

City of Scottsdale, Arizona

Adopted FY 2005/06 Budget

Budget Summary

Volume One



City Council

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

Administrative Staff

Jan M. Dolan,
City Manager
Ed Gawf,
Assistant City Manager
Roger Klingler,
Assistant City Manager
Neal Shearer,
Assistant City Manager
Craig Clifford, CPA, MBA,
Chief Financial Officer
Art Rullo, MPA,
Budget Director

**City of Scottsdale
FY 2005/06 Budget
Volume One
Budget Summary**

Table of Contents

City Manager's Transmittal Letters 1

Overview

How to Use This Book 15

Recommended Budget Practices 16

Budget Definition and Mission 16

Principles and Elements of the Budget Process 16

Budget Roles and Responsibilities 17

Scottsdale's Budget Process/Budget Phases 18

 Needs Assessment and Financial Capacity 18

 Policy/Strategy Development and Prioritization
 Process Phase 20

 Budget Development and Prioritization
 Process Phase 20

 City Management Review and Modification Phase ... 21

 Budget Subcommittee and
 City Council Review and Adoption Phase 21

 Implementing, Monitoring, and Amending
 the Budget Phase 22

Use of Contingency/Reserve Fund 22

Budgetary and Accounting Basis 22

Operating and Capital Budget Relationship 23

Five-Year Financial Plan 23

Revenue Forecasting 24

Comprehensive Financial Policies 24

 Operating Management Policies 25

 Capital Management Policies 26

 Debt Management Policies 26

 Reserve Policies 28

 Financial Reporting Policies 28

Fund Summaries & Five-Year Plans

Fund Accounting - Fund Types 31

General Fund 32

Special Revenue Funds

 Transportation Fund 36

 Preservation Fund 38

 Special Programs 40

 Special Districts Fund 44

Debt Service Fund 46

Enterprise Funds

 Water & Sewer Funds 48

 Solid Waste Fund 50

 Aviation Fund 52

Internal Service Funds

 Fleet Management Fund 54

 Self-Insurance Fund 56

Trust Funds 58

Capital Improvement Fund 60

Total Budget Appropriation - All Funds 62

Budget by Fund

Legal Compliance and Financial Management 65

Fund Accounting - Fund Types 65

General Fund 66

 Revenue and Transfers-In 66

 Local Tax Revenue 66

 State-Shared Tax Revenues 69

 Licenses, Permits & Fees Revenues 70

 Fines and Forfeiture Revenues 72

 Interest Earnings 73

 Property Rental Revenue 74

 Other Revenue 74

 Transfers-In 74

 Expenditures By Type 75

 General Fund Balance/Reserves/
 Operating Contingency 79

Special Revenue Funds 80

 Transportation Fund

 Revenues 80

 Expenditures by Expenditure Type 81

 Fund Balance 83

 Preservation Privilege Tax Fund

 Revenues 84

 Expenditures by Expenditure Type 85

 Fund Balance 85

**City of Scottsdale
FY 2005/06 Budget
Volume One
Budget Summary**

Table of Contents

Special Programs Fund		Self-Insurance Fund	
Revenues	86	Revenues and Transfers-In	114
Expenditures by Department	88	Expenditures by Expenditure Type	115
Fund Balance	91	Fund Balance	116
Special Districts Fund		Trust Funds	
Revenues	92	Mayor's Committee for Employment	
Expenditures by Department	93	of the Handicapped	117
Fund Balance	93	Scottsdale Memorial Hospital Redevelopment	117
Grants		Fund Balance	117
Revenues	94	Program Operating Budget by Department/Program ..	118
Expenditures by Grant	95	Program Budget Relationship with Mayor and	
Fund Balance	96	City Council's Broad Goals	124
Debt Service Fund		Capital Project Budgets	
Revenues and Transfers-In	97	Five-Year Capital Improvement Plan	131
Expenditures by Debt Type	99	Source of Funds	135
Fund Balance	100	Use of Funds	137
Enterprise Funds		CIP Five-Year Plan	140
Water & Sewer Fund		Capital Project List	142
Revenues and Transfers-In	101	Capital Projects Operating Impacts	149
Expenditures by Expenditure Type	103	Appendix	
Fund Balance/Reserves	105	Staffing Equivalency by Department	153
Solid Waste Fund		Staffing Equivalency by Department/Funding Source ..	154
Revenues	106	City Staff Support	
Expenditures by Expenditure Type	106	Budget Liaisons	155
Fund Balance	108	Capital Improvement Plan Coordination Teams	155
Aviation Fund		Debt Service Expense	156
Revenues	109	Long-term Debt Outstanding	158
Expenditures by Expenditure Type	109	Computation of Legal Debt Margins	160
Fund Balance	110	General Fund Five-Year Privilege Tax Forecast	161
Internal Service Funds		Glossary of Terms	162
Fleet Management Fund		Budget Ordinance	168
Revenues and Transfers-In	111	Property Tax Levy Ordinance	181
Expenditures by Expenditure Type	112		
Fund Balance	113		

Mayor and City Council's Mission

The mission of the City of Scottsdale is to cultivate citizen trust by fostering and practicing open, accountable, and responsive government; providing quality core services; promoting long-term prosperity; planning and managing growth in harmony with the City's unique heritage and desert surroundings; strengthening the City's standing as a preeminent destination for tourism; and promoting livability by enhancing and protecting neighborhoods. Quality of life shall be the City's paramount consideration.



Mayor Mary Manross

Mayor Mary Manross has been Mayor of Scottsdale since June 2000. She was reelected and began her second term as Mayor in June 2004. Previously, she served two terms as a City Councilwoman from 1992 to 2000. Mayor Manross is a member of the National League of Cities (NLC) Transportation Infrastructure Steering Committee, the primary group responsible for the NLC's National policy on transportation.

Mayor Manross also chairs Valley Metro, serves as President of the Arizona Municipal Water Users

Association (AMWUA), is on the Executive Committee of Maricopa Association of Governments (MAG), is an executive board member of The League of Arizona Cities and Towns and active with the Arizona Town Hall and Arizona Women in Municipal Government. Prior to her time in elected office, Mayor Manross held positions of leadership in community, education and church organizations. A thirty-year resident of Scottsdale, Mayor Manross holds a bachelor degree in Political Science and a secondary teaching credential.

Mayor and City Council's Broad Goals

Goal A: Neighborhoods

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

Goal B: Environmental Sustainability & Preservation

Preserve Scottsdale's desert environment and natural resources, and honor the City's heritage and character.

Goal C: Transportation

Strengthen the transportation system for the safe, efficient and affordable movement of people and goods.

Goal D: Economy

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

Goal E: Public Safety

Protect Scottsdale residents and visitors by providing quality public safety and homeland security services.

Goal F: Fiscal and Resource Management

Provide the means to reach other goals by ensuring Scottsdale is fiscally responsible and fair in its management of taxpayer money and City assets, and coordinates land use and infrastructure planning within the context of financial demands and available resources.

Goal G: Open and Responsive Government

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



Vice Mayor Betty Drake

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



Councilman Wayne Ecton

Councilman Wayne Ecton was elected to his first term on the Scottsdale City Council in March 2002. Councilman Ecton was the Chairperson of the three member City Council Budget Subcommittee for the FY 2005/06 budget. He previously served on the 2004/05 City Council Budget Subcommittee, the 2001/2002 Citizens Budget Committee and the Big Box Ideas Team, which helped the City develop an ordinance to regulate the placement and appearance of "big box" retail buildings. A Scottsdale resident since 1996, Councilman Ecton is a member of the Coalition of Pinnacle Peak, the Greater Pinnacle Peak Homeowners Association, Friends of the McDowell Land Trust and the Foothills Community Foundation. He also is a member of the Scottsdale Center for the Arts, the Art Alliance for Contemporary Glass, the American Craft Council and the Glass Art Society. Councilman Ecton retired from Alcoa after 33 years in high-level financial management positions in the U.S. corporate headquarters and International and U. S. operating locations. Councilman Ecton holds a bachelor's degree in business. He was also a member of the Financial Executives Institute until his retirement.



Councilman W.J. "Jim" Lane

Councilman W. J. "Jim" Lane began his first term on the Scottsdale City Council in June 2004. Councilman Lane served on the 2002 Scottsdale Fire & EMS Advisory Committee, which was convened to evaluate and make recommendations to the City regarding fire and emergency medical services operations and costs. In 2003, he volunteered to co-chair the "Know Enough to Vote NO Committee" to oppose ballot measures to end the City's contract with Rural/Metro Corp. for fire and emergency medical services. His community service also includes six years on the YMCA Board of Management. He came to Scottsdale from New Jersey in 1973 to take a position with KPMG (Peat Marwick), an international public accounting firm. He worked as a Certified Public Accountant (CPA) for twenty years with five of those years in the Public Accounting and Auditing Division. Councilman Lane has owned or operated businesses in construction, mining, computer technology, telecommunications and regional aviation. He currently owns a telecommunications and Internet consulting company, Chatham Hill Group LLC, headquartered in the Scottsdale Airpark. He holds a bachelor's degree in accounting from Saint Joseph's University.



Councilman Robert Littlefield

Councilman Robert Littlefield was elected to his first term on the Scottsdale City Council in May 2002. He previously served as the Chairman of the 2004/05 City Council Budget Subcommittee. He is the founder and president of NetXpert Systems, Inc., a Scottsdale-based computer

company. He also is a commercial pilot and flight instructor. Councilman Littlefield has been involved in a variety of civic, youth and professional organizations. He is a member and former director of the Arizona Software & Internet Association, the Arizona Pilot's Association, Aircraft Owners and Pilots Association, National Federation of Independent Business, American Legion, Kiwanis Club and Civitan. A Vietnam combat veteran, Councilman Littlefield served in the U.S. Army from 1968 to 1970 and in the Arizona Army National Guard from 1971 to 1974. Councilman Littlefield holds a bachelor's degree in engineering from Arizona State University.



Councilman Kevin J. Osterman

Councilman Kevin J. Osterman began his first term on the Scottsdale City Council in June 2004. Councilman Osterman was a member of the City Council Budget Subcommittee for the FY 2005/06 budget. Councilman Osterman was a member of the Scottsdale Planning Commission from 2000 to 2003. He also served on the 2000 Citizens

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



Councilman Ron McCullagh

Councilman Ron McCullagh began his first term on the Scottsdale City Council in June 2004. Councilman McCullagh was a member of the City Council Budget Subcommittee for the FY 2005/06 budget. Councilman McCullagh has lived in the Valley for 28 years and in Scottsdale for the past 12 years. His career

experience includes six years as a university professor and 20 years as a businessman in the financial services industry. He is retired. He is Past President of Valley Citizens League and serves on its board of directors. He also serves on the boards of Scottsdale Sister Cities, Scottsdale Rotary Club and the District 8 Republican Committee. He also is a member of the Scottsdale Leadership Class XVIII, Arizona Town Hall, the Arizona Tax Research Association, and the Arizona League of Women Voters. He holds bachelor's and master's degrees in business from the University of North Dakota, and a doctorate in business administration from the University of Florida. He is active with civic duties, he enjoys tennis, sailing, hiking and golf.



**Janet M. Dolan,
City Manager**

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

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

**Ed Gawf,
Assistant City Manager**

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

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

**Roger Klingler,
Assistant City Manager**

Roger Klingler was appointed Assistant City Manager in February, 1998, and has responsibility for overseeing the City's Water Resources, Municipal Services Departments, WestWorld and the implementation of the City's \$900 million CIP Program. He has served the City since 1979 in several capacities. He was Water Resources General Manager from 1994 to 1998, and Assistant General Manager from 1990 to 1994.

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

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

**Neal Shearer,
Assistant City Manager**

Assistant City Manager Neal Shearer is responsible for the Community Services, Financial Services, Human Resources, and Information Systems departments and for the offices of Communications and Public Affairs (CAPA) and Constituent and Governmental Relations.

He has worked in a wide variety of management positions in the City. Neal came to work for Scottsdale in 1977 as an Intern in the Budget and Program Evaluation Office, worked as a Management Assistant in Community Development and the City Manager's Office, served in Human Resources as Manager and Assistant Director. He has served as Internal Auditor, Executive Assistant to the Mayor and City Council and Assistant to the City Manager for Intergovernmental Relations. In 1994 he became Human Services Director and Advisor to the City Manager, then was promoted to Administrator of Organizational Effectiveness in 1997 and to General Manager of the Human Resources Department in 2001. He was appointed to his current position in 2004.

He has a Master's Degree in Public Administration from the John F. Kennedy School of Government at Harvard University and Executive Management Certificates from Harvard and Arizona State University. He holds a Bachelor's in Social Sciences from Illinois State University.

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

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

**Art Rullo, MPA,
Budget Director**

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

**Bryan Bundy, MBA,
Senior Budget Analyst**

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

**Joyce Gilbride, CPA, MBA,
Senior Budget Analyst**

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

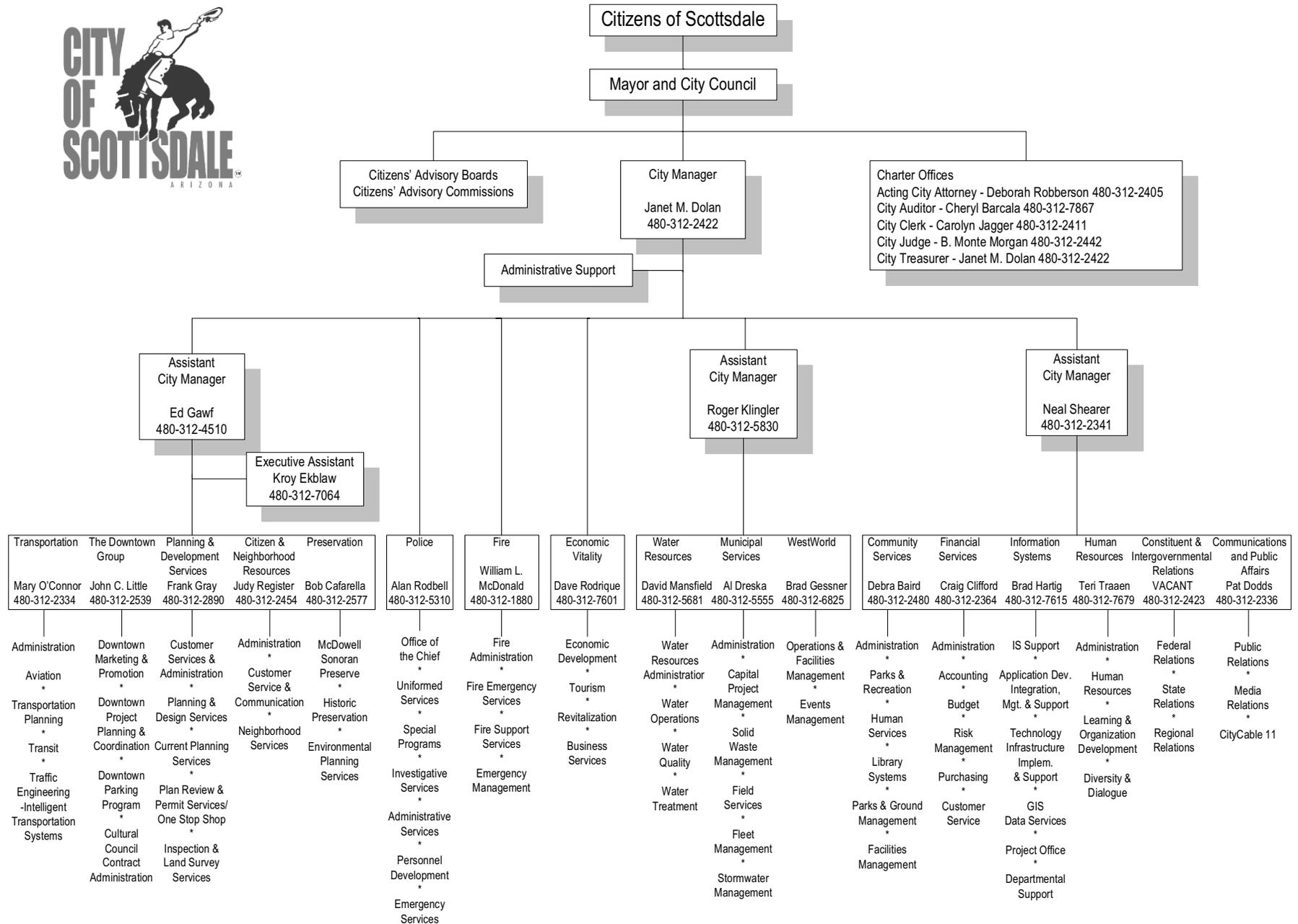
**Judy McIlroy, MBA,
Senior Budget Analyst**

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

**Sylvia Romero, MPA,
Senior Budget Analyst**

Sylvia Romero joined the Financial Services staff in March 2005. Prior to joining the City, she served as a Senior Management Assistant with the City of Chandler and as a Senior Management and Budget Analyst with Maricopa County. Sylvia holds a Bachelor of Science degree in Public Administration and a Master of Public Administration degree from the University of Arizona.

CITY ORGANIZATIONAL CHART



Origin and Growth

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing an area approximately 185.2 square miles. Lying at an elevation of 1,260 feet above sea level, the City averages 322 days of sunshine and 7.74 inches of rainfall per year, with the average minimum and maximum temperatures ranging from 56.2 degrees to 86.3 degrees, respectively. The City is bordered to the west by Phoenix, the state capital, by Tempe to the south, and by the Salt River/Pima Maricopa Indian Community to the east. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

Scottsdale was founded in the 1800's when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the City. The City incorporated in 1951 and the City Charter, under which it is presently governed, was adopted in 1961. The City has experienced significant increases in population, with the 1950 census reporting 2,032 residents and the 1990 census reporting 130,069. The population grew to 168,176 in October 1995 and is estimated at 234,628 for July 2005.

Government and Organization

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

Employment

Scottsdale is creating jobs faster than it is adding to its labor force, and thus is a net importer of jobs. Not only does this situation create employment opportunities for the residents, but it also creates a significant business component to the local tax base. The unemployment rate is lower than state and metro levels and is approximately 3.9% (April 2005).

Transportation

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

Educational Facilities

Several institutions of higher learning are available to City residents. Arizona State University, one of the major universities in the nation, is located in Tempe just south of the City. The University has approximately 57,000 students, graduate and undergraduate, a choice of 12 colleges and has 2,268 full-time faculty members. Scottsdale Community College, a part of the Maricopa Community College System, is located on the eastern border of the City, on the Salt River/Pima Maricopa Indian Community. The college is a two-year college, which offers a wide variety of academic, occupational, developmental, and special interest programs. Other higher educational facilities include the University of Phoenix and the Scottsdale Culinary Institute. The City is also served by 25 public elementary and middle schools, 5 public high schools, and a number of private schools.

Tourism

Tourism is one of Scottsdale's largest industries and is a significant contributor to Scottsdale's economy. Numerous resort and convention facilities, along with many hotels and motels, provide nearly 10,000 guest rooms, along with many public and private golf courses and tennis courts, and several country clubs. The number of rooms is expected to remain stable through 2006. More than 17,000 retail shops, boutiques, and galleries are located throughout the City and a selection of almost 600 restaurants is available. These services and facilities, complemented by the mild winter, have made Scottsdale a popular vacation spot for tourists and winter visitors.

Demographics

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

Gender

Male	48.5%
Female	51.5%

Age Composition

Under 5 years	5.7%
5 – 14 years	11.8%
15 – 24 years	10.0%
25 – 54 years	44.6%
55 – 59 years	6.9%
60 – 74 years	13.8%
75 – 84 years	5.3%
85+	2.1%
Median age (years)	39.9

Occupational Composition

Mgmt, Business, Finance	24.0%
Managerial & Professional	22.9%
Service/Labor	11.6%
Sales/Office	33.1%
Construction/Maintenance	3.9%
Production/Transportation.....	4.5%

Race/Ethnic Origin

White	91.2%
Asian	1.9%
African American	1.4%
American Indian.....	0.7%
Other	4.7%

Educational Attainment

4 or more years of college	43.3%
1 – 3 years of college	33.0%
High School Diploma	16.8%
Less than High School Diploma	6.9%

Land Use

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

Population

1951	2,021
1960	27,010
1965	54,504
1970	67,841
1975	78,085
1980	84,412
1985	92,844
1990	130,069
1995	168,176
2000	202,705
July 2005 estimate	234,628

Household Income

Less than \$15,000	8.4%
\$15,001- \$34,999	17.1%
\$35,000 - \$49,999	13.4%
\$50,000 - \$74,999	18.6%
\$75,000 - \$99,999	12.4%
\$100,000+.....	30.0%
Median Household Income	\$63,340

Source: City of Scottsdale, Economic Vitality Department

Scottsdale Employment by Industry and Year

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

Source: Gruen Gruen & Associates, June 1999

Largest Employers in Scottsdale

Rank	Company Name	Employees
1	Scottsdale Healthcare	4,400
2	General Dynamics	4,000
3	Mayo Clinic - Scottsdale	3,995
4	Scottsdale Unified School District	3,500
5	City of Scottsdale	2,864
6	CareMark (formerly AdvancePCS, Inc.)	1,636
7	DMS Direct Marketing	1,500
8	Scottsdale Insurance Company	1,300
9	Fairmont Princess Resort	1,200
10	The Vanguard Group	1,120
11	The Boulders Resort	680
12	United States Postal Service - Scottsdale	680
13	Dial Corp	650
14	JDA Software Group, Inc.	650
15	Desert Mountain Properties	638
16	Rural/Metro Corporation	625
17	First Health Group	610
18	Pegasus Solutions	600
19	E-Telecare Global Solutions	600
20	First National Bank of Arizona	530
21	Nordstroms	525
22	Hyatt Regency at Gainey Ranch	500
23	United Blood Services	498
24	Scottsdale Conference Resort	400
25	Dillard's	390

Source: City of Scottsdale

Principal Property Taxpayers June 30, 2005

.....

Taxpayer	Type of Business	Taxable Assessed Value (in thousands of dollars)	% of Total Taxable Assessed Value
Arizona Public Service Company	Gas and Electric Utility	\$47,752	1.10%
Scottsdale Fashion Square	Shopping Center	41,698	0.96%
DC Ranch, LLC	Resort	38,571	0.89%
Qwest Communications, Inc.	Telecommunications	36,168	0.83%
First American Tax Valuation	Resort	25,008	0.58%
Gainey Drive Associates	Resort	18,792	0.43%
Scottsdale Acquisition LLC	Shopping Center	15,497	0.36%
Southwest Gas Corporation	Gas Utility	13,639	0.31%
Marvin F Poer & Co.	Resort	10,371	0.24%
Pederson/BVT Promenade Assoc	Retail	10,336	0.24%
		\$257,831	5.94%

Source: The City of Scottsdale’s Property Tax Auditor, as obtained from the Arizona Department of Revenue, CVP Department and the 2004 Maricopa County Treasurer’s Roll.

Note: The Salt River Project Agricultural Improvement and Power District’s (SRP) assessed valuation is not reflected in the total assessed valuation of the City. SRP is subject to a “voluntary contribution” in lieu of ad valorem taxation. The 2005/06 secondary assessed valuation of the Salt River Project within the City is \$23,638,512. The estimated secondary in lieu contribution is \$201,060.

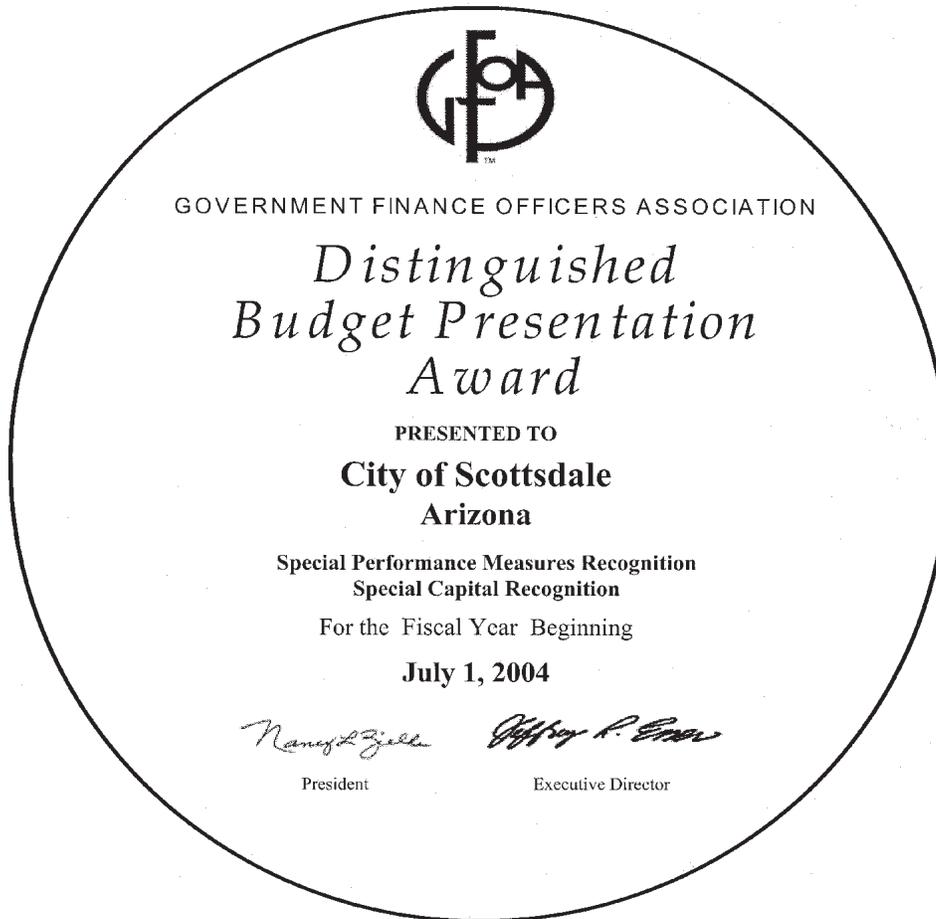
Median Household Income

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

Scottsdale median income as compared to Phoenix metro area median income -
Scottsdale is higher by: 27% 36% 27%

Source: Sites USA, 2000 US Census, 1995 Special US Census, 1990 US Census



Budget Award for Fiscal Year 2004/05 Budget

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for the fiscal year beginning July 1, 2004. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

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



June 28, 2005

Honorable Mayor and City Council:

The Scottsdale City Budget for the 2005/06 fiscal year is balanced, as required by Arizona state law, and keeps Scottsdale on a fiscally sound plan that will allow us to address the highest priority needs of our community. The total budgeted appropriation of nearly \$1.36 billion supports essential services, invests in critical capital projects, and fully funds Scottsdale's emergency reserves.

The adopted FY 2005/06 budget carries forward the March budget proposal with the modifications noted below, based on public input and City Council directives:

- Photo Radar - \$10.0 million was included in an expenditure contingency and an equivalent fine revenue amount was added to the budget to accommodate the proposed pilot photo radar program on the Scottsdale portion of the Loop 101 freeway.
- Power Line Undergrounding - \$500,000 was included in the Capital Improvement Plan to fund feasibility studies on the possible undergrounding of utilities in locations such as the Crosscut Canal, and to support local improvement district undergrounding projects.
- Downtown Open Space Project – A new Downtown Open Space Project was established in the Capital Improvement Plan after the Council asked the staff to explore opportunities for open space in the downtown area. The annual debt service budget was increased \$500,000 to cover the cost of the project.
- Additional Code Enforcement Officers - \$244,584 was included in the budget for two code enforcement officers, in addition to three new code enforcement personnel recommended in the March budget proposal.
- Mescal Park Improvements - \$150,000 was included in the Capital Improvement Plan fund for future Mescal Park improvements.
- Ambulance Agreement Amendments – Two additional firefighter positions were approved by Council on June 7 to staff ambulances. The City will be reimbursed for these positions; therefore, there will be no cost to the City.
- Additional Office Space for the Scottsdale Cultural Council - \$87,000 was included in the Downtown Group budget to assist the Scottsdale Cultural Council with the acquisition of additional leased office space.
- Preserve Connections - \$7,500 was included in the Citizen and Neighborhood Resources budget to fund for the Preserve Connections trail tours program, following the success of the pilot program in March 2005.
- Arizona Town Hall Membership - \$2,500 was added to the budget to cover the cost of the Arizona Town Hall membership.

The staff has already begun planning the budget for the 2006-07 fiscal year and is tracking the national, state and local economies. The staff will continue to closely monitor emerging economic trends and their potential impacts on the City. Our ability to respond early to economic challenges and careful long-range planning have been key factors in maintaining the City's fiscal health.

The strength of the City's financial management continues to be affirmed by the three major credit-rating agencies. All three agencies sustained their AAA bond ratings, the highest possible ratings for the City's general obligation bonds. This distinction, originally earned by the City in 2001, is held by a handful of exceptional local governments across the nation. This fact is especially noteworthy because many communities have tapped into their financial reserves in recent years, and their ratings have been downgraded. Scottsdale held down its expenditures and did not use its General Fund Reserve. The City has not planned any use of the reserve in balancing the FY 2005/06 budget.

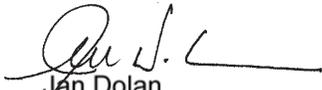
The adopted budget is the culmination of the diligent efforts of many people. Special recognition goes to the Financial Services staff for their outstanding management of the City's finances and the budget development process. The general managers and the City staff members who participated in the planning and execution of our extensive public outreach on the budget also deserve a sincere "thank you" for their time and assistance with this well-received effort.

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

Many Scottsdale citizens participated in budget summits, forums, and hearings. Their willingness to share their thoughts, priorities, and concerns strengthens our community.

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

The City staff appreciates the fact that the fiscal health of City government is tied to a sound, sustainable local economy and an excellent quality of life. The staff looks forward to working with the City Council and our citizens in the coming year to build a better, stronger, safer Scottsdale.


Jan Dolan
City Manager

LETTER DATED MARCH 21, 2005 *City Manager's Budget Transmittal*



March 21, 2005

Honorable Mayor and City Council:

The 2005/06 Proposed Budget reflects continuing strength in the City's economy, reinforced by positive trends at the state and national levels. Modest improvements projected in the City's revenues, combined with savings carried over from the 2004/05 fiscal year, will allow Scottsdale to balance its budget, meet its most pressing needs and fund the City's highest priorities for the 2005/06 fiscal year. These needs include a new municipal fire department, additional police officers, added operating costs related to the opening of new City facilities, a continued focus on code enforcement and property maintenance in the mature portions of the City, and continued emphasis on economic vitality and revitalization.

With improved economic conditions, the City has an opportunity to address programs not funded in recent budgets. At the same time, our long-range financial outlook requires us to remain conservative and focus only on the highest Council and citizen priorities. All areas of the City have pent-up demands, and it is not possible to address them all.

The revenue forecasts used in this budget, like last year's, are cautiously optimistic. The staff has not assumed that the City has returned to the extraordinary economic conditions of the 1990s. The City is past its historic period of peak expansion and our long-term budget plans must recognize that fact.

The budget also takes a conservative approach to revenues resulting from economic development and revitalization. As we look at the level of public and private investment in our community, it is clear the economy of Scottsdale continues to hold great promise. However, it is difficult to project exactly when the City will realize the benefits of these investments through increased revenues. Therefore, the forecasts reflected in this budget do not factor in possible future revenues from new or planned projects. The fiscally prudent and responsible course is to exclude proposed revenue generators until they have opened or are close to opening.

The overall uncertainty surrounding the magnitude and sustainability of the economic recovery requires us to remain vigilant as we monitor and manage the City's fiscal matters in the coming year.

In planning for expenditures, the City staff continued to use a zero-based, "program budget" approach. The program budget focuses on the total cost and quality of each service citizens receive, whether one department or several provide the service. The staff also continued to develop a more realistic and precise plan for continued investment in the City's basic infrastructure and public facilities, combined with a more comprehensive analysis of maintenance and operating costs.

As in years past, the main focus of the proposed budget is the General Fund, the City's largest fund, which supports basic services. Under the proposed budget, General Fund expenditures, debt payments and transfers-out to other funds will increase \$27.4 million, from the current fiscal year-end forecast of \$228.5 million to \$255.9 million. The increase in the proposed budget is funded by a combination of the new Public Safety Sales Tax, approved by voters in May 2004 for enhanced public safety services, and increased revenues expected from an overall improvement in the state and local economies.

LETTER DATED MARCH 21, 2005 *City Manager's Budget Transmittal*

Highlights of the proposed General Fund budget include the following:

New staff positions to address high priority needs such as public safety, revitalization, code enforcement, youth activities and after school programs, planning, and parks and recreation. The General Fund budget proposes an addition of approximately 119 full-time equivalent positions (FTEs) at an estimated net cost of \$3.2 million. Included in the total are 9 FTEs proposed to be converted from current contract worker positions to regular City employee positions next year. The costs associated with these converted positions will remain essentially unchanged from the current budget year.

Most of the new positions are front-line employees who will provide direct services to citizens or provide basic support services for the staff serving the public.

The table below provides an overall summary of the new staff proposed in the General Fund, classified by five broad areas of need:

- **Staffing for new or expanded City facilities**, mainly funded by voter-approved bonds, which are scheduled to open in the coming year. These include a new sports complex, senior center and aquatics center.
- **Public safety positions, a significant number of them funded through the voter-approved public safety tax.** These include increases in the number of patrol officers and other personnel to improve police services.
- **Staff needed to continue the City's emphasis on revitalization.** These positions include downtown maintenance workers and code enforcement inspectors.
- **Sufficient staff to meet customer service needs** in such areas as after-school programs for youth, processing of utility payments and compliance with Americans with Disabilities Act requirements.
- **Staff to meet "internal" service demands.** These are positions in the legal, financial and information systems areas that support the day-to-day needs of other operating departments.

Service Category	Gross Cost	Offsets	Net Cost	New FTEs	Contract Worker Offsets	Net FTEs
Community Facilities	\$0.7M	n/a	\$0.7M	42.45	n/a	42.45
Public Safety	\$1.4M	n/a	\$1.4M	46.00	n/a	46.00
Revitalization	\$0.7M	(\$0.2M)	\$0.5M	16.00	(5.00)	11.00
Citizen Services & Community Growth	\$0.4M	(\$0.1M)	\$0.3M	9.46	(3.00)	6.46
Internal Service Demands	\$0.3M	(\$0.0M)*	\$0.3M	5.00	(1.00)	4.00
Totals	\$3.5M	(\$0.3M)	\$3.2M	118.91	(9.00)	109.91

*Amount less than \$100,000

More detailed descriptions of the positions added in each area are provided under the General Fund summary later in this transmittal letter, and in a supplement at the end of the introductory section of the budget.

Employee compensation. Under the proposed budget, most employees would receive a cost-of-living adjustment of 3.5 percent, at a total cost of \$3.9 million. The compensation proposal widens the current pay ranges (the difference between the minimum and maximum) from the current 35 percent to 45 percent for several pay ranges. This change will allow the City's pay ranges to remain competitive. Employees would need to earn any pay increases in the expanded range through job performance. Additionally, the City will not incur increased per capita healthcare costs in the coming year. The City's implementation of self-insured health plans and cost containment measures more than a year ago has controlled health care costs.

Retirement costs. Based on an increase in the statutorily mandated contribution rate, the City's contribution to the Arizona State Public Safety Retirement System for police in FY 2005/06 increases by about \$0.8 million. The rate for sworn police and fire employees is statutorily capped at 7.65 percent, and police officers will not face an increase next year. The City will also pay approximately \$1.8 million in FY 2005/06 to the Public Safety Retirement System on behalf of firefighters as part of the first-year operating costs for the new municipal fire department. The City's contribution to the Arizona State Retirement System for civilian employees will increase by about \$1.8 million in FY 2005/06. Under state law, the City and the civilian employees each contribute equally to the retirement system. For FY 2005/06 the rate paid by the employer and employee increases by 2.55 percentage points from 5.70 percent to 8.25 percent of the civilian employee's annual compensation. The 8.25 percent contribution rate will remain in effect through FY 2006/07.

Capital Improvement Plan

A separate, key component of the annual financial plan is the City's five-year Capital Improvement Plan (CIP) for infrastructure and public facilities – including roads, water and sewer improvements, parks, buildings and information technology. The total proposed CIP appropriation for FY 2005/06 is \$899.7 million, which includes \$415.8 million (or 46.2 percent of the total) re-budgeted from the prior year. Under Arizona law, the City must rebudget for a capital project until it is completed.

Many of the projects listed in the capital budget are funded by a combination of sources such as the City's transportation sales tax, Bond 2000 funds, user fees, grants, the Proposition 400 regional transportation sales tax, the City's preservation sales tax, development impact fees and General Fund transfers. The proposed FY 2005/06 General Fund transfer into the Capital Project Fund of \$32.7 million consists mainly of one-time funds realized in the current fiscal year. Based on adopted financial policies, the City has prudently used one-time "elastic" revenue (e.g., construction sales tax and development fees) in excess of the adopted operating budget for future capital project funding. Municipal bond rating agencies view the practice of using one-time funds for capital projects as a sound fiscal practice.

Geographically, the capital projects are spread throughout the community, with 25 percent north of Indian Bend Road, 30 percent south of Indian Bend, 21 percent citywide and 24 percent in the McDowell Sonoran Preserve. Additionally, 73 percent of the capital budget projects relate to work on new facilities and 27 percent relates to renovation of community facilities.

Highlights of the proposed capital budget by major project area, along with examples of notable capital projects in each project area, are provided below:

Examples of priority projects	(In millions)		
	Rebudgets	New	Total
Community Facilities ▪Civic Center Library Improvements ▪Vista Del Camino – Yavapai Ballfields ▪Grayhawk Community Park ▪Spring Training Facility ▪Scottsdale Center for the Performing Arts Renovation ▪Construction of WestWorld Multi-Purpose Building	\$108.1	\$61.1	\$169.2
Preservation ▪Construction of the Trails Supporting the Gateway to the Preserve ▪Expanded McDowell Sonoran Preserve ▪Lost Dog Wash Access Area	\$34.4	\$182.8	\$217.2
Drainage & Flood Control ▪TPC Drainage Improvements ▪Indian School Road Drainage ▪Pima Road Drainage ▪North Scottsdale Road Corridor Drainage ▪Upper Camelback Wash Watershed	\$19.5	\$10.0	\$29.5
Public Safety ▪Fire Station South Quadrant ▪Fire Station #813 – Via Linda Expansion ▪District 1 Police Facilities	\$47.1	\$19.5	\$66.6

Examples of priority projects (continued)	(In millions)		
	Rebudgets	New	Total
Service Facilities ▪North Marshall Way Garage ▪South Canal Bank Public Parking Garage ▪Community Services Facility Maintenance	\$23.1	\$20.5	\$43.6
Transportation ▪Indian Bend Road - Scottsdale to Hayden ▪Indian School Road – Drinkwater to Pima Freeway ▪Scottsdale Road – Frank Lloyd Wright to Thompson Peak Parkway ▪Thompson Peak Parkway – Bell to Union Hills ▪Hayden Road North of Loop 101 to Thompson Peak Parkway ▪ASU Scottsdale Center Transit Passenger Facility ▪Bus Stop Improvements ▪McDowell Road Bicycle and Pedestrian Improvements ▪Thomas Road Bicycle Lane and Enhanced Sidewalks	\$81.1	\$67.1	\$148.2
Water Services ▪CAP Plant Expansion ▪CAP Plant Regulatory Compliance ▪Arsenic Mitigation Facilities for the City's Water System	\$102.5	\$122.9	\$225.4
Totals	\$415.8	\$483.9	\$899.7

Each year the City staff continues to enhance the project evaluation and cash management processes to prioritize and propose funding for projects. The proposed five-year CIP uses conservative financial forecasts and reflects only those projects with the highest priority and most realistic expectation for completion during the next five years. This approach avoids raising expectations for projects that are not well defined or that the operating budget will not support.

The improvements in managing CIP finances are helping the City to manage transfers from the General Fund for capital funding purposes. In FY 2005/06 the budget assumes transfers from the General Fund into the CIP of approximately \$32.7 million. Of this total amount, \$3.2 million will go to general maintenance, \$4.2 million will go to public safety radio replacements and the remaining \$25.3 million will support the overall CIP program. The significant increase in General Fund revenues flowing into the Capital Improvement Fund will help the City fund key capital projects now and ensure the City is well positioned in coming years to draw on its capital funding when Scottsdale must meet its commitments to build infrastructure at the ASU Scottsdale Center for New Technology and Innovation.

As in recent years, the City continues to face a quandary in capital funding plans. An extremely favorable bond market currently makes debt financing very attractive. At the same time, the City has finite resources to fund operating costs for many of the proposed capital projects. As Scottsdale begins to move forward with economic recovery, the proposed five-year CIP attempts to continue – and even expedite – priority projects while ensuring long-term funding sustainability for operating impacts.

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

The property tax rate will continue to drop. For the eighth consecutive year, the City's estimated combined property tax rate will drop. For FY 2005/06 the combined property tax rate will decrease by 6 cents from \$1.07 to \$1.01 per \$100 of assessed valuation. This is 49 cents, or 33 percent, below the City's \$1.50 financial policy limit initiated with the Bond 2000 authorization. The overall effect of the lower tax rate on tax bills depends on changes in the assessed valuation of each property. The lower tax rate stems from a combination of rising assessed valuations and effective debt management. The City uses a balanced mix of long-term debt and pay-as-you go funding to "smooth" the overall tax burden and help ensure taxpayers who will use City facilities today and those who will use them in the future contribute equitably for their costs.

Utility charges will rise marginally. The average homeowner's combined bill for water, sewer, refuse, and recycling services will increase an average of about \$1.62 per month if a proposed three-tier water rate structure is adopted to further promote water conservation efforts. Since the additional 3rd tier is designed to increase charges for the highest users, customers who use lower or average amounts will be less affected. If the current two-tier structure is retained, the average homeowner's bill increase will be higher. Federal health and environmental requirements are a significant factor in water rate increases. They are the primary reason for several major capital projects, including upgrades to the CAP Treatment Plant and arsenic mitigation facilities.

Budget timing and state legislation

This proposed budget does not account for any potential legislative changes that could adversely affect the final FY 2005/06 budget or future year financial forecasts for the following items:

State-Shared Revenues – any proposed modifications to the allocation of state-shared revenues to local jurisdictions. The budget does assume, under the current allocation of share revenues, that the mid-decade Census will adversely affect the City's state-shared revenues by an estimated \$2.0 million beginning in FY 2006/07. Faster-growing cities and towns within the state receive an increased proportion of the overall pool of state-shared revenues.

Property Tax Assessments – any proposed modifications to the commercial and residential property tax assessment structure that could affect the City's final 2005/06 budget or future year financial forecasts.

Photo Enforcement – any proposed changes that could negatively impact revenues and operating expenses for the city's Photo Enforcement Program.

The staff will continue to monitor the state's budget proposals and assess the impact of any proposed changes on the City.

Components of the Proposed Budget

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

The proposed budget includes balanced five-year financial plans for each of the City's funds, emphasizing long-term fiscal planning. The budget also includes individual budgets for the City's more than 180 programs. The goal of the program budget is to provide the City Council, citizens, and other stakeholders a more focused analysis of the costs of each City service or function, whether the service is provided by one department or through the combined efforts of several areas. Each program budget includes a program description, services provided, City Council Goals supported by the program, a multi-year summary of budget and staffing, customers, program goals and objectives and performance measures. The proposed budget also includes a detailed summary of the proposed FY 2005/06 capital budget.

The following is a summary of budget highlights by fund.

General Fund Revenues

The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. General Fund revenue estimates in the proposed budget are conservative. This is the prudent and most accountable approach for the long-term fiscal interest of the City.

Total General Fund revenues and transfers-in are expected to increase approximately \$9.6 million or 4.1 percent, from the FY 2004/05 year-end forecast of \$235.1 million to \$244.7 million in FY 2005/06. The following General Fund revenues represent the most significant changes between fiscal years:

Transaction Privilege Tax, or "Sales Tax" – Scottsdale's total City sales tax rate is 1.65 percent. Of that amount, .65 percent is dedicated to the specific purposes of transportation, preservation and public safety. These revenues and their uses are explained later in this transmittal. The remaining 1.0 percent sales tax goes to the General Fund and is available for any municipal purpose. This 1 percent general-purpose sales tax is the City's single largest revenue source. It is projected to increase an estimated 4.1 percent, or \$3.8 million, to \$96.7 million in FY 2005/06. It is considered an "elastic" revenue source susceptible to peaks and valleys, based on events in the national, state and local economies. Beyond FY 2005/06, the five-year financial plan projections reflect a stable 4.0 percent increase in sales taxes – essentially keeping pace with a projected modest inflation rate.

Transaction Privilege Tax - Public Safety – These revenues are drawn from a 0.1 percent sales tax approved by voters in May 2004 and designated for public safety. This revenue is projected to increase by 24.3 percent, or \$1.9 million, to \$9.7 million in FY 2005/06. The large percentage increase between years is attributable to 11 months of tax collections in FY 2004/05, the initial year of the tax, compared to 12 months in FY 2005/06. Beyond FY 2005/06, the five-year financial plan projections also reflect a stable 4.0 percent increase, keeping pace with inflation.

Property Taxes – This revenue source is one of the few stable General Fund revenues and is anticipated to increase by \$1.1 million, or 6.1 percent over FY 2004/05, to \$18.7 million. The increase in revenue is driven by a combination of growth in existing property assessment values, up 5.3 percent, and new construction, up 4.2 percent. The estimates for FY 2005/06 and beyond do not factor in any potential reductions resulting from legislative changes that may result from proposed modifications to the commercial and residential property tax assessment structure.

Transient Occupancy Tax, the Hotel "Bed Tax" – This revenue source is expected to increase to nearly \$8.2 million, for an increase of \$0.3 million, or 3.5 percent, from the FY 2004/05 year-end forecast of \$7.9 million. Like sales taxes, these revenues are less predictable because of ongoing uncertainty in the economy and the magnified effects of potential acts of terrorism on business and pleasure travel. While Scottsdale remains an internationally known destination for travelers, the City is seeing growing competition in the Valley, the nation and abroad. This budget forecasts moderate growth in this revenue source in FY 2005/06 and beyond.

State-Shared Revenues, or "Intergovernmental Revenues" – These revenues are projected to increase about \$2.9 million or 7.9 percent, from \$36.6 million in FY 2004/05 to \$39.5 million in 2005/06. These revenues are from state sales and income taxes shared with Arizona cities and towns, based on a statutorily determined formula. The shared sales tax revenue projection is based on a modest statewide economic recovery. The shared income tax revenue projection reflects a two-year lag between the time citizens file their state taxes and the date the revenues are sent to cities and towns. As noted above, these two estimates do not factor in any potential reductions resulting from legislative changes in FY 2005/06 and beyond. However, the General Fund five year financial plan does assume the mid-decade census will adversely impact the City's state-shared revenues by an estimated \$2.0 million in FY 2006/07, as faster growth cities and towns within the state receive an increased proportion of the overall pool of state-shared revenues.

Development Permits and Fees – This revenue is expected to decrease, following an extraordinarily strong performance in FY 2004/05. At \$15.5 million in FY 2005/06, the forecast assumes revenues will be more in line with normal market conditions. This unpredictable revenue source can have dramatic peaks and valleys from year to year. The staff foresees a slight slowdown in development and construction during the coming fiscal year and beyond as Scottsdale approaches build-out. The forecast assumes, as the City continues its revitalization efforts, that revenues from home remodels and rehabilitation projects will become a larger share of development and permit fee revenues compared to new home construction.

Fines and Forfeitures – This revenue source includes court fines, parking fines, Photo Enforcement Program revenues, and library fines, which in the aggregate are anticipated to increase approximately \$0.4 million or 4.7 percent over the projected 2004/05 year end amount of \$8.0 million to \$8.4 million in FY 2005/06. As previously noted, the Photo Enforcement revenue does not factor in any potential reductions resulting from legislative changes in FY 2005/06 and beyond.

General Fund Expenditures

Under the proposed budget, General Fund expenditures, debt payments and transfers-out of the fund increase by \$27.4 million in FY 2005/06 to \$255.9 million, or 12.0 percent, from the forecasted FY 2004/05 year-end amount of \$228.5 million. A major component of the increase is a \$25.3 million transfer out to the capital project fund. The most noteworthy changes in the General Fund expenditures and transfers-out were outlined in the first section of this transmittal letter. Additional details on new positions and on selected expenditures are provided below:

New Staff Positions – As a general rule, most of the new positions assume a hire date of September 1 or later. Many hire dates are staggered throughout the fiscal year, when possible, to minimize the initial year fiscal impact. The proposed budget includes new staff in the four service categories noted below:

- Community Facilities – The positions in this category are necessary to staff new facilities constructed with voter-approved Bond 2000 funding. The proposed budget includes 42.45 FTE new positions at approximately \$0.7 million in payroll and benefits costs associated with the opening of three facilities. The CAP Basin Sports Complex will require 11.60 FTEs to support the fall 2005 opening. The new McDowell Village Senior Center scheduled to

open in November 2005 will require 5.85 FTEs due to the increased size of the facility and demand for services. In the later part of FY 2005/06, the McDowell Mountain Ranch Park and Aquatic Center will require 21.00 FTEs in advance of the anticipated July 2006 opening. The Facilities Maintenance Program will also require 4.00 FTEs to handle the added facilities.

- **Public Safety** - All of the proposed staff additions in this category are Police Department positions. The proposed budget includes 46 FTE General Fund positions at \$1.4 million in payroll and benefits costs. They include a combination of sworn (24.00 FTEs) and civilian (22.00 FTEs) positions. The largest public safety increases included in the proposed budget are in the following areas: Patrol (20.00 FTEs sworn and 7.00 FTEs civilian), Detention Officers (8.00 FTEs civilian), and Police Records (5.00 FTEs civilian). Additional sworn positions (4.00 FTEs) are proposed to handle increased training, recruiting and internal affairs duties related to the increase in police officers. The budget includes additional civilian positions (2.00 FTEs) to address property and evidence, and police supplies and equipment. The City Council in 2004 approved enhanced staffing levels for the Fire Department, including a fourth firefighter on most trucks and 56-hour work weeks. These staff levels are reflected in this budget. The public safety enhancements to police and fire are funded from the new Public Safety Sales Tax. Funding from this source, totaling \$9.7 million, covers approximately 10.3 percent of the total proposed police and fire operating budgets of \$94.1 million.
- **Revitalization** – The positions in this category provide services such as litter pick-up, painting, and alley and landscape maintenance related to the City's revitalization work in the downtown and southern Scottsdale areas. The proposed budget includes 16.00 FTE positions at a net payroll and benefits cost of approximately \$0.5 million. The positions in this category include 5 contract or temporary positions that will be converted to City positions and 7.00 FTEs to replace City staff who were redeployed from other positions and are currently performing these services. The budget also includes code enforcement (3.00 FTEs) and an additional staff position for downtown maintenance (1.00 FTE) to enhance revitalization work in the area.
- **Customer Services and Community Growth** – The need for positions in this category stems from customer service demands, growth in the community, and federal requirements such as the American with Disabilities Act (ADA). The proposed budget includes 9.46 positions at a net payroll and benefits cost of approximately \$0.3 million. The budget includes growth-related staff for the Youth Activities and After School programs (3.46 FTEs) to address a growing waiting list for services. It also includes positions for the Revenue Recovery (1.00 FTE) and Remittance Processing (1.00 FTE) programs to maintain customer service levels. The budget includes a new staff position in the Planning and Development Services Department (1.00 FTE) to centralize the City's management of and compliance with federal ADA requirements. The total positions in this category include the conversion of 3 contract workers currently providing services in Planning and Development Services (3.00 FTEs).
- **Internal Service Demands** – The positions in this category are driven by a combination of internal and external customer service demands. The proposed budget includes 5.00 FTE positions at a net payroll and benefits cost of approximately \$0.3 million. The proposed budget adds staff in the City Attorney's Office (1.00 FTE), Financial Services (1.00 FTE) and Information Systems (1.00 FTE) and a new position to leverage sponsorship revenue and marketing opportunities (1.00 FTE). Out of the proposed 5.00 FTEs in this category, the budget includes the conversion of 1 contract worker currently providing services in Information Systems to a permanent full-time City position (1.00 FTE).

Transfers-Out – The FY 2005/06 proposed budget includes a \$32.7 million transfer to the CIP Fund for capital projects. A significant portion of the transfer out comes from non-recurring FY 2004/05 funding generated from greater than budgeted revenues and expenditure savings. Using these one-time funding sources for capital projects funding is prudent and does not jeopardize the General Fund's reserve or the projected FY 2005/06 year-end unreserved fund balance.

Fire Services - The proposed budget includes funding for the City's new municipal Fire Department scheduled to begin operations in July 2005. The total Fire Department budget is \$26.6 million and includes 257 positions approved by City Council on September 7, 2004. The positions were added in FY 2004/05 to accommodate required firefighter training prior to their July 2005 start date. In FY 2004/05 the City Council approved Fire Department enhancements beyond the current service levels, such as staffing levels (4th firefighter on a truck) and work hours (56 work week). The enhancements are reflected in this budget.

Culture and Tourism – The proposed budget includes a 3.0 percent increase for the Scottsdale Cultural Council contract and a 3.0 percent increase for the Scottsdale Convention and Visitors Bureau contract.

General Fund Balances and Reserves

The proposed FY 2005/06 budget includes the following:

General Fund Reserve – This reserve, projected to total \$28.4 million at the end of 2005/06, continues the City's financial policy of setting aside funds to protect Scottsdale in times of emergency. This is the City's "savings account." Most of these funds are carried over from previous years, and once they are spent, it will be extremely difficult to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of \$28.4 million, an amount equal to 10 percent of annual total operating budget for the General and Transportation funds. For FY 2005/06 the proposed General Fund Reserve includes an additional \$4.0 million set aside in case the City must pay a settlement in an ongoing tax audit matter. Maintaining this reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings.

Economic Investment – The proposed budget proposes \$5.0 million be set aside by the City Council for strategic economic vitality investments that demonstrate clear returns to the community.

Operating Contingency – The proposed budget includes a \$2.7 million operating contingency to meet unforeseen expenses during the year. This reserve is especially important in FY 2005/06, as we begin operating a municipal Fire Department. The contingency will allow the City more flexibility to meet any unforeseen costs.

Unreserved Fund Balance – After considering all of the other reserves, an unreserved fund balance of nearly \$5.0 million is projected at the end of the 2005/06 fiscal year. These funds are not designated for a specific purpose. The City Council may choose to allocate some or all of these dollars for new or expanded programs or requests, or to allocate them to other reserve funds. The unreserved fund balance represents a combination of accumulated one-time revenues and expenditure savings and would most appropriately be used for one-time expenditures, not to fund new or expanded programs with ongoing operating costs.

Special Revenue Funds

The City accounts for revenues earmarked for specific purposes – by law or City policy – through special revenue funds.

The Transportation Fund accounts for Highway User Revenues shared with cities from state "gas taxes." The fund also includes revenues from the .20 percent Transportation Privilege Sales Tax. The FY 2005/06 HURF revenues are expected to be approximately \$15.0 million, which is a modest increase of 2.0 percent, or \$0.3 million, over the forecasted FY 2004/05 year-end estimate of \$14.7 million. The Transportation Privilege Sales Tax revenue is projected to increase by 4.1 percent, or slightly more than \$0.7 million, to \$18.3 million in FY 2005/06. Local Transportation Assistance Fund revenue from the Arizona State Lottery is expected to remain at the same level as 2004/05, about \$1.1 million. Transfers in to the Transportation Fund consist of \$3.1 million from the General Fund and \$.3 million from the Solid Waste Fund for alley maintenance costs.

The HURF revenues and 50 percent of the Transportation Sales Tax revenues cover the Transportation Fund operating expenditures and revenue bond debt service of \$28.6 million. The Transportation Department operating expenditures of \$13.1 million consist of master planning, transit services, traffic engineering and other operations. These revenues also support transportation improvements. The Municipal Services Department operating expenditures of \$12.4 million cover street and signal operations and maintenance. The revenue bond debt service is \$3.1 million. The remaining 50 percent of the Transportation Sales Tax, or \$9.2 million, is transferred to the Capital Improvement Plan for transportation related capital projects, under this proposed budget.

The proposed Transportation Fund budget includes the conversion of 7 contract workers to full time City employees with a nominal net fiscal impact.

Revenues and expenditures related the acquisition of the McDowell Sonoran Preserve are accounted for in the Preservation Privilege Tax Fund, which receives funding from the 1995 (0.20 percent) and 2004 (0.15 percent) voter-approved Preservation Privilege Tax initiatives. Total revenue from the 1995 Preservation Privilege Tax is expected to increase by \$0.7 million, or 4.1 percent, from \$18.1 million in FY 2004/05 to \$18.8 million in FY 2005/06. Revenue from the 2004 Preservation Privilege Tax is anticipated to increase by \$2.8 million, or 24.3 percent, to \$14.5 million. The large percentage increase between years is attributable to 11 months of tax collections in FY 2004/05, the initial year of the tax, compared to 12 months in FY 2005/06. Beyond FY 2005/06, the five-year financial plan projections reflect a stable 4.0 percent increase in sales taxes – keeping pace with inflation. Total expenditures and transfers-out of the fund are estimated at nearly \$39.4 million for FY 2005/06, compared to \$24.6 million in the current fiscal year. It is anticipated

future preserve land will be purchased with debt proceeds. Under the sales tax ballot language the Preservation Privilege Tax revenues are to be used for debt service payments related to preserve acquisition, preserve-related construction and trailheads. The proposed budget assumes a planned issuance in the fall of 2005 of \$20.0 million in General Obligation Preserve Bonds. The bonds will provide funding for the City to move ahead on current preserve purchase plans and trailhead projects.

A collection of smaller restricted revenues for specific City services make-up the Special Programs Fund. The services included in these various funds are intended to be fully self-supporting and not subsidized by the General Fund. Examples of these funds include the Police Department RICO funds, the City Court's Court Enhancement Fund, the McCormick-Stillman Railroad Park Fund, the Scottsdale Cares Charitable Fund and the Preservation Rehab Fund for historic building rehabilitation.

Special Revenue Fund Budget Options for City Council Consideration

The Special Revenue for the Transportation Fund budget outlined above is based on the following change in the adopted Financial Policy recommended by the City staff for Council's consideration. The changes would apply to:

Transportation Sales Tax Allocation. The staff is recommending that the City Council modify the Transportation Sales Tax allocation from the current 60 percent for capital and 40 percent for operating purposes to 50 percent and 50 percent, respectively. This change would help to support the re-establishment of transit services that were reduced two years ago due to the economic downturn. This proposal is possible due to the passage of Proposition 400 in November 2004, which provides the City with increased regional transportation funding for operating and capital purposes.

Enterprise Funds

Enterprise funds account for the City's water, sewer, solid waste collection and aviation services, operated as stand-alone businesses. User fees are assessed to cover the full cost of services.

The Water and Sewer Fund budget continues to be significantly affected by Federal water quality mandates. The City is aggressively working to meet federal mandates to reduce arsenic levels in drinking water by January 24, 2006 and another forthcoming mandate to reduce levels of by-product compounds from chlorine disinfection. In this past year, the City began a pilot project to help determine the most effective method to meet federal standards. However, the Five-Year Financial Plan still anticipates the need to issue over \$100 million in debt to pay for the infrastructure to meet these mandates.

The budget includes a 3.5 percent water fee increase to help pay for these added costs. It also includes future debt of \$91.5 million, to be issued in March 2006, and an increase of 4.0 percent in sewer rates to fund modifications and upgrades to wastewater treatment facilities.

While the major costs of the Water and Sewer Fund are capital in nature, the proposed budget includes additional staff to support expanded water production facilities. The budget proposes 15 new FTEs, including the conversion of 1 part-time City employee to full time status. The estimated fiscal impact is about \$0.7 million.

The proposed FY 2005/06 Solid Waste Fund budget includes no fee increase for the operation of refuse collection and recycling services. The Solid Waste Fund is expected to maintain a positive fund balance over the five-year financial plan. The Solid Waste Fund budget proposes 4 new FTEs estimated at less than \$90,000 to maintain service levels for residential refuse and brush collection.

The proposed Aviation Fund budget includes no increase in landing fees in FY 2005/06. The five-year financial forecast for this fund projects continues to maintain a positive fund balance and there are no planned operating subsidies from the General Fund. The Aviation Fund budget proposes the conversion of 2 part-time City employees to full time status with net fiscal impact of \$31,000. The positions will provide additional security coverage.

Internal Service Funds

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

The proposed Self-Insurance Fund budget assumes total revenue and transfers-in of \$21.5 million. The proposed budget anticipates total operating and claims expenditures and transfers-out of \$22.1 million in FY 2005/06. The projected ending fund balance reserve is \$13.9 million for property casualty, \$0.1 million for short-term disability, and \$6.6 million for health benefits. With the addition of a municipal Fire Department in FY 2005/06 and the City's move to self-insurance, solid reserves are essential to the fiscal stability of the plans. The Self-Insurance Fund budget proposes the conversion of 1 part-time contract worker to a full-time City employee with a net fiscal impact of less than \$20,000.

The proposed Fleet Management Fund forecasts \$12.7 million in total revenues and \$12.1 million in expenditures and transfers out. The expenditures and transfers out include \$3.4 million for vehicle and equipment acquisitions and nearly \$8.5 million for fleet operations. Additionally, the budget includes approximately \$0.1 million to cover the initial costs associated with the staggered hiring of one crew chief and four equipment mechanics starting in February 2006. After considering all of the proposed acquisitions and operating impacts, the proposed five-year financial plan for the Fleet Management Fund continues to maintain a fiscally responsible fleet replacement reserve.

Debt Service Fund

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

Total revenues and transfers-in to these funds are estimated at \$53.6 million for FY 2005/06, compared to \$57.5 million for FY 2004/05. A total of \$53.4 million is planned for debt service payments in FY 2005/06.

Property taxes levied to pay for voter-approved bonds are the largest revenue source in this fund and are expected to provide \$26.9 million in FY 2005/06. The proposed budget projects the rate for "secondary" property taxes, the portion of property taxes specifically dedicated for bonds, will drop 5 cents from 62 cents to 57 cents per \$100 valuation. This is the eighth consecutive year of a drop in the property tax rate.

The debt service also includes \$20.6 million for preserve-related bonds, \$1.1 million for special assessment debt and \$4.8 million for MPC bonds.

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

The budget assumes a planned issuance in the fall of 2005 of \$125.0 million in General Obligation Bonds. The bonds proceeds will provide funding for voter approved Bond 2000 capital projects such as libraries and parks, neighborhood flood mitigation, scenic corridors, public safety, and transportation .

Conclusion

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

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

- Use conservative and realistic revenue forecasts.
- Limit staff increases to high priority service areas and redeploy existing staff, where possible.
- Use a zero-based program budget approach to justify and control expenditures while still focusing on achieving the City Council's Broad Goals and providing basic City services.
- Focus on continuing high priority programs and eliminate or reduce funding to less critical programs.
- Continue to fund needed investment in the City's infrastructure and facilities.

LETTER DATED MARCH 21, 2005 *City Manager's Budget Transmittal*

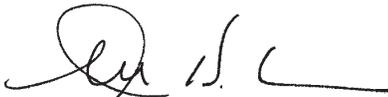
- Continue to plan for the future through the astute use of City resources for strategic economic development investments that demonstrate a clear return to the community.
- Maintain a prudent level of financial reserves.

It is appropriate to thank the City staff, especially Chief Financial Officer Craig Clifford, Budget Director Art Rullo and the entire Financial Services staff, who have put much time and expertise into the development of the proposed budget and balanced Five-Year Financial Plan. The staff has been working on this document since adoption of the FY 2004/05 City Budget, when the first steps of this budget review process began. Departments have worked closely with the Financial Services staff and senior management in developing, documenting and reviewing every component of this proposal. The staff has embraced the City Council's Goals in building a financial plan that delivers the highest quality services at the most reasonable cost to the residents and businesses of Scottsdale.

Citizens already have met with the members of the City Council Budget Subcommittee and the staff to discuss budget priorities for the coming year, and many of their insights have been incorporated in the proposed budget. Over the coming weeks, the subcommittee and citizens will devote many more hours to understand and analyze the proposed budget and offer their perspectives. Their input is an important part of the budget development process.

The City Council is scheduled to begin its formal review of the budget on April 12, when the staff will present the proposed budget. On April 26, the Budget Subcommittee will present their recommendation to the full City Council regarding the proposed budget. The City Council is scheduled to hold the first public budget hearing on May 3, adopt a tentative budget on May 17 and adopt the final budget on June 7, 2005.

The City staff and I look forward to a thorough and thoughtful examination of the FY 2005/06 proposed budget.



Janet M. Dolan
City Manager



FY 2005/06 Budget - How to Use This Book - Volume One

The City of Scottsdale’s budget for FY 2005/06 is comprised of three volumes:

Volume One - Budget Summary includes the City Council’s Mission Statement and Broad Goals, the City Manager’s Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2005/06 through FY 2009/10, which forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

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

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

FY 2005/06 Adopted Budget Summary - Volume One

Volume One begins with the City Manager’s Transmittal letters dated March 21 and June 28, 2005. The March 21 letter was used to transmit the City Manager’s proposed budget to City Council and highlights the prevailing economic condition under which the budget was prepared. The June 28 letter conveys the key elements of the adopted budget and the changes from the proposed budget.

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

The Fund Summaries & Five-Year Plan, Budget by Fund, and the Capital Improvement Plan sections of Volume One represent the core of the City of Scottsdale’s adopted FY 2005/06 budget. The Fund Summaries & Five-Year Plan provides a retrospective and prospective view of the City’s funds. The first part of the Budget by Fund section, entitled Legal Compliance and Financial Management, offers a brief explanation of the City’s use of fund accounting to maintain fiscal accountability. Next, a summary entitled Fund Accounting-Fund Types provides the reader with a description of the generic governmental fund types used by the City.

After an explanation of the fund types, a summary of the revenues, expenditures and fund balance by individual funds are presented. The Budget by Fund section concludes with two matrixes – 1) Program Operating Budget by Department/ Program and 2) Program Budget Relationship with Mayor and City Council’s Broad Goals.

The Capital Improvement Plan of Volume One provides an overview of the City’s CIP development process, project evaluation criteria, funding sources, operating impacts associated with capital projects, and a capital projects list. This section references the reader to Volume Three for further detailed information on capital projects such as the project description, funding source(s), and geographic location.

Volume One concludes with the Appendix that provides a summary of authorized staff positions by City department and fund type, the City departmental staff support in the budget development effort, a Five-Year Debt Service Schedule, Schedule of Long-Term Debt Outstanding, and a Computation of the Legal Debt Margin as of June 30, 2005. A Glossary of terms used throughout the City’s budget is also included in this section along with the City Council’s ordinances reflecting the adoption of the City’s FY 2005/06 budget and property tax levy.

Recommended Budget Practices

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

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

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

Budget Definition

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

A good budget process is characterized by several essential features.

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

These key characteristics of good budgeting make clear that the budget process is not simply an exercise in

balancing revenues and expenditures one year at a time, but is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals. A good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

Mission of the Budget Process

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

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

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

It is vital that the budget processes include diverse stakeholders. The budget process should accomplish the following:

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

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

Principles and Elements of the Budget Process

The budget process consists of four broad principles that stem from the definition and mission previously described. These principles encompass many functions that spread across a governmental organization. They reflect the fact

that development of a balanced budget is a political and managerial process that also has financial and technical dimensions.

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

1) Establish Broad Goals to Guide Government Decision-Making - A government should have broad goals that provide overall direction for the government and serve as a basis for decision-making.

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

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

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

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

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

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

- a) Monitor, measure, and evaluate performance
- b) Make adjustments as needed

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

Budget Roles and Responsibilities

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

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

- The **Program Manager** is responsible for preparing an estimate of remaining cost requirements for the current fiscal year, projecting the base budget requirements for the next fiscal year, and developing other requests that change or revise the program so that it will be more effective, efficient, productive, and economical.
- The City departments have **Budget Liaisons** and **CIP Liaisons** that coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Senior Budget Analyst on matters related to their specific operating budget. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. The **CIP Liaisons** essentially serve the same role as the Budget Liaisons; however, their focus is on the coordination of capital projects and multi-year capital planning with the Financial Services Department staff. In many cases the same individual serves as both the departmental Budget Liaison and CIP Liaison. A list of Budget Liaisons and CIP Liaisons and their area of responsibility appears in the appendix, page 155.
- The **CIP Technology Review Team** and **CIP Construction Review Team** are comprised of mid-level staff from various City departments. These cross-departmental teams are responsible for reviewing the initial review of all of the City's capital projects. Their reviews are focused on timing and cost considerations, compiling lifecycle costs, and preparing a preliminary Capital Improvement Plan recommendation for review and revision by the General Managers, Chief Financial

Officer, Assistant City Managers, City Manager, City Council and various boards and commissions comprised of citizens. A list of Coordination Team members appears in the Appendix.

- The **Division Directors, General Managers, and Charter Officers** are responsible for reviewing historical performance, anticipating future problems and opportunities, considering alternative solutions, and modifying and assembling their program data into a cohesive budget information package. General Managers critically evaluate all requests, prioritize, and submit a balanced budget plan including only those requests, which support City Council's Broad Goals, City Manager work plan, administrative direction, and program objectives.
- The **Budget Director** and **Senior Budget Analysts** are responsible for preparing the short-range and long-range revenue and expenditure forecasts, calculating user and indirect cost rates, developing the process and related forms for preparing the budget, providing budget training sessions to the Budget Liaisons and CIP Liaisons, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating and summarizing budget requests from departments and preparing budget review materials for the Chief Financial Officer, Assistant City Managers, City Manager, Mayor, and City Council.
- The **Budget Director, Chief Financial Officer (CFO), and Assistant City Managers** collaborate in developing programmatic, operating, and capital policies and financial plans that help define how Scottsdale will achieve its long-term goals. They are responsible for reviewing the program operating and CIP requests and working with program managers to develop program and service recommendations that are consistent with City Council's Broad Goals, management strategies, and the City's Adopted Comprehensive Financial Policies (see the Overview section).
- The **City Manager** is responsible for reviewing the total financial program and submitting a balanced Citywide proposed budget, which supports the City Council's Broad Goals established by the Mayor and City Council.
- The **City Council Budget Subcommittee** gathers citizen input and priorities regarding the City's budget early in the budget development process. In the early winter the Subcommittee holds public budget summits prior to the release of the proposed budget in two different geographic locations in the City. In late

March, the Subcommittee holds a public budget forum to receive feedback on the proposed budget after it is released. Also, in late March and early April, the Subcommittee holds budget work sessions with each of the department heads to review their proposed operating and capital budgets. The sessions are open to the public and are intended to assess how well the department's proposed budget aligns with the earlier citizen input, priorities, and supports the City Council's Broad Goals established by the Mayor and City Council. The Subcommittee also reviews the City's proposed multi-year Financial Plan including an examination of the revenue forecast and related assumptions. The Subcommittee members report their findings to the full City Council during a public meeting, in early May before the first public budget hearing with the full City Council.

- The **Mayor and City Council** initially set the direction for the budget by establishing broad goals for the organization, which serve as a basis for decision-making. The Mayor and City Council are ultimately responsible for the review of the City Manager's proposed and tentative budget and final adoption of the budget.

City of Scottsdale's Budget Process

The budget process is key to the development of Scottsdale's strategic plan - allowing City Council and staff the opportunity to reassess goals and objectives and the means for accomplishing them. While the budget may be reviewed by the Mayor and City Council in May and adopted in early June, its preparation begins with the City Council's fall retreat, which is open to the public. During the retreat the Council members collaborate on establishing a mission and broad goals for the community and articulating their priorities. During the retreat the following are also typically covered: methods of expanding and enhancing public input, the City's Financial Policies, the most current Financial/Revenue Forecast, and any emerging "hot budget issues".

The City Council's feedback from the retreat provides the groundwork and starting point for the staff to begin framing the program and Capital Improvement Plan budgets.

Needs Assessment and Financial Capacity Phase

In this phase, which begins in the late summer and continues up to the final budget adoption, the staff compiles and updates on an ongoing basis the City's multi-year revenue forecast. The first year of the estimated revenues ultimately defines the expenditure limitations for the budget to be developed. The multi-year

revenue perspective further refines the City’s current and future period expenditures — with the goal of not adding programs, services or staff which do not have a sustainable funding source.

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

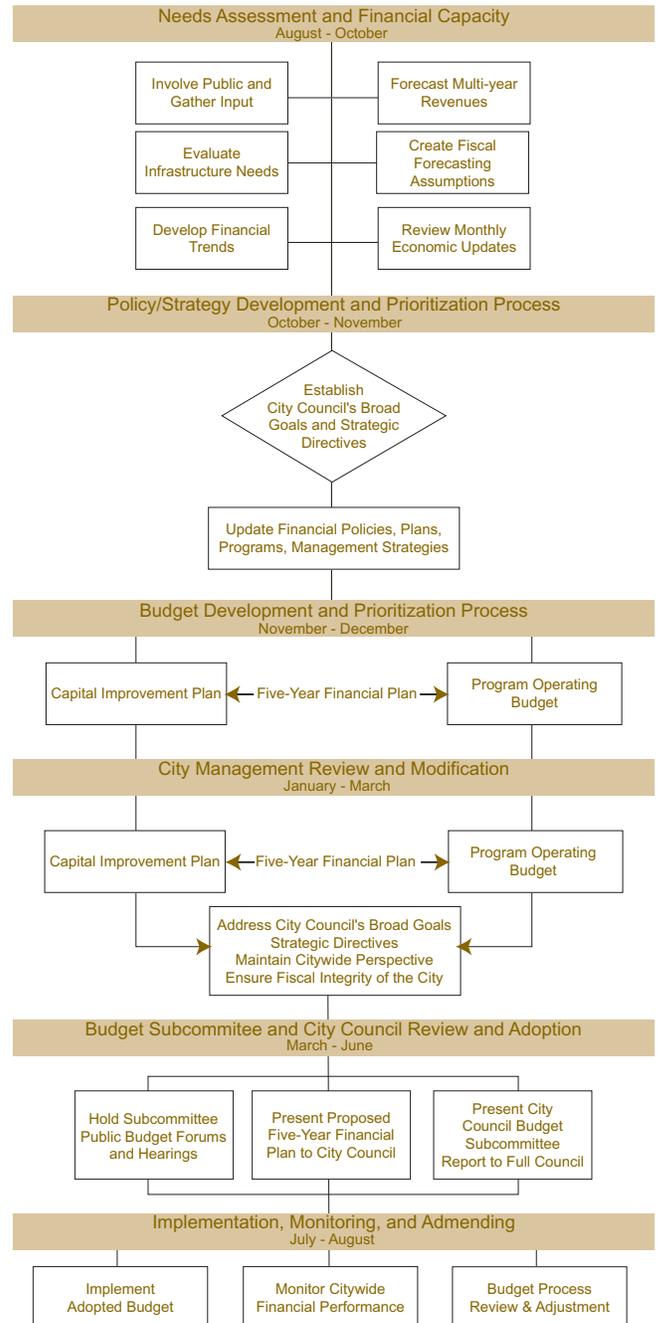
One way the City gathers public feedback on citizen satisfaction with services is through a citizen survey. In the early fall, an independent research organization conducts a citizen survey, which is facilitated by the City’s Communications and Public Affairs (CAPA) staff and the results are shared during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

Another way the City gathers public input and further insight into citizens’ budget priorities for the forthcoming budget is through the City Council Budget Subcommittee. During early winter, the Budget Subcommittee hosts public budget summits prior to the release of the proposed budget in two different geographic locations in the City. After the City Manager’s proposed budget is released in March, the Budget Subcommittee holds a public budget forum to receive feedback from citizens on the proposal. The Budget Subcommittee then conducts public budget work sessions reviewing the departmental/program budgets and the proposed multi-year Financial Year Plan and proposed budget with the City staff in budget work sessions.

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

The City’s infrastructure needs (capital improvement projects) are also evaluated and play an important role in forecasting related short and long-term operating needs. The General Fund’s ability to absorb the ongoing operating costs associated with proposed capital projects is an especially significant criterion in assessing whether a project moves forward in the Capital Improvement Plan and receives funding in the proposed Program Operating and Capital Budgets.

Budget Phases



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

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

Policy/Strategy Development and Prioritization Process Phase

At its fall retreat, the City Council review the citizen input, Financial Policies, Economic Trends Analysis, citizen survey results and the most current Financial Forecast. They discuss broad organizational goals, priorities, and constituents' suggestions and expectations for Scottsdale. From this, the City Council establishes broad goals and strategic directives, which are the cornerstone for the development of the budget. These broad goals provide the overall direction for Scottsdale and serve as a basis for decision-making. The executive and senior management staffs update City financial policies, plans, programs, and management strategies to define how the City will achieve the broad goals. It is within this framework that the City staff formulates the proposed Program Operating and Capital Budgets.

Budget Development and Prioritization Process Phase

In the early fall, the Capital Improvement Plan development begins in conjunction with the City's financial forecasts. Initial departmental capital project requests and changes to existing capital projects are reviewed by cross-departmental teams for accurate

costing, congruence with City objectives and prioritized using a set of predetermined criteria. Financing sources are then sought for the highest-ranking projects. The teams involved in this process include the CIP Technology Review Team and the CIP Construction Review Team. The CIP Technology Review Team is made up of mid-level technology managers from various City departments. The CIP Construction Review Team is made up of mid-level Capital Project Management staff with expertise in public building planning and construction, street improvements, stormwater management, landscaping, etc. The staff, when developing their Program Operating Budget plans, closely considers the operating impacts of current and proposed capital projects. Staff also considers City Council's Broad Goals and strategic directives as they develop program objectives and work plans for the budget period.

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

Under the City's zero-based program budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff, and program trade-offs resulting in service level reductions/increases must be submitted to the Budget Office in an Evaluation Decision Package. An Evaluation Decision Package provides extensive analysis and justification for the department's request and is reviewed by the City Manager during the budget development and prioritization process. In the later stages of the City's budget development process, Evaluation Decision Packages are considered and balanced among numerous competing demands within the City's available, ongoing resources. When funding needs exceed the City's funding limits, remedies may be one or more of the following: reduce base budget, identify new revenues, employ process management tools, and/or form partnerships with other City programs or non-profit organizations.

City Management Review and Modification Phase

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

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

Budget Subcommittee and City Council Review and Adoption Phase

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

In the early spring, the City Manager and CFO present a proposed financial plan — operating and capital — to the City Council for consideration and further public input. The City Council Budget Subcommittee presents their findings to the full City Council in early May, before the City's first public budget hearing. The budget is also communicated to the general public in a summary format using a newspaper insert, "Budget in Brief" handouts, televised public City Council meetings and budget hearings, Internet and/or a combination of these formats.

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

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

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

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

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

Arizona State Revised Statutes only requires communities to prepare budgets for two funds — the General Fund (ARS 42-17101) and Highway User Fund (ARS 28-6533)(See the Transportation Fund). In addition to these two funds the City prepares budgets and requests legal appropriation for all of its funds — Special Revenue, Debt Service, Enterprise, Internal Service, Grant & Trust and Capital Improvement Plan Funds. The ordinance adopting the annual budget requires City Council authorization for expenditures from the aforementioned funds, which in the aggregate constitute the City's total Operating, Capital Budget and Contingency/Reserves for purposes of complying with the state's balanced budget and legal maximum appropriations requirements.

Implementing, Monitoring, and Amending the Budget Phase

In July, the City staff begins the process of implementing the newly adopted budget and is accountable for budgetary control throughout the fiscal year. Revenue and expenditure patterns are examined, compared to budget plans, and corrective action, if necessary, is taken during the fiscal year. Members of the Financial Services staff meet every month to review current demographic, economic and financial trends, which may impact the City, and to plan strategy to ensure the City's fiscal integrity. City management and City Council are also provided monthly Economic Update Reports disclosing actual revenue, expenditure, and fund balance performance as compared to the budget plan.

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

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

Every City service or program is expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed and reviewed on a periodic basis by program managers. Scottsdale's culture, along with the City value of "listen, communicate, and take action" stresses open communication and stakeholder involvement determining satisfaction with programs and services and in identifying areas needing added attention.

Monitoring of the City's ongoing financial performance is required of all program managers on a monthly basis. Written budget to actual expenditure variance reports must be submitted monthly by all City departments that have variances exceeding pre-determined variance ranges as established by the Budget Office. Additionally, the departments must be able to explain in writing to the Budget Office any impact of a variance on the projected year-end budget savings and/or fund balances.

The City of Scottsdale's Budget is adopted at a department level and the Capital Improvement Plan is

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

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

In addition, budget changes for capital projects funded by Bond 2000 require review by the Citizen Bond Review Commission and approval by the City Council. All requests for adjustment require written justification and an explanation of the fiscal impact, which is reviewed by the Financial Services staff prior to written approval.

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

Use of Contingency/Reserve Funds

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

Budgetary and Accounting Basis

Scottsdale's budget is prepared on a cash basis of accounting for all fund types, which means certain transactions are recognized in the budget on a basis other than Generally Accepted Accounting Principles (GAAP), which is the basis used to prepare the City's Comprehensive Annual Financial Report (CAFR). The major differences between the budgetary and GAAP basis are:

BUDGET PROCESS

- Certain revenues, expenditures, and transfers are not included on the budget basis, but are accrued and reported on the GAAP basis. For example, increases or decreases in compensated absences are not reported for budget basis purposes, but are presented as revenues or expenditures on the GAAP basis.
- Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charges to the Enterprise Funds are accounted for as transfers in or out on the budgetary basis, but are recorded as revenues or expenses on the GAAP basis.
- Capital outlays in the Enterprise Funds are presented as expenses for budget basis, but are recorded as assets along with associated depreciation expenses on the GAAP basis.
- Debt service principal payments in the Enterprise Funds are accounted for as expenses for budget purposes, but are reported as reductions of long-term debt liability on the GAAP basis.
- Certain debt service principal and interest payments are accounted for as expenses in the General Fund for budget basis purposes, but are reported as expenses in the Debt Service Fund on the GAAP basis.
- For budget purposes the Risk Fund presents claim expenditures on a cash basis, while on a GAAP basis 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, Grant & Trust, and Capital Improvement Plan.

Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2005/06 is comprised of three volumes:

Volume One includes the City Council's Mission Statement and Broad Goals, City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2005/06 through FY 2009/10 and forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

Volume Two presents the individual programs within each department. The publication includes program descriptions, specific information about the goals and objectives, customers, partners, staffing, along with a

summary of the program operating budgets by expenditure category and the applicable funding sources.

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

Expenditures for the Five-Year Capital Improvement Plan are presented on a budget basis. Governmental accounting procedures require adequate budget to pay for an entire contract be available and appropriated in the period in which a contract is entered; therefore, expenditures are presented on a budget basis as opposed to a cash flow basis. For example, a 180-day construction contract entered into in May of fiscal year one would have cash expenditures from May of fiscal year one through October of fiscal year two, however, the entire budget for this contract must be appropriated in fiscal year one, the year in which the contract was entered; any unspent funds at fiscal year-end are carried forward and budgeted again in year two.

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

For further explanation of capital project funding sources and expenditures, refer to the Capital Improvement Plan section, and the Fund Summaries and Five-Year Plan section of this Volume.

Five-Year Financial Plan

The City's five-year financial planning process used to develop the budget is a year round process. The budget process begins in the early fall with the initial updating of the five-year financial plan for each of the City's major funds. The staff reviews the multi-year financial plans for the following funds that appear in the budget – General, Transportation, Preservation Privilege Tax, Special Programs, Special Districts, Debt Service, Water & Sewer, Solid Waste, Aviation, Fleet, Self-Insurance, and Trust. Using the latest fiscal, operational, and legislative information, the staff works

collaboratively with the City departments to update the most recently adopted budget to create a forecast for the current budget year. This forecast serves as the basis for the development of the City's proposed five-year financial plan.

In mid-March, the City Manager provides the City Council Budget Subcommittee and the City Council with the updated five-year financial plans for their review and consideration. The staff works with the Budget Subcommittee to review the underlying assumptions and reasonableness of the plans. The plans are used to develop the budget for the coming year (i.e. the first year of the plan) and subsequent out-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 City Council, City management, citizens and municipal bond rating agencies with the benefits of a long-term financial perspective of revenues, expenditures, transfers in/out, fund balances, and capital financing options. They also serve as the basis to test the potential impacts of proposed policy decisions, operational, and systems changes, and to avoid subjecting citizens to wide or irregular fluctuations in rates/fees and service levels. Future operating impacts of capital projects are also included in the forecasts, which facilitates the planning and timing of the projects. 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, debt issuance, tax rates changes, the desire to create, modify or eliminate fees/rates, new or expanded services and state legislation and census 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 updating of the five-year financial plans is a year-round process. The staff monitors the current forecasts on a monthly basis and makes adjustments to the estimated annual revenues and expenditures based on the latest economic information, legislative changes and Council priorities. The revenue and expenditure variances and estimated ending fund balances are reported monthly to the City Council, City management and other stakeholders via the *City of Scottsdale Monthly Financial Update*. The staff also monitors and identifies 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, 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 subject to wishful thinking and selective perception on behalf of the forecasters; quantitative methods may fail to consider changing conditions inside and outside a jurisdiction and also 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 the broader input into the planning process, the Financial Services staff works collaboratively with the City departments throughout the year to prepare the revenue estimates. This multi-disciplinary approach and continual reassessment creates a synergy between the central finance staff and the department field staff, which reduces the likelihood of disconnects in formulating the revenue estimates. The field staff's participation in the revenue estimates also increases their ownership and accountability for achieving the proposed plan.

City of Scottsdale's Comprehensive Financial Policies

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

Operating Management Policies

1. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements. In order to ensure compliance with policy, sunset provisions will be required on all grant program initiatives and incorporated into other service plans, as appropriate.
2. The budget process is intended to weigh all competing requests for City resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.
3. Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and modified zero-base expenditure analysis that requires every program to be justified annually in terms of meeting intended objectives (“effectiveness criteria”) and in terms of value received for dollars allocated (“efficiency criteria”). The process will include a diligent review of programs by staff, management, citizens and City Council.
4. A City Council Budget Sub Committee will solicit citizen input and serve in an advisory capacity in reviewing operating and capital budget recommendations from a departmental, program, and goals perspective.
5. Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP). All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.
6. Current revenues will fund current expenditures and a diversified and stable revenue system will be developed to protect programs from short-term fluctuations in any single revenue source. To ensure that Scottsdale does not become overly reliant on ‘growth’ revenues for operating needs, a minimum of 25% construction privilege tax revenues will transferred annually to the Capital Improvement Program for one-time capital project use.
7. Addition of personnel will only be requested to meet program initiatives and policy directives, after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
8. Enterprise (Water, Sewer, Solid Waste Management, and Airport) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service and be approved by the City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents. Rate adjustments for enterprise operations will be based on five-year financial plans.
9. All non-enterprise user fees and charges will be examined annually to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.
10. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed annually to ensure that fees recover all direct and indirect development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents.
11. Capital equipment replacement will be accomplished through the use of a “rental” rate structure. The rates will be revised annually to ensure that charges to operating departments are sufficient for operation and replacement of vehicles and other capital equipment (fleet, computers, phones and copier systems). Replacement costs will be based upon equipment lifecycle financial analysis.
12. Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered during the budget process.
13. Balanced revenue and expenditure forecasts will be prepared to examine the City’s ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated annually, focus on a three-year horizon, but include a five-year outlook.

- 14. Alternative means of service delivery will be evaluated to ensure that quality services are provided to our citizens at the most competitive and economical cost. Departments, in cooperation with the City Manager, will identify all activities that could be provided by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed annually or on an “opportunity” basis.
- 15. Cash and Investment programs will be maintained in accordance with the City Charter and the adopted investment policy and will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.
- 16. The City will follow an aggressive, consistent, but sensitive to the circumstances policy of collecting revenues to the limit of our ability. Collection policy goal will be for all adjusted uncollectible accounts to be no more than .5 of 1% of the total City revenue being adjusted for bad debts annually.

Capital Management Policies

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

- 21. Dedicated two tenths of percent (.2%) privilege tax revenue for transportation improvements will be restricted to funding the planning, design, construction and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, transit and aviation and transportation improvement operating costs.
- 22. Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 25 percent of all capital improvement projects for each five-year planning period. Pay-as-you-go financing is defined as all sources of revenue other than City debt issuance, i.e., fund balance contributions, developer contributions, grants, endowments, etc.
- 23. Pay-as-you-go contributions up to 10% or \$500,000, whichever is less, may be authorized by City Council towards any single utility undergrounding improvement district. Any unused annual budget authorization may carryforward towards a maximum \$2 million appropriation for utility undergrounding capital projects that benefit the community as a whole.

Debt Management Policies

- 24. The City will seek to maintain and, if possible, improve our current bond rating in order to minimize borrowing costs and preserve access to credit.
- 25. An analysis showing how the new issue combined with current debt impacts the City’s debt capacity and conformance with City debt policies will accompany every future bond issue proposal.
- 26. The City will communicate, and, where appropriate, coordinate with all jurisdictions with which we share a common tax base concerning our collective plans for future debt issues.
- 27. City Debt Service costs (GO, MPC, HURF, Revenue Bond, McDowell Sonoran Preservation and Contractual Debt) should not exceed 25% of the City’s operating revenue in order to control fixed costs and ensure expenditure flexibility. Improvement District (ID) and Community Facility District (CFD) debt service is not included in this calculation because it is paid by district property owners and is not an obligation of the general citizenry. Separate criteria have been established regarding ID and CFD debt policies.

- 28. General Obligation debt, which is supported by property tax revenues and grows in proportion to the City's assessed valuation and/or property tax rate increases, will be utilized as authorized by voters. Other types of voter-approved debt (e.g., water, sewer, and HURF) may also be utilized when they are supported by dedicated revenue sources (e.g., fees and user charges).
- 29. General Obligation debt issuances will be managed on an annual basis to match funds to Capital Improvement Plan cashflow requirements while being sensitive to the property tax burden on citizens. Careful management of bond issuances will allow the City to not exceed \$1.50 property tax per \$100 assessed value.
- 30. Municipal Property Corporation and contractual debt, which is non-voter approved, will be utilized only when a dedicated revenue source (e.g., golf course revenue, privilege tax, bed tax) can be identified to pay debt service expenses. The following considerations will be made to the question of pledging of project (facility) revenues towards debt service requirements:
 - a. The project requires monies not available from other sources.
 - b. Matching fund monies are available which may be lost if not applied for in a timely manner.
 - c. Catastrophic conditions.
 - d. The project to be financed will generate net positive revenues (i.e., the additional tax revenues generated by the project will be greater than the debt service requirements). The net revenues should not simply be positive over the life of the bonds, but must be positive each year within a reasonably short period (e.g., by the third year of debt service payments).
- 31. McDowell Sonoran Preservation debt service will be funded by the dedicated .35% privilege tax. The City's privilege tax to revenue bond debt service goal will be at least 1.5:1 for senior lien debt to ensure the City's ability to pay to preserve debt from this elastic revenue source.
- 32. Improvement District (ID) and Community Facility District (CFD) Bonds shall be permitted only when there is a general City benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
 - a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the City. In addition, the City's cumulative improvement district debt will not exceed 5 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.
 - b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. In addition, the City's cumulative facility district debt will not exceed 5 percent of the City's secondary assessed valuation. The landowner/developer shall also contribute \$.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
- 33. Debt financing should not exceed the useful life of the infrastructure improvement with the average (weighted) bond maturities at or below ten years.
- 34. A ratio of current assets to current liabilities of at least 2/1 will be maintained to ensure the City's ability to pay short-term obligations.
- 35. Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction of this plan.
- 36. Utility rates will be set, as a minimum, to ensure the ratio of revenue to debt service meets our bond indenture requirement of 1.2/1. The City goal will be to maintain a minimum ratio of utility revenue to debt service of 1.6/1 or greater, to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes, and to ensure a balanced pay-as-you-go Capital Improvement Plan.

Reserve Policies

37. All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the City's balanced five year financial plan.
38. General Fund Stabilization Reserve of 10 percent of annual general governmental (General and Transportation funds) operating expenditures will be maintained for unforeseen emergencies or catastrophic impacts to the City. Funds in excess of 10 percent, but not to exceed \$5 million, may be used for economic investment in the community when justified by the financial return to the City.
39. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, sufficient to pay the bonded indebtedness for General Obligation bond principal and interest. A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes.
40. Water and Sewer Fund Reserves will be maintained to meet three objectives: (1) ensure adequate funding for operations; (2) to ensure infrastructure repair and replacement; and, (3) to provide working capital to provide level rate change for customers.
 - a. An Operating Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide sufficient expenditure flexibility during times of unusual weather resulting in variations in average consumption and associated operating expenses.
 - b. A Replacement and Extension Reserve will be maintained, per bond indenture requirements, to meet the minimum requirement of 2% of all tangible assets of the system to ensure replacement of water and sewer infrastructure.
 - c. In addition, Working Capital will be funded based upon a multi-year financial plan to provide adequate cash for water and sewer capital improvements and to level the impact of rate increases upon our customers.
41. Solid Waste Management Fund Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with solid waste disposal. Costs may include site purchase, technology applications, or inter-governmental investment to maximize the value of waste disposal activities.
42. Aviation Fund Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with airport operations. Costs may include site purchase, technology applications, or inter-governmental investment to maximize the value of airport activities.
43. Self-Insurance Reserves will be maintained at a level, which, together with purchased insurance policies, will adequately indemnify the City's property, liability, and health benefit risk. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels, which will be approved by Council.
44. Fleet Management Reserve will be maintained based upon lifecycle replacement plans to ensure adequate fund balance required for systematic replacement of fleet vehicles and operational contingencies. Operating departments will be charged for fleet operating costs per vehicle class and replacement costs spread over the useful life of the vehicles.
45. Contingency Reserves to be determined annually will be maintained to offset unanticipated revenue shortfalls and/or unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds, and subject to City Council approval.

Financial Reporting Policies

46. The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
47. An annual audit will be performed by an independent public accounting firm, with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR).

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



Fund Accounting - Fund Types

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

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Transportation, Preservation Privilege Tax, Special Programs, Special Districts and Grants.

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

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

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

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

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

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

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

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget Fund Summary General Fund

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance				
General Fund Reserve	20,476,049	22,587,671	22,870,024	24,858,781
Economic Investment	4,220,550	9,819,205	9,819,205	5,000,000
Tourism Reserve	-	-	1,467,329	1,876,309
Operating Contingency	2,500,000	2,500,000	2,500,000	2,800,000
Public Safety Tax	-	-	-	307,809
Open Purchase Order & Liabilities Reserve	4,400,000	4,400,000	4,400,000	4,400,000
Unreserved Fund Balance	1,691,732	7,110,176	11,105,548	20,005,811
Total Beginning Fund Balance	33,288,331	46,417,052	52,162,106	59,248,710
Revenues				
Taxes - Local				
Privilege Tax	85,191,220	84,821,709	92,900,000	96,677,130
Privilege Tax - Public Safety	-	7,775,323	7,775,323	9,667,713
Property Tax	16,413,335	17,630,083	17,630,083	18,698,509
Transient Occupancy Tax	7,166,998	6,732,000	7,900,000	8,176,500
Light & Power Franchise	5,376,976	5,216,433	5,484,516	5,649,051
Cable TV Franchise	2,687,798	2,600,000	2,700,000	2,754,000
Salt River Project In Lieu Tax	182,008	202,864	202,864	202,864
Stormwater Water Quality Charge	-	612,000	612,000	630,360
Fire Insurance Premium	480,839	500,666	529,000	-
Taxes - From Other Agencies				
State Shared Sales Tax	16,956,075	16,538,855	17,986,211	19,025,797
State Revenue Sharing	18,277,780	18,016,757	18,639,339	20,512,126
Auto Lieu Tax	8,022,777	7,844,418	8,750,000	8,925,000
AZSTA Contributions	-	1,321,489	-	-
Licenses, Permits & Fees				
Building Permit Fees & Charges	17,292,419	14,250,000	17,000,000	15,500,000
Business Licenses & Fees	1,892,673	1,826,664	1,930,526	2,007,747
Recreation Fees	2,439,946	2,237,584	2,439,946	2,341,350
WestWorld	1,806,148	1,587,537	1,806,148	1,824,209
Fines & Forfeitures				
Court Fines	4,350,151	3,916,833	4,900,000	5,096,000
Parking Fines	207,252	209,015	209,015	213,195
Photo Radar Revenue	1,288,246	1,117,908	2,500,000	2,512,500
Photo Radar Revenue - Loop 101 Freeway	-	-	-	10,000,000
Library Fines & Fees	467,733	404,573	450,000	612,780
Interest Earnings/Property Rental				
Interest Earnings	1,836,544	1,650,000	1,854,909	1,850,000
Property Rental	3,168,534	3,370,000	3,100,000	3,018,400
Other Revenue				
Miscellaneous	1,848,560	1,200,000	1,020,000	1,020,000
Subtotal	197,354,012	201,582,711	218,319,880	236,915,231
Transfers In				
In Lieu Prop Tax	2,520,216	2,517,313	2,517,313	2,650,430
Indirect/Direct Cost Allocation	8,941,514	8,893,039	8,893,039	9,898,166
Franchise Fee	4,795,862	4,996,477	4,996,477	5,258,221
Solid Waste Fund - Enhanced Maint Program	-	371,948	371,948	-
Subtotal	16,257,592	16,778,777	16,778,777	17,806,817
Total Revenues & Transfers In	213,611,604	218,361,488	235,098,657	254,722,048
Use of Funds:				
Departments				
General Government				
Mayor & City Council	640,319	737,879	762,688	334,960
City Clerk	603,138	669,981	669,981	739,606
Elections	371,874	2,130	2,130	401,023
City Attorney	4,264,981	5,001,698	5,058,134	5,792,463
City Auditor	621,651	680,443	680,443	739,892
City Court	3,778,730	3,982,386	4,047,715	4,918,721

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget Fund Summary General Fund

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
<i>City Manager</i>	699,280	718,581	718,581	642,302
<i>CAPA</i>	1,141,315	1,323,512	1,323,512	1,587,874
<i>IGR</i>	415,211	714,782	725,912	1,225,863
<i>WestWorld</i>	2,000,429	2,271,440	2,271,440	2,595,675
<i>The Downtown Group</i>	270,234	3,923,439	3,923,439	4,220,341
<i>Preservation</i>	639,069	687,733	712,733	867,007
General Government Total	15,446,231	20,714,004	20,896,708	24,065,727
Police	54,552,945	61,056,902	60,257,652	67,403,408
Financial Services	7,071,899	7,678,835	7,678,835	8,564,191
Community Services	41,311,504	41,875,590	41,844,590	47,653,351
Information Systems	7,266,357	8,064,253	8,033,253	9,241,654
Fire	19,247,042	21,053,763	21,610,784	26,648,655
Municipal Services	327,024	537,783	537,783	596,263
Citizen & Neighborhood Resources	2,757,569	3,018,850	2,965,850	3,490,790
Human Resources	3,156,707	3,431,756	3,370,817	3,766,345
Economic Vitality	1,750,187	1,168,306	1,114,306	1,442,859
Economic Vitality - Bed Tax	4,448,165	5,112,171	5,911,020	6,617,544
Planning & Development	11,239,702	12,756,970	12,756,970	13,853,510
<i>Estimated Department Expenditure Savings</i>	-	(500,000)	(1,000,000)	(1,000,000)
<i>Estimated Vacant Position Savings</i>	-	(500,000)	(2,500,000)	(2,500,000)
Subtotal	168,575,332	185,469,183	183,478,568	209,844,297
Debt Service				
MPC Bonds Trf Out for Debt Service	-	7,571,002	-	-
Contracts Payable	3,349,082	4,542,962	4,226,133	4,125,959
Certificates of Participation	-	-	-	1,417,790
Subtotal	3,349,082	12,113,964	4,226,133	5,543,749
Total Operating Budget	171,924,414	197,583,147	187,704,701	215,388,046
Transfers Out				
CIP - General Fund Maintenance	3,525,500	3,702,900	3,702,900	3,329,400
CIP - General Fund - Public Safety/Radios	-	5,800,000	9,150,000	4,173,500
CIP - General Fund - All Other	9,494,970	7,200,000	8,230,000	25,900,000
MPC Bonds Trf Out for Debt Service	6,413,373	-	6,150,281	4,030,026
MPC - Hospitality Funds Trf Out for Debt Svc	-	-	-	299,940
Other Transfers	148,650	-	8,850,000	-
Transportation Fund	2,060,752	3,691,538	2,383,412	3,093,076
Self Insurance Fund	750,000	600,000	1,600,000	-
Aviation Fund - Jet Fuel Tax	230,170	106,181	130,759	131,413
Special Programs Fund - Community Services	192,000	100,000	100,000	100,000
Special Programs Fund - Preservation Rehab	-	10,000	10,000	10,000
Total Transfers Out	22,815,415	21,210,619	40,307,352	41,067,355
Total Expenditures & Transfers Out	194,739,829	218,793,766	228,012,053	256,455,401
Ending Fund Balance				
General Fund Reserve	21,526,128	24,273,545	24,858,781	28,398,209
Public Safety Reserve	-	-	307,809	-
Photo Radar Contingency - Loop 101 Freeway	-	-	-	10,000,000
Tourism Reserve	-	-	1,876,309	1,500,025
Economic Investment	1,819,205	9,014,884	9,000,000	4,700,000
Operating Contingency	1,458,089	2,500,000	1,215,214	2,700,000
Unreserved Public Safety	-	3,657,809	-	-
Open Purchase Order & Liabilities Reserve	4,400,000	4,400,000	4,400,000	5,000,000
Unreserved Fund Balance	22,956,684	2,138,537	17,590,597	5,217,123
Total Ending Fund Balance	52,162,106	45,984,775	59,248,710	57,515,357

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
General Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance					
General Fund Reserve	24,858,781	28,398,209	31,541,123	31,760,273	31,811,839
Economic Investment	5,000,000	4,700,000	4,700,000	4,700,000	4,700,000
Tourism Reserve	1,876,309	1,500,025	1,653,199	1,812,942	1,987,014
Operating Contingency	2,800,000	2,700,000	2,700,000	2,700,000	2,700,000
Public Safety Tax	307,809	-	-	-	-
Open Purchase Order & Liabilities Reserve	4,400,000	5,000,000	5,000,000	5,000,000	5,000,000
Unreserved Fund Balance	20,005,811	5,217,123	2,373,328	2,238,792	1,553,158
Total Beginning Fund Balance	59,248,710	47,515,357	47,967,650	48,212,007	47,752,011
Revenues					
Taxes - Local					
Privilege Tax	96,677,130	100,499,472	104,553,454	108,740,336	113,116,896
Privilege Tax - Public Safety	9,667,713	10,054,422	10,456,599	10,874,863	11,309,858
Property Tax	18,698,509	19,810,330	20,789,426	21,808,108	22,898,513
Transient Occupancy Tax	8,176,500	8,462,678	8,758,872	9,065,433	9,382,723
Light & Power Franchise	5,649,051	5,818,523	5,993,079	6,172,871	6,358,057
Cable TV Franchise	2,754,000	2,809,080	2,865,262	2,922,567	2,981,018
Salt River Project In Lieu Tax	202,864	202,864	202,864	202,864	202,864
Stormwater Water Quality Charge	630,360	649,271	668,749	688,811	709,475
Fire Insurance Premium	-	1,608,766	1,689,204	1,773,664	1,862,347
Taxes - From Other Agencies					
State Shared Sales Tax	19,025,797	18,082,313	18,443,959	18,812,838	19,189,095
State Revenue Sharing	20,512,126	19,481,247	19,676,059	19,872,820	20,071,548
Auto Lieu Tax	8,925,000	8,550,000	8,721,000	8,895,420	9,073,328
Licenses, Permits & Fees					
Building Permit Fees & Charges	15,500,000	15,250,000	15,000,000	15,000,000	15,000,000
Business Licenses & Fees	2,007,747	2,088,057	2,171,579	2,258,442	2,348,780
Recreation Fees	2,341,350	2,435,004	2,483,704	2,533,378	2,584,046
WestWorld	1,824,209	2,092,452	2,360,876	2,479,485	2,598,280
Fines & Forfeitures					
Court Fines	5,096,000	5,299,840	5,511,834	5,732,307	5,961,599
Parking Fines	213,195	217,459	221,808	226,244	228,506
Photo Radar Revenue	2,512,500	2,525,063	2,537,688	2,550,376	2,563,128
Photo Radar Revenue - Loop 101 Freeway	10,000,000	20,000,000	10,000,000	-	-
Library Fines & Fees	612,780	618,908	625,097	625,097	625,097
Interest Earnings/Property Rental					
Interest Earnings	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000
Property Rental	3,018,400	3,078,768	3,140,343	3,203,150	3,203,150
Other Revenue					
Miscellaneous	1,020,000	1,020,000	1,020,000	1,020,000	1,020,000
Subtotal	236,915,231	252,554,517	249,841,456	247,459,074	255,338,308
Transfers In					
In Lieu Prop Tax	2,650,430	2,820,882	3,004,239	3,199,515	3,407,483
Indirect/Direct Cost Allocation	9,898,166	10,017,475	10,138,891	10,262,477	10,388,300
Franchise Fee	5,258,221	5,515,771	5,730,886	5,954,391	6,186,612
Subtotal	17,806,817	18,354,128	18,874,016	19,416,383	19,982,395
Total Revenues & Transfers In	254,722,048	270,908,645	268,715,472	266,875,457	275,320,703
Use of Funds:					
Departments					
General Government					
Mayor & City Council	334,960	344,686	353,704	362,966	372,497
City Clerk	739,606	777,199	817,876	849,504	879,777
Elections	401,023	9,811	290,154	10,309	290,670
City Attorney	5,792,463	6,138,009	6,513,283	6,799,418	7,050,902
City Auditor	739,892	779,983	826,816	860,441	891,782
City Court	4,918,721	5,057,767	5,355,218	5,593,628	5,823,732
City Manager	642,302	594,569	621,047	642,046	663,845
CAPA	1,587,874	1,667,997	1,755,898	1,827,959	1,897,242
IGR	1,225,863	1,356,032	1,430,994	1,496,856	1,565,432

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

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
General Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
<i>WestWorld</i>	2,595,675	2,637,092	2,750,924	2,849,089	2,944,538
<i>The Downtown Group</i>	4,220,341	4,286,532	4,441,799	4,592,899	4,749,055
<i>Preservation</i>	867,007	908,427	948,061	978,944	1,010,137
General Government Total	24,065,727	24,558,104	26,105,774	26,864,059	28,139,609
Police	67,403,408	70,766,662	74,648,000	77,788,186	80,825,095
Financial Services	8,564,191	9,020,828	9,530,304	9,921,958	10,285,083
Community Services	47,653,351	49,345,196	51,745,992	53,799,156	55,847,181
Information Systems	9,241,654	9,695,700	10,181,090	10,551,009	10,908,977
Fire	26,648,655	28,022,901	29,424,186	30,786,958	32,160,037
Municipal Services	596,263	644,878	707,307	761,523	812,448
Citizen & Neighborhood Resources	3,490,790	3,296,195	3,476,325	3,619,846	3,759,863
Human Resources	3,766,345	3,968,310	4,174,029	4,340,853	4,506,857
Economic Vitality	1,442,859	1,474,712	1,544,360	1,601,728	1,659,074
Economic Vitality - Bed Tax	6,617,544	6,049,158	6,260,879	6,480,010	6,706,810
Planning & Development	13,853,510	14,562,063	15,296,841	15,858,707	16,414,953
<i>Estimated Department Expenditure Savings</i>	(1,000,000)	(1,100,000)	(1,150,000)	(1,250,000)	(1,270,000)
<i>Estimated Vacant Position Savings</i>	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
<i>Estimated CIP Operating Impacts</i>	-	2,178,400	4,573,900	4,918,000	5,101,400
<i>Estimated Photo Radar Exp - Loop 101 Frwy</i>	-	20,000,000	10,000,000	-	-
Subtotal	209,844,297	239,983,107	244,018,987	243,541,993	253,357,387
Debt Service					
Contracts Payable	4,125,959	4,500,566	4,593,492	4,708,522	4,860,670
Certificates of Participation	1,417,790	1,417,790	1,417,790	1,417,790	1,417,790
Subtotal	5,543,749	5,918,356	6,011,282	6,126,312	6,278,460
Total Operating Budget	215,388,046	245,901,463	250,030,269	249,668,305	259,635,847
Transfers Out					
CIP - General Fund Maintenance	3,329,400	3,662,400	3,734,800	3,584,000	3,583,800
CIP - General Fund - Public Safety/Radios	4,173,500	5,552,800	2,052,800	1,552,800	1,552,800
CIP - General Fund - All Other	25,900,000	6,000,000	6,000,000	6,000,000	5,000,000
MPC Bonds Trf Out for Debt Service	4,030,026	5,745,245	5,824,040	5,688,690	6,658,307
MPC - Hospitality Funds Trf Out for Debt Svc	299,940	567,810	586,476	598,264	609,234
Transportation Fund	3,093,076	2,784,564	-	-	-
Aviation Fund - Jet Fuel Tax	131,413	132,070	132,730	133,394	134,061
Special Programs Fund - Community Services	100,000	100,000	100,000	100,000	100,000
Special Programs Fund - Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Total Transfers Out	41,067,355	24,554,889	18,440,846	17,667,148	17,648,202
Total Expenditures & Transfers Out	256,455,401	270,456,352	268,471,115	267,335,453	277,284,049
Ending Fund Balance					
General Fund Reserve	28,398,209	31,541,123	31,760,273	31,811,839	32,899,510
Photo Radar Contingency - Loop 101 Freeway	10,000,000	-	-	-	-
Tourism Reserve	1,500,025	1,653,199	1,812,942	1,987,014	2,177,148
Economic Investment	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Operating Contingency	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Open Purchase Order & Liabilities Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unreserved Fund Balance (1)	5,217,123	2,373,328	2,238,792	1,553,158	(1,687,993)
Total Ending Fund Balance	57,515,357	47,967,650	48,212,007	47,752,011	45,788,665

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 • (1) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in •
 • revenue forecasts and/or a combination of these actions •

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Special Revenue Fund - Transportation Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance	-	-	-	-
Revenues:				
Highway User Revenue Tax	13,969,221	13,916,954	14,700,000	14,994,000
Transportation Privilege Tax (.20%)	16,369,588	16,180,754	17,600,000	18,321,600
Local Transportation Assistance Fund	1,135,833	1,146,323	1,146,323	1,146,323
Interest	232,870	-	-	-
Subtotal	31,707,512	31,244,031	33,446,323	34,461,923
Transfers In				
General Fund	2,060,752	3,691,538	2,383,412	3,093,076
Solid Waste - Alley Maintenance	-	-	-	271,340
Subtotal	2,060,752	3,691,538	2,383,412	3,364,416
Total Revenues & Transfers In	33,768,264	34,935,569	35,829,735	37,826,339
Use of Funds:				
Departments				
Transportation	9,396,000	10,563,729	10,563,729	13,085,380
Municipal Services	10,833,561	11,468,307	11,391,628	12,366,365
Subtotal	20,229,561	22,032,036	21,955,357	25,451,745
Debt Service				
Revenue Bonds	3,107,306	3,120,269	3,120,269	3,142,294
Subtotal	3,107,306	3,120,269	3,120,269	3,142,294
Total Operating Budget	23,336,867	25,152,305	25,075,626	28,594,039
Transfers Out				
CIP Fund (Privilege Tax Allocation)	10,357,897	9,708,452	10,679,297	9,160,800
CIP Fund (Tech. Replacement)	73,500	74,812	74,812	71,500
Total Transfers Out	10,431,397	9,783,264	10,754,109	9,232,300
Total Expenditures & Transfers Out	33,768,264	34,935,569	35,829,735	37,826,339
Ending Fund Balance	-	-	-	-

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Special Revenue Fund - Transportation Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
<u>Source of Funds:</u>					
Beginning Fund Balance	-	-	-	-	-
Revenues:					
Highway User Revenue Tax	14,994,000	14,844,060	15,289,382	15,748,063	16,220,505
Transportation Privilege Tax (.20%)	18,321,600	19,054,464	19,816,643	20,609,309	21,433,681
Local Transportation Assistance Fund	1,146,323	1,134,860	1,134,860	1,134,860	1,134,860
Proposition 400 Regional Sales Tax	-	1,000,000	1,000,000	1,000,000	1,000,000
Subtotal	34,461,923	36,033,384	37,240,885	38,492,232	39,789,046
Transfers In					
General Fund	3,093,076	2,784,564	-	-	-
Solid Waste - Alley Maintenance	271,340	290,551	311,395	334,012	358,550
Subtotal	3,364,416	3,075,115	311,395	334,012	358,550
Total Revenues & Transfers In	37,826,339	39,108,499	37,552,280	38,826,244	40,147,596
<u>Use of Funds:</u>					
Departments					
Transportation	13,085,380	13,589,590	14,298,791	14,717,447	15,157,310
Municipal Services	12,366,365	12,764,727	13,273,667	13,732,642	14,201,945
Subtotal	25,451,745	26,354,317	27,572,458	28,450,089	29,359,255
Debt Service					
Revenue Bonds	3,142,294	3,155,450	-	-	-
Subtotal	3,142,294	3,155,450	-	-	-
Total Operating Budget	28,594,039	29,509,767	27,572,458	28,450,089	29,359,255
Transfers Out					
CIP Fund (Privilege Tax Allocation)	9,160,800	9,527,232	9,908,322	10,304,655	10,716,841
CIP Fund (Tech. Replacement)	71,500	71,500	71,500	71,500	71,500
Total Transfers Out	9,232,300	9,598,732	9,979,822	10,376,155	10,788,341
Total Expenditures & Transfers Out	37,826,339	39,108,499	37,552,280	38,826,244	40,147,596
Ending Fund Balance	-	-	-	-	-

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Special Revenue Fund - Preservation Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance				
Privilege Tax (0.20%)	17,601,914	19,026,089	14,622,336	8,481,205
Privilege Tax (0.15%)	-	-	-	9,222,284
Total Beginning Fund Balance	17,601,914	19,026,089	14,622,336	17,703,489
Revenues:				
Privilege Tax (0.20%)	16,710,888	16,802,444	18,100,000	18,842,100
Privilege Tax (0.15%)	-	11,662,984	11,662,984	14,501,570
Interest Earnings	530,511	520,200	330,000	651,669
Subtotal	17,241,399	28,985,628	30,092,984	33,995,339
Total Revenues & Transfers In	17,241,399	28,985,628	30,092,984	33,995,339
Use of Funds:				
Debt Service				
Contractual Debt	956,583	955,115	955,115	951,765
Subtotal	956,583	955,115	955,115	951,765
Total Expenditures	956,583	955,115	955,115	951,765
Transfers Out				
Debt Service Fund (Preserve GO Bonds)	12,997,234	13,113,344	14,416,033	13,829,547
Debt Service Fund (Preserve Revenue Bonds)	6,267,160	6,860,785	7,033,460	6,812,721
CIP - Land Acquisition	-	-	4,607,223	17,850,000
Total Transfers Out	19,264,394	19,974,129	26,056,716	38,492,268
Total Expenditures & Transfers-Out	20,220,977	20,929,244	27,011,831	39,444,033
Ending Fund Balance				
Privilege Tax (0.20%)	14,622,336	15,419,489	8,481,205	6,785,272
Privilege Tax (0.15%)	-	11,662,984	9,222,284	5,469,523
Total Ending Fund Balance	14,622,336	27,082,473	17,703,489	12,254,795

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Special Revenue Fund - Preservation Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
<u>Source of Funds:</u>					
Beginning Fund Balance					
Privilege Tax (0.20%)	8,481,205	6,785,272	5,459,310	7,317,502	10,073,654
Privilege Tax (0.15%)	9,222,284	5,469,523	12,356,658	18,385,851	19,499,997
Total Beginning Fund Balance	17,703,489	12,254,795	17,815,968	25,703,353	29,573,651
Revenues:					
Privilege Tax (0.20%)	18,842,100	19,595,784	20,379,615	21,194,800	22,042,592
Privilege Tax (0.15%)	14,501,570	15,081,633	15,684,898	16,312,294	16,964,786
Interest Earnings	651,669	539,086	745,700	951,576	985,000
Subtotal	33,995,339	35,216,503	36,810,213	38,458,670	39,992,378
Total Revenues & Transfers In	33,995,339	35,216,503	36,810,213	38,458,670	39,992,378
<u>Use of Funds:</u>					
Debt Service					
Contractual Debt	951,765	952,290	955,780	952,480	951,855
Subtotal	951,765	952,290	955,780	952,480	951,855
Total Expenditures	951,765	952,290	955,780	952,480	951,855
Transfers Out					
Debt Service Fund (Preserve GO Bonds)	13,829,547	14,784,144	20,927,177	24,779,621	24,896,288
Debt Service Fund (Preserve Revenue Bonds)	6,812,721	6,808,896	6,789,871	6,768,271	6,739,751
CIP - Land Acquisition	17,850,000	7,110,000	250,000	2,088,000	-
Total Transfers Out	38,492,268	28,703,040	27,967,048	33,635,892	31,636,039
Total Expenditures & Transfers-Out	39,444,033	29,655,330	28,922,828	34,588,372	32,587,894
Ending Fund Balance					
Privilege Tax (0.20%)	6,785,272	5,459,310	7,317,502	10,073,654	13,875,993
Privilege Tax (0.15%)	5,469,523	12,356,658	18,385,851	19,499,997	23,102,142
Total Ending Fund Balance	12,254,795	17,815,968	25,703,353	29,573,651	36,978,135

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Special Revenue Fund - Special Program Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance/Reserve				
Operating Contingency (1)	250,000	500,000	500,000	500,000
Reserved:				
Court Enhancement/JCEF/FTG	1,377,154	1,610,158	1,675,753	1,431,633
Downtown Cultural/Arts	342,308	342,308	364,212	384,212
Human Resources - Cultural Diversity Prog	-	-	6,887	4,482
Police	256,655	110,461	195,556	117,356
Community Services	2,474,577	861,467	2,440,371	1,536,596
Citizen & Neighborhood Services	-	-	10,172	10,172
Planning & Development Services	6,409	-	10,836	10,836
Total Beginning Fund Balance	4,457,103	2,924,394	4,703,787	3,495,287
Revenues:				
Court Enhancement/JCEF/FTG	739,534	643,562	862,172	995,540
Downtown Cultural/Arts Trust	71,904	300,000	70,000	680,000
Human Resources - Cultural Diversity Prog	7,500	7,200	4,795	9,519
Police	407,234	374,785	374,785	941,167
Community Services	1,658,388	1,357,237	1,357,237	2,493,720
Community Services - Sinclair Lease	-	-	-	1,720,000
Citizen and Neighborhood	10,172	19,692	19,692	15,172
Planning & Development	23,175	20,608	20,608	23,500
Fire	-	-	-	1,200
Subtotal	2,917,907	2,723,084	2,709,289	6,879,818
Transfers In				
General Fund - Misc. Comm. Svc.	192,000	100,000	100,000	100,000
General Fund - Preservation Rehab	-	10,000	10,000	10,000
Subtotal	192,000	110,000	110,000	110,000
Total Revenues & Transfers In	3,109,907	2,833,084	2,819,289	6,989,818
Use of Funds:				
Departments				
Court Enhancement/JCEF/FTG	240,935	291,292	291,292	2,094,668
Downtown Cultural/Arts	50,000	300,000	50,000	970,000
Human Resources - Cultural Diversity Prog	613	7,200	7,200	14,001
Police	346,309	374,785	374,785	941,167
Community Services	1,547,093	2,358,612	2,358,612	2,754,479
Preservation Rehab	-	10,000	10,000	10,000
Citizen and Neighborhood Resources	-	19,692	19,692	15,172
Planning & Development	18,748	20,608	20,608	23,500
Fire	-	-	-	1,200
Subtotal	2,203,698	3,382,189	3,132,189	6,824,187
Total Operating Budget	2,203,698	3,382,189	3,132,189	6,824,187

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Special Revenue Fund - Special Program Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Transfers Out				
General Fund (McCormick MPC debt)	406,660	-	-	-
Grant Match - Comm Svc	75,000	-	-	-
CIP Fund - Community Svcs	118,400	2,400	2,400	1,800
CIP Fund - Police (RICO)	122,024	68,200	78,200	136,100
CIP Fund (Court)	200,000	543,100	815,000	130,000
Subtotal	922,084	613,700	895,600	267,900
Total Expenditures & Transfers Out	3,125,782	3,995,889	4,027,789	7,092,087
Ending Fund Balance/Reserve				
Operating Contingency (1)	-	500,000	500,000	500,000
Reserved:				
Court Enhancement/JCEF/FTG	1,675,753	1,419,328	1,431,633	202,505
Downtown Cultural/Arts	364,212	342,308	384,212	94,212
Human Resources - Cultural Diversity Prog	6,887	-	4,482	-
Police (2)	195,556	42,261	117,356	(18,744)
Community Services (2)	2,177,812	(42,308)	1,536,596	1,374,037
Community Services - Sinclair Lease	-	-	-	1,720,000
Citizen & Neighborhood Services	10,172	-	10,172	10,172
Planning & Development Services	10,836	-	10,836	10,836
Total Ending Fund Balance	4,441,228	1,761,589	3,495,287	3,393,018

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- (1) The Operating Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is not included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.
 - (2) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.
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**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Special Revenue Fund - Special Program Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance/Reserve					
Operating Contingency (1)	500,000	500,000	500,000	500,000	500,000
Reserved:					
Court Enhancement/JCEF/FTG	1,431,633	202,505	800,311	1,586,031	2,390,504
Downtown Cultural/Arts	384,212	94,212	129,212	167,462	208,901
Human Resources - Cultural Diversity Prog	4,482	-	-	-	-
Police	117,356	(18,744)	(18,744)	(18,744)	(18,744)
Community Services	1,536,596	1,374,037	1,560,889	1,747,741	1,934,593
Community Services - Sinclair Lease	-	1,720,000	1,720,000	1,720,000	1,720,000
Citizen & Neighborhood Services	10,172	10,172	10,172	10,172	10,172
Planning & Development Services	10,836	10,836	10,836	10,836	10,836
Total Beginning Fund Balance	3,495,287	3,393,018	4,212,676	5,223,498	6,256,262
Revenues:					
Court Enhancement/JCEF/FTG	995,540	1,105,758	1,169,848	1,222,002	1,283,102
Downtown Cultural/Arts Trust	680,000	85,000	90,000	95,000	100,000
Human Resources - Cultural Diversity Prog	9,519	14,491	14,998	15,523	15,523
Police	941,167	976,950	1,015,107	1,052,379	1,052,379
Community Services	2,493,720	2,950,519	3,063,999	3,175,683	3,262,535
Community Services - Sinclair Lease	1,720,000	-	-	-	-
Citizen and Neighborhood	15,172	15,703	16,252	16,820	16,820
Planning & Development	23,500	24,323	25,174	26,055	26,055
Fire	1,200	1,242	1,285	1,330	1,377
Subtotal	6,879,818	5,173,986	5,396,663	5,604,792	5,757,791
Transfers In					
General Fund - Misc. Comm. Svc.	100,000	100,000	100,000	100,000	100,000
General Fund - Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Subtotal	110,000	110,000	110,000	110,000	110,000
Total Revenues & Transfers In	6,989,818	5,283,986	5,506,663	5,714,792	5,867,791
Use of Funds:					
Departments					
Court Enhancement/JCEF/FTG	2,094,668	357,952	384,128	417,529	450,931
Downtown Cultural/Arts	970,000	50,000	51,750	53,561	55,436
Human Resources - Cultural Diversity Prog	14,001	14,491	14,998	15,523	16,066
Police	941,167	976,950	1,015,107	1,052,379	1,089,132
Community Services	2,754,479	2,861,867	2,975,347	3,087,031	3,200,839
Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Citizen and Neighborhood Resources	15,172	15,703	16,252	16,820	17,409
Planning & Development	23,500	24,323	25,174	26,055	26,967
Fire	1,200	1,242	1,285	1,330	1,377
Subtotal	6,824,187	4,312,528	4,494,041	4,680,228	4,868,157
Total Operating Budget	6,824,187	4,312,528	4,494,041	4,680,228	4,868,157

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Special Revenue Fund - Special Program Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Transfers Out					
CIP Fund - Community Svcs	1,800	1,800	1,800	1,800	1,800
CIP Fund - Police (RICO)	136,100	-	-	-	-
CIP Fund (Court)	130,000	150,000	-	-	-
Subtotal	267,900	151,800	1,800	1,800	1,800
Total Expenditures & Transfers Out	7,092,087	4,464,328	4,495,841	4,682,028	4,869,957
Ending Fund Balance/Reserve					
Operating Contingency (1)	500,000	500,000	500,000	500,000	500,000
Reserved:					
Court Enhancement/JCEF/FTG	202,505	800,311	1,586,031	2,390,504	3,222,675
Downtown Cultural/Arts	94,212	129,212	167,462	208,901	253,465
Human Resources - Cultural Diversity Prog (2)	-	-	-	-	(543)
Police (2)	(18,744)	(18,744)	(18,744)	(18,744)	(55,497)
Community Services	1,374,037	1,560,889	1,747,741	1,934,593	2,094,489
Community Services - Sinclair Lease	1,720,000	1,720,000	1,720,000	1,720,000	1,720,000
Citizen & Neighborhood Services	10,172	10,172	10,172	10,172	9,583
Planning & Development Services	10,836	10,836	10,836	10,836	9,924
Total Ending Fund Balance	3,393,018	4,212,676	5,223,498	6,256,262	7,254,096

- (1) The Operating Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is not included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.
- (2) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Special Revenue Fund - Special Districts Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
<u>Source of Funds:</u>				
Beginning Fund Balance:				
Street Light Districts	983,227	983,227	891,409	841,409
Downtown Enhanced Municipal Services District	45,320	45,320	115,922	34,422
Total Beginning Fund Balance	1,028,547	1,028,547	1,007,331	875,831
Revenues:				
Street Light Districts	479,200	500,000	500,000	550,000
Downtown Enhanced Municipal Services District ⁽¹⁾	535,000	670,000	519,000	-
Subtotal	1,014,200	1,170,000	1,019,000	550,000
Total Revenues	1,014,200	1,170,000	1,019,000	550,000
<u>Use of Funds:</u>				
Expenditures:				
Street Light Districts	571,018	550,000	550,000	550,000
Downtown Enhanced Municipal Services District	464,398	670,000	600,500	40,000
Subtotal	1,035,416	1,220,000	1,150,500	590,000
Total Expenditures	1,035,416	1,220,000	1,150,500	590,000
Ending Fund Balance/Reserve				
Street Light Districts	891,409	933,227	841,409	841,409
Downtown Enhanced Municipal Services District ⁽²⁾	115,922	45,320	34,422	(5,578)
Total Ending Fund Balance	1,007,331	978,547	875,831	835,831

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Special Revenue Fund - Special Districts Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance:					
Street Light Districts	841,409	841,409	841,409	841,409	841,409
Downtown Enhanced Municipal Services District	34,422	-	-	-	-
Total Beginning Fund Balance	875,831	841,409	841,409	841,409	841,409
Revenues:					
Street Light Districts	550,000	550,000	550,000	550,000	550,000
Downtown Enhanced Municipal Services District (1)	-	-	-	-	-
Subtotal	550,000	550,000	550,000	550,000	550,000
Total Revenues	550,000	550,000	550,000	550,000	550,000
Use of Funds:					
Expenditures:					
Street Light Districts	550,000	550,000	550,000	550,000	550,000
Downtown Enhanced Municipal Services District	40,000	-	-	-	-
Subtotal	590,000	550,000	550,000	550,000	550,000
Total Expenditures	590,000	550,000	550,000	550,000	550,000
Ending Fund Balance/Reserve					
Street Light Districts	841,409	841,409	841,409	841,409	841,409
Downtown Enhanced Municipal Services District (2)	(5,578)	-	-	-	-
Total Ending Fund Balance	835,831	841,409	841,409	841,409	841,409

(1) The City Council on May 17, 2005 voted not to establish an assessment for FY 2005/06 and removed the Enhanced Municipal Services District (EMSD) from the downtown area. Over the course of the 2005/06 fiscal year, the remaining balance of the EMSD will be spent on downtown marketing. It is anticipated the available cash balance will be completely spent by June 30, 2006 and the fund balance will be zero.

(2) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget Fund Summary Debt Service Fund

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance:				
G.O. Debt Service	8,950,260	8,950,260	3,227,374	7,296,162
MPC Excise Debt	64,903	119,000	64,903	344,903
Special Assessment Debt	1,464,000	1,464,000	1,175,952	1,166,357
Total Beginning Fund Balance	10,479,163	10,533,260	4,468,229	8,807,422
Revenues:				
Property Tax (Secondary)	25,286,000	26,858,978	26,858,978	28,400,855
Special Assessments	2,558,000	2,792,383	2,792,383	1,124,622
MCSD Contributions	-	-	-	148,500
AZSTA Contributions	-	-	-	301,500
Spring Exhibition Surcharge	-	-	280,000	140,000
Subtotal	27,844,000	29,651,361	29,931,361	30,115,477
Transfers In				
Preservation Privilege Tax Fund - GO Bonds	12,997,234	13,113,344	14,416,033	13,829,547
Preservation Privilege Tax Fund - Rev Bonds	6,267,160	6,860,785	7,033,460	6,812,721
General Fund - MPC Bonds	6,413,373	-	6,150,281	4,030,026
General Fund - MPC Bonds/Hosp Funds	-	-	-	299,940
Subtotal	25,677,767	19,974,129	27,599,774	24,972,234
Total Revenues & Transfers In	53,521,767	49,625,490	57,531,135	55,087,711
Use of Funds:				
Debt Service by Type				
General Obligation Bonds	34,784,005	26,858,978	22,790,190	28,400,855
Preserve G. O. Bonds	9,222,115	13,113,344	14,416,033	13,148,547
Preserve G. O. Bonds - Series 2005/2008	-	-	-	681,000
Special Assessment Bonds	2,809,980	2,768,528	2,768,528	1,104,384
Special Assessment - Series 104	36,068	23,855	33,450	20,238
Preserve Revenue Bonds (SPA)	6,267,160	6,860,785	7,033,460	6,812,721
MPC Bonds	6,413,373	-	6,150,281	4,779,966
Subtotal	59,532,701	49,625,490	53,191,942	54,947,711
Total Expenditures	59,532,701	49,625,490	53,191,942	54,947,711
Ending Fund Balance				
G.O. Debt Service	3,227,374	8,950,260	7,296,162	7,296,162
MPC Excise Debt	64,903	119,000	344,903	484,903
Special Assessment Debt	1,175,952	1,464,000	1,166,357	1,166,357
Total Ending Fund Balance	4,468,229	10,533,260	8,807,422	8,947,422

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Debt Service Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance:					
G.O. Debt Service	7,296,162	7,296,162	7,296,162	6,791,162	6,296,162
MPC Excise Debt	344,903	484,903	624,903	764,903	904,903
Special Assessment Debt	1,166,357	1,166,357	1,166,357	1,166,357	1,166,357
Total Beginning Fund Balance	8,807,422	8,947,422	9,087,422	8,722,422	8,367,422
Revenues:					
Property Tax (Secondary)	28,400,855	30,861,500	33,616,299	36,476,386	39,558,467
Special Assessments	1,124,622	1,084,039	1,044,956	1,005,873	883,255
MCS D Contributions	148,500	28,050	165,000	99,000	212,850
AZSTA Contributions	301,500	56,950	335,000	201,000	432,150
Spring Exhibition Surcharge	140,000	140,000	140,000	140,000	140,000
Subtotal	30,115,477	32,170,539	35,301,255	37,922,259	41,226,722
Transfers In					
Preservation Privilege Tax Fund - GO Bonds	13,829,547	14,784,144	20,927,177	24,779,621	24,896,288
Preservation Privilege Tax Fund - Rev Bonds	6,812,721	6,808,896	6,789,871	6,768,271	6,739,751
General Fund - MPC Bonds	4,030,026	5,745,245	5,824,040	5,688,690	6,658,307
General Fund - MPC Bonds/Hosp Funds	299,940	567,810	586,476	598,264	609,234
Subtotal	24,972,234	27,906,095	34,127,564	37,834,846	38,903,580
Total Revenues & Transfers In	55,087,711	60,076,634	69,428,819	75,757,105	80,130,302
Use of Funds:					
Debt Service by Type					
General Obligation Bonds	28,400,855	30,861,500	34,121,299	36,971,386	40,058,467
Preserve G. O. Bonds	13,148,547	13,535,560	11,150,772	11,117,897	10,948,647
Preserve G. O. Bonds - Series 2005/2008	681,000	1,248,584	9,776,405	13,661,724	13,947,641
Special Assessment Bonds	1,104,384	1,065,203	1,027,522	989,841	868,625
Special Assessment - Series 104	20,238	18,836	17,434	16,032	14,630
Preserve Revenue Bonds (SPA)	6,812,721	6,808,896	6,789,871	6,768,271	6,739,751
MPC Bonds	4,779,966	6,398,055	6,910,516	6,586,954	7,912,541
Subtotal	54,947,711	59,936,634	69,793,819	76,112,105	80,490,302
Total Expenditures	54,947,711	59,936,634	69,793,819	76,112,105	80,490,302
Ending Fund Balance					
G.O. Debt Service	7,296,162	7,296,162	6,791,162	6,296,162	5,796,162
MPC Excise Debt	484,903	624,903	764,903	904,903	1,044,903
Special Assessment Debt	1,166,357	1,166,357	1,166,357	1,166,357	1,166,357
Total Ending Fund Balance	8,947,422	9,087,422	8,722,422	8,367,422	8,007,422

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Enterprise Fund - Water and Sewer Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
<u>Source of Funds:</u>				
Beginning Fund Balance				
Operating Reserve	4,085,665	17,601,280	17,297,604	13,538,156
Repair/Replacement Reserve	14,285,966	15,031,430	16,258,312	18,296,283
Special Contractual Funds	(3,144,343)	7,070,293	(244,598)	1,237,005
Unreserved Fund Balance	-	-	3,773,395	-
Total Beginning Fund Balance	15,227,288	39,703,003	37,084,713	33,071,444
Revenues:				
Water Charges	69,991,495	71,765,722	71,081,927	75,052,750
Sewer Charges	25,058,779	26,080,588	26,864,000	28,300,594
Effluent Sales	550,964	544,513	561,000	580,635
Interest Earnings	935,584	1,098,936	1,317,593	1,139,040
Miscellaneous Revenue	925,493	1,320,693	2,095,612	2,083,949
Subtotal	97,462,315	100,810,452	101,920,132	107,156,968
Transfers In				
Miscellaneous Reimbursements	2,553,930	-	1,538,557	-
CIP - Development Fees	6,574,700	6,558,100	6,869,102	6,887,691
Subtotal	9,128,630	6,558,100	8,407,659	6,887,691
Total Revenues & Transfers In	106,590,945	107,368,552	110,327,791	114,044,659
<u>Use of Funds:</u>				
Departments				
Financial Services	2,173,775	2,181,094	2,181,094	2,377,368
Water Resources	39,791,865	42,833,944	42,833,941	46,354,006
Estimated Water Dept. Savings	-	(1,000,000)	-	-
Subtotal	41,965,640	44,015,038	45,015,035	48,731,374
Debt Service				
General Obligation Bonds	5,760,539	5,353,855	5,355,855	6,857,065
Revenue Bonds	6,512,986	6,524,524	6,203,025	6,514,632
MPC Bonds	7,417,210	7,456,913	8,324,388	9,761,250
Subtotal	19,690,735	19,335,292	19,883,268	23,132,947
Total Operating Budget	61,656,375	63,350,330	64,898,303	71,864,321
Transfers Out				
In Lieu Property Tax	2,442,468	2,437,440	2,437,440	2,571,800
Indirect Cost Allocation	6,394,248	6,492,037	6,492,037	7,197,945
Franchise Fee	4,795,862	4,996,477	4,986,082	5,258,221
CIP Fund (General Capital Projects)	-	-	840,000	1,386,300
CIP Fund	9,444,567	28,294,211	34,687,198	20,753,815
Aviation Fund	-	-	-	430,230
Total Transfers Out	23,077,145	42,220,165	49,442,757	37,598,311
Total Expenditures & Transfers Out	84,733,520	105,570,495	114,341,060	109,462,632
Ending Fund Balance				
Operating Reserve	17,297,604	18,264,557	13,538,156	14,782,298
Repair/Replacement Reserve	20,031,707	16,364,314	18,296,283	21,154,698
Special Contractual Fund Balance	(244,598)	6,872,189	1,237,005	1,716,475
Total Ending Fund Balance	37,084,713	41,501,060	33,071,444	37,653,471

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Enterprise Fund - Water and Sewer Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
<u>Source of Funds:</u>					
Beginning Fund Balance					
Operating Reserve	13,538,156	14,782,298	15,645,459	16,551,287	17,440,205
Repair/Replacement Reserve	18,296,283	21,154,698	24,440,893	26,148,727	27,524,995
Special Contractual Funds	1,237,005	1,716,475	2,331,558	2,828,981	3,323,606
Total Beginning Fund Balance	33,071,444	37,653,471	42,417,910	45,528,995	48,288,806
Revenues:					
Water Charges	75,052,750	78,665,449	82,408,397	85,523,098	88,266,222
Sewer Charges	28,300,594	29,803,086	31,462,594	33,117,779	34,853,193
Effluent Sales	580,635	600,957	621,991	643,760	666,292
Interest Earnings	1,139,040	1,572,804	2,000,176	2,111,877	2,511,712
Miscellaneous Revenue	2,083,949	2,129,309	2,179,016	2,226,350	2,274,734
Subtotal	107,156,968	112,771,605	118,672,174	123,622,864	128,572,153
Transfers In					
CIP - Development Fees	6,887,691	6,823,541	6,766,258	6,328,033	6,314,691
Subtotal	6,887,691	6,823,541	6,766,258	6,328,033	6,314,691
Total Revenues & Transfers In	114,044,659	119,595,146	125,438,432	129,950,897	134,886,844
<u>Use of Funds:</u>					
Departments					
Financial Services	2,377,368	2,497,748	2,624,459	2,731,773	2,836,493
Water Resources	46,354,006	50,152,613	53,601,883	56,631,398	60,324,042
Subtotal	48,731,374	52,650,361	56,226,342	59,363,171	63,160,535
Debt Service					
General Obligation Bonds	6,857,065	-	-	-	-
Revenue Bonds	6,514,632	6,474,638	6,439,537	6,386,400	5,682,575
MPC Bonds	9,761,250	12,813,100	13,503,017	13,887,950	14,400,842
Subtotal	23,132,947	19,287,738	19,942,554	20,274,350	20,083,417
Total Operating Budget	71,864,321	71,938,099	76,168,896	79,637,521	83,243,952
Transfers Out					
In Lieu Property Tax	2,571,800	2,743,822	3,009,676	3,289,748	3,595,862
Indirect Cost Allocation	7,197,945	7,274,882	7,352,761	7,431,599	7,511,411
Franchise Fee	5,258,221	5,515,771	5,787,883	6,028,234	6,254,052
CIP Fund (General Capital Projects)	1,386,300	681,900	356,500	416,700	326,800
CIP Fund	20,753,815	26,676,233	29,651,631	30,387,284	31,345,684
Aviation Fund	430,230	-	-	-	-
Total Transfers Out	37,598,311	42,892,608	46,158,451	47,553,565	49,033,809
Total Expenditures & Transfers Out	109,462,632	114,830,707	122,327,347	127,191,086	132,277,761
Ending Fund Balance					
Operating Reserve	14,782,298	15,645,459	16,551,287	17,440,205	18,456,396
Repair/Replacement Reserve	21,154,698	24,440,893	26,148,727	27,524,995	28,621,131
Special Contractual Fund Balance	1,716,475	2,331,558	2,828,981	3,323,606	3,820,362
Total Ending Fund Balance	37,653,471	42,417,910	45,528,995	48,288,806	50,897,889

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget
Fund Summary
Enterprise Fund - Solid Waste Fund

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance				
Operating Reserve	2,909,446	3,267,368	3,332,216	3,765,349
Unreserved	-	1,052,056	923,745	1,546,927
Total Beginning Fund Balance	2,909,446	4,319,424	4,255,961	5,312,276
Revenues:				
Refuse Collection Charges	16,418,456	16,722,321	16,722,321	17,053,666
Interest Earnings	97,271	40,468	100,000	64,550
Subtotal	16,515,727	16,762,789	16,822,321	17,118,216
Total Revenues & Transfers In	16,515,727	16,762,789	16,822,321	17,118,216
Use of Funds:				
Departments				
Financial Services	592,686	581,039	581,039	631,598
Municipal Services	12,237,437	12,397,653	12,405,148	13,606,772
Subtotal	12,830,123	12,978,692	12,986,187	14,238,370
Debt Service				
MPC Bonds - Transfer Station	345,493	343,243	216,923	1,489,000
Subtotal	345,493	343,243	216,923	1,489,000
Total Operating Budget	13,175,616	13,321,935	13,203,110	15,727,370
Transfers Out				
Indirect Cost Allocation	1,958,092	1,870,230	1,877,080	2,065,476
General Fund - Dntwn Pilot Prog	-	371,948	371,948	-
Transp Fund - Alley Maintenance	-	-	-	271,340
Fleet Management Fund	-	-	17,500	-
CIP Fund (Solid Waste Capital Projects)	18,500	279,900	261,000	318,000
CIP Fund (General Capital Projects)	-	-	18,900	80,900
In Lieu Property Tax	17,004	16,468	16,468	15,822
Total Transfers Out	1,993,596	2,538,546	2,562,896	2,751,538
Total Expenditures & Transfers	15,169,212	15,860,481	15,766,006	18,478,908
Ending Fund Balance				
Operating Reserve	3,293,904	3,330,484	3,765,349	3,951,584
Unreserved	962,057	1,891,248	1,546,927	-
Total Ending Fund Balance	4,255,961	5,221,732	5,312,276	3,951,584

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Enterprise Fund - Solid Waste Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance					
Operating Reserve	3,765,349	3,951,584	4,003,548	4,105,592	4,094,415
Unreserved	1,546,927	-	-	-	-
Total Beginning Fund Balance	5,312,276	3,951,584	4,003,548	4,105,592	4,094,415
Revenues:					
Refuse Collection Charges	17,053,666	17,660,150	18,235,399	18,827,087	19,443,162
Interest Earnings	64,550	50,537	57,256	66,274	51,247
Subtotal	17,118,216	17,710,687	18,292,655	18,893,361	19,494,409
Total Revenues & Transfers In	17,118,216	17,710,687	18,292,655	18,893,361	19,494,409
Use of Funds:					
Departments					
Financial Services	631,598	653,704	676,584	700,264	724,773
Municipal Services	13,606,772	13,837,854	14,462,138	15,039,653	15,626,983
Subtotal	14,238,370	14,491,558	15,138,722	15,739,917	16,351,756
Debt Service					
MPC Bonds - Transfer Station	1,489,000	-	-	-	-
Subtotal	1,489,000	-	-	-	-
Total Operating Budget	15,727,370	14,491,558	15,138,722	15,739,917	16,351,756
Transfers Out					
Indirect Cost Allocation	2,065,476	2,086,307	2,107,353	2,128,616	2,150,098
Transp Fund - Alley Maintenance	271,340	290,551	311,395	334,012	358,550
Fleet Management Fund	-	-	199,619	-	369,777
CIP Fund (Solid Waste Capital Projects)	318,000	686,000	400,000	668,000	220,000
CIP Fund (General Capital Projects)	80,900	88,800	17,900	17,900	17,900
In Lieu Property Tax	15,822	15,507	15,622	16,093	15,736
Total Transfers Out	2,751,538	3,167,165	3,051,889	3,164,621	3,132,061
Total Expenditures & Transfers	18,478,908	17,658,723	18,190,611	18,904,538	19,483,817
Ending Fund Balance					
Operating Reserve	3,951,584	4,003,548	4,105,592	4,094,415	4,105,007
Total Ending Fund Balance	3,951,584	4,003,548	4,105,592	4,094,415	4,105,007

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Enterprise Fund - Aviation Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
<u>Source of Funds:</u>				
Beginning Fund Balance				
Operating Reserve	-	458,532	458,532	510,911
Repair and Replacement Reserve	280,551	288,836	171,636	561,018
Unreserved - Operating	480,533	-	490,314	-
Unreserved - Capital	(425,553)	-	-	-
Total Beginning Fund Balance	335,531	747,368	1,120,482	1,071,929
Revenues:				
Aviation Fees	2,844,016	2,852,980	3,059,224	3,074,520
Interest Earnings	11,454	20,276	20,276	26,511
Subtotal	2,855,470	2,873,256	3,079,500	3,101,031
Transfers In				
General Fund Transfer - Jet Fuel	230,170	106,181	130,759	131,413
Water Fund	-	-	-	430,230
Subtotal	230,170	106,181	130,759	561,643
Total Revenues & Transfers In	3,085,640	2,979,437	3,210,259	3,662,674
<u>Use of Funds:</u>				
Departments				
Transportation	1,310,695	1,449,468	1,449,468	1,563,624
Subtotal	1,310,695	1,449,468	1,449,468	1,563,624
Total Operating Budget	1,310,695	1,449,468	1,449,468	1,563,624
Transfers Out				
In Lieu Property Tax	60,744	63,405	63,405	62,808
Indirect/Direct Cost Allocation	190,552	266,891	266,891	296,653
Direct Cost Allocation (Fire)	248,048	263,881	263,881	338,092
CIP Fund (General Capital Projects)	10,500	152,000	152,000	10,100
CIP Fund (Aviation Capital Proj Fund)	480,150	674,200	1,063,167	1,387,900
Total Transfers Out	989,994	1,420,377	1,809,344	2,095,553
Total Expenditures & Transfers Out	2,300,689	2,869,845	3,258,812	3,659,177
Ending Fund Balance/Reserve				
Operating Reserve	452,510	510,911	510,911	565,294
Repair and Replacement Reserve	667,972	346,049	561,018	510,132
Total Ending Fund Balance	1,120,482	856,960	1,071,929	1,075,426

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Enterprise Fund - Aviation Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
<u>Source of Funds:</u>					
Beginning Fund Balance					
Operating Reserve	510,911	565,294	587,533	610,212	630,886
Repair and Replacement Reserve	561,018	510,132	724,490	1,011,220	1,569,049
Total Beginning Fund Balance	1,071,929	1,075,426	1,312,023	1,621,432	2,199,935
Revenues:					
Aviation Fees	3,074,520	3,089,893	3,105,342	3,120,869	3,136,473
Interest Earnings	26,511	35,311	43,441	65,900	87,700
Subtotal	3,101,031	3,125,204	3,148,783	3,186,769	3,224,173
Transfers In					
General Fund Transfer - Jet Fuel	131,413	132,070	132,730	133,394	134,061
Water Fund	430,230	-	-	-	-
Subtotal	561,643	132,070	132,730	133,394	134,061
Total Revenues & Transfers In	3,662,674	3,257,274	3,281,513	3,320,163	3,358,234
<u>Use of Funds:</u>					
Departments					
Transportation	1,563,624	1,634,238	1,702,217	1,761,055	1,814,656
Subtotal	1,563,624	1,634,238	1,702,217	1,761,055	1,814,656
Total Operating Budget	1,563,624	1,634,238	1,702,217	1,761,055	1,814,656
Transfers Out					
In Lieu Property Tax	62,808	61,553	62,010	62,243	62,466
Indirect/Direct Cost Allocation	296,653	301,289	306,030	310,878	315,838
Direct Cost Allocation (Fire)	338,092	354,997	372,747	391,384	410,953
CIP Fund (General Capital Projects)	10,100	10,100	10,100	10,100	15,600
CIP Fund (Aviation Capital Proj Fund)	1,387,900	658,500	519,000	206,000	53,500
Total Transfers Out	2,095,553	1,386,439	1,269,887	980,605	858,357
Total Expenditures & Transfers Out	3,659,177	3,020,677	2,972,104	2,741,660	2,673,013
Ending Fund Balance/Reserve					
Operating Reserve	565,294	587,533	610,212	630,886	650,522
Repair and Replacement Reserve	510,132	724,490	1,011,220	1,569,049	2,001,045
Unreserved	-	-	-	-	233,589
Total Ending Fund Balance	1,075,426	1,312,023	1,621,432	2,199,935	2,885,156

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Internal Service Fund - Fleet Management Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
<u>Source of Funds:</u>				
Beginning Fund Balance/Reserve	9,067,068	9,328,936	11,417,470	9,598,234
Revenues:				
Rates (Acquisition)	4,695,108	4,880,874	4,880,874	4,309,359
Rates (Maintenance & Operation)	6,484,680	6,588,200	6,588,200	7,775,000
Misc Revenue (Surplus Property)	148,020	177,218	169,650	177,650
Street Sweeper Reimbursement	-	-	255,000	-
Interest	243,709	389,688	265,000	388,061
Subtotal	11,571,517	12,035,980	12,158,724	12,650,070
Transfers In				
General Fund	46,750	-	1,225,442	-
Solid Waste	-	-	17,500	-
Subtotal	46,750	-	1,242,942	-
Total Revenues & Transfers In	11,618,267	12,035,980	13,401,666	12,650,070
<u>Use of Funds:</u>				
Departments				
Municipal Services				
Vehicle Acquisition	2,086,983	3,553,000	5,783,565	3,408,750
Fleet Operations	6,659,282	6,810,755	7,047,837	8,429,683
Subtotal	8,746,265	10,363,755	12,831,402	11,838,433
Total Operating Budget	8,746,265	10,363,755	12,831,402	11,838,433
Transfers Out				
CIP Fund - General Capital Projects	26,600	27,200	27,200	25,800
CIP Fund - Radio Replacement	-	-	747,400	-
CIP Fund - Fleet Projects	495,000	1,614,900	1,614,900	200,500
Subtotal	521,600	1,642,100	2,389,500	226,300
Total Expenditures & Transfers Out	9,267,865	12,005,855	15,220,902	12,064,733
Ending Fund Balance/Reserve	11,417,470	9,359,061	9,598,234	10,183,571

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Internal Service Fund - Fleet Management Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
<u>Source of Funds:</u>					
Beginning Fund Balance/Reserve	9,598,234	10,183,571	7,993,260	6,406,141	3,794,282
Revenues:					
Rates (Acquisition)	4,309,359	4,645,296	4,784,655	4,931,388	5,079,330
Rates (Maintenance & Operation)	7,775,000	8,339,817	8,632,744	9,021,217	9,522,945
Misc Revenue (Surplus Property)	177,650	373,828	345,638	243,106	378,825
Interest	388,061	354,212	335,050	281,887	193,881
Subtotal	12,650,070	13,713,153	14,098,087	14,477,598	15,174,981
Transfers In					
Solid Waste	-	-	199,619	-	369,777
Subtotal	-	-	199,619	-	369,777
Total Revenues & Transfers In	12,650,070	13,713,153	14,297,706	14,477,598	15,544,758
<u>Use of Funds:</u>					
Departments					
Municipal Services					
Vehicle Acquisition	3,408,750	6,912,750	4,862,119	7,576,500	5,826,277
Fleet Operations	8,429,683	8,824,914	9,169,906	9,487,157	9,834,149
Subtotal	11,838,433	15,737,664	14,032,025	17,063,657	15,660,426
Total Operating Budget	11,838,433	15,737,664	14,032,025	17,063,657	15,660,426
Transfers Out					
CIP Fund - General Capital Projects	25,800	25,800	25,800	25,800	25,800
CIP Fund - Fleet Projects	200,500	140,000	1,827,000	-	-
Subtotal	226,300	165,800	1,852,800	25,800	25,800
Total Expenditures & Transfers Out	12,064,733	15,903,464	15,884,825	17,089,457	15,686,226
Ending Fund Balance/Reserve	10,183,571	7,993,260	6,406,141	3,794,282	3,652,814

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Internal Service Fund - Self Insurance Fund**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance/Reserve				
Property Casualty Claim Reserve	14,322,346	12,579,102	12,876,799	14,067,972
Short-Term Disability Reserve	-	-	69,385	139,385
Group Health Care Claims Reserve	4,331,567	5,436,415	6,783,125	7,096,691
Total Beginning Fund Balance	18,653,913	18,015,517	19,729,309	21,304,048
Revenues:				
Property Casualty Revenues	5,072,306	4,839,214	4,836,008	5,315,500
Short Term Disability Revenues	-	-	195,000	140,000
Group Health Care Revenues	9,201,595	13,421,644	14,194,704	16,104,434
Miscellaneous	149,614	-	-	-
Subtotal	14,423,515	18,260,858	19,225,712	21,559,934
Transfers In				
General Fund	750,000	600,000	1,600,000	-
Total Revenues & Transfers In	15,173,515	18,860,858	20,825,712	21,559,934
Use of Funds:				
Departments				
Financial Services-Operating	2,286,922	2,433,735	2,433,735	2,457,896
Financial Services-Property/Liability Claims	4,369,934	2,800,000	2,800,000	2,840,413
Financial Services-Group Health Claims	6,680,652	10,800,000	11,964,132	14,437,554
Financial Services-Group Health Admin	749,911	704,000	1,917,006	2,236,449
Short Term Disability Claims	-	-	125,000	130,000
Subtotal	14,087,419	16,737,735	19,239,873	22,102,312
Total Operating Budget	14,087,419	16,737,735	19,239,873	22,102,312
Transfers Out				
CIP Fund (General Capital Projects)	10,700	11,100	11,100	10,400
Subtotal	10,700	11,100	11,100	10,400
Total Expenditures & Transfers Out	14,098,119	16,748,835	19,250,973	22,112,712
Ending Fund Balance				
Property Casualty Claim Reserve	12,876,799	12,069,481	14,067,972	14,074,763
Short-Term Disability Reserve	-	-	139,385	149,385
Group Health Care Claims Reserve	6,852,510	8,058,059	7,096,691	6,527,122
Ending Fund Balance/Reserve	19,729,309	20,127,540	21,304,048	20,751,270

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Internal Service Fund - Self Insurance Fund**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance/Reserve					
Property Casualty Claim Reserve	14,067,972	14,074,763	13,971,170	13,837,842	13,784,138
Short-Term Disability Reserve	139,385	149,385	154,385	154,385	154,385
Group Health Care Claims Reserve	7,096,691	6,527,122	6,252,152	6,239,246	6,526,993
Total Beginning Fund Balance	21,304,048	20,751,270	20,377,707	20,231,473	20,465,516
Revenues:					
Property Casualty Revenues	5,315,500	5,463,750	5,597,938	5,843,084	6,099,739
Short Term Disability Revenues	140,000	140,000	140,000	140,000	140,000
Group Health Care Revenues	16,104,434	17,628,865	19,211,963	20,931,640	22,805,637
Subtotal	21,559,934	23,232,615	24,949,901	26,914,724	29,045,376
Total Revenues & Transfers In	21,559,934	23,232,615	24,949,901	26,914,724	29,045,376
Use of Funds:					
Departments					
Financial Services-Operating	2,457,896	2,556,943	2,620,866	2,686,388	2,753,548
Financial Services-Property/Liability Claims	2,840,413	3,000,000	3,100,000	3,200,000	3,300,000
Financial Services-Group Health Claims	14,437,554	15,501,781	16,644,896	17,872,768	19,191,706
Financial Services-Group Health Admin	2,236,449	2,402,054	2,579,973	2,771,125	3,001,967
Short Term Disability Claims	130,000	135,000	140,000	140,000	140,000
Subtotal	22,102,312	23,595,778	25,085,735	26,670,281	28,387,221
Total Operating Budget	22,102,312	23,595,778	25,085,735	26,670,281	28,387,221
Transfers Out					
CIP Fund (General Capital Projects)	10,400	10,400	10,400	10,400	10,400
Subtotal	10,400	10,400	10,400	10,400	10,400
Total Expenditures & Transfers Out	22,112,712	23,606,178	25,096,135	26,680,681	28,397,621
Ending Fund Balance					
Property Casualty Claim Reserve	14,074,763	13,971,170	13,837,842	13,784,138	13,819,929
Short-Term Disability Reserve	149,385	154,385	154,385	154,385	154,385
Group Health Care Claims Reserve	6,527,122	6,252,152	6,239,246	6,526,993	7,138,957
Ending Fund Balance/Reserve	20,751,270	20,377,707	20,231,473	20,465,516	21,113,271

FUND SUMMARIES

Fund Summaries and Five-Year Plan

**Adopted Fiscal Year 2005/06 Budget
Fund Summary
Trust Funds**

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
<u>Source of Funds:</u>				
Beginning Fund Balance:				
Contingency (1)	-	250,000	250,000	250,000
Mayor's Committee for Employment of the Handicapped	6,081	9,581	6,081	1,081
Scottsdale Memorial Hospital Redevelopment	363,503	694,760	363,503	18,677
Total Beginning Fund Balance	369,584	704,341	369,584	19,758
Revenues:				
Mayor's Committee for Employment of the Handicapped	5,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	665,200	-	127,414	-
Subtotal	670,200	10,000	137,414	10,000
Total Revenues	670,200	10,000	137,414	10,000
<u>Use of Funds:</u>				
Expenditures:				
Mayor's Committee for Employment of the Handicapped	5,000	15,000	15,000	10,000
Scottsdale Memorial Hospital Redevelopment	665,200	435,400	472,240	18,677
Subtotal	670,200	450,400	487,240	28,677
Total Expenditures	670,200	450,400	487,240	28,677
Ending Fund Balance/Reserve				
Contingency (1)	-	250,000	250,000	250,000
Mayor's Committee for Employment of the Handicapped	6,081	4,581	1,081	1,081
Scottsdale Memorial Hospital Redevelopment	363,503	259,360	18,677	-
Total Ending Fund Balance	369,584	263,941	19,758	1,081

**Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Trust Funds**

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance:					
Contingency (1)	250,000	250,000	250,000	250,000	250,000
Mayor's Committee for Employment of the Handicapped	1,081	1,081	1,081	1,081	1,081
Scottsdale Memorial Hospital Redevelopment	18,677	-	-	-	-
Total Beginning Fund Balance	19,758	1,081	1,081	1,081	1,081
Revenues:					
Mayor's Committee for Employment of the Handicapped	10,000	10,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	-	-	-	-	-
Subtotal	10,000	10,000	10,000	10,000	10,000
Total Revenues	10,000	10,000	10,000	10,000	10,000
Use of Funds:					
Expenditures:					
Mayor's Committee for Employment of the Handicapped	10,000	10,000	10,000	10,000	10,000
Scottsdale Memorial Hospital Redevelopment	18,677	-	-	-	-
Subtotal	28,677	10,000	10,000	10,000	10,000
Total Expenditures	28,677	10,000	10,000	10,000	10,000
Ending Fund Balance/Reserve					
Contingency (1)	250,000	250,000	250,000	250,000	250,000
Mayor's Committee for Employment of the Handicapped	1,081	1,081	1,081	1,081	1,081
Scottsdale Memorial Hospital Redevelopment	-	-	-	-	-
Total Ending Fund Balance	1,081	1,081	1,081	1,081	1,081

(1) The Contingency for the Trust Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is and is not included in included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.

FUND SUMMARIES

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget
Fund Summaries
Capital Improvement Plan

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance *	322,635.5	402,148.0	486,018.6	218,484.8
Revenues:				
Bonds/Contracts				
General Obligation (Bond 2000)	48,000.0	-	-	125,000.0
General Obligation Preserve	65,400.0	-	-	20,000.0
Municipal Properties Corporation	40,760.0	25,100.0	20,000.0	57,400.0
Municipal Properties Corporation-Water	55,000.0	-	-	91,500.0
Municipal Properties Corporation-Sewer	20,000.0	-	-	-
Certificates of Participation	-	-	7,650.0	-
Pay-As-You-Go				
Water & Sewer Development Fees	21,518.0	16,779.5	10,121.1	16,414.6
Extra Capacity Development Fee	-	-	-	-
Regional Sales Tax	-	-	-	-
Grants	4,435.7	7,548.1	8,220.5	15,820.6
Other Contributions	4,388.3	15,761.0	506.0	17,057.0
Interest Earnings	1,990.3	2,758.3	2,097.7	3,177.7
Miscellaneous	1,175.0	1,065.4	726.7	267.0
Subtotal	262,667.3	69,012.3	49,322.1	346,636.9
Transfers In				
General Fund	13,020.5	16,702.9	21,082.9	33,402.9
Transportation Fund	10,431.4	9,783.3	10,754.1	9,232.3
Preservation Privilege Tax Funds	-	-	4,607.2	17,850.0
Special Programs Fund	440.4	613.7	895.6	267.9
Aviation Fund	490.7	826.2	1,215.2	1,398.0
Water & Sewer Fund	9,444.6	28,294.2	35,527.2	22,140.1
Solid Waste Fund	18.5	279.9	279.9	398.9
Internal Service Funds	532.3	1,653.2	2,400.6	236.7
Subtotal	34,378.3	58,153.4	76,762.7	84,926.8
Total Revenues & Transfers In	297,045.6	127,165.7	126,084.8	431,563.7
Total Sources of Funds	619,681.1	529,313.7	612,103.4	650,048.5
Use of Funds:				
Program Expenditures				
Community Facilities	12,873.7	136,558.2	91,189.5	169,249.6
Preservation	21,535.1	108,741.3	61,345.4	217,235.9
Drainage & Flood Control	2,564.9	22,456.8	2,472.0	29,470.4
Public Safety	5,307.2	44,070.4	18,330.1	66,623.9
Service Facilities	3,072.7	28,154.1	10,795.9	39,071.6
Transportation	28,454.3	139,635.3	42,435.3	148,183.3
Water Services	53,279.9	253,037.4	160,181.2	225,351.8
Prior Year Unexpended *	-	-	-	-
Subtotal	127,087.7	732,653.5	386,749.5	895,186.5
Less: Estimated Capital Improvement Expenditures	-	(257,920.0)	-	(315,105.6)
Subtotal: Unexpended at Year End	-	474,733.5	-	580,080.9
Transfers Out				
To Water & Sewer Operating Funds	6,574.7	6,558.1	6,869.1	6,887.7
Subtotal	6,574.7	6,558.1	6,869.1	6,887.7
Total Use of Funds	133,662.4	264,478.1	393,618.6	321,993.3
Ending Fund Balance				
CIP Contingency	2,894.2	4,500.0	696.0	4,500.0
Reserved Fund Balance	483,124.4	260,335.6	217,788.8	323,555.2
	486,018.6	264,835.6	218,484.8	328,055.2

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

FIVE-YEAR FINANCIAL PLAN

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Capital Improvement Plan
(In thousands)

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance *	218,484.8	328,055.2	134,996.0	328,039.2	279,415.7
Revenues:					
Bonds/Contracts					
General Obligation (Bond 2000)	125,000.0	-	88,100.0	-	69,100.0
General Obligation Preserve	20,000.0	-	200,000.0	-	-
Municipal Properties Corporation	57,400.0	-	-	-	-
Municipal Properties Corporation-Water	91,500.0	-	21,500.0	-	-
Municipal Properties Corporation-Sewer	-	-	-	-	-
Certificates of Participation	-	-	-	-	-
Pay-As-You-Go					
Water & Sewer Development Fees	16,414.6	17,071.9	17,934.4	18,718.4	19,070.5
Extra Capacity Development Fee	-	-	-	11,000.0	-
Regional Sales Tax	-	7,875.0	8,050.0	4,700.0	8,825.0
Grants	15,820.6	5,907.2	11,096.3	4,172.7	665.3
Other Contributions	17,057.0	26,012.7	1,150.0	5,819.4	18,050.0
Interest Earnings	3,177.7	3,547.0	3,427.6	2,970.0	2,465.7
Miscellaneous	267.0	752.0	267.0	117.0	114.0
Subtotal	346,636.9	61,165.8	351,525.3	47,497.5	118,290.4
Transfers In					
General Fund	33,402.9	15,215.2	11,787.6	11,136.8	10,136.6
Transportation Fund	9,232.3	9,598.7	9,979.8	10,376.2	10,788.3
Preservation Privilege Tax Funds	17,850.0	7,110.0	250.0	2,088.0	-
Special Programs Fund	267.9	151.8	1.8	1.8	1.8
Aviation Fund	1,398.0	668.6	529.1	216.1	69.1
Water & Sewer Fund	22,140.1	27,358.1	30,008.1	30,804.0	31,672.5
Solid Waste Fund	398.9	774.8	417.9	685.9	237.9
Internal Service Funds	236.7	176.2	1,863.2	36.2	36.2
Subtotal	84,926.8	61,053.5	54,837.6	55,344.9	52,942.4
Total Revenues & Transfers In	431,563.7	122,219.3	406,362.9	102,842.5	171,232.9
Total Sources of Funds	650,048.5	450,274.5	541,358.9	430,881.6	450,648.6
Use of Funds:					
Program Expenditures					
Community Facilities	169,249.6	35,707.6	18,995.2	1,858.1	31,722.7
Preservation	217,235.9	2,110.0	250.0	2,088.0	-
Drainage & Flood Control	29,470.4	15,621.2	1,188.0	-	385.0
Public Safety	66,623.9	11,582.6	4,158.8	684.3	724.3
Service Facilities	39,071.6	16,165.0	6,998.7	8,718.2	3,049.8
Transportation	148,183.3	38,093.8	42,821.0	27,796.0	24,435.5
Water Services	225,351.8	134,301.0	22,530.0	22,263.0	37,075.0
Prior Year Unexpended *	-	580,080.9	525,207.2	415,595.5	333,865.1
Subtotal	895,186.5	833,662.1	622,148.9	479,003.1	431,257.4
Less: Estimated Capital Improvement Expenditures	(315,105.6)	(308,455.0)	(206,553.4)	(145,137.9)	(128,083.5)
Subtotal: Unexpended at Year End	580,080.9	525,207.2	415,595.5	333,865.1	303,174.0
Transfers Out					
To Water & Sewer Operating Funds	6,887.7	6,823.5	6,766.3	6,328.0	6,314.7
Subtotal	6,887.7	6,823.5	6,766.3	6,328.0	6,314.7
Total Use of Funds	321,993.3	315,278.5	213,319.7	151,466.0	134,398.1
Ending Fund Balance					
CIP Contingency	4,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Reserved Fund Balance	323,555.2	132,496.0	325,539.2	276,915.7	313,750.4
Subtotal	328,055.2	134,996.0	328,039.2	279,415.7	316,250.4

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

TOTAL APPROPRIATION

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget
Total Appropriation By Fund

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trusts	Capital	Total
Source of Funds:								
Beginning Fund Balance/Reserve	\$ 59,248,710	\$ 22,074,607	\$ 8,807,422	\$ 39,455,649	\$ 30,902,282	\$ 19,758	\$ 218,484,800	\$ 378,993,228
Revenues								
Taxes - Local								
Privilege Tax (1.0%)	96,677,130	-	-	-	-	-	-	96,677,130
Privilege Tax - Transportation (.20%)	-	18,321,600	-	-	-	-	-	18,321,600
Privilege Tax - McDowell Preserve (.20%)	-	18,842,100	-	-	-	-	-	18,842,100
Privilege Tax - Preservation (.15%)	-	14,501,570	-	-	-	-	-	14,501,570
Privilege Tax - Public Safety (.10%)	9,667,713	-	-	-	-	-	-	9,667,713
Property Tax	18,698,509	-	28,400,855	-	700,500	-	-	47,799,864
Transient Occupancy Tax	8,176,500	-	-	-	-	-	-	8,176,500
Light & Power Franchise	5,649,051	-	-	-	-	-	-	5,649,051
Cable TV	2,754,000	-	-	-	-	-	-	2,754,000
Salt River Project Lieu Tax	202,864	-	-	-	-	-	-	202,864
Stormwater Water Quality Charge	630,360	-	-	-	-	-	-	630,360
Taxes - From Other Agencies								
State Shared Sales Tax	19,025,797	-	-	-	-	-	-	19,025,797
State Revenue Sharing	20,512,126	-	-	-	-	-	-	20,512,126
AZ STA/MCSD Revenue	-	-	450,000	-	-	-	-	450,000
Transportation								
Highway User Revenue Tax	-	14,994,000	-	-	-	-	-	14,994,000
Auto Lieu Tax	8,925,000	-	-	-	-	-	-	8,925,000
Local Trans Assistance Fund	-	1,146,323	-	-	-	-	-	1,146,323
Internal Service Charges								
Fleet Management	-	-	-	-	12,084,359	-	-	12,084,359
Self-Insurance	-	-	-	-	20,559,434	-	-	20,559,434
Licenses, Permits & Fees								
Building Permit Fees & Charges	15,500,000	-	-	-	-	-	16,414,600	31,914,600
Business Licenses & Fees	2,007,747	-	-	-	-	-	-	2,007,747
Recreation Fees	2,341,350	-	-	-	-	-	-	2,341,350
WestWorld	1,824,209	-	-	-	-	-	-	1,824,209
Fines & Forfeitures								
Court Fines	5,096,000	-	-	-	-	-	-	5,096,000
Parking Fines	213,195	-	-	-	-	-	-	213,195
Photo Radar	2,512,500	-	-	-	-	-	-	2,512,500
Photo Radar - 101 Freeway	10,000,000	-	-	-	-	-	-	10,000,000
Library Fines & Fees	612,780	-	-	-	-	-	-	612,780
Interest Earnings/Property Rental								
Interest Earnings	1,850,000	651,669	-	1,230,101	688,061	-	3,177,700	7,597,531
Property Rental	3,018,400	-	-	-	-	-	-	3,018,400
Utilities & Enterprises								
Water Charges	-	-	-	75,052,750	-	-	-	75,052,750
Sewer Charges	-	-	-	28,881,229	-	-	-	28,881,229
Refuse/Recycling	-	-	-	17,053,666	-	-	-	17,053,666
Airport	-	-	-	3,074,520	-	-	-	3,074,520
Other Revenue								
Grants, Trusts & Special Districts	-	23,991,416	-	-	-	10,000	15,820,600	39,822,016
Improvement District Assessments	-	-	1,124,622	-	-	-	-	1,124,622
Miscellaneous	1,020,000	-	-	2,083,949	177,650	-	17,324,000	20,605,599
Special Programs Revenue	-	6,879,818	-	-	-	-	-	6,879,818
Bond Proceeds	-	-	-	-	-	-	293,900,000	293,900,000
Spring Exhibition Surcharge	-	-	140,000	-	-	-	-	140,000
CIP Unexpended Year End	-	-	-	-	-	-	580,080,900	580,080,900
Less Internal Service Funds Offset	-	-	-	-	(31,446,661)	-	-	(31,446,661)
Subtotal	236,915,231	99,328,496	30,115,477	127,376,215	2,763,343	10,000	926,717,800	1,423,226,562
Transfers In								
Operating Transfers								
From General Fund	-	3,203,076	4,329,966	131,413	-	-	33,402,900	41,067,355
From Special Revenue Funds	-	-	20,642,268	-	-	-	27,350,200	47,992,468
From Enterprise Funds	-	271,340	-	430,230	-	-	23,937,018	24,638,588
From Internal Service Funds	-	-	-	-	-	-	236,700	236,700
From Capital Improvement Fund	-	-	-	6,887,691	-	-	-	6,887,691
Transfers to Gen Fund from Enterprise								
In-Lieu Property Tax	2,650,430	-	-	-	-	-	-	2,650,430
Indirect/Direct Cost Allocation	9,898,166	-	-	-	-	-	-	9,898,166
Franchise Fee	5,258,221	-	-	-	-	-	-	5,258,221
Subtotal	17,806,817	3,474,416	24,972,234	7,449,334	-	-	84,926,818	138,629,619
Other Activity								
Reserve Appropriations								
Economic Investment	4,700,000	-	-	-	-	-	-	4,700,000
Operating Contingency	2,700,000	2,500,000	-	-	-	250,000	4,500,000	9,950,000
Photo Radar Contingency - 101 Frwy	10,000,000	-	-	-	-	-	-	10,000,000
Tourism Reserve	1,500,025	-	-	-	-	-	-	1,500,025
Solid Waste	-	-	-	500,000	-	-	-	500,000
Self-Insurance	-	-	-	-	2,000,000	-	-	2,000,000
Water/Sewer	-	-	-	1,000,000	-	-	-	1,000,000
Carryover/Rebudgets	5,000,000	-	-	3,150,000	2,000,000	-	-	10,150,000
Subtotal	23,900,025	2,500,000	-	4,650,000	4,000,000	250,000	4,500,000	39,800,025
Total Revenues & Transfers In	278,622,073	105,302,912	55,087,711	139,475,549	6,763,343	260,000	1,016,144,618	1,601,656,206

TOTAL APPROPRIATION

Fund Summaries and Five-Year Plan

Adopted Fiscal Year 2005/06 Budget
Total Appropriation By Fund

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trusts	Capital	Total
Use of Funds:								
Departments								
General Government	24,065,727	3,074,668	-	-	-	-	-	27,140,395
Police	67,403,408	941,167	-	-	-	-	-	68,344,575
Financial Services	8,564,191	-	-	3,008,966	22,102,312	-	-	33,675,469
Transportation	-	13,085,380	-	1,563,624	-	-	-	14,649,004
Community Services	47,653,351	2,754,479	-	-	-	-	-	50,407,830
Information Systems	9,241,654	-	-	-	-	-	-	9,241,654
Fire	26,648,655	1,200	-	-	-	-	-	26,649,855
Water Resources	-	-	-	46,354,006	-	-	-	46,354,006
Municipal Services	596,263	12,366,365	-	13,606,772	11,838,433	-	-	38,407,833
Citizen & Neighborhood Resources	3,490,790	15,172	-	-	-	-	-	3,505,962
Human Resources	3,766,345	14,001	-	-	-	-	-	3,780,346
Economic Vitality	8,060,403	-	-	-	-	-	-	8,060,403
Planning & Development Services	13,853,510	23,500	-	-	-	-	-	13,877,010
Estimated Department Savings	(1,000,000)	-	-	-	-	-	-	(1,000,000)
Estimated Vacant Position Savings	(2,500,000)	-	-	-	-	-	-	(2,500,000)
Less Internal Service Fund Offsets	-	-	-	-	(31,446,661)	-	-	(31,446,661)
Subtotal	209,844,297	32,275,932	-	64,533,368	2,494,084	-	-	309,147,681
Grants, Trusts & Special Districts Activity								
Community Dev Block Grants/HOME/Sec 8	-	8,470,081	-	-	-	-	-	8,470,081
Other Federal & State Grants	-	14,971,335	-	-	-	-	-	14,971,335
Trust and Special Districts	-	590,000	-	-	-	28,677	-	618,677
Subtotal	-	24,031,416	-	-	-	28,677	-	24,060,093
Capital Improvements								
Community Facilities	-	-	-	-	-	-	169,249,600	169,249,600
Preservation	-	-	-	-	-	-	217,235,900	217,235,900
Neighborhood Drainage and Flood Control	-	-	-	-	-	-	29,470,400	29,470,400
Public Safety	-	-	-	-	-	-	66,623,900	66,623,900
Service Facilities	-	-	-	-	-	-	39,071,600	39,071,600
Transportation Improvements	-	-	-	-	-	-	148,183,300	148,183,300
Water Services	-	-	-	-	-	-	225,351,800	225,351,800
Subtotal	-	-	-	-	-	-	895,186,500	895,186,500
Debt Service								
General Obligation Bonds	-	-	28,400,855	6,857,065	-	-	-	35,257,920
General Obligation Bonds-Preserve	-	-	13,829,547	-	-	-	-	13,829,547
Preserve Authority Revenue Bonds	-	-	6,812,721	-	-	-	-	6,812,721
Revenue Bonds	-	3,142,294	-	6,514,632	-	-	-	9,656,926
MPC Bonds	-	-	4,779,966	11,250,250	-	-	-	16,030,216
Special Assessment Bonds	-	-	1,124,622	-	-	-	-	1,124,622
Contracts Payable & Cert. Of Participation	5,543,749	951,765	-	-	-	-	-	6,495,514
Subtotal	5,543,749	4,094,059	54,947,711	24,621,947	-	-	-	89,207,466
Other Activity								
Reserve Appropriations	-	-	-	-	-	-	-	-
Economic Investment	4,700,000	-	-	-	-	-	-	4,700,000
Operating Contingency	2,700,000	2,500,000	-	-	-	250,000	4,500,000	9,950,000
Photo Radar Contingency - 101 Frwy	10,000,000	-	-	-	-	-	-	10,000,000
Tourism Reserve	1,500,025	-	-	-	-	-	-	1,500,025
Solid Waste	-	-	-	500,000	-	-	-	500,000
Self-Insurance	-	-	-	-	2,000,000	-	-	2,000,000
Water/Sewer	-	-	-	1,000,000	-	-	-	1,000,000
Carryover/Rebudgets	5,000,000	-	-	3,150,000	2,000,000	-	-	10,150,000
Subtotal	23,900,025	2,500,000	-	4,650,000	4,000,000	250,000	4,500,000	39,800,025
Total Budget	239,288,071	62,901,407	54,947,711	93,805,315	6,494,084	278,677	899,686,500	1,357,401,765
Transfers Out								
Capital Improvement Program	33,402,900	27,350,200	-	23,937,015	236,700	-	-	84,926,815
Operating Transfers	-	-	-	-	-	-	-	-
To Special Revenue Fund	3,203,076	-	-	271,340	-	-	-	3,474,416
To Debt Service Fund	4,329,966	20,642,268	-	-	-	-	-	24,972,234
To Enterprise Fund	131,413	-	-	430,230	-	-	6,887,694	7,449,337
Enterprise Transfers	-	-	-	-	-	-	-	-
In-Lieu Property Tax	-	-	-	2,650,430	-	-	-	2,650,430
Indirect/Direct Cost Allocation	-	-	-	9,898,166	-	-	-	9,898,166
Franchise Fee	-	-	-	5,258,221	-	-	-	5,258,221
Subtotal	41,067,355	47,992,468	-	42,445,402	236,700	-	6,887,694	138,629,619
Total Expenditures & Transfers Out	280,355,426	110,893,875	54,947,711	136,250,717	6,730,784	278,677	906,574,194	1,496,031,384
Ending Fund Balance/Reserve	57,515,357	16,483,644	8,947,422	42,680,481	30,934,841	1,081	328,055,224	484,618,050



Legal Compliance and Financial Management

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

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

Fund Accounting - Fund Types

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

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Transportation, Preservation Privilege Tax, Special Programs, Special Districts, and Grants.

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

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

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

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

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

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

The following pages summarize Scottsdale's Program Budget Revenues, Expenditures and Individual Fund Balance/Reserves by Fund. See glossary for Expenditure Type definitions.

General Fund

General Fund

Fund Purpose

The General Fund exists to account for the activity associated with traditional local government services such as police, fire, parks and recreation, planning and economic development and general City administration. Under Arizona State law, each city and town must maintain a General Fund and account for Highway User Revenues (see the Transportation Fund in the Special Revenue Fund section). The General Fund is the largest fund and typically the fund of most interest and significance to citizens.

General Fund Revenues and Transfers-In

General Fund resources include both revenues and transfers-in from other fund types such as the Special Revenue, Enterprise and Internal Service Funds. Estimated total revenues and transfers-in for FY 2005/06 increased approximately \$19.6 million (8.3 percent) from the FY 2004/05 year-end estimate. The increase from the prior year-end estimate is attributable primarily to a proposed pilot program to use photo radar enforcement on all six lanes of the Loop 101 Freeway with revenue estimated at \$10.0 million, increases in transaction privilege (sales) tax of \$3.8 million (4.1 percent), public safety privilege tax \$1.9 million (24.3 percent), state revenue sharing \$1.9 million (10.0 percent), primary property tax revenue \$1.1 million (6.1 percent), state shared sales tax \$1.0 million (5.8 percent), and court fines and forfeitures \$0.2 million (4.0 percent). Growth in other revenues such as licenses, permits, fines and fees are expected to be flat to declining for FY 2005/06.

Revenue and transfers-in determine Scottsdale's capacity to provide program services to our citizens. The major resources, which fund the program operating budget, debt service and capital projects, are identified below.

Local Tax Revenues

Local Tax Revenues of \$142.5 million represent 55.9 percent of the General Fund total operating resources and are the fund's largest category of revenue source. With the exception of property taxes, these are all "elastic" revenues, meaning they vary directly with the economy – during economic expansion, elastic tax revenues increase, due to higher levels of consumer spending and tourism activity. During an economic downturn, the opposite is true and tax revenues levels decline. Local Taxes Revenues consist of the following:

Transaction Privilege (Sales) Tax represents the 1.0 percent General Fund share of the City's total 1.65 percent sales tax that is available for any municipal purpose. The remaining 0.65 percent of the tax has dedicated uses and is allocated as follows: General Fund (Public Safety .10% - see next section), Special Revenue Fund (Transportation .20%) and Special Revenue Fund (McDowell Sonoran Preserve .35%). The tax is the City's and the General Fund's single largest revenue source. This revenue also includes sales tax application and penalty fees. The General Fund portion of the tax is used to pay for general governmental operations and the repayment of excise debt. For FY 2005/06 the adopted revenue budget is \$96.7 million, which is approximately a \$3.8 million, or a 4.1 percent increase over the FY 2004/05 year-end estimate of \$92.9 million. The regional economy appears to have recovered from the recession in 2001 and privilege tax is expected to grow moderately in the five-year revenue forecast. The five-year privilege tax forecast is shown in detail by major business category in the Appendix. Staff forecast the privilege tax

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$96.7	\$96.7*
2004/05	\$84.8	\$92.9*
2003/04	\$77.4	\$85.2
2002/03	\$84.0	\$79.7
2001/02	\$79.1	\$80.3

collections by category to arrive at a more precise total sales tax revenue. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic and legal considerations.

Transaction Privilege (Sales) Tax - Public Safety represents the .10 percent of the total 1.65 percent sales tax rate and is dedicated exclusively to public safety enhancements. The voters approved the .10 percent increase in the sales tax for public safety in May 2004 with collections beginning in July 2004. The Public Safety sales tax forecast calls for FY 2005/06 revenues of about \$9.7 million versus an expected FY 2004/05 year-end of approximately \$7.8 million, which represents only 11 months of cash receipts. The same business category analysis used for the General Fund 1.0 percent tax was applied when forecasting the Public Safety Privilege Tax.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$9.7	\$9.7*
2004/05	\$7.8	\$7.8*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Property Tax (Primary) represents the General Fund’s portion of the Primary Property Tax which is levied on the assessed value of all property within the City to help pay for City general governmental operation costs. The primary levy is limited by Arizona State Statute to a 2.0 percent increase per year, plus an allowance for annexations and new construction. Another component of the primary property tax accounts for the reimbursement to the City for the cost of liability claim judgments as allowed by State Statute. This component becomes revenue to the City’s Self-Insurance Fund. Primary property tax accounts for 7.3 percent of the total projected FY 2005/06 General Fund resources. The FY 2005/06 revenue forecast of \$18.7 million represents an increase of slightly less than \$1.1 million or 6.1 percent from the FY 2004/05 year-end estimate of \$17.6 million. The increase in revenue is due to an increase in assessed valuations – 5.3 percent average increase in existing properties and 4.2 percent from new construction. The adopted primary property tax rate of \$0.44 per \$100 of assessed valuation represents a \$0.01 decrease from the FY 2004/05 rate. The new property tax rate will result in an annual levy by the City of \$440 for the owner of a home valued at \$100,000.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$18.7	\$18.7*
2004/05	\$17.6	\$17.6*
2003/04	\$16.6	\$16.4
2002/03	\$15.4	\$15.6
2001/02	\$14.3	\$13.7

Transient Occupancy (“Bed”) Tax comes from the City collecting a 3.0 percent Transient Occupancy Tax on hotel and motel room rentals less than 30 days in addition to the sales tax. Per City Ordinance 2045/2291 (amended in 2004), 80 percent of this tax revenue is restricted for tourism and hospitality purposes and pays for contracts to increase tourism and debt service for destination attractions. The remaining 20 percent of this tax may be used for General Fund operations. The adopted FY 2005/06 budget of \$8.2 million reflects a \$0.3 million or 3.5 percent increase from the FY 2004/05 year-end estimate of \$7.9 million. A strengthening national economy has given a boost to bed tax revenues in recent months. Scottsdale’s increase in revenue for FY 2005/06 was predicated using information received from the Tourism Development Commission’s report on the continued strength of advance room bookings.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$8.2	\$8.2*
2004/05	\$6.7	\$7.9*
2003/04	\$6.6	\$7.2
2002/03	\$7.6	\$6.7
2001/02	\$7.9	\$6.7

Stormwater Quality Charge Revenue relates to the water quality charge 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. Charges are forecast at \$0.6 million for FY 2005/06, nearly equal to the expected FY 2004/05 year-end forecast.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.6	\$0.6*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Other Taxes — Light & Power and Cable TV Franchise, In-Lieu Property Tax and Fire Insurance Premium include franchise taxes charged on revenues from utility companies and cable companies for use of City right-of-ways, an in-lieu property tax for municipal utilities, and a fire insurance premium tax, which is used to help supplement fire protection service costs. The light and power franchise is projected to increase 3.0 percent or \$0.2 million. The cable TV franchise tax is forecast to increase a moderate 2.0 percent or \$0.1 million and Salt River Project In Lieu Tax is expected to remain flat at the FY 2004/05 year-end estimates of \$.2 million. Due to the inception of a municipal fire department on July 1, 2005, no revenue is forecast for the fire insurance premium in FY 2005/06, rather the funds will be deposited directly into the public safety retirement account in June 2006 and will offset the amount Scottsdale has to pay in FY 2006/07 for firefighter retirement costs.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$8.6	\$8.6*
2004/05	\$8.5	\$8.9*
2003/04	\$8.3	\$8.7
2002/03	\$8.2	\$8.2
2001/02	\$6.5	\$8.0

State-Shared Tax Revenues

State-Shared Tax Revenues include the state sales tax, income tax collections, and auto lieu tax, which are shared with all cities and towns throughout the state. The State Department of Revenue collects and distributes funds and provides revenue forecasts to cities and towns for these revenue sources. The formula for distribution of the sales and income tax revenue is based upon the relation of the City's population to the total state population. Under this distribution method, mature cities reaching build-out will see their portion of state-shared tax revenues decrease, as rapidly growing cities receive a greater share of the revenue distribution. A mid-decade Special Census being conducted in 2005, will likely have an adverse impact on the City's share, as faster growth cities and towns within the region receive an increased proportion of the overall pool of state-shared revenues. The auto lieu tax is shared based on the City's population in relation to the total incorporated population of Maricopa County.

Scottsdale's portion of the state-shared taxes is expected to increase in FY 2005/06 by nearly \$3.1 million or 6.8 percent from the FY 2004/05 year-end estimate of \$45.4 million. The local and state-wide economic recovery is primarily the reason for the increase. The out-year forecast does factor in a decline in each of the three state-shared revenues for FY 2006/07 due to the Special Census mentioned above.

State-Shared Revenues consist of the following:

State-Shared Sales Tax cities and towns share in a portion of the 5.0 percent sales tax collected by the State – the State retains 50.0 percent, schools are designated to receive 40.0 percent, and the remaining 10.0 percent is allocated to cities and towns based on percentage of population. The forecast calls for FY 2005/06 revenues of approximately \$19.0 million versus an expected FY 2004/05 year-end of about \$18.0 million. Revenue is expected to decline about \$0.9 million in FY 2006/07 due to the census with a moderate increase of 2.0 percent in the out-years of the forecast.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$19.0	\$19.0*
2004/05	\$16.5	\$18.0*
2003/04	\$15.4	\$16.9
2002/03	\$15.8	\$15.9
2001/02	\$16.7	\$15.6

State Revenue Sharing (Income Tax) there is a two-year lag between the time taxpayers earn and report results to the State of Arizona and when the State submits the actual revenues to cities and towns. Cities and towns in Arizona are prohibited from levying a local income tax; however, they are entitled to 15.0 percent of state income tax collections from two years previous. Revenue from State Shared Income Tax is forecast at \$20.5 million for FY 2005/06, a 10.0 percent increase over expected FY 2004/05 year-end of \$18.6 million. Future budget years assume an annual increase of approximately 1.0 percent over the five-year forecast period. The exception is FY 2006/07, which again reflects a decrease resulting from the mid-decade Special Census of the Phoenix metro area that will likely have an adverse impact on Scottsdale's share, as faster growth cities and towns within the region receive an increased proportion of the overall pool of state-shared revenues.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$20.5	\$20.5*
2004/05	\$18.0	\$18.6*
2003/04	\$18.0	\$18.3
2002/03	\$21.1	\$21.6
2001/02	\$20.8	\$21.1

State Auto Lieu Tax is part of the vehicle license fees collected by Maricopa County, but is actually a State revenue source. The City receives its share of the vehicle license tax collection based on its population in relation to the total incorporated population of Maricopa County. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The budget for FY 2005/06 is forecast to be \$8.9 million, which represents an increase from the FY 2004/05 year-end estimate of nearly \$0.2 million or 2.0 percent.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$8.9	\$8.9*
2004/05	\$7.8	\$8.8*
2003/04	\$6.9	\$8.0
2002/03	\$6.7	\$8.0
2001/02	\$6.9	\$6.7

Licenses, Permits & Fees Revenues

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

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

Building Permit Fees & Charges this category includes fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications, 2) plan review of construction documents, 3) the issuance of building, electrical, mechanical, plumbing and other permits, and 4) the inspection of buildings/structures in the construction phase. Nearly \$1.0 billion in both private and public investment has begun or is planned to take place in downtown Scottsdale in the next five years. Projects such as the Scottsdale Waterfront, Hotel Valley Ho and the ASU Scottsdale Center for New Technology and Innovation are an example of the downtown revitalization projects currently underway. Commercial construction in the northern section of the City is expected to remain steady as a result of the completion of the Pima (Loop 101) Freeway, which will spur activity in the Perimeter Center and Horseman’s Park areas and the Stacked 40 project, as well as continued investment in the Scottsdale Airpark area. The FY 2005/06 forecast of \$15.5 million takes into consideration planned redevelopment activity, commercial activity and a modest slowing of residential housing activity, along with a 3.0 percent fee increase effective July 1, 2005. This is a conservative budget amount when compared to historical trends; however, it factors in the complexity and changing nature of the development activity and the City’s conservative approach when forecasting elastic revenues.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$15.5	\$15.5*
2004/05	\$14.3	\$17.0*
2003/04	\$13.5	\$17.3
2002/03	\$15.5	\$15.4
2001/02	\$19.0	\$15.7

Business Licenses & Fees include the licensing of business activity that takes place in Scottsdale and the associated fees relating to the licensure and regulation of specific activity. Revenues of approximately \$2.0 million are expected in FY 2005/06, reflecting a 4.0 percent increase from the FY 2004/05 year-end estimate. The increase is based on historical growth trends.

Business Licenses & Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.0*	\$2.0*
2004/05	\$1.8	\$1.9*
2003/04	\$1.8	\$1.9
2002/03	\$1.7	\$1.8
2001/02	\$1.7	\$1.8

Recreation Fees are budgeted at \$2.3 million and include revenue from the various recreational programs, classes, and entry fees. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually, if the increase is justified by the analysis and approved by City Council. In May 2005 Council adopted several new fees to be implemented in FY 2005/06 with the opening of the CAP Basin Sports Complex in March 2006 and the McDowell Mountain Ranch Aquatics Center in June 2006. In addition, there will be slight adjustments to other miscellaneous recreation fees effective September 2005.

Recreation Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.3	\$2.3*
2004/05	\$2.2	\$2.4*
2003/04	\$2.2	\$2.4
2002/03	\$2.1	\$2.2
2001/02	\$2.1	\$2.0

WestWorld Fees include event revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions & car shows, consumer & home shows, as well as RV Space rental income. Revenues of approximately \$1.8 million are expected in FY 2005/06 – virtually the same as the FY 2004/05 year-end estimate. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually, if the increase is justified by the analysis and approved by City Council. No fee increases are proposed for FY 2005/06. Staff's FY 2004/05 revenue forecast was based on future confirmed bookings for WestWorld as well as historical activity.

WestWorld Fees Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.8	\$1.8*
2004/05	\$1.6	\$1.8*
2003/04	\$1.5	\$1.8
2002/03	\$1.3	\$1.5
2001/02	\$1.3	\$1.5

Fines and Forfeiture Revenues

Fines and Forfeiture Revenues include court, parking, photo radar, and library fines & fees. In the aggregate, the revenue for these items in FY 2005/06 is projected to be \$18.4 million for an increase of approximately \$10.4 million over the FY 2004/05 year-end estimate. The increase is due primarily to the revenues associated with the proposed photo radar – Loop 101 Freeway Pilot Program as noted below:

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 collection fees. Revenues of approximately \$5.1 million are expected for FY 2005/06, which reflects a \$0.2 million increase from the FY 2004/05 year-end estimate. Staff developed revenue estimates based on historical trends in court activity.

Court Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$5.1	\$5.1*
2004/05	\$3.9	\$4.9*
2003/04	\$3.7	\$4.4
2002/03	\$3.5	\$4.2
2001/02	\$3.8	\$3.4

Parking Fines are forecast at slightly more than \$0.2 million for FY 2005/06, which reflects a moderate 2.0 percent increase over the FY 2004/05 year-end estimate. PowerPark, a new revenue collection program, was implemented in mid FY 2004/05. This program enables the Financial Services Department to collect on “Notices of Violation” rather than the City Court. The full impact of this new collection program will be known in FY 2005/06.

Parking Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.2	\$0.2*
2004/05	\$0.2	\$0.2*
2003/04	\$0.1	\$0.2
2002/03	\$0.1	\$0.2
2001/02	\$0.2	\$0.1

Photo Radar Revenue represents the General Fund portion of Photo Radar 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. Revenues are budgeted at about \$2.5 million for FY 2005/06, which is virtually equal to the FY 2004/05 year-end estimate. Photo radar revenue has grown over the past two fiscal years due to the installation of additional red-light camera sites and cameras that are capable of detecting both red light running and vehicle speed. However, the use of photo radar is intended as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.

Photo Radar Fines Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.5	\$2.5*
2004/05	\$1.1	\$2.5*
2003/04	\$1.1	\$1.3
2002/03	\$1.1	\$0.8
2001/02	\$1.5	\$0.8

Photo Radar Revenue – Loop 101 Freeway represents revenue anticipated with the implementation of a pilot program to use photo enforcement to target speeding drivers on the portion of the Loop 101 within the City of Scottsdale. Scottsdale will be the first community in the country to use photo radar on a multi-lane limited access freeway. House Bill S. 1164, that would have prohibited the use of photo radar on freeways and would have stopped the pilot project failed, enabling Scottsdale to consider this program. The Loop 101 Freeway is actually a State roadway the City will need to negotiate the specific terms of the pilot program with the State before the program can be implemented. The forecast revenue of \$10.0 million represents six months of activity — it is expected to take six months to get the program up and running in FY 2005/06.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$10.0	\$10.0*
2004/05	-	-
2003/04	-	-
2002/03	-	-
2001/02	-	-

Library Fines & Fees are monies collected when library materials are returned after they are due, are lost, or are damaged. This category also includes reciprocal inter-library revenue, library facility rentals, and library shared use reimbursements. FY 2005/06 revenues are forecast at \$0.6 million, a 36.0 percent increase over the FY 2004/05 year-end estimate of approximately \$0.4 million. This increase is due primarily to the reclassification of the shared use reimbursement from miscellaneous revenue to the current category. The reimbursement revenue results from the shared use of the library with a public school. The reimbursement revenue forecast for FY 2005/06 is about \$0.1 million. In accordance with the City’s adopted financial policies, the library fines are reviewed and adjusted annually, if necessary. The FY 2005/06 budget does not include any fine increases and is based on historical activity.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.4	\$0.5*
2003/04	\$0.4	\$0.5
2002/03	\$0.4	\$0.4
2001/02	\$0.4	\$0.4

Interest Earnings

Interest Earnings are generated on idle General Fund cash balance throughout the year. Interest revenue is expected to be flat with the FY 2004/05 year-end estimate of approximately \$1.9 million. This revenue is a function of the relationship between the City’s available cash balance and the interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers’ acceptances, repurchase agreements, money market funds, and the State of Arizona’s Local Government Investment Pool. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues. Staff forecasted the interest earnings for FY 2005/06 based on recent activity and anticipated cash balances.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.9	\$1.9*
2004/05	\$1.7	\$1.9*
2003/04	\$0.8	\$1.8
2002/03	\$3.3	\$1.7
2001/02	\$6.3	\$4.0

Property Rental Revenues

Property Rental Revenues are rental fees on facilities such as the Scottsdale Stadium, as well as amounts received from the Tournament Players Club and Princess Hotel for percent of revenue on gross sales agreements and golf course surcharges. The forecast FY 2005/06 revenue of approximately \$3.0 million represents a slight decrease over the FY 2004/05 year-end estimate of \$3.1 million. The decrease is the result of no longer receiving the Tournament Player Club surcharge due to the defeasance of debt.

Property Rental Revenues Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$3.0	\$3.0*
2004/05	\$3.4	\$3.1*
2003/04	\$3.3	\$3.2
2002/03	\$3.4	\$2.5
2001/02	\$3.0	\$2.5

Other Revenue

Miscellaneous includes various revenues the City receives during any given year that are not attributable to one of the specific revenue categories noted above. The FY 2005/06 revenue is expected to remain flat with the FY 2004/05 year-end estimate of about \$1.0 million.

Other Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.0	\$1.0*
2004/05	\$1.2	\$1.0*
2003/04	\$1.5	\$1.8
2002/03	\$2.0	\$1.9

Transfers-In

Transfers-In represents the reimbursement of costs incurred for indirect services provided and paid by the General Fund on behalf of the Enterprise Fund as well as in lieu property taxes and franchise fees. The cost of the services provided by the General Fund is allocated annually to these user funds on a rational and equitable basis. Property tax and franchise fees charged to the Enterprise Funds represent fees a private organization would incur while conducting business within the City. The total transfers-in for FY 2005/06 are expected to increase by approximately \$1.0 million over the FY 2004/05 year-end estimate as a result of higher franchise, in-lieu, and indirect fees charged to the Enterprise Funds.

General Fund Expenditures By Expenditure Type

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

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The adopted personal services budget of \$155.7 million represents 72.3 percent of the FY 2005/06 General Fund Operating Budget of \$215.4 million. The adopted FY 2005/06 personal services budget increased \$36.6 million or 28.9 percent from the FY 2004/05 adopted budget. The increase is due primarily to the transition to a municipal Fire Department and the addition of the firefighter’s salaries to the personal services budget. Conversely, the contractual services budget was reduced due to the termination of the contract for fire service with Rural Metro.

The personal services costs include a 3.5 percent cost of living pay adjustment equaling \$3.9 million for City personnel. The adopted budget also maintains the City’s merit pay program at an estimated cost of \$2.3 million for those employees that have earned the increase through job performance and have not reached the top of their position range. The City’s contribution to Arizona Public Safety Retirement System for police in FY 2005/06 increases by about \$0.8 million. The City will also pay approximately \$1.8 million in FY 2005/06 to the Public Safety Retirement System on behalf of the firefighters as part of the first-year operating costs for the new municipal fire department. The City’s contribution to the Arizona State Retirement System for civilian employees will also increase about \$1.8 million.

The adopted General Fund budget includes 122.91 new full-time equivalent (FTEs) staff positions at an estimated total cost of approximately \$3.9 million. The General Fund additions can be summarized as follows:

Service Category	Gross Cost	New FTEs
Community Facilities	\$0.7M	42.45
Public Safety	\$1.6M	48.00
Revitalization	\$0.9M	18.00
Citizen Services & Community Growth	\$0.4M	9.46
Internal Service Demands	<u>\$0.3M</u>	<u>5.00</u>
Total	\$3.9M	122.91

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$155.7	\$155.7*
2004/05	\$120.8	\$120.8*
2003/04	\$114.0	\$108.2
2002/03	\$106.2	\$104.4
2001/02	\$100.8	\$96.0

See glossary for Expenditure Type definitions

Further detail on the new FTEs is provided below:

Community Facilities – The positions in this category are necessary to staff new facilities constructed with voter-approved Bond 2000 funding. The proposed budget includes 42.45 FTE new positions at approximately \$0.7 million in payroll and benefits costs associated with the opening of three facilities. The CAP Basin Sports Complex will require 11.60 FTEs to support the fall 2005 opening. The new McDowell Village Senior Center scheduled to open in November 2005 will require 5.85 FTEs due to the increased size of the facility and demand for services. In the later part of FY 2005/06, the McDowell Mountain Ranch Park and Aquatic Center will require 21.00 FTEs in advance of the anticipated July 2006 opening. The Facilities Maintenance Program will also require 4.00 FTEs to handle the added facilities.

Public Safety - All but two of the proposed staff additions in this category are Police Department positions. The proposed budget includes 48.00 FTE General Fund positions at \$1.6 million in payroll and benefits costs. They include a combination of sworn (26.00 FTEs) and civilian (22.00 FTEs) positions. The largest public safety increases included in the proposed budget are in the following areas: Patrol (20.00 FTEs sworn and 7.00 FTEs civilian), Detention Officers (8.00 FTEs civilian), and Police Records (5.00 FTEs civilian). Additional sworn positions (4.00 FTEs) are proposed to handle increased training, recruiting and internal affairs duties related to the increase in police officers. The budget includes additional civilian positions (2.00 FTEs) to address property and evidence, and police supplies and equipment. The City Council in 2004 approved enhanced staffing levels for the Fire Department, including a fourth firefighter on most trucks and 56-hour work weeks. These staff levels are reflected in this budget. In addition on June 7, 2005, the City Council approved two more firefighter/certified paramedic/EMT (2.00 FTEs) effective July 1, 2005. The two additional firefighters along with the current firefighter positions will allow the staffing of two full-time ambulances. There will be no cost to the city for the two positions, as the ambulance provider will fully reimburse the City for the cost of the positions. The public safety enhancements to police and fire are funded in part from the new Public Safety Sales Tax. Funding from this source, totaling \$9.7 million, covers approximately 10.3 percent of the total proposed police and fire General Fund operating budgets of \$94.1 million.

Revitalization – The positions in this category provide services such as litter pick-up, painting, and alley and landscape maintenance related to the City's revitalization work in the downtown and southern Scottsdale areas. The proposed budget includes 18.00 FTE positions at a net payroll and benefits cost of approximately \$0.9 million. The positions in this category include 5 contract or temporary positions that will be converted to City positions and 7.00 FTEs to replace City staff that were redeployed from other positions and are currently performing these services. The budget also includes new code enforcement positions (5.00 FTEs – 4.00 FTE Code Enforcement Officers and 1.00 FTE Code Enforcement Specialist) and an additional staff position for downtown maintenance (1.00 FTE) to enhance revitalization work in the area.

Customer Services and Community Growth – The need for positions in this category stems from customer service demands, growth in the community, and federal requirements such as the Americans with Disabilities Act (ADA). The proposed budget includes 9.46 FTE positions at a net payroll and benefits cost of approximately \$0.3 million. The budget includes growth-related staff for the Youth Activities and After School programs (3.46 FTEs) to address a growing waiting list for services. It also includes positions for the Revenue Recovery (1.00 FTE) and Remittance Processing (1.00 FTE) programs to maintain customer service levels. The budget includes a new staff position in the Planning and Development Services Department (1.00 FTE) to centralize the City's management of and compliance with federal ADA requirements. The total positions in this category also include the conversion of 3 contract workers currently providing services in Planning and Development Services (3.00 FTEs).

Internal Service Demands – The positions in this category are driven by a combination of internal and external customer service demands. The proposed budget includes 5.00 FTE positions at a net payroll and benefits cost of approximately \$0.3 million. The proposed budget adds staff in the City Attorney's Office (1.00 FTE), Financial Services (1.00 FTE) and Information Systems (1.00 FTE) and a new position to leverage sponsorship revenue and marketing opportunities (1.00 FTE). Out of the proposed 5.00 FTEs in this category, the budget includes the conversion of 1 contract worker currently providing services in Information Systems to a permanent full-time City position (1.00 FTE).

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. The adopted budget of \$44.7 million represents 20.8 percent of the FY 2005/06 General Fund Operating Budget of \$215.4 million. The FY 2005/06 adopted budget is \$12.8 million or 22.3 percent less than the FY 2004/05 adopted budget. The decrease in Contractual Services is attributable to the transition to a municipal Fire Department and the subsequent elimination of the contract for fire service with Rural Metro. Contractual Services also includes a 3.0 percent increase for the Scottsdale Cultural Council contract plus an additional \$0.1 million for new office space and a 3.0 percent increase for the Scottsdale Convention and Visitors Bureau contract.

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted budget of \$8.0 million represents 3.7 percent of the FY 2004/05 General Fund Operating Budget of \$215.4 million. The FY 2005/06 adopted budget is \$1.9 million more than the FY 2004/05 adopted budget. The increase in Commodities is attributable to a general increase in commodities costs and the reclassification of items previously included in the fire services contract.

Capital Outlay includes the purchase of land, the purchase and construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The adopted budget of \$1.4 million represents 0.6 percent of the FY 2005/06 General Fund Operating Budget of \$215.4 million. The majority of the adopted FY 2005/06 Capital Outlays budget of \$1.4 is related to vehicles and equipment for the 122.91 approved new FTE.

The Budget staff continues to review each department's proposed expenditure budget using a zero-based program budget approach. Under this approach, line item-expenditure budgets are carefully evaluated and justified, while providing for required increases that are called for in the current or pending contractual and commodities contracts.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$44.7	\$44.7*
2004/05	\$57.5	\$57.5*
2003/04	\$53.7	\$55.0
2002/03	\$56.6	\$54.2
2001/02	\$56.4	\$54.8

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$8.0	\$8.0*
2004/05	\$6.1	\$6.1*
2003/04	\$4.8	\$5.1
2002/03	\$5.5	\$5.5
2001/02	\$6.4	\$6.4

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.4	\$1.4*
2004/05	\$1.1	\$1.1*
2003/04	-	\$0.3
2002/03	\$0.1	\$0.4
2001/02	\$2.7	\$1.3

Debt Service paid from the General Fund, is primarily contractual debt related to sales tax development agreements, and will vary based on the actual sales tax collections at each developed site. The FY 2005/06 budget of \$5.5 million represents 2.6 percent of the FY 2005/06 General Fund Operating Budget of \$215.4 million. The FY 2005/06 budget of \$5.5 million is \$6.6 million less than the FY 2004/05 adopted budget. This reduction is due to the reclassification of Municipal Property Corporation Bonds from Debt Service to Transfers Out. The General Fund debt service is comprised of \$4.1 million in Contracts Payable and \$1.4 million in Certificates of Participation for FY 2005/06 as follows:

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$5.5	\$5.5*
2004/05	\$12.1	\$12.1*
2003/04	\$11.5	\$9.8
2002/03	\$13.3	\$12.7
2001/02	\$10.5	\$10.3

Contracts Payable of \$4.1 million represents debt related to sales tax development agreements such as the Nordstrom Garage Lease, Hotel Valley Ho and the Promenade Agreement.

Certificates of Participation (COP) 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. On January 26, 2005, the City issued \$7.65M of COPs for the acquisition of the police/fire administration building. The COPs are payable over ten years at an average interest cost of 3.29% and are callable at the City's option after July 1, 2008. The proceeds were used to purchase an existing building on 4.4 acres of land and to fund improvements to the building. The FY 2005/06 forecast assumes a debt payment related to the purchase of \$0.9 million. The City has also budgeted \$0.5 million of COPs debt service payments in FY 2005/06 for the potential purchase of downtown open space.

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects.

Transfers-Out in FY 2005/06 total \$41.1 million and includes \$3.3 million to the Capital Fund to cover the cost of on-going capital maintenance. The adopted budget also includes a transfer-out of \$4.2 million to the Capital Fund for Public Safety radio replacement and upgrades, approximately \$0.2 million for Mescal Park improvements and \$0.5 million to fund a feasibility study related to the possible undergrounding of utilities. In addition another \$25.3 million will be transferred to the Capital Fund for pay-as-you-go capital projects. Furthermore, \$3.1 million will be transferred-out to the Transportation Fund for transportation related operating costs (subsidy), \$0.1 million to the Aviation Fund for fuel tax collected and receipted in the General Fund, and \$0.1 million to the Special Programs Fund for the Affordable Housing program grant match and for the preservation and maintenance of properties on Scottsdale's Historic Register.

General Fund Balance/Reserves/Operating Contingency

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

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

General Fund Reserve continues the City's adopted financial policy of setting aside a reserve to protect Scottsdale in times of emergency. This is the City's "savings account," and it is important to note that most of these funds are from "carry over", and once they are spent it will be difficult, if not impossible, to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of 10.0 percent of the General and Highway User Revenue Fund's total annual operating costs. For FY 2005/06, the General Fund Reserve includes an additional \$4.0 million for potential settlements related to ongoing privilege tax audit refunds. Based on the revenue and expenditure estimates included in the adopted budget, the ending FY 2005/06 General Fund Reserve is projected to be approximately \$28.4 million. Maintaining the General Fund Reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings. It should be noted that the revenue sources that help build the General Fund Reserve during good economic times are considered "elastic" and, therefore, are subject to downturns during recessionary times.

Photo Radar Contingency – Loop 101 Freeway represents costs that could potentially be incurred if the pilot program to use photo radar enforcement to target speeding drivers on Scottsdale's portion of the Loop 101 is implemented. The \$10.0 million reflects only six months of expenditures because it is anticipated that it will take six months to implement the program. If the pilot program moves forward at a later date, the City Council would need to approve the transfer of the budget appropriations to the respective departments impacted by the program such as the Police, City Courts, and City Attorney's Office.

Tourism Reserve is to account for the balance of the 80.0 percent of the Transient Occupancy ("Bed") Tax revenue restricted solely for tourism and hospitality purposes. The forecast FY 2005/06 ending balance is approximately \$1.5 million.

Economic Investment is set aside by the City Council for strategic economic development investments that demonstrate clear returns to the community. The FY 2005/06 available balance is projected to be \$4.7 million at June 30, 2006.

Operating Contingency of \$2.7 million is included to meet unforeseen expenses during the fiscal year.

Open Purchase Order and Liabilities Reserves of \$5.0 million provides a funding source for year-end carryover budget expenditures and liabilities reserves.

Unreserved Fund Balance is the remainder after considering all of the other reserves/uses. The ending unreserved fund balance is forecast at approximately \$5.2 million, which represents the cumulative General Fund revenues not designated for a specific purpose. This amount signifies an accumulation of one-time revenues and is most appropriately used for one-time expenditures, such as capital project funding. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses.

Special Revenue Funds

Description

The City uses six separate Special Revenue Funds to account for the activity of restricted revenues and designated expenditures. The individual funds are: Transportation, Preservation Privilege Tax, Special Programs, Special Districts, and Grants. The applicable specific revenues, expenditures and fund balances of the individual Special Revenue Funds, along with each fund's purpose, are described below:

Transportation Fund

Fund Purpose

The Transportation Fund receives and expends the City's allocation of the Arizona Highway User Revenue Tax (HURF) as well as the City's Transportation Sales Tax (0.20%) revenue and other transportation-related revenues. The amount of HURF available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance, or transit. The State of Arizona requires the City to establish and maintain an accounting for Highway User Revenue funds. The fund also accounts for the 1989, voters approved Transportation Privilege (Sales) Tax (0.20%), which is dedicated to funding transportation improvements and operations. The budget follows the FY 2005/06 adopted financial policy that transfers 50 percent of the Transportation Privilege (Sales) Tax to the Capital Improvement Fund for transportation-related capital improvement projects.

Transportation Fund Revenues and Transfers-In

Highway User Revenue Tax ("Gas Tax") is distributed by the State of Arizona based upon the population of each city and the county of origin for the sales of fuel. The State constitution requires that all highway user revenue be used solely for street, highway or transit purposes. The cities share in the State collected highway, user revenues, based half on population and half on the origin of the gas sale. The FY 2005/06 budget of \$15.0 million represents an increase of \$0.3 million (2.0%) from the FY 2004/05 year-end estimate. Forecasted revenue growth by staff is based on Scottsdale's population growth relative to other Arizona cities, as impacted by the mid-decade Special Census, as well as projected fuel sale activity for Maricopa County.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$15.0	\$15.0*
2004/05	\$13.9	\$14.7*
2003/04	\$13.5	\$14.0
2002/03	\$13.1	\$13.4
2001/02	\$13.2	\$12.6

Transportation Privilege (Sales) Tax (0.20%) represents the 0.20 percent of the City's sales tax dedicated solely to transportation. Please note there is a difference between the transportation and preservation privilege tax revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues. The FY 2005/06 budget of \$18.3 million represents an increase of \$0.7 million (4.1%) from the FY 2004/05 year-end estimate. Staff's projected increase in revenues is based on estimated economic growth in sales activity for Scottsdale.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$18.3	\$18.3*
2004/05	\$16.2	\$17.6*
2003/04	\$15.5	\$16.4
2002/03	\$16.4	\$15.3
2001/02	\$17.0	\$15.6

Local Transportation Assistance Fund (LTAF) Revenue (“State Lottery”) is distributed by the State of Arizona based upon population and City and town participation in the lottery. The FY 2005/06 budget of \$1.1 million remains flat with the FY 2004/05 year-end estimate due to the restrictions by the State. LTAF revenue sharing was capped by the State at a total of \$20.5 million in 1989 by the Arizona state legislature, resulting in no growth in this segment of intergovernmental transportation revenue.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.1	\$1.1*
2004/05	\$1.1	\$1.1*
2003/04	\$1.1	\$1.1
2002/03	\$1.1	\$1.1
2001/02	\$1.2	\$1.2

Proposition 400 Regional Sales Tax represents the City’s allocation of the 1.0 percent regional sales approved by Maricopa County voters in November 2004 for transportation and transit enhancements. Based on estimates from regional agencies, the City expects to receive its first allocation from this regional sales tax in the 2006/07 fiscal year.

Transfers-In from the General Fund and the Solid Waste Fund support the Transportation Fund program expenditures. The General Fund and the Solid Waste Fund are budgeted to provide \$3.1 million and \$0.3 million, respectively, to support the programs of the Transportation Fund, which corresponds with the total resources needed to balance the budgeted operating and capital expenditures in the Transportation Fund. The policy change described earlier of transferring 50 percent of the Transportation Privilege (Sales) Tax to the Capital Improvement Fund is expected to gradually reduce the General Fund subsidy amount (transfer-in) to the Transportation Fund in subsequent years, as reflected in the Five-Year Financial Forecast.

Transportation Fund Expenditures By Expenditure Type

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

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The FY 2005/06 adopted budget of \$5.9 million represents 20.6 percent of the total Transportation Fund operating budget and represents an 18 percent increase from the FY 2004/05 adopted budget, due to increased staffing needs and salary and benefit adjustments. Budget includes approximately \$0.3 million for 7.00 FTE converted contract workers for revitalization efforts and approximately \$0.1 million for 2.00 FTE for citizen services and community growth pertaining to transportation needs.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$5.9	\$5.9*
2004/05	\$5.0	\$5.0*
2003/04	\$5.0	\$3.6
2002/03	\$5.0	\$4.9
2001/02	\$4.8	\$4.5

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The FY 2005/06 adopted budget of \$18.9 million represents 66.1 percent of the total Transportation Fund operating budget and represents a 14 percent increase from the FY 2004/05 adopted budget, due to increased service-level demands related to public transit and street and alleyway maintenance.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$18.9	\$18.9*
2004/05	\$16.6	\$16.6*
2003/04	\$15.4	\$15.0
2002/03	\$15.8	\$16.2
2001/02	\$15.6	\$15.1

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The FY 2005/06 adopted budget of \$0.6 million represents 2.1 percent of the total Transportation Fund operating budget and represents a 13 percent increase from the FY 2004/05 adopted budget, due to increased need for maintenance, repair, and replacement supplies related to a larger street and alleyway maintenance program.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5
2002/03	\$0.6	\$0.8
2001/02	\$0.8	\$0.8

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The FY 2005/06 adopted budget of \$0.1 million represents 0.3 percent of the total Transportation Fund operating budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.1	\$0.1*
2004/05	-	-
2003/04	-	-
2002/03	-	\$0.1
2001/02	\$0.2	\$0.1

See glossary for Expenditure Type definitions

Debt Service consists of payment for the Highway User Revenue Bonds along with the applicable annual fiscal agent fees. The FY 2005/06 adopted budget of \$3.1 million represents 10.9 percent of the total Transportation Fund operating budget and remains flat with the FY 2004/05 adopted budget. The Highway User Revenue Bonds are slated to be fully repaid in FY 2006/07.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$3.1	\$3.1*
2004/05	\$3.1	\$3.1*
2003/04	\$3.1	\$3.1
2002/03	\$3.1	\$3.1
2001/02	\$3.1	\$3.1

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The budget assumes 50% of Transportation Privilege Tax revenue will be transferred annually to the Capital Projects Fund to cover the cost of transportation system improvement capital costs.

Transportation Fund Balance

The FY 2005/06 Transportation Fund ending balance is projected to be zero. Typically, this fund does not have a planned fund balance due to its reliance on the General Fund to make up the difference between revenues and expenditures each year.

Preservation Privilege Tax Fund

Fund Purpose

This fund accounts for the portion of the City’s Privilege (Sales) Tax (0.35%) dedicated to the purchase of 36,400 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. As with the 1995 tax, the 2004 tax covers the purchase of land within the preserve, plus the construction of essential preserve-related necessities, such as proposed trailheads.

Revenue collections and contractual debt associated with purchased land are accounted for in this fund. A transfer is made to the Debt Service Fund to pay debt service payments associated with bonds issued for purchases.

Preservation Privilege Tax Fund Revenues

1995 Preservation Privilege Tax (Sales) represents the voter approved 0.20 percent of the City’s sales tax dedicated to the purchase of 36,400 acres of land within the McDowell Sonoran Preserve. The FY 2005/06 budget of \$18.8 million represents an increase of \$0.7 million (4.1%) from the FY 2004/05 year-end estimate. Please note there is a difference between the transportation and preservation privilege revenue tax amounts, which is attributable to differences in the taxing provisions for each of the revenues. The projected increase in revenues by staff is based on estimated economic growth in sales activity for Scottsdale.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$18.8	\$18.8*
2004/05	\$16.8	\$18.1*
2003/04	\$16.1	\$16.7
2002/03	\$16.6	\$15.6
2001/02	\$17.4	\$15.8

2004 Preservation Privilege Tax (Sales) represents the voter approved 0.15 percent of the City’s sales tax dedicated to the purchase of 36,400 acres of land within the McDowell Sonoran Preserve, plus construction of essential preserve related necessities, such as proposed trailheads. The FY 2005/06 budget of \$14.5 million represents an increase of \$2.8 million (24%) from the FY 2004/05 year-end estimate. The forecasted increase in revenues includes a full 12-month projected period for FY 2005/06 versus only 11 months for FY 2004/05 due to timing of tax inception and collection. The projected increase in revenues by staff is based on estimated economic growth in sales activity for Scottsdale.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$14.5	\$14.5*
2004/05	\$11.7	\$11.7*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Interest Earnings revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield. The FY 2005/06 budget of \$0.7 million represents an increase of \$0.4 million (97%) from the FY 2004/05 year-end estimate. The projected increase in interest earnings by staff is due to rising interest rates and the estimated available cash balance.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.7	\$0.7*
2004/05	\$0.5	\$0.3*
2003/04	\$0.5	\$0.5
2002/03	\$0.5	\$0.7
2001/02	-	\$0.8

Preservation Privilege Tax Fund Expenditures By Expenditure Type

There are no direct operating expenditures in the Preservation Privilege Tax Fund. All of the expenditures in this fund are for debt service on Contractual Debt, Preserve General Obligation and Revenue Bonds and transfers out to the Capital Project Fund for land acquisition and construction of essential preserve related necessities such as proposed trailheads.

Debt Service adopted budget for FY 2005/06 of \$1.0 million remains flat with the FY 2004/05 adopted budget and consists of contractual debt for the McDowell Sonoran Preserve.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.0	\$1.0*
2004/05	\$1.0	\$1.0*
2003/04	\$0.9	\$1.0
2002/03	\$0.9	\$1.0
2001/02	\$0.9	\$0.9

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The FY 2005/06 adopted budget of \$38.5 million consists of \$20.6 million transfers out to the Debt Service fund for debt service on Preservation bonds and \$17.9 related to capital improvement plan land acquisition.

Preservation Privilege Tax Fund Balance

The projected ending fund balance for FY 2005/06 is \$12.2 million, consisting of \$6.8 million related to privilege tax (0.20%) and \$5.5 million related to privilege tax (0.15%).

Special Programs Fund

Fund Purpose

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

Special Programs Fund Revenues

Miscellaneous Court Revenue originates from three sources: Court Enhancement, Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG). The Court Enhancement is established by Scottsdale City Ordinance 2570, Section 9-7.2, and provides funding solely 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 solely for maintaining and enhancing the Court's ability to collect and manage monies. Staff estimates the FY 2005/06 budget for restricted Miscellaneous Court Revenue is \$1.0 million.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.0	\$1.0*
2004/05	\$0.6	\$0.9*
2003/04	\$0.6	\$0.7
2002/03	\$0.6	\$0.6
2001/02	\$0.5	\$0.5

Miscellaneous Downtown Cultural/Arts Revenue is generated from donations and contributions as well as revenue from the Scottsdale Artist School lease agreement. The FY 2005/06 budget for this revenue source is \$0.7 million. Staff estimates the forecasted revenue estimate includes expected one-time developer contributions to the Downtown Cultural Trust.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.7	\$0.7*
2004/05	\$0.3	\$0.1*
2003/04	-	\$0.1
2002/03	-	-
2001/02	-	-

Miscellaneous Human Resources Revenue includes corporate sponsorship obtained through community outreach efforts in support of cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration. In FY 2005/06, the budget for this restricted revenue source is approximately \$9,500.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$9,500	\$9,500
2004/05	\$7,200	\$4,800*
2003/04	-	\$7,500
2002/03	-	-
2001/02	-	-

SPECIAL REVENUE FUNDS

Budget by Fund

Miscellaneous Police Revenue includes money from the following five sources: 1) Racketeering Influenced Corrupt Organization (RICO) funds, which is only to be used for law enforcement purposes; 2) Forensic Services Intergovernmental Agreements with surrounding communities for full-cost recovery of crime laboratory services provided; 3) donations for the Mounted Unit and Family Advocacy Center; 4) drug conviction assessments, which may only be used for crime laboratory analysis purposes; and 5) funds for school resource education supplies. Staff estimates the FY 2005/06 budget for this restricted revenue source is \$0.9 million.

Miscellaneous Police Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.9	\$0.9*
2004/05	\$0.4	\$0.4*
2003/04	\$0.3	\$0.4
2002/03	\$0.3	\$0.3
2001/02	\$0.4	\$0.5

Miscellaneous Community Services Revenue includes donations and contributions that are to be spent for the specific purpose indicated by the donors. Specific purposes include enhancing parks, libraries and human services, providing memorials, covering the expenses associated with special events, providing funds to community support agencies (Scottsdale Cares), and maintaining and operating the train, carousel, and park facilities at the McCormick-Stillman Railroad Park. This revenue also includes McCormick-Stillman Railroad Park revenue generated from the operations of the train and carousel owned by the Scottsdale Railroad and Mechanical Society, a non-profit organization. Staff estimates the FY 2005/06 budget for this restricted revenue source is \$2.5 million.

Miscellaneous Community Services Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.5	\$2.5*
2004/05	\$1.4	\$1.4*
2003/04	\$1.6	\$1.7
2002/03	\$1.5	\$2.0
2001/02	\$2.2	\$1.5

Miscellaneous Citizen and Neighborhood Resources Revenue includes 50 percent of the total amount of fines collected for code enforcement violations. The proceeds from the fines are used to pay for any property abatement procedures necessary to clean up a property, and a lien is placed on the property if the owner does not pay the City's cost of the cleanup. In FY 2005/06, the budget for this restricted revenue source is approximately \$15,200.

Misc. Citizen & Neighborhood Resources Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$15,200	\$15,200*
2004/05	\$19,700	\$19,700*
2003/04	\$68,800	\$10,200
2002/03	-	\$903
2001/02	-	-

Miscellaneous Planning and Development Services Revenue originates from the Green Building Program fees. The Green Building Program is a whole-systems approach utilizing design and building techniques to minimize environmental impact and to reduce the energy consumption of a building while contributing to the health of its occupants. The program fees are used to fund promotion, education, and public outreach to pro-actively campaign for environmentally responsible buildings in the City. The FY 2005/06 budget for this restricted revenue source is \$23,500.

Misc. Planning & Development Svcs Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$23,500	\$23,500*
2004/05	\$20,600	\$20,600*
2003/04	\$20,000	\$23,200
2002/03	\$42,500	\$20,475
2001/02	\$47,500	-

Miscellaneous Fire Department Revenue originates from miscellaneous donations from the community. The FY 2005/06 budget for this restricted revenue source is \$1,200.

Miscellaneous Fire Department Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1,200	\$1,200*
2004/05	-	-
2003/04	-	-
2002/03	-	-
2001/02	-	-

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

Special Programs Fund Expenditures By Department

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

Courts special programs adopted budget for FY 2005/06 is nearly \$2.1 million. Expenditures will be used to enhance the technological, operational, and security facilities of the Court as well as maintain and enhance the Court's ability to collect and manage monies.

Courts Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.1	\$2.1*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.2
2002/03	\$0.1	\$0.1
2001/02	\$0.1	\$0.1

SPECIAL REVENUE FUNDS

Budget by Fund

Downtown Cultural/Arts special programs adopted budget for FY 2005/06 is approximately \$1.0 million and will support the arts and special events in the downtown.

Downtown Cultural/Arts Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2005/06	\$1.0	\$1.0*
2004/05	\$0.3	\$0.1*
2003/04	-	\$0.1
2002/03	-	-
2001/02	-	-

Human Resources special programs adopted budget for FY 2005/06 is approximately \$14,000 to support cultural diversity programs.

Human Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2005/06	\$14,000	\$14,000*
2004/05	\$7,200	\$7,200*
2003/04	-	\$613
2002/03	-	-
2001/02	-	-

Police special programs adopted budget for FY 2005/06 is approximately \$0.9 million and will be used to fund the crime lab and forensic science programs.

Police Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2005/06	\$0.9	\$0.9*
2004/05	\$0.4	\$0.4*
2003/04	\$0.3	\$0.3
2002/03	\$0.3	\$0.3
2001/02	\$0.4	\$0.2

SPECIAL REVENUE FUNDS

Budget by Fund

Community Services special programs adopted budget for FY 2005/06 is nearly \$2.8 million, which is approximately a \$0.4 million increase from the FY 2004/05 adopted budget. The increase is related to Silverado drainage improvement costs.

Community Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.8	\$2.8*
2004/05	\$2.4	\$2.4*
2003/04	\$2.4	\$1.5
2002/03	\$2.0	\$1.2
2001/02	\$2.2	\$1.5

Preservation Rehabilitation special programs adopted budget for FY 2005/06 is \$10,000 to assist in the preservation and maintenance of properties on Scottsdale's historic register.

Preservation Rehabilitation Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$10,000	\$10,000*
2004/05	\$10,000	\$10,000*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Citizen & Neighborhood Resources special programs adopted budget for FY 2005/06 is approximately \$15,200. The funds received from code enforcement violation fines will be used to pay for any abatement procedures necessary to clean up properties.

Citizen and Neighborhood Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$15,200	\$15,200*
2004/05	\$19,700	\$19,700*
2003/04	\$68,800	\$0
2002/03	-	\$903
2001/02	-	-

SPECIAL REVENUE FUNDS

Budget by Fund

Planning and Development special programs adopted budget for FY 2005/06 is \$23,500 to support and promote the City's Green Building program.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$23,500	\$23,500*
2004/05	\$20,600	\$20,600*
2003/04	\$20,000	\$18,700
2002/03	\$42,500	\$14,066
2001/02	\$47,500	\$10,000

Fire special programs adopted budget for FY 2005/06 is \$1,200 related to projected donor contributions for possible fire equipment expenditures.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1,200	\$1,200*
2004/05	-	-
2003/04	-	-
2002/03	-	-
2001/02	-	-

Transfers-Out total approximately \$0.3 million for the FY 2005/06 adopted budget, which includes \$0.1 million to the Capital Improvement Fund for RICO and \$0.1 million to the Capital Improvement Fund for Court related capital projects.

Special Programs Fund Balance

Special Programs Fund projected ending balance of approximately \$3.4 million for FY 2005/06 represents cash received and restricted by donors or contributors for specific uses. All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose. The Special Programs Fund balance is largely a matter of timing differences between when funds are received and ultimately spent for the intended purpose.

Special Districts Fund

Fund Purpose

This 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. More specifically the fund is used to account for the City's street light districts and downtown enhanced municipal services district (EMSD). All revenue not expended in the current fiscal year is carried over to the next fiscal year to continue funding the intended purpose.

Special District Fund Revenues

Street Light District Revenue represents the levy assessed on property owners within each of the City's more than 350 street light districts. The adopted FY 2005/06 revenue budget is \$550,000, which is \$50,000 increase over the prior year budget.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.5
2002/03	\$0.5	\$0.5
2001/02	-	-

Downtown Enhanced Municipal Services District Revenue represents the levy assessed on property owners within the City's downtown area. The adopted FY 2005/06 revenue budget of \$0 reflects the City Council's May 17, 2005 decision to eliminate the EMSD assessment.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	-	-
2004/05	\$0.7	\$0.5*
2003/04	\$0.7	\$0.5
2002/03	-	-
2001/02	-	-

Special District Fund Expenditures By District

The use of funds in the Special District Fund is noted below:

Street Light District the adopted FY 2005/06 expenditure budget equals the revenue budget of \$550,000 and will be used solely for contractual services.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.6	\$0.6*
2003/04	\$0.5	\$0.6
2002/03	\$0.5	\$0.5
2001/02	-	-

Downtown Enhanced Municipal Services District the adopted FY 2005/06 expenditure budget is \$40,000 and will be used solely for contractual services.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$40,000	\$40,000*
2004/05	\$0.7	\$0.6*
2003/04	\$0.7	\$0.5
2002/03	-	-
2001/02	-	-

Special Districts Fund Balance

Special Districts Fund balance of approximately \$0.8 million represents cash received from special district assessments and restricted for the specific uses for which the district was established. All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose.

Grant Fund

Fund Purpose

This fund receives and expends the City's federal, state, and local grant revenues. The amount of grants received is generally based upon application to granting agencies by the City and upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The City will only expend grant funds that have been appropriately awarded by the granting agency and accepted by City Council in a public meeting.

The City aggressively seeks grant funding to leverage City funds to address priority program and service needs. The major areas of the grant revenue budget are noted below:

Grant Fund Revenues by Grant Area

Community Development Block Grants (CDBG) and Section 8 Grants are awarded annually by the U.S. Department of Housing and Urban Development (HUD) upon application for funding by the City. These grant revenues may only be used for those projects specifically approved in the grant application and are subject to agency expenditure guidelines and audits. Staff estimates the CDBG and Section 8 budgets for FY 2005/06 are \$1.9 million and \$5.6 million, respectively, for a total of \$7.5 million.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$7.5	\$7.5*
2004/05	\$6.8	\$6.8*
2003/04	\$6.7	\$6.7
2002/03	\$5.4	\$5.7
2001/02	\$5.1	\$5.5

Home Grants are received from the Maricopa County Home Consortium and are to be used exclusively 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. Staff estimates the FY 2005/06 budget for Home Grants is at \$0.9 million.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.9	\$0.9*
2004/05	\$0.5	\$0.5*
2003/04	\$0.7	\$0.7
2002/03	\$0.3	-
2001/02	\$0.3	\$0.6

SPECIAL REVENUE FUNDS

Budget by Fund

Miscellaneous Federal & State Grants include grants for law enforcement and library projects. Staff estimates the FY 2005/06 budget totals \$15.0 million.

Miscellaneous Federal & State Grants Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$15.0	\$15.0*
2004/05	\$13.4	\$13.4*
2003/04	\$5.1	\$5.1
2002/03	\$4.7	\$1.3
2001/02	\$8.3	\$1.9

Grant Fund Expenditures By Grant

Information on Grant Fund expenditures is noted below:

Community Development Block Grants (CDBG) and Section 8 Grants are used for social and housing services for the elderly, disabled and low-income families. The FY 2005/06 adopted budget is \$7.5 million, reflecting an increase of \$0.7 million from the FY 2004/05 adopted budget.

CDBG and Section 8 Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$7.5	\$7.5*
2004/05	\$6.8	\$6.8*
2003/04	\$6.7	\$6.7
2002/03	\$5.4	\$5.9
2001/02	\$5.1	\$5.2

Home Grants budgeted expenditures are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. The FY 2005/06 adopted budget is \$0.9 million, reflecting a \$0.4 million increase from the FY 2004/05 adopted budget.

Home Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.9	\$0.9*
2004/05	\$0.5	\$0.5*
2003/04	\$0.7	\$0.7
2002/03	\$0.3	-
2001/02	\$0.3	\$0.6

SPECIAL REVENUE FUNDS

Budget by Fund

Miscellaneous Federal & State Grants are typically used for the purchase of equipment and services related to the Police, Community Services and Water Resources departments. The FY 2005/06 adopted budget of \$15.0 million reflects an increase of \$1.8 million from the FY 2004/05 adopted budget.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$15.0	\$15.0*
2004/05	\$13.2	\$13.2*
2003/04	\$5.1	\$5.1
2002/03	\$4.7	\$1.3
2001/02	\$8.3	\$1.9

Grant Fund Balance

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

Debt Service Fund

Debt Service Fund

Fund Purpose

This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds, with the exception of the General Fund. The General Fund includes Contracts Payable for contractual debt related to sales tax development agreements, which will vary based on the actual sales tax collections at each development site, and Certificates of Participation. The applicable specific revenues, expenditures, and fund balance of the Debt Service Fund are described below:

Debt Service Fund Revenues and Transfers-In

Property Tax (Secondary) represents the portion of the property tax that is restricted by Arizona State Statute to pay debt service. While the growth is unlimited, the City's use of this portion of the property tax is limited to solely pay debt service on voter approved general obligation bonds. The debt service for bonds already issued, plus estimated debt service for bonds to be issued within the budgeted fiscal year, is levied. Secondary property tax accounts for 52 percent of the total Debt Service resources. The FY 2005/06 revenue forecast of \$28.4 million represents an increase of about \$1.5 million or 5.7 percent from the FY 2004/05 year-end forecast of \$26.9 million.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$28.4	\$28.4*
2004/05	\$26.9	\$26.9*
2003/04	\$25.5	\$25.3
2002/03	\$22.8	\$22.4
2001/02	\$21.9	\$21.6

Special Assessment Revenue results from billings to the property owners within an Improvement District. Districts are formed when owners desire improvement to their property, such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. The FY 2005/06 revenue is estimated to be \$1.1 million, which is \$1.7 million less than the FY 2004/05 year-end estimate based on scheduled debt repayments. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the City. In addition, per adopted financial policy, the City's cumulative improvement district debt will not exceed 5.0 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.1	\$1.1*
2004/05	\$2.8	\$2.8*
2003/04	\$2.9	\$2.6
2002/03	\$2.6	\$2.3
2001/02	\$3.1	\$2.3

Maricopa County Stadium Districts (MCSD)

Contributions is derived from a \$2.50 surcharge on car rentals in Maricopa County. The revenue forecast for FY 2005/06 is more than \$0.1 million and will be used to pay the debt services payments associated with the San Francisco Giants professional baseball practice facility.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.1	\$0.1*
2004/05	-	-
2003/04	-	-
2002/03	-	-
2001/02	-	-

Arizona Sports and Tourism Authority (AZSTA)

Contributions represents the City's contribution from the state tourism sports authority that will be used to pay the debt service payments associated with the Cactus League. The revenue is derived from a 1.0 percent hotel room tax and a 3.25 percent car rental surcharge (net of the \$2.50 MCSD surcharge mentioned above). The FY 2005/06 revenue is estimated to be approximately \$0.3 million.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.3	\$0.3*
2004/05	-	-
2003/04	-	-
2002/03	-	-
2001/02	-	-

Spring Exhibition Surcharge represents the ticket surcharge assessed on San Francisco Giants spring training games held in Scottsdale. The surcharge is used to pay for capital projects and debt service related to professional baseball facilities. The FY 2005/06 revenue is estimated to be \$0.1 million

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.1	\$0.1*
2004/05	-	\$0.3*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Transfers-In is the authorized movement of cash or other resources from other funds, divisions, departments, and/or capital projects. The Preservation Privilege Tax Fund is expected to transfer over \$20.6 million for the payment of general obligation and revenue bond debt service. Transfers in from the General Fund for MPC debt service payments total more than \$4.3 million for FY 2005/06.

Debt Service Fund Expenditures By Debt Type

General Obligation (GO) / Preserve GO Bonds Debt Service totals \$42.2 million for FY 2005/06, which represents an increase of approximately \$5.0 million or 13.5 percent from the FY 2004/05 year-end estimate of \$37.2 million. The Preserve GO Bonds debt issuances are related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve GO debt is repaid by a dedicated .20 percent sales tax authorized by voters in 1995 and the .15 percent sales tax approved in May 2004. The increase in the debt service expenditure is attributable to the debt associated with land purchased with proceeds from the new tax.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$42.2	\$42.2*
2004/05	\$40.0	\$37.2*
2003/04	\$35.1	\$44.0
2002/03	\$32.4	\$31.4
2001/02	\$30.3	\$25.2

Special Assessment Debt Service totals \$1.1 million for FY 2005/06, which reflects a \$1.7 million decrease from the FY 2004/05 year-end estimate. The decrease is due to final bond payments made on two improvement districts in FY 2004/05. Special Assessment Bonds are issued for property owners desiring improvements to their property such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. The City's debt management policy requires that the full cash value of the property to debt ratio is a minimum of 3:1 prior to issuance of debt and at least 5:1 after construction of the improvements.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.1	\$1.1*
2004/05	\$2.8	\$2.8*
2003/04	\$2.9	\$2.8
2002/03	\$2.6	\$2.3
2001/02	\$3.1	\$2.6

Preserve Authority Revenue Bonds Debt Service obligations for FY 2005/06 total \$6.8 million the Preserve Revenue Authority Bonds represent prior debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. This debt is paid from the 1995 Preservation Transaction Privilege (Sales) Tax (.20%).

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$6.8	\$6.8*
2004/05	\$6.9	\$7.0*
2003/04	\$6.9	\$6.3
2002/03	\$6.9	\$6.9
2001/02	\$6.9	\$6.8

Municipal Property Corporation (MPC) Bonds are issued by the City of Scottsdale Municipal Property Corporation, a nonprofit corporation created by the City in 1967, solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. A Board of Directors appointed by the City Council governs the MPC. The debt incurred by the corporation is a City obligation and the repayment of debt is financed by pledged General Fund excise taxes. Commitments for FY 2005/06 total \$4.8 million, which represents a decrease of \$1.4 million from the FY 2004/05 forecast due to pay off of the 1993 Refunding Bonds.

MPC Bonds Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$4.8	\$4.8*
2004/05	\$7.6	\$6.2*
2003/04	\$7.4	\$6.4
2002/03	\$7.4	\$7.4
2001/02	\$10.3	\$10.3

Debt Service Fund Balance

The Debt Service Fund balance varies primarily due to the timing of debt issuances and related repayment schedule. The ending FY 2005/06 fund balance is forecast to be approximately \$8.9 million, which is about equal to the FY 2004/05 year-end estimate. Based upon favorable market conditions, the fund balance may be used to defease outstanding debt.

Enterprise Funds

Description

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

Water & Sewer Funds

Fund Purpose

This fund accounts for the activity related to the City's water and sewer business activity, including operating and debt service payments. Capital expenditures are accounted for in the Capital Improvement Plan fund (see Volume 3 for project detail).

Water & Sewer Funds Revenues and Transfers-In

Water Charges Revenue adopted budget for FY 2005/06 totals \$75.1 million, which reflects a \$4.0 million increase (5.6%) from the FY 2004/05 year-end estimate. Monthly water billings consist of a base charge according to meter size and a variable charge for the amount of water consumed. The FY 2005/06 budget includes a 3.5 percent water rate increase reflecting the capital and associated operating impacts of arsenic regulations enacted by the U.S. Environmental Protection Agency (EPA), as well as pending Disinfection By-Product regulations proposed by the EPA – both unfunded mandates. In addition to the rate increase, the City is planning to issue \$91.5 million in debt to meet the needs of the water enterprise fund that have been significantly impacted by the capital costs required to meet federal health and environmental regulations. Staff has assumed the projected growth in revenues is a combination of an increase in the water rate and growth from anticipated new customers, partially offset by an anticipated decrease in water consumption due to water conservation efforts.

Sewer Charges Revenue budget for FY 2005/06 totals \$28.3 million, which reflects a \$1.4 million increase (5.3%) from the FY 2004/05 year-end estimate. Residential customers are charged a fixed fee per month based upon their winter water consumption. Commercial users are also charged a fixed fee per month based upon their winter water consumption and type of business. Fees are studied annually to determine if they are covering the cost of providing this service. The FY 2005/06 budget includes a 4.0 percent increase in sewer rate revenues. The sewer rate increase includes the capital improvements and associated operating impacts at the Multi-City 91st Avenue Wastewater Treatment Plant to serve existing customers. The sewer rate increase is also impacted by Scottsdale's

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$75.1	\$75.1*
2004/05	\$71.8	\$71.1*
2003/04	\$71.4	\$70.0
2002/03	\$65.9	\$66.7
2001/02	\$62.5	\$65.1

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$28.3	\$28.3*
2004/05	\$26.1	\$26.9*
2003/04	\$25.9	\$25.1
2002/03	\$26.8	\$25.5
2001/02	\$26.5	\$24.3

proportionate share of the rehabilitation costs of the jointly owned Salt River Outfall sewage transmission pipeline, which transmits the City’s wastewater to the 91st Avenue Plant located in Phoenix. Staff has assumed the projected growth in revenues is a combination of an increase in the sewer rate and growth from anticipated new customers.

Overview of User Fees Revenue Policy

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

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

Effluent Sales Revenue budget for FY 2005/06 totals nearly \$0.6 million, which remains flat with the FY 2004/05 year-end estimate. Effluent sales relate to the sewage treated to irrigation standards at the City’s Water Campus for the 23 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System and the Gainey Ranch golf course effluent use from that regional wastewater plant. Both are contractual obligations to provide effluent water for irrigation uses and all costs for providing these services are recovered through rates charged for the use.

**Effluent Sales Revenue
Adopted Budget to Actual/Estimate*
(in millions)**

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.6	\$0.6*
2003/04	\$0.4	\$0.6
2002/03	\$0.3	\$0.5
2001/02	\$0.4	\$0.4

Interest Earnings budget for FY 2005/06 totals more than \$1.1 million, which reflects a \$0.2 million decrease from the FY 2004/05 year-end estimate. Interest earnings are generated on idle Water & Sewer Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers’ acceptances, repurchase agreements, money market funds, and the State of Arizona’s Local Government Investment Pool.

**Interest Earnings
Adopted Budget to Actual/Estimate*
(in millions)**

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.1	\$1.1*
2004/05	\$1.1	\$1.3*
2003/04	\$2.1	\$0.9
2002/03	\$2.3	\$0.5
2001/02	\$5.3	\$2.0

Miscellaneous Revenue budget for FY 2005/06 totals nearly \$2.1 million, which remains flat with the FY 2004/05 year-end estimate. Receipts from the Central Groundwater Treatment Facility Superfund site are the primary revenue contributor.

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$2.1	\$2.1*
2004/05	\$1.3	\$2.1*
2003/04	\$1.2	\$0.9
2002/03	\$3.9	\$7.1
2001/02	\$3.8	\$3.3

Transfers-In budget for FY 2005/06 totals \$6.9 million, which remains flat with the FY 2004/05 year-end estimate. Transfers-in is the authorized movement of cash or other resources from other funds, divisions, departments, and/or capital projects.

Water & Sewer Fund Expenditures By Expenditure Type

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

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The FY 2005/06 adopted budget of \$12.8 million represents 17.8 percent of the total Water & Sewer operating budget and reflects an increase of \$1.5 million from the FY 2004/05 adopted budget. Major personal services cost drivers in the budget include increased retirement system costs, a 3.5 percent cost of living adjustment, additional staffing for new facilities, and increased maintenance efforts and water quality testing. Budget includes approximately \$0.4 million for 8.00 FTE for citizen services and community growth needs pertaining to water quality and resources, and approximately \$0.3 million for 7.00 FTE for community facilities needs related to water treatment plants.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$12.8	\$12.8*
2004/05	\$11.3	\$11.3*
2003/04	\$10.6	\$7.7
2002/03	\$9.9	\$9.7
2001/02	\$9.9	\$9.6

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The FY 2005/06 adopted budget of \$22.6 million represents 31.5 percent of the total Water & Sewer operating budget and reflects an increase of \$2.5 million from the FY 2004/05 adopted budget, primarily due to the operation and maintenance of new treatment facilities.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$22.6	\$22.6*
2004/05	\$20.1	\$20.1*
2003/04	\$18.9	\$17.4
2002/03	\$17.9	\$16.6
2001/02	\$19.5	\$18.4

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The FY 2005/06 adopted budget of \$13.2 million represents 18.3 percent of the total Water & Sewer operating budget and reflects a slight decrease of \$0.3 million from the FY 2004/05 adopted budget related to the discontinuance of water purchases from the City of Phoenix, partially offset by increases in water treatment chemicals and maintenance supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$13.2	\$13.2*
2004/05	\$13.5	\$13.5*
2003/04	\$12.8	\$10.1
2002/03	\$13.6	\$12.3
2001/02	\$14.5	\$11.8

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The FY 2005/06 adopted budget of \$0.1 million represents 0.2 percent of the total Water & Sewer operating budget and remains flat with the FY 2004/05 adopted budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.1	\$0.1*
2004/05	\$0.1	\$0.1*
2003/04	-	\$0.1
2002/03	-	\$0.1
2001/02	\$0.2	\$0.2

Debt Service represents the repayment of general obligation, revenue and MPC bonds along with the applicable annual fiscal agent fees. The FY 2005/06 adopted budget of \$23.1 million represents 32.2 percent of the total Water & Sewer operating budget and reflects an increase of \$3.8 million from the FY 2004/05 adopted budget. FY 2005/06 General Obligation Bond debt service increased \$1.5 million from the FY 2004/05 adopted budget; Revenue Bond debt service remained relatively unchanged; FY 2005/06 MPC bonds debt service increased \$2.3 million from the FY 2004/05 adopted budget.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$23.1	\$23.1*
2004/05	\$19.3	\$19.9*
2003/04	\$14.0	\$19.7
2002/03	\$15.9	\$11.4
2001/02	\$13.0	\$14.5

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The FY 2005/06 adopted budget of \$37.6 million represents a decrease of \$4.6 million over the prior year budget. The decrease is primarily attributable to a reduction in the capital fund transfer.

See glossary for
Expenditure Type definitions.

Water & Sewer Fund Balance/Reserves

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

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

Operating Reserve of \$14.8 million is projected for the end of FY 2005/06. This reserve is intended to ensure adequate funding for operations for a period of 90 days.

Repair/Replacement Reserve of \$21.2 million is projected for the end of FY 2005/06. 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 Water Revenue Bonds. The reserve is required to be at least 2.0 percent of the revenues received during the year, or until the reserve equals 2.0 percent of the value of total tangible assets. The reserve may be used from time to time for replacement or extension of the assets.

Solid Waste Fund

Fund Purpose

This fund accounts for the transactions related to the City's solid waste and recycling business activity, including operating and debt service payments. Capital expenditures are accounted for in the Capital Improvement Plan fund (see Volume 3 for project detail).

Solid Waste Fund Revenues

Refuse Collection Charges budget for FY 2005/06 totals \$17.1 million, which reflects a \$0.4 million increase (2.0%) from the FY 2004/05 year-end estimate. There is no rate increase in FY 2005/06 for residential and commercial Solid Waste customers. Solid Waste Charges are billed monthly for the pickup of solid waste. Residential customers are charged a flat fee per month, while commercial customers are charged based upon the size of the container and the number of pickups per month. In addition, the City also provides roll-off, uncontained service, recycling programs, and household hazardous waste collection. Staff projects a nominal increase in revenues, which is attributable to projected growth from anticipated new customers. Staff prepared the revenue forecast assuming no rate increase in the FY 2005/06 budget.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$17.1	\$17.1*
2004/05	\$16.7	\$16.7*
2003/04	\$16.2	\$16.4
2002/03	\$16.1	\$16.3
2001/02	\$16.2	\$15.8

Interest Earnings budget of less than \$0.1 million for FY 2005/06 remains flat with FY 2004/05 year-end estimates. Interest Earnings are generated on idle Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$64,600	\$64,600*
2004/05	\$40,500	\$100,000*
2003/04	\$48,700	\$97,300
2002/03	\$44,000	\$41,900
2001/02	\$35,000	\$55,200

Solid Waste Fund Expenditures By Expenditure Type

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

**See glossary for
Expenditure Type definitions.**

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The FY 2005/06 adopted budget of \$4.7 million represents 29.9 percent of the total Solid Waste Fund budget and reflects an increase of \$0.4 million, or 8.0 percent from the FY 2004/05 adopted budget. Major personal services cost drivers in the budget include increases in retirement system costs, a 3.5 percent cost of living adjustment, and increased staffing due to growing service level demands for increased customer base. Budget includes approximately \$61,000 for 3.00 FTE for citizen services and community growth pertaining to solid waste residential and brush collection, and approximately \$29,000 for 1.00 FTE for revitalization efforts.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$4.7	\$4.7*
2004/05	\$4.3	\$4.3*
2003/04	\$4.2	\$3.0
2002/03	\$3.9	\$4.0
2001/02	\$3.8	\$3.7

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The FY 2005/06 adopted budget of \$8.9 million represents 56.4 percent of the total Solid Waste Fund budget and reflects an increase of \$0.6 million or 7.0 percent from the FY 2004/05 adopted budget due, in part, to increased costs related to fleet maintenance and operations.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$8.9	\$8.9*
2004/05	\$8.3	\$8.3*
2003/04	\$8.2	\$8.2
2002/03	\$8.0	\$7.7
2001/02	\$7.9	\$7.6

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The FY 2005/06 adopted budget of \$0.3 million represents 2.1 percent of the total Solid Waste Fund budget and remains relatively flat with the FY 2004/05 adopted budget.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.3	\$0.3*
2004/05	\$0.3	\$0.3*
2003/04	\$0.3	\$0.3
2002/03	\$0.4	\$0.3
2001/02	\$0.6	\$0.4

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The FY 2005/06 adopted budget of \$0.3 million represents 2.1 percent of the total Solid Waste Fund budget and reflects an increase of \$0.2 million from the FY 2004/05 adopted budget, related to vehicle needs for additional staffing.

Capital Outlay Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$335,000	\$335,000*
2004/05	\$70,000	\$70,000*
2003/04	-	\$14,000
2002/03	\$231,500	\$7,500
2001/02	\$23,700	\$12,700

Debt Service represents the repayment of MPC bonds along with the applicable annual fiscal agent fees. The FY 2005/06 adopted budget of \$1.5 million represents 9.5 percent of the total Solid Waste Fund budget and reflects an increase of \$1.2 million from the FY 2004/05 adopted budget for the early retirement of outstanding debt.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$1.5	\$1.5*
2004/05	\$0.3	\$0.2*
2003/04	\$0.3	\$0.3
2002/03	\$0.3	\$0.3
2001/02	\$0.3	\$0.3

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The FY 2005/06 adopted budget of \$2.8 million is an increase of \$0.3 million from the FY 2004/05 adopted budget, related to increases in general overhead rate and transfers out to the Transportation fund for alley maintenance and the Capital Improvement Plan fund.

Solid Waste Fund Balance

Operating Reserve of \$4.0 million is projected for the end of FY 2005/06. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies and the probability of significant future increases in landfill costs.

See glossary for Expenditure Type definitions.

Aviation Fund

Fund Purpose

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

Aviation Fund Revenues

Aviation Fees and Charges are for a variety of services provided to airport customers including tie down fees, hangar rentals, fuel sales, and other rental charges. The FY 2005/06 budget of \$3.1 million remains flat with the FY 2004/05 year-end estimate. Staff prepared the revenue forecast assuming no rate increase in the FY 2005/06 budget.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$3.1	\$3.1*
2004/05	\$2.9	\$3.1*
2003/04	\$2.9	\$2.8
2002/03	\$2.4	\$2.4
2001/02	\$1.5	\$1.7

Interest Earnings budget for FY 2005/06 totals \$26,511, which is up from the FY 2004/05 year-end estimate of \$20,276. Interest Earnings are generated on idle Aviation Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield.

Transfers-In budget of \$0.1 million is related to jet fuel tax collected and receipted in the General Fund and transferred to reimburse the Aviation Fund. This is strictly a tax receipt process and is not a General Fund subsidy to the Aviation Fund. There is also a transfer-in of \$0.4 million from the Water fund for an easement required for a water treatment facility to be operated on airport land.

Aviation Fund Expenditures By Expenditure Type

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

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The FY 2005/06 adopted budget of \$0.9 million represents 56.8 percent of the total Aviation fund operating budget and reflects an increase of \$0.1 million from the FY 2004/05 adopted budget. The major personal services cost drivers in the budget include increases in retirement system costs, a 3.5 percent cost of living adjustment, and minimal staffing level increases from part-time to full-time. Budget includes conversion of two part-time positions to full-time to address citizen services and community growth related to airport operation needs.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.9	\$0.9*
2004/05	\$0.8	\$0.8*
2003/04	\$0.7	\$0.6
2002/03	\$0.7	\$0.7
2001/02	\$0.6	\$0.6

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The FY 2005/06 adopted budget of \$0.6 million represents 39.1 percent of the total Aviation fund operating budget and remains flat with the FY 2004/05 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6
2004/05	\$0.6	\$0.6*
2003/04	\$0.5	\$0.5
2002/03	\$0.5	\$0.6
2001/02	\$0.5	\$0.5

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The FY 2005/06 adopted budget of \$0.1 million represents 4.1 percent of the total Aviation fund operating budget, and remains flat with the FY 2004/05 adopted budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$63,600	\$63,600*
2004/05	\$61,500	\$61,500*
2003/04	\$61,700	\$35,900*
2002/03	\$64,700	\$31,200
2001/02	\$50,800	\$77,100

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The FY 2005/06 adopted budget for capital outlay is zero.

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The FY 2005/06 adopted budget of \$2.1 million reflects a \$0.7 million increase from FY 2004/05, resulting mostly from transfers out to the Capital Improvement Plan fund for aviation projects.

Aviation Fund Balance

Operating Reserve of \$0.6 million is projected for the end of FY 2005/06. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies, provide for potential grant matches, and to ensure that General Fund subsidies are avoided.

Repair and Replacement Reserve of \$0.5 million is projected for the end of FY 2005/06. The intent of the reserve is to ensure adequate funding for emergency repair and replacement.

Unreserved Fund Balance for FY 2005/06 is projected to be zero at the end of the fiscal year. The unreserved balance represents the net financial resources that are expendable or available for budgeting.

Internal Service Funds

Description

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

Fleet Management Fund

Fund Purpose

This fund is used to account for the expenditures associated with purchasing and maintaining the City's vehicles. Replacement and operation of vehicles are charged to the City departments as internal operating costs to each program based on the quantity and type of vehicle used. The department charges become revenue to the Fleet Management Fund.

Fleet Management Fund Revenues and Transfers-In

Fleet Rates (Vehicle Acquisition and Maintenance & Operation) represent approximately 95.5% of the fund's operating resources. The rates are represent internal "rental" charges to programs sufficient for the acquisition/ replacement, maintenance, and operation of City vehicles. The adopted rates budget for FY 2005/06 totals nearly \$12.1 million for an increase of approximately \$0.6 million over the FY 2004/05 year-end estimate. This is primarily attributed to the added cost to replace, maintain, and operate new vehicles added in FY 2005/06 and late FY 2004/05.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$12.1	\$12.1*
2004/05	\$11.5	\$11.5*
2003/04	\$11.1	\$11.2
2002/03	\$10.5	\$10.5
2001/02	\$10.9	\$10.7

Miscellaneous Revenue comes from the liquidation of surplus property. The FY 2005/06 budget is slightly under \$0.2 million, which is on par with the FY 2004/05 year-end estimate.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.2	\$0.2*
2004/05	\$0.2	\$0.2*
2003/04	\$0.3	\$0.1
2002/03	\$0.3	\$0.2
2001/02	-	\$0.5

Interest Earnings Interest earnings are generated on idle Fleet Management Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield. The adopted FY 2005/06 budget totals approximately \$0.4 million, which is slightly more than a \$0.1 million increase from the FY 2004/05 year-end estimate.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.4	\$0.4*
2004/05	\$0.4	\$0.3*
2003/04	\$0.2	\$0.2
2002/03	\$0.3	\$0.3
2001/02	\$0.7	\$0.5

**Fleet Management Fund Expenditures
By Expenditure Type**

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

Personal Services include the salaries and wages paid to employees, plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. The adopted budget equals \$3.0 million and represents 25.3% of the Fleet Management Fund total operating budget for FY 2005/06. The adopted FY 2005/06 personal services budget increased under \$0.4 million from the FY 2004/05 budget. Major personal services cost drivers in the budget include increases in retirement system costs and a 3.5% salary market adjustment. The budget includes 6.0 new full time positions with staggered hire dates starting in October 2005 (1 Equipment Maintenance Crew Chief) and from February through June 2006 (5 Equipment Mechanic II). The fiscal impact in of the new positions in FY 2005/06 is approximately \$107,000.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$3.0	\$3.0*
2004/05	\$2.6	\$2.6*
2003/04	\$2.5	\$1.9
2002/03	\$2.6	\$2.3
2001/02	\$2.6	\$2.4

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted budget of nearly \$0.9 million represents 7.2% of the Fleet Management Fund total operating budget for FY 2005/06. The adopted FY 2005/06 contractual services budget increased approximately \$0.2 million from the FY 2004/05 adopted budget, which is attributable to growth in the number of vehicle in the fleet.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.9	\$0.9*
2004/05	\$0.7	\$0.7*
2003/04	\$0.7	\$0.9
2002/03	\$0.7	\$0.7
2001/02	\$0.7	\$0.7

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The budget of \$4.6 million represents 38.6% of the Fleet Management Fund total operating budget for FY 2005/06. The adopted FY 2005/06 commodities services budget increased \$1.1 million from the FY 2004/05 adopted budget related to increased prices for gas, as well as petroleum-based products and supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$4.6	\$4.6*
2004/05	\$3.5	\$3.5*
2003/04	\$3.2	\$3.3
2002/03	\$3.3	\$3.5
2001/02	\$3.5	\$3.0

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The capital outlay budget of \$3.4 million represents 28.8% of the Fleet Management Fund total operating budget for FY 2005/06. The adopted FY 2005/06 capital outlay budget decreased approximately \$0.1 million from the FY 2003/04 adopted budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$3.4	\$3.4*
2004/05	\$3.6	\$3.6*
2003/04	\$3.5	\$2.1
2002/03	\$5.4	\$3.9
2001/02	\$4.8	\$4.6

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. Transfers-out of slightly more than \$0.2 million are planned to cover the cost of fleet related capital projects.

Fleet Management Fund Balance

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

The ending FY 2005/06 fund balance is projected to be approximately \$10.2 million, which is nearly a \$0.5 million increase above the FY 2004/05 year-end estimate.

See glossary for Expenditure Type definitions.

Self-Insurance Fund

Fund Purpose

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

Self-Insurance Fund Revenues and Transfers-In

Property Casualty Revenues are derived from internal charges to other City funds for property and liability insurance. These charges are comprised of a self-insurance charge covering general and auto liability/ physical damages, workers' compensation, unemployment taxes, and property charges. The adopted revenue budget of slightly more than \$5.3 million represents approximately 25.0 % of the Self-Insurance Fund total operating resources for FY 2005/06.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$5.3	\$5.3*
2004/05	\$4.8	\$4.8*
2003/04	\$4.1	\$5.1
2002/03	\$4.3	\$4.1
2001/02	\$4.7	\$4.7

Short Term Disability Revenues represents the resources collected solely from employees participating in the City's short term disability plan – no City (i.e., employer) contributions are made for short term disability coverage. The adopted revenue budget for FY 2005/06 is \$140,000.

Group Health Care Revenues are comprised of employer and employee contributions toward the City self-insured medical and dental plans. The adopted revenue budget of \$16.1 million represents approximately 75.0 % of the Self-Insurance Fund total operating resources for FY 2005/06.

Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$16.1	\$16.1*
2004/05	\$13.4	\$13.4*
2003/04	-	-
2002/03	-	-
2001/02	-	-

Self-Insurance Fund Expenditures By Expenditure Type

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

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The adopted budget of \$0.6 million represents 11.4% of the FY 2005/06 Self-Insurance Fund total budget. The adopted FY 2005/06 personal services budget increased 3.0% from the FY 2003/04 adopted budget. Major personal services cost drivers in the budget include increases in retirement system costs and a 3.5% salary market adjustment. The personal services budget includes the conversion of one part time contract worker to a full time City employee.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$0.6	\$0.6*
2004/05	\$0.5	\$0.5*
2003/04	\$0.5	\$0.4
2002/03	\$0.5	\$0.5
2001/02	\$0.5	\$0.5

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The budget of \$4.7 million represents 88.0% of the FY 20045/06 Self-Insurance Fund total budget. The adopted FY 2005/06 contractual services budget remains flat with the FY 2004/05 adopted budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$4.7	\$4.7*
2004/05	\$4.7	\$4.7*
2003/04	\$4.7	\$6.0
2002/03	\$4.6	\$4.3
2001/02	\$3.9	\$5.2

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The budget of \$28,400 represents less than 1.0% of the FY 2005/06 Self-Insurance Fund total budget. The adopted FY 2005/06 commodities budget remains flat with the FY 2004/05 adopted budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2005/06	\$28,400	\$28,400*
2004/05	\$42,500	\$42,500*
2003/04	\$0.1M	\$0.1M
2002/03	\$0.2M	\$0.1M
2001/02	\$0.1M	\$0.1M

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. Transfers-out \$10,400 are planned to cover the cost of capital projects.

Self-Insurance Fund Balance

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

The ending FY 2005/06 fund balance is projected to be nearly \$20.8 million, which is a decrease of \$0.6 million from the FY 2004/05 year-end estimate.

See glossary for Expenditure Type definitions.

Trust Funds

Description

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

Mayor's Committee for Employment of the Handicapped

Fund Purpose

Used to account for proceeds for programs and activities to promote employment of handicapped individuals. The FY 2005/06 adopted budget for this trust fund is \$10,000 and will be used to pay for contractual services.

Scottsdale Memorial Hospital Redevelopment

Fund Purpose

Used to account for expenditures related to the development of the Scottsdale Memorial Hospital area. The FY 2005/06 adopted budget of \$18,677 assumes no new revenues during the fiscal year and trust will be closed out by June 30, 2006. The expenditures from this trust fund will be for capital outlays.

Trust Fund Balance

All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding for the intended purpose.

Alphabetical Program Operating Budget Index by Department/Program

The following matrix provides a summary of the total adopted FY 2005/06 Program Operating Budget by department and highlights each department's specific programs. The matrix includes the source(s) of funding for each program by governmental fund accounting type plus it includes the applicable number of full-time equivalent employees (FTE's) by program and department. Further details on an individual program can be found in Volume Two of the adopted FY 2005/06 budget.

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
GENERAL GOVERNMENT						
CITY CABLE	4.00	315,690	-	-	-	315,690
CITY CLERK	8.50	739,606	-	-	-	739,606
CITY MANAGER	8.00	642,302	-	-	-	642,302
CIVIL DIVISION	25.50	2,949,950	-	-	-	2,949,950
COMMUNICATIONS & PUBLIC AFFAIRS	10.65	1,272,184	-	-	-	1,272,184
COURT	65.08	4,918,721	2,094,668	-	-	7,013,389
ELECTIONS	0.00	401,023	-	-	-	401,023
ENVIRONMENTAL PLANNING SERVICES	1.00	213,094	-	-	-	213,094
INTERNAL AUDIT PROGRAM	8.00	739,892	-	-	-	739,892
LEGISLATIVE & CONSTITUENT/GOV RELATIONS	17.72	1,560,823	-	-	-	1,560,823
PRESERVATION	5.00	653,913	10,000	-	-	663,913
PROSECUTION	30.00	2,373,499	-	-	-	2,373,499
THE DOWNTOWN GROUP	7.00	4,220,341	970,000	-	-	5,190,341
VICTIM SERVICES	7.50	469,014	-	-	-	469,014
WESTWORLD OPERATIONS	19.00	2,595,675	-	-	-	2,595,675
	216.95	24,065,727	3,074,668	-	-	27,140,395
POLICE DEPARTMENT						
AUTO THEFT INVESTIGATIONS	8.00	795,659	-	-	-	795,659
BICYCLE PATROL	11.00	1,057,838	-	-	-	1,057,838
BURGLARY & THEFT INVESTIGATIONS	9.00	1,022,603	-	-	-	1,022,603
CANINE SERVICES	6.00	756,698	-	-	-	756,698
COMMUNICATIONS	56.00	3,665,431	-	-	-	3,665,431
COMPUTER CRIME INVESTIGATIONS	7.00	595,512	-	-	-	595,512
CRIME ANALYSIS	5.00	306,789	-	-	-	306,789
CRIME LABORATORY	17.00	1,383,669	473,823	-	-	1,857,492
CRIME PREVENTION	3.00	268,378	-	-	-	268,378
CRIME SCENE PROCESSING	9.00	622,251	-	-	-	622,251
CRIMINAL INTELLIGENCE	11.00	944,146	-	-	-	944,146
DETENTION	36.00	3,318,615	-	-	-	3,318,615
DOMESTIC VIOLENCE INVESTIGATIONS	6.00	599,457	-	-	-	599,457
DRUG ENFORCEMENT	9.00	1,529,566	423,344	-	-	1,952,910
DRUG INTERDICTION	8.00	778,366	-	-	-	778,366
EVENT TRAFFIC CONTROL	0.00	323,246	-	-	-	323,246
FALSE ALARM REDUCTION PROGRAM	1.00	64,802	-	-	-	64,802

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM

Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
FRAUD INVESTIGATIONS	10.00	1,005,864	-	-	-	1,005,864
INTERNAL AFFAIRS	3.00	367,445	-	-	-	367,445
MOUNTED PATROL	7.10	583,182	18,100	-	-	601,282
MUNICIPAL SECURITY	2.00	1,378,808	-	-	-	1,378,808
OFFICE OF THE CHIEF	11.00	1,606,818	15,000	-	-	1,621,818
PARK & PRESERVE PATROL	7.00	535,700	-	-	-	535,700
PATROL PROBLEM SOLVING SURVEILLANCE TEAM	6.00	644,165	-	-	-	644,165
PATROL SERVICES	246.00	23,097,018	-	-	-	23,097,018
PHOTO ENFORCEMENT	1.00	2,004,111	-	-	-	2,004,111
PLANNING, RESEARCH AND ACCREDITATION	5.00	389,702	-	-	-	389,702
POLICE CRISIS INTERVENTION	6.00	617,732	-	-	-	617,732
POLICE FACILITIES	2.00	207,913	-	-	-	207,913
POLICE RECORDS	35.00	1,872,653	-	-	-	1,872,653
POLICE SUPPLY & EQUIPMENT	8.00	1,675,679	-	-	-	1,675,679
PROPERTY AND EVIDENCE	7.00	396,514	-	-	-	396,514
RECRUITING & PERSONNEL	8.00	701,524	-	-	-	701,524
REPEAT OFFENDER PROGRAM	9.00	773,385	-	-	-	773,385
SCHOOL RESOURCE SERVICES	16.00	1,340,886	6,400	-	-	1,347,286
SEX CRIMES INVESTIGATIONS	11.00	1,049,267	4,500	-	-	1,053,767
SPECIAL EVENT/OFF DUTY COORDINATION	2.00	173,435	-	-	-	173,435
SURVEILLANCE/SWAT	7.00	861,547	-	-	-	861,547
TECHNOLOGY	7.00	1,737,832	-	-	-	1,737,832
TELEPHONE REPORTING SERVICES	5.00	287,577	-	-	-	287,577
TRAFFIC ENFORCEMENT	30.00	3,310,792	-	-	-	3,310,792
TRAINING	10.00	1,286,314	-	-	-	1,286,314
VIOLENT CRIMES INVESTIGATIONS	13.00	1,464,519	-	-	-	1,464,519
676.10		67,403,408	941,167	-	-	68,344,575
FINANCIAL SERVICES						
ACCOUNTING	12.00	1,667,113	-	-	-	1,667,113
ACCOUNTS PAYABLE & PAYROLL	14.50	1,037,788	-	-	-	1,037,788
BUDGET	7.00	662,451	-	-	-	662,451
COPY CENTER	0.00	(95,325)	-	-	-	(95,325)
FINANCIAL PLANNING & ADMINISTRATION	4.00	525,353	-	-	-	525,353
GRAPHICS	4.00	81,328	-	-	-	81,328
MAIL	5.00	783,771	-	-	-	783,771
METER READING	16.00	-	-	1,065,659	-	1,065,659
PURCHASING	15.00	1,164,463	-	-	-	1,164,463
REMITTANCE PROCESSING	14.00	541,690	-	541,688	-	1,083,378
REVENUE RECOVERY	12.50	425,691	-	425,751	-	851,442
RISK MANAGEMENT	8.00	-	-	-	22,102,311	22,102,311
STORES/WAREHOUSE OPERATIONS	5.00	345,894	-	-	-	345,894
TAX & LICENSE	13.00	796,303	-	-	-	796,303
TAX AUDIT	8.00	627,671	-	-	-	627,671
UTILITY BILLING	10.00	-	-	975,869	-	975,869
148.00		8,564,191	-	3,008,967	22,102,311	33,675,469

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM

Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
TRANSPORTATION DEPARTMENT						
AVIATION	13.00	-	-	1,563,624	-	1,563,624
INTELLIGENT TRANSPORTATION SYSTEMS	4.00	-	607,943	-	-	607,943
TRAFFIC ENGINEERING	9.00	-	1,228,223	-	-	1,228,223
TRANSIT	5.00	-	10,339,130	-	-	10,339,130
TRANSPORTATION ADMINISTRATION	4.00	-	484,949	-	-	484,949
TRANSPORTATION MASTER PLANNING	5.00	-	425,135	-	-	425,135
	40.00	-	13,085,380	1,563,624	-	14,649,004
COMMUNITY SERVICES						
ADAPTED RECREATION SERVICES	6.88	325,909	-	-	-	325,909
AQUATICS	51.89	1,390,973	-	-	-	1,390,973
BRANCH LIBRARIES	56.58	2,829,898	-	-	-	2,829,898
COMMUNITY RECREATION SERVICES & FACILITIES	51.45	2,009,380	1,487,130	-	-	3,496,510
COMMUNITY SERVICES PLANNING AND ADMIN	4.00	648,349	349,411	-	-	997,760
CONSTRUCTION SERVICES	10.00	954,788	-	-	-	954,788
CONTRACT ADMINISTRATION	7.00	2,466,760	-	-	-	2,466,760
DOWNTOWN MAINTENANCE PROGRAM	5.00	639,281	-	-	-	639,281
FACILITIES MAINTENANCE	36.00	9,997,566	-	-	-	9,997,566
FACILITIES MGMT PLANNING & ADMIN	6.55	633,419	-	-	-	633,419
GROUNDS AND LANDSCAPE MAINTENANCE	72.00	5,870,017	-	-	-	5,870,017
HOUSING ASSISTANCE AND CDBG PROGRAMS	13.75	341,906	200,000	-	-	541,906
HUMAN SERVICES PLANNING & ADMIN.	4.00	413,253	-	-	-	413,253
LEISURE EDUCATION PROGRAMS	6.12	874,281	-	-	-	874,281
LIBRARY OPERATIONS	24.50	3,425,499	236,350	-	-	3,661,849
LIBRARY PLANNING AND ADMINISTRATION	3.00	334,681	-	-	-	334,681
MAIN LIBRARY	43.97	2,250,484	-	-	-	2,250,484
MEDIANS AND RIGHT-OF-WAY	11.50	1,758,345	-	-	-	1,758,345
PARKS & GROUNDS MGMT-PLANNING & ADMIN	4.00	451,824	-	-	-	451,824
PARKS & RECREATION PLANNING & ADMIN	5.44	624,615	-	-	-	624,615
PROFESSIONAL BASEBALL	9.75	871,564	-	-	-	871,564
SENIOR CITIZEN SERVICES	27.82	1,866,813	16,588	-	-	1,883,401
SOCIAL SERVICES ASSISTANCE AND REFERRAL	33.45	2,597,190	245,000	-	-	2,842,190
SPORTS & FITNESS PROGRAMS	33.16	2,198,806	-	-	-	2,198,806
TRAILS & EQUESTRIAN FACILITIES	3.20	197,425	-	-	-	197,425
YOUTH ACTIVITIES & AFTER SCHOOL PROGRAMS	26.41	1,680,325	220,000	-	-	1,900,325
	557.42	47,653,351	2,754,479	-	-	50,407,830

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM

Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
INFORMATION SYSTEMS						
APPL. DEV. INTEGRATION MGMT & SUPPORT	12.00	1,428,923	-	-	-	1,428,923
APPLICATION SUPPORT	7.00	736,665	-	-	-	736,665
GIS DATA SERVICES	10.00	1,109,715	-	-	-	1,109,715
HELP DESK/DESKTOP TECHNICAL SUPPORT	11.00	801,376	-	-	-	801,376
INFORMATION SYSTEMS ADMINISTRATION	5.81	563,998	-	-	-	563,998
NETWORK OPERATIONS	30.00	4,105,300	-	-	-	4,105,300
PROJECT OFFICE	5.00	495,678	-	-	-	495,678
	80.81	9,241,654	-	-	-	9,241,654
FIRE DEPARTMENT						
EMERGENCY MANAGEMENT	2.00	220,917	-	-	-	220,917
FIRE ADMINISTRATION	5.00	904,875	-	-	-	904,875
FIRE EMERGENCY SERVICES	226.00	22,017,956	-	-	-	22,017,956
FIRE SUPPORT SERVICES	27.00	3,504,907	1,200	-	-	3,506,107
	260.00	26,648,655	1,200	-	-	26,649,855
WATER RESOURCES						
ADVANCED WATER TREATMENT PLANT	-	-	-	1,623,665	-	1,623,665
CAP TREATMENT PLANT	-	-	-	8,370,276	-	8,370,276
CENTRAL GWTF	-	-	-	853,516	-	853,516
CHAPARRAL WATER TREATMENT PLANT	-	-	-	920,528	-	920,528
GAINNEY WASTEWATER RECLAMATION PLANT	-	-	-	383,148	-	383,148
INDUSTRIAL PRETREATMENT	2.00	-	-	183,059	-	183,059
INLET GOLF COURSE IRRIGATION	-	-	-	50,787	-	50,787
IRRIGATION WATER DISTRIBUTION SYS	1.00	-	-	1,240,654	-	1,240,654
PLANET RANCH WATER RIGHTS	1.00	-	-	232,377	-	232,377
PUMP BACK SYSTEM	4.00	-	-	1,693,730	-	1,693,730
RWDS ADMINISTRATION	-	-	-	2,006,857	-	2,006,857
SOUTHERN NEIGHBORHOODS WATER SYSTEM	-	-	-	2,849,487	-	2,849,487
TREATMENT PLANT STAFFING	43.50	-	-	1,859,850	-	1,859,850
WASTEWATER COLLECTION	-	-	-	805,503	-	805,503
WASTEWATER MAINTENANCE	-	-	-	374,117	-	374,117
WATER & WASTEWATER ENGINEERING	5.00	-	-	459,791	-	459,791
WATER & WASTEWATER OPERATIONS ADMIN	9.00	-	-	937,426	-	937,426
WATER CAMPUS WASTEWTR RECLAMATION PLANT	-	-	-	6,823,965	-	6,823,965
WATER CONSERVATION	4.00	-	-	930,038	-	930,038
WATER DISTRIBUTION	35.00	-	-	3,921,464	-	3,921,464
WATER PRODUCTION	20.00	-	-	6,176,682	-	6,176,682
WATER RESOURCES ADMINISTRATION	11.00	-	-	1,551,727	-	1,551,727
WATER/WASTEWATER QUALITY	17.00	-	-	1,968,102	-	1,968,102
WEST WORLD GOLF RECHARGE	-	-	-	137,257	-	137,257
	152.50	-	-	46,354,006	-	46,354,006

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM

Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
MUNICIPAL SERVICES						
ALLEY MAINTENANCE	6.00	-	585,496	-	-	585,496
ASSET MANAGEMENT	2.00	212,307	-	-	-	212,307
CAPITAL PROJECT MANAGEMENT	33.75	-	-	-	-	-
COMMERCIAL REFUSE COLLECTION	10.00	-	-	2,560,884	-	2,560,884
CONTAINER REPAIR PROGRAM	2.00	-	-	389,745	-	389,745
EMERGENCY RESPONSE TEAM	0.00	-	58,217	-	-	58,217
FIELD SERVICES ADMINISTRATION	2.00	-	268,881	-	-	268,881
FLEET MAINTENANCE & OPERATIONS	40.00	-	-	-	5,040,004	5,040,004
FLEET MANAGEMENT ADMINISTRATION	4.00	-	-	-	531,899	531,899
FLEET PARTS SUPPLY	6.00	-	-	-	386,513	386,513
FUEL	0.00	-	-	-	2,471,045	2,471,045
HOUSEHOLD HAZARDOUS WASTE	0.00	-	-	206,287	-	206,287
MUNICIPAL SERVICES ADMINISTRATION	3.00	383,956	-	-	-	383,956
RESIDENTIAL REFUSE COLLECTION	63.25	-	-	9,692,561	-	9,692,561
SOLID WASTE MANAGEMENT ADMIN SVCS	5.00	-	-	480,173	-	480,173
STORMWATER MANAGEMENT	4.00	-	-	-	-	-
STREET CLEANING	10.00	-	966,643	-	-	966,643
STREET LIGHT MAINTENANCE	0.00	-	726,223	-	-	726,223
STREET OVERLAYS AND MAINTENANCE	8.00	-	5,656,762	-	-	5,656,762
STREET SIGNS AND MARKINGS	9.00	-	1,036,898	-	-	1,036,898
TRAFFIC SIGNALS	14.00	-	1,618,125	-	-	1,618,125
TRANSFER STATION OPERATIONS	3.00	-	-	277,120	-	277,120
UNPAVED ROADS AND DRAINAGE SYSTEM MAINT	10.00	-	1,449,123	-	-	1,449,123
VEHICLE ACQUISITION	0.00	-	-	-	3,408,971	3,408,971
	235.00	596,263	12,366,368	13,606,770	11,838,432	38,407,833
CITIZEN & NEIGHBORHOOD RESOURCES						
CITIZEN & NEIGHBORHOOD ADMIN	4.00	471,945	-	-	-	471,945
CODE ENFORCEMENT	18.00	1,370,195	15,172	-	-	1,385,367
CUSTOMER SERVICE & COMMUNICATIONS	7.00	655,105	-	-	-	655,105
HOUSING REHABILITATION & ADA	2.00	83,671	-	-	-	83,671
INFORMATION RESOURCES	6.00	383,425	-	-	-	383,425
NEIGHBORHOOD SERVICES	4.00	526,449	-	-	-	526,449
	41.00	3,490,790	15,172	-	-	3,505,962
HUMAN RESOURCES SYSTEMS						
DIVERSITY & DIALOGUE	2.00	323,498	14,001	-	-	337,499
EMPLOYEE PROGRAMS	0.00	106,476	-	-	-	106,476
HUMAN RESOURCES	27.50	2,416,668	-	-	-	2,416,668
HUMAN RESOURCES ADMINISTRATION	3.00	380,390	-	-	-	380,390
LEARNING & ORGANIZATION DEVELOPMENT	3.00	539,313	-	-	-	539,313
	35.50	3,766,345	14,001	-	-	3,780,346

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM

Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Total
ECONOMIC VITALITY DEPARTMENT						
ECONOMIC DEVELOPMENT	2.00	309,442	-	-	-	309,442
ECONOMIC VITALITY ADMIN	2.00	314,197	-	-	-	314,197
EXISTING BUSINESS SERVICES	2.00	215,921	-	-	-	215,921
HOSPITALITY DEVELOPMENT	3.00	6,972,129	-	-	-	6,972,129
REVITALIZATION	2.00	248,714	-	-	-	248,714
	11.00	8,060,403	-	-	-	8,060,403
PLANNING & DEVELOPMENT SERVICES						
CUSTOMER SERVICES	26.00	2,349,190	-	-	-	2,349,190
DEVELOPMENT SERVICES	77.00	7,151,746	23,500	-	-	7,175,246
PLANNING & DEVELOPMENT ADMINISTRATION	5.00	895,705	-	-	-	895,705
PLANNING SERVICES	36.00	3,456,869	-	-	-	3,456,869
	144.00	13,853,510	23,500	-	-	13,877,010
Estimated Department Savings		(1,000,000)				(1,000,000)
Estimated Vacant Position Savings		(2,500,000)				(2,500,000)
Total Program Operating Budget	2,598.28	209,844,299	32,275,935	64,533,367	33,940,743	340,594,342
Less: Internal Service Fund Offset						(31,446,661)
Net Program Operating Budget						309,147,681
Add: Debt Service						89,207,466
Total FY 2005/06 Net Program Operating Budget Plus Debt Service						398,355,147
Reserves/Contingency Appropriations						33,050,025
Total FY 2005/06 Program Operating Budget						431,405,172 ^(A)

^(A) Total FY 2005/06 Program Operating Budget agrees to the Adopted Budget Ordinance Schedule F found in the Volume One Appendix, page 180.

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

Budget by Fund

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

The following matrix provides a summary of each program's relationship to the Mayor and City Council's Broad Goals. Further information on each program can be found in Volume Two.

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
General Government							
City Attorney-Civil						X	
City Cable							X
City Clerk							X
City Manager	X	X	X	X		X	X
Communications & Public Affairs							X
Court	X						X
Elections							X
Environmental Office		X				X	X
Internal Audit Program						X	
Legislative & Constituents/ Governmental Relations	X	X	X	X	X	X	X
Preservation		X					
Prosecution	X						
The Downtown Group				X			
Victim Services	X						
WestWorld Operations		X		X			
Police Department							
Auto Theft Investigations	X				X		
Bicycle Patrol	X				X		
Burglary & Theft Investigations	X				X		
Canine Services	X				X		
Communications	X				X		
Computer Crime Investigations	X				X		
Crime Analysis	X				X		
Crime Laboratory	X				X		
Crime Prevention	X				X		
Crime Scene Processing	X				X		
Criminal Intelligence	X				X		

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

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Detention	X				X		
Domestic Violence Investigations	X				X		
Emergency Services	X				X		
Event Traffic Control	X		X		X		
False Alarm Reduction Program	X						
Fraud Investigations	X				X		
Internal Affairs	X				X		
Mounted Patrol	X				X		
Municipal Security	X						
Office Of The Chief	X				X		
Park & Preserve Patrol	X				X		
Patrol Problem Solving Surveillance Team	X				X		
Patrol Services	X				X		
Photo Enforcement			X		X		
Planning, Research and Accreditation	X				X		
Police Crisis Intervention	X				X		
Police Facilities	X				X		
Police Records	X				X		
Police Supply & Equipment	X				X		
Property and Evidence	X				X		
Recruiting & Personnel	X				X		
Repeat Offenders Program	X				X		
School Resource Services	X				X		
Sex Crimes Investigations	X				X		
Special Event/Off Duty Coordination	X				X		
Surveillance/SWAT	X				X		
Technology	X				X		
Telephone Reporting Services	X				X		
Traffic Enforcement			X		X		
Training	X				X		
Violent Crimes Investigations	X				X		
Financial Services Department							
Accounting						X	
Accounts Payable & Payroll						X	
Budget						X	
Copy Center						X	
Financial Planning and Administration						X	
Graphics						X	

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

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Mail						X	
Meter Reading						X	
Purchasing						X	
Remittance Processing						X	
Revenue Recovery						X	
Risk Management						X	
Stores/Warehouse Operations						X	
Tax & License						X	
Tax Audit						X	
Utility Billing						X	
Transportation Department							
Aviation			X				
Intelligent Transportation Systems			X				
Traffic Engineering	X		X				
Transit			X				
Transportation Administration			X				
Transportation Master Planning			X				
Community Services Department							
Adapted Recreation Services	X						
Adult Sports & Fitness Programs	X						
Aquatics	X						
Branch Libraries	X						
Community Recreation Services & Facilities	X						
Community Services Planning and Admin.	X					X	X
Construction Services						X	
Contract Administration						X	
Downtown Maintenance		X				X	
Facilities Maintenance						X	
Facilities Mgmt Planning & Admin.						X	
Grounds and Landscape Maintenance	X	X				X	
Housing Assistance and CDBG Programs	X						
Human Services Planning & Admin.	X					X	
Leisure Education Programs	X						
Library Operations	X						
Library Planning and Administration	X					X	
Main Library	X						
Medians and Right of Way	X	X				X	
Parks & Grounds Mgmt-Planning & Admin	X					X	

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

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Parks & Recreation Planning & Admin	X	X				X	X
Professional Baseball	X			X			
Senior Citizen Services	X						
Social Services Assistance and Referral	X						
Sports & Fitness Programs	X						X
Trails & Equestrian Facilities	X	X					
Youth Activities & After School Programs	X						
Information Systems Department							
Appl. Dev., Integration, Mgmt & Support						X	X
Application Support						X	X
GIS Data Services						X	X
Help Desk/Desktop Technical Support						X	X
Information Systems Administration						X	X
Network Operations						X	X
Project Office						X	X
Fire Department							
Emergency Management	X				X		
Fire Administration	X				X		X
Fire Emergency Services	X				X		
Fire Support Services					X	X	X
Water Resources Department							
Advanced Water Treatment Plant						X	
CAP Treatment Plant						X	
Central Groundwater Treatment Facility (CGTF)						X	
Chaparral Water Treatment Plant						X	
Gainey Wastewater Reclamation Plant						X	
Industrial Pretreatment						X	
Inlet Golf Course Irrigation						X	
Irrigation Water Distribution Sys.						X	
Planet Ranch Water Rights						X	
Pump Back System						X	
RWDS Administration						X	
Southern Neighborhoods Water System						X	
Treatment Plant Staffing						X	
Wastewater Collection						X	
Wastewater Maintenance						X	
Water & Wastewater Engineering						X	
Water & Wastewater Ops. Admin.						X	

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

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Water Campus Wastewtr Reclam. Plant						X	
Water Conservation						X	
Water Distribution						X	
Water Production						X	
Water Resources Administration						X	
Water/Wastewater Quality						X	
WestWorld Golf Recharge						X	
Municipal Services Department							
Alley Maintenance	X						
Asset Management						X	
Capital Project Management						X	
Commercial Refuse Collection	X						
Container Repair Program	X						
Emergency Response Team			X				
Field Services Administration			X				
Fleet Maintenance & Operations						X	
Fleet Management Administration						X	
Fleet Parts Supply						X	
Fuel						X	
Household Hazardous Waste	X						
Municipal Services Administration						X	
Residential Refuse Collection	X						
Solid Waste Management Admin Svcs	X						
Stormwater Management						X	
Street Cleaning	X						
Streetlight Maintenance			X			X	
Street Overlays and Maintenance			X				
Street Signs and Markings			X				
Traffic Signals			X				
Transfer Station Operations	X						
Unpaved Roads and Drainage Sys. Maint.			X				
Vehicle Acquisition						X	
Citizen and Neighborhood Resources Department							
Citizen & Neighborhood Administration	X						
Code Enforcement	X						
Customer Service & Communications	X						
Housing Rehabilitation & ADA	X						X
Information Resources	X						X
Neighborhood Services	X						

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

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Human Resources Department							
Diversity & Dialogue							X
Employee Programs						X	X
Human Resources						X	X
Human Resources Administration						X	X
Learning & Organization Development						X	X
Economic Vitality Department							
Economic Development				X			
Economic Vitality Administration				X			
Existing Business Services				X			
Hospitality Development				X			
Revitalization				X			
Planning and Development Services Department							
Customer Services							X
Development Services	X	X	X				
Planning & Development Administration							X
Planning Services							X



Five-Year Capital Improvement Plan

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

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

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

The following guidelines determine what is a CIP project:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

bolstered by other evaluation elements in which it will receive high rating scores.

2. **Annual Recurring Costs** - The expected change in operation and maintenance costs. Program operating departments provide year-by-year estimates of the additional costs or reductions likely in the program budget because of the new project. Also to be considered are changes in revenues that may be affected by a project, for example, the loss in property taxes incurred when private land is used for a capital project. See Capital Projects Operating Impacts schedule in the Project List section on page 20.
3. **Health and Safety Effects** - This criterion includes health-related environmental impacts like reductions/increases in traffic accidents, injuries, deaths, sickness due to poor water quality, health hazards due to sewer problems, etc.
4. **Community and Citizen Benefits** - Economic impacts such as property values, the future tax base, added jobs, income to citizens, changes in business income, and the stabilization (or revitalization) of neighborhoods. Such impacts may apply more to capital projects related to growth and expansion than to infrastructure maintenance although deteriorating structures can adversely affect business.
5. **Environmental, Aesthetic, and Social Effects** - A catch-all criterion for other significant quality-of-life-related impacts, this includes community appearance, noise, air and water pollution effects, households displaced, damage to homes, effect on commuters, changes in recreational opportunities, etc.
6. **Distributional Effects** - Estimates of the number and type of persons likely to be affected by the project and nature of the impact; for instance, explicit examination of project impact on various geographical areas; on low-moderate income areas; and on specific target groups. Equity issues are central here - who pays, who benefits, and the social goals of the jurisdiction.
7. **Public Perception of Need** - This criterion refers to project assessment of (a) the extent of public support; (b) interest group advocacy and/or opposition.
8. **Feasibility of Implementation** - This element is a measure of (a) special implementation problems (i.e., physical or engineering restraints) and (b) compatibility with the General Plan.

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

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

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

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

Again, this “forced” scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current tight financial status of CIP funds. A project that is relatively expensive that should be

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

- 2. **Annual Recurring Costs** - This element reflects other costs relative to a proposed project, including operation and maintenance (O & M) costs, licensing costs, and potential revenues generated by the completed project. If a project has potentially high O&M and licensing costs, then a lower rating should be assigned. If a project has the potential of generating revenues, then a higher rating should be assigned. Overall, the score for this element should reflect a compilation of all three factors. See Capital Projects Operating Impacts schedule in the Project List section on page 20.
- 3. **Technological Infrastructure** - This criterion refers to projects required to maintain the technology infrastructure for essential City operations. This would include such items as networks and servers; telephone PBX, extension or improvements to the Wide Area Network for remote locations, etc. Projects that include elements related to these items would be scored higher than projects that don't support the integrity of the technology infrastructure.
- 4. **Service Enhancement And Staff/Citizen Benefits** - This element considers the impacts that a project may have on service and the benefits the project may offer to citizens or staff members. This criterion should be viewed in terms of the numbers of citizens or staff members that may benefit from the project and how a service may be enhanced by the project.
- 5. **Distributional (Cross-Departmental) Effects** - This element deals with the extent of influence of a proposed project. The impacts and benefits may be spread over the community at-large or to a specific geographic area or to the entire City staff or to specific City staff at specific locations.

An example of a project that would receive a higher rating score would be a utility billing project where almost all citizens would benefit from the project and some staff members also benefit. Compare this to a transit technology project that targets a specific population, and benefits a limited number of staff members.
- 6. **Feasibility of Implementation** - This element is a measure of: (a) special implementation problems, i.e. physical and engineering restraints and (b) compatibility with the City's overall Technology Plan.

A project would be considered for a higher rating score if it has few restraints to accomplish it and is also compatible with the overall Technology Plan.

- 7. Implication of Deferring the Project** - This element accounts for the downside risk incurred for deferring a project, such as higher future costs, loss of contributions, continued inconvenience to the public and staff, possible constraints to network capacity, deterioration of the City's technology infrastructure or legal liability. In this evaluation, increased implications for delaying a project translates into a higher rating score.

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

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

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

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

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

Capital Improvement Plan - Source of Funds

The Capital Improvement Plan (CIP) uses funding from prior year carryovers. Prior year carryovers are “blended” funding from the various funding sources described below. For FY 2005/06 – 2009/10 the funding added to the prior year carryovers includes 2000 voter-approved bonds and Preservation General Obligation (G.O.) Bonds. These G.O. Bonds, together with Municipal Property Corporation Bonds, provide the bond-funded portion of the plan, which is approximately 72.7% of the CIP funding in FY 2005/06 – 2009/10. Approximately 27.3% of Scottsdale’s FY 2005/06 – 2009/10 CIP is funded with pay-as-you-go revenues which include development fees, dedicated sales tax revenues and contributions from fund balance transfers. The pie chart below represents funding source percentages for FY 2005/06.

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

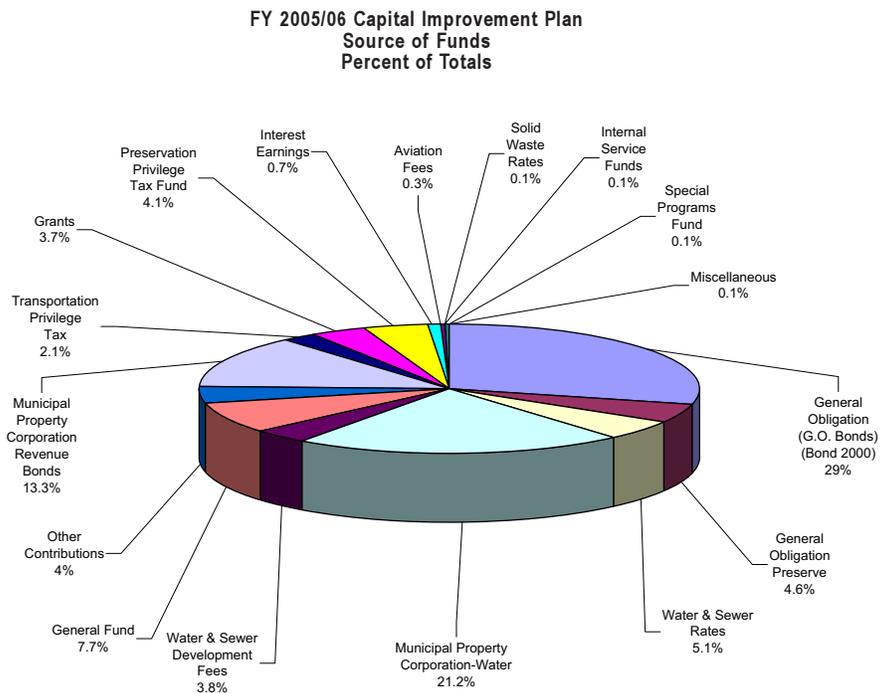
All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or General Obligation Bonds appropriately pay for projects that benefit the general public as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

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

Bond 2000 are General Obligation Bonds that were authorized by voters in calendar year 2000 and are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer’s property taxing power, and must be authorized by the electorate.

General Obligation Preserve represent excise tax revenue bonds and G.O. Bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable either (1) solely from and secured by a 0.2% sales tax approved by City Voters in 1995 and issued for the purpose of acquiring land for the McDowell Sonoran Preserve; or (2) solely from and secured by a 0.15% sales tax approved by City Voters in 2004 and issued for the purpose of acquiring land and preserve-related construction, such as proposed trailheads for the McDowell Sonoran Preserve.

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



Municipal Property Corporation-Water represents revenue bonds issued by the Municipal Property Corporation (MPC), a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation, but does not require voter approval. Pledged revenue streams, in this instance water rates, finance the repayment of MPC debt.

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

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

Other Contributions represent amounts paid by other organizations to pay for capital projects. Other contributions come from developers to pay for capital projects in development areas, the Maricopa County Flood Control District (FCD), and the Arizona Department of Transportation (ADOT), to name a few.

Municipal Property Corporation Revenue Bonds are issued by the Municipal Property Corporation (MPC), a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation, but does not require voter approval. Pledged revenue streams, in this instance excise taxes, finance the repayment of MPC debt.

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

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

Regional Sales Tax represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction (Proposition 400).

Preservation Privilege Tax Fund represents revenues received from the 1995 voter approved 0.2% sales tax on local retail and other sales and is dedicated to the purpose of acquiring land for the McDowell Sonoran Preserve and revenues received from the 2004 voter approved 0.15% sales tax on local retail and other sales and is dedicated to the purpose of acquiring land and construction of essential preserve related necessities such as proposed trailheads for the McDowell Sonoran Preserve.

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

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

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

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

Internal Service Funds represent revenues received for services provided to internal customers. Fleet rates represent revenues from the City's internal service Fleet Fund and per financial policy are restricted to use for improvements to facilities providing maintenance services to the City's rolling stock, the replacement of rolling stock, and the administration of the program.

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

Special Programs Fund represents revenues from dedicated funding sources and donations earmarked for specific purposes. I.e., Racketeering Influenced Corrupt Organization (RICO), Court Enhancement Fund (CEF).

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

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

Capital Improvement Plan - Use of Funds

The Capital Improvement Plan (CIP) is comprised of seven major programs: Community Facilities, Preservation, Drainage and Flood Control, Public Safety, Service Facilities, Transportation, and Water Management. The pie chart below represents the percentages for each major program for FY 2005/06.

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

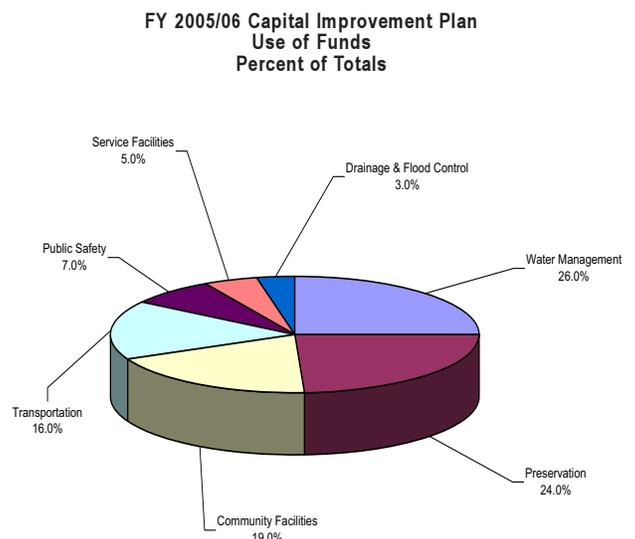
The following summarizes the seven major programs that comprise the total Capital Improvement Plan.

Community Facilities programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained by providing neighborhood recreations facilities, parks and libraries. These recreational needs are met by providing parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 19% (\$169.2 million) of the CIP has been identified to address the needs of this program. Highlights of the FY 2005/06 program include Arabian Library (\$8.6 million); CAP Basin Lighted Sports Complex (\$12.6 million); McDowell Mountain Ranch Park and Aquatic Center (\$14.3 million); Spring Training Facility (\$23.1 million); ASU/Scottsdale Center for New Technology and Innovation Improvements (\$9.0 million); Downtown Reinvestment (\$8.7 million); Neighborhood Revitalization (\$2.0 million); Scottsdale Center for the Performing Arts Renovation (\$1.2 million); Scottsdale Papago Streetscape (\$6.2 million); Scottsdale Road Preservation and Streetscape Enhancements (\$16.9 million) and WestWorld Facilities and Parking (\$57.0 million).

Preservation addresses the City Council Broad Goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the McDowell Sonoran Preserve for the purpose of maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. The 1998 election expanded the recommended study boundary from the original 12,876 acres to 36,400 acres. The 2004 election provided an additional revenue stream (.15% sales tax increase) as well as the bonding capacity (\$500 million) that continues to provide authority to carry on preservation efforts. Approximately 24% (\$217.2 million) of the CIP has been identified to address this program in FY 2005/06. Highlights of the FY 2005/06 program include the Construction of Trails Supporting the Gateway to the Preserve (\$.3 million); Expanded McDowell Sonoran Preserve (\$230.0 million); and Lost Dog Wash Access Area (\$2.7 million).

Drainage and Flood Control addresses the City Council Broad Goals of protecting a diverse, family-oriented community where neighborhoods are safe and well maintained; and coordinating planning to balance infrastructure and resource needs within the budget. This program achieves these goals through flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished through the use of detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 3% (\$29.5 million) of the CIP has been identified to address the drainage and flood control needs of the City. Highlights of the FY 2005-06 program include: East Union Hills Interceptor Channel (\$1.9 million); Flood Plain Acquisition Program (\$2.4 million); Pima Road Drainage System (\$2.2 million); North Scottsdale Road Corridor – Drainage Project (\$6.7); and Upper Camelback Wash Watershed (\$6.4 million).

Public Safety programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained. This goal is met by providing fire and police stations, training facilities, and automation systems related to fire and police operations. During FY 2004/05 the City transitioned from contracting fire services through Rural



FIVE-YEAR CAPITAL IMPROVEMENT PLAN *Capital Improvement Plan*

Metro Corporation to providing similar services with a municipal fire department. Fire protection includes such programs as public education, emergency medical services, and fire prevention. The Police Department recognizes the changing needs of our community and addresses those needs by maximizing community outreach and looking at creative alternatives in its crime prevention efforts. Approximately 7% (\$66.6 million) of the CIP has been identified to address the public safety needs of the City. Highlights of the FY2005/06 program include: Fire Station, located in the South quadrant of the City (\$1.2 million); Fire Station #826, located in the area of Jomax and Scottsdale Roads (\$2.2 million); District 1 Police Facilities (\$9.9 million); Police Operational Support Building (\$31.9 million); and Police/Fire Training Facility (\$4.2 million).

Service Facilities programs address the City Council Broad Goal of coordinating planning to balance infrastructure and resource needs within the budget. These programs achieve this goal through the renovation of current facilities and technology needs necessary for the efficient and effective operations of the City. Approximately 5% (\$39.0 million) of the CIP has been identified to address this program. Highlights include: PC equipment and server infrastructure replacement programs (\$5.0 million); Utility Billing System (\$2.6 million); Police Records Management and Computer Aided Dispatch (CAD) Replacement (\$4.7 million); Facility Repair and Maintenance Program (\$2.5 million); North Marshall Way Garage (\$3.2 million); and South Canal Bank Public Parking Garage (\$5.2 million).

Transportation programs address the City Council Broad Goal of providing for the safe, efficient, and affordable movement of people and goods. This program meets this goal by attempting to offer real transportation choices in a way that meets the needs of

the community. In 1989 voters authorized a .2% privilege tax to fund transportation operations and improvements. In 2004 voters approved a 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction. This program looks for the best use of these funding sources and addresses the multi-modal concept. Approximately 16% (\$148.2 million) of the CIP has been identified to address the transportation needs of the City. Highlights of the FY 2005/06 program include: Airport Terminal Area Renovations (\$2.7 million); Indian Bend Road – Scottsdale to Hayden (\$11.2 million); Pima Road-Pima Freeway to Thompson Peak Parkway (\$11.0 million); Neighborhood Traffic Management Program (\$3.7 million); Traffic Management Program - Intelligent Transportation System (\$17.8 million); Bus Stop Improvements (\$4.4 million); and Downtown Parking (\$10.7 million).

Water Management addresses the City Council Broad Goal of coordinating planning to balance infrastructure and resource needs within the budget. This program achieves this goal by delivering safer, reliable water and providing wastewater services. This program also reflects the City's commitment to federal and state regulations. In addition to capital program expenditures, approximately \$33.1 million of water development fee revenues over the five-year period will be transferred to the program budget to repay bonded debt. Approximately 25% (\$225.4 million) of the CIP has been identified to address the water and wastewater needs of the City. Highlights of the FY 2005/06 program include: 91st Avenue Wastewater Treatment Plant Improvements (\$4.7 million); Arsenic Mitigation Treatment (\$74.5 million); CAP Plant Regulatory Compliance (\$59.4 million); and the Water Reclamation Plant-Phase 3 (\$20.8 million).

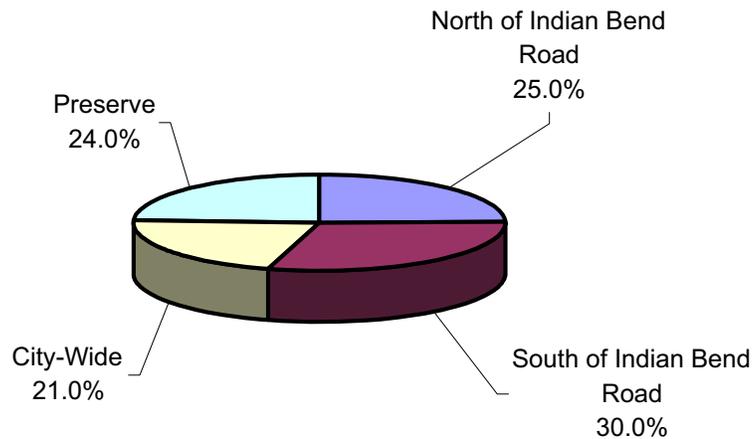
Capital Improvement Plan - Use of Funds In Thousands of Dollars

Major Programs	2005/06	2006/07	2007/08	2008/09	2009/10
Community Facilities	169,249.6	35,707.6	18,995.2	1,858.1	31,722.7
Preservation	217,235.9	2,110.0	250.0	2,088.0	-
Drainage & Flood Control	29,470.4	15,621.2	1,188.0	-	385.0
Public Safety	66,623.9	11,582.6	4,158.8	684.3	724.3
Service Facilities	39,071.6	16,165.0	6,998.7	8,718.2	3,049.8
Transportation	148,183.3	38,093.8	42,821.0	27,796.0	24,435.5
Water Management	225,351.8	134,301.0	22,530.0	22,263.0	37,075.0
Total Expenditures (a)	895,186.5	253,581.2	96,941.7	63,407.6	97,392.3
Prior Year Unexpended	-	580,080.9	525,207.2	415,595.5	333,865.1
Unexpended at Year End (Rebudgets)	(580,080.9)	(525,207.2)	(415,595.5)	(333,865.1)	(303,174.0)
Transfers Out to Debt Service	6,887.7	6,823.5	6,766.3	6,328.0	6,314.7
Total Use of Funds	321,993.3	315,278.4	213,319.7	151,466.0	134,398.1

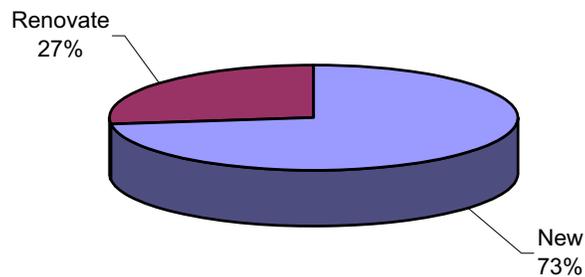
(a) Excludes capital contingency of \$4.5 million

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

FY 2005/06 Capital Improvement Plan
 Use of Funds - Geographic Boundary
 Percent of Total - \$899,686,500



FY 2005/06 Capital Improvement Plan
 Use of Funds - New and Renovated
 Percent of Total - \$899,686,500



FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Capital Improvement Plan

Adopted Fiscal Year 2005/06 Budget Fund Summaries Capital Improvement Plan

	Actual 2003/04	Adopted 2004/05	Forecast 2004/05	Adopted 2005/06
Source of Funds:				
Beginning Fund Balance *	322,635.5	402,148.0	486,018.6	218,484.8
Revenues:				
Bonds/Contracts				
General Obligation (Bond 2000)	48,000.0	-	-	125,000.0
General Obligation Preserve	65,400.0	-	-	20,000.0
Municipal Properties Corporation	40,760.0	25,100.0	20,000.0	57,400.0
Municipal Properties Corporation-Water	55,000.0	-	-	91,500.0
Municipal Properties Corporation-Sewer	20,000.0	-	-	-
Certificates of Participation	-	-	7,650.0	-
Pay-As-You-Go				
Water & Sewer Development Fees	21,518.0	16,779.5	10,121.1	16,414.6
Extra Capacity Development Fee	-	-	-	-
Regional Sales Tax	-	-	-	-
Grants	4,435.7	7,548.1	8,220.5	15,820.6
Other Contributions	4,388.3	15,761.0	506.0	17,057.0
Interest Earnings	1,990.3	2,758.3	2,097.7	3,177.7
Miscellaneous	1,175.0	1,065.4	726.7	267.0
Subtotal	262,667.3	69,012.3	49,322.1	346,636.9
Transfers In				
General Fund	13,020.5	16,702.9	21,082.9	33,402.9
Transportation Fund	10,431.4	9,783.3	10,754.1	9,232.3
Preservation Privilege Tax Funds	-	-	4,607.2	17,850.0
Special Programs Fund	440.4	613.7	895.6	267.9
Aviation Fund	490.7	826.2	1,215.2	1,398.0
Water & Sewer Fund	9,444.6	28,294.2	35,527.2	22,140.1
Solid Waste Fund	18.5	279.9	279.9	398.9
Internal Service Funds	532.3	1,653.2	2,400.6	236.7
Subtotal	34,378.3	58,153.4	76,762.7	84,926.8
Total Revenues & Transfers In	297,045.6	127,165.7	126,084.8	431,563.7
Total Sources of Funds	619,681.1	529,313.7	612,103.4	650,048.5
Use of Funds:				
Program Expenditures				
Community Facilities	12,873.7	136,558.2	91,189.5	169,249.6
Preservation	21,535.1	108,741.3	61,345.4	217,235.9
Drainage & Flood Control	2,564.9	2,456.8	2,472.0	29,470.4
Public Safety	5,307.2	44,070.4	18,330.1	66,623.9
Service Facilities	3,072.7	28,154.1	10,795.9	39,071.6
Transportation	28,454.3	139,635.3	42,435.3	148,183.3
Water Services	53,279.9	253,037.4	160,181.2	225,351.8
Prior Year Unexpended *	-	-	-	-
Subtotal	127,087.7	732,653.5	386,749.5	895,186.5
Less: Estimated Capital Improvement Expenditures	-	(257,920.0)	-	(315,105.6)
Subtotal: Unexpended at Year End	-	474,733.5	-	580,080.9
Transfers Out				
To Water & Sewer Operating Funds	6,574.7	6,558.1	6,869.1	6,887.7
Subtotal	6,574.7	6,558.1	6,869.1	6,887.7
Total Use of Funds	133,662.4	264,478.1	393,618.6	321,993.3
Ending Fund Balance				
CIP Contingency	2,894.2	4,500.0	696.0	4,500.0
Reserved Fund Balance	483,124.4	260,335.6	217,788.8	323,555.2
Subtotal	486,018.6	264,835.6	218,484.8	328,055.2

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

Capital Improvement Plan

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Adopted Fiscal Year 2005/06 Budget
Five-Year Financial Plan
Capital Improvement Plan
(In thousands)

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10
Source of Funds:					
Beginning Fund Balance *	218,484.8	328,055.2	134,996.0	328,039.2	279,415.7
Revenues:					
Bonds/Contracts					
General Obligation (Bond 2000)	125,000.0	-	88,100.0	-	69,100.0
General Obligation Preserve	20,000.0	-	200,000.0	-	-
Municipal Properties Corporation	57,400.0	-	-	-	-
Municipal Properties Corporation-Water	91,500.0	-	21,500.0	-	-
Municipal Properties Corporation-Sewer	-	-	-	-	-
Certificates of Participation	-	-	-	-	-
Pay-As-You-Go					
Water & Sewer Development Fees	16,414.6	17,071.9	17,934.4	18,718.4	19,070.5
Extra Capacity Development Fee	-	-	-	11,000.0	-
Regional Sales Tax	-	7,875.0	8,050.0	4,700.0	8,825.0
Grants	15,820.6	5,907.2	11,096.3	4,172.7	665.3
Other Contributions	17,057.0	26,012.7	1,150.0	5,819.4	18,050.0
Interest Earnings	3,177.7	3,547.0	3,427.6	2,970.0	2,465.7
Miscellaneous	267.0	752.0	267.0	117.0	114.0
Subtotal	346,636.9	61,165.8	351,525.3	47,497.5	118,290.4
Transfers In					
General Fund	33,402.9	15,215.2	11,787.6	11,136.8	10,136.6
Transportation Fund	9,232.3	9,598.7	9,979.8	10,376.2	10,788.3
Preservation Privilege Tax Funds	17,850.0	7,110.0	250.0	2,088.0	-
Special Programs Fund	267.9	151.8	1.8	1.8	1.8
Aviation Fund	1,398.0	668.6	529.1	216.1	69.1
Water & Sewer Fund	22,140.1	27,358.1	30,008.1	30,804.0	31,672.5
Solid Waste Fund	398.9	774.8	417.9	685.9	237.9
Internal Service Funds	236.7	176.2	1,863.2	36.2	36.2
Subtotal	84,926.8	61,053.5	54,837.6	55,344.9	52,942.4
Total Revenues & Transfers In	431,563.7	122,219.3	406,362.9	102,842.5	171,232.9
Total Sources of Funds	650,048.5	450,274.5	541,358.9	430,881.6	450,648.6
Use of Funds:					
Program Expenditures					
Community Facilities	169,249.6	35,707.6	18,995.2	1,858.1	31,722.7
Preservation	217,235.9	2,110.0	250.0	2,088.0	-
Drainage & Flood Control	29,470.4	15,621.2	1,188.0	-	385.0
Public Safety	66,623.9	11,582.6	4,158.8	684.3	724.3
Service Facilities	39,071.6	16,165.0	6,998.7	8,718.2	3,049.8
Transportation	148,183.3	38,093.8	42,821.0	27,796.0	24,435.5
Water Services	225,351.8	134,301.0	22,530.0	22,263.0	37,075.0
Prior Year Unexpended *	-	580,080.9	525,207.2	415,595.5	333,865.1
Subtotal	895,186.5	833,662.1	622,148.9	479,003.1	431,257.4
Less: Estimated Capital Improvement Expenditures	(315,105.6)	(308,455.0)	(206,553.4)	(145,137.9)	(128,083.5)
Subtotal: Unexpended at Year End	580,080.9	525,207.2	415,595.5	333,865.1	303,174.0
Transfers Out					
To Water & Sewer Operating Funds	6,887.7	6,823.5	6,766.3	6,328.0	6,314.7
Subtotal	6,887.7	6,823.5	6,766.3	6,328.0	6,314.7
Total Use of Funds	321,993.3	315,278.5	213,319.7	151,466.0	134,398.1
Ending Fund Balance					
CIP Contingency	4,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Reserved Fund Balance	323,555.2	132,496.0	325,539.2	276,915.7	313,750.4
Subtotal	328,055.2	134,996.0	328,039.2	279,415.7	316,250.4

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

PROJECT LIST

Capital Improvement Plan

Capital Project List

The following is a summary of the capital projects listed in alphabetical order that are included in the City's five-year Capital Improvement Plan (CIP) for the period FY 2005/06 through FY 2009/10. Please note only the first year (FY 2005/06) of the CIP is adopted by the City Council. Subsequent years are presented solely for long-term planning purposes and may be funded in future periods, based on emerging community priorities and available funding. Further project detail such as project descriptions, specific funding source(s) and geographic location of the project are included in Volume Three. The column on the right-hand side of the matrix indicates the specific page cross-reference in this Volume (Three) where the project detail can be found.

Project #	Project Name	Estimated Expenditures Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
									Page #
F0303	86th Street Corridor Drainage Improvements	(0.4)	85.0	1,158.0	-	-	-	1,543.0	55
V0402	91st Ave - Salt River Outfall Sewer	(3,139.4)	11,500.0	3,475.0	6,350.0	6,400.0	6,200.0	33,925.0	142
V9901	91st Ave Wastewater Treatment Plant - UP01 Expansion	(27,718.5)	41,972.0	1,000.0	3,000.0	5,000.0	3,000.0	53,972.0	142
V6402	91st Ave Wastewater Treatment Plant	(41,291.4)	4,660.0	1,525.0	5,650.0	3,600.0	5,000.0	20,435.0	142
S9903	96th Street - Shea Blvd to Sweetwater Blvd	(3,517.7)	3,589.0	-	-	-	-	3,589.0	117
F2101	104th Street Storm Drain-Cactus Road to Cholla Drive	(225.0)	225.0	-	-	-	-	225.0	55
A0501	ABC Building Bathroom Remodel	-	40.0	-	-	-	-	40.0	109
B8805	Accessibility-Facility Modifications	(904.1)	1,580.2	250.0	218.2	200.0	-	2,248.4	102
A0308	ADOT E3S12 Design	(197.4)	200.2	-	-	-	-	200.2	109
A0409	ADOT E4S39 Security Improvements	(134.1)	266.6	-	-	-	-	266.6	109
V0204	Advanced Water Treatment Plant - Phase 3	(7,350.4)	13,100.0	-	-	-	-	13,100.0	143
P0302	Aging Park Facility Renovations	(765.0)	1,558.3	-	-	-	-	1,558.3	28
P0204	Aging Parks - Chaparral Pool Building	(1,424.5)	1,605.0	-	-	-	-	1,605.0	28
A0509	Airport - Future Grants	-	5,500.0	-	-	-	-	5,500.0	110
A0508	Airport Maintenance Facility	-	750.0	-	-	-	-	750.0	110
A0502	Airport Parking Lot Lighting Upgrades	-	76.5	-	-	-	-	76.5	110
TP020	Airport Pavement Preservation Program	-	-	183.0	150.0	150.0	50.0	533.0	111
A0408	Airport Perimeter Blast Fence	(152.6)	482.5	-	-	-	-	482.5	111
A0401	Airport Security Fencing	-	249.8	-	-	-	-	249.8	111
A0302	Airport Terminal Area Renovations	(82.9)	2,742.0	-	-	-	-	2,742.0	112
TBA	Airport Terminal Parking Garage	-	-	-	3,133.8	-	-	3,133.8	112
W2105	Alameda/122nd Street Booster Pump Station	(19.5)	150.0	1,400.0	-	-	-	1,550.0	143
M0606	Alternate Computing Site	-	750.0	-	-	-	-	750.0	90
TP001	Appaloosa Library	-	-	837.2	9,814.5	-	-	10,651.7	25
P0201	Arabian Library Phase II	(491.8)	8,643.4	-	-	-	-	8,643.4	25
W3705	Architect / Engineer Services	(1,484.4)	1,710.0	150.0	-	-	-	1,860.0	143
W2106	Arsenic Mitigation Treatment	(14,252.0)	74,500.0	10,000.0	-	-	-	84,500.0	144
P8740	Art In Public Places	(4,088.6)	3,463.8	782.5	271.8	204.1	488.6	5,210.8	40
T9005	Arterial Roadway Street Lighting	(227.3)	828.1	-	-	-	-	828.1	130
B0507	Asset Consolidation	(6.5)	4,000.0	300.0	-	-	-	4,300.0	102
T0601	ASU Scottsdale Center Transit Passenger Facility	-	1,750.0	825.0	875.0	-	-	3,450.0	133
D0508	ASU/Scottsdale Center For New Tech & Innov Improvements	(685.4)	9,000.0	6,000.0	-	-	30,000.0	45,000.0	48
F8410	Automated Flood Warning System-North Area	(53.8)	194.4	-	-	-	-	194.4	55
A0505	Aviation Design Projects	(185.0)	279.0	287.5	-	-	-	566.5	112
A0504	Aviation Grant Match Contingency	-	300.0	150.0	-	-	-	450.0	113
A0301	Aviation Noise Exposure Maps	(319.5)	340.9	-	-	-	-	340.9	113
S0501	Bell Road-94th St to Thompson Peak Parkway	(0.3)	4,200.0	-	-	-	-	4,200.0	117
P0704	Bikeways Program	(2,198.7)	5,701.9	1,588.6	1,500.0	1,500.0	1,500.0	11,790.5	133
W9903	Booster Station Upgrades	(246.3)	575.0	-	-	-	-	575.0	144
T8110	Bus Bay Improvement Program	(196.1)	196.1	-	-	-	-	196.1	133
T1702	Bus Stop Improvements	(1,328.8)	4,369.8	200.0	200.0	200.0	96.4	5,066.2	134
G9001	Buses Expansion	(3,077.2)	4,939.0	-	-	1,600.0	-	6,539.0	134

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
									Page #
									Ref.
S2102	Cactus Road - Pima Freeway to Frank Lloyd Wright Blvd	(1,910.5)	10,150.4	-	-	-	-	10,150.4	117
S0301	Camelback Road - 64th to 68th St	(250.9)	1,474.4	-	-	-	-	1,474.4	118
S0502	Camelback/Scottsdale and Marshall Way	(1,000.0)	1,000.0	-	-	-	-	1,000.0	118
P0205	CAP Basin Lighted Sports Complex	(10,116.1)	12,611.5	-	-	-	-	12,611.5	28
W0504	CAP Plant Expansion	-	8,000.0	50,000.0	-	-	-	58,000.0	144
W0202	CAP Plant Regulatory Compliance	(2,824.7)	59,400.0	-	-	-	-	59,400.0	145
W0301	CAP Water Connection - Shea to McDonald	(10,298.4)	13,000.0	-	-	-	-	13,000.0	145
TBA	Case Management System Conversion Consulting	-	-	150.0	-	-	-	150.0	81
P0206	Chaparral Park Extension	(353.2)	4,912.7	-	-	-	-	4,912.7	29
W9911	Chaparral Water Treatment Plant	(80,170.3)	83,582.4	-	-	-	-	83,582.4	145
W4702	Chaparral WTP Influent Waterline	(5,062.6)	5,242.8	-	-	-	-	5,242.8	146
W0302	Chaparral WTP Water Distribution System	(9,317.6)	9,500.0	-	-	-	-	9,500.0	146
T4701	CIP Advance Planning Program	(2,046.0)	4,383.0	200.0	200.0	200.0	200.0	5,183.0	118
M8838	City Attorney - Automate Criminal Justice System	(185.1)	250.0	-	-	-	-	250.0	80
M0402	City Attorney - Legal Case Matter Management System	-	160.0	-	-	-	-	160.0	80
E0402	City Facilities Security Enhancement	(601.9)	815.1	-	-	-	-	815.1	100
B0404	City Hall - Kiva Electrical Upgrade	(6.1)	300.0	-	-	-	-	300.0	98
E0504	CityCable Audio/Video Equipment Replacements	-	185.0	50.0	55.0	120.0	-	410.0	82
D0605	Civic Center Garage	-	300.0	3,200.0	-	-	-	3,500.0	99
P0601	Civic Center Library Improvements	-	133.0	532.0	-	-	-	665.0	25
D0203	Civic Center Mall Renovations Phase II	(23.4)	23.5	-	-	-	-	23.5	40
D0601	Civic Center Mall West Restroom Renovation	-	467.0	-	-	-	-	467.0	40
B0605	Community Services Facility Maintenance	-	1,590.8	-	-	-	-	1,590.8	101
M0501	Community Services-Class System Upgrades	-	87.4	-	-	-	-	87.4	89
TBA	Construction of Rock Knob and Connecting Preserve Trails	-	-	110.0	-	-	-	110.0	50
P0609	Construction of Trails Supporting the Gateway to the Preserve	-	330.0	-	-	-	-	330.0	50
B0602	Container Repair Facilities	-	318.0	-	-	-	-	318.0	102
V0501	Core North/South Sewer	-	889.0	87.5	802.5	819.0	-	2,598.0	146
W0501	Core North/South Water	-	889.0	87.5	802.5	819.0	-	2,598.0	147
TBA	Corporation Yard Fleet Maintenance Facility Expansion	-	-	140.0	1,827.0	-	-	1,967.0	103
M0611	Courts - Digital Courtroom Recording	-	80.0	-	-	-	-	80.0	81
M0202	Courts - Interactive Voice Response (IVR) System	(19.3)	40.0	-	-	-	-	40.0	81
B0508	Courts-Customer Service Enhancement	(82.3)	225.0	-	-	-	-	225.0	98
B0509	Courts-Expansion	-	400.0	-	-	-	-	400.0	98
E0204	Crime Laboratory Equipment Replacement	(288.1)	401.0	112.0	185.0	131.5	171.5	1,001.0	71
TBA	Cross Cut Canal Multiuse Path Phase II	-	-	431.0	1,300.0	-	-	1,731.0	134
T0602	Cross Cut Canal Path Extension Project	-	385.7	1,139.3	-	-	-	1,525.0	135
W8515	Deep Well Recharge / Recovery Facilities	(730.3)	3,100.0	1,000.0	-	1,000.0	-	5,100.0	147
TBA	Detention Facility Consolidation	-	-	535.0	3,421.0	-	-	3,956.0	71
M0610	Digital Terrain Model	-	350.0	-	-	-	-	350.0	90
B0504	District 1 Police Facilities	(35.0)	9,944.2	826.8	-	-	-	10,771.0	71
B2104	District 2 Expansion	(530.8)	782.6	-	-	-	-	782.6	72
B0501	District 3 Expansion	(48.9)	505.3	-	-	-	-	505.3	72
M0502	Document Management System-City Attorney	(66.6)	247.0	-	-	-	-	247.0	80
M0403	Document Management System-City Clerk	(235.9)	248.5	-	-	-	-	248.5	79
M9906	Document Management System-Courts	(34.4)	400.0	-	-	-	-	400.0	82
M0612	Document Management System-Customer Services	-	391.0	-	-	-	-	391.0	91
D8738	Downtown Canal Transit Bridge	1,847.1	1,846.8	-	-	-	-	1,846.8	41
D6508	Downtown Directional Sign	(39.4)	40.0	-	-	-	-	40.0	41
D0401	Downtown Electrical Upgrades	(5.8)	1,350.0	-	-	-	-	1,350.0	41
D0402	Downtown Façade Program	(52.0)	550.0	100.0	-	-	-	650.0	48

PROJECT LIST

Capital Improvement Plan

Project #	Project Name	Estimated Expenditures					Forecast 2009/10	Total	Volume 3
		Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09			Page # Ref.
D0501	Downtown Lighting Improvements	-	630.0	-	-	-	630.0	42	
D0606	Downtown Open Space	-	4,000.0	-	-	-	4,000.0	99	
P8734	Downtown Parking	(10,312.2)	3,817.8	-	-	-	3,817.8	135	
D0609	Downtown Parking Program Enhancements	-	585.0	-	-	-	585.0	116	
M0405	Downtown Radio System Expansion	-	400.0	-	-	-	400.0	83	
P0309	Downtown Reinvestment	(6,223.5)	8,717.2	-	-	-	8,717.2	42	
D0602	Downtown Restrooms	-	250.0	575.0	200.0	-	1,025.0	42	
D0208	Downtown Streetscape Amenities	(141.1)	200.0	415.3	-	-	615.3	43	
S0312	Downtown Streetscape Enhancement Fund	(283.7)	410.8	-	-	-	410.8	43	
F0502	Drainage Improvements	-	1,214.6	3,849.0	-	-	5,063.6	56	
F0401	East Union Hills Interceptor Channel	(219.5)	1,940.8	-	-	-	1,940.8	56	
P0502	El Dorado Ballfield Renovation	-	1,283.6	-	-	-	1,283.6	29	
B0604	Elevator Renovations	-	212.4	-	-	-	212.4	101	
M0605	Enhanced Public Meeting Recording System	-	51.6	-	-	-	51.6	82	
P0505	Expanded McDowell Sonoran Preserve	(16,985.9)	230,000.0	-	-	-	230,000.0	51	
E0401	Explosive Ordnance Disposal Equipment	(122.0)	185.0	-	-	-	185.0	72	
B9915	Facilities Repair and Maintenance Program	(2,583.9)	2,507.7	787.5	1,070.6	1,037.7	728.4	6,131.9	103
M0302	Financial Services - Automated Time & Attendance	(21.5)	373.5	-	-	-	373.5	87	
M0503	Financial Services - IVR Tax and License	-	109.3	-	-	-	109.3	88	
M0210	Financial Services - Utility Billing System	(1,204.2)	2,597.6	-	-	-	2,597.6	89	
M0613	Financial Services-E-Procurement	-	67.5	-	-	-	67.5	87	
M0308	Financial Services-Hand Held Meter Reading System	(45.6)	159.3	-	-	-	159.3	88	
TP011	Financial Services-Remittance Process Transport System	-	-	442.9	-	-	442.9	88	
M0504	Financial Services-Tax, Licensing & Alarm Billing System	(4.0)	1,221.9	-	-	-	1,221.9	89	
B0603	Fire Burn Building Update	-	299.0	-	-	-	299.0	66	
E0501	Fire Department - Emergency Extrication Tools	(58.2)	80.0	-	-	-	80.0	66	
E0506	Fire Service Communications	(2,936.0)	3,350.0	-	-	-	3,350.0	67	
E0502	Fire Service-Transition Costs	(1,671.1)	5,300.0	-	-	-	5,300.0	66	
B0601	Fire Station South Quadrant	-	1,165.0	1,701.7	-	-	2,866.7	69	
M0601	Fire Station Wireless Technology	-	253.1	-	-	-	253.1	70	
B0401	Fire Stn #809-Downtown Fire Station	(1,455.9)	2,979.2	-	-	-	2,979.2	67	
B0402	Fire Stn #810 - Miller & Thomas Remodel	(23.6)	168.4	-	-	-	168.4	67	
B0202	Fire Stn #812 & RescueVehicle - Scottsdale Airport	(1,826.6)	1,802.5	-	-	-	1,802.5	68	
B0503	Fire Stn #813 - Via Linda Expansion	-	268.0	-	-	-	268.0	68	
B0506	Fire Stn #820 - Desert Mountain - Relocate and Construct	(7.9)	956.7	844.4	-	-	1,801.1	68	
B0403	Fire Stn #826 - Jomax and Scottsdale Road	(1.2)	2,160.0	609.9	-	-	2,769.9	69	
B9909	Fire Stn #827 - Ashler Hills & Pima	(948.8)	1,200.0	-	-	-	1,200.0	69	
M0614	Fleet Management Information System	-	200.5	-	-	-	200.5	96	
TP019	Flight Tracking System	-	60.0	-	-	-	60.0	113	
F0302	Floodplain Acquisition Program	(2.8)	2,366.6	-	-	-	2,366.6	56	
S0304	Frank Lloyd Wright-Scottsdale Rd to Shea	(253.2)	2,015.0	1,900.0	-	-	3,915.0	119	
S0601	Freeway Frontage Road North - Hayden to Pima	-	500.0	500.0	5,500.0	-	6,500.0	119	
TBA	Freeway Frontage Road South - Hayden to Pima	-	-	-	500.0	5,000.0	5,500.0	11,000.0	119
B0511	Fuel/Fleet Maintenance Facility-McKellips Service Center	(0.3)	1,498.9	-	-	-	1,498.9	103	
P0608	Gateway to the Preserve Amenities	-	200.0	2,000.0	-	-	2,200.0	51	
F0201	Granite Reef Watershed	(39.9)	39.0	-	-	-	385.0	424.0	57
P0602	Grayhawk Community Park - Phase I	-	962.1	4,002.9	-	-	4,965.0	29	
S2103	Hayden Road - Cactus to Redfield	(1,374.9)	10,112.0	-	-	-	10,112.0	120	
S0202	Hayden Road - Freeway to Thompson Peak Parkway	(11,273.3)	11,459.4	-	-	-	11,459.4	120	
S9904	Hayden Road - Princess Drive to Freeway	(4,128.0)	4,126.0	-	-	-	4,126.0	120	
S0305	Hayden Road and McDonald Drive Intersection Improvement	(389.1)	2,651.0	-	-	-	2,651.0	121	

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
									Page #
S0306	Hayden Road and Via de Ventura Intersection Improvement	(167.5)	1,850.0	-	-	-	-	1,850.0	121
S0201	Hayden/Miller Road - Deer Valley to Pinnacle Peak	(779.1)	1,300.0	-	300.0	1,469.4	-	3,069.4	121
TP008	Helicopter Air Support Unit	-	-	6,400.0	-	-	-	6,400.0	73
P0305	Hidden Hills Trailhead Amenities	(881.9)	914.6	-	-	-	-	914.6	51
T0603	High Capacity Transit Corridor Study	-	1,000.0	-	-	-	-	1,000.0	135
S0402	Indian Bend Road - Scottsdale to Hayden	(292.1)	11,155.0	-	-	-	-	11,155.0	122
TBA	Indian Bend Road Sidewalks and Path	-	-	-	-	-	166.3	166.3	136
P9901	Indian Bend Wash Lakes Renovation	(1,002.1)	1,024.0	1,469.0	-	-	-	2,493.0	30
TBA	Indian Bend Wash Multiuse Path Renovation	-	-	-	-	784.7	2,793.0	3,577.7	136
T0604	Indian Bend Wash Path Connection	-	116.4	481.9	520.5	-	-	1,118.8	136
S0308	Indian School Road - Drinkwater to Pima Freeway	(601.1)	3,988.0	-	-	-	-	3,988.0	122
F0402	Indian School Road Drainage	(61.3)	1,665.0	-	-	-	-	1,665.0	57
TP012	Information Services - Anti-Virus Replacement	-	-	-	-	61.1	-	61.1	91
M0505	Information Services - CDPD Mobile Wireless Replacement	(3.2)	213.0	-	-	-	-	213.0	91
TP013	Information Services - Enterprise Back-up Software	-	-	-	-	378.0	-	378.0	92
M0204	Information Services - GIS Mapping Platform Migration	(159.1)	564.0	-	-	-	-	564.0	92
M9909	Information Services - Network Infrastructure	(1,081.1)	1,027.9	313.9	313.9	313.9	313.9	2,283.5	92
M9921	Information Services - PC Equipment	(2,415.1)	2,423.3	1,035.6	1,035.6	1,035.6	1,035.6	6,565.7	93
M0205	Information Services - Security Investment	(64.6)	327.0	-	-	-	-	327.0	93
M9910	Information Services - Server Infrastructure	(1,478.8)	1,586.3	748.2	748.2	748.2	748.2	4,579.1	94
M9920	Information Services - Telephone Equipment	(645.8)	596.5	223.7	223.7	223.7	223.7	1,491.3	94
M0506	Information Services - Web Content Management SW	-	298.4	-	-	-	-	298.4	95
W0502	Inner Circle Booster Pump Station	(5.0)	3,400.0	-	-	-	-	3,400.0	147
T6101	Intersection Mobility Enhancements	(10,414.8)	14,192.2	1,650.0	1,650.0	2,650.0	2,650.0	22,792.2	122
P0503	Irrigation Pump Replacement	(33.6)	418.4	278.9	-	-	-	697.3	30
T0503	ITS Trailer Acquisition	-	398.4	-	-	-	-	398.4	130
E0503	Jail CCTV Monitoring / Recording System Replacement	-	184.7	-	-	-	-	184.7	73
P0202	Library Automation System Replacement	(536.6)	589.9	-	-	-	-	589.9	26
B0303	Lift Replacement	(187.2)	361.5	-	-	-	-	361.5	104
D0211	Loloma District Museum	(427.7)	7,515.0	-	-	-	-	7,515.0	43
D0502	Loloma District Plaza	(250.0)	500.0	-	-	-	-	500.0	44
D0503	Loloma District Public Parking Garage	(2,400.0)	2,400.0	-	-	-	-	2,400.0	44
D0403	Loloma District Streetscape Improvements	(1,294.3)	1,650.0	750.0	-	-	-	2,400.0	44
TP006	Loloma District-Stagebrush Theatre Relocation	-	-	1,600.0	-	-	-	1,600.0	45
TBA	Loop 101 Detention Basin	-	-	4,097.0	-	-	-	4,097.0	57
F0602	Loop 101 Outlet Storm Drain	-	1,070.0	2,375.0	-	-	-	3,445.0	58
T9902	Loop 101 Park and Ride Lot	-	249.9	2,777.8	2,817.0	-	-	5,844.7	137
P0403	Lost Dog Wash Access Area	(154.4)	2,659.0	-	-	-	-	2,659.0	52
TBA	Major North Community Access Area	-	-	-	250.0	2,088.0	-	2,338.0	52
V8620	Master Plan Update - Sewer	(217.6)	383.4	100.0	-	-	-	483.4	148
W8525	Master Plan Update - Water	(433.1)	766.8	300.0	-	-	-	1,066.8	148
S0310	McDonald Drive - Scottsdale to Hayden	(54.9)	1,963.5	-	-	-	-	1,963.5	123
F0403	McDonald Drive Corridor-Drainage Improvement	(39.6)	1,482.0	-	-	-	-	1,482.0	58
P0603	McDowell Mtn Ranch Maintenance Compound Expansion	-	120.0	-	-	-	-	120.0	30
P0209	McDowell Mountain Ranch Park and Aquatic Center	(1,035.2)	14,291.9	-	-	-	-	14,291.9	31
T0605	McDowell Road Bicycle and Pedestrian Improvements	-	532.0	3,472.4	-	-	-	4,004.4	137
B9905	McKellips Service Center	(1,204.2)	1,311.4	-	-	-	-	1,311.4	104
P0604	Mescal Park	-	150.0	-	-	-	-	150.0	31
V2101	Miller Road Sewer - Phase 3	(85.9)	1,300.0	4,000.0	-	-	-	5,300.0	148
TBA	MITL/HITL Runway Guard Lights Upgrade	-	-	150.4	-	-	-	150.4	114
P0501	Mustang Library Improvements	-	187.5	488.9	319.2	-	-	995.6	26

PROJECT LIST

Capital Improvement Plan

Project #	Project Name	Estimated Expenditures Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
									Page #
									Ref.
T0502	Mustang Transit Passenger Center	-	1,597.2	2,652.8	-	-	-	4,250.0	137
D0404	NE Downtown Streetscape	-	1,980.0	-	-	-	-	1,980.0	45
N3001	Neighborhood Enhancement Partnership (NEP) Program	(735.2)	827.1	75.0	75.0	75.0	75.0	1,127.1	47
N0501	Neighborhood Revitalization	(236.0)	2,000.0	-	-	-	-	2,000.0	45
F6302	Neighborhood Stormwater Management Improvements	(1,916.7)	1,150.0	150.0	150.0	-	-	1,450.0	58
T8140	Neighborhood Traffic Management Program	(2,326.2)	3,656.0	500.0	500.0	500.0	550.0	5,706.0	130
F6305	North Area Basin Master Plan	(778.4)	1,083.3	-	-	-	-	1,083.3	59
B2103	North Corpo Parking Garage	(1,195.5)	1,196.1	-	-	-	-	1,196.1	104
D0607	North Marshall Way Garage	-	3,200.0	-	-	-	-	3,200.0	99
F0304	North Scottsdale Road Corridor - Drainage Project	(177.6)	6,743.9	-	-	-	-	6,743.9	59
F2711	Northern Stormwater Risk/Vulnerability Management	(11,866.5)	12,059.9	-	-	-	-	12,059.9	60
F0712	NPDES Monitoring Stations/Sampling	(1,319.5)	832.9	250.0	-	-	-	1,082.9	60
F0305	Outfall Drain-Pima Freeway to Union Hills	(2,899.1)	2,900.0	-	-	-	-	2,900.0	61
S9905	Particulate Emission Reduction Program	(2,264.9)	2,500.0	-	-	-	-	2,500.0	123
TP018	Pavement Reconstruction-Aprons	-	-	2,347.4	2,224.0	2,242.7	-	6,814.1	114
A0601	Perimeter Road Construction	-	119.6	-	-	-	-	119.6	114
M8840	Phone/Data Comm System	4,763.1	4,760.1	-	-	-	-	4,760.1	95
S0602	Pima Road - Deer Valley to Pinnacle Peak	-	1,400.0	6,830.0	4,020.0	-	-	12,250.0	123
S4702	Pima Road - McDowell to Via Linda	(12,623.4)	13,350.0	-	-	-	-	13,350.0	124
S2104	Pima Road - Pima Freeway to Thompson Peak	(1,582.1)	11,014.7	-	-	-	-	11,014.7	124
F0503	Pima Road Drainage System	(3.8)	2,183.4	-	-	-	-	2,183.4	61
S0204	Pinnacle Peak - Scottsdale to Pima Rd	(3.6)	803.0	1,423.2	8,527.9	-	-	10,754.1	124
M0507	Planning & Development Services - Digital Plan Review	(16.9)	56.1	-	-	-	-	56.1	97
M0208	Planning & Development Services - Land Survey Asset Mgmt	(235.8)	296.2	-	-	-	-	296.2	97
M9903	Planning & Development Services - Records Imaging	(273.5)	606.1	-	-	-	-	606.1	97
P4711	Playground Equipment Replacement	(1,269.5)	416.7	150.0	165.0	175.0	150.0	1,056.7	31
M0602	Police Automated Vehicle Location System	-	154.4	-	-	-	-	154.4	74
M0603	Police Beat Office Technology Upgrade	-	48.7	-	-	-	-	48.7	74
M0604	Police Document Imaging	-	43.2	-	-	-	-	43.2	75
E0601	Police Microwave Surveillance Equipment	-	87.4	-	-	-	-	87.4	75
B0502	Police Mounted Barn Replacement	(13.1)	200.0	-	-	-	-	200.0	75
B0302	Police Operational Support Building	(328.7)	31,855.8	-	-	-	-	31,855.8	76
M0514	Police Portable & Vehicle Radio Replacement	-	673.5	552.8	552.8	552.8	552.8	2,884.7	76
B0512	Police/Fire Admin Building Acq.	(100.0)	8,450.0	-	-	-	-	8,450.0	70
B0204	Police/Fire Training Facility Phase 2	(221.7)	4,220.8	-	-	-	-	4,220.8	76
M0509	Police-AFIS Workstations Replacement	-	168.8	139.2	-	-	-	308.0	83
M0510	Police-Criminal Intelligence System	-	35.8	-	-	-	-	35.8	83
M0511	Police-Docking Stations/Mounting Kits	-	208.0	13.0	6.5	-	-	227.5	84
M0512	Police-Fashion Square Radio Treatment	-	225.0	-	-	-	-	225.0	84
M0513	Police-Hand Held Data Terminals	-	32.4	-	-	-	-	32.4	84
M0303	Police-Mobile Data and Communications Upgrade	(37.7)	190.0	-	-	-	-	190.0	85
M8915	Police-Portable Radio Replacement Plan	(2,952.3)	4,197.1	-	-	-	-	4,197.1	85
M0615	Police-Radio System Infrastructure Replacement	-	500.0	8,000.0	1,500.0	1,000.0	-	11,000.0	85
M0307	Police-Records Management Modifications	(30.8)	75.0	-	-	-	-	75.0	86
M0401	Police-Records Mgt and CAD System Replacement	(2,839.9)	4,725.0	-	-	-	-	4,725.0	86
M0305	Police-Wiretap Upgrade	(96.5)	150.0	-	-	-	-	150.0	86
A0507	Portable Noise Monitors	-	50.0	-	-	-	-	50.0	115
F0605	Powerline Interceptor Channel	-	190.0	1,000.0	1,038.0	-	-	2,228.0	62
M0609	Private Wireless Infrastructure Study	-	75.0	-	-	-	-	75.0	95
M0608	Public Access Comp Security & Manageability Enhancements	-	88.1	-	-	-	-	88.1	96
P0212	Public Pool Equipment Replacement	(350.5)	481.5	200.0	200.0	200.0	200.0	1,281.5	32

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
									Page #
V0401	Pump Station 96 (RWDS A) Modifications	(126.4)	500.0	-	-	-	-	500.0	149
V0203	Pump Station 97 (RWDS B) Modifications	(74.4)	500.0	-	-	-	-	500.0	149
V4001	Radio Telemetry - Monitoring Automation Citywide (Sewer)	(380.7)	655.5	50.0	50.0	50.0	50.0	855.5	149
W4001	Radio Telemetry - Monitoring Automation Citywide (Water)	(698.1)	1,064.4	125.0	125.0	125.0	125.0	1,564.4	150
S0603	Raintree Interchange	-	2,000.0	-	-	-	-	2,000.0	125
F0604	Reach 11 Drainage Improvements	-	456.0	-	-	-	-	456.0	62
P0401	Recreational Amenity Replacement	(101.9)	346.0	150.0	150.0	150.0	150.0	946.0	32
W0503	Regional GAC Regeneration Facility	-	650.0	4,000.0	-	-	-	4,650.0	150
T0201	Regional Transit Maintenance Facility	-	1,000.0	1,500.0	-	-	-	2,500.0	138
V9908	Relief Sewers - Citywide	(1,141.2)	1,121.6	500.0	500.0	500.0	500.0	3,121.6	150
D0603	Replace Downtown Crosswalks	-	89.1	-	-	-	-	89.1	47
A0405	Runway RSA-Safety Area Improvements	(1,781.0)	2,000.0	-	-	-	-	2,000.0	115
V0502	RWDS Improvements	-	865.0	485.0	-	-	-	1,350.0	151
W0601	RWDS Water Quality Improvements	-	3,000.0	22,800.0	-	-	16,900.0	42,700.0	151
B0207	Scottsdale Center for the Perf Arts Imprvs & Facility Upgrades (875.4)	-	1,541.9	-	-	-	-	1,541.9	47
D0604	Scottsdale Center for the Performing Arts Renovation	-	1,227.5	7,112.6	-	-	-	8,340.1	39
P8736	Scottsdale Papago Streetscape	(1,931.5)	6,229.0	-	-	-	-	6,229.0	46
P0605	Scottsdale Ranch Park Tennis Courts	-	384.8	-	-	-	-	384.8	32
D0205	Scottsdale Rd Preservation & Streetscape Enhancements	(120.3)	17,100.0	6,000.0	4,000.0	-	-	27,100.0	48
S7005	Scottsdale Rd - Frank Lloyd Wright to Thompson Peak Pkwy (6,083.4)	-	18,774.5	-	-	-	-	18,774.5	125
S2707	Scottsdale Road - Indian Bend to Gold Dust	(20,802.6)	20,892.2	-	-	-	-	20,892.2	125
S0311	Scottsdale Road - Thompson Peak Parkway to Pinnacle Peak	(2.4)	500.0	-	-	950.0	6,871.0	8,321.0	126
TBA	Scottsdale Road Pedestrian & Bicycle Improvements, Phase I	-	-	203.8	2,458.4	-	-	2,662.2	138
TBA	Scottsdale Road Pedestrian & Bicycle Improvements, Phase II	-	-	47.3	736.0	688.7	-	1,472.0	138
T0504	Scottsdale Road-ITS Design	-	410.0	-	-	-	-	410.0	131
P0207	Scottsdale Senior Center at Granite Reef	(10,182.1)	10,798.6	-	-	-	-	10,798.6	33
P0504	Scottsdale Stadium Infrastructure Improvements	(17.2)	150.0	-	50.0	50.0	15.2	265.2	33
W0303	Security Enhancements	(384.2)	1,200.0	350.0	350.0	350.0	350.0	2,600.0	151
A0602	Security Lighting Installation-Main Aprons/Kilo	-	345.0	-	-	-	-	345.0	115
P0301	Self Check Machine/LAN Infrastructure Replacement	(506.7)	520.9	-	-	-	-	520.9	26
F6301	Severe Weather Warning & Response Program	(1,216.3)	538.7	-	-	-	-	538.7	62
V3704	Sewer Collection System Improvements	(3,048.8)	3,310.8	1,450.0	650.0	600.0	700.0	6,710.8	152
V0703	Sewer Oversizing	(1,439.0)	1,835.7	-	-	-	-	1,835.7	152
S0313	Shea Boulevard and 92nd Street Intersection Improvement	(159.0)	1,112.0	-	-	-	-	1,112.0	126
S0314	Shea Boulevard and Hayden Intersection Improvement	(164.7)	1,400.0	-	-	-	-	1,400.0	126
S0315	Shea Boulevard: 90th & 96th Street Intersection Improvement	(297.0)	896.5	-	-	-	-	896.5	127
T6103	Sidewalk Improvements	(1,085.1)	2,270.2	550.0	500.0	600.0	500.0	4,420.2	139
M0607	Software/Application Tracking System	-	68.5	-	-	-	-	68.5	96
D0509	South Canal Bank Public Parking Garage	-	5,200.0	-	-	-	-	5,200.0	100
F0603	South Scottsdale Road Drainage Corridor	-	225.0	2,742.2	-	-	-	2,967.2	63
P9904	Sports Lighting Expansion & Upgrade	(931.4)	1,863.9	539.9	756.0	504.0	643.9	4,307.7	33
P0402	Spring Training Facility	(574.6)	23,100.0	-	-	-	-	23,100.0	34
S0406	SRP Street Light Purchase	-	442.5	-	-	-	-	442.5	131
S0404	Stacked 40-Center Road to Hayden	(561.9)	8,800.0	-	-	-	-	8,800.0	127
S0405	Stacked 40-North Frontage Road	(381.0)	2,700.0	2,800.0	-	-	-	5,500.0	127
F0204	Stormwater Drain Pollution Prevention Markers	(77.5)	301.0	-	-	-	-	301.0	63
A0603	Taxiway Connectors Construction	-	126.5	170.2	-	-	-	296.7	116
P0404	Teen Center-Civic Center Library	(84.6)	570.0	-	-	-	-	570.0	27
T0606	Thomas Road Bicycle Lanes and Enhanced Sidewalks	-	200.0	465.0	1,048.4	2,900.5	-	4,613.9	139
S0604	Thompson Peak Bridge @ Reata Pass Wash	-	1,939.9	-	-	-	-	1,939.9	128
S0316	Thompson Peak Parkway - Bell to Union Hills	(1,105.2)	7,574.4	-	-	-	-	7,574.4	128

PROJECT LIST

Capital Improvement Plan

Project #	Project Name	Estimated Expenditures Thru 06/30/05	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
									Page #
									Ref.
S0317	Thunderbird/Redfield - Scottsdale to Hayden	(248.1)	2,151.2	-	1,560.0	1,850.0	-	5,561.2	128
B0513	TPC Clubhouse Patio Reconstruction	-	1,300.0	-	-	-	-	1,300.0	46
F0601	TPC Drainage Improvements	-	1,280.0	-	-	-	-	1,280.0	54
P0607	TPC Saline Impact Remediation	-	1,000.0	1,000.0	1,000.0	500.0	-	3,500.0	46
T8150	Traffic Management Program-ITS	(9,135.0)	17,802.6	2,318.3	2,250.0	4,110.0	3,030.8	29,511.7	131
T8160	Traffic Signal Program	(2,167.9)	1,111.3	348.9	350.0	400.0	390.0	2,600.2	132
P9035	Trail Development/Acquisition	(836.7)	2,028.3	500.0	502.3	-	-	3,030.6	34
TP016	Transfer Station Expansion	-	-	-	-	3,600.0	-	3,600.0	105
TP017	Transfer Station Paving and Painting	-	-	371.0	-	-	-	371.0	105
T0607	Transit Bus Engine Replacement	-	432.0	-	-	-	-	432.0	139
S0503	Transportation Master Plan	-	750.0	-	-	-	-	750.0	129
V2102	Troon East RWDS Pump Station Modifications	(433.9)	700.0	-	-	-	-	700.0	152
TBA	Troon North Park	-	-	244.1	1,491.4	-	-	1,735.5	34
D0608	Undergrounding Electrical Powerline Program	-	500.0	-	-	-	-	500.0	105
S0319	Union Hills Drive - Scottsdale Road to 74th Street	(3,406.2)	3,400.0	-	-	-	-	3,400.0	129
W0401	Union Hills to Hualapai Transmission Line-Pima Rd	(41.4)	750.0	-	-	-	-	750.0	153
T0302	Upper Camelback Wash Multiuse Path - Cactus to Redfield (1,168.0)	-	1,200.0	-	-	-	-	1,200.0	140
T0203	Upper Camelback Wash Multiuse Path-92ndSt/Shea to Cactus (212.9)	-	1,545.0	-	-	-	-	1,545.0	140
F0203	Upper Camelback Wash Watershed	(740.4)	6,442.2	-	-	-	-	6,442.2	63
P0606	Vista Del Camino - Yavapai Ballfields	-	700.0	1,564.3	-	-	-	2,264.3	35
P0307	Vista Del Camino Community Center Remodel/Expansion	(370.5)	3,004.7	-	-	-	-	3,004.7	35
TBA	Washrack/Pollution Control Device	-	-	-	-	-	138.0	138.0	116
W9912	Water Distribution System Improvements	(5,301.6)	8,282.2	3,500.0	1,250.0	2,000.0	1,250.0	16,282.2	153
W0710	Water Oversizing	(6,406.3)	8,204.5	-	-	-	-	8,204.5	153
W0205	Water Quality Improvements - Southern Neighborhoods	(768.7)	11,500.0	-	-	-	-	11,500.0	154
W0602	Water Quality Laboratory Instrumentation	-	580.0	-	-	-	-	580.0	154
V0205	Water Reclamation Plant - Phase 3	(19,463.7)	20,750.0	-	-	-	-	20,750.0	154
W6160	Water Rights Acquisition	(41,915.6)	44,052.0	20,916.0	-	-	-	64,968.0	155
W8570	Waterline Replacements	(13,119.1)	16,491.0	-	-	-	-	16,491.0	155
W4708	Well Sites	(14,330.7)	20,142.1	1,000.0	3,000.0	1,000.0	3,000.0	28,142.1	155
TBA	WestWorld 94th St. Entry Monument	-	-	340.0	-	-	-	340.0	36
D0302	WestWorld-Arena Footings	(15.0)	79.0	-	-	-	-	79.0	36
D0206	WestWorld-Arenas 6, 7 & 8 Relocation	(98.4)	609.0	-	-	-	-	609.0	36
D0504	WestWorld-Electronic Signage	(10.9)	60.0	-	-	-	-	60.0	37
B0505	WestWorld-Facilities & Parking	(2,004.9)	57,005.0	-	-	-	-	57,005.0	37
D0405	WestWorld-Landscaping & Pathways	(0.7)	478.4	-	-	-	-	478.4	37
D0303	WestWorld-Paving-Projects	(442.3)	530.5	-	-	-	-	530.5	38
D0207	WestWorld-Restroom Facility	(596.0)	669.5	-	-	-	-	669.5	38
D9902	WestWorld-Show Office/Design Covered Walkways	(16.5)	377.0	-	-	-	-	377.0	38
D0510	WestWorld-Site Improvements	-	2,067.0	-	-	-	-	2,067.0	39
D0506	WestWorld-Stall, Barn & Arena Enhancements	-	2,196.8	-	-	-	-	2,196.8	39
W9913	Zone 12 - 13 Water System Improvements	(6,671.8)	8,528.0	-	-	-	-	8,528.0	156
W0304	Zone 12 - 13 Water Transmission Lines	(4,250.1)	6,680.0	-	-	-	-	6,680.0	156
W0603	Zone 14 - 16 Water Improvements	-	2,000.0	6,000.0	-	-	-	8,000.0	156
Contingency Budget			4,500.0	2,500.0	2,500.0	2,500.0	2,500.0	14,500.0	
Inception to Date Expenditures Through 03/31/05			(345,330.6)	-	-	-	-	(345,330.6)	
Estimated Expenditures 04/01/05 Through 06/30/05			(139,601.8)	-	-	-	-	(139,601.8)	
Prior Year Carry-Forward (1)			-	580,080.9	525,207.2	415,595.5	333,865.1	1,854,748.7	
Total Capital Budgets			(552,411.8)	899,686.5	836,162.1	624,648.9	481,503.1	433,757.4	3,275,758.0

Capital Projects Operating Impacts

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

The table below presents a four-year forecast of capital project operating impacts (costs). The operating impacts of projects expected to be completed prior to the start of, or during FY2005/06 are calculated and included in the Program Operating Budget. These operating cost conservative estimates represent the staffing and maintenance necessary due to the completion and expected completion of capital projects. The capital projects operating impacts are incorporated into the General Fund budget found in the Fund Summaries and Five-Year Financial Plan section of Volume One. The operating impacts are also factored in the appropriate program expenditures found through out Volume Two. For a complete description of each capital project, refer to this Volume (Three) using the page cross-reference column on the right-hand side of the matrix.

OPERATING IMPACTS							Volume 3
Project #	Project Name	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Page # Ref.
S9903	96th Street – Shea Blvd. to Sweetwater Blvd.	37,000	37,000	37,000	37,000	148,000	117
P0302	Aging Park Facility Renovations	83,600	83,600	83,600	83,600	334,400	28
A0508	Airport Maintenance Facility	6,000	6,000	6,000	6,000	24,000	110
A0302	Airport Terminal Area Renovations	6,500	6,500	6,500	6,500	26,000	112
TBA	Airport Terminal Parking Garage	-	-	-	25,000	25,000	112
W2105	Alameda/122nd Street Booster Pump Station	-	16,000	16,000	16,000	48,000	143
M0606	Alternate Computing Site	50,000	50,000	50,000	50,000	200,000	90
TP001	Appaloosa Library	-	-	357,000	357,000	714,000	25
P0201	Arabian Library Phase II	398,000	398,000	398,000	398,000	1,592,000	25
W2106	Arsenic Mitigation Treatment	-	1,500,000	1,500,000	1,500,000	4,500,000	144
B0507	Asset Consolidation	-	10,000	10,000	10,000	30,000	102
T0601	ASU Scottsdale Center Transit Passenger Facility	-	-	44,300	44,300	88,600	133
S0501	Bell Road – 94th St. to Thompson Peak Parkway	-	5,500	5,500	5,500	16,500	117
W9903	Booster Station Upgrades	2,000	2,000	2,000	2,000	8,000	144
S2102	Cactus Road – Pima Freeway to Frank Lloyd Wright	-	61,000	61,000	61,000	183,000	117
S0301	Camelback Road – 64th to 68th St	3,800	3,800	3,800	3,800	15,200	118
S0502	Camelback/Scottsdale and Marshall Way	8,600	8,600	8,600	8,600	34,400	118
P0205	CAP Basin Lighted Sports Complex	726,900	726,900	726,900	726,900	2,907,600	28
W0504	CAP Plant Expansion	-	-	-	1,701,000	1,701,000	144
W0202	CAP Plant Regulatory Compliance	-	1,300,000	1,300,000	1,300,000	3,900,000	145
W4702	Chaparral WTP Influent Waterline	1,000	1,000	1,000	1,000	4,000	146
W0302	Chaparral WTP Water Distribution System	2,000	2,000	2,000	2,000	8,000	146
M0402	City Attorney – Legal Case Matter Management System	18,000	18,000	18,000	18,000	72,000	80
M0501	Community Services – Class System Upgrades	23,000	23,000	23,000	23,000	92,000	89
B0605	Community Services Facilities Maintenance	53,600	53,600	53,600	53,600	214,400	101
TBA	Corporation Yard Fleet Maintenance Facility Expansion	-	-	52,400	52,400	104,800	103
B0508	Courts – Customer Service Enhancement	6,000	6,000	6,000	6,000	24,000	98
M0611	Courts - Digital Courtroom Recording	5,700	5,700	5,700	5,700	22,800	81
M0202	Courts – Interactive Voice Response (IVR) System	5,000	5,000	5,000	5,000	20,000	81
TBA	Cross Cut Canal Multiuse Path Phase II	-	-	-	3,600	3,600	134
T0602	Cross Cut Canal Path Extension Project	-	-	3,600	-	3,600	135
W8515	Deep Well Recharge/Recovery Facilities	-	-	-	2,000	2,000	147
TBA	Detention Facility Consolidation	-	-	46,700	46,700	93,400	71
B0504	District 1 Police Facilities	-	332,000	332,000	332,000	996,000	71

OPERATING IMPACTS

Capital Improvement Plan

Project #	Project Name	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Total	Volume 3
							Page #
							Ref.
B0501	District 3 Expansion	5,400	5,400	5,400	5,400	21,600	72
M0612	Document Management System – Customer Services	27,000	27,000	27,000	27,000	108,000	91
M0502	Document Management System - City Attorney	12,000	12,000	12,000	12,000	48,000	80
M9906	Document Management System - Courts	25,000	25,000	25,000	25,000	100,000	82
D0401	Downtown Electrical Upgrades	1,800	1,800	1,800	1,800	7,200	41
P8734	Downtown Parking	250,000	-	-	-	250,000	135
D0602	Downtown Restrooms	-	-	18,500	18,500	37,000	42
M0605	Enhanced Public Meeting Recording System	7,500	7,500	7,500	7,500	30,000	82
E0401	Explosive Ordinance Disposal Equipment	17,500	17,500	17,500	17,500	70,000	72
M0302	Financial Services – Automated Time & Attendance System	33,800	33,800	33,800	33,800	135,200	87
M0613	Financial Services – E-Procurement	-	11,500	11,500	11,500	34,500	87
M0308	Financial Services – Hand Held Meter Reading System	500	500	500	500	2,000	88
TP011	Financial Services – Remittance Process Transport System	-	22,100	22,100	22,100	66,300	88
M0504	Financial Services – Tax, Licensing & Alarm Billing System	56,200	56,200	56,200	56,200	224,800	89
M0210	Financial Services – Utility Billing System	201,300	201,300	201,300	201,300	805,200	89
B0401	Fire Station #809 – Downtown Fire Station	28,000	28,000	28,000	28,000	112,000	67
B0402	Fire Station #810 – Miller & Thomas Remodel	1,400	1,400	1,400	1,400	5,600	67
B0503	Fire Station #813 – Via Linda Expansion	5,800	5,800	5,800	5,800	23,200	68
B0506	Fire Station #820 – Desert Mountain – Relocate and Construct	-	23,000	23,000	23,000	69,000	68
B0403	Fire Station #826 – Jomax and Scottsdale Road	-	783,000	783,000	783,000	2,349,000	69
B9909	Fire Station #827 – Ashler Hills and Pima	52,500	52,500	52,500	52,500	210,000	69
B0601	Fire Station South Quadrant	-	10,000	10,000	10,000	30,000	69
M0614	Fleet Management Information System	15,400	15,400	15,400	15,400	61,600	96
S0304	Frank Lloyd Wright–Scottsdale Rd to Shea	-	1,400	-	-	1,400	119
B0511	Fuel/Fleet Maintenance Facility – McKellips Service Center	-	-	60,800	60,800	121,600	103
P0608	Gateway to the Preserve Amenities	-	8,000	8,000	8,000	24,000	51
P0602	Grayhawk Community Park - Phase I	-	600,000	600,000	600,000	1,800,000	29
S2103	Hayden Road – Cactus to Redfield	-	3,600	-	-	3,600	120
S0202	Hayden Road – Pima Freeway to Thompson Peak Parkway	46,800	-	-	-	46,800	120
S0306	Hayden Road and Via de Ventura Intersection Improvement	200	-	-	-	200	121
S0201	Hayden/Miller Road – Deer Valley to Pinnacle Peak	-	-	-	1,000	1,000	121
TP008	Helicopter Air Support Unit	-	1,201,300	1,201,300	1,201,300	3,603,900	73
S0402	Indian Bend Road – Scottsdale to Hayden	23,800	-	-	-	23,800	122
T0604	Indian Bend Wash Path Connection	-	-	600	-	600	136
M0505	Information Services – CDPD Mobile Wireless Replacement	27,600	27,600	27,600	27,600	110,400	91
TP013	Information Services – Enterprise Back-up Software	-	-	-	42,100	42,100	92
M0205	Information Services – Security Investment	6,000	6,000	6,000	6,000	24,000	93
M0506	Information Services – Web Content Management SW	57,700	57,700	57,700	57,700	230,800	95
W0502	Inner Circle Booster Pump Station	-	2,000	2,000	2,000	6,000	147
E0503	Jail CCTV Monitoring/Recording System Replacement	4,000	4,000	4,000	4,000	16,000	73
P0202	Library Automation System Replacement	44,000	44,000	44,000	44,000	176,000	26
D0503	Loloma District Public Parking Garage	12,500	12,500	12,500	12,500	50,000	44
D0403	Loloma District Streetscape Improvements	-	10,000	10,000	10,000	30,000	44
T9902	Loop 101 Park and Ride Lot	-	-	4,300	-	4,300	137
P0403	Lost Dog Wash Access Area	8,000	8,000	8,000	8,000	32,000	52
S0310	McDonald Drive – Scottsdale to Hayden	900	-	-	-	900	123
P0209	McDowell Mountain Ranch Park and Aquatic Center	512,500	512,500	512,500	512,500	2,050,000	31
B9905	McKellips Service Center	2,300	2,300	2,300	2,300	9,200	104
P0501	Mustang Library Improvements	-	10,400	10,400	10,400	31,200	26
T0502	Mustang Transit Passenger Facility	-	4,300	-	-	4,300	137
S0602	Pima Road – Deer Valley to Pinnacle Peak	-	-	39,400	39,400	78,800	123

Project #	Project Name	Forecast				Total	Volume 3
		2006/07	2007/08	2008/09	2009/10		Page # Ref.
S0204	Pinnacle Peak – Scottsdale to Pima Rd	-	-	-	9,800	9,800	124
M0507	Planning & Development Services – Digital Plan Review	2,000	2,000	2,000	2,000	8,000	97
M0510	Police – Criminal Intelligence System	3,100	3,100	3,100	3,100	12,400	83
M0512	Police – Fashion Square Radio Treatment	30,100	30,100	30,100	30,100	120,400	84
M0513	Police – Hand Held Data Terminals	2,200	2,200	2,200	2,200	8,800	84
M8915	Police – Portable Radio Replacement Program	8,100	8,100	8,100	8,100	32,400	85
M0602	Police Automated Vehicle Location System	56,300	56,300	56,300	56,300	225,200	74
M0604	Police Document Imaging	(29,000)	(29,000)	(29,000)	(29,000)	(116,000)	75
B0302	Police Operational Support Building	-	337,200	337,200	337,200	1,011,600	76
B0204	Police/Fire Training Facility Phase 2	98,800	98,800	98,800	98,800	395,200	76
A0507	Portable Noise Monitors	500	500	500	500	2,000	115
M0608	Public Access Computer Security & Manageability Enhancements	-	-	1,000	1,000	2,000	96
W0503	Regional GAC Regeneration Facility	-	-	950,000	950,000	1,900,000	150
P0605	Scottsdale Ranch Park Tennis Courts	10,000	10,000	10,000	10,000	40,000	32
S7005	Scottsdale Road – Frank Lloyd Wright to Thompson Peak Parkway	10,100	10,100	10,100	10,100	40,400	125
TBA	Scottsdale Road Pedestrian & Bicycle Improvements, Phase I	-	-	-	14,300	14,300	138
TBA	Scottsdale Road Pedestrian & Bicycle Improvements, Phase II	-	-	-	5,700	5,700	138
P0207	Scottsdale Senior Center at Granite Reef	359,600	359,600	359,600	359,600	1,438,400	33
A0602	Security Lighting Installation – Main Aprons/Kilo	1,000	1,000	1,000	1,000	4,000	115
S0313	Shea Boulevard and 92nd Street Intersection Improvement	100	100	100	100	400	126
S0314	Shea Boulevard and Hayden Intersection Improvement	-	200	200	200	600	126
M0607	Software/Application Tracking System	9,900	9,900	9,900	9,900	39,600	96
P0402	Spring Training Facility	250,000	250,000	250,000	250,000	1,000,000	34
S0406	SRP Street Light Purchase	172,300	172,300	172,300	172,300	689,200	131
S0404	Stacked 40 – Center Road to Hayden	31,600	31,600	31,600	31,600	126,400	127
S0405	Stacked 40 – North Frontage Road	-	11,800	11,800	11,800	35,400	127
S0317	Thunderbird/Redfield – Scottsdale to Hayden	-	-	-	2,800	2,800	128
P9035	Trail Development/Acquisition	-	-	15,000	15,000	30,000	34
TBA	Troon North Park	-	30,000	30,000	30,000	90,000	34
S0319	Union Hills Drive – Scottsdale Road to 74th Street	9,000	9,000	9,000	9,000	36,000	129
P0606	Vista Del Camino - Yavapai Ballfields	-	10,000	10,000	10,000	30,000	35
P0307	Vista Del Camino Community Center Remodel/Expansion	22,500	22,500	22,500	22,500	90,000	35
W0602	Water Quality Laboratory Instrumentation	25,000	25,000	25,000	25,000	100,000	154
W8570	Waterline Replacements	-	-	-	3,000	3,000	155
D0504	WestWorld Electronic Signage	5,000	5,000	5,000	5,000	20,000	37
B0505	WestWorld Facilities & Parking	-	1,384,300	1,384,300	1,384,300	4,152,900	37
D0207	WestWorld Restroom Facility	9,000	9,000	9,000	9,000	36,000	38
D0510	WestWorld Site Improvements	30,000	30,000	30,000	30,000	120,000	39
W0304	Zone 12-13 Water Transmission Lines	5,000	5,000	5,000	5,000	20,000	156
Total Forecasted Operating Impacts		4,046,300	11,413,200	12,997,500	14,799,300	43,256,300	

Notes: Operating impacts relating to projects scheduled for completion in FY 2005/06 have been included in the appropriate departmental operating budget.



AUTHORIZED PERSONNEL POSITIONS - BY DEPARTMENT

Appendix

	Actual 2003/04	Adopted 2004/05	Estimated 2004/05	Adopted 2005/06
General Government				
Full-time	190.00	197.00	210.00	212.00
Part-time	6.50	4.95	4.95	4.95
Total FTE	196.50	201.95	214.95	216.95
Police				
Full-time	587.00	628.00	627.00	673.00
Part-time	3.10	3.10	3.10	3.10
Total FTE	590.10	631.10	630.10	676.10
Financial Services				
Full-time	137.00	139.00	139.00	144.00
Part-time	2.50	4.00	4.00	4.00
Total FTE	139.50	143.00	143.00	148.00
Transportation				
Full-time	35.00	36.00	36.00	40.00
Part-time	1.35	1.35	1.35	-
Total FTE	36.35	37.35	37.35	40.00
Community Services				
Full-time	322.00	323.00	322.00	355.00
Part-time	173.30	178.89	178.89	190.67
Grant	10.75	11.75	11.75	11.75
Total FTE	506.05	513.64	512.64	557.42
Information Systems				
Full-time	74.00	78.00	78.00	80.00
Part-time	0.81	0.81	0.81	0.81
Total FTE	74.81	78.81	78.81	80.81
Fire				
Full-time	1.00	1.00	258.00	260.00
Part-time	2.68	2.68	2.68	-
Total FTE	3.68	3.68	260.68	260.00
Water Resources				
Full-time	135.00	138.00	138.00	152.00
Part-time	1.00	1.00	1.00	0.50
Total FTE	136.00	139.00	139.00	152.50
Municipal Services				
Full-time	212.00	216.00	216.00	232.00
Part-time	3.00	3.00	3.00	3.00
Total FTE	215.00	219.00	219.00	235.00
Citizen & Neighborhood Resources				
Full-time	32.00	36.00	35.00	40.00
Part-time	-	-	-	-
Grant	-	1.00	1.00	1.00
Total FTE	32.00	37.00	36.00	41.00
Human Resources				
Full-time	32.00	34.00	33.00	33.00
Part-time	2.50	2.50	2.50	2.50
Total FTE	34.50	36.50	35.50	35.50
Economic Vitality				
Full-time	8.00	10.00	10.00	11.00
Part-time	-	-	-	-
Total FTE	8.00	10.00	10.00	11.00
Planning and Development Services				
Full-time	140.00	140.00	140.00	143.00
Part-time	-	-	-	1.00
Total FTE	140.00	140.00	140.00	144.00
Total Full-time Position FTE	1,905.00	1,976.00	2,242.00	2,375.00
Total Part-time Position FTE	196.74	202.28	202.28	210.53
Total Grant Funded Position FTE	10.75	12.75	12.75	12.75
Total Citywide Position FTE	2,112.49	2,191.03	2,457.03	2,598.28

NOTE: The budget includes funding for various services rendered by temporary or seasonal staffing, which is not included in the calculation of the full time equivalent (FTE) count. These slots are short-term and/or transitional in nature such as those in the Police and Fire pipelines. The number of slots listed below represents the number of positions allocated to each service area. The Human Resources Department uses the number of slots allocated solely for administrative control purposes. Fiscal control for these slots is maintained through the budget. However, due to the limited nature of the services performed by these slots, they are not considered part of the City's overall FTE count.

- Recreation Specialists – are for up to 158 seasonal slots throughout various times of the year. The funding for these slots is included in the Community Services Department budget.
- Police Reserve Officers – provide resources to assist the Police Department with sporadic spikes in the workload or special projects. When needed, up to 10 retired officer slots are available to assist. Funding for these slots is included in the Police Department budget.
- Police Pipeline Officers - are used for up to 31 cadet slots while they are in the police academy or after completing the academy and waiting for a sworn police position. The funding for these slots is included in the Police Department budget.
- Fire Pipeline Firefighters – are used for up to 16 cadet slots while they are in the fire academy or after completing the academy and waiting for a sworn fire position. The funding for these slots is included in the Fire Department budget.
- Fire Support – is used to compensate up to 40 non-fire department employee slots that serve on an "as needed" basis to support the firefighters. The funding for these slots is included in the Fire Department budget.
- Temporary Workers – are slots used when the work circumstances necessitate a temporary assignment or reassignment of an employee. While the Human Resources Department manages these 20 slots, no funding is included in the budget for these slots. Funding would typically come from within a department's adopted budget.

CITY STAFF SUPPORT

Budget Liaisons and CIP Liaisons

Budget Liaisons and **CIP Liaisons** coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Senior Budget Analyst on matters related to their specific operating budget. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. The **CIP Liaisons** (identified with an asterisk) essentially serve the same role; however, their focus is on coordination of capital projects and multiyear capital planning with the Financial Services Department staff. In many cases the same individual serves both roles.

General Government

- Office of the City Clerk Linda Lorbeer
- City Manager's Office Judy McIlroy
- City Attorney & Prosecution Sue Mitrison
- Communications & Public Affairs Maggie Wilson
- City Court Lisa Gurtler
- City Auditor Gail Crawford
- Legislative & Constituent/Gov Relations Elizabeth Weir

- Preservation Department Susan Quinet/ Bob Cafarella*
- The Downtown Group Renita Linyard
- WestWorld Jennifer Bowley*
- Police Department Holly Christian*/Carla Murillo

- Financial Services Department Lee Guillroy*
- Transportation Department Janet Secor*
- Community Services Depart. Jeanne Jones/Don Penfield*
- Information Systems Department Jennifer Jensen*
- Fire Department Dorinda Cline*
- Water Resources Department Rick Gregoire/Joe Gross*
- Municipal Services Department Teri Huston*
- Citizen and Neigh. Resources Dept. Carrie Abts*
- Human Resources Department Joe Kisler*
- Economic Vitality Department Kathy Montalvo*
- Planning & Dev. Services Dept. Dan VandenHam*

Capital Improvement Plan Coordination Teams

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

CIP Construction Review Team

- Police Department
 - Marc Eisen
- Financial Services Department
 - Sylvia Romero
- Transportation Department
 - Dave Meinhart
- Community Services Department
 - Don Penfield
- Information Systems Department
 - Rich Peterson
- Water Resources
 - Ron Dolan
- Municipal Services Department
 - Alex McLaren
- Planning and Development Services Department
 - Tim Conner

CIP Technology Review Team

- City Court
 - Daniel Edwards
- Police Department
 - Mike Morrison
- Financial Services Department
 - Jacob Beard
 - Sylvia Romero
- Information Systems Department
 - Jennifer Jensen
 - John Krusemark
 - Mark Ledbetter
 - Cindy Sheldon
 - Joe Stowell
 - Shannon Tolle
- Planning and Development Services Department
 - Jason Song

DEBT SERVICE EXPENSE

Appendix

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Final Payment Date
General Obligation Bonds (G.O.)						
Debt Service Fund:						
1993 G. O. Refunding	\$3,514,605	\$3,089,730	\$2,627,690	\$2,690,250	-	06/30/09
1993A G. O. Refunding	147,140	-	-	-	-	06/30/06
1997 Refunding Bonds	1,956,532	3,989,450	3,968,000	3,974,462	4,027,000	06/30/14
1989 Series I (1998)	1,208,320	1,190,470	1,190,480	177,800	177,800	06/30/18
1999A G.O. Bonds	1,279,325	1,261,075	1,260,475	1,257,000	-	06/30/09
2001 G.O. Refunding Bonds-6% & 20%	2,496,519	481,319	478,606	1,330,806	367,650	06/30/12
2002 Various Purpose G.O. Bonds-6% & 20% (28M iss. 5/02)	2,627,750	2,603,500	2,580,250	2,562,750	550,500	06/30/11
2002 G.O. Refunding Bonds-6% & 20%	5,598,662	5,596,912	5,607,162	5,764,112	8,772,725	06/30/16
2003 G.O. Refunding Bonds-6% & 20% (16,265,000 iss. 9/03)	607,044	2,140,919	2,146,294	2,159,431	5,933,731	06/30/13
2004 G.O. Var. Purpose-6% & 20% (48M iss. 4/04)	2,088,125	2,088,125	2,088,125	2,088,125	2,088,125	06/30/21
2005 G.O. Refunding Bonds-6% & 20% (8,542,000 iss. 3/05)	427,000	427,000	427,000	427,000	427,000	06/30/14
Fiscal Agent Fees	10,500	10,500	10,500	10,500	10,500	
Total Existing Var. Purp. G.O. Bonds	21,961,522	22,879,000	22,384,582	22,442,236	22,355,031	
Future Bond-Series 2005 Var. Purpose-6% & 20% (\$125M iss. 11/05)	6,438,333	7,981,500	7,468,050	7,668,650	8,312,221	06/30/25
Future Bond-Series 2007 Var. Purpose-6% & 20% (\$88.1M iss. 11/07)	-	-	4,266,667	6,858,500	4,744,882	06/30/27
Future Bond-Series 2009 Var. Purpose-6% & 20% (\$69.1M iss. 11/09)	-	-	-	-	4,643,333	06/30/29
Fiscal Agent Fees (Future Bonds @ \$1,000/bond)	1,000	1,000	2,000	2,000	3,000	
Total Future Var. Purp. G.O. Bonds	6,439,333	7,982,500	11,736,717	14,529,150	17,703,436	
Total Debt Service Fund-Property Tax	\$28,400,855	\$30,861,500	\$34,121,299	\$36,971,386	\$40,058,467	
Water Utility Fund:						
1993 Refunding	\$5,473,000	-	-	-	-	06/30/06
1993A Refunding	1,382,065	-	-	-	-	06/30/06
Fiscal Agent Fees	2,000	-	-	-	-	
Total Water Utility Fund-Water Rates	\$6,857,065	-	-	-	-	
Preserve Sales Tax Fund:						
1999 Preserve G.O. Bonds	\$2,138,125	\$2,114,375	\$2,058,125	\$2,021,250	-	06/30/09
2001 Preservation G.O. Bonds	1,283,775	1,262,538	1,244,000	1,248,000	-	06/30/09
2001 G.O. Refunding Bonds-Preservation Portion	1,488,913	1,488,913	1,488,913	1,488,913	1,488,913	06/30/22
2002 G.O. Bonds-Preservation Portion (\$40M iss. 5/02, prev. \$70M)	277,613	277,613	277,613	277,613	277,613	06/30/24
2002 G.O. Refunding Bonds-Preservation Portion	360,693	360,693	360,693	360,693	360,693	06/30/19
2004 Preservation GO (\$65.4M, iss. 4/04)	4,756,300	5,188,300	2,878,300	2,878,300	5,978,300	06/30/25
2005 G.O. Refunding Bonds-Preservation Portion (\$66.088M 3/05)	2,838,128	2,838,128	2,838,128	2,838,128	2,838,128	06/30/24
Fiscal Agent Fees	5,000	5,000	5,000	5,000	5,000	
Total Existing Preserve Debt Service	13,148,547	13,535,560	11,150,772	11,117,897	10,948,647	
Future Bond-Series 2005 Preserve (\$20M iss. 11/05)	680,000	1,247,584	1,652,190	1,685,455	1,722,046	06/30/25
Future Bond-Series 2007 Preserve (\$200M iss. 11/07)	-	-	8,122,215	11,974,269	12,223,595	06/30/34
Fiscal Agent Fees (Future Bonds @ \$1,000/bond)	1,000	1,000	2,000	2,000	2,000	
Total Future Preserve G.O. Bonds	681,000	1,248,584	9,776,405	13,661,724	13,947,641	
Total Preserve Debt Service - Preserve Sales Tax	\$13,829,547	\$14,784,144	\$20,927,177	\$24,779,621	\$24,896,288	
Total General Obligation Bonds (G.O.)	\$49,087,467	\$45,645,644	\$55,048,476	\$61,751,007	\$64,954,755	
Certificates of Participation:						
General Fund:						
2005 Certificates of Participation - Fire & Police Building	\$916,790	\$916,790	\$916,790	\$916,790	\$916,790	6/30/15
Fiscal Agent Fees	1,000	1,000	1,000	1,000	1,000	
	917,790	917,790	917,790	917,790	917,790	
Future Certificates of Participation-Downtown Open Space	500,000	500,000	500,000	500,000	500,000	6/30/15
Fiscal Agent Fees	-	-	-	-	-	
Total Future Certificates of Participation	500,000	500,000	500,000	500,000	500,000	
Total Certificates of Participation	\$1,417,790	\$1,417,790	\$1,417,790	\$1,417,790	\$1,417,790	
Revenue Bonds						
Highway User Revenue Fund:						
1993 Refunding	\$3,141,294	\$3,154,450	-	-	-	06/30/07
Fiscal Agent Fees	1,000	1,000	-	-	-	
Total Highway User Fund	\$3,142,294	\$3,155,450	-	-	-	
Water Utility Fund:						
1996 Refunding Bonds	\$620,271	\$624,092	\$626,063	\$626,130	\$246,240	06/30/14
2004 Water Sewer Refunding Bonds	102,049	102,273	102,739	300,877	300,850	06/30/16
Fiscal Agent Fees	1,000	1,000	1,000	1,000	1,000	
Total Water Utility Fund	\$723,320	\$727,364	\$729,802	\$928,007	\$548,090	
Sewer Utility Fund:						
1996 Refunding Bonds	\$528,379	\$531,634	\$533,313	\$533,370	\$209,760	06/30/14
1989 Series D (1997)	1,080,906	1,075,438	1,069,562	362,500	362,500	06/30/22
1989 Series E (1998)	3,052,575	3,008,275	2,969,775	1,236,375	1,236,375	06/30/23
2004 Water Sewer Refunding Bonds	1,127,452	1,129,927	1,135,086	3,324,148	3,323,850	06/30/16
Fiscal Agent Fees	2,000	2,000	2,000	2,000	2,000	
Total Sewer Utility Fund	\$5,791,312	\$5,747,274	\$5,709,735	\$5,458,393	\$5,134,485	
Scottsdale Preserve Authority:						
Series 1998	\$4,120,275	\$4,112,275	\$4,102,375	\$1,680,275	\$1,680,275	06/30/24
Series 2001 Refunding	1,520,246	1,525,921	1,518,296	1,515,296	1,515,976	06/30/22
Series 2004 Refunding	1,164,200	1,162,700	1,161,200	3,564,700	3,535,500	06/30/16
Fiscal Agent Fees	8,000	8,000	8,000	8,000	8,000	
Total Scottsdale Preserve Authority Bonds	\$6,812,721	\$6,808,896	\$6,789,871	\$6,768,271	\$6,739,751	
Total Revenue Bonds	\$16,469,646	\$16,438,984	\$13,229,408	\$13,154,671	\$12,422,326	

DEBT SERVICE EXPENSE, CONTINUED

Appendix

	Adopted 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Final Payment Date
Municipal Prop. Corp. (MPC) Bonds						
Excise Debt Fund:						
1998 Various Purposes	\$190,800	\$184,000	\$187,200	-	-	06/30/08
2004A MPC ASU Foundation Bonds	1,930,838	1,930,838	1,930,838	1,930,838	2,850,838	06/30/34
Fiscal Agent Fees	35,000	35,000	35,000	35,000	35,000	
Total Existing Excise Debt Fund	2,156,638	2,149,838	2,153,038	1,965,838	2,885,838	
Future Bonds - Loloma Museum (\$3.7M mil Mar 2006) GF funded	149,970	283,905	293,238	299,132	304,617	06/30/25
Future Bonds - Loloma Museum (\$3.7M mil Mar 2006) Bed Tax funded	149,970	283,905	293,238	299,132	304,617	06/30/25
Future Bonds - Giants Practice Field (\$6.67 mil June 2005) MSA funded	148,500	28,050	165,000	99,000	212,850	06/30/21
Future Bonds - Giants Practice Field (\$13.33 mil June 2005) TSA funded	301,500	56,950	335,000	201,000	432,150	06/30/21
Future Bonds - Westworld Land (\$20 mil Mar 2006)	645,886	1,288,232	1,288,015	1,291,975	1,289,915	06/30/35
Future Bonds - Westworld (\$26.3 mil Mar 2006) GF funded	1,073,532	2,019,269	2,085,750	2,127,744	2,173,937	06/30/25
Future Bonds - Westworld (\$3.7 mil Mar 2006) Bed Tax funded	149,970	283,905	293,238	299,132	304,617	06/30/25
Fiscal Agent Fees (Future Bonds @ \$2,000/bond)	4,000	4,000	4,000	4,000	4,000	
Total Future Excise Debt Fund	2,623,328	4,248,217	4,757,478	4,621,116	5,026,703	
Total Excise Debt Fund	\$4,779,966	\$6,398,055	\$6,910,516	\$6,586,954	\$7,912,541	
Solid Waste Fund:						
1995 Transfer Station	1,485,000	-	-	-	-	06/30/06
Fiscal Agent Fees	4,000	-	-	-	-	
Total Solid Waste Fund	\$1,489,000	-	-	-	-	
Water Fund:						
2001 Scottswater	\$1,804,550	\$1,868,900	\$1,908,400	-	-	06/30/08
2004 Water & Sewer	4,713,647	4,667,813	4,619,230	4,571,563	4,535,630	06/30/24
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	
Total Existing Water Fund	6,522,197	6,540,713	6,531,630	4,575,563	4,539,630	
Future Bonds - Water/Sewer (\$91.5 mil Mar 2006)	1,525,000	4,575,000	4,575,000	6,575,000	6,486,892	06/30/35
Future Bonds - Water/Sewer (\$21.5 mil Nov 2007)	-	-	716,667	1,075,000	1,725,000	06/30/27
Total Future Water Fund	1,525,000	4,575,000	5,291,667	7,650,000	8,211,892	
Total Water Fund	\$8,047,197	\$11,115,713	\$11,823,297	\$12,225,563	\$12,751,522	
Sewer Fund:						
2004 Water & Sewer	\$1,714,053	\$1,697,387	\$1,679,720	\$1,662,387	\$1,649,320	06/30/24
Total Sewer Fund	\$1,714,053	\$1,697,387	\$1,679,720	\$1,662,387	\$1,649,320	
Total MPC Bonds	\$16,030,216	\$19,211,155	\$20,413,533	\$20,474,904	\$22,313,382	
Contracts Payable						
General Fund:						
U.S. Corps of Engineers - Indian Bend Wash	\$231,166	\$231,166	\$231,166	\$231,166	\$231,166	2032
Dial Corp (max. \$440,000 total or 10 yrs)	37,000	37,000	37,000	-	-	2009
US Patent Office	-	-	-	3,080	-	2009
Nordstrom Garage Lease	2,612,486	2,716,985	2,825,665	2,938,691	3,056,239	2028
Nordstrom Garage Sales Tax	56,168	58,415	60,752	63,182	65,709	2028
BOR Administration/Westworld	55,000	55,000	55,000	55,000	55,000	2032
BOR Administration/TPC	55,000	55,000	55,000	55,000	55,000	2035
Promenade (max \$5,487,000 or 7 yrs)	712,139	-	-	-	-	2007
Waterfront Retail Sales Tax Rebate (max. \$3,150,000 plus int.)	-	80,000	84,000	88,200	92,610	2015
Waterfront Construction Sales Tax Rebate	-	350,000	350,000	350,000	350,000	2015
Hotel Valley Ho (max. \$2,500,000 or 20 yrs)	67,000	22,000	22,660	23,340	24,040	2024
Stacked 40's/Lund - Retail Sales Tax Rebate (max. \$5,500,000 plus int.)	-	545,000	572,250	600,863	630,906	2014
Stacked 40's/Lund - Construction Sales Tax Rebate	-	50,000	-	-	-	2014
Motor Mile Marketing	300,000	300,000	300,000	300,000	300,000	2010
Total General Fund	\$4,125,959	\$4,500,566	\$4,593,493	\$4,708,522	\$4,860,670	
Special Revenue Fund:						
McDowell Sonoran Preserve	\$951,765	\$952,290	\$955,780	\$952,480	\$951,855	2013
Total Special Revenue Fund	\$951,765	\$952,290	\$955,780	\$952,480	\$951,855	
Special Assessments Fund:						
Series 104	\$20,238	\$18,836	\$17,434	\$16,032	\$14,630	2012
Total Special Assessments Fund	\$20,238	\$18,836	\$17,434	\$16,032	\$14,630	
Total Contracts Payable	\$5,097,962	\$5,471,692	\$5,566,707	\$5,677,034	\$5,827,155	
Special Assessment Bonds						
Existing Districts (excluding ID 104)	\$1,101,884	\$1,064,203	\$1,026,522	\$988,841	\$868,125	01/01/13
Fiscal Agent Fees	2,500	1,000	1,000	1,000	500	
Total Special Assessment Bonds	\$1,104,384	\$1,065,203	\$1,027,522	\$989,841	\$868,625	
TOTAL DEBT SERVICE	\$89,207,466	\$89,250,468	\$96,703,436	\$103,465,247	\$107,804,034	

LONG-TERM DEBT OUTSTANDING

Appendix

Long-Term Debt Outstanding

As of 6/30/05 through 6/30/09

	Actual Balance at 6/30/05	Scheduled Balance at 6/30/06	Scheduled Balance at 6/30/07	Scheduled Balance at 6/30/08	Scheduled Balance at 6/30/09	Final Payment Date
General Obligation Bonds						
1993 G.O. Refunding	\$ 15,740,000	\$ 7,590,000	\$ 4,910,000	\$ 2,550,000	\$ -	06/30/09
1993A G.O. Refunding	1,455,000	-	-	-	-	06/30/06
1997 Refunding	19,685,000	18,780,000	15,800,000	12,685,000	9,400,000	06/30/14
1989 Series I (1998)	7,235,000	6,345,000	5,415,000	4,445,000	4,445,000	06/30/18
1999 A	4,500,000	3,450,000	2,350,000	1,200,000	-	06/30/09
1999	7,150,000	5,500,000	3,750,000	1,925,000	-	06/30/09
2001	4,520,000	3,455,000	2,350,000	1,200,000	-	06/30/09
2001 Refunding	38,625,000	36,620,000	36,550,000	36,480,000	35,555,000	06/30/22
2002	16,610,000	14,525,000	12,360,000	10,110,000	7,765,000	06/30/24
2002 Refunding	61,660,000	58,445,000	55,120,000	51,685,000	47,990,000	06/30/19
2003 Refunding	14,975,000	14,925,000	13,340,000	11,710,000	10,020,000	06/30/13
2004	111,800,000	110,100,000	107,900,000	107,900,000	107,900,000	06/30/25
2005 Refunding	74,630,000	74,630,000	74,630,000	74,630,000	74,630,000	06/30/24
Future Bonds	-	142,636,207	140,538,933	424,426,757	418,457,276	06/30/28
Total G.O. Bonds	378,585,000	497,001,207	475,013,933	740,946,757	716,162,276	
Revenue Bonds						
1993 HURF Refunding	5,815,000	2,990,000	-	-	-	06/30/07
1996 Refunding	5,600,000	4,750,000	3,850,000	2,900,000	1,900,000	06/30/14
1989 Util Series D (1997)	9,200,000	8,575,000	7,925,000	7,250,000	7,250,000	06/30/22
1989 Util Series E (1998)	32,135,000	30,645,000	29,095,000	27,475,000	27,475,000	06/30/23
2004 Refunding	18,800,000	18,435,000	18,060,000	17,670,000	14,885,000	06/30/16
Total Revenue Bonds	71,550,000	65,395,000	58,930,000	55,295,000	51,510,000	
MPC Bonds						
1993 Refunding	-	-	-	-	-	06/30/05
1998 Various Purpose	520,000	350,000	180,000	-	-	06/30/08
1995 Transfer Station	1,485,000	1,215,000	935,000	640,000	330,000	06/30/10
2001 Scottswater	5,135,000	3,545,000	1,835,000	-	-	06/30/08
2004	72,810,000	70,060,000	67,235,000	64,335,000	61,355,000	06/30/24
2004A	40,760,000	40,760,000	40,760,000	40,760,000	40,760,000	06/30/34
Future Bonds	19,945,322	168,276,966	166,894,010	186,476,958	184,961,969	06/30/35
Total MPC Bonds	140,655,322	284,206,966	277,839,010	292,211,958	287,406,969	
Scotts Preserve Auth Bonds						
1998 Excise Tax	43,225,000	41,175,000	39,010,000	36,725,000	36,725,000	06/30/24
2001 Refunding	17,235,000	16,545,000	15,820,000	15,070,000	14,290,000	06/30/22
2004 Refunding	22,925,000	22,850,000	22,775,000	22,700,000	20,220,000	06/30/16
Total SPA Bonds	83,385,000	80,570,000	77,605,000	74,495,000	71,235,000	

LONG-TERM DEBT OUTSTANDING

Appendix

Long-Term Debt Outstanding
As of 6/30/05 through 6/30/09

	Actual Balance at 6/30/05	Scheduled Balance at 6/30/06	Scheduled Balance at 6/30/07	Scheduled Balance at 6/30/08	Scheduled Balance at 6/30/09	Final Payment Date
Certificates of Participation						
2005	7,650,000	7,090,119	6,401,320	5,689,638	4,954,314	06/30/15
Future Certificates of Participation	-	3,500,000	3,000,000	2,500,000	2,000,000	06/30/13
Total Certificates of Participation	7,650,000	10,590,119	9,401,320	8,189,638	6,954,314	
Contracts Payable						
U.S. Corps of Engineers	3,175,633	3,106,932	3,034,716	2,958,806	2,879,012	06/30/32
Dial Corporation	193,155	156,155	119,155	82,155	-	06/30/08
U.S. Patent Office	3,080	3,080	3,080	3,080	-	01/29/09
Bureau of Reclamation/Westworld	1,540,000	1,485,000	1,430,000	1,375,000	1,320,000	07/29/33
Bureau of Reclamation/TPC	1,650,000	1,595,000	1,540,000	1,485,000	1,430,000	06/10/35
McDowell Sonoran Preserve	6,195,000	5,540,000	4,855,000	4,135,000	3,385,000	06/30/13
Underground Improvement District 104	76,198	62,177	48,156	34,135	20,115	06/30/11
Motor Mile Marketing	1,500,000	1,200,000	900,000	600,000	300,000	06/30/10
Total Contracts Payable	14,333,066	13,148,344	11,930,107	10,673,176	9,334,127	
Special Assessment Bonds						
Existing Districts	6,340,000	5,505,000	4,670,000	3,835,000	3,000,000	01/01/13
Total Spec Assmt Bonds	6,340,000	5,505,000	4,670,000	3,835,000	3,000,000	
Total All Existing Bonds and Contracts	682,553,066	642,003,463	604,956,427	572,242,814	540,183,441	
Total All Future Bonds and Contracts	19,945,322	314,413,173	310,432,943	613,403,715	605,419,245	
TOTAL LONG-TERM DEBT OUTSTANDING	\$ 702,498,388	\$ 956,416,636	\$ 915,389,370	\$ 1,185,646,529	\$ 1,145,602,686	

Sales Tax Agreements

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

Entity	Final Payment Date
Nordstrom	06/30/28
Promenade	06/30/06
Waterfront	06/30/12
Hotel Valley Ho	06/30/14
Stacked 40's	06/30/14

COMPUTATION OF LEGAL DEBT MARGINS

June 30, 2005	
Net Secondary Assessed Valuation as of June 30, 2005	\$ 4,343,454,311
Debt Limit Equal to 20% of Assessed Valuation	868,690,862
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2005):	
1993 Refunding	\$ 5,816,000
1993A Refunding	1,455,000
1997 Refunding	17,405,000
1989 Series I (1998)	4,445,000
1999 Preservation	7,150,000
2001 Preservation	4,520,000
2001 Refunding	38,625,000
2002	9,335,000
2002 Refunding	40,630,000
2003 Refunding	14,975,000
2004	94,800,000
2005 Refunding	<u>74,630,000</u>
Net Outstanding Bonded Debt Subject to 20% Limit	313,786,000
Legal 20% Debt Margin (Available Borrowing Capacity)	\$ 554,904,862
Debt Limit Equal to 6% of Assessed Valuation	\$ 260,607,259
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2005):	
1993 Refunding	\$ 9,924,000
1993A Refunding	-
1997 Series H Roads	-
1997 Refunding	2,280,000
1989 Series I (1998)	2,790,000
1999A Streets	3,452,404
1999A Pima Road	1,047,596
2001 Refunding	-
2002	7,275,000
2002 Refunding	21,030,000
2004	<u>17,000,000</u>
Net Outstanding Bonded Debt Subject to 6% Limit	64,799,000
Legal 6% Debt Margin (Available Borrowing Capacity)	\$ 195,808,259

State Regulation

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

City of Scottsdale Compliance with State Regulation

This schedule indicates the secondary assessed valuation of property within the City of Scottsdale allows a maximum legal bonding capacity of \$868,690,862 for projects subject to the 20% limitation and \$260,607,259 for projects subject to the 6% limitation.

Legal Debt Capacity Used

Based on the City's current outstanding general obligation debt, as of June 30, 2005, the City has used (borrowed) the following legal debt capacity by percentage limitation:

20% limitation	\$313,786,000 or 36.12%
6% limitation	\$64,799,000 or 24.86%

Legal Debt Capacity Available

Based on the City's current outstanding general obligation debt, as of June 30, 2005, the City has available (for borrowing) the following legal debt capacity by percentage limitation:

20% limitation	\$554,904,862 or 63.88%
6% limitation	\$195,808,259 or 75.14%

GENERAL FUND FIVE-YEAR PRIVILEGE TAX FORECAST

Appendix

General Fund Five-Year Privilege Tax Forecast By Business Category

Business Category	FY 03/04 Actual	% of Total	FY 04/05 Forecast	% of Total	FY 05/06 Forecast	% of Total	FY 06/07 Forecast	% of Total
Automotive	\$ 14,819,000	17%	\$ 16,004,520	17%	\$ 16,564,678	17%	\$ 17,392,912	17%
Construction	14,706,000	17%	16,911,900	18%	17,081,019	18%	17,251,829	17%
Food	5,722,000	7%	6,179,760	7%	6,426,950	7%	6,619,759	7%
Hotel/Motel	4,105,000	5%	4,474,450	5%	4,653,428	5%	4,816,298	5%
Major Dept Stores	6,932,000	8%	7,625,200	8%	8,006,460	8%	8,406,783	8%
Misc. Retail	12,650,000	15%	13,535,500	15%	14,482,985	15%	15,496,794	15%
Other Taxable	5,232,000	6%	5,650,560	6%	5,904,835	6%	6,081,980	6%
Rental	9,787,000	11%	10,569,960	11%	11,098,458	11%	11,542,396	11%
Restaurants	5,922,000	7%	6,395,760	7%	6,715,548	7%	6,950,592	7%
Utilities	3,814,000	4%	3,966,560	4%	4,125,222	4%	4,290,231	4%
Other	1,502,000	2%	1,585,830	2%	1,617,547	2%	1,649,898	2%
Total	\$ 85,191,000	100%	\$ 92,900,000	100%	\$ 96,677,131	100%	\$100,499,473	100%

Business Category	FY 07/08 Forecast	% of Total	FY 08/09 Forecast	% of Total	FY 09/10 Forecast	% of Total
Automotive	\$ 18,088,629	17%	\$ 18,812,174	18%	\$ 19,564,661	17%
Construction	17,683,125	17%	18,036,787	17%	18,397,523	16%
Food	6,818,352	7%	7,022,902	7%	7,233,589	6%
Hotel/Motel	4,984,868	5%	5,184,263	5%	5,443,476	5%
Major Dept Stores	8,827,122	8%	9,312,614	9%	9,964,497	9%
Misc. Retail	16,581,570	16%	17,576,464	17%	18,455,287	16%
Other Taxable	6,294,850	6%	6,515,169	6%	6,743,200	6%
Rental	12,004,092	11%	12,544,276	12%	13,046,047	12%
Restaurants	7,159,110	7%	7,445,474	7%	7,743,293	7%
Utilities	4,461,841	4%	4,640,314	4%	4,825,927	4%
Other	1,649,898	2%	1,649,898	2%	1,699,394	2%
Total	\$104,553,455	100%	\$108,740,336	100.0%	\$113,116,895	100%

Note:This same analysis by business category was applied when forecasting privilege tax revenues for the Public Safety Privilege Tax (.10%), and Special Revenue Funds: Transportation Privilege Tax (.20%), McDowell Preserve Privilege Tax (.20%) and Preservation Privilege Tax (.15%).

GLOSSARY OF TERMS

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

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

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

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

Balanced Budget - Arizona State law requires a “balanced” budget, which is “all-inclusive”. Arizona State Revised Statute (42-17151) defines a “balanced” budget as 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 unencumbered balances from the preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year.”

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

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

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

Bond 2000 – General Obligation Bonds that were authorized by voters in calendar year 2000 and are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer’s property taxing power, and must be authorized by the electorate.

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

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

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

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

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

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

Capital Improvement Funds – Established to account for financial resources to be used for the acquisition or construction of major capital facilities. The City maintains several Capital Project funds to ensure legal compliance and financial management for various restricted revenues.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Estimate – Represents the original adopted budget plus any prior year open purchase orders, contingency transfers, approved changes, and anticipated year-end savings.

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

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

Fees – Charges for specific services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Golf Course Surcharge – A \$1 per nine hole surcharge established in 1994 for all City owned golf courses. Revenue collected from this source is used for capital improvements, debt service on capital improvements, silt management, catastrophic flood funding, and support of the FBR Open golf tournament.

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

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

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

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

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

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

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

Internal Service Fund – Established to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

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

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

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

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

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

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

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

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

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

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

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

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

Personal Services – Include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

Preserve Bonds – Represent excise tax revenue bonds and G.O bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable solely from and secured by either a 0.2% sales tax approved by City voters in 1995 and issued for the purpose of acquiring land for the McDowell Sonoran Preserve or a 0.15% sales tax approved by City voters in 2004 and issued for the purpose of acquiring land and construction of essential preserve related necessities such as proposed trailheads for the McDowell Sonoran Preserve.

Primary Property Tax – Levied for the purpose of funding general government operations. Annual increases are limited to 2.0% of the previous year's maximum allowable primary property tax levy plus allowances for new construction and annexation of new property and tort litigation settlements.

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

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

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

Proposition 400 (Regional Sales Tax) represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction.

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

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

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

Regional Sales Tax (Proposition 400) represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction.

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

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

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

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

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

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

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

Special Revenue Funds – Established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Highway User Revenue, Preservation Privilege Tax, Transportation Privilege Tax, Special Programs, and Grants.

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

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

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

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

Transfers – The authorized exchanges of cash or other resources between funds, divisions, departments and/or capital projects.

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

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

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

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

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

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

ORDINANCE NO. 3622

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF SCOTTSDALE FOR THE FISCAL YEAR BEGINNING JULY 1, 2005, AND ENDING JUNE 30, 2006, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE.

WHEREAS, in accordance with the provisions of Title 42 Chapter 17 Arizona Revised Statutes (A.R.S.) and the City Charter, the Mayor and Council did, on May 17, 2005, make a budget estimate of the different amounts required to meet the public expenses for the ensuing fiscal year, an estimate of receipts from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Scottsdale, Arizona; and

WHEREAS, it appears that publication has been duly made, as required by law, of said budget estimates, together with a notice that the Mayor and Council will meet at 5:00 p.m., on June 28, 2005, in the City Hall Kiva, 3939 Drinkwater Boulevard, Scottsdale, Arizona, for the purpose of making the primary and secondary tax levies as set forth in said estimates; and

WHEREAS, in accordance with said State law and City Charter, the Mayor and Council met on June 28, 2005 and adopted the budget, and at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed expenditures or the primary and secondary tax levies; and

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

WHEREAS, the Mayor and Council of the City of Scottsdale have appeared and filed with the City Clerk said Tentative Budget for the fiscal year beginning July 1, 2005 and ending June 30, 2006; and

WHEREAS, the City of Scottsdale budget, which was adopted on June 28, 2005, provides the resources for specific program activity and service levels,

THEREFORE, BE IT ORDAINED by the Council of the City of Scottsdale as follows:

SECTION 1. That the following estimates of revenue and expenditures as now reduced or changed are hereby adopted as the budget of the City of Scottsdale, Arizona, for the fiscal year 2005/06.

SECTION 2. Upon the recommendation of the City Manager, and with the approval of the City Council, expenditures may be made from the budget for contingencies and reserves. The transfer of any sums within any specific appropriation may be done upon the approval of the City Manager. The City Council may, upon request of the City Manager, transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another.

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

Ordinance No. 3622
Page 2 of 2

Manager is responsible for managing fund resources to satisfy these requirements, which may be delegated to the City's Chief Financial Officer.

SECTION 4. Schedules A through F for the fiscal year 2005/06 Adopted Budget are as follows, and are attached hereto and incorporated herein by this reference:

Schedule A, Summary Schedule of Estimated Revenues and Expenditures Fiscal Year 2005/06

Schedule B, Summary of Tax Levy and Tax Rate Information Fiscal Year 2005/06

Schedule C, Summary of Revenues Other than Property Taxes Fiscal Year 2005/06

Schedule D, Summary By Fund of Other Financing Sources/(Users) and Interfund Transfers Fiscal Year 2005/06

Schedule E, Summary By Department of Expenditures Within Each Fund Fiscal Year 2005/06

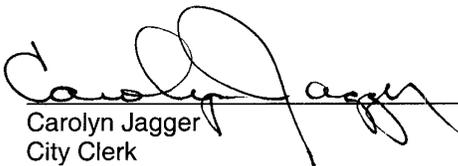
Schedule F, Summary of Specific Budget Appropriations Fiscal Year 2005/06

SECTION 5. Pursuant to §14-20 et. Seq. of the Scottsdale Revised Code, the attached classification/compensation plan is hereby adopted.

PASSED, APPROVED, AND ADOPTED by the Mayor and City Council of the City of Scottsdale, Maricopa County, Arizona this 28th day of June 2005.

ATTEST:

CITY OF SCOTTSDALE
A Municipal Corporation


Carolyn Jagger
City Clerk


Mary Manross
Mayor

Approved as to Form:


Deborah Robberson
Acting City Attorney

SCHEDULE A

CITY OF SCOTTSDALE
Summary Schedule of Estimated Revenues and Expenditures
Fiscal Year 2005/06

FUND	ADOPTED BUDGETED EXPENDITURES 2004/05	ACTUAL EXPENDITURES 2004/05*	ESTIMATED FUND BALANCE July 1, 2005**	DIRECT PROPERTY TAX REVENUES 2005/06	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2005/06	OTHER FINANCING SOURCES/(USES) 2005/06	INTERFUND TRANSFERS IN/(OUT) 2005/06	TOTAL FINANCIAL RESOURCES AVAILABLE 2005/06	BUDGETED EXPENDITURES 2005/06
PRIMARY:									
General Fund	\$ 214,302,352	\$ 204,423,906	\$ 59,248,710	\$ 18,698,509	\$ 242,116,747	\$ -	\$ (23,260,538)	\$ 296,803,428	\$ 239,288,071
Special Revenue Funds	51,769,742	51,443,063	22,074,607		101,828,496	-	(44,518,052)	79,385,051	62,901,407
SECONDARY:									
Debt Service Funds	49,625,490	53,191,942	8,807,422	28,400,855	1,714,622	-	24,972,234	63,895,133	54,947,711
Capital Projects Funds	737,153,500	391,249,500	218,484,800		637,317,800	293,900,000	78,039,124	1,227,741,724	899,686,500
Enterprise Funds	82,771,733	84,200,881	39,455,649		132,026,215	-	(34,996,068)	136,485,796	93,805,315
Expendable Trust Funds	700,400	737,240	19,758		260,000	-	-	279,758	278,677
Internal Service Funds	2,240,270	7,210,055	30,902,282	700,500	6,062,843	-	(236,700)	37,428,925	6,494,084
TOTAL ALL FUNDS	\$ 1,138,563,487	\$ 792,456,587	\$ 378,993,228	\$ 47,799,864	\$ 1,121,326,723	\$ 293,900,000	\$ -	\$ 1,842,019,815	\$ 1,357,401,765

EXPENDITURE LIMITATION COMPARISON

	2004/05	2005/06
1. Budgeted expenditures	\$ 1,138,563,487	\$ 1,357,401,765
2. Add/subtract: estimated net reconciling items	\$ (2,240,270)	\$ (6,494,084)
3. Budgeted expenditures adjusted for reconciling items	1,136,323,217	1,350,907,681
4. Less: estimated exclusions	\$ (923,777,598)	\$ (1,127,734,781)
5. Amount subject to the expenditure limitation	\$ 212,545,619	\$ 223,172,900
6. EEC or voter-approved alternative expenditure limitation	\$ 265,456,939	\$ 276,392,697

* Includes expenditure adjustments approved in FY 2004/05 from Schedule E.

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

SCHEDULE B

**CITY OF SCOTTSDALE
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2005/06**

	<u>2004/05</u> <u>FISCAL YEAR</u>	<u>2005/06</u> <u>FISCAL YEAR</u>
1. Maximum allowable primary property tax levy A.R.S. §42-17051(A).	<u>\$ 18,020,339</u>	<u>\$ 19,399,009</u>
2. Amount received from primary property taxation in the 2004/05 fiscal year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18).	<u>\$ -</u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ 18,020,339	\$ 19,399,009
B. Secondary property taxes	<u>26,858,978</u>	<u>28,400,855</u>
C. Total property tax levy amounts	<u>\$ 44,879,317</u>	<u>\$ 47,799,864</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) 2004-05 levy	17,569,831	
(2) Prior years' levies	430,416	
(3) Total primary property taxes	<u>\$ 18,000,247</u>	
B. Secondary property taxes		
(1) 2004-05 levy	26,187,504	
(2) Prior years' levies	638,466	
(3) Total secondary property taxes	<u>\$ 26,825,970</u>	
C. Total property taxes collected	<u>\$ 44,826,216</u>	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate	\$ 0.4518	\$ 0.4440
(2) Secondary property tax rate	<u>0.6184</u>	<u>0.5999</u>
(3) Total city tax rate	<u>\$ 1.0702</u>	<u>\$ 1.0439</u>
B. Special assessment district tax rates		

Secondary property tax rates - As of the date the tentative budget was prepared, the city was operating 357 special assessment districts (streetlight improvement districts) for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the City of Scottsdale's Accounting division.

* Includes actual property taxes collected as of the date the proposed budget was prepared plus estimated property tax collections for the remainder of the fiscal year.

SCHEDULE C

**CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2005/06**

SOURCE OF REVENUES	BUDGETED REVENUES 2004/05	ACTUAL REVENUES 2004/05*	ESTIMATED REVENUES 2005/06
GENERAL FUND			
<i>Taxes</i>			
Local			
Privilege & Use Tax (1.0%)	\$ 84,821,709	\$ 92,900,000	\$ 96,677,130
Privilege & Use Tax - Public Safety (.10%)	7,775,323	7,775,323	9,667,713
Transient Occupancy Tax	6,732,000	7,900,000	8,176,500
Light & Power Franchise	5,216,433	5,484,516	5,649,051
Cable TV	2,600,000	2,700,000	2,754,000
Salt River Project In Lieu	202,864	202,864	202,864
Stormwater Water Quality Charge	612,000	612,000	630,360
Fire Insurance Premium	500,666	529,000	-
From Other Agencies			
State Shared Sales Tax	16,538,855	17,986,211	19,025,797
State Revenue Sharing	18,016,757	18,639,339	20,512,126
Auto Lieu Tax	7,844,418	8,750,000	8,925,000
AZ STA/MCSD Revenue	1,321,489	-	-
Licenses/Permits/Service Charges			
Business & Liquor Licenses	1,826,664	1,930,526	2,007,747
Building Permit Fees & Charges	14,250,000	17,000,000	15,500,000
Recreation Fees	2,237,584	2,439,946	2,341,350
WestWorld Equestrian Facility Fees	1,587,537	1,806,148	1,824,209
Fines and Forfeitures			
Court Fines	3,916,833	4,900,000	5,096,000
Parking Fines	209,015	209,015	213,195
Photo Radar Fines	1,117,908	2,500,000	2,512,500
Photo Radar Fines - 101 Freeway	-	-	10,000,000
Library Fines & Fees	404,573	450,000	612,780
Interest Earnings/Property Rental			
Interest Earnings	1,650,000	1,854,909	1,850,000
Property Rental	3,370,000	3,100,000	3,018,400
Other Revenue/Resources			
Miscellaneous	1,200,000	1,020,000	1,020,000
Reserve Appropriation	16,719,205	16,719,205	23,900,025
Total General Fund	\$ 200,671,833	\$ 217,409,002	\$ 242,116,747

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

**SCHEDULE C
CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2005/06**

SOURCE OF REVENUES	BUDGETED REVENUES 2004/05	ACTUAL REVENUES 2004/05*	ESTIMATED REVENUES 2005/06
SPECIAL REVENUE FUNDS			
Highway User Fund			
Highway User Tax	\$ 13,916,954	\$ 14,700,000	\$ 14,994,000
Local Transportation Assistance Fund	1,146,323	1,146,323	1,146,323
Total Highway User Fund	\$ 15,063,277	\$ 15,846,323	\$ 16,140,323
Special Programs Fund			
Court Enhancement/JCEF/FTG	\$ 643,562	\$ 862,172	\$ 995,540
Downtown Cultural/Arts	300,000	70,000	680,000
Human Resources - Cultural Diversity Prog	7,200	4,795	9,519
Police	374,785	374,785	941,167
Community Services	1,357,237	1,357,237	2,493,720
Community Services - Sinclair Lease	-	-	1,720,000
Citizen and Neighborhood Resources	19,692	19,692	15,172
Planning & Development Systems	20,608	20,608	23,500
Fire	-	-	1,200
Reserve Appropriation	500,000	500,000	500,000
Total Special Programs Fund	\$ 3,223,084	\$ 3,209,289	\$ 7,379,818
Transportation Privilege Tax Fund			
Privilege Tax (.20%)	\$ 16,180,754	\$ 17,600,000	\$ 18,321,600
Interest Earnings	-	2,705	-
Total Transportation Privilege Tax Fund	\$ 16,180,754	\$ 17,602,705	\$ 18,321,600
McDowell Preserve Privilege Tax Funds			
Privilege Tax (.20%)	\$ 16,802,444	\$ 18,100,000	\$ 18,842,100
Privilege Tax (.15%)	11,662,984	11,662,984	14,501,570
Interest Earnings	520,200	330,000	651,669
Total McDowell Pres Privilege Tax Funds	\$ 28,985,628	\$ 30,092,984	\$ 33,995,339
Grant Funds			
Community Development Block Grant	\$ 1,544,240	\$ 1,544,240	\$ 1,929,967
HOME Funds	519,979	519,979	900,000
Section 8 Housing	5,308,323	5,308,323	5,640,114
Federal and State Grants	13,357,291	13,357,291	14,971,335
Contingency	-	-	2,000,000
Total Grant Funds	\$ 20,729,833	\$ 20,729,833	\$ 25,441,416
Special Districts			
Street Light Districts	\$ 500,000	\$ 500,000	\$ 550,000
Downtown Enhanced Municipal Svc District	670,000	519,000	-
Total Special Districts	\$ 1,170,000	\$ 1,019,000	\$ 550,000
Total Special Revenue Funds	\$ 85,352,576	\$ 88,500,134	\$ 101,828,496

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE C

CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2005/06

SOURCE OF REVENUES	BUDGETED REVENUES 2004/05	ACTUAL REVENUES 2004/05*	ESTIMATED REVENUES 2005/06
DEBT SERVICE FUNDS			
Special Assessment Debt Fund			
Special Assessments - Principal	\$ 2,792,383	\$ 2,792,383	\$ 1,124,622
Total Special Assessment Debt Fund	<u>\$ 2,792,383</u>	<u>\$ 2,792,383</u>	<u>\$ 1,124,622</u>
MPC Excise Debt			
MCSD/AZ STA Contributions	\$ -	\$ -	\$ 450,000
Spring Exhibition Surcharge	-	280,000	140,000
Total MPC Excise Debt Fund	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ 590,000</u>
Total Debt Service Funds	<u>\$ 2,792,383</u>	<u>\$ 3,072,383</u>	<u>\$ 1,714,622</u>
CAPITAL PROJECT FUNDS			
Capital Improvement Program			
Development Fees	\$ 16,779,500	\$ 10,121,100	\$ 16,414,600
Interest Earnings	2,758,300	2,097,700	3,177,700
Grant Revenue	7,548,100	8,220,500	15,820,600
Contributions	15,761,000	506,000	17,057,000
Miscellaneous Revenue	1,065,400	726,700	267,000
Estimated Unexpended Prior Year Budget	474,733,500	474,733,500	580,080,900
Contingent Revenue	4,500,000	4,500,000	4,500,000
Total Capital Project Funds	<u>\$ 523,145,800</u>	<u>\$ 500,905,500</u>	<u>\$ 637,317,800</u>
ENTERPRISE FUNDS			
Water and Sewer Utility Funds			
Sewer Charges	\$ 26,080,588	\$ 26,864,000	\$ 28,300,594
Water Charges	67,056,766	67,189,222	70,297,178
Groundwater Treatment Plant	880,919	880,919	853,516
Golf Course Water Charges	201,254	357,236	308,725
Irrigation Water Distribution System	1,197,187	1,680,494	1,958,088
Effluent Sales:			
Pipeline	2,382,822	1,854,975	2,488,759
Treatment Plant	544,513	561,000	580,635
Interest Earnings	1,098,936	1,317,593	1,139,040
Miscellaneous	1,367,467	1,214,693	1,230,433
Reserves	3,650,000	3,650,000	3,650,000
Total Water and Sewer Funds	<u>\$ 104,460,452</u>	<u>\$ 105,570,132</u>	<u>\$ 110,806,968</u>
Aviation Fund			
Airport Fees	2,852,980	3,059,224	3,074,520
Interest Earnings	20,276	20,276	26,511
Total Aviation Fund	<u>\$ 2,873,256</u>	<u>\$ 3,079,500</u>	<u>\$ 3,101,031</u>
Solid Waste Fund			
Refuse Collection	\$ 16,722,321	\$ 16,722,321	\$ 17,053,666
Interest Earnings	40,468	100,000	64,550
Reserves	1,000,000	1,000,000	1,000,000
Total Solid Waste Fund	<u>\$ 17,762,789</u>	<u>\$ 17,822,321</u>	<u>\$ 18,118,216</u>
Total Enterprise Funds	<u>\$ 125,096,497</u>	<u>\$ 126,471,953</u>	<u>\$ 132,026,215</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE C
CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2005/06

SOURCE OF REVENUES	BUDGETED REVENUES 2004/05	ACTUAL REVENUES 2004/05*	ESTIMATED REVENUES 2005/06
EXPENDABLE TRUST FUNDS			
Trusts			
Mayor's Committee for Emp of Handicapped	\$ 10,000	\$ 10,000	\$ 10,000
Scottsdale Memorial Hospital Redevelopment	-	127,414	-
Contingency	250,000	-	250,000
Total Trust Funds	\$ 260,000	\$ 137,414	\$ 260,000
INTERNAL SERVICE FUNDS			
Fleet Management Fund			
Equipment Rental	\$ 11,469,074	\$ 11,469,074	\$ 12,084,359
Miscellaneous Revenue	177,218	177,218	177,650
Interest Earnings	389,688	265,000	388,061
Internal Service Offset	(11,469,074)	(11,469,074)	(12,084,359)
Total Fleet Management Fund	\$ 566,906	\$ 442,218	\$ 565,711
Self Insurance Fund			
Risk Management	\$ 17,428,146	\$ 17,428,146	\$ 20,354,434
Interest	442,456	442,456	300,000
Short-Term Disability Revenue	-	-	140,000
Unemployment Taxes	-	-	65,000
Internal Service Offset	(17,392,146)	(17,392,146)	(19,362,302)
Risk Management Reserve	4,000,000	4,000,000	4,000,000
Total Self Insurance Fund	\$ 4,478,456	\$ 4,478,456	\$ 5,497,132
Total Internal Service Funds	\$ 5,045,362	\$ 4,920,674	\$ 6,062,843
TOTAL ALL FUNDS	\$ 942,364,451	\$ 941,417,060	\$ 1,121,326,723

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE D

CITY OF SCOTTSDALE

**Summary By Fund of Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2005/06**

FUND	OTHER FINANCING SOURCES/(USES) 2005/06	INTERFUND TRANSFERS 2005/06	
		IN	OUT
GENERAL FUND	\$ -	\$ 17,806,817	\$ 41,067,355
SPECIAL REVENUE FUNDS			
Highway User Fund	\$ -	\$ 3,093,076	\$ 71,500
Special Programs Fund	-	110,000	267,900
Transportation Privilege Tax Fund	-	271,340	9,160,800
McDowell Preserve Privilege Tax Funds	-	-	38,492,268
Total Special Revenue Funds	\$ -	\$ 3,474,416	\$ 47,992,468
DEBT SERVICE FUNDS			
Debt Service Fund	\$ -	\$ 24,972,234	\$ -
Total Debt Service Funds	\$ -	\$ 24,972,234	\$ -
CAPITAL PROJECTS FUNDS			
Capital Projects Fund	\$ 293,900,000	\$ 84,926,818	\$ 6,887,694
Total Capital Projects Funds	\$ 293,900,000	\$ 84,926,818	\$ 6,887,694
ENTERPRISE FUNDS			
Water and Sewer Funds	\$ -	\$ 6,887,691	\$ 37,598,311
Aviation Fund	-	561,643	2,095,553
Solid Waste Fund	-	-	2,751,538
Total Enterprise Funds	\$ -	\$ 7,449,334	\$ 42,445,402
INTERNAL SERVICE FUNDS			
Fleet Management Fund	\$ -	\$ -	\$ 226,300
Self Insurance Fund	-	-	10,400
Total Internal Service Funds	\$ -	\$ -	\$ 236,700
TOTAL ALL FUNDS	\$ 293,900,000	\$ 138,629,619	\$ 138,629,619

SCHEDULE E

CITY OF SCOTTSDALE

**Summary By Department of Expenditures Within Each Fund
Fiscal Year 2005/06**

Fund/Department	Adopted Budgeted Expenditures 2004/05	Expenditure Adjustments Approved 2004/05	Actual Expenditures 2004/05*	Budgeted Expenditures 2005/06
GENERAL FUND				
General Government	\$ 20,714,004	\$ 182,704	\$ 20,896,708	\$ 24,065,727
Police	61,056,902	(799,250)	60,257,652	67,403,408
Financial Services	7,678,835	-	7,678,835	8,564,191
Community Services	41,875,590	(31,000)	41,844,590	47,653,351
Information Systems	8,064,253	(31,000)	8,033,253	9,241,654
Fire	21,053,763	557,021	21,610,784	26,648,655
Municipal Services	537,783	-	537,783	596,263
Citizen & Neighborhood Resources	3,018,850	(53,000)	2,965,850	3,490,790
Human Resource	3,431,756	(60,939)	3,370,817	3,766,345
Economic Vitality	6,280,477	744,849	7,025,326	8,060,403
Planning & Development Services	12,756,970	-	12,756,970	13,853,510
Estimated Department Savings	(1,000,000)	(2,500,000)	(3,500,000)	(3,500,000)
Debt Service	12,113,964	(7,887,831)	4,226,133	5,543,749
Reserve Appropriation	16,719,205	-	16,719,205	23,900,025
Total General Fund	\$ 214,302,352	\$ (9,878,446)	\$ 204,423,906	\$ 239,288,071
SPECIAL REVENUE FUNDS				
Highway User Fund				
Transportation	\$ 10,563,729	\$ -	\$ 10,563,729	\$ 13,085,380
Municipal Services	11,468,307	(76,679)	11,391,628	12,366,365
Debt Service	3,120,269	-	3,120,269	3,142,294
Total Highway User Fund	\$ 25,152,305	\$ (76,679)	\$ 25,075,626	\$ 28,594,039
Special Programs Fund				
Court	\$ 291,292	\$ -	\$ 291,292	\$ 2,094,668
Downtown Cultural/Arts	300,000	(250,000)	50,000	970,000
Preservation Rehabilitation	10,000	-	10,000	10,000
Human Resource	7,200	-	7,200	14,001
Police	374,785	-	374,785	941,167
Community Services	2,358,612	-	2,358,612	2,754,479
Citizen & Neighborhood Resources	19,692	-	19,692	15,172
Planning & Development Services	20,608	-	20,608	23,500
Fire	-	-	-	1,200
Reserve Appropriation	500,000	-	500,000	500,000
Total Special Programs Fund	\$ 3,882,189	\$ (250,000)	\$ 3,632,189	\$ 7,324,187
McDowell Preserve Privilege Tax Funds				
Debt Service	\$ 955,115	\$ -	\$ 955,115	\$ 951,765
Total McDowell Pres Privilege Tax Funds	\$ 955,115	\$ -	\$ 955,115	\$ 951,765
Grant Funds				
CDBG/HOME/Section 8 Housing	\$ 7,372,542	\$ -	\$ 7,372,542	\$ 8,470,081
Other Federal & State Grants	13,187,591	-	13,187,591	14,971,335
Contingency	-	-	-	2,000,000
Total Grant Funds	\$ 20,560,133	\$ -	\$ 20,560,133	\$ 25,441,416
Special Districts				
Street Light Districts	\$ 550,000	\$ -	\$ 550,000	\$ 550,000
Downtown Enhanced Municipal Svc District	670,000	-	670,000	40,000
Total Special Districts	\$ 1,220,000	\$ -	\$ 1,220,000	\$ 590,000
Total Special Revenue Funds	\$ 51,769,742	\$ (326,679)	\$ 51,443,063	\$ 62,901,407

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

SCHEDULE E

CITY OF SCOTTSDALE
Summary By Department of Expenditures Within Each Fund
Fiscal Year 2005/06

<u>Fund/Department</u>	<u>Adopted Budgeted Expenditures 2004/05</u>	<u>Expenditure Adjustments Approved 2004/05</u>	<u>Actual Expenditures 2004/05*</u>	<u>Budgeted Expenditures 2005/06</u>
DEBT SERVICE FUNDS				
GO Debt Service				
GO Bonds/Revenue Bonds	\$ 46,833,107	\$ (2,593,424)	\$ 44,239,683	\$ 49,043,123
MPC Excise Debt				
MPC Bonds	\$ -	\$ 6,150,281	\$ 6,150,281	\$ 4,779,966
Special Assessment Debt				
Special Assessment Bonds	\$ 2,792,383	\$ 9,595	\$ 2,801,978	\$ 1,124,622
Total Debt Service Funds	\$ 49,625,490	\$ 3,566,452	\$ 53,191,942	\$ 54,947,711
CAPITAL PROJECT FUNDS				
Capital Improvement Program				
Capital Projects	\$ 732,653,500	\$ (345,904,000)	\$ 386,749,500	\$ 895,186,500
Contingency	4,500,000	-	4,500,000	4,500,000
Total	\$ 737,153,500	\$ (345,904,000)	\$ 391,249,500	\$ 899,686,500
Total Capital Projects Fund	\$ 737,153,500	\$ (345,904,000)	\$ 391,249,500	\$ 899,686,500
ENTERPRISE FUNDS				
Water and Sewer Utility Fund				
Financial Services	\$ 2,181,094	\$ -	\$ 2,181,094	\$ 2,377,368
Water Resources	42,833,944	(3)	42,833,941	46,354,006
Estimated Department Savings	(1,000,000)	1,000,000	-	-
Debt Service	19,335,292	547,976	19,883,268	23,132,947
Reserve Appropriation	3,650,000	-	3,650,000	3,650,000
Total Water and Sewer Fund	\$ 67,000,330	\$ 1,547,973	\$ 68,548,303	\$ 75,514,321
Aviation Fund				
Transportation	\$ 1,449,468	\$ -	\$ 1,449,468	\$ 1,563,624
Total Aviation Fund	\$ 1,449,468	\$ -	\$ 1,449,468	\$ 1,563,624
Solid Waste Fund				
Financial Services	\$ 581,039	\$ -	\$ 581,039	\$ 631,598
Municipal Services	12,397,653	7,495	12,405,148	13,606,772
Reserve Appropriation	1,000,000	-	1,000,000	1,000,000
Debt Service	343,243	(126,320)	216,923	1,489,000
Total Solid Waste Fund	\$ 14,321,935	\$ (118,825)	\$ 14,203,110	\$ 16,727,370
Total Enterprise Funds	\$ 82,771,733	\$ 1,429,148	\$ 84,200,881	\$ 93,805,315
EXPENDABLE TRUST FUND				
Trusts				
Mayor's Com. For Emp. of the Handicapped	\$ 15,000	\$ -	\$ 15,000	\$ 10,000
Scottsdale Mem. Hosp. Redevelopment	435,400	36,840	472,240	18,677
Reserve Appropriation	250,000	-	250,000	250,000
Total Trust Fund	\$ 700,400	\$ 36,840	\$ 737,240	\$ 278,677

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

SCHEDULE E

CITY OF SCOTTSDALE
Summary By Department of Expenditures Within Each Fund
Fiscal Year 2005/06

<u>Fund/Department</u>	<u>Adopted Budgeted Expenditures 2004/05</u>	<u>Expenditure Adjustments Approved 2004/05</u>	<u>Actual Expenditures 2004/05*</u>	<u>Budgeted Expenditures 2005/06</u>
INTERNAL SERVICE FUNDS				
Fleet Management Fund				
Municipal Services	\$ 10,363,755	\$ 2,467,647	\$ 12,831,402	\$ 11,838,433
Internal Service Offset	(11,469,074)	-	(11,469,074)	(12,084,359)
Total Fleet Management Fund	<u>\$ (1,105,319)</u>	<u>\$ 2,467,647</u>	<u>\$ 1,362,328</u>	<u>\$ (245,926)</u>
Risk Management Fund				
Financial Services	\$ 16,737,735	\$ 2,502,138	\$ 19,239,873	\$ 22,102,312
Reserve Appropriation	4,000,000	-	4,000,000	4,000,000
Internal Service Offset	(17,392,146)	-	(17,392,146)	(19,362,302)
Total Risk Management Fund	<u>\$ 3,345,589</u>	<u>\$ 2,502,138</u>	<u>\$ 5,847,727</u>	<u>\$ 6,740,010</u>
Total Internal Service Funds	<u>\$ 2,240,270</u>	<u>\$ 4,969,785</u>	<u>\$ 7,210,055</u>	<u>\$ 6,494,084</u>
TOTAL ALL FUNDS	<u>\$ 1,138,563,487</u>	<u>\$ (346,106,900)</u>	<u>\$ 792,456,587</u>	<u>\$ 1,357,401,765</u>

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

SCHEDULE F

CITY OF SCOTTSDALE
Summary of Specific Budget Appropriations
Fiscal Year 2005/06

	OPERATING BUDGET	CAPITAL BUDGET	OTHER FISCAL ACTIVITY	TOTAL ACTIVITY
Department:				
General Government	\$ 27,140,395	\$ -	\$ -	\$ 27,140,395
Police	68,344,575	-	-	68,344,575
Financial Services	33,675,469	-	-	33,675,469
Transportation	14,649,004	-	-	14,649,004
Community Services	50,407,830	-	-	50,407,830
Information Systems	9,241,654	-	-	9,241,654
Fire	26,649,855	-	-	26,649,855
Water Resources	46,354,006	-	-	46,354,006
Municipal Services	38,407,833	-	-	38,407,833
Citizen & Neighborhood Resources	3,505,962	-	-	3,505,962
Human Resources	3,780,346	-	-	3,780,346
Economic Vitality	8,060,403	-	-	8,060,403
Planning & Development Services	13,877,010	-	-	13,877,010
Estimated Department Savings	(3,500,000)	-	-	(3,500,000)
Internal Service Fund Offsets	(31,446,661)	-	-	(31,446,661)
Debt Service	89,207,466	-	-	89,207,466
Capital Improvements	-	895,186,500	-	895,186,500
Other Fiscal Activity:				
Grants	-	-	23,441,416	23,441,416
Trusts and Special Districts	-	-	618,677	618,677
Total 2005/06 Budget	\$ 398,355,147	\$ 895,186,500	\$ 24,060,093	\$ 1,317,601,740
Reserve/Contingency Appropriations	33,050,025	4,500,000	2,250,000	39,800,025
Total Budget Appropriation	\$ 431,405,172	\$ 899,686,500	\$ 26,310,093	\$ 1,357,401,765

ORDINANCE NO. 3623

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE, SUBJECT TO TAXATION OF CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2006.

WHEREAS, by the provisions of the City Charter and State Statute, an ordinance is required to set the property tax levy for fiscal year 2005/06.

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

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

SECTION 1. There is hereby levied on each one hundred dollars (\$100.00) of the assessed value of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending on the 30th day of June, 2006, and allowable tort liability claims. The total primary levy is \$19,399,009, resulting in a tax rate of \$0.4440 per \$100 of assessed value. Said figure subject to change only if a court decision were to reduce the net assessed valuation in a significant manner.

SECTION 2. In addition to the rate set in SECTION 1 hereof, there is hereby levied on each one hundred dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a secondary property tax rate of \$0.5999 per \$100 of assessed value, a rate sufficient to raise the sum of \$28,400,855 for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2006.

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

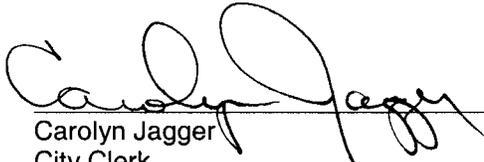
SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

Ordinance No. 3623
Page 2 of 2

PASSED, APPROVED, AND ADOPTED by the Mayor and Council of the City of Scottsdale, Maricopa County, Arizona this twenty-eighth day of June 2005.

ATTEST:

CITY OF SCOTTSDALE
A Municipal Corporation

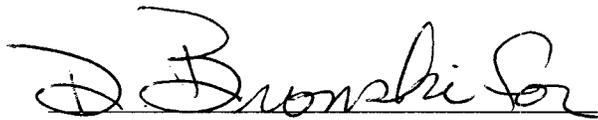


Carolyn Jagger
City Clerk



Mary Manross
Mayor

APPROVED AS TO FORM:



Deborah Robberson
Acting City Attorney