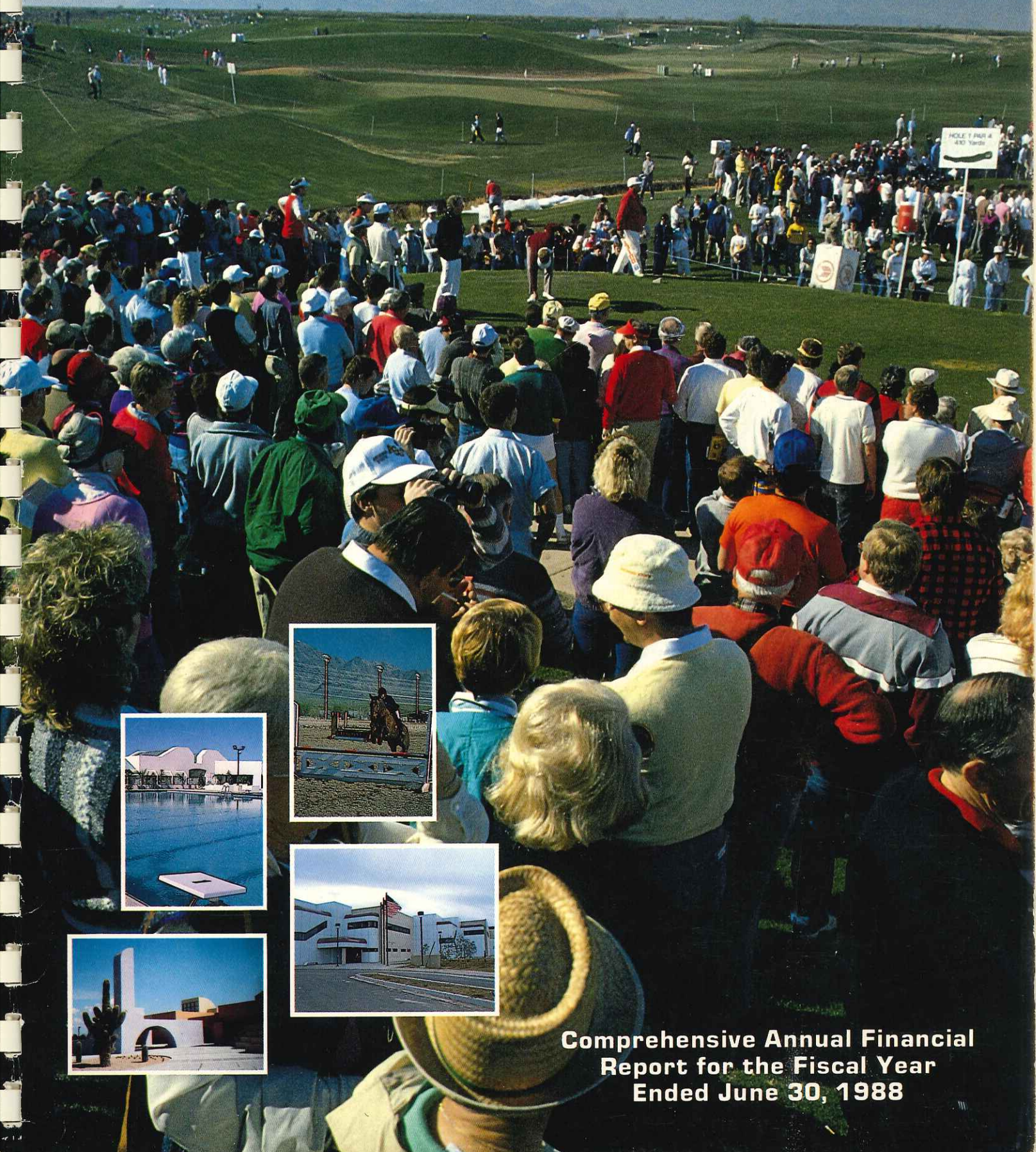


CITY OF SCOTTSDALE ARIZONA



**Comprehensive Annual Financial
Report for the Fiscal Year
Ended June 30, 1988**

About The Cover

Responding to the needs of its citizens is high priority within the city of Scottsdale. Fiscal year 86-87 saw the fruition of several community amenities which will serve residents and visitors not only in the year ahead, but for decades to come.

One of the most recent additions to the city's park network is the Cactus Park Aquatics and Fitness Center. Located on 17 acres at the northeast corner of Scottsdale and Cactus Roads, the facility functions as an innovative family fitness center and an integral part of the city's flood control system. Included at the facility is an Olympic-sized pool with a surface area of 17,000 square feet and an 800,000 gallon capacity. Cactus Pool is the largest 50-meter pool in the state of Arizona.

Horseman's Park, one of the largest and finest equestrian centers in the United States, also debuted in 1987 — providing a unique equestrian facility of major economic consequence to the city. Located on 356 acres of land along the north side of the Central Arizona Canal, south of Bell Road in Scottsdale, the park caters to the local horseman and international horse breeder alike. The park includes seven arenas, two polo fields, grand prix areas, 480 permanent stalls and exhibition space.

Adding to the city's long list of recreational amenities, the recently completed Tournament Players Club at Scottsdale was the first of its kind to be constructed in the United States TPC network. Built on 400 acres, the two-course facility includes a stadium course and a desert course (municipal), both open for public play on a daily basis. The Stadium Course is the new permanent home of the Phoenix Open with a capacity of more than 50,000 fans per day. In February, 1987, Scottsdale hosted its first Phoenix Open - drawing record crowds.

To better serve patrons in Scottsdale, the community's first branch library — Mustang Library — has come on line. Located on 90th Street just south of Shea Boulevard, the 30,500 foot branch features state-of-the-art electronics and a unique children's "storytime" room.

And finally, one of the most exciting service-related facilities to be completed in 1987 was the city's corporation yard at 9191 E. San Salvador. It houses Field Services, Field Operations Administration, Fleet Management, Purchasing, Field Inspections, Building Inspections, Inspection Services Administration, the city's warehouse, Sanitation, and Water and Wastewater — approximately 260 employees. The new location allows prompter service to the northern portion of the city and significant savings are realized from reduced staff time and transportation costs to serve all areas.

Illustrated on our cover — against the backdrop of the Tournament Players Club of Scottsdale — are (from left to right - top row): Cactus Park, Horseman's Park; (second row): Mustang Library and the city's new Corporation Yard.



**CITY OF SCOTTSDALE, ARIZONA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 1988**

**CITY COUNCIL
HERBERT R. DRINKWATER, MAYOR**

**SAM KATHRYN CAMPANA
ROSS DEAN
MYRON R. DEIBEL**

**SUSAN BITTER SMITH
BILL SODERQUIST
BILL WALTON**

**THOMAS J. WILSON, ACTING CITY MANAGER
RICHARD A. BOWERS, ACTING ASSISTANT CITY MANAGER**

Prepared by

**Management Services Department
James A. Jenkins
Management Services General Manager/City Treasurer**

**Larry G. Aungst
Accounting And Budget Director**

ORGANIZATIONAL STRUCTURE FOR SCOTTSDALE CITY GOVERNMENT

PERSONNEL BOARD FINE ARTS COMMISSION HUMAN SERVICES ADVISORY COMMISSION PLANNING COMMISSION
 LIBRARY ADVISORY BOARD BOARD OF ADJUSTMENT PARKS & RECREATION COMMISSION AIRPORT ADVISORY COMMISSION
 DEVELOPMENT REVIEW BOARD BUILDING ADVISORY BOARD OF APPEALS CABLE TELEVISION COMMISSION

Citizen advisory groups such as those above provide input and make recommendations to the City Council in a variety of areas

MAYOR
HERBERT R. DRINKWATER

CITY CLERK >
DICK BOWERS
CITY ATTORNEY >
THOMAS J. WILSON

SUSAN BITTER SMITH
MYRON R. DEIBEL

CITY COUNCIL
SAM KATHRYN CAMPANA
BILL SODERQUIST

ROSS DEAN
BILL WALTON

< CITY JUDGE
GEORGE PRESTON
< CITY TREASURER
JIM JENKINS
< INTERNAL AUDITOR
MICHAEL ASHCRAFT

ACTING CITY MANAGER
Human Resources ----- THOMAS J. WILSON

ASSISTANT CITY MANAGER
ACTING ASSISTANT CITY MANAGER DICK BOWERS

City Departments and Divisions

<u>GENERAL GOVERNMENT</u>	<u>COMMUNITY SERVICES</u>	<u>MANAGEMENT SERVICES</u>	<u>POLICE DEPARTMENT</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>FIELD OPERATIONS</u>	<u>SPECIAL PROJECTS</u>	<u>PLANNING & ECONOMIC DEVELOPMENT</u>
<u>DICK BOWERS</u> DEPUTY CITY MGR	<u>BOB FROST</u> GENERAL MANAGER	<u>JIM JENKINS</u> GENERAL MANAGER	<u>FRED COLLINS</u> CHIEF	<u>BARBARA BURNS</u> GENERAL MANAGER	<u>CARL DARDEN</u> GENERAL MANAGER	Vacant	<u>LARRY BUSSARD</u> GENERAL MANAGER
Airport Cable Comcns City Clerk City Court Communications & Public Affairs Intergovernmental Relations Office of Management Systems Custodial Services Water Resources	Arts Human Services Library Parks Recreation	Accounting/ Budget Customer Svcs Purchasing Risk Mgmt	Patrol Bureau Criminal Investigations Bureau Technical Svcs Bureau	Community Projects Development Svcs Inspection Svcs Project Coord Project Mgmt Project Review Master Planning	Field Svcs Fleet Mgmt Planet Ranch Sanitation Water & Wastewater	Special developmental & long-range projects	Advance Planning Downtown & Neighborhood Development Community & Economic Development Economic Dev. Transit CDBG/Hsg Rehab CDBG/Pub Service

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1988

TABLE OF CONTENTS

		<u>PAGE</u>
ORGANIZATION CHART		i
INTRODUCTORY SECTION		
Letter of Transmittal - General Manager		
Management Services/City Treasurer		I-XVII
Certificate of Achievement for Excellence in Financial Reporting		XVIII
FINANCIAL SECTION		
	<u>EXHIBITS</u>	
	<u>FINANCIAL</u> <u>SUPPLEMENTAL</u>	
	<u>STATEMENTS</u> <u>INFORMATION</u>	
AUDITOR'S REPORT		1
GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements - Overview)		
Combined Balance Sheet - All Fund Types and Account Groups	A-1	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trusts Fund	A-2	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) Budget and Actual - Budget Basis - General, Special Revenue, and Debt Service Funds	A-3	5
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficit) - All Proprietary Fund Types	A-4	6
Combined Statement of Changes in Financial Position - All Proprietary Fund Types	A-5	7
Combined Statement of Revenues and Expenditures - Budget and Actual - Budget Basis - All Proprietary Fund Types	A-6	8
Notes to Financial Statements		9 - 41
INDIVIDUAL FUNDS FINANCIAL STATEMENTS		
General Fund		
Explanatory Comments		43
Balance Sheet	B-1	44
Statement of Revenues, Expenditures, and Changes in Fund Balance	B-2	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budget Basis		B-3 46
Schedule of Revenues - Budget and Actual - Budget Basis		B-4 47
Schedule of Expenditures by Object		B-5 48

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1988

TABLE OF CONTENTS

	EXHIBITS		PAGE
	FINANCIAL STATEMENTS	SUPPLEMENTAL INFORMATION	
INDIVIDUAL FUNDS FINANCIAL STATEMENTS (Continued)			
Special Revenue Funds			
Explanatory Comments			49
Combining Balance Sheet	C-1		50
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	C-2		51
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) - Budget and Actual - Budget Basis		C-3	52
Combining Schedule of Revenues and Other Sources		C-4	53
Combining Schedule of Expenditures By Object		C-5	54
Debt Service Funds			
Explanatory Comments			55
Combining Balance Sheet	D-1		56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2		57
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Budget and Actual - Budget Basis		D-3	58
Capital Projects Funds			
Explanatory Comments			59
Combining Balance Sheet	E-1		60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2		61
Combining Schedule of Expenditures by Object		E-3	62
Trust and Agency Fund			
Explanatory Comments			63
Combining Balance Sheet	F-1		64
Statement of Revenues, Expenditures, and Changes in Fund Balance	F-2		65
Schedule of Expenditures by Object		F-3	66

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1988

TABLE OF CONTENTS

	EXHIBITS		PAGE
	<u>FINANCIAL STATEMENTS</u>	<u>SUPPLEMENTAL INFORMATION</u>	
INDIVIDUAL FUNDS FINANCIAL STATEMENTS (Continued)			
Enterprise Funds			
Explanatory Comments			67
Combining Balance Sheet	G-1		68- 69
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficit)	G-2		70
Combining Statement of Changes in Financial Position	G-3		71
Combining Schedule of Revenues and Expendi- tures - Budget and Actual - Budget Basis		G-4	72
Internal Service Funds			
Explanatory Comments			73
Combining Balance Sheet	H-1		74
Combining Statement of Revenues, Expenses, and Changes in Accumulated Deficits	H-2		75
Combining Statement of Changes in Financial Position	H-3		76
Combining Schedule of Revenues and Expendi- tures - Budget and Actual - Budget Basis		H-4	77
General Fixed Assets Account Group			
Explanatory Comments			79
Schedule of General Fixed Assets by Source		I-1	80
Schedule of General Fixed Assets by Function and Activity		I-2	81
Schedule of Changes in General Fixed Assets by Function and Activity		I-3	82
Debt Requirements			
Explanatory Comments			83
Schedule of Changes in Long-Term Debt		J-1	84- 85
Debt Services Requirements to Maturity		J-2	86- 88

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1988

TABLE OF CONTENTS

STATISTICAL SECTION	<u>TABLE</u>	<u>PAGE</u>
General Governmental Expenditures by Function - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	I	89
General Governmental Revenue by Source - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	II	90
Tax Revenue by Source - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	III	90
Property Tax Levies and Collections - Last Ten Fiscal Years	IV	91
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	V	92
Property Tax Rates and Tax Levies - All Overlapping Governments - Last Ten Fiscal Years	VI	93
Principal Taxpayers	VII	94
Special Assessment Collections and Billings - Last Ten Fiscal Years	VIII	95
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	IX	96
Computation of Legal Debt Margins	X	97
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years	XI	98
Water and Sewer Utility Revenue Bond Coverage - Last Ten Fiscal Years	XII	99
Demographic Statistics - Last Ten Fiscal Years	XIII	100
Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years	XIV	101
Arizona Public Safety Retirement System - Last Ten Fiscal Years	XV	102
Miscellaneous Statistical Data	XVI	103
Schedule of Insurance in Force	XVII	104-109
Salaries and Surety Bonds of Principal Officials	XVIII	110
Expenditure Limitation	XIX	111

**INTRODUCTORY
SECTION**



August 22, 1988

To The Honorable Mayor and City Council
City of Scottsdale, Arizona

Dear Mayor and City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (City), Arizona, for the fiscal year ended June 30, 1988, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget Division. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Staff believes the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report consists of three sections. The Introductory Section contains this letter of transmittal which highlights the financial affairs of the City for the fiscal year and the Certificate of Achievement for Excellence in Financial Reporting issued to the City for its June 30, 1987, annual financial report. The Financial Section includes: (1) the opinion of the independent certified public accountants based upon their audit as required by City Charter and State Law; (2) combined financial statements; (3) combining statements - by fund type and individual fund; and (4) schedules presenting greater detail for information reported in the statements. The Statistical Section includes financial information for both prior and current periods of time and related non-financial data which provide insight into the financial basis of the City.

Financial Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units.

The Proprietary Funds are maintained on the accrual basis of accounting. The accrual basis of accounting recognizes revenue when earned and expenses when incurred. The Governmental and Fiduciary Funds are maintained on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenue when measurable and available. Expenditures are recognized when liabilities are incurred.

Financial Policies (Continued)

The City's accounting system gives due consideration to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to be adequate to safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained by a monthly allotment system and the encumbrance of allotment balances with purchase orders prior to their release to vendors. Purchase orders which exceed allotment balances are not released until additional appropriations are made. Open encumbrances are reported as reservations of fund balance at June 30, 1988.

This report includes the funds and account groups of all organizational entities for which the City has oversight responsibility and are consequently determined to be includable in the City's financial reporting entity in accordance with Governmental Accounting Standards Board Statement No. 1. The statements include the activities and functions of the City of Scottsdale Municipal Property Corporation but not those of the Industrial Development Authority, the Scottsdale Cultural Council, the Scottsdale Public School System, and the Scottsdale Memorial Hospital. Further data defining these determinations is available in the Notes to Financial Statements.

Financial Overview

A comparison of fund balances for Governmental and Fiduciary Funds indicates a small decrease in total fund balance. The General Fund increase results from a residual equity transfer from the Water/Sewer Fund, repaying capital items previously contributed from the General Fund. The Debt Service Fund decreased significantly due to removal of debt service reserves as part of the refunding of two Municipal Property Corporation issues. The reserve balances were transferred to the Capital Projects Funds. The Capital Projects Fund decreased due to the expenditure of funds for the various capital projects in excess of new fundings.

Financial Overview (Continued)

<u>Fund Balances</u>	<u>FY 1987-88</u>	<u>FY 1986-87 (1)</u>	<u>Increase (Decrease)</u>
General	\$44,713,417	\$36,222,230	\$ 8,491,187
Special Revenue			
Highway User	603,740	301,180	302,600
Community Development	35,237	35,237	
Grants	136,265	144,604	(8,339)
Debt Service	12,927,902	17,384,393	(4,456,491)
Capital Projects	20,152,964	25,384,296	(5,231,332)
Trust and Agency	<u>977,971</u>	<u>1,023,250</u>	<u>(45,279)</u>
TOTAL FUND BALANCES	<u>\$79,547,496</u>	<u>\$80,495,150</u>	<u>\$ (947,654)</u>

(1) Restated for Special Assessments to comply with GASB Statement No. 6.

A comparison of total retained earnings for Proprietary Funds reveals a substantial increase over last year. Water and Sewer increased significantly over last year. This is necessary to fund the extensive capital improvement expenditures that are planned to keep pace with the City's growth. Airport, Motor Pool, and Self-Insurance all decreased. The Airport decrease was due to an increase in the depreciation expense. The Motor Pool decrease was the result of user rates not sufficient to cover current expenses. The Self-Insurance retained earnings decreased due to an increase in the cost of claims.

The total fund equity for the Airport, Motor Pool, and Self-Insurance is \$11,157,413, \$7,228,601, and \$778,252, respectively.

	<u>FY 1987-88</u>	<u>FY 1986-87</u>	<u>Increase (Decrease)</u>
Water and Sewer	\$66,986,697	\$53,951,911	\$13,034,786
Airport	(2,424,058)	(1,959,361)	(464,697)
Motor Pool	(955,122)	(852,497)	(102,625)
Self-Insurance	<u>(1,104,836)</u>	<u>(862,160)</u>	<u>(242,676)</u>
TOTAL RETAINED EARNINGS	<u>\$62,502,681</u>	<u>\$50,277,893</u>	<u>\$12,224,788</u>

Governmental and Fiduciary Funds Revenue

Revenue for Governmental and Fiduciary Funds totaled \$92,580,090 in 1988, an increase of 8.5 percent over 1987. Taxes - Local increased \$3,395,150 over 1987, with local privilege tax and property tax sharing the major portion of the increase. Taxes - Intergovernmental increased \$944,603 over 1987, with State Shared Sales Tax and the Gas Tax providing the significant change as the economy remains strong in 1988. Grants decreased \$16,820 from last year's actual as a result of decreased federal aid. Charges for current services exceed last year's actual by \$1,526,555, which represents continued strength in the construction industry. Use of Money and Property decreased \$1,094,465 from 1987 because of declining interest rates. Other revenue increased \$1,544,419 because of the receipt of non-recurring revenues. Fines and Forfeitures increased \$424,353 due to increased collection efforts. CIP Reimbursements decreased \$642,241 from 1987 because fewer joint projects were authorized. Special Assessments increased \$1,814,464 over 1987 reflecting the addition of new improvement districts.

<u>Revenue Source</u>	<u>FY 1987-88</u>	<u>FY 1986-87 (1)</u>	<u>Increase (Decrease)</u>	<u>Z</u>
Taxes - Local	\$37,560,884	\$34,165,734	\$ 3,395,150	4.0
Taxes-Intergovernmental	21,874,445	20,929,842	944,603	1.1
Grants	1,261,956	1,278,776	(16,820)	(1.3)
Special Assessments	3,132,161	1,317,697	1,814,464	137.7
Licenses	489,775	474,633	15,142	3.2
Charges for Current Services	10,921,238	9,394,683	1,526,555	16.2
Fines and Forfeitures	1,515,621	1,091,268	424,353	38.9
Use of Money & Property	8,915,111	10,009,576	(1,094,465)	(10.9)
Other	5,706,903	4,162,484	1,544,419	37.1
CIP Reimbursements	<u>1,201,996</u>	<u>1,844,237</u>	<u>(642,241)</u>	<u>(34.8)</u>
Total	\$92,580,090	\$84,668,930	\$ 7,911,160	9.3

(1) Restated for Special Assessments to comply with GASB Statement No. 6.

Another interesting comparison is that of percentage contribution by revenue source, relative to total revenues. This comparison generally shows changes that are explained above.

<u>Revenue Source</u>	<u>FY 1987-88</u>	<u>FY 1986-87</u>	<u>Increase (Decrease)</u>
Taxes - Local	40.6%	40.3%	0.3%
Taxes-Intergovernmental	23.7	24.7	(1.0)
Grants	1.3	1.5	(0.2)
Special Assessments	3.4	1.6	1.8
Licenses	0.5	0.6	(0.1)
Charges for Current Services	11.8	11.0	0.8
Fines and Forfeitures	1.6	1.3	0.3
Use of Money & Property	9.6	11.9	(2.3)
Other	6.2	4.9	1.3
CIP Reimbursements	<u>1.3</u>	<u>2.2</u>	<u>(0.9)</u>
Total	100.0%	100.0%	0.0

Governmental and Fiduciary Funds Expenditures

Expenditures of Governmental and Fiduciary Funds decreased by 6.7% or \$8,591,919 from 1987. The decreases occurred in Capital Improvements which decreased \$17,150,081. Capital Improvements decreased due to a reduction in the amount of available bond proceeds to fund Capital Improvements. All other departments increased expenditures from 1987, with all increases occurring as planned in the budget. The changes represent normal growth of the City's expanding facilities and workforce.

<u>Department</u>	<u>FY 1987-88</u>	<u>FY 1986-87 (1)</u>	<u>Increase (Decrease)</u>	<u>%</u>
General Government	\$ 4,793,207	\$ 3,775,692	\$ 1,017,515	26.9%
Police	13,571,954	11,836,704	1,735,250	14.7
Management Services	2,665,064	2,190,533	474,531	21.7
Field Operations	13,041,269	11,872,258	1,169,011	9.8
Community Services	12,455,464	10,294,757	2,160,707	21.0
Community Development	6,129,906	5,883,408	246,498	4.2
Non-Departmental	5,050,065	3,912,789	1,137,276	29.1
Planning and Economic Development	2,832,217	2,583,452	248,765	9.6
Fire	4,155,740	3,973,055	182,685	4.6
Capital Improvements	28,919,820	46,069,901	(17,150,081)	(37.2)
Debt Service	<u>26,551,691</u>	<u>26,365,767</u>	<u>185,924</u>	<u>0.7</u>
Total	<u>\$120,166,397</u>	<u>\$128,758,316</u>	<u>\$(8,591,919)</u>	<u>(6.7)</u>

(1) Restated for Special Assessments to comply with GASB Statement No. 6.

Treasury Management

Temporarily idle cash, excluding Municipal Property Corporation and ICMA Plan investments, was invested during the year in Time Certificates of Deposit, U.S. Treasury Securities, Federal Agency Securities, the State of Arizona Investment Pool, and Repurchase Agreements. These investments yielded 8.36% on an average daily invested balance of \$93,876,028. At June 30, 1988, all investments totaled \$84,779,468 and consisted of:

Federal Agency Securities	\$10,412,468	12.3%
State Investment Pool	74,220,000	87.5
Improvement District Bonds	<u>147,000</u>	<u>0.2</u>
	<u>\$84,779,468</u>	<u>100.0%</u>

The maturities for these investments range from one day to thirty years with interest yields from 6.5% to 12.75%.

Debt Administration

The ratio of annual debt service for general bonded debt to total general expenditures provides an indication of a municipality's ability to meet debt service requirements. This percentage is 6.26 percent for 1987-88 compared to 7.11 percent for 1986-87. More detailed information about bonded debt can be found in the Statistical Section (Table XI).

The City presently has the following bond ratings: General Obligation Bonds - Moody's Investor Service Aa1, Standard and Poor's AA; Water and Sewer Revenue Bonds - Moody's Investor Service A1, Standard and Poor's A; Highway User Revenue Bonds - Moody's Investor Service A1, Standard and Poor's AA. Additionally, the City has a legal debt margin of \$54,708,382 for 6% General Obligation Bonds and \$180,931,695 for 20% General Obligation Bonds. There is no legal limit on Revenue Bonds.

General Fixed Assets

The general fixed assets of the City are those assets used in the performance of general governmental functions and exclude the fixed assets of utilities and other enterprise activities. As of June 30, 1988, the general fixed assets of the City amounted to \$622,497,448. This amount represents the original cost of assets or the estimated fair market value of the asset at the time of contribution by a developer or other party to the City. The values for land and for buildings and improvements for statement purposes are considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

Water and Sewer System

The retained earnings for the water and sewer system have increased \$13,034,786 over last year. The primary reasons for this increase are higher revenues for water service charges of \$6,473,687 and development fees of \$3,611,986.

Expenses have increased \$3,773,970 over last year for a total of \$20,548,101. Interest expense increased \$1,357,669 due in part to the financing of the purchase of the portion of the Phoenix Water System in Scottsdale. Depreciation and amortization expense increased \$1,541,371 over last year due to the added system facilities.

Airport

The net loss for the Airport increased \$244,138 from last year to \$464,697 for fiscal year 1987-88. Revenue increased \$70,735 from last year while expenses increased \$294,873.

Public Housing Fund

The Public Housing Fund is operated in conjunction with the Neighborhood Development Project providing low-cost, subsidized housing for those families that were displaced by the project. During 1984-85 all remaining rental properties were sold. Notes Receivable in the amount of \$225,740 are held by the City from the property sales.

Internal Service Funds

These funds provide services or commodities to other divisions within the City. The intent is to be self-sustaining by charging the users a fee that is consistent with the fund's cost of providing the service. The Motor Pool Fund had a decrease in unreserved retained earnings of \$102,625 on total revenue of \$4,601,257 up from last year's total revenue of \$3,905,295. This revenue increase was planned this year to eliminate the current accumulated deficit.

The Self-Insurance Fund's unreserved retained earnings decreased \$242,676 due to increased claim payments.

Significant Events and Accomplishments for Fiscal Year 1987-88

- o The local economy registered an improvement over last year.

Local Privilege Tax receipts increased \$1,679,933 or 6.9 percent. Inflation as measured by the Phoenix Metro CPI increased 3.9 percent during the same period.

State Shared Sales Tax increased \$279,315 or 4.8 percent. This tax source did not grow as much as the local privilege tax.

Four thousand two hundred seventy-four (4,274) residential building unit permits were issued, up 1,733 permits from last year. Single family unit permits were down 241 and multi-family unit permits were up 1,974.

Residential and non-residential permit valuations totaled \$799.3 million for 1987-88, up \$157.6 million over last year. Of the total, residential permit values were \$546.1 million, up \$145.4 million over last year.

- o The City Council approved a management services agreement with the Scottsdale Cultural Council, a private, non-profit organization, which places responsibility for the City's arts and cultural affairs, including the management and operation of the Scottsdale Center for the Arts, with the private sector.

Significant Events and Accomplishments for Fiscal Year 1987-88 (Continued)

- o The Scottsdale School District and the City signed a Master Agreement to further improve cooperation between the two entities. The Master Agreement specifically included shared use of facilities, transportation and traffic issues, cooperative delivery of human services, and planning for future public facilities.
- o The nine member Neighborhood Beautification Awards Committee launched the monthly Pride Awards Program in January, recognizing citizens who make outstanding efforts to maintain or upgrade their properties.
- o Negotiated a 1% increase in the cable license agreement fee with United Cable Television of Scottsdale. Additional revenues to the City's general fund in 1988-89 will be \$100,000 and are estimated at \$1.651 million over the 10 years remaining on the agreement.
- o Installed the new Unisys 1100/92 computer system, July, 1987.
- o Installed and implemented software for Budgetary Control, which allows online tracking of encumbrances, and Fixed Assets.
- o Implemented NCR's Computer Aided Dispatch computer system for the Police Department, September, 1987.
- o Completed new computer training room facilities and implemented the Solution Center. The Solution Center offers individual assistance to customers to help them solve business problems using automated tools.
- o Implemented Fleet Management's new software system, ATRAC, which replaced the outside vendor, in April, 1988.
- o Implemented a PC-based software for Risk Management, utilizing a local area network.
- o Installed and implemented the Universal Automated Records Management System.
- o Processing of Notices of Parking Violation was transferred to City Court to ensure due process rights for defendants contesting their notices.
- o City Court implemented a Collections Program aimed at increasing the 50% fine collection rate currently realized.
- o City Court processed 54,514 complaints in FY 1987-88.
- o "Pitch In To Pitch Out" campaign resulted in 815 cubic feet of records destroyed, equivalent to 139 filing cabinets.

Significant Events and Accomplishments for Fiscal Year 1987-88 (Continued)

- o Passport Services are provided by the County one day per week at City Hall.
- o Ground was broken for the installation of a new FAA Air Traffic Control Tower. This \$2,000,000 tower will enhance the safety of operations in and around the airport and was funded entirely by the FAA.
- o The Scottsdale Privatized CAP Water Treatment Plant delivered more than 3 billion gallons of treated water during FY 1987-88 (8 million gallons per day average). This allows the City to reduce its groundwater pumping by an equal amount of water treated.
- o A total of 13.4 billion gallons (41,050 acre feet) of water was produced to serve Scottsdale residents. Water production included groundwater pumped from Scottsdale and Phoenix wells, treated water purchased from Phoenix, and CAP water.
- o In April, 1988, the ownership of the Troon Village Wastewater Reclamation Plant was transferred to the City from Desert Foothills Developers.
- o A total of 9,146 acre feet of CAP water were purchased in FY 1987-88.
- o In maturing City neighborhoods 600,000 square yards of asphalt treatment was applied to City streets.
- o Sanitation provided residential and brush collection to 1,670 additional homes in FY 1987-88, an increase of 4.7%. For the tenth consecutive year, the increase was absorbed by the 48 full-time Sanitation employees.
- o Sanitation collected 98,338 tons, or 196,676,000 pounds of refuse, an average of 1,549 pounds per citizen.
- o Residential refuse collection rates were increased from \$6.50 per month to \$7.50 per month, and commercial rates were increased by an average of 14.6%, effective August 6, 1987.
- o In keeping with the City's policy to be a leader in pollution reduction, the Fleet Management Division has installed Stage II vapor recovery systems on gas pumps at the Corporation Yard and the Civic Center Police Station. The nozzles help to reduce gasoline vapor pollution.
- o In August, 1987, the Patrol Bureau was granted permission to begin a Canine Program. Six dogs were purchased and six handlers were selected. The teams were trained and began duty in Scottsdale in October. One team is trained for Narcotic detection and one for Explosive detection.
- o A Volunteer Program was developed by the Police Department. The volunteers are increasing the productivity of the Police Department by providing services to the community that full-time personnel are unable to accomplish.

Significant Events and Accomplishments for Fiscal Year 1987-88 (Continued)

- o Burglaries reported were lower by 400 cases than the prior year. This is due in part to the Police Department's participation in a Burglary Task Force, emphasis on repeat offenders, and efforts of the Surveillance Squad to target known and suspected burglars.
- o Completion of the fourth and last phase of construction on Hayden Road between McKellips to Oak and on McDowell between the Indian Bend Wash and 82nd Street. This was a two year project at a cost of \$8,086,850.
- o Completion of the 70th Street/Earll Interceptor Sewer at a cost of \$938,950. This sewer will provide relief to the Indian School Road line and complete a segment of the ultimate Downtown Master Plan.
- o The Bicycle Task Force completed a comprehensive revision to the City's Bicycle Plan. Included in the plan was extensive research, a survey of bicycle users, cycling traffic counts, and recommended policies for cycling.
- o On June 21, 1988, the City Council adopted the Downtown Cultural Improvements Ordinance. The Ordinance requires developers of Planned Block Developments in the Downtown to use 1% of the project's building valuation for public artwork.
- o Began the initial preliminary design phase for Streetscape Improvement Plans for the Fifth Avenue and Old Scottsdale areas.
- o City and SRP are preparing a joint use agreement for development of the canal bank throughout Downtown Scottsdale.
- o The Residential Accessibility Modification Program (RAMP) was designed and implemented. Following the successful Housing Rehabilitation Program format, this activity is being made available to eligible handicapped homeowners to make their homes accessible.
- o Public service funds totaling \$85,300 were allocated to 13 social service agencies whose target population is Scottsdale residents. Approximately 2,600 residents have directly benefited to date from this allocation.
- o The City of Scottsdale received from the Regional Public Transportation Authority the Golden Spoke Award for the participation of City employees in the use of bicycles as alternate means of transportation to and from work.
- o In September, 1987, a survey was completed which identified historic and prehistoric resources within the City's northern boundaries. This survey will aid in the planning for future development of the area north of Deer Valley Road.

Significant Events and Accomplishments for Fiscal Year 1987-88 (Continued)

- o The City began a feasibility study for a multi-modal transportation center. The proposed multi-modal center would incorporate all existing and planned transportation types, including local and regional bus service, rapid transit, trolley and shuttle services, taxis, auto rental, and bicycles, and would serve as a convenient focus for travel by Scottsdale residents and tourists.
- o The City continued its participation in the Energy Innovation and Energy Conscious Community Awards Program sponsored by the Arizona Energy Office, and received awards in both programs for its energy saving activities, notably the Asphalt Recycling Program, Bicycle Task Force activities, and Rideshare Program.
- o Staff completed an economic analysis of the costs versus benefits of the City's Downtown Plan. The total new economic activity that has (or is planned) resulted from the Downtown Plan is over \$1 billion.
- o Mustang Library opened its doors in June, 1987. At 31,850 square feet, it is the largest branch library in the State and Scottsdale's first branch library. Opening with 60,000 volumes, amenities include a special children's storytime room, 150 fixed seat auditorium, and book discussion room.
- o During the first quarter, the Deucy Building, on the corner of Civic Center and Second Streets, completed construction and renovation. This allowed the Senior Center to expand and offer more office space for social service agencies as well as increased senior recreational programming.
- o Construction began on a new major facility, Scottsdale Ranch Park, on 103rd Street and Via Linda. When complete in September of 1988, this 40 acre park will feature 10 tennis courts, 2 lighted ballfields, 6 lighted sand volleyball courts, racquetball and squash courts, playground, bikeways, and walkways.
- o The Recreation Division had 3,421,425 citizen contacts and generated over \$1,000,000 in revenue in FY 87-88.
- o Northsight Park was dedicated. Located on 84th Street and Thunderbird, this 15 acre facility offers sand volleyball, basketball, 2 tennis courts, bike paths, and walkways as well as open space.
- o Issued a written Purchasing Guide to facilitate the use by all City staff of the services of the centralized purchasing program.
- o Established formats for all bids and contracts and included those formats in an automated file (PURC) in the City's office automation system (COMSTAR) to facilitate the use of these formats to improve the quality of City bids and contracts.

Significant Events and Accomplishments for Fiscal Year 1987-88 (Continued)

- o Combined billing of utility accounts was implemented. Combined billing was established to allow water conservation goals for an entire complex (commercial or residential) rather than individual meters. It also reduces the number of individual bills being sent to the customers. Payments can be made for all of the accounts on one statement.
- o Monthly reading of all water meters and monthly billing of all utility accounts was implemented.

Future Outlook

The 1988-89 budget focuses on how to meet the challenges of a changing economy. While economic cycles are not predictable as to when they will occur, we do know that periods of rapid growth are followed by periods of declining growth. Fiscal year 1988-89 is anticipated to be a year of declining growth. A look ahead to 1989-90 anticipates that the economy will probably continue to slow. Thus the scenario is set for the challenge of managing resources to avert negative impacts on the citizens of Scottsdale.

The City of Scottsdale Resource Allocation Plan (RAP) is the process used to prepare the FY 1988-89 budget. The Resource Allocation Plan was developed to improve individual and collective budgeting and to incorporate a strong planning element into the budgeting process. RAP is more than a budget, it is a comprehensive resource allocation plan.

The Resource Allocation Plan process begins with the development of the City's Corporate Plan. All planning and budgeting is done with the goal of achieving the objectives in the Plan. The RAP philosophy is that individual City departments are responsible for financing their growth through savings, revenue generation, and increased productivity. They are also responsible for forecasting and measuring their accomplishments in terms of what was planned and budgeted. The ultimate goal of the Resource Allocation Plan process is to increase the quality of service to our citizens by getting the greatest impact for each tax dollar spent.

RAP incorporates into our budgeting and planning process the Basic Services Budget, Budget Decision Packages, the Five Year Facilities and Operations Plan, and the Capital Improvement Projects Budget. The Basic Services Budget starts with a base funding level, which is the prior year's adopted budget. The base budget requests the resources necessary to continue present operations at the current level of service. Decision Packages are requests for changes to the Basic Services Budget to improve, increase, or add services. The Five Year Facilities and Operations Plan is a five year projection of capital and operating requirements, with the first year being the current year's budget request. The Capital Improvements Projects Budget is a listing of capital projects and their costs to be started in the coming fiscal year.

Future Outlook (Continued)

The budget for next year is \$148,474,000. The annual budget establishes limits on the City's spending authority, allocates funds by departments and divisions, and establishes the annual capital improvements program.

1988-89 BUDGET OVERVIEW		
	<u>Adopted 1988-89</u>	<u>Adopted 1987-88</u>
Estimated Revenue	\$134,276,000	\$130,509,000
Estimated Self-Insurance Reserve at The Start Of The Year	1,730,000	1,538,000
Estimated Carryover At The Start Of The Year	4,468,000	3,302,000
Capital Improvement Rebudgets	5,000,000	8,000,000
Encumbrance Rebudgets	<u>3,000,000</u>	<u>3,000,000</u>
ESTIMATED TOTAL RESOURCES	<u>\$148,474,000</u>	<u>\$146,349,000</u>
Operating Expenditures	\$ 89,129,501	\$ 85,820,947
Capital Improvements	9,548,700	6,800,000
Debt Service	34,702,424	34,354,233
General Contingency		
Capital Improvement Rebudgets	5,000,000	8,000,000
Encumbrance Rebudgets	3,000,000	3,000,000
Self-Insurance Reserve	2,093,375	2,183,834
Capital Improvements	3,000,000	4,189,986
Development Oversizing	<u>2,000,000</u>	<u>2,000,000</u>
TOTAL EXPENDITURES	<u>\$148,474,000</u>	<u>\$146,349,000</u>

FUTURE OUTLOOK (Continued)

City facilities will continue to expand in 1988-89. The Police Department will occupy their new headquarters building adjacent to the Corporation Yard. The Fire Department will add another fire station at that location. Scottsdale Ranch Park will open, providing recreational activities for that area of the City. Additionally, the budget provides for \$9.5 million of new money in capital improvement projects. The total capital improvement budget, including carry-over from prior years and bond funded projects, is \$52.0 million. With the expected uncertainty of operating revenues in 1988-89, these projects will be closely controlled to insure that they are not begun before the revenues to fund them are received.

The budget for 1988-89 estimates current revenue at \$2.1 million more than budgeted for 1987-88. This is a 3% increase with the significant revenue changes being:

Privilege Tax revenue increases \$397,000 over the adopted budget for FY 1987-88. Tax collections from Major Department Stores, Miscellaneous Retail, Other Retail Activity, Rentals, Restaurants, and Utilities are expected to increase approximately 5% in 1988-89. Collections from Automotive and Construction are expected to decrease about 20% and Hotels and Food Stores to decrease 5%.

Water service fee revenue decreases \$720,000 from the adopted budget for FY 1987-88. The balance is due to a projected \$750,000 (4%) increase in existing water rates. The difference of \$1,470,000 is a combination of overestimating the 1987-88 increase and the normal growth of the system for one year.

The estimated combined property tax rate is \$0.75, down eight cents from the FY 1987-88 rate of \$0.83 per hundred dollars of assessed valuation. Property Tax revenue increases \$40,000 with the primary tax portion of the levy increasing \$283,000 and the secondary tax decreasing \$243,000.

Highway User Tax revenue increases \$56,000. The basis for this estimate is provided by the Arizona Department of Transportation and represents the City's share of the State tax on gasoline and related transportation taxes.

Interest earnings decrease \$1,072,000. This is due primarily to a decrease in interest rates of approximately 1.4% on pooled investments.

State Shared Sales Tax revenue increases \$239,000. The basis for this estimate is provided by the Arizona Department of Revenue and represents the City's share of the State's sales tax.

State Revenue Sharing increases \$535,000. The basis for this estimate is provided by the Arizona Department of Revenue and represents the City's share of the State's income tax for both individuals and corporations.

Future Outlook (Continued)

CIP reimbursements increase \$6,384,000. This represents the specific projects that have participation values or reimbursement values associated with City CIP projects. Actual values each year are dependent on the CIP projects authorized for the fiscal year.

Sewer service fee revenue decreases \$27,000. A recommended 8% service rate increase is expected to bring in \$358,000 more for FY 1988-89. The difference of \$385,000 is a combination of overestimating the FY 1987-88 income and the normal growth of the system for one year.

Refuse service fee revenue increases \$98,000. A fee increase of \$80,000 (7%) is recommended for FY 1988-89 commercial service. The balance is due to an increased number of customers being served.

Permits and Fees decrease \$2,200,000. A fee increase of \$25,000 is recommended for FY 1988-89 to various development/zoning fees. The balance of the change, a decrease, is due to the slow down in the economy expected in FY 1988-89.

Equipment Rental fees increase \$565,000. The increase reflects the costs necessary to provide maintenance, repairs, and replacements for the City's fleet of vehicles.

Water and Sewer Development fees decrease \$1,210,000. A fee increase of \$67,000 (3%) is recommended for FY 1988-89. The balance of the change, a decrease, is due to the slow down in the economy expected in FY 1988-89.

All Other revenues increase \$682,000. This represents the remaining 22 individual revenue sources.

Total debt service for 1988-89 increases \$348,191 from 1987-88, with \$294,215 of the increase from special assessment bonds which are paid by the property owners in the improvement district. This type of debt is expected to increase in the future as additional improvement districts are formed by the benefitting property owners.

Operational expenditures are budgeted for 1988-89 at \$3.3 million more than 1987-88. This is a 4% increase with the significant increases being:

The increase of \$2,959,000 for Personal Services includes the projected cost changes for existing fringe benefits, and a provision for wage adjustments for employees during FY 1988-89. Personal Services also includes the cost of three new positions proposed for FY 1988-89.

Future Outlook (Continued)

The increase of \$2,360,000 for Contractual Services includes a 10% increase in Fleet rental rates and an 11% increase for Risk Management property and liability charges. Telephone charges from user departments increased from \$25 to \$53 per telephone. The contract with Rural Metro increased 12% from the FY 1987-88 adopted budget. The change in the Arts program moves the personal service cost of the Art Center employees to contractual costs for FY 1988-89.

Commodities decreased \$887,000 due primarily to overestimating the cost of Phoenix water and CAP water purchases in the FY 1987-88 budget.

Capital Outlay decreased \$804,000 due primarily to a reduction in new and replacement vehicles in the FY 1988-89 request.

The budget includes the net addition of one full-time position over the current authorized position level of 1,059.

This is the seventh year that the City is subject to the State expenditure limitation law. The proposed budget is estimated to be \$1.5 million under the State calculated expenditure maximum. The voter approved exclusion for capital improvement projects is included; without it, the proposed budget would be \$15 million in excess of the limitation.

The self-insurance reserve fund balance is planned to increase \$363,514 to \$2,093,375 by the end of FY 1988-89. Insurance costs have increased substantially in recent years. Two measures have been taken to maintain the planned annual increase in the reserve fund. The rate assessed to City departments has been increased \$179,000 for FY 1988-89 and a contribution of \$100,000 is planned to be made directly to the reserve fund.

The combined property tax rate for FY 1987-88 is currently \$0.83 per \$100 of assessed valuation. This budget, based on estimates of the assessed valuation for FY 1988-89, anticipates a combined property tax rate of \$0.75 per \$100 of assessed valuation. The estimated tax rate of \$0.75 per \$100 of assessed valuation levies the maximum permitted by law for the primary tax levy. The secondary tax levy, restricted by law to pay debt service on general obligation bonds, does not include a tax levy for the \$38,000,000 of general obligation bonds used to purchase the portion of the Phoenix Water Company servicing Scottsdale residents. If that were included, the estimated tax rate would be \$0.98 and the property tax levy would increase \$3,003,000 for a total of \$12,067,000.

The City Manager's budget review process this year produced reductions to requested budgets of \$2,205,611. The initial requests before the budget hearings totalled \$90,496,250 and were reduced to this proposed budget of \$89,129,501.

Independent Audit

The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the auditor's opinion has been included in this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 1987.

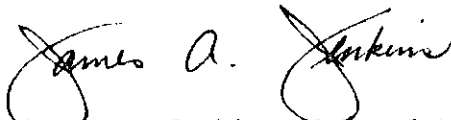
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized, comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. It is believed the current report continues to conform to Certificate of Achievement Program requirements, and the City will submit it to Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgment

The preparation of this report was accomplished through the efficient and dedicated services of the entire staff of the Accounting and Budget division. I also wish to thank your office and members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,



James A. Jenkins, General Manager
Management Services/City Treasurer

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Certificate of Achievement for Excellence in Financial Reporting

Presented to
City of Scottsdale,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1987

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Paul C. Ellison

President

Jeffrey L. Esch

Executive Director

**FINANCIAL
SECTION**



Arthur Young

1700 Valley Bank Center
Phoenix, Arizona 85073
Telephone: (602) 258-4831

The Honorable Mayor and City Council
City of Scottsdale, Arizona

We have examined the accompanying general purpose financial statements of the City of Scottsdale, Arizona, and the combining and individual fund financial statements as of and for the year ended June 30, 1988, listed as financial statements under the Financial Section of the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the City of Scottsdale, Arizona, at June 30, 1988, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the reporting of Special Assessments from an individual fund-type to being combined within the General Fund, Debt Service, and Capital Projects fund-types and the General Long Term Debt Account Group, in order to conform with Statement 6 of the Governmental Accounting Standards Board. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly the financial position of each of the individual funds of the City of Scottsdale, Arizona, at June 30, 1988, and the results of operations of such funds and the changes in financial position in individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the reporting of Special Assessments from an individual fund-type to being combined within the General Fund, Debt Service, and Capital Projects fund-types and the General Long Term Debt Account Group in order to conform with Statement 6 of the Governmental Accounting Standards Board.

Our examination was made for the purpose of expressing an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund financial statements. The accompanying additional information listed as supplemental information under the Financial Section of the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Scottsdale, Arizona. Such information has been subjected to the auditing procedures applied in the examination of the general purpose, combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to such financial statements taken as a whole.

Arthur Young & Company

August 22, 1988

CITY OF SCOTTSDALE

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1988

WITH COMPARATIVE TOTALS FOR JUNE 30, 1987

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST AND AGENCY	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1988	JUNE 30, 1987 RESTATED (NOTE 10)
CASH AND SHORT-TERM INVESTMENTS	\$19,494,742	\$446,185	\$5,549,740	\$21,587,412	\$5,115,615	\$8,261,940	\$1,693,379	\$	\$	\$62,149,013	\$59,198,390
CASH WITH FISCAL AGENTS		1,845,225	12,788,150							14,633,375	15,355,586
CASH WITH TRUSTEE INVESTMENTS	10,559,468		4,163,808		16,322					16,322	70,006
RECEIVABLES					2,033,145					16,756,421	26,834,216
ACCRUED INTEREST	306,064		146,986	170,836		183,247	11,586			818,719	993,805
PROPERTY TAXES	694,389		52,180							746,569	881,074
SPECIAL ASSESSMENTS			14,163,122							14,163,122	13,662,787
STATE SHARED SALES TAX	520,510									520,510	504,074
AUTO LIEU TAX	138,203									138,203	152,466
FUEL TAX		562,679								562,679	534,163
GRANTS		261,541								261,541	186,094
ACCOUNTS	655,096			56,508		3,229,799	12,213			3,953,616	4,353,614
MISCELLANEOUS	256,047	21,217			38,090	122,316				437,670	900,380
SUPPLIES INVENTORY	108,814						174,788			283,602	255,137
DUE FROM WATER AND SEWER UTILITY FUND	15,128,091									15,128,091	
RESTRICTED CASH, INVESTMENTS, AND RECEIVABLES						24,801,007				24,801,007	21,619,539
PROPERTY, PLANT, AND EQUIPMENT - LESS ACCUMULATED DEPRECIATION						192,345,776	7,455,542	622,497,448		822,298,766	749,513,570
EXCESS PURCHASE PRICE OVER FAIR MARKET VALUE OF WATER SYSTEM ASSETS ACQUIRED, NET						652,433				652,433	725,408
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS									12,927,902	12,927,902	16,610,707
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT									185,758,393	185,758,393	176,198,696
TOTAL ASSETS AND OTHER DEBITS	\$47,861,424	\$3,136,847	\$36,863,986	\$21,814,756	\$7,203,172	\$229,596,518	\$9,347,508	\$622,497,448	\$198,686,295	\$1,177,007,954	\$1,088,549,712

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1988

WITH COMPARATIVE TOTALS FOR JUNE 30, 1987

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST AND AGENCY	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1988	JUNE 30, 1987 RESTATED (NOTE 10)
LIABILITIES											
CASH OVERDRAFT	\$	\$87,053	\$	\$	\$	\$	\$	\$	\$	\$87,053	\$296,933
ACCOUNTS PAYABLE	562,517	320,307		1,661,792	43,065	1,120,904	314,588			4,023,173	4,691,065
ACCRUED PAYROLL	1,690,146	109,020				195,513	162,735			2,157,414	1,889,885
CLAIMS PAYABLE							863,332			863,332	963,763
DESIGNATED DEFERRED COMPENSATION BENEFITS					2,033,145					2,033,145	1,610,635
ACCRUED INTEREST PAYABLE	231,792		598,232			62,046				892,070	946,210
CONTRACTS PAYABLE - CURRENT PORTION						517,737				517,737	598,030
BONDS INTEREST PAYABLE		1,270,225	4,119,730			1,864,127				7,254,082	7,853,551
BONDS PAYABLE - CURRENT PORTION		575,000	5,055,000			1,050,000				6,680,000	6,310,000
DEFERRED REVENUE											
PROPERTY TAXES	653,288									653,288	761,971
SPECIAL ASSESSMENTS			14,163,122							14,163,122	13,662,787
OTHER	10,264					1,844,225				1,854,489	434,850
GUARANTY AND OTHER DEPOSITS					4,148,991	366,918				4,515,909	4,968,753
DUE TO GENERAL FUND						15,128,091				15,128,091	
OTHER						668,372				668,372	791,758
LONG-TERM DEBT (LESS CURRENT PORTION)						53,393,550			198,686,295	252,079,845	247,749,537
TOTAL LIABILITIES	3,148,007	2,361,605	23,936,084	1,661,792	6,225,201	76,211,483	1,340,655		198,686,295	313,571,122	293,549,728
FUND EQUITY											
CONTRIBUTED CAPITAL							88,822,396	10,066,811		98,889,207	85,032,262
INVESTMENT IN GENERAL FIXED ASSETS								622,497,448		622,497,448	579,194,679
RETAINED EARNINGS (DEFICIT)											
RESERVED FOR											
REVENUE BOND RETIREMENT						1,732,780				1,732,780	1,718,091
WATER AND SEWER REPLACEMENT						3,139,693				3,139,693	2,163,981
ACQUISITION AND CONSTRUCTION						16,788,667				16,788,667	14,063,769
UNRESERVED						42,901,499	(2,059,958)			40,841,541	32,332,052
FUND BALANCES											
RESERVED FOR											
ENCUMBRANCES	1,246,987	209,706		4,317,806	11,208					5,785,707	5,376,718
SINKING FUND			3,613,420							3,613,420	4,384,234
STREET LIGHT DISTRICTS	207,555									207,555	316,367
DEBT SERVICE			9,314,482							9,314,482	12,226,473
UNRESERVED	43,258,875	565,536		15,835,158	966,763					60,626,332	58,191,358
TOTAL RETAINED EARNINGS/FUND BALANCES (DEFICIT)	44,713,417	775,242	12,927,902	20,152,964	977,971	64,562,639	(2,059,958)			142,050,177	130,773,043
TOTAL FUND EQUITY	44,713,417	775,242	12,927,902	20,152,964	977,971	153,385,035	8,006,853	622,497,448		863,436,832	794,999,984
TOTAL LIABILITIES AND FUND EQUITY	\$47,861,424	\$3,136,847	\$36,863,986	\$21,814,756	\$7,203,172	\$229,596,518	\$9,347,508	\$622,497,448	\$198,686,295	\$1,177,007,954	\$1,088,549,712

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS FUNDFOR THE FISCAL YEAR ENDED JUNE 30, 1988
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS	JUNE 30, 1988	JUNE 30, 1987 RESTATED (NOTE 10)
REVENUES							
TAXES - LOCAL	\$23,601,320	\$	\$13,959,564	\$	\$	\$37,560,884	\$34,165,734
TAXES - INTERGOVERNMENTAL	13,737,676	8,136,769				21,874,445	20,929,842
GRANTS		1,261,956				1,261,956	1,278,776
SPECIAL ASSESSMENTS			3,132,161			3,132,161	1,317,697
LICENSES	489,775					489,775	474,633
CHARGES FOR CURRENT SERVICES	10,921,238					10,921,238	9,394,683
FINES AND FORFEITURES	1,515,621					1,515,621	1,091,268
USE OF MONEY AND PROPERTY	4,710,767		1,788,309	2,416,035		8,915,111	10,009,576
CIP REIMBURSEMENTS	1,201,996					1,201,996	1,844,237
STREET LIGHT DISTRICTS	299,856					299,856	255,020
OTHER	627,409	1,198,136		2,639,811	941,691	5,407,047	3,907,464
TOTAL REVENUES	57,105,658	10,596,861	18,880,034	5,055,846	941,691	92,580,090	84,668,930
EXPENDITURES							
CURRENT OPERATING DEPARTMENTS							
GENERAL GOVERNMENT	3,397,569					3,397,569	2,721,381
POLICE	13,571,954					13,571,954	11,836,704
MANAGEMENT SERVICES	2,665,064					2,665,064	2,190,533
FIELD OPERATIONS	8,395,156	4,646,113				13,041,269	11,872,258
COMMUNITY SERVICES	11,614,399	841,065				12,455,464	10,294,757
COMMUNITY DEVELOPMENT	4,890,590	1,239,316				6,129,906	5,883,408
NON-DEPARTMENTAL	5,050,065					5,050,065	3,912,789
PLANNING AND ECONOMIC DEVELOPMENT	2,267,944	564,273				2,832,217	2,583,452
FIRE	4,155,740					4,155,740	3,973,055
STREET LIGHT DISTRICTS	408,668					408,668	443,276
EXPENDABLE TRUSTS					986,970	986,970	611,035
CAPITAL IMPROVEMENTS	1,080,540	188,708		27,650,572		28,919,820	46,069,901
DEBT SERVICE							
PRINCIPAL	3,698,170	575,000	6,967,000			11,240,170	10,946,486
INTEREST	1,079,848	2,442,125	11,789,548			15,311,521	15,419,281
TOTAL EXPENDITURES	62,275,707	10,496,600	18,756,548	27,650,572	986,970	120,166,397	128,758,316
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(5,170,049)	100,261	123,486	(22,594,726)	(45,279)	(27,586,307)	(44,089,386)
OTHER SOURCES (USES)							
BOND PROCEEDS				12,715,000		12,715,000	8,300,000
PROCEEDS FROM CONTRACTS PAYABLE							4,906,449
OPERATING TRANSFERS IN		194,000	485,794	5,134,188		5,813,982	2,790,125
OPERATING TRANSFERS OUT	(1,294,000)		(5,134,188)	(485,794)		(6,913,982)	(3,593,414)
PROCEEDS OF REFUNDING BONDS			40,709,376			40,709,376	
PAYMENT TO REFUNDED BOND ESCROW AGENT			(40,640,959)			(40,640,959)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(6,464,049)	294,261	(4,456,491)	(5,231,332)	(45,279)	(15,902,890)	(31,686,226)
FUND BALANCES JULY 1 AS PREVIOUSLY REPORTED	35,905,863	480,981	16,610,707	24,928,108	1,023,250	78,948,909	91,459,426
PRIOR PERIOD ADJUSTMENT (NOTE 10)	316,367		773,686	456,188		1,546,241	1,116,545
FUND BALANCES JULY 1, AS RESTATED	36,222,230	480,981	17,384,393	25,384,296	1,023,250	80,495,150	92,575,971
RESERVE FOR INVENTORY							38,880
RESIDUAL EQUITY TRANSFER IN	15,128,091					15,128,091	19,566,525
RESIDUAL EQUITY TRANSFER OUT	(172,855)					(172,855)	
FUND BALANCES JUNE 30	\$44,713,417	\$775,242	\$12,927,902	\$20,152,964	\$977,971	\$79,547,496	\$80,495,150

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-3

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)-
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTALS (MEMORANDUM ONLY)			GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES												
TAXES - LOCAL	\$37,920,000	\$37,560,885	(\$359,115)	\$28,770,573	\$28,237,408	(\$533,165)	\$	\$	\$	\$9,149,427	\$9,323,477	\$174,050
TAXES - INTERGOVERNMENTAL	22,134,000	21,874,445	(259,555)	13,644,000	13,737,676	93,676	8,490,000	8,136,769	(353,231)	2,920,000	3,132,161	212,161
SPECIAL ASSESSMENTS	2,920,000	3,132,161	212,161									
LICENSES	446,000	489,775	43,775	446,000	489,775	43,775						
CHARGES FOR CURRENT SERVICES	10,571,000	10,921,238	350,238	10,571,000	10,921,238	350,238						
FINES AND FORFEITURES	1,800,000	1,515,620	(284,380)	1,800,000	1,515,620	(284,380)						
USE OF MONEY AND PROPERTY	8,333,000	6,187,935	(2,145,065)	6,689,000	4,710,766	(1,978,234)				1,644,000	1,477,169	(166,831)
CIP REIMBURSEMENTS	3,305,000	1,201,996	(2,103,004)	3,305,000	1,201,996	(2,103,004)						
OTHER	1,650,000	1,825,545	175,545	600,000	627,409	27,409	1,050,000	1,198,136	148,136			
TOTAL REVENUES	89,079,000	84,709,600	(4,369,400)	65,825,573	61,441,888	(4,383,685)	9,540,000	9,334,905	(205,095)	13,713,427	13,932,807	219,380
EXPENDITURES												
CURRENT OPERATING DEPARTMENTS												
GENERAL GOVERNMENT	3,903,611	3,856,439	47,172	3,903,611	3,856,439	47,172						
POLICE	13,747,569	13,626,121	121,448	13,747,569	13,626,121	121,448						
MANAGEMENT SERVICES	3,710,271	3,615,307	94,964	3,710,271	3,615,307	94,964						
FIELD OPERATIONS	13,959,815	13,988,484	(28,669)	9,216,129	9,255,234	(39,105)	4,743,686	4,733,250	10,436			
COMMUNITY SERVICES	11,773,767	11,700,291	73,476	11,773,767	11,700,291	73,476						
COMMUNITY DEVELOPMENT	5,766,948	5,715,355	51,593	4,950,280	4,907,356	42,924	816,668	807,999	8,669			
NON-DEPARTMENTAL	6,702,273	6,339,954	362,319	6,702,273	6,339,954	362,319						
PLANNING AND ECONOMIC DEVELOPMENT	2,977,826	2,957,437	20,389	2,364,197	2,352,914	11,283	613,629	604,523	9,106			
FIRE	4,330,204	4,269,940	60,264	4,330,204	4,269,940	60,264						
CAPITAL IMPROVEMENTS	3,925,260	1,589,890	2,336,370	3,386,897	1,347,154	2,039,743	539,363	242,736	296,627			
CONTINGENCY	3,675,109		3,675,109	3,671,549		3,671,549	3,560		3,560			
DEBT SERVICE												
PRINCIPAL	11,089,007	10,240,170	848,837	4,575,587	4,531,750	43,837	770,000	575,000	195,000	5,743,420	5,133,420	610,000
INTEREST	15,344,125	15,362,788	(18,663)	5,094,578	4,882,356	212,222	1,871,540	2,442,125	(570,585)	8,378,007	8,038,307	339,700
TOTAL EXPENDITURES	100,906,785	93,262,176	7,644,609	77,426,912	70,684,816	6,742,096	9,358,446	9,405,633	(47,187)	14,121,427	13,171,727	949,700
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,827,785)	(8,552,576)	3,275,209	(11,601,339)	(9,242,928)	2,358,411	181,554	(70,728)	(252,282)	(408,000)	761,080	1,169,080
OTHER SOURCES (USES)												
OPERATING TRANSFERS IN	13,366,675	194,000	(13,172,675)	11,795,339		(11,795,339)		194,000	194,000	1,571,336		(1,571,336)
OPERATING TRANSFERS OUT	(375,554)	(894,000)	(518,446)	(194,000)	(894,000)	(700,000)	(181,554)		181,554			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,163,336	(9,252,576)	(10,415,912)		(10,136,928)	(10,136,928)		123,272	123,272	1,163,336	761,080	(402,256)
ENCUMBRANCES CANCELLED		2,678,832	2,678,832		2,498,863	2,498,863		179,969	179,969			
FUND BALANCES (DEFICITS)												
JULY 1, 1987	(1,163,336)	5,047,747	6,211,083		4,785,776	4,785,776		(23,087)	(23,087)	(1,163,336)	285,058	1,448,394
RESIDUAL EQUITY TRANSFER IN		15,128,091	15,128,091		15,128,091	15,128,091						
RESIDUAL EQUITY TRANSFER OUT		(172,855)	(172,855)		(172,855)	(172,855)						
FUND BALANCES												
JUNE 30, 1988	\$	\$13,429,239	\$13,429,239	\$	\$12,102,947	\$12,102,947	\$	\$280,154	\$280,154	\$	\$1,046,138	\$1,046,138

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-4

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1988
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1988	JUNE 30, 1987
OPERATING REVENUES				
WATER SERVICE FEES	\$18,765,362	\$	\$18,765,362	\$12,291,675
WATER CONNECTION FEES	329,266		329,266	304,429
WATER DEVELOPMENT FEES	2,961,884		2,961,884	1,764,795
WATER RESOURCE FEES	1,707,211		1,707,211	
SEWER SERVICE FEES	4,334,113		4,334,113	3,605,797
SEWER DEVELOPMENT FEES	2,586,241		2,586,241	1,878,555
AIRPORT FEES	605,221		605,221	541,836
BILLINGS TO USER PROGRAMS		6,307,673	6,307,673	5,129,469
OTHER	841,382	158,534	999,916	614,716
TOTAL OPERATING REVENUES	32,130,680	6,466,207	38,596,887	26,131,272
OPERATING EXPENSES				
WATER OPERATIONS	7,888,218		7,888,218	7,576,976
SEWER OPERATIONS	1,722,147		1,722,147	1,506,629
AIRPORT OPERATIONS	370,439		370,439	342,324
MOTOR POOL OPERATIONS		3,614,653	3,614,653	3,337,988
SELF-INSURANCE OPERATIONS		2,103,006	2,103,006	1,758,241
DEPRECIATION AND AMORTIZATION	5,380,695	1,093,849	6,474,544	4,769,242
INDIRECT COST	2,825,497		2,825,497	2,461,358
TOTAL OPERATING EXPENSES	18,186,996	6,811,508	24,998,504	21,752,758
OPERATING INCOME (LOSS)	13,943,684	(345,301)	13,598,383	4,378,514
NON-OPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	2,081,372		2,081,372	3,281,116
INTEREST EXPENSE	(3,454,967)		(3,454,967)	(2,097,298)
SALE OF PROPERTY				1,156,162
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,373,595)		(1,373,595)	2,339,980
NET INCOME (LOSS)	12,570,089	(345,301)	12,224,788	6,718,494
RETAINED EARNINGS (DEFICIT) JULY 1	51,992,550	(1,714,657)	50,277,893	43,559,399
RETAINED EARNINGS (DEFICIT) JUNE 30	\$64,562,639	(\$2,059,958)	\$62,502,681	\$50,277,893

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE

EXHIBIT A-5

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
ALL PROPRIETARY FUND TYPESFOR THE FISCAL YEAR ENDED JUNE 30, 1988
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1988	JUNE 30, 1987
SOURCES OF FUNDS				
FROM OPERATIONS				
NET INCOME (LOSS)	\$12,570,089	(\$345,301)	\$12,224,788	\$7,760,274
NONCASH CHARGE-DEPRECIATION AND AMORTIZATION	5,380,695	1,093,849	6,474,544	4,217,066
TOTAL FROM OPERATIONS	17,950,784	748,548	18,699,332	11,977,340
CONTRIBUTIONS				
WATER/SEWER ASSETS FROM SUBDIVIDERS	9,410,572		9,410,572	2,752,271
FROM GOVERNMENT UNITS	17,236,356	1,065,253	18,301,609	15,843,889
FROM GENERAL FUND		1,272,855	1,272,855	2,111,133
INCREASE IN				
CURRENT LIABILITIES	13,535	182,405	195,940	571,987
OTHER LIABILITIES	16,752,588		16,752,588	60,658
LONG-TERM DEBT				2,397,200
DECREASE IN				
RECEIVABLES	692,919		692,919	39,021
NOTES RECEIVABLES	255,759		255,759	
	62,312,513	3,269,061	65,581,574	35,753,499
USES OF FUNDS				
INCREASE IN LONG-TERM INVESTMENT				
				980,826
CONTRIBUTIONS OF WATER/SEWER ASSETS FROM SUBDIVIDERS	9,410,572		9,410,572	2,752,271
CONTRIBUTION TO GENERAL FUND	15,128,091		15,128,091	4,093,558
INCREASE IN PROPERTY, PLANT, AND EQUIPMENT	23,567,647	2,905,777	26,473,424	21,917,173
INVENTORY		174,788	174,788	
INCREASE IN				
RECEIVABLES		5,066	5,066	281,141
RESTRICTED CASH AND INVESTMENTS	3,437,227		3,437,227	6,263,891
DECREASE IN				
CURRENT LIABILITIES	747,740	54,910	802,650	1,689,931
OTHER LIABILITIES	255,759		255,759	13,443
LONG-TERM DEBT	1,546,584		1,546,584	
	54,093,620	3,140,541	57,234,161	37,992,234
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS				
	8,218,893	128,520	8,347,413	(2,238,735)
CASH AND SHORT-TERM INVESTMENTS JULY 1	42,777	1,564,859	1,607,636	5,465,655
JUNE 30	\$8,261,670	\$1,693,379	\$9,955,049	\$3,226,920

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-6

COMBINED STATEMENT OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTALS (MEMORANDUM ONLY)			ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
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REVENUES									
WATER SERVICE FEES	\$20,263,000	\$18,765,362	(\$1,497,638)	\$20,263,000	\$18,765,362	(\$1,497,638)	\$	\$	\$
WATER CONNECTION FEES		329,266	329,266		329,266	329,266			
WATER DEVELOPMENT FEES	2,498,000	2,961,884	463,884	2,498,000	2,961,884	463,884			
WATER RESOURCE FEES	2,050,000	1,707,211	(342,789)	2,050,000	1,707,211	(342,789)			
SEWER SERVICE FEES	5,040,000	4,334,113	(705,887)	5,040,000	4,334,113	(705,887)			
SEWER DEVELOPMENT FEES	1,000,000	2,586,241	1,586,241	1,000,000	2,586,241	1,586,241			
DEVELOPMENT FEES	2,000,000		(2,000,000)	2,000,000		(2,000,000)			
AIRPORT FEES	632,000	605,221	(26,779)	632,000	605,221	(26,779)			
BILLINGS TO USER PROGRAMS	6,311,000	6,307,673	(3,327)				6,311,000	6,307,673	(3,327)
INTEREST EARNINGS	310,000	1,234,730	924,730	310,000	1,234,730	924,730			
CIP REIMBURSEMENT	750,000	1,294,835	544,835	750,000	1,294,835	544,835			
CONTRIBUTION FROM MUNICIPALITY	400,000	400,000					400,000	400,000	
OTHER	176,000	978,134	802,134		819,600	819,600	176,000	158,534	(17,466)
TOTAL REVENUES	41,430,000	41,504,670	74,670	34,543,000	34,638,463	95,463	6,887,000	6,866,207	(20,793)
EXPENDITURES									
WATER OPERATIONS	10,037,015	8,326,539	1,710,476	10,037,015	8,326,539	1,710,476			
SEWER OPERATIONS	2,106,049	2,036,708	69,341	2,106,049	2,036,708	69,341			
AIRPORT OPERATIONS	402,538	395,149	7,389	402,538	395,149	7,389			
MOTOR POOL OPERATIONS	5,594,518	5,624,789	(30,271)				5,594,518	5,624,789	(30,271)
SELF INSURANCE OPERATIONS	2,211,990	2,240,168	(28,178)				2,211,990	2,240,168	(28,178)
CAPITAL OUTLAY	5,850,660	4,137,337	1,713,323	5,850,660	4,137,337	1,713,323			
DEBT SERVICE AND RESERVES	7,921,101	6,747,576	1,173,525	7,921,101	6,747,576	1,173,525			
TOTAL EXPENDITURES	34,123,871	29,508,266	4,615,605	26,317,363	21,643,309	4,674,054	7,806,508	7,864,957	(58,449)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$7,306,129	\$11,996,404	\$4,690,275	\$8,225,637	\$12,995,154	\$4,769,517	(\$919,508)	(\$998,750)	(\$79,242)

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF SCOTTSDALE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Scottsdale (City) was incorporated on June 25, 1951, under Arizona Revised Statute Chapter 9, Section 101. The current City Charter was adopted on November 16, 1961, under Arizona Revised Statute Chapter 9, Section 281. The Charter provides for the Council - Manager form of government and provides such services as are authorized by the Charter, as limited by the State Constitution.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 1 requires certain organizations, functions and activities of government that meet the following criteria to be included in the general purpose financial statements. The criteria are defined as:

- 1) Manifestation of oversight by:
 - a) financial interdependency
 - b) selection of governing authority
 - c) designation of management
 - d) ability to significantly influence operations
 - e) accountability for fiscal matters

- 2) Scope of public service by:
 - a) benefits of reporting entity and/or its residents
 - b) geographic boundaries

Applying these criteria and the accounting concept of materiality, the City includes all necessary entities to be in compliance with GASB Statement No. 1. The City's major operations include police protection, parks and recreation, health and certain social services, and general administration service. In addition, the City owns and operates enterprise funds which include water, sewer, and airport.

The accompanying financial statements also include the activities and functions of the City of Scottsdale Municipal Property Corporation since it was determined that the City had significant oversight responsibilities, participation in the selection of the governing authority and the designation of management, and the ability to significantly influence operations and accountability for fiscal matters.

The accompanying financial statements do not include the activities and functions of the Industrial Development Authority (Authority). The City does appoint the Board of Directors for the Authority; however, the City has no financial interdependency, such as responsibility for financing

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**A. Reporting Entity (Continued)**

deficits, entitlements to surpluses, or guarantees of or "moral responsibilities" for debt. The City does not designate management of the Authority, does not significantly influence operations and does not have accountability for fiscal matters.

The accompanying financial statements do not include the activities and functions of the Scottsdale Cultural Council. The City does not select the Chief Executive Officer or designate management of the Council, the City has no financial interdependency such as responsibility for financing deficits, or entitlements to surpluses, or guarantees of or "moral responsibilities" for debt. The City does not significantly influence operations and does not have accountability for fiscal matters (See Note 18).

B. Fund Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in proprietary funds--are accounted for through governmental funds (general, special revenue, capital projects, and debt service funds).

Governmental funds are, in essence, accounting segregations of financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "Fund Balance."

The governmental fund measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The statement of revenues, expenditures, and changes in fund balance is the primary governmental fund operating statement.

General - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. Fund Accounting (Continued)****GOVERNMENTAL FUND TYPES (Continued)**

Debt Service - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects - Capital Projects Funds are used to ensure that revenue designated for certain purposes is properly used. A Capital Projects Fund further enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are classified for accounting measurement purposes like a governmental fund. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Agency Fund - An Agency Fund is used to account for assets of a deferred compensation plan (See Note 12).

Trust Fund - An Expendable Trust Fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds, which is accounted and reported for similar to governmental funds.

PROPRIETARY FUND TYPES

Proprietary Funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities--where net income and capital maintenance are measured--are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and changes in financial position.

Enterprise - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. Fund Accounting (Continued)****ACCOUNT GROUPS**

Account Groups are used to establish accounting control and accountability for the government's general fixed assets and unmatured principal of its general long term debt.

General Fixed Assets - This account group is established to account for all fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Debt - This account group is established to account for all long-term debt of the City except that accounted for in the Proprietary Funds.

C. Basis of Accounting

The modified accrual basis of accounting is followed by the governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of this revenue. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenue is recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenue at the time of receipt or earlier if they meet the available criterion.

Transaction privilege tax, licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenue (except investment earnings) are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. See Note 4 regarding property taxes.

The proprietary fund types are accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

D. Budget and Budgetary Accounting

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- o All funds have legally adopted annual budgets except for the Community Development and Grants Funds (included as Special Revenue Funds), Capital Projects Funds, and Trust and Agency Funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**D. Budget and Budgetary Accounting (Continued)**

- o The budgetary process encompasses both the appropriated budget and the legally authorized non-appropriated budget. The General, Enterprise, Internal Service, Special Revenue (Highway User Fuel Tax), and Debt Service Funds have appropriated budgets. The Capital Projects and Trust and Agency Funds have non-appropriated budgets. The Community Development Block Grant Fund and the Grant Fund have non-appropriated budgets within the applicable fund.
- o On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- o Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- o At the first regular Council meeting in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. During 1987-88, there were no supplemental budgetary appropriations to the original budget.
- o The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the sum of all departmental expenditure appropriations. Departmental appropriations may be amended during the year.
- o Upon the recommendation of the City Manager and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; and (2) unencumbered appropriations may be transferred from one department to another.
- o Management control of budgets is further maintained at a line item level within the department. Transfers between line items within a department may be done only upon approval of the City Manager.
- o Initial year budget information may be amended during the year in a legally permissible manner.
- o All expenditure appropriations lapse at year-end.

Certain differences as described in Note 2 exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles.

Budgets for the Community Development and Grants Funds, included as Special Revenue Funds, are established pursuant to the terms of the related grant awards. Budgets for Capital Projects Funds are established for individual projects and lapse at final completion of construction. Budgets for Trust and Agency funds are established in accordance with the trust agreements. Accordingly, no annual budget is prepared and no comparison of budget to actual is presented in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental and fiduciary fund types. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances outstanding at the beginning of a fiscal year which were recognized as budgetary expenditures (but not as GAAP basis expenditures) in the prior year are recognized as GAAP basis expenditures (but not as budgetary expenditures unless reappropriated) in the current year as such expenditures are incurred.

Encumbrance accounting is not employed in the proprietary fund types. Commitments in the proprietary funds at June 30, 1988, aggregated approximately \$1,932,000.

F. Investments

Investments are stated at cost, or amortized cost, which approximates market; except for the investments held by the Agency Fund which are valued at fair market value (Note 12). The City's policy is to invest in certificates of deposit, repurchase agreements, direct U.S. Treasury debt, securities guaranteed by the United States Government or any of its agencies, and the State of Arizona Local Government Investment Pool.

G. Inventories

The costs of inventory items are recorded under the consumption method as expenditures when consumed for financial statement purposes. The Stores inventory is included on the balance sheet of the General Fund. The fleet inventory is included on the balance sheet of the Motor Pool Fund. Inventories are valued at year end based on a lower of cost or market valuation with cost being determined using an average cost method.

H. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental fund types and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded in general fixed assets at estimated fair market value on the date of receipt.

It is the City's policy to include public domain fixed assets, such as roads, bridges, streets, and similar items in the General Fixed Assets Account Group.

No depreciation has been provided on general fixed assets.

General fixed assets sold or otherwise disposed of are eliminated from the accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**I. Property, Plant, and Equipment - Proprietary Fund Types**

Property, plant, and equipment of the Enterprise and Internal Service Funds are stated at cost or, if donated, at estimated fair market value on the date of receipt. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

Water System	10 to 75 Years
Sewer System	30 to 50 Years
Buildings and Improvements	25 Years
Motor Vehicles and Other Equipment	3 to 10 Years
Furniture, Fixtures, and Office Equipment	5 to 10 Years

When fixed assets of proprietary fund types are disposed of, the cost and accumulated depreciation or amortization is removed from the accounts, and the resultant gain or loss is recognized.

Contributions of funds from Federal, State, or local grants restricted for the purpose of purchasing property, plant, or equipment are recorded as contributed capital. Depreciation of contributed assets is recorded as an expense in the respective fund's statement of revenues, expenses, and changes in retained earnings.

J. Excess Purchase Price Over Fair Market Value of Assets Acquired

The excess purchase price over fair market value of assets acquired in the Water and Sewer Utility Fund is amortized on the straight-line method over 20 to 25 years.

K. Property, Plant, and Equipment - Estimated Fair Market Value

Fair market value of contributed fixed assets is determined by reference to historical costs of the donor if recently constructed, and if such records are not available at estimated fair market value on the date of receipt. Estimates used for such fixed assets are as follows:

General Fixed Assets:	
Streets and Storm Drains	\$348,642,000
Land	11,264,000
Traffic Signal Equipment	606,000
Water and Sewer Utility Fund:	
Water System and Sewer System	84,438,000

L. Transactions Between Funds

Transactions that would be treated as revenue, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenue, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**L. Transactions Between Funds (Continued)**

Non-recurring or non-routine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or deductions from the beginning fund balance of governmental funds. Residual equity transfers to proprietary fund types are treated as contributed capital, and such transfers from proprietary fund types are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other transactions are treated as operating transfers and are included in the results of operations of both governmental and proprietary fund types.

Indirect administrative costs are allocated to the Enterprise Funds by applying an indirect cost rate to budgeted costs. The indirect cost rate is the ratio of indirect operating services to direct operating services. Indirect operating services are budgetary units that only support or serve other City units. Direct operating services are budgetary units that only support or serve the public. Internal Service Fund budgetary units and debt service costs are excluded from the indirect cost rate calculation.

M. Funds Servicing Long-Term Debt

The General Obligation Bond Debt Service Fund is specifically established to account for and service all general long-term debt of the City except as noted below:

- o The General Fund accounts for and services contracts payable funded by general revenues.
- o The Highway User Fuel Tax Fund accounts for and services bonds funded by Highway User revenues.
- o The Municipal Property Corporation Debt Service Fund accounts for and services all Municipal Property Corporation bonds.
- o The Special Assessments Debt Service Fund accounts for and services all Special Assessment bonds.
- o Each Enterprise Fund individually accounts for and services the applicable bonds and contracts payable which benefit that fund.

N. Compensated Absences

Compensated absences are included in the funds of the City in accordance with GASB Statement No. 1, which set forth the authoritative status of National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences.

For governmental funds, the percentage of vacation normally taken in the first sixty (60) days of the next fiscal year is recorded as a current liability. The remaining value of vacation accrued is recorded in the Long Term Debt Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**N. Compensated Absences (Continued)**

For proprietary funds, all of the outstanding vacation accrual is recorded as a current liability.

O. "Memorandum Only" Comparative Total Columns

Comparative total columns for the current and prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial operations. Data in these columns do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles. These totals do not represent consolidated financial information. Interfund eliminations have not been made in the aggregation of this data. Certain amounts have been reclassified in 1987 to conform to the 1988 presentation.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

The City prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the combined statement of revenue, expenditures, and changes in fund balances - budget and actual - budget basis for General, Special Revenue, and Debt Service funds and the combined statement of revenue and expenses - budget basis for all Proprietary fund types to provide a meaningful comparison of actual results with the budget.

The major differences between the budget and GAAP bases are:

1. Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).
2. Reservation of fund balances for inventories are not recognized as a portion of fund balance for budget purposes.
3. Indirect administrative cost allocations to the enterprise funds are not recognized in the budgetary process but are accounted for as expenses and expenditure credits (GAAP).
4. Debt sinking fund principal transactions are not recognized in the budgetary process but are accounted for as expenditures (GAAP).
5. Certain expenditures, revenues, and transfers not recognized in the budgetary year are accrued (GAAP).

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Adjustments necessary to convert the fund balances and the excess (deficiency) of revenue and other sources over expenditures and other uses at and for the year ended June 30, 1988, on a GAAP basis to budget basis are as follows:

	<u>FUND BALANCES AT JUNE 30, 1988</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
GAAP Basis	\$ 44,713,417	\$ 775,242	\$ 12,927,902
Basis Differences			
Reserved encumbrances at June 30, 1988, recognized as expenditures for budget purposes	(1,246,987)	(203,213)	
Accrued payroll at June 30, 1988, not recognized as an expenditure for budget purposes	1,562,997	109,020	
Capital Project Fund expenditures for the Asset Transfer Program recognized as expenditures for budget purposes	(23,686,547)		
Debt Service not recognized as an expenditure for budget purposes	1,788,188		
Revenue and expenditures for certain MPC Excise Debt accounted for in the General Fund (Budget) and in the Debt Service Fund (GAAP)	(1,650,143)		
Prior Period Adjustment and Operating Transfer In not recognized as revenue for budget purposes			(1,259,480)
Timing Differences			
Fund balance from sinking fund not recognized for budget purposes			(3,158,641)
Perspective Differences			
Indirect costs allocated to Proprietary Funds are not recognized as a reduction of expenditures for budget purposes	(9,170,423)	(229,393)	
Entity Differences			
Fund balance for non-budgeted activity, Street Lights, and Municipal Property Corporation	(207,555)		(7,463,643)
Fund balance for funds for which no annual budgets are prepared	<u> </u>	<u>(171,502)</u>	<u> </u>
Budget Basis	\$ 12,102,947	\$ 280,154	\$ 1,046,138

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
GAAP Basis	\$ (6,464,049)	\$ 294,261	\$ (4,456,491)
Basis Differences			
Reserved encumbrances at June 30, 1988, recognized as expenditures for budget purposes	(1,246,987)	(203,213)	
Accrued payroll not recognized as an expenditure for budget purposes	290,793	23,885	
Operating transfer not recognized as revenue for budget purposes			(485,794)
Timing Differences			
Principal payment from sinking fund not recognized as an expenditure for budget purposes			1,000,000
Perspective Differences			
Indirect costs allocated to Proprietary Funds not recognized as a reduction of expenditures for budget purposes	(2,825,497)		
Entity Differences			
Deficiency of revenue and other sources over expenditures for non-budgeted Street Lights and Municipal Property activity	108,812		4,703,365
Excess of revenue and other sources over expenditures and other uses for funds for which no annual budgets are prepared		8,339	
Budget Basis	<u><u>\$ (10,136,928)</u></u>	<u><u>\$ 123,272</u></u>	<u><u>\$ 761,080</u></u>

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Adjustments necessary to convert the results of operations for the year on a GAAP basis to the budget basis are as follows:

	<u>NET INCOME (LOSS)</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
GAAP Basis	\$12,570,089	\$ (345,301)
Basis Differences		
Encumbrances at June 30, 1988, recognized as expense for budget purposes	(379,929)	(177,361)
Net increase in accrued payroll not recognized as expense for budget purposes	38,803	31,457
Net decrease in claims payable not recognized as expense for budget purposes		(100,431)
Perspective Differences		
Capital outlay recognized as expense for budget purposes	(4,523,801)	(1,900,963)
Depreciation and amortization not recognized as expense for budget purposes	5,380,695	1,093,849
Indirect costs not recognized as expense for budget purposes	2,825,497	
CIP reimbursements recognized for budget purposes.	1,248,421	
Debt service principal payments recognized as expense for budget purposes	(2,652,208)	
Retained Earnings reservation change recognized as expense for budget purposes	(690,401)	
Contributions recognized as revenue for budget purposes	45,414	400,000
Interest earnings on non-pooled and bond funds not recognized as income for budget purposes	<u>(868,426)</u>	
Budget Basis	<u>\$12,995,154</u>	<u>\$ (998,750)</u>

NOTE 3 - CASH AND INVESTMENTS

The City maintains a cash and investment pool for use by all funds except the Municipal Properties Corporation, whose investments are held separately by a trustee and the Agency Fund.

Deposits

At June 30, 1988, the City's deposits of \$1,623,272 and bank balance of \$5,188,277 were entirely insured by federal depository insurance or secured by collateral held in the pledging bank's trust department in the City's name or the Municipal Property Corporation trust name.

Investments

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government Agencies, repurchase agreements, and the State of Arizona Local Government Investment Pool.

The City's investments at June 30, 1988, are summarized below. Category 1 includes investments that are registered in the name of the City and held by the bank's trust department on behalf of the City. Category 2 includes uninsured and unregistered investments of the Municipal Properties Corporation held by and in the name of the bank's trust department for the benefit of the Municipal Properties Corporation.

	<u>CATEGORY</u>		<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
	<u>1</u>	<u>2</u>		
U. S. Treasury Securities	\$	\$ 4,745,160	\$ 4,745,160	\$ 4,806,010
Federal Agency Securities	10,412,468	2,611,030	13,023,498	14,372,332
Repurchase Agreements		3,774,500	3,774,500	3,774,500
City of Scottsdale Improve- ment District Bonds	<u>147,000</u>		<u>147,000</u>	<u>147,000</u>
	<u>\$10,559,468</u>	<u>\$11,130,690</u>	<u>21,690,158</u>	<u>23,099,842</u>
State of Arizona Local Government Investment Pool (Short-Term Investments)			74,220,000	74,220,000
Investment in ICMA Plan			<u>2,033,145</u>	<u>2,033,145</u>
TOTAL INVESTMENTS			<u><u>\$97,943,303</u></u>	<u><u>\$99,352,987</u></u>

City policy requires that securities underlying repurchase agreements must have a market value of at least 100 percent of the cost of the repurchase agreement. The market value of the securities underlying repurchase agreements were at or above the required level during the year.

NOTE 4 - PROPERTY TAX

Property taxes are recognized as revenue on the modified accrual basis, i.e., when both measurable and available. Property taxes levied in August 1988, are not available for the current year; accordingly, such taxes will not be recognized as revenue until the subsequent fiscal year. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments on September 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16%. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale the holder of a Certificate of Purchase which has not been redeemed may demand of the County Treasurer a County Treasurer's Deed.

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1.0% of the primary full cash value of such property. In addition, taxes levied for current operation and maintenance expenses on all types of property are limited to a maximum increase of 2.0% over the prior year's levy adjusted for new construction and annexations.

Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

NOTE 5 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>JUNE 30, 1987</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 1988</u>
Land	\$ 47,024,890	\$ 5,677,611	\$13,490,168	\$ 39,212,333
Buildings and Improvements	81,840,972	22,544,407	883,144	103,502,235
Streets and Storm Drains	385,068,879	39,380,753	12,345	424,437,287
Machinery and Equipment	21,560,700	1,369,648	2,775,773	20,154,575
Construction in Progress	<u>43,699,238</u>	<u>778,973</u>	<u>9,287,193</u>	<u>35,191,018</u>
	<u>\$579,194,679</u>	<u>\$69,751,392</u>	<u>\$26,448,623</u>	<u>\$622,497,448</u>

NOTE 5 - FIXED ASSETS (Continued)

General fixed asset construction in progress commitments at June 30, 1988, is composed of the following:

	<u>CONSTRUCTION IN PROGRESS</u>	<u>COMMITMENTS</u>	<u>BUDGET</u>
Management Systems	\$ 857,152	\$ 732,254	\$ 1,589,406
Property and Capital Resources	3,468,844	1,198,568	4,667,412
Field Operations	365,471	346,146	711,617
Aid to Development	147,229	240,756	387,985
Parks	1,443,752	894,248	2,338,000
Flood Control	282,103	249,557	531,660
Improvement Districts	6,049,448	1,308,947	7,358,395
Public Buildings	13,554,894	1,837,405	15,392,299
Street Projects	8,406,483	9,122,092	17,528,575
Traffic Projects	<u>615,642</u>	<u>1,284,066</u>	<u>1,899,708</u>
	<u>\$35,191,018</u>	<u>\$17,214,039</u>	<u>\$52,405,057</u>

A summary of proprietary fund types fixed assets at June 30, 1988, follows:

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
Land	\$ 13,885,815	\$ 67,904
Water Rights	19,500,922	
Water System	110,751,040	
Sewer System	66,251,877	
Buildings and Improvements	1,244,044	1,222,868
Motor Vehicles		9,083,016
Machinery and Equipment		1,664,534
Furniture and Fixtures	414,749	46,763
Construction in Progress	<u>7,532,734</u>	<u>633,653</u>
	219,581,181	12,718,738
Accumulated Depreciation	<u>(27,235,405)</u>	<u>(5,263,196)</u>
	<u>\$192,345,776</u>	<u>\$ 7,455,542</u>

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1988, is composed of the following:

	<u>CONSTRUCTION IN PROGRESS</u>	<u>COMMITMENTS</u>	<u>BUDGET</u>
Enterprise:			
Water System Projects	\$3,245,036	\$3,558,762	\$ 6,803,798
Sewer System Projects	3,847,632	457,625	4,305,257
Other Projects	<u>440,067</u>	<u>71,212</u>	<u>511,279</u>
	<u>\$7,532,735</u>	<u>\$4,087,599</u>	<u>\$11,620,334</u>
Internal Service:			
Motor Vehicle Projects	<u>\$ 633,653</u>	<u>\$ 131,371</u>	<u>\$ 765,024</u>

NOTE 6 - LONG-TERM DEBT

The following is a summary of changes in general long-term debt:

	GENERAL OBLIGATION BONDS	HURF REVENUE	MUNICIPAL PROPERTY CORP BONDS	SPECIAL ASSESSMENTS	CONTRACTS PAYABLE	CITY OWNED SPECIAL ASSESSMENTS	COMPENSATED ABSENCES	TOTAL
Balance June 30, 1987	\$32,950,000	\$20,030,000	\$105,450,000	\$14,143,000	\$18,610,447	\$ 2,379	\$ 1,623,577	\$192,809,403
Provision for Compensated Absences							280,345	280,345
Debt Incurred		9,800,000	41,205,000	2,915,000				53,920,000
Debt Retired			(37,680,000)	(1,317,000)	(3,696,096)	(357)		(42,693,453)
Debt To Be Retired July 1, 1988	<u>(3,415,000)</u>	<u>(575,000)</u>	<u>(1,125,000)</u>	<u>(515,000)</u>				<u>(5,630,000)</u>
Balance June 30, 1988	* <u>\$29,535,000</u>	<u>\$29,255,000</u>	<u>\$107,850,000</u>	<u>\$15,226,000</u>	<u>\$14,914,351</u>	<u>\$ 2,022</u>	<u>\$ 1,903,922</u>	<u>\$198,686,295</u>

* This does not include the 1986 General Obligation Water System Improvement Bonds in the amount of \$37,675,000 (\$325,000 is to be retired on July 1, 1988). These bonds are serviced by and recorded in the Water Enterprise Fund.

The following is a summary of debt service requirements to maturity, including contracts payable, as of June 30, 1988. The interest portion of the total is \$211,373,577.

FISCAL YEAR	GENERAL OBLIGATION BONDS	UTILITY REVENUE BONDS	HURF REVENUE BONDS	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENT BONDS	OTHER DEBT	TOTAL
1989	\$ 7,377,599	\$ 1,729,798	\$ 3,116,915	\$ 10,975,677	\$ 3,189,803	\$ 5,226,001	\$ 31,615,793
1990	7,292,825	1,727,073	3,112,345	10,964,287	2,936,717	4,417,594	30,450,841
1991	7,203,234	1,697,623	3,116,453	10,967,869	2,723,730	4,076,268	29,785,177
1992	7,097,180	1,722,123	3,118,560	10,970,616	2,568,839	1,857,561	27,334,879
1993	6,991,409	1,725,623	3,111,310	10,967,229	2,355,895	714,688	25,866,154
1994	6,893,110	1,729,998	3,112,713	10,962,280	2,207,025	604,949	25,510,075
1995	6,799,330	1,715,688	3,112,815	10,954,344	2,036,333	362,691	24,981,201
1996	4,631,044	1,724,062	3,111,050	10,726,636	1,082,297	291,926	21,567,015
1997	4,389,565	1,721,250	3,109,673	10,831,744	878,704	291,926	21,222,862
1998	4,404,155	1,732,775	3,106,923	10,841,198	295,651	291,926	20,672,628
1999	4,427,480	1,731,775	3,108,852	10,839,174		291,926	20,399,207
2000	5,252,854	918,000	3,109,378	10,851,048		291,926	20,423,206
2001	6,202,615		3,110,068	10,865,597		291,926	20,470,206
2002-2033	<u>30,668,110</u>		<u>18,755,300</u>	<u>78,607,570</u>		<u>9,234,992</u>	<u>137,265,972</u>
	<u>\$109,630,510</u>	<u>\$19,875,788</u>	<u>\$59,212,355</u>	<u>\$220,325,269</u>	<u>\$20,274,994</u>	<u>\$28,246,300</u>	<u>\$457,565,216</u>

The summary above does not reflect General Obligation Bond principal payments from the Sinking Fund of \$1,000,000 on July 1, 1989, and \$3,500,000 on July 1, 1993, and interest in the aggregate amount of \$993,750.

NOTE 7 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT

The following is a summary of bond transactions of the City:

	<u>GENERAL OBLIGATION</u>	<u>UTILITY REVENUE</u>	<u>HURF REVENUE</u>	<u>MUNICIPAL PROPERTY CORP</u>	<u>SPECIAL ASSESSMENT</u>	<u>TOTAL</u>
Bonds Payable at June 30, 1987	\$74,335,000	\$13,910,000	\$20,525,000	\$107,190,000	\$14,143,000	\$230,103,000
New Debt Issued:						
Municipal Property Corp.				41,205,000		41,205,000
Special Assessments					2,915,000	2,915,000
1987 Street and Highway, Series C			9,800,000			9,800,000
Debt Retired:						
Serial Bonds (Paid 07/01/87)	(2,385,000)	(690,000)	(495,000)	(1,740,000)		(5,310,000)
Serial Bonds (Paid 11/01/87)				(295,000)		(295,000)
Serial Bonds (Paid 01/01/88)					(1,317,000)	(1,317,000)
Serial Bonds (Paid 05/01/88)				(300,000)		(300,000)
Term Bonds (Paid 07/01/87)	(1,000,000)					(1,000,000)
Advance Refunding (07/28/87)				(37,085,000)		(37,085,000)
Bonds Payable at June 30, 1988	70,950,000	13,220,000	29,830,000	108,975,000	15,741,000	238,716,000
Less Current Portion	<u>3,740,000</u>	<u>725,000</u>	<u>575,000</u>	<u>1,125,000</u>	<u>515,000</u>	<u>6,680,000</u>
Long-Term Bonds Payable June 30, 1988	<u>\$67,210,000</u>	<u>\$12,495,000</u>	<u>\$29,255,000</u>	<u>\$107,850,000</u>	<u>\$15,226,000</u>	<u>\$232,036,000</u>

On July 28, 1987, the City, through the Municipal Property Corporation, issued \$41,205,000 Refunding Series Certificates of Participation (1987 Refunding Series) with an average interest rate of 7.3% to advance refund \$17,030,000 of 1984 Civic Center Underpass Bonds and \$20,055,000 of 1985 Municipal Facilities Bonds with average interest rates of 9.4% and 8.9%, respectively. The entire proceeds of the \$40,709,376 (net of \$495,624 in underwriting fees and other issuance costs), less fees and other charges of \$68,417, were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1984 and 1985 Bonds. As a result, the 1984 and 1985 Bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. The refunding transaction will result in a decrease in debt service payments of \$1,310,794 and will result in an economic gain (present value savings) of \$1,277,340 over the life of the 1987 Refunding Series.

NOTE 7 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT (Continued)

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, and (after January 1, 1974) parks and open space purposes may not exceed 20% of a City's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's net secondary assessed valuation. The following is a summary of legal borrowing capacity at June 30, 1988:

<u>Water, Sewer, Light, and Parks and Open Space Purposes Bonds</u>		<u>All Other General Obligation Bonds</u>	
20% Constitutional Limit	\$230,951,275	6% Constitutional Limit	\$ 69,285,382
Net Such General Obligation Bonds Outstanding	(50,019,580)	Net Such General Obligation Bonds Outstanding	(14,577,000)
Available 20% Limitation Borrowing Capacity	<u>\$180,931,695</u>	Available 6% Limitation Borrowing Capacity	<u>\$ 54,708,382</u>

On June 30, 1988, the City had no authorized but unissued bonds approved by the voters.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

The City's proportionate share of general obligation debt of all local governmental units which provide services within the City's boundaries and which must be borne by properties in the City is summarized below:

<u>Name of Governmental Unit</u>	<u>Net Bond Outstanding</u>	<u>% Applicable To This Municipality</u>	<u>City of Scottsdale Share of Debt</u>
State of Arizona	\$	5.97%	\$
Maricopa County	78,800,000	9.31%	7,336,280
Maricopa County C.C.D.	43,200,000	9.31%	4,021,920
Tempe Elementary S.D. No. 3	11,675,000	0.007%	82
Balsz Elementary S.D. No. 31		4.13%	
Scottsdale Unified S.D. No. 48	77,650,000	68.90%	53,500,850
Paradise Valley Unified S.D. No. 69	96,455,000	15.26%	14,719,033
Cave Creek Unified S.D. No. 93	21,480,000	30.57%	6,566,436
Tempe Union H.S.D. No. 213	50,125,000	0.004%	201
Phoenix Union H.S.D. No. 210	58,200,000	0.24%	139,680
City of Scottsdale	64,596,580	100.00%	<u>64,596,580</u>
Total Direct and Overlapping Debt			<u>\$150,881,062</u>

Water and sewer utility revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's utility system. The bond indenture ordinances require the maintenance of certain defined reserve funds. The aggregate amount of funds restricted for these requirements was \$4,872,473 at June 30, 1988.

NOTE 7 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT (Continued)

General Obligation Bonds

\$1,000,000 1967 Civic Center Improvement Serial Bonds due in annual installments of \$10,000 to \$180,000 through July 1, 1990; interest at 3.7% to 5.0%.	\$ 295,000
\$1,400,000 1968 Civic Center Improvement Serial Bonds due in annual installments of \$75,000 to \$250,000 beginning July 1, 1990, through July 1, 1996; interest at 4.7% to 5.0%.	1,400,000
\$3,500,000 1973 Storm Sewer Series A Term Bonds due in one installment of \$3,500,000 on July 1, 1993; interest at 5.4%.	3,500,000*
\$4,000,000 1976 Storm Sewer Series C Term Bonds due in annual installments of \$1,000,000 through July 1, 1989; interest at 5.6% to 5.9%.	1,000,000*
\$20,000,000 1983 Capital Improvement Project Serial Bonds due in annual installments of \$2,000,000 through July 1, 1995; interest at 6.6% to 8.6%.	14,000,000
\$9,800,000 1985 Capital Improvement Project Serial Bonds due in annual installments of \$220,000 to \$970,000 through July 1, 2005; interest at 8.0% to 10.0%.	9,340,000
\$38,000,000 1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$325,000 to \$5,070,000 beginning July 1, 1988 through July 1, 2006; interest at 6.3% to 8.3%.	<u>37,675,000**</u>
	<u>\$ 67,210,000</u>

* All bond retirements are paid from the Sinking Fund which is fully funded.

** These bonds are serviced by and recorded in the Water Enterprise Fund.

Revenue Bonds

\$3,910,000 1973 Utility Revenue Refunding Issue Serial Bonds due in annual installments of \$50,000 to \$315,000 through July 1, 1995; interest at 4.8% to 5.8%.	\$ 1,920,000
\$4,000,000 1977 Utility Revenue Series C Serial Bonds due in annual installments of \$400,000 to \$550,000 through July 1, 1992; interest at 4.8% to 5.5%.	2,175,000
\$8,400,000 1983 Utility Revenues Serial Bonds due in annual installments of \$50,000 to \$1,525,000 beginning July 1, 1992, through July 1, 2000; interest at 8.6% to 10.5%.	8,400,000

NOTE 7 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT (Continued)

\$11,000,000 1983 Highway User Fuel Tax Revenue Serial Bonds due in annual installments of \$225,000 to \$1,150,000 through July 1, 2003; interest at 8.3% to 10.3%.	\$ 9,950,000
\$10,000,000 1985 Highway User Fund Tax Revenue Serial Bonds due in annual installments of \$220,000 to \$1,005,000 through July 1, 2005; interest at 8.3% to 10.3%.	9,540,000
\$9,800,000 1987 Highway User Fund Tax Revenue Serial Bonds due in annual installments of \$30,000 to \$2,935,000 through July 1, 2007; interest at 7.1% to 9.1%.	<u>9,765,000</u>
	<u>\$ 41,750,000</u>

Municipal Property Corporation Bonds

\$7,130,000 1974 Municipal Property Corporation Bonds; due in annual installments of \$185,000 to \$1,420,000 through July 1, 1996; interest at 5.2% to 6.0%.	\$ 4,855,000
\$13,000,000 1984 Municipal Property Corporation Recreation Facilities Bonds; due in annual installments of \$285,000 to \$1,420,000 through July 1, 2004; interest at 6.8% to 10.4%.	12,080,000
\$48,595,000 1986 Municipal Property Corporation Certificates of Participation; due in semi-annual installments of \$290,000 to \$2,025,000 through November 1, 2014; interest at 4.4% to 7.9%.	47,010,000
\$3,100,000 1987 Municipal Property Corporation Certificates of Participation; due in annual installments of \$550,000 to \$695,000 through July 1, 2001; interest at 5.9% to 6.3%.	3,100,000
\$41,205,000 1987 Refunding Series Municipal Property Corporation Certificates of Participation; due in annual installments of \$400,000 to \$4,080,000 beginning July 1, 1988 through July 1, 2005; interest at 4.5% to 7.8%.	<u>40,805,000</u>
	<u>\$107,850,000</u>

Special Assessment Bonds

\$21,699,000 Special Assessment Bonds issued May 17, 1972, through March 1, 1988, maturing January 1, 1989, through January 1, 1998; due in annual installments of \$2,000 to \$655,000; interest at 6.0% to 10.0%.	<u>\$ 15,226,000</u>
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NOTE 8 - CONTRACTS PAYABLE

Contracts payable, including capital lease agreements, at June 30, 1988 are as follows:

	<u>GENERAL FUND</u>	<u>WATER AND SEWER UTILITY FUND</u>	<u>TOTAL</u>
<u>Purchase Contracts</u>			
Contracts payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2037; interest at 5.1%.	\$ 4,500,000	\$	\$ 4,500,000
Purchase contract for land for a water treatment plant; due in annual installments through December 1990; interest at 12.0%.		470,618	470,618
Purchase contract for land for a sewer reclamation plant; due in annual installments through December 1990; interest at 12.0%.		211,437	211,437
Purchase contract for acquisition of land for agricultural use and future water rights; due in annual installments through January 1991; interest at 9.0%.	2,750,000		2,750,000
Purchase contract for acquisition of Pepperwood office building; due in monthly installments through November 2005; interest at 10.0% to 12.0%.	339,281		339,281
Purchase contract for acquisition of Scottsdale Plumbing property; due in semi-annual installments through January 1991; interest at 12.0%.	298,873		298,873
Purchase contract, Plan Six Agreement, to acquire a new water supply and hydropower generation benefits; due in quarterly installments through July 1994; non-interest bearing.		2,909,232	2,909,232
Purchase contract for acquisition of a well site and all related equipment; due in annual installments through March 1991; interest at 10%.		150,000	150,000
Total Purchase Contracts	\$ 7,888,154	\$ 3,741,287	\$11,629,441

NOTE 8 - CONTRACTS PAYABLE (Continued)

	<u>GENERAL FUND</u>	<u>WATER AND SEWER UTILITY FUND</u>	<u>TOTAL</u>
<u>Capital Lease Agreements</u>			
Lease-purchase agreement for City-owned telephone system; due in monthly installments through January 1989; interest at 9.1%.	\$ 81,330	\$	\$ 81,330
Lease-purchase agreement for Phase II of City-owned telephone system; due in annual installments through September 1990; interest at 8.4%.	156,605		156,605
Lease-purchase agreement for Phase III of the City-owned telephone system; due in semi-annual installments through December 1991; interest at 6.9%.	366,960		366,960
Lease-purchase agreement for acquisition of library computer equipment; due in semi-annual installments through April 1990; interest at 8.0%.	286,000		286,000
Lease-purchase agreement for Phase I of computer equipment; due in semi-annual installments through March 1989; interest at 8.4%.	513,981		513,981
Lease-purchase agreement for Phase II of computer equipment; due in semi-annual installments through March 1989; interest at 9.4%.	526,084		526,084
Lease-purchase agreement for Phase III of computer equipment; due in semi-annual installments through October 1990; interest at 7.6%.	550,453		550,453
Lease-purchase agreement for Phase III.V of computer equipment; due in semi-annual installments through December 1991; interest at 6.9%.	162,979		162,979
Lease-purchase agreement for Phase IV of computer equipment; due in semi-annual installments through April 1992; interest at 6.1%.	3,447,847		3,447,847

NOTE 8 - CONTRACTS PAYABLE (Continued)

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
Capital Lease Agreements (Continued)			
Lease-purchase agreement for the Police Computer Aided Dispatch System; due in semi-annual installments through April 1991; interest at 7.2%.	\$ 883,110	\$	\$ 883,110
Lease-purchase agreement for acquisition of a fire truck; due in annual installments through March 1989; interest at 9.0%.	<u>50,848</u>	<u> </u>	<u>50,848</u>
Total Capital Lease Agreements	<u>7,026,197</u>	<u> </u>	<u>7,026,197</u>
Total Contracts Payable	14,914,351	3,741,287	18,655,638
Less Current Portion	<u> </u>	<u>517,737</u>	<u>517,737</u>
	<u>\$14,914,351</u>	<u>\$ 3,223,550</u>	<u>\$18,137,901</u>

The purchase contracts for the acquisition of water system improvements are payable only from the operating revenue of the water and sewer utility system.

In fiscal 1976, the City entered into an agreement with the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities throughout Indian Bend Wash. The City agreed to pay half of the total construction cost of the recreation facilities, with payment to be made in 50 annual installments plus interest at 5.1%, commencing from the date the recreation facilities were completed. In fiscal 1986, the facilities were substantially completed but final determination of the amount to be paid has not been made. Accordingly, the City has recorded an estimate of the contract payable amount of \$4,500,000 in the Long-Term Debt Account Group and an estimate of the fixed assets value of \$9,000,000 in the General Fixed Asset Account Group. Upon final determination of the amount to be paid, the estimates will be revised and payment will begin.

NOTE 8 - CONTRACTS PAYABLE (Continued)

The following is a schedule of the future minimum lease payments under the above capital lease agreements:

FISCAL YEAR ENDING	
<u>JUNE 30</u>	
1989	\$2,985,836
1990	2,131,301
1991	1,631,696
1992	<u>1,058,896</u>
Total Minimum Lease Payments	7,807,729
Less: Amount Representing Interest	<u>(781,532)</u>
Present Value of Net Minimum Lease Payments at June 30, 1988	<u><u>\$7,026,197</u></u>

NOTE 9 - ADVANCE REFUNDINGS

The City has refinanced various bond issues through the issuance of refunding bond issues. The proceeds from the refunding issues have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest of the issues refunded.

The assets, liabilities, and financial transactions of these trust accounts and the liability for defeased bonds are not reflected in the financial statements of the city. Refunded debt outstanding of the City at June 30, 1988, is as follows:

1964 Sewer Revenue	\$ 850,000
1966 Sewer Revenue	805,000
1968 Municipal Facilities	65,000
1971 Water Revenue	850,000
1971 Municipal Facilities	220,000
1984 Certificates of Participation	38,392,239
1984 Municipal Facilities	17,030,000
1985 Municipal Facilities	<u>20,055,000</u>
	<u><u>\$78,267,239</u></u>

NOTE 10 - SPECIAL ASSESSMENTS FUNDS

To conform with Statement No. 6 of the Government Accounting Standards Board, the City has changed the reporting for Special Assessments from an individual fund-type to being combined within the General Fund, Capital Projects Fund, Debt Service Fund, and the General Long-Term Debt Account Group (GLTD). The amounts previously reported as of June 30, 1987, have been reclassified as follows:

ACCOUNT TITLE	SPECIAL ASSESSMENTS AS PREVIOUSLY REPORTED	ADJUSTMENTS/ RECLASSES	GENERAL FUND (3)	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	GLTD
Cash and Short-Term Investments	\$ 1,530,151	\$	\$326,631	\$429,834	\$ 773,686	\$
Cash with Fiscal Agents	570,016				570,016	
Accrued Interest Receivable	27,290			27,290		
Special Assessments Receivable						
Current	1,549,695	(1,549,695)(2)				
Long-Term	12,113,092	1,549,695 (2)			13,662,787	
Amount To Be Provided For Payment Of Improvement District Bonds		14,143,000 (1)				14,143,000
Deferred Revenue						
Special Assessments	(12,113,092)	(1,549,695)(2)			(13,662,787)	
Other	(11,200)		(10,264)	(936)		
Bonds Interest Payable	(570,016)				(570,016)	
Bonds Payable	(14,143,000)					(14,143,000)
Fund Balance						
Reserved For Debt (Prepayments)					(739,893)	
Reserved For Street Lights	(316,367)		(316,367)			
Unreserved	11,363,431	(14,143,000)(1) 1,549,695 (2)		(456,188)	(33,793)	

- (1) To reclassify negative fund balance to "Amount To Be Provided For Payment Of Improvement District Bonds."
(2) To remove the effect of recording as revenue in 1986-87 the expected cash receipts in 1987-88.
(3) The Street Light District Fund will be reported in the General Fund as of July 1, 1987.

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 1988, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and the related interest. Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may enforce auction sale to satisfy the debt service requirements of the improvement bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

NOTE 11 - RETIREMENT AND PENSION PLANS

Substantially all full-time employees and elected officials are covered by one of three multiple-employer public employee retirement systems administered by the State of Arizona. The payroll for employees covered by the three retirement systems for the year ended June 30, 1988 was \$32,171,465; the City's total payroll was \$34,512,745.

During 1988, the City's elected officials joined the Elected Officials' Retirement Plan administered by the State of Arizona.

Arizona Public Safety Personnel Retirement System

City policemen are covered by the Arizona Public Safety Personnel Retirement System (System), an agent multiple-employer public employee retirement system. Employees who retire after completion of twenty years of credited service are entitled to a retirement benefit, payable monthly for life equal to 50% of average monthly compensation for the highest three or five consecutive years of the last ten years of credited service plus 2 or 2 1/2% of average monthly compensation for each year of credited service over twenty years, to a maximum of 80%. Benefits fully vest on reaching ten years of credited service. Vested employees may retire with less than twenty years of credited service and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

City policemen are required by State statute to contribute 8% of their salary to the System. The City is required by State statute to contribute to the System the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 1988, was \$982,194, which consisted of \$452,570 from the City and \$529,624 from employees; these contributions represented 6.83% and 8.0% of covered payroll, respectively.

Arizona State Retirement Plan

All other City employees are covered by the Arizona State Retirement Plan (Plan), a cost-sharing multiple-employer public employee retirement system. Employees may retire at or after age 60 with twenty-five years of credited service, at or after age 62 with ten years of credited service, or at age 65 with five years of credited service. They are entitled to a retirement benefit payable monthly for life generally equal to the employee's average monthly compensation, as defined by the State statutes, multiplied by the sum of (a) the number of years of credited past service prior to July 1, 1967, as defined, times 1.5%; and (b) the number of years of credited service subsequent to July 1, 1967, as defined, times 2.0%. Benefits fully vest on reaching five years of credited service. Vested employees may retire at age 50 and receive reduced retirement benefits. The Plan also provides death and disability benefits. Benefits are established by State statute.

City employees are required by State statute to contribute 4.0% of their compensation to the Plan. The City is required by State statute to also contribute a matching 4.0%. The contribution requirement for the year ended June 30, 1988, was \$1,996,726, which consisted of \$998,363 from the City and \$998,363 from employees, respectively.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)**Elected Officials' Retirement Plan**

All City Council members are covered by the Elected Officials' Retirement Plan (EORP), a cost-sharing multiple-employer public employee retirement system. Members may retire at or after age 60 with twenty-five years of credited service, at or after age 62 with ten or more years of credited service, or at age 65 with five or more years of credited service. They are entitled to a retirement benefit payable monthly for life generally equal to 4.0% of the member's final annual salary multiplied by the years of credited service with a maximum benefit of 80% of a member's final salary. Benefits fully vest on reaching five years of credited service. Vested members may retire at age 50 and receive reduced retirement benefits. The EORP also provides death and disability benefits. Benefits are established by State statute.

Members are required by State statute to contribute 7.0% of gross salary to EORP. The City is required by State statute to also contribute to EORP the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 1988, was \$8,118, which consisted of \$5,335 from the City and \$2,783 from members. These contributions represented 13.42% and 7.0% of covered payroll, respectively.

Pension Benefit Obligation

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users: assess the System's, the Plan's, and EORP's funding status on a going-concern basis; assess progress made in accumulating sufficient assets to pay benefits when due; and make comparisons among public employees/officials retirement systems and employers.

The System

The System prepares separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1987. Significant actuarial assumptions used in determining the pension benefit obligation include: (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually; (b) projected salary increases of 6.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)**Pension Benefit Obligation (Continued)****The System (Continued)**

At June 30, 1987, the assets in excess of the pension benefit obligation for the System were \$1,182,556, determined as follows:

PENSION BENEFIT OBLIGATION

Retirees and Beneficiaries Currently Receiving Benefits	\$ 4,577,196
Terminated Employees Not Yet Receiving Benefits	None
Current Employees	
Accumulated Employee Contributions Including	
Allocated Investment Income	2,335,290
Employer Financed - Vested	4,480,620
Employer Financed - Non-vested	<u>1,435,077</u>
Total Pension Benefit Obligation	\$12,828,183
 Net Assets Available for Benefits (at Market Value)	 <u>14,010,739</u>
 ASSETS IN EXCESS OF THE PENSION BENEFIT OBLIGATION	 <u>\$ 1,182,556</u>

The System's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 40 years (from July 1, 1978). Thirty years remaining from July 1, 1988.

During the year ended June 30, 1987, contributions totaling \$938,443 (\$467,455 employer and \$470,988 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1985. The employer contributions consisted of \$467,455 for normal cost and nothing for amortization of the unfunded actuarial accrued liability. Employer contributions represented 7.94% of covered payroll.

Changes in benefit provisions during the valuation year ended June 30, 1987, resulted in an increase in the computed contribution rate of 0.24% of covered payroll.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)**Pension Benefit Obligation (Continued)****The System (Continued)**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten year trend information for the System may be found on page 94 of the City's comprehensive annual financial report. For the year ended 1987 available assets were sufficient to fund 109.2% of the pension benefit obligation. Assets in excess of pension benefit obligation represented 20.3% of the annual payroll for employees covered by the System for 1987. Showing assets in excess of pension benefit obligation as a percentage of annual covered pension benefit obligation approximately adjusts for the effects of inflation for analysis purposes. For the year ended June 30, 1987, the City's contribution to the System made in accordance with actuarially determined requirements was 7.94% of annual covered payroll.

The Plan

The Plan does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1987, for the Plan as a whole, determined through the most recent actuarial valuation performed as of that date, was \$5.4 billion. The Plan's net assets available for benefits on that date (valued at market) were \$5.5 billion, leaving assets in excess of pension benefit obligation of \$0.1 billion. The City's fiscal year 1987 contribution represented 0.8% of total contributions required of all participating entities.

EORP

The EORP does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1987, for the EORP as a whole, determined through the most recent actuarial valuation performed as of that date, was \$66.6 million. The EORP's net assets available for benefits on that date (valued at market) were \$65.8 million leaving an unfunded pension benefit obligation of \$0.8 million. The City was not a member of EORP in fiscal year 1987.

Ten year historical trend information showing the Plan's and EORP's progress in accumulating sufficient assets to pay benefits when due was not available in the Plan's and EORP's June 30, 1987 comprehensive annual financial reports, respectively.

NOTE 12 - DEFERRED COMPENSATION PLAN (AGENCY FUND)

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

NOTE 13 - CONTINGENT LIABILITIES

The City is a party to several lawsuits incident to its normal operations. Management, with concurrence of the City Attorney, is of the opinion that settlement of these lawsuits will not have a material effect on the financial position of the City.

Sick leave benefits provide for ordinary sick pay and are not vested with the employee. Unused benefits are payable only upon the death or retirement of an employee. The amount not recorded in the accounts for accrued sick pay benefits aggregated \$1,554,000 at June 30, 1988.

NOTE 14 - SEGMENTS OF ENTERPRISE ACTIVITIES

Water and sewer, airport, and housing are three major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information as of and for the year ended June 30, 1988, is as follows (in thousands of dollars):

	<u>TOTAL</u>	<u>WATER AND SEWER</u>	<u>AIRPORT</u>	<u>HOUSING</u>
Operating Revenue	\$ 32,130	\$ 31,525	\$ 605	\$
Depreciation and Amortization	5,381	4,884	497	
Operating Income (Loss)	13,944	14,433	(489)	
Net Income (Loss)	12,570	13,035	(465)	
Current Capital:				
Contributions	26,647	26,331	316	
Transfers	(15,128)	(15,128)		
Plant, Property, and Equipment Additions	37,099	36,623	476	
Net Working Capital	9,901	9,790	111	
Total Assets	229,597	218,176	11,195	226
Long-Term Debt (Less Current Portion) and Other Liabilities:				
Payable From Operating Revenues	53,394	53,394		
Payable From Other Services	15,796	15,570		226
Total Equity	153,385	142,228	11,157	

NOTE 15 - DEFICITS IN FUNDS/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund, has an excess of expenditures over appropriations for Field Operations of \$39,105 caused by higher than anticipated utility costs. The Field Operations department has operations in several funds and has not exceeded the appropriation total of all funds.

The Highway User Fuel Tax Fund has an excess of expenditures over appropriations for Debt Service Interest of \$570,585. Interest expense was budgeted at a lower level in anticipation of savings that would occur as the result of a refinancing. The refinancing of the Highway User Bonds did not occur.

The Special Assessments Debt Service Fund has an excess of expenditures over appropriations of \$95,681 from debt payments for Special Assessment bonds issued in fiscal 1988. Property owners within the new Special Assessment districts pay for all of the debt payments.

The Airport Fund has an accumulated deficit of \$2,424,058. This deficit is due to the small size of the operation, the amount of contributed capital, and recording depreciation on the contributed assets. The total fund equity for the Airport Fund is positive.

The Motor Pool Fund has an accumulated deficit of \$955,122 and an excess of operating expenses over appropriations of \$30,271. The accumulated deficit is due to insufficiency of user rates to cover expenses. Higher user rates in future years will reduce the deficit. The excess of operating expenses over appropriations is due to higher than anticipated vehicle repairs.

The Self-Insurance Fund has an accumulated deficit of \$1,104,836 and an excess of operating expenses over appropriations of \$28,178. The accumulated deficit is due to two years of higher than anticipated insurance claims. This deficit should be reduced by additional revenue in future years.

NOTE 16 - CAPITALIZED INTEREST

During fiscal year 1988, the Water and Sewer Fund capitalized net interest costs of \$970,417 (interest expense of \$1,133,862, reduced by interest income of \$163,445). Total interest income and expense in that fund before capitalization was \$2,220,873 and \$4,588,829, respectively.

NOTE 17 - RESIDUAL EQUITY AND OPERATING TRANSFERS

The Residual Equity Transfer Out of the General Fund appears as a Residual Equity Transfer Out in the governmental funds and as a change in contributed capital in the proprietary funds.

General Fund Residual Equity Transfers:

\$15,128,091	From Water Fund for the payment of water rights
<u>(172,855)</u>	To Motor Pool Fund due to change in accounting for inventory from purchase to consumption method
<u>\$14,955,236</u>	General Fund Net Residual Equity Transfer In

Net operating transfers are reported in the following funds:

Operating Transfers Out

Operating Transfers In

From:

To:

General Fund	\$ 700,000	Internal Service (Motor Pool Fund accounted for as Contributed Capital)	\$ 700,000		
General Fund	400,000	Internal Service (Self-Insurance accounted for as Contributed Capital)	400,000		
General Fund	194,000	Special Revenue (HURF Fund)	194,000		
Capital Projects (Special Assessments)	485,794	Debt Service (Special Assessments)	485,794		
Debt Service (MPC Fund)	<u>5,134,188</u>	Capital Projects (MPC Fund)	<u>5,134,188</u>		
	<u>\$6,913,982</u>		<u>\$6,913,982</u>		

NOTE 18 - OTHER MATTERS

- A. In fiscal 1983 the City entered into a ten-year agreement with Rural/Metro Corporation ("Rural/Metro") whereby Rural/Metro will provide fire protection and related services to the City. Annual amounts due in fiscal year 1989 will approximate \$4,320,000.
- B. The City established a Self Insurance Fund during fiscal year 1979. The Self Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The Self Insurance Fund is protected by excess insurance designed to limit the exposure to loss for any single loss occurrence. For fiscal year 1988 the Self Insurance Fund was responsible for the first \$175,000 per occurrence for worker's compensation claims and the first \$1,000,000 for liability claims against the City. The Fund was also responsible for vehicle damage above \$1,000 and all unemployment claims.
- C. In December 1984, the City entered into a Service Agreement and land lease with Scottsdale Water Services Company (Partnership). The Service Agreement provides that the Partnership's water treatment facility will treat Central Arizona Project water to quality standards established by the City and other regulatory agencies and furnish this water to the City for distribution to its customers. In return, the City will pay service fees based on all of the Partnership's debt service payments and operating costs subsequent to substantial completion of the facility, which was in December 1986, and the City is obligated to maintain a \$300,000 equipment replacement and repair account. The City will retain ownership of the water and responsibility for deliveries to final users. Payments to the partnership amounted to \$1,575,000 for the year ended June 30, 1988.

Interest on the bonds of the Partnership is due semiannually on July 1 and January 1 with principal due in varying amounts through July 1, 2008, as follows:

1989	\$ 545,000
1990	590,000
1991	635,000
1992	690,000
1993	745,000
Thereafter	<u>21,795,000</u>
	<u>\$25,000,000</u>

The bonds bore interest through March 31, 1985, at a fixed rate of 7.0% per annum. Thereafter, interest was, and continues to be, at a variable rate (5.0% for June 1988) based on a specified municipal bond index. There is an option under certain circumstances to establish a fixed interest rate.

- D. In June 1988, the City entered into a Service Agreement with Scottsdale Cultural Council (Council). The Service Agreement provides that the Council will manage the arts and cultural affairs within the Scottsdale community for a five year period beginning July 1, 1988. In return, the City will pay service fees to the Council based on the Service Agreement between the City and the Council. Annual amounts due in fiscal year 1989 will approximate \$1,686,000.



GENERAL FUND

The General Fund is established to account for the revenue and expenditures necessary to carry out basic governmental activities of the City, such as, police protection, fire protection, recreation, planning, legal services, administrative services, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

Revenue for this and other funds is recorded by source, i.e., taxes, licenses, service charges, etc. Expenditures are recorded first by character, then by program, and then by object of the expenditure.

General Fund expenditures are made primarily for current day-to-day operating expenses and operating equipment. Capital expenditures for large-scale public improvements, such as buildings, parks, or streets, are accounted for primarily in Capital Projects, Special Revenue, or Enterprise Funds.

CITY OF SCOTTSDALE

EXHIBIT B-1

GENERAL FUND

BALANCE SHEET

JUNE 30, 1988

ASSETS

Cash and Short-Term Investments	\$19,494,742
Investments	10,559,468
Receivables	
Accrued Interest	306,064
Property Taxes	694,389
State-Shared Sales Tax	520,510
Auto Lieu Tax	138,203
Accounts	655,096
Miscellaneous	256,047
Supplies Inventory	108,814
Due From Water and Sewer Utility Fund	15,128,091

Total Assets	\$47,861,424

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$562,517
Accrued Payroll	1,690,146
Accrued Interest Payable	231,792
Deferred Revenue	
Property Taxes	653,288
Other	10,264

Total Liabilities	3,148,007
Fund Balance	
Reserved for	
Encumbrances	1,246,987
Street Light Districts	207,555
Unreserved	43,258,875

Total Fund Balance	44,713,417

Total Liabilities and Fund Balance	\$47,861,424

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-2

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

Revenues	
Taxes - Local	\$23,601,320
Taxes - Intergovernmental	13,737,676
Licenses	489,775
Charges for Current Services	10,921,238
Fines and Forfeitures	1,515,621
Use of Money and Property	4,710,767
CIP Reimbursements	1,201,996
Street Light Districts	299,856
Other	627,409

Total Revenues	57,105,658
Expenditures	
Current Operating Departments	
General Government	3,397,569
Police	13,571,954
Management Services	2,665,064
Field Operations	8,395,156
Community Services	11,614,399
Community Development	4,890,590
Non-Departmental	5,050,065
Planning and Economic Development	2,267,944
Fire	4,155,740
Street Light Districts	408,668
Capital Improvements	1,080,540
Debt Service	
Principal	3,698,170
Interest	1,079,848

Total Expenditures	62,275,707

Deficiency of Revenues Over Expenditures	(5,170,049)
Other Uses	
Operating Transfers Out	(1,294,000)

Deficiency of Revenues Over Expenditures and Other Uses	(6,464,049)
Fund Balance July 1, 1987, as Previously Reported	35,905,863
Prior Period Adjustment (Note 10)	316,367

Fund Balance July 1, 1987, as Restated	36,222,230
Residual Equity Transfer In	15,128,091
Residual Equity Transfer Out	(172,855)

Fund Balance June 30, 1988	\$44,713,417

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-3

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	-----	-----	-----
Revenues			
Taxes - Local	\$28,770,573	\$28,237,408	(\$533,165)
Taxes - Intergovernmental	13,644,000	13,737,676	93,676
Licenses	446,000	489,775	43,775
Charges for Current Services	10,571,000	10,921,238	350,238
Fines and Forfeitures	1,800,000	1,515,620	(284,380)
Use of Money and Property	6,689,000	4,710,766	(1,978,234)
CIP Reimbursements	3,305,000	1,201,996	(2,103,004)
Other	600,000	627,409	27,409
	-----	-----	-----
Total Revenues	65,825,573	61,441,888	(4,383,685)
Expenditures			
Current Operating Departments			
General Government	3,903,611	3,856,439	47,172
Police	13,747,569	13,626,121	121,448
Management Services	3,710,271	3,615,307	94,964
Field Operations	9,216,129	9,255,234	(39,105)
Community Services	11,773,767	11,700,291	73,476
Community Development	4,950,280	4,907,356	42,924
Non-Departmental	6,702,273	6,339,954	362,319
Planning and Economic Development	2,364,197	2,352,914	11,283
Fire	4,330,204	4,269,940	60,264
Capital Improvements	3,386,897	1,347,154	2,039,743
Contingency	3,671,549		3,671,549
Debt Service			
Principal	4,575,587	4,531,750	43,837
Interest	5,094,578	4,882,356	212,222
	-----	-----	-----
Total Expenditures	77,426,912	70,684,816	6,742,096
	-----	-----	-----
Deficiency of Revenues Over Expenditures	(11,601,339)	(9,242,928)	2,358,411
Other Sources (Uses)			
Operating Transfers In	11,795,339		(11,795,339)
Operating Transfers Out	(194,000)	(894,000)	(700,000)
	-----	-----	-----
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses		(10,136,928)	(10,136,928)
Encumbrances Canceled		2,498,863	2,498,863
Fund Balance July 1, 1987		4,785,776	4,785,776
Residual Equity Transfer In		15,128,091	15,128,091
Residual Equity Transfer Out		(172,855)	(172,855)
	-----	-----	-----
Fund Balance June 30, 1988	\$	\$12,102,947	\$12,102,947
	-----	-----	-----

CITY OF SCOTTSDALE

EXHIBIT B-4

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	BUDGET	ACTUAL	ACTUAL OVER/(UNDER) ESTIMATED
	-----	-----	-----
Taxes - Local			
Property Tax	\$4,801,602	\$4,170,601	(\$631,001)
Transaction Privilege	20,275,971	19,915,115	(360,856)
Hotel/Motel Transient Tax	1,380,000	1,638,194	258,194
Light and Power Franchise	1,690,000	1,875,015	185,015
Cable TV Franchise	360,000	381,665	21,665
Salt River Project In Lieu	95,000	105,620	10,620
Fire Insurance Premium Tax	168,000	151,198	(16,802)
	-----	-----	-----
	28,770,573	28,237,408	(533,165)
Taxes - Intergovernmental			
State-Shared Sales Tax	6,029,000	6,103,255	74,255
Automobile in Lieu	1,765,000	1,793,193	28,193
State Revenue Sharing	5,850,000	5,841,228	(8,772)
	-----	-----	-----
	13,644,000	13,737,676	93,676
Licenses			
Business and Liquor Licenses	446,000	489,775	43,775
Charges for Current Services			
Refuse Collection Charges	4,891,000	4,749,203	(141,797)
Building and Related Permits	4,756,000	5,119,833	363,833
Recreation Fees	924,000	1,052,202	128,202
	-----	-----	-----
	10,571,000	10,921,238	350,238
Fines and Forfeitures			
Court Fines	1,444,000	1,253,139	(190,861)
Parking	245,000	177,366	(67,634)
Library	111,000	85,115	(25,885)
	-----	-----	-----
	1,800,000	1,515,620	(284,380)
Use of Money and Property			
Interest Earnings	4,296,000	3,657,440	(638,560)
Property Rental	1,162,000	559,618	(602,382)
Sale of Hay	1,231,000	493,708	(737,292)
	-----	-----	-----
	6,689,000	4,710,766	(1,978,234)
CIP Reimbursements	3,305,000	1,201,996	(2,103,004)
Other	600,000	627,409	27,409
	-----	-----	-----
Total Revenues	\$65,825,573	\$61,441,888	(\$4,383,685)
	-----	-----	-----

CITY OF SCOTTSDALE

GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY
Current Operating Departments						
General Government	\$3,769,205	\$2,258,991	\$1,378,317	\$69,491	\$	\$62,406
Police	13,571,954	10,936,354	2,234,073	266,345		135,182
Management Services	3,138,279	2,427,918	378,268	135,852		196,241
Field Operations	9,053,066	2,995,005	5,200,587	809,335		48,139
Community Services	11,614,398	7,138,660	3,073,155	618,473		784,110
Community Development	4,890,590	3,597,139	1,178,867	92,059		22,525
Non-Departmental	6,271,303	3,674,789	1,563,266	289,875		743,373
Planning and Economic Development	2,267,943	920,347	1,315,286	12,259		20,051
Fire	4,257,240	187,428	4,040,452	29,360		
Capital Improvements	1,080,540					1,080,540
Street Light Districts	408,668		408,668			
Debt Service						
Principal	3,698,170				3,698,170	
Interest	1,079,848				1,079,848	
Expenditures	65,101,204	34,136,631	20,770,939	2,323,049	4,778,018	3,092,567
Indirect Cost Allocation Out	(2,825,497)					
Total Expenditures	\$62,275,707					
Operating Transfers Out						
Highway User Fuel Tax Fund	\$194,000					
Motor Pool Fund	700,000					
Self-Insurance Fund	400,000					
Total Operating Transfers	\$1,294,000					

SPECIAL REVENUE FUNDS

A special revenue fund is established to finance particular activities and is created out of receipts of specific taxes or other earmarked revenue. Such funds are authorized by statutory or charter provisions to pay for certain activities with some form of continuing revenue.

Highway User Fuel Tax Fund

This fund receives and expends the City's allocation of the Arizona Highway User Revenue tax. The amount available to each city is allocated on a population basis which is determined by the latest federal census. These funds must be used for street construction, reconstruction, and maintenance.

Community Development Fund

This fund receives and expends the City's Community Development Block Grant revenues. The amount of the grant is awarded annually by the Housing and Urban Development Department upon application for funding by the City. Community Development Block Grant revenues may be used only for those projects approved in the grant budget and is subject to agency expenditure guidelines.

Grants Fund

This fund receives and expends the City's grant revenues. The amount of grants received is generally based upon application to granting agencies by the City and availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved budget and is subject to grantor expenditure guidelines.

CITY OF SCOTTSDALE

EXHIBIT C-1

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1988

ASSETS	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS
-----	-----	-----	-----	-----
Cash and Short-Term Investments	\$446,185	\$443,666	\$2,519	\$
Cash with Fiscal Agents	1,845,225	1,845,225		
Receivables				
Fuel Tax	562,679	562,679		
Grants	261,541		34,531	227,010
Miscellaneous	21,217	20,636	581	
	-----	-----	-----	-----
Total Assets	\$3,136,847	\$2,872,206	\$37,631	\$227,010
	-----	-----	-----	-----
LIABILITIES AND FUND BALANCES				

Liabilities				
Cash Overdraft	\$87,053	\$	\$	\$87,053
Accounts Payable	320,307	314,221	2,394	3,692
Accrued Payroll	109,020	109,020		
Bond Interest Payable	1,270,225	1,270,225		
Bonds Payable - Current Portion	575,000	575,000		
	-----	-----	-----	-----
Total Liabilities	2,361,605	2,268,466	2,394	90,745
	-----	-----	-----	-----
Fund Balances				
Reserved for Encumbrances	209,706	203,213	2,106	4,387
Unreserved	565,536	400,527	33,131	131,878
	-----	-----	-----	-----
Total Fund Balances	775,242	603,740	35,237	136,265
	-----	-----	-----	-----
Total Liabilities and Fund Balances	\$3,136,847	\$2,872,206	\$37,631	\$227,010
	-----	-----	-----	-----

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT C-2

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS
Revenues				
Taxes-Intergovernmental	\$8,136,769	\$8,136,769	\$	\$
Grants	1,261,956		429,230	832,726
Other	1,198,136	1,198,136		
Total Revenues	10,596,861	9,334,905	429,230	832,726
Expenditures				
Current Operating Departments				
Field Operations	4,646,113	4,646,113		
Community Services	841,065			841,065
Community Development	1,239,316	810,086	429,230	
Planning and Economic Development	564,273	564,273		
Capital Improvements	188,708	188,708		
Debt Service				
Principal	575,000	575,000		
Interest	2,442,125	2,442,125		
Total Expenditures	10,496,600	9,226,305	429,230	841,065
Excess (Deficiency) of Revenues Over Expenditures	100,261	108,600		(8,339)
Other Sources				
Operating Transfer In From General Fund	194,000	194,000		
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	294,261	302,600		(8,339)
Fund Balances July 1, 1987	480,981	301,140	35,237	144,604
Fund Balances June 30, 1988	\$775,242	\$603,740	\$35,237	\$136,265

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT C-3

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	HIGHWAY USER FUEL TAX		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes - Intergovernmental	\$8,490,000	\$8,136,769	(\$353,231)
Other	1,050,000	1,198,136	148,136
Total Revenues	9,540,000	9,334,905	(205,095)
Expenditures			
Current Operating Departments			
Field Operations	4,743,686	4,733,250	10,436
Community Development	816,668	807,999	8,669
Planning and Economic Development	613,629	604,523	9,106
Capital Improvements	539,363	242,736	296,627
Contingency	3,560		3,560
Debt Service			
Principal	770,000	575,000	195,000
Interest	1,871,540	2,442,125	(570,585)
Total Expenditures	9,358,446	9,405,633	(47,187)
Excess (Deficiency) of Revenues Over Expenditures	181,554	(70,728)	(252,282)
Other Sources (Uses)			
Operating Transfer In From General Fund		194,000	194,000
Operating Transfer Out To General Fund	(181,554)		181,554
Excess of Revenues and Other Sources Over Expenditures and Other Uses		123,272	123,272
Encumbrances Canceled		179,969	179,969
Fund Deficit July 1, 1987		(23,087)	(23,087)
Fund Balance June 30, 1988	\$	\$280,154	\$280,154

CITY OF SCOTTSDALE

EXHIBIT C-4

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS
	-----	-----	-----	-----
Taxes - Intergovernmental				
Fuel Tax	\$7,103,590	\$7,103,590	\$	\$
Local Transportation Assistance Fund	1,033,179	1,033,179		
	-----	-----	-----	-----
	8,136,769	8,136,769		
Grants				
Federal	495,979		429,230	66,749
State	79,771			79,771
Miscellaneous	686,206			686,206
	-----	-----	-----	-----
	1,261,956		429,230	832,726
Other	1,198,136	1,198,136		
	-----	-----	-----	-----
Total Revenues	10,596,861	9,334,905	429,230	832,726
Other Sources				
Operating Transfer In From General Fund	194,000	194,000		
	-----	-----	-----	-----
Total Revenues and Other Sources	\$10,790,861	\$9,528,905	\$429,230	\$832,726
	-----	-----	-----	-----

CITY OF SCOTTSDALE

EXHIBIT C-5

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY
HIGHWAY USER FUEL TAX						

Current Operating Departments						
Field Operations	\$4,646,113	\$1,930,123	\$1,265,042	\$1,450,948	\$	\$
Community Development Planning and Economic Development	810,086	232,977	574,996	2,063		50
Capital Improvements	564,273	36,720	527,436	117		
Debt Service	188,708	18,286	90,993	7,104		72,325
Principal	575,000				575,000	
Interest	2,442,125				2,442,125	
	-----	-----	-----	-----	-----	-----
	9,226,305	2,218,106	2,458,467	1,460,232	3,017,125	72,375
COMMUNITY DEVELOPMENT						

Current Operating Departments						
Community Development	429,230	118,382	242,935	3,727		64,186
GRANTS						

Current Operating Departments						
Community Services	841,065	179,894	510,598	2,064		148,509
	-----	-----	-----	-----	-----	-----
Total Expenditures	\$10,496,600	\$2,516,382	\$3,212,000	\$1,466,023	\$3,017,125	\$285,070
	-----	-----	-----	-----	-----	-----

DEBT SERVICE FUNDS

These funds are established to account for the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the enterprise funds.

- o **GENERAL OBLIGATION BOND DEBT SERVICE FUND** - This fund accounts for the principal and interest requirements of the City's general obligation bonds. Financing is provided from the levy of secondary property tax.

- o **MUNICIPAL PROPERTY CORPORATION DEBT SERVICE FUND** - This fund accounts for the principal and interest requirements of the City's Municipal Property Corporation bonds. Financing is provided by transaction privilege tax.

- o **SPECIAL ASSESSMENTS DEBT SERVICE FUND** - This fund accounts for the principal and interest requirements of Special Assessment bonds. Financing is provided by special assessment levies against the benefitted property holders.

CITY OF SCOTTSDALE
 DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1988

EXHIBIT D-1

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS
	-----	-----	-----	-----
ASSETS				

Cash and Short-Term Investments	\$5,549,740	\$418,699	\$3,751,081	\$1,379,960
Cash with Fiscal Agents	12,788,150	8,225,545	3,427,257	1,135,348
Investments	4,163,808		4,163,808	
Receivables				
Accrued Interest	146,986		146,986	
Property Tax	52,180	52,180		
Special Assessments	14,163,122			14,163,122
Total Assets	<u>\$36,863,986</u>	<u>\$8,696,424</u>	<u>\$11,489,132</u>	<u>\$16,678,430</u>

LIABILITIES AND FUND BALANCES				

Liabilities				
Accrued Interest Payable	\$598,232	\$	\$598,232	\$
Payable from Cash with Fiscal Agents				
Bonds Interest Payable-Current Portion	4,119,730	1,197,125	2,302,257	620,348
Bonds Payable-Current Portion	5,055,000	3,415,000	1,125,000	515,000
Deferred Revenue				
Special Assessments	14,163,122			14,163,122
Total Liabilities	<u>23,936,084</u>	<u>4,612,125</u>	<u>4,025,489</u>	<u>15,298,470</u>

Fund Balances				
Reserved for				
Sinking Fund Requirements	3,613,420	3,613,420		
Debt Service	9,314,482	470,879	7,463,643	1,379,960
Total Fund Balances	<u>12,927,902</u>	<u>4,084,299</u>	<u>7,463,643</u>	<u>1,379,960</u>

Total Liabilities and Fund Balances	<u>\$36,863,986</u>	<u>\$8,696,424</u>	<u>\$11,489,132</u>	<u>\$16,678,430</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT D-2

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS
Revenues				
Taxes - Local				
Property	\$4,923,486	\$4,923,486	\$	\$
Transaction Privilege	9,036,078		9,036,078	
	13,959,564	4,923,486	9,036,078	
Special Assessments	3,132,161			3,132,161
Use of Money and Property				
Interest Earnings	1,259,233	531,435	727,798	
Gain on Sale of Investments	529,076		529,076	
	1,788,309	531,435	1,256,874	
Total Revenues	18,880,034	5,454,921	10,292,952	3,132,161
Expenditures				
Debt Service				
Principal	6,967,000	3,415,000	1,720,000	1,832,000
Interest	11,789,548	2,399,321	8,210,546	1,179,681
Total Expenditures	18,756,548	5,814,321	9,930,546	3,011,681
Excess (Deficiency) of Revenues Over Expenditures	123,486	(359,400)	362,406	120,480
Other Sources and Uses				
Operating Transfer In	485,794			485,794
Operating Transfer Out	(5,134,188)		(5,134,188)	
Proceeds of Refunding Bonds	40,709,376		40,709,376	
Payment to Refunded Bond Escrow Agent	(40,640,959)		(40,640,959)	
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(4,456,491)	(359,400)	(4,703,365)	606,274
Fund Balances July 1, 1987, as Previously Reported	16,610,707	4,443,699	12,167,008	
Prior Period Adjustment (Note 10)	773,686			773,686
Fund Balances July 1, 1987, as Restated	17,384,393	4,443,699	12,167,008	773,686
Fund Balances June 30, 1988	\$12,927,902	\$4,084,299	\$7,463,643	\$1,379,960

See Notes to Financial Statements.

CITY OF SCOTTSDALE

DEBT SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTALS (MEMORANDUM ONLY)			GENERAL OBLIGATION BOND			MUNICIPAL PROPERTY CORPORATION			SPECIAL ASSESSMENTS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	Revenues											
Taxes - Local												
Property	\$4,222,398	\$4,923,486	\$701,088	\$4,222,398	\$4,923,486	\$701,088	\$	\$	\$	\$	\$	\$
Transaction Privilege	4,927,029	4,399,991	(527,038)				4,927,029	4,399,991	(527,038)			
	9,149,427	9,323,477	174,050	4,222,398	4,923,486	701,088	4,927,029	4,399,991	(527,038)			
Special Assessments	2,920,000	3,132,161	212,161							2,920,000	3,132,161	212,161
Use of Money and Property												
Interest Earnings	1,644,000	1,477,169	(166,831)	593,000	531,435	(61,565)	1,051,000	945,734	(105,266)			
Total Revenues	13,713,427	13,932,807	219,380	4,815,398	5,454,921	639,523	5,978,029	5,345,725	(632,304)	2,920,000	3,132,161	212,161
Expenditures												
Debt Service												
Principal	5,743,420	5,133,420	610,000	2,415,000	2,415,000		1,496,420	886,420	610,000	1,832,000	1,832,000	
Interest	8,378,007	8,038,307	339,700	2,400,398	2,399,321	1,077	4,893,609	4,459,305	434,304	1,084,000	1,179,681	(95,681)
Total Expenditures	14,121,427	13,171,727	949,700	4,815,398	4,814,321	1,077	6,390,029	5,345,725	1,044,304	2,916,000	3,011,681	(95,681)
Excess (Deficiency) of Revenues Over Expenditures	(408,000)	761,080	1,169,080		640,600	640,600	(412,000)		412,000	4,000	120,480	116,480
Other Sources												
Operating Transfers In From General Fund	1,571,336		(1,571,336)	1,159,336		(1,159,336)	412,000		(412,000)			
Excess of Revenue and Other Sources Over Expenditures	1,163,336	761,080	(402,256)	1,159,336	640,600	(518,736)				4,000	120,480	116,480
Fund Balances (Deficits) July 1, 1987	(1,163,336)	285,058	1,448,394	(1,159,336)	285,058	1,444,394				(4,000)		4,000
Fund Balances June 30, 1988	\$	\$1,046,138	\$1,046,138	\$	\$925,658	\$925,658	\$	\$	\$	\$	\$120,480	\$120,480

CAPITAL PROJECTS FUNDS

A capital projects fund is established to account for the resources expended to acquire assets of a relatively permanent nature. (Special revenue and enterprise fund resources are not included in this category.) These funds evolved from the need for special accounting for bond proceeds, grants, and contributions for the acquisition of capital assets.

A capital projects fund provides a formal mechanism which enables administrators to ensure that revenue designated for certain purposes is properly used. A capital projects fund further enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

A bond construction fund is utilized for receiving and expending proceeds from bond sales. Bonds are authorized by the general electorate for specific capital project construction periods, rather than on an annual basis. Each bond construction fund is terminated upon final completion of construction of the project for which it was created. Those presently in existence are as follows:

General Obligation Bond Construction Fund

Highway User Bond Construction Fund

Municipal Property Corporation Construction Fund

Special Assessments Fund

CITY OF SCOTTSDALE
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1988

EXHIBIT E-1

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND CONSTRUCTION	HIGHWAY USER BOND CONSTRUCTION	MUNICIPAL PROPERTY CORPORATION CONSTRUCTION	SPECIAL ASSESSMENTS
ASSETS					
Cash and Short-Term Investments	\$21,587,412	\$5,166,743	\$11,483,268	\$3,834,268	\$1,103,133
Receivables					
Accrued Interest	170,836	47,825	97,600	11,572	13,839
Accounts	56,508		56,508		
Total Assets	\$21,814,756	\$5,214,568	\$11,637,376	\$3,845,840	\$1,116,972
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$1,661,792	\$279,985	\$568,053	\$341,727	\$472,027
Fund Balances					
Reserved for Encumbrances	4,317,806	1,483,261	330,627	1,868,845	635,073
Unreserved	15,835,158	3,451,322	10,738,696	1,635,268	9,872
Total Fund Balances	20,152,964	4,934,583	11,069,323	3,504,113	644,945
Total Liabilities and Fund Balances	\$21,814,756	\$5,214,568	\$11,637,376	\$3,845,840	\$1,116,972

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT E-2

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND CONSTRUCTION	HIGHWAY USER BOND CONSTRUCTION	MUNICIPAL PROPERTY CORPORATION CONSTRUCTION	SPECIAL ASSESSMENTS
Revenues					
Use of Money and Property					
Interest Earnings	\$2,416,035	\$564,099	\$1,151,272	\$538,200	\$162,464
Other	2,639,811		870,293		1,769,518
Total Revenue	5,055,846	564,099	2,021,565	538,200	1,931,982
Expenditures					
Capital Improvements	27,650,572	2,360,596	9,815,801	11,301,744	4,172,431
Deficiency of Revenue Over Expenditures	(22,594,726)	(1,796,497)	(7,794,236)	(10,763,544)	(2,240,449)
Other Sources (Uses)					
Bond Proceeds	12,715,000		9,800,000		2,915,000
Operating Transfer In	5,134,188			5,134,188	
Operating Transfer Out	(485,794)				(485,794)
Excess (Deficiency) of Revenue and Other Sources Over Expendi- tures and Other Uses	(5,231,332)	(1,796,497)	2,005,764	(5,629,356)	188,757
Fund Balances July 1, 1987, as Previously Reported	24,928,108	6,731,080	9,063,559	9,133,469	
Prior Period Adjustment (Note 10)	456,188				456,188
Fund Balances July 1, 1987 as Restated	25,384,296	6,731,080	9,063,559	9,133,469	456,188
Fund Balances June 30, 1988	\$20,152,964	\$4,934,583	\$11,069,323	\$3,504,113	\$644,945

CITY OF SCOTTSDALE

EXHIBIT E-3

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY
	-----	-----	-----	-----	-----
General Obligation Bond Construction Fund Capital Improvements	\$2,360,596	\$28,547	\$272,089	\$4,187	\$2,055,773
Highway User Bond Construction Fund Capital Improvements	9,815,801	268,016	355,407	875,741	8,316,637
Municipal Property Corporation Construction Fund Capital Improvements	11,301,744	88,017	66,757	3,362	11,143,608
Special Assessments Construction Fund Capital Improvements	4,172,431	31,037	182,904		3,958,490
Total Expenditures	----- \$27,650,572 -----	----- \$415,617 -----	----- \$877,157 -----	----- \$883,290 -----	----- \$25,474,508 -----

TRUST AND AGENCY FUND

The Trust and Agency Fund is established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

Expendable Trust Fund: used to account for gifts that are designated for special purposes. The expendable trust fund includes gifts received for libraries, arts, parks, memorials, senior citizens, handicapped, and training services.

Deferred Compensation Plan Agency Fund: permits employees to defer a portion of their salaries to future years.

CITY OF SCOTTSDALE
 TRUST AND AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1988

EXHIBIT F-1

ASSETS	TOTAL ALL FUNDS	EXPENDABLE TRUST FUND	DEFERRED COMPENSATION AGENCY FUND
Cash and Short-Term Investments	\$5,115,615	\$5,115,615	\$
Cash With Trustee	16,322	16,322	
Investments	2,033,145		2,033,145
Miscellaneous Receivables	38,090	38,090	
Total Assets	\$7,203,172	\$5,170,027	\$2,033,145
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$43,065	\$43,065	\$
Designated Deferred Compensation Benefits	2,033,145		2,033,145
Guaranty and Other Deposits	4,148,991	4,148,991	
Total Liabilities	6,225,201	4,192,056	2,033,145
Fund Balances			
Reserved for Encumbrances	11,208	11,208	
Unreserved	966,763	966,763	
Total Fund Balances	977,971	977,971	
Total Liabilities and Fund Balances	\$7,203,172	\$5,170,027	\$2,033,145

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT F-2

TRUST AND AGENCY FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	EXPENDABLE TRUSTS

Revenues	
Other	\$941,691
Expenditures	
Expendable Trusts	986,970

Deficiency of Revenues Over Expenditures	(45,279)
Fund Balance July 1, 1987	1,023,250

Fund Balance June 30, 1988	\$977,971

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT F-3

TRUST AND AGENCY FUND

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY
	-----	-----	-----	-----	-----
Expendable Trusts	\$986,970	\$96,274	\$468,101	\$92,271	\$330,324
	-----	-----	-----	-----	-----
Total Expenditures	\$986,970	\$96,274	\$468,101	\$92,271	\$330,324
	=====	=====	=====	=====	=====

ENTERPRISE FUNDS

Enterprise funds are established to account for the financing of self-supporting activities of governmental units which render services to the general public on a user charge basis. Enterprise funds are maintained on the accrual basis of accounting. Although the Water and Sewer Utility, Airport, and Public Housing Funds are operated as enterprise funds, their expenditures are controlled through budgetary accounting procedures similar to other City funds.

Water and Sewer Utility Fund

The Water and Sewer Utility Fund was established for control of the operating revenue and expenses of the City's Water and Sewer Utility. Although a program of the City government, the Utility is operated as a separate enterprise, and the accounting records are maintained on an enterprise fund basis. Accordingly, the account classifications used are designed specifically for the water and sewer operations.

Airport Fund

The Airport Fund was established for control of the operating revenue and expenses of the City's Airport. Airport Fund accounts are maintained on an enterprise fund basis with account classifications designed specifically for airport operations.

Public Housing Fund

The Public Housing Fund was established to provide low cost housing for families displaced by the Neighborhood Development Project of the City and is operated as an enterprise of the City. In fiscal year 1985 all the housing units were sold.

CITY OF SCOTTSDALE
 ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1988

EXHIBIT G-1

ASSETS	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Current Assets				
Cash and Short-Term Investments	\$8,261,940	\$8,208,372	\$53,568	\$
Receivables				
Accrued Interest	183,247	183,247		
Accounts	3,229,799	3,229,799		
Miscellaneous	122,316	27,237	95,079	
Total Current Assets	11,797,302	11,648,655	148,647	
Restricted Cash, Investments, and Receivables				
Cash with Fiscal Agents	2,914,127	2,914,127		
Revenue Bond Reserves	1,732,780	1,732,780		
Water and Sewer Replacement Reserve	2,839,693	2,839,693		
Scottsdale Water Service Company Replacement Reserve	300,000	300,000		
Acquisition and Construction Reserve				
Bond Proceeds	13,693,350	13,693,350		
Development Fees	3,095,317	3,095,317		
Notes Receivable	225,740			225,740
Total Restricted Cash, Investments, and Receivables	24,801,007	24,575,267		225,740
Property, Plant, and Equipment				
Land and Water Rights	33,386,737	21,350,872	12,035,865	
Water System	110,751,040	110,751,040		
Sewer System	66,251,877	66,251,877		
Buildings and Improvements	1,244,044		1,244,044	
Furniture and Fixtures	414,749	271,771	142,978	
Construction in Progress	7,532,734	7,532,734		
Total Property, Plant, and Equipment	219,581,181	206,158,294	13,422,887	
Accumulated Depreciation	(27,235,405)	(24,858,813)	(2,376,592)	
Total Property, Plant, and Equipment Net of Accumulated Depreciation	192,345,776	181,299,481	11,046,295	
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$1,984,162	652,433	652,433		
Total Assets	\$229,596,518	\$218,175,836	\$11,194,942	\$225,740

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$1,120,904	\$1,100,744	\$20,160	\$
Accrued Payroll	195,513	178,144	17,369	
Accrued Interest Payable	62,046	62,046		
Current Portion of Contracts Payable	517,737	517,737		
Total	1,896,200	1,858,671	37,529	
Current Liabilities (Payable from Restricted Assets)				
Bonds Interest Payable	1,864,127	1,864,127		
Current Portion of Bonds Payable	1,050,000	1,050,000		
Total	2,914,127	2,914,127		
Total Current Liabilities	4,810,327	4,772,798	37,529	
Other Liabilities				
Deferred Revenue	1,844,225	1,844,225		
Customer Advances and Deposits	366,918	366,918		
Due To General Fund	15,128,091	15,128,091		
Other				
Arbitrage Interest	442,632	442,632		
Unearned Grant Revenue (Payable from Restricted Notes Receivable)	225,740			225,740
Total Other	668,372	442,632		225,740
Total Other Liabilities	18,007,606	17,781,866		225,740
Long-Term Debt (Less Current Portion)				
Bonds Payable	50,170,000	50,170,000		
Contracts Payable	3,223,550	3,223,550		
Total	53,393,550	53,393,550		
Total Liabilities	76,211,483	75,948,214	37,529	225,740
Fund Equity				
Contributed Capital	88,822,396	75,240,925	13,581,471	
Retained Earnings (Deficit)				
Reserved for				
Revenue Bond Retirement	1,732,780	1,732,780		
Water and Sewer System Replacement	3,139,693	3,139,693		
Acquisition and Construction	16,788,667	16,788,667		
Unreserved	42,901,499	45,325,557	(2,424,058)	
Total Retained Earnings (Deficit)	64,562,639	66,986,697	(2,424,058)	
Total Fund Equity	153,385,035	142,227,622	11,157,413	
Total Liabilities and Fund Equity	\$229,596,518	\$218,175,836	\$11,194,942	\$225,740

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT G-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN RETAINED EARNINGS (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT
Operating Revenues			
Water Service Fees	\$18,765,362	\$18,765,362	\$
Water Connection Fees	329,266	329,266	
Water Development Fees	2,961,884	2,961,884	
Water Resource Fees	1,707,211	1,707,211	
Sewer Service Fees	4,334,113	4,334,113	
Sewer Development Fees	2,586,241	2,586,241	
Airport Fees	605,221		605,221
Other	841,382	841,382	
Total Operating Revenues	32,130,680	31,525,459	605,221
Operating Expenses			
Water Operations	7,888,218	7,888,218	
Sewer Operations	1,722,147	1,722,147	
Airport Operations	370,439		370,439
Depreciation and Amortization	5,380,695	4,884,300	496,395
Indirect Cost	2,825,497	2,598,469	227,028
Total Operating Expenses	18,186,996	17,093,134	1,093,862
Operating Income (Loss)	13,943,684	14,432,325	(488,641)
Non-Operating Revenues (Expenses)			
Interest Earnings	2,081,372	2,057,428	23,944
Interest Expense	(3,454,967)	(3,454,967)	
Total Non-Operating Revenues(Expenses)	(1,373,595)	(1,397,539)	23,944
Net Income (Loss)	12,570,089	13,034,786	(464,697)
Retained Earnings (Deficit) July 1, 1987	51,992,550	53,951,911	(1,959,361)
Retained Earnings (Deficit) June 30, 1988	\$64,562,639	\$66,986,697	(\$2,424,058)

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT G-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Sources of Funds				
Operations				
Net Income (Loss)	\$12,570,089	\$13,034,786	(\$464,697)	\$
Noncash Charge-Depreciation and Amortization	5,380,695	4,884,300	496,395	
Total from Operations	17,950,784	17,919,086	31,698	
Contributions				
Water/Sewer Assets from Subdividers	9,410,572	9,410,572		
From Government Units	17,236,356	16,921,085	315,271	
Increase In				
Current Liabilities	13,535		13,535	
Other Liabilities	16,752,588	16,752,588		
Decrease In				
Receivables	692,919	590,213	102,706	
Notes Receivables	255,759			255,759
	62,312,513	61,593,544	463,210	255,759
Uses of Funds				
Contributions of Water/Sewer Assets from Subdividers	9,410,572	9,410,572		
Contribution to General Fund	15,128,091	15,128,091		
Increase In				
Property, Plant, and Equipment	23,567,647	23,115,228	452,419	
Restricted Cash and Investments	3,437,227	3,437,227		
Decrease In				
Current Liabilities	747,740	747,740		
Other Liabilities	255,759			255,759
Long Term Debt	1,546,584	1,546,584		
	54,093,620	53,385,442	452,419	255,759
Increase in Cash and Short-Term Investments	8,218,893	8,208,372	10,791	
Cash and Short-Term Investments July 1, 1987	42,777		42,777	
June 30, 1988	\$8,261,670	\$8,208,372	\$53,568	\$

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT G-4

ENTERPRISE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL (MEMORANDUM ONLY)			WATER AND SEWER UTILITY			AIRPORT		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Water Service Fees	\$20,263,000	\$18,765,362	(\$1,497,638)	\$20,263,000	\$18,765,362	(\$1,497,638)	\$	\$	\$
Water Connection Fees		329,266	329,266		329,266	329,266			
Water Development Fees	2,498,000	2,961,884	463,884	2,498,000	2,961,884	463,884			
Water Resources Fees	2,050,000	1,707,211	(342,789)	2,050,000	1,707,211	(342,789)			
Sewer Service Fees	5,040,000	4,334,113	(705,887)	5,040,000	4,334,113	(705,887)			
Sewer Development Fees	1,000,000	2,586,241	1,586,241	1,000,000	2,586,241	1,586,241			
Development Fees	2,000,000		(2,000,000)	2,000,000		(2,000,000)			
Airport Fees	632,000	605,221	(26,779)				632,000	605,221	(26,779)
Interest Earnings	310,000	1,234,730	924,730	300,000	1,210,786	910,786	10,000	23,944	13,944
CIP Reimbursement	750,000	1,294,835	544,835	750,000	1,294,835	544,835			
Other		819,600	819,600		819,600	819,600			
Total Revenues	34,543,000	34,638,463	95,463	33,901,000	34,009,298	108,298	642,000	629,165	(12,835)
Expenditures									
Water Operations	10,037,015	8,326,539	1,710,476	10,037,015	8,326,539	1,710,476			
Sewer Operations	2,106,049	2,036,708	69,341	2,106,049	2,036,708	69,341			
Airport Operations	402,538	395,149	7,389				402,538	395,149	7,389
Capital Outlay	5,850,660	4,137,337	1,713,323	5,804,660	4,105,137	1,699,523	46,000	32,200	13,800
Debt Service and Reserves	7,921,101	6,747,576	1,173,525	7,921,101	6,747,576	1,173,525			
Total Expenditures	26,317,363	21,643,309	4,674,054	25,868,825	21,215,960	4,652,865	448,538	427,349	21,189
Excess of Revenues Over Expenditures	\$8,225,637	\$12,995,154	\$4,769,517	\$8,032,175	\$12,793,338	\$4,761,163	\$193,462	\$201,816	\$8,354

INTERNAL SERVICE FUNDS

Internal service funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City.

Motor Pool Fund

The Motor Pool Fund is responsible for the maintenance and operations of various automobiles and other equipment of the City. Revenue to this fund is derived from charges to user programs.

Self-Insurance Fund

The Self-Insurance Fund is responsible for the administration of the protected self-insurance program initiated by the City July 1, 1978. Revenue to this fund is derived from charges to user programs. This fund provides coverage for unemployment, workmen's compensation, property, and liability claims.

CITY OF SCOTTSDALE

EXHIBIT H-1

INTERNAL SERVICE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1988

ASSETS	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
Current Assets			
Cash and Short-Term Investments	\$1,693,379	\$38,677	\$1,654,702
Receivables			
Accrued Interest	11,586		11,586
Accounts	12,213		12,213
Supplies Inventory	174,788	174,788	
Total Current Assets	1,891,966	213,465	1,678,501
Property, Plant, and Equipment			
Land	67,904	67,904	
Buildings and Improvements	1,222,868	1,222,868	
Motor Vehicles	9,083,016	9,083,016	
Machinery and Equipment	1,664,534	1,664,034	500
Furniture, Fixtures, and Office Equipment	46,763	11,744	35,019
Construction in Progress	633,653	633,653	
	12,718,738	12,683,219	35,519
Accumulated Depreciation	(5,263,196)	(5,253,032)	(10,164)
	7,455,542	7,430,187	25,355
Total Assets	\$9,347,508	\$7,643,652	\$1,703,856
	=====	=====	=====
LIABILITIES AND FUND EQUITY			

Current Liabilities			
Accounts Payable	\$314,588	\$269,016	\$45,572
Accrued Payroll	162,735	146,035	16,700
Claims Payable			
Reported	748,332		748,332
Unreported	115,000		115,000
	863,332		863,332
Total Current Liabilities	1,340,655	415,051	925,604
Fund Equity			
Contributed Capital	10,066,811	8,183,723	1,883,088
Accumulated Deficits	(2,059,958)	(955,122)	(1,104,836)
Total Fund Equity	8,006,853	7,228,601	778,252
Total Liabilities and Fund Equity	\$9,347,508	\$7,643,652	\$1,703,856
	=====	=====	=====

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-2

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN ACCUMULATED DEFICITS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
	-----	-----	-----
Operating Revenues			
Billings To User Programs	\$6,307,673	\$4,591,692	\$1,715,981
Other	158,534	9,565	148,969
	-----	-----	-----
Total Operating Revenues	6,466,207	4,601,257	1,864,950
 Operating Expenses			
Motor Pool Operations	3,614,653	3,614,653	
Self Insurance Operations	2,103,006		2,103,006
Depreciation	1,093,849	1,089,229	4,620
	-----	-----	-----
Total Operating Expenses	6,811,508	4,703,882	2,107,626
 Net Loss	(345,301)	(102,625)	(242,676)
 Accumulated Deficits July 1, 1987	(1,714,657)	(852,497)	(862,160)
	-----	-----	-----
Accumulated Deficits June 30, 1988	(\$2,059,958)	(\$955,122)	(\$1,104,836)
	=====	=====	=====

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-3

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
	-----	-----	-----
Sources of Funds			
Operations			
Net Loss	(\$345,301)	(\$102,625)	(\$242,676)
Noncash Charge - Depreciation	1,093,849	1,089,229	4,620
Total From (Used By) Operations	748,548	986,604	(238,056)
Contributions			
From Government Units	1,065,253	1,064,500	753
From General Fund	1,272,855	872,855	400,000
Increase in Current Liabilities	182,405	182,405	
	3,269,061	3,106,364	162,697
Uses of Funds			
Increase in Property, Plant and Equipment	2,905,777	2,892,899	12,878
Increase in Inventory	174,788	174,788	
Increase in Receivables	5,066		5,066
Decrease in Current Liabilities	54,910		54,910
	3,140,541	3,067,687	72,854
Increase in Cash and Short-Term Investments	128,520	38,677	89,843
Cash and Short-Term Investments July 1, 1987	1,564,859		1,564,859
June 30, 1988	\$1,693,379	\$38,677	\$1,654,702
	=====	=====	=====

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-4

INTERNAL SERVICE FUNDS

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	TOTALS (MEMORANDUM ONLY)			MOTOR POOL			SELF INSURANCE		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Billings To User Programs	\$6,311,000	\$6,307,673	(\$3,327)	\$4,603,000	\$4,591,692	(\$11,308)	\$1,708,000	\$1,715,981	\$7,981
Contribution from Municipality	400,000	400,000					400,000	400,000	
Other	176,000	158,534	(17,466)		9,565	9,565	176,000	148,969	(27,031)
Total Revenues	6,887,000	6,866,207	(20,793)	4,603,000	4,601,257	(1,743)	2,284,000	2,264,950	(19,050)
Expenditures									
Motor Pool Operations	5,594,518	5,624,789	(30,271)	5,594,518	5,624,789	(30,271)			
Self Insurance Operations	2,211,990	2,240,168	(28,178)				2,211,990	2,240,168	(28,178)
Total Expenditures	7,806,508	7,864,957	(58,449)	5,594,518	5,624,789	(30,271)	2,211,990	2,240,168	(28,178)
Excess (Deficiency) of Revenues Over Expenditures	(\$919,508)	(\$998,750)	(\$79,242)	(\$991,518)	(\$1,023,532)	(\$32,014)	\$72,010	\$24,782	(\$47,228)



GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is established for controlling the City's sizeable investment in fixed assets which are tangible assets of significant value having a utility which extends beyond a year. This control also allows establishing custodial responsibility for the assets. No depreciation is provided on such assets.

The investments in fixed assets of proprietary fund types are accounted for in their respective funds.

CITY OF SCOTTSDALE

EXHIBIT I-1

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1988

Property and Equipment:

Land	\$ 39,212,333
Buildings and Improvements	103,502,235
Streets and Storm Drains	424,437,287
Machinery and Equipment	20,154,575
Construction in Progress	<u>35,191,018</u>

Total General Fixed Assets	<u>\$622,497,448</u>
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Investment in General Fixed Asset From:

General Fund	\$ 58,178,843
Special Revenue Funds	21,972,360
Capital Projects Funds	174,451,990
Contributions	353,911,219
Improvement Districts	<u>13,983,036</u>

Total Investment in General Fixed Assets	<u>\$622,497,448</u>
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CITY OF SCOTTSDALE
 SCHEDULE OF GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 1988

EXHIBIT I-2

<u>DEPARTMENT</u>	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>STREETS AND STORM DRAINS</u>	<u>MACHINERY AND EQUIPMENT</u>
General Government	\$ 1,753,476	\$ 464,154	\$ 828,044	\$	\$ 461,278
Police	3,626,659	40,855	1,009,158	48,038	2,528,608
Management Services	706,632		304,152		402,480
Field Operations	7,844,359		7,530,604		313,755
Community Services	16,443,742	5,012,014	9,657,156	134,747	1,639,825
Community Development	263,559		5,593		257,966
Non-Departmental	11,888,291		12,059		11,876,232
Planning & Economic Development	10,513				10,513
Fire	449,416		429,713		19,703
Capital Projects	<u>544,319,783</u>	<u>33,695,310</u>	<u>83,725,756</u>	<u>424,254,502</u>	<u>2,644,215</u>
Total General Fixed Assets Allocated to Functions	587,306,430	<u>\$39,212,333</u>	<u>\$103,502,235</u>	<u>\$424,437,287</u>	<u>\$20,154,575</u>
Construction in Progress	<u>35,191,018</u>				
Total General Fixed Assets	<u>\$622,497,448</u>				

CITY OF SCOTTSDALE
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 1988

EXHIBIT I-3

<u>DEPARTMENT</u>	<u>JULY 1, 1987</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>JUNE 30, 1988</u>
General Government	\$ 1,747,311	\$ 14,604	\$ (8,439)	\$ 1,753,476
Police	3,516,249	118,765	(8,355)	3,626,659
Management Services	566,168	264,423	(123,959)	706,632
Field Operations	12,954,455	7,385,956	(12,496,052)	7,844,359
Community Services	15,129,653	1,314,089		16,443,742
Community Development	246,983	16,576		263,559
Non-Departmental	11,315,603	574,703	(2,015)	11,888,291
Planning & Economic Development		10,513		10,513
Fire	449,416			449,416
Capital Projects	489,569,603	59,272,790	(4,522,610)	544,319,783
Construction in Progress	<u>43,699,238</u>	<u>778,973</u>	<u>(9,287,193)</u>	<u>35,191,018</u>
Total General Fixed Assets	<u>\$579,194,679</u>	<u>\$69,751,392</u>	<u>\$(26,448,623)</u>	<u>\$622,497,448</u>

DEBT REQUIREMENTS

The supplemental debt service schedules are presented to provide a comprehensive overview of the City's total debt. These schedules are presented by debt type without regard to fund classification. They include a schedule of changes in long-term debt for the current fiscal year and a schedule of debt service requirements to maturity for each debt classification.

CITY OF SCOTTSDALE

SCHEDULE OF CHANGES IN LONG-TERM DEBT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	JULY 1, 1987	ISSUED	RETIRED	ADVANCE REFUNDINGS		JUNE 30, 1988	FINAL PAYMENT DATE
				ISSUED	DEFEASED		
GENERAL OBLIGATION BONDS							
1967 Civic Center	\$470,000	\$	\$175,000	\$	\$	\$295,000	07/01/90
1968 Civic Center	1,400,000					1,400,000	07/01/96
1973 Storm Sewer	3,500,000					3,500,000	07/01/93
1976 Storm Sewer	2,000,000		1,000,000			1,000,000	07/01/89
1984 Public Buildings	11,520,000		1,440,000			10,080,000	07/01/95
1984 Parks & Recreation	4,000,000		500,000			3,500,000	07/01/95
1984 Storm Sewer	480,000		60,000			420,000	07/01/95
1985 Public Buildings	2,874,000		72,000			2,802,000	07/01/05
1985 Parks & Recreation	2,969,800		74,400			2,895,400	07/01/05
1985 Storm Sewer	3,736,200		93,600			3,642,600	07/01/05
1986 Water Acquisition	38,000,000		325,000			37,675,000	07/01/06
Total General Obligation Bonds	\$70,950,000	\$	\$3,740,000	\$	\$	\$67,210,000	
REVENUE BONDS							
1973 Utility Refunding	\$2,145,000	\$	\$225,000	\$	\$	\$1,920,000	07/01/95
1977 Utility	2,675,000		500,000			2,175,000	07/01/92
1984 Utility	8,400,000					8,400,000	07/01/00
1984 HURF	10,250,000		300,000			9,950,000	07/01/03
1985 HURF	9,780,000		240,000			9,540,000	07/01/05
1987 HURF		9,800,000	35,000			9,765,000	07/01/07
Total Revenue Bonds	\$33,250,000	\$9,800,000	\$1,300,000	\$	\$	\$41,750,000	
MPC BONDS							
Arts Building, Parking Garage	\$5,250,000	\$	\$395,000	\$	\$	\$4,855,000	07/01/96
Civic Center Underpass	17,030,000				17,030,000		
Golf Course	12,410,000		330,000			12,080,000	07/01/04
Library, Police, Horseworld	20,055,000				20,055,000		
Asset Transfer Refunding	47,605,000		595,000			47,010,000	11/01/14
Street Improvements	3,100,000					3,100,000	07/01/01
Civic Center Underpass, Library, Police, Horseworld Refunding			400,000	41,205,000		40,805,000	07/01/05
Total MPC Bonds	\$105,450,000	\$	\$1,720,000	\$41,205,000	\$37,085,000	\$107,850,000	

CITY OF SCOTTSDALE

EXHIBIT J-1

SCHEDULE OF CHANGES IN LONG-TERM DEBT

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	JULY 1, 1987	ISSUED	RETIRED	ADVANCE REFUNDINGS		JUNE 30, 1988	FINAL PAYMENT DATE
				ISSUED	DEFEASED		
SPECIAL ASSESSMENTS							
PK-6802 5th Ave. Parking	\$76,000	\$	\$15,000	\$	\$	\$61,000	01/01/92
RM-6805 5th Ave.	14,000		2,000			12,000	01/01/93
RM-6806 Thomas, Civic Center, Earl	140,000		18,000			122,000	01/01/95
WSP-7267 Thunderbird Airpark	107,000		107,000			0	01/01/88
WS-7719 Shea, Hayden to Scottsdale	15,000		15,000			0	01/01/88
P-7813 Motorola Paving	20,000		10,000			10,000	01/01/89
W-7645 Shea and 128th	56,000		28,000			28,000	01/01/89
WSP-7745 Scottsdale Airpark	58,000		29,000			29,000	01/01/89
WP-7716 Sundown Manor	174,000		58,000			116,000	01/01/90
P-7827 Scottsdale and McKellips	18,000		5,000			13,000	01/01/91
P-8288 Indian Plaza Paving	146,000		29,000			117,000	01/01/92
P-7570 Scottsdale and Shea	114,000		21,000			93,000	01/01/92
P-8861 Gary Road Paving	35,000		5,000			30,000	01/01/93
W-7829 North Scottsdale	5,215,000		650,000			4,565,000	01/01/95
S-7830 Sewer Project	1,360,000		170,000			1,190,000	01/01/95
WSP-8871 Escondido Estates	120,000		15,000			105,000	01/01/94
WSP-8741 Hayden Road Extension	1,275,000		140,000			1,135,000	01/01/96
WSP-8978 N. Airport Industrial	5,200,000		515,000			4,685,000	07/01/97
I5502 NW Airpark		1,735,000				1,735,000	01/01/98
08739 Via Linda		1,180,000				1,180,000	01/01/98
Total Special Assessment Bonds	14,143,000	2,915,000	1,832,000			15,226,000	
Total Bonds	223,793,000	12,715,000	8,592,000	41,205,000	37,085,000	232,036,000	
CONTRACTS PAYABLE							
U.S. Corps of Engineers - Indian Bend Wash	4,500,000					4,500,000	2037
State Land - CAP Plant	493,028		22,410			470,618	12/20/90
State Land - Sewer Reclamation Plant	221,506		10,069			211,437	12/20/90
Planet Ranch	3,750,000		1,000,000			2,750,000	01/05/91
Pepperwood	345,668		6,387			339,281	02/01/06
Scottsdale Plumbing	392,062		93,189			298,873	01/15/91
Plan 6	3,603,633		694,401			2,909,232	07/01/94
Allison Well		200,000	50,000			150,000	03/14/91
Telephone Phase I	233,344		152,014			81,330	02/01/89
Telephone Phase II	210,738		54,133			156,605	09/19/90
Telephone Phase III	456,790		89,830			366,960	12/23/91
Library Computer	411,000		125,000			286,000	04/01/90
Computer Phase I	987,589		473,608			513,981	03/20/89
Computer Phase II	838,474		312,390			526,084	08/31/89
Computer Phase III	743,534		193,081			550,453	10/28/90
Computer Phase III.V	202,876		39,897			162,979	12/23/91
Computer Phase IV	4,185,141		737,294			3,447,847	04/01/92
Computer Aided Dispatch	1,138,272		255,162			883,110	10/01/90
Teleboom Fire Truck	97,496		46,648			50,848	03/01/89
Skipton Building	84,130		84,130				10/19/87
Frank Lloyd Wright House	33,333		33,333				06/87
Total Contracts	22,928,614	200,000	4,472,976			18,655,638	
TOTAL BONDS AND CONTRACTS	\$246,721,614	\$12,915,000	\$13,064,976	\$41,205,000	\$37,085,000	\$250,691,638	

CITY OF SCOTTSDALE

EXHIBIT J-2

DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

FISCAL YEAR	GENERAL PURPOSE 6% LIMITATION			UTILITY PURPOSE 20% LIMITATION			TOTAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS*		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1988-89	\$1,698,413	\$1,067,100	\$2,765,513	\$1,151,587	\$3,460,499	\$4,612,086	\$2,850,000	\$4,527,599	\$7,377,599
1989-90	1,714,331	953,239	2,667,570	1,255,669	3,369,586	4,625,255	2,970,000	4,322,825	7,292,825
1990-91	1,733,208	834,560	2,567,768	1,366,792	3,268,674	4,635,466	3,100,000	4,103,234	7,203,234
1991-92	1,740,606	710,119	2,450,725	1,489,394	3,157,061	4,646,455	3,230,000	3,867,180	7,097,180
1992-93	1,750,962	582,559	2,333,521	1,624,038	3,033,850	4,657,888	3,375,000	3,616,409	6,991,409
1993-94	1,784,839	450,463	2,235,302	1,760,161	2,897,647	4,657,808	3,545,000	3,348,110	6,893,110
1994-95	1,818,716	317,274	2,135,990	1,911,284	2,752,056	4,663,340	3,730,000	3,069,330	6,799,330
1995-96	389,073	183,633	572,706	1,460,927	2,597,411	4,058,338	1,850,000	2,781,044	4,631,044
1996-97	150,909	160,461	311,370	1,579,091	2,499,104	4,078,195	1,730,000	2,659,565	4,389,565
1997-98	162,745	147,936	310,681	1,702,255	2,391,219	4,093,474	1,865,000	2,539,155	4,404,155
1998-99	176,060	134,265	310,325	1,843,940	2,273,215	4,117,155	2,020,000	2,407,480	4,427,480
1999-00	190,855	119,300	310,155	2,799,145	2,143,554	4,942,699	2,990,000	2,262,854	5,252,854
2000-01	207,130	102,887	310,017	3,942,870	1,949,728	5,892,598	4,150,000	2,052,615	6,202,615
2001-02	224,884	85,073	309,957	4,260,116	1,676,191	5,936,307	4,485,000	1,761,264	6,246,264
2002-03	244,117	65,509	309,626	4,605,883	1,378,198	5,984,081	4,850,000	1,443,707	6,293,707
2003-04	264,830	44,148	308,978	4,975,170	1,053,672	6,028,842	5,240,000	1,097,820	6,337,820
2004-05	287,028	22,954	309,982	5,372,972	707,815	6,080,787	5,660,000	730,769	6,390,769
2005-06				5,070,000	329,550	5,399,550	5,070,000	329,550	5,399,550
TOTALS	\$14,538,706	\$5,981,480	\$20,520,186	\$48,171,294	\$40,939,030	\$89,110,324	\$62,710,000	\$46,920,510	\$109,630,510

*EXCLUDES GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST PAYMENTS TO BE MADE FROM THE FULLY FUNDED SINKING FUND;
PRINCIPAL \$4,500,000, INTEREST \$993,750.

CITY OF SCOTTSDALE

EXHIBIT J-2

DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS AND HIGHWAY USER FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

FISCAL YEAR	WATER AND SEWER UTILITY REVENUE BONDS			HIGHWAY USER REVENUE BONDS			TOTAL WATER AND SEWER UTILITY AND HIGHWAY USER REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1988-89	\$765,000	\$964,798	\$1,729,798	\$635,000	\$2,481,915	\$3,116,915	\$1,400,000	\$3,446,713	\$4,846,713
1989-90	800,000	927,073	1,727,073	695,000	2,417,345	3,112,345	1,495,000	3,344,418	4,839,418
1990-91	810,000	887,623	1,697,623	770,000	2,346,453	3,116,453	1,580,000	3,234,076	4,814,076
1991-92	875,000	847,123	1,722,123	845,000	2,273,560	3,118,560	1,720,000	3,120,683	4,840,683
1992-93	925,000	800,623	1,725,623	915,000	2,196,310	3,111,310	1,840,000	2,996,933	4,836,933
1993-94	1,010,000	719,998	1,729,998	1,000,000	2,112,713	3,112,713	2,010,000	2,832,711	4,842,711
1994-95	1,085,000	630,688	1,715,688	1,085,000	2,027,815	3,112,815	2,170,000	2,658,503	4,828,503
1995-96	1,175,000	549,062	1,724,062	1,175,000	1,936,050	3,111,050	2,350,000	2,485,112	4,835,112
1996-97	1,275,000	446,250	1,721,250	1,275,000	1,834,673	3,109,673	2,550,000	2,280,923	4,830,923
1997-98	1,400,000	332,775	1,732,775	1,385,000	1,721,923	3,106,923	2,785,000	2,054,698	4,839,698
1998-99	1,525,000	206,775	1,731,775	1,510,000	1,598,852	3,108,852	3,035,000	1,805,627	4,840,627
1999-00	850,000	68,000	918,000	1,645,000	1,464,378	3,109,378	2,495,000	1,532,378	4,027,378
2000-01				1,790,000	1,320,068	3,110,068	1,790,000	1,320,068	3,110,068
2001-02				1,945,000	1,161,342	3,106,342	1,945,000	1,161,342	3,106,342
2002-03				2,125,000	988,420	3,113,420	2,125,000	988,420	3,113,420
2003-04				2,305,000	805,195	3,110,195	2,305,000	805,195	3,110,195
2004-05				2,505,000	620,597	3,125,597	2,505,000	620,597	3,125,597
2005-06				2,715,000	426,685	3,141,685	2,715,000	426,685	3,141,685
2006-07				2,935,001	223,060	3,158,061	2,935,001	223,060	3,158,061
TOTALS	\$12,495,000	\$7,380,788	\$19,875,788	\$29,255,001	\$29,957,354	\$59,212,355	\$41,750,001	\$37,338,142	\$79,088,143

CITY OF SCOTTSDALE

EXHIBIT J-2

DEBT SERVICE REQUIREMENTS TO MATURITY
MUNICIPAL PROPERTY CORPORATION, SPECIAL ASSESSMENT BONDS, AND CONTRACTS PAYABLE

FOR THE FISCAL YEAR ENDED JUNE 30, 1988

FISCAL YEAR	MUNICIPAL PROPERTY CORPORATION DEBT SERVICE REQUIREMENTS			SPECIAL ASSESSMENT BONDS DEBT SERVICE REQUIREMENTS			CONTRACTS PAYABLE		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1988-89	\$2,860,000	\$8,115,677	\$10,975,677	\$2,015,000	\$1,174,803	\$3,189,803	\$4,240,610	\$985,391	\$5,226,001
1989-90	3,015,000	7,949,287	10,964,287	1,947,000	989,717	2,936,717	3,710,649	706,945	4,417,594
1990-91	3,190,000	7,777,869	10,967,869	1,889,000	834,730	2,723,730	3,619,562	456,706	4,076,268
1991-92	3,390,000	7,580,616	10,970,616	1,887,000	681,839	2,568,839	1,565,564	291,997	1,857,561
1992-93	3,605,000	7,362,229	10,967,229	1,824,000	531,895	2,355,895	460,688	254,000	714,688
1993-94	3,840,000	7,122,280	10,962,280	1,822,000	385,025	2,207,025	353,494	251,455	604,949
1994-95	4,095,000	6,859,344	10,954,344	1,797,000	239,333	2,036,333	113,975	248,716	362,691
1995-96	4,155,000	6,571,636	10,726,636	950,000	132,297	1,082,297	46,158	245,768	291,926
1996-97	4,550,000	6,281,744	10,831,744	810,000	68,704	878,704	49,335	242,591	291,926
1997-98	4,900,000	5,941,198	10,841,198	285,000	10,651	295,651	52,760	239,166	291,926
1998-99	5,270,000	5,569,174	10,839,174				56,454	235,472	291,926
1999-00	5,700,000	5,151,048	10,851,048				60,442	231,484	291,926
2000-01	6,170,000	4,695,597	10,865,597				64,749	227,177	291,926
2001-02	5,920,000	4,200,871	10,120,871				69,403	222,523	291,926
2002-03	6,425,000	3,707,324	10,132,324				74,435	217,491	291,926
2003-04	6,970,000	3,171,071	10,141,071				79,880	212,046	291,926
2004-05	5,995,000	2,588,745	8,583,745				85,776	206,150	291,926
2005-06	2,070,000	2,119,226	4,189,226				67,569	200,372	267,941
2006-37	25,730,000	9,710,333	35,440,333				3,884,135	3,915,212	7,799,347
TOTALS	\$107,850,000	\$112,475,269	\$220,325,269	\$15,226,000	\$5,048,994	\$20,274,994	\$18,655,638	\$9,590,662	\$28,246,300

**STATISTICAL
SECTION**

CITY OF SCOTTSDALE
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
LAST TEN FISCAL YEARS

TABLE I

<u>FISCAL YEAR</u>	<u>TOTAL</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>MANAGEMENT SERVICES</u>	<u>FIELD OPERATIONS</u>	<u>COMMUNITY SERVICES</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>MUNICIPAL UTILITIES</u>	<u>NON-DEPARTMENTAL</u>	<u>PLANNING & ECONOMIC DEVELOPMENT</u>	<u>FIRE</u>	<u>STREET LIGHT DISTRICTS (1)</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>DEBT SERVICES (2)</u>
1988	\$91,528,855	\$3,397,569	\$13,571,954	\$2,665,064	\$13,041,269	\$12,455,464	\$6,129,906	\$	\$5,050,065	\$2,832,217	\$4,155,740	\$408,668	\$1,269,248	\$26,551,691
1987	87,887,639	2,721,381	11,836,704	2,190,533	11,872,258	10,294,757	5,883,408		3,912,789	2,583,452	3,973,055	443,276	5,810,259	26,365,767
1986	79,682,450	2,589,123	9,475,467	1,942,012	11,037,959	8,730,701	8,195,938		7,321,889				7,583,511	22,805,850
1985	58,041,919	2,138,651	8,352,188	1,873,189	10,573,974	8,155,034	7,116,544		7,625,803				544,579	11,661,957
1984	50,714,853	1,927,456	7,433,027	1,792,739	9,035,611	7,198,146	5,678,868		5,833,286				9,386,874	2,428,846
1983	44,551,039	3,681,626	9,847,607	2,488,759	8,329,776	6,469,869	5,402,471						6,705,466	1,625,465
1982	39,846,106	3,300,839	8,721,281	2,520,130	7,658,942	6,451,148	4,571,909	378,320					4,651,905	1,591,632
1981	36,502,778	2,508,933	7,731,176	2,556,277	7,091,973	5,813,913	4,151,823	226,151					4,890,405	1,532,127
1980	32,161,034	1,956,224	6,685,001	2,516,505	5,680,964	5,377,929	4,504,456	407,185					3,506,110	1,526,660
* 1979	30,210,507	1,304,630	6,161,448	2,260,310	5,660,651	6,765,247	3,929,206	285,847					1,711,241	2,131,927

* Data Reported With Encumbrances; Subsequent Year's Data Reported Without Encumbrances.

(1) Street Light Districts were not classified as General Government expenditures until fiscal 1987.

(2) Fiscal 1987 restated for Special Assessments to comply with GASE Statement No. 6.

CITY OF SCOTTSDALE
GENERAL GOVERNMENTAL REVENUE BY SOURCE
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
LAST TEN FISCAL YEARS

TABLE II

<u>FISCAL YEAR</u>	<u>TOTAL</u>	<u>TAXES</u>	<u>INTER-GOVERNMENT REVENUE</u>	<u>SPECIAL ASSESSMENTS (1)</u>	<u>LICENSES AND PERMITS</u>	<u>CHARGES FOR SERVICES</u>	<u>FORFEITS</u>	<u>USES OF MONEY AND PROPERTY</u>	<u>STREET LIGHT DISTRICTS (1)</u>	<u>MISCELLANEOUS (2)</u>
1988	\$86,582,553	\$37,560,884	\$23,136,401	\$ 3,132,161	\$ 5,609,608	\$ 5,801,405	\$1,515,621	\$6,499,076	\$ 299,856	\$ 3,027,541
1987	77,534,835	34,165,734	22,208,618	1,317,697	5,134,106	4,735,210	1,091,268	6,020,676	255,020	2,606,506
1986	74,306,839	30,814,928	20,808,629		5,018,643	4,552,765	1,533,450	8,086,213		3,492,211
1985	63,083,250	27,324,172	19,651,559		4,101,638	4,255,369	1,147,666	4,545,911		2,056,935
1984	51,576,944	23,760,587	16,644,270		3,662,366	3,808,539	1,009,111	1,377,798		1,314,273
1983	42,899,061	18,845,162	15,419,637		2,181,695	3,430,126	722,696	1,381,218		918,527
1982	37,454,895	17,266,878	13,070,978		1,404,914	2,928,160	459,034	1,628,091		696,840
1981	35,614,819	15,655,414	11,101,021		1,408,602	2,676,846	578,808	1,440,043		2,754,085
1980	32,970,292	14,697,250	11,364,598		1,301,665	2,153,174	564,704	1,374,275		1,514,626
1979	31,720,927	13,760,978	12,121,733		1,747,776	1,799,987	528,652	1,132,908		628,893

- (1) Special Assessments and Street Light Districts were not classified as General Government Revenue until fiscal 1987.
- (2) Fiscal 1987 restated for Special Assessments to comply with GASB Statement No. 6.

TAX AND REVENUE BY SOURCE
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
LAST TEN FISCAL YEARS

TABLE III

<u>FISCAL YEAR</u>	<u>TOTAL TAXES</u>	<u>PRIVILEGE TAXES</u>	<u>GENERAL PROPERTY TAX</u>	<u>FRANCHISE</u>	<u>IN-LIEU PROPERTY</u>
1988	\$37,560,884	\$25,953,299	\$ 9,094,087	\$2,407,878	\$105,620
1987	34,165,734	24,273,366	7,707,177	2,093,052	92,139
1986	30,814,928	22,080,785	6,782,380	1,865,339	86,424
1985	27,324,172	20,051,172	5,580,004	1,628,787	64,209
1984	23,760,587	17,460,418	4,980,289	1,267,485	52,395
1983	18,845,162	14,399,311	3,371,348	1,022,688	51,915
1982	17,266,878	12,910,294	3,494,953	805,769	55,862
1981	15,655,414	11,636,852	3,148,907	807,330	62,325
1980	14,697,250	11,209,020	2,949,749	489,739	48,742
1979	13,760,978	10,133,373	3,171,299	399,006	57,300

CITY OF SCOTTSDALE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE IV

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>% OF LEVY COLLECTIONS</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>FUTURE YEAR TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>TOTAL COLLECTIONS % OF CURRENT LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>OUTSTANDING DELINQUENT AS % OF CURRENT LEVY</u>
1988	\$8,943,980	\$8,321,524	93.89	\$ 669,796	\$ 102,767	\$9,094,087	101.68	\$ 602,824	6.74
1987	7,973,800	7,316,676	91.80	315,643	74,858	7,707,177	96.65	726,036	9.11
1986	6,776,237	6,498,494	95.90	183,078	100,807	6,782,379	100.00	351,720	5.19
1985	5,481,042	5,346,783	97.55	204,822	27,971	5,579,576	101.80	227,482	4.15
1984	5,008,462	4,674,445	93.33	187,583	28,399	4,890,427	97.64	227,075	4.49
1983	3,448,356	3,264,176	94.65	44,053	118,261	3,426,490	99.37	198,681	5.76
1982	3,306,068	3,381,094	102.27	113,858	89,076	3,584,028	108.41	96,093	2.91
1981	3,164,000	3,032,354	95.84	65,853	50,700	3,148,907	99.52	128,391	4.06
1980	2,941,981	2,843,369	96.65	61,451	44,929	2,949,749	100.26	79,553	2.70
1979	3,118,364	3,081,311	98.81	75,095	14,893	3,171,299	101.70	66,929	2.15

CITY OF SCOTTSDALE
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE V

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

	Real Estate	Improvements	Secured Personal	Unsecured Personal	Utilities Rails Wires	Gross Valuation	Exemptions	Net Taxable Valuation	Estimated Actual Valuation (\$000)
1987-88 P	Note	\$884,855,850	\$15,960,085	\$52,975,475	\$46,231,835	\$1,000,023,245	\$511,936	\$ 999,511,309	\$7,192,440
S	\$500,624,140	539,400,325	15,960,085	53,014,855	46,258,720	1,155,258,125	501,752	1,154,756,373	8,231,858
1986-87 P	Note	754,011,020	20,209,940	51,209,830	37,742,485	863,173,275	544,917	862,628,358	5,924,016
S	359,032,815	543,595,755	20,209,940	51,284,540	37,742,495	1,011,865,545	536,119	1,011,329,426	6,818,621
1985-86 P	Note	612,418,575	19,491,720	31,181,985	34,897,580	697,989,860	347,947	697,641,913	4,996,510
S	289,289,410	442,267,375	19,491,720	31,282,385	34,897,580	817,228,470	335,622	816,892,848	5,498,018
1984-85 P	Note	497,307,980	5,586,005	34,234,800	32,718,135	569,846,920	404,295	569,442,625	4,008,323
S	238,256,260	360,033,625	5,586,005	34,344,260	32,718,135	670,938,285	379,760	670,558,525	4,684,493
1983-84 P	Note	415,957,110	7,117,670	44,027,420	31,163,760	498,265,960	432,103	497,833,857	3,450,866
S	207,127,235	328,758,240	7,117,670	44,179,445	31,163,760	618,346,350	359,684	617,986,666	4,252,661
1982-83 P	Note	337,368,075	873,145	23,763,595	34,378,830	396,383,645	489,152	395,894,493	3,250,168
S	118,468,430	294,573,905	873,145	23,971,545	34,378,830	472,265,855	424,824	471,841,031	2,781,027
1981-82 P	Note	293,254,155	4,816,520	22,475,660	29,581,930	350,128,265	388,617	349,739,648	2,431,972
S	78,168,180	299,115,465	4,816,520	22,481,685	29,581,930	434,163,780	222,812	433,940,968	3,129,428
1980-81 P	56,061,565	195,178,565	4,387,300	16,910,048	26,185,865	298,723,343	381,890	298,341,453	2,060,862
S	62,607,985	204,893,090	4,387,300	16,910,048	26,185,865	314,984,288	381,209	314,603,079	2,164,592
1979-80	64,707,360	214,606,835	4,905,525	18,168,440	26,686,105	329,074,265	524,208	328,550,057	1,736,654
1978-79	58,113,425	178,910,680	2,991,890	14,343,335	23,759,140	278,118,470	556,772	277,561,698	1,447,302

Note: Real Estate and Improvements Combined in Primary Valuation.

ASSESSED VALUATION HISTORIES

Year	City of Scottsdale	Maricopa County	State of Arizona
1987-88 P	\$ 999,511,309	\$11,487,860,703	\$17,968,514,121
S	1,154,756,373	12,401,720,464	19,343,265,895
1986-87 P	862,628,358	9,752,363,542	15,869,884,369
S	1,011,329,426	10,963,593,442	17,651,286,504
1985-86 P	697,641,913	8,073,816,168	13,660,461,630
S	816,892,848	9,038,215,631	15,187,957,117
1984-85 P	569,442,625	7,057,697,234	12,136,753,090
S	670,558,525	7,929,606,629	13,527,994,589
1983-84 P	497,833,857	6,372,193,869	11,135,717,824
S	617,986,666	7,477,212,494	12,864,444,352
1982-83 P	395,894,493	5,257,521,736	9,943,400,152
S	471,841,031	6,034,315,165	11,199,119,863
1981-82 P	349,739,648	4,537,736,695	8,884,731,595
S	433,940,968	5,999,244,436	9,953,647,817
1980-81 P	298,341,453	3,822,449,353	8,872,496,646
S	314,603,079	3,994,223,482	9,940,994,609
1979-80	328,550,057	4,089,042,274	8,192,513,552
1978-79	277,561,698	3,488,588,940	7,226,035,626

NOTE: Property tax reform legislation approved by the voters on June 3, 1980, created PRIMARY (P) SECONDARY (S) valuation bases. Taxes levied on PRIMARY valuations are for maintenance and operation of counties, cities, school districts, community college districts, and the state. Taxes levied on SECONDARY valuations are for debt retirement, voter-approved budget overrides, and maintenance and operation of special-service districts.

CITY OF SCOTTSDALE
PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

TABLE VI

TAX RATES PER \$100 ASSESSED VALUATIONS

FISCAL YEAR		SCHOOL DISTRICTS					FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	TOTAL
		CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA			
1987-88	Primary	\$.41	\$ 5.20	\$.61	\$ 1.43	\$.38	\$	\$	\$ 8.03
	Secondary	.42	.49	.07	.21		.50	.10	1.79
	TOTAL	<u>.83</u>	<u>5.69</u>	<u>.68</u>	<u>1.64</u>	<u>.38</u>	<u>.50</u>	<u>.10</u>	<u>9.82</u>
1986-87	Primary	\$.42	\$ 4.91	\$.66	\$ 1.45	\$.38	\$	\$	\$ 7.82
	Secondary	.44	.65	.08	.22		.50	.07	1.96
	TOTAL	<u>.86</u>	<u>5.56</u>	<u>.74</u>	<u>1.67</u>	<u>.38</u>	<u>.50</u>	<u>.07</u>	<u>9.78</u>
1985-86	Primary	\$.43	\$ 4.76	\$.71	\$ 1.45	\$.40	\$	\$	\$ 7.75
	Secondary	.46		.11	.16		.50	.07	1.30
	TOTAL	<u>.89</u>	<u>4.76</u>	<u>.82</u>	<u>1.61</u>	<u>.40</u>	<u>.50</u>	<u>.07</u>	<u>9.05</u>
1984-85	Primary	\$.48	\$ 4.30	\$.75	\$ 1.50	\$.40	\$	\$	\$ 7.43
	Secondary	.42			.16		.50	.07	1.15
	TOTAL	<u>.90</u>	<u>4.30</u>	<u>.75</u>	<u>1.66</u>	<u>.40</u>	<u>.50</u>	<u>.07</u>	<u>8.58</u>
1983-84	Primary	\$.51	\$ 4.34	\$.77	\$ 1.53	\$.75	\$	\$	\$ 7.90
	Secondary	.40	.13		.24		.48	.05	1.30
	TOTAL	<u>0.91</u>	<u>4.47</u>	<u>.77</u>	<u>1.77</u>	<u>.75</u>	<u>.48</u>	<u>.05</u>	<u>9.20</u>
1982-83	Primary	\$.55	\$ 3.98	\$.80	\$ 1.57	\$.75	\$	\$	\$ 7.65
	Secondary	.26	.21		.16		.50	.03	1.16
	TOTAL	<u>.81</u>	<u>4.19</u>	<u>.80</u>	<u>1.73</u>	<u>.75</u>	<u>.50</u>	<u>.03</u>	<u>8.81</u>
1981-82	Primary	\$.59	\$ 4.11	\$ 0.78	\$ 1.60	\$.95	\$	\$	\$ 8.03
	Secondary	.30	.29	.03	.18		.34	.03	1.17
	TOTAL	<u>.89</u>	<u>4.40</u>	<u>.81</u>	<u>1.78</u>	<u>.95</u>	<u>.34</u>	<u>.03</u>	<u>9.20</u>
1980-81	Primary	\$.63	\$ 3.92	\$.88	\$ 1.76	\$ 1.25	\$	\$	\$ 8.44
	Secondary	.41	.33	.04	.22		.43	.04	1.47
	TOTAL	<u>1.04</u>	<u>4.25</u>	<u>.92</u>	<u>1.98</u>	<u>1.25</u>	<u>.43</u>	<u>.04</u>	<u>9.91</u>
1979-80		\$ 1.03	\$ 5.64	\$.94	\$ 2.30	\$.48	\$.20	\$.03	\$10.62
1978-79		\$ 1.18	\$ 5.41	\$.84	\$ 2.30	\$ 1.10	\$.20	\$.03	\$11.06

TAX LEVIES

1987-88	Primary	\$ 4,131,980	\$ 63,154,347	\$ 70,272,141	\$165,318,498	\$ 43,656,031	\$	\$	\$346,532,997
	Secondary	4,812,000	6,532,030	9,057,513	27,251,761		47,860,799	12,402,456	107,916,559
	TOTAL	<u>8,943,980</u>	<u>69,686,377</u>	<u>79,329,654</u>	<u>192,570,259</u>	<u>43,656,031</u>	<u>47,860,799</u>	<u>12,402,456</u>	<u>454,449,556</u>
1986-87	Primary	\$ 3,609,800	\$ 53,017,998	\$ 64,252,038	\$140,945,425	\$ 37,058,981	\$	\$	\$298,884,242
	Secondary	4,364,000	7,966,614	8,936,900	26,639,165		44,850,000	7,674,515	100,431,194
	TOTAL	<u>7,973,800</u>	<u>60,984,612</u>	<u>73,188,938</u>	<u>167,584,590</u>	<u>37,058,981</u>	<u>44,850,000</u>	<u>7,674,515</u>	<u>399,315,436</u>
1985-86	Primary	\$ 3,042,009	\$ 43,000,993	\$ 57,198,367	\$117,171,280	\$ 31,718,427	\$	\$	\$252,131,076
	Secondary	3,734,228		9,265,991	14,500,000		35,258,000	6,326,751	69,084,970
	TOTAL	<u>6,776,237</u>	<u>43,000,993</u>	<u>66,464,358</u>	<u>131,671,280</u>	<u>31,718,427</u>	<u>35,258,000</u>	<u>6,326,751</u>	<u>321,216,046</u>
1984-85	Primary	\$ 2,719,021	\$ 32,632,320	\$ 52,825,981	\$105,958,455	\$ 28,197,257	\$	\$	\$222,333,034
	Secondary	2,762,021			11,919,468		29,484,792	5,544,888	49,711,169
	TOTAL	<u>5,481,042</u>	<u>32,632,320</u>	<u>52,825,981</u>	<u>117,877,923</u>	<u>28,197,257</u>	<u>29,484,792</u>	<u>5,544,888</u>	<u>272,044,203</u>
1983-84	Primary	\$ 2,558,626	\$ 29,535,753	\$ 49,021,392	\$ 97,060,969	\$ 47,791,454	\$	\$	\$225,968,194
	Secondary	2,449,836	1,044,991		17,945,309		25,750,000	3,738,606	50,928,742
	TOTAL	<u>5,008,462</u>	<u>30,580,744</u>	<u>49,021,392</u>	<u>115,006,278</u>	<u>47,791,454</u>	<u>25,750,000</u>	<u>3,738,606</u>	<u>276,896,936</u>
1982-83	Primary	\$ 2,188,451	\$ 22,663,965	\$ 42,157,932	\$ 82,722,892	\$ 39,432,461	\$	\$	\$189,165,701
	Secondary	1,259,905	1,441,572		9,655,311		22,348,935	1,810,371	36,516,094
	TOTAL	<u>3,448,356</u>	<u>24,105,537</u>	<u>42,157,932</u>	<u>92,378,203</u>	<u>39,432,461</u>	<u>22,348,935</u>	<u>1,810,371</u>	<u>225,681,795</u>
1981-82	Primary	\$ 2,035,753	\$ 20,619,199	\$ 35,382,235	\$ 72,719,050	\$ 43,109,179	\$	\$	\$173,865,416
	Secondary	1,270,315	1,806,942	1,502,500	9,605,781		13,500,000	1,599,438	29,284,976
	TOTAL	<u>3,306,068</u>	<u>22,426,141</u>	<u>36,884,735</u>	<u>82,324,831</u>	<u>43,109,179</u>	<u>13,500,000</u>	<u>1,599,438</u>	<u>203,150,392</u>
1980-81	Primary	\$ 1,882,000	\$ 17,123,070	\$ 33,805,756	\$ 67,153,941	\$ 47,780,616	\$	\$	\$167,745,383
	Secondary	1,282,000	1,511,100	1,560,000	8,493,229		12,292,400	1,636,096	26,774,825
	TOTAL	<u>3,164,000</u>	<u>18,634,170</u>	<u>35,365,756</u>	<u>75,647,170</u>	<u>47,780,616</u>	<u>12,292,400</u>	<u>1,636,096</u>	<u>194,520,208</u>
1979-80		\$ 2,941,981	\$ 24,808,895	\$ 33,407,254	\$ 81,741,154	\$ 17,059,023	\$ 5,342,316	\$ 1,066,189	\$166,366,812
1978-79		\$ 3,118,364	\$ 22,305,645	\$ 27,903,341	\$ 76,402,005	\$ 75,760,851	\$ 5,026,367	\$ 996,548	\$211,513,121

For Scottsdale residents residing within the Phoenix Union High School District and the Balsz Elementary District, the 1987-88 tax rate total is \$10.15. For those residing within the Paradise Valley Unified School District, the 1987-88 tax rate total is \$11.74.

Beginning with fiscal year 1980-81, all governmental units are required to enact a primary levy for operating expenses and a secondary levy for debt service requirements.

CITY OF SCOTTSDALE
PRINCIPAL TAXPAYERS
JUNE 30, 1988

TABLE VII

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Mountain Bell Telephone & Telegraph	Telephone Utility	\$ 22,172,437	1.92
Arizona Public Service	Electric Utility	20,517,554	1.78
Motorola, Inc.	Electronics Manufacturing	15,151,650	1.31
Sentry Insurance Company	Insurance Headquarters	9,858,430	0.85
The Registry Resort	Resort Hotel	6,639,605	0.58
Camelview Plaza Shopping Center	Retail Mall	6,634,040	0.57
Fashion Square Shopping Center	Retail Mall	5,408,295	0.47
Scottsdale Conference Center	Convention Center	4,223,180	0.37
The Boulders Resort	Resort Hotel	3,156,455	0.27
Los Arcos Shopping Mall	Retail Mall	2,741,580	0.24
Southwest Gas Corporation	Utility	2,433,131	0.21
Armour & Company	Product Research	<u>2,193,810</u>	<u>0.19</u>
		<u>\$101,130,167</u>	<u>8.76</u>

**CITY OF SCOTTSDALE
SPECIAL ASSESSMENT COLLECTIONS AND BILLINGS
LAST TEN FISCAL YEARS**

TABLE VIII

<u>FISCAL YEAR</u>	<u>CURRENT ASSESSMENTS DUE</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS</u>
1987-88	\$ 3,052,968	\$ 3,029,100	99.2%	\$23,868
1986-87	2,145,044	2,128,060	99.2	16,984
1985-86	1,885,731	1,884,530	99.9	1,201
1984-85	469,277	468,058	99.7	1,219
1983-84	307,290	302,047	98.3	5,243
1982-83	530,838	522,765	98.5	8,073
1981-82	738,597	731,731	99.0	6,866
1980-81	857,444	837,888	97.7	19,556
1979-80	967,385	954,370	98.7	13,015
1978-79	1,123,385	1,119,671	99.7	3,714

* Under Arizona law, public auctions are held in January of each year at which disposition of then-delinquent assessments is made. By bid, special lien rights to properties against which due but unpaid assessments exist are offered in return for payment of all outstanding amounts plus penalties. In the event there are no interested bidders, the delinquency must be satisfied from budgetary funds of the sponsoring governmental unit. Thus, in January of each year, all outstanding delinquent assessments are collected. The amounts shown in this column, if any, represent unpaid balances of the June 1 semi-annual interest installment only.

CITY OF SCOTTSDALE
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

TABLE IX

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>ASSESSED VALUE</u>	<u>GROSS BONDED DEBT (2)</u>	<u>LESS DEBT SERVICE FUNDS</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
1987-88	129,932	\$1,154,756,373	\$32,950,000	\$7,028,420	\$25,921,580	2.2%	\$199.50
1986-87	122,513	1,011,329,426	36,335,000	7,769,234	28,565,766	2.8	233.17
1985-86	115,510	816,892,848	40,195,000	8,270,674	31,924,326	3.9	276.38
1984-85	107,900	670,558,525	30,800,000	6,525,723	24,274,277	3.6	224.97
1983-84	100,900	617,986,666	31,000,000	6,492,884	24,507,116	4.0	242.89
1982-83	98,600	417,841,031	11,365,000	6,047,735	5,317,265	1.1	53.93
1981-82	96,100	433,940,968	11,725,000	5,322,701	6,402,299	1.5	66.22
1980-81	90,700	314,603,079	12,080,000	4,666,093	7,413,907	2.4	81.74
1979-80	88,900	328,550,057	12,430,000	4,065,852	8,364,148	2.5	94.08
1978-79	87,400	277,561,698	12,750,000	3,502,116	9,247,884	3.3	105.81

(1) Source: City Planning Staff

(2) Excludes 1986 Water System Acquisition and Improvement General Obligation Bonds which are paid for with Water Utility Revenue.

CITY OF SCOTTSDALE
COMPUTATION OF LEGAL DEBT MARGINS
JUNE 30, 1988

TABLE X

Assessed Value		\$1,154,756,373
Debt Limit 6% of Assessed Value		69,285,382
Amount of Debt Applicable to Debt Limit		
Total 6% General Obligation Bonded Debt		
1967 Civic Center	\$ 470,000	
1968 Civic Center	1,400,000	
1983 CIP Series A		
Public Buildings	11,520,000	
1985 CIP Series B		
Public Buildings	<u>2,874,000</u>	<u>\$16,264,000</u>
Less:		
Cash in Debt Service Funds		
1967 Civic Center	175,000	
1983 CIP Series A	1,440,000	
1985 CIP Series B	<u>72,000</u>	<u>1,687,000</u>
Total Debt Applicable to Debt Limit		<u>14,577,000</u>
Legal Debt Margin		<u>\$ 54,708,382</u>
Debt Limit 20% of Assessed Value		\$ 230,951,275
Amount of Debt Applicable to Debt Limit		
Total 20% General Obligation Bonded Debt		
1973 Storm Sewer Series A	\$ 3,500,000	
1973 Storm Sewer Series C	2,000,000	
1983 CIP Series A		
Parks	4,000,000	
Storm Sewer	480,000	
1985 CIP Series B		
Parks	2,969,800	
Storm Sewer	3,736,200	
1986 Water Improvements	<u>38,000,000</u>	<u>\$54,686,000</u>
Less:		
Cash in Debt Service Funds		
1973 Storm Sewer Series	3,613,420	
1983 CIP Series A		
Parks	500,000	
Storm Sewer	60,000	
1985 CIP Series B		
Parks	74,400	
Storm Sewer	93,600	
1986 Water Improvements	<u>325,000</u>	<u>4,666,420</u>
Total Debt Applicable to Debt Limit		<u>50,019,580</u>
Legal Debt Margin		<u>\$ 180,931,695</u>

CITY OF SCOTTSDALE TABLE XI
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>DEBT SERVICE</u>	<u>TOTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL EXPENDITURES</u>
1988	\$3,415,000	\$2,339,321	\$5,754,321	\$91,528,855	6.26%
1987	3,385,000	2,651,968	6,036,968	84,961,071	7.11
1986	3,860,000	2,782,036	6,642,036	79,682,450	8.34
1985	975,000	2,080,725	3,055,725	58,041,919	5.26
1984	670,000	1,114,165	1,784,165	50,714,853	3.52
1983	660,000	589,860	1,249,860	44,551,039	2.81
1982	655,000	605,285	1,260,285	39,846,106	3.16
1981	650,000	630,260	1,280,260	36,502,778	3.51
1980	645,000	647,160	1,292,160	32,161,034	4.02
*1979	680,000	666,805	1,346,805	30,210,507	4.46

* Data reported with encumbrances; subsequent years' data reported without encumbrances.

CITY OF SCOTTSDALE
WATER AND SEWER UTILITY REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

TABLE XII

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>OPERATING & MAINTENANCE EXPENSES</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>COVERAGE</u>	<u>REQUIRED COVERAGE</u>
1988	\$33,582,887	\$14,494,665 (1)	\$19,088,222	\$1,050,000	\$1,864,147	\$2,914,127 (2)	6.55	1.20
1987	24,557,240	12,426,534 (1)	12,130,706	690,000	2,502,199	3,192,199	3.80	1.20
1986	20,482,747	7,732,022 (1)	12,750,725	950,000	542,030	1,492,030	8.55	1.20
1985	16,940,220	6,732,262 (1)	10,207,958	1,270,000	575,785	1,845,785	5.53	1.20
1984	13,932,644	5,978,867 (1)	7,953,777	1,200,000	771,131	1,971,131	4.04	1.20
1983	9,907,951	5,104,171 (1)	4,803,780	685,000	490,573	1,175,573	4.09	1.20
1982	8,466,963	4,205,257	4,261,706	600,000	522,323	1,122,323	3.80	1.20
1981	7,244,494	2,433,428	4,811,066	535,000	549,748	1,084,748	4.44	1.20
1980	6,231,513	1,902,516	4,328,997	500,000	481,434	981,434	4.41	1.20
1979	6,899,446	1,880,591	5,018,855	425,000	499,008	924,008	5.43	1.20

(1) Excludes internal allocation for indirect costs.

(2) Includes 1986 Water System Acquisition and Improvement General Obligation Bonds being paid with Water Utility Revenue.

The 1964 and 1966 Sewer Revenue Bonds and the 1971 Water Revenue Bonds were refunded in 1973 by a \$3,910,000 Refunding Issue. Principal and interest on the 1973 refunding bonds is payable from the now combined operation of the City of Scottsdale Water and Sewer Utility System after providing sufficient funds for the current expenses of the system.

**CITY OF SCOTTSDALE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE XIII

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME		MEDIAN AGE		EDUCATION LEVEL IN YEARS OF SCHOOLING	SCHOOL ENROLLMENT		UNEMPLOYMENT RATE	
		(2)	(5)	(2)	(5)	(2)	(3)	(5)	(4)	(5)
1988	129,932	16,740		39.0		N/A	20,081		3.5%	
1987	122,513	14,734		39.0		N/A	19,337		4.3	
1986	115,510	14,650		36.9		13.5	19,255		3.9	
1985	107,900	14,000		43.5		14.2	18,830		3.6	
1984	100,900	10,900		38.5		12.0	19,032		2.9	
1983	98,600	12,200		39.4		13.0	19,803		5.9	
1982	96,100	10,013		39.2		13.3	20,855		6.3	
1981	90,700	11,116		34.6		14.7	22,060		3.9	
1980	88,900	8,968		34.3		14.4	23,309		4.4	
1979	87,400	8,397		33.3		14.5	24,440		3.4	

Sources:

- (1) City Planning Staff
- (2) Inside Phoenix (Republic and Gazette)
- (3) Scottsdale School District
- (4) Arizona Department of Economic Security
- (5) City Planning Staff - Fiscal Year 1988 Only

CITY OF SCOTTSDALE
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

TABLE XIV

FISCAL YEAR	COMMERCIAL CONSTRUCTION (1)		RESIDENTIAL CONSTRUCTION (1)		BANK DEPOSITS MARICOPA COUNTY (\$000) (2)	PROPERTY VALUE (3) (4)		
	NUMBER OF PERMITS	VALUE	NUMBER DWELLING UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
1988	1,416	\$172,700,000	4,274	\$545,900,000	\$15,373,219	\$3,034,294,469	\$4,807,553,647	\$390,010,293
1987	2,369	241,225,414	2,541	400,622,346	16,305,623	2,419,008,011	4,399,613,412	300,069,057
1986	2,436	190,962,782	3,994	386,391,288	13,973,325	1,935,264,476	3,596,269,350	220,255,201
1985	2,691	184,975,825	3,917	363,121,381	12,287,691	1,453,886,466	3,118,169,191	253,820,222
1984	2,529	124,939,954	5,212	294,370,574	10,286,853	1,276,210,112	2,925,474,200	230,412,720
1983	1,949	67,585,662	2,404	137,180,307	8,603,186	810,425,162	2,439,742,604	194,655,713
1982	2,278	62,902,183	1,103	63,345,423	7,888,962	702,699,595	2,429,906,884	107,081,672
1981	2,723	52,387,384	1,906	96,450,635	7,415,347	569,123,360	1,595,467,446	101,065,967
1980	3,827	47,930,450	1,433	58,675,933	6,705,628	482,728,948	1,253,925,269	154,602,436
1979	3,933	47,245,774	4,543	130,673,316	5,736,650	420,469,277	1,026,832,307	137,822,740

Note (1) Source - City Building Inspection Staff

Note (2) Source - Arizona Bankers Association

Note (3) Source - Abstract published by the Arizona State Department of Revenue.

Note (4) Source - Estimated actual value Secondary Assessed Valuation

CITY OF SCOTTSDALE
ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

TABLE XV

Computed Contribution Comparative Schedule

Fiscal Year	Valuation Date	Contribution Rates As Percents of Valuation Payroll	Valuation Payroll	Employer Dollar Contribution For Fiscal Year	
				Computed	Actual
79/80	1978	14.33%	\$1,930,984	N/A	N/A
80/81	1979(1)*	13.05%	2,406,142	N/A	N/A
81/82	1980	11.76%	2,852,892	N/A	N/A
82/83	1981(1)*	10.56%	2,927,465	N/A	N/A
83/84	1982	10.12%	3,244,380	N/A	N/A
84/85	1983(2)	9.25%	3,427,840	N/A	N/A
85/86	1984(1)*	8.01%	3,556,364	N/A	N/A
86/87	1985	7.94%	4,227,382	\$467,455	\$467,455
87/88	1986*	6.83%	4,783,772		
88/89	1987(3)*	8.18%	5,826,254		

* Cost-of-living adjustments for retired members and survivors.

(1) Change in assumptions.

(2) Change in assumptions and benefit provisions.

(3) Change in benefit provisions.

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation (PBO)	(3) Percent Funded (1)/(2)	(4) Assets In Excess of PBO (2)-(1)	(5) Annual Covered Payroll	(6) Assets In Excess of PBO as a Percentage of Covered Payroll (4)/(5)
1988-89*	\$14,010,739	\$12,828,183	109.2%	(\$1,182,556)	\$5,826,254	(20.3%)

* Change in benefit provisions.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the plan's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The assets in excess of pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the assets in excess of pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

**CITY OF SCOTTSDALE
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 1988**

TABLE XVI

Date of Incorporation	- June 25, 1951	
Date Charter Adopted	- November 16, 1961	
Form of Government	- Council/Manager	
Population		<u>Area - Square Miles</u>
1951 Census	- 2,032	1951 - .62
1960 Census	- 10,026	1961 - 4.90
1965 Special Census	- 54,504	1970 - 62.20
1970 Census	- 67,823	1971 - 73.60
1975 Special Census	- 78,065	1975 - 85.80
1980 Census	- 88,900	1979 - 88.60
1985 Census	- 107,900	1982 - 116.00
1988 Est. 6/30/88	- 129,932	1986 - 147.00
		1987 - 183.00
		1988 - 184.30
Miles of Sewers		
Storm		20.20
Sanitary		600.82
Fire Protection		
Number of Stations		5
The City of Scottsdale has no fire employees but contracts with Metropolitan Fire Department, Inc. to provide fire service to all residents.		
Police Protection		
Number of Employees		265
Number of Traffic Citations (excluding parking)		53,446
Number of Vehicles		125
The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.		
Recreation		
Parks - Number of Acres		2,092
Number of Swimming Pools		3
Number of Other Recreation Facilities		37
These include schools and school playgrounds in cooperation with Scottsdale School District.		
Water Enterprise		
Number of Water Customers		42,347
Annual Consumption (Gallons)		12,652,327,820
System Capacity (Gallons Per Day)		86,645,120
Miles of Distribution Lines		824.40
Number of Street Lights		6,857
Employees as of June 30, 1988		
Full Time		1,041
Part Time		237
Grant Funded		8
Total		1,286
Elections		
Number of registered voters as of last regular election, March, 1987		
		68,655
Number/% voting in last municipal election		
		14,632/21%
Population		
Median Age of Residents		39.0
Median Household Income		38,500
Median Home Value - Single Family		108,000

**CITY OF SCOTTSDALE
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 1988**

TABLE XVII

<u>CARRIER</u>	<u>POLICY DESCRIPTION</u>	<u>AMOUNT OF COVERAGE</u>
Arkwright Mutual Insurance Co. 12/15/87 to 12/01/90	Property Insurance - All Risk Repair or Replace \$10,000 Deductible	\$100,000,000
Planet Insurance Company 07/01/88 to 07/01/89	Excess Liability Coverage \$1,000,000 Retention	\$ 1,000,000
Planet Insurance Company 07/01/88 to 07/01/89	Excess Liability Coverage	\$ 3,000,000
California Union Insurance Co. 07/01/88 to 07/01/89	Excess Liability Coverage	\$ 5,000,000
National Union Fire Insurance 07/01/88 to 07/01/89	Airport, Hangarkeepers, and Non-owned Aviation Coverage \$5,000 Deductible	\$ 50,000,000
Employers Reinsurance 07/01/88 to 07/01/89	Excess Worker's Compensation Coverage \$250,000 Retention	Statutory

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1988**

TABLE XVIIa

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQUISITION DATE</u>	<u>AREA SQUARE FEET</u>	<u>REPLACEMENT COST (6/30/88)</u>
PARKS				
Aqua Linda Park Building 8732 East McDonald	Conc./Block	04/75	1,300	\$ 87,390
Cactus Park 7202 East Cactus Road	Conc./Block	04/87	11,000 & 17 Acres	2,660,160
Chaparral Park 5401 North Hayden Road Recreation Center	Conc./Block	10/74	4,650	270,500
	Conc./Block	10/81	2,000	156,060
Chestnutt Park 4565 North Granite Reef Senior Citizen Center Ramadas	Adobe	08/65	950	54,100
	Conc./Block	07/69	693	17,480
Eldorado Park Recreation Center 2311 North Miller Road Pool/Bath House 2301 North Miller Road Restrooms 2301 North Miller Road South Control Building 1909 North Miller Road Concession Stand 2301 North Miller Road	Conc./Block	10/68	10,000	624,240
	Conc./Block	06/68	3,515	183,110
	Conc./Block	07/70	350	16,650
	Conc./Block	07/70	1,944	130,050
	Conc./Block	1970	210	5,200
Paiute Park 6535 East Osborn Control Building Maintenance Compound	Conc./Block	07/82	1,500	126,930
	Conc./Block	-	720	31,210
Pima Park 8600 East Thomas Road	Conc./Block	-	500	44,740
Baseball Stadium 7408 East Osborn	Wood Frame	-	12,000	416,160
Vista Del Camino 7700 East Roosevelt	Conc./Block	08/73	8,753	832,320

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1988**

**TABLE XVIIa
(Continued)**

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQUISITION DATE</u>	<u>AREA SQUARE FEET</u>	<u>REPLACEMENT COST (6/30/88)</u>
PARKS (Continued)				
Horseman's Park				
16600 North Pima Road				
Control/Restrooms	Conc./Block	05/83	1,260	\$ 85,310
Park Residence	Block/Frame	06/84	2,800	176,870
McCormick Park				
7303 East Indian Bend				
Bldg./N. Branch Library	Adobe	12/67	3,108	200,800
Storage Building	Adobe	12/67	616	27,050
Railroad Train Shed	Steel	12/71	6,400	260,100
Train Depot	Wood Frame	04/75	504	26,010
Peoria Building	Wood Frame	04/75	1,008	57,220
Machine Shop Museum	Wood Frame	1974	180	6,030
North Star-Train Car	Steel	-	750	212,240
Indian School Park				
4289 North Hayden Road				
Sports Control Building	Conc./Block	02/80	2,265	181,030
Visitor Center	Conc./Block	02/80	3,918	312,120
Shower and Lockers	Conc./Block	02/80	3,600	312,120
Mountain View Park				
8625 East Mountain View				
Restrooms/Storage	Conc./Block	1986	12,000	863,530
	Conc./Block	1986	800	<u>29,130</u>
TOTAL PARKS				\$ <u>8,405,860</u>
MAINTENANCE COMPLEX				
Street Maintenance				
Storage Building	Conc./Block	08/71	8,479	\$ 777,700
1327 East McKellips	Metal	07/66	600	12,490
Sanitation Center				
1325 East McKellips	Conc./Block	07/66	3,640	251,780
Fleet Maintenance				
1323 East McKellips	Conc./Block	11/64	20,646	1,102,820
P/M Building				
1323 East McKellips	Conc./Block	02/69	1,600	145,660
Auto Parts Building				
1323 East McKellips	Sheet Metal	11/74	1,600	187,270

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1988**

**TABLE XVIIa
(Continued)**

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQUISITION DATE</u>	<u>AREA SQUARE FEET</u>	<u>REPLACEMENT COST (6/30/88)</u>
MAINTENANCE COMPLEX (Continued)				
Corporation Yard 9191 San Salvador	Conc./Block	01/87	93,720	\$ 6,503,540
Facilities Maintenance Shop 1601 East McKellips	Sheet Metal	11/74	1,600	48,900
Facilities Maintenance Bldg. 1601 East McKellips	Conc./Block	02/75	5,400	832,320
Mower Shop 1323 East McKellips	Conc./Block	09/67	780	33,290
Municipal Utilities 1501 North Miller	Conc./Block	06/79	4,760	<u>1,170,450</u>
TOTAL MAINTENANCE COMPLEX				\$ <u>11,066,220</u>
AIRPORT				
Terminal 7600 East Butherus Drive	Conc./Block	01/68	10,250	\$ 1,014,390
Service Hangar 7600 East Butherus Drive	Conc./Block	01/68	15,714	834,400
"T" Hangars 7600 East Butherus Drive	Conc./Block	11/71	14,400	468,180
F.A.A. Building 7600 East Butherus Drive	Conc./Block	07/72	5,930	572,220
Maintenance Shop 7600 East Butherus Drive	Conc./Block	06/82	1,400	<u>72,830</u>
TOTAL AIRPORT				\$ <u>2,962,020</u>
CIVIC CENTER COMPLEX				
City Hall 3939 Civic Center Plaza	Conc./Block	10/68	37,000	\$ 3,686,140
Library 3839 Civic Center Plaza	Conc./Block	10/68	40,000	8,185,870

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1988**

**TABLE XVIIa
(Continued)**

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQUISITION DATE</u>	<u>AREA SQUARE FEET</u>	<u>REPLACEMENT COST (6/30/88)</u>
CIVIC CENTER COMPLEX (Continued)				
Public Service 3739 Civic Center Plaza	Conc./Block	04/71	23,260	\$ 3,747,520
Pepperwood Building	Conc./Block	08/84	10,195	1,144,440
Mall Parking Facility 7335 Civic Center Mall (446 Spaces)	Conc./Block	12/74	140,000	2,080,800
Court Building 3629 Civic Center Plaza	Conc./Block	09/75	7,500	624,240
One Civic Center	Conc./Block	11/84	58,000	9,488,450
Center For The Arts 7384 East Second Street	Conc./Block	09/75	88,000	17,229,020
Civic Center Parking Structure	Conc./Block	1986		6,242,400
Pedestrian Mall Overpass Civic Center and Second Street	Conc./Block	1986		6,242,400
Senior Center I	Conc./Block	09/76	5,200	436,970
Senior Center II	Conc./Block	11/77	5,145	452,570
Senior Center III 7375 East Second Street	Conc./Block	02/79	3,712	<u>270,500</u>
TOTAL CIVIC CENTER COMPLEX				\$ <u>59,831,320</u>
FIRE DEPARTMENT				
Fire Station #10 2857 North Miller Road	Conc./Block	08/68	8,424	\$ 523,320
Fire Station #11 7339 East McDonald	Conc./Block	12/71	4,023	281,950
Fire Station #12 13665 N. Scottsdale Road	Conc./Block	12/71	2,120	147,740

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1988**

**TABLE XVIIa
(Continued)**

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQUISITION DATE</u>	<u>AREA SQUARE FEET</u>	<u>REPLACEMENT COST (6/30/88)</u>
FIRE DEPARTMENT (Continued)				
Fire Station #19 10850 Via Linda	Conc./Block	1986	8,800	\$ <u>629,440</u>
TOTAL FIRE DEPARTMENT				\$ <u>1,582,450</u>
PLANET RANCH				
Residences	Conc./Block	1985	9,000	\$ 312,120
Manager Residence	Conc./Block	1985	2,000	62,420
Guest House	Wood Frame	1985	2,000	119,650
Steel Shop	Sheet Metal	1985	2,500	551,410
Remodeled Home	Conc./Block	1985	1,500	<u>72,830</u>
TOTAL PLANET RANCH				\$ <u>1,118,430</u>
MISCELLANEOUS				
Graphics 7501 East Second Street	Conc./Block	1972	17,200	\$ 931,160
Mustang Library 10101 North 70th Street	Conc./Block	05/87	31,420	5,202,000
Gainey Ranch Water 1283 East Mountain View Road	Conc./Block		2,000 & 2 Acres	3,641,400
Police Annex 3720 North 75th Street	Block	1980	2,752	175,830
Brooks Building	Conc./Block	1984	5,400	364,140
Bishop Plaza 7120 East Fourth Street	Conc./Block	1986	6,200	350,610
Scottsdale Plumbing 3700 North 75th Street	Conc./Block	1986	6,000	416,160
Various Structures				<u>5,884,770</u>
TOTAL MISCELLANEOUS				\$ <u>16,966,070</u>
TOTAL REAL PROPERTY				\$<u>101,932,370</u>

TABLE XVIII

**CITY OF SCOTTSDALE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
FOR FISCAL YEAR ENDED JUNE 30, 1988**

<u>OFFICIAL TITLE</u>	<u>MAXIMUM</u>	<u>BOND</u>
Mayor	\$27,600	\$ 10,000
Councilmen (3) *	10,800	10,000
Councilmen (3)	13,800	10,000
City Manager/City Clerk	96,512	1,000,000
City Attorney	80,364	1,000,000
City Treasurer	83,500	1,000,000
City Judge	68,480	1,000,000

PUBLIC EMPLOYEES HONESTY AND FAITHFUL PERFORMANCE BOND

All City Employees	\$1,000,000 per employee
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* Increase authorized in 1988 not applicable to incumbent councilmen. All councilmen will have a maximum of \$13,800 after the 1990 election.

CITY OF SCOTTSDALE
EXPENDITURE LIMITATION
FISCAL YEAR 1987-88

TABLE XIX

Expenditure Limit Base (1979-80)		\$31,361,444
Population Factor:	$\frac{\text{1986 Population}}{\text{1978 Population}} = \frac{\text{115,530}}{\text{83,000}}$	1.3919
Inflation Factor:	$\frac{\text{1986 GNP Deflator}}{\text{1978 GNP Deflator}} = \frac{\text{114.5}}{\text{72.2}}$	1.5859

Expenditure Limitation Fiscal Year 1987-88		\$69,227,697
Total Expenditures Fiscal Year 1987-88	\$143,837,285	
Exclusions	<u>81,509,864</u>	
Expenditures Subject to Limitation		<u>\$62,327,421</u>
Expenditures Under Limitation		<u>\$ 6,900,276</u>