

CITY OF SCOTTSDALE, ARIZONA

FINANCIAL STATEMENTS

* * *

JUNE 30, 1967

PRICE WATERHOUSE & Co.

CITY OF SCOTTSDALE, ARIZONA

FINANCIAL STATEMENTS
JUNE 30, 1967

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PRICE WATERHOUSE & CO.

222 NORTH CENTRAL AVENUE

PHOENIX 85004

November 17, 1967

To the Honorable Mayor and
Members of the City Council
City of Scottsdale, Arizona

We have examined the financial statements of the various funds of the City of Scottsdale, Arizona for the year ended June 30, 1967 (Exhibits A-K). Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. It was not practical to obtain confirmation of special assessment balances receivable from owners of the assessed properties by direct correspondence but we satisfied ourselves as to these amounts by application of other auditing procedures.

Property, plant and equipment and the related non-appropriable fund balances were excluded from the scope of our examination. Accordingly, we do not express an opinion as to this property or the related non-appropriable fund balances.

In our opinion, with the exception stated in the preceding paragraph, the accompanying financial statements (Exhibits A-K) examined by us present fairly the financial position of the various funds of the City of Scottsdale, Arizona at June 30, 1967 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

CITY OF SCOTTSDALE, ARIZONA

REVENUES AND EXPENDITURES COMPARED TO BUDGET
YEAR ENDED JUNE 30, 1967

	<u>Actual</u>	<u>Original</u>	<u>Budget</u>		<u>(Over)</u> <u>under</u> <u>budget</u>
			<u>Additional</u> <u>appropriation</u>	<u>Revised</u>	
<u>Revenues</u>					
Taxes -					
Privilege license	\$1,328,021	\$1,055,700		\$1,055,700	(\$ 272,321)
Property	837,728	856,000		856,000	18,272
State sales	728,990	658,000		658,000	(70,990)
Gasoline	280,423	147,000		147,000	(133,423)
Automobile lieu	199,847	95,000		95,000	(104,847)
Light and power franchise	54,294	40,000		40,000	(14,294)
Bank	3,778	5,000		5,000	1,222
	<u>3,433,081</u>	<u>2,856,700</u>		<u>2,856,700</u>	<u>(576,381)</u>
Sewer service	356,738	329,600		329,600	(27,138)
Licenses and permits	200,429	196,800		196,800	(3,629)
Fines and forfeitures	95,113	131,000		131,000	35,887
Charges for services and interest	90,002	35,400		35,400	(54,602)
Refuse removal	43,403	42,000		42,000	(1,403)
Parks and recreation fees	21,353	12,000		12,000	(9,353)
Library fines and fees	8,367	7,000		7,000	(1,367)
Donation for airport, federal aid and other non-revenue receipts	<u>1,238,847</u>	<u>194,300</u>		<u>194,300</u>	<u>(1,044,547)</u>
Total revenues	<u>5,487,333</u>	<u>3,804,800</u>		<u>3,804,800</u>	<u>(1,682,533)</u>
July 1, 1966 fund balances available for appropriation	<u>490,178</u>	<u>257,000</u>		<u>257,000</u>	<u>(233,178)</u>
	<u>\$5,977,511</u>	<u>\$4,061,800</u>		<u>\$4,061,800</u>	<u>(\$1,915,711)</u>
<u>Expenditures (by fund)</u>					
General	\$2,728,252	\$3,131,346	\$165,000	\$3,296,346	\$ 568,094
Gas tax	105,053	75,000		75,000	(30,053)
Major streets and highways	79,212	72,000		72,000	(7,212)
Public works reserve	295,257	292,600		292,600	(2,657)
Debt service funds	210,942	355,572		355,572	144,630
Sewer revenue	144,622	135,282		135,282	(9,340)
Thunderbird Field	<u>1,244,479</u>				<u>(1,244,479)</u>
	<u>\$4,807,817</u>	<u>\$4,061,800</u>	<u>\$165,000</u>	<u>\$4,226,800</u>	<u>(\$ 581,017)</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

GENERAL GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
JUNE 30, 1967

ASSETS	Operating funds					Debt service fund	General fixed assets and bonded debt
	General	Gas tax	Major streets and highways	Public works reserve			
Cash	\$ 49,545	\$ 239	\$ 629	\$ 2,319	\$ 1,929		
Cash with fiscal agents					96,788		
U. S. Government securities, at cost	2,222,195						
Defaulted assessments receivable	46,410						
Connection fees receivable	27,432						
Advances to improvement districts	25,251						
Due from other funds	337,529	70,772	211,404	592,307	64,346		
Property and equipment							\$2,655,196
	<u>\$2,708,362</u>	<u>\$ 71,011</u>	<u>\$212,033</u>	<u>\$594,626</u>	<u>\$163,063</u>		<u>\$2,655,196</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Claims payable	\$ 205,984		\$ 3,010	\$ 58,427			
Defaulted assessments payable	38,952						
Due to other funds	1,839,706	\$ 42,261		98,984	\$ 62,419		
Bond interest payable					41,644		
Bonds payable					59,000		\$2,787,000
Assessments payable on city property							51,136
	<u>2,084,642</u>	<u>42,261</u>	<u>3,010</u>	<u>157,411</u>	<u>163,063</u>		<u>2,838,136</u>
Fund balances:							
Budgetary -							
Reserve for encumbrances	160,332	114,228					
Otherwise restricted	25,251						
Available for appropriation	410,706	(85,478)	209,023	437,215			
	596,289	28,750	209,023	437,215			
Non-appropriable	27,431						(182,940)
	<u>623,720</u>	<u>28,750</u>	<u>209,023</u>	<u>437,215</u>			<u>(182,940)</u>
	<u>\$2,708,362</u>	<u>\$ 71,011</u>	<u>\$212,033</u>	<u>\$594,626</u>	<u>\$163,063</u>		<u>\$2,655,196</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

GENERAL GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
BUDGETARY FUND BALANCES
YEAR ENDED JUNE 30, 1967

	Operating funds				Debt service fund	
	General	Gas tax	Major streets and highways	Public works reserve	General obligation	Motor vehicle fuel tax
<u>Revenues</u>						
Taxes:						
Privilege license	\$1,328,021					
Property	422,802			\$316,261	\$98,665	
State sales	728,990					
Gasoline		\$107,543	\$172,880			
Automobile lieu	199,847					
Light and power franchise	54,294					
Bank	3,778					
	<u>2,737,732</u>	<u>107,543</u>	<u>172,880</u>	<u>316,261</u>	<u>98,665</u>	
Licenses and permits	200,429					
Fines and forfeitures	95,113					
Charges for services and interest	52,643			762		
Refuse removal	43,403					
Parks and recreation fees	21,353					
Library fines and fees	8,367					
	<u>3,159,040</u>	<u>107,543</u>	<u>172,880</u>	<u>317,023</u>	<u>98,665</u>	
<u>Expenditures</u>						
Personal services	1,586,823					
Contractual services	566,635	15,282	3,110	4,475		
Commodities	211,266	52,570				
Capital outlays	363,528	37,201	76,102	290,782		
Payments by fiscal agents for:						
Principal redemptions					49,000	\$2,500
Interest redemptions					48,401	1,169
Fiscal agent's fees					751	105
	<u>2,728,252</u>	<u>105,053</u>	<u>79,212</u>	<u>295,257</u>	<u>98,152</u>	<u>3,774</u>
Excess of revenues (expenditures)	430,788	2,490	93,668	21,766	513	(3,774)
Interfund transfers from (to):						
Gas tax	(1,610)	1,610				
Debt service	513	(3,774)			(513)	3,774
Sewer revenue	165,000					
	<u>594,691</u>	<u>326</u>	<u>93,668</u>	<u>21,766</u>		
Budgetary fund balances:						
July 1, 1966	1,598	28,424	115,355	424,499		
Settlement of litigation				(9,050)		
June 30, 1967	<u>\$ 596,289</u>	<u>\$ 28,750</u>	<u>\$209,023</u>	<u>\$437,215</u>	<u>-</u>	<u>-</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

GENERAL OBLIGATION BOND CONSTRUCTION FUNDS
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
JUNE 30, 1967

<u>ASSETS</u>	<u>Parks and recreation</u>	<u>Civic center</u>
Cash	\$ 169	\$ 145
Due from government agency	52,464	
Due from other funds	355,749	475,698
Land		547,524
Construction in progress	<u>454,325</u>	<u>12,305</u>
	<u>\$862,707</u>	<u>\$1,035,672</u>
 <u>LIABILITIES AND FUND BALANCES</u> 		
Claims payable	\$138,051	\$ 9,539
Due to other funds	10,901	22,856
Fund balances available for construction projects as authorized by bond indentures	<u>713,755</u>	<u>1,003,277</u>
	<u>\$862,707</u>	<u>\$1,035,672</u>
 <u>Reconciliation of fund balances:</u> 		
Sale of general obligation bonds	\$700,000	\$1,000,000
Interest on investments	<u>13,755</u>	<u>3,277</u>
Fund balances, June 30, 1967	<u>\$713,755</u>	<u>\$1,003,277</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

SEWER FUNDS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
JUNE 30, 1967

ASSETS	Operating funds		Debt service funds		Sewer fixed assets and bonded debt
	Revenue, operations and maintenance	Replacement and extension reserve	Interest and redemption	Reserve	
Cash, including time deposits	\$ 26,860				
Cash with fiscal agents	247	\$13,183	\$103,271	\$112,297	
U. S. Government securities, at cost	172,767				
Due from other funds	115,714	127			
Property, plant and equipment					\$4,079,611
	<u>\$315,588</u>	<u>\$13,310</u>	<u>\$103,271</u>	<u>\$112,297</u>	<u>\$4,079,611</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Claims payable	\$ 11,430				
Due to other funds	345,907				
Bond interest payable			\$ 55,866		
Bonds payable			25,000		\$2,875,000
	<u>357,337</u>		<u>80,866</u>		<u>2,875,000</u>
Fund balances:					
Budgetary -					
Reserve for encumbrances	3,175				
Otherwise restricted				\$112,297	
Available for appropriation (deficit)	(44,924)	\$13,310	22,405		
	(41,749)	13,310	22,405	112,297	
Non-appropriable					1,204,611
	<u>\$315,588</u>	<u>\$13,310</u>	<u>\$103,271</u>	<u>\$112,297</u>	<u>\$4,079,611</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

SEWER FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN BUDGETARY FUND BALANCES
YEAR ENDED JUNE 30, 1967

	<u>Operating funds</u>		<u>Debt service funds</u>	
	<u>Revenue, operations and maintenance</u>	<u>Replacement and extension reserve</u>	<u>Interest and redemption</u>	<u>Reserve</u>
<u>Revenues:</u>				
Sewer service	\$356,738			
Interest on investments	<u>31,377</u>			
	<u>388,115</u>			
<u>Expenditures:</u>				
Personal services	35,987			
Contractual services	105,061			
Commodities	2,744			
Capital outlays	830			
Payments by fiscal agents for -				
Principal redemptions			\$ 25,000	
Interest redemptions			83,735	
Fiscal agent's fees			<u>281</u>	
	<u>144,622</u>		<u>109,016</u>	
Excess of revenues (expenditures)	243,493		(109,016)	
Interfund transfers from (to):				
Sewer debt service	(179,421)		131,421	\$ 48,000
Sewer replacement and extension reserve fund	(7,540)	\$ 7,540		
General fund	<u>(165,000)</u>			
	(108,468)	7,540	22,405	<u>48,000</u>
Budgetary fund balances:				
July 1, 1966	84,832	5,770		64,297
Prior year adjustments	<u>(18,113)</u>			
June 30, 1967 (deficit)	<u>(\$ 41,749)</u>	<u>\$13,310</u>	<u>\$ 22,405</u>	<u>\$112,297</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONASEWER BOND CONSTRUCTION FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
JUNE 30, 1967ASSETS

Cash	\$ 7,125
U. S. Government securities, at cost	658,827
Due from other funds	117,214
Construction in progress	<u>239,005</u>
	<u>\$1,022,171</u>

LIABILITIES AND FUND BALANCE

Claims payable	\$ 11,193
Due to other funds	41,149
Fund balance available for construction projects as authorized by bond indentures	<u>969,829</u>
	<u>\$1,022,171</u>

Reconciliation of fund balance:

Sale of sewer revenue bonds, series 1966	\$1,200,000
Federal aid received	112,701
Refunds from cities of Phoenix and Tempe for their participation in sewer construction projects	<u>126,030</u>
	1,438,731

Less:

Construction projects completed and transferred to sewer property, plant and equipment	<u>(2,643,980)</u>
Net reduction in fund balance	(1,205,249)
Fund balance - July 1, 1966	<u>2,175,078</u>
- June 30, 1967	<u>\$ 969,829</u>

Analysis of construction in progress:

Balance, July 1, 1966	\$2,558,603
Construction expenditures	<u>324,382</u>
	2,882,985
Less construction projects completed	<u>(2,643,980)</u>
Balance, June 30, 1967	<u>\$ 239,005</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

THUNDERBIRD FIELD
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
JUNE 30, 1967

ASSETS

Cash	\$ 38
Due from City of Scottsdale Municipal Property Corporation	4,923
Condemnation deposit	65,154
Land and airport runway	<u>1,243,602</u>
	<u>\$1,313,717</u>

LIABILITIES AND FUND BALANCE

Claims payable	\$ 2,712
Due to other funds	<u>67,815</u>
	<u>70,527</u>
Fund balance:	
Budgetary -	
Reserve for encumbrances	8,218
Deficit	<u>(8,630)</u>
	(412)
Non-appropriable	<u>1,243,602</u>
	<u>1,243,190</u>
	<u>\$1,313,717</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

THUNDERBIRD FIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN BUDGETARY FUND BALANCE
YEAR ENDED JUNE 30, 1967

Revenues

Donation received	\$ 750,000
Federal aid	488,847
Interest on investments	<u>5,220</u>
	<u>1,244,067</u>

Expenditures

Land and airport runway	1,243,602
Operating costs	<u>877</u>
	<u>1,244,479</u>

Budgetary fund balance (deficit),
June 30, 1967 (\$ 412)

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA
 SPECIAL ASSESSMENTS FUND
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
JUNE 30, 1967

ASSETS

Cash	\$ 5,507
Cash with fiscal agents	57,646
Special assessments receivable	2,520,300
Defaulted assessments receivable	38,952
Due from other funds	<u>168,471</u>
	<u>\$2,790,876</u>

LIABILITIES AND FUND BALANCE

Interest to be paid on outstanding bonds	\$ 449,579
Bonds payable	<u>2,328,769</u>
	2,778,348
Non-appropriable fund balance	<u>12,528</u>
	<u>\$2,790,876</u>
Reconciliation of fund balance:	
Penalties on delinquent collections	\$ 1,881
Fund balance:	
July 1, 1966	<u>10,647</u>
June 30, 1967	<u>\$12,528</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA
TRUST AND AGENCY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 1967

ASSETS

Cash, including time deposit	\$11,039
Due from other funds	<u>24,665</u>
	<u>\$35,704</u>

LIABILITIES

Guaranty and other deposits	\$33,704
Due to other funds	<u>2,000</u>
	<u>\$35,704</u>

See notes to financial statements

CITY OF SCOTTSDALE, ARIZONA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1967

NOTE 1 - Principles of accounting:

The City of Scottsdale maintains its accounts on a modified cash basis. Under this method revenues are recorded only when received and expenditures are recorded when the liability has been incurred. Budgetary appropriations are encumbered immediately upon the execution of purchase orders, contracts or other commitment documents. For statement presentation, encumbrances are not combined with expenditures but are accounted for through a segregation of budgetary fund balances. No depreciation is taken on the property accounts.

NOTE 2 - Special assessments receivable:

The city acts as trustee for special assessments on improvement districts whereby it collects the assessments levied against the owners of property within the improvement district and disburses these amounts to retire the bonds issued to finance the improvements.

NOTE 3 - Bonds payable:

Bond transactions for the year were as follows:

	<u>General obligation</u>	<u>Gas tax</u>	<u>Sewer revenue</u>
Bonds outstanding July 1, 1966	\$1,170,000	\$27,500	\$1,725,000
New issues	1,700,000		1,200,000
Redemptions	<u>(49,000)</u>	<u>(2,500)</u>	<u>(25,000)</u>
Bonds outstanding June 30, 1967	<u>\$2,821,000</u>	<u>\$25,000</u>	<u>\$2,900,000</u>

Bonds outstanding at June 30, 1967 bear interest at rates which vary from 3.25 - 5.00% and mature serially as shown below:

	<u>General obligation</u>	<u>Gas tax</u>	<u>Sewer revenue *</u>
Bonds matured or maturing July 1, 1967	\$ 59,000		\$ 25,000
Bonds to be redeemed with funds from fiscal -			
1968	69,000	\$ 2,500	25,000
1969	74,000	2,500	30,000
1970	79,000	3,000	30,000
1971-75	460,000	15,000	195,000
1976-80	575,000	2,000	320,000
1981-85	710,000		595,000
1986-90	795,000		725,000
1991-96			955,000
	<u>\$2,821,000</u>	<u>\$25,000</u>	<u>\$2,900,000</u>

* Includes mandatory sinking fund payments for \$850,000 in term bonds maturing July 1, 1993.

NOTE 4 - Authorized but unissued bonds:

June 30, 1967 balances of authorized, issued and unissued bonds are as follows:

	<u>Total bonds authorized</u>	<u>Issued as of June 30, 1967</u>	<u>Authorized bonds unissued as of June 30, 1967</u>
General obligation -			
Park and recreational improvement	\$1,438,000	\$ 700,000	\$ 738,000
Civic center improvement	2,400,000	1,000,000	1,400,000
Sewer revenue	7,500,000	2,950,000	4,550,000
Water revenue	3,000,000	-	3,000,000

The future sales of authorized bonds are subject to limitations as described in existing bond indentures and/or bonded debt limitations as prescribed by state law.

NOTE 5 - Redemption of 1957 and 1961 Sewer Revenue Bonds:

In 1961 the city planned to construct a sewage treatment plant and sewer revenue bonds were issued for that purpose. This plan was abandoned and the proceeds of the 1961 Sewer Revenue Bonds became unexpendable for the purpose for which they had been issued. In order to remove their lien on future sewer system revenue and provide for issuance of additional sewer bonds for construction of joint sewage facilities under a five-city plan, it was necessary to refund the 1961 and the 1957 Sewer Revenue Bonds. On July 9, 1964, the city executed an irrevocable trust agreement with The Arizona Bank whereby the city deposited funds in the trust account for the purpose of servicing and redeeming the 1957 Sewer Revenue Bonds and 1961 Sewer Revenue Bonds. The interest earnings on the funds deposited in trust together with the principal amount are sufficient for the redemption of principal and the payment of interest accruing to these bonds. At June 30, 1967, the principal amounts outstanding were \$175,000 on the 1957 Sewer Revenue Bonds and \$655,000 on the 1961 Sewer Revenue Bonds. The January 1, 1975 call provision will be exercised on all bonds outstanding as of that date.

NOTE 6 - Lease purchase commitments:

The city is leasing a building being used as a community center with the option to purchase and to apply rentals paid to the purchase price. As the purchase option had not been exercised at June 30, 1967, liability for the remaining payments and unpaid assessments on the property of approximately \$180,000 had not been recorded in the city's accounts.

NOTE 7 - Non-appropriable fund balances:

These fund balances are used to account for the city's investment in fixed assets, its outstanding long-term debt and the balance in certain receivables and payables not available for budgetary appropriation. Balances at June 30, 1967 and the changes for the year are as follows:

	<u>General</u>	<u>Fixed assets and bonded debt</u>		<u>Thunderbird Field</u>
		<u>General</u>	<u>Sewer</u>	
Collections in excess of new sewer connection fees receivable	(\$ 737)			
Net increase in special assess- ments payable on city-owned property		(\$ 27,200)		
Sale of new bond issues:				
Sewer revenue, series 1966			(\$1,200,000)	
Civic center im- provement		(1,000,000)		
Park and recreational		(700,000)		
Matured bonds payable transferred to debt service funds		61,500	25,000	
Increase in property, plant and equipment		<u>767,615</u>	<u>2,644,810</u>	<u>\$1,243,602</u>
Net increase (decrease)	(737)	(898,085)	1,469,810	1,243,602
Balances (deficit) - July 1, 1966	<u>28,168</u>	<u>715,145</u>	<u>(265,199)</u>	<u> </u>
June 30, 1967	<u>\$27,431</u>	<u>(\$ 182,940)</u>	<u>\$1,204,611</u>	<u>\$1,243,602</u>

NOTE 8 - City of Scottsdale Municipal Property Corporation:

On January 30, 1967, the City of Scottsdale Municipal Property Corporation, a non-profit organization, was formed for the purpose of issuing corporate bonds of approximately \$450,000, the proceeds of which would be used to finance the construction of various facilities at Thunderbird Field and a headquarters building for the fire department in Scottsdale. The general plan of the Corporation is to contract for the construction of the projects on city-owned land and to arrange an installment-purchase agreement with the city with annual payments over a 25 year period, to cover bond redemptions, interest and any out-of-pocket expenses of the corporation. Upon retirement of the bonds, title to the facilities would be transferred to the city and the corporation dissolved. The installment contract would be secured with revenues generated by the city's privilege license tax.

As of November 17, 1967, bonds had not yet been issued and the corporation had no books of account. Architectural and engineering fees totaling \$4,923 had been disbursed on behalf of the Corporation by the City of Scottsdale as of June 30, 1967. These payments are to be reimbursed to the city from the proceeds of the proposed bond issue.