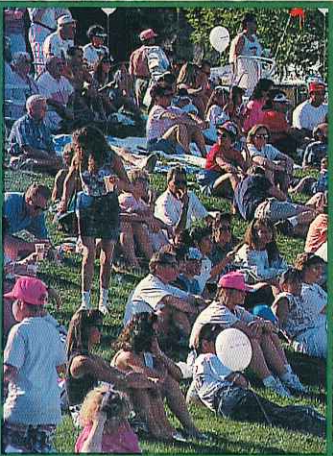


# City of Scottsdale Arizona



Comprehensive  
Annual Financial  
Report for the Fiscal  
Year Ended  
June 30, 1993

## About the Cover

### *A look back . . . .*

Built in 1955, the original Scottsdale Stadium – with wooden sides painted rustic red and a Western theme – served as spring training headquarters for several major-league baseball teams.

In 1956, the Baltimore Orioles were the first major-league team to use Scottsdale Stadium. On their roster was a rookie third baseman named Brooks Robinson. Other baseball immortals who played in the original stadium included Ted Williams, Ferguson Jenkins, Joe DiMaggio, Ty Cobb and Dizzy Dean. Each spring, Scottsdale citizens and visitors alike enjoyed the “Great American Pastime” watching teams such as the Boston Red Sox, Chicago Cubs, Oakland A’s and San Francisco Giants.

For many years, Scottsdale Stadium was but a home-run ball away from the rodeo grounds, where the annual Parada del Sol Rodeo was held. Not much else was around – and plenty of space to spare.

### *A look ahead . . . .*

In the 1989 bond election, Scottsdale voters agreed by a 2-to-1 margin that the City should pay \$8.4 million to build a new downtown stadium and upgrade the training facilities at Indian School Park and Club Sar. The proposed stadium would be a “multi-use complex for sports and cultural activities.”

Constructed in 1991 at a cost of \$7 million, the new stadium occupies the same 10-acre site at the northeast corner of Civic Center Boulevard and Osborn Road as the original stadium, and seats 7,000 people, 2,000 more than its predecessor. It also features seating for up to 3,000 people in a landscaped, amphitheater-style setting beyond the outfield fences.

In March, 1991 the San Francisco Giants signed an agreement to play in Scottsdale’s new stadium through 1996. With spring training, Firebirds baseball, cultural programs, festivals, and concerts on its roster of events, the stadium serves as a year-round host to a wide variety of events and activities.

No longer boasting room to spare, the Scottsdale stadium is now surrounded by the cosmopolitan atmosphere of Scottsdale’s thriving downtown.

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**CITY OF SCOTTSDALE  
COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED  
JUNE 30, 1993**

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

**GREGORY S. BIELLI  
JAMES BURKE  
SAM KATHRYN CAMPANA**

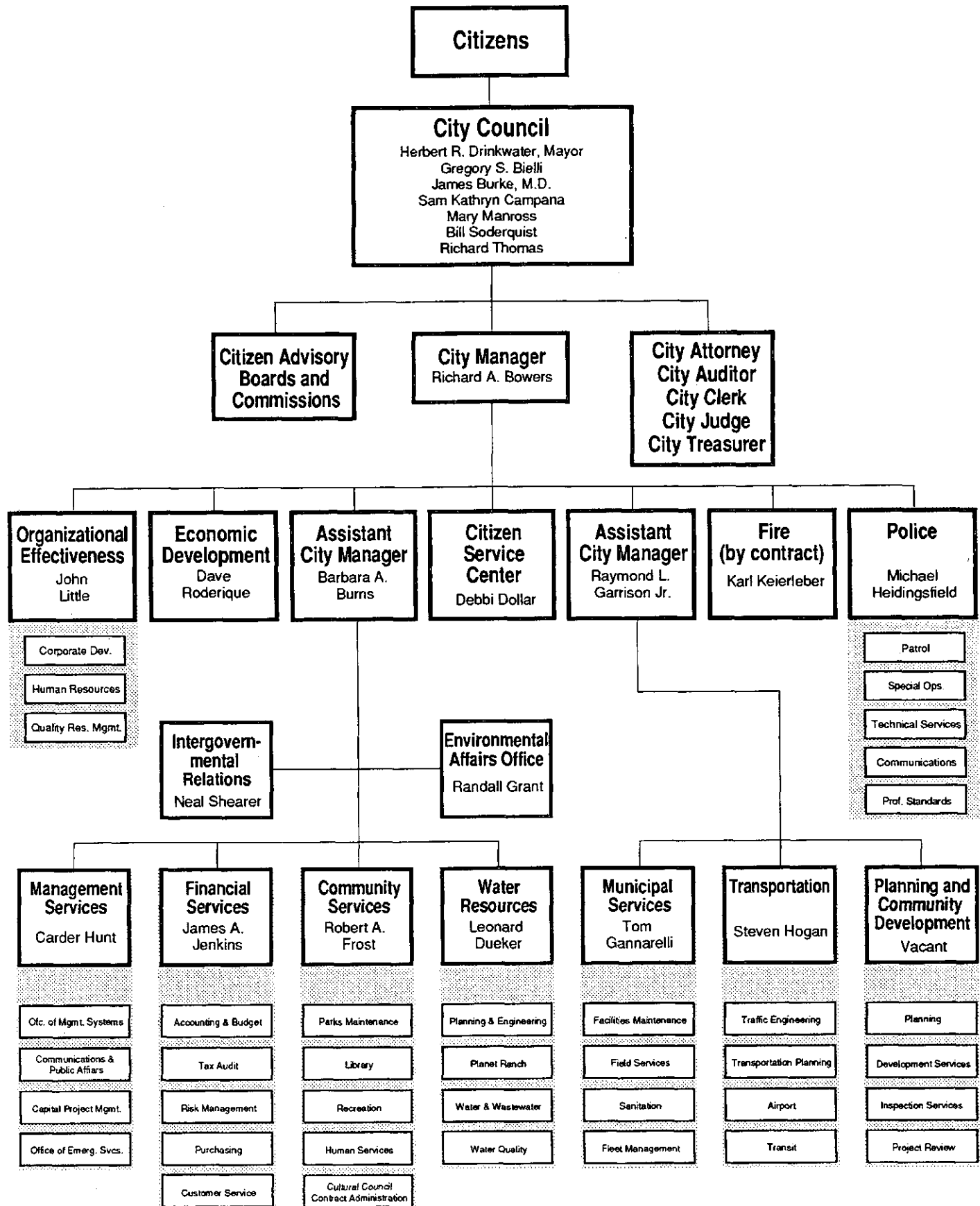
**MARY MANROSS  
BILL SODERQUIST  
RICHARD THOMAS**

**RICHARD A. BOWERS, CITY MANAGER**

**RAYMOND L. GARRISON, ASSISTANT CITY MANAGER  
BARBARA A. BURNS, ASSISTANT CITY MANAGER**

**PREPARED BY  
FINANCIAL SERVICES DEPARTMENT  
JAMES A. JENKINS  
FINANCIAL SERVICES GENERAL MANAGER/CITY TREASURER**

**CRAIG CLIFFORD, CPA  
ACCOUNTING AND BUDGET DIRECTOR**



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June 30, 1993

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September 10, 1993

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, 1993, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget division. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe 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 that we believe are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report contains three sections: 1) the **Introductory Section**, which includes this transmittal letter, the City's organizational chart, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting; 2) the **Financial Section**, which includes the independent auditors' report, the general purpose financial statements, and the combining and individual funds and account group financial statements and schedules; and 3) the **Statistical Section**, which includes selected financial and demographic information, generally presented on a multi-year basis.

This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, and other agencies which have expressed an interest in Scottsdale's financial matters. Copies of this financial report will also be placed in the City library for use by the general public.

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 or the Scottsdale Cultural Council. Further data defining these determinations is available in the Notes to Financial Statements.

## ECONOMIC CONDITION AND OUTLOOK

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The City of Scottsdale is centrally located in Maricopa County, with its boundaries encompassing an area of approximately 185.2 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.

Currently, the Phoenix metro area (the Valley) is beginning to pull out of the economic downturn that has affected it over the past several years. While Scottsdale was definitely impacted by this downturn, it weathered this better than many other communities in the Valley and is showing good signs of recovery. There are a number of reasons for this, including:

- Scottsdale has an estimated population of 145,920 with a total housing inventory of 76,000 dwelling units. Since 1990, when the last federal census was taken, Scottsdale has experienced an impressive average annual rate of **population growth** of 3.85% while the metro area, overall, has had an average increase of 2.6% per year.
- **Median family income** in Scottsdale is \$48,202, 34% higher than the metro area \$36,078 average. Higher income families, which represent the majority of Scottsdale's population growth in the last three years, tend to be less impacted by a recessionary economy.
- Population growth created a demand for a significant amount of new, upscale, single family dwellings and apartments. **Single family construction activity** added 6,990 new units and multi-family construction another 900 apartments for an increase of 29% and 100% respectively from 1991/92, the highest number of new residential units constructed in one year since 1987/88. This growth is occurring during a period when the residential construction industry, generally, was continuing to suffer a slowdown that began in the late 1980's. Projections for 1993/94 are for residential construction activity to increase by 10%.
- Scottsdale's **rate of job creation** is one of the best in the Valley. Historically, Scottsdale has been creating jobs faster than its population or labor force has grown by a ratio of nearly 2 to 1. Even in the current environment of slower than normal job creation, we expect job creation to exceed population growth in Scottsdale over the next year or two.
- On a per capita basis, Scottsdale has by far the highest **assessed value per resident** as well as a growth rate that is more favorable than that for the metro area. Although metro area assessed values, including Scottsdale, have declined the past several years due to the recession, Scottsdale's values showed signs of recovery in fiscal year 1992/93; a good sign that improvement is on the horizon. A modest 1% growth is forecasted for 1993/94.
- **Sales tax collections** continue to rise, increasing 10% for fiscal year 1992/93. Collections for the coming year are expected to increase another 8%. On a per capita basis, Scottsdale's sales tax collections are far greater than the rest of the metro area and continue to rise rapidly.
- **Commercial construction** in Scottsdale increased by 92% primarily attributable to offices, banks and professional buildings. During the 1993/94 fiscal year the industrial building activity is expected to increase as space vacancy has reached a point below 20% and there is significant supply of improved industrial property ready for development in and around the Scottsdale Airpark.
- A large portion of the City's economy is based upon **tourism** and this industry rebounded well in the last year, with bed tax receipts up nearly 13% compared to a 3.7% increase for the Phoenix metro area. A study on resort, full service and limited service hotels in the metro area conducted by Young, Warnick, Cunningham and Company confirmed that a recovery is underway. Total room nights demanded is expected to increase by 5.5% for the metro area which should signal an even greater increase for Scottsdale.

- Arizona is experiencing growth at a rate substantially in excess of the U.S. as a whole and the general forecast of local economists is for **moderate growth for the Phoenix metro area**. Overall, Arizona's fate appears tied to the national economy. If growth nationally continues and modestly accelerates as projected, and we continue to do better than the U.S. as a whole, the spread between how the U.S. is doing and how Arizona is doing should widen.

It is important for us to recognize the significance of the Valley-wide economic downturn and its impact on Scottsdale. However, statistics would suggest that Scottsdale has not been nearly as impacted as many of the other Valley communities. Hopefully, these factors will enable Scottsdale to continue to grow and prosper over the coming years.

## **MAJOR INITIATIVES**

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- Scottsdale was awarded first place in the 1993 City livability awards competition at the 61st Annual Conference of Mayors meeting in New York on June 21. The City was recognized for its vision in implementing the City's Downtown Redevelopment Plan and Bond Program.
- The City of Scottsdale has maintained the exceptional service standards its customers--our citizens--have come to expect over the past 40 years. A 1992 citizen survey indicated that this commitment has paid off--97% of Scottsdale residents rated our services as good or very good. Since Scottsdale's goal is not only to maintain but to improve service levels, we continued our "Simply Better Service" campaign initiated in October 1991. The campaign emphasized the concept of *KAIZEN*, a Japanese term symbolizing small, gradual improvements over time involving every member of a work force.
- Scottsdale's Community Visioning Process invited citizens to address several long-range community priorities including urban development, economics, transportation, community and leisure activities, health and human services, and arts and culture. During 1992 a Visioning contract with Community Options Group was finalized. The Citizen's Visioning Advisory Committee has been incorporated as a non-profit organization and will oversee the implementation of the 24 visioning goals established during the Visioning process.
- 1992 marked the opening of Scottsdale's Arizona Technology Incubator, a place for new businesses to share resources and management development opportunities. Nationwide, incubator businesses boast a survival rate of greater than 80%. It is estimated that within five years, the Arizona Technology Incubator will generate over 500 high technology and research jobs. This program is the result of the City's partnership with the State of Arizona, Arizona State University, U.S. West, Arizona Public Service, Salt River Project, and the private sector.
- Scottsdale's Endowment Program, initiated in 1992, promotes the concept of community betterment (youth services, parks, libraries, etc.) through private donations and gift-giving to the City of Scottsdale. Motorola, Inc., became the program's first corporate donor.
- In 1992, Scottsdale hired its first Volunteer Coordinator to create new ways for citizens to become involved in their government. Over 100 volunteer opportunities were developed in the first phase of the program. Last year, Scottsdale citizens donated over 88,000 hours to the City, resulting in a savings of more than \$690,000.
- The Intergovernmental Relations Office selected an affiliate of a non-profit Washington, D.C. based firm to assist the City in developing and implementing a federal program. The City is actively pursuing federal partnerships in several areas and monitoring a wide range of federal issues that may affect Scottsdale and the Valley.

- The City Council amended the City's General Plan to include the Desert Greenbelt concept. Specifically, it identifies the Rawhide, Beardsley, and Reata Washes as the locations of the future greenbelt treatments.
- The City Council adopted a resolution on February 16, 1993, to form the Waterfront Redevelopment area following intensive discussions with area property owners and other stakeholders. By the end of the century, the Arizona Canal's banks will be a cultural and entertainment district unlike any other in the Southwest. The City has been working closely with the Salt River Project and a citizens advisory committee to encourage shops, restaurants, and businesses to interact with special landscaping, public art, and pedestrian gathering places along its banks.
- The Hospitality Commission analyzed existing and potential special events and adopted funding increases and procedural streamlining to accommodate more events which bring visitors to Scottsdale. In particular, the Commission set aside a portion of the event funds for long-term support of signature events which have a major economic impact on the community. This series of actions dovetailed with the City Manager's review and restructuring of the special event approval process designed to make the City's role more user-friendly.
- Since July, 1992, the City has had two pilot self-led (or self-directed) teams in place: Project Coordination Managers and Human Resources Analysts. Program evaluation has focused on service to the customer and productivity, team dynamics and functionality, employee satisfaction, and whether greater responsibilities are in order e.g., peer performance reviews, hiring, and discipline decisions.
- The 1992 Arizona Supreme Court "Award for Excellence" was awarded to Scottsdale City Court for a jury trial case processing project.
- The Financial Services Department embarked upon Quality Work Design Project to evaluate current work methods and to improve upon them. Anticipated results of the project include: creating an atmosphere for continuous improvement, creating a foundation for employee development and participation, increasing employee job satisfaction, having a more productive work environment, and improving customer service.
- The Police Department formally adopted Community-based policing as the department's philosophy and approach to police service delivery. A number of community policing projects were initiated including regular formal meetings with private security agencies to seek input; meetings with homeowner associations, neighborhood groups and school associations to address gang activity; and implementing processes encouraging officers to work with residents to solve neighborhood problems.
- The Police Department began active pursuit of national accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). A key component of the accreditation effort is the development of a written directive system that provides structure and guidance to employees at all levels. Approximately 60% of the orders have been completed and are under review by the Police Review Committee. In June, 1993, the City Council authorized the agreement with CALEA to seek national accreditation. The target date for completion of the written directive system is December, 1993, with full accreditation achieved in late 1994.
- During the summer of 1992, two wildfires burned more than 5,000 acres of Scottsdale's Sonoran Desert and threatened hundreds of homes and properties. Substantial resources were used from numerous jurisdictions and, in spite of the large amount of open desert destruction, no Scottsdale homes were lost or destroyed. A massive public education campaign was initiated to alert citizens to the danger of the wildland/urban interface conditions and limit human access to sensitive desert areas during periods of high fire danger.

- The City of Scottsdale and Rural Metro expanded the fire protection levels this year by opening a fire station on-site at the Scottsdale Airport. This mid-runway facility opened on April 1, 1993. At the same time, suppression service levels were increased by adding the manpower and equipment for the new station, which has been approved for construction at 74th Street and Shea Boulevard. Additionally, another full-time fire inspector was added to assist with the tremendous increase in residential and commercial development here in the City.
- The installation of traffic signal preemption equipment to speed emergency response was completed following successful procurement of a proven system. The project was a good joint effort between City staff and Rural Metro.
- Cholla Park, a 15-acre neighborhood park funded by voter-approved bonds and an Arizona State Parks Heritage Fund Grant supported by Arizona Lottery dollars was brought on line in May 1993. The park was built in cooperation with the Scottsdale School District. Heritage Grants will also help fund the future Rio Montana Park, sports lighting at several existing Scottsdale parks, and community center improvements throughout the City.
- Pulte Park, currently under construction at 100th Street and Frank Lloyd Wright Boulevard, is the City's first completely integrated partnership with the Scottsdale School District. Through an intergovernmental agreement, the City is building the park and the School District is building the neighboring elementary school. The park and school grounds will feature common landscaping and design.
- The Civic Center Library Expansion Project was initiated in March/April following a partnering retreat with all the major City, architect, and construction participants. This was soon followed by the formation of a Civic Center Library Expansion Task Force and subcommittees to plan the library expansion and preparation activities to coincide with the construction project.
- In 1992, the City ensured that all public facilities were in compliance with the Americans With Disabilities Act (ADA). In addition, Scottsdale collaborated with the State Attorney General's Office and the Council for Developmental Disabilities on the development of state ADA legislation.
- During the summer and fall of 1992, the City Attorney's Office, the Intergovernmental Relations Office, and the Water Resources Department assisted the Mayor and City Council in working toward the passage of the San Carlos Apache Water Rights Settlement Act. Scottsdale was part of a coalition of Arizona interests pushing the U.S. Congress and the Bush Administration to pass the bill. This bill allows Scottsdale to negotiate a 100-year lease for nearly 44,000 acre-feet annually of Central Arizona Project water--enough to meet the future needs of 88,000 households.
- Design began in 1992 on the \$80 million Scottsdale Water Campus, funded in part by voter-approved bonds. The Water Campus will be located west of Pima Road near the future alignment of Union Hills Road. This project will be one of the most comprehensive and innovative water management programs in the country, ensuring Scottsdale's water supply for future generations.
- The City's Reclaimed Water Distribution System was completed in the spring of 1993 and began delivering effluent to six Scottsdale golf courses, which will save approximately one billion gallons of drinking water this year. This 14-mile pipeline was jointly funded by voter-approved bonds, Desert Mountain Properties, and participating golf courses. The system is capable of providing 20 million gallons of water per day to approximately 20 north area golf courses.
- In 1992, construction began on the North Indian Bend Wash Groundwater Treatment Facility. This \$7 million plant is being built as part of the City's Superfund cleanup agreement, with all construction and operating costs being paid by Motorola, Siemens Corporation, and SmithKline Beecham. This cooperative effort has allowed the City to move forward aggressively to restore its underground aquifer.

- A solid waste plan was implemented to remedy the short-term crisis created by the closure of the Tri-City Landfill. In addition, long range solutions for solid waste management were developed including the design of a waste transfer station and implementation of pilot recycling programs. The pilot programs will provide comparisons of effectiveness and efficiency of various recycling approaches in our community.
- Scottsdale and all other Valley cities and public utilities will soon be "speaking the same language". As part of the Central Arizona Regional Geographic Information System, these municipalities are working together to build a joint information system for regional problem solving.
- The City received a number of awards for transit and trip reduction during the year. Of key note was the Arizona Transit Association's "Outstanding Transit Organization" award. This recognized, in particular, the City's commitment toward transit and alternative modes.
- The Federal Aviation Administration Flight Standards District Office expansion was completed and a new lease negotiated which will bring an additional \$80,000 into the Airport enterprise fund each year.
- "Our Future in Progress" is the theme of the City's \$287.2 million bond program approved by Scottsdale voters in 1989. Significant projects completed in 1992/93 include: the Reclaimed Water Distribution System, the Pima Road/Shea Boulevard to Frank Lloyd Wright Boulevard, East Indian School storm drain, the West Couplet/Indian School Road - Camelback Road, Scottsdale Road/Shea Boulevard Loop, Frank Lloyd Wright Boulevard & Thunderbird Road intersection and Cholla Park.

#### **For the Future**

The City's future financial plans emphasize three key elements:

*Financial Stability* - The City must continue to improve its financial planning process to ensure community stability, service quality, and responsible fiscal management. Use of economic stabilization funds were used by the City to weather recessionary times and maintain citizen service levels. In 1993/94 the City will begin rebuilding its reserves and continue to utilize long-range financial planning to support and stabilize the City's elastic revenue base.

As part of the 1993/94 financial strategy, the City is reviewing and responding to a wide variety of infrastructure and basic service issues. These issues are addressed in a manner which keeps community needs and quality of life in balance. In addition, the City continues to invest in the maintenance of its existing infrastructure to avoid more expensive reconstruction programs in the future.

*Promote Quality Service* - The success of the City organization is largely dependent on the commitment of every member of the work force to quality service and continuous improvement. This focus assists us in establishing and maintaining an organization valued by the citizenry and positions us to meet the challenges of the 90s. Performance measurement, work force empowerment, and fiscal responsibility are integral components of our effort.

Among the challenges of the 90s is the need to have a work force representative of the community it services. The City continues to develop effective programs to promote an optimum working environment which places value on diversity, ensures open access, and provides equal opportunities.

*Strengthen Partnerships* - The eagerness of the citizens to be involved in their government and in the support of their community has long been a Scottsdale trademark. Maintaining Scottsdale's quality lifestyle requires continuous planning, foresight, hard work, and cooperation. By pursuing a citizen-oriented visioning process, soliciting ways to forge public/private partnerships, and investing energy and finances in vital areas of the community, we can collectively ensure that the Scottsdale of tomorrow will present the same special quality of life as we enjoy today.

The decade of the 90s will bring about tremendous change to the traditional ways of doing business. Technological advances, compliance with a variety of federal and state environmental requirements, the strengthening of trade agreements with our Mexican neighbors, expanding demand for regional cooperation, and the emergence of a global economy require that Scottsdale be poised to meet the many and varied challenges of the future. These challenges can only be effectively met through carefully forged partnerships among parties of common interest--citizens, businesses, and other governmental entities.

## **FINANCIAL INFORMATION**

---

**Internal Control.** 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 City 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 single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs. The City's single audit for the fiscal year ended June 30, 1993, provided no instances of material weaknesses in the internal control structure, or significant violations of applicable laws and regulations.

**Budgetary Control.** The City also maintains budgetary controls. The objective of these controls is to ensure compliance with budgetary and legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted. In addition to maintaining budgetary control via a formal appropriation, the City maintains an encumbrance accounting system. Encumbrances are made against appropriations upon the release of a purchase order. Encumbered appropriations are carried forward at the end of each fiscal year.

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 City continues to meet its responsibility for sound financial management.



**General Government Functions.** The following schedule presents a summary of the general fund, special revenue funds, debt service funds, and capital project funds revenues for the fiscal year ended June 30, 1993, and the amount and percentage of increases and decreases in relation to prior year revenues.

Classification	Revenues			
	1993 Amount (000s)	Percent of Total	Increase (Decrease) From 1992 (000s)	Percentage Increase (Decrease) From 1992
Taxes	\$ 61,441	48.9%	\$ 6,923	12.7%
Intergovernmental	27,970	22.2	1,417	5.3
Special Assessments	4,942	3.9	681	16.0
Licenses	738	0.6	33	4.7
Charges for Services	7,587	6.0	1,250	19.7
Fines and Forfeitures	1,720	1.4	(508)	(22.8)
Use of Money and Property	5,855	4.7	(1,552)	(21.0)
Streetlight Districts	514	0.4	14	2.8
Miscellaneous/Other	15,013	11.9	1,199	8.7
<b>Total</b>	<b>\$125,780</b>	<b>100.0%</b>	<b>\$ 9,457</b>	<b>8.1%</b>

Revenue has rebounded well in 1992/93. Tax revenue increased primarily due to the resurgence of retail sales and associated sales tax. Special assessment revenue has increased considerably over the past year with the addition of several new assessment districts. Building activity also increased considerably, with increased fees collected as charges for services.

Decreases occurred in fines and forfeitures brought about by a shift to community policing which resulted in a reduced number of citations. Decreases in use of money and property are attributable to a continued decline in interest rates which reduced interest income by 26%. Miscellaneous revenue increased due to reimbursements to the capital projects funds and one-time recoveries of prior year expenditures.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 1993, and the amount and percentage of increases and decreases in relation to prior year expenditures.

<b>Expenditures</b>				
<b>Department</b>	<b>1993 Amount (000s)</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 1992 (000s)</b>	<b>Percentage Increase (Decrease) From 1992</b>
General Government	\$ 9,410	6.0%	\$ 554	6.3%
Police	19,754	12.5	1,355	7.4
Financial Services	3,752	2.4	416	12.5
Transportation	2,580	1.6	271	11.7
Community Services	15,465	9.9	1,054	7.3
Management Services	5,006	3.2	560	12.6
Planning and Community Development	9,182	5.9	2,281	33.1
Fire	6,595	4.2	402	6.5
Municipal Services	12,626	8.1	1,444	12.9
Streetlight Districts	449	0.3	8	1.8
Capital Improvements	42,793	27.3	1,808	4.4
Debt Service	29,205	18.6	2,234	8.3
<b>Total</b>	<b>\$156,817</b>	<b>100.0%</b>	<b>\$12,387</b>	<b>8.6%</b>

The increases in expenditures are attributable to the additional emphasis on police protection, the increase in activity in the Capital Projects Funds, the addition of the Section 8 housing program, and debt service payments necessary to carry out voter-approved bond sales.

**General Government Fund Balances.** Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 1993, compared to the prior year.

<b>Total Fund Balances</b>			
<b>Fund</b>	<b>June 30, 1992</b>	<b>June 30, 1993</b>	<b>Increase (Decrease)</b>
General	\$42,285,367	\$44,682,233	\$2,396,866
Special Revenue			
Highway User	144,753	417,621	272,868
Community Development	0	64,729	64,729
Grants	493,116	57,195	(435,921)
Section 8	0	1,247	1,247
Debt Service	11,341,344	9,529,569	(1,811,775)
Capital Projects	23,446,675	12,876,183	(10,570,492)
<b>Total</b>	<b>\$77,711,255</b>	<b>\$67,628,777</b>	<b>\$(10,082,478)</b>

The General Fund balance increased as a result of revenue increases (especially privilege tax) and departmental budget expenditure savings. The Debt Service Fund balance decreased as a result of a debt payment from a previously reserved sinking fund. The Capital Projects Fund balance decreased because of the normal expenditure of bond funds that were issued in prior years.

**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, the Public Housing Fund, and the Sanitation Fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to proprietary (private business) enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges, or (b) it has been 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.

The Internal Service Funds consist of the Motor Pool Fund and the Self-Insurance Fund. Internal Service Funds account for services and/or commodities provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis.

The following schedule presents retained earnings (accumulated deficits) for the year compared to the prior year for the proprietary funds (the Public Housing Fund has no retained earnings):

Fund	Retained Earnings		Increase (Decrease)
	June 30, 1992	June 30, 1993	
Water and Sewer Utility	\$70,267,928	\$77,494,392	\$7,226,464
Airport	53,295	45,829	(7,466)
Sanitation	255,352	624,447	369,095
Motor Pool	1,104,530	1,824,714	720,184
Self Insurance	(1,953,194)	(3,042,180)	(1,088,986)
<b>Total</b>	<b>\$69,727,911</b>	<b>\$76,947,202</b>	<b>\$7,219,291</b>

Retained earnings of the Water and Sewer Utility Fund increased based on use rate increases and increased usage. Retained earnings of the Self-Insurance Fund decreased primarily due to payment of a large liability claim (\$1 million).

The City Council is committed to a policy of maintaining the enterprise operations of the Water and Sewer Utility, the Airport, and the Sanitation funds on a self-supporting basis, adjusting user rates 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. The balance in this agency fund increased by \$1,166,329 due to continued contributions to the deferred compensation fund.

**Debt Administration.** At June 30, 1993, the City had outstanding debt issues of \$293,735,220. The breakdown was:

<b>Debt</b>	<b>Principal Balance June 30, 1993</b>
General Obligation Bonds	\$115,000,000
Revenue Bonds	50,625,000
Scottsdale Municipal Property Corporation Bonds	97,880,000
Special Assessment Bonds	21,959,000
Contracts	8,271,220
<b>Total</b>	<b>\$293,735,220</b>

During the fiscal year, \$19,000,000 of general obligation bonds, and \$5,000,000 of water and sewer utility revenue bonds were issued. In addition, the City issued \$51,070,000 general obligation refunding, \$26,690,000 highway user fund tax revenue refunding, and \$29,475,000 Municipal Property Corporation refunding bonds, effectively refunding a total of \$100,010,000 outstanding bonds of the City. Additional detail on these refundings is found in Note 6 to the financial statements. The City maintained its Aa1 bond rating from Moody's Investor Service and AA rating from Standard and Poor's for general obligation bonds.

General obligation debt is serviced by secondary property taxes. Revenue-supported debt is serviced with the user fees associated with the particular fund activity.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space, parks, playground, and recreational facilities up to an amount not exceeding 20% of the secondary assessed valuation, and general obligation bonds for all purposes other than those listed up to an amount not exceeding 6% of the secondary assessed valuation.

At June 30, 1993, the 20% debt limitation was \$275,777,753, providing a debt margin of \$206,172,353, and the 6% debt limitation was \$82,733,326, providing a debt margin of \$37,338,726.

**Cash Management.** Cash temporarily idle during the year, excluding that of Municipal Property Corporation and ICMA Plan investments, was invested primarily in the State Treasurer's Local Government Investment Pool and mutual funds whose portfolios consist solely of U.S. Government Treasury and agency securities. In addition, amounts were directly invested in obligations of the U.S. Treasury and its agencies, demand deposits, and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time and therefore receives more favorable interest rates. The average yield on pooled investments for the 1992/93 fiscal year was 4.5%, and the average daily investment balance was \$135,244,574.

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, 1993, 98% 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 the bank's trust department in the name of the Municipal Property 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 1993, the Self-Insurance Fund was responsible for the first \$300,000 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 over \$1,000, and all unemployment claims.

The City has an aggressive safety program which promotes employee safety on the job and focuses on risk control techniques designed to minimize accident-related losses. In addition to the safety programs preventative measure, the Risk Management division reviews every claim and arbitrates each loss in order to minimize the City's liability exposure.

## **OTHER INFORMATION**

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**Independent Audit.** City Charter requires an annual audit by independent certified public accountants. The accounting firm of KPMG Peat Marwick has been selected by the City Council. The auditors' report is included in the financial section of this report.

In addition to this report, the auditors were also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements of the Federal Single Audit Act of 1984 and the related OMB Circular A-128. Due to the size and complexity of the City's financial system, the single audit report is issued separately from this financial report. Copies are available upon request.

**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 for its comprehensive annual financial report for the fiscal year ended June 30, 1992, marking the twentieth consecutive year Scottsdale has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

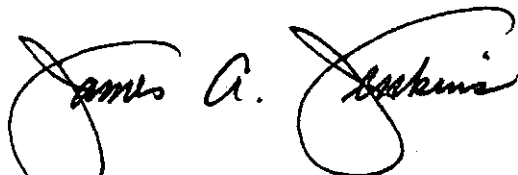
A Certificate of Achievement is valid for a period of one year only. The current report is believed to conform to Certificate of Achievement program requirements and will be submitted to the GFOA in order to determine its eligibility for a certificate.

The City also received the GFOA's award for Distinguished Budget Presentation for our 1992/93 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be especially notable as a policy document and proficient in financial planning and organization.

In addition, the City received the Municipal Treasurers Association Certificate of Excellence Award for developing an outstanding written investment policy.

**Acknowledgement.** The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Accounting and Budget division, the assistance of administrative personnel in the various departments, and through the competent service of our independent auditors. I also wish to express my sincere appreciation to the City Council, the City Manager, and the Assistant City Managers for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "James A. Jenkins". The signature is written in black ink and is positioned above the printed name.

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

JAJ:id

# 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, 1992

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



*[Signature]*  
President  
*[Signature]*  
Jeffrey L. Esler  
Executive Director

Financial Section



# **KPMG** Peat Marwick

Certified Public Accountants

2020 North Central Avenue  
Phoenix, AZ 85004

## Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements and the combining, individual fund, and individual account group financial statements of the City of Scottsdale, Arizona as of and for the year ended June 30, 1993, as listed in the financial section table of contents. These financial statements are the responsibility of the management of the City of Scottsdale, Arizona. 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, as of June 30, 1993, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and individual account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and individual account groups of the City of Scottsdale, Arizona, as of June 30, 1993, and the results of operations of such funds and cash flows of the individual proprietary funds and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

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

*KPMG Peat Marwick*

September 10, 1993



CITY OF SCOTTSDALE, ARIZONA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

EXHIBIT A-1

JUNE 30, 1993

WITH COMPARATIVE TOTALS FOR JUNE 30, 1992

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1993	JUNE 30, 1992
CASH AND SHORT-TERM INVESTMENTS	\$41,354,937	\$65,446	\$8,949,054	\$27,718,369	\$7,156,283	\$6,032,893	\$5,310,890	\$	\$	\$94,587,872	\$108,619,487
CASH WITH FISCAL AGENTS		1,564,904	13,823,432		3,511,786					18,900,122	19,808,008
INVESTMENTS	6,287,795		3,058,794				6,093,985			15,440,574	6,844,453
RECEIVABLES											
ACCRUED INTEREST	244,752		77,458	138,106	188,151	31,135	13,944			703,546	1,394,989
PROPERTY TAX	1,465,025		20,899							1,485,924	864,876
SPECIAL ASSESSMENTS			21,451,617							21,451,617	22,048,422
STATE SHARED SALES TAX	771,875									771,875	682,163
AUTO LIEU TAX	197,167									197,167	186,476
FUEL TAX		685,828								685,828	591,152
GRANTS		346,541								346,541	209,863
ACCOUNTS					5,358,829					5,358,829	4,821,599
MISCELLANEOUS	602,804	16,369		105,000	669,608	50,313	213			1,744,305	2,463,114
DUE FROM OTHER FUNDS	304,872				12,080,562					12,385,434	7,409,828
SUPPLIES INVENTORY	181,045					270,602				451,647	419,546
RESTRICTED CASH, INVESTMENTS, AND RECEIVABLES					36,072,348					36,072,348	25,530,228
PROPERTY, PLANT, AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION					247,737,891	8,113,010		1,056,500,612		1,312,351,513	1,202,000,009
EXCESS PURCHASE PRICE OVER FAIR MARKET VALUE OF WATER SYSTEM ASSETS ACQUIRED, NET					546,417					546,417	627,278
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS									9,529,589	9,529,569	11,341,344
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT									231,029,018	231,029,018	198,548,111
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$51,710,272</b>	<b>\$2,679,088</b>	<b>\$45,381,254</b>	<b>\$27,961,475</b>	<b>\$313,331,873</b>	<b>\$14,497,953</b>	<b>\$11,419,032</b>	<b>\$1,056,500,612</b>	<b>\$240,558,587</b>	<b>\$1,764,040,146</b>	<b>\$1,614,610,924</b>

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

EXHIBIT A-1  
(CONT'D)

JUNE 30, 1993

WITH COMPARATIVE TOTALS FOR JUNE 30, 1992

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1993	JUNE 30, 1992
LIABILITIES											
ACCOUNTS PAYABLE	\$586,073	\$134,658	\$	\$2,417,479	\$1,564,793	\$14,226	\$5,049	\$	\$	\$4,722,278	\$5,365,330
ACCRUED PAYROLL	4,269,610	228,474		34,544	741,004	234,423				5,508,055	4,699,483
CLAIMS PAYABLE			123,961			4,775,631				4,899,592	4,091,279
DESIGNATED DEFERRED COMPENSATION BENEFITS DUE TO GENERAL FUND		210,259			84,613		8,093,985			6,093,985	4,927,658
DUE TO WATER FUND				12,080,562						304,872	1,250,885
ACCRUED INTEREST PAYABLE	37,622		452,675							12,080,562	6,158,941
CONTRACTS PAYABLE - CURRENT PORTION					258,525					490,297	466,379
BOND INTEREST PAYABLE		484,905	4,448,432		1,285,802					258,525	402,936
BONDS PAYABLE - CURRENT PORTION		1,080,000	9,375,000		2,220,000					6,219,139	8,138,044
DEFERRED REVENUE										12,675,000	8,333,566
PROPERTY TAXES	1,403,357									1,403,357	901,754
SPECIAL ASSESSMENTS			21,451,617							21,451,617	22,048,422
OTHER	731,377				1,191,465					1,922,842	1,492,102
GUARANTY AND OTHER DEPOSITS					904,816		1,270,001			2,174,917	4,451,199
OTHER				552,707	131,858					684,365	665,033
LONG-TERM DEBT (LESS CURRENT PORTION)					55,375,000				240,558,587	295,933,587	262,742,880
<b>TOTAL LIABILITIES</b>	<b>7,028,039</b>	<b>2,138,298</b>	<b>35,851,685</b>	<b>15,085,292</b>	<b>63,767,776</b>	<b>5,024,280</b>	<b>7,368,035</b>		<b>240,558,587</b>	<b>376,822,990</b>	<b>336,155,969</b>
FUND EQUITY AND OTHER CREDITS											
CONTRIBUTED CAPITAL					171,399,429	10,691,139				182,090,568	163,680,582
INVESTMENT IN GENERAL FIXED ASSETS								1,056,500,612		1,056,500,612	963,367,365
RETAINED EARNINGS (DEFICIT)											
RESERVED FOR											
REVENUE BOND RETIREMENT					2,454,431					2,454,431	2,241,876
WATER AND SEWER SYSTEM REPLACEMENT					6,966,533					6,966,533	5,927,249
ACQUISITION AND CONSTRUCTION					26,641,596					26,641,596	17,351,859
UNRESERVED					42,102,108	(1,217,466)				40,884,642	44,206,827
FUND BALANCES											
RESERVED FOR											
ENCUMBRANCES	1,723,377	440,038		12,488,632			32,582			14,684,629	8,886,349
SINKING FUND											3,340,152
STREETLIGHT DISTRICTS	684,313									684,313	619,024
DEBT SERVICE			9,529,569							9,529,569	8,001,182
LIBRARY ACQUISITIONS							184,201			184,201	174,351
UNRESERVED	42,274,543	100,754		387,551			3,833,214			46,598,062	60,656,029
<b>TOTAL RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCES</b>	<b>44,682,233</b>	<b>540,792</b>	<b>9,529,569</b>	<b>12,876,183</b>	<b>79,164,868</b>	<b>(1,217,466)</b>	<b>4,049,997</b>			<b>148,825,976</b>	<b>151,407,008</b>
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>44,682,233</b>	<b>540,792</b>	<b>9,529,569</b>	<b>12,876,183</b>	<b>249,564,097</b>	<b>9,473,673</b>	<b>4,049,997</b>	<b>1,056,500,612</b>		<b>1,387,217,156</b>	<b>1,278,454,955</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$51,710,272</b>	<b>\$2,679,088</b>	<b>\$45,381,254</b>	<b>\$27,961,475</b>	<b>\$313,331,873</b>	<b>\$14,497,953</b>	<b>\$11,419,032</b>	<b>\$1,056,500,612</b>	<b>\$240,558,587</b>	<b>\$1,764,040,146</b>	<b>\$1,614,610,924</b>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS FUND

EXHIBIT A-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS	JUNE 30, 1993	JUNE 30, 1992
REVENUES							
TAXES - LOCAL	\$36,909,018		\$18,305,088	\$6,226,443	\$	\$61,440,547	\$54,517,978
TAXES - INTERGOVERNMENTAL	19,253,767	8,718,521				27,970,288	28,553,493
GRANTS		3,554,974				3,554,974	1,770,685
SPECIAL ASSESSMENTS			4,941,556			4,941,556	4,260,961
LICENSES	737,854					737,854	704,935
CHARGES FOR CURRENT SERVICES	7,588,803					7,588,803	6,336,520
FINES AND FORFEITURES	1,720,511					1,720,511	2,228,091
USE OF MONEY AND PROPERTY	4,015,637		549,055	1,290,687	122,526	5,977,885	7,528,183
STREETLIGHT DISTRICTS	513,846					513,846	499,529
OTHER	9,183,532	237,483		2,037,596	1,310,324	12,768,955	13,648,886
TOTAL REVENUES	78,920,988	12,508,978	23,795,899	9,554,708	1,432,850	127,213,219	118,049,281
EXPENDITURES							
CURRENT OPERATING DEPARTMENTS							
GENERAL GOVERNMENT	9,409,602					9,409,602	8,856,119
POLICE	19,876,575	77,315				19,953,890	18,399,147
FINANCIAL SERVICES	3,751,965					3,751,965	3,335,772
TRANSPORTATION		2,580,418				2,580,418	2,308,546
COMMUNITY SERVICES	14,995,747					15,465,007	14,410,886
MANAGEMENT SERVICES	5,005,942					5,005,942	4,445,653
PLANNING & COMMUNITY DEVELOPMENT	8,042,985	3,139,467				11,182,452	8,900,665
FIRE	6,595,200					6,595,200	6,193,207
MUNICIPAL SERVICES	8,131,118	6,494,532				14,625,650	11,181,964
STREETLIGHT DISTRICTS	448,557					448,557	440,809
EXPENDABLE TRUSTS					1,212,736	1,212,736	589,112
CAPITAL IMPROVEMENTS				42,792,604		42,792,604	40,985,281
DEBT SERVICE							
PRINCIPAL	797,815	1,080,000	13,874,000			15,751,815	11,018,844
INTEREST	246,785	1,426,390	11,780,346			13,453,521	15,952,495
TOTAL EXPENDITURES	73,102,291	15,267,382	25,654,346	42,792,604	1,212,736	158,029,359	144,998,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,818,698	(2,758,404)	(1,858,647)	(33,237,898)	220,114	(30,816,140)	(26,949,241)
OTHER SOURCES (USES)							
BOND PROCEEDS				21,850,000		21,850,000	20,450,000
PROCEEDS FROM CONTRACTS PAYABLE							4,525,000
OPERATING TRANSFERS IN	205,996	3,117,323	18,118	1,338,224	300,000	4,979,661	6,800,499
OPERATING TRANSFERS OUT	(4,627,825)	(455,898)		(988,118)		(6,051,939)	(7,302,838)
PROCEEDS OF REFUNDING BONDS		26,434,531	52,924,042			79,358,573	48,560,925
PAYMENT TO REFUNDED BOND ESCROW AGENT		(26,434,531)	(52,895,288)			(79,329,819)	(48,560,925)
RESERVE FUND CONTRIBUTION							(1,931,562)
TOTAL OTHER SOURCES (USES)	(4,421,829)	2,661,327	48,872	22,220,106	300,000	20,806,476	22,541,298
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	2,396,866	(97,077)	(1,811,775)	(11,017,792)	520,114	(10,009,664)	(4,407,943)
FUND BALANCES JULY 1	42,285,367	637,889	11,341,344	23,446,675	3,782,925	81,494,180	85,902,123
RESIDUAL EQUITY TRANSFER IN				1,042,831		1,042,831	1,073,879
RESIDUAL EQUITY TRANSFER OUT				(595,531)	(437,700)	(1,033,231)	(1,073,879)
FUND BALANCES JUNE 30	\$44,682,233	\$540,792	\$9,529,569	\$12,876,183	\$3,865,339	\$71,494,116	\$81,494,180

SEE NOTES TO FINANCIAL STATEMENTS

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

EXHIBIT A--3

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES												
TAXES - LOCAL	\$37,078,795	\$36,909,016	(\$169,779)	\$	\$	\$	\$19,298,816	\$19,305,088	(\$93,272)	\$56,377,611	\$55,214,104	(\$1,163,507)
TAXES - INTERGOVERNMENTAL	19,055,000	19,253,767	198,767	8,561,000	8,718,521	155,521				27,616,000	27,970,288	354,288
SPECIAL ASSESSMENTS							4,869,857	4,941,556	71,699	4,869,857	4,941,556	71,699
LICENSES	700,000	737,854	37,854				700,000	737,854		700,000	737,854	37,854
CHARGES FOR CURRENT SERVICES	7,225,000	7,586,803	361,803				7,225,000	7,586,803		7,225,000	7,586,803	361,803
FINES AND FORFEITURES	1,785,000	1,720,511	(64,489)				1,785,000	1,720,511		1,785,000	1,720,511	(64,489)
USE OF MONEY AND PROPERTY	4,029,000	4,015,637	(13,363)				879,000	529,768	(349,232)	4,909,000	4,545,405	(363,595)
OTHER	1,783,000	1,946,113	163,113				1,783,000	1,946,113		1,783,000	1,946,113	163,113
TOTAL REVENUES	71,655,795	72,169,701	513,906	8,561,000	8,718,521	155,521	25,047,673	23,776,412	(1,271,261)	105,264,468	104,682,834	(601,634)
EXPENDITURES												
CURRENT OPERATING DEPARTMENTS												
GENERAL GOVERNMENT	10,009,878	10,009,835	43							10,009,878	10,009,835	43
POLICE	20,097,211	19,922,083	175,128							20,097,211	19,922,083	175,128
FINANCIAL SERVICES	4,032,898	4,003,289	29,609							4,032,898	4,003,289	29,609
TRANSPORTATION				2,807,965	2,607,156	200,809				2,807,965	2,607,156	200,809
COMMUNITY SERVICES	15,485,221	15,403,787	81,434				15,485,221	15,403,787		15,485,221	15,403,787	81,434
MANAGEMENT SERVICES	5,221,916	5,104,417	117,499				5,221,916	5,104,417		5,221,916	5,104,417	117,499
PLANNING & COMMUNITY DEVELOPMENT	6,160,018	6,159,925	93							6,160,018	6,159,925	93
FIRE	6,664,709	6,607,198	57,511				6,664,709	6,607,198		6,664,709	6,607,198	57,511
MUNICIPAL SERVICES	5,896,416	6,280,353	(381,935)	6,743,549	6,859,055	(115,506)				12,641,967	13,139,408	(497,441)
CONTINGENCY	190,157		190,157							190,157		190,157
DEBT SERVICE												
PRINCIPAL	831,839	797,815	(165,976)	1,080,000	1,080,000		9,659,000	10,374,000	(715,000)	11,370,839	12,251,815	(880,976)
INTEREST	544,873	546,785	(1,912)	2,033,473	1,426,390	607,083	15,203,923	11,576,622	3,627,301	17,782,269	13,549,797	4,232,472
TOTAL EXPENDITURES	74,937,136	74,835,467	101,671	12,664,967	11,972,601	692,366	24,862,923	21,950,622	2,912,301	112,465,048	108,758,690	3,706,358
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,281,343)	(2,665,766)	615,577	(4,103,967)	(3,256,080)	847,907	184,750	1,825,790	1,641,040	(7,200,580)	(4,096,056)	3,104,524
OTHER SOURCES (USES)												
OPERATING TRANSFERS IN	7,443,435	7,443,435		4,103,987	3,117,323	(986,664)		18,118	18,118	11,547,422	10,578,876	(968,546)
OPERATING TRANSFERS OUT	(4,162,092)	(4,127,825)	34,267				(362,882)	(198,319)	174,563	(4,524,974)	(4,316,144)	208,830
TRANSFER TO SINKING FUND								(1,341,359)	(1,341,359)	(1,341,359)	(1,341,359)	
TOTAL OTHER SOURCES (USES)	3,281,343	3,315,610	34,267	4,103,987	3,117,323	(986,664)	(362,882)	(1,511,560)	(1,148,678)	7,022,448	4,921,373	(2,101,075)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		649,844	649,844		(138,757)	(138,757)	(178,132)	314,230	492,362	(178,132)	825,317	1,003,449
ENCUMBRANCES CANCELLED		1,883,903	1,883,903		144,753	144,753					2,028,656	2,028,656
FUND BALANCES (DEFICIT) JULY 1, 1992		(16,341,439)	(16,341,439)		(188,990)	(188,990)	178,132	4,762,947	4,584,815	178,132	(11,787,482)	(11,945,814)
FUND BALANCES (DEFICIT) JUNE 30, 1993	\$	(\$13,807,692)	(\$13,807,692)	\$	(\$182,994)	(\$182,994)	\$	\$5,077,177	\$5,077,177	\$	(\$8,913,509)	(\$8,913,509)

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE -- ALL PROPRIETARY FUND TYPES  
 AND NONEXPENDABLE TRUST FUND

EXHIBIT A-4

FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1993	JUNE 30, 1992
OPERATING REVENUES					
WATER SERVICE FEES	\$28,570,614	\$	\$	\$28,570,614	\$26,180,321
SEWER SERVICE FEES	7,681,358			7,681,358	7,454,093
PLANET RANCH	466,221			466,221	380,535
SANITATION FEES	7,832,385			7,832,385	6,344,547
AIRPORT FEES	580,273			580,273	626,447
BILLINGS TO USER PROGRAMS		8,121,865		8,121,865	8,166,519
INTEREST EARNINGS			7,785	7,785	10,641
OTHER		56,525		56,525	267,644
<b>TOTAL OPERATING REVENUES</b>	<b>45,130,851</b>	<b>8,178,390</b>	<b>7,785</b>	<b>53,317,026</b>	<b>49,430,747</b>
OPERATING EXPENSES					
WATER OPERATIONS	16,530,883			16,530,883	15,770,894
SEWER OPERATIONS	3,490,024			3,490,024	2,063,776
SANITATION OPERATIONS	6,302,202			6,302,202	5,329,204
AIRPORT OPERATIONS	674,793			674,793	606,144
MOTOR POOL OPERATIONS		3,983,740		3,983,740	3,774,173
SELF-INSURANCE ADMINISTRATION		1,002,271		1,002,271	1,015,948
SELF-INSURANCE CLAIMS		2,831,961		2,831,961	3,803,880
TRUST OPERATIONS			8,044	8,044	11,189
DEPRECIATION AND AMORTIZATION	7,284,013	1,556,187		8,840,200	8,432,098
INDIRECT COST	4,871,832			4,871,832	4,827,292
IN LIEU PROPERTY TAX	682,453			682,453	620,148
FRANCHISE FEE	1,889,150			1,889,150	1,723,250
<b>TOTAL OPERATING EXPENSES</b>	<b>41,725,350</b>	<b>9,374,159</b>	<b>8,044</b>	<b>51,107,553</b>	<b>47,977,996</b>
OPERATING INCOME (LOSS)	3,405,501	(1,195,769)	(259)	2,209,473	1,452,751

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE – ALL PROPRIETARY FUND TYPES  
 AND NONEXPENDABLE TRUST FUND

EXHIBIT A-4  
 (CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1993	JUNE 30, 1992
NON-OPERATING REVENUES (EXPENSES)					
INTEREST EARNINGS	1,846,471	290,967		2,137,438	3,055,588
INTEREST EXPENSE	(1,578,642)			(1,578,642)	(3,279,043)
NET NON-OPERATING REVENUES (EXPENSES)	267,829	290,967		558,796	(223,455)
OPERATING TRANSFERS IN	663,278	536,000		1,199,278	502,140
OPERATING TRANSFERS OUT	(127,000)			(127,000)	
NET OPERATING TRANSFERS IN	536,278	536,000		1,072,278	502,140
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	4,209,608	(368,802)	(259)	3,840,547	1,731,436
EXTRAORDINARY ITEM LOSS ON BOND REFUNDING					(780,000)
NET INCOME (LOSS)	4,209,608	(368,802)	(259)	3,840,547	951,436
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL	3,378,485			3,378,485	3,106,479
INCREASE (DECREASE) IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE	7,588,093	(368,802)	(259)	7,219,032	4,057,915
RETAINED EARNINGS (ACCUMULATED DEFICIT)/ FUND BALANCE JULY 1	70,576,575	(848,664)	184,917	69,912,828	65,854,913
RETAINED EARNINGS (ACCUMULATED DEFICIT)/ FUND BALANCE JUNE 30	\$78,164,668	(\$1,217,466)	\$184,658	\$77,131,860	\$69,912,828

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPES  
AND NONEXPENDABLE TRUST FUND

EXHIBIT A-5

FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1993	JUNE 30, 1992
CASH FLOWS FROM OPERATING ACTIVITIES:					
OPERATING INCOME (LOSS)	\$3,405,501	(\$1,195,769)	(\$259)	\$2,209,473	\$1,452,751
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
DEPRECIATION	7,203,152	1,556,187		8,759,339	8,351,237
AMORTIZATION	80,861			80,861	80,861
CHANGES IN ASSETS AND LIABILITIES (SOURCES (USES) OF CASH):					
ACCRUED INTEREST RECEIVABLE					1,549
ACCOUNTS RECEIVABLE	(437,230)			(437,230)	(79,850)
MISCELLANEOUS RECEIVABLES	(73,578)	(18,833)		(92,411)	(376,697)
SUPPLIES INVENTORY		(11,298)		(11,298)	(12,470)
ACCOUNTS PAYABLE	(1,221,890)	(7,141)		(1,229,031)	2,384,538
ACCRUED PAYROLL	97,228	25,494		122,722	144,259
DUE TO GENERAL FUND	(337,296)			(337,296)	492,963
CLAIMS PAYABLE – REPORTED		(1,554,948)		(1,554,948)	2,115,795
CLAIMS PAYABLE – UNREPORTED		2,239,300		2,239,300	353,142
DEFERRED REVENUE	(132,243)			(132,243)	402,151
OTHER LIABILITIES	(1,717,517)			(1,717,517)	1,173,404
DUE FROM CAPITAL PROJECTS FUNDS	(5,921,621)			(5,921,621)	(6,158,941)
TOTAL ADJUSTMENTS	(2,460,134)	2,228,761		(231,373)	8,871,941
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	945,367	1,032,992	(259)	1,978,100	10,324,692

SEE NOTES TO FINANCIAL STATEMENTS



COMBINED STATEMENT OF CASH FLOWS.— PROPRIETARY FUND TYPES  
AND NONEXPENDABLE TRUST FUND

EXHIBIT A-5  
(CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1993	JUNE 30, 1992
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
NET OPERATING TRANSFERS IN	536,278	536,000		1,072,278	502,140
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
ACQUISITION AND CONSTRUCTION OF PROPERTY AND EQUIPMENT	(15,894,815)	(2,407,666)		(18,302,481)	(15,761,222)
PRINCIPAL PAYMENTS ON LONG-TERM DEBT	(2,187,936)			(2,187,936)	(2,111,739)
INTEREST PAID ON LONG-TERM DEBT	(2,217,393)			(2,217,393)	(3,359,994)
CAPITAL CONTRIBUTION FROM OTHER GOVERNMENT UNITS	687,120	10,255		697,375	822,377
WATER AND SEWER DEVELOPMENT FEES	10,040,502			10,040,502	6,050,204
CAPITAL CONTRIBUTIONS FROM DEVELOPERS	3,375,479			3,375,479	5,474,112
PROCEEDS FROM SALE OF BONDS	37,791,373			37,791,373	8,505,000
PRINCIPAL DELETION OF REFUNDED DEBT	(32,791,373)			(32,791,373)	(7,725,000)
LOSS ON BOND REFUNDING					(780,000)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,197,043)	(2,397,411)		(3,594,454)	(8,886,262)
CASH FLOWS FROM INVESTING ACTIVITIES:					
INTEREST RECEIVED ON INVESTMENTS	2,068,033	326,362		2,394,395	2,974,002
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,352,635	(502,057)	(259)	1,850,319	4,914,572
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					
	44,377,993	6,534,950	184,917	51,097,860	46,183,288
CASH AND CASH EQUIVALENTS AT END OF YEAR					
	\$46,730,628	\$6,032,893	\$184,658	\$52,948,179	\$51,097,860

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS -- PROPRIETARY FUND TYPES  
AND NONEXPENDABLE TRUST FUND

EXHIBIT A-5  
(CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	JUNE 30, 1993	JUNE 30, 1992
CASH AND CASH EQUIVALENTS AT END OF YEAR INCLUDES:					
CASH AND SHORT-TERM INVESTMENTS	\$7,156,283				
CASH WITH FISCAL AGENTS	3,511,786				
RESTRICTED CASH AND INVESTMENTS	36,072,348				
LESS NOTE RECEIVABLE	<u>(9,789)</u>				
TOTAL CASH AND CASH EQUIVALENTS	<u>\$46,730,628</u>				
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:					
ADDITIONS TO PROPERTY, PLANT, AND EQUIPMENT					
CONTRIBUTIONS FROM DEVELOPERS	\$8,280,115			\$8,280,115	\$3,294,474
CONTRIBUTIONS FROM OTHER GOVERNMENT UNITS	595,400			595,400	
CONTRIBUTIONS TO OTHER GOVERNMENT UNITS	<u>(605,000)</u>			<u>(605,000)</u>	<u>1,118,758</u>
	<u>\$8,270,515</u>			<u>\$8,270,515</u>	<u>\$4,413,232</u>

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -

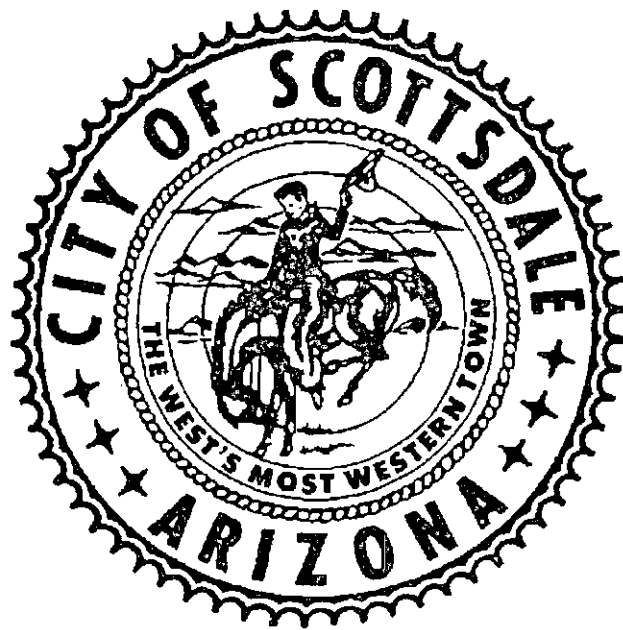
EXHIBIT A-6

BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES									
WATER SERVICE FEES	\$28,058,000	\$28,820,615	\$762,615	\$	\$	\$	\$28,058,000	\$28,820,615	\$762,615
WATER RESOURCE FEES	3,900,000	4,250,911	350,911				3,900,000	4,250,911	350,911
SEWER SERVICE FEES	8,000,000	7,681,358	(318,642)				8,000,000	7,681,358	(318,642)
PLANET RANCH	425,000	466,221	41,221				425,000	466,221	41,221
SANITATION FEES	7,831,000	7,832,385	1,385				7,831,000	7,832,385	1,385
AIRPORT FEES	700,000	580,273	(119,727)				700,000	580,273	(119,727)
BILLINGS TO USER PROGRAMS				8,015,000	8,121,865	106,865	8,015,000	8,121,865	106,865
CONTRIBUTIONS FROM MUNICIPALITY				536,000	536,000		536,000	536,000	
INTEREST EARNINGS	600,000	847,067	247,067	285,000	290,967	5,967	885,000	1,138,034	253,034
OPERATING TRANSFERS IN	273,956	413,278	139,322				273,956	413,278	139,322
OTHER					56,525	56,525		56,525	56,525
TOTAL REVENUES	49,787,956	50,892,108	1,104,152	8,836,000	9,005,357	169,357	58,623,956	59,897,465	1,273,509
EXPENDITURES									
WATER OPERATIONS	17,674,305	16,804,412	869,893				17,674,305	16,804,412	869,893
SEWER OPERATIONS	3,587,543	3,486,751	100,792				3,587,543	3,486,751	100,792
SANITATION OPERATIONS	6,776,691	6,317,105	459,586				6,776,691	6,317,105	459,586
AIRPORT OPERATIONS	694,581	697,214	(2,633)				694,581	697,214	(2,633)
MOTOR POOL OPERATIONS				7,659,906	7,146,482	513,424	7,659,906	7,146,482	513,424
SELF-INSURANCE OPERATIONS				3,128,208	3,171,104	(42,896)	3,128,208	3,171,104	(42,896)
DEBT SERVICE AND RESERVES	7,495,855	6,444,093	1,051,762				7,495,855	6,444,093	1,051,762
OPERATING TRANSFERS OUT	127,000	127,000					127,000	127,000	
INDIRECT COSTS	7,443,435	7,443,435					7,443,435	7,443,435	
TOTAL EXPENDITURES	43,799,410	41,320,010	2,479,400	10,788,114	10,317,586	470,528	54,587,524	51,637,596	2,949,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$5,988,546	\$9,572,098	\$3,583,552	(\$1,952,114)	(\$1,312,229)	\$639,885	\$4,036,432	\$8,259,869	\$4,223,437

SEE NOTES TO FINANCIAL STATEMENTS



**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

**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 Codification of Governmental Accounting and Financial Reporting Standards 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, sanitation, and airport.

The accompanying financial statements also include the activities and functions of the City of Scottsdale Municipal Property Corporation since the City has 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 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 the Authority's 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 and has no financial interdependency such as responsibility for financing deficits, entitlements to surpluses, or guarantees of or "moral responsibilities" for debt. The City does not significantly influence operations and does not have accountability for the Cultural Council's fiscal matters (see Note 16).

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****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.

**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.

**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 cash flows.

**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 (Cont'd)**

**B. FUND ACCOUNTING (Cont'd)**

**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 the City's deferred compensation plan (see Note 9).

**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. A Non-Expendable Trust Fund is used to account for assets held by the City in which the principal cannot be depleted. The measurement focus is on determination of net income, financial position, and cash flows.

**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** - The 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 which is accounted for in the proprietary funds.

**C. BASIS OF ACCOUNTING**

The modified accrual basis of accounting is followed by the City's governmental and fiduciary fund types (except for the non-expendable trust fund). 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 related fund 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 of 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 and non-expendable trust fund are accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****D. BUDGET AND BUDGETARY ACCOUNTING**

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

- All funds have legally adopted annual budgets except for the Community Development, Grants, and Section 8 Funds (included as Special Revenue Funds), Capital Projects Funds, Trust and Agency Funds, and the Public Housing Fund (included as an Enterprise Fund).
- The budgetary process encompasses both the appropriated budget and the legally authorized non-appropriated budget. The General, Highway User Fuel Tax Fund (a Special Revenue Fund), Debt Service, Enterprise, and Internal Service Funds have appropriated budgets. The Capital Projects and Trust and Agency Funds have non-appropriated budgets. The Community Development and Grants Funds have non-appropriated budgets within the applicable fund.
- 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.
- Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- 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 1992-93, there were no supplemental budgetary appropriations to the original budget.
- 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.
- 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.
- 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.
- Initial year budget information may be amended during the year in a legally permissible manner.
- 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.

Budgets for the Community Development, Grants, and Section 8 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 for these funds.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**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, 1993, aggregated approximately \$7,375,000.

**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. 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. Supplies inventory is included on the balance sheet of the General Fund and the Motor Pool Fund (an Internal Service Fund). Inventories are valued at year-end based on cost, 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 are capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded in general fixed assets at estimated fair market value on the date of receipt.

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

No depreciation has been provided on general fixed assets.

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

**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
Machinery and Equipment	20 Years
Motor Vehicles	3 to 10 Years
Furniture, Fixtures, and Office Equipment	5 to 10 Years

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**I. PROPERTY, PLANT, AND EQUIPMENT - PROPRIETARY FUND TYPES (Cont'd)**

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, 1993, are as follows:

General Fixed Assets:	
Streets and Storm Drains	\$648,730,163
Land	13,686,000
Traffic Signal Equipment	606,000
Water and Sewer Utility Fund Assets:	
Water System and Sewer System	113,340,115

**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 except for indirect cost allocations, which are recorded as revenue and expenses in the appropriate funds.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**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:

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

**N. COMPENSATED ABSENCES**

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

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

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

**O. SELF-INSURANCE FUND**

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 of loss for any single loss occurrence. For fiscal year 1993, the Self-Insurance Fund was responsible for the first \$300,000 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.

**P. INCURRED-BUT-NOT-REPORTED (IBNR) CLAIMS/LOSSES**

IBNR claims are included in the Self-Insurance Internal Service Fund. IBNR claim amounts are actuarially determined.

**Q. CASH EQUIVALENTS**

Cash equivalents for purposes of the statement of cash flows are investments (including restricted assets) in the State of Arizona investment pool, mutual funds, demand deposits, repurchase agreements, and U.S. Treasury bills and notes with maturities of three months or less at acquisition date.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**R. "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 cash flows 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.

**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. Indirect administrative cost allocations (including in lieu property tax and franchise fees) to the enterprise funds are not recognized in the budgetary process but are accounted for as expenses, expenditure credits, or revenue (GAAP).
3. Debt sinking fund principal transactions are not recognized in the budgetary process but are accounted for as expenditures (GAAP).
4. Certain expenditures, revenues, and transfers not recognized in the budgetary year are accrued (GAAP).
5. Capital items in the Enterprise and Internal Service Funds are recognized as expenses (budget).
6. Non-budgeted activities are recognized as expenditures/expenses (GAAP).
7. Debt service principal in the Enterprise Funds is recognized as an expense for budget purposes.

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Cont'd)**

Adjustments necessary to convert the fund balances (deficits) and the excess (deficiency) of revenue and other sources over expenditures and other uses at and for the year ended June 30, 1993, on a GAAP basis to budget basis are as follows:

	<b>Fund Balances (Deficit) at June 30, 1993</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>GAAP Basis</b>	\$44,682,233	\$540,792	\$9,529,569
<b>Basis Differences</b>			
Reserved encumbrances at June 30, 1993, recognized as expenditures for budget purposes.	(1,723,377)	(417,621)	
Compensated absences at June 30, 1993, not recognized as an expenditure for budget purposes.	542,324	46,398	
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)
<b>Timing Differences</b>			
Reduction in fund balance from sinking fund not recognized for budget purposes.			2,158,641
<b>Perspective Differences</b>			
Indirect costs allocated to proprietary funds are not recognized as a reduction of expenditures for budget purposes.	(26,050,721)	(229,392)	
In lieu property tax from proprietary funds not recognized as revenue for budget purposes.	(1,914,825)		
Franchise fee from proprietary funds not recognized as revenue for budget purposes.	(4,765,100)		
<b>Entity Differences</b>			
Fund balance for non-budgeted activity, streetlights, and MPC.	(684,313)		(5,351,553)
Fund balance for funds for which no annual budgets are prepared.		(123,171)	
<b>Budget Basis</b>	<b>(\$13,807,692)</b>	<b>(\$182,994)</b>	<b>\$ 5,077,177</b>

## NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Cont'd)

	Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses		
	General	Special Revenue	Debt Service
<b>GAAP Basis</b>	\$2,396,866	(\$97,077)	(\$1,811,775)
<b>Basis Differences</b>			
Reserved encumbrances at June 30, 1993, recognized as expenditures for budget purposes.	(1,723,377)	(417,621)	
Compensated absences are not recognized as an expenditure for budget purposes.	41,644	5,996	
Gain on sale of investments not recognized as revenue for budget purposes.			(19,287)
Reduction in sinking fund for retirement of debt.			3,688,319
Transfers out not budgeted.			(1,529,678)
<b>Perspective Differences</b>			
Excess of revenues and expenditures on GAAP basis due to recognition of trust revenues and expenditures not recognized on a budget basis.			15,405
<b>Entity Differences</b>			
Excess of revenue and other sources over expenditures for non-budgeted streetlights.	(65,289)		
Net proceeds from refunded bond escrow agent not recognized for budget purposes.			(28,754)
Deficiency of revenue and other sources under expenditures and other uses of funds for which no annual budgets are prepared.		369,945	
<b>Budget Basis</b>	\$ 649,844	(\$138,757)	\$ 314,230

**NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Cont'd)**

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

	<b>Enterprise</b>	<b>Internal Service</b>
<b>GAAP Basis Net Income (Loss)</b>	\$ 4,209,608	(\$ 368,802)
<b>Basis Differences</b>		
Encumbrances at June 30, 1993, recognized as expense for budget purposes.	(936,652)	(788,483)
Net increase in compensated absences not recognized as expense for budget purposes.	51,542	16,575
Net increase in claims payable not recognized for budget purposes.		684,352
<b>Perspective Differences</b>		
Capital outlay recognized as expense for budget purposes.	(63,536)	(2,412,059)
Depreciation and amortization not recognized as expense for budget purposes.	7,284,013	1,556,188
Debt service principal payments and capitalized interest recognized as expense for budget purposes.	(3,913,702)	
Retained earnings reservation change recognized as expense for budget purposes.	(951,739)	
Contribution recognized as revenue for budget purposes.	4,250,911	
Interest earnings bond funds not recognized as income for budget purposes.	(999,403)	
Deficiency of revenue and other sources over expenses and other uses for non-budgeted bond activity.	641,056	
<b>Budget Basis Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 9,572,098</b>	<b>(\$1,312,229)</b>

**NOTE 3 - CASH AND INVESTMENTS**

The City maintains a cash and investment pool for use by all funds except the Municipal Property Corporation Debt Service Fund, which has investments held separately by a trustee, and the Agency Fund.

**Deposits**

At June 30, 1993, the book value of the City's deposits were (\$17,158,572), and the bank balance was \$827,329. The \$17,985,901 difference represents outstanding checks and other reconciling items. The positive cash balances are covered entirely through a combination of federal depository insurance funds and securities held by the pledging bank's trust department in the City's name.

Cash with fiscal agent at June 30, 1993, of \$18,900,122 is covered entirely through a combination of federal depository insurance funds and securities held by the pledging bank's trust department in the City's name.

**Investments**

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government Agencies, Certificates of Deposit, bankers' acceptances, commercial paper (A-1, P-1), repurchase agreements, mutual funds consisting of the foregoing, and the State of Arizona Local Government Investment Pool. At June 30, 1993, 100% of the funds invested in mutual funds are in funds whose portfolios consist solely of U.S. Government Treasury and Agency securities.

The City's investments at June 30, 1993, are summarized below. Category 1 includes investments that are registered in the name of the City and held by the City's agent 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	\$4,996,625	\$ 128,839	\$5,125,464	\$5,132,339
Government Agency Securities	1,256,170	3,058,794	4,314,964	4,276,680
City of Scottsdale Improvement District Bonds	35,000		35,000	35,000
	\$6,287,795	\$3,187,633	9,475,428	9,444,019
State of Arizona Local Government Investment Pool (Short-Term Investments)			77,068,030	77,068,030
Mutual Funds			70,612,134	70,595,825
Investment in ICMA Plan			6,093,985	6,093,985
<b>Total Investments</b>			<b>\$163,249,577</b>	<b>\$163,201,859</b>



## NOTE 3 - CASH AND INVESTMENTS (Cont'd)

## Reconciliation of Note 3 to Exhibit A-1

Note 3		Exhibit A-1	
Total Cash/Deposits	(\$ 17,158,572)	Cash and Short-Term Investments	
Total Investments	163,249,577	General	\$41,354,937
		Special Revenue	65,446
Total	<u>\$146,091,005</u>	Debt Service	6,949,054
		Capital Projects	27,718,369
		Enterprise	7,156,283
		Internal Service	6,032,893
		Trust and Agency	5,310,890
		Investments	
		General	6,287,795
		Debt Service	3,058,794
		Trust and Agency	6,093,985
		Restricted Cash and Investments	
		Enterprise	36,062,559 *
		Total	<u>\$146,091,005</u>

\* This amount is shown in A-1 as \$36,072,348, which is \$9,789 higher due to a restricted receivable in the Public Housing Fund.

## 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, 1993, are not available for 1992/93; accordingly, such taxes will not be recognized as revenue until 1993/94. 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. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. 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:

	Balance June 30, 1992	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 1993
Land	\$ 43,590,570	\$	\$	\$ 43,590,570
Buildings and Improvements	129,024,478	12,894,190		141,918,668
Streets and Storm Drains	730,516,514	69,739,839		800,256,353
Machinery and Equipment	22,604,056	1,377,922	(21,176)	23,960,802
Construction in Progress	37,631,747	42,955,914	(33,813,442)	46,774,219
<b>Total</b>	<b>\$963,367,365</b>	<b>\$126,967,865</b>	<b>\$(33,834,618)</b>	<b>\$1,056,500,612</b>

General fixed asset construction in progress commitments at June 30, 1993, are composed of the following:

	Construction In Progress	Commitments	Budget
Streets	\$18,090,367	\$25,697,175	\$ 43,787,542
Traffic	541,404	3,059,321	3,600,724
Improvement Districts	5,032,043	374,180	5,406,223
Drainage/Flood Control	4,862,239	9,249,179	14,111,418
Parks/Recreation	2,563,902	3,673,727	6,237,630
Specialty Areas	9,538,474	7,101,147	16,639,621
Service Facilities	1,697,096	5,665,544	7,362,640
Public Safety	2,390,872	3,105,128	5,496,000
Libraries	2,032,488	10,478,812	12,511,300
Transit	25,334	100,298	125,632
<b>Total</b>	<b>\$46,774,219</b>	<b>\$68,504,511</b>	<b>\$115,278,730</b>

**NOTE 5 - FIXED ASSETS (Cont'd)**

A summary of proprietary fund types fixed assets at June 30, 1993, follows:

	<u>Enterprise</u>	<u>Internal Service</u>
Land and Land Improvements	\$ 16,572,899	\$
Water Rights	20,289,136	
Water System	154,010,925	
Sewer System	91,458,698	
Buildings and Improvements	1,607,600	1,425,580
Motor Vehicles		14,910,373
Furniture and Fixtures	470,084	57,823
Machinery and Equipment	1,254,779	1,018,316
Construction in Progress	20,801,161	696,268
	<hr/>	<hr/>
Accumulated Depreciation	306,465,282 (58,727,391)	18,108,360 (9,995,350)
	<hr/>	<hr/>
	<u>\$247,737,891</u>	<u>\$ 8,113,010</u>

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1993, are composed of the following:

	<u>Construction In Progress</u>	<u>Commitments</u>	<u>Budget</u>
<b>Enterprise</b>			
Water System Projects	\$17,752,990	\$19,088,225	\$36,841,215
Sewer System Projects	2,594,601	16,755,578	19,350,179
Airport Projects	453,570	1,754,921	2,208,491
	<hr/>	<hr/>	<hr/>
	\$20,801,161	\$37,598,724	\$58,399,885
<b>Internal Service</b>			
Motor Vehicle Projects	\$ 696,268	\$ 602,461	\$ 1,298,729
	<hr/>	<hr/>	<hr/>

**NOTE 6- LONG-TERM DEBT**

The following are brief descriptions of the City's bonds outstanding at June 30, 1993, net of the current portion, due July 1, 1993.

**General Obligation Bonds**

<p>\$1,400,000 1968 Civic Center Improvement Serial Bonds due in annual installments of \$200,000 to \$250,000 through July 1, 1996; interest at 4.7%.</p>	<p>\$ 725,000</p>
<p>\$38,000,000 1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$800,000 to \$1,315,000 through July 1, 1998; interest at 6.3% to 8.3%. \$29,075,000 of these bonds were refunded on April 1, 1993.</p>	<p>5,625,000*</p>
<p>\$28,785,000 1989 Capital Improvement Project Serial Bonds (Series A issued 1990) due in annual installments of \$615,000 to \$1,470,000 beginning July 1, 1996 through July 1, 2003; interest at 6.7% to 8.5%. \$15,940,000 of these bonds were refunded on April 1, 1993.</p>	<p>12,845,000</p>
<p>\$19,000,000 1989 Capital Improvement Project Serial Bonds (Series B issued 1991) due in annual installments of \$685,000 to \$1,850,000 beginning July 1, 1996, through July 1, 2011; interest at 6.0% to 8.5%.</p>	<p>19,000,000</p>
<p>\$25,055,000 1992 General Obligation Bonds consisting of \$19,000,000 1989 Capital Improvement Project Serial Bonds (Series C) and \$6,055,000 Refunding Bonds due in annual installments of \$792,027 to \$2,125,000 through July 1, 2012; interest at 3.4% to 7.75%.</p>	<p>23,175,000</p>
<p>\$8,830,000 1991 Refunding Bonds due in annual installments of \$505,000 to \$980,000 through July 1, 2005; interest at 5.7% to 7.5%.</p>	<p>8,615,000</p>
<p>\$45,015,000 1993 Refunding Bonds due in annual installments of \$540,000 to \$8,150,000 beginning July 1, 1994 through July 1, 2009; interest at 2.75% to 5.5%.</p>	<p>45,015,000**</p>
	<hr/> <p>\$115,000,000</p> <hr/>

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

\*\* \$29,075,000 of these bonds are serviced by and recorded in the Water Enterprise Fund.

**NOTE 6 - LONG-TERM DEBT (Cont'd)**

**HURF Revenue Bonds**

\$9,800,000 1983 Highway User Fund Tax Revenue Serial Bonds (Series C issued 1987) due in annual installments of \$65,000 to \$70,000 through July 1, 1995; interest at 9.1%. \$9,365,000 of these bonds were refunded on April 1, 1993. \$ 135,000

\$15,900,000 1989 Highway User Fund Tax Revenue Refunding Serial Bonds due in annual installments of \$165,000 to \$1,380,000 through July 1, 1997; interest at 6.3% to 7.0%. \$12,400,000 of these bonds were refunded on April 1, 1993. 3,125,000

\$26,690,000 1993 Highway User Fund Tax Revenue Refunding Serial Bonds due in annual installments of \$405,000 to \$2,990,000 beginning July 1, 1994, through July 1, 2007; interest at 3.0% to 5.5%. 26,690,000

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\$ 29,950,000

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**Municipal Property Corporation Bonds**

\$7,130,000 1974 Municipal Property Corporation Bonds due in annual installments of \$540,000 to \$1,420,000 through July 1, 1996; interest at 5.5%. \$ 2,530,000

\$13,000,000 1984 Municipal Property Corporation Recreation Facilities Bonds due in annual installments of \$535,000 to \$1,420,000 through July 1, 2004; interest at 9.6% to 10.4%. 9,990,000

\$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 \$1,115,000 to \$2,250,000 through July 1, 1997; interest at 6.3% to 6.9%. \$25,375,000 of these bonds were refunded April 1, 1993. 7,320,000

\$47,095,000 1992 Refunding Series Municipal Property Corporation Certificates of Participation due in semi-annual installments of \$55,000 to \$1,865,000 through November 1, 2014; interest at 3.75% to 6.25%. 45,465,000

\$29,475,000 1993 Municipal Property Corporation Refunding Bonds due in annual installments of \$375,000 to \$4,170,000 beginning July 1, 1995, through July 1, 2005; interest at 3.5% to 5.375%. 29,475,000

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\$ 97,880,000

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**NOTE 6 - LONG-TERM DEBT (Cont'd)**

**Special Assessment Bonds**

\$35,028,883 Special Assessment Bonds issued August 7, 1975, through September 30, 1992, maturing January 1, 1994, through January 1, 2003; due in annual installments of \$17,000 to \$1,065,000; interest at 3.8% to 9.5%.

\$ 21,959,000

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**Utility Revenue Bonds**

\$3,910,000 1973 Utility Revenue Refunding Issue Serial Bonds due in annual installments of \$285,000 to \$310,000 through July 1, 1995; interest at 4.5% to 5.1%.

\$ 595,000

\$8,505,000 1992 Utility Refunding Serial Bonds due in annual installments of \$725,000 to \$1,595,000 beginning July 1, 1994, through July 1, 2000; interest at 4.25% to 5.7%.

8,505,000

\$7,500,000 1989 Utility Revenue Serial Bonds (Series A issued 1990) due in annual installments of \$250,000 to \$680,000 through July 1, 2009; interest at 6.0% to 8.5%.

6,835,000

\$5,000,000 1989 Utility Revenue Serial Bonds (Series B issued 1992) due in annual installments of \$140,000 to \$410,000 through July 1, 2012; interest at 5.0% to 7.5%.

4,740,000

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\$ 20,675,000

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**Statutory Debt Limitation**

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, and open space purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6% of a City's net secondary assessed valuation. The following is a summary of legal borrowing capacity at June 30, 1993:

<u>Water, Sewer, Light, and Parks and Open Space Purposes Bonds</u>		<u>All Other General Obligation Bonds</u>	
20% Constitutional Limit	\$275,777,753	6% Constitutional Limit	\$82,733,326
Net Such General Obligation Bonds Outstanding	(69,605,400)	Net Such General Obligation Bonds Outstanding	(45,394,600)
Available 20% Limitation Borrowing Capacity	<u>\$206,172,353</u>	Available 6% Limitation Borrowing Capacity	<u>\$37,338,726</u>

On June 30, 1993, the City had authorized but unissued bonds approved by the voters: General Obligation - \$142,279,500; Revenue - \$78,340,000.

**NOTE 6 - LONG-TERM DEBT (Cont'd)**

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.

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 \$9,420,964 at June 30, 1993.

**Contracts Payable**

Contracts payable, including capital lease agreements, at June 30, 1993, were as follows:

	General Fund	Water and Sewer Utility Fund	Total
<b>Purchase Contracts</b>			
Contract payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2039; interest at 5.1%.	\$3,780,588	\$	\$3,780,588
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.		258,525	258,525
Contract payable for the construction of the West Couplet; due in annual installments through January, 2002; non-interest bearing.	3,726,471		3,726,471
Contract payable for the construction of the East Couplet; due in annual installments through November, 1997; non-interest bearing.	420,000		420,000
<b>Subtotal Purchase Contracts</b>	<b>7,927,059</b>	<b>258,525</b>	<b>8,185,584</b>
<b>Capital Lease Agreements</b>			
Lease-purchase agreement for acquisition of a ladder truck; due in annual installments through September, 1993; interest at 7.34%.	85,636		85,636
<b>Subtotal Capital Lease Agreements</b>	<b>85,636</b>		<b>85,636</b>
<b>Subtotal Contracts Payable</b>	<b>8,012,695</b>	<b>258,525</b>	<b>8,271,220</b>
<b>Less Current Portion</b>		<b>258,525</b>	<b>258,525</b>
<b>Long-Term Portion of Contracts Payable</b>	<b>\$8,012,695</b>	<b>\$</b>	<b>\$8,012,695</b>

**NOTE 6 - LONG-TERM DEBT (Cont'd)**

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

The following is a schedule of the future minimum lease payments under the preceding capital lease agreement for the acquisition of a ladder truck.

<u>Fiscal Year Ending June 30</u>	
1994	\$87,106
Less: Amount Representing Interest	(4,709)
Present Value of Net Minimum Lease Payments at June 30, 1993	<u>\$82,397</u>

**Changes in General Long-Term Debt**

The following changes occurred in the General Long-Term Debt Account Group during the fiscal year. All amounts exclude general obligation bonds paid out of the Water Enterprise Fund, which at June 30, 1993, consisted of \$5,625,000 1986 General Obligation Water System Improvement Bonds, and \$29,075,000 1993 General Obligation Refunding Bonds.

	<u>General Obligation Bonds</u>	<u>HURF Revenue Bonds</u>	<u>Municipal Property Corp Bonds</u>	<u>Special Assessment Bonds</u>	<u>Contracts Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance June 30, 1992	\$67,290,000	\$27,960,000	\$98,220,000	\$22,498,000	\$8,810,844	\$ 2,019,624	\$226,798,468
Increase in Compensated Absences Liability						437,268	437,268
Debt Incurred	40,995,000	26,690,000	29,475,000	2,850,000			100,010,000
Debt Retired			(1,630,000)	(2,869,000)	(798,149)		(5,297,149)
Debt Refunded	(21,940,000)	(23,620,000)	(25,375,000)				(70,935,000)
Debt To Be Retired July 1, 1993	(6,045,000)	(1,080,000)	(2,810,000)	(520,000)			(10,455,000)
Balance June 30, 1993	<u>\$80,300,000</u>	<u>\$29,950,000</u>	<u>\$97,880,000</u>	<u>\$21,959,000</u>	<u>\$8,012,695</u>	<u>\$2,456,892</u>	<u>\$240,558,587</u>



**NOTE 6 - LONG-TERM DEBT (Cont'd)**

The following table summarizes all changes in long-term bonds paid out of the Water Enterprise Fund during the fiscal year ended June 30, 1993.

	General Obligation	Utility Revenue	Total
Long-Term Bonds Payable at June 30, 1992	\$35,500,000	\$17,095,000	\$52,595,000
New Debt Issued		5,000,000	5,000,000
Refunding Debt Issued	29,075,000		29,075,000
Debt Refunded (Defeased)	(29,075,000)		(29,075,000)
Subtotal - Bonds Payable at June 30, 1993	35,500,000	22,095,000	57,595,000
Debt to be Retired July 1, 1993	(800,000)	(1,420,000)	(2,220,000)
Long-Term Bonds Payable at June 30, 1993	<u>\$34,700,000</u>	<u>\$20,675,000</u>	<u>\$55,375,000</u>

**Debt Service Requirements to Maturity**

The following is a summary of debt service requirements to maturity for all bonds and contracts payable as of June 30, 1993. The interest portion of the total is \$166,990,791.

Fiscal Year Ending	General Obligation Bonds	HURF Revenue Bonds	Municipal Property Corp Bonds	Special Assessment Bonds	Contracts Payable	Utility Revenue Bonds	Total
1994	\$10,890,921	\$ 2,612,830	\$ 10,215,061	\$ 5,174,744	\$ 1,082,897	\$2,670,485	\$32,646,938
1995	11,189,426	3,105,515	10,591,385	4,868,885	736,161	2,877,113	33,368,485
1996	11,063,906	3,107,270	10,467,276	3,780,189	736,160	2,872,538	32,027,339
1997	11,100,228	3,103,210	10,573,648	3,447,099	736,161	2,863,863	31,824,209
1998	11,092,588	3,098,538	10,587,075	2,724,882	632,785	2,867,343	31,003,211
1999	11,065,636	3,103,488	10,587,886	2,285,834	631,160	2,861,723	30,535,727
2000	11,830,651	3,101,913	10,595,008	2,095,117	631,160	2,033,988	30,287,837
2001	12,722,626	3,103,588	10,620,520	1,971,642	631,160	1,120,603	30,170,139
2002	12,743,569	3,102,800	9,870,346	685,871	757,045	1,118,528	28,278,159
2003	12,795,620	3,109,050	9,891,354	380,653	231,160	1,118,468	27,526,305
2004	12,860,908	3,106,306	9,896,138		231,160	1,120,178	27,214,690
2005	12,918,438	3,119,269	8,336,938		231,160	1,123,307	25,729,112
2006-2032	49,109,921	6,295,744	33,278,652		5,626,289	5,803,254	100,113,860
	<u>\$191,384,438</u>	<u>\$43,069,521</u>	<u>\$155,511,287</u>	<u>\$27,414,916</u>	<u>\$12,894,458</u>	<u>\$30,451,391</u>	<u>\$460,726,011</u>

**NOTE 6 - LONG-TERM DEBT (Cont'd)****Advance Refundings**

On December 14, 1992, the City issued \$6,055,000 General Obligation Refunding Bonds with average interest rates of 3.602%. The entire proceeds of \$6,303,359 (net of \$25,000 in underwriting fees and other issuance costs) were used to pay off \$6,000,000 of 1983 General Obligation Capital Improvement Bonds, Series A issued 1984, on January 1, 1993. This refunding/payoff transaction will result in a decrease in debt service payments of \$307,267 and an economic gain (present value savings) of \$301,148 in general long-term debt over the life of the 1992 Refunding Bonds.

On April 1, 1993, the City issued \$45,015,000 General Obligation Refunding Bonds, \$26,690,000 Highway User Fund Tax Revenue Refunding Bonds, and \$29,475,000 Municipal Property Corporation Refunding Bonds with average interest rates of 3.734%, 5.133%, and 5.024%, respectively. The entire proceeds of \$50,772,230, \$26,602,349, and \$29,345,779 (net of \$423,964, \$237,818, and \$272,383 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities which were deposited in individual irrevocable trusts with an escrow agent to provide for the future debt service payments on these bonds. As a result, \$45,015,000, \$23,620,000, and \$25,375,000, respectively, in bonded debt is considered to be defeased. The refunding transactions will result in a decrease in debt service payments of \$1,632,302, \$1,142,329, and \$1,314,861, respectively, and will result in an economic gain (present value savings) of \$3,063,868 in general long-term debt, and \$1,078,364 in long-term debt of the Water Enterprise Fund over the life of the 1993 Refunding Bonds.

In prior years, the City refinanced other 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 all of these trust accounts and the liability for refunded (defeased) bonds are not reflected in the financial statements of the City. Refunded debt outstanding at June 30, 1993, is as follows:

Refunded in Year Ended June 30, 1993		Refunded in Prior Years	
1986 Water System Acquisition	\$ 29,075,000	1964 Sewer Revenue	\$ 850,000
1989 General Obligation	15,940,000	1966 Sewer Revenue	450,000
1987 Certificates of Participation	25,375,000	1971 Water Revenue	420,000
1983 HURF Revenue, Series A	525,000	1984 Certificates of Participation	31,112,239
1983 HURF Revenue, Series B	1,330,000	1984 Municipal Facilities	13,665,000
1983 HURF Revenue, Series C	9,365,000	1985 Municipal Facilities	16,735,000
1989 HURF Revenue	12,400,000	1984 HURF Revenue	7,000,000
	<hr/>	1985 HURF Revenue	6,270,000
	\$ 94,010,000	1985 General Obligation	7,760,000
	<hr/>	1986 Certificates of Participation	43,475,000
		1983 Utility Revenue	7,725,000
			<hr/>
			\$135,462,239
			<hr/>

**NOTE 7 - SPECIAL ASSESSMENTS DEBT SERVICE 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, 1993, 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 8 - RETIREMENT AND PENSION PLANS**

All full-time employees of the City are covered by one of three pension plans. All full-time City employees, except public safety personnel, participate in the Arizona State Retirement System, a multiple-employer cost sharing pension plan. All public safety personnel participate in the Public Safety Personnel Retirement System, which is an agent multiple-employer pension plan. The Mayor and Council participate in the Elected Officials' Retirement Plan, a multiple-employer cost sharing pension plan. All three pension plans are administered by the State of Arizona.

**ARIZONA STATE RETIREMENT SYSTEM****Plan Description**

All the City's full-time employees participate in the Arizona State Retirement System (System), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1993, was \$34,616,826; the City's total payroll was \$46,931,810.

The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of the Arizona Revised Statutes.

At June 30, 1992 and 1991, (the latest information available), the number of participating local government employer groups was:

EMPLOYER UNITS	1992	1991
School Districts	214	212
Cities and Towns	55	55
Counties	14	14
Special Districts	11	10
Community College Districts	10	9
State Government	1	1
<b>Total</b>	<b>305</b>	<b>301</b>

After first obtaining federal Social Security coverage for its employees, a governmental employer in the state of Arizona may then elect to cover its employees under the System. Once retirement coverage is obtained, all employees who qualify as participants, with the exception of those eligible for other state retirement programs, are required to become contributing members of the System.

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)****ARIZONA STATE RETIREMENT SYSTEM (Cont'd)**

At June 30, 1992, and 1991, statewide System membership consisted of:

<b>EMPLOYEE MEMBERS</b>	<b>1992</b>	<b>1991</b>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	56,668	53,695
Current Employees		
Vested	74,392	75,982
Non-Vested	65,241	58,769
<b>Total</b>	<b>196,301</b>	<b>188,446</b>

The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit. Members are eligible for full retirement benefits on the first day following a) the attainment of age 65; b) the attainment of age 62 and ten years of total credited service; or c) the date when age plus total credited service equals 80. The benefit is based on 2% of average monthly compensation multiplied by the years of service credit. Average monthly compensation is defined as the period of 36 consecutive months during which a participant receives the highest compensation within the last 120 months of service during which the employee made retirement contributions as required by law. The compensation does not include lump sum payments on termination of employment for accumulated vacation or annual leave, sick leave, compensatory time, or any other form of termination pay. Members who began participation in the System prior to January 1, 1984, may choose to have average monthly compensation determined upon the period of 60 consecutive months during which the member receives the highest compensation within the last 120 months of service, including lump sum payments as described above. Persons who have reached age 50 with at least five years of total credited service may take an early retirement which entitles them to a reduced retirement benefit.

Members of the System are eligible for a disability benefit in the event they become unable to perform their work. A participant continues to earn credit of up to a total of 25 years of service credit during the period of disability.

Retired and disabled members of the System with ten years of credited service who receive health insurance from their previous employer or from the System's retiree group health insurance program are eligible for a health insurance premium benefit. Medicare eligible members are eligible for a payment of \$65 for individual coverage and an additional payment of \$50 for dependent coverage. The premium benefit for non-Medicare eligible members is \$95 for individual coverage and \$80 additional for dependent coverage. Members who have at least five years of credited service, but less than ten years of service, are eligible for a proportional payment.

Upon termination of employment, a member may withdraw contributions made to the System, plus accrued interest. The acceptance of a refund forfeits the individual's rights and benefits in the System.

**Related Party Investments**

The System had no related party investments.

## NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)

## ARIZONA STATE RETIREMENT SYSTEM (Cont'd)

**Funding Status and Progress**

The amount shown in the following table as pension benefit obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among such plans. The measure is independent of the actuarial funding method used to determine contributions to the System, as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1992, and 1991. Significant actuarial assumptions used include: a) a rate of return on investment of present and future assets of 8% per year, compounded annually; b) projected salary increases of 5.5%, compounded annually, attributable to cost-of-living and salary merit increases ranging from .5% to 3.0%; and c) no post-retirement benefit increases. Legislation during fiscal year 1992 resulted in an increase in the pension benefit obligation due to System amendments and assumption changes by \$81,040,457 and \$199,450,178, respectively. System amendments that became effective after June 30, 1992, accounted for a \$261,197,558 increase in the pension benefit obligation, subsequent to June 30, 1992.

The System does not prepare separate measurements of assets and pension benefit obligations for individual employers. The assets in excess of the pension benefit obligation for the System as a whole as of June 30, 1992, and 1991, were as follows:

	June 30	
	1992	1991
<b>Pension Benefit Obligation</b>		
Retirees and beneficiaries currently receiving benefits	\$3,066,775,687	\$2,715,084,696
Disabled members receiving benefits	87,583,500	52,004,400
Terminated employees not yet receiving benefits	157,875,744	141,063,466
<b>Current Employees</b>		
Accumulated employee contributions, including allocated investment income	1,931,862,207	1,649,712,301
Employer financed - vested	2,216,611,793	1,955,040,687
Employer financed - non-vested	619,051,600	577,239,400
<b>Total Pension Benefit Obligation</b>	8,079,760,531	7,090,144,950
Net assets available for benefits, at cost (market value \$9,437,180,124 and \$8,352,509,215, respectively)	8,458,861,357	7,819,848,712
<b>Assets in Excess of Pension Benefit Obligation</b>	\$ 379,100,826	\$ 729,703,762

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)****ARIZONA STATE RETIREMENT SYSTEM (Cont'd)****Contributions Required and Contributions Made**

The Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to change the contribution rate from that actuarially determined. The actuarial computation is made two years in advance based on the June 30 information (the rate for 1992 was based on June 30, 1990, information). The contribution rates were actuarially determined using the Projected Unit Credit funding method. The contribution rate consists of a factor to cover normal costs using the same actuarial assumptions used to compute the pension benefit obligation, and a factor to amortize the overfunded past service liability based on the criteria of the Arizona Revised Statutes, not to exceed an amortization period of 45 years. The current amortization period is 11 years.

Covered employees were required by state statute to contribute 3.59% of their salary to the System during the year ended June 30, 1993, and the City was required to match it. Total contributions made by the City and its covered employees were \$2,554,721; \$1,277,361, or 3.59% of covered payroll for both the employer's and employees' portion. The amount of the City's contribution attributable to normal cost and to amortization of the past service liability, and as a proportion of the total amount contributed by all System employers in 1993, is unavailable.

During the year ended June 30, 1992, contributions for the System as a whole totaled \$264,546,632 (\$132,273,316 for both employers and employees), in accordance with actuarial requirements. Contributions consisted of \$342,073,492 for normal cost, and (\$77,526,860) for amortization of the overfunded past service liability. The City's contribution of \$1,195,973 in 1992 represented less than one percent of the total amount contributed by all System employers in 1992.

**Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available trend information for five years for the System as a whole is provided below (all dollars in millions).

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation	(3) Percent Funded (1) / (2)	(4) Assets In Excess Of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess Of PBO As A Percentage Of Covered Payroll (4) / (5)
1988	\$5,989.8	\$5,392.7	111.1%	\$597.1	\$2,817.7	21.2%
1989	6,652.7	6,016.9	110.6	635.8	2,993.6	21.2
1990	7,287.9	6,639.7	109.8	648.2	3,211.7	20.2
1991	7,819.8	7,090.1	110.3	729.7	3,453.0	21.1
1992	8,458.9	8,079.8	104.7	379.1	3,616.0	10.5

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 System'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 the percentage, the stronger the retirement 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

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)****ARIZONA STATE RETIREMENT SYSTEM (Cont'd)**

of the progress being made in maintaining sufficient assets to pay benefits when due. Generally, the larger this percentage, the stronger the plan.

Ten-year historical trend information presenting the System's progress in accumulating sufficient assets to pay benefits when due is presented in the Arizona State Retirement System *39th Component Unit Financial Report for the Year Ended June 30, 1992*.

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM****Plan Description**

All of the City's public safety personnel (police officers) participate in the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer pension plan. The payroll for employees covered by this plan for the year ended June 30, 1993, was \$9,656,649; the City's total payroll was \$46,931,810.

PSPRS was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the fund manager and 137 local boards.

At June 30, 1992, and 1991, (the latest information available), the number of participating local government employer groups was:

<b>EMPLOYER UNITS</b>	<b>1992</b>	<b>1991</b>
Cities and Towns	101	100
Counties	15	15
State Agencies	6	6
Special Districts	15	14
<b>Total</b>	<b>137</b>	<b>135</b>

Any state or local government in the State of Arizona may elect to have its paid, full-time eligible employees (generally, fire fighters and police officers) covered by the PSPRS. At June 30, 1992, and 1991, statewide PSPRS membership consisted of:

<b>EMPLOYEE MEMBERS</b>	<b>1992</b>	<b>1991</b>
Retirees and beneficiaries currently receiving benefits	3,184	2,969
Current Employees Vested	5,432	4,928
Non-Vested	5,254	5,684
<b>Total</b>	<b>13,870</b>	<b>13,581</b>

PSPRS provides retirement benefits, as well as death and disability benefits. A member of the PSPRS does not have vested rights to benefits until the member files an application for benefits and is found to be eligible for those benefits. An eligible claimant's rights to benefits vest on the date of the application for those benefits, or the last day of employment under the plan, whichever occurs first.

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Cont'd)**

Public safety personnel retiring after completion of 20 years of service, or at age 62 and after completion of 15 years of service, are eligible for benefits.

The amount of monthly normal pension is based on credited service and average monthly compensation as follows:

For retirement with 20 years of credited service, but less than 25 years of credited service, 50% of average monthly compensation plus 2% of average monthly compensation for each year of credited service between 20 and 25.

For retirement with 20 years of service, but less than 20 years of credited service, the pension is reduced by a rate of 4% per year for each year of credited service under 20 years.

For retirement with 25 or more years of credited service, 50% of average monthly compensation plus 2.5% of average monthly compensation for each year of credited service above 20 years, up to a maximum of 80% of average monthly compensation.

The PSPRS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

**Related Party Investments**

The PSPRS had no related party investments.

**Funding Status and Progress**

The amount shown below as the pension benefit obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to a) help users assess the PSPRS' funding status on a going-concern basis; b) assess progress being made in accumulating sufficient assets to pay benefits when due; and c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the PSPRS, as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1992, and 1991. Significant actuarial assumptions used in determining the pension benefit obligation include a) a rate of return on the investment of present and future assets of 9.0% per year, compounded annually; b) projected salary increases of 6.5% per year, compounded annually, attributable to inflation; and c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.



**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Cont'd)**

The assets in excess of the City's pension benefit obligation for the PSPRS as of June 30, 1992, and 1991, were as follows:

	June 30	
	1992	1991
<b>Pension Benefit Obligation</b>		
Retirees and beneficiaries currently receiving benefits	\$ 8,678,810	\$ 7,210,537
Terminated employees not yet receiving benefits	None	None
<b>Current Employees</b>		
Accumulated employee contributions including allocated investment income	4,604,098	4,188,296
Employer financed - vested	9,248,217	8,635,166
Employer financed - non-vested	2,265,365	1,980,648
Health Insurance	456,981	417,975
<b>Total Pension Benefit Obligation</b>	25,253,471	22,432,622
Net assets available for benefits, at cost (market value \$31,182,057 and \$26,389,471, respectively)	26,495,978	23,363,418
<b>Assets In Excess of Pension Benefit Obligation</b>	\$1,242,507	\$930,796

During the year ended June 30, 1992, the City experienced a net change of \$2,820,849 in its pension benefit obligation. Of that change, \$222,852 was attributable to cost-of-living adjustments for retired members.

**Contributions Required and Contributions Made**

The PSPRS' 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). Twenty-five years remain from June 30, 1993.

During the year ended June 30, 1993, City contributions totaling \$1,703,467 (\$964,699 employer and \$738,767 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1991. Employer contributions represented 9.99%, and employee contributions represented 7.65% of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability, and as a proportion of the total amount contributed by all EORP employer members in 1993, is unavailable.

During the year ended June 30, 1992, City contributions totaling \$1,538,224 (\$858,762 employer and \$679,482 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1990. Employer contributions consisted of \$785,052 for normal cost, and \$73,710 for amortization of the unfunded actuarial accrued liability. City contributions represented 9.67% of covered payroll, and represented approximately two percent of the total amount contributed by all PSPRS employers in 1992.

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 8 - RETIREMENT AND PENSION PLANS (Cont'd)

## PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Cont'd)

## Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available trend information for the City's PSPRS pension benefit obligation for five years, made in accordance with actuarial requirements, is provided in the following table (all dollars in thousands).

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation	(3) Percent Funded (1) / (2)	(4) Assets In Excess Of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess Of PBO As A Percentage Of Covered Payroll (4) / (5)
1987*	\$14,010.7	\$12,828.2	109.2%	\$1,182.5	\$5,826.3	20.3%
1988	16,112.9	15,307.2	105.3	805.7	6,525.3	12.4
1989**	18,267.5	17,498.5	104.4	769.0	6,614.7	11.6
1990*	20,747.0	19,995.3	103.8	751.7	7,639.7	9.8
1991*	23,363.4	22,432.6	104.2	930.8	8,209.2	11.3
1992	26,496.0	25,253.5	104.9	1,242.5	8,940.3	13.9

\* Change in benefit provisions.

\*\* Change in assumptions.

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 PSPRS' funded status on a going-concern basis. Analysis of this percentage over time indicates whether the PSPRS is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement 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.

Ten-year historical trend information presenting the PSPRS' progress in accumulating sufficient assets to pay benefits when due is presented in the Public Safety Personnel Retirement System *24th Annual Report, June 30, 1992*.

## ELECTED OFFICIALS' RETIREMENT PLAN

## Plan Description

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1993, was \$116,398; the City's total payroll was \$46,931,810.

The fund manager of the PSPRS is also the administrator for the EORP, which was established and is administered by the State of Arizona to provide pension benefits for state and county elected officials, judges, and certain City-elected officials.

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)****ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)**

At June 30, 1992, and 1991, (the latest information available), the number of participating local governmental employer groups was:

<b>EMPLOYER UNITS</b>	<b>1992</b>	<b>1991</b>
Cities and Towns	13	11
Counties	15	15
State Agencies	1	1
<b>Total</b>	<b>29</b>	<b>27</b>

All state and county elected officials and judges are members of the EORP except LaPaz County elected officials. Any city in the state of Arizona may elect to have its elected officials covered by the EORP. At June 30, 1992, and 1991, statewide EORP membership consisted of:

<b>EMPLOYEE MEMBERS</b>	<b>1992</b>	<b>1991</b>
Retirees and beneficiaries currently receiving benefits	375	365
Terminated vested employees	40	79
Current Employees		
Vested	386	372
Non-Vested	272	299
<b>Total</b>	<b>1,073</b>	<b>1,115</b>

EORP provides retirement benefits, as well as death and disability benefits. Generally, all benefits vest after five years of credited service. A summary of benefits and plan provisions follows.

An elected official may receive normal retirement pension upon meeting one of the following age and service requirements: a) 60 years of age, with 25 or more years of credited service; b) 62 years of age, with ten or more years of credited service; or c) 65 years of age, with five or more years of credited service. The amount of a normal retirement pension is 4% of the member's final annual salary multiplied by the years of the member's credited service. Maximum is 80% of a member's final annual salary.

An elected official who is at least age 50 and has ten or more years of credited service may retire before meeting an age and service requirement for normal retirement. The amount of an early retirement pension is computed by determining the amount of accrued normal retirement pension and then reducing the amount determined by 3/12 of 1% for each month early retirement precedes the member's normal retirement age as noted above.

An elected official with five or more years of credited service retains entitlement to a deferred pension upon ceasing to be an elected official if the official's accumulated contributions are left on deposit in the EORP. The amount of pension is determined in the same manner as a normal or early pension, whichever is applicable.

**Related Party Investments**

The EORP had no related party investments.

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)****ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)****Funding Status and Progress**

Covered employees are required by state statute to contribute an amount equal to 7% of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation.

The amount shown in the following table as the pension benefit obligation (PBO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to: a) help users assess the EORP's funding status on a going-concern basis; b) assess progress being made in accumulating sufficient assets to pay benefits when due; and c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the EORP, as discussed below.

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1991; and 1990. 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; and b) projected salary increases of 5.5% per year, compounded annually, attributable to inflation, plus 1.5% attributable to other factors.

The EORP does not prepare separate measurements of assets and pension benefit obligations for individual employers. At June 30, 1991, and 1990 (the latest information available), the assets in excess (unfunded) of the pension benefit obligation for the EORP as a whole were as follows:

	June 30	
	1991	1990
<b>Pension Benefit Obligation</b>		
Retirees and beneficiaries currently receiving benefits	\$44,222,354	\$38,245,692
Terminated employees not yet receiving benefits	1,027,884	1,020,849
<b>Current Employees</b>		
Accumulated employee contributions, including allocated investment income	11,027,733	9,922,914
Employer financed - vested	42,013,268	40,742,336
Employer financed - non-vested	2,985,058	2,671,553
Health Insurance	1,364,200	1,304,639
<b>Total Pension Benefit Obligation</b>	102,640,497	93,907,983
Net assets available for benefits	103,569,921	92,420,766
<b>Assets in Excess (Unfunded) of Pension Benefit Obligation</b>	\$ 929,424	(\$1,487,217)

During the year ended June 30, 1991, the EORP experienced a net change of \$8,732,514 in the pension benefit obligation. Of that change, \$1.1 million was attributable to cost-of-living adjustments for retired members, and \$125,120 was attributable to the 1991 statutory amendment increasing future death benefits. During the year ended June 30, 1990, the plan experienced a net change of

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)****ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)**

\$9,191,024 in the pension benefit obligation. Of that change, approximately \$1.4 million was attributable primarily to the new health insurance benefits and post retirement pension increases. Health insurance benefits are being accounted for in the same manner as the other benefits the plan provides.

**Contributions Required and Contributions Made**

The 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 (from June 30, 1987). Thirty years remain from June 30, 1992.

Scottsdale's contribution requirement for the year ended June 30, 1993, was \$27,411, which consisted of \$8,147 from employees, and \$19,264 from the City, as required. Employee contributions represent 7%, and employer contributions represent 16.55% of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability, and as a proportion of the total amount contributed by all EORP employer members in 1993, is unavailable.

During the year ended June 30, 1992, contributions for the EORP as a whole totaling \$6,928,413 (\$4,830,326 employer and \$2,098,087 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1990. The amount of these contributions attributable to normal cost and to amortization of the unfunded actuarial accrued liability is unavailable. The City's contribution for the year ended June 30, 1992, \$18,835, represented less than one percent of the total amount contributed by all EORP employers in 1992.

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**

Trend information is an indication of the progress made in accumulating sufficient assets to pay benefits when due. Available trend information for five years for the EORP as a whole is provided below (all dollars in thousands).

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation	(3) Percent Funded (1) / (2)	(4) Assets In Excess (Unfunded) of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess (Unfunded) of PBO As A Percentage Of Covered Payroll (4) / (5)
1987*	\$ 65,818.2	\$ 63,116.2	104.3%	\$2,702.0	\$20,409.0	13.2%
1988	73,993.4	71,798.9	103.1	2,194.5	21,444.3	10.2
1989	84,258.5	84,717.0	99.5	(458.5)	24,604.7	(1.9)
1990	92,420.8	93,908.0	98.4	(1,487.2)	25,775.6	(5.8)
1991	103,569.9	102,640.5	100.9	929.4	27,837.8	3.3

\* Includes statutory amendment and assumption change.

**NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**

**ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)**

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 EORP's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the EORP is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement 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.

Ten-year historical trend information presenting the EORP's progress in accumulating sufficient assets to pay benefits when due is presented in the Elected Officials' Retirement Plan *11th Annual Report, June 30, 1992*.

**NOTE 9 - 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 10 - 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 \$1,743,199 at June 30, 1993.

**NOTE 11 - SEGMENTS OF ENTERPRISE ACTIVITIES**

Water and sewer, airport, housing, and sanitation are four 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, 1993, is as follows (in thousands of dollars):

	Water and Sewer Utility	Airport	Public Housing	Sanitation	Total
Operating Revenue	\$36,718	\$ 580	\$	\$7,833	\$ 45,131
Depreciation and Amortization	6,750	494		40	7,284
Operating Income (Loss)	3,854	(915)		466	3,405
Net Income (Loss)	4,342	(502)		369	4,209
Contributions					
Subdividers	11,656				11,656
Development Fees	10,040				10,040
Other Government Units	(605)	687			82
Property, Plant, and Equipment Additions	23,118	424		21	23,563
Net Working Capital	21,875	464		471	22,810
Total Assets	299,886	11,854	10	1,582	313,332
Long-Term Debt (Net of Current Portion) and Other Liabilities:					
Payable From Operating Revenue	55,375				55,375
Payable From Other Services	122		10		132
Total Equity	236,662	11,800		1,102	249,564

**NOTE 12 - CONTRIBUTED CAPITAL**

During the year ended June 30, 1993, enterprise funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer Utility	Airport	Sanitation	Total
Development Fees	\$ 10,040	\$	\$	\$ 10,040
Subdividers	3,375			3,375
Capital Contributions from Developers	8,280			8,280
Municipality - Capital Construction	(605)	595		(10)
Federal Government - Capital Construction		92		92
Less Depreciation	(2,884)	(494)		(3,378)
	18,206	193		18,399
Contributed Capital July 1, 1992	140,961	11,561	478	153,000
Contributed Capital June 30, 1993	\$159,167	\$11,754	\$478	\$171,399

In addition, Internal Service Funds' contributed capital increased \$10,255 because of a contribution of a vehicle from the General Fund to the Motor Pool Fund.

**NOTE 13 - DEFICITS IN FUND/EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The General Fund has an excess of expenditures over appropriations for the Municipal Services and Debt Service departments. The excess in the Municipal Services department is caused by utility expenses. The excess in the Debt Service department is caused by pre-payment of existing debt. Both departments have operations in several funds and have not exceeded their total appropriations.

The Highway User Fuel Tax Fund has an excess of expenditures over appropriations for the Municipal Services department caused by an increase in street overlay expenses. The Municipal Services department has operations in several funds and has not exceeded the total appropriation for the department.

The All Other Construction Fund has a deficit fund balance of \$4,556,602, which is a result of the purchase of an asset with cash borrowed from the Water Fund. This was approved by the City Council. The fund will be reimbursed in fiscal year 1993-94 when Municipal Properties Corporation bonds are issued, thereby eliminating the deficit fund balance. Total fund balance for the capital projects funds is positive.

The General Obligation Bond Construction Fund has a deficit unreserved fund balance of \$2,753,739 caused by the City issuing bonds as cash is needed to meet near-term liabilities, while the reserve for encumbrances includes a large longer term construction contract. The deficit unreserved fund balance will be eliminated as bonds are issued during fiscal year 1993-94. Total fund balance for the Capital Projects funds is positive.



**NOTE 13 - DEFICITS IN FUND/EXCESS OF EXPENDITURES OVER APPROPRIATIONS (Cont'd)**

The Self-Insurance Fund has an accumulated deficit of \$3,042,180 caused by higher than anticipated insurance claims. The deficit will be eliminated in future years by operating transfers to this fund from the General Fund.

The Self-Insurance Fund also has an excess of expenditures over appropriations of \$42,896 caused by increased claim activity. Self-insurance operations are a part of the Financial Services Department, which has operations in several funds and has not exceeded its appropriations.

**NOTE 14 - CAPITALIZED INTEREST**

During fiscal year 1993, the Water and Sewer Fund capitalized net interest costs of \$1,270,950. Total interest income and expense in that fund before capitalization was \$1,816,345 and \$2,849,592, respectively.

**NOTE 15 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS**

Due From/To Other Funds

Receivable Fund	Amount	Payable Fund	Amount
General	\$ 304,872	Sanitation	\$ 94,613
		Section 8	97,690
		Community Development	112,569
Water and Sewer Utility	12,080,562	Capital Projects (All Other)	12,080,652
	<u>\$12,385,434</u>		<u>\$12,385,524</u>

Residual Equity Transfer Out		Residual Equity Transfer In	
<b>From:</b>		<b>To:</b>	
Capital Projects (Special Assessments)	\$ 131	Capital Projects (All Other)	\$ 131
Capital Projects (All Other)	595,400	Airport (As An Increase To Contributed Capital)	595,400
Trust and Agency	437,700	Capital Projects (All Other)	437,700
Enterprise Fund (Water and Sewer Utility, As A Decrease to Contributed Capital)	605,000	Capital Projects (All Other)	605,000
	<u>\$1,638,231</u>		<u>\$1,638,231</u>

**NOTE 15 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS (Cont'd)**

Net operating transfers are reported in the following funds:

<u>Operating Transfers Out</u>		<u>Operating Transfers In</u>	
From:		To:	
General Fund	\$4,627,825	Internal Service (Motor Pool)	\$ 209,000
		Special Revenue (HURF Fund)	2,923,323
		Special Revenue (HURF Fund accounted for as HURF maintenance of effort)	194,000
		Internal Service (Self Insurance)	200,000
		Expendable Trust	300,000
		Enterprise Fund (Airport)	413,278
		Capital Projects (All Other)	388,224
Capital Projects (Special Assessments)	18,118	Debt Service (Special Assessments)	18,118
Capital Projects (G.O. Bond Construction)	950,000	Capital Projects (All Other)	950,000
Special Revenue (Grants)	455,996	General Fund	205,996
		Enterprise Fund (Water and Sewer Utility)	250,000
Enterprise Fund (Sanitation)	127,000	Internal Service (Motor Pool)	127,000
	<u>\$6,178,939</u>		<u>\$6,178,939</u>

**NOTE 16 - COMMITMENTS, SUBSEQUENT EVENTS, AND 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. In July, 1991, the City amended this agreement and extended the new agreement to June 30, 1996. Annual amounts due in fiscal year 1994 will approximate \$7,025,908. Payments to Rural/Metro amounted to \$6,099,948 for the year ended June 30, 1993.
- B. In December, 1984, the City entered into a service agreement and land lease with Scottsdale Water Service Company Limited Partnership (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 \$2,750,000 for the year ended June 30, 1993.

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

1994	\$ 805,000
1995	865,000
1996	935,000
1997	1,010,000
1998	1,090,000
Thereafter	17,090,000
	<hr style="width: 100%;"/>
	\$21,795,000
	<hr style="width: 100%;"/>

The bonds bear interest at a variable rate (3.1% for June, 1993) based on a specified municipal bond index. There is an option under certain circumstances to establish a fixed interest rate.

- C. Since 1987, the City has levied water resource development fees for the purpose of acquiring additional long-term water supplies for new developments. The Homebuilders Association (HBA) sued the City challenging the legal authority of the City to levy a water resource development fee. The trial court ruled adversely to the City. The City has appealed the original judgment to the Court of Appeals and a stay was granted so that the City may continue to collect the fees. Testimony was heard by the Court of Appeals in March, 1993, and a decision is expected in the next fiscal year. The City has amended the ordinance to provide for refunds to taxpayers if funds are not used for the stated purposes.
- 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 1994 will approximate \$1,901,477. Payments to Scottsdale Cultural Council amounted to \$1,846,094 for the year ended June 30, 1993.

**NOTE 16 - COMMITMENTS, SUBSEQUENT EVENTS, AND OTHER MATTERS (Cont'd)**

- E. During the fiscal year ended June 30, 1993, the City Council authorized an interfund loan from the Water Enterprise Fund to the All Other Construction Capital Projects Fund of approximately \$6.5 million to provide interim financing for the purchase of a 123-acre site at the northeast corner of Hayden and Bell Roads. Interest will accrue on the unpaid receivable balance. Repayment of the principal and interest will occur within six months from the date of purchase from the issuance of Municipal Properties Corporation bonds.
- F. In September, 1993, the City Council approved a resolution calling for the sale of \$21,000,000 general obligation bonds for the purpose of providing funds for improvements to transportation, police, fire, and court facilities; storm, sewer, and flood protection; improvements to parks, recreation facilities and libraries; reimbursements to the City for certain improvements to multi-use sports and cultural facilities; and payment of costs relating to the issuance of the bonds. The bonds are scheduled to be sold competitively on October 4, 1993.

**NOTE 17 - EQUITY IN JOINT VENTURE**

The City participates with the cities of Phoenix, Glendale, Mesa, Tempe, and the Town of Youngtown in an intergovernmental agreement for the construction, operation, and maintenance of jointly used facilities including the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor, and related transportation facilities. The City of Phoenix acts as lead agency, and as such, is responsible for the planning, budgeting, construction, operation, and maintenance of the 91st Avenue Wastewater Treatment Plant. In addition, the City of Phoenix provides all management personnel and financing arrangements and accepts federal grants on behalf of the participants.

The different cities participated in the construction of the facilities at varying rates depending on their needs at the time each facility was constructed, therefore, the City's share of assets, liabilities, equity, and changes in equity cannot be determined.

The City has financed its share of construction costs through the issuance of general obligation bonds, development fees, and grants. The bonds are collateralized by a pledge of water revenues and are reflected in the financial statements of the Water and Sewer Utility Enterprise Fund. The joint venture itself has not issued any debt.

**NOTE 17 - EQUITY IN JOINT VENTURE (Cont'd)**

Each City pays for its costs of operation and maintenance based on relative sewage flows and strengths. The City accounts for its investment using the equity method in the Water and Sewer Utility Enterprise Fund. Summary financial information on the joint venture (GAAP basis) as of and for the fiscal year ended June 30, 1992, (the latest information available) is shown below. The City of Scottsdale's share of net operating expenditures (included in total expenses) was \$1,678 (all amounts in thousands).

	<u>1992</u>
<b>Assets</b>	
Cash and Receivables	\$ 7,426
Fixed Assets, Net of Accumulated Depreciation	178,001
Construction in Progress	<u>2,464</u>
	<u>\$187,891</u>
<b>Liabilities and Equity</b>	
Total Liabilities	\$ 4,551
Equity	
City of Phoenix	101,251
Other Members	<u>82,089</u>
Total Equity	<u>183,340</u>
	<u>\$187,891</u>
Total Revenues	20,175
Total Expenses	(26,414)
Equity Transfer - Phoenix Only	<u>(3,094)</u>
Net Decrease in Equity	<u>(\$ 9,333)</u>

*Audited Statements of Net Operating Expenditures and Supplementary Information* for the jointly used wastewater treatment and transportation facilities may be obtained from the Arizona Municipal Water Users Association in Phoenix, Arizona.



**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.

GENERAL FUND  
BALANCE SHEET  
JUNE 30, 1993

EXHIBIT B-1

ASSETS

Cash and Short-Term Investments	\$41,354,937
Investments	6,287,795
Receivables	
Accrued Interest	244,752
Property Taxes	1,465,025
State Shared Sales Tax	771,875
Auto Lieu Tax	197,167
Miscellaneous	902,804
Due From Other Funds	304,872
Supplies Inventory	181,045
	<u>                    </u>
Total Assets	<u>\$51,710,272</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$586,073
Accrued Payroll	4,269,610
Accrued Interest Payable	37,622
Deferred Revenue	
Property Taxes	1,403,357
Other	731,377
	<u>                    </u>
Total Liabilities	7,028,039
Fund Balance	
Reserved for	
Encumbrances	1,723,377
Streetlight Districts	684,313
Unreserved	42,274,543
	<u>                    </u>
Total Fund Balance	44,682,233
	<u>                    </u>
Total Liabilities and Fund Balance	<u>\$51,710,272</u>

SEE NOTES TO FINANCIAL STATEMENTS



## GENERAL FUND

EXHIBIT B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Revenues	
Taxes – Local	\$36,909,016
Taxes – Intergovernmental	19,253,767
Licenses	737,854
Charges for Current Services	7,586,803
Fines and Forfeitures	1,720,511
Use of Money and Property	4,015,637
Streetlight Districts	513,846
Other	9,183,552
	<hr/>
Total Revenues	79,920,986
Expenditures	
Current Operating Departments	
General Government	9,409,602
Police	19,676,575
Financial Services	3,751,965
Community Services	14,995,747
Management Services	5,005,942
Planning & Community Development	6,042,985
Fire	6,595,200
Municipal Services	6,131,118
Streetlight Districts	448,557
Debt Service	
Principal	797,815
Interest	246,785
	<hr/>
Total Expenditures	73,102,291
	<hr/>
Excess of Revenues Over Expenditures	6,818,695
Other Sources (Uses)	
Operating Transfers In	205,996
Operating Transfers Out	(4,627,825)
	<hr/>
Total Other Sources (Uses)	(4,421,829)
	<hr/>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	2,396,866
	<hr/>
Fund Balance July 1, 1992	42,285,367
	<hr/>
Fund Balance June 30, 1993	<u>\$44,682,233</u>

SEE NOTES TO FINANCIAL STATEMENTS

## GENERAL FUND

EXHIBIT B-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>			
Taxes - Local	\$37,078,795	\$36,909,016	(\$169,779)
Taxes - Intergovernmental	19,055,000	19,253,767	198,767
Licenses	700,000	737,854	37,854
Charges for Current Services	7,225,000	7,586,803	361,803
Fines and Forfeitures	1,785,000	1,720,511	(64,489)
Use of Money and Property	4,029,000	4,015,637	(13,363)
Other	1,783,000	1,946,113	163,113
<b>Total Revenues</b>	<b>71,655,795</b>	<b>72,169,701</b>	<b>513,906</b>
<b>Expenditures</b>			
<b>Current Operating Departments</b>			
General Government	10,009,878	10,009,835	43
Police	20,097,211	19,922,083	175,128
Financial Services	4,032,898	4,003,269	29,629
Community Services	15,485,221	15,403,787	81,434
Management Services	5,221,916	5,104,417	117,499
Planning & Community Development	6,160,018	6,159,925	93
Fire	6,664,709	6,607,198	57,511
Municipal Services	5,898,418	6,280,353	(381,935)
Contingency	190,157		190,157
<b>Debt Service</b>			
Principal	631,839	797,815	(165,976)
Interest	544,873	546,785	(1,912)
<b>Total Expenditures</b>	<b>74,937,138</b>	<b>74,835,467</b>	<b>101,671</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(3,281,343)</b>	<b>(2,665,766)</b>	<b>615,577</b>
<b>Other Sources (Uses)</b>			
Operating Transfers In	7,443,435	7,443,435	
Operating Transfers Out	(4,162,092)	(4,127,825)	34,267
<b>Total Other Sources (Uses)</b>	<b>3,281,343</b>	<b>3,315,610</b>	<b>34,267</b>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>		<b>649,844</b>	<b>649,844</b>
Encumbrances Cancelled		1,883,903	1,883,903
Fund Balance July 1, 1992		(16,341,439)	(16,341,439)
Fund Balance June 30, 1993	\$	(\$13,807,692)	(\$13,807,692)

## GENERAL FUND

EXHIBIT B-4

## SCHEDULE OF REVENUES – BUDGET AND ACTUAL – BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes – Local			
Property Tax	\$6,451,031	\$6,342,635	(\$108,396)
Transaction Privilege	23,107,764	22,912,591	(195,173)
Hotel/Motel Transient Tax	3,775,000	3,856,181	81,181
Light and Power Franchise	2,600,000	2,634,645	34,645
Cable TV Franchise	800,000	819,009	19,009
Salt River Project In Lieu	200,000	200,563	563
Fire Insurance Premium Tax	145,000	143,392	(1,608)
	37,078,795	36,909,016	(169,779)
Taxes – Intergovernmental			
State-Shared Sales Tax	8,347,000	8,497,024	150,024
Automobile in Lieu	2,300,000	2,347,408	47,408
State Revenue Sharing	8,408,000	8,409,335	1,335
	19,055,000	19,253,767	198,767
Licenses			
Business and Liquor Licenses	700,000	737,854	37,854
Charges for Current Services			
Building and Related Permits	5,650,000	5,970,233	320,233
Recreation Fees	1,575,000	1,616,570	41,570
	7,225,000	7,586,803	361,803
Fines and Forfeitures			
Court Fines	1,392,000	1,349,391	(42,609)
Parking	225,000	209,990	(15,010)
Library	168,000	161,130	(6,870)
	1,785,000	1,720,511	(64,489)
Use of Money and Property			
Interest Earnings	2,436,000	2,279,695	(156,305)
Property Rental	1,593,000	1,735,942	142,942
	4,029,000	4,015,637	(13,363)
Other	1,783,000	1,946,113	163,113
Total Revenues	\$71,655,795	\$72,169,701	\$513,906

CITY OF SCOTTSDALE, ARIZONA

GENERAL FUND

EXHIBIT B-5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
Current Operating Departments						
General Government	\$5,097,290	\$3,838,656	\$237,766	\$	\$235,890	\$9,409,602
Police	16,228,748	2,737,837	480,473		229,517	19,676,575
Financial Services	3,224,163	424,177	26,054		77,571	3,751,965
Community Services	9,131,221	4,507,347	1,266,583		90,596	14,995,747
Management Services	3,169,174	1,503,044	235,045		98,679	5,005,942
Planning & Community Development	4,441,228	1,422,205	118,481		61,071	6,042,985
Fire	211,682	6,346,139	37,379			6,595,200
Municipal Services	1,862,628	3,845,968	407,135		15,387	6,131,118
Streetlight Districts		448,557				448,557
Debt Service						
Principal				797,815		797,815
Interest				246,785		246,785
Expenditures	<u>\$43,366,134</u>	<u>\$25,073,930</u>	<u>\$2,808,916</u>	<u>\$1,044,600</u>	<u>\$808,711</u>	<u>\$73,102,291</u>
Operating Transfers Out						
Highway User Fuel Tax Fund	\$3,117,323					
Expendable Trusts	300,000					
Self-Insurance Fund	200,000					
Airport Fund	413,278					
Capital Projects Fund	388,224					
Motor Pool	209,000					
	<u>\$4,627,825</u>					

## 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 U.S. Department of Housing and Urban Development (HUD) 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 upon 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.

### **Section 8 Fund**

This fund receives and expends the City's Section 8 Housing revenues. Assistance contracts are awarded by the U.S. Department of Housing and Urban Development (HUD) upon application by the City, and cover a five year period. Budgets are approved annually by HUD. Section 8 revenues may be used only for assistance approved by HUD and is subject to agency expenditure guidelines.

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 1993

EXHIBIT C-1

ASSETS	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
Cash and Short-Term Investments	\$25,858	\$	\$39,588	\$	\$65,446
Cash with Fiscal Agents	1,564,904				1,564,904
Receivables					
Fuel Tax	685,828				685,828
Grants		217,809	25,682	103,050	346,541
Miscellaneous	16,369				16,369
<b>Total Assets</b>	<b>\$2,292,959</b>	<b>\$217,809</b>	<b>\$65,270</b>	<b>\$103,050</b>	<b>\$2,679,088</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$96,012	\$34,251	\$4,395		\$134,658
Accrued Payroll	214,421	6,260	3,680	4,113	228,474
Due to General Fund		112,569		97,690	210,259
Bond Interest Payable	484,905				484,905
Bonds Payable - Current Portion	1,080,000				1,080,000
<b>Total Liabilities</b>	<b>1,875,338</b>	<b>153,080</b>	<b>8,075</b>	<b>101,803</b>	<b>2,138,296</b>
Fund Balances					
Reserved for Encumbrances	417,621	1,220	16,958	4,239	440,038
Unreserved		63,509	40,237	(2,992)	100,754
<b>Total Fund Balances</b>	<b>417,621</b>	<b>64,729</b>	<b>57,195</b>	<b>1,247</b>	<b>540,792</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,292,959</b>	<b>\$217,809</b>	<b>\$65,270</b>	<b>\$103,050</b>	<b>\$2,679,088</b>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
<b>Revenues</b>					
Taxes—Intergovernmental	\$8,716,521	\$	\$	\$	\$8,716,521
Grants		1,231,823	587,014	1,736,137	3,554,974
Other		114,729		122,754	237,483
<b>Total Revenues</b>	<b>8,716,521</b>	<b>1,346,552</b>	<b>587,014</b>	<b>1,858,891</b>	<b>12,508,978</b>
<b>Expenditures</b>					
<b>Current Operating Departments</b>					
Police			77,315		77,315
Transportation	2,560,054		20,364		2,580,418
Community Services			469,260		469,260
Planning & Community Development		1,281,823		1,857,644	3,139,467
Municipal Services	6,494,532				6,494,532
<b>Debt Service</b>					
Principal	1,080,000				1,080,000
Interest	1,426,390				1,426,390
<b>Total Expenditures</b>	<b>11,560,976</b>	<b>1,281,823</b>	<b>566,939</b>	<b>1,857,644</b>	<b>15,267,382</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(2,844,455)</b>	<b>64,729</b>	<b>20,075</b>	<b>1,247</b>	<b>(2,758,404)</b>
<b>Other Sources (Uses)</b>					
<b>Operating Transfer In</b>					
From General Fund	2,923,323				2,923,323
HURF Maintenance of Effort	194,000				194,000
Operating Transfer Out			(455,996)		(455,996)
Proceeds of Refunding Bonds	26,434,531				26,434,531
Payment to Refunded Bond Escrow Agent	(26,434,531)				(26,434,531)
<b>Total Other Sources (Uses)</b>	<b>3,117,323</b>		<b>(455,996)</b>		<b>2,661,327</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>272,868</b>	<b>64,729</b>	<b>(435,921)</b>	<b>1,247</b>	<b>(97,077)</b>
<b>Fund Balances July 1, 1992</b>	<b>144,753</b>		<b>493,116</b>		<b>637,869</b>
<b>Fund Balances June 30, 1993</b>	<b>\$417,621</b>	<b>\$64,729</b>	<b>\$57,195</b>	<b>\$1,247</b>	<b>\$540,792</b>

SEE NOTES TO FINANCIAL STATEMENTS

## SPECIAL REVENUE FUNDS

EXHIBIT C-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	HIGHWAY USER FUEL TAX		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes - Intergovernmental	\$8,561,000	\$8,716,521	\$155,521
Total Revenues	8,561,000	8,716,521	155,521
Expenditures			
Current Operating Departments			
Transportation	2,807,965	2,607,156	200,809
Municipal Services	6,743,549	6,859,055	(115,506)
Debt Service			
Principal	1,080,000	1,080,000	
Interest	2,033,473	1,426,390	607,083
Total Expenditures	12,664,987	11,972,601	692,386
Deficiency of Revenues Over Expenditures	(4,103,987)	(3,256,080)	847,907
Other Sources			
Operating Transfer In From General Fund	3,909,987	2,923,323	(986,664)
HURF Maintenance of Effort	194,000	194,000	
Total Other Sources	4,103,987	3,117,323	(986,664)
Deficiency of Revenues and Other Sources Over Expenditures		(138,757)	(138,757)
Encumbrances Cancelled		144,753	144,753
Fund Balance July 1, 1992		(188,990)	(188,990)
Fund Balance June 30, 1993	\$	(\$182,994)	(\$182,994)



CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-4

COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
Taxes – Intergovernmental					
Fuel Tax	\$7,655,486	\$	\$	\$	\$7,655,486
Local Transportation Assistance Fund	1,061,035				1,061,035
	8,716,521				8,716,521
Grants					
Federal		1,231,823	68,858	1,736,137	3,036,818
State			483,185		483,185
Miscellaneous			34,971		34,971
		1,231,823	587,014	1,736,137	3,554,974
Other		114,729		122,754	237,483
Total Revenues	8,716,521	1,346,552	587,014	1,858,891	12,508,978
Other Sources					
Operating Transfers In					
From General Fund	2,923,323				2,923,323
HURF Maintenance of Effort	194,000				194,000
Total Other Sources	3,117,323				3,117,323
Total Revenues and Other Sources	\$11,833,844	\$1,346,552	\$587,014	\$1,858,891	\$15,626,301

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-5

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
<b>HIGHWAY USER FUEL TAX</b>						
Current Operating Departments						
Transportation	\$1,300,131	\$1,229,008	\$25,547	\$	\$5,368	\$2,560,054
Municipal Services	2,117,229	2,607,193	1,757,842		12,268	6,494,532
Debt Service						
Principal				1,080,000		1,080,000
Interest				1,426,390		1,426,390
	3,417,360	3,836,201	1,783,389	2,506,390	17,636	11,560,976
<b>COMMUNITY DEVELOPMENT</b>						
Current Operating Departments						
Planning and Community Development	152,116	1,010,746	5,255		113,706	1,281,823
<b>GRANTS</b>						
Current Operating Departments						
Police	77,315					77,315
Transportation		1,043	2,442		16,879	20,364
Community Services	27,893	20,590	15,679		405,098	469,260
	105,208	21,633	18,121		421,977	566,939
<b>SECTION 8</b>						
Current Operating Departments						
Planning and Community Development	98,733	1,732,321	10,960		15,630	1,857,644
Total Expenditures	\$3,773,417	\$6,600,901	\$1,817,725	\$2,506,390	\$568,949	\$15,267,382

**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, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-1

COMBINING BALANCE SHEET

JUNE 30, 1993

	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS	TOTAL ALL FUNDS
<b>ASSETS</b>				
Cash and Short-Term Investments	\$2,960,557	\$3,149,065	\$839,432	\$6,949,054
Cash with Fiscal Agents	8,519,857	4,094,271	1,209,304	13,823,432
Investments		3,058,794		3,058,794
Receivables				
Accrued Interest	39,734	37,724		77,458
Property Tax	20,899			20,899
Special Assessments			21,451,617	21,451,617
<b>Total Assets</b>	<b>\$11,541,047</b>	<b>\$10,339,854</b>	<b>\$23,500,353</b>	<b>\$45,381,254</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Claims Payable	\$	\$123,961	\$	\$123,961
Accrued Interest Payable		452,675		452,675
Payable from Cash with Fiscal Agents				
Bonds Interest Payable	2,474,857	1,284,271	689,304	4,448,432
Bonds Payable - Current Portion	6,045,000	2,810,000	520,000	9,375,000
Deferred Revenue				
Special Assessments			21,451,617	21,451,617
<b>Total Liabilities</b>	<b>8,519,857</b>	<b>4,670,907</b>	<b>22,660,921</b>	<b>35,851,685</b>
<b>Fund Balances</b>				
Reserved for				
Debt Service	3,021,190	5,668,947	839,432	9,529,569
<b>Total Fund Balances</b>	<b>3,021,190</b>	<b>5,668,947</b>	<b>839,432</b>	<b>9,529,569</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$11,541,047</b>	<b>\$10,339,854</b>	<b>\$23,500,353</b>	<b>\$45,381,254</b>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS	TOTAL ALL FUNDS
Revenues				
Taxes - Local				
Property	\$8,334,434	\$	\$	\$8,334,434
Transaction Privilege		9,970,654		9,970,654
	8,334,434	9,970,654		18,305,088
Special Assessments			4,941,556	4,941,556
Use of Money and Property				
Interest Earnings	386,831	142,937		529,768
Gain on Sale of Investments		19,287		19,287
	386,831	162,224		549,055
Total Revenues	8,721,265	10,132,878	4,941,556	23,795,699
Expenditures				
Debt Service				
Principal	6,045,000	4,440,000	3,389,000	13,874,000
Interest	4,586,896	5,723,482	1,469,968	11,780,346
Total Expenditures	10,631,896	10,163,482	4,858,968	25,654,346
Excess (Deficiency) of Revenues Over Expenditures	(1,910,631)	(30,604)	82,588	(1,858,647)
Other Sources (Uses)				
Operating Transfer In			18,118	18,118
Proceeds of Refunding Bonds	23,686,893	29,237,149		52,924,042
Payment to Refunded Bond Escrow Agent	(23,686,893)	(29,208,395)		(52,895,288)
Total Other Sources (Uses)		28,754	18,118	46,872
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,910,631)	(1,850)	100,706	(1,811,775)
Fund Balances July 1, 1992	4,931,821	5,670,797	738,726	11,341,344
Fund Balances June 30, 1993	\$3,021,190	\$5,668,947	\$839,432	\$9,529,569

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GENERAL OBLIGATION			MUNICIPAL PROPERTY CORPORATION			SPECIAL ASSESSMENTS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues												
Taxes - Local												
Property	\$8,806,586	\$6,334,434	(\$472,152)	\$	\$	\$	\$	\$	\$	\$8,806,586	\$6,334,434	(\$472,152)
Transaction Privilege				10,492,230	9,970,654	(521,576)				10,492,230	9,970,654	(521,576)
	8,806,586	6,334,434	(472,152)	10,492,230	9,970,654	(521,576)				19,298,816	16,305,088	(993,728)
Special Assessments							4,869,857	4,941,556	71,699	4,869,857	4,941,556	71,699
Use of Money and Property												
Interest Earnings	372,000	386,831	14,831	507,000	142,937	(364,063)				879,000	529,768	(349,232)
Total Revenues	9,178,586	6,721,265	(457,321)	10,999,230	10,113,591	(885,639)	4,869,857	4,941,556	71,699	25,047,673	23,776,412	(1,271,261)
Expenditures												
Debt Service												
Principal	2,665,000	2,545,000	120,000	3,605,000	4,440,000	(835,000)	3,389,000	3,389,000		9,659,000	10,374,000	(715,000)
Interest	6,328,836	4,398,577	1,930,259	7,394,230	5,708,077	1,686,153	1,480,657	1,469,968	10,889	15,203,923	11,576,622	3,627,301
Total Expenditures	8,993,836	6,943,577	2,050,259	10,999,230	10,148,077	851,153	4,869,857	4,858,968	10,889	24,862,923	21,950,622	2,912,301
Excess (Deficiency) of Revenues Over Expenditures	184,750	1,777,688	1,592,938		(34,466)	(34,466)		82,588	82,588	184,750	1,825,790	1,641,040
Other Sources (Uses)												
Transfers In							18,118	18,118			18,118	18,118
Transfers Out	(362,882)	(188,319)	174,563							(362,882)	(188,319)	174,563
Transfer to Sinking Fund		(1,341,359)	(1,341,359)								(1,341,359)	(1,341,359)
Total Other Sources (Uses)	(362,882)	(1,529,678)	(1,166,796)					18,118	18,118	(362,882)	(1,511,560)	(1,148,676)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(178,132)	248,010	426,142		(34,466)	(34,466)		100,706	100,706	(178,132)	314,230	492,362
Fund Balances (Deficits)												
July 1, 1992	178,132	2,773,180	2,595,048		2,510,521	2,510,521		(520,754)	(520,754)	178,132	4,762,947	4,584,815
Fund Balances (Deficits) June 30, 1993	\$	\$3,021,190	\$3,021,190	\$	\$2,476,035	\$2,476,035	\$	(\$420,046)	(\$420,046)	\$	\$5,077,177	\$5,077,177

**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, dedicated revenues, 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.

Capital projects funds utilized by the City of Scottsdale are:

**General Obligation Bond Construction Fund** - accounts for the proceeds of the sale of 1989 General Obligation Bonds, which are used for authorized capital improvements.

**Special Assessment Bond Construction Fund** - accounts for the proceeds of Special Assessment Bonds issued for construction of capital improvements within individual improvement districts.

**Transaction Privilege Tax Fund** - accounts for an authorized .2% increase of transaction privilege tax dedicated to transportation capital improvements.

**All Other Construction Fund** - accounts for pay-as-you-go capital improvement revenues and expenditures.

CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 1993

EXHIBIT E-1

	GENERAL OBLIGATION BOND CONSTRUCTION	SPECIAL ASSESSMENT BOND CONSTRUCTION	TRANSACTION PRIVILEGE TAX	ALL OTHER CONSTRUCTION	TOTAL ALL FUNDS
<b>ASSETS</b>					
Cash and Short-Term Investments	\$8,582,481	\$593,844	\$9,858,619	\$8,683,425	\$27,718,369
Receivables					
Accrued Interest	65,024	8,379		64,703	138,106
Miscellaneous				105,000	105,000
<b>Total Assets</b>	<b>\$8,647,505</b>	<b>\$602,223</b>	<b>\$9,858,619</b>	<b>\$8,853,128</b>	<b>\$27,961,475</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$731,734	\$240,958	\$120,080	\$1,324,707	\$2,417,479
Accrued Payroll	26,415	623	3,045	4,461	34,544
Due to Water Fund				12,080,562	12,080,562
Other	438,651	114,056			552,707
<b>Total Liabilities</b>	<b>1,196,800</b>	<b>355,637</b>	<b>123,125</b>	<b>13,409,730</b>	<b>15,085,292</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	10,204,444	82,940	1,043,732	1,157,516	12,488,632
Unreserved	(2,753,739)	163,646	8,691,762	(5,714,118)	387,551
<b>Total Fund Balances</b>	<b>7,450,705</b>	<b>246,586</b>	<b>9,735,494</b>	<b>(4,556,602)</b>	<b>12,876,183</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,647,505</b>	<b>\$602,223</b>	<b>\$9,858,619</b>	<b>\$8,853,128</b>	<b>\$27,961,475</b>

SEE NOTES TO FINANCIAL STATEMENTS



CAPITAL PROJECTS FUNDS

EXHIBIT E-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GENERAL OBLIGATION BOND CONSTRUCTION	SPECIAL ASSESSMENT BOND CONSTRUCTION	TRANSACTION PRIVILEGE TAX	ALL OTHER CONSTRUCTION	TOTAL ALL FUNDS
Revenues					
Transaction Privilege Tax	\$	\$	\$6,226,443	\$	\$6,226,443
Use of Money and Property	607,680	78,307		604,680	1,290,667
Other		992,323		1,045,273	2,037,596
Total Revenue	607,680	1,070,630	6,226,443	1,649,953	9,554,706
Expenditures					
Capital Improvements	24,597,850	4,553,489	3,148,710	10,492,555	42,792,604
Excess (Deficiency) of Revenue Over Expenditures	(23,990,170)	(3,482,859)	3,077,733	(8,842,602)	(33,237,898)
Other Sources (Uses)					
Bond Proceeds	19,000,000	2,850,000			21,850,000
Operating Transfer In				1,338,224	1,338,224
Operating Transfer Out	(950,000)	(18,118)			(968,118)
Total Other Sources (Uses)	18,050,000	2,831,882		1,338,224	22,220,106
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(5,940,170)	(650,977)	3,077,733	(7,504,378)	(11,017,792)
Fund Balances July 1, 1992	13,390,875	897,694	6,657,761	2,500,345	23,446,675
Residual Equity Transfer In				1,042,831	1,042,831
Residual Equity Transfer Out		(131)		(595,400)	(595,531)
Fund Balances June 30, 1993	\$7,450,705	\$246,586	\$9,735,494	(\$4,556,602)	\$12,876,183

SEE NOTES TO FINANCIAL STATEMENTS

## CAPITAL PROJECTS FUNDS

EXHIBIT E-3

## COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY	TOTAL
General Obligation Bond Construction Fund Capital Improvements	\$998,269	\$207,969	\$145,422	\$23,246,190	\$24,597,850
Special Assessment Bond Construction Fund Capital Improvements	57,794	131,306	26	4,364,363	4,553,489
Transaction Privilege Tax Capital Improvements	98,404	162,900	4,261	2,883,145	3,148,710
All Other Construction Fund Capital Improvements	77,659	160,442	7,174	10,247,280	10,492,555
Total Expenditures	<u>\$1,232,126</u>	<u>\$662,617</u>	<u>\$156,883</u>	<u>\$40,740,978</u>	<u>\$42,792,604</u>

## 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, Sanitation, 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.

### **Sanitation Fund**

The sanitation fund was established July 1, 1989, for control of the operating revenue and expenses related to the City's sanitation services (solid waste, brush removal, container maintenance, etc.). Although a program of the City government, the fund is operated as a separate enterprise. Sanitation fund accounts are maintained on an enterprise fund basis with account classifications designed specifically for its operations.

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-1

COMBINING BALANCE SHEET

JUNE 30, 1993

	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING	SANITATION	TOTAL ALL FUNDS
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Short-Term Investments	\$6,698,729	\$457,554	\$	\$	\$7,156,283
Cash with Fiscal Agents	3,511,786				3,511,786
Receivables					
Accrued Interest	194,927			3,224	198,151
Accounts	4,447,829			911,000	5,358,829
Miscellaneous	573,179	60,288		36,139	669,606
Due From Capital Projects Funds	12,080,562				12,080,562
<b>Total Current Assets</b>	<b>27,507,012</b>	<b>517,842</b>		<b>950,363</b>	<b>28,975,217</b>
<b>Restricted Cash, Investments, and Receivables</b>					
Revenue Bond Reserves	2,454,431				2,454,431
Water and Sewer Replacement Reserve	6,666,532				6,666,532
Scottsdale Water Service Company Replacement Reserve	300,000				300,000
Acquisition and Construction Reserve					
Bond Proceeds	4,174,011				4,174,011
Development Fees	22,467,585				22,467,585
Notes Receivable			9,789		9,789
	36,062,559		9,789		36,072,348
<b>Property, Plant, and Equipment</b>					
Land and Land Improvements	2,524,950	14,047,949			16,572,899
Water Rights	20,289,136				20,289,136
Water System	154,010,925				154,010,925
Sewer System	91,458,698				91,458,698
Buildings and Improvements		1,244,044		363,556	1,607,600
Furniture and Fixtures	431,535	27,548		11,001	470,084
Machinery and Equipment	629,805	139,458		485,516	1,254,779
Construction in Progress	20,347,591	453,570			20,801,161
	289,692,640	15,912,569		860,073	306,465,282
<b>Accumulated Depreciation</b>	<b>(53,922,351)</b>	<b>(4,576,088)</b>		<b>(228,952)</b>	<b>(58,727,391)</b>
	235,770,289	11,336,481		631,121	247,737,891
<b>Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,374,841</b>					
	546,417				546,417
<b>Total Assets</b>	<b>\$299,886,277</b>	<b>\$11,854,323</b>	<b>\$9,789</b>	<b>\$1,581,484</b>	<b>\$313,331,873</b>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 1993

EXHIBIT F-1  
 (CONT'D)

	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING	SANITATION	TOTAL ALL FUNDS
<b>LIABILITIES AND FUND EQUITY</b>					
Current Liabilities (Payable from Current Assets)					
Accounts Payable	\$1,409,635	\$12,110	\$	\$143,048	\$1,564,793
Accrued Payroll	457,319	42,117		241,568	741,004
Due To General Fund				94,613	94,613
Contracts Payable - Current Portion	258,525				258,525
<b>Total</b>	<b>2,125,479</b>	<b>54,227</b>		<b>479,229</b>	<b>2,658,935</b>
Current Liabilities (Payable from Restricted Assets)					
Bonds Interest Payable	1,285,802				1,285,802
Bonds Payable - Current Portion	2,220,000				2,220,000
<b>Total</b>	<b>3,505,802</b>				<b>3,505,802</b>
<b>Total Current Liabilities</b>	<b>5,631,281</b>	<b>54,227</b>		<b>479,229</b>	<b>6,164,737</b>
Other Liabilities					
Deferred Revenue	1,191,465				1,191,465
Customer Advances and Deposits	904,916				904,916
Other					
Arbitrage Interest	121,869				121,869
Unearned Grant Revenue (Payable from Restricted Notes Receivable)			9,789		9,789
<b>Total Other</b>	<b>121,869</b>		<b>9,789</b>		<b>131,658</b>
<b>Total Other Liabilities</b>	<b>2,218,250</b>		<b>9,789</b>		<b>2,228,039</b>
Long-Term Debt (Net of Current Portion)					
Bonds Payable	55,375,000				55,375,000
<b>Total</b>	<b>55,375,000</b>				<b>55,375,000</b>
<b>Total Liabilities</b>	<b>63,224,531</b>	<b>54,227</b>	<b>9,789</b>	<b>479,229</b>	<b>63,767,776</b>
Fund Equity					
Contributed Capital	182,678,552	16,362,752		477,808	199,519,112
Less Depreciation	(23,511,198)	(4,608,485)			(28,119,683)
<b>Net Contributed Capital</b>	<b>159,167,354</b>	<b>11,754,267</b>		<b>477,808</b>	<b>171,399,429</b>
Retained Earnings					
Reserved for					
Revenue Bond Retirement	2,454,431				2,454,431
Water and Sewer System Replacement	6,966,533				6,966,533
Acquisition and Construction	26,641,596				26,641,596
Unreserved	41,431,832	45,829		624,447	42,102,108
<b>Total Retained Earnings</b>	<b>77,494,392</b>	<b>45,829</b>		<b>624,447</b>	<b>78,164,668</b>
<b>Total Fund Equity</b>	<b>236,661,746</b>	<b>11,800,096</b>		<b>1,102,255</b>	<b>249,564,097</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$299,886,277</b>	<b>\$11,854,323</b>	<b>\$9,789</b>	<b>\$1,581,484</b>	<b>\$313,331,873</b>

SEE NOTES TO FINANCIAL STATEMENTS

## ENTERPRISE FUNDS

EXHIBIT F-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Operating Revenues				
Water Service Fees	\$28,570,614	\$	\$	\$28,570,614
Sewer Service Fees	7,681,358			7,681,358
Planet Ranch	466,221			466,221
Sanitation Fees			7,832,385	7,832,385
Airport Fees		580,273		580,273
Total Operating Revenues	36,718,193	580,273	7,832,385	45,130,851
Operating Expenses				
Water Operations	16,530,883			16,530,883
Sewer Operations	3,490,024			3,490,024
Sanitation Operations			6,302,202	6,302,202
Airport Operations		674,793		674,793
Depreciation and Amortization	6,750,017	494,162	39,834	7,284,013
Indirect Cost	3,551,707	295,745	1,024,380	4,871,832
In Lieu Property Tax	651,974	30,479		682,453
Franchise Fee	1,889,150			1,889,150
Total Operating Expenses	32,863,755	1,495,179	7,366,416	41,725,350
Operating Income (Loss)	3,854,438	(914,906)	465,969	3,405,501
Non-Operating Revenues (Expenses)				
Interest Earnings	1,816,345		30,126	1,846,471
Interest Expense	(1,578,642)			(1,578,642)
Net Non-Operating Revenues (Expenses)	237,703		30,126	267,829
Operating Transfer In	250,000	413,278		663,278
Operating Transfer Out			(127,000)	(127,000)
Net Income (Loss)	4,342,141	(501,628)	369,095	4,209,608
Add Depreciation On Fixed Assets Acquired By Contributed Capital	2,884,323	494,162		3,378,485
Increase (Decrease) in Retained Earnings	7,226,464	(7,466)	369,095	7,588,093
Retained Earnings July 1, 1992	70,267,928	53,295	255,352	70,576,575
Retained Earnings June 30, 1993	\$77,494,392	\$45,829	\$624,447	\$78,164,668

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-3

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING	SANITATION	TOTAL ALL FUNDS
Cash Flows From Operating Activities:					
Operating Income (Loss)	\$3,854,438	(\$914,906)	\$	\$465,969	\$3,405,501
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities:					
Depreciation	6,669,156	494,162		39,834	7,203,152
Amortization	80,861				80,861
Changes In Assets and Liabilities (Sources (Uses) of Cash):					
Accounts Receivable	(307,288)			(129,942)	(437,230)
Miscellaneous Receivables	(59,502)			(14,076)	(73,578)
Accounts Payable	(2,029,006)	752,066		55,050	(1,221,890)
Accrued Payroll	45,539	10,051		41,638	97,228
Due To General Fund		8,815		(346,111)	(337,296)
Deferred Revenue	430,740	(562,983)			(132,243)
Other Liabilities	(1,717,517)				(1,717,517)
Due From Capital Projects Funds	(5,921,621)				(5,921,621)
Total Adjustments	(2,808,638)	702,111		(353,607)	(2,460,134)
Net Cash Provided By (Used For) Operating Activities	1,045,800	(212,795)		112,362	945,367
Cash Flows from Non-Capital Financing Activities:					
Operating Transfers In (Out)	250,000	413,278		(127,000)	536,278
Cash Flows From Capital and Related Financing Activities:					
Acquisition and Construction Of Property and Equipment	(15,443,609)	(430,228)		(20,978)	(15,894,815)
Principal Payments On Long-Term Debt	(2,187,936)				(2,187,936)
Interest Paid on Long-Term Debt	(2,217,393)				(2,217,393)
Capital Contributions From Other Government Units		687,120			687,120
Water and Sewer Development Fees	10,040,502				10,040,502
Capital Contributions from Developers	3,375,479				3,375,479
Proceeds from Sale of Bonds	37,791,373				37,791,373
Principal Deletion of Refunded Debt	(32,791,373)				(32,791,373)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(1,432,957)	256,892		(20,978)	(1,197,043)
Cash Flows From Investing Activities					
Interest Received On Investments	2,032,238	179		35,616	2,068,033
Net Increase In Cash and Cash Equivalents	1,895,081	457,554			2,352,635
Cash and Cash Equivalents At Beginning Of Year	44,377,993				44,377,993
Cash and Cash Equivalents At End Of Year	\$46,273,074	\$457,554	\$	\$	\$46,730,628

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-3  
(CONT'D)

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING	SANITATION	TOTAL ALL FUNDS
Cash and Cash Equivalents at End of Year Includes					
Cash and Short-Term Investments	\$6,698,729	\$457,554	\$	\$	\$7,156,283
Cash with Fiscal Agents	3,511,786				3,511,786
Restricted Cash and Investments	36,062,559		9,789		36,072,348
Less Note Receivable			(9,789)		(9,789)
<b>Total Cash and Cash Equivalents</b>	<b>\$46,273,074</b>	<b>\$457,554</b>	<b>\$</b>	<b>\$</b>	<b>\$46,730,628</b>
Supplemental Disclosure Of Noncash Financing Activities:					
Additions To Property, Plant, and Equipment					
Contributions From Developers	\$8,280,115	\$	\$	\$	\$8,280,115
Contributions From Other Government Units		595,400			595,400
Contributions To Other Government Units	(605,000)				(605,000)
	<b>\$7,675,115</b>	<b>\$595,400</b>	<b>\$</b>	<b>\$</b>	<b>\$8,270,515</b>

SEE NOTES TO FINANCIAL STATEMENTS



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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	WATER AND SEWER UTILITY			AIRPORT			SANITATION			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues												
Water Service Fees	\$28,058,000	\$28,820,615	\$762,615	\$	\$	\$	\$	\$	\$	\$28,058,000	\$28,820,615	\$762,615
Water Resources Fees	3,900,000	4,250,911	350,911							3,900,000	4,250,911	350,911
Sewer Service Fees	8,000,000	7,681,358	(318,642)							8,000,000	7,681,358	(318,642)
Planet Ranch	425,000	466,221	41,221							425,000	466,221	41,221
Sanitation Fees							7,831,000	7,832,385	1,385	7,831,000	7,832,385	1,385
Airport Fees				700,000	580,273	(119,727)				700,000	580,273	(119,727)
Interest Earnings	600,000	816,941	216,941					30,126	30,126	600,000	847,067	247,067
Operating Transfer				273,956	413,278	139,322				273,956	413,278	139,322
Total Revenues	40,983,000	42,036,046	1,053,046	973,956	993,551	19,595	7,831,000	7,862,511	31,511	49,787,956	50,892,108	1,104,152
Expenditures												
Water Operations	17,674,305	16,804,412	869,893							17,674,305	16,804,412	869,893
Sewer Operations	3,587,543	3,486,751	100,792							3,587,543	3,486,751	100,792
Sanitation Operations							6,776,691	6,317,105	459,586	6,776,691	6,317,105	459,586
Airport Operations				684,581	697,214	(2,633)				684,581	697,214	(2,633)
Debt Service and Reserves	7,495,855	6,444,093	1,051,762							7,495,855	6,444,093	1,051,762
Operating Transfer							127,000	127,000			127,000	
Indirect Cost	6,092,841	6,092,841		326,214	326,214		1,024,380	1,024,380		7,443,435	7,443,435	
Total Expenditures	34,850,544	32,828,097	2,022,447	1,020,795	1,023,428	(2,633)	7,928,071	7,468,485	459,586	43,799,410	41,320,010	2,479,400
Excess (Deficiency) of Revenues Over Expenditures	\$6,132,456	\$9,207,949	\$3,075,493	(\$46,839)	(\$29,877)	\$16,962	(\$97,071)	\$394,026	\$491,097	\$5,988,546	\$9,572,098	\$3,563,552



**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.

INTERNAL SERVICE FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 1993

EXHIBIT G-1

	MOTOR POOL	SELF INSURANCE	TOTAL ALL FUNDS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Short-Term Investments	\$2,351,652	\$3,681,241	\$6,032,893
Receivables			
Accrued Interest	12,353	18,782	31,135
Miscellaneous	17,389	32,924	50,313
Supplies Inventory	270,602		270,602
<b>Total Current Assets</b>	<b>2,651,996</b>	<b>3,732,947</b>	<b>6,384,943</b>
<b>Property, Plant, and Equipment</b>			
Buildings and Improvements	1,425,580		1,425,580
Motor Vehicles	14,910,373		14,910,373
Machinery and Equipment	1,018,316		1,018,316
Furniture, Fixtures, and Office Equipment	16,831	40,992	57,823
Construction in Progress	696,268		696,268
	18,067,368	40,992	18,108,360
Accumulated Depreciation	(9,974,469)	(20,881)	(9,995,350)
	8,092,899	20,111	8,113,010
<b>Total Assets</b>	<b>\$10,744,895</b>	<b>\$3,753,058</b>	<b>\$14,497,953</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$12,684	\$1,542	\$14,226
Accrued Payroll	199,446	34,977	234,423
Claims Payable		4,775,631	4,775,631
<b>Total Current Liabilities</b>	<b>212,130</b>	<b>4,812,150</b>	<b>5,024,280</b>
<b>Fund Equity</b>			
Contributed Capital	8,708,051	1,983,088	10,691,139
Retained Earnings (Accumulated Deficit)	1,824,714	(3,042,180)	(1,217,466)
<b>Net Fund Equity</b>	<b>10,532,765</b>	<b>(1,059,092)</b>	<b>9,473,673</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$10,744,895</b>	<b>\$3,753,058</b>	<b>\$14,497,953</b>

SEE NOTES TO FINANCIAL STATEMENTS

## INTERNAL SERVICE FUNDS

EXHIBIT G-2

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
RETAINED EARNINGS (ACCUMULATED DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	MOTOR POOL	SELF INSURANCE	TOTAL ALL FUNDS
Operating Revenues			
Billings To User Programs	\$5,756,748	\$2,365,117	\$8,121,865
Other	49,157	7,368	56,525
Total Operating Revenues	5,805,905	2,372,485	8,178,390
Operating Expenses			
Motor Pool Operations	3,983,740		3,983,740
Self-Insurance Administration		1,002,271	1,002,271
Self-Insurance Claims		2,831,961	2,831,961
Depreciation	1,553,423	2,764	1,556,187
Total Operating Expenses	5,537,163	3,836,996	9,374,159
Operating Income (Loss)	268,742	(1,464,511)	(1,195,769)
Non-Operating Revenues/ Operating Transfers			
Interest Earnings	115,442	175,525	290,967
Operating Transfer In	336,000	200,000	536,000
Total Non-Operating Revenues/ Operating Transfers	451,442	375,525	826,967
Net Income (Loss)	720,184	(1,088,986)	(368,802)
Retained Earnings (Accumulated Deficit)			
July 1, 1992	1,104,530	(1,953,194)	(848,664)
Retained Earnings (Accumulated Deficit)			
June 30, 1993	\$1,824,714	(\$3,042,180)	(\$1,217,466)

SEE NOTES TO FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT G-3

	MOTOR POOL	SELF INSURANCE	TOTAL ALL FUNDS
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$268,742	(\$1,464,511)	(\$1,195,769)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,553,423	2,764	1,556,187
Changes in Assets and Liabilities (Sources (Uses) of Cash):			
Miscellaneous Receivables	(12,547)	(6,286)	(18,833)
Supplies Inventory	(11,298)		(11,298)
Accounts Payable	(2,551)	(4,590)	(7,141)
Accrued Payroll	18,879	6,615	25,494
Claims Payable – Reported		(1,554,948)	(1,554,948)
Claims Payable – Unreported		2,239,300	2,239,300
Total Adjustments	1,545,906	682,855	2,228,761
Net Cash Provided by (Used for) Operating Activities	1,814,648	(781,656)	1,032,992
Cash Flows From Non-Capital Financing Activities:			
Operating Transfer	336,000	200,000	536,000
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Property and Equipment	(2,399,011)	(8,655)	(2,407,666)
Capital Contributions from Other Governmental Units	10,255		10,255
Net Cash Used for Capital and Related Financing Activities	(2,388,756)	(8,655)	(2,397,411)
Cash Flows From Investing Activities:			
Interest Received On Investments	129,797	196,565	326,362
Net Decrease in Cash and Cash Equivalents	(108,311)	(393,746)	(502,057)
Cash and Cash Equivalents at Beginning of Year	2,459,963	4,074,987	6,534,950
Cash and Cash Equivalents at End of Year	\$2,351,652	\$3,681,241	\$6,032,893

SEE NOTES TO FINANCIAL STATEMENTS

## INTERNAL SERVICE FUNDS

EXHIBIT G-4

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	MOTOR POOL			SELF INSURANCE			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Billings To User Programs	\$5,676,000	\$5,756,748	\$80,748	\$2,339,000	\$2,365,117	\$26,117	\$8,015,000	\$8,121,865	\$106,865
Contributions from Municipality	336,000	336,000		200,000	200,000		536,000	536,000	
Interest Earnings	85,000	115,442	30,442	200,000	175,525	(24,475)	285,000	290,967	5,967
Other		49,157	49,157		7,368	7,368		56,525	56,525
Total Revenues	6,097,000	6,257,347	160,347	2,739,000	2,748,010	9,010	8,836,000	9,005,357	169,357
Expenditures									
Motor Pool Operations	7,659,906	7,146,482	513,424				7,659,906	7,146,482	513,424
Self Insurance Operations				3,128,208	3,171,104	(42,896)	3,128,208	3,171,104	(42,896)
Total Expenditures	7,659,906	7,146,482	513,424	3,128,208	3,171,104	(42,896)	10,788,114	10,317,586	470,528
Deficiency of Revenues Over Expenditures	(\$1,562,906)	(\$889,135)	\$673,771	(\$389,208)	(\$423,094)	(\$33,886)	(\$1,952,114)	(\$1,312,229)	\$639,885

SEE NOTES TO FINANCIAL STATEMENTS





**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 Trusts 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.

**Nonexpendable Trust Fund**

Used to account for gifts for which the original principal may not be expended. The interest of other earnings from the principal are designated for a special purpose. The nonexpendable trust fund includes gifts received for libraries.

**Deferred Compensation Agency Fund**

Permits employees to defer a portion of their salaries to future years.

TRUST AND AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 1993

EXHIBIT H-1

	EXPENDABLE TRUSTS	NONEXPENDABLE TRUST	DEFERRED COMPENSATION AGENCY	TOTAL ALL FUNDS
<b>ASSETS</b>				
Cash and Short-Term Investments	\$5,126,232	\$184,658	\$	\$5,310,890
Investments			6,093,985	6,093,985
Accrued Interest	13,944			13,944
Miscellaneous Receivables	213			213
<b>Total Assets</b>	<b>\$5,140,389</b>	<b>\$184,658</b>	<b>\$6,093,985</b>	<b>\$11,419,032</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$5,049	\$	\$	\$5,049
Designated Deferred Compensation Benefits			6,093,985	6,093,985
Guaranty and Other Deposits	1,270,001			1,270,001
<b>Total Liabilities</b>	<b>1,275,050</b>		<b>6,093,985</b>	<b>7,369,035</b>
<b>Fund Balances</b>				
Reserved for Encumbrances	32,125	457		32,582
Reserved for Library Acquisitions		184,201		184,201
Unreserved	3,833,214			3,833,214
<b>Total Fund Balances</b>	<b>3,865,339</b>	<b>184,658</b>		<b>4,049,997</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$5,140,389</b>	<b>\$184,658</b>	<b>\$6,093,985</b>	<b>\$11,419,032</b>

SEE NOTES TO FINANCIAL STATEMENTS

## TRUST AND AGENCY FUNDS

EXHIBIT H-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>EXPENDABLE TRUSTS</u>
Revenues	
Interest Earnings	\$122,526
Other	<u>1,310,324</u>
Total Revenues	1,432,850
Expenditures	
Expendable Trusts	<u>1,212,736</u>
Excess of Revenues Over Expenditures	220,114
Other Sources	
Operating Transfers In	<u>300,000</u>
Excess of Revenues and Other Sources Over Expenditures	520,114
Fund Balance July 1, 1992	3,782,925
Residual Equity Transfer Out	<u>(437,700)</u>
Fund Balance June 30, 1993	<u><u>\$3,865,339</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

EXHIBIT H-3

SCHEDULE OF EXPENDITURES BY OBJECT - EXPENDABLE TRUSTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
Expendable Trusts	\$101,045	\$625,150	\$175,489	\$311,052	\$1,212,736

## TRUST AND AGENCY FUNDS

EXHIBIT H-4

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND BALANCE – NONEXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>NONEXPENDABLE TRUST</u>
Operating Revenues	
Interest Earnings	\$7,785
Operating Expenses	<u>8,044</u>
Operating Loss	(259)
Net Loss	(259)
Fund Balance July 1, 1992	<u>184,917</u>
Fund Balance June 30, 1993	<u><u>\$184,658</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

EXHIBIT H-5

STATEMENT OF CASH FLOWS – NONEXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Cash Flows From Operating Activities:	
Operating Income	<u>          (\$259)</u>
Net Cash Used for Operating Activities	(259)
Net Decrease In Cash and Cash Equivalents	(259)
Cash and Cash Equivalents At Beginning Of Year	<u>          184,917</u>
Cash and Cash Equivalents At End Of Year	<u>          \$184,658</u>

## TRUST AND AGENCY FUNDS

EXHIBIT H-6

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - DEFERRED COMPENSATION AGENCY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	DEFERRED COMPENSATION AGENCY			
	BALANCE JULY 1, 1992	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1993
<b>ASSETS</b>				
Investments	\$4,927,656	\$1,417,017	\$250,688	\$6,093,985
Total Assets	\$4,927,656	\$1,417,017	\$250,688	\$6,093,985
<b>LIABILITIES</b>				
Designated Deferred Compensation Benefits	\$4,927,656	\$1,417,017	\$250,688	\$6,093,985
Total Liabilities	\$4,927,656	\$1,417,017	\$250,688	\$6,093,985

SEE NOTES TO FINANCIAL STATEMENTS





**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 investment in fixed assets of proprietary fund types are accounted for in their respective funds.

**SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE**  
**AS OF JUNE 30, 1993**

EXHIBIT I-1

## Property and Equipment

Land	\$43,590,570
Buildings and Improvements	141,918,668
Streets and Storm Drains	800,256,353
Machinery and Equipment	23,960,802
Construction in Progress	<u>46,774,219</u>
Total General Fixed Assets	<u>\$1,056,500,612</u>

## Investment in General Fixed Assets From

General Fund	\$84,778,660
Special Revenue Funds	53,141,294
Capital Projects Funds	228,907,023
Contributions	657,391,149
Improvement Districts	<u>32,282,486</u>
Total Investment in General Fixed Assets	<u>\$1,056,500,612</u>

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

EXHIBIT I-2

AS OF JUNE 30, 1993

DEPARTMENT	LAND	BUILDINGS AND IMPROVEMENTS	STREETS AND STORM DRAIN	MACHINERY AND EQUIPMENT	TOTAL
General Government	\$464,153	\$953,031	\$	\$626,292	\$2,043,476
Police		1,009,159		3,025,572	4,034,731
Financial Services		304,985		713,508	1,018,493
Transportation		7,104,885		141,849	7,246,734
Community Services	7,444,399	9,715,761	134,747	1,837,954	19,132,861
Management Services	40,855	13,733	48,038	12,135,773	12,238,399
Planning & Community Development		13,121		270,245	283,366
Fire		397,962		293,929	691,891
Municipal Services				193,458	193,458
Capital Projects	35,641,163	122,406,032	800,073,568	4,722,221	962,842,984
Total General Fixed Assets Allocated to Functions	<u>\$43,590,570</u>	<u>\$141,918,669</u>	<u>\$800,256,353</u>	<u>\$23,960,801</u>	<u>1,009,726,393</u>
Construction in Progress					<u>46,774,219</u>
Total General Fixed Assets					<u>\$1,056,500,612</u>

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT I-3

DEPARTMENT	JULY 1, 1992	ADDITIONS	DELETIONS	JUNE 30, 1993
General Government	\$1,793,163	\$253,119	(\$2,806)	\$2,043,476
Police	3,936,201	196,703	(98,173)	4,034,731
Financial Services	900,897	207,626	(90,030)	1,018,493
Transportation	7,287,767	83,966	(124,999)	7,246,734
Community Services	19,038,755	96,440	(2,334)	19,132,861
Management Services	12,062,752	179,624	(3,977)	12,238,399
Planning & Community Development	338,695	52,877	(108,206)	283,366
Fire	691,891			691,891
Municipal Services	58,637	134,821		193,458
Capital Projects	879,626,860	83,216,124		962,842,984
Construction in Progress	37,631,747	32,184,245	(23,041,773)	46,774,219
Total General Fixed Assets	<u>\$963,367,365</u>	<u>\$116,605,545</u>	<u>(\$23,472,298)</u>	<u>\$1,056,500,612</u>

**DEBT REQUIREMENTS**

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

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT J-1

	JULY 1, 1992	ISSUED	RETIRED	ADVANCE REFUNDINGS		JUNE 30, 1993	FINAL PAYMENT DATE
				ISSUED	DEFEASED		
<b>GENERAL OBLIGATION BONDS</b>							
1968 Civic Center	\$925,000	\$	\$200,000	\$	\$	\$725,000	07/01/96
1973 Storm Sewer	3,500,000		3,500,000				
1984 Public Buildings	4,320,000				4,320,000		
1984 Parks & Recreation	1,500,000				1,500,000		
1984 Storm Sewer	180,000				180,000		
1985 Public Buildings	112,500		112,500				
1985 Parks & Recreation	146,250		146,250				
1985 Storm Sewer	116,250		116,250				
1986 Water Acquisition	35,500,000		800,000		29,075,000	5,625,000	07/01/98
1989 Series A (1990) CIP	28,785,000				15,940,000	12,845,000	07/01/03
1991 G.O. Refunding	8,705,000		90,000			8,615,000	07/01/05
1989 Series B (1991) CIP	19,000,000					19,000,000	07/01/11
1989 Series C (1992) CIP/Refunding		19,000,000	1,880,000	6,055,000		23,175,000	07/01/12
1993 Refunding				45,015,000		45,015,000	07/01/09
<b>Total General Obligation Bonds</b>	<b>\$102,790,000</b>	<b>\$19,000,000</b>	<b>\$6,845,000</b>	<b>\$51,070,000</b>	<b>\$51,015,000</b>	<b>\$115,000,000</b>	
<b>REVENUE BONDS</b>							
1973 Utility Refunding	\$895,000	\$	\$300,000	\$	\$	\$595,000	07/01/95
1984 Utility	625,000		625,000				
1989 Utility Series A (1990)	7,070,000		235,000			6,835,000	07/01/09
1992 Refunding	8,505,000					8,505,000	07/01/00
1989 Utility Series B (1992)		5,000,000	260,000			4,740,000	07/01/12
1984 HURF Series A	1,000,000		475,000		525,000		
1985 HURF Series B	1,710,000		380,000		1,330,000		
1987 HURF Series C	9,560,000		60,000		9,365,000	135,000	07/01/95
1989 HURF Refunding	15,690,000		165,000		12,400,000	3,125,000	07/01/97
1993 HURF Refunding				26,690,000		26,690,000	07/01/07
<b>Total Revenue Bonds</b>	<b>\$45,055,000</b>	<b>\$5,000,000</b>	<b>\$2,500,000</b>	<b>\$26,690,000</b>	<b>\$23,620,000</b>	<b>\$50,625,000</b>	
<b>MUNICIPAL PROPERTY CORPORATION BONDS</b>							
1974 Arts	\$3,045,000	\$	\$515,000	\$	\$	\$2,530,000	07/01/96
1984 Recreation Facilities	10,480,000		490,000			9,990,000	07/01/04
1987 Certificates of Participation	3,100,000					3,100,000	07/01/01
1987 Refunding Certificates of Participation	34,500,000		1,805,000		25,375,000	7,320,000	07/01/97
1992 Asset Transfer Refunding	47,095,000		1,630,000			45,465,000	11/01/14
1993 Refunding				29,475,000		29,475,000	07/01/05
<b>Total Municipal Property Corporation Bonds</b>	<b>\$98,220,000</b>	<b>\$</b>	<b>\$4,440,000</b>	<b>\$29,475,000</b>	<b>\$25,375,000</b>	<b>\$97,880,000</b>	

SCHEDULE OF CHANGES IN LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT J-1  
(CONT'D)

	ADVANCE REFUNDINGS					JUNE 30, 1993	FINAL PAYMENT DATE
	JULY 1, 1992	ISSUED	RETIRED	ISSUED	DEFEASED		
<b>SPECIAL ASSESSMENTS</b>							
RW-6805 5th Ave.	\$3,000	\$	\$3,000	\$	\$	\$	01/01/93
RW-6806 Thomas, Civic Center, Earll	52,000		17,000			35,000	01/01/95
P-8861 Gary Road Paving	6,000		6,000				01/01/93
W-7829 North Scottsdale	1,965,000		655,000			1,310,000	01/01/95
S-7830 Sewer Project	510,000		170,000			340,000	01/01/95
WSP-8871 Escondido Estates	37,000		18,000			19,000	01/01/94
WSP-8741 Hayden Road Extension	575,000		140,000			435,000	01/01/96
WSP-8978 N. Airport Industrial	2,605,000		520,000			2,085,000	07/01/97
I5502 NW Airpark	1,035,000		175,000			860,000	01/01/98
08739 Via Linda	700,000		120,000			580,000	01/01/98
I8501 CAP @ Hayden Road	480,000		70,000			410,000	01/01/99
I0601 Pima/CAP	9,590,000		1,070,000			8,520,000	01/01/01
O8834 Pima Acres	1,180,000		135,000			1,045,000	01/01/01
I0003 Old Scottsdale/West Main	1,095,000		110,000			985,000	01/01/02
I0004 Fifth Avenue/Marshall Way	1,215,000		125,000			1,090,000	01/01/02
I2001 Section 31	525,000		55,000			470,000	01/01/02
I9001 Pinnacle Vista	925,000					925,000	01/01/03
I6001 North Area Water		1,775,000				1,775,000	01/01/03
I1001 Adobe/Miller		1,075,000				1,075,000	01/01/03
<b>Total Special Assessment Bonds</b>	<b>\$22,498,000</b>	<b>\$2,850,000</b>	<b>\$3,389,000</b>	<b>\$</b>	<b>\$</b>	<b>\$21,959,000</b>	
<b>Total Bonds</b>	<b>\$268,563,000</b>	<b>\$26,850,000</b>	<b>\$17,174,000</b>	<b>\$107,235,000</b>	<b>\$100,010,000</b>	<b>\$285,464,000</b>	
<b>CONTRACTS PAYABLE</b>							
U.S. Corps of Engineers - Indian Bend Wash	\$3,816,503	\$	\$35,915	\$	\$	\$3,780,588	2043
Pepperwood	304,018		304,018				06/30/92
Plan 6	661,462		402,937			258,525	07/01/94
Ladder Truck	165,323		79,687			85,636	09/30/93
East Couplet/Galleria	525,000		105,000			420,000	06/30/97
West Couplet/Camelview	4,000,000		273,529			3,726,471	2001
<b>Total Contracts</b>	<b>\$9,472,306</b>	<b>\$</b>	<b>\$1,201,086</b>	<b>\$</b>	<b>\$</b>	<b>\$8,271,220</b>	
<b>TOTAL BONDS AND CONTRACTS</b>	<b>\$278,035,306</b>	<b>\$26,850,000</b>	<b>\$18,375,086</b>	<b>\$107,235,000</b>	<b>\$100,010,000</b>	<b>\$293,735,220</b>	

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY  
GENERAL OBLIGATION BONDS

EXHIBIT J-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

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
1993-94	\$855,000	\$2,964,414	\$3,819,414	\$3,455,000	\$3,616,507	\$7,071,507	\$4,310,000	\$6,580,921	\$10,890,921
1994-95	835,000	2,911,714	3,746,714	3,985,000	3,457,712	7,442,712	4,820,000	6,369,426	11,189,426
1995-96	2,840,000	2,857,889	5,697,889	2,105,000	3,261,017	5,366,017	4,945,000	6,118,906	11,063,906
1996-97	2,560,000	2,647,451	5,207,451	2,740,000	3,152,777	5,892,777	5,300,000	5,800,228	11,100,228
1997-98	2,640,000	2,438,126	5,078,126	3,010,000	3,004,462	6,014,462	5,650,000	5,442,588	11,092,588
1998-99	2,810,000	2,219,651	5,029,651	3,200,000	2,835,985	6,035,985	6,010,000	5,055,636	11,065,636
1999-22	2,985,000	1,987,026	4,972,026	4,175,000	2,683,625	6,858,625	7,160,000	4,670,651	11,830,651
2000-01	3,170,000	1,742,571	4,912,571	5,330,000	2,480,055	7,810,055	8,500,000	4,222,626	12,722,626
2001-02	3,365,000	1,525,829	4,890,829	5,640,000	2,212,740	7,852,740	9,005,000	3,738,569	12,743,569
2002-03	3,575,000	1,321,466	4,896,466	5,975,000	1,924,154	7,899,154	9,550,000	3,245,620	12,795,620
2003-04	1,850,000	1,103,479	2,953,479	2,218,236	7,689,193	9,907,429	4,068,236	8,792,672	12,860,908
2004-05	1,250,000	996,866	2,246,866	2,966,764	7,704,808	10,671,572	4,216,764	8,701,674	12,918,438
2005-06	3,669,000	921,866	4,590,866	7,001,000	1,403,192	8,404,192	10,670,000	2,325,058	12,995,058
2006-07	4,605,000	719,232	5,324,232	1,255,000	1,029,714	2,284,714	5,860,000	1,748,946	7,608,946
2007-08	4,835,600	465,226	5,300,826	1,369,400	957,552	2,326,952	6,205,000	1,422,778	7,627,778
2008-09	3,550,000	195,250	3,745,250	3,035,000	878,713	3,913,713	6,585,000	1,073,963	7,658,963
2009-12				12,145,000	1,074,176	13,219,176	12,145,000	1,074,176	13,219,176
TOTALS	<u>\$45,994,600</u>	<u>\$27,018,056</u>	<u>\$72,412,656</u>	<u>\$69,605,400</u>	<u>\$49,366,382</u>	<u>\$118,971,782</u>	<u>\$115,000,000</u>	<u>\$76,384,438</u>	<u>\$191,384,438</u>



DEBT SERVICE REQUIREMENTS TO MATURITY  
UTILITY REVENUE BONDS AND HIGHWAY USER REVENUE BONDS

EXHIBIT J-2  
(CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

FISCAL YEAR	WATER AND SEWER UTILITY REVENUE BONDS			HIGHWAY USER REVENUE BONDS			TOTAL WATER AND SEWER UTIL AND HIGHWAY USER REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1993-94	\$1,425,000	\$1,245,485	\$2,670,485	\$1,080,000	\$1,532,830	\$2,612,830	\$2,505,000	\$2,778,315	\$5,283,315
1994-95	1,710,000	1,167,113	2,877,113	1,615,000	1,490,515	3,105,515	3,325,000	2,657,628	5,982,628
1995-96	1,800,000	1,072,538	2,872,538	1,700,000	1,407,270	3,107,270	3,500,000	2,479,808	5,979,808
1996-97	1,895,000	968,863	2,863,863	1,785,000	1,318,210	3,103,210	3,680,000	2,287,073	5,967,073
1997-98	2,010,000	857,343	2,867,343	1,890,000	1,208,538	3,098,538	3,900,000	2,065,881	5,965,881
1998-99	2,125,000	736,723	2,861,723	1,980,000	1,123,488	3,103,488	4,105,000	1,860,211	5,965,211
1999-00	1,425,000	608,988	2,033,988	2,070,000	1,031,913	3,101,913	3,495,000	1,640,901	5,135,901
2000-01	600,000	520,603	1,120,603	2,170,000	933,588	3,103,588	2,770,000	1,454,191	4,224,191
2001-02	640,000	478,528	1,118,528	2,275,000	827,800	3,102,800	2,915,000	1,306,328	4,221,328
2002-03	685,000	433,468	1,118,468	2,395,000	714,050	3,109,050	3,080,000	1,147,518	4,227,518
2003-04	730,000	390,178	1,120,178	2,515,000	591,306	3,106,306	3,245,000	981,484	4,226,484
2004-05	780,000	343,307	1,123,307	2,660,000	459,269	3,119,269	3,440,000	802,576	4,242,576
2005-06	830,000	292,933	1,122,933	2,825,000	316,294	3,141,294	3,655,000	609,227	4,264,227
2006-07	890,000	238,473	1,128,473	2,990,000	164,450	3,154,450	3,880,000	402,923	4,282,923
2007-08	955,000	179,923	1,134,923				955,000	179,923	1,134,923
2008-09	1,020,000	121,675	1,141,675				1,020,000	121,675	1,141,675
2009-12	1,155,000	120,250	1,275,250				1,155,000	120,250	1,275,250
TOTALS	<u>\$20,675,000</u>	<u>\$9,776,391</u>	<u>\$30,451,391</u>	<u>\$29,950,000</u>	<u>\$13,119,521</u>	<u>\$43,069,521</u>	<u>\$50,625,000</u>	<u>\$22,895,912</u>	<u>\$73,520,912</u>

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY  
MUNICIPAL PROPERTY CORPORATION, SPECIAL ASSESSMENT BONDS, AND CONTRACTS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT J-2  
(CONT'D)

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
1993-94	\$4,220,000	\$5,995,061	\$10,215,061	\$3,767,000	\$1,407,744	\$5,174,744	\$887,934	\$194,963	\$1,082,897
1994-95	4,850,000	5,741,385	10,591,385	3,737,000	1,131,885	4,868,885	544,699	191,462	736,161
1995-96	5,020,000	5,447,276	10,467,276	2,885,000	895,189	3,780,189	546,733	189,427	736,160
1996-97	5,430,000	5,143,648	10,573,648	2,745,000	702,099	3,447,099	548,870	187,291	736,161
1997-98	5,800,000	4,787,075	10,587,075	2,210,000	514,882	2,724,882	446,118	186,667	632,785
1998-99	6,130,000	4,457,886	10,587,886	1,910,000	375,834	2,285,834	448,478	182,682	631,160
1999-00	6,495,000	4,100,008	10,595,008	1,845,000	250,117	2,095,117	450,962	180,198	631,160
2000-01	6,910,000	3,710,520	10,620,520	1,845,000	126,642	1,971,642	453,573	177,587	631,160
2001-02	6,585,000	3,285,346	9,870,346	645,000	40,871	685,871	582,205	174,840	757,045
2002-03	7,020,000	2,871,354	9,891,354	370,000	10,653	380,653	59,206	171,954	231,160
2003-04	7,475,000	2,421,138	9,896,138				62,240	168,920	231,160
2004-05	6,405,000	1,931,938	8,336,938				65,431	165,729	231,160
2005-06	2,385,000	1,563,340	3,948,340				67,839	160,168	228,007
2006-07	2,540,000	1,408,906	3,948,906				72,216	158,950	231,166
2007-08	2,695,000	1,247,031	3,942,031				75,910	155,256	231,166
2008-09	2,870,000	1,075,781	3,945,781				79,794	151,372	231,166
2009-32	15,050,000	2,443,594	17,493,594				2,879,012	1,825,772	4,704,784
TOTALS	<u>\$97,880,000</u>	<u>\$57,631,287</u>	<u>\$155,511,287</u>	<u>\$21,959,000</u>	<u>\$5,455,916</u>	<u>\$27,414,916</u>	<u>\$8,271,220</u>	<u>\$4,623,238</u>	<u>\$12,894,458</u>



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

TABLE I

FISCAL YEAR	GENERAL GOVERNMENT	POLICE	FINANCIAL SERVICES	TRANSPORTATION	COMMUNITY SERVICES	MANAGEMENT SERVICES	PLANNING AND COMMUNITY DEVELOPMENT	FIRE	WATER RESOURCES	MUNICIPAL SERVICES	STREETLIGHT DISTRICTS (1)	CAPITAL IMPROVEMENTS	DEBT SERVICE	TOTAL
1983	\$9,409,602	\$19,753,890	\$3,751,865	\$2,580,418	\$15,485,007	\$5,005,842	\$9,182,452	\$8,595,200	\$	\$12,625,860	\$448,557	\$	\$29,205,336	\$114,024,019
(2) 1982	6,104,747	18,399,147	3,550,155	2,308,548	14,410,886	4,445,853	9,437,654	6,193,207		11,181,964	440,808		26,971,339	103,444,109
(2) 1981	5,305,288	17,057,240	3,535,711	2,312,864	13,704,744	4,150,444	8,424,594	5,810,722		9,998,878	431,424		26,121,373	98,852,880
(2) 1980	3,917,752	14,510,678	2,465,924	6,782,224	12,179,223	4,892,759	5,935,822	5,020,994		2,891,348	432,177		25,752,256	84,881,157
1989	5,202,464	14,138,466	2,858,972	6,504,125	12,323,666	4,441,009	5,889,490	4,787,139	1,418,078	8,081,417	415,041	1,976,266	27,611,812	95,846,945
1988	3,532,276	13,571,854	2,665,064	13,592,848	12,455,464	4,482,015	5,758,673	4,155,740	1,283,882		408,668	1,269,248	26,551,691	89,727,533
1987	2,721,381	11,836,704	2,190,533	11,872,258	10,204,757	3,912,789	5,883,408	3,973,055			443,276	5,810,259	26,385,767	85,304,187
1986	2,689,123	9,475,467	1,942,012	11,037,959	8,730,701	7,321,889	8,185,838					7,583,511	22,805,850	79,682,450
1985	2,138,651	8,352,188	1,873,189	10,573,974	8,155,034	7,625,803	7,118,544					544,579	11,661,857	58,041,919
1984	1,927,456	7,433,027	1,792,739	9,035,611	7,198,146	5,833,280	5,878,868					9,388,874	2,428,846	50,714,853

(1) Streetlight Districts were not classified as General Government expenditures until fiscal year 1987.

(2) Reorganizations occurred during these fiscal years which resulted in department title changes and a shift in divisions between departments. Indirect costs were changed from an expenditure credit to a revenue. 1991 and subsequent years have been recast to reflect these changes.

CITY OF SCOTTSDALE, ARIZONA

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

TABLE II

FISCAL YEAR	TAXES	INTER-GOVERNMENT REVENUE	SPECIAL ASSESSMENTS*	LICENSES	CHARGES FOR SERVICES	FINES AND FORFEITURES	USE OF MONEY AND PROPERTY	STREETLIGHT DISTRICTS*	MISCELLANEOUS	TOTAL
1993	\$55,214,104	\$27,970,288	\$4,941,556	\$737,854	\$7,586,803	\$1,720,511	\$4,564,692	\$513,846	\$12,976,009	\$116,225,663
1992	48,890,219	26,553,493	4,260,961	704,935	6,336,520	2,228,091	5,512,701	499,529	9,727,189	104,713,638
1991	46,358,382	25,176,007	2,774,035	630,070	5,152,757	2,215,138	6,345,610	558,163	8,079,640	97,289,802
1990	43,300,830	25,182,676	2,957,646	617,200	5,463,953	2,052,306	6,320,488	564,046	7,079,453	93,538,598
1989	40,349,302	23,956,139	2,527,537	596,233	10,594,369	1,838,594	7,708,925	509,184	6,305,752	94,386,035
1988	37,560,884	23,136,401	3,132,161	489,775	10,921,238	1,515,621	6,499,076	299,856	5,853,038	89,408,050
1987	34,165,734	22,208,618	1,317,697	474,633	9,394,683	1,091,268	6,020,676	255,020	5,067,864	79,996,193
1986	30,814,928	20,808,629		421,354	9,150,054	1,533,450	8,086,213		5,057,791	75,872,419
1985	27,324,172	19,651,559		403,829	7,953,178	1,147,666	4,545,911		2,975,630	64,001,945
1984	23,760,587	16,644,270		385,009	7,085,896	1,009,111	1,377,798		2,088,500	52,351,171

\* Special Assessments and Streetlight Districts were not classified as General Government revenue until fiscal year 1987.

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

TABLE III

FISCAL YEAR	PRIVILEGE TAXES	GENERAL PROPERTY TAX	FRANCHISE	IN LIEU PROPERTY	TOTAL TAXES
1993	\$36,739,426	\$14,677,069	\$3,597,046	\$200,563	\$55,214,104
1992	33,163,422	12,287,540	3,281,655	157,602	48,890,219
1991	31,159,495	11,924,840	3,122,093	151,954	46,358,382
1990	30,462,121	9,822,930	2,935,445	80,334	43,300,830
1989	28,401,262	9,125,216	2,720,995	101,829	40,349,302
1988	25,953,299	9,094,087	2,407,878	105,620	37,560,884
1987	24,273,366	7,707,177	2,093,052	92,139	34,165,734
1986	22,080,785	6,782,380	1,865,339	86,424	30,814,928
1985	20,051,172	5,580,004	1,628,787	64,209	27,324,172
1984	17,460,418	4,980,289	1,267,485	52,395	23,760,587

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

TABLE IV

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	% OF LEVY COLLECTIONS	DELINQUENT TAX COLLECTIONS	FUTURE YEAR TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS % OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT % OF CURRENT LEVY
1993	\$15,475,472	\$14,124,653	91.27	\$440,545	\$111,871	\$14,677,069	94.84	\$1,354,977	8.76
1992	12,406,428	11,242,860	90.62	833,008	111,672	12,187,540	98.24	850,230	6.85
1991	12,465,643	11,220,265	90.01	644,872	59,702	11,924,839	95.66	933,490	7.49
1990	9,863,616	9,179,323	93.06	601,806	41,967	9,823,096	99.59	740,805	7.51
1989	9,095,857	8,540,625	93.90	537,687	46,904	9,125,216	100.32	692,636	7.61
1988	8,943,980	8,321,524	93.04	669,796	102,767	9,094,087	101.68	602,824	6.74
1987	7,973,800	7,316,676	91.76	315,643	74,858	7,707,177	96.66	726,036	9.11
1986	6,776,237	6,498,494	95.90	183,078	100,807	6,782,379	100.09	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	4.53

CITY OF SCOTTSDALE, ARIZONA

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

TABLE Va

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

FISCAL YEAR	REAL ESTATE*	IMPROVEMENTS	SECURED PERSONAL	UNSECURED PERSONAL	UTILITIES RAILS WIRES	GROSS VALUATION	EXEMPTIONS	NET TAXABLE VALUATION	ESTIMATED ACTUAL VALUATION (000)
1992-93 P		\$1,187,255,765	\$20,121,045	\$86,390,875	\$60,550,760	\$1,354,318,445	(\$446,309)	\$1,353,872,136	\$9,421,433
S	\$588,714,830	643,541,770	20,121,045	86,390,875	60,568,640	1,379,337,160	(448,396)	1,378,888,764	9,557,639
1991-92 P		1,220,208,593	13,420,160	81,408,370	59,724,632	1,374,761,755	462,386	1,374,299,369	9,455,811
S	\$626,794,230	644,386,540	13,420,160	81,436,505	59,805,265	1,425,842,700	464,083	1,425,378,617	9,753,991
1990-91 P		1,223,412,100	17,661,195	77,524,985	56,007,880	1,374,606,160	462,542	1,374,143,616	9,328,072
S	\$659,705,245	667,306,900	17,661,195	77,544,940	56,057,300	1,478,275,580	462,211	1,477,813,367	9,921,082
1989-90 P		1,135,696,035	16,335,940	72,491,425	52,966,020	1,277,489,420	475,955	1,277,013,465	8,660,247
S	\$657,418,600	641,834,315	16,335,940	72,491,425	53,002,235	1,441,082,515	478,065	1,440,604,450	9,609,263
1988-89 P		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	1,284,822,17	8,503,650
1987-88 P		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		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		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		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		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

\* Real estate and improvements are combined in the primary valuation.

Property tax legislation approved by voters on June 3, 1980, created PRIMARY (P) and SECONDARY (S) valuation bases. The primary (limited) tax levy is for maintenance and operation of counties, cities, school districts, and the State. The secondary (full cash) tax levy is for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts.

CITY OF SCOTTSDALE, ARIZONA  
 ASSESSED VALUES BY PROPERTY CLASS  
 LAST TEN FISCAL YEARS

TABLE Vb

FISCAL YEAR	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	CLASS 7	CLASS 8	CLASS 9	TOTAL NET FULL CASH ASSESSED VALUE
	MINES	UTILITIES	COMMERCIAL	VACANT LAND	RESIDENTIAL	RENTED RESIDENTIAL	RAILROADS	HISTORICAL	LIVESTOCK	
1992-93 P	NA	\$45,828,070	\$484,619,388	\$201,567,942	\$533,104,153	\$88,746,323	NA	\$6,260	NA	\$1,353,872,136
S	NA	45,828,070	494,350,123	215,082,726	534,464,840	89,156,745	NA	6,260	NA	1,378,888,764
1991-92 P	NA	\$46,776,336	\$476,394,419	\$239,096,014	\$517,233,050	\$94,773,830	NA	\$12,066	NA	\$1,374,286,316
S	NA	46,776,336	490,136,001	272,312,329	520,084,030	96,064,146	NA	5,775	NA	1,425,378,617
1990-91 P	NA	\$43,215,227	\$488,832,901	\$239,360,252	\$499,843,286	\$102,886,527	NA	\$5,425	NA	\$1,374,143,618
S	NA	43,215,227	521,041,917	304,470,173	504,412,569	104,667,098	NA	6,385	NA	1,477,813,369
1989-90 P	NA	\$48,800,726	\$440,747,098	\$208,646,463	\$471,956,166	\$106,859,077	NA	\$4,935	NA	\$1,277,013,465
S	NA	48,800,726	486,625,184	314,428,116	479,914,364	110,829,675	NA	6,385	NA	1,440,604,450
1988-89 P	NA	\$43,939,855	\$385,803,297	\$163,237,782	\$429,633,087	\$100,392,353	NA	\$4,450	NA	\$1,123,010,824
S	NA	43,939,855	444,221,727	253,517,568	437,349,078	105,788,039	NA	5,900	NA	1,284,822,157
1987-88 P	NA	\$42,671,505	\$335,971,112	\$128,316,121	\$397,851,311	\$94,691,433	NA	\$5,132	NA	\$999,506,614
S	NA	42,671,505	375,874,187	222,146,580	414,219,343	99,832,903	NA	7,160	NA	1,154,751,678
1986-87 P	NA	\$35,380,685	\$294,567,527	\$86,511,874	\$348,235,976	\$97,929,006	NA	\$3,290	NA	\$862,628,358
S	NA	35,380,685	348,726,069	146,152,054	371,453,280	109,612,898	NA	4,440	NA	1,011,329,426
1985-86 P	NA	\$34,897,579	\$219,464,144	\$69,345,430	\$287,355,425	\$86,576,429	NA	\$2,905	NA	\$697,641,912
S	NA	34,897,579	265,595,126	117,944,983	304,196,358	94,255,896	NA	2,905	NA	816,892,847
1984-85 P	NA	\$32,718,136	\$178,222,565	\$48,774,863	\$261,855,396	\$47,869,196	NA	\$2,670	NA	\$569,442,626
S	NA	32,718,136	209,394,227	92,108,746	281,982,563	54,352,059	NA	2,795	NA	670,558,526
1983-84 P	NA	\$31,163,760	\$165,706,530	\$30,078,797	\$228,278,921	\$42,603,419	NA	\$2,430	NA	\$497,833,857
S	NA	31,163,760	201,683,074	69,396,718	264,205,993	51,634,311	NA	2,810	NA	617,986,666

In 1988, a statewide reappraisal program was compiled in which a property's value was assessed by usage classification on varying percentages of actual cash value. These percentages are as follows:

Property Class	Ratio
1. Mining, Timber	30%
2. Utilities	30
3. Commercial-Industrial	25
4. Agriculture, Vacant Land	16
5. Residential	10
6. Lease-Rental	12
7. Railroads	24
8. Historic	5
9. Livestock	8



CITY OF SCOTTSDALE, ARIZONA

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

TABLE VIa

TAX RATES PER \$100 ASSESSED VALUATIONS

FISCAL YEAR	SCHOOL DISTRICTS								TOTAL	
	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT		LIBRARY
1992-93 P S	\$ .4926 .6387	\$4.1373 1.2120	\$ .7938 .0572	\$1.6039 .1409	\$ .4700	\$ .3901	\$ .1400	\$ .0099	\$ .0426	\$ 7.4976 2.6314
TOTAL	\$1.1313	\$5.3493	\$ .8610	\$1.7448	\$ .4700	\$ .3901	\$ .1400	\$ .0099	\$ .0426	\$10.1290
1991-92 P S	\$ .4101 .4750	\$4.1346 1.1437	\$ .7459 .0943	\$1.5143 .1741	\$ .4700	\$ .4447	\$ .1400	\$ .0082	\$ .0444	\$ 7.2749 2.5244
TOTAL	\$ .8851	\$5.2783	\$ .8402	\$1.6884	\$ .4700	\$ .4447	\$ .1400	\$ .0082	\$ .0444	\$ 9.7993
1990-91 P S	\$ .3941 .4772	\$4.1697 .9093	\$ .7047 .0916	\$1.5045 .1683	\$ .4700	\$ .4235	\$ .1000	\$ .0064	\$ .0420	\$ 7.2430 2.2183
TOTAL	\$ .8713	\$5.0790	\$ .7963	\$1.6728	\$ .4700	\$ .4235	\$ .1000	\$ .0064	\$ .0420	\$ 9.4613
1989-90 P S	\$ .3919 .3373	\$4.3220 .9637	\$ .6869 .0639	\$1.4426 .1637	\$ .4700	\$ .4303	\$ .1000	\$ .0064	\$ .0420	\$ 7.3134 2.1073
TOTAL	\$ .7292	\$5.2857	\$ .7508	\$1.6063	\$ .4700	\$ .4303	\$ .1000	\$ .0064	\$ .0420	\$ 9.4207
1988-89 P S	\$ .4031 .3556	\$4.3393 .8458	\$ .6473 .0684	\$1.4370 .1656	\$ .4700	\$ .5000	\$ .1000	\$ .0087	\$ .0445	\$ 7.2987 2.0886
TOTAL	\$ .7587	\$5.1851	\$ .7157	\$1.6026	\$ .4700	\$ .5000	\$ .1000	\$ .0087	\$ .0445	\$ 9.3853
1987-88 P S	\$ .4100 .4200	\$5.2000 .4900	\$ .6100 .0700	\$1.4300 .2100	\$ .3800	\$ .5000	\$ .1000	\$ .0100	\$ .0300	\$ 8.0300 1.8300
TOTAL	\$ .8300	\$5.6900	\$ .6800	\$1.6400	\$ .3800	\$ .5000	\$ .1000	\$ .0100	\$ .0300	\$ 9.8600
1986-87 P S	\$ .4200 .4400	\$4.9100 .8500	\$ .6600 .0600	\$1.4500 .2200	\$ .3800	\$ .5000	\$ .0700			\$ 7.8200 1.9600
TOTAL	\$ .8600	\$5.5600	\$ .7400	\$1.6700	\$ .3800	\$ .5000	\$ .0700			\$ 9.7800
1985-86 P S	\$ .4300 .4600	\$4.7800	\$ .7100 .1100	\$1.4500 .1600	\$ .4000	\$ .5000	\$ .0700			7.7500 \$ 1.3000
TOTAL	\$ .8900	\$4.7800	\$ .8200	\$1.6100	\$ .4000	\$ .5000	\$ .0700			\$ 9.0500
1984-85 P S	\$ .4800 .4200	\$4.3000	\$ .7500	\$1.5000 .1800	\$ .4000	\$ .5000	\$ .0700			\$ 7.4300 1.1500
TOTAL	\$ .9000	\$4.3000	\$ .7500	\$1.6600	\$ .4000	\$ .5000	\$ .0700			\$ 8.5800
1983-84 P S	\$ .5100 .4000	\$4.4340 .1300	\$ .7700	\$1.5300 .2400	\$ .7500	\$ .4800	\$ .0500			\$ 7.9940 1.3000
TOTAL	\$ .9100	\$4.5640	\$ .7700	\$1.7700	\$ .7500	\$ .4800	\$ .0500			\$ 9.2940

Scottsdale residents residing outside Scottsdale Unified School District:

School District	1992-93 Tax Rate Total
Balsz Elementary	\$12.02
Cave Creek	10.20
Fountain Hills	10.56
Paradise Valley	12.81
Tempe	12.53

PROPERTY TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

TABLE VIb

TAX LEVIES

FISCAL YEAR	SCHOOL DISTRICTS										TOTAL
	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	EAST VALLEY INSTITUTE OF TECHNOLOGY	
1992-93 P	\$ 6,668,886	\$62,866,388	\$108,004,302	\$218,224,368	\$63,945,919	\$	\$	\$	\$	\$	\$459,709,863
S	8,806,586	18,650,305	7,898,265	19,461,200		39,254,429	19,332,340	1,367,073	5,882,555	1,586,673	122,239,426
TOTAL	\$15,475,472	\$81,516,693	\$115,902,567	\$237,685,568	\$63,945,919	\$39,254,429	\$19,332,340	\$1,367,073	\$5,882,555	\$1,586,673	\$581,949,289
1991-92 P	\$5,636,002	\$63,651,363	\$103,498,218	\$210,113,008	\$65,215,394	\$	\$	\$	\$	\$	\$448,113,985
S	6,770,426	18,014,779	13,421,470	25,868,883		46,536,815	19,929,247	1,167,284	6,320,418		138,029,322
TOTAL	\$12,406,428	\$81,666,142	\$116,919,688	\$235,981,891	\$65,215,394	\$46,536,815	\$19,929,247	\$1,167,284	\$6,320,418		\$586,143,307
1990-91 P	\$5,413,466	\$64,113,108	\$99,559,163	\$209,542,215	\$63,689,678	\$	\$	\$	\$	\$	\$442,317,630
S	7,052,177	14,778,034	13,524,900	26,049,981		46,551,742	14,187,398	1,192,883	5,958,707		129,295,822
TOTAL	\$12,465,643	\$78,891,142	\$113,084,063	\$235,592,196	\$63,689,678	\$46,551,742	\$14,187,398	\$1,192,883	\$5,958,707		\$571,613,452
1989-90 P	\$5,004,616	\$63,682,375	\$94,016,141	\$197,430,202	\$64,324,340	\$	\$	\$	\$	\$	\$424,457,674
S	4,859,000	15,336,527	9,382,900	24,041,307		47,234,724	14,687,785	982,630	6,618,870		123,143,743
TOTAL	\$9,863,616	\$79,018,902	\$103,399,041	\$221,471,509	\$64,324,340	\$47,234,724	\$14,687,785	\$982,630	\$6,618,870		\$547,601,417
1988-89 P	\$4,526,857	\$57,697,334	\$80,098,810	\$177,809,767	\$58,121,461	\$	\$	\$	\$	\$	\$378,254,229
S	4,569,000	12,426,366	9,218,850	12,324,183		50,832,192	13,480,787	1,179,127	6,000,000		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	\$6,000,000		\$488,284,734
1987-88 P	\$4,131,980	\$63,154,347	\$70,272,141	\$165,318,498	\$43,656,031	\$	\$	\$	\$	\$	\$348,532,997
S	4,812,000	6,532,030	9,057,513	27,251,761		47,860,799	12,402,456	1,184,118	4,135,868		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	\$4,135,868		\$469,769,542
1986-87 P	\$3,609,800	\$53,017,998	\$64,252,038	\$140,945,425	\$37,058,981	\$	\$	\$	\$	\$	\$298,884,242
S	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 P	\$3,042,009	\$43,000,993	\$57,198,367	\$117,171,280	\$31,718,427	\$	\$	\$	\$	\$	\$252,131,076
S	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 P	\$2,719,021	\$32,632,320	\$52,825,981	\$105,958,455	\$28,197,257	\$	\$	\$	\$	\$	\$222,333,034
S	2,762,021			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 P	\$2,558,626	\$29,535,753	\$49,021,392	\$97,060,969	\$47,791,464	\$	\$	\$	\$	\$	\$225,968,194
S	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	\$47,791,464	\$25,750,000	\$3,738,606				\$276,896,936

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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.

**PRINCIPAL TAXPAYERS  
JUNE 30, 1993**

**TABLE VII**

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF SECONDARY ASSESSED VALUATION
Arizona Public Service	Electric Utility	\$ 29,589,245	2.15
Motorola, Inc.	Electronics Manufacturing	23,971,435	1.74
U.S. West Communications	Telecommunications	20,637,305	1.50
Westcor Company II Ltd. Partnership	Shopping Center	16,894,775	1.23
Mayo Foundation for Medicine	Medical Facility	12,839,165	0.93
Herberger Enterprises & Trust	Residential Property Owners	10,161,220	0.74
Pharmaceutical Card Systems	Medical Provider	9,872,005	0.72
Gainey Drive Associates	Real Estate Development	9,602,440	0.70
Galleria	Shopping Center	8,000,010	0.58
Robert Blackwell	Land Owner	7,873,480	0.57
Southwest Gas	Gas Utility	6,762,400	0.49
Registry Resort	Resort	6,631,315	0.48
		<b>\$162,834,795</b>	<b>11.83</b>

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS  
LAST TEN FISCAL YEARS**

TABLE VIII

FISCAL YEAR	SPECIAL ASSESSMENTS BILLED	CURRENT ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS
1992-93	\$4,922,155	\$4,893,184	99.4%	\$28,971
1991-92	4,277,490	4,232,313	98.9	45,177
1990-91	3,154,734	3,107,553	98.5	47,181
1989-90	3,000,779	2,936,746	97.9	64,033
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

\* 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 not 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 represent unpaid balances of the June 1 semi-annual interest installment only.

CITY OF SCOTTSDALE, ARIZONA

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

TABLE IX

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE	GROSS BONDED DEBT (2)	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1992-93	145,920	\$1,378,884,764	\$80,300,000	\$3,021,190	\$77,278,810	5.6%	\$529.60
1991-92	139,050	1,425,378,617	67,290,000	4,931,821	62,358,179	4.4	448.46
1990-91	133,949	1,477,813,367	50,615,000	5,674,407	44,940,593	3.0	335.51
1989-90	130,720	1,440,604,450	52,400,000	5,438,209	46,961,791	3.3	359.25
1988-89	127,553	1,284,822,157	29,535,000	6,256,289	23,278,711	1.8	182.50
1987-88	124,562	1,154,756,373	32,950,000	7,028,420	25,921,580	2.2	208.10
1986-87	120,541	1,011,329,426	36,335,000	7,769,234	28,565,766	2.8	236.98
1985-86	114,993	816,892,848	40,195,000	8,270,674	31,924,326	3.9	277.62
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

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(1) Source: City Planning staff

(2) Excludes 1986 Water System Acquisition and Improvement General Obligation Bonds and 1993 General Obligation Refunding Bonds which are paid for with Water Utility Revenue.

COMPUTATION OF LEGAL DEBT MARGINS  
JUNE 30, 1993

TABLE X

<b>Net Secondary Assessed Valuation</b>			<b>\$1,378,888,764</b>
<b>Debt Limit Equal to 20% of Assessed Valuation</b>			<b>\$ 275,777,753</b>
General Obligation Bonded Debt Subject to 20% Debt Limit			
1973 Storm Sewer Series A	3,500,000		
1986 Water Improvements	6,425,000		
1989 Series A (1990) CIP	3,755,000		
1991 Refunding	6,900,000		
1989 Series B (1991) CIP	5,239,400		
1989 Series C (1992) CIP	16,980,000		
1993 Refunding	32,586,000	75,385,400	
<b>Less:</b>			
Cash in Debt Service Funds			
1973 Storm Sewer Series A	3,500,000		
1986 Water Improvements	800,000		
1989 Series C (1992) CIP	1,480,000	5,780,000	
<b>Total Debt Subject to 20% Debt Limit</b>			<b>69,605,400</b>
<b>Legal 20% Debt Margin (Available 20% Borrowing Capacity)</b>			<b>\$206,172,353</b>
<b>Debt Limit Equal to 6% of Assessed Valuation</b>			<b>\$82,733,326</b>
General Obligation Bonded Debt Subject to 6% Debt Limit			
1968 Civic Center	925,000		
1985 Series B CIP	375,000		
1989 Series A (1990) CIP	9,090,000		
1991 Refunding	1,805,000		
1989 Series B (1991) CIP	13,760,600		
1989 Series C (1992) CIP	8,075,000		
1993 Refunding	12,429,000	46,459,600	
<b>Less:</b>			
Cash in Debt Service Funds			
1968 Civic Center	200,000		
1985 Series B CIP	375,000		
1991 Refunding	90,000		
1989 Series C (1992) CIP	400,000	1,065,000	
<b>Total Debt Subject to 6% Debt Limit</b>			<b>45,394,600</b>
<b>Legal 6% Debt Margin (Available 6% Borrowing Capacity)</b>			<b>\$37,338,726</b>

CITY OF SCOTTSDALE, ARIZONA

**RATIO OF TOTAL DEBT SERVICE EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT  
TO TOTAL GENERAL GOVERNMENTAL OPERATING EXPENDITURES  
LAST TEN FISCAL YEARS**

TABLE XI

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL DEBT SERVICE*</b>	<b>TOTAL OPERATING EXPENDITURES*</b>	<b>RATIO OF TOTAL DEBT SERVICE TO TOTAL OPERATING EXPENDITURES</b>
1993	\$6,045,000	\$4,586,896	\$10,631,896	\$114,024,019	9.32%
1992	2,325,000	4,448,878	6,773,878	98,616,817	6.87
1991	2,515,000	3,462,318	5,977,318	92,217,407	6.48
1990	2,475,000	2,724,699	5,199,699	84,881,157	6.13
1989	3,445,000	2,178,611	5,623,611	95,645,945	5.88
1988	3,415,000	2,339,321	5,754,321	91,528,855	6.29
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

\* All amounts exclude general obligation water system improvement bonded debt and general obligation refunding debt serviced by and paid out of the Water Enterprise Fund.

**RATIO (COVERAGE) OF NET WATER AND SEWER UTILITY REVENUE  
TO TOTAL BOND EXPENSE  
LAST TEN FISCAL YEARS**

TABLE XII

**RATIO INCLUDING 1986 GENERAL OBLIGATION AND 1993 REFUNDING BOND EXPENSES**

FISCAL YEAR	GROSS REVENUE	OPERATING & MAINTENANCE EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL BOND EXPENSE	RATIO OF NET REVENUE TO TOTAL BOND EXPENSE	REQUIRED RATIO
1993	\$38,534,538	\$26,113,738	\$12,420,800	\$1,912,500	\$2,467,289	\$4,379,789	2.84	1.20
1992	36,784,727	23,685,494	13,099,233	1,785,000	3,849,104	5,634,104	2.33	1.20
1991	34,101,914	25,034,722	9,067,192	1,805,000	3,956,008	5,561,008	1.63	1.20
1990	33,204,682	19,749,304	13,455,378	1,295,000	3,742,838	5,037,838	2.67	1.20
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

**RATIO NOT INCLUDING 1986 GENERAL OBLIGATION AND 1993 REFUNDING BOND EXPENSES**

FISCAL YEAR	GROSS REVENUE	OPERATING & MAINTENANCE EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL BOND EXPENSE	RATIO OF NET REVENUE TO TOTAL BOND EXPENSE
1993	\$38,534,538	\$26,113,738	\$12,420,800	\$1,112,500	\$681,594	\$1,794,094	6.92
1992	36,784,727	23,685,494	13,099,233	1,095,000	1,374,281	2,469,281	5.30
1991	34,101,914	25,034,722	9,067,192	1,020,000	2,014,346	3,034,346	2.99
1990	33,204,682	19,749,304	13,455,378	800,000	1,178,375	1,978,375	6.80
1989	28,081,975	15,044,722	13,037,253	765,000	964,798	1,729,798	7.54
1988	26,327,551	12,208,834	14,118,717	725,000	999,798	1,724,798	8.19
1987	19,757,728	11,333,904	8,423,824	690,000	1,033,111	1,723,111	4.89

**DEFINITIONS:**

- Revenue - includes all revenues, all receipts, interest income, etc., actually realized for services and interest. Development fees are not included.
- Expenses - include operating and maintenance expenses necessary for on-going operations.
  - depreciation and amortization are non-operating expenses and are not included.
  - indirect cost, in lieu property tax, and franchise fee expenses result from a regular business agreement with other funds, therefore they are included.
  - principal payments on contracts are not included.



CITY OF SCOTTSDALE, ARIZONA

TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

TABLE XIII

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:

Name of Governmental Unit	Net Bond Outstanding	% Applicable to the City of Scottsdale	\$ Applicable to the City of Scottsdale
State of Arizona	None	6.29	\$
Maricopa County	\$176,025,000	9.99	17,584,898
Maricopa County Community College District	None	9.99	
Tempe Elementary School District No. 3	58,320,000	0.00	268
Balsz Elementary School District No. 31	None	4.51	
Scottsdale Unified School District No. 48	169,892,000	68.07	115,645,484
Paradise Valley Unified School District No. 69	193,100,000	19.42	37,500,020
Cave Creek Unified School District No. 93	25,425,000	40.47	10,289,498
Tempe Union High School District No. 213	63,110,000	0.00	169
Phoenix Union High School District No. 210	139,190,000	0.25	347,975
<b>Total Overlapping Debt</b>			181,368,312
City of Scottsdale	80,300,000	100.00	80,300,000
<b>Total Direct and Overlapping Debt</b>			<b>\$261,668,312</b>

**DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

**TABLE XIV**

<b>FISCAL YEAR</b>	<b>POPULATION (1)</b>	<b>PER CAPITA INCOME (2) (5)</b>	<b>MEDIAN AGE (2) (5)</b>	<b>EDUCATION LEVEL IN YEARS OF SCHOOLING (2)</b>	<b>SCHOOL ENROLLMENT (3)</b>	<b>UNEMPLOYMENT RATE (4) (5)</b>
1993	145,920	\$24,186	39.1	N/A	21,130	4.2%
1992	139,050	23,482	39.1	N/A	20,357	4.7
1991	133,949	20,937	37.0	N/A	19,647	3.1
1990	130,720	20,543	35.0	N/A	19,276	3.0
1989	127,553	17,926	35.0	N/A	19,350	2.7
1988	124,562	16,891	39.0	N/A	20,081	3.5
1987	120,541	14,975	39.0	N/A	19,337	4.3
1986	114,993	14,716	36.9	13.5	19,255	3.9
1985	107,900	14,071	43.5	14.2	18,830	3.6
1984	100,900	10,900	38.5	12.0	19,032	2.9

**Sources:**

- (1) City Planning staff
- (2) Inside Phoenix (Republic and Gazette)
- (3) Arizona Department of Education
- (4) Arizona Department of Economic Security
- (5) City Planning staff (fiscal years 1988 through 1993 only)

CITY OF SCOTTSDALE, ARIZONA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN FISCAL YEARS

TABLE XV

FISCAL YEAR	COMMERCIAL CONSTRUCTION (1)		RESIDENTIAL CONSTRUCTION (1)		BANK DEPOSITS MARICOPA COUNTY (000) (2)	PROPERTY VALUE (3)		
	NUMBER OF PERMITS	VALUE	NUMBER OF DWELLING UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
1993	2,489	\$ 89,192,106	4,663	\$618,384,060	\$19,011,574	\$3,474,552,966	\$6,083,107,311	\$677,123,439
1992	1,296	33,101,112	2,327	490,763,126	19,425,952	3,818,532,680	5,935,463,922	621,380,175
1991	935	53,179,292	2,028	363,705,832	18,992,331	4,131,284,706	5,789,786,355	607,232,155
1990	1,035	116,911,202	1,571	229,271,970	17,119,454	4,074,473,248	5,534,789,752	606,445,209
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	3,996	545,900,000	15,373,219	3,034,294,469	4,807,553,647	390,010,293
1987	2,369	241,225,414	3,907	400,622,346	16,305,623	2,419,008,011	4,339,613,412	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	1,453,886,486	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

Sources

- (1) City Building Inspection staff
- (2) Arizona Bankers Association
- (3) Abstract published by the Arizona Department of Revenue

**MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 1993**

TABLE XVI

<b>Date of Incorporation</b>	-	<b>June 25, 1951</b>	<b>Area (Square Miles)</b>
<b>Date Charter Adopted</b>	-	<b>November 16, 1961</b>	1951 - .62
<b>Form of Government</b>	-	<b>Council/Manager</b>	1961 - 8.80
<b>Population</b>			1970 - 62.20
1950 Census	-	2,032	1975 - 85.80
1960 Census	-	10,026	1979 - 88.60
1965 Special Census	-	54,504	1982 - 113.60
1970 Census	-	67,823	1986 - 183.60
1975 Special Census	-	78,065	1987 - 184.30
1980 Census	-	88,412	1988 - 184.80
1985 Census	-	108,447	1990 - 185.20
1990 Census	-	130,069	
1993 Est. 06/30/93	-	145,920	
<b>Miles of Sewers</b>			
Storm			29.17
Sanitary			710.60
<b>Fire Protection</b>			
Number of Stations			6
The City of Scottsdale has no fire employees but contracts with Rural/Metro Corporation to provide fire service to all residents.			
<b>Police Protection</b>			
Number of Employees			325
Number of Traffic Citations (excluding parking)			31,056
Number of Vehicles			156
The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.			
<b>Recreation</b>			
Parks - Number of Acres			2,576
Number of Swimming Pools			3
Number of Other Recreation Facilities			39
These include schools and school playgrounds in cooperation with Scottsdale School District.			
<b>Water Enterprise</b>			
Number of Water Customers			50,735
Annual Consumption (Gallons)			13,736,116,516
System Capacity (Gallons Per Day)			86,645,120
Miles of Distribution Lines			1,017.30
<b>Number of Streetlights</b>			
			8,157
<b>Employees as of June 30, 1993</b>			
Full-Time			1,185
Part-Time			269
Grant Funded			12
<b>Total</b>			<b>1,466</b>
<b>Elections</b>			
Number of registered voters as of last regular election, March, 1992			87,535
Number/% voting in last municipal election			17,098/19.5%
<b>Population</b>			
Median Age of Residents			39.1
Mean Average Household Income			48,202
Mean Average Home Value - Single Family			\$148,358

**SCHEDULE OF INSURANCE  
JUNE 30, 1993**

TABLE XVII

CARRIER	POLICY DESCRIPTION	AMOUNT OF COVERAGE
Arkwright Mutual Insurance Company 12/01/90 to 12/31/95	Property Insurance Repair or Replace \$25,000 Deductible	\$137,421,000
Insurance Company of the West 07/01/93 to 07/01/94	Excess Liability Coverage \$1,000,000 Retention	\$ 1,000,000
Insurance Company of the West 07/01/93 to 07/01/94	Excess Liability Coverage	\$ 9,000,000
National Union Fire Insurance 07/01/93 to 07/01/94	Airport, Hangarkeepers, and Non-owned Aviation Coverage \$5,000 Deductible	\$ 50,000,000
Employers Reinsurance Corporation 07/01/93 to 07/01/94	Excess Workers' Compensation Coverage \$300,000 Retention	Statutory

**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS  
FOR FISCAL YEAR ENDED JUNE 30, 1993**

TABLE XVIII

<b>OFFICIAL TITLE</b>	<b>MAXIMUM</b>	<b>BOND</b>
Mayor	\$ 33,600	\$ 10,000
Councilmen (6)	13,800	10,000
City Manager	113,984	1,000,000
City Clerk	57,533	1,000,000
City Attorney	93,766	1,000,000
City Treasurer	89,294	1,000,000
City Judge	80,870	1,000,000
City Auditor	69,909	1,000,000

**PUBLIC EMPLOYEES HONESTY  
AND FAITHFUL PERFORMANCE BOND**

All City Employees	\$1,000,000 per employee
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