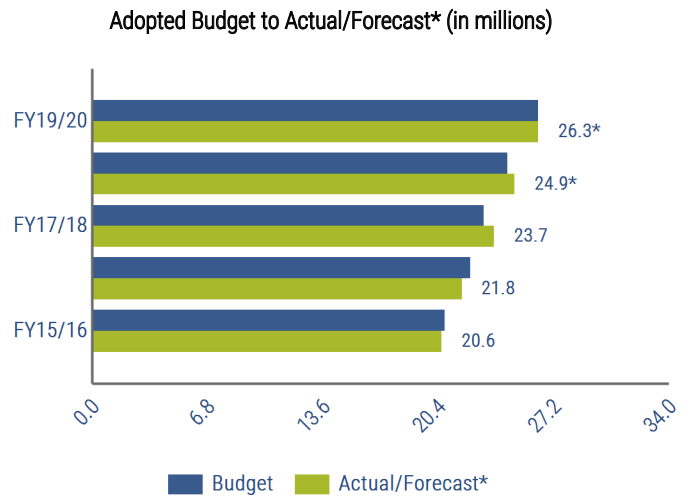
State Shared Income Tax

The formula for distribution of the State Shared Income Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns in Arizona are prohibited by law from levying a local income tax; however, 15 percent of the state income tax collections are shared with the cities and towns. There is a two-year lag between the time citizens report income to the State and when the State remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax is budgeted at \$33.1 million for FY 2019/20, an increase of \$2.8 million from the FY 2018/19 year-end forecast of \$30.3 million.



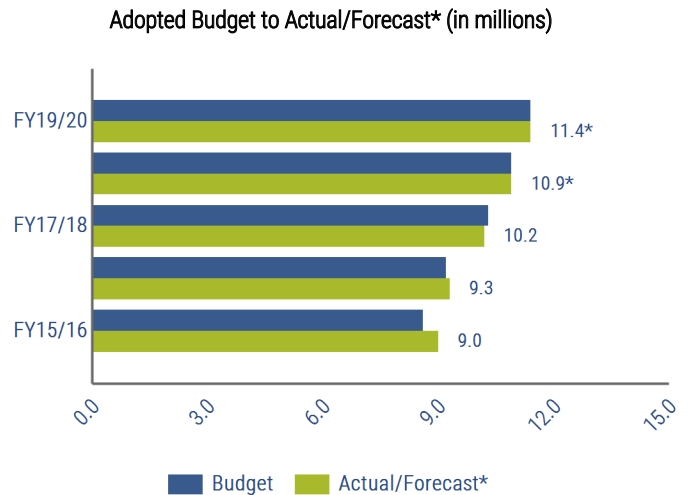
State Shared Sales Tax

The formula for distribution of State Shared Sales Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns share in a portion of the 5.60 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales is 40.00 percent shared and 60.00 percent non-shared (retained by the State). Of the shared portion, 25.00 percent is returned to incorporated cities and towns, 40.51 percent is returned to counties, and 34.49 percent is returned to the State General Fund. The FY 2019/20 revenue budget is \$26.3 million versus the FY 2018/19 year-end forecast of \$24.9 million, an increase of \$1.4 million.



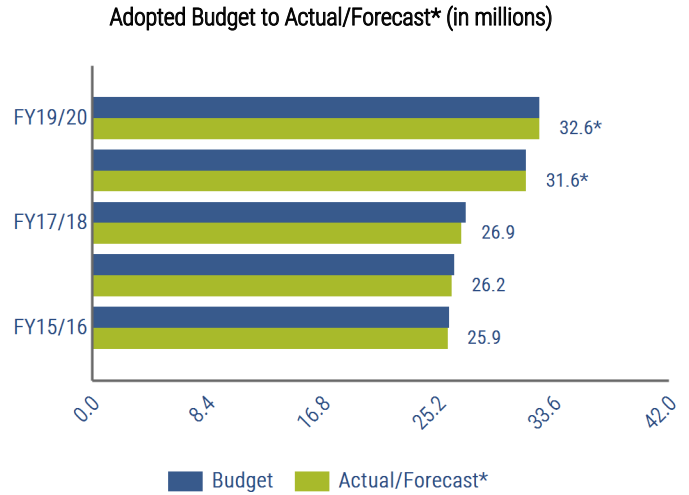
Auto Lieu Tax

Auto Lieu Tax, also known as Vehicle License Tax, is part of the vehicle license fees collected by Maricopa County, but it is actually a State revenue source. Twenty percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the County. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The revenue budget for FY 2019/20 is \$11.4 million, which is \$0.5 million higher than the FY 2018/19 year-end forecast of \$10.9 million.



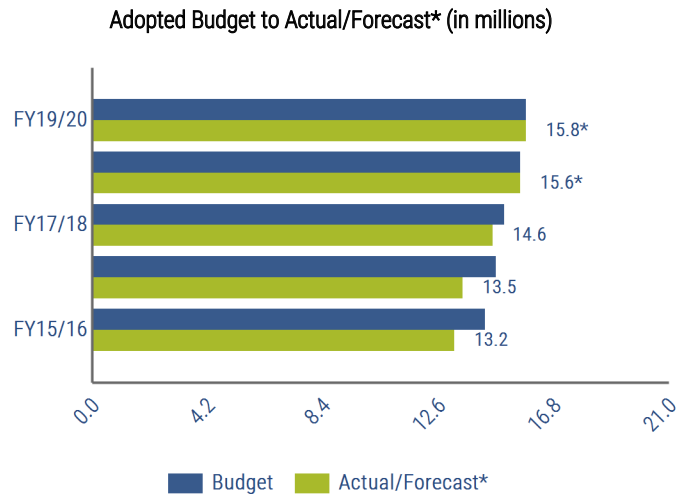
Property Tax

Property Tax represents the primary portion of the Property Tax which is levied on the assessed value of all property within the city to help pay for general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a two percent increase per year, plus an allowance for annexations and new construction. Primary property tax accounts for approximately ten percent of the total adopted FY 2019/20 General Fund sources. The FY 2019/20 revenue budget of \$32.6 million represents an increase of \$1.0 million from the FY 2018/19 year-end forecast of \$31.6 million due to the two percent statutory adjustment for FY 2019/20 and new construction. The adopted primary property tax rate of approximately 52 cents per \$100 of assessed valuation represents one cent decrease from the FY 2018/19 rate.



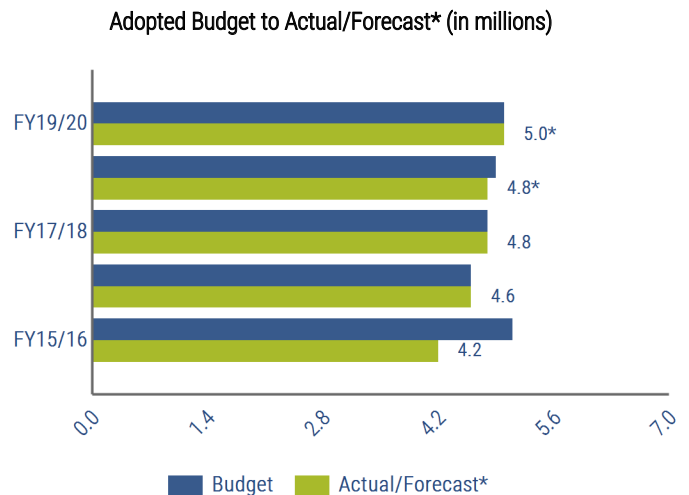
Building Permit Fees & Charges

Building Permit Fees & Charges include fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications, 2) plan review of construction documents, 3) the issuance of building, electrical, mechanical and plumbing permits, and 4) the inspection of buildings/structures in the construction phase. The FY 2019/20 revenue budget of \$15.8 million has increased by \$0.2 million over the FY 2018/19 year-end forecast. Due to the State's upward trend in the real estate market in single family units, Building Permit Fees & Charges are showing a steady climb in the last four years.



WestWorld Equestrian Facility Fees

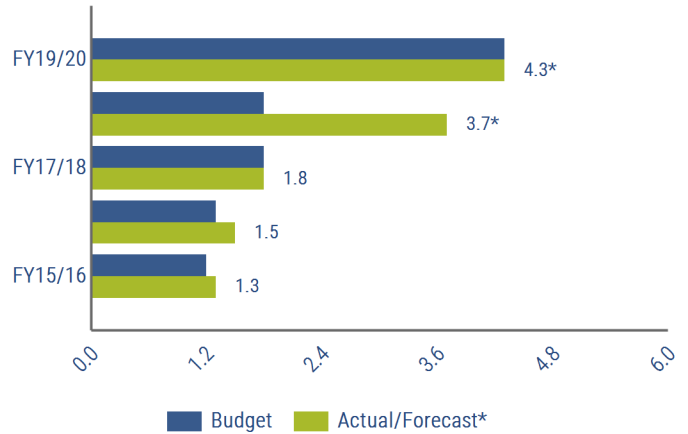
WestWorld Equestrian Facility Fees include revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions and car shows, consumer and home shows, as well as RV space rental income. Revenues of \$5.0 million are budgeted in FY 2019/20 versus the FY 2018/19 year-end forecast of \$4.8 million. The FY 2019/20 revenue budget is mostly based on future confirmed bookings for WestWorld. The continual increase in revenues from FY 2015/16 is primarily due to the expansion of the Tony Nelssen Equestrian Center. The facility now includes approximately 300,000 square feet of climate-controlled enclosed space, which allows for additional events year round as well as additional areas to accommodate multiple users.



Intergovernmental

Intergovernmental revenue is related to School Resource Officers from the Public Safety - Police Division servicing local area schools, an intergovernmental agreement with the Scottsdale Unified School District for shared use of Palomino Library, and revenue received from the County Library District for reciprocal interlibrary use. FY 2019/20 revenues are budgeted at \$4.3 million, which is an increase of \$2.4 million from the FY 2018/19 adopted budget. This increase is related to moving the Regional Wireless Cooperative (RWC) revenue collected from other cities for radio maintenance from Miscellaneous revenue category. Also, the FY 2018/19 year-end forecast and FY 2019/20 adopted revenue reflect a change in an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) to recognize the Fire Insurance Premium credit of \$1.9 million as a revenue and expense for the Public Safety Personnel Retirement System (PSPRS) where previously only the net was recorded as an expense.

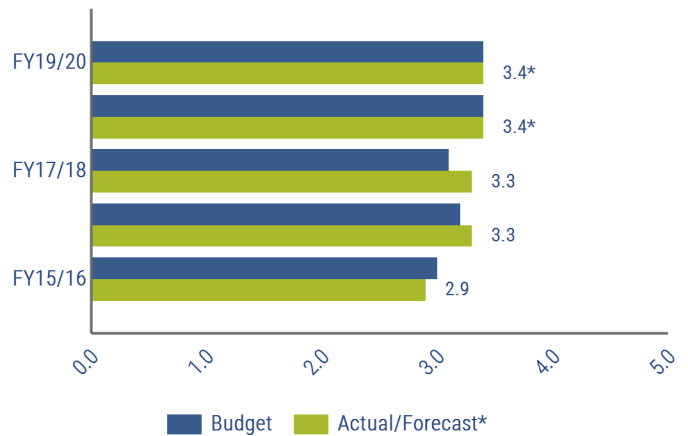
Adopted Budget to Actual/Forecast* (in millions)



Property Rental

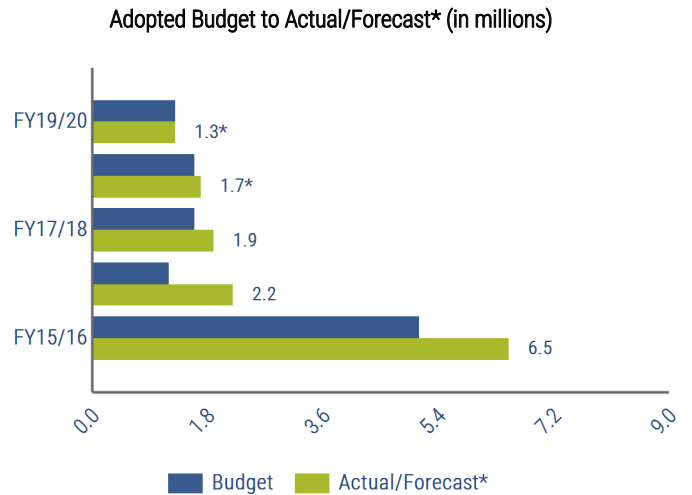
Property Rental revenues are rental fees on facilities such as the Scottsdale Stadium, as well as amounts received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2019/20 adopted revenue is \$3.4 million, which is flat when compared to the FY 2018/19 year-end forecast.

Adopted Budget to Actual/Forecast* (in millions)



Miscellaneous

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as Other Sale of Property, Passport Fees, Copies of Materials, etc. The FY 2019/20 adopted revenue is \$1.3 million, which is \$0.4 million lower than the FY 2018/19 year-end forecast of \$1.7 million. This is due to moving the Regional Wireless Cooperative (RWC) revenue collected from other cities for radio maintenance to the Intergovernmental revenue category.



Court Fines

Court Fines are the General Fund portion of penalties or fees assessed by state statute, city ordinance or the Presiding Judge. Examples include: fines, a portion of the registration fee to attend Defensive Driving School, bonds forfeited to the city and default fees. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and the Judicial Collections Enhancement or remitted to the State of Arizona. Revenues of \$5.1 million are budgeted for FY 2019/20, which is an increase of \$0.4 million when compared to the FY 2018/19 year-end forecast. The increase is due to a new detention fee collected from the Jail Dormitory Phase I capital project that is scheduled to be completed in February 2020.

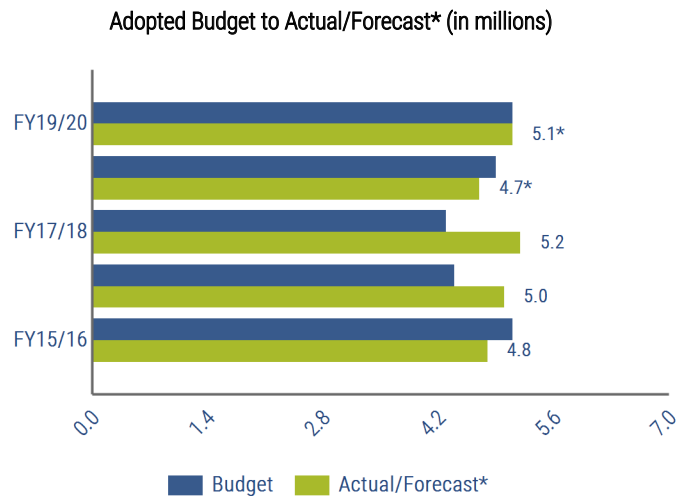
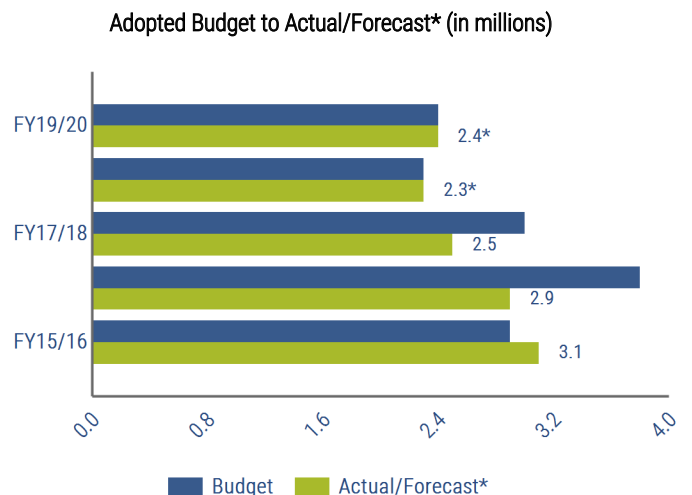


Photo Radar

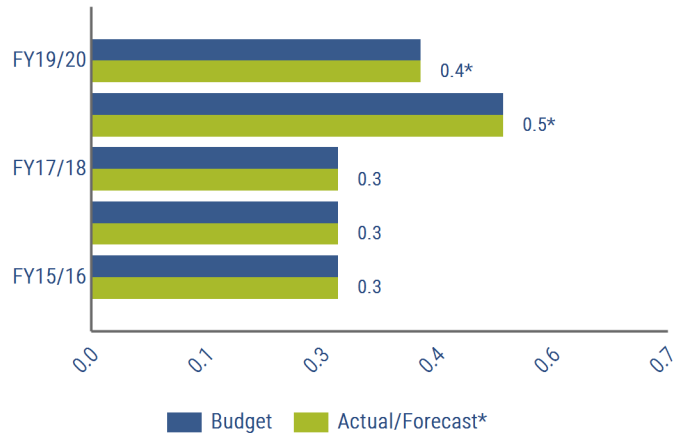
Photo Radar is the General Fund's portion of photo enforcement penalties as assessed by the Presiding Judge. Examples include: red light and speeding fines and a portion of the registration fee to attend Defensive Driving School. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement or remitted to the State of Arizona. Revenues are budgeted at \$2.4 million for FY 2019/20, which is an increase of \$0.1 million when compared to the FY 2018/19 year-end forecast of \$2.3 million. Photo Radar revenue is completely offset by the costs to run the program. The use of photo radar by the Public Safety - Police Division is designed as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.



Library

Library fees are monies collected when library materials are returned after their due date, are lost, and/or are damaged. The FY 2019/20 revenues are budgeted at \$0.4 million, which is a decrease of \$0.1 million from the FY 2018/19 year-end forecast since less foot traffic at Civic Center Library is anticipated due to the Drinkwater Boulevard closure from the Civic Center Mall bridge repairs.

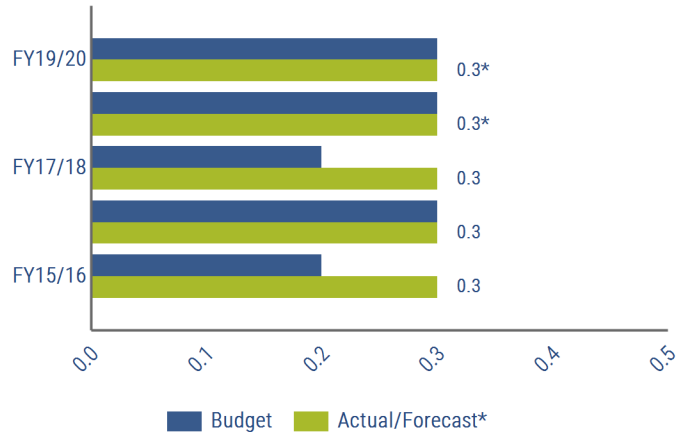
Adopted Budget to Actual/Forecast* (in millions)



Parking Fines

Parking Fines are the General Fund portion of parking fees assessed per city ordinance and are budgeted at \$0.3 million for FY 2019/20, which represents no change from the FY 2018/19 year-end forecast. The other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

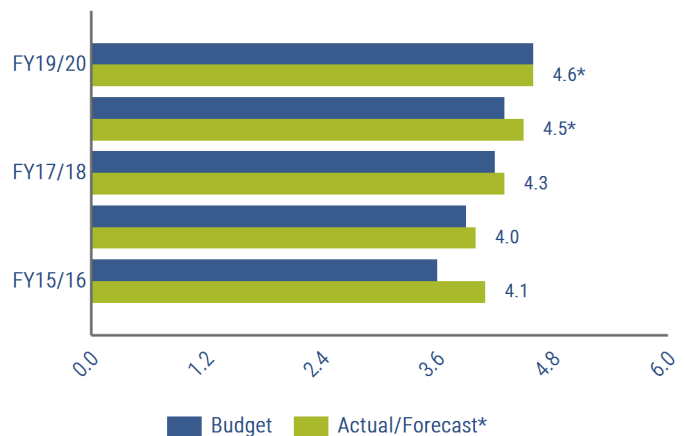
Adopted Budget to Actual/Forecast* (in millions)



Recreation Fees

Recreation Fees are budgeted at \$4.6 million for FY 2019/20 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 as needed to meet cost recovery targets as approved by City Council. FY 2019/20 includes increases to field preparation and rental fees, sports complex fees, aquatic team participation fees, sand volleyball courts fees, and the McCormick-Stillman Railroad Park train and carousel ride.

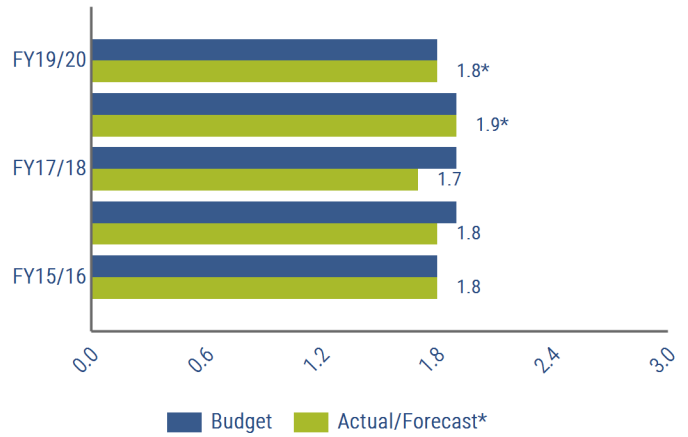
Adopted Budget to Actual/Forecast* (in millions)



Business & Liquor Licenses

Business & Liquor Licenses include the licensing of business activity and the associated fees relating to the licensure and regulation of specific activities. Revenues of \$1.8 million are budgeted for FY 2019/20, which is a slight decrease from the FY 2018/19 year-end forecast.

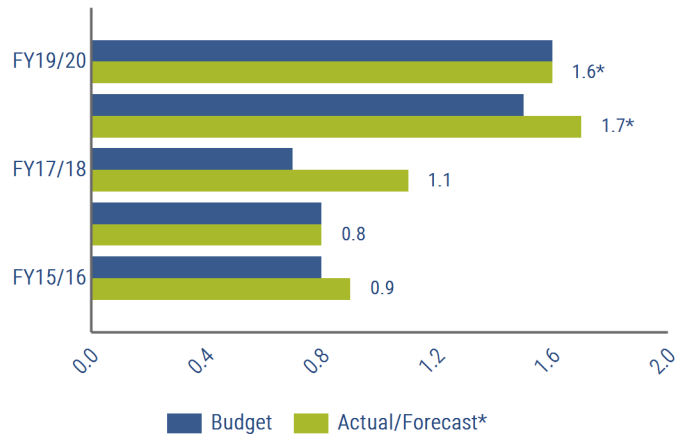
Adopted Budget to Actual/Forecast* (in millions)



Fire Charges for Services

Fire Charges for Services include fees for the cost recovery of fire and medical standbys at special events, after hours inspections, ambulance staffing, and medical enhancement costs associated with the ambulance agreement. In addition, the Public Safety - Fire Division collects fees for CPR classes, permits and incident reports. The FY 2019/20 revenues are budgeted at \$1.6 million, which is a decrease of \$0.1 million from the FY 2018/19 year-end forecast of \$1.7 million due to an ambulance contract adjustment.

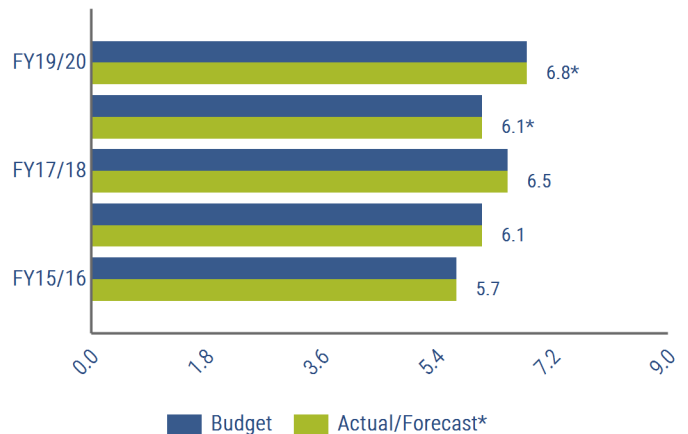
Adopted Budget to Actual/Forecast* (in millions)



Indirect Costs

The Indirect Costs are payments for services provided by the General Fund to other operating areas within the city. These services include Accounting, Human Resources, Information Technology, etc. Indirect Costs are budgeted at \$6.8 million for FY 2019/20. This is an increase of \$0.7 million due to overall higher Direct Costs used in the Indirect Costs calculation even though the Indirect Costs rate decreased from 9.85 percent in FY 2018/19 to 9.70 percent in FY 2019/20.

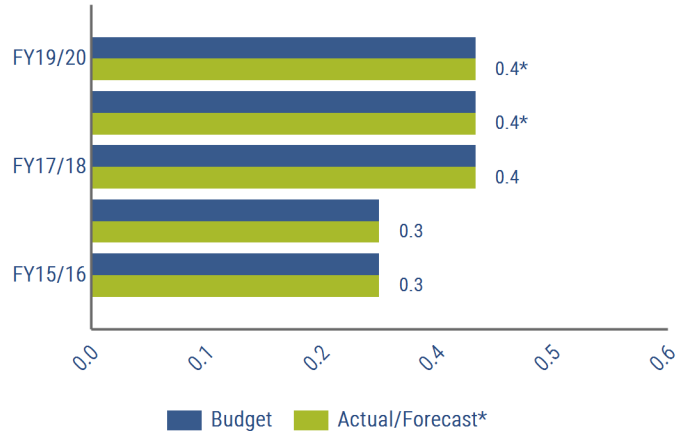
Adopted Budget to Actual/Forecast* (in millions)



Direct Cost Allocation (Fire)

The Direct Cost Allocation (Fire) is the direct cost of fire services at the Scottsdale Airport. The revenue is received from the Aviation Fund, which is budgeted at \$0.4 million for FY 2019/20, remaining flat when compared to the FY 2018/19 year-end forecast.

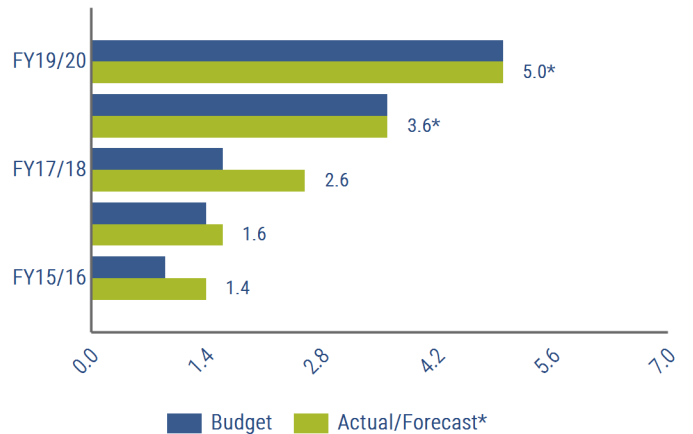
Adopted Budget to Actual/Forecast* (in millions)



Interest Earnings

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city’s available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan accrue to the CIP budget and are not included in General Fund revenues. Interest Earnings revenue is budgeted at \$5.0 million in FY 2019/20, an increase of \$1.4 million when compared to FY 2018/19 year-end forecast of \$3.6 million due to an increase in projected interest rates. Per Financial Policy No.17, 100 percent of net interest income in excess of \$1.0 million will be transferred to the General Fund CIP.

Adopted Budget to Actual/Forecast* (in millions)

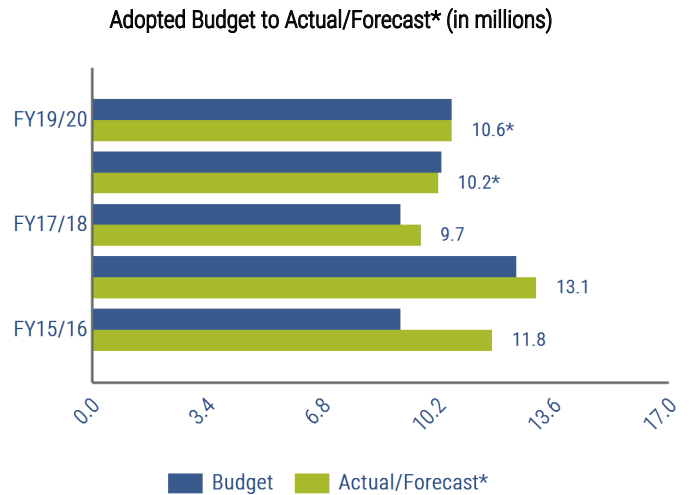


Transfers In

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2019/20 General Fund adopted budget includes \$10.6 million in Transfers In.

Transfers In

The Transfers In for FY 2019/20 are budgeted at \$10.6 million and include: 1) \$7.8 million from the Water and Water Reclamation Fund for Enterprise Franchise Fees, which is five percent of Water Service and Water Reclamation Charges revenue. The city charges all utility companies, including the city's Water and Water Reclamation Fund, for use of the right-of-ways and medians; 2) \$2.6 million from the Tourism Development Fund to comply with Financial Policy No. 21A (12 percent of the transient lodging/bed tax revenues); 3) \$0.1 million from the Tourism Development Fund to support marketing efforts at WestWorld; and 4) \$0.1 million from the Special Programs Fund to cover a portion of the General Fund costs associated with administering the 30-Day Tow Program, including the enforcement of the State Statute related to driving under the influence offenses and driving without insurance. FY 2019/20 budget of \$10.6 million is \$0.4 million higher than the FY 2018/19 year-end forecast due to higher revenue estimated from the Water Reclamation Charges.



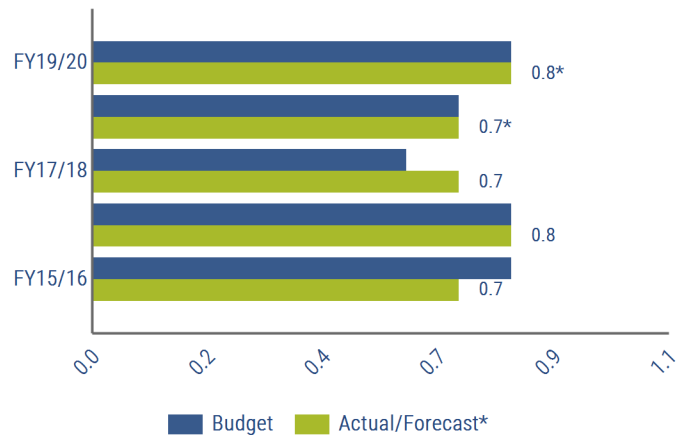
General Fund Uses

The General Fund uses are presented by the following divisions, additional non-divisional operating categories, debt service and transfers out.

Mayor and City Council

Mayor and City Council includes the voter elected mayor, six Council members and operational support staff. Expenditures have increased in FY 2019/20 by \$0.1 million from the FY 2018/19 year-end forecast due to a pay for performance and market adjustment to eligible members, increases in retirement rates, as well as an increase in health and dental insurance premiums.

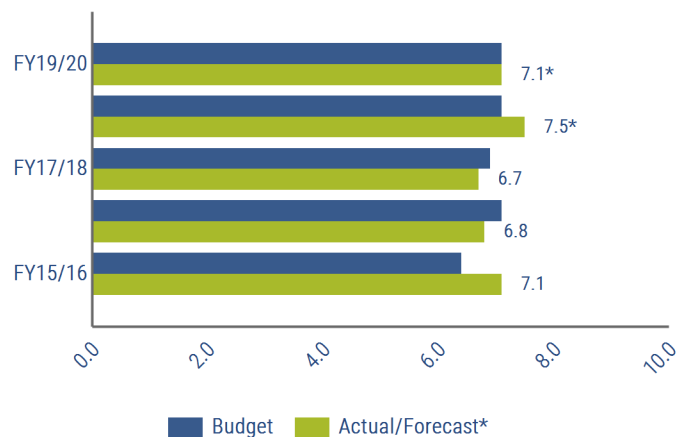
Adopted Budget to Actual/Forecast* (in millions)



City Attorney

The City Attorney is the city's chief legal advisor and includes Civil, Prosecution, Victim Services General Fund Departments. Adopted expenditures in FY 2019/20 of \$7.1 million are \$0.4 million lower than the FY 2018/19 year-end forecast due to a decrease in the Civil Department's proportionate share of citywide Property, Liability, and Workers' Compensation insurance. While citywide rates did increase for FY 2019/20 certain loss claims specific to the department termed out and are no longer a factor, reducing their overall contribution.

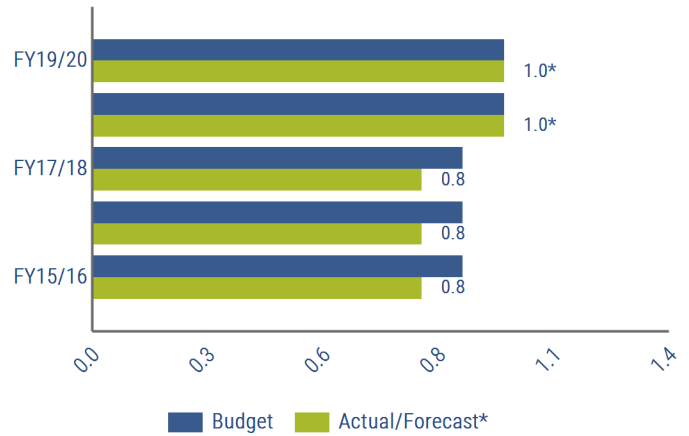
Adopted Budget to Actual/Forecast* (in millions)



City Auditor

The City Auditor conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. Expenditures have remained relatively flat with a budget of \$1.0 million.

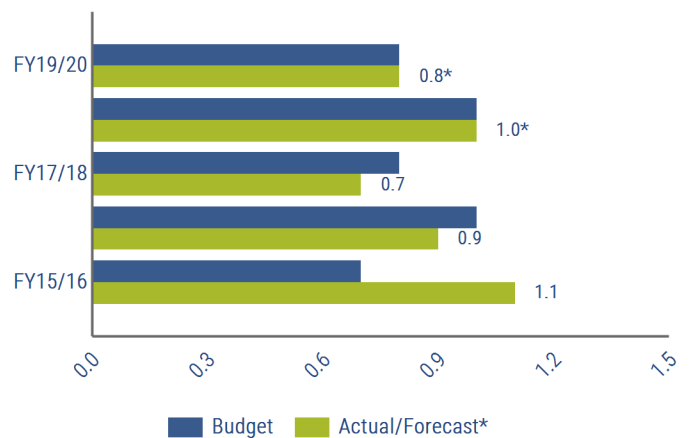
Adopted Budget to Actual/Forecast* (in millions)



City Clerk

The City Clerk conducts all local elections, gives notice of all City Council meetings, keeps the records of Council proceedings, administers the city's records management program, authenticates ordinances and resolutions, and provides administrative support to the Council. The Clerk's expenses fluctuate from year to year due to elections. The Clerk conducts and oversees the election process for municipal elections, referendums and initiatives within the city resulting in increased costs when these activities occur. At times elections are known, such as when Council seats are up for election, and other times, the elections may not be known such as new debt issuances being taken to the voters, which occurred in FY 2015/16. The FY 2019/20 budget of \$0.8 million is \$0.2 million lower than the FY 2018/19 year-end forecast due to FY 2019/20 not being an election year.

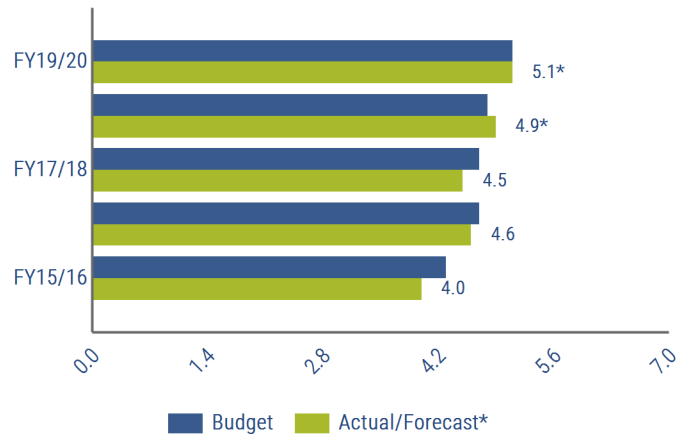
Adopted Budget to Actual/Forecast* (in millions)



City Court

The City Court is part of the integrated judicial system for Arizona and is the judicial branch for the city efficiently resolving civil traffic and misdemeanor violations, petty offenses, city ordinance and code violations, and issuance of protective orders. There is a total of \$5.1 million budgeted for FY 2019/20. In FY 2016/17, two positions transferred from the Court Enhancement Fund in the Special Programs Fund to the General Fund operations. These positions were originally removed from General Fund to aid in the balancing of the citywide budget during the recession and as the economy improved these positions returned to the General Fund.

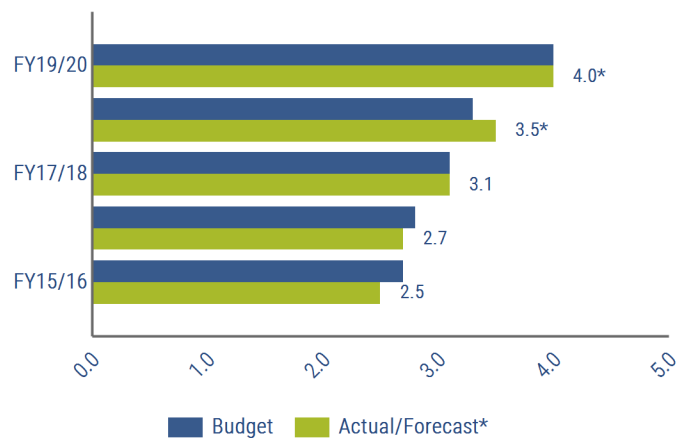
Adopted Budget to Actual/Forecast* (in millions)



City Manager

The City Manager Division provides the organizational leadership necessary to successfully implement the policy direction of the City Council, communicates that direction to the organization, ensures the efficient, effective and economical delivery of services to citizens, builds relationships with other governments, and fosters diversity. Beginning in FY 2019/20, the Communications Department was moved to the City Manager Division from the Administrative Services Division. In addition, the Emergency Management Department no longer resides within the City Manager Division but is now within the Public Safety - Fire Division. The Communications and Emergency Management Departments' financial history have been moved to the new division from the previous division to best reflect year over year comparisons. The FY 2019/20 adopted budget of \$4.0 million has increased by \$0.5 million from the FY 2018/19 year-end forecast of \$3.5 million primarily due to a reclassification of the Community Services Director position to an Assistant City Manager position with a transfer to the City Manager Division from the Community Services Division and a reclassification of an Executive Secretary position to a Sr. Management Assistant position with a transfer to the City Manager Division and from the Economic Development Department. The position reclassifications and transfers between divisions were done to best align the needs and organizational responsibilities of the city.

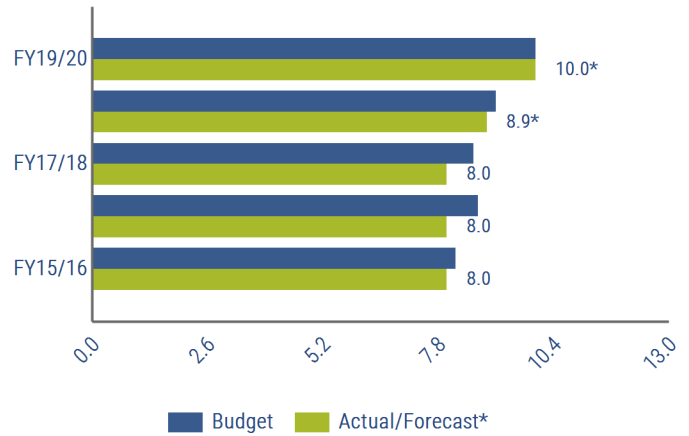
Adopted Budget to Actual/Forecast* (in millions)



City Treasurer

The City Treasurer, the city's chief financial officer, is responsible for providing City Council and management with timely financial reports as well as oversight of the Accounting, Budget, Finance, Business Services and Purchasing Departments. The FY 2019/20 budget of \$10.0 million is \$1.1 million higher than the FY 2018/19 year-end forecast mainly due to the following: 1) a Treasury Technology Manager position (1.00 FTE) was moved to the City Treasurer Division from the Administrative Services Division; 2) an increased Arizona Department of Revenue administrative cost; 3) an increase in Contractual Services on copier leasing and software systems; and 4) the removal of the administration overhead costs that will no longer be charged to the Capital Improvement Plan and instead charged to the operating budget.

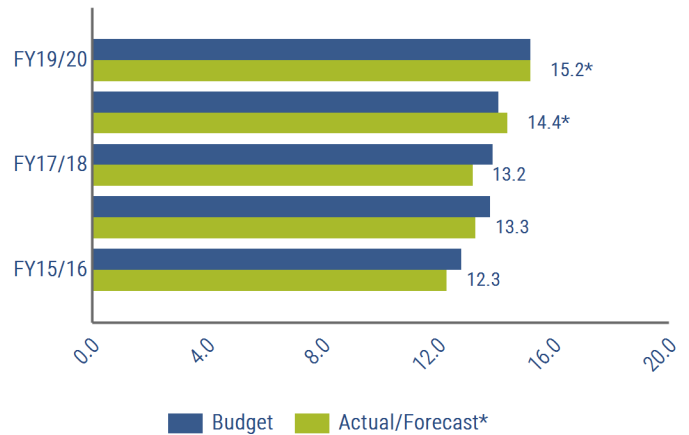
Adopted Budget to Actual/Forecast* (in millions)



Administrative Services

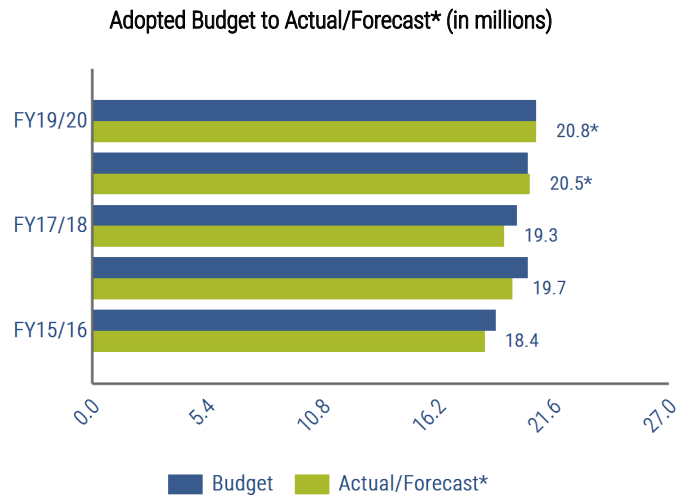
Administrative Services is comprised of the Human Resources and Information Technology Departments. These departments are responsible for a wide breadth of activities but include the sharing of information; training, recruiting and hiring employees as well as benefits and compensation; and the design, support and maintenance of a variety of citywide systems and hardware. The FY 2019/20 Administrative Services budget of \$15.2 million is \$0.8 million higher than the FY 2018/19 year-end forecast. This is due to: 1) the addition of a part-time Human Resources Intern to work on a variety of special projects; 2) the reclassification of three IT Technician Sr. positions to Systems Integrator Sr. positions; 3) funding added to replace the city's learning management system; and 4) increases in licenses and software maintenance.

Adopted Budget to Actual/Forecast* (in millions)



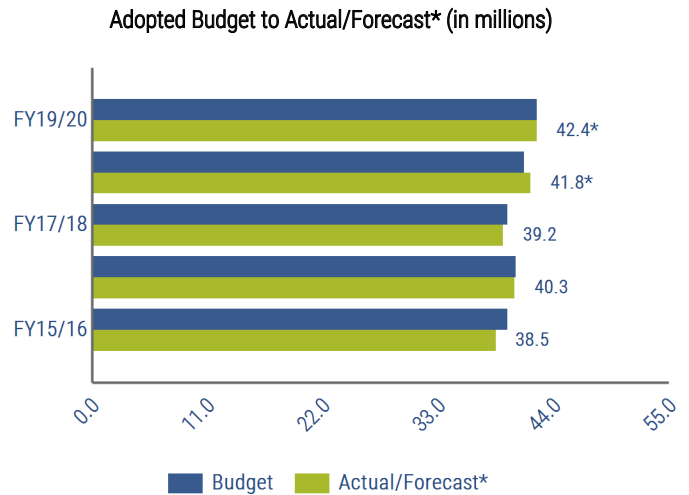
Community and Economic Development

Community and Economic Development works to preserve Scottsdale as a great community, offering value-added programs to stimulate the economy, sustain, revitalize, and build upon the community's unique lifestyle and character. The departments with General Fund budgets include Economic Development, Planning and Development, and Tourism and Events. Beginning in FY 2019/20, the WestWorld Department no longer resides within the Community and Economic Development Division but now within the Community Services Division. The WestWorld Department's financial history was moved to the Community Services Division to best reflect year over year comparisons. The FY 2019/20 budget is \$20.8 million, which is an increase of \$0.3 million from the FY 2018/19 year-end forecast of \$20.5 million primarily due to increases in Contractual Services including, one-time funding for a consultant to develop an overall strategy to reduce the adverse impact of flood hazards in the city and the annual increase for the Scottsdale Arts agreement.



Community Services

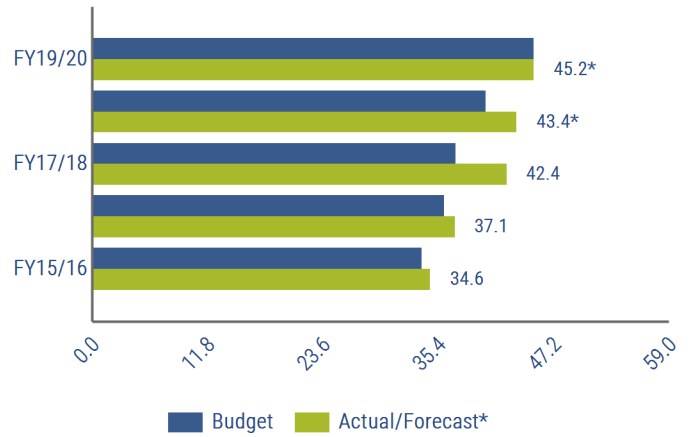
Community Services is comprised of six departments including; Human Services, Library Systems, Parks & Recreation, Planning and Administration, Preserve Management, and WestWorld, all of which work to improve the quality of life of Scottsdale residents. Beginning in FY 2019/20, the WestWorld Department was moved to the Community Services Division from the Community and Economic Development Division to best align citywide needs. The WestWorld Department's financial history has been added to the Community Services Division to best reflect year over year comparisons. The FY 2019/20 adopted budget of \$42.4 million is a \$0.6 million increase from the FY 2018/19 year-end forecast of \$41.8 million. This increase is primarily due to: 1) one-time funding to replace outdated audio visual equipment at all Libraries, Human Services centers and Parks & Recreation centers; 2) the carry-forward of one-time funding that was included in FY 2018/19 for the McCormick-Stillman Railroad Park Restroom project but will not be completed by June 30, 2019; and 3) increases in Software Maintenance and Licensing.



Public Safety - Fire

Public Safety - Fire responds to emergencies through timely, skilled and compassionate service including; fire, emergency medical, chemical, biological, nuclear and radiologic, wildland and technical rescue. Beginning in FY 2019/20, the Emergency Management Department and its financial history was moved to the Public Safety - Fire Division from the City Manager Division to best align citywide needs. The FY 2019/20 adopted budget is \$1.8 million more than the FY 2018/19 year-end forecast. This increase is mainly due to a change in an accounting reporting requirement by the Governmental Accounting Standards Board (GASB) to recognize the Fire Insurance Premium credit as an expense and revenue for the Public Safety Personnel Retirement System (PSPRS) where previously only the net was recorded as an expense.

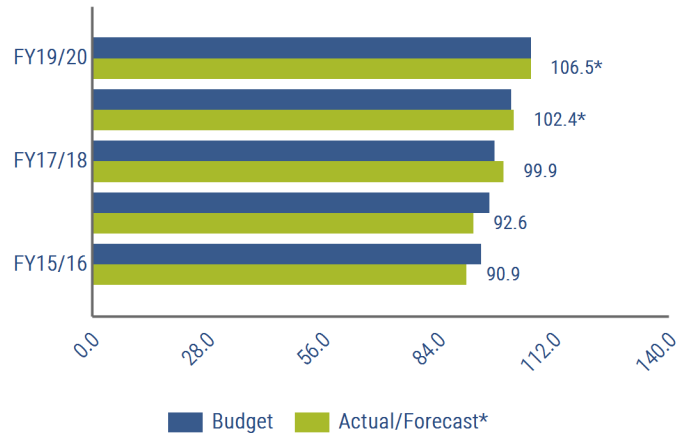
Adopted Budget to Actual/Forecast* (in millions)



Public Safety - Police

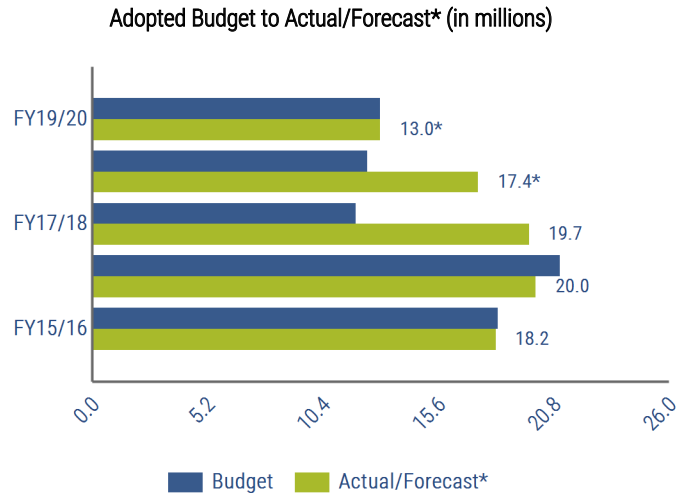
Public Safety - Police provides efficient and effective police services to the community confronting crime, responding to any needs, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services and Office of the Police Chief. The FY 2019/20 adopted budget is \$106.5 million, which is \$4.1 million higher than the FY 2018/19 year-end forecast of \$102.4 million. The increase is primarily due to the following: 1) higher retirement rates for Public Safety Personnel; 2) one-time funding for a Public Safety Retirement refund plus interest to those sworn personnel who contributed to retirement unnecessarily while participating in the Deferred Retirement Option Plan; 3) the net increase of 3.40 FTEs, which consists of the addition of two Detention Officers, a Police Aide, converting a sworn Police Officer position to a non-sworn Police Aide position, and converting a part-time Parking Control Checker position to a full-time Parking Control Checker; 4) higher fleet replacement, software maintenance and computer replacement costs; and 5) a funding shift of the ammunition and weapons budgets from the Special Programs Funds to the General Fund.

Adopted Budget to Actual/Forecast* (in millions)



Public Works

Public Works General Fund includes Capital Project Management (CPM) which oversee the design and construction of capital improvement projects (also includes the city's real estate services area) and Facilities Management which includes the repair and maintenance on three million square feet of city-owned facilities provided by building maintenance, strategic space planning and contract administration. The FY 2019/20 adopted budget of \$13.0 million is significantly less than the FY 2018/19 year-end forecast of \$17.4 million. The decrease of \$4.4 million is largely due to an administrative change that began in March 2017 to move the utilities budgets (water, electric, sewer, gas, solid waste and recycling services) from individual divisions to a citywide macro level account in an effort to provide greater efficiency in monitoring the utilities budget. Monthly as utilities expenditures occur, a budget transfer is completed to move the needed budget from the macro utilities holding account to Public Works, which is reflected in the FY 2018/19 year-end forecast but not yet included in FY 2019/20.



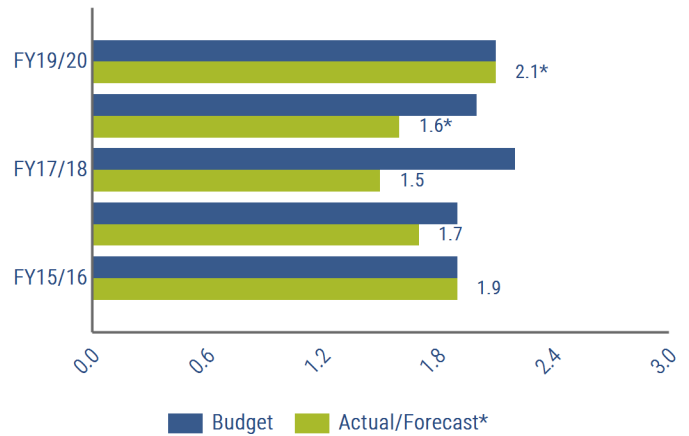
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. The total FY 2019/20 leave accrual payments budget is \$2.1 million, which includes \$1.4 million budgeted for medical leave accrual payouts and \$0.7 million budgeted for vacation accrual payouts. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the applicable division's expenditures.

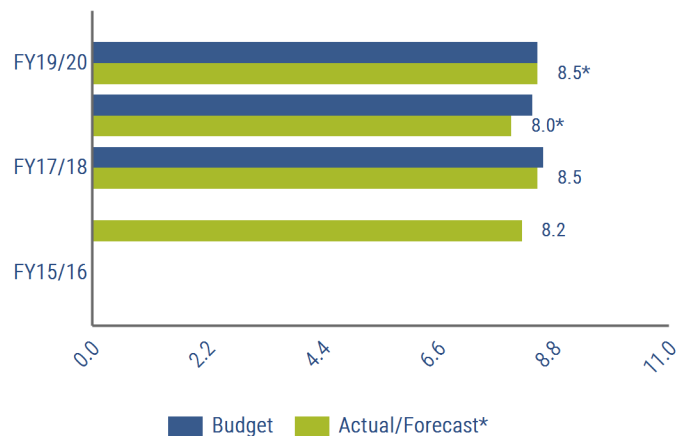
Adopted Budget to Actual/Forecast* (in millions)



Utilities

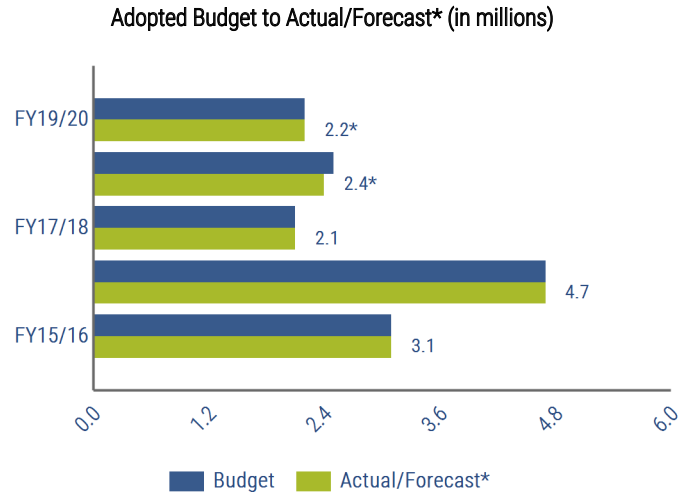
In an effort to provide greater efficiency in monitoring the budget to actual expenses for utilities as well as forecasting year-end results, beginning in March 2017 an administrative change moved the utilities budgets (water, electric, sewer, gas, solid waste and recycling services) from individual divisions to a citywide macro level account, by fund. Similar to the leave accrual payouts process, monthly as expenditures occur in the applicable divisions, a budget transfer will be completed to move the needed budget from the macro level holding accounts to the respective divisions. The FY 2019/20 adopted budget is \$8.5 million which is \$0.5 million higher than the FY 2018/19 year-end forecast of \$8.0 million. The FY 2018/19 year-end forecast, FY 2017/18 and FY 2016/17 actuals displayed are recorded and reported as part of the division's expenditures.

Adopted Budget to Actual/Forecast* (in millions)



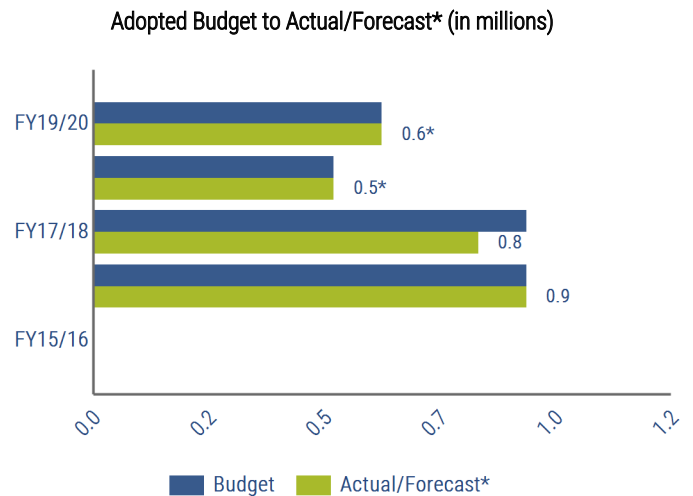
Citywide Pay Program

Citywide Pay Program, through which employees may receive increases within their established salary ranges based on performance. The FY 2019/20 adopted budget total is \$2.2 million. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division's expenditures. At the time the budget is adopted it is unknown which employees will receive a performance increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases within the division. The actual amount spent each year was at or below the adopted budget.



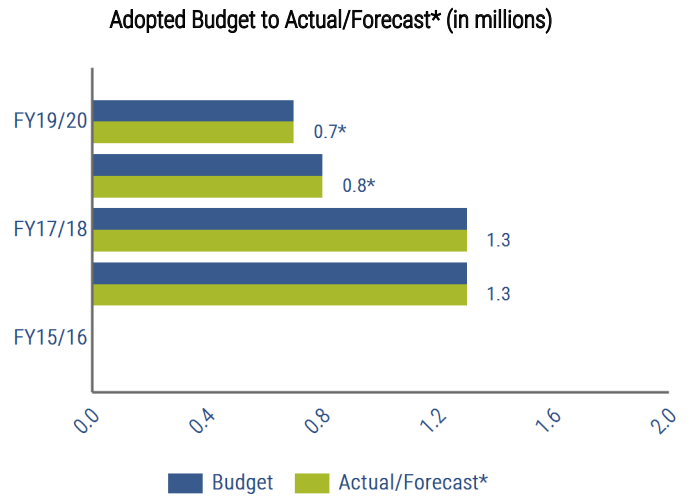
Fire Pay Program

Fire Pay Program is for performance increases within established salary ranges for eligible firefighters, fire engineers and fire captains and totals \$0.6 million for FY 2019/20. The Fire Pay Program began in FY 2016/17 with costs totaling \$0.9 million. The cost is decreasing due to staff reaching the maximum allowed within their respective pay grades. The program was originally a Five Percent Step Program but beginning in FY 2018/19 it is a pay for performance program consistent with the rest of the organization.



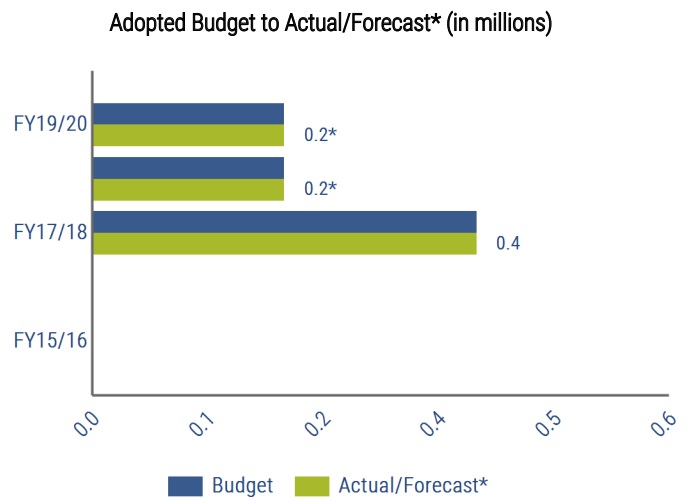
Police Pay Program

Police Pay Program is for performance increases within the established salary range for police officers totaling \$0.7 million for FY 2019/20. The cost is decreasing due to staff reaching the maximum allowed within their respective pay grades. The Police Pay Program began in FY 2016/17 for Police Officers and was originally a Five Percent Step Program but beginning in FY 2018/19 it is a pay for performance program consistent with the rest of the organization.



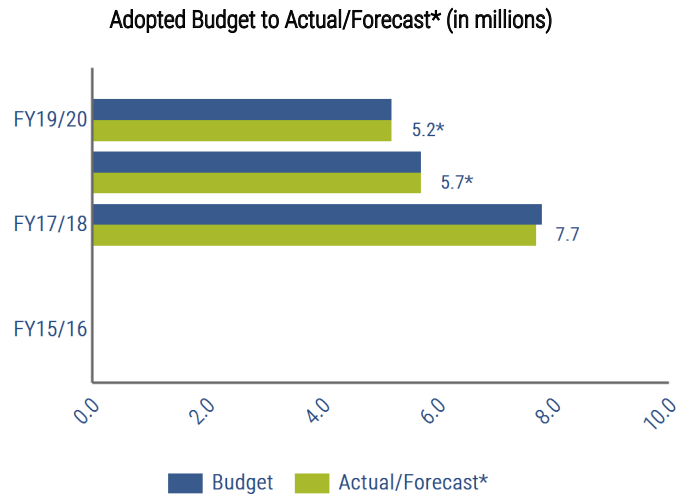
Sergeant Pay Program

Sergeant Pay Program is for performance increases within the established salary ranges for Police Sergeants totaling \$0.2 million for FY 2019/20. The Sergeant Pay Program began in FY 2017/18 and was originally a Five Percent Step Program but beginning in FY 2018/19 it is a pay for performance program consistent with the rest of the organization.



Compensation Other

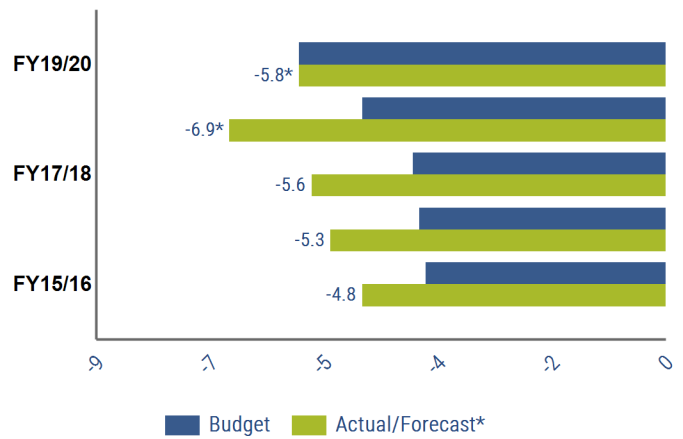
Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18 with funding included beginning in FY 2018/19. The FY 2019/20 adopted budget is \$5.2 million. FY 2017/18 represents the Parker Case Ruling payout. The statewide litigation related to pension reform which occurred in 2011 and was determined to be unconstitutional by the Arizona Supreme Court. The settlement of this case is an extension of a ruling issued in Hall v. Elected Officials Retirement Plan related to the same pension reform in 2011. Both lawsuits were due to current employees having their pension contributions increased to a higher rate which resulted in a diminished benefit for existing employees. While there are numerous provisions related to the settlements, this payout was to retroactively compensate employees who had their pension rates increased. This impacts Tier 1 employees (those hired prior to July 1st, 2011) in both Police and Fire and also impacts Elected Officials, resulting in a large one-time payout plus interest which the city has chosen to absorb versus further increasing the unfunded liability that currently exists in the respective pension plans.



Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings achieved from vacant positions. The General Fund experiences approximately 100 vacant positions at any given time. The FY 2019/20 General Fund estimate for vacancy savings is (\$5.8) million.

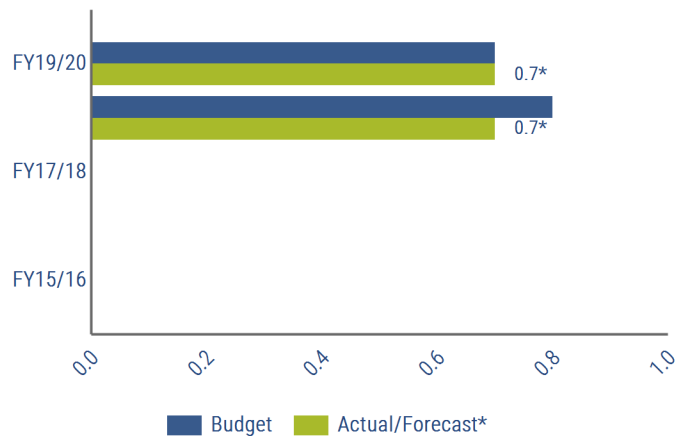
Adopted Budget to Actual/Forecast* (in millions)



Vacation Trade

Beginning in FY 2018/19, the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 General Fund adopted budget includes \$0.7 million for the vacation trade program.

Adopted Budget to Actual/Forecast* (in millions)

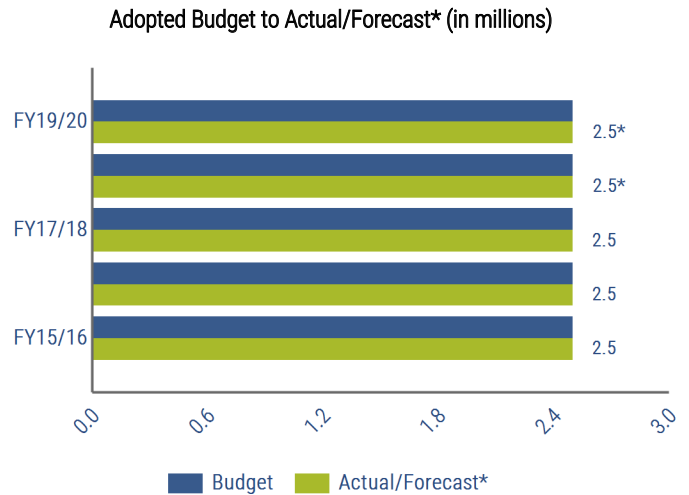


Debt Service and Transfers Out

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. Transfers Out are the authorized movement of cash to other funds and/or capital projects.

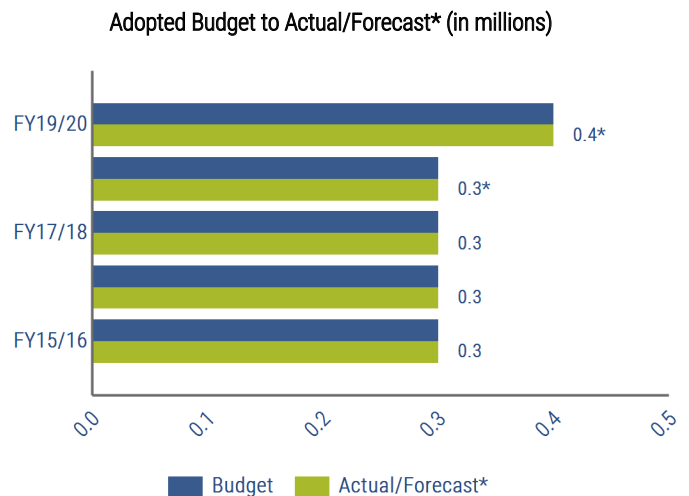
Certificates of Participation

Certificates of Participation (COPs) are instruments whereby the city enters into a lease-purchase agreement for the acquisition, operation and/or maintenance of a project. COPs are secured by a budgeted appropriation made each year by the city. At the completion of the lease period, the city owns the project. In FY 2010/11 the city issued \$20.0 million of COPs for a public safety radio system. The FY 2019/20 budget of \$2.5 million is related to the FY 2010/11 COPs issuance, with the final payment to be made in FY 2019/20.



Contracts Payable

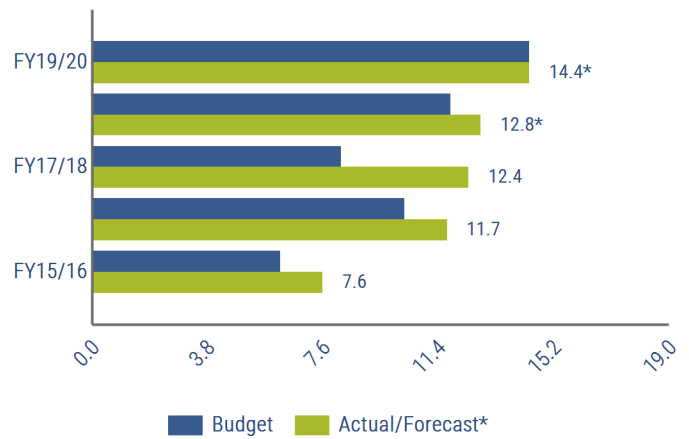
Contracts Payable is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site. The FY 2019/20 Contracts Payable budget is \$0.4 million.



CIP

Transfers Out to the Capital Improvement Plan (CIP) in FY 2019/20 total \$14.4 million. A total of \$11.8 million is to ensure compliance with Financial Policy No.17 (\$2.7 million or 25 percent of the construction sales tax, \$5.1 million or two-thirds of the 1.10 percent sales tax collected on food for home consumption, and \$4.0 million or 100 percent of net interest income in excess of \$1.0 million). A total of \$0.1 million to the CIP for an agreement related to the Scottsdale Stadium. A total of \$2.5 million to the CIP from the \$2.95 monthly stormwater fee increase paid by utility customers, which became effective in FY 2018/19 for Drainage and Flood control projects.

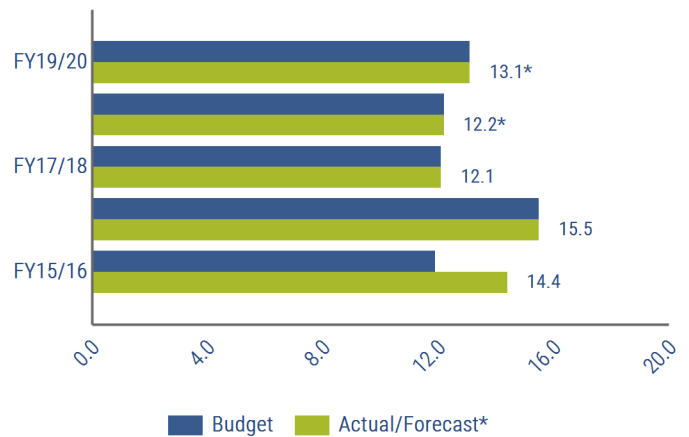
Adopted Budget to Actual/Forecast* (in millions)



Debt Svc MPC Bonds

Debt Service Municipal Property Corporation (MPC) bonds include transfers to the Debt Service Fund for the annual debt service payments for MPC bonds issued that use sales tax as dedicated revenue source to service the debt. The MPC bonds issued include SkySong, WestWorld land acquisitions, Tournament Players Club (TPC) improvements, the Tony Nelssen Equestrian Center (TNEC) and the Scottsdale Fashion Square parking garage. In FY 2019/20 a total of \$13.1 million will be transferred to the Debt Service Fund for MPC bonds issued.

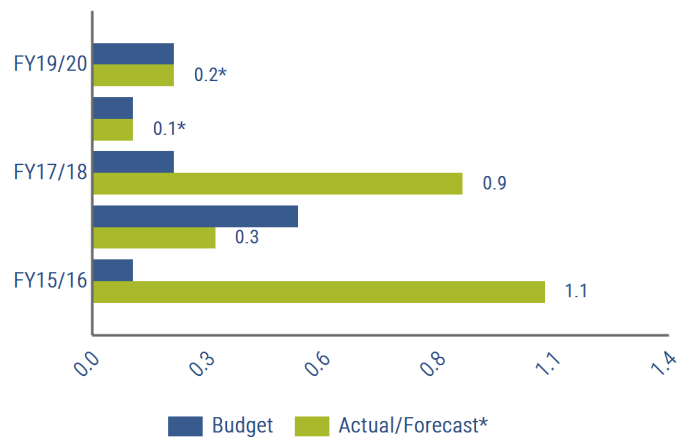
Adopted Budget to Actual/Forecast* (in millions)



Operating

The FY 2019/20 Operating Transfers Out budget of \$0.2 million is to the Healthcare Self Insurance Fund to subsidize the costs of providing disabled public safety retiree healthcare benefits, per City Council direction. FY 2017/18 includes a transfer of approximately \$0.8 million, approved by City Council, to the Downtown Cultural Trust for downtown development. FY 2015/16 includes an authorized transfer of approximately \$1.0 million to reimburse the Healthcare Self Insurance Fund for the General Fund's proportionate share for health related expenditures, which accumulated due to offering coverage to retirees in previous years.

Adopted Budget to Actual/Forecast* (in millions)



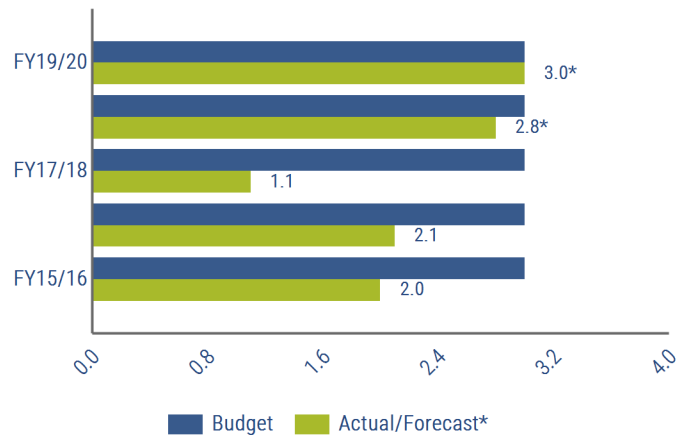
General Fund Ending Balance

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

Operating Contingency

Operating Contingency includes \$3.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been examined and requires City Council approval.

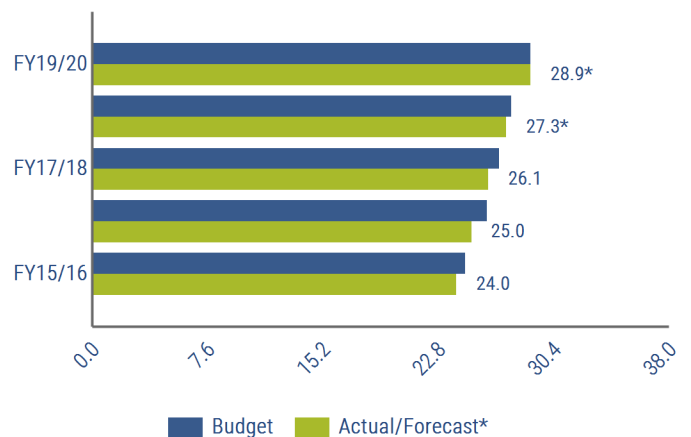
Adopted Budget to Actual/Forecast* (in millions)



Operating Reserve

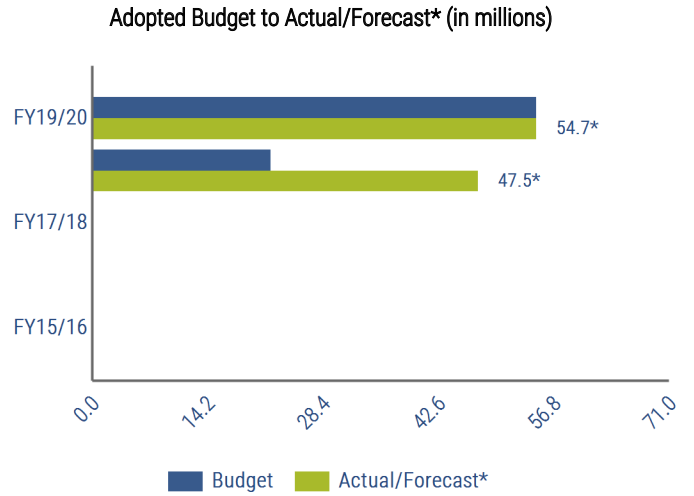
The Operating Reserve complies with Reserve Management Financial Policy No. 36. The policy states the General Fund will maintain a stabilization reserve of ten percent of the annual General Fund operating expenditures and is to only be used for unforeseen emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent and aids in retaining the city’s AAA bond rating. Based on the operating budget expenditure estimate, the ending FY 2019/20 General Fund Operating Reserve is \$28.9 million.

Adopted Budget to Actual/Forecast* (in millions)



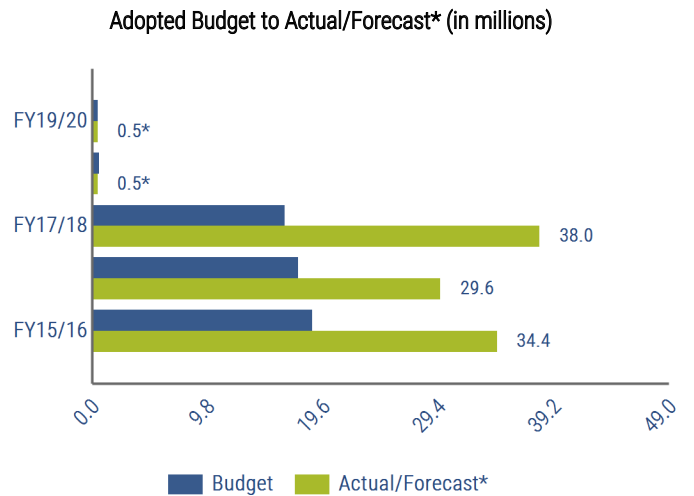
PSPRS Pension Liabilities

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. Beginning in FY 2018/19 a 'PSPRS Pension Liabilities' designation was created. This begins to address the unfunded liability in this area and shore-up the city's portion of the pension program for public safety personnel. In prior years, funds were held in the Undesignated, Unreserved Fund Balance. The FY 2019/20 adopted budget is \$54.7 million.



Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2019/20 ending undesignated, unreserved fund balance is \$0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses. The current year balance is significantly lower than prior to FY 2018/19. This is due to moving the majority of funds to a new fund balance category, PSPRS Pension Liabilities to begin to address the unfunded liability for public safety personnel.





PARTNERSHIP TUNNEL
SPECIAL THANKS TO
TOWN OF PARTNERSHIP & HISTORICAL SOCIETY,
CITY OF MONTICELLO

BUDGET BY FUND | Special Revenue Funds Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

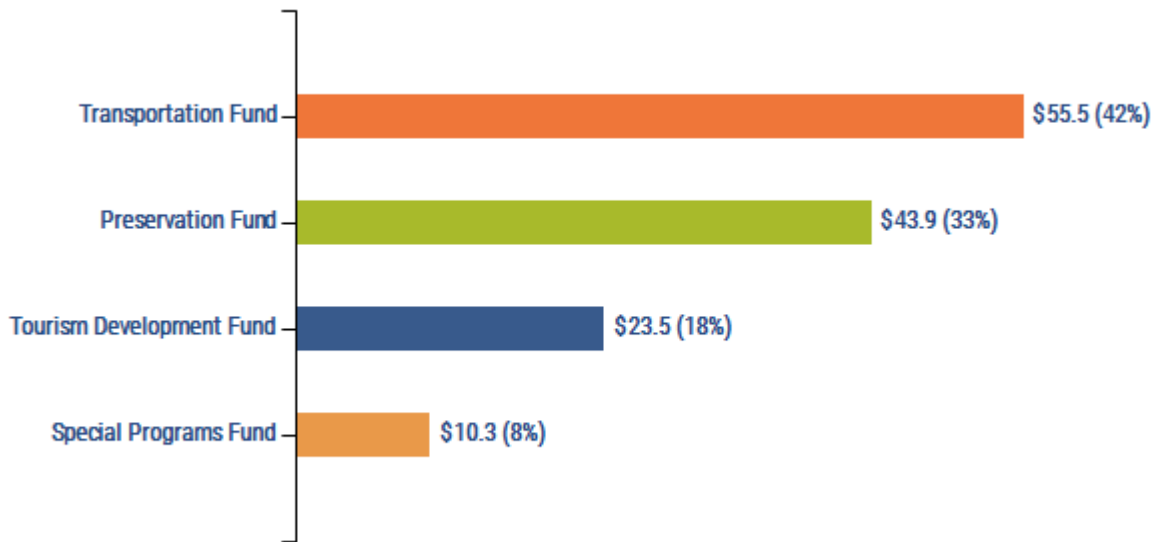
^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

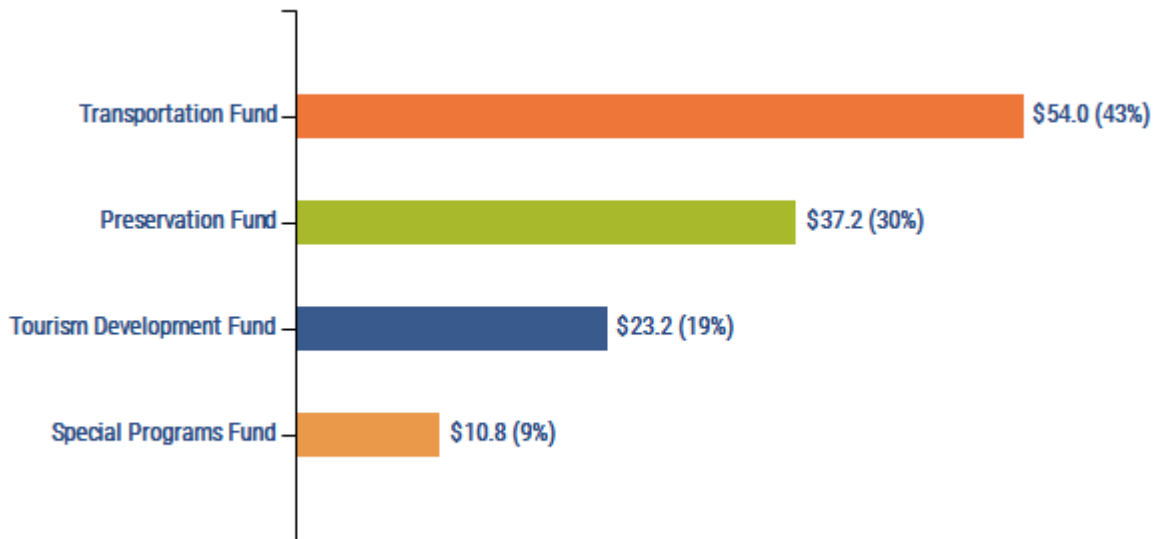
Special Revenue Funds Description

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Examples of restricted revenues that must be spent on specific purposes are Sales Tax - Transportation (0.30%), Sales Tax - Preservation (0.35%), Highway User Tax, Transient Occupancy Tax, and special programs such as the Police 30-Day Tow program. The sections to follow discuss each of the funds in more detail.

Special Revenue Funds Sources (% to Total)
\$133.2 Million



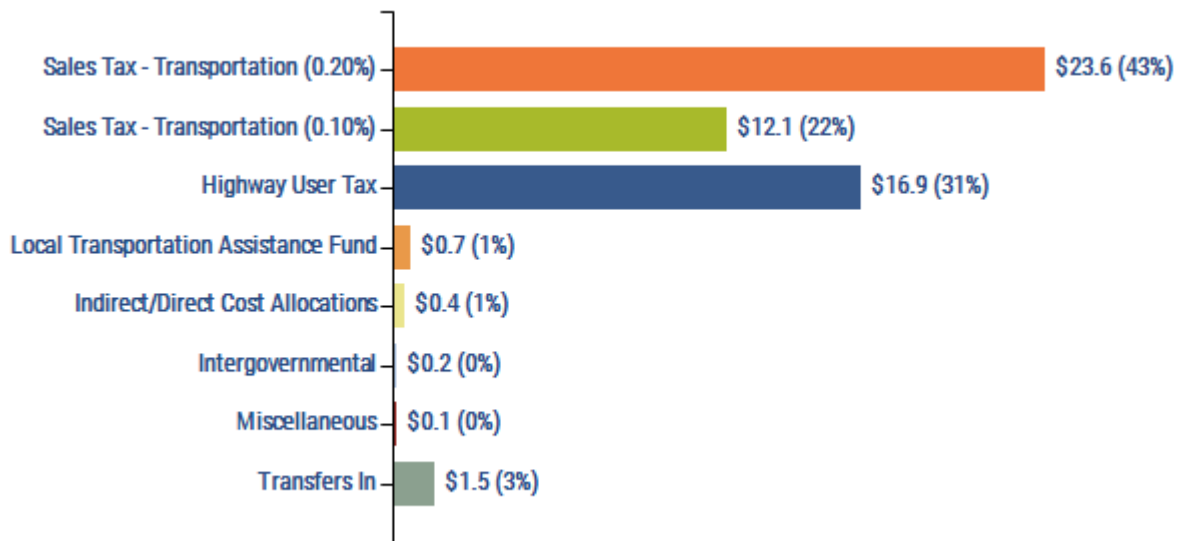
Special Revenue Funds Uses (% to Total)
\$125.1 Million



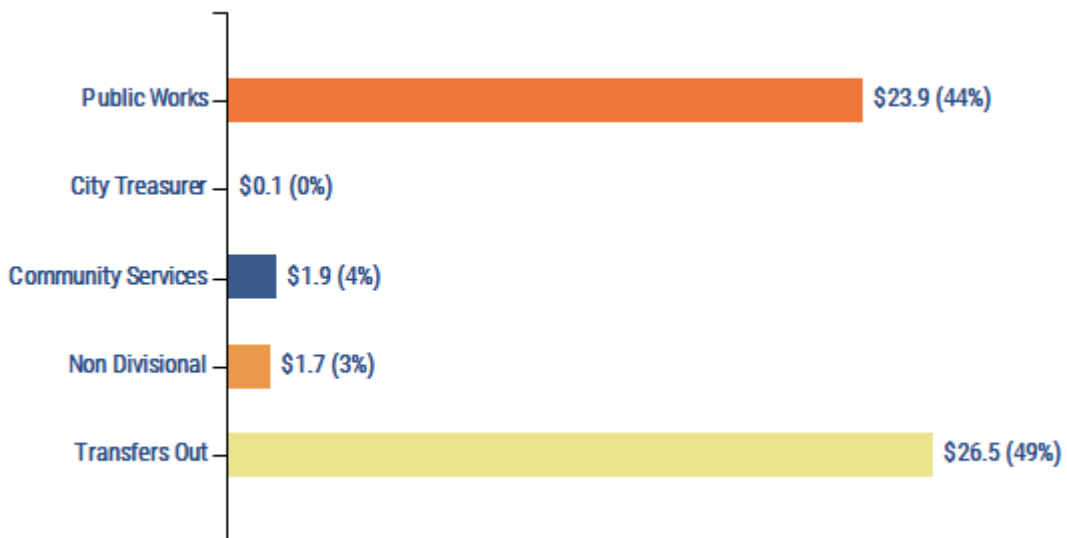
Fund Purpose

The State of Arizona requires the city to establish and maintain an accounting for Highway User Tax revenue. The Transportation Fund receives and expends the city’s allocation of the Arizona Highway User Tax which is allocated based on the official U.S. Census Bureau population estimate, as directed by Statute. These monies must be used for street construction, reconstruction, maintenance, or transit. The fund also accounts for other transportation related revenues such as the 1989 voter approved Sales Tax - Transportation of 0.20 percent, which per financial policy, 50 percent is dedicated to transportation improvements and 50 percent is dedicated to transportation operations; and the 2018 voter approved Sales Tax – Transportation of 0.10 percent which is dedicated solely to the Arterial Life Cycle Program capital projects.

Transportation Fund Sources (% to Total)
\$55.5 Million



Transportation Fund Uses (% to Total)
\$54.0 Million



BUDGET BY FUND | Transportation Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Operating Contingency	500,000	500,000	457,000	500,000
Operating Reserve	2,346,920	2,634,482	2,524,055	2,617,890
Undesignated, Unreserved Fund Balance	9,346,733	3,042,601	4,299,610	7,054,039
Total Beginning Fund Balance	12,193,653	6,177,083	7,280,665	10,171,929
Revenues				
Sales Tax - Transportation (0.20%)	22,044,227	21,725,777	22,636,554	23,583,386
Sales Tax - Transportation (0.10%) ^(a)	-	-	4,030,023	12,053,356
Highway User Tax	16,066,709	15,495,713	17,018,088	16,944,055
Local Transportation Assistance Fund	656,577	655,000	655,000	655,000
Indirect/Direct Cost Allocations	557,773	424,355	424,355	438,493
Intergovernmental	201,718	150,000	150,000	150,000
Miscellaneous	70,329	190,000	280,000	130,240
<i>Subtotal</i>	39,597,333	38,640,845	45,194,020	53,954,530
Transfers In				
CIP	-	-	-	1,200,000
Operating	300,000	300,000	459,249	300,000
<i>Subtotal</i>	300,000	300,000	459,249	1,500,000
Total Sources	39,897,333	38,940,845	45,653,269	55,454,530
Expenditures				
Public Works	23,660,140	23,705,007	23,833,243	23,904,007
City Treasurer	41,649	53,904	56,815	56,739
Community Services	1,538,763	1,855,653	1,855,653	1,892,446
Citywide Pay Program	-	153,530	-	149,088
Compensation Other	-	201,905	-	197,371
Leave Accrual Payments	-	148,728	63,246	104,100
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(418,218)	(128,691)	(370,900)
Utilities	-	1,493,068	498,639	1,561,822
Vacation Trade	-	33,803	-	29,942
<i>Subtotal</i>	25,240,552	27,227,380	26,178,905	27,524,615
TOTAL OPERATING BUDGET	25,240,552	27,227,380	26,178,905	27,524,615
Transfers Out				
CIP	19,545,126	10,862,889	12,518,277	14,391,693
CIP 0.1% Sales Tax	-	-	4,030,023	12,053,356
CIP Technology	24,643	77,800	77,800	55,059
<i>Subtotal</i>	19,569,769	10,940,689	16,626,100	26,500,108
Total Uses	44,810,321	38,168,069	42,805,005	54,024,723
Sources Over/(Under) Uses	(4,912,988)	772,776	2,848,264	1,429,807
Ending Fund Balance				
Operating Contingency	457,000	500,000	500,000	500,000
Operating Reserve	2,524,055	2,722,738	2,617,890	2,752,462
Undesignated, Unreserved Fund Balance	4,299,610	3,727,121	7,011,039	8,349,274
Total Ending Fund Balance	7,280,665	6,949,859	10,128,929	11,601,736

^(a) On November 6, 2018, voters approved a ten year 0.10% sales tax dedicated to the Arterial Life Cycle Program (ALCP) transportation capital projects.

BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,617,890	2,752,462	2,870,520	2,940,740	3,039,350
Undesignated, Unreserved Fund Balance	7,054,039	8,349,274	8,974,016	8,687,296	7,871,786
Total Beginning Fund Balance	10,171,929	11,601,736	12,344,536	12,128,036	11,411,136
Revenues					
Sales Tax - Transportation (0.20%)	23,583,386	23,072,600	22,925,000	23,199,500	23,503,400
Sales Tax - Transportation (0.10%) ^(a)	12,053,356	11,955,200	11,889,700	12,032,200	12,189,600
Highway User Tax	16,944,055	16,571,300	16,561,300	16,760,100	16,978,000
Local Transportation Assistance Fund	655,000	655,000	655,000	655,000	655,000
Indirect/Direct Cost Allocations	438,493	450,200	458,100	466,300	475,400
Intergovernmental	150,000	150,000	150,000	150,000	150,000
Miscellaneous	130,240	130,200	130,200	130,200	130,200
<i>Subtotal</i>	53,954,530	52,984,500	52,769,300	53,393,300	54,081,600
Transfers In					
CIP	1,200,000	-	-	-	-
Operating ^(b)	300,000	-	-	-	-
<i>Subtotal</i>	1,500,000	-	-	-	-
Total Sources	55,454,530	52,984,500	52,769,300	53,393,300	54,081,600
Expenditures					
Public Works	23,904,007	24,542,200	24,681,500	25,192,200	25,718,000
City Treasurer	56,739	57,300	58,000	58,700	59,400
Community Services	1,892,446	1,726,000	1,761,200	1,797,600	1,835,800
Citywide Pay Program	149,088	303,600	441,700	561,900	667,400
Compensation Other	197,371	339,500	340,300	341,800	342,500
Leave Accrual Payments	104,100	106,700	109,400	112,100	114,900
Operating Impacts	-	400,000	776,300	1,080,900	1,104,800
Savings from Vacant Positions	(370,900)	(378,300)	(385,900)	(393,600)	(401,500)
Utilities	1,561,822	1,577,400	1,593,100	1,609,200	1,625,100
Vacation Trade	29,942	30,800	31,800	32,700	33,700
<i>Subtotal</i>	27,524,615	28,705,200	29,407,400	30,393,500	31,100,100
TOTAL OPERATING BUDGET	27,524,615	28,705,200	29,407,400	30,393,500	31,100,100
Transfers Out					
CIP	14,391,693	11,536,300	11,462,500	11,599,800	11,751,700
CIP 0.1% Sales Tax	12,053,356	11,955,200	11,889,700	12,032,200	12,189,600
CIP Technology	55,059	45,000	226,200	84,700	156,600
<i>Subtotal</i>	26,500,108	23,536,500	23,578,400	23,716,700	24,097,900
Total Uses	54,024,723	52,241,700	52,985,800	54,110,200	55,198,000
Sources Over/(Under) Uses	1,429,807	742,800	(216,500)	(716,900)	(1,116,400)
Ending Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Operating Reserve	2,752,462	2,870,520	2,940,740	3,039,350	3,110,010
Undesignated, Unreserved Fund Balance	8,349,274	8,974,016	8,687,296	7,871,786	6,684,726
Total Ending Fund Balance	11,601,736	12,344,536	12,128,036	11,411,136	10,294,736

^(a) On November 6, 2018, voters approved a ten year 0.10% sales tax dedicated to the Arterial Life Cycle Program (ALCP) transportation capital projects.

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

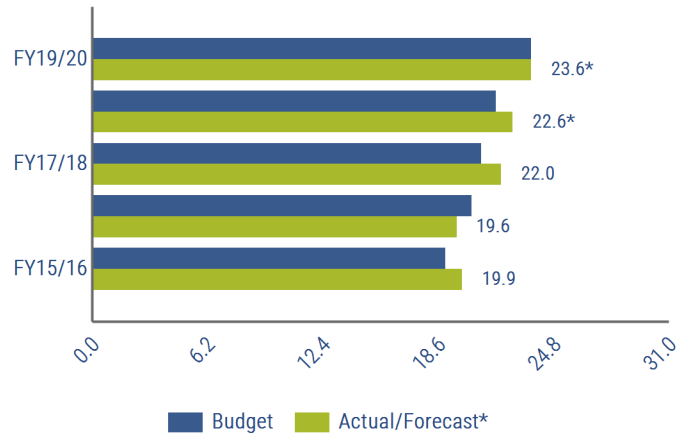
Transportation Fund Sources

Transportation Fund sources for FY 2019/20 equal \$55.4 million which is an increase of \$9.8 million from the FY 2018/19 year-end forecast mostly due to a voter approved ten year 0.10 percent sales tax dedicated to the Arterial Life Cycle Program (ALCP) transportation capital projects. The same methodology for developing the Sales Tax budgeted in the General Fund is also used for the Transportation Fund.

Sales Tax - Transportation (0.20%)

Sales Tax - Transportation (0.20%) represents the 0.20 percent of the city’s sales tax dedicated solely to transportation. Please note that while the rate is the same for the transportation and 1995 preservation sales tax, there is a difference between the revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues. The adopted FY 2019/20 budget of \$23.6 million represents an increase of \$0.9 million, or 4 percent, over the FY 2018/19 year-end forecast. The one-time decrease in collections in FY 2016/17 is the result of Arizona Department of Revenue (ADOR) taking over administration, collection and reporting of sales tax as of January 1, 2017. Payments from ADOR are received weekly rather than daily, which caused a one-time timing delay of collections. The following table is a five year forecast by business category for the transportation sales tax.

Adopted Budget to Actual/Forecast* (in millions)



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

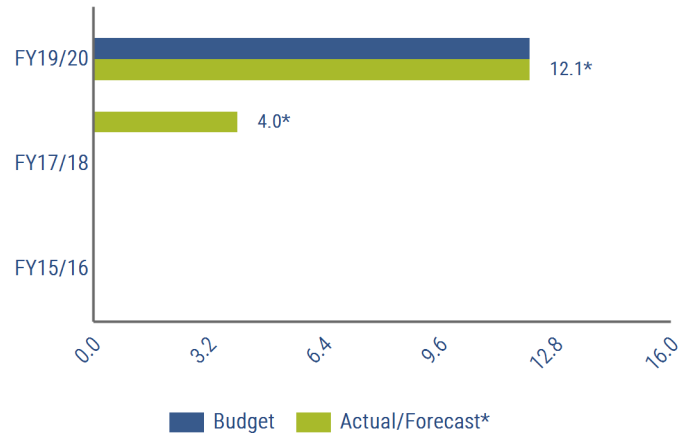
Business Category	FY 17/18	% of	FY 18/19	% of	FY 18/19	% of	FY 19/20	% of
	Actual	Total		Adopted		Total		Forecast
Automotive	3,144,578	14%	3,170,256	15%	3,460,830	15%	3,371,321	14%
Construction	2,022,790	9%	1,810,723	8%	1,975,373	9%	2,051,171	9%
Food	1,531,425	7%	1,338,492	6%	1,569,588	7%	1,686,683	7%
Hotel/Motel	1,304,425	6%	1,325,695	6%	1,372,749	6%	1,389,013	6%
Major Dept Stores	1,947,251	9%	1,863,237	9%	1,802,753	8%	1,870,031	8%
Misc. Retail	3,893,017	18%	4,121,355	19%	4,024,363	18%	4,312,375	18%
Other Taxable	1,704,158	8%	1,874,265	9%	1,961,147	9%	2,151,048	9%
Rental	3,356,023	15%	3,278,362	15%	3,403,172	15%	3,568,906	15%
Restaurants	2,157,112	10%	2,046,741	9%	2,174,574	10%	2,284,328	10%
Utilities	983,448	4%	896,651	4%	892,005	4%	898,510	4%
Total	22,044,227	100%	21,725,777	100%	22,636,554	100%	23,583,386	100%

Business Category	FY 20/21	% of	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of
	Forecast	Total		Forecast		Total		Forecast
Automotive	3,344,500	14%	3,304,100	14%	3,304,100	14%	3,304,100	14%
Construction	1,988,500	9%	1,968,600	9%	1,978,800	9%	1,999,500	9%
Food	1,591,700	7%	1,591,700	7%	1,607,600	7%	1,623,700	7%
Hotel/Motel	1,385,300	6%	1,376,500	6%	1,429,300	6%	1,427,500	6%
Major Dept Stores	1,803,800	8%	1,794,300	8%	1,824,900	8%	1,861,400	8%
Misc. Retail	4,259,500	18%	4,238,300	18%	4,303,400	19%	4,389,500	19%
Other Taxable	2,111,900	9%	2,101,200	9%	2,133,100	9%	2,175,700	9%
Rental	3,518,000	15%	3,505,800	15%	3,540,900	15%	3,611,700	15%
Restaurants	2,193,000	10%	2,172,600	9%	2,205,500	10%	2,238,400	10%
Utilities	876,400	4%	871,900	4%	871,900	4%	871,900	4%
Total	23,072,600	100%	22,925,000	100%	23,199,500	100%	23,503,400	100%

Sales Tax - Transportation (0.10%)

Sales Tax - Transportation (0.10%) represents the 0.10 percent of the city's sales tax dedicated solely to the Arterial Life Cycle Program transportation capital projects. The adopted FY 2019/20 budget of \$12.1 million represents an increase of \$8.0 million over the FY 2018/19 year-end forecast. The FY 2018/19 year-end forecast does not represent a full year of revenue as the sales tax went into effect in January 2019. The following table is a five year forecast by business category for the transportation sales tax.

Adopted Budget to Actual/Forecast* (in millions)



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

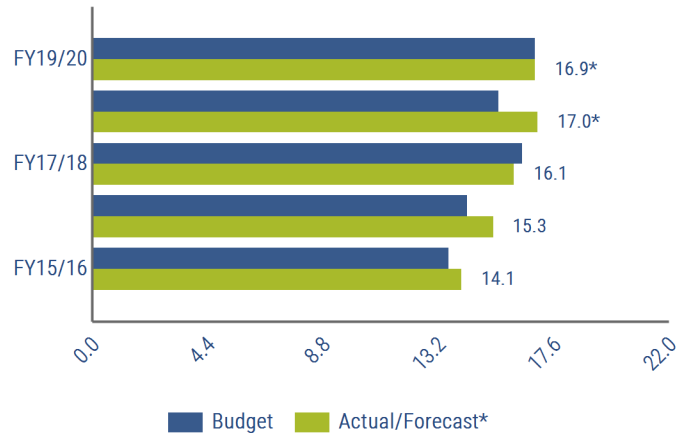
Business Category	FY 17/18	% of	FY 18/19	% of	FY 18/19	% of	FY 19/20	% of
	Actual	Total		Adopted		Total		Forecast
Automotive	-	0%	-	0%	648,841	16%	1,748,493	15%
Construction	-	0%	-	0%	196,240	5%	885,947	7%
Food	-	0%	-	0%	280,010	7%	874,777	7%
Hotel/Motel	-	0%	-	0%	335,198	8%	720,394	6%
Major Dept Stores	-	0%	-	0%	325,155	8%	969,867	8%
Misc. Retail	-	0%	-	0%	722,168	18%	2,236,558	19%
Other Taxable	-	0%	-	0%	365,570	9%	1,115,614	9%
Rental	-	0%	-	0%	578,791	14%	1,850,968	15%
Restaurants	-	0%	-	0%	434,019	11%	1,184,737	10%
Utilities	-	0%	-	0%	144,031	4%	466,001	4%
Total	-	0%	-	0%	4,030,023	100%	12,053,356	100%

Business Category	FY 20/21	% of	FY 21/22	% of	FY 22/23	% of	FY 23/24	% of
	Forecast	Total		Forecast		Total		Forecast
Automotive	1,734,600	15%	1,713,600	14%	1,713,600	14%	1,713,600	14%
Construction	1,020,300	9%	1,021,000	9%	1,026,300	9%	1,037,000	9%
Food	825,500	7%	825,500	7%	833,800	7%	842,100	7%
Hotel/Motel	718,500	6%	713,900	6%	741,300	6%	740,300	6%
Major Dept Stores	935,500	8%	930,600	8%	946,500	8%	965,400	8%
Misc. Retail	2,209,100	18%	2,198,100	18%	2,231,900	19%	2,276,600	19%
Other Taxable	1,095,300	9%	1,089,800	9%	1,106,300	9%	1,128,400	9%
Rental	1,824,500	15%	1,818,200	15%	1,836,400	15%	1,873,100	15%
Restaurants	1,137,400	10%	1,126,800	9%	1,143,900	10%	1,160,900	10%
Utilities	454,500	4%	452,200	4%	452,200	4%	452,200	4%
Total	11,955,200	100%	11,889,700	100%	12,032,200	100%	12,189,600	100%

Highway User Tax

Highway User Tax, also known as gas tax from the Highway User Revenue Fund (HURF), is distributed by the State of Arizona. The State constitution requires that all highway user revenue be used solely for street, highway or transit purposes. Cities and towns receive 27.5 percent of the highway user revenue fund, of which one half of the monies are distributed based on population of all incorporated cities and towns in the State. The remaining half is distributed based on 'county of origin' of gasoline sales and the relation of the city or town's population to the total incorporated population of Maricopa County. The adopted FY 2019/20 budget of \$16.9 million represents a \$0.1 million decrease from the FY 2018/19 year-end forecast due to lower initial estimates provided by the League of Arizona Cities and Towns.

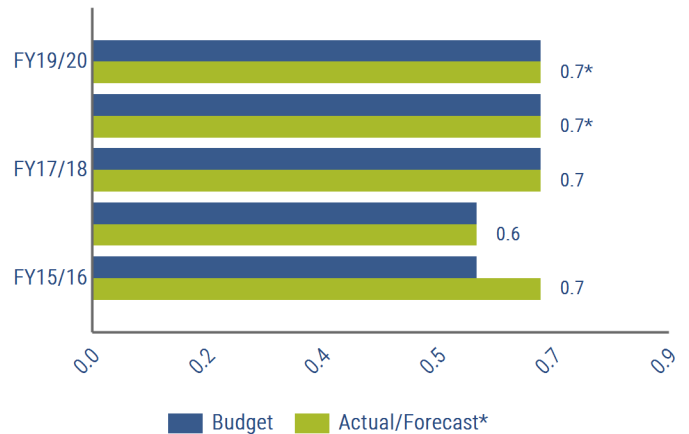
Adopted Budget to Actual/Forecast* (in millions)



Local Transportation Assistance Fund

Local Transportation Assistance Fund supports the development and operation of a comprehensive multi-modal public transportation program in Arizona. The funding to this program comes from lottery proceeds and it is distributed to cities and towns through an annual application process. The amounts available to cities and towns are capped based on population. The FY 2019/20 budget for this revenue is \$0.7 million, which represents the entire allocation available to the city.

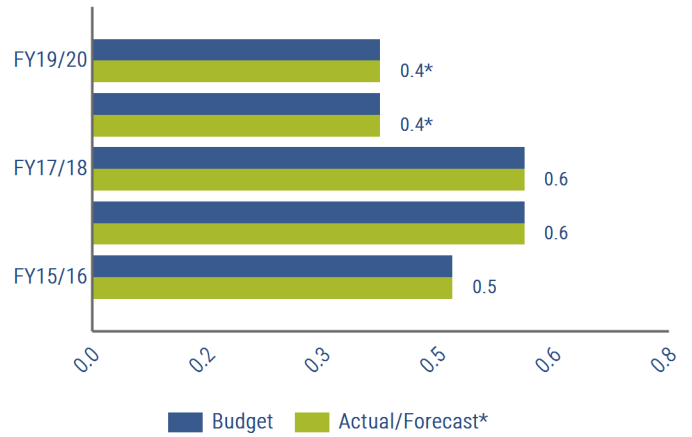
Adopted Budget to Actual/Forecast* (in millions)



Indirect/Direct Cost Allocations

Indirect/Direct Cost Allocations represent charges to the Solid Waste Fund to cover the costs associated with alley maintenance performed by the Street Operations department for the benefit of Solid Waste operations. The budget for this revenue in FY 2019/20 is \$0.4 million which is relatively flat from the FY 2018/19 year-end forecast.

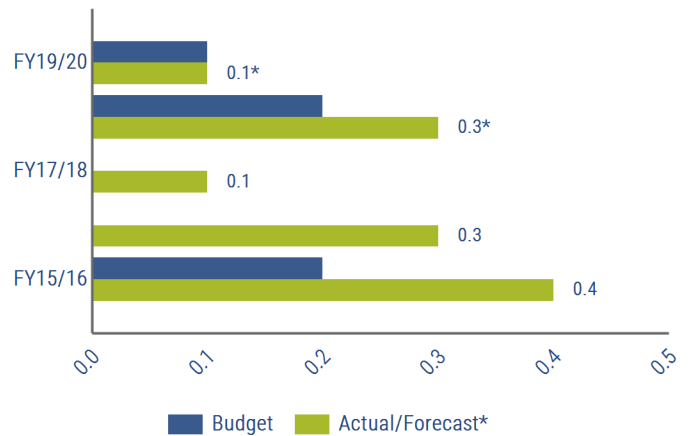
Adopted Budget to Actual/Forecast* (in millions)



Miscellaneous

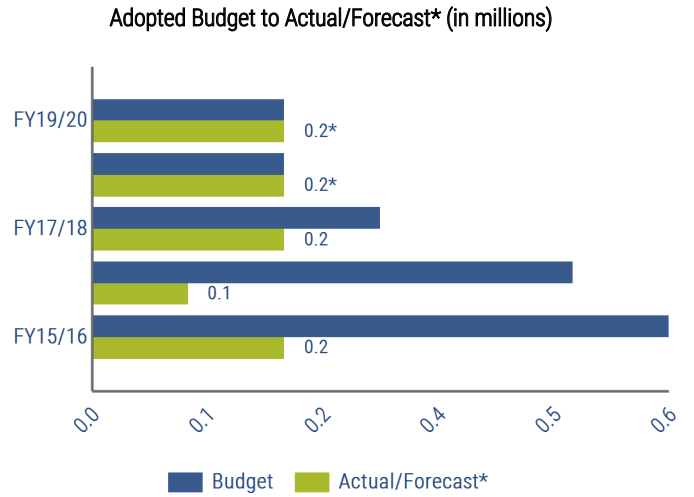
Miscellaneous includes various revenues the city receives in the Transportation Fund during any given year that are not attributable to one of the specific revenue categories previously noted. The FY 2019/20 budget of \$0.1 million includes the Valley Metro Regional Public Transportation Authority (RPTA) reconciliation, City of Phoenix reconciliation, as well as transportation vehicle auction proceeds. Historically, Miscellaneous was not consistently budgeted. However, because revenue has been consistently collected in the category, revenue is now budgeted annually beginning in FY 2018/19.

Adopted Budget to Actual/Forecast* (in millions)



Intergovernmental

Intergovernmental represents the city's allocation of the half-cent sales tax for transportation improvements approved in Proposition 400 by Maricopa County voters in November 2004. This revenue, through the Public Transportation Fund funds the ADA Cab Connection Rides program, which addresses the transportation needs of people with disabilities within the city. The FY 2019/20 budget is \$0.2 million, which is even with the FY 2018/19 year-end forecast. There has been a reduction in participation in the past few years that has stabilized at the level estimated for FY 2019/20.

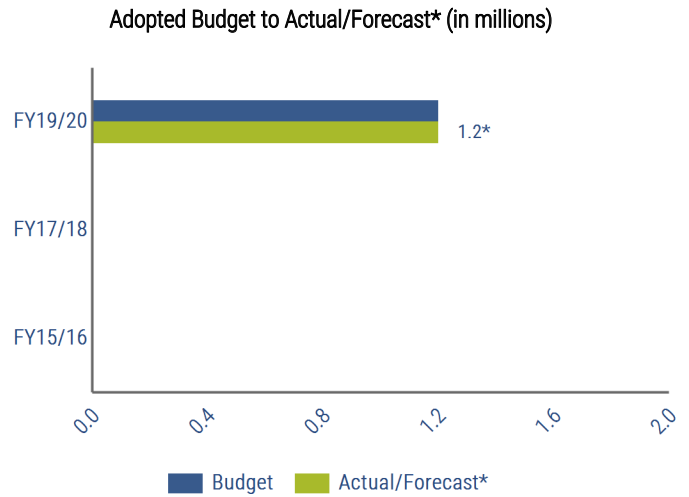


Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2019/20 is \$1.5 million. More specific information is detailed below.

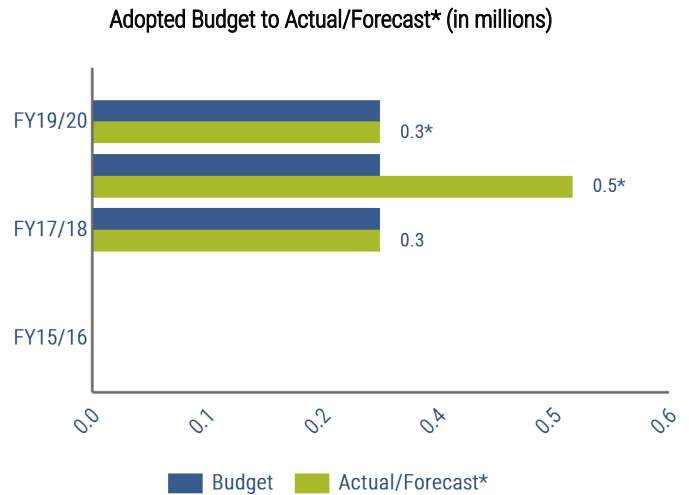
CIP

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



Operating

Beginning in FY 2017/18, the \$0.3 million Council authorized use of Tourism Development Funds for the operation of the downtown trolley will be received as an Operating Transfer In, which will allow a better monitoring of the program at the fund level. In previous years, the Transportation Department charged the Tourism Development Fund directly for this program.

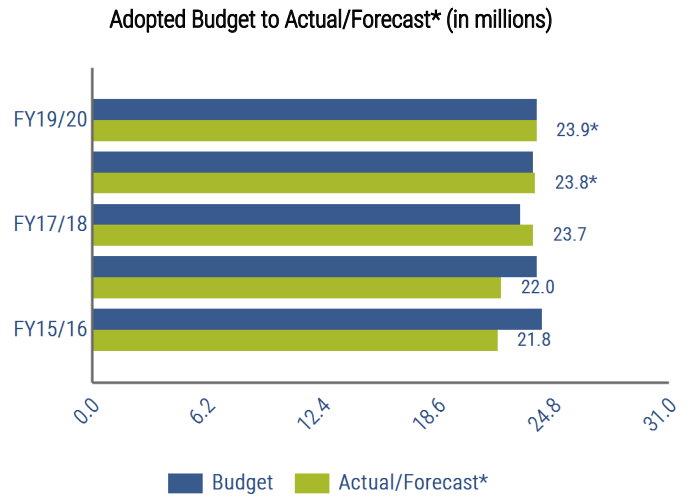


Transportation Fund Uses

The Transportation Fund uses are presented by division, plus additional operating categories to include contingencies and utilities is detailed below.

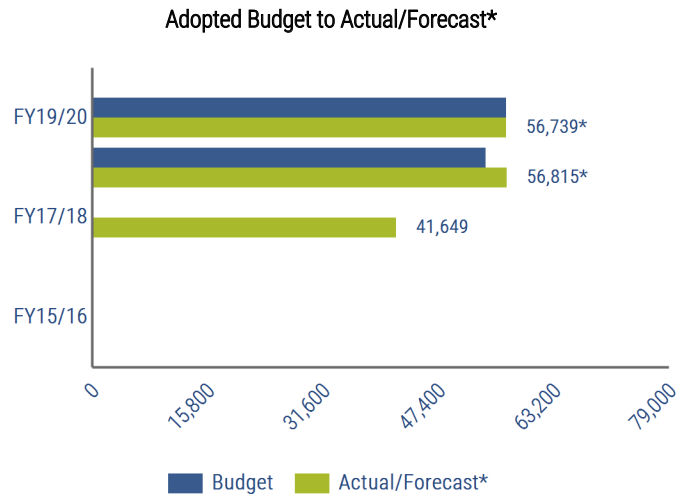
Public Works

The expenditures for Public Works include alley maintenance, streets cleaning, lighting maintenance, and traffic signal maintenance. The adopted FY 2019/20 Public Works budget of \$23.9 million is an increase of \$0.1 million from the FY 2018/19 year-end forecast of \$23.8 million.



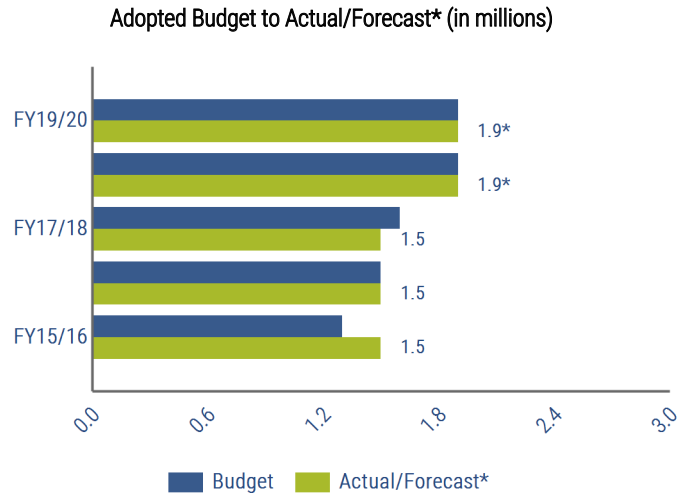
City Treasurer

This budget is used to partially fund the Sr. Budget Analyst position within the City Treasurer division. The position is primarily dedicated to support the complex operating and capital financial needs within the Transportation Fund. The FY 2019/20 adopted budget is \$56,739.



Community Services

This budget is used for the contracted landscaping of medians and right-of-ways. The FY 2019/20 adopted budget of \$1.9 million is relatively flat from the FY 2018/19 year-end forecast.

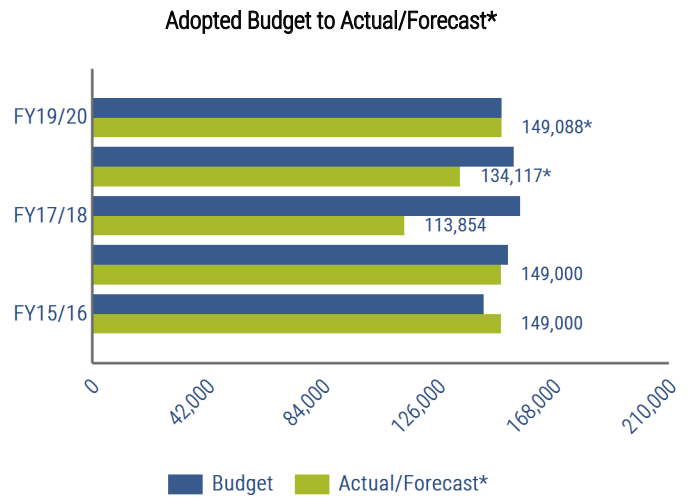


Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

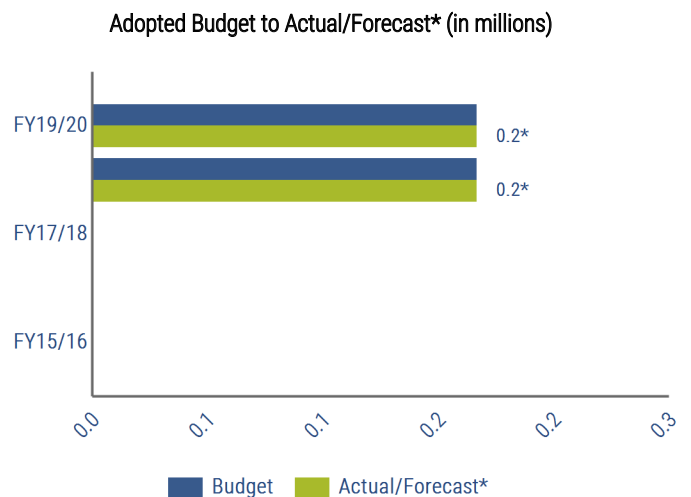
Citywide Pay Program

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance. The FY 2019/20 adopted budget total is \$0.1 million. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division's expenditures. At the time the budget is adopted it is unknown which employees will receive a performance increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases within the division. The actual amount spent each year was at or below the adopted budget.



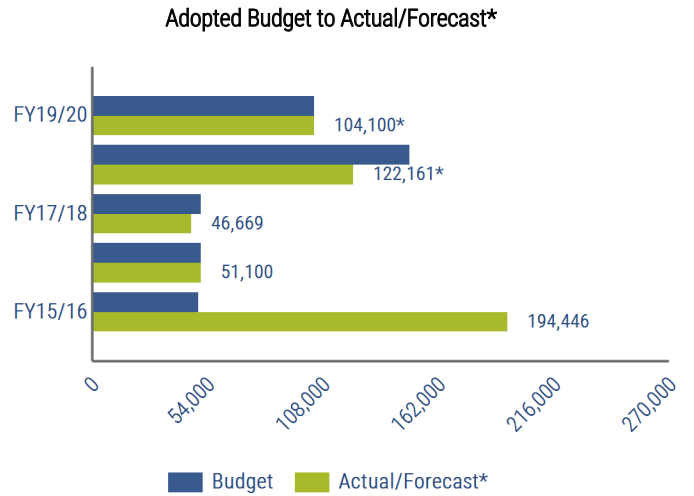
Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.



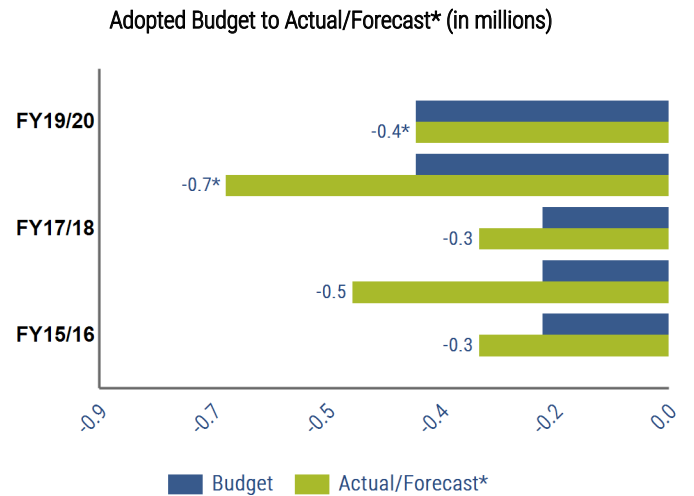
Leave Accrual Payments

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2019/20 leave accrual payments budget is \$104,100, which includes \$24,000 budgeted for medical leave accrual payouts and \$80,100 budgeted for vacation leave accrual payouts. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division's expenditures.



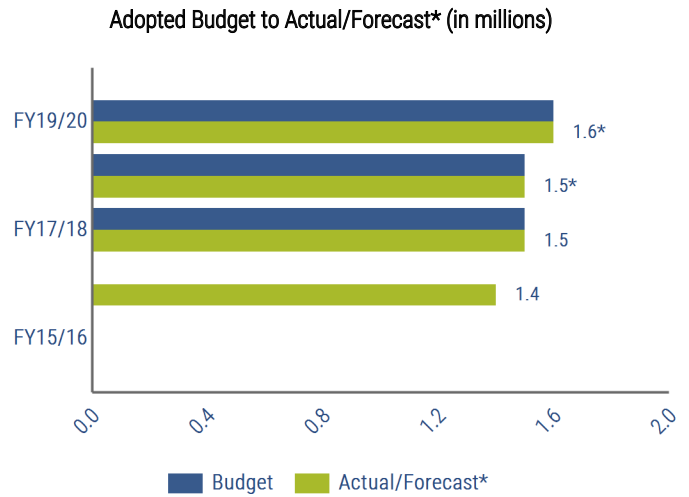
Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings achieved from vacant positions. The FY 2019/20 Transportation Fund estimate for vacancy savings is (\$0.4) million.



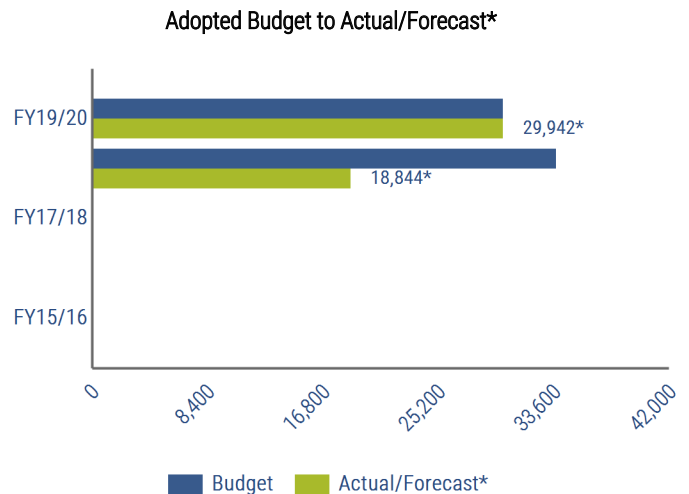
Utilities

In an effort to provide greater efficiency in monitoring the budget to actual expenses for utilities as well as forecasting year end results, beginning March 2017 an administrative change moved the utilities budgets (water, electric, sewer, gas, solid waste and recycling services) from individual divisions to a citywide macro level account by fund. Similar to the leave accrual payouts process, monthly as expenditures occur in the applicable divisions, a budget transfer will be completed to move the needed budget from the macro level holding accounts to the respective divisions. The FY 2019/20 utilities budget is \$1.6 million in the Transportation Fund. The FY 2018/19 year-end forecast, FY 2017/18 and FY 2016/17 actuals displayed are recorded and reported as part of the division's expenditures.



Vacation Trade

Beginning in FY 2018/19 the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Transportation Fund adopted budget includes \$29,942 for the vacation trade program.

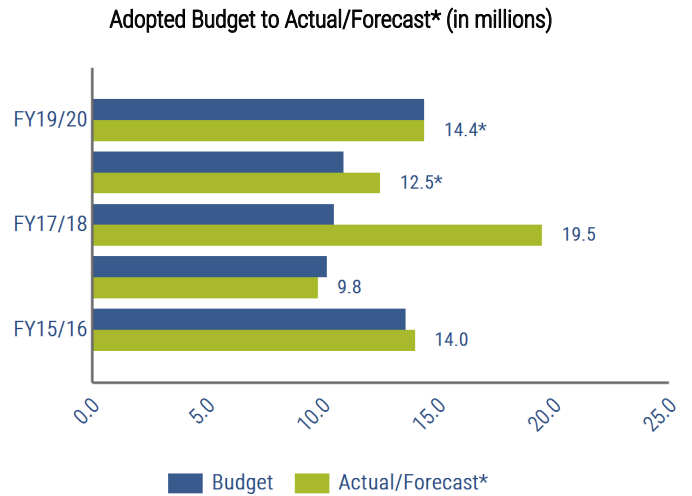


Transfers Out

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

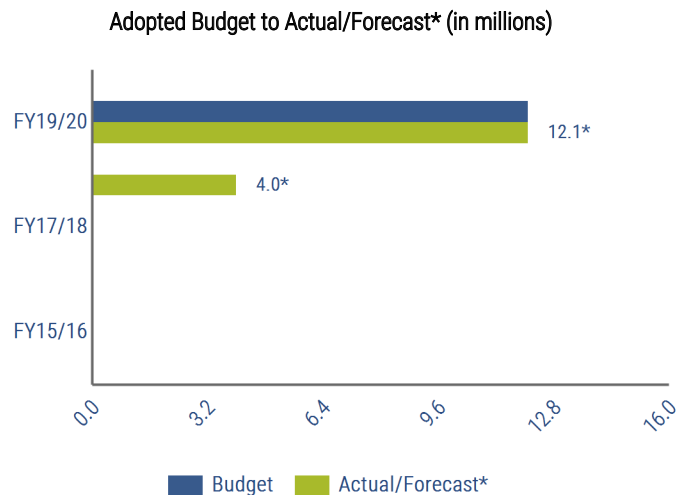
CIP

The FY 2019/20 budget includes a \$14.4 million transfer of the Sales Tax - Transportation (0.20%) revenue, which is 50 percent of the revenue collected per Financial Policy No. 26, to the Capital Improvement Plan (CIP).



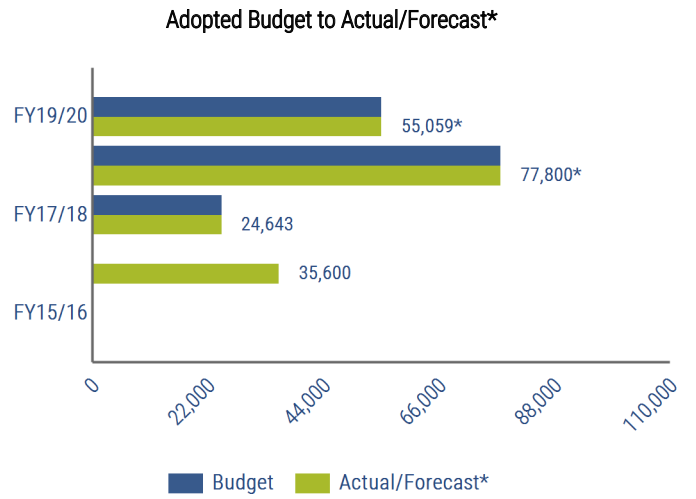
CIP 0.1% Sales Tax

The FY 2019/20 budget includes a \$12.1 million transfer of the Sales Tax - Transportation (0.10%) revenue, which is 100 percent of the revenue collected per Financial Policy No. 26A, to the Capital Improvement Plan (CIP). The Sales Tax - Transportation (0.10%) was voted on in November 2018 and went into effect January 2019, partially through FY 2018/19. Starting in FY 2019/20 revenue will be received for the entire fiscal year.



CIP Technology

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2019/20 adopted budget is \$55,059.



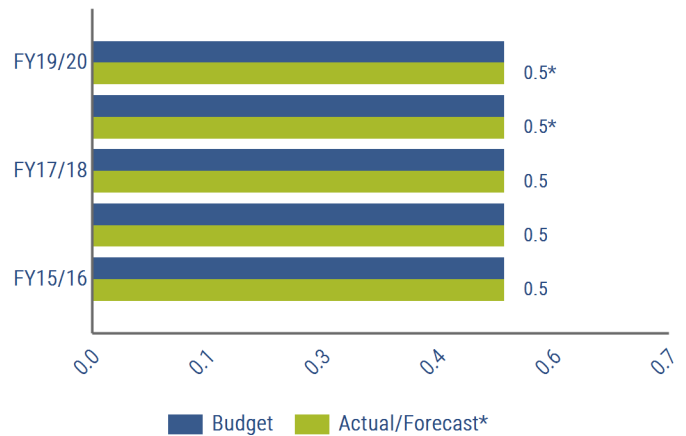
Transportation Fund Ending Balance

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

Operating Contingency

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

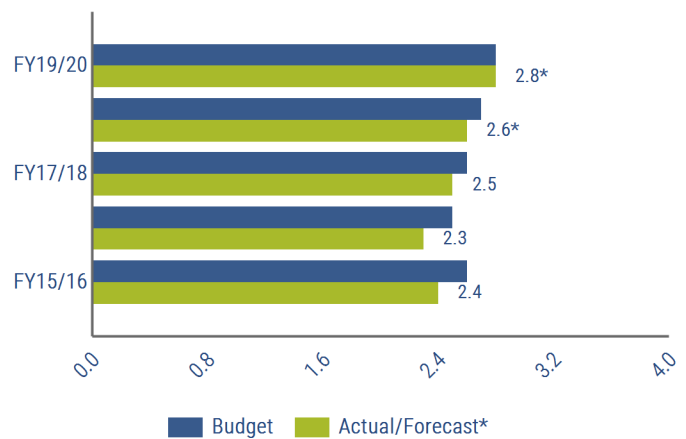
Adopted Budget to Actual/Forecast* (in millions)



Operating Reserve

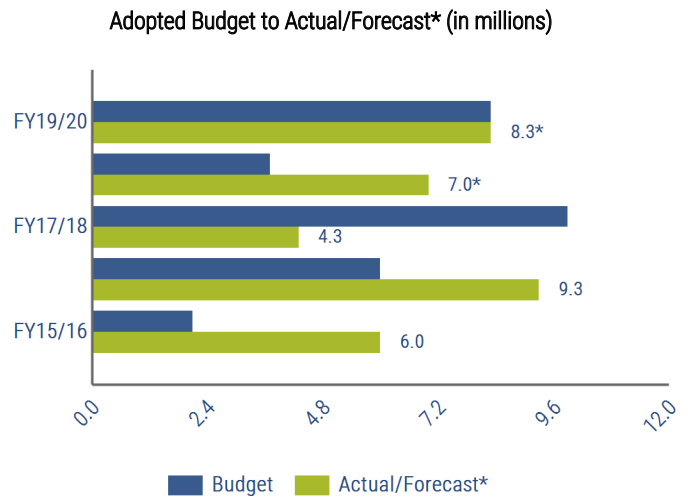
Per Financial Policy No. 36, the city's transportation operating reserve shall be 10 percent of the annual Transportation Fund operating budget, and shall be used for unforeseen emergencies or catastrophic impacts to the city related to transportation. The FY 2019/20 Transportation Fund operating reserve is \$2.8 million.

Adopted Budget to Actual/Forecast* (in millions)



Undesignated, Unreserved Fund Balance

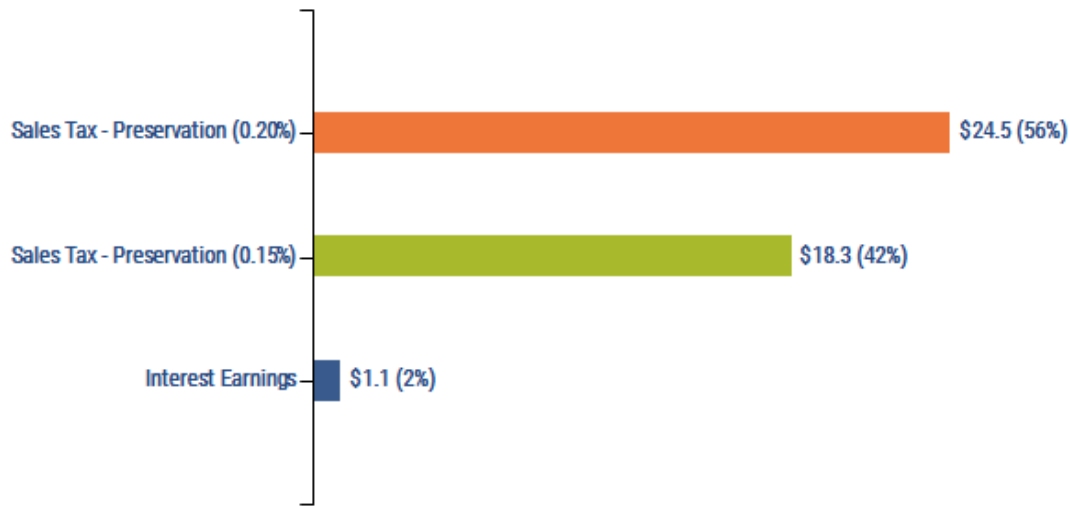
The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2019/20 ending undesignated, unreserved fund balance is \$8.3 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.



Fund Purpose

The Preservation Fund accounts for the portion of the city’s Sales Tax – Preservation (0.35 percent) dedicated to the purchase of about 30,600 acres of land within the McDowell Sonoran Preserve. In 1995, voters approved increasing the city’s sales tax rate by 0.20 percent for the purchase of land within the McDowell Sonoran Preserve. In May 2004, voters approved an additional 0.15 percent in the city’s sales tax rate dedicated to the McDowell Sonoran Preserve land acquisition. Differing from the 1995 tax, the 2004 tax also allows for the construction of essential preserve related necessities such as proposed trailheads. The 1995 Sales Tax – Preservation of 0.20 percent is due to sunset in 2025 and the 2004 Sales Tax – Preservation of 0.15 is due to sunset in 2034. Revenue collections and contractual debt associated with purchased land are accounted for in this fund. A Transfer Out is made to the Debt Service Fund or Capital Improvement Plan (CIP) to pay debt service payments associated with bonds issued for land purchases or general capital preserve projects

**Preservation Fund Sources (% to Total)
\$43.9 Million**



**Preservation Fund Uses (% to Total)
\$37.2 Million**



BUDGET BY FUND | Preservation Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Debt Service Liabilities	25,605,456	26,065,980	32,389,579	29,347,891
Total Beginning Fund Balance	25,605,456	26,065,980	32,389,579	29,347,891
Revenues				
Sales Tax - Preservation (0.20%)	22,902,077	22,535,596	23,462,936	24,462,446
Sales Tax - Preservation (0.15%)	17,180,963	16,901,695	17,597,209	18,346,833
Interest Earnings	518,465	686,217	686,217	1,066,651
Subtotal	40,601,505	40,123,508	41,746,362	43,875,930
Total Sources	40,601,505	40,123,508	41,746,362	43,875,930
Expenditures				
Professional Services ^(a)	-	2,200	2,200	-
Subtotal	-	2,200	2,200	-
TOTAL OPERATING BUDGET	-	2,200	2,200	-
Transfers Out				
CIP	2,362,363	10,649,271	12,791,485	4,450,872
Debt Svc GO Bonds	26,350,634	26,873,185	26,872,490	27,599,380
Trnsfrs Out-Debt Svc SPA Bonds	5,104,385	5,121,875	5,121,875	5,134,875
Subtotal	33,817,382	42,644,331	44,785,850	37,185,127
Total Uses	33,817,382	42,646,531	44,788,050	37,185,127
Sources Over/(Under) Uses	6,784,123	(2,523,023)	(3,041,688)	6,690,803
Ending Fund Balance				
Debt Service Liabilities	32,389,579	23,542,957	29,347,891	36,038,694
Total Ending Fund Balance	32,389,579	23,542,957	29,347,891	36,038,694

^(a) Budgeted expenditures for external auditing services were removed and will be paid for in the Scottsdale Preserve Authority Fund.

BUDGET BY FUND | Preservation Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Debt Service Liabilities	29,347,891	36,038,694	45,317,394	53,601,894	62,368,794
Total Beginning Fund Balance	29,347,891	36,038,694	45,317,394	53,601,894	62,368,794
Revenues					
Sales Tax - Preservation (0.20%)	24,462,446	23,932,500	23,779,600	24,064,100	24,379,500
Sales Tax - Preservation (0.15%)	18,346,833	17,949,400	17,834,600	18,048,100	18,284,600
Interest Earnings	1,066,651	1,128,300	1,142,500	1,164,900	1,200,200
<i>Subtotal</i>	<u>43,875,930</u>	<u>43,010,200</u>	<u>42,756,700</u>	<u>43,277,100</u>	<u>43,864,300</u>
Total Sources	43,875,930	43,010,200	42,756,700	43,277,100	43,864,300
Expenditures					
Professional Services	-	-	-	-	-
<i>Subtotal</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING BUDGET	-	-	-	-	-
Transfers Out					
CIP	4,450,872	450,000	450,000	-	-
Debt Svc GO Bonds	27,599,380	31,867,500	32,602,200	34,510,200	36,427,200
Trnsfrs Out-Debt Svc SPA Bonds ^(a)	5,134,875	1,414,000	1,420,000	-	-
<i>Subtotal</i>	<u>37,185,127</u>	<u>33,731,500</u>	<u>34,472,200</u>	<u>34,510,200</u>	<u>36,427,200</u>
Total Uses	37,185,127	33,731,500	34,472,200	34,510,200	36,427,200
Sources Over/(Under) Uses	6,690,803	9,278,700	8,284,500	8,766,900	7,437,100
Ending Fund Balance					
Debt Service Liabilities	36,038,694	45,317,394	53,601,894	62,368,794	69,805,894
Total Ending Fund Balance	36,038,694	45,317,394	53,601,894	62,368,794	69,805,894

^(a) The Trnsfrs Out-Debt Svc SPA Bonds is for the repayment of Scottsdale Perserve Authority Bonds with the final payment due in FY 2020/21.

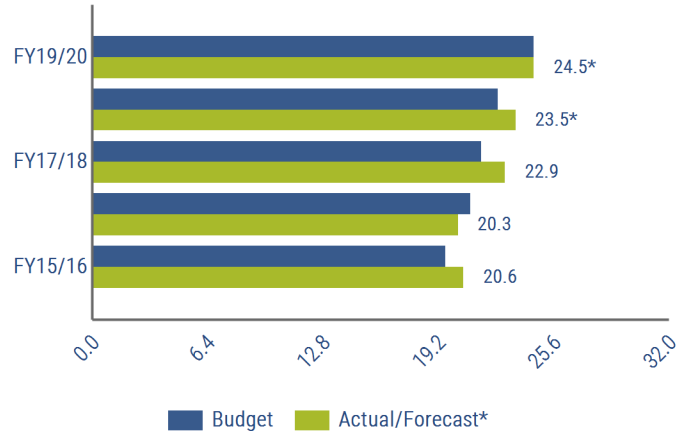
Preservation Fund Sources

The Preservation Fund sources for FY 2019/20 are budgeted at \$43.9 million, an increase of \$2.2 million from the FY 2018/19 year-end forecast. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

Sales Tax - Preservation (0.20%)

Sales Tax - Preservation (0.20%) represents the 1995 voter approved 0.20 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve of which will sunset in the year 2025. The FY 2019/20 budget of \$24.5 million represents an increase of \$1.0 million, or four percent, over the FY 2018/19 year-end forecast. The following table is a five-year forecast by business category for the 0.20 percent preservation sales tax for total collections.

Adopted Budget to Actual/Forecast* (in millions)



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

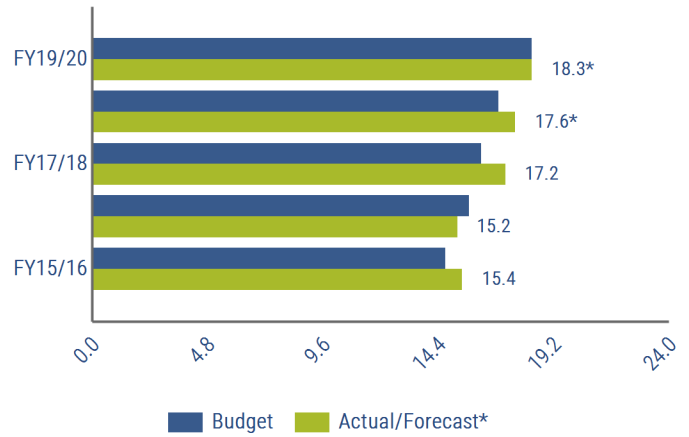
Business Category	Actual 2017/18		Adopted 2018/19		Forecast 2018/19		Adopted 2019/20	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Automotive	3,281,856	14%	3,288,426	14%	3,589,843	15%	3,496,985	14%
Construction	2,035,372	9%	1,878,217	9%	2,020,361	9%	2,127,628	9%
Food	1,553,594	7%	1,388,384	6%	1,603,984	7%	1,749,554	7%
Hotel/Motel	1,325,605	6%	1,375,109	6%	1,408,304	6%	1,440,788	6%
Major Dept Stores	1,987,153	9%	1,932,689	8%	1,858,565	8%	1,939,735	8%
Misc. Retail	4,195,223	18%	4,274,976	19%	4,258,416	18%	4,473,117	18%
Other Taxable	1,910,010	8%	1,944,127	9%	2,098,272	9%	2,231,227	9%
Rental	3,438,565	15%	3,400,562	15%	3,486,344	15%	3,701,935	15%
Restaurants	2,169,354	9%	2,123,033	9%	2,224,825	9%	2,369,475	10%
Utilities	1,005,345	4%	930,073	4%	914,020	4%	932,002	4%
Total	22,902,077	100%	22,535,596	100%	23,462,936	100%	24,462,446	100%

Business Category	Forecast 2020/21		Forecast 2021/22		Forecast 2022/23		Forecast 2023/24	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Automotive	3,469,100	14%	3,427,200	14%	3,427,200	14%	3,427,200	14%
Construction	2,062,600	9%	2,042,000	9%	2,052,500	9%	2,074,100	9%
Food	1,651,100	7%	1,651,100	7%	1,667,600	7%	1,684,200	7%
Hotel/Motel	1,437,000	6%	1,427,800	6%	1,482,600	6%	1,480,700	6%
Major Dept Stores	1,871,000	8%	1,861,200	8%	1,892,900	8%	1,930,800	8%
Misc. Retail	4,418,200	18%	4,396,300	18%	4,463,800	19%	4,553,100	19%
Other Taxable	2,190,600	9%	2,179,500	9%	2,212,600	9%	2,256,800	9%
Rental	3,649,100	15%	3,636,500	15%	3,672,800	15%	3,746,300	15%
Restaurants	2,274,800	10%	2,253,600	9%	2,287,700	10%	2,321,900	10%
Utilities	909,000	4%	904,400	4%	904,400	4%	904,400	4%
Total	23,932,500	100%	23,779,600	100%	24,064,100	100%	24,379,500	100%

Sales Tax - Preservation (0.15%)

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent of the city's sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities such as proposed trailheads. These funds are due to sunset in the year 2034. The FY 2019/20 budget of \$18.3 million represents an increase of \$0.7 million, or four percent, over the FY 2018/19 year-end forecast. The following table is a five year forecast by business category for the 0.15 percent preservation sales tax total collections.

Adopted Budget to Actual/Forecast* (in millions)



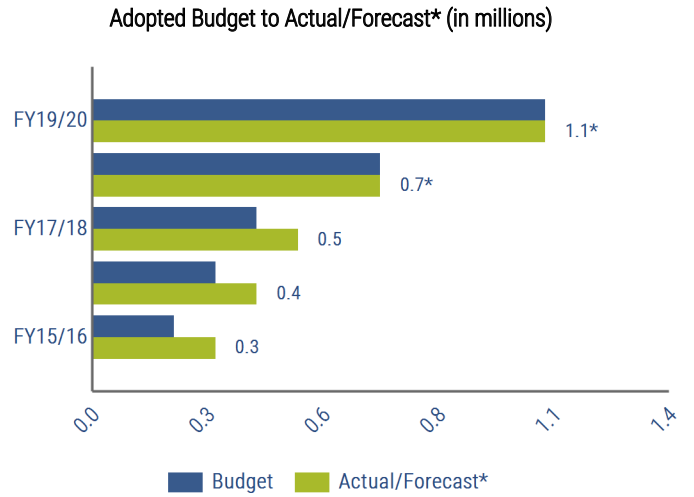
Sales Tax - Preservation (0.15%) Five-Year Forecast by Business Category (rounding differences may occur)

Business Category	Actual		Adopted		Forecast		Adopted	
	2017/18	% of Total	2018/19	% of Total	2018/19	% of Total	2019/20	% of Total
Automotive	2,462,026	14%	2,466,319	15%	2,692,382	15%	2,622,739	14%
Construction	1,526,916	9%	1,408,663	8%	1,515,271	9%	1,595,721	9%
Food	1,165,489	7%	1,041,288	6%	1,202,988	7%	1,312,165	7%
Hotel/Motel	994,468	6%	1,031,332	6%	1,056,228	6%	1,080,591	6%
Major Dept Stores	1,490,748	9%	1,449,516	9%	1,393,924	8%	1,454,801	8%
Misc. Retail	3,147,223	18%	3,206,232	19%	3,193,813	18%	3,354,838	18%
Other Taxable	1,432,880	8%	1,458,095	9%	1,573,704	9%	1,673,420	9%
Rental	2,579,586	15%	2,550,421	15%	2,614,765	15%	2,776,451	15%
Restaurants	1,627,427	9%	1,592,274	9%	1,668,618	9%	1,777,106	10%
Utilities	754,198	4%	697,555	4%	685,515	4%	699,001	4%
Total	17,180,963	100%	16,901,695	100%	17,597,209	100%	18,346,833	100%

Business Category	Forecast		Forecast		Forecast		Forecast	
	2020/21	% of Total	2021/22	% of Total	2022/23	% of Total	2023/24	% of Total
Automotive	2,601,800	14%	2,570,400	14%	2,570,400	14%	2,570,400	14%
Construction	1,546,900	9%	1,531,500	9%	1,539,400	9%	1,555,600	9%
Food	1,238,300	7%	1,238,300	7%	1,250,700	7%	1,263,200	7%
Hotel/Motel	1,077,700	6%	1,070,800	6%	1,111,900	6%	1,110,500	6%
Major Dept Stores	1,403,300	8%	1,395,900	8%	1,419,700	8%	1,448,100	8%
Misc. Retail	3,313,700	18%	3,297,200	18%	3,347,900	19%	3,414,800	19%
Other Taxable	1,643,000	9%	1,634,600	9%	1,659,400	9%	1,692,600	9%
Rental	2,736,800	15%	2,727,400	15%	2,754,600	15%	2,809,700	15%
Restaurants	1,706,100	10%	1,690,200	9%	1,715,800	10%	1,741,400	10%
Utilities	681,800	4%	678,300	4%	678,300	4%	678,300	4%
Total	17,949,400	100%	17,834,600	100%	18,048,100	100%	18,284,600	100%

Interest Earnings

Interest Earnings is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The city’s investment policy stresses safety above yield. The FY 2019/20 budget of \$1.1 million is an increase of \$0.4 million from the FY 2018/19 year-end forecast.

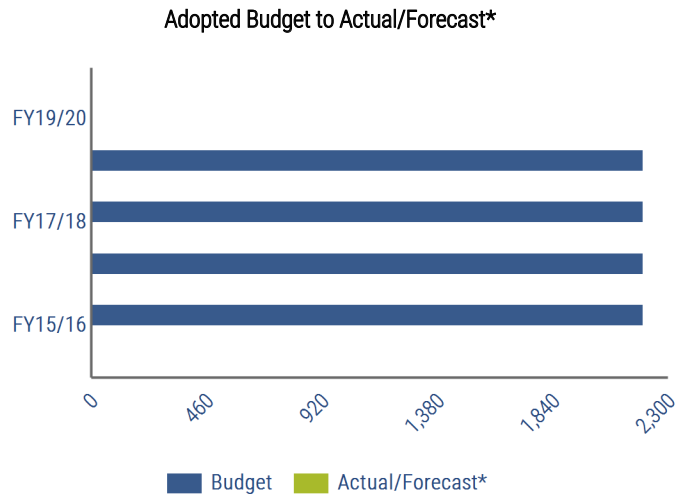


Preservation Fund Uses

Almost all of the uses in this fund are Transfers Out for debt service expenses on Preserve General Obligation Bonds, Scottsdale Preserve Authority and capital projects such as land acquisition and construction of essential preserve related assets such as trailheads.

Professional Services

Professional Services is to cover operating financial auditing expenses. In prior years this was budgeted unnecessarily as it was paid for from the Debt Service Fund and, therefore, was removed beginning in FY 2019/20.

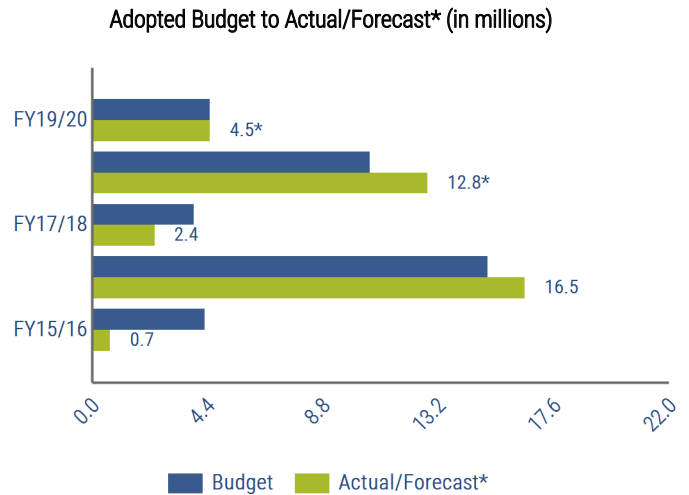


Transfers Out

Transfers Out are the authorized movement of cash or other resources to other funds and/or capital projects. Transfers Out in FY 2019/20 is \$37.2 million, which is provided in further detail in the following:

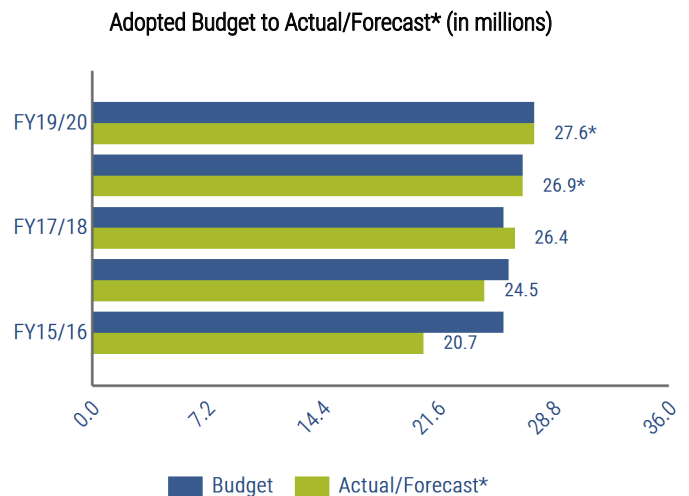
CIP

Transfers out to the Capital Improvement Plan (CIP) for capital preserve projects. The CIP project schedule is broken into trail construction, trailhead maintenance and habitat and safety improvements. The FY 2019/20 adopted budget is \$4.5 million, a decrease of \$8.3 million from the FY 2018/19 year-end forecast. This decrease is related to the completion of the Pinnacle Peak Park Improvements and the Fraesfield and Granite Mountain Trailhead projects.



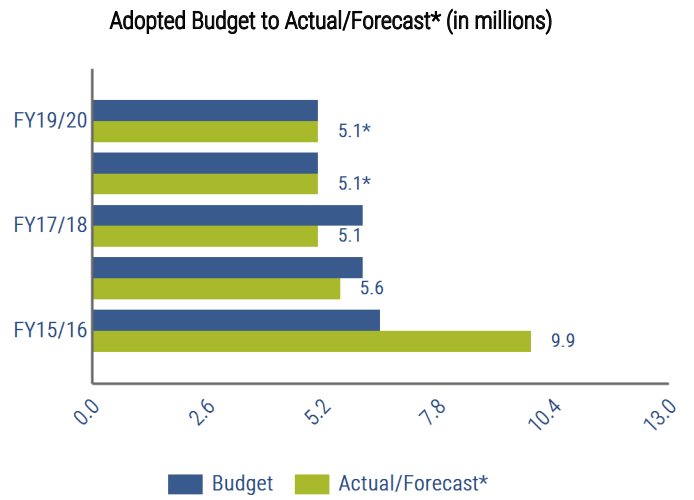
Debt Svc GO Bonds

A transfer out to the Debt Service Fund to facilitate payments on the Preserve General Obligated Bonds. The debt issuances are related to the land acquisition in the McDowell Mountain Sonoran Preserve and repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. Total Debt Svc GO Bonds Transfers Out for FY 2019/20 is \$27.6 million.



Debt Svc SPA Bonds

A transfer out to the Debt Service Fund to facilitate payments on the Scottsdale Preserve Authority Bonds. The Scottsdale Preserve Authority Revenue Board authorizes debt issuances that are related to the land acquisition in the McDowell Mountain Sonoran Preserve. It is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. Total Transfers Out for Debt Svc SPA Bonds for FY 2019/20 is \$5.1 million.

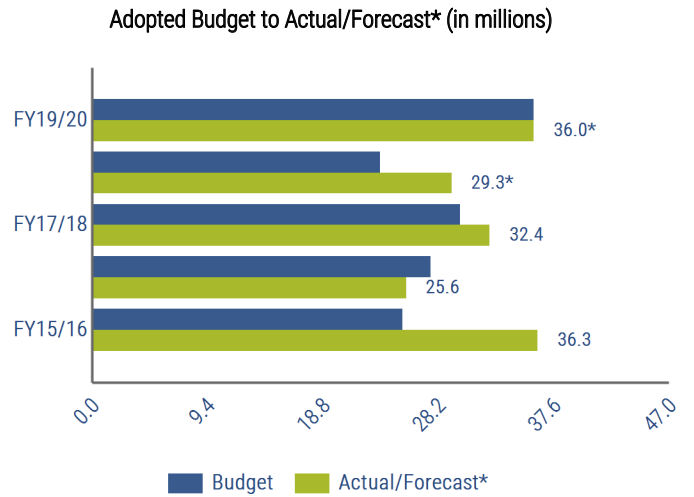


Preservation Fund Ending Balance

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

Debt Service Liabilities

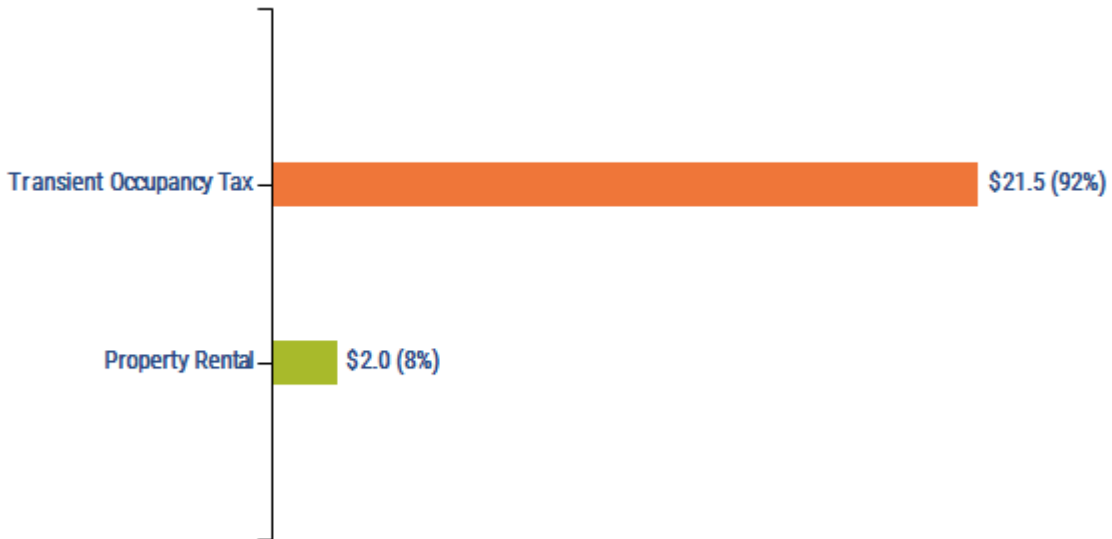
The Debt Service Liabilities accounts for any funds remaining after the designation of all other reserves/uses. The FY 2019/20 Debt Service Liabilities Balance is \$36.0 million, which represents the cumulative Preservation Sources less uses. These designated funds will be used to pay future debt service payments.



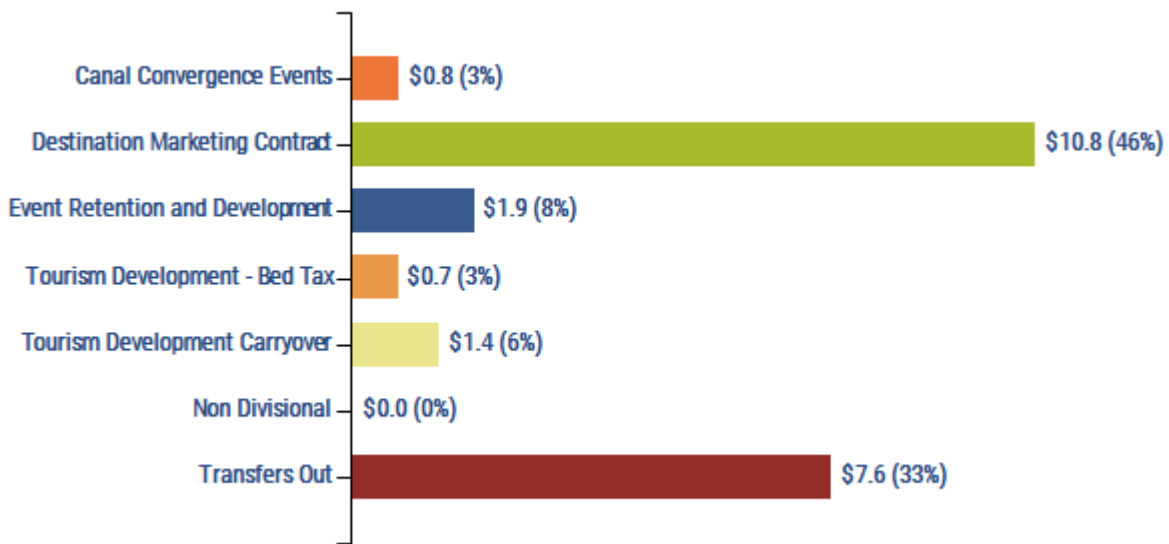
Fund Purpose

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

Tourism Development Fund Sources (% to Total)
\$23.5 Million



Tourism Development Fund Uses (% to Total)
\$23.2 Million



BUDGET BY FUND | Tourism Development Fund Summary

	Actual 2017/18	Adopted 2018/19 ^(a)	Forecast 2018/19 ^(a)	Adopted 2019/20
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	444,059	450,065	493,036	823,278
Reserve - Events and Event Development	743,690	743,690	875,557	1,543,110
Reserve - One-Time Commitments	2,500,000	-	-	-
Undesignated, Unreserved Fund Balance	6,662,091	4,668,778	4,804,219	104,053
Total Beginning Fund Balance	12,849,840	8,362,533	8,672,812	4,970,441
Revenues				
Transient Occupancy Tax	19,836,422	20,413,217	21,025,614	21,530,228
Property Rental	1,921,486	1,910,000	1,959,916	1,999,114
Miscellaneous	5,026	20,500	1,500	-
Subtotal	21,762,934	22,343,717	22,987,030	23,529,342
Transfers In				
CIP	249,756	-	182,075	-
Subtotal	249,757	-	182,075	-
Total Sources	22,012,691	22,343,717	23,169,105	23,529,342
Expenditures				
Banner Program	8,538	20,347	1,847	-
Canal Convergence Events	890,000	750,000	750,000	750,000
Destination Marketing Contract	9,918,211	10,206,609	10,512,807	10,765,114
Event Retention and Development	1,068,133	1,837,139	1,207,270	1,937,721
Administration and Research	457,029	783,874	510,783	742,968
Tourism Development Carryover	1,721,628	2,794,483	2,213,483	1,380,000
Operating Projects	361,220	-	-	-
Citywide Pay Program	-	11,501	-	7,347
Compensation Other	-	19,776	-	10,181
Vacation Trade	-	1,378	-	713
Subtotal	14,424,759	16,425,107	15,196,190	15,594,044
TOTAL OPERATING BUDGET	14,424,759	16,425,107	15,196,190	15,594,044
Transfers Out				
CIP	6,279,500	-	5,000,000	-
Debt Svc MPC Bonds	3,585,460	3,592,963	3,592,963	4,583,623
Operating	1,900,000	2,849,586	3,082,323	2,983,627
Subtotal	11,764,960	6,442,549	11,675,286	7,567,250
Total Uses	26,189,719	22,867,656	26,871,476	23,161,294
Sources Over/(Under) Uses	(4,177,028)	(523,939)	(3,702,371)	368,048
Ending Fund Balance				
Operating Contingency	1,536,253	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	493,036	450,065	823,278	823,278
Reserve - Events and Event Development	875,557	743,740	1,543,110	1,543,110
Reserve - One-Time Commitments	3,500,000	-	-	-
Undesignated, Unreserved Fund Balance	2,267,966	4,144,789	104,053	472,101
Total Ending Fund Balance	8,672,812	7,838,594	4,970,441	5,338,489

^(a) Beginning in FY 2018/19, the allocation of revenues was modified from fixed amounts to percentages per Financial Policy No. 21A.

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

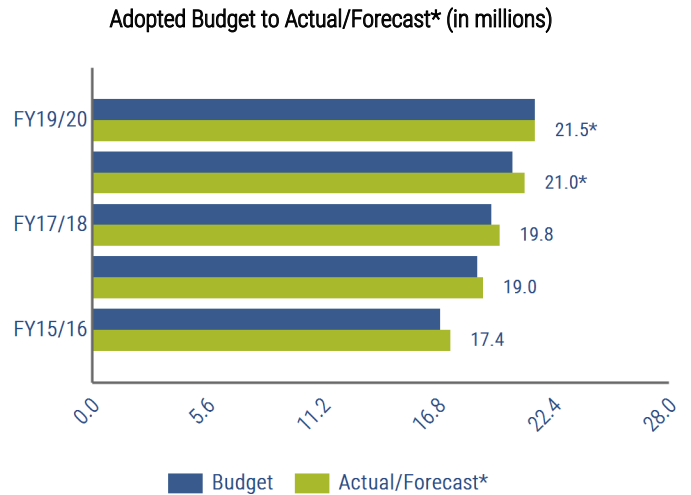
	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	823,278	823,278	823,302	823,274	823,278
Reserve - Events and Event Development	1,543,110	1,543,110	1,543,114	1,543,126	1,543,110
Reserve - One-Time Commitments	-	-	-	-	-
Undesignated, Unreserved Fund Balance	104,053	472,101	718,773	921,289	1,404,601
Total Beginning Fund Balance	4,970,441	5,338,489	5,585,189	5,787,689	6,270,989
Revenues					
Transient Occupancy Tax	21,530,228	21,465,600	21,336,800	22,147,600	22,147,600
Property Rental	1,999,114	1,998,500	1,997,300	2,073,200	2,073,200
Miscellaneous	-	-	-	-	-
Subtotal	23,529,342	23,464,100	23,334,100	24,220,800	24,220,800
Transfers In					
CIP	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	23,529,342	23,464,100	23,334,100	24,220,800	24,220,800
Expenditures					
Banner Program	-	-	-	-	-
Canal Convergence Events	750,000	750,000	750,000	750,000	650,000
Destination Marketing Contract	10,765,114	10,732,800	10,668,400	11,073,800	11,073,800
Event Retention and Development	1,937,721	1,931,900	1,920,300	1,993,300	1,993,300
Administration and Research	742,968	727,600	718,700	747,600	743,700
Tourism Development Carryover	1,380,000	1,380,000	1,380,000	1,380,000	980,000
Operating Projects	-	-	-	-	-
Citywide Pay Program	7,347	15,100	18,800	22,300	26,000
Compensation Other	10,181	15,200	15,200	15,200	15,400
Vacation Trade	713	700	800	800	800
Subtotal	15,594,044	15,553,300	15,472,200	15,983,000	15,483,000
TOTAL OPERATING BUDGET	15,594,044	15,553,300	15,472,200	15,983,000	15,483,000
Transfers Out					
CIP	-	-	-	-	-
Debt Svc MPC Bonds	4,583,623	4,988,200	4,999,000	4,996,800	4,852,000
Operating	2,983,627	2,675,900	2,660,400	2,757,700	2,757,700
Subtotal	7,567,250	7,664,100	7,659,400	7,754,500	7,609,700
Total Uses	23,161,294	23,217,400	23,131,600	23,737,500	23,092,700
Sources Over/(Under) Uses	368,048	246,700	202,500	483,300	1,128,100
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Reserve - Administration and Research	823,278	823,302	823,274	823,278	823,282
Reserve - Events and Event Development	1,543,110	1,543,114	1,543,126	1,543,110	1,543,094
Reserve - One-Time Commitments	-	-	-	-	-
Undesignated, Unreserved Fund Balance	472,101	718,773	921,289	1,404,601	2,532,713
Total Ending Fund Balance	5,338,489	5,585,189	5,787,689	6,270,989	7,399,089

Tourism Development Fund Sources

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

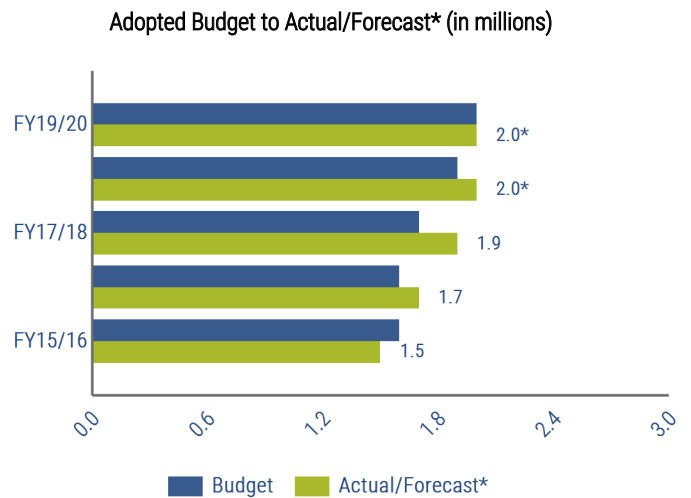
Transient Occupancy Tax

Transient Occupancy Tax reflects a voter approved tax of five percent on hotel and motel room rentals in addition to the sales tax. Beginning January 1, 2017, the Arizona Department of Revenue (ADOR) has taken over administration, collection and reporting of transient occupancy tax. The FY 2019/20 budget of \$21.5 million is \$0.5 million, or two percent higher, than the FY 2018/19 year-end forecast.



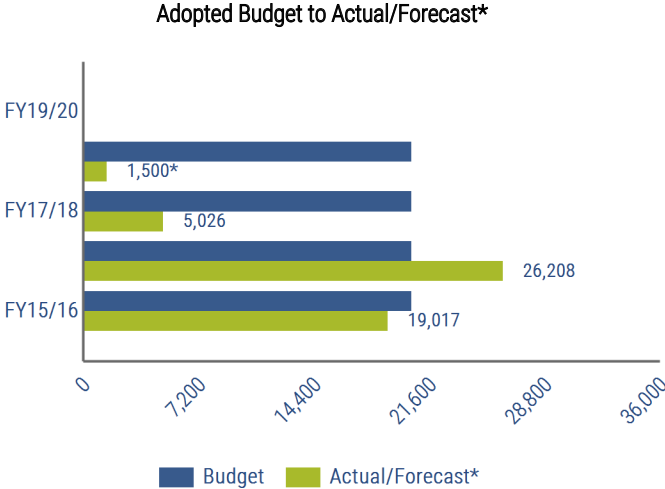
Property Rental

The Fairmont Scottsdale Princess Hotel has a ground lease agreement with the City of Scottsdale. During the current period of the lease, the Fairmont Scottsdale Princess Hotel shall pay a rate of 1.50 percent of the adjusted gross revenue above \$100.0 million in addition to a set amount of \$1.5 million annually. The FY 2019/20 budget for property rental is \$2.0 million, which remains flat when compared to the FY 2018/19 year-end forecast.



Miscellaneous

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

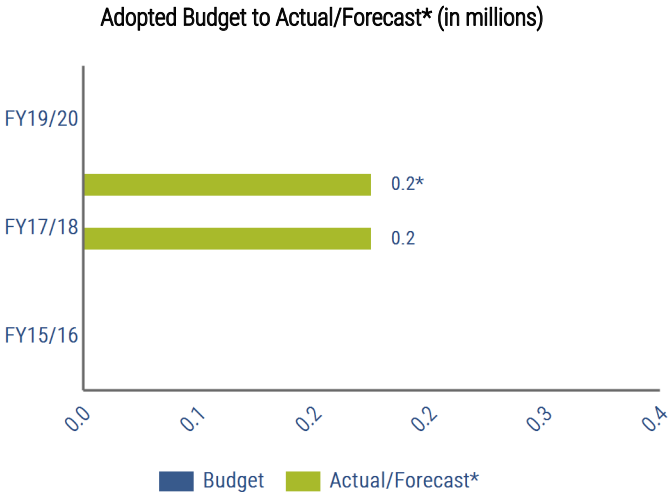


Transfers In

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

CIP

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

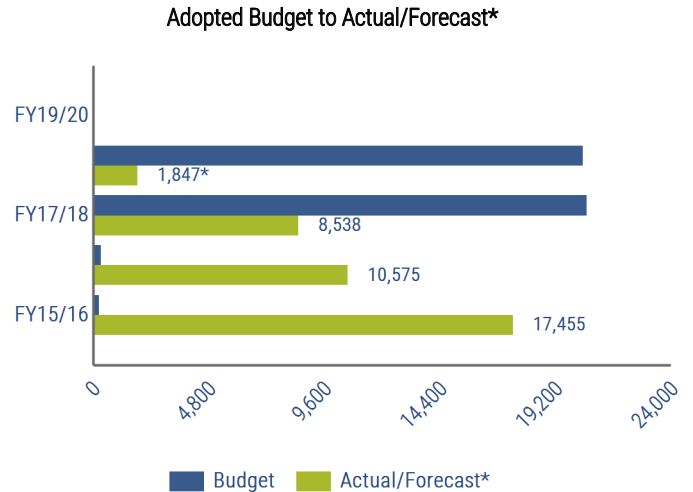


Tourism Development Fund Uses

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

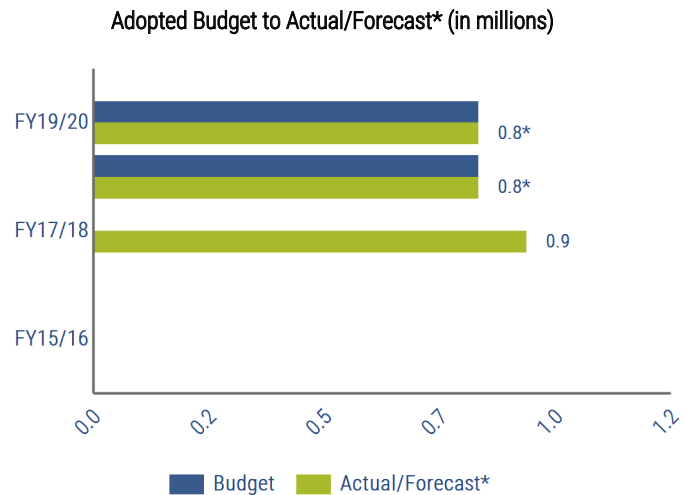
Banner Program

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



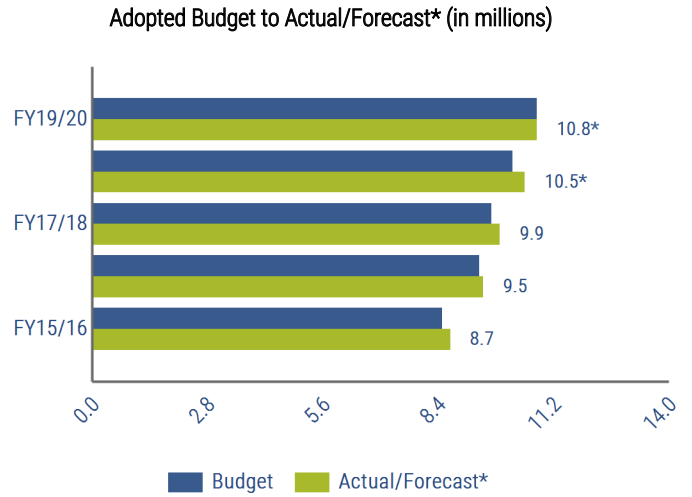
Canal Convergence Events

Canal Convergence Events began during FY 2017/18 and includes funding used to expand from a four-day to a ten-day event and to move the event from March to November as part of the Tourism Strategic Plan. The FY 2019/20 adopted budget is \$0.8 million, which remains flat from the FY 2018/19 year-end forecast.



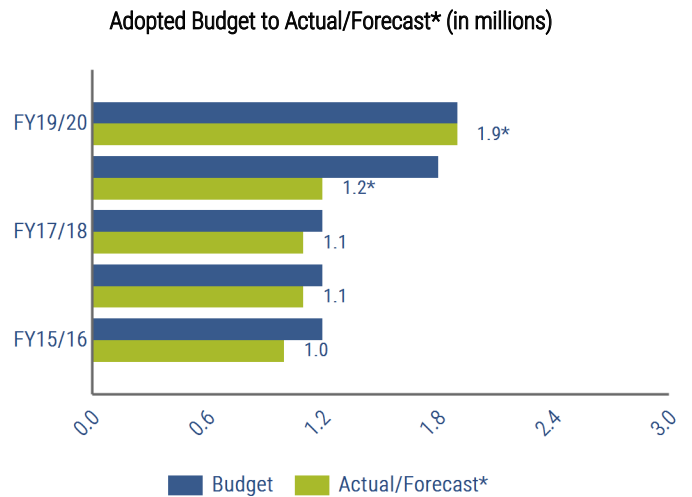
Destination Marketing Contract

Per Financial Policy No. 21A, 50 percent of the Transient Occupancy Tax received by the city is used for destination marketing through a contract with Experience Scottsdale. The adopted FY 2019/20 budget for Destination Marketing Contract is \$10.8 million, which is a \$0.3 million increase from the FY 2018/19 year-end forecast.



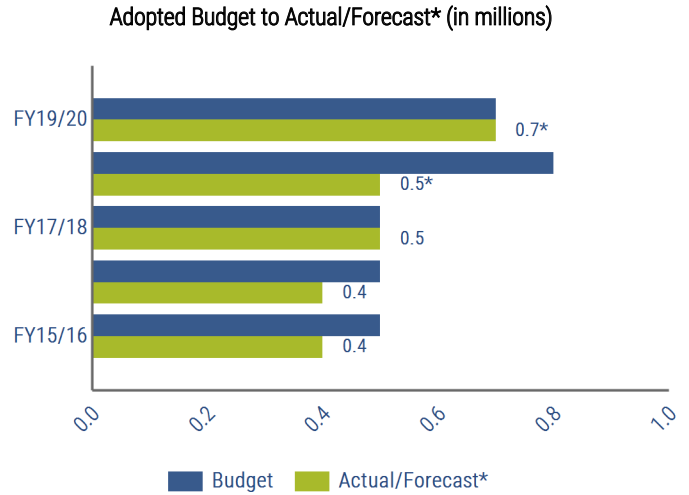
Event Retention and Development

Per Financial Policy No. 21A, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated toward new event development, community events, matching event advertising, event venue fee, and event notification program. The FY 2019/20 adopted budget of \$1.9 million is \$0.7 million higher than the FY 2018/19 year-end forecast.



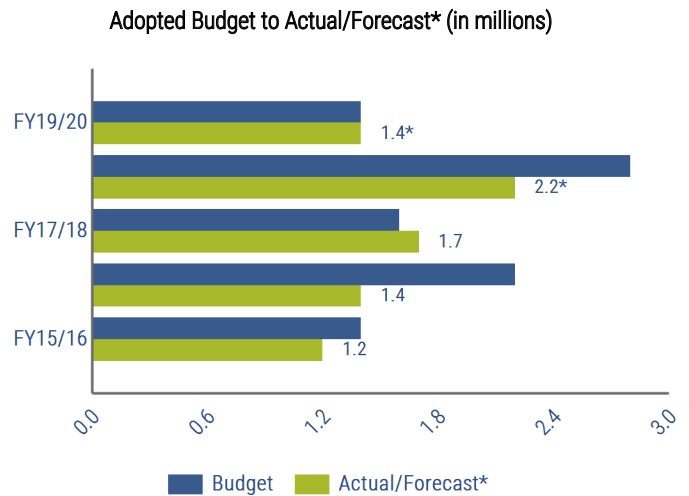
Administration and Research

Financial Policy No. 21A allows for four percent of the Transient Occupancy Tax revenues to be allocated for tourism-related administration and research expenses. The FY 2019/20 adopted budget of \$0.7 million represents a \$0.2 million increase from the FY 2018/19 year-end forecast.



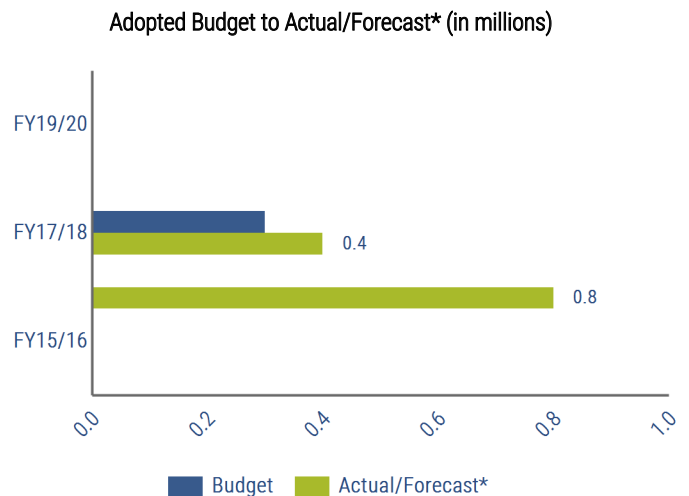
Tourism Development Carryover

Financial Policy No. 21A allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Hotel, or the balance of the remaining Tourism Development Fund revenues to be allocated for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects in the form of one-time commitments or multi-year annual commitments, not to exceed \$0.6 million per project unless otherwise approved by City Council. The FY 2019/20 budget is \$1.4 million and includes \$0.9 million for advertising and events to promote downtown per Council direction; \$0.4 million of matching payment for the Museum of the West; and \$0.1 million for other strategic plan related expenditures.



Operating Projects

Beginning in FY 2016/17, specific projects authorized by Council are recorded as operating projects to allow better monitoring of these funds. There are no operating projects planned in FY 2019/20.



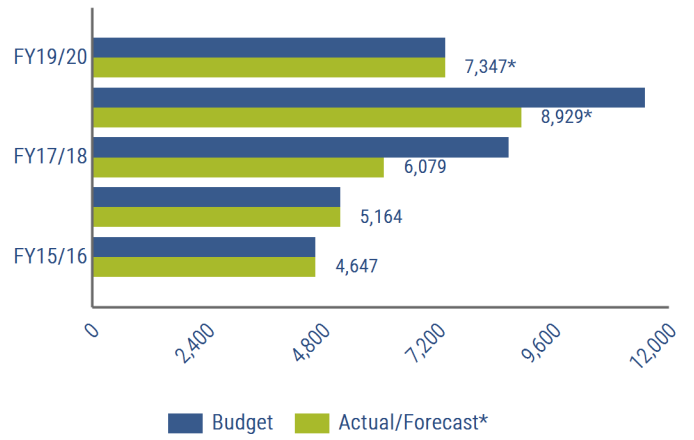
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Citywide Pay Program

A citywide pay for performance program, through which employees may receive increases within their established salary ranges based on performance totaling \$7,347 for FY 2019/20.

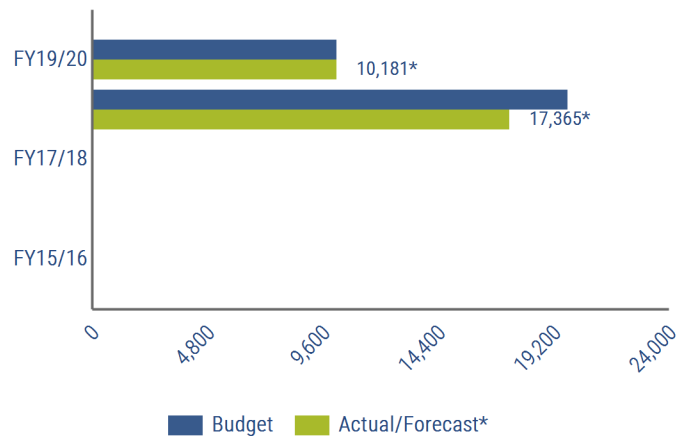
Adopted Budget to Actual/Forecast*



Compensation Other

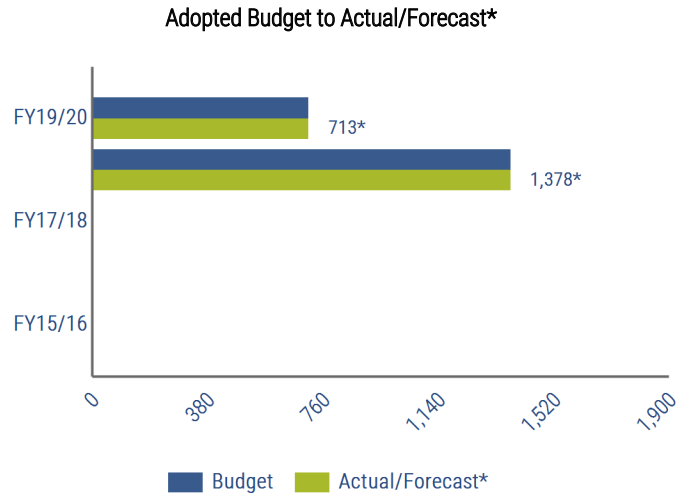
Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.

Adopted Budget to Actual/Forecast*



Vacation Trade

Beginning in FY 2018/19 the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Tourism Development Fund adopted budget includes \$713 for the vacation trade program.



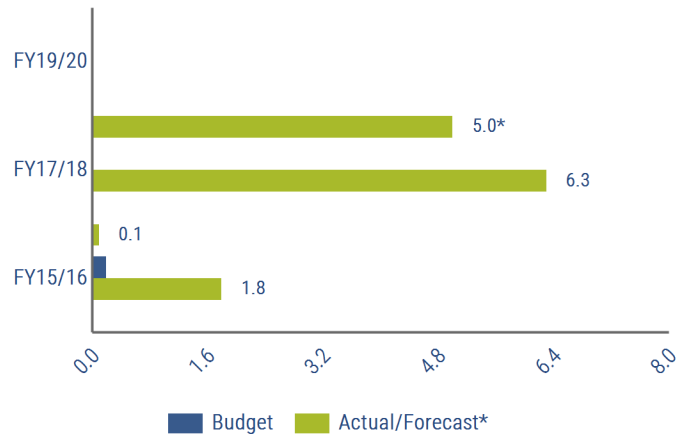
Transfers Out

Transfers Out are the authorized movements of cash or other resources to other funds and/or capital projects. The total amount of Transfers Out for FY 2019/20 is \$7.6 million. More specific information is detailed below.

CIP

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

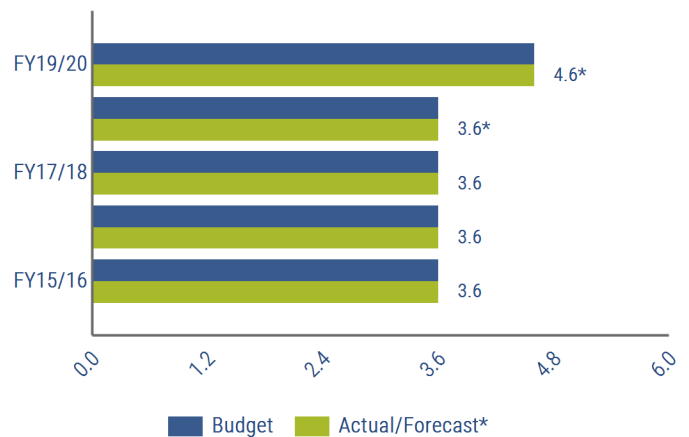
Adopted Budget to Actual/Forecast* (in millions)



Debt Svc MPC Bonds

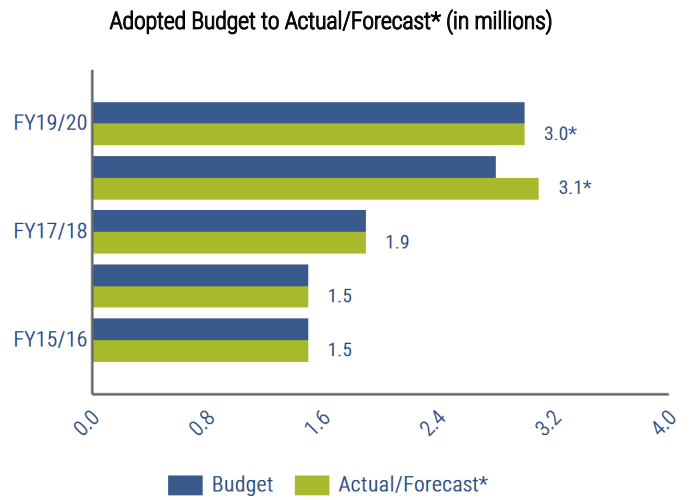
Debt Svc MPC Bonds is a transfer out to the Debt Service Fund for the debt issued as Municipal Property Corporation (MPC) bonds related to the acquisition of 80 acres of land for WestWorld, the construction of the Tony Nelssen Equestrian Center at WestWorld, and the construction of the Scottsdale Museum of the West. The FY 2019/20 adopted budget is \$4.6 million, which is \$1.0 million greater than the FY 2018/19 year-end forecast due to the issuance of MPC bonds for infrastructure improvements at the Scottsdale Stadium.

Adopted Budget to Actual/Forecast* (in millions)



Operating

The FY 2019/20 budget for Operating transfers out of \$3.0 million includes a transfer of \$2.6 million to the General Fund that represents the 12 percent of Transient Occupancy Tax collections, as mandated per Council approved updated Financial Policy No. 21A; \$0.3 million to the Transportation Fund for trolley maintenance expenses; and \$0.1 million to the General Fund for marketing expenses at WestWorld.



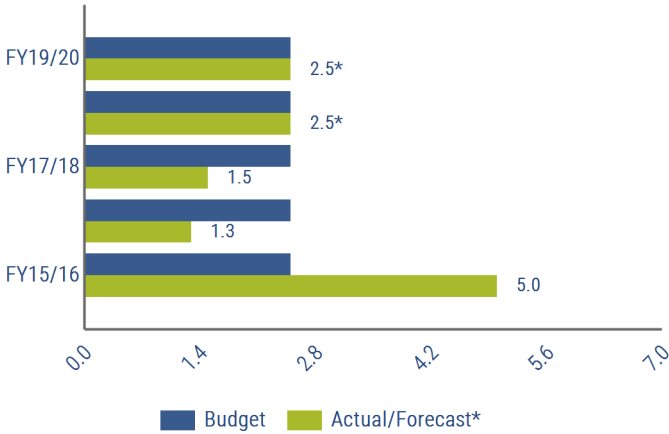
Tourism Development Fund Ending Balance

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

Operating Contingency

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

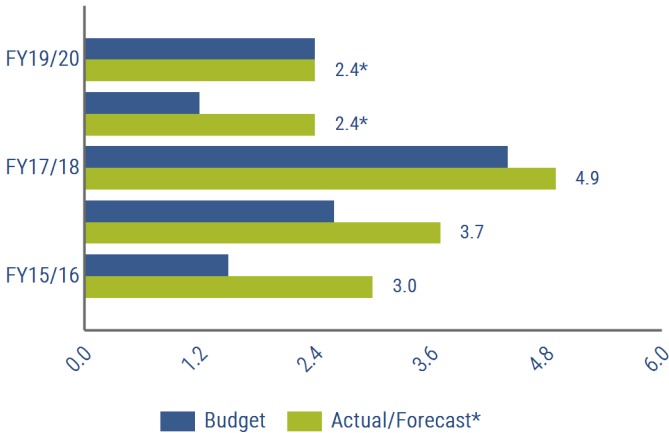
Adopted Budget to Actual/Forecast* (in millions)



Reserve

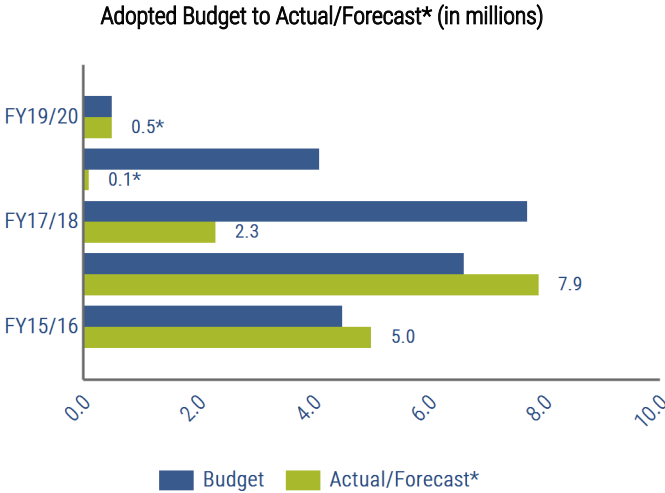
Tourism Development Fund Reserve of \$2.4 million includes \$0.8 million from Administration and Research; and \$1.5 million from Events and Event Development. Beginning in FY 2018/19 per Ordinance No.4330, the allocation of Transient Occupancy Tax changed; therefore, the One-Time Commitments category was eliminated as well as its reserve.

Adopted Budget to Actual/Forecast* (in millions)



Undesignated, Unreserved Fund Balance

Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2019/20 ending undesignated, unreserved fund balance is \$0.5 million, which represents an accumulation of one-time revenues. Under prudent fiscal management practices, this amount should most appropriately be used for one-time expenditures, not to fund new or expanded programs with ongoing operating expenses.



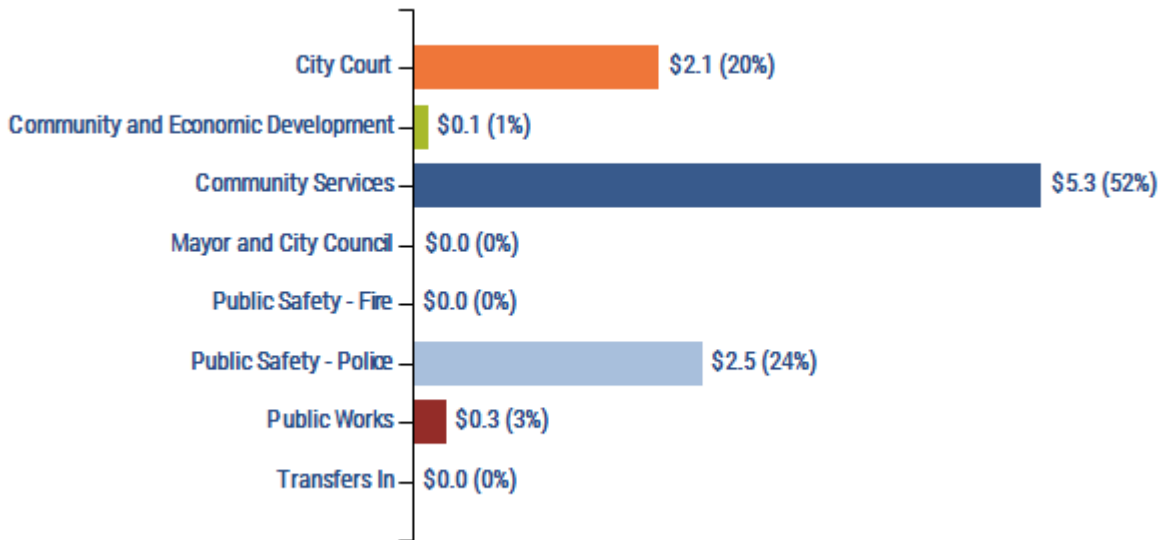


FY 2019/20 Adopted Budget

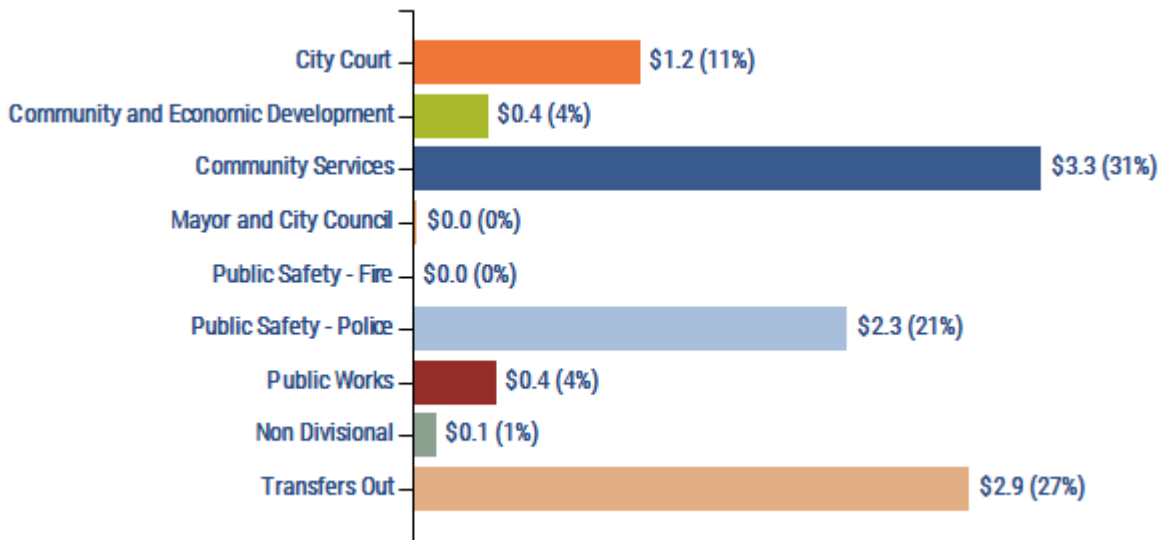
Fund Purpose

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

Special Programs Fund Sources (% to Total) \$10.3 Million



Special Programs Fund Uses (% to Total) \$10.8 Million



BUDGET BY FUND | Special Programs Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Appropriation Contingency ^(a)	1,500,000	1,455,000	1,259,480	1,500,000
Reserve - City Court	6,592,523	7,074,428	7,606,314	7,650,294
Reserve - Community and Economic Development	2,424,227	2,248,429	3,699,802	2,079,727
Reserve - Community Services	1,877,238	1,797,709	2,069,598	1,530,040
Reserve - Mayor and City Council	11,306	11,306	6,759	6,759
Reserve - Public Safety - Fire	14,370	10,979	12,468	10,788
Reserve - Public Safety - Police	931,994	1,267,205	925,771	888,582
Reserve - Public Works	121,320	139,829	349,034	342,033
Total Beginning Fund Balance	11,972,978	12,549,885	14,669,744	12,508,223
Revenues				
City Court	2,138,977	1,857,445	1,857,445	2,088,295
Community and Economic Development	951,599	146,000	146,000	135,000
Community Services	3,055,519	2,716,943	2,794,943	5,329,205
Mayor and City Council	6,919	7,500	7,500	28,000
Public Safety - Fire	1,666	500	500	500
Public Safety - Police	1,514,873	2,040,387	2,711,807	2,457,416
Public Works	252,529	243,000	243,000	286,675
Subtotal	7,922,082	7,011,775	7,761,195	10,325,091
Transfers In				
CIP	346,258	-	-	-
Operating	1,017,365	10,000	10,000	10,000
Subtotal	1,363,623	10,000	10,000	10,000
Total Sources	9,285,704	7,021,775	7,771,195	10,335,091

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

BUDGET BY FUND | Special Programs Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Expenditures				
City Court	1,128,755	1,319,912	1,368,464	1,202,824
Community and Economic Development	200,042	1,780,000	1,780,000	400,783
Community Services	2,603,859	3,074,441	3,108,417	3,321,659
Mayor and City Council	11,467	7,500	7,500	28,000
Public Safety - Fire	3,568	2,180	2,180	10,300
Public Safety - Police	1,181,323	2,635,617	2,652,995	2,294,843
Public Works	499,252	300,666	250,000	445,087
Citywide Pay Program	-	45,712	-	57,367
Compensation Other	-	78,484	-	62,593
Vacation Trade	-	6,226	-	5,703
Subtotal	5,628,266	9,250,738	9,169,556	7,829,159
 TOTAL OPERATING BUDGET	 5,628,266	 9,250,738	 9,169,556	 7,829,159
Transfers Out				
CIP	302,525	541,000	583,584	2,762,000
Debt Svc MPC Bonds	106,325	103,575	103,575	105,800
Operating	551,822	330,862	76,001	75,000
Subtotal	960,672	975,437	763,160	2,942,800
Total Uses	6,588,938	10,226,175	9,932,716	10,771,959
Sources Over/(Under) Uses	2,696,767	(3,204,400)	(2,161,521)	(436,868)
Ending Fund Balance				
Appropriation Contingency ^(a)	1,259,480	1,500,000	1,500,000	1,500,000
Reserve - City Court	7,606,314	7,122,656	7,650,294	8,487,066
Reserve - Community and Economic Development	3,699,802	567,688	2,079,727	1,823,336
Reserve - Community Services	2,069,598	1,198,378	1,530,040	652,864
Reserve - Mayor and City Council	6,759	11,306	6,759	6,759
Reserve - Public Safety - Fire	12,468	9,299	10,788	988
Reserve - Public Safety - Police	925,771	303,329	888,582	916,721
Reserve - Public Works	349,034	132,829	342,033	183,621
Undesignated, Unreserved Fund Balance	-	-	-	-
Total Ending Fund Balance	14,669,744	9,345,485	12,508,223	12,071,355

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

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

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	7,650,294	8,487,066	9,308,366	10,107,566	10,880,166
Reserve - Community and Economic Development	2,079,727	1,823,336	1,596,436	1,419,236	1,241,636
Reserve - Community Services	1,530,040	652,864	902,364	1,111,264	1,618,164
Reserve - Mayor and City Council	6,759	6,759	6,559	6,359	6,159
Reserve - Public Safety - Fire	10,788	988	1,188	1,388	1,588
Reserve - Public Safety - Police	888,582	916,721	950,621	969,021	1,157,521
Reserve - Public Works	342,033	183,621	123,221	143,921	164,621
Total Beginning Fund Balance	12,508,223	12,071,355	12,888,755	13,758,755	15,069,855
Revenues					
City Court	2,088,295	2,108,100	2,117,000	2,121,000	2,125,800
Community and Economic Development	135,000	135,000	135,000	135,000	135,000
Community Services	5,329,205	3,382,900	3,416,900	3,451,600	3,486,200
Mayor and City Council	28,000	28,000	28,000	28,000	28,000
Public Safety - Fire	500	500	500	500	500
Public Safety - Police	2,457,416	2,252,600	2,113,700	1,992,600	1,959,900
Public Works	286,675	286,700	286,700	286,700	286,700
Subtotal	10,325,091	8,193,800	8,097,800	8,015,400	8,022,100
Transfers In					
CIP	-	-	-	-	-
Operating	10,000	10,000	10,000	10,000	10,000
Subtotal	10,000	10,000	10,000	10,000	10,000
Total Sources	10,335,091	8,203,800	8,107,800	8,025,400	8,032,100

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

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

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Expenditures					
City Court	1,202,824	1,201,800	1,215,700	1,229,700	1,244,300
Community and Economic Development	400,783	370,700	320,700	320,700	320,700
Community Services	3,321,659	2,916,800	2,961,900	2,666,000	2,687,900
Mayor and City Council	28,000	28,200	28,200	28,200	28,200
Public Safety - Fire	10,300	300	300	300	-
Public Safety - Police	2,294,843	2,070,200	1,937,800	1,639,300	1,615,500
Public Works	445,087	347,100	266,000	266,000	266,000
Citywide Pay Program	57,367	117,300	175,800	230,600	286,200
Compensation Other	62,593	105,300	105,800	106,000	106,000
Vacation Trade	5,703	5,900	6,000	6,200	6,400
Subtotal	7,829,159	7,163,600	7,018,200	6,493,000	6,561,200
 TOTAL OPERATING BUDGET	 7,829,159	 7,163,600	 7,018,200	 6,493,000	 6,561,200
Transfers Out					
CIP	2,762,000	40,000	40,000	40,000	20,000
Debt Svc MPC Bonds	105,800	107,800	104,600	106,300	107,800
Operating	75,000	75,000	75,000	75,000	75,000
Subtotal	2,942,800	222,800	219,600	221,300	202,800
Total Uses	10,771,959	7,386,400	7,237,800	6,714,300	6,764,000
Sources Over/(Under) Uses	(436,868)	817,400	870,000	1,311,100	1,268,100
Ending Fund Balance					
Appropriation Contingency ^(a)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	8,487,066	9,308,366	10,107,566	10,880,166	11,626,266
Reserve - Community and Economic Development	1,823,336	1,596,436	1,419,236	1,241,636	1,063,636
Reserve - Community Services	652,864	902,364	1,111,264	1,618,164	2,104,764
Reserve - Mayor and City Council	6,759	6,559	6,359	6,159	5,959
Reserve - Public Safety - Fire	988	1,188	1,388	1,588	2,088
Reserve - Public Safety - Police	916,721	950,621	969,021	1,157,521	1,349,921
Reserve - Public Works	183,621	123,221	143,921	164,621	185,321
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Ending Fund Balance	12,071,355	12,888,755	13,758,755	15,069,855	16,337,955

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

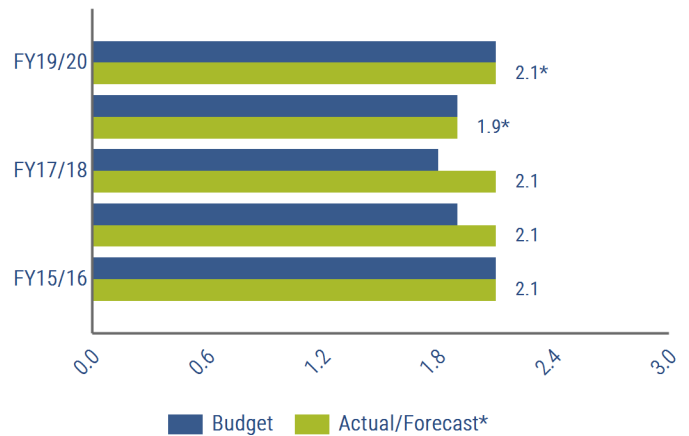
Special Programs Sources

Sources received in the Special Programs Fund include various revenues such as Fines, Fees, Forfeitures and Permits; Racketeering Influenced Corrupt Organization (RICO); Contributions/Donations; and Other Revenues. The Sources also include Operating Transfers In. The Sources are detailed by divisions in the following sections.

City Court

City Court revenue originates from four sources: Court Enhancement, Judicial Collections Enhancement Fund (JCEF), Fill-the-Gap (FTG) and Jury Fee Donations. 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 2019/20 budget for restricted City Court revenue is \$2.1 million, which is \$0.2 million greater than the FY 2018/19 year-end forecast due to an increases in Court Enhancement Funds. Court Enhancement Funds in the Special Programs Fund are a direct relationship to the Court Fines collected in the General Fund. For every base fine assessed, \$30 is directed to the Court Enhancement Fund.

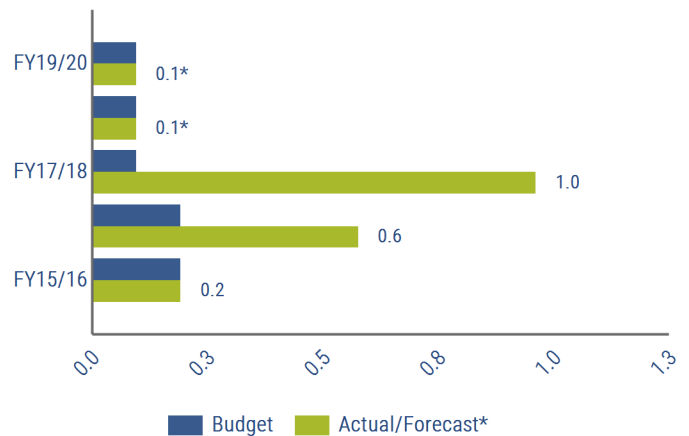
Adopted Budget to Actual/Forecast* (in millions)



Community and Economic Development

Community and Economic Development revenue is generated from contributions and donations and lease agreements. Beginning in FY 2019/20, the WestWorld Department no longer resides within the Community and Economic Development Division but now within the Community Services Division. The WestWorld Department's financial history was moved to the Community Services Division to best reflect year over year comparisons. FY 2016/17 and FY 2017/18 actuals include in lieu developer fees for public art for various projects. The estimated special revenue for FY 2019/20 is \$0.1 million. The FY 2019/20 adopted budget is relatively flat from FY 2018/19 year-end forecast.

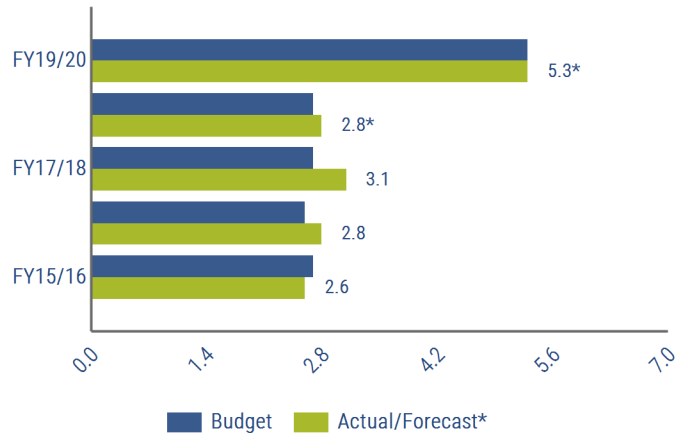
Adopted Budget to Actual/Forecast* (in millions)



Community Services

Community Services special revenues include donations, contribution, lease agreements, revenue from Bureau of Reclamation, and gross sales from McDowell Mountain Golf Course, user fees and charges that are restricted to specific uses per the revenue source. Restricted uses of special revenue include library and human services, afterschool and summer programs, enhancing parks, youth sports field and pool sponsored team allocations, Handlebar Helpers, Silverado Golf Surcharge, Charros/Giants for capital improvements to Scottsdale Stadium, providing memorials, special events, funding community support agencies (Scottsdale Cares), and maintaining and operating the train, carousel, and park facilities at the McCormick-Stillman Railroad Park. Beginning in FY 2019/20, the WestWorld Department was moved to the Community Services Division from the Community and Economic Development Division to best align citywide needs. The WestWorld Department's financial history has been added to the Community Services Division to best reflect year over year comparisons. The estimated special revenue for FY 2019/20 is \$5.3 million, which is \$2.5 million higher than the FY 2018/19 year-end forecast due to: 1) one-time reimbursement from McDowell Mountain Golf Course and Tournament Players Club for a Midway Grill Improvements capital project; 2) increase in McCormick-Stillman Railroad Park ticket sales; and 3) increase in pool usage fees.

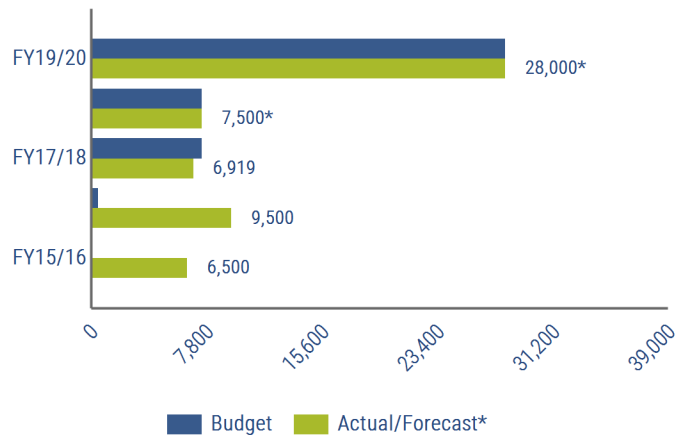
Adopted Budget to Actual/Forecast* (in millions)



Mayor and City Council

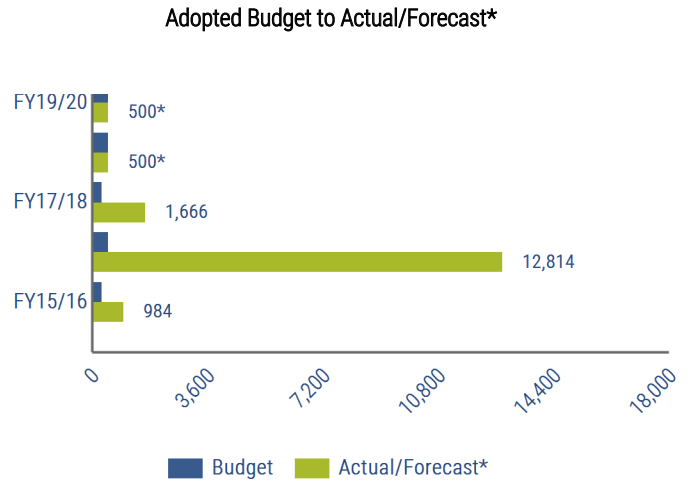
Mayor and City Council receive contributions and donations to fund the yearly Mayor's Constitution event. A conservative budget for this fund was established in FY 2016/17 based on historical collections. The estimated special revenue for FY 2019/20 is \$28,000 compared to FY 2018/19 year-end forecast of \$7,500. This increase is related to additional anticipated contributions for the Mayor and Council Breakfast events.

Adopted Budget to Actual/Forecast*



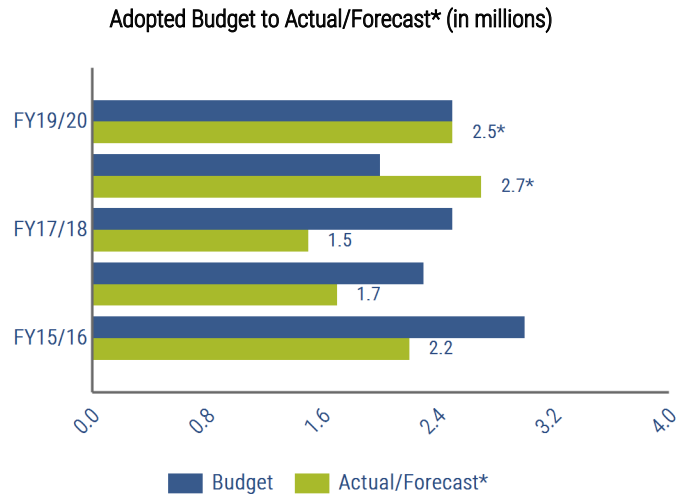
Public Safety - Fire

Public Safety - Fire revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition, and fire station enhancements. The estimated revenue through restricted revenue sources for FY 2019/20 is \$500.



Public Safety - Police

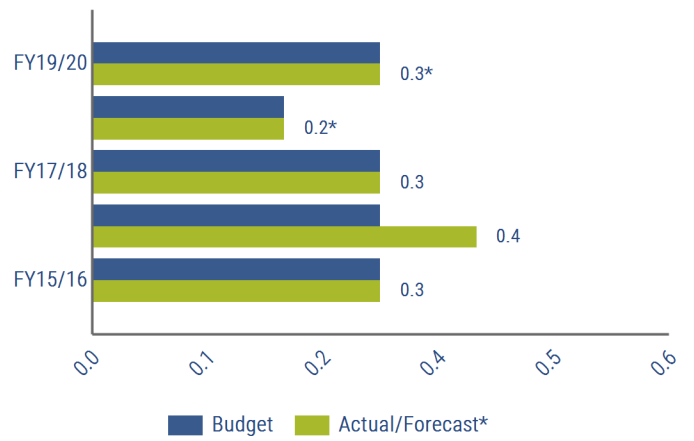
Police revenue is generated from the following seven sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds, which are strictly regulated for law enforcement purposes only; 2) Forensic Services Intergovernmental Agreements (IGA) with communities neighboring Scottsdale for full cost recovery of services provided at the crime laboratory; 3) donations made specifically for the Mounted Unit, Family Advocacy, and Canine Unit; 4) drug conviction assessments, for the purpose of crime laboratory analysis; 5) Police 30-Day Tow Program that enforces and enhances the State Statute related to driving under the influence offenses and driving without insurance; 6) Officer Safety Equipment established by Senate Bill 1398 that imposes a \$13 assessment (\$4 to the investigating/arresting agency) on all criminal charges, civil traffic and parking charges to purchase additional safety equipment for officers; and 7) Second Hand and Pawn Transaction Fee established by Ordinance No. 3966 in May 2012 that requires electronically processed pawn tickets and related fees that will be used to recover costs related to the administration of the program. Revenue estimated through restricted revenue sources for FY 2019/20 is \$2.5 million, which is a decrease of \$0.2 million from the FY 2018/19 year-end forecast due to less estimated revenue from RICO Funds.



Public Works

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of city right-of-ways. These payments are used to offset costs associated with maintaining various city right-of-ways. Beginning in FY 2019/20, a new lease agreement was established with Loloma School for exterior maintenance, which contributes to an increase of \$0.1 million in the estimated revenue for FY 2019/20 of \$0.3 million.

Adopted Budget to Actual/Forecast* (in millions)

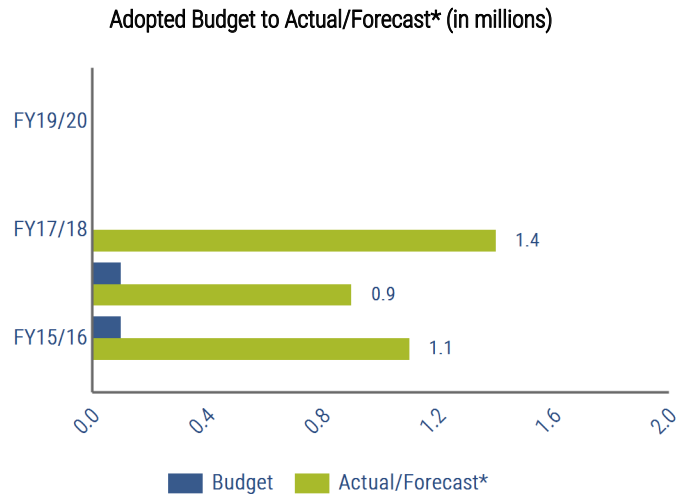


Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2019/20 adopted budget includes \$10,000 in Transfers In.

Transfers In

Transfers In to the Specials Programs Fund for FY 2019/20 is a \$10,000 transfer from the General Fund for the preservation and maintenance of properties on Scottsdale's Historical Register. The FY 2015/16, FY 2016/17 and FY 2017/18 actuals represent internal transfers which allowed for better monitoring of the Downtown Cultural Trust and the Airpark Cultural Trust.



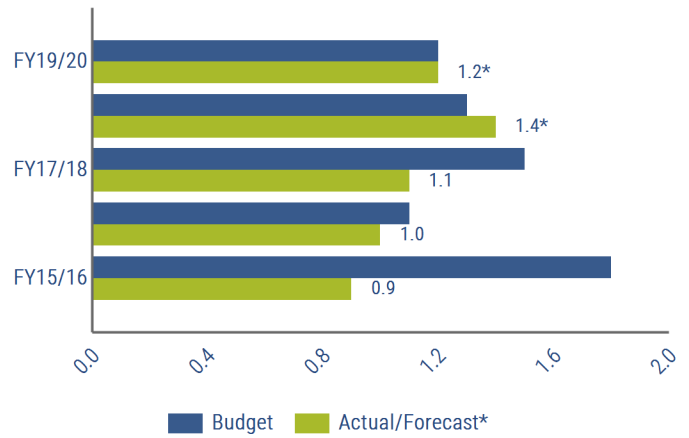
Special Programs Fund Uses

The uses are detailed as followed by division and also include non-divisional categories. Additionally, the uses include Transfers Out.

City Court

City Court expenditure budget for FY 2019/20 is \$1.2 million and includes the following specific uses: 1) enhancements to the Court’s technological, operational, and security facilities, as allowed under the Court Enhancement established by Scottsdale City Ordinance 2570 section 9-7.2; 2) additional expenditures, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, for the maintenance and enhancement of the Court’s ability to collect and manage monies; and 3) services to enhance the experience of citizens serving on juries using jury fee donations. The FY 2019/20 adopted budget is a decrease of \$0.2 million compared to FY 2018/19 year-end forecast due to one-time funding being included in FY 2018/19 for the installation of protective windows and courtroom technology.

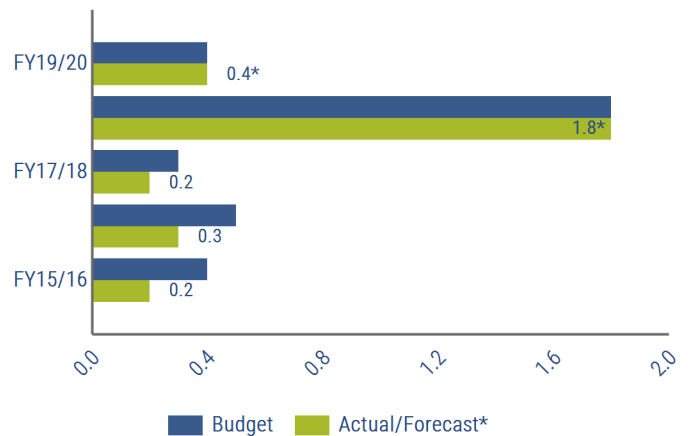
Adopted Budget to Actual/Forecast* (in millions)



Community and Economic Development

The expenditures related to Community and Economic Development are used to further downtown cultural and community arts events, preserve and maintain properties on Scottsdale’s Historic Register, support Art in Public Places, and to preserve and maintain Sanctuary and TPC golf courses. Beginning in FY 2019/20, the WestWorld Department no longer resides within the Community and Economic Development Division but now within the Community Services Division. The WestWorld Department’s financial history was moved to the Community Services Division to best reflect year over year comparisons. The adopted budget total for FY 2019/20 is \$0.4 million, which is \$1.4 million lower than the FY 2018/19 year-end forecast mostly due to the reduction of funding for acquisition and installation of public art in the Downtown and Airpark Areas.

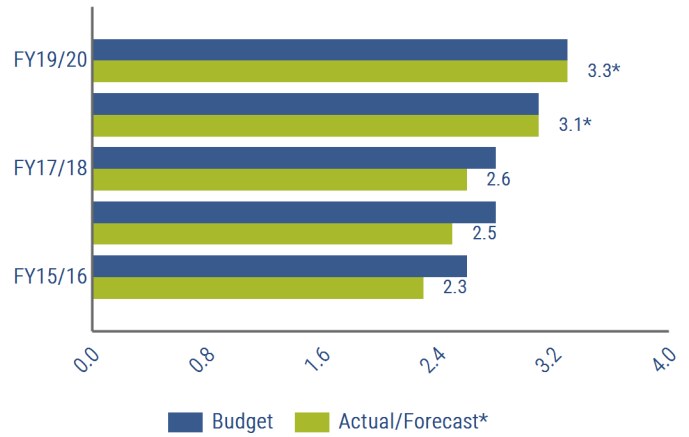
Adopted Budget to Actual/Forecast* (in millions)



Community Services

Community Services expenditure budget for FY 2019/20 is \$3.3 million. Expenditures include youth sports field and pool maintenance, capital outlays improvements, Silverado Golf Course maintenance/improvements, special events, providing memorials, funding community support agencies (Scottsdale Cares), afterschool programs, summer programs, library programs and operations, and maintaining and operating the train, carousel, and park facilities at the McCormick-Stillman Railroad Park. Beginning in FY 2019/20, the WestWorld Department was moved to the Community Services Division from the Community and Economic Development Division to best align citywide needs. The WestWorld Department's financial history has been added to the Community Services Division to best reflect year over year comparisons. The \$0.2 million increase from FY 2018/19 is primarily related to the one-time funding provided in FY 2018/19 to repair drainage project at the Silverado Golf Course.

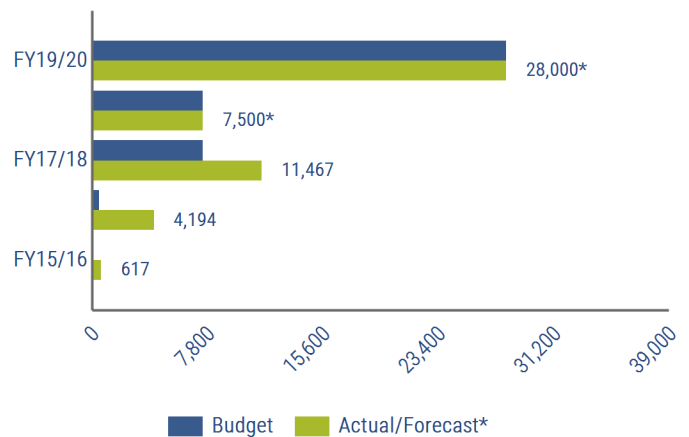
Adopted Budget to Actual/Forecast* (in millions)



Mayor and City Council

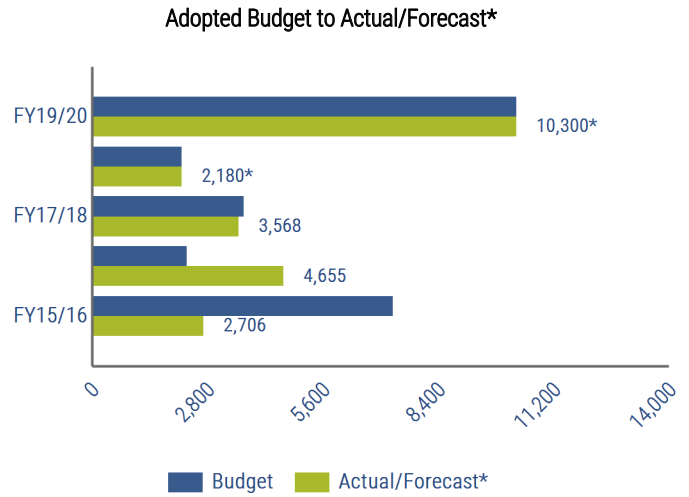
Mayor and City Council uses budget is for the annual Mayor's Constitution event. The estimated expenditures for FY 2019/20 is \$28,000 compared to the FY 2018/19 year-end forecast of \$7,500. This increase is to support the Mayor and Council Breakfast events.

Adopted Budget to Actual/Forecast*



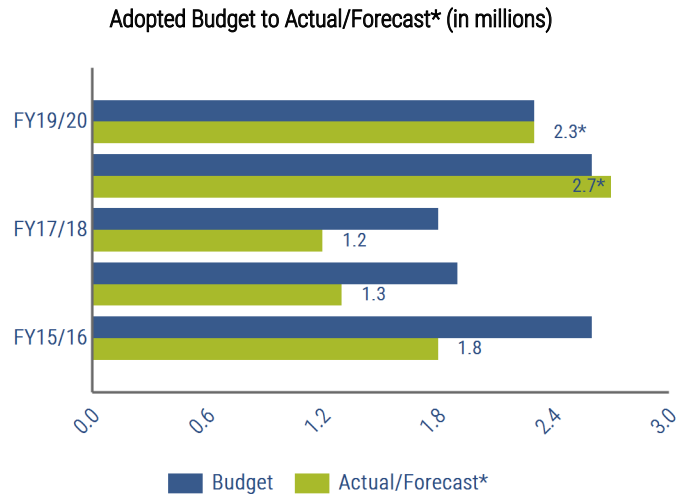
Public Safety - Fire

Public Safety - Fire uses support public education, equipment acquisition, and fire station enhancements. The FY 2019/20 adopted budget is \$10,300, which is an increase of \$8,120 compared to the FY 2018/19 year-end forecast. The increase is to align the expenditure budget with the amount of funding available for use.



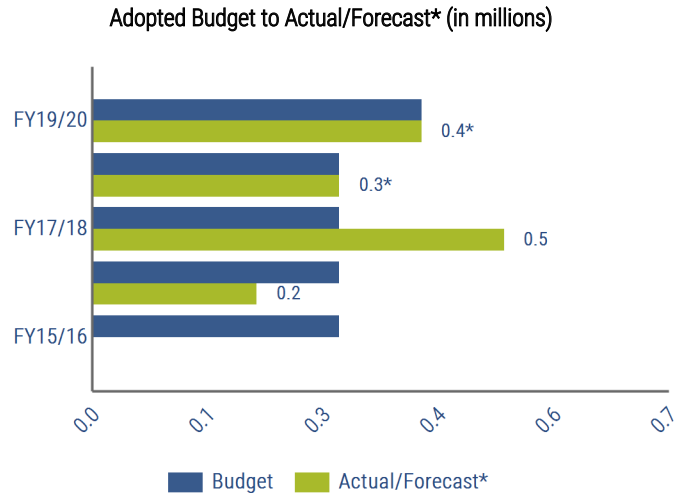
Public Safety - Police

Public Safety - Police expenditures include: 1) law enforcement enhancements using RICO funds; 2) providing Crime Laboratory Services to surrounding communities; 3) veterinary costs, specific training, education and supplies for the Mounted Unit, Canine Unit, School Resource Education and Family Advocacy Center; 4) administrative costs including transportation, associated with administering the 30-Day Tow Program that enforces ARS §28-3511; 5) equipment that enhances officer's safety while on duty; 6) cost recovery for administration and enforcement of City Ordinance No. 3966 (Second Hand and Pawn Transaction Fees); and 7) cellular services utilized by sworn officers on duty. The FY 2019/20 budget is \$2.3 million, which is \$0.4 million less than the FY 2018/19 year-end forecast due to the ammunition and weapons funding shift from the Special Programs Fund to the General Fund.



Public Works

Public Works uses budget is to maintain various right-of-ways on behalf of Southwest Gas via a Franchise Agreement. Additionally, beginning in FY 2019/20 the Public Works uses budget includes maintaining the Loloma School as outlined in a new lease agreement, which contributes to the \$0.1 million increase from the FY 2018/19 year-end forecast to \$0.4 million in FY 2019/20.

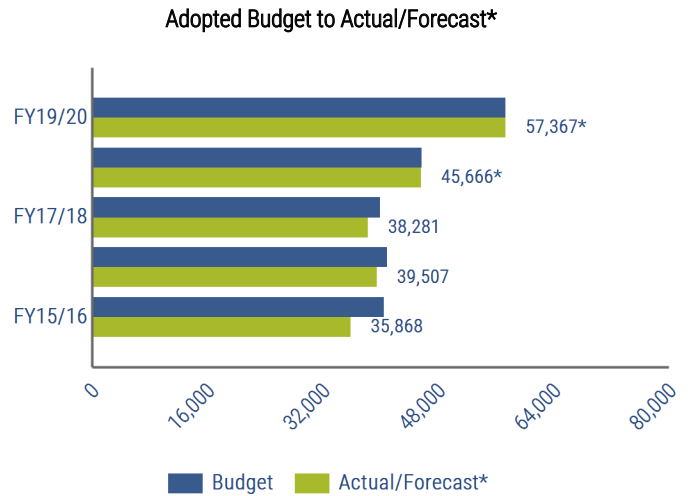


Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

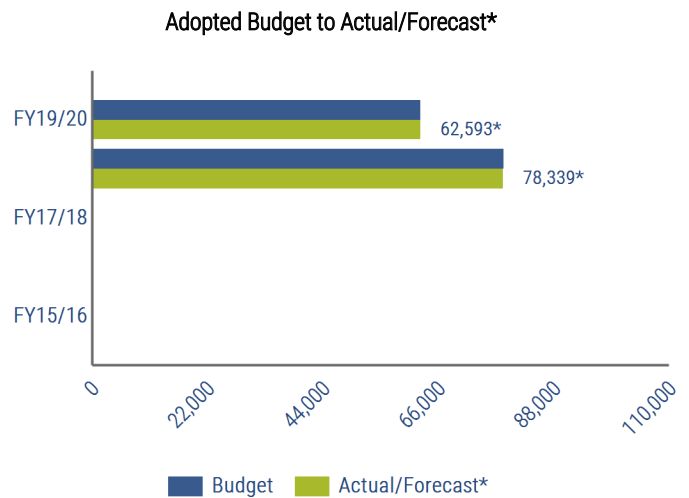
Citywide Pay Program

Citywide Pay Program, through which employees may receive increases within their established salary ranges based on performance. The Citywide Pay Program is budgeted at \$57,367 for FY 2019/20. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division's expenditures. At the time the budget is adopted it is unknown which employees will receive a performance increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases within the divisions. The actual amount spent each year was at or below the adopted budget.



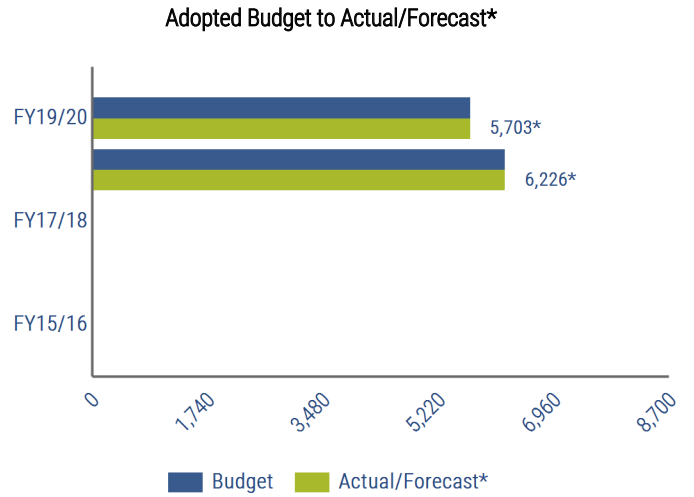
Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.



Vacation Trade

Beginning in FY 2018/19 the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. FY 2019/20 Special Programs Fund adopted budget includes \$5,703 for the vacation trade program.

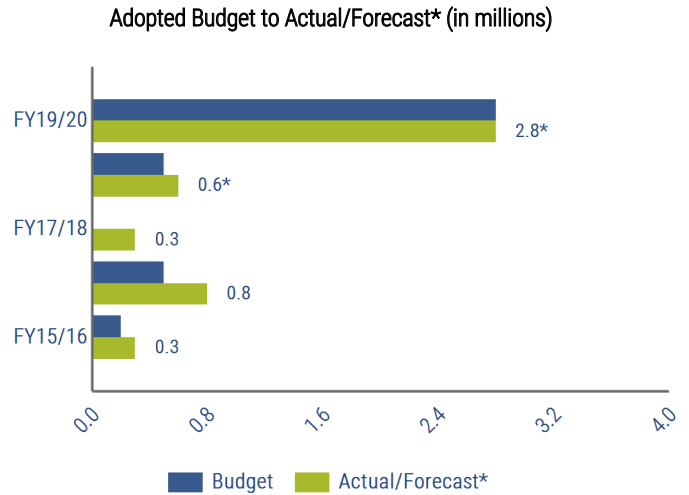


Transfers Out

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

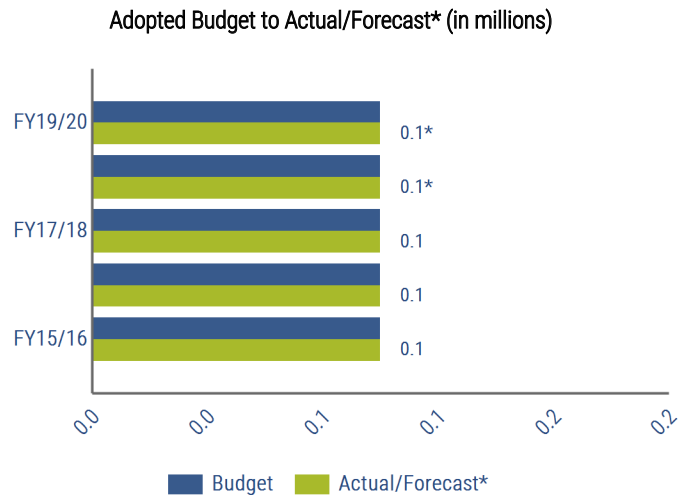
CIP

Capital Improvement Plan (CIP) Transfers Out are the authorized movement of cash or other resources to fund capital projects. The FY 2019/20 budget of \$2.8 million for transfers out is an increase of \$2.2 million from the FY 2018/19 year-end forecast of \$0.6 million. The increased transfers to the CIP is to fund improvements to the Midway Grill on the Tournament Players Club Scottsdale Stadium golf course and improvements to McCormick-Stillman Railroad Park including the replacement of the existing bunk house, relocation of the Merci Train and the expansion of the parking lot.



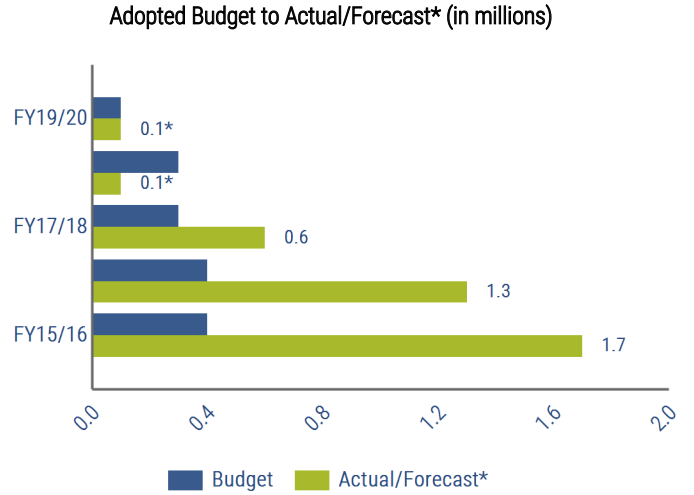
Debt Service MPC Bonds

The adopted FY 2019/20 budget of \$0.1 million is a transfer out to the Debt Service Fund for the Municipal Property Corporation (MPC) Bonds issued to make improvements at the McDowell Mountain Golf Course.



Operating

The transfer out of \$0.1 million to the General Fund is related to the 30-Day Tow Program, which reimburses for Police Officer time spent working on the program. The significantly higher actuals in FY 2015/16 - FY 2017/18 represent internal transfers which allowed for better monitoring of the Downtown Cultural Trust and Airpark Cultural Trust. The Operating category also includes any funds received in excess of invoiced funds for the Southwest Gas franchise agreement to be transferred to the General Fund. Excess franchise agreement funds do not occur regularly.



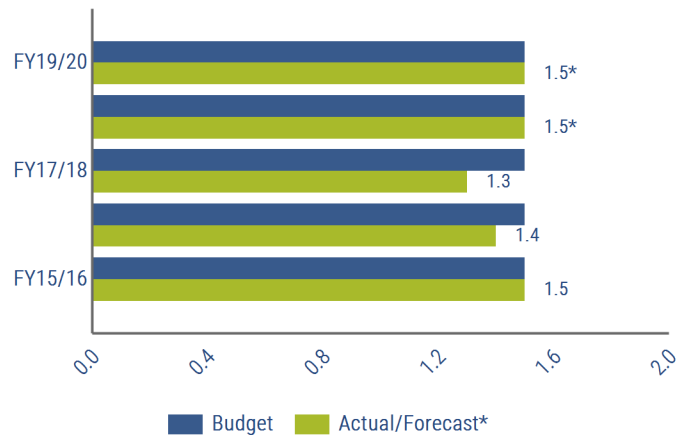
Special Programs Fund Ending Balance

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

Appropriation Contingency

Appropriation Contingency for the Special Program Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance. Any use of this contingency requires City Council's approval. The adopted Appropriation Contingency for FY 2019/20 is \$1.5 million.

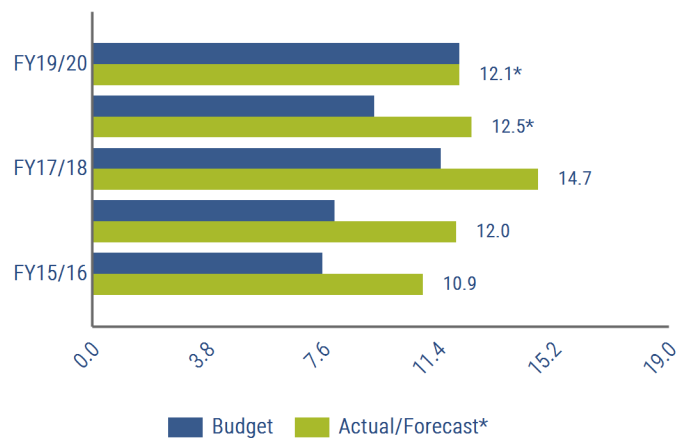
Adopted Budget to Actual/Forecast* (in millions)



Special Programs Ending Fund Balance

Special Programs Fund ending balance of \$12.1 million for FY 2019/20 represents the following individual ending fund balances: \$8.5 million for City Court; \$1.8 million for Community and Economic Development; \$0.7 million for Community Services; \$6,759 for Mayor and City Council; \$988 for Public Safety - Fire; \$0.9 million for Public Safety - Police; and \$0.2 million for Public Works. Any remaining fund balance is available in future years and can only be used for its dedicated purpose and if budget authority is included.

Adopted Budget to Actual/Forecast* (in millions)





FY 2019/20 Adopted Budget

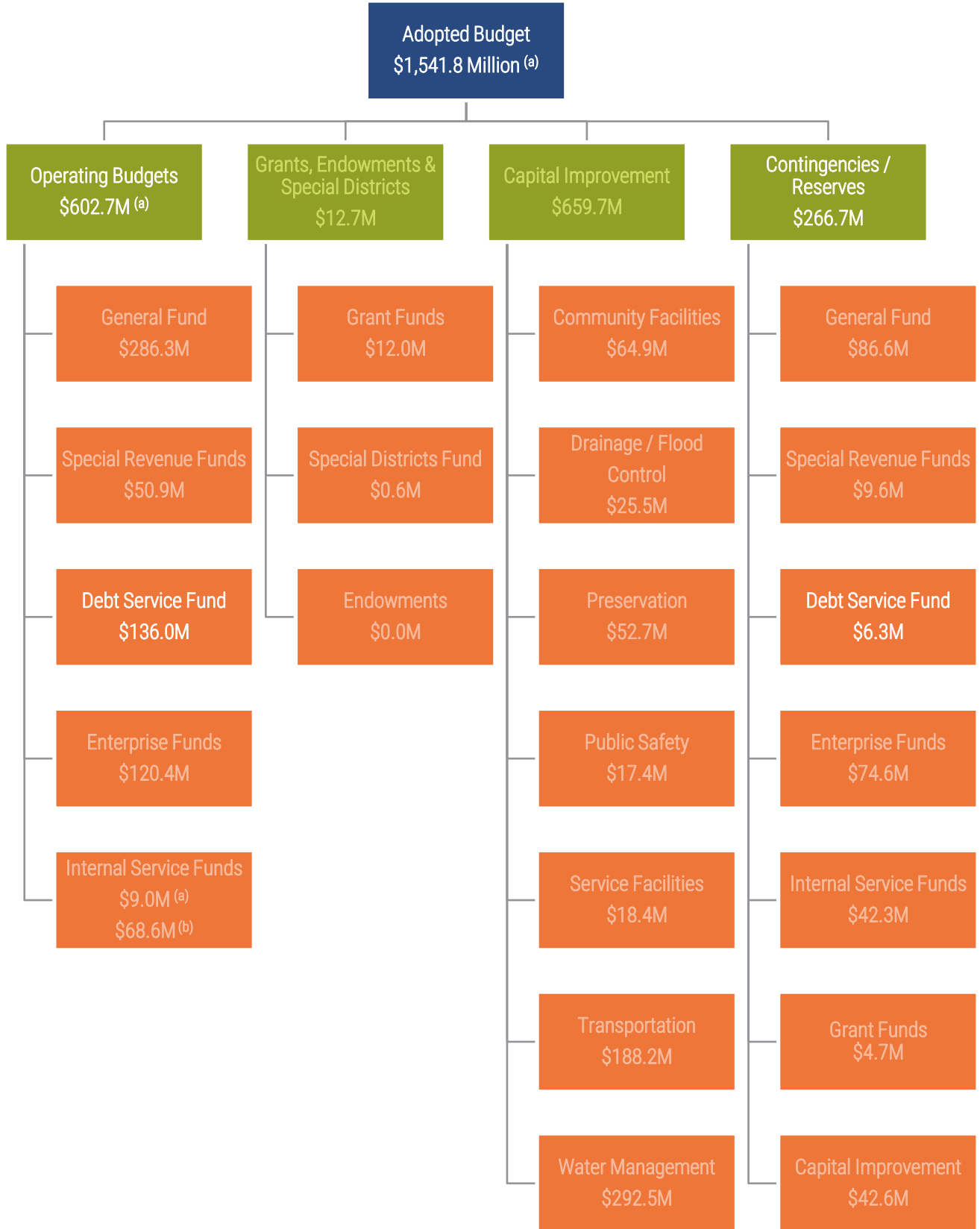


Santa Fe

STOCK CONTROL

SF
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BUDGET BY FUND | Debt Service Fund Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

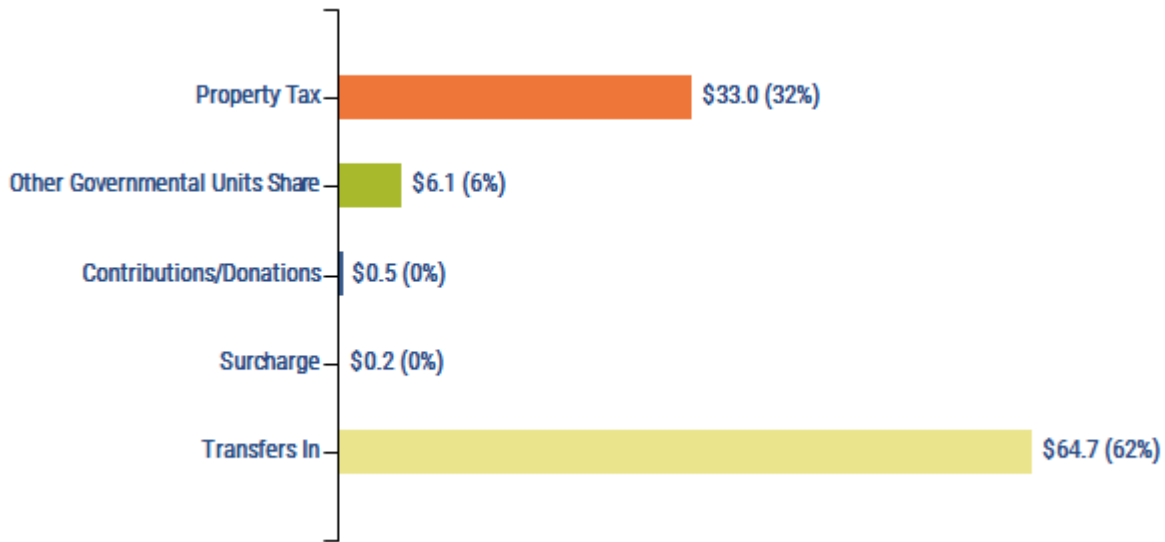


FY 2019/20 Adopted Budget

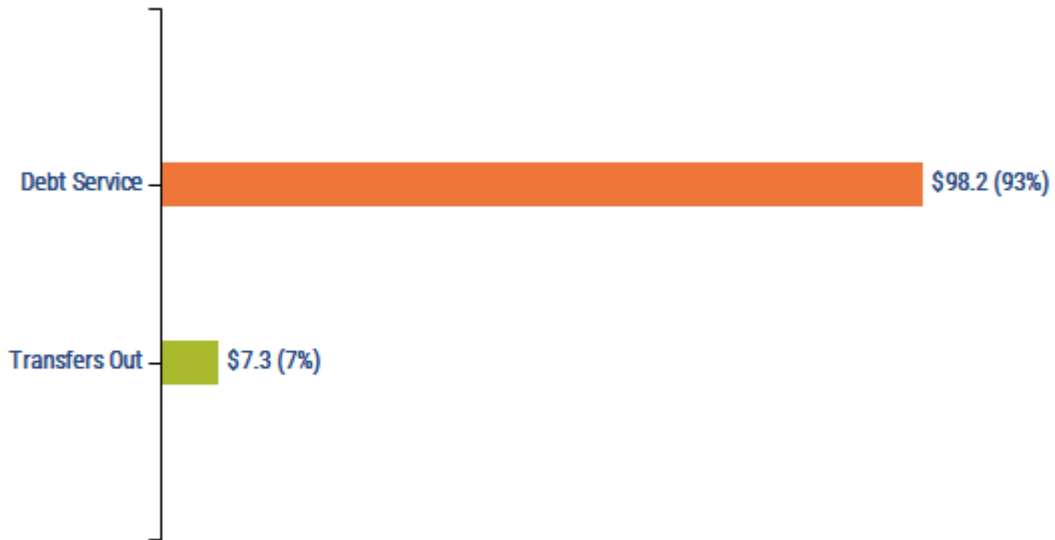
Fund Purpose

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

**Debt Service Fund Sources (% to Total)
\$104.4 Million**



**Debt Service Fund Uses (% to Total)
\$105.5 Million**



BUDGET BY FUND | Debt Service Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Debt Stabilization Reserve	9,897,629	10,550,351	9,057,960	5,830,986
GO Debt Service Reserve - Non Preserve	11,515,704	2,760,986	2,470,701	1,521,496
Total Beginning Fund Balance	21,413,333	13,311,337	11,528,661	7,352,482
Revenues				
Property Tax	33,291,550	34,214,874	34,214,874	32,971,795
Other Governmental Units Share	3,225,736	7,120,422	3,231,104	6,059,522
Contributions/Donations	-	-	-	510,000
Surcharge	146,122	170,000	160,000	160,000
Bond Proceeds	226,930	-	-	-
Subtotal	36,890,338	41,505,296	37,605,978	39,701,317
Transfers In				
Debt Svc GO Bonds	26,355,421	26,873,185	26,872,490	34,519,380
Debt Svc MPC Bonds	20,102,435	22,535,193	22,534,444	25,083,299
Debt Svc SPA Bonds	5,104,385	5,121,875	5,121,875	5,134,875
Subtotal	51,562,241	54,530,253	54,528,809	64,737,554
Total Sources	88,452,579	96,035,549	92,134,787	104,438,871
Debt Service				
GO Debt Service - Non Preserve	42,165,418	35,164,874	35,164,079	39,891,795
GO Debt Service - Preserve	26,752,657	26,873,185	26,872,490	27,599,380
MPC Excise Debt	20,019,565	22,535,193	22,534,443	25,593,299
SPA Debt Service	5,104,385	5,121,875	5,121,875	5,134,875
Subtotal	94,042,024	89,695,127	89,692,887	98,219,349
TOTAL OPERATING BUDGET	94,042,024	89,695,127	89,692,887	98,219,349
Transfers Out				
CIP	83,699	-	-	-
Debt Svc Stabilization	4,211,527	6,618,079	6,618,079	7,309,448
Subtotal	4,295,227	6,618,079	6,618,079	7,309,448
Total Uses	98,337,251	96,313,206	96,310,966	105,528,797
Sources Over/(Under) Uses	(9,884,672)	(277,657)	(4,176,179)	(1,089,926)
Ending Fund Balance				
Debt Stabilization Reserve	9,057,960	11,222,694	5,830,986	4,741,060
GO Debt Service Reserve - Non Preserve	2,470,701	1,810,986	1,521,496	1,521,496
Total Ending Fund Balance	11,528,661	13,033,680	7,352,482	6,262,556

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

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Debt Stabilization Reserve	5,830,986	4,741,060	3,051,260	3,211,260	3,371,260
GO Debt Service Reserve - Non Preserve	1,521,496	1,521,496	1,521,496	1,521,496	1,521,496
Total Beginning Fund Balance	7,352,482	6,262,556	4,572,756	4,732,756	4,892,756
Revenues					
Property Tax	32,971,795	28,951,400	26,853,500	26,811,800	26,634,300
Other Governmental Units Share	6,059,522	-	-	-	-
Contributions/Donations	510,000	510,000	510,000	510,000	660,000
Surcharge	160,000	160,000	160,000	160,000	160,000
Bond Proceeds	-	-	-	-	-
Subtotal	39,701,317	29,621,400	27,523,500	27,481,800	27,454,300
Transfers In					
Debt Svc GO Bonds	34,519,380	31,867,500	32,602,200	34,510,200	36,427,200
Debt Svc MPC Bonds	25,083,299	20,448,200	18,746,800	18,849,200	18,813,100
Debt Svc SPA Bonds	5,134,875	1,414,000	1,420,000	-	-
Subtotal	64,737,554	53,729,700	52,769,000	53,359,400	55,240,300
Total Sources	104,438,871	83,351,100	80,292,500	80,841,200	82,694,600
Debt Service					
GO Debt Service - Non Preserve	39,891,795	28,951,400	26,853,500	26,811,800	26,634,300
GO Debt Service - Preserve	27,599,380	31,867,500	32,602,200	34,510,200	36,427,200
MPC Excise Debt	25,593,299	20,958,200	19,256,800	19,359,200	19,473,100
SPA Debt Service	5,134,875	1,414,000	1,420,000	-	-
Subtotal	98,219,349	83,191,100	80,132,500	80,681,200	82,534,600
TOTAL OPERATING BUDGET	98,219,349	83,191,100	80,132,500	80,681,200	82,534,600
Transfers Out					
CIP	-	-	-	-	-
Debt Svc Stabilization ^(a)	7,309,448	1,849,800	-	-	-
Subtotal	7,309,448	1,849,800	-	-	-
Total Uses	105,528,797	85,040,900	80,132,500	80,681,200	82,534,600
Sources Over/(Under) Uses	(1,089,926)	(1,689,800)	160,000	160,000	160,000
Ending Fund Balance					
Debt Stabilization Reserve	4,741,060	3,051,260	3,211,260	3,371,260	3,531,260
GO Debt Service Reserve - Non Preserve	1,521,496	1,521,496	1,521,496	1,521,496	1,521,496
Total Ending Fund Balance	6,262,556	4,572,756	4,732,756	4,892,756	5,052,756

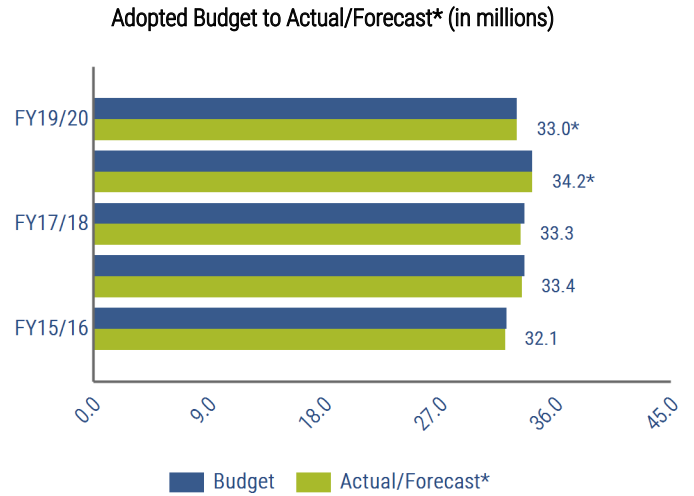
^(a) Debt Service Stabilization is a transfer between two debt service funds to cover the difference in the Maricopa County Stadium District and Arizona Sports and Tourism Authority revenue contribution amounts for Cactus League spring training facilities and the debt service payment. This debt service amount will be fully paid off in FY 2020/21 so the transfer will cease after that time.

Debt Service Fund Sources

Debt Service Fund sources for FY 2019/20 equal \$104.4 million. They include Property Tax, Other Governmental Units Share, Contributions/Donations, Surcharge, Bond Proceeds and Transfers In.

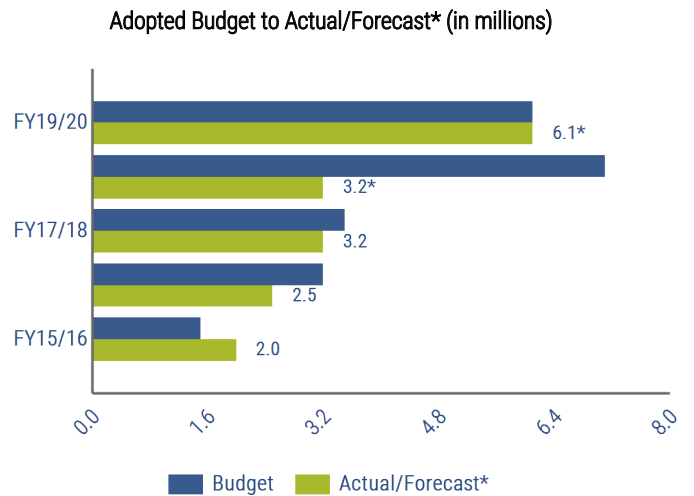
Property Tax

Property Tax represents the secondary portion of the property tax that is limited and levied to pay debt service. The city's use of this portion of the property tax is restricted by State Statute to solely pay debt service on voter-approved general obligation bonds. The FY 2019/20 levy amount (revenue) of \$33.0 million is \$1.2 million lower when compared to the FY 2018/19 year-end forecast mainly due to a decrease in debt service payments.



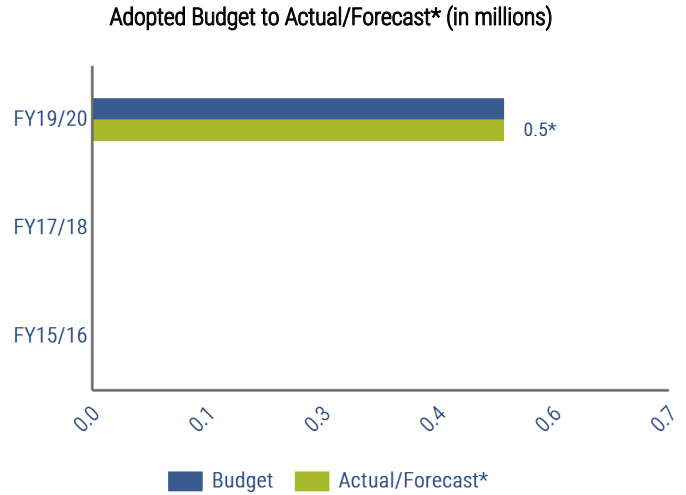
Other Governmental Units Share

Other Governmental Units Share consists of revenue received from Maricopa County Stadium District (MCSD) and the Arizona Sports and Tourism Authority (AZSTA) contributions made to the city to pay debt service associated with the Cactus League spring training facilities (San Francisco Giants professional baseball practice facility). MCSD contributions are derived from a \$2.50 surcharge on car rentals in Maricopa County; AZSTA contributions are derived from a 1.00 percent hotel room tax and a 3.25 percent car rental surcharge (net of the \$2.50 MCSD surcharge). The FY 2019/20 Other Governmental Units Share adopted budget is \$6.1 million, which is an increase of \$2.9 million over the FY 2018/19 year-end forecast, based on AZSTA's 30-year projected forecast. FY 2018/19 and FY 2019/20 is budgeted much higher than in previous years as set by MCSD and AZSTA's to pay off the rest of their debt service responsibilities. The debt service for the Cactus League spring training facilities is expected to be paid off by FY 2020/21.



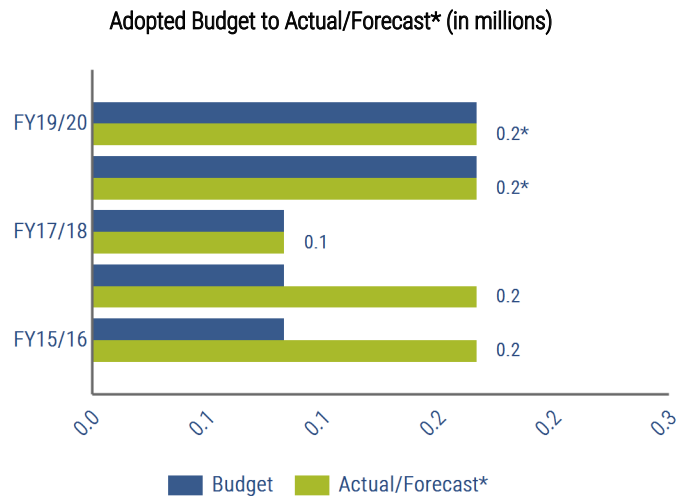
Contributions/Donations

Contributions/Donations consists of revenue received from the Charros organization and the San Francisco Giants to fund a portion of the Scottsdale Stadium renovation. For FY 2019/20 the budgeted revenue is \$0.5 million.



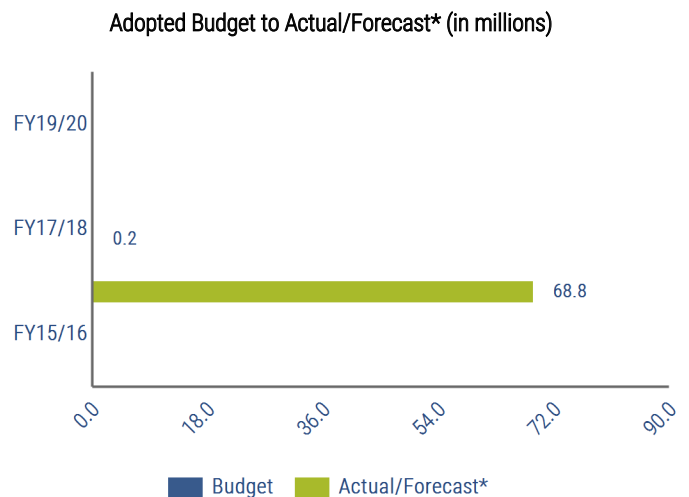
Surcharge

Surcharge represents the \$1.00 ticket surcharge assessed on San Francisco Giants spring training games held in Scottsdale. The FY 2019/20 budgeted revenue is \$0.2 million. The surcharge is used to help pay for capital projects and/or debt service related to professional baseball facilities.



Bond Proceeds

Bond Proceeds represents the proceeds generated from the sale of Refunding Bonds. In FY 2017/18 this revenue mostly comes from from the sale of General Obligation (GO) Refunding Bonds related to street maintenance and fire station constructions, and in FY 2016/17 this revenue mostly comes from the sale of General Obligation (GO) Refunding Bonds related to parks development, street maintenance and fire station construction.

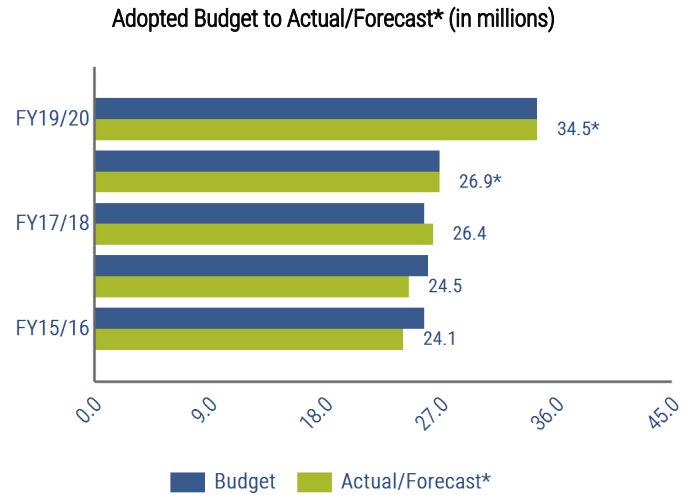


Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2019/20 adopted budget includes \$64.7 million in Transfers In. More specific information is detailed below.

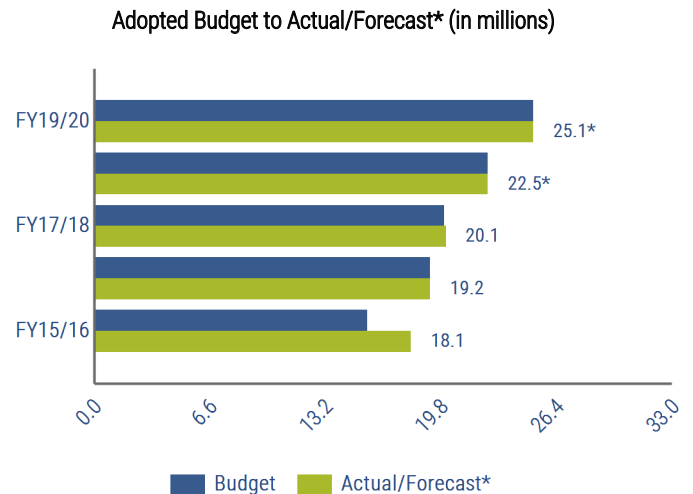
Debt Svc GO Bonds

Debt Svc GO Bonds are transfers in from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation debt service. Total Transfers In for FY 2018/19 equal \$26.9 million. FY 2019/20 is higher than FY 2018/19 due to the defeasing of GO bond debt using unspent proceeds.



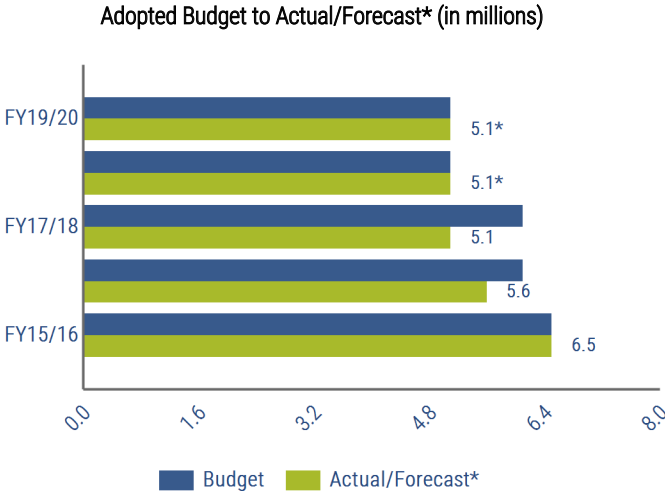
Debt Svc MPC Bonds

Debt Svc Municipal Property Corporation (MPC) Bonds includes transfers in from General Fund, Tourism Development Fund and Special Programs Fund to the Debt Service Fund to facilitate the payment of Municipal Property Corporation Bonds debt service. Also included is a transfer to provide funding to cover the difference in the Maricopa County Stadium District (MCSD) and Arizona Sports and Tourism Authority (AZSTA) revenue contribution amounts for Cactus League spring training facilities. This is an internal transfer between two Debt Service Funds; therefore, there is a corresponding Transfer Out of the same amount reflected in Debt Svc Stabilization, having a net \$0 impact. Total Transfers In for FY 2019/20 equal \$25.1 million.



Debt Svc SPA Bonds

Debt Svc SPA Bonds, or Scottsdale Preserve Authority Bonds, are transfers in from the Preservation Fund to the Debt Service Fund to facilitate the payment of Scottsdale Preserve Authority debt service. Total Transfers In for FY 2019/20 equal \$5.1 million.



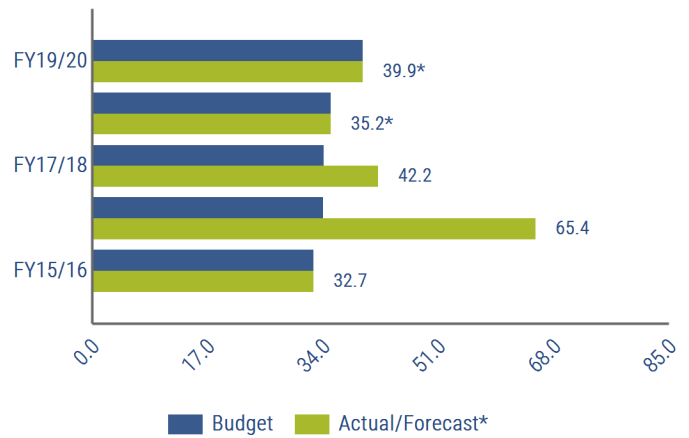
Debt Service and Transfers Out

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2019/20 adopted budget includes \$98.2 million in Debt Service. Transfers Out is the authorized movement of cash or other resources to other funds and/or capital projects. The FY 2019/20 adopted budget includes \$7.3 million in Transfers Out. More specific information is detailed below.

GO Debt Service - Non Preserve

GO Debt Service - Non-Preserve is voter authorized General Obligation debt issued for capital projects not associated with McDowell Sonoran Preserve. General Obligation debt is repaid by Property Tax (Secondary). Under state law, cities and towns are allowed to levy a Secondary Property Tax for the sole purpose of retiring the principal and interest on General Obligation indebtedness. For FY 2019/20, the General Obligation Bonds debt service is forecasted at \$39.9 million, which is an increase of \$4.7 million from the FY 2018/19 year-end forecast of \$35.2 million mainly due to the defeasing of GO bond debt using existing resources. General Obligations in FY 2016/17 were higher than normal due to an additional principal payoff for a refunding bond in the amount of \$31.1 million.

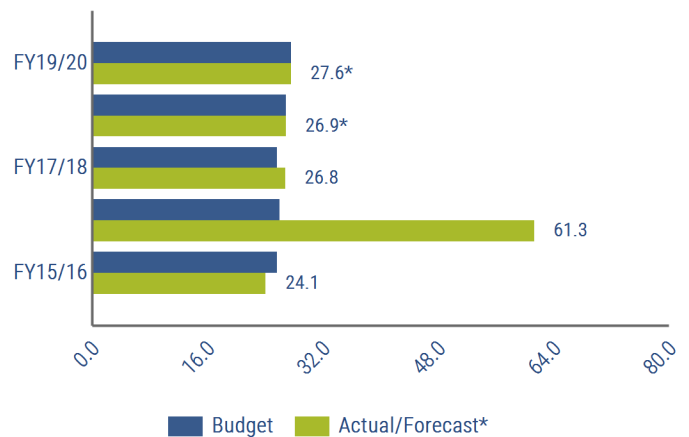
Adopted Budget to Actual/Forecast* (in millions)



GO Debt Service - Preserve

GO Debt Service - Preserve represents General Obligation debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 and a 0.15 percent sales tax authorized by voters in 2004. GO Debt Service - Preserve is forecasted at \$27.6 million in FY 2019/20 which is an increase of \$0.7 million over the FY 2018/19 year-end forecast. GO Debt Service - Preserve in FY 2016/17 was higher than normal due to an additional principal payoff for a refunding bond in the amount of \$37.0 million.

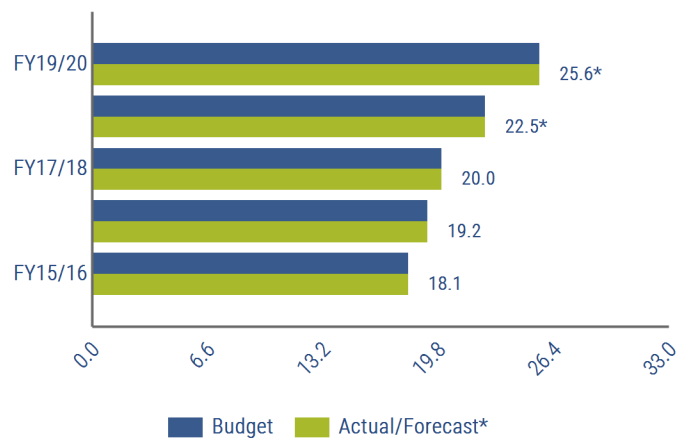
Adopted Budget to Actual/Forecast* (in millions)



MPC Excise Debt

MPC Excise Debt represents Municipal Property Corporation bonds which are non-voter approved and issued by the City of Scottsdale Municipal Property Corporation, a nonprofit corporation created by the city in 1967 for the sole purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the city. The debt incurred by the corporation is a city obligation and the repayment of debt is financed by General Fund sales taxes, Tourism Development Fund bed tax receipts, etc. Per financial policy No. 29, non-voter approved debt will be utilized only when a dedicated revenue source can be identified to pay or reimburse the city for paying debt services expenses. Debt Service payments for FY 2019/20 total \$25.6 million, a \$3.1 million increase over the FY 2018/19 year-end forecast. The increase is due to the paying of principal associated with the 2006 MPC Refunding Skysong bond for the first time since FY 2016/17 and a larger payment towards the 2015 MPC Refunding Spring Training MCDS and AZSTA bond principal than in FY 2018/19 based on AZSTA's adjusted 30-year projected revenue forecast.

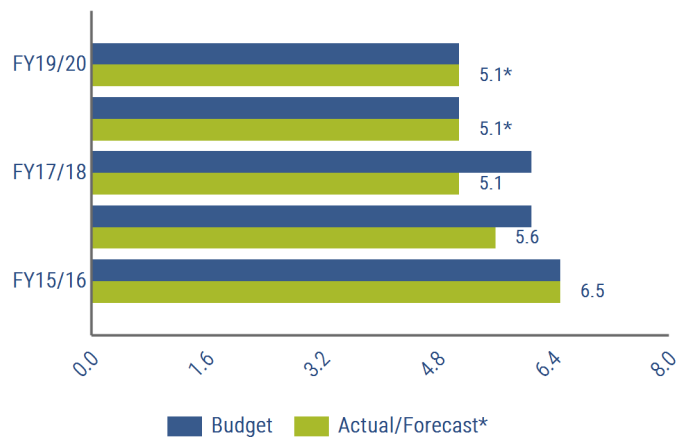
Adopted Budget to Actual/Forecast* (in millions)



SPA Debt Service

SPA Debt Service represents prior Scottsdale Preserve Authority debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Scottsdale Preserve Authority debt is repaid by the Preserve dedicated 0.20 percent sales tax authorized by voters in 1995 and the 0.15 percent sales tax authorized by voters in 2004. Debt Service for FY 2019/20 totals \$5.1 million, which is flat when compared to the FY 2018/19 year-end forecast.

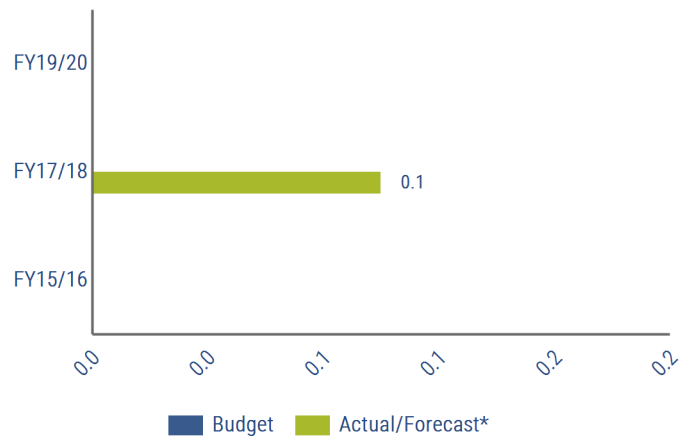
Adopted Budget to Actual/Forecast* (in millions)



CIP

CIP is to reflect the rare transfer out to the Capital Improvement Plan. In FY 2017/18, the transfer out was to reverse funding of bond eligible construction expenses back to the CIP fund.

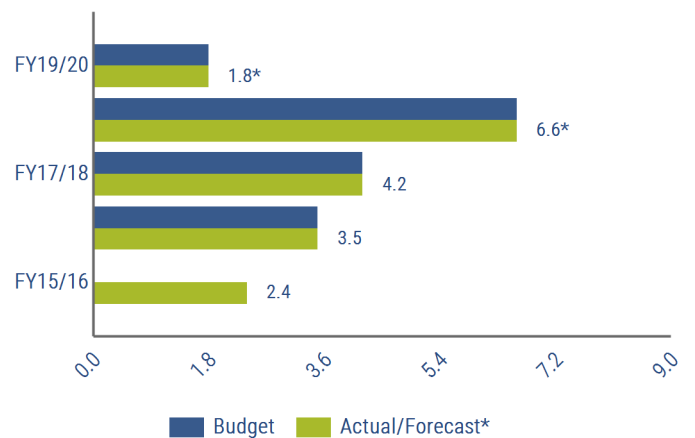
Adopted Budget to Actual/Forecast* (in millions)



Debt Svc Stabilization

Debt Svc Stabilization includes \$1.8 million in Transfers Out between two Debt Service Funds to cover the difference in the Maricopa County Stadium District and Arizona Sports and Tourism Authority revenue contribution amounts for Cactus League spring training facilities and the debt service payment. As previously noted, this is an internal transfer between two Debt Service Funds; therefore, there is a corresponding Transfer In of the same amount reflected in Transfer In - Debt Svc MPC Bonds. Because this transfer was occurring regularly, a budget was created beginning in FY 2016/17. FY 2019/20 is the last year this transfer is expected to occur.

Adopted Budget to Actual/Forecast* (in millions)

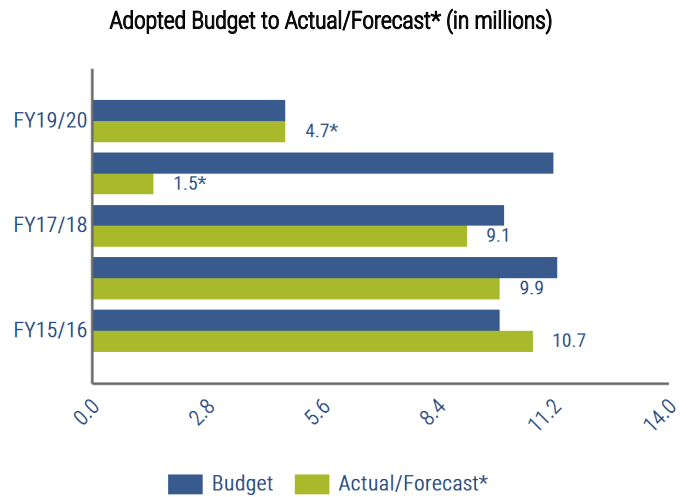


Debt Service Fund Ending Balance

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

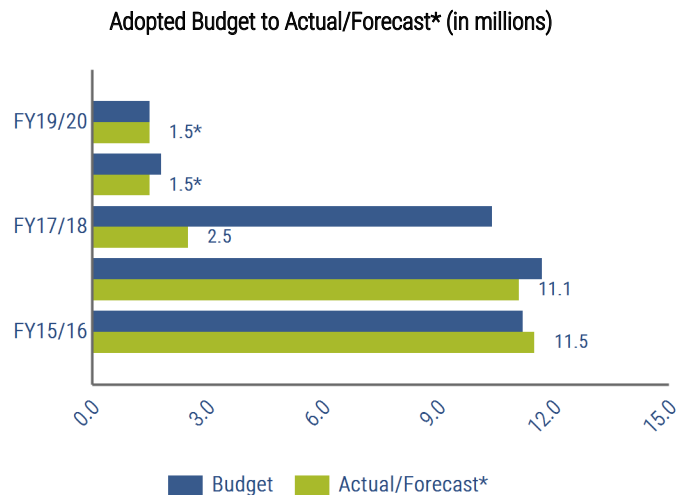
Debt Stabilization Reserve

Debt Stabilization Reserve of \$4.7 million is projected for FY 2019/20. As with the other reserves, the Debt Stabilization Reserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with the MPC Excise Debt. While there is no legal requirement do hold this reserve at a certain level, the City Council has indicated that it should be maintained to protect the city from unexpected financial challenges.



GO Debt Service Reserve - Non Preserve

GO Debt Service Reserve – Non-Preserve reserve of \$1.5 million is projected for FY 2019/20. As with the other reserves, the GO Debt Service Reserve – Non Preserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with GO Debt Service. Starting in FY 2017/18, the reserve is much lower due to a one-time payment on the newly issued debt for the Bond 2015 program.



BUDGET BY FUND | Debt Service Expense

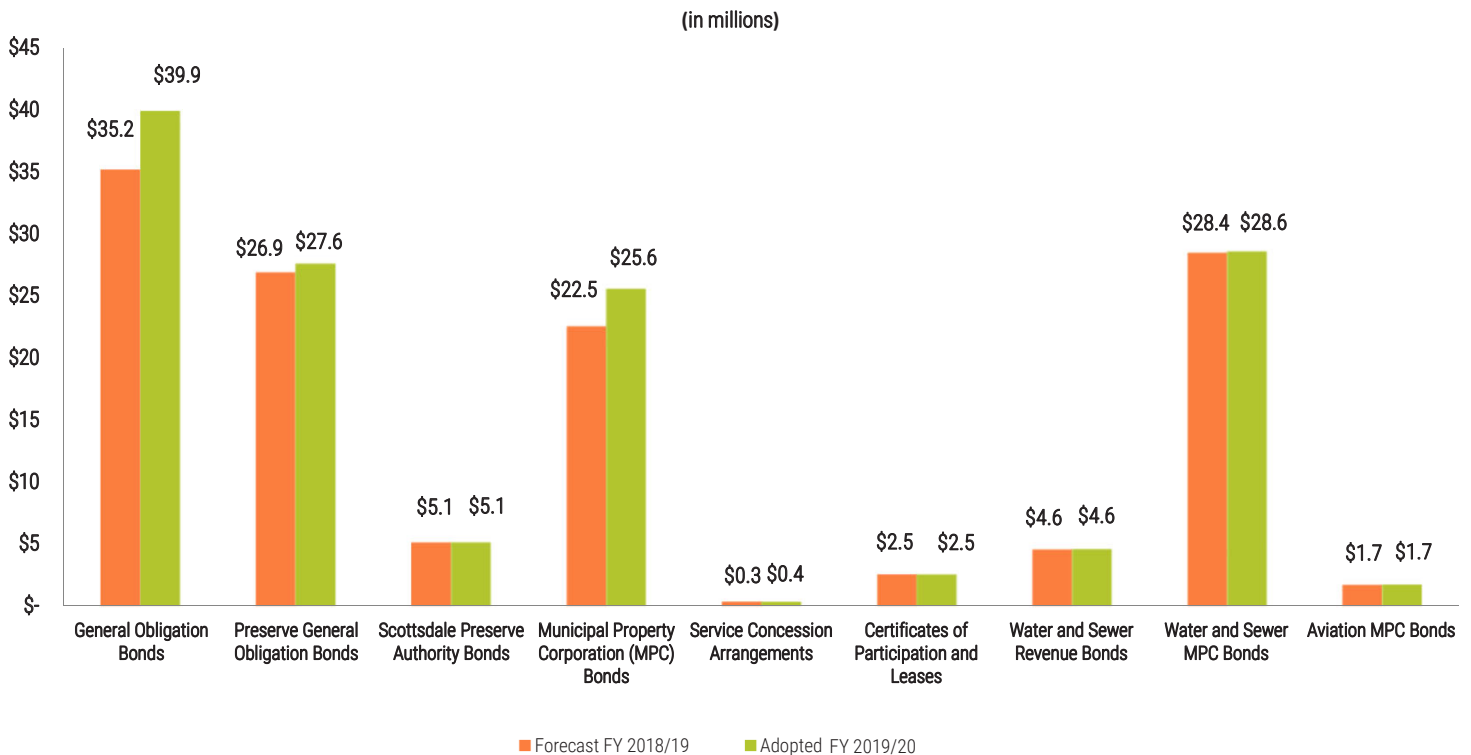
	Forecast 2018/19	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Final Payment Date
Debt Service Funds							
<u>G.O. Bonds - Property Tax (Secondary)</u>							
2010 Various Purpose (\$50.8M Apr 2010)	2,450,625	9,292,181	340,700	-	-	-	2021
2012 Refunding Bonds (\$38.5M Jul 2012)	7,972,328	5,667,943	4,440,100	-	-	-	2021
2014 Refunding Bonds (\$73.8M May 2014)	11,719,697	11,822,942	11,397,000	10,958,900	11,022,300	-	2023
2015 Refunding Bonds (\$86.4M Apr 2015)	9,160,295	9,242,095	8,905,900	9,451,100	9,349,300	20,304,200	2028
2017 Refunding Bonds (\$26.8M May 2017)	1,233,579	1,233,579	1,233,600	3,613,600	3,818,300	3,911,900	2029
2017C Various Purpose (\$25.5M Dec 2017)	2,625,000	2,630,500	2,631,500	2,828,000	2,620,000	2,417,000	2027
Fiscal Agent Fees and Arbitrage Fees	2,555	2,555	2,600	1,900	1,900	1,200	
	35,164,079	39,891,795	28,951,400	26,853,500	26,811,800	26,634,300	
<u>Preserve G.O. Bonds - Preserve Sales Tax</u>							
2002 Refunding Bonds	1,798,313	-	-	-	-	-	2019
2011 Bonds (\$22.5M Feb 2011)	998,200	989,000	983,800	972,400	-	-	2022
2011 Refunding Bonds (\$34.4M Apr 2011)	3,934,050	7,983,750	3,755,500	3,753,500	73,300	1,538,300	2024
2012 Bonds (\$50.0M Feb 2012)	1,573,250	3,073,250	3,028,300	1,468,300	1,468,300	1,468,300	2034
2012 Refunding Bonds (\$44.5M Jul 2012)	1,581,047	2,294,382	2,977,900	4,833,300	4,457,600	6,619,100	2025
2013 Bonds (\$75.0M Feb 2013)	3,365,200	3,825,200	3,765,200	4,205,200	4,625,200	4,525,200	2034
2014 Bonds (\$14.0M May 2014)	986,831	986,594	983,700	985,400	985,200	982,300	2034
2014 Refunding Bonds (\$9.4M May 2014)	1,552,303	1,549,958	1,544,900	1,561,800	1,574,600	-	2023
2015 Refunding Bonds (\$74.0M Apr 2015)	8,770,755	4,585,155	9,006,000	8,975,400	12,988,900	12,895,100	2034
2017A Bonds (\$17.4M Mar 2017)	820,600	820,600	820,600	820,600	820,600	820,600	2034
2017B Acquisition Refinancing Bonds (\$18.5M May 2017)	924,750	924,750	4,434,800	4,459,300	6,048,800	6,079,500	2024
2017 Refunding Bonds (\$13.2M May 2017)	562,186	562,186	562,200	562,200	1,463,400	1,494,600	2034
Fiscal Agent Fees	5,005	4,555	4,600	4,800	4,300	4,200	
	26,872,490	27,599,380	31,867,500	32,602,200	34,510,200	36,427,200	
<u>Scottsdale Preserve Authority Bonds - Preserve Sales Tax</u>							
2010 Revenue Refunding Bonds	3,711,875	3,722,625	-	-	-	-	2020
2011 Revenue Refunding Bonds	1,405,000	1,407,250	1,411,500	1,417,500	-	-	2022
Fiscal Agent Fees	5,000	5,000	2,500	2,500	-	-	
	5,121,875	5,134,875	1,414,000	1,420,000	-	-	
<u>Municipal Property Corp. (MPC) Bonds</u>							
2006 Refunding SkySong (GF/ST)	1,438,000	2,813,000	2,814,300	2,817,000	2,821,000	2,816,000	2034
2014 Refunding SkySong (\$2.6M) (GF/ST)	1,335,700	-	-	-	-	-	2019
2015 Refunding Spring Training (MCS&D & AZSTA)	6,618,078	7,309,448	1,849,800	-	-	-	2021
2006 Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	2,459,000	2,494,000	2,524,000	2,544,000	2,564,300	2,579,500	2030
2015 Refunding WW/TPC Land Acquisition 80-acres (GF/ST)	68,350	68,350	68,400	68,400	68,400	68,400	2035
2015 Refunding WW/TPC Land Acquisition 80-acres (TDF)	600,000	600,000	600,000	600,000	600,000	600,000	2035
2014 Refunding TPC (\$4.2M) (GF/ST)	524,868	514,946	518,700	518,300	518,300	518,600	2027
2015 Refunding TPC (GF/ST)	96,884	96,884	96,900	96,900	96,900	96,900	2031
2014 Refunding WW/TPC Land Acq 52&17 acres (\$16M) (GF/ST)	1,951,245	1,933,667	1,948,100	1,988,400	1,986,900	2,010,400	2027
2015 Refunding WW/TPC Land Acq 52 & 17 acres (GF/ST)	383,392	383,392	383,400	383,400	383,400	383,400	2031
2013A SFS Garage Payoff (\$31.0M) (GF/ST)	2,327,900	2,398,900	2,472,900	2,544,400	2,623,200	2,698,400	2028
2013B McDowell Golf (\$1.6M) (SPF)	103,575	105,825	107,800	104,600	106,300	107,800	2033
2013C TNEC (\$41.9M) (GF/ST)	1,461,375	1,455,875	1,457,100	1,464,600	1,462,900	1,467,100	2033
2013C TNEC (TDF)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	2033
2015A Revenue Museum (TDF)	892,963	889,213	889,500	893,900	891,900	893,600	2034
2015A Revenue Taxable TPC (TDF)	900,000	900,000	900,000	900,000	900,000	900,000	2034
2015A Revenue Taxable TPC Golf Surcharge (GF/ST)	164,663	161,513	162,900	163,700	163,900	161,700	2034
Future Bonds - Stadium (\$33.1M FY 2019/20) SFG/Charros	-	510,000	510,000	510,000	510,000	660,000	2045
Future Bonds - Stadium (\$33.1M FY 2019/20) (TDF)	-	992,910	1,397,150	1,403,575	1,403,425	1,256,925	2045
Future Bonds - Cross Roads (\$14M FY 2019/20) (SF)	-	753,926	1,045,711	1,043,400	1,046,174	1,042,244	2039
Fiscal Agent Fees	8,450	11,450	11,500	12,200	12,200	12,200	
Subtotal by Funding Source:							
General Fund/Sales Tax (GF/ST)	12,219,827	13,834,887	14,365,350	14,514,875	14,614,825	14,729,525	
Tourism Development Fund (TDF)	3,592,963	3,589,213	3,589,500	3,593,900	3,591,900	3,593,600	
Special Programs Fund (SPF) (McDowell Golf)	103,575	105,825	107,800	104,600	106,300	107,800	
MCS&D & AZSTA	6,618,078	7,309,448	1,849,800	-	-	-	
SFG/Charros	-	1,502,910	1,907,150	1,913,575	1,913,425	1,916,925	
Stormwater Fee (SF)	-	753,926	1,045,711	1,043,400	1,046,174	1,042,244	
	22,534,443	25,593,299	20,958,161	19,256,775	19,359,199	19,473,169	
Total Debt Service Funds	89,692,887	98,219,349	83,191,061	80,132,475	80,681,199	82,534,669	
General Fund							
<u>Service Concession Arrangements</u>							
BOR Administration/Westworld	171,034	179,585	188,600	198,000	207,900	218,300	2032
BOR Administration/TPC	171,034	179,586	188,600	198,000	207,900	218,300	2035
	342,068	359,171	377,200	396,000	415,800	436,600	
<u>Certificates of Participation and Leases</u>							
Police/Fire Radio Communication	2,548,680	2,548,680	-	-	-	-	2020
	2,548,680	2,548,680	-	-	-	-	
Total General Fund	2,890,748	2,907,851	377,200	396,000	415,800	436,600	

BUDGET BY FUND | Debt Service Expense

	Forecast 2018/19	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Final Payment Date
Water and Sewer Funds							
<u>Water and Sewer Revenue Bonds</u>							
2008 Water Sewer Revenue Refunding Bonds	4,566,188	4,574,188	4,583,600	4,592,300	4,604,700	-	2023
Fiscal Agent Fees	400	400	400	400	400	-	
	<u>4,566,588</u>	<u>4,574,588</u>	<u>4,584,000</u>	<u>4,592,700</u>	<u>4,605,100</u>	<u>-</u>	
<u>MPC Bonds - Water and Sewer Rates</u>							
2006 Refunding Bonds - Water	11,235,419	11,186,945	11,136,000	11,086,400	11,041,700	10,987,500	2030
2006 Refunding Bonds - Sewer	1,338,831	1,333,055	1,327,000	1,321,100	1,315,800	1,309,300	2030
2010 Bonds - Water	430,549	466,458	505,000	543,700	79,300	79,300	2030
2010 Bonds - Sewer	1,468,651	1,591,142	1,722,600	1,854,700	270,300	270,300	2030
2015A Bonds - Sewer	1,348,113	1,352,363	1,349,600	1,350,900	1,350,200	1,352,400	2034
2015 Refunding Bonds - Water	4,680,366	4,699,174	4,642,400	4,600,600	4,597,600	4,605,600	2028
2015 Refunding Bonds - Sewer	1,448,680	1,454,501	1,436,900	1,424,000	1,423,100	1,425,500	2028
2017 Refunding Bonds - Water	1,475,460	1,475,460	1,475,500	1,475,500	2,287,900	2,364,300	2036
2017 Refunding Bonds - Sewer	2,183,915	2,183,915	2,183,900	2,183,900	3,386,500	3,499,600	2036
2017A Bonds - Water	2,089,971	2,089,971	2,087,600	2,086,500	2,090,200	2,087,200	2037
2017A Bonds - Water Reclamation (Developer Fee)	738,136	738,136	737,300	736,900	738,200	737,200	2037
Fiscal Agent Fees	9,550	9,550	9,600	10,600	10,600	10,600	
Future Revenue Bonds - Water (\$25M FY 2021/22)	-	-	-	995,082	1,854,099	1,850,000	2041
	<u>28,447,641</u>	<u>28,580,670</u>	<u>28,613,400</u>	<u>29,669,882</u>	<u>30,445,499</u>	<u>30,578,800</u>	
Total Water and Sewer Funds	33,014,229	33,155,258	33,197,400	34,262,582	35,050,599	30,578,800	
Aviation Fund							
2017B MPC Bonds	1,719,994	1,721,244	1,720,500	1,722,700	1,717,700	1,720,700	2037
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500	1,500	
Total Aviation Fund	1,721,494	1,722,744	1,722,000	1,724,200	1,719,200	1,722,200	
TOTAL DEBT SERVICE EXPENSE - ALL FUNDS	127,919,358	136,005,202	118,487,661	116,515,257	117,866,798	115,272,269	

Debt Service Expense FY 2018/19 vs. FY 2019/20

Type of Bond	Forecast FY 2018/19	Adopted FY 2019/20
General Obligation Bonds	35,164,079	39,891,795
Preserve General Obligation Bonds	26,872,490	27,599,380
Scottsdale Preserve Authority Bonds	5,121,875	5,134,875
Municipal Property Corporation (MPC) Bonds	22,534,443	25,593,299
Service Concession Arrangements	342,068	359,171
Certificates of Participation and Leases	2,548,680	2,548,680
Water and Sewer Revenue Bonds	4,566,588	4,574,588
Water and Sewer MPC Bonds	28,447,641	28,580,670
Aviation MPC Bonds	1,721,494	1,722,744
Total	127,319,358	136,005,202



BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/19	Balance at 6/30/20	Balance at 6/30/21	Balance at 6/30/22	Balance at 6/30/23	Final Payment Date
Debt Service Funds						
<u>G.O. Bonds - Property Tax (Secondary)</u>						
2010 Various Purpose Bonds	9,500,000	330,000	-	-	-	2021
2012 Refunding Bonds	9,484,994	4,238,329	-	-	-	2021
2014 Refunding Bonds	40,987,116	30,898,620	20,832,541	10,701,250	-	2023
2015 Refunding Bonds	80,320,000	73,915,000	67,590,000	60,530,000	53,360,000	2028
2017 Refunding Bonds	26,826,110	26,826,110	26,826,110	24,446,110	21,742,360	2029
2017C Various Purpose Bonds	17,010,000	15,230,000	13,360,000	11,200,000	9,140,000	2027
	<u>184,128,220</u>	<u>151,438,059</u>	<u>128,608,651</u>	<u>106,877,360</u>	<u>84,242,360</u>	
<u>Preserve G.O. Bonds - Preserve Sales Tax</u>						
2011 Bonds Preserve	2,725,000	1,845,000	935,000	-	-	2022
2011 Refunding Bonds Preserve	15,575,000	8,310,000	4,970,000	1,465,000	1,465,000	2024
2012 Bonds Preserve	48,600,000	47,100,000	45,600,000	45,600,000	45,600,000	2034
2012 Refunding Bonds Preserve	44,020,006	43,306,671	41,880,000	38,530,000	35,415,000	2025
2013 Bonds Preserve	73,000,000	71,500,000	70,000,000	68,000,000	65,500,000	2034
2014 Bonds Preserve	11,285,000	10,690,000	10,080,000	9,450,000	8,795,000	2034
2014 Refunding Bonds Preserve	5,642,884	4,331,380	2,972,459	1,528,750	-	2023
2015 Refunding Bonds Preserve	49,175,000	46,195,000	38,675,000	30,960,000	19,000,000	2034
2017A Bonds Preserve	17,410,000	17,410,000	17,410,000	17,410,000	17,410,000	2034
2017B Preserve Acquisition Refinancing Bonds	18,495,000	18,495,000	14,985,000	11,275,000	5,790,000	2024
2017 Refunding Bonds Preserve	13,158,890	13,158,890	13,158,890	13,158,890	12,257,640	2034
	<u>299,086,780</u>	<u>282,341,941</u>	<u>260,666,349</u>	<u>237,377,640</u>	<u>211,232,640</u>	
<u>Scottsdale Preserve Authority Bonds - Preserve Sales Tax</u>						
2010 Revenue Refunding Bonds	3,565,000	-	-	-	-	2020
2011 Revenue Refunding Bonds	3,845,000	2,630,000	1,350,000	-	-	2022
	<u>7,410,000</u>	<u>2,630,000</u>	<u>1,350,000</u>	<u>-</u>	<u>-</u>	
<u>Municipal Property Corp. (MPC) Bonds</u>						
2006 Refunding SkySong	28,760,000	27,385,000	25,940,000	24,420,000	22,820,000	2034
2015 Refunding Spring Training	8,639,208	1,761,720	-	-	-	2021
2006 Refunding WW/TPC 80-acres	21,880,000	20,480,000	18,980,000	17,385,000	15,690,000	2030
2015 Refunding WW/TPC 80-acres	14,457,510	14,457,510	14,457,510	14,457,510	14,457,510	2035
2014 Refunding TPC	3,455,723	3,089,038	2,707,643	2,307,521	1,887,416	2027
2015 Refunding TPC	2,162,411	2,162,411	2,162,411	2,162,411	2,162,411	2031
2014 Refunding WW/TPC 52 & 17 acres	13,304,277	11,940,962	10,522,357	8,992,479	7,387,584	2027
2015 Refunding WW/TPC 52 & 17 acres	8,557,600	8,557,600	8,557,600	8,557,600	8,557,600	2031
2013A Garage	19,775,000	18,255,000	16,585,000	14,760,000	12,765,000	2028
2013B McDowell Mnt	1,135,000	1,075,000	1,010,000	945,000	875,000	2033
2013C TNEC	29,445,000	27,970,000	26,420,000	24,785,000	23,070,000	2033
2015A Museum	10,195,000	9,700,000	9,180,000	8,640,000	8,075,000	2034
2015A Taxable TPC	11,995,000	11,375,000	10,735,000	10,075,000	9,395,000	2034
Future MPC Bonds	-	42,133,074	41,006,885	39,828,361	38,596,721	2039
	<u>173,761,729</u>	<u>200,342,315</u>	<u>188,264,406</u>	<u>177,315,882</u>	<u>165,739,242</u>	
Total Debt Service Funds	664,386,729	636,752,315	578,889,406	521,570,882	461,214,242	
General Fund						
<u>Service Concession Arrangements</u>						
BOR Administration/Westworld	1,039,484	959,524	879,564	799,603	719,643	2032
BOR Administration/TPC	1,182,048	1,108,170	1,034,292	960,414	886,536	2035
	<u>2,221,532</u>	<u>2,067,694</u>	<u>1,913,856</u>	<u>1,760,017</u>	<u>1,606,179</u>	
<u>Certificates of Participation</u>						
Police/Fire Radio Communication	2,493,145	-	-	-	-	2020
	<u>2,493,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total General Fund	4,714,677	2,067,694	1,913,856	1,760,017	1,606,179	

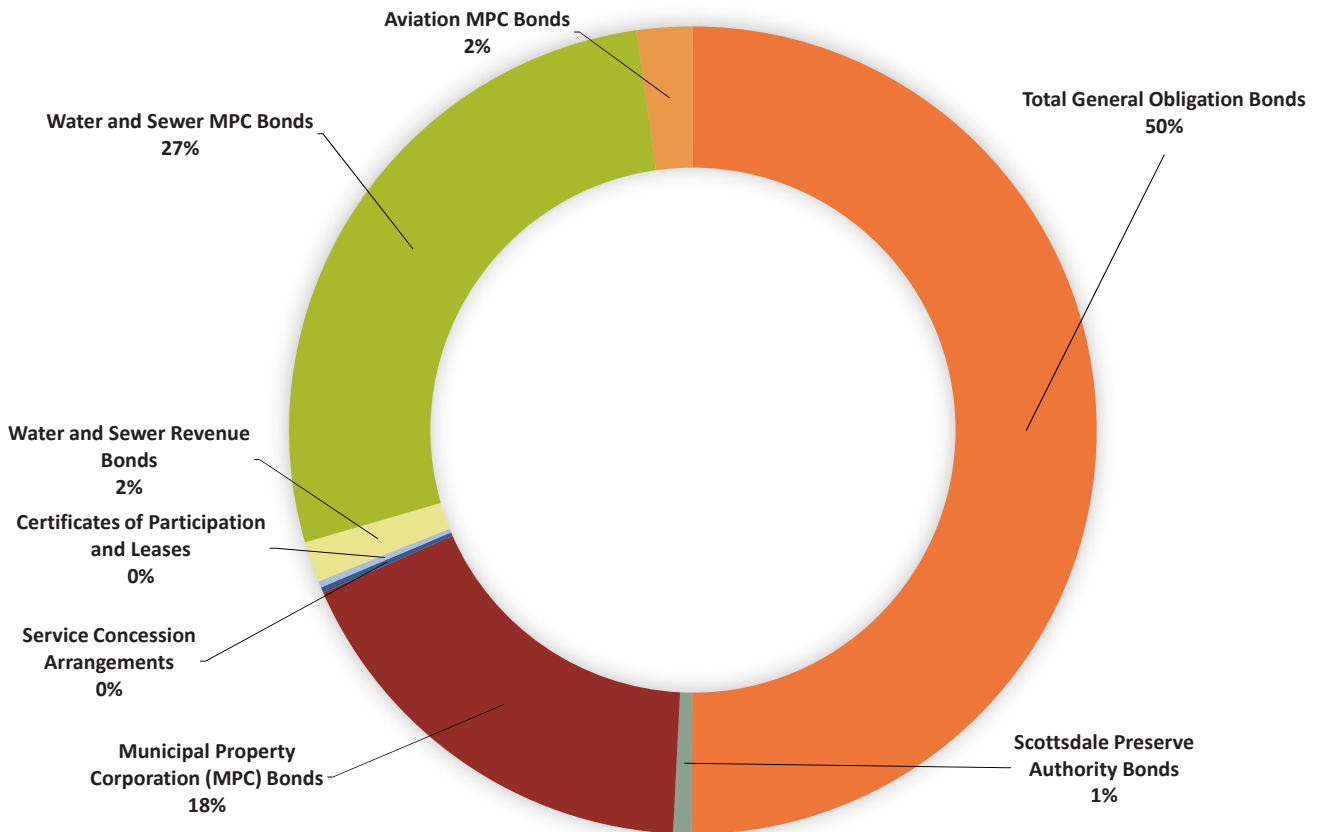
BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/19	Balance at 6/30/20	Balance at 6/30/21	Balance at 6/30/22	Balance at 6/30/23	Final Payment Date
Water and Sewer Funds						
<u>Water Sewer Revenue Bonds</u>						
2008 Water Sewer Revenue Refunding Bonds	16,175,000	12,450,000	8,520,000	4,375,000	-	2023
	<u>16,175,000</u>	<u>12,450,000</u>	<u>8,520,000</u>	<u>4,375,000</u>	<u>-</u>	
<u>MPC Bonds - Water and Sewer Supported</u>						
2006 Refunding Water/Sewer Bonds	79,600,000	71,060,000	62,150,000	52,850,000	43,135,000	2030
2010 Water & Sewer Bonds	13,940,000	12,440,000	10,710,000	8,740,000	8,740,000	2030
2015A Water & Sewer Bonds	15,450,000	14,695,000	13,905,000	13,090,000	12,235,000	2034
2015 Refunding Water & Sewer Bonds	43,023,271	39,020,759	34,892,479	30,612,479	26,122,479	2028
2017 Refunding Water & Sewer Bonds	79,970,000	79,970,000	79,970,000	79,970,000	77,955,000	2036
2017A Water & Sewer Bonds	36,685,000	35,320,000	33,890,000	32,390,000	30,810,000	2037
Future Bonds	-	-	-	24,579,918	23,709,016	2041
	<u>268,668,271</u>	<u>252,505,759</u>	<u>235,517,479</u>	<u>242,232,397</u>	<u>222,706,495</u>	
Total Water and Sewer Funds	<u>284,843,271</u>	<u>264,955,759</u>	<u>244,037,479</u>	<u>246,607,397</u>	<u>222,706,495</u>	
Aviation Fund						
MPC Bonds	22,100,000	21,285,000	20,430,000	19,530,000	18,590,000	2037
	<u>22,100,000</u>	<u>21,285,000</u>	<u>20,430,000</u>	<u>19,530,000</u>	<u>18,590,000</u>	
Total Aviation Fund	<u>22,100,000</u>	<u>21,285,000</u>	<u>20,430,000</u>	<u>19,530,000</u>	<u>18,590,000</u>	
TOTAL LONG-TERM DEBT OUTSTANDING - ALL FUNDS	<u>976,044,677</u>	<u>925,060,768</u>	<u>845,270,741</u>	<u>789,468,296</u>	<u>704,116,916</u>	

**Outstanding Bonds By Type
Forecast at June 30, 2019**

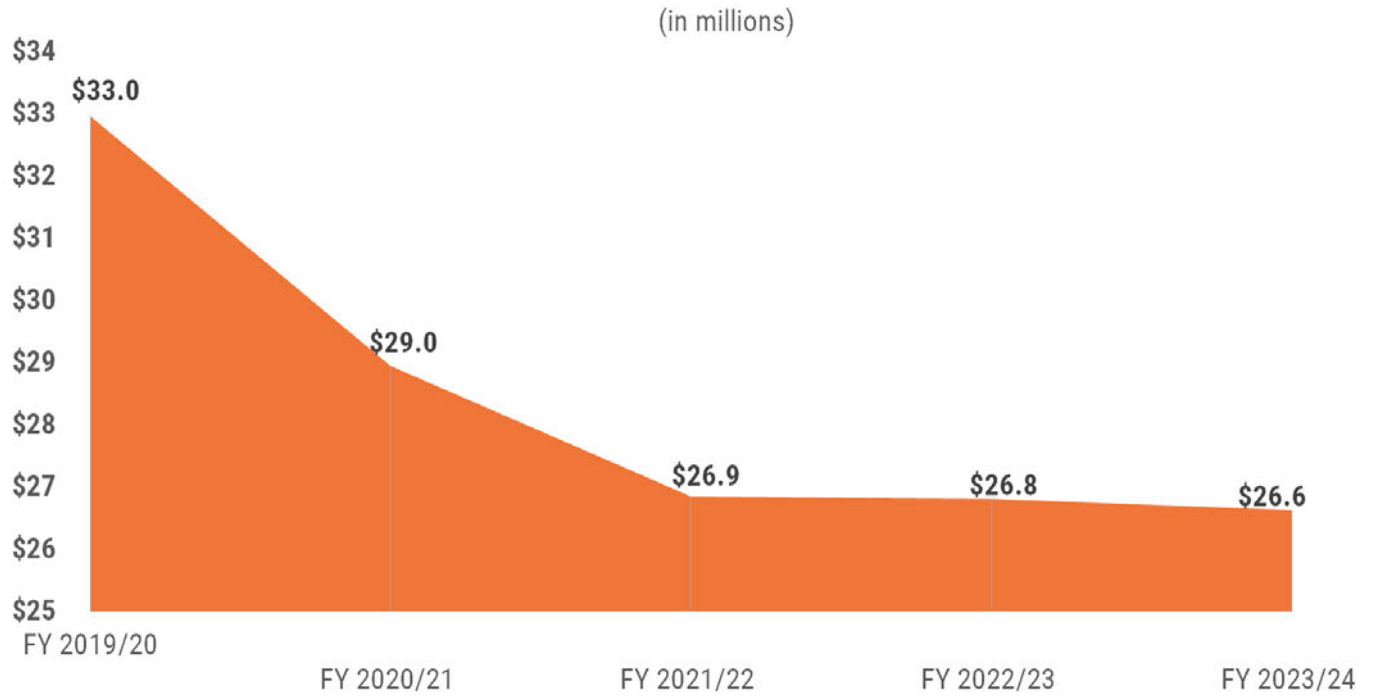
Type of Issuance	Principal Bond Amount	% Total
General Obligation Bonds (Combined)		
6% Capacity	3,950,000	1%
20% Capacity	489,680,000 ^(a)	99%
Total General Obligation Bonds	493,630,000 ^(a)	50%
Scottsdale Preserve Authority Bonds	7,410,000	1%
Municipal Property Corporation (MPC) Bonds	173,761,729	18%
Service Concession Arrangements	2,221,532	0%
Certificates of Participation and Leases	2,493,145	0%
Water and Sewer Revenue Bonds	16,175,000	2%
Water and Sewer MPC Bonds	268,668,271	27%
Aviation MPC Bonds	22,100,000	2%
Total	986,459,677	100%

^(a) Amount includes \$10,415,000 of excess premium which counts against the 20 percent threshold but is not considered GO Bond Debt.



General Obligation Bonds Property Tax (Secondary) Supported

<u>FY 2019/20</u>	<u>FY 2020/21</u>	<u>FY 2021/22</u>	<u>FY 2022/23</u>	<u>FY 2023/24</u>
32,971,795	28,951,400	26,853,500	26,811,800	26,634,300



COMPUTATION OF LEGAL DEBT MARGINS	
Forecast June 30, 2019	
Net Assessed Valuation Forecasted as of June 30, 2019	\$ 5,996,995,714
Debt Limit Equal to 20% of Assessed Valuation	1,199,399,143
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds forecasted for payment on July 1, 2019):	
2010 GO Various Purpose Bonds	5,550,000
2011 GO Preserve Bonds	2,725,000
2011 GO Preserve Refunding Bonds	15,575,000
2012 GO Preserve Bonds	48,600,000
2012 GO Preserve/Non-Preserve Refunding Bonds	53,505,000
2013 GO Preserve Bonds	73,000,000
2014 GO Preserve Bonds	11,285,000
2014 GO Preserve/Non-Preserve Refunding Bonds	46,630,000
2015 GO Preserve/Non-Preserve Refunding Bonds	129,495,000
2017A GO Preserve Bonds	17,410,000
2017B GO Preserve Refinancing Bonds	18,495,000
2017 GO Preserve/Non-Preserve Refunding Bonds	39,985,000
2017C GO Various Purpose Bonds	<u>17,010,000</u>
Net Outstanding Forecasted Bonded Debt Subject to 20% Limit	479,265,000
Net Outstanding Forecasted Excess Premium Subject to 20% Limit	<u>10,415,000</u>
	<u>489,680,000</u> (A)
Forecasted Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 709,719,143</u> (C)
Debt Limit Equal to 6% of Assessed Valuation	\$ 359,819,743
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds forecasted for payment on July 1, 2019):	
2010 GO Various Purpose Bonds	3,950,000
Net Outstanding Forecasted Bonded Debt Subject to 6% Limit	<u>3,950,000</u> (B)
Forecasted Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 355,869,743</u> (D)

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 six percent of the assessed valuation of the taxable property in that city. In addition to the six percent limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20 percent of the assessed valuation for supplying such city with water, artificial light, or sewers, for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities.

City of Scottsdale Compliance with State Regulation

This schedule indicates the assessed valuation of property tax within the City of Scottsdale allows a maximum legal bonding capacity of \$1,199,399,143 for projects subject to the 20% limitation and \$359,819,743 for projects subject to the 6% limitation.

Legal Debt Capacity Used
 Based on the city's current outstanding general obligation debt, it is forecasted as of June 30, 2019, the city has used (borrowed) the following legal debt capacity, including excess premium, by percentage limitation:

20% limitation (A) \$489,680,000 or 41%
 6% limitation (B) \$3,950,000 or 1%

Legal Capacity Available
 Based on the city's current outstanding general obligation debt, it is forecasted as of June 30, 2019, the city has available (for borrowing) the following legal debt capacity by percentage limitation:

20% limitation (C) \$709,719,143 or 59%
 6% limitation (D) \$355,869,743 or 99%

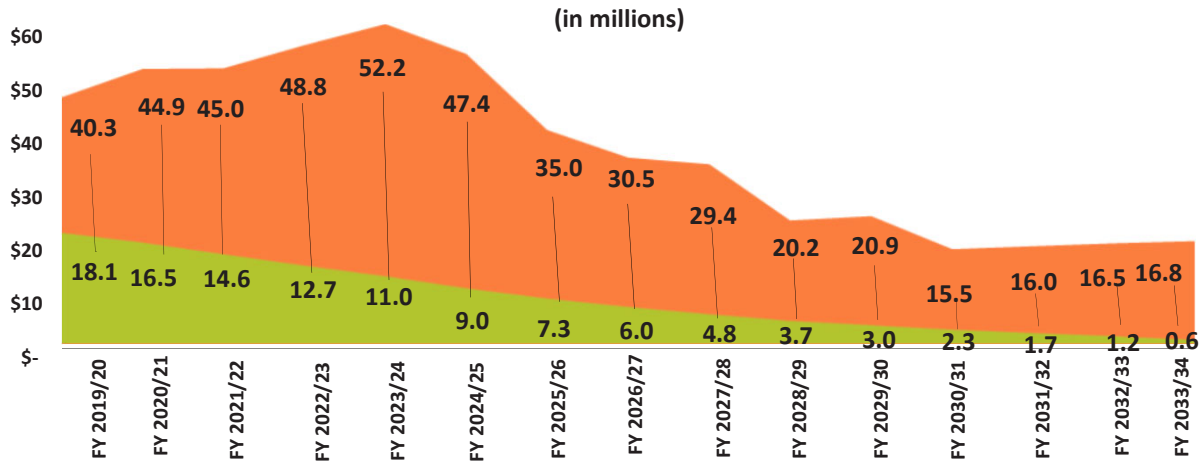
General Obligation Bond Capacity Available as of June 30, 2019

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

Outstanding General Obligation Bonds Subject to 20 Percent Limit as of June 30, 2019

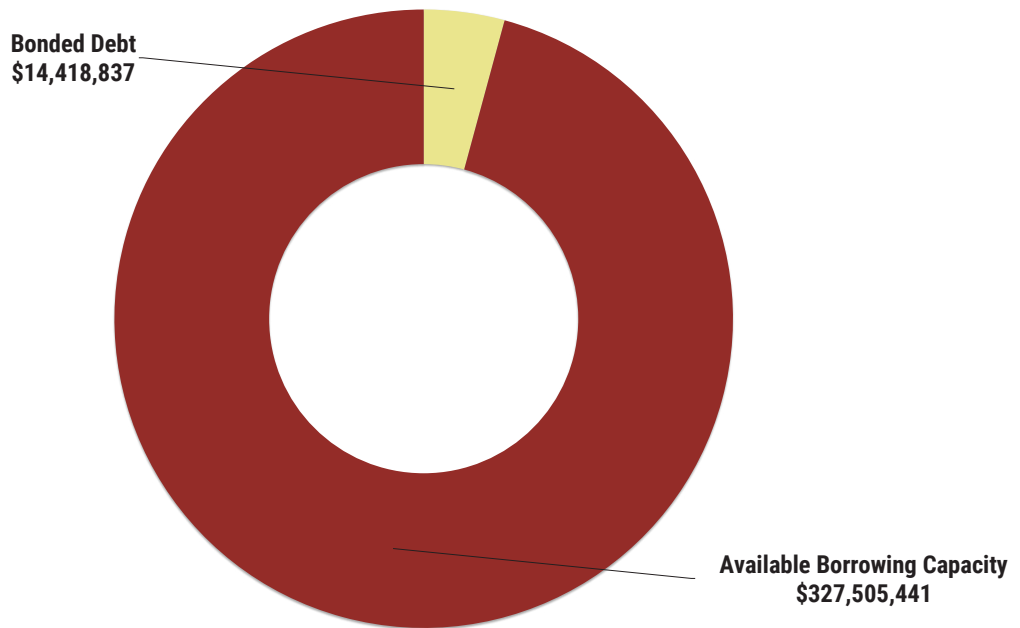
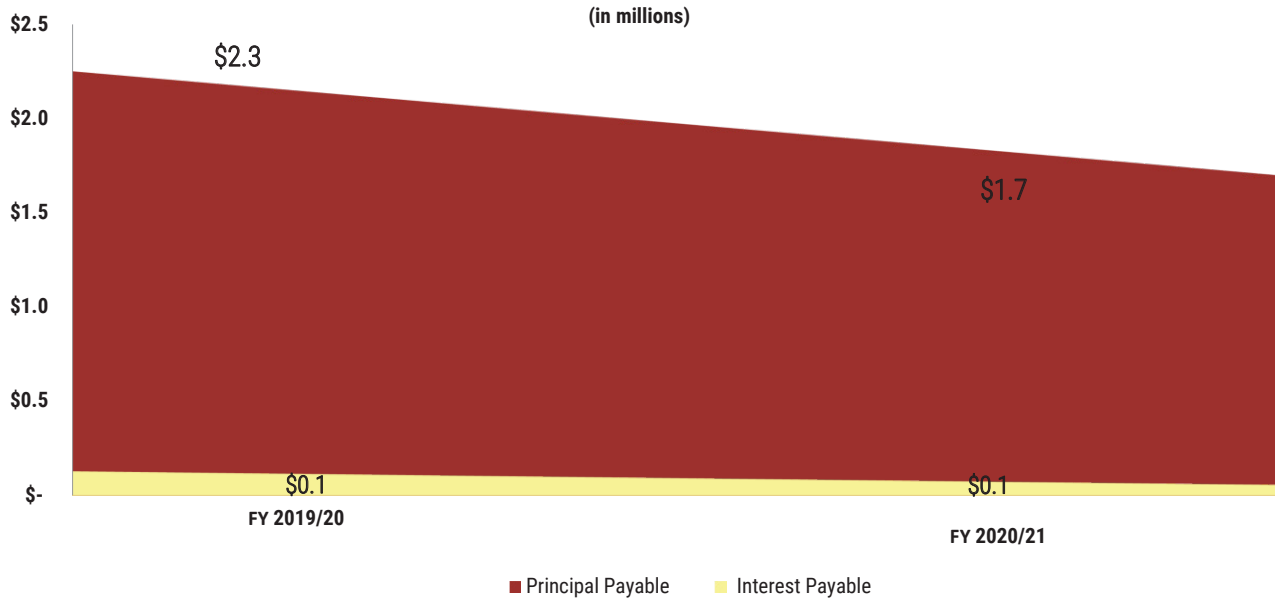
Maturity Date	Principal Payable	Interest Payable	Fiscal Total
FY 2019/20	40,265,000	18,143,259	58,408,259
FY 2020/21	44,925,000	16,512,259	61,437,259
FY 2021/22	45,020,000	14,620,834	59,640,834
FY 2022/23	48,780,000	12,727,784	61,507,784
FY 2023/24	52,235,000	11,013,109	63,248,109
FY 2024/25	47,375,000	9,046,159	56,421,159
FY 2025/26	34,950,000	7,333,334	42,283,334
FY 2026/27	30,465,000	5,963,984	36,428,984
FY 2027/28	29,355,000	4,773,884	34,128,884
FY 2028/29	20,195,000	3,699,784	23,894,784
FY 2029/30	20,895,000	2,997,134	23,892,134
FY 2030/31	15,515,000	2,256,565	17,771,565
FY 2031/32	15,990,000	1,725,965	17,715,965
FY 2032/33	16,470,000	1,178,165	17,648,165
FY 2033/34	16,830,000	598,520	17,428,520
Total	479,265,000^(a)	112,590,736	591,855,736

(a) Amount does not include \$10,415,000 of excess premium which counts against the 20 percent threshold but is not considered GO Bond Debt.



Outstanding General Obligation Bonds Subject to 6 Percent Limit as of June 30, 2019

Maturity Date	Principal Payable	Interest Payable	Fiscal Total
FY 2019/20	2,250,000	122,750	2,372,750
FY 2020/21	1,700,000	55,250	1,755,250
Total	3,950,000	178,000	4,128,000

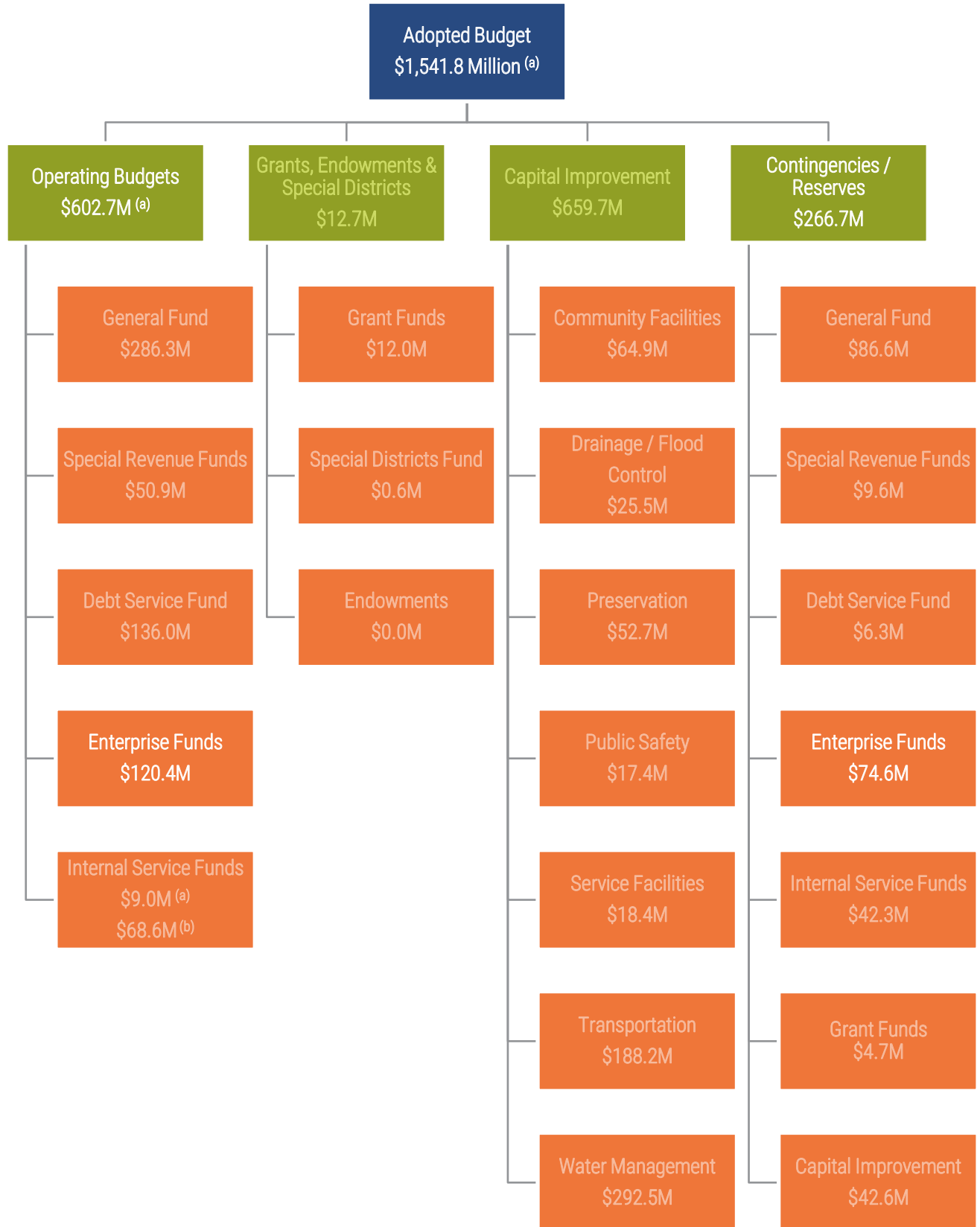




FY 2019/20 Adopted Budget



BUDGET BY FUND | Enterprise Funds Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

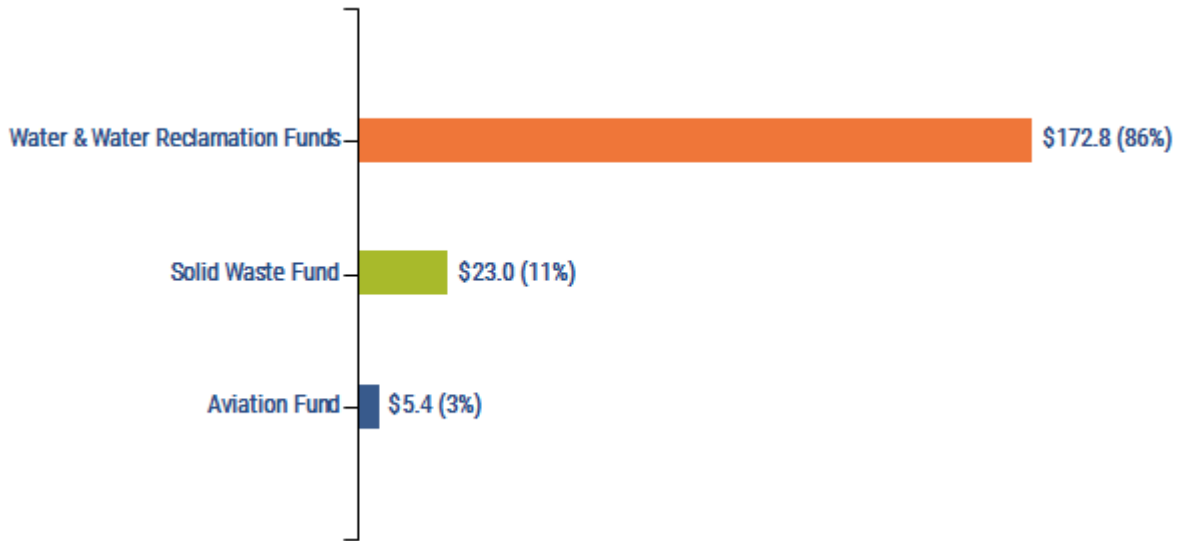
^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

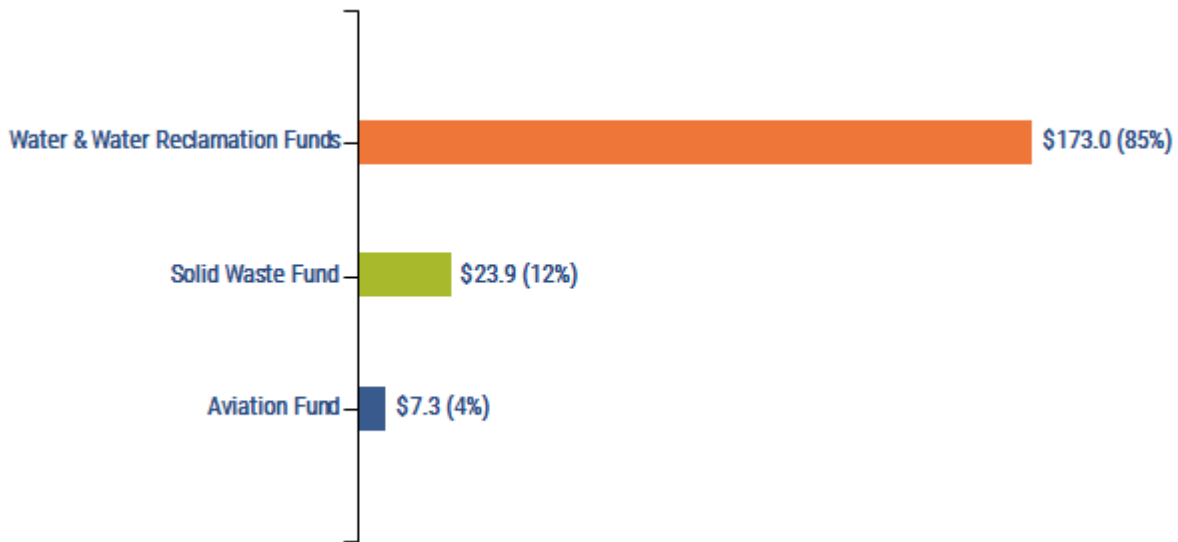
Enterprise Funds Description

Scottsdale uses separate Enterprise Funds to account for the activity of the proprietary funds. The individual funds are Water and Water Reclamation, Solid Waste, and Aviation. In aggregate, the Enterprise Funds are the city’s second largest source of revenues, which are derived from user fees and charges. User fees and charges are established to promote efficiency by shifting costs to specific users of services and avoiding general taxation. The applicable revenues of the individual funds, along with each fund’s purpose, are described in the sections that follow.

**Enterprise Funds Sources (% to Total)
\$201.1 Million**



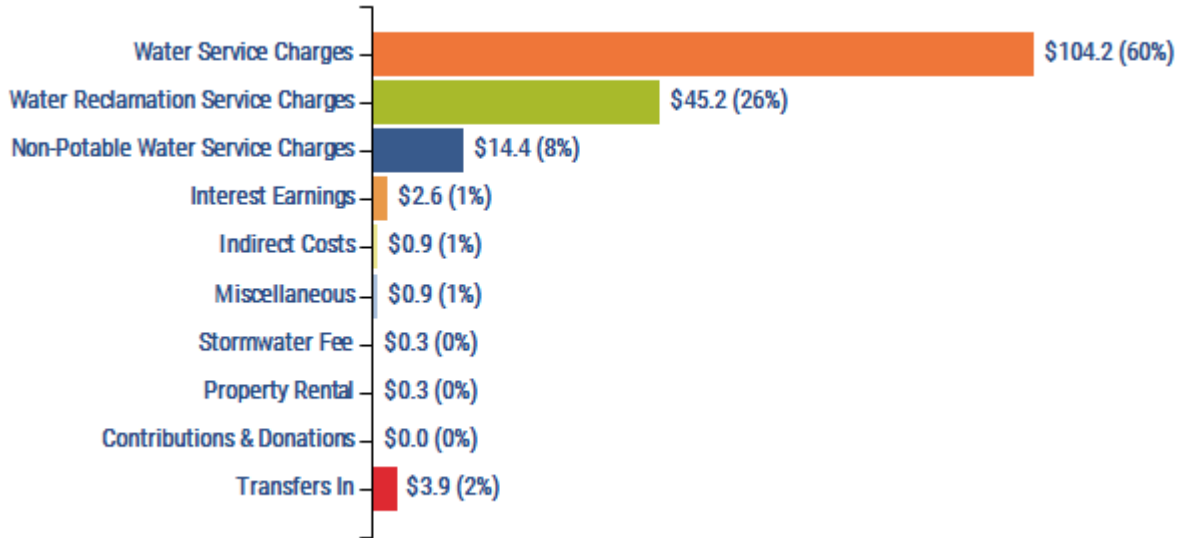
**Enterprise Funds Uses (% to Total)
\$204.2 Million**



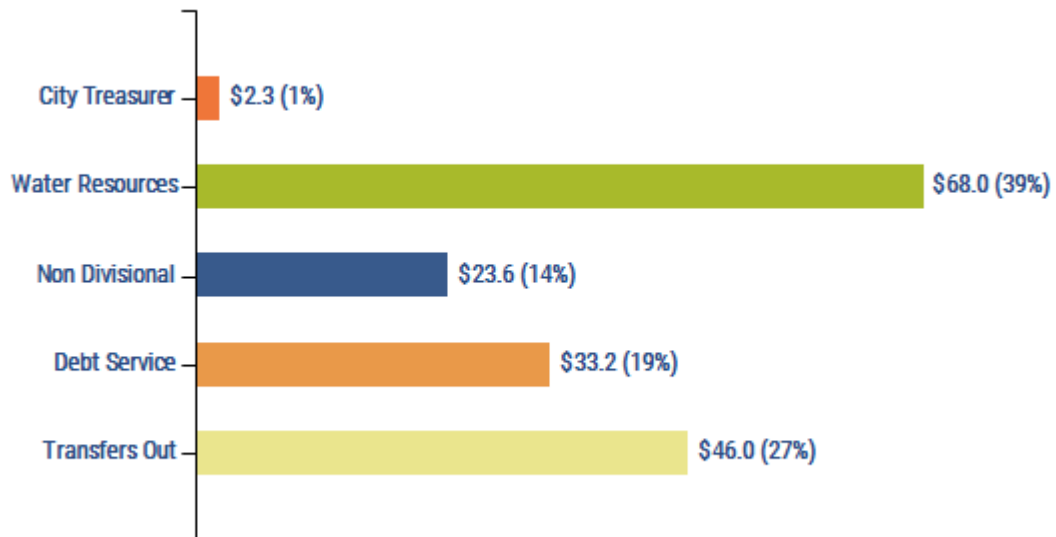
Fund Purpose

These funds account for the transactions related to the city's water and water reclamation business activities, including operating sources, uses and debt service payments. Capital uses are accounted for in various Capital Improvement Plan funds.

Water & Water Reclamation Funds Sources (% to Total)
\$172.8 Million



Water & Water Reclamation Funds Uses (% to Total)
\$173.0 Million



BUDGET BY FUND | Water and Water Reclamation Funds Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Operating Reserve	16,320,824	18,954,337	14,913,396	17,602,285
Repair/Replacement Reserve	38,244,900	41,302,123	40,302,123	41,302,123
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	5,766,809	822,929	845,335	852,702
Water Drought Reserve	-	-	-	1,500,000
Undesignated, Unreserved Fund Balance	5,060,534	6,677,642	-	1,755,330
Total Beginning Fund Balance	69,997,755	72,361,719	60,665,542	67,617,128
Revenues				
Water Service Charges	102,723,699	96,931,020	96,931,020	104,247,290
Water Reclamation Service Charges	39,641,166	40,516,000	42,251,748	45,239,400
Non-Potable Water Service Charges	16,605,680	12,840,140	12,840,140	14,419,683
Interest Earnings	1,419,152	1,886,612	1,886,612	2,576,903
Indirect Costs	929,994	929,000	929,000	947,540
Miscellaneous	1,163,293	843,140	843,140	875,543
Stormwater Fee	315,639	300,000	300,000	332,750
Property Rental	3,600	250,000	250,000	255,800
Contributions & Donations	-	4,500	4,500	5,500
Subtotal	162,802,223	154,500,412	156,236,160	168,900,409
Transfers In				
AWT	2,819,703	2,860,288	2,860,288	2,985,000
Debt Service ^(a)	18,745,335	48,732,979	48,732,979	-
RWDS	900,000	900,000	900,000	900,000
Subtotal	22,465,038	52,493,267	52,493,267	3,885,000
Total Sources	185,267,261	206,993,679	208,729,427	172,785,409
Expenditures				
City Treasurer	1,975,603	2,284,377	2,343,598	2,340,933
Water Resources	61,665,298	65,390,753	65,943,739	67,952,568
Citywide Indirect Cost Allocation	5,069,106	4,800,678	4,800,678	5,384,333
Department Indirect Cost	929,994	929,000	929,000	947,540
Citywide Pay Program	-	508,007	59,397	450,761
Compensation Other	-	737,955	761	754,097
Vacation Trade	-	69,402	-	63,448
Leave Accrual Payments	-	466,001	366,281	466,001
Savings from Vacant Positions	-	(1,152,600)	(428,207)	(1,177,100)
Utilities	16,581,404	16,390,200	16,390,200	16,719,046
Subtotal	86,221,405	90,423,773	90,405,447	93,901,627
Debt Service				
MPC Bonds Debt Service-Sewer	7,716,752	7,793,257	7,793,257	7,919,889
MPC Bonds Debt Service-Water	20,774,145	20,655,634	20,655,634	20,660,781
Sewer Revenue Bonds	4,565,088	4,566,588	4,566,588	4,574,588
Subtotal	33,055,984	33,015,479	33,015,479	33,155,258
TOTAL OPERATING BUDGET	119,277,389	123,439,252	123,420,926	127,056,885
Transfers Out				
AWT	2,819,703	2,860,288	2,860,288	2,985,000
CIP	62,319,553	46,426,383	34,721,583	34,992,794
CIP Technology	76,036	341,700	341,700	151,904
Debt Service Fund ^(a)	2,350,654	33,015,479	33,015,479	-
Franchise Fees	7,756,139	7,417,865	7,417,865	7,833,961
Subtotal	75,322,085	90,061,715	78,356,915	45,963,659
Total Uses	194,599,474	213,500,967	201,777,841	173,020,544
Sources Over/(Under) Uses	(9,332,213)	(6,507,288)	6,951,586	(235,135)
Ending Fund Balance				
Operating Reserve	14,913,396	17,602,285	17,602,285	16,287,724
Repair/Replacement Reserve	40,302,123	41,302,123	41,302,123	42,644,246
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	845,335	845,335	852,702	845,335
Water Drought Reserve	-	1,500,000	1,500,000	3,000,000
Undesignated, Unreserved Fund Balance	-	-	1,755,330	-
Total Ending Fund Balance	60,665,542	65,854,431	67,617,128	67,381,993

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

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

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Reserve	17,602,285	16,287,724	16,972,335	17,490,202	18,100,662
Repair/Replacement Reserve	41,302,123	42,644,246	43,699,726	44,812,568	45,686,008
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	852,702	845,335	856,944	868,835	868,835
Water Drought Reserve	1,500,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	1,755,330	-	-	-	-
Total Beginning Fund Balance	67,617,128	67,381,993	69,133,693	70,776,293	72,260,193
Revenues					
Water Service Charges	104,247,290	107,335,700	110,517,900	113,794,900	117,170,000
Water Reclamation Service Charges	45,239,400	46,538,500	47,875,800	49,252,800	50,670,400
Non-Potable Water Service Charges	14,419,683	14,776,500	15,142,400	15,517,700	15,940,100
Interest Earnings	2,576,903	2,722,400	2,756,400	2,811,900	2,896,200
Indirect Costs	947,540	966,500	985,800	1,005,500	1,025,600
Miscellaneous	875,543	919,100	936,000	953,400	971,100
Stormwater Fee	332,750	336,100	339,400	342,800	346,300
Property Rental	255,800	263,500	271,400	279,700	288,000
Contributions & Donations	5,500	5,500	5,500	5,500	5,500
Subtotal	168,900,409	173,863,800	178,830,600	183,964,200	189,313,200
Transfers In					
AWT	2,985,000	3,014,900	3,045,000	3,075,400	3,106,200
Debt Service	-	-	-	-	-
RWDS	900,000	900,000	900,000	900,000	900,000
Subtotal	3,885,000	3,914,900	3,945,000	3,975,400	4,006,200
Total Sources	172,785,409	177,778,700	182,775,600	187,939,600	193,319,400
Expenditures					
City Treasurer	2,340,933	2,373,500	2,414,000	2,458,000	2,502,900
Water Resources	67,952,568	69,263,000	71,371,700	74,088,900	76,088,700
Citywide Indirect Cost Allocation	5,384,333	5,653,700	5,936,200	6,233,100	6,544,700
Department Indirect Cost	947,540	966,500	985,800	1,005,500	1,025,600
Citywide Pay Program	450,761	919,600	1,341,600	1,734,200	2,091,400
Compensation Other	754,097	1,193,400	1,196,700	1,200,100	1,202,100
Vacation Trade	63,448	65,400	67,300	69,300	71,400
Leave Accrual Payments	466,001	475,800	485,700	495,800	506,200
Savings from Vacant Positions	(1,177,100)	(1,202,200)	(1,226,700)	(1,251,900)	(1,278,800)
Utilities	16,719,046	17,535,700	18,056,600	18,593,600	19,506,800
Subtotal	93,901,627	97,244,400	100,628,900	104,626,600	108,261,000
Debt Service					
MPC Bonds Debt Service-Sewer	7,919,889	8,025,000	8,139,500	7,750,800	7,861,800
MPC Bonds Debt Service-Water	20,660,781	20,588,500	21,530,500	22,694,500	22,716,700
Sewer Revenue Bonds	4,574,588	4,584,000	4,592,700	4,605,100	-
Subtotal	33,155,258	33,197,500	34,262,700	35,050,400	30,578,500
TOTAL OPERATING BUDGET	127,056,885	130,441,900	134,891,600	139,677,000	138,839,500
Transfers Out					
AWT	2,985,000	3,014,900	3,045,000	3,075,400	3,106,200
CIP	34,992,794	34,382,600	34,249,900	29,979,800	40,118,800
CIP Technology	151,904	124,300	648,400	5,183,700	432,100
Debt Service Fund	-	-	-	-	-
Franchise Fees	7,833,961	8,063,300	8,298,100	8,539,800	8,791,000
Subtotal	45,963,659	45,585,100	46,241,400	46,778,700	52,448,100
Total Uses	173,020,544	176,027,000	181,133,000	186,455,700	191,287,600
Sources Over/(Under) Uses	(235,135)	1,751,700	1,642,600	1,483,900	2,031,800
Ending Fund Balance					
Operating Reserve	16,287,724	16,972,335	17,490,202	18,100,662	18,827,420
Repair/Replacement Reserve	42,644,246	43,699,726	44,812,568	45,686,008	46,978,885
Revenue Bond Debt Service Reserve	4,604,688	4,604,688	4,604,688	4,604,688	4,604,688
Special Contractual Fund Balance	845,335	856,944	868,835	868,835	881,000
Water Drought Reserve	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Ending Fund Balance	67,381,993	69,133,693	70,776,293	72,260,193	74,291,993

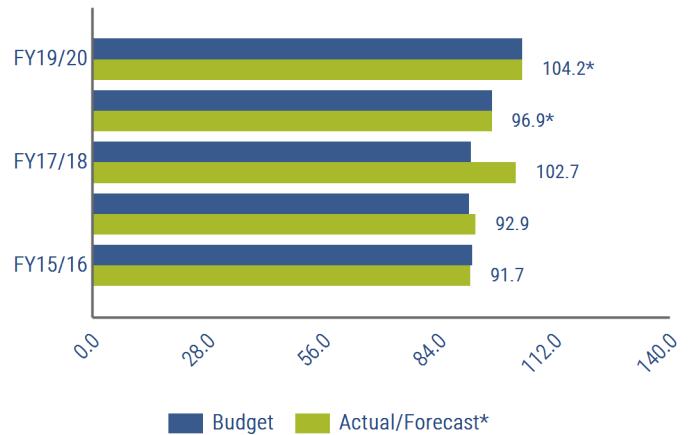
Water and Rater Reclamation Funds Sources

Water and Water Reclamation Funds Sources for FY 2019/20 equal \$172.8 million which is a decrease of \$35.9 million from the FY 2018/19 year-end forecast. This decrease is due to the Debt Service Transfer In no longer occurring because of a procedural change in the way debt service is recorded for water and sewer bonds. The sources include Water Service Charges, Water Reclamation Service Charges, Non-Potable Water Service Charges, Interest Earnings, Indirect Costs, Miscellaneous, Stormwater Fee, Property Rental, Contributions and Donations and Transfers In.

Water Service Charges

Water Service Charges revenue for FY 2019/20 totals \$104.2 million, a \$7.3 million increase from the FY 2018/19 year-end forecast mainly due to rate and fee increases that are effective November 1, 2019. Increases for FY 2019/20 are to the base fees and residential and commercial commodity rates in the higher tiers. Monthly water billings consist of a base charge according to meter size and a monthly quantity usage charge based on the amount of water consumed. Rates and fees are reviewed annually to determine if they cover the costs of the services provided.

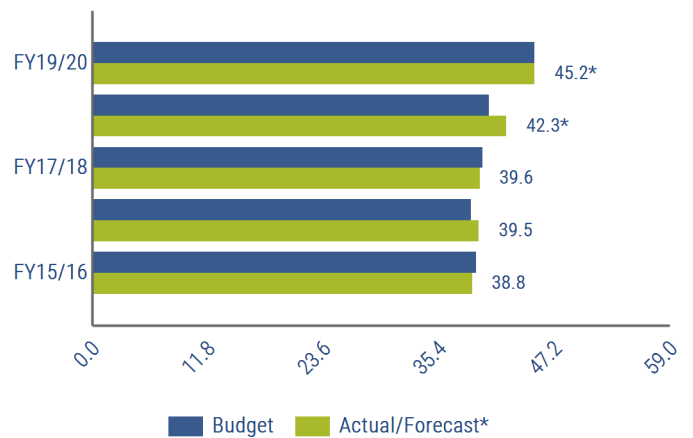
Adopted Budget to Actual/Forecast* (in millions)



Water Reclamation Service Charges

Water Reclamation Service Charges revenue adopted for FY 2019/20 totals \$45.2 million, a \$2.9 million increase compared to the FY 2018/19 year-end forecast. The Water Reclamation Service Charges revenue is greater than last year due to rate and fee charges. Effective July 1, 2019, increases will occur to base fees and volumetric changes for residential and commercial customers. Monthly water reclamation billings consist of a base fee and a flow charge for capital costs and operation and maintenance expenses that vary by customer classification determined by relative wastewater loadings. Rates and fees are reviewed annually to determine if they cover the costs of the services provided.

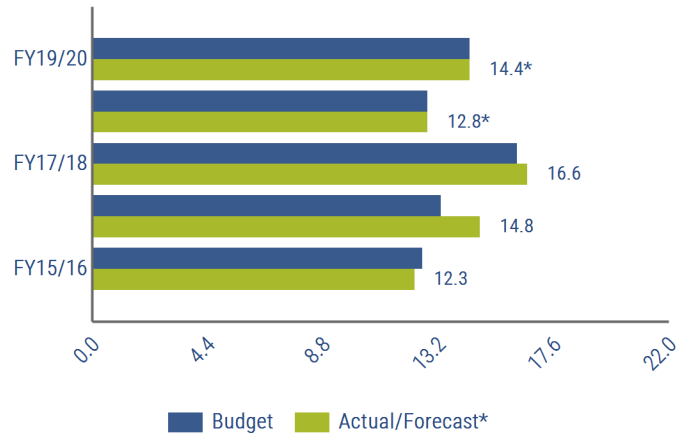
Adopted Budget to Actual/Forecast* (in millions)



Non-Potable Water Service Charges

Non-Potable Water Service Charges revenue includes advanced water treatment and effluent sales related to water treated to irrigation standards at the city's Water Reclamation Plant for 23 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System (RWDS), and the city's Gainey Water Reclamation Plant for irrigation use at the Gainey Ranch Golf Club. Other non-potable water sales include three golf courses in north Scottsdale that are part of the Irrigation Water Distribution System (IWDS), the McDowell Mountain golf course and three city recreation facilities. The costs related to contractual obligations to provide water for irrigation are recovered through rates charged for their use. Non-Potable Water Service Charges revenue adopted for FY 2019/20 totals \$14.4 million, reflecting a \$1.6 million increase from the FY 2018/19 year-end forecast. This is due mainly to the resale of indirect treated effluent being budgeted in FY 2019/20, when it was mistakenly excluded in FY 2018/19. In addition, there is higher anticipated overall water resale revenue expected to come in during FY 2019/20 due to a per unit rate increase. This results from a ratio shift in the treated Advanced Water Treatment Reverse Osmosis (AWT RO) and treated effluent water blend that Water Reclamation sells to golf courses.

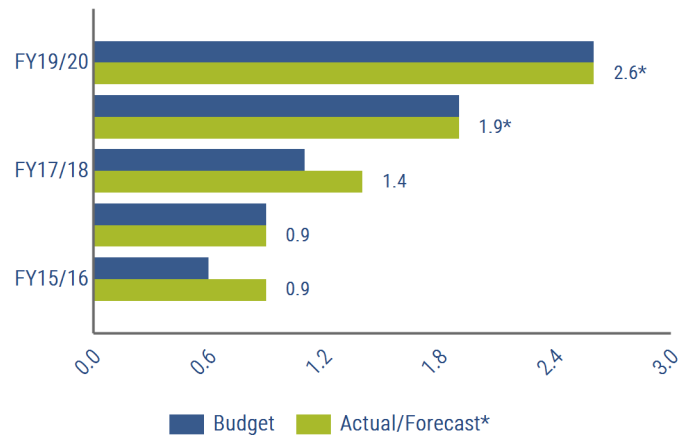
Adopted Budget to Actual/Forecast* (in millions)



Interest Earnings

Interest Earnings revenue adopted for FY 2019/20 totals \$2.6 million, a \$0.7 million increase from the FY 2018/19 year-end forecast. The increase is due to a higher expected return on investment than last fiscal year associated with higher projected interest rate earnings as a result of macroeconomic trends. Interest earnings are generated on Water and Water Reclamation Funds cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield, and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool.

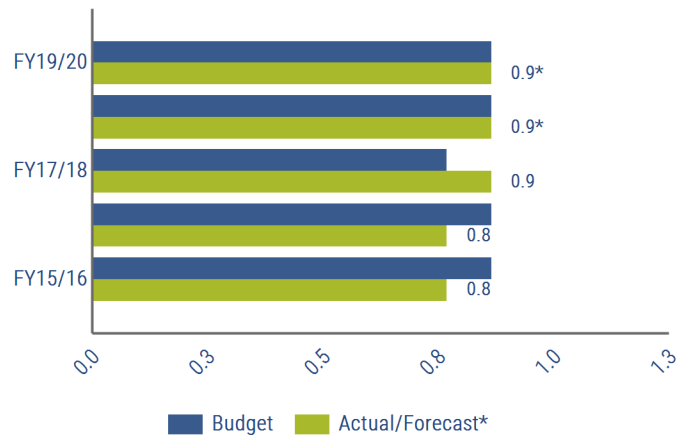
Adopted Budget to Actual/Forecast* (in millions)



Indirect Costs

The FY 2019/20 adopted budget for Indirect Costs is \$0.9 million, which is flat when compared to the FY 2018/19 year-end forecast. The Indirect Costs represent internal charges to the RWDS Fund, Inlet Silverado Golf Course Fund, Irrigation Water Distribution System (IWDS) Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds.

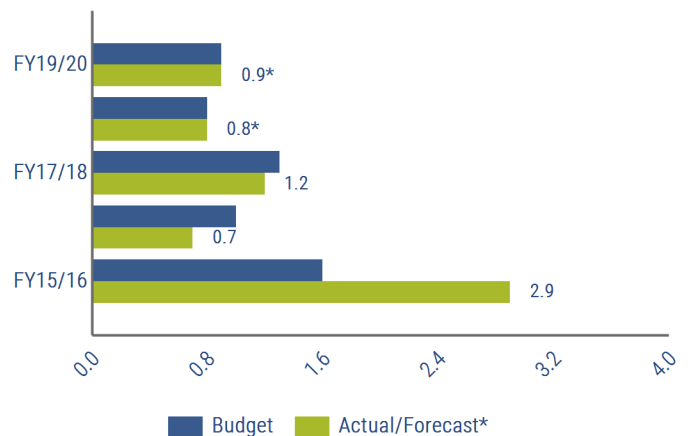
Adopted Budget to Actual/Forecast* (in millions)



Miscellaneous

Miscellaneous revenue adopted for FY 2019/20 totals \$0.9 million, reflecting a small increase from the FY 2018/19 year-end forecast. Miscellaneous revenue includes the sale of excess property no longer in use, recovery of various line extension agreements and recovery of expenses from outside parties. Miscellaneous revenues were abnormally high in FY 2017/18 and FY 2015/16. FY 2017/18 was due to Property Rental and Contributions & Donations being rolled in to the total. FY 2015/16 was due to revenue associated with a CAP settlement and refunds from the state on amounts paid in taxes on chemicals that were not taxable.

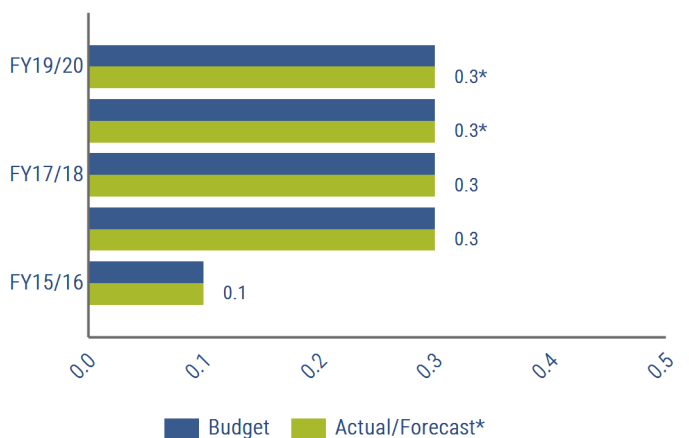
Adopted Budget to Actual/Forecast* (in millions)



Stormwater Fee

Stormwater Fee revenue for FY 2019/20 totals \$0.3 million. This is flat when compared to the FY 2018/19 year-end forecast. This revenue is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs. On July 1, 2019, the portion collected in the Water Reclamation Fund increased by \$0.05 per user.

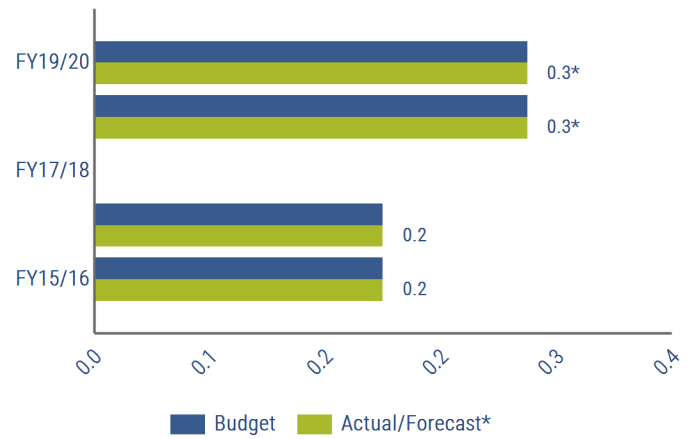
Adopted Budget to Actual/Forecast* (in millions)



Property Rental

Property Rental for FY 2019/20 totals \$0.3 million, flat from FY 2018/19. Property Rental includes land and building rent from cell towers on Water Resources' property. The Property Rental budget and actuals for cell towers in FY 2017/18 was rolled into Miscellaneous that fiscal year.

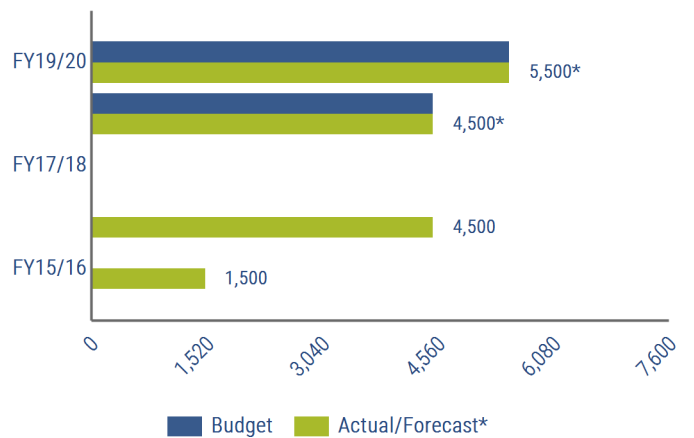
Adopted Budget to Actual/Forecast* (in millions)



Contributions & Donations

Contributions & Donations revenue for FY 2019/20 totals \$5,500. This is slightly higher than the amount budgeted in FY 2018/19. Contributions & Donations includes money being given by citizens to help support the Water Academy. Based on revenue trends, a budget was created beginning in FY 2018/19.

Adopted Budget to Actual/Forecast*



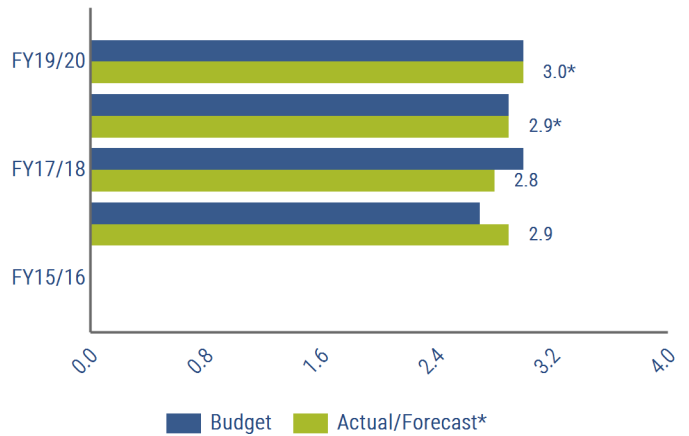
Transfers In

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The total amount of Transfers In for FY 2019/20 is \$3.9 million across two separate transfers. More specific information is detailed below.

AWT

AWT, or Advanced Water Treatment, for FY 2019/20 is budgeted at \$3.0 million, an increase of \$0.1 million from FY 2018/19. AWT is an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant.

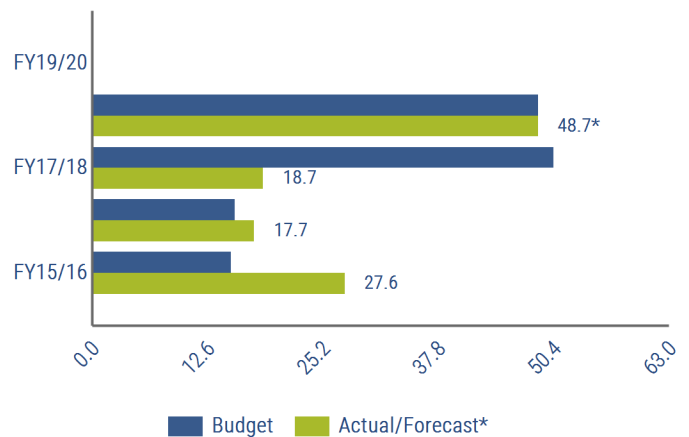
Adopted Budget to Actual/Forecast* (in millions)



Debt Service

Debt Service's adopted budget for FY 2019/20 is \$0.0 million due to a procedural change implemented in the recording for water and sewer bonds. Historically this line included transfers between the Capital Improvement Plan (CIP) Fund and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. Starting in FY 2018/19 it also included transfers between the Water and Water Reclamation Funds and the water and water reclamation debt service funds to account for debt service payments related to water and water reclamation capital projects.

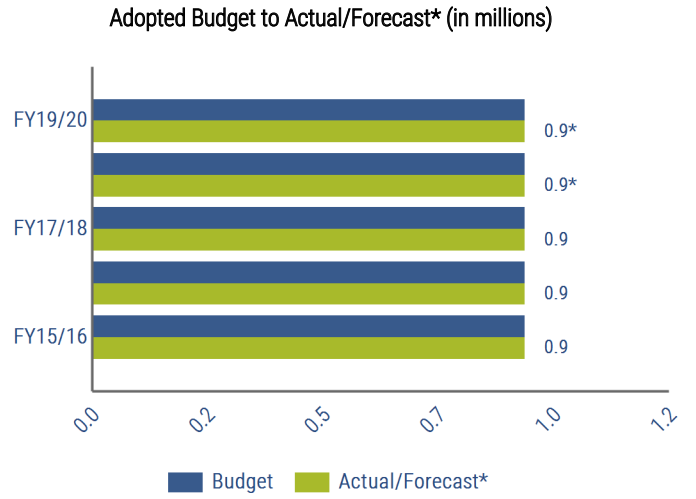
Adopted Budget to Actual/Forecast* (in millions)



BUDGET BY FUND | Water and Water Reclamation Funds Sources

RWDS

RWDS, or Reclaimed Water Distribution System, which is budgeted for \$0.9 million, is a transfer from the CIP Fund to the Water and Water Reclamation Funds for debt service payments related to the RWDS system.



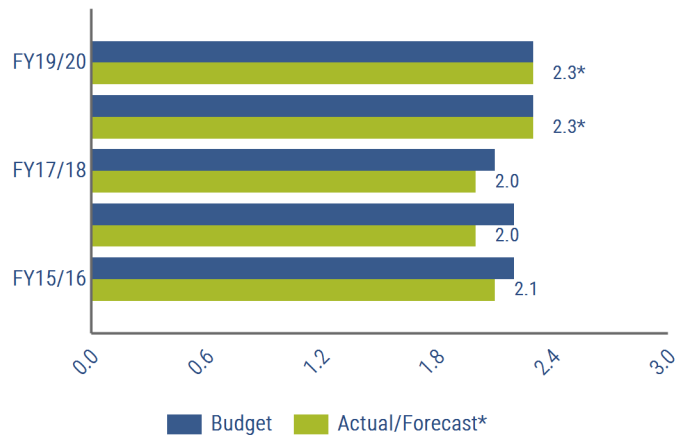
Water and Water Reclamation Funds Uses

The Water and Water Reclamation Funds uses are presented by the following Divisions or major groupings: City Treasurer, Water Resources, Citywide Indirect Cost Allocation, Department Indirect Cost, Citywide Pay Program, Compensation Other, Vacation Trade, Leave Accrual Payments, Savings from Vacant Positions, and Utilities. Additionally, there are debt service payments and Transfers Out to other funds.

City Treasurer

The adopted FY 2019/20 budget of \$2.3 million is flat when compared to FY 2018/19. City Treasurer uses are for utility billing services, remittance payments, revenue recovery and other water and water reclamation related payments that are handled by City Treasurer staff. The staff who perform these services have a set percentage of their salary paid out of the Water and Water Reclamation Funds based on the time they are expected to work on water and water reclamation related tasks. These percentages are as follows: those involved with Utility Billing: 100 percent, Remittance Processing: 50 percent, Revenue Recovery: 60 percent and Tax and License: 30 percent. In addition, executive and management staff who oversee employees who perform water and water reclamation functions have a portion of their salaries charged to those funds as well. Finally, any non-personnel services related charges (including contractual services, commodities and capital outlay) incurred by these employees will be charged similarly to the Water and Water Reclamation Funds.

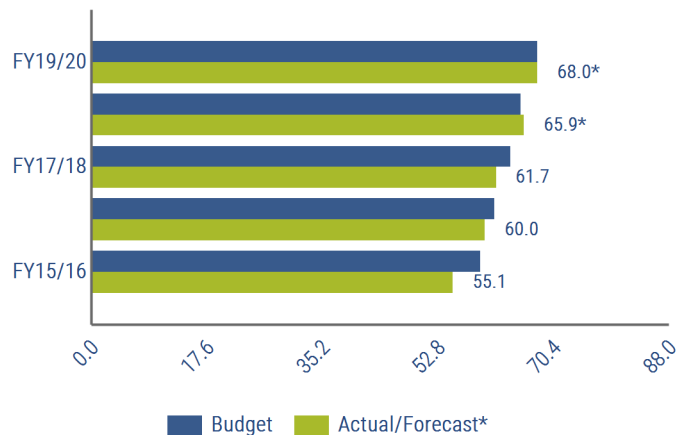
Adopted Budget to Actual/Forecast* (in millions)



Water Resources

The adopted FY 2019/20 Water Resources budget of \$68.0 million reflects an increase of \$2.1 million over the FY 2018/19 year-end forecast. The increase is mainly due to needs associated with new facilities coming online, drought preparedness measures being enacted, higher equipment, software maintenance and contract servicing costs, the need for a sewer rate study, higher water and treatment chemical costs, greater contract worker needs and the creation and provisioning of 2.03 new FTE positions as well as a Water Software Developer position housed in Information Technology. The Water Resources division is where water and water reclamation functions are performed. Water functions include the production and management of drinking water, the storing and upkeep of drinking water sources and the maintaining of drinking water quality for Scottsdale's customers. Water reclamation functions include the efficient processing and treatment of sewage, recharging of effluent, the upkeep and maintenance of sewage treatment facilities and the compliance with regulatory and environmental requirements.

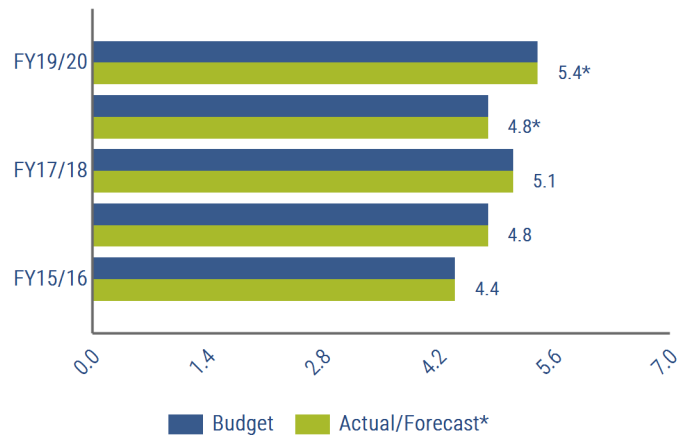
Adopted Budget to Actual/Forecast* (in millions)



Citywide Indirect Cost Allocation

In FY 2019/20, the Citywide Indirect Cost Allocation budget is \$5.4 million which reflects a \$0.6 million increase from the FY 2018/19 year-end forecast. This is due to Adjusted Direct Cost Pool expense increases outpacing Adjusted Indirect Cost Pool expense increases and a change in the way utility costs were determined. The Citywide Indirect Cost Allocation rate decreased from 9.85 percent to 9.70 percent. Citywide Indirect Cost Allocation represents Enterprise Funds charges for specific General Fund central administrative functions which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based upon a combination of relative benefits received and the proportion of the overall operating budgets for direct service providers.

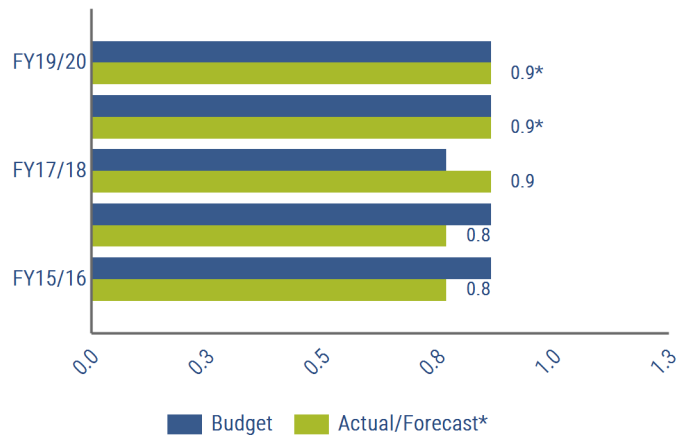
Adopted Budget to Actual/Forecast* (in millions)



Department Indirect Cost

The FY 2019/20 adopted budget for Department Indirect Cost is \$0.9 million, which is flat when compared to the FY 2018/19 forecast. This mirrors the budget and actuals from the Indirect Costs source detailed in the Sources section. The Department Indirect Cost represents internal charges from the RWDS Fund, Inlet Silverado Golf Course Fund, IWDS Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds.

Adopted Budget to Actual/Forecast* (in millions)



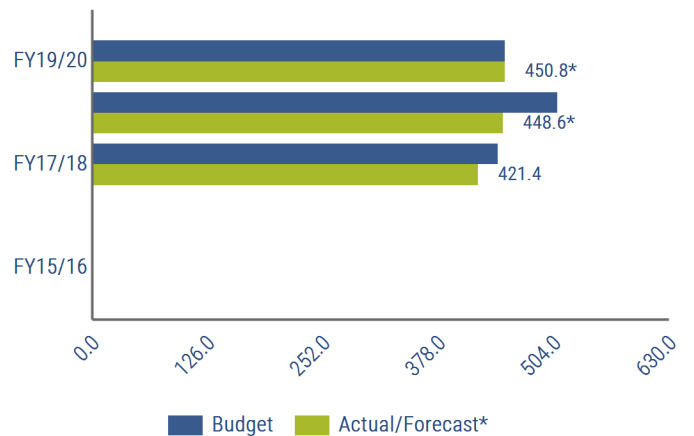
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Citywide Pay Program

Water and Water Reclamation Funds portion of a citywide pay program, through which employees may receive increases within their established salary ranges based on performance, totaled \$0.5 million for FY 2019/20. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division expenditures. At the time the budget is adopted it is unknown which employees will receive an increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases. The actual amount spent each year was at or below the adopted budget.

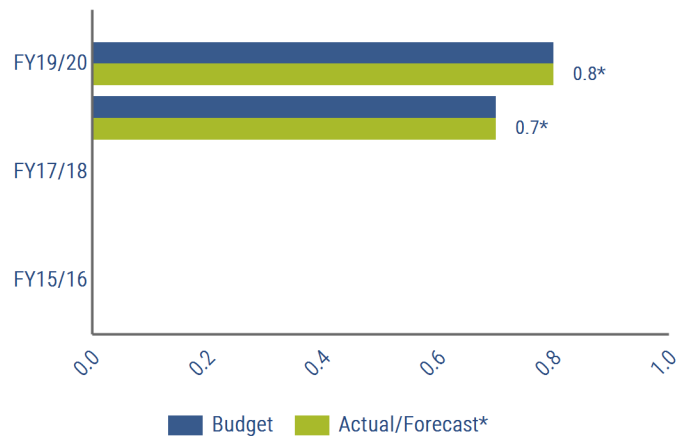
Adopted Budget to Actual/Forecast* (in thousands)



Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.

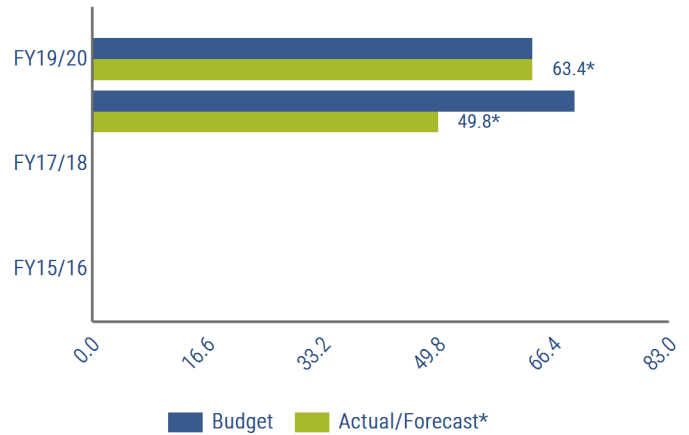
Adopted Budget to Actual/Forecast* (in millions)



Vacation Trade

Beginning in FY 2018/19 the city re-instituting an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Water and Water Reclamation Fund adopted budget includes \$0.1 million for the vacation trade program.

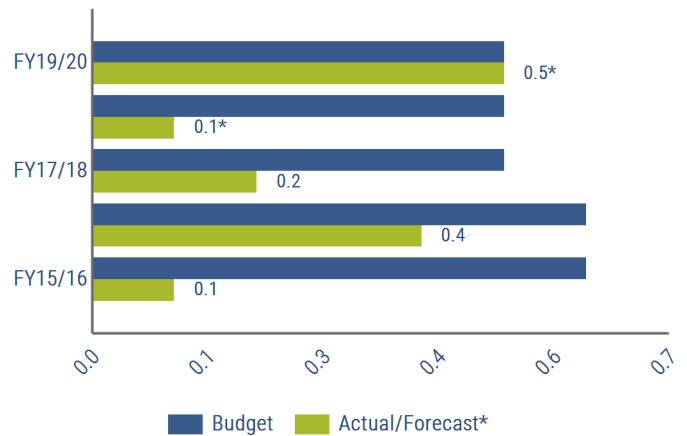
Adopted Budget to Actual/Forecast* (in thousands)



Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2019/20 leave accrual payments of \$0.5 million include \$0.3 million budgeted for medical leave accrual payouts and \$0.2 million budgeted for vacation leave accrual payouts. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division expenditures.

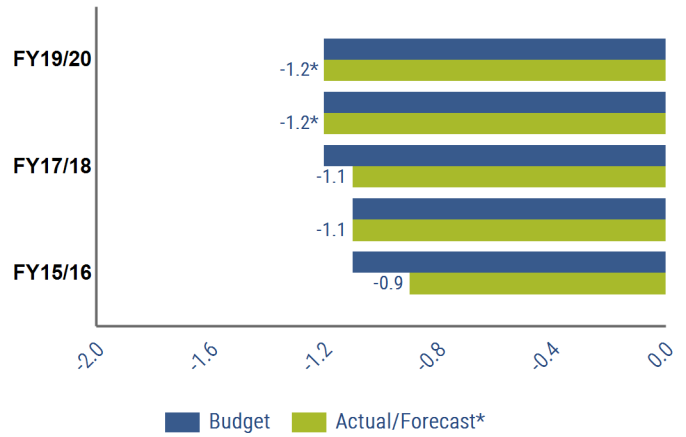
Adopted Budget to Actual/Forecast* (in millions)



Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings resulted from vacant positions. The FY 2019/20 Water and Water Reclamation Funds estimate for vacancy savings is (\$1.2) million. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division expenditures.

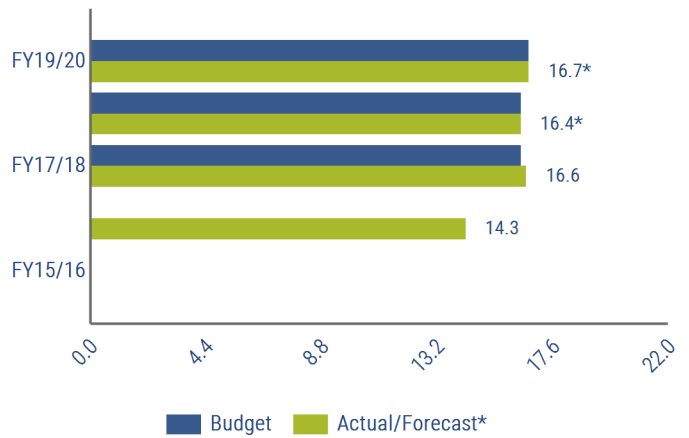
Adopted Budget to Actual/Forecast* (in millions)



Utilities

The adopted FY 2019/20 Utilities budget of \$16.7 million which is \$0.3 million more than the FY 2018/19 year-end forecast. This is mostly due to the expected opening of new facilities including the Thomas Groundwater Treatment Facility (TGTF) in FY 2019/20 and higher utility rates. Beginning in FY 2016/17 the Water and Water Reclamation Funds utilities budget (water, electric, sewer, gas, solid waste and recycling services) began being reported separately to allow for better transparency and accountability. Prior to FY 2016/17, utilities were reported in Contractual Services within individual divisions which limited oversight of utilities spending.

Adopted Budget to Actual/Forecast* (in millions)

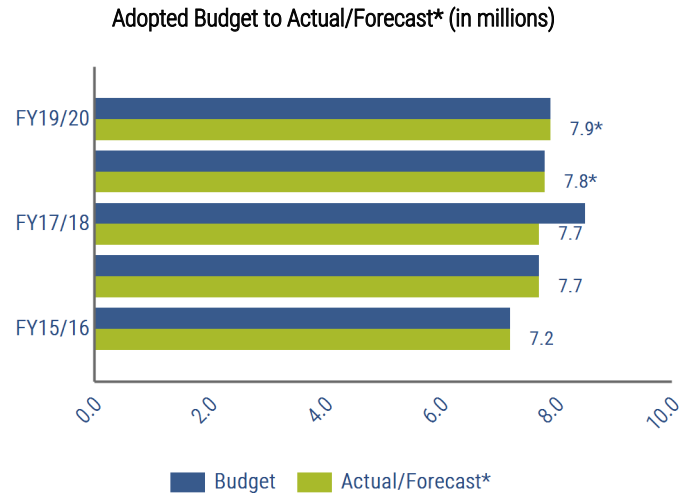


Debt Service and Transfers Out

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. Transfers Out are the authorized movement of cash to other funds and/or capital projects.

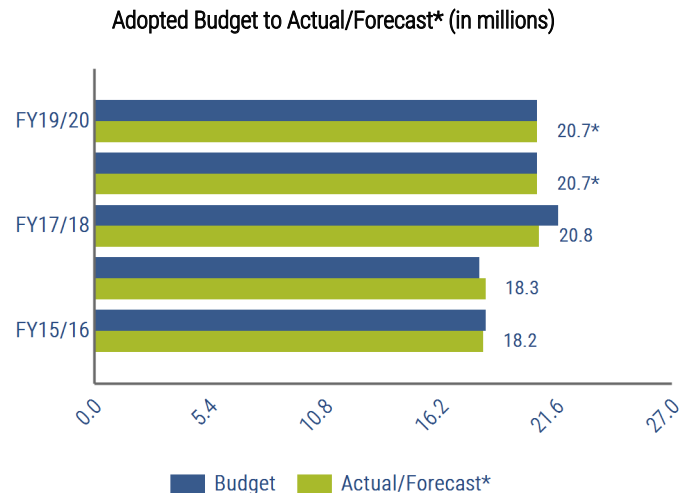
MPC Bonds Debt Service-Sewer

MPC Bonds Debt Service-Sewer represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Sewer is budgeted at \$7.9 million in FY 2019/20, a \$0.1 million increase over the FY 2018/19 year-end forecast.



MPC Bonds Debt Service-Water

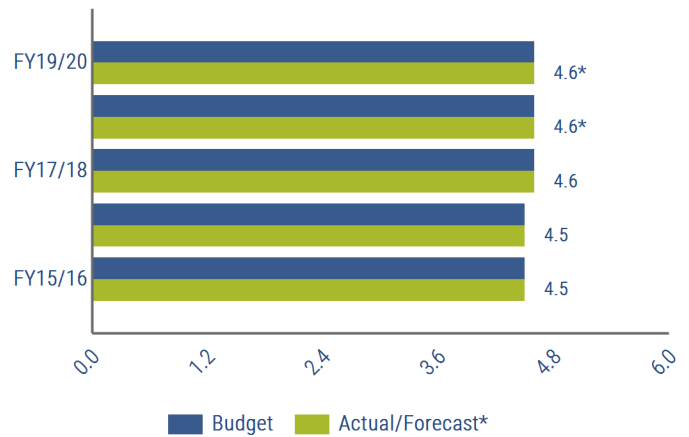
MPC Bonds Debt Service-Water represents the repayment of Municipal Property Corporation bonds and fiscal agent fees associated with water capital projects. The funding is derived from revenue generated from water rates and fees paid by Scottsdale residents and businesses to the City of Scottsdale Municipal Property Corporation, a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. MPC Bonds Debt Service-Water is budgeted at \$20.7 million in FY 2019/20 which is flat compared to the FY 2018/19 year-end forecast.



Sewer Revenue Bonds

The adopted FY 2019/20 Sewer Revenue Bonds budget is \$4.6 million which is flat when compared to the FY 2018/19 year-end forecast. Sewer Revenue Bonds represents the repayment of bonds and fiscal agent fees associated with water reclamation capital projects. The funding is derived from a public vote authorizing the use of revenue generated from water reclamation rates and fees paid by Scottsdale residents and businesses for capital projects.

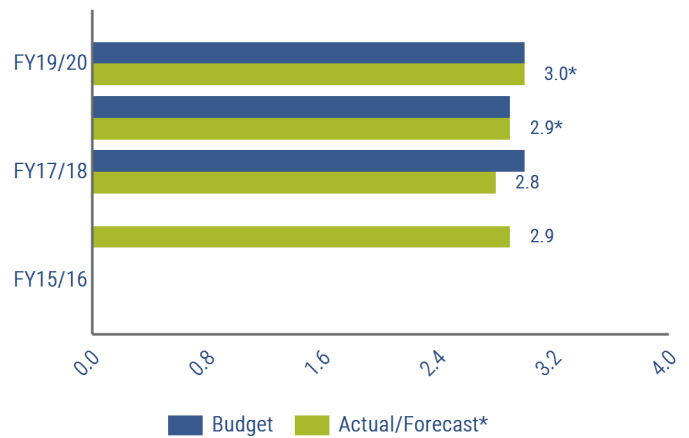
Adopted Budget to Actual/Forecast* (in millions)



AWT

AWT, or Advanced Water Treatment, for FY 2019/20 is budgeted at \$3.0 million, an increase of \$0.1 million from FY 2018/19. AWT is an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant.

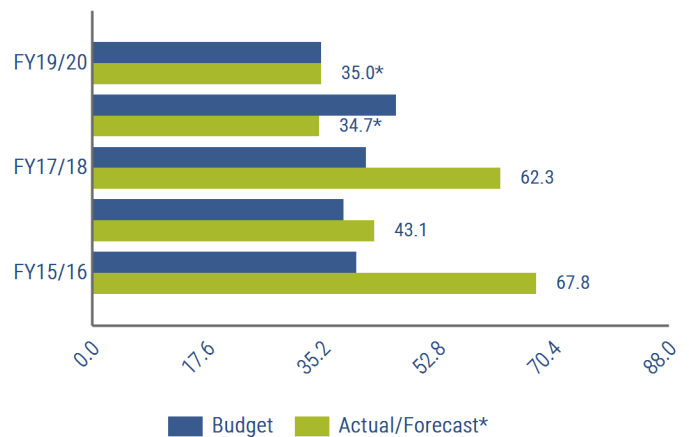
Adopted Budget to Actual/Forecast* (in millions)



CIP

CIP has an adopted budget of \$35.0 million in authorized transfers to the CIP Fund to pay for general water and water reclamation capital projects. Examples of projects include the modification and improvement of the Multi-City Sub-Regional Operating Group (SROG) facility enhancements, water distribution and treatment system improvements and the recharging of regional recharge basins.

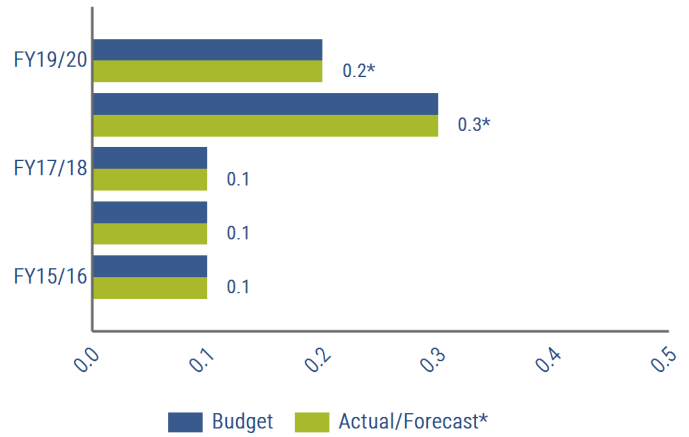
Adopted Budget to Actual/Forecast* (in millions)



CIP Technology

CIP Technology has an adopted budget of \$0.2 million in authorized transfers to the CIP Fund to pay for general water and water reclamation technology projects. This is a decrease of \$0.1 million over FY 2018/19. The decrease is due to the completion of several technology projects in FY 2018/19 that did not carry over to FY 2019/20.

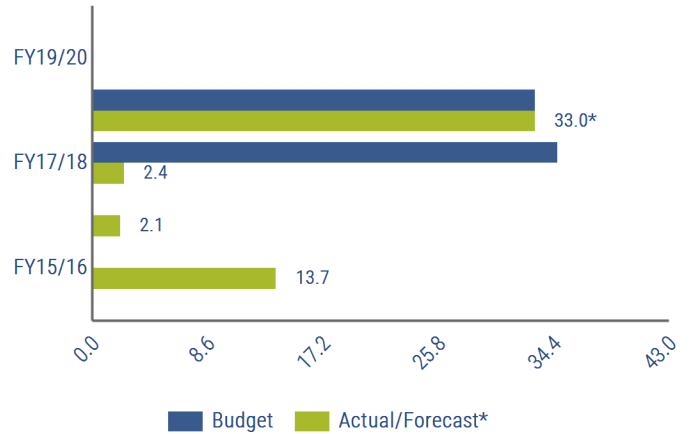
Adopted Budget to Actual/Forecast* (in millions)



Debt Service Fund

The Debt Service Fund adopted budget for FY 2019/20 is \$0.0 million due to a procedural change implemented in the recording for water and sewer bonds. Historically Debt Service Fund was an internal transfer of MPC Bonds between water and water reclamation debt service funds to the Water and Water Reclamation Funds to better account for debt service payments related to water and water reclamation capital projects. Prior to FY 2017/18, water and water reclamation debt service was budgeted in the Debt Service Fund.

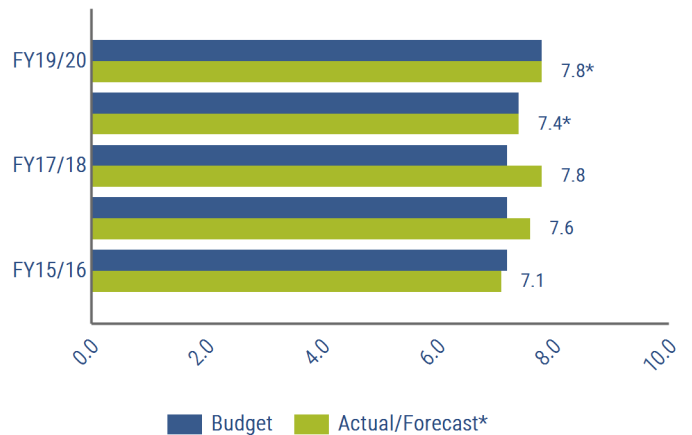
Adopted Budget to Actual/Forecast* (in millions)



Franchise Fees

Franchise Fees is a transfer of \$7.8 million from the Water and Water Reclamation Funds to the General Fund for use of the city's right-of-ways and medians. The Water Resources Division is treated as any other utility would be in this regard. The annual charge is five percent of Water Service and Water Reclamation Charges revenue.

Adopted Budget to Actual/Forecast* (in millions)



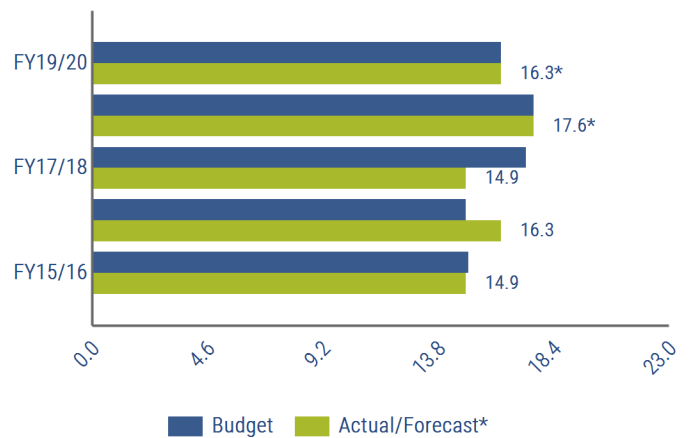
Water and Water Reclamation Funds Ending Balance

The Water and Water Reclamation Funds ending balance includes reserves, which protects the city’s financial condition and provide for unexpected economic challenges. Growth of ending fund balance occurs when sources exceed uses. Ending fund balances are similar to a company’s net equity (assets less liabilities). Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) uses. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city’s budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted uses. The specific make-up of the city’s Water and Water Reclamation Funds balance is as follows:

Operating Reserve

Operating Reserve of \$16.3 million is projected for the end of FY 2019/20. This reserve is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 90 days as detailed in Financial Policy No. 38. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.

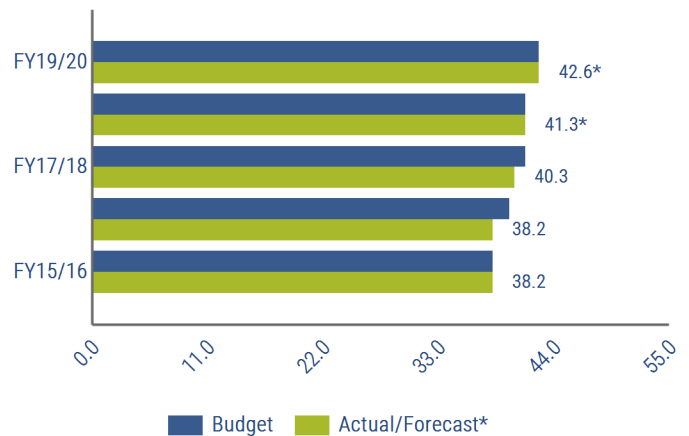
Adopted Budget to Actual/Forecast* (in millions)



Repair/Replacement Reserve

Repair/Replacement Reserve of \$42.6 million is projected for the end of FY 2019/20. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside to preserve the assets, which in turn, are the collateral for the Sewer Revenue Bonds. There shall be deposited an amount equal to at least two percent of the revenues received during the year into the reserve until such time as the reserve equals two percent of the value of total tangible assets. The reserve may be used in times of unusual circumstances for replacement or extension of the assets.

Adopted Budget to Actual/Forecast* (in millions)

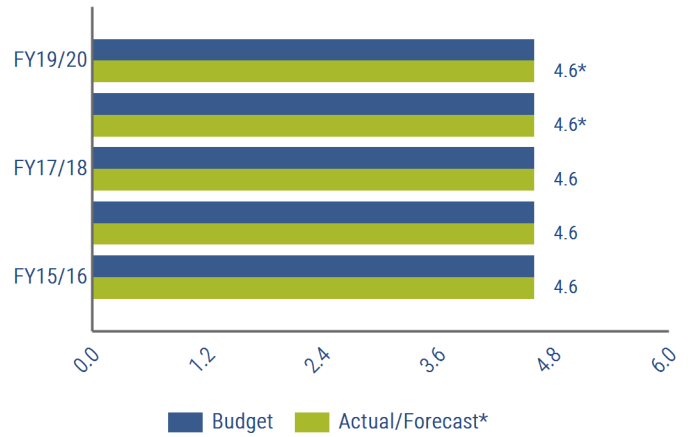


BUDGET BY FUND | Water and Water Reclamation Funds Ending Balance

Revenue Bond Debt Service Reserve

Revenue Bond Debt Service Reserve of \$4.6 million is projected for the end of FY 2019/20. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside as collateral for the Sewer Revenue Bonds debt service payments.

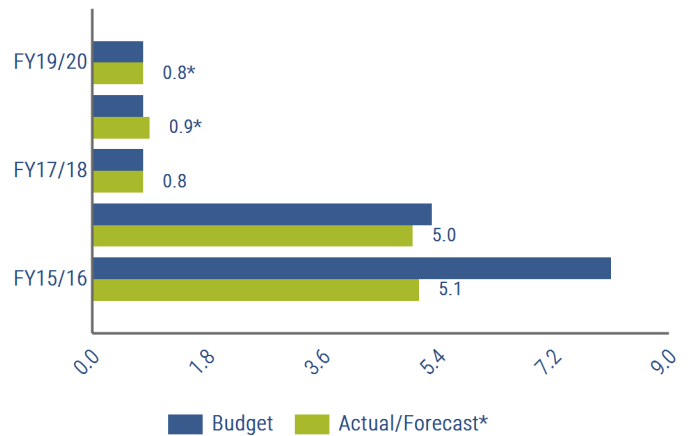
Adopted Budget to Actual/Forecast* (in millions)



Special Contractual Fund Balance

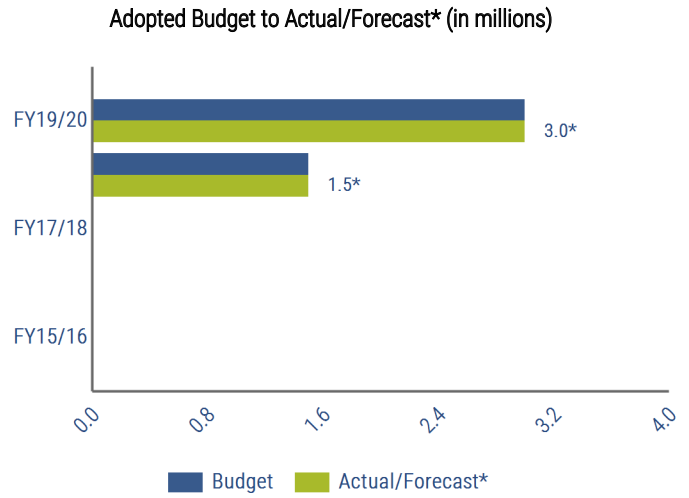
Special Contractual Fund Balance of \$0.8 million is projected for the end of FY 2019/20. This balance reflects reserves established in accordance with various contractual agreements for delivery of non-potable water by the Water Resources Division. This reserve has decreased substantially after FY 2016/17 because project costs related to RWDS and IWDS that previously resided in Water and Water Reclamation Funds were deemed to be more appropriately housed in the CIP Fund.

Adopted Budget to Actual/Forecast* (in millions)



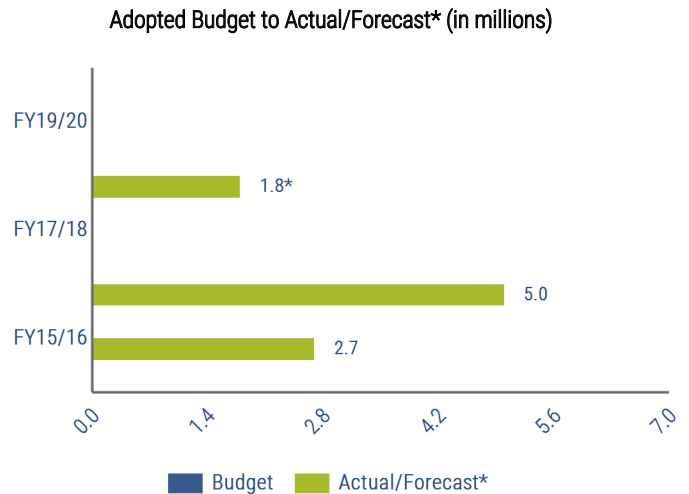
Water Drought Reserve

The Water Drought Reserve ending fund balance is \$3.0 million for FY 2019/20. Due to below average rainfall and snowpack for the last 19 years in the Colorado River Watershed, the Bureau of Reclamation (BOR) has been considering declaring an official drought. If a drought is declared, the Central Arizona Water Conservation District, will enact drought plan rates that will significantly increase costs of water to the City of Scottsdale. Based on this information Scottsdale Water is proposing a Water Drought Reserve equal to 40 percent of an estimated funding shortfall, or \$3.0 million. These funds would be used to offset the initial rate increase if drought plan rates are enacted. The Water Drought Reserve will not offset the entire impact, and will only be available for the first year of drought plan rate impacts.



Undesignated, Unreserved Fund Balance

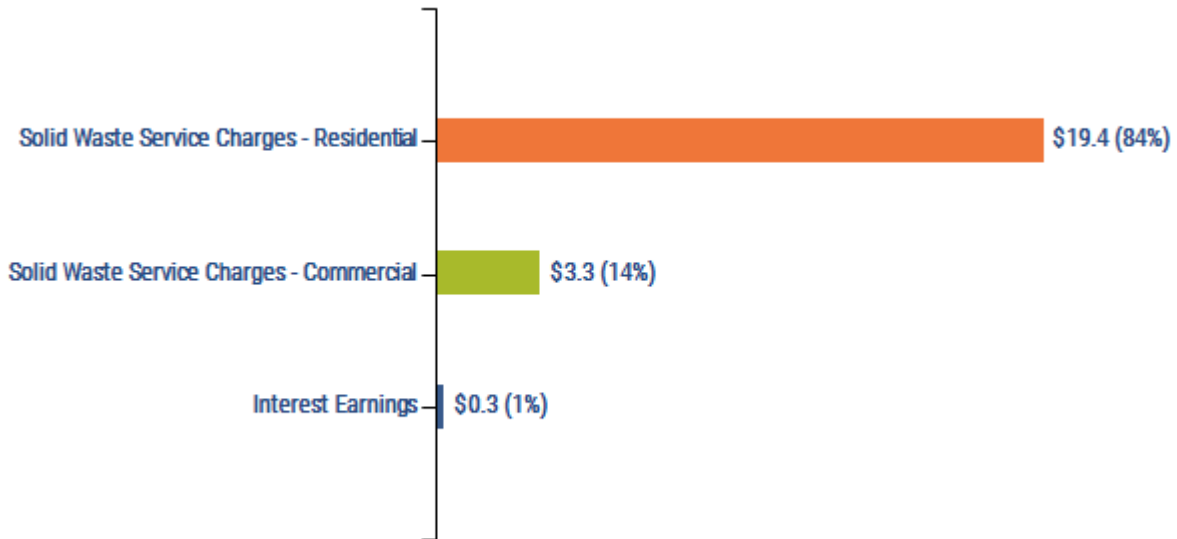
The Undesignated, Unreserved fund balance is \$0.0 million for FY 2019/20. While there is no balance in FY 2019/20, it historically represents the cumulative Water and Water Reclamation Funds sources not designated for a specific purpose. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating uses.



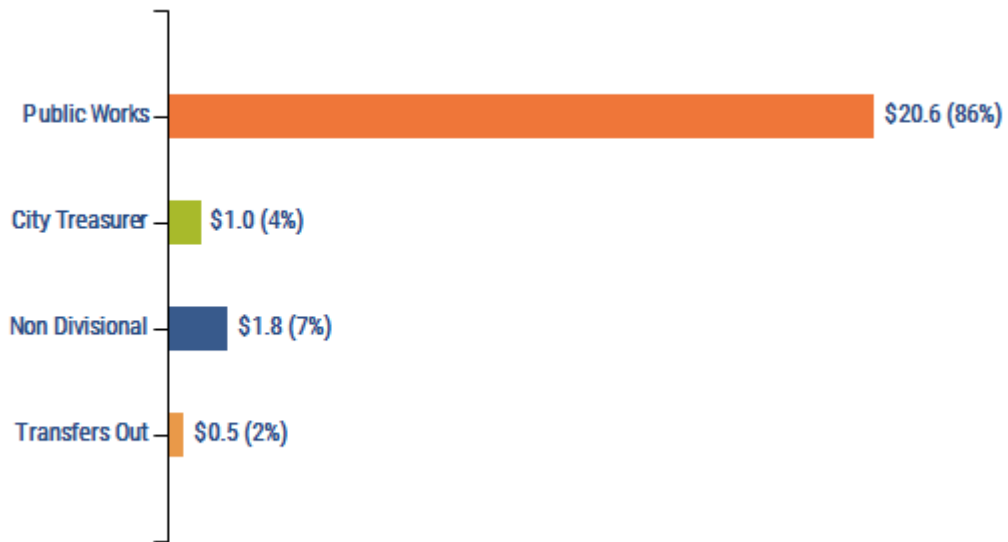
Fund Purpose

This fund accounts for the transactions related to the city’s commercial and residential refuse, recycling, brush and bulk collections business activities. The operating sources and uses are accounted for in this fund while the capital expenditures are accounted for in a separate Solid Waste Capital Fund. The operating sources, uses and ending fund balance of the Solid Waste Fund are described in the following sections.

Solid Waste Fund Sources (% to Total)
\$23.0 Million



Solid Waste Fund Uses (% to Total)
\$23.9 Million



BUDGET BY FUND | Solid Waste Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Operating Reserve	5,104,383	5,093,901	5,104,383	5,443,746
Undesignated, Unreserved Fund Balance	4,372,161	3,658,351	3,408,835	2,063,537
Total Beginning Fund Balance	9,476,544	8,752,252	8,513,218	7,507,283
Revenues				
Solid Waste Service Charges - Residential	16,737,047	17,493,127	17,893,127	19,383,182
Solid Waste Service Charges - Commercial	2,948,056	3,779,732	3,279,732	3,314,484
Interest Earnings	129,239	210,919	210,919	259,844
Miscellaneous	897	-	-	-
<i>Subtotal</i>	19,815,238	21,483,778	21,383,778	22,957,510
Total Sources	19,815,238	21,483,778	21,383,778	22,957,510
Expenditures				
Public Works	18,086,418	19,588,076	19,658,458	20,619,318
City Treasurer	861,800	976,258	991,136	983,383
Citywide Direct Cost Allocation	557,773	424,355	424,355	435,509
Citywide Indirect Cost Allocation	1,262,042	1,084,703	1,084,703	1,238,341
Citywide Pay Program	-	161,787	-	164,487
Compensation Other	-	241,201	-	189,301
Leave Accrual Payments	-	88,844	41,075	20,000
Operating Impacts	-	-	-	-
Savings from Vacant Positions	-	(482,808)	(134,952)	(320,000)
Vacation Trade	-	22,941	-	20,000
Utilities	-	28,333	12,638	27,663
<i>Subtotal</i>	20,768,033	22,133,690	22,077,413	23,378,002
TOTAL OPERATING BUDGET	20,768,033	22,133,690	22,077,413	23,378,002
Transfers Out				
CIP	-	228,800	228,800	477,500
CIP Technology	10,531	83,500	83,500	18,944
<i>Subtotal</i>	10,531	312,300	312,300	496,444
Total Uses	20,778,564	22,445,990	22,389,713	23,874,446
Sources Over/(Under) Uses	(963,326)	(962,212)	(1,005,935)	(916,936)
Ending Fund Balance				
Operating Reserve	5,104,383	5,457,622	5,443,746	5,764,439
Undesignated, Unreserved Fund Balance	3,408,835	2,332,418	2,063,537	825,908
Total Ending Fund Balance	8,513,218	7,790,040	7,507,283	6,590,347

BUDGET BY FUND | Solid Waste Fund Five-Year Financial Forecast

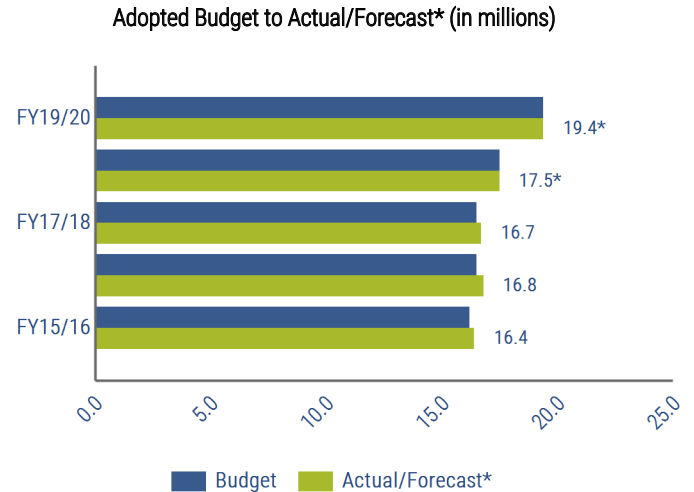
	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Reserve	5,443,746	5,764,439	6,012,789	6,195,033	6,382,381
Undesignated, Unreserved Fund Balance	2,063,537	825,908	869,058	989,514	1,064,166
Total Beginning Fund Balance	7,507,283	6,590,347	6,881,847	7,184,547	7,446,547
Revenues					
Solid Waste Service Charges - Residential	19,383,182	21,014,400	21,735,100	22,481,200	23,253,700
Solid Waste Service Charges - Commercial	3,314,484	3,403,900	3,495,800	3,590,700	3,688,400
Interest Earnings	259,844	273,900	278,200	283,300	291,800
Miscellaneous	-	-	-	-	-
<i>Subtotal</i>	22,957,510	24,692,200	25,509,100	26,355,200	27,233,900
Total Sources	22,957,510	24,692,200	25,509,100	26,355,200	27,233,900
Expenditures					
Public Works	20,619,318	21,207,100	21,703,200	22,217,200	22,736,200
City Treasurer	983,383	999,900	1,016,200	1,034,200	1,052,400
Citywide Direct Cost Allocation	435,509	448,400	457,700	467,600	471,900
Citywide Indirect Cost Allocation	1,238,341	1,300,300	1,365,300	1,433,500	1,505,200
Citywide Pay Program	164,487	333,800	490,000	643,100	784,500
Compensation Other	189,301	337,500	338,200	339,500	339,500
Leave Accrual Payments	20,000	20,600	21,300	21,900	22,400
Operating Impacts	-	15,500	15,900	16,300	16,800
Savings from Vacant Positions	(320,000)	(326,400)	(332,900)	(339,600)	(346,400)
Vacation Trade	20,000	20,600	21,200	21,900	22,500
Utilities	27,663	27,900	28,200	28,500	28,800
<i>Subtotal</i>	23,378,002	24,385,200	25,124,300	25,884,100	26,633,800
TOTAL OPERATING BUDGET	23,378,002	24,385,200	25,124,300	25,884,100	26,633,800
Transfers Out					
CIP	477,500	-	-	-	-
CIP Technology	18,944	15,500	82,100	209,100	53,900
<i>Subtotal</i>	496,444	15,500	82,100	209,100	53,900
Total Uses	23,874,446	24,400,700	25,206,400	26,093,200	26,687,700
Sources Over/(Under) Uses	(916,936)	291,500	302,700	262,000	546,200
Ending Fund Balance					
Operating Reserve	5,764,439	6,012,789	6,195,033	6,382,381	6,567,238
Undesignated, Unreserved Fund Balance	825,908	869,058	989,514	1,064,166	1,425,509
Total Ending Fund Balance	6,590,347	6,881,847	7,184,547	7,446,547	7,992,747

Solid Waste Fund Sources

Solid Waste Fund sources for FY 2019/20 equal \$23.0 million which is an increase of \$1.6 million from the FY 2018/19 year-end forecast. The sources include Solid Waste Service Charges for both residential and commercial customers as well as Interest Earnings and occasionally Miscellaneous revenue.

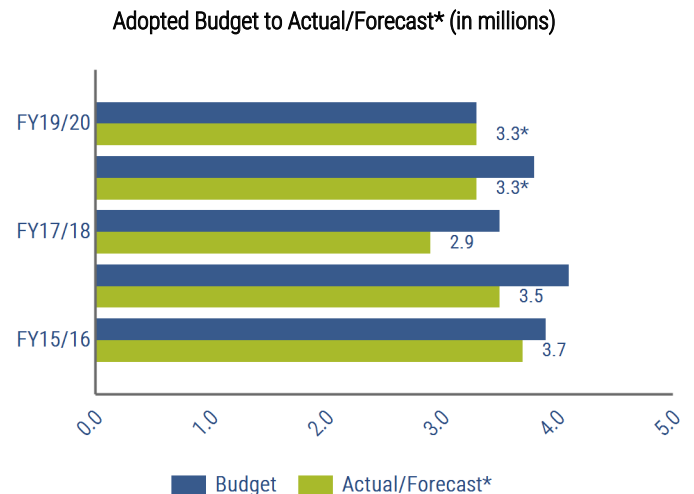
Solid Waste Service Charges - Residential

Solid Waste Service Charges – Residential includes solid waste service charges and recycled material fees for residential customers. Residential customers are billed a flat fee per month and the fees are reviewed annually to determine if they cover the costs of the services provided. Other Solid Waste Service Charges - Residential revenue includes residential refuse and recycle container charges, initiation charges, and late charges. The FY 2019/20 adopted budget is \$19.4 million, an increase of \$1.5 million from the FY 2018/19 year-end forecast due to increases to solid waste rates for residential to better reflect cost recovery of implementing several strategies identified in the Community Solid Waste and Recycling Strategic Plan to divert brush and bulk collection from the landfill into the green waste program and the increased emphasis on education and customer outreach as well as operating cost increases for personnel services.



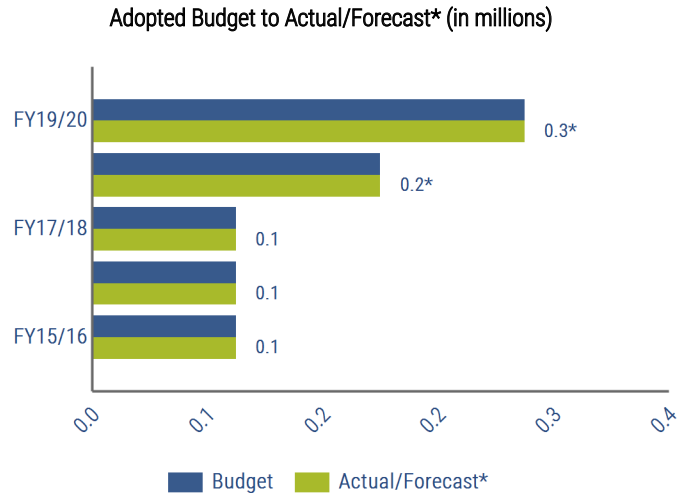
Solid Waste Service Charges - Commercial

Solid Waste Service Charges – Commercial include solid waste service charges for commercial customers. Commercial customers are charged based upon the size of the container and the number of pickups per month. Other Solid Waste Service Charges - Commercial revenue includes commercial roll-off charges, initiation charges, late charges and commercial recycled materials fees. Fees and charges are reviewed annually to determine if they cover the costs of the services provided. The FY 2019/20 adopted budget is \$3.3 million and remains relatively flat to the FY 2018/19 year-end forecast.



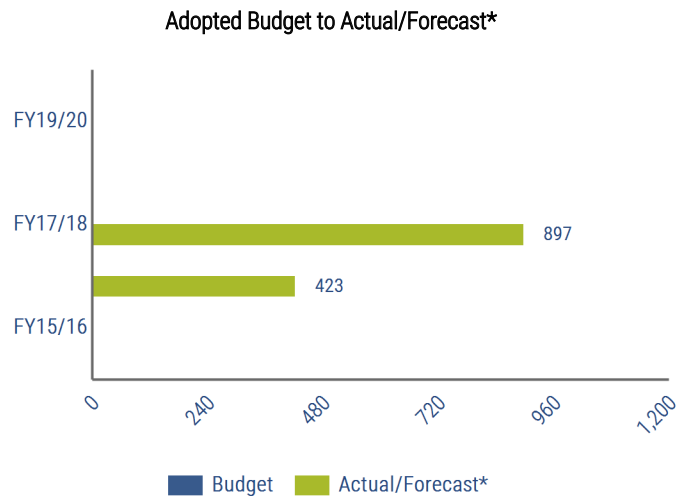
Interest Earnings

Interest Earnings revenue adopted for FY 2019/20 is \$0.3 million, increasing \$0.1 million from the FY 2018/19 year-end forecast. Interest earnings are generated on the Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield.



Miscellaneous

Miscellaneous revenue is generated from the liquidation of equipment, which does not happen frequently. The FY 2019/20 budget is \$0.0 million, which is even with the FY 2018/19 year-end forecast.



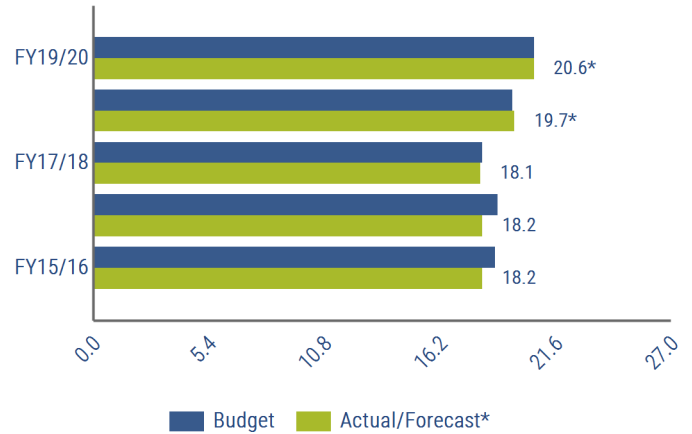
Solid Waste Fund Uses

The Solid Waste Fund uses are presented by division (Public Works and City Treasurer), Citywide Direct Allocation, and Indirect Cost Allocation.

Public Works

Public Works provides solid waste collection, transportation, disposal, compliance and education. The goal is to provide these services at the lowest practical rate with the highest possible customer satisfaction. The adopted FY 2019/20 budget of \$20.6 million is \$1.0 million more than the FY 2018/19 year-end forecast due to the increase in costs associated with Overtime, Property, Liability & Workers Compensation, and vehicle replacement and maintenance & repair. The increased expense would have been greater but is offset by the removal of one-time funding for brush crew vehicles and equipment.

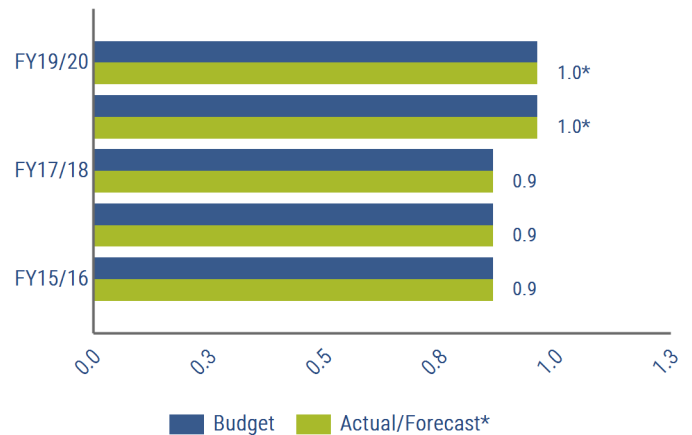
Adopted Budget to Actual/Forecast* (in millions)



City Treasurer

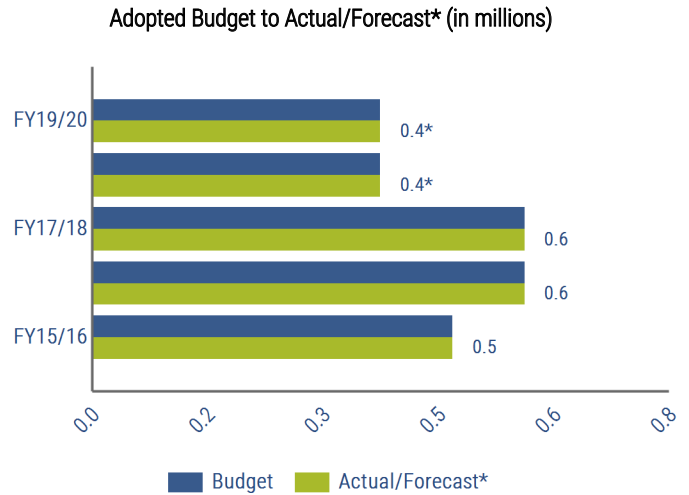
Expenses related to utility billing services, remittance payment, revenue recovery and solid waste related payments are handled by the City Treasurer. The staff who perform these services have a set percentage of their personnel services and related expenses needed to perform their job paid out of the Solid Waste Fund. The adopted FY 2019/20 budget is \$1.0 million, which remains relatively flat to the FY 2018/19 year-end forecast.

Adopted Budget to Actual/Forecast* (in millions)



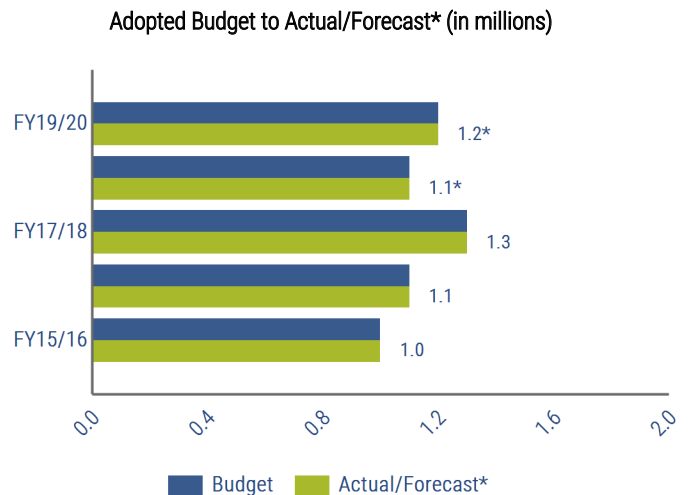
Citywide Direct Cost Allocation

The Citywide Direct Cost Allocation represents charges for the direct cost of alley maintenance performed by the Street Operations Department for the benefit of the Solid Waste operations. The alley maintenance expenses are budgeted in the Transportation Fund, which then receives 100 percent cost recovery from the Solid Waste Fund for this function. The budget for this allocation for FY 2019/20 is \$0.4 million remains relatively flat to the FY 2018/19 year-end forecast.



Citywide Indirect Cost Allocation

Citywide Indirect Cost Allocation includes reimbursement to the General Fund for centralized services provided to the Solid Waste Fund for payroll, accounts payable, human resources, information technology, city administration, etc. The citywide indirect cost allocation methodology includes factors such as Full-Time Equivalents (FTE) for human resources overhead, Information Technology (IT) equipment counts for the IT overhead calculations and square footage calculation to determine the building maintenance costs. The FY 2019/20 adopted budget is \$1.2 million, which is an increase of about \$0.1 million from the FY 2018/19 year-end forecast.

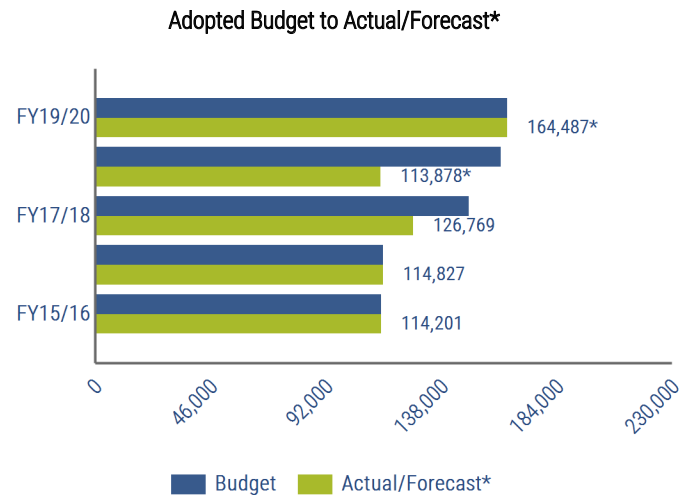


Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

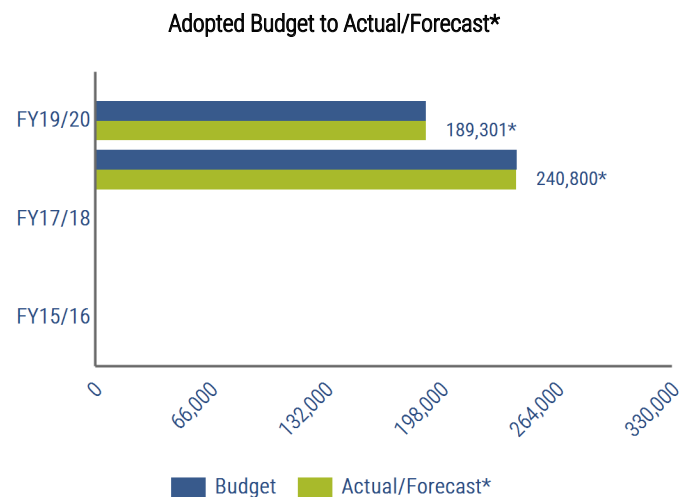
Citywide Pay Program

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance. The FY 2019/20 adopted budget total is \$164,487. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division's expenditures. At the time the budget is adopted it is unknown which employees will receive a performance increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases within the divisions. The actual amount spent each year was at or below the adopted budget.



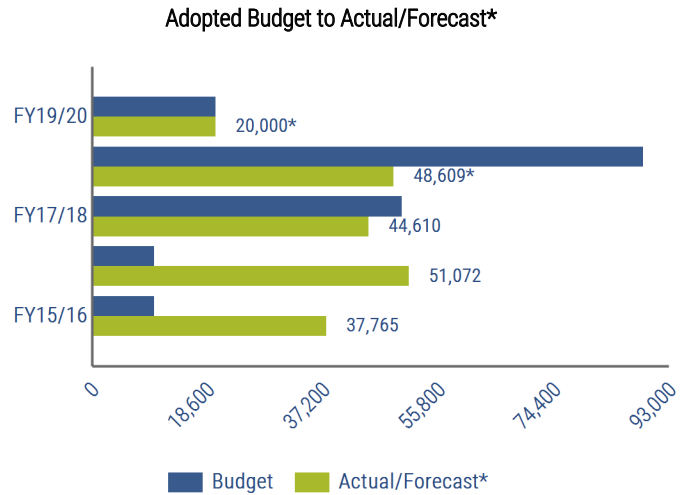
Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.



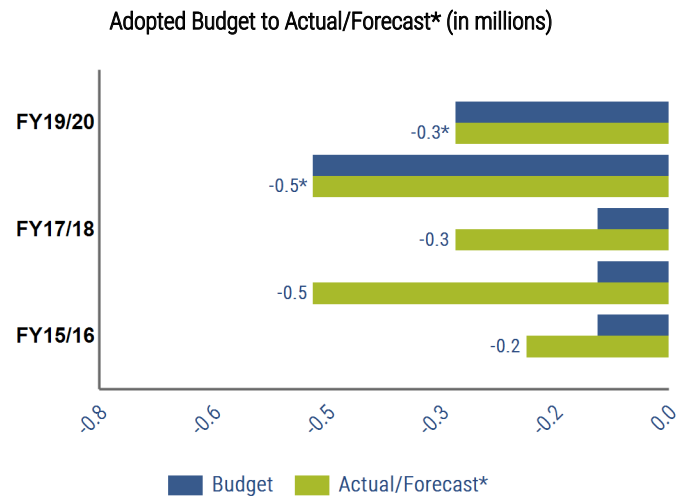
Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2019/20 leave accrual payments budget of \$20,000 includes \$10,000 budgeted for medical leave accrual payouts and \$10,000 budgeted for vacation leave accrual payouts. The decreased budget from the FY 2018/19 adopted budget is because fewer retirements are expected to occur in FY 2019/20. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the divisions' expenditures.



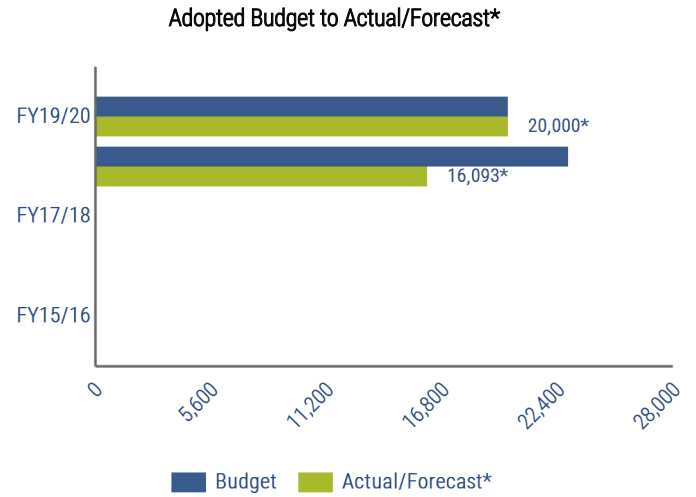
Savings from Vacant Positions

The amount of savings estimated to be achieved from vacant positions. The FY 2019/20 Solid Waste Fund estimate for vacancy savings is (\$0.3) million.



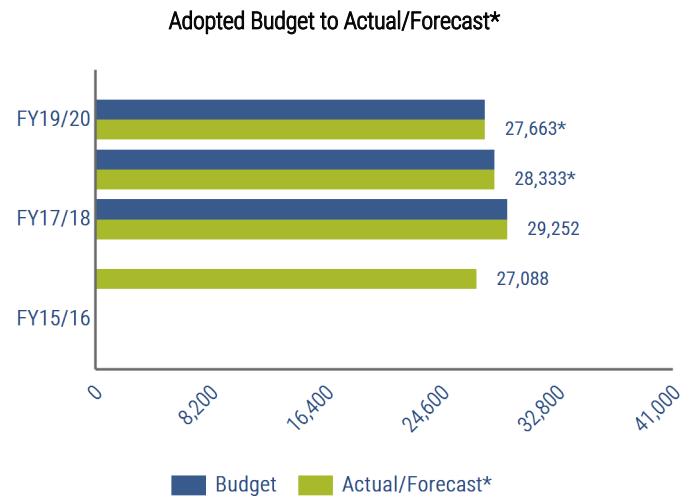
Vacation Trade

Beginning in FY 2018/19 the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Solid Waste Fund adopted budget includes \$20,000 for the vacation trade program.



Utilities

In an effort to provide greater efficiency in monitoring the budget to actual expenses for utilities as well as forecasting year end results, beginning March 2017 an administrative change moved the utilities budgets (water, electric, sewer, gas, solid waste and recycling services) from individual divisions to a citywide macro level account, by fund. Similar to the leave accrual payouts process, monthly as expenditures occur in the applicable divisions, a budget transfer will be completed to move the needed budget from the macro level holding accounts to the respective divisions.



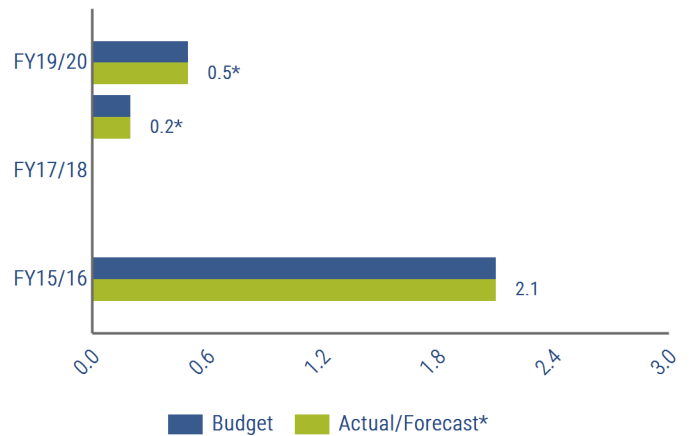
Transfers Out

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

CIP

The FY 2019/20 CIP transfer out is for the purchase of Vehicle Monitoring System Hardware as well as other Solid Waste upgrades and improvements. The large transfer amount in FY 2015/16 was for a new Compressed Natural Gas Transfer Station and equipment for Solid Waste vehicles.

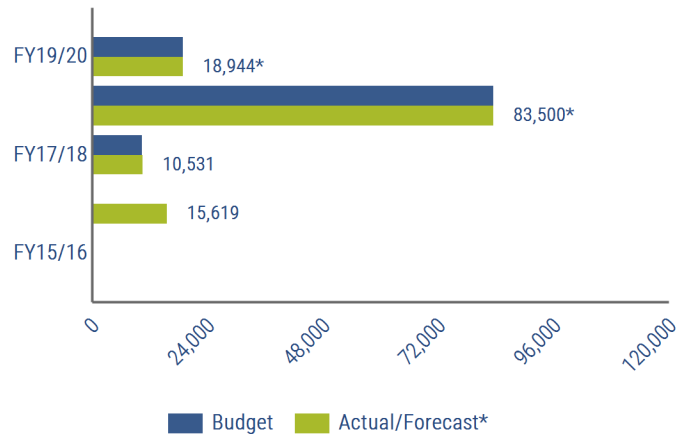
Adopted Budget to Actual/Forecast* (in millions)



CIP Technology

CIP Technology includes \$18,944 to help cover the Solid Waste Fund's portion of citywide technology maintenance/replacement capital projects during FY 2019/20. The large transfer amount in FY 2018/19 was for Mail Postage Inserter replacement equipment.

Adopted Budget to Actual/Forecast*



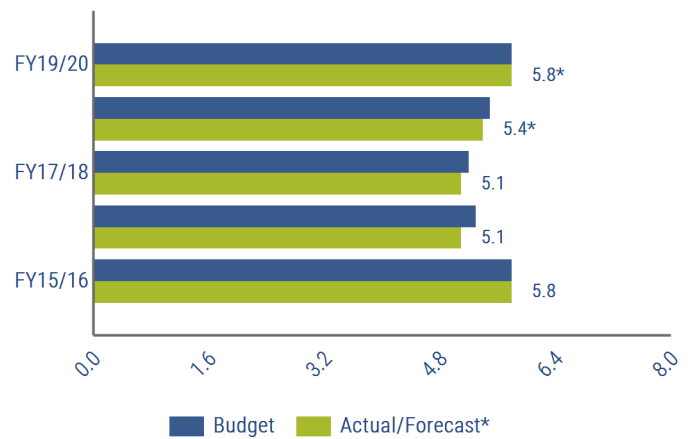
Solid Waste Fund Ending Balance

Fund balance/reserves protect the city’s financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) expenditures. Once fund balances are spent, they are only replenished by future year sources in excess of uses. The city’s budget planning, bond indenture and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before being allocated or spent as budgeted expenditures. The specific make-up of the city’s Solid Waste Fund ending balance is noted in the following:

Operating Reserve

The FY 2019/20 ending fund balance includes an Operating Reserve of \$5.8 million. Per Financial Policy No. 39, this reserve is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 90 days. Operating reserves shall be maintained to provide funding and expenditure flexibility in the event of unexpected declines in revenue or increases in costs.

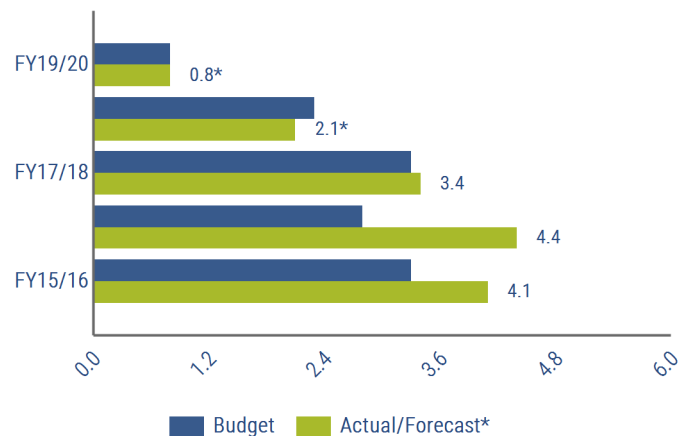
Adopted Budget to Actual/Forecast* (in millions)



Undesignated, Unreserved Fund Balance

The FY 2019/20 undesignated, unreserved fund balance is \$0.8 million. This balance represents an accumulation of one-time sources and it is most appropriately used for one-time uses. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses.

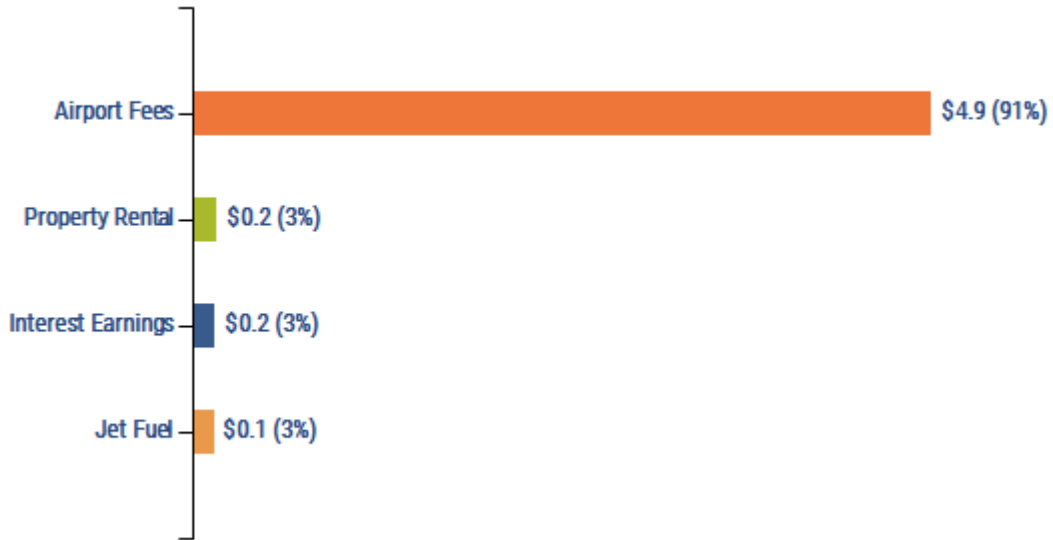
Adopted Budget to Actual/Forecast* (in millions)



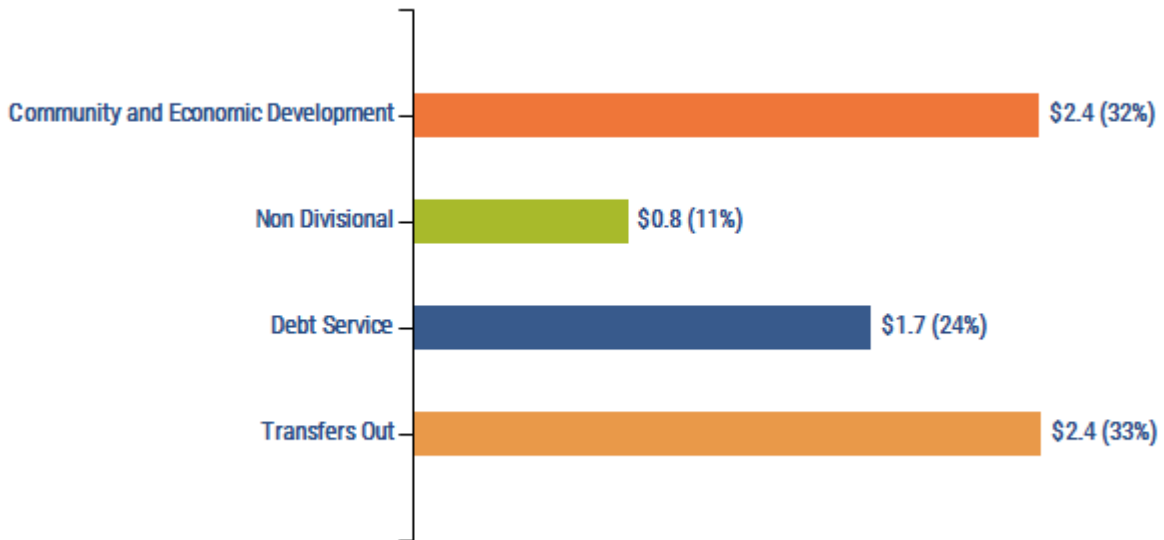
Fund Purpose

This fund accounts for the transactions related to the city's aviation business activity at the Scottsdale Airport, which includes operating sources and uses. Capital expenditures are accounted for in a separate Aviation Capital Fund.

Aviation Fund Sources (% to Total)
\$5.4 Million



Aviation Fund Uses (% to Total)
\$7.3 Million



BUDGET BY FUND | Aviation Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Fleet Replacement Reserve	1,020,000	1,380,055	2,400,055	1,287,548
Operating Reserve	622,785	959,159	1,408,930	492,840
Repair/Replacement Reserve	1,100,000	1,306,257	2,406,257	1,566,637
Undesignated, Unreserved Fund Balance	6,700,191	4,141,953	2,174,776	-
Total Beginning Fund Balance	9,442,976	7,787,424	8,390,018	3,347,025
Revenues				
Airport Fees	4,221,663	4,716,822	4,651,876	4,893,177
Property Rental	100,029	104,090	104,090	171,947
Interest Earnings	64,404	179,816	179,816	157,916
Jet Fuel	144,486	168,558	168,558	146,000
Miscellaneous	2,446	-	-	-
Reimbursements from Outside Sources	7,403	-	-	-
<i>Subtotal</i>	4,540,430	5,169,286	5,104,340	5,369,040
Transfers In				
Debt Svc MPC Bonds ^(a)	981,704	1,720,994	1,721,494	-
<i>Subtotal</i>	981,704	1,720,994	1,721,494	-
Total Sources	5,522,134	6,890,280	6,825,834	5,369,040
Expenditures				
Community and Economic Development	3,087,590	2,255,179	2,357,320	2,354,614
Citywide Direct Cost Allocation	350,000	383,500	383,500	413,780
Citywide Indirect Cost Allocation	215,575	206,046	206,046	218,487
Citywide Pay Program	-	33,605	-	25,801
Compensation Other	-	56,328	-	42,258
Vacation Trade	-	3,944	-	3,564
Leave Accrual Payments	-	16,500	2,251	16,500
Savings from Vacant Positions	-	(30,000)	(5,329)	(30,000)
Utilities	-	149,340	54,325	122,296
<i>Subtotal</i>	3,653,165	3,074,442	2,998,113	3,167,300
Debt Service				
Contracts Payable ^(a)	1,724,683	1,720,994	1,721,494	1,722,744
<i>Subtotal</i>	1,724,683	1,720,994	1,721,494	1,722,744
TOTAL OPERATING BUDGET	5,377,848	4,795,436	4,719,607	4,890,044
Transfers Out				
CIP	212,170	4,633,741	5,417,126	2,357,791
CIP Technology	3,370	10,600	10,600	7,351
Debt Svc MPC Bonds ^(a)	981,704	-	1,721,494	-
Debt Svc Stabilization	-	1,720,994	-	-
<i>Subtotal</i>	1,197,244	6,365,335	7,149,220	2,365,142
Total Uses	6,575,092	11,160,771	11,868,827	7,255,186
Sources Over/(Under) Uses	(1,052,958)	(4,270,491)	(5,042,993)	(1,886,146)
Ending Fund Balance				
Fleet Replacement Reserve	2,400,055	1,275,500	1,287,548	940,227
Operating Reserve	1,408,930	505,388	492,840	520,652
Repair/Replacement Reserve	2,406,257	1,736,045	1,566,637	-
Undesignated, Unreserved Fund Balance	2,174,776	-	-	-
Total Ending Fund Balance	8,390,018	3,516,933	3,347,025	1,460,879

^(a) Beginning in FY 2019/20, an accounting change was made to the reporting of debt service.

BUDGET BY FUND | Aviation Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Fleet Replacement Reserve	1,287,548	940,227	572,153	781,474	546,364
Operating Reserve	492,840	520,652	536,926	551,605	562,915
Repair/Replacement Reserve	1,566,637	-	-	-	-
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Beginning Fund Balance	3,347,025	1,460,879	1,109,079	1,333,079	1,109,279
Revenues					
Airport Fees	4,893,177	4,924,800	4,956,500	4,988,600	5,021,200
Property Rental	171,947	172,600	173,400	174,100	174,800
Interest Earnings	157,916	166,700	169,600	171,800	177,300
Jet Fuel	146,000	147,500	148,900	150,400	151,900
Miscellaneous	-	-	-	-	-
Reimbursements from Outside Sources	-	-	-	-	-
Subtotal	5,369,040	5,411,600	5,448,400	5,484,900	5,525,200
Transfers In					
Debt Svc MPC Bonds ^(a)	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Sources	5,369,040	5,411,600	5,448,400	5,484,900	5,525,200
Expenditures					
Community and Economic Development	2,354,614	2,367,200	2,399,800	2,415,300	2,438,900
Citywide Direct Cost Allocation	413,780	434,500	456,200	479,000	503,000
Citywide Indirect Cost Allocation	218,487	229,400	240,900	252,900	265,600
Citywide Pay Program	25,801	53,300	75,400	92,700	110,200
Compensation Other	42,258	68,400	68,800	69,000	69,000
Vacation Trade	3,564	3,700	3,800	3,900	4,000
Leave Accrual Payments	16,500	16,900	17,200	17,600	17,900
Savings from Vacant Positions	(30,000)	(30,600)	(31,300)	(31,900)	(32,600)
Utilities	122,296	123,500	124,800	125,900	127,100
Subtotal	3,167,300	3,266,300	3,355,600	3,424,400	3,503,100
Debt Service					
Contracts Payable ^(a)	1,722,744	1,722,000	1,724,200	1,719,200	1,722,200
Subtotal	1,722,744	1,722,000	1,724,200	1,719,200	1,722,200
TOTAL OPERATING BUDGET	4,890,044	4,988,300	5,079,800	5,143,600	5,225,300
Transfers Out					
CIP	2,357,791	769,100	113,000	553,800	68,900
CIP Technology	7,351	6,000	31,600	11,300	21,000
Debt Svc MPC Bonds ^(a)	-	-	-	-	-
Debt Svc Stabilization	-	-	-	-	-
Subtotal	2,365,142	775,100	144,600	565,100	89,900
Total Uses	7,255,186	5,763,400	5,224,400	5,708,700	5,315,200
Sources Over/(Under) Uses	(1,886,146)	(351,800)	224,000	(223,800)	210,000
Ending Fund Balance					
Fleet Replacement Reserve	940,227	572,153	781,474	546,364	743,427
Operating Reserve	520,652	536,926	551,605	562,915	575,852
Repair/Replacement Reserve	-	-	-	-	-
Undesignated, Unreserved Fund Balance	-	-	-	-	-
Total Ending Fund Balance	1,460,879	1,109,079	1,333,079	1,109,279	1,319,279

^(a) Beginning in FY 2019/20, an accounting change was made to the reporting of debt service.

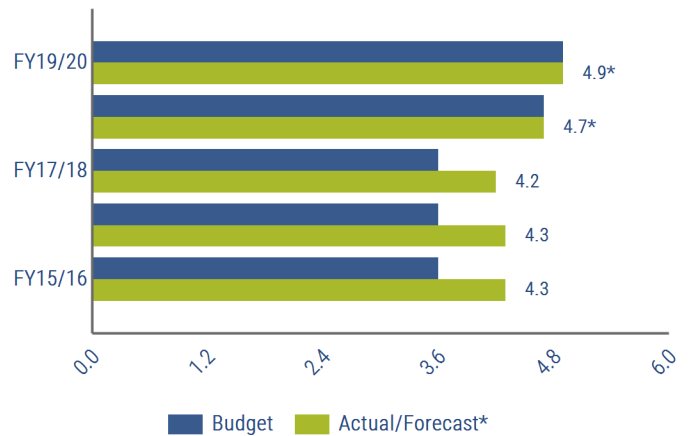
Aviation Fund Sources

Aviation Fund sources for FY 2019/20 are \$5.4 million, most of which is received from Airport Fees. Other sources include Property Rental, Interest Earnings, Jet Fuel, and previously Miscellaneous and Transfers In.

Airport Fees

Airport Fees are fees imposed for the aeronautical use of airport facilities, including aircraft overnight tie-down fees, hangar/T-shade rentals, fuel flowage and transient landing fees. The Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The FY 2019/20 adopted budget is \$4.9 million which is \$0.2 million higher than the FY 2018/19 year-end forecast. The increase is due to the additional revenue expected from the new Scottsdale Jet Center lease.

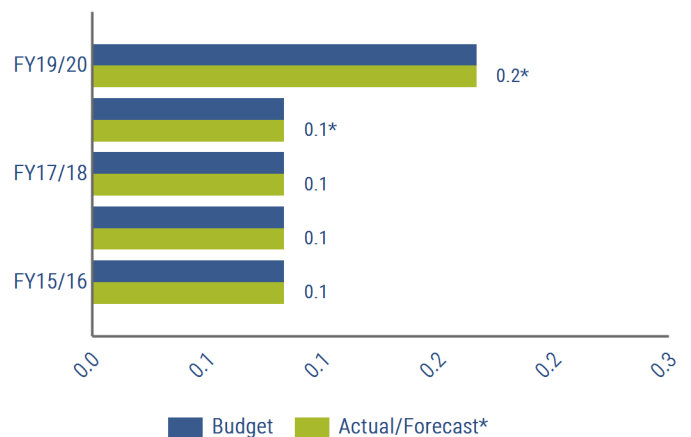
Adopted Budget to Actual/Forecast* (in millions)



Property Rental

Property Rental includes the annual \$0.1 million amortization payment of a 20-year land lease for the construction and operation of a park-and-ride facility at the airport that sunsets in 2032; as well as the rent of a well site, radio shop and a fire station managed by other city divisions that was recorded under Airport Fees in previous years.

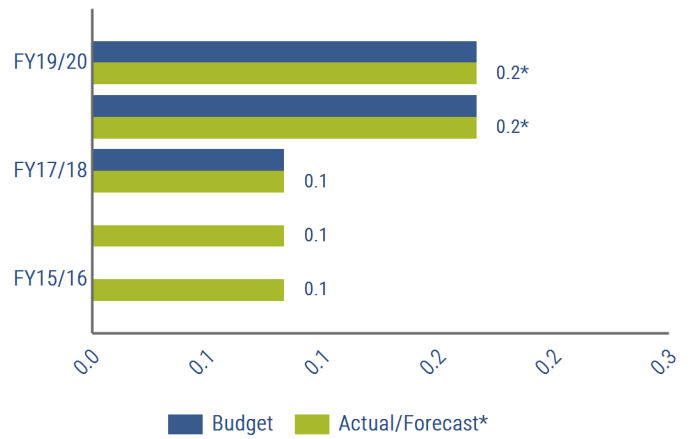
Adopted Budget to Actual/Forecast* (in millions)



Interest Earnings

Interest earnings are generated on idle Aviation Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest earnings in FY 2015/16 and FY 2016/17 was budgeted under \$50,000.

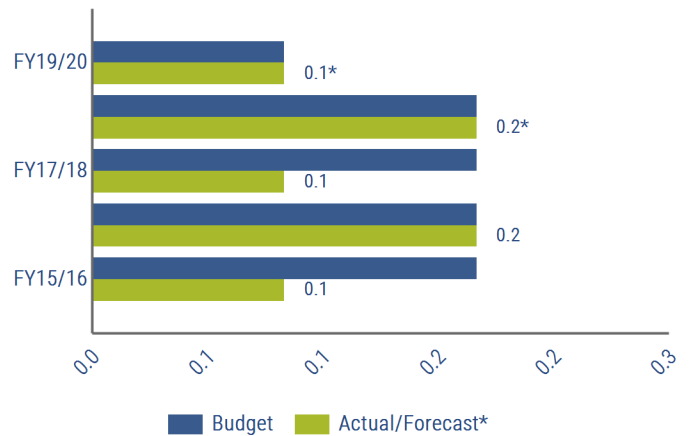
Adopted Budget to Actual/Forecast* (in millions)



Jet Fuel

A jet fuel tax of 0.18 cents is charged to every gallon of fuel purchased at the airport. The adopted FY 2019/20 budget is \$0.1 million, which is slightly lower than the FY 2018/19 year-end forecast.

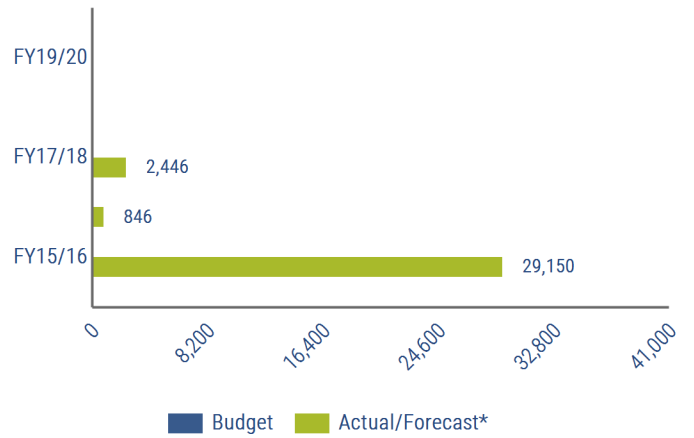
Adopted Budget to Actual/Forecast* (in millions)



Miscellaneous

Miscellaneous includes other types of one-time revenue that may or may not be received each year such as the FY 2015/16 insurance settlement proceeds from an aviation incident.

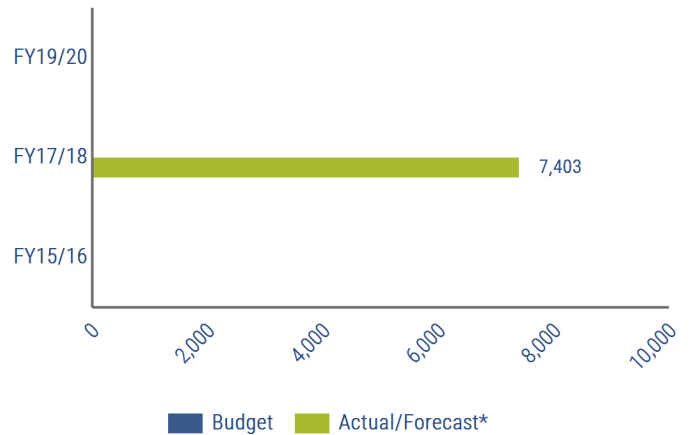
Adopted Budget to Actual/Forecast*



Reimbursements from Outside Sources

Reimbursements from Outside Sources rarely occur. FY 2017/18 reflects a reimbursement for an insurance settlement of an aviation incident.

Adopted Budget to Actual/Forecast*

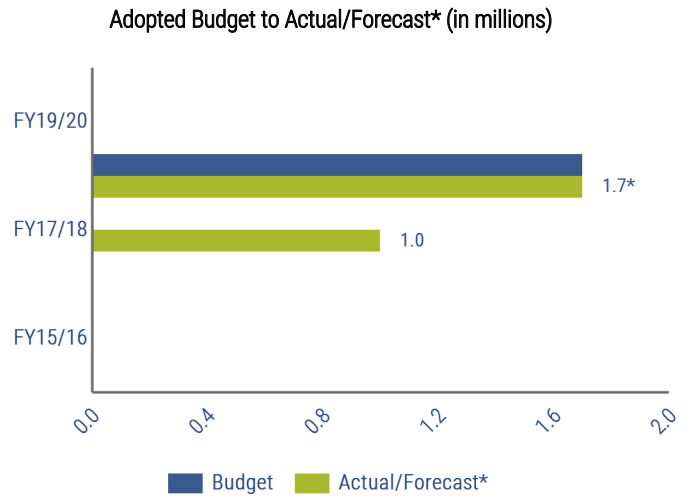


Transfers In

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

Debt Svc MPC Bonds

Debt Svc MPC Bonds was an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds in order to finance the Airport Terminal Area Redevelopment capital improvement project. Beginning in FY 2019/20, due to an accounting change made to the reporting of debt service, the internal transfer will not occur.

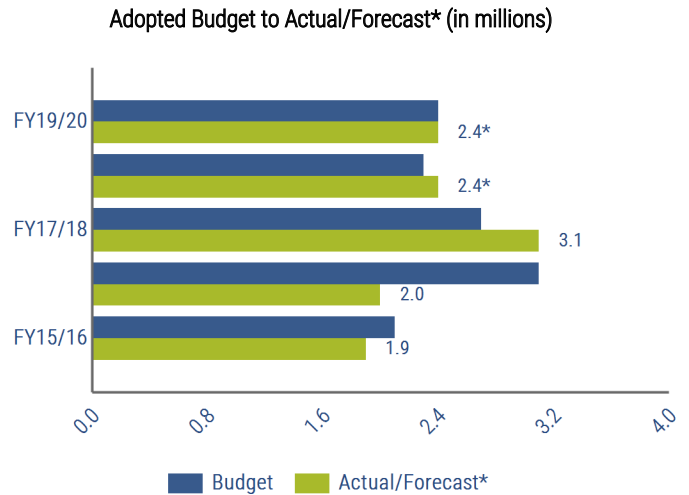


Aviation Fund Uses

The Aviation Fund uses are presented as a portion of the Community and Economic Development division's operating budget. Additionally, there are uses related to direct and indirect cost allocation, citywide pay program, compensation other, vacation trade, leave accrual payments, savings from vacant positions, utilities, contracts payable and transfers out to other funds.

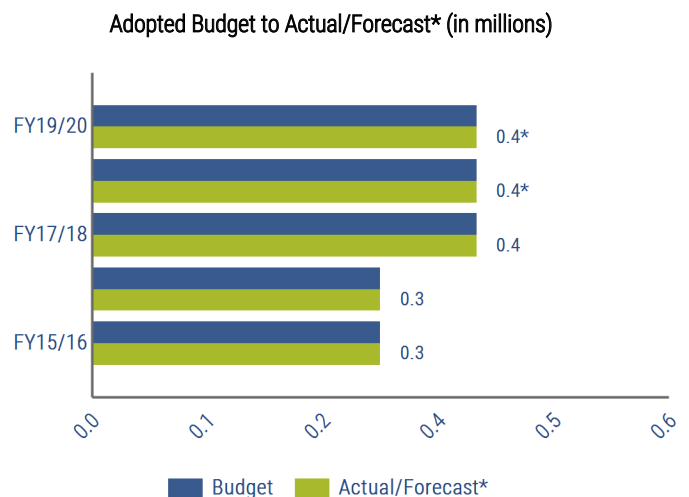
Community and Economic Development

Includes costs related to the operation and maintenance of the city's airport. The FY 2019/20 adopted budget is \$2.4 million, which remains relatively flat from the FY 2018/19 year-end forecast.



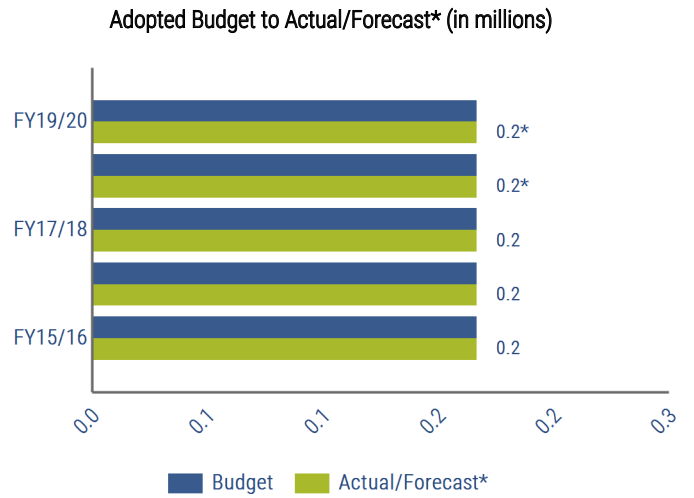
Citywide Direct Cost Allocation

Citywide Direct Cost Allocation represents Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel. The FY 2019/20 budget for this allocation is \$0.4 million, which remains relatively flat from the FY 2018/19 year-end forecast.



Citywide Indirect Cost Allocation

Citywide Indirect Cost Allocation represents charges to the Aviation Fund for specific General Fund central administrative functions, which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based on relative benefits received. The citywide indirect cost allocation for the FY 2019/20 adopted budget is \$0.2 million.



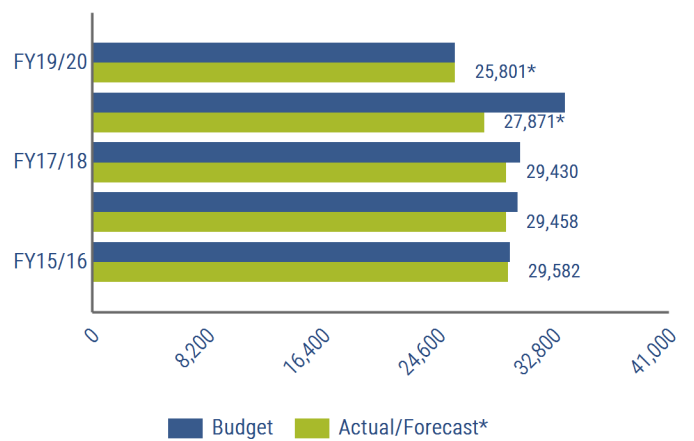
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Citywide Pay Program

The citywide pay program, through which employees may receive increases within their established salary ranges based on performance totals \$25,801 for the Aviation Fund for FY 2019/20. At the time the budget is adopted it is unknown which employees will receive an increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases. The actual amount spent each year was at or below the adopted budget.

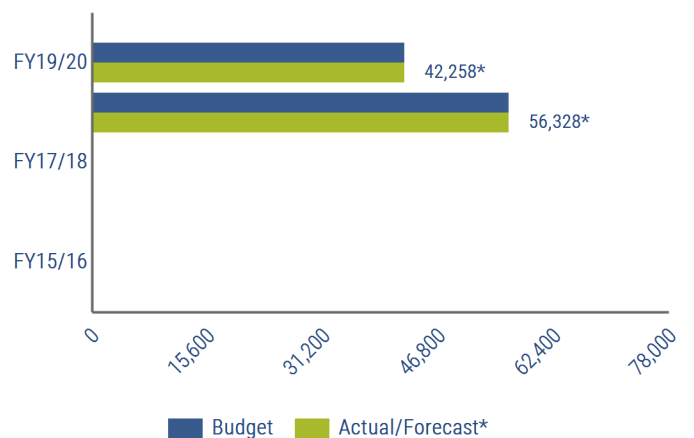
Adopted Budget to Actual/Forecast*



Compensation Other

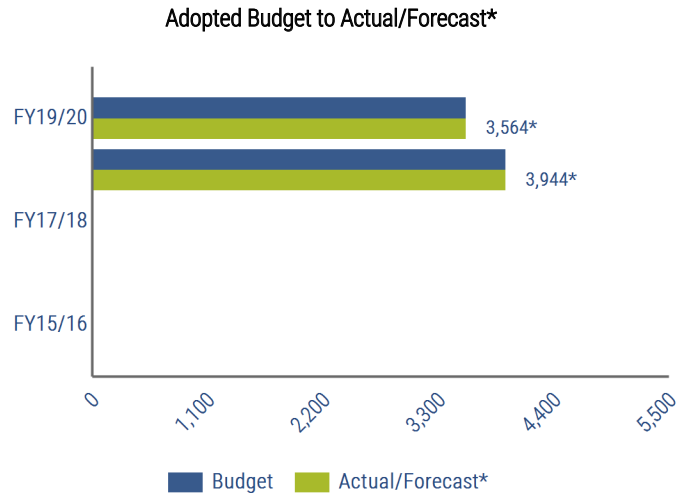
Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.

Adopted Budget to Actual/Forecast*



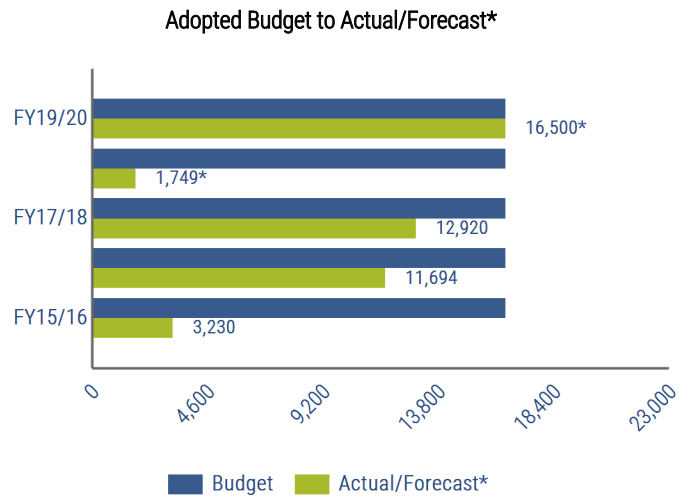
Vacation Trade

Beginning in FY 2018/19 the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Aviation Fund adopted budget includes \$3,564 for the vacation trade program.



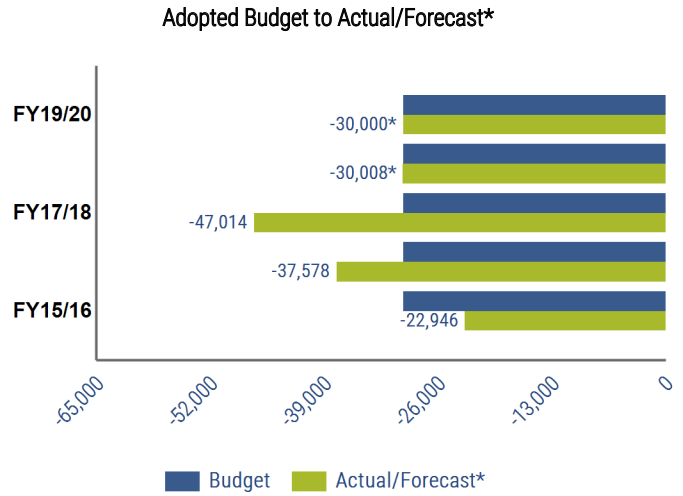
Leave Accrual Payments

Leave Accrual Payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. The FY 2019/20 leave accrual payments budget includes \$7,500 for medical leave accrual payouts and \$9,000 for vacation leave accrual payouts.



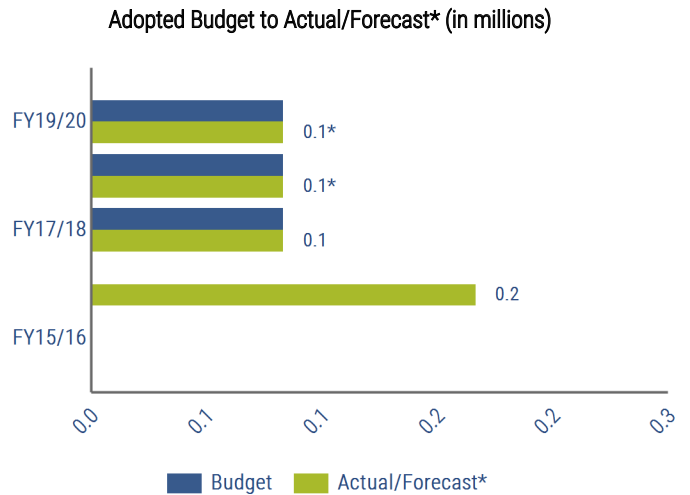
Savings from Vacant Positions

Savings from Vacant Positions is the amount of savings resulted from vacant positions. The FY 2019/20 Aviation Fund estimate for vacancy savings is (\$30,000).



Utilities

In an effort to provide greater efficiency in monitoring the budget to actual expenses for utilities as well as forecasting year-end results, beginning March 2017 an administrative change moved the utilities budgets (water, electric, sewer, gas, solid waste and recycling services) from individual divisions to a citywide macro level account, by fund. The FY 2019/20 Utilities budget is \$0.1 million which remains relatively flat to the FY 2018/19 year-end forecast.

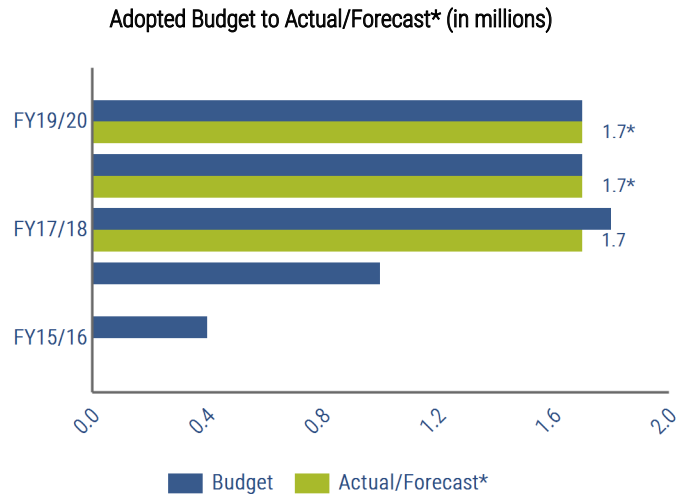


Debt Service and Transfers Out

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. Transfers Out are the authorized movement of cash to other funds and/or capital projects. More specific information is detailed below.

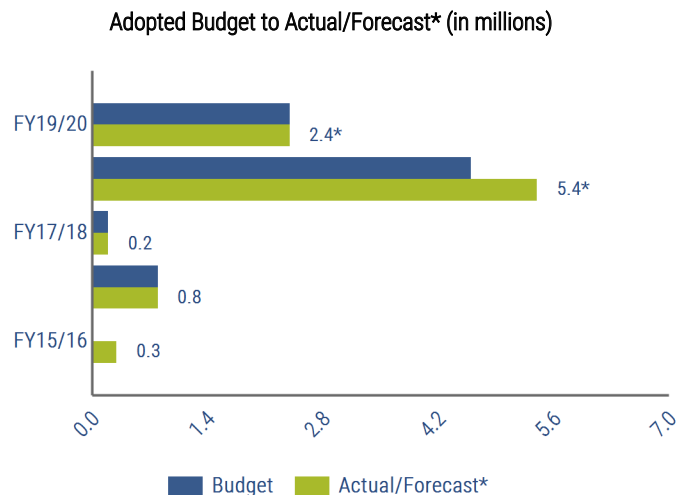
Contracts Payable

Contracts Payable represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The adopted FY 2019/20 budget is \$1.7 million. The bonds are used for the Airport Terminal Area Redevelopment project (see Volume Three for project details). The FY 2015/16 and FY 2016/17 budgets of \$0.4 million and \$1.0 million respectively, were adopted pending Council approval of the bond issuance, which happened in late FY 2016/17.



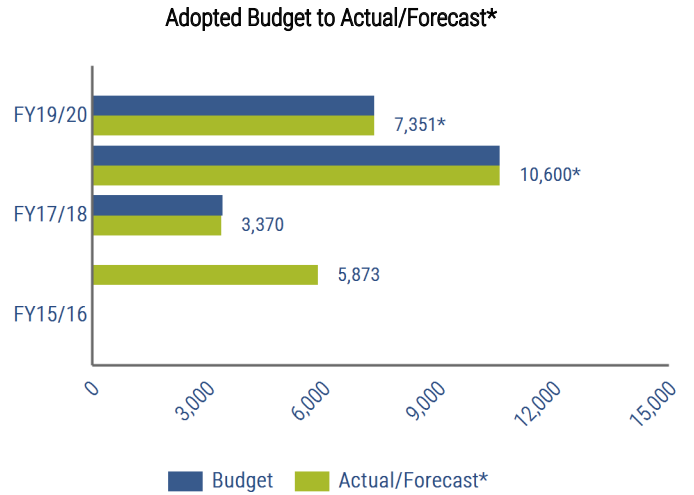
CIP

The FY 2019/20 CIP adopted budget of \$2.4 million will fund capital improvements, including the rehabilitation of ramps and runways, and other improvements at the Scottsdale Airport.



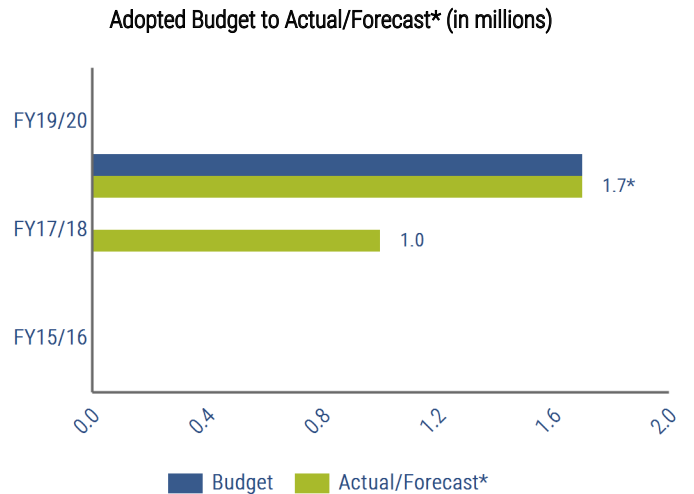
CIP Technology

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. The FY 2019/20 adopted budget is \$7,351.



Debt Svc MPC Bonds

Debt Svc MPC Bonds was an internal transfer between airport funds to repay the debt service from the FY 2017/18 issuance of Municipal Corporation Bonds (MPC) in order to finance the Airport Terminal Area Redevelopment capital improvement project. Beginning in FY 2019/20, due to an accounting change made to the reporting of debt service, the internal transfer will not occur.

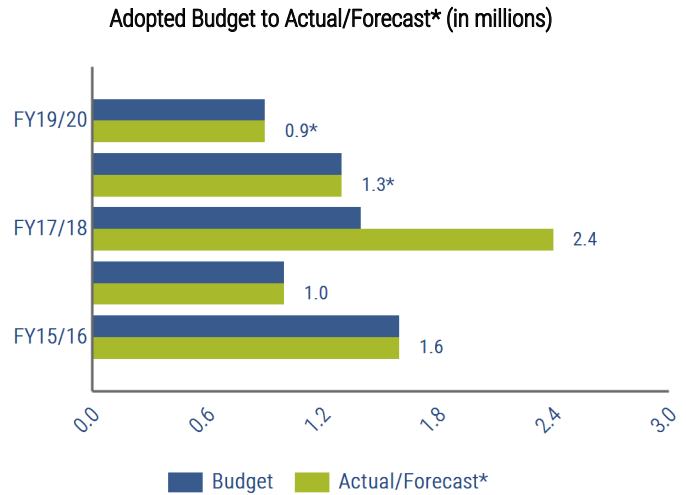


Aviation Fund Ending Balance

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. The city’s budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. The specific make-up of the city’s Aviation Fund ending balance and reserves are noted in the following:

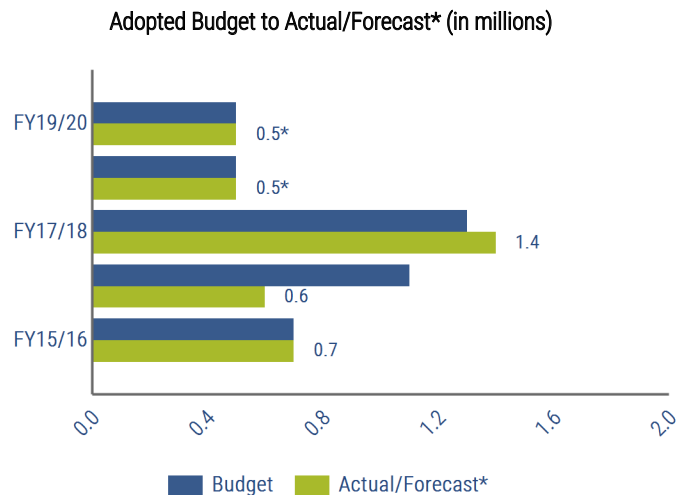
Fleet Replacement Reserve

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of fire equipment specific to fire operations dedicated to the airport. The FY 2019/20 Fleet Replacement Reserve ending fund balance is \$0.9 million.



Operating Reserve

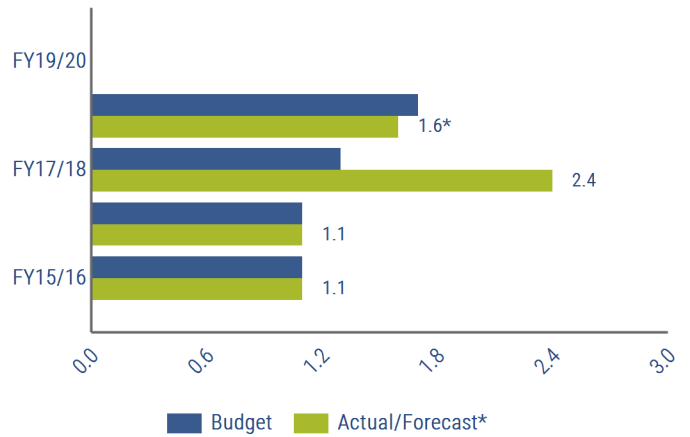
The FY 2019/20 ending fund balance includes an Operating Reserve of \$0.5 million. This reserve, per Financial Policy No. 39, is intended to ensure adequate funding for operations for a minimum of 60 days and a maximum period of 90 days. The purpose of the reserve is to provide for emergencies and potential grant matches, and to ensure that General Fund subsidies are avoided.



Repair/Replacement Reserve

The Repair/Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Repair/Replacement Reserve in FY 2019/20 is \$0.0 million.

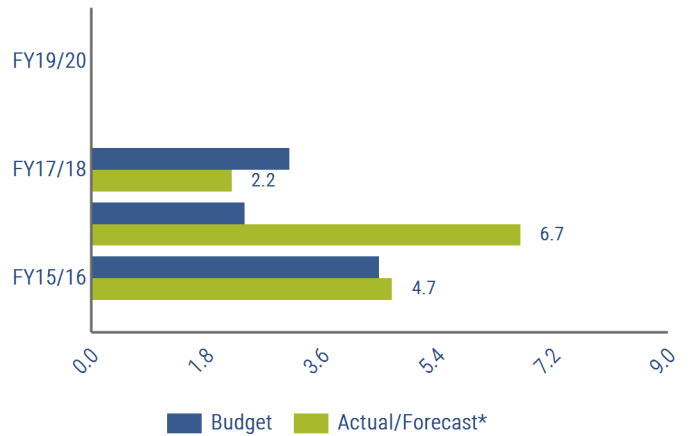
Adopted Budget to Actual/Forecast* (in millions)



Undesignated, Unreserved Fund Balance

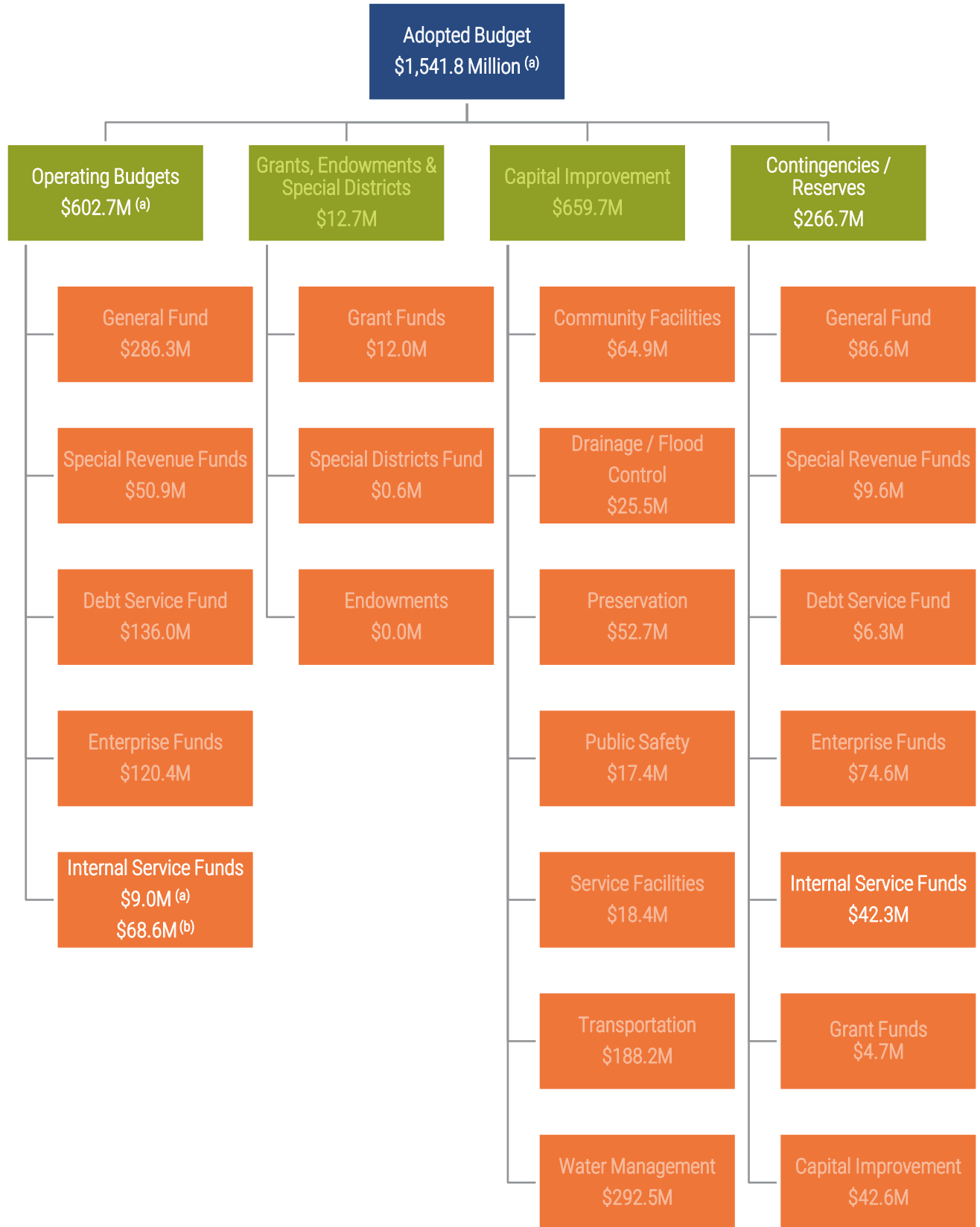
The Undesignated, Unreserved Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or to expand programs with ongoing operating expenses. The FY 2019/20 ending undesignated, unreserved fund balance is \$0.0 million. The balance from prior years was transferred to the CIP to fund the design and construction of aircraft box hangars, as well as pavement preservation for various paved areas at the Scottsdale Airport.

Adopted Budget to Actual/Forecast* (in millions)





BUDGET BY FUND | Internal Service Funds Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

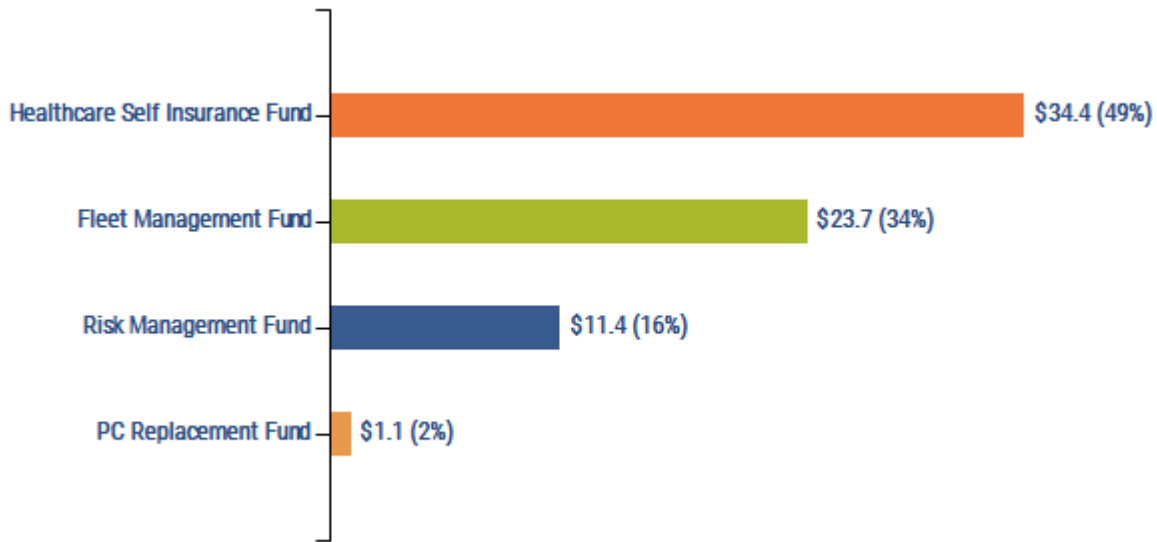
^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

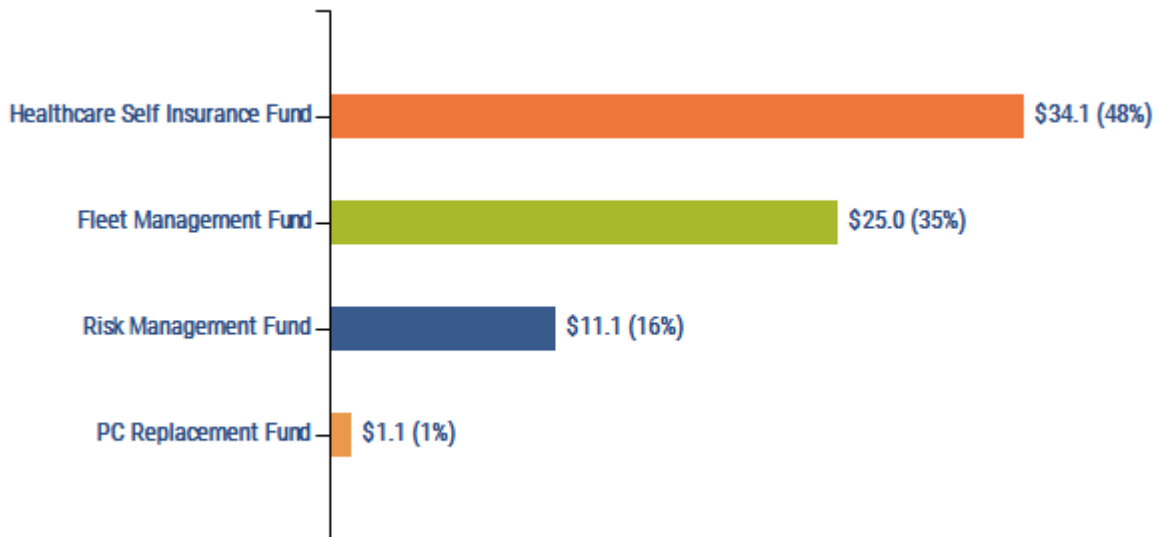
Internal Service Funds Description

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has four separate Internal Service Funds to account for the activity of this fund type: Healthcare Self Insurance, Fleet Management, Risk Management and PC Replacement. Internal Service Offsets are included to avoid the 'double' budget, since the charges for these services are already included in the Divisions' budgets.

Internal Service Funds Sources (% to Total)
\$70.5 Million



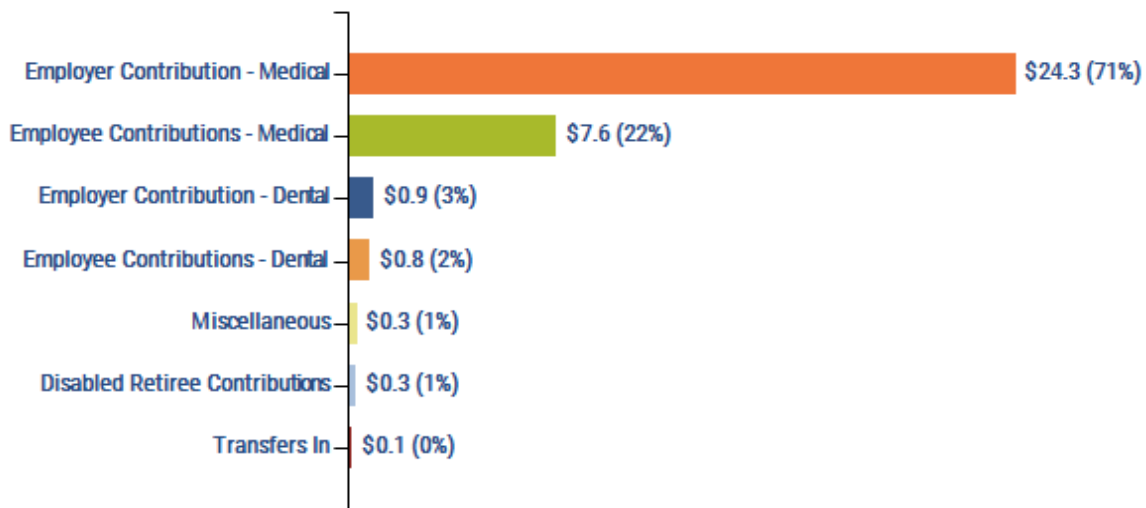
Internal Service Funds Uses (% to Total)
\$71.3 Million



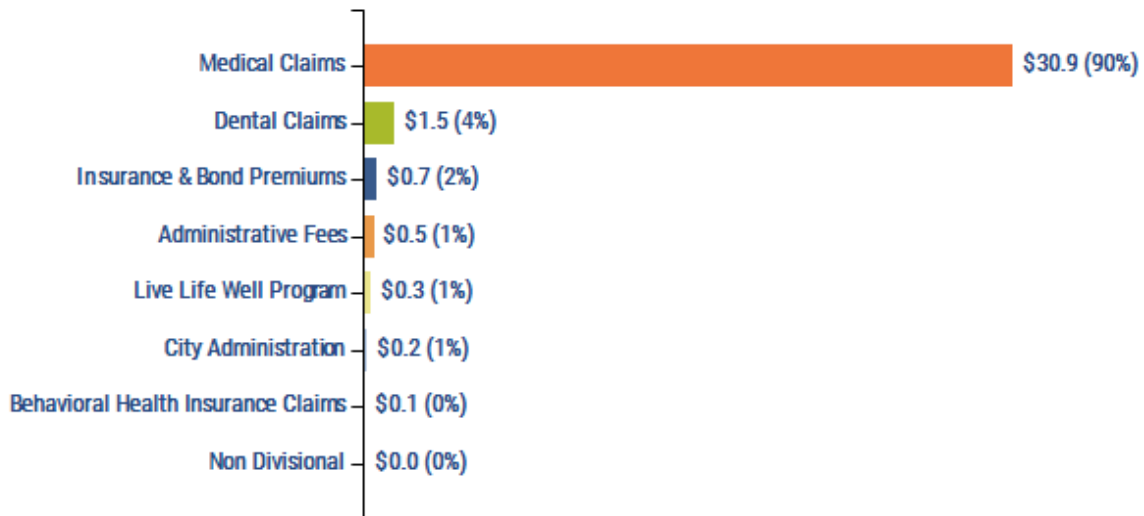
Fund Purpose

The Healthcare Self Insurance Fund is used to account for the city’s self insured medical and dental benefits. Revenue to this fund is derived from premiums charged to both the city and employees. The premiums are collected for the city’s portion by charging the divisions and through payroll deductions for the employee’s portion. Revenue is also collected through premium charges to public safety disabled retirees (including per City Council direction, a subsidy from the General Fund to cover Public Safety disabled retirees costs that exceed the premium charges) as well as State subsidies on healthcare contributions, COBRA, and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, behavioral, prescription and dental claims) as well as claims administration and other benefit plan expenses.

**Healthcare Self Insurance Fund Sources (% to Total)
\$34.4 Million**



**Healthcare Self Insurance Fund Uses (% to Total)
\$34.1 Million**



BUDGET BY FUND | Healthcare Self Insurance Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Healthcare Claims Reserve	7,320,542	6,138,178	6,812,770	8,440,550
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Total Beginning Fund Balance	9,820,542	8,638,178	9,312,770	10,940,550
Revenues				
Employer Contribution - Medical	21,002,956	23,155,032	22,795,032	24,347,313
Employee Contributions - Medical	6,942,146	7,713,405	7,233,405	7,613,343
Employer Contribution - Dental	765,642	877,326	877,326	931,400
Employee Contributions - Dental	730,693	763,455	763,455	786,359
Miscellaneous	189,758	317,297	317,297	322,316
Disabled Retiree Contributions	206,901	282,832	219,876	282,972
<i>Subtotal</i>	29,838,096	33,109,347	32,206,391	34,283,703
Transfers In				
Operating	104,311	114,425	120,562	143,319
<i>Subtotal</i>	104,311	114,425	120,562	143,319
Total Sources	29,942,408	33,223,772	32,326,953	34,427,022
Expenditures				
Medical Claims	27,656,261	28,893,105	27,668,455	30,867,972
Dental Claims	1,331,827	1,460,184	1,460,184	1,460,184
Insurance & Bond Premiums	591,258	604,546	604,546	667,319
Administrative Fees	428,189	494,458	494,458	503,055
Live Life Well Program	182,675	353,998	183,830	344,316
City Administration	186,656	202,916	208,797	206,773
Behavioral Health Insurance Claims	73,314	78,903	78,903	84,306
Citywide Pay Program	-	2,690	-	2,860
Compensation Other	-	2,624	-	2,306
<i>Subtotal</i>	30,450,179	32,093,424	30,699,173	34,139,091
TOTAL OPERATING BUDGET	30,450,179	32,093,424	30,699,173	34,139,091
Total Uses	30,450,179	32,093,424	30,699,173	34,139,091
Sources Over/(Under) Uses	(507,772)	1,130,348	1,627,780	287,931
Ending Fund Balance				
Healthcare Claims Reserve	6,812,770	7,268,526	8,440,550	8,728,481
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Total Ending Fund Balance	9,312,770	9,768,526	10,940,550	11,228,481

BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Healthcare Claims Reserve	8,440,550	8,728,481	9,032,281	9,408,981	9,838,881
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Beginning Fund Balance	10,940,550	11,228,481	11,532,281	11,908,981	12,338,881
Revenues					
Employer Contribution - Medical	24,347,313	26,282,100	28,371,700	30,628,500	33,065,700
Employee Contributions - Medical	7,613,343	8,235,400	8,907,200	9,632,800	10,416,500
Employer Contribution - Dental	931,400	950,000	969,000	988,400	1,008,200
Employee Contributions - Dental	786,359	802,100	818,100	834,500	851,200
Miscellaneous	322,316	326,900	331,600	336,800	341,600
Disabled Retiree Contributions	282,972	297,200	312,000	327,600	344,000
Subtotal	34,283,703	36,893,700	39,709,600	42,748,600	46,027,200
Transfers In					
Operating	143,319	165,700	190,600	217,500	247,500
Subtotal	143,319	165,700	190,600	217,500	247,500
Total Sources	34,427,022	37,059,400	39,900,200	42,966,100	46,274,700
Expenditures					
Medical Claims	30,867,972	33,323,700	35,976,100	38,840,300	41,934,000
Dental Claims	1,460,184	1,504,000	1,549,100	1,595,600	1,643,400
Insurance & Bond Premiums	667,319	720,800	778,400	840,600	907,900
Administrative Fees	503,055	526,600	551,200	577,400	605,100
Live Life Well Program	344,316	344,900	344,900	344,900	344,900
City Administration	206,773	236,600	216,800	222,100	252,800
Behavioral Health Insurance Claims	84,306	88,800	93,700	98,800	104,300
Citywide Pay Program	2,860	5,900	9,000	12,200	15,600
Compensation Other	2,306	4,300	4,300	4,300	4,300
Subtotal	34,139,091	36,755,600	39,523,500	42,536,200	45,812,300
 TOTAL OPERATING BUDGET	 34,139,091	 36,755,600	 39,523,500	 42,536,200	 45,812,300
Total Uses	34,139,091	36,755,600	39,523,500	42,536,200	45,812,300
Sources Over/(Under) Uses	287,931	303,800	376,700	429,900	462,400
Ending Fund Balance					
Healthcare Claims Reserve	8,728,481	9,032,281	9,408,981	9,838,881	10,301,281
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Ending Fund Balance	11,228,481	11,532,281	11,908,981	12,338,881	12,801,281

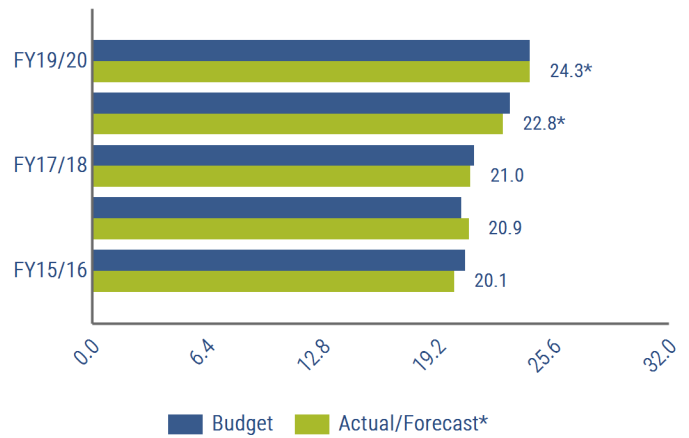
Healthcare Self Insurance Fund Sources

Healthcare Self Insurance Fund sources for FY 2019/20 equal \$34.4 million, which is an increase of \$2.1 million from the FY 2018/19 year-end forecast, mostly due to higher medical premiums as a result of increased healthcare costs. Sources include city and employee contributions for medical and dental premiums, miscellaneous revenues, Public Safety disabled retiree contributions and transfers in.

Employer Contribution - Medical

This revenue represents the city's contribution towards employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee only premium for the richest plan and 90 percent of the lowest cost plan. The FY 2019/20 adopted budget of \$24.3 million represents an increase of \$1.5 million from the FY 2018/19 year-end forecast.

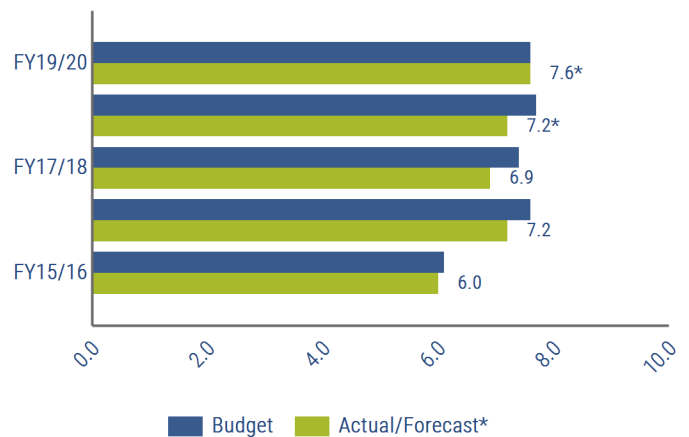
Adopted Budget to Actual/Forecast* (in millions)



Employee Contributions - Medical

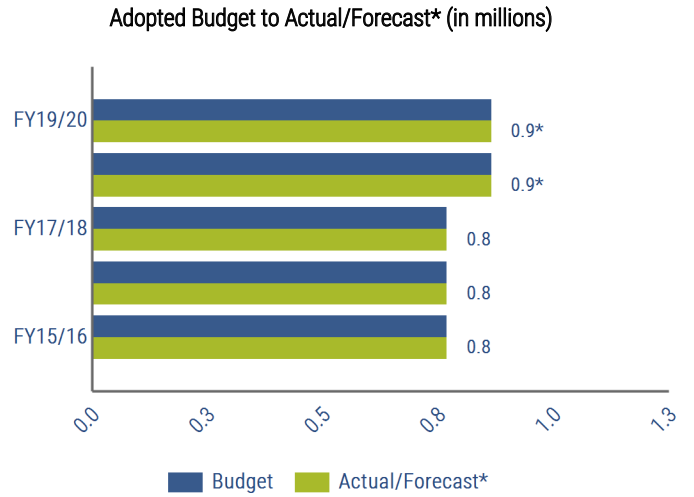
This revenue captures the employee portion of healthcare premiums collected through payroll deductions, and continuation of healthcare coverage (COBRA). The FY 2019/20 adopted budget of \$7.6 million, represents a decrease of \$0.4 million from the FY 2018/19 year-end forecast.

Adopted Budget to Actual/Forecast* (in millions)



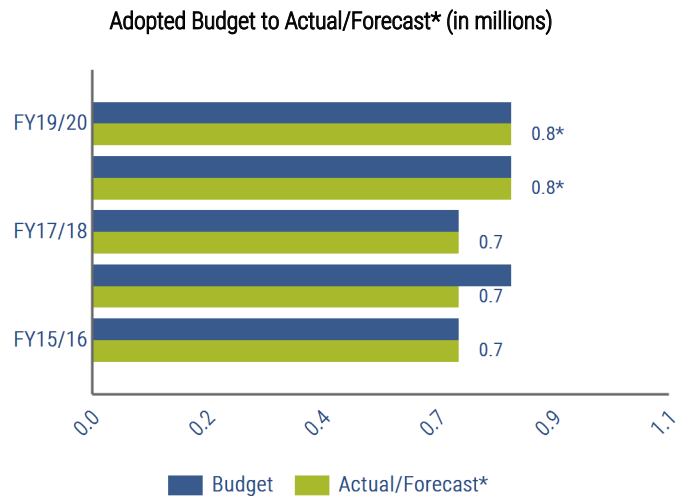
Employer Contribution - Dental

This revenue is comprised of the city's contribution to the dental premiums. The city contributes 100 percent of the employee only premium cost for the Health Maintenance Organization (HMO) dental plan and 88 percent of the employee only portion of the premium cost for the Preferred Provider Organization (PPO) dental plan. The FY 2019/20 adopted budget of \$0.9 million remains relatively flat from the FY 2018/19 year-end forecast.



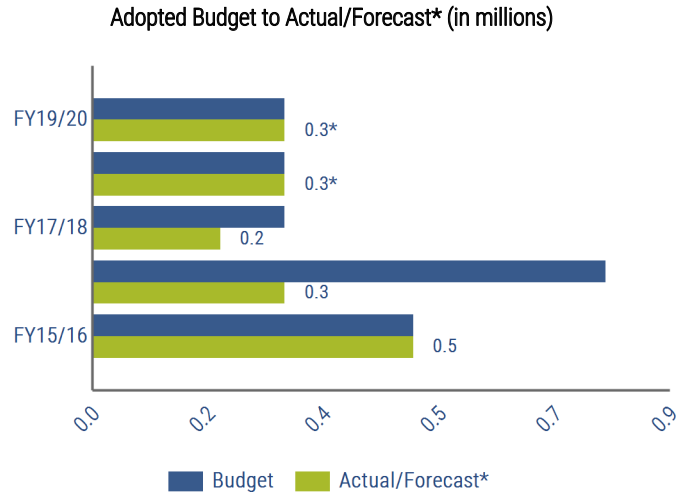
Employee Contributions - Dental

This revenue captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. FY 2019/20 is estimated at \$0.8 million, which remains flat from the FY 2018/19 year-end forecast.



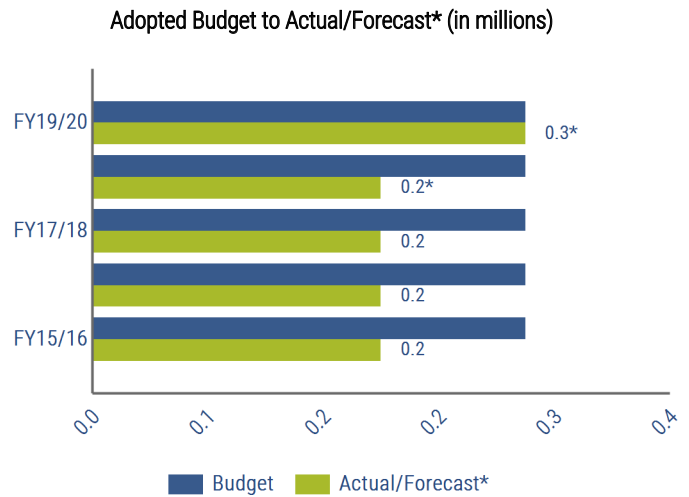
Miscellaneous

Miscellaneous revenues include state subsidy contributions for qualifying employees as well as reimbursements on medical claims over the city's stop loss limit. The FY 2019/20 adopted budget of \$0.3 million is relatively flat compared to the FY 2018/19 year-end forecast. In prior years, the pharmacy rebates received under the agreement with Cigna were included as a part of this budget. However, pharmacy rebates that were received were recorded as credits to medical claims expenditures creating a budget to actual variance. Beginning in FY 2017/18, pharmacy rebates are budgeted as credits to medical claims expenditures. There was a large pharmacy rebate expected in FY 2016/17.



Disabled Retiree Contributions

This revenue captures the Public Safety disabled retiree healthcare premiums collected through direct collections at the same rate as an active employee. The FY 2019/20 adopted budget of \$0.3 million is slightly higher than the FY 2018/19 year-end forecast.

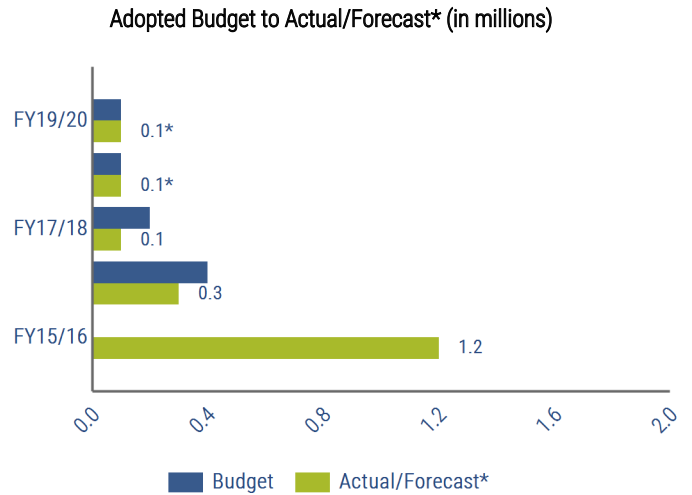


Transfers In

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

Operating

Operating includes a transfer in from the General Fund per City Council direction to subsidize the annual costs that exceeded premium collections for Public Safety disabled retirees. Total operating transfers in for FY 2019/20 is \$0.1 million, which remains relatively flat from the FY 2018/19 year-end forecast. In FY 2015/16 a transfer from various funds was approved by Council to absorb the accumulated deficit for costs associated with non-disabled retirees that were previously on the city's healthcare plan.



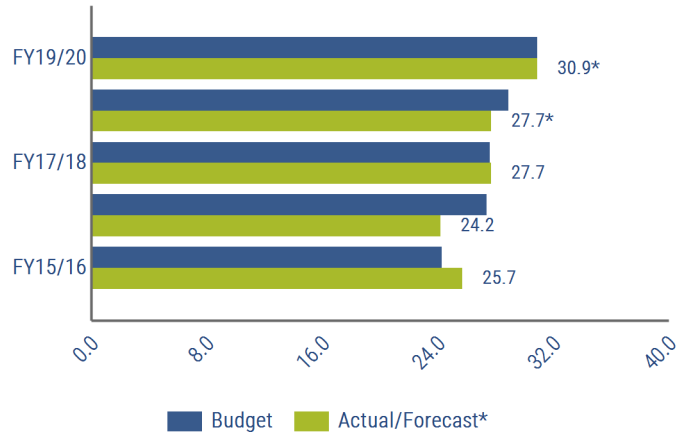
Healthcare Self Insurance Fund Uses

The direct operating expenditures of the Healthcare Self Insurance Fund include: medical and dental claims, insurance & bond premiums, administrative fees and health related programs.

Medical Claims

Includes all medical claims expenses for members of the plans, including employees, COBRA participants, Public Safety disabled retirees and families. The FY 2019/20 adopted budget of \$30.9 million represents an increase of \$3.2 million from the FY 2018/19 year-end forecast mostly due to the increasing costs of healthcare.

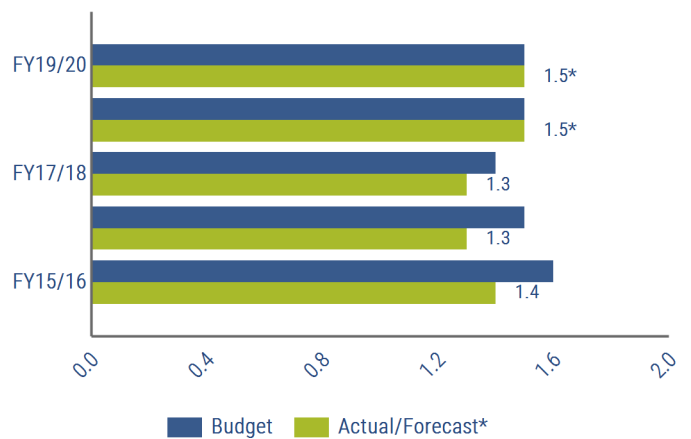
Adopted Budget to Actual/Forecast* (in millions)



Dental Claims

Includes all dental claims. The adopted FY 2019/20 budget is \$1.5 million, which remains flat from the FY 2018/19 year-end forecast.

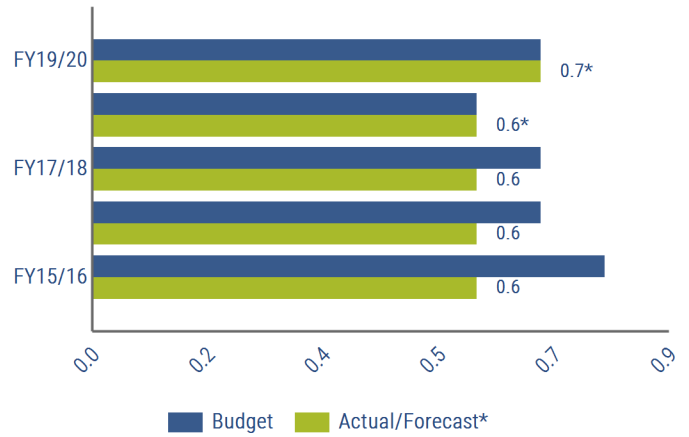
Adopted Budget to Actual/Forecast* (in millions)



Insurance & Bond Premiums

Insurance & Bond Premiums include the stop-loss insurance purchased to limit the city's exposure to large dollar claims. This type of coverage is used to ensure catastrophic claims do not upset the financial reserves of the self funded plan. The adopted FY 2019/20 budget of \$0.7 million is \$0.1 million higher than the FY 2018/19 year-end forecast. FY 2015/16 and FY 2016/17 actuals include reinsurance fees and stop loss insurance; however, the budget was included in City Administration.

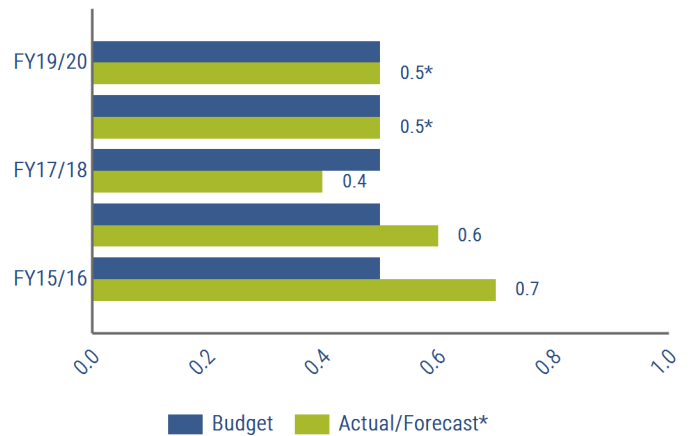
Adopted Budget to Actual/Forecast* (in millions)



Administrative Fees

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The decrease from prior years actuals is related to changing providers and to receiving more favorable terms. The FY 2019/20 adopted budget of \$0.5 million is relatively flat with the FY 2018/19 year-end forecast.

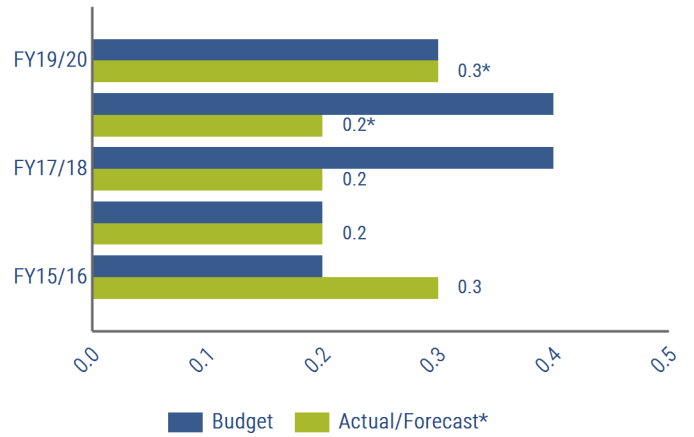
Adopted Budget to Actual/Forecast* (in millions)



Live Life Well Program

Incentives to employees to encourage participation in various health and wellness events, challenges, activities and classes. The FY 2019/20 adopted budget of \$0.3 million includes \$0.2 million for a wellness incentive to employees enrolled in a medical plan that complete an annual wellness exam and health assessment.

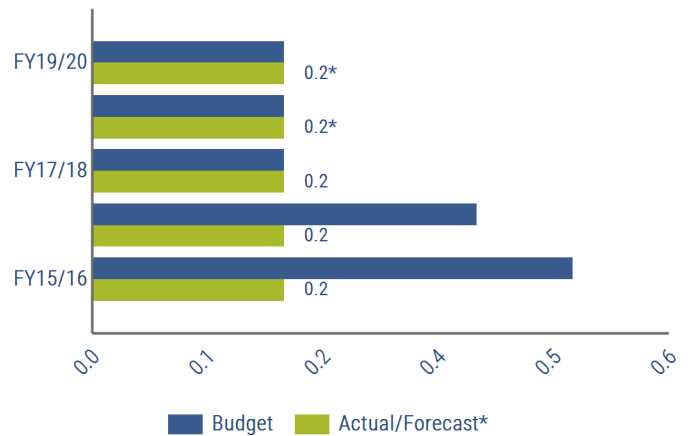
Adopted Budget to Actual/Forecast* (in millions)



City Administration

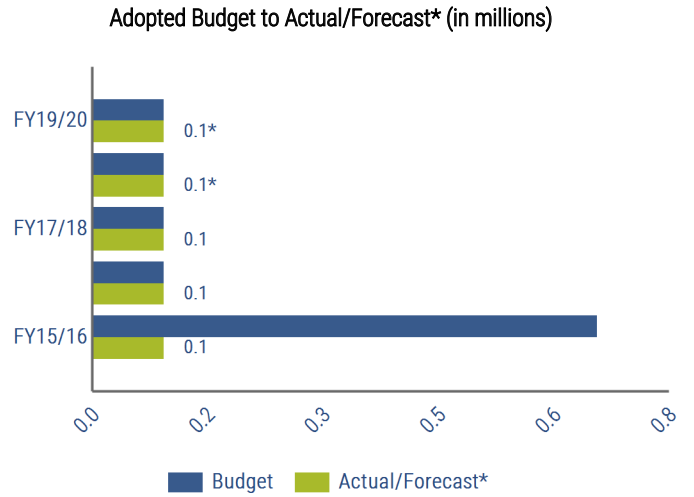
The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental and wellness plans. The adopted FY 2019/20 budget is \$0.2 million, which remains flat compared to the FY 2018/19 year-end forecast. The FY 2015/16 – FY 2016/17 City Administration budget included reinsurance fees and stop loss insurance; however, the expenditures were recorded in Insurance & Bond Premiums.

Adopted Budget to Actual/Forecast* (in millions)



Behavioral Health Insurance Claims

Includes all behavioral claims expenses. The FY 2019/20 adopted budget of \$0.1 million remains flat compared to the FY 2018/19 year-end forecast. A new provider was in effect beginning in FY 2014/15 where costs of behavioral health claims decreased significantly; however, the budget was not properly adjusted until FY 2016/17.



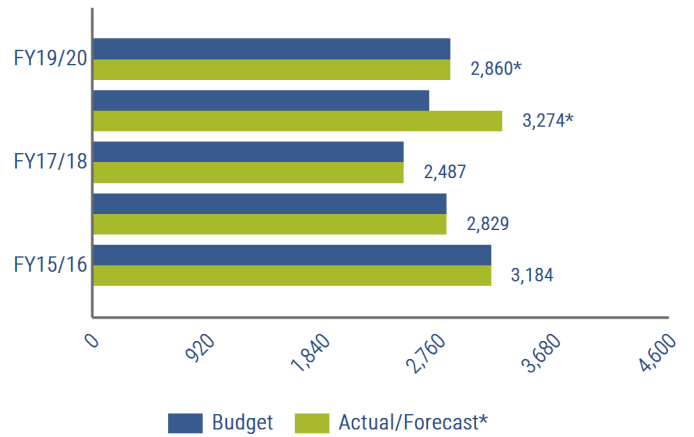
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Citywide Pay Program

A citywide pay for performance program, through which employees may receive increases within their established salary ranges based on performance is budgeted at \$2,860 for FY 2019/20.

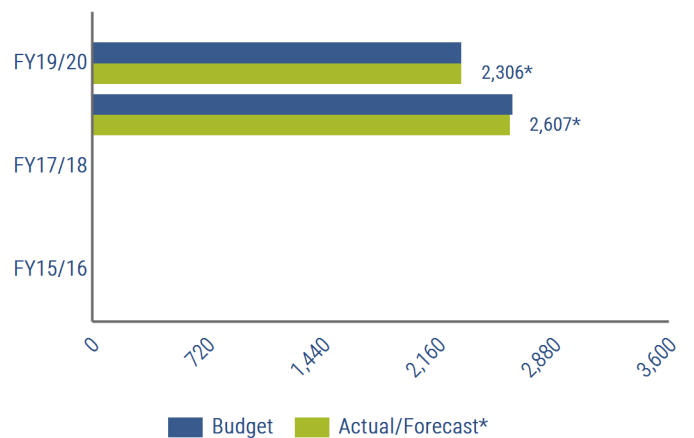
Adopted Budget to Actual/Forecast*



Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.

Adopted Budget to Actual/Forecast*



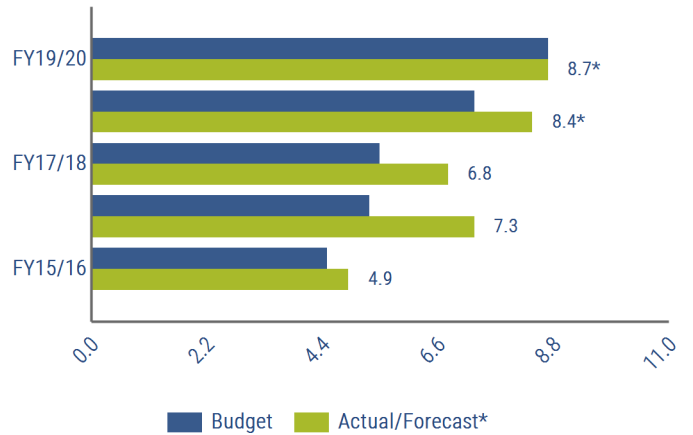
Healthcare Self Insurance Ending Fund Balance

The Healthcare Self Insurance Fund ending balance is maintained to provide for coverage of self insured benefits.

Healthcare Claims Reserve

The projected FY 2019/20 Healthcare Claims Reserve is \$8.7 million, which is \$0.3 million higher than the FY 2018/19 year-end forecast. The reserve is for large claims beyond what was anticipated and for incurred but not reported claims.

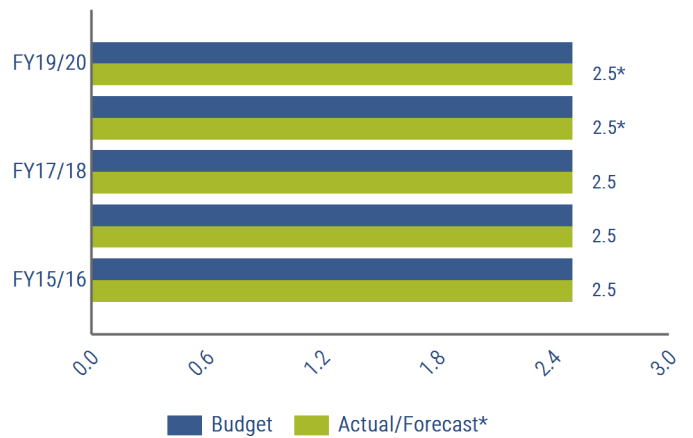
Adopted Budget to Actual/Forecast* (in millions)



Operating Contingency

Contingency funds are utilized only after all other budget options have been examined and require City Council approval. The FY 2019/20 adopted budget is \$2.5 million.

Adopted Budget to Actual/Forecast* (in millions)



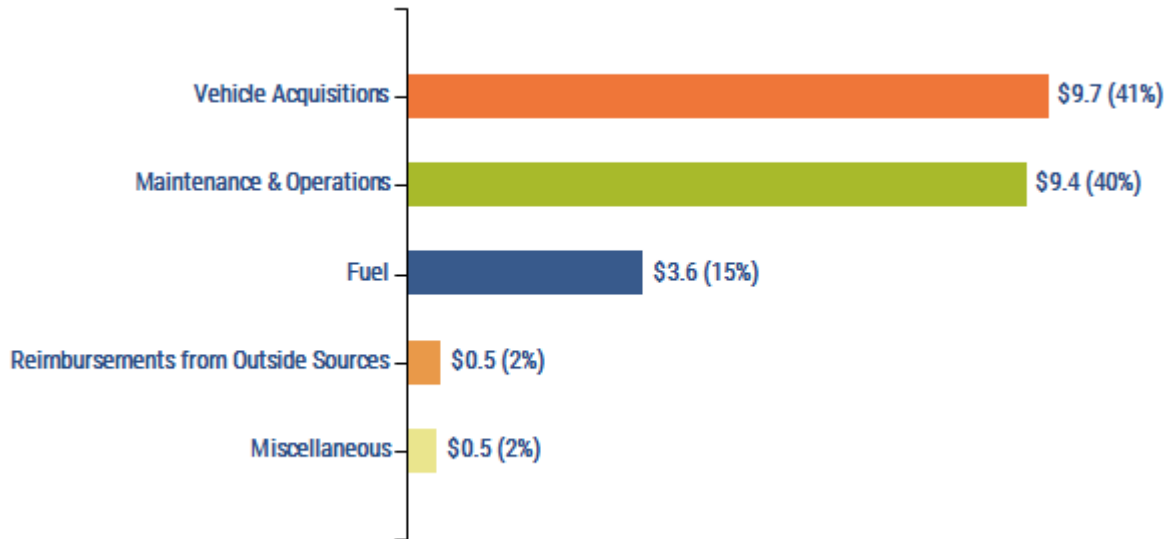


FY 2019/20 Adopted Budget

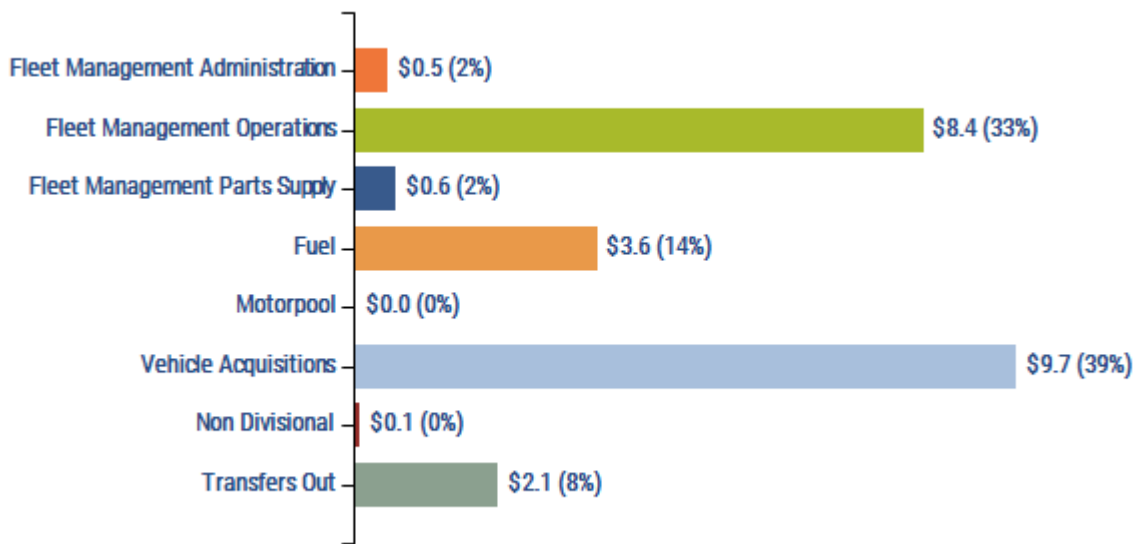
Fund Purpose

This fund is used to account for the expenditures associated with purchasing and maintaining the city's equipment and vehicles. Replacement and operation of equipment and vehicles are charged to the city divisions as internal operating costs based on the quantity and type of equipment and vehicles used. The division charges become revenue to the Fleet Management Fund.

Fleet Management Fund Sources (% to Total)
\$23.7 Million



Fleet Management Fund Uses (% to Total)
\$25.0 Million



BUDGET BY FUND | Fleet Management Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Designated For Future Acquisition	5,577,903	5,900,543	5,965,346	7,725,069
Operating Contingency	750,000	750,000	750,000	750,000
Undesignated, Unreserved Fund Balance	3,207,990	2,268,518	2,502,483	788,895
Total Beginning Fund Balance	9,535,893	8,919,061	9,217,829	9,263,964
Revenues				
Vehicle Acquisitions	7,975,428	8,284,596	8,284,596	9,734,421
Maintenance & Operations	8,907,490	8,990,892	8,990,892	9,400,504
Fuel	3,122,741	4,003,740	4,003,740	3,567,160
Reimbursements from Outside Sources	636,138	490,000	490,000	500,000
Miscellaneous	204,296	433,273	433,273	450,000
<i>Subtotal</i>	<u>20,846,092</u>	<u>22,202,501</u>	<u>22,202,501</u>	<u>23,652,085</u>
Total Sources	20,846,092	22,202,501	22,202,501	23,652,085
Expenditures				
Fleet Management Administration	458,381	478,156	503,964	496,468
Fleet Management Operations	8,079,671	7,938,418	8,042,396	8,359,436
Fleet Management Parts Supply	502,255	580,271	607,204	619,602
Fuel	2,892,685	3,936,190	3,397,295	3,567,160
Motorpool	42,611	49,872	49,872	27,116
Vehicle Acquisitions	7,617,016	8,147,400	8,147,400	9,734,421
Citywide Pay Program	-	91,860	-	92,071
Compensation Other	-	159,197	-	123,596
Leave Accrual Payments	-	32,568	27,568	20,000
Savings from Vacant Positions	-	(204,790)	(102,733)	(170,000)
Vacation Trade	-	11,844	-	12,832
<i>Subtotal</i>	<u>19,592,618</u>	<u>21,220,986</u>	<u>20,672,966</u>	<u>22,882,702</u>
TOTAL OPERATING BUDGET	19,592,618	21,220,986	20,672,966	22,882,702
Transfers Out				
CIP	1,563,744	1,458,700	1,458,700	2,102,147
CIP Technology	7,794	24,700	24,700	18,057
<i>Subtotal</i>	<u>1,571,538</u>	<u>1,483,400</u>	<u>1,483,400</u>	<u>2,120,204</u>
Total Uses	21,164,156	22,704,386	22,156,366	25,002,906
Sources Over/(Under) Uses	(318,064)	(501,885)	46,135	(1,350,821)
Ending Fund Balance				
Designated For Future Acquisition	5,965,346	6,037,739	7,725,069	6,910,195
Operating Contingency	750,000	750,000	750,000	750,000
Undesignated, Unreserved Fund Balance	2,502,483	1,629,437	788,895	252,948
Total Ending Fund Balance	9,217,829	8,417,176	9,263,964	7,913,143

BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

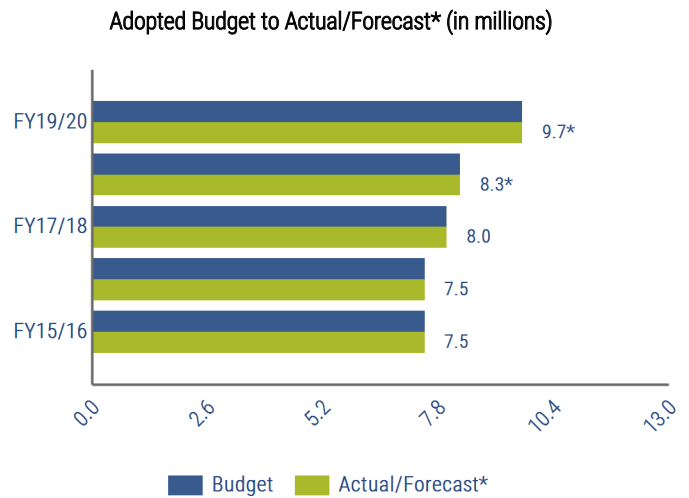
	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Designated For Future Acquisition	7,725,069	6,910,195	6,967,990	7,717,495	8,537,295
Operating Contingency	750,000	750,000	750,000	750,000	750,000
Undesignated, Unreserved Fund Balance	788,895	252,948	248,253	266,448	275,948
Total Beginning Fund Balance	9,263,964	7,913,143	7,966,243	8,733,943	9,563,243
Revenues					
Vehicle Acquisitions	9,734,421	10,114,100	10,508,500	10,918,300	11,344,200
Maintenance & Operations	9,400,504	9,824,500	10,150,300	10,475,700	10,776,700
Fuel	3,567,160	3,745,500	3,932,800	4,129,400	4,335,900
Reimbursements from Outside Sources	500,000	515,000	530,500	546,400	562,800
Miscellaneous	450,000	454,500	459,000	463,600	468,300
<i>Subtotal</i>	<u>23,652,085</u>	<u>24,653,600</u>	<u>25,581,100</u>	<u>26,533,400</u>	<u>27,487,900</u>
Total Sources	23,652,085	24,653,600	25,581,100	26,533,400	27,487,900
Expenditures					
Fleet Management Administration	496,468	503,200	509,600	516,000	522,800
Fleet Management Operations	8,359,436	8,548,700	8,771,300	9,003,900	9,214,700
Fleet Management Parts Supply	619,602	629,400	638,700	648,400	658,400
Fuel	3,567,160	3,745,500	3,932,800	4,129,400	4,335,900
Motorpool	27,116	28,400	29,500	30,600	31,700
Vehicle Acquisitions	9,734,421	10,114,100	10,508,500	10,918,300	11,344,200
Citywide Pay Program	92,071	190,300	282,100	362,800	441,200
Compensation Other	123,596	210,800	211,200	211,700	211,800
Leave Accrual Payments	20,000	20,600	21,000	21,600	22,000
Savings from Vacant Positions	(170,000)	(173,400)	(176,900)	(180,400)	(184,000)
Vacation Trade	12,832	13,200	13,600	14,000	14,400
<i>Subtotal</i>	<u>22,882,702</u>	<u>23,830,800</u>	<u>24,741,400</u>	<u>25,676,300</u>	<u>26,613,100</u>
TOTAL OPERATING BUDGET	22,882,702	23,830,800	24,741,400	25,676,300	26,613,100
Transfers Out					
CIP	2,102,147	754,900	-	-	-
CIP Technology	18,057	14,800	72,000	27,800	51,400
<i>Subtotal</i>	<u>2,120,204</u>	<u>769,700</u>	<u>72,000</u>	<u>27,800</u>	<u>51,400</u>
Total Uses	25,002,906	24,600,500	24,813,400	25,704,100	26,664,500
Sources Over/(Under) Uses	(1,350,821)	53,100	767,700	829,300	823,400
Ending Fund Balance					
Designated For Future Acquisition	6,910,195	6,967,990	7,717,495	8,537,295	9,349,295
Operating Contingency	750,000	750,000	750,000	750,000	750,000
Undesignated, Unreserved Fund Balance	252,948	248,253	266,448	275,948	287,348
Total Ending Fund Balance	7,913,143	7,966,243	8,733,943	9,563,243	10,386,643

Fleet Management Fund Sources

Fleet Management Fund sources for FY 2019/20 equal \$23.7 million which is an increase of \$1.4 million from the FY 2018/19 year-end forecast, a direct result of charging city divisions more for increased costs of parts, sublet repairs, labor and an adjustment in the acquisition inflation factor. The Fleet Management Fund includes revenue from rates charged to city divisions as internal operating costs for Vehicle Acquisitions, Maintenance & Operations, and Fuel. Reimbursements from Outside Sources and Miscellaneous are also revenue received in the fund.

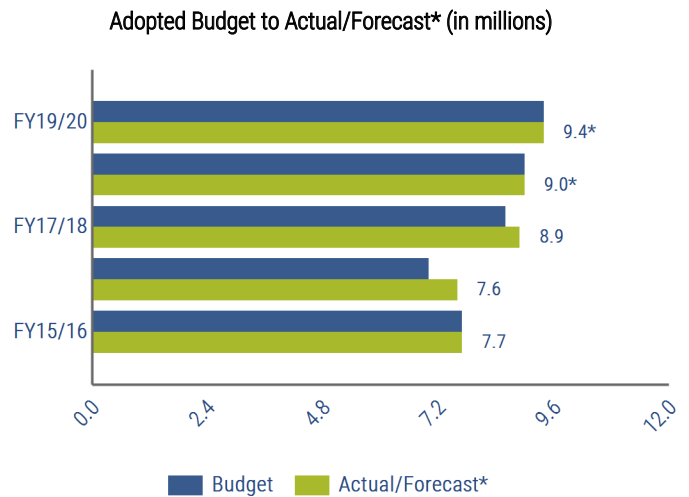
Vehicle Acquisitions

Vehicle Acquisitions represents the “rental” rate charged to divisions sufficient for the acquisition and replacement of city vehicles and equipment. Vehicle Acquisition rates make up 41 percent of the FY 2019/20 sources at \$9.7 million, which is an increase of about \$1.4 million from the FY 2018/19 year-end forecast. The increase is a result of the annual escalation rate as well as the transition from sedans to sport utility vehicles as the standard vehicle for Public Safety - Police. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year for the rental rates charged to the divisions.



Maintenance & Operations

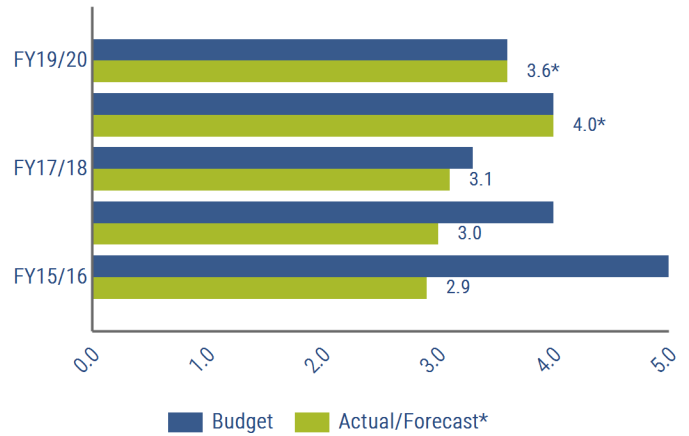
Maintenance & Operations sources originate from charges to other city divisions based on the usage of city vehicles and equipment. The Maintenance & Operations revenue for FY 2019/20 totals \$9.4 million, which is an increase of \$0.4 million from the FY 2018/19 year-end revenue forecast. The increase is a direct result of increased costs of parts, sublet repairs, and labor.



Fuel

Fuel represents the charges to other city divisions based on the fuel consumption of city vehicles and equipment. Rates are determined based on historical data as well as forecasted future consumption. Included in this methodology are local and national fuel cost trends. The FY 2019/20 adopted budget is \$3.6 million, which is a \$0.4 million decrease from the FY 2018/19 year-end forecast. The decrease is related to an anticipated reduction in charges to divisions to align with expected lower fuel costs for diesel and unleaded.

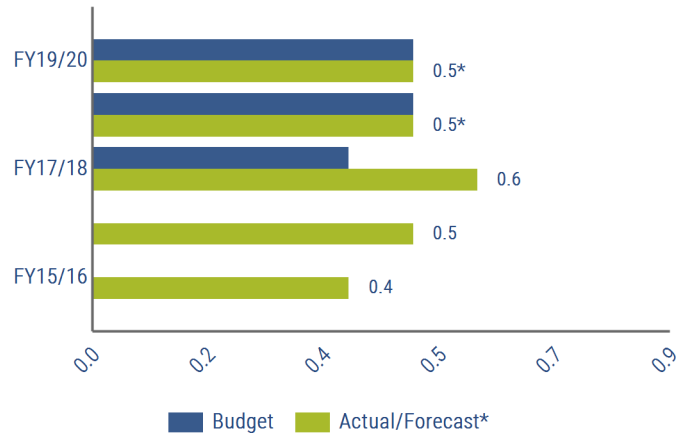
Adopted Budget to Actual/Forecast* (in millions)



Reimbursements from Outside Sources

Reimbursement from Outside Sources revenue is generated from any insurance recoveries received and reimbursements for fuel taxes and vehicle parts. Historically, these reimbursements were not budgeted. Reimbursements from Outside Sources is budgeted at \$0.5 million for FY 2019/20, which is flat to the FY 2018/19 year-end forecast.

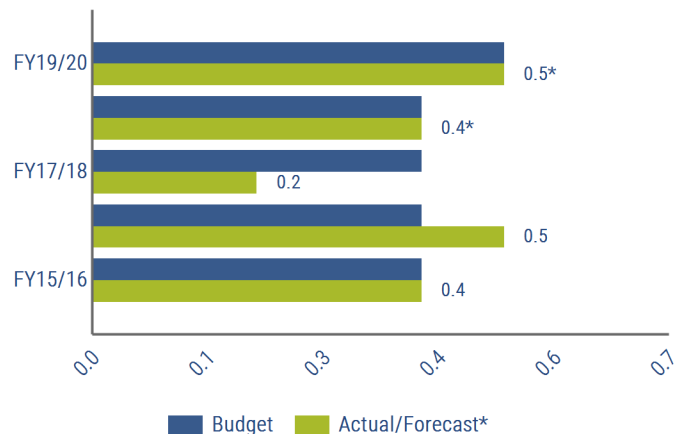
Adopted Budget to Actual/Forecast* (in millions)



Miscellaneous

Miscellaneous is generated from the liquidation of surplus property. The FY 2019/20 adopted budget is \$0.5 million, which is a \$0.1 million increase from the FY 2018/19 year-end forecast.

Adopted Budget to Actual/Forecast* (in millions)

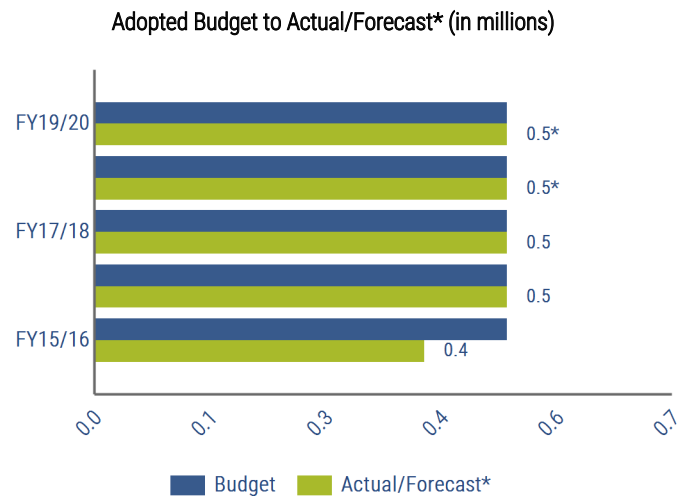


Fleet Management Fund Uses

The direct operating uses for the Fleet Management Fund are summarized below by Fleet Management Administration, Fleet Management Operations, Fleet Management Parts Supply, Fuel, Motorpool, and Vehicle Acquisitions.

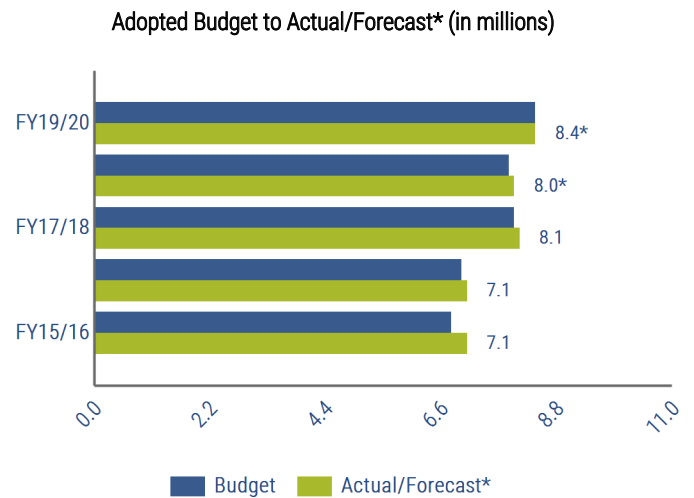
Fleet Management Administration

Includes all costs related to supporting the management and administrative personnel that are dedicated to directing and overseeing the fleet operation of the city. The FY 2019/20 adopted budget of \$0.5 million remains relatively flat to the FY 2018/19 year-end forecast.



Fleet Management Operations

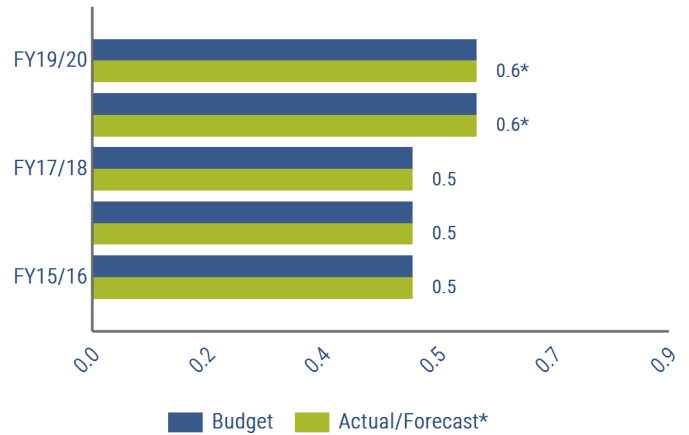
Includes costs related to supporting technical personnel that perform the maintenance and repair functions of the city's fleet operation, the funding for replacement parts, and the use of outside vendors when necessary. The FY 2019/20 adopted budget of \$8.4 million is a \$0.4 million increase over the FY 2018/19 year-end forecast.



Fleet Management Parts Supply

Includes all costs related to supporting the specialized personnel that are dedicated to maintaining the parts segment of the city's fleet operation, as well as the costs of all required supplies and tools. The FY 2019/20 adopted budget of \$0.6 million remains relatively flat to the FY 2018/19 year-end forecast.

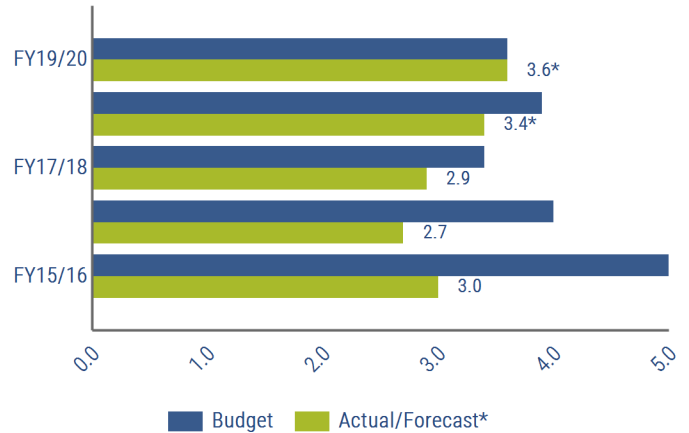
Adopted Budget to Actual/Forecast* (in millions)



Fuel

Includes all costs related to the purchase of fuel, as well as costs for equipment, maintenance and services necessary to maintain the provision of fuel in the city's fleet operation. The FY 2019/20 adopted budget is \$3.6 million. The fuel budget was reduced by \$0.4 million from the FY 2018/19 adopted budget due to lower expected diesel and unleaded fuel costs.

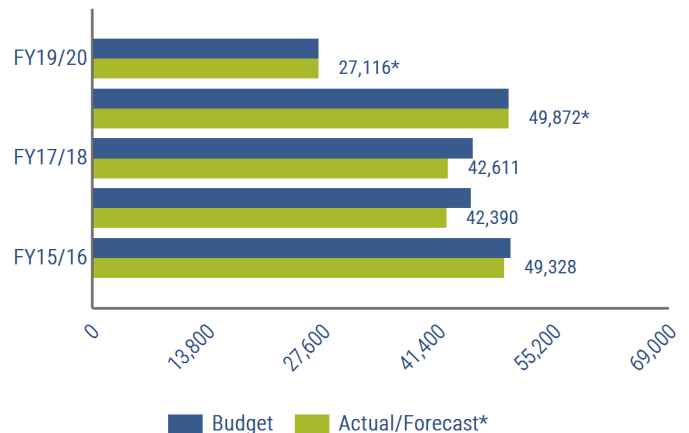
Adopted Budget to Actual/Forecast* (in millions)



Motorpool

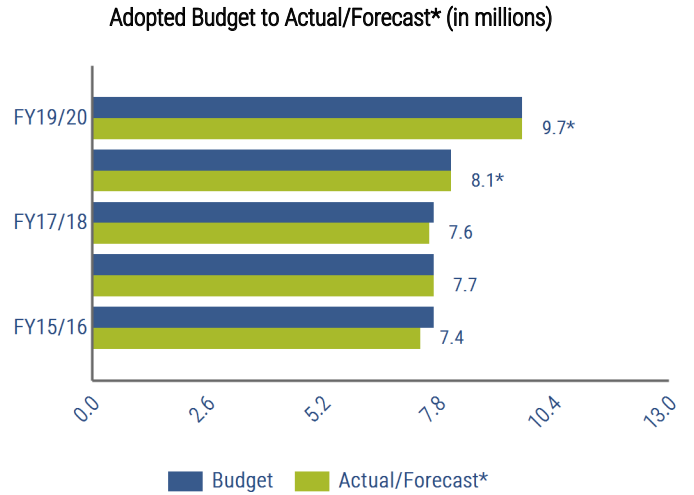
This expenditure category includes all costs related to the care of the city's motorpool vehicles including fuel and maintenance. The FY 2019/20 adopted budget of \$27,116 is a \$22,756 decrease to the FY 2018/19 year-end forecast. The decrease is due to the reduction of fleet replacement expenses on the motorpool vehicles.

Adopted Budget to Actual/Forecast*



Vehicle Acquisitions

This expenditure area includes all costs related to the purchase or replacement of vehicles within the city's fleet. The FY 2019/20 adopted budget of \$9.7 million is a \$1.6 million increase over the FY 2018/19 year-end forecast due to technological and safety changes that continue to increase the costs of on-highway vehicles as well as the transition from sedans to sport utility vehicles which is the new standard vehicle for Public Safety - Police.

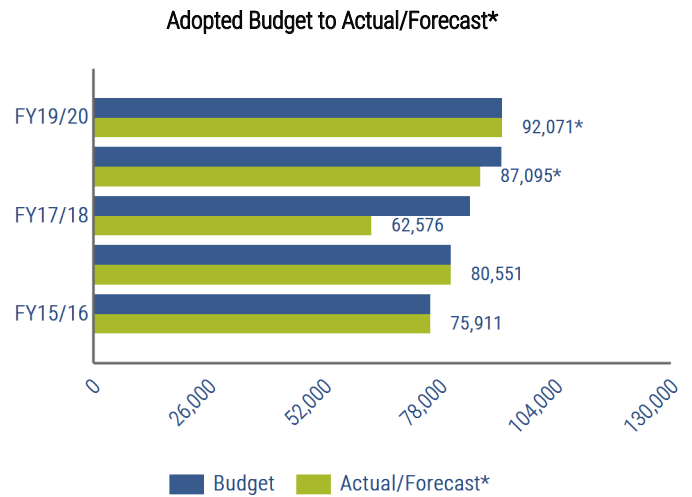


Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

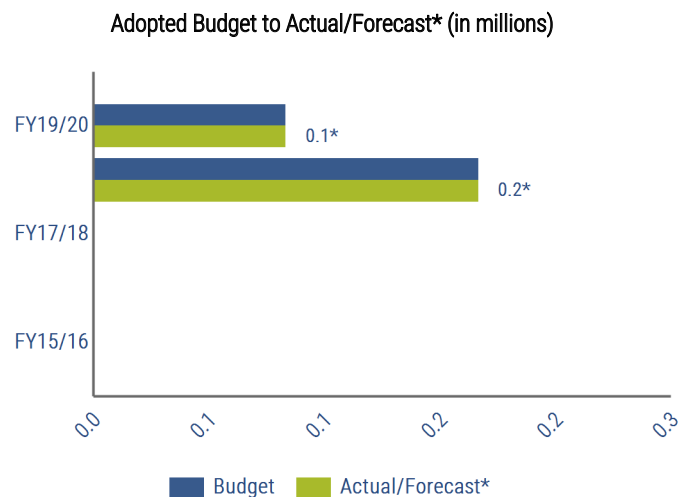
Citywide Pay Program

A citywide pay program, through which employees may receive increases within their established salary ranges based on performance. The FY 2019/20 adopted budget total is \$0.1 million. At the time the budget is adopted it is unknown which employees will receive a performance increase and for how much. Therefore, the citywide pay program is budgeted at a macro level and then paid based on actual increases within the department. The actual amount spent each year was at or below the adopted budget.



Compensation Other

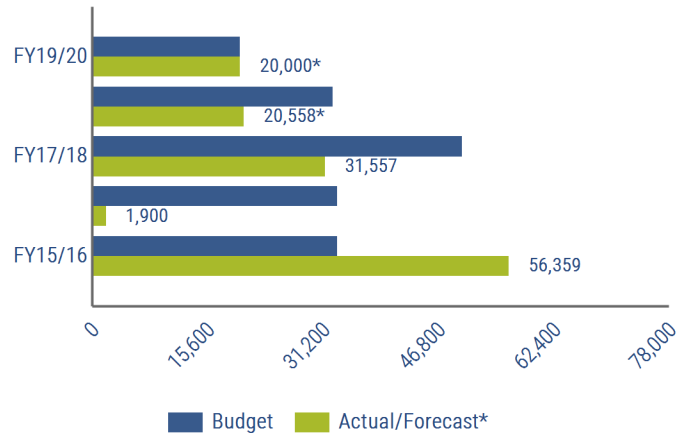
Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.



Leave Accrual Payments

These payments include accumulated medical and/or vacation leave paid out at the time of retirement or separation from the city. FY 2019/20 leave accrual payments of \$20,000 include \$10,000 budgeted for medical leave accrual payouts and \$10,000 budgeted for vacation leave accrual payouts. The budget is lower than the FY 2018/19 year-end forecast because less retirements are expected to occur in FY 2019/20.

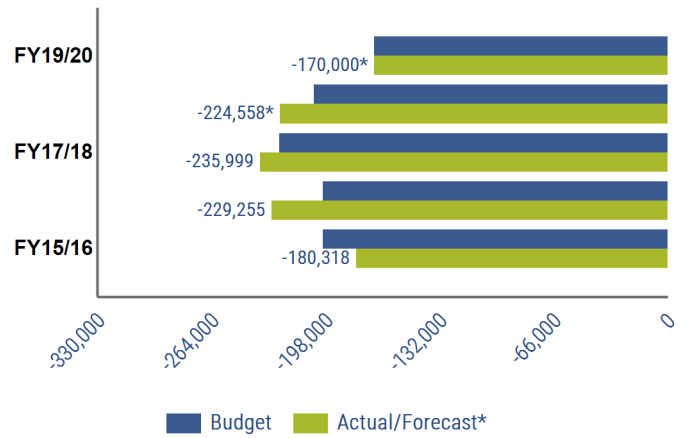
Adopted Budget to Actual/Forecast*



Savings from Vacant Positions

The amount of savings achieved from vacant positions for FY 2019/20 is estimated at (\$0.2) million.

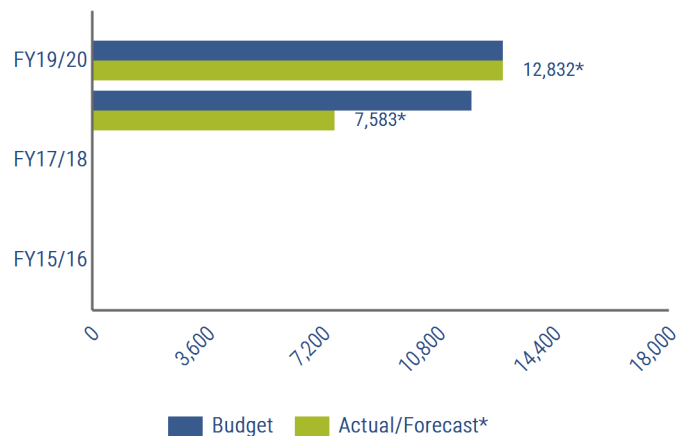
Adopted Budget to Actual/Forecast*



Vacation Trade

Beginning in FY 2018/19 the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Fleet Management Fund adopted budget includes \$12,832 for the vacation trade program.

Adopted Budget to Actual/Forecast*



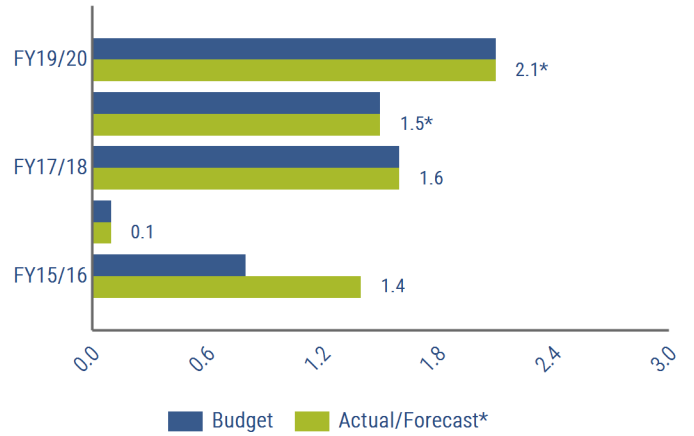
Transfers Out

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

CIP

The FY 2019/20 CIP adopted budget of \$2.1 million will be primarily used to fund a capital project that investigates, designs, and constructs replacement fuel tanks for up to five underground storage tanks.

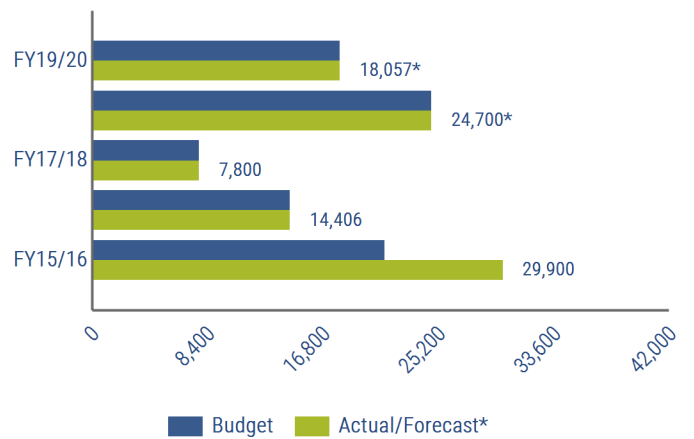
Adopted Budget to Actual/Forecast* (in millions)



CIP Technology

CIP Technology of \$18,057 is planned to help cover the Fleet Management's portion of citywide technology maintenance/replacement capital projects during FY 2019/20.

Adopted Budget to Actual/Forecast*



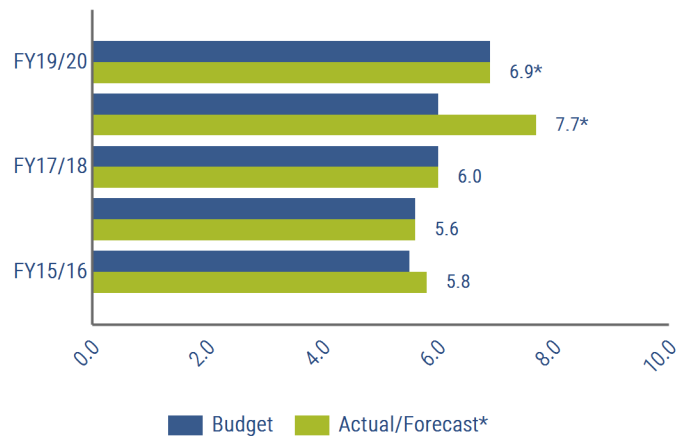
Fleet Management Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before allocated or spent as budgeted expenditures. The specific make-up of the city's Fleet Management Fund balance is as follows:

Designated for Future Acquisition

The Designated for Future Acquisition reserve is driven primarily by the city's vehicle and equipment replacement schedule. The portion of internal charges to divisions for replacement represents the "rental" rate for those vehicles and equipment. This charge becomes revenue to the Fleet Management Fund and applies to many vehicles and equipment with differing useful lives. Therefore, this revenue does not vary significantly by year, but the year in which vehicles and equipment 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 and equipment purchases. The anticipated FY 2019/20 ending Designated for Future Acquisition fund balance is \$6.9 million, which is a \$0.8 million decrease from the FY 2018/19 year-end forecast. The decrease was an intentional use of fund balance for the unground storage tanks capital project.

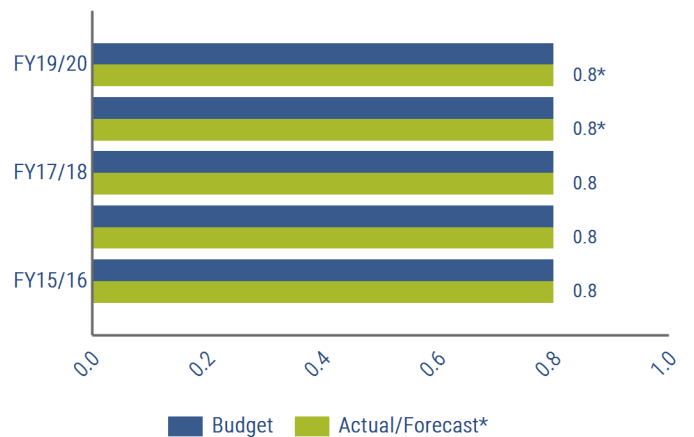
Adopted Budget to Actual/Forecast* (in millions)



Operating Contingency

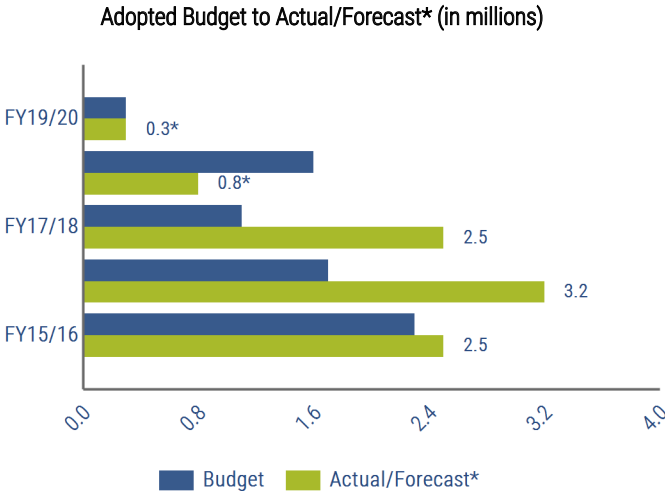
Operating Contingency includes \$0.8 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been examined and requires City Council approval.

Adopted Budget to Actual/Forecast* (in millions)



Undesignated, Unreserved Fund Balance

The FY 2019/20 ending fund balance includes an Undesignated, Unreserved Fund Balance of \$0.3 million, which represents an accumulation of one-time sources and it 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. The FY 2019/20 undesignated, unreserved fund balance is \$0.5 million less than the FY 2018/19 year-end forecast, which was also an intentional use of fund balance for the underground storage tanks capital project.



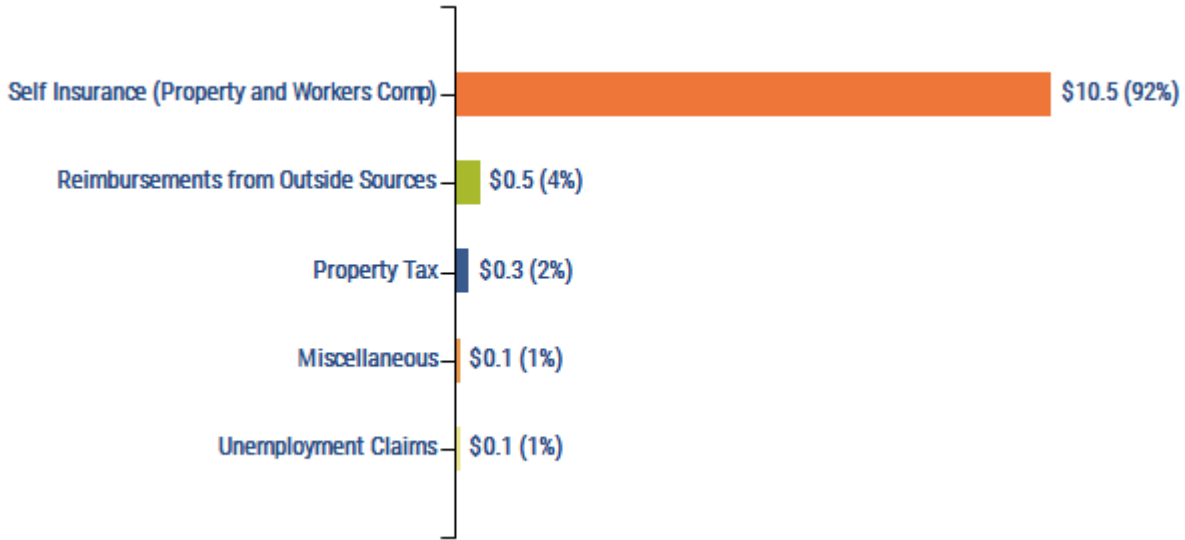


FY 2019/20 Adopted Budget

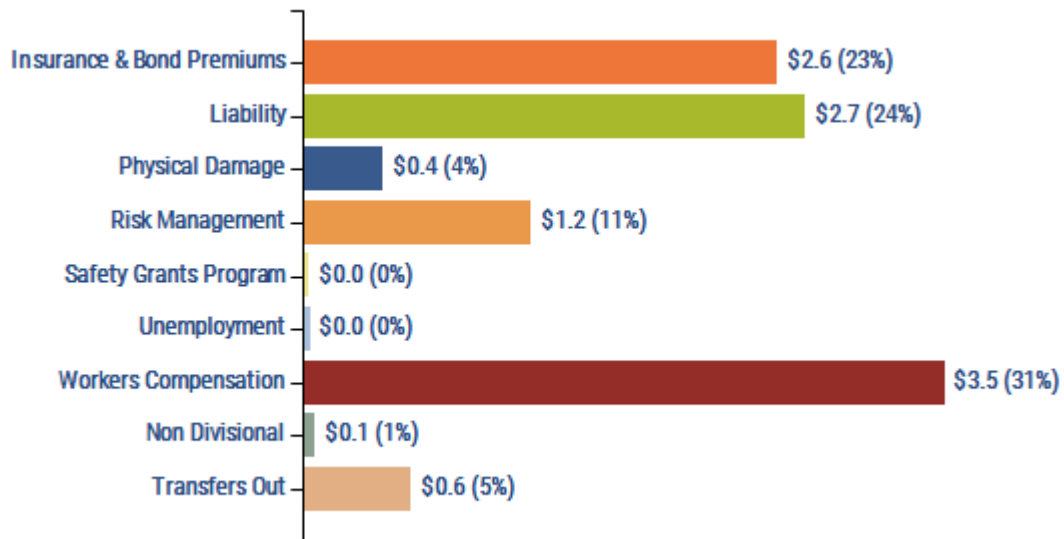
Fund Purpose

The Risk Management Fund is used to account for the city’s self insurance, safety and risk management functions. Revenue to this fund is derived from internal charges to city divisions and is captured as internal rates. Payments for unemployment, workers’ compensation, and property and liability claims are made from this fund.

Risk Management Fund Sources (% to Total)
\$11.4 Million



Risk Management Fund Uses (% to Total)
\$11.1 Million



BUDGET BY FUND | Risk Management Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	16,325,572	18,940,805	19,007,354	20,176,262
Total Beginning Fund Balance	18,825,572	21,440,805	21,507,354	22,676,262
Revenues				
Self Insurance (Property and Workers Comp) ^(a)	9,700,000	9,500,000	9,500,000	10,500,000
Reimbursements from Outside Sources	620,923	325,000	425,000	450,000
Property Tax	1,046,624	320,667	320,667	251,471
Miscellaneous	158,016	75,000	75,000	100,000
Unemployment Claims	109,805	100,000	100,000	100,000
Subtotal	11,635,369	10,320,667	10,420,667	11,401,471
Total Sources	11,635,369	10,320,667	10,420,667	11,401,471
Expenditures				
Insurance & Bond Premiums ^(b)	1,960,295	2,227,280	2,027,280	2,566,000
Liability ^(c)	1,169,465	2,535,191	1,935,191	2,719,206
Physical Damage	657,980	311,600	711,600	430,024
Risk Management	1,070,083	1,119,558	1,181,772	1,230,288
Safety Grants Program	15,094	50,500	50,500	25,500
Unemployment	37,907	35,000	35,000	35,000
Workers Compensation	4,040,446	2,803,116	3,303,116	3,469,000
Citywide Pay Program	-	23,387	-	23,212
Compensation Other	-	34,455	-	39,506
Vacation Trade	-	1,727	-	2,139
Subtotal	8,951,270	9,141,814	9,244,459	10,539,875
TOTAL OPERATING BUDGET	8,951,270	9,141,814	9,244,459	10,539,875
Transfers Out				
CIP Technology ^(d)	2,317	7,300	7,300	581,841
Subtotal	2,317	7,300	7,300	581,841
Total Uses	8,953,587	9,149,114	9,251,759	11,121,716
Sources Over/(Under) Uses	2,681,782	1,171,553	1,168,908	279,755
Ending Fund Balance				
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	19,007,354	20,112,358	20,176,262	20,456,017
Total Ending Fund Balance	21,507,354	22,612,358	22,676,262	22,956,017

^(a) FY 2019/20 Self Insurance increase is derived from internal charges for services to other city divisions due to increased liability costs.

^(b) FY 2019/20 Insurance & Bond Premiums increased costs is due to on going medical claims with the city.

^(c) FY 2019/20 Liability increase is due to the on going claim payments and legal costs associated with the city.

^(d) FY 2019/20 CIP Technology will be for a new risk management platform to effectively manage the city's liability and workers compensation claims.

BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	20,176,262	20,456,017	22,654,717	24,031,317	25,101,217
Total Beginning Fund Balance	22,676,262	22,956,017	25,154,717	26,531,317	27,601,217
Revenues					
Self Insurance (Property and Workers Comp) ^(a)	10,500,000	11,700,000	11,700,000	11,700,000	11,750,000
Reimbursements from Outside Sources	450,000	450,000	450,000	450,000	450,000
Property Tax	251,471	830,000	330,000	330,000	330,000
Miscellaneous	100,000	100,000	100,000	100,000	100,000
Unemployment Claims	100,000	100,000	100,000	100,000	100,000
Subtotal	11,401,471	13,180,000	12,680,000	12,680,000	12,730,000
Total Sources	11,401,471	13,180,000	12,680,000	12,680,000	12,730,000
Expenditures					
Insurance & Bond Premiums	2,566,000	2,688,500	2,819,500	2,957,000	3,101,400
Liability	2,719,206	2,777,200	2,833,900	2,892,500	2,953,700
Physical Damage	430,024	439,200	448,100	457,400	467,000
Risk Management	1,230,288	1,361,000	1,375,400	1,390,900	1,406,000
Safety Grants Program	25,500	26,100	26,500	27,200	27,700
Unemployment	35,000	35,700	36,500	37,200	38,000
Workers Compensation	3,469,000	3,542,900	3,615,100	3,690,000	3,768,300
Citywide Pay Program	23,212	48,100	70,000	91,600	110,700
Compensation Other	39,506	56,900	57,200	57,400	57,600
Vacation Trade	2,139	2,200	2,300	2,300	2,400
Subtotal	10,539,875	10,977,800	11,284,500	11,603,500	11,932,800
TOTAL OPERATING BUDGET	10,539,875	10,977,800	11,284,500	11,603,500	11,932,800
Transfers Out					
CIP Technology ^(b)	581,841	3,500	18,900	6,600	12,300
Subtotal	581,841	3,500	18,900	6,600	12,300
Total Uses	11,121,716	10,981,300	11,303,400	11,610,100	11,945,100
Sources Over/(Under) Uses	279,755	2,198,700	1,376,600	1,069,900	784,900
Ending Fund Balance					
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Operating Reserve	20,456,017	22,654,717	24,031,317	25,101,217	25,886,117
Total Ending Fund Balance	22,956,017	25,154,717	26,531,317	27,601,217	28,386,117

^(a) Self Insurance increases are derived from internal charges for services to other city divisions due to increased liability costs.

^(b) FY 2019/20 CIP Technology will be for a new risk management platform to effectively manage the city's liability and workers compensation claims.

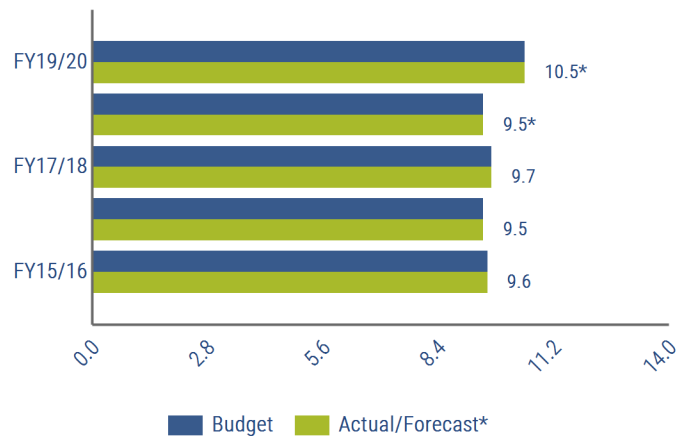
Risk Management Fund Sources

Sources received in the Risk Management Fund consist of Self Insurance (Property and Workers Comp), Reimbursements from Outside Sources, Property Tax, Miscellaneous and Unemployment Claims. More specific information on these sources is detailed below.

Self Insurance (Property and Workers Comp)

Self Insurance (Property and Workers Comp) represent this fund's operating resources, which are derived from internal charges for services to other city divisions. The fund covers excess insurance premiums, administrative charges and claim payments for general and auto liability/physical damages, workers' compensation, and property damage. The FY 2019/20 budget was increased to cover the costs of ongoing claims that were initiated in FY 2018/19 and will continue into FY 2019/20. The FY 2019/20 sources budget for Self Insurance (Property and Workers Comp) is \$10.5 million.

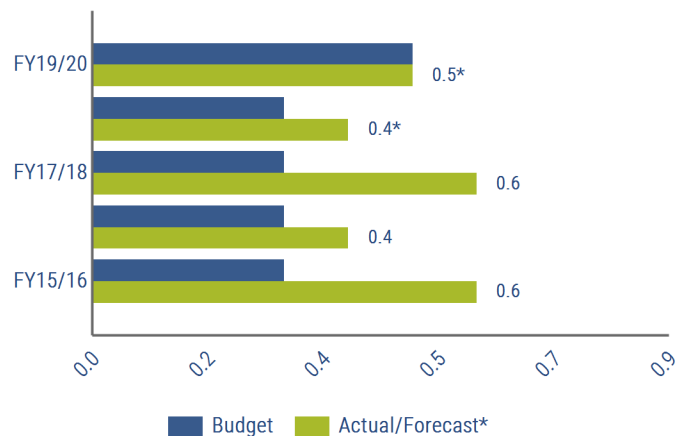
Adopted Budget to Actual/Forecast* (in millions)



Reimbursements from Outside Sources

Reimbursements from Outside Sources represent reimbursements received from insurance claims. The primary component of this source is subrogation where the city seeks reimbursement from third party insurance companies for damage occurring on or to city property. Reimbursements from Outside Sources for FY 2019/20 are \$0.5 million, which is \$0.1 million more than the FY 2018/19 year-end forecast of \$0.4 million.

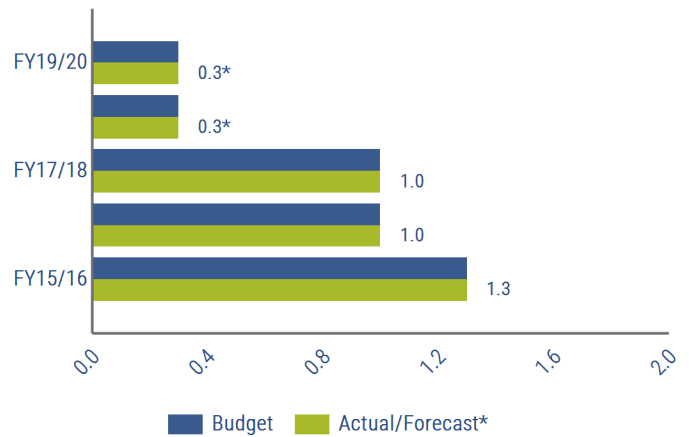
Adopted Budget to Actual/Forecast* (in millions)



Property Tax

Property Tax represents a reimbursement to the city's Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city's primary tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. The tort expenses are paid from the Risk Management Fund therefore the reimbursement becomes revenue to this fund. The budgeted tort claims for FY 2019/20 total \$0.3 million.

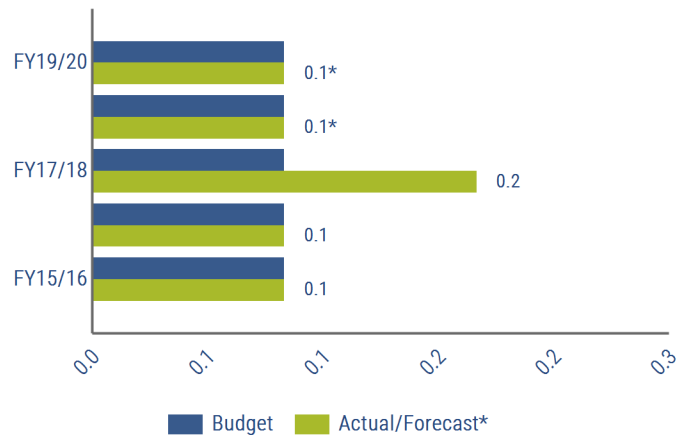
Adopted Budget to Actual/Forecast* (in millions)



Miscellaneous

Miscellaneous revenue represents special event reimbursement related to services provided by off-duty police officers. When an off-duty police officer is contracted for services certain insurance requirements must be met. If the event producer does not meet the specified insurance thresholds, additional costs are billed to cover potential city liability. When the Public Safety - Police Division receives these reimbursements, they are then deposited into the city's Risk Management Fund. Miscellaneous revenue for FY 2019/20 is budgeted at \$0.1 million which is consistent with FY 2018/19 year-end forecast.

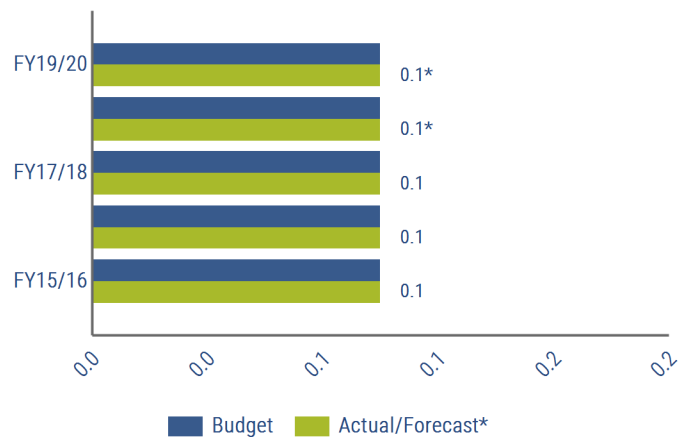
Adopted Budget to Actual/Forecast* (in millions)



Unemployment Claims

Unemployment Claims revenue represents reimbursement for administrative charges and claim payments. The budgeted revenue from the unemployment claims for FY 2019/20 is \$0.1 million, which remains consistent with the FY 2018/19 year-end forecast.

Adopted Budget to Actual/Forecast* (in millions)



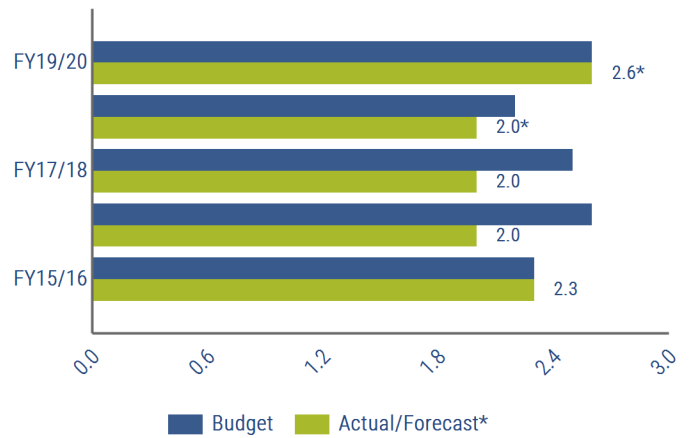
Risk Management Fund Uses

The direct operating expenditures of the Risk Management Fund are divided into the following major expenditure categories: Insurance & Bond Premiums, Liability, Physical Damage, Risk Management, Safety Grants Program, Unemployment, Workers Compensation, Citywide Pay Program, Compensation Other, and Vacation Trade. There are also cash transfers out to the CIP Fund.

Insurance & Bond Premiums

Insurance & Bond Premiums include various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. This budget was increased for FY 2019/20 due to the ongoing claims that were initiated in FY 2018/19 and will continue into FY 2019/20. The adopted budget for FY 2019/20 is \$2.6 million, which is \$0.6 million more than the FY 2018/19 year-end forecast of \$2.0 million.

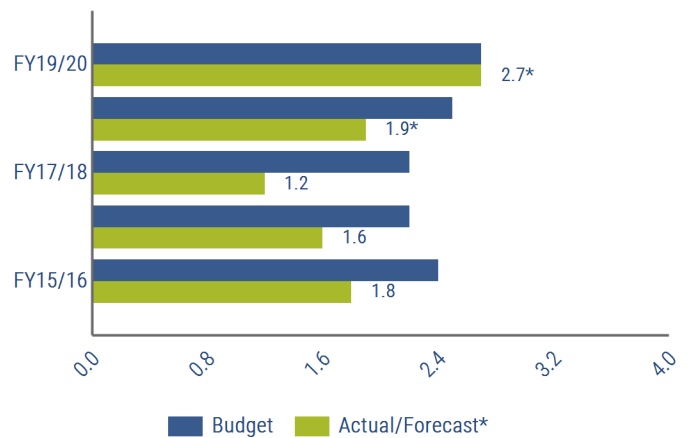
Adopted Budget to Actual/Forecast* (in millions)



Liability

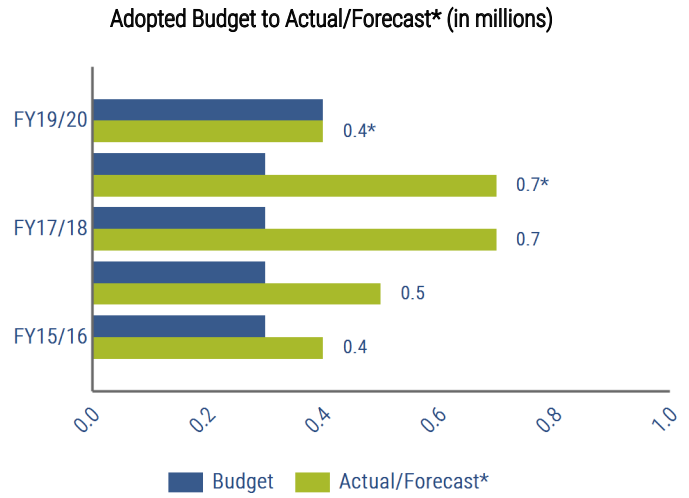
Liability primarily includes claim payments and legal costs for all activity not related to physical damage or workers compensation claims. The adopted budget for FY 2019/20 is \$2.7 million, which is \$0.8 more than the FY 2018/19 year-end forecast primarily due to increased demands of several liability claims needing outside counsel.

Adopted Budget to Actual/Forecast* (in millions)



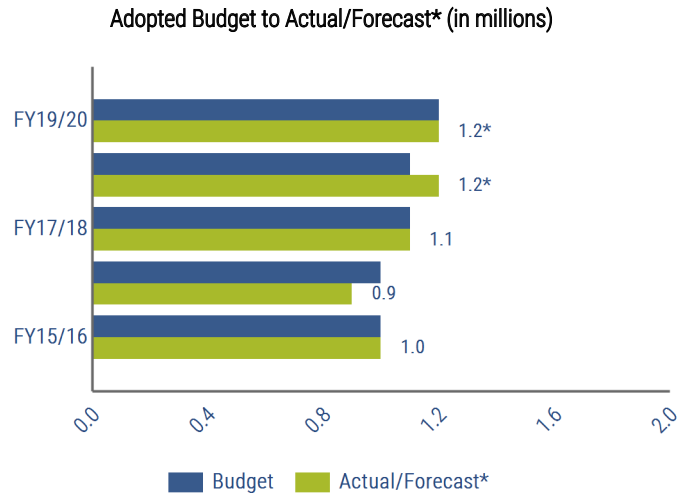
Physical Damage

Physical Damage is a claim used to pay for physical damage to city property or city vehicles. FY 2016/17 - FY 2018/19 had higher than anticipated damage to solid waste trucks. The budgeted expenditures for FY 2019/20 is \$0.4 million, which is \$0.3 million less than the FY 2018/19 year-end forecast. If the expenditure trend for physical damage continues, the budget will be adjusted to align with the new level of expenditures.



Risk Management

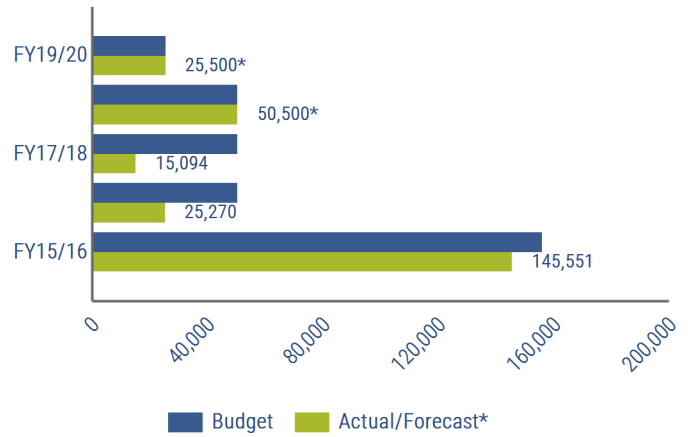
Risk Management operating budget is for day to day operations of the department. The operating budget for FY 2019/20 is \$1.2 million, which remains consistent with FY 2018/19 year-end forecast.



Safety Grants Program

Safety Grants Program is for city divisions to request funds to pay for office furniture/equipment, office operating supplies, and protective clothing that would enhance safety or reduce a known loss in the workplace. In order to receive these funds certain criteria must be met and no other funding source available. Beginning in FY 2016/17, the city's safety and wellness coordinator funding changed from the Risk Management Fund to the General Fund as this position was no longer the safety and wellness coordinator for the entire organization but began focusing exclusively on Public Safety - Fire, which is a division funded by the General Fund. The budgeted expenditure for FY 2019/20 is \$25,500 which is \$25,000 less than the FY 2018/19 year-end forecast and more in line with previous actual expenditures.

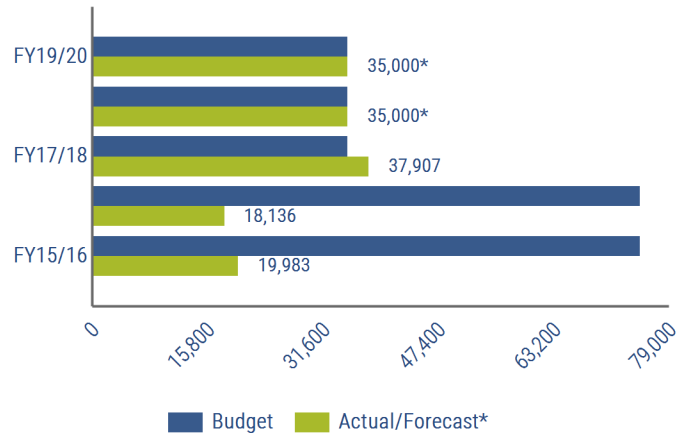
Adopted Budget to Actual/Forecast*



Unemployment

Unemployment represents claims which can be paid to terminated city employees who qualify. The budgeted expenditure for FY 2019/20 is \$35,000, which remains consistent with the FY 2018/19 year-end forecast.

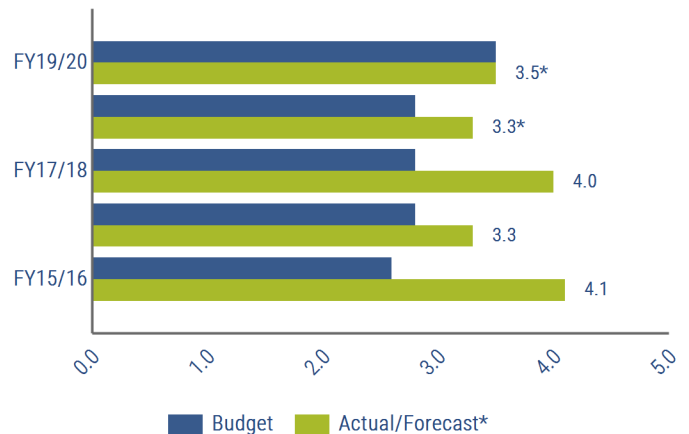
Adopted Budget to Actual/Forecast*



Workers Compensation

Workers Compensation represents claims paid to current city employees in the event there is an injury, illness, or disease occurring in the course of city employment. The budgeted expenditure for FY 2019/20 is \$3.5 million which is \$0.2 million more than the FY 2018/19 year-end forecast. Due to the uncertainty in the claims paid each year, this category is difficult to budget for. An increase in medical claims also creates an increase in medical bill review services paid further contributing to a budget to actual variance.

Adopted Budget to Actual/Forecast* (in millions)



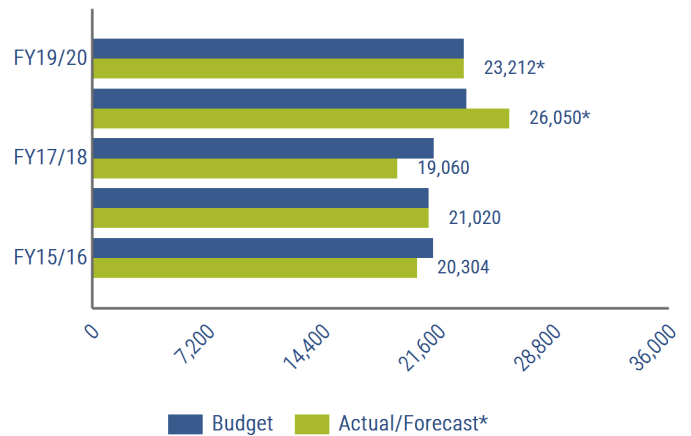
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Citywide Pay Program

A citywide pay for performance program, through which employees may receive increases within their established salary ranges based on performance totaled \$23,212 for FY 2019/20. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division expenditures. At the time the budget is adopted it is unknown which employees will receive an increase and for how much. Therefore, the citywide program is budgeted at a macro level and then paid based on actual increases.

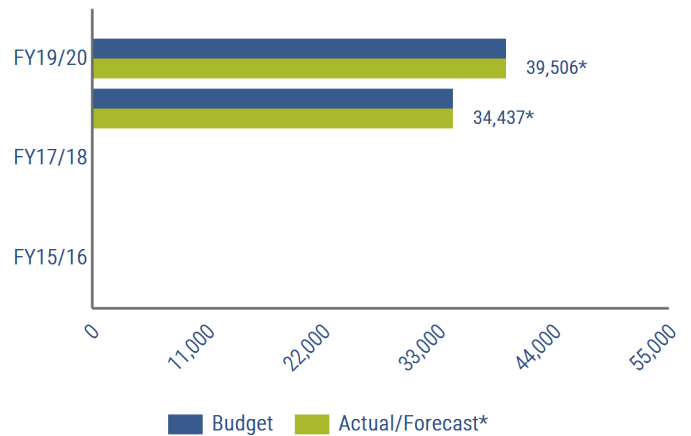
Adopted Budget to Actual/Forecast*



Compensation Other

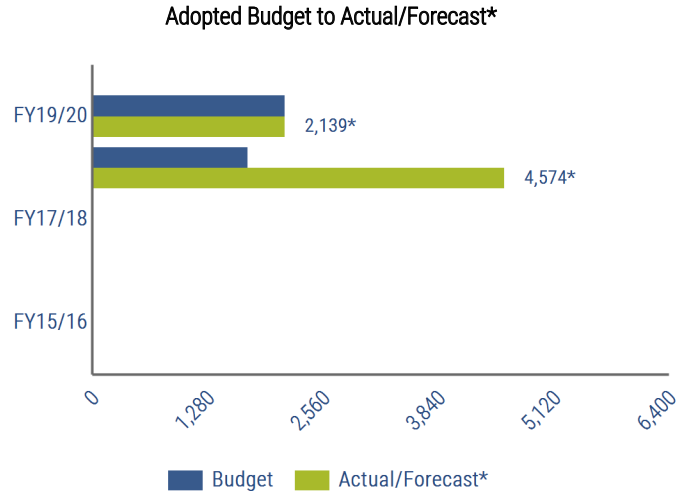
Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.

Adopted Budget to Actual/Forecast*



Vacation Trade

Beginning in FY 2018/19, the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Risk Management Fund adopted budget includes \$2,139 for the vacation trade program.

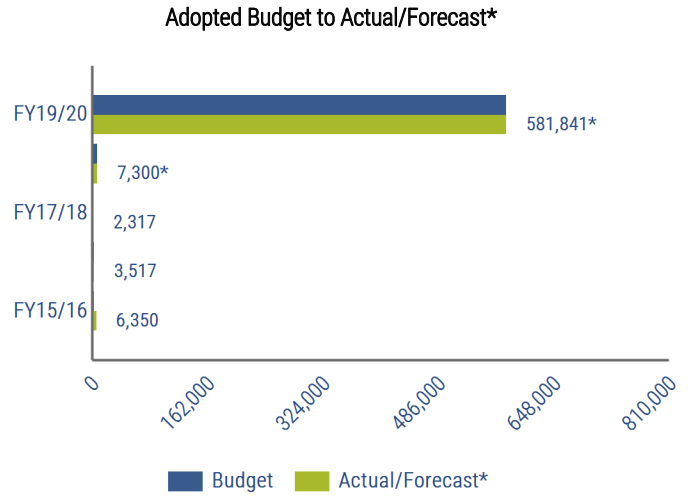


Transfers Out

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

CIP Technology

The CIP Technology budget of \$581,841 in FY 2019/20 is to implement a new, modern risk management platform to effectively manage the city's liability and workers compensation claims.



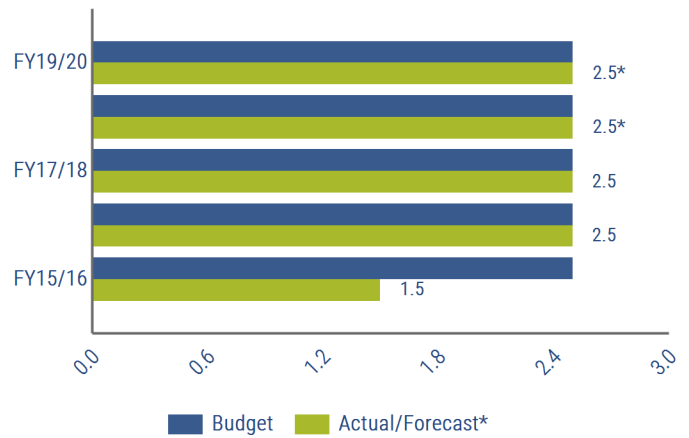
Risk Management Fund Ending Balance

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The specific make-up of the city's Risk Management Fund ending balance is noted in the following:

Operating Contingency

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

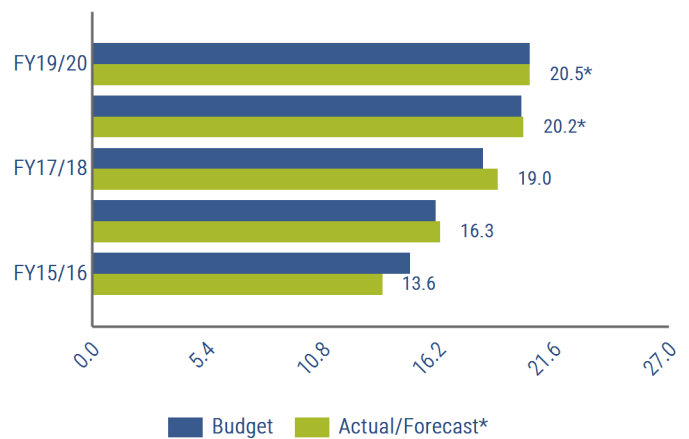
Adopted Budget to Actual/Forecast* (in millions)



Operating Reserve

Operating Reserve is set by the Loss Trust Fund Board and has been determined to be an 85 percent confidence level of the most recent actuarial assessment. Each year the projected balance is actuarially determined based on current actual losses and potential outstanding claims. The projected FY 2019/20 operating reserve is approximately \$20.5 million, which is an increase of \$0.3 million from the FY 2018/19 year-end forecast.

Adopted Budget to Actual/Forecast* (in millions)



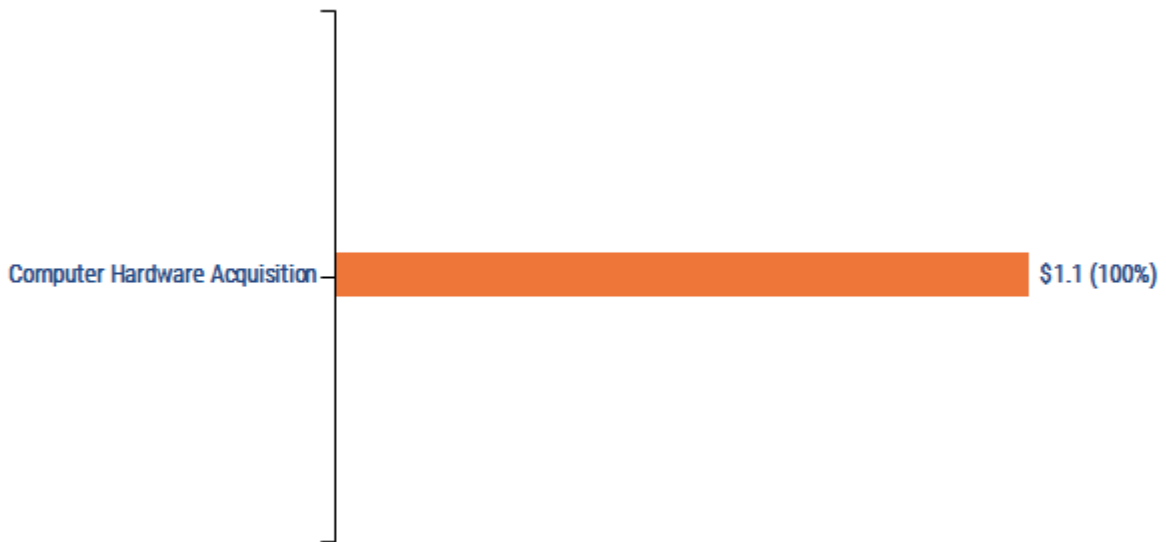
Fund Purpose

The PC Replacement fund is used to account for the expenditures associated with purchasing the city's computers, monitors and printers. The replacement of computers, monitors and printers (hardware) is charged to the city divisions as an internal operating cost based on the quantity and type of hardware used. The divisions' charges become revenue to the PC Replacement Fund.

PC Replacement Fund Sources (% to Total)
\$1.1 Million



PC Replacement Fund Uses (% to Total)
\$1.1 Million



BUDGET BY FUND | PC Replacement Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Operating Contingency	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,030,599	1,342,471	1,408,220	1,401,160
Total Beginning Fund Balance	1,530,599	1,842,471	1,908,220	1,901,160
Revenues				
PC Replacement Fees	1,017,880	1,027,240	1,027,240	1,069,023
<i>Subtotal</i>	<u>1,017,880</u>	<u>1,027,240</u>	<u>1,027,240</u>	<u>1,069,023</u>
Total Sources	1,017,880	1,027,240	1,027,240	1,069,023
Expenditures				
Computer Hardware Acquisition	640,259	1,034,300	1,034,300	1,069,023
<i>Subtotal</i>	<u>640,259</u>	<u>1,034,300</u>	<u>1,034,300</u>	<u>1,069,023</u>
TOTAL OPERATING BUDGET	640,259	1,034,300	1,034,300	1,069,023
Total Uses	640,259	1,034,300	1,034,300	1,069,023
Sources Over/(Under) Uses	377,621	(7,060)	(7,060)	-
Ending Fund Balance				
Operating Contingency	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,408,220	1,335,411	1,401,160	1,401,160
Total Ending Fund Balance	1,908,220	1,835,411	1,901,160	1,901,160

BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

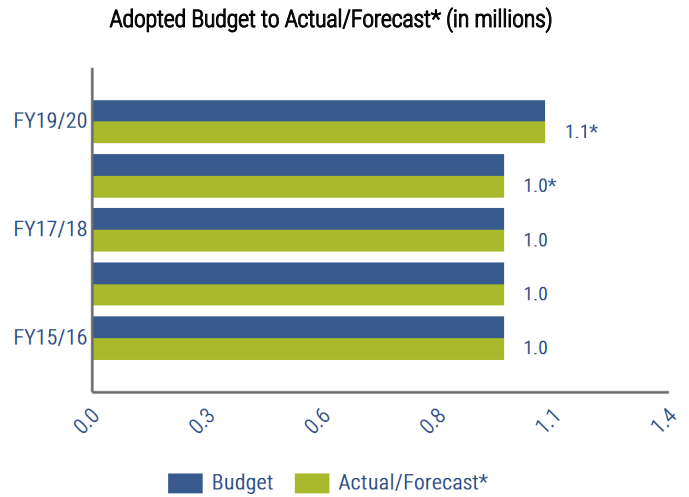
	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,401,160	1,401,160	1,414,060	1,261,660	1,517,060
Total Beginning Fund Balance	1,901,160	1,901,160	1,914,060	1,761,660	2,017,060
Revenues					
PC Replacement Fees	1,069,023	1,082,700	1,105,200	1,127,600	1,149,500
<i>Subtotal</i>	<u>1,069,023</u>	<u>1,082,700</u>	<u>1,105,200</u>	<u>1,127,600</u>	<u>1,149,500</u>
Total Sources	1,069,023	1,082,700	1,105,200	1,127,600	1,149,500
Expenditures					
Computer Hardware Acquisition	1,069,023	1,069,800	1,257,600	872,200	1,276,200
<i>Subtotal</i>	<u>1,069,023</u>	<u>1,069,800</u>	<u>1,257,600</u>	<u>872,200</u>	<u>1,276,200</u>
TOTAL OPERATING BUDGET	1,069,023	1,069,800	1,257,600	872,200	1,276,200
Total Uses	1,069,023	1,069,800	1,257,600	872,200	1,276,200
Sources Over/(Under) Uses	-	12,900	(152,400)	255,400	(126,700)
Ending Fund Balance					
Operating Contingency	500,000	500,000	500,000	500,000	500,000
Undesignated, Unreserved Fund Balance	1,401,160	1,414,060	1,261,660	1,517,060	1,390,360
Total Ending Fund Balance	1,901,160	1,914,060	1,761,660	2,017,060	1,890,360

PC Replacement Fund Sources

The PC Replacement Fund includes revenue from rates charged to the city divisions as internal operating costs to each program based on the quantity and type of hardware used. The only source of revenue to this fund is the PC Replacement Fees, detailed below.

PC Replacement Fees

PC Replacement Fees represents the rates charged to other city funds and divisions sufficient for the acquisition and replacement of city computer hardware. The revenue for FY 2019/20 is \$1.1 million, which is slightly higher than the FY 2018/19 year-end forecast. The amount collected is to ensure sufficient funding exists for hardware acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year to the rates that are charged to the divisions.

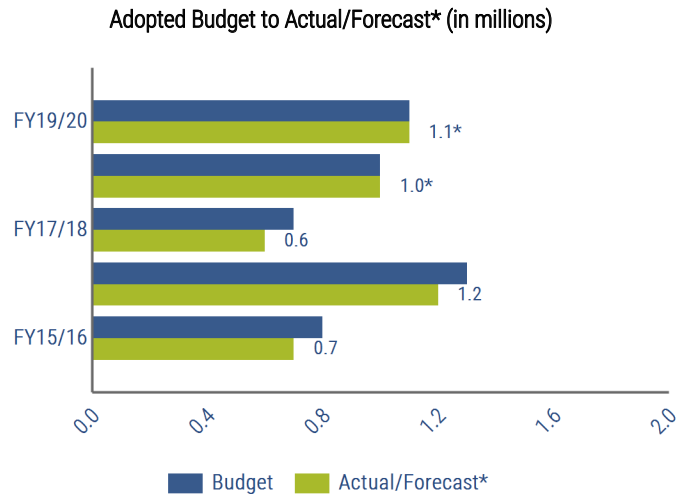


PC Replacement Fund Uses

The direct operating expenditures of the PC Replacement Fund are budgeted in the capital outlay category.

Computer Hardware Acquisition

Computer Hardware Acquisition includes the purchase of desktop computers, laptops, ruggedized laptops, monitors, and printers. The computer hardware inventory for the entire city is aggregated as one asset and is thus classified as a capital asset on the city’s balance sheet. The adopted FY 2019/20 Computer Hardware Acquisition budget is \$1.1 million, which is slightly higher than the FY 2018/19 year-end forecast. The expenditures vary from year to year depending on the replacement schedule.



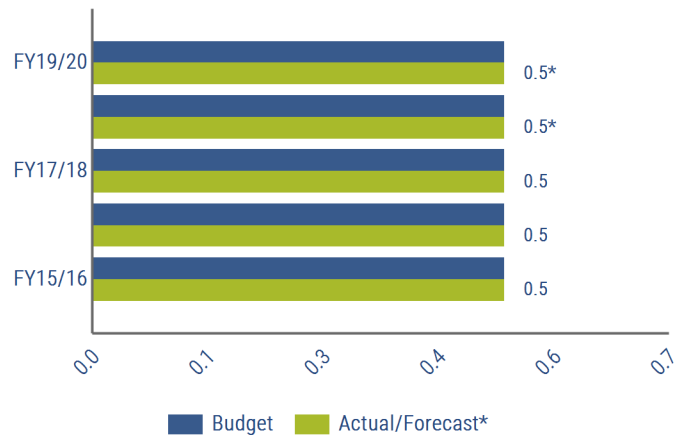
PC Replacement Fund Ending Balance

The PC Replacement Fund ending balance varies primarily due to the hardware replacement schedule. The fund balance at the end of each year includes the accumulated balance to be used for future year hardware purchases. The PC Replacement Fund ending balance includes: Operating Contingency and Undesignated, Unreserved Fund Balance.

Operating Contingency

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

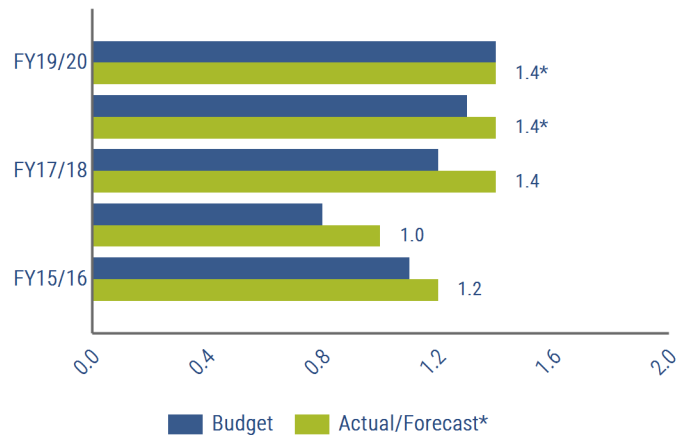
Adopted Budget to Actual/Forecast* (in millions)



Undesignated, Unreserved Fund Balance

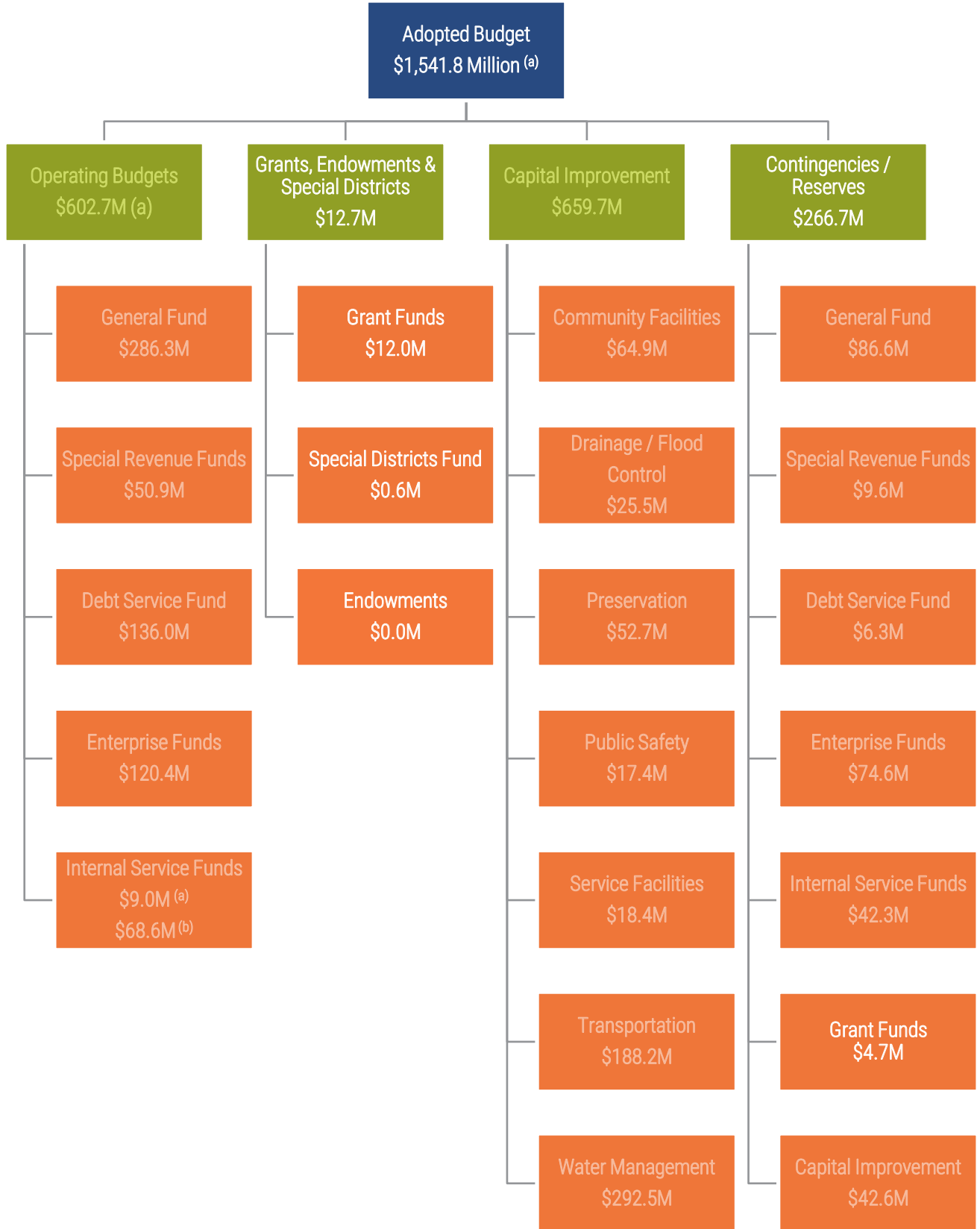
Undesignated, Unreserved Fund Balance accounts for any funds remaining after the designation of all other reserves/contingencies. The FY 2019/20 ending undesignated, unreserved fund balance is \$1.4 million. This balance represents an accumulation of sources to be used for future year hardware purchases.

Adopted Budget to Actual/Forecast* (in millions)





BUDGET BY FUND | Grants, Endowments & Special Districts Funds Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

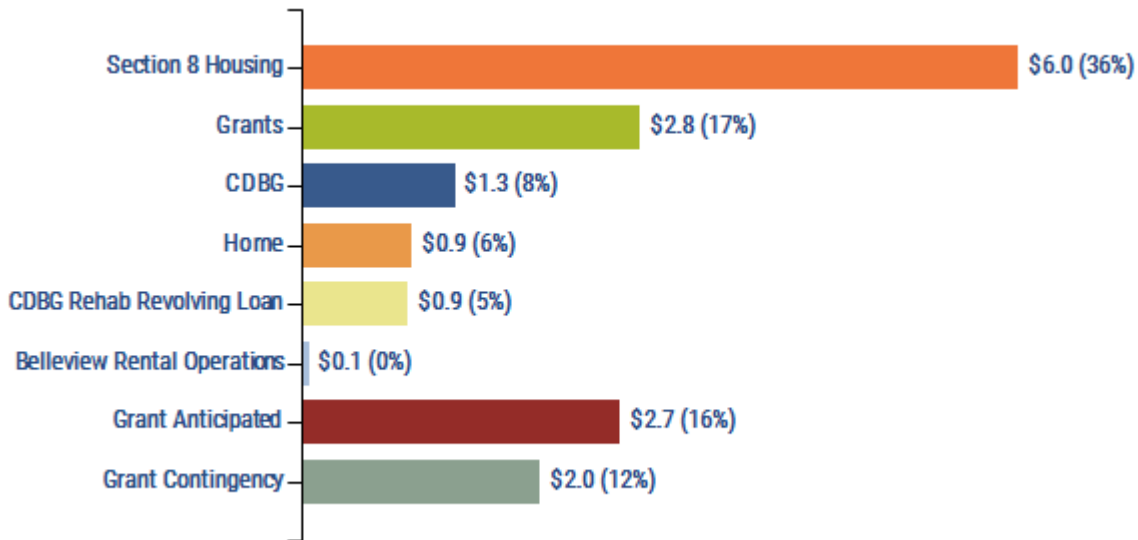
^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

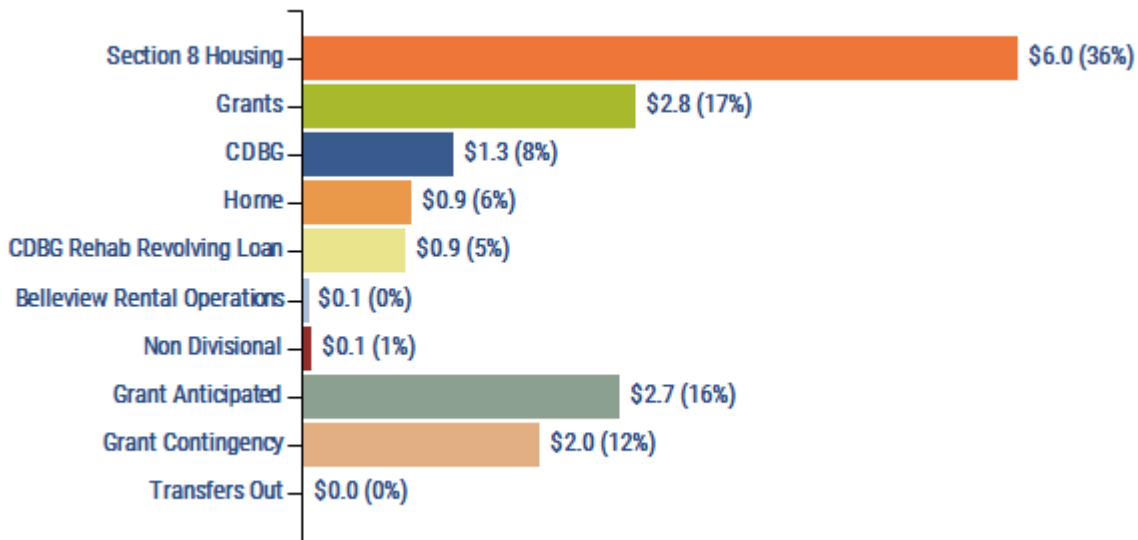
Fund Purpose

The Grant Funds receive and expend the city's federal, state, and local grants. The amount of grants received is generally based upon application to granting agencies by the city and through entitlement grants and are contingent upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The city will only expend grant funds that have been appropriately awarded by the granting agency and accepted in accordance with the city's grant policy.

Grant Funds Sources (% to Total)
\$16.7 Million



Grant Funds Uses (% to Total)
\$16.7 Million



BUDGET BY FUND | Grant Funds Summary

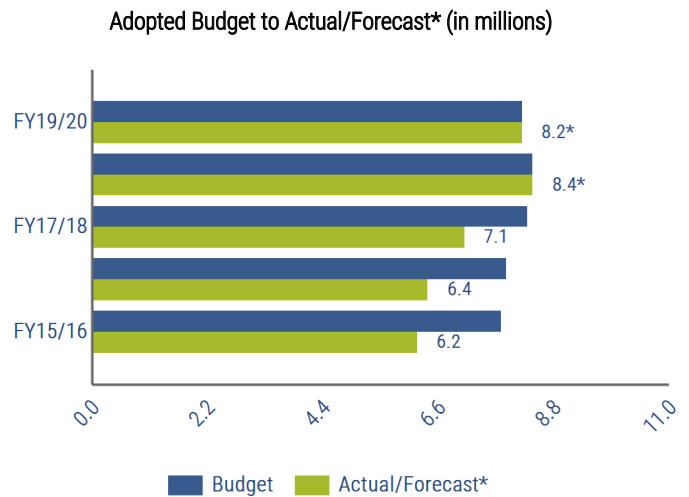
	Adopted 2019/20
<hr/>	
Revenues	
Community Development Block Grant (CDBG) & House Choice Voucher (Section 8)	8,200,157
Home	925,975
Grants	2,913,203
Grants Anticipated	2,671,360
<i>Subtotal</i>	14,710,695
Other Activity	
Grant Contingency	2,000,000
<i>Subtotal</i>	16,710,695
<hr/>	
Total Sources	16,710,695
<hr/>	
Expenditures	
Community Development Block Grant (CDBG) & House Choice Voucher (Section 8)	8,152,195
Home	924,301
Grants	2,870,349
Grants Anticipated	2,671,360
<i>Compensation Other</i>	40,808
<i>Citywide Pay Program</i>	32,445
<i>Fire Pay Program</i>	8,496
<i>Vacation Trade</i>	4,278
<i>Subtotal</i>	14,704,232
TOTAL OPERATING BUDGET	14,704,232
Other Activity	
Grant Contingency	2,000,000
<i>Subtotal</i>	2,000,000
Transfers Out	
CIP Technology	6,463
<i>Subtotal</i>	6,463
<hr/>	
Total Uses	16,710,695
<hr/>	
Sources Over/(Under) Uses	-
<hr/>	

Grant Funds Sources

The city pursues grant funding to leverage city funds to address priority program and service needs. The major areas of grant revenue consist of Community Development Block Grant (CDBG), House Choice Voucher (Section 8), HOME funds, miscellaneous federal, state, local grants and anticipated grants. The revenues by grant are detailed in the following sections below:

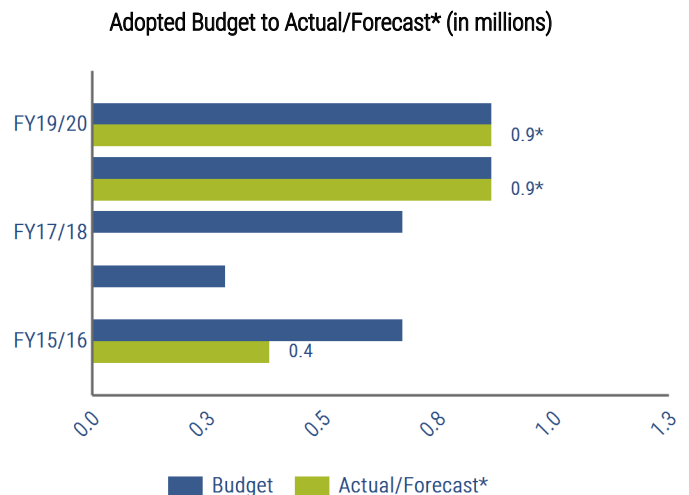
Community Development Block Grant (CDBG) & House Choice Voucher (Section 8)

CDBG and Section 8 funds are awarded annually by the U.S. Department of Housing and Urban Development (HUD) through entitlement grants based on formula allocations. These grant revenues may only be used for those projects specifically approved in the funding agreement meeting applicable federal regulations and are subject to agency expenditure guidelines and audits. Staff estimates the CDBG and Section 8 allocations, including prior year's carryover for FY 2019/20 at \$8.2 million. CDBG and Section 8 funds actual amounts will vary depending on when the funds are received during the fiscal year.



HOME

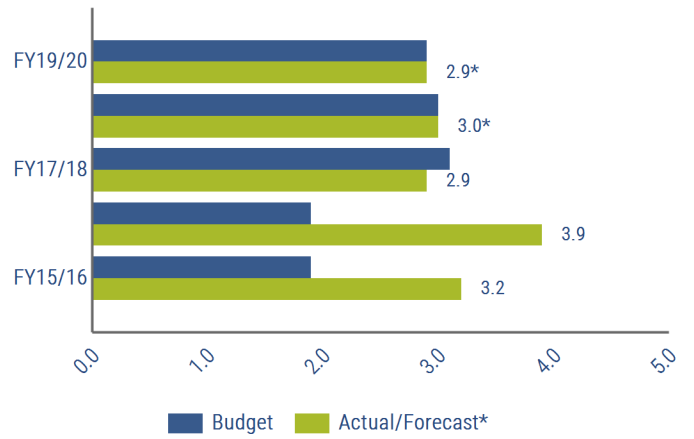
HOME funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation including prior year's carryover for FY 2019/20 at \$0.9 million. HOME funds actual amounts will vary depending on when the funds are received during the fiscal year. The actuals for FY 2017/18 and FY 2016/17 are less than \$50 thousand and are for the Habitat for Humanity and other related programs that did not complete the housing projects in those years as planned and therefore not reporting on the graph as it is displayed in millions.



Grants

Miscellaneous Federal, State and Local Grants include grants for law enforcement, fire services, community services, transportation, and preservation projects. The adopted budget for these grants is \$2.9 million for FY 2019/20, which is a decrease of \$0.1 million from the FY 2018/19 year-end forecast. Actual amounts will vary depending on when the funds are received during the fiscal year.

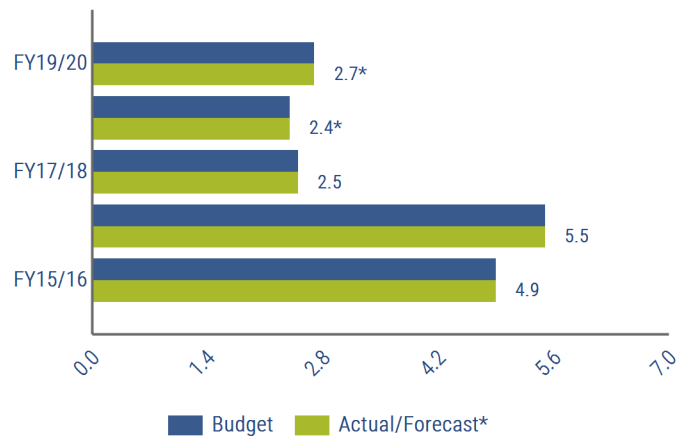
Adopted Budget to Actual/Forecast* (in millions)



Grants Anticipated

Grants Anticipated for FY 2019/20 totals \$2.7 million. These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or general purposes.

Adopted Budget to Actual/Forecast* (in millions)

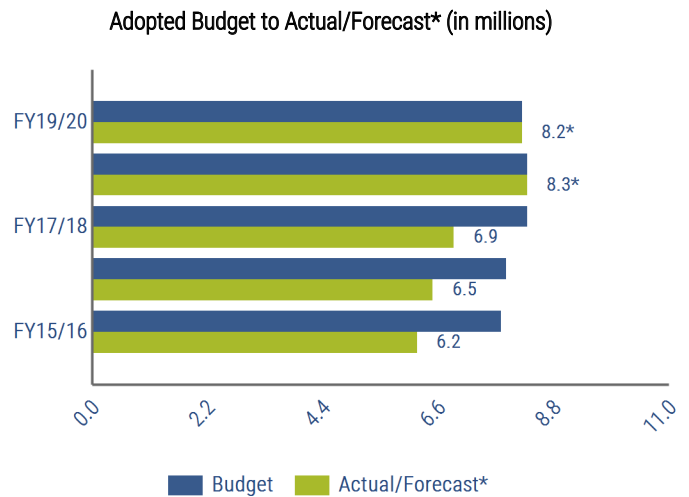


Grant Funds Uses

The city seeks grant funding to leverage city funds to address priority program and service needs. The major areas of grant uses consist of Community Development Block Grant (CDBG), House Choice Voucher (Section 8), HOME funds, miscellaneous federal, state, local grants and anticipated grants. The expenditures by grant are detailed in the following sections below:

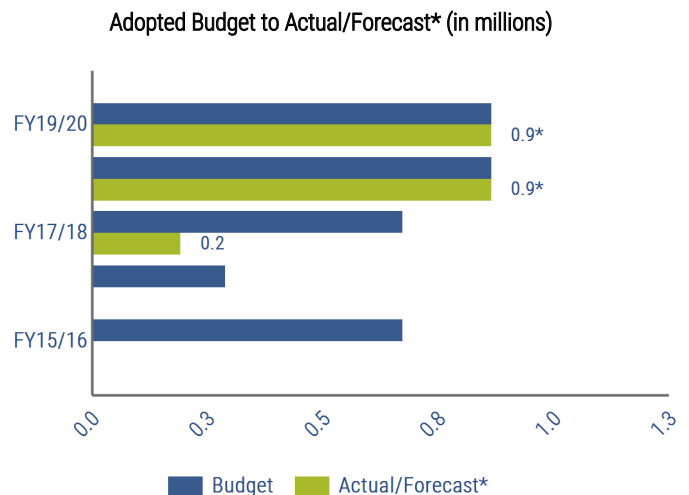
Community Development Block Grant (CDBG) & House Choice Voucher (Section 8)

CDBG and Section 8 funds are used for social and housing services for the elderly, disabled and low-income families. The adopted budget for these grants is estimated at \$8.2 million for FY 2019/20, which is an decrease of \$0.1 million from the FY 2018/19 year-end forecast. CDBG and Section 8 expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year.



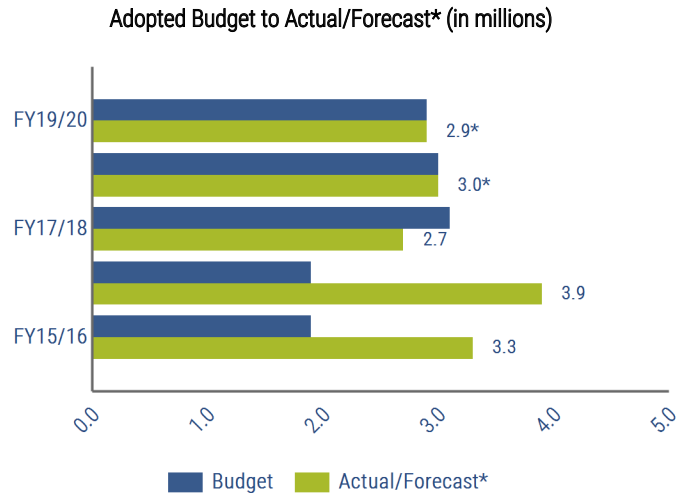
HOME

HOME funds are used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. The FY 2019/20 adopted budget is \$0.9 million, which remains consistent with the FY 2018/19 year-end forecast. HOME funds expenditure actual amounts will vary depending on the timing of disbursements during the fiscal year. The actuals for FY 2017/18 and FY 2016/17 are less than \$50 thousand and are for the Habitat for Humanity and other related programs that did not complete the housing projects in those years as planned and therefore not reporting on the graph as it is displayed in millions.



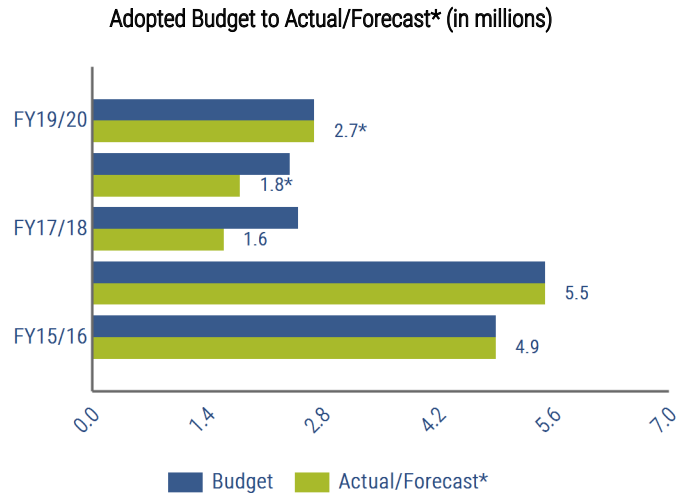
Grants

Miscellaneous Federal, State & Local Grants are typically used for the purchase of equipment and services related to law enforcement, fire services, community services, transportation and preservation projects. The FY 2019/20 adopted budget is \$2.9 million, which is \$0.1 million less than the FY 2018/19 year-end forecast. Actual amounts will vary depending on the timing of disbursements during the fiscal year.



Grants Anticipated

Grants Anticipated for FY 2019/20 totals \$2.7 million. These are anticipated grants that may be received throughout the fiscal year to aid in the support of a specified function or general purposes.



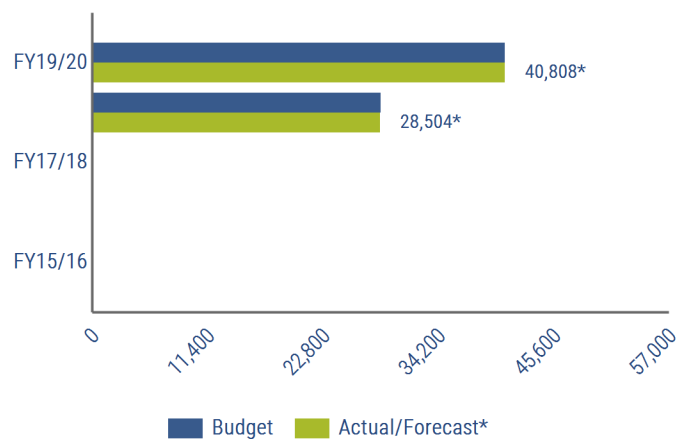
Non-Divisional Uses

Non-Divisional Uses are items budgeted in citywide macro level holding accounts. As expenditures occur in the applicable divisions, budget transfers are completed to move the needed budget from the macro level holding accounts to the respective divisions. Therefore, the FY 2018/19 year-end forecast and prior years' actuals that are displayed in the graphs are for comparison purposes only as the expenditures are actually recorded and reported as part of the applicable division's uses.

Compensation Other

Compensation Other includes a market adjustment to eligible employees as a result of the Council approved Classification and Compensation study conducted in FY 2017/18.

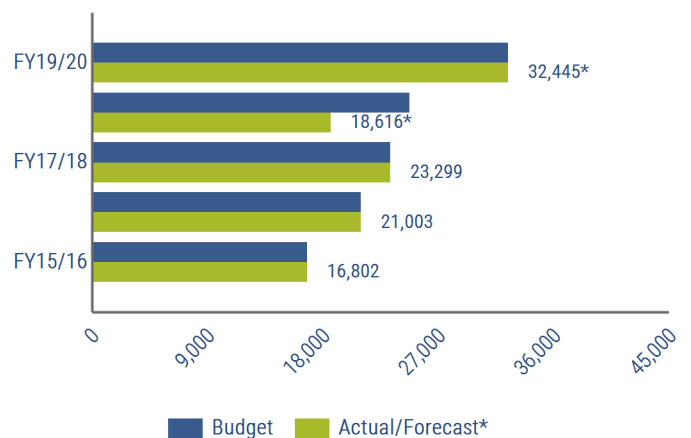
Adopted Budget to Actual/Forecast*



Citywide Pay Program

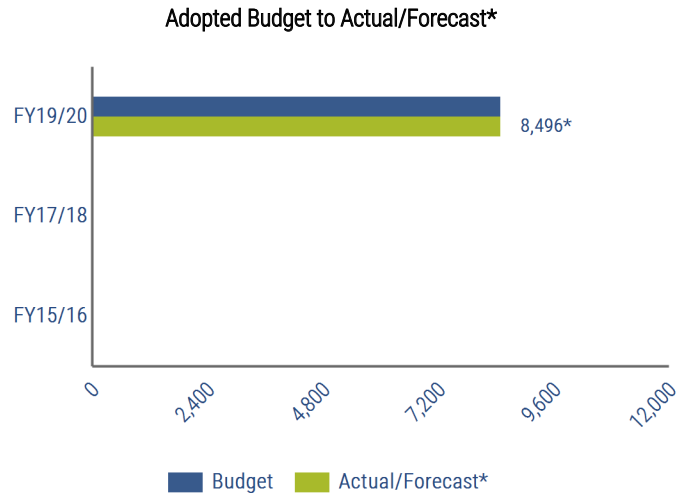
A citywide pay for performance program, through which employees may receive increases within their established salary ranges based on performance totaled \$32,445 for FY 2019/20. The FY 2018/19 year-end forecast and FY 2015/16 - FY 2017/18 actuals displayed are recorded and reported as part of the division expenditures. At the time the budget is adopted it is unknown which employees will receive an increase and for how much. Therefore, the citywide program is budgeted at a macro level and then paid based on actual increases.

Adopted Budget to Actual/Forecast*



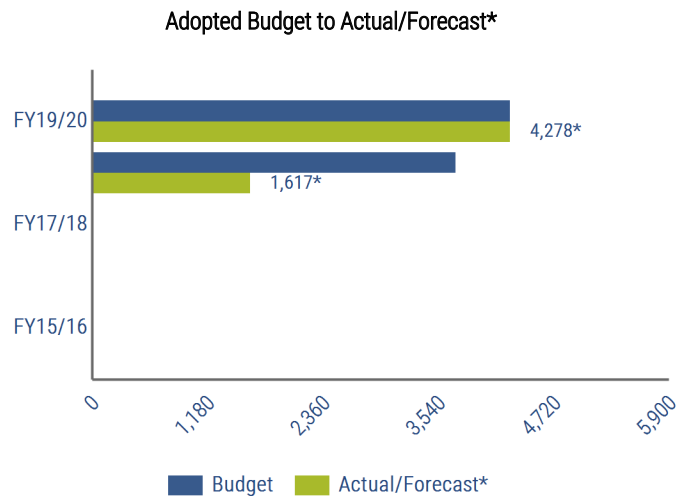
Fire Pay Program

Fire Pay Program is for performance increases within established salary ranges for eligible firefighters, fire engineers and fire captains based on performance and totals \$8,496 for FY 2019/20. This Fire Pay Program funding is for six full-time firefighters that were added during FY 2018/19 with Staffing For Adequate Response (SAFR) grant funds.



Vacation Trade Program

Beginning in FY 2018/19, the city reinstated an annual vacation buy-back program that was eliminated in FY 2009/10. Employees who have been employed by the city for ten years or more and have used at least 80 hours of vacation during the calendar year may elect to trade up to 40 hours of vacation time for cash. The FY 2019/20 Grant Funds adopted budget includes \$4,278 for the vacation trade program.

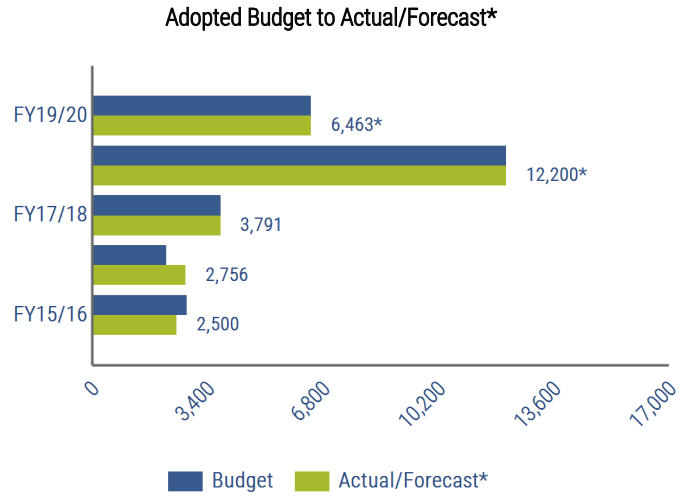


Transfers Out

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

CIP Technology

CIP Technology of \$6,463 is planned to help cover the portion of citywide technology maintenance/replacement capital projects during FY 2019/20.

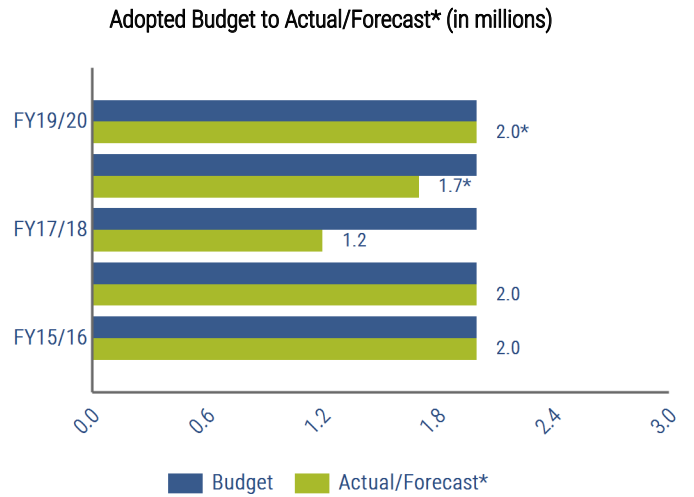


Grant Contingency

Grant Contingency provides for unexpected grant awards. The make-up of the city's Grant Funds ending balance is noted in the following:

Grant Contingency

Grant Contingency for FY 2019/20 totals \$2.0 million, in the event that unforeseen expenses occur during the fiscal year while conducting operations. Contingency funds are only utilized upon City Council approval.



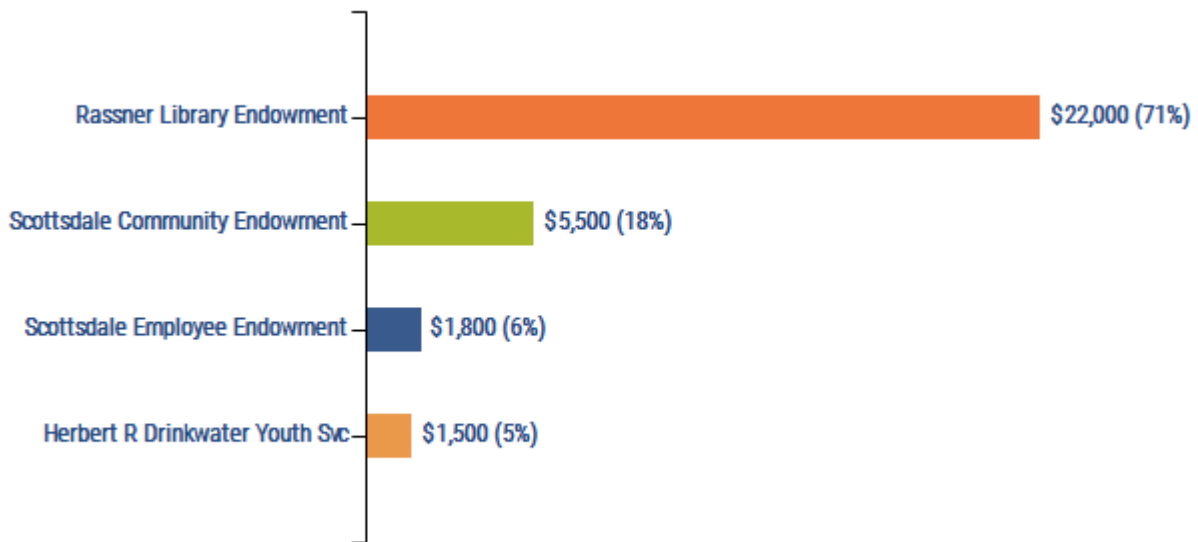


FY 2019/20 Adopted Budget

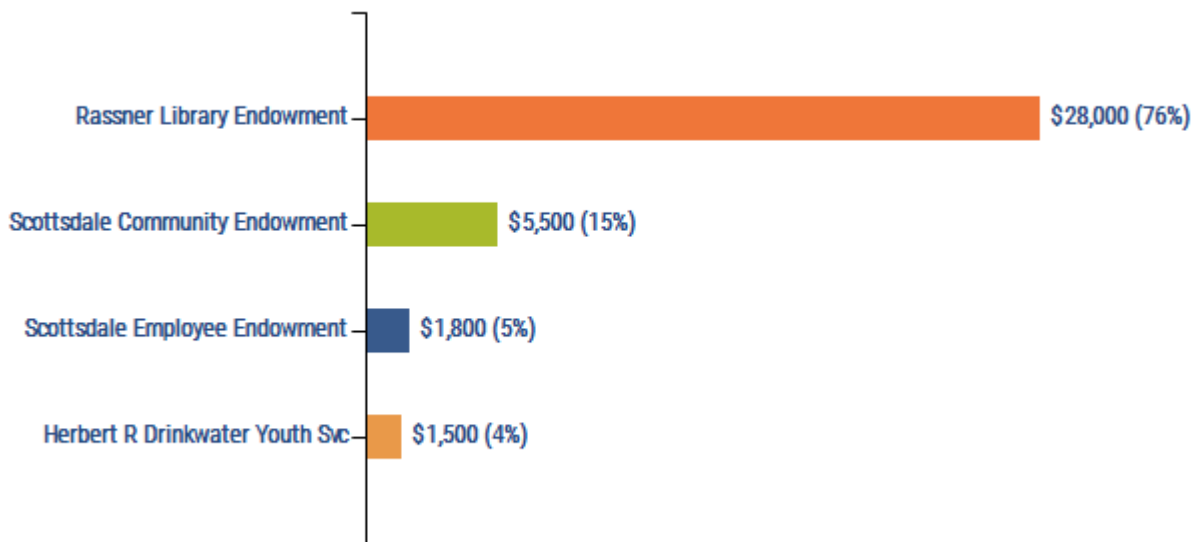
Fund Purpose

The city established the Endowment Program in November 1991 to offer residents an opportunity to contribute to their community with immediate and planned gifts held in perpetuity. In 1993, Council authorized an agreement with the Arizona Community Foundation to administer the endowment funds in accordance with the intended public purposes for each fund. The city holds four endowment funds: Rassner Library Endowment, Scottsdale Community Endowment, Scottsdale Employee Endowment, and Herbert R. Drinkwater Youth Services.

Endowment Funds Sources (% to Total)
\$30,800



Endowment Funds Uses (% to Total)
\$36,800



BUDGET BY FUND | Endowment Funds Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Reserve - Community Services	23,646	19,265	19,265	38,530
Total Beginning Fund Balance	23,646	19,265	19,265	38,530
Revenues				
Rassner Library Endowment	25,926	22,000	18,200	22,000
Scottsdale Community Endowment	7,936	-	6,000	5,500
Scottsdale Employee Endowment	2,425	-	-	1,800
Herbert R Drinkwater Youth Svc	1,981	-	1,300	1,500
<i>Subtotal</i>	<u>38,267</u>	<u>22,000</u>	<u>25,500</u>	<u>30,800</u>
Total Sources	38,267	22,000	25,500	30,800
Expenditures				
Rassner Library Endowment	39,771	30,312	18,200	28,000
Scottsdale Community Endowment	1,748	-	6,000	5,500
Scottsdale Employee Endowment	565	-	-	1,800
Herbert R Drinkwater Youth Svc	564	-	1,300	1,500
<i>Subtotal</i>	<u>42,648</u>	<u>30,312</u>	<u>25,500</u>	<u>36,800</u>
TOTAL OPERATING BUDGET	42,648	30,312	25,500	36,800
Total Uses	42,648	30,312	25,500	36,800
Sources Over/(Under) Uses	(4,381)	(8,312)	-	(6,000)
Ending Fund Balance				
Reserve - Community Services	19,265	10,953	19,265	32,530
Total Ending Fund Balance	19,265	10,953	19,265	32,530

BUDGET BY FUND | Endowment Funds Five-Year Financial Forecast

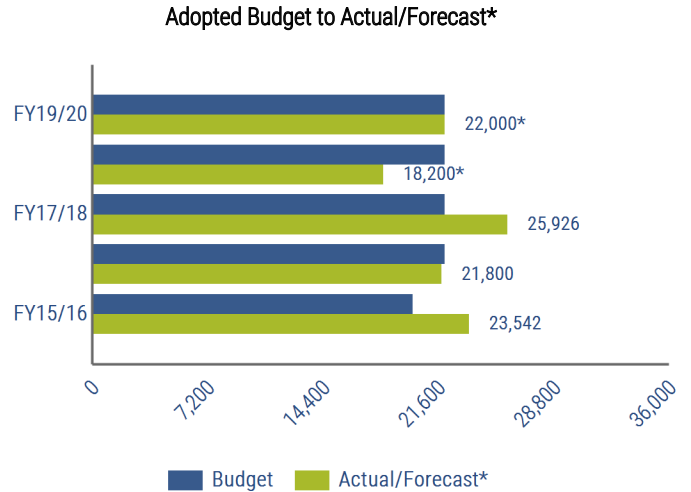
	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Reserve - Community Services	38,530	32,530	25,830	18,230	9,930
Total Beginning Fund Balance	38,530	32,530	25,830	18,230	9,930
Revenues					
Rassner Library Endowment	22,000	22,000	22,000	22,000	22,000
Scottsdale Community Endowment	5,500	5,500	5,500	5,500	5,500
Scottsdale Employee Endowment	1,800	1,800	1,800	1,800	1,800
Herbert R Drinkwater Youth Svc	1,500	1,500	1,500	1,500	1,500
<i>Subtotal</i>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>
Total Sources	30,800	30,800	30,800	30,800	30,800
Expenditures					
Rassner Library Endowment	28,000	28,600	29,200	29,700	30,500
Scottsdale Community Endowment	5,500	5,600	5,700	5,900	6,000
Scottsdale Employee Endowment	1,800	1,800	1,900	1,900	2,000
Herbert R Drinkwater Youth Svc	1,500	1,500	1,600	1,600	1,600
<i>Subtotal</i>	<u>36,800</u>	<u>37,500</u>	<u>38,400</u>	<u>39,100</u>	<u>40,100</u>
TOTAL OPERATING BUDGET	36,800	37,500	38,400	39,100	40,100
Total Uses	36,800	37,500	38,400	39,100	40,100
Sources Over/(Under) Uses	(6,000)	(6,700)	(7,600)	(8,300)	(9,300)
Ending Fund Balance					
Undesignated, Unreserved Fund Balance	32,530	25,830	18,230	9,930	630
Total Ending Fund Balance	32,530	25,830	18,230	9,930	630

Endowment Funds Sources

Distributions of interest income from the Endowment funds are made each year in accordance with agreements between the city and the Arizona Community Foundation, which holds the principal. Previously this activity was recorded and reported in the Special Programs Fund. To better monitor the Endowment Funds, beginning in FY 2019/20 the sources were moved from the Special Programs Fund to the newly created Endowment Funds. All budget/actual history was also moved for meaningful year-over-year comparisons.

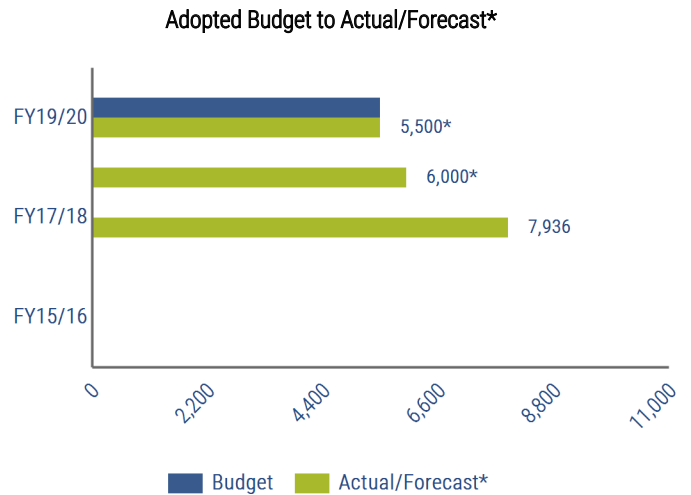
Rassner Library Endowment

The Rassner Library Endowment Fund was established in 1989 to support the educational and technological needs of the Scottsdale Public Library System by funding the development of the Library’s collection, supporting Early Learning and Youth projects, and/or purchasing equipment to assist in the circulation of Library material. The Rassner Library Endowment budget for FY 2019/20 is \$22,000, which is \$3,800 more than the FY 2018/19 year-end forecast of \$18,200.



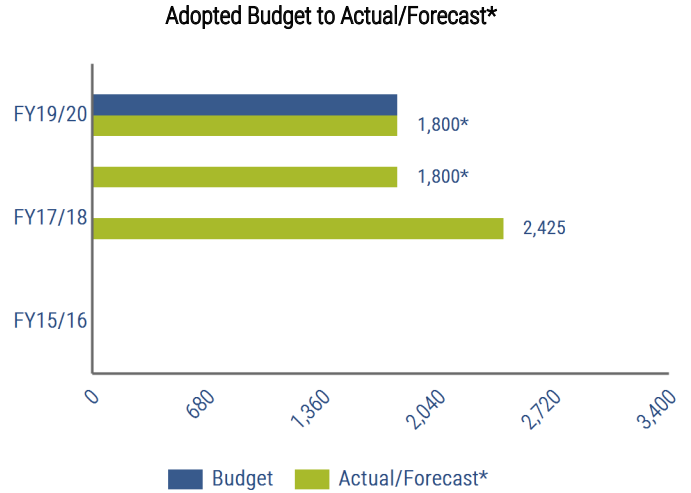
Scottsdale Community Endowment

The Scottsdale Community Endowment Fund is used to carry out the purposes of community projects and programs for the public good within the City of Scottsdale. The Scottsdale Community Endowment budget for FY 2019/20 is \$5,500, which is \$500 less than the FY 2018/19 year-end forecast of \$6,000. Previous distributions from the Scottsdale Community Endowment Fund benefited the city's Operation Fix It program, Victim Assistance Program and the Mayors Youth Council. Because disbursements have occurred regularly over the last couple of years, a budget was established beginning in FY 2019/20.



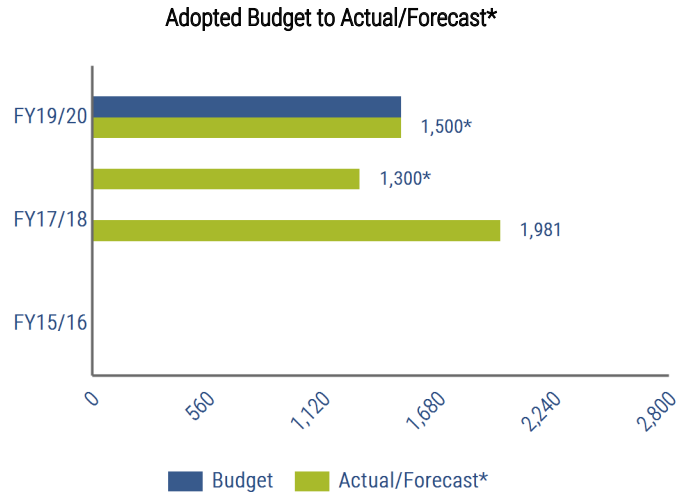
Scottsdale Employee Endowment

The Scottsdale Employee Endowment Fund was established in 2000 from employee donations to support 501(c)(3) tax exempt organizations serving the Scottsdale area on city programs. The Scottsdale Employee Endowment budget for FY 2019/20 is \$1,800, which is flat when compared to the FY 2018/19 year-end forecast. Because disbursements have occurred regularly over the last couple of years, a budget was established beginning in FY 2019/20.



Herbert R. Drinkwater Youth Svc

The Herbert R. Drinkwater Youth Services Endowment Fund is used to support City of Scottsdale's youth programs. The Herbert R. Drinkwater Youth Services budget for FY 2019/20 is \$1,500, which is a \$200 increase from the FY 2018/19 year-end forecast. Previous distributions from the Herbert R. Drinkwater Youth Services Endowment Fund benefited the city's Operation Fix It program, Victim Assistance Program and the Mayors Youth Council. Because disbursements have occurred regularly over the last couple of years, a budget was established beginning in FY 2019/20.

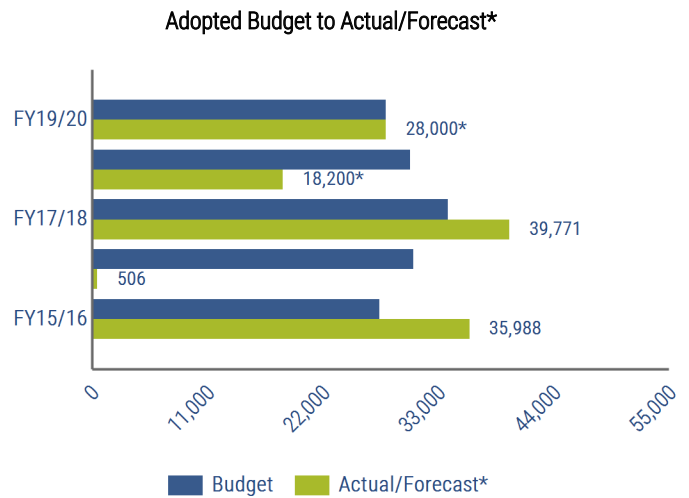


Endowment Funds Uses

The interest income from the Endowment Funds are used to carry out the purposes of community projects, programs for the public good within the City of Scottsdale and youth programs through the Rassner Library Endowment, Scottsdale Community Endowment, Scottsdale Employee Endowment and the Herbert R. Drinkwater Youth Services Endowment. Previously this activity was recorded and reported in the Special Programs Fund. To better monitor the Endowment Funds, beginning in FY 2019/20 the uses were moved from the Special Programs Fund to the newly created Endowment Funds. All budget/actual history was also moved for meaningful year-over-year comparisons.

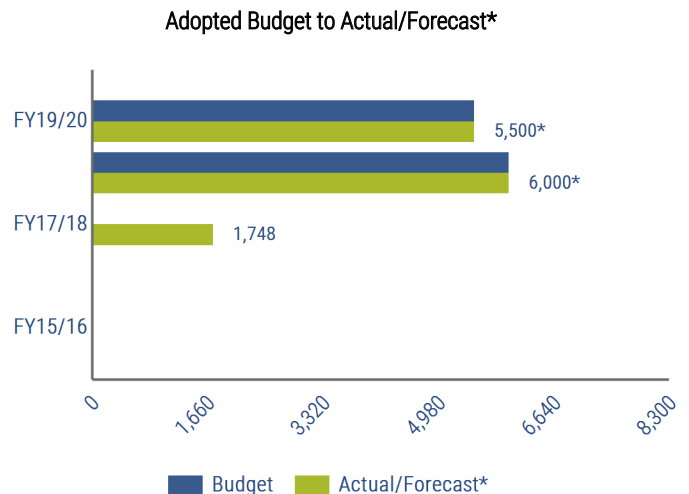
Rassner Library Endowment

The Rassner Library Endowment Fund was established in 1989 to support the needs of the Scottsdale Public Library System by funding the development of the Library's collection, supporting Early Learning and Youth projects, and/or purchasing equipment to assist in the circulation of Library material. The Rassner Library Endowment budget for FY 2019/20 is \$28,000, which is \$9,800 more than the FY 2018/19 year-end forecast of \$18,200 and will be used to support the educational and technological needs of the Libraries.



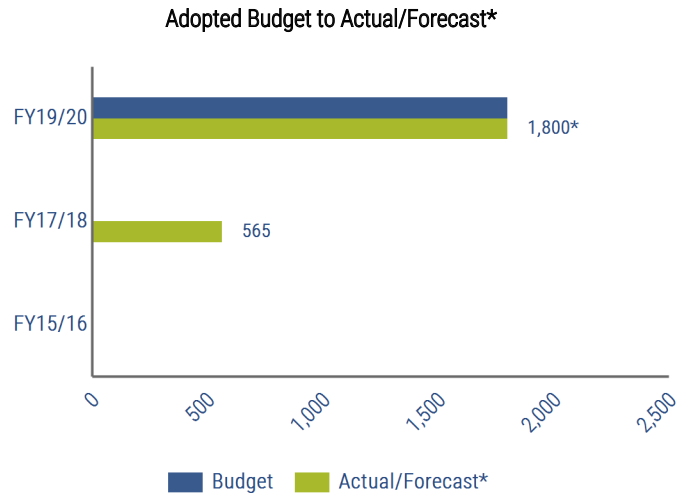
Scottsdale Community Endowment

The Scottsdale Community Endowment Fund is used to carry out projects within the Community Services Division, Human Services Department. The budget of \$5,500 for FY 2019/20 will be used to carry out the city's Operation Fix It Program for the Agua Linda Park Project. Through Operation Fix It, volunteers will improve the common spaces including recreation areas and the children's playground. Improvements will include installation of new ramada canopies, new granite, removal and replacement of vegetation and maintenance and upgrades to recreation and playground areas. Use of the Scottsdale Community Endowment did not occur in FY 2015/16 and FY 2016/17.



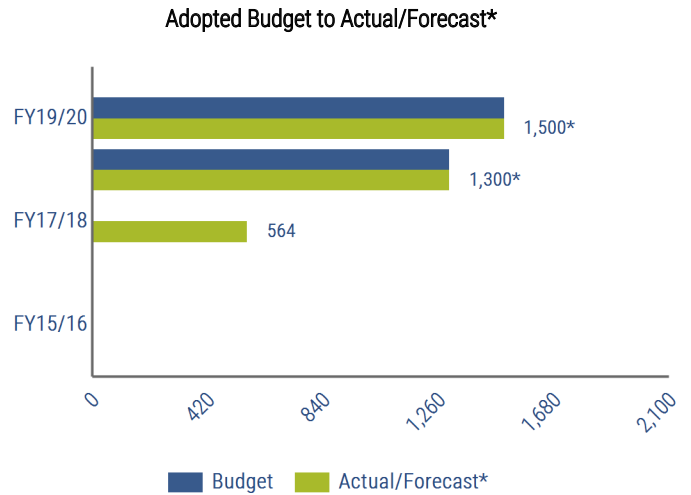
Scottsdale Employee Endowment

The Scottsdale Employee Endowment Fund was established in 2000 from employee donations to support 501(c)(3) tax exempt organizations serving the Scottsdale area on city programs. In FY 2015/16 - FY 2016/17 the principal was too small to consider using any disbursement.



Herbert R. Drinkwater Youth Svc

The Herbert R. Drinkwater Youth Services Endowment Fund supports youth programs, including the city's Operation Fix It program, Victim Assistance Program and the Mayors Youth Council. Because disbursements have occurred regularly over the last couple of years, a budget was established beginning in FY 2018/19. The budget for FY 2019/20 is \$1,500, which is \$200 more than the FY 2018/19 year-end forecast of \$1,300.

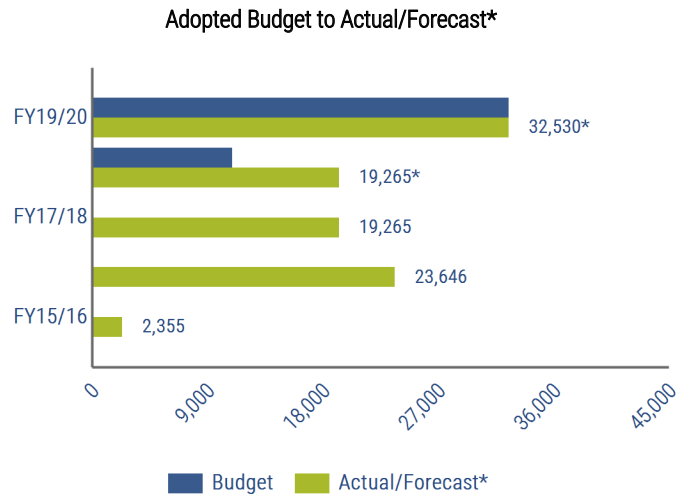


Endowment Funds Ending Balance

The fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses.

Reserve - Community Services

Reserve - Community Services includes ending balances of all endowment funds previously detailed and it is anticipated to be \$32,530 for FY 2019/20.



Fund Purpose

The Special Districts fund is used to account for proceeds received by property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts

Special Districts Fund Sources (% to Total)
\$0.6 Million



Special Districts Fund Uses (% to Total)
\$0.6 Million



BUDGET BY FUND | Special Districts Fund Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance				
Streetlight Districts	25,130	-	4,434	(7,828)
Total Beginning Fund Balance	25,130	-	4,434	(7,828)
Revenues				
Streetlight Districts	584,342	609,553	590,463	646,718
<i>Subtotal</i>	<u>584,342</u>	<u>609,553</u>	<u>590,463</u>	<u>646,718</u>
Total Sources	584,342	609,553	590,463	646,718
Expenditures				
Streetlight Districts	605,038	609,553	602,725	638,890
<i>Subtotal</i>	<u>605,038</u>	<u>609,553</u>	<u>602,725</u>	<u>638,890</u>
TOTAL OPERATING BUDGET	605,038	609,553	602,725	638,890
Total Uses	605,038	609,553	602,725	638,890
Sources Over/(Under) Uses	(20,696)	-	(12,262)	7,828
Ending Fund Balance				
Streetlight Districts	4,434	-	(7,828)	-
Total Ending Fund Balance	4,434	-	(7,828)	-

BUDGET BY FUND | Special Districts Fund Five-Year Financial Forecast

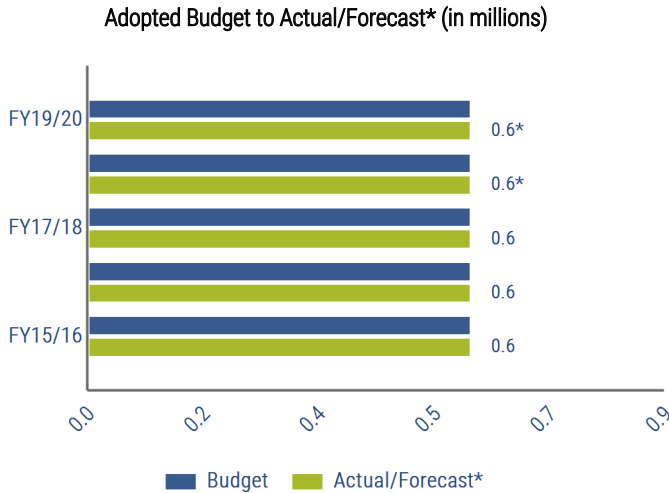
	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance					
Streetlight Districts	(7,828)	-	-	-	-
Total Beginning Fund Balance	(7,828)	-	-	-	-
Revenues					
Streetlight Districts	646,718	664,400	691,000	718,700	747,400
<i>Subtotal</i>	646,718	664,400	691,000	718,700	747,400
Total Sources	646,718	664,400	691,000	718,700	747,400
Expenditures					
Streetlight Districts	638,890	664,400	691,000	718,700	747,400
<i>Subtotal</i>	638,890	664,400	691,000	718,700	747,400
TOTAL OPERATING BUDGET	638,890	664,400	691,000	718,700	747,400
Total Uses	638,890	664,400	691,000	718,700	747,400
Sources Over/(Under) Uses	7,828	-	-	-	-
Ending Fund Balance					
Streetlight Districts	-	-	-	-	-
Total Ending Fund Balance	-	-	-	-	-

Special Districts Sources

Special Districts Sources for FY 2019/20 equal \$0.6 million, which is flat from FY 2018/19. Sources include Streetlight Districts Revenue which is derived from the levy assessed on property owners within the city's streetlight districts.

Streetlight Districts

Streetlight Districts Revenue represents the levy assessed on property owners within each of the city's 355 streetlight districts. The levy is calculated based on the expected costs for the year less any reserve balance from the prior fiscal year. The adopted FY 2019/20 revenue budget is \$0.6 million.

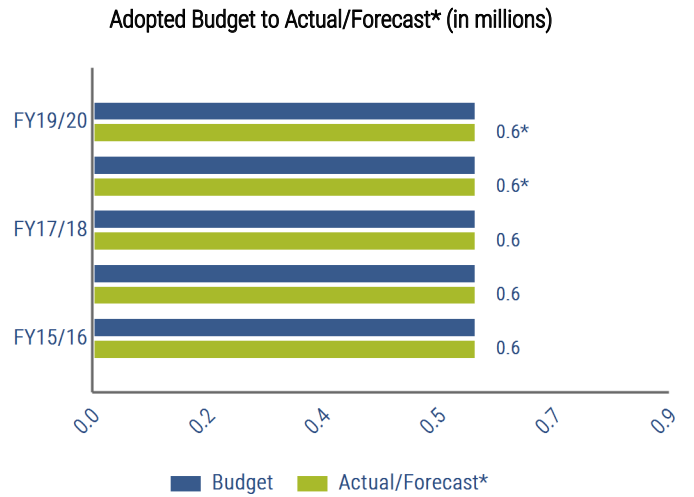


Special Districts Uses

Special Districts Uses consists of Streetlight Districts Expenditures. The cost of operating each district varies based on the cost of electricity usage and number of streetlights.

Streetlight Districts

Streetlight Districts adopted FY 2019/20 expenditure budget is \$0.6 million and will be used for electric costs of streetlights installed within certain areas throughout the community.



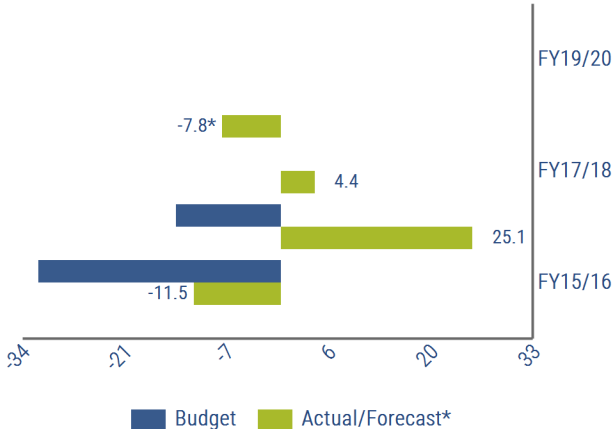
Special Districts Fund Balance

Fund balance protects the city’s financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. A historical summary of the city’s Special Districts fund balance is as follows:

Streetlight Districts Fund Balance

The FY 2019/20 Streetlight Districts ending fund balance is projected to be \$0. A reduction to fund balance was done in prior years to match current revenues with expenses to deplete the existing reserve.

Adopted Budget to Actual/Forecast* (in thousands)





Stillman Station

Trains

BUDGET BY FUND | Capital Improvement Plan Funds Overview



^(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of \$59.6M

^(b) Internal Service Funds Budget prior to Internal Service Funds offsets of \$59.6M

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

BUDGET BY FUND | Capital Improvement Plan Funds Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Beginning Fund Balance ^(a)	278,043,411	183,714,000	301,758,330	266,595,297
Revenues				
Bond Proceeds	28,770,429	-	-	47,162,600
Charges for Service/Other	7,334,950	23,535,466	13,527,253	38,709,557
Other Revenue	10,876,095	9,011,628	6,590,949	6,620,745
Utilities & Enterprises	8,926,292	6,150,000	5,950,000	6,150,000
Interest Earnings	3,402,503	3,323,949	3,263,949	5,237,047
Building Permit Fees & Charges	70,001	5,000	65,000	340,000
Subtotal	59,380,271	42,026,043	29,397,151	104,219,949
Transfers In				
Aviation Fund	215,540	4,644,341	5,427,726	2,365,142
Contributions	-	-	51,089	-
Fleet Fund	1,571,538	1,483,400	1,483,400	2,120,204
General Fund	12,358,833	9,552,950	10,522,253	11,788,637
Grants Fund	3,791	147,200	44,986	6,463
MPC Bonds	83,699	-	-	-
Preservation Sales Tax Fund	2,362,363	10,649,271	12,791,485	4,450,872
Risk Management Fund	2,317	7,300	7,300	581,841
Solid Waste Fund	10,531	312,300	312,300	496,444
Special Programs Fund	302,525	541,000	532,495	2,762,000
Stadium Capital Improvement Fund	65,755	67,400	67,400	67,400
Stormwater Fee Fund	-	2,170,000	2,170,000	2,504,808
Tourism Development Fund	6,279,500	-	5,000,000	-
Transportation Sales Tax (0.10%) Fund	-	-	4,030,023	12,053,356
Transportation Sales Tax (0.20%) Fund	19,569,769	10,940,689	12,596,077	14,446,752
Water & Water Reclamation Funds	62,409,689	46,768,083	35,063,283	35,144,698
Subtotal	105,235,850	87,283,934	90,099,817	88,788,617
Total Sources	164,616,121	129,309,977	119,496,968	193,008,566
Total Fund Balance and Sources	442,659,531	313,023,977	421,255,298	459,603,863

^(a) Prior year unexpended sources and uses of funds are estimated and included in the Beginning Fund Balance.

BUDGET BY FUND | Capital Improvement Plan Funds Summary

	Actual 2017/18	Adopted 2018/19	Forecast 2018/19	Adopted 2019/20
Expenditures				
Community Facilities	5,253,075	22,356,002	16,882,000	64,938,834
Drainage / Flood Control	3,674,316	8,719,392	3,944,500	25,540,216
Preservation	2,362,363	51,368,957	12,841,500	52,708,015
Public Safety	6,426,910	18,543,875	6,066,600	17,395,309
Service Facilities	7,752,319	18,754,610	6,679,200	18,377,191
Transportation	51,603,544	182,199,432	63,432,526	188,233,083
Water Management	45,814,157	262,016,995	28,014,100	292,497,878
Prior Year Unexpended	-	-	-	-
Subtotal	122,886,685	563,959,262	137,860,426	659,690,525
<i>Less: Estimated Capital Improvement Expenditures</i>	-	<i>(223,224,400)</i>	-	<i>(190,071,000)</i>
Subtotal: Unexpended at Year End	-	340,734,862	-	469,619,525
Transfers Out				
G.O. Bonds Fund	-	-	-	6,920,000
General Fund	4,787	-	-	-
Grants Fund	1	-	-	-
In Lieu Fees Fund	231,185	-	-	-
MPC Bonds	119,034	-	-	-
MPC Bonds - Water Reclamation	8,192	-	-	-
Special Programs Fund	115,073	-	-	-
Tourism Development Fund	249,756	-	182,075	-
Transportation Sales Tax (0.20%) Fund	-	-	-	1,200,000
Water & Water Reclamation Funds	17,286,489	16,617,500	16,617,500	900,000
Subtotal	18,014,517	16,617,500	16,799,575	9,020,000
Total Uses	140,901,202	239,841,900	154,660,001	199,091,000
Ending Fund Balance^(a)				
Aviation Funds Contingency	-	250,000	-	250,000
CIP Stormwater Utility Bill Fee Contingency	-	-	-	1,000,000
General Fund Contingency	-	5,000,000	4,069,850	25,000,000
Grants Contingency	-	8,350,200	-	8,350,100
Sewer Rates Contingency	-	2,000,000	-	2,000,000
Transportation 0.2% Sales Tax Contingency	-	3,000,000	141,905	3,000,000
Water Rates Contingency	-	3,000,000	-	3,000,000
Reserved:				
Reserved Fund Balance	301,758,330	73,182,077	258,171,787	260,512,863
Total Ending Fund Balance	301,758,330	73,182,077	266,595,297	260,512,863

^(a) Contingencies are unfunded and allow for the expenditure of unanticipated revenue that are not included in the beginning or ending fund balance. City Council approval is required before use of capital contingencies.

BUDGET BY FUND | Capital Improvement Plan Funds Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Beginning Fund Balance ^(a)	266,595,297	260,512,863	294,163,263	365,192,963	408,339,663
Revenues					
Bond Proceeds	47,162,600	-	25,000,000	-	-
Charges for Service/Other	38,709,557	52,297,500	20,285,800	16,698,600	157,980,400
Other Revenue	6,620,745	978,200	5,267,700	1,844,200	-
Utilities & Enterprises	6,150,000	6,150,000	6,150,000	6,150,000	6,150,000
Interest Earnings	5,237,047	5,163,600	5,028,200	5,025,900	5,342,100
Building Permit Fees & Charges	340,000	65,000	65,000	65,000	65,000
Subtotal	104,219,949	64,654,300	61,796,700	29,783,700	169,537,500
Transfers In					
Aviation Fund	2,365,142	775,100	144,600	565,100	89,900
Contributions	-	-	-	-	-
Fleet Fund	2,120,204	769,700	72,000	27,800	51,400
General Fund	11,788,637	11,622,500	11,636,400	11,787,100	12,013,300
Grants Fund	6,463	5,200	26,100	9,900	18,400
MPC Bonds	-	-	-	-	-
Preservation Sales Tax Fund	4,450,872	450,000	450,000	-	-
Risk Management Fund	581,841	3,500	18,900	6,600	12,300
Solid Waste Fund	496,444	15,500	82,100	209,100	53,900
Special Programs Fund	2,762,000	40,000	40,000	40,000	20,000
Stadium Capital Improvement Fund	67,400	67,400	67,400	67,400	67,400
Stormwater Fee Fund	2,504,808	2,504,800	2,504,800	2,504,800	2,504,800
Tourism Development Fund	-	-	-	-	-
Transportation Sales Tax (0.10%) Fund	12,053,356	11,955,200	11,889,700	12,032,200	12,189,600
Transportation Sales Tax (0.20%) Fund	14,446,752	11,581,300	11,688,700	11,684,500	11,908,300
Water & Water Reclamation Funds	35,144,698	34,506,900	34,898,300	35,163,500	40,550,900
Subtotal	88,788,617	74,297,100	73,519,000	74,098,000	79,480,200
Total Sources	193,008,566	138,951,400	135,315,700	103,881,700	249,017,700
Total Fund Balance and Sources	459,603,863	399,464,263	429,478,963	469,074,663	657,357,363

^(a) Prior year unexpended sources and uses of funds are estimated and included in the Beginning Fund Balance.

BUDGET BY FUND | Capital Improvement Plan Funds Five-Year Financial Forecast

	Adopted 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Expenditures					
Community Facilities	64,938,834	3,824,373	7,095,380	2,177,416	1,582,179
Drainage / Flood Control	25,540,216	-	-	-	30,975,811
Preservation	52,708,015	680,000	450,000	450,000	-
Public Safety	17,395,309	4,904,626	3,025,354	1,377,047	1,440,347
Service Facilities	18,377,191	3,847,650	9,059,579	10,134,950	6,944,920
Transportation	188,233,083	41,328,268	19,713,869	31,845,300	175,346,875
Water Management	292,497,878	28,207,900	28,371,200	32,524,200	33,570,200
Prior Year Unexpended ^(a)	-	469,619,525	448,011,342	452,340,724	471,014,637
Subtotal	659,690,525	552,412,342	515,726,724	530,849,637	720,874,969
Less: Estimated Capital Improvement Expenditures	(190,071,000)	(104,401,000)	(63,386,000)	(59,835,000)	(181,339,700)
Subtotal: Unexpended at Year End	469,619,525	448,011,342	452,340,724	471,014,637	539,535,269
Transfers Out					
G.O. Bonds Fund	6,920,000	-	-	-	-
General Fund	-	-	-	-	-
Grants Fund	-	-	-	-	-
In Lieu Fees Fund	-	-	-	-	-
MPC Bonds	-	-	-	-	-
MPC Bonds - Water Reclamation	-	-	-	-	-
Special Programs Fund	-	-	-	-	-
Tourism Development Fund	-	-	-	-	-
Transportation Sales Tax (0.20%) Fund	1,200,000	-	-	-	-
Water & Water Reclamation Funds	900,000	900,000	900,000	900,000	900,000
Subtotal	9,020,000	900,000	900,000	900,000	900,000
Total Uses	199,091,000	105,301,000	64,286,000	60,735,000	182,239,700
Ending Fund Balance^(b)					
Aviation Funds Contingency	250,000	250,000	250,000	250,000	250,000
CIP Stormwater Utility Bill Fee Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General Fund Contingency	25,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Grants Contingency	8,350,100	8,350,100	8,350,100	8,350,100	8,350,100
Sewer Rates Contingency	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Transportation 0.2% Sales Tax Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Water Rates Contingency	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Reserved:					
Reserved Fund Balance	260,512,863	294,163,263	365,192,963	408,339,663	475,117,663
Total Ending Fund Balance	260,512,863	294,163,263	365,192,963	408,339,663	475,117,663

^(a) Prior year unexpended uses are based on annual cashflow estimates.

^(b) Contingencies are unfunded and allow for the expenditure of unanticipated revenue that are not included in the beginning or ending fund balance. City Council approval is required before use of capital contingencies.



FY 2019/20 Adopted Budget