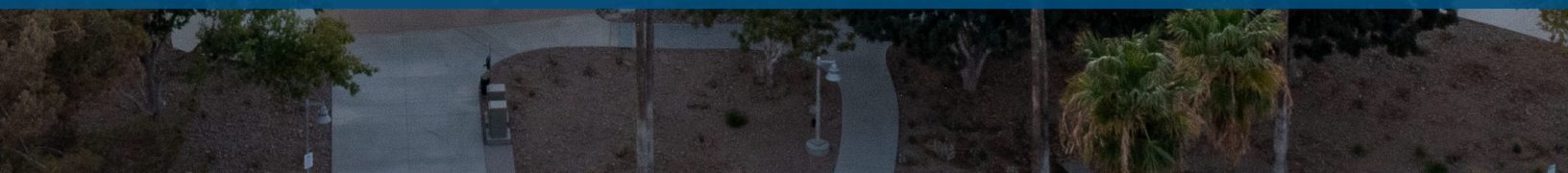


CITY OF SCOTTSDALE

BUDGET SUMMARY

VOLUME 1 | FY 2026/27 Budget



Adopted FY 2026/27 Budget

City of Scottsdale, Arizona

Volume One
Budget Summary

City Council

Lisa Borowsky, Mayor

Maryann McAllen, Vice Mayor

Jan Dubauskas

Barry Graham

Adam Kwasman

Kathy Littlefield

Solange Whitehead

Administrative Staff

Greg Caton, City Manager

Sonia Andrews, City Treasurer/CFO

Judy Doyle, Deputy City Manager

Kira Peters, Deputy City Manager

Scott Selin, Budget Director

Ana Lía Johnson, Assistant Budget Director

Trey Nilles, Budget/Research Analyst Principal

Samantha Jordan, Sr. Budget Analyst

Linna Zhou, Sr. Budget Analyst

Jordan Fraser, Budget Analyst

JunJun Rose, Budget Analyst

Miguel Cantu, Budget Intern

Sabrina Estrada, Budget Intern

FY 2026/27 Adopted Budget – Volume One

Budget Summary

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Report To Our Community

for Fiscal Year 2026/27

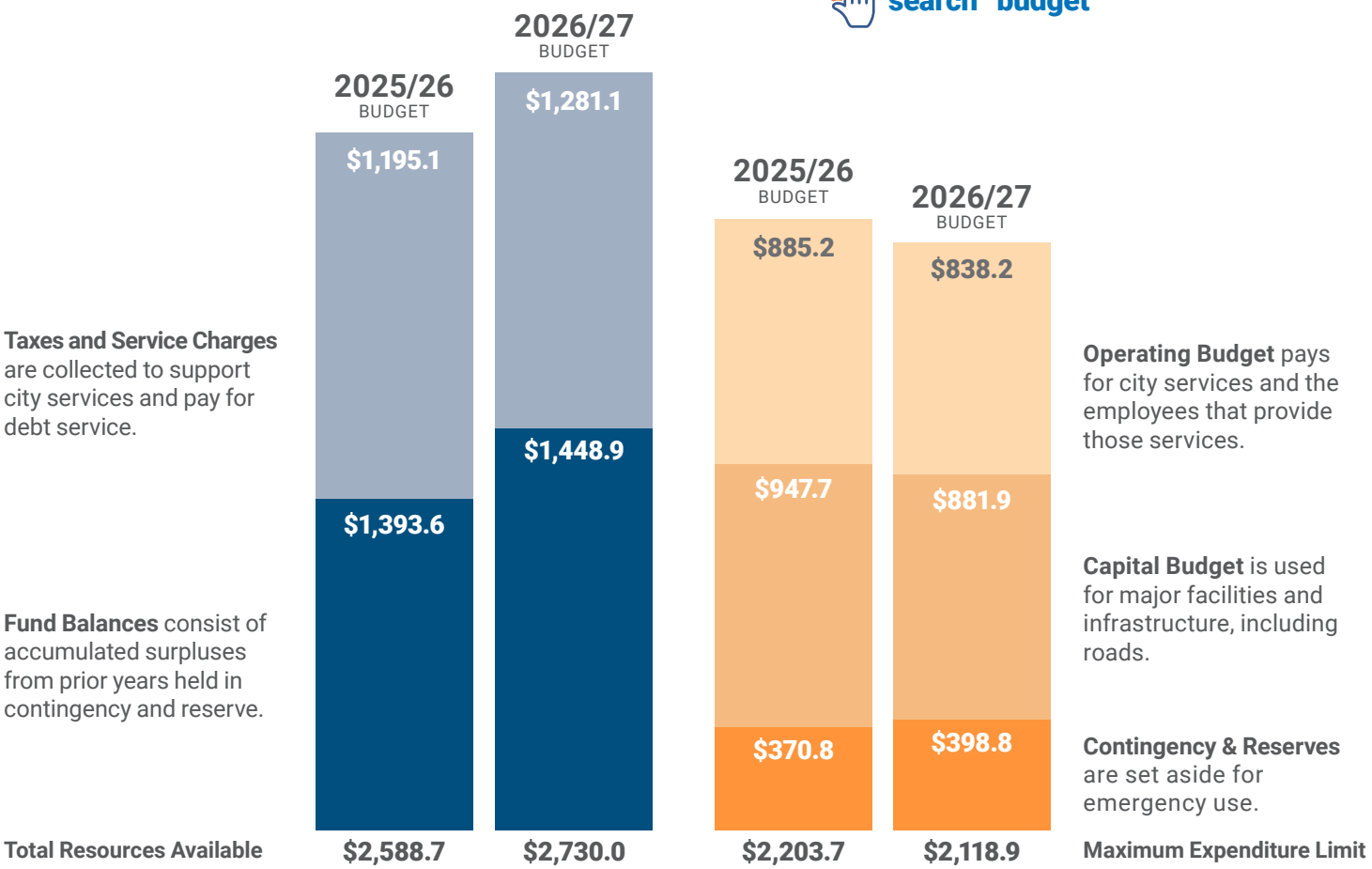
Moving Scottsdale Forward

Scottsdale's passionate professionals work on the frontlines and behind the scenes to provide exceptional customer service. The city's workforce is spread out in a variety of roles to ensure Scottsdale is a safe place to live, work and play. From public-facing departments, such as planning and development and human services, to departments like human resources, fleet management and information technology, every department is critical to running the city.

Resources and Expenses

Scottsdale is required by law to adopt a budget each year and cannot spend more than the total budgeted amount. This includes all city funds for the fiscal year ending June 30. City Council adopted the Fiscal Year 2026/27 budget in June 2026.

Learn more at ScottsdaleAZ.gov, search "budget"

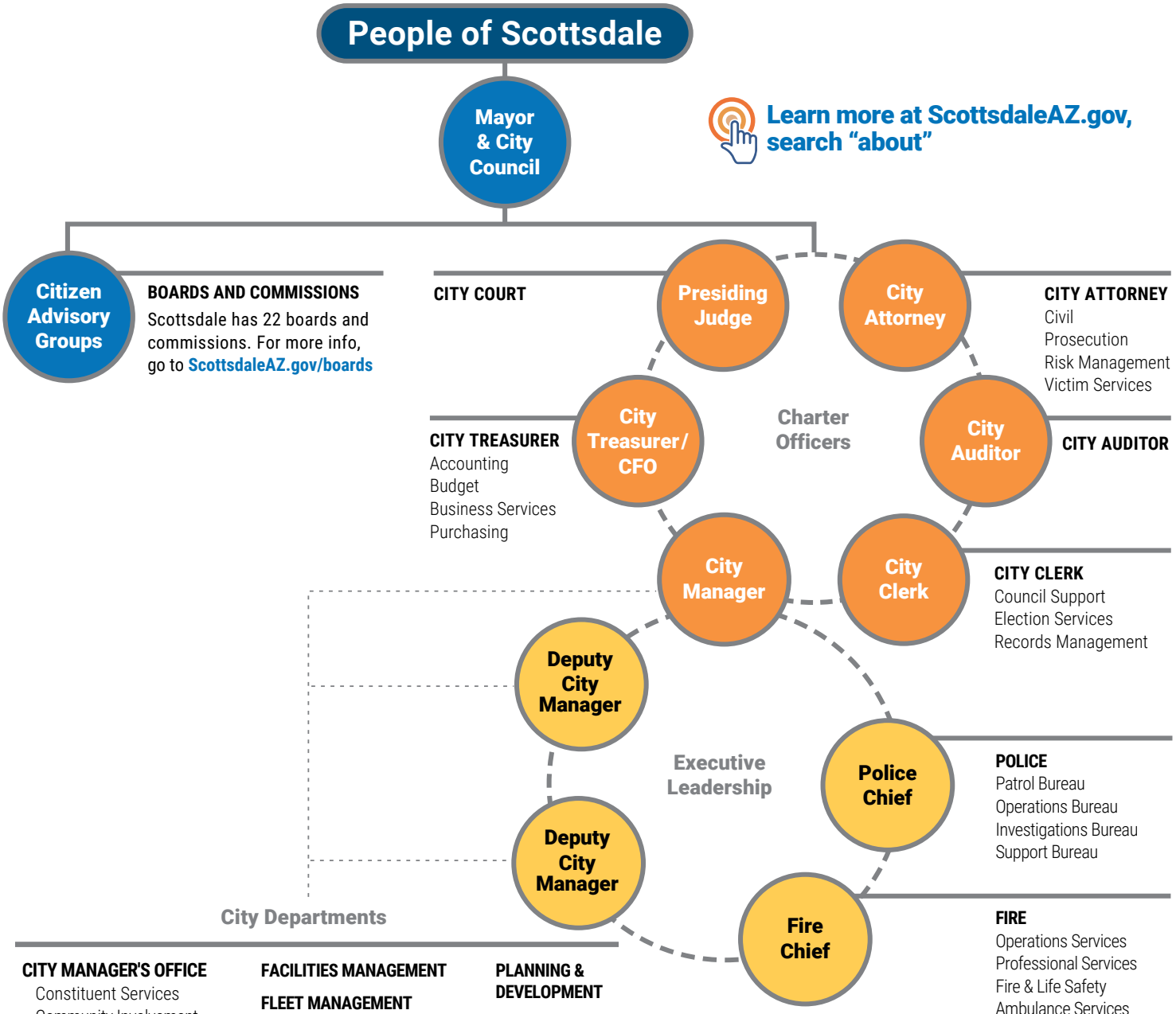


City Organization

for Fiscal Year 2026/27

Meet Our Leadership

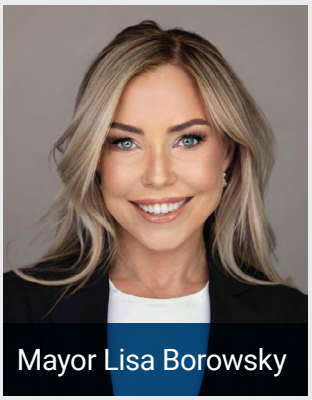
The voter-approved City Charter established the council-manager form of government which combines the strong political leadership of elected officials with the professional experience of an appointed local government manager.



*This chart is not reflective of the organization at the time of budget adoption.

Scottsdale City Council

The City Council consists of the mayor and six council members who are elected to represent the city at large and serve overlapping, four-year terms. These seven citizens oversee city government and set policies, approve programs, appropriate funds, enact laws, select charter officers and appoint residents to serve on advisory boards. The mayor serves as the chair of the Scottsdale City Council and presides over its meetings, which are typically held on Tuesdays in the City Hall Kiva Forum located at 3939 N. Drinkwater Blvd. in Old Town Scottsdale.



Mayor Lisa Borowsky

Lisa Borowsky began her first term as mayor of Scottsdale in January 2025.

She is a lifelong Scottsdale resident and is dedicated to keeping Scottsdale a world-renowned tourist destination while prioritizing a community that residents are proud to call home.

Lisa attended Scottsdale public schools, obtained her undergraduate degree from Arizona State University and her J.D. at St. John's University School of Law in New York.

She returned home to begin her career in commercial litigation. Throughout her legal career, Lisa represented homeowners plagued by construction failures, recovering millions of dollars on their behalf.

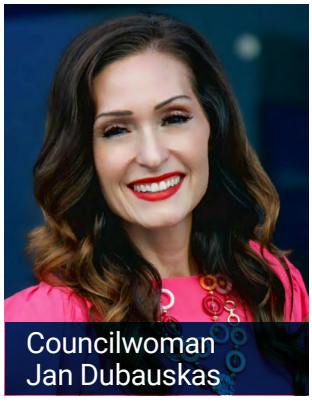
Lisa's most important accomplishment, however, is raising her daughter here in Scottsdale. They enjoy spending time with their family, dogs and horses and playing tennis.

Lisa served on the Scottsdale City Council from 2008 to 2012, leading efforts for meaningful structural changes to the city budget process and securing a voter-approved amendment to the City Charter to strengthen fiscal accountability to taxpayers.

She grew up competing in quarter horse shows and still enjoys riding and spending time at Scottsdale's great restaurants, resorts and events.

She loves meeting and hearing from residents. Please reach out with ideas, concerns or to become a city volunteer.

MBorowsky@ScottsdaleAZ.gov | 480-312-2433



Councilwoman Jan Dubauskas

Jan Dubauskas began her term on the Scottsdale City Council in January 2025.

She has lived in Arizona since 1998 and been a Scottsdale resident for more than 10 years.

Jan has been practicing law for nearly 20 years. She served as general counsel and chief operating officer for a health insurance carrier and regularly appeared on national cable news as a health insurance expert.

Prior to that, she served as director of compliance for a life insurance company.

Jan has a bachelor's degree from the University of Oregon and a J.D. from Arizona State University's Sandra Day O'Connor College of Law.

She is a graduate of Scottsdale 101 Citizen Academy, Scottsdale's Prosecution Academy and the city's police and water citizen academies.

Jan and her husband have a blended family with five children ranging in age from 9-29. Their youngest daughters attend school in the Scottsdale Unified School District.

JDubauskas@ScottsdaleAZ.gov | 480-312-7402



Councilman Barry Graham

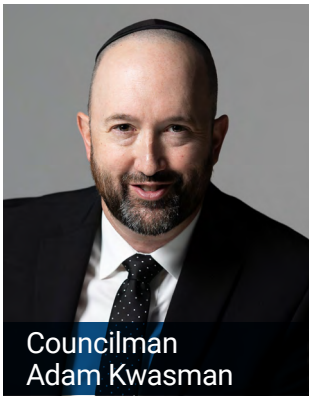
Barry Graham began serving on the Scottsdale City Council in January 2023.

Barry grew up in North Scottsdale, graduating from Chaparral High, and now lives in South Scottsdale where he and his wife are raising their sons. He is a Certified Public Accountant with one of Arizona's most prestigious accounting firms.

Barry has long been active in the community—he is a Scottsdale Leadership graduate, a former Planning Commissioner, and past chairman of both the Transportation Commission and the Building Advisory Board of Appeals.

Barry holds degrees in economics and international relations from Boston University and a master's in accounting from the University of Massachusetts. He was elected Treasurer of the Legislative District in 2018 and 2020.

BGraham@ScottsdaleAZ.gov | 480-312-7454


Councilman
Adam Kwasman

Adam Kwasman began his first term on the Scottsdale City Council in January 2025.

He serves as the president and managing attorney of Kwasman Law.

Adam previously served in the Arizona House of Representatives where he was vice chairman of the Ways & Means committee and sat on the Appropriations, Commerce and Joint-Legislative Budget committees. He earned the "Hero of the Taxpayer" award from Americans for Prosperity, the "Champion of Small Business" award by the National Federation of Independent Businesses, and the "Friend of the Family Award" by the Arizona Family Project.

Adam earned his bachelor's degree (cum laude) from Tulane University, his Master of Arts in Economics from George Mason University, and his J.D. from Arizona State University's Sandra Day O'Connor College of Law.

He draws inspiration from his wife and their five children. The Kwasman's are members of Congregation Beth Tefillah and Chabad of Arizona.

AKwasman@ScottsdaleAZ.gov | 480-312-2374


Councilwoman
Kathy Littlefield

Kathy Littlefield began her third term on the Scottsdale City Council in January 2023.

A Scottsdale native and Arizona State University graduate, she brings over 25 years of financial and management experience to the role. She co-founded and manages NetXpert Systems, Inc., a successful Scottsdale-based computer company. Her professional background includes work in the City of Plano's Budget Office and several Scottsdale businesses and nonprofits.

Councilwoman Littlefield has long been active in civic life, serving in leadership roles with the Civitan Club, Special Olympics, North Scottsdale Little League, and her local legislative district. She's a proud member of the Daughters of the American Revolution and the Mayflower Society. Deeply committed to her community, she has supported youth programs and veterans' initiatives throughout her career.

She and her husband, former Councilman Bob Littlefield, have been married over 50 years and have two children and one grandchild.

KLittlefield@ScottsdaleAZ.gov | 480-312-7412


Councilwoman
Maryann McAllen

Maryann McAllen began her first term on the Scottsdale City Council in January 2025.

Becoming a city councilwoman has been a lifelong goal for Maryann who dreamed of serving her community since she was a student at Supai Elementary School.

Maryann has lived in Scottsdale for 60 years. She attended Coronado High School and is now the president of the Coronado Foundation for the Future, which funds scholarships for current students.

She earned a bachelor's degree in communication and nonprofit studies from Arizona State University. After graduation, she began a 14-year career in the city's Parks and Recreation and Human Services departments.

Maryann has been married to her husband for 32 years. They raised their four children in Scottsdale.

Maryann is a graduate of Scottsdale Leadership and the past chair of the Scottsdale Parks and Recreation Commission.

She is also a proud small business owner in Scottsdale.

MMcallen@ScottsdaleAZ.gov | 480-312-7456


Councilwoman
Solange Whitehead

Councilwoman Solange Whitehead was re-elected to her third four-year term in July 2026. An electrical engineer, conservationist and volunteer, she has called Scottsdale home since 1996.

Whitehead has worked to ensure community priorities guide city policies while protecting Scottsdale's quality of life and maintaining some of the Valley's lowest taxes. Her accomplishments include strengthening protections for the McDowell Sonoran Preserve, updating building codes, ending water exports beyond city limits, expanding and revitalizing parks, lowering development height limits, increasing public open space and strengthening short-term rental regulations. She also helped secure voter approval for the city's General Plan, infrastructure investments and long-term funding for parks, the Preserve and public safety.

Whitehead has advocated for competitive employee pay, stronger financial reserves and lower tax rates. A former Preserve commissioner, she was named Conservationist of the Year by the Arizona Wildlife Federation. She and her husband have three grown children.

SWhitehead@ScottsdaleAZ.gov | 480-312-7423

Charter Officers

The City Council hires six officers to advise them on policy issues and run day-to-day operations. They are collectively known as the charter officers because their positions are spelled out in the City Charter, a voter-approved document which describes the organization and authority of the city government in Scottsdale. These positions are the city manager, city attorney, city auditor, city clerk, city treasurer/chief financial officer and presiding city judge. The city manager is the chief executive officer and is responsible for about 90 percent of the city's workforce.



Greg Caton
City Manager
GCaton@ScottsdaleAZ.gov
480-312-7759



Luis Santaella
City Attorney
LSantaella@ScottsdaleAZ.gov
480-312-7771



Lai Cluff
Acting City Auditor
LCluff@ScottsdaleAZ.gov
480-312-7851



Ben Lane
City Clerk
BLane@ScottsdaleAZ.gov
480-312-2411



Sonia Andrews
City Treasurer & Chief Financial Officer
SAndrews@ScottsdaleAZ.gov
480-312-2364



Marianne Bayardi
Presiding Judge
MBayardi@ScottsdaleAZ.gov
480-312-7604

Financial Overview

for Fiscal Year 2026/27

The City of Scottsdale implements the priorities of residents through funding programs and services. The budget is the highest form of policy approved by the City Council and is presented in multiple formats to accommodate a variety of audiences. The city invites Scottsdale residents to provide input annually throughout the budget development and adoption.

Community Feedback

September - January	April	May	June
Prepare Departments work to forecast and refine budget requests	**Propose** Proposed budget is presented to City Council	**Review & Adopt** City Council sets the rates and fees for the fiscal year. Residents can provide their thoughts	**Adopt** City Council adopts the final budget. Residents can provide their thoughts

Adopted Budget
(all funds)

Scottsdale's budget is balanced as the city has more resources available than it is using

Total Resources
$2,730.0
(in millions of dollars)

Total Uses
$2,118.9
(in millions of dollars)

Scottsdale's Budgets

Scottsdale's annual budget includes two main components, one is for capital projects that become long-time assets and the other is for city operations; which fund services for the public.

Capital Budget

Funds long-term investments in the city such as building, acquisition and improvement of infrastructure and facilities.

FY 2026/27
Budget
$956.1
(in millions of dollars)

Top Uses of Funds

- **Water Management** $330.5
- **Transportation and Infrastructure** $258.1
- **Service Facilities** $179.6

All other uses of funds: $187.9

Operating Budget

Funds the day-to-day operations and services of the city.

FY 2026/27
Budget
$1,162.8
(in millions of dollars)

Top Uses of Funds

- **Police** $156.3
- **Water Resources** $126.6
- **Fire** $103.8

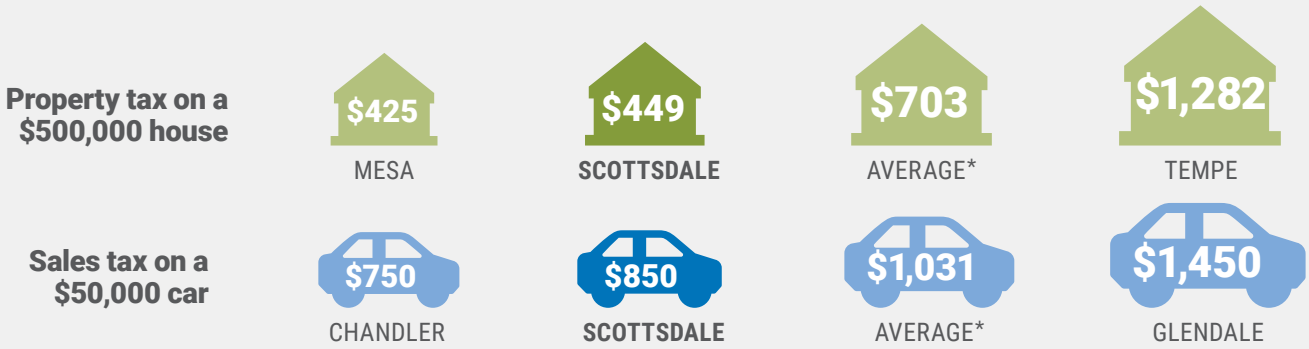
All other uses of funds: $776.1

Where Do My Property Taxes Go?



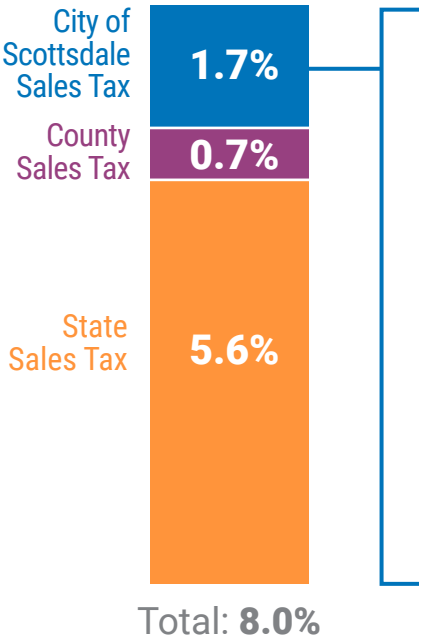
*Some property tax numbers may vary based on location in Scottsdale

Scottsdale has one of the lowest property and sales tax rates in the Valley.



*Average of the eight largest cities in the Valley. The housing figures are reflective of the *assessed* value.

Where Do My Sales Taxes Go?



Understanding Scottsdale's Sales Taxes

- **General Fund (1.00%)** - Available for any municipal purpose.
- **Public Safety (0.10%)** - Dedicated exclusively to public safety.
- **Transportation (0.30%)** - Dedicated to transportation improvements and approved by voters in 1989 (0.20%) and 2018 (0.10%).
- **Preserve (0.15%)** - Dedicated to the purchase of land and construction of essential preserve necessities such as trailheads within the McDowell Sonoran Preserve and approved in 2004.
- **Parks and Preserve (0.15%)** - Dedicated to parks and recreational facilities and maintenance and protection of the McDowell Sonoran Preserve and approved by voters in 2024.

Community Profile

for Fiscal Year 2026/27

Welcome to Scottsdale, Arizona

Scottsdale is a premier community nestled at the foot of the McDowell Mountains in the Valley of the Sun. Home to more than 243,000 residents, the city offers a variety of world-class amenities and robust residential, recreational, and shopping areas. Welcoming about 11 million visitors each year, Scottsdale has earned its enviable reputation as an internationally recognized visitor destination and a thriving hub for businesses of all kinds.

With top-rated schools, award-winning parks, low crime rates, and a bustling economy, Scottsdale consistently secures its place among the country's most desirable communities. Old Town Scottsdale features a vibrant mix of restaurants, retail shops, art galleries and resort hotels, making it a key destination that attracts millions of residents and visitors each year. Scottsdale is also home to the McDowell Sonoran Preserve, nearly 48 square miles of natural beauty that is enjoyed by both residents and visitors.

Scottsdale was founded by Army Chaplain Winfield Scott in 1888 but was not incorporated until 1951 when Scottsdale was a small community of 2,021 residents situated on about two square miles of land. Today, Scottsdale residents enjoy the rich diversity of experiences offered within the city's 185 square miles.



Fall Festival 2025



Cycle the Arts 2026



McCormick-Stillman Railroad Park Golden Jubilee 2025



2025 Noon Year's Eve Event

Scottsdale Top Attractions



1 Pinnacle Peak Park



2 Preserve Gateway and Scottsdale's McDowell Sonoran Preserve



3 TPC Scottsdale



4 WestWorld



5 Scottsdale Airport/Airpark



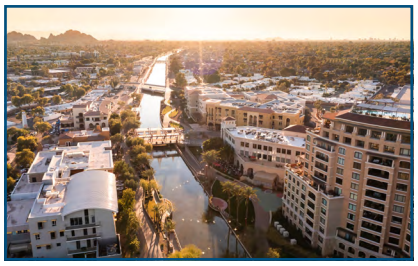
6 McCormick-Stillman Railroad Park



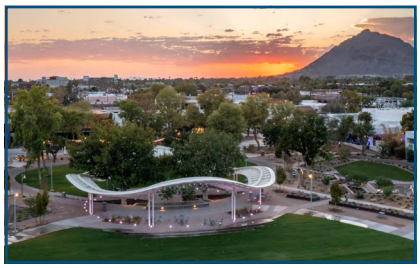
7 Indian Bend Wash Greenbelt



8 Scottsdale Fashion Square



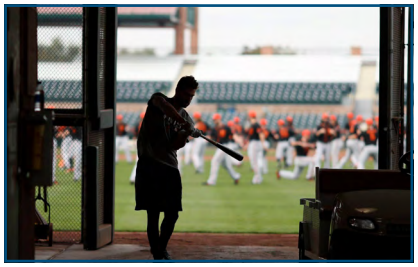
9 Scottsdale Waterfront



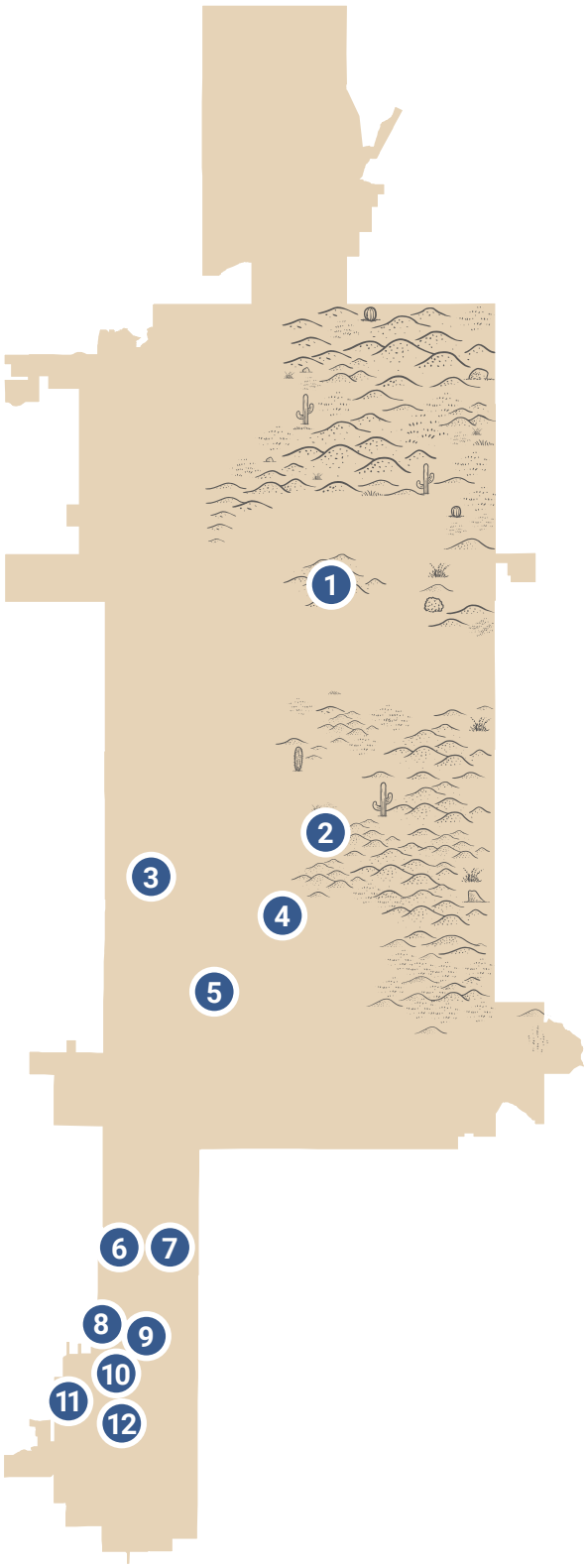
10 Civic Center



11 Scottsdale's Museum of the West



12 Scottsdale Stadium

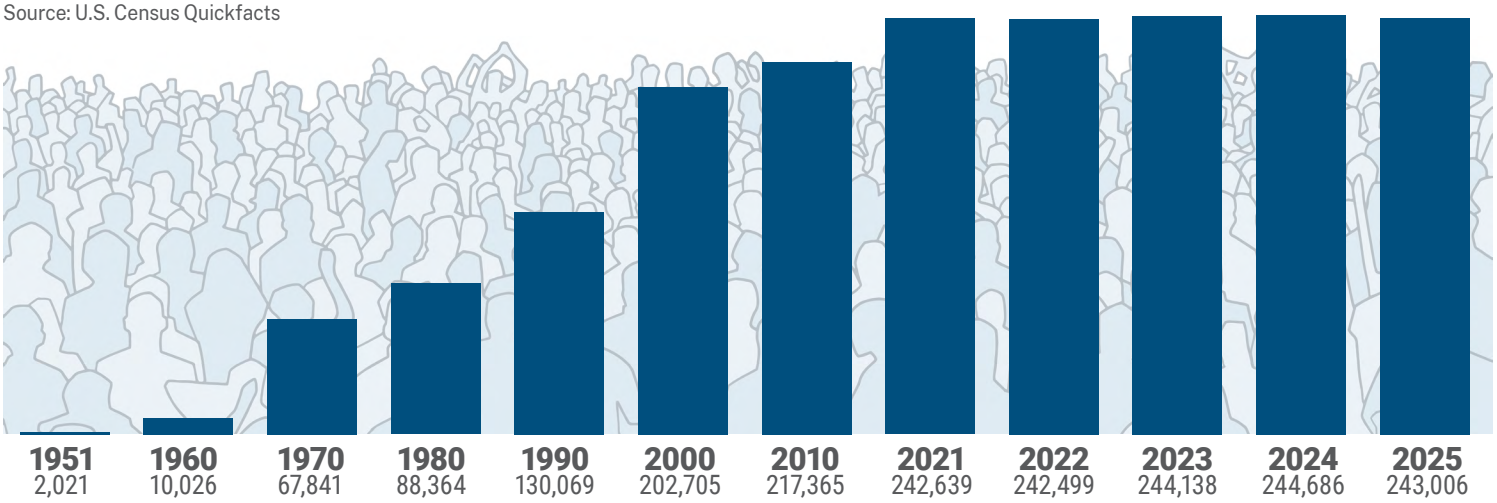


Demographics
for Fiscal Year 2025/26

CITY OF SCOTTSDALE

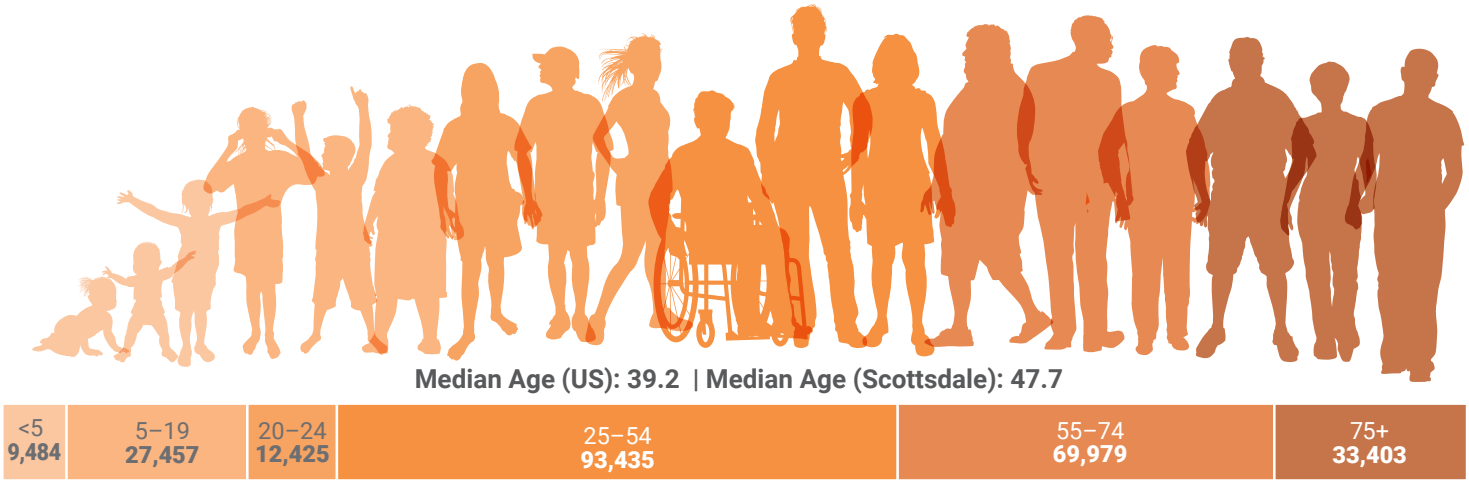
Scottsdale by the Numbers: A Demographic Summary

Source: U.S. Census Quickfacts

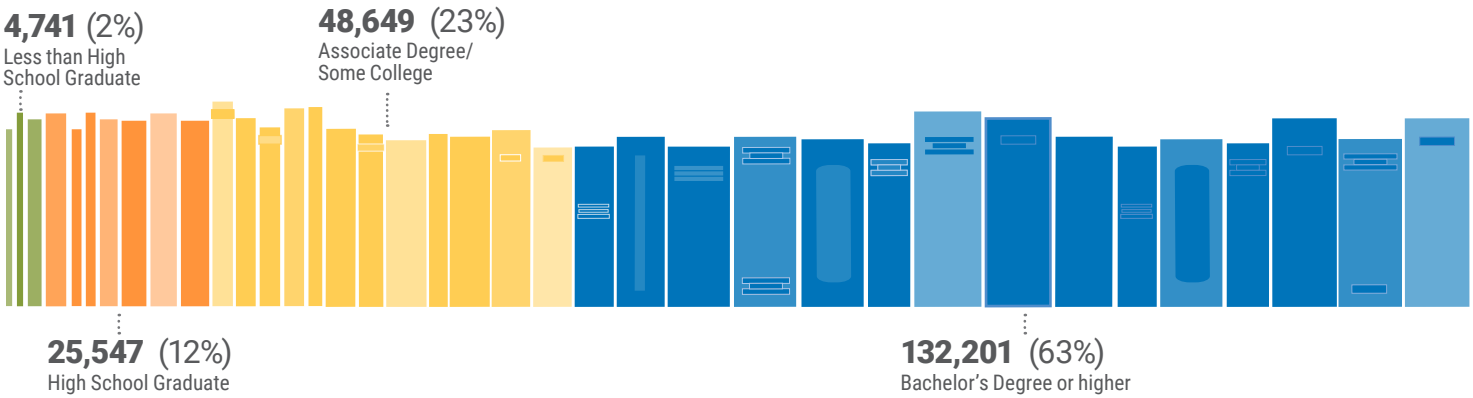


Scottsdale's median age of 47.7 is more than 8 years older than the U.S. median age of 39.2.

Source: U.S. Census 2024 American Community Survey 1-Year Estimates



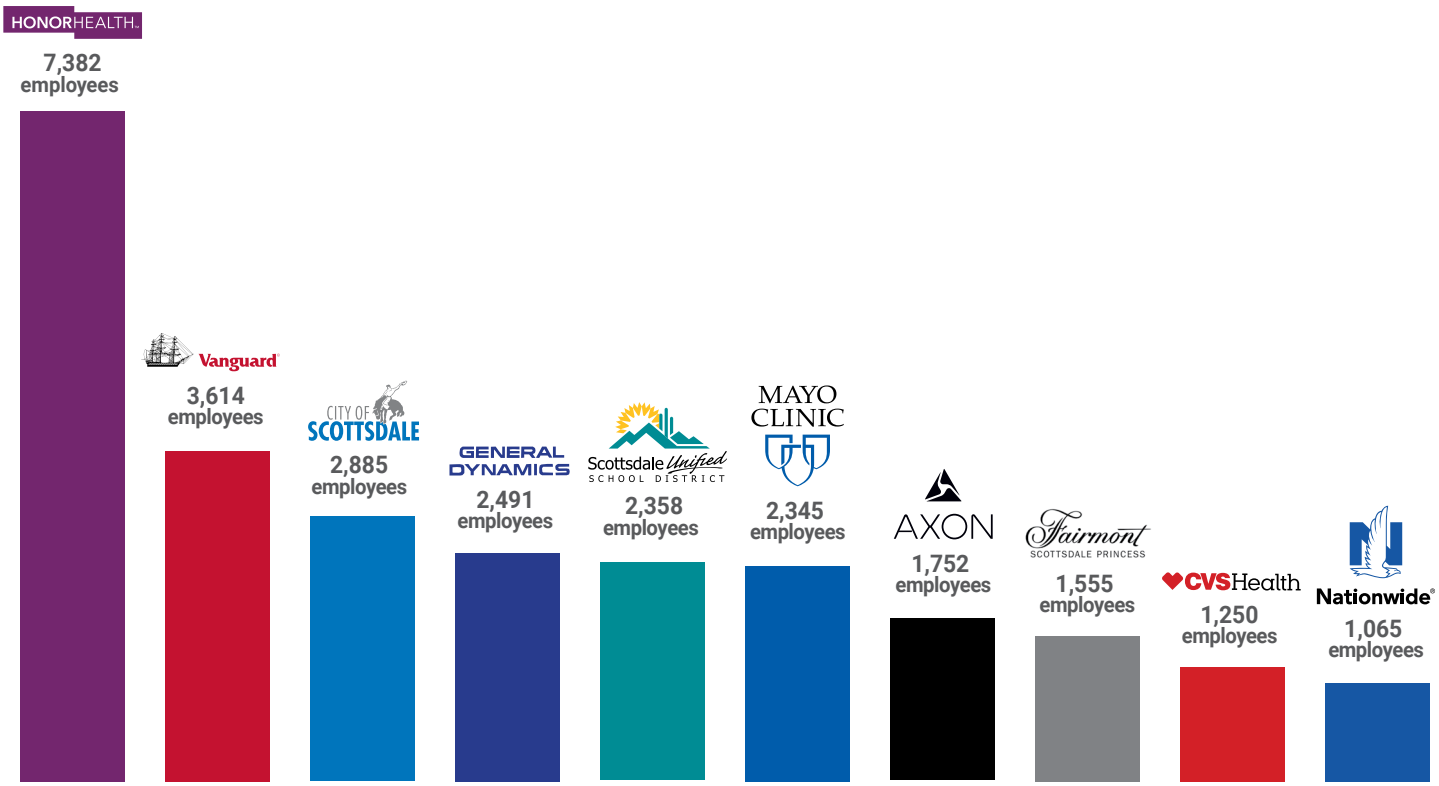
3 in 5 Scottsdale residents over age 25 have earned a bachelor's degree or higher.



Source: U.S. Census 2024 American Community Survey 1-year Estimates

Healthcare and finance firms lead the list of top employers.

Source: City of Scottsdale Economic Development Department (2026)



EXECUTIVE SUMMARY

The City of Scottsdale's three budget volumes provide a comprehensive picture of the city's financial plan for FY 2026/27. This Executive Summary complements that information highlighting items, issues and trends that shaped the budget.

Scottsdale's diverse economy and tourism industry remain strong. However, due to economic and geopolitical uncertainties, the adopted FY 2026/27 budget anticipates a slower rate of growth in sales tax revenues compared to FY 2025/26, with gradual increasing revenue growth occurring over the next five years.

The adopted FY 2026/27 budget is $2.1 billion and represents an overall decrease of 3.8% from the FY 2025/26 budget.

CITY COUNCIL BUDGET PRIORITIES

The following are significant budget priorities included in the city's adopted FY 2026/27 budget:

- $8.6 million increase in Fire Department Budget for staffing for Phase III of the city's Ambulance Service and staffing and workforce development.
- $4.8 million for sworn personnel compensation adjustments and programs.
- $2.0 million General Fund to continue paydown of Public Safety Personnel Retirement System (PSPRS) pension liability.
- $2.5 million for Old Town marketing.
- $45.9 million for pavement preservation.
- $30.1 million for investments in WestWorld and Stadium improvements.
- $330.5 million investment in water and sewer infrastructure in the Capital Improvement Plan.

STAFFING CHANGES

The city's total FTE count for FY 2026/27 is 2,788.56 which is a net decrease of 8.34 FTE from the FY 2025/26 adopted budget.

There was a reduction of 0.13 FTE positions during FY 2025/26 after the budget was adopted. In the FY 2026/27 budget, a total of 40.50 FTE positions were added to the budget and 48.70 were eliminated through the identification of efficiencies, resulting in a net

reduction of 8.2 FTE positions. The 40.50 new FTE positions that were added in the FY 2026/27 budget were spread across departments with identified needs, including the following:

- Fire Department: An increase of 22.0 FTE positions to provide staffing for Phase III of the ambulance service.
- Parks and Recreation: An increase of 6.00 FTE positions funded by a portion of the 0.15% Park and Preserve tax allocated to the Park and Preserve Tax Fund – Park Maintenance.
- Enterprise Operations/Administrative Services: A net increase of 8.00 FTE positions to bolster staffing at WestWorld and Scottsdale Stadium.

All staffing changes are summarized in the Summary of FTE Changes Appendix that follows this Executive Summary.

HOW THE ADOPTED BUDGET WILL AFFECT CITIZENS' PROPERTY TAX RATES

The FY 2026/27 primary property tax levy will be used to support General Fund activities such as police and fire protection, operation and maintenance of parks and libraries, and other general governmental functions. The primary property tax levy also includes a repayment to the Risk Management Fund reserve of $0.6 million for tort liability claim payments made during calendar year 2025.

For FY 2026/27, the city's total primary property tax levy of $40.5 million is an increase of $0.2 million over the FY 2025/26 levy of $40.3 million. The FY 2025/26 primary property tax rate of $0.4891 per $100 of assessed valuation will decrease by $0.0183 to $0.4708 in FY 2026/27.

For FY 2026/27, the city's secondary property tax levy will increase by $1.8 million from the FY 2025/26 adopted budget of $34.9 million to $36.7 million. The FY 2025/26 secondary tax rate of $0.4233 will increase by $0.0034 to $0.4267 per $100 of assessed valuation in FY 2026/27.

The combined tax levy is the aggregate of the primary and secondary levies. For FY 2026/27, the city's total combined property tax levy increased by approximately $2.1 million from $75.1 million in FY 2025/26 to $77.2 million in FY 2026/27.

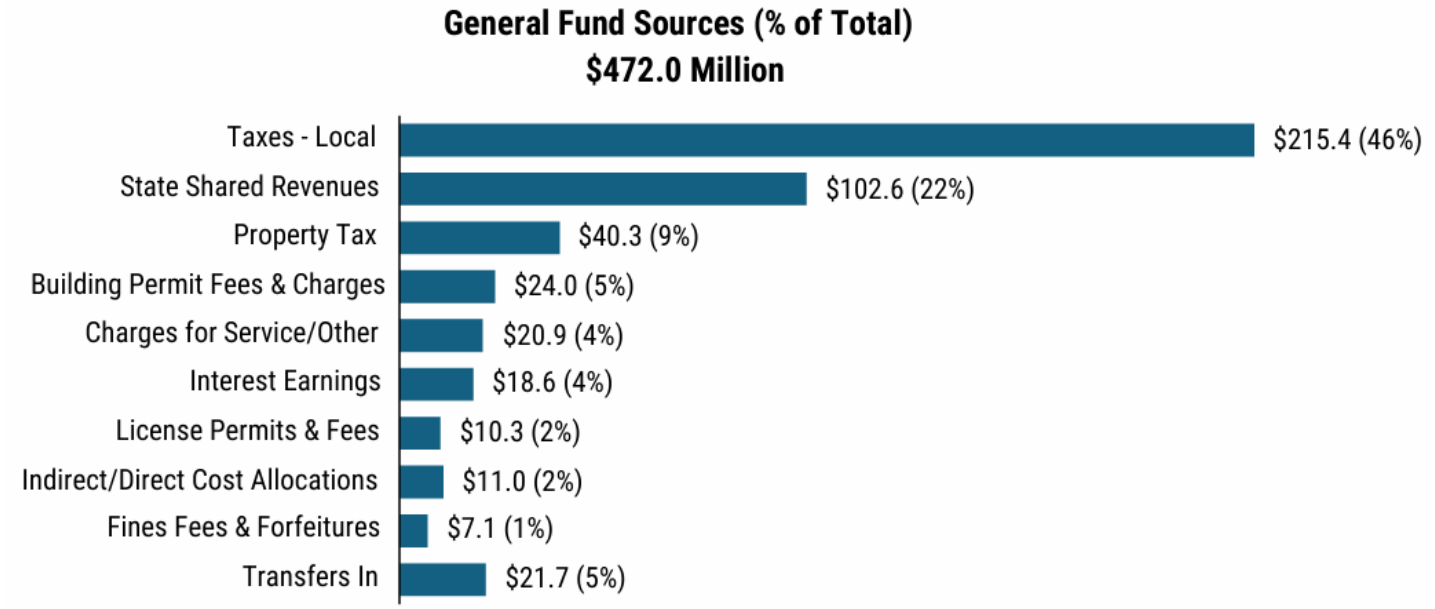
In FY 2026/27, property tax bills will reflect a city combined property tax rate of $0.8975, which is $0.0149 less than the FY 2025/26 combined rate of $0.9124. The management of the city's combined property tax rate is included in the city's adopted financial policies for debt management, which states that the combined tax rate will not exceed $1.50 per $100 of assessed value. Based on this combined rate, an owner of a home in Scottsdale will pay approximately $89.75 in city property taxes for every $100,000 of limited property assessed value, applying the combined property tax rate. The Maricopa County Assessor's Office, not the City of Scottsdale, determines limited property assessed values used to calculate property tax bills.

FUND HIGHLIGHTS

The remainder of this Executive Summary highlights the key elements of each fund in the FY 2026/27 budget. The General Fund is presented first and in more detail because of its size and importance.

GENERAL FUND – SOURCES

The General Fund supports core services and is the largest fund with primarily unrestricted revenues but also the greatest potential for revenue fluctuations as city sales tax makes up almost 40% of total revenues. Forecasted General Fund sources for FY 2026/27 are $472.0 million, approximately $30.2 million more than the FY 2025/26 adopted budget. The following bar graph summarizes the major sources.



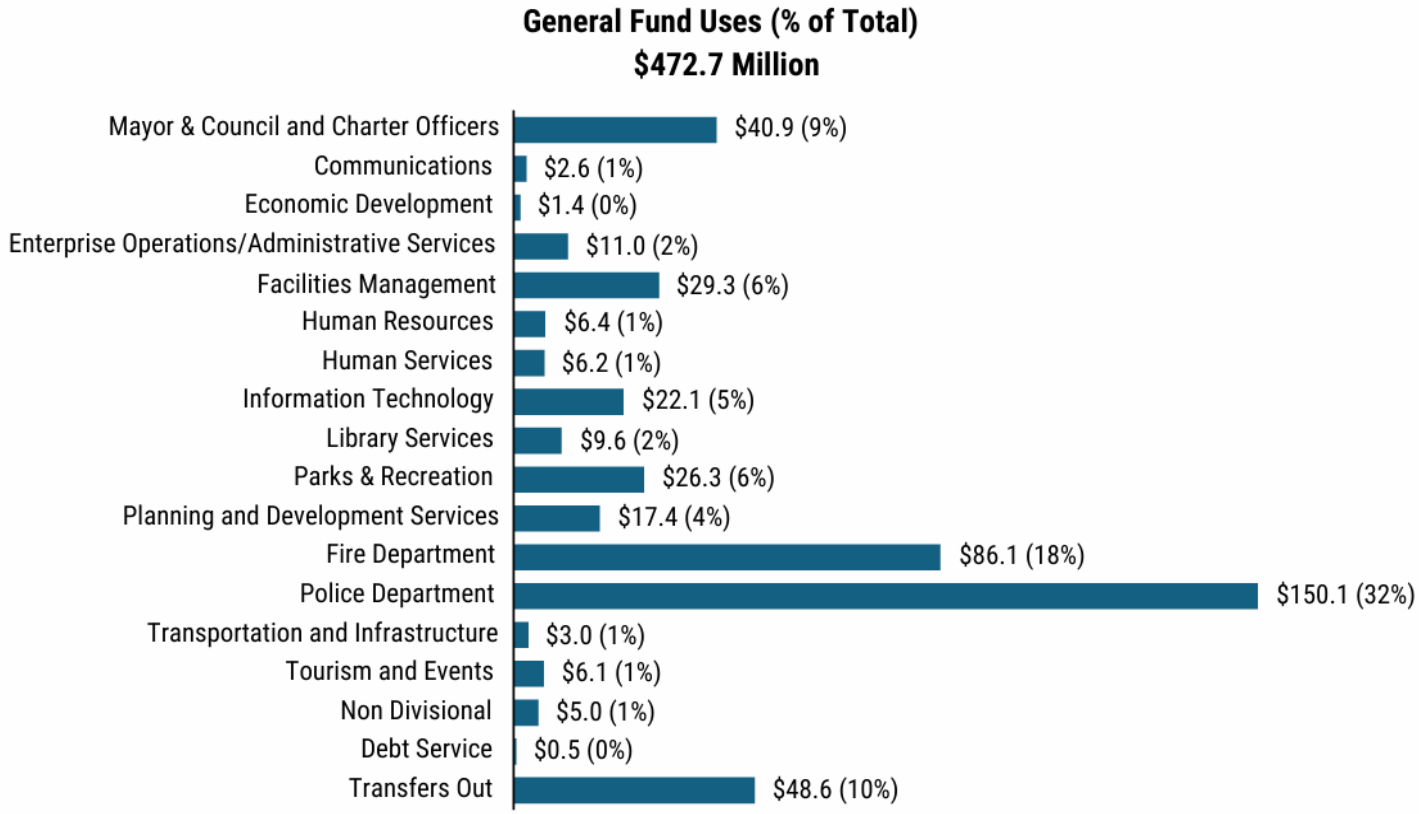
Note: Rounding differences may occur

That total projected increase comes from a net of several different sources. Below highlights the sources contributing significantly to the change as compared to the FY 2025/26 adopted budget:

- $12.4 million from projected General Fund sales tax collections.
- $0.5 million from projected Electric & Gas Franchise collections explained by higher electric usage and rates.
- $5.3 million net increase from the city's apportionments of state shared income tax, sales tax, and vehicle license fees mostly due to income tax collections at the state level that were higher than originally anticipated.
- $1.8 million net increase from cost allocations paid by various city departments for the costs of city services.
- $7.5 million net increase from interest earnings, due to higher balances and interest rate expectations.

GENERAL FUND – USES

The adopted FY 2026/27 General Fund uses budget is projected to be approximately $472.7 million (not including contingency, reserves, and fund balance designations). The following bar graph provides a summary of the General Fund uses by department.



Note: Rounding differences may occur

Scottsdale is a people-powered service provider. As such, most expenses are related to funding for our high-performance workforce and providing pay and benefit packages that allow the city to retain and recruit employees. Significant personnel expenditures included in the adopted operating budget include:

- $3.8 million for new FTEs in the General Fund, of which $2.2 million is for Ambulance personnel; these additions were partially offset by the elimination of 24.05 vacant General Fund FTE positions.
- $2.0 million General Fund to continue paydown of the PSPRS liability. The paydown of pension liability will have the impact of reducing contribution rates in future years.
- $4.8 million General Fund in additional compensation for Police and Fire recruitment and retention.
- $2.3 million General Fund for the citywide pay for performance program to eligible employees.
- $1.9 million General Fund for the citywide market adjustment.
- $4.1 million General Fund for personnel programs, which includes citywide pay programs, leave accrual, parental leave and vacation trade.

Budgetary changes within individual departments can be found in Volume 2: Department Operating Budget.

GENERAL FUND ENDING BALANCE

The FY 2026/27 budget includes the following:

Emergency and Operating Reserves – The Emergency Reserve complies with Financial Policy No. 2.02 which states that the General Fund will maintain five percent of operating uses, excluding transfers out as an emergency reserve to cover for unexpected

extraordinary emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners.

The Operating Reserve complies with Financial Policy No.2.01 which states the General Fund will maintain an operating reserve of 20 percent of General Fund operating uses, excluding transfers out, to only be used for unforeseen extraordinary emergencies or catastrophic impacts to the city. Maintaining a sufficient General Fund Reserve level is financially prudent and also ensures the city's financial resiliency during significant economic downturns.

The FY 2026/27 Emergency and Operating Reserve is $106.0 million.

Operating Contingency – Operating Contingency for FY 2026/27 is $12.0 million of budget authorization if unforeseen expenses occur during the normal course of operations in the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.

PSPRS Pension Liabilities – Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The FY 2026/27 PSPRS Pension Liabilities fund balance designation is $53.9 million and is set aside for additional paydown of pension liability if needed.

Development Agreements – Designation created in FY 2019/20 for eligible infrastructure reimbursements in accordance with development agreements entered into. The FY 2026/27 fund balance designation is $16.2 million.

Facilities Repair/Replacement Reserve – Designated reserve funds set aside specifically for the repair or replacement of city facilities. The FY 2026/27 Facilities Repair/Replacement Reserve is $10.0 million.

Revenue Loss Reserve – Revenue Loss Reserve was recommended by the Budget review Commission and established to provide funding needed to maintain service levels in light of potential significant revenue reductions due to legislative actions that eliminate or reduce local revenue sources. The FY 2026/27 Revenue Loss Reserve is $15.0 million.

General Fund Balance – General Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2026/27 ending fund balance is $0.5 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.

SPECIAL REVENUE FUNDS

The city accounts for sources dedicated for specific purposes – by law or city policy – through Special Revenue Funds. There are six primary Special Revenue Funds – Transportation Fund, Preservation Fund, Park and Preserve Tax Funds, Special Programs Fund, Tourism Development Fund, and the Stadium Facility Fund.

The Transportation Fund accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state gas taxes. However, the majority of the funding for the Transportation Fund comes from the 1990 (0.20 percent) voter-approved sales tax, and partially from the state's Local Transportation Assistance Fund, which is funded from lottery proceeds, and distributed to cities and towns through an annual application process. Total sources are expected to be about $57.1 million in FY 2026/27.

Uses total about $69.5 million in FY 2026/27, of which $37.0 million represents operating expenses. The operating expenses from the Transportation Fund are those necessary to operate and maintain the city's transportation system. The largest expenses include transit contracts, trolley maintenance, medians and rights-of-way maintenance and the street overlay program. $32.5 million will be transferred to the Capital Improvement Plan to comply with the city's adopted Financial Policies regarding the use of the 1990 transportation sales tax and for pay-as-you-go transfers above the 50 percent level authorized by the City Council.

The Preservation Fund is used to account for sources and uses related to the acquisition of land for the Scottsdale McDowell Sonoran Preserve. Funding comes from the 1995 (0.20 percent) and 2004 (0.15 percent) voter-approved sales taxes. Under the sales tax ballot language, the 1995 0.20 percent sales tax revenues are to be used only for Preserve land acquisition, while the 2004 0.15 percent sales tax revenues may be used for Preserve land acquisitions and specific Preserve related construction and trailheads. The 1995 0.20 percent sales tax expired in June 30, 2025 and the 2004 0.15 precent sales tax expires in 2034.

These sales tax revenues are forecasted to be $26.9 million in FY 2026/27, with an additional $4.5 million in interest earnings. Approximately $17.8 million will be required for debt service payments for debt already issued for land purchases. The ending fund balance on June 30, 2026, is expected to be $180.8 million.

The **Park and Preserve Tax Funds** accounts for sources and uses related to the voter approved Proposition 490, which assesses a 0.15 percent transaction privilege and use tax for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve. Total sales tax revenues are expected to be about $26.9 million in FY 2026/27.

Revenues are received into an allocation fund and transferred to respective Park and Preserve Tax funds per Ordinance 4633, after debt requirements are satisfied. The allocation of these revenues will be as follows:

- *Park Improvements Fund* – 51 percent
- *Preserve Maintenance Fund* – 18 percent
- *Park Maintenance Fund* – 14 percent
- *Fire Mitigation Fund* – 10 percent
- *Police Ranger Fund* – 7 percent

The **Special Programs Fund** is a collection of smaller restricted sources dedicated to specific uses. The services included in these various programs are intended to be self-supporting and not subsidized by the General Fund. Examples of these funds include the City Court's Court Enhancement Funds (CEF) and the McCormick-Stillman Railroad Park funds.

The **Tourism Development Fund** is a special revenue fund created to account for transient occupancy (bed) tax revenues and Fairmont Scottsdale Princess Hotel Lease payments which are to be used for tourism related activities. Revenues received are allocated 50% to destination marketing and the other 50% to tourism related activities in accordance with Ordinance 4534. The FY 2026/27 budgeted revenue is $40.4 million and budgeted uses are $43.5 million.

The **Stadium Facility Fund** is a special revenue fund created to account for activity at the Scottsdale Stadium. In June 2019, the city entered into a 25-year baseball facilities agreement with the Scottsdale Charros and the San Francisco Giants Baseball Club for the use and maintenance of the Scottsdale Stadium. This fund accounts for the contributions and uses as per the agreement. The fund is projected to receive revenues of $2.5 million in FY 2026/27, uses of $3.8 million and a projected June 30, 2027 ending fund balance of $4.9 million.

DEBT SERVICE FUND

The Debt Service Fund is designated for payment of non-Enterprise Fund long-term debt. Total sources are $71.8 million for FY 2026/27.

The $69.3 million budget for debt service and related payments in FY 2026/27 is approximately $9.3 million less than the FY 2025/26 Adopted Budget.

ENTERPRISE FUNDS

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

Water and Water Reclamation Funds – The Water Fund is impacted by multiple cost factors over the five-year planning period including:

- Increasing costs for raw water.
- Increasing electricity costs for water plan production, booster stations operations, and other essential system power supply.
- Operating cost increases for personnel services and benefits.

Increases to base fees are proposed to recover fixed operating costs including debt service and demand availability designed into the system. Increases to commodity rates and other service charges are proposed to generate sufficient revenues to maintain the water

fund as a self-sustaining enterprise. The city's tiered rate structure is designed to encourage efficient water use and incentivize conservation.

Overall, the water and water reclamation base fees and commodity rate changes are forecasted to generate an annual revenue increase of approximately $8.4 million. Water rate changes are effective on November 1, 2026, and water reclamation rates on July 1, 2026.

Solid Waste Fund – The Solid Waste Fund accounts for the transactions related to the city's commercial and residential refuse, recycling, brush, and bulk collections business activities. To maintain the revenue requirements of the Solid Waste Fund, modifications to the residential and commercial solid waste rates were implemented effective July 1, 2026, and are expected to generate approximately $0.8 million in additional revenue. Revenue requirements for the Solid Waste Fund for FY 2026/27 were primarily impacted by inflationary effects, landfill and transfer disposal costs, and recycling market volatility and resulting costs.

Total Solid Waste Fund sources are expected to be about $38.9 million, annual uses are expected to be $36.7 million, and ending fund balance is projected to be $17.0 million at the end of FY 2026/27.

Aviation Fund – The Aviation Fund accounts for the transactions related to the city's aviation business activity at the Scottsdale Airport. Total Aviation Fund sources are expected to be about $12.2 million, annual operating uses are expected to be $6.4 million, and ending fund balance is projected to be $26.2 million at the end of FY 2026/27.

INTERNAL SERVICE FUNDS

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

The Fleet Management Fund accounts for the costs of operating and maintaining all the city's vehicles, equipment, and other rolling stock. User departments are assessed maintenance and operation costs and fuel costs. Fleet Management, in cooperation with the corresponding departments, calculates an annual rate for each individual asset based on condition, suitability for service, the repair history, the actual utilization rate of each asset and other applicable factors. Projected revenues into the fund are $16.5 million with expenditures of $17.7 million, leaving a projected ending fund balance in FY 2026/27 of $5.8 million, which represents funds previously collected for maintenance and operations that will be expended in future years.

The Fleet Replacement Fund accounts for all fleet acquisition and replacement activities. Fleet Management establishes, collects, and manages funds to provide acquisition and/or replacement of approved fleet assets based on life cycle cost analysis performed on each equipment class. Projected revenues into the fund are $14.5 million with expenditures of $17.9 million, leaving a projected ending fund balance in FY 2026/27 of $1.2 million.

The PC Replacement Fund accounts for the uses associated with purchasing computers, monitors and printers. Acquisition of computers, monitors and printers is charged to city departments as an internal operating charge based on the quantity and type of hardware used. For FY 2026/27, user departments will be assessed estimated costs of $1.7 million. The fund has projected expenditures of $1.2 million, leaving an estimated FY 2026/27 ending fund balance of $1.6 million.

The Risk Management Fund accounts for the city's self-insured property, liability, and workers compensation programs. Total revenues into the fund are estimated at $20.7 million; user departments pay $19.2 million of this revenue through assessments. The estimated ending fund balance on June 30, 2027, of about $40.3 million is within the actuarial estimate of the reserves required to ensure the long-term sustainability of the fund and complies with the Loss Trust Fund Board's recommendation to maintain reserves within the range of the actuary's 75 to 80 percent confidence level of projected outstanding claims liability.

The Healthcare Self Insurance Fund accounts for the city's self-insured employee healthcare programs (medical and dental). The estimated $49.9 million in healthcare expenditures from this fund is shared by the city, its employees and public safety disabled retirees. FY 2026/27 presents a $5.8 million increase in uses compared to the FY 2025/26 adopted budget due to rising healthcare costs.

The projected FY 2026/27 ending fund balance of $20.4 million includes: 1) a reserve for large claims beyond what was anticipated and for incurred but not reported claims; 2) an operating contingency used only for unforeseen emergencies; 3) a premium stabilization reserve to ensure revenue from premiums meet or exceed medical and dental claims and administrative expenses paid

by the healthcare plan; and 4) a healthcare self insurance fund balance which accounts for any remaining funds after the designation of all other reserves/uses..

GRANTS AND SPECIAL DISTRICTS FUNDS

Each year the city receives **Grant Funds** from a variety of federal, state, regional and local agencies. Within the $26.1 million of total grant funding there are four larger grants: Housing Choice Voucher Program (previously Section 8 Housing Grant) at $11.2 million, the HOME Investment Partnership Grant at $1.7 million, the Racketeer Influenced and Corrupt Organizations (RICO) at $1.7 million, and the Community Development Block Grant (CDBG) at $3.1 million. In addition to numerous identified smaller grants, the city includes $6.3 million in the grant budget for anticipated and/or unidentified future grants. This gives the City Council the budget authority to accept and spend grant funds that are not specifically known at the time the budget is adopted. This practice also allows the city to comply with state budget laws regarding annual expenditure limits. The ending fund balance of the individual grants is carried forward to future periods, re-budgeted, and is available to be spent solely for the intended purposes.

A **Special Districts Fund** is used to account for the proceeds received from property owners in the city's 357 streetlight districts. The intention is that only the amount needed to provide the service is assessed to the customer. Sources are estimated at $0.7 million and uses are estimated at $0.6 million for FY 2026/27. If an ending fund balance of the Special Districts Fund exists, it is carried forward to future periods and is available to be re-budgeted but must be spent solely for the intended purposes.

CAPITAL IMPROVEMENT PLAN

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

Below is a summary of the $956.1 million capital budget highlights by program, along with some notable examples in each capital program area:

Community Facilities ($46.5 million) – focuses on providing library improvements, parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, and senior centers. Approximately 4.9 percent of the FY 2026/27 Capital Budget addresses the needs of this program. Significant Community Facilities projects budgeted in FY 2026/27 include various Bond 2019 projects. Some examples are 42 - Add a Dog Park to Thompson Peak Park, 23 – Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash, and 21 – Expand Via Linda Senior Center to Meet Demand for Senior Services.

Preservation ($2.3 million) – addresses the goal of preserving the character and environment of Scottsdale through land acquisition for the Scottsdale McDowell Sonoran Preserve for maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. Approximately 0.2 percent of the CIP addresses this program. Significant Preserve projects include a feasibility study for the Rio Verde Wildlife Crossing and various trailhead improvements.

Drainage and Flood Control ($69.9 million) – addresses flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished using detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 7.3 percent of the CIP addresses the drainage and flood control needs of the city. Major Drainage and Flood Control projects include various WestWorld projects, the Granite Reef Wash Phase 2A project and the 68th Street Storm Drain South of Camelback Project.

Public Safety ($69.0 million) – addresses the construction, acquisition, and purchase of capital assets for the Police and Fire Departments, such as fire and police stations, training facilities and automation systems related to fire and police operations. Approximately 7.2 percent of the CIP addresses the public safety needs of the city. The Public Safety budget includes key projects such as Renovate Fire Station 606; and various Bond 2019 program projects. Some examples are projects 34 – Build New Fire

Station at 90th Street and Via Linda to Replace Aging Facility, 40 - Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand and 33-Renovate the Via Linda Police Station to Increase Efficiency.

Service Facilities ($179.6 million) – addresses the goal of coordinating land use and infrastructure planning. These programs achieve this goal through the renovation of current facilities and technology necessary for the efficient and effective operations of the city. Approximately 18.8 percent of the CIP addresses this program. Service Facilities projects include Facilities Upgrade and Replacement Program; Network and Server Infrastructure Replacement Program; the continuation of the Enterprise Resource Planning System; the acquisition of a new facility for office space, and the continuation of various Bond 2019 program projects. Some examples are projects 63-Build Parking Structures in Old Town Scottsdale, 45 – Renovate WestWorld Horse Barns to Increase Rentable Space, and 09 – Install Fiber Optic Infrastructure to Reduce Operating Costs.

Transportation ($258.1 million) – focuses on providing for the safe efficient and affordable movement of people and goods, including streets and street improvements, traffic management and reduction, transit/multimodal improvements, and aviation-related projects. Approximately 27.0 percent of the CIP addresses the transportation needs of the city. Significant Transportation projects include various pedestrian improvements; Pavement Overlay Program; Bond 2019 project 62 – Build a Bridge on Thompson Peak Parkway over Reata Wash to Improve Safety; Pima Road: Pinnacle Peak Road to Happy Valley Road; Pima Road: Happy Valley Road to Jomax Road; Scottsdale Road: Jomax Road to Dixileta Drive; Scottsdale Road: Dixileta Drive to Carefree Highway, amongst many others.

Water Management ($330.5 million) – focuses on the capital needs required to deliver safe, reliable water and to provide water reclamation services. This program also addresses the requirement to achieve federal and state regulations. Approximately 34.6 percent of the CIP addresses the water and water reclamation needs of the city. Significant projects include Crossroads East – Water System Improvements, Deep Well Recharge/Recovery Projects, Booster Pump Station 55 Rebuild, and many other projects to keep water treatment facilities functioning properly.

The five-year CIP uses conservative financial forecasts; as a result, only high priority projects are included in the CIP. This approach helps the city manage operating costs for new facilities and avoids raising expectations for projects that are not well defined.

The budget continues the city's practice of dedicating specific revenues (e.g., General Fund construction sales tax and excess interest, 50% of Transportation sales tax, stormwater fees, one-time revenues), to help pay for capital projects while minimizing the use of debt. The FY 2026/27 budget transfers a total of $33.7 million from the General Fund to the CIP to fund various non-Enterprise capital projects, and transfers $32.5 million from the Transportation Fund to the CIP to fund transportation related CIP. Enterprise Fund capital projects are funded by enterprise fees and debt.

CONCLUSION

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

FY 2026/27 Budget Transmittal Letter from City Manager Greg Caton

As City Manager, I am pleased to present the City of Scottsdale's adopted Fiscal Year 2026/27 Budget. Approved unanimously by the City Council, this budget reflects the community's priorities while maintaining Scottsdale's long-standing commitment to fiscal responsibility, operational excellence, and long-term financial sustainability.

The FY 2026/27 Budget totals $2.119 billion, a decrease of $84.7 million, or 3.8 percent, from the prior year. The General Fund remains balanced with an estimated ending fund balance of $214.4 million, preserving the city's strong financial position while supporting high-quality municipal services.

Strategic Investment Priorities

The adopted budget directs resources toward the services and investments that provide the greatest value to Scottsdale residents and businesses, including:

- **Public Safety** – Continued implementation of the city's Ambulance Service, investments in fire staffing and workforce development, targeted compensation adjustments for police and fire personnel, and a $2 million contribution toward reducing the Fire PSPRS unfunded liability.
- **Infrastructure –** Continued investment in streets, water and sewer systems, and other critical infrastructure through a focused and deliverable Capital Improvement Plan.
- **Economic Vitality** – Strategic investments in community assets such as WestWorld and Scottsdale Stadium that support tourism, economic development, and long-term revenue generation.
- **Voter-Approved Priorities** – Continued implementation of Bond 2019 and Proposition 490 projects that enhance parks, the McDowell Sonoran Preserve, infrastructure, and other community amenities.

Capital Improvement Plan and Operational Stewardship

The FY 2026/27 Capital Improvement Plan totals approximately $956.1 million and reflects a disciplined approach to delivering capital projects. Through a comprehensive review of existing and proposed projects, the city prioritized investments that are well-defined, aligned with community priorities, and positioned for successful execution.

The budget process also included a comprehensive review of departmental operating budgets and vacant positions to identify efficiencies and better align resources with organizational priorities. These efforts resulted in a modest reduction in the overall operating budget while preserving essential services and allowing strategic reinvestment in public safety and other high-priority areas.

Investing in Our Workforce

Scottsdale's employees remain the foundation of the organization's success. The adopted budget includes a 3 percent merit increase, a 1 percent market adjustment, and a one-time 1 percent payment for employees at the top of their pay range who are not eligible for merit increases.

The budget also continues targeted investments in hard-to-fill positions, including Police dispatch and water operations, funds future compensation studies, and advances planning for an employee health clinic to support employee wellness while helping manage long-term healthcare costs.

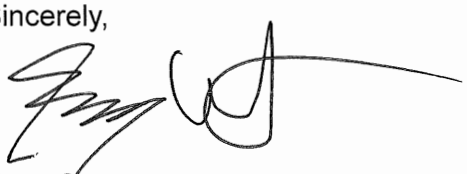
Looking Ahead

The FY 2026/27 Budget reflects conservative revenue assumptions while continuing to invest in the services, infrastructure, and employees that support Scottsdale's exceptional quality of life. Although the city continues to monitor economic conditions and cost pressures, Scottsdale remains well-positioned because of its strong financial foundation, disciplined fiscal management, and resilient local economy.

I would like to thank the Mayor and Members of City Council for their leadership throughout the budget process, as well as the city employees whose expertise and dedication made development of this budget possible. Their commitment to responsible stewardship of public resources ensures Scottsdale remains one of the nation's premier communities to live, work, and visit.

The adopted FY 2026/27 Budget reflects the City's continued commitment to delivering exceptional municipal services, maintaining financial stability, and making strategic investments that will benefit our community today and well into the future.

Sincerely,



Greg Caton
City Manager
City of Scottsdale

ORDINANCE NO. 4712

AN ORDINANCE OF THE 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, 2026, AND ENDING JUNE 30, 2027, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE; ADOPTING THE FINAL FY 2026/2027 CLASSIFICATION PLAN AND JOB CLASSIFICATION PAY TABLE; AND AUTHORIZING OR APPROVING, AS APPLICABLE, CERTAIN SALARY ADJUSTMENTS INCLUDED IN THE FINAL BUDGET FOR CITY EMPLOYEES AND CHARTER OFFICERS AND SETTING THE SALARIES OF THE PRESIDING JUDGE AND ASSOCIATE JUDGES.

WHEREAS, in accordance with the provisions of Title 42, Chapter 17 of the Arizona Revised Statutes, and the Scottsdale City Charter, the City Council did, on May 19, 2026, make a budget estimate of the amounts required to meet public expenses for the fiscal year beginning July 1, 2026, and ending June 30, 2027 ("Fiscal Year 2026/2027"), including 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;

WHEREAS, following publication of notice as required by law, the City Council held a public hearing on June 09, 2026, at which any taxpayer could appear and be heard in favor of or against any proposed expenditure or property tax levy;

WHEREAS, following the public hearing, the City Council convened in a special meeting for purposes of finally determining and adopting the estimates of proposed expenditures, which estimates, when adopted, would constitute the budget of the City of Scottsdale for Fiscal Year 2026/2027;

WHEREAS, publication has been duly made, as required by law, of said budget estimates, together with a notice that the City Council will meet on June 23, 2026, for the purpose of assessing the primary and secondary property tax levies;

WHEREAS, 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;

WHEREAS, in accordance with Scottsdale Revised Code section 14-22, the City Council must annually adopt the Job Classification Plan, including a listing of official titles, authorized number of positions, salary ranges, and a breakdown of titles and numbers of positions by section;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. Pursuant to the laws of the State of Arizona and the Scottsdale City Charter, the City Council hereby adopts Schedules A through G, as further described below, attached hereto as Exhibit 1 and incorporated herein by this reference in their entirety, as the Final Budget of the City of Scottsdale Fiscal Year 2026/2027:

Schedule A, Summary Schedule of Estimated Revenues and Expenditures/Expenses Fiscal Year 2026/2027

Schedule B, Summary of Property Tax Levy and Property Tax Rate Information Fiscal Year 2026/2027

Schedule C, Summary by Fund of Revenues Other than Property Taxes Fiscal Year 2026/2027

Schedule D, Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers Fiscal Year 2026/2027

Schedule E, Summary by Division of Expenditures/Expenses Within Each Fund Type Fiscal Year 2026/2027

Schedule F, Summary by Division of Expenditures/Expenses Fiscal Year 2026/2027

Schedule G, Full-Time Employees and Personnel Compensation Fiscal Year 2026/2027

Section 2. Upon recommendation of the City Manager, and with the approval of the City Council, expenditures may be made for the budget from contingencies and reserves.

Section 3. Resources from any fund may be used to meet the adopted budget, except funds specifically restricted by Federal or State law or by City ordinance or resolution.

Section 4. The City Council, subject to the limitation in Section 6 and to the extent allowable by law, expressly authorizes the City Manager, at any time, to transfer grant/match contingency funds to airport Capital Improvement Plan projects as may become necessary or desirable during the fiscal year.

Section 5. Pursuant to Sections 14-20 through 14-24 of the Scottsdale Revised Code, the City Council hereby adopts the Final FY 2026/2027 Job Classification Plan and Job Classification Pay Table, which are on file with, and available for review at, the Office of the City Clerk.

Section 6. Further, all to become effective July 1, 2026, the City Council hereby authorizes:

(i) a one percent salary market adjustment for all job classifications except as specified in this section;
(ii) up to three percent salary merit increase for all eligible non-sworn City employees based on performance,
(iii) a one-time percent salary increase for non-sworn employees at the max of their pay range based on performance;
(iv) an additional one percent salary market adjustment in addition to the citywide one percent market adjustment for Fire Fighter, Fire Engineer and Fire Captain;
(v) a five percent step program for sworn Police and Fire personnel;

(vi) longevity pay for sworn Police and Fire personnel and other adjustments to employee pay as reflected in the Fiscal Year 2026/2027 Final Budget and the Final FY 2026/2027 Job Classification Plan and Job Classification Pay Table;

(vii) pursuant to Section 9-6 of the Scottsdale Revised Code, sets the salaries for the Presiding City Judge and the Associate Judges to increase their current salaries as follows: a one percent salary market adjustment and an additional salary increase up to three percent but not to exceed the salary range for the position, and

(viii) approves a one percent salary market adjustment for all other Charter Officers.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 09th day of June, 2026.

CITY OF SCOTTSDALE, an Arizona municipal corporation

Lisa Borowsky, Mayor

ATTEST:

Ben Lane, City Clerk

APPROVED AS TO FORM:

Luis E. Santella, City Attorney
By: Jennifer Fernandez, Assistant City Attorney

CITY OF SCOTTSDALE
Summary Schedule of Estimated Revenues and Expenditures/Expenses
Fiscal Year 2026/2027
Schedule A

Fiscal Year		SCH		FUNDS General Fund	Special Revenue Fund	Debt Service Fund	Capital Project Funds	Grants & Special Districts Funds	Enterprise Funds	Internal Service Funds	Total All Funds
2026	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	1	$651,976,796	$125,044,410	$87,293,613	$974,236,138	$25,400,789	$266,748,064	$73,042,334	$2,203,742,144
2026	Actual Expenditures/Expenses**	E	2	$462,453,010	$87,406,261	$78,562,788	$947,725,578	$21,395,789	$188,914,760	$107,700,713	$1,894,158,900
2027	Fund Balance/Net Position at July 1		3	$214,297,188	$261,273,543	$6,162,218	$733,149,578	($54,067)	$159,793,146	$74,316,135	$1,448,937,741
2027	Primary Property Tax Levy	B	4	$39,923,566	$0	$0	$0	$0	$0	$568,734	$40,492,300
2027	Secondary Property Tax Levy	B	5	$0	$0	$36,697,999	$0	$0	$0	$0	$36,697,999
2027	Estimated Revenues Other than Property Taxes	C	6	$420,353,521	$183,329,111	$0	$266,647,030	$26,771,969	$289,490,806	$16,871,148	$1,203,463,585
2027	Other Financing Sources	D	7	$0	$0	$0	$0	$0	$0	$0	$0
2027	Other Financing (Uses)	D	8	$0	$0	$0	$0	$0	$0	$0	$0
2027	Interfund Transfers In	D	9	$26,210,908	$26,519,309	$35,100,093	$146,523,477	$0	$9,999,589	$216,645	$244,570,022
2027	Interfund Transfers (Out)	D	10	$48,613,182	$111,400,052	$0	$2,410,846	$0	$74,787,105	$7,358,837	$244,570,022
2027	Line:11: Reduction for Fund Balance Reserved for Future Budget Year Expenditures										
	Maintained for Future Debt Retirement		11								
	Maintained for Future Capital Projects										
	Maintained for Future Financial Stability										
2027	Total Financial Resources Available		12	$674,574,275	$444,602,654	$42,860,217	$999,796,608	$26,717,902	$449,283,952	$91,756,017	$2,729,591,625
2027	Budgeted Expenditures/Expenses	E	13	$581,952,737	$133,845,573	$77,776,820	$956,107,178	$26,717,902	$272,900,566	$69,630,534	$2,118,931,310

Expenditure Limitation Comparison	2025/2026	2026/2027
1. Budgeted expenditures/expenses	$2,203,742,144	$2,118,931,310
2. Add/subtract : estimated net reconciling items	-	-
3. Budgeted expenditures/expenses adjusted for reconciling items	2,203,742,144	2,118,931,310
4. Less: estimated exclusions	(1,470,145,032)	(1,413,750,980)
5. Amount subject to the expenditure limitation	733,597,112	705,180,330
6. EEC expenditure limitation	880,771,880	910,869,134

*Includes expenditure adjustments approved in FY 2025/2026 from Schedule E.
**Incudes actual amounts as of the date the Adopted budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Summary of Property Tax Levy and Property Tax Rate Information
Fiscal Year 2026/2027
Schedule B

	Fiscal Year 2025/2026	Fiscal Year 2026/2027
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	39,592,037	39,923,566
2 Amount received from primary property taxation in the current year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	-	
3. Property tax levy amounts		
A. Primary property taxes (includes tort judgments)*	40,270,725	40,492,300
Property tax judgment		
B. Secondary property taxes	34,851,032	36,697,999
Property tax judgment		
C. Total property tax levy amounts	75,121,757	77,190,299
4. Property taxes collected**		
A. Primary property taxes		
(1) 2025/2026 levy	40,270,725	
(2) Prior years' levies	407,234	
(3) Total primary property taxes	40,677,959	
B. Secondary property taxes		
(1) 2025/2026 levy	34,851,032	
(2) Prior years' levies	-	
(3) Total secondary property taxes	34,851,032	
C. Total property taxes collected	75,528,991	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate	0.4891	0.4708
Property tax judgement		
(2) Secondary property tax rate	0.4233	0.4267
Property tax judgement		
(3) Total city tax rate	0.9124	0.8975

B. Special assessment district tax rates

Secondary property tax rates - As of the date the Adopted 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 districtsand their tax rates, please contact

* Does not include an additional $437,234 in expected FY 2026/27 property tax revenue from preceding years; this anticipated revenue increases total FY 2026/27 property tax revenue to $41,699,382.

** Includes actual property taxes collected as of the date the Adopted budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Summary by Fund of Revenues Other than Property Taxes
Fiscal Year 2026/2027
Schedule C

Source of Revenues	Budgeted Revenues 2025/2026	Actual Revenues 2025/2026*	Adopted Revenues 2026/2027
GENERAL FUND			
TAXES - LOCAL			
AMUSEMENT	$3,195,354	$3,338,788	$3,405,563
AUTOMOTIVE	$24,164,071	$23,571,046	$24,042,464
CONSTRUCTION	$20,542,762	$22,383,409	$23,222,789
DINING/ENTERTNMNT	$17,288,912	$19,100,595	$19,495,400
FOOD STORES	$10,297,475	$10,883,999	$11,107,865
HOTEL/MOTEL	$10,992,272	$11,675,552	$11,909,059
MAJOR DEPT STORES	$13,475,587	$13,225,585	$13,381,868
MANUFACTURING	$2,391,599	$3,415,817	$3,552,450
MISC RETAIL STORES	$44,715,205	$46,364,928	$48,567,259
OTHER ACTIVITY	$6,328,636	$7,181,164	$7,333,485
RENTAL	$15,928,415	$12,549,933	$12,800,931
SERVICE WITH RETAIL	$8,558,473	$10,494,452	$11,124,120
UTILITIES	$6,415,547	$6,320,625	$6,390,056
WHOLESALE	$3,902,456	$4,178,752	$4,262,326
ELECTRIC & GAS FRANCHISE	$10,487,242	$10,752,337	$10,967,384
CABLE TV LICENSE FEE	$2,894,791	$2,894,791	$2,692,156
SALT RIVER PROJECT IN LIEU	$200,000	$200,000	$200,000
STORMWATER FEE	$962,319	$962,319	$971,942
TOTAL TAXES - LOCAL	$202,741,116	$209,494,092	$215,427,117
STATE SHARED REVENUES			
STATE SHARED SALES TAX	$38,560,076	$37,788,874	$37,759,045
STATE SHARED INCOME TAX	$46,243,346	$48,032,139	$51,488,168
AUTO LIEU TAX	$12,401,290	$13,021,355	$13,323,572
TOTAL STATE SHARED REVENUES	$97,204,712	$98,842,368	$102,570,785
CHARGES FOR SERVICE/OTHER			
WESTWORLD EQUESTRIAN FACILITY FEES	$6,614,024	$7,143,024	$6,666,875
INTERGOVERNMENTAL AGREEMENTS	$6,022,182	$6,022,182	$6,220,486
MISCELLANEOUS	$1,787,411	$1,787,411	$1,675,487
PROPERTY RENTAL	$5,924,773	$5,924,773	$6,386,877
TOTAL CHARGES FOR SERVICE/OTHER	$20,348,390	$20,877,390	$20,949,725
LICENSE PERMITS & FEES			
BUSINESS & LIQUOR LICENSES	$2,669,037	$2,669,037	$2,671,565
FIRE CHARGES FOR SERVICES	$10,793,194	$8,793,520	$12,177,629
RECREATION FEES	$6,009,970	$5,725,437	$5,818,882
TOTAL LICENSE PERMITS & FEES	$19,472,201	$17,187,994	$20,668,076
FINES FEES & FORFEITURES			
COURT FINES	$4,113,661	$4,113,661	$4,113,661
LIBRARY	$43,726	$43,726	$78,726
PARKING FINES	$261,000	$261,000	$241,000
PHOTO RADAR	$2,644,511	$2,644,511	$2,644,511
JAIL DORMITORY	$149,818	$292,700	$0
TOTAL FINES FEES & FORFEITURES	$7,212,716	$7,355,598	$7,077,898

Source of Revenues	Budgeted Revenues 2025/2026	Actual Revenues 2025/2026*	Adopted Revenues 2026/2027
INTEREST EARNINGS			
INTEREST EARNINGS	$11,103,081	$16,654,622	$18,588,997
TOTAL INTEREST EARNINGS	$11,103,081	$16,654,622	$18,588,997
BUILDING PERMIT FEES & CHARGES			
BUILDING & RELATED PERMITS	$23,752,610	$23,752,610	$24,025,388
TOTAL BUILDING PERMIT FEES & CHARGES	$23,752,610	$23,752,610	$24,025,388
INDIRECT/DIRECT COST ALLOCATIONS			
INDIRECT COSTS	$8,796,368	$8,796,368	$10,456,844
DIRECT COST ALLOCATION (FIRE)	$462,278	$462,278	$588,691
TOTAL INDIRECT/DIRECT COST ALLOCATIONS	$9,258,646	$9,258,646	$11,045,535
TOTAL GENERAL FUND	$391,093,472	$403,423,319	$420,353,521
SPECIAL REVENUE FUNDS			
PARK AND PRESERVE TAX FUNDS			
AMUSEMENT	$3,283,772	$449,409	$464,393
AUTOMOTIVE	$2,791,654	$3,120,964	$3,278,521
CONSTRUCTION	$1,399,373	$2,921,903	$3,166,744
DINING/ENTERTNMNT	$434,231	$2,512,256	$2,658,463
FOOD STORES	$1,498,946	$1,401,935	$1,514,709
HOTEL/MOTEL	$1,831,262	$1,573,603	$1,623,964
MAJOR DEPT STORES	$6,076,565	$1,792,686	$1,824,802
MANUFACTURING	$494,097	$410,646	$484,425
MISC RETAIL STORES	$2,164,589	$6,192,546	$6,622,808
OTHER ACTIVITY	$2,349,473	$530,312	$565,377
RENTAL	$871,839	$1,708,593	$1,745,581
SERVICE WITH RETAIL	$325,006	$1,366,611	$1,516,924
UTILITIES	$530,323	$853,730	$871,373
WHOLESALE	$1,163,051	$542,865	$581,225
INTEREST EARNINGS	$0	$0	$316,915
TOTAL PARK AND PRESERVE TAX FUNDS	$25,214,181	$25,378,059	$27,236,224
PRESERVATION FUNDS			
AMUSEMENT	$434,231	$455,289	$464,393
AUTOMOTIVE	$3,283,776	$6,555,958	$3,278,521
CONSTRUCTION	$2,791,654	$3,052,283	$3,166,744
DINING/ENTERTNMNT	$2,349,473	$2,604,627	$2,658,463
FOOD STORES	$1,399,373	$1,484,181	$1,514,709
HOTEL/MOTEL	$1,498,946	$1,592,121	$1,623,964
MAJOR DEPT STORES	$1,831,262	$1,803,490	$1,824,802
MANUFACTURING	$325,006	$465,794	$484,425
MISC RETAIL STORES	$6,076,565	$6,322,494	$6,622,808
OTHER ACTIVITY	$494,097	$548,911	$565,377
RENTAL	$2,164,589	$1,711,353	$1,745,581
SERVICE WITH RETAIL	$1,163,051	$1,431,061	$1,516,924
UTILITIES	$871,839	$861,903	$871,373
WHOLESALE	$530,323	$569,830	$581,225
INTEREST EARNINGS	$4,436,344	$4,454,704	$4,467,824
TOTAL PRESERVATION FUNDS	$29,650,529	$33,913,999	$31,387,133

Source of Revenues	Budgeted Revenues 2025/2026	Actual Revenues 2025/2026*	Adopted Revenues 2026/2027
TRANSPORTATION FUND			
AMUSEMENT	$578,975	$590,517	$600,748
AUTOMOTIVE	$4,378,362	$3,985,232	$4,043,791
CONSTRUCTION	$3,722,207	$4,030,925	$4,187,765
DINING/ENTERTNMNT	$3,132,632	$3,455,488	$3,526,186
FOOD STORES	$1,865,831	$1,971,589	$2,012,342
HOTEL/MOTEL	$1,998,595	$2,106,847	$2,150,970
MAJOR DEPT STORES	$2,441,685	$2,335,798	$2,380,999
MANUFACTURING	$433,342	$429,503	$446,681
MISC RETAIL STORES	$8,102,084	$8,140,357	$8,523,379
OTHER ACTIVITY	$658,799	$607,769	$647,948
RENTAL	$2,886,120	$2,269,453	$2,320,936
SERVICE WITH RETAIL	$1,550,735	$1,839,418	$1,945,123
UTILITIES	$1,162,452	$1,140,722	$1,151,057
WHOLESALE	$707,098	$639,737	$619,646
HIGHWAY USER TAX	$19,537,489	$19,258,319	$18,811,189
LOCAL TRANSPORTATION ASSISTANCE FUND	$610,000	$610,000	$610,000
INTERGOVERNMENTAL AGREEMENTS	$221,734	$221,734	$306,734
MISCELLANEOUS	$12,100	$12,100	$12,100
PROPERTY RENTAL	$5,844	$5,844	$5,844
INTEREST EARNINGS	$2,942,285	$2,823,307	$2,820,484
TOTAL TRANSPORTATION FUND	$56,948,369	$56,474,659	$57,123,922
TOURISM DEVELOPMENT FUND			
TRANSIENT OCCUPANCY TAX	$33,000,000	$35,211,000	$35,915,222
MISCELLANEOUS	$15,000	$15,000	$15,000
PROPERTY RENTAL	$3,657,800	$3,910,000	$3,988,200
INTEREST EARNINGS	$592,737	$592,737	$526,932
TOTAL TOURISM DEVELOPMENT FUND	$37,265,537	$39,728,737	$40,445,354
SPECIAL PROGRAMS FUND			
ELECTRIC & GAS FRANCHISE	$265,000	$265,000	$265,000
STORMWATER FEE - CIP	$7,868,373	$7,868,373	$7,902,150
WESTWORLD EQUESTRIAN FACILITY FEES	$1,286,364	$1,461,364	$1,651,090
INTERGOVERNMENTAL AGREEMENTS	$2,648,622	$235,822	$235,822
MISCELLANEOUS	$5,247,229	$5,247,229	$3,643,934
PROPERTY RENTAL (Includes SURCHARGE)	$1,185,346	$1,169,920	$2,166,306
CONTRIBUTIONS & DONATIONS	$1,105,772	$1,062,272	$1,248,086
BUSINESS & LIQUOR LICENSES	$50,160	$50,160	$50,160
RECREATION FEES	$4,963,254	$4,963,254	$4,387,590
COURT FINES	$2,618,654	$2,618,654	$2,618,654
LIBRARY	$119,646	$119,646	$119,646
POLICE FEES	$95,400	$95,400	$95,400
INTEREST EARNINGS	$256,648	$256,648	$309,468
BUILDING & RELATED PERMITS	$126,120	$126,120	$126,120
INDIRECT/DIRECT COST ALLOCATIONS	$20,000	$20,000	$20,000
TOTAL SPECIAL PROGRAMS FUND	$27,856,588	$25,559,862	$24,839,426

Source of Revenues	Budgeted Revenues 2025/2026	Actual Revenues 2025/2026*	Adopted Revenues 2026/2027
STADIUM FACILITY FUND			
MISCELLANEOUS	$294,210	$294,210	$368,036
PROPERTY RENTAL	$1,005,598	$1,235,598	$1,033,248
CONTRIBUTIONS & DONATIONS	$725,000	$725,000	$725,000
INTEREST EARNINGS	$180,265	$180,265	$170,768
TOTAL STADIUM FACILITY FUND	$2,205,073	$2,435,073	$2,297,052
TOTAL SPECIAL REVENUE FUNDS	$179,140,277	$183,490,389	$183,329,111
GRANTS & SPECIAL DISTRICTS FUNDS			
SPECIAL DISTRICTS FUND			
STREETLIGHT DISTRICTS	$579,465	$579,465	$662,985
TOTAL SPECIAL DISTRICTS FUND	$579,465	$579,465	$662,985
GRANT FUNDS			
MISCELLANEOUS	$602,615	$602,615	$0
PROPERTY RENTAL	$67,100	$67,100	$0
CONTRIBUTIONS & DONATIONS	$2,647,107	$2,647,107	$1,576,955
INTERGOVERNMENTAL AGREEMENTS	$0	$2,412,800	$1,680,089
FEDERAL GRANTS	$19,447,166	$19,447,166	$22,796,940
STATE GRANTS	$873,752	$873,752	$55,000
TOTAL GRANT FUNDS	$23,637,740	$26,050,540	$26,108,984
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	$24,217,205	$26,630,005	$26,771,969
CAPITAL IMPROVEMENT PROJECT FUNDS			
AMUSEMENT	$289,488	$289,488	$309,596
AUTOMOTIVE	$2,189,180	$2,189,180	$2,185,678
CONSTRUCTION	$1,861,102	$1,861,102	$2,111,163
DINING/ENTERTNMNT	$1,566,315	$1,566,315	$1,772,309
FOOD STORES	$932,916	$932,916	$1,009,807
HOTEL/MOTEL	$999,297	$999,297	$1,082,640
MAJOR DEPT STORES	$1,220,841	$1,220,841	$1,216,533
MANUFACTURING	$216,671	$216,671	$322,951
MISC RETAIL STORES	$4,051,043	$4,051,043	$4,415,206
OTHER ACTIVITY	$329,400	$329,400	$376,920
RENTAL	$1,443,058	$1,443,058	$1,163,721
SERVICE WITH RETAIL	$775,368	$775,368	$1,011,285
UTILITIES	$581,226	$581,226	$580,915
WHOLESALE	$353,548	$353,548	$387,485
OTHER WATER REVENUE	$11,000,000	$11,000,000	$11,000,000
OTHER WATER RECLAMATION REVENUE	$7,900,000	$7,900,000	$7,900,000
NON-POTABLE WATER SERVICE CHARGES	$2,100,000	$2,100,000	$2,100,000
INTERGOVERNMENTAL AGREEMENTS	$111,167,850	$24,834,672	$122,289,782
CONTRIBUTIONS & DONATIONS	$0	$0	$0
INTEREST EARNINGS	$6,065,689	$6,288,570	$6,499,806
BUILDING & RELATED PERMITS	$75,000	$428,300	$75,000
FEDERAL GRANTS	$29,182,307	$4,892,272	$13,663,896
BOND PROCEEDS	$50,000,000	$0	$79,000,000
MISCELLANEOUS	$0	$2,597,059	$6,172,337
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	$234,300,299	$76,850,326	$266,647,030

Source of Revenues	Budgeted Revenues 2025/2026	Actual Revenues 2025/2026*	Adopted Revenues 2026/2027
ENTERPRISE FUNDS			
AVIATION FUND			
JET FUEL	$259,461	$285,407	$257,245
AIRPORT FEES	$9,391,985	$10,331,184	$10,534,898
PROPERTY RENTAL	$196,493	$216,142	$202,389
INTEREST EARNINGS	$577,458	$635,204	$752,760
TOTAL AVIATION FUND	$10,425,397	$11,467,937	$11,747,292
WATER & WATER RECLAMATION FUNDS			
STORMWATER FEE	$339,642	$339,642	$341,100
WATER SERVICE FEES	$142,943,240	$142,943,240	$148,679,433
SEWER SERVICE FEES	$60,413,477	$60,413,477	$64,425,686
NON-POTABLE WATER SERVICE CHARGES	$18,676,089	$18,676,089	$19,731,600
MISCELLANEOUS	$3,141,964	$3,141,964	$1,136,147
PROPERTY RENTAL	$232,679	$232,679	$239,401
CONTRIBUTIONS & DONATIONS	$9,000	$9,000	$11,000
INTEREST EARNINGS	$2,426,151	$2,426,151	$3,386,426
FEDERAL GRANTS	$492,914	$492,914	$0
INDIRECT COSTS	$919,905	$919,905	$919,905
TOTAL WATER & WATER RECLAMATION FUNDS	$229,595,061	$229,595,061	$238,870,698
SOLID WASTE FUND			
SOLID WASTE SERVICE CHARGES - COMMERCIAL	$4,669,583	$4,669,583	$4,205,222
SOLID WASTE SERVICE CHARGES - RESIDENTIAL	$33,431,829	$33,431,829	$34,230,913
INTEREST EARNINGS	$299,423	$299,423	$436,681
TOTAL SOLID WASTE FUND	$38,400,835	$38,400,835	$38,872,816
TOTAL ENTERPRISE FUNDS	$278,421,293	$279,463,833	$289,490,806
INTERNAL SERVICE FUNDS			
PC REPLACEMENT FUND			
INTERNAL SERVICE OFFSETS	($1,010,659)	($1,010,659)	($1,185,894)
PC REPLACEMENT	$1,010,659	$1,010,659	$1,666,383
TOTAL PC REPLACEMENT FUND	$0	$0	$480,489
SELF INSURANCE FUNDS - HEALTH			
INTERNAL SERVICE OFFSETS	($31,171,221)	($31,171,221)	($37,101,024)
DISABLED RETIREE CONTRIBUTIONS	$213,497	$177,301	$194,499
EMPLOYEE CONTRIBUTIONS - DENTAL	$792,527	$798,918	$823,003
EMPLOYEE CONTRIBUTIONS - MEDICAL	$9,192,108	$9,434,916	$9,934,958
EMPLOYER CONTRIBUTION - DENTAL	$893,137	$901,151	$928,068
EMPLOYER CONTRIBUTION - MEDICAL	$30,278,084	$32,583,083	$36,172,956
MISCELLANEOUS	$305,184	$311,844	$320,000
TOTAL SELF INSURANCE FUNDS - HEALTH	$10,503,316	$13,035,992	$11,272,460
SELF INSURANCE FUNDS - RISK			
INTERNAL SERVICE OFFSETS	($20,105,408)	($20,105,408)	($19,254,485)
SELF INSURANCE (PROPERTY AND WORKERS COMP)	$20,050,923	$20,050,923	$19,200,000
UNEMPLOYMENT CLAIMS	$54,485	$54,485	$54,485
MISCELLANEOUS	$240,000	$240,000	$285,000
REIMBURSEMENTS FROM OUTSIDE SOURCES	$525,000	$525,000	$550,000
TOTAL SELF INSURANCE FUNDS - RISK	$765,000	$765,000	$835,000

Source of Revenues	Budgeted Revenues 2025/2026	Actual Revenues 2025/2026*	Adopted Revenues 2026/2027
FLEET FUNDS			
FUEL	$5,576,328	$4,776,328	$3,726,683
MAINTENANCE & OPERATIONS	$10,923,737	$11,923,737	$11,929,596
RENTAL RATES	$15,494,758	$15,494,758	$13,847,170
MISCELLANEOUS	$574,721	$574,721	$831,200
REIMBURSEMENTS FROM OUTSIDE SOURCES	$578,912	$578,912	$590,000
INTERNAL SERVICE OFFSETS	($31,994,823)	($31,994,823)	($26,641,450)
TOTAL FLEET FUNDS	$1,153,633	$1,353,633	$4,283,199
TOTAL INTERNAL SERVICE FUNDS	$12,421,949	$15,154,625	$16,871,148
TOTAL ALL FUNDS	$1,119,594,495	$985,012,497	$1,203,463,585

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the Adopted budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

CITY OF SCOTTSDALE
Summary by Fund Type of Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2026/2027
Schedule D

Fund	Other Financing Sources/(Uses) 2026/2027	Adopted Interfund Transfers 2026/2027 IN	OUT
GENERAL FUND			
GENERAL FUND	$0	$26,210,908	$48,613,182
TOTAL GENERAL FUND	$0	$26,210,908	$48,613,182
			0
GRANTS & SPECIAL DISTRICTS FUNDS			
GRANT FUNDS	$0	$0	$0
SPECIAL DISTRICTS FUND	$0	$0	$0
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	$0	$0	$0
SPECIAL REVENUE FUNDS			
PARK AND PRESERVE TAX FUNDS	$0	$26,319,309	$31,677,398
PRESERVATION FUNDS	$0	$0	$17,826,544
SPECIAL PROGRAMS FUND	$0	$0	$10,341,975
STADIUM FACILITY FUND	$0	$200,000	$1,510,000
TOURISM DEVELOPMENT FUND	$0	$0	$17,541,290
TRANSPORTATION FUND	$0	$0	$32,502,845
TOTAL SPECIAL REVENUE FUNDS	$0	$26,519,309	$111,400,052
DEBT SERVICE FUNDS			
DEBT	$0	$35,100,093	$0
TOTAL DEBT SERVICE FUNDS	$0	$35,100,093	$0
CAPITAL IMPROVEMENT PROJECT FUNDS			
CAPITAL IMPROVEMENT PROGRAM	$0	$146,523,477	$2,410,846
TOTAL CAPITAL IMPROVEMENT PROJECT FUNDS	$0	$146,523,477	$2,410,846
ENTERPRISE FUNDS			
AVIATION FUND	$0	$492,600	$1,721,323
SOLID WASTE FUND	$0	$0	$3,930,755
WATER & WATER RECLAMATION FUNDS	$0	$9,506,989	$69,135,027
TOTAL ENTERPRISE FUNDS	$0	$9,999,589	$74,787,105
INTERNAL SERVICE FUNDS			
FLEET FUNDS	$0	$100,000	$7,036,867
SELF INSURANCE FUNDS - HEALTH	$0	$116,645	$0
SELF INSURANCE FUNDS - RISK	$0	$0	$321,970
TOTAL INTERNAL SERVICE FUNDS	$0	$216,645	$7,358,837
TOTAL ALL FUNDS	$0	$244,570,022	$244,570,022

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses Within Each Fund Type
Fiscal Year 2026/2027
Schedule E

Fund/Departments	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
GENERAL FUND				
GENERAL GOVERNMENT				
MAYOR AND CITY COUNCIL	$1,106,449	($5,109)	$1,101,340	$1,266,579
CITY ATTORNEY'S OFFICE	$9,924,074	$225,300	$10,149,374	$9,672,641
CITY AUDITOR'S OFFICE	$1,379,751	($19,644)	$1,360,107	$1,461,803
CITY CLERK'S OFFICE	$1,953,342	($19,250)	$1,934,092	$1,851,076
CITY COURT	$6,602,524	($100,651)	$6,501,873	$6,649,699
CITY MANAGER'S OFFICE	$3,731,987	($43,648)	$3,688,339	$4,646,770
CITY TREASURER'S OFFICE	$14,589,951	($179,289)	$14,410,662	$15,399,056
TOTAL GENERAL GOVERNMENT	$39,288,078	($142,291)	$39,145,787	$40,947,624
CENTRALIZED SERVICES				
FINANCIAL MANAGEMENT SERVICES**	$0	$0	$0	$1,198,602
COMMUNICATIONS	$4,119,065	($54,430)	$4,064,635	$2,602,659
INFORMATION TECHNOLOGY	$22,979,657	$341,309	$23,320,966	$22,145,348
HUMAN RESOURCES	$5,569,163	($63,944)	$5,505,219	$6,351,058
FACILITIES MANAGEMENT	$29,395,932	($44,998)	$29,350,934	$29,339,390
TOTAL CENTRALIZED SERVICES	$62,063,817	$177,936	$62,241,753	$61,637,057
PUBLIC SAFETY				
POLICE DEPARTMENT	$202,849,778	($2,231,795)	$200,617,983	$150,133,886
FIRE DEPARTMENT	$90,648,047	($898,502)	$89,749,545	$100,962,154
TOTAL PUBLIC SAFETY	$293,497,825	($3,130,297)	$290,367,528	$251,096,040
TRANSPORTATION AND INFRASTRUCTURE	$3,401,633	($49,717)	$3,351,916	$2,976,837
TOTAL TRANSPORTATION AND INFRAST.	$3,401,633	($49,717)	$3,351,916	$2,976,837
PARKS & RECREATION AND PRESERVE				
PARKS & RECREATION	$26,096,016	($110,604)	$25,985,412	$26,287,138
PRESERVE	$0	$0	$0	$0
TOTAL PARKS & REC. AND PRESERVE	$26,096,016	($110,604)	$25,985,412	$26,287,138
COMMUNITY DEVELOPMENT				
PLANNING AND DEVELOPMENT SERVICES	$19,759,172	($289,126)	$19,470,046	$17,371,193
ECONOMIC DEVELOPMENT	$1,385,527	($16,460)	$1,369,067	$1,375,837
TOURISM AND EVENTS	$5,921,670	$387,595	$6,309,265	$6,125,975
TOTAL COMMUNITY DEVELOPMENT	$27,066,369	$82,008	$27,148,378	$24,873,006
COMMUNITY ENRICHMENT				
SCOTTSDALE STADIUM	$1,160,299	($11,487)	$1,148,812	$1,149,183
WESTWORLD	$8,041,145	($357,615)	$7,683,530	$8,619,179
HUMAN SERVICES	$5,501,121	($84,015)	$5,417,106	$6,215,387
LIBRARY SERVICES	$9,622,054	($141,589)	$9,480,465	$9,630,028
TOTAL COMMUNITY ENRICHMENT	$24,324,619	($594,706)	$23,729,913	$25,613,777
DEBT SERVICE	$481,324	$0	$481,324	$505,390
TOTAL DEBT SERVICE	$481,324	$0	$481,324	$505,390

Fund/Departments	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
ESTIMATED DEPARTMENT SAVINGS	($11,000,000)	$0	($11,000,000)	($6,000,000)
PERSONNEL PROGRAMS	$4,700,442	($3,699,442)	$1,001,000	$11,000,000
CONTINGENCY / RESERVE APPROPRIATION	$182,056,673	$0	$0	$143,015,868
TOTAL GENERAL FUND	$651,976,796	($7,467,113)	$462,453,010	$581,952,737
GRANTS & SPECIAL DISTRICTS FUNDS				
GRANT FUNDS				
GENERAL GOVERNMENT				
MAYOR AND CITY COUNCIL	$5,000	$0	$0	$0
TOTAL GENERAL GOVERNMENT	$5,000	$0	$0	$0
CENTRALIZED SERVICES				
CITY MANAGER'S OFFICE	$812,090	$0	$812,090	$750,881
TOTAL CENTRALIZED SERVICES	$812,090	$0	$812,090	$750,881
COMMUNITY DEVELOPMENT				
ECONOMIC DEVELOPMENT	$10,000	$0	$10,000	$20,000
TOTAL COMMUNITY DEVELOPMENT	$10,000	$0	$10,000	$20,000
PUBLIC SAFETY				
FIRE DEPARTMENT	$0	$0	$0	$100,000
POLICE DEPARTMENT	$2,395,733	$0	$2,395,733	$2,005,352
TOTAL PUBLIC SAFETY	$2,395,733	$0	$2,395,733	$2,105,352
COMMUNITY ENRICHMENT				
LIBRARY SERVICES	$110,766	$0	$110,766	$0
HUMAN SERVICES	$17,481,425	$0	$17,481,425	$16,924,850
TOTAL COMMUNITY ENRICHMENT	$17,592,191	$0	$17,592,191	$16,924,850
PARKS & RECREATION AND PRESERVE				
PARKS & RECREATION	$3,156	$0	$3,156	$0
PRESERVE	$0	$0	$0	$0
TOTAL PARKS & REC. AND PRESERVE	$3,156	$0	$3,156	$0
CONTINGENCY / RESERVE APPROPRIATION	$4,000,000	$0	$0	$6,307,900
TOTAL GRANT FUNDS	$24,818,170	$0	$20,813,170	$26,108,984
SPECIAL DISTRICTS FUND				
SPECIAL DISTRICTS	$582,619	$0	$582,619	$608,918
TOTAL SPECIAL DISTRICTS FUND	$582,619	$0	$582,619	$608,918
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	$25,400,789	$0	$21,395,789	$26,717,902
SPECIAL REVENUE FUNDS				
SPECIAL PROGRAMS FUND				
GENERAL GOVERNMENT				
MAYOR AND CITY COUNCIL	$68,806	($2,000)	$66,806	$61,882
CITY COURT	$2,141,824	($33,774)	$2,108,050	$2,368,631
TOTAL GENERAL GOVERNMENT	$2,210,630	($35,774)	$2,174,856	$2,430,513

Fund/Departments	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
PUBLIC SAFETY				
FIRE DEPARTMENT	$919,006	($51,854)	$867,152	$1,037,058
POLICE DEPARTMENT	$4,359,034	($1,876,909)	$2,482,125	$2,719,892
TOTAL PUBLIC SAFETY	$5,278,040	($1,928,763)	$3,349,277	$3,756,950
TRANSPORTATION AND INFRASTRUCTURE	$255,817	($240,000)	$15,817	$14,225
TOTAL TRANSPORTATION AND INFRAST.	$255,817	($240,000)	$15,817	$14,225
PARKS & RECREATION AND PRESERVE				
PARKS & RECREATION	$5,066,487	($58,003)	$5,008,484	$4,954,466
PRESERVE	$100,082	$0	$100,082	$119,237
TOTAL PARKS & REC. AND PRESERVE	$5,166,569	($58,003)	$5,108,566	$5,073,703
COMMUNITY DEVELOPMENT				
ECONOMIC DEVELOPMENT	$20,000	$0	$20,000	$20,406
PLANNING AND DEVELOPMENT SERVICES	$715,493	$0	$715,493	$301,685
TOURISM AND EVENTS	$51,000	$0	$51,000	$51,000
TOTAL COMMUNITY DEVELOPMENT	$786,493	$0	$786,493	$373,091
COMMUNITY ENRICHMENT				
LIBRARY SERVICES	$186,240	$0	$186,240	$186,240
HUMAN SERVICES	$811,985	($80,000)	$731,985	$1,322,489
WESTWORLD	$100,006	$0	$100,006	$96,090
TOTAL COMMUNITY ENRICHMENT	$1,098,231	($80,000)	$1,018,231	$1,604,819
DEBT SERVICE	$48,892	$0	$48,892	$44,003
TOTAL DEBT SERVICE	$48,892	$0	$48,892	$44,003
APPROPRIATION CONTINGENCY	$1,500,000	$0	$0	$1,500,000
PERSONNEL PROGRAMS	$1,950	$0	$0	$0
TOTAL DEBT SERVICE	$1,501,950	$0	$0	$1,500,000
TOTAL SPECIAL PROGRAMS FUND	$16,346,622	($2,342,540)	$12,502,132	$14,797,304
PARK AND PRESERVE TAX FUNDS				
CENTRALIZED SERVICES				
FINANCIAL MANAGEMENT SERVICES**	$0	$0	$0	$218,586
TOTAL CENTRALIZED SERVICES	$0	$0	$0	$218,586
PUBLIC SAFETY				
FIRE DEPARTMENT	$1,754,034	($27,814)	$1,726,220	$1,731,946
POLICE DEPARTMENT	$1,255,012	($934)	$1,254,078	$1,442,044
TOTAL PUBLIC SAFETY	$3,009,046	($28,748)	$2,980,298	$3,173,990
PARKS & RECREATION AND PRESERVE				
PARKS & RECREATION	$4,965,742	$0	$4,965,742	$5,144,681
PRESERVE	$3,146,621	($15,482)	$3,131,139	$3,430,411
TOTAL PARKS & REC. AND PRESERVE	$8,112,363	($15,482)	$8,096,881	$8,575,092
CONTINGENCY / RESERVE APPROPRIATION	$4,825,254	$0	$0	$5,019,769
TOTAL PARK AND PRESERVE TAX FUNDS	$15,946,663	($44,230)	$11,077,179	$16,987,437
STADIUM FACILITY FUND				
COMMUNITY ENRICHMENT				
SCOTTSDALE STADIUM	$2,660,770	($866,968)	$1,793,802	$2,318,433
TOTAL COMMUNITY ENRICHMENT	$2,660,770	($866,968)	$1,793,802	$2,318,433

Fund/Departments	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
CONTINGENCY / RESERVE APPROPRIATION	$2,201,721	$0	$0	$3,069,646
TOTAL STADIUM FACILITY FUND	$4,862,491	($866,968)	$1,793,802	$5,388,079
TOURISM DEVELOPMENT FUND				
COMMUNITY ENRICHMENT				
TOURISM AND EVENTS	$24,269,426	$979,696	$25,248,118	$25,930,964
TOTAL COMMUNITY ENRICHMENT	$24,269,426	$979,696	$25,248,118	$25,930,964
PERSONNEL PROGRAMS	$1,982	$0	$900	$0
CONTINGENCY / RESERVE APPROPRIATION	$4,000,000	$0	$0	$4,000,000
TOTAL TOURISM DEVELOPMENT FUND	$28,271,408	$979,696	$25,249,018	$29,930,964
TRANSPORTATION FUND				
CENTRALIZED SERVICES				
FACILITIES MANAGEMENT	$1,395,410	$0	$1,395,410	$1,309,791
INFORMATION TECHNOLOGY	$18,800	$0	$18,800	$16,920
TOTAL CENTRALIZED SERVICES	$1,414,210	$0	$1,414,210	$1,326,711
TRANSPORTATION AND INFRASTRUCTURE	$33,055,373	($219,283)	$32,836,090	$33,036,155
TOTAL TRANSPORTATION AND INFRAST.	$33,055,373	($219,283)	$32,836,090	$33,036,155
PARKS & RECREATION AND PRESERVE				
PARKS & RECREATION	$2,712,276	($2,746)	$2,709,530	$2,904,125
TOTAL PARKS & REC. AND PRESERVE	$2,712,276	($2,746)	$2,709,530	$2,904,125
ESTIMATED DEPARTMENT SAVINGS	($368,136)	$168,136	($200,000)	($330,000)
PERSONNEL PROGRAMS	$268,664	($244,364)	$24,300	$101,000
CONTINGENCY / RESERVE APPROPRIATION	$4,708,239	$0	$0	$4,703,799
TOTAL TRANSPORTATION FUND	$41,790,626	($298,257)	$36,784,130	$41,741,790
PRESERVATION FUNDS				
CONTINGENCY / RESERVE APPROPRIATION	$17,826,600	$0	$0	$25,000,000
TOTAL PRESERVATION FUNDS	$17,826,600	$0	$0	$25,000,000
TOTAL SPECIAL REVENUE FUNDS	$125,044,410	($2,572,299)	$87,406,261	$133,845,573
DEBT SERVICE FUNDS				
DEBT				
DEBT SERVICE	$78,562,788	$0	$78,562,788	$69,297,560
CONTINGENCY / RESERVE APPROPRIATION	$8,730,825	$0	$0	$8,479,260
TOTAL DEBT	$87,293,613	$0	$78,562,788	$77,776,820
TOTAL DEBT SERVICE FUNDS	$87,293,613	$0	$78,562,788	$77,776,820
ENTERPRISE FUNDS				
AVIATION FUND				
ENTERPRISE				
AVIATION	$4,248,648	($33,118)	$3,604,776	$4,690,593
TOTAL ENTERPRISE	$4,248,648	($33,118)	$3,604,776	$4,690,593
DEBT SERVICE	$1,720,744	$0	$1,719,244	$1,721,244
TOTAL DEBT SERVICE	$1,720,744	$0	$1,719,244	$1,721,244
ESTIMATED DEPARTMENT SAVINGS	($40,000)	$0	($40,000)	($21,818)
PERSONNEL PROGRAMS	$7,922	($3,572)	$4,350	$0
CONTINGENCY / RESERVE APPROPRIATION	$5,352,093	$0	$0	$6,080,623
TOTAL AVIATION FUND	$11,289,407	($36,690)	$5,288,370	$12,470,642

Fund/Departments	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
SOLID WASTE FUND				
GENERAL GOVERNMENT				
CITY TREASURER'S OFFICE	$1,067,202	($12,089)	$1,055,113	$1,029,655
TOTAL GENERAL GOVERNMENT	$1,067,202	($12,089)	$1,055,113	$1,029,655
CENTRALIZED SERVICES				
INFORMATION TECHNOLOGY	$8,000	$0	$8,000	$7,200
TOTAL CENTRALIZED SERVICES	$8,000	$0	$8,000	$7,200
ENTERPRISE				
SOLID WASTE MANAGEMENT	$33,617,248	($193,826)	$31,418,099	$31,764,280
TOTAL ENTERPRISE	$33,617,248	($193,826)	$31,418,099	$31,764,280
ESTIMATED DEPARTMENT SAVINGS	($332,345)	$71,252	($261,093)	($142,414)
PERSONNEL PROGRAMS	$80,689	($47,939)	$32,750	$147,567
CONTINGENCY / RESERVE APPROPRIATION	$6,166,119	$0	$0	$5,920,943
TOTAL SOLID WASTE FUND	$40,606,913	($182,602)	$32,252,869	$38,727,231
WATER & WATER RECLAMATION FUNDS				
GENERAL GOVERNMENT				
CITY TREASURER'S OFFICE	$2,157,784	($25,000)	$2,132,784	$2,080,309
TOTAL GENERAL GOVERNMENT	$2,157,784	($25,000)	$2,132,784	$2,080,309
CENTRALIZED SERVICES				
FINANCIAL MANAGEMENT SERVICES**	$0	$0	$0	$544,216
INFORMATION TECHNOLOGY	$729,452	($11,324)	$718,128	$731,213
TOTAL CENTRALIZED SERVICES	$729,452	($11,324)	$718,128	$1,275,429
TRANSPORTATION AND INFRASTRUCTURE	$2,600,794	($39,703)	$2,561,091	$2,607,442
TOTAL TRANSPORTATION AND INFRAST.	$2,600,794	($39,703)	$2,561,091	$2,607,442
ENTERPRISE				
WATER RESOURCES	$120,312,859	($495,720)	$111,744,405	$126,611,732
TOTAL ENTERPRISE	$120,312,859	($495,720)	$111,744,405	$126,611,732
DEBT SERVICE	$34,173,514	$0	$34,173,514	$32,483,279
TOTAL DEBT SERVICE	$34,173,514	$0	$34,173,514	$32,483,279
ESTIMATED DEPARTMENT SAVINGS	($1,200,000)	($1,200,000)	$0	($654,545)
PERSONNEL PROGRAMS	$161,034	($117,434)	$43,600	$0
CONTINGENCY / RESERVE APPROPRIATION	$55,916,307	$0	$0	$57,299,047
TOTAL WATER & WATER RECLAMATION FUNDS	$214,851,744	($1,889,181)	$151,373,522	$221,702,694
TOTAL ENTERPRISE FUNDS	$266,748,064	($2,108,474)	$188,914,760	$272,900,566
INTERNAL SERVICE FUNDS				
SELF INSURANCE FUNDS - RISK				
GENERAL GOVERNMENT				
CITY ATTORNEY'S OFFICE	$19,493,903	($1,630,169)	$17,863,734	$19,741,037
TOTAL GENERAL GOVERNMENT	$19,493,903	($1,630,169)	$17,863,734	$19,741,037

Fund/Departments	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
CENTRALIZED SERVICES				
HUMAN RESOURCES	$52,500	$0	$52,500	$47,250
TOTAL CENTRALIZED SERVICES	$52,500	$0	$52,500	$47,250
INTERNAL SERVICE OFFSETS	($20,105,408)	$0	$20,105,408	($19,254,485)
PERSONNEL PROGRAMS	$2,888	($2,538)	$350	$0
CONTINGENCY / RESERVE APPROPRIATION	$34,707,698	$0	$0	$40,276,984
TOTAL SELF INSURANCE FUNDS - RISK	$34,151,581	($1,632,707)	$38,021,992	$40,810,786
FLEET FUNDS				
CENTRALIZED SERVICES				
FLEET MANAGEMENT	$45,544,224	$0	$23,094,758	$28,923,959
TOTAL CENTRALIZED SERVICES	$45,544,224	$0	$23,094,758	$28,923,959
INTERNAL SERVICE OFFSETS	($31,994,823)	$0	$31,994,823	($26,641,450)
ESTIMATED DEPARTMENT SAVINGS	($306,780)	($84,247)	($222,533)	($313,500)
PERSONNEL PROGRAMS	$123,389	$8,900	$114,489	$82,261
CONTINGENCY / RESERVE APPROPRIATION	$2,000,000	$0	$0	$2,000,000
TOTAL FLEET FUNDS	$15,366,010	($75,347)	$54,981,537	$4,051,270
PC REPLACEMENT FUND				
CENTRALIZED SERVICES				
INFORMATION TECHNOLOGY	$1,317,661	$0	$1,317,661	$1,185,894
TOTAL CENTRALIZED SERVICES	$1,317,661	$0	$1,317,661	$1,185,894
INTERNAL SERVICE OFFSETS	($1,010,659)	$0	$1,010,659	($1,185,894)
CONTINGENCY / RESERVE APPROPRIATION	$100,000	$0	$0	$100,000
TOTAL PC REPLACEMENT FUND	$407,002	$0	$2,328,320	$100,000
SELF INSURANCE FUNDS - HEALTH				
CENTRALIZED SERVICES				
HUMAN RESOURCES	$44,054,681	($514,596)	$43,540,085	$49,887,652
TOTAL CENTRALIZED SERVICES	$44,054,681	($514,596)	$43,540,085	$49,887,652
INTERNAL SERVICE OFFSETS	($31,171,221)	$0	($31,171,221)	($37,101,024)
CONTINGENCY / RESERVE APPROPRIATION	$10,234,281	$0	$0	$11,881,850
TOTAL SELF INSURANCE FUNDS - HEALTH	$23,117,741	($514,596)	$12,368,864	$24,668,478
TOTAL INTERNAL SERVICE FUNDS	$73,042,334	($2,222,650)	$107,700,713	$69,630,534
CAPITAL PROJECT FUNDS				
CAPITAL IMPROVEMENT PROGRAM				
CAPITAL PROJECTS	$947,725,578	$0	$947,725,578	$881,949,146
CONTINGENCY / RESERVE APPROPRIATION	$26,510,560	$0	$0	$74,158,032
TOTAL CAPITAL IMPROVEMENT PROGRAM	$974,236,138	$0	$947,725,578	$956,107,178
TOTAL CAPITAL PROJECT FUNDS	$974,236,138	$0	$947,725,578	$956,107,178
TOTAL ALL FUNDS	$2,203,742,144	($14,370,535)	$1,894,158,900	$2,118,931,310

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the Adopted budget was prepared, plus estimated expenditures for the remainder of the fiscal year.
** Provides administrative and financial support to departments within the City Manager's organization.

CITY OF SCOTTSDALE
Summary by Division of Expenditures/Expenses
Fiscal Year 2026/2027
Schedule F

Department/Fund	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
GENERAL GOVERNMENT				
MAYOR AND CITY COUNCIL				
GENERAL FUND	$1,106,449	($5,109)	$1,101,340	$1,266,579
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$5,000	$0	$0	$0
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$68,806	($2,000)	$66,806	$61,882
TOTAL MAYOR AND CITY COUNCIL	$1,180,255	($7,109)	$1,168,146	$1,328,461
CITY ATTORNEY'S OFFICE				
GENERAL FUND	$9,924,074	$225,300	$10,149,374	$9,672,641
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	$19,493,903	($1,630,169)	$17,863,734	$19,741,037
TOTAL CITY ATTORNEY'S OFFICE	$29,417,977	($1,404,869)	$28,013,108	$29,413,678
CITY AUDITOR'S OFFICE				
GENERAL FUND	$1,379,751	($19,644)	$1,360,107	$1,461,803
TOTAL CITY AUDITOR'S OFFICE	$1,379,751	($19,644)	$1,360,107	$1,461,803
CITY CLERK'S OFFICE				
GENERAL FUND	$1,953,342	($19,250)	$1,934,092	$1,851,076
TOTAL CITY CLERK'S OFFICE	$1,953,342	($19,250)	$1,934,092	$1,851,076
CITY COURT				
GENERAL FUND	$6,602,524	($100,651)	$6,501,873	$6,649,699
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$2,141,824	($33,774)	$2,108,050	$2,368,631
TOTAL CITY COURT	$8,744,348	($134,425)	$8,609,923	$9,018,330
CITY MANAGER'S OFFICE				
GENERAL FUND	$3,731,987	($43,648)	$3,688,339	$4,646,770
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$812,090	$0	$812,090	$750,881
TOTAL CITY MANAGER'S OFFICE	$4,544,077	($43,648)	$4,500,429	$5,397,651
CITY TREASURER'S OFFICE				
GENERAL FUND	$14,589,951	($179,289)	$14,410,662	$15,399,056
ENTERPRISE FUND - SOLID WASTE	$1,067,202	($12,089)	$1,055,113	$1,029,655
ENTERPRISE FUND - WATER & WATER RECLAMATION	$2,157,784	($25,000)	$2,132,784	$2,080,309
TOTAL CITY TREASURER'S OFFICE	$17,814,937	($216,379)	$17,598,558	$18,509,021
TOTAL GENERAL GOVERNMENT	$65,034,687	($1,845,324)	$63,184,363	$66,980,020
CENTRALIZED SERVICES				
FINANCIAL MANAGEMENT SERVICES**				
GENERAL FUND	$0	$0	$0	$1,198,602
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	$0	$0	$0	$218,586
ENTERPRISE FUND - WATER & WATER RECLAMATION	$0	$0	$0	$544,216
TOTAL FINANCIAL MANAGEMENT SERVICES	$0	$0	$0	$1,961,404
COMMUNICATIONS				
GENERAL FUND	$4,119,065	($54,430)	$4,064,635	$2,602,659
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$0	$0	$0	$0
TOTAL COMMUNICATIONS	$4,119,065	($54,430)	$4,064,635	$2,602,659

Department/Fund	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
INFORMATION TECHNOLOGY				
GENERAL FUND	$22,979,657	$341,309	$23,320,966	$22,145,348
SPECIAL REVENUE FUND - TRANSPORTATION	$18,800	$0	$18,800	$16,920
ENTERPRISE FUND - SOLID WASTE	$8,000	$0	$8,000	$7,200
ENTERPRISE FUND - WATER & WATER RECLAMATION	$729,452	($11,324)	$718,128	$731,213
INTERNAL SERVICE FUND - PC REPLACEMENT	$1,317,661	$0	$1,317,661	$1,185,894
TOTAL INFORMATION TECHNOLOGY	$25,053,570	$329,985	$25,383,555	$24,086,576
HUMAN RESOURCES				
GENERAL FUND	$5,569,163	($63,944)	$5,505,219	$6,351,058
INTERNAL SERVICE FUND - SELF INSURANCE - HEALTH	$44,054,681	($514,596)	$43,540,085	$49,887,652
INTERNAL SERVICE FUND - SELF INSURANCE - RISK	$52,500	$0	$52,500	$47,250
TOTAL HUMAN RESOURCES	$49,676,344	($578,540)	$49,097,804	$56,285,960
FLEET MANAGEMENT				
INTERNAL SERVICE FUND - FLEET	$45,544,224	$0	$23,094,758	$28,923,959
TOTAL FLEET MANAGEMENT	$45,544,224	$0	$23,094,758	$28,923,959
FACILITIES MANAGEMENT				
GENERAL FUND	$29,395,932	($44,998)	$29,350,934	$29,339,390
SPECIAL REVENUE FUND - TRANSPORTATION	$1,395,410	$0	$1,395,410	$1,309,791
TOTAL FACILITIES MANAGEMENT	$30,791,342	($44,998)	$30,746,344	$30,649,181
TOTAL CENTRALIZED SERVICES	$155,184,545	($347,983)	$132,387,096	$144,509,738
PUBLIC SAFETY				
FIRE DEPARTMENT				
GENERAL FUND	$90,648,047	($898,502)	$89,749,545	$100,962,154
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$0	$0	$0	$100,000
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	$1,754,034	($27,814)	$1,726,220	$1,731,946
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$919,006	($51,854)	$867,152	$1,037,058
TOTAL FIRE DEPARTMENT	$93,321,087	($978,170)	$92,342,917	$103,831,158
POLICE DEPARTMENT				
GENERAL FUND	$202,849,778	($2,231,795)	$200,617,983	$150,133,886
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$2,395,733	$0	$2,395,733	$2,005,352
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	$1,255,012	($934)	$1,254,078	$1,442,044
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$4,359,034	($1,876,909)	$2,482,125	$2,719,892
TOTAL POLICE DEPARTMENT	$210,859,557	($4,109,638)	$206,749,919	$156,301,175
TOTAL PUBLIC SAFETY	$304,180,644	($5,087,808)	$299,092,836	$260,132,333
TRANSPORTATION AND INFRASTRUCTURE				
GENERAL FUND	$3,401,633	($49,717)	$3,351,916	$2,976,837
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$255,817	($240,000)	$15,817	$14,225
SPECIAL REVENUE FUND - TRANSPORTATION	$33,055,373	($219,283)	$32,836,090	$33,036,155
ENTERPRISE FUND - WATER & WATER RECLAMATION	$2,600,794	($39,703)	$2,561,091	$2,607,442
TOTAL TRANSPORTATION AND INFRASTRUCTURE	$39,313,617	($548,703)	$38,764,914	$38,634,659

Department/Fund	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
PARKS & RECREATION AND PRESERVE				
PARKS & RECREATION				
GENERAL FUND	$26,096,016	($110,604)	$25,985,412	$26,287,138
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$3,156	$0	$3,156	$0
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	$4,965,742	$0	$4,965,742	$5,144,681
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$5,066,487	($58,003)	$5,008,484	$4,954,466
SPECIAL REVENUE FUND - TRANSPORTATION	$2,712,276	($2,746)	$2,709,530	$2,904,125
TOTAL PARKS & RECREATION	$38,843,677	($171,353)	$38,672,324	$39,290,410
PRESERVE				
GENERAL FUND	$0	$0	$0	$0
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$0	$0	$0	$0
SPECIAL REVENUE FUND - PARK AND PRESERVE TAX	$3,146,621	($15,482)	$3,131,139	$3,430,411
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$100,082	$0	$100,082	$119,237
SPECIAL REVENUE FUND - TRANSPORTATION	$0	$0	$0	$0
TOTAL PRESERVE	$3,246,703	($15,482)	$3,231,221	$3,549,648
TOTAL PARKS & RECREATION AND PRESERVE	**$42,090,380**	**($186,835)**	**$41,903,545**	**$42,840,057**
COMMUNITY DEVELOPMENT				
PLANNING AND DEVELOPMENT SERVICES				
GENERAL FUND	$19,759,172	($289,126)	$19,470,046	$17,371,193
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$715,493	$0	$715,493	$301,685
TOTAL PLANNING AND DEVELOPMENT SERVICES	$20,474,665	($289,126)	$20,185,539	$17,672,878
ECONOMIC DEVELOPMENT				
GENERAL FUND	$1,385,527	($16,460)	$1,369,067	$1,375,837
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$10,000	$0	$10,000	$20,000
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$20,000	$0	$20,000	$20,406
TOTAL ECONOMIC DEVELOPMENT	$1,415,527	($16,460)	$1,399,067	$1,416,243
TOURISM AND EVENTS				
GENERAL FUND	$5,921,670	$387,595	$6,309,265	$6,125,975
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$51,000	$0	$51,000	$51,000
SPECIAL REVENUE FUND - TOURISM DEVELOPMENT	$24,269,426	$979,696	$25,248,118	$25,930,964
TOTAL TOURISM AND EVENTS	$30,242,096	$1,367,291	$31,608,383	$32,107,939
TOTAL COMMUNITY DEVELOPMENT	**$52,132,288**	**$1,061,705**	**$53,192,989**	**$51,197,061**
COMMUNITY ENRICHMENT				
SCOTTSDALE STADIUM				
GENERAL FUND	$1,160,299	($11,487)	$1,148,812	$1,149,183
SPECIAL REVENUE FUND - STADIUM FACILITY	$2,660,770	($866,968)	$1,793,802	$2,318,433
TOTAL SCOTTSDALE STADIUM	$3,821,069	($878,455)	$2,942,614	$3,467,616
WESTWORLD				
GENERAL FUND	$8,041,145	($357,615)	$7,683,530	$8,619,179
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$100,006	$0	$100,006	$96,090
TOTAL WESTWORLD	$8,141,151	($357,615)	$7,783,536	$8,715,269
LIBRARY SERVICES				
GENERAL FUND	$9,622,054	($141,589)	$9,480,465	$9,630,028
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$110,766	$0	$110,766	$0
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$186,240	$0	$186,240	$186,240
TOTAL LIBRARY SERVICES	$9,919,060	($141,589)	$9,777,471	$9,816,268

Department/Fund	Adopted Budget Expenditures 2025/2026	Expenditure Adjustments Approved 2025/2026	Actual Expenditures 2025/2026*	Adopted Budget Expenditures 2026/2027
HUMAN SERVICES				
GENERAL FUND	$5,501,121	($84,015)	$5,417,106	$6,215,387
GRANTS & SPECIAL DISTRICTS FUND - GRANT	$17,481,425	$0	$17,481,425	$16,924,850
SPECIAL REVENUE FUND - SPECIAL PROGRAMS	$811,985	($80,000)	$731,985	$1,322,489
TOTAL HUMAN SERVICES	$23,794,531	($164,015)	$23,630,516	$24,462,726
TOTAL COMMUNITY ENRICHMENT	**$45,675,811**	**($1,541,674)**	**$44,134,137**	**$46,461,879**
ENTERPRISE				
AVIATION				
ENTERPRISE FUND - AVIATION	$4,248,648	($33,118)	$3,604,776	$4,690,593
TOTAL AVIATION	$4,248,648	($33,118)	$3,604,776	$4,690,593
SOLID WASTE MANAGEMENT				
ENTERPRISE FUND - SOLID WASTE	$33,617,248	($193,826)	$31,418,099	$31,764,280
TOTAL SOLID WASTE MANAGEMENT	$33,617,248	($193,826)	$31,418,099	$31,764,280
WATER RESOURCES				
ENTERPRISE FUND - WATER & WATER RECLAMATION	$120,312,859	($495,720)	$111,744,405	$126,611,732
TOTAL WATER RESOURCES	$120,312,859	($495,720)	$111,744,405	$126,611,732
TOTAL ENTERPRISE	**$158,178,755**	**($722,664)**	**$146,767,280**	**$163,066,605**
OTHER				
CAPITAL PROJECTS	$947,725,578	$0	$947,725,578	$881,949,146
DEBT SERVICE	$114,987,262	$0	$114,985,762	$104,051,476
STREETLIGHT DISTRICTS	$582,619	$0	$582,619	$608,918
CONTINGENCY / RESERVE APPROPRIATION	$370,836,370	$0	$0	$398,813,721
ESTIMATED DEPARTMENT SAVINGS	($13,247,261)	($1,044,859)	($11,723,626)	($7,462,277)
INTERNAL SERVICE OFFSETS	($84,282,111)	$0	$21,939,669	($84,182,853)
PERSONNEL PROGRAMS	$5,348,960	($4,106,389)	$1,221,739	$11,330,828
TOTAL OTHER	$1,341,951,417	($5,151,248)	$1,074,731,741	$1,305,108,959
TOTAL ALL FUNDS	$2,203,742,144	($14,370,535)	$1,894,158,900	$2,118,931,310

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the Adopted budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

** Provides administrative and financial support to departments within the City Manager's organization.

CITY OF SCOTTSDALE
Full-Time Employees and Personnel Compensation
Fiscal Year 2026/2027
Schedule G

Fund	Full-Time Equivalent (FTE) 2026/2027	Employee Salaries and Hourly Costs 2026/2027	Retirement Costs 2026/2027	Healthcare Costs 2026/2027	Other Benefit Costs 2026/2027	Total Adopted Personnel Compensation 2026/2027
GENERAL FUND						
GENERAL FUND	2,101.30	$228,581,865	$45,346,220	$31,975,303	$14,791,944	$320,695,332
TOTAL GENERAL FUND	2,101.30	$228,581,865	$45,346,220	$31,975,303	$14,791,944	$320,695,332
GRANTS & SPECIAL DISTRICTS FUNDS						
GRANT FUNDS	17.20	$1,440,312	$161,265	$260,878	$117,219	$1,979,673
TOTAL GRANTS & SPECIAL DISTRICTS FUNDS	17.20	$1,440,312	$161,265	$260,878	$117,219	$1,979,673
SPECIAL REVENUE FUNDS						
PARK AND PRESERVE TAX FUNDS	33.96	$3,427,475	$759,223	$502,821	$238,847	$4,928,365
SPECIAL PROGRAMS FUND	55.15	$4,898,334	$923,811	$604,906	$374,520	$6,801,570
STADIUM FACILITY FUND	13.90	$970,626	$116,469	$171,193	$79,559	$1,337,847
TOURISM DEVELOPMENT FUND	5.50	$718,161	$86,131	$108,286	$58,432	$971,010
TRANSPORTATION FUND	113.05	$10,366,496	$1,245,732	$1,721,493	$844,168	$14,177,890
TOTAL SPECIAL REVENUE FUNDS	221.56	20,381,090.06	3,131,366.52	3,108,699.38	1,595,525.59	$28,216,682
ENTERPRISE FUNDS						
AVIATION FUND	15.48	$1,403,267	$168,368	$212,162	$114,839	$1,898,636
SOLID WASTE FUND	112.00	$8,818,305	$1,053,969	$1,617,456	$719,250	$12,208,980
WATER & WATER RECLAMATION FUNDS	250.25	$24,962,938	$2,968,292	$3,937,534	$2,009,056	$33,877,820
TOTAL ENTERPRISE FUNDS	377.73	$35,184,510	$4,190,630	$5,767,151	$2,843,145	$47,985,436
INTERNAL SERVICE FUNDS						
FLEET FUNDS	53.40	$4,543,702	$537,511	$899,859	$371,126	$6,352,198
SELF INSURANCE FUNDS - HEALTH	1.05	$306,534	$15,184	$14,982	$10,376	$347,077
SELF INSURANCE FUNDS - RISK	16.32	$2,190,345	$220,330	$264,765	$150,410	$2,825,851
TOTAL INTERNAL SERVICE FUNDS	70.77	$7,040,582	$773,026	$1,179,607	$531,912	$9,525,126
OTHER PROGRAMS						
CONTRACT WORKERS	0.00	$431,108	$0	$0	$0	$431,108
PERSONNEL PROGRAMS/LEAVE PAYOFFS	0.00	$3,318,198	$811,622	$0	$301,009	$4,430,828
VACANCY SAVINGS	0.00	($4,509,942)	($1,366,910)	($1,078,474)	($506,951)	($7,462,277)
TOTAL OTHER PROGRAMS	0.00	($760,637)	($555,289)	($1,078,474)	($205,942)	($2,600,341)
TOTAL ALL FUNDS	2,788.56	$291,867,722	$53,047,219	$41,213,164	$19,673,803	$405,801,907

ORDINANCE NO. 4713

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY ADOPTING THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN FOR THE CITY OF SCOTTSDALE FOR THE PERIOD BEGINNING JULY 1, 2026, AND ENDING JUNE 30, 2031.

WHEREAS, City financial policies require Capital Improvement Plan projects to have sufficient budget authority and an identified funding source in the Five-Year Capital Improvement Plan to meet the entire amount of the commitment;

WHEREAS, on May 19, 2026, the City Council tentatively adopted the Five-Year Capital Improvement Plan for the period beginning July 1, 2026, and ending June 30, 2031, pursuant to Ordinance No. 4711;

WHEREAS, the City Council finds it to be in the best interests of the City to finally adopt a Five-Year Capital Improvement Plan; and

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby finally adopts the Five-Year Capital Improvement Plan for the period beginning July 1, 2026, and ending June 30, 2031. A summary of the Plan is attached hereto as Exhibit 1 and incorporated herein by this reference. The Plan shall be used as a guide in scheduling and developing capital improvements throughout the five-year period. The complete version of the Final Five-Year Capital Improvement Plan is on file with, and available for review at, the Office of the City Clerk.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 9th day of June, 2026.

CITY OF SCOTTSDALE, an Arizona municipal corporation

Lisa Borowsky, Mayor

ATTEST:

Ben Lane, City Clerk

APPROVED AS TO FORM:

Luis E. Santaella, City Attorney
By: Jennifer Fernandez, Assistant City Attorney

Adopted Five-Year Capital Improvement Plan
FY 2026/27 - FY 2030/31
Program Summary

Program	Net Carryforward Appropriation*	FY 2026/27 New Request	Adopted 2026/27**	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Total 5-Year Program
Community Facilities								
Library/Library Improvements	-	363,678	363,678	-	-	-	-	363,678
Neighborhood & Community	8,224,475	970,140	9,194,615	720,140	1,648,946	5,966,161	4,171,693	21,701,555
Parks/Park Improvements	20,230,947	16,741,169	36,972,116	2,544,575	1,610,040	1,452,624	-	42,579,355
Community Facilities Total	**28,455,422**	**18,074,987**	**46,530,409**	**3,264,715**	**3,258,986**	**7,418,785**	**4,171,693**	**64,644,588**
Drainage/Flood Control								-
Drainage/Flood Control	35,833,946	34,108,058	69,942,004	25,824,063	5,341,558	5,492,218	2,766,616	109,366,459
Drainage/Flood Control Total	**35,833,946**	**34,108,058**	**69,942,004**	**25,824,063**	**5,341,558**	**5,492,218**	**2,766,616**	**109,366,459**
Preservation								-
Preservation/Preservation Improvements	2,347,439	-	2,347,439	-	17,375,000	17,375,000	-	37,097,439
Preservation Total	**2,347,439**	**-**	**2,347,439**	**-**	**17,375,000**	**17,375,000**	**-**	**37,097,439**
Public Safety								-
Fire Protection	27,688,431	5,198,867	32,887,298	3,846,006	-	-	-	36,733,304
Police	29,123,517	7,000,000	36,123,517	11,228,800	802,700	-	-	48,155,017
Public Safety Total	**56,811,948**	**12,198,867**	**69,010,815**	**15,074,806**	**802,700**	**-**	**-**	**84,888,321**
Service Facilities								-
Municipal Facilities/Improvements	94,033,486	49,266,276	143,299,762	7,143,256	5,124,962	4,573,200	4,877,800	165,018,980
Technology Improvements	20,581,454	15,750,790	36,332,244	4,384,280	6,831,109	3,850,417	1,375,913	52,773,963
Service Facilities Total	**114,614,940**	**65,017,066**	**179,632,006**	**11,527,536**	**11,956,071**	**8,423,617**	**6,253,713**	**217,792,943**
Transportation								-
Aviation/Aviation Improvements	7,958,301	2,720,299	10,678,600	8,951,016	4,487,880	5,875,126	3,439,179	33,431,801
Streets/Street Improvements	113,864,086	92,892,569	206,756,655	116,321,212	32,437,844	26,651,263	10,200,000	392,366,974
Traffic/Traffic Reduction	7,106,551	4,518,549	11,625,100	1,440,984	1,440,984	1,440,984	-	15,948,052
Transit/Multi-Modal Improvements	13,311,232	15,726,372	29,037,604	23,075,449	20,641,812	2,599,487	200,000	75,554,352
Transportation Total	**142,240,170**	**115,857,789**	**258,097,959**	**149,788,661**	**59,008,520**	**36,566,860**	**13,839,179**	**517,301,179**
Water Management								-
Wastewater Improvements	48,519,020	54,182,625	102,701,645	56,081,000	52,662,000	41,590,000	46,152,000	299,186,645
Water Improvements	128,594,291	99,250,609	227,844,900	176,138,723	65,995,244	43,159,040	43,148,000	556,285,907
Water Management Total	**177,113,311**	**153,433,234**	**330,546,545**	**232,219,723**	**118,657,244**	**84,749,040**	**89,300,000**	**855,472,552**
Grand Total	**557,417,176**	**398,690,001**	**956,107,178**	**437,699,504**	**216,400,079**	**160,025,520**	**116,331,201**	**1,886,563,481**

*Under Arizona law, unused funds from one fiscal year can only be spent in the following fiscal year if the Council formally reappropriates the funds as part of the new budget. Since many capital projects extend across fiscal years during planning, design, and construction, it's essential to reappropriate funds to ensure completion. Importantly, this process doesn't increase total project costs.

**Includes contingency.Differences may occur due to rounding.

ORDINANCE NO. 4714

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, A 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; FIXING THE PRIMARY PROPERTY TAX RATE AND SECONDARY PROPERTY TAX RATE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS FOR THE PURPOSE OF PAYING PRINCIPAL OF AND INTEREST ON BONDED INDEBTEDNESS; AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2027.

WHEREAS, by the provisions of the City Charter, an ordinance is required to set the property tax levy for the fiscal year beginning July 1, 2026, and ending June 30, 2027;

WHEREAS, State law requires the property tax levy to be finally adopted not later than the third Monday in August;

WHEREAS, the County of Maricopa is the assessing and collecting authority for the City of Scottsdale;

WHEREAS, the required Truth in Taxation hearing and public hearing were held on June 9, 2026, and the City Council made the following policy decisions relating to the primary property taxes:

a. Declined increasing the levy amount by the two percent (2%) allowance increase for fiscal year 2026/27; and

b. Increased the levy amount to account for five hundred sixty-eight thousand, seven hundred thirty-five dollars ($568,735) for tort claim payments for calendar year 2025; and now, therefore,

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

Section 1. The foregoing recitals are incorporated as if fully set forth herein.

Section 2. There is hereby levied on each one hundred and no/100 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 primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending June 30, 2027, and allowable tort liability claims. The total primary levy is forty million, four hundred ninety-two thousand, three hundred dollars ($40,492,300), resulting in a tax rate of $0.4708 per one hundred and no/100 dollars ($100.00) of assessed valuation. If this exceeds the maximum levy allowed

by law, the Maricopa County Board of Supervisors is hereby authorized to reduce the levy to the maximum allowable by law after providing notice to the City.

Section 3. In addition to the rate set in Section 2 above, there is hereby levied on each one hundred and no/100 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 $0.4267 per one hundred and no/100 dollars ($100.00) of assessed valuation, which is a rate sufficient to raise the sum of thirty-six million, six hundred ninety-seven thousand, nine hundred ninety-nine dollars ($36,697,999) for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2027.

Section 4. 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 5. The City Clerk or designee is hereby authorized and directed to transmit a certified copy of this ordinance to the Maricopa County Assessor and the Maricopa County Board of Supervisors.

Section 6. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 23rd day of June 2026.

CITY OF SCOTTSDALE, an Arizona municipal corporation

Lisa Borowsky, Mayor

ATTEST:

Ben Lane, City Clerk

APPROVED AS TO FORM:

Luis E. Santaella, City Attorney
By: Jennifer Fernandez, Assistant City Attorney

19278782

Budget Message from City Manager Greg Caton

As City Manager, I am pleased to present the City of Scottsdale's Proposed Fiscal Year 2026/27 Budget. This budget reflects a thoughtful and collaborative effort to align our financial resources with the priorities of our community while maintaining Scottsdale's long-standing commitment to fiscal responsibility and service excellence.

The Fiscal Year 2026/27 Proposed Budget totals $2.119 billion, representing a decrease of $84.7 million, or 3.8 percent, from the prior year. The General Fund remains balanced, with a projected FY 2026/27 ending fund balance of $214.4 million. Scottsdale continues to maintain a strong financial position, supported by disciplined financial management and a commitment to long-term sustainability.

Strategic Investment Priorities

This year's budget prioritizes targeted investments in areas that deliver the greatest value to our community:

- Public Safety – Expanding and strengthening core services, including continued implementation of the city's Ambulance Service, investments in fire staffing and workforce development, and targeted compensation adjustments to recruit and retain high-quality police and fire personnel.
- Infrastructure and Maintenance – Continued investment in pavement preservation, water and sewer systems, and critical infrastructure through a disciplined and deliverable Capital Improvement Plan.
- Economic Drivers – Strategic investments in assets such as WestWorld and Scottsdale Stadium that support tourism, economic vitality, and long-term revenue generation.
- Voter-Approved Priorities – Continued implementation of Bond 2019 and Proposition 490, supporting investments in parks, the McDowell Sonoran Preserve, infrastructure, and community amenities.

Capital Improvement Plan: Focused and Deliverable

This year's Capital Improvement Plan (CIP) totals $956.1 million and reflects a more focused, achievable, and results-driven approach to capital planning.

Beginning in the summer of 2025, staff initiated a comprehensive review of all capital projects through the establishment of a Capital Review Team consisting of the City Manager's Office and Transportation and Infrastructure staff. Through weekly meetings and detailed project-level analysis, the team evaluated existing and proposed projects to ensure alignment with community priorities, readiness, and available resources.

This process emphasized improved project scoping, the use of feasibility studies and a commitment to advancing only those projects that are well-defined and deliver clear community benefit. The result is a capital program that is more disciplined, more executable, and better positioned to deliver projects on time and within budget.

Operational Discipline and Strategic Reinvestment

As part of this year's budget process, departments were challenged to identify up to a 10 percent reduction in operating budgets and a 2 percent reduction in positions while examining vacant positions. This effort provided an opportunity to conduct a comprehensive, line-by-line review of expenditures, identify efficiencies and ensure alignment with organizational priorities.

Because of these efforts, the overall operating budget reflects a net decrease while still maintaining the ability to make deliberate, priority investments primarily in public safety.

The continued implementation of the city's Ambulance Service remains a key priority, along with targeted investments in public safety compensation, including longevity pay and a 1 percent market adjustment for police and fire personnel. In addition, this budget includes a $2 million contribution toward reducing the Fire PSPRS unfunded liability and continued investment in workforce development to address anticipated future staffing needs within the Fire Department.

The budget results in a slight reduction in position count while still adding new positions in the Fire Department to support critical services. Absent these additions, the organization would have experienced an even more significant net reduction in staffing. This reflects a disciplined reallocation of resources, reducing where possible while reinvesting in the services that matter most to the community.

Investing in Our Employees

Our employees are the foundation of Scottsdale's success, and this budget continues to invest in attracting, retaining, and supporting a high-performing workforce.

The Fiscal Year 2026/27 Budget includes a 3 percent merit increase and a 1 percent market adjustment, along with a one-time 1 percent payment for employees at the top of their pay range who are not eligible for merit increases. These investments ensure we remain competitive in a challenging labor market while recognizing the contributions of our employees.

The budget also includes continued focus on hard-to-fill positions, including Police dispatch and water operations, as well as funding for future compensation studies to ensure long-term alignment with market conditions.

In addition, the city is advancing plans for an employee health clinic. This initiative supports employee well-being while also representing a fiscally responsible approach to managing long-term healthcare costs through early intervention and preventative care.

Revenue and Financial Outlook

The development of this year's budget reflects a conservative and disciplined approach to revenue forecasting. While the city has experienced strong revenue growth in recent years, projections for the coming years reflect a return to more moderate, sustainable growth levels.

At the same time, the city continues to face upward pressure on costs related to personnel, goods, and services. Managing these pressures will require ongoing discipline and awareness across the organization, ensuring we remain efficient and responsive while maintaining service levels.

Importantly, the city has taken a measured approach to water and sewer rate adjustments, keeping increases lower than many neighboring communities while continuing to invest in critical infrastructure.

Preparing for the Future

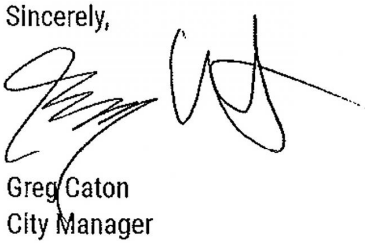
Scottsdale's continued success is grounded in its commitment to being a safe, livable, and economically vibrant community. This budget reflects a balanced approach maintaining strong financial stewardship while making strategic investments that support long-term sustainability.

While we remain mindful of potential economic headwinds, Scottsdale's position as a premier destination and its strong economic development foundation provide resilience for the future. The organization remains well-positioned to adapt to changing conditions while continuing to deliver the high-quality services our residents expect.

Conclusion

The Fiscal Year 2026/27 Budget reflects a disciplined, strategic and forward-looking approach to financial management. By aligning resources with community priorities, investing in our workforce, and maintaining a strong financial foundation, Scottsdale is well-prepared to meet both current needs and future challenges.

Sincerely,



Greg Caton
City Manager

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Scottsdale
Arizona

For the Fiscal Year Beginning

July 01, 2025



Executive Director

Budget Award for Fiscal Year 2025/26 Budget

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for fiscal year beginning July 1, 2025. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operating guide, and as a communications device.

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

CITY OF SCOTTSDALE'S BUDGET DEVELOPMENT PROCESS

RECOMMENDED BUDGET PRACTICES

The City of Scottsdale's budget development process incorporates recommended practices from the Government Finance Officers Association (GFOA).

GFOA, founded in 1906, represents public finance officials throughout the United States and Canada. The association's more than 20,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions.

The focus of GFOA is to advance excellence in public finance in areas such as: budgeting, accounting, financial reporting, debt management, and public fund investing. GFOA recommends a set of best practices for budgeting that are designed to improve effectiveness, transparency, and accountability.

The following are excerpts of the Recommended Budget Practices: A framework for improved state and local government budgeting[1].

A. Budget Process 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 includes several essential features:

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

B. 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.

A stakeholder is anyone impacted by or invested in government actions, such as residents, customers, officials, management, employees, businesses, vendors, other governments, and the media.

The budget process should accomplish the following:

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

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

C. PRINCIPLES/ELEMENTS OF THE BUDGET PROCESS

The budget process consists of four broad principles that stem from the definition and mission of the budget process which was 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 principle incorporates components or elements that represent achievable results. These elements help translate the guiding principles into action components.

1. Establish Broad Goals to Guide Government Decision Making

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

2. Develop Approaches to Achieve Goals

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

3. Develop a Budget Consistent with Approaches to Achieve Goals

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

4. Evaluate Performance and Make Adjustments

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

In total, GFOA identifies 59 practices to achieve the higher-level activities identified in the principles and elements of budgeting. Scottsdale's budget process attempts to incorporate all the GFOA's recommended practices.

BUDGET ROLES AND RESPONSIBILITIES

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

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

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

Budget liaisons coordinate the day-to-day budget management within their assigned departments along with the budget staff. The budget liaisons serve as the vital communication link between their city department and the Budget Division on matters related to their specific operating budget. Budget liaisons are responsible for revenue and expenditure forecasts, monthly expenditure and revenue variance analysis, calculating user fees, monitoring the budget, supporting to the Accounting Division in the preparation of the Annual Comprehensive Financial Report, and preparing budget review materials for the city treasurer, city manager and other charter officers, department directors, City Council, Budget Review Commission, media and residents.

The **capital improvement plan (CIP) liaisons** essentially serve the same role as the budget liaisons; however, their focus is on the coordination of capital projects, multi-year capital planning and identifying capital project operating impacts with the budget staff. In some cases, the same individual serves as both the departmental budget liaison and CIP liaison.

The **CIP technology review team**, **CIP construction review team** and **CIP transportation review team** are comprised of individuals from various city departments. These cross-departmental teams are responsible for the initial review of all the city's capital project requests. Their reviews are focused on ensuring that projects are scoped properly, infrastructure components are coordinated, long-term operating impacts are included, timeframes are realistic, projects are coordinated geographically, and project costs are adequate. They also consider if the request is congruent with city objectives and priorities using a set of predetermined criteria. The review group recommendations are forwarded to the capital management review committee.

The **capital management review committee (CMRC)** is formed by directors and key leadership staff. They provide an organizational-wide view for collaboration and prioritization, serve as advisors for policies and technologies, balance projects against Council objectives and refine the initial prioritization of overall city goals and objectives. The committee presents its funding recommendations to the city's executive leadership for final approval.

The **department directors and charter officers** are responsible for reviewing historical performance, anticipating future problems and

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

The **budget team** is comprised of the budget director, assistant budget director, principal budget analyst, senior budget analysts, and budget analysts. The team is responsible for preparing the multi-fund short-range and long-range revenue and expenditure forecasts, coordinating with budget liaisons in calculating user fees, calculating the indirect cost rate, developing the process and related forms for preparing and monitoring the budget, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating and summarizing budget requests from divisions and preparing budget review materials for the city treasurer, city manager, other charter officers, department directors, City Council, Budget Review Commission, media and residents.

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

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

The **Budget Review Commission** serves in an advisory capacity to the City Council on the proposed operating and capital budget, including major revenue forecasts, proposed expenditures, and the city's budget governing policies. The Budget Review Commission holds frequent public meetings to review, discuss, and gather community input on the proposed budget before forwarding its recommendations to the City Council for consideration in the budget adoption process.

The **Mayor and City Council** set the direction for staff related to the forthcoming budget by establishing broad goals for the organization to serve as a basis for decision-making and review key aspects of the city manager's proposed budget such as the city's multi-year financial plan including an examination of the revenue forecast and related assumptions, employee compensation including healthcare and retirement costs, changes to rates and fees, comprehensive financial policies, debt schedules, property tax rate and the capital budget. The City Council also receives recommendations from the Budget Review Commission. From March through May, the city treasurer updates the City Council on the development of the budget process during their monthly meetings. The Mayor and City Council are ultimately responsible for holding public budget hearings to review of the city manager's proposed budget, tentative budget adoption (mid-May) and final adoption of the budget (mid-June). All City Council budget discussions are open to the public for comments and are broadcast on CityCable 11 and on the city's web page.

BUDGET PHASES

Needs Assessment and Financial Capacity Phase

In this phase, which begins in the late summer and continues up to the final budget adoption, staff compile and update the city's multi-fund, multi-year revenue forecast. The first year of revenue estimates is the most critical in the process as that will ultimately define the expenditure limitations for the upcoming budget year. The multi-year revenue perspective further refines the city's planning for current and future period expenditures — with the goal of not adding service areas, services or staff which do not have a sustainable funding source over the five-year planning time frame. The preliminary assumptions are used to forecast the city's fiscal capacity and provide the financial framework within the proposed department budget service levels, capital budget and operating impacts.

Policy/Strategy Development and Prioritization Phase

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

Budget Development and Prioritization Phase

Capital budget development begins in the summer. Initial departmental capital project requests and changes to existing capital projects are reviewed by the city manager's office. Pre-approved requests are then submitted for review by cross-departmental teams for accurate costing and congruence with city objectives, and are prioritized using a set of pre-determined criteria. Financing sources are then sought for the highest-ranking projects.

When developing their department operating budget plans, staff closely consider the ongoing operating impacts of current and proposed capital projects. Staff also consider the 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 development is underway, city staff update their goals for the upcoming fiscal year. Budget staff prepare initial program operating budgets by using a target-based budget approach. This requires that the budget be prepared solely at the existing service operating levels – no significant modifications are permitted at this stage of the budget development process. Department staff are asked to evaluate their programs and/or positions for possible trade-offs, reductions, eliminations or service level changes to offset inflation, contractual, compensation and benefit cost increases.

Under the city's target-based budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff and program trade-offs resulting in service level reductions/increases must be achieved through the submittal of a decision package. All decision packages are then prioritized and approved for submittal by the department's executive leadership. Departments must provide rigorous analysis, justifying their decision packages. Once submitted to the Budget Division, all decision packages and supporting documentation are ultimately reviewed by budget staff, the budget director and the city treasurer.

The initial multi-faceted review focuses on ascertaining the departments' needs with the Budget Division's instructions, reviewing the mathematical accuracy and logic of the departmental base budget and decision packages. The review also includes a broader assessment of whether the departmental budget proposals address the City Council's broad goals, strategic directives, and service needs while maintaining a citywide perspective, ensuring the fiscal integrity of the city (not exceeding forecasted resources/limits).

When funding needs exceed the city's funding limits, remedies may include the identification of new revenues, the employment of process management tools and/or formation of partnerships with other city programs or non-profit organizations.

City Management Review Phase

The city manager, city treasurer and executive leadership, including the budget director, review decision packages and balance them among numerous competing demands and priorities within the city's available ongoing resources. The result of this collaboration is the development of a proposed budget and a recommended five-year financial plan for each fund.

Budget Review Commission Phase

The Budget Review Commission (BRC) convenes throughout the budget process. During spring, the BRC conducts a thorough analysis of the city's financials and review both the operating and capital budgets once released. The BRC formulates and presents recommendations to the City Council for consideration during the budget adoption process, including potential suggestions for modifications and future areas of focus.

City Council Review and Adoption Phase

In spring, staff present an overview of the proposed operating and capital budgets to the City Council and residents for consideration and further public input. The budget is also communicated to the public through televised public meetings, via the city's website and YouTube channel.

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

Early in the summer, the City Council adopts the budget and property tax levy consistent with the City Charter and state law. Per the City Charter, the City Council must have tentative adoption of the proposed budget on or before the second regular City Council meeting in May each year (Article 6, Sec. 3. Submission of Recommendations and Estimates to Council). This meeting is usually held in mid-May (Note: State law requires the City Council to adopt the tentative budget on or before the third Monday in July of each fiscal year.) Tentative adoption sets the legal maximum expenditure limit (i.e., appropriation) for the coming fiscal year budget.

Under the City Charter (Article 6, Sec. 5. Public Hearing and Adoption of Budget), final adoption of the budget must occur at the first regular City Council meeting in June (Note: There is no specific date set by state law for adoption of the final budget. However, for jurisdictions with a property tax, such as Scottsdale, the recommended deadline for adoption of the property tax levy is the third

Monday in August. Since state law requires a period of at least 14 days between adoption of the final budget and adoption of the property tax levy, the budget should be adopted by the first Monday in August of each year).

Arizona state law requires a balanced budget (Title 42, Arizona Revised Statutes), meaning that all revenue sources, including the primary property tax levy, must equal or exceed expenditures.

The Arizona Constitution (Article 9, Section 20) also imposes an expenditure limitation on municipalities.[2] Under Arizona state law, "expenditure limitation" 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 enough appropriation and contingency provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the city to comply with the Arizona state law and to proactively pursue emerging revenue sources as the budget year unfolds. Expenditures (i.e., appropriations) associated with items such as possible future grants/revenues may not be spent without the City Council's prior approval at a public meeting.

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

Implementing, Monitoring and Amending the Budget Phase

In July, city staff implement the operating budget and the capital improvement plan, and are accountable for budgetary control throughout the fiscal year. Sources and uses patterns are examined and compared to budget plans and corrective action is taken if necessary. The budget team and department budget liaisons review current expenditure, demographic, economic and financial trends on a monthly basis to ensure the city's fiscal integrity. City management and the City Council are also provided quarterly operating budget financial updates and reports disclosing actual revenue, expenditure and fund balance performance, as well as quarterly CIP budget updates. A monthly financial report is also presented to Council.

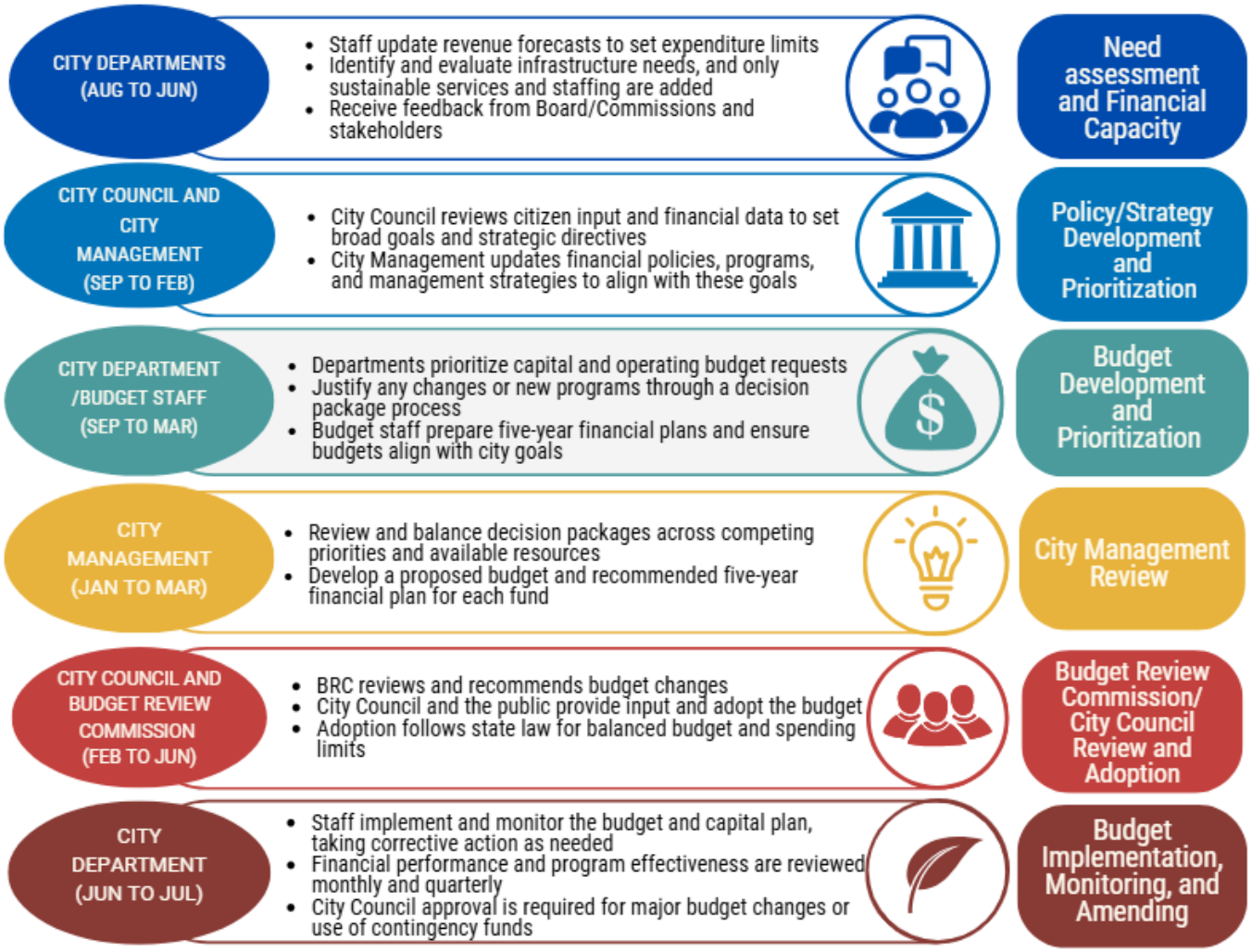
Scottsdale's programs and services are periodically reviewed to determine if they are achieving the City Council's broad goals, accomplishing strategic objectives and making efficient use of limited resources. Two employee values, "thoughtful innovation" and "accountable integrity," along with city manager directed studies of several programs during the next budget year help communicate this expectation. The City Treasurer's Office staff, other charter officers, department directors, and the internal audit staff all aid in the review of programs.

City staff from all programs are expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed, reviewed and reported on quarterly. Scottsdale's culture and the employee values of "dedicated service", and "collaborative teamwork" stress the importance of open communication and stakeholder involvement in determining satisfaction with programs.

Ongoing monitoring of the city's financial performance is required monthly by the City Charter. Written budget to actual expenditure variance reports must be submitted monthly by all city departments explaining any significant variances (where previous months recorded sources and uses are above or below the budget) and provide a solution for corrective action. Additionally, the departments must be able to explain in writing to the Budget Division the projected year-end budget savings and/or fund balances.

The City of Scottsdale's operating budget is adopted at the fund and department level, and the capital improvement plan is adopted at a project and fund level. The City Council must give prior approval to change the operating budget of a department/fund, to a capital improvement project, or to utilize any contingency appropriation.

BUDGET DEVELOPMENT PROCESS



USE OF CONTINGENCY/RESERVE FUNDS

Contingency/Reserve Funds are strictly defined in the city's financial policies, are adopted by the City Council annually, and are used in the following instances:

- When additional funds are necessary to offset unexpected expenditure increases, so that service levels can be maintained;
- When unanticipated grants are received; or
- When unanticipated and/or inadequately budgeted events threaten the public health or safety.

Use of Contingency/Reserve Funds is to be utilized only after all alternative budget funding sources and other options have been fully considered. All Contingency/Reserve Fund requests require a written justification and an explanation of the fiscal impact, which is reviewed and approved in writing by the department director, budget director, city treasurer, the applicable city charter officer and city manager before being presented to the City Council for consideration in a public meeting.

BUDGETARY AND ACCOUNTING BASIS

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

Under the modified accrual basis, revenues are accrued if they are earned and will be collected within the 31-days after the fiscal year-end. Principal and interest on general long-term debt is budgeted as expenditures when due, whereas other expenditures are budgeted based on the timing of the receipt of the good or service.

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

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

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

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

OPERATING AND CAPITAL BUDGET RELATIONSHIP

The City of Scottsdale's FY 2026/27 Adopted Budget comprised of three volumes:

Volume One – Budget Summary includes the City Council's mission statement and broad goals, the city manager's transmittal letters, the signed budget adoption and property tax levy ordinances, final state forms, executive summary and adopted financial policies. Volume One also contains a budget by fund section, which includes five-year financial forecasts that cover the period FY 2026/27 through FY2030/31. This section also provides five-year historical summaries for sources and uses by fund.

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

Volume Three - Capital Improvement Plan includes the Capital Project Budget and Five-Year Capital Improvement Plan with detailed information for each project. Capital project funding sources are matched with budgeted expenditures. Future year projected operating impacts of capital projects are also included. Finally, there is an appendix which includes a list of acronyms and a glossary.

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

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

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

FIVE-YEAR FINANCIAL PLAN

The city's five-year financial planning process is a year-round process, which lays the groundwork for the proposed budget. The budget process begins in the early fall with the Budget Division's initial update of the five-year financial plan for each of the city's major funds. Staff review the five-year financial plans for the following funds that appear in the budget: General, Ambulance Services, Preservation, Stadium Facility, Debt Service, Personal Computer (PC), Aviation, Fleet Management, Fleet Replacement, Risk Management, Tourism Development, Park and Preserve Tax Allocation, Transportation, Water and Water Reclamation, Solid Waste, Healthcare Self Insurance, Grants, and Special Districts. Using the latest fiscal, operational and legislative information, staff work collaboratively with city departments to update the forecast for the current fiscal year and to create a forecast for the coming budget year. The forecast serves as the basis for the development of the city's proposed five-year financial plan.

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

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

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

As noted above, the development and update of the five-year financial plans is a year-round process. Staff monitor the budget monthly and adjust the estimated annual revenues and expenditures based on the latest economic information, legislative changes and City Council priorities. Revenue and expenditure variances with prior year comparison are reported monthly and CIP budget reported quarterly to the City Council, city management and other stakeholders via Financial Update and Financial Report. Staff monitor and identify changes in the financial and economic climates and consider solutions to negative trends, thereby preserving the financial health of Scottsdale.

REVENUE FORECASTING

The City of Scottsdale uses both qualitative and quantitative methods for forecasting revenues by blending various techniques to

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

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

EXPENDITURE AND YEAR-END SAVINGS FORECASTING

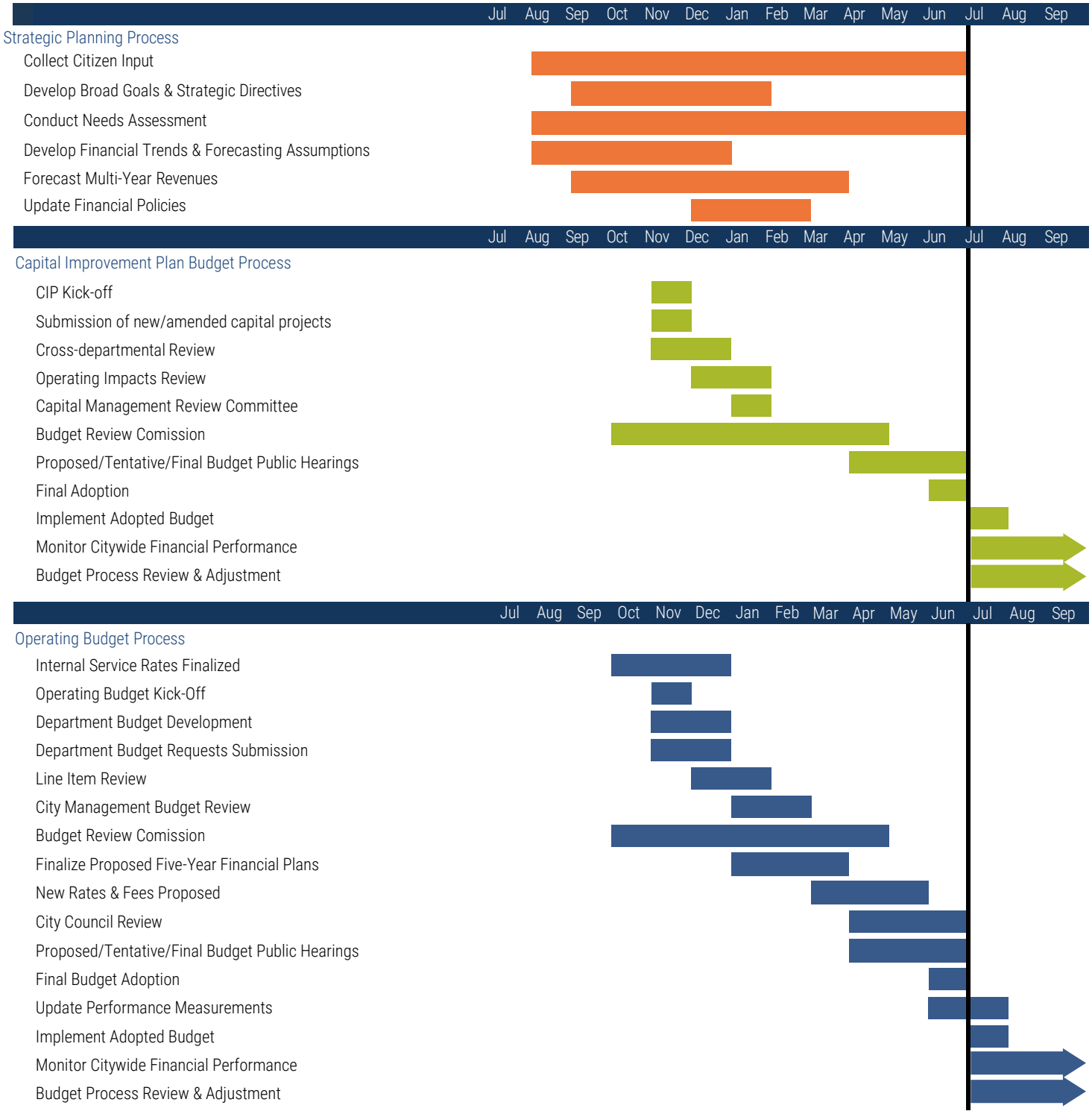
Each month throughout the fiscal year, Budget staff works with city departments to monitor year-to-date actual expenditures against the year-to-date approved budget and prior year actual expenditures. Each department is also expected to forecast their year-end expenditures and related savings. All significant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

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[1] *Recommended budget practices: A framework for improved state and local government budgeting national advisory council on state and local budgeting government finance officers association.* (1999). https://gfoaorg.cdn.prismic.io/gfoaorg/e4534548-fa06-47ad-9cc8-5f37e6e2f21e_RecommendedBudgetPractices.pdf

[2] Office of the Arizona Auditor General. (2021). *FAQs—Cities and Towns*. Arizona Auditor General. https://www.azauditor.gov/reports-publications/cities-and-towns/faqs

BUDGET PLANNING AND DEVELOPMENT
FISCAL YEAR 2026/27 CALENDAR



Comprehensive Financial Policies

The City of Scottsdale's (city) mission is to provide simply better service for a world-class community. A vital component to achieving this mission is to carefully account for public funds, to manage finances wisely, and to plan for the adequate funding of services desired by the public, including the provision and maintenance of public facilities.

These Comprehensive Financial Policies (Policies) establish the standards for stewardship over the city's financial resources and provide guidance for sound fiscal planning, budgeting, accounting, and financial reporting to support the city's mission and financial goals. The city's financial goals are broad and represent the financial position the city seeks to attain:

- To deliver quality services in an affordable, efficient, and cost-effective basis providing full value for each tax dollar.
- To maintain an adequate financial base to sustain a sufficient level of municipal services, thereby preserving the quality of life in Scottsdale.
- To have the ability to withstand local and regional economic fluctuations, to adjust to changes in the service requirements of our community, and to respond to changes in Federal and State priorities and funding as they affect the city's residents and business owners.
- To maintain high bond credit ratings to ensure the city's access to the bond markets and to provide assurance to the city's taxpayers that the city government is well managed and financially sound.

All departments will participate in the responsibility of meeting policy goals and ensuring the long-term financial health of the city. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources, and future service requirements.

These Policies are adopted by council resolution each year. By their nature, policies must change and evolve over time as the city grows and to respond to changes in law, new industry standards, or best practices. Accordingly, these Policies will be subject to annual review and recommendation for revisions, if any, will be presented to the Scottsdale City Council (council) for approval.

In addition to these Policies, the city maintains internal Administrative Regulations (AR) to provide city manager directives for staff, where necessary. ARs are written orders or directives issued by the city manager intended to articulate citywide policies and procedures. These are referenced throughout these Policies, where applicable.

Policy 1 Fiscal Planning and Budgeting

Fiscal planning refers to the process of identifying resources and allocating those resources among numerous and complex competing purposes. A key tool for this planning is the preparation, monitoring, and analysis of the city's budget. The purpose of this policy is to provide guidance on the city's budget process and development to ensure sound financial management and application of best practices in budgeting and fiscal planning.

Accompanying the Policies are a set of budget governing guidance which provides direction for allocating certain annual city resources through the budget process to meet council priorities and goals. These guidelines are attached as Appendix A Budget Governing Guidance.

1.01 Budget Period. The city will budget revenues and expenditures for all funds on a fiscal year basis which begins July 1 and ends on the following June 30.

1.02 Budget Adoption. Pursuant to Article 3, Section 2 and Article 6, Sections 3 and 5 of the Scottsdale City Charter, the city manager shall submit to the council a proposed annual operating budget and five-year capital improvement plan. The full council will solicit resident input and review the operating and capital budget recommendations from a department,

program, and goals perspective. The council shall adopt the budget for the following fiscal year at the first regular meeting in June.

1.03 Budget Basis. The annual operating budget and five-year capital improvement plan will be prepared on a basis consistent with Generally Accepted Accounting Principles (GAAP)[1] whereby Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds) are budgeted on a modified accrual basis and Proprietary Funds (Enterprise Funds and Internal Service Funds)[1] are budgeted on a full accrual basis except for the following:

a) Amortized lease revenues and associated interest
b) Payroll accruals and accrued compensated absences
c) Change in fair value of investments
d) Depreciation and amortization expenditures
e) Long-term revenue and expenditure activity

1.04 Alignment with Goals and Performance Measurement. The budget will be developed in accordance with council's established goals and priorities, the needs of the community, and local, state, and federal laws. Performance management will be utilized to align council goals and organization strategic efforts. The annual budget will include department goals, objectives, and performance measures to show that intended goals and objectives are achieved in an efficient and effective manner.

1.05 Long-Range Financial Forecasts. To promote long-term strategic thinking and demonstrate the city's ability to adapt to changes in the economy, operating requirements, and capital demands, the city will prepare a balanced five-year financial forecast that will incorporate both revenue and expenditure estimates and reserve requirements for the city's primary funds. The five-year forecast will identify revenues and expenditures that are anticipated to be sustainable over the five-year period. The five-year forecast will be updated annually and provided to executive leadership during the city's budget process.

1.06 Expenditure Limitation Review. The city shall ensure that its expenditures adopted through the annual budget process are below the expenditure limitation established by the state. At a minimum of every five years, the city treasurer shall report to the council the expenditure limitation capacity of the city. In the event that projections through the budget process result in the city reaching or exceeding ninety percent (90%) of the expenditure limitation, the city treasurer/chief financial officer shall provide council with formal notification and recommendations for council action.

1.07 Balanced Budget. The budget shall be considered balanced if all sources of revenue, as estimated, are equal to, or exceed, the total of amounts proposed to be used in the operating budget for the current fiscal year, by fund. To the extent unencumbered balances from the preceding fiscal year are required to achieve a balanced budget, use of unencumbered balances from the preceding fiscal year will be only as authorized by council. The budget will not use one-time (non-recurring) sources to fund continuing (recurring) uses or use external borrowing for operational

[1] GAAP and fund types are all defined by the Governmental Accounting Standards Board (GASB) as defined by the Statements of Governmental Accounting Standards.

requirements. The budget will incorporate the best available estimates of revenues and expenditures.

1.08 Cost Allocation. The city shall establish an indirect cost allocation plan to determine the administrative service and other indirect staff support provided to departments, programs, and funds. Administrative costs incurred in the General Fund to support operations of the Enterprise Funds (Water, Wastewater, Solid Waste, and Aviation) will be recovered through the indirect cost allocation plan.

1.09 Contingency. The city's annual budget will include contingency appropriations to provide for unanticipated increases in service delivery costs and unexpected needs that may arise throughout the fiscal year. Use of contingency appropriation will require identifying a funding source and should be utilized only after all budget sources have been examined for available funds. The contingency appropriation can only be expended upon separate council approval.

1.10 Budget Control. The city shall establish appropriate management controls to monitor expenditure budgets to ensure they do not exceed authorizations. For operating budgets, this control shall be exercised at the department/fund/general account classification level. The general account classification consists of personnel and non-personnel categories. For capital budgets, the budgetary control shall be exercised at the project level. See Policy 3 Expenditure Management for further policy guidance on budget controls.

1.11 Budget Amendments. The city can amend appropriations for line items, funds, projects, or departments if total expenditures do not exceed the final appropriation budget adopted by council. Requests for amendments within the same department, fund, and general account classifications must be approved by the department's executive director or equivalent and the city's budget director. Pursuant to Article 6, Section 11 of the Scottsdale City Charter and as clarified by these Policies, amendments requiring the transfer of contingency appropriation or the transfer of appropriation between funds, departments, general account classifications, and capital projects can be made at the direction of the city manager subject to council approval.

1.12 Budget Deficit. If a deficit is projected during the fiscal year, the city will take steps to reduce expenditures or increase revenues before considering using fund balance or reserves. The city manager may institute a cessation during the fiscal year on hiring, promotions, transfers, capital equipment purchases, and capital projects. Such action will not be taken arbitrarily or without knowledge of the council.

1.13 Unspent Appropriations. Unspent appropriations for programs and major projects may be considered for re-appropriation in the subsequent fiscal year. Such carryover of appropriation shall be included in the proposed budget to be authorized by the council.

1.14 Distinguished Budget Award. The city will prepare a budget in accordance with the Government Finance Officers Association policies and best practices established by the "Government Finance Officers Association Distinguished Budget Award" program. Staff will submit the budget document to the Government Finance Officers Association each year for review in the award program.

Policy 2 Reserves and Fund Balance

Maintaining adequate reserves is critical to ensure the city's financial stability through economic downturns, catastrophic events, natural disasters, and other unforeseen emergencies and events. Adequate reserves are also essential in preserving the city's high bond ratings and achieving the city's financial goals. The purpose of this policy is to establish reserve targets and fund balance, the conditions under which the reserves and fund balance may be spent, and the method by which the reserves and fund balance will be restored. Reserves should only be used after all other budget sources have been examined.

2.01 General Fund Operating Reserves. The General Fund is the city's main operating fund that pays for public safety, community services, parks, libraries, and other general city operations. The General Fund is considered to have a high level of risk due to its dependence on economically sensitive revenues. The General Fund is the main funding source when responding to city-wide emergencies and unexpected events. In consideration of these risks and other driving factors, the city will maintain an "Operating Reserve" in the General Fund of 20 percent of operating uses, excluding transfers out, to provide stability and flexibility to respond to unexpected events.

The reserve is intended for unexpected events (such as a significant unexpected loss of revenues, unexpected mandates, or large-scale emergencies) whose impact is significant. Use of this reserve requires council approval and must be replenished to the required General Fund Operating Reserve policy level of 20 percent within the next two fiscal years following the fiscal year in which the funds were used.

2.02 General Fund Emergency Reserves. The city will maintain an "Emergency Reserve" in the General Fund of 5 percent of operating uses, excluding transfers out. The reserve is intended for unexpected emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners. Use of reserves must be appropriated by council action. However, the city manager may approve the use of this reserve in the event that immediate expenditure of funds is needed to protect the health, safety, and welfare of the city. When this occurs, the city manager will provide a report for council approval as soon as practical on the usage of these funds. The city will strive to restore the reserves to the required General Fund Emergency Reserve policy level of 5 percent within the next fiscal year following the fiscal year in which the funds were used.

2.03 Transportation Fund Operating Reserves. The city will maintain an "Operating Reserve" in the Transportation Fund of 10 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles and unexpected one-time operating requirements. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required Transportation Fund Operating Reserve policy level of 10 percent within the next two fiscal years following the fiscal year in which the funds were used.

2.04 Park and Preserve Tax Revenue Stabilization Reserve. The city will maintain a "Revenue Stabilization Reserve" in the Park and Preserve Tax Funds of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required policy level of 20 percent within the next two fiscal years

following the fiscal year in which the funds were used.

2.05 Enterprise Fund Operating Reserves. Enterprise Funds (Water, Wastewater, Solid Waste, and Aviation) are intended to be self-supporting and not depend on the General Fund to fund operating and capital costs. The city will maintain "Operating Reserves" in its Enterprise Funds as follows to provide for emergencies, unexpected declines in revenues and other unanticipated events. Use of these reserves require council approval, and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.

a) Water and Wastewater Funds - 25 percent of operating uses, excluding transfers out and debt service.
b) Aviation Fund - 25 percent of operating uses, excluding transfers out and debt service.
c) Solid Waste Fund - 15 percent of operating uses, excluding transfers out and debt service.

2.06 Asset Replacement Reserves. An asset replacement reserve may be considered if needed to provide for the replacement of critical assets. Departments shall identify aging capital assets or develop an asset replacement schedule to determine funding of an asset replacement reserve.

2.07 Governmental Debt Service Reserves. The city will maintain "Debt Service Reserves" in the General Obligation Bond Debt Service Fund for secondary property tax supported debt of no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt. The city will maintain "Debt Service Reserves" for governmental debt supported by excise taxes, dedicated taxes, or revenues, at a minimum of 25 percent of the next fiscal year's debt service.

2.08 Self-Insurance Reserves – Risk Management. The city will maintain "Self-Insurance Reserves" at a level that will adequately fund the city's financial obligations for the payment of property, workers' compensation, and general liability losses. A qualified actuarial firm shall be retained on an annual basis to project and develop losses to recommend appropriate reserve levels. The Loss Trust Fund Board's target is to maintain a minimum Risk Management reserve fund balance within a range of the actuary's 75 percent to 80 percent confidence interval of projected total outstanding claims liability.

2.09 Self-Insurance Reserves – Healthcare. The city will maintain "Self-Insurance Reserves" at a level that will adequately fund the city's financial obligations for the healthcare program. A qualified actuarial firm shall be retained to project liabilities as part of establishing reserve levels.

2.10 Other Reserves and Fund Balance. The city may maintain other reserves or fund balance as deemed necessary to ensure adequate resources to cover future expenditures.

2.11 Expending Order of Fund Balance. In accordance with Resolution No. 8751 adopted by the council on June 28, 2011, when an expenditure is incurred for purposes for which committed, assigned, and unassigned balances are available, as a general rule, the city will first reduce the committed amounts, followed by assigned amounts, and then unassigned.

2.12 Commitment of Fund Balance. In

accordance with Resolution No. 8751, for committed fund balance, formal action by the city council through resolution is required to establish, modify, or rescind committed fund balance. Such council resolutions must occur before the end of the applicable fiscal year.

2.13 Assignment of Fund Balance. In accordance with Resolution No. 8751, the city council authorized the city treasurer/chief financial officer or designee, to assign fund balance for specific purposes.

Policy 3 Expenditure Management

Department management is expected to manage their expenditures wisely and to look for efficient and effective ways to deliver services—including alternative means of service delivery—to residents and businesses while meeting council goals. This policy provides guidance and standards to ensure careful management of expenditures in accordance with legal requirements and to ensure sound financial management practices and accountability for public funds.

3.01 Operating Expenditure Management.

a) Budget Level Control. Operating expenditures will be controlled by an annual appropriated budget at the department/fund level/general account classification. A department cannot spend more than the budget appropriated for the fund, department, and/or account classification unless additional appropriation is approved by council.

b) Transfer of Appropriation. In accordance with Article 6, Section 11 of the Scottsdale City Charter, the city manager, subject to approval of the council, may transfer any unencumbered or unrestricted appropriation balance between general classifications of expenditures within a department or fund or from one department or fund to another.

c) Mid-year initiatives. Budget related requests for new, ongoing programs initiated outside of the annual budget development process requires approval by the city manager and the related budget authority approved by council.

d) Position Control. A system will be used to facilitate position control. The number of full-time and regular part-time employees on the payroll shall not exceed the total number of full-time equivalents (FTEs) authorized by council through the budget process. The budget will identify the resources required to support the authorized staffing. Personnel additions outside of the budget process are discouraged and only accepted when approved by the city manager and the related budget authority is approved by council.

e) Health Benefits. Benefits and compensation will be administered in accordance with policy given by council. As part of a cost-containment strategy, total costs for health insurance premiums will be shared between the employer, employees, and public safety disabled retirees. Total premiums will be evaluated

on an annual basis to ensure they are reasonable and competitive, and that total premiums are expected to provide adequate funding of anticipated claims and a reasonable level of loss reserves.

3.02 Capital Expenditure Management.

a) Capital Improvement Plan (CIP). The CIP is a planning and fiscal management tool used by the city for long-term planning for capital improvements. The five-year CIP will be updated annually, including anticipated spending as well as funding sources, appropriated for each fiscal year. CIP projects are defined typically as multi-year efforts which may include purchases or construction of infrastructure or equipment which results in new capitalized assets costing more than $50,000 and having a useful life of five years or more.

b) Project Review and Selection. Proposed CIP projects will include a detailed project description, identification of need and funding sources, full cost estimates, anticipated time schedule, full operating impacts, and other information necessary for proper evaluation of the city's investment in, and the ability to fund, the projects. Proposed CIP projects will be reviewed and prioritized by a cross-departmental team to ensure they are consistent with the council goals.

c) Funding of CIP Projects. CIP projects must have sufficient budget authority and a funding source identified in the five-year CIP plan to meet the entire amount of the commitment. Future operating and maintenance costs associated with new capital improvements approved by council will be forecasted and included in the operating budget and five-year financial plan.

Capital projects will be monitored to ensure that no unnecessary budget appropriation authority exists due to inactivity or upon project completion. Before fiscal year-end, any unspent funding for inactive or completed projects will revert to the fund balance of the funding source.

d) Balanced CIP Budget. For each year of the CIP, total anticipated expenditures and commitments will not exceed projected starting fund balance plus total anticipated revenues for that year.

e) Pay-as-you-go. The city shall incorporate "pay-as-you-go" funding in the annual CIP. Pay-as-you-go funding should account for a minimum of 25 percent of the CIP for each five-year planning period, except for capital improvement programs funded by voter approved debt where the amount of debt is authorized by voters. Pay-as-you-go funding is defined as all sources of revenue other than city debt issuance, i.e., fund balance, dedicated revenues, contributions, grants etc.

f) Approval for Capital Project Cost Increases. All increases to total capital project budgets, as listed in the Capital Improvement Plan

(CIP) budget book must be approved by council. Cost increases to total capital project budgets, as listed in the CIP budget book, greater than 10 percent and $1.0 million as a result of scope increases or other cost increases require council presentation or a written update to council, and council approval. In unique circumstances, the city manager and budget director, based on additional review, may require council discussion or presentation and council approval for increases that do not meet the policy's threshold of 10 percent and $1.0 million.

3.03 Financial Obligations and Commitments. Departments contemplating entering into financial obligations and commitments for new programs, projects, or services and requiring future budget appropriations over $1.0 million that is not included in the five-year CIP or appropriated budget requires city manager approval and council presentation and approval before entering into the financial obligation or commitment.

Policy 4 Revenue Management

The revenue management policy establishes the city's revenue principles and practices for ensuring financial stability and sustainability and achieving the city's financial goals of maintaining an adequate financial base for municipal services.

4.01 Custody. In accordance with Scottsdale Revised Code Chapter 2 Article IV, Section 2-131, the city treasurer/chief financial officer shall control receipts and have custody of all the money of the city.

4.02 Revenue Collection. The city will maintain effective internal controls and formal procedures to ensure the proper billing, collection, and accounting of all receipts and receivables. The city will vigilantly pursue collecting all revenues, late penalties, and related interest as authorized by the Arizona Revised Statutes and city policies.

4.03 Revenue Base. The city will strive to maintain a diversified and stable General Fund revenue base to shelter it from economic changes or short-term fluctuations by exploring appropriate and allowable sources of revenues for funding programs and projects which may include revenues from assessments, contracts, grants and contributions, taxes, and fees.

4.04 Dedicated Revenues. Revenues will not be dedicated for specific purposes, unless approved by council, required by law, or restricted by an outside party. All non-restricted revenues (except for Proprietary Fund revenues) will be deposited in the General Fund.

4.05 User Fees and Charges. For services that largely or solely benefit individuals, the city shall recover full or partial cost of service delivery through user fees and charges. New fees and fee increases must be approved by council before implementation.

The city will periodically evaluate the full cost of providing a service for which fees are charged. The calculation of full cost will include all reasonable and justifiable direct and indirect cost components.

4.06 Fleet and IT Replacement Rates. The use or replacement of Fleet and Information Technology (personal computers, phones, and copier systems) will be accounted for through the use of a direct or a "rental" rate structure. The rates will be revised annually to ensure that charges to

operating departments are sufficient for operation and replacement of vehicles and other equipment. Replacement costs will be based upon equipment lifecycle financial analysis.

4.07 Development Impact Fees. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed periodically with an engineering assessment to ensure that fees recover all direct development-related expenses and be approved by council.

4.08 Unanticipated One-Time Non-Operating Revenues. Use of significant unanticipated one-time, non-operating revenues (except for grants) such as the sale of land, requires council presentation and approval.

Policy 5 Grants Management

Grant funding will be considered to leverage city funds. This policy provides guidance to ensure careful review of grant opportunities and their fiscal impact, prior to determining whether an application should be made for these grant funds. The city also maintains AR #255, which governs the Grant Acquisition and Administration process.

5.01 Grant Application. The city shall apply for only those grants that are consistent with the goals and priority needs of the city. The potential for incurring ongoing costs, including the assumption of support for grant-funded positions from local revenues, and required city funds needed to be used in conjunction with the grant must be considered prior to applying for a grant. Application or acceptance of grants meeting the parameters of AR #255 are subject to council approval.

5.02 Match Requirements. All grant submittals shall be evaluated by the city treasurer/chief financial officer or designee for any cash match requirements, their potential impact on the operating budget which includes any additional funds needed to carry out the use of the intended grant, and the extent to which they meet the city's goals. If there are city funds needed to execute the grant, the source of funding shall be identified prior to the application.

5.03 Budget Control. The city should avoid relying on grant funding to support ongoing programs. All grant program initiatives will be evaluated as part of the budget process. In the event of reduced grant funding, or inconsistent and/or fluctuating grants, city resources may be substituted only after all program priorities and alternatives are considered during the budget process.

Policy 6 Capital Asset Maintenance and Replacement

Proper preventative maintenance, repair, renewal, and replacement are essential to protecting the city's investment in its capital assets and ensuring the continued performance and use of these assets for the provision of services to our residents. Deferring essential maintenance or replacement can impact service delivery and increase long term costs. This policy provides guidance to ensure a system for assessing capital assets and providing adequate funding for the maintenance, repair, renewal, and replacement of capital assets. The city also maintains AR #226, which governs Capital Assets: Acquisition, Inventory and Disposal.

6.01 Maintenance and Replacement Plans. Periodic physical inventories and assessments for all types of capital assets should be conducted to determine the condition, use, repair, and replacement needs of the assets. A multi-year maintenance and replacement plan should be maintained for critical assets.

6.02 Ongoing Funding. The city will establish an ongoing source of funds to provide for and avoid deferral of critical capital asset maintenance, repair, renewal, and replacement needs.

6.03 Fleet and Equipment Reserves. Replacement funds or reserves for certain fleet vehicles, certain computer equipment, and other asset categories will be determined as part of the annual budget process, as deemed necessary, to ensure adequate funding for systematic replacement and operational needs.

Policy 7 Cash and Investment Management

The city has a fiduciary responsibility over public funds, including the ongoing managing and monitoring of treasury and investment activities. This policy provides guidance and standards of care for the proper management of the city's cash and investments. The city also maintains AR #268, which ensures a system of internal controls and governs the city's cash collection, handling, training, and procedures program.

7.01 Investment Policy. The city shall maintain and comply with a separate written Investment Policy that has been approved by the council. The city treasurer/chief financial officer, as chief investment officer, or his/her designee shall invest all funds of the city according to the approved Investment Policy. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial returns on principal, in that order. The city treasurer/chief financial officer shall provide the council with quarterly investment reports.

7.02 Management of Funds. The city will collect, deposit, invest, and disburse all funds on a schedule that insures optimum cash flow liquidity and investment of public funds. Bond funds will be segregated from all other funds for arbitrage and accounting purposes. To optimize investment performance, the city will consolidate cash balances from various funds for investment purposes.

7.03 Financial Institutions. The city will conduct its treasury and investment activities with qualified financial institution(s) that have balance sheet strength, high credit quality, and dedicated government operations that can fully serve the city's complex treasury and investment needs. Arrangements with financial institutions will be based on written contracts. The city and financial institution(s) will adhere to state laws and city code for the proper collateralization of public deposits.

7.04 Custody of Investments. Ownership of the city's investment securities will be protected through third party custody safekeeping. Arrangements with third party custodian services will be based on written contracts.

Policy 8 Debt Management

The city utilizes debt to finance needed capital projects too large to fund with current resources or where the issuance of debt provides financial or economic benefits to the city's residents and business owners. The issuance of debt obligations (bonds, notes, certificates of participation, leases, and other debt instruments) has a significant impact on the city's finances and must be carefully considered and managed to ensure prudent financial management, mitigation of risks, and preservation of the city's high bond ratings. This policy provides guidelines for the appropriate uses of debt, establishing debt management goals, ensuring compliance with federal, state, and local laws, and maintaining the city's high bond ratings.

8.01 Evaluation for Issuance of Debt Obligations. The city treasurer/chief financial officer shall evaluate and consider various conditions, including but not limited to the following, when analyzing, reviewing, and recommending the issuance of debt obligations:

a) Appropriate use of debt;
b) Financing and funding alternatives;
c) Acquisition and construction cash flow projections;
d) Impact on the General Fund and other operating funds;
e) Debt burden on tax base or user fees;
f) Availability and sufficiency of pledged revenues for current and future debt service;
g) Debt coverage and other ratios, debt security, reserve requirements, and proposed debt covenants.

8.02 Conditions for Issuance of Debt Obligations. The issuance of all debt obligations is subject to approval by the city treasurer/chief financial officer and council. In addition, the issuance of debt obligations is subject to but not limited to the following requirements:

a) Debt financing shall not be obtained to fund operations.
b) Capital projects to be financed should first be developed and approved in accordance with the capital improvement process.
c) The city treasurer/chief financial officer will seek input from the city's external financial advisor, bond counsel and the City of Scottsdale Municipal Property Corporation (MPC)[2] Board (if related to MPC debt) carefully consider the debt service structure, timing, terms, and other such matters concerning each debt issuance.
d) The debt portfolio's principal and interest payments should generally be structured to result in level debt service or to align with the useful life of the assets, unless an alternate structure is warranted. Deferral of principal is discouraged.
e) The weighted average maturity of the debt issuance should generally be no greater than the reasonably expected average economic life of all the assets being financed.
f) Debt proceeds will reasonably be utilized within three years, and in approved circumstances five-years, in compliance with Internal Revenue Service (IRS) regulations.
g) Debt obligations must comply with all applicable federal, state, and local laws, regulations, and covenants.

8.03 Outside Professional Services. The city treasurer/chief financial officer (and city attorney for bond counsel services) shall be responsible for the solicitation, selection, and securing of professional services required to assist the city in the issuance and administration of its debt obligations. The city shall use an external financial advisor on all debt issuances. The

[2] The MPC is a non-profit corporation created in 1967 by the city as a financing mechanism for the purpose of financing the construction or acquisition of capital improvement projects for lease to and use by the city. The MPC is governed by a board of directors consisting of citizens from the community approved by the city council. MPC bonds are secured by the city's lease payments which are in turn secured by city excise tax and other undesignated general fund revenues. These bonds may be issued without a vote of the citizens.

external financial advisor will have a fiduciary responsibility to the city, will have the proper experience and qualifications to advise the city, and will comply with all applicable municipal advisor rules and regulations promulgated by the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB). The financial advisory relationship will be evidenced through a written contract. The solicitation and selection of outside professionals shall be done in conformance with the city's procurement code and competitive selection process for professional service contracts.

8.04 Types of Debt Obligations:

General Obligation (G.O.) Bonds.

a) G.O. Bonds are voter authorized debt supported by (secondary) property tax revenues. The issuance of G.O. Bonds shall be carefully considered and used only for public projects benefitting a broad public interest.
b) Issuances will be managed to match debt issuance proceeds to CIP cash flow requirements.
c) The city will not exceed $1.50 combined (primary and secondary) property tax rate per $100 net assessed limited property value unless otherwise directed by the council.
d) Outstanding G.O. Bonds are limited by the Arizona Constitution to 20 percent of net assessed full cash property value for projects involving water, sewer, streets, transportation, public safety artificial light, parks, open space, and recreational facility improvements, and 6 percent of net assessed full cash property value for any other general municipal-purpose projects.
e) The city will maintain appropriate debt service reserves as stated in Policy 2.

Excise Tax and Other Revenue Secured Obligations.

a) Non-voter authorized debt (i.e., MPC, Excise Tax Obligations, Revenue Obligations, notes payable and loans from banks and Infrastructure Financing Authorities of Arizona that do not require voter approval, and other non-voter authorized debt) will be used only when a dedicated non-property tax source (e.g., excise taxes or utility revenues) can be identified to pay or reimburse the General Fund for paying debt service expenses.
b) Issuances will be managed to match debt issuance proceeds to cash flow requirements.
c) The General Fund supported excise tax debt service should not exceed 10 percent of the General Fund's current or future annual operating revenue in order to control fixed costs and ensure expenditure flexibility.
d) The city treasurer/chief financial officer shall perform a five-year analysis of debt coverage and other ratios, debt security, and reserve requirements for each debt issuance.
e) Careful consideration of the intended use of the financed facilities, including private activity use, must be evaluated when determining the appropriate debt structure.
f) McDowell Sonoran Preserve (Preserve) debt service will be funded by the dedicated 0.15 percent privilege tax.

g) The city will maintain appropriate Debt Service Reserves as stated in Policy 2.

Improvement District (ID) Bonds.

a) IDs are a funding mechanism primarily used for existing neighborhoods desiring improvements to public infrastructure that specifically benefit the neighborhood such as street paving, improvements to sidewalks, curbs, gutters, sewers, ditches, drains, off-street parking, street lighting, undergrounding utility facilities, etc.

b) ID bonds, as authorized by state statutes for certain ID improvements, shall not have maturities longer than ten years and are secured by a first lien on the property benefited. ID bonds will be utilized only when it is expected that the debt will be issued for their full term.

c) ID debt will be permitted only when the net assessed full cash property value of the district, 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 net assessed full cash property value to debt ratio not meet the minimum requirements, property values may be determined by an appraisal paid for by the applicant and administered by the city.

Community Facility District (CFD) Bonds.

a) CFDs are special taxing districts created to provide a funding mechanism to finance construction, acquisition, operation, and maintenance of public infrastructure that benefits real property within the CFD.

b) CFDs have statutory taxing and borrowing authority within the city. For that reason, council must fully understand the benefits, potential drawbacks, risks, and legal exposures, to ensure the financial protection of the city and its property owners and taxpayers, and to ensure the success of the CFD, when considering each CFD formation. The city will maintain a separate written CFD policy to establish policy directions, application, and formation procedures.

c) CFDs should be considered primarily in connection with the financing and funding of major public infrastructure that conforms to council goals, the city's general plan, infrastructure plans, or capital improvement plans.

d) The city treasurer/chief financial officer will carefully assess the proposed financing plan, financial assurances, overlapping tax and financial burden on property owners, and other factors for each proposed CFD formation.

e) CFD debt will be permitted only when the net assessed full cash property value of the district, 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.

f) Voter approval is required for the CFD to issue G.O. bonds.

g) The landowner/developer shall also contribute $0.25 in public

infrastructure improvement costs for each dollar of public infrastructure improvement debt to be financed by the CFD.

8.05 Refunding Bonds. Refunding bonds are issued to retire all or a portion of an outstanding bond issue. Typically, this is done to achieve lower interest costs, reduce debt service payments, or to restructure the debt to meet the city's goals. When making a determination on refunding bonds, the city treasurer/chief financial officer will consider the following conditions:

a) A present value analysis must be prepared to identify the economic effects of the potential refunding.
b) For refunding transactions undertaken solely to achieve cost savings, the target net present value savings as a percent of par, shall be at least 3 percent of the refunded par amount, net of transaction expenses, and in excess of $1,000,000.
c) Modification of restrictive covenants or existing debt structure to the benefit of the city.

8.06 Investment of Bond Proceeds. The city treasurer/chief financial officer will direct the investment of bond proceeds in accordance with permitted investments for each bond issue and with the city's separately written Investment Policy. Bond interest earnings will be limited to funding changes to the bond financed CIP, as approved by the city treasurer/chief financial officer or be applied to debt service payments on the bonds issued. The investment of bond proceeds shall comply with all applicable federal, state, and indenture restrictions.

8.07 Use of Bond Proceeds. The city shall not give or loan its bond proceeds to any individual, association, or corporation unless legally authorized and approved by council.

8.08 Lending of City's Credit. The city shall not loan, give its credit, or guarantee loans for private developers or private party financing arrangements.

8.09 Issuance and Post Issuance Compliance and Continuing Disclosure Undertakings. The city will comply with arbitrage rebate requirements of Internal Revenue Code Section 148 and related Treasury Regulations and shall maintain and comply with separately written procedures for tax-exempt bonds (Written Policies Relating to Issuance and Post-Issuance Compliance Procedures for Tax-Advantaged Obligations of the City of Scottsdale, Arizona) to ensure tax-exempt bonds remain in compliance with federal tax requirements. Additionally, the city will comply with Rule 15c2-12 of the Securities and Exchange Act of 1934 adopted by the SEC for reporting significant events and shall maintain and comply with separately written procedures for continuing disclosure compliance (Continuing Disclosure Compliance Procedures Regarding the Securities and Exchange Commission Rule 15c2-12 for the City of Scottsdale, Arizona).

Policy 9 Enterprise Funds

The city's Enterprise Fund operations (Water, Wastewater, Solid Waste, and Aviation) are self-supporting operations that generate revenues to fully recover the cost of service. The city invests significantly in its enterprise systems and operations to ensure safe and reliable service to our residents and businesses. This policy provides guidance for the proper management, stewardship, and safeguarding of the Enterprise Fund assets and resources and to ensure financial stability and

sustainability of the city's enterprise systems. Enterprise Funds will comply with all Policies where applicable.

9.01 Enterprise Funds. Separate funds will be established and maintained to properly account for each enterprise operation. Enterprise Funds will not be used to subsidize the operations of other non-Enterprise Funds. Interfund charges will be assessed for the administrative support of the enterprise activity based on a rational nexus between the charges and cost of the benefits received.

9.02 Rates and Fees. The city will establish rates and fees at levels that recover the total direct and indirect costs for operating and capital requirements, including debt service and debt coverage requirements for water, wastewater, solid waste, and general aviation services. All existing enterprise rates and charges will be reviewed annually and developed pursuant to a multi-year financial plan that strives to gradually implement user rate adjustments to avoid acute fluctuations.

9.03 Enterprise Rate Stabilization. In order to ensure long-term stability of the city's enterprise systems and rates, the city will develop its rates to include future capital needs. In conjunction with debt issuances, funds in excess of reserves and operating requirements will be used to supplement "pay as you go" capital expenditures to avoid significant and unplanned rate adjustments.

9.04 Operating Reserves. The city will maintain "Operating Reserves" in its Enterprise Funds as stated in Policy 2 to provide for emergencies, unexpected declines in revenues, and other unanticipated events.

9.05 Debt Financing. Debt financing will be used for capital projects too large to fund with current resources and when a debt issuance is affordable and appropriate to facilitate "intergenerational equity," wherein projects with longer lives are paid over several generations through debt service payments. The Enterprise Funds shall incorporate "pay-as-you-go" funding in the annual CIP. Pay-as-you-go funding should account for a minimum of 25 percent of the CIP, for each five-year planning period. Pay-as-you-go funding is defined as all sources of revenue other than city debt issuance, i.e., fund balance, dedicated revenues, contributions, grants, etc.

9.06 Debt Coverage Ratio Target. Bond covenants may exist that require maintaining a minimum debt coverage ratio. In order to maintain the city's high bond rating, the city will recommend rates based on a target debt coverage ratio, net revenues divided by the annual debt service, of at least 2.0 times for Water and Wastewater and 1.5 times for Aviation and Solid Waste. For financial planning purposes, the debt coverage ratios will be calculated with operating transfers and without consideration of capital related transfers and development fee revenues.

9.07 Enterprise Debt Service Reserves. The city treasurer/chief financial officer may require a Debt Service Reserve for debt supported by dedicated revenues, at a minimum of 25 percent of the next fiscal year's debt service.

Policy 10 Tourism Development Fund

The city assesses a 5 percent transient tax for lodging (bed tax) on businesses charging for lodging on a daily, weekly, or any other basis for less than 30 consecutive days. The purpose of this policy is to comply with state law and city elections as well as provide for the proper allocation of the

transient tax for lodging in accordance with Scottsdale Ordinance No. 4534.

10.01 Deposits to the Tourism Development Fund. 100 percent of the bed tax received by the city shall be deposited into the Special Revenue Fund for Tourism Development (Tourism Development Fund). Additionally, the Tourism Development Fund shall receive 100 percent of Princess Hotel lease revenues.

10.02 Allocation of Bed Taxes. As approved by the voters, 50 percent of the bed tax revenues shall be used for destination marketing to promote tourism and 50 percent shall be divided among tourism-related event support, tourism research, tourism-related capital projects and other eligible uses as determined by city ordinance and state law.

As approved by council ordinance and in compliance with state law, the annual allocation of the second 50 percent of bed taxes is as follows[3]:

a) Twelve percent for the General Fund;
b) Nine percent for tourism-related events and event development;
c) Four percent for tourism-related administration and research;
d) Twenty-five percent, plus the lease payments on the Princess Resort, or the balance of the remaining Tourism Development Fund revenues, for tourism-related operating expenses, capital projects and/or operating impacts that are directly associated with tourism-related capital projects, in the form of one-time commitments or multi-year annual commitments, not to exceed $600,000 per commitment unless otherwise approved by council.

10.03 Unused Funds. Subject to council approval, at the end of each fiscal year, any unused funds from the second 50 percent as referenced in 10.02 above will be available for use in following years for any of the non-marketing tourism categories (except the General Fund category) and may be allocated without limitations, except that they may not be leveraged for multi-year annual commitments, such as debt service payments.

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

Policy 11 Park and Preserve Tax Funds

The city assesses a 0.15 percent transaction privileged and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of McDowell Sonoran Preserve (the Preserve) including police and fire security and protection. This policy provides for the proper allocation of revenues collected from the 0.15 percent Park and Preserve Tax in accordance with voter approval and Scottsdale Ordinance No. 4633.

11.01 Deposits to the Park and Preserve Tax Allocation Fund. 100 percent of the Park and Preserve Tax shall be deposited to the Park and Preserve Tax Allocation Fund.

11.02 Distributions from the Parks and Preserve Tax Allocation Fund. The annual revenues deposited to the Parks and Preserve Tax Allocation Fund shall be distributed in accordance with Scottsdale Ordinance No.

[3] Three percent of the bed tax was grandfathered in and is not subject to the A.R.S. § 9-500.06 restrictions on the use of bed tax funds for the promotion of tourism, and thus is only restricted by city election.

4633 and in compliance with state law. After debt requirements in section 11.03 are satisfied, all remaining revenues shall be distributed to the respective Park and Preserve Tax Funds as follows:

a) 51 percent to the Parks and Preserve Tax – Park Improvement Fund for city parks improvement needs
b) 18 percent to the Parks and Preserve Tax – Preserve Maintenance Fund for McDowell Sonoran Preserve maintenance and protection needs
c) 14 percent to the Parks and Preserve Tax – Park Maintenance Fund for city parks and recreational facilities maintenance (excluding WestWorld)
d) 10 percent to the Parks and Preserve Tax – Fire Fund for Fire Department needs related to parks and the Preserve including, but is not limited to, technical rescue teams for the Preserve and city parks and for fire fuel mitigation around the Preserve and in and around the city for the protection and maintenance of the Preserve and city parks
e) 7 percent to the Parks and Preserve Tax -Police Fund for city park rangers and security needs for city parks and the Preserve

11.03 Distribution for Debt Service. Debt may be used to fund certain capital improvements for WestWorld in accordance with financial policies. Notwithstanding Section 11.02 above, on an annual basis, the Park and Preserve Tax revenues will be used to satisfy any debt requirements as required by bond covenants. Debt requirements will be limited to no more than $4,500,000 of the Park and Preserve Tax revenues on an annual basis.

11.04 Fund Balance in Park and Preserve Tax Funds. At the end of each year, any unused park and preserve tax revenues in each respective Park and Preserve Tax Fund will be carried forward for use in future years within that fund.

11.05 Annual Report. The city treasurer/chief financial officer will prepare an annual accounting of the Park and Preserve Tax Funds for city council.

Policy 12 Economic Development

The city may utilize public funds to encourage private development projects that have a direct benefit to the city, subject to state law and Scottsdale City Charter restrictions. The city strives to expand and diversify its economic base by attracting, retaining, and expanding targeted industries to the city as identified in the city's Economic Development Strategic Plan. The purpose of this policy is to provide guidance on the use of public funds in economic development to focus on job opportunities and other community benefits that diversify and strengthen the local economy and align with the Scottsdale General Plan.

12.01 Compliance with State Law and the Scottsdale City Charter. Use of public funds in development agreements and contracts for economic development shall be applied consistent with state law and the Scottsdale City Charter and prove to have a clearly identified public purpose and direct benefit to the city.

12.02 Evaluation of Costs and Financial Impacts. Development agreements and contracts for economic development will be carefully evaluated for financial and cost impacts to the city by the city treasurer/chief financial officer and city manager or designees.

Such costs and financial impacts will be forecasted and included in the operating budget, five-year financial plan, and/or the Capital Improvement Plan.

12.03 Restricted Use of Public Funds for Economic Development. The city shall not give or loan its credit in aid of, nor make any donation, grant, or payment of any public funds, by subsidy or otherwise, to any individual, association, or corporation except where there is a clearly identified public purpose and the city either receives direct consideration substantially equal to its expenditure or provides direct assistance to those in need.

Use of public funds for economic development shall be in accordance with council's established goals and priorities and subject to council approval.

Policy 13 Risk Management

Risk management has become increasingly important to guard against economic loss and ensure public safety in a time of increasing public liability and litigation. This policy outlines how risk management is an ongoing process of identifying, assessing, and prioritizing of risks, followed by the application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events.

13.01 Mitigation of Risks. The city shall make diligent efforts to prevent or mitigate the loss of city assets and to reduce the city's exposure to liability claims through ongoing risk assessments, training, safety reviews, loss prevention, and the transfer of risk when prudent.

13.02 Self-Insurance. The city has elected to manage its exposure to risk, and third-party liability claims through self-insurance, in addition to purchasing excess workers' compensation, property, and casualty insurance.

13.03 Risk Exposure Controls. The city will utilize additional risk control measures to further control its exposure to risk. Measures include, but are not limited to, hold harmless provisions, indemnification language, and in many cases requiring contractors or vendors to procure additional insurance to address the various exposures presented to the city by their activities.

13.04 Self-Insurance Reserves. Financial reserves shall be maintained at a level which, together with any excess insurance, will adequately protect the city's assets and defend its elected officials, officers, and directors against financial loss. The Loss Trust Board shall make recommendations regarding necessary reserve levels. The Risk Management Department relies on an annual actuarial study to identify probable losses and is used as a basis for determining self-insurance fund balances based on historical loss data. See Policy 2 for additional information.

13.05 Annual Report. Each year, the Risk Management Department will prepare an annual report depicting a summary of the revenues and expenses received in relation to the workers' compensation, property, and casualty program for the fiscal year.

13.06 Cost Allocations. Cost allocations to various funds will be based on an analysis of contributing factors, such as claims experience, reserve requirements, cost of risk management, and mitigation, etc.

13.07 Liability Tort Settlements and Judgments. Annually, the city shall include liability tort settlements and judgments authorized by the State of Arizona's Property Tax

Oversight Commission into the primary property tax creating a reimbursement revenue to the Risk Management Fund.

Policy 14 Accounting, Auditing, and Financial Reporting

Accounting, auditing, and financial reporting form the foundation for financial transparency and accountability. This policy provides guidance on the city's accounting, auditing, and reporting functions to ensure timely, accurate, and comprehensive information is provided to the council, management, residents, investors, creditors, and other interested parties.

14.01 Financial Records. The city treasurer/chief financial officer maintains the official financial records of the city, to include the general ledger, the city's budget documents, debt-related documents, etc.

14.02 Compliance. The city's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, General Accepted Accounting Principles (GAAP), and standards of the Governmental Accounting Standards Board (GASB).

14.03 Internal Controls. A system of internal accounting controls and procedures will be maintained to provide reasonable assurance of the safeguarding of assets, the proper recording of financial transactions of the city, and compliance with applicable laws and regulations.

14.04 Monthly Financial Reports. The city treasurer/chief financial officer shall issue timely monthly financial reports to council in accordance with the Scottsdale City Charter.

14.05 Audit. Prior to the end of the fiscal year, the council shall designate certified public accountants who shall perform an independent audit of the city's financial statements in accordance with generally accepted governmental auditing standards. The certified public accountants shall be independent of the city government, having no personal interest, direct or indirect, in the fiscal affairs of the city government or any of its officers. The certified public accountants shall submit their reports to the council. All such audit reports shall be a matter of public record.

14.06 Annual Financial Report. The city will prepare an Annual Comprehensive Financial Report (ACFR) in accordance with the principles and guidelines established by the Government Finance Officers Association "Certificate of Achievement for Excellence in Financial Reporting" program. Staff will submit the ACFR each year for review in the award program.

14.07 Expenditure Limitation Report. The city treasurer/chief financial officer will prepare an Annual Expenditure Limitation Report (AELR) and submit the AELR each year to the State Auditor General in accordance with A.R.S. § 41-1279.07.

Policy 15 Pension Funding

An adequately funded pension plan not only provides assurance to employees but also achieves taxpayer and member intergenerational equity by not placing an unfair burden on future taxpayers and members. This policy provides guidance for pension funding to ensure the city maintains adequate assets to fund benefits payable in its pension plans.

15.01 Annual Required Contributions. The city shall fund the full amount of the Annual Required Contribution (ARC) each year as determined by the actuarial valuation report for its defined benefit contribution

plans. The ARC is the amount necessary to be contributed by an employer to adequately fund a public pension plan.

15.02 Funding Policy. The city shall maintain and comply with a separate written pension funding policy for its Public Safety Personnel Retirement System that is approved by the council annually in accordance with A.R.S. § 38-863.01.

15.03 Funding Status. It is the intent of the city to maintain adequate assets to fund benefits payable in its defined benefit plans. In the event the funded status falls to an unacceptable level, the city shall strive to make additional contributions above the ARC to restore the funded status to an acceptable level.

15.04 Use of Debt. Pension obligation bonds add a level of risk that should be analyzed thoroughly, and the city shall not rely on pension obligation bonds to reduce unfunded pension liabilities.

Appendix A
Budget Governing Guidance

The following represents budget governing guidance which provides direction for allocating city resources to fund operating or capital expenditures. The below guidance may be changed during the annual budget process to respond to council priorities or to better align resources with operating or capital needs as recommended by the city manager and city treasurer/chief financial officer. Changes to the below guidance must be approved by the council through the budget process.

1) Funding for General Fund CIP.
   a) 25 to 50 percent of the unrestricted portion of construction privilege tax revenues.
   b) 50 percent to 100 percent of General Fund interest earnings.
   c) Any additional funding as recommended through the budget process.

2) General Fund Operating Surplus. Year-end General Fund operating surpluses not needed to restore contingency, reserves, or designations or to cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the General Fund CIP in the following fiscal year's budget development process.

3) Funding for Public Safety Accidental Disabled Retirees. A General Fund transfer will be made to the Benefits Healthcare Self-Insurance Fund to subsidize the cost of providing healthcare benefits to sworn public safety accidental disabled retirees.

4) Transportation Fund Operating Surpluses. Year-end Transportation Fund operating surpluses not needed to restore contingency or reserves or to cover unforeseen shortfalls in the budget will be considered for one-time operating needs or transferred to the Transportation Fund CIP in the following fiscal year's budget development process.

5) Allocation of Dedicated 0.2 Percent Transportation Privilege Tax. No less than 50 percent of the dedicated 0.2 percent privilege tax revenue for transportation improvements will be allocated to the capital budget for planning, design, construction, and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, and transit.

OVERVIEW | Fund Accounting – Fund Types

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

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

General Fund is the primary operating fund of the city. It exists to account for the resources devoted to finance the services traditionally associated with local government. This includes essential services such as police and fire, parks and recreation, planning and economic development, general administration of the city, and any other activity for which a special fund has not been created. Activity related to the Ambulance Service program is reported separately in the Ambulance Service Fund.

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

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 six Special Revenue Funds: Transportation, Tourism Development, Park and Preserve Tax, Preservation, Stadium Facility, and Special Programs.

Grant Funds are used to leverage city funds to address priority program and service needs.

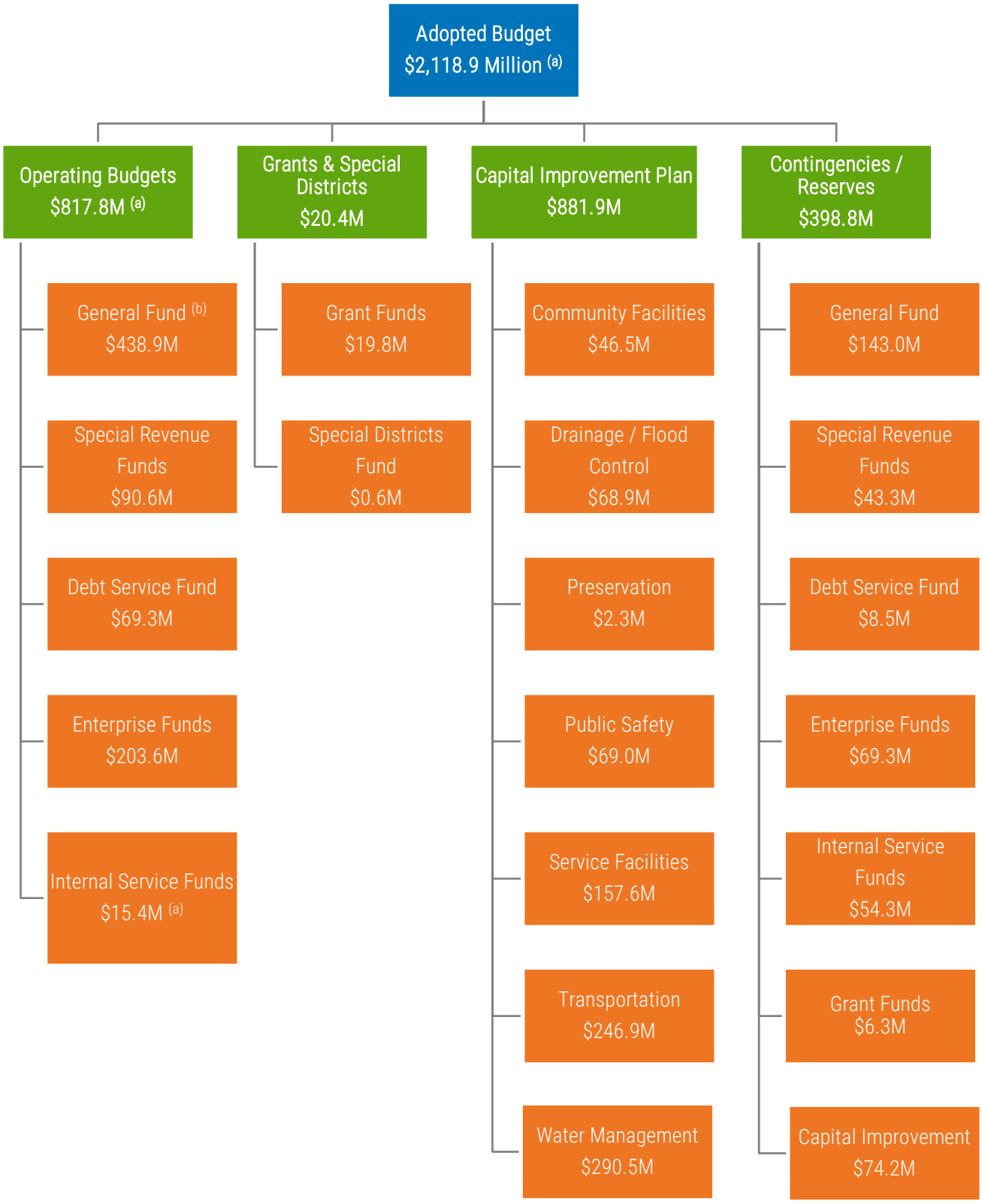
Debt Service Fund is used to account for the accumulation of resources and for the payment of general long-term debt principal and interest. It does not include contractual obligations accounted for in the individual funds.

Special Districts Fund is used to account for the city's streetlight districts.

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

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

BUDGET BY FUND | Total Budget Overview

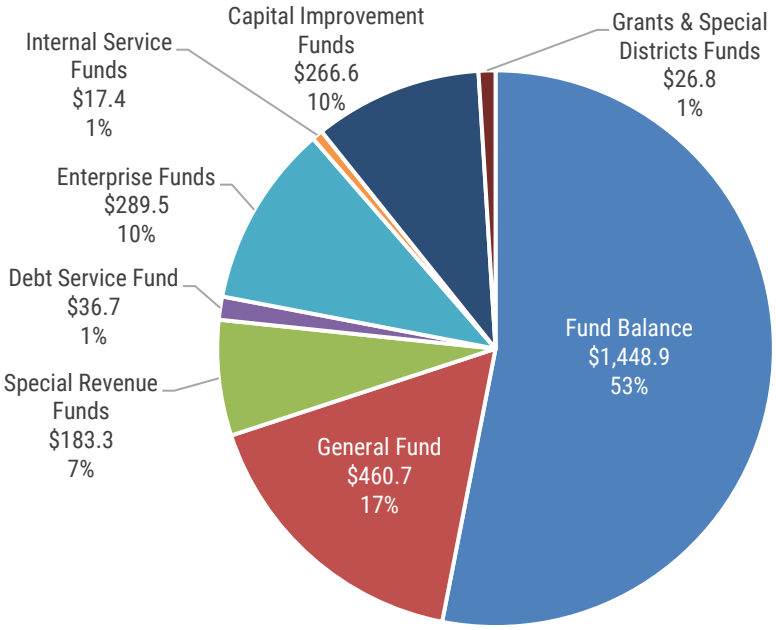


(a) Adopted Budget and Operating Budgets include Internal Service Funds offsets (reductions) of $84.2M
(b) Includes Ambulance Service Fund

Rounding differences may occur.

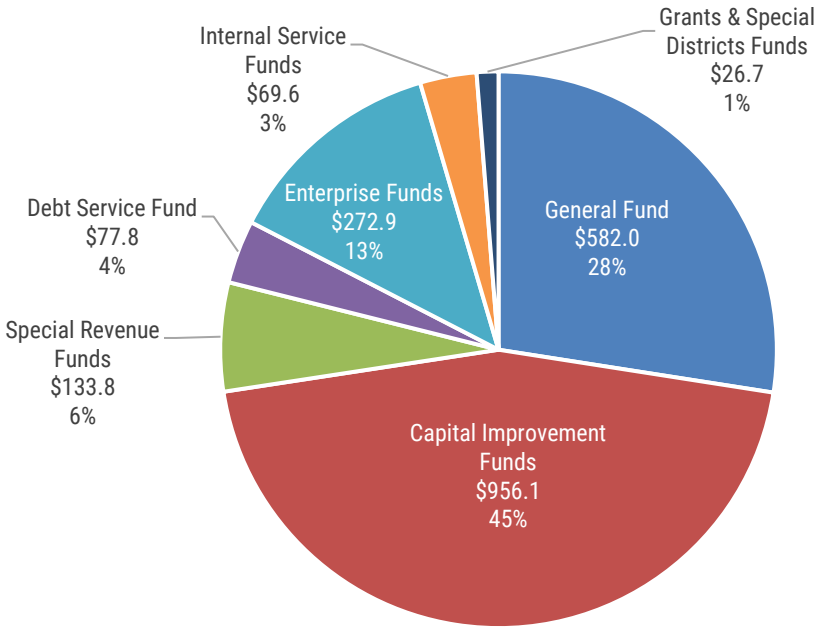
Fund Balance and Revenue by Fund Type

The total City of Scottsdale FY 2026/27 adopted budget is funded by $2,730.0 million in revenue and fund balance. The total amount of fund balance available is $1,448.9 million, and the estimated revenue is $1,281.7 million, which includes $266.6 million in Capital Improvement Funds, $460.7 million in General Fund, $289.5 million in Enterprise Funds, and $264.1 million in other funds. A complete detail of revenues can be found on the Total Appropriation schedule.



Total Budget Appropriation by Fund Type

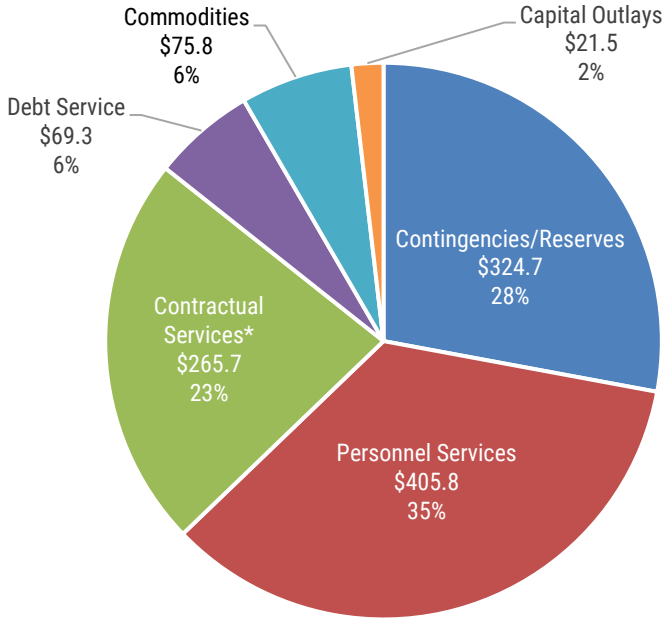
The total City of Scottsdale FY 2026/27 adopted budget appropriation is $2,118.9 million, which includes $398.8 million in contingencies/reserves. The Capital Improvement Plan and its associated contingencies/reserves account for 45 percent of the annual budget appropriation at $956.1 million.



Rounding differences may occur.

Total Operating Budget Appropriation by Expense Type

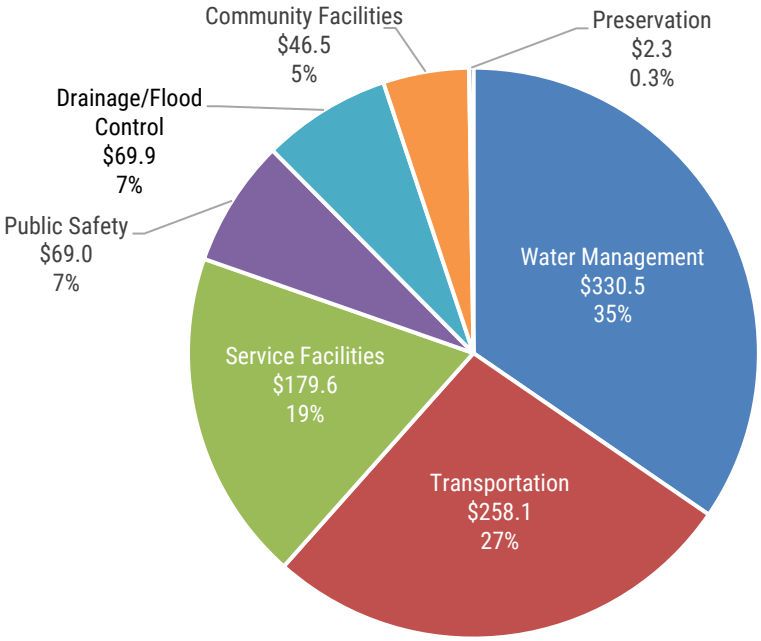
The total operating budget appropriation is $1,162.8 million, and includes $324.7 million in contingencies/reserves, or 28 percent of the budget. The largest expense type is Personnel Services at 35 percent or $405.8 million.



*Includes Internal Service Offsets and Indirect Costs.

Total Capital Improvement Plan Appropriation by Program

The total Capital Improvement Plan appropriation is $956.1 million, and includes $74.2 million in contingencies/reserves which is allocated across the various programs. The largest program is Water Management at 35 percent or $330.5 million.



Rounding differences may occur.

	Sources			Uses							
	Beginning Balance	Revenue	Transfers In	Personnel Services	Contractual & Debt Service	Commodities	Capital Outlays	Contingencies / Reserves	Other[1]	Transfers Out	Ending Balance
General Fund	214,297,188	450,313,370	21,708,462	309,077,383	98,900,409	11,263,982	4,821,698	143,015,868	-	48,613,182	70,626,498
Ambulance Service Fund	-	10,370,951	4,502,446	10,149,058	2,553,597	1,769,228	401,514	-	-	-	-
Special Revenue Funds											
Transportation	27,773,495	57,123,922	-	13,948,889	19,877,020	1,464,991	1,747,091	4,703,799	-	32,502,845	10,652,782
Preservation	167,189,771	31,387,133	-	-	-	-	-	25,000,000	-	17,826,544	155,750,360
P&P - Park Allocation	-	26,919,309	-	-	-	-	-	-		26,919,309	-
P&P - Park Maintenance	1,317,186	46,102	3,684,703	1,063,453	1,171,889	426,050	666,875	998,480		-	721,244
P&P - Preserve Maintenance	1,436,912	50,292	4,737,476	1,164,315	1,959,696	212,800	93,600	1,029,123		-	1,765,146
P&P - Police Ranger	522,386	8,364	1,842,352	1,350,703	22,866	56,595	11,880	432,613		-	498,445
P&P - Fire Mitigation	811,586	28,406	2,631,931	1,349,895	305,892	76,159	-	519,584		-	1,220,393
P&P - Park Improvements	5,250,034	183,751	13,422,848	-	985,000	850,000	200,000	2,039,969		4,758,089	10,023,575
Special Programs	32,895,957	24,839,426	-	6,801,570	4,504,223	1,991,511	-	1,500,000	-	10,341,975	32,596,104
Tourism Development	17,833,172	40,445,354	-	971,010	24,945,204	14,750	-	4,000,000	-	17,541,290	10,806,272
Stadium Facility	6,243,045	2,297,052	200,000	1,337,847	548,566	190,020	242,000	3,069,646	-	1,510,000	1,842,018
Subtotal	***261,273,543***	***183,329,111***	***26,519,309***	***27,987,682***	***54,320,356***	***5,282,876***	***2,961,446***	***43,293,214***	**-**	***111,400,052***	***225,876,338***
Debt Service Fund	6,162,218	36,514,509	35,100,093	-	69,297,560	-	-	8,479,260	-	-	-
Enterprise Funds											
Water & Water Reclamation	122,892,666	238,870,698	9,506,989	33,223,276	75,718,057	46,168,051	78,896	57,299,047	9,215,366	69,135,027	80,432,633
Solid Waste	14,826,017	38,872,816	-	12,214,129	16,654,373	953,794	1,000,220	5,920,943	1,983,771	3,930,755	11,040,848
Aviation	22,074,463	11,747,292	492,600	1,876,818	3,527,432	66,968	152,500	6,080,623	766,301	1,721,323	20,122,390
Subtotal	***159,793,146***	***289,490,806***	***9,999,589***	***47,314,223***	***95,899,862***	***47,188,813***	***1,231,616***	***69,300,613***	***11,965,438***	***74,787,105***	***111,595,871***
Internal Service Funds											
Fleet Management	7,101,769	854,700	-	6,120,959	2,343,886	9,192,704	50,000	1,000,000	(15,656,279)	74,867	4,830,332
Fleet Replacement	4,650,000	3,428,499	100,000	-	-	200,000	10,785,171	1,000,000	(10,985,171)	6,962,000	216,499
PC Replacement	1,086,846	480,489	-	-	-	-	1,185,894	100,000	(1,185,894)	-	1,467,335
Risk Management	39,729,021	1,403,735	-	2,825,851	16,423,487	538,949	-	40,276,984	(19,254,485)	321,970	-
Healthcare Self-Insurance	21,748,499	11,272,460	116,645	347,077	49,540,575	-	-	11,881,850	(37,101,024)	-	8,469,126
Subtotal	***74,316,135***	***17,439,883***	***216,645***	***9,293,887***	***68,307,948***	***9,931,653***	***12,021,065***	***54,258,834***	***(84,182,853)***	***7,358,837***	***14,983,292***
Grants & Special Districts											
Grants	-	26,108,984	-	1,979,674	17,373,689	361,893	85,828	6,307,900	-	-	-
Special Districts	(54,067)	662,985	-	-	608,918	-	-	-	-	-	-
Subtotal	***(54,067)***	***26,771,969***	**-**	***1,979,674***	***17,982,607***	***361,893***	***85,828***	***6,307,900***	**-**	**-**	**-**
Total Operating Funds	715,788,163	1,014,230,599	98,046,544	405,801,907	407,262,339	75,798,445	21,523,167	324,655,689	(72,217,415)	242,159,176	423,081,999
								Total Operating Budget Appropriation[2]	1,162,824,132		
Capital Improvement Funds	733,149,578	266,647,030	146,523,477	-	-	-	881,949,146	74,158,032	-	2,410,846	187,802,061
								Total Capital Budget Appropriation	956,107,178		
Total All Funds	1,448,937,741	1,280,877,629	244,570,022	405,801,907	407,262,339	75,798,445	903,472,313	398,813,721	(72,217,415)	244,570,022	610,884,060
								Total Budget Appropriation[2]	2,118,931,310		

[1] Other includes Internal Service Offsets and Indirect Costs.

[2] Total Budget Appropriation excludes Transfers Out and assumes the use of reserve appropriations.

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BUDGET BY FUND | Total Appropriation

Description	General Fund[a]	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Beginning Fund Balance	214,297,188	261,273,543	6,162,218	159,793,146	74,316,135	(54,067)	733,149,578	1,448,937,741
Revenues								
Taxes - Local								
Sales Tax	182,649,426	88,396,189	-	257,245	-	-	17,946,209	289,249,069
Sales Tax - Public Safety	17,946,209	-	-	-	-	-	-	17,946,209
Transient Occupancy Tax	-	35,915,222	-	-	-	-	-	35,915,222
Electric & Gas Franchise	10,967,384	265,000	-	-	-	-	-	11,232,384
Cable TV License Fee	2,692,156	-	-	-	-	-	-	2,692,156
Salt River Project In Lieu	200,000	-	-	-	-	-	-	200,000
Stormwater Fee	971,942	-	-	341,100	-	-	-	1,313,042
Stormwater Fee - CIP	-	7,902,150	-	-	-	-	-	7,902,150
Property Tax								
Property Tax	40,330,800	-	36,697,999	-	568,734	-	-	77,597,533
State Shared Revenues								
State Shared Sales Tax	37,759,045	-	-	-	-	-	-	37,759,045
State Shared Income Tax	51,488,168	-	-	-	-	-	-	51,488,168
Auto Lieu Tax	13,323,572	-	-	-	-	-	-	13,323,572
Taxes- From Other Agencies								
Highway User Tax	-	18,811,189	-	-	-	-	-	18,811,189
Local Transportation Assistance Fund	-	610,000	-	-	-	-	-	610,000
Utilities & Enterprises								
Water Service Charges	-	-	-	148,679,433	-	-	11,000,000	159,679,433
Water Reclamation Service Charges	-	-	-	64,425,686	-	-	7,900,000	72,325,686
Refuse/Recycling	-	-	-	38,436,135	-	-	-	38,436,135
Airport Fees	-	-	-	10,534,898	-	-	-	10,534,898
Non-Potable Water Service Charges	-	-	-	19,731,600	-	-	2,100,000	21,831,600
Charges for Service/Other								
WestWorld Equestrian Facility Fees	6,666,875	1,651,090	-	-	-	-	-	8,317,965
Contributions & Donations	-	1,973,086	-	11,000	-	-	-	1,984,086
Property Rental	6,386,877	7,193,598	-	441,790	-	1,576,955	-	15,599,220
Intergovernmental	6,220,486	542,556	-	-	-	-	128,462,119	135,225,161
License Permits & Fees						-		
Business & Liquor Licenses	2,671,565	50,160	-	-	-		-	2,721,725
Fire Charges for Services	12,177,629	-	-	-	-	-	-	12,177,629
Recreation Fees	5,818,882	4,387,590	-	-	-	-	-	10,206,472
Fines Fees & Forfeitures						-		
Court Fines	4,113,661	2,618,654	-	-	-		-	6,732,315
Library	78,726	139,646	-	-	-	-	-	218,372
Parking Fines	241,000	-	-	-	-	-	-	241,000
Photo Radar	2,644,511	-	-	-	-	-	-	2,644,511
Police Fees	-	95,400	-	-	-	-	-	95,400
Interest Earnings						-		
Interest Earnings	18,588,997	8,612,391	-	4,575,867	-		6,499,806	38,277,061
Building Permit Fees & Charges						-		
Building Permit Fees & Charges	24,025,388	126,120	-	-	-		75,000	24,226,508
Other Revenue						-		
Grants	-	-	-	-	-	-	13,663,896	13,663,896
Special Districts	-	-	-	-	-	662,985	-	662,985
Reimbursements from Outside Sources	-	-	-	-	1,140,000	16,544,040	-	17,684,040
Miscellaneous Other	1,675,487	4,039,070	-	1,136,147	1,436,200	1,680,089	-	9,966,993
Indirect/Direct Cost Allocations						-		
Indirect Costs	10,456,844	-	-	919,905	-		-	11,376,749
Direct Cost Allocation (Fire)	588,691	-	-	-	-	-	-	588,691
Other Financing Sources						-		
Bond Proceeds	-	-	-	-	-	-	79,000,000	79,000,000

(a) Includes Ambulance Services.

BUDGET BY FUND | Total Appropriation

Description	General Fund[a]	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Internal Service Charges								
Fleet Management	-	-	-	-	29,503,449	-	-	29,503,449
PC Replacement	-	-	-	-	1,666,383	-	-	1,666,383
Self Insurance	-	-	-	-	67,307,969	-	-	67,307,969
Less Internal Service Funds Offset	-	-	-	-	-84,182,853	-	-	-84,182,853
Subtotal	**460,684,321**	**183,329,111**	**36,697,999**	**289,490,806**	**17,439,882**	**20,464,069**	**266,647,030**	**1,274,753,218**
Other Activity								
Grant Contingency	-	-	-	-	-	6,307,900	-	6,307,900
Subtotal	**-**	**-**	**-**	**-**	**-**	**6,307,900**	**-**	**6,307,900**
Transfers In								
From Fire Mitigation	-	2,631,931	-	-	-	-	-	2,631,931
From Park Improvements	-	13,422,848	-	-	-	-	-	13,422,848
From Park Maintenance	-	3,684,703	-	-	-	-	-	3,684,703
From Police Ranger	-	1,842,352	-	-	-	-	-	1,842,352
From Preserve Maintenance	-	4,737,476	-	-	-	-	-	4,737,476
From Wifa Debt	-	-	600,000	-	-	-	-	600,000
From CIP Stormwater	-	-	-	-	-	-	7,237,150	7,237,150
From AWT	-	-	-	4,494,254	-	-	-	4,494,254
From RWDS	-	-	-	900,000	-	-	-	900,000
From CIP Technology Citywide	-	-	-	-	-	-	268,687	268,687
From Debt Service MPC Bonds	-	-	16,673,549	4,605,335	-	-	-	21,278,884
From Debt Service GO Bonds	-	-	17,826,544	-	-	-	-	17,826,544
From CIP Construction Sales Tax	-	-	-	-	-	-	5,277,907	5,277,907
From CIP Excess Interest	-	-	-	-	-	-	13,588,997	13,588,997
From CIP	-	-	-	-	-	-	120,150,736	120,150,736
From Operating	14,811,573	200,000	-	-	216,645	-	-	15,228,218
From Franchise Fees	11,399,336	-	-	-	-	-	-	11,399,336
Subtotal	**26,210,909**	**26,519,309**	**35,100,093**	**9,999,589**	**216,645**	**-**	**146,523,477**	**244,570,022**
Sources Total	**486,895,230**	**209,848,420**	**71,798,092**	**299,490,395**	**17,656,527**	**26,771,969**	**413,170,507**	**1,525,631,140**

(a) Includes Ambulance Services.

BUDGET BY FUND | Total Appropriation

Description	General Fund[a]	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Expenditures								
Mayor and City Council	1,266,579	61,882	-	-	-	-	-	1,328,461
City Attorney's Office	9,672,641	-	-	-	19,741,037	-	-	29,413,678
City Clerk's Office	1,851,076	-	-	-	-	-	-	1,851,076
City Auditor's Office	1,461,803	-	-	-	-	-	-	1,461,803
City Court	6,649,699	2,368,631	-	-	-	-	-	9,018,330
City Manager's Office	4,646,770	-	-	-	-	750,881	-	5,397,651
City Treasurer's Office	15,399,056	-	-	3,109,964	-	-	-	18,509,020
Communications	2,602,659	-	-	-	-	-	-	2,602,659
Economic Development	1,375,837	20,406	-	-	-	20,000	-	1,416,243
Enterprise Operations/Administrative Services	10,966,965	2,633,109	-	5,234,810	-	-	-	18,834,884
Facilities Management	29,339,390	1,309,791	-	-	-	-	-	30,649,181
Fleet Management	-	-	-	-	28,923,959	-	-	28,923,959
Human Resources	6,351,058	-	-	-	49,934,902	-	-	56,285,960
Human Services	6,215,387	1,322,489	-	-	-	16,924,850	-	24,462,726
Information Technology	22,145,348	16,920	-	738,413	1,185,894	-	-	24,086,575
Library Services	9,630,028	186,240	-	-	-	-	-	9,816,268
Parks and Recreation	26,287,138	13,003,273	-	-	-	-	-	39,290,411
Preserve	-	3,549,648	-	-	-	-	-	3,549,648
Planning and Development Services	17,371,193	301,685	-	-	-	-	-	17,672,878
Fire Department	100,962,154	2,769,004	-	-	-	100,000	-	103,831,158
Police Department	150,133,886	4,161,936	-	-	-	2,005,353	-	156,301,175
Solid Waste Management	-	-	-	31,764,280	-	-	-	31,764,280
Special Districts	-	-	-	-	-	608,918	-	608,918
Tourism and Events	6,125,975	25,981,963	-	-	-	-	-	32,107,938
Transportation and Infrastructure	2,976,837	33,050,380	-	2,607,442	-	-	-	38,634,659
Water Resources	-		-	126,611,732	-	-	-	126,611,732
Personnel Programs	11,000,000	101,000	-	147,567	82,261	-	-	11,330,828
Savings from Vacant Positions	(6,000,000)	(330,000)	-	(818,777)	(313,500)	-		(7,462,277)
Less Internal Service Funds Offset	-	-	-	-	(84,182,853)	-	-	(84,182,853)
Subtotal	**438,431,479**	**90,508,356**	**-**	**169,395,431**	**15,371,700**	**20,410,002**	**-**	**734,116,967**
Debt Service								
Principal	153,838	34,371	53,825,000	23,465,000	-	-	-	77,478,209
Interest	351,552	9,632	15,461,862	10,728,323	-	-	-	26,551,369
Fiscal Agents Fees	-	-	10,698	11,200	-	-	-	21,898
Subtotal	**505,390**	**44,003**	**69,297,560**	**34,204,523**	**-**	**-**	**-**	**104,051,476**
Capital								
Community Facilities	-	-	-	-	-	-	46,530,410	46,530,410
Drainage & Flood Control	-	-	-	-	-	-	68,942,004	68,942,004
Preservation	-	-	-	-	-	-	2,347,439	2,347,439
Public Safety	-	-	-	-	-	-	69,010,815	69,010,815
Service Facilities	-	-	-	-	-	-	157,632,006	157,632,006
Transportation	-	-	-	-	-	-	246,939,927	246,939,927
Water Management	-	-	-	-	-	-	290,546,545	290,546,545
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**	**881,949,146**	**881,949,146**

(a) Includes Ambulance Services.

BUDGET BY FUND | Total Appropriation

Description	General Fund[a]	Special Revenue Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	Grants & Special Districts	Capital Improvement Funds	Total
Other Activity								
Operating Reserve	84,812,694	3,703,799	-	39,068,229	37,776,984	-	-	165,361,706
Operating Contingency	12,000,000	5,172,576	-	6,500,000	8,414,118	-	-	32,086,694
Fleet Replacement Reserve	-		-	3,983,680	-	-	-	3,983,680
Incurred but not Reported Reserve	-		-	-	3,904,000	-	-	3,904,000
Grant Contingency	-		-	-	-	6,307,900	2,000,000	8,307,900
Facilities Repair/Replacement	10,000,000		-	-	-	-	-	10,000,000
GO Debt Svc Reserve - Non-Preserve	-		3,419,747	-	-	-	-	3,419,747
Debt Stabilization Reserve	-		5,059,513	-	-	-	-	5,059,513
Water Drought Reserve	-		-	5,000,000	-	-	-	5,000,000
Premium Stabilization Reserve	-		-	-	4,163,732	-	-	4,163,732
Debt Service Reserve	-	25,000,000	-	9,748,704	-	-	-	34,748,704
Emergency Reserve	21,203,174		-	-	-	-	-	21,203,174
Destination Marketing Reserve	-	1,500,000	-	-	-	-	-	1,500,000
Stadium Lifecycle	-	3,069,646	-	-	-	-	-	3,069,646
Revenue Stabilization Reserve	-	3,347,193	-	5,000,000	-	-	-	8,347,193
Revenue Loss Reserve	15,000,000	-	-	-	-	-	-	15,000,000
General Fund Contingency	-	-	-	-	-	-	20,000,000	20,000,000
Transportation 0.2% Sales Tax Contingency	-	-	-	-	-	-	3,000,000	3,000,000
CIP Stormwater Utility Bill Fee Contingency	-	-	-	-	-	-	1,000,000	1,000,000
Water Rates Contingency	-	-	-	-	-	-	20,000,000	20,000,000
Sewer Rates Contingency	-	-	-	-	-	-	20,000,000	20,000,000
Aviation Funds Contingency	-	-	-	-	-	-	8,158,032	8,158,032
Appropriation Contingency	-	1,500,000	-	-	-	-	-	1,500,000
Subtotal	**143,015,868**	**43,293,214**	**8,479,260**	**69,300,613**	**54,258,834**	**6,307,900**	**74,158,032**	**398,813,721**
TOTAL BUDGET	**581,952,737**	**133,845,573**	**77,776,820**	**272,900,566**	**69,630,534**	**26,717,902**	**956,107,178**	**2,118,931,310**
Transfers Out								
To Fire Mitigation	-	2,631,931	-	-	-	-	-	2,631,931
To Park Improvements	-	13,422,848	-	-	-	-	-	13,422,848
To Park Maintenance	-	3,684,703	-	-	-	-	-	3,684,703
To Park Ranger	-	1,842,352	-	-	-	-	-	1,842,352
To Preserve Maintenance	-	4,737,476	-	-	-	-	-	4,737,476
To Debt Svc MPC Bonds	10,277,689	6,395,860	-	3,094,489	-	-	1,510,846	21,278,884
To Debt Svc GO Bonds	-	17,826,544	-	-	-	-	-	17,826,544
To AWT	-	-	-	4,494,254	-	-	-	4,494,254
To RWDS	-	-	-	-	-	-	900,000	900,000
To CIP Stormwater	-	7,237,150	-	-	-	-	-	7,237,150
To Operating	4,619,091	6,809,127	-	3,500,000	300,000	-	-	15,228,218
To Franchise Fees	-	-	-	11,399,336	-	-	-	11,399,336
To CIP	14,849,498	46,212,062	-	52,127,176	6,962,000	-	-	120,150,736
To CIP Construction Sales Tax	5,277,907	-	-	-	-	-	-	5,277,907
To CIP Excess Interest	13,588,997	-	-	-	-	-	-	13,588,997
To CIP Technology	-	-	-	171,850	96,837	-	-	268,687
To Wifa Debt	-	600,000	-	-	-	-	-	600,000
Subtotal	**48,613,182**	**111,400,052**	**-**	**74,787,105**	**7,358,837**	**-**	**2,410,846**	**244,570,022**
Uses Total	**630,565,919**	**245,245,625**	**77,776,820**	**347,687,671**	**76,989,371**	**26,717,902**	**958,518,024**	**2,363,501,332**
Sources Over/(Under) Uses	**(143,670,689)**	**(35,397,205)**	**(5,978,728)**	**(48,197,276)**	**(59,332,844)**	**54,067**	**(545,347,517)**	**(837,870,192)**
Ending Fund Balance[b]	**70,626,499**	**225,876,338**	**183,490.00**	**111,595,870**	**14,983,291**	**-**	**187,802,061**	**611,067,549**
Ending Fund Balance[c]	**213,642,367**	**269,169,552**	**8,662,750**	**180,896,483**	**69,242,125**	**6,307,900**	**261,960,093**	**1,009,881,270**

[a] Includes Ambulance Services.

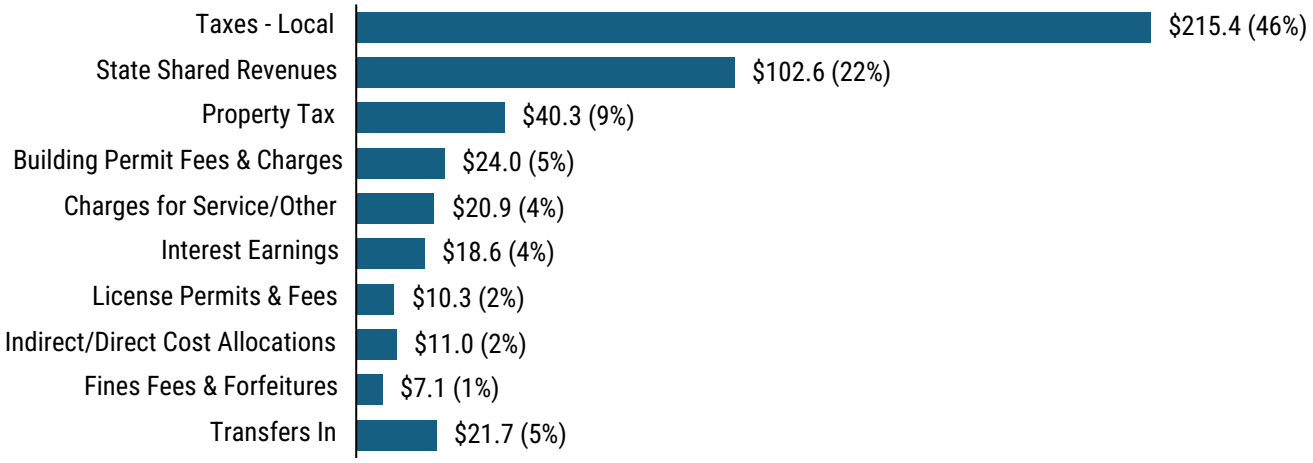
[b] Includes use of reserve appropriations.

[c] Does not include use of reserve appropriations.

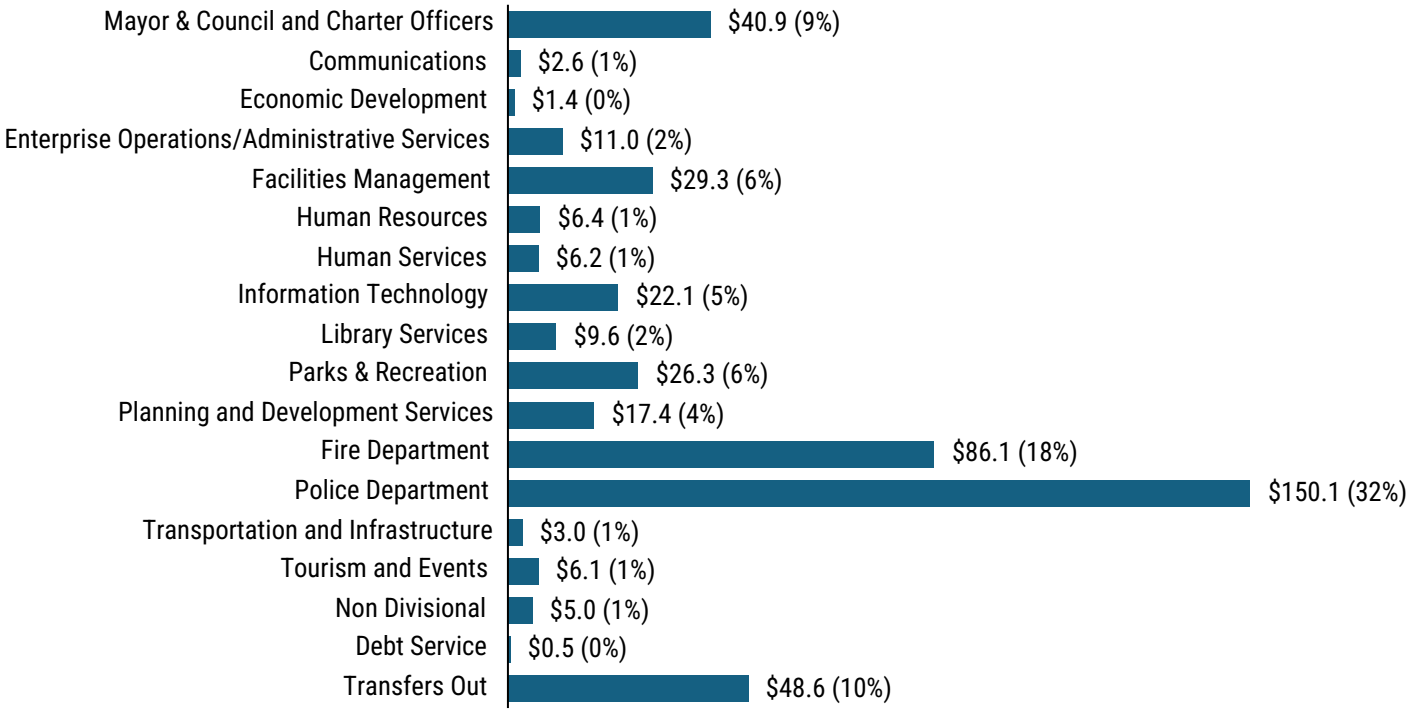
FUND PURPOSE

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

General Fund Sources (% of Total)
$472.0 Million



General Fund Uses (% of Total)
$472.7 Million



Rounding differences may occur

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Emergency and Operating Reserve	89,051,001	86,576,601	93,440,772	113,097,781	106,015,868	112,021,858	114,037,269	117,820,419
Operating Contingency	13,662,223	17,268,072	14,838,309	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Facilities Repair/Replacement	-	-	-	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
PSPRS Pension Liabilities	134,481,927	157,012,086	164,865,930	47,499,407	53,926,499	47,975,333	46,188,788	42,661,751
Development Agreements	14,600,000	9,800,000	9,800,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
Innovation Initiatives	500,000	500,000	500,000	-	-	-	-	-
General Plan Initiatives	15,000,000	-	-	-	-	-	-	-
Revenue Loss Reserve	-	-	-	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
General Fund Balance	500,000	6,900,000	500,000	500,000	500,000	500,000	500,000	500,000
Total Beginning Fund Balance	**267,795,151**	**278,056,759**	**283,945,011**	**214,297,188**	**213,642,367**	**213,697,191**	**213,926,057**	**214,182,170**
Revenues								
Taxes - Local								
Sales Tax	179,113,472	170,787,302	177,272,919	182,649,426	188,181,082	194,743,182	202,461,529	211,520,129
Sales Tax - Public Safety	17,613,279	17,409,462	17,411,726	17,946,209	18,496,192	19,149,180	19,916,138	20,817,050
Electric & Gas Franchise	11,044,523	10,487,242	10,752,337	10,967,384	11,186,731	11,410,466	11,638,675	11,871,449
Cable TV License Fee	3,164,348	2,894,791	2,894,791	2,692,156	2,530,627	2,429,402	2,332,226	2,238,937
Salt River Project In Lieu	197,387	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Stormwater Fee	971,150	962,319	962,319	971,942	981,662	991,478	1,001,393	1,011,407
State Shared Revenues								
State Shared Sales Tax	37,509,188	38,560,076	37,788,874	37,759,045	39,005,093	40,331,267	41,581,536	42,953,727
State Shared Income Tax[(a)]	51,989,431	46,243,346	48,032,139	51,488,168	53,722,130	55,875,482	58,348,518	60,902,853
Auto Lieu Tax	13,170,337	12,401,290	13,021,355	13,323,572	13,590,043	13,861,844	14,139,081	14,421,863
Property Tax								
Property Tax	32,271,993	40,008,197	40,008,197	40,330,800	42,379,229	43,644,434	44,936,033	46,245,005
Building Permit Fees & Charges								
Building Permit Fees & Charges	23,236,901	23,752,610	23,752,610	24,025,388	24,269,600	24,556,283	24,848,102	25,145,221
Charges For Service/Other								
Westworld Equestrian Facility Fees	7,909,388	6,614,024	7,143,024	6,666,875	6,731,158	6,794,869	6,859,218	6,924,209
Property Rental	5,972,604	5,924,773	5,924,773	6,386,877	6,396,825	6,465,295	6,534,934	6,607,899
Intergovernmental	5,628,242	6,022,182	6,022,182	6,220,486	6,513,481	6,821,125	7,144,151	7,483,329
Miscellaneous	2,119,458	1,787,411	1,787,411	1,675,487	1,689,319	1,706,370	1,723,748	1,741,679
Interest Earnings								
Interest Earnings	16,614,208	11,103,081	16,654,622	18,588,997	18,128,354	18,450,533	19,493,293	19,921,669
License Permits & Fees								
Business & Liquor Licenses	2,671,966	2,669,037	2,669,037	2,671,565	2,687,200	2,692,200	2,697,200	2,702,200
Fire Charges For Services	3,193,065	3,044,362	3,044,362	1,806,678	1,347,740	1,340,989	1,334,401	1,332,983
Recreation Fees	5,947,254	6,009,970	5,725,437	5,818,882	5,855,573	5,887,492	5,920,153	5,959,442
Indirect/Direct Cost Allocations								
Indirect Costs	8,784,128	8,796,368	8,796,368	10,456,844	10,770,549	11,093,666	11,426,476	11,769,270
Direct Cost Allocation (Fire)	560,658	462,278	462,278	588,691	618,126	649,032	681,484	715,558
Fines Fees & Forfeitures								
Court Fines	4,379,506	4,113,661	4,113,661	4,113,661	4,118,343	4,123,259	4,128,420	4,133,840
Library	49,902	43,726	43,726	78,726	77,122	80,000	83,000	86,131
Parking Fines	215,119	261,000	261,000	241,000	241,000	241,000	241,000	241,000
Photo Radar	2,719,280	2,644,511	2,644,511	2,644,511	2,644,511	2,644,511	2,644,511	2,644,511
Jail Dormitory[(b)]	292,721	149,818	292,700	-	120,000	292,700	292,700	292,700
Other Revenues								
Miscellaneous Other	15,900	-	-	-	-	-	-	-
Subtotal	**437,355,409**	**423,352,837**	**437,682,358**	**450,313,370**	**462,481,690**	**476,476,059**	**492,607,920**	**509,884,061**

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Transfers In								
Operating	6,620,144	7,580,670	7,580,670	10,309,127	10,195,723	10,283,643	9,373,322	9,717,696
CIP	6,245	-	-	-	-	-	-	-
Enterprise Franchise Fees	10,583,525	10,913,920	10,913,920	11,399,336	12,021,734	12,599,541	13,212,817	13,855,012
Subtotal	**17,209,914**	**18,494,590**	**18,494,590**	**21,708,462**	**22,217,457**	**22,883,184**	**22,586,139**	**23,572,707**
Total Sources	**454,565,323**	**441,847,427**	**456,176,948**	**472,021,832**	**484,699,146**	**499,359,243**	**515,194,059**	**533,456,769**
Expenditures								
Mayor and City Council	1,085,112	1,106,449	1,101,340	1,266,579	1,250,318	1,257,288	1,299,564	1,343,328
City Attorney's Office	9,024,909	9,924,074	10,149,374	9,672,641	10,625,875	10,737,023	11,158,417	11,595,554
City Clerk's Office	1,177,994	1,953,342	1,934,092	1,851,076	1,482,004	2,474,682	1,591,269	2,818,191
City Auditor's Office	974,256	1,379,751	1,360,107	1,461,803	1,554,692	1,574,785	1,632,068	1,690,215
City Court	5,940,918	6,602,524	6,501,873	6,649,699	7,144,881	7,232,956	7,536,011	7,860,619
City Manager's Office	3,322,700	3,731,987	3,688,339	4,646,770	4,992,771	5,073,482	5,292,989	5,505,377
City Treasurer's Office	12,893,125	14,589,951	14,410,662	15,399,056	16,348,716	16,536,683	17,301,841	18,093,749
Communications	3,451,585	4,119,065	4,064,635	2,602,659	2,777,031	2,804,903	2,916,111	3,015,654
Economic Development	1,300,495	1,385,527	1,369,067	1,375,837	1,360,171	1,374,965	1,429,713	1,486,636
Enterprise Operations/Administrative Services[c]	10,436,805	9,201,444	8,832,342	10,966,965	11,375,655	11,645,998	12,128,147	12,629,783
Facilities Management	26,583,494	29,395,932	29,350,934	29,339,390	29,996,921	30,763,021	31,741,806	32,794,594
Human Resources	4,414,333	5,569,163	5,505,219	6,351,058	6,801,116	6,537,235	6,846,776	7,158,693
Human Services	7,406,549	5,501,121	5,417,106	6,215,387	6,697,188	6,784,664	7,088,992	7,413,416
Information Technology	21,024,499	22,979,657	23,320,966	22,145,348	23,689,874	23,987,984	24,885,740	25,783,821
Library Services	8,526,856	9,622,054	9,480,465	9,630,028	10,260,076	10,429,201	10,887,434	11,354,746
Parks and Recreation	24,263,668	26,096,016	25,985,412	26,287,138	27,940,914	28,432,794	29,662,174	30,682,093
Preserve[d]	1,135,585	-	-	-	-	-	-	-
Planning and Development Services	17,879,932	19,759,172	19,470,046	17,371,193	18,631,822	18,895,260	19,723,369	20,566,426
Fire Department[e]	69,730,828	80,549,328	79,686,417	86,088,756	91,069,387	91,993,941	94,727,497	94,401,730
Police Department[f]	136,026,149	202,851,018	200,619,223	150,133,886	154,879,023	156,688,602	162,366,912	167,919,648
Transportation and Infrastructure	866,511	3,401,633	3,351,916	2,976,837	3,262,108	3,115,717	3,243,710	3,372,592
Tourism and Events[g]	5,838,381	5,921,670	6,309,265	6,125,975	6,077,655	5,988,692	5,915,863	5,840,919
Personnel Programs[h]	-	4,700,442	1,001,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Vacancy Savings	-	(11,000,000)	(11,000,000)	(6,000,000)	(4,500,000)	(4,000,000)	(4,000,000)	(4,000,000)
Operating Impacts	-	-	-	-	2,843,054	4,269,911	4,332,247	4,711,291
Subtotal	**373,304,685**	**459,341,320**	**451,909,798**	**423,558,081**	**447,561,252**	**455,599,787**	**470,708,650**	**485,039,075**
Debt Service								
Contracts Payable	458,404	481,324	481,324	505,390	530,660	557,193	585,052	614,305
Subtotal	**458,404**	**481,324**	**481,324**	**505,390**	**530,660**	**557,193**	**585,052**	**614,305**
TOTAL OPERATING BUDGET	**373,763,089**	**459,822,644**	**452,391,122**	**424,063,471**	**448,091,912**	**456,156,980**	**471,293,702**	**485,653,380**

BUDGET BY FUND | General Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Transfers Out								
Operating	1,380,503	2,501,801	8,649,165	4,619,091	2,152,579	1,890,682	2,230,730	2,492,511
Debt Service MPC Bonds	17,049,839	10,045,321	10,042,722	10,277,689	13,145,307	14,028,391	6,796,812	7,214,256
Transfer Station[(i)]	17,800,000	-	-	-	-	-	-	-
CIP	2,000,000	33,000,000	33,000,000	14,849,498	2,500,000	4,500,000	13,150,000	13,085,000
CIP Construction Sales Tax	9,807,824	4,652,758	5,087,138	5,277,907	5,475,828	5,653,792	5,823,406	6,027,225
CIP Excess Interest	16,614,208	11,103,080	16,654,622	13,588,997	13,278,354	16,900,533	15,643,293	18,991,669
Subtotal	**64,652,376**	**61,302,960**	**73,433,647**	**48,613,182**	**36,552,068**	**42,973,398**	**43,644,241**	**47,810,661**
Total Uses	**438,415,464**	**521,125,604**	**525,824,769**	**472,676,653**	**484,643,980**	**499,130,378**	**514,937,943**	**533,464,041**
Sources Over/(Under) Uses	**16,149,858**	**(79,278,177)**	**(69,647,821)**	**(654,821)**	**55,166**	**228,865**	**256,116**	**(7,272)**
Ending Fund Balance								
Emergency and Operating Reserve	93,440,772	114,955,661	113,097,781	106,015,868	112,021,858	114,037,269	117,820,419	121,409,274
Operating Contingency	14,838,309	15,401,012	15,008,074	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Facilities Repair/Replacement	-	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
PSPRS Pension Liabilities	164,865,930	26,700,000	44,491,333	53,926,499	47,975,333	46,188,788	42,661,751	39,065,623
Development Agreements	9,800,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000	16,200,000
Innovation Initiatives	500,000	-	-	-	-	-	-	-
Revenue Loss Reserve	-	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
General Fund Balance	500,000	521,909	500,000	500,000	500,000	500,000	500,000	500,000
Total Ending Fund Balance	**283,945,011**	**198,778,582**	**214,297,188**	**213,642,367**	**213,697,191**	**213,926,057**	**214,182,170**	**214,174,897**

[(a)] At the date of adoption, the State of Arizona has not signed any law into effect that would address income tax conformity with the Federal Government's One Big Beautiful Bill Act (OBBBA). Forecasts will be updated only once a State bill has been signed into law.

[(b)] Due to the closure of Scottsdale Civic Center Jail for completion of a planned renovation capital project, Jail Dormitory Revenue will be $0 until the Jail reopens during FY 2027/28.

[(c)] Includes the portion of WestWorld, professional baseball, and the newly formed Financial Management Services Division funded by the General Fund. Does not include Enterprise Funds (Water and Water

[(d)] Preserve has been established as a stand-alone department beginning in FY 2026/27.

[(e)] Fire Department expenditures include an annual $2 million contribution to the Public Safety Personnel Retirement System (PSPRS) to reduce employer contribution rates.

[(f)] The large decrease in Police Department expenditures in FY 2026/27 reflect the removal of the one-time $50 million PSPRS contribution from FY 2025/26.

[(g)] Tourism and Events has been established as a stand-alone department beginning in FY 2026/27.

[(h)] Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

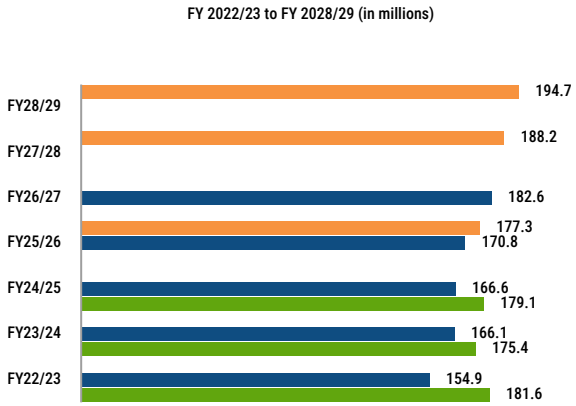
[(i)] Repayment of a $17.8 million loan to the Solid Waste CIP Fund to support enhancements and expansion of the transfer station facility.

GENERAL FUND SOURCES

General Fund Sources include revenues and transfers in from other funds such as the Special Programs, Tourism Development, and Water and Water Reclamation Funds. For FY 2026/27, estimated General Fund revenues and transfers in equal $472.0 million, an increase of approximately $30.2 million, or 6.8 percent, from the FY 2025/26 adopted budget of $441.8 million. The General Fund Sources that are used for operating budget and debt service, and that contribute to the Capital Improvement Plan are identified in this section.

SALES TAX (1.00%)

Sales Tax (1.00%) represents the 1.0 percent General Fund share of the city's total 1.7 percent Sales Tax that is available for any municipal purpose. This revenue also includes sales tax application and penalty fees. Sales Tax (1.00%) is the General Fund's largest revenue source, which is used to pay for general governmental operations as well as the repayment of Municipal Property Corporation (MPC) Bonds. The FY 2026/27 budgeted revenue is $182.6 million, which is approximately $11.8 million higher than the FY 2025/26 budgeted revenue of $170.8 million, due to inflation adjustment. Staff forecast the Sales Tax collections by business category to arrive at more precise projections. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic, and legal considerations.



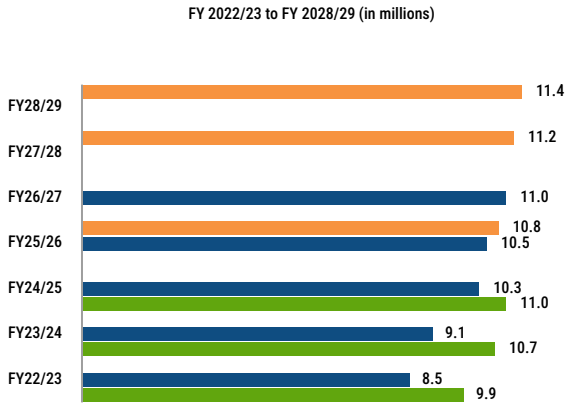
SALES TAX - PUBLIC SAFETY (0.10%)

Sales Tax - Public Safety (0.10%) represents the 0.1 percent of the total 1.7 percent sales tax rate and is dedicated exclusively to public safety. The Sales Tax - Public Safety (0.10%) budgeted revenue for FY 2026/27 is $17.9 million, which is an increase of $0.5 million from the FY 2025/26 budgeted revenue. This designated sales tax covers 7.6 percent of the FY 2026/27 Public Safety Police and Fire General Fund budgets combined.



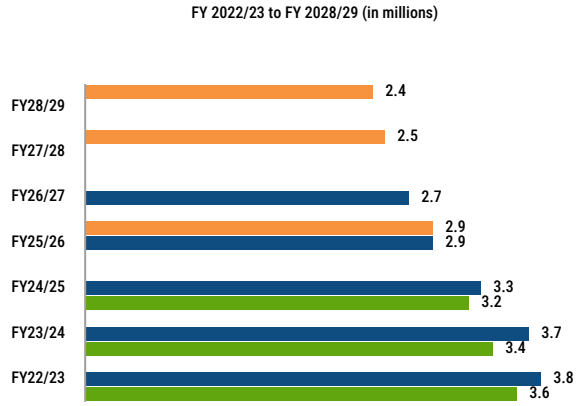
ELECTRIC & GAS FRANCHISE

Electric & Gas Franchise includes franchise taxes charged on revenues from utility companies to use city rights-of-way and in-lieu property tax for municipal utilities. The FY 2026/27 budgeted revenue for Electric & Gas Franchise totals $11.0 million, which is an increase of approximately $0.5 million from the FY 2025/26 budgeted revenue, mostly explained by higher electric usage and rates.



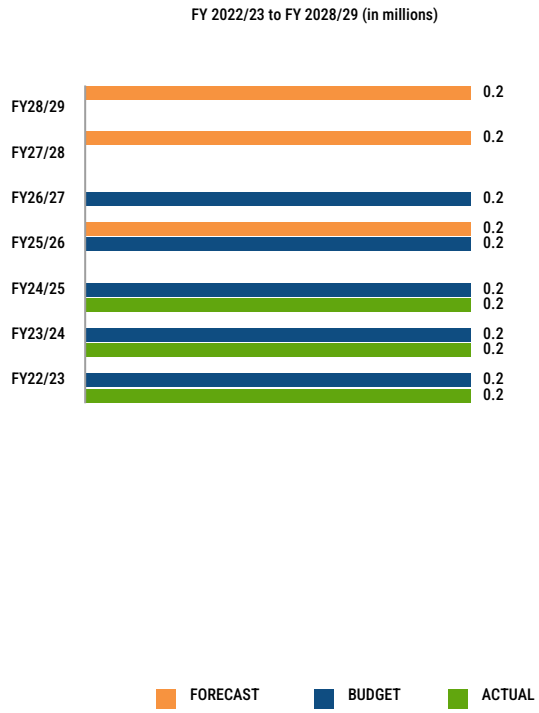
CABLE TV LICENSE FEE

Cable TV License Fee is a franchise tax charged on revenues from cable companies for use of city rights-of-way. The FY 2026/27 budgeted revenue is $2.7 million, which is a decrease of $0.2 million from the FY 2025/26 budgeted revenue, mostly due to the anticipated decrease in the number of cable TV customers as a result of the growing demand for streaming services.



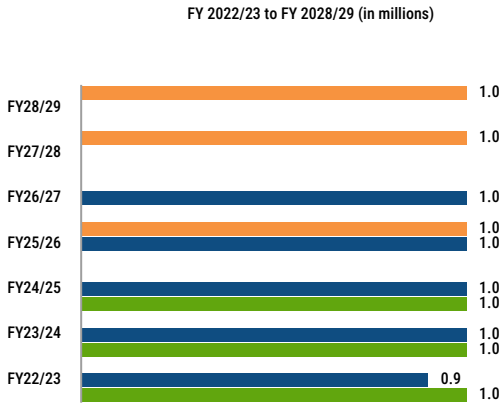
SALT RIVER PROJECT IN LIEU

Salt River Project In Lieu is a franchise tax charged to Salt River Project (SRP), a local utility provider, for the use of city rights-of-way and in-lieu property tax for municipal utilities. The FY 2026/27 budgeted revenue is $0.2 million, which remains flat compared to the FY 2025/26 adopted budget.



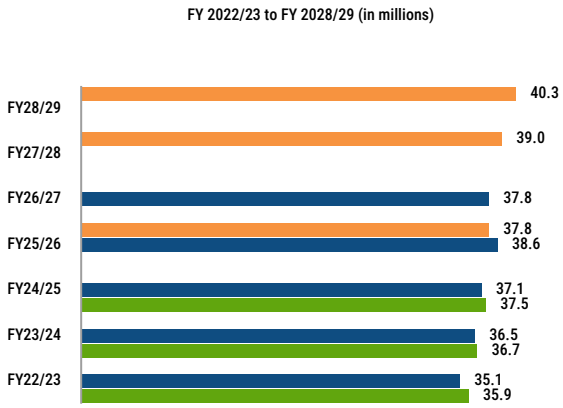
STORMWATER FEE

Stormwater Fee is a monthly charge to customers to help pay a portion of the city's Stormwater Management program costs. These costs are driven by unfunded federal mandates that require the city to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff. The FY 2026/27 budgeted revenue totals $1.0 million, which remains flat from the FY 2025/26 adopted budget.



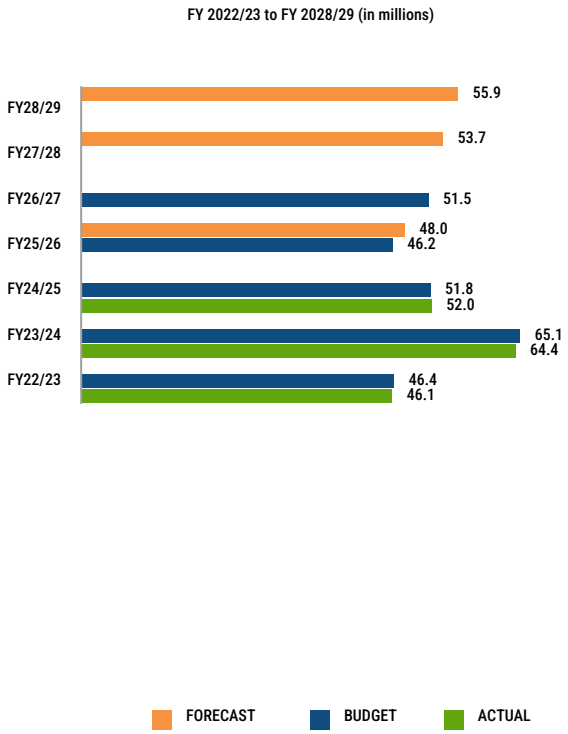
STATE SHARED SALES TAX

The formula for distribution of State Shared Sales Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns share in a portion of the 5.6 percent sales tax collected by the State. The distribution base (shared portion) varies by category. For example, retail sales are 40 percent shared and 60 percent non-shared (retained by the State). Of the shared portion, 25 percent is returned to incorporated cities and towns, 40.51 percent is returned to counties, and 34.49 percent is returned to the state General Fund. The FY 2026/27 budgeted revenue is $37.8 million, which is a decrease of $0.8 million compared to the FY 2025/26 budgeted revenue of $38.6 million, mostly due to inflation and continued strong consumer spending.



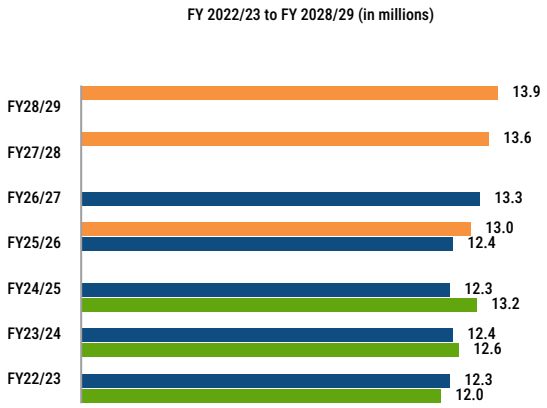
STATE SHARED INCOME TAX

The formula for distribution of the State Shared Income Tax is based upon the relation of the city's population to the total incorporated state population according to the decennial census or population estimates of the U.S. Census Bureau. Cities and towns in Arizona are prohibited by law from levying a local income tax. However, a portion of the state income tax collections are shared with cities and towns. Effective January 1, 2023, the percentage was increased from 15 percent to 18 percent to help offset the impacts to local governments of the State institution of a flat income tax. There is a two-year lag between the time citizens report income to the State and when the State remits shared income tax revenues to cities and towns. Revenue from State Shared Income Tax for FY 2026/27 is budgeted at $51.5 million, an increase of $5.3 million from the FY 2025/26 budgeted revenue of $46.2 million.



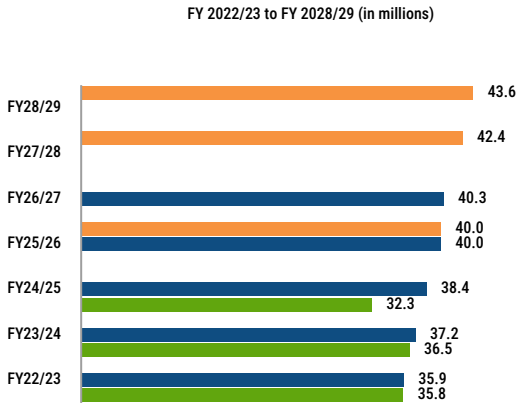
AUTO LIEU TAX

Auto Lieu Tax, also known as Vehicle License Tax, is part of the vehicle license fees collected by Maricopa County, but it is actually a state revenue source. Approximately 20 percent of the net revenues collected for the licensing of motor vehicles by the county are distributed back to incorporated cities and towns based on population in relation to the total incorporated population of the county. The only stipulation on the use of this revenue is that it must be spent on any municipal public purpose. The FY 2026/27 budgeted revenue is $13.3 million, which is an increase of $0.9 million from the FY 2025/26 budgeted revenue.



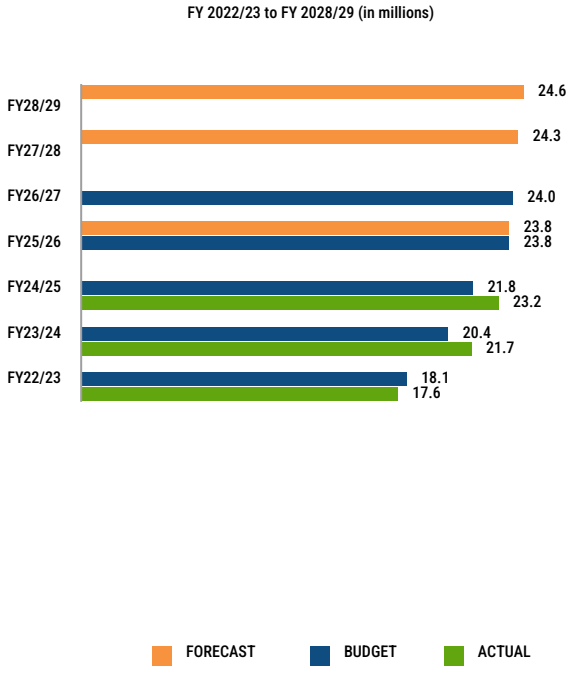
PROPERTY TAX

Property Tax represents the primary portion of the Property Tax which is levied on the assessed value of all property within the city to help pay for general governmental operation costs. By Arizona State Statute, the primary property levy is limited to an allowance for annexations and new construction, and a 2.0-percent increase per year, that was not approved for FY 2026/27. Primary property tax accounts for approximately 9.1 percent of the total adopted FY 2026/27 General Fund sources. The FY 2026/27 adopted primary property tax rate of $0.4708 per $100 of assessed valuation represents a $0.0183 decrease from the FY 2025/26 primary property tax rate. The FY 2026/27 budgeted revenue is $40.3 million, an increase of $0.3 million compared to the FY 2025/26 budgeted revenue, due to new construction.



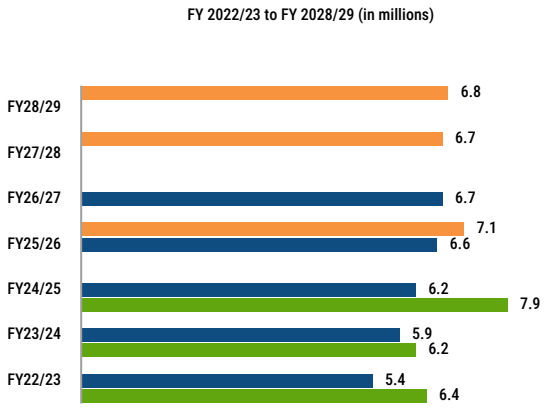
BUILDING PERMIT FEES & CHARGES

Building Permit Fees & Charges 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, and plumbing permits; and 4) the inspection of buildings/structures in the construction phase. The FY 2026/27 budgeted revenue is $24.0 million, which is an increase of $0.2 million from the FY 2025/26 budgeted revenue.



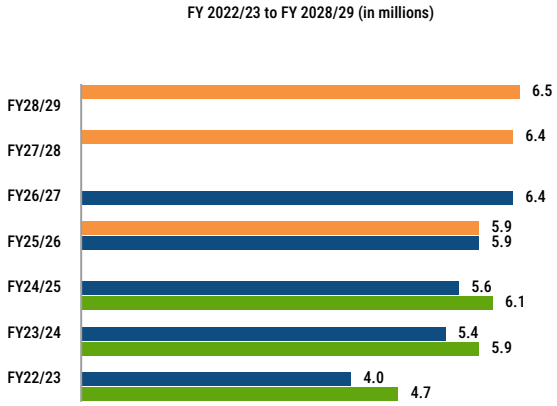
WESTWORLD EQUESTRIAN FACILITY FEES

WestWorld Equestrian Facility Fees include revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions and car shows, consumer and home shows, as well as recreational vehicle (RV) space rental at WestWorld. The FY 2026/27 budgeted revenue is mostly based on future confirmed bookings, and it is estimated to be $6.7 million, which is an increase of approximately $0.1 million from the FY 2025/26 budgeted revenue, due primarily to the increase in concessions rent payments.



PROPERTY RENTAL

Property Rental revenues are rental fees on facilities such as baseball fields, as well as funding received from the Tournament Players Club (TPC) for a percent of revenue on gross sales agreements. The FY 2026/27 budgeted revenue is estimated to be $6.4 million, which is an increase of $0.5 million from the FY 2025/26 budgeted revenue, mostly due to anticipated growth in revenues from cell tower leases, TPC operations, and golf course rentals.



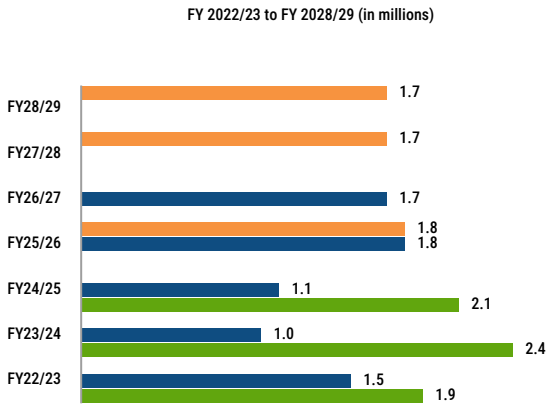
INTERGOVERNMENTAL

Intergovernmental revenue sources include payments for School Resource Officers (SRO) from the Public Safety Division to service local-area schools, a Salt River Pima-Maricopa Indian Community agreement for providing crime laboratory services, and payments for Fire insurances premium credits. The FY 2026/27 budgeted revenue is $6.2 million, which is an increase of $0.2 million from the FY 2025/26 budgeted revenue, due to higher collections from the fire insurance premium tax.



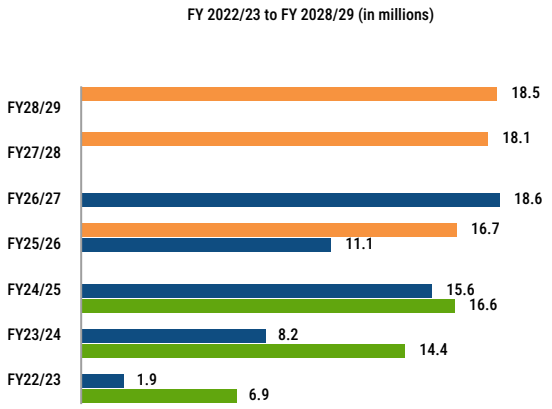
MISCELLANEOUS

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as reimbursement for dispatch services contracts, recovery of expenses, and sale of surplus items and recyclables. The FY 2026/27 budgeted revenue for Miscellaneous is $1.7 million.



INTEREST EARNINGS

Interest Earnings are generated on idle General Fund cash balances throughout the year. This revenue is a function of the relationship between the city's available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues. The FY 2026/27 budgeted revenue is $18.6 million, which is an increase of $7.5 million from the FY 2025/26 budgeted revenue. Per the Budget Governing Guidance, Appendix A of the Comprehensive Financial Policies, 50 to 100 percent of interest income is transferred to the CIP.



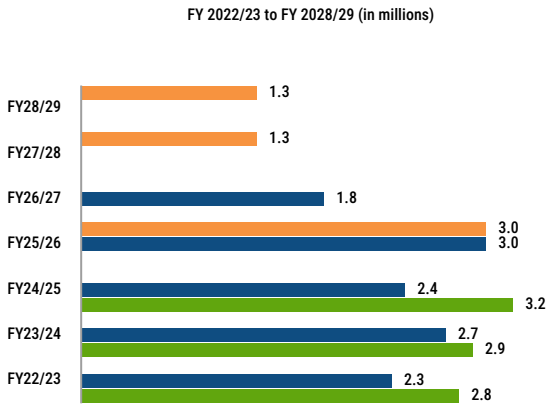
BUSINESS & LIQUOR LICENSES

Business & Liquor Licenses includes the licensing of business activity and associated fees for the licensure and regulation of specific activities such as short-term rental. The FY 2026/27 budgeted revenue is $2.7 million, which is flat compared to the FY 2025/26 adopted budget.



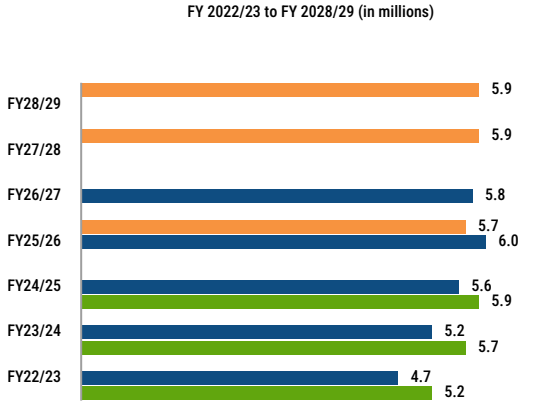
FIRE CHARGES FOR SERVICES

Fire Charges for Services includes fees for the cost recovery of fire and medical standbys at special events, after-hours inspections, ambulance staffing, medical enhancement costs associated with the ambulance agreement, and payments for ambulance emergency transportation service. In addition, the Fire Department collects fees for Cardiopulmonary Resuscitation (CPR) classes, permits, and incident reports. The FY 2026/27 budgeted revenue is $1.8 million, representing a $1.2 million decrease compared to the FY 2025/26 budgeted revenue.



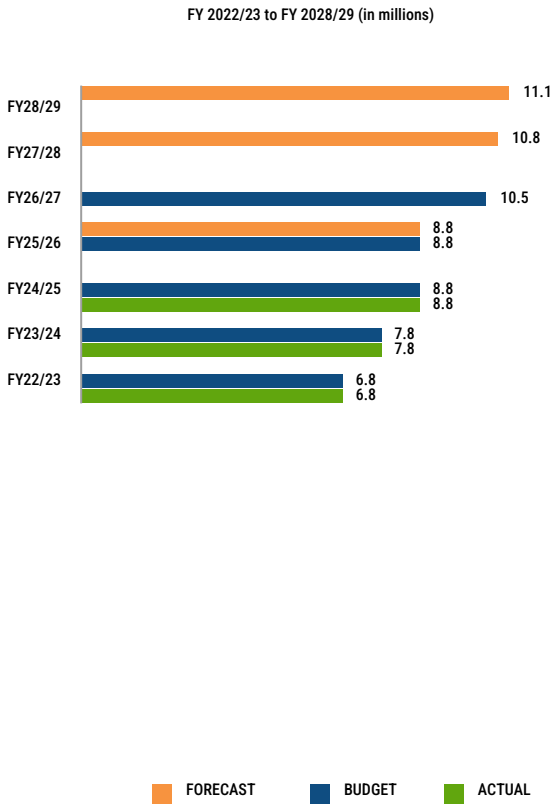
RECREATION FEES

Recreation Fees includes revenue from various recreational programs, classes, and entry fees. In accordance with the city's adopted financial policies, recreation fees are reviewed periodically and adjusted as needed to meet cost recovery targets as approved by City Council. The FY 2026/27 budgeted revenue of $5.8 million is $0.2 million lower than the FY 2025/26 budgeted revenue of $6.0 million.



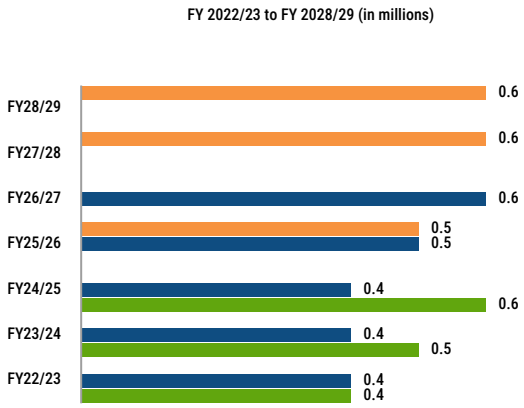
INDIRECT COSTS

Indirect Costs are payments for services provided by the General Fund to other operating areas within the city. These services include: Accounting, Human Resources, Information Technology, etc. The FY 2026/27 budgeted revenue for indirect cost is $10.5 million, which is $1.7 million higher than the adopted FY 2025/26 adopted budget.



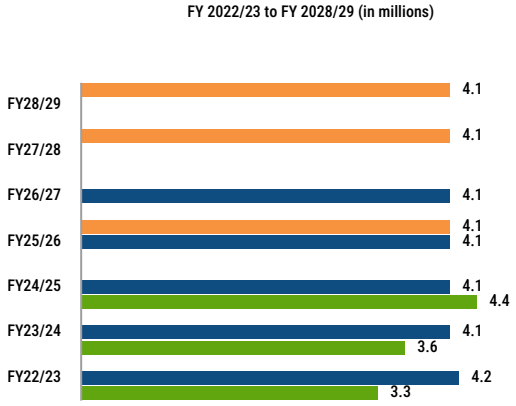
DIRECT COST ALLOCATION (FIRE)

Direct Cost Allocation (Fire) is the direct cost of fire services at the Scottsdale Airport. The FY 2026/27 budgeted revenue is $0.6 million, which is an increase of $0.1 million when compared to the FY 2025/26 budget. The revenue is received from the Aviation Fund.



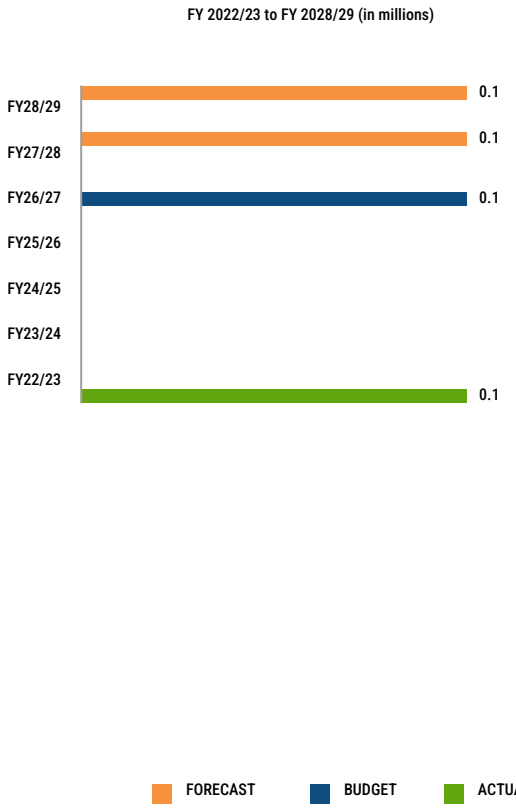
COURT FINES

Court Fines is the General Fund portion of penalties or fees assessed by State Statute, City Ordinance or the Presiding Judge. Examples include fines, a portion of the registration fee to attend Defensive Driving School, bonds forfeited to the city, and default fees. The other portions of the fines are included in the Special Programs Fund for Court Enhancement, the Judicial Collections Enhancement, or remitted to the State of Arizona. The FY 2026/27 budgeted revenue is $4.1 million, which is flat compared to the FY 2025/26 budget.



LIBRARY

Library fees are revenues collected from meeting room rentals at any of the four library branches and from when library materials are lost. Late fees were eliminated in FY 2020/21. The library fees budgeted revenue for FY 2026/27 is $78,726.



PARKING FINES

Parking Fines are the General Fund portion of parking fees assessed per City Ordinance. The FY 2026/27 budgeted revenue is $0.2 million, which is $0.1 million lower than the FY 2025/26 budgeted revenue. Other portions of the fines are included in the Special Programs Fund for Court Enhancement and Judicial Collections Enhancement.

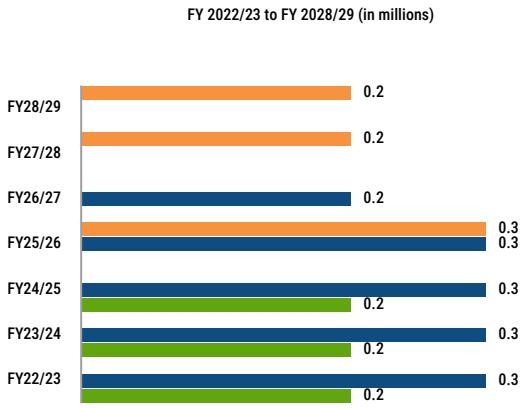
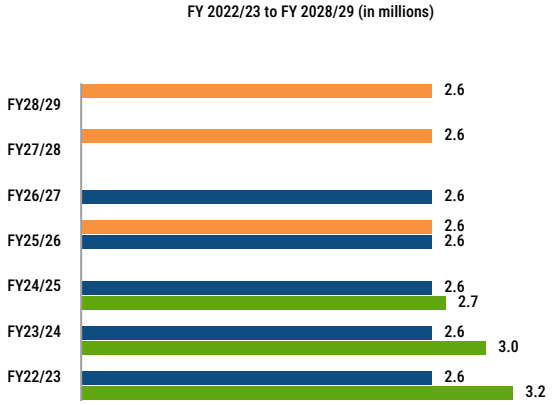


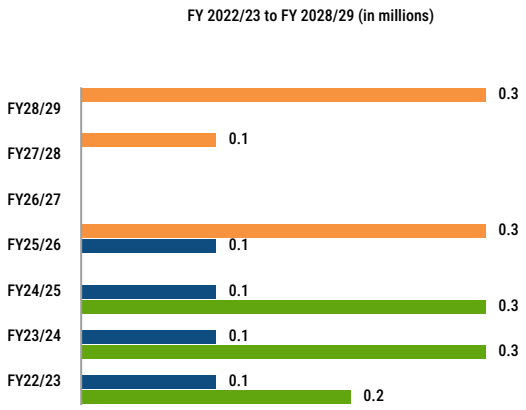
PHOTO RADAR

Photo Radar is the General Fund's portion of photo enforcement penalties as assessed by the Presiding Judge. Examples include red light fines, speeding fines, and a portion of the registration fee to attend Defensive Driving School. The other portions of the fines are included in the Special Programs Fund for Court Enhancement, Judicial Collections Enhancement, or remitted to the State of Arizona. The FY 2026/27 budgeted revenue is $2.6 million, which remains flat from the FY 2025/26 budget. Photo Radar revenue is offset by the costs to run the program. The use of photo radar by the Police Department is designed as a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.



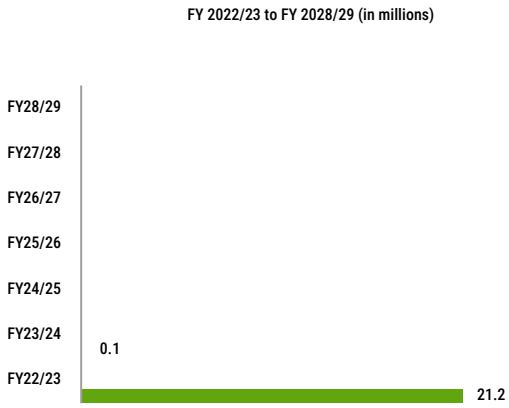
JAIL DORMITORY

The Jail Dormitory program, which allows offenders adjudicated outside of Scottsdale the opportunity to serve their sentence in the city's jail, started operations in FY 2020/21 with a nightly fee of $250. The fee is comparable to the average of two fees set by the Maricopa County Sheriff's Office. There is no budgeted revenue for FY 2026/27 because the jail will be closed for upgrades during the year.



MISCELLANEOUS OTHER

Miscellaneous revenue includes various revenues the city receives during any given year that are not attributable to one of the specific revenue categories noted previously, such as one-time development contributions, sale of properties, etc. FY 2022/23 represent one-time proceeds from 94th Street and Bell Road land sale. FY 2023/24 consisted of Juneteenth sponsorships. The FY 2026/27 budgeted revenue for Miscellaneous is $0, as this revenue source is uncommon.

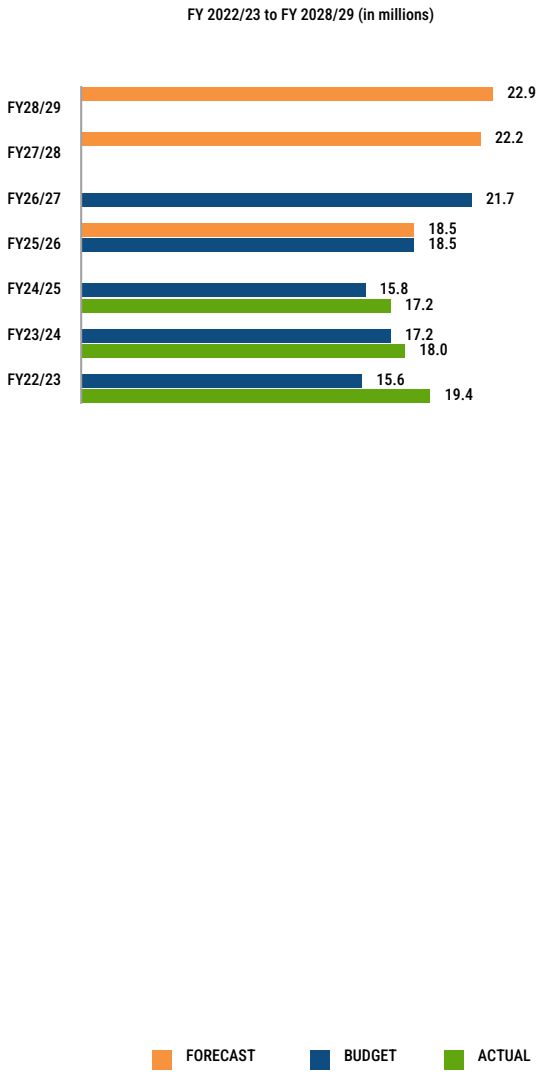


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. The FY 2026/27 General Fund adopted budget includes $21.7 million in Transfers In.

TRANSFERS IN

The FY 2026/27 adopted budget for Transfers In is $21.7 million and includes: 1) a total of $6.3 million from the Tourism Development Fund: $4.3 million to comply with Financial Policy No.10.02 which allocates 12 percent of the transient lodging/bed tax revenues to the General Fund; $1.0 million to payback the General Fund contribution for the Scottsdale Stadium renovation phase two; and $1.0 million to support city tourism operations at WestWorld, the short term rental program, and Sister Cities Association partnership; 2) $3.5 million from the Solid Waste Fund to repay a General Loan for the construction of the Transfer Station; 3) $0.2 million from the Risk Management Fund to support the replacement of a handrail at the Scottsdale Center for Performing Arts; 4) $0.3 million from the Special Programs Fund to cover Southwest Gas permit reimbursements; and 5) $11.4 million from the Water and Water Reclamation Fund for the Enterprise Franchise Fees, which is five percent of Water Services and Water Reclamation Charges. The city charges all utility companies, including the city's Water and Water Reclamation Fund, for the use of right-of-ways and medians.

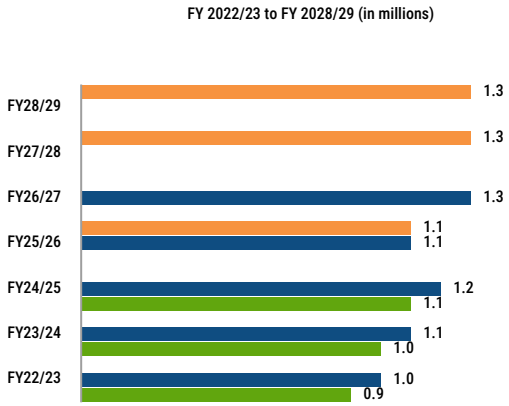


GENERAL FUND USES

The General Fund uses are presented by the following departments, additional non-departmental operating categories, debt service and transfers out. The decrease in FY 2026/27 is partially due to the one-time PSPRS pension liability paydown included in the FY 2025/26 adopted budget.

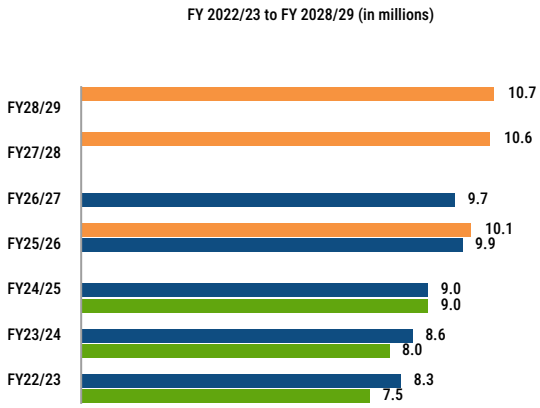
MAYOR AND CITY COUNCIL

The Mayor and City Council includes the voter-elected mayor, six Council members and operational support staff. The FY FY 2026/27 adopted budget is $1.3 million, an increase of $0.2 million from the FY 2025/26 adopted budget mainly due to furniture acquisition and travelling expenses, that will be needed in FY 2026/27.



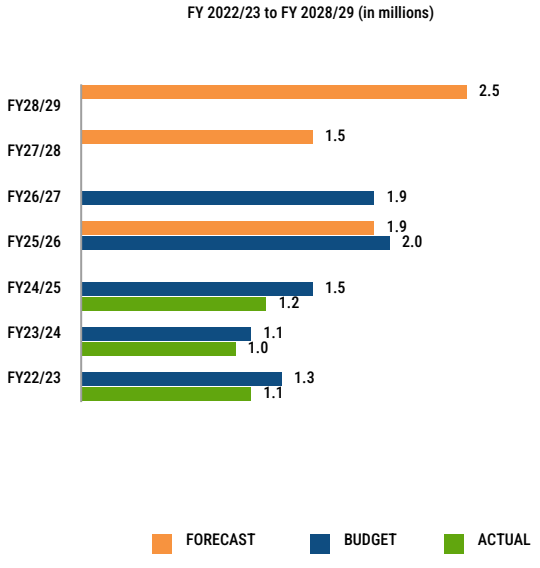
CITY ATTORNEY'S OFFICE

The City Attorney's Office provides the city with legal advice and includes Civil, Prosecution, and Victim Services. The FY 2026/27 adopted budget is $9.7 million, which is a decrease of $0.2 million when compared to the FY 2025/26 adopted budget. The decrease is mainly due to lower cost of property, liability, and workers' compensation insurance.



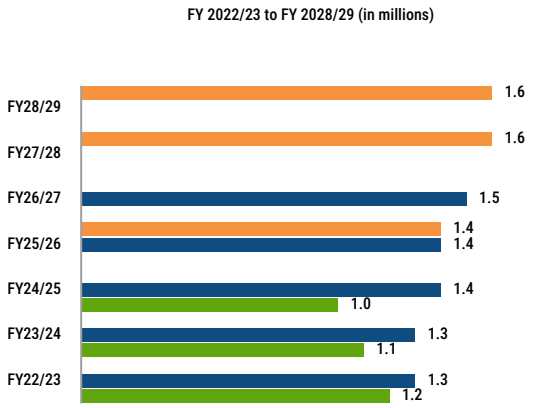
CITY CLERK'S OFFICE

The City Clerk's Office conducts all local elections, gives notice of all City Council meetings, keeps the records of council proceedings, administers the city's records management program, authenticates ordinances and resolutions, and provides administrative support to the council. The Clerk's expenses fluctuate from year to year due to the cycle of elections. The FY 2026/27 adopted budget is $1.9 million, a decrease of $0.1 million from the FY 2025/26 adopted budget, due to the removal of one-time funding for the November 2025 special election. Election-related expenses include: advertising, Spanish translations, informational pamphlets, and intergovernmental agreements.



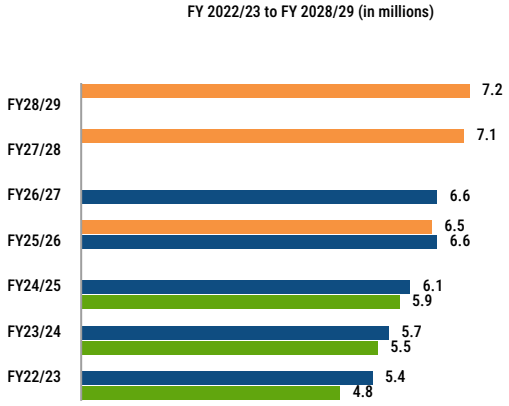
CITY AUDITOR'S OFFICE

The City Auditor's Office conducts audits to independently evaluate the operational efficiency and effectiveness, compliance and accountability of the city. The FY 2026/27 adopted budget is $1.5 million which is a $0.1 million increase compared to the FY 2025/26 adopted budget.



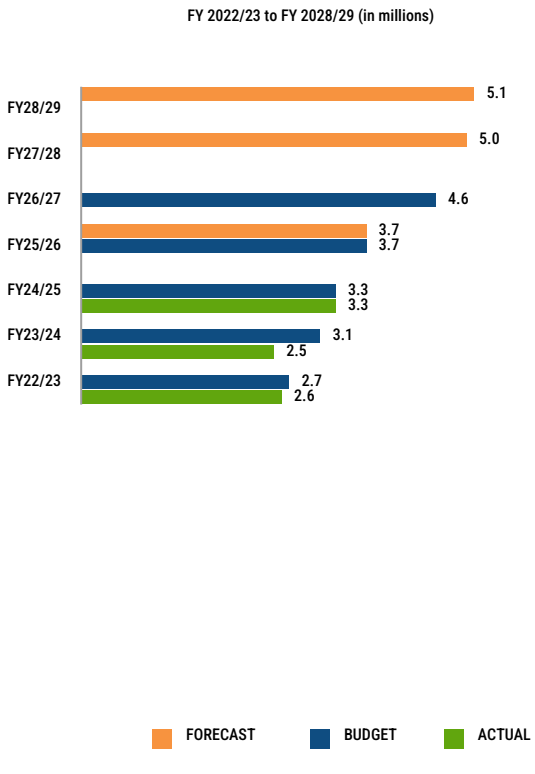
CITY COURT

The City Court is part of the integrated judicial system for Arizona and is the judicial branch for the city efficiently resolving civil traffic and misdemeanor violations, petty offenses, City Ordinance and code violations, and issuance of protective orders. The FY 2026/27 adopted budget is $6.6 million, which is flat compared to the FY 2025/26 adopted budget.



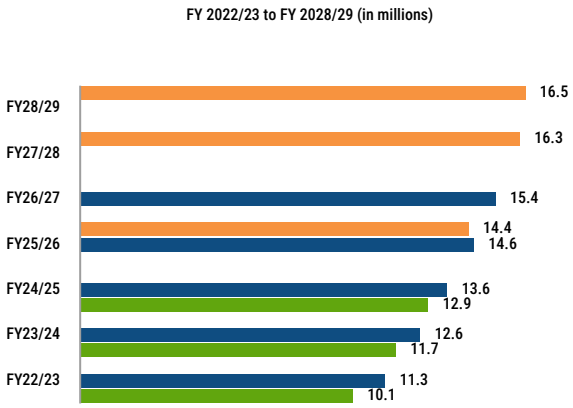
CITY MANAGER'S OFFICE

The City Manager's Office provides the organizational leadership necessary to successfully implement the policy direction of the City Council, communicate that direction to the organization, ensure the efficient, effective and economical delivery of services to citizens, and build relationships with other governments. The FY 2026/27 adopted budget is $4.6 million. This is an increase of $0.9 million compared to the FY 2025/26 adopted budget. The change is primarily due to increases in Personnel Services as a result of changes to the organizational structure.



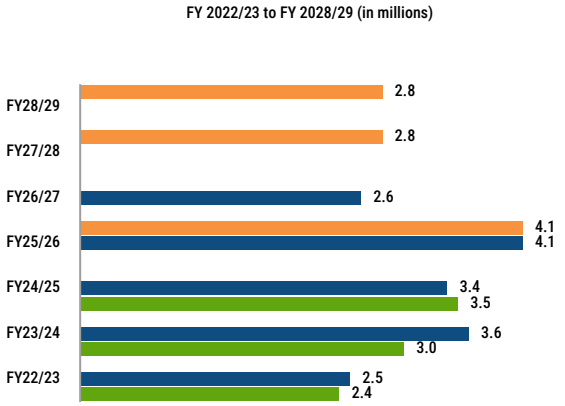
CITY TREASURER'S OFFICE

The City Treasurer's Office is responsible for providing City Council and management with timely financial reports, as well as oversight of the Accounting, Budget, Business Services, and Purchasing divisions. The FY 2026/27 adopted budget of $15.4 million represents an increase of $0.8 million from the FY 2025/26 adopted budget. The increase is mainly due to a FY 2026/27 pay for performance and market adjustment applied to eligible employees.



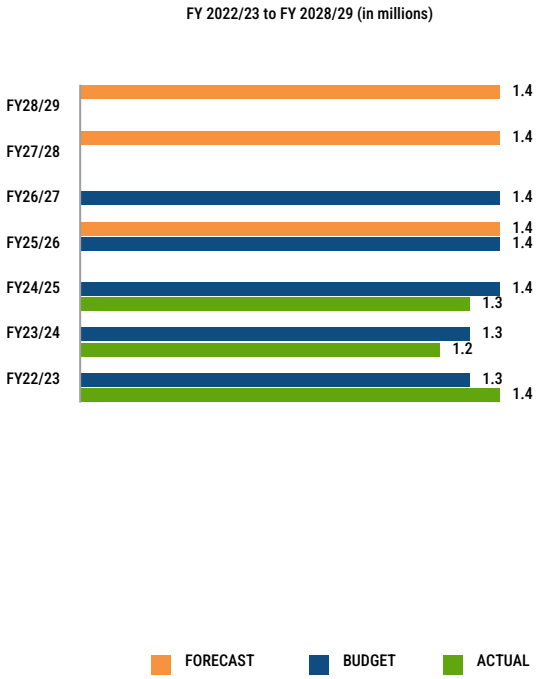
COMMUNICATIONS

The Communications Department serves as the primary source of city information, managing media relations, public outreach, and ensuring accurate and timely communication with citizens and employees. The FY 2026/27 adopted budget is $2.6 million, which is a $1.5 million decrease compared to the FY 2025/26 adopted budget. The decrease is mainly due to an organizational change in reporting structure.



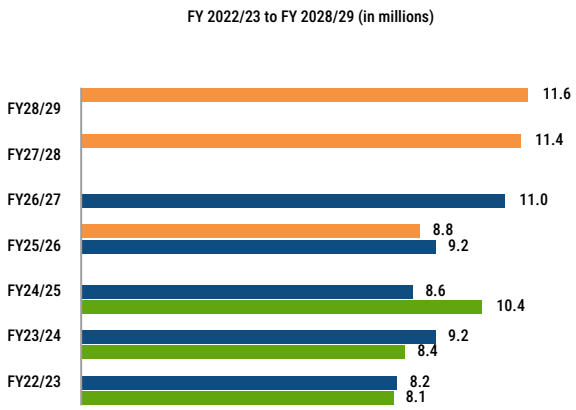
ECONOMIC DEVELOPMENT

Economic Development works to preserve Scottsdale as a great community, offering value-added programs to stimulate the economy, sustain, revitalize, and build upon the community's unique lifestyle and character. The FY 2026/27 adopted budget is $1.4 million, which is flat compared to the FY 2025/26 adopted budget.



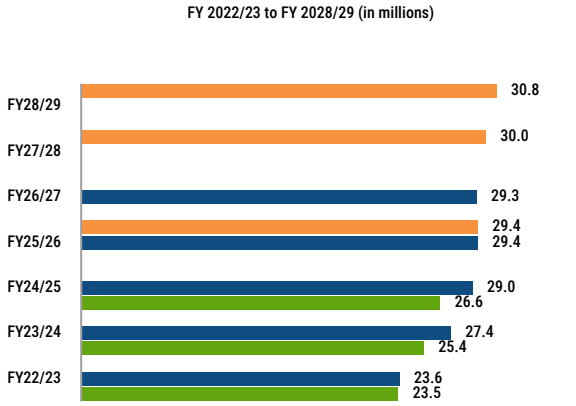
ENTERPRISE OPERATIONS/ADMINISTRATIVE SERVICES

The Enterprise Operations/Administrative Services Department consists of: 1) Aviation; 2) Financial Management Services; 3) Scottsdale Stadium; and 4) WestWorld. The department's mission is to collaborate across divisions to develop new strategic approaches to funding utilization, financial business relations, performance metrics, operating and capital planning, and to identify opportunities for operational synergies, cost efficiencies, and revenue growth. The FY 2026/27 adopted budget is $11.0 million, which is an increase of $1.8 million when compared to the FY 2025/26 adopted budget mainly due to: 1) establishing a budget for the new Financial Management Services Division; and 2) the addition of 4.00 full-time equivalents (FTE) at WestWorld.



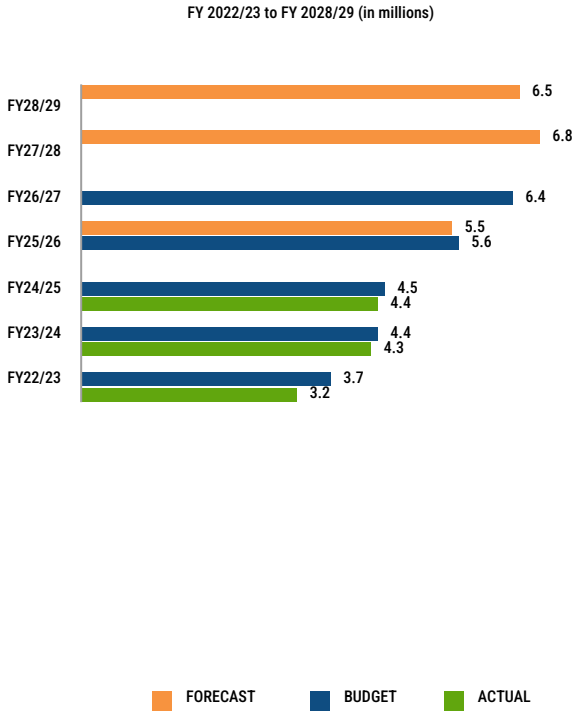
FACILITIES MANAGEMENT

The Facilities Management Department provides on-demand and preventative maintenance services, scheduled lifecycle equipment replacements, and Americans with Disabilities Act (ADA) improvements for approximately three million square feet of city-owned facilities. These facilities include office buildings, museums, performance venues, libraries, well sites, and recreation, aquatic and tennis centers, as well as critical infrastructure for Police, Fire, and Water Resources Departments. The FY 2026/27 adopted budget is $29.3 million, which is a decrease of $0.1 million compared to the FY 2025/26 adopted budget. This is primarily due to reductions in budget for replacement of major systems and tenant improvements.



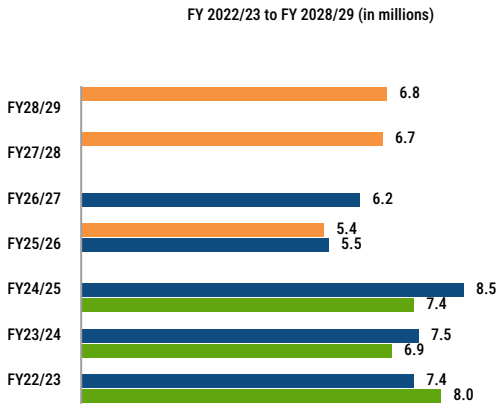
HUMAN RESOURCES

The Human Resources Department provides support in recruitment, employee relations, benefits administration, and training, to help ensure a productive and positive work environment for all city employees. The FY 2026/27 adopted budget is $6.4 million, which is a $0.8 million increase from the FY 2025/26 adopted budget mainly due to: 1) FY 2026/27 merit and market adjustments applied to eligible employees; and 2) an increase in contractual expenses to provide funding for software subscriptions and technological support to implement an online enterprise system.



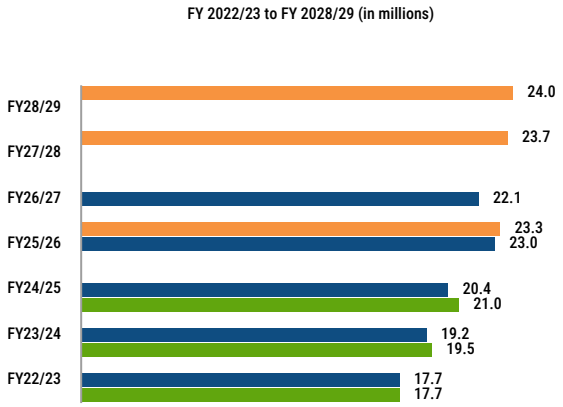
HUMAN SERVICES

The Human Services Department supports the quality of life in Scottsdale by providing services through Human Services and the Housing and Community Assistance Office. The FY 2026/27 adopted budget is $6.2 million, which is an increase of $0.7 million when compared to the FY 2025/26 adopted budget mainly due to: 1) FY 2026/27 merit and market adjustments applied to eligible employees; and 2) software maintenance and licensing costs.



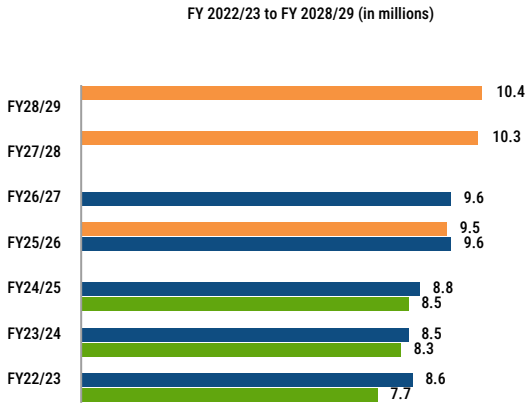
INFORMATION TECHNOLOGY

The Information Technology (IT) Department provides a dynamic, proactive technology environment that meets the city's existing and future departmental service needs through reliable and secure infrastructure and applications. The FY 2026/27 adopted budget is $22.1 million, which is a decrease of $0.9 million. The decrease is mainly due to the elimination of two full-time positions and the reduction of professional services and pursuing alternative funding sources for a system upgrade to prioritize other needs.



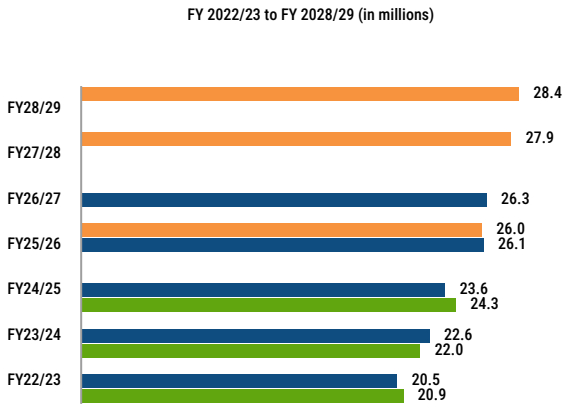
LIBRARY SERVICES

The Library Services Department supports the quality of life in Scottsdale by providing services through the Public Library System. The FY 2026/27 adopted budget is $9.6 million, which is flat when compared to the FY 2025/26 adopted budget.



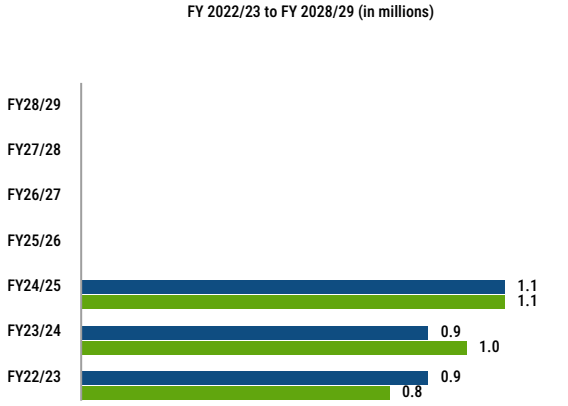
PARKS AND RECREATION

The Parks and Recreation Department manages a wide range of parks, open spaces, and facilities, while delivering a variety of programming that supports a healthy, inclusive, and active community. The FY 2026/27 adopted budget is $26.3 million, which is an increase of $0.2 million when compared to the FY 2025/26 adopted budget mainly due to FY 2026/27 merit and market adjustments applied to eligible employees.



PRESERVE

The Preserve Department manages Scottsdale's McDowell Sonoran Preserve. Beginning in FY 2025/26, the Preserve's maintenance is fully funded by the Park and Preserve Sales Tax.



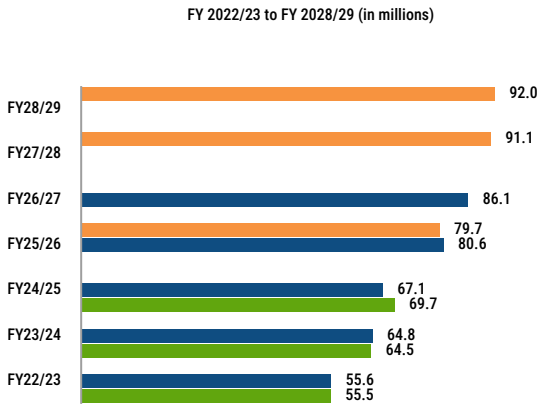
PLANNING AND DEVELOPMENT SERVICES

The Planning and Development Services Department works in partnership with the community to shape the city physically, sustainably, and aesthetically through preservation and revitalization to provide a high quality of life. The FY 2026/27 adopted budget is $17.4 million, which is a $2.4 million decrease compared to the FY 2025/26 adopted budget. The decrease is primarily due to organizational restructure: Code Enforcement was moved from Planning and Development Services to the Police Department.



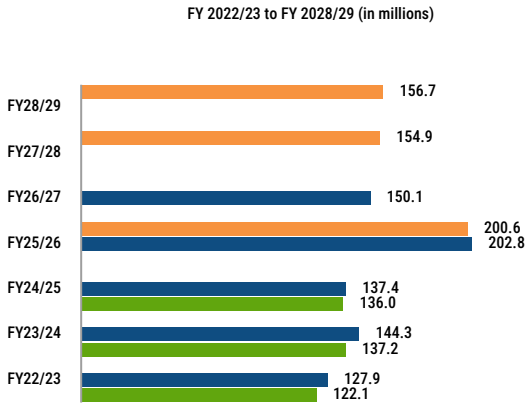
FIRE DEPARTMENT

The Fire Department responds to emergencies through timely, skilled, and compassionate service, including fire, emergency medical, chemical, biological, nuclear and radiologic, wildland, and technical rescue. The FY 2026/27 adopted budget is $86.1 million, which is an increase of $5.5 million when compared to the FY 2025/26 adopted budget. The increase is mainly due to: 1) merit, market, and step program adjustments to eligible employees in FY 2026/27; and 2) a one-time $2.0 million payment to the Public Safety Personnel Retirement System to pay down the unfunded liability.



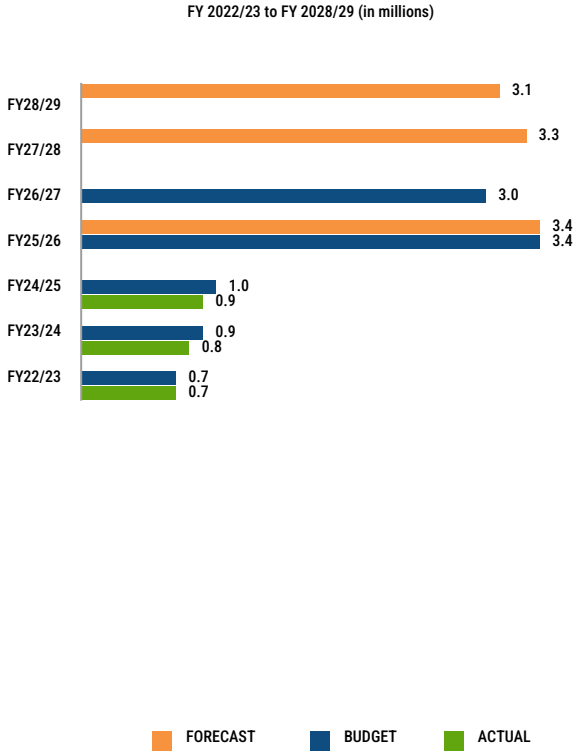
POLICE DEPARTMENT

The Police Department provides efficient and effective police services to the community, including confronting crime, responding to citizens' and visitors' concerns, and seeking citizen involvement and partnerships. The operating areas include Police Uniformed Services, Investigative Services, Operational Services, and the Office of the Police Chief. The FY 2026/27 adopted budget of $150.1 million is $52.7 million less than the FY 2025/26 adopted budget. The decrease is primarily driven by the completion of a one-time, $50.0 million PSPRS payment to pay down unfunded liability.



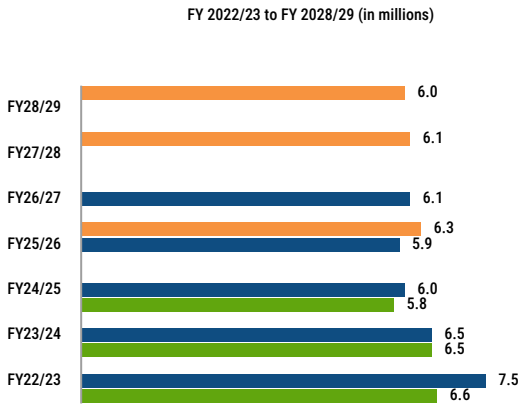
TRANSPORTATION AND INFRASTRUCTURE

Transportation and Infrastructure manages the oversight of capital projects, which includes design, project management, and construction of capital improvement projects including infrastructure, and acquires, manages, and disposes of city-owned land and land rights. Additionally, Transportation and Infrastructure provides for the safe, efficient, and convenient movement of people and goods throughout the city. The FY 2026/27 adopted budget is $3.0 million, which is a decrease of $0.4 million compared to the FY 2025/26 adopted budget. This is primarily due to organizational restructuring.



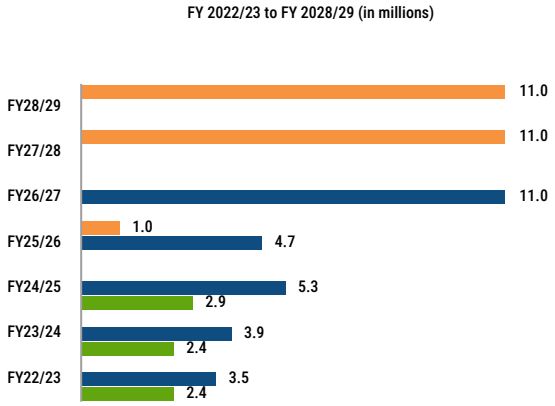
TOURISM AND EVENTS

Tourism and Events helps make Scottsdale a premier destination to visit, experience, and host events. The department advances the visitor economy through destination strategy, tourism marketing partnerships, special event permitting and coordination, market research, tourism-related capital investment, and responsible administration of public funding. It also oversees a key partnership with Scottsdale Arts, which delivers cultural programming and manages Scottsdale's municipal public art collection. The FY 2026/27 adopted budget is $6.1 million, which is an increase of $0.2 million compared to the FY 2025/26 adopted budget.



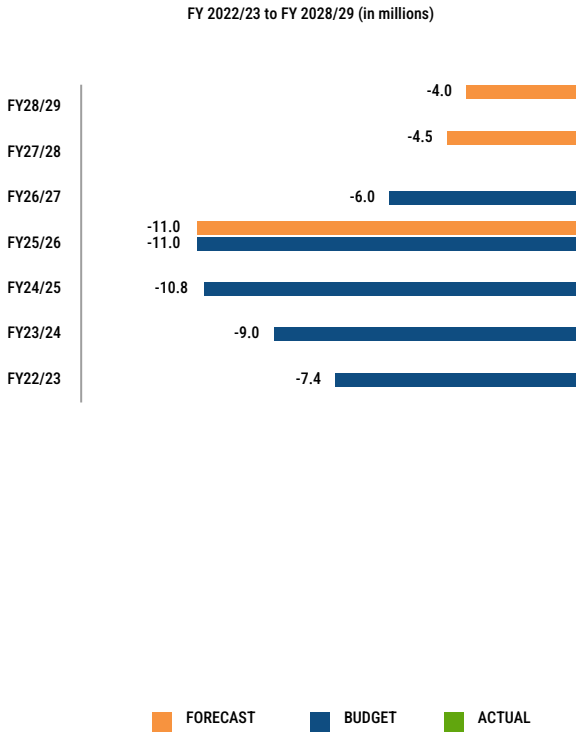
PERSONNEL PROGRAMS

Personnel Programs include non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. The FY 2026/27 adopted budget is $11.0 million, which is a $6.3 million increase compared to the FY 2025/26 adopted budget. The increase is mainly due to salary adjustments and longevity pay for sworn fire and police personnel, as well as annual payments for employees who have reached the top of their pay grade.



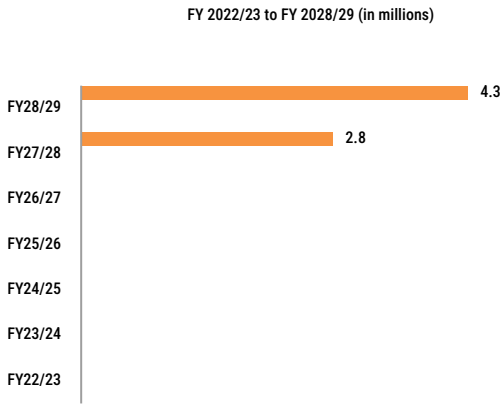
VACANCY SAVINGS

The amount of savings accrued from vacant positions for FY 2026/27 is estimated at ($6.0) million. The significant amount of annual vacancy savings accrued since FY 2022/23 reflects challenges in the labor market and are the result of more resignations and retirements within the city than anticipated. Since then, a comprehensive review of vacant positions was performed to identify efficiencies and better align resources with organizational priorities that resulted in a lower estimated vacancy savings amount.



OPERATING IMPACTS

Operating impacts are defined as the additional expenses or savings resulting from a capital project. These impacts may include costs such as maintenance, hiring new full-time employees (FTEs), or other ongoing operational expenses. In FY2026/27 and years prior, operating impacts have been included at the division level. FY 2027/28 through FY 2028/29 are forecasted based on the adopted CIP Five-Year Plan.

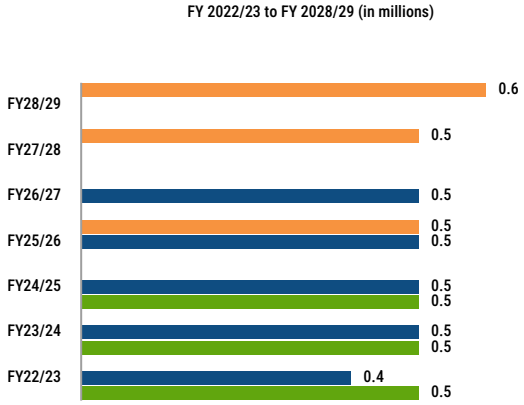


DEBT SERVICE

Debt Service is the payment of principal, interest, and related service charges on obligations resulting from the issuance of bonds.

CONTRACTS PAYABLE

Contracts Payable is primarily contractual debt related to land leased at WestWorld and Tournament Players Club (TPC) from the Bureau of Reclamation. The FY 2026/27 Contracts Payable budget is $0.5 million.

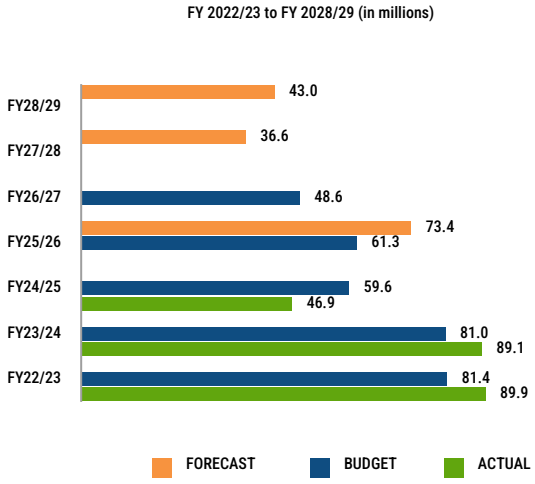


TRANSFERS OUT

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

TRANSFERS OUT

The FY 2026/27 adopted budget for Transfers Out is $48.6 million and includes: 1) a total of $4.5 million an operating loan to the Ambulance Service Fund that will be repaid utilizing future excess proceeds; 2) $10.3 million will be transferred to the Debt Service Fund for MPC bonds issued; 3) $33.7 million transferred to Capital Improvement Funds for future capital projects; and 5) a $0.1 million subsidy to the Healthcare Disabled Retiree Fund approved by City Council.

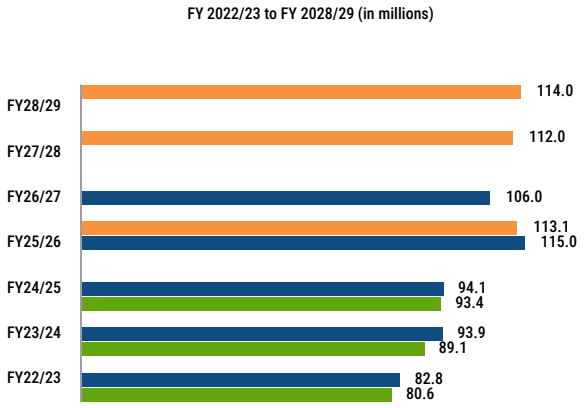


GENERAL FUND ENDING BALANCE

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

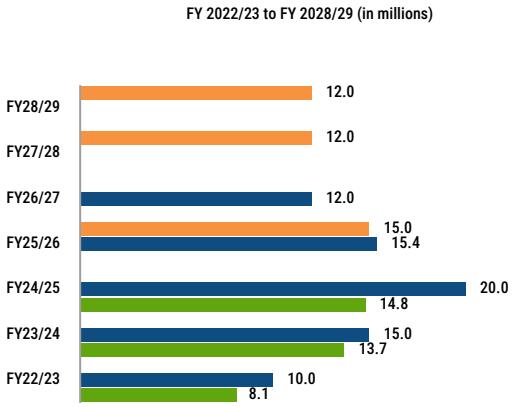
EMERGENCY AND OPERATING RESERVE

The Emergency and Operating Reserve complies with Financial Policies 2.01 and 2.02. The General Fund maintains an Emergency Reserve (5 percent of operating uses, excluding transfers out) for immediate-response emergencies and an Operating Reserve (20 percent of operating uses, excluding transfers out) for significant unexpected events or revenue shortfalls. Use of the Emergency Reserve must be appropriated by Council, although the City Manager may authorize immediate expenditures to protect health, safety and welfare (with a report to Council as soon as practical). Use of the Operating Reserve requires Council approval. Reserves used must be restored to policy levels within one fiscal year (Emergency) or two fiscal years (Operating). The FY 2026/27 Emergency and Operating Reserve designated fund balance is $106.0 million.



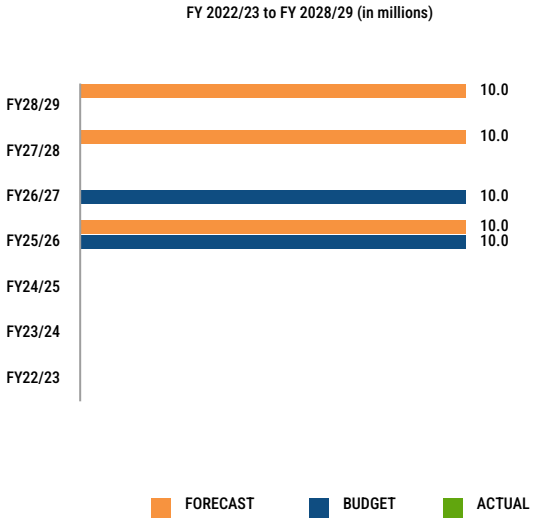
OPERATING CONTINGENCY

Operating Contingency for FY 2026/27 is set at $12.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and required City Council approval.



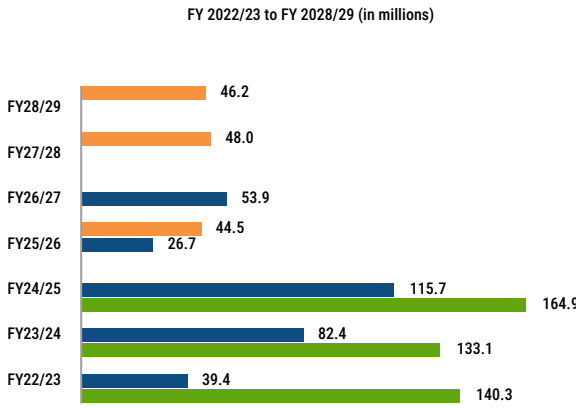
FACILITIES REPAIR/REPLACEMENT RESERVE

Facilities Repair/Replacement Reserve for FY 2026/27 is set at $10.0 million of budget authorization to address major facility repairs and replacement needs that arise unexpectedly. This reserve ensures that critical building systems and infrastructure can be maintained when unforeseen failures, urgent maintenance issues occur. Use of these funds requires approval from the City Council.



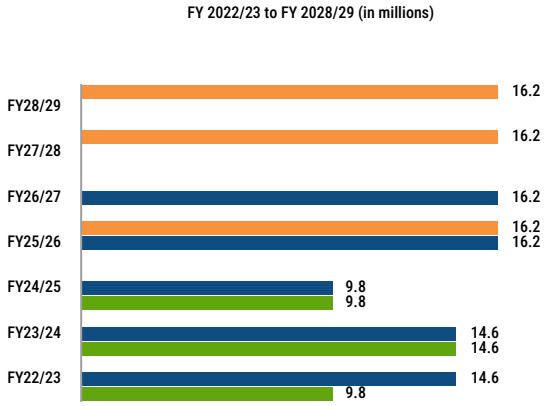
PSPRS PENSION LIABILITIES

Public Safety Personnel Retirement System (PSPRS) is an Arizona pension system for public safety personnel. The PSPRS Pension Liabilities designation is to address the unfunded liability and shore-up the city's portion of the pension program for public safety personnel. The FY 2026/27 PSPRS Pension Liabilities fund balance designation is $53.9 million.



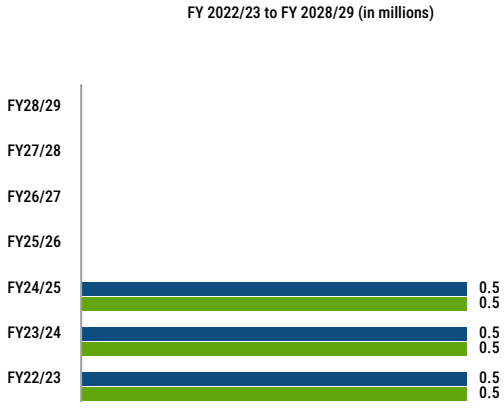
DEVELOPMENT AGREEMENTS

Designation created in FY 2019/20 for eligible infrastructure reimbursements associated with milestones achieved in development agreements. The FY 2026/27 Development Agreements fund balance designation is $16.2 million.



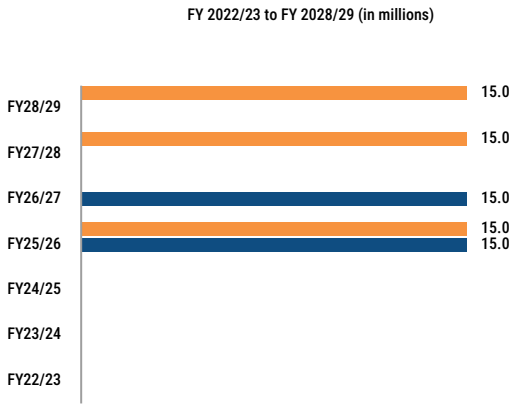
INNOVATION INITIATIVES

The Innovation Initiatives reserve designation was created in FY 2022/23 to support projects that benefit the community and support organizational goals and City Council initiatives. There is no budget adopted for the FY 2026/27 General Fund Innovation Initiatives designation.



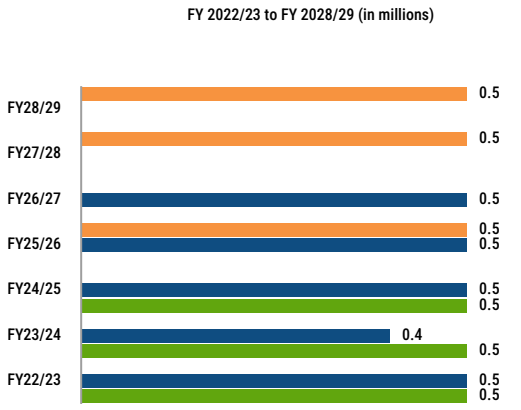
REVENUE LOSS RESERVE

A Revenue Loss Reserve is a type of contingency or reserve fund established to offset unexpected decreases in revenue. These reserves are strictly defined in the city's financial policies and are used when additional funds are necessary to maintain service levels due to unforeseen revenue shortfalls, unanticipated grants, or inadequately budgeted events that threaten public health or safety. Use of these funds requires City Council's approval. The FY 2026/27 adopted budget is $15.0 million.



GENERAL FUND BALANCE

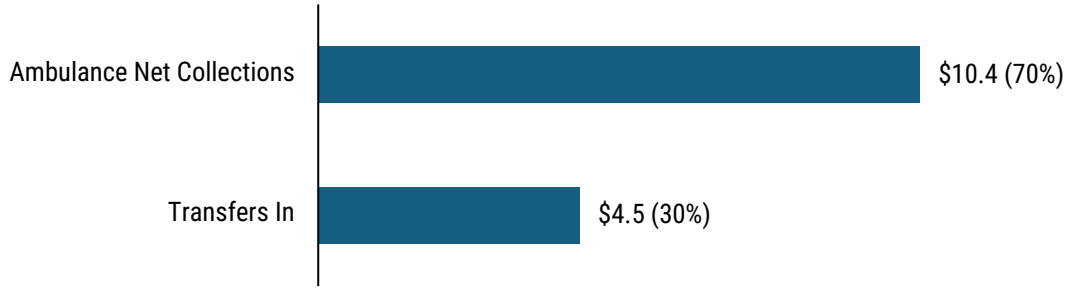
General Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2026/27 General Fund Balance is $0.5 million. Under prudent fiscal management practices, this balance may be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.



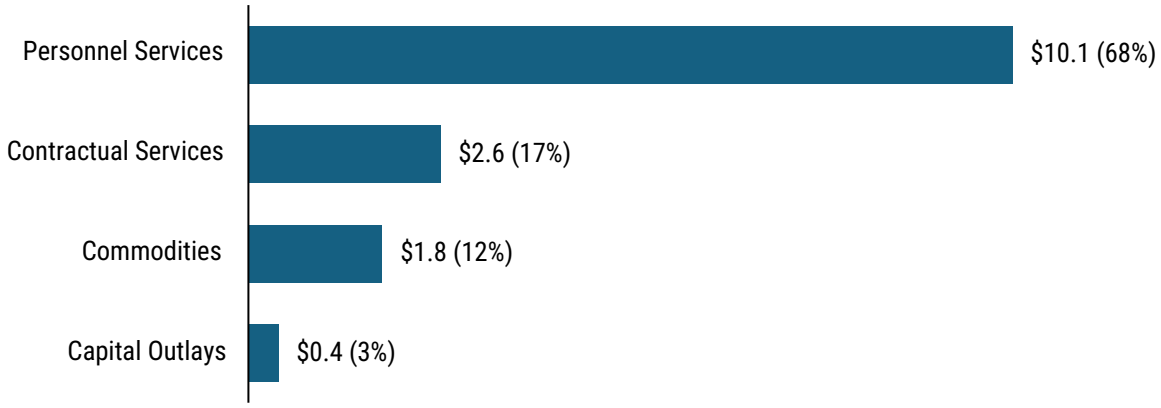
FUND PURPOSE

The Ambulance Service Fund records activity associated with the city's ambulance service, which is operated by the Fire Department. The implementation of the ambulance service is planned in multiple phases. Phase one, launched in December 2024, introduced three ambulances into service and one reserve. Phase two, launched in December 2025, included an additional three in service ambulances and two reserves. Phase three, scheduled to begin in December 2026, will include three additional in service ambulances and three reserves. The Ambulance Service Fund will receive a General Fund Operating Loan to support operations, which will be repaid utilizing future excess proceeds.

Ambulance Service Fund Sources (% of Total)
$14.9 Million



Ambulance Service Fund Uses (% of Total)
$14.9 Million



Rounding differences may occur

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

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Ambulance Service Fund Balance[a]	(1,337,777)	-	(4,183,733)	-	-	-	-	-
Total Beginning Fund Balance	**(1,337,777)**	**-**	**(4,183,733)**	**-**	**-**	**-**	**-**	**-**
Revenues								
Ambulance Net Collections	1,534,535	7,748,832	5,749,158	10,370,951	12,413,466	13,200,778	13,666,766	14,149,203
Interest Income Non-Pooled	6,071	-	-	-	-	-	-	-
Subtotal	**1,540,605**	**7,748,832**	**5,749,158**	**10,370,951**	**12,413,466**	**13,200,778**	**13,666,766**	**14,149,202**
Transfers In								
General Fund Operating[a]	-	2,348,647	8,496,463	**4,502,446**	**2,064,396**	**1,819,190**	**2,178,477**	**2,462,074**
Subtotal	**-**	**2,348,647**	**8,496,463**	**4,502,446**	**2,064,396**	**1,819,190**	**2,178,477**	**2,462,074**
Total Sources	**1,540,605**	**10,097,479**	**14,245,621**	**14,873,397**	**14,477,862**	**15,019,968**	**15,845,243**	**16,611,276**
Expenditures[b][c][d]								
Personnel Services	2,789,418	6,933,581	6,897,990	10,149,058	10,973,458	11,433,851	12,169,585	12,844,064
Contractual Services	797,367	1,295,219	1,295,219	2,553,597	2,363,993	2,391,738	2,424,611	2,456,663
Commodities	738,519	1,464,676	1,464,676	1,769,228	1,140,411	1,194,379	1,251,047	1,310,549
Capital Outlays	61,257	404,003	404,003	401,514	-	-	-	-
Subtotal	**4,386,561**	**10,097,479**	**10,061,888**	**14,873,397**	**14,477,862**	**15,019,968**	**15,845,243**	**16,611,276**
TOTAL OPERATING BUDGET	**4,386,561**	**10,097,479**	**10,061,888**	**14,873,397**	**14,477,862**	**15,019,968**	**15,845,243**	**16,611,276**
Total Uses	**4,386,561**	**10,097,479**	**10,061,888**	**14,873,397**	**14,477,862**	**15,019,968**	**15,845,243**	**16,611,276**
Sources Over/(Under) Uses	**(2,845,956)**	**-**	**4,183,733**	**-**	**-**	**-**	**-**	**-**
Ending Fund Balance								
Ambulance Service Fund Balance[a]	(4,183,733)	-	-	-	-	-	-	-
Total Ending Fund Balance	**(4,183,733)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

[a] General Fund Operating Transfers provide support to the ambulance service, maintain a net zero fund balance, and resolve any negative fund balances.

[b] Indirect Costs not included in operating expenses.

[c] Some program direct costs (e.g. support costs) are accounted for in other fund Five Year Forecasts.

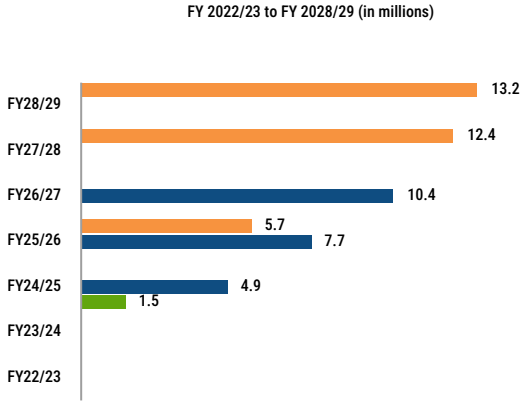
[d] A total of 15 ambulances (CIP projects EJ02 and PE2602) and four vehicles (CIP project PE2501) will be purchased at a total budgeted cost of $6.7 million to fully implement all phases of the ambulance service.

AMBULANCE SERVICE FUND SOURCES

Ambulance Fund sources include ambulance service revenue and a transfer in from the General Fund. FY 2026/27 sources are budgeted at $14.9 million.

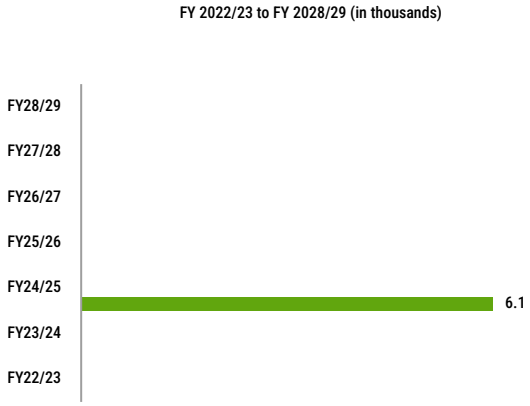
AMBULANCE NET COLLECTIONS

Ambulance Net Collections includes emergency service revenue generated by providing timely door-to-door medical care, safe transport for patients who need complex and basic medical interventions, and for mileage driven based on the distance traveled while transporting patients to local hospitals and specialty centers. The FY 2026/27 budgeted revenue is $10.4 million, which is an increase of $2.7 million when compared to the FY 2025/26 adopted budget. The increase is primarily due to: 1) deploying phase three of the ambulance service midway through the fiscal year, scheduled to begin December 2026, which will include the addition of three in service ambulances; and 2) phase two of the ambulance service launched in December 2025, midway through the fiscal year, which resulted in partial-year revenue for FY 2025/26, whereas FY 2026/27 will reflect a full-year of phase two revenue.



INTEREST INCOME NON-POOLED

Interest Income Non-Pooled is generated from an Ambulance Service Fund bank account. There is currently no budget for FY 2026/27.



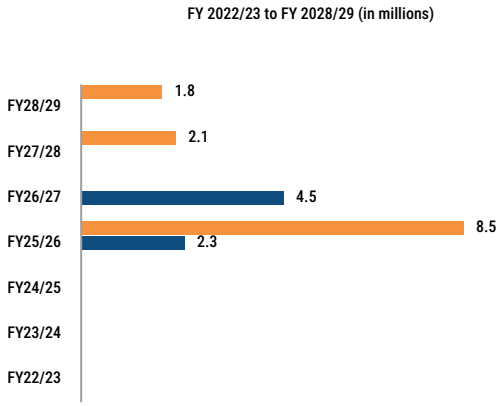
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

FORECAST BUDGET ACTUAL

GENERAL FUND OPERATING

General Fund Operating represents funding to support operations and services provided by the Ambulance Service Fund. The FY 2026/27 budgeted transfer in is $4.5 million, which will vary annually based on funding requirements. The FY 2025/26 forecast includes funding requirements for FY 2023/24, FY 2024/25, and FY 2025/26.

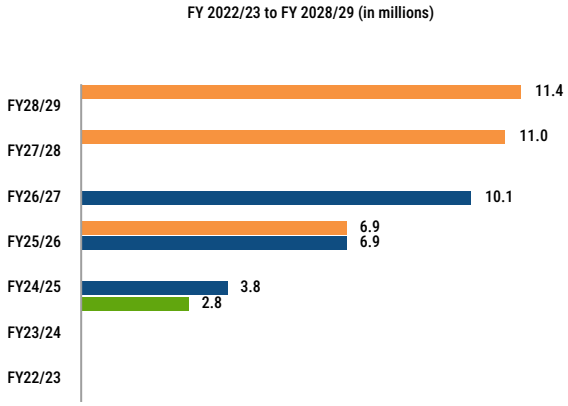


AMBULANCE SERVICE FUND USES

Ambulance Service Fund Uses include Personnel Services, Contractual Services, Commodities, and Capital Outlays. FY 2026/27 adopted budget is $14.9 million.

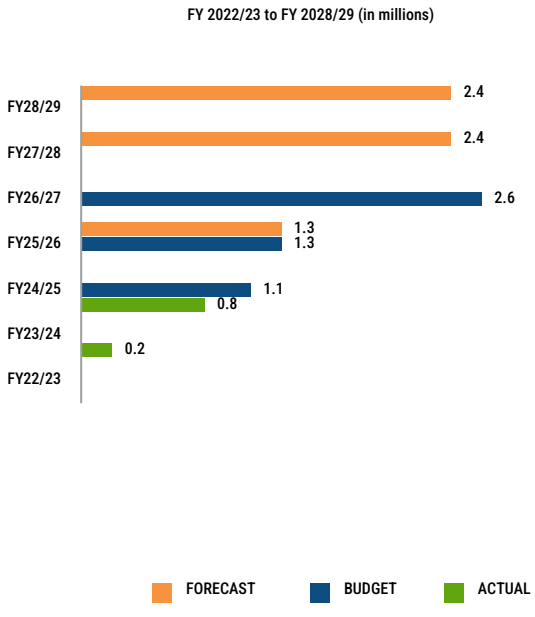
PERSONNEL SERVICES

Personnel Services include the compensation paid to employees of the City of Scottsdale, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2026/27 adopted budget is $10.1 million, which is an increase of $3.2 million when compared to the FY 2025/26 adopted budget. The increase is mainly due to the addition of 22.00 full-time equivalent (FTE) positions to support phase three of the ambulance service. The Ambulance Service Fund supports 74.00 FTE positions.



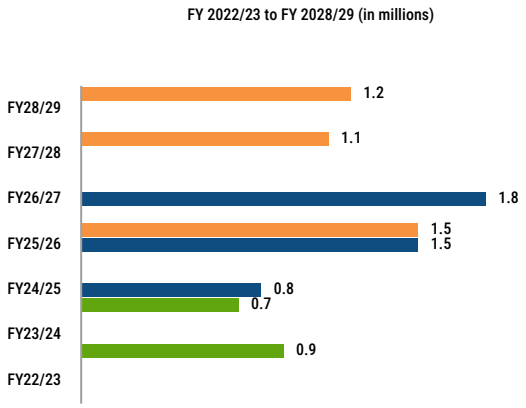
CONTRACTUAL SERVICES

Contractual Services include expenditures for services performed by firms, individuals, or other city departments such as custodial services, trash removal, and mowing. The FY 2026/27 adopted budget is $2.6 million, which is an increase of $1.3 million when compared to the FY 2025/26 adopted budget mainly due to costs associated with phase three of the ambulance service such as tuition to train firefighters, fleet replacement costs, and billing and collection services.



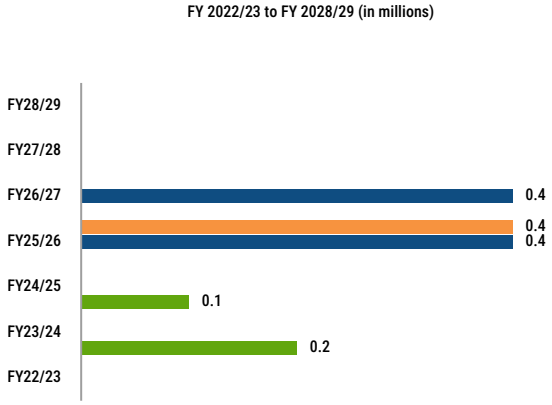
COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The FY 2026/27 adopted budget is $1.8 million, which is an increase of $0.3 million when compared to the FY 2025/26 adopted budget. The increase is mainly due to uniforms and personal protective equipment for new firefighters, required medical supplies for ambulances, and tools necessary for operation.



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2026/27 adopted budget is $0.4 million, which is flat when compared to FY 2025/26 adopted budget and provides funding for cardiac monitors, ambulance chairs, chest compression systems, and portable radios for ambulances and staff.

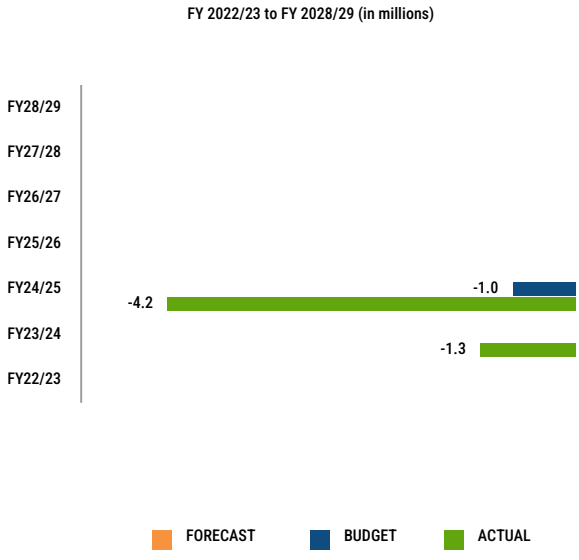


AMBULANCE SERVICE FUND ENDING BALANCE

The Ambulance Service Fund Endings Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2026/27 ending balance is zero.

AMBULANCE SERVICE FUND BALANCE

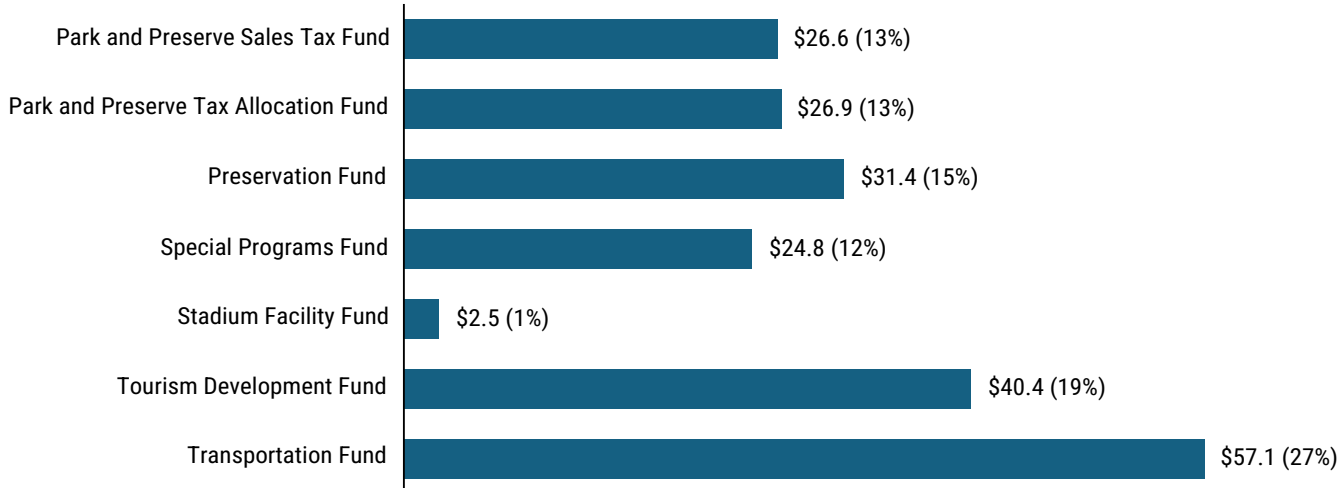
The Ambulance Service Fund Balance accounts for any funds remaining after the designation to all other uses, contingencies, and reserves. The FY 2026/27 Ambulance Service Fund Balance is zero and is expected to remain at zero until Transfers In from the General Fund are fully repaid.



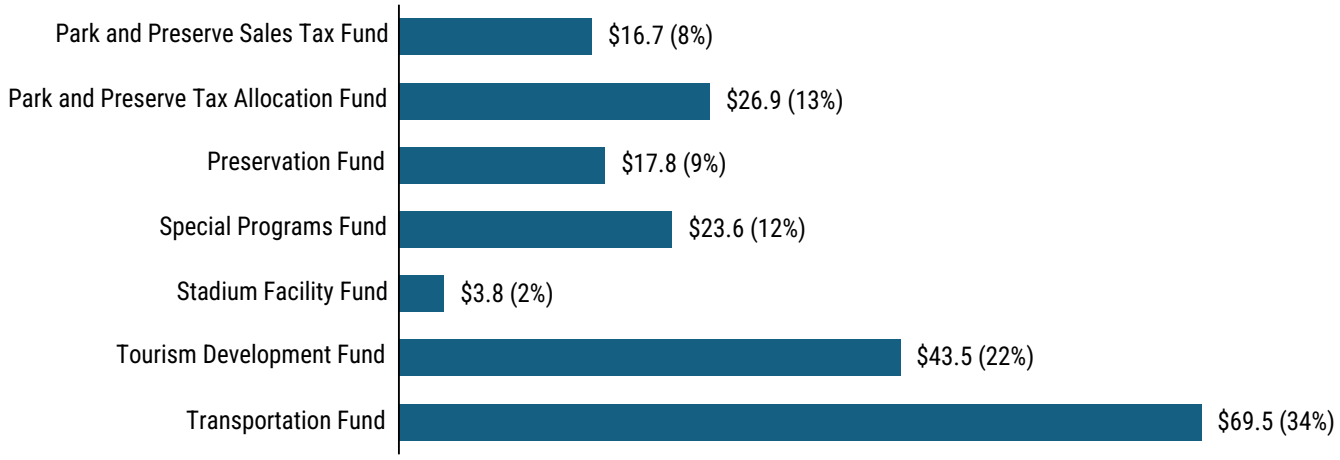
SPECIAL REVENUE FUNDS DESCRIPTION

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Examples of restricted revenues that must be spent on specific purposes are Sales Tax - Transportation (0.20%), Sales Tax - Parks and Preservation (0.15%), Highway User Tax, Transient Occupancy Tax, and revenue for special programs such as the Police 30-Day Tow program. The sections to follow discuss each of the funds in more detail.

Special Revenue Fund Sources (% of Total)
$209.8 Million



Special Revenue Fund Uses (% of Total)
$202.0 Million

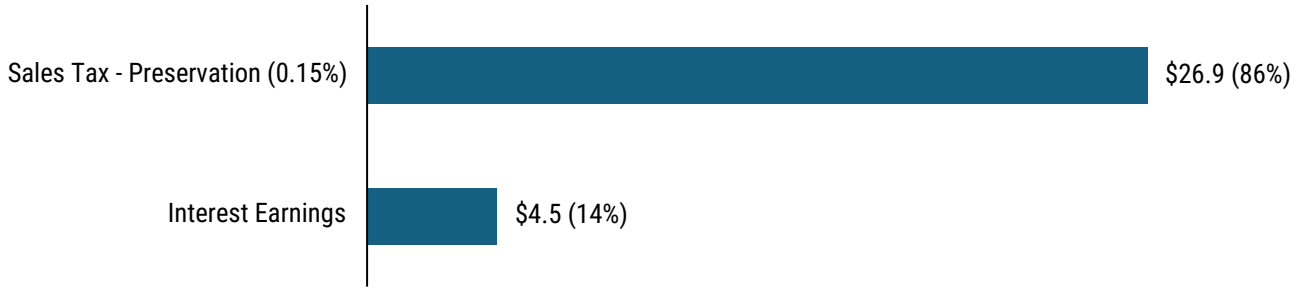


Rounding differences may occur.
Note: Per financial policy No. 11, the Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and after all debt requirements are satisfied, funds are transferred to the respective Park and Preserve Tax Funds; of these revenues, $600,000 is allocated to debt service of the Arizona Water Infrastructure Finance Authority (WIFA), with the remainder transferred to the Park and Preserve Sales Tax Fund.

FUND PURPOSE

The Preservation Fund accounts for the portion of the city's sale tax dedicated to the purchase of about 30,500 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, which expired June 2025. In May 2004, voters approved a 0.15 percent increase to the city's sales tax dedicated to the purchase of land and improvements within the McDowell Sonoran Preserve and does not expire until 2034, but is shown in the adopted budget as ending after FY 2026/27 based on preliminary estimates and assumptions of early debt retirement, which may change if council approves additional qualified projects. Differing from the 1995 tax, the 2004 tax allows for 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 Out is made to the Debt Service Fund and Capital Improvement Plan (CIP) to pay debt service payments associated with bonds issued for land purchases and capital projects within the Preserve.

Preservation Fund Sources (% of Total)
$31.4 Million



Preservation Fund Uses (% of Total)
$17.8 Million



Rounding differences may occur.

BUDGET BY FUND | Preservation Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Debt Service Reserve	38,849,700	26,406,235	26,670,700	17,826,544	115,742,300	-	-	-
Restricted For Capital	98,834,854	133,461,023	138,473,020	149,363,227	65,008,060	69,875,441	54,446,365	38,617,605
Total Beginning Fund Balance	**137,684,554**	**159,867,258**	**165,143,720**	**167,189,771**	**180,750,360**	**69,875,441**	**54,446,365**	**38,617,605**
Revenues								
Sales Tax - Preservation (0.15%)[a]	26,419,962	25,214,185	26,117,571	26,919,309	-	-	-	-
Sales Tax - Preservation (0.20%)[b]	35,226,577	-	3,341,724	-	-	-	-	-
Interest Earnings	4,819,936	4,436,344	4,454,704	4,467,824	4,867,381	1,945,924	1,546,240	1,131,488
Subtotal	**66,466,475**	**29,650,529**	**33,913,999**	**31,387,133**	**4,867,381**	**1,945,924**	**1,546,240**	**1,131,488**
Total Sources	**66,466,475**	**29,650,529**	**33,913,999**	**31,387,133**	**4,867,381**	**1,945,924**	**1,546,240**	**1,131,488**
Transfers Out								
CIP	157,128	11,750,000	5,500,000	-	-	17,375,000	17,375,000	-
Debt Service GO Bonds	38,850,180	26,406,235	26,367,948	17,826,544	115,742,300	-	-	-
Subtotal	**39,007,308**	**38,156,235**	**31,867,948**	**17,826,544**	**115,742,300**	**17,375,000**	**17,375,000**	**-**
Total Uses	**39,007,308**	**38,156,235**	**31,867,948**	**17,826,544**	**115,742,300**	**17,375,000**	**17,375,000**	**-**
Sources Over/(Under) Uses	**27,459,167**	**(8,505,706)**	**2,046,051**	**13,560,589**	**(110,874,919)**	**(15,429,076)**	**(15,828,760)**	**1,131,488**
Ending Fund Balance								
Debt Service Reserve	26,670,700	17,826,600	17,826,544	115,742,300	-	-	-	-
Restricted For Capital	138,473,020	133,534,952	149,363,227	65,008,060	69,875,441	54,446,365	38,617,605	39,749,093
Total Ending Fund Balance	**165,143,720**	**151,361,552**	**167,189,771**	**180,750,360**	**69,875,441**	**54,446,365**	**38,617,605**	**39,749,093**

[a] The 2004 voter approved 0.15 percent sales tax is dedicated to the purchase of land and improvements within the McDowell Sonoran Preserve and does not expire until 2034, but is shown on the five-year plan as ending after FY 2026/27 based on preliminary estimates and assumptions of early debt retirement, which may change if Council approves additional qualified projects.

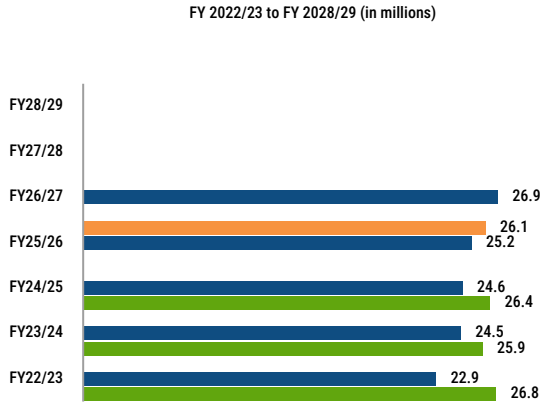
[b] The 1995 voter approved 0.20 percent sales tax was dedicated to the purchase of land within the McDowell Sonoran Preserve and expired on June 30, 2025. Collections received after FY 2024/25 represent taxes collected by vendors prior to expiration of the tax, but remitted to the city after July 1, 2025.

PRESERVATION FUND SOURCES

Preservation Fund sources for FY 2026/27 are budgeted at $31.4 million, an increase of $1.7 million when compared to the FY 2025/26 adopted budget. The same methodology for developing the sales tax forecast in the General Fund is also used for the Preservation Fund.

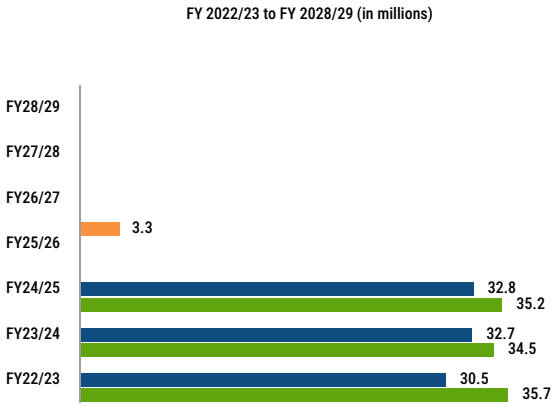
SALES TAX - PRESERVATION (0.15%)

Sales Tax - Preservation (0.15%) represents the 2004 voter approved 0.15 percent city sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve and construction of essential Preserve related necessities such as trailheads. The tax does not expire until 2034, but is shown on the five-year plan as ending after FY 2026/27 based on preliminary estimates and assumptions of early debt retirement, which may change if council approves additional qualified projects. The FY 2026/27 budgeted revenue is $26.9 million, which is an increase of $1.7 million when compared to the FY 2025/26 adopted budget.



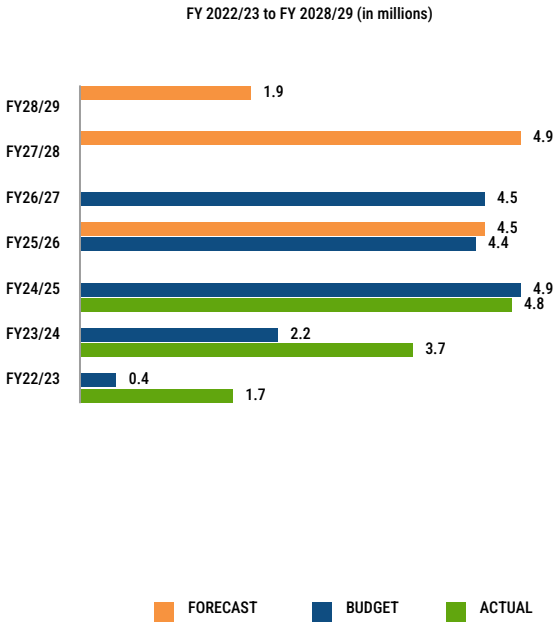
SALES TAX - PRESERVATION (0.20%)

Sales Tax - Preservation (0.20%) represents the 1995 voter approved 0.20 percent city sales tax dedicated to the purchase of land within the McDowell Sonoran Preserve, which expired June 2025. June 2025 tax returns reported in July 2025, delinquent tax returns, and audits resulted in additional funds received after the expiration of the tax.



INTEREST EARNINGS

Interest Earnings is based on the available cash balance and interest rate. The city earns interest on funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2026/27 budgeted revenue is $4.5 million, which is relatively flat when compared to the FY 2025/26 adopted budget.



PRESERVATION FUND USES

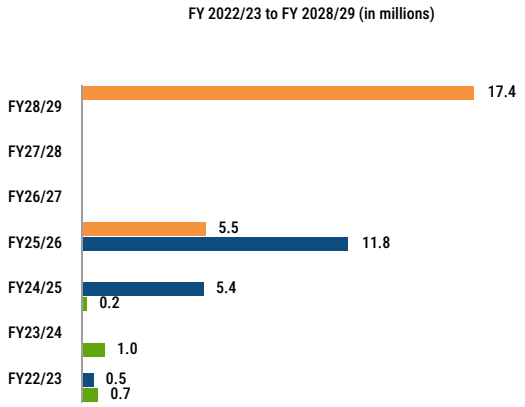
Preservation Fund uses are presented as Transfers Out to other funds. Uses for FY 2026/27 are budgeted at $17.8 million, a decrease of $20.3 million when compared to the FY 2025/26 adopted budget.

TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resource to other funds or the Capital Improvement Plan (CIP).

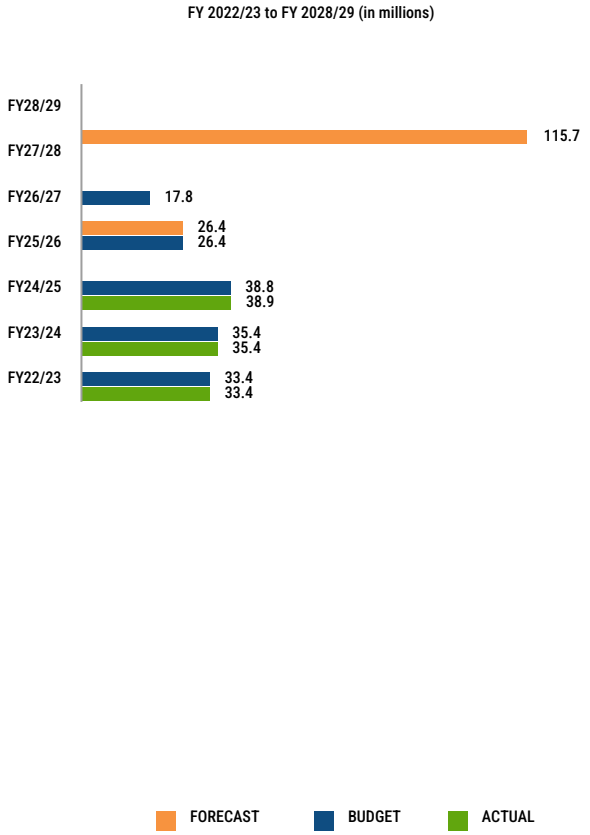
CIP

Transfers Out to the Capital Improvement Plan (CIP) is for capital Preserve projects. The FY 2026/27 adopted budget does not include a transfer out to the CIP. The FY 2025/26 forecast is $5.5 million, which is a decrease of $6.3 million when compared to FY 2025/26 adopted budget due to the following projects being approved for design only: Gateway Trailhead Improvements, Lost Dog Wash Trailhead Improvements, and Tom's Thumb Trailhead Improvements. The FY 2028/29 forecast includes a $17.4 million transfer for the Rio Verde Wildlife Crossing project.



DEBT SERVICE GO BONDS

Debt Service General Obligation (G.O.) Bonds are Transfers Out from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve G.O. debt service. The FY 2026/27 adopted budget is $17.8 million, which is a decrease of $8.6 million when compared to the FY 2025/26 adopted budget primarily due to lower payments for the 2020 G.O. Refunding Preserve Bonds and paying off the Refunding 2015 G.O. Preserve Bonds. Debt service related to the 0.15 percent Preservation Sales Tax will be paid off in FY 2027/28.

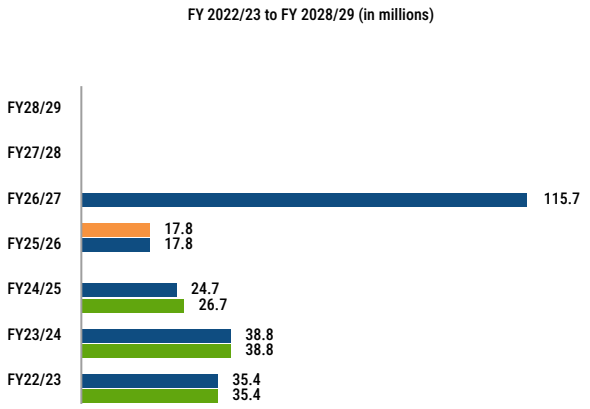


PRESERVATION FUND ENDING BALANCE

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

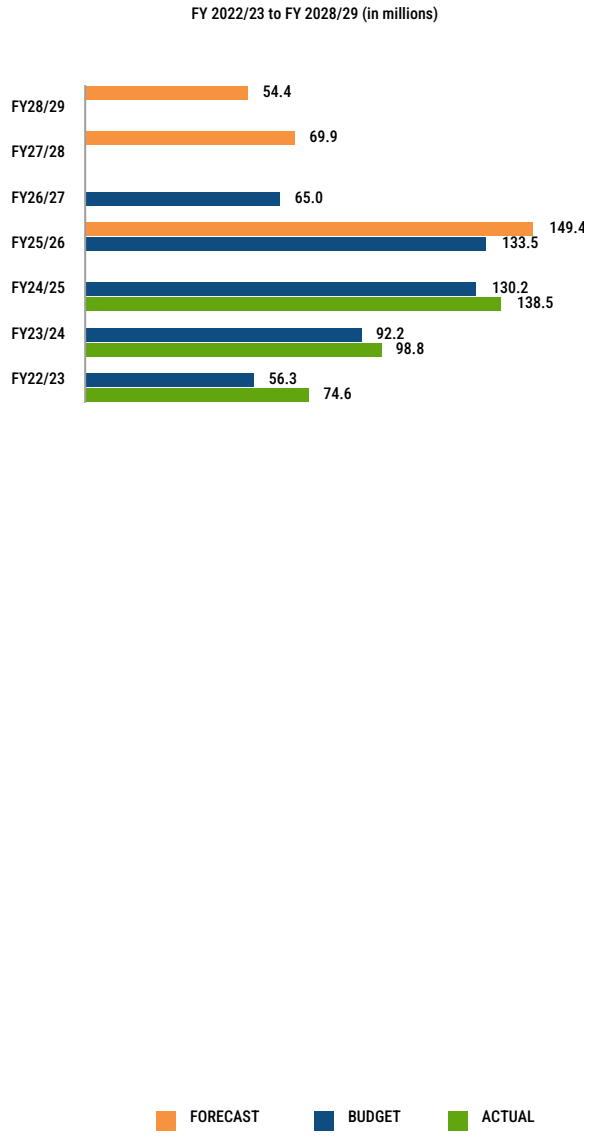
DEBT SERVICE RESERVE

Per Financial Policy No. 2.07, the Debt Service Reserve is equal to the next fiscal year's debt service and will be used to pay future debt service. The Debt Service Reserve balance for FY 2026/27 is $115.7 million. Debt service related to the 0.15 percent Preservation Sales Tax will be paid off in FY 2027/28.



RESTRICTED FOR CAPITAL

Restricted for Capital accounts for any funds remaining after the designation of all other reserves/uses. The Restricted for Capital reserve for FY 2026/27 is $65.0 million. This reserve will begin to decrease in FY 2028/29 as a result of paying off debt service related to the 0.15 percent Preservation Sales Tax.



FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approved Proposition 490 in November of 2024 and Ordinance No. 4633, the city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of McDowell Sonoran Preserve, including police and fire security and protection. Per Financial Policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and after all debt requirements are satisfied, will be transferred to the respective Park and Preserve Tax Funds as follows: 1) 51 percent to the Park Improvements Fund; 2) 18 percent to the Preserve Maintenance Fund; 3) 14 percent to the Park Maintenance Fund; 4) 10 percent to the Fire Mitigation Fund; and 5) seven percent to the Police Ranger Fund.

Park and Preserve Tax Allocation Fund Sources (% of Total)
$26.9 Million



Park and Preserve Tax Allocation Fund Uses (% of Total)
$26.9 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Allocation Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance	-	-	-	-	-	-	-	-
Revenues								
Sales Tax	-	25,214,181	25,378,059	26,919,309	27,744,279	28,723,765	29,874,199	31,225,566
Subtotal	-	**25,214,181**	**25,378,059**	**26,919,309**	**27,744,279**	**28,723,765**	**29,874,199**	**31,225,566**
Total Sources	-	**25,214,181**	**25,378,059**	**26,919,309**	**27,744,279**	**28,723,765**	**29,874,199**	**31,225,566**
Transfers Out								
WIFA Debt[a][b]	-	725,000	-	600,000	600,000	1,450,000	1,450,000	1,450,000
Fire Mitigation - 10%	-	2,448,918	2,537,806	2,631,931	2,714,428	2,727,377	2,842,420	2,977,557
Park Improvements - 51%	-	12,489,482	12,942,810	13,422,848	13,843,582	13,909,620	14,496,341	15,185,539
Park Maintenance - 14%	-	3,428,485	3,552,928	3,684,703	3,800,199	3,818,327	3,979,388	4,168,579
Police Ranger - 7%	-	1,714,243	1,776,464	1,842,352	1,900,100	1,909,164	1,989,694	2,084,290
Preserve Maintenance - 18%	-	4,408,053	4,568,051	4,737,476	4,885,970	4,909,278	5,116,356	5,359,602
Subtotal	-	**25,214,181**	**25,378,059**	**26,919,309**	**27,744,279**	**28,723,765**	**29,874,199**	**31,225,566**
Total Uses	-	**25,214,181**	**25,378,059**	**26,919,309**	**27,744,279**	**28,723,765**	**29,874,199**	**31,225,566**
Sources Over/(Under) Uses	-	-	-	-	-	-	-	-
Ending Fund Balance	-	-	-	-	-	-	-	-

[a] WIFA Debt is dedicated to funding WestWorld drainage projects.

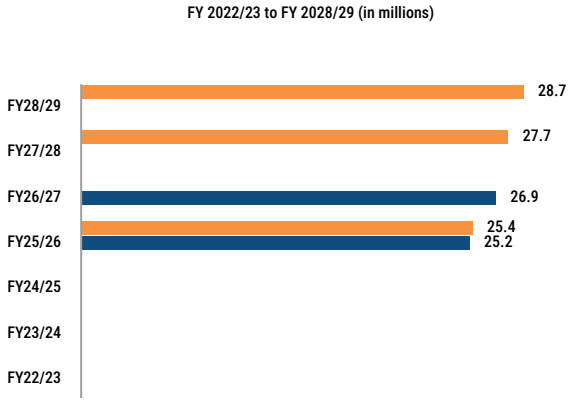
[b] All allocations to other Park and Preserve Tax Funds are calculated after deducting WIFA debt from the 0.15% Park and Preserve Sales tax collections.

PARK AND PRESERVE TAX FUND - ALLOCATION SOURCES

Per Financial Policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and after all debt requirements are satisfied, are transferred to the respective Park and Preserve Tax Funds. The FY 2026/27 budgeted revenue for the Park and Preserve Tax Allocation Fund is $26.9 million.

SALES TAX

Beginning in FY 2025/26, in accordance with voter approved Proposition 490 in November of 2024 and Ordinance No. 4633, the city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of McDowell Sonoran Preserve, including police and fire security and protection. The FY 2026/27 budgeted sales tax revenue is $26.9 million.



PARK AND PRESERVE TAX ALLOCATION FUND USES

Park and Preserve Tax Allocation Fund uses are directed by Ordinance No. 4633 and include transfers out to satisfy debt requirements and to Park and Preserve Tax Funds. The FY 2026/27 adopted budget is $26.9 million.

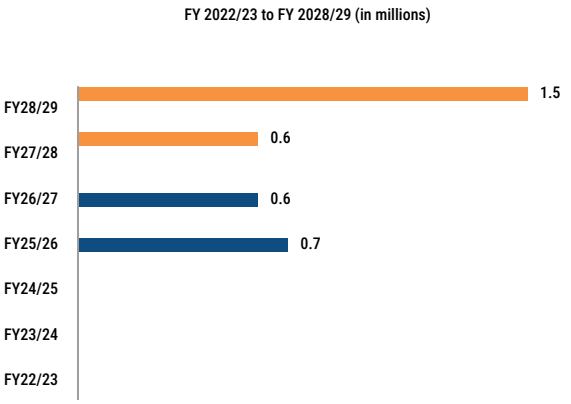
TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resources to other funds.

WIFA DEBT

WIFA (Water Infrastructure Financing Authority) Debt represents Park and Preserve Tax revenues that are transferred to debt service and will be used to satisfy debt requirements as required by bond covenants. Debt requirements will be limited to no more than $4.5 million of the Park and Preserve Tax revenues on an annual basis. The FY 2026/27 adopted budget is $0.6 million

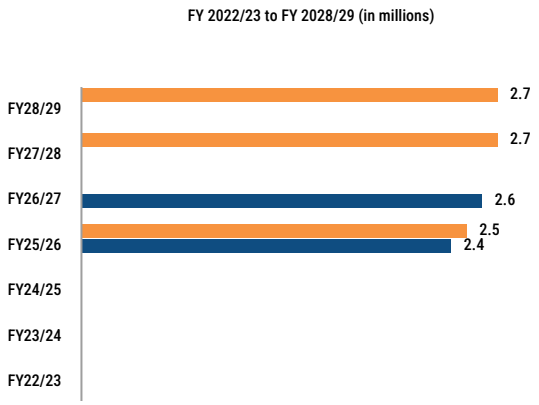
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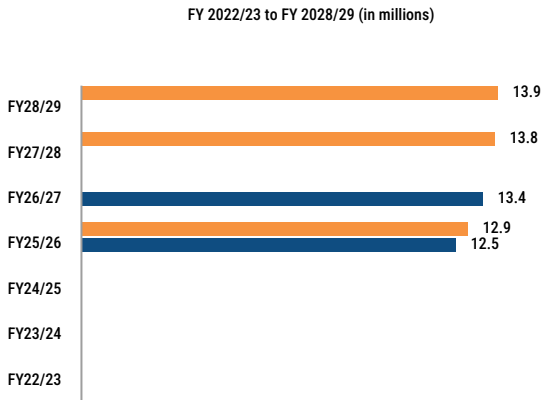
FIRE MITIGATION - 10%

Fire Mitigation - 10% represents the 10 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Fire Mitigation Fund and restricted for Fire Department needs related to parks and the Preserve. The FY 2026/27 adopted budget is $2.6 million.



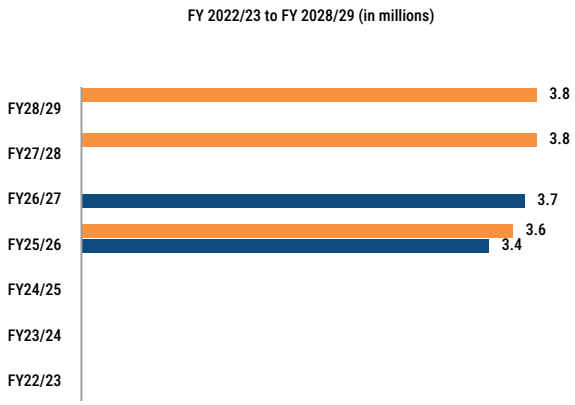
PARK IMPROVEMENTS - 51%

Park Improvements - 51% represents the 51 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Park Improvements Fund and restricted for city parks improvement needs. The FY 2026/27 adopted budget is $13.4 million.



PARK MAINTENANCE - 14%

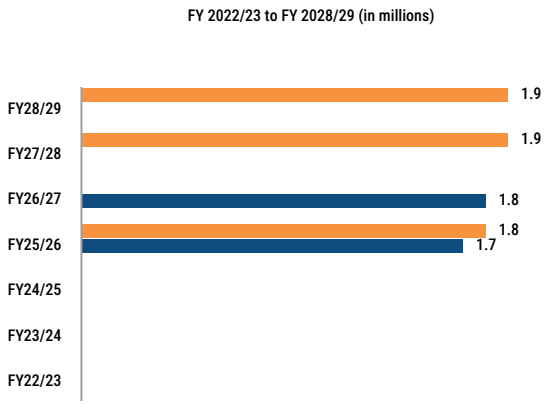
Park Maintenance - 14% represents the 14 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Park Maintenance Fund and restricted for city parks and recreational facilities maintenance (excluding WestWorld). The FY 2026/27 adopted budget is $3.7 million.





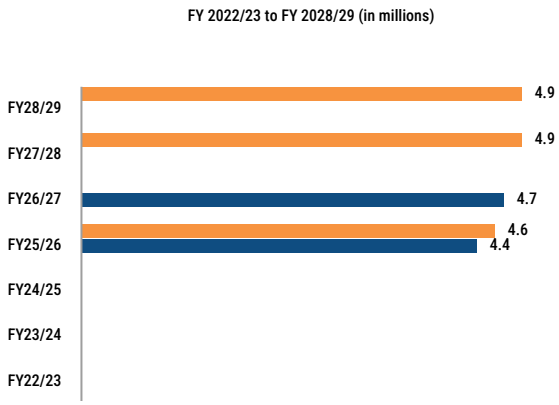
POLICE RANGER - 7%

Police Ranger - 7% represents the seven percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Police Ranger Fund and restricted for city park rangers and security needs for city parks and the Preserve. The FY 2026/27 adopted budget is $1.8 million.



PRESERVE MAINTENANCE - 18%

Preserve Maintenance - 18% represents the 18 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is transferred to the Preserve Maintenance Fund and restricted for McDowell Sonoran Preserve maintenance and protection needs. The FY 2026/27 adopted budget is $4.7 million.





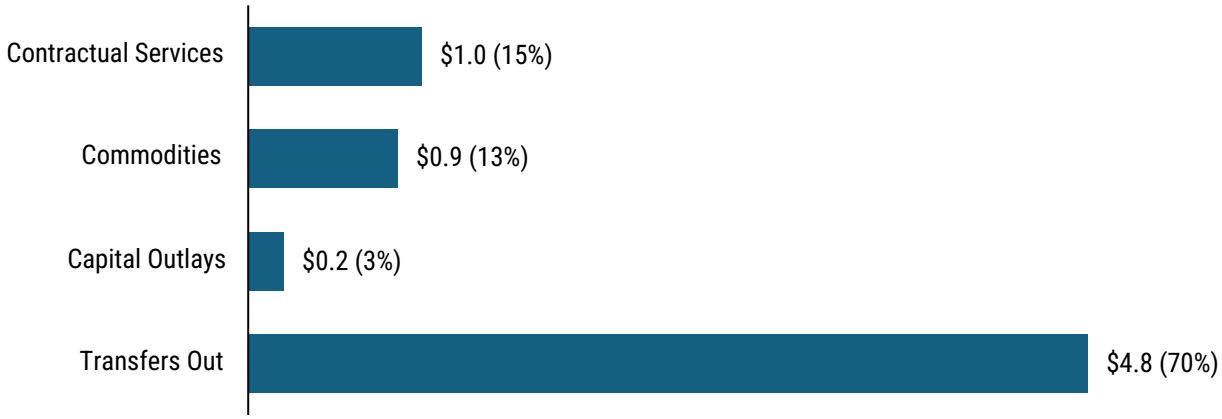
FUND PURPOSE

Beginning FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Park Improvements Fund represents the 51 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for city parks improvement needs.

Park Improvements Fund Sources (% of Total)
$13.6 Million



Park Improvements Fund Uses (% of Total)
$6.8 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Park Improvements Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	-	-	-	769,278	679,309	178,500	227,504	241,762
Revenue Stabilization Reserve[a]	-	-	-	1,294,281	1,360,660	1,426,581	1,476,867	1,579,267
Park Improvements Fund Balance[b]	-	-	-	3,186,475	10,023,575	22,939,270	35,333,611	48,591,999
Total Beginning Fund Balance	**-**	**-**	**-**	**5,250,034**	**12,063,544**	**24,544,350**	**37,037,982**	**50,413,029**
Revenues								
Interest Earnings	-	-	-	183,751	422,224	859,052	1,296,329	1,764,456
Subtotal	**-**	**-**	**-**	**183,751**	**422,224**	**859,052**	**1,296,329**	**1,764,456**
Transfers In								
Park Improvements - 51%	-	12,489,482	12,942,810	13,422,848	13,843,582	13,909,620	14,496,341	15,185,539
Subtotal	**-**	**12,489,482**	**12,942,810**	**13,422,848**	**13,843,582**	**13,909,620**	**14,496,341**	**15,185,539**
Total Sources	**-**	**12,489,482**	**12,942,810**	**13,606,599**	**14,265,806**	**14,768,672**	**15,792,670**	**16,949,995**
Expenditures								
Contractual Services	-	1,870,000	1,870,000	985,000	310,000	310,000	310,000	310,000
Commodities	-	660,000	660,000	850,000	725,000	755,000	755,000	805,000
Capital Outlays	-	200,000	200,000	200,000	-	400,000	400,000	400,000
Subtotal	**-**	**2,730,000**	**2,730,000**	**2,035,000**	**1,035,000**	**1,465,000**	**1,465,000**	**1,515,000**
TOTAL OPERATING BUDGET	**-**	**2,730,000**	**2,730,000**	**2,035,000**	**1,035,000**	**1,465,000**	**1,465,000**	**1,515,000**
Transfers Out								
CIP	-	4,962,776	4,962,776	4,758,089	750,000	810,040	952,624	-
Subtotal	**-**	**4,962,776**	**4,962,776**	**4,758,089**	**750,000**	**810,040**	**952,624**	**-**
Total Uses	**-**	**7,692,776**	**7,692,776**	**6,793,089**	**1,785,000**	**2,275,040**	**2,417,624**	**1,515,000**
Sources Over/(Under) Uses	**-**	**4,796,706**	**5,250,034**	**6,813,510**	**12,480,806**	**12,493,632**	**13,375,046**	**15,434,995**
Ending Fund Balance								
Operating Contingency	-	769,278	769,278	679,309	178,500	227,504	241,762	151,500
Revenue Stabilization Reserve[a]	-	1,538,555	1,294,281	1,360,660	1,426,581	1,476,867	1,579,267	1,695,000
Park Improvements Fund Balance[b]	-	2,488,873	3,186,475	10,023,575	22,939,270	35,333,611	48,591,999	64,001,524
Total Ending Fund Balance	**-**	**4,796,706**	**5,250,034**	**12,063,544**	**24,544,350**	**37,037,982**	**50,413,029**	**65,848,024**

[a] To ensure reserve consistency over the five year planning period, the Revenue Stabilization Reserve is 10% of overall revenues into the fund. This represents an exception to Comprehensive Financial Policy 2.04.

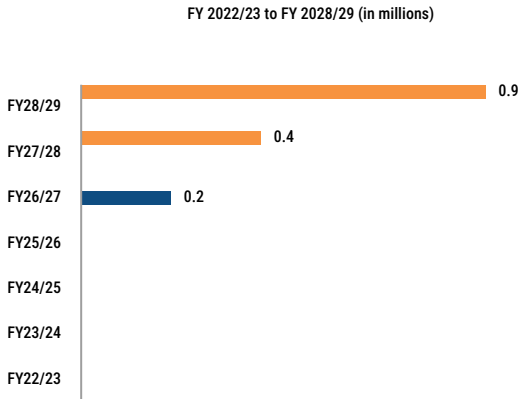
[b] The Park Improvements Fund balance will be utilized for future Transfers Out to the CIP to fund park improvement projects. Several feasibility studies will occur during FY 2026/27; once costs are known, they will be added to the CIP.

PARK IMPROVEMENTS FUND SOURCES

Park Improvements Fund Sources for FY 2026/27 are $13.6 million and include Interest Earnings and Transfers In. Per financial policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 51 percent of the collections after all debt requirements are satisfied are transferred to the Park Improvements Fund.

INTEREST EARNINGS

Interest Earnings are generated on the Park Improvements Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2026/27 adopted revenue is $0.2 million.

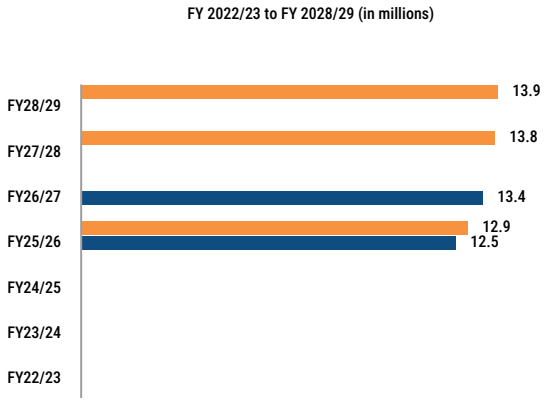


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

PARK IMPROVEMENTS - 51%

Park Improvements - 51% represents a 51 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund after all debt requirements are satisfied. Park Improvements Fund revenue is restricted for city parks improvement needs. The FY 2026/27 adopted transfer from the Park and Preserve Tax Allocation Fund is $13.4 million, which is an increase of $0.9 million when compared to the FY 2025/26 adopted transfer.



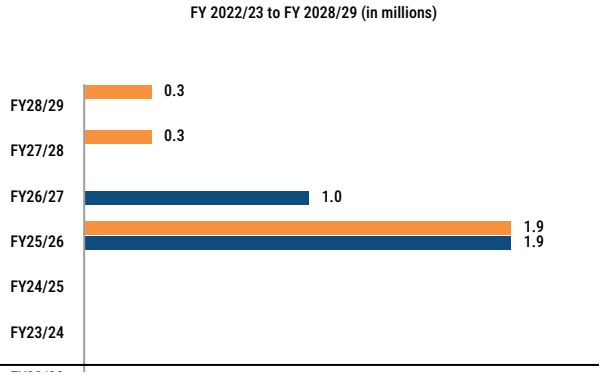
PARK IMPROVEMENTS FUND USES

Park Improvements Fund uses are directed by Ordinance No. 4633 and include Contractual Services, Commodities, Capital Outlays, and Transfers Out. The FY 2026/27 adopted budget is $6.8 million.



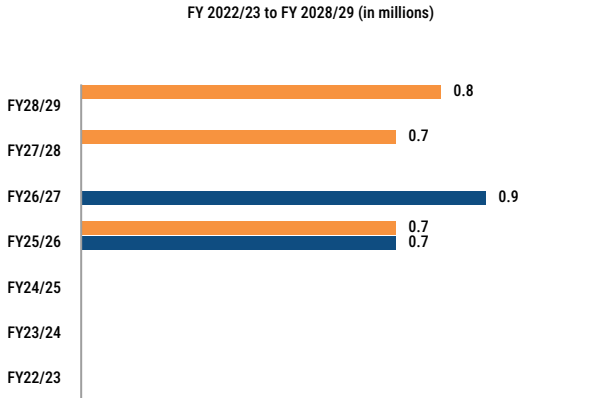
CONTRACTUAL SERVICES

Contractual Services include expenditures for services performed by firms, individuals, or other city departments such as architectural and engineering services and landscape improvements. The FY 2026/27 adopted budget is $1.0 million, which is a decrease of $0.9 million when compared to the FY 2025/26 adopted budget. The decrease is mainly due to reallocating design services for Vista del Camino and Eldorado parks to the Capital Improvement Plan in Transfers Out.



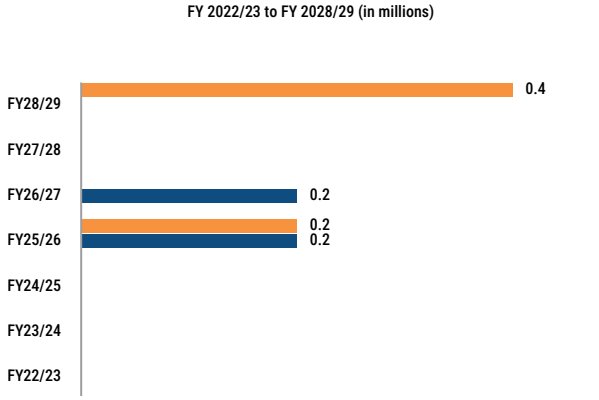
COMMODITIES

Commodities include expendable items purchased through the city-approved centralized purchasing process such as turf, park amenities, and trees. The FY 2026/27 adopted budget is $0.9 million, which is an increase of $0.2 million when compared to the FY 2025/26 adopted budget mainly due to ongoing replacement of park furnishings such as trash cans, benches, and picnic tables.



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, office equipment, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2026/27 adopted budget is $0.2 million, which is flat when compared to the FY 2025/26 adopted budget. The budget provides funding for installation of security cameras in city parks with a connection to Scottsdale's Real Time Crime Center. There is currently no budget forecast for FY 2027/28.



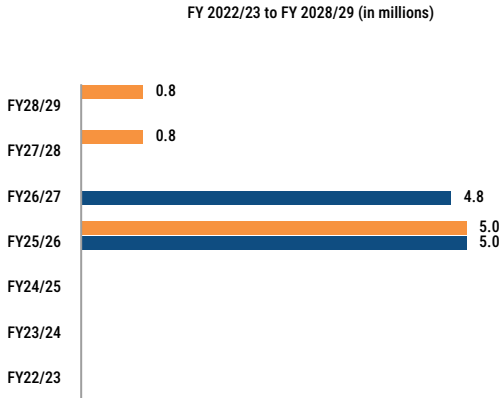
TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).



CIP

The FY 2026/27 adopted budget transfers $4.8 million to the CIP for the following projects: Sport Court Replacements, Indian Bend Wash Master Plan Improvements Design, Chaparral Park Improvement Design, Eldorado Aquatic Center Improvements, Playground Replacement Program, Agua Linda Park Improvement Design, Paiute Park Improvement Design, and Apache Park Improvement Design.

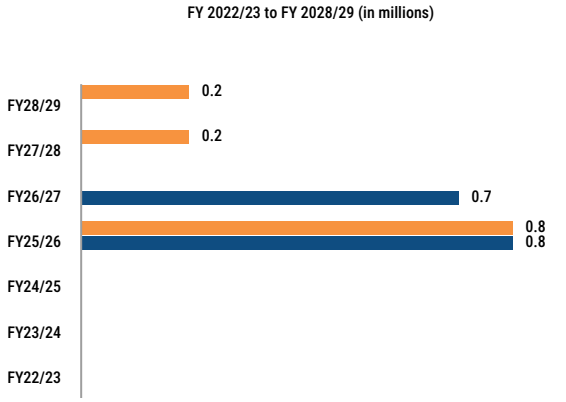


PARK IMPROVEMENTS FUND ENDING BALANCE

The Park Improvements Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2026/27 ending balance is $12.1 million.

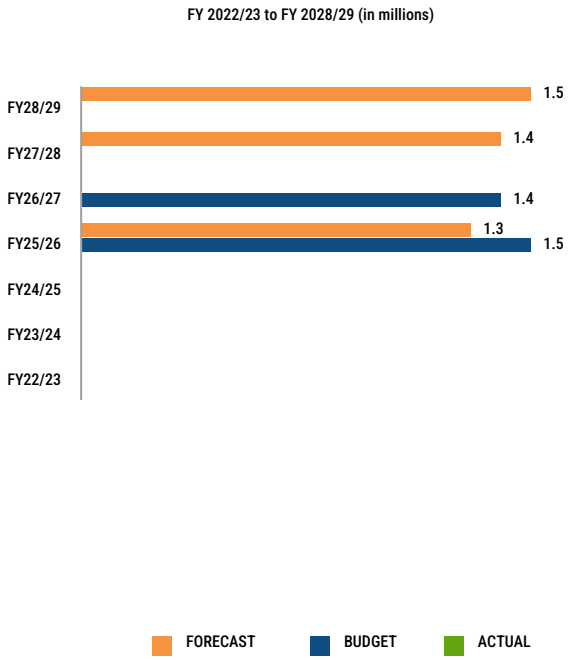
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires Council approval. The FY 2026/27 Operating Contingency is $0.7 million of budget authorization if unforeseen expenses occur during the fiscal year.



REVENUE STABILIZATION RESERVE

The Revenue Stabilization Reserve is 10 percent of overall revenues into the fund. This represents an exception to Comprehensive Financial Policy 2.04. The FY 2026/27 Revenue Stabilization Reserve is $1.4 million of budget authorization.



PARK IMPROVEMENTS FUND BALANCE

The Park Improvements Fund Balance accounts for any funds remaining after the designation to all other reserves and uses. The FY 2026/27 Park Improvements Fund Balance is $10.0 million. The fund shows projected increases in fund balance in future years, which will be fully utilized for future Transfers Out to the CIP as more park improvement projects are carried out.



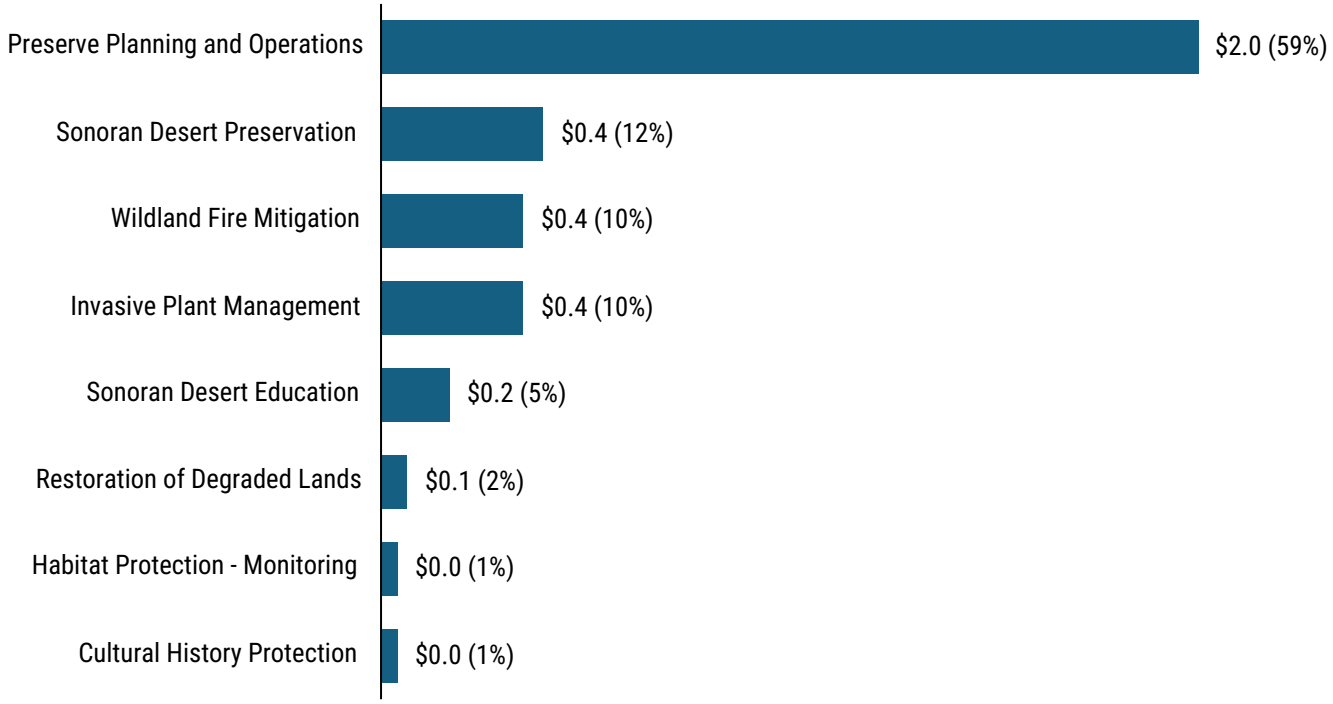
FUND PURPOSE

Beginning FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Preserve Maintenance Fund represents the 18 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for McDowell Sonoran Preserve maintenance and protection needs.

Preserve Maintenance Fund Sources (% of Total)
$4.8 Million



Preserve Maintenance Fund Uses (% of Total)
$3.4 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Preserve Maintenance Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	-	-	-	313,114	343,041	352,412	365,340	381,681
Revenue Stabilization Reserve	-	-	-	626,228	686,082	704,823	730,681	763,363
Preserve Maintenance Fund Balance[a]	-	-	-	497,570	1,765,146	3,196,689	4,562,665	6,011,237
Total Beginning Fund Balance	**-**	**-**	**-**	**1,436,912**	**2,794,269**	**4,253,923**	**5,658,686**	**7,156,282**
Revenues								
Interest Earnings	-	-	-	50,292	97,799	148,887	198,054	250,470
Subtotal	**-**	**-**	**-**	**50,292**	**97,799**	**148,887**	**198,054**	**250,470**
Transfers In								
Preserve Maintenance - 18%	-	4,408,053	4,568,051	4,737,476	4,885,970	4,909,278	5,116,356	5,359,602
Subtotal	**-**	**4,408,053**	**4,568,051**	**4,737,476**	**4,885,970**	**4,909,278**	**5,116,356**	**5,359,602**
Total Sources	**-**	**4,408,053**	**4,568,051**	**4,787,768**	**4,983,769**	**5,058,165**	**5,314,410**	**5,610,072**
Expenditures								
Preserve Planning and Operations	-	1,741,621	1,726,139	2,018,161	2,054,365	2,123,277	2,223,294	2,327,486
Sonoran Desert Preservation	-	400,000	400,000	400,000	415,750	432,288	449,652	467,885
Wildland Fire Mitigation	-	350,000	350,000	350,000	367,500	385,875	405,169	425,427
Invasive Plant Management	-	350,000	350,000	350,000	364,500	379,725	395,711	412,497
Sonoran Desert Education	-	75,000	75,000	170,000	173,750	177,688	181,823	186,164
Restoration Of Degraded Lands	-	50,000	50,000	62,250	64,250	66,350	68,555	70,870
Habitat Protection - Monitoring	-	100,000	100,000	40,000	42,000	44,100	46,305	48,620
Cultural History Protection	-	80,000	80,000	40,000	42,000	44,100	46,305	48,620
Subtotal	**-**	**3,146,621**	**3,131,139**	**3,430,411**	**3,524,115**	**3,653,403**	**3,816,814**	**3,987,570**
TOTAL OPERATING BUDGET	**-**	**3,146,621**	**3,131,139**	**3,430,411**	**3,524,115**	**3,653,403**	**3,816,814**	**3,987,570**
Total Uses	**-**	**3,146,621**	**3,131,139**	**3,430,411**	**3,524,115**	**3,653,403**	**3,816,814**	**3,987,570**
Sources Over/(Under) Uses	**-**	**1,261,432**	**1,436,912**	**1,357,357**	**1,459,654**	**1,404,762**	**1,497,596**	**1,622,502**
Ending Fund Balance								
Operating Contingency	-	314,662	313,114	343,041	352,412	365,340	381,681	398,757
Revenue Stabilization Reserve	-	629,324	626,228	686,082	704,823	730,681	763,363	797,514
Preserve Maintenance Fund Balance[a]	-	317,446	497,570	1,765,146	3,196,689	4,562,665	6,011,237	7,582,513
Total Ending Fund Balance	**-**	**1,261,432**	**1,436,912**	**2,794,269**	**4,253,923**	**5,658,686**	**7,156,282**	**8,778,784**

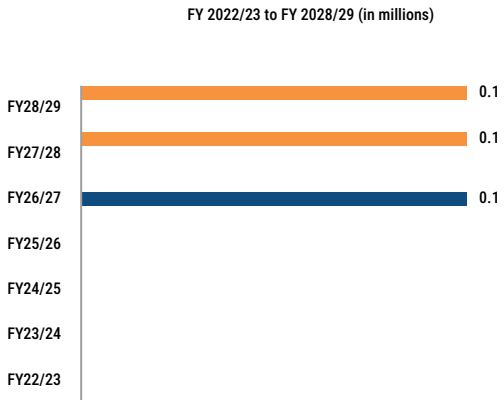
[a] As the program is not yet fully developed, fund balance appears to build over the five year horizon. Fund balance is expected to be expended as the program is developed.

PRESERVE MAINTENANCE FUND SOURCES

Preserve Maintenance Fund Sources for FY 2026/27 are $4.8 million and include Interest Earnings and Transfers In. Per financial policy No.11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund and 18 percent of the collections after all debt requirements are satisfied are transferred to the Preserve Maintenance Fund.

INTEREST EARNINGS

Interest Earnings are generated on the Preserve Maintenance Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2026/27 adopted revenue is $0.1 million.

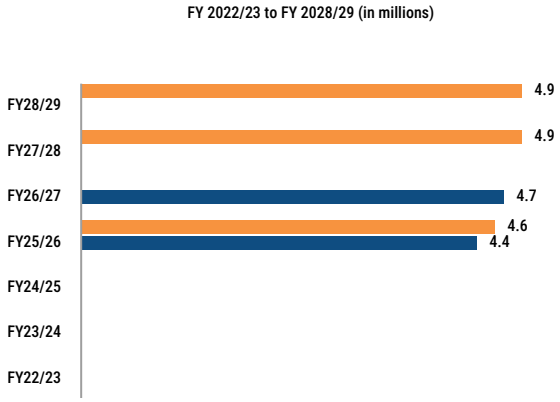


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

PRESERVE MAINTENANCE - 18%

Preserve Maintenance - 18% represents an 18 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund after all debt requirements are satisfied. Preserve Maintenance Fund revenue is restricted for McDowell Sonoran Preserve maintenance and protection needs. The FY 2026/27 adopted transfer from the Park and Preserve Tax Allocation Fund is $4.7 million, which is an increase of $0.3 million when compared to the FY 2025/26 adopted transfer due to lower than expected debt requirements resulting in a larger distribution.



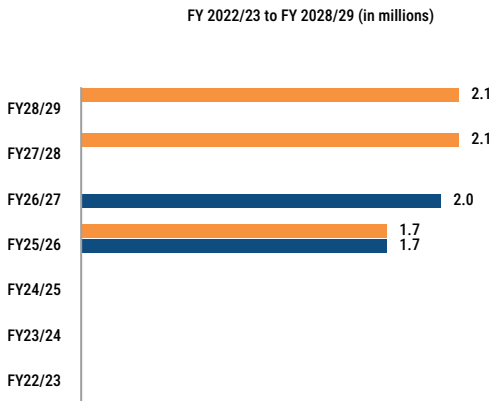
PRESERVE MAINTENANCE FUND USES

Preserve Maintenance Fund uses are directed by Ordinance No. 4633 and include funding for McDowell Sonoran Preserve maintenance and protection needs. The FY 2026/27 adopted budget is $3.4 million.



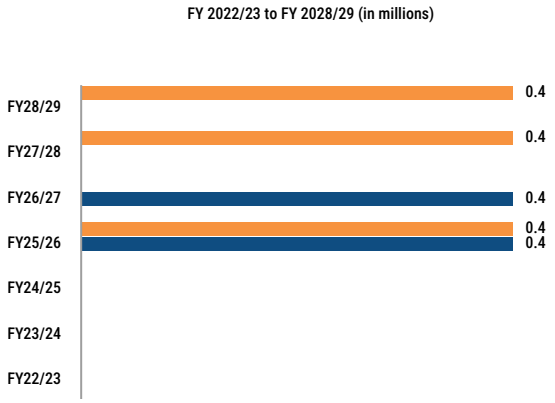
PRESERVE PLANNING AND OPERATIONS

Preserve Planning and Operations provides funding for: 1) personnel expenses for 10.16 full-time equivalent (FTE) positions; 2) contractual services to include custodial, volunteer support, and trail maintenance; and 3) commodities such as building maintenance and agriculture and horticulture supplies. The FY 2026/27 adopted budget is $2.0 million, which is an increase of $0.3 million when compared to the FY 2025/26 adopted budget mainly due to custodial costs and one-time vehicle purchases.



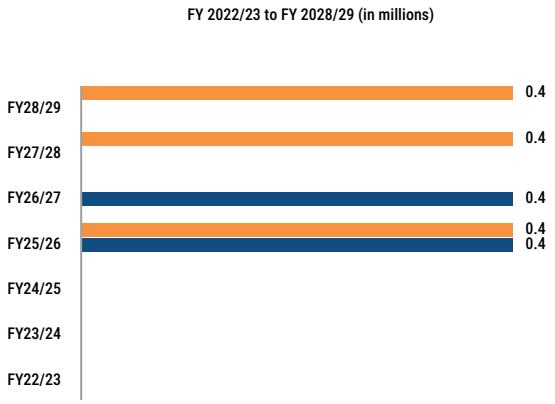
SONORAN DESERT PRESERVATION

Sonoran Desert Preservation provides funding for contractual services to support projects such as studies and analysis of flora, fauna, riparian areas, and geology. The FY 2026/27 adopted budget is $0.4 million, which is flat when compared to the FY 2025/26 adopted budget.



WILDLAND FIRE MITIGATION

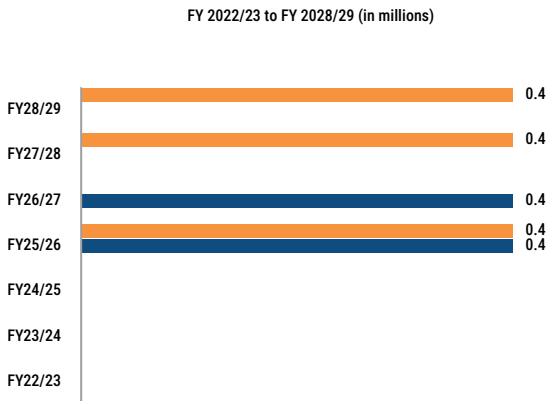
Wildland Fire Mitigation provides funding for: 1) contractual services such as mechanical thinning of plants; and 2) commodities such as operating supplies. The FY 2026/27 adopted budget is $0.4 million, which is flat when compared to the FY 2025/26 adopted budget.





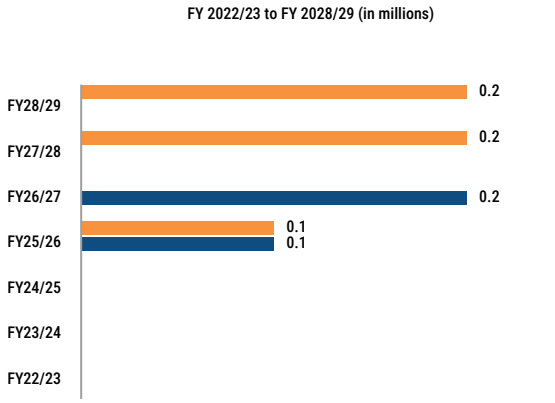
INVASIVE PLANT MANAGEMENT

Invasive Plant Management provides funding for: 1) contractual services to control invasive plant growth; and 2) commodities such as pre-emergent chemicals. The FY 2026/27 adopted budget is $0.4 million, which is flat when compared to the FY 2025/26 adopted budget.



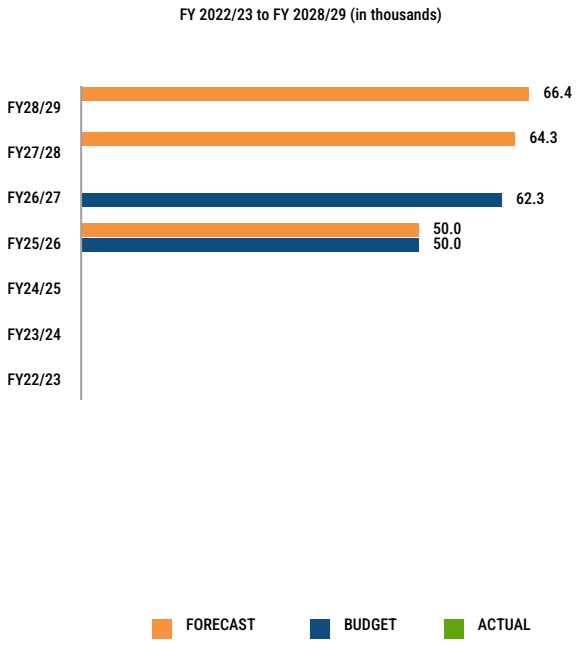
SONORAN DESERT EDUCATION

Sonoran Desert Education supports the city's effort to provide accessible, science-based learning and public engagement aligned with Preserve management objectives. Funding enables development and delivery of coordinated classroom partnerships, field-based learning in the McDowell Sonoran Preserve, visitor orientation and safety outreach, digital education, classroom-based programming, and other educational opportunities. The FY 2026/27 adopted budget is $0.2 million, which is an increase of $0.1 million when compared to the FY 2025/26 adopted budget to support program start-up, expanded partnerships, and initial implementation of a formal Sonoran Desert Education program.



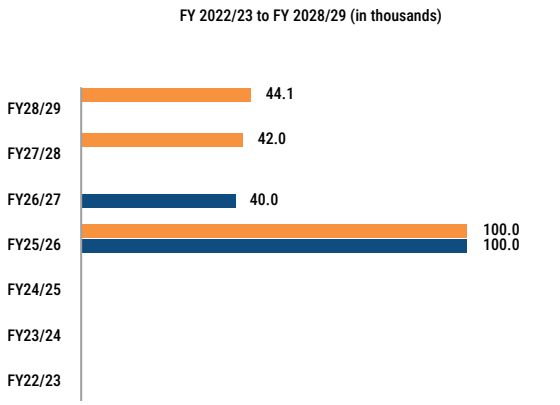
RESTORATION OF DEGRADED LANDS

Restoration of Degraded Lands provides funding for contractual services to complete land restoration projects. The FY 2026/27 adopted budget is $62,250, which is a $12,250 increase when compared to the FY 2025/26 adopted budget.



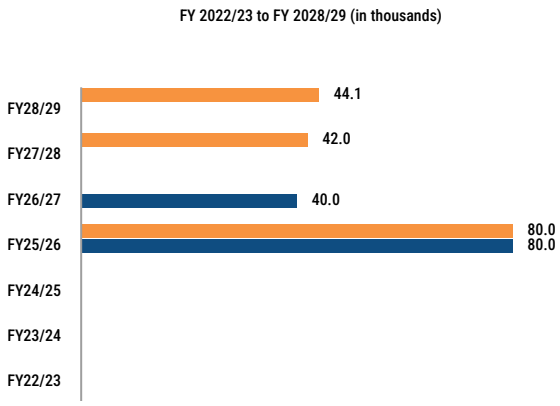
HABITAT PROTECTION - MONITORING

Habitat Protection - Monitoring provides funding for contractual services for the habitat protection and monitoring center to include mapping, monitoring, and assessing the progress of the wildland fire mitigation and restoration of degraded lands projects. The FY 2026/27 adopted budget is $40,000, which is a decrease of $60,000 when compared to the FY 2025/26 adopted budget mainly due to the initial costs of establishing the protection and monitoring center that are no longer needed.



CULTURAL HISTORY PROTECTION

Cultural History Protection provides funding for the preservation of prehistoric and historic areas within the Preserve, including associated artifacts and archaeology. Funding supports contractual services to complete surveys of previously unsurveyed areas and to develop a discovery and monitoring plan. The FY 2026/27 adopted budget is $40,000, which is a decrease of $40,000 when compared to the FY 2025/26 adopted budget mainly due to the initial survey costs and the costs of developing a discovery and monitoring plan that are no longer needed.

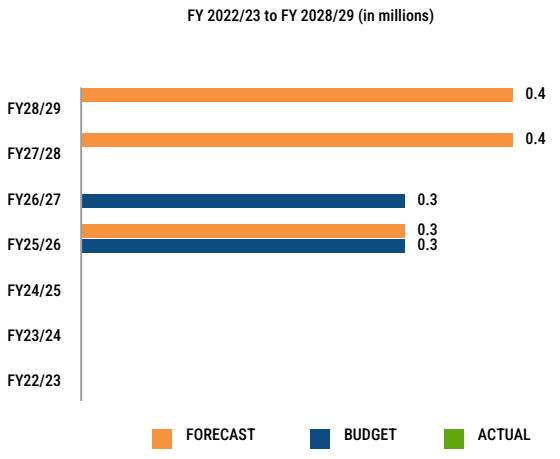


PRESERVE MAINTENANCE FUND ENDING BALANCE

The Preserve Maintenance Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2026/27 ending balance is $2.8 million.

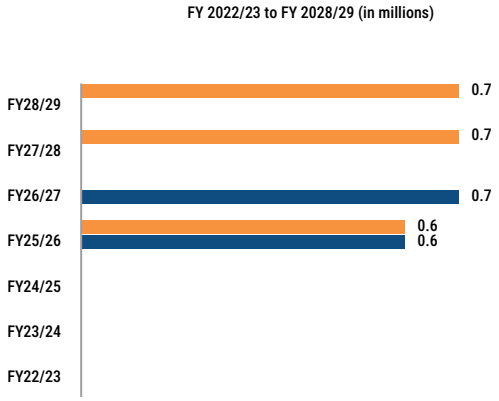
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires Council approval. The FY 2026/27 Operating Contingency is $0.3 million of budget authorization if unforeseen expenses occur during the fiscal year.



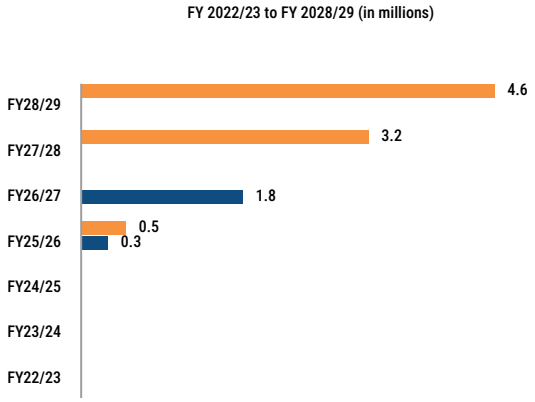
REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires Council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2026/27 Revenue Stabilization Reserve is $0.7 million of budget authorization.



PRESERVE MAINTENANCE FUND BALANCE

The Preserve Maintenance Fund Balance accounts for any funds remaining after the designation to all other reserves and uses. The FY 2026/27 Preserve Maintenance Fund balance is $1.8 million. The fund shows projected increases in fund balance in future years, which will be utilized for future McDowell Sonoran Preserve maintenance and protection needs.





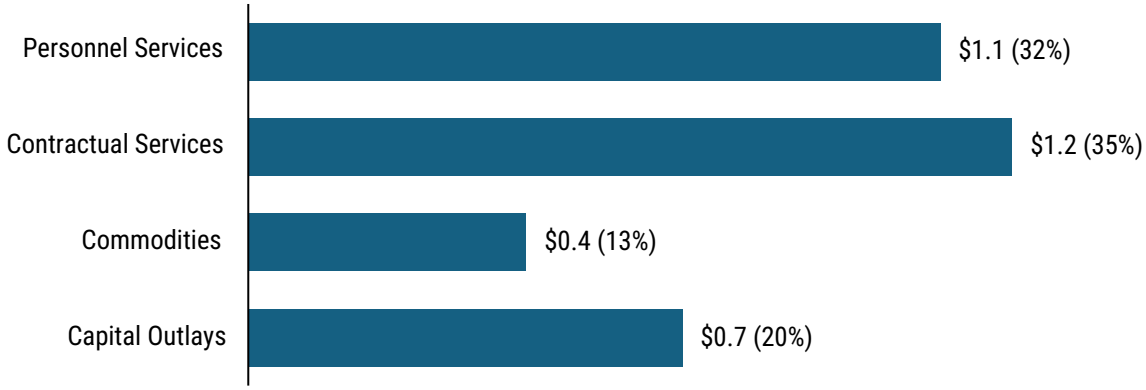
FUND PURPOSE

Beginning FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Park Maintenance Fund represents the 14 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for city parks and recreational facilities maintenance (excluding WestWorld).

Park Maintenance Fund Sources (% of Total)
$3.7 Million



Park Maintenance Fund Uses (% of Total)
$3.3 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Park Maintenance Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	-	-	-	223,574	332,827	292,025	302,263	308,997
Revenue Stabilization Reserve	-	-	-	447,148	665,653	584,049	604,526	617,994
Park Maintenance Fund Balance[(a)]	-	-	-	646,463	721,243	1,783,792	2,641,872	3,635,288
Total Beginning Fund Balance	**-**	**-**	**-**	**1,317,186**	**1,719,724**	**2,659,866**	**3,548,660**	**4,562,279**
Revenues								
Interest Earnings	-	-	-	46,102	60,190	93,095	124,203	159,680
Subtotal	**-**	**-**	**-**	**46,102**	**60,190**	**93,095**	**124,203**	**159,680**
Transfers In								
Park Maintenance - 14%	-	3,428,485	3,552,928	3,684,703	3,800,199	3,818,327	3,979,388	4,168,579
Subtotal	**-**	**3,428,485**	**3,552,928**	**3,684,703**	**3,800,199**	**3,818,327**	**3,979,388**	**4,168,579**
Total Sources	**-**	**3,428,485**	**3,552,928**	**3,730,805**	**3,860,389**	**3,911,422**	**4,103,591**	**4,328,259**
Expenditures								
Personnel Services	-	254,033	254,033	1,063,453	1,271,347	1,295,775	1,362,572	1,432,166
Contractual Services	-	1,514,249	1,514,249	1,171,889	1,268,250	1,336,203	1,336,750	1,339,762
Commodities	-	176,400	176,400	426,050	380,650	390,650	390,650	400,650
Capital Outlays	-	291,060	291,060	666,875	-	-	-	-
Subtotal	**-**	**2,235,742**	**2,235,742**	**3,328,267**	**2,920,247**	**3,022,628**	**3,089,972**	**3,172,578**
TOTAL OPERATING BUDGET	**-**	**2,235,742**	**2,235,742**	**3,328,267**	**2,920,247**	**3,022,628**	**3,089,972**	**3,172,578**
Total Uses	**-**	**2,235,742**	**2,235,742**	**3,328,267**	**2,920,247**	**3,022,628**	**3,089,972**	**3,172,578**
Sources Over/(Under) Uses	**-**	**1,192,743**	**1,317,186**	**402,538**	**940,142**	**888,794**	**1,013,619**	**1,155,681**
Ending Fund Balance								
Operating Contingency	-	223,574	223,574	332,827	292,025	302,263	308,997	317,258
Revenue Stabilization Reserve	-	447,148	447,148	665,653	584,049	604,526	617,994	634,516
Park Maintenance Fund Balance[(a)]	-	522,020	646,463	721,243	1,783,792	2,641,872	3,635,288	4,766,187
Total Ending Fund Balance	**-**	**1,192,743**	**1,317,186**	**1,719,724**	**2,659,866**	**3,548,660**	**4,562,279**	**5,717,960**

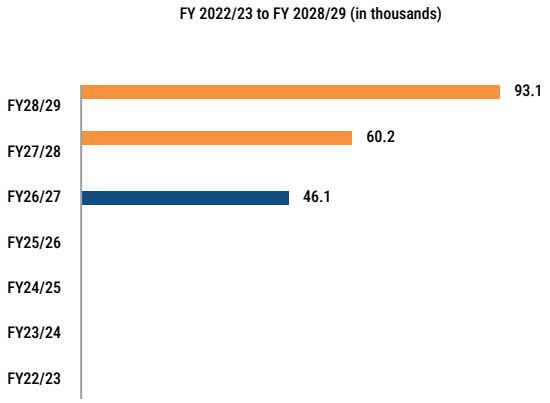
[(a)] As the program is not yet fully developed, fund balance appears to build over the five year horizon. Fund balance is expected to be expended as the program is developed.

PARK MAINTENANCE FUND SOURCES

Park Maintenance Fund sources for FY 2026/27 are $3.7 million and include Interest Earnings and Transfers In. Per financial policy No.11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 14 percent of the collections after all debt requirements are satisfied are transferred to the Park Maintenance Fund.

INTEREST EARNINGS

Interest Earnings are generated on the Park Maintenance Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2026/27 adopted revenue is $46,102.

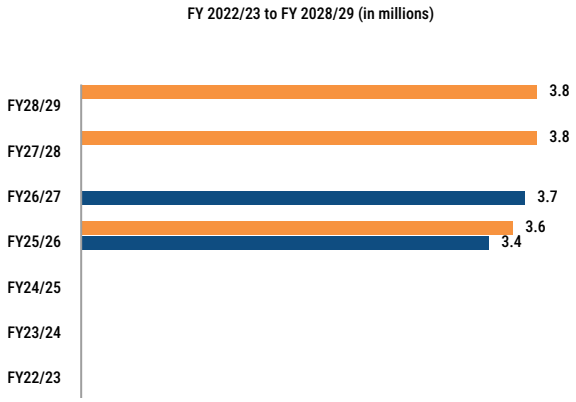


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

PARK MAINTENANCE - 14%

Park Maintenance - 14% represents a 14 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund after all debt requirements are satisfied. Park Maintenance Fund revenue is restricted for city parks and recreational facilities maintenance (excluding WestWorld). The FY 2026/27 adopted transfer from the Park and Preserve Tax Allocation Fund is $3.7 million, which is an increase of $0.3 million when compared to the FY 2025/26 adopted transfer.



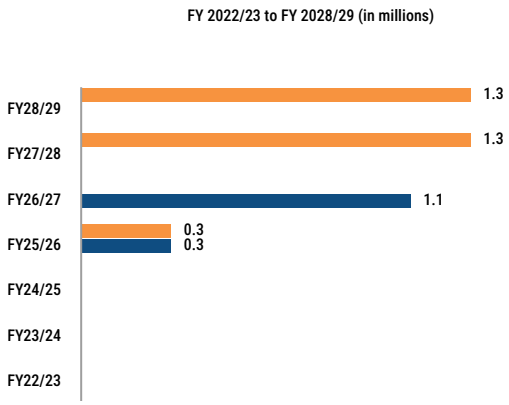
PARK MAINTENANCE FUND USES

Park Maintenance Fund uses are directed by Ordinance No. 4633 and include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2026/27 adopted budget is $3.3 million.



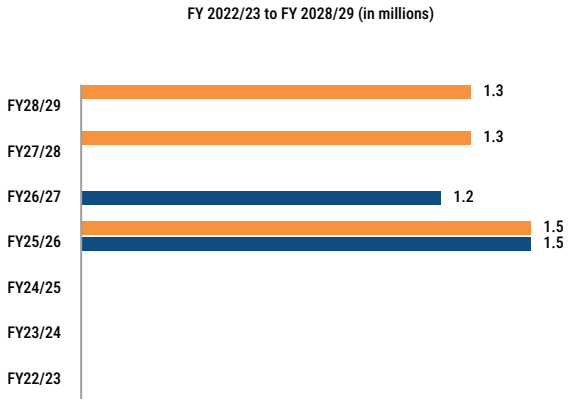
PERSONNEL SERVICES

Personnel Services include salaries paid to employees of the City of Scottsdale, overtime, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2026/27 adopted budget is $1.1 million, which is an increase of $0.8 million mainly due to additional full-time equivalent (FTE) positions to achieve the staffing levels required for city parks and recreational facilities maintenance. The Park Maintenance Fund supports 11.80 FTE positions.



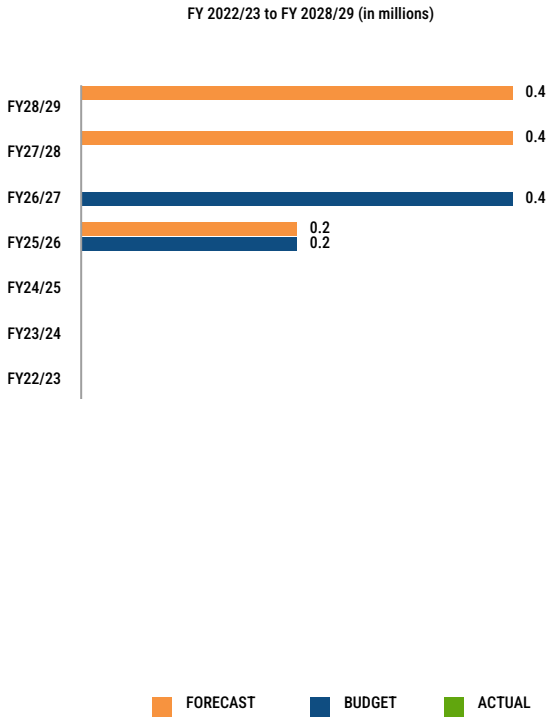
CONTRACTUAL SERVICES

Contractual Services include expenditures for services performed by firms, individuals, or other city departments such as structural tree pruning, storm damage response, software platform licensing and maintenance, turf and sport court maintenance, and professional painting. The FY 2026/27 adopted budget is $1.2 million, which is a decrease of $0.3 million when compared to the FY 2025/26 adopted budget mainly due to sport court maintenance scheduling and adjustments to contracted turf maintenance, storm damage clean-up, and professional painting costs.



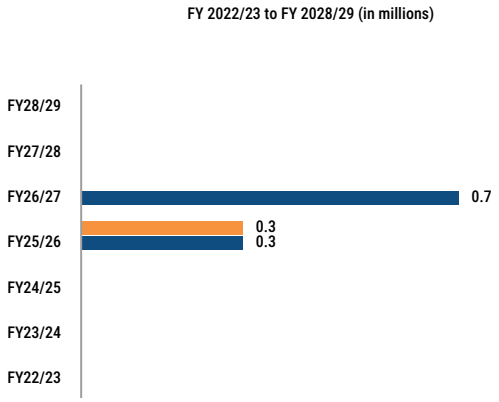
COMMODITIES

Commodities include expendable items purchased through the city-approved centralized purchasing process such as irrigation replacement valves, agriculture and horticulture supplies, and miscellaneous equipment. The FY 2026/27 adopted budget is $0.4 million, which is a $0.2 million increase when compared to the FY 2025/26 adopted budget mainly due to irrigation system improvements and tool and equipment purchases.



CAPITAL OUTLAYS

Capital Outlays are exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2026/27 adopted budget of $0.7 million, which is an increase of $0.4 million when compared to the FY 2025/26 adopted budget mainly due to funding for the one-time purchase of a chipper truck and a bucket truck for the Urban Forestry team and a tractor, two tow behind top dressers, and two trucks for the Maintenance team.

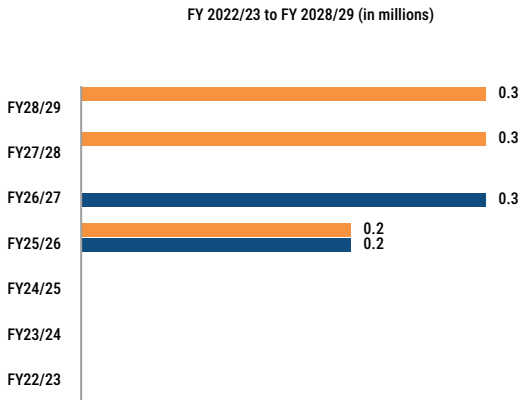


PARK MAINTENANCE FUND ENDING BALANCE

The Park Maintenance Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2026/27 ending balance is $1.7 million.

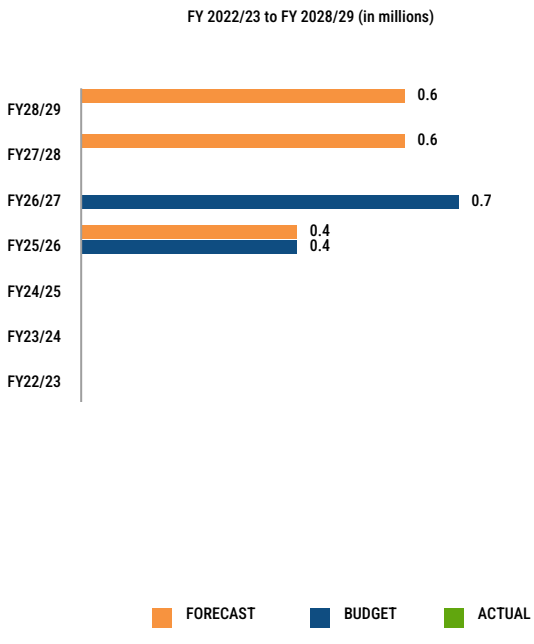
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires Council approval. The FY 2026/27 Operating Contingency is $0.3 million of budget authorization if unforeseen expenses occur during the fiscal year.



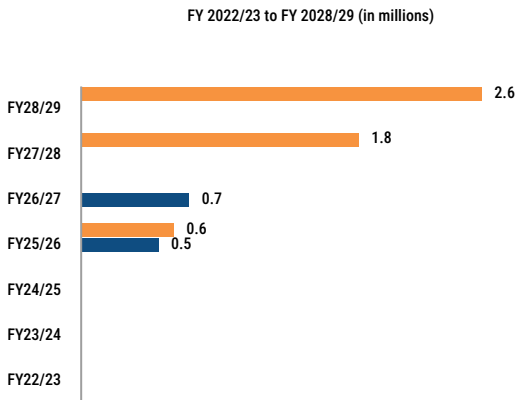
REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserve to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2026/27 Revenue Stabilization Reserve is $0.7 million of budget authorization.



PARK MAINTENANCE FUND BALANCE

The Park Maintenance Fund Balance accounts for any funds remaining after the designation to all other reserves and uses. The FY 2026/27 Park Maintenance Fund Balance is $0.7 million. The fund shows projected increases in fund balance in future years, which will be utilized for future city parks and recreational facilities maintenance (excluding WestWorld).





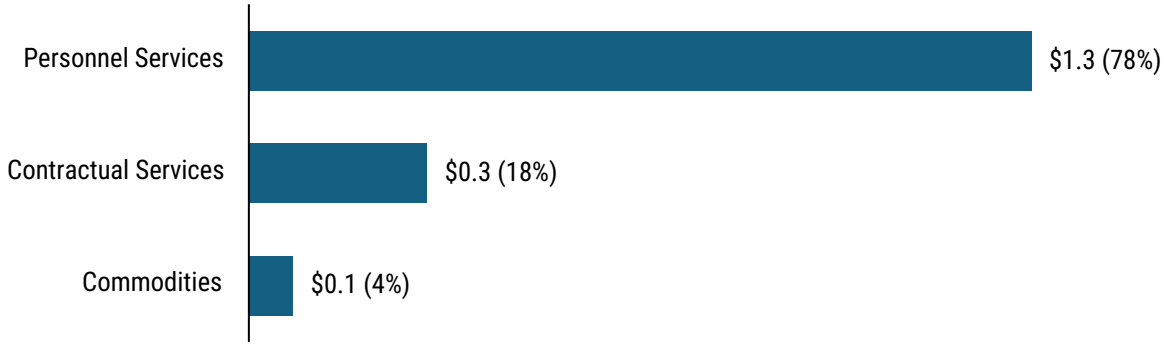
FUND PURPOSE

Beginning FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city assesses a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Fire Mitigation Fund represents the 10 percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for Fire Department needs related to parks and the Preserve. These needs include, but are not limited to, technical rescue teams for the Preserve and city parks, and fire fuel mitigation around the Preserve and in and around the city for the protection and maintenance of the Preserve and city parks.

Fire Mitigation Fund Sources (% of Total)
$2.7 Million



Fire Mitigation Fund Uses (% of Total)
$1.7 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Fire Mitigation Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	-	-	-	172,622	173,195	179,002	181,283	185,944
Revenue Stabilization Reserve	-	-	-	345,244	346,389	358,004	362,567	371,889
Fire Mitigation Fund Balance[(a)]	-	-	-	293,720	1,220,393	2,188,280	3,191,363	4,291,089
Total Beginning Fund Balance	**-**	**-**	**-**	**811,586**	**1,739,977**	**2,725,286**	**3,735,214**	**4,848,922**
Revenues								
Interest Earnings	-	-	-	28,406	60,899	95,385	130,732	169,712
Subtotal	**-**	**-**	**-**	**28,406**	**60,899**	**95,385**	**130,732**	**169,712**
Transfers In								
Fire Mitigation - 10%	-	2,448,918	2,537,806	2,631,931	2,714,428	2,727,377	2,842,420	2,977,557
Subtotal	**-**	**2,448,918**	**2,537,806**	**2,631,931**	**2,714,428**	**2,727,377**	**2,842,420**	**2,977,557**
Total Sources	**-**	**2,448,918**	**2,537,806**	**2,660,337**	**2,775,327**	**2,822,762**	**2,973,152**	**3,147,269**
Expenditures								
Personnel Services	-	1,225,140	1,197,326	1,349,895	1,398,311	1,411,152	1,447,289	1,484,808
Contractual Services	-	398,150	398,150	305,892	315,392	325,367	335,840	346,838
Commodities	-	99,860	99,860	76,159	76,315	76,315	76,315	76,315
Capital Outlays	-	30,884	30,884	-	-	-	-	-
Subtotal	**-**	**1,754,034**	**1,726,220**	**1,731,946**	**1,790,018**	**1,812,834**	**1,859,444**	**1,907,961**
TOTAL OPERATING BUDGET	**-**	**1,754,034**	**1,726,220**	**1,731,946**	**1,790,018**	**1,812,834**	**1,859,444**	**1,907,961**
Total Uses	**-**	**1,754,034**	**1,726,220**	**1,731,946**	**1,790,018**	**1,812,834**	**1,859,444**	**1,907,961**
Sources Over/(Under) Uses	**-**	**694,884**	**811,586**	**928,391**	**985,309**	**1,009,928**	**1,113,708**	**1,239,308**
Ending Fund Balance								
Operating Contingency	-	175,403	172,622	173,195	179,002	181,283	185,944	190,796
Revenue Stabilization Reserve	-	350,807	345,244	346,389	358,004	362,567	371,889	381,592
Fire Mitigation Fund Balance[(a)]	-	168,674	293,720	1,220,393	2,188,280	3,191,363	4,291,089	5,515,842
Total Ending Fund Balance	**-**	**694,884**	**811,586**	**1,739,977**	**2,725,286**	**3,735,214**	**4,848,922**	**6,088,230**

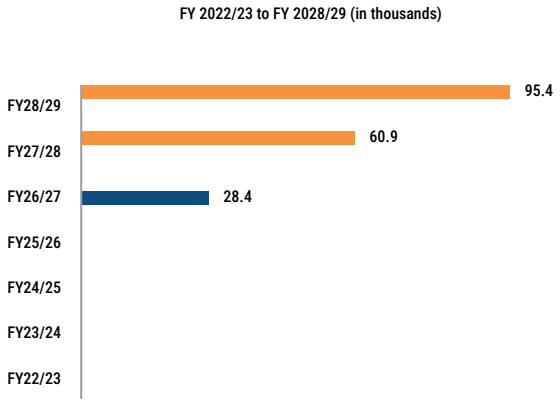
[(a)] As the program is not yet fully developed, fund balance appears to build over the five year horizon. Fund balance is expected to be expended as the program is developed.

FIRE MITIGATION FUND SOURCES

Fire Mitigation Fund sources for FY 2026/27 are $2.7 million and include Interest Earnings and Transfers In. Per financial policy No.11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and 10 percent of the collections after all debt requirements are satisfied are transferred to the Fire Mitigation Fund.

INTEREST EARNINGS

Interest Earnings are generated on the Fire Mitigation Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2026/27 adopted revenue is $28,406.

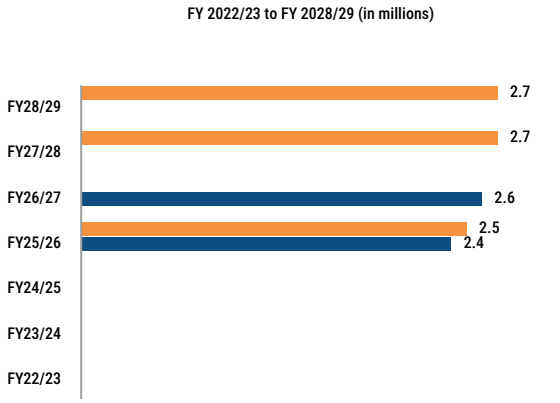


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.

FIRE MITIGATION - 10%

Fire Mitigation - 10% represents a 10 percent annual revenue distribution from the Park and Preserve Tax Allocation Fund after all debt requirements are satisfied. Fire Mitigation Fund revenue is restricted for Fire Department needs related to parks and the Preserve including, but not limited to, technical rescue teams for the Preserve and city parks and fire fuel mitigation around the Preserve and in and around the city for the protection and maintenance of the Preserve and city parks. The FY 2026/27 transfer from the Park and Preserve Tax Allocation Fund is $2.6 million, which is an increase of $0.2 million when compared to the FY 2025/26 adopted budget.



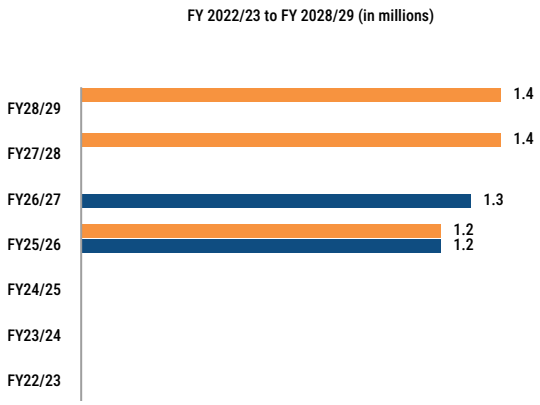
FIRE MITIGATION FUND USES

Fire Mitigation Fund uses are directed by Ordinance No. 4633 and include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2026/27 adopted budget is $1.7 million.



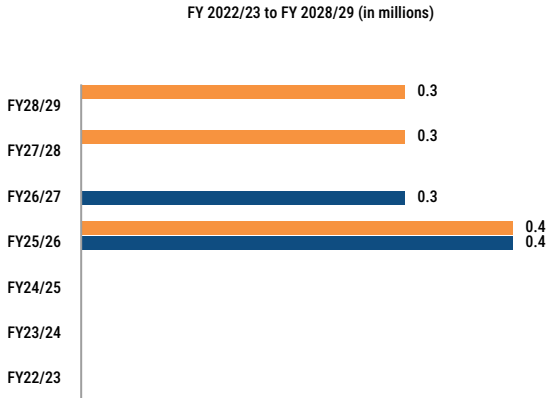
PERSONNEL SERVICES

Personnel Services include salaries paid to employees of the City of Scottsdale, overtime, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2026/27 adopted budget is $1.3 million, which includes overtime and is an increase of $0.1 million when compared to the FY 2025/26 adopted budget. The Fire Mitigation Fund supports 4.00 full-time equivalent (FTE) positions.



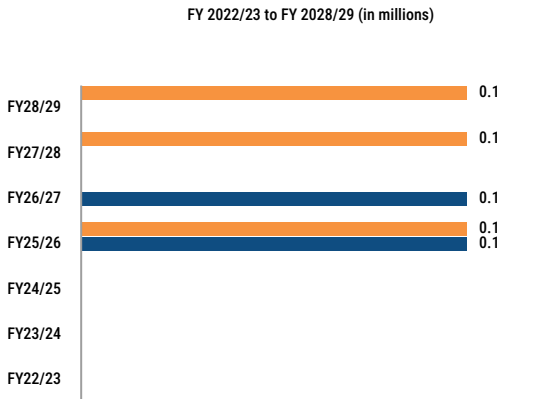
CONTRACTUAL SERVICES

Contractual Services include expenditures for services performed by firms, individuals, or other city departments such as fuel abatement to mitigate threats and tuition for the technical rescue team. The FY 2026/27 adopted budget is $0.3 million, which is a decrease of $0.1 million when compared to the FY 2025/26 adopted budget.



COMMODITIES

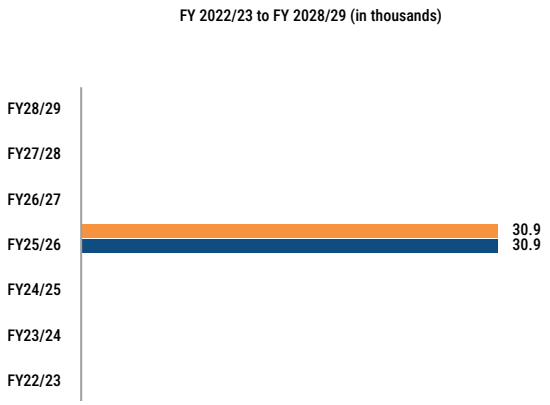
Commodities include expendable items purchased through the city-approved centralized purchasing process such as uniforms, personal protective equipment, and technical rescue team equipment. The FY 2026/27 adopted budget is $0.1 million, which is flat when compared to the FY 2025/26 adopted budget.





CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2025/26 adopted budget provided funding for a vegetation drone. There is no adopted budget for FY 2026/27.

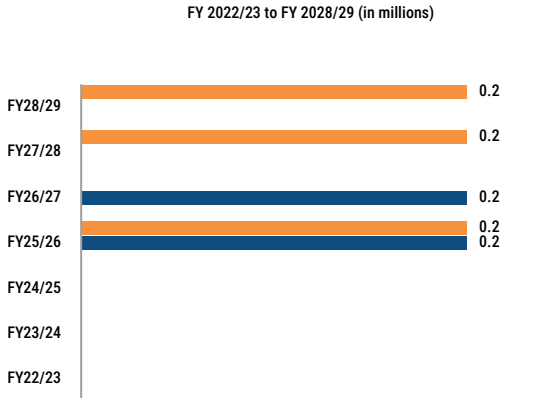


FIRE MITIGATION FUND ENDING BALANCE

The Fire Mitigation Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2026/27 ending balance is approximately $1.7 million.

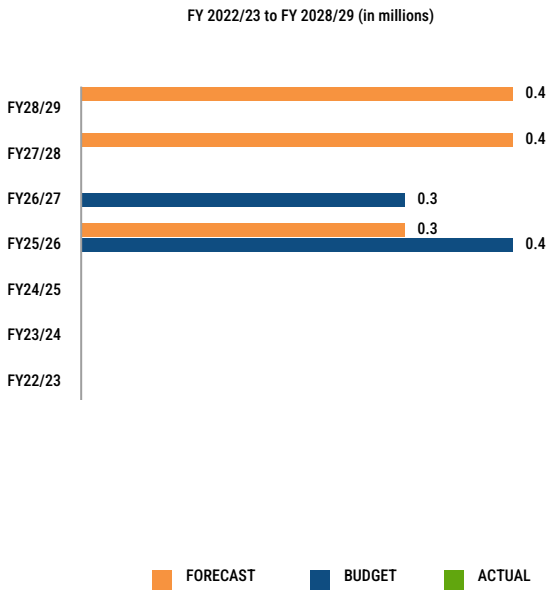
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires Council approval. The FY 2026/27 Operating Contingency is $0.2 million of budget authorization if unforeseen expenses occur during the fiscal year.



REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires Council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2026/27 Revenue Stabilization Reserve is $0.3 million of budget authorization.



FIRE MITIGATION FUND BALANCE

The Fire Mitigation Fund Balance accounts for any funds remaining after the designation to all other uses, contingencies, and reserves. The FY 2026/27 Fire Mitigation Fund Balance is $1.2 million. The fund shows projected increases in fund balance in future years, which will be fully utilized for future Fire Department needs related to parks and the Preserve.



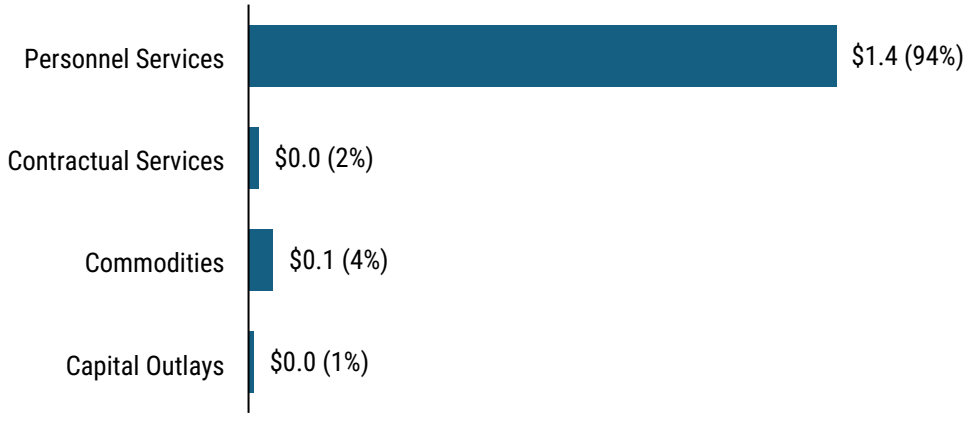
FUND PURPOSE

Beginning in FY 2025/26, in accordance with voter approval of Proposition 490 in November of 2024 and Ordinance No. 4633, the city will assess a 0.15 percent transaction privilege and use tax (the Park and Preserve Tax) for maintenance and improvement of city parks and for the maintenance and protection of the McDowell Sonoran Preserve, including police and fire security and protection. The Police Ranger Fund represents the seven percent of the Park and Preserve Tax collections after debt requirements are satisfied that is restricted for police ranger operations.

Police Ranger Fund Sources (% of Total)
$1.9 Million



Police Ranger Fund Uses (% of Total)
$1.4 Million



Rounding differences may occur.

BUDGET BY FUND | Park and Preserve Tax Fund - Police Ranger Five-Year Financial Forecast

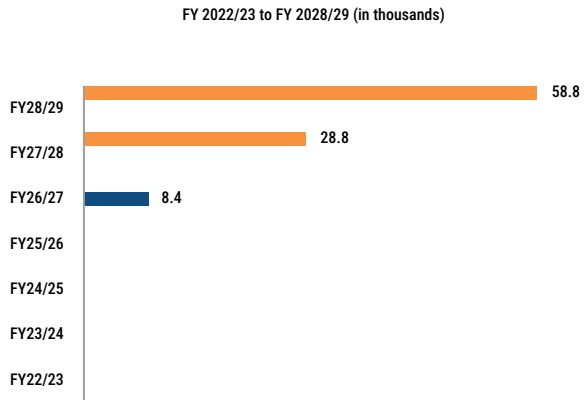
	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	-	-	-	125,408	144,204	154,590	165,070	181,519
Revenue Stabilization Reserve				250,816	288,409	309,181	330,139	363,038
Police Ranger Fund Balance	-	-	-	146,163	498,444	850,279	1,136,136	1,346,759
Total Beginning Fund Balance	**-**	**-**	**-**	**522,386**	**931,058**	**1,314,050**	**1,631,345**	**1,891,316**
Revenues								
Interest Earnings	-	-	-	8,364	28,796	58,828	85,467	109,584
Subtotal	**-**	**-**	**-**	**8,364**	**28,796**	**58,828**	**85,467**	**109,584**
Transfers In								
Police Ranger - 7%	-	1,714,243	1,776,464	1,842,352	1,900,100	1,909,164	1,989,694	2,084,290
Subtotal	**-**	**1,714,243**	**1,776,464**	**1,842,352**	**1,900,100**	**1,909,164**	**1,989,694**	**2,084,290**
Total Sources	**-**	**1,714,243**	**1,776,464**	**1,850,716**	**1,928,896**	**1,967,992**	**2,075,161**	**2,193,874**
Expenditures								
Personnel Services	-	819,113	818,179	1,350,703	1,449,995	1,549,993	1,709,451	1,725,904
Contractual Services	-	25,405	25,405	22,866	24,009	25,210	26,470	27,794
Commodities	-	62,894	62,894	56,595	59,425	62,396	65,516	68,792
Capital Outlays	-	347,600	347,600	11,880	12,474	13,098	13,753	14,440
Subtotal	**-**	**1,255,012**	**1,254,078**	**1,442,044**	**1,545,903**	**1,650,697**	**1,815,190**	**1,836,930**
TOTAL OPERATING BUDGET	**-**	**1,255,012**	**1,254,078**	**1,442,044**	**1,545,903**	**1,650,697**	**1,815,190**	**1,836,930**
Total Uses	**-**	**1,255,012**	**1,254,078**	**1,442,044**	**1,545,903**	**1,650,697**	**1,815,190**	**1,836,930**
Sources Over/(Under) Uses	**-**	**459,231**	**522,386**	**408,672**	**382,993**	**317,295**	**259,971**	**356,944**
Ending Fund Balance								
Operating Contingency	-	125,501	125,408	144,204	154,590	165,070	181,519	183,693
Revenue Stabilization Reserve	-	251,002	250,816	288,409	309,181	330,139	363,038	367,386
Police Ranger Fund Balance	-	82,727	146,163	498,444	850,279	1,136,136	1,346,759	1,697,180
Total Ending Fund Balance	**-**	**459,231**	**522,386**	**931,058**	**1,314,050**	**1,631,345**	**1,891,316**	**2,248,259**

POLICE RANGER FUND SOURCES

Per Financial Policy No. 11, the annual Park and Preserve Tax revenues are deposited in the Park and Preserve Tax Allocation Fund, and seven percent of the collections after all debt requirements are satisfied are transferred to the Police Ranger Fund. The FY 2026/27 budgeted revenue for the Police Ranger Fund is $1.9 million.

INTEREST EARNINGS

Police Interest Earnings are generated on idle Police Ranger Fund cash balances throughout the year. This revenue is a function of the relationship between the city's available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest Earnings revenue is budgeted at $8,364 in FY 2026/27.

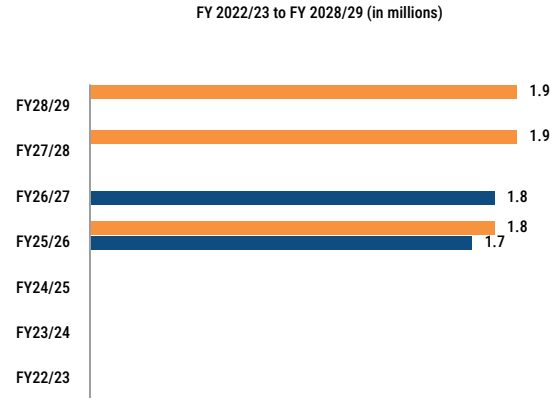


TRANSFERS IN

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

POLICE RANGER - 7%

Police Ranger - 7% represents a seven percent annual revenue distribution from the Park and Preserve Tax Allocation Fund. Police Ranger Fund revenue is restricted for city park rangers and security needs for city parks and the Preserve. The FY 2026/27 transfer from the Park and Preserve Tax Allocation Fund is $1.8 million.



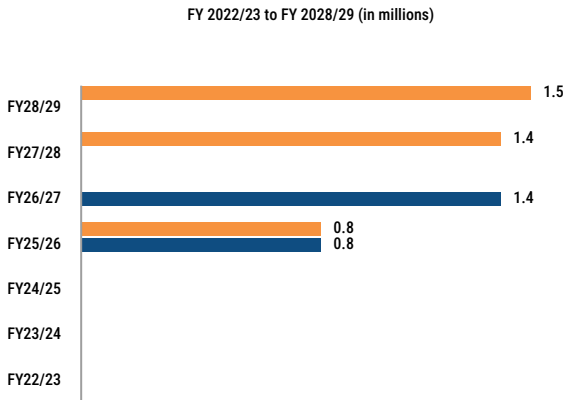
POLICE RANGER FUND USES

Police Ranger Fund uses are directed by Ordinance No. 4633 and include Personnel Services, Contractual Services, Commodities, and Capital Outlays. The FY 2026/27 adopted budget is $1.4 million.

FORECAST BUDGET ACTUAL

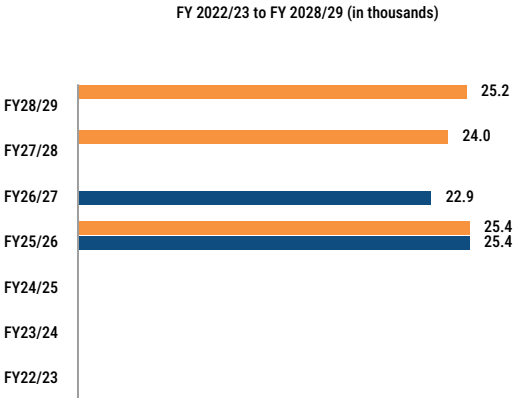
PERSONNEL SERVICES

Personnel Services includes salaries paid to employees of the City of Scottsdale, overtime, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2026/27 adopted budget is $1.4 million. The Police Ranger Fund supports 8.00 full-time equivalent (FTE) positions..



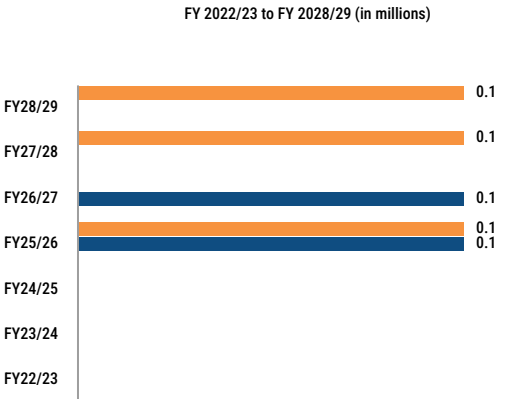
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments such as the procurement of radio and body camera services. The FY 2026/27 adopted budget is $22,866. This is largely flat when compared with the FY 2025/26 adopted budget.



COMMODITIES

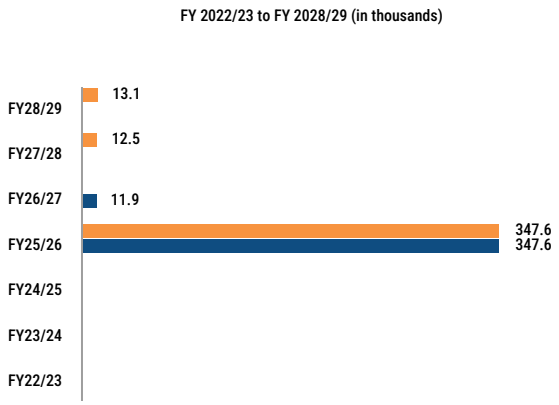
Commodities includes expendable items purchased through the city-approved centralized purchasing process such as radios, uniforms, and equipment to outfit officers. The FY 2026/27 adopted budget is $0.1 million.





CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2026/27 adopted budget of $11,880 is a decrease of $0.3 million, largely due to the completion of one-time vehicle and computer equipment purchases.

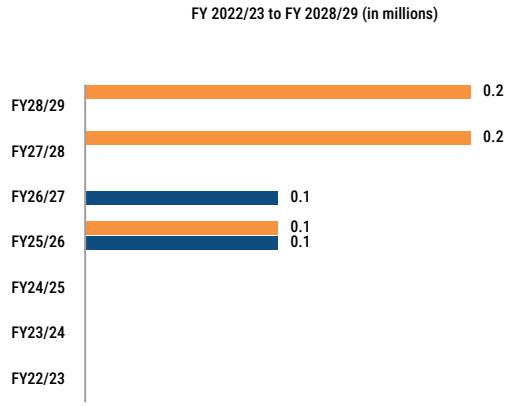


POLICE RANGER FUND ENDING BALANCE

The Police Ranger Fund Ending Balance protects the fund's financial condition and provides for unexpected economic challenges. The FY 2026/27 ending balance is approximately $0.9 million.

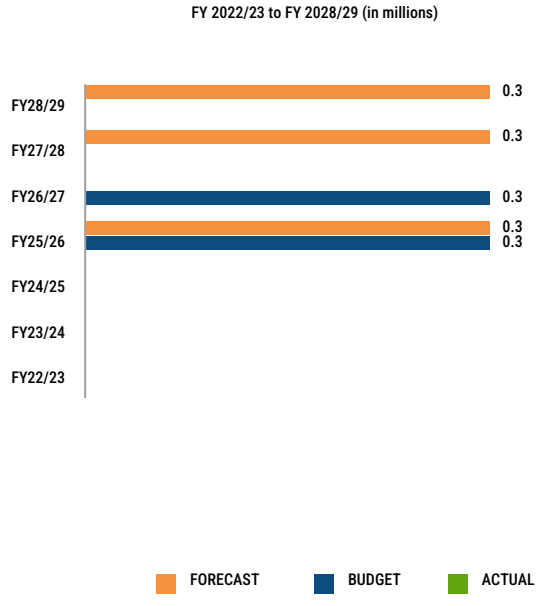
OPERATING CONTINGENCY

The Operating Contingency is utilized only after all budget options have been considered and requires council approval. The FY 2026/27 Operating Contingency is $0.1 million of budget authorization if unforeseen expenses occur during the fiscal year.



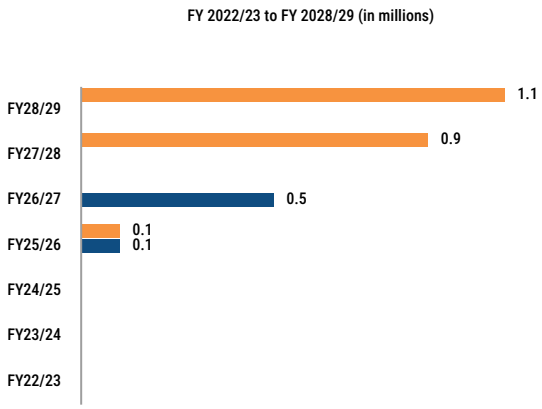
REVENUE STABILIZATION RESERVE

Per Financial Policy No. 2.04, the city will maintain a Revenue Stabilization Reserve of 20 percent of operating uses, excluding transfers out, to provide funding to deal with fluctuations in economic cycles. Use of this reserve requires council approval, and the city shall strive to restore the reserves to the required financial policy level of 20 percent, within the next two fiscal years following the fiscal year in which the funds were used. The FY 2026/27 Revenue Stabilization Reserve is $0.3 million of budget authorization.



POLICE RANGER FUND BALANCE

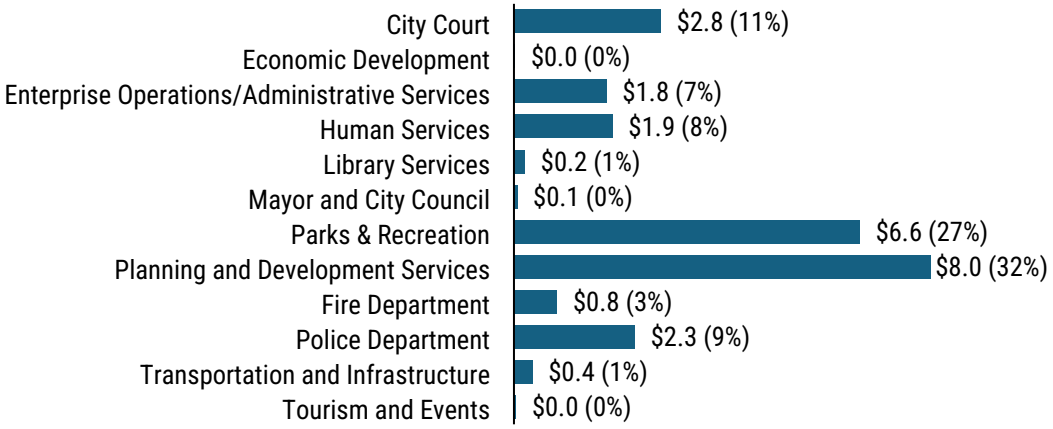
The Police Ranger Fund Balance accounts for any funds remaining after the designation to all other uses, contingencies, and reserves. The FY 2026/27 Police Ranger Fund Balance is $0.5 million. The fund shows projected increases in fund balance in future years, which will be utilized for future investments in the Police Ranger program.



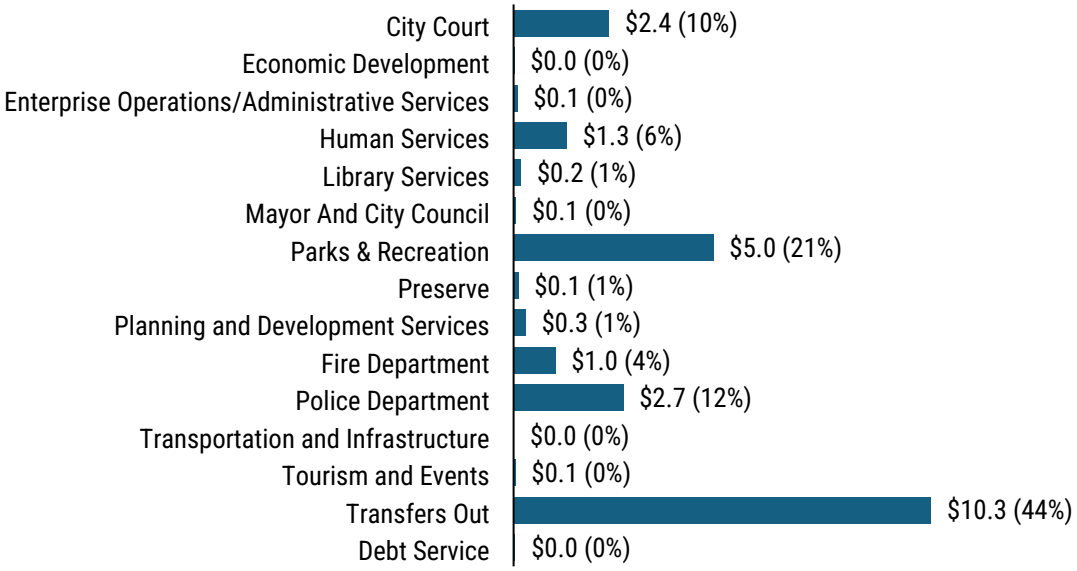
FUND PURPOSE

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

Special Programs Fund Sources (% of Total)
$24.8 Million



Special Programs Fund Uses (% of Total)
$23.6 Million



Rounding differences may occur

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Appropriation Contingency[a]	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	6,319,251	6,911,908	6,820,742	7,469,314	7,910,126	7,971,970	7,996,218	7,917,622
Reserve - City Manager	4,486	4,486	4,211	4,211	4,211	4,211	4,211	4,211
Reserve - Economic Development	406	406	406	406	-	-	-	-
Reserve - Enterprise Operations/Administrative Services	4,979,741	4,355,932	4,136,635	3,598,179	4,561,679	5,632,104	7,397,104	9,162,104
Reserve - Human Services	2,448,993	1,970,847	3,395,792	5,700,281	6,263,668	6,658,013	7,056,283	7,458,535
Reserve - Library Services	87,477	185,912	209,517	233,122	256,727	280,804	305,362	330,412
Reserve - Mayor and City Council	10,304	45,707	9,804	2,998	4,416	4,034	3,652	4,270
Reserve - Parks & Recreation	820,537	849,499	2,789,911	2,896,637	3,084,380	3,293,264	3,808,906	4,987,014
Reserve - Planning and Development Services	5,970,422	5,672,601	8,508,646	8,103,153	7,851,468	7,801,748	7,752,023	7,702,280
Reserve - Preserve	343,703	243,621	219,319	119,237	-	-	-	-
Reserve - Fire Department	996,412	968,644	1,346,401	1,297,254	1,083,201	849,497	596,045	318,593
Reserve - Police Department[b]	1,512,898	1,693,159	3,351,490	3,177,549	2,765,841	2,421,583	2,150,702	1,894,331
Reserve - Transportation and Infrastructure	345,207	378,938	186,998	202,289	231,061	245,256	259,451	273,646
Reserve - Tourism And Events	122,951	103,326	103,326	91,326	79,326	67,226	55,126	43,026
Total Beginning Fund Balance	**23,962,788**	**23,384,986**	**31,083,200**	**32,895,957**	**34,096,104**	**35,229,710**	**37,385,083**	**40,096,044**
Revenues								
City Court	2,528,571	2,756,622	2,756,622	2,809,442	2,574,018	2,574,942	2,569,207	2,573,425
City Manager's Office[c]	(275)	-	-	-	-	-	-	-
Economic Development	-	20,000	20,000	20,000	-	-	-	-
Enterprise Operations/Administrative Services	1,409,944	1,801,790	1,961,364	1,771,090	1,771,400	1,771,715	1,772,050	1,772,405
Human Services	1,325,999	3,036,474	3,036,474	1,885,876	1,898,717	1,911,778	1,925,061	2,048,573
Library Services	274,701	209,845	209,845	209,845	214,042	218,323	222,689	227,144
Mayor And City Council	-	103,500	60,000	63,300	61,500	61,500	62,500	61,500
Parks & Recreation	4,459,597	5,826,995	5,826,995	6,605,534	6,079,548	6,185,392	6,727,186	6,943,654
Planning and Development Services	10,753,573	8,178,373	8,178,373	7,952,150	7,935,510	7,956,360	7,973,040	7,989,720
Fire Department	809,486	818,005	818,005	823,005	825,505	828,005	828,005	828,005
Police Department[b]	3,685,478	4,720,984	2,308,184	2,308,184	2,423,593	2,544,773	2,672,012	2,805,612
Transportation and Infrastructure	296,404	345,000	345,000	352,000	295,000	295,000	295,000	295,000
Tourism and Events	31,377	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Subtotal	**25,574,855**	**27,856,588**	**25,559,862**	**24,839,426**	**24,117,833**	**24,386,788**	**25,085,750**	**25,584,038**

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

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Transfers In								
Operating	329,101	-	-	-	-	-	-	-
CIP	2,592	-	-	-	-	-	-	-
Subtotal	**331,693**	-	-	**-**	**-**	**-**	**-**	**-**
Total Sources	**25,906,549**	**27,856,588**	**25,559,862**	**24,839,426**	**24,117,833**	**24,386,788**	**25,085,750**	**25,584,038**
Expenditures								
City Court	1,969,649	2,141,824	2,108,050	2,368,631	2,512,174	2,550,694	2,647,803	2,655,410
Economic Development	-	20,000	20,000	20,406	-	-	-	-
Enterprise Operations/Administrative Services	77,894	100,006	100,006	96,090	6,400	6,715	7,050	7,405
Human Services	379,199	811,985	731,985	1,322,489	1,504,373	1,513,508	1,522,810	1,074,314
Library Services	152,662	186,240	186,240	186,240	189,965	193,764	197,639	201,593
Mayor and City Council	500	68,806	66,806	61,882	61,882	61,882	61,882	61,882
Parks & Recreation	3,811,143	5,066,487	5,008,484	4,954,466	5,182,999	5,268,070	5,453,733	5,652,716
Preserve	124,384	100,082	100,082	119,237	-	-	-	-
Planning and Development Services	394,362	715,493	715,493	301,685	49,720	49,725	49,743	49,748
Fire Department	458,664	919,006	867,152	1,037,058	1,059,209	1,081,457	1,105,457	1,129,935
Police Department[(b)]	2,064,102	4,359,034	2,482,125	2,719,892	2,767,851	2,815,654	2,928,382	3,007,283
Transportation and Infrastructure	12	255,817	15,817	14,225	15,805	15,805	15,805	15,805
Tourism and Events	51,002	51,000	51,000	51,000	51,100	51,100	51,100	51,100
Personnel Programs	-	1,950	-	-	-	-	-	-
Subtotal	**9,483,573**	**14,797,730**	**12,453,240**	**13,253,301**	**13,401,478**	**13,608,374**	**14,041,404**	**13,907,191**
Debt Service								
Contracts Payable	60,410	48,892	48,892	44,003	-	-	-	-
Subtotal	**60,410**	**48,892**	**48,892**	**44,003**	**-**	**-**	**-**	**-**
TOTAL OPERATING BUDGET	**9,543,983**	**14,846,622**	**12,502,132**	**13,297,304**	**13,401,478**	**13,608,374**	**14,041,404**	**13,907,191**
Transfers Out								
Other	713,291	-	265,000	265,000	265,000	265,000	265,000	265,000
Debt Service Fund	753,181	759,066	759,066	763,637	751,915	769,181	759,845	739,289
CIP	620,000	5,137,819	3,017,284	2,076,188	1,294,575	300,000	-	-
CIP Stormwater Fee	7,155,681	7,203,623	7,203,623	7,237,150	7,271,260	7,288,860	7,308,540	7,324,420
Subtotal	**9,242,153**	**13,100,508**	**11,244,973**	**10,341,975**	**9,582,750**	**8,623,041**	**8,333,385**	**8,328,709**
Total Uses	**18,786,137**	**27,947,130**	**23,747,105**	**23,639,279**	**22,984,227**	**22,231,414**	**22,374,788**	**22,235,899**

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

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Sources Over/(Under) Uses	**7,120,412**	**(90,542)**	**1,812,757**	**1,200,147**	**1,133,606**	**2,155,374**	**2,710,962**	**3,348,139**
Ending Fund Balance								
Appropriation Contingency[a]	1,195,809	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Reserve - City Court	6,820,742	7,526,706	7,469,314	7,910,126	7,971,970	7,996,218	7,917,622	7,835,637
Reserve - City Manager	4,211	4,486	4,211	4,211	4,211	4,211	4,211	4,211
Reserve - Economic Development	406	406	406	-	-	-	-	-
Reserve - Enterprise Operations/Administrative Services	4,136,635	2,360,820	3,598,179	4,561,679	5,632,104	7,397,104	9,162,104	10,927,104
Reserve - Human Services	3,395,792	4,195,336	5,700,281	6,263,668	6,658,013	7,056,283	7,458,535	8,432,794
Reserve - Library Services	209,517	209,517	233,122	256,727	280,804	305,362	330,412	355,962
Reserve - Mayor and City Council	9,804	80,401	2,998	4,416	4,034	3,652	4,270	3,888
Reserve - Parks & Recreation	2,789,911	350,778	2,896,637	3,084,380	3,293,264	3,808,906	4,987,014	6,203,964
Reserve - Planning and Development Services	8,508,646	5,267,108	8,103,153	7,851,468	7,801,748	7,752,023	7,702,280	7,652,532
Reserve - Preserve	219,319	143,539	119,237	-	-	-	-	-
Reserve - Fire Department	1,346,401	867,643	1,297,254	1,083,201	849,497	596,045	318,593	16,662
Reserve - Police Department[b]	3,351,490	1,777,149	3,177,549	2,765,841	2,421,583	2,150,702	1,894,331	1,692,661
Reserve - Transportation and Infrastructure	186,998	419,229	202,289	231,061	245,256	259,451	273,646	287,841
Reserve - Tourism And Events	103,326	91,326	91,326	79,326	67,226	55,126	43,026	30,926
Total Ending Fund Balance	**31,083,200**	**23,294,444**	**32,895,957**	**34,096,104**	**35,229,710**	**37,385,083**	**40,096,044**	**43,444,182**

[a] Unfunded contingency not included in the beginning or ending fund balances that allows for the use of unanticipated revenues from a dedicated funding source with Council's approval.

[b] Adopted FY 2025/26 includes Racketeer Influenced and Corrupt Organizations Act (RICO) funding that was moved during the year to the Grants Fund to comply with Schedule of Expenditures of Federal Awards (SEFA) regulations.

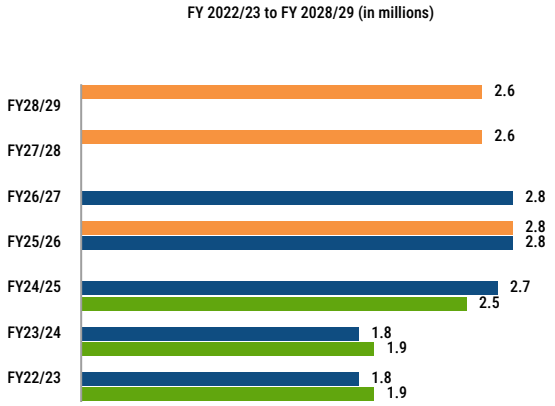
[c] Refund related to catalytic converter event funding that was expensed in a prior year.

SPECIAL PROGRAMS FUND SOURCES

Sources received in the Special Programs Fund include revenue generated from Fines, Fees, Forfeitures and Permits, Contributions/Donations, Other Revenues, and Transfers In. The Sources are detailed by department in the following sections.

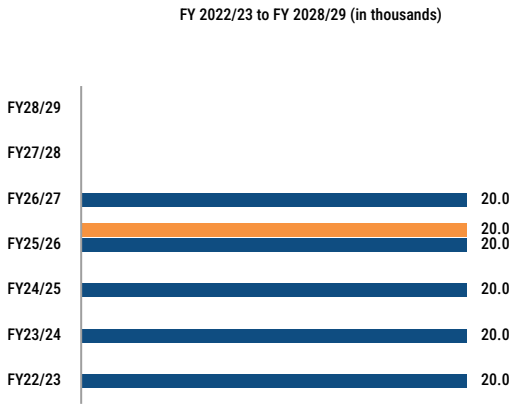
CITY COURT

City Court revenue originates from four sources: Court Enhancement Fund (CEF), Judicial Collections Enhancement Fund (JCEF), Fill-the-Gap (FTG), and Jury Fee Donations. CEF is established by Scottsdale City Ordinance No. 2570 section 9-7.2 and provides funding to enhance the technological, operational, and security facilities of the Court. JCEF and FTG were established by Arizona Revised Statutes (ARS) 12-116 (A)(B) and Laws 1999, Chapter 346. These provisions provide funding for maintaining and enhancing the Court's ability to collect and manage monies. The FY 2026/27 budget for restricted City Court revenue is $2.8 million, which is flat when compared to the FY 2025/26 adopted budget.



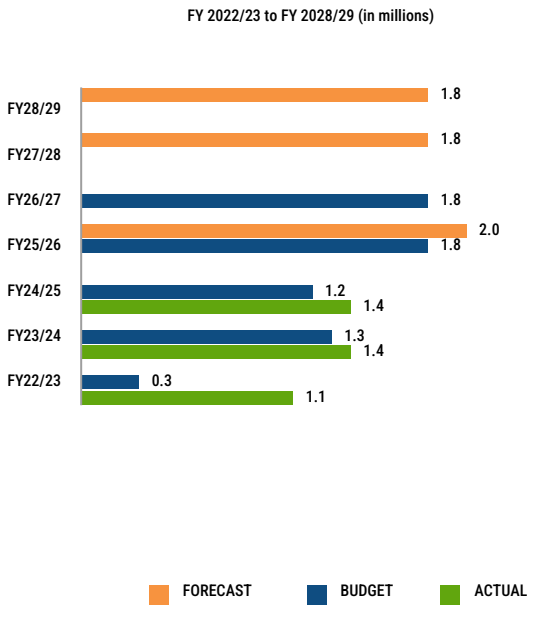
ECONOMIC DEVELOPMENT

Economic Development revenue is generated from contributions and donations. The FY 2026/27 budgeted revenue is $20,000, which is flat from the FY 2025/26 adopted budget.



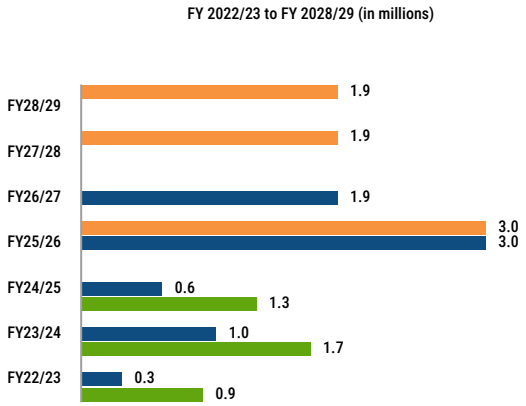
ENTERPRISE OPERATIONS/ADMINISTRATIVE SERVICES

Revenue sources include WestWorld parking revenue, Silverado golf course ticket surcharges, and revenue from the Bureau of Reclamation (BOR). The FY 2026/27 budgeted special programs revenue is $1.8 million, which is flat when compared to the FY 2025/26 adopted budget.



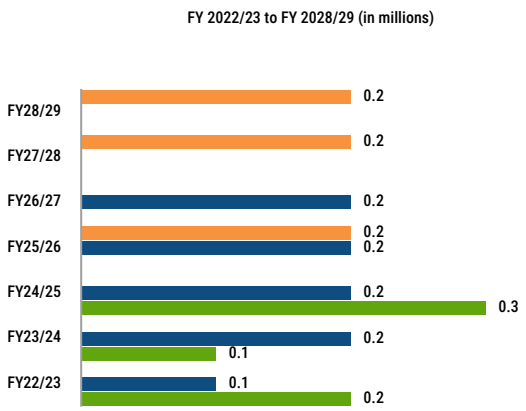
HUMAN SERVICES

Human Services Special Programs Fund revenue includes One Arizona Opioid settlement funds, donations, contributions, sponsorships, and user fees and charges that are restricted to specific uses per the revenue source. The FY 2026/27 budgeted special programs revenue is $1.9 million, which is a decrease of $1.1 million when compared to the FY 2025/26 adopted budget due to receiving additional settlement distributions in FY 2025/26. Opioid settlement distributions are variable, so this revenue source may fluctuate from year to year.



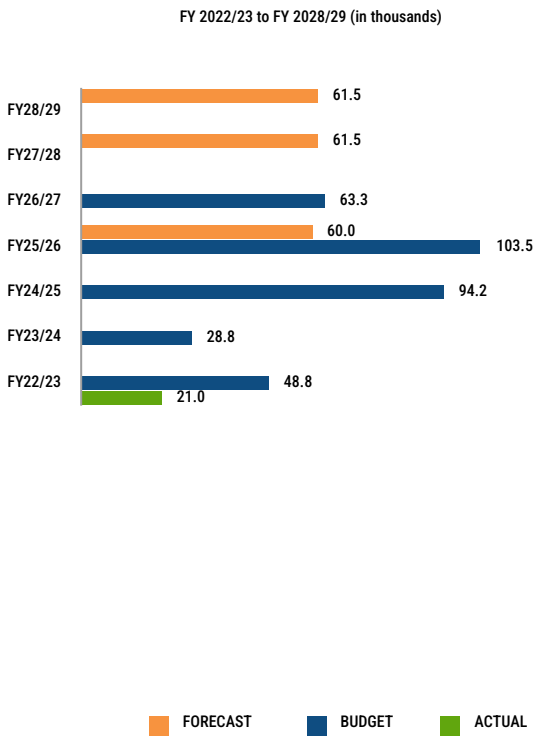
LIBRARY SERVICES

Library Services Special Programs Fund revenue includes sales from the Library Shop, contributions, donations, memorials, sponsorships, and user fees and charges that are restricted to specific uses per the revenue source. The FY 2026/27 budgeted special programs revenue is $0.2 million, which is flat when compared to the FY 2025/26 adopted budget. The FY 2024/25 actual was higher than budget due to receiving additional contributions and donations.



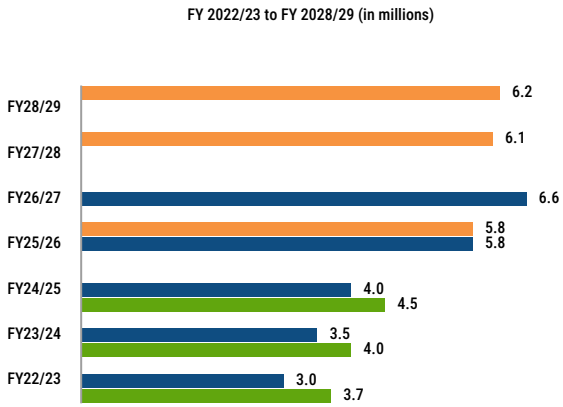
MAYOR AND CITY COUNCIL

Mayor and City Council receive contributions and donations to fund events, such as the State of the City, Mayor's Ability awards, and Constitution Day Contest. The FY 2026/27 estimated special revenue is $63,300. In FY 2023/24 and FY2024/25, no contributions were received.



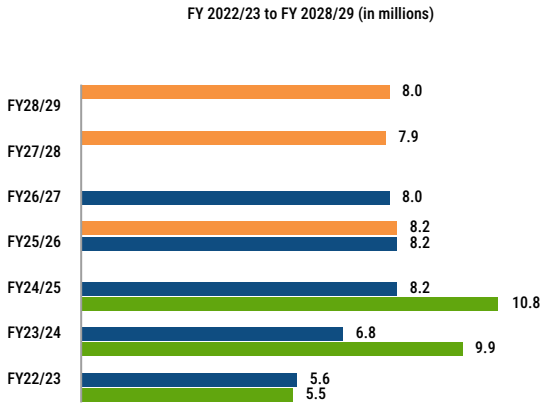
PARKS AND RECREATION

Parks and Recreation revenue includes ticket, food, and souvenir revenue from the McCormick-Stillman Railroad Park, fees from reservations and rentals, donations, contributions, and sponsorship agreements restricted to specific uses per the revenue source. The FY 2026/27 budgeted special programs revenue is $6.6 million, which is an increase of $0.8 million when compared to the FY 2025/26 adopted budget due to an increase in attendance at the McCormick-Stillman Railroad Park and field use for youth sports.



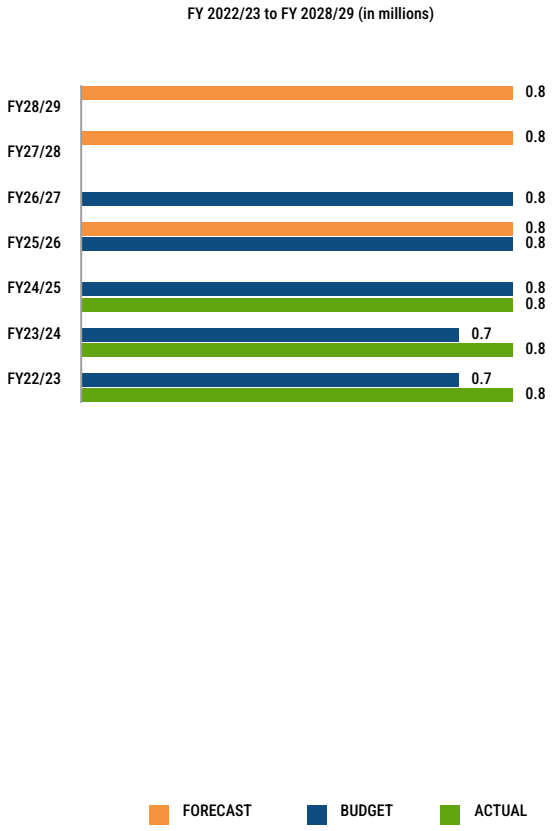
PLANNING AND DEVELOPMENT SERVICES

Planning and Development Services revenue is generated from contributions, donations and lease agreements. The estimated special revenue for FY 2026/27 is $8.0 million, which is a decrease of $0.2 million compared to the FY 2025/26 adopted budget. The decrease is due to a reimbursement from the flood control district received in FY 2025/26. The FY 2024/25 actual revenue was higher than the adopted budget primarily due to a $2.9 million reimbursement from McDowell Mountain Village for a development agreement. The FY 2023/24 actual revenue exceeded the adopted budget, mainly due to a transfer of developers' in-lieu payments from the CIP Airpark Fund to the Airpark Special Improvements Fund.



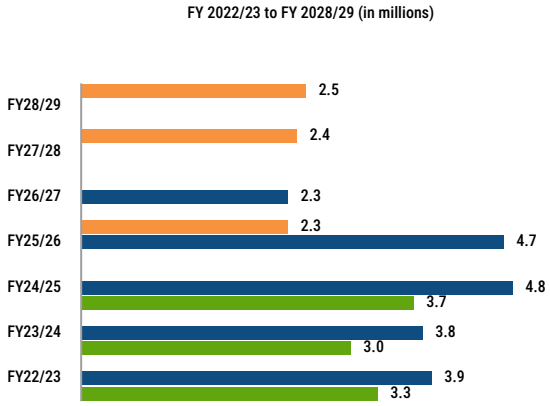
FIRE DEPARTMENT

Fire Department Special Programs Fund revenue is generated from the Smart and Safe Arizona Act, also known as Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults aged 21 and over and was approved by voters in the 2020 general election. Proposition 207 revenue received by local public safety agencies are expected to cover training and personnel costs. Other Fire Department revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories of donations include public education support, equipment acquisition, and fire station enhancements. The FY 2026/27 budgeted special programs revenue is $0.8 million, which is flat when compared to the FY 2025/26 adopted budget.



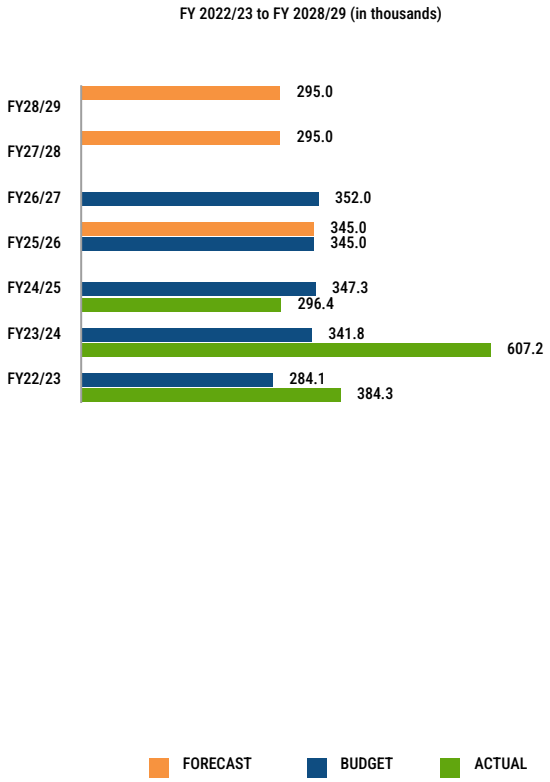
POLICE DEPARTMENT

Police Department revenue is generated from the following seven sources: 1) Forensic Services Intergovernmental Agreement (IGA) with communities neighboring Scottsdale for full cost recovery of services provided at the crime laboratory; 2) drug conviction assessments for the purpose of crime laboratory analysis; 3) donations made specifically for the Mounted Unit, Family Advocacy, Canine Unit, and Cadet Program; 4) Police 30-Day Tow Program that enforces State Statute (A.R.S. § 28-872) for driving under the influence and driving without insurance offences; 5) Officer Safety Equipment established by A.R.S. § 41-1723 that imposes a $13 assessment ($4 to the investigating/arresting agency) on all criminal charges, civil traffic, and parking charges to purchase safety equipment for officers; 6) Second Hand and Pawn Transaction Fee established by Ordinance No. 3966 in May 2012 that requires electronically processed pawn tickets and related fees be used to recover costs related to the administration of the program; and 7) Revenue generated from the Smart and Safe Arizona Act, or Proposition 207. Proposition 207 allowed the legalization, taxation, and recreational use of cannabis for adults 21 and over and was approved by voters in the 2020 general election. Monies received by local law enforcement agencies are expected to cover peace officer training academies and sworn personnel costs. Beginning in FY 2025/26 Racketeering Influenced Corrupt Organization (RICO) funds are now treated as Grant funds and are no longer recorded in this category. Revenue estimated through restricted revenue sources for FY 2026/27 is $2.3 million, which is a decrease of $2.4 million from the FY 2025/26 adopted budget.



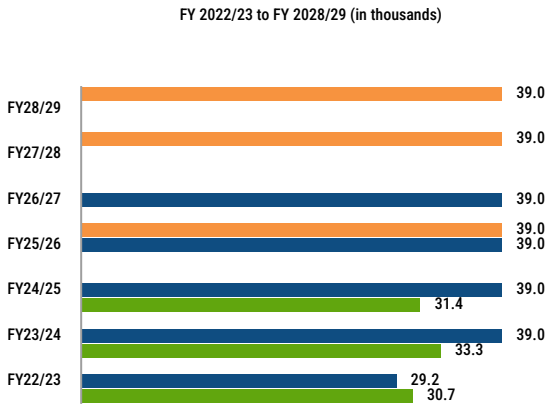
TRANSPORTATION AND INFRASTRUCTURE

The city receives annual payments from Southwest Gas for a Gas Franchise Agreement allowing for the use of and maintenance of city rights-of-way. The agreement requires Southwest Gas to pay the city a two-percent franchise fee and a 0.5-percent Capital Expenditures Fund fee based on gross revenues derived from its sale and/or delivery of natural and artificial gas. The FY 2026/27 estimated revenue of $352,000 is essentially flat compared to the FY 2025/26 budgeted revenue.



TOURISM AND EVENTS

The city deposits half of the lease revenues from the Scottsdale Artists' School into the Special Programs Fund. The FY 2026/27 estimated revenue of $39,000 is essentially flat compared to the FY 2025/26 budgeted revenue.

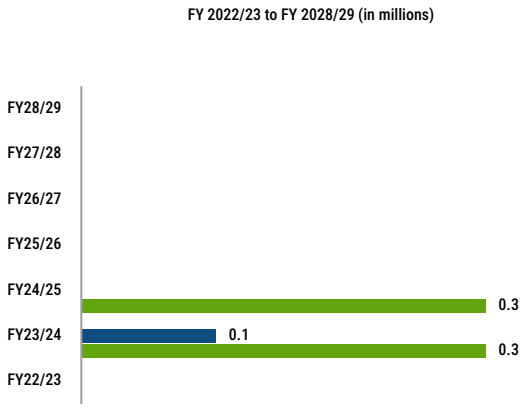


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2026/27 adopted budget did not include any transfers in for the Special Programs Fund.

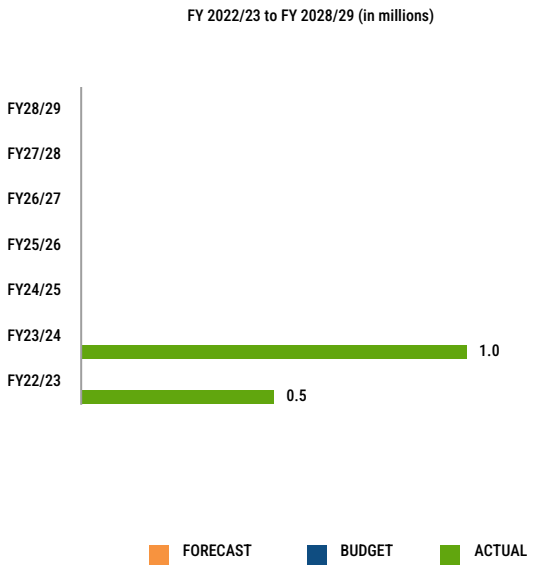
OPERATING

Operating Transfers In the Special Programs Fund for FY 2026/27 are $0.



CIP

CIP Transfers into the Special Programs Fund for FY 2026/27 are $0.

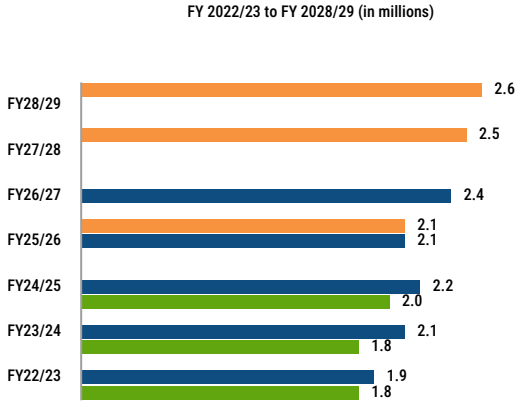


SPECIAL PROGRAMS FUND USES

The Special Programs Fund uses are detailed by department as follows.

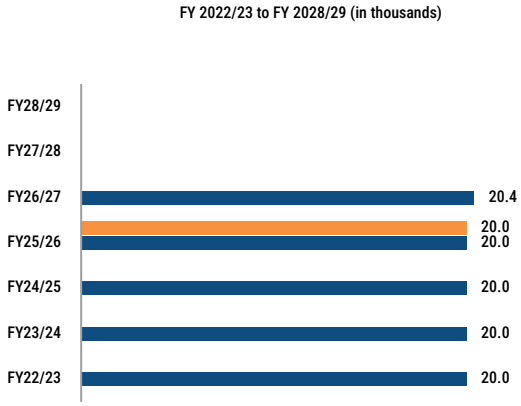
CITY COURT

City Court adopted budget for FY 2026/27 is $2.4 million and includes the following specific uses: 1) enhancements to the Court's technological, operational, and security facilities, as allowed under the Court Enhancement Fund (CEF) established by Scottsdale City Ordinance No. 2570 section 9-7.2; 2) additional expenditures, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Laws 1999, Chapter 346, for the maintenance and enhancement of the Court's ability to collect and manage monies; and 3) services to enhance the experience of citizens serving on juries using jury fee donations. The FY 2026/27 adopted budget reflects an increase of $0.3 million when compared to the FY 2025/26 adopted budget.



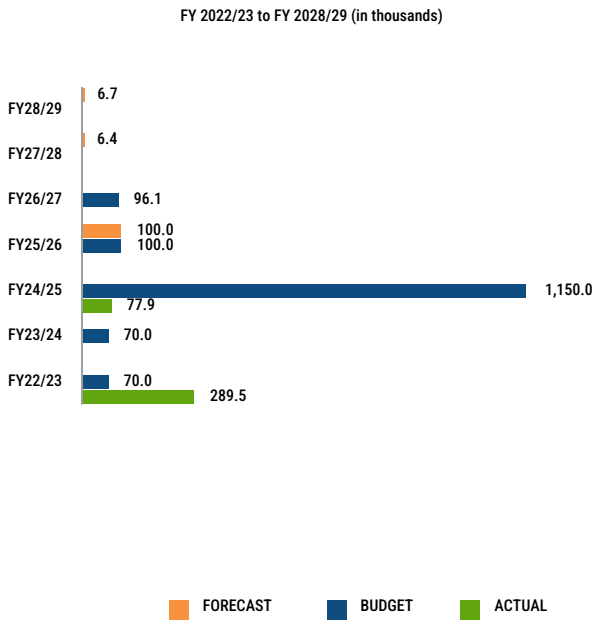
ECONOMIC DEVELOPMENT

The expenditures related to Economic Development are used to support various events and business development in Scottsdale. The adopted budget for FY 2026/27 is $20,406, which is flat compared to the FY 2025/26 adopted budget.



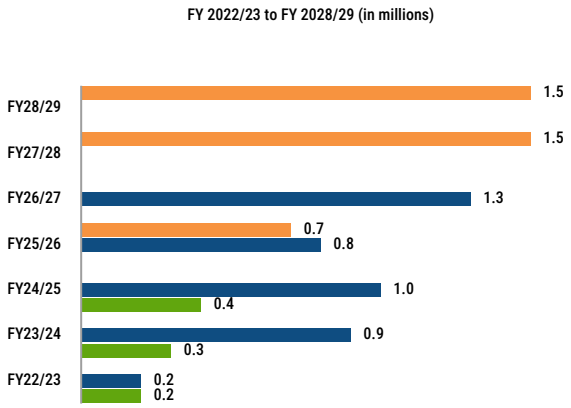
ENTERPRISE OPERATIONS/ADMINISTRATIVE SERVICES

Enterprise Operations/Administrative Services budgeted expenditures include Bureau of Reclamation (BOR) approved expenses and the Phoenix Open state land lease. The FY 2026/27 adopted budget is $96,090, which is a decrease of $3,916 when compared to the FY 2025/26 adopted budget. The budget will decrease in future years due to changes in BOR approved expenses. The FY 2024/25 budget included WestWorld Master Plan expenses, which were moved to the Capital Improvement Plan in FY 2025/26.



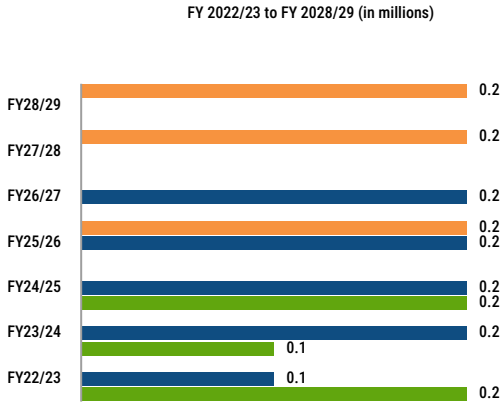
HUMAN SERVICES

Human Services budgeted expenditures include opioid abatement, funding community support agencies (Scottsdale Cares), and special events. The FY 2026/27 adopted budget is $1.3 million, which is an increase of $0.5 million when compared to the FY 2025/26 adopted budget. Fluctuations in budget and actuals are mainly due to One Arizona Opioid funding distributions.



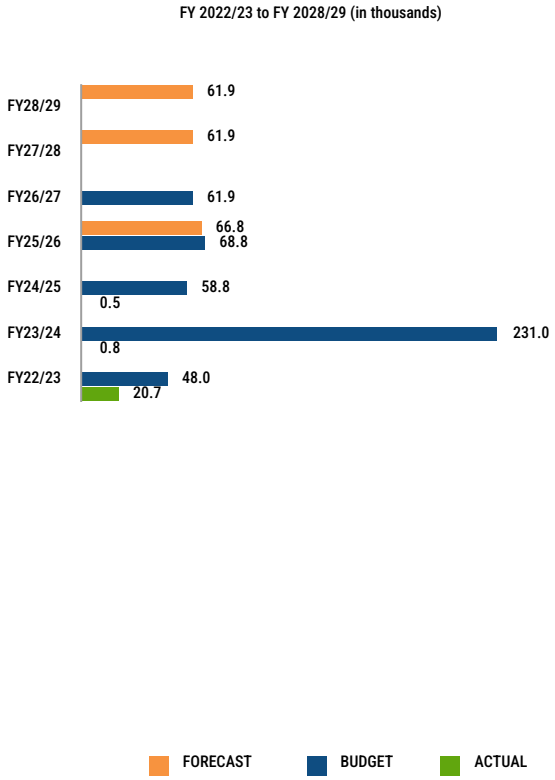
LIBRARY SERVICES

Library Services budgeted expenditures include funding for library programs and operations, special events, and memorials. FY 2026/27 adopted budget is $0.2 million, which is flat when compared to the FY 2025/26 adopted budget.



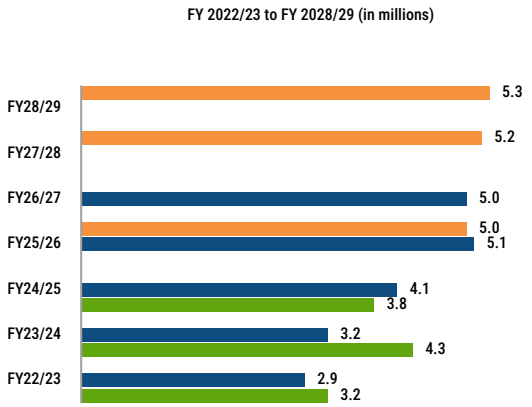
MAYOR AND CITY COUNCIL

Mayor and City Council expenditures are for events such as the State of the City, Mayor's Ability Awards, Constitution Day Contest and other potential new events. The FY 2026/27 adopted budget is $61,882, which is a slight reduction when compared to the FY 2025/26 adopted budget. Most of the FY 2023/24 budget was for the Mayor and Council Breakfast and the State of the City Address.



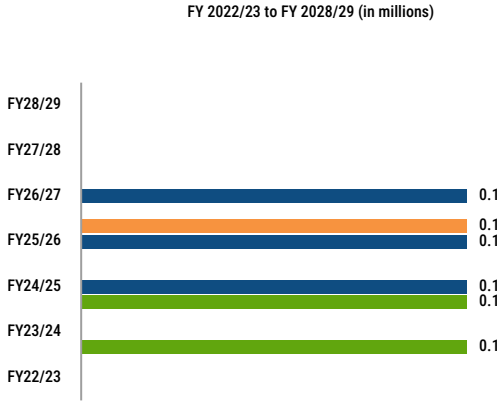
PARKS AND RECREATION

Parks and Recreation budgeted expenditures include youth sports field and pool maintenance, memorials, and special events. The FY 2026/27 budget is $5.0 million, which is a decrease of $0.1 million when compared to the FY 2025/26 adopted budget.



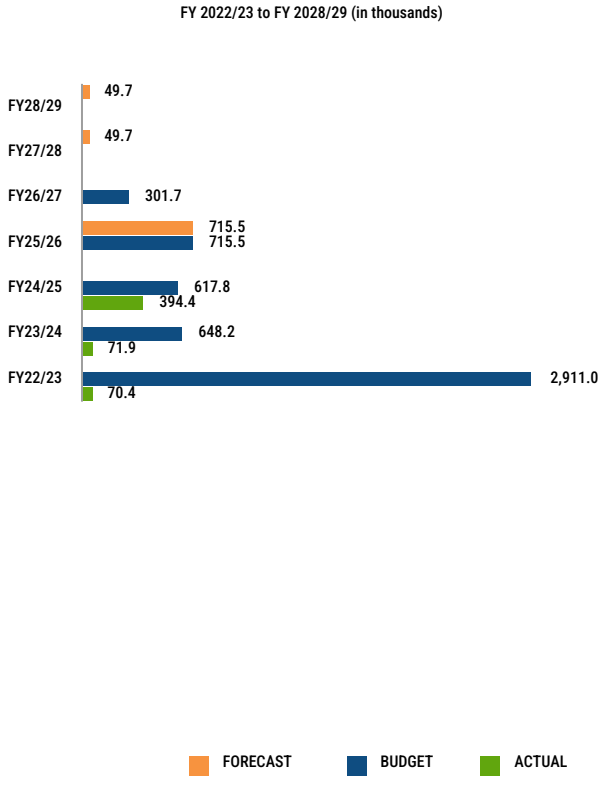
PRESERVE

Preserve budgeted expenditures are for vegetation management. The FY 2026/27 budget is $0.1 million, which is flat when compared to the FY 2025/26 adopted budget.



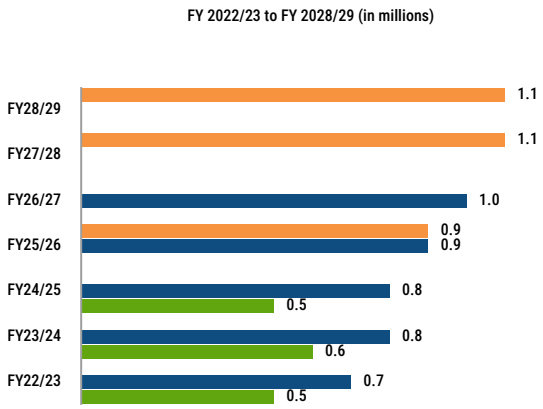
PLANNING AND DEVELOPMENT SERVICES

Special Programs Fund activity in Planning and Development Services includes funding for floodplain management and stormwater master planning, public art initiatives through developer in-lieu payments, and consultant support for community preservation and historic preservation planning. The reduction in post-FY 2022/23 budgets is mainly due to the availability of cash in the Downtown Cultural Trust for the acquisition and installation of public art. The FY 2026/27 adopted budget is $301,685, which is a $413,808 decrease compared to the FY 2025/26 adopted budget. The decrease is primarily due to non-recurring expenses in prior fiscal years for the floodplain management master plan.



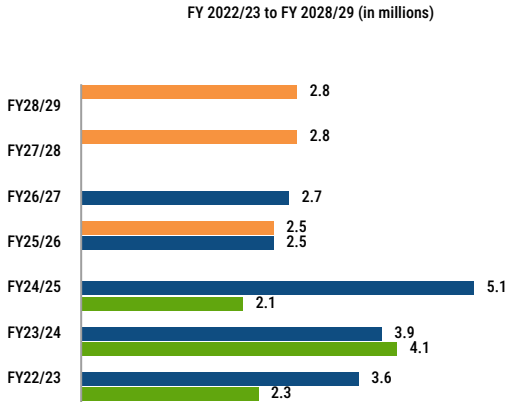
FIRE DEPARTMENT

Fire Department expenditures support personnel, public education, equipment acquisition, and fire station enhancements. The FY 2026/27 adopted budget is $1.0 million, which is an increase of $0.1 million compared to the FY 2025/26 adopted budget.



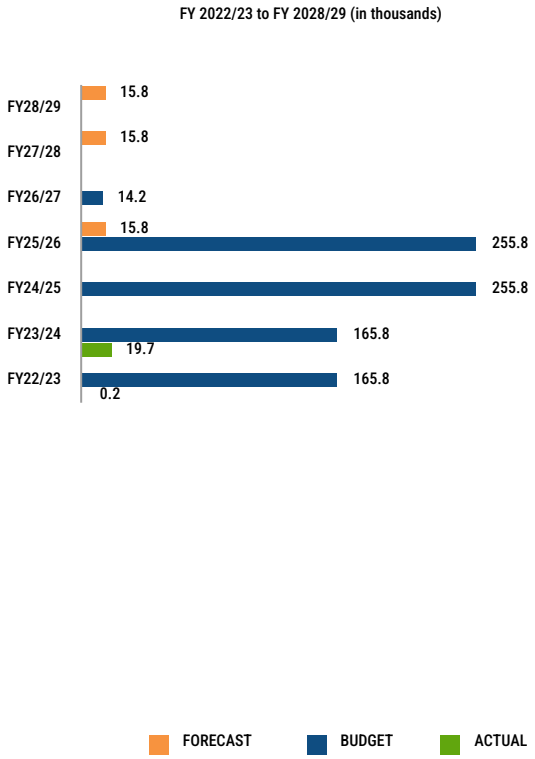
POLICE DEPARTMENT

Police Department expenditures include: 1) the provision of Crime Laboratory Services; 2) veterinary costs, specific training, education and supplies for the Mounted Unit and Canine Unit; 3) School Resource Services including the Cadet Program; 4) Family Advocacy Center; 5) administrative costs for the 30-Day Tow Program that enforces ARS § 28-3511; 6) equipment that enhances officers' safety while on duty; 7) costs for administration and enforcement of City Ordinance No. 3966 (Second Hand and Pawn Transaction Fees); and 8) personnel costs for the Short Term Rental Unit. The FY 2026/27 adopted budget is $2.7 million, which is $0.2 million more than the FY 2025/26 adopted budget.



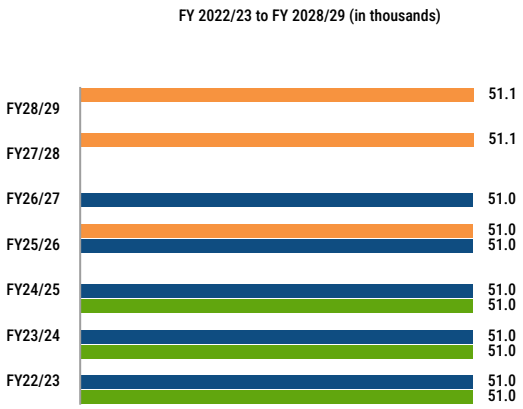
TRANSPORTATION AND INFRASTRUCTURE

Transportation and Infrastructure expenditures are used for the Loloma School lease agreement for maintenance. The FY 2026/27 budget is $14,225, which is a decrease of $241,592 compared to the FY 2025/26 adopted budget. This decrease is primarily due to the transfer of budget associated with Southwest Gas facility relocations to Planning and Development Services beginning in FY 2026/27.



TOURISM AND EVENTS

Tourism and Events expenditures are used special one-time arts related projects.. The FY 2026/27 budget is $46,325, which is flat when compared to the FY 2025/26 adopted budget.

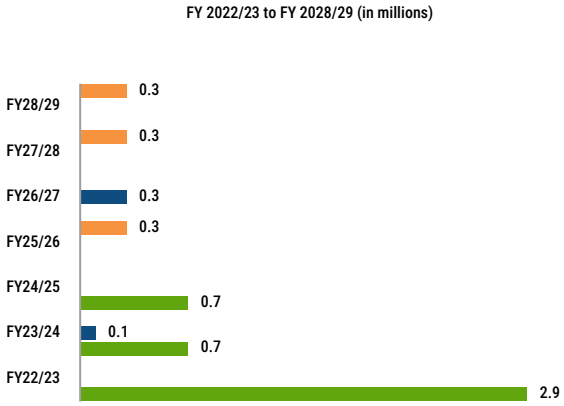


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. The FY 2026/27 adopted budget includes $10.3 million in Transfers Out.

OTHER

The adopted FY 2026/27 budget of $0.3 million is a transfer out to General Fund for the Southwest Gas permit reimbursement.



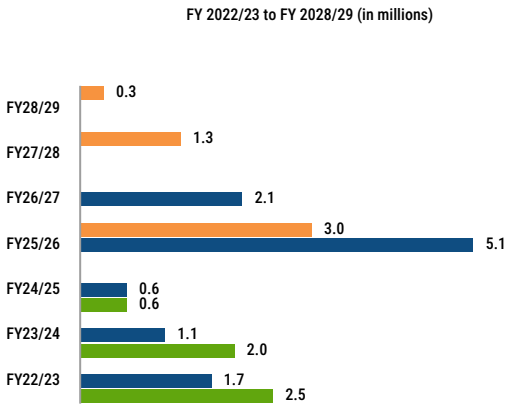
DEBT SERVICE FUND

The adopted FY 2026/27 budget of $0.7 million is a transfer out to the Debt Service Fund for the Municipal Property Corporation (MPC) Bonds issued for the McDowell Mountain Golf Course and Stormwater Fee for projects.



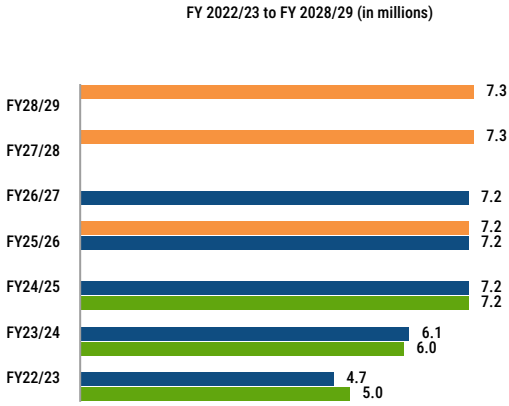
CIP

The FY 2026/27 budget of $2.1 million primarily provides funding for 1) McDowell Mountain Golf Course Lake Restoration; 2) Scottsdale Sports Complex Turf Replacement.



CIP STORMWATER

CIP Stormwater is the $6.95 monthly Stormwater fee paid by utility customers and is transferred to the CIP to be used for drainage and flood control capital projects. The FY 2026/27 budget is $7.2 million, which is flat when compared to the FY 2025/26 adopted budget.

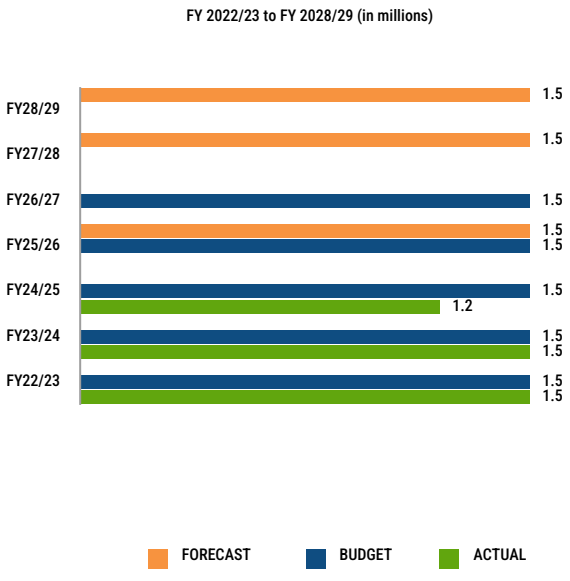


SPECIAL PROGRAMS FUND ENDING BALANCE

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

APPROPRIATION CONTINGENCY

Appropriation Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues from a dedicated funding source and is not included in the beginning or ending fund balance total. Any use of this contingency requires City Council's approval. The adopted Appropriation Contingency for FY 2026/27 is set at $1.5 million, which remains the same as in FY 2025/26.



SPECIAL PROGRAMS FUND BALANCE

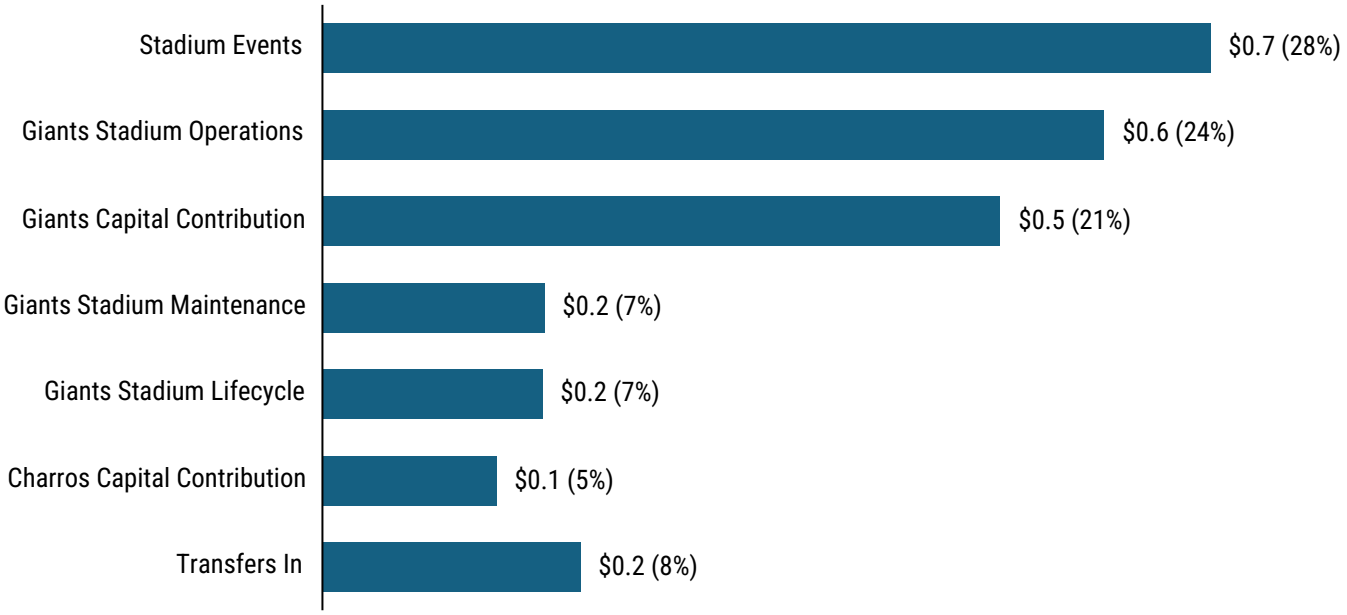
Special Programs Fund ending balance of $34.1 million for FY 2026/27 primarily represents the following individual ending fund balances: $7.9 million for City Court; $4.6 million for Enterprise Operations/Administrative Services; $6.3 million for Human Services; $0.3 million for Library Services; $3.1 million for Parks and Recreation; $7.9 million for Planning and Development Services; $1.1 million for Fire Department; $2.8 million for Police Department; $0.2 million for Transportation and Infrastructure; and $0.1 million for Tourism and Events Department.



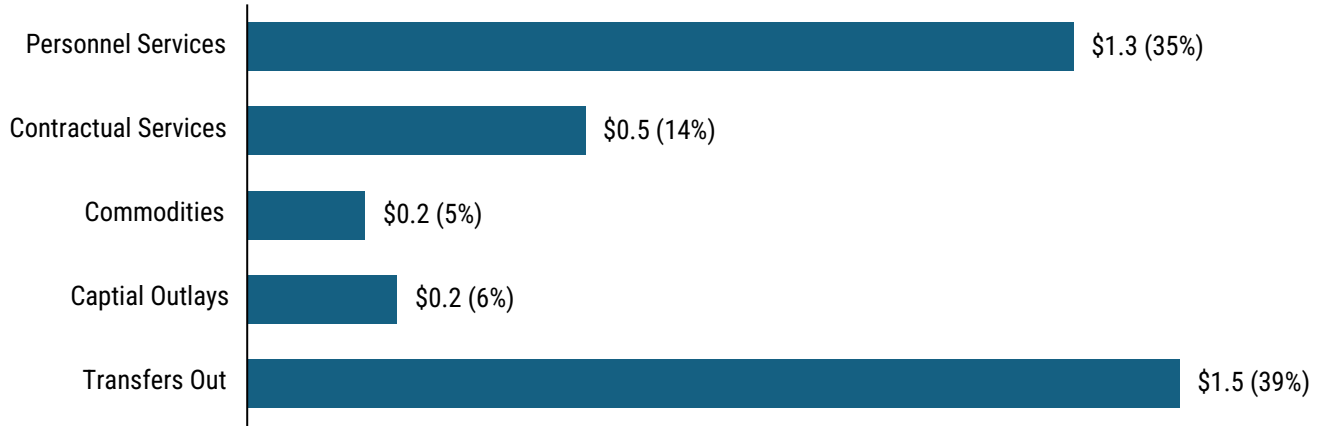
FUND PURPOSE

The Stadium Facility Fund is a special revenue fund created to account for activities at the Scottsdale Stadium. In June 2019, the city entered into a 25-year baseball facilities agreement with the Scottsdale Charros and the San Francisco Giants Baseball Club for the use and maintenance of the Scottsdale Stadium. This fund accounts for the contributions and uses as per the agreement.

Stadium Facility Fund Sources (% of Total)
$2.5 Million



Stadium Facility Fund Uses (% of Total)
$3.8 Million



Rounding differences may occur.

BUDGET BY FUND | Stadium Facility Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Stadium Lifecycle	3,113,493	3,171,456	3,135,613	3,015,878	3,069,646	3,079,159	3,075,659	3,058,932
Stadium Facility Fund Balance	2,004,582	2,805,765	3,126,161	3,227,167	1,842,018	1,614,363	1,470,463	1,205,427
Total Beginning Fund Balance	**5,118,075**	**5,977,221**	**6,261,774**	**6,243,045**	**4,911,664**	**4,693,522**	**4,546,122**	**4,264,359**
Revenues								
Stadium Events[a]	513,541	660,598	890,598	688,248	722,660	758,794	796,734	836,570
Giants Stadium Operations	619,947	531,710	531,710	605,536	612,897	623,496	631,215	642,337
Giants Capital Contribution[b]	1,050,000	525,000	525,000	525,000	525,000	600,000	600,000	600,000
Giants Stadium Maintenance	173,765	172,500	172,500	172,500	173,765	173,765	173,765	173,765
Giants Stadium Lifecycle	171,280	180,265	180,265	170,768	128,856	118,230	107,438	94,939
Charros Capital Contribution	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Subtotal	**2,663,533**	**2,205,073**	**2,435,073**	**2,297,052**	**2,298,179**	**2,409,285**	**2,444,152**	**2,482,611**
Transfers In								
Operating[c]	-	-	-	200,000	200,000	200,000	200,000	200,000
Subtotal	**-**	**-**	**-**	**200,000**	**200,000**	**200,000**	**200,000**	**200,000**
Total Sources	**2,663,533**	**2,205,073**	**2,435,073**	**2,497,052**	**2,498,179**	**2,609,285**	**2,644,152**	**2,682,611**
Expenditures								
Personnel Services	258,766	947,340	930,372	1,337,847	1,471,711	1,500,915	1,580,749	1,664,024
Contractual Services[a]	391,312	434,289	434,289	548,566	323,450	330,387	340,476	350,239
Commodities	87,995	129,141	129,141	190,020	141,817	143,653	145,525	147,440
Capital Outlays[d]	121,761	1,150,000	300,000	242,000	119,343	121,730	124,165	126,648
Subtotal	**859,834**	**2,660,770**	**1,793,802**	**2,318,433**	**2,056,321**	**2,096,685**	**2,190,915**	**2,288,351**
Transfers Out								
Debt Service MPC Bonds	660,000	660,000	660,000	660,000	660,000	660,000	735,000	735,000
CIP[e][f]	-	1,000,000	-	850,000	-	-	-	-
Subtotal	**660,000**	**1,660,000**	**660,000**	**1,510,000**	**660,000**	**660,000**	**735,000**	**735,000**
Total Uses	**1,519,834**	**4,320,770**	**2,453,802**	**3,828,433**	**2,716,321**	**2,756,685**	**2,925,915**	**3,023,351**
Sources Over/(Under) Uses	**1,143,699**	**(2,115,697)**	**(18,729)**	**(1,331,381)**	**(218,142)**	**(147,400)**	**(281,763)**	**(340,740)**
Ending Fund Balance								
Stadium Lifecycle	3,135,613	2,201,721	3,015,878	3,069,646	3,079,159	3,075,659	3,058,932	3,027,223
Stadium Facility Fund Balance	3,126,161	1,659,803	3,227,167	1,842,018	1,614,363	1,470,463	1,205,427	896,396
Total Ending Fund Balance	**6,261,774**	**3,861,524**	**6,243,045**	**4,911,664**	**4,693,522**	**4,546,122**	**4,264,359**	**3,923,619**

[a] The FY 2025/26 Stadium Events forecast includes West Coast Conference baseball tournament ticket revenue to be paid to the West Coast Conference in FY 2026/27.

[b] The FY 2024/25 Giants Capital Contribution includes the FY 2023/24 and FY 2024/25 contributions.

[c] The Operating Transfers In is a contribution from the Tourism Development Fund for operational support.

[d] The FY 2025/26 adopted Capital Outlays includes funding to replace the stadium sound system. Instead funding was used to contribute to the new scoreboard.

[e] The FY 2025/26 adopted transfer out to the CIP is related to a project that was ultimately not adopted, resulting in an adjustment to the FY 2025/26 forecast.

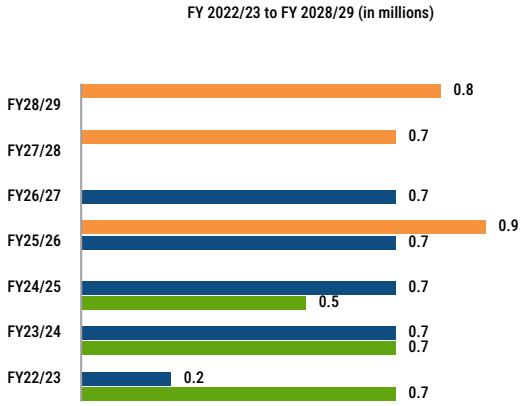
[f] Transfers Out to CIP in FY 2026/27 include the ADA Outfield and Retaining Wall Improvement project.

STADIUM FACILITY FUND SOURCES

The Stadium Facility Fund sources for FY 2026/27 are budgeted at $2.5 million, an increase of $0.3 million from the FY 2025/26 adopted budget.

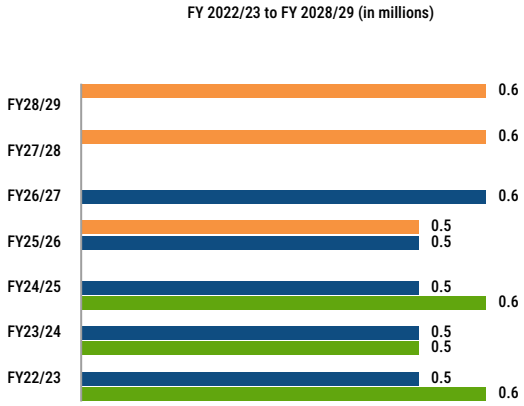
STADIUM EVENTS

Stadium Events represent revenue generated from the events held on the stadium campus. Events are held by a variety of different groups and organizations throughout the year and are held outside of the Giants' exclusive use period (February and March). It includes stadium usage fees and the city's percentage of stadium concession revenues. The FY 2025/26 forecast includes a one-time receipt of ticket revenue to be paid to the West Coast Conference. The FY 2026/27 budgeted revenue is $0.7 million.



GIANTS STADIUM OPERATIONS

Giants Stadium Operations is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards operating the baseball facilities, including cleaning and utility costs. The portion paid by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2026/27 budgeted revenue is $0.6 million.



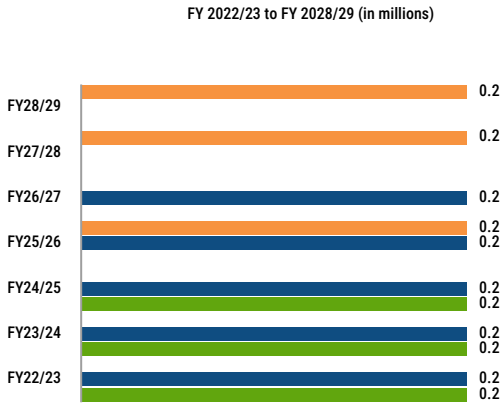
GIANTS CAPITAL CONTRIBUTION

Giants Capital Contribution represents the San Francisco Giants organization's annual contractual contribution, which is used for debt service to help fund the stadium rehabilitation and improvement projects. Per the baseball facilities agreement, the annual contribution rate went up to $0.5 million starting in FY 2023/24, and will increase to $0.6 million starting in FY 2028/29 until the end of the contract in 2039. The FY 2023/24 payment was recorded in FY 2024/25 due to timing of the receipt causing the FY 2024/25 actual revenue to exceed budget.



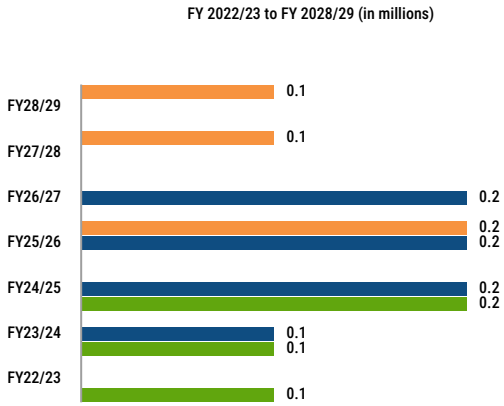
GIANTS STADIUM MAINTENANCE

Giants Stadium Maintenance is revenue received from the San Francisco Giants and the Scottsdale Charros, per the financial participation agreement, to be used towards maintaining the baseball facilities and minor facility improvement requested by the team. The portion paid by the San Francisco Giants is adjusted annually based on the Consumer Price Index. The FY 2026/27 budgeted revenue is $0.2 million.



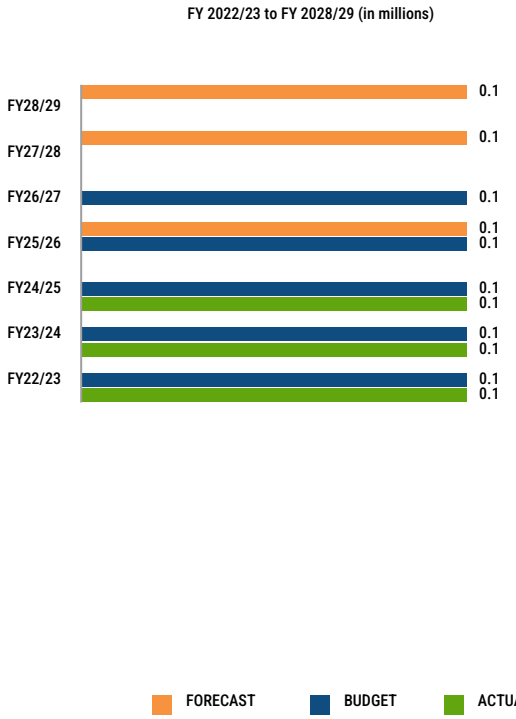
GIANTS STADIUM LIFECYCLE

The Giants Stadium Lifecycle revenue is used for the maintenance and operation of the stadium, lifecycle improvements, and small projects. Per the participation agreement, the San Francisco Giants committed to pay the city a $0.1 million annual contribution for 20 years, until FY 2040/41. In lieu of the annual payment, the Giants paid an up-front lifecycle contribution of $2.5 million in FY 2020/21. The FY 2026/27 budgeted revenue amount of $0.2 million is the estimated interest revenue the city expects to collect on the balance of the up-front lifecycle contribution.



CHARROS CAPITAL CONTRIBUTION

Charros Capital Contribution represents the Scottsdale Charros organization's annual contractual contribution used for debt service to help fund stadium rehabilitation and improvement projects. Per the baseball facilities agreement, the Charros shall pay annual capital contributions of $0.1 million for 20 years, until FY 2039/40.

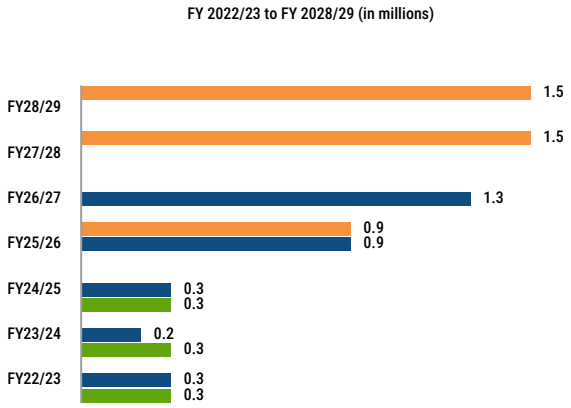


STADIUM FACILITY FUND USES

The Stadium Facility Fund uses include Personnel Services, Contractual Services, Commodities, Capital Outlays, and Transfers Out to the Capital Improvement Plan and Debt Service. Uses for FY 2026/27 are budgeted at $3.8 million, a decrease of $0.5 million from the FY 2025/26 adopted budget.

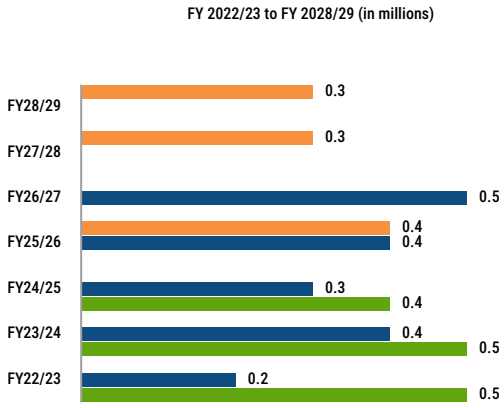
PERSONNEL SERVICES

Personnel Services include the compensation paid to employees of the City of Scottsdale, and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2026/27 adopted budget amount is $1.3 million, which is higher than prior years mainly due to moving budget from the General Fund to the Stadium Facility Fund in FY 2025/26.



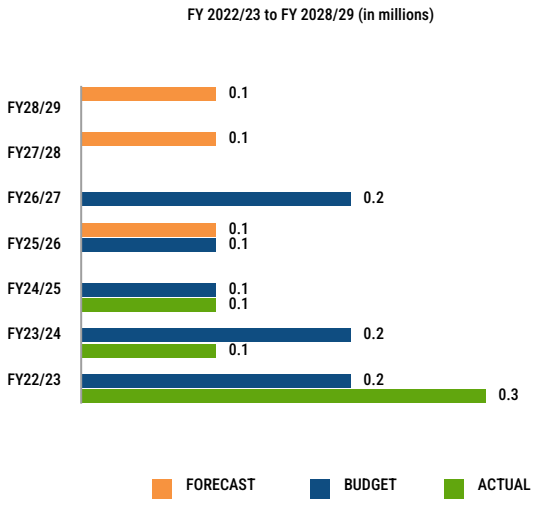
CONTRACTUAL SERVICES

Contractual Services include expenditures for services performed by firms, individuals, or other city departments such as custodial services, trash removal, and mowing. The FY 2026/27 adopted budget is $0.5 million.



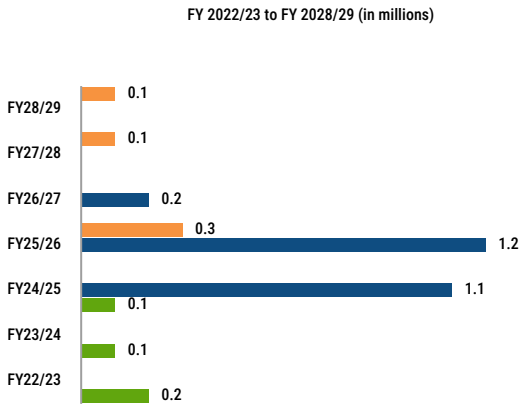
COMMODITIES

Commodities include expendable items purchased through the city-approved centralized purchasing process. The FY 2026/27 adopted budget is $0.2 million. The FY 2022/23 actuals were higher than budget due to one-time funding for the replacement of stadium seats planned for FY 2021/22 and delayed until FY 2022/23 due to supply chain challenges.



CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, and all land and computer equipment included in the city's composite inventory regardless of value. The project to reseal the Charro Lodge was completed in FY 2024/25 and the remaining unused budget was carried forward to FY 2025/26. The FY 2025/26 budget included funding to replace the stadium sound system and instead was used to contribute to a new scoreboard.

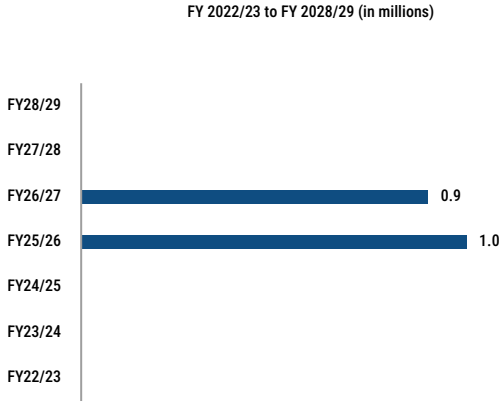


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).

CIP

The FY 2026/27 adopted budget transfers $0.9 million to the CIP for the Americans with Disabilities Act Outfield and Retaining Wall Improvement project. The FY 2025/26 adopted transfer is related to a project that was ultimately not included in the CIP, so the actual transfer did not occur.



DEBT SERVICE MPC BONDS

Debt Service MPC Bonds accounts for annual contributions from the Giants and Charros to the Debt Service Fund to help support the stadium renovation projects. The annual contribution from the Giants increased in FY 2023/24. The FY 2026/27 adopted budget is $0.7 million.

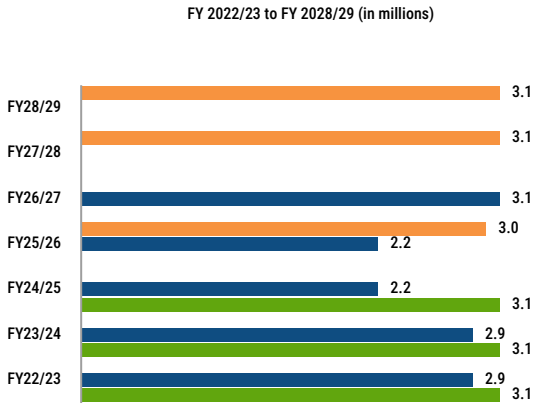


STADIUM FACILITY FUND ENDING BALANCE

The Stadium Fund Ending Balance protects the city's financial condition and provides for unexpected economic challenges.

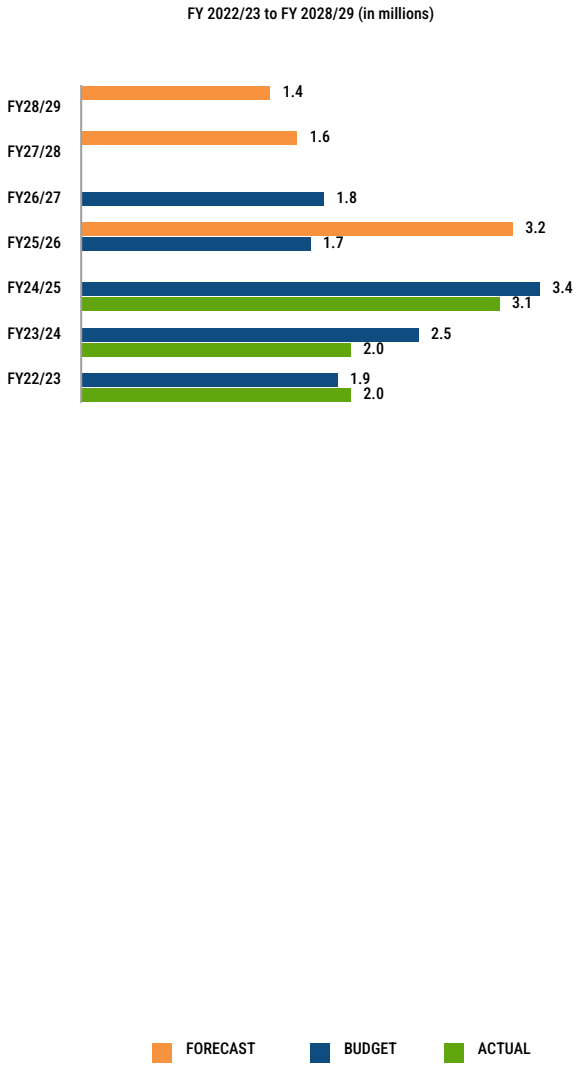
STADIUM LIFECYCLE

Stadium Lifecycle accounts for any remaining Giants contributions to be used towards maintenance and operation of the stadium, lifecycle improvements, and small projects. The FY 2026/27 fund balance is $3.1 million.



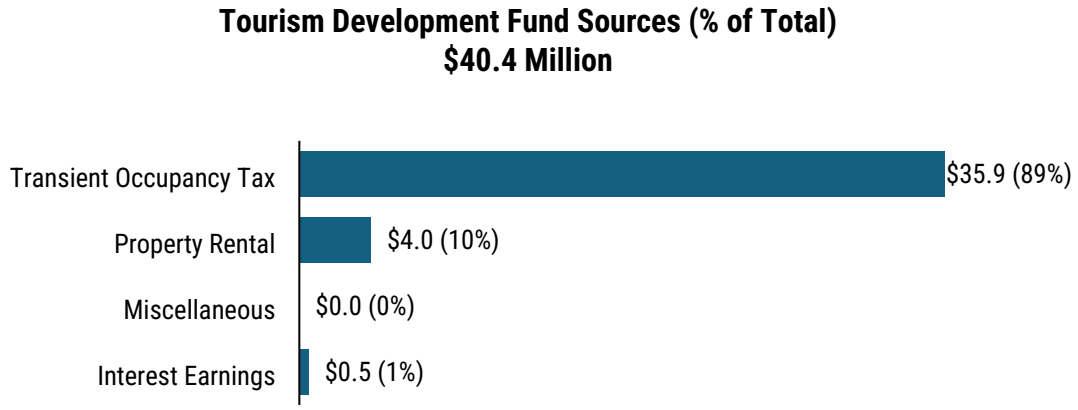
STADIUM FACILITY FUND BALANCE

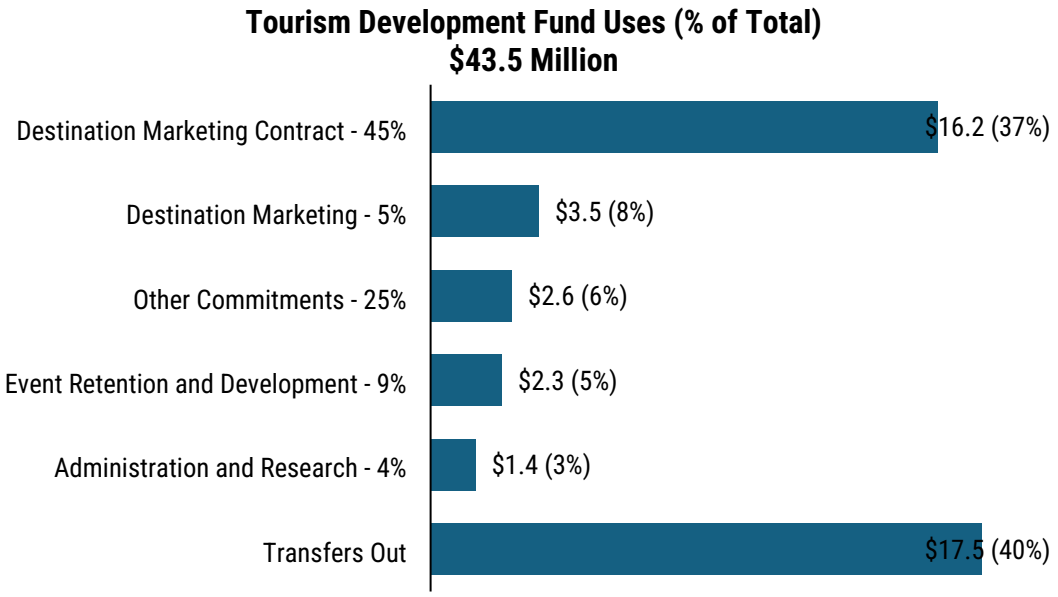
Stadium Facility Fund Balance accounts for any funds remaining after the designation of all other reserves and uses. The FY 2026/27 fund balance is $1.8 million, which is an increase of $0.1 million when compared to the FY 2025/26 adopted budget. The FY 2025/26 forecast is $3.2 million, which is an increase of $1.5 million when compared to the FY 2025/26 budget due to reducing forecasted expenditures for Capital Outlays and Transfers Out to the CIP as described above.



FUND PURPOSE

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





Rounding differences may occur.

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Beginning Fund Balance								
Dest. Marketing - Operating Contingency	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Destination Marketing Fund Balance	5,713,284	6,221,667	6,342,723	5,964,254	5,498,389	5,079,092	4,693,081	4,342,530
Non-Dest Marketing Fund Balance	7,927,637	4,491,716	4,878,187	7,868,919	5,307,884	9,525,045	14,110,584	20,564,847
Total Beginning Fund Balance	**17,640,921**	**14,713,383**	**15,220,909**	**17,833,172**	**14,806,272**	**18,604,137**	**22,803,665**	**28,907,378**
Revenues								
Transient Occupancy Tax	34,735,601	33,000,000	35,211,000	35,915,222	36,633,524	37,366,194	38,113,516	38,875,786
Property Rental	3,912,536	3,657,800	3,910,000	3,988,200	4,067,964	4,149,323	4,232,310	4,316,956
Interest Earnings	410,219	592,737	592,732	526,932	460,218	588,581	728,029	921,188
Miscellaneous	10,886	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Transfers In[a]	1,036,616	-	-	-	-	-	-	-
Subtotal	**40,105,858**	**37,265,537**	**39,728,732**	**40,445,354**	**41,176,706**	**42,119,098**	**43,088,855**	**44,128,930**
Total Sources	**40,105,858**	**37,265,537**	**39,728,732**	**40,445,354**	**41,176,706**	**42,119,098**	**43,088,855**	**44,128,930**
Expenditures								
Destination Marketing Contract - 45%	15,575,117	14,850,000	15,844,950	16,161,850	16,485,086	16,814,787	17,151,082	17,494,104
Destination Marketing - 5%	1,334,198	2,343,722	2,343,722	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Other Commitments[b][c]	2,162,629	2,789,041	1,838,389	2,600,135	2,009,939	2,020,386	2,030,985	2,041,664
Event Retention And Development - 9%[c]	2,657,715	2,970,004	4,020,514	3,232,370	3,297,017	3,362,957	3,430,216	3,498,821
Administration and Research - 4%	872,707	1,316,659	1,200,543	1,436,609	1,465,341	1,494,648	1,524,541	1,555,031
Personnel Programs	-	1,982	900	-	-	-	-	-
Subtotal	**22,602,366**	**24,271,408**	**25,249,018**	**25,930,964**	**25,757,383**	**26,192,779**	**26,636,824**	**27,089,620**
TOTAL OPERATING BUDGET	**22,602,366**	**24,271,408**	**25,249,018**	**25,930,964**	**25,757,383**	**26,192,779**	**26,636,824**	**27,089,620**

(a) FY 2024/25 includes the return of a prior transfer out to Facilities for the Arizona State Route 101 Traffic Interchange project which was transferred out to the CIP instead.

(b) Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for tourism-related Operating, Capital, and Transfer Out uses.

(c) Multiple expenditure items have been reallocated between the Event Retention and Development - 9% and the Other Commitments - 25% categories as part of the FY 2025/26 forecast and are planned to carry over to future years.

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

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Transfers Out								
General Fund Transfer - 12%	4,168,272	3,960,000	4,225,320	4,309,827	4,396,023	4,483,943	4,573,622	4,665,094
Operating[(a)]	3,031,900	1,533,800	1,268,480	2,234,300	2,234,700	2,234,700	1,234,700	1,234,700
Debt Service Fund[(a)]	4,973,332	4,985,387	4,985,387	4,972,223	4,990,735	5,008,149	4,539,996	7,584,180
CIP[(a)(b)]	7,750,000	1,676,263	1,388,264	6,024,940	-	-	-	-
Subtotal	**19,923,504**	**12,155,450**	**11,867,451**	**17,541,290**	**11,621,458**	**11,726,792**	**10,348,318**	**13,483,974**
Total Uses	**42,525,870**	**36,426,858**	**37,116,469**	**43,472,254**	**37,378,841**	**37,919,571**	**36,985,142**	**40,573,594**
Sources Over/(Under) Uses	**(2,420,012)**	**838,679**	**2,612,263**	**(3,026,900)**	**3,797,865**	**4,199,528**	**6,103,713**	**3,555,336**
Ending Fund Balance								
Dest. Marketing - Operating Contingency	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Non-Dest. Marketing - Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Destination Marketing Fund Balance	6,342,723	5,734,635	5,964,254	5,498,389	5,079,092	4,693,081	4,342,530	4,029,585
Non-Dest Marketing Fund Balance	4,878,187	5,817,427	7,868,919	5,307,884	9,525,045	14,110,584	20,564,847	24,433,129
Total Ending Fund Balance	**15,220,909**	**15,552,062**	**17,833,172**	**14,806,272**	**18,604,137**	**22,803,665**	**28,907,378**	**32,462,714**

(a) Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for tourism-related Operating, Capital, and Transfer Out uses.

(b) Per Financial Policy 10.02, the 25 percent for Other Commitments cannot have a single commitment exceed $600,000, unless approved by council. The CIP Transfers Out contains a project that exceeds $600,000. Adoption of the budget constitutes approval by Council in compliance with Policy 10.02.

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

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Beginning Fund Balance								
Dest. Marketing - Operating Contingency	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Destination Marketing Fund Balance	5,713,284	6,221,667	6,342,712	5,964,243	5,498,378	5,079,081	4,693,070	4,342,520
Total Beginning Fund Balance	**7,213,284**	**7,721,667**	**7,842,712**	**7,464,243**	**6,998,378**	**6,579,081**	**6,193,070**	**5,842,520**
Revenues								
Transient Occupancy Tax	17,367,790	16,500,000	17,605,500	17,957,611	18,316,762	18,683,097	19,056,758	19,437,893
Interest Earnings	170,953	204,708	204,703	238,374	249,027	245,679	243,774	243,265
Subtotal	**17,538,743**	**16,704,708**	**17,810,203**	**18,195,985**	**18,565,789**	**18,928,776**	**19,300,532**	**19,681,158**
Total Sources	**17,538,743**	**16,704,708**	**17,810,203**	**18,195,985**	**18,565,789**	**18,928,776**	**19,300,532**	**19,681,158**
Expenditures								
Destination Marketing Contract - 45%	15,575,117	14,850,000	15,844,950	16,161,850	16,485,086	16,814,787	17,151,082	17,494,104
Destination Marketing - 5%	1,334,198	2,343,722	2,343,722	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Subtotal	**16,909,315**	**17,193,722**	**18,188,672**	**18,661,850**	**18,985,086**	**19,314,787**	**19,651,082**	**19,994,104**
TOTAL OPERATING BUDGET	**16,909,315**	**17,193,722**	**18,188,672**	**18,661,850**	**18,985,086**	**19,314,787**	**19,651,082**	**19,994,104**
Total Uses	**16,909,315**	**17,193,722**	**18,188,672**	**18,661,850**	**18,985,086**	**19,314,787**	**19,651,082**	**19,994,104**
Sources Over/(Under) Uses	**629,428**	**(489,014)**	**(378,469)**	**(465,865)**	**(419,297)**	**(386,011)**	**(350,550)**	**(312,945)**
Ending Fund Balance								
Dest. Marketing - Operating Contingency	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Destination Marketing Fund Balance	6,342,712	5,732,653	5,964,243	5,498,378	5,079,081	4,693,070	4,342,520	4,029,575
Total Ending Fund Balance	**7,842,712**	**7,232,653**	**7,464,243**	**6,998,378**	**6,579,081**	**6,193,070**	**5,842,520**	**5,529,575**

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

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Beginning Fund Balance								
Non-Dest Marketing - Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Non-Dest Marketing Fund Balance	7,927,637	4,491,716	4,878,187	7,868,919	5,307,884	9,525,045	14,110,584	20,564,847
Total Beginning Fund Balance	**10,427,637**	**6,991,716**	**7,378,187**	**10,368,919**	**7,807,884**	**12,025,045**	**16,610,584**	**23,064,847**
Revenues								
Transient Occupancy Tax	17,367,801	16,500,000	17,605,500	17,957,611	18,316,762	18,683,097	19,056,758	19,437,893
Property Rental	3,912,536	3,657,800	3,910,000	3,988,200	4,067,964	4,149,323	4,232,310	4,316,956
Interest Earnings	239,266	388,029	388,029	288,558	211,191	342,902	484,255	677,923
Miscellaneous	10,886	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Transfers In[a]	1,036,616	-	-	-	-	-	-	-
Subtotal	**22,567,105**	**20,560,829**	**21,918,529**	**22,249,369**	**22,610,917**	**23,190,322**	**23,788,323**	**24,447,772**
Total Sources	**22,567,105**	**20,560,829**	**21,918,529**	**22,249,369**	**22,610,917**	**23,190,322**	**23,788,323**	**24,447,772**
Expenditures								
Other Commitments[b][c]	2,162,629	1,318,641	1,838,389	2,600,135	2,009,939	2,020,386	2,030,985	2,041,664
Event Retention And Development - 9%[c]	2,657,715	2,970,004	4,020,514	3,232,370	3,297,017	3,362,957	3,430,216	3,498,821
Administration and Research - 4%	872,707	2,789,041	1,200,543	1,436,609	1,465,341	1,494,648	1,524,541	1,555,031
Personnel Programs	-	1,982	900	-	-	-	-	-
Subtotal	**5,693,051**	**7,079,668**	**7,060,346**	**7,269,114**	**6,772,297**	**6,877,991**	**6,985,742**	**7,095,516**
TOTAL OPERATING BUDGET	**5,693,051**	**7,079,668**	**7,060,346**	**7,269,114**	**6,772,297**	**6,877,991**	**6,985,742**	**7,095,516**

[a]FY 2024/25 includes the return of a prior transfer out to Facilities for the Arizona State Route 101 Traffic Interchange project which was transferred out to the CIP instead.

[b]Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for tourism-related Operating, Capital, and Transfer Out uses.

[c]Multiple expenditure items have been reallocated between the Event Retention and Development - 9% and the Other Commitments - 25% categories as part of the FY 2025/26 forecast and are planned to carry over to future years.

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

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Transfers Out								
General Fund Transfer - 12%	4,168,272	3,960,000	4,225,320	4,309,827	4,396,023	4,483,943	4,573,622	4,665,094
Operating[(a)]	3,031,900	1,533,800	1,268,480	2,234,300	2,234,700	2,234,700	1,234,700	1,234,700
Debt Service Fund[(a)]	4,973,332	4,985,387	4,985,387	4,972,223	4,990,735	5,008,149	4,539,996	7,584,180
CIP[(a)(b)]	7,750,000	1,676,263	1,388,264	6,024,940	-	-	-	-
Subtotal	**19,923,504**	**12,155,450**	**11,867,451**	**17,541,290**	**11,621,458**	**11,726,792**	**10,348,318**	**13,483,974**
Total Uses	**25,616,555**	**19,235,118**	**18,927,797**	**24,810,404**	**18,393,755**	**18,604,783**	**17,334,060**	**20,579,490**
Sources Over/(Under) Uses	**(3,049,451)**	**1,325,711**	**2,990,732**	**(2,561,035)**	**4,217,162**	**4,585,539**	**6,454,263**	**3,868,281**
Ending Fund Balance								
Non-Dest Marketing - Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Non-Dest Marketing Fund Balance	4,878,187	5,817,427	7,868,919	5,307,884	9,525,045	14,110,584	20,564,847	24,433,129
Total Ending Fund Balance	**7,378,187**	**8,317,427**	**10,368,919**	**7,807,884**	**12,025,045**	**16,610,584**	**23,064,847**	**26,933,129**

[(a)]Per Financial Policy 10.02, the 25 percent for Other Commitments can be utilized for tourism-related Operating, Capital, and Transfer Out uses.

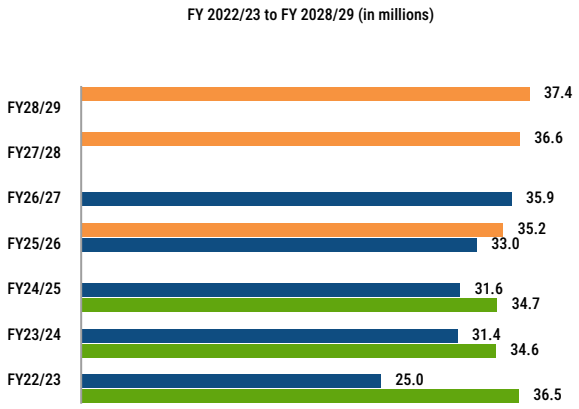
[(b)]Per Financial Policy 10.02, the 25 percent for Other Commitments cannot have a single commitment exceed $600,000, unless approved by council. The CIP Transfers Out contains a project that exceeds $600,000. Adoption of the budget constitutes approval by Council in compliance with Policy 10.02.

TOURISM DEVELOPMENT FUND SOURCES

There are two main sources for the Tourism Development Fund: Transient Occupancy Tax and Property Rental, which is lease revenue from the Fairmont Scottsdale Princess Hotel. Additionally, there may be Interest Earnings, Miscellaneous revenue related to tourism events, and Transfers In resulting from completed capital projects funded by the Tourism Development Fund. More specific information on these sources is detailed below.

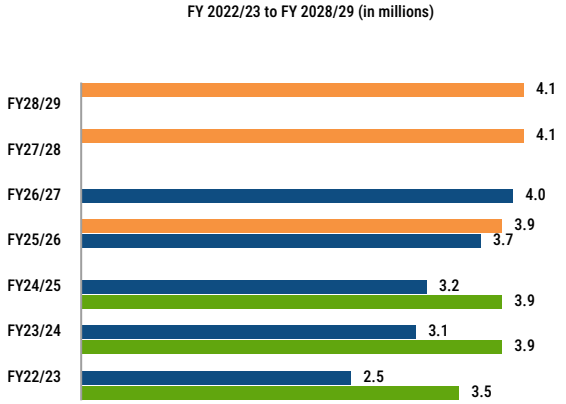
TRANSIENT OCCUPANCY TAX

Transient Occupancy Tax reflects a voter-approved tax of five percent on hotel and motel room rentals, as well as on short-term rentals, in addition to the sales tax. The FY 2026/27 budgeted revenue of $35.9 million is $2.9 million higher than the FY 2025/26 amount. Future years' budgets reflect anticipated trends in tourism while accounting for the impact of inflation in room rates.



PROPERTY RENTAL

The Fairmont Scottsdale Princess Hotel has a ground lease agreement with the City of Scottsdale. Per said agreement, the Fairmont Scottsdale Princess Hotel pays a rate of two percent of the adjusted gross revenue above $100.0 million in addition to a set amount of $1.5 million annually through the end of the lease in 2109. The FY 2026/27 Property Rental budgeted revenue of $4.0 million is $0.3 million higher than the FY 2025/26 adopted budget.



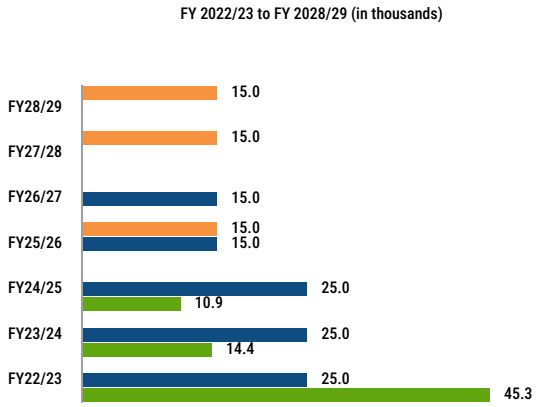
INTEREST EARNINGS

Interest Earnings are generated on idle Tourism Development Fund cash balances throughout the year. This revenue is a function of the relationship between the city's available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in Tourism Development Fund revenues. Interest Earnings revenue is budgeted at $0.5 million in FY 2026/27.



MISCELLANEOUS

Miscellaneous revenue includes additional sources that may be collected and are not attributable to one of the specific sources previously noted. Most of the revenues are collected from smaller events and experiences within Scottsdazzle that have admission fees. The FY 2026/27 Miscellaneous budgeted revenue is set at $15,000.

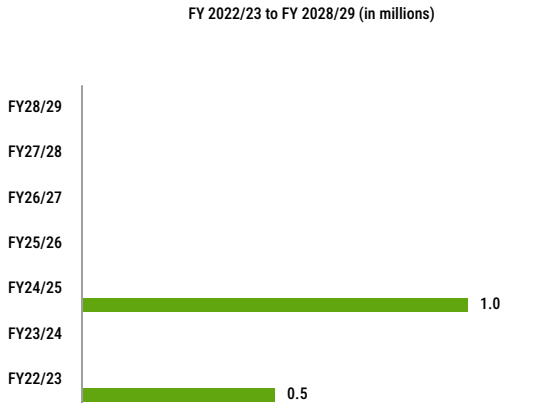


TRANSFERS IN

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

OPERATING

Operating Transfers In are composed of non-capital funding being transferred between funds. The FY 2024/25 actual of $1.0 million represents a transfer in to correct funding that was improperly transferred out to the General Fund for a public art wall painting at State Route 101. The corresponding transfer out can be seen under the Transfers Out section.

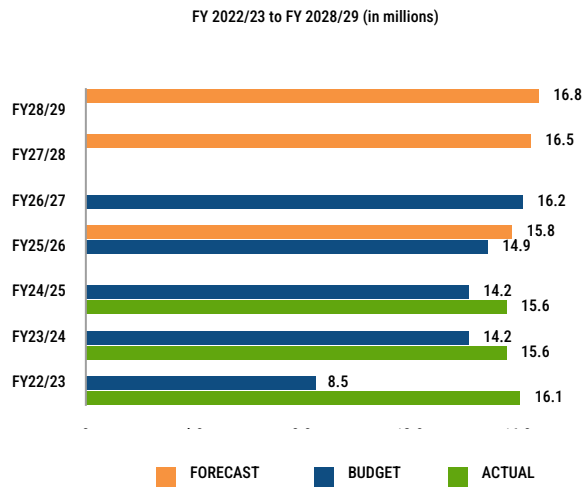


TOURISM DEVELOPMENT FUND USES

Tourism Development Fund uses are presented by use of funds according to Financial Policy No. 10, that establishes the allocation of Transient Occupancy Tax collections to different tourism-related purposes.

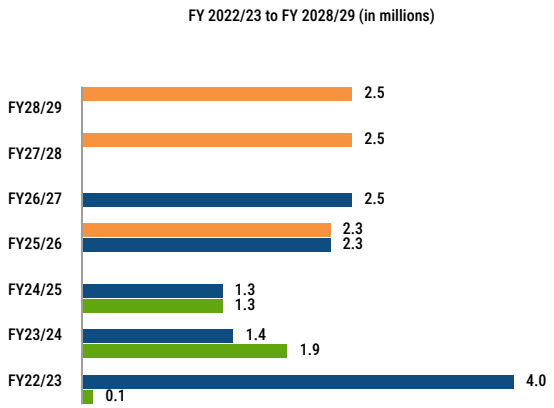
DESTINATION MARKETING - 45%

Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Prior to FY 2022/23, the totality of this allocation was utilized through a contract with Experience Scottsdale. Beginning in FY 2022/23, per the new Experience Scottsdale Destination Marketing Services Agreement approved by City Council on June 21, 2022, the payment to Experience Scottsdale will be equal to 45 percent of Bed Tax collections. The FY 2026/27 adopted budget of $16.2 million is an increase of $1.3 million compared to the FY 2025/26 adopted budget. See Destination Marketing schedule for further detail.



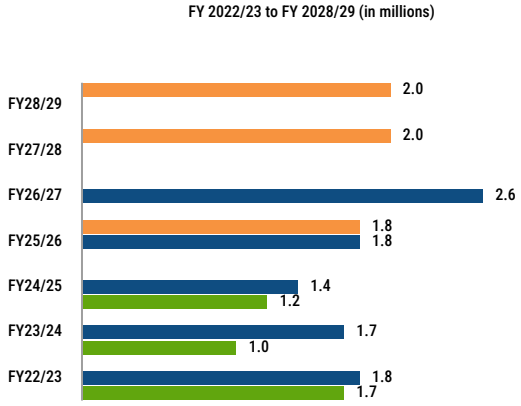
DESTINATION MARKETING - 5%

Destination Marketing - 5% is the portion of bed tax allocated for destination marketing per Financial Policy No. 10 that is used for in-house destination marketing efforts. The FY 2026/27 budget is $2.5 million, which is an increase of $0.2 million from the FY 2025/26 adopted budget. The increase is largely due to the budgeted use of accumulated fund balance for one-time items in FY 2026/27. See Destination Marketing schedule for further detail.



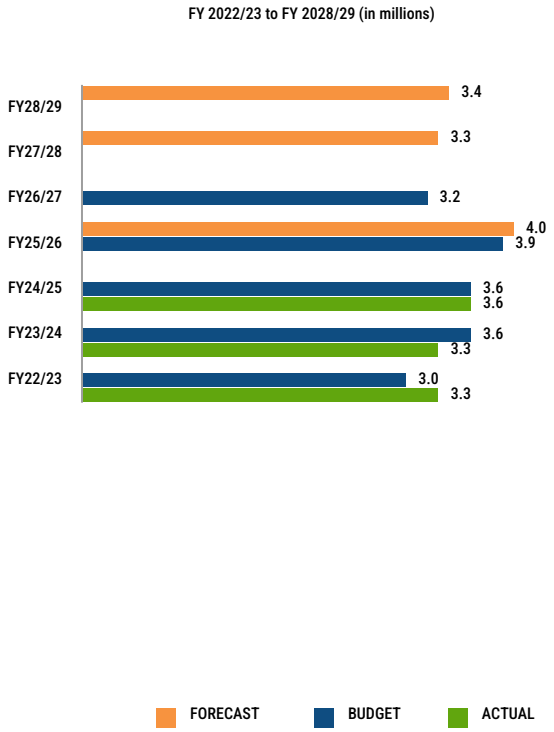
OTHER COMMITMENTS - 25%

Financial Policy No. 10 allows for 25 percent plus the lease payments on the Fairmont Scottsdale Princess Resort, or the balance of the remaining Tourism Development Fund revenues, to be allocated for tourism-related operating expenses, capital projects, and/or operating impacts that are directly associated with tourism-related capital projects, in the form of one-time commitments or multi-year annual commitments, not to exceed $0.6 million per project unless otherwise approved by City Council. The FY 2026/27 adopted budget is $2.6 million. Prior year adopted figures will vary due to the reclassification of Canal Convergence and Tour de Scottsdale to the Event Retention and Development – 9% category.



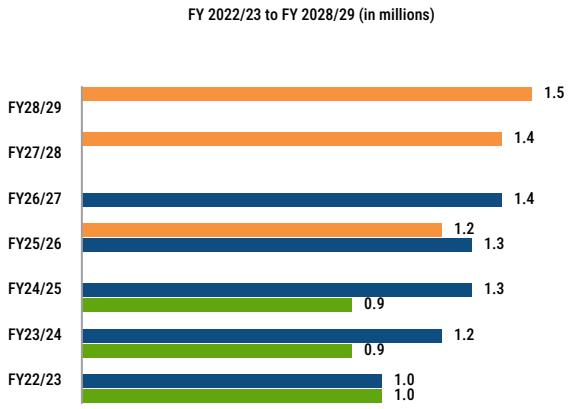
EVENT RETENTION AND DEVELOPMENT - 9%

Per Financial Policy No. 10, nine percent of the Transient Occupancy Tax received by the city is used for Event Retention and Development. The funds are allocated towards four programs: new event development, community events, matching marketing, and event venue fee. The FY 2026/27 adopted budget of $3.2 million is a decrease of $0.7 million compared to the FY 2025/26 adopted budget. Prior year adopted figures will vary due to the reorganization of Canal Convergence and Tour de Scottsdale from the Other Commitments – 25% category.



ADMINISTRATION AND RESEARCH - 4%

Financial Policy No. 10 allows for four percent of the Transient Occupancy Tax revenues to be allocated for tourism-related administration and research expenses. The FY 2026/27 adopted budget of $1.4 million which is an increase of $0.1 million when compared to the FY 2025/26 adopted budget.

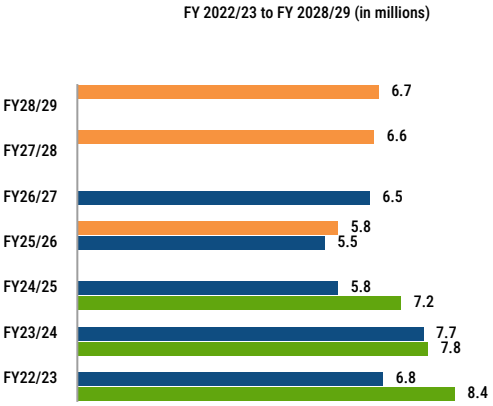


TRANSFERS OUT

Transfers Out is the authorized movements of cash or other resources to other funds and/or capital projects. The total amount of Transfers Out for FY 2026/27 is $17.5 million. More specific information is detailed below.

GENERAL FUND TRANSFER – 12% AND OPERATING

Operating Transfers Out for FY 2026/27 adopted budget is $6.5 million for the following: 1) $4.3 million per Financial Policy No. 10, which allocates 12 percent of the transient lodging/bed tax revenues to a transfer to the General Fund; 2) $1.0 million for operational support at WestWorld; 3) $1.0 million for the payback to the General Fund for the $5.0 million contribution for the Scottsdale Stadium Renovations Phase 2; 4) $0.2 million for support of Stadium operations; 5) $25,000 to support the Sister Cities Association partnership; and 6) $9,300 to support the Short Term Rental Program Enforcement.



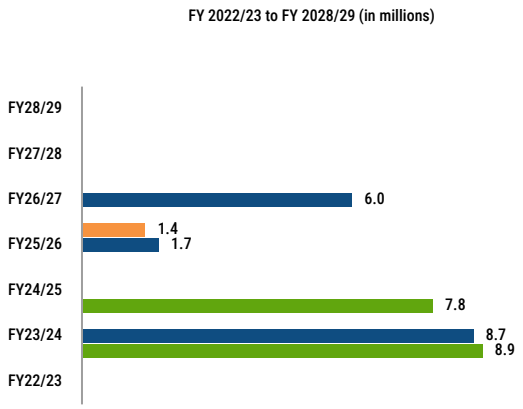
DEBT SERVICE MPC BONDS

Debt Service MPC Bonds is a transfer out to the Debt Service Fund for the debt issued as Municipal Property Corporation (MPC) bonds related to the acquisition of 80 acres of land for WestWorld, the construction of the Tony Nelssen Equestrian Center at WestWorld, the construction of the Scottsdale Museum of the West, and the renovation of the Scottsdale Stadium. The FY 2026/27 adopted budget is $5.0 million.



CIP

The FY 2026/27 $6.0 million budget includes transfers to the CIP to fund the following capital projects: 1) 45 - Renovate WestWorld Horse Barns to Increase Rentable Space ($2.1 million); 2) Scottsdale Stadium ADA Upgrades ($2.4 million); 3) WestWorld Comprehensive Wayfinding ($0.1 million); 4) McCormick-Stillman Railroad Park ($0.4 million); and 5) a transfer to correct a prior year discrepancy ($1.0 million).

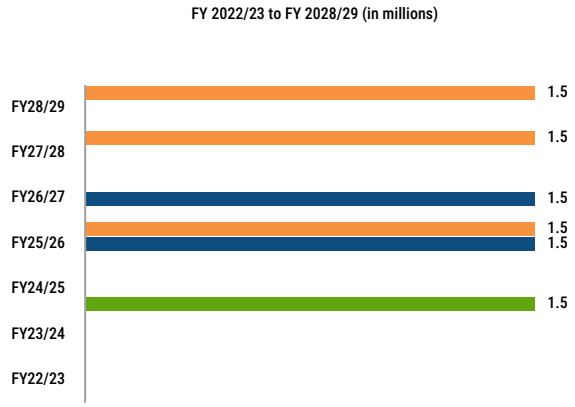


TOURISM DEVELOPMENT FUND ENDING BALANCE

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

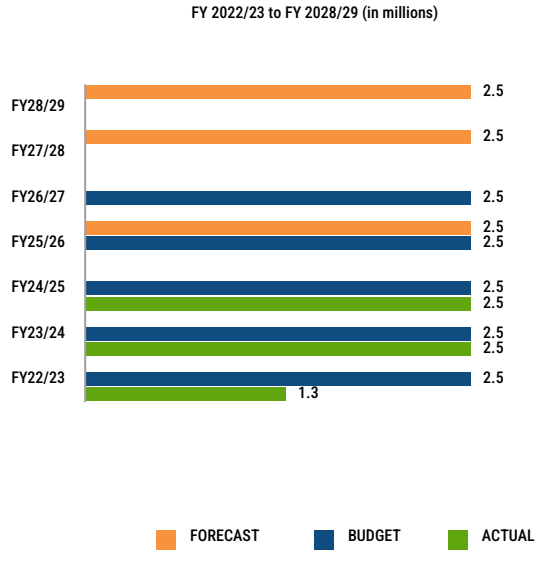
OPERATING CONTINGENCY - DESTINATION MARKETING

Operating Contingency - Destination Marketing is budgeted in FY 2026/27 at $1.5 million for destination marketing related unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.



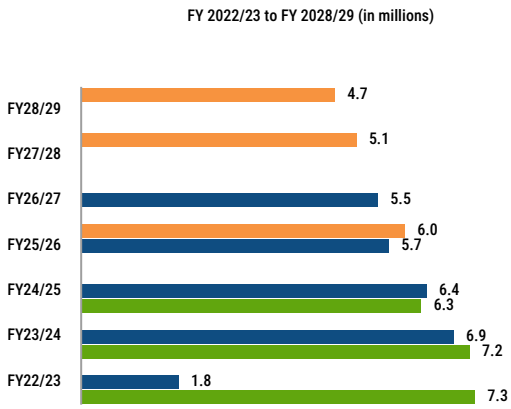
OPERATING CONTINGENCY - NON-DESTINATION MARKETING

Operating Contingency - Non-Destination Marketing is budgeted in FY 2026/27 at $2.5 million of budget authorization for non-destination marketing related unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and requires City Council approval.



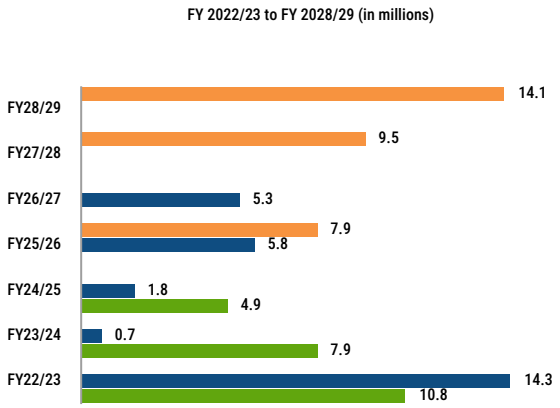
DESTINATION MARKETING FUND BALANCE

Per Financial Policy No. 10, 50 percent of the Transient Occupancy Tax (Bed Tax) received by the city is used for destination marketing purposes. Destination Marketing holds the portion of the ending fund balance resulting from unspent destination marketing allocations, excluding a destination marketing Operating Contingency of $1.5 million. The FY 2026/27 Tourism Development Fund Destination Marketing fund balance is $5.5 million.



NON-DESTINATION MARKETING FUND BALANCE

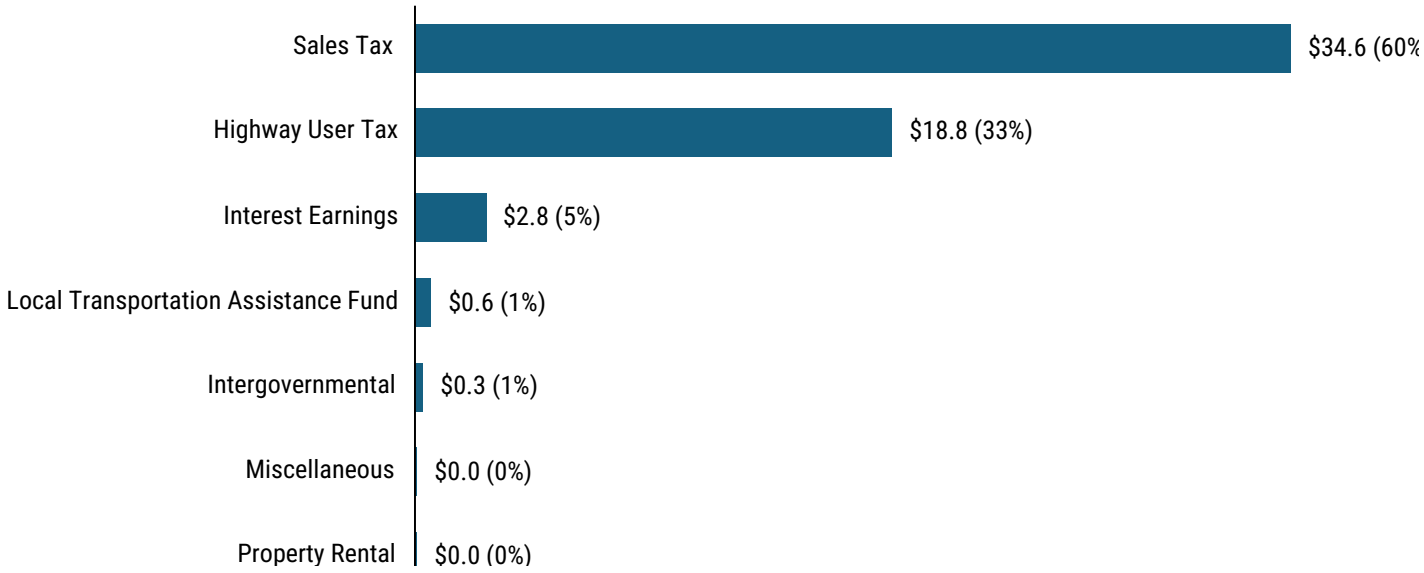
Non-Destination Marketing Fund Balance accounts for any funds remaining after the designation of all other reserves/uses for Non-Destination Marketing purposes. The FY 2026/27 Non-Destination Marketing Fund Balance is $5.3 million.



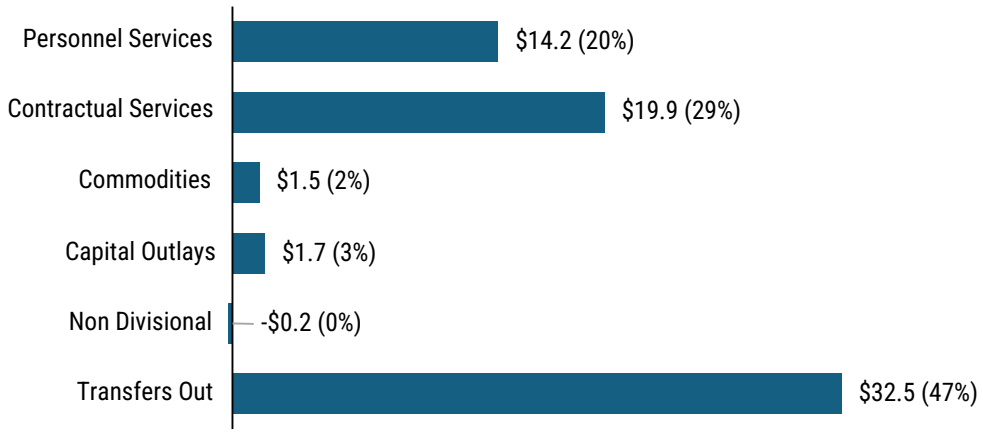
FUND PURPOSE

The State of Arizona requires the city to establish and maintain an accounting for Highway User Tax revenue. The Transportation Fund receives and expends the city's allocation of the Arizona Highway User Tax which is allocated based on the official U.S. Census Bureau population estimate, as directed by State Statute. These monies must be used for street construction, reconstruction, or maintenance. The fund also accounts for other transportation related revenues as well as for the 1989 voter approved Sales Tax - Transportation of 0.20 percent, which is dedicated funding for transportation improvements and operations. The 2018 voter approved Sales Tax - Transportation of 0.10 percent of the city's sales tax dedicated solely to the Arterial Life Cycle Program transportation capital project is being recorded directly in the Capital Improvement Plan and is not reflected in this section.

Transportation Fund Sources (% of Total)
$57.1 Million



Transportation Fund Uses (% of Total)
$69.5 Million



Rounding differences may occur.

BUDGET BY FUND | Transportation Fund Five-Year Financial Forecast

		Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance									
Operating Reserve		3,230,530	3,450,395	2,899,620	3,678,413	3,703,799	4,043,882	4,172,006	4,360,104
Operating Contingency		1,000,000	1,000,000	752,843	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Transportation Fund Balance[a]		34,617,009	26,360,353	28,839,959	23,095,081	10,652,781	3,523,439	2,790,618	1,788,258
Total Beginning Fund Balance		**38,847,539**	**30,810,748**	**32,492,422**	**27,773,494**	**15,356,580**	**8,567,321**	**7,962,624**	**7,148,362**
Revenues									
Sales Tax		34,077,032	33,618,917	33,543,355	34,557,571	35,615,827	36,870,448	38,344,145	40,072,841
Highway User Tax		19,135,829	19,537,489	19,258,319	18,811,189	19,222,100	19,665,800	20,094,900	20,516,700
Interest Earnings		2,848,669	2,942,285	2,823,307	2,820,484	2,809,202	2,806,393	2,803,586	2,800,783
Local Transportation Assistance Fund		610,192	610,000	610,000	610,000	610,000	610,000	610,000	610,000
Intergovernmental		192,406	221,734	221,734	306,734	313,719	320,869	345,306	335,680
Miscellaneous		477,450	12,100	12,100	12,100	12,100	12,100	7,100	7,100
Property Rental		5,225	5,844	5,844	5,844	5,844	5,844	5,844	5,844
Building Permit Fees & Charges		31,192	-	-	-	-	-	-	-
	Subtotal	**57,377,995**	**56,948,369**	**56,474,659**	**57,123,922**	**58,588,792**	**60,291,454**	**62,210,881**	**64,348,948**
Transfers In									
CIP		862	-	-	-	-	-	-	-
	Subtotal	**862**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Sources		**57,378,857**	**56,948,369**	**56,474,659**	**57,123,922**	**58,588,792**	**60,291,454**	**62,210,881**	**64,348,948**
Expenditures									
Personnel Services		9,720,517	13,124,523	12,902,494	14,177,890	15,338,789	15,588,714	16,326,005	17,099,930
Contractual Services		15,764,656	20,287,020	20,268,440	19,877,020	21,089,978	21,780,610	22,607,537	23,285,255
Commodities		1,309,382	1,487,294	1,486,844	1,464,991	1,423,996	1,452,289	1,481,158	1,510,674
Capital Outlays		2,201,644	2,283,022	2,302,052	1,747,091	1,782,829	1,818,467	1,854,819	1,891,899
Personnel Programs [b]		-	268,664	24,300	101,000	103,020	105,080	107,182	109,326
Vacancy Savings		-	(368,136)	(200,000)	(330,000)	(330,694)	(331,003)	(332,264)	(335,630)
Operating Impacts [c]		-	-	-	-	1,030,900	1,305,900	1,556,600	1,988,340
	Subtotal	**28,996,198**	**37,082,387**	**36,784,130**	**37,037,991**	**40,438,817**	**41,720,058**	**43,601,036**	**45,549,794**
TOTAL OPERATING BUDGET		**28,996,198**	**37,082,387**	**36,784,130**	**37,037,991**	**40,438,817**	**41,720,058**	**43,601,036**	**45,549,794**
Transfers Out									
CIP		34,638,516	24,409,457	24,409,457	32,502,845	24,939,234	19,176,093	19,424,107	20,302,755
CIP Technology		99,259	-	-	-	-	-	-	-
	Subtotal	**34,737,775**	**24,409,457**	**24,409,457**	**32,502,845**	**24,939,234**	**19,176,093**	**19,424,107**	**20,302,755**
Total Uses		**63,733,973**	**61,491,844**	**61,193,587**	**69,540,836**	**65,378,051**	**60,896,151**	**63,025,143**	**65,852,549**
Sources Over/(Under) Uses		**(6,355,116)**	**(4,543,475)**	**(4,718,928)**	**(12,416,914)**	**(6,789,259)**	**(604,697)**	**(814,262)**	**(1,503,601)**
Ending Fund Balance									
Operating Reserve		2,899,620	3,708,239	3,678,413	3,703,799	4,043,882	4,172,006	4,360,104	4,554,979
Operating Contingency		752,843	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Transportation Fund Balance[a]		28,839,960	21,559,034	23,095,081	10,652,781	3,523,439	2,790,618	1,788,258	89,782
Total Ending Fund Balance		**32,492,423**	**26,267,273**	**27,773,494**	**15,356,580**	**8,567,321**	**7,962,624**	**7,148,362**	**5,644,761**

[a] The gradual decrease of the fund balance reflects the city's intentional use of dedicated transportation revenues to fully invest in street and transportation projects rather than accumulate unused balances.

[b] Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, and Vacation Trade.

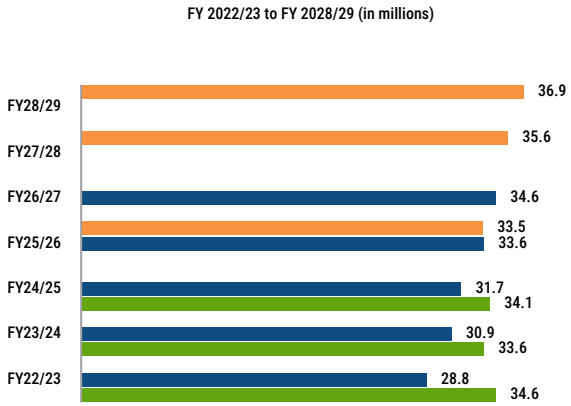
[c] Operating Impacts reflect ongoing costs associated with new capital projects, including staffing, utility, and maintenance expenses.

TRANSPORTATION FUND SOURCES

Transportation Fund sources for FY 2026/27 equal $57.1 million which is an increase of $0.2 million from the FY 2025/26 adopted budget primarily related to strong consumer demand and spending reflected mostly in Sales Tax - Transportation (0.20%) revenue. The same methodology for developing the Sales Tax budgeted in the General Fund is also used for the Transportation Fund.

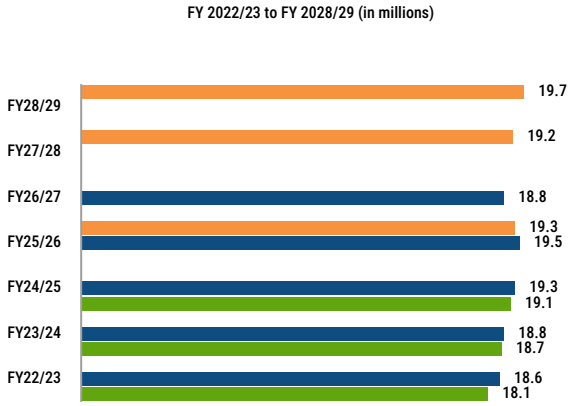
SALES TAX - TRANSPORTATION (0.20%)

Sales Tax - Transportation (0.20%) represents the 0.20 percent of the city's sales tax dedicated solely to transportation. Although the rate is the same for both the Transportation and 1995 Preservation sales taxes, they generate different revenues because each is authorized under different legal provisions. The adopted FY 2026/27 budget of $34.6 million represents an increase of $1.0 million, or 2.8 percent, over the FY 2025/26 adopted budget due to strong consumer demand and spending.



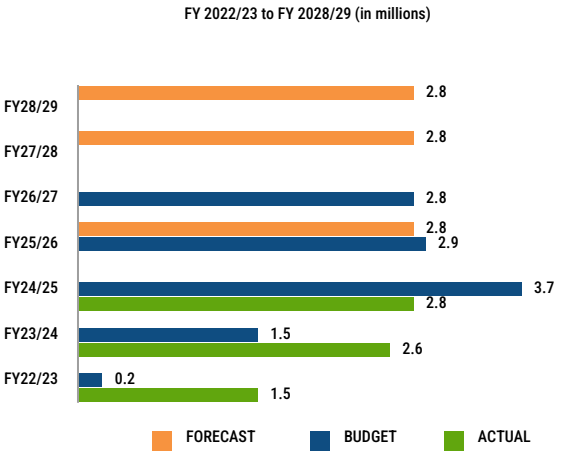
HIGHWAY USER TAX

Highway User Tax, also known as the gas tax or the Highway User Revenue Fund (HURF), is distributed by the State of Arizona. The state constitution requires that all highway user revenue be used solely for street, highway, or transit purposes. Cities and towns receive 27.5 percent of highway user revenue, of which one half of the monies are distributed based on population of all incorporated cities and towns in the state. The remaining half is distributed based on 'county of origin' of gasoline sales and the relation of the city or town's population to the total incorporated population of Maricopa County. The adopted FY 2026/27 budget of $18.8 million represents a $0.7 million decrease from the FY 2025/26 adopted budget. The annual Highway User Tax revenue projection is provided by the League of Arizona Cities and Towns.



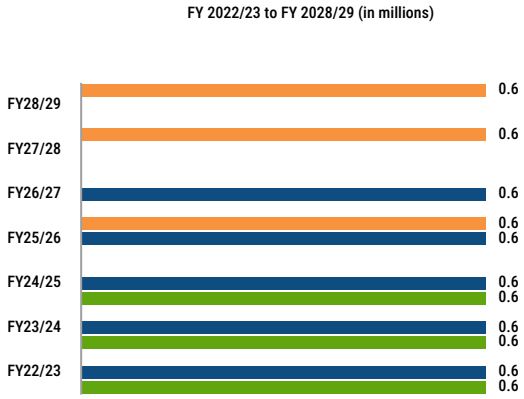
INTEREST EARNINGS

Interest Earnings are generated on idle Transportation Fund cash balances throughout the year. This revenue is a function of the relationship between the city's available cash balance and the interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. Interest Earnings revenue is budgeted at $2.8 million in FY 2026/27, a decrease of $0.1 million from the prior year. This is primarily due to a smaller forecasted fund balance.



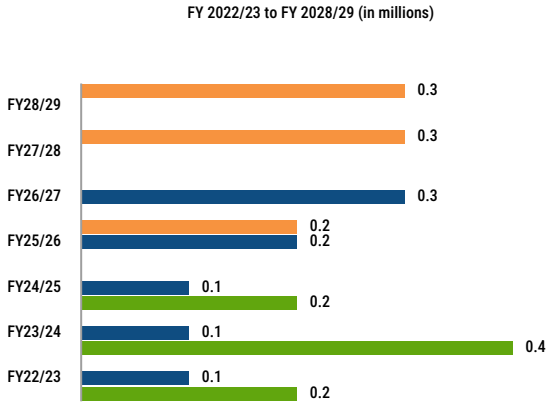
LOCAL TRANSPORTATION ASSISTANCE FUND

Local Transportation Assistance Fund supports the development and operation of a comprehensive multi-modal public transportation program in Arizona. The funding for this program comes from lottery proceeds and it is distributed to cities and towns through an annual application process. The amounts available to cities and towns are capped based on population. The FY 2026/27 budget for this revenue is $0.6 million, which represents the entire allocation available to the city.



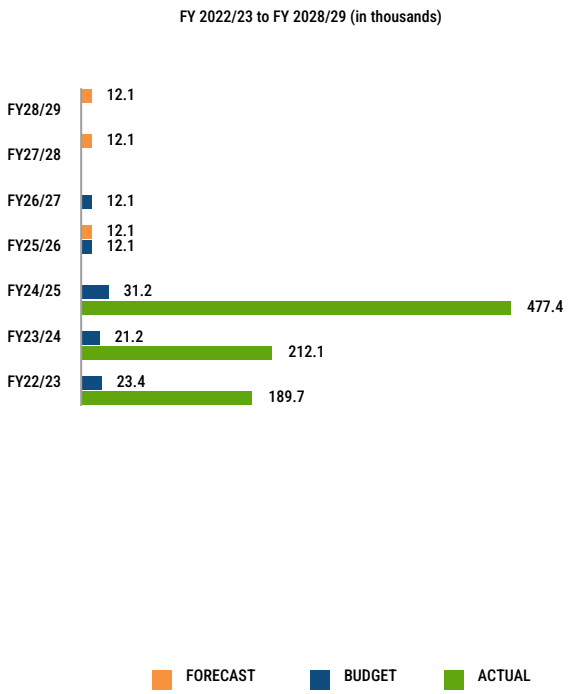
INTERGOVERNMENTAL

Intergovernmental represents the city's allocation of the half-cent sales tax for transportation improvements approved in Proposition 479 by Maricopa County voters in November 2024. This revenue, through the Transportation Fund, funds the Americans with Disabilities Act (ADA) Cab Connection Rides program, which addresses the transportation needs of people with disabilities within the city. The FY 2026/27 budget is $0.3 million, which is an increase of $0.1 million compared to the FY 2025/26 adopted budget.



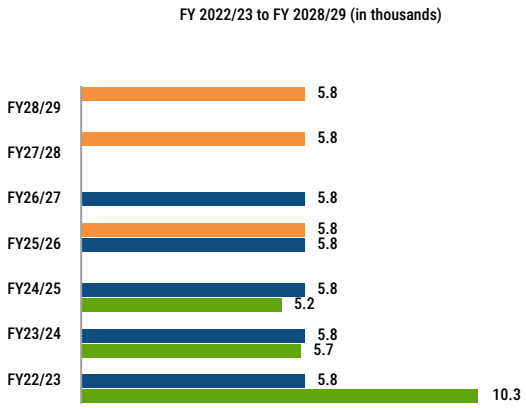
MISCELLANEOUS

Miscellaneous includes various revenues the city receives in the Transportation Fund during any given year that are not attributable to one of the specific revenue categories previously noted. The FY 2026/27 budget of $12,100 is flat compared to the FY 2025/26 adopted budget. The large FY 2024/25 actuals were reimbursements from a contractor that staffs the city's trolley drivers; the contractor reimburses the city for vehicle damages, if the trolley driver is at fault.



PROPERTY RENTAL

Property Rental represents revenue received from a transportation services business use of office space at the South Corporation Yard. The adopted FY 2026/27 budget for Property Rental is $5,844.

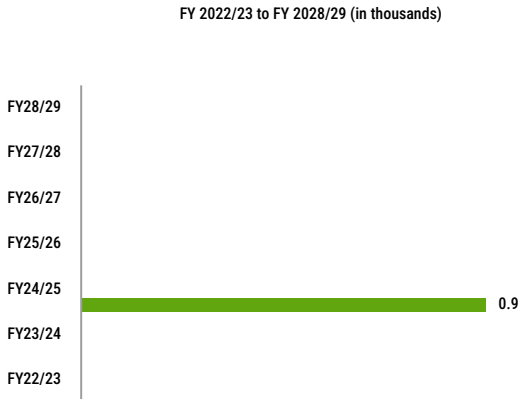


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds. There are no Transfers In budgeted for FY 2026/27.

CIP

There were $862 of CIP Transfers In during FY 2024/25, due to a request for adjustment between the Highway User Revenue Fund (HURF) and the CIP HURF.



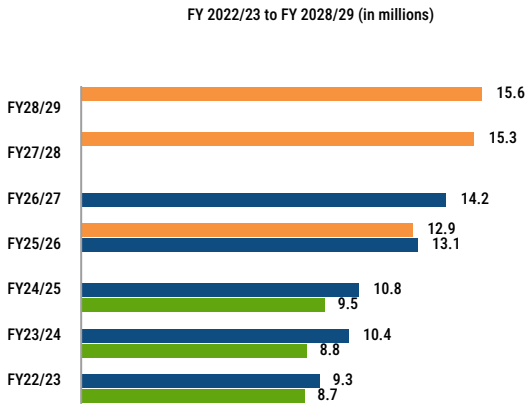
TRANSPORTATION FUND USES

The Transportation Fund Uses for FY 2026/27 are budgeted at $69.5 million and represent expenses by division, additional non-divisional operating categories, and transfers out to the CIP. This is an increase of $8.0 million compared to the FY 2025/26 adopted budget.

FORECAST BUDGET ACTUAL

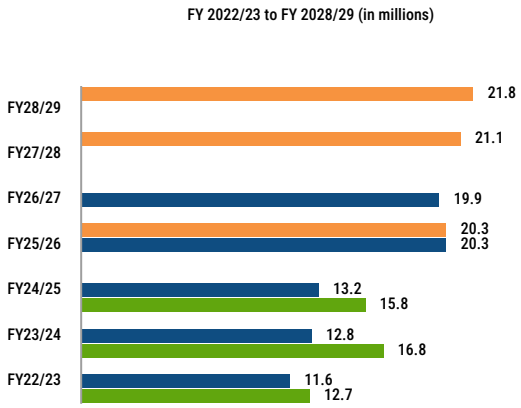
PERSONNEL SERVICES

Personnel Services includes the salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. Personnel Services also include pay-for-performance and compensation adjustments. Personnel Services has an adopted budget of $14.2 million for FY 2026/27, which is a $1.1 million increase compared to the FY 2025/26 adopted budget.



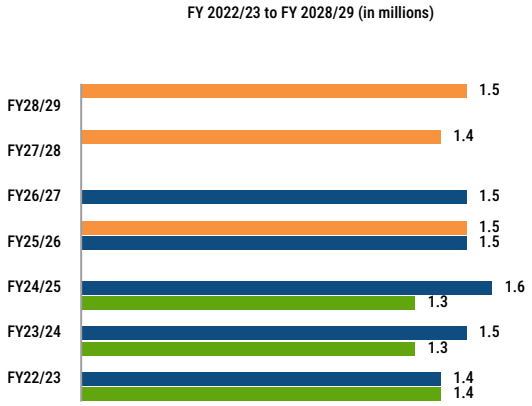
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments. The FY 2026/27 adopted budget of $19.9 million is a $0.4 million decrease compared to the FY 2025/26 adopted budget of $20.3 million.



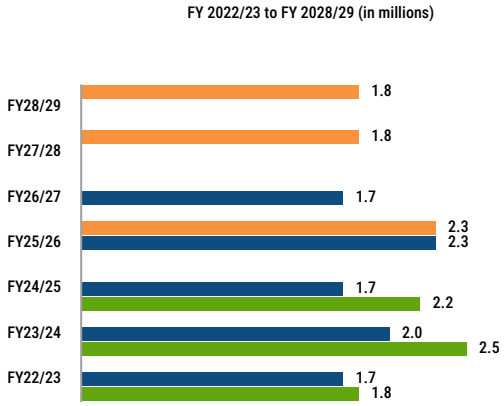
COMMODITIES

Transportation Fund commodity expenses encompass general operating supplies and materials—from protective clothing, repair and replacement parts, and small tools to maintenance materials and minor equipment—along with incidental items like office and furniture supplies, safety awards, and refreshments. The adopted commodities budget for FY 2026/27 is $1.5 million, which is flat compared to the FY 2025/26 adopted budget.



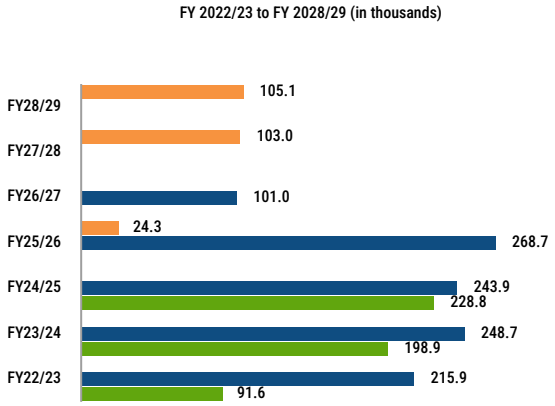
CAPITAL OUTLAYS

Capital Outlays includes the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increases the capacity, efficiency, span of life, or economy of operating an existing fixed asset. The FY 2026/27 budget is $1.7 million, mostly for preventative asphalt pavement treatments. This is a decrease of $0.6 million compared to the FY 2025/26 adopted budget, primarily due to one-time vehicle and equipment purchases in FY 2025/26 that are not planned for FY 2026/27.



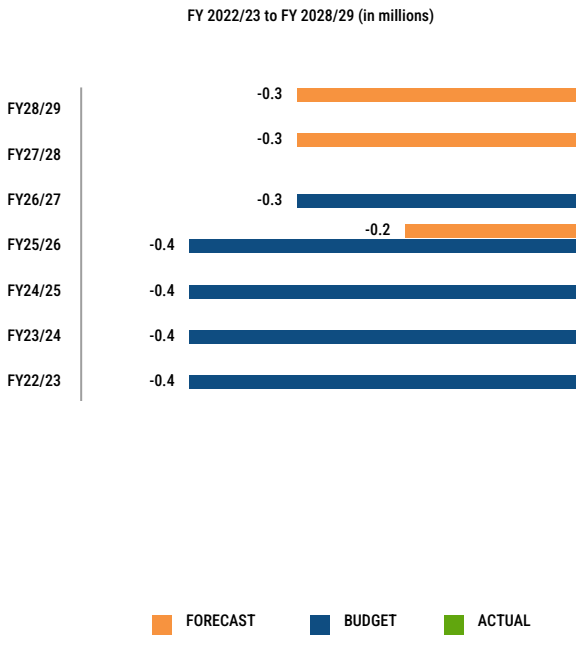
PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. The FY 2026/27 adopted budget includes $101,000 for Personnel Programs. This represents a $167,664 decrease compared to the FY 2025/26 adopted budget which was $268,664.



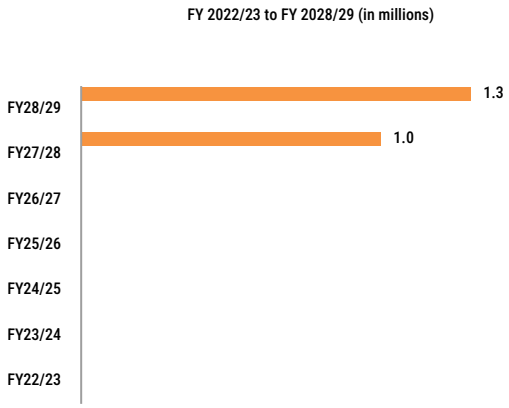
SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2026/27 is estimated at ($0.3) million.



OPERATING IMPACTS

Operating Impacts are additional future costs associated with Capital Improvement Plan (CIP) projects that impact the operating budget such as positions, facilities maintenance, utilities, and annual software maintenance. In FY 2026/27 and years prior, operating impacts have been included at the division level. FY 2027/28 through FY 2028/29 are forecasted at $1.0 million and $1.3 million, respectively.

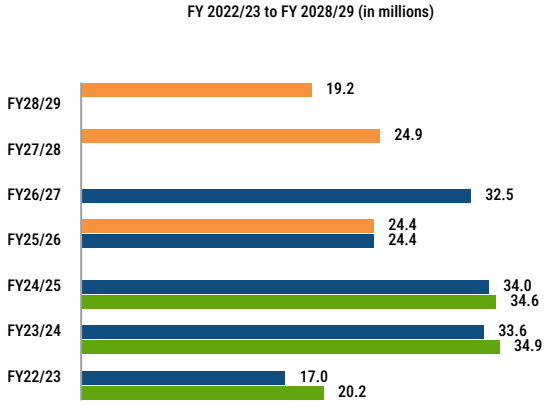


TRANSFERS OUT

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

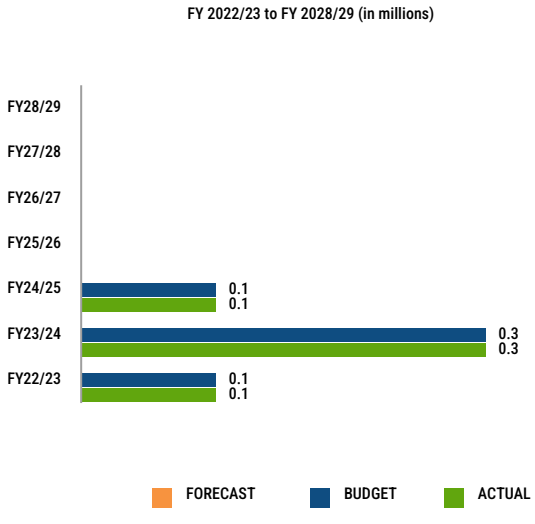
CIP

Per the FY 2026/27 adopted budget, the city will transfer $32.5 million into the Capital Improvement Plan—sourced from Transportation operating funds (including PAYGO and half of the 0.20-percent Transportation sales tax per Governing Guidance No. 5) and from the Highway User Revenue Fund—to fund capital projects such as the Pavement Overlay Program. This is an $8.1 million increase compared to the FY 2025/26 adopted budget.



CIP TECHNOLOGY

CIP Technology is the authorized transfer to CIP to fund technology related capital projects. There is no transfer budgeted for FY 2026/27.

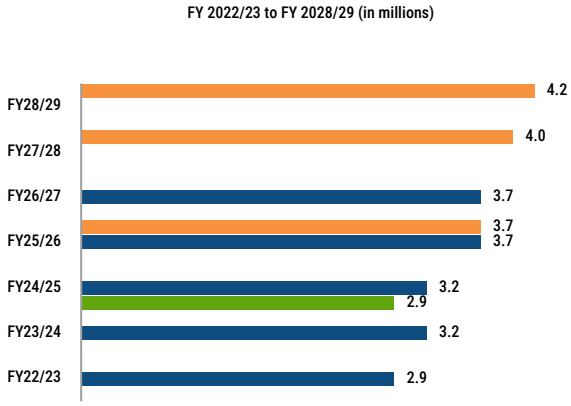


TRANSPORTATION FUND ENDING BALANCE

Fund balances, contingencies, and reserves protect the city's financial condition and provide for unexpected economic challenges. The specific make-up of the city's Transportation Fund Ending Balance is noted in the following:

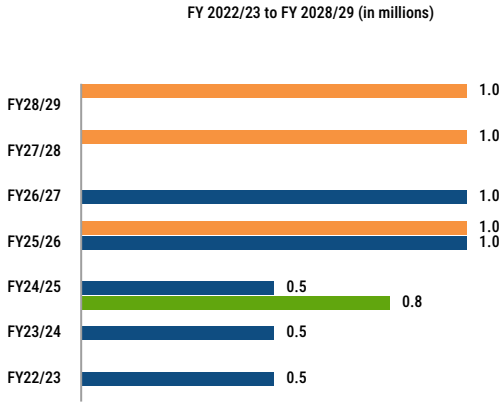
OPERATING RESERVE

Per Financial Policy No. 2.03, the city's transportation operating reserve shall be 10 percent of the annual Transportation Fund operating budget, and shall be used for unforeseen emergencies or catastrophic impacts to the city related to transportation. The FY 2026/27 Transportation Fund operating reserve is $3.7 million.



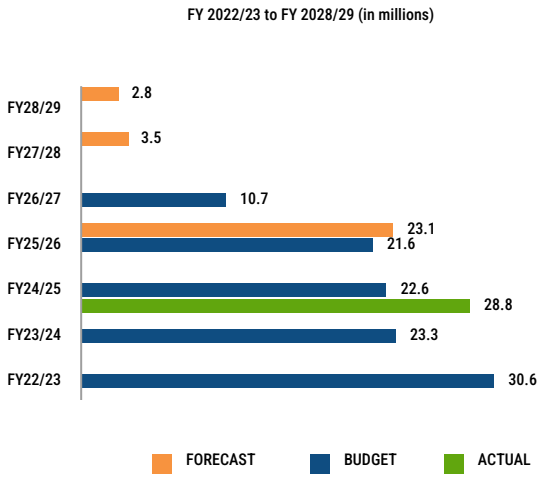
OPERATING CONTINGENCY

Operating Contingency includes $1.0 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.



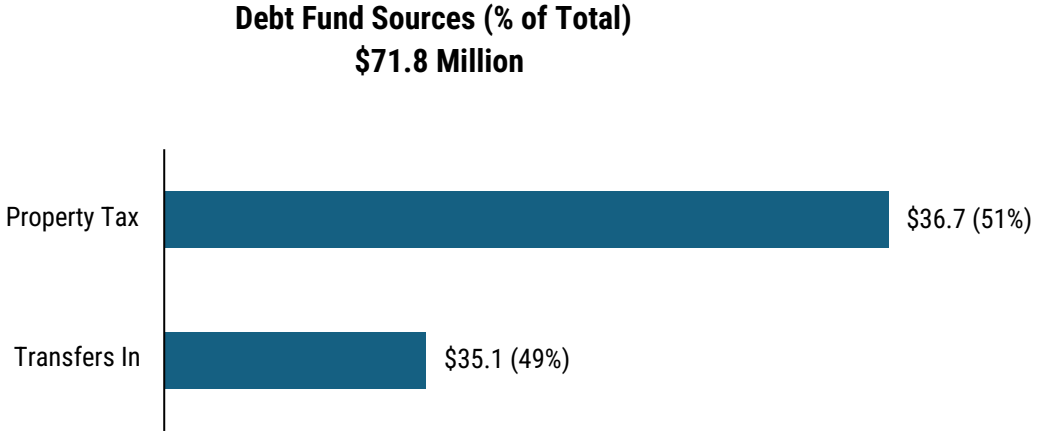
TRANSPORTATION FUND BALANCE

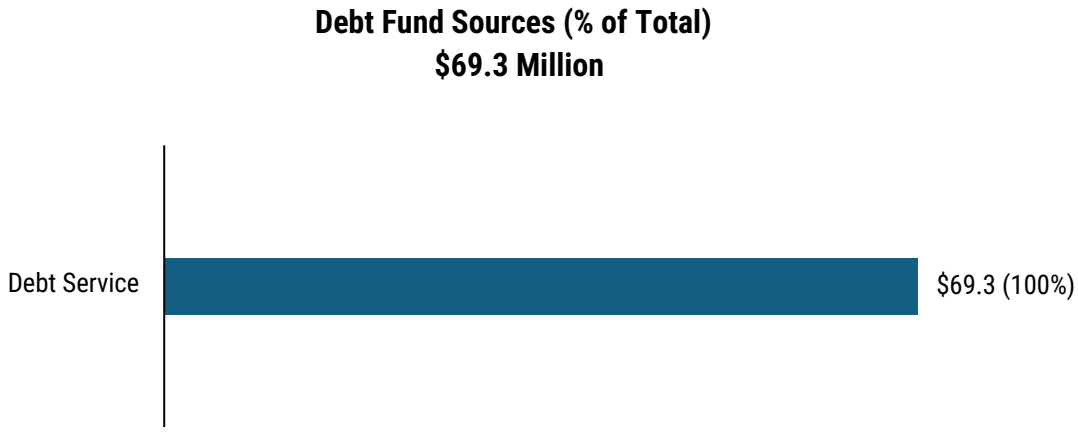
The Transportation Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. The FY 2026/27 ending transportation fund balance is $10.7 million. Under prudent fiscal management practices, this balance should most appropriately be used for one-time expenditures, not to fund new or to expand programs with ongoing operating expenses.



FUND PURPOSE

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





Rounding differences may occur.

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

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
G.O. Debt Service Reserve - Non-Preserve	5,163,899	3,803,932	7,523,169	1,102,705	3,419,747	3,810,369	2,783,419	2,305,967
Other Debt Service Reserve	5,055,079	5,057,640	5,058,003	5,059,513	5,243,003	5,243,005	5,243,005	5,243,005
Total Beginning Fund Balance	**10,218,978**	**8,861,572**	**12,581,172**	**6,162,218**	**8,662,750**	**9,053,374**	**8,026,424**	**7,548,972**
Revenues								
Property Tax	29,116,605	34,851,032	34,676,777	36,697,999	38,494,318	26,807,244	22,582,218	22,853,750
Interest Income Non-Pooled	14,123	-	1,510	-	-	-	-	-
Miscellaneous Revenue [a]	524,572	-	-	-	-	-	-	-
Subtotal	**29,655,302**	**34,851,032**	**34,678,287**	**36,697,999**	**38,494,318**	**26,807,244**	**22,582,218**	**22,853,750**
Transfers In								
WIFA Debt [b]	-	725,000	-	600,000	600,000	1,450,000	1,450,000	1,450,000
Debt Service MPC Bonds	23,436,352	16,449,774	16,447,187	16,673,549	19,547,957	20,465,721	12,831,653	16,272,725
Debt Service G.O. Bonds - Preserve [c]	38,850,180	26,406,235	26,367,948	17,826,544	115,742,300	-	-	-
Debt Service G.O. Bonds - Non-Preserve [d]	-	-	550,000	-	-	-	-	-
Subtotal	**62,286,533**	**43,581,009**	**43,365,135**	**35,100,093**	**135,890,257**	**21,915,721**	**14,281,653**	**17,722,725**
Total Sources	**91,941,834**	**78,432,041**	**78,043,422**	**71,798,092**	**174,384,575**	**48,722,965**	**36,863,871**	**40,576,475**
Debt Service								
G.O. Debt Service - Non-Preserve	27,283,747	34,984,366	41,647,241	34,197,467	38,103,694	27,834,194	23,059,670	22,872,470
G.O. Debt Service - Preserve [c]	38,850,680	26,406,235	26,367,948	17,826,544	115,742,300	-	-	-
WIFA Debt Service Fund [b]	-	725,000	-	600,000	600,000	1,450,000	1,450,000	1,450,000
MPC Excise Debt	23,445,214	16,447,187	16,447,187	16,673,549	19,547,957	20,465,721	12,831,653	16,272,725
Subtotal	**89,579,641**	**78,562,788**	**84,462,376**	**69,297,560**	**173,993,951**	**49,749,915**	**37,341,323**	**40,595,195**
TOTAL OPERATING BUDGET	**89,579,641**	**78,562,788**	**84,462,376**	**69,297,560**	**173,993,951**	**49,749,915**	**37,341,323**	**40,595,195**
Total Uses	**89,579,641**	**78,562,788**	**84,462,376**	**69,297,560**	**173,993,951**	**49,749,915**	**37,341,323**	**40,595,195**
Sources Over/(Under) Uses	**2,362,193**	**(130,747)**	**(6,418,954)**	**2,500,532**	**390,624**	**(1,026,950)**	**(477,452)**	**(18,720)**
Ending Fund Balance								
G.O. Debt Service Reserve - Non-Preserve	7,523,169	3,498,437	1,102,705	3,419,747	3,810,369	2,783,419	2,305,967	2,287,247
Other Debt Service Reserve	5,058,003	5,232,388	5,059,513	5,243,003	5,243,005	5,243,005	5,243,005	5,243,005
Total Ending Fund Balance	**12,581,172**	**8,730,825**	**6,162,218**	**8,662,750**	**9,053,374**	**8,026,424**	**7,548,972**	**7,530,252**

[a] Miscellaneous revenue includes bond proceeds used to pay debt issuance costs, which are recorded as debt service expenses.

[b] Water Infrastructure Finance Authority (WIFA) debt will be issued for WestWorld drainage projects.

[c] The five-year plan shows G.O. Preservation Debt being retired early, with repayment currently expected to be completed in FY 2027/28. This may change if council approves additional qualified projects.

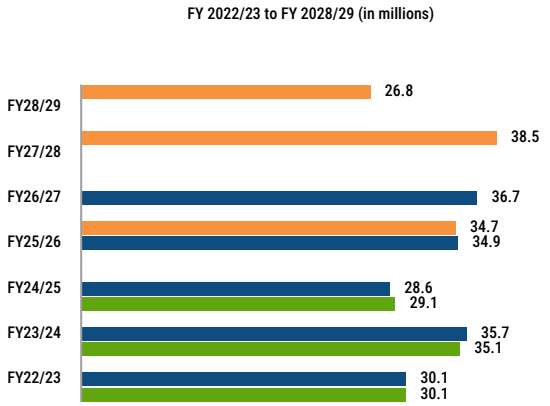
[d] Transfer of remaining 2019 G.O. Bond Issuance 2 proceeds to pay down existing debt.

DEBT SERVICE FUND SOURCES

Debt Service Fund sources for FY 2026/27 equal $71.8 million. Sources include Property Tax, and Transfers In.

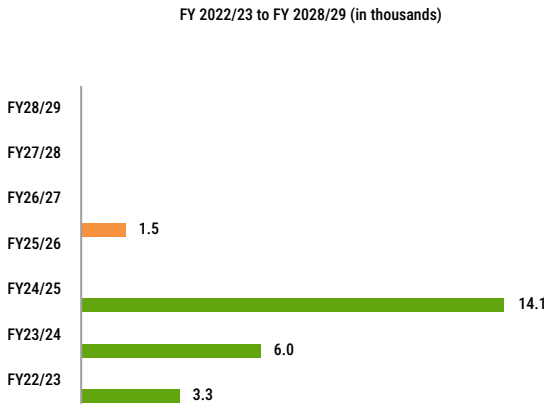
PROPERTY TAX

Property Tax represents the secondary portion of the property tax that is limited by state statute and levied to repay debt service on voter-approved General Obligation (G.O.) bonds. The city issues General Obligation bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems, and public safety and municipal facilities. The FY 2026/27 levy amount (revenue) is $36.7 million.



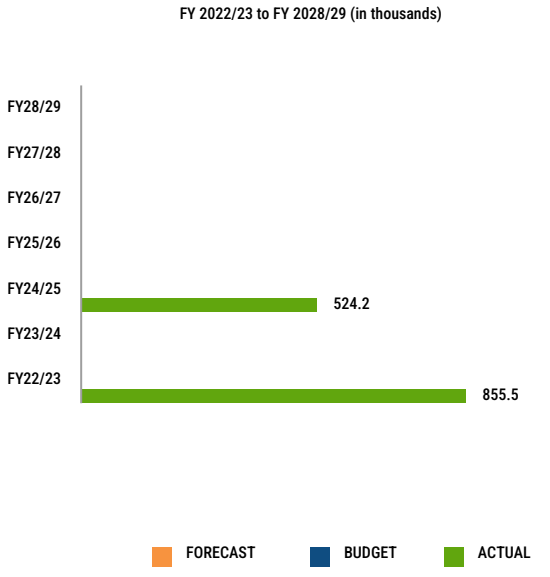
INTEREST INCOME NON-POOLED

Interest Income Non-pooled is interest revenue derived from Municipal Property Corporation (MPC) Bonds, which is received on an irregular basis. The adopted budget projects that no interest income will be received in FY 2026/27.



MISCELLANEOUS REVENUE

Miscellaneous revenue includes bond proceeds used to pay debt issuance costs, which are recorded as debt service expenses. The adopted budget projects that no miscellaneous revenue will be received in FY 2026/27.

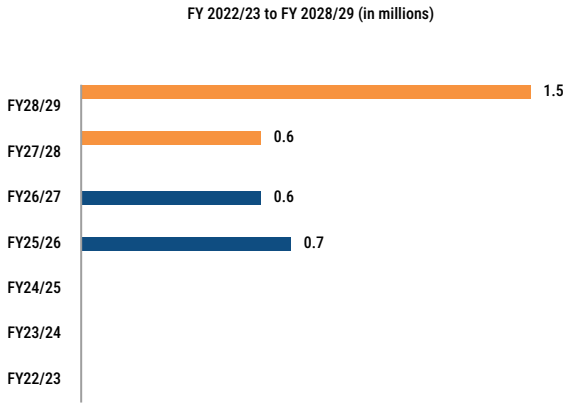


TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds and/or capital projects. The FY 2026/27 adopted budget includes $35.1 million in Transfers In. More specific information is detailed below.

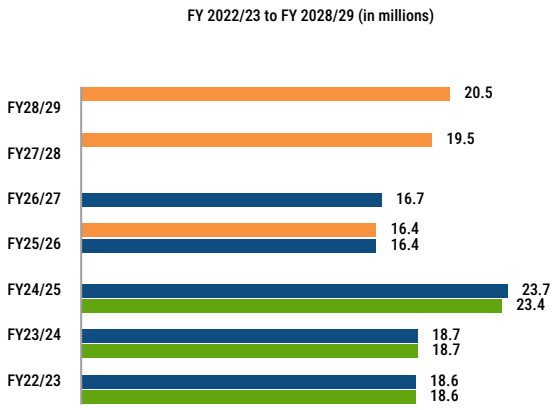
WIFA DEBT

WIFA debt represents loans or financing provided by the Water Infrastructure Finance Authority (WIFA) to fund drainage improvement capital projects at WestWorld. WIFA is a state level authority that offers low-interest loans and financial assistance to municipalities for water-related infrastructure, including parks and recreational facilities. The WIFA debt for WestWorld is backed by the dedicated revenue stream from Proposition 490, which is the 0.15 percent Park and Preserve sales tax approved by voters in November 2024. The adopted budget for WIFA debt in FY 2025/26 was $0.7 million; however, no debt has been issued to date. The anticipated WIFA debt issuance for FY 2026/27 is projected at $0.6 million.



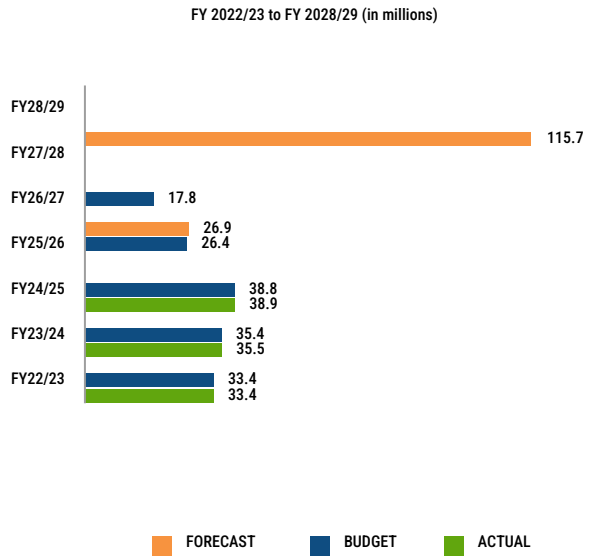
DEBT SERVICE MPC BONDS

Debt Service Municipal Property Corporation (MPC) Bonds includes Transfers In from General Fund, Tourism Development Fund, Special Programs Fund, Stormwater Fund, and the Stadium Facility Fund to the Debt Service Fund to facilitate the payment of MPC Bonds debt service. Total Debt Service Transfers In for FY 2026/27 equal $16.7 million which is slightly higher than FY 2025/26.



DEBT SERVICE G.O. BONDS

Debt Service G.O. Bonds are primarily Transfers In from the Preservation Fund to the Debt Service Fund to facilitate the payment of Preserve General Obligation (G.O.) debt service. In FY 2025/26, it also includes transferring the remaining proceeds from the second 2019 G.O. Bond Issuance to pay off existing debt in the amount of $550,000. Total Debt Service G.O. Bonds Transfers In for FY 2026/27 is $17.8 million which is $8.6 million less than the FY 2025/26 adopted budget reflecting lower payments for the G.O. Debt Service - Preserve Bonds. Preserve Sales Tax supported G.O. bonds are currently scheduled to be paid off in 2027. This may change if council approves additional qualified projects.

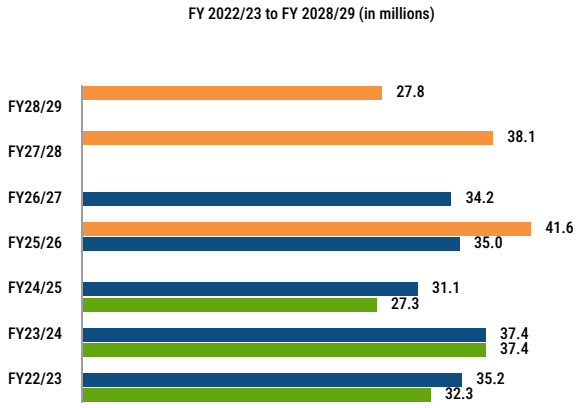


DEBT SERVICE FUND USES

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds. The FY 2026/27 adopted budget includes $69.3 million in Debt Service.

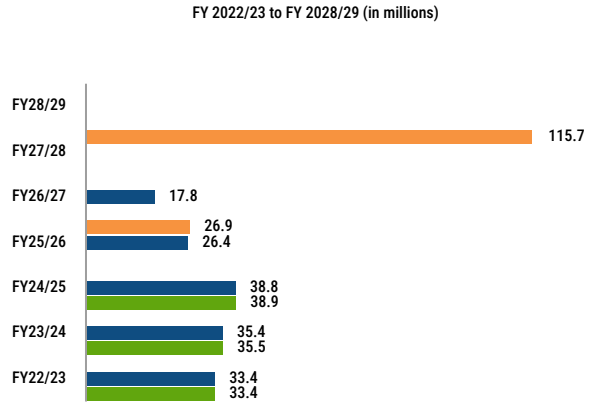
G.O. DEBT SERVICE - NON PRESERVE

G.O. Debt Service - Non-Preserve is voter-authorized General Obligation debt issued for capital projects not associated with the McDowell Sonoran Preserve. General Obligation debt is repaid by Property Tax (secondary). Under state law, cities and towns are allowed to levy a Secondary Property Tax for the sole purpose of retiring the principal and interest on General Obligation indebtedness. For FY 2026/27, the General Obligation Bonds debt service is forecasted at $34.2 million, which is a $0.8 million decrease when compared to the FY 2025/26 adopted budget.



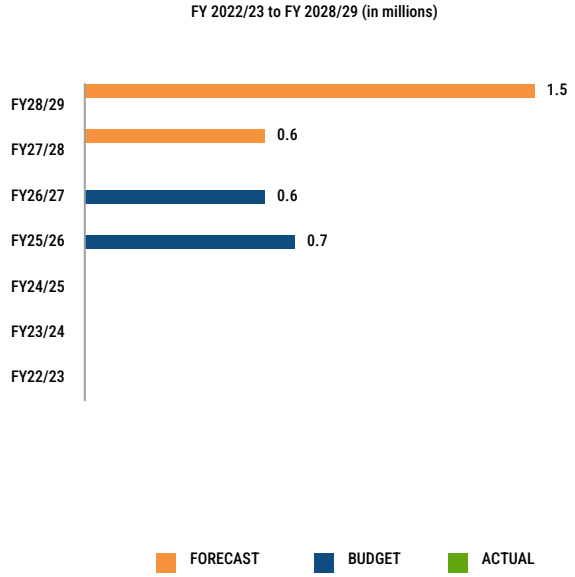
G.O. DEBT SERVICE - PRESERVE

G.O. Debt Service - Preserve represents General Obligation debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated 0.20 percent sales tax authorized by voters in 1995 which sunsetted in June 2025, and a 0.15 percent sales tax authorized by voters in 2004 which may sunset earlier than originally anticipated, based on council and voter approval. G.O. Debt Service - Preserve is budgeted at $17.8 million in FY 2026/27



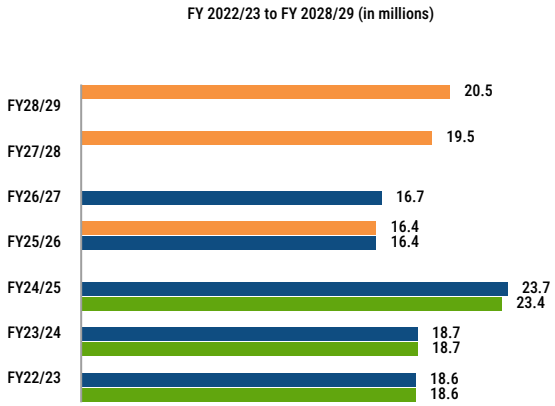
WIFA DEBT SERVICE FUND

WIFA debt Service Fund represents payment to loans or financing provided by the Water Infrastructure Finance Authority (WIFA) to fund drainage improvement capital projects at WestWorld. WIFA is a state level authority that offers low-interest loans and financial assistance to municipalities for water-related infrastructure, including parks and recreational facilities. The WIFA debt for WestWorld is backed by the dedicated revenue stream from Proposition 490, which is the 0.15 percent sales tax approved by voters in November 2024. The adopted budget for WIFA debt in FY 2025/26 was $0.7 million; however, no debt has been issued to date. The anticipated WIFA debt service for FY 2026/27 is projected at $0.6 million.



MPC EXCISE DEBT

MPC Excise Debt represents Municipal Property Corporation bonds which are non-voter approved and issued by the City of Scottsdale Municipal Property Corporation, a nonprofit corporation created by the city in 1967 for the sole purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the city. The debt incurred by the corporation is a city obligation and the repayment of debt is financed by General Fund sales taxes, Tourism Development Fund bed tax receipts, etc. According to Financial Policy No. 8.04, non-voter approved debt is permitted only if a specific revenue source is available to cover debt service costs. Debt Service payments for FY 2026/27 are projected at $16.7 million, representing a modest increase over the adopted budget for FY 2025/26.

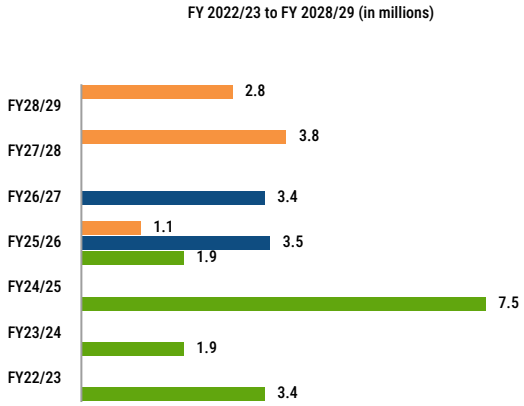


DEBT SERVICE FUND ENDING BALANCE

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

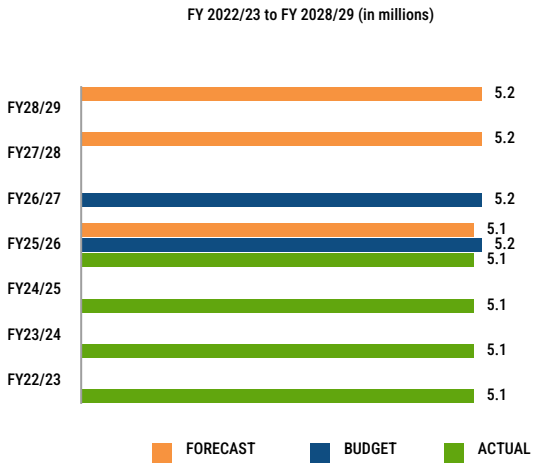
G.O. DEBT SERVICE RESERVE - NON-PRESERVE

G.O. Debt Service Reserve – Non-Preserve is projected at $3.4 million for FY 2026/27. The G.O. Debt Service Reserve – Non-Preserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with G.O. Debt Service. Per Financial Policy No. 2.06, the secondary property tax supported debt reserve should be no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt.



OTHER DEBT SERVICE RESERVE

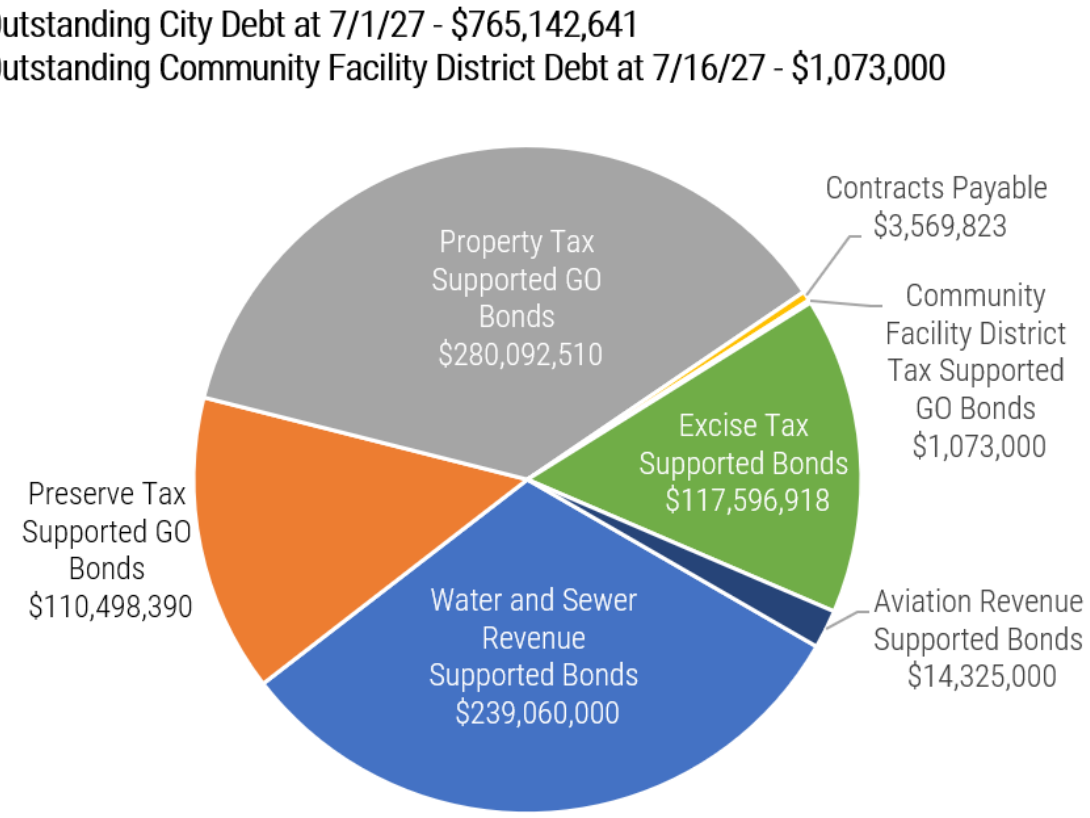
Other Debt Service Reserve of $5.2 million is projected for FY 2026/27. This reserve balance varies primarily due to the timing of debt issuances and related repayment schedules associated with the MPC Excise Debt. While there is no legal requirement to hold this reserve at a certain level, the City Council has indicated that it should be maintained to protect the city from unexpected financial challenges.



Outstanding Debt by Type *

The adopted FY26/27 budget includes outstanding debt by type and planned issuances as follows:

	New Issuance Adopted in FY26/27	FY26/27 Principal and Interest Payments (excludes Fiscal Agent Fees)	Outstanding Principal at 7/1/27
G.O Bonds – Non-Preserve	$78,950,900	$34,194,567	$280,092,510
G.O Bonds - Preserve	-	$17,825,144	$110,498,390
Excise Tax Supported	-	$17,267,149	$117,596,918
Water and Sewer Revenue Supported	-	$32,473,575	$239,060,000
Aviation Revenue Supported	-	$1,719,744	$14,325,000
Contracts Payable	-	$543,580	$3,569,823
Total – City Debt	$78,950,900	$104,023,759	$765,142,641



* Outstanding debt in the table excludes Community Facility District (CFD) obligations, which are assessment-backed and separate from the City's primary tax-supported debt. The accompanying pie chart includes CFD debt to present a complete picture of the City's total outstanding debt.

Property Tax Supported General Obligation Bonds (Existing and Proposed) – The city issues General Obligation Bonds for improvements to streets, bridges, transportation systems, parks and trails, drainage systems and public safety and municipal facilities. General obligation bonds require voter approval. Secondary property taxes assessed are collected to repay general obligation bonds.

Preserve Tax Supported General Bonds – The city issued General Obligation Bonds for McDowell Sonoran Preserve land and land improvements, which require voter approval. Preserve tax revenues are pledged to pay these bonds.

Excise Tax Supported Bonds – The city has debt secured by a pledge of all unrestricted excise taxes which include transaction privilege and use tax, franchise tax, and other business taxes, State-shared sales and income taxes, fees for licenses and permits, and fines and forfeitures. This debt is issued through the Municipal Property Corporation (MPC). These obligations were issued to fund the Museum of the West, sports stadium improvements, TPC land , WestWorld land and improvements, Skysong land, drainage, and other city improvements. Debt is repaid from various revenue sources related to the improvements for which the debt funded.

Water and Sewer Revenue Supported Bonds – Water and Sewer debt are issued through the MPC, pledging the city's excise tax revenues but repaid with water and sewer revenues.

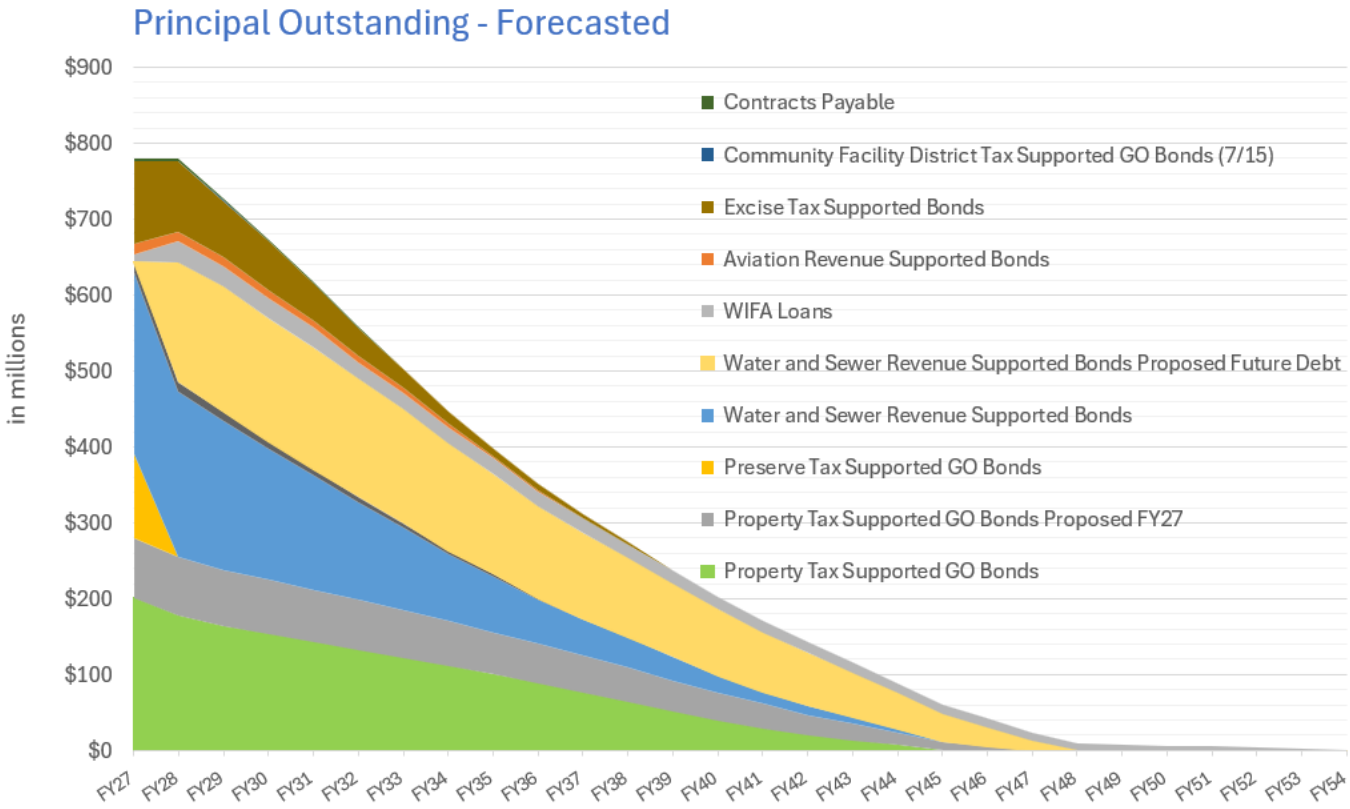
Aviation Revenue Supported Bonds – Aviation debt is issued through the MPC, pledging city excise tax revenues but are repaid with aviation revenues.

Contracts Payable – The city has service concession agreements with the Bureau of Reclamation and an underground utility contracts payable.

Community Facility District (CFD) Tax Supported Debt – The city has two remaining CFDs (DC Ranch and Scottsdale Waterfront Commercial) with outstanding debt. CFD bonds are repaid from a special purpose tax levied on the properties within the Districts. The city has no liability or obligation for CFD debt.

Debt Repayment Fiscal Year End 2026/27 Forecast

Debt paydown reflects how quickly the city expects to repay outstanding debt. A more rapid repayment period reduces risks from future loss of revenues and is an indicator of repayment strength. Rapid repayment also allows debt capacity to be released and made available for future capital needs.



Property Tax Debt Limitation Fiscal Year End 2026/27

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

General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety, and Streets and Transportation Facilities			General Obligation Bonds Issued for All Other Purposes	
Assessed valuation of the taxable property	$14,370,278,344		Assessed valuation of the taxable property	$14,370,278,344
20% Constitutional Limit	$2,874,055,668		6% Constitutional Limit	$862,216,700
Less General Obligation Bonds 20% Bonds Outstanding	(375,513,405)		Less General Obligation Bonds 6% Bonds Outstanding	(15,076,595)
Excess Premium	(12,563,547)		Excess Premium	(1,146,050)
Available 20% Limitation Borrowing Capacity	$2,485,978,716		Available 6% Limitation Borrowing Capacity	$845,994,055

Primary and Secondary Property Tax Rates History: Tax rates per $100 assessed valuation

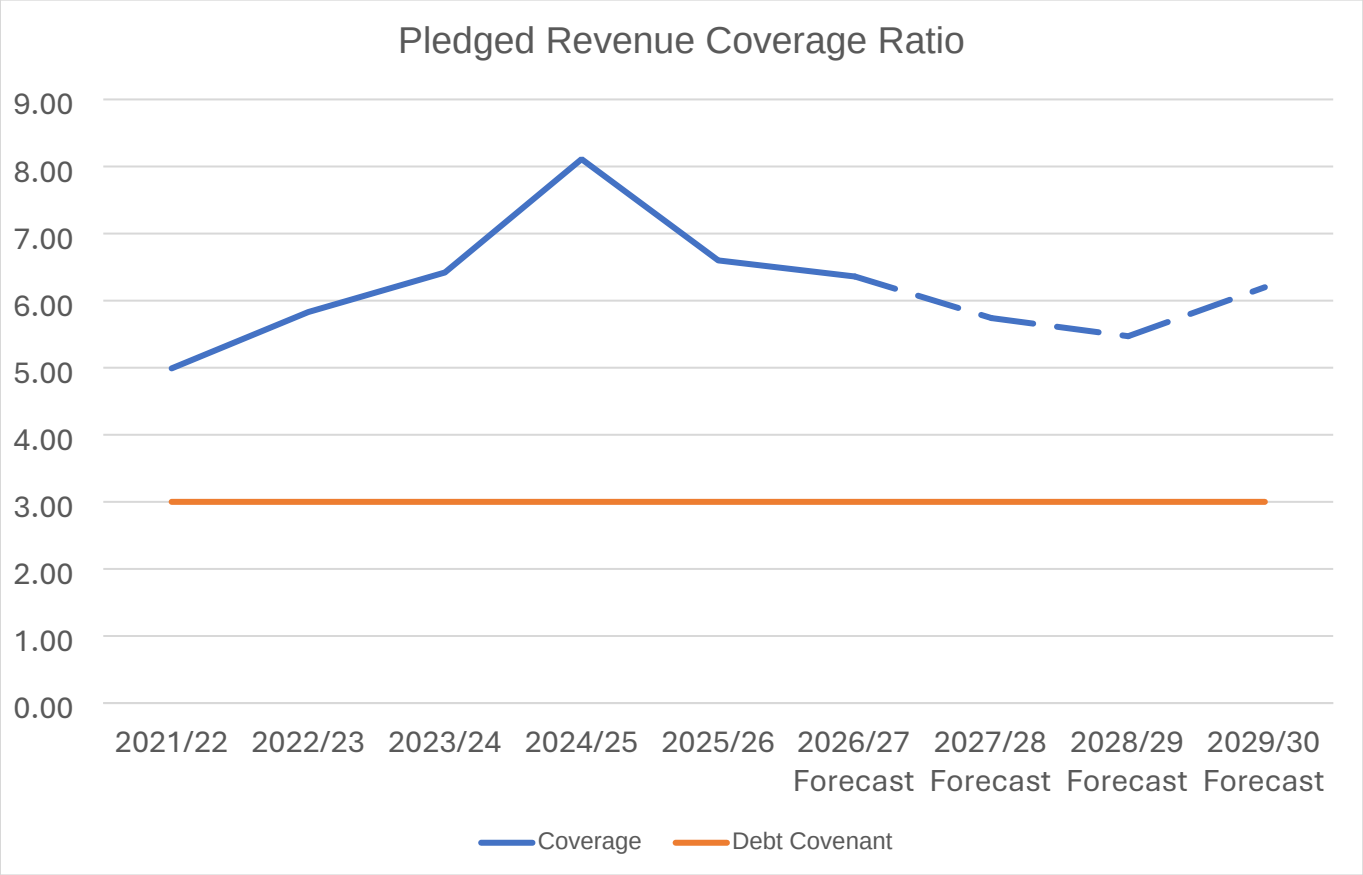
The primary property tax revenues are used by the General Fund for services such as Police, Fire, Community Services, and many other governmental purposes. The secondary property tax revenues are used to repay debt service on general obligation bonds.

Fiscal Year	Primary Tax Rate	Secondary Tax Rate	Total Tax Rate
2021/22	$0.5039	$0.5042	$1.0081
2022/23	$0.4970	$0.4101	$0.9071
2023/24	$0.5150	$0.4664	$0.9814
2024/25	$0.4958	$0.4358	$0.9316
2025/26	$0.4891	$0.4233	$0.9124
2026/27 Forecast	$0.4708	$0.4267	$0.8975

Adopted Financial Policy Section 8.04 General Obligation Bonds: The city will not exceed $1.50 combined (primary and secondary) property tax rate per $100 net assessed limited property value unless otherwise directed by the council.

Pledged Revenue Coverage – Municipal Property Corporation*

The Municipal Property Corporation ("MPC") is a non-profit corporation created by the city as a financing conduit for the purpose of financing the construction or acquisition of city capital improvement projects. In order to obtain the funds necessary for the construction or acquisition of facilities, the MPC issues bonds and then leases the facilities to the city for lease-rental payments which equal the semiannual debt service payments on the MPC bonds. The pledged revenue coverage graph is shown to illustrate how much revenue is available relative to the annual debt service on bonds secured by that revenue. It indicates the City's ability to meet its debt payments. Higher ratios reflect stronger financial capacity, healthier revenue performance, and lower risk for bondholders.



*Includes debt service payments paid out of the General Fund, the Special Programs Fund, the Tourism Development Fund, the Stadium Facility Fund and the Water and Sewer Funds.

Scottsdale's Bond Rating

Scottsdale General Obligation Bonds continue to maintain the highest possible rating from the three major national bond rating agencies, Moody's Investors Services, Standard & Poor's Rating Services, and Fitch Ratings, reaffirming their confidence in the city's financial management and its economic outlook. Scottsdale is one of a select number of municipalities achieving top ratings from all three.

High bond ratings mean the city is able to sell General Obligation Bonds to finance voter-approved capital projects, including new parks, libraries, and pools at lower interest rates. Because the ratings are high, Scottsdale's General Obligation Bonds are highly desirable and therefore increase the value of existing bonds for investors.

Summary of Current Ratings:	Moody's Investors Service	Standard & Poor's Ratings Services	Fitch Ratings
General Obligation (GO)	Aaa	AAA	AAA
Muncipal Property Corporation (MPC)	Aa1	AAA	AA+
Scottsdale Preserve Authority (SPA)	Aa2	AA+	AA+
Water & Sewer Revenue (W&S)	Aaa	AAA	AAA

Debt Management

Scottsdale's primary debt management objectives are to minimize the cost of borrowing to taxpayers while assuring that total indebtedness does not exceed available resources and conforms to Arizona legal requirements. The necessity to incur debt in order to finance the capital program requires the obligation to manage the debt program effectively. As a result, the level of outstanding debt and the city's capacity to incur and repay additional debt require careful examination.

Proper debt management provides for the protection and eventual enhancement of bond ratings; and compliance with debt instrument provisions and required disclosures to investors, underwriters, and rating agencies. Financial Policy No.8 is used when evaluating the purpose, necessity and condition under which decisions are made to issue debt. Financial Policy No.8 is also meant to supplement the legal framework of public debt law provided by the Arizona Constitution, State statutes, federal tax laws, and the city's bond resolutions and covenants.

BUDGET BY FUND | Debt Service Expense

	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Final Payment Date
Debt Service Fund							
General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported							
2015 G.O. Refunding Bonds ($86.4M Apr 2015)	9,590,200	9,774,800	9,838,400	-	-	-	2028
2017 G.O. Refunding Bonds ($26.8M May 2017)	4,126,317	4,280,149	4,366,424	4,562,324	-	-	2029
2017C G.O. Various Purpose Bonds ($25.5M Dec 2017)	2,635,250	2,310,000	-	-	-	-	2027
2021 G.O. Various Purpose Bonds (Taxable) ($19.8M Feb 2021)	1,221,324	1,217,624	1,218,624	1,219,224	1,219,424	1,219,224	2040
2021 G.O. Various Purpose Bonds (Tax-Exempt) ($31.4M Feb 2021)	2,004,500	2,006,500	2,006,300	2,003,900	2,004,300	2,012,300	2040
2023 G.O. Various Purpose Bonds (Taxable) ($39.5M Jan 2023)	3,683,525	3,583,525	3,483,525	3,383,525	3,283,525	3,183,525	2042
2023 G.O. Various Purpose Bonds (Tax-Exempt) ($34.2M Jan 2023)	3,320,750	3,225,750	3,130,750	3,035,750	2,940,750	2,845,750	2042
2025 G.O. Various Purpose Bonds (Tax-Exempt) ($102.5M June 2025)	15,062,675	7,796,219	7,721,219	7,291,219	7,273,719	7,273,719	2044
Future G.O. Various Purpose Bonds ($79.0M Feb 2027)	-	-	6,335,152	6,335,152	6,335,152	6,335,152	2045
Fiscal Agent Fees and Arbitrage Fees	2,700	2,900	3,300	3,100	2,800	2,800	
Subtotal Preserve G.O. Bonds - Property Tax (Secondary) Supported	41,647,241	34,197,467	38,103,695	27,834,194	23,059,670	22,872,470	
Preserve General Obligation Bonds - Preserve Sales Tax Supported							
2014 G.O. Bonds Preserve ($14.0M May 2014)	726,813	-	-	-	-	-	2026
2015 G.O. Refunding Bonds Preserve ($74.0M Apr 2015)	2,678,900	-	-	-	-	-	2026
2017 G.O. Refunding Bonds Preserve ($13.2M May 2017)	1,449,698	1,433,116	8,210,100	-	-	-	2028
2017A G.O. Bonds Preserve ($17.4M Mar 2017)	820,600	2,645,600	15,645,800	-	-	-	2028
2020 G.O. Taxable Refunding Bonds Preserve ($167.9M Dec 2020)	20,689,937	13,746,428	91,885,000	-	-	-	2028
Fiscal Agent Fees and Arbitrage Fees	2,000	1,400	1,400	-	-	-	
Subtotal Preserve G.O. Bonds - Preserve Sales Tax Supported	26,367,948	17,826,544	115,742,300	-	-	-	
Park & Preserve Debt - Sales Tax Supported							
2026 WIFA Loan (May 2026)	-	600,000	600,000	600,000	600,000	600,000	2054
Future WIFA Loan (2027)	-	-	-	850,000	850,000	850,000	2054
Subtotal Park & Preserve Sales Tax Supported	-	600,000	600,000	1,450,000	1,450,000	1,450,000	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported							
2006 MPC Refunding Bonds SkySong (GF/ST) ($42.8M Nov 2006)	2,819,250	2,811,750	2,815,000	2,813,250	2,816,500	2,589,250	2034
2006 MPC Refunding Bonds WW/TPC Land Acquisition 80-acres (GF/ST) ($30.5M Nov 2006)	2,640,250	2,738,250	2,796,250	2,850,750	2,866,500	-	2030
2015A MPC (Taxable) TPC Golf Surcharge (GF/ST) ($12.4M Jan 2015)	164,113	164,250	162,588	163,044	162,413	164,600	2034
2015A MPC (Taxable) TPC Golf Surcharge (TDF) ($2.2M Jan 2015)	900,000	900,000	900,000	900,000	900,000	900,000	2034
2015A MPC Museum (TDF) ($12.2M Jan 2015)	858,613	170,863	890,863	889,263	892,063	889,113	2034
2019A MPC Crossroads Flood Control (SF) ($9.3M Oct 2019)	664,750	665,000	664,250	667,500	664,500	665,300	2039
2019B MPC (Taxable) Stadium Improvements (Charros Contribution) ($2.1M Oct 2019)	135,000	135,000	135,000	135,000	135,000	135,000	2039
2019B MPC (Taxable) Stadium Improvements (Giants Contribution) ($8.4M Oct 2019)	525,000	525,000	525,000	525,000	600,000	600,000	2039
2019B MPC (Taxable) Stadium Improvements (TDF) ($22.8M Oct 2019)	1,530,078	1,531,528	1,529,868	1,526,588	1,451,653	1,454,903	2039
2021B MPC Refunding Bonds (Taxable) McDowell Golf (SPF) ($0.9M Feb 2021)	94,316	98,637	87,665	101,681	95,345	73,989	2033
2021B MPC Refunding Bonds (Taxable) Museum (TDF) ($0.8M Feb 2021)	27,666	702,506	-	-	-	-	2027
2021B MPC Refunding Bonds (Taxable) SFS Garage Payoff (GF/ST) ($14.1M Feb 2021)	2,731,235	2,830,102	2,900,240	-	-	-	2028
2021B MPC Refunding Bonds (Taxable) TNEC (GF/ST) ($15.1M Feb 2021)	1,291,321	1,338,583	1,448,905	3,389,139	-	1,407,326	2033
2021B MPC Refunding Bonds (Taxable) TNEC (TDF) ($10.5M Feb 2021)	1,200,000	1,200,000	1,200,000	1,200,000	807,416	1,200,000	2033
2021B MPC Refunding Bonds (Taxable) TPC (GF/ST) ($2.6M Feb 2021)	78,710	78,347	608,257	969,275	190,604	614,515	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acq 52- and 17-acres (GF/ST) ($10.4M Feb 2021)	311,443	310,008	2,407,668	3,836,534	754,405	2,432,165	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acquisition 80-acres (TDF) ($16.3M Feb 2021)	469,044	467,326	470,004	492,298	488,854	3,140,164	2035
Fiscal Agent Fees and Arbitrage Fees	6,400	6,400	6,400	6,400	6,400	6,400	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported - Subtotal by Funding Source							
General Fund/Excise Tax (GF/ST)	10,042,722	10,277,690	13,145,308	14,028,392	6,796,822	7,214,256	
Special Revenue/Stormwater Fee (SF)	664,750	665,000	664,250	667,500	664,500	665,300	
Tourism Development Fund (TDF)	4,985,400	4,972,222	4,990,735	5,008,149	4,539,986	7,584,180	
Special Program (McDowell Golf) (SPF)	94,316	98,637	87,665	101,681	95,345	73,989	
Giants/Charros Contribution	660,000	660,000	660,000	660,000	735,000	735,000	
Subtotal Municipal Property Corporation (MPC) Bonds - Excise Tax Supported	16,447,187	16,673,549	19,547,957	20,465,721	12,831,653	16,272,725	
Total Debt Service Funds	**84,462,376**	**69,297,560**	**173,993,952**	**49,749,916**	**37,341,323**	**40,595,195**	
General Fund							
Service Concession Agreements							
BOR Administration/WestWorld	240,662	252,695	265,330	278,596	292,526	307,152	2032
BOR Administration/TPC	240,662	252,695	265,330	278,596	292,526	307,152	2035
Subtotal General Fund Service Concession Agreements	481,324	505,390	530,660	557,193	585,052	614,304	
Total General Fund	**481,324**	**505,390**	**530,660**	**557,193**	**585,052**	**614,304**	
Special Revenue Funds							
Contracts Payable							
Underground Utility Improvement District	38,190	38,190	38,190	38,190	38,190	5,647	2031
Subtotal Special Revenue Funds Contracts Payable	38,190	38,190	38,190	38,190	38,190	5,647	
Total Special Revenue Funds	**38,190**	**38,190**	**38,190**	**38,190**	**38,190**	**5,647**	

BUDGET BY FUND | Debt Service Expense

	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Final Payment Date
Municipal Property Corporation (MPC) Bonds - Water and Sewer Funds							
2006 MPC Refunding Bonds Water ($82.8M Nov 2006)	5,838,297	5,810,151	5,794,291	5,767,262	5,755,835	-	2030
2006 MPC Refunding Bonds Water Reclamation ($9.9M Nov 2006)	695,703	692,349	690,459	687,238	685,915		2030
2015 MPC Refunding Bonds Water ($71.5M Mar 2015)	4,169,460	-	-	-	-	-	2026
2015 MPC Refunding Bonds Water Reclamation ($22.1M Mar 2015)	1,290,540	-	-	-	-	-	2026
2015A MPC Water Reclamation ($18.5M Jan 2015)	1,298,413	258,913	1,348,913	1,351,213	1,352,463	1,347,663	2034
2017 MPC Refunding Bonds Water ($47.7M Mar 2017)	1,774,473	1,861,766	1,947,849	2,919,460	2,923,594	165,403	2034
2017 MPC Refunding Bonds Water Reclamation ($47.7M Mar 2017)	2,626,502	2,755,709	2,883,126	4,321,265	4,327,382	244,822	2034
2017A MPC Water ($39.1M May 2017)	2,824,606	2,823,356	2,827,606	2,827,006	2,823,206	2,826,206	2037
2021A Refunding Bonds Water ($1.8M Feb 2021)	89,782	89,782	89,782	89,782	1,885,422	-	2030
2021A Refunding Bonds Water Reclamation ($6.1M Feb 2021)	306,218	306,218	306,218	306,218	6,430,578	-	2030
2021B MPC Refunding Bonds (Taxable) Water ($38.2M Feb 2021)	1,326,294	5,170,959	4,592,206	960,789	962,176	7,981,894	2036
2021B MPC Refunding Bonds (Taxable) Water Reclamation ($26.2M Feb 2021)	907,116	3,536,784	3,141,081	657,259	658,219	5,459,721	2036
2025 MPC Water ($46.9M May 2025)	4,613,389	3,776,500	2,479,000	4,172,250	1,914,750	4,214,750	2045
2025 Water Reclamation ($65.3 May 2025)	5,236,634	5,391,088	4,088,588	6,115,338	2,702,838	6,152,838	2045
Fiscal Agent Fees and Arbitrage Fees	9,610	9,700	9,700	11,200	11,200	11,200	
Subtotal MPC Bonds - Water and Sewer Funds	33,007,037	32,483,275	30,198,820	30,186,281	32,433,578	28,404,497	
Water and Sewer Fund Future Supported Debt							
Future Water Debt ($132.0M Feb 2028)	-	-	5,068,000	8,092,000	8,592,000	9,592,000	2048
Future Sewer Debt ($25.0M Feb 2028)	-	-	2,006,000	2,006,000	1,206,000	2,006,000	2048
Future Sewer Debt ($10.0M Feb 2029)	-	-	-	802,500	802,500	802,500	2049
Fiscal Agent Fees and Arbitrage Fees	-	-	3,000	4,500	4,500	4,500	
Subtotal Future Debt - Water and Sewer Funds	-	-	7,077,000	10,905,000	10,605,000	12,405,000	
Municipal Property Corporation (MPC) Bonds - Aviation Fund							
2017B MPC ($23.5M 2017)	1,719,244	1,719,744	1,717,494	1,717,494	1,719,494	1,719,744	2037
Fiscal Agent Fees and Arbitrage Fees	1,500	1,500	1,500	1,500	1,500	1,500	
Subtotal MPC Bonds - Aviation Fund	1,720,744	1,721,244	1,718,994	1,718,994	1,720,994	1,721,244	
Total Outstanding Debt Service - All Funds	**119,709,671**	**104,045,659**	**213,557,615**	**93,155,572**	**82,724,137**	**83,745,887**	

BUDGET BY FUND | Long-Term Debt Outstanding

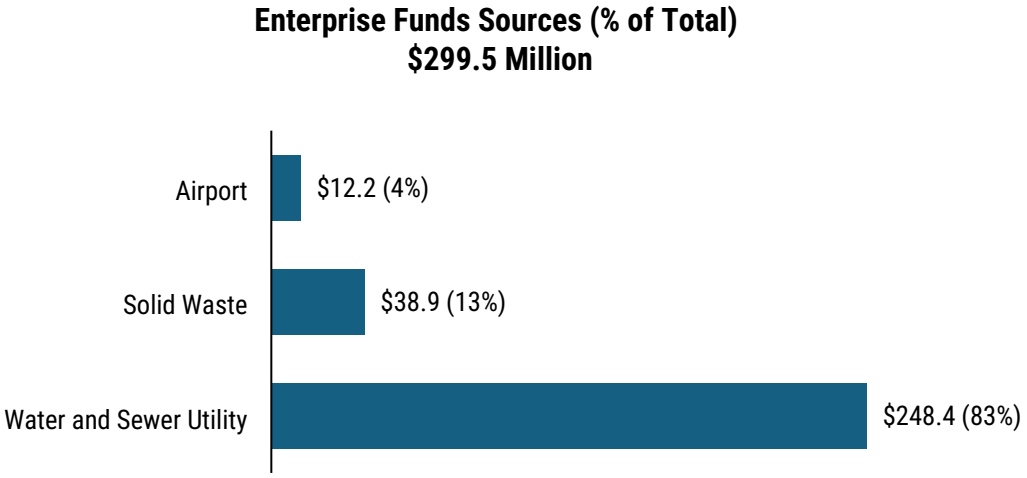
	Balance at 6/30/26	Balance at 6/30/27	Balance at 6/30/28	Balance at 6/30/29	Balance at 6/30/30	Balance at 6/30/31	Final Payment Date
Debt Service Fund							
General Obligation (G.O.) Bonds - Property Tax (Secondary) Supported							
2015 G.O. Refunding Bonds ($86.4M Apr 2015)	18,495,000	9,460,000	-	-	-	-	2028
2017 G.O. Refunding Bonds ($26.8M May 2017)	12,172,310	8,416,610	4,386,850	-	-	-	2029
2017C G.O. Various Purpose Bonds ($25.5M Dec 2017)	2,200,000	-	-	-	-	-	2027
2021 G.O. Various Purpose Bonds (Taxable) ($19.8M Feb 2021)	15,010,000	14,060,000	13,090,000	12,100,000	11,090,000	10,060,000	2040
2021 G.O. Various Purpose Bonds (Tax-Exempt) ($31.4M Feb 2021)	23,850,000	22,470,000	21,035,000	19,545,000	17,995,000	16,375,000	2040
2023 G.O. Various Purpose Bonds (Taxable) ($39.5M Jan 2023)	33,485,000	31,485,000	29,485,000	27,485,000	25,485,000	23,485,000	2042
2023 G.O. Various Purpose Bonds (Tax-Exempt) ($34.2M Jan 2023)	28,400,000	26,500,000	24,600,000	22,700,000	20,800,000	18,900,000	2042
2025 G.O. Various Purpose Bonds (Tax-Exempt) ($102.3M June 2025)	92,250,000	88,750,000	85,150,000	81,800,000	78,300,000	74,625,000	2045
Future G.O. Various Purpose Bonds ($79.0M Feb 2027)	-	78,950,900	76,500,900	73,930,900	71,240,900	68,420,900	2047
Total General Obligation Bonds	225,862,310	280,092,510	254,247,750	237,560,900	224,910,900	211,865,900	
Preserve General Obligation Bonds - Preserve Sales Tax Supported							
2017 G.O. Refunding Bonds Preserve ($13.2M May 2017)	9,242,690	8,183,390	-	-	-	-	2028
2017A G.O. Bonds Preserve ($17.4M Mar 2017)	17,410,000	15,585,000	-	-	-	-	2028
2020 G.O. Taxable Refunding Bonds Preserve ($167.9M Dec 2020)	99,135,000	86,730,000	-	-	-	-	2028
Total Preserve General Obligation Bonds	125,787,690	110,498,390	-	-	-	-	
Park & Preserve Debt - Sales Tax Supported							
2026 WIFA Loan (May 2026)	10,436,918	9,226,918	9,006,918	8,776,918	8,541,918	8,296,918	2054
Future WIFA Loan (2027)	-	-	19,300,000	18,970,000	18,630,000	18,275,000	2054
Total Preserve Sales Tax Debt	10,436,918	9,226,918	28,306,918	27,746,918	27,171,918	26,571,918	
Municipal Property Corporation (MPC) Bonds - Excise Tax Supported							
2006 MPC Refunding Bonds SkySong	17,535,000	15,600,000	13,565,000	11,430,000	9,185,000	7,055,000	2034
2006 MPC Refunding Bonds WW/TPC Land Acquisition 80-acres	9,965,000	7,725,000	5,315,000	2,730,000	-	-	2030
2015A MPC (Taxable) TPC Golf Surcharge	7,190,000	6,400,000	5,585,000	4,740,000	3,865,000	2,955,000	2034
2015A MPC Museum	5,520,000	5,520,000	4,800,000	4,060,000	3,295,000	2,510,000	2034
2019A MPC Crossroads Flood Control	6,960,000	6,545,000	6,110,000	5,650,000	5,170,000	4,670,000	2039
2019B MPC (Taxable) Stadium Improvements	23,625,000	22,065,000	20,470,000	18,840,000	17,170,000	15,455,000	2039
2021B MPC Refunding Bonds (Taxable) McDowell Golf	595,000	505,000	425,000	330,000	240,000	170,000	2033
2021B MPC Refunding Bonds (Taxable) Museum	695,000	-	-	-	-	-	2027
2021B MPC Refunding Bonds (Taxable) SFS Garage Payoff	5,630,000	2,865,000	-	-	-	-	2028
2021B MPC Refunding Bonds (Taxable) TNEC	17,445,000	15,160,000	12,740,000	8,350,000	7,680,000	5,200,000	2033
2021B MPC Refunding Bonds (Taxable) TPC	2,348,700	2,303,300	1,727,500	783,600	605,100	-	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acq 52- and 17-acres	9,296,300	9,116,700	6,837,500	3,101,400	2,394,900	-	2031
2021B MPC Refunding Bonds (Taxable) WW/TPC Land Acquisition 80-acres	14,780,000	14,565,000	14,345,000	14,100,000	13,855,000	10,955,000	2035
Total Municipal Property Corporation (MPC) Bonds - Excise Tax Supported	121,585,000	108,370,000	91,920,000	74,115,000	63,460,000	48,970,000	
Total Debt Service Funds	**483,671,918**	**508,187,818**	**374,474,668**	**339,422,818**	**315,542,818**	**287,407,818**	
General Fund							
Service Concession Agreements							
BOR Administration/WestWorld	1,493,353	1,300,392	1,087,078	851,965	593,517	310,106	2032
BOR Administration/TPC	2,272,805	2,111,023	1,930,134	1,728,743	1,505,367	1,258,429	2035
Subtotal General Fund Service Concession Agreements	3,766,159	3,411,415	3,017,212	2,580,708	2,098,884	1,568,535	
Total General Fund	**3,766,159**	**3,411,415**	**3,017,212**	**2,580,708**	**2,098,884**	**1,568,535**	
Special Revenue Funds							
Contracts Payable							
Underground Utility Improvement District	196,597	158,408	120,217	82,027	43,837	5,647	2031
Subtotal Special Revenue Funds Contracts Payable	196,597	158,408	120,217	82,027	43,837	5,647	
Total Special Revenue Funds	**196,597**	**158,408**	**120,217**	**82,027**	**43,837**	**5,647**	
Municipal Property Corporation (MPC) Bonds - Water and Sewer Funds							
2006 MPC Refunding Bonds Water	20,506,387	15,721,556	10,713,342	5,481,748	-	-	2030
2006 MPC Refunding Bonds Water Reclamation	2,443,613	1,873,444	1,276,658	653,252	-	-	2030
2015A MPC Water Reclamation	8,365,000	8,365,000	7,275,000	6,150,000	4,990,000	3,800,000	2034
2017 MPC Refunding Bonds Water	12,872,160	11,569,824	10,116,288	7,618,464	4,991,616	4,991,616	2034
2017 MPC Refunding Bonds Water Reclamation	19,052,840	17,125,176	14,973,712	11,276,536	7,388,384	7,388,384	2034
2017A MPC Water	25,590,000	23,675,000	21,660,000	19,565,000	17,390,000	15,125,000	2037
2021A Refunding Bonds Water	1,795,640	1,795,640	1,795,640	1,795,640	-	-	2030

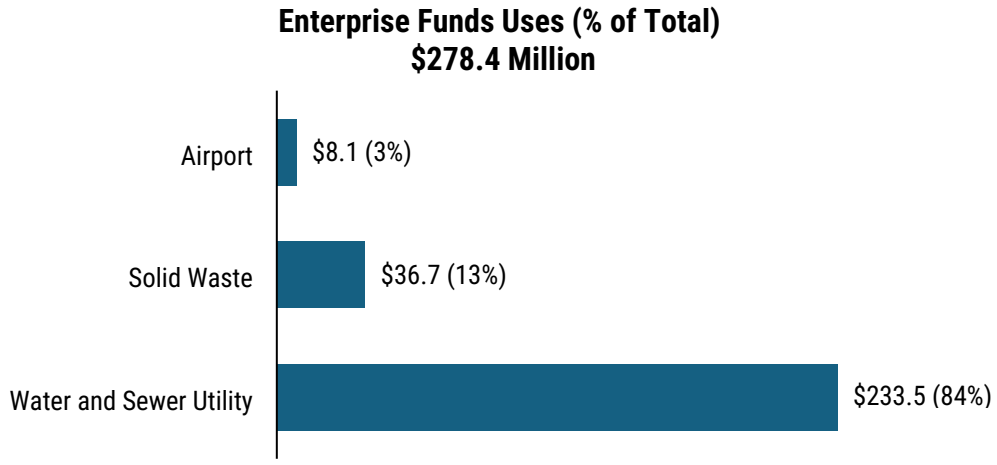
BUDGET BY FUND | Long-Term Debt Outstanding

	Balance at 6/30/26	Balance at 6/30/27	Balance at 6/30/28	Balance at 6/30/29	Balance at 6/30/30	Balance at 6/30/31	Final Payment Date
2021A Refunding Bonds Water Reclamation	6,124,360	6,124,360	6,124,360	6,124,360	-	-	2030
2021B MPC Refunding Bonds (Taxable) Water	33,509,300	28,865,500	24,750,300	24,215,900	23,672,600	16,101,400	2036
2021B MPC Refunding Bonds (Taxable) Water Reclamation	22,920,700	19,744,500	16,929,700	16,564,100	16,192,400	11,013,600	2036
2025 MPC Water	44,730,000	43,080,000	42,645,000	40,495,000	40,495,000	38,195,000	2045
2025 MPC Water Reclamation	63,470,000	61,120,000	59,955,000	56,705,000	56,705,000	53,255,000	2045
Total Municipal Property Corporation (MPC) Bonds - Water & Sewer Revenue Supported	261,380,000	239,060,000	218,215,000	196,645,000	171,825,000	149,870,000	
Water and Sewer Fund Future Supported Debt							
Future Water Debt ($132.0M 2028)	-	-	132,000,000	130,275,000	128,695,000	126,535,000	2048
Future Sewer Debt ($25.0M 2028)	-	-	25,000,000	24,245,000	23,455,000	23,425,000	2048
Future Sewer Debt ($10.0M 2029)	-	-		10,000,000	9,700,000	9,385,000	2049
Total Future Debt - Water & Sewer Revenue Supported	-	-	157,000,000	164,520,000	161,850,000	159,345,000	
Municipal Property Corporation (MPC) Bonds - Aviation Fund							
2017B MPC ($23.5M 2017)	15,470,000	14,325,000	13,125,000	11,865,000	10,540,000	9,175,000	2037
Total Municipal Property Corporation (MPC) Bonds - Aviation Revenue Supported	15,470,000	14,325,000	13,125,000	11,865,000	10,540,000	9,175,000	
Total Outstanding Debt - All Funds	**764,484,674**	**765,142,641**	**765,952,097**	**715,115,553**	**661,900,539**	**607,372,000**	

ENTERPRISE FUNDS DESCRIPTION

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



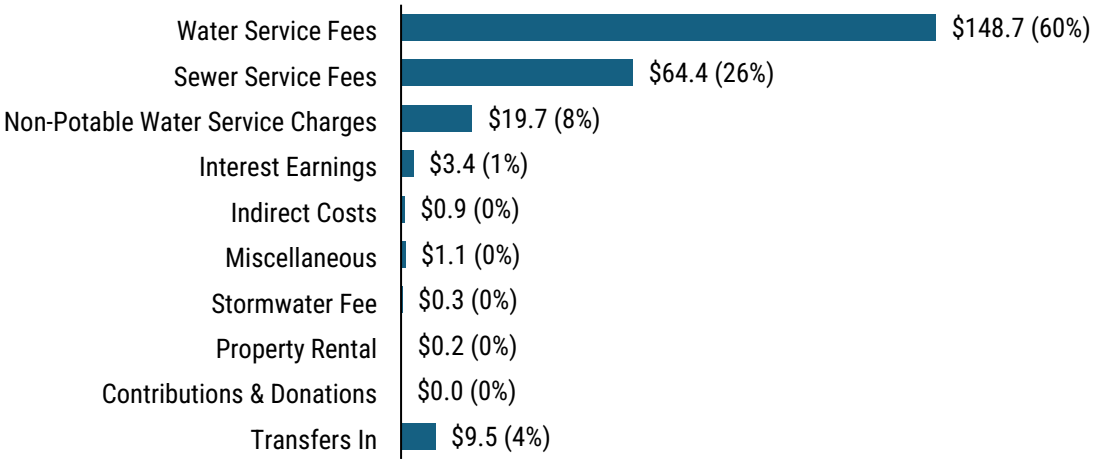


Rounding differences may occur.

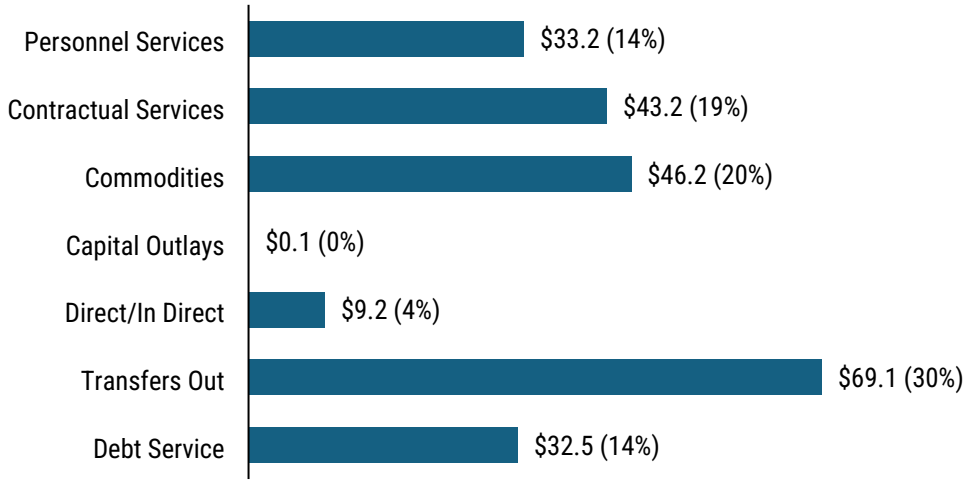
FUND PURPOSE

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

Water & Water Reclamation Fund Sources (% of Total)
$248.4 Million



Water & Water Reclamation Fund Uses (% of Total)
$233.5 Million



Rounding differences may occur.

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

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Beginning Fund Balance								
Debt Service Reserve	-	9,538,125	9,538,125	9,725,825	9,318,955	10,272,820	10,759,645	10,202,374
Operating Reserve	27,949,618	29,496,679	28,691,916	31,190,482	32,980,092	34,267,415	35,568,540	37,064,002
Operating Contingency	4,750,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Revenue Stabilization Reserve[(a)]	-	-	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Capital Replacement and New Water Source Reserve	71,313,724	73,499,591	80,818,164	66,976,359	80,432,633	73,664,447	84,183,180	87,775,452
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	-	-	-
Total Beginning Fund Balance	**109,013,342**	**122,534,395**	**129,048,205**	**122,892,666**	**137,731,680**	**128,204,682**	**140,511,365**	**145,041,827**
Revenues								
Water Service Fees	141,021,824	142,943,240	142,943,240	148,679,433	160,750,133	168,772,405	177,216,934	186,055,600
Sewer Service Fees	55,765,618	60,413,477	60,413,477	64,425,686	68,574,521	72,000,734	75,597,416	79,374,455
Non-Potable Water Service Charges	20,259,578	18,676,089	18,676,089	19,731,600	20,544,550	21,394,800	22,285,200	23,216,600
Interest Earnings	3,429,377	2,426,151	2,426,151	3,386,426	4,026,718	4,067,352	4,195,601	4,477,235
Indirect Costs	919,905	919,905	919,905	919,905	919,905	919,905	919,905	919,905
Miscellaneous	5,385,565	3,141,964	3,141,964	1,136,147	1,009,657	1,025,467	1,039,597	1,056,027
Federal Grants	369,093	492,914	492,914	-	-	-	-	-
Stormwater Fee	336,472	339,642	339,642	341,100	342,540	343,440	344,160	344,880
Property Rental	221,670	232,679	232,679	239,401	248,702	261,290	268,478	279,883
Contributions & Donations	8,000	9,000	9,000	11,000	11,000	11,000	11,000	11,000
Subtotal	**227,717,102**	**229,595,061**	**229,595,061**	**238,870,698**	**256,427,725**	**268,796,393**	**281,878,292**	**295,735,585**
Transfers In								
Debt Svc MPC Bonds[(b)]	9,441,613	6,250,567	6,250,567	4,112,735	3,716,516	3,230,255	2,590,383	1,993,714
AWT	3,739,058	4,059,573	4,059,573	4,494,254	3,235,837	3,357,055	3,502,062	3,549,958
RWDS	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000
Subtotal	**14,080,671**	**11,210,140**	**11,210,140**	**9,506,989**	**7,852,353**	**7,487,310**	**6,992,445**	**6,443,672**
Total Sources	**241,797,773**	**240,805,201**	**240,805,201**	**248,377,687**	**264,280,078**	**276,283,703**	**288,870,737**	**302,179,257**

[(a)]Revenue Stabilization Reserve of $5.0 million was established to safeguard against fluctuations in collections and other revenues.
[(b)]These debt transfers are intrafund transfers across both operating and capital Water and Water Reclamation Funds that ultimately net to $0. Additionally, these transfers do not impact the city's Debt Service Fund.

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

	Actual FY2024/25	Adopted FY2025/26	Forecast FY2025/26	Adopted FY2026/27	Forecast FY2027/28	Forecast FY2028/29	Forecast FY2029/30	Forecast FY2030/31
Expenditures								
Personnel Services	26,362,586	33,294,364	32,722,617	33,877,820	36,473,723	37,110,934	38,643,773	40,372,964
Contractual Services	37,842,596	38,943,630	38,943,630	43,234,778	45,741,748	47,965,695	50,360,277	52,855,199
Commodities	42,464,896	45,048,861	45,028,200	46,151,850	45,776,740	47,555,597	49,341,666	50,324,535
Capital Outlays	600,196	441,300	461,961	95,097	104,125	108,282	112,618	117,145
Citywide Indirect Cost Allocation	6,577,485	6,652,569	6,652,569	8,295,463	8,544,327	8,800,657	9,064,676	9,336,617
Department Indirect Cost	919,905	919,905	919,905	919,905	919,905	919,905	919,905	919,905
Personnel Programs [a]	-	661,294	43,600	-	-	-	-	-
Vacancy Savings	-	(1,200,000)	-	(654,545)	(490,909)	(436,909)	(436,909)	(436,909)
Operating Impacts						250,000	250,000	250,000
Subtotal	114,767,664	124,761,923	124,772,482	131,920,368	137,069,659	142,274,161	148,256,006	153,739,456
Debt Service								
MPC Bonds Debt Service-Sewer	7,343,747	7,127,643	7,127,643	12,944,762	14,469,650	16,252,222	18,171,086	16,018,735
MPC Bonds Debt Service-Water	16,210,360	16,027,871	16,027,871	19,538,517	22,806,170	24,839,059	24,867,493	24,790,763
Future Debt Service[b]	-	11,018,000	-	-	-	-	-	-
Subtotal	23,554,107	34,173,514	23,155,514	32,483,279	37,275,819	41,091,280	43,038,578	40,809,497
TOTAL OPERATING BUDGET	138,321,771	158,935,437	147,927,996	164,403,647	174,345,478	183,365,441	191,294,584	194,548,953
Transfers Out								
Franchise Fees	10,583,525	10,913,920	10,913,920	11,399,336	12,021,734	12,599,541	13,212,817	13,855,012
Debt Svc MPC Bonds[c]	7,614,086	2,953,425	2,953,425	2,601,889	2,338,320	2,028,132	1,608,191	1,428,613
CIP	60,087,640	79,074,794	79,074,794	50,639,548	81,865,707	62,626,852	74,722,620	78,079,964
AWT	3,739,058	4,059,573	4,059,573	4,494,254	3,235,837	3,357,055	3,502,062	3,549,958
CIP Technology	1,416,830	2,031,032	2,031,032		-	-	-	-
Subtotal	83,441,139	99,032,744	99,032,744	69,135,027	99,461,598	80,611,580	93,045,690	96,913,547
Total Uses	221,762,910	257,968,181	246,960,740	233,538,674	273,807,076	263,977,021	284,340,274	291,462,500
Sources Over/(Under) Uses	20,034,863	(17,162,980)	(6,155,539)	14,839,014	(9,526,998)	12,306,683	4,530,463	10,716,758
Ending Fund Balance								
Debt Service Reserve	9,538,125	9,725,825	9,725,825	9,318,955	10,272,820	10,759,645	10,202,374	10,202,374
Operating Reserve	28,691,916	31,190,482	31,190,482	32,980,092	34,267,415	35,568,540	37,064,002	38,434,864
Operating Contingency	4,750,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Revenue Stabilization Reserve[d]	-	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Capital Replacement and New Water Source Reserve	108,170,981	49,455,108	66,976,359	80,432,633	73,664,447	84,183,180	87,775,452	97,121,347
Water Drought Reserve	5,000,000	5,000,000	5,000,000	5,000,000	-	-	-	-
Total Ending Fund Balance	129,048,205	105,371,415	122,892,666	137,731,680	128,204,682	140,511,365	145,041,827	155,758,585

[a]Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

[b]The FY 2025/26 Adopted Amount was not dedicated to either Water or Sewer Funds to allow issuance flexibility. Since the issuances have been made, they are now reflected within Water and Sewer Funds, resepectively.

[c]These debt transfers are intrafund transfers across both operating and capital Water and Water Reclamation Funds that ultimately net to $0. Additionally, these transfers do not impact the city's Debt Service Fund.

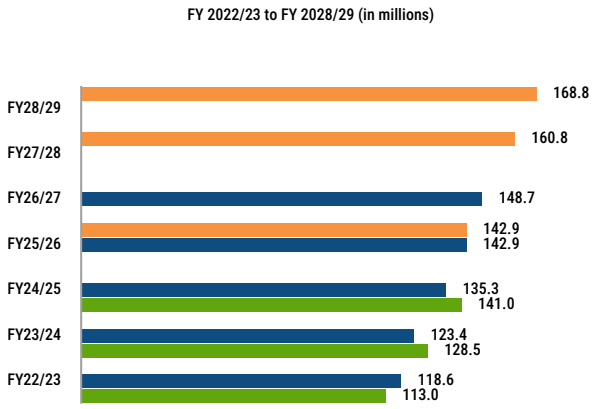
[d]Revenue Stabilization Reserve of $5.0 million was established to safeguard against fluctuations in collections and other revenues.

WATER AND WATER RECLAMATION FUNDS SOURCES

Water and Water Reclamation Funds' Sources for FY 2026/27 equal $248.4 million which is an increase of $7.6 million from the FY 2025/26 adopted budget. The sources include Water Service Fees, Water Reclamation Service Fees, Non-Potable Water Service Charges, Miscellaneous, Interest Earnings, Indirect Costs, Federal Grants, Stormwater Fees, Property Rental, Contributions & Donations, and Transfers In.

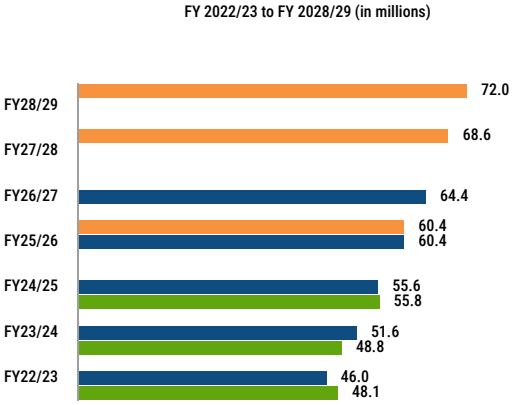
WATER SERVICE FEES

Water Service Fees revenue includes base fees according to meter size and monthly volumetric charges based on the amount of water consumed. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The FY 2026/27 budgeted revenue for Water Service Fees is $148.7 million, a $5.8 million increase from the FY 2025/26 adopted budget, primarily due to cost increases for raw water, additional actions required for drought preparedness, and increasing costs for replacing and repairing aging infrastructure.



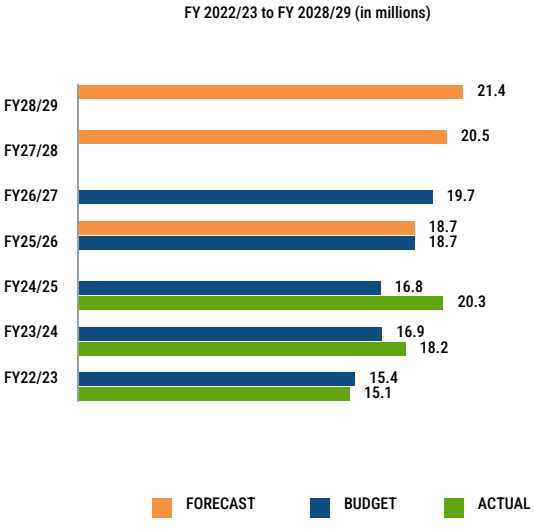
SEWER SERVICE FEES

Sewer Service Fees revenue includes base fees according to meter size, and volumetric charges based on customer classification and miscellaneous service charges. The FY 2026/27 adopted budget for Sewer Service Fees is $64.4 million, a $4.0 million increase compared to the FY 2025/26 adopted budget. The increase is primarily due to rates and fee increases and growth within the customer base. Rates and fees are reviewed annually to determine if they cover the costs of the services provided. The increases to base fees and volumetric rates result from cost increases related to supply challenges, replacing and repairing aging infrastructure, and personnel services.



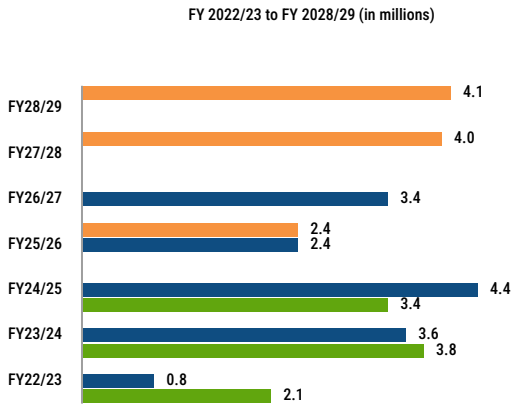
NON-POTABLE WATER SERVICE CHARGES

Non-Potable Water Service Charges revenue is generated from irrigation water sales. The city sells effluent produced at the Water Reclamation Plant to 24 North Scottsdale golf courses through the Reclaimed Water Distribution System (RWDS). It also sells water from the Gainey Water Reclamation Plant for irrigation at Gainey Ranch Golf Club. Other non-potable water sales include four golf courses in North Scottsdale that are part of the Irrigation Water Distribution System (IWDS), the McDowell Mountain golf course, and four city recreation facilities. The city recovers the costs of its irrigation-water contracts by billing the affected customers through service rates. Non-Potable Water Service Charges budgeted revenue for FY 2026/27 totals $19.7 million, reflecting a $1.0 million increase from the FY 2025/26 adopted budget. This is due mainly to growth in RWDS and IWDS irrigation sales.



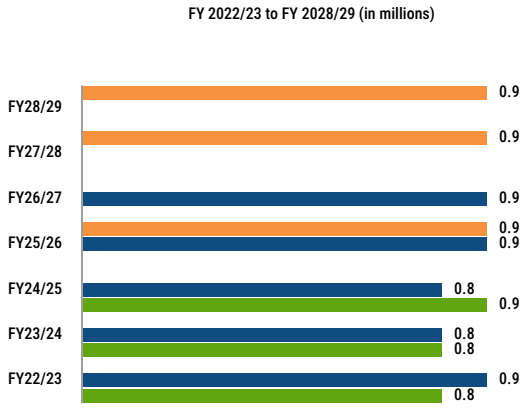
INTEREST EARNINGS

Interest earnings are generated on Water and Water Reclamation Funds' cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and the State of Arizona's Local Government Investment Pool. Interest Earnings revenue adopted for FY 2026/27 totals $3.4 million, a $1.0 million increase from the FY 2025/26 adopted budget.



INDIRECT COSTS

The Indirect Costs represent internal charges to the RWDS Fund, Inlet Silverado Golf Course Fund, Irrigation Water Distribution System (IWDS) Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and Well PCX-1/North Indian Bend Wash (NIBW) Granular Activated Carbon (GAC) Treatment Facility (PCX/NGTF) Fund for central operations under the Water and Water Reclamation Funds. The FY 2026/27 adopted budget for Indirect Costs is $0.9 million, which is flat when compared to the FY 2025/26 adopted budget.



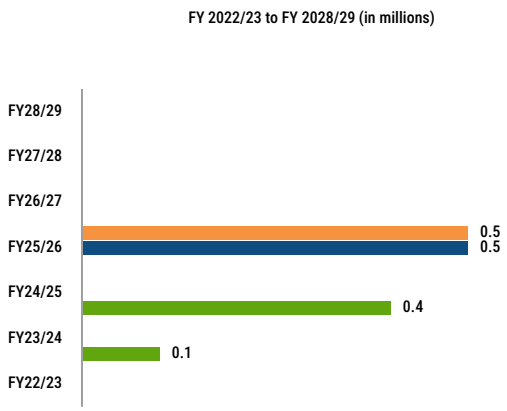
MISCELLANEOUS

Miscellaneous revenue adopted for FY 2026/27 totals $1.1 million, reflecting a decrease of $2.0 million from the FY 2025/26 adopted budget. The decrease is primarily due to lower grant funding from the Water Infrastructure Finance Authority and the absence of settlement recoveries received during FY 2025/26. The actual FY 2023/24 amount is significantly higher than budget primarily due to higher compensation received from the Central Arizona Project (CAP) and Arizona Department of Water Resources (ADWR) for reducing usage from Lake Mead.



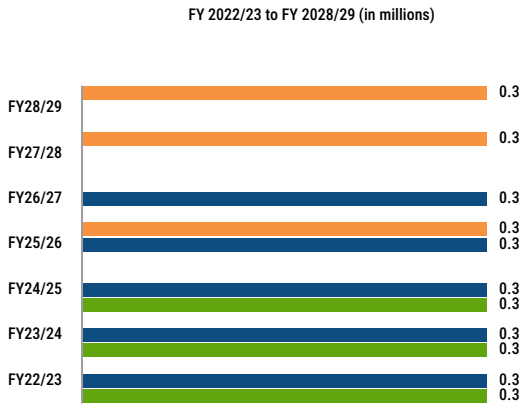
FEDERAL GRANTS

Federal Grants revenue includes funding from the Water Infrastructure Finance Authority's Water Conservation Grant Fund to support Scottsdale Water's expanded residential grass removal rebate program, with funds awarded in prior years being spent in the following year. No grants are budgeted to be received in FY 2026/27.



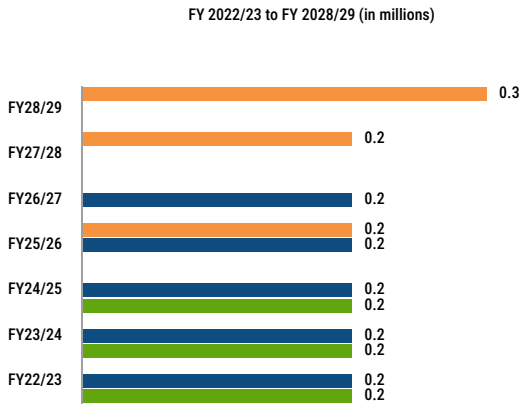
STORMWATER FEE

The Stormwater Fee is collected to support National Pollutant Discharge Elimination System (NPDES) permit compliance costs. Stormwater Fee revenue for FY 2026/27 totals $0.3 million, which is flat when compared to the FY 2025/26 adopted budget.



PROPERTY RENTAL

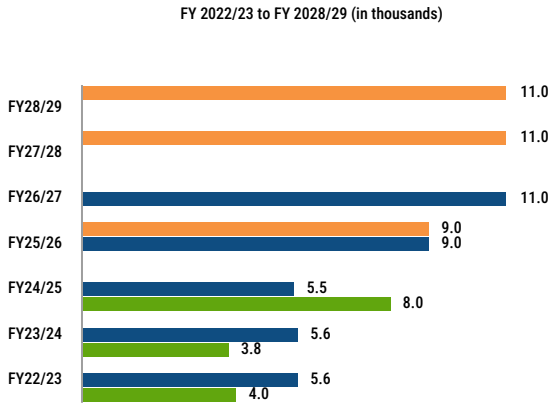
Property Rental includes land and building rent from cell towers on Water Resources' property. Property Rental for FY 2026/27 totals $0.2 million, which is flat compared to the FY 2025/26 adopted budget.





CONTRIBUTIONS AND DONATIONS

Contributions and Donations includes money provided by Arizona Public Service (APS), the Salt River Project (SRP), and the Central Arizona Project (CAP) to help support the Water Academy. Contributions & Donations revenue for FY 2026/27 totals $11,000.

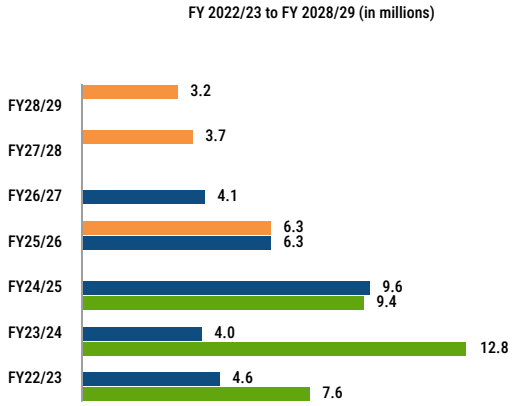


TRANSFERS IN

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

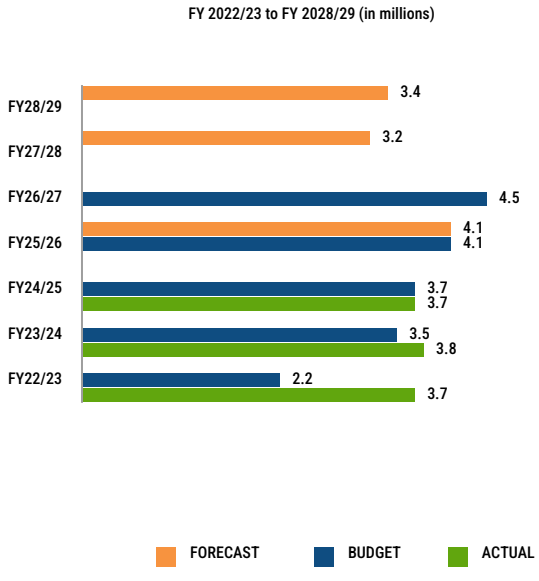
DEBT SERVICE MPC BONDS

Debt Service MPC Bonds includes transfers between the Capital Improvement Plan (CIP) and the Water and Water Reclamation Funds to pay for debt service costs associated with providing additional infrastructure to serve new development areas. The adopted Debt Service budget for FY 2026/27 is $4.1 million, which is a decrease of $2.2 million. The FY 2022/23 and FY 2023/24 actual amounts are greater than the adopted amounts due to an unbudgeted Development Fee Transfer which was required to cover part of the debt payments.



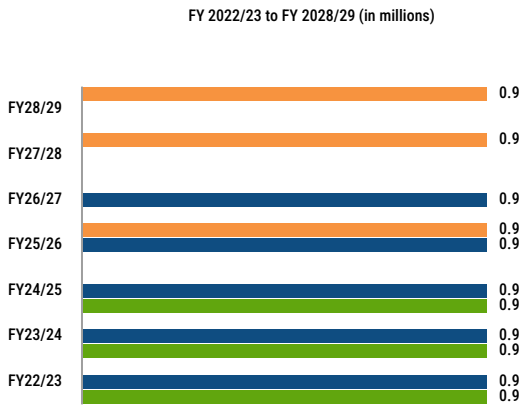
AWT

AWT, or Advanced Water Treatment, represents an internal transfer between Water and Water Reclamation Funds reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The adopted FY 2026/27 budget is $4.5 million, an increase of $0.4 million from the FY 2025/26 adopted budget.



RWDS

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

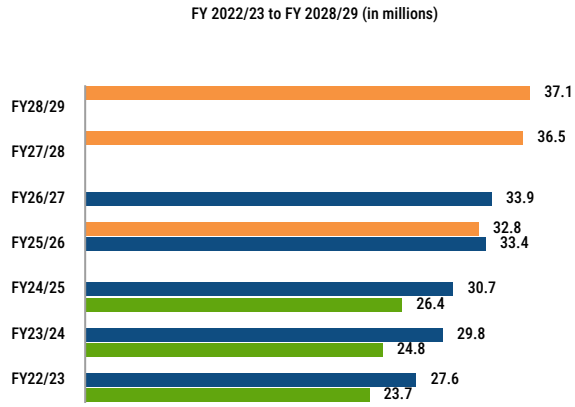


WATER AND WATER RECLAMATION FUND USES

The Water and Water Reclamation Funds' uses are presented by the following major groupings: Personnel Services, Contractual Services, Commodities, Capital Outlays, Citywide Indirect Cost Allocation, and Department Indirect Cost. Additionally, there are Non-Divisional Uses such as Personnel Programs, Debt Service payments, and Transfers Out to other funds.

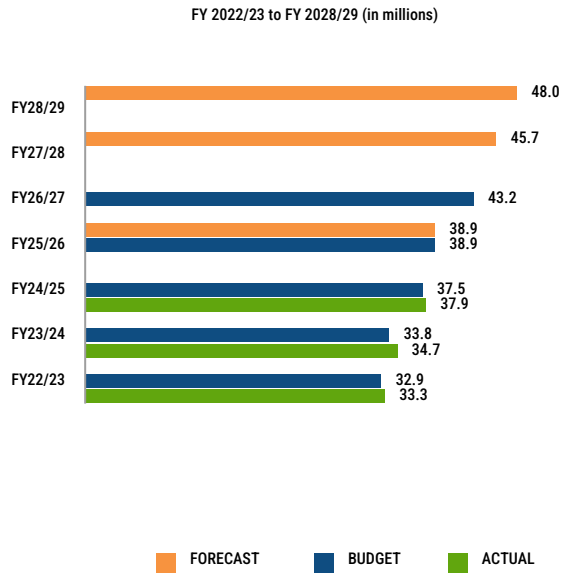
PERSONNEL SERVICES

Personnel Services includes salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. The FY 2026/27 Personnel Services budget is $33.9 million, which is a $0.5 million increase compared to the FY 2025/26 adopted budget.



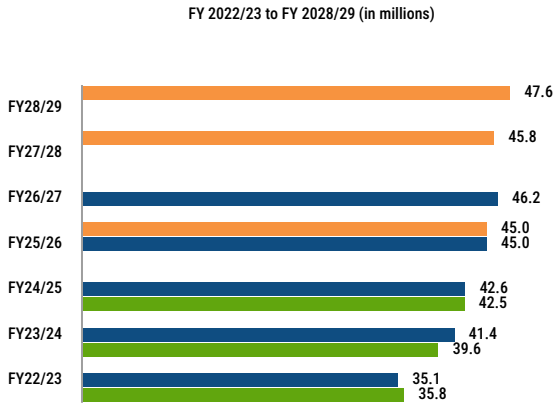
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city divisions. Contractual services for the Water and Water Reclamation Fund cover a range of specialized activities, including wastewater treatment at the jointly owned 91st Avenue Wastewater Treatment Plant, security services, sewer system cleaning and inspections, water-use audits and conservation studies, system repairs, leak detection, and specialized contractor work such as asphalt cutting and trench shoring. The line also funds communications infrastructure, metering accuracy testing, and other technical services essential to maintaining safe, reliable, and efficient water and wastewater operations. The FY 2026/27 adopted budget of $43.2 million is a $4.3 million increase compared to the FY 2025/26 adopted budget, mainly due to increased utility costs.



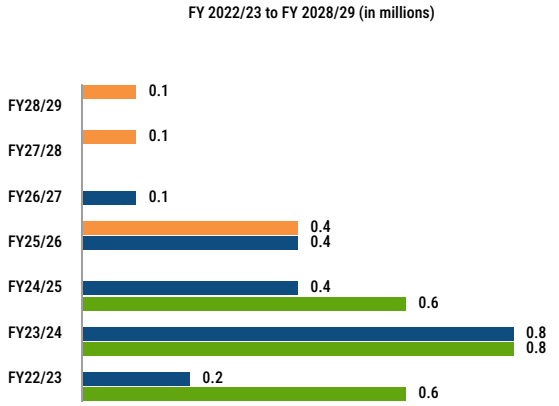
COMMODITIES

Commodities includes supplies, repair and replacement parts, small tools, and maintenance and repairs. Commodity expenses for the Water and Water Reclamation Funds include the purchase of raw and treated water, granular activated carbon for taste, odor, and regulatory compliance, and a variety of chemicals essential for water and wastewater treatment processes. These chemicals support coagulation, disinfection, salinity reduction, advanced water treatment, and effluent delivery systems, ensuring compliance with environmental permits and maintaining high water quality standards. The budget for FY 2026/27 is $46.2 million, which is an increase of $1.2 million compared to FY 2025/26.



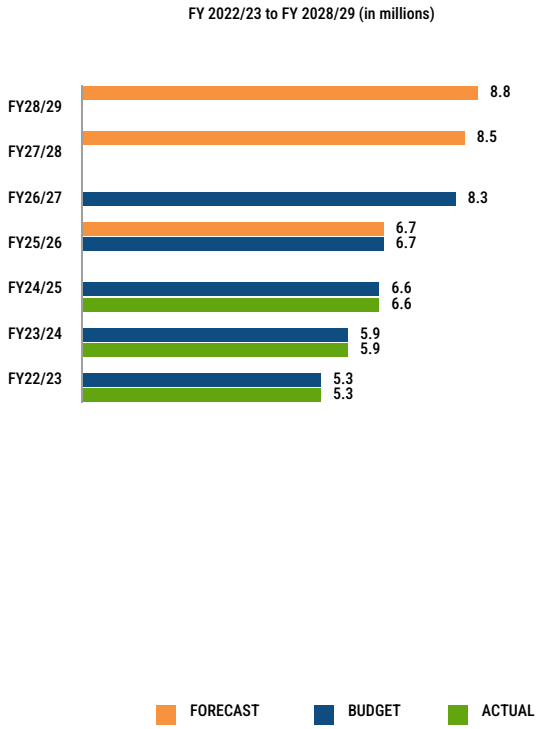
CAPITAL OUTLAYS

Capital Outlays includes the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increases the capacity, efficiency, span of life, or economy of operating an existing fixed asset. The FY 2026/27 budget is $0.1 million, a decrease of $0.3 million mainly due to the completed purchase of a hydro excavation truck to excavate or locate buried utilities and clean up debris from water line repairs.



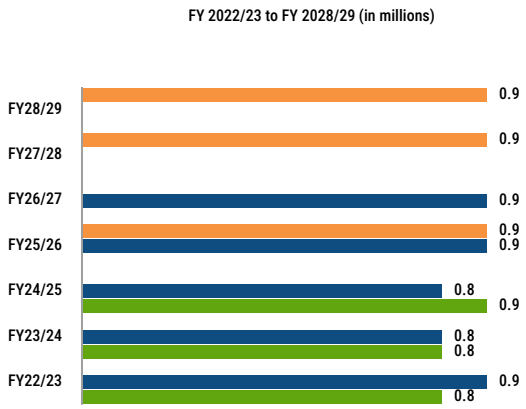
CITYWIDE INDIRECT COST ALLOCATION

Citywide Indirect Cost Allocation represents Enterprise Funds charges for specific General Fund central administrative functions which benefit the Enterprise operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based upon a combination of relative benefits received and the proportion of the overall operating budgets for direct service providers. The FY 2026/27 adopted budget includes $8.3 million for the Citywide Indirect Cost Allocation. This is a $1.6 million increase compared to the FY 2025/26 adopted budget.



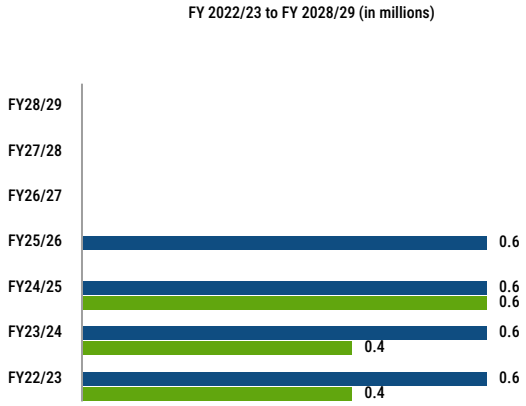
DEPARTMENT INDIRECT COST

The Department Indirect Cost represents internal charges from the Reclaimed Water Distribution System (RWDS) Fund, Inlet Silverado Golf Course Fund, IWDS Fund, McDowell Mountain Golf Recharge Fund, Gainey Ranch Fund, and PCX/NGTF Fund for central operations under the Water and Water Reclamation Funds. The FY 2026/27 adopted budget for Department Indirect Cost is $0.9 million, which is flat when compared to the FY 2025/26 adopted budget.



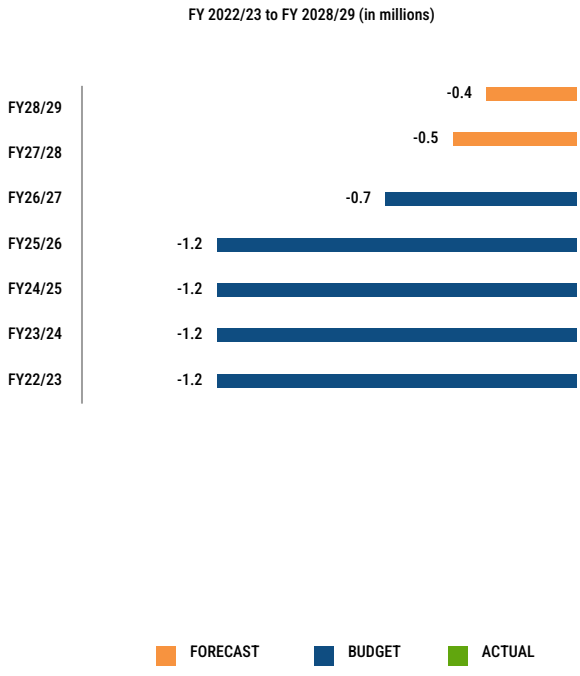
PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. For purposes of this section, Personnel Programs are recorded directly within the Personnel Services category.



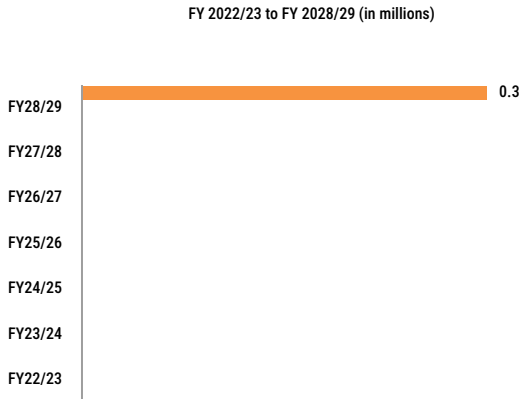
VACANCY SAVINGS

The amount of savings accrued from vacant positions for FY 2026/27 is budgeted at ($0.7) million, which includes anticipated retirements within the city, and the impact of challenges in the labor market.



OPERATING IMPACTS

Operating impacts are defined as the additional expenses or savings resulting from a capital project. These impacts may include costs such as maintenance, hiring new full-time employees (FTEs), or other ongoing operational expenses. There are no Operating Impacts budgeted for FY 2026/27. Operating Impacts set to begin in FY 2028/29 are for costs related to annual maintenance of the Utility Billing Management System.

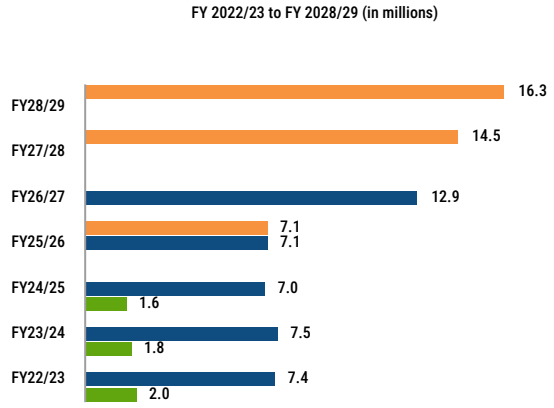


DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds.

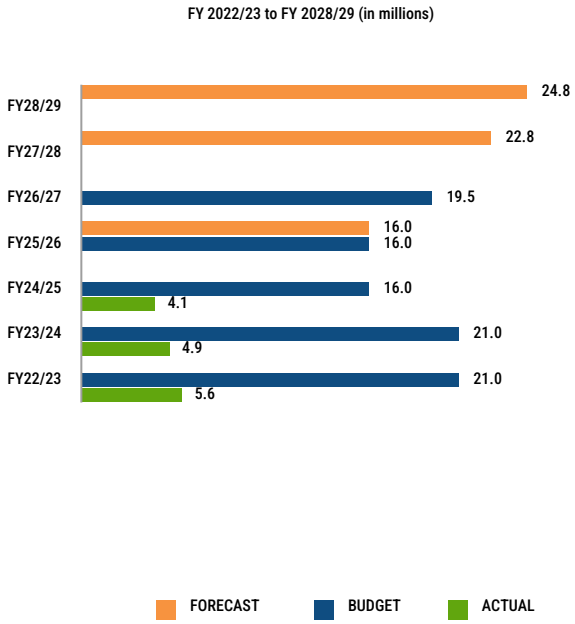
MPC BONDS DEBT SERVICE - SEWER

MPC Bonds Debt Service - Sewer represents repayment of Municipal Property Corporation (MPC) bonds and the fiscal agent fees associated with water reclamation capital projects. The MPC is a nonprofit corporation created by the city in 1967 to finance capital improvement projects. Funding for these payments comes from water reclamation rates and fees paid by Scottsdale residents and businesses. The FY 2026/27 adopted budget includes $12.9 million for MPC Bonds Debt Service - Sewer, which is a $5.8 million increase compared to the FY 2025/26 adopted budget.



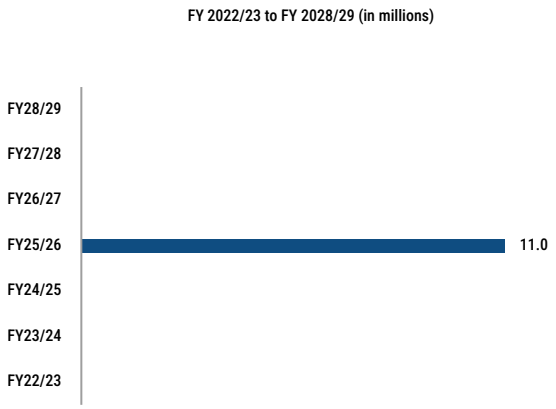
MPC BONDS DEBT SERVICE - WATER

MPC Bonds Debt Service - Water represents repayment of Municipal Property Corporation (MPC) bonds and the fiscal agent fees associated with water capital projects. The MPC is a nonprofit corporation created by the city in 1967 to finance capital improvement projects. Funding for these payments comes from water rates and fees paid by Scottsdale residents and businesses. The FY 2026/27 adopted budget includes $19.5 million for MPC Bonds Debt Service - Water, which is an increase of $3.5 million compared to the FY 2025/26 adopted budget.



FUTURE DEBT

This is a placeholder budget for future debt issued that would be repaid with water and/or sewer fees. This was budgeted for FY 2025/26 but ultimately was not issued; therefore, there are no actual expenses.

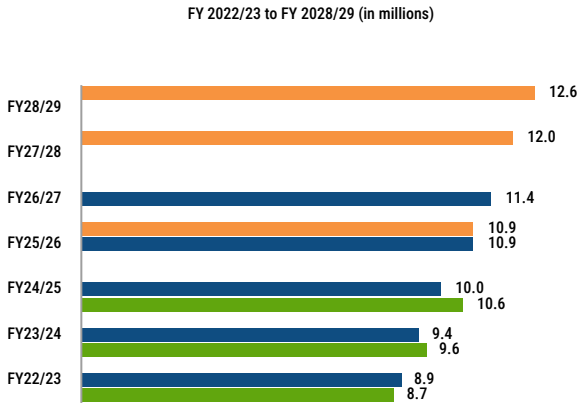


TRANSFERS OUT

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

FRANCHISE FEES

Franchise Fees is a transfer in FY 2026/27 of $11.4 million from the Water and Water Reclamation Funds to the General Fund for use of the city's rights-of-way and medians. The Water Resources Department is treated as any other utility would be in this regard. The annual charge is five percent of Water Service and Water Reclamation Charges revenue.



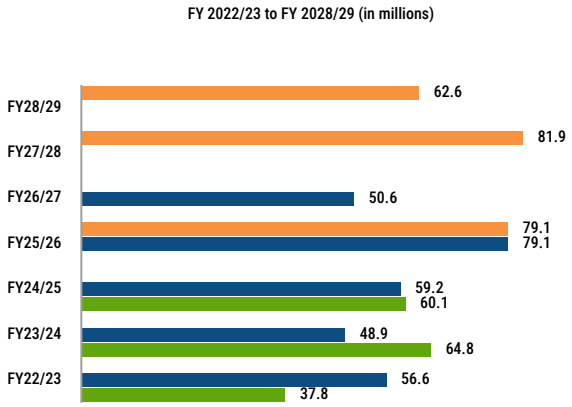
DEBT SERVICE MPC BONDS

Municipal Property Corporation (MPC) bonds finance water and sewer capital projects. Development fees collected from new development are deposited into the Water Supply Development Fee and the Sewer Fund. For MPC bonds that are supported by those development-fee funds, the city transfers a portion of receipts from the Water Supply Development Fee and/or the Sewer Fund into the Water Debt Service Fund to pay bond interest and satisfy any required debt-service reserve. The Sewer Revenue Bonds matured in FY 2022/23; the Debt Service Reserve was reduced to zero in FY 2023/24. The city issued replacement water and sewer revenue bonds in December 2024, which reestablished related debt-service activity in FY 2024/25.



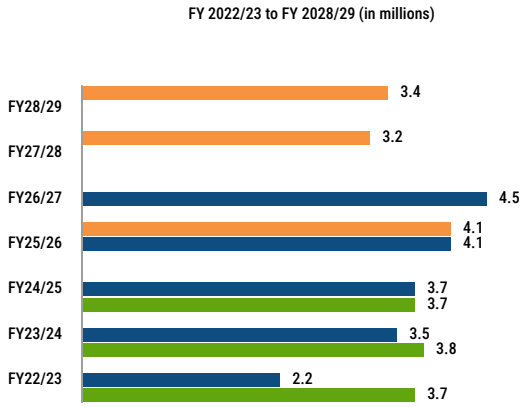
CIP

CIP has an adopted budget of $50.6 million in authorized transfers to the CIP to pay for general water and water reclamation capital projects. Examples of projects include water distribution and treatment system improvements, modification and improvement of the multi-city Sub-Regional Operating Group (SROG) facility enhancements, and water treatment facility improvements. The CIP Transfers Out budget varies according to the CIP projects being built each year.



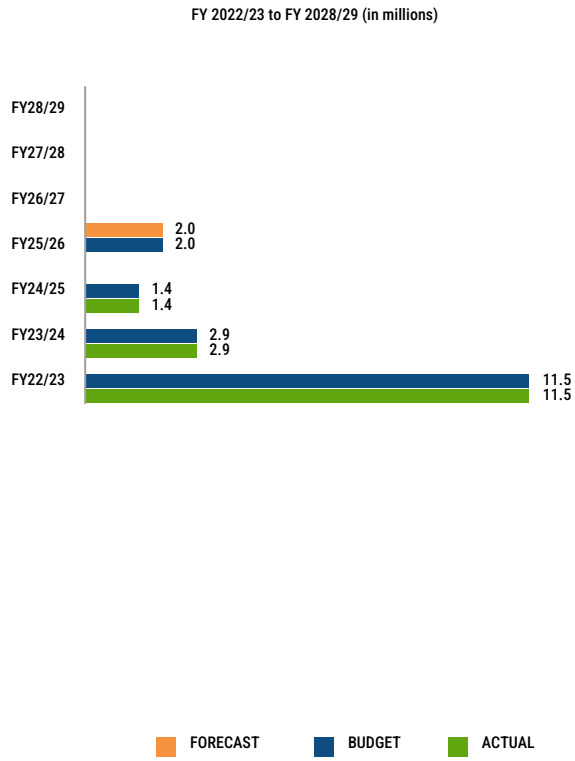
AWT

AWT, or Advanced Water Treatment, represents an internal transfer between Water and Water Reclamation Fund reimbursing the Water Reclamation Fund for operating and maintenance costs at the Advanced Water Treatment Plant. The adopted budget for FY 2026/27 is $4.5 million, an increase of $0.4 million from the FY 2025/26 adopted budget, due to higher costs at the Advanced Water Treatment Plant.



CIP TECHNOLOGY

CIP Technology has an adopted budget of $0 in FY 2026/27. The decrease from FY 2025/26 is due to the relevant projects being moved to the traditional CIP transfer line. FY 2022/23 adopted budget is significantly higher as it included the Water and Water Reclamation Funds' proportionate share of funding for the Utility Billing Management System implementation project.

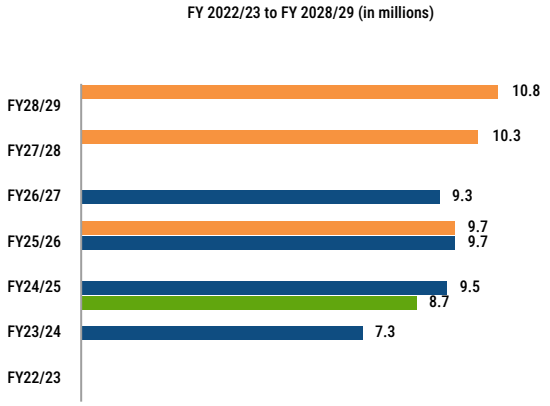


WATER AND WATER RECLAMATION FUNDS ENDING BALANCE

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

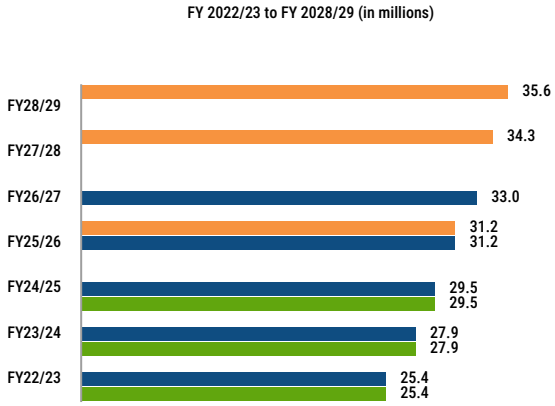
DEBT SERVICE RESERVE

The Debt Service Reserve is required under the terms of the revenue bond indenture to ensure that funds are set aside as collateral for the bonds' debt service payments. Debt Service Reserve was projected to be zero in FY 2023/24 as Sewer Revenue Bonds sunset in FY 2022/23. However, with the planned issuance of 2024 Water and Sewer Revenue Bonds in December 2024, the FY 2025/26 reserve was budgeted at $9.7 million, decreasing to $9.3 million in FY 2026/27.



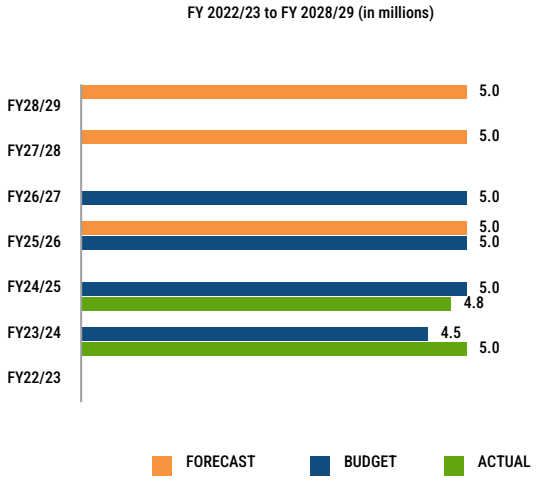
OPERATING RESERVE

Operating Reserve projected for the end of FY 2026/27 is $33.0 million. This reserve is intended to ensure adequate funding for operations and is budgeted at 25 percent of operating uses, excluding transfers out and debt service as detailed in Financial Policy No. 2.05. Operating reserves shall be maintained to provide contingency funding and use flexibility in the event of unexpected declines in revenue or increases in costs.



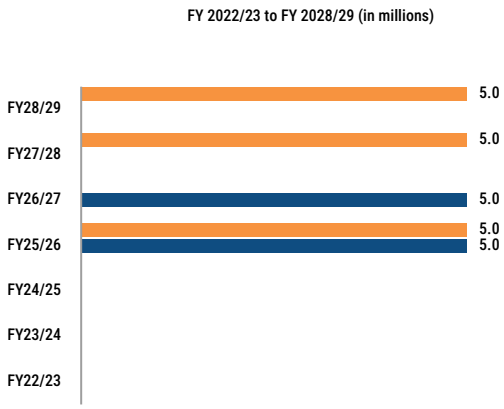
OPERATING CONTINGENCY

Pursuant to financial policy 1.09, the city's annual budget includes contingency appropriations to provide for unanticipated increases in service delivery costs and unexpected needs that may arise throughout the fiscal year. FY 2026/27 budget for Operating Contingency is $5.0 million.



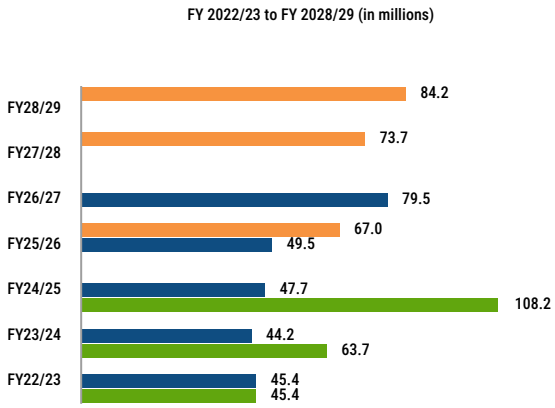
REVENUE STABILIZATION RESERVE

At the direction of the City Treasurer, this reserve was established in FY 2025/26 as a contingency, should there be unforeseen fluctuations in water and sewer revenues.



CAPITAL REPLACEMENT AND NEW WATER SOURCES RESERVE

The Capital Replacement and New Water Sources Reserve is maintained to ensure that the assets which serve as collateral for the Sewer Revenue Bonds are preserved. The reserve may be used in specific circumstances for replacement or extension of capital assets or to procure new sources of water. The FY 2026/27 reserve is budgeted at $80.4 million.



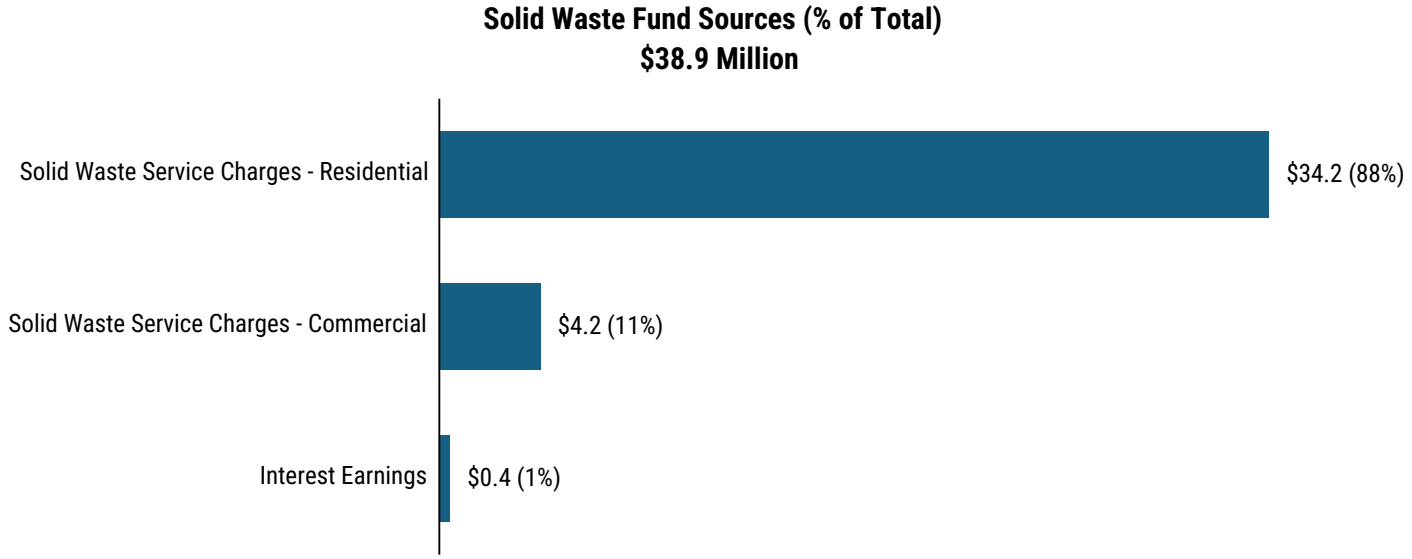
WATER DROUGHT RESERVE

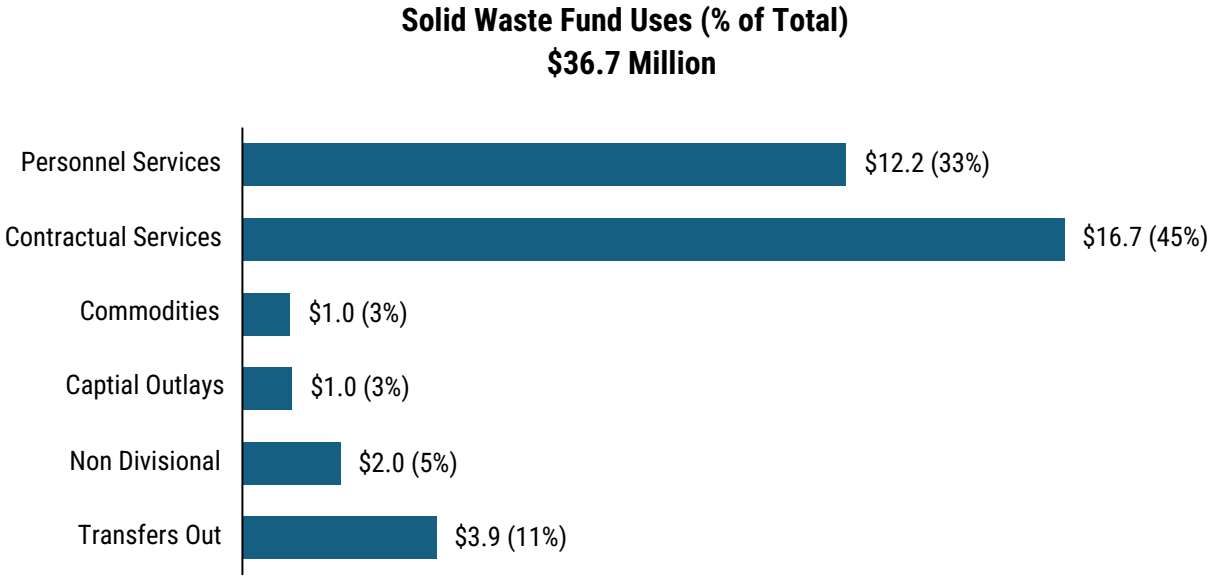
The Water Drought Reserve ending fund balance will remain at $5.0 million for FY 2026/27. The Colorado River basin is in a Tier 1 Shortage for calendar year 2026. The announcement came from the Bureau of Reclamation based on projections for Lake Mead water levels. The shortage declaration means reduced water for some stakeholders who receive water from the Central Arizona Project (CAP); those stakeholders who receive a portion of their water from CAP include municipalities, agriculture, tribes, and others. This Water Drought Reserve will ensure the city is prepared for unexpected cost increases related to water purchases and other unforeseen expenses.



FUND PURPOSE

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





Rounding differences may occur.

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

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Reserve	4,169,593	5,027,082	5,027,082	5,138,729	4,920,943	5,072,584	5,179,008	5,352,085
Operating Contingency	600,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Reserves	7,604,832	4,264,878	7,071,897	8,687,289	11,040,848	12,412,860	13,243,911	13,273,787
Total Beginning Fund Balance	**12,374,425**	**10,291,960**	**13,098,979**	**14,826,017**	**16,961,791**	**18,485,444**	**19,422,919**	**19,625,872**
Revenues								
Solid Waste Service Charges - Residential	31,966,050	33,431,829	33,431,829	34,230,913	34,401,547	34,573,034	34,745,379	34,918,586
Solid Waste Service Charges - Commercial	4,690,014	4,669,583	4,669,583	4,205,222	4,223,949	4,245,082	4,266,323	4,287,570
Interest Earnings	385,813	299,423	299,423	436,681	511,439	576,399	641,268	701,842
Subtotal	**37,041,876**	**38,400,835**	**38,400,835**	**38,872,816**	**39,136,935**	**39,394,515**	**39,652,970**	**39,907,998**
Total Sources	**37,041,876**	**38,400,835**	**38,400,835**	**38,872,816**	**39,136,935**	**39,394,515**	**39,652,970**	**39,907,998**
Expenditures								
Personnel Services	11,684,252	12,150,298	11,944,383	12,208,980	13,699,092	13,913,370	14,546,635	15,210,481
Contractual Services[a]	16,309,011	19,563,457	19,563,457	16,654,371	17,045,392	17,444,953	17,874,343	18,299,070
Commodities	707,707	966,652	966,652	953,793	970,466	990,362	1,010,759	1,031,771
Capital Outlays[b]	1,400	6,720	6,720	1,000,220	225	229	233	237
Citywide Indirect Cost Allocation	2,037,592	2,005,323	2,005,323	1,983,771	2,043,284	2,104,582	2,167,720	2,232,752
Personnel Programs	0	80,689	32,750	147,567	165,578	168,168	175,822	183,846
Vacancy Savings	-	(332,345)	(261,093)	(142,414)	(106,811)	(94,943)	(94,943)	(94,943)
Subtotal	**30,739,962**	**34,440,794**	**34,258,192**	**32,806,288**	**33,817,226**	**34,526,721**	**35,680,569**	**36,863,214**
TOTAL OPERATING BUDGET	**30,739,962**	**34,440,794**	**34,258,192**	**32,806,288**	**33,817,226**	**34,526,721**	**35,680,569**	**36,863,214**
Transfers Out								
Other[c]	-	2,086,870	2,086,870	3,500,000	3,500,000	3,500,000	3,500,000	3,752,901
CIP[d]	5,442,219	200,000	200,000	280,000	140,000	255,000	200,000	240,000
CIP Technology	135,141	128,735	128,735	150,755	156,056	175,319	69,448	-
Subtotal	**5,577,360**	**2,415,605**	**2,415,605**	**3,930,755**	**3,796,056**	**3,930,319**	**3,769,448**	**3,992,901**
Total Uses	**36,317,322**	**36,856,399**	**36,673,797**	**36,737,043**	**37,613,282**	**38,457,040**	**39,450,017**	**40,856,115**
Sources Over/(Under) Uses	**724,554**	**1,544,436**	**1,727,038**	**2,135,773**	**1,523,653**	**937,475**	**202,953**	**(948,117)**
Ending Fund Balance								
Operating Reserve	5,027,082	5,166,119	5,138,729	4,920,943	5,072,584	5,179,008	5,352,085	5,529,482
Operating Contingency	707,216	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital Reserves	7,364,681	5,670,277	8,687,289	11,040,848	12,412,860	13,243,911	13,273,787	12,148,273
Total Ending Fund Balance	**13,098,979**	**11,836,396**	**14,826,017**	**16,961,791**	**18,485,444**	**19,422,919**	**19,625,872**	**18,677,755**

[a] FY 2026/27 reflects a decrease in Contractual Services due to reduced internal service charges for Fleet Rental, Fuel, and Maintenance & Repair.

[b] The increase in Capital Outlays expenses in FY 2026/27 is due to the planned purchase of two new vehicles.

[c] Repayment of a $17.8 million loan from the General Fund for the Solid Waste Transfer Station capital project.

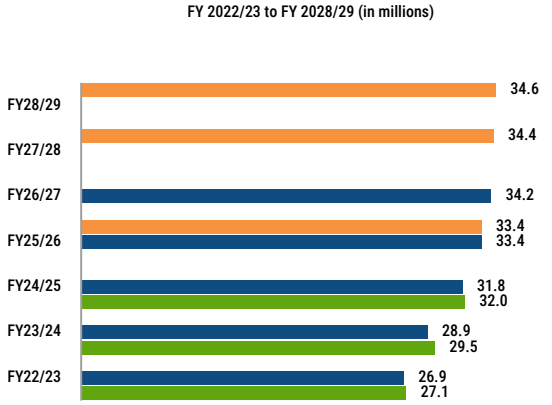
[d] Supports ongoing updates to Solid Waste infrastructure through the systematic upgrade or replacement of specialized structures and equipment that support Solid Waste operations.

SOLID WASTE FUND SOURCES

Solid Waste Fund sources for FY 2026/27 equal $38.9 million which is an increase of $0.5 million compared to the FY 2025/26 adopted budget. The sources include Solid Waste Service Charges for both residential and commercial customers, Interest Earnings, and occasionally Miscellaneous Revenues.

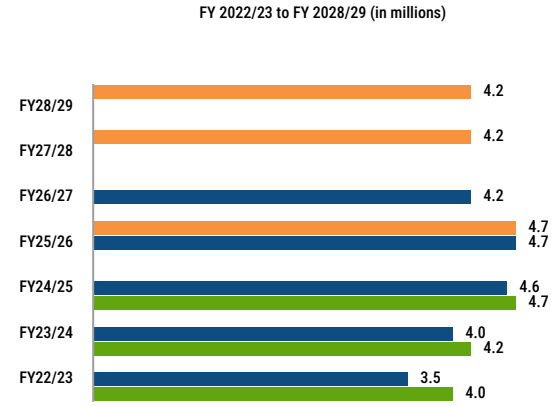
SOLID WASTE SERVICE CHARGES - RESIDENTIAL

Solid Waste Service Charges – Residential includes solid waste service charges and recycled material fees for residential customers. Residential customers are billed a flat fee per month, and the fees are reviewed annually to determine if they cover the costs of the services provided. Other Solid Waste Service Charges - Residential revenue includes residential refuse and recycle container charges, initiation charges, and late charges. The FY 2026/27 budgeted revenue is $34.2 million, an increase of $0.8 million from FY 2025/26. The higher revenue reflects approved residential rate increases that were necessary to cover rising capital costs, principally the purchase of two new trucks.



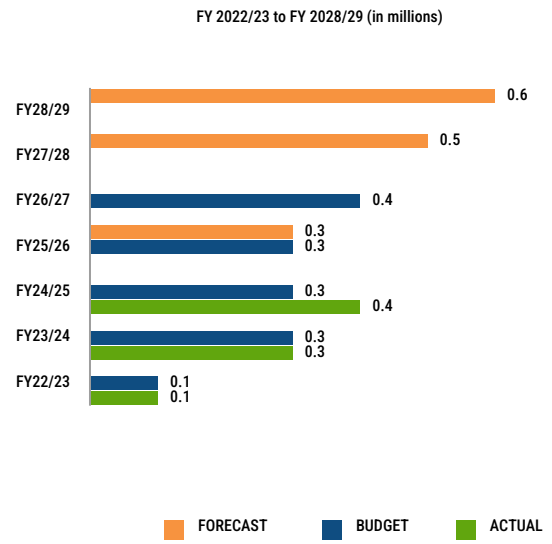
SOLID WASTE SERVICE CHARGES - COMMERCIAL

Solid Waste Service Charges – Commercial includes solid waste service charges for commercial customers. Commercial customers are charged based upon the size of the container and the number of pickups per month. Other Solid Waste Service Charges - Commercial revenue includes commercial roll-off charges, initiation charges, late charges, and commercial recycled materials fees. Fees and charges are reviewed annually to determine if they cover the costs of the services provided. The FY 2026/27 budgeted revenue is $4.2 million, decreasing by $0.5 million from the FY 2025/26 budgeted revenue. The decrease reflects no anticipated net growth in commercial accounts and existing customers opting for fewer containers or smaller container sizes.



INTEREST EARNINGS

Interest Earnings revenue adopted for FY 2026/27 is $0.4 million. Interest Earnings are generated on the Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rates. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield.

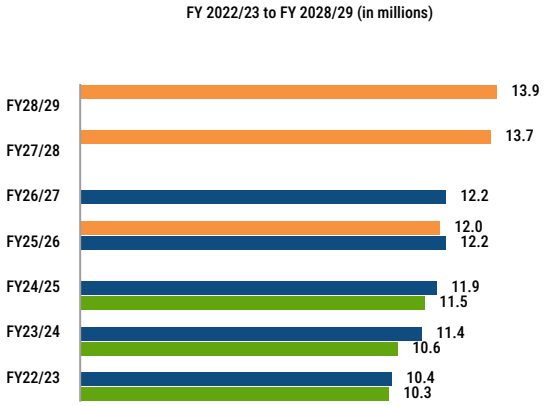


SOLID WASTE FUND USES

The Solid Waste Fund uses are comprised of Personnel Services, Contractual Services, Commodities, Capital Outlays, Indirect Cost Allocation, Personnel Programs, Savings from Vacant Positions, and Transfers Out to other funds.

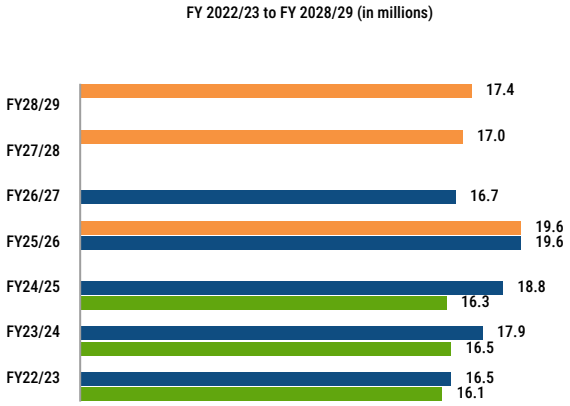
PERSONNEL SERVICES

Personnel Services includes the salaries and wages plus the city's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. Personnel Services has a budget of $12.2 million for FY 2026/27, which is flat when compared to the FY 2025/26 adopted budget.



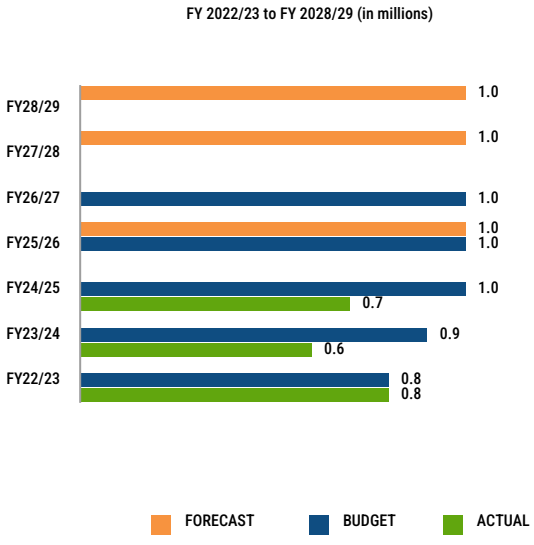
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city divisions. The FY 2026/27 budget of $16.7 million represents a $2.9 million reduction compared to the FY 2025/26 budget, which was $19.6 million. The decrease in Contractual Services is due to decreases in internal service costs for fleet maintenance and repair, fuel, and rental rates.



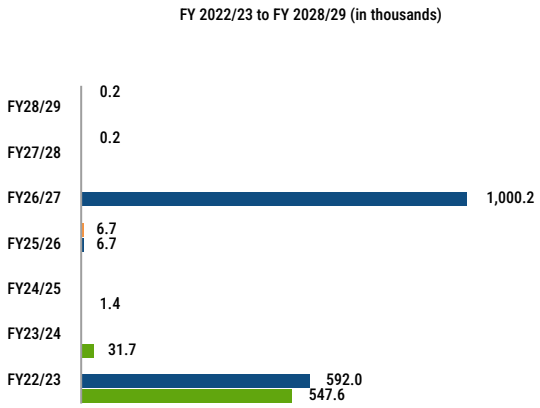
COMMODITIES

Commodities includes supplies, repair and replacement parts, small tools, and maintenance and repairs. The budget for FY 2026/27 is $1.0 million, which is essentially flat compared to the FY 2025/26 adopted budget.



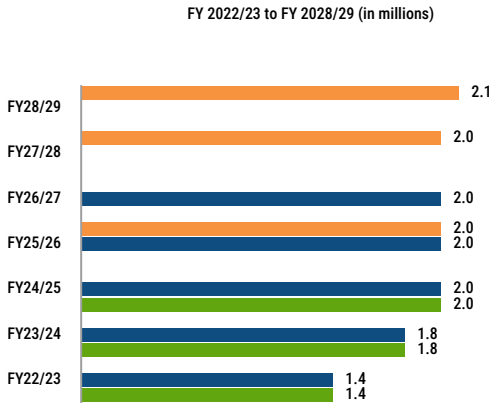
CAPITAL OUTLAYS

Capital Outlays includes the purchase of land, the purchase or construction of buildings, structures, and facilities, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increases the capacity, efficiency, span of life, or economy of operating an existing fixed asset. The FY 2026/27 adopted budget is $1.0 million due to the planned one-time purchase of two new vehicles.



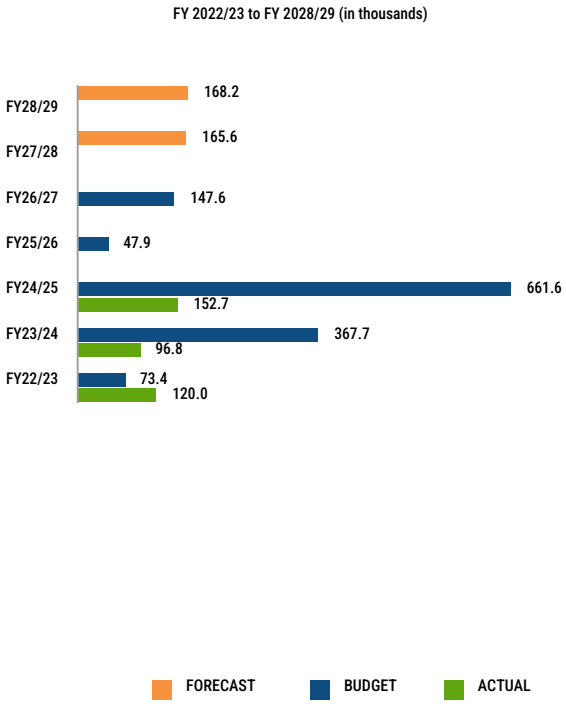
CITYWIDE INDIRECT COST ALLOCATION

Indirect cost allocations are charged to the Enterprise Funds for specific central administrative functions (e.g., Information Technology, Payroll, and Human Resources) which benefit the Enterprise fund. The FY 2026/27 budget is $2.0 million, which is flat when compared to the FY 2025/26 adopted budget.



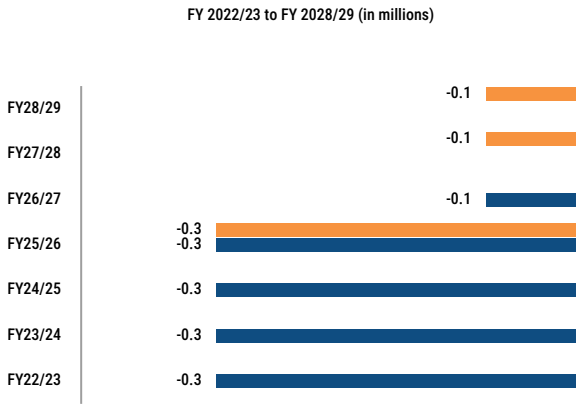
PERSONNEL PROGRAMS

Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.



VACANCY SAVINGS

The amount of savings achieved from vacant positions for FY 2026/27 is estimated at ($0.1) million.

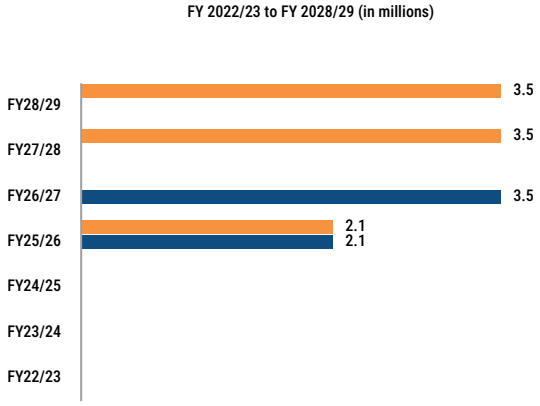


TRANSFERS OUT

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

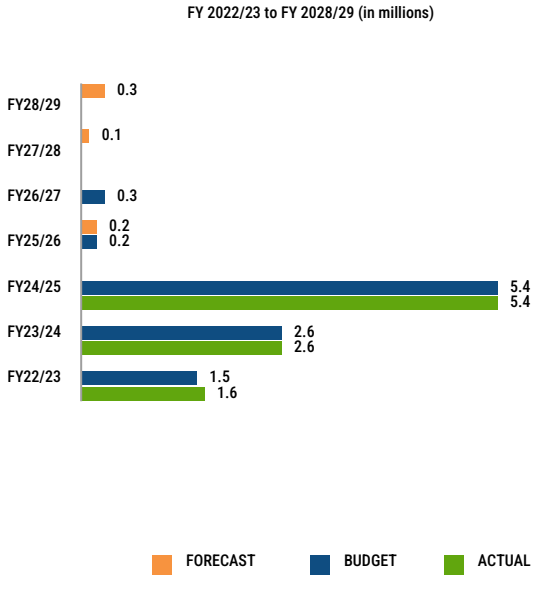
OTHER

In lieu of issuing debt, the Transfer Station Enhancement capital project will be partially paid via a loan from the General Fund. This transfer records repayment of that loan. Three percent interest is charged on that loan and is factored into the transfer amount.



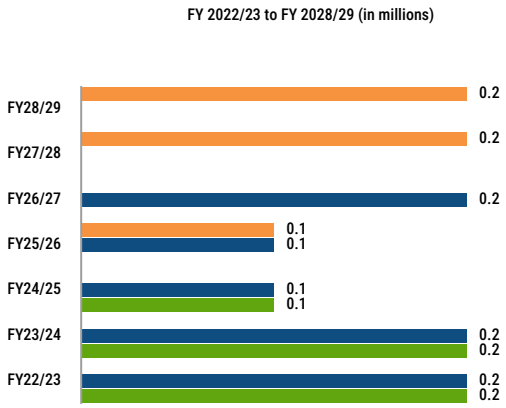
CIP

The FY 2026/27 CIP Transfer Out of $0.3 million is for the Solid Waste Upgrades & Improvements Program. This is an increase of $0.1 million compared to the FY 2025/26 adopted budget. CIP Transfers Out supports ongoing updates to Solid Waste infrastructure through the systematic upgrade or replacement of specialized structures and equipment that support Solid Waste operations.



CIP TECHNOLOGY

CIP Technology includes $0.2 million for improved Solid Waste Fund technologies and to help cover the Solid Waste Fund's portion of citywide technology capital projects during FY 2026/27.

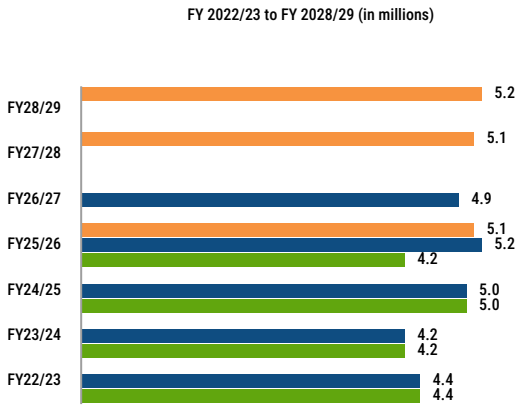


SOLID WASTE FUND ENDING BALANCE

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

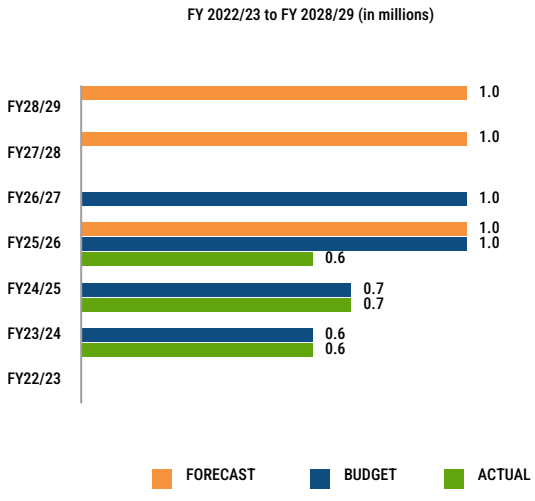
OPERATING RESERVE

The FY 2026/27 ending fund balance includes an Operating Reserve of $4.9 million, a $0.3 million decrease compared to the FY 2025/26 adopted budget. Per Financial Policy No. 2.04, the city will maintain Operating Reserves in the Solid Waste Fund of 15 percent of operating uses, excluding transfers out to provide for emergencies, unexpected declines in revenues and other unanticipated events or opportunities. Use of these reserves requires Council approval and the city shall strive to restore the reserves to the defined level within the next two fiscal years following the fiscal year in which the funds were used.



OPERATING CONTINGENCY

Operating Contingency was added to be used for potential recycling market volatility, transfer fee increases, and landfill increases. Operating Contingency in the FY 2026/27 adopted budget is $1.0 million, which is flat compared to the FY 2025/26 adopted budget.



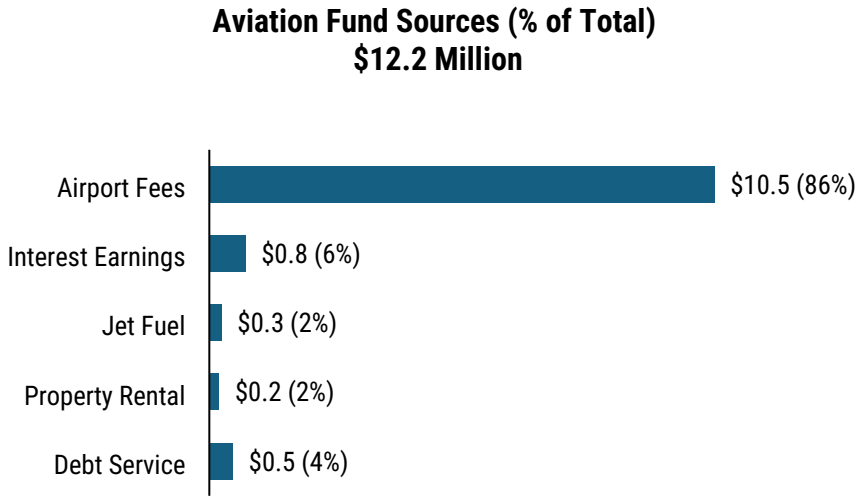
CAPITAL RESERVES

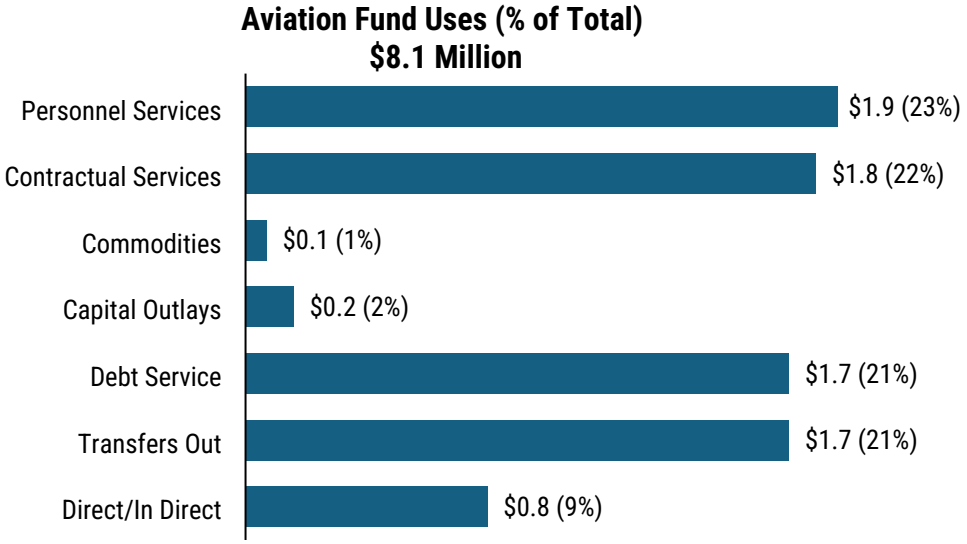
Capital Reserves represent the projected fiscal year end undesignated, unreserved fund balance. FY 2026/27 is projected to close with a balance of $11.0 million, which is a $5.3 million increase compared to the FY 2025/26 adopted budget, which will be utilized in future years to address capital needs.



FUND PURPOSE

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





Rounding differences may occur.

BUDGET BY FUND | Aviation Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Reserve	979,324	989,536	986,338	1,042,470	1,167,194	1,205,061	1,245,848	1,305,289
Fleet Replacement Reserve	1,890,800	3,755,000	3,755,000	3,867,650	3,983,680	4,103,190	4,226,286	4,353,074
Debt Service Reserve	430,675	430,175	430,175	430,675	429,749	429,749	430,249	430,311
Operating Contingency	-	-	-	500,000	500,000	500,000	500,000	500,000
Future Capital Replacement	11,072,680	10,733,156	11,482,411	16,233,668	20,122,391	25,102,336	30,059,324	35,725,062
Total Beginning Fund Balance	**14,373,479**	**15,907,867**	**16,653,924**	**22,074,463**	**26,203,013**	**31,340,335**	**36,461,706**	**42,313,736**
Revenues								
Airport Fees	9,869,639	9,391,985	10,331,184	10,534,898	10,850,945	11,176,474	11,511,770	11,857,124
Interest Earnings	522,399	577,458	635,204	752,760	844,550	941,353	1,161,558	1,289,595
Jet Fuel	261,521	259,461	285,407	257,245	264,962	272,911	281,099	289,532
Property Rental	191,458	196,493	216,142	202,389	208,460	214,716	221,156	227,790
Subtotal	**10,845,017**	**10,425,397**	**11,467,937**	**11,747,292**	**12,168,917**	**12,605,454**	**13,175,583**	**13,664,041**
Transfers In								
Debt Service MPC Bonds[(a)]	598,233	547,100	547,100	492,600	435,350	375,350	312,350	272,600
Subtotal	**598,233**	**547,100**	**547,100**	**492,600**	**435,350**	**375,350**	**312,350**	**272,600**
Total Sources	**11,443,250**	**10,972,497**	**12,015,037**	**12,239,892**	**12,604,267**	**12,980,804**	**13,487,933**	**13,936,641**
Expenditures								
Personnel Services	1,649,191	1,871,133	1,828,015	1,898,636	2,048,732	2,093,331	2,196,813	2,304,868
Contractual Services	1,432,888	1,696,461	1,696,461	1,806,188	1,904,539	1,980,498	2,075,189	2,172,756
Commodities	71,706	68,300	68,300	66,968	69,273	71,668	74,155	76,756
Capital Outlays[(b)]	61,857	12,000	12,000	152,500	13,000	15,000	14,000	14,500
Citywide Indirect Cost Allocation	169,051	138,476	138,476	177,610	182,938	188,427	194,079	199,902
Citywide Direct Cost Allocation	560,658	462,278	462,278	588,691	618,126	649,032	681,484	715,556
Personnel Programs	-	7,922	4,350	-	-	-	-	-
Vacancy Savings		(40,000)	(40,000)	(21,818)	(16,365)	(14,564)	(14,564)	(14,564)
Subtotal	**3,945,351**	**4,216,570**	**4,169,880**	**4,668,775**	**4,820,243**	**4,983,392**	**5,221,156**	**5,469,774**

(a) Intrafund Transfers for Debt Service.

(b) The increase in Capital Outlays is due to the one-time replacement of two airport vehicles.

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Debt Service								
MPC Bonds Debt Svc - Airport	1,722,744	1,720,744	1,720,744	**1,721,244**	1,718,994	1,718,994	1,720,994	1,721,244
	1,722,744	**1,720,744**	**1,720,744**	**1,721,244**	**1,718,994**	**1,718,994**	**1,720,994**	**1,721,244**
TOTAL OPERATING BUDGET	**5,668,095**	**5,937,314**	**5,890,624**	**6,390,019**	**6,539,237**	**6,702,386**	**6,942,150**	**7,191,018**
Transfers Out								
Debt Service MPC Bonds[(a)]	598,233	547,100	547,100	492,600	435,350	375,350	312,350	272,600
CIP	2,820,439	42,085	42,085	1,207,628	477,072	748,618	368,300	307,401
CIP Technology	76,038	114,689	114,689	21,095	15,286	33,079	13,103	-
Subtotal	**3,494,710**	**703,874**	**703,874**	**1,721,323**	**927,708**	**1,157,047**	**693,753**	**580,001**
Total Uses	**9,162,805**	**6,641,188**	**6,594,498**	**8,111,342**	**7,466,945**	**7,859,433**	**7,635,903**	**7,771,019**
Sources Over/(Under) Uses	**2,280,445**	**4,331,309**	**5,420,539**	**4,128,550**	**5,137,322**	**5,121,371**	**5,852,030**	**6,165,622**
Ending Fund Balance								
Operating Reserve	986,338	1,054,143	1,042,470	1,167,194	1,205,061	1,245,848	1,305,289	1,367,444
Fleet Replacement Reserve	3,755,000	3,867,650	3,867,650	3,983,680	4,103,190	4,226,286	4,353,074	4,483,666
Debt Service Reserve	430,175	430,300	430,675	429,749	429,749	430,249	430,311	430,311
Operating Contingency	-	-	500,000	500,000	500,000	500,000	500,000	500,000
Future Capital Replacement	11,482,411	14,887,084	16,233,668	20,122,391	25,102,336	30,059,324	35,725,062	41,697,937
Total Ending Fund Balance	**16,653,924**	**20,239,176**	**22,074,463**	**26,203,013**	**31,340,335**	**36,461,706**	**42,313,736**	**48,479,358**

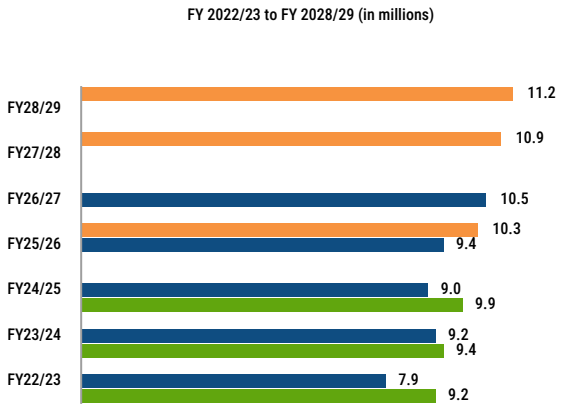
(a) Intrafund Transfers for Debt Service.

AVIATION FUND SOURCES

Aviation Fund sources for FY 2026/27 are $12.2 million, most of which is received from Airport Fees. Other sources include Interest Earnings, Jet Fuel, Property Rental, and Transfers In.

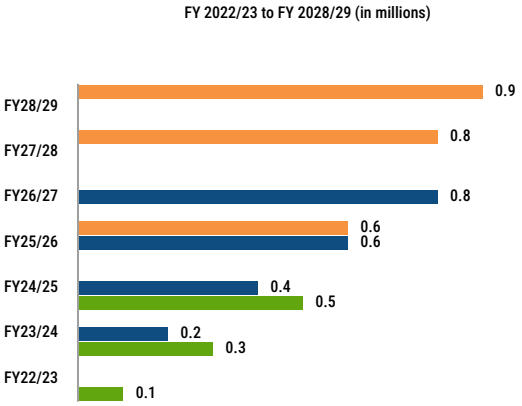
AIRPORT FEES

Airport Fees are fees imposed for the aeronautical use of airport facilities, including but not limited to: aircraft overnight parking fees, hangar rentals, fuel flowage, and transient landing fees. Airport Fees are reviewed annually to determine if they cover the costs of the services provided. The FY 2026/27 budgeted revenue is $10.5 million, which is an increase of $1.1 million when compared to the FY 2025/26 adopted budget.



INTEREST EARNINGS

Interest earnings are generated on idle Aviation Fund cash balances throughout the year. The city earns interest on funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The city's investment policy stresses safety above yield. The FY 2026/27 budgeted revenue is $0.8 million, which is an increase of $0.2 million when compared to the FY 2025/26 adopted budget, due to a combination of increased interest rates and fund balance.



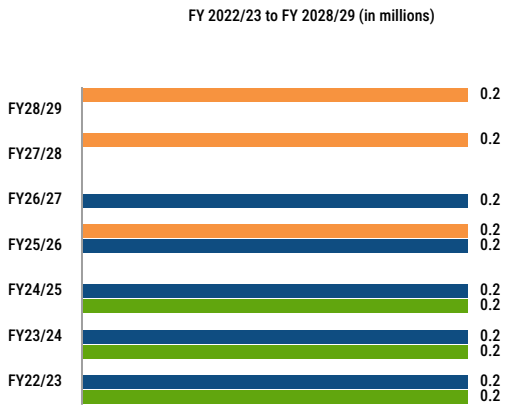
JET FUEL

A jet fuel tax of 1.8 cents is charged to every gallon of fuel purchased at the airport. The FY 2026/27 budgeted revenue is $0.3 million, which is flat when compared to the FY 2025/26 adopted budget.



PROPERTY RENTAL

Property Rental includes the annual $0.2 million amortization payment of a 20-year land lease for the construction and operation of a park-and-ride facility at the airport that sunsets in 2032. It also includes the rent of a well site, radio shop, and a fire station managed by other city departments. The FY 2026/27 budgeted revenue is $0.2 million, which is flat when compared with the FY 2025/26 adopted budget.

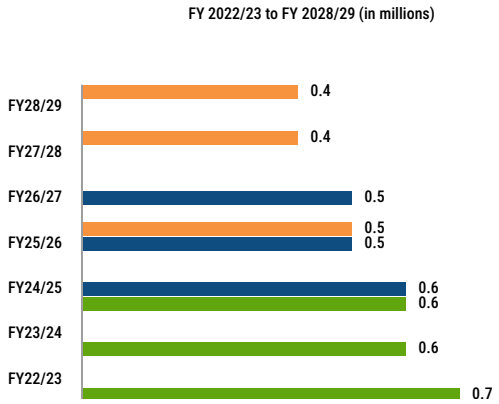


TRANSFERS IN

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

DEBT SERVICE MPC BONDS

Debt Service MPC Bonds is an internal transfer between airport funds to make debt service payments on the FY 2017/18 issuance of Municipal Corporation Bonds, which financed the Airport Terminal Area Redevelopment capital improvement project. The FY 2026/27 adopted budget is $0.5 million, which is flat compared to the FY 2025/26 adopted budget.

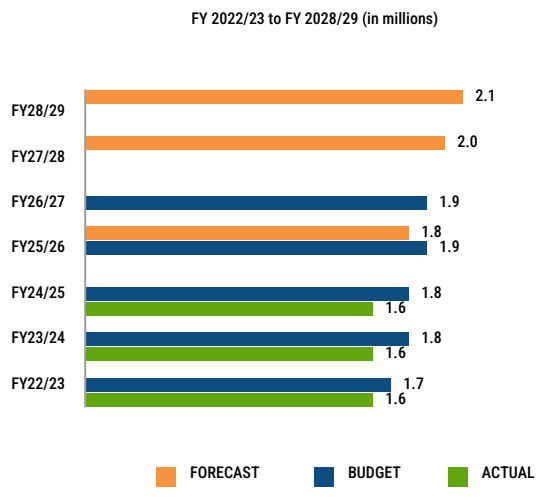


AVIATION DEVELOPMENT FUND USES

The Aviation Fund uses are comprised of Personnel Services, Contractual Services, Commodities, Capital Outlays, Direct and Indirect Cost Allocation, Personnel Programs, Vacancy Savings, Debt Service, and Transfers Out to other funds.

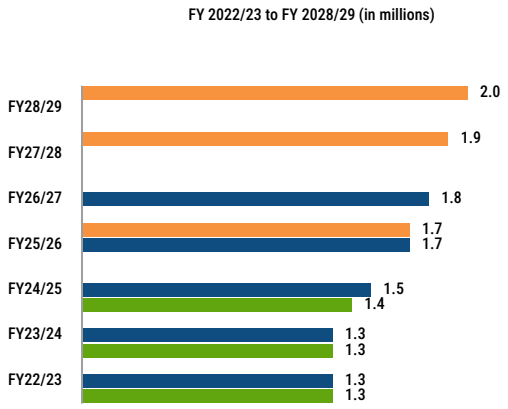
PERSONNEL SERVICES

Personnel Services includes the compensation paid to employees of the City of Scottsdale and employee fringe benefit costs, such as the city's contributions to retirement, social security, health, and workers' compensation insurance. The FY 2026/27 adopted budget amount is $1.9 million, which is flat compared to the FY 2025/26 adopted budget. The Aviation Fund supports 15.48 full-time equivalent (FTE) positions.



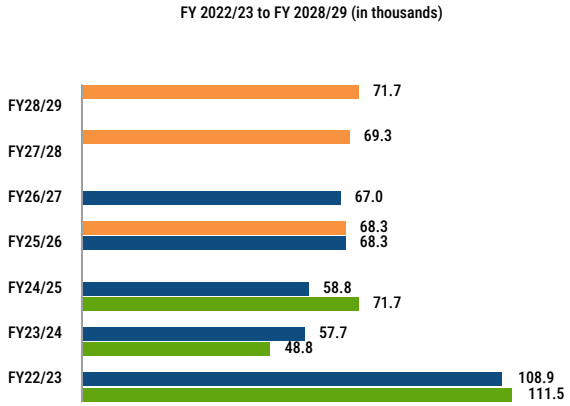
CONTRACTUAL SERVICES

Contractual Services includes expenditures for services performed by firms, individuals, or other city departments. The FY 2026/27 adopted budget is $1.8 million, which is a $0.1 million increase from FY 2025/26. The increase is primarily due to rising costs for airport management software.



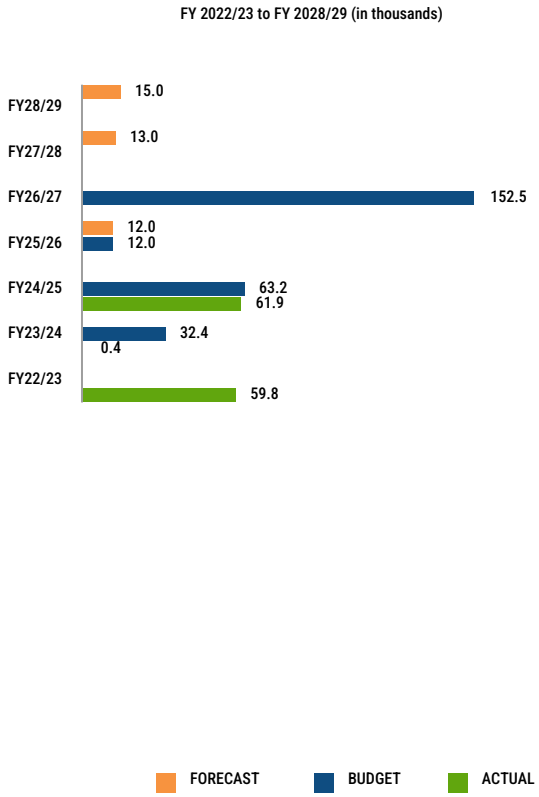
COMMODITIES

Commodities are expendable items purchased through the city-approved centralized purchasing process. The FY 2026/27 adopted budget is $66,968, which is a $1,332 decrease compared to the FY 2025/26 adopted budget.



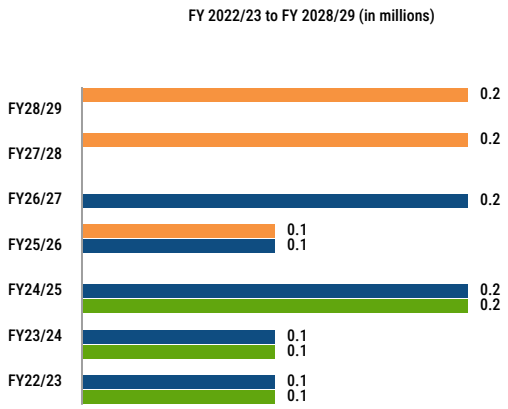
CAPITAL OUTLAYS

Capital Outlays is exclusive to expenditures for the acquisition of capital assets, which are defined as buildings, land improvements, streets, storm drains, vehicles, machinery, equipment, water rights, water systems, sewer systems, furniture, fixtures, and office equipment, with an estimated useful life greater than two years, and all land and computer equipment included in the city's composite inventory regardless of value. The FY 2026/27 adopted budget is $152,500, which is an increase of $140,500 compared to the FY 2025/26 adopted budget. The increase is mainly due to the planned replacement of two airport vehicles.



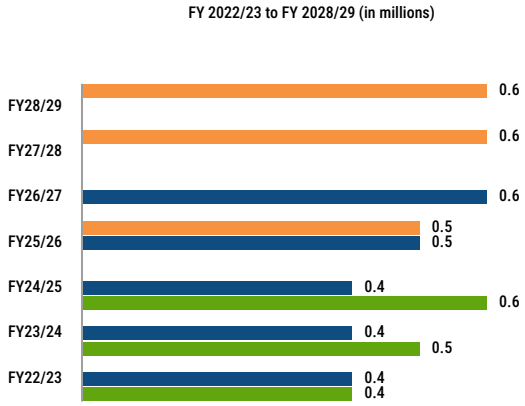
CITYWIDE INDIRECT COST ALLOCATION

Citywide Indirect Cost Allocation represents charges to the Aviation Fund for specific General Fund central administrative functions which benefit the Enterprise's operations (e.g., City Manager, Information Technology, Human Resources, Legal, etc.). The city's indirect costs are allocated to the Enterprise Funds based on relative benefits received. The citywide indirect cost allocation for the FY 2026/27 adopted budget is $0.2 million, which is $0.1 million higher than the FY 2025/26 adopted budget.



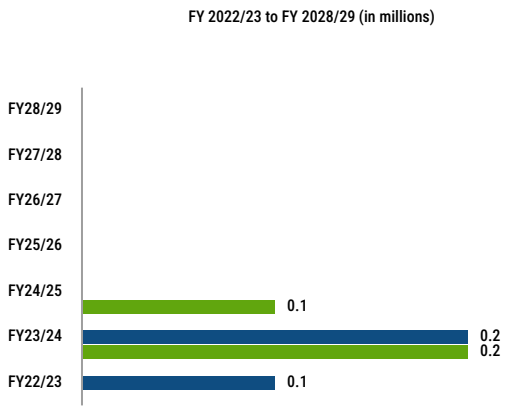
CITYWIDE DIRECT COST ALLOCATION

Citywide Direct Cost Allocation represents Aviation Fund charges for the direct cost of fire service at the airport performed by General Fund personnel. The FY 2026/27 budget for this allocation is $0.6 million, which is an increase of $0.1 million compared to the FY 2025/26 adopted budget.



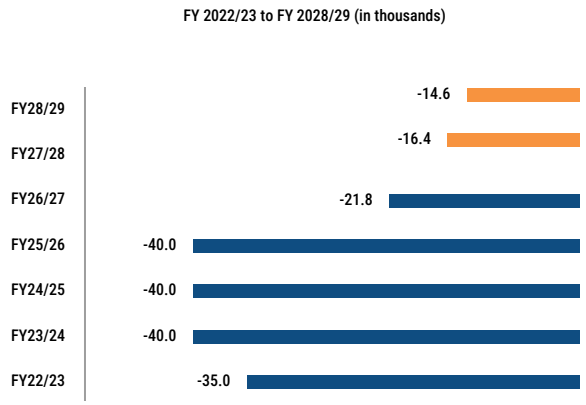
PERSONNEL PROGRAMS

Personnel Programs are composed of non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments. For the FY 2026/27 adopted budget, Personnel Programs are budgeted at the Personnel Services line.



SAVINGS FROM VACANT POSITIONS

The amount of savings achieved from vacant positions for FY 2026/27 is estimated at ($21,818), which includes anticipated retirements within the city and the impact of challenges in the labor market.

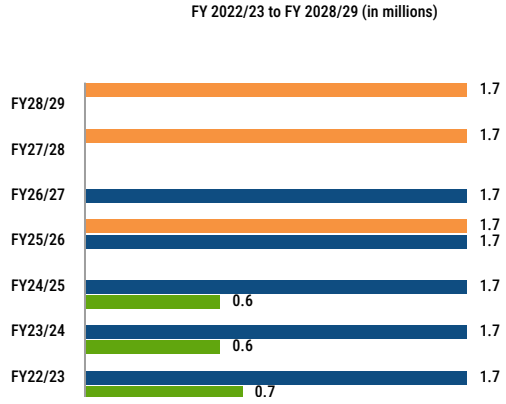


DEBT SERVICE

Debt Service is the payment of principal, interest and related service charges on obligations resulting from the issuance of bonds.

MPC BONDS DEBT SERVICE - AIRPORT

MPC Bonds Debt Service - Airport represents the repayment of Municipal Property Corporation (MPC) bonds, along with the applicable annual fiscal agent fees. The FY 2026/27 adopted budget is $1.7 million. The bonds were used for the Airport Terminal Area Redevelopment capital project.

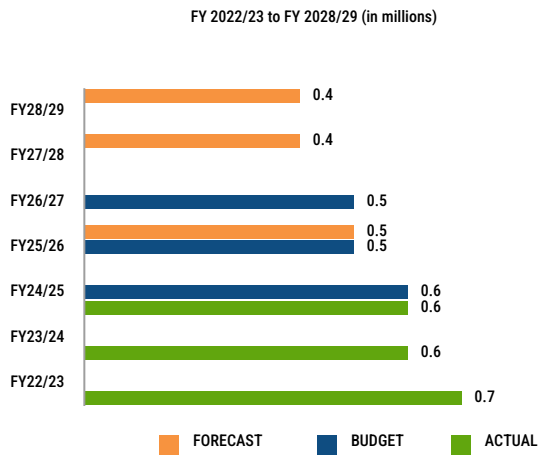


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds or the Capital Improvement Plan (CIP).

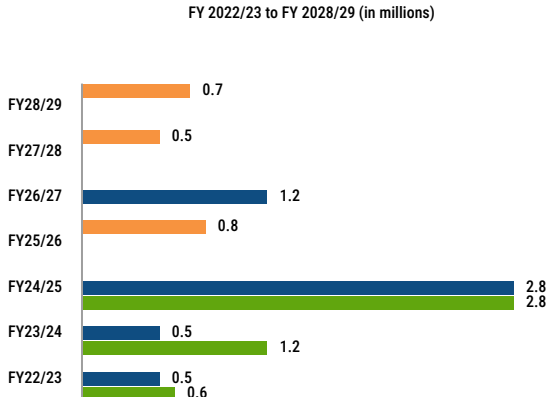
DEBT SERVICE MPC BONDS

Debt Service MPC Bonds is an internal transfer between airport funds to make debt service payments on the FY 2017/18 issuance of Municipal Corporation (MPC) Bonds, which financed the Airport Terminal Area Redevelopment capital improvement project. The FY 2026/27 adopted budget is $0.5 million, which is flat when compared to the FY 2025/26 adopted budget.



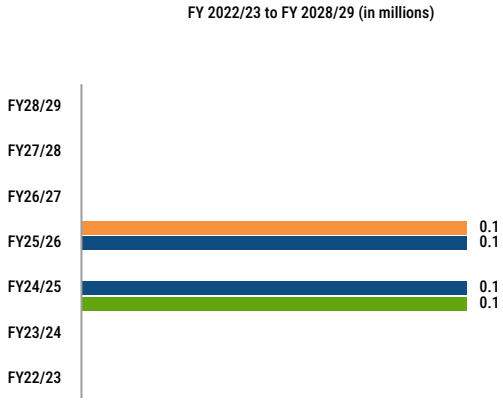
CIP

Transfers Out CIP are used to fund capital projects related to the Airport. The FY 2026/27 CIP adopted budget is $1.2 million, which is a $1.2 million increase compared to the FY 2025/26 adopted budget.The increase is largely due to the continuation of various projects, such as the rehabilitation of Runway 03/21 and the Annual Pavement Preservation program.



CIP TECHNOLOGY

CIP Technology is the authorized transfer to fund technology-related capital projects. The FY 2026/27 adopted budget is $21,095, which is a decrease of $93,594 compared to the FY 2025/26 adopted budget. The increase is primarily due to the installation of fiber optic infrastructure project now being treated as a traditional CIP project.

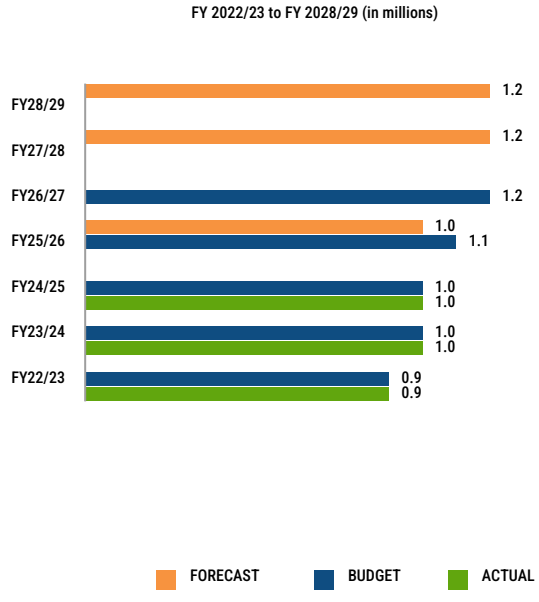


AVIATION FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before they are allocated or spent as budgeted expenditures. The specific make-up of the city's Aviation Fund ending balance and reserves are noted in the following:

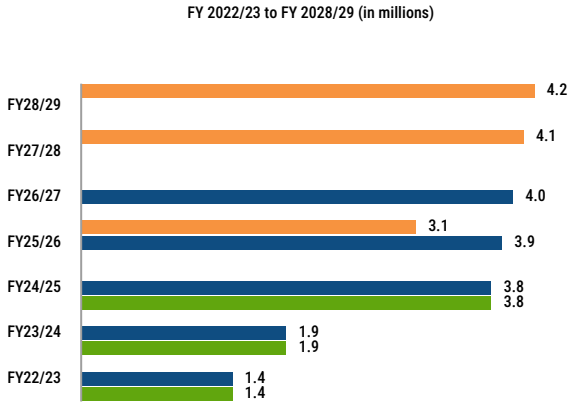
OPERATING RESERVE

Operating Reserve, per Financial Policy No. 2.05, is intended to provide for emergencies, unexpected declines in revenues, and other unanticipated events. It is calculated as 25 percent of operating uses, excluding transfers out and debt service. The FY 2026/27 ending fund balance includes an Operating Reserve of $1.2 million, which is an increase of $0.1 million compared to FY 2025/26.



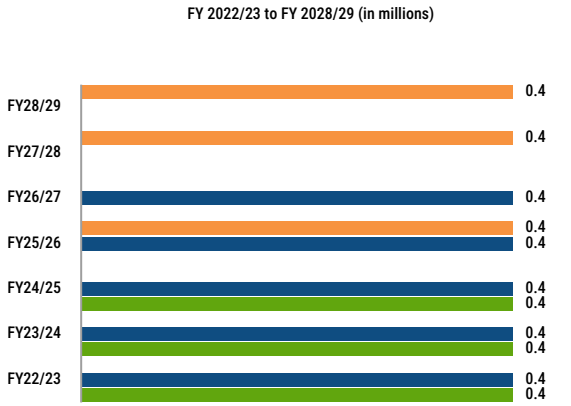
FLEET REPLACEMENT RESERVE

The Fleet Replacement Reserve is intended to ensure adequate funding for the replacement of aviation vehicles and heavy equipment. The FY 2026/27 Fleet Replacement Reserve ending fund balance is $4.0 million, which is a $0.1 million increase compared to the FY 2025/26 adopted budget.



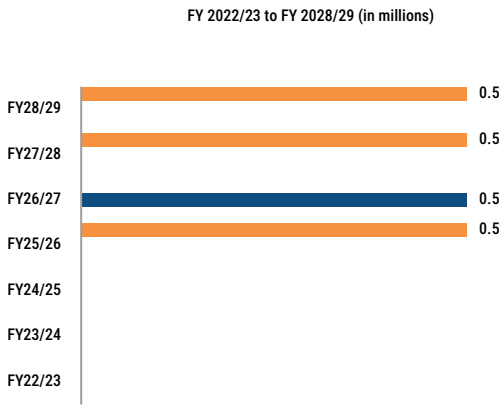
DEBT SERVICE RESERVE

The Debt Service Reserve was established in FY 2022/23 by Financial Policy No. 2.07 to set aside funds for debt service payments. The FY 2026/27 Debt Service Reserve is $0.4 million, which is flat compared to the FY 2025/26 adopted budget.



OPERATING CONTINGENCY

Contingency funds are utilized only after all other budget options have been considered and require City Council approval. The FY 2026/27 Operating Contingency is $0.5 million.





FUTURE CAPITAL REPLACEMENT

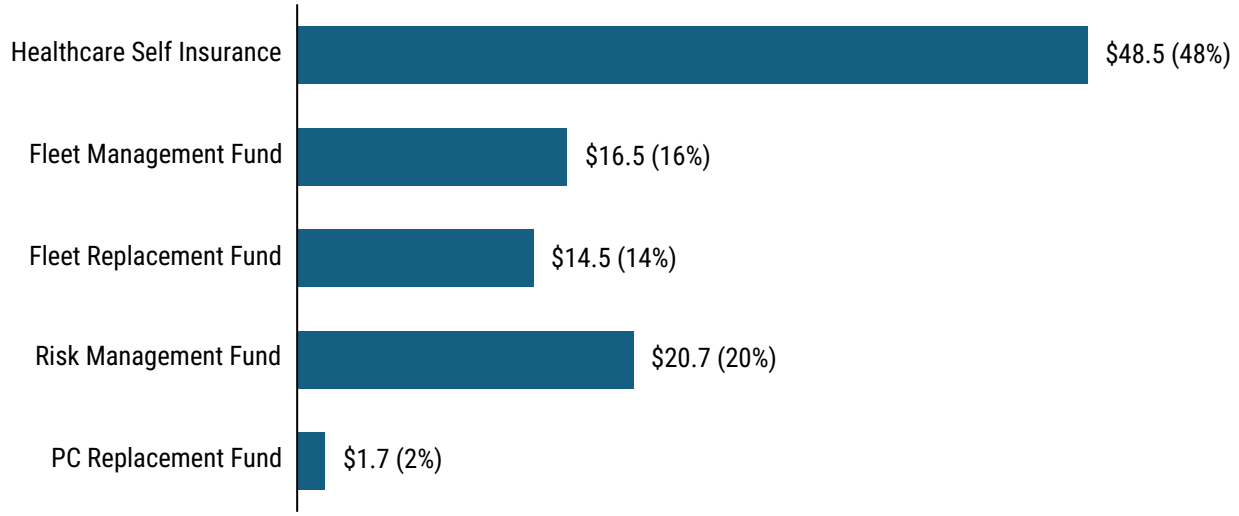
The Future Capital Replacement Reserve ensures adequate funding for emergency repair and replacement needs at the airport. The balance for the Future Capital Replacement Reserve in FY 2026/27 is $19.3 million, which is a $4.4 million increase compared to the FY 2025/26 adopted budget.



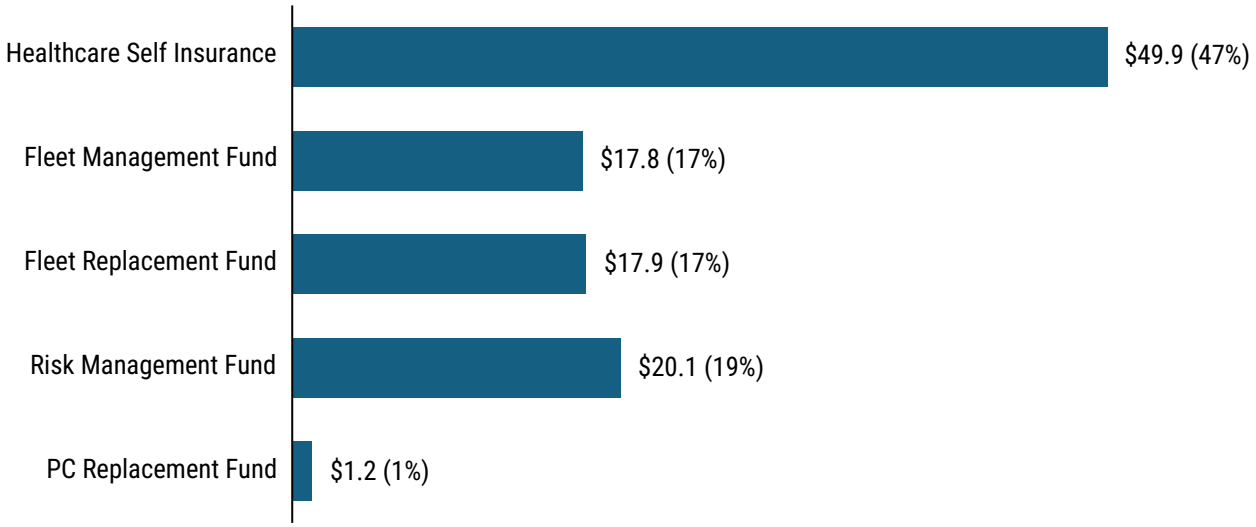
INTERNAL SERVICE FUNDS DESCRIPTION

Internal Service Funds account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the city. Users of internal services are charged for those services based on use. Scottsdale has five separate Internal Service Funds to account for the activity of this fund type: Fleet Management, Fleet Replacement, PC Replacement, Risk Management and Healthcare Self Insurance. Internal Service Offsets are included to avoid duplicating the budget, since the charges for these services are already included in the divisions' budgets.

Internal Service Funds Sources (% of Total)
$101.8 Million



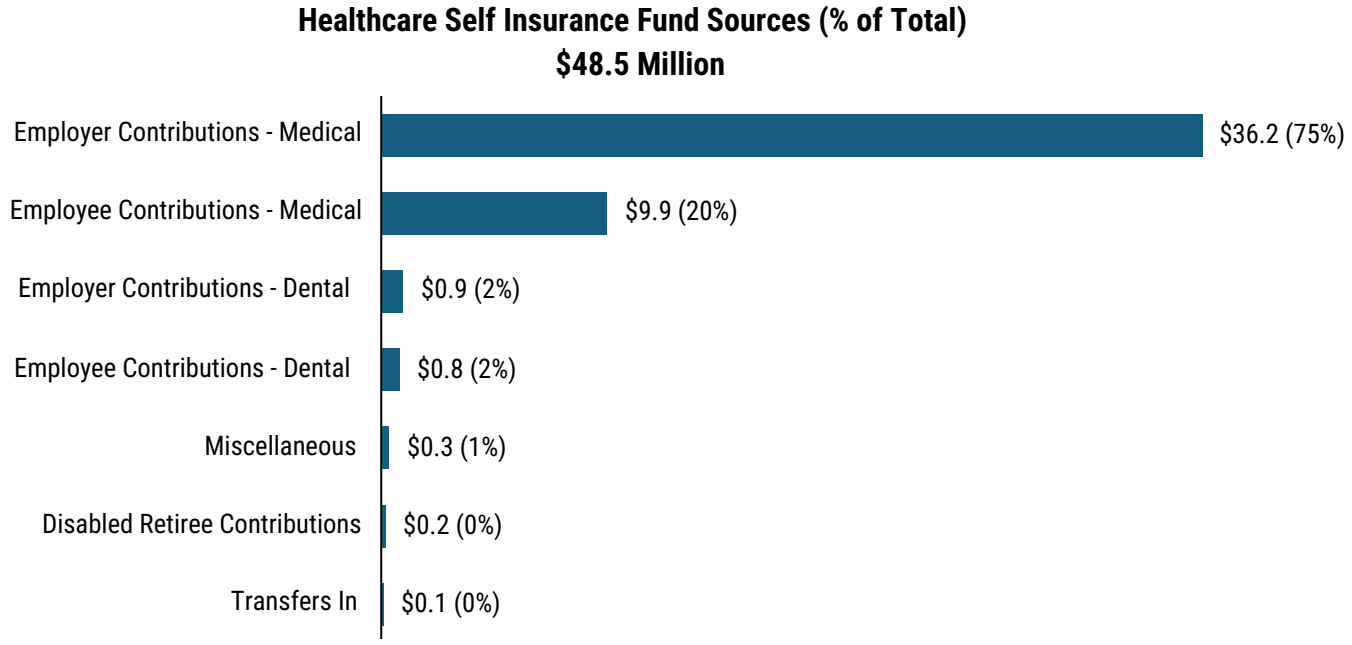
Internal Service Funds Uses (% of Total)
$106.9 Million

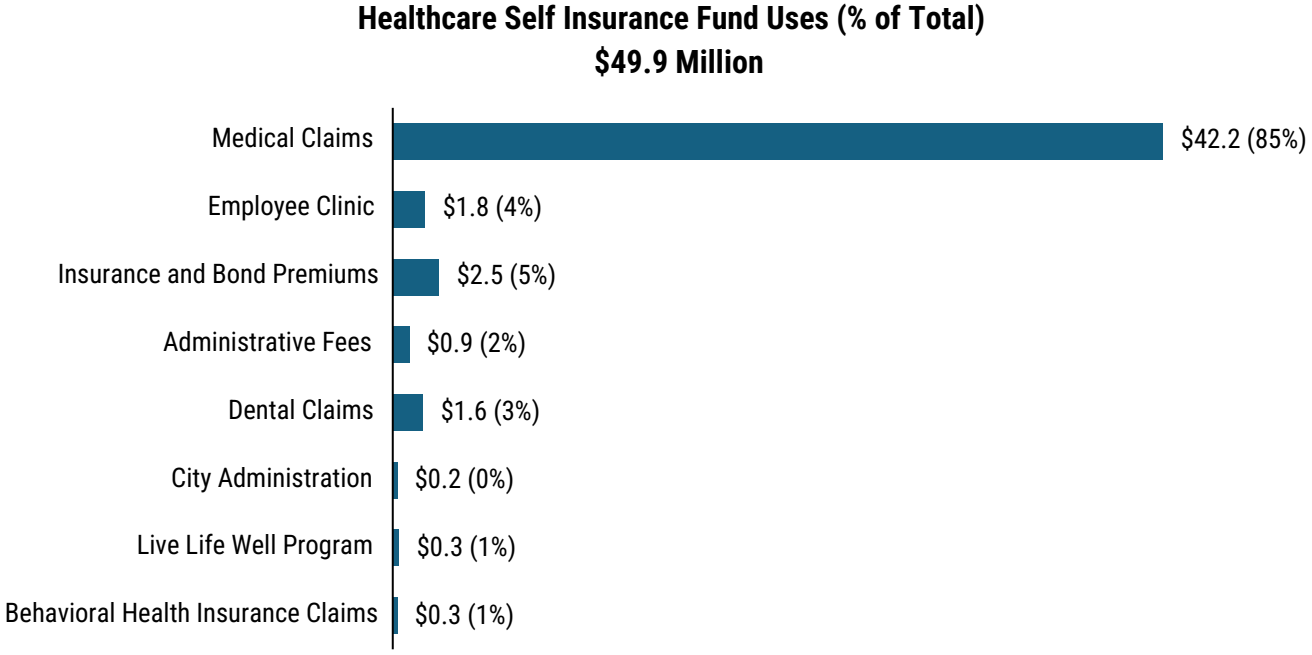


Rounding differences may occur.

FUND PURPOSE

The Healthcare Self Insurance Fund is used to account for the city's self insured medical and dental benefits. Revenue to this fund is derived from premiums charged to both the city and employees. Premiums are collected from the city by charging departments and from employees through payroll deductions. Revenue is also collected through premium charges to Public Safety disabled retirees (including, per City Council direction, a subsidy transfer from the General Fund to cover Public Safety disabled retiree's costs that exceed the premium charges) as well as state subsidies on healthcare contributions, Consolidated Omnibus Budget Reconciliation Act (COBRA), and stop loss insurance recoveries. This fund provides payment of actual healthcare expenses (medical, behavioral, prescription and dental claims) as well as claims administration and other benefit plan expenses.





Rounding differences may occur.

BUDGET BY FUND | Healthcare Self Insurance Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Incurred but Not Reported Reserve	2,812,827	2,868,895	2,933,869	3,513,000	3,904,000	4,337,000	4,820,000	5,345,000
Operating Contingency	3,191,193	3,254,728	3,327,158	3,482,674	3,814,118	4,132,496	4,467,093	4,810,419
Premium Stabilization Reserve	3,377,725	3,364,565	3,481,333	3,803,472	4,163,732	4,589,009	5,152,639	5,573,986
Healthcare Self Insurance Reserve	12,284,204	13,301,545	11,306,184	10,949,353	8,469,126	7,111,813	7,495,569	8,046,318
Total Beginning Fund Balance	**21,665,949**	**22,789,733**	**21,048,544**	**21,748,499**	**20,350,976**	**20,170,318**	**21,935,301**	**23,775,723**
Revenues								
Employer Contributions - Medical	29,718,854	30,278,084	32,583,084	36,172,956	39,993,386	45,006,138	48,796,138	52,673,810
Employee Contributions - Medical	8,649,821	9,192,108	9,434,916	9,934,958	10,953,823	12,327,632	13,365,324	14,426,782
Employer Contributions - Dental	871,693	893,137	901,151	928,068	954,013	1,002,741	1,010,891	1,011,161
Employee Contributions - Dental	774,956	792,527	798,918	823,003	846,011	889,223	896,450	896,689
Disabled Retiree Contributions	176,330	213,497	177,301	194,499	213,366	234,062	256,766	281,672
Miscellaneous	296,247	305,184	311,844	320,000	320,000	320,000	320,000	320,000
Subtotal	**40,487,901**	**41,674,537**	**44,207,214**	**48,373,484**	**53,280,599**	**59,779,796**	**64,645,568**	**69,610,112**
Transfers In								
Operating	102,602	150,000	32,827	116,645	88,183	71,492	52,253	30,437
Subtotal	**102,602**	**150,000**	**32,827**	**116,645**	**88,183**	**71,492**	**52,253**	**30,437**
Total Sources	**40,590,503**	**41,824,537**	**44,240,041**	**48,490,129**	**53,368,782**	**59,851,287**	**64,697,822**	**69,640,551**
Expenditures								
Medical Claims[a]	36,692,224	38,915,249	38,440,316	42,202,304	45,829,054	49,641,585	53,553,766	57,439,350
Employee Clinic[b]	-	530,000	30,000	1,750,000	1,188,369	1,245,287	1,305,051	1,367,804
Insurance & Bond Premiums	1,636,500	1,658,147	2,090,880	2,518,272	3,021,926	3,626,312	4,351,626	5,222,004
Administrative Fees	604,352	603,736	594,818	929,924	957,730	986,586	1,016,228	1,046,657
Dental Claims	1,550,972	1,611,763	1,590,423	1,638,136	1,670,899	1,704,317	1,738,403	1,773,171
City Administration	237,094	237,656	264,860	246,056	271,475	279,005	288,855	299,056
Live Life Well Program	330,061	334,988	291,550	334,869	341,898	335,123	335,379	335,632
Behavioral Health Insurance Claims	156,705	163,142	237,238	268,091	268,091	268,091	268,091	268,091
Subtotal	**41,207,908**	**44,054,681**	**43,540,085**	**49,887,652**	**53,549,440**	**58,086,305**	**62,857,399**	**67,751,765**
TOTAL OPERATING BUDGET	41,207,908	44,054,681	43,540,085	49,887,652	53,549,440	58,086,305	62,857,399	67,751,765
Total Uses	**41,207,908**	**44,054,681**	**43,540,085**	**49,887,652**	**53,549,440**	**58,086,305**	**62,857,399**	**67,751,765**
Sources Over/(Under) Uses	**(617,405)**	**(2,230,144)**	**699,955**	**(1,397,523)**	**(180,658)**	**1,764,983**	**1,840,422**	**1,888,784**
Ending Fund Balance								
Incurred but Not Reported Reserve	2,933,869	3,109,297	3,513,000	3,904,000	4,337,000	4,820,000	5,345,000	5,927,000
Operating Contingency	3,327,158	3,525,850	3,482,674	3,814,118	4,132,496	4,467,093	4,810,419	5,151,489
Premium Stabilization Reserve	3,481,333	3,599,134	3,803,472	4,163,732	4,589,009	5,152,639	5,573,986	6,003,734
Healthcare Self Insurance Reserve	11,306,184	10,325,308	10,949,353	8,469,126	7,111,813	7,495,569	8,046,318	8,582,283
Total Ending Fund Balance	**21,048,544**	**20,559,589**	**21,748,499**	**20,350,976**	**20,170,318**	**21,935,301**	**23,775,723**	**25,664,507**

[a] Medical Claims includes projected savings resulting from establishment of a new employee clinic.

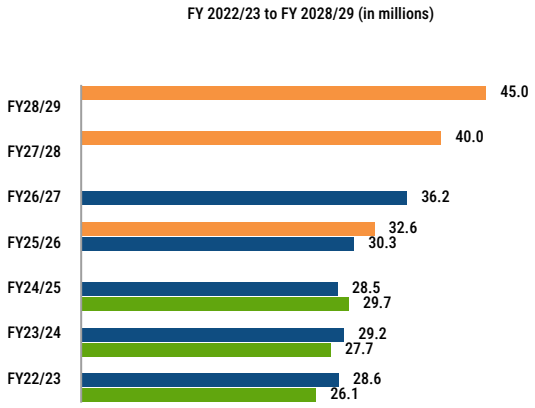
[b] Employee Clinic expenditures are preliminary and subject to change.

HEALTHCARE SELF INSURANCE FUND SOURCES

Healthcare Self Insurance Fund sources for FY 2026/27 equal $48.5 million, which represents an increase of $6.7 million from the FY 2025/26 adopted budget. Sources include Employer and Employee contributions for medical and dental premiums, Miscellaneous revenues, Public Safety Disabled Retiree Contributions, and Transfers In.

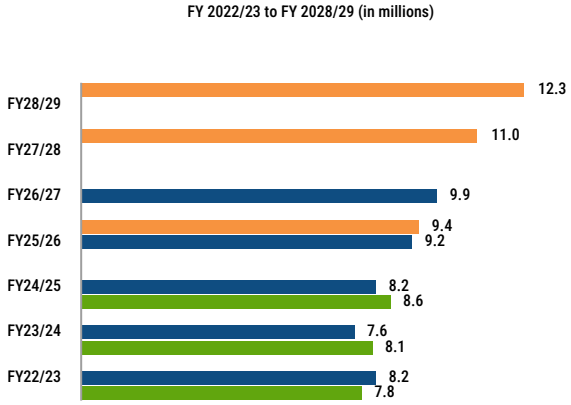
EMPLOYER CONTRIBUTIONS - MEDICAL

Employer Contributions - Medical represents the city's contributions toward employee healthcare premiums. The city's premium cost sharing varies for the four healthcare plans offered. The city contributes 80 percent of the employee-only premium for the costliest plan and 90 percent of the lowest cost plan. The FY 2026/27 adopted budget of $36.2 million is $5.9 million higher than the FY 2025/26 adopted budget. The rise in healthcare premiums is attributable to industry-wide market trends and is governed by the fund reserve policy to ensure adequate reserves for financial stability and unexpected needs.



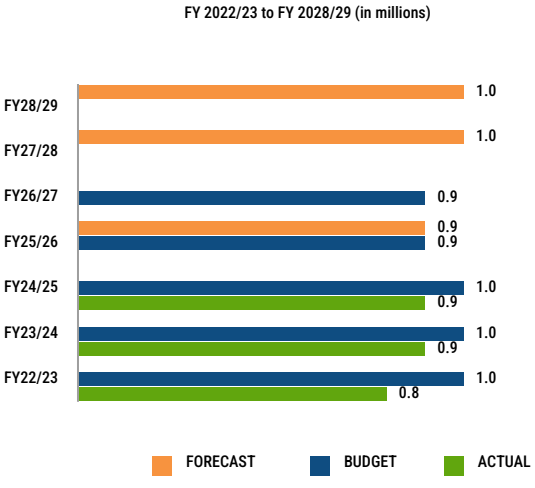
EMPLOYEE CONTRIBUTIONS - MEDICAL

Employee Contributions - Medical captures the employee portion of healthcare premiums, whether collected through payroll deductions or billed under Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage. The FY 2026/27 adopted budget of $9.9 million represents an increase of $0.7 million from the FY 2025/26 adopted budget due to an anticipated 9.7% rise in healthcare premiums.



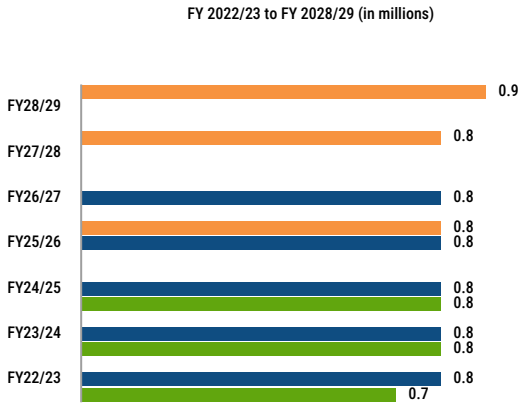
EMPLOYER CONTRIBUTIONS - DENTAL

Employer Contributions - Dental is comprised of the city's contributions to the dental premiums. The city contributes 100 percent of the employee-only premium cost for the Health Maintenance Organization (HMO) dental plan and 88 percent of the employee only portion of the premium cost for the Preferred Provider Organization (PPO) dental plan. The FY 2026/27 adopted budget of $0.9 million remains flat compared to the FY 2025/26 adopted budget.



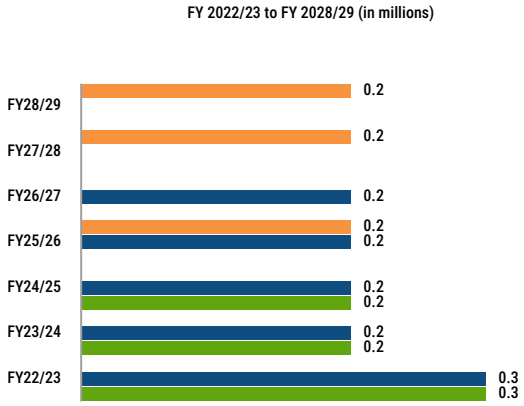
EMPLOYEE CONTRIBUTIONS - DENTAL

Employee Contributions - Dental captures the employee portion of dental premiums collected through payroll deductions, as well as COBRA elections. The FY 2026/27 adopted budget of $0.8 million remains flat compared to the FY 2025/26 adopted budget.



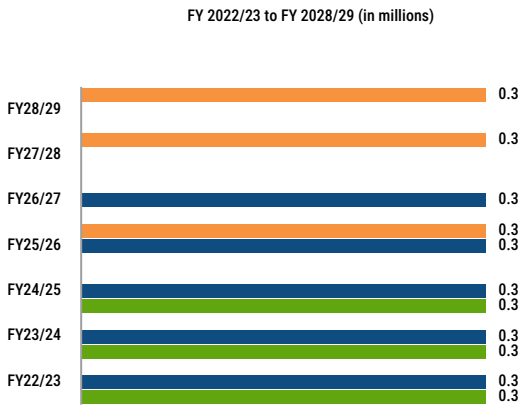
DISABLED RETIREE CONTRIBUTIONS

Disabled Retiree Contributions captures the Public Safety disabled retiree healthcare premiums received through direct collections at the same rate as an active employee. The FY 2026/27 adopted budget of $0.2 million remains flat from the FY 2025/26 adopted budget.



MISCELLANEOUS

Miscellaneous revenues include state subsidy contributions for qualifying employees as well as reimbursements for medical claims over the city's stop loss limit. The FY 2026/27 adopted budget of $0.3 million remains flat compared to the FY 2025/26 adopted budget.



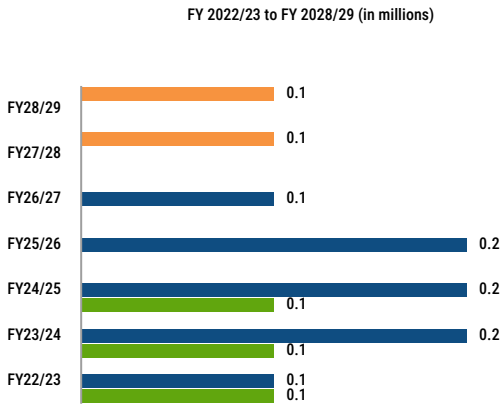
TRANSFERS IN

Transfers In is the authorized movement of cash or other resources from other funds.



OPERATING

Operating includes a transfer in from the General Fund per City Council direction to subsidize the annual costs that exceeded premium collections for Public Safety disabled retirees. Total adopted operating transfers in for FY 2026/27 is $0.1 million.

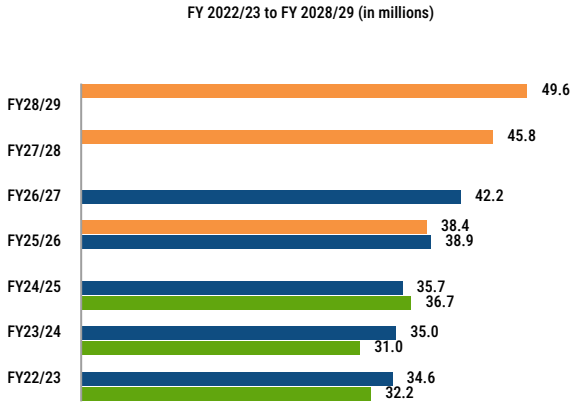


HEALTHCARE SELF INSURANCE FUND USES

The direct operating expenditures of the Healthcare Self Insurance Fund include Medical Claims, Dental Claims, Insurance & Bond Premiums, Administrative Fees, health-related programs, and Behavioral Health Insurance Claims.

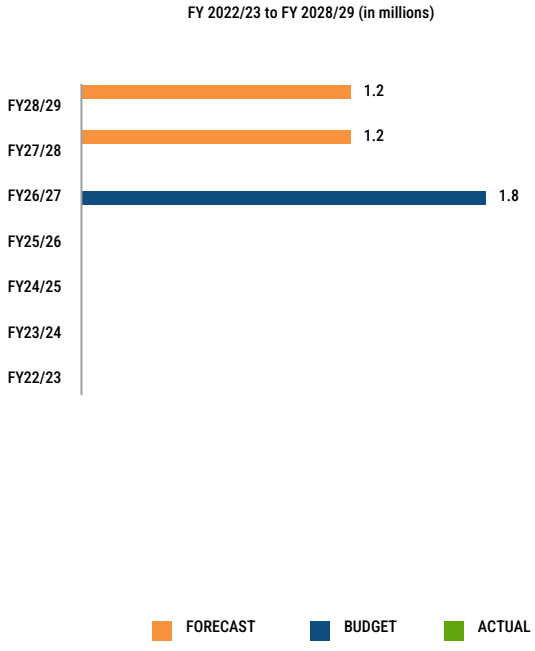
MEDICAL CLAIMS

Medical Claims includes all medical claims expenses for members of the plans, including employees and their families, COBRA participants, and Public Safety disabled retirees. The FY 2026/27 adopted budget of $42.2 million represents an increase of $3.3 million from the FY 2025/26 adopted budget, mostly due to the increasing costs of healthcare.



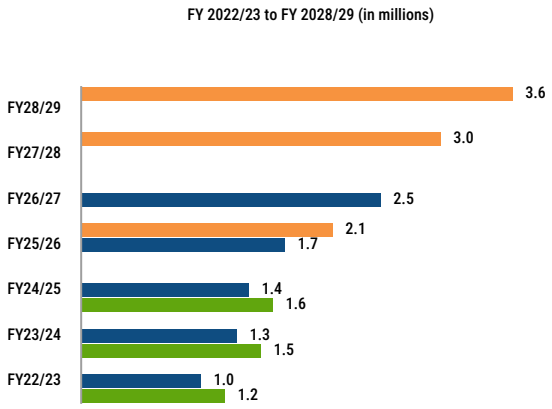
EMPLOYEE CLINIC

Employee Clinic includes expenses for medical equipment and consultant services necessary to develop an on-site employee health clinic program. The clinic will provide employees with convenient access to medical services, promote preventive care, and support overall employee wellness. The FY 2026/27 Adopted Budget of $1.8 million is primarily due to the upfront costs associated with purchasing and equipping the facility and establishing the clinic.



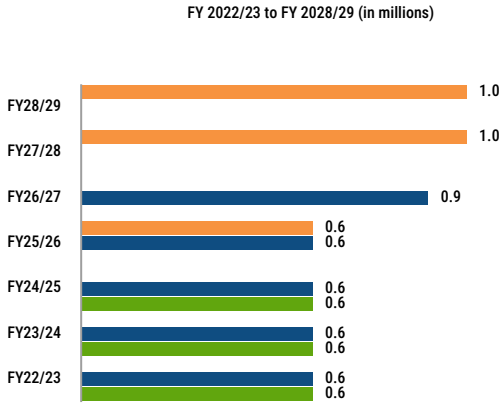
INSURANCE & BOND PREMIUMS

Insurance & Bond Premiums include the stop-loss insurance purchased to limit the city's exposure to large dollar claims. The FY 2026/27 adopted budget of $2.5 million represents a $0.8 million increase when compared to the FY 2025/26 adopted budget primarily due to rising costs for excess liability coverage for all plans.



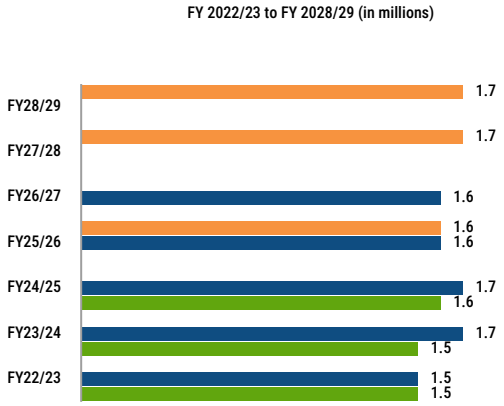
ADMINISTRATIVE FEES

Administrative Fees are the costs incurred for administering the healthcare and dental plans. The FY 2026/27 adopted budget of $0.9 million represents a $0.3 million increase compared to the FY 2025/26 adopted budget due to increased administrative costs for each healthcare plan.



DENTAL CLAIMS

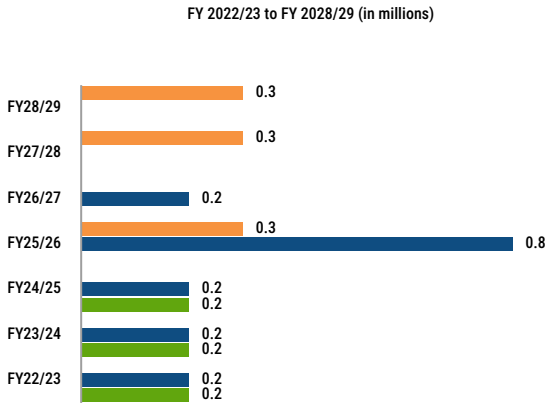
Dental Claims includes all dental claims expenses for members of the plans, including employees and their families and COBRA participants. The FY 2026/27 adopted budget of $1.6 million remains flat compared to the FY 2025/26 adopted budget.





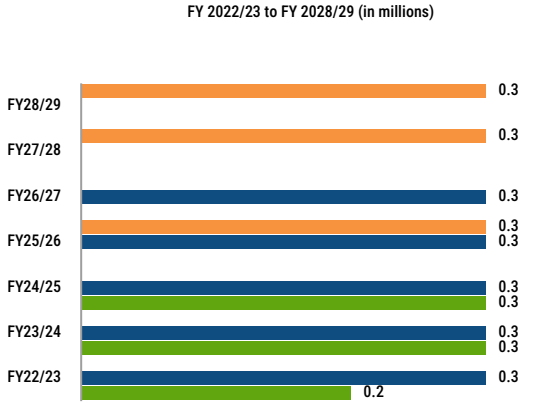
CITY ADMINISTRATION

The city's administrative expenses incurred are to coordinate healthcare, behavioral, dental, and wellness plans. The FY 2026/27 adopted budget for administrative expenses is $0.2 million. The FY 2025/26 adopted budget included $0.5 million to support the implementation of a new employee on-site clinic program. Beginning in FY 2026/27, this funding has been reclassified under the Employee Clinic category.



LIVE LIFE WELL PROGRAM

Live Life Well Program includes incentives to employees to encourage participation in various health and wellness events, challenges, activities, and classes. The FY 2026/27 adopted budget of $0.3 million includes $0.2 million for a wellness incentive to employees enrolled in a medical plan who complete an annual wellness exam and health assessment.



BEHAVIORAL HEALTH INSURANCE CLAIMS

Behavioral Health Insurance Claims includes all behavioral claims expenses. The FY 2026/27 adopted budget of $0.3 million represents an increase of $0.1 million when compared to the FY 2025/26 adopted budget based on latest usage of services.

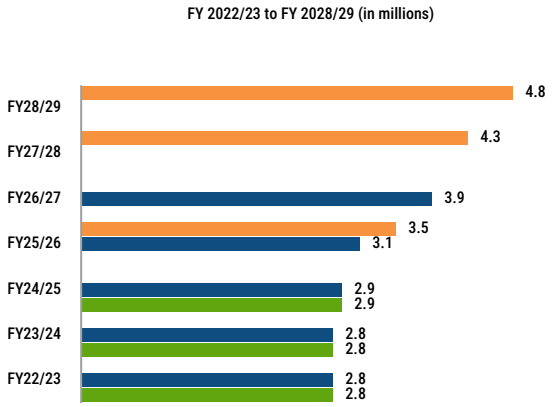


HEALTHCARE SELF INSURANCE ENDING FUND BALANCE

The Healthcare Self Insurance Fund ending balance is maintained to provide for coverage of self insured benefits. The Healthcare Self Insurance Fund has three different reserves: IBNR (incurred but not reported) Reserve, Operating Contingency, and Premium Stabilization Reserve. The Healthcare Self Insurance Fund also includes a Healthcare Self Insurance Fund Balance.

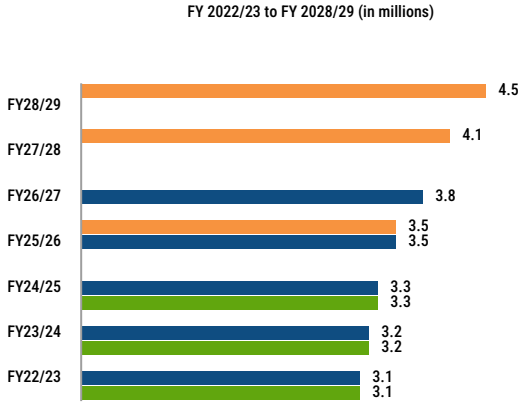
INCURRED BUT NOT REPORTED RESERVE

Reserve for incurred but not reported (IBNR) claims. The IBNR Reserve represents the liability that occurs for claims incurred but paid after the end of a fiscal year and it is calculated as the sum of 7.7 percent of Medical Claims and 7.0 percent of Dental Claims. The projected FY 2026/27 IBNR Reserve is $3.9 million.



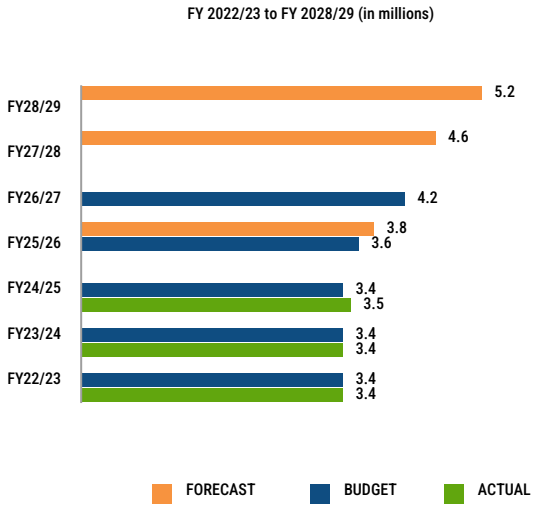
OPERATING CONTINGENCY

Contingency funds are utilized only after all other budget options have been considered, and require City Council approval. The Operating Contingency is calculated as 8.7 percent of Medical and Dental Claims. The FY 2026/27 Operating Contingency is $3.8 million.



PREMIUM STABILIZATION RESERVE

The purpose of the Premium Stabilization Reserve is to ensure revenue from premiums exceeds medical and dental claims and administrative expenses paid by the healthcare plan. The Premium Stabilization Reserve is calculated as 8.7 percent of the employer and employee contributions. The Premium Stabilization Reserve is set at $4.2 million for FY 2026/27.



HEALTHCARE SELF INSURANCE FUND BALANCE

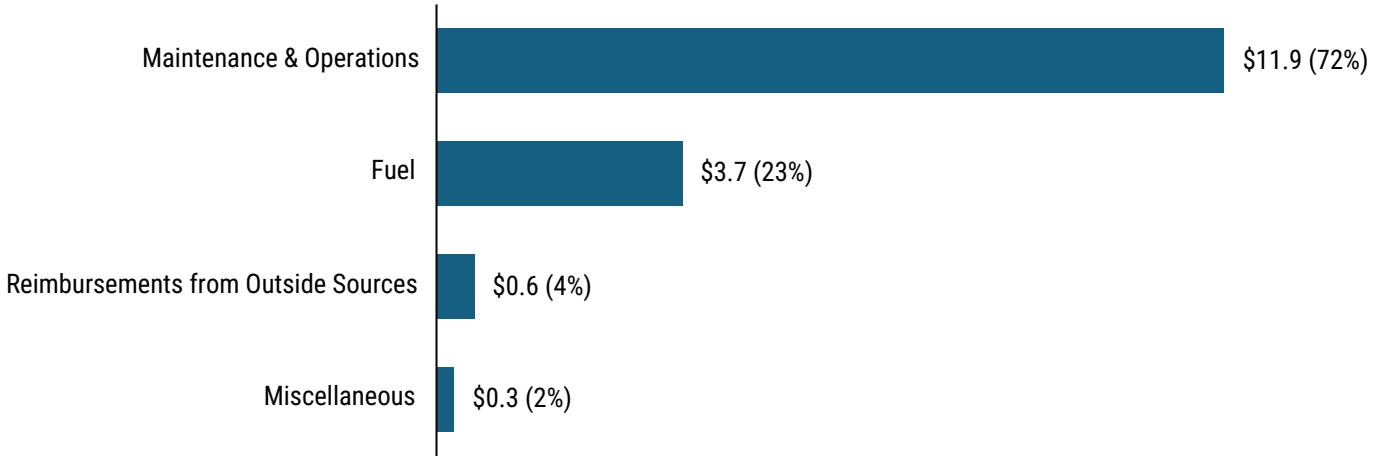
The Healthcare Self Insurance Fund Balance accounts for any remaining funds after the designation of all other reserves/uses. Under prudent fiscal management practices, this balance should most appropriately be used for one-time uses, not to fund new or expanded programs with ongoing operating expenses. The Healthcare Self Insurance Fund Balance for FY 2026/27 is $8.5 million.



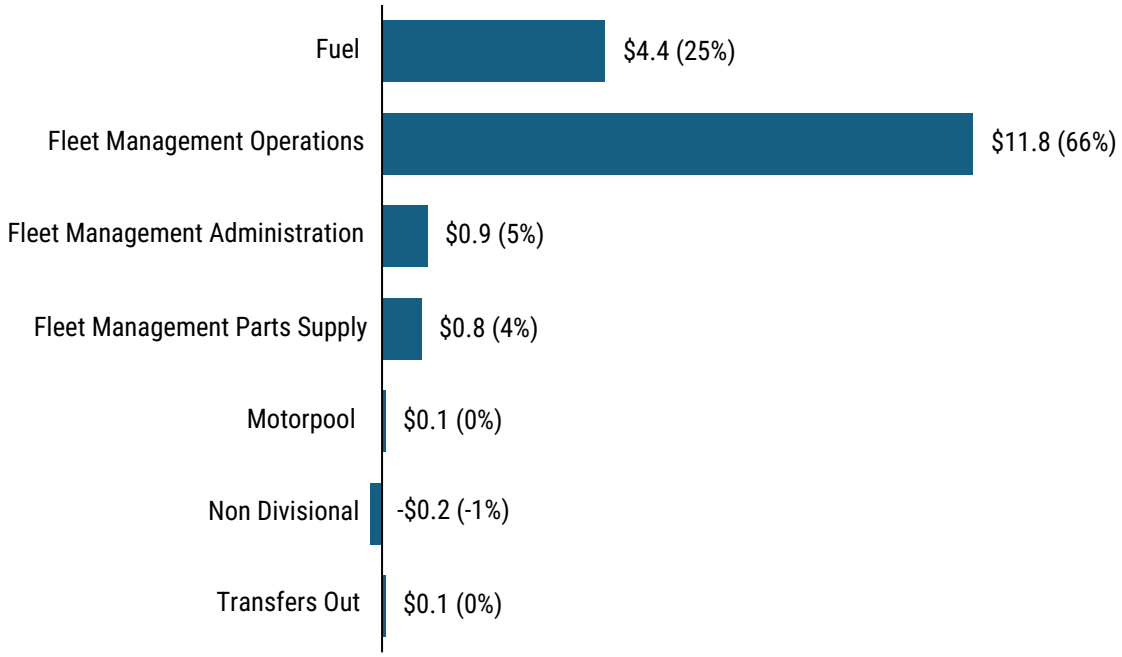
FUND PURPOSE

The Fleet Management Fund is used to account for the expenditures associated with the operation and routine maintenance of the city's equipment and vehicles. Operational costs, fuel, preventive maintenance, repairs, and small tools are charged to the city departments as internal operating costs based on the quantity, type of equipment, and vehicles used. These department charges are treated as revenue to the Fleet Management Fund.

Fleet Management Fund Sources (% of Total)
$16.5 Million



Fleet Management Fund Uses (% of Total)
$17.8 Million



Rounding differences may occur.

BUDGET BY FUND | Fleet Management Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Electric Vehicle Contingency	1,000,000	-	-	-	-	-	-	-
Fleet Management Fund Balance	10,345,663	20,175,484	18,426,033	6,101,769	4,830,332	3,783,641	2,702,953	1,471,938
Total Beginning Fund Balance	**12,345,663**	**21,175,484**	**19,426,033**	**7,101,769**	**5,830,332**	**4,783,641**	**3,702,953**	**2,471,938**
Revenues								
Maintenance & Operations	11,033,248	10,923,737	11,923,737	11,929,596	12,168,192	12,411,556	12,659,787	12,912,983
Fuel[a]	3,836,350	5,576,328	4,776,328	3,726,683	3,801,216	3,877,240	3,954,785	4,033,880
Reimbursements from Outside Sources	495,084	578,912	578,912	590,000	601,800	613,836	626,113	638,635
Miscellaneous[b]	658,540	24,721	24,721	264,700	264,700	264,700	264,700	264,700
Rental Rates[c]	15,140,316	-	-	-	-	-	-	-
Subtotal	**31,163,538**	**17,103,698**	**17,303,698**	**16,510,979**	**16,835,908**	**17,167,332**	**17,505,385**	**17,850,198**
Total Sources	**31,163,538**	**17,103,698**	**17,303,698**	**16,510,979**	**16,835,908**	**17,167,332**	**17,505,385**	**17,850,198**
Expenditures								
Fuel	3,336,521	5,049,609	4,449,609	4,422,904	3,899,426	3,977,381	4,056,906	4,138,031
Vehicle Acquisitions[c]	7,188,135	-	-	-	-	-	-	-
Fleet Management Operations	11,387,847	11,598,945	11,523,141	11,760,155	12,273,937	12,487,978	12,877,791	13,280,609
Fleet Management Administration	902,947	944,125	929,763	899,109	961,673	969,081	1,007,158	1,044,439
Fleet Management Parts Supply	625,941	780,923	768,796	790,444	856,934	876,366	922,967	971,436
Motorpool	73,869	75,864	75,864	66,176	67,500	68,850	70,227	71,631
Personnel Programs	-	123,389	114,489	82,261	88,751	90,011	94,120	98,428
Vacancy Savings	-	(306,780)	(222,533)	(313,500)	(320,400)	(327,500)	(334,700)	(300,000)
Subtotal	**23,515,260**	**18,266,075**	**17,639,129**	**17,707,549**	**17,827,821**	**18,142,167**	**18,694,469**	**19,304,574**
TOTAL OPERATING BUDGET	**23,515,260**	**18,266,075**	**17,639,129**	**17,707,549**	**17,827,821**	**18,142,167**	**18,694,469**	**19,304,574**
Transfers Out								
Transfers Out - Operating[d]	-	12,500,000	11,700,000	-	-	-	-	-
Transfers Out - CIP	500,000	237,650	237,650	-	-	-	-	-
Transfers Out - CIP Technology	67,909	51,183	51,183	74,867	54,778	105,853	41,931	-
Subtotal	**567,909**	**12,788,833**	**11,988,833**	**74,867**	**54,778**	**105,853**	**41,931**	**-**
Total Uses	**24,083,169**	**31,054,908**	**29,627,962**	**17,782,416**	**17,882,599**	**18,248,020**	**18,736,400**	**19,304,574**
Sources Over/(Under) Uses	**7,080,369**	**(13,951,210)**	**(12,324,264)**	**(1,271,437)**	**(1,046,691)**	**(1,080,688)**	**(1,231,015)**	**(1,454,376)**

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Ending Fund Balance								
Operating Contingency	897,123	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Electric Vehicle Contingency	1,000,000	-	-	-	-	-	-	-
Fleet Management Fund Balance	17,528,910	6,224,274	6,101,769	4,830,332	3,783,641	2,702,953	1,471,938	17,562
Total Ending Fund Balance	**19,426,033**	**7,224,274**	**7,101,769**	**5,830,332**	**4,783,641**	**3,702,953**	**2,471,938**	**1,017,562**

[a] The reduction in fuel revenues is due in part to Renewable Identification Number (RIN) credits received from the federal government for the use of CNG in fleet operations. These credits are recorded as Miscellaneous revenue and allow Fleet to keep fuel expenses artificially low for departments.

[b] The Miscellaneous revenue in FY 2024/25 was due to the sale of surplus property. Revenue from the sale of surplus property was moved to the Fleet Replacement Fund beginning in FY 2025/26. Miscellaneous revenue from FY 2026/27 forward reflects RIN credits.

[c] Rental Rates are collected from departments to support the purchase of new vehicles. Beginning in FY 2025/26, vehicle acquisitions were moved to the new Fleet Replacement Fund; as a result, Rental Rates are deposited into the Fleet Replacement Fund rather than the Fleet Management Fund, and no activity will be recorded under Vehicle Acquisitions in the Fleet Management Fund.

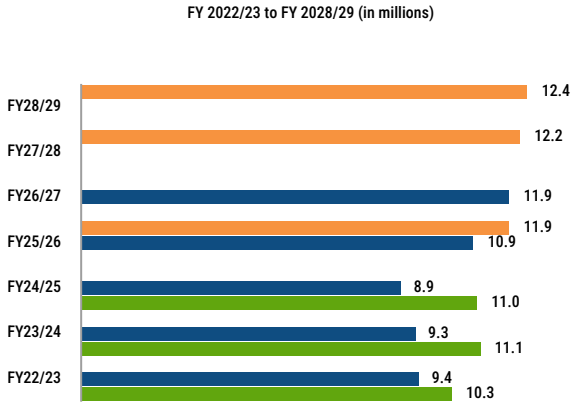
[d] The $11.7 million Transfer Out in FY 2025/26 was a one-time transfer used to establish the Fleet Replacement Fund.

FLEET MANAGEMENT FUND SOURCES

Fleet Management Sources for FY 2026/27 equal $16.5 million, which is a decrease of $0.6 million from the FY 2025/26 adopted budget. The Fleet Management Fund includes revenues from rates charged to city departments as internal operating costs for Fuel and for Maintenance & Operations. Reimbursements from Outside Sources and Miscellaneous are also revenues received in the fund. In prior fiscal years, Rental Rates were also charged to departments and routed to the fund for the purpose of vehicle acquisition. Beginning FY 2025/26, Rental Rates have been recorded in the new Fleet Replacement Fund.

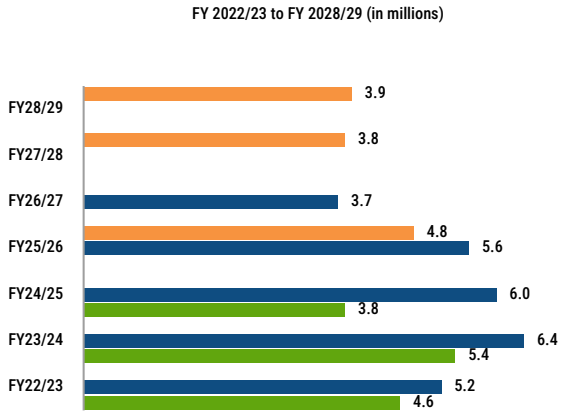
MAINTENANCE & OPERATIONS

Maintenance & Operations sources originate from charges to other city departments based on the usage of city vehicles and equipment. The Maintenance & Operations revenue for FY 2026/27 totals $11.9 million, which is an increase of $1.0 million from the FY 2025/26 budgeted revenue.



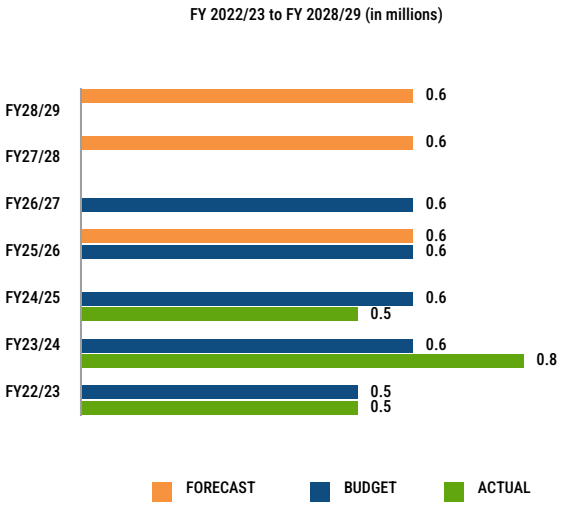
FUEL

Fuel represents the charges to other city departments based on the fuel consumption of city vehicles and equipment. Rates are determined based on historical data as well as forecasted future consumption. Included in this methodology are local and national fuel cost trends. The FY 2026/27 budgeted revenue is $3.7 million, which is a decrease of $1.9 million when compared to the FY 2025/26 budgeted revenue. The reduction in fuel revenues is due in part to proceeds from Renewable Identification Number (RIN) credits generated from the city's use of renewable natural gas (RNG) as a transportation fuel and sold under the Environmental Protection Agency (EPA) Renewable Fuel Standard (RFS). These credits are recorded as Miscellaneous revenue and allow Fleet to keep fuel expenses lower for departments.



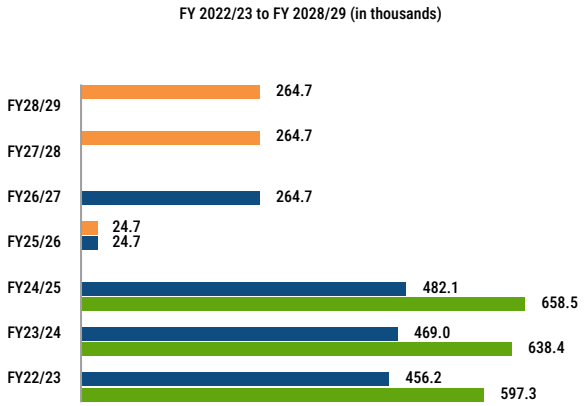
REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursements from Outside Sources is generated from any insurance recoveries received and reimbursements for fuel taxes and vehicle parts. Reimbursements from Outside Sources is budgeted at $0.6 million for FY 2026/27, which is flat compared with the FY 2025/26 budgeted revenue.



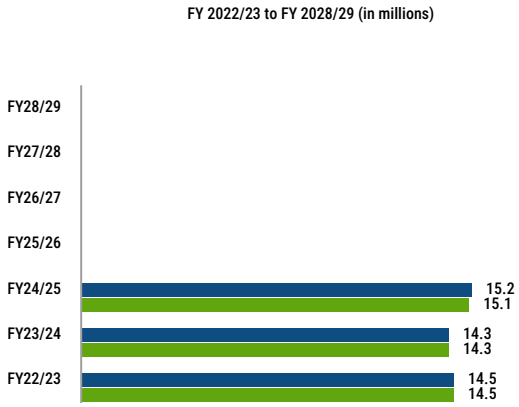
MISCELLANEOUS

Miscellaneous revenue is generated from the liquidation of surplus property and fuel tax recovery from the state. The FY 2026/27 budgeted revenue is $264,700, which is a $239,979 increase from the FY 2025/26 budgeted revenue. The increase reflects the addition of revenue from the sale of Renewable Identification Number (RIN) credits. These credits are generated by the city when natural gas is used to fuel vehicles.



RENTAL RATES

Rental Rates represent the replacement fees charged to departments that are sufficient for the acquisition and replacement of city vehicles and equipment. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and replacement while also considering future needs. The goal is to minimize large projected increases/decreases each year for the replacement fees charged to the departments. Beginning in FY 2025/26, rental rates are recorded in the newly created Fleet Replacement Fund.

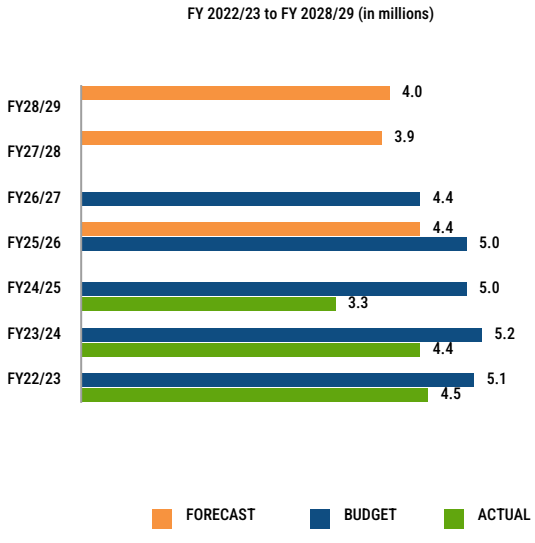


FLEET MANAGEMENT FUND USES

Fleet Management Uses for FY 2026/27 equal $17.7 million, which is a decrease of $0.6 million from the FY 2025/26 adopted budget. The direct operating uses for the Fleet Management Fund are summarized below by Fleet Management Administration, Fleet Management Operations, Fleet Management Parts Supply, Fuel, and Motorpool.

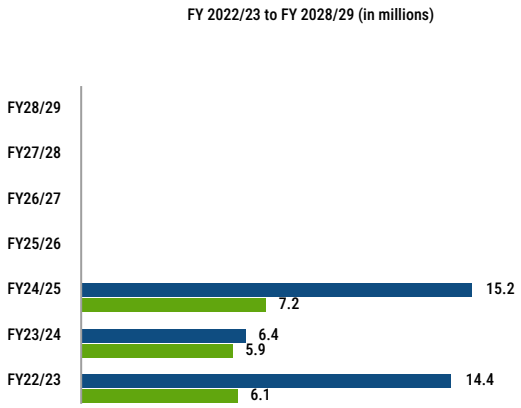
FUEL

Fuel includes all costs related to the purchase of bulk fuel, as well as costs for equipment, maintenance, and services necessary to maintain the provision of fuel in the city's fleet operation. The FY 2026/27 adopted budget is $4.4 million, which is a decrease of $0.6 million compared to the FY 2025/26 adopted budget. The reduction is primarily due to changes in the projected fuel prices for FY 2026/27.



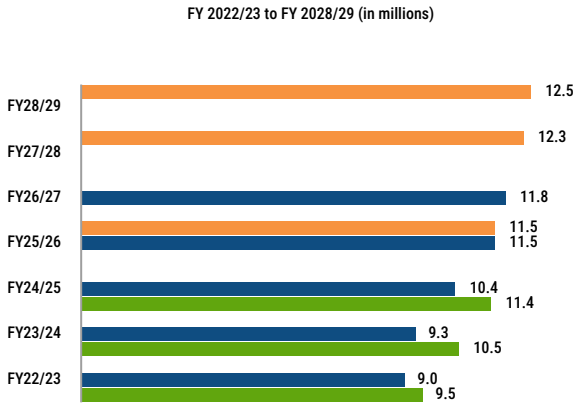
VEHICLE ACQUISITIONS

Vehicle Acquisitions include all costs related to the purchase or replacement of vehicles within the city's fleet. Beginning in FY 2025/26, vehicle acquisitions are budgeted in the Fleet Replacement Fund. Vehicle acquisition expenses in FY 2024/25 were much lower than budgeted due to long lead times and anticipated delivery delays.



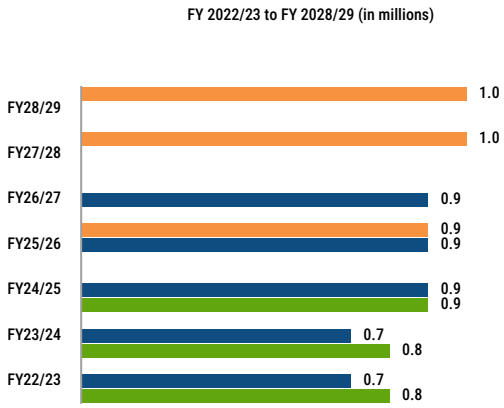
FLEET MANAGEMENT OPERATIONS

Fleet Management Operations includes costs related to supporting technical personnel who perform the maintenance and repair functions of the city's fleet operation, the funding for replacement parts, and the use of outside vendors when necessary. The FY 2026/27 adopted budget of $11.8 million is a $0.3 million increase compared to the FY 2025/26 adopted budget. The increase is largely due to inflation in the price of parts used to maintain the fleet of more than 1,300 pieces of equipment.



FLEET MANAGEMENT ADMINISTRATION

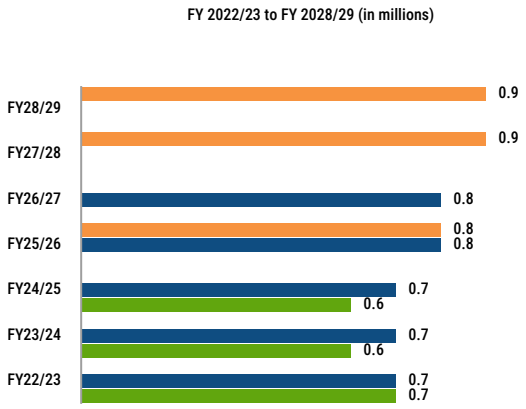
Fleet Management Administration includes all costs related to supporting the management and administrative personnel that are dedicated to directing and overseeing the fleet operation of the city. The FY 2026/27 adopted budget is $0.9 million, which is flat when compared to the FY 2025/26 adopted budget.





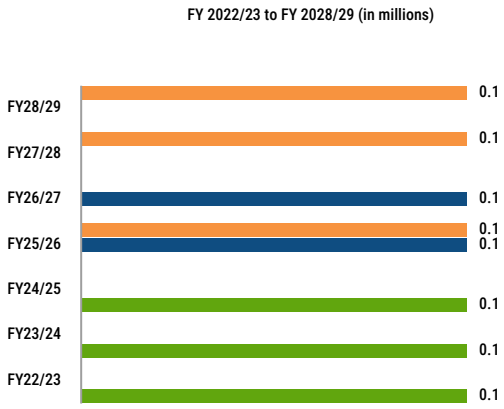
FLEET MANAGEMENT PARTS SUPPLY

Fleet Management Parts Supply includes all costs related to supporting the specialized personnel that are dedicated to maintaining the parts segment of the city's fleet operation, as well as the costs of all required supplies and tools. The FY 2026/27 adopted budget is $0.8 million, which is flat compared to the FY 2025/26 adopted budget.



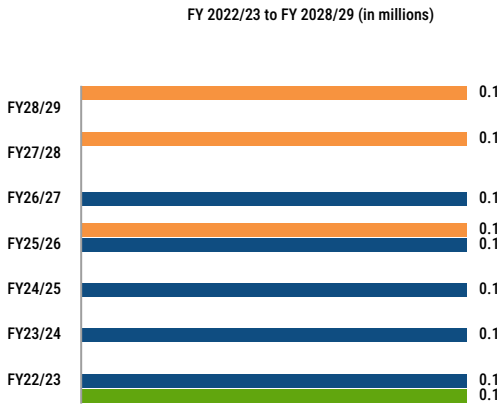
MOTORPOOL

Motorpool includes all costs related to the care of the city's motorpool vehicles, including fuel and maintenance. The FY 2026/27 adopted budget of $0.1 million is flat compared to the FY 2025/26 adopted budget.



PERSONNEL PROGRAMS

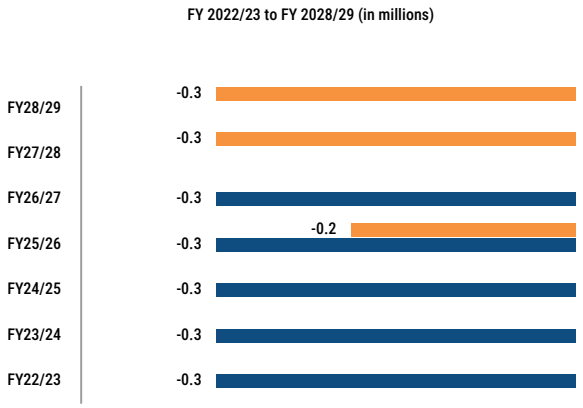
Personnel Programs includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.





VACANCY SAVINGS

The amount of savings achieved from vacant positions for FY 2026/27 is budgeted at ($0.3) million.

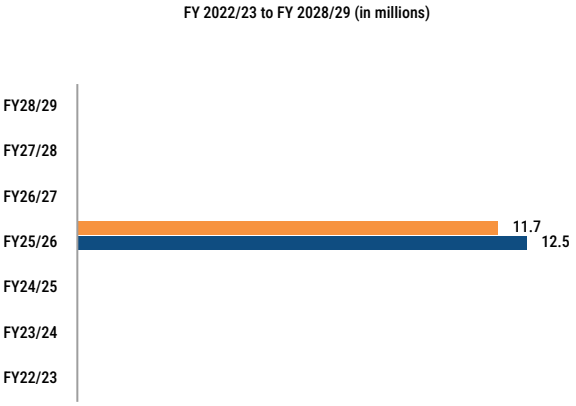


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Management Transfers Out for FY 2026/27 equal $0.1 million, which is a decrease of $12.7 million from the FY 2025/26 adopted budget. The bulk of the FY 2025/26 Transfers Out is attributable to a transfer of $12.5 million from the Fleet Management Fund to the new Fleet Replacement Fund.

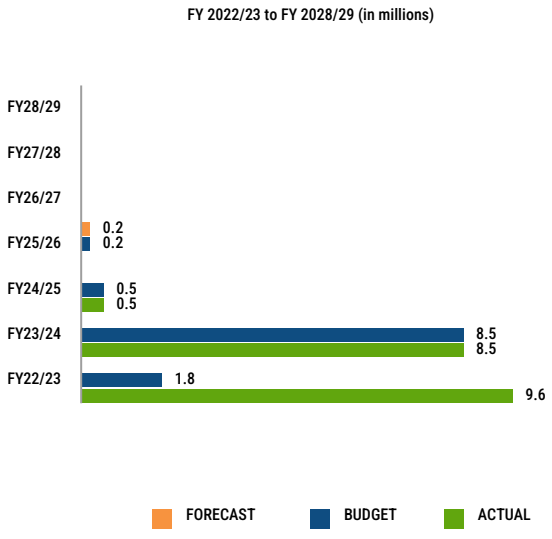
OPERATING

In FY 2025/26, $11.7 million was transferred from the Fleet Management Fund to establish the Fleet Replacement fund. There is no operating transfer budgeted for FY 2026/27.



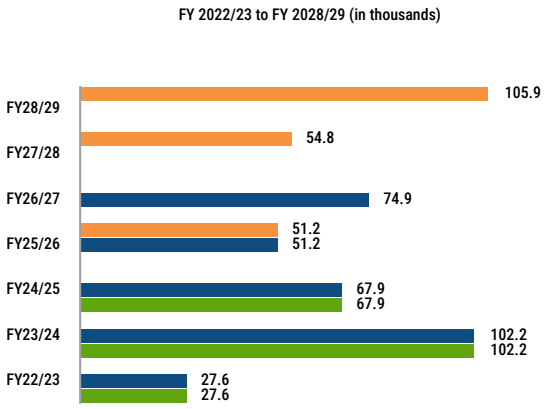
CIP

The FY 2025/26 CIP adopted budget of $0.2 million was primarily used to fund the Fleet Electric Vehicle (EV) Infrastructure Implementation. Project elements include, but are not limited to, electric vehicle charging stations, equipment required for maintenance, and required infrastructure. There is no transfer to the CIP budgeted for FY 2026/27.



CIP TECHNOLOGY

The CIP Technology budget of $74,867 is planned to help cover Fleet Management's portion of citywide technology capital projects during FY 2026/27.

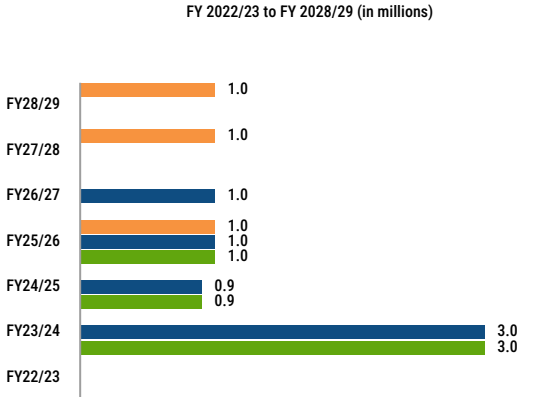


FLEET MANAGEMENT FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before they are allocated or spent as budgeted expenditures.

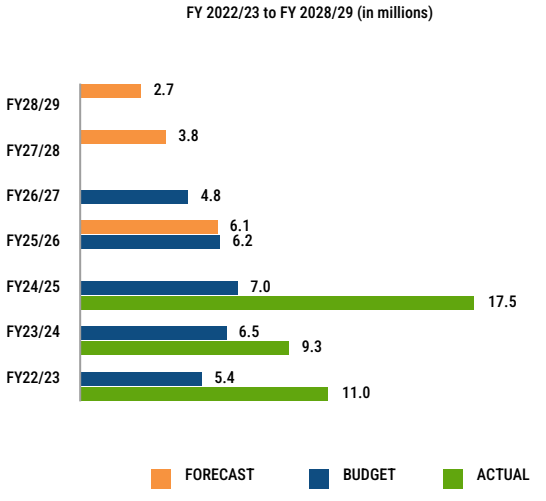
OPERATING CONTINGENCY

The Operating Contingency was reinstated to be used for increased Maintenance and Repair costs due to Vehicle Acquisition deferrals, fuel fluctuations, and supply chain shifts. The FY 2026/27 adopted budget is $1.0 million.



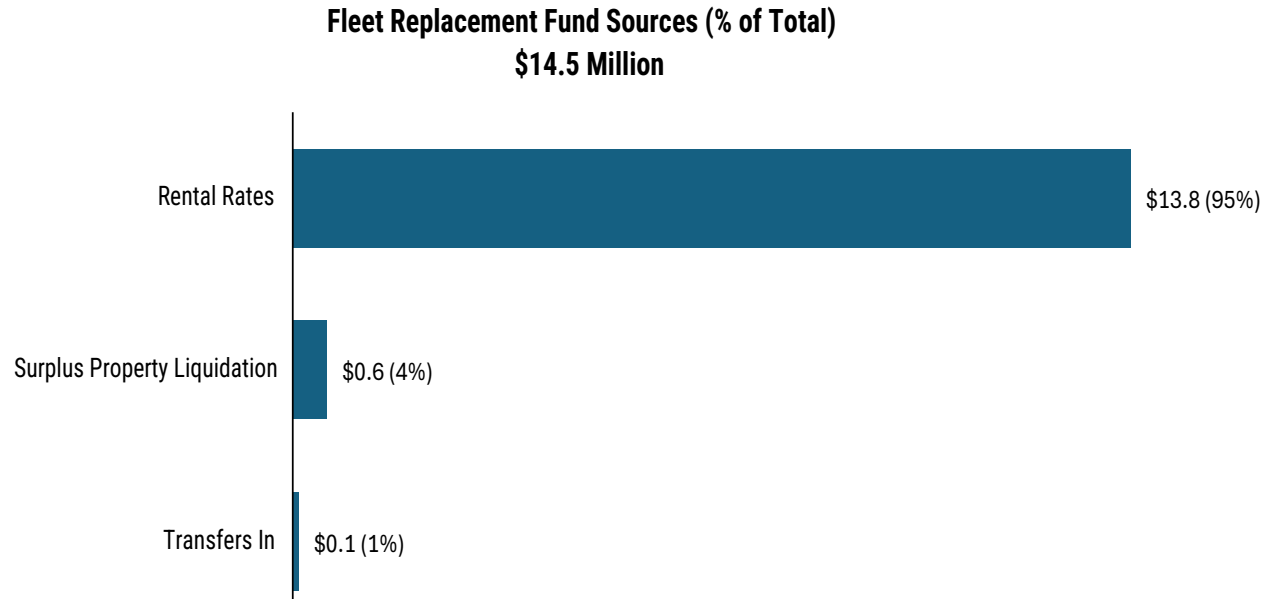
FLEET MANAGEMENT FUND BALANCE

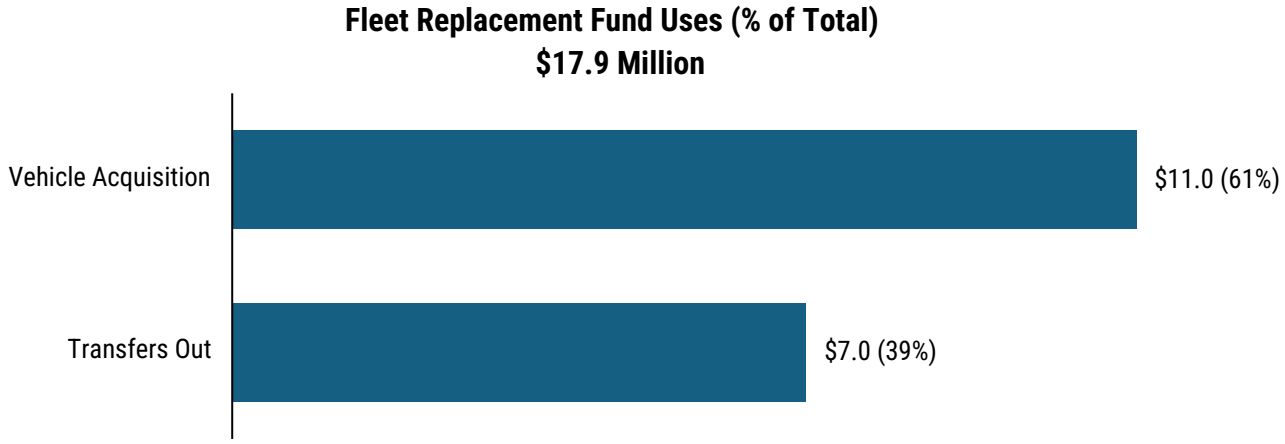
Fleet Management Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2026/27 ending Fleet Management Fund Balance is $4.8 million, which is $1.4 million less than the FY 2025/26 adopted budget.



FUND PURPOSE

Beginning in FY 2025/26, the Fleet Replacement Fund was created to record all fleet acquisition and replacement activity. Acquisition and replacement costs for vehicles and major equipment are charged to the city departments as internal capital costs based on the quantity and type of assets being replaced. These department charges are treated as revenue to the Fleet Replacement Fund.





Rounding differences may occur.

BUDGET BY FUND | Fleet Replacement Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fleet Replacement Fund Balance	-	-	-	3,650,000	216,499	800,000	1,401,001	2,020,002
Total Beginning Fund Balance	**-**	**-**	**-**	**4,650,000**	**1,216,499**	**1,800,000**	**2,401,001**	**3,020,002**
Revenues								
Rental Rates	-	15,494,758	15,494,758	13,847,170	14,124,115	14,406,598	14,694,730	14,988,624
Surplus Property Liquidation	-	550,000	550,000	566,500	583,500	601,000	619,000	637,570
Subtotal	**-**	**16,044,758**	**16,044,758**	**14,413,670**	**14,707,615**	**15,007,598**	**15,313,730**	**15,626,194**
Transfers In								
Operating[a]	-	12,600,000	11,700,000	100,000	100,000	100,000	100,000	100,000
Subtotal	**-**	**12,600,000**	**11,700,000**	**100,000**	**100,000**	**100,000**	**100,000**	**100,000**
Total Sources	**-**	**28,644,758**	**27,744,758**	**14,513,670**	**14,807,615**	**15,107,598**	**15,413,730**	**15,726,194**
Expenditures								
Vehicle Acquistion[b]	-	27,094,758	23,094,758	10,985,171	14,224,114	14,506,597	14,794,729	15,088,623
Subtotal	**-**	**27,094,758**	**23,094,758**	**10,985,171**	**14,224,114**	**14,506,597**	**14,794,729**	**15,088,623**
TOTAL OPERATING BUDGET	**-**	**27,094,758**	**23,094,758**	**10,985,171**	**14,224,114**	**14,506,597**	**14,794,729**	**15,088,623**
Transfers Out								
CIP[c]	-	-	-	6,962,000	-			
Subtotal	**-**	**-**	**-**	**6,962,000**	**-**	**-**	**-**	**-**
Total Uses	**-**	**27,094,758**	**23,094,758**	**17,947,171**	**14,224,114**	**14,506,597**	**14,794,729**	**15,088,623**
Sources Over/(Under) Uses	**-**	**1,550,000**	**4,650,000**	**(3,433,501)**	**583,501**	**601,001**	**619,001**	**637,571**
Ending Fund Balance								
Operating Contingency	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Fleet Replacement Fund Balance	-	550,000	3,650,000	216,499	800,000	1,401,001	2,020,002	2,657,573
Total Ending Fund Balance	**-**	**1,550,000**	**4,650,000**	**1,216,499**	**1,800,000**	**2,401,001**	**3,020,002**	**3,657,573**

[a] The Fleet Replacement Fund was established in FY 2025/26 with an initial transfer of funds from the Fleet Management Fund. The FY 2025/26 forecast reflects $0.8 million less than the adopted budget due to acquisitions that were received and paid in FY 2024/25 prior to the fund's creation. Annual $0.1 million transfers from the Risk Management Fund to the Fleet Replacement Fund are budgeted to cover replacement of totaled vehicles.

[b] The $4.0 million reduction in the vehicle acquisition forecast for FY 2025/26 reflects assets that were ordered during the fiscal year but are not expected to be received and paid for until FY 2026/27.

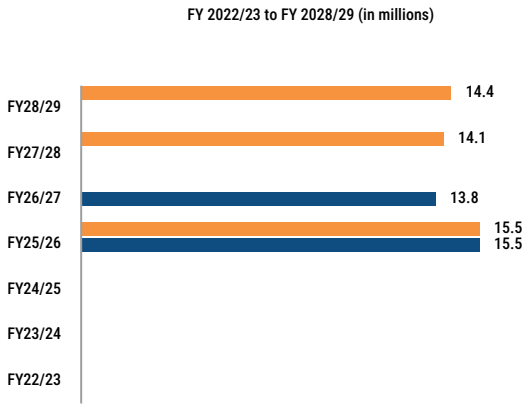
[c] The large Transfer Out reflects funding moved to the Fleet Acquisition Prepays CIP project, which is used to prepay vehicle purchases with extended production lead times, higher costs, or advance-payment discounts. These assets include fire apparatus and other large vehicle acquisitions.

FLEET REPLACEMENT FUND SOURCES

Beginning in FY 2025/26, the Fleet Replacement Fund was created to record all fleet acquisition and replacement activity. Fleet Replacement Fund Sources for FY 2026/27 equal $14.5 million. The Fleet Replacement Fund includes revenues from rates charged to city departments as internal operating costs for Vehicle Acquisitions, as well as funds from the sale of surplus equipment.

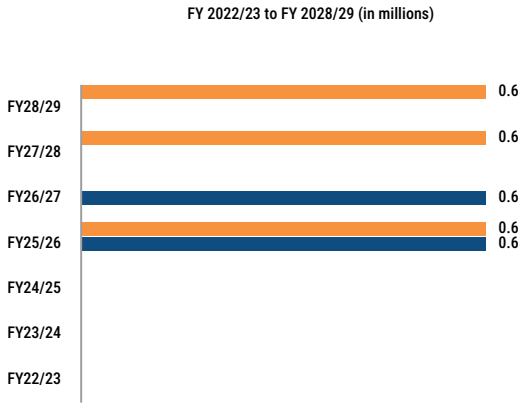
RENTAL RATES

Rental Rates represent the replacement fees charged to departments sufficient for the acquisition and replacement of city vehicles and equipment. The amount collected is to ensure sufficient funding exists for vehicle/equipment acquisition and to minimize large projected increases/decreases each year for the replacement fees charged to the departments. The FY 2026/27 adopted budget is $13.8 million.



SURPLUS PROPERTY LIQUIDATION

Revenue is generated from the liquidation of surplus property. The FY 2026/27 adopted budget includes revenue of $0.6 million, which is flat compared to the FY 2025/26 adopted budget.

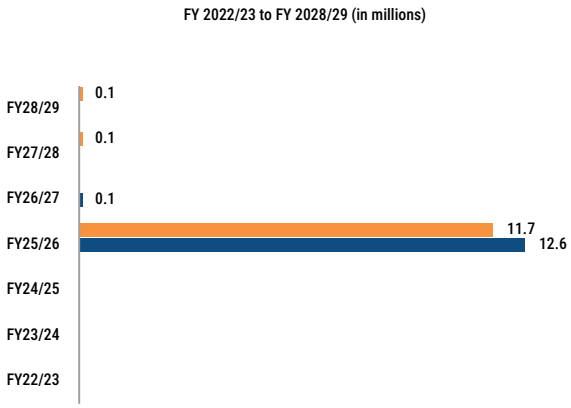


TRANSFERS IN

Transfers In are the authorized movement of cash or other resources from other funds. The FY 2026/27 adopted budget includes $0.1 million for Transfers In.

OPERATING

An annual $0.1 million transfer from the Risk Management Fund to the Fleet Replacement Fund is budgeted to cover replacement of totaled vehicles. In FY 2025/26, a $12.5 million cash transfer was budgeted to move fund balance from the Fleet Management Fund to establish the Fleet Replacement Fund.

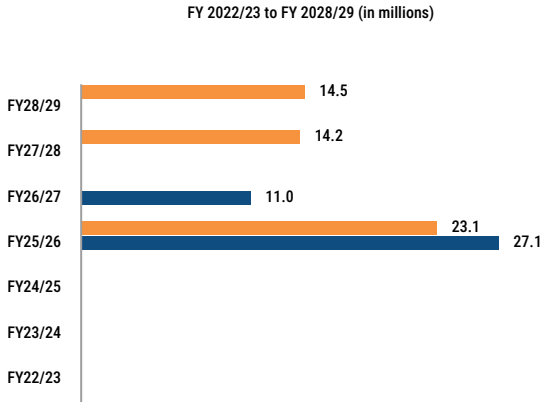


FLEET REPLACEMENT FUND USES

Fleet Replacement Fund Uses for FY 2026/27 equal $17.9 million. The Fleet Replacement Fund is specifically for the purpose of Vehicle Acquisitions.

VEHICLE ACQUISITION

The FY 2026/27 adopted budget includes $11.0 million in Vehicle Acquisition funding. This is a $16.1 million decrease compared to the FY 2025/26 adopted budget. The decrease is primarily due to $7.0 million being transferred out to the Fleet Acquisition Prepays CIP project, which is used to prepay vehicle purchases with extended production lead times, higher costs, or advance-payment discounts. Additionally, a portion of the FY 2025/26 budget reflects carryover from prior-year unspent Vehicle Acquisition funds because both delivery delays and manufacturer-imposed caps on government purchases pushed replacements beyond the original budget year.

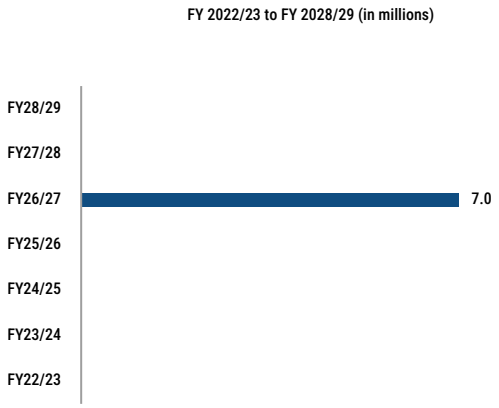


TRANSFERS OUT

Transfers Out are the authorized movement of cash to other funds and/or capital projects. Fleet Replacement Fund Transfers Out for FY 2026/27 equal $7.0 million.

CIP

The FY 2026/27 CIP Transfers Out are budgeted at $7.0 million. The transfer out reflects funding being moved to the Fleet Acquisition Prepays CIP project, which is used to prepay vehicle purchases with extended production lead times, higher costs, or advance-payment discounts. These assets include fire apparatus and other large vehicle acquisitions.

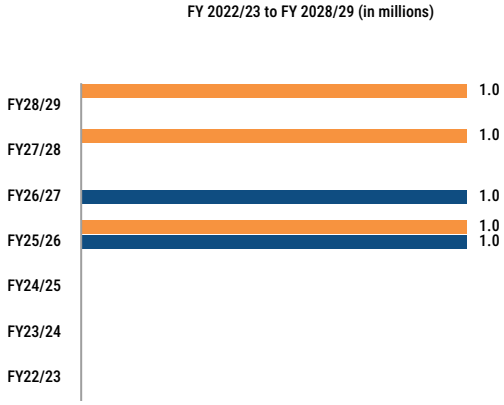


FLEET REPLACEMENT FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when sources exceed uses. The city's budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the city to set aside savings before being allocated or spent as budgeted expenditures.

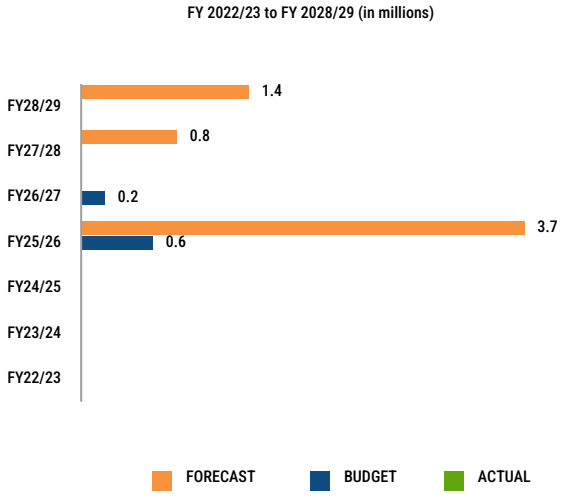
OPERATING CONTINGENCY

Operating Contingency is used to cover potential cost increases in purchasing vehicles and equipment due to economic changes. The FY 2026/27 adopted budget is $1.0 million. Contingency funds are utilized only after all budget options have been considered and require City Council approval.



FLEET REPLACEMENT FUND BALANCE

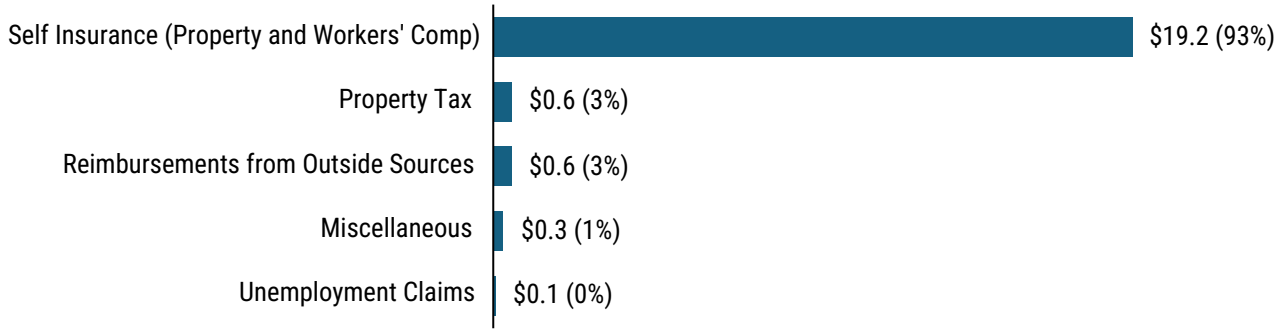
The Fleet Replacement Fund Balance accounts for any funds remaining after the designation of all other reserves/uses. The FY 2026/27 ending Fleet Replacement Fund Balance is $0.2 million.



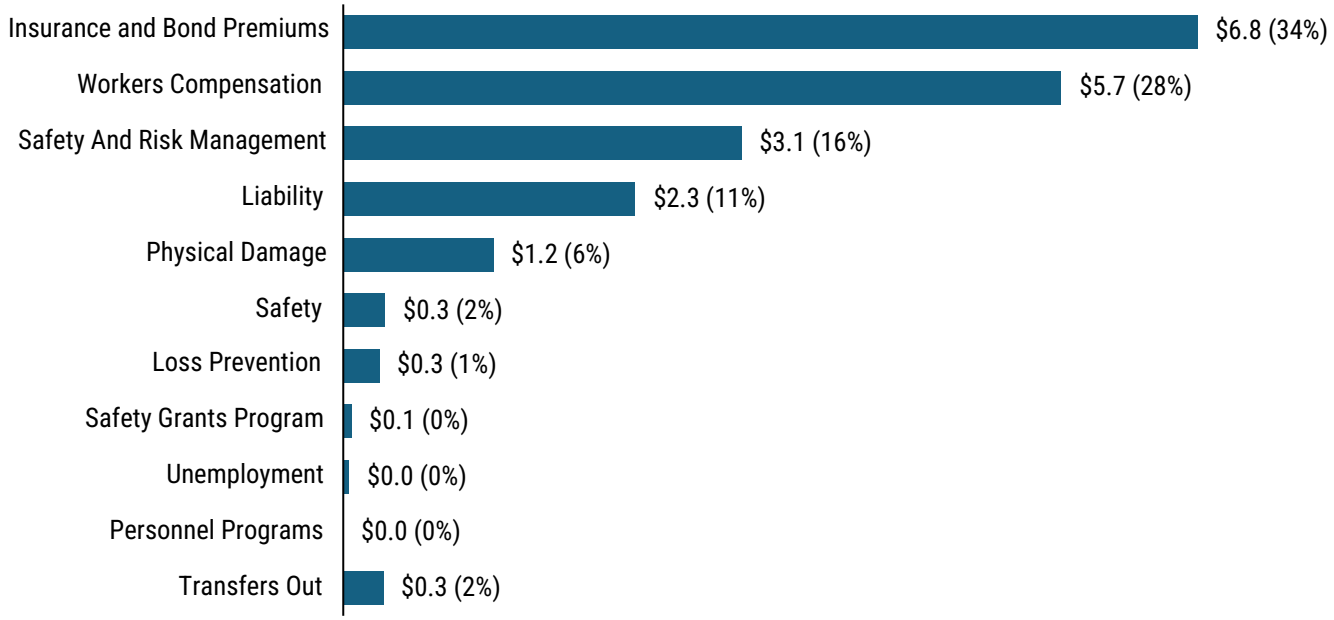
FUND PURPOSE

The Risk Management Fund is used to account for the city's self insurance, safety, and risk management functions. Revenue is derived from internal charges to city departments and is captured as internal rates. Payments for unemployment, workers' compensation, and property and liability claims are disbursed from this fund.

Risk Management Fund Sources (% of Total)
$20.7 Million



Risk Management Fund Uses (% of Total)
$20.1 Million



Rounding differences may occur.

BUDGET BY FUND | Risk Management Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Reserve	27,875,137	32,324,065	33,712,681	37,229,021	37,776,984	37,557,551	36,103,430	33,637,384
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Beginning Fund Balance	**30,375,137**	**34,824,065**	**36,212,681**	**39,729,021**	**40,276,984**	**40,057,551**	**38,603,430**	**36,137,384**
Revenues								
Self Insurance (Property and Workers' Comp)	19,088,542	20,050,923	20,050,923	19,200,000	19,700,000	20,200,000	21,200,000	22,200,000
Property Tax[a]	1,258,922	678,687	678,687	568,735	900,000	900,000	900,000	900,000
Reimbursements from Outside Sources	747,728	525,000	525,000	550,000	600,000	650,000	700,000	750,000
Miscellaneous	313,602	240,000	240,000	285,000	310,000	340,000	370,000	400,000
Unemployment Claims	49,093	54,485	54,485	54,485	55,000	55,000	55,000	55,000
Subtotal	**21,457,887**	**21,549,095**	**21,549,095**	**20,658,220**	**21,565,000**	**22,145,000**	**23,225,000**	**24,305,000**
Transfers In								
CIP Technology	25,598	-	-	-	-	-	-	-
Subtotal	**25,598**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Sources	**21,483,485**	**21,549,095**	**21,549,095**	**20,658,220**	**21,565,000**	**22,145,000**	**23,225,000**	**24,305,000**
Expenditures								
Insurance and Bond Premiums	5,792,105	6,081,380	6,070,000	6,750,000	7,424,999	8,167,498	8,984,247	9,882,671
Workers Compensation	4,744,181	5,598,704	5,598,704	5,668,184	6,169,434	6,720,546	7,326,506	7,992,796
Safety And Risk Management	1,932,651	2,584,173	2,584,173	3,146,545	3,388,650	3,469,831	3,650,243	3,833,813
Liability	1,568,103	3,770,611	1,500,000	2,301,395	2,581,657	2,829,003	3,127,406	3,423,366
Physical Damage	1,080,130	1,255,854	1,255,854	1,190,262	1,308,789	1,437,009	1,579,644	1,736,423
Safety	193,386	-	300,000	329,509	362,459	398,704	438,574	482,429
Loss Prevention	-	-	400,000	285,000	299,250	314,213	329,925	346,421
Safety Grants Program	180,392	203,181	155,003	70,142	75,751	81,809	88,353	95,419
Unemployment	8,853	52,500	52,500	47,250	49,896	52,391	55,011	57,762
Personnel Programs[b]	-	2,888	350	-	-	-	-	-
Subtotal	**15,499,802**	**19,549,291**	**17,916,584**	**19,788,287**	**21,660,885**	**23,471,004**	**25,579,908**	**27,851,100**
TOTAL OPERATING BUDGET	**15,499,802**	**19,549,291**	**17,916,584**	**19,788,287**	**21,660,885**	**23,471,004**	**25,579,908**	**27,851,100**
Transfers Out								
CIP	100,000	16,171	-	-	-	-	-	-
CIP Technology	46,139	-	16,171	21,970	23,548	28,117	11,138	-
Operating[c]	-	100,000	100,000	300,000	100,000	100,000	100,000	100,000
Subtotal	**146,139**	**116,171**	**116,171**	**321,970**	**123,548**	**128,117**	**111,138**	**100,000**
Total Uses	**15,645,941**	**19,665,462**	**18,032,755**	**20,110,257**	**21,784,433**	**23,599,121**	**25,691,046**	**27,951,100**
Sources Over/(Under) Uses	**5,837,544**	**1,883,633**	**3,516,340**	**547,963**	**(219,433)**	**(1,454,121)**	**(2,466,046)**	**(3,646,100)**
Ending Fund Balance								
Operating Reserve	33,712,681	34,207,698	37,229,021	37,776,984	37,557,551	36,103,430	33,637,384	29,991,284
Operating Contingency	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Ending Fund Balance	**36,212,681**	**36,707,698**	**39,729,021**	**40,276,984**	**40,057,551**	**38,603,430**	**36,137,384**	**32,491,284**

[a] Property Tax forecasts reflect approximate recent historical volume and scale of involuntary tort claims.

[b] Includes non-periodic personnel costs such as Leave Accruals, Parental Leave, Vacation Trade, and One-Time Merit Payments.

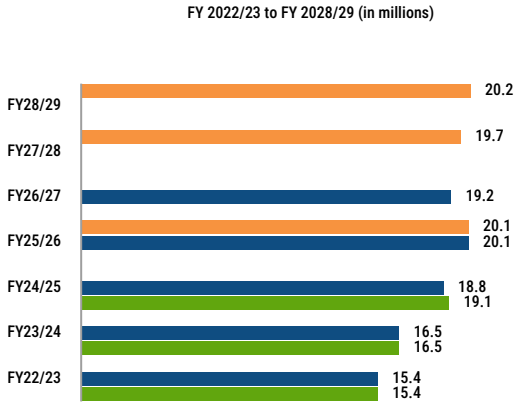
[c] Operating transfers in FY 2026/27 include $100K to the Fleet Replacement Fund to cover replacement of totaled vehicles and $200K to Facilities to replace handrails at the Scottsdale Center for the Performing Arts.

RISK MANAGEMENT FUND SOURCES

Revenue sources received in the Risk Management Fund consist of Self Insurance (Property and Workers' Compensation), Property Tax, Reimbursements from Outside Sources, Miscellaneous revenue, and Unemployment Claims. The FY 2026/27 budgeted revenue to the Risk Management Fund is $20.7 million.

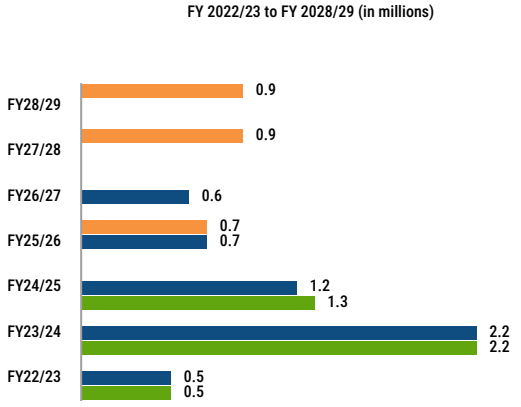
SELF INSURANCE (PROPERTY AND WORKERS' COMPENSATION)

Self Insurance represents the Risk Management Fund's primary source of operating revenue which is derived from internal charges for services to other city departments. The FY 2026/27 budgeted revenue is $19.2 million, which is a decrease of $0.9 million from the FY 2025/26 adopted budget due to an annual evaluation to determine the internal service rates charged to every department. Increases to internal service rates in subsequent years assumes the need to charge departments more due to increased costs while maintaining the Loss Trust Fund Board's preferred 80 percent confidence level of the most recent actuarial assessment in the fund balance.



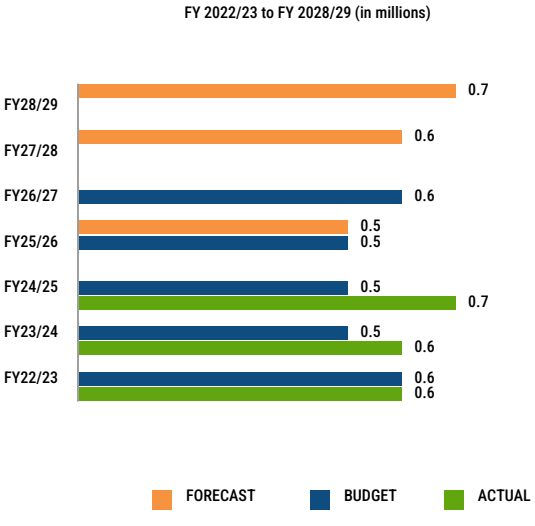
PROPERTY TAX

Property Tax represents a reimbursement to the city's Risk Management Fund for the liability tort settlements and judgments approved by City Council and paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the city's property tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. The tort expenses are paid from the Risk Management Fund, therefore the reimbursement becomes revenue to this fund once property taxes are collected. The FY 2026/27 budgeted revenue is $0.6 million, which is a decrease of $0.1 million when compared to the FY 2025/26 adopted budget due to a reduction in the volume and scale of involuntary tort claims. Reimbursements were higher in FY 2023/24 and FY 2024/25 due to increases in involuntary tort claim payments.



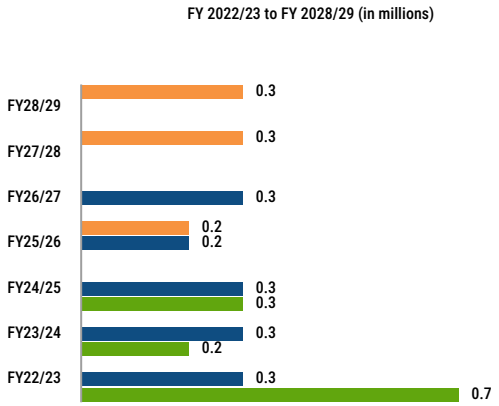
REIMBURSEMENTS FROM OUTSIDE SOURCES

Reimbursements from Outside Sources represent reimbursements received from insurance claims. The primary component of this source is subrogation, where the city seeks reimbursement from third-party insurance companies for various types of claims. The FY 2026/27 budgeted revenue is $0.6 million, which is a $0.1 million increase from the FY 2025/26 adopted budget.



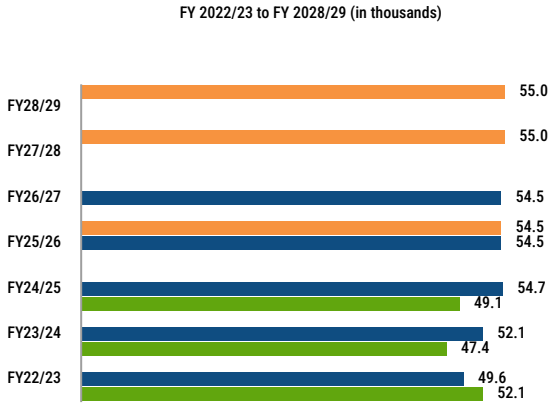
MISCELLANEOUS

Miscellaneous revenue represents special event reimbursements related to services provided by off-duty police officers. When an off-duty police officer is contracted for services, certain insurance requirements must be met. If the event producer does not meet the specified insurance thresholds, additional costs are billed to cover potential city liability. When the Police Department receives these reimbursements, they are then deposited into the city's Risk Management Fund. Also included are subrogation recoveries which are claim amounts paid by third parties that are recovered by the city for damage occurring on or to city property. The FY 2026/27 budgeted revenue is $0.3 million, which is a $0.1 million increase from the FY 2025/26 adopted budget.



UNEMPLOYMENT CLAIMS

Unemployment Claims includes charges to all positions for unemployment insurance. The FY 2026/27 budgeted revenue is $54,485, which is flat when compared to the FY 2025/26 adopted budget.

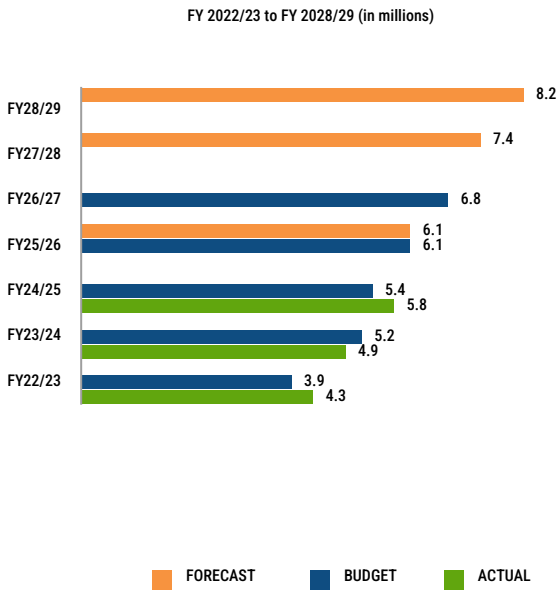


RISK MANAGEMENT FUND USES

The direct operating expenditures of the Risk Management Fund are divided into nine major expenditure categories listed below. Also included are cash Transfers Out to the Capital Improvement Plan (CIP) and to other funds. The FY 2026/27 adopted budget is $20.1 million.

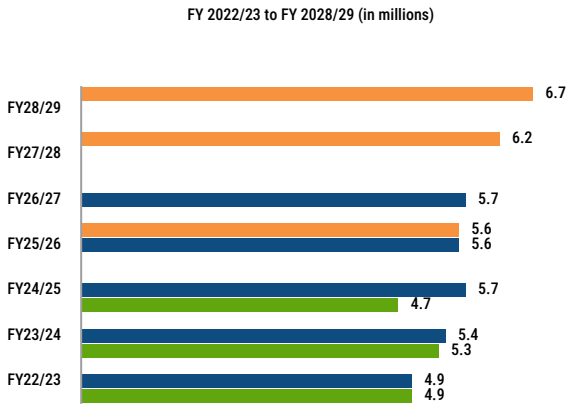
INSURANCE AND BOND PREMIUMS

Insurance and Bond Premiums include various citywide insurance policies for umbrella type coverage offering protection against large or ongoing claims. The FY 2026/27 adopted budget is $6.8 million, which is an increase of $0.7 million when compared to the FY 2025/26 adopted budget due to increased premiums.



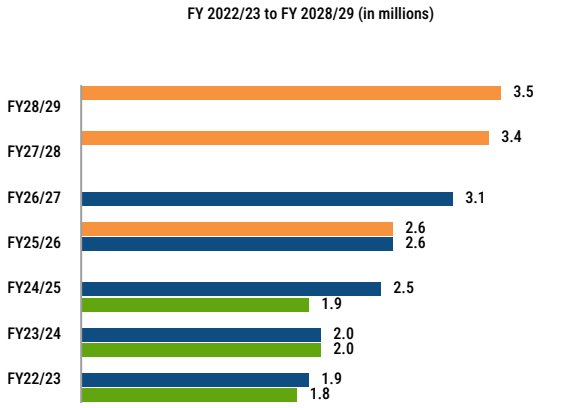
WORKERS' COMPENSATION

Workers' Compensation is composed of claims paid to current city employees in the event of an injury, illness, or disease occurring in the course of city employment. The FY 2026/27 adopted budget is $5.7 million, which is an increase of $0.1 million when compared to the FY 2025/26 adopted budget.



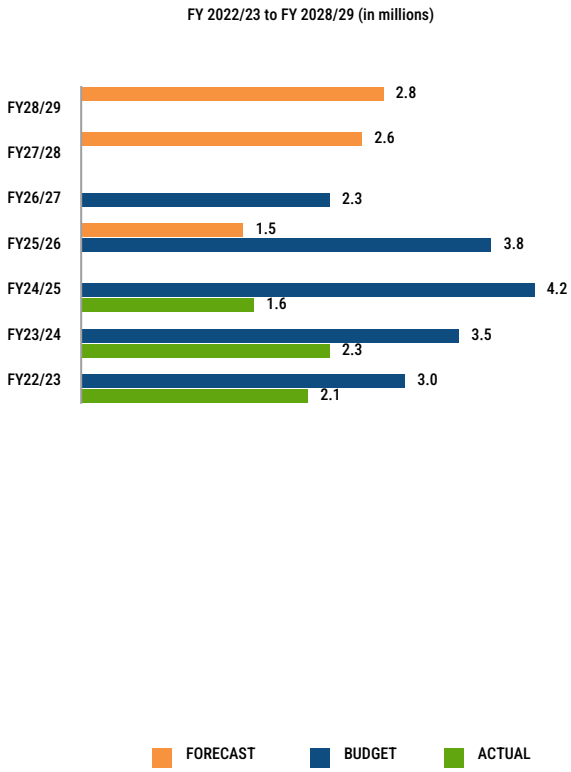
SAFETY AND RISK MANAGEMENT

The Safety and Risk Management operating budget is for day-to-day operations of the Risk Management Fund. The FY 2026/27 adopted budget is $3.1 million, which is an increase of $0.5 million compared to the FY 2025/26 adopted budget.



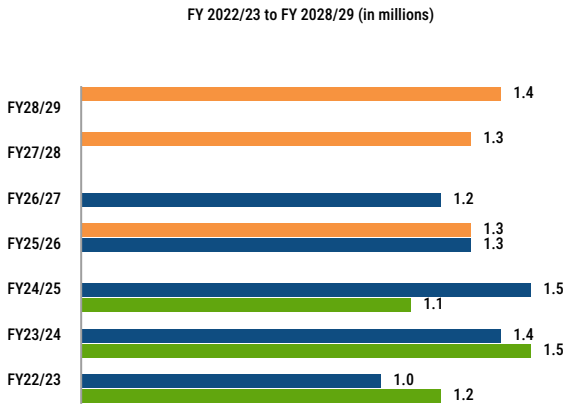
LIABILITY

Liability primarily includes claim payments and legal costs for all activities not related to physical damage or workers' compensation claims. The FY 2026/27 adopted budget is $2.3 million, which is a decrease of $1.5 million when compared to the FY 2025/26 adopted budget due to a decrease in general liability claims.



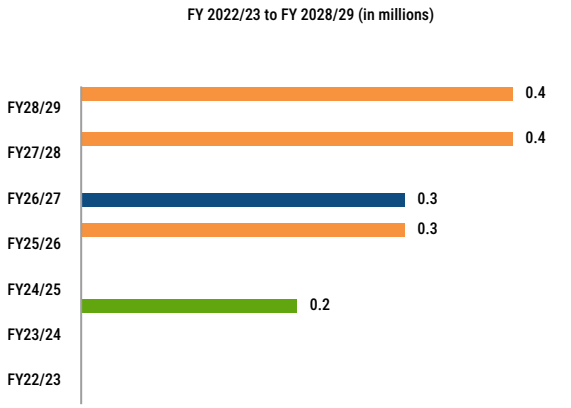
PHYSICAL DAMAGE

Physical Damage represents claims used to pay for damage to city property or city vehicles. The FY 2026/27 adopted budget is $1.2 million, which is a decrease of $0.1 million when compared to the FY 2025/26 adopted budget due to a decrease in claims.



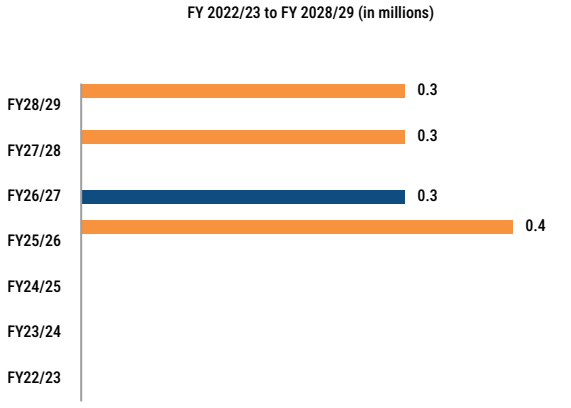
SAFETY

The Safety program establishes a proactive, organization-wide commitment to provide a safe and healthy work environment for all employees, contractors, visitors, and members of the public. The program is designed to identify, evaluate, and eliminate or control workplace hazards before they result in injuries, illnesses, property damage, or operational disruptions. The FY 2026/27 adopted budget is $0.3 million, which is an increase of $0.3 million when compared to the FY 2025/26 adopted budget due to establishing a budget for the Safety program.



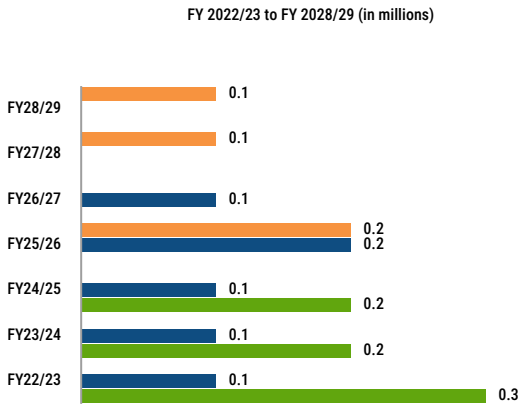
LOSS PREVENTION

The Loss Control and Prevention program protects the city's physical assets, financial resources, and human capital by reducing the frequency and severity of losses, accidents, injuries, and claims. This policy establishes a comprehensive and proactive approach to liability claim prevention, workers' compensation claim reduction, and the promotion of a safe and healthy work environment for employees, residents, visitors, and contractors. The FY 2026/27 adopted budget is $0.3 million. The program was established after the FY 2025/26 budget was adopted.



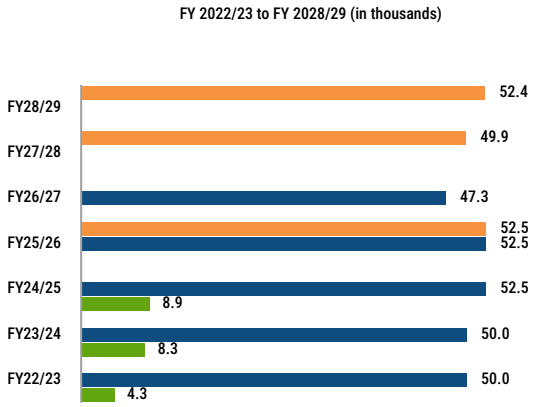
SAFETY GRANTS PROGRAM

The Safety Grants Program evaluates and addresses funding requests from city departments to pay for office furniture, equipment, office operating supplies, and protective clothing that would enhance safety or reduce known losses in the workplace. Certain criteria must be met to receive these funds with no other funding sources available to cover the expense. The FY 2026/27 adopted budget is $0.1 million, which is a decrease of $0.1 million compared to the FY 2025/26 adopted budget. The above average expenditure in FY 2022/23 was mainly due to heightened demand for ergonomic furniture and safety cabinets.



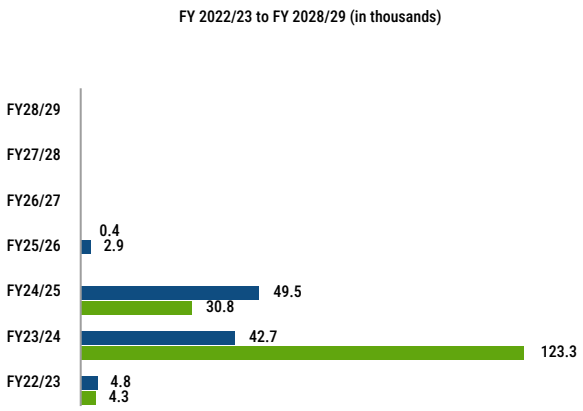
UNEMPLOYMENT

Unemployment is composed of claims paid to qualifying terminated city employees. The FY 2026/27 adopted budget is $47,250, which is a $5,250 decrease when compared to the FY 2025/26 adopted budget.



PERSONNEL PROGRAMS

Personnel Programs include non-periodic costs such as leave accruals, parental leave, vacation trade, and one-time merit payments. The FY 2026/27 budget is $0, which is a decrease of $2,888 when compared to the FY 2025/26 adopted budget. Actuals differ from budget due to retirement payouts and class and compensation studies.

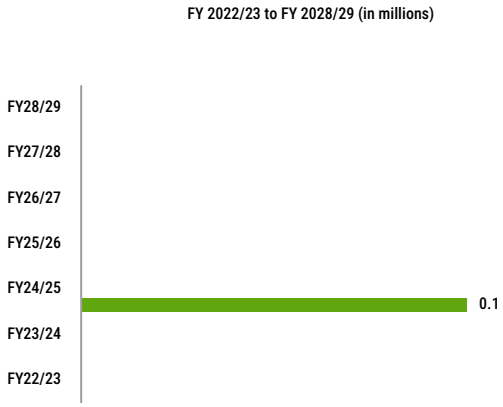


TRANSFERS OUT

Transfers Out is the authorized movement of cash or other resource to other funds or the Capital Improvement Plan (CIP).

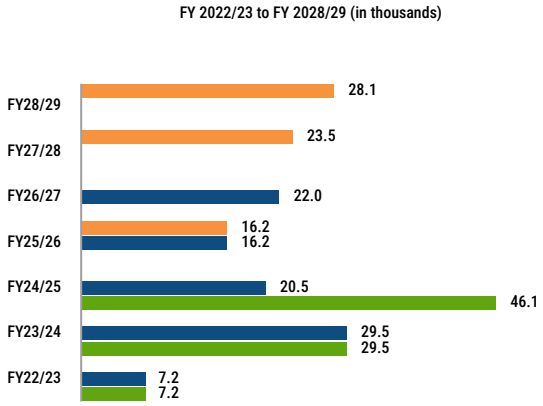
CIP

The FY 2024/25 actual includes a one-time $100,000 transfer to the CIP for Comanche Park fencing and court repairs due to storm damage.



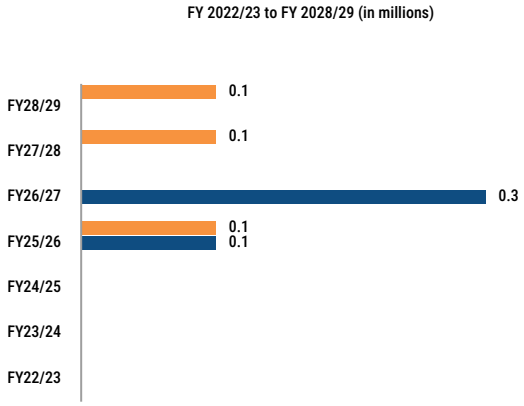
CIP TECHNOLOGY

Transfers to CIP Technology helps cover Risk Management's portion of citywide technology replacement capital projects. The FY 2026/27 adopted budget is $21,970, which is an increase of $5,799 when compared to the FY 2025/26 adopted budget.



OPERATING

Beginning FY 2025/26, Operating includes a transfer to the Fleet Replacement Fund to cover the replacement of totaled Police vehicles. The FY 2026/27 adopted budget for Operating Transfers is $0.3 million, an increase of $0.2 million when compared to the FY 2025/26 adopted budget due to a one-time $0.2 million transfer to Facilities to replace handrails at the Scottsdale Center for the Performing Arts.



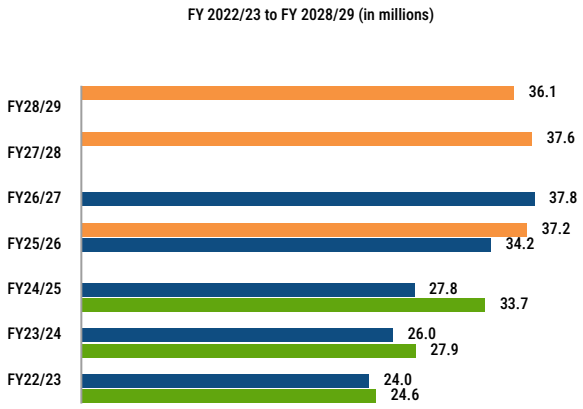
RISK MANAGEMENT FUND ENDING BALANCE

Fund balance protects the city's financial condition and provides for unexpected economic challenges. The Loss Trust Fund Board, per Financial Policy No. 2.08, sets a target to maintain a Risk Management reserve fund balance within a range of the actuary's 75 percent to 80 percent confidence level of projected total outstanding claims liability that is assessed annually.



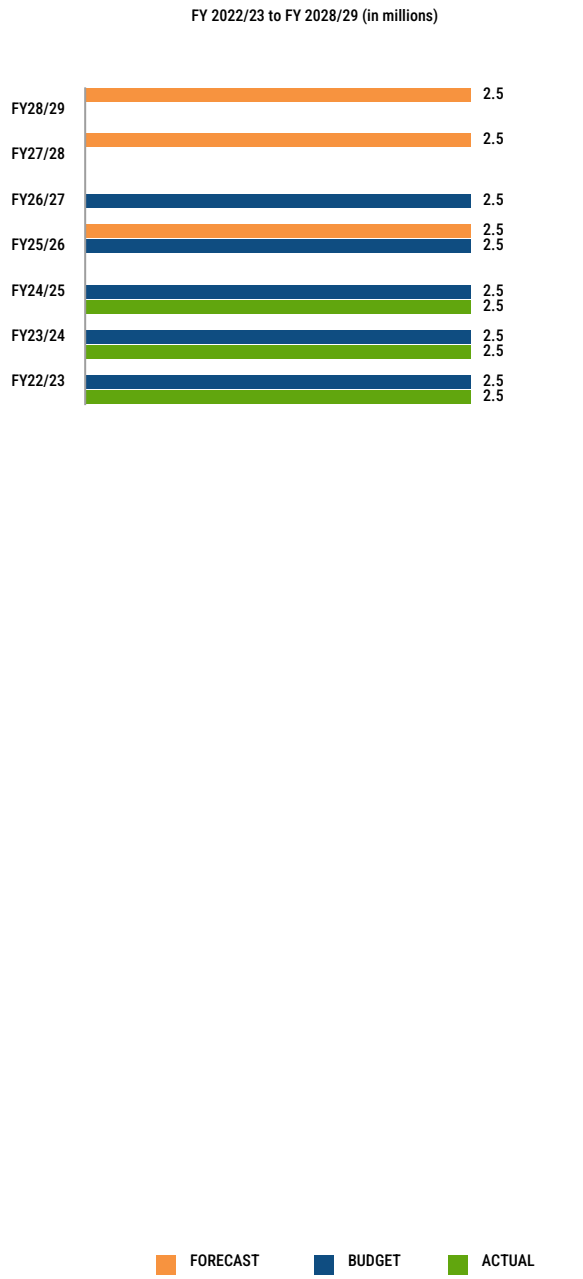
OPERATING RESERVE

The FY 2026/27 Operating Reserve is $37.8 million, which is an increase of $3.6 million when compared to the FY 2025/26 adopted budget.



OPERATING CONTINGENCY

The FY 2026/27 Operating Contingency includes $2.5 million of budget authorization in the event that unforeseen expenses occur during the fiscal year. Contingency funds are utilized only after all other budget options have been examined and require City Council approval.



FUND PURPOSE

The PC Replacement Fund is used to account for the expenditures associated with purchasing the city's computers, monitors, and printers. The replacement of computers, monitors and printers (hardware) is charged to the city departments as an internal operating cost based on the quantity and type of hardware used. The internal charges paid by the departments become revenue to the PC Replacement Fund.

PC Replacement Fund Sources (% of Total)
$1.7 Million



PC Replacement Fund Uses (% of Total)
$1.2 Million



Rounding differences may occur.

BUDGET BY FUND | PC Replacement Fund Five-Year Financial Forecast

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Operating Contingency	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,745,028	1,357,935	1,293,848	986,846	1,467,335	1,226,203	1,420,435	1,274,294
Total Beginning Fund Balance	**1,845,028**	**1,457,935**	**1,393,848**	**1,086,846**	**1,567,335**	**1,326,203**	**1,520,435**	**1,374,294**
Revenues								
PC Replacement Fees[a]	950,137	1,010,659	1,010,659	1,666,383	1,716,374	1,767,866	1,820,902	1,875,529
Subtotal	**950,137**	**1,010,659**	**1,010,659**	**1,666,383**	**1,716,374**	**1,767,866**	**1,820,902**	**1,875,529**
Transfers In								
Total Sources	**950,137**	**1,010,659**	**1,010,659**	**1,666,383**	**1,716,374**	**1,767,866**	**1,820,902**	**1,875,529**
Expenditures								
Computer Hardware Acquisition [b]	1,401,317	1,317,661	1,317,661	1,185,894	1,957,506	1,573,634	1,967,043	2,458,804
Subtotal	**1,401,317**	**1,317,661**	**1,317,661**	**1,185,894**	**1,957,506**	**1,573,634**	**1,967,043**	**2,458,804**
TOTAL OPERATING BUDGET	**1,401,317**	**1,317,661**	**1,317,661**	**1,185,894**	**1,957,506**	**1,573,634**	**1,967,043**	**2,458,804**
Total Uses	**1,401,317**	**1,317,661**	**1,317,661**	**1,185,894**	**1,957,506**	**1,573,634**	**1,967,043**	**2,458,804**
Sources Over/(Under) Uses	**(451,180)**	**(307,002)**	**(307,002)**	**480,489**	**(241,132)**	**194,232**	**(146,141)**	**(583,275)**
Ending Fund Balance								
Operating Contingency	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
PC Replacement Fund Balance	1,293,848	1,050,933	986,846	1,467,335	1,226,203	1,420,435	1,274,294	691,019
Total Ending Fund Balance	**1,393,848**	**1,150,933**	**1,086,846**	**1,567,335**	**1,326,203**	**1,520,435**	**1,374,294**	**791,019**

[a] Revenues into the PC Replacement Fund are internal service charges and are calculated to gradually utilize remaining fund balance while avoiding volatility from year-to-year.

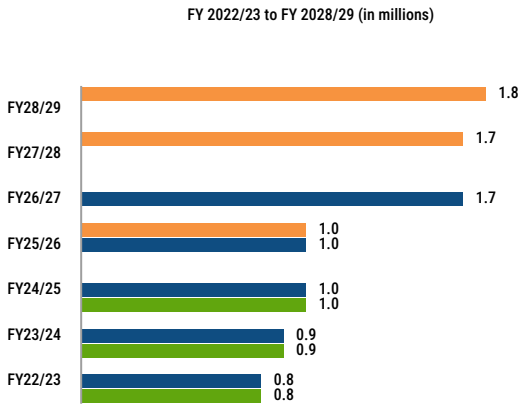
[b] Computer Hardware Acquisition expenses fluctuate due to the replacement schedule of various types of city computers and the price trends in the PC industry.

PC REPLACEMENT FUND SOURCES

The PC Replacement Fund includes revenue from rates charged to the city departments as internal operating costs to each program based on the quantity and type of hardware used. The only source of revenue to this fund is the PC Replacement Fees, detailed below.

PC REPLACEMENT FEES

PC Replacement Fees represent the rates charged to other city funds and departments for the acquisition and replacement of city computer hardware. The amount collected ensures sufficient funding is available for hardware acquisition and replacement while also considering future needs. The goal is to minimize large fluctuations in the rates that are charged to departments each year. The revenue for FY 2026/27 is $1.7 million and represents a $0.7 million increase compared to the FY 2025/26 adopted budget.

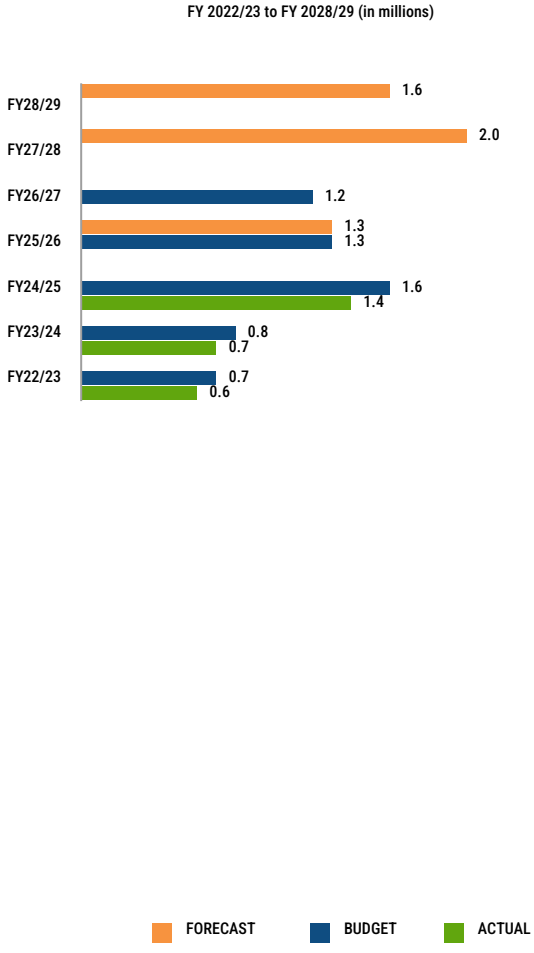


PC REPLACEMENT FUND USES

The direct operating expenditures of the PC Replacement Fund are budgeted in the capital outlay category.

COMPUTER HARDWARE ACQUISITION

Computer Hardware Acquisition includes the purchase of desktop computers, laptops, ruggedized laptops, monitors, and printers. The computer hardware inventory for the entire city is aggregated as one asset and is thus classified as a capital asset on the city's balance sheet. The FY 2026/27 Computer Hardware Acquisition adopted budget is $1.2 million, which is $0.1 million lower than the FY 2025/26 adopted budget. The expenditures vary from year to year depending on the replacement schedule.

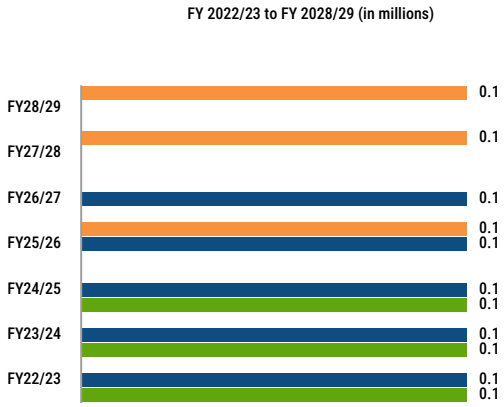


PC REPLACEMENT FUND ENDING BALANCE

The PC Replacement Fund ending balance varies primarily due to the hardware replacement schedule. The fund balance at the end of each year includes the accumulated balance to be used for future year hardware purchases. The PC Replacement Fund Ending Balance includes: Operating Contingency and PC Replacement Fund Balance.

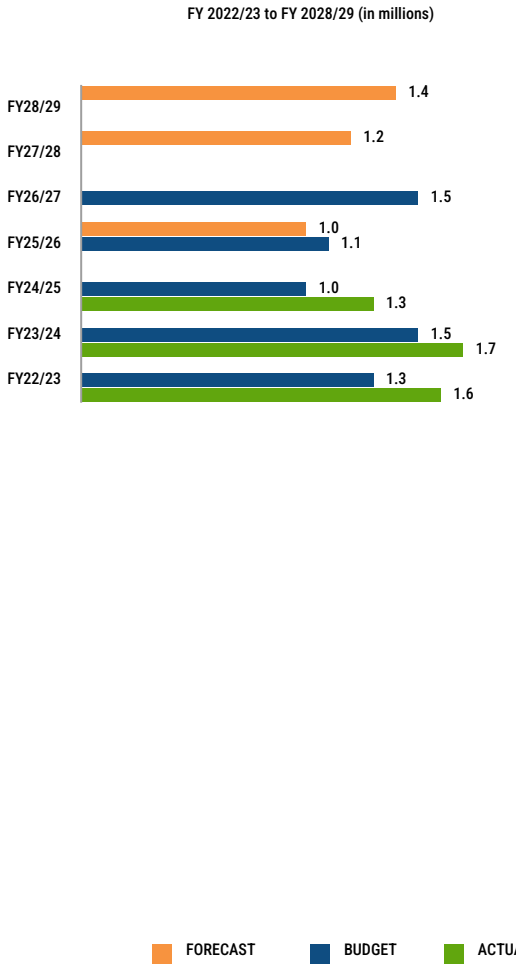
OPERATING CONTINGENCY

Operating Contingency is set at $0.1 million of budget authorization to offset unforeseen expenses that may occur during the fiscal year. Contingency funds are utilized only after all budget options have been considered and require City Council approval.



PC REPLACEMENT FUND BALANCE

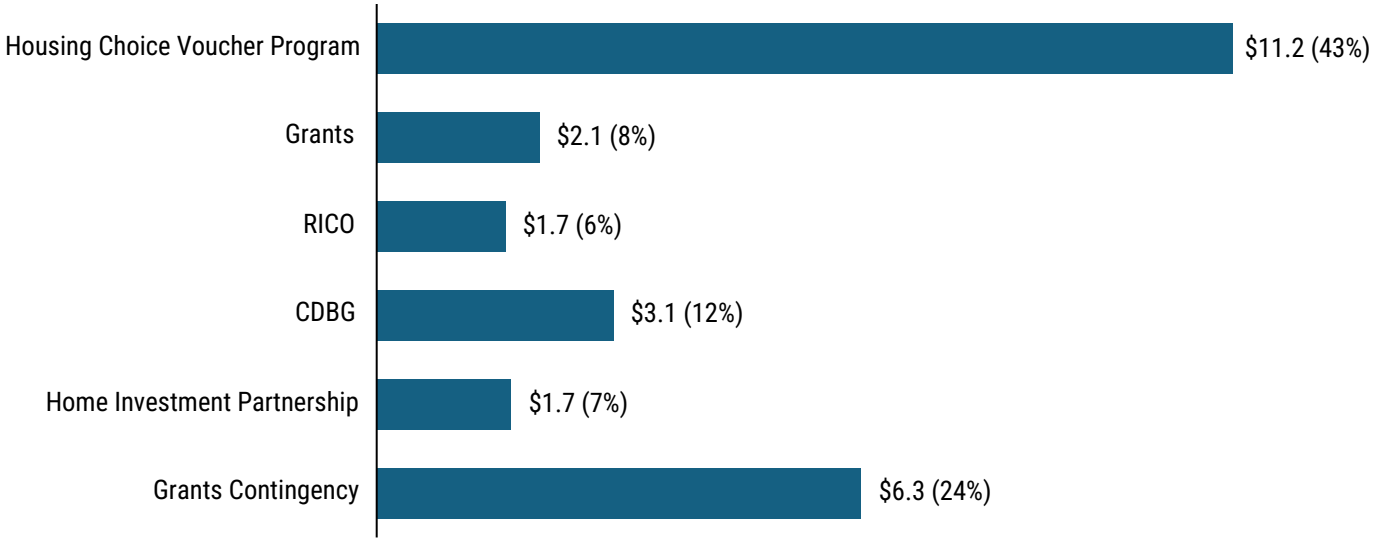
PC Replacement Fund Balance accounts for PC Replacement Fund remaining after the designation of all other reserves and contingencies. The FY 2026/27 ending fund balance is $1.5 million. This balance represents an accumulation of sources to be used for future year hardware purchases. The city has made efforts to utilize accrued fund balance beginning in FY 2024/25 by aligning the PC Replacement Fees and Computer Hardware Acquisitions with anticipated replacement schedules throughout the city.



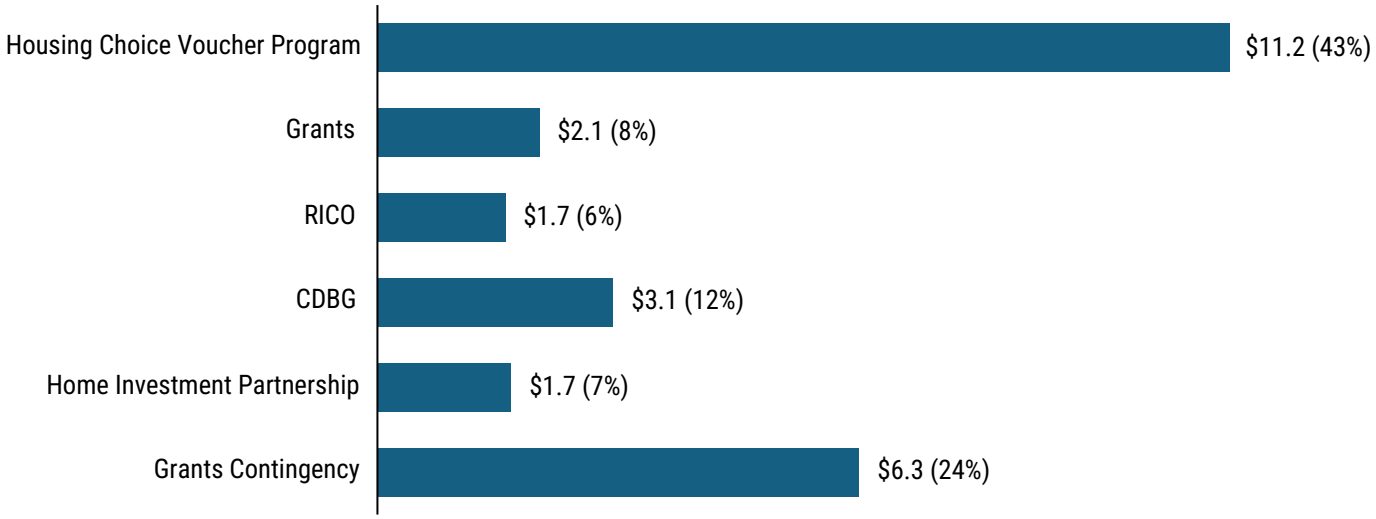
FUND PURPOSE

The Grant Funds receive and expend the city's federal, state, and local grants. The amount of grants received is generally based upon application to granting agencies by the city and through entitlement grants and are contingent upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The city will only expend grant funds that have been appropriately awarded by the granting agency and accepted in accordance with the city's grant policy.

Grant Funds Sources (% of Total)
$26.1 Million



Grant Funds Uses (% of Total)
$26.1 Million



Rounding differences may occur.

	2025/26 Adopted	2026/27 Adopted
Revenues		
Housing Choice Voucher Program	10,796,471	11,168,007
Grants[a]	5,888,059	2,123,421
RICO[b]	-	1,680,089
CDBG	1,932,511	3,086,968
HOME Investment Partnership	1,020,699	1,742,599
Subtotal	**19,637,740**	**19,801,084**
Other Activity		
Grants Contingency[a]	4,000,000	6,307,900
Subtotal	**4,000,000**	**6,307,900**
Transfers In		
CIP	1,192,098	-
Subtotal	**1,192,098**	**-**
Total Sources	**24,829,838**	**26,108,984**
Expenditures		
Housing Choice Voucher Program	10,796,471	11,168,007
Grants[a]	5,945,322	2,123,421
RICO[b]	-	1,680,089
CDBG	2,805,678	3,086,968
HOME Investment Partnership	1,270,699	1,742,599
Subtotal	**20,818,170**	**19,801,084**
Other Activity		
Grants Contingency[a]	4,000,000	6,307,900
Subtotal	**4,000,000**	**6,307,900**
Transfers Out		
CIP Technology	11,668	-
Subtotal	**11,668**	**-**
Total Uses	**24,829,838**	**26,108,984**
Sources Over/(Under) Uses	**-**	**-**

[a] Beginning FY 2026/27, contingency for awards exceeding $25,000 were moved from the Grants category to Grants Contingency.

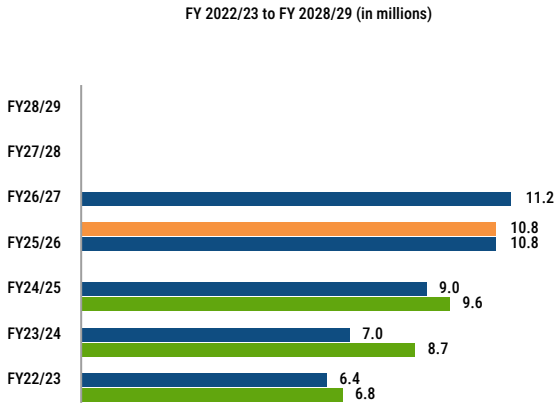
[b] Racketeer Influenced and Corrupt Organizations Act (RICO) includes state and federal grant funding. During FY 2025/26, RICO was moved from the Special Programs Fund to comply with the Schedule of Expenditures of Federal Awards (SEFA) grant reporting.

GRANT FUNDS SOURCES

Scottsdale pursues grant funding to leverage city funds to address priority program and service needs. The major areas of grant revenue consist of the Housing Choice Voucher (HCV) Program (formerly known as "Section 8"), Grants (miscellaneous federal, state, and local), Racketeering Influenced and Corrupt Organization (RICO) funds, Community Development Block Grant and Rehab Revolving Loan (CDBG), and HOME Investment Partnership (HOME) funds. Additional sources include Grants Contingency and Transfers In.

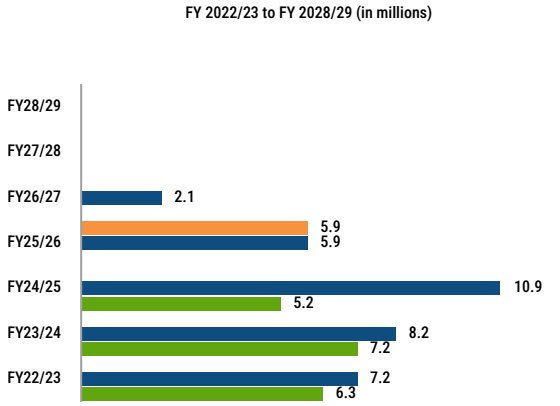
HOUSING CHOICE VOUCHER PROGRAM

The Housing Choice Voucher (HCV) Program is funded through the U.S. Department of Housing and Urban Development (HUD). This program offers rental assistance which is based upon the household's income. Families must be income eligible based on the Program Income Guidelines. The program provides affordable and safe housing opportunities for lower-income families, senior citizens, and persons with disabilities. Staff estimates the HCV allocation, including prior year's carryover for FY 2026/27 at $11.2 million. Actual revenue will vary depending on when the funds are received during the fiscal year.



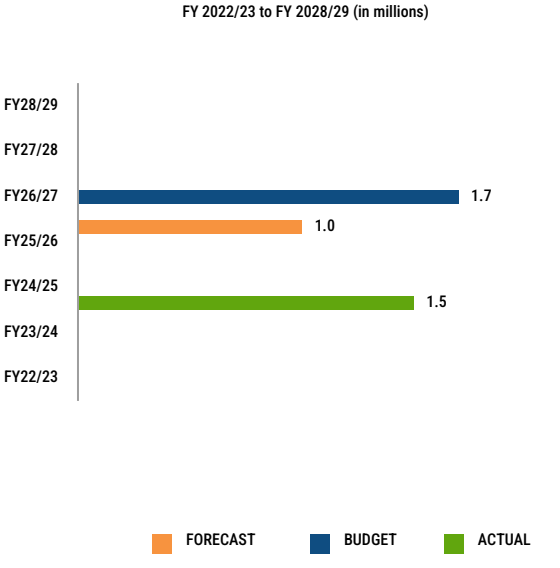
GRANTS

Grants include miscellaneous federal, state, and local grants for law enforcement, fire services, human services, transportation, and preservation projects. The FY 2026/27 budgeted revenue is $2.1 million, which is a decrease from prior years primarily due to changes in budget treatment. Beginning in FY 2025/26 anticipated grants were included in departments under the Grants category. Beginning in FY 2026/27 anticipated grants exceeding $25,000 are included in the Grants Contingency.



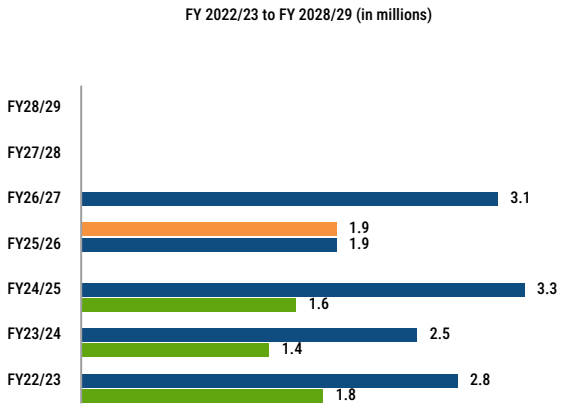
RICO

Racketeering Influenced and Corrupt Organization (RICO) includes grants for law enforcement to support programs that address crime, substance abuse, and related prevention efforts. The FY 2026/27 budgeted revenue is $1.7 million. Budgeted revenue for prior years was recorded in the Special Programs Fund.



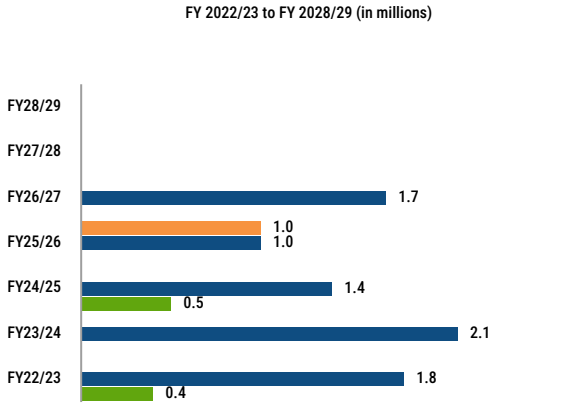
CDBG

The City of Scottsdale receives Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD). CDBG funds are provided on a formula basis to entitlement communities to develop viable urban communities by providing decent housing, suitable living environments and/or by expanding economic opportunities, primarily for low to moderate income persons. Staff estimates the CDBG and CDBG Rehab Revolving Loan Funds, including prior year's carryover for FY 2026/27 to be $3.1 million, which includes $0.1 million for Belleview Rental Operations. These fund amounts will vary depending on when the funds are received during the fiscal year.



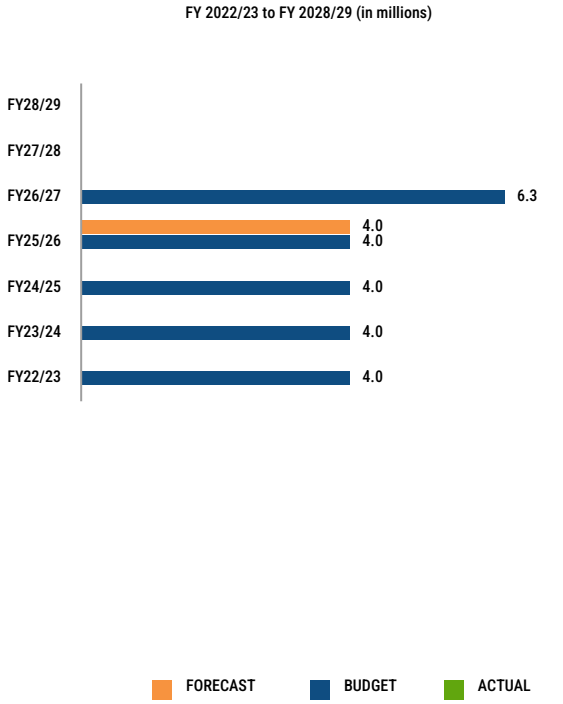
HOME INVESTMENT PARTNERSHIP

HOME Investment Partnership (HOME) funds are received through the Maricopa County Home Consortium. Staff estimates the HOME allocation, including prior year's carryover for FY 2026/27 at $1.7 million. HOME fund actual amounts will vary depending on when the funds are received during the fiscal year.



GRANTS CONTINGENCY

Grants Contingency provides for unexpected grant awards and awards exceeding $25,000 in the event that unforeseen expenses occur during the fiscal year while conducting operations. For FY 2026/27 the Grants Contingency is $6.3 million, which is an increase of $2.3 million when compared to the FY 2025/26 Grants Contingency. The increase is primarily due to moving contingency for awards exceeding $25,000 from the Grants category to Grants Contingency.

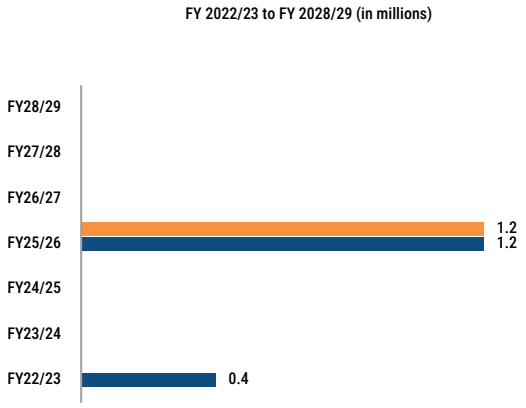


TRANSFERS IN

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

CIP

Transfers In from the Capital Improvement Plan (CIP) include funds from capital projects that were transferred back to the Grant Funds. There is no FY 2026/27 budget and currently no forecast for future years. In FY 2025/26, $1.2 million was returned to Grant Funds, the original funding source, as a result of project DK09 - Construct the Residence at Paiute not moving forward.

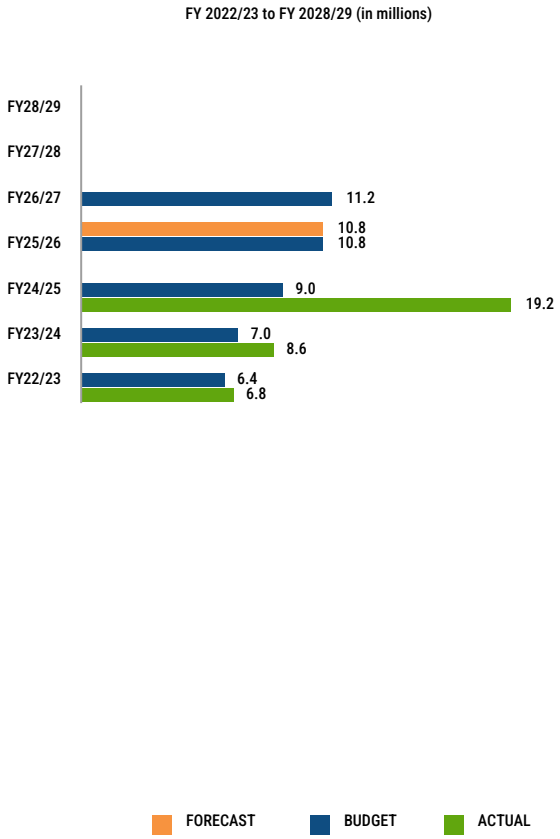


GRANT FUNDS USES

Scottsdale seeks grant funding to leverage city funds to address priority program and service needs. The major areas of grant uses consist of the Housing Choice Voucher (HCV) Program (formerly known as "Section 8"), Grants (miscellaneous federal, state, and local), Racketeering Influenced and Corrupt Organization (RICO) funds, Community Development Block Grant and Rehab Revolving Loan (CDBG), and HOME Investment Partnership (HOME) funds. Additional uses include Grants Contingency and Transfers Out.

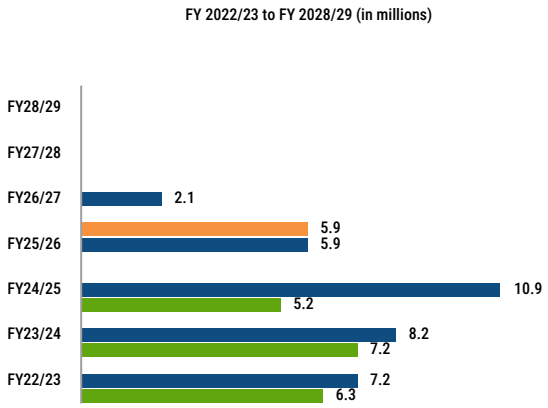
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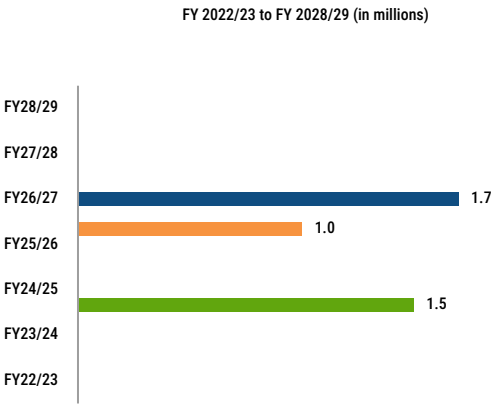
GRANTS

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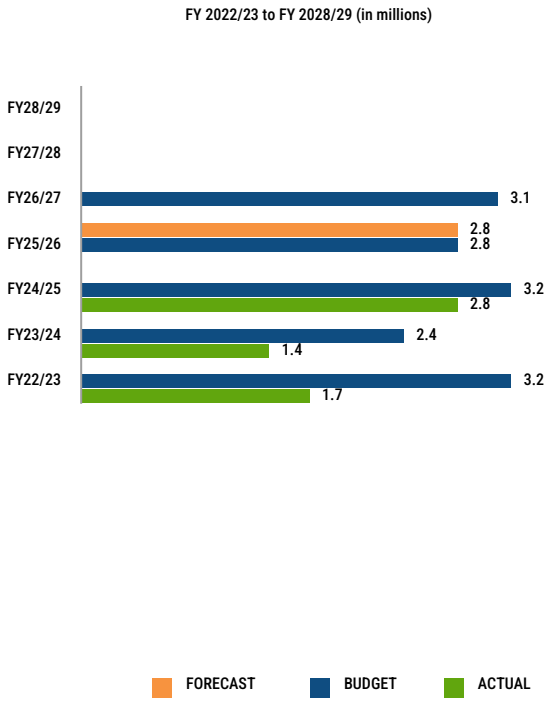
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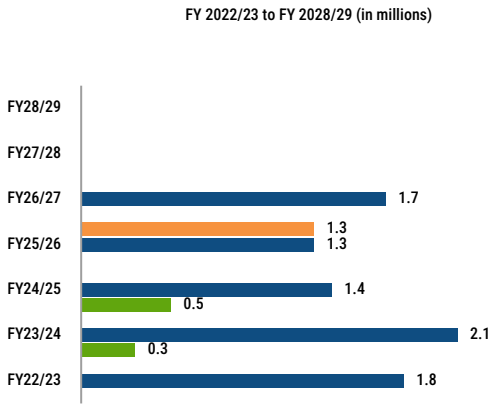
CDBG

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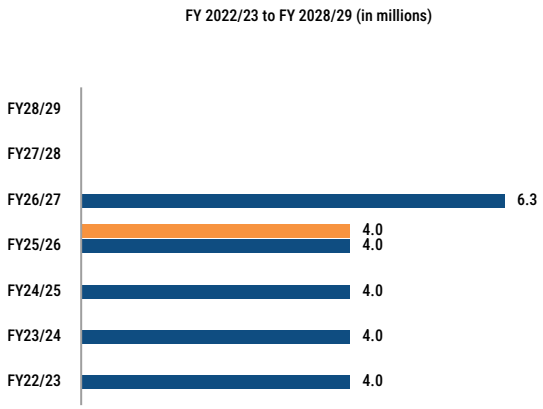
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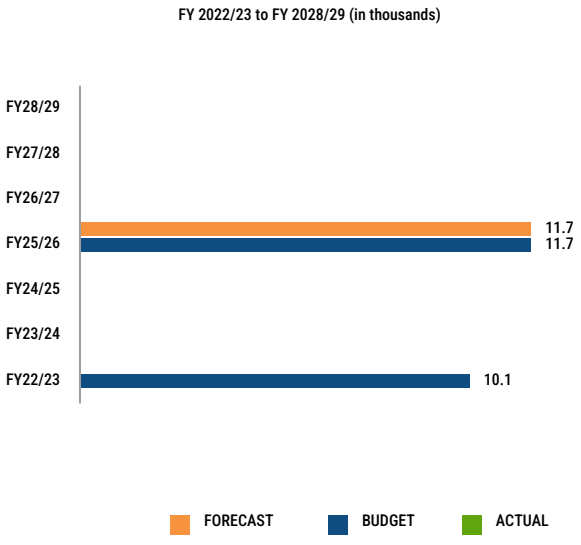


TRANSFERS OUT

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

CIP TECHNOLOGY

CIP Technology helps cover the portion of citywide technology capital projects. There is no adopted budget for FY 2026/27



FUND PURPOSE

The Special Districts Fund is used to account for proceeds received from property owners in return for the city providing agreed-upon increased levels of municipal services beyond the standard level of core city services as allowed by statute. More specifically, the fund is used to account for the city's streetlight districts.

Special Districts Fund Sources (% of Total)
$0.7 Million



Special Districts Fund Uses (% of Total)
$0.6 Million



Rounding differences may occur.

	Actual 2024/25	Adopted 2025/26	Forecast 2025/26	Adopted 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31
Beginning Fund Balance								
Streetlight Districts	(2,327)	-	(54,067)	(54,067)	-	-	-	-
Total Beginning Fund Balance	**(2,327)**	**-**	**(54,067)**	(54,067)	**-**	**-**	**-**	**-**
Revenues								
Streetlight Districts	524,816	579,465	579,465	662,985	621,096	633,518	646,189	659,112
Subtotal	**524,816**	**579,465**	**579,465**	**662,985**	**621,096**	**633,518**	**646,189**	**659,112**
Transfers In								
Operating[a]	-	3,154	3,154	-	-	-	-	-
Subtotal	**-**	**3,154**	**3,154**	**-**	**-**	**-**	**-**	**-**
Total Sources	**524,816**	**582,619**	**582,619**	**662,985**	**621,096**	**633,518**	**646,189**	**659,112**
Expenditures								
Streetlight Districts	576,556	582,619	582,619	608,918	621,096	633,518	646,189	659,112
Subtotal	**576,556**	**582,619**	**582,619**	**608,918**	**621,096**	**633,518**	**646,189**	**659,112**
TOTAL OPERATING BUDGET	**576,556**	**582,619**	**582,619**	**608,918**	**621,096**	**633,518**	**646,189**	**659,112**
Total Uses	**576,556**	**582,619**	**582,619**	**608,918**	**621,096**	**633,518**	**646,189**	**659,112**
Sources Over/(Under) Uses	**(51,740)**	**-**	**-**	**54,067**	**-**	**-**	**-**	**-**
Ending Fund Balance								
Streetlight Districts [b]	(54,067)	-	(54,067)	-	-	-	-	-
Total Ending Fund Balance	**(54,067)**	**-**	**(54,067)**	**-**	**-**	**-**	**-**	**-**

[a] FY 2025/26 transfer from the General Fund to address a one-time tax exemption.

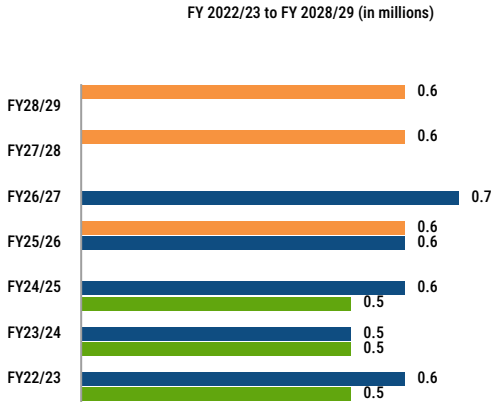
[b] The negative ending fund balance in FY 2024/25 is due to the impact of the Qasimyar v. Maricopa judgment.

SPECIAL DISTRICTS FUND SOURCES

Special Districts Fund Sources are derived from the levy assessed on property owners within the city's streetlight districts.

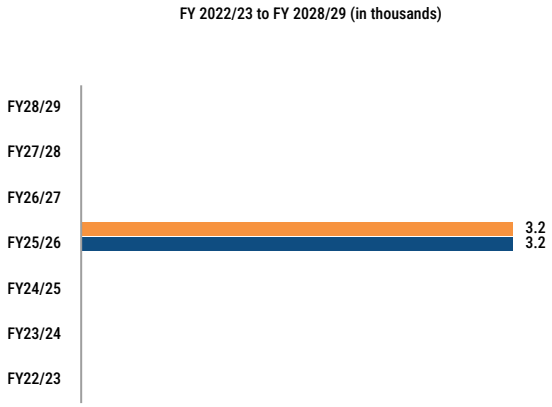
STREETLIGHT DISTRICTS

Streetlight Districts Fund revenue represents the levy assessed on property owners within each of the city's 357 streetlight districts. The streetlight levy is calculated based solely on estimated energy costs. The adopted FY 2026/27 revenue budget is $0.7 million, which represents a $0.1 million increase compared to the FY 2025/26 adopted budget, mainly due to the one-time impact from the Qasimyar v. Maricopa judgement.



TRANSFERS IN

Transfers In includes a $3,154 transfer from the General Fund to address a one-time tax exemption in FY 2025/26.



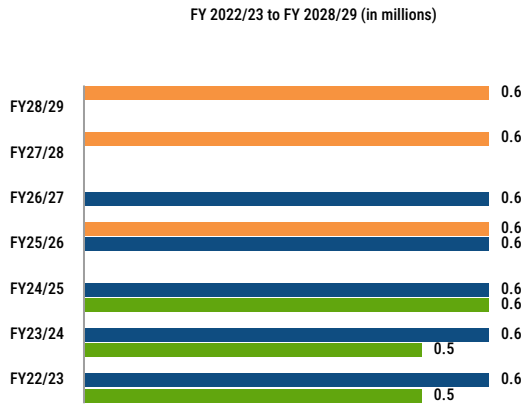
SPECIAL DISTRICTS FUND USES

Special Districts Fund Uses consists of streetlight districts expenditures. The cost of operating each streetlight district varies based on the cost of electricity usage and number of streetlights.

FORECAST BUDGET ACTUAL

STREETLIGHT DISTRICTS

Streetlight Districts adopted FY 2026/27 expenditures budget is $0.6 million and will be used for electricity costs of streetlights installed within certain areas throughout the city.



SPECIAL DISTRICTS FUND BALANCE

Growth of fund balance occurs when sources exceed uses. Any fund balance, negative or positive, achieved during a fiscal year is re-budgeted the following fiscal year to ultimately keep the reserve at a $0 balance. A historical summary of the city's Special Districts Fund ending balance is as follows:

STREETLIGHT DISTRICTS

The FY 2026/27 Streetlight Districts ending fund balance is projected to be $0. The ending balance from the prior year-end amount, either positive or negative, will be carried forward to the future year and is available to be re-budgeted, ultimately reducing the existing reserve to a $0 balance. The negative ending fund balance in FY 2024/25 actual and FY 2025/26 forecast is due to the one-time impact of the Qasimyar v. Maricopa judgement.

