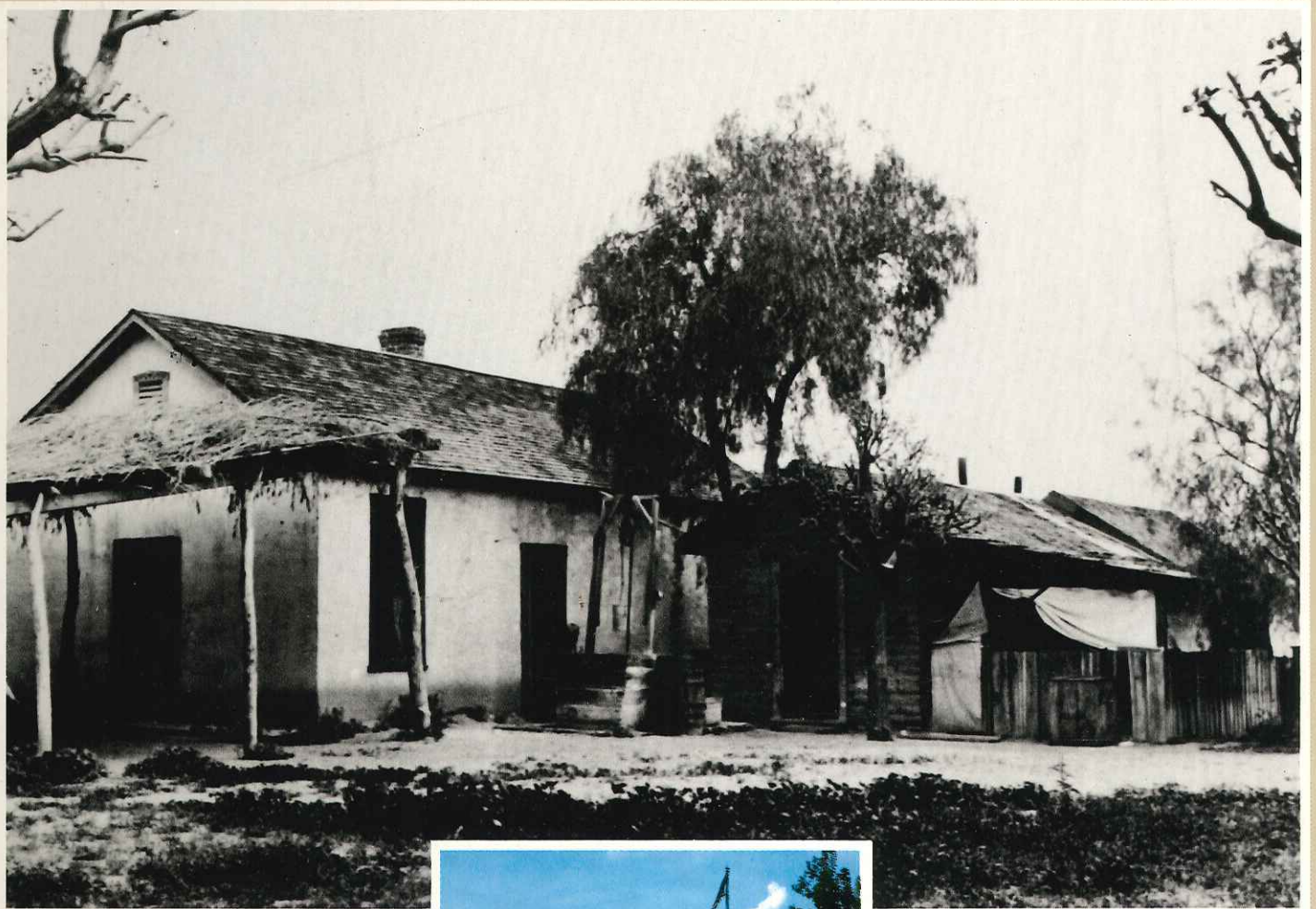


**Celebrating Scottsdale's Centennial
1888-1988**



**City of Scottsdale
Arizona**

**Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 1989**

About the Cover

Scottsdale's Centennial — 1888-1988
"A Celebration of Spirit"

The U.S. Army chaplain had a dream. In 1888, he rode on horseback across the sun-parched central Arizona Desert and envisioned an oasis where people could enjoy wide open spaces, breathe fresh air, and eat fruits nurtured by the land. The oasis is now called "Scottsdale."

On July 2, Chaplain Scott made arrangements to purchase a six-hundred-acre section of land just below the Arizona Canal, with 50 cents an acre down payment. The chaplain knew what water could do for this land, and he began an experimental farm almost at once. With the help of his brother, several fruit orchards -predominantly oranges - were established. Many acres were also cultivated for peanuts.

In 1894, one of the real estate investors in the area bought land near Scott's ranch with the idea of building a residential community. He later named the 40-acre subdivision "Scottsdale" in honor of the man who had begun the settlement.

Today, Scottsdale encompasses 183 square miles and has a population of nearly 124,000. Scottsdale's July 2, 1988, centennial provides an opportunity for residents and visitor's alike to reflect on Scottsdale's tremendous heritage.

The large photo depicts Winfield Scott's adobe home on the northeast corner of the modern intersection of Scottsdale and Indian School Roads — not far from where Scottsdale's City Hall (inset) now stands.



**CITY OF SCOTTSDALE, ARIZONA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 1989**

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

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

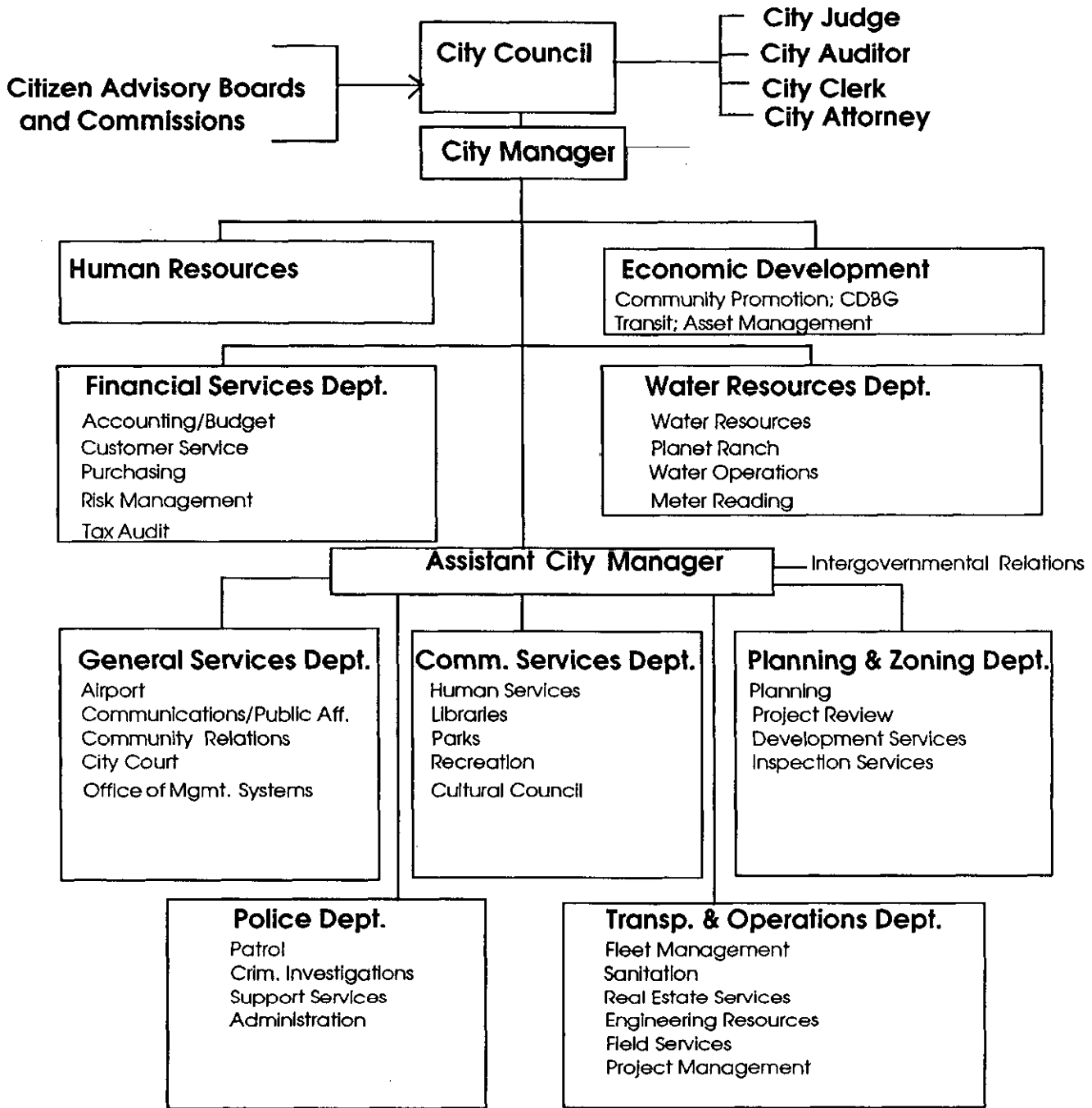
**SUSAN BITTER SMITH
BILL SODERQUIST
BILL WALTON**

JORGE CARRASCO, CITY MANAGER

RICHARD A. BOWERS, ASSISTANT CITY MANAGER

**Prepared by
Financial Services Department
James A. Jenkins
Financial Services General Manager/City Treasurer**

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



Scottsdale City Organization

6/30/89

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1989

TABLE OF CONTENTS

		<u>PAGE</u>
ORGANIZATION CHART		i
INTRODUCTORY SECTION		
Letter of Transmittal - General Manager		
Financial Services/City Treasurer		I-XV
Certificate of Achievement for Excellence in Financial Reporting		XVI
FINANCIAL SECTION		
	<u>EXHIBITS</u>	
	<u>FINANCIAL STATEMENTS</u>	<u>SUPPLEMENTAL INFORMATION</u>
AUDITOR'S REPORT		1 - 2
GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements - Overview)		
Combined Balance Sheet - All Fund Types and Account Groups	A-1	4 - 5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trusts Fund	A-2	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) Budget and Actual - Budget Basis - General, Special Revenue, and Debt Service Funds	A-3	7
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficit) - All Proprietary Fund Types	A-4	8
Combined Statement of Changes in Financial Position - All Proprietary Fund Types	A-5	9
Combined Statement of Revenues and Expenditures - Budget and Actual - Budget Basis - All Proprietary Fund Types	A-6	10
Notes to Financial Statements		11- 46
INDIVIDUAL FUNDS FINANCIAL STATEMENTS		
General Fund		
Explanatory Comments		47
Balance Sheet	B-1	48
Statement of Revenues, Expenditures, and Changes in Fund Balance	B-2	49
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budget Basis		50
Schedule of Revenues - Budget and Actual - Budget Basis		51
Schedule of Expenditures by Object		52

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1989

TABLE OF CONTENTS

	EXHIBITS		PAGE
	<u>FINANCIAL STATEMENTS</u>	<u>SUPPLEMENTAL INFORMATION</u>	
INDIVIDUAL FUNDS FINANCIAL STATEMENTS (Continued)			
Special Revenue Funds			
Explanatory Comments			53
Combining Balance Sheet	C-1		54
Combining Statement of Revenue, Expenditures and Changes in Fund Balances	C-2		55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		C-3	56
Combining Schedule of Revenues and Other Sources		C-4	57
Combining Schedule of Expenditures By Object		C-5	58
Debt Service Funds			
Explanatory Comments			59
Combining Balance Sheet	D-1		60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	D-2		61
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Budget and Actual - Budget Basis		D-3	62
Capital Projects Funds			
Explanatory Comments			63
Combining Balance Sheet	E-1		64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	E-2		65
Combining Schedule of Expenditures by Object		E-3	66
Trust and Agency Funds			
Explanatory Comments			67
Combining Balance Sheet	F-1		68
Statement of Revenues, Expenditures, and Changes in Fund Balance - Expendable Trusts Funds	F-2		69
Schedule of Expenditures by Object - Expendable Trusts Fund		F-3	70
Statement of Changes in Assets and Liabilities - Agency Fund	F-4		71

City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1989

TABLE OF CONTENTS

	EXHIBITS		PAGE
	<u>FINANCIAL STATEMENTS</u>	<u>SUPPLEMENTAL INFORMATION</u>	
INDIVIDUAL FUNDS FINANCIAL STATEMENTS (Continued)			
Enterprise Funds			
Explanatory Comments			73
Combining Balance Sheet	G-1		74- 75
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficit)	G-2		76
Combining Statement of Changes in Financial Position	G-3		77
Combining Schedule of Revenues and Expendi- tures - Budget and Actual - Budget Basis		G-4	78
Internal Service Funds			
Explanatory Comments			79
Combining Balance Sheet	H-1		80
Combining Statement of Revenues, Expenses, and Changes in Accumulated Deficits	H-2		81
Combining Statement of Changes in Financial Position	H-3		82
Combining Schedule of Revenues and Expendi- tures - Budget and Actual - Budget Basis		H-4	83
General Fixed Assets Account Group			
Explanatory Comments			85
Schedule of General Fixed Assets by Source		I-1	86
Schedule of General Fixed Assets by Function and Activity		I-2	87
Schedule of Changes in General Fixed Assets by Function and Activity		I-3	88
Debt Requirements			
Explanatory Comments			89
Schedule of Changes in Long-Term Debt		J-1	90- 91
Debt Services Requirements to Maturity		J-2	92- 94

City of Scottsdale

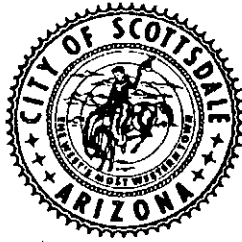
COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1989

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	95
General Governmental Revenue by Source - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	II	96
Tax Revenue by Source - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	III	96
Property Tax Levies and Collections - Last Ten Fiscal Years	IV	97
Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	V	98
Property Tax Rates - All Overlapping Governments - Last Ten Fiscal Years	VIa	99
Property Tax Levies - All Overlapping Governments - Last Ten Fiscal Years	VIb	100
Principal Taxpayers	VII	101
Special Assessment Collections and Billings - Last Ten Fiscal Years	VIII	102
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	IX	103
Computation of Legal Debt Margins	X	104
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years	XI	105
Water and Sewer Utility Revenue Bond Coverage - Last Ten Fiscal Years	XII	106
Demographic Statistics - Last Ten Fiscal Years	XIII	107
Property Value, Construction, and Bank Deposits - Last Ten Fiscal Years	XIV	108
Arizona Public Safety Retirement System - Last Ten Fiscal Years	XVa	109
Arizona State Retirement Plan - Last Ten Fiscal Years	XVb	110
Arizona Elected Officials' Retirement Plan (EORP) - Last Ten Fiscal Years	XVc	111
Miscellaneous Statistical Data	XVI	112
Schedule of Insurance in Force	XVII	113-118
Salaries and Surety Bonds of Principal Officials	XVIII	119
Expenditure Limitation	XIX	120

INTRODUCTORY SECTION



August 18, 1989

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, 1989, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting Division. Responsibility for both the accuracy of the 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 present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The City provides a full range of services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events. 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.

ECONOMIC CONDITION AND OUTLOOK

The City of Scottsdale is centrally located in Maricopa County, with its boundaries encompassing an area of approximately 184.8 square miles. The City is bordered by Phoenix, the State Capital, to the west and the City of Tempe to the south. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the State.

The City has experienced significant increases in population, with the 1950 census showing 2,032 persons residing in the City as compared to the City's June 30, 1989, population of 131,410, as estimated by the City's Planning Department. The 1985 special census showed 108,447 persons residing in the City, making Scottsdale the State's sixth largest city as of that time.

The economy of the City is based on manufacturing, tourism, and commerce. Employment reports of the Arizona Department of Economic Security indicate that, on average, 67,085 persons were employed in the City during 1988. During 1987 and 1986, 65,066 and 63,632 persons were reported employed in the City, respectively. Preliminary reports of the Department indicate average employment for 1989 through May to be 71,249. The average annual unemployment rate of the City for 1988 was reported as 3.7%, which compares to the 3.8% and 4.1% rates realized in 1987 and 1986, respectively.

The economic condition of the City has been subject to the same slowing rate of growth experienced both throughout the State and nationwide. The building activity decreased in 1988-89 compared to 1987-88. Sales tax revenues have increased 6.2% over the prior year. Rates of increase for sales tax revenues have ranged from 7% - 22% during the 1980s.

The expectation is that the City will continue to experience moderate growth in the next fiscal year. The longer term outlook is for the economic cycle to rebound from its current doldrums as the economy regains its vitality.

MAJOR INITIATIVES

For The Year. A major change took place in the budgetary process during this year. The financial plan for 1989-90 was formulated based on a new budget and policy development process adopted by the City Council in December. The new process was created at the direction of the City Council in order to fulfill the following objectives:

- Recognize that a policy agenda must precede formulation of a financial plan and that a financial plan is a tool for implementing policy;
- Seek early involvement by the City Council in setting policy and in developing a financial plan;
- Encourage early and extensive public input;
- Emphasize communication with and public understanding of the financial plan; and
- Stress the importance of monitoring financial performance and policy implementation.

The City, in implementing this new process, added the following activities to the process:

- A survey of Scottsdale residents conducted last January;
- A survey of the members of Scottsdale Boards and Commissions conducted in January;
- City Council consideration of fiscal policy issues at the February 13, 1989, special meeting;
- Meetings with representatives from Scottsdale's major employers, the development community, and the Chamber of Commerce to discuss the City's infrastructure needs;
- Meetings with representatives from homeowner associations and individual citizens regarding the budget and policy development process; and
- Publication of a Citizen Budget Summary, a 16 page tabloid in the Scottsdale Progress during the week of April 10.

These activities resulted in specific policy and fiscal directives from City Council that were made a part of the 1989-90 budget:

- Maintain current basic service levels to Scottsdale residents;
- Re-institute the Urban Forestry Program;
- Fund all facility and infrastructure maintenance (operating) costs out of the operating budget;
- Have all utility and other enterprise fund costs, including indirect costs, covered by utility rates;
- Maintain or increase the funding for pay-as-you-go capital improvement projects;
- Maintain the current level of the Risk Management Self Insurance Reserve;
- Consider alternative funding methods, including bonds, for the Art in Public Places Program;
- Establish a Growth Stabilization Fund when funding permits, and
- Evaluate various revenue enhancement techniques which, pending final City Council review and approval, should be incorporated into the financial plan.

For The Future. A future project of tremendous importance to the City is the implementation of the approved Five Year Capital Improvement Plan. The Plan, approved in June, covers the fiscal years 1990-1994 and calls for various funding sources, some of which require voter approval to implement.

The program recognizes our responsibilities to already developed areas of our community, while realizing the opportunity to lay the framework for our community's future growth and development.

This program emphasizes three vital community themes:

- transportation,
- water, and
- quality of life.

All three areas represent priorities enunciated at public hearings, by citizen surveys, by citizen committees, boards and commissions, and by representatives of Scottsdale's major employers. As such, the program is driven by our community's statement of needs.

The capital improvements program totals \$415 million. The principal elements of the program include:

	Adopted CIP (In Millions)	Percent of Total Adopted
Transportation	\$ 138	33
Drainage/Flood Control	47	11
Water/Wastewater	150	36
Community Facilities	54	13
Service Facilities	16	4
Public Safety	7	2
Airport	<u>3</u>	<u>1</u>
 TOTAL	 \$ 415	 100

The sources of funding for the program are:

	Adopted CIP (In Millions)	Percent of Total Funding Sources
General Obligation Bonds	\$ 202	49
Revenue Bonds	96	23
MPC Bond	6	1
Pay-As-You-Go		27
Grants	2	
Trusts	18	
Contributions	2	
Current Revenue	55	
Proposed .2% Privilege Tax	<u>34</u>	
 TOTAL	 \$ 415	 100

An election is currently planned for November, 1989, to ask the voters for authorization to issue general obligation bonds (\$202 million), revenue bonds (\$96 million), and to increase the existing city sales tax from 1% to 1.2% (\$34 million). These sources fund 80% of the total Plan and therefore are critical to the successful implementation of the Plan.

A project of this magnitude is considered by staff and the City's outside financial advisor as affordable and financially sound for the following reasons:

- ° General obligation bonds come with their own revenue source and do not require general operating revenue to be used for debt service requirements;
- ° The issuance of general obligation bonds will spread the City's debt service requirements over a broader tax base. Currently, very little of the City's outstanding debt is paid from property taxes, particularly when considered in relation to the City's large assessed valuation.

Scottsdale's underutilization of its property tax base is evidenced by its low tax rate to other major Arizona cities which have a property tax; and

- ° In addition, the use of general obligation bonds to finance the City's capital projects should provide the lowest cost financing approach because general obligation bonds are "full faith and credit" obligations of the City, secured by a property tax pledge. As such, these bonds carry the highest rating of any debt issued by the City, which translates into the lowest interest cost being paid.

SIGNIFICANT DEPARTMENTAL EVENTS AND ACCOMPLISHMENTS

Police Department

The new Police Headquarters building located at 9065 E. Via Linda was completed under budget. The Police Department successfully decentralized for the first time in Scottsdale's history. The former station at 3739 N. Civic Center Plaza will remain a briefing station with counter service available Monday through Friday 8:00 a.m. to 5:00 p.m.

The Police Department, Scottsdale School District, and the Junior League of Phoenix, working in conjunction with U.S. Department of Justice grant monies, engaged in a pilot project to reduce child sexual abuse in the Scottsdale community. The development of the Child Sexual Abuse Awareness Program was completed this year.

The School Resource Officer Program completed its third year as a joint endeavor between the Police Department and the Scottsdale Public Schools/Coronado Schools Complex. The program goals are to improve relationships between the Police Department, the schools, and the community while decreasing student related problems.

Scottsdale detectives have been instrumental in the development of a County-wide drug demand reduction program in which users are identified, arrested, and allowed to participate in a diversion program.

The Adopt-A-Beat program was restructured resulting in more responsiveness to the needs of the community when neighborhood concerns require more than a basic singular police response.

The Fifth Avenue walking beat activity has increased. In addition, the merchants have donated a mountain bike and pager to the assigned officer in order to develop a closer working relationship.

Community Services Department

A new wooden dance floor was installed at the Scottsdale Senior Center. Initiated by a senior citizens group effort, the cost of the floor was co-shared between the City and the senior group.

Scottsdale Ranch Park, the City's newest major recreational facility located on Via Linda and 103rd Street, opened to the public in January. Scottsdale Ranch Park was a recipient of a national award from Public Technologies, Inc., even before it opened; and features tennis courts, volleyball and basketball courts, racquetball and squash courts, playgrounds, picnic areas, and lighted softball fields. This facility also features Laguna Elementary School as well as a unique public use complex, which will be the future homes of the Boys' Club, Girls' Club, and Jewish Community Center.

Recreation staff has completed its first full year of automation of facility reservations and special interest registration. In addition, a centralized facility reservation office was constructed at Eldorado Park Community Center for the convenience of patrons.

Chaparral Park this year was improved by the construction of a wheelchair exercise course, the only one in the City; additional restrooms, and handicapped access to the boat dock.

Three full scale train cabooses were donated to McCormick Railroad Park. One has been remodeled and has recently opened as a concession stand. The other two are undergoing remodeling and will become the new birthday party area.

Planning for a joint City/School Library in the northern part of the City has been on-going all year. Approval by Council is expected in September, 1989.

Youth Services staff, part of the Human Services Division, provided a community education series on parenting, personal growth, and wellness. Utilizing professionals in the community, the sessions were offered free of charge. Over 340 citizens have participated this past year.

Planning & Zoning Department

City Council approved three area plans concerning growth and redevelopment of the City: the Indian Bend Area Plan, the Black Mountain Area Plan, and the Eagle Ridge Area Plan.

City Council recently adopted two growth management strategies--an annexation policy for the City and a policy concerning neighborhood assemblage.

Using the Indian Bend Wash as a prototype, City Planning staff has developed a new drainage concept for the major washes in North Scottsdale. This desert greenbelt would use desert washes as both a drainage facility and community amenity.

The Historic Plaque Program was implemented on Fifth Avenue with the installation of ten plaques.

The City of Scottsdale received the Olsten Award for national recognition for records management in the Development Services Records Division of Planning & Zoning.

The City established a Civic Facilities Planning Program, which will utilize computer-aided design techniques to manage City land, buildings, and internal space.

Transportation & Operations

Facilities Maintenance is in the initial stages of upgrading its energy management system. The upgrades allow more flexibility in controlling comfort levels in the City buildings and allows quicker response in case of emergencies. Temperatures are controlled using a lap-top computer.

Sanitation collected 100,005 tons, or 200,010,000 pounds of refuse; an increase of 1,667 tons or 1.7%. This amounts to approximately 1,522 pounds per citizen.

Three recycling programs were implemented in FY 1988-89: move-in box recycling, white goods recycling, and in-house aluminum can recycling. The three programs diverted 41.1 tons of refuse from the landfill.

The Sanitation Division issued a Request for Information in December, 1988, soliciting information on solid waste recovery/reduction programs. The RFI was sent directly to a number of companies and was advertised in the six national trade publications. The City received 45 responses and will evaluate them by early FY 1989-90 to determine if further action is warranted.

Human Resources

Turnover figures for full-time employees were 11.04% including the people who were part of the reduction in force; 8.87% without including them. The 8.87% was one of our lowest rates in years.

The sole EEOC charge filed in 1988-89 against the City was settled without cost to the City for no just cause.

In 1988, 199 full-time employees (19% of the full-time City workforce) did not use any medical leave. Calculated at their individual hourly salaries, this reflects a \$25,667 productivity savings for hours on the job. An additional \$17,769 was gained due to a reduction in medical leave in 1988 compared to 1987. The national workforce medical leave usage averages 5%; full-time City employees averaged less than 3% medical leave usage in 1988.

In 1988, the City saved \$35,694 in FICA taxes due to having SCOTTSFLEX, the flexible benefits program.

Economic Development

Economic research resulted in several major studies including Economic Trends Report, Scottsdale/Paradise Valley Tourism Study, and Development Activity Report.

Hospitality Commission is in place and operational. The Tourism program is strengthened.

Very strong growth in hospitality industry (21% Bed Tax growth).

General Services Department

Coordinated the following public participation events: nine Mayor/City Council Breakfasts, two resident orientations, nine City Council neighborhood meetings, Youth-In-Government Day, Youth Town Hall, Board and Commission recognition dinner, Scottsdale Day, Holiday Tree-Lighting Ceremony, and Scottsdale's State Fair entry.

Responded to 36,374 inquiries from the City Hall Information Center, a 1.23% increase over the previous year.

Produced the City's first Citizen's Budget Summary based on the City Manager's recommended budget.

Implemented a Court Collections Program to improve collections of Court fines. Realized approximately \$450,000 in additional revenue through the program and raised the Court fine collection rate from 28% to 81%.

Implemented an automated Parking Ticket Processing System to process payments, schedule hearings, and issue late notices on 17,918 parking complaints.

Implemented a long distance telephone accounting software which automatically tracks long distance calls, as well as produces a historical record to include date, location, duration, and cost.

Computer applications were developed for a Building Inspection Permit System, Recreation Class Registration and Facilities Booking System, and a Citizen Complaint Tracking System, all of which provide an improved level of service to Scottsdale citizens.

Water Resources Department

Following a lengthy competitive public bid process, Wastewater Operations received approval to assume in-house operation of the Gainey Ranch and Troon Village wastewater reclamation plants.

A total of 1,086 acre feet of effluent was produced and used for golf course irrigation in FY 1988-89.

In calendar year 1988 a total of 44,316 acre feet of water was delivered to serve Scottsdale system customers. Water delivered includes groundwater pumped from wells, treated water purchased from Phoenix, and treated CAP water.

Fire Department

A new fire station opened in September, 1988, at 9045 East Via Linda. With the addition of this station, service is now being provided from six Scottsdale fire stations.

Rural/Metro firefighters conducted pool safety inspections at all multi-family complexes and hotels, handing out pool safety tips and emphasizing to citizens the importance of pool safety. Inspections were also made available to single family residences.

Free CPR certification classes were offered to Scottsdale citizens every Saturday. As a result, 529 more citizens are now certified.

The Fire Department responded to a total of 11,011 calls for assistance. Of these, 942 calls were in response to fires and 5,356 calls were in response to emergency medical situations.

Rural/Metro also conducted 27,024 occupancy code inspections during the fiscal year.

FINANCIAL INFORMATION

Management of the City of Scottsdale is responsible for establishing and maintaining a system of internal control. 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.

Single Audit. As a recipient of federal, state, and county financial assistance, the government also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As part of the government's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 1989, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. 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, 1989.

Expenditure budgets are presented on a non-GAAP basis. This basis includes items that are not included on a GAAP basis such as encumbrances and excludes such items as accruals and depreciation.

As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management. As with the financial section, all amounts presented in the remainder of this letter are expressed in thousands.

General Government Functions. The following schedule presents a summary of general fund, special revenue funds, debt service fund, and capital project funds revenues for the fiscal year ended June 30, 1989, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenues</u>	<u>Amount (000's)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1988 (000's)</u>	<u>Percent of Increase (Decrease)</u>
Taxes	\$40,349	43.19	\$2,788	7.42
Intergovernmental	23,957	25.65	821	3.55
Special Assessments	2,528	2.71	(604)	(19.28)
Licenses	596	0.64	106	21.63
Charges for Services	10,594	11.34	(327)	(2.99)
Fines and Forfeitures	1,838	1.97	322	21.24
Uses of Money and Property	9,025	9.66	110	1.23
Streetlight Districts	509	0.54	209	69.67
Miscellaneous	<u>4,017</u>	<u>4.30</u>	<u>(1,650)</u>	29.12
Total	<u>\$93,413</u>	<u>100.00%</u>	<u>\$1,775</u>	

The largest actual revenue increase was from taxes. Taxes are comprised of four types: privilege taxes, property taxes, franchise taxes, and in-lieu property taxes. The majority of the tax increase was received from privilege tax due to the fifty percent increase in the hotel/motel transient tax rate which became effective January 1, 1989.

Miscellaneous revenue decreased primarily due to the decrease in Capital Improvement activity which would provide for Capital Improvement reimbursements. License and permit revenue decreased from the prior year because of a slight downturn in building activity. Special assessment revenue decreased because of the natural decrease in amounts owed on existing special assessment bonds compounded by the fact that there was only one small district added during fiscal year 1989.

Much of the City's general fund revenue is limited by state or city statute. Property tax is limited by state law to 2% growth each year or to growth by voter approved general obligation bonded debt. Sales tax cannot be increased without voter approval. State shared revenues are subject to allocation by the state legislature.

The following schedule presents a summary of general fund, special revenue funds, debt service fund, and capital project funds expenditures for the fiscal year ended June 30, 1989, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount (000's)</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 1988 (000's)</u>	<u>Percent of Increase (Decrease)</u>
Current:				
General Government	\$ 3,461	3.17	(\$ 71)	(2.00)
Police	14,138	12.94	566	4.17
Financial Services	2,857	2.61	192	7.20
Transportation and Operations	14,692	13.45	1,099	8.09
Community Services	12,023	11.00	(432)	(3.47)
General Services	4,066	3.72	(416)	(9.28)
Planning and Zoning	5,692	5.21	(67)	(1.16)
Economic Development	2,508	2.30	707	39.26
Fire	4,787	4.38	631	15.18
Water Resources	1,418	1.30	134	10.44
Streetlight Districts	415	0.38	6	1.47
Capital Improvements	15,601	14.28	(13,319)	(46.05)
Debt Service:				
Principal	12,638	11.56	1,398	12.44
Interest and Fiscal Charges	<u>14,975</u>	<u>13.70</u>	<u>(337)</u>	<u>(2.20)</u>
Total	<u><u>\$109,271</u></u>	<u><u>100.00%</u></u>	<u><u>(\$ 9,909)</u></u>	

The major expenditure increases occurred in Transportation and Operations and Economic Development. The Transportation and Operations Department budgets for all City utility costs other than those in the enterprise funds. The major portion of this department's increased expenditures is a result of rising utility costs.

Economic Development is responsible for the payment of the one percent share of the Transient Occupancy Tax to the Chamber of Commerce. Revenue from this source was up over the previous year causing increased expenditures to pay the Chamber their increased amount.

Some departments' expenditures decreased largely as a result of a cost containment measure by the City in the last half of the fiscal year. This reduction of expenditures was instituted to assure sufficient fund balances to carry into the 1989-90 fiscal year.

Capital Improvement expenditures decreased because of the expenditure of bond proceeds issued in previous years now being used to complete voter approved projects.

FUND BALANCES

A comparison of fund balances for governmental funds indicates a decrease in total fund balance. The General and Special Revenue Funds decreases result from a budgeted excess of expenditures over revenue. Debt Service Fund balances decreased primarily as a result of the payment of principal and interest from the sinking fund. The Capital Projects Fund balance decreased due to the expenditure of funds for various Capital Projects in excess of new fundings.

<u>Fund Balances</u>	<u>FY 1988-89</u>	<u>FY 1987-88</u>	<u>Decrease</u>
General	\$42,517,746	\$44,713,417	(\$ 2,195,671)
Special Revenue			
Highway User	291,555	603,740	(312,185)
Community Development		35,237	(35,237)
Grants	106,634	136,265	(29,631)
Debt Service	11,802,224	12,927,902	(1,125,678)
Capital Projects	<u>8,956,801</u>	<u>20,152,964</u>	<u>(11,196,163)</u>
TOTAL FUND BALANCES	<u>\$63,674,960</u>	<u>\$78,569,525</u>	<u>(\$14,894,565)</u>

Proprietary Funds. The City's proprietary funds consist of Enterprise Funds and Internal Service Funds. The Enterprise Funds are comprised of the Water and Sewer Utility Fund, the Airport Fund, and the Housing Fund. In FY 1989, the results of operations, after adding back depreciation expense on fixed assets acquired by contributed capital, in the Proprietary Funds compared to FY 1988 were:

	<u>1988-89</u>	<u>1987-88</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Water and Sewer Utility	\$6,692,156	\$7,513,097	(\$820,941)	(10.9)
Airport	43,567	31,698	11,869	37.4
Motor Pool	324,451	(102,625)	427,076	-
Self Insurance	<u>98,817</u>	<u>(242,676)</u>	<u>341,493</u>	-
TOTAL	<u>\$7,158,991</u>	<u>\$7,199,494</u>	<u>(\$ 40,503)</u>	

The Water and Sewer Utility Fund results of operations decreased because of increased costs of providing water service to customers. Both the Motor Pool and Self Insurance Funds results of operations have increased because of a concerted effort to match users rates to the cost of operating the service.

The City Council is committed to a policy of maintaining the enterprise operations of the Water and Sewer Utility and the Airport on a self-supporting basis adjusting user rates and system development fees as necessary.

Fiduciary Fund. The Trust and Agency Fund consists of miscellaneous expendable trust funds and the Deferred Compensation Agency Fund. All amounts of compensation deferred under the plan are the property of the City subject to the claims of general creditors. The City has the duty of due care. Investments are managed by an independent plan administrator. Balances in this agency fund continue to grow because of increased contributions to the deferred compensation plan.

Debt Administration. At June 30, 1989, the City had outstanding debt issues of \$222,601,000. These issues include \$63,360,000 of general obligation bonds, \$40,350,000 of revenue bonds, \$13,901,000 of special assessment debt with City commitment and \$104,990,000 of Municipal Properties Corporation debt with City commitment. The City maintained its Aal rating from Moody's Investor Service and AA rating from Standard and Poor's on the general obligation bonds. The City's general obligation bonded debt issuances are subject to a legal limitation based on 6% and 20% of the total assessed value of real and personal property. As of June 30, 1989, the City's net general obligation bonded debt was well below both limits by \$209,293,220 for 20% bonds and \$64,211,829 for 6% bonds.

During the year, the City issued \$690,000 in special assessment bonds for Project I8501 CAP at Hayden Road with an average effective rate of interest of 6.9%.

Cash Management. Temporarily idle cash, excluding that of Municipal Properties Corporation and ICMA Plan investments, was invested in U.S. Treasury Securities, Federal Agency Securities, the State of Arizona Investment Pool, and Repurchase Agreements. These investments yielded 9.19% on an average daily invested balance of \$85,596,808.

The City's investment policy is to invest all of the City funds at the highest available interest rate assuring that all monies are fully secured with emphasis on safety of principal, liquidity, and financial return on principal. At June 30, 1989, 89% of investments held by the City were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Remaining investments were held by the City's bank, in their trust department in the name of the Municipal Properties Corporation.

Risk Management. The City's Self Insurance Fund established in fiscal year 1979 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 1989 the Self Insurance Fund was responsible for the first \$250,000 per occurrence for workers' 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.

The City has an aggressive prevention program which promotes employee safety on the job and focuses on risk control techniques designed to minimize accident related losses.

OTHER INFORMATION

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.

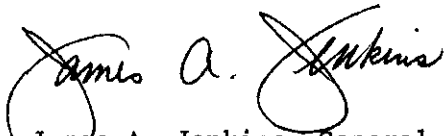
Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Scottsdale for its comprehensive annual financial report for the fiscal year ended June 30, 1988.

In order to be awarded a Certificate of Achievement, a government 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. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA.

Acknowledgment. The preparation of this report was accomplished through the efficient and dedicated services of the entire staff of the Accounting 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
Financial 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, 1988

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 (CAFR's) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**FINANCIAL
SECTION**

Ernst & Young

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201 North Central Avenue
Phoenix, Arizona 85004

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Mayor and City Council
City of Scottsdale, Arizona

We have audited 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, 1989, listed as financial statements under the Financial Section of the table of contents. These financial statements are the responsibility of the City of Scottsdale, Arizona, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Scottsdale, Arizona, at June 30, 1989, and the results of its operations and changes in financial position of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the City of Scottsdale, Arizona, at June 30, 1989, and the results of operations of such funds and changes in financial position of the individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

As described in Note 1, the City changed its method of accounting for certain fees in the Enterprise Funds from treating them as operating revenues to recording them as contributed capital. In addition, the City began to close depreciation recognized in the Enterprise Funds on fixed assets acquired or constructed from externally restricted sources to the related contributed capital account rather than to retained earnings.

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

Ernst & Young

August 18, 1989



CITY OF SCOTTSDALE

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1989

WITH COMPARATIVE TOTALS FOR JUNE 30, 1988

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, 1989	JUNE 30, 1988
CASH AND SHORT-TERM INVESTMENTS	\$37,374,884	\$126	\$5,876,659	\$9,125,374	\$3,753,721	\$	\$2,124,636	\$	\$	\$58,255,400	\$62,149,013
CASH WITH FISCAL AGENTS		1,875,958	12,939,003							14,814,961	14,633,375
CASH WITH TRUSTEE INVESTMENTS	6,206,320		3,499,178		15,306					15,306	16,322
RECEIVABLES					2,599,535					12,305,033	16,756,421
ACCRUED INTEREST	57,981		170,163	29,212			2,655			260,011	818,719
PROPERTY TAXES	753,325		37,389							790,714	746,569
SPECIAL ASSESSMENTS			12,735,317							12,735,317	14,163,122
STATE SHARED SALES TAX	577,048									577,048	520,510
AUTO LIEU TAX	165,276									165,276	138,203
FUEL TAX		491,003								491,003	562,679
GRANTS		359,433								359,433	261,541
ACCOUNTS	645,674					3,475,503	15,998			4,137,175	3,953,616
MISCELLANEOUS	111,389	20,426			13,052	171,382				316,249	437,670
SUPPLIES INVENTORY	118,720						248,795			367,515	283,602
DUE FROM WATER AND SEWER UTILITY FUND											15,128,091
RESTRICTED CASH AND INVESTMENTS						27,836,411				27,836,411	24,801,007
PROPERTY, PLANT, AND EQUIPMENT - LESS ACCUMULATED DEPRECIATION						198,860,910	7,731,331	754,450,050		961,042,291	822,298,766
EXCESS PURCHASE PRICE OVER FAIR MARKET VALUE OF WATER SYSTEM ASSETS ACQUIRED, NET						579,459				579,459	652,433
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS									11,802,224	11,802,224	12,927,902
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT									175,234,576	175,234,576	185,758,393
TOTAL ASSETS AND OTHER DEBITS	\$46,010,617	\$2,746,946	\$35,257,709	\$9,154,586	\$6,381,614	\$230,923,665	\$10,123,415	\$754,450,050	\$187,036,800	\$1,282,085,402	\$1,177,007,954

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1989

WITH COMPARATIVE TOTALS FOR JUNE 30, 1988

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, 1989	JUNE 30, 1988 RESTATED (NOTE 1)
LIABILITIES											
CASH OVERDRAFT	\$	\$234,514	\$	\$	\$	\$307,072	\$	\$	\$	\$541,586	\$87,053
ACCOUNTS PAYABLE	828,272	124,869		149,508	88,658	905,340	53,454			2,150,101	4,023,173
ACCRUED PAYROLL	1,757,720	113,416				228,711	167,774			2,267,621	2,157,414
CLAIMS PAYABLE							994,273			994,273	863,332
DESIGNATED DEFERRED COMPENSATION BENEFITS					2,599,535					2,599,535	2,033,145
ACCRUED INTEREST PAYABLE	189,638		592,454			48,819				830,911	892,070
CONTRACTS PAYABLE - CURRENT PORTION						662,823				662,823	517,737
BONDS INTEREST PAYABLE		1,240,958	3,932,714			1,781,438				6,955,110	7,254,082
BONDS PAYABLE - CURRENT PORTION		635,000	6,195,000			1,170,000				8,000,000	6,680,000
DEFERRED REVENUE											
PROPERTY TAXES	717,241									717,241	653,288
SPECIAL ASSESSMENTS			12,735,317							12,735,317	14,163,122
OTHER						601,938				601,938	1,854,489
GUARANTY AND OTHER DEPOSITS					2,893,375	451,343				3,344,718	4,515,909
DUE TO GENERAL FUND						765,721				813,998	15,128,091
OTHER				48,277		51,415,641				238,452,441	252,079,845
LONG-TERM DEBT (LESS CURRENT PORTION)									187,036,800		
TOTAL LIABILITIES	3,492,871	2,348,757	23,455,485	197,785	5,581,568	58,338,846	1,215,501		187,036,800	281,667,613	313,571,122
FUND EQUITY											
CONTRIBUTED CAPITAL						117,496,499	10,544,604			128,041,103	115,099,249
INVESTMENT IN GENERAL FIXED ASSETS								754,450,050		754,450,050	622,497,448
RETAINED EARNINGS (DEFICIT)											
RESERVED FOR											
REVENUE BOND RETIREMENT						1,732,780				1,732,780	1,732,780
WATER AND SEWER REPLACEMENT						3,804,551				3,804,551	3,139,693
ACQUISITION AND CONSTRUCTION						19,339,359				19,339,359	16,788,667
UNRESERVED						30,211,630	(1,636,690)			28,574,940	24,631,499
FUND BALANCES											
RESERVED FOR											
ENCUMBRANCES	847,386	119,857		459,770	22,323					1,449,336	5,785,707
SINKING FUND			2,811,289							2,811,289	3,613,420
STREET LIGHT DISTRICTS	301,697		8,990,935							301,697	207,555
DEBT SERVICE										8,990,935	9,314,482
UNRESERVED	41,368,663	278,332		8,497,031	777,723					50,921,749	60,626,332
TOTAL RETAINED EARNINGS/FUND BALANCES (DEFICIT)	42,517,746	398,189	11,802,224	8,956,801	800,046	55,088,320	(1,636,690)			117,926,636	125,840,135
TOTAL FUND EQUITY	42,517,746	398,189	11,802,224	8,956,801	800,046	172,584,819	8,907,914	754,450,050		1,000,417,789	863,436,832
TOTAL LIABILITIES AND FUND EQUITY	\$46,010,617	\$2,746,946	\$35,257,709	\$9,154,586	\$6,381,614	\$230,923,665	\$10,123,415	\$754,450,050	\$187,036,800	\$1,282,085,402	\$1,177,007,954

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS FUNDFOR THE FISCAL YEAR ENDED JUNE 30, 1989
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS	JUNE 30, 1989	JUNE 30, 1988
REVENUES							
TAXES - LOCAL	\$25,308,720	\$	\$15,040,582	\$	\$	\$40,349,302	\$37,560,884
TAXES - INTERGOVERNMENTAL	15,018,079	8,346,894				23,364,973	21,874,445
GRANTS		591,166				591,166	1,261,956
SPECIAL ASSESSMENTS			2,527,537			2,527,537	3,132,161
LICENSES	596,233					596,233	489,775
CHARGES FOR CURRENT SERVICES	10,594,369					10,594,369	10,921,238
FINES AND FORFEITURES	1,838,594					1,838,594	1,515,621
USE OF MONEY AND PROPERTY	6,589,522		1,119,403	1,316,314		9,028,239	8,915,111
CIP REIMBURSEMENTS	705,498					705,498	1,201,996
STREET LIGHT DISTRICTS	509,184					509,184	299,856
OTHER	2,897,626			413,608	1,484,149	4,795,383	5,407,047
TOTAL REVENUES	64,057,825	8,938,060	18,687,522	1,729,922	1,484,149	94,897,478	92,580,090
EXPENDITURES							
CURRENT OPERATING DEPARTMENTS							
GENERAL GOVERNMENT	3,460,836					3,460,836	3,532,276
POLICE	14,138,466					14,138,466	13,571,954
FINANCIAL SERVICES	2,856,972					2,856,972	2,665,064
TRANSPORTATION & OPERATIONS	9,531,000	5,161,387				14,692,387	13,592,848
COMMUNITY SERVICES	11,839,596	183,021				12,022,617	12,455,464
GENERAL SERVICES	4,065,938					4,065,938	4,482,015
PLANNING & ZONING	4,575,803	1,116,303				5,692,106	5,758,673
ECONOMIC DEVELOPMENT	1,939,012	569,275				2,508,287	1,801,322
FIRE	4,787,139					4,787,139	4,155,740
WATER RESOURCES	1,418,078					1,418,078	1,283,892
STREET LIGHT DISTRICTS	415,041					415,041	408,668
EXPENDABLE TRUSTS					1,662,074	1,662,074	986,970
CAPITAL IMPROVEMENTS	1,945,879	30,387		13,625,004		15,601,270	28,919,820
DEBT SERVICE							
PRINCIPAL	3,683,231	635,000	8,320,000			12,638,231	11,240,170
INTEREST	1,005,654	2,483,646	11,484,281			14,973,581	15,311,521
TOTAL EXPENDITURES	65,662,645	10,179,019	19,804,281	13,625,004	1,662,074	110,933,023	120,166,397
DEFICIENCY OF REVENUE OVER EXPENDITURES	(1,604,820)	(1,240,959)	(1,116,759)	(11,895,082)	(177,925)	(16,035,545)	(27,586,307)
OTHER SOURCES (USES)							
BOND PROCEEDS				690,000		690,000	12,715,000
PROCEEDS FROM CONTRACTS PAYABLE	373,055					373,055	
OPERATING TRANSFERS IN		863,906		8,919		872,825	5,813,982
OPERATING TRANSFERS OUT	(863,906)		(8,919)			(872,825)	(6,913,982)
PROCEEDS OF REFUNDING BONDS							40,709,376
PAYMENT TO REFUNDED BOND ESCROW AGENT							(40,640,959)
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,095,671)	(377,053)	(1,125,678)	(11,196,163)	(177,925)	(14,972,490)	(15,902,890)
FUND BALANCES JULY 1	44,713,417	775,242	12,927,902	20,152,964	977,971	79,547,496	80,495,150
RESIDUAL EQUITY TRANSFER IN		10,000				10,000	15,128,091
RESIDUAL EQUITY TRANSFER OUT	(100,000)	(10,000)				(110,000)	(172,855)
FUND BALANCES JUNE 30	\$42,517,746	\$398,189	\$11,802,224	\$8,956,801	\$800,046	\$64,475,006	\$79,547,496

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	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	\$38,819,000	\$40,349,304	\$1,530,304	\$27,406,164	\$29,189,057	\$1,782,893	\$	\$	\$	\$11,412,836	\$11,160,247	(\$252,589)
TAXES - INTERGOVERNMENTAL	23,013,000	23,364,973	351,973	14,465,000	15,018,079	553,079	8,548,000	8,346,894	(201,106)			
SPECIAL ASSESSMENTS	3,208,000	2,527,537	(680,463)							3,208,000	2,527,537	(680,463)
LICENSES	520,000	596,233	76,233	520,000	596,233	76,233						
CHARGES FOR CURRENT SERVICES	8,800,000	10,594,369	1,794,369	8,800,000	10,594,369	1,794,369						
FINES AND FORFEITURES	2,003,000	1,838,594	(164,406)	2,003,000	1,838,594	(164,406)						
USE OF MONEY AND PROPERTY	5,171,000	7,287,018	2,116,018	5,171,000	6,589,522	1,418,522					697,496	697,496
CIP REIMBURSEMENTS	6,789,000	2,572,030	(4,216,970)	6,789,000	2,572,030	(4,216,970)						
OTHER	1,213,000	603,037	(609,963)	1,213,000	603,037	(609,963)						
TOTAL REVENUES	89,536,000	89,733,095	197,095	66,367,164	67,000,921	633,757	8,548,000	8,346,894	(201,106)	14,620,836	14,385,280	(235,556)
EXPENDITURES												
CURRENT OPERATING DEPARTMENTS												
GENERAL GOVERNMENT	4,581,668	4,149,929	431,739	4,581,668	4,149,929	431,739						
POLICE	14,747,274	14,171,505	575,769	14,747,274	14,171,505	575,769						
FINANCIAL SERVICES	3,781,383	3,696,046	85,337	3,781,383	3,696,046	85,337						
TRANSPORTATION & OPERATIONS	15,434,018	15,414,025	19,993	10,208,929	10,215,142	(6,213)	5,225,089	5,198,883	26,206			
COMMUNITY SERVICES	12,184,605	11,981,601	203,004	12,184,605	11,981,601	203,004						
GENERAL SERVICES	5,203,179	4,897,455	305,724	5,203,179	4,897,455	305,724						
PLANNING & ZONING	5,477,796	5,290,877	186,919	4,879,425	4,646,812	232,613	598,371	644,065	(45,694)			
ECONOMIC DEVELOPMENT	2,445,324	2,512,667	(67,343)	1,816,301	1,935,362	(119,061)	629,023	577,305	51,718			
FIRE	4,883,945	4,892,637	(8,692)	4,883,945	4,892,637	(8,692)						
WATER RESOURCES	1,464,926	1,415,370	49,556	1,464,926	1,415,370	49,556						
CAPITAL IMPROVEMENTS	3,767,973	1,789,341	1,978,632	3,638,875	1,730,454	1,908,421	129,098	58,887	70,211			
CONTINGENCY	6,020,385		6,020,385	5,693,483		5,693,483	326,902		326,902			
DEBT SERVICE												
PRINCIPAL	11,677,446	11,638,231	39,215	4,352,446	4,313,231	39,215	635,000	635,000		6,690,000	6,690,000	
INTEREST	15,207,292	14,971,305	235,987	4,789,526	4,601,405	188,121	2,484,715	2,483,646	1,069	7,933,051	7,886,254	46,797
TOTAL EXPENDITURES	106,877,214	96,820,989	10,056,225	82,225,965	72,646,949	9,579,016	10,028,198	9,597,786	430,412	14,623,051	14,576,254	46,797
DEFICIENCY OF REVENUES OVER EXPENDITURES	(17,341,214)	(7,087,894)	10,253,320	(15,858,801)	(5,646,028)	10,212,773	(1,480,198)	(1,250,892)	229,306	(2,215)	(190,974)	(188,759)
OTHER SOURCES (USES)												
OPERATING TRANSFERS IN	17,570,999	863,906	(16,707,093)	16,090,801		(16,090,801)	1,480,198	863,906	(616,292)			
OPERATING TRANSFERS OUT	(232,000)	(863,906)	(631,906)	(232,000)	(863,906)	(631,906)						
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,215)	(7,087,894)	(7,085,679)		(6,509,934)	(6,509,934)		(386,986)	(386,986)	(2,215)	(190,974)	(188,759)
ENCUMBRANCES CANCELED		1,450,200	1,450,200		1,246,987	1,246,987		203,213	203,213			
FUND BALANCES JULY 1, 1988		13,429,239	13,429,239		12,102,947	12,102,947		280,154	280,154		1,046,138	1,046,138
FUND BALANCES (DEFICIT) JUNE 30, 1989	(\$2,215)	\$7,791,545	\$7,793,760	\$	\$6,840,000	\$6,840,000	\$	\$96,381	\$96,381	(\$2,215)	\$855,164	\$857,379

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, 1989
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1989	JUNE 30, 1988 RESTATE (NOTE 1)
OPERATING REVENUES				
WATER SERVICE FEES	\$21,003,418	\$	\$21,003,418	\$18,765,362
WATER CONNECTION FEES	277,793		277,793	329,266
SEWER SERVICE FEES	4,842,963		4,842,963	4,334,113
AIRPORT FEES	588,560		588,560	605,221
BILLINGS TO USER PROGRAMS		6,977,918	6,977,918	6,307,673
OTHER	308,998	335,291	644,289	999,916
TOTAL OPERATING REVENUES	27,021,732	7,313,209	34,334,941	31,341,551
OPERATING EXPENSES				
WATER OPERATIONS	10,436,151		10,436,151	7,888,218
SEWER OPERATIONS	1,735,066		1,735,066	1,722,147
AIRPORT OPERATIONS	306,998		306,998	370,439
MOTOR POOL OPERATIONS		3,576,108	3,576,108	3,614,653
SELF-INSURANCE OPERATIONS		2,039,420	2,039,420	2,103,006
DEPRECIATION AND AMORTIZATION	5,620,721	1,274,413	6,895,134	6,474,544
INDIRECT COST	2,702,625		2,702,625	2,825,497
IN LIEU PROPERTY TAX	428,058		428,058	
TOTAL OPERATING EXPENSES	21,229,619	6,889,941	28,119,560	24,998,504
OPERATING INCOME	5,792,113	423,268	6,215,381	6,343,047
NON-OPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	1,667,986		1,667,986	2,081,372
INTEREST EXPENSE	(3,173,962)		(3,173,962)	(3,454,967)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,505,976)		(1,505,976)	(1,373,595)
NET INCOME	4,286,137	423,268	4,709,405	4,969,452
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	2,449,586		2,449,586	2,230,042
INCREASE IN RETAINED EARNINGS	6,735,723	423,268	7,158,991	7,199,494
RETAINED EARNINGS (DEFICIT) JULY 1 AS PREVIOUSLY REPORTED	64,562,639	(2,059,958)	62,502,681	50,277,893
PRIOR PERIOD ADJUSTMENT (NOTE 1)	(16,210,042)		(16,210,042)	(11,184,748)
RETAINED EARNINGS (DEFICIT) JULY 1 AS RESTATE	48,352,597	(2,059,958)	46,292,639	39,093,145
RETAINED EARNINGS (DEFICIT) JUNE 30	\$55,088,320	(\$1,636,690)	\$53,451,630	\$46,292,639

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, 1989
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1988

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1989	JUNE 30, 1988
SOURCES OF FUNDS				
FROM OPERATIONS				
NET INCOME (LOSS)	\$4,286,137	\$423,268	\$4,709,405	\$4,969,452
NONCASH CHARGE-DEPRECIATION AND AMORTIZATION	5,620,721	1,274,413	6,895,134	6,474,544
TOTAL FROM OPERATIONS	9,906,858	1,697,681	11,604,539	11,443,996
CONTRIBUTIONS				
WATER/SEWER ASSETS FROM SUBDIVIDERS	9,078,817		9,078,817	9,410,572
WATER/SEWER DEVELOPMENT FEES FROM GOVERNMENT UNITS	5,930,107	377,793	5,930,107	7,255,336
FROM GENERAL FUND		100,000	100,000	1,272,855
INCREASE IN CURRENT LIABILITIES	310,383	91,518	401,901	195,940
OTHER LIABILITIES				16,752,588
DECREASE IN RECEIVABLES		5,598	5,598	692,919
NOTES RECEIVABLES	217,457		217,457	255,759
	25,443,622	2,272,590	27,716,212	65,581,574
USES OF FUNDS				
CONTRIBUTIONS OF WATER/SEWER ASSETS TO SUBDIVIDERS	9,078,817		9,078,817	9,410,572
CONTRIBUTION TO OTHER GOVERNMENT UNITS	95,276		95,276	15,128,091
INCREASE IN PROPERTY, PLANT, AND EQUIPMENT	2,984,064	1,550,202	4,534,266	26,473,424
INVENTORY		74,007	74,007	174,788
INCREASE IN RECEIVABLES	111,523	452	111,975	5,066
RESTRICTED CASH AND INVESTMENTS	3,252,861		3,252,861	3,437,227
DECREASE IN CURRENT LIABILITIES	16,507	216,672	233,179	802,650
OTHER LIABILITIES	16,189,440		16,189,440	255,759
LONG-TERM DEBT	1,977,074		1,977,074	1,546,584
	33,705,562	1,841,333	35,546,895	57,234,161
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(8,261,940)	431,257	(7,830,683)	8,347,413
CASH AND SHORT-TERM INVESTMENTS JULY 1, 1988	8,261,940	1,693,379	9,955,319	1,607,636
JUNE 30, 1989	\$	\$2,124,636	\$2,124,636	\$9,955,049

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, 1989

	TOTALS (MEMORANDUM ONLY)			ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES									
WATER SERVICE FEES	\$19,543,000	\$21,003,417	\$1,460,417	\$19,543,000	\$21,003,417	\$1,460,417	\$	\$	\$
WATER CONNECTION FEES		277,793	277,793		277,793	277,793			
WATER DEVELOPMENT FEES	1,144,000	1,482,623	338,623	1,144,000	1,482,623	338,623			
WATER RESOURCE FEES	1,280,000	2,846,511	1,566,511	1,280,000	2,846,511	1,566,511			
SEWER SERVICE FEES	5,255,500	4,842,963	(412,537)	5,255,500	4,842,963	(412,537)			
SEWER DEVELOPMENT FEES	1,538,000	1,600,975	62,975	1,538,000	1,600,975	62,975			
DEVELOPMENT FEES	2,000,000		(2,000,000)	2,000,000		(2,000,000)			
AIRPORT FEES	633,000	588,560	(44,440)	633,000	588,560	(44,440)			
BILLINGS TO USER PROGRAMS	7,061,000	6,977,918	(83,082)				7,061,000	6,977,918	(83,082)
INTEREST EARNINGS	2,000,000	821,189	(1,178,811)	2,000,000	821,189	(1,178,811)			
CIP REIMBURSEMENT	4,700,000	19,183	(4,680,817)	4,700,000	19,183	(4,680,817)			
CONTRIBUTION FROM MUNICIPALITY	100,000	100,000					100,000	100,000	
OTHER	122,000	644,289	522,289		308,998	308,998	122,000	335,291	213,291
TOTAL REVENUES	45,376,500	41,205,421	(4,171,079)	38,093,500	33,792,212	(4,301,288)	7,283,000	7,413,209	130,209
EXPENDITURES									
WATER OPERATIONS	9,610,904	9,478,250	132,654	9,610,904	9,478,250	132,654			
SEWER OPERATIONS	1,964,286	1,850,427	113,859	1,964,286	1,850,427	113,859			
AIRPORT OPERATIONS	418,587	389,337	29,250	418,587	389,337	29,250			
MOTOR POOL OPERATIONS	4,957,652	4,886,508	71,144				4,957,652	4,886,508	71,144
SELF INSURANCE OPERATIONS	1,956,484	1,927,608	28,876				1,956,484	1,927,608	28,876
CAPITAL OUTLAY	5,314,672	2,222,676	3,091,996	5,314,672	2,222,676	3,091,996			
DEBT SERVICE AND RESERVES	7,817,686	7,556,692	260,994	7,817,686	7,556,692	260,994			
TOTAL EXPENDITURES	32,040,271	28,311,498	3,728,773	25,126,135	21,497,382	3,628,753	6,914,136	6,814,116	100,020
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$13,336,229	\$12,893,923	(\$442,306)	\$12,967,365	\$12,294,830	(\$672,535)	\$368,864	\$599,093	\$230,229

SEE NOTES TO FINANCIAL STATEMENTS.

**CITY OF SCOTTSDALE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1989**

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:

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

- 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.
- 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 1988-89, 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 which have not been encumbered 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.

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

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.

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, 1989, aggregated approximately \$946,000.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**H. General Fixed Assets (Continued)**

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.

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, subdivider infrastructure and developer fees 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 and is closed to the respective fund's contributed capital account.

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 contributed through June 30, 1989, are as follows:

General Fixed Assets:	
Streets and Storm Drains	\$465,152,000
Land	11,264,000
Traffic Signal Equipment	606,000
Water and Sewer Utility Fund:	
Water System and Sewer System	92,267,000

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

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.

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

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

O. Incurred-But-Not-Reported (IBNR) Claims/Losses

IBNR claims are included in the Self Insurance Internal Service Fund. IBNR claim amounts are estimated by application of historical claim reporting experience to the current outstanding claims.

P. Prior Period Adjustments

In 1989, the City changed its method of accounting for water development fees, water resource fees, and sewer development fees from treating them as operating revenues in the Enterprise Funds to recording them as contributed capital since they are used specifically to finance capital improvements and are externally restricted for that purpose. In addition, in 1989, the City began to close depreciation recognized in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Deficit) on fixed assets acquired or constructed from such developer fees, subdivider infrastructure contributions, and federal, state, or local grants to the related contributed capital account rather than to retained earnings.

The accompanying financial statements have been restated to give retroactive effect to these changes. The effect of the change in accounting for development fees for the fiscal years ended June 30, 1989, and 1988, was a decrease in net income of \$5,930,109 and \$7,255,336, respectively, in the Water and Sewer Fund. The cumulative effect of these adjustments as of July 1, 1988, was a decrease in retained earnings and an increase in contributed capital related to development fees of \$29,858,922 in the Water and Sewer Fund and an increase in retained earnings and decrease in contributed capital related to closing depreciation of \$11,261,235 in the Water and Sewer Fund and \$2,387,645 in the Airport Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Q. "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 1988 to conform to the 1989 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, 1989, on a GAAP basis to budget basis are as follows:

	FUND BALANCES AT JUNE 30, 1989		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
GAAP Basis	\$ 42,517,746	\$ 398,189	\$ 11,802,224
Basis Differences			
Reserved encumbrances at June 30, 1989, recognized as expenditures for budget purposes	(847,386)	(79,197)	
Accrued payroll at June 30, 1989, not recognized as an expenditure for budget purposes	1,666,356	113,416	
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)	(1,995,554)		
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			(2,158,641)
Perspective Differences			
Indirect costs allocated to Proprietary Funds are not recognized as a reduction of expenditures for budget purposes	(11,873,048)	(229,393)	
In lieu property tax from proprietary funds not recognized as revenue for budget purposes	(428,058)		
Entity Differences			
Fund balance for non-budgeted activity, Street Lights, and Municipal Property Corporation	(301,697)		(7,528,939)
Fund balance for funds for which no annual budgets are prepared		(106,634)	
Budget Basis	\$ 6,840,000	\$ 96,381	\$ 855,164

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	(\$ 2,095,671)	(\$ 377,053)	(\$ 1,125,678)
Basis Differences			
Reserved encumbrances at June 30, 1989, recognized as expenditures for budget purposes	(847,386)	(79,197)	
Accrued payroll not recognized as an expenditure for budget purposes	103,361	4,396	
Operating transfer not recognized as expenditure for budget purposes			8,919
Excess of revenues and other sources over expenditures and other uses for certain MPC Excise Debt accounted for in the General Fund (Budget) and in the Debt Service Fund (GAAP)	(345,412)		
Residual equity transfer to Self Insurance fund recognized as an expenditure for budget purposes	(100,000)		
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	(2,702,625)		
In lieu property tax from proprietary funds not recognized as revenue for budget purposes	(428,058)		
Entity Differences			
Deficiency of revenue and other sources over expenditures for non-budgeted Streetlights and Municipal Property activity	(94,143)		(74,215)
Excess of revenue and other sources over expenditures and other uses for funds for which no annual budgets are prepared		64,868	
Budget Basis	<u>(\$ 6,509,934)</u>	<u>(\$ 386,986)</u>	<u>(\$ 190,974)</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</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
GAAP Basis	\$ 4,286,137	\$ 423,268
Basis Differences		
Encumbrances at June 30, 1989, recognized as expense for budget purposes	(231,093)	(143,254)
Net increase in accrued payroll not recognized as expense for budget purposes	33,198	5,039
Net increase in claims payable not recognized as expense for budget purposes		130,941
Perspective Differences		
Capital outlay recognized as expense for budget purposes	(2,660,643)	(1,191,314)
Depreciation and amortization not recognized as expense for budget purposes	5,620,721	1,274,413
Indirect costs not recognized as expense for budget purposes	2,702,625	
In Lieu Property Tax not recognized as expense for budget purposes.	428,058	
Debt service principal payments and capitalized interest recognized as expense for budget purposes	(2,321,809)	
Retained Earnings reservation change recognized as expense for budget purposes	(664,858)	
Contributions recognized as revenue for budget purposes	5,930,108	100,000
Interest earnings on non-pooled and bond funds not recognized as income for budget purposes	<u>(827,614)</u>	
Budget Basis	<u>\$12,294,830</u>	<u>\$ 599,093</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, 1989, the City's deposits, cash, and Certificates of Deposit were entirely insured by federal depository insurance or secured by collateral held by the City's agent 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, 1989, are summarized below. Category 1 includes investments that are registered in the name of the City and held by the bank's trust department in the name of the City. Category 2 includes uninsured and unregistered investments of the Municipal Properties Corporation held by the bank's trust department in the name of the Municipal Properties Corporation.

	CATEGORY		CARRYING AMOUNT	MARKET VALUE
	1	2		
U. S. Treasury Securities	\$	\$ 5,484,978	\$ 5,484,978	\$ 5,548,245
Government Agency Securities	76,984,103	1,949,615	78,933,718	79,679,062
Repurchase Agreements		2,355,000	2,355,000	2,355,000
City of Scottsdale Improve- ment District Bonds	123,000		123,000	123,000
	<u>\$77,107,103</u>	<u>\$ 9,789,593</u>	86,896,696	87,705,307
State of Arizona Local Government Investment Pool (Short-Term Investments)			4,215,000	4,215,000
Investment in ICMA Plan			<u>2,599,535</u>	<u>2,599,535</u>
TOTAL INVESTMENTS			<u>\$93,711,231</u>	<u>\$94,519,842</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 1989, 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, 1988</u>	<u>TRANSFERS/</u> <u>ADDITIONS</u>	<u>TRANSFERS/</u> <u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 1989</u>
Land	\$ 39,212,333	\$ 59,146	(\$ 59,146)	\$ 39,212,333
Buildings and Improvements	103,502,235	2,488,748	(15,381)	105,975,602
Streets and Storm Drains	424,437,287	129,599,730		554,037,017
Machinery and Equipment	20,154,575	1,072,890	(630,450)	20,597,015
Construction in Progress	<u>35,191,018</u>	<u>3,064,965</u>	<u>(3,627,900)</u>	<u>34,628,083</u>
	<u>\$622,497,448</u>	<u>\$136,285,479</u>	<u>(\$4,332,877)</u>	<u>\$754,450,050</u>

NOTE 5 - FIXED ASSETS (Continued)

General fixed asset construction in progress commitments at June 30, 1989, is composed of the following:

	<u>CONSTRUCTION IN PROGRESS</u>	<u>COMMITMENTS</u>	<u>BUDGET</u>
Management Systems	\$ 994,331	\$ 488,942	\$ 1,483,273
Field Operations	365,471	346,146	711,617
Aid to Development	165,978	100,752	266,730
Parks	2,555,325	205,898	2,761,223
Flood Control	370,125	1,006,788	1,376,913
Improvement Districts	3,675,059	79,911	3,754,970
Public Buildings	12,657,116	1,328,496	13,985,612
Street Projects	13,233,440	2,341,846	15,575,286
Traffic Projects	611,238	445,660	1,056,898
	<u>\$34,628,083</u>	<u>\$ 6,344,439</u>	<u>\$40,972,522</u>

A summary of proprietary fund types fixed assets at June 30, 1989, follows:

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
Land	\$ 13,955,706	\$ 67,904
Water Rights	19,500,922	
Water System	114,750,623	
Sewer System	71,426,051	
Buildings and Improvements	1,246,367	1,222,868
Motor Vehicles		11,087,165
Machinery and Equipment		642,476
Furniture and Fixtures	525,030	53,286
Construction in Progress	<u>10,150,317</u>	<u>553,041</u>
	231,555,016	13,626,740
Accumulated Depreciation	<u>(32,694,106)</u>	<u>(5,895,409)</u>
	<u>\$198,860,910</u>	<u>\$ 7,731,331</u>

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1989, is composed of the following:

	<u>CONSTRUCTION IN PROGRESS</u>	<u>COMMITMENTS</u>	<u>BUDGET</u>
Enterprise:			
Water System Projects	\$ 5,250,119	\$10,279,235	\$15,529,354
Sewer System Projects	4,440,592	250,128	4,690,720
Other Projects	459,606	101,564	561,170
	<u>\$10,150,317</u>	<u>\$10,630,927</u>	<u>\$20,781,244</u>
Internal Service:			
Motor Vehicle Projects	<u>\$ 533,041</u>	<u>\$ 70,124</u>	<u>\$ 603,165</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, 1988	\$29,535,000	\$29,255,000	\$107,850,000	\$15,226,000	\$14,914,351	\$ 2,022	\$ 1,903,922	\$198,686,295
Deduction in Compensated Absences Liability							(56,184)	(56,184)
Debt Incurred				690,000	373,055			1,063,055
Debt Retired			(630,000)	(1,495,000)	(3,701,025)	(341)		(5,826,366)
Debt To Be Retired July 1, 1989	<u>(3,445,000)</u>	<u>(635,000)</u>	<u>(2,230,000)</u>	<u>(520,000)</u>				<u>(6,830,000)</u>
Balance June 30, 1989	* <u>\$26,090,000</u>	<u>\$28,620,000</u>	<u>\$104,990,000</u>	<u>\$13,901,000</u>	<u>\$11,586,381</u>	<u>\$ 1,681</u>	<u>\$ 1,847,738</u>	<u>\$187,036,800</u>

* This does not include the 1986 General Obligation Water System Improvement Bonds in the amount of \$37,270,000 (\$405,000 is to be retired on July 1, 1989). 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, 1989. The interest portion of the total is \$193,883,689.

FISCAL YEAR ENDING	GENERAL OBLIGATION BONDS	UTILITY REVENUE BONDS	HURF REVENUE BONDS	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENT BONDS	CONTRACTS PAYABLE	TOTAL
1990	\$ 7,292,825	\$ 1,727,073	\$ 3,112,345	\$ 10,964,293	\$ 3,051,912	\$ 4,504,365	\$ 30,652,813
1991	7,203,235	1,697,623	3,116,453	10,967,875	2,834,095	4,166,160	29,985,441
1992	7,097,180	1,722,123	3,118,560	10,970,621	2,674,374	1,945,289	27,528,147
1993	6,991,410	1,725,623	3,111,310	10,967,235	2,456,600	802,115	26,054,293
1994	6,893,110	1,729,998	3,112,713	10,962,280	2,302,900	692,056	25,693,057
1995	6,799,330	1,715,688	3,112,815	10,954,344	2,127,378	362,691	25,072,246
1996	4,631,045	1,724,063	3,111,050	10,726,636	1,168,512	291,926	21,653,232
1997	4,389,565	1,721,250	3,109,673	10,831,744	960,089	291,926	21,304,247
1998	4,404,155	1,732,775	3,106,923	10,841,198	367,379	291,926	20,744,356
1999	4,427,480	1,731,775	3,108,853	10,839,174	67,243	291,926	20,466,451
2000	5,252,855	918,000	3,109,378	10,851,048		291,926	20,423,207
2001	6,202,615		3,110,068	10,865,597		291,926	20,470,206
2002-2039	<u>30,668,110</u>		<u>18,755,300</u>	<u>78,607,570</u>		<u>9,570,858</u>	<u>137,601,838</u>
	<u>\$102,252,915</u>	<u>\$18,145,991</u>	<u>\$56,095,441</u>	<u>\$209,349,615</u>	<u>\$18,010,482</u>	<u>\$23,795,090</u>	<u>\$427,649,534</u>

The summary above does not reflect General Obligation Bond principal payments from the Sinking Fund of \$3,500,000 on July 1, 1993, and interest in the aggregate amount of \$749,000.

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, 1988	\$70,950,000	\$13,220,000	\$29,830,000	\$108,975,000	\$15,741,000	\$238,716,000
New Debt Issued:						
Special Assessments					690,000	690,000
Debt Retired:						
Serial Bonds (Paid 07/01/88)	(2,740,000)	(725,000)	(575,000)	(1,125,000)	(515,000)	(5,680,000)
Serial Bonds (Paid 11/01/88)				(310,000)		(310,000)
Serial Bonds (Paid 01/01/89)					(1,495,000)	(1,495,000)
Serial Bonds (Paid 05/01/89)				(320,000)		(320,000)
Term Bonds (Paid 07/01/88)	<u>(1,000,000)</u>					<u>(1,000,000)</u>
Bonds Payable at June 30, 1989	67,210,000	12,495,000	29,255,000	107,220,000	14,421,000	230,601,000
Less Current Portion	<u>(3,850,000)</u>	<u>(765,000)</u>	<u>(635,000)</u>	<u>(2,230,000)</u>	<u>(520,000)</u>	<u>(8,000,000)</u>
Long-Term Bonds Payable June 30, 1989	<u>\$63,360,000</u>	<u>\$11,730,000</u>	<u>\$28,620,000</u>	<u>\$104,990,000</u>	<u>\$13,901,000</u>	<u>\$222,601,000</u>

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, 1989:

<u>Water, Sewer, Light, and Parks and Open Space Purposes Bonds</u>		<u>All Other General Obligation Bonds</u>	
20% Constitutional Limit	\$256,964,431	6% Constitutional Limit	\$ 77,089,329
Net Such General Obligation Bonds Outstanding	<u>(47,671,211)</u>	Net Such General Obligation Bonds Outstanding	<u>(12,877,500)</u>
Available 20% Limitation Borrowing Capacity	<u>\$209,293,220</u>	Available 6% Limitation Borrowing Capacity	<u>\$ 64,211,829</u>

On June 30, 1989, 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	\$	6.17%	\$
Maricopa County	67,175,000	9.53%	6,401,778
Maricopa County C.C.D.	33,800,000	9.53%	3,221,140
Tempe Elementary S.D. No. 3	10,725,000	0.0003%	36
Balsz Elementary S.D. No. 31		3.96%	
Scottsdale Unified S.D. No. 48	76,525,000	69.09%	52,871,123
Paradise Valley Unified S.D. No. 69	116,405,000	15.30%	17,809,965
Cave Creek Unified S.D. No. 93	21,135,000	34.85%	7,365,548
Tempe Union H.S.D. No. 213	57,215,000	0.0003%	192
Phoenix Union H.S.D. No. 210	57,600,000	0.23%	175,996
City of Scottsdale	60,548,711	100.00%	<u>60,548,711</u>
Total Direct and Overlapping Debt			<u><u>\$148,394,489</u></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 \$5,537,331 at June 30, 1989.

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

General Obligation Bonds

\$1,000,000 1967 Civic Center Improvement Serial Bonds with one remaining annual installment of \$115,000 due on July 1, 1990; interest at 3.7%.	\$ 115,000
\$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*
\$20,000,000 1983 Capital Improvement Project Serial Bonds due in annual installments of \$2,000,000 through July 1, 1995; interest at 6.9% to 7.6%.	12,000,000
\$9,800,000 1985 Capital Improvement Project Serial Bonds due in annual installments of \$285,000 to \$970,000 through July 1, 2005; interest at 8.0% to 10.0%.	9,075,000
\$38,000,000 1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$495,000 to \$5,070,000 through July 1, 2006; interest at 6.3% to 8.3%.	<u>37,270,000**</u>
	<u><u>\$ 63,360,000</u></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 \$250,000 to \$310,000 through July 1, 1995; interest at 4.5% to 5.1%.	\$ 1,680,000
\$4,000,000 1977 Utility Revenue Series C Serial Bonds due in annual installments of \$550,000 through July 1, 1992; interest at 4.9% to 5.0%.	1,650,000
\$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 \$325,000 to \$1,150,000 through July 1, 2003; interest at 8.3% to 10.3%.	\$ 9,625,000
\$10,000,000 1985 Highway User Fund Tax Revenue Serial Bonds due in annual installments of \$290,000 to \$1,005,000 through July 1, 2005; interest at 8.3% to 10.3%.	9,275,000
\$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>9,720,000</u>
	<u>\$ 40,350,000</u>

Municipal Property Corporation Bonds

\$7,130,000 1974 Municipal Property Corporation Bonds; due in annual installments of \$440,000 to \$1,420,000 through July 1, 1996; interest at 5.2% to 5.5%.	\$ 4,440,000
\$13,000,000 1984 Municipal Property Corporation Recreation Facilities Bonds; due in annual installments of \$380,000 to \$1,420,000 through July 1, 2004; interest at 8.6% to 10.4%.	11,725,000
\$48,595,000 1986 Municipal Property Corporation Certificates of Participation; due in semi-annual installments of \$335,000 to \$2,025,000 through November 1, 2014; interest at 4.4% to 7.9%.	46,380,000
\$3,100,000 1987 Municipal Property Corporation Certificates of Participation; due in annual installments of \$550,000 to \$695,000 beginning July 1, 1997 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 \$1,530,000 to \$4,080,000 through July 1, 2005; interest at 4.5% to 7.8%.	<u>39,345,000</u>
	<u>\$104,990,000</u>

Special Assessment Bonds

\$22,389,000 Special Assessment Bonds issued May 17, 1972, through November 1, 1988, maturing January 1, 1990 through January 1, 1999; due in annual installments of \$2,000 to \$655,000; interest at 6.0% to 10.0%.	<u>\$ 13,901,000</u>
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NOTE 8 - CONTRACTS PAYABLE

Contracts payable, including capital lease agreements, at June 30, 1989 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%.		448,139	448,139
Purchase contract for land for a sewer reclamation plant; due in annual installments through December 1990; interest at 12.0%.		201,437	201,437
Purchase contract for acquisition of land for agricultural use and future water rights; due in annual installments through January 1991; interest at 9.0%.	1,750,000		1,750,000
Purchase contract for acquisition of Pepperwood office building; due in monthly installments through November 2005; interest at 10.0% to 12.0%.	331,735		331,735
Purchase contract for acquisition of Scottsdale Plumbing property; due in semi-annual installments through January 1991; interest at 12.0%.	194,366		194,366
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.		2,328,888	2,328,888
Purchase contract for acquisition of a well site and all related equipment; due in annual installments through March 1991; interest at 10%.		<u>100,000</u>	<u>100,000</u>
Total Purchase Contracts	\$ 6,776,101	\$ 3,078,464	\$ 9,854,565

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 Phase II of City-owned telephone system; due in annual installments through September 1990; interest at 8.4%.	\$ 97,813	\$	\$ 97,813
Lease-purchase agreement for Phase III of the City-owned telephone system; due in semi-annual installments through December 1991; interest at 6.9%.	270,834		270,834
Lease-purchase agreement for acquisition of library computer equipment; due in semi-annual installments through April 1990; interest at 8.0%.	151,000		151,000
Lease-purchase agreement for Phase II of computer equipment; due in semi-annual installments through August 1989; interest at 9.4%.	183,508		183,508
Lease-purchase agreement for Phase III of computer equipment; due in semi-annual installments through October 1990; interest at 7.6%.	342,467		342,467
Lease-purchase agreement for Phase III.V of computer equipment; due in semi-annual installments through December 1991; interest at 6.9%.	120,286		120,286
Lease-purchase agreement for Phase IV of computer equipment; due in semi-annual installments through April 1992; interest at 6.1%.	2,662,045		2,662,045
Lease-purchase agreement for the Police Computer Aided Dispatch System; due in semi-annual installments through April 1991; interest at 7.2%.	609,272		609,272
Lease-purchase agreement for acquisition of a ladder truck; due in annual installments through September 1993; interest at 7.34%.	<u>373,055</u>		<u>373,055</u>
Total Capital Lease Agreements	<u>4,810,280</u>		<u>4,810,280</u>
Total Contracts Payable	11,586,381	3,078,464	14,664,845
Less Current Portion		<u>662,823</u>	<u>662,823</u>
	<u>\$11,586,381</u>	<u>\$ 2,415,641</u>	<u>\$14,002,022</u>

NOTE 8 - CONTRACTS PAYABLE (Continued)

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.

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

FISCAL YEAR ENDING	
<u>JUNE 30</u>	
1990	\$2,244,638
1991	1,738,102
1992	1,160,810
1993	91,814
1994	<u>91,814</u>
Total Minimum Lease Payments	5,327,178
Less: Amount Representing Interest	<u>(516,898)</u>
Present Value of Net Minimum Lease Payments at June 30, 1989	<u><u>\$4,810,280</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, 1989, is as follows:

1964 Sewer Revenue	\$ 850,000
1966 Sewer Revenue	750,000
1971 Water Revenue	775,000
1984 Certificates of Participation	37,157,239
1984 Municipal Facilities	16,130,000
1985 Municipal Facilities	<u>18,865,000</u>
	<u><u>\$74,527,239</u></u>

NOTE 10 - SPECIAL ASSESSMENTS FUNDS

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, 1989, 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 programs administered by the State of Arizona. The payroll for employees covered by the three retirement programs for the year ended June 30, 1989, was \$33,019,340; the City's total payroll was \$35,598,029.

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, 1989, was \$1,093,741, which consisted of \$552,954 from the City and \$540,787 from employees; these contributions represented 8.18% and 8.0% of covered payroll, respectively. The payroll for employees covered by the System for the year ended June 30, 1989, was \$6,759,834; the City's total payroll for the System was \$6,759,834.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)**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 5.09% of their compensation to the Plan. The City is required by State statute to also contribute a matching 5.09%. The contribution requirement for the year ended June 30, 1989, was \$2,662,832, which consisted of \$1,331,416 from the City and \$1,331,416 from employees, respectively. The payroll for employees covered by the Plan for the year ended June 30, 1989, was \$26,158,104; the City's total payroll for the Plan was \$28,736,793.

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, 1989, was \$20,868, which consisted of \$13,770 from the City and \$7,098 from members. These contributions represented 13.58% and 7.0% of covered payroll, respectively. The payroll for members covered by the EORP for the year ended June 30, 1989, was \$101,402; the City's total payroll for the EORP was \$101,402.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)**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, 1988, the most recent valuation date available. 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.

At June 30, 1988, the assets in excess of the pension benefit obligation for the System were \$805,662, determined as follows:

PENSION BENEFIT OBLIGATION

Retirees and Beneficiaries Currently Receiving Benefits	\$ 5,059,116
Terminated Employees Not Yet Receiving Benefits	None
Current Employees	
Accumulated Employee Contributions Including	
Allocated Investment Income	2,814,352
Employer Financed - Vested	5,888,082
Employer Financed - Non-vested	<u>1,545,687</u>
Total Pension Benefit Obligation	15,307,237
 Net Assets Available for Benefits (at Market Value)	 <u>16,112,899</u>
 ASSETS IN EXCESS OF THE PENSION BENEFIT OBLIGATION	 \$ 805,662

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). Of the original 40 years, there are twenty-nine years remaining from July 1, 1989.

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

During the year ended June 30, 1988, contributions totaling \$992,711 (\$456,348 employer and \$536,363 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1986. The employer contributions consisted of \$525,836 for normal cost and (\$69,488) for amortization of the unfunded actuarial accrued liability. Employer contributions represented 6.83% 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.

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 109 of the City's comprehensive annual financial report. For the year ended 1988 available assets were sufficient to fund 105.3% of the pension benefit obligation. Assets in excess of pension benefit obligation represented 12.3% of the annual payroll for employees covered by the System for 1988. 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, 1988, the City's contribution to the System made in accordance with actuarially determined requirements was 6.83% of annual covered payroll.

The Plan

The Plan does not prepare separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation for the Plan as a whole was determined as part of the actuarial valuation of the Plan as of June 30, 1988, the most recent valuation date available. Significant actuarial assumptions used include: (a) a rate of return on investment of present and future assets of 8% per year compounded annually; (b) a projected salary increase ranging from 5.50% to 7.75%, compounded annually, attributable to cost-of-living and merit; and (c) no post-retirement benefit increase. Certain actuary assumptions have changed from those used in the June 30, 1987, actuary valuation. The changes include the following: (a) withdrawal rates and retirement rates were changed from using an aggregate rate to select and ultimate rates; (b) salary increases were changed from a flat 6.5% to the above noted fluctuating scale; (c) an assumption was adopted which assumed 25% of vested active participants who terminate during a year will leave their contributions in the Plan and be entitled to a deferred vested benefit; and (d) an assumption was adopted that 75% of retirees will be eligible for the insurance premium subsidy and that 60% of eligible retirees will have dependents eligible for the dependent premium subsidy. Applying these assumption changes resulted in a decrease in the pension benefit obligation of \$418,934,052. At June 30, 1988, the assets in excess of pension benefit obligation was \$597,079,713, determined as follows:

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)

Pension Benefit Obligation (Continued)The Plan (Continued)

PENSION BENEFIT OBLIGATION

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Not Yet Receiving Benefits	\$1,816,469,188
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Current Employees

Accumulated Employee Contributions Including Allocated Investment Income	1,357,387,496
Employer Financed - Vested	1,553,008,872
Employer Financed - Non-vested	<u>665,877,410</u>
Total Pension Benefit Obligation	5,392,742,966

Net Assets Available for Benefits at Cost (Market Value of \$6,354,326,735)	<u>5,989,822,679</u>
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ASSETS IN EXCESS OF THE PENSION BENEFIT OBLIGATION	<u>\$ 597,079,713</u>
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The Arizona Revised Statutes provides statutory authority for employees' and employer contributions. The employee and employer contribution rates for the year ended June 30, 1988, were actuarially computed to be 5.16% of covered payroll by an actuarial valuation performed at June 30, 1986. However, the Arizona Legislature preempted the computation by passing a law which set the rate at 4% for employees and employers.

An actuarial valuation performed at June 30, 1987, also determined that the normal cost rate for the year ended June 30, 1989 is 10.50% (including .28% for the effect of the 4% contribution rate during fiscal 1988) and the required amortization credit of the assets in excess of the actuarial accrued liability is (.32%) of compensation. The result is a total employer and employee contribution rate of 10.18% (5.09% for the employers and 5.09% for the employees) for the 1989 fiscal year. Contributions totalling \$225,937,136 (\$112,968,568 employers and \$112,968,568 employees) were made in accordance with the 4% rate set by the State Legislature for 1988.

The State made two major benefit improvements during 1987, namely, a retiree ad hoc increase to be effective July 1, 1987, and a new disability benefit to be effective July 1, 1988. The effect of such benefit improvements on the contribution rate was .45% of covered payroll.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Partial ten-year trend information for the Plan may be found on page 110 of the City's comprehensive annual financial report. For the year ended 1988, available assets were sufficient to fund 111.1% of the pension benefit obligation. Assets in excess of pension benefit obligation represented 21.2% of the annual payroll for employees covered by the Plan for 1988. 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.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)

Pension Benefit Obligation (Continued)EORP

The EORP does not prepare separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation for the EORP as a whole was determined as part of an actuarial valuation of the plan as of June 30, 1987, the most recent valuation date available. 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 7.0% per year compounded annually, attributable to inflation; and (c) the assumption that benefits will not increase after retirement.

At June 30, 1987, the assets in excess of the pension benefit obligation were \$2,702,029, determined as follows:

PENSION BENEFIT OBLIGATION

Retirees and Beneficiaries Currently Receiving Benefits	\$23,659,836
Terminated Employees Not Yet Receiving Benefits	1,018,383
Current Employees	
Accumulated Employee Contributions Including	
Allocated Investment Income	6,459,144
Employer Financed - Vested	29,499,672
Employer Financed - Non-vested	<u>2,479,166</u>
Total Pension Benefit Obligation	63,116,201
Net Assets Available for Benefits	<u>65,818,230</u>
ASSETS IN EXCESS OF THE PENSION BENEFIT OBLIGATION	<u>\$ 2,702,029</u>

EORP'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 35 years.

During the year ended June 30, 1987, contributions by all participating employees totalling \$3,553,089 (\$2,403,821 employers and \$1,149,268 employees) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of June 30, 1986.

Changes in actuarial assumptions and benefit provisions during the valuation year ended June 30, 1987, resulted in an increase in the computed contribution rate of 5.7% 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)****EORP (Continued)**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Partial two-year trend information for the EORP may be found on page 111 of the City's comprehensive annual financial report. For the year ended 1987, available assets were sufficient to fund 104.3% of the pension benefit obligation. Assets in excess of pension benefit obligation represented 13.2% of the annual payroll for employees covered by the EORP 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, 1988, the City's contribution to the EORP made in accordance with actuarially determined requirements was 13.42% of annual covered payroll.

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. It is the opinion of the City Attorney that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Investments are managed by an independent plan administrator.

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 \$1,561,000 at June 30, 1989.

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, 1989, is as follows (in thousands of dollars):

	<u>TOTAL</u>	<u>WATER AND SEWER</u>	<u>AIRPORT</u>	<u>HOUSING</u>
Operating Revenue	\$ 27,022	\$ 26,433	\$ 589	\$
Depreciation and Amortization	5,621	5,212	409	
Operating Income (Loss)	5,792	6,176	(384)	
Net Income (Loss)	4,286	4,651	(365)	
Contributions				
Subdividers	9,079	9,079		
Development Fees	5,930	5,930		
Plant, Property, and Equipment Additions	12,063	11,991	72	
Net Working Capital	1,495	1,412	83	
Total Assets	230,923	220,102	10,813	8
Long-Term Debt (Less Current Portion) and Other Liabilities:				
Payable From Operating Revenues	51,416	51,416		
Payable From Other Services	766	758		8
Total Equity	172,585	161,793	10,792	

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

The General Fund has an excess of expenditures over appropriations of \$6,213 for Transportation and Operations caused by an increase in utility costs. The Transportation and Operations department has operations in three funds and has not exceeded the total appropriation of these funds.

An excess of expenditures over appropriations of \$119,061 for Economic Development is caused by the Chamber of Commerce's 1% share of hotel/motel occupancy tax which was much higher than anticipated. This is treated as an expenditure in this department.

An excess of expenditures over appropriations of \$8,692 for Fire is caused by an increase in Motor Pool rental charges associated with the purchase of a new ladder truck.

The Highway User Fuel Tax Fund has an excess of expenditures over appropriations for Planning and Zoning of \$45,694 caused by an increase in utilities and in the number of streetlights. The Planning and Zoning department has operations in two funds and has not exceeded the total appropriation of these funds.

The Municipal Property Corporation has an excess of expenditures over appropriations for Debt Service interest of \$2,931 caused by an unexpected increase in fiscal agent fees which are reported as interest expenditures. The Municipal Property Corporation is part of the Debt Service department and this department has not exceeded its total appropriation.

The Motor Pool Fund has an accumulated deficit of \$630,671 caused by an insufficiency of user rates to cover expenses in prior years. User rates in the current year have reduced the deficit. User rates in future years will reduce the deficit further.

The Self Insurance Fund has an accumulated deficit of \$1,006,019 caused by two previous years of higher than anticipated insurance claims. The deficit has been reduced in the current year and should be reduced by additional revenue in future years.

NOTE 16 - CAPITALIZED INTEREST

During fiscal year 1989, the Water and Sewer Fund capitalized net interest costs of \$488,986 (interest expense of \$651,657, reduced by interest income of \$162,671). Total interest income and expense in that fund before capitalization was \$1,811,474 and \$3,825,619, respectively.

NOTE 17 - RESIDUAL EQUITY AND OPERATING TRANSFERS

The Residual Equity transfer from Grants to Community Development of \$10,000 is due to the transfer of a Grant for which Community Development will be the administrator.

The Residual Equity Transfer Out of the General Fund of \$100,000 appears as contributed capital in the Self Insurance Fund.

Net operating transfers are reported in the following funds:

<u>Operating Transfers Out</u>		<u>Operating Transfers In</u>	
From:		To:	
General Fund	\$ 669,906	Special Revenue (HURF Fund)	\$ 669,906
General Fund	194,000	Special Revenue (HURF Fund accounted for as HURF maintenance of effort)	194,000
Debt Service (MPC Fund)	<u>8,919</u>	Capital Projects (MPC Fund)	<u>8,919</u>
	<u>\$ 872,825</u>		<u>\$ 872,825</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 1990 will approximate \$4,574,000. Payments to Rural/Metro amounted to \$4,320,420 for the year ended June 30, 1989.
- 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 1989 the Self Insurance Fund was responsible for the first \$250,000 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.

NOTE 18 - OTHER MATTERS (Continued)

- 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 approximately \$2,517,000 for the year ended June 30, 1989.

The Partnership used \$2,000,000 to call bonds in July, 1988. Therefore, the annual debt service payments for the years 1989 through 1992 were reduced by this amount. The source of the funds was a sale by the Partnership of a limited partnership interest in the Partnership.

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:

1992	\$ 460,000
1993	745,000
1994	805,000
1995	865,000
1996	935,000
Thereafter	<u>19,190,000</u>
	<u>\$23,000,000</u>

The bonds bear interest at a variable rate (6.75% for June 1989) 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 1990 will approximate \$1,686,000. Payments to Scottsdale Cultural Council amounted to \$1,686,437 for the year ended June 30, 1989.
- E. In July, 1989, the City Council authorized a partial advance refunding of \$19,490,000 in outstanding principal of Street and Highway User Revenue Serial Bonds and authorized the City Council Finance/Audit Committee to determine the date for the sale of \$18,000,000 or less in Street and Highway User Revenue Refunding Bonds. The bonds will be sold when the bond market conditions are deemed to provide the maximum economic benefit to the City.

NOTE 18 - OTHER MATTERS (Continued)

- F. In August, 1989, the City sold \$10,815,000 of Special Assessment Bonds for the Pima/CAP Improvement District Project No. I0601. Proceeds from the sale of the bonds, together with cash received through the payment of assessments, will be used to pay for the acquisition of land for a water delivery booster station and for construction of: a four-lane to six-lane street; curbs, gutters, and sidewalks; a water delivery system and booster station; a sanitary sewer system; street lighting; landscaping; a drainage system with detention basin; street signalization, signing, and striping; utility trenching; bicycle underpasses; and other incidentals within the district. The bonds are dated August 15, 1989, with annual principal payments of \$1,080,000 to \$1,085,000 commencing January 1, 1992, through January 1, 2001, with interest at 7.05%.
- G. In June, 1989, the City Council adopted and in July, 1989, amended Resolution No. 3167 approving a \$415,000,000 1989-1994 Capital Improvements Plan and financing program. The Plan proposes issuing \$202,000,000 in general obligation bonds, \$96,000,000 in revenue bonds, and increasing the existing one percent City sales tax by two-tenths of a percent. These funding measures must be approved by vote of the citizens in a municipal election planned for November, 1989.

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, 1989

ASSETS

Cash and Short-Term Investments	\$37,374,884
Investments	6,206,320
Receivables	
Accrued Interest	57,981
Property Taxes	753,325
State-Shared Sales Tax	577,048
Auto Lieu Tax	165,276
Accounts	645,674
Miscellaneous	111,389
Supplies Inventory	118,720

Total Assets	\$46,010,617

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$828,272
Accrued Payroll	1,757,720
Accrued Interest Payable	189,638
Deferred Property Taxes	717,241

Total Liabilities	3,492,871
Fund Balance	
Reserved for	
Encumbrances	847,386
Street Light Districts	301,697
Unreserved	41,368,663

Total Fund Balance	42,517,746

Total Liabilities and Fund Balance	\$46,010,617

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, 1989

Revenues	
Taxes - Local	\$25,308,720
Taxes - Intergovernmental	15,018,079
Licenses	596,233
Charges for Current Services	10,594,369
Fines and Forfeitures	1,838,594
Use of Money and Property	6,589,522
CIP Reimbursements	705,498
Street Light Districts	509,184
Other	2,897,626

Total Revenues	64,057,825
Expenditures	
Current Operating Departments	
General Government	3,460,836
Police	14,138,466
Financial Services	2,856,972
Transportation & Operations	9,531,000
Community Services	11,839,596
General Services	4,065,938
Planning & Zoning	4,575,803
Economic Development	1,939,012
Fire	4,787,139
Water Resources	1,418,078
Street Light Districts	415,041
Capital Improvements	1,945,879
Debt Service	
Principal	3,683,231
Interest	1,005,654

Total Expenditures	65,662,645

Deficiency of Revenues Over Expenditures	(1,604,820)
Other Sources (Uses)	
Proceeds From Contracts Payable	373,055
Operating Transfers Out	(863,906)

Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	(2,095,671)
Fund Balance July 1, 1988	44,713,417
Residual Equity Transfer Out	(100,000)

Fund Balance June 30, 1989	\$42,517,746

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, 1989

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	-----	-----	-----
Revenues			
Taxes - Local	\$27,406,164	\$29,189,057	\$1,782,893
Taxes - Intergovernmental	14,465,000	15,018,079	553,079
Licenses	520,000	596,233	76,233
Charges for Current Services	8,800,000	10,594,369	1,794,369
Fines and Forfeitures	2,003,000	1,838,594	(164,406)
Use of Money and Property	5,171,000	6,589,522	1,418,522
CIP Reimbursements	6,789,000	2,572,030	(4,216,970)
Other	1,213,000	603,037	(609,963)
Total Revenues	66,367,164	67,000,921	633,757
Expenditures			
Current Operating Departments			
General Government	4,581,668	4,149,929	431,739
Police	14,747,274	14,171,505	575,769
Financial Services	3,781,383	3,696,046	85,337
Transportation & Operations	10,208,929	10,215,142	(6,213)
Community Services	12,184,605	11,981,601	203,004
General Services	5,203,179	4,897,455	305,724
Planning & Zoning	4,879,425	4,646,812	232,613
Economic Development	1,816,301	1,935,362	(119,061)
Fire	4,883,945	4,892,637	(8,692)
Water Resources	1,464,926	1,415,370	49,556
Capital Improvements	3,638,875	1,730,454	1,908,421
Contingency	5,693,483		5,693,483
Debt Service			
Principal	4,352,446	4,313,231	39,215
Interest	4,789,526	4,601,405	188,121
Total Expenditures	82,225,965	72,646,949	9,579,016
Deficiency of Revenues Over Expenditures	(15,858,801)	(5,646,028)	10,212,773
Other Sources (Uses)			
Operating Transfers In	16,090,801		(16,090,801)
Operating Transfers Out	(232,000)	(863,906)	(631,906)
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses		(6,509,934)	(6,509,934)
Encumbrances Cancelled		1,246,987	1,246,987
Fund Balance July 1, 1988		12,102,947	12,102,947
Fund Balance June 30, 1989	\$	\$6,840,000	\$6,840,000

CITY OF SCOTTSDALE

EXHIBIT B-4

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	BUDGET	ACTUAL	ACTUAL OVER/(UNDER) ESTIMATED
	-----	-----	-----
Taxes - Local			
Property Tax	\$4,435,527	\$4,497,387	\$61,860
Transaction Privilege	18,815,637	19,283,820	468,183
Hotel/Motel Transient Tax	1,590,000	2,585,026	995,026
Light and Power Franchise	1,775,000	2,061,528	286,528
Cable TV Franchise	492,000	511,374	19,374
Salt River Project In Lieu	110,000	101,829	(8,171)
Fire Insurance Premium Tax	188,000	148,093	(39,907)
	-----	-----	-----
	27,406,164	29,189,057	1,782,893
Taxes - Intergovernmental			
State-Shared Sales Tax	6,268,000	6,680,399	412,399
Automobile in Lieu	1,812,000	1,962,540	150,540
State Revenue Sharing	6,385,000	6,375,140	(9,860)
	-----	-----	-----
	14,465,000	15,018,079	553,079
Licenses			
Business and Liquor Licenses	520,000	596,233	76,233
Charges for Current Services			
Refuse Collection Charges	4,989,000	4,930,777	(58,223)
Building and Related Permits	2,556,000	4,451,464	1,895,464
Recreation Fees	1,255,000	1,212,128	(42,872)
	-----	-----	-----
	8,800,000	10,594,369	1,794,369
Fines and Forfeitures			
Court Fines	1,517,000	1,448,679	(68,321)
Parking	384,000	281,373	(102,627)
Library	102,000	108,542	6,542
	-----	-----	-----
	2,003,000	1,838,594	(164,406)
Use of Money and Property			
Interest Earnings	3,178,000	4,647,259	1,469,259
Property Rental	993,000	887,631	(105,369)
Sale of Hay	1,000,000	1,054,632	54,632
	-----	-----	-----
	5,171,000	6,589,522	1,418,522
CIP Reimbursements	6,789,000	2,572,030	(4,216,970)
Other	1,213,000	603,037	(609,963)
	-----	-----	-----
Total Revenues	\$66,367,164	\$67,000,921	\$633,757
	=====	=====	=====

CITY OF SCOTTSDALE

EXHIBIT B-5

GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY
Current Operating Departments						
General Government	\$4,048,321	\$2,747,354	\$1,155,275	\$88,353	\$	\$57,339
Police	14,138,466	11,565,293	2,286,048	261,419		25,706
Financial Services	3,502,263	2,841,901	511,939	37,338		111,085
Transportation & Operations	10,151,755	3,943,164	5,584,284	537,905		86,402
Community Services	11,839,596	6,766,018	3,984,688	614,646		474,244
General Services	4,813,532	2,961,755	1,556,077	185,413		110,287
Planning & Zoning	4,575,803	3,458,530	1,004,877	77,786		34,610
Economic Development	1,939,012	344,222	1,592,799	1,991		
Fire	4,888,639	194,175	4,644,054	44,019		6,391
Water Resources	1,418,078	551,872	419,784	446,422		
Street Light Districts	415,041		415,041			
Capital Improvements	1,945,879					1,945,879
Debt Service						
Principal	3,683,231				3,683,231	
Interest	1,005,654				1,005,654	
Expenditures	68,365,270	\$35,374,284	\$23,154,866	\$2,295,292	\$4,688,885	\$2,851,943
Indirect Cost Allocation Out	(2,702,625)					
Total Expenditures	\$65,662,645					
Operating Transfers Out						
Highway User Fuel Tax Fund	\$863,906					

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, 1989

ASSETS	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS
Cash and Short-Term Investments	\$126	\$126	\$	\$
Cash with Fiscal Agents	1,875,958	1,875,958		
Receivables				
Fuel Tax	491,003	491,003		
Grants	359,433		225,892	133,541
Miscellaneous	20,426	20,426		
Total Assets	\$2,746,946	\$2,387,513	\$225,892	\$133,541
LIABILITIES AND FUND BALANCES				
Liabilities				
Cash Overdraft	\$234,514	\$	\$220,248	\$14,266
Accounts Payable	124,869	106,584	5,644	12,641
Accrued Payroll	113,416	113,416		
Bond Interest Payable	1,240,958	1,240,958		
Bonds Payable - Current Portion	635,000	635,000		
Total Liabilities	2,348,757	2,095,958	225,892	26,907
Fund Balances				
Reserved for Encumbrances	119,857	79,197	6,490	34,170
Unreserved	278,332	212,358	(6,490)	72,464
Total Fund Balances	398,189	291,555		106,634
Total Liabilities and Fund Balances	\$2,746,946	\$2,387,513	\$225,892	\$133,541

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, 1989

	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS
Revenues				
Taxes-Intergovernmental	\$8,346,894	\$8,346,894	\$	\$
Grants	591,166		427,776	163,390
Total Revenues	8,938,060	8,346,894	427,776	163,390
Expenditures				
Current Operating Departments				
Transportation & Operations	5,161,387	5,161,387		
Community Services	183,021			183,021
Planning & Zoning	1,116,303	643,290	473,013	
Economic Development	569,275	569,275		
Capital Improvements	30,387	30,387		
Debt Service				
Principal	635,000	635,000		
Interest	2,483,646	2,483,646		
Total Expenditures	10,179,019	9,522,985	473,013	183,021
Deficiency of Revenues Over Expenditures	(1,240,959)	(1,176,091)	(45,237)	(19,631)
Other Sources				
Operating Transfer In				
From General Fund	669,906	669,906		
HURF Maintenance of Effort	194,000	194,000		
	863,906	863,906		
Deficiency of Revenues and Other Sources Over Expenditures	(377,053)	(312,185)	(45,237)	(19,631)
Fund Balances July 1, 1988	775,242	603,740	35,237	136,265
Residual Equity Transfer In	10,000		10,000	
Residual Equity Transfer Out	(10,000)			(10,000)
Fund Balances June 30, 1989	\$398,189	\$291,555	\$	\$106,634

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT C-3

SPECIAL REVENUE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	HIGHWAY USER FUEL TAX		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes - Intergovernmental	\$8,548,000	\$8,346,894	(\$201,106)
Total Revenues	8,548,000	8,346,894	(201,106)
Expenditures			
Current Operating Departments			
Transportation & Operations	5,225,089	5,198,883	26,206
Planning & Zoning	598,371	644,065	(45,694)
Economic Development	629,023	577,305	51,718
Capital Improvements	129,098	58,887	70,211
Contingency	326,902		326,902
Debt Service			
Principal	635,000	635,000	
Interest	2,484,715	2,483,646	1,069
Total Expenditures	10,028,198	9,597,786	430,412
Deficiency of Revenues Over Expenditures	(1,480,198)	(1,250,892)	229,306
Other Sources			
Operating Transfer In From General Fund	1,480,198	863,906	(616,292)
Deficiency of Revenues and Other Sources Over Expenditures		(386,986)	(386,986)
Encumbrances Cancelled		203,213	203,213
Fund Balance July 1, 1988		280,154	280,154
Fund Balance June 30, 1989	\$	\$96,381	\$96,381

CITY OF SCOTTSDALE

EXHIBIT C-4

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS
Taxes - Intergovernmental				
Fuel Tax	\$7,306,734	\$7,306,734	\$	\$
Local Transportation Assistance Fund	1,040,160	1,040,160		
	8,346,894	8,346,894		
Grants				
Federal	436,648		427,776	8,872
State	134,168			134,168
Miscellaneous	20,350			20,350
	591,166		427,776	163,390
Total Revenues	8,938,060	8,346,894	427,776	163,390
Other Sources				
Operating Transfer In				
From General Fund	669,906	669,906		
HURF Maintenance of Effort	194,000	194,000		
	863,906	863,906		
Total Revenues and Other Sources	\$9,801,966	\$9,210,800	\$427,776	\$163,390

CITY OF SCOTTSDALE

EXHIBIT C-5

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY
HIGHWAY USER FUEL TAX						
Current Operating Department						
Transportation & Operations	\$5,161,387	\$2,229,986	\$1,453,087	\$1,471,595	\$	\$6,719
Planning & Zoning	643,290		643,290			
Economic Development	569,275	46,915	521,218	1,142		
Capital Improvements	30,387		5,320			25,067
Debt Service						
Principal	635,000				635,000	
Interest	2,483,646				2,483,646	
	9,522,985	2,276,901	2,622,915	1,472,737	3,118,646	31,786
COMMUNITY DEVELOPMENT						
Current Operating Departments						
Planning & Zoning	473,013	134,710	326,811	1,461		10,031
GRANTS						
Current Operating Departments						
Community Services	183,021	63,265	93,793	4,274		21,689
Total Expenditures	\$10,179,019	\$2,474,876	\$3,043,519	\$1,478,472	\$3,118,646	\$63,506

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.

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.

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.

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, 1989

EXHIBIT D-1

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS
ASSETS				
Cash and Short-Term Investments	\$5,876,659	\$682,459	\$4,452,052	\$742,148
Cash with Fiscal Agents	12,939,003	7,343,425	4,500,116	1,095,462
Investments	3,499,178		3,499,178	
Receivables				
Accrued Interest	170,163		170,163	
Property Tax	37,389	37,389		
Special Assessments	12,735,317			12,735,317
Total Assets	\$35,257,709	\$8,063,273	\$12,621,509	\$14,572,927
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued Interest Payable	\$592,454	\$	\$592,454	\$
Payable from Cash with Fiscal Agents				
Bonds Interest Payable - Current Portion	3,932,714	1,087,136	2,270,116	575,462
Bonds Payable - Current Portion	6,195,000	3,445,000	2,230,000	520,000
Deferred Revenue				
Special Assessments	12,735,317			12,735,317
Total Liabilities	23,455,485	4,532,136	5,092,570	13,830,779
Fund Balances				
Reserved for				
Sinking Fund Requirements	2,811,289	2,811,289		
Debt Service	8,990,935	719,848	7,528,939	742,148
Total Fund Balances	11,802,224	3,531,137	7,528,939	742,148
Total Liabilities and Fund Balances	\$35,257,709	\$8,063,273	\$12,621,509	\$14,572,927

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, 1989

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS
	-----	-----	-----	-----
Revenues				
Taxes - Local				
Property	\$4,627,829	\$4,627,829	\$	\$
Transaction Privilege	10,412,753		10,412,753	
	-----	-----	-----	-----
	15,040,582	4,627,829	10,412,753	
Special Assessments	2,527,537			2,527,537
Use of Money and Property				
Interest Earnings	1,119,403	442,620	676,783	
	-----	-----	-----	-----
Total Revenues	18,687,522	5,070,449	11,089,536	2,527,537
Expenditures				
Debt Service				
Principal	8,320,000	3,445,000	2,860,000	2,015,000
Interest	11,484,281	2,178,611	8,155,321	1,150,349
	-----	-----	-----	-----
Total Expenditures	19,804,281	5,623,611	11,015,321	3,165,349
Excess (Deficiency) of Revenues Over Expenditures	(1,116,759)	(553,162)	74,215	(637,812)
Other Uses				
Operating Transfer Out	(8,919)		(8,919)	
	-----	-----	-----	-----
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	(1,125,678)	(553,162)	65,296	(637,812)
Fund Balances July 1, 1988	12,927,902	4,084,299	7,463,643	1,379,960
	-----	-----	-----	-----
Fund Balances June 30, 1989	\$11,802,224	\$3,531,137	\$7,528,939	\$742,148
	-----	-----	-----	-----

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT D-3

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, 1989

	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	\$4,628,473	\$4,627,829	(\$644)	\$4,628,473	\$4,627,829	(\$644)	\$	\$	\$	\$	\$	\$
Transaction Privilege	6,784,363	6,532,418	(251,945)				6,784,363	6,532,418	(251,945)			
	11,412,836	11,160,247	(252,589)	4,628,473	4,627,829	(644)	6,784,363	6,532,418	(251,945)			
Special Assessments	3,208,000	2,527,537	(680,463)							3,208,000	2,527,537	(680,463)
Use of Money and Property												
Interest Earnings		697,496	697,496		442,620	442,620		254,876	254,876			
Total Revenues	14,620,836	14,385,280	(235,556)	4,628,473	5,070,449	441,976	6,784,363	6,787,294	2,931	3,208,000	2,527,537	(680,463)
Expenditures												
Debt Service												
Principal	6,690,000	6,690,000		2,445,000	2,445,000		2,230,000	2,230,000		2,015,000	2,015,000	
Interest	7,933,051	7,886,254	46,797	2,183,473	2,178,611	4,862	4,554,363	4,557,294	(2,931)	1,195,215	1,150,349	44,866
Total Expenditures	14,623,051	14,576,254	46,797	4,628,473	4,623,611	4,862	6,784,363	6,787,294	(2,931)	3,210,215	3,165,349	44,866
Excess (Deficiency) of Revenues Over Expenditures	(2,215)	(190,974)	(188,759)		446,838	446,838				(2,215)	(637,812)	(635,597)
Fund Balances July 1, 1988		1,046,138	1,046,138		925,658	925,658					120,480	120,480
Fund Balances (Deficits) June 30, 1989	(\$2,215)	\$855,164	\$857,379	\$	\$1,372,496	\$1,372,496	\$	\$	\$	(\$2,215)	(\$517,332)	(\$515,117)

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, 1989

EXHIBIT E-1

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND CONSTRUCTION	HIGHWAY USER BOND CONSTRUCTION	MUNICIPAL PROPERTY CORPORATION BOND CONSTRUCTION	SPECIAL ASSESSMENTS
ASSETS					
Cash and Short-Term Investments	\$9,125,374	\$3,286,711	\$3,422,074	\$2,325,951	\$90,638
Receivables Accrued Interest	29,212	5,487	9,320	13,698	707
Total Assets	\$9,154,586	\$3,292,198	\$3,431,394	\$2,339,649	\$91,345
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$149,508	\$18,020	\$89,143	\$42,345	\$
Other	48,277		37,086		11,191
Total Liabilities	197,785	18,020	126,229	42,345	11,191
Fund Balances					
Reserved for Encumbrances	459,770	49,115	338,236	68,687	3,732
Unreserved	8,497,031	3,225,063	2,966,929	2,228,617	76,422
Total Fund Balances	8,956,801	3,274,178	3,305,165	2,297,304	80,154
Total Liabilities and Fund Balances	\$9,154,586	\$3,292,198	\$3,431,394	\$2,339,649	\$91,345

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, 1989

	TOTAL ALL FUNDS	GENERAL OBLIGATION BOND CONSTRUCTION	HIGHWAY USER BOND CONSTRUCTION	MUNICIPAL PROPERTY CORPORATION BOND CONSTRUCTION	SPECIAL ASSESSMENTS
Revenues					
Use of Money and Property					
Interest Earnings	\$1,316,314	\$379,532	\$644,579	\$243,287	\$48,916
Other	413,608	186,000	1,500		226,108
Total Revenue	1,729,922	565,532	646,079	243,287	275,024
Expenditures					
Capital Improvements	13,625,004	2,225,937	8,410,237	1,459,015	1,529,815
Deficiency of Revenue Over Expenditures	(11,895,082)	(1,660,405)	(7,764,158)	(1,215,728)	(1,254,791)
Other Sources					
Bond Proceeds	690,000				690,000
Operating Transfer In	8,919			8,919	
Deficiency of Revenue and Other Sources Over Expenditures	(11,196,163)	(1,660,405)	(7,764,158)	(1,206,809)	(564,791)
Fund Balances July 1, 1988	20,152,964	4,934,583	11,069,323	3,504,113	644,945
Fund Balances June 30, 1989	\$8,956,801	\$3,274,178	\$3,305,165	\$2,297,304	\$80,154

CITY OF SCOTTSDALE

EXHIBIT E-3

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY
	-----	-----	-----	-----	-----
General Obligation Bond Construction Fund Capital Improvements	\$2,225,937	\$83,421	\$172,907	\$1,358	\$1,968,251
Highway User Bond Construction Fund Capital Improvements	8,410,237	242,367	235,564	1,026	7,931,280
Municipal Property Corporation Bond Construction Fund Capital Improvements	1,459,015	51,892	31,298	19,170	1,356,655
Special Assessments Construction Fund Capital Improvements	1,529,815	35,766	45,674	5,584	1,442,791
Total Expenditures	<u>\$13,625,004</u>	<u>\$413,446</u>	<u>\$485,443</u>	<u>\$27,138</u>	<u>\$12,698,977</u>

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are 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, 1989

EXHIBIT F-1

ASSETS -----	TOTAL ALL FUNDS -----	EXPENDABLE TRUST FUND -----	DEFERRED COMPENSATION AGENCY FUND -----
Cash and Short-Term Investments	\$3,753,721	\$3,753,721	\$
Cash With Trustee	15,306	15,306	
Investments	2,599,535		2,599,535
Miscellaneous Receivables	13,052	13,052	
Total Assets	\$6,381,614 =====	\$3,782,079 =====	\$2,599,535 =====
 LIABILITIES AND FUND BALANCES -----			
Liabilities			
Accounts Payable	\$88,658	\$88,658	\$
Designated Deferred Compensation Benefits	2,599,535		2,599,535
Guaranty and Other Deposits	2,893,375	2,893,375	
Total Liabilities	5,581,568	2,982,033	2,599,535
Fund Balances			
Reserved for Encumbrances	22,323	22,323	
Unreserved	777,723	777,723	
Total Fund Balances	800,046	800,046	
Total Liabilities and Fund Balances	\$6,381,614 =====	\$3,782,079 =====	\$2,599,535 =====

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT F-2

TRUST AND AGENCY FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
EXPENDABLE TRUSTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	EXPENDABLE TRUSTS

Revenues	
Other	\$1,484,149
Expenditures	
Expendable Trusts	1,662,074

Deficiency of Revenues Over Expenditures	(177,925)
Fund Balance July 1, 1988	977,971

Fund Balance June 30, 1989	\$800,046

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT F-3

TRUST AND AGENCY FUNDS

SCHEDULE OF EXPENDITURES BY OBJECT - EXPENDABLE TRUSTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	TOTAL	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY
	-----	-----	-----	-----	-----
Expendable Trusts	\$1,662,074	\$127,753	\$890,178	\$97,219	\$546,924
	-----	-----	-----	-----	-----
Total Expenditures	\$1,662,074	\$127,753	\$890,178	\$97,219	\$546,924
	=====	=====	=====	=====	=====

CITY OF SCOTTSDALE

EXHIBIT F-4

TRUST AND AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

DEFERRED COMPENSATION AGENCY FUND

	BALANCE JULY 1, 1988	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1989
ASSETS				
Investments	\$2,033,145	\$704,529	\$138,139	\$2,599,535
Total Assets	\$2,033,145	\$704,529	\$138,139	\$2,599,535
LIABILITIES				
Designated Deferred Compensation Benefits	\$2,033,145	\$704,529	\$138,139	\$2,599,535
Total Liabilities	\$2,033,145	\$704,529	\$138,139	\$2,599,535



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, 1989

EXHIBIT G-1

ASSETS -----	TOTAL ALL FUNDS -----	WATER AND SEWER UTILITY -----	AIRPORT -----	PUBLIC HOUSING -----
Current Assets				
Receivables				
Accounts	\$3,475,503	\$3,475,503	\$	\$
Miscellaneous	171,382	67,890	103,492	
Total Current Assets	3,646,885	3,543,393	103,492	
Restricted Cash, Investments, and Receivables				
Cash with Fiscal Agents	2,951,438	2,951,438		
Revenue Bond Reserves	1,732,780	1,732,780		
Water and Sewer Replacement Reserve	3,504,551	3,504,551		
Scottsdale Water Service Company Replacement Reserve	300,000	300,000		
Acquisition and Construction Reserve				
Bond Proceeds	13,337,870	13,337,870		
Development Fees	6,001,489	6,001,489		
Notes Receivable	8,283			8,283
Total Restricted Cash, Investments, and Receivables	27,836,411	27,828,128		8,283
Property, Plant, and Equipment				
Land and Water Rights	33,456,628	21,350,872	12,105,756	
Water System	114,750,623	114,750,623		
Sewer System	71,426,051	71,426,051		
Buildings and Improvements	1,246,367		1,246,367	
Furniture and Fixtures	525,030	382,052	142,978	
Construction in Progress	10,150,317	10,150,317		
Total Property, Plant, and Equipment	231,555,016	218,059,915	13,495,101	
Accumulated Depreciation	(32,694,106)	(29,908,848)	(2,785,258)	
Total Accumulated Depreciation	198,860,910	188,151,067	10,709,843	
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,057,136	579,459	579,459		
Total Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,057,136	579,459	579,459		
Total Assets	\$230,923,665	\$220,102,047	\$10,813,335	\$8,283

See Notes to Financial Statements.

EXHIBIT G-1

LIABILITIES AND FUND EQUITY	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Current Liabilities (Payable from Current Assets)				
Cash Overdraft	\$307,072	\$305,341	\$1,731	\$
Accounts Payable	905,340	897,642	7,698	
Accrued Payroll	228,711	217,118	11,593	
Accrued Interest Payable	48,819	48,819		
Current Portion of Contracts Payable	662,823	662,823		
Total	2,152,765	2,131,743	21,022	
Current Liabilities (Payable from Restricted Assets)				
Bonds Interest Payable	1,781,438	1,781,438		
Current Portion of Bonds Payable	1,170,000	1,170,000		
Total	2,951,438	2,951,438		
Total Current Liabilities	5,104,203	5,083,181	21,022	
Other Liabilities				
Deferred Revenue	601,938	601,938		
Customer Advances and Deposits	451,343	451,343		
Other				
Arbitrage Interest	757,438	757,438		
Unearned Grant Revenue (Payable from Restricted Notes Receivable)	8,283			8,283
Total Other	765,721	757,438		8,283
Total Other Liabilities	1,819,002	1,810,719		8,283
Long-Term Debt (Less Current Portion)				
Bonds Payable	49,000,000	49,000,000		
Contracts Payable	2,415,641	2,415,641		
Total	51,415,641	51,415,641		
Total Liabilities	58,338,846	58,309,541	21,022	8,283
Fund Equity				
Contributed Capital	133,594,966	120,013,495	13,581,471	
Less Depreciation	(16,098,467)	(13,302,155)	(2,796,312)	
Net Contributed Capital	117,496,499	106,711,340	10,785,159	
Retained Earnings (Deficit)				
Reserved for				
Revenue Bond Retirement	1,732,780	1,732,780		
Water and Sewer System Replacement	3,804,551	3,804,551		
Acquisition and Construction	19,339,359	19,339,359		
Unreserved	30,211,630	30,204,476	7,154	
Total Retained Earnings (Deficit)	55,088,320	55,081,166	7,154	
Total Fund Equity	172,584,819	161,792,506	10,792,313	
Total Liabilities and Fund Equity	\$230,923,665	\$220,102,047	\$10,813,335	\$8,283

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, 1989

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT
Operating Revenues			
Water Service Fees	\$21,003,418	\$21,003,418	\$
Water Connection Fees	277,793	277,793	
Sewer Service Fees	4,842,963	4,842,963	
Airport Fees	588,560		588,560
Other	308,998	308,998	
Total Operating Revenues	27,021,732	26,433,172	588,560
Operating Expenses			
Water Operations	10,436,151	10,436,151	
Sewer Operations	1,735,066	1,735,066	
Airport Operations	306,998		306,998
Depreciation and Amortization	5,620,721	5,212,054	408,667
Indirect Cost	2,702,625	2,471,614	231,011
In Lieu Property Tax	428,058	401,891	26,167
Total Operating Expenses	21,229,619	20,256,776	972,843
Operating Income (Loss)	5,792,113	6,176,396	(384,283)
Non-Operating Revenues (Expenses)			
Interest Earnings	1,667,986	1,648,803	19,183
Interest Expense	(3,173,962)	(3,173,962)	
Total Non-Operating Revenues (Expenses)	(1,505,976)	(1,525,159)	19,183
Net Income (Loss)	4,286,137	4,651,237	(365,100)
Add Depreciation On Fixed Assets Acquired By Contributed Capital	2,449,586	2,040,919	408,667
Increase in Retained Earnings	6,735,723	6,692,156	43,567
Retained Earnings (Deficit) July 1, 1988 As Previously Reported	64,562,639	66,986,697	(2,424,058)
Prior Period Adjustment	(16,210,042)	(18,597,687)	2,387,645
Retained Earnings (Deficit) July 1, 1988 As Restated	48,352,597	48,389,010	(36,413)
Retained Earnings July 1, 1989	\$55,088,320	\$55,081,166	\$7,154

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, 1989

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Sources of Funds				
Operations				
Net Income (Loss)	\$4,286,137	\$4,651,237	(\$365,100)	\$
Noncash Charge-Depreciation and Amortization	5,620,721	5,212,054	408,667	
Total from Operations	9,906,858	9,863,291	43,567	
Contributions				
Water/Sewer Assets from Subdividers	9,078,817	9,078,817		
Water/Sewer Development Fees	5,930,107	5,930,107		
Increase In				
Current Liabilities	310,383	310,383		
Decrease In				
Notes Receivables	217,457			217,457
	25,443,622	25,182,598	43,567	217,457
Uses of Funds				
Contributions of Water/Sewer Assets to Subdividers	9,078,817	9,078,817		
Contribution to Other Government Units	95,276	95,276		
Increase In				
Property, Plant, and Equipment	2,984,064	2,911,849	72,215	
Receivables	111,523	103,110	8,413	
Restricted Cash and Investments	3,252,861	3,252,861		
Decrease In				
Current Liabilities	16,507		16,507	
Other Liabilities	16,189,440	15,971,983		217,457
Long Term Debt	1,977,074	1,977,074		
	33,705,562	33,390,970	97,135	217,457
Decrease in Cash and Short-Term Investments	(8,261,940)	(8,208,372)	(53,568)	
Cash and Short-Term Investments July 1, 1988	8,261,940	8,208,372	53,568	
June 30, 1989	\$	\$	\$	\$

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, 1989

	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	\$19,543,000	\$21,003,417	\$1,460,417	\$19,543,000	\$21,003,417	\$1,460,417	\$	\$	\$
Water Connection Fees		277,793	277,793		277,793	277,793			
Water Development Fees	1,144,000	1,482,623	338,623	1,144,000	1,482,623	338,623			
Water Resources Fees	1,280,000	2,846,511	1,566,511	1,280,000	2,846,511	1,566,511			
Sewer Service Fees	5,255,500	4,842,963	(412,537)	5,255,500	4,842,963	(412,537)			
Sewer Development Fees	1,538,000	1,600,975	62,975	1,538,000	1,600,975	62,975			
Development Fees	2,000,000		(2,000,000)	2,000,000		(2,000,000)			
Airport Fees	633,000	588,560	(44,440)				633,000	588,560	(44,440)
Interest Earnings	2,000,000	821,189	(1,178,811)	2,000,000	821,189	(1,178,811)			
CIP Reimbursement	4,700,000	19,183	(4,680,817)	4,700,000		(4,700,000)		19,183	19,183
Other		308,998	308,998		308,998	308,998			
Total Revenues	38,093,500	33,792,212	(4,301,288)	37,460,500	33,184,469	(4,276,031)	633,000	607,743	(25,257)
Expenditures									
Water Operations	9,610,904	9,478,250	132,654	9,610,904	9,478,250	132,654			
Sewer Operations	1,964,286	1,850,427	113,859	1,964,286	1,850,427	113,859			
Airport Operations	418,587	389,337	29,250				418,587	389,337	29,250
Capital Outlay	5,314,672	2,222,676	3,091,996	5,218,672	2,222,676	2,995,996	96,000		96,000
Debt Service and Reserves	7,817,686	7,556,692	260,994	7,817,686	7,556,692	260,994			
Total Expenditures	25,126,135	21,497,382	3,628,753	24,611,548	21,108,045	3,503,503	514,587	389,337	125,250
Excess (Deficiency) of Revenues Over Expenditures	\$12,967,365	\$12,294,830	(\$672,535)	\$12,848,952	\$12,076,424	(\$772,528)	\$118,413	\$218,406	\$99,993

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, 1989

ASSETS	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
-----	-----	-----	-----
Current Assets			
Cash and Short-Term Investments	\$2,124,636	\$174,920	\$1,949,716
Receivables			
Accrued Interest	2,655	452	2,203
Accounts	15,998		15,998
Supplies Inventory	248,795	248,795	
Total Current Assets	2,392,084	424,167	1,967,917
Property, Plant, and Equipment			
Land	67,904	67,904	
Buildings and Improvements	1,222,868	1,222,868	
Motor Vehicles	11,087,165	11,087,165	
Machinery and Equipment	642,476	641,976	500
Furniture, Fixtures, and Office Equipment	53,286	18,764	34,522
Construction in Progress	553,041	553,041	
Accumulated Depreciation	13,626,740 (5,895,409)	13,591,718 (5,882,091)	35,022 (13,318)
Total Assets	7,731,331	7,709,627	21,704
Total Assets	\$10,123,415	\$8,133,794	\$1,989,621
	-----	-----	-----
LIABILITIES AND FUND EQUITY			

Current Liabilities			
Accounts Payable	\$53,454	\$52,344	\$1,110
Accrued Payroll	167,774	150,605	17,169
Claims Payable			
Reported	862,883		862,883
Unreported	131,390		131,390
Total Current Liabilities	994,273		994,273
Total Current Liabilities	1,215,501	202,949	1,012,552
Fund Equity			
Contributed Capital	10,544,604	8,561,516	1,983,088
Accumulated Deficits	(1,636,690)	(630,671)	(1,006,019)
Total Fund Equity	8,907,914	7,930,845	977,069
Total Liabilities and Fund Equity	\$10,123,415	\$8,133,794	\$1,989,621
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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, 1989

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
	-----	-----	-----
Operating Revenues			
Billings To User Programs	\$6,977,918	\$5,086,668	\$1,891,250
Other	335,291	84,653	250,638
	-----	-----	-----
Total Operating Revenues	7,313,209	5,171,321	2,141,888
Operating Expenses			
Motor Pool Operations	3,576,108	3,576,108	
Self Insurance Operations	2,039,420		2,039,420
Depreciation	1,274,413	1,270,762	3,651
	-----	-----	-----
Total Operating Expenses	6,889,941	4,846,870	2,043,071
Net Income	423,268	324,451	98,817
Accumulated Deficits July 1, 1988	(2,059,958)	(955,122)	(1,104,836)
	-----	-----	-----
Accumulated Deficits June 30, 1989	(\$1,636,690)	(\$630,671)	(\$1,006,019)
	-----	-----	-----

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, 1989

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
	-----	-----	-----
Sources of Funds			
Operations			
Net Income	\$423,268	\$324,451	\$98,817
Noncash Charge - Depreciation	1,274,413	1,270,762	3,651
Total From Operations	1,697,681	1,595,213	102,468
Contributions			
From Government Units	377,793	377,793	
From General Fund	100,000		100,000
Increase in Current Liabilities	91,518	4,570	86,948
Decrease in Receivables	5,598		5,598
	2,272,590	1,977,576	295,014
Uses of Funds			
Increase in Property, Plant and Equipment	1,550,202	1,550,202	
Increase in Inventory	74,007	74,007	
Increase in Receivables	452	452	
Decrease in Current Liabilities	216,672	216,672	
	1,841,333	1,841,333	
Increase in Cash and Short-Term Investments	431,257	136,243	295,014
Cash and Short-Term Investments July 1, 1988	1,693,379	38,677	1,654,702
June 30, 1989	\$2,124,636	\$174,920	\$1,949,716

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, 1989

	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	\$7,061,000	\$6,977,918	(\$83,082)	\$5,168,000	\$5,086,668	(\$81,332)	\$1,893,000	\$1,891,250	(\$1,750)
Contribution from Municipality	100,000	100,000					100,000	100,000	
Other	122,000	335,291	213,291		84,653	84,653	122,000	250,638	128,638
Total Revenues	7,283,000	7,413,209	130,209	5,168,000	5,171,321	3,321	2,115,000	2,241,888	126,888
Expenditures									
Motor Pool Operations	4,957,652	4,886,508	71,144	4,957,652	4,886,508	71,144			
Self Insurance Operations	1,956,484	1,927,608	28,876				1,956,484	1,927,608	28,876
Total Expenditures	6,914,136	6,814,116	100,020	4,957,652	4,886,508	71,144	1,956,484	1,927,608	28,876
Excess of Revenues Over Expenditures	\$368,864	\$599,093	\$230,229	\$210,348	\$284,813	\$74,465	\$158,516	\$314,280	\$155,764



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, 1989

Property and Equipment

Land	\$39,212,333
Buildings and Improvements	105,975,602
Streets and Storm Drains	554,037,017
Machinery and Equipment	20,597,015
Construction in Progress	34,628,083

Total General Fixed Assets	\$754,450,050
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Investment in General Fixed Assets From

General Fund	\$61,971,791
Special Revenue Funds	22,212,077
Capital Projects Funds	184,024,978
Contributions	470,730,621
Improvement Districts	15,510,583

Total Investment in General Fixed Assets	\$754,450,050
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CITY OF SCOTTSDALE

EXHIBIT I-2

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

DEPARTMENT	TOTAL	LAND	BUILDINGS AND IMPROVEMENTS	STREETS AND STORM DRAINS	MACHINERY AND EQUIPMENT
General Government	\$1,518,985	\$405,008	\$814,337	\$	\$299,640
Police	3,598,253	40,855	1,009,158	48,038	2,500,202
Financial Services	766,328		304,152		462,176
Transportation & Operations	8,054,431		7,579,103		475,328
Community Services	16,684,142	5,012,014	9,817,551	134,747	1,719,830
General Services	11,925,945	59,146	27,440		11,839,359
Planning & Zoning	133,346		3,919		129,427
Economic Development	19,126		19,126		
Fire	645,901		429,713		216,188
Capital Projects	676,475,510	33,695,310	85,971,104	553,854,232	2,954,864
Total General Fixed Assets Allocated to Functions	719,821,967	\$39,212,333	\$105,975,603	\$554,037,017	\$20,597,014
Construction in Progress	34,628,083				
Total General Fixed Assets	\$754,450,050				

CITY OF SCOTTSDALE

EXHIBIT I-3

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

DEPARTMENT	JULY 1, 1988	ADDITIONS	DELETIONS	JUNE 30, 1989
General Government	\$1,753,476	\$22,679	(\$257,170)	\$1,518,985
Police	3,626,659	16,248	(44,654)	3,598,253
Financial Services	706,632	83,914	(24,218)	766,328
Transportation & Operations	7,844,359	210,072		8,054,431
Community Services	16,443,742	241,974	(1,574)	16,684,142
General Services	11,888,291	244,085	(206,431)	11,925,945
Planning & Zoning	263,559	30,204	(160,417)	133,346
Economic Development	10,513	19,126	(10,513)	19,126
Fire	449,416	196,485		645,901
Capital Projects	544,319,783	132,155,727		676,475,510
Construction in Progress	35,191,018	3,064,965	(3,627,900)	34,628,083
Total General Fixed Assets	\$622,497,448	\$136,285,479	(\$4,332,877)	\$754,450,050

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

EXHIBIT J-1

SCHEDULE OF CHANGES IN LONG-TERM DEBT

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	JULY 1, 1988	ISSUED	RETIRED	JUNE 30, 1989	FINAL PAYMENT DATE
GENERAL OBLIGATION BONDS					
1967 Civic Center	\$295,000	\$	\$180,000	\$115,000	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	1,000,000		1,000,000		07/01/89
1984 Public Buildings	10,080,000		1,440,000	8,640,000	07/01/95
1984 Parks & Recreation	3,500,000		500,000	3,000,000	07/01/95
1984 Storm Sewer	420,000		60,000	360,000	07/01/95
1985 Public Buildings	2,802,000		79,500	2,722,500	07/01/05
1985 Parks & Recreation	2,885,400		103,350	2,792,050	07/01/05
1985 Storm Sewer	3,642,600		82,150	3,560,450	07/01/05
1986 Water Acquisition	37,675,000		405,000	37,270,000	07/01/06
Total General Obligation Bonds	\$67,210,000	\$	\$3,850,000	\$63,360,000	
REVENUE BONDS					
1973 Utility Refunding	\$1,920,000	\$	\$240,000	\$1,680,000	07/01/95
1977 Utility	2,175,000		525,000	1,650,000	07/01/92
1984 Utility	8,400,000			8,400,000	07/01/00
1984 HURF	9,950,000		325,000	9,625,000	07/01/03
1985 HURF	9,540,000		265,000	9,275,000	07/01/05
1987 HURF	9,765,000		45,000	9,720,000	07/01/07
Total Revenue Bonds	\$41,750,000	\$	\$1,400,000	\$40,350,000	
MUNICIPAL PROPERTY CORPORATION BONDS					
Arts Building, Parking Garage	\$4,855,000	\$	\$415,000	\$4,440,000	07/01/96
Golf Course	12,080,000		355,000	11,725,000	07/01/04
Asset Transfer Refunding	47,010,000		630,000	46,380,000	11/01/14
Street Improvements	3,100,000			3,100,000	07/01/01
Civic Center Underpass, Library, Police, Horseworld Refunding	40,805,000		1,460,000	39,345,000	07/01/05
Total Municipal Property Corporation Bonds	\$107,850,000	\$	\$2,860,000	\$104,990,000	

CITY OF SCOTTSDALE

EXHIBIT J-1

SCHEDULE OF CHANGES IN LONG-TERM DEBT

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

	JULY 1, 1988	ISSUED	RETIRED	JUNE 30, 1989	FINAL PAYMENT DATE
SPECIAL ASSESSMENTS					
PK-6802 5th Ave. Parking	\$61,000	\$	\$16,000	\$45,000	01/01/92
RW-6805 5th Ave.	12,000		2,000	10,000	01/01/93
RW-6806 Thomas, Civic Center, Earl	122,000		17,000	105,000	01/01/95
P-7813 Motorola Paving	10,000		10,000		01/01/89
W-7645 Shea and 128th	28,000		28,000		01/01/89
WSP-7745 Scottsdale Airpark	29,000		29,000		01/01/89
WP-7716 Sundown Manor	116,000		58,000	58,000	01/01/90
P-7827 Scottsdale and McKellips	13,000		5,000	8,000	01/01/91
P-8288 Indian Plaza Paving	117,000		29,000	88,000	01/01/92
P-7570 Scottsdale and Shea	93,000		23,000	70,000	01/01/92
P-8861 Gary Road Paving	30,000		6,000	24,000	01/01/93
W-7829 North Scottsdale	4,565,000		650,000	3,915,000	01/01/95
S-7830 Sewer Project	1,190,000		170,000	1,020,000	01/01/95
WSP-8871 Escondido Estates	105,000		17,000	88,000	01/01/94
WSP-8741 Hayden Road Extension	1,135,000		140,000	995,000	01/01/96
WSP-8978 N. Airport Industrial	4,685,000		520,000	4,165,000	07/01/97
I5502 NW Airpark	1,735,000		175,000	1,560,000	01/01/98
08739 Via Linda	1,180,000		120,000	1,060,000	01/01/98
I8501 CAP @ Hayden Road		690,000		690,000	01/01/99
Total Special Assessment Bonds	\$15,226,000	\$690,000	\$2,015,000	\$13,901,000	
Total Bonds	\$232,036,000	\$690,000	\$10,125,000	\$222,601,000	
CONTRACTS PAYABLE					
U.S. Corps of Engineers - Indian Bend Wash	\$4,500,000	\$	\$	\$4,500,000	2037
State Land - CAP Plant	470,618		22,479	448,139	12/20/90
State Land - Sewer Reclamation Plant	211,437		10,000	201,437	12/20/90
Planet Ranch	2,750,000		1,000,000	1,750,000	01/05/91
Pepperwood	339,281		7,546	331,735	02/01/06
Scottsdale Plumbing Plan 6	298,873		104,507	194,366	01/15/91
2,909,232		580,344	2,328,888	07/01/94	
Allison Well	150,000		50,000	100,000	03/14/91
Telephone Phase I	81,330		81,330		02/01/89
Telephone Phase II	156,605		58,792	97,813	09/19/90
Telephone Phase III	366,960		96,126	270,834	12/23/91
Library Computer	286,000		135,000	151,000	04/01/90
Computer Phase I	513,981		513,981		03/20/89
Computer Phase II	526,084		342,576	183,508	08/31/89
Computer Phase III	550,453		207,986	342,467	10/28/90
Computer Phase III.V	162,979		42,693	120,286	12/23/91
Computer Phase IV	3,447,847		785,802	2,662,045	04/01/92
Computer Aided Dispatch	883,110		273,838	609,272	10/01/90
Teleboom Fire Truck	50,848		50,848		03/01/89
Ladder Truck		373,055		373,055	09/30/93
Total Contracts	\$18,656,638	\$373,055	\$4,363,848	\$14,664,845	
TOTAL BONDS AND CONTRACTS	\$250,691,638	\$1,063,055	\$14,488,848	\$237,265,845	

CITY OF SCOTTSDALE

EXHIBIT J-2

DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

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
1989-90	\$1,719,300	\$953,239	\$2,672,539	\$1,250,700	\$3,369,586	\$4,620,286	\$2,970,000	\$4,322,825	\$7,292,825
1990-91	1,738,230	834,560	2,572,790	1,361,770	3,268,674	4,630,444	3,100,000	4,103,234	7,203,234
1991-92	1,745,650	710,119	2,455,769	1,484,350	3,157,061	4,641,411	3,230,000	3,867,180	7,097,180
1992-93	1,756,035	582,560	2,338,595	1,618,965	3,033,850	4,652,815	3,375,000	3,616,410	6,991,410
1993-94	1,790,011	450,463	2,240,474	1,754,989	2,897,647	4,652,636	3,545,000	3,348,110	6,893,110
1994-95	1,823,986	317,274	2,141,260	1,906,014	2,752,056	4,658,070	3,730,000	3,069,330	6,799,330
1995-96	390,200	183,634	573,834	1,459,800	2,597,411	4,057,211	1,850,000	2,781,045	4,631,045
1996-97	151,346	160,461	311,807	1,578,654	2,499,104	4,077,758	1,730,000	2,659,565	4,389,565
1997-98	163,217	147,936	311,153	1,701,783	2,391,219	4,093,002	1,865,000	2,539,155	4,404,155
1998-99	176,570	134,265	310,835	1,843,430	2,273,215	4,116,645	2,020,000	2,407,480	4,427,480
1999-00	191,408	119,300	310,708	2,798,592	2,143,555	4,942,147	2,990,000	2,262,855	5,252,855
2000-01	207,730	102,887	310,617	3,942,270	1,949,728	5,891,998	4,150,000	2,052,615	6,202,615
2001-02	225,536	85,074	310,610	4,259,464	1,676,191	5,935,655	4,485,000	1,761,265	6,246,265
2002-03	244,824	65,509	310,333	4,605,176	1,378,198	5,983,374	4,850,000	1,443,707	6,293,707
2003-04	265,597	44,148	309,745	4,974,403	1,053,672	6,028,075	5,240,000	1,097,820	6,337,820
2004-05	287,860	22,954	310,814	5,372,140	707,815	6,079,955	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	\$12,877,500	\$4,914,383	\$17,791,883	\$46,982,500	\$37,478,532	\$84,461,032	\$59,860,000	\$42,392,915	\$102,252,915

*EXCLUDES GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST PAYMENTS TO BE MADE FROM THE FULLY FUNDED SINKING FUND;
PRINCIPAL \$3,500,000, INTEREST \$749,000.

CITY OF SCOTTSDALE

EXHIBIT J-2

DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS AND HIGHWAY USER BONDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1989

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
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	549,063	1,724,063	1,175,000	1,936,050	3,111,050	2,350,000	2,485,113	4,835,113
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	1,598,853	3,108,853	3,035,000	1,805,628	4,840,628
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	620,598	3,125,598	2,505,000	620,598	3,125,598
2005-06				2,715,000	426,685	3,141,685	2,715,000	426,685	3,141,685
2006-07				2,935,000	223,060	3,158,060	2,935,000	223,060	3,158,060
TOTALS	\$11,730,000	\$6,415,991	\$18,145,991	\$28,620,000	\$27,475,441	\$56,095,441	\$40,350,000	\$33,891,432	\$74,241,432

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, 1989

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
1989-90	\$3,015,000	\$7,949,293	\$10,964,293	\$2,017,000	\$1,034,912	\$3,051,912	\$3,772,907	\$731,458	\$4,504,365
1990-91	3,190,000	7,777,875	10,967,875	1,959,000	875,095	2,834,095	3,686,439	479,721	4,166,160
1991-92	3,390,000	7,580,621	10,970,621	1,957,000	717,374	2,674,374	1,637,401	307,888	1,945,289
1992-93	3,605,000	7,362,235	10,967,235	1,894,000	562,600	2,456,600	537,850	264,265	802,115
1993-94	3,840,000	7,122,280	10,962,280	1,892,000	410,900	2,302,900	436,377	255,679	692,056
1994-95	4,095,000	6,859,344	10,954,344	1,867,000	260,378	2,127,378	111,185	251,506	362,691
1995-96	4,155,000	6,571,636	10,726,636	1,020,000	148,512	1,168,512	43,226	248,700	291,926
1996-97	4,550,000	6,281,744	10,831,744	880,000	80,089	960,089	46,253	245,673	291,926
1997-98	4,900,000	5,941,198	10,841,198	350,000	17,379	367,379	49,521	242,405	291,926
1998-99	5,270,000	5,569,174	10,839,174	65,000	2,243	67,243	53,050	238,876	291,926
1999-00	5,700,000	5,151,048	10,851,048				56,863	235,063	291,926
2000-01	6,170,000	4,695,597	10,865,597				60,986	230,940	291,926
2001-02	5,920,000	4,200,871	10,120,871				65,448	226,478	291,926
2002-03	6,425,000	3,707,324	10,132,324				70,279	221,647	291,926
2003-04	6,970,000	3,171,071	10,141,071				75,512	216,414	291,926
2004-05	5,995,000	2,588,745	8,583,745				81,183	210,743	291,926
2005-06	2,070,000	2,119,226	4,189,226				62,742	205,199	267,941
2006-39	25,730,000	9,710,333	35,440,333				3,817,623	4,317,590	8,135,213
TOTALS	\$104,990,000	\$104,359,615	\$209,349,615	\$13,901,000	\$4,109,482	\$18,010,482	\$14,664,845	\$9,130,245	\$23,795,090

STATISTICAL
SECTION

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

TABLE 1

FISCAL YEAR	TOTAL	GENERAL GOVERNMENT	POLICE	FINANCIAL SERVICES	TRANSPORTATION AND OPERATIONS	COMMUNITY SERVICES	GENERAL SERVICES	PLANNING AND ZONING	ECONOMIC DEVELOPMENT	FIRE	WATER RESOURCES	STREET LIGHT DISTRICTS (1)	CAPITAL IMPROVEMENTS	DEBT SERVICES
(2) 1989	\$95,645,945	\$3,460,836	\$14,138,466	\$2,856,972	\$14,692,387	\$12,022,617	\$4,065,938	\$5,692,106	\$2,508,287	\$4,787,139	\$1,418,078	\$415,041	\$1,976,266	\$27,611,812
(2) 1988	91,528,855	3,532,276	13,571,954	2,665,064	13,592,848	12,455,464	4,482,015	5,758,673	1,801,322	4,155,740	1,283,892	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	3,912,789	5,883,408	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	7,321,889	8,195,938					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	7,625,803	7,116,544					544,579	11,661,957
1984	50,714,853	1,927,456	7,433,027	1,792,739	9,035,611	7,198,146	5,833,286	5,678,868					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

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

(2) A reorganization occurred during this fiscal year which resulted in department title changes and a shift in divisions and between departments. The prior years, beginning with 1987, have not been recast to reflect these changes.

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 *</u>	<u>LICENSES AND PERMITS</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES AND FORFEITURES</u>	<u>USE OF MONEY AND PROPERTY</u>	<u>STREET LIGHT DISTRICTS *</u>	<u>MISCELLANEOUS</u>
1989	\$91,683,407	\$40,349,302	\$23,956,139	\$ 2,527,537	\$ 5,047,697	\$ 6,142,905	\$1,838,594	\$7,708,925	\$ 509,184	\$ 3,603,124
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

* Special Assessments and Street Light Districts were not classified as General Government Revenue until fiscal 1987.

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>
1989	\$40,349,302	\$28,401,262	\$ 9,125,216	\$2,720,995	\$101,829
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

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>
1989	\$9,095,857	\$8,540,625	93.90	\$ 537,687	\$ 46,904	\$9,125,216	100.32	\$ 692,636	7.62
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

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 Ralls Wires	Gross Valuation	Exemptions	Net Taxable Valuation	Estimated Actual Valuation (\$000)	
1988-89 P	Note	\$997,492,015	\$16,141,580	\$61,292,800	\$48,590,545	\$1,123,516,940	\$506,116	\$1,123,010,824	\$7,599,557	
S	575,199,010	584,018,330	16,141,580	61,280,715	48,689,065	1,285,328,700	506,543	1,284,822,157	8,503,650	
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	6,824,658	
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	7,766,372	
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

Note: Real Estate and Improvements Combined in Primary Valuation.

ASSESSED VALUATION HISTORIES

Year	City of Scottsdale	Maricopa County	State of Arizona
1988-89 P	\$1,123,010,824	\$12,373,679,006	\$19,288,421,282
S	1,284,822,157	13,493,208,236	20,832,030,237
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

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 - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

TABLE VIa

TAX RATES PER \$100 ASSESSED VALUATIONS

FISCAL YEAR	CITY OF SCOTTSDALE	SCHOOL DISTRICTS		MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	TOTAL
		SCOTTSDALE UNIFIED	COMMUNITY COLLEGE							
1988-89	Primary Secondary TOTAL	\$.4031 .3556 \$.7587	\$ 4.3393 .8458 \$ 5.1851	\$.6473 .0684 \$.7157	\$ 1.4370 .1656 \$ 1.6026	\$.4700 \$ 0.4700	\$ \$.5000 .1000 \$.1000	\$ \$.0087 .0087 \$.0087	\$ \$.0445 .0445 \$.0445	\$ 7.2967 2.0886 \$ 9.3853
1987-88	Primary Secondary TOTAL	\$.41 .42 \$.83	\$ 5.20 .49 \$ 5.69	\$.61 .07 \$.68	\$ 1.43 .21 \$ 1.64	\$.38 \$.38	\$ \$.50 .10 \$.10	\$ \$.01 .01 \$.01	\$ \$.03 .03 \$.03	\$ 8.03 1.83 \$ 9.86
1986-87	Primary Secondary TOTAL	\$.42 .44 \$.86	\$ 4.91 .65 \$ 5.56	\$.66 .08 \$.74	\$ 1.45 .22 \$ 1.67	\$.38 \$.38	\$ \$.50 .07 \$.07	\$ \$.50 .07 \$.07	\$ \$.07 .07 \$.07	\$ 7.82 1.96 \$ 9.78
1985-86	Primary Secondary TOTAL	\$.43 .46 \$.89	\$ 4.76 \$ 4.76	\$.71 .11 \$.82	\$ 1.45 .16 \$ 1.61	\$.40 \$.40	\$ \$.50 .07 \$.07	\$ \$.50 .07 \$.07	\$ \$.07 .07 \$.07	\$ 7.75 1.30 \$ 9.05
1984-85	Primary Secondary TOTAL	\$.48 .42 \$.90	\$ 4.30 \$ 4.30	\$.75 \$.75	\$ 1.50 .16 \$ 1.66	\$.40 \$.40	\$ \$.50 .07 \$.07	\$ \$.50 .07 \$.07	\$ \$.07 .07 \$.07	\$ 7.43 1.15 \$ 8.58
1983-84	Primary Secondary TOTAL	\$.51 .40 \$ 0.91	\$ 4.34 .13 \$ 4.47	\$.77 \$.77	\$ 1.53 .24 \$ 1.77	\$.75 \$.75	\$ \$.48 .05 \$.05	\$ \$.48 .05 \$.05	\$ \$.05 .05 \$.05	\$ 7.90 1.30 \$ 9.20
1982-83	Primary Secondary TOTAL	\$.55 .26 \$.81	\$ 3.98 .21 \$ 4.19	\$.80 \$.80	\$ 1.57 .16 \$ 1.73	\$.75 \$.75	\$ \$.50 .03 \$.03	\$ \$.50 .03 \$.03	\$ \$.03 .03 \$.03	\$ 7.65 1.16 \$ 8.81
1981-82	Primary Secondary TOTAL	\$.59 .30 \$.89	\$ 4.11 .29 \$ 4.40	\$ 0.78 .03 \$.81	\$ 1.60 .18 \$ 1.78	\$.95 \$.95	\$ \$.34 .03 \$.03	\$ \$.34 .03 \$.03	\$ \$.03 .03 \$.03	\$ 8.03 1.17 \$ 9.20
1980-81	Primary Secondary TOTAL	\$.63 .41 \$ 1.04	\$ 3.92 .33 \$ 4.25	\$.88 .04 \$.92	\$ 1.76 .22 \$ 1.98	\$ 1.25 \$ 1.25	\$ \$.43 .04 \$.04	\$ \$.43 .04 \$.04	\$ \$.04 .04 \$.04	\$ 8.44 1.47 \$ 9.91
1979-80		\$ 1.03	\$ 5.64	\$.94	\$ 2.30	\$.48	\$.20	\$.03		\$10.62

For Scottsdale residents residing within the Balsz Elementary District, the 1988-89 tax rate total is \$10.59.
For those residing within the Paradise Valley Unified School District, the 1988-89 tax rate total is \$11.63.
For those residing within the Cave Creek School District, the 1988-89 tax rate total is \$9.05.

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

TABLE VIb

TAX LEVIES

FISCAL YEAR	CITY OF SCOTTSDALE	SCHOOL DISTRICTS		MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	TOTAL
		SCOTTSDALE UNIFIED	COMMUNITY COLLEGE							
1988-89	Primary	\$ 4,526,857	\$ 57,697,334	\$ 80,098,810	\$ 177,809,767	\$ 58,121,461	\$	\$	\$	\$378,254,229
	Secondary	4,569,000	12,426,366	9,218,850	12,324,183		50,832,192	13,480,787	1,179,127	110,030,505
	TOTAL	\$ 9,095,857	\$ 70,123,700	\$ 89,317,660	\$ 190,133,950	\$ 58,121,461	\$ 50,832,192	\$ 13,480,787	\$ 1,179,127	\$ 488,284,734
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	1,184,118	113,236,545
	TOTAL	\$ 8,943,980	\$ 69,686,377	\$ 79,329,654	\$ 192,570,259	\$ 43,656,031	\$ 47,860,799	\$ 12,402,456	\$ 1,184,118	\$ 459,769,542
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	\$ 7,973,800	\$ 60,984,612	\$ 73,188,938	\$ 167,584,590	\$ 37,058,981	\$ 44,850,000	\$ 7,674,515		\$399,315,436
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	\$ 6,776,237	\$ 43,000,993	\$ 66,464,358	\$ 131,671,280	\$ 31,718,427	\$ 35,258,000	\$ 6,326,751		\$321,216,046
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	11,919,468		29,484,792	5,544,888		49,711,169
	TOTAL	\$ 5,481,042	\$ 32,632,320	\$ 52,825,981	\$ 117,877,923	\$ 28,197,257	\$ 29,484,792	\$ 5,544,888		\$272,044,203
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	\$ 5,008,462	\$ 30,580,744	\$ 49,021,392	\$ 115,006,278	\$ 47,791,454	\$ 25,750,000	\$ 3,738,606		\$276,896,936
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	\$ 3,448,356	\$ 24,105,537	\$ 42,157,932	\$ 92,378,203	\$ 39,432,461	\$ 22,348,935	\$ 1,810,371		\$225,681,795
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	\$ 3,306,068	\$ 22,426,141	\$ 36,884,735	\$ 82,324,831	\$ 43,109,179	\$ 13,500,000	\$ 1,599,438		\$203,150,392
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	\$ 3,164,000	\$ 18,634,170	\$ 35,365,756	\$ 75,647,170	\$ 47,780,616	\$ 12,292,400	\$ 1,636,096		\$194,520,208
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

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, 1989

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	\$ 22,175,491	1.73
Motorola, Inc.	Electronics Manufacturing	20,806,105	1.62
Arizona Public Service	Electric Utility	20,673,512	1.61
Westcor Company	Real Estate Development	11,419,460	0.89
Sentry Insurance Company	Insurance Headquarters	7,619,505	0.59
The Registry Resort	Resort Hotel	7,128,935	0.55
Camelview Plaza Shopping Center	Retail Mall	6,500,000	0.51
Scottsdale Conference Center	Convention Center	4,612,265	0.36
Southwest Gas Corporation	Utility	3,942,685	0.31
The Boulders Resort	Resort Hotel	3,063,870	0.24
Los Arcos Shopping Mall	Retail Mall	2,493,710	0.19
Armour & Company	Product Research	<u>2,414,715</u>	<u>0.19</u>
		<u>\$112,850,253</u>	<u>8.79</u>

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

TABLE VIII

<u>FISCAL YEAR</u>	<u>SPECIAL ASSESSMENTS BILLED</u>	<u>CURRENT ASSESSMENTS COLLECTED</u>	<u>RATIO OF COLLECTIONS TO AMOUNT DUE</u>	<u>TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS</u>
1988-89	\$ 3,039,493	\$ 3,000,260	98.7%	\$39,233
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

* 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>
1988-89	131,410	\$1,284,822,157	\$29,535,000	\$6,256,289	\$23,278,711	1.8%	\$177.15
1987-88	125,684	1,154,756,373	32,950,000	7,028,420	25,921,580	2.2	206.24
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

(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, 1989

TABLE X

Assessed Value			\$1,284,822,157
Debt Limit 6% of Assessed Value			77,089,329
Amount of Debt Applicable to Debt Limit			
Total 6% General Obligation Bonded Debt			
1967 Civic Center	295,000		
1968 Civic Center	1,400,000		
1983 CIP Series A			
Public Buildings	10,080,000		
1985 CIP Series B			
Public Buildings	<u>2,802,000</u>	<u>14,577,000</u>	
Less:			
Cash in Debt Service Funds			
1967 Civic Center	180,000		
1983 CIP Series A	1,440,000		
1985 CIP Series B	<u>79,500</u>	<u>1,699,500</u>	
Total Debt Applicable to Debt Limit			<u>12,877,500</u>
Legal Debt Margin			<u>\$ 64,211,829</u>
Debt Limit 20% of Assessed Value			\$ 256,964,431
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	1,000,000		
1983 CIP Series A			
Parks	3,500,000		
Storm Sewer	420,000		
1985 CIP Series B			
Parks	2,895,400		
Storm Sewer	3,642,600		
1986 Water Improvements	<u>37,675,000</u>	<u>52,633,000</u>	
Less:			
Cash in Debt Service Funds			
1973 Storm Sewer Series	3,811,289		
1983 CIP Series A			
Parks	500,000		
Storm Sewer	60,000		
1985 CIP Series B			
Parks	103,350		
Storm Sewer	82,150		
1986 Water Improvements	<u>405,000</u>	<u>4,961,789</u>	
Total Debt Applicable to Debt Limit			<u>47,671,211</u>
Legal Debt Margin			<u>\$ 209,293,220</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>
1989	\$3,445,000	\$2,178,611	\$5,623,611	\$95,645,945	5.90%
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

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>
1989	\$28,081,975	\$15,044,722	\$13,037,253	\$1,170,000	\$3,562,876	\$4,732,876	2.75	1.20
1988	26,327,551	12,208,834	14,118,717	1,050,000	3,624,851	4,674,851	3.02	1.20
1987	19,757,728	11,333,904	8,423,824	690,000	3,001,897	3,691,897	2.28	1.20
1986	16,048,667	6,275,565	9,773,102	950,000	1,084,061	2,034,061	4.80	1.20
1985	12,936,684	5,259,787	7,676,897	1,270,000	1,151,571	2,421,571	3.17	1.20
1984	10,415,234	4,843,415	5,571,819	1,200,000	770,132	1,970,132	2.83	1.20
1983	8,122,921	4,007,847	4,115,074	685,000	490,573	1,175,573	3.50	1.20
1982	7,497,502	2,818,809	4,678,693	600,000	522,323	1,122,323	4.17	1.20
1981	6,544,840	2,433,428	4,111,412	535,000	595,833	1,130,833	3.64	1.20
1980	5,816,320	1,902,516	3,913,804	500,000	477,483	977,483	4.00	1.20

DEFINITIONS:

REVENUES - includes all revenues, all receipts, interest income, etc., actually realized for services and interest. Development fees are not included.

EXPENSES - includes operating and maintenance expenses that are necessary for on-going operations

- depreciation is a non-operating expense and is not included in expense
- indirect expense is excluded if it is only a year-end adjustment and not part of a regular business agreement with other funds. Therefore, indirect expenses are included in expenses for this purpose.
- contract principal is not reflected in expenses since it is not shown in operating expenses. Since interest expense is not included in operating expenses, it is not included, either.

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)
1989	131,410	17,400		35.0		N/A	19,350		2.7%	
1988	125,684	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	

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 and 1989 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)		
	NUMBER OF PERMITS	VALUE	NUMBER DWELLING UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
1989	1,287	\$243,007,000	1,932	\$360,424,000	\$14,491,100	\$3,507,955,829	\$5,076,358,189	\$457,067,285
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	4,027	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	3,504	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

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.

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

TABLE XVa

Required Supplementary Information

Computed Contribution Comparative Schedule

Fiscal Year	Valuation Date June 30	Contribution Rates As Percents of Valuation Payroll	Valuation Payroll	Employer Dollar Contribution For Fiscal Year	
				Computed	Actual
1979-80	1978	14.33%	\$1,930,984	N/A	N/A
1980-81	1979(1)*	13.05%	2,406,142	N/A	N/A
1981-82	1980	11.76%	2,852,892	N/A	N/A
1982-83	1981(1)*	10.56%	2,927,465	N/A	N/A
1983-84	1982	10.12%	3,244,380	N/A	N/A
1984-85	1983(2)	9.25%	3,427,840	N/A	N/A
1985-86	1984(1)*	8.01%	3,556,364	N/A	N/A
1986-87	1985	7.94%	4,227,382	\$467,455	\$467,455
1987-88	1986*	6.83%	4,783,772	456,348	456,348
1988-89	1987(3)*	8.18%	5,826,254	N/A	N/A
1989-90	1988*	8.58%	6,525,283	N/A	N/A

* 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.

Valuation Date June 30	(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)
1987	\$14,010,739	\$12,828,183	109.2%	(\$1,182,556)	\$5,826,254	(20.3%)
1988	16,112,899	15,307,237	105.3%	(805,662)	6,525,283	(12.3%)

* 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
ARIZONA STATE RETIREMENT PLAN
LAST TEN FISCAL YEARS**

TABLE XVb

Required Supplementary Information

Computed Contribution Comparative Schedule

<u>Fiscal Year</u>	<u>Valuation Date June 30(1)</u>	<u>Contribution Rates As Percents of Valuation Payroll</u>	<u>Valuation Payroll</u>	<u>Employer Dollar Contribution For Fiscal Year</u>	
				<u>Computed</u>	<u>Actual</u>
1979-80	1978	6.34%	N/A	N/A	N/A
1980-81	1979	6.28%	\$1,251,980,000	N/A	N/A
1981-82	1980	6.29%	N/A	N/A	N/A
1982-83	1981	5.79%	1,567,400,500	N/A	N/A
1983-84	1982	6.04%	1,734,146,900	N/A	N/A
1984-85	1983	6.27%	N/A	N/A	N/A
1985-86	1984	5.67%	1,905,904,900	N/A	N/A
1986-87	1985	5.53%	2,119,735,900	N/A	N/A
1987-88	1986	4.00% (2)	2,361,318,800	N/A	N/A
1988-89	1987	5.09%	2,638,795,626	N/A	N/A
1989-90	1988	2.00% (3)	3,003,707,744	N/A	N/A

- (1) Changes in benefits and assumptions have occurred but are not indicated by year.
- (2) The actuarial valuation of 5.16% was pre-empted by the Arizona Legislature which set the rate at 4%.
- (3) The actuarial valuation of 4.69% was pre-empted by the Arizona Legislature which set the rate at 2%.

(In Millions of Dollars)

<u>Valuation Date June 30</u>	<u>(1) Net Assets Available for Benefits</u>	<u>(2) Pension Benefit Obligation (PBO)</u>	<u>(3) Percent Funded (1)/(2)</u>	<u>(4) Assets In Excess of PBO (2)-(1)</u>	<u>(5) Annual Covered Payroll</u>	<u>(6)</u>
						<u>Assets In Excess of PBO as a Percentage of Covered Payroll (4)/(5)</u>
1987	\$5,497.3	\$4,952.5	111.0%	(\$544.8)	\$2,477.7	(22.0%)
1988	5,989.8	5,392.7	111.1%	(597.1)	2,817.7	(21.2%)

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
ARIZONA ELECTED OFFICIALS' RETIREMENT PLAN (EORP)
LAST TEN FISCAL YEARS

TABLE XVC

Required Supplementary Information

Computed Contribution Comparative Schedule

Fiscal Year(1)	Valuation Date June 30	Contribution Rates As Percents of Valuation Payroll	Valuation Payroll	Employer Dollar Contribution For Fiscal Year	
				Computed	Actual
1987-88	1987 (2)	13.42%	\$20,409,034	N/A	N/A
1988-89	1988	13.58%	21,444,316	N/A	N/A

(1) The City's elected officials joined EORP in 1988.

(2) Change in assumptions and benefit provisions.

Valu- ation Date June 30	(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)
1987 *	\$65,818,230	\$63,116,201	104.3%	(\$2,702,029)	\$20,409,034	(13.2%)

* Includes statutory amendment and assumption change.

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 one 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 unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded 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, 1989**

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
1989 Est. 06/30/89	- 131,410	1986 - 147.00
		1987 - 183.00
		1988 - 184.30
		1989 - 184.30
Miles of Sewers		
Storm		21.95
Sanitary		634.00
Fire Protection		
Number of Stations		6
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)		35,906
Number of Vehicles		130
The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.		
Recreation		
Parks - Number of Acres		2,336
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		44,018
Annual Consumption (Gallons)		14,440,507,000
System Capacity (Gallons Per Day)		86,645,120
Miles of Distribution Lines		861.00
Number of Street Lights		7,182
Employees as of June 30, 1989		
Full Time		1,010
Part Time		239
Grant Funded		8
Total		1,257
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		37.0
Mean Average Household Income		44,341
Mean Average Home Value - Single Family		136,083

**CITY OF SCOTTSDALE
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 1989**

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, 1989**

TABLE XVIIa

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQUISITION DATE</u>	<u>AREA SQUARE FEET</u>	<u>REPLACEMENT COST (6/30/89)</u>
PARKS				
Aqua Linda Park Building 8732 East McDonald	Conc./Block	04/75	1,300	\$ 89,138
Cactus Park 7202 East Cactus Road	Conc./Block	04/87	11,000 & 17 Acres	2,713,363
Chaparral Park 5401 North Hayden Road Recreation Center	Conc./Block	10/74	4,650	275,910
	Conc./Block	10/81	2,000	159,181
Chestnutt Park 4565 North Granite Reef Senior Citizen Center Ramadas	Adobe	08/65	950	55,182
	Conc./Block	07/69	693	17,830
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	636,725
	Conc./Block	06/68	3,515	186,772
	Conc./Block	07/70	350	16,983
	Conc./Block	07/70	1,944	132,651
	Conc./Block	1970	210	5,304
Paiute Park 6535 East Osborn Control Building Maintenance Compound	Conc./Block	07/82	1,500	129,469
	Conc./Block	-	720	31,834
Pima Park 8600 East Thomas Road	Conc./Block	-	500	45,635
Baseball Stadium 7408 East Osborn	Wood Frame	-	12,000	424,483
Vista Del Camino 7700 East Roosevelt	Conc./Block	08/73	8,753	848,966

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1989**

**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 (6/30/89)</u>
PARKS (Continued)				
Horseworld Park				
16600 North Pima Road				
Control/Restrooms	Conc./Block	05/83	1,260	\$ 87,016
Park Residence	Block/Frame	06/84	2,800	180,407
McCormick Park				
7303 East Indian Bend				
Bldg./N. Branch Library	Adobe	12/67	3,108	204,816
Storage Building	Adobe	12/67	616	27,591
Railroad Train Shed	Steel	12/71	6,400	265,302
Train Depot	Wood Frame	04/75	504	26,530
Peoria Building	Wood Frame	04/75	1,008	58,364
Machine Shop Museum	Wood Frame	1974	180	6,151
North Star-Train Car	Steel	-	750	216,485
Indian School Park				
4289 North Hayden Road				
Sports Control Building	Conc./Block	02/80	2,265	184,651
Visitor Center	Conc./Block	02/80	3,918	318,362
Shower and Lockers	Conc./Block	02/80	3,600	318,362
Mountain View Park				
8625 East Mountain View				
Restrooms/Storage	Conc./Block	1986	12,000	880,801
	Conc./Block	1986	800	<u>29,713</u>
TOTAL PARKS				\$ <u>8,573,977</u>
MAINTENANCE AND POLICE COMPLEX				
Street Maintenance				
Storage Building	Conc./Block	08/71	8,479	\$ 793,254
1327 East McKellips	Metal	07/66	600	12,740
Sanitation Center				
1325 East McKellips	Conc./Block	07/66	3,640	256,816
Fleet Maintenance				
1323 East McKellips	Conc./Block	11/64	20,646	1,124,876
P/M Building				
1323 East McKellips	Conc./Block	02/69	1,600	148,573
Auto Parts Building				
1323 East McKellips	Sheet Metal	11/74	1,600	191,015

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1989**

**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 (6/30/89)</u>
MAINTENANCE COMPLEX (Continued)				
Corporation Yard 9191 San Salvador	Conc./Block	01/87	93,720	\$ 6,633,611
Facilities Maintenance Shop 1601 East McKellips	Sheet Metal	11/74	1,600	49,878
Facilities Maintenance Bldg. 1601 East McKellips	Conc./Block	02/75	5,400	848,966
Mower Shop 1323 East McKellips	Conc./Block	09/67	780	33,956
Municipal Utilities 1501 North Miller	Conc./Block	06/79	4,760	1,193,859
Police Building 9065 East Via Linda	Conc./Block	08/88	50,000	<u>5,300,000</u>
TOTAL MAINTENANCE COMPLEX				<u>\$ 16,587,544</u>
AIRPORT				
Terminal 7600 East Butherus Drive	Conc./Block	01/68	10,250	\$ 1,034,678
Service Hangar 7600 East Butherus Drive	Conc./Block	01/68	15,714	851,088
"T" Hangars 7600 East Butherus Drive	Conc./Block	11/71	14,400	477,544
F.A.A. Building 7600 East Butherus Drive	Conc./Block	07/72	5,930	583,664
Maintenance Shop 7600 East Butherus Drive	Conc./Block	06/82	1,400	<u>74,287</u>
TOTAL AIRPORT				<u>\$ 3,021,261</u>
CIVIC CENTER COMPLEX				
City Hall 3939 Civic Center Plaza	Conc./Block	10/68	37,000	\$ 3,759,863
Library 3839 Civic Center Plaza	Conc./Block	10/68	40,000	8,349,587

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1989**

**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 (6/30/89)</u>
CIVIC CENTER COMPLEX (Continued)				
Police Substation 3739 Civic Center Plaza	Conc./Block	04/71	23,260	\$ 3,822,470
Pepperwood Building	Conc./Block	08/84	10,195	1,167,329
Mall Parking Facility 7335 Civic Center Mall (446 Spaces)	Conc./Block	12/74	140,000	2,122,416
Court Building 3629 Civic Center Plaza	Conc./Block	09/75	7,500	636,725
One Civic Center	Conc./Block	11/84	58,000	9,678,219
Center For The Arts 7384 East Second Street	Conc./Block	09/75	88,000	17,573,600
Civic Center Parking Structure	Conc./Block	1986		6,367,248
Pedestrian Mall Overpass Civic Center and Second Street	Conc./Block	1986		6,367,248
Senior Center I	Conc./Block	09/76	5,200	445,709
Senior Center II	Conc./Block	11/77	5,145	461,621
Senior Center III 7375 East Second Street	Conc./Block	02/79	3,712	<u>275,910</u>
TOTAL CIVIC CENTER COMPLEX				<u>\$ 61,027,945</u>
FIRE DEPARTMENT				
Fire Station #10 2857 North Miller Road	Conc./Block	08/68	8,424	\$ 533,786
Fire Station #11 7339 East McDonald	Conc./Block	12/71	4,023	287,589
Fire Station #12 13665 North Scottsdale Road	Conc./Block	12/71	2,120	150,695

**CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1989**

**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 (6/30/89)</u>
FIRE DEPARTMENT (Continued)				
Fire Station #13 9045 East Via Linda	Conc./Block	1988	3,800	\$ 565,000
Fire Station #19 10850 East Via Linda	Conc./Block	1986	8,800	<u>642,029</u>
TOTAL FIRE DEPARTMENT				\$ <u>2,179,099</u>
PLANET RANCH				
Residences	Conc./Block	1985	9,000	\$ 318,362
Manager Residence	Conc./Block	1985	2,000	63,668
Guest House	Wood Frame	1985	2,000	122,043
Steel Shop	Sheet Metal	1985	2,500	562,438
Remodeled Home	Conc./Block	1985	1,500	<u>74,287</u>
TOTAL PLANET RANCH				\$ <u>1,140,798</u>
MISCELLANEOUS				
Graphics 7501 East Second Street	Conc./Block	1972	17,200	\$ 949,783
Mustang Library 10101 North 70th Street	Conc./Block	05/87	31,420	5,306,040
Gainey Ranch Water 1283 East Mountain View Road	Conc./Block		2,000 & 2 Acres	3,714,228
Police Annex 3720 North 75th Street	Block	1980	2,752	179,347
Bishop Plaza 7120 East Fourth Street	Conc./Block	1986	6,200	357,622
Scottsdale Plumbing 3700 North 75th Street	Conc./Block	1986	6,000	424,483
Various Structures				<u>6,002,465</u>
TOTAL MISCELLANEOUS				\$ <u>16,933,968</u>
TOTAL REAL PROPERTY				\$ <u>109,464,592</u>

TABLE XVIII

**CITY OF SCOTTSDALE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
FOR FISCAL YEAR ENDED JUNE 30, 1989**

<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	95,014	1,000,000
City Clerk	43,014	1,000,000
City Attorney	84,822	1,000,000
City Treasurer	83,158	1,000,000
City Judge	68,494	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 1988-89

TABLE XIX

Expenditure Limit Base (1979-80)		\$31,361,444
Population Factor:	$\frac{\text{1987 Population}}{\text{1978 Population}} = \frac{\text{120,675}}{\text{83,000}}$	1.4539
Inflation Factor:	$\frac{\text{1987 GNP Deflator}}{\text{1978 GNP Deflator}} = \frac{\text{117.5}}{\text{72.2}}$	1.6274
		<hr/>
Expenditure Limitation Fiscal Year 1988-89		\$74,204,386
Total Expenditures Fiscal Year 1988-89	\$132,171,850	
Exclusions	<u>65,963,038</u>	
Expenditures Subject to Limitation		<u>\$66,208,812</u>
Expenditures Under Limitation		<u>\$ 7,995,574</u>