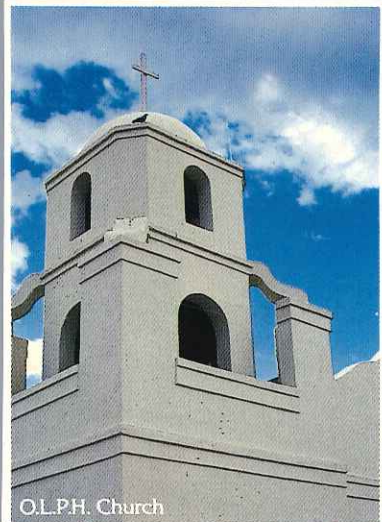


CITY OF SCOTTSDALE ARIZONA



O.L.P.H. Church



Cavaliere Blacksmith Shop



Little Red Schoolhouse



The Titus House



U.S. Post Office

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

About The Cover

Scottsdale's history is an integral part of its cultural and philosophical identity. It is the foundation for an enviable, unique lifestyle Scottsdale has become well known for. In order to maintain the city's rich Southwestern heritage, the community has undertaken an extensive, multi-faceted historical preservation program.

Scottsdale recognizes the importance of retaining its historical identity; it is what makes the city special and serves as a reminder of the heritage which has shaped its development. By implementing an aggressive historic preservation program, the city is protecting the many wonders of Scottsdale's past in a way that will provide enjoyment and pride for many generations to come.

This budget ³document contains information about the city's "Heritage Plan" and, specifically, historical data on ten historic landmarks in the community. Illustrated on the cover: Our Lady Of Perpetual Help Church; The Little Red Schoolhouse which now houses the Scottsdale Chamber of Commerce; Scottsdale's first full-time post office, which presently houses Porters Western Wear; Cavalliere Blacksmith Shop; and the Titus House which is presently a private residence.



**CITY OF SCOTTSDALE, ARIZONA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 1987**

CITY COUNCIL

HERBERT R. DRINKWATER, MAYOR

JAMES D. BRUNER

SAM KATHRYN CAMPANA

MYRON R. DEIBEL

BILL SODERQUIST

BILL WALTON

RENÉ WENDELL

ROY R. PEDERSON - CITY MANAGER

TOM DAVIS - ASSISTANT CITY MANAGER

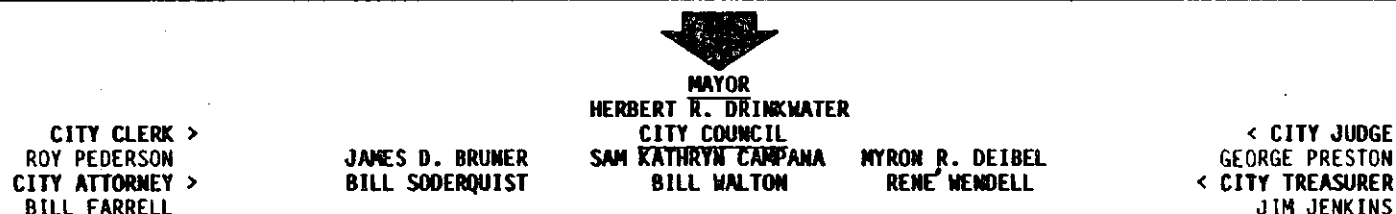
Prepared by

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

ORGANIZATIONAL STRUCTURE FOR SCOTTSDALE CITY GOVERNMENT

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

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



CITY MANAGER
ROY PEDERSON

- - - Water Resources Engineering

ASSISTANT CITY MANAGER
TOM DAVIS

- - - Office of Management Systems
Organizational Development
Support Services



City Departments and Divisions

GENERAL GOVERNMENT	COMMUNITY SERVICES	MANAGEMENT SERVICES	POLICE DEPARTMENT	COMMUNITY DEVELOPMENT	FIELD OPERATIONS	SPECIAL PROJECTS	PLANNING & ECONOMIC DEVELOPMENT
DICK BOWERS DEPUTY CITY MGR	BOB FROST GENERAL MANAGER	JIM JENKINS GENERAL MANAGER	MIKE GANNON CHIEF	BARBARA BURNS GENERAL MANAGER	CARL DARDEN GENERAL MANAGER	DAVE HARRIS DEPUTY CITY MGR	LARRY BUSSARD GENERAL MANAGER
Airport Cable Comcns City Court Communications & Public Affairs Human Resources Intergovernmental Relations	Arts Human Services Library Parks Recreation	Accounting/ Budget Customer Sys Purchasing Risk Mgmt	Patrol Bureau Criminal Investigations Bureau Technical Sys Bureau	Comm Projects Design & Constr Services Develop Svcs Project Coord Project Review Public Improvements	Field Svcs Fleet Mgmt Planet Ranch Sanitation Water & Wastewater	Special developmental & long-range projects	Community Planning Downtown Planning Community Development Block Grants Economic Development

City of Scottsdale
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 1987

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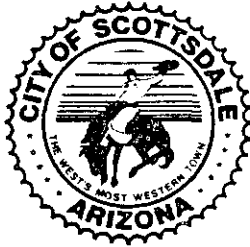
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**INTRODUCTORY
SECTION**



August 19, 1987

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, 1987, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget Division. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Staff believes the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report consists of three sections. The Introductory Section contains this letter of transmittal which highlights the financial affairs of the City for the fiscal year and the Certificate of Achievement for Excellence in Financial Reporting issued to the City for its June 30, 1986, annual financial report. The Financial Section includes: (1) The opinion of the independent certified public accountants based upon their audit as required by City Charter and State Law; (2) Combined financial statements; (3) Combining statements - by fund type and individual fund; and (4) Schedules presenting greater detail for information reported in the statements. The Statistical Section includes financial information for both prior and current periods of time and related non-financial data which provide insight into the financial basis of the City.

Financial Policies

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

The Proprietary Funds are maintained on the accrual basis of accounting. The accrual basis of accounting recognizes revenue when it is earned and measurable and expenses when incurred, if measurable. The Governmental and Fiduciary Funds are maintained on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenue when measurable and available. Expenditures are recognized when liabilities are incurred, except for unmatured interest on special assessment indebtedness secured by interest-bearing special assessment liens, which is recognized when due.

Financial Policies (Continued)

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

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

Budgetary control is maintained by a monthly allotment system and the encumbrance of allotment balances with purchase orders prior to their release to vendors. Purchase orders which exceed allotment balances are not released until additional appropriations are made. Open encumbrances are reported as reservations of fund balance at June 30, 1987.

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 for the City of Scottsdale, the Scottsdale Public School System and the Scottsdale Memorial Hospital. Further data defining these determinations is available in the Notes to Financial Statements.

Financial Overview

A comparison of fund balances for Governmental and Fiduciary Funds shows a decrease in total. The General Fund, Highway User Fund, and Trust and Agency Fund show an increase in fund balance. The General Fund increase can be attributed to continued economic expansion and the impact of the Asset Transfer Program. The Special Assessment Fund balance decreased. This occurs because expenditures are recorded currently, whereas the revenue associated with the Special Assessments is recorded over the life of the special assessment receivable. The assessment receivable is greater than the deficit shown. The Capital Projects Fund decreased due to the expenditure of funds for the various capital projects.

Financial Overview (Continued)

<u>Fund Balances:</u>	<u>FY 1986-87</u>	<u>FY 1985-86</u>	<u>Increase (Decrease)</u>
General	\$35,905,863	\$19,373,914	\$ 16,531,949
Special Revenue			
Highway User	301,140	(121,173)	422,313
Community Development	35,237	35,237	-0-
Grants	144,604	235,629	(91,025)
Debt Service	16,610,707	17,328,395	(717,688)
Capital Projects	24,928,108	53,867,035	(28,938,927)
Special Assessments	(11,047,064)	(6,277,063)	(4,770,001)
Trust and Agency	<u>1,023,250</u>	<u>740,389</u>	<u>282,861</u>
Total Fund Balances	<u>\$67,901,845</u>	<u>\$85,182,363</u>	<u>\$(17,280,518)</u>

A comparison of total retained earnings for Proprietary Funds reveals a substantial increase over last year. Water and Sewer increased significantly over last year. This is necessary to fund the extensive capital improvement expenditures that are planned to keep pace with the City's growth. Airport, Motor Pool, and Self-Insurance all decreased. The Self-Insurance retained earnings decreased due to the continued increase in the cost of public liability umbrella insurance. The Motor Pool decrease was the result of an objective to reduce the user rates to the break-even point.

The total fund equity for the Airport, Motor Pool and Self-Insurance is \$11,306,839, \$5,393,871 and \$620,175 respectively.

	<u>FY 1986-87</u>	<u>FY 1985-86</u>	<u>Increase (Decrease)</u>
Water and Sewer	\$53,951,911	\$46,168,802	\$ 7,783,109
Airport	(1,959,361)	(1,718,802)	(240,559)
Motor Pool	(852,497)	(241,146)	(611,351)
Self Insurance	<u>(862,160)</u>	<u>(649,455)</u>	<u>(212,705)</u>
Total Retained Earnings	<u>\$50,277,893</u>	<u>\$43,559,399</u>	<u>\$ 6,718,494</u>

Governmental and Fiduciary Funds Revenue

Revenue for Governmental and Fiduciary Funds totaled \$83,351,233 in 1987, a decrease of .9 percent over 1986. Taxes - Local increased \$3,350,806 over 1986, with local privilege tax providing the major portion of the increase. Taxes - Intergovernmental increased \$2,410,820 over 1986, with State Shared Sales Tax reflecting a strong statewide economic recovery and Auto Lieu Tax displaying the rebound of auto sales. Grants decreased \$1,010,831 from last year's actual as a result of decreased Federal aid. Charges for current services are over last year's actual by \$244,629 which represents continued growth in the construction industry. Use of Money and Property decreased \$3,555,239 over 1986 because of declining interest rates. Other revenue decreased \$2,701,591 because the 1986 figure included a one time property sale.

Governmental and Fiduciary Funds Revenue (Continued)

<u>Revenue Source</u>	<u>FY 1986-87</u>	<u>FY 1985-86</u>	<u>Increase (Decrease)</u>	<u>%</u>
Taxes-Local	\$34,165,734	\$30,814,928	\$ 3,350,806	10.9
Taxes-Intergovernmental	20,929,842	18,519,022	2,410,820	13.0
Grants	1,278,776	2,289,607	(1,010,831)	(44.1)
Licenses	474,633	421,354	53,279	12.6
Charges for Current				
Services	9,394,683	9,150,054	244,629	2.7
Fines and Forfeitures	1,091,268	1,533,450	(442,182)	(28.8)
Use of Money & Property	10,009,576	13,564,815	(3,555,239)	(26.2)
Other	4,162,484	6,864,075	(2,701,591)	(39.4)
CIP Reimbursements	1,844,237	957,700	886,537	92.6
Total	<u>\$83,351,233</u>	<u>\$84,115,005</u>	<u>\$ (763,772)</u>	<u>(.9)</u>

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

<u>Revenue Source</u>	<u>FY 1986-87</u>	<u>FY 1985-86</u>	<u>Increase (Decrease)</u>
Taxes-Local	41.0%	36.6%	4.4%
Taxes-Intergovernmental	25.1	22.0	3.1
Grants	1.5	2.7	(1.2)
Licenses	.6	.5	.1
Charges for Current			
Services	11.3	10.9	.3
Fines and Forfeitures	1.3	1.8	(.5)
Use of Money & Property	12.0	16.2	(4.2)
Other	5.0	8.2	(3.2)
CIP Reimbursements	2.2	1.1	1.1
Total	<u>100.0%</u>	<u>100.0%</u>	<u>-0-</u>

Governmental and Fiduciary Funds Expenditures

Expenditures of Governmental and Fiduciary Funds decreased by 5.5 percent or \$7,407,100 over 1986. The unusual decreases occurred in Capital Improvements which decreased \$14,915,599. Capital Improvements decreased due to a reduction in the amount of available bond proceeds to fund Capital Improvements at last year's level. In addition the Planning and Economic Development and Fire Departments were created from Community Development and Non-Departmental respectively.

Governmental and Fiduciary Funds Expenditures (Continued)

<u>Department</u>	<u>FY 1986-87</u>	<u>FY 1985-86</u>	<u>Increase (Decrease)</u>	<u>%</u>
General Government	\$ 3,775,692	\$ 3,425,581	\$ 350,111	10.2
Police	11,836,704	9,475,467	2,361,237	24.9
Management Services	2,190,533	1,942,012	248,521	12.8
Field Operations	11,872,258	11,037,959	834,299	7.6
Community Services	10,294,757	8,730,701	1,564,056	17.9
Community Development	5,883,408	8,195,938	(2,312,530)	(28.2)
Non Departmental	3,912,789	7,321,889	(3,409,100)	(46.6)
Planning and Economic Development	2,583,452	-0-	2,583,452	--
Fire	3,973,055	-0-	3,973,055	--
Debt Service	25,047,767	23,732,369	1,315,398	5.5
Capital Improvements	46,069,901	60,985,500	(14,915,599)	(24.5)
Total	<u>\$127,440,316</u>	<u>\$134,847,416</u>	<u>\$ (7,407,100)</u>	<u>(5.5)</u>

Treasury Management

Temporarily, idle cash was invested during the year in Time Certificates of Deposit, U. S. Treasury Securities, Federal Agency Securities, the State of Arizona Investment Pool, and Repurchase Agreements. These investments yielded 9.59 percent on an average daily invested balance of \$99,453,354. At June 30, 1987, all investments totaled \$92,413,581 and consisted of:

U. S. Treasury Securities	\$ 6,081,736	6.6%
Federal Agency Securities	18,969,845	20.5%
State Investment Pool	67,190,000	72.7%
Improvement District Bonds	172,000	.2%
	<u>\$92,413,581</u>	<u>100.0%</u>

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

Debt Administration

The ratio of annual debt service for general bonded debt to total general expenditures provides an indication of a municipality's ability to meet debt service requirements. This percentage is 7.11 percent for 1986-87 compared to 8.34 percent for 1985-86. More detailed information about bonded debt can be found in the Statistical Section (Table XI).

The City presently has the following bond ratings: General Obligation Bonds Moody's Investor Service Aa 1, Standard and Poor's AA; Water and Sewer Revenue bonds - Moody's Investor Service A-1, Standard and Poor's A; Highway User Revenue Bonds - Moody's Investor Service A-1, Standard and Poor's AA. Additionally, the City has a legal debt margin of \$44,449,766 for 6% General Obligation Bonds and \$150,930,119 for 20% General Obligation Bonds. There is no legal limit on Revenue Bonds.

General Fixed Assets

The general fixed assets of the City are those assets used in the performance of general governmental functions and exclude the fixed assets of utilities and other enterprise activities. As of June 30, 1987, the general fixed assets of the City amounted to \$579,194,679. This amount represents the original cost of assets or the estimated fair market value of the asset at the time of contribution by a developer or other party to the City. The values for land and for buildings and improvements for statement purposes are considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

Water and Sewer System

The retained earnings for the water and sewer system have increased \$7,783,109 over last year. The primary reasons for this increase are higher revenues for water service charges of \$3,015,449, interest earnings, \$1,179,289, and property sale of \$1,156,162.

Expenses have increased \$5,575,606 over last year for a total of \$14,676,833. Water operations increased \$4,289,715 due in part to the purchase of the portion of the Phoenix Water System in Scottsdale. Depreciation and amortization expense increased \$517,267 over last year due to the added system facilities.

Airport

The net loss for the Airport increased \$196,444 from last year to \$240,559 for fiscal year 1986-87. Revenue increased \$98,837 from last year while expenses decreased \$97,607.

Public Housing Fund

The Public Housing Fund is operated in conjunction with the Neighborhood Development Project providing low-cost, subsidized housing for those families that were displaced by the project. During 1984-85 all remaining rental properties were sold. Notes Receivable in the amount of \$481,499 are held by the City from the property sales.

Internal Service Funds

These funds provide services or commodities to other divisions within the City. The intent is to be self-sustaining by charging the users a fee that is consistent with the fund's cost of providing the service. The Motor Pool Fund had a decrease in unreserved retained earnings of \$611,351 on total

Internal Service Funds (Continued)

revenue of \$3,905,295 up from last year's total revenue of \$3,240,401. This revenue increase was planned this year to eliminate the current accumulated deficit.

The Self-Insurance Fund's unreserved retained earnings decreased \$212,705 due to an increase in insurance premiums.

Significant Events and Accomplishments for Fiscal Year 1986-87

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

Local Privilege Tax receipts increased \$2,192,581 or 9.9 percent. Inflation as measured by the Phoenix Metro CPI increased 2.5 percent during the same period.

State Shared Sales Tax increased \$509,565 or 9.6 percent. This tax source did not grow as much as the local privilege tax.

2,541 residential building unit permits were issued, down 1,453 permits from last year. Single family unit permits were down 361 and multi-family unit permits were down 1,092.

Residential and non-residential permit valuations totaled \$641.7 million for 1986-87, up \$71.2 million over last year. Of the total, residential permit values were \$400.7 million up \$14.4 million over last year.

- o Water rates were increased approximately 10% effective August 1, 1986. Water and Sewer development fees were increased 27% effective October 1, 1986.
- o In January of 1987, the City purchased that portion of the Phoenix water system that served Scottsdale residents. The acquisition added over 15,000 customers.
- o The Scottsdale Central Arizona Project (CAP) Water Treatment Facility became operational in April, 1987. This privatized 18 million gallons-per-day treatment plant takes the City's CAP allocation, treats it to potable water standards and sends it into the City's distribution system. This allows the City to reduce its groundwater pumping by an equal amount of water treated.
- o In November, 1986, the Gainey Ranch Water Reclamation Plant was dedicated to the City. A total of 135.87 million gallons of water was treated and used to irrigate the Gainey Ranch Golf Course.
- o A total of 11 billion gallons or 33,641.34 acre feet of water was produced to serve Scottsdale residents which includes production from Scottsdale and Phoenix wells, treated water purchased from Phoenix, and CAP water.
- o Field Operations, Purchasing, and Inspection Services moved into the new Corporation Facility and began providing service from the more centrally located area.

Significant Events and Accomplishments for Fiscal Year 1986-87 (Continued)

- o In maturing City neighborhoods 575,701 square yards of asphalt treatment was applied to City streets.
- o Sanitation serviced an additional 2,034 new homes with residential refuse and brush collection services without adding additional equipment or personnel. This is a 6.1% increase in homes serviced.
- o Sanitation collected 198,510,000 pounds of refuse, an average of 1,726 pounds per citizen.
- o The Regional Public Transit Authority began bus service in Scottsdale. This service is now added to the City of Phoenix's contracted service and the City's own transit service, the "Scottsdale Connection."
- o Zoning was unanimously approved by the Council for the \$70 million Galleria project. Other new development projects in the downtown include Portales, Fashion Square, Marriott Hotel, Shipp Plaza, Bullocks, First Avenue Retail and the Civic Center Library expansion.
- o 41 film permits were issued this past year including 2 major films: Not Quite Human (which brought more than a quarter of a million dollars to Scottsdale in 3 weeks time), and Bill and Ted's Excellent Adventure (which spent \$650,000 in Scottsdale).
- o The Video Production Office/Citycable 7 went "live" with City Council and Planning Commission meeting coverage -- adding a minimum of 40 additional hours of programming per month to the channel. Six months after going "live", a Citycable 7 viewership survey indicated that more than 22% of all cable subscribers regularly watch the meetings.
- o City Council approved a \$4 million upgrade to the existing computer system, providing the ability to accommodate anticipated growth over the next five years while maintaining an efficient and effective response to customer service.
- o \$1.6 million in improvements were made to the Airport. \$1.5 million of this amount was funded by FAA and ADOT grants.
- o Established a Citizens For Better Transportation Committee.
- o Implemented an As-Built program to document the actual design of street and utility projects upon installation and completion.
- o Community & Economic Development staff completed a major study, evaluating and analyzing bed tax collections over the last ten years, which gave the Hospitality Industry some "trend" insight; served as a catalyst to bring them physically together for the first time; and served as a major factor in the Town of Paradise Valley approving an additional 1% bed tax that will go directly to the Scottsdale Chamber of Commerce for marketing efforts.

Significant Events and Accomplishments for Fiscal Year 1986-87 (Continued)

- o In June of 1987, the City Council approved a new, updated Human Resources Ordinance establishing a progressive system of human resources management for the City. This 2-year project included input from Top Staff, all departments, and local organizations.
- o The Human Resources staff worked with the Smoking Ordinance Task Force on the development of a Smoking Pollution Control Ordinance relating to work places and enclosed public places in the City.
- o A conflict management program entitled RESOLVE was developed to improve employee relations in the City and was implemented in July of 1986.
- o The Scottsdale Center for the Arts presented its first Mainly Mozart series of summer concerts. The three concerts generated an 85% house. The three Mozart concerts were highly successful, and will continue each summer.
- o The Scottsdale Center for the Arts opened an additional 2,500 square feet of climate control exhibition space in January. The Scottsdale Men's League is paying for half the cost of the project. The Scottsdale Center for the Arts can now book major circulating exhibits because of the new climate controlled devices.
- o The City Council approved a cultural master plan which calls for the programming, administration and planning the Arts in Scottsdale to come under the jurisdiction of a new non-profit board. This plan will be fully implemented by July, 1988.
- o A 56-member Bicentennial Committee was appointed to plan activities and events in celebration of the 200th anniversary of our U.S. Constitution.
- o Scottsdale initiated a "New Resident Orientation Program" with more than 200 newcomers in attendance for the first event.
- o The information center in City Hall received more than 27,000 citizen assistance contacts during the year.
- o Regular "press briefings" prior to every Council meeting were implemented for members of the local media.
- o The City began treating its first allotment of CAP water. A total of 1521 acre feet were purchased in FY 86-87.
- o Approximately 200 single family homes in Scottsdale were sprinklered under Scottsdale's residential sprinkler ordinance. Two residential fires were completely extinguished by sprinkler systems this year with no injury to the owners and minimal fire damage to the structure.
- o Horseman's Park, one of the largest and finest equestrian centers in the United States, opened in 1987, providing a unique equestrian facility of major economic consequence to the city. Located on 356 acres of land along the north side of the Central Arizona Canal, the park caters to the local horseman and international horse breeder alike. The park includes seven arenas, two polo fields, grand prix areas, 480 permanent stalls and exhibition space.

Significant Events and Accomplishments for Fiscal Year 1986-87 (Continued)

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

Future Outlook

The 1987-88 budget provides for an operating expenditure level of \$86 million, up 12 percent from last year. In addition \$21 million is designated for capital improvements. The capital improvements projects will be awarded periodically if sufficient revenue is received to fund the projects. This insures that the operating programs can be funded before capital programs, should the actual economic situation be less favorable than anticipated at budget preparation time.

The budget for 1987-88 estimates current revenue at \$10 million more than budgeted for 1986-87. This is an 8 percent increase with the significant revenue changes being:

Privilege Tax increases \$2,116,000 over the adopted budget for FY 1986-87. Major Department Stores and Construction activity is projected to increase approximately 12%; all other activities, Automotive, Food, Rentals, Hotels, Utilities, Miscellaneous Retail, Restaurants, and Other, average 7-9%. The overall average increase expected is 9%.

Water service fee revenue increases \$5,165,000. The purchase of the Phoenix water facilities used to serve Scottsdale residents adds \$3,622,000. The balance is due to a projected \$1,500,000 (10%) increase in existing water rates.

The estimated combined property tax rate is \$.83 down three cents from the FY 1986-87 rate of \$.86 per hundred dollars of assessed valuation. Property Tax revenue increases \$1,124,000 with the primary tax portion of the levy increasing \$676,000 and the secondary tax increasing \$448,000.

Highway User Tax revenue increases \$515,000. The basis for this estimate is provided by the Arizona Department of Transportation and represents the City's share of the State tax on gasoline and related transportation taxes.

Interest earnings decrease \$2,350,000. This is due primarily to a decrease in interest rates of approximately 3% on pooled investments.

State Shared Sales Tax revenue increases \$29,000. The basis for this estimate is provided by the Arizona Department of Revenue and represents the City's share of the State's sales tax.

State Revenue Sharing increases \$241,000. The basis of this estimate is provided by the Arizona Department of Revenue and represents the City's share of the State's income tax for both individuals and corporations.

Future Outlook (Continued)

CIP reimbursements increase \$2,430,000. This represents the specific projects that have participation values or reimbursement values associated with City CIP projects. Actual values each year are dependent on the CIP projects authorized for the fiscal year.

Sewer service fee revenue increases \$873,000. A recommended 10% service rate increase is expected to bring in \$460,000 more for FY 1987-88. The balance of the change is due to the increasing number of customers being served.

Refuse service fee revenue increases \$757,000. A fee increase of \$640,000 (15%) is recommended for FY 1987-88. The balance is due to increased number of customers being served.

Permits and Fees increase \$48,000. A fee increase of \$190,000 is recommended for FY 1987-88. The balance of the change, a decrease, is due to the budgeted revenue being more than what is anticipated to be received for FY 1986-87.

Equipment Rental fees increase \$789,000. The increase reflects the costs necessary to provide maintenance, repairs, and replacements for the City's fleet of vehicles.

Water and Sewer Development fees increase \$117,000 (5%). A fee increase of \$170,000 is recommended for FY 1987-88. The balance of the change, a decrease, is due to the anticipated mix of permits in 1987-88.

All Other revenues decrease \$2,067,000. This represents the remaining 19 individual revenue sources each with a total revenue value for FY 1987-88 of less than \$3 million.

Operational expenditures are budgeted for 1987-88 at \$9 million more than 1986-87. This is a 12 percent increase with the significant increases being:

The increase of \$6,317,000 for Personal Services includes the FY 1986-87 salary adjustments, the projected cost for changes for existing fringe benefits, and a provision for wage adjustments for employees during FY 1987-88. Personal Services also includes the cost of 9 new positions added during FY 1986-87 and 40 proposed new positions for FY 1987-88.

The increase of \$1,913,000 for Contractual Services includes the costs associated with a full year's operation of the Phoenix Water Company and operation of the CAP Water Treatment Plant. Fleet maintenance and operations charges were low in the 1986-87 budget year to reduce the amount of the reserve but have returned to normal levels in this budget (an increase of \$789,000).

The increase of \$1,898,000 for Commodities is due primarily to the cost of Phoenix water and CAP water purchases.

The increase in Debt Service of \$5,709,000 includes \$1,620,000 additional for a full year cost of the Phoenix Water Bonds, \$918,000 for HURF-Series C Bonds and Special Assessment Bonds of \$2,920,000.

Future Outlook (Continued)

The budget includes the addition of 40 full-time positions over the current authorized position level of 1,019. The FY 1986-87 budget originally authorized 1,010 full-time positions with 9 positions being authorized during the fiscal year.

This is the sixth year that the City is subject to the State expenditure limitation law. The proposed budget is estimated to be \$2 million under the State calculated expenditure maximum. The voter approved exclusion for capital improvement projects is included; without it, the proposed budget would be \$12 million in excess of the limitation.

The self-insurance reserve fund balance is planned to increase \$645,834 to \$2,183,834 by the end of FY 1987-88. Insurance costs have increased substantially over the past two years. Two measures have been taken to maintain the planned annual increase in the reserve fund. The rate assessed to City departments has been increased \$424,000 for FY 1987-88 and a \$400,000 contribution is planned to be made directly to the reserve fund.

The combined property tax rate for FY 1986-87 is currently \$.86 per \$100 of assessed valuation. This budget, based on estimates of the assessed valuation for FY 1987-88, anticipates a combined property tax rate of \$.83 per \$100 of assessed valuation. The estimated tax rate of \$.83 per \$100 of assessed valuation levies the maximum permitted by law for the primary tax levy. The secondary tax levy, restricted by law to pay debt service on general obligation bonds, does not include a tax levy for the \$38,000,000 of general obligation bonds used to purchase the portion of the Phoenix Water Company servicing Scottsdale residents. If that were included, the estimated tax rate would be \$1.08 and the property tax levy would increase \$2,950,000 for a total of \$11,974,000.

The Fire Contract with Rural/Metro increases staffing by two positions, a plans examiner and a fire inspector. This increased staffing will restore the five day turnaround service level for plan check activity in the one stop shop and keep pace with the construction growth in the City by maintaining the current level of fire inspection services.

The Police Department has two expanded services included in this budget. Two officers will be added to narcotics enforcement with particular emphasis toward enhancing enforcement capabilities in school related offenses. Five new positions will be added to forensic work, three criminalists positions and two fingerprint technicians. These new positions will enable the forensic group to evaluate, analyze and utilize physical evidence brought in from a crime scene in a more efficient manner. By adding these positions physical evidence results will be available sooner, enabling more cases to be cleared, thus improving the effectiveness of the field forces.

The Arts Division will undergo significant change during FY 1987-88. A new Scottsdale Arts Council will be formed and will continue the transition of the affairs of the Scottsdale Center for the Arts to a newly formed non-profit corporation. This budget provides funding for both the existing Arts Division and a transition budget to implement the change to the new organization. We expect attrition to continue to favorably affect the budget as current employees are transferred to other operations or find employment with the new organization or elsewhere.

Future Outlook (Continued)

The Intergovernmental Relations Division has used an outside consultant to assist staff in developing and implementing the City's state legislative program. This was done to enable staff to gain the necessary contacts and expertise in legislative relations. Staff is now positioned to assume the full legislative role in FY 1987-88 and the use of a consultant is not a part of the proposed FY 1987-88 budget.

The departments' original budget requests have been reviewed in detail during the City Manager's budget hearing process. At the budget hearing, the departments have an opportunity to discuss their plans, justify the estimated costs for their plans and to review overall city priorities and objectives for the upcoming fiscal year. The budget review process this year produced reductions to requested budgets of \$8,656,443. The initial requests before the budget hearings totalled \$94,477,390 and were reduced to this proposed budget of \$85,820,947.

Water Conservation

The 1980 Groundwater Management Act mandates significant changes to the water production activity of the City. Historically the City provided additional water for its population growth needs by drilling additional wells and pumping groundwater into the City water system. The act mandates that the City achieve "safe yield" by 2025. "Safe yield" means that no more groundwater may be withdrawn from the underground water supply than is naturally or artificially recharged or restored. The water needs of today's population can be provided from groundwater, Salt River Project (SRP) and Central Arizona Project (CAP) surface water sources. However, new water supply sources must be acquired to meet our growth needs for the future. The cost in today's dollars to acquire these additional water supply sources is estimated at two hundred million dollars.

In order to begin funding a plan to bring about the acquisition of new water supply sources, a Water Resources Development Fee is proposed for FY 1987-88. This fee is intended to be used solely for the acquisition of new sources of water supply. New supply sources may be Cliff/Roosevelt Dam construction, water ranches such as Planet Ranch, effluent reclamation processes to supply irrigation or potable quality water, storm water recovery and additional CAP water allocations. The fee is based on the type of construction, with a single family dwelling unit being charged \$1,000 per unit, multi-family dwelling unit \$600 per unit and all other uses \$2,000 per acre foot of projected annual water usage. This fee is projected to provide \$2,050,000 in revenue for FY 1987-88. This is intended to place the burden for supplying future water resources on those creating the need - in other words, it requires that growth pay a bigger share of the demands it is creating.

Two new water facilities came on line in the second half of FY 1986-87. The CAP Water Treatment Plant receives CAP water, treats the water to meet current potable water standards, and then passes the treated water on to the City's water distribution system. This process permits Scottsdale to reduce the draw on ground water sources by an equal volume of water. There is a price, however, implementing this major conservation policy increases residential rates an average of \$1.92 per month - a 10% hike. The second water facility is the purchase of that portion of the Phoenix Water System that serves residents of Scottsdale. This acquisition added approximately 15,000 customers to the existing water system. This is the first full year that these facilities will be operated by the City of Scottsdale.

Water Conservation (Continued)

A change in the frequency that the City bills water, sewer, and refuse user service charges is being proposed for FY 1987-88. At present, these user service charges are billed every other month. A change to monthly billings will provide users with very timely results of their water usage patterns and will measure achievement toward the overall water conservation goal of changing customers existing water using habits. Another benefit is more frequent consumption records will identify malfunctioning meters thirty days earlier, thereby saving lost water. Any water that can be saved by these changes will directly assist in reducing the quantity of water we take from the underground water supply thus assisting in reaching the "safe yield" requirement of the 1980 Groundwater Management Act.

Independent Audit

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 1986.

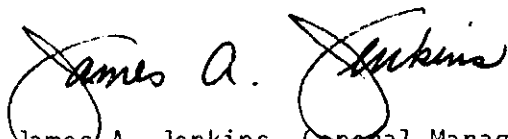
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized, comprehensive, annual, financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable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

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

Acknowledgment

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

Respectfully submitted,



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

JAJ:h1b

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, 1986

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



Betty Jo Harker
President

Jeffrey L. Essler
Executive Director



**FINANCIAL
SECTION**



A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Arthur Young

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

The Honorable Mayor and City Council
City of Scottsdale, Arizona

We have examined the accompanying general purpose financial statements of the City of Scottsdale, Arizona, and the combining, individual fund, and account group financial statements as of and for the year ended June 30, 1987, listed as financial statements under the Financial Section of the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the City of Scottsdale, Arizona, at June 30, 1987, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the combining, individual fund, and individual account group financial statements referred to above present fairly the financial position of each of the individual funds and the account group of the City of Scottsdale, Arizona, at June 30, 1987, and the results of operations of such funds and the changes in financial position in individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

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

Arthur Young & Company

August 19, 1987

CITY OF SCOTTSDALE

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1987

WITH COMPARATIVE TOTALS FOR JUNE 30, 1986

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES					FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	TRUST AND AGENCY	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1987	JUNE 30, 1986
CASH AND SHORT-TERM INVESTMENTS	\$20,872,667	\$87,879	\$2,856,245	\$26,620,308	\$1,530,151	\$5,623,504	\$42,777	\$1,564,859	\$	\$	\$59,198,390	\$71,410,660
CASH WITH FISCAL AGENTS		1,417,967	13,367,603		570,016						15,355,586	15,287,828
CASH WITH TRUSTEE INVESTMENTS	15,493,418		9,730,163			70,006					70,006	212,362
DEFERRED COMPENSATION PLAN ASSETS RECEIVABLES						1,610,635					1,610,635	1,188,603
ACCRUED INTEREST	227,675		183,816	274,079	27,290		269,129	11,816			993,805	1,777,511
PROPERTY TAXES	816,213		64,861								881,074	451,648
STATE SHARED SALES TAX	504,074										504,074	500,102
AUTO LIEU TAX	152,466										152,466	123,902
FUEL TAX		534,163									534,163	461,987
FEDERAL REVENUE SHARING GRANTS		186,094									186,094	206,384
SPECIAL ASSESSMENTS												554,516
CURRENT					1,549,695						1,549,695	1,183,994
DEFERRED					12,113,092						12,113,092	8,596,490
ACCOUNTS	650,986			10,564			3,685,147	6,917			4,353,614	3,070,762
MISCELLANEOUS	432,595	151,548				42,232	274,005				900,380	1,025,116
SUPPLIES INVENTORY	255,137										255,137	216,257
RESTRICTED CASH, INVESTMENTS, AND RECEIVABLES							21,619,539				21,619,539	11,727,155
PROPERTY, PLANT, AND EQUIPMENT - LESS ACCUMULATED DEPRECIATION							164,675,277	5,643,614	579,194,679		749,513,570	642,391,439
EXCESS PURCHASE PRICE OVER FAIR MARKET VALUE OF WATER SYSTEM ASSETS ACQUIRED, NET							725,408				725,408	798,260
AMOUNT AVAILABLE IN DEBT SERVICE FUNDS										16,610,707	16,610,707	17,328,395
AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT										162,055,696	162,055,696	164,377,075
TOTAL ASSETS AND OTHER DEBITS	\$39,405,231	\$2,377,651	\$26,202,688	\$26,904,951	\$15,790,244	\$7,346,377	\$191,291,282	\$7,227,206	\$579,194,679	\$178,666,403	\$1,074,406,712	\$979,774,043

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1987

WITH COMPARATIVE TOTALS FOR JUNE 30, 1986

LIABILITIES AND FUND EQUITY (DEFICIT)	GOVERNMENTAL FUND TYPES					FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	TRUST AND AGENCY	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1987	JUNE 30, 1986
LIABILITIES												
CASH OVERDRAFT	\$	\$54,177	\$5,396	\$	\$	\$	\$237,360	\$	\$	\$	\$296,933	\$1,030,884
ACCOUNTS PAYABLE	914,686	339,391		1,976,843		19,108	1,322,918	118,119			4,691,065	5,541,660
ACCRUED PAYROLL	1,516,763	85,135					156,709	131,278			1,889,885	1,428,067
CLAIMS PAYABLE								963,763			963,763	978,300
DESIGNATED DEFERRED COMPENSATION BENEFITS						1,610,635		963,763			1,610,635	1,188,603
ACCRUED INTEREST PAYABLE	305,948		603,216				37,046				946,210	965,970
GUARANTY AND OTHER DEPOSITS						4,693,384	295,369				4,988,753	3,799,451
DEFERRED REVENUE												
PROPERTY TAXES	761,971										761,971	399,825
SPECIAL ASSESSMENTS											12,113,092	8,596,490
OTHER											11,200	7,933
BONDS INTEREST PAYABLE		922,967	3,858,369				423,650				7,853,551	5,899,182
BONDS PAYABLE - CURRENT PORTION		495,000	5,125,000				2,502,199				6,310,000	6,470,000
CONTRACTS PAYABLE - CURRENT PORTION							598,030				598,030	2,481,880
LONG-TERM DEBT (LESS CURRENT PORTION)							54,940,134				178,666,403	247,749,537
OTHER							791,758				791,758	729,108
TOTAL LIABILITIES	3,499,368	1,896,670	9,591,981	1,976,843	26,837,308	6,323,127	61,995,173	1,213,160		178,666,403	292,000,033	249,713,847
FUND EQUITY (DEFICITS)												
CONTRIBUTED CAPITAL							77,303,559	7,728,703			85,032,262	90,620,551
INVESTMENT IN GENERAL FIXED ASSETS									579,194,679		579,194,679	510,697,883
RETAINED EARNINGS (DEFICIT)												
RESERVED FOR												
REVENUE BOND RETIREMENT							1,718,091				1,718,091	1,703,402
WATER AND SEWER REPLACEMENT							2,163,981				2,163,981	1,663,375
ACQUISITION AND CONSTRUCTION							14,063,769				14,063,769	6,359,458
UNRESERVED							34,046,709	(1,714,657)			32,332,052	33,833,164
FUND BALANCES (DEFICIT)												
RESERVED FOR												
ENCUMBRANCES	2,243,726	290,187		2,711,396		131,409					5,376,718	13,745,122
SUPPLIES INVENTORY	255,137										255,137	216,257
SINKING FUND			4,384,234								4,384,234	4,410,674
STREET LIGHT DISTRICTS					316,367						316,367	504,623
DEBT SERVICE			12,226,473								12,226,473	
UNRESERVED	33,407,000	190,794		22,216,712	(11,363,431)	891,841					45,342,916	66,305,687
TOTAL RETAINED EARNINGS/FUND BALANCE (DEFICITS)	35,905,863	480,981	16,610,707	24,928,108	(11,047,064)	1,023,250	51,992,550	(1,714,657)			118,179,738	128,741,762
TOTAL FUND EQUITY (DEFICIT)	35,905,863	480,981	16,610,707	24,928,108	(11,047,064)	1,023,250	129,296,109	6,014,046	579,194,679		782,406,679	730,060,196
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$39,405,231	\$2,377,651	\$26,202,688	\$26,904,951	\$15,790,244	\$7,346,377	\$191,291,282	\$7,227,206	\$579,194,679	\$178,666,403	\$1,074,406,712	\$979,774,043

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS FUNDFOR THE FISCAL YEAR ENDED JUNE 30, 1987
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	GOVERNMENTAL FUND TYPES					FIDUCIARY	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	EXPENDABLE	(MEMORANDUM ONLY)	
						TRUSTS	JUNE 30, 1987	JUNE 30, 1986
REVENUES								
TAXES - LOCAL	\$20,142,025	\$	\$14,023,709	\$	\$	\$34,165,734	\$30,814,928	
TAXES - INTERGOVERNMENTAL	13,129,945	7,799,897				20,929,842	18,519,022	
GRANTS		1,278,776				1,278,776	2,289,607	
LICENSES	474,633					474,633	421,354	
CHARGES FOR CURRENT SERVICES	9,394,683					9,394,683	9,150,054	
FINES AND FORFEITURES	1,091,268					1,091,268	1,533,450	
USE OF MONEY AND PROPERTY	4,243,538		2,217,058	3,178,538	370,442	10,009,576	13,564,815	
CIP REIMBURSEMENTS	1,844,237					1,844,237	957,700	
OTHER	1,028,099	207,122		265,079	1,768,288	893,896	6,864,075	
TOTAL REVENUES	51,348,428	9,285,795	16,240,767	3,443,617	2,138,730	893,896	83,351,233	84,115,005
EXPENDITURES								
CURRENT OPERATING								
GENERAL GOVERNMENT	2,687,062	34,319					2,721,381	2,589,123
POLICE	11,836,704						11,836,704	9,475,467
MANAGEMENT SERVICES	2,190,533						2,190,533	1,942,012
FIELD OPERATIONS	7,463,999	4,408,259					11,872,258	11,037,959
COMMUNITY SERVICES	9,818,409	476,348					10,294,757	8,730,701
COMMUNITY DEVELOPMENT	4,451,508	1,431,900					5,883,408	8,195,938
NON-DEPARTMENTAL	3,912,789						3,912,789	7,321,889
PLANNING AND ECONOMIC DEVELOPMENT	2,025,974	557,478					2,583,452	
FIRE	3,973,055						3,973,055	
STREET LIGHT DISTRICTS					443,276		443,276	367,594
EXPENDABLE TRUSTS						611,035	611,035	468,864
CAPITAL IMPROVEMENTS	4,906,449	903,810		34,959,479	5,300,163		46,069,901	60,985,500
DEBT SERVICE								
PRINCIPAL	3,018,486	495,000	6,115,000				9,628,486	9,408,616
INTEREST	1,040,491	1,846,978	11,366,520		1,165,292		15,419,281	14,323,753
TOTAL EXPENDITURES	57,325,459	10,154,092	17,481,520	34,959,479	6,908,731	611,035	127,440,316	134,847,416
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(5,977,031)	(868,297)	(1,240,753)	(31,515,862)	(4,770,001)	282,861	(44,089,083)	(50,732,411)
OTHER SOURCES (USES)								
BOND PROCEEDS				3,100,000			3,100,000	87,110,129
PROCEEDS FROM CONTRACTS PAYABLE	4,906,449						4,906,449	6,179,394
OPERATING TRANSFERS IN		1,264,874	523,065				1,787,939	1,296,474
OPERATING TRANSFERS OUT	(2,002,874)	(65,289)		(523,065)			(2,591,228)	(1,296,474)
REFUNDING OF DEBT OF MPC								(47,436,920)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(3,073,456)	331,288	(717,688)	(28,938,927)	(4,770,001)	282,861	(36,885,923)	(4,879,808)
FUND BALANCES (DEFICIT) JULY 1	19,373,914	149,693	17,328,395	53,867,035	(6,277,063)	740,389	85,182,363	90,839,890
RESERVE FOR INVENTORY	38,880						38,880	19,074
RESIDUAL EQUITY TRANSFERS IN	19,566,525						19,566,525	
RESIDUAL EQUITY TRANSFERS OUT								(796,793)
FUND BALANCES (DEFICIT) JUNE 30	\$35,905,863	\$480,981	\$16,610,707	\$24,928,108	(\$11,047,064)	\$1,023,250	\$67,901,845	\$85,182,363

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTALS			GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES												
TAXES - LOCAL	\$34,517,000	\$33,890,462	(\$626,538)	\$24,781,224	\$24,753,990	(\$27,234)	\$	\$	\$	\$9,735,776	\$9,136,472	(\$599,304)
TAXES - INTERGOVERNMENTAL	21,218,000	20,929,842	(288,158)	13,259,000	13,129,945	(129,055)	7,959,000	7,799,897	(159,103)			
GRANTS	876,000	162,768	(713,232)				876,000	162,768	(713,232)			
LICENSES	445,000	474,633	29,633	445,000	474,633	29,633						
CHARGES FOR CURRENT SERVICES	9,557,000	9,394,683	(162,317)		9,394,683	(162,317)						
FINES AND FORFEITURES	1,683,000	1,091,268	(591,732)	1,683,000	1,091,268	(591,732)						
USE OF MONEY AND PROPERTY	9,720,000	5,938,220	(3,781,780)		9,720,000	(3,781,780)					1,694,682	1,694,682
SALE OF REAL ESTATE	2,500,000		(2,500,000)	2,500,000		(2,500,000)						
CIP REIMBURSEMENTS	2,675,000	1,844,237	(830,763)	2,675,000	1,844,237	(830,763)						
CERTIFICATE REFUNDING	3,700,000		(3,700,000)	3,700,000		(3,700,000)						
OTHER	1,320,000	1,235,221	(84,779)	1,320,000	1,028,099	(291,901)		207,122	207,122			
TOTAL REVENUES	88,211,000	74,961,334	(13,249,666)	69,640,224	55,960,393	(13,679,831)	8,835,000	8,169,787	(665,213)	9,735,776	10,831,154	1,095,378
EXPENDITURES												
CURRENT OPERATING												
GENERAL GOVERNMENT	3,039,759	3,113,758	(73,999)	3,039,759	3,113,758	(73,999)						
POLICE	11,946,489	11,892,739	53,750	11,946,489	11,892,739	53,750						
MANAGEMENT SERVICES	4,032,370	3,576,574	455,796	4,032,370	3,576,574	455,796						
FIELD OPERATIONS	12,658,927	12,674,831	(15,904)	8,168,254	8,182,498	(14,244)	4,490,673	4,492,333	(1,660)			
COMMUNITY SERVICES	10,137,067	10,129,982	7,085	10,137,067	10,129,982	7,085						
COMMUNITY DEVELOPMENT	5,378,331	5,285,906	92,425	4,632,747	4,487,033	145,714	745,584	798,873	(53,289)			
NON-DEPARTMENTAL	5,693,618	5,470,460	223,158	5,693,618	5,470,460	223,158						
PLANNING AND ECONOMIC DEVELOPMENT	2,665,169	2,727,534	(62,365)	2,110,126	2,098,833	11,293	555,043	628,701	(73,658)			
FIRE	4,095,475	4,057,569	37,906	4,095,475	4,057,569	37,906						
CONTINGENCY	5,905,187		5,905,187	5,905,187		5,905,187						
CAPITAL IMPROVEMENTS	10,019,372	6,526,127	3,493,245		7,906,234	2,290,794	2,113,138	910,687	1,202,451			
DEBT SERVICE												
PRINCIPAL	9,686,053	8,628,544	1,057,509	5,508,353	4,450,844	1,057,509	495,000	495,000		3,682,700	3,682,700	
INTEREST	13,544,605	14,199,631	(655,026)	5,164,049	5,462,345	(298,296)	1,847,422	1,846,978	444	6,533,134	6,890,308	(357,174)
TOTAL EXPENDITURES	98,802,422	88,283,655	10,518,767	78,339,728	68,538,075	9,801,653	10,246,860	9,172,572	1,074,288	10,215,834	10,573,008	(357,174)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,591,422)	(13,322,321)	(2,730,899)	(8,699,504)	(12,577,682)	(3,878,178)	(1,411,860)	(1,002,785)	409,075	(480,058)	258,146	738,204
OTHER SOURCES (USES)												
OPERATING TRANSFERS IN	10,305,364	1,264,874	(9,040,490)	8,893,504		(8,893,504)	1,411,860	1,264,874	(146,986)			
OPERATING TRANSFERS OUT	(194,000)	(1,264,844)	(1,070,844)	(194,000)	(1,264,844)	(1,070,844)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(480,058)	(13,322,291)	(12,842,233)		(13,842,526)	(13,842,526)		262,089	262,089	(480,058)	258,146	738,204
ENCUMBRANCES CANCELLED		923,313	923,313		821,988	821,988		101,325	101,325			
FUND BALANCES (DEFICITS) JULY 1, 1986	(679,278)	(2,119,800)	(1,440,522)		(1,760,211)	(1,760,211)		(386,501)	(386,501)	(679,278)	26,912	706,190
RESIDUAL EQUITY TRANSFER IN		19,566,525	19,566,525		19,566,525	19,566,525						
FUND BALANCES (DEFICITS) JUNE 30, 1987	(\$1,159,336)	\$5,047,747	\$6,207,083	\$0	\$4,785,776	\$4,785,776	\$0	(\$23,087)	(\$23,087)	(\$1,159,336)	\$285,058	\$1,444,394

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-4

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - ALL PROPRIETARY FUND TYPESFOR THE FISCAL YEAR ENDED JUNE 30, 1987
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1987	JUNE 30, 1986
OPERATING REVENUES				
WATER SERVICE FEES	\$12,291,675	\$	\$12,291,675	\$9,276,226
WATER CONNECTION FEES	304,429		304,429	376,613
WATER DEVELOPMENT FEES	1,764,795		1,764,795	2,057,655
SEWER SERVICE FEES	3,605,797		3,605,797	4,026,200
SEWER DEVELOPMENT FEES	1,878,555		1,878,555	2,376,425
AIRPORT FEES	541,836		541,836	455,908
BILLINGS TO USER PROGRAMS		5,129,469	5,129,469	3,952,632
OTHER	291,305	323,411	614,716	580,001
TOTAL OPERATING REVENUES	20,678,392	5,452,880	26,131,272	23,101,660
OPERATING EXPENSES				
WATER OPERATIONS	7,576,976		7,576,976	3,287,261
SEWER OPERATIONS	1,506,629		1,506,629	1,619,099
AIRPORT OPERATIONS	342,324		342,324	456,927
MOTOR POOL OPERATIONS		3,337,988	3,337,988	3,069,982
SELF-INSURANCE OPERATIONS		1,758,241	1,758,241	2,316,880
DEPRECIATION AND AMORTIZATION	3,588,535	1,180,707	4,769,242	4,217,066
INDIRECT COST	2,461,358		2,461,358	1,565,580
TOTAL OPERATING EXPENSES	15,475,822	6,276,936	21,752,758	16,532,795
OPERATING INCOME (LOSS)	5,202,570	(824,056)	4,378,514	6,568,865
NON-OPERATING REVENUES (EXPENSES)				
INTEREST EARNINGS	3,281,116		3,281,116	2,085,233
INTEREST EXPENSE	(2,097,298)		(2,097,298)	(862,739)
SALE OF PROPERTY	1,156,162		1,156,162	(31,085)
TOTAL NON-OPERATING REVENUES	2,339,980		2,339,980	1,191,409
NET INCOME (LOSS)	7,542,550	(824,056)	6,718,494	7,760,274
RETAINED EARNINGS (DEFICIT) JULY 1	44,450,000	(890,601)	43,559,399	35,799,125
RETAINED EARNINGS (DEFICIT) JUNE 30	\$51,992,550	(\$1,714,657)	\$50,277,893	\$43,559,399

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-5

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
ALL PROPRIETARY FUND TYPESFOR THE FISCAL YEAR ENDED JUNE 30, 1987
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1987	JUNE 30, 1986
SOURCES OF FUNDS				
FROM OPERATIONS				
NET INCOME (LOSS)	\$7,542,550	(\$824,056)	\$6,718,494	\$7,760,274
NONCASH CHARGE-DEPRECIATION AND AMORTIZATION	3,588,535	1,180,707	4,769,242	4,217,066
TOTAL FROM OPERATIONS	11,131,085	356,651	11,487,736	11,977,340
CONTRIBUTIONS				
WATER/SEWER ASSETS FROM SUBDIVIDERS	7,365,995		7,365,995	2,752,271
FROM GOVERNMENT UNITS FROM MUNICIPALITY	5,843,721	1,983,974	5,843,721	15,843,889
INCREASE IN CURRENT LIABILITIES	1,684,416	43,957	1,728,373	571,987
OTHER LIABILITIES	809,060		809,060	60,658
LONG-TERM DEBT	36,710,110		36,710,110	2,397,200
DECREASE IN NOTES RECEIVABLES	27,391		27,391	39,021
LONG TERM INVESTMENTS	7,890,304		7,890,304	
	71,462,082	2,384,582	73,846,664	35,753,499
USES OF FUNDS				
INCREASE IN LONG-TERM INVESTMENT				980,826
CONTRIBUTIONS OF WATER/SEWER ASSETS FROM SUBDIVIDERS	7,365,995		7,365,995	2,752,271
CONTRIBUTION TO MUNICIPALITY (GENERAL FUND)	20,781,979		20,781,979	4,093,558
INCREASE IN PROPERTY, PLANT, AND EQUIPMENT	34,037,355	1,918,375	35,955,730	21,917,173
INCREASE IN RECEIVABLES RESTRICTED CASH AND INVESTMENTS	1,266,053	1,659	1,267,712	281,141
DECREASE IN CURRENT LIABILITIES	48,727	98,639	147,366	1,689,931
OTHER LIABILITIES	27,391		27,391	13,443
	73,447,275	2,018,673	75,465,948	37,992,234
INCREASE (DECREASE) IN CASH AND SHORT-TERM INVESTMENTS	(1,985,193)	365,909	(1,619,284)	(2,238,735)
CASH AND SHORT-TERM INVESTMENTS JULY 1	2,027,970	1,198,950	3,226,920	5,465,655
JUNE 30	\$42,777	\$1,564,859	\$1,607,636	\$3,226,920

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE

EXHIBIT A-6

COMBINED STATEMENT OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTALS			ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES									
WATER SERVICE FEES	\$14,720,000	\$12,291,675	(\$2,428,325)	\$14,720,000	\$12,291,675	(\$2,428,325)	\$	\$	\$
WATER CONNECTION FEES	312,000	304,429	(7,571)	312,000	304,429	(7,571)			
WATER DEVELOPMENT FEES	1,690,500	1,764,795	74,295	1,690,500	1,764,795	74,295			
SEWER SERVICE FEES	4,167,000	3,605,797	(561,203)	4,167,000	3,605,797	(561,203)			
SEWER DEVELOPMENT FEES	1,690,500	1,878,555	188,055	1,690,500	1,878,555	188,055			
DEVELOPMENT FEES	2,000,000		(2,000,000)	2,000,000		(2,000,000)			
AIRPORT FEES	520,000	541,836	21,836	520,000	541,836	21,836			
BILLINGS TO USER PROGRAMS	5,059,000	5,129,469	70,469				5,059,000	5,129,469	70,469
INTEREST EARNINGS	1,428,000	2,063,924	635,924	1,428,000	2,063,924	635,924			
CONTRIBUTION FROM MUNICIPALITY	2,253,153	1,953,454	(299,699)				2,253,153	1,953,454	(299,699)
OTHER	186,000	3,336,331	3,150,331	66,000	3,012,920	2,946,920	120,000	323,411	203,411
TOTAL REVENUES	34,026,153	32,870,265	(1,155,888)	26,594,000	25,463,931	(1,130,069)	7,432,153	7,406,334	(25,819)
EXPENDITURES									
WATER OPERATIONS	7,505,463	7,288,869	216,594	7,505,463	7,288,869	216,594			
SEWER OPERATIONS	1,690,327	1,608,466	81,861	1,690,327	1,608,466	81,861			
AIRPORT OPERATIONS	365,122	366,578	(1,456)	365,122	366,578	(1,456)			
MOTOR POOL OPERATIONS	5,629,581	5,706,784	(77,203)				5,629,581	5,706,784	(77,203)
SELF INSURANCE OPERATIONS	1,940,770	1,843,556	97,214				1,940,770	1,843,556	97,214
CAPITAL OUTLAY	14,315,002	7,737,753	6,577,249	14,315,002	7,737,753	6,577,249			
DEBT SERVICE AND RESERVES	5,416,359	4,560,768	855,591	5,416,359	4,560,768	855,591			
TOTAL EXPENDITURES	36,862,624	29,112,774	7,749,850	29,292,273	21,562,434	7,729,839	7,570,351	7,550,340	20,011
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(\$2,836,471)	\$3,757,491	\$6,593,962	(\$2,698,273)	\$3,901,497	\$6,599,770	(\$138,198)	(\$144,006)	(\$5,808)

SEE NOTES TO FINANCIAL STATEMENTS.

CITY OF SCOTTSDALE
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1987

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

- 1) Manifestation of oversight by:
 - a) financial interdependency
 - b) selection of governing authority
 - c) designation of management
 - d) ability to significantly influence operations
 - e) accountability for fiscal matters
- 2) Scope of public service by:
 - a) benefits of reporting entity and/or its residents
 - b) geographic boundaries

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

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

The accompanying financial statements do not include the activities and functions of the Industrial Development Authority (Authority) for the City. 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 fiscal matters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 special assessments, 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.

Special Assessment - Special Assessment Funds are used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

FIDUCIARY FUND TYPES

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

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

PROPRIETARY FUND TYPES

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)PROPRIETARY FUND TYPES (Continued)

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.

ACCOUNT GROUPS

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

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

C. Basis of Accounting

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting

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

- o All funds have legally adopted annual budgets.
- o The budgetary process encompasses both the appropriated budget and the legally authorized but non-appropriated budget. The General, Enterprise, Internal Service, Special Revenue, and Debt Service Funds have appropriated budgets. The Capital Projects, Special Assessments, and Trust and Agency Funds have non-appropriated budgets. Grants have non-appropriated budgets within the applicable fund.
- o On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- o Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- o At the first regular Council meeting in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. No such action was taken during this fiscal year.
- o The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the sum of all departmental expenditure appropriations. Departmental appropriations may be amended during the year.
- o Upon the recommendation of the City Manager and with the approval of the City Council, transfers may be made from the appropriations for contingencies to departments. At the request of the City Manager and within the last three months of the fiscal year, the City Council may transfer unencumbered appropriations from one department to another.
- o Management control of budgets is further maintained at a line item level within department. Transfers between line items within a department may be done only upon approval of the City Manager.
- o Initial year budget information can be amended during the year in a legally permissible manner.
- o All expenditure appropriations lapse at year-end.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

Budgets for the Community Development and Grants Funds, included as Special Revenue Funds, are established pursuant to the terms of the related grant awards. Accordingly, no annual budget is prepared and no comparison of budget to actual is presented in the financial statements.

E. Encumbrances

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

Encumbrance accounting is not employed in the proprietary fund types since they are reported on the accrual basis. Commitments in the proprietary funds at June 30, 1987, aggregated approximately \$1,287,000.

F. Investments

Investments are stated at cost, or amortized cost, which approximates market. 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 as expenditures when purchased for financial statement purposes and are included on the balance sheet of the General Fund. Inventories are valued at year end based on a lower of cost or market valuation with cost being determined using an average cost method.

H. General Fixed Assets

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

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

No depreciation has been provided on general fixed assets.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Property, Plant, and Equipment - Proprietary Fund Types

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

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

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

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

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

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

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

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

General Fixed Assets:	
Streets and Storm Drains	\$319,994,000
Land	11,264,000
Traffic Signal Equipment	606,000
Water and Sewer Utility Fund:	
Water System and Sewer System	73,331,000

L. Transactions Between Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Transactions Between Funds (Continued)

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

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

M. Funds Servicing Long-Term Debt

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

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

N. Compensated Absences

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

0. "Memorandum Only" Comparative Total Columns

Comparative total columns for the current and prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial operations. Data in these columns do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles. These totals do not represent consolidated financial information. Interfund eliminations have not been made in the aggregation of this data. Certain amounts have been reclassified in 1986 to conform to the 1987 presentation.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget and GAAP bases are:

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Adjustments necessary to convert the fund balances (deficits) and the excess (deficiency) of revenue and other sources over expenditures and other uses at and for the year ended June 30, 1987, on a GAAP basis to budget basis are as follows:

	FUND BALANCES (DEFICITS) AT JUNE 30, 1987		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
GAAP Basis	\$ 35,905,863	\$ 480,981	\$16,610,707
Basis Differences			
Reserved encumbrances at June 30, 1987, recognized as expenditures for budget purposes	(2,243,726)	(179,969)	
Reserve for inventory supplies recognized as expenditures for budget purposes	(255,137)		
Accrued payroll at June 30, 1987, not recognized as an expenditure for budget purposes	1,272,204	85,135	
Capital Project Fund expenditures for the Asset Transfer Program recognized as expenditures for budget purposes	(23,686,547)		
Basis Differences			
Debt Service not recognized as an expenditure for budget purposes	1,788,188		
Revenue and expenditures for certain MPC Excise Debt accounted for in the General Fund (Budget) and in the Debt Service Fund (GAAP)	(1,650,143)		225,593
Timing Differences			
Fund balance from sinking fund not recognized for budget purposes			(4,384,234)
Perspective Differences			
Indirect costs allocated to Proprietary Funds not recognized as a reduction of expenditures for budget purposes	(6,344,926)	(229,393)	
Entity Differences			
Fund balance for non-budgeted activity of Municipal Property Corporation			(12,167,008)
Fund Balance for Funds for which no annual budgets are prepared		(179,841)	
Budget Basis	<u>\$ 4,785,776</u>	<u>\$ (23,087)</u>	<u>\$ 285,058</u>

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
GAAP Basis	\$ (3,073,456)	\$ 331,288	\$ (717,688)
Basis Differences			
Reserved encumbrances at June 30, 1987, recognized as expenditures for budget purposes	(2,243,726)	(179,969)	
Accrued payroll not recognized as an expenditure for budget purposes	303,540	19,745	
Basis Differences			
Capital Project Fund expenditures for the Asset Transfer Program recognized as expenditures for budget purposes	(5,125,308)		
Revenue and expenditures for certain MPC Excise Debt accounted for in the General Fund (Budget) and in the Debt Service Fund (GAAP)	(1,242,218)		
Timing Differences			
Principal payment from sinking fund not recognized as an expenditure for budget purposes			1,000,000
Perspective Differences			
Indirect costs allocated to Proprietary Funds not recognized as a reduction of expenditures for budget purposes	(2,461,358)		
Entity Differences			
Deficiency of revenue and other sources over expenditures and other uses for non-budgeted Municipal Property Activity			(24,166)
Excess of revenue and other sources over expenditures and other uses for funds for which no annual budgets are prepared		91,025	
Budget Basis	<u>\$ (13,842,526)</u>	<u>\$ 262,089</u>	<u>\$ 258,146</u>

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	NET INCOME (LOSS)	
	ENTERPRISE	INTERNAL SERVICE
GAAP Basis	\$ 7,542,550	\$ (824,056)
Basis Differences		
Encumbrances at June 30, 1987, recognized as expense for budget purposes	(724,546)	(562,726)
Net increase in accrued payroll not recognized as expense for budget purposes	47,952	17,711
Net decrease in claims payable not recognized as expense for budget purposes		(14,537)
Perspective Differences		
Capital outlay recognized as expense for budget purposes	(6,980,603)	(1,894,559)
Depreciation and amortization not recognized as expense for budget purposes	3,588,535	1,180,707
Indirect costs not recognized as expense for budget purposes	2,461,358	
Debt service principal payments recognized as expense for budget purposes	(1,866,716)	
Retained Earnings reservation change recognized as expense for budget purposes	(515,295)	
Contributions recognized as revenue for budget purposes	80,005	1,953,454
Interest earnings on non-pooled and bond funds not recognized as income for budget purposes	(1,217,191)	
Gross Sales Proceeds recognized as revenue for budget purposes	<u>1,485,448</u>	
Budget Basis	<u>\$ 3,901,497</u>	<u>\$ (144,006)</u>

NOTE 3 - CASH AND INVESTMENTS

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

Deposits

The City's deposits, cash and certificates of deposit, at June 30, 1987, were entirely insured by federal depository insurance or secured by collateral held in the pledging bank's trust department in the City's name or the Municipal Property Corporation trust name.

Investments

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

The City's investments at June 30, 1987, are summarized below. Category 1 includes investments that are registered in the name of the City and held by the bank's trust department for which the securities are held by the City. Category 2 includes uninsured and unregistered investments of the Municipal Properties Corporation for which the securities are held by and in the name of the bank's trust department for the benefit of the Municipal Properties Corporation.

	Category		Carrying Amount	Market Value
	1	2		
U. S. Treasury Securities	\$	\$ 6,081,736	\$ 6,081,736	\$ 6,820,284
Federal Agency Securities	15,321,418	3,648,427	18,969,845	20,769,022
City of Scottsdale Improve- ment District Bonds	172,000		172,000	172,000
	<u>\$15,493,418</u>	<u>\$ 9,730,163</u>	25,223,581	27,761,306
State of Arizona Local Government Investment Pool (short-term investments)			<u>67,190,000</u>	<u>67,190,000</u>
Total Investments			<u>\$ 92,413,581</u>	<u>\$ 94,951,306</u>

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 1987, are not available for the current year; accordingly, such taxes will not be recognized as revenue until the subsequent fiscal year. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

NOTE 4 - PROPERTY TAX (Continued)

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

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1% 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% 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, 1986	ADDITIONS	TRANSFERS/ DELETIONS	BALANCE JUNE 30, 1987
Land	\$ 34,587,048	\$ 15,437,842	\$ 3,000,000	\$ 47,024,890
Buildings and Improvements	54,209,207	27,670,905	39,140	81,840,972
Streets and Storm Drains	350,935,295	34,133,584		385,068,879
Machinery and Equipment	14,672,621	7,129,406	241,327	21,560,700
Construction in Progress	56,293,712	44,154,864	56,749,338	43,699,238
	<u>\$510,697,883</u>	<u>\$128,526,601</u>	<u>\$ 60,029,805</u>	<u>\$579,194,679</u>

General fixed asset construction in progress commitments at June 30, 1987, is composed of the following:

	CONSTRUCTION IN PROGRESS	COMMITMENTS	BUDGET
Management Systems	\$ 890,947	\$ 417,746	\$ 1,308,693
Property and Capital Resources	1,541,941	3,301,980	4,843,921
Field Operations	6,765,177	770,838	7,536,015
Aid to Development	795,073	400,946	1,196,019
Parks	4,325,190	2,006,239	6,331,429
Flood Control	142,484	241,846	384,330
Improvement Districts	6,568,043	988,816	7,556,859
Public Buildings	12,190,813	8,562,533	20,753,346
Street Projects	9,961,948	9,533,608	19,495,556
Traffic Projects	517,622	638,644	1,156,266
	<u>\$ 43,699,238</u>	<u>\$ 26,863,196</u>	<u>\$ 70,562,434</u>

NOTE 5 - FIXED ASSETS (Continued)

A summary of proprietary fund types fixed assets at June 30, 1987, follows:

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
Land	\$ 12,982,661	\$ 67,904
Water Rights	4,356,137	
Water System	102,728,832	
Sewer System	52,832,497	
Buildings and Improvements	1,244,044	440,164
Motor Vehicles		8,651,665
Machinery and Equipment		1,851,398
Furniture and Fixtures	448,470	38,723
Construction in Progress	<u>12,271,532</u>	<u>487,032</u>
	186,864,173	11,536,886
Accumulated Depreciation	<u>(22,188,896)</u>	<u>(5,893,272)</u>
	<u>\$164,675,277</u>	<u>\$ 5,643,614</u>

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1987, is composed of the following:

	<u>CONSTRUCTION IN PROGRESS</u>	<u>COMMITMENTS</u>	<u>BUDGET</u>
Enterprise:			
Water System Projects	\$ 5,658,411	\$ 2,977,628	\$ 8,636,039
Sewer System Projects	6,534,546	1,783,409	8,317,955
Airport Projects	23,558	32,200	55,758
Other Projects	<u>55,017</u>	<u>292,765</u>	<u>347,782</u>
	<u>\$ 12,271,532</u>	<u>\$ 5,086,002</u>	<u>\$ 17,357,534</u>
Internal Service:			
Motor Vehicle Projects	<u>\$ 487,032</u>	<u>\$ 419,980</u>	<u>\$ 907,012</u>

NOTE 6 - LONG-TERM DEBT

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

	<u>GENERAL OBLIGATION BONDS</u>	<u>HURF REVENUE</u>	<u>MUNICIPAL PROPERTY CORP. BONDS</u>	<u>CONTRACTS PAYABLE</u>	<u>CITY OWNED SPECIAL ASSESSMENTS</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
Balance June 30, 1986	\$36,335,000	\$20,525,000	\$105,080,000	\$18,403,650	\$ 2,753	\$ 1,359,067	\$181,705,470
Provision for Compensated Absences						264,510	264,510
Debt Incurred			3,100,000	4,906,449			8,006,449
Debt Retired			(990,000)	(4,699,652)	(374)		(5,690,026)
Debt To Be Retired July 1, 1987	<u>(3,385,000)</u>	<u>(495,000)</u>	<u>(1,740,000)</u>				<u>(5,620,000)</u>
Balance June 30, 1987	<u>*\$32,950,000</u>	<u>\$20,030,000</u>	<u>\$105,450,000</u>	<u>\$18,610,447</u>	<u>\$ 2,379</u>	<u>\$ 1,623,577</u>	<u>\$178,666,403</u>

*This does not include the 1986 General Obligation Water System Improvement Bonds in the amount of \$38,000,000. These bonds are serviced by and recorded in the Water Enterprise Fund.

NOTE 6 - LONG-TERM DEBT (Continued)

The following is a summary of debt service requirements to maturity, including contracts payable, as of June 30, 1987. The interest portion of the total is \$221,180,395.

	GENERAL OBLIGATION	UTILITY REVENUE	HURF REVENUE	MUNICIPAL PROPERTY CORP.	SPECIAL ASSESSMENT	TOTAL
Bonds Payable at June 30, 1986	\$40,195,000	\$14,860,000	\$20,775,000	\$106,490,000	\$10,261,000	\$192,581,000
New Debt Issued:						
Municipal Property Corp.				3,100,000		3,100,000
1986 Water System	38,000,000					38,000,000
Special Assessments					5,200,000	5,200,000
Debt Retired						
Serial Bonds (Paid 07/01/86)	(2,860,000)	(950,000)	(250,000)	(1,410,000)		(5,470,000)
Serial Bonds (Paid 11/01/86)				(700,000)		(700,000)
Serial Bonds (Paid 01/01/87)					(1,318,000)	(1,318,000)
Serial Bonds (Paid 05/01/87)				(290,000)		(290,000)
Term Bonds (Paid 07/01/86)	(1,000,000)					(1,000,000)
Bonds Payable at June 30, 1987	74,335,000	13,910,000	20,525,000	107,190,000	14,143,000	230,103,000
Less Current Portion	3,385,000	690,000	495,000	1,740,000		6,310,000
Long-Term Bonds Payable June 30, 1987	<u>\$70,950,000</u>	<u>\$13,220,000</u>	<u>\$20,030,000</u>	<u>\$105,450,000</u>	<u>\$14,143,000</u>	<u>\$223,793,000</u>

The summary above does not reflect General Obligation Bond principal payments from the Sinking Fund of \$1,000,000 on July 1, 1988, and 1989, and \$3,500,000 on July 1, 1993 and interest in the aggregate amount of \$1,296,000.

NOTE 7 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT

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

FISCAL YEAR	GENERAL OBLIGATION BONDS	UTILITY REVENUE BONDS	HURF REVENUE BONDS	SPECIAL ASSESSMENT BONDS	MUNICIPAL PROPERTY CORPORATION	OTHER DEBT	TOTAL
1988	\$ 7,457,049	\$ 1,724,798	\$ 2,335,200	\$ 2,917,000	\$ 10,975,438	\$ 5,576,133	\$ 30,985,618
1989	7,377,599	1,729,798	2,329,850	2,662,272	10,976,542	5,306,090	30,382,151
1990	7,292,825	1,727,073	2,344,374	2,456,945	10,969,155	4,357,594	29,147,966
1991	7,203,234	1,697,623	2,326,213	2,265,992	10,971,077	4,021,268	28,485,407
1992	7,097,180	1,722,123	2,313,325	2,133,136	10,971,686	1,857,561	26,095,011
1993	6,991,409	1,725,623	2,327,900	1,942,264	10,971,479	714,688	24,673,363
1994	6,893,110	1,729,998	2,329,763	1,815,393	10,962,520	604,949	24,335,733
1995	6,799,330	1,715,688	2,330,779	1,671,571	10,958,459	362,691	23,838,518
1996	4,631,044	1,724,062	2,335,386	744,041	10,731,263	291,926	20,457,722
1997	4,389,565	1,721,250	2,330,377	561,750	10,834,077	291,926	20,128,945
1998	4,404,155	1,732,775	2,314,908		10,841,315	291,926	19,585,079
1999	4,427,480	1,731,775	2,325,937		10,842,912	291,926	19,620,030
2000	5,252,854	918,000	2,325,563		10,856,100	291,926	19,644,443
2001-2033	<u>36,870,725</u>		<u>9,161,412</u>		<u>89,487,237</u>	<u>9,502,649</u>	<u>145,022,023</u>
	<u>\$117,087,559</u>	<u>\$21,600,586</u>	<u>\$39,430,987</u>	<u>\$19,170,364</u>	<u>\$231,349,260</u>	<u>\$33,763,253</u>	<u>\$462,402,009</u>

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

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, and (after January 1, 1974) parks and open space purposes may not exceed 20% of a City's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's net secondary assessed valuation. The following is a summary of legal borrowing capacity at June 30, 1987:

<u>Water, Sewer, Light, and Parks and Open Space Pur- poses Bonds</u>		<u>All Other General Oblig- ation Bonds</u>	
20% Constitutional Limit	\$202,265,885	6% Constitutional Limit	\$ 60,679,766
Net such general obligation bonds outstanding	<u>2</u> <u>+(51,335,766)</u>	Net such general obligation bonds outstanding	<u>(16,230,000)</u> <u>3</u>
Available 20% limitation borrowing capacity	<u>\$150,930,119</u>	Available 6% limitation borrowing capacity	<u>\$ 44,449,766</u>

On June 30, 1987, the City had authorized but unissued bonds approved by the voters at a special bond election on June 21, 1983.

<u>Type of Bond</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Amount Unissued</u>
Revenue	\$39,200,000	\$29,400,000	\$9,800,000

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

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

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>NET BOND OUTSTANDING</u>	<u>% APPLICABLE TO THIS MUNICIPALITY</u>	<u>CITY OF SCOTTSDALE SHARE OF DEBT</u>
Maricopa County	\$95,957,086	9.22	\$ 8,847,243
Maricopa County C. C. D.	50,582,742	9.22	4,663,729
Tempe Elementary S.D. No. 3	23,240,020	0.002	465
Scottsdale Unified S.D. No. 48	26,453,959	67.77	17,927,848
Paradise Valley Unified S.D. No. 69	87,250,572	14.86	12,965,435
Cave Creek Unified S.D. No. 93	21,950,595	29.41	6,455,670
Tempe Union H.S.D. No. 213	23,048,014	0.001	230
Phoenix Union H.S.D. No. 210	17,885,473	0.25	44,713
City of Scottsdale	<u>70,950,000</u>	100.00	<u>70,950,000</u>
Total Direct and Overlapping Debt			<u>\$121,855,333</u>

Water and sewer utility revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's utility system. The bond indenture ordinances require the maintenance of certain defined reserve funds. The aggregate amount of funds restricted for these requirements was \$3,882,072 at June 30, 1987.

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

General Obligation Bonds

\$1,000,000 1967 Civic Center Improvement Serial Bonds due in annual installments of \$10,000 to \$180,000 through July 1, 1990; interest at 3.7% to 5.0%.	\$ 470,000
\$1,400,000 1968 Civic Center Improvement Serial Bonds due in annual installments of \$75,000 to \$250,000 beginning July 1, 1990, through July 1, 1996; interest at 4.7% to 5.0%.	1,400,000
\$3,500,000 1973 Storm Sewer Series A Term Bonds due in one installment of \$3,500,000 on July 1, 1993; interest at 5.4%.	3,500,000*
\$4,000,000 1976 Storm Sewer Series C Term Bonds due in annual installments of \$1,000,000 through July 1, 1989; interest at 5.6% to 5.9%.	2,000,000*
\$20,000,000 1983 Capital Improvement Project Serial Bonds due in annual installments of \$2,000,000 through July 1, 1995; interest at 6.6% to 8.6%.	16,000,000
\$9,800,000 1985 Capital Improvement Project Serial Bonds due in annual installments of \$220,000 to \$970,000 through July 1, 2005; interest at 8.0% to 10.0%.	9,580,000
\$38,000,000 1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$325,000 to \$5,070,000 beginning July 1, 1988 through July 1, 2006; interest at 6.3% to 8.3%.	38,000,000**
	<u>\$ 70,950,000</u>

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

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

Revenue Bonds

\$3,910,000 1973 Utility Revenue Refunding Issue Serial Bonds due in annual installments of \$50,000 to \$315,000 through July 1, 1995; interest at 4.8% to 5.8%.	\$ 2,145,000
\$4,000,000 1977 Utility Revenue Series C Serial Bonds due in annual installments of \$400,000 to \$550,000 through July 1, 1992; interest at 4.8% to 5.5%.	2,675,000
\$8,400,000 1983 Utility Revenues Serial Bonds due in annual installments of \$50,000 to \$1,525,000 beginning July 1, 1992, through July 1, 2000; interest at 8.6% to 10.5%.	8,400,000
\$11,000,000 1983 Highway User Fuel Tax Revenue Serial Bonds due in annual installments of \$225,000 to \$1,150,000 through July 1, 2003; interest at 8.3% to 10.3% (see Note 18).	10,250,000
\$10,000,000 1985 Highway User Fund Tax Revenue Serial Bonds due in annual installments of \$220,000 to \$1,005,000 through July 1, 2005; interest at 8.3% to 10.3% (see Note 18).	\$ 9,780,000
	<u>\$ 33,250,000</u>

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

Municipal Property Corporation Bonds

\$7,130,000 1974 Municipal Property Corporation Bonds; due in annual installments of \$185,000 to \$1,420,000 through July 1, 1996; interest at 5.2% to 6.0%.	\$ 5,250,000
\$17,825,000 1984 Municipal Property Corporation Civic Center Underpass Bonds; due in annual installments of \$385,000 to \$1,825,000 through July 1, 2005; interest at 5.8% to 9.7% (see Note 18).	17,030,000
\$13,000,000 1984 Municipal Property Corporation Recreation Facilities Bonds; due in annual installments of \$285,000 to \$1,420,000 through July 1, 2004; interest at 6.8% to 10.4%.	12,410,000
\$21,090,000 1985 Municipal Property Corporation Municipal Facilities Bonds; due in annual installments of \$650,000 to \$2,195,000 through July 1, 2005; interest at 5.5% to 9.3% (see Note 18).	20,055,000
\$48,595,000 1986 Municipal Property Corporation Certificates of Participation; due in semi-annual installments of \$290,000 to \$2,025,000 through November 1, 2014; interest at 4.4% to 7.9%.	47,605,000
\$3,100,000 1987 Municipal Property Corporation Certificates of Participation; due in annual installments of \$550,000 to \$695,000 beginning July 1, 1987, through July 1, 2001; interest at 5.9% to 6.3%.	3,100,000
	<u>\$105,450,000</u>

Special Assessment Bonds

\$18,784,000 Special Assessment Bonds issued May 17, 1972, through August 4, 1986, maturing January 1, 1988, through July 1, 1997; due in annual installments of \$2,000 to \$655,000; interest 6.0% to 10.0%.	<u>\$ 14,143,000</u>
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NOTE 8 - CONTRACTS PAYABLE

Contracts payable, including capital lease agreements, at June 30, 1987, are as follows:

	<u>GENERAL FUND</u>	<u>WATER AND SEWER UTILITY FUND</u>	<u>TOTAL</u>
<u>Purchase Contracts</u>			
Contracts payable to the U. S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2037; interest at 5.1%.	\$ 4,500,000	\$	\$ 4,500,000

NOTE 8 - CONTRACTS PAYABLE (Continued)

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
<u>Purchase Contracts (Continued)</u>			
Purchase contract for land for a water treatment plant; due in annual installments through December 1990; interest at 12.0%.		714,534	714,534
Purchase contract for acquisition of land for agricultural use and future water rights; due in annual installments through January 1991; interest at 9.0%.	3,750,000		3,750,000
Purchase contract for acquisition of Pepperwood office building; due in monthly installments through November 2005; interest at 10.0% to 12.0%.	345,668		345,668
Purchase contract for acquisition of Skipton and Loloma buildings and land for downtown right-of-way; due in monthly installments through April 1988; interest at 12.0% to 13.0%.	84,130		84,130
Purchase contract for acquisition of Scottsdale Plumbing property; due in semi-annual installments through January 1991; interest at 12.0%.	392,062		392,062
Purchase contract for acquisition of the Frank Lloyd Wright "1951 Home"; due in monthly installments through August 1987; non-interest bearing.	33,333		33,333
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.		3,603,633	3,603,633
Total Purchase Contracts	9,105,193	4,318,167	13,423,360
<u>Capital Lease Agreements</u>			
Lease-purchase agreement for City-owned telephone system; due in monthly installments through January 1989; interest at 9.1%.	233,344		233,344

NOTE 8 - CONTRACTS PAYABLE (Continued)

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
<u>Capital Lease Agreements Continued</u>			
Lease-purchase agreement for Phase II of the City-owned telephone system; due in annual installments through September 1990; interest at 8.4%.	210,738		210,738
Lease-purchase agreement for Phase III of the City-owned telephone system; due in semi-annual installments through December 1991; interest at 6.89%.	456,790		456,790
Lease-purchase agreement for acquisition of library computer equipment; due in semi-annual installments through April 1990; interest at 8.0%.	411,000		411,000
Lease-purchase agreement for Phase I of computer equipment; due in semi-annual installments through March 1989; interest at 8.4%.	987,589		987,589
Lease-purchase agreement for Phase II of computer equipment; due in semi-annual installments through March 1989; interest at 9.4%.	838,474		838,474
Lease-purchase agreement for Phase III of computer equipment; due in semi-annual installments through October 1990; interest at 7.6%.	743,534		743,534
Lease-purchase agreement for Phase III.V of computer equipment; due in semi-annual installments through December 1991, interest at 6.89%.	202,876		202,876
Lease-purchase agreement for Phase IV of computer equipment; due in semi-annual installments through April 1992; interest at 6.05%	4,185,141		4,185,141
Lease-purchase agreement for the Police Computer Aided Dispatch System; due in semi-annual installments through April 1991; interest at 7.2%.	1,138,272		1,138,272

NOTE 8 - CONTRACTS PAYABLE (Continued)

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
<u>Capital Lease Agreements Continued</u>			
Lease-purchase agreement for acquisition of a fire truck; due in annual installments through March 1989; interest at 9.0%.	97,496		97,496
Total Capital Lease Agreements	9,505,254		9,505,254
Total Contracts Payable	18,610,447	4,318,167	22,928,614
Less Current Portion		598,030	598,030
	<u>\$18,610,447</u>	<u>\$ 3,720,137</u>	<u>\$22,330,584</u>

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

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

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

FISCAL YEAR ENDING JUNE 30,	
1988	\$ 3,071,364
1989	2,985,836
1990	2,131,301
1991	1,631,696
1992	<u>1,058,896</u>
Total minimum lease payments	10,879,093
Less: Amount representing interest	<u>(1,373,839)</u>
Present value of net minimum lease payments at June 30, 1987	<u>\$ 9,505,254</u>

NOTE 9 - ADVANCE REFUNDINGS

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

The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. Refunded debt outstanding of the City at June 30, 1987, is as follows:

1964 Sewer Revenue	\$ 850,000
1966 Sewer Revenue	860,000
1968 Municipal Facilities	95,000
1971 Water Revenue	920,000
1971 Municipal Facilities	330,000
1984 Certificates of Participation	<u>39,542,239</u>
	<u>\$42,597,239</u>

NOTE 10 - SPECIAL ASSESSMENTS FUNDS

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 1987, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and the related interest.

Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may enforce auction sale to satisfy the debt service requirements of the improvement bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

NOTE 11 - RETIREMENT AND PENSION PLANS

Substantially all full-time employees are covered by one of two multiple-employer public employee retirement systems administered by the State of Arizona. The payroll for employees covered by the two retirement systems for the year ended June 30, 1987 was \$27,321,404; the City's total payroll was \$29,504,392.

Arizona Public Safety Personnel Retirement System

City policemen are covered by the Arizona Public Safety Personnel Retirement System (System). Employees who retire after completion of twenty years of credited service are entitled to a retirement benefit, payable monthly for life equal to 50% of average monthly compensation for the highest three or five consecutive years of the last ten years of credited service plus 1 or 2% of average monthly compensation for each year of credited service over twenty years, to a maximum of 70%. Benefits fully vest on reaching ten years of credited service. Vested employees may retire with less than twenty years of credited service and received reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

NOTE 11 - RETIREMENT AND PENSION PLANS (Continued)

City policemen are required by State statute to contribute 8% of their salary to the System. The City is required by State statute to contribute to the System the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 1987 was \$932,420, which consisted of \$464,455 from the City and \$467,965 from employees; these contributions represented 7.94% and 8.0% of covered payroll, respectively.

Arizona State Retirement Plan

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

City employees are required by State statute to contribute 5.53% of their compensation to the Plan. The City is required by State statute to also contribute a matching 5.53%. The contribution requirement for the year ended June 30, 1987 was \$2,370,726, which consisted of \$1,185,563 from the City and \$1,185,563 from employees, respectively.

Pension Benefit Obligation

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

The System prepares separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation for the City at June 30, 1986, the date of the most recent actuarial valuation of the System was \$11.9 million. The System's net assets available for benefits related to the pension benefit obligation for the City on that date (valued at market) were \$12.4 million, leaving an overfunded pension benefit obligation of \$0.5 million. The City's fiscal year 1986 contribution represented .7% of total contributions required of all participating entities.

The Plan does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1986, for the Plan as a whole, determined through the most recent actuarial valuation performed as of that date, was \$4.6 billion. The Plan's net assets available for benefits on that date (valued at market) were \$4.5 billion, leaving an unfunded pension benefit obligation of \$0.1 billion. The City's fiscal year 1986 contribution represented 1.5% of total contributions required of all participating entities.

NOTE 12 - DEFERRED COMPENSATION PLAN (AGENCY FUND)

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. The plan assets are recorded at fair market value at June 30, 1987.

NOTE 13 - CONTINGENT LIABILITIES

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

Sick leave benefits provide for ordinary sick pay and are not vested with the employee. Unused benefits are payable only upon the death or retirement of an employee. The amount not recorded in the accounts for accrued sick pay benefits aggregated \$1,467,000 at June 30, 1987.

NOTE 14 - SEGMENTS OF ENTERPRISE ACTIVITIES

Water and sewer, airport, and housing are three major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information for the year ended June 30, 1987, is as follows (in thousands of dollars):

	<u>TOTAL</u>	<u>WATER AND SEWER</u>	<u>AIRPORT</u>	<u>HOUSING</u>
Operating Revenue	\$ 20,678	\$ 20,136	\$ 542	\$
Depreciation and Amortization	3,589	3,343	246	
Operating Income (Loss)	5,203	5,460	(257)	
Net Income (Loss)	7,543	7,783	(240)	
Current Capital:				
Contributions	13,209	11,991	1,218	
Transfers	(20,782)	(20,782)		
Plant, Property and Equipment Additions	41,403	40,254	1,149	
Net Working Capital	1,919	1,702	217	
Total Assets	191,291	179,479	11,331	481
Long Term Debt (Less Current Portion) and Other Liabilities Payable From Operating Revenues	54,940	54,940		
Payable From Other Services	1,510	1,029		481
Total Equity	129,296	117,989	11,307	

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

The Municipal Property Corporation Debt Service Fund has an excess of expenditures over appropriations of \$357,529, as a result of the required debt payments related to the Municipal Property Corporation bonds issued in fiscal 1986. This excess expenditure was offset by interest earnings.

The Special Assessments Fund has a total fund deficit of \$11,047,064. This deficit occurs because expenditures for special assessments districts are recorded currently, whereas the revenue for special assessments districts is recorded over the life of the special assessment receivable. The total special assessment receivables exceeds the deficit at June 30, 1987.

The Airport Fund has an accumulated deficit of \$1,959,361 and an excess of operating expenses over appropriations of \$2,812. This deficit is due to the small size of the operation, the amount of contributed capital, and recording depreciation on the contributed assets. The total fund equity for the Airport Fund is positive.

The Motor Pool Fund has an accumulated deficit of \$852,497 and an excess of operating expenses over appropriations of \$77,203. The accumulated deficit is due to insufficiency of user rates to cover expenses. Higher user rates in future years will reduce the deficit. The excess of operating expenses over appropriations is due to a higher level of vehicle repairs than anticipated.

The Self-Insurance Fund has an accumulated deficit of \$862,160. This deficit should be reduced by additional revenue in future years.

NOTE 16 - CAPITALIZED INTEREST

During fiscal year 1987, the Water and Sewer Fund capitalized net interest costs of \$928,279 (interest expense of \$1,531,088, reduced by interest income of \$602,809). Total interest income and expense in that fund before capitalization was \$3,867,331 and \$3,628,386, respectively.

NOTE 17 - RESIDUAL EQUITY TRANSFERS/CONTRIBUTION

All Residual Equity Transfers In in the General Fund appears as Residual Equity Transfers Out in other governmental funds and as a change in contributed capital in proprietary funds.

General Fund Residual Equity Transfer In:

\$(1,215,454)	- to Motor Pool Fund as an increase in contributed capital
20,781,979	- from Water and Sewer Utility Fund as a reduction in contributed capital
<u>\$19,566,525</u>	- General Fund Net Residual Equity Transfer In

NOTE 18 - OTHER MATTERS

- A. In fiscal 1983 the City entered into a ten-year agreement with Rural/Metro Corporation ("Rural/Metro") whereby Rural/Metro will provide fire protection and related services to the City. Annual amounts due in fiscal year 1988 will approximate \$3,763,000.
- B. The City established a Self Insurance Fund during fiscal year 1979. The Self Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The Self Insurance Fund is protected by excess insurance designed to limit the exposure to loss for any single loss occurrence. For fiscal year 1987 the Self Insurance Fund was responsible for the first \$175,000 per occurrence for worker's compensation claims and the first \$250,000 for liability claims against the City. The Fund was also responsible for vehicle damage above \$1,000 and all unemployment claims.
- C. In December 1984, the City entered into a Service Agreement and land lease with Scottsdale Water Services Company (Partnership). The Service Agreement provides that the Partnership's water treatment facility will treat Central Arizona Project water to quality standards established by the City and other regulatory agencies and furnish this water to the City for distribution to its customers. In return, the City will pay service fees based on all of the Partnership's debt service payments and operating costs subsequent to substantial completion of the facility, which was in December 1986, and the City is obligated to maintain a \$300,000 equipment replacement and repair account. The City will retain ownership of the water and responsibility for deliveries to final users. Payments to the partnership amounted to \$1,008,000 for the year ended June 30, 1987.

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

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

The bonds bore interest through March 31, 1985 at a fixed rate of 7% per annum. Thereafter, interest was, and continues to be, at a variable rate (4.70% for June 1987) based on a specified municipal bond index. There is an option under certain circumstances to establish a fixed interest rate.

- D. On July 21, 1987, the City Council sold \$9,800,000 of Street and Highway User Revenue Bonds dated July 1, 1987, and at average net interest rate of 7.5386% payable in installments of \$35,000 to \$2,935,000 beginning July 1, 1988 through July 1, 2007. The bond proceeds will be used for the construction of street improvements.

NOTE 18 - OTHER MATTERS (Continued)

- E. On April 20, 1987, the City Council authorized a partial advance refunding of \$13,720,000 in outstanding principal of Street and Highway User Revenue Serial Bonds. On June 15, 1987, City Council ordered the sale of \$14,640,000 principal amount of Street and Highway User Revenue Refunding Bonds. On July 21, 1987, City Council authorized the continuance of the call for proposals for the sale of these bonds until such time that the bond market conditions improve making the sale more economically beneficial to the City.
- F. On July 7, 1987, the City Council authorized \$41,205,000 Municipal Property Corporation Refunding Bonds to be sold July 28, 1987, with an average interest rate of 7.5 percent, for the purpose of advance refunding \$17,030,000 of 1984 Municipal Property Corporation Civic Center Underpass Bonds and \$20,055,000 of 1984 Municipal Property Corporation Municipal Facilities Bonds which have average interest rates of 9.4 and 9.0 percent, respectively.

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, Special Assessments, or Enterprise Funds.

CITY OF SCOTTSDALE

EXHIBIT B-1

GENERAL FUND

BALANCE SHEET

JUNE 30, 1987

ASSETS

Cash and Short-Term Investments	\$20,872,667
Investments	15,493,418
Receivables	
Accrued Interest	227,675
Property Taxes	816,213
State-Shared Sales Tax	504,074
Auto Lieu Tax	152,466
Accounts	650,986
Miscellaneous	432,595
Supplies Inventory	<u>255,137</u>
Total Assets	<u>\$39,405,231</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 914,686
Accrued Payroll	1,516,763
Accrued Interest Payable	305,948
Deferred Property Taxes	<u>761,971</u>
Total Liabilities	3,499,368
Fund Balance	
Reserved for	
Encumbrances	2,243,726
Supplies Inventory	255,137
Unreserved	33,407,000
Total Fund Balance	<u>35,905,863</u>
Total Liabilities and Fund Balance	<u>\$39,405,231</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-2

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Revenues

Taxes - Local	\$ 20,142,025
Taxes - Intergovernmental	13,129,945
Licenses	474,633
Charges for Current Services	9,394,683
Fines and Forfeitures	1,091,268
Use of Money and Property	4,243,538
CIP Reimbursements	1,844,237
Other	1,028,099
Total Revenues	<u>51,348,428</u>

Expenditures

Current Operating	
General Government	2,687,062
Police	11,836,704
Management Services	2,190,533
Field Operations	7,463,999
Community Services	9,818,409
Community Development	4,451,508
Non-Departmental	3,912,789
Planning and Economic Development	2,025,974
Fire	3,973,055
Capital Improvements	4,906,449
Debt Service	
Principal	3,018,486
Interest	1,040,491
Total Expenditures	<u>57,325,459</u>

Deficiency of Revenues Over Expenditures (5,977,031)

Other Sources (Uses)

Proceeds From Contracts Payable	4,906,449
Operating Transfers Out	<u>(2,002,874)</u>
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	(3,073,456)

Fund Balance July 1, 1986	19,373,914
Change in Reserve for Inventory	38,880
Residual Equity Transfer In	<u>19,566,525</u>
Fund Balance June 30, 1987	<u>\$ 35,905,863</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-3

GENERAL FUND

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes - Local	\$ 24,781,224	\$ 24,753,990	\$ (27,234)
Taxes - Intergovernmental	13,259,000	13,129,945	(129,055)
Licenses	445,000	474,633	29,633
Charges for Current Services	9,557,000	9,394,683	(162,317)
Fines and Forfeitures	1,683,000	1,091,268	(591,732)
Use of Money and Property	9,720,000	4,243,538	(5,476,462)
Sale of Real Estate	2,500,000		(2,500,000)
CIP Reimbursements	2,675,000	1,844,237	(830,763)
Certificate Refunding	3,700,000		(3,700,000)
Other	1,320,000	1,028,099	(291,901)
Total Revenues	<u>69,640,224</u>	<u>55,960,393</u>	<u>(13,679,831)</u>
Expenditures			
Current Operating			
General Government	3,039,759	3,113,758	(73,999)
Police	11,946,489	11,892,739	53,750
Management Services	4,032,370	3,576,574	455,796
Field Operations	8,168,254	8,182,498	(14,244)
Community Services	10,137,067	10,129,982	7,085
Community Development	4,632,747	4,487,033	145,714
Non-Departmental	5,693,618	5,470,460	223,158
Planning and Economic Development	2,110,126	2,098,833	11,293
Fire	4,095,475	4,057,569	37,906
Capital Improvements	7,906,234	5,615,440	2,290,794
Contingency	5,905,187		5,905,187
Debt Service			
Principal	5,508,353	4,450,844	1,057,509
Interest	5,164,049	5,462,345	(298,296)
Total Expenditures	<u>78,339,728</u>	<u>68,538,075</u>	<u>9,801,653</u>
Deficiency of Revenues Over Expenditures	(8,699,504)	(12,577,682)	(3,878,178)
Other Sources (Uses)			
Operating Transfers In	8,893,504		(8,893,504)
Operating Transfers Out	(194,000)	(1,264,844)	(1,070,844)
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses		(13,842,526)	(13,842,526)
Encumbrances Canceled		821,988	821,988
Fund Balance (Deficit) July 1, 1986		(1,760,211)	(1,760,211)
Residual Equity Transfer In		19,566,525	19,566,525
Fund Balance June 30, 1987	<u>\$ -0-</u>	<u>\$ 4,785,776</u>	<u>\$ 4,785,776</u>

CITY OF SCOTTSDALE

EXHIBIT B-4

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL OVER/(UNDER) ESTIMATED</u>
Taxes - Local			
Property Tax	\$ 3,500,000	\$ 3,449,304	\$ (50,696)
Transaction Privilege	17,751,224	17,839,687	88,463
Hotel/Motel Transient Tax	1,305,000	1,279,808	(25,192)
Light and Power Franchise	1,690,000	1,612,340	(77,660)
Cable TV Franchise	332,000	331,276	(724)
Salt River Project In Lieu	86,000	92,139	6,139
Fire Insurance Premium Tax	117,000	149,436	32,436
	<u>24,781,224</u>	<u>24,753,990</u>	<u>(27,234)</u>
Taxes - Intergovernmental			
State-Shared Sales Tax	6,000,000	5,823,940	(176,060)
Automobile in Lieu	1,650,000	1,717,845	67,845
State Revenue Sharing	5,609,000	5,588,160	(20,840)
	<u>13,259,000</u>	<u>13,129,945</u>	<u>(129,055)</u>
Licenses			
Business and Liquor Licenses	445,000	474,633	29,633
Charges for Current Services			
Refuse Collection Charges	4,134,000	3,878,721	(255,279)
Building and Related Permits	4,708,000	4,659,473	(48,527)
Recreation Fees	715,000	856,489	141,489
	<u>9,557,000</u>	<u>9,394,683</u>	<u>(162,317)</u>
Fines and Forfeitures			
Court Fines	1,351,000	850,569	(500,431)
Parking	279,000	180,556	(98,444)
Library	53,000	60,143	7,143
	<u>1,683,000</u>	<u>1,091,268</u>	<u>(591,732)</u>
Use of Money and Property			
Interest Earnings	7,172,000	3,082,551	(4,089,449)
Property Rental	1,198,000	384,827	(813,173)
Sale of Hay	1,350,000	776,160	(573,840)
	<u>9,720,000</u>	<u>4,243,538</u>	<u>(5,476,462)</u>
Sale of Real Estate	2,500,000		(2,500,000)
Certificate Refunding	3,700,000		(3,700,000)
CIP Reimbursements	2,675,000	1,844,237	(830,763)
Other	1,320,000	1,028,099	(291,901)
Total Revenues	<u>\$ 69,640,224</u>	<u>\$ 55,960,393</u>	<u>\$(13,679,831)</u>

CITY OF SCOTTSDALE

EXHIBIT B-5

GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>
Current Operating						
General Government	\$ 3,025,566	\$ 1,839,661	\$ 1,060,523	\$ 67,850	\$	\$ 57,532
Police	11,836,704	9,757,084	1,694,760	194,880		189,980
Management Services	2,652,560	2,101,571	561,554	(112,070)		101,505
Field Operations	8,025,823	2,650,115	4,499,261	814,812		61,635
Community Services	9,818,409	6,056,944	2,486,003	648,796		626,666
Community Development	4,451,508	3,293,856	1,001,170	87,849		68,633
Non-Departmental	4,931,786	3,057,960	1,501,716	209,690		162,420
Planning and Economic						
Development	2,025,974	800,552	1,177,103	16,495		31,824
Fire	4,053,061	200,163	3,826,664	19,564		6,670
Capital Improvements	4,906,449					4,906,449
Debt Service						
Principal	3,018,486				3,018,486	
Interest	1,040,491				1,040,491	
Expenditures	59,786,817	<u>\$ 29,757,906</u>	<u>\$ 17,808,754</u>	<u>\$ 1,947,866</u>	<u>\$ 4,058,977</u>	<u>\$ 6,213,314</u>
Indirect Cost Allocation Out	(2,461,358)					
Total Expenditures	<u>\$ 57,325,459</u>					
Operating Transfers Out						
Highway User Fuel Tax Fund	\$ 1,264,874					
Self Insurance Fund	738,000					
Total Operating Transfers	<u>\$ 2,002,874</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.

Federal Revenue Sharing Fund

This fund receives and expends the City's allocation of Federal Revenue Sharing money. The amount available to each city is allocated on the basis of a formula established by the Congress of the United States. Federal Revenue Sharing may be used for any purpose which is considered a permissible use of the government's own revenue under applicable state and local law.

Community Development Fund

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

Grants Fund

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

CITY OF SCOTTSDALE
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1987

EXHIBIT C-1

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>HIGHWAY USER FUEL TAX</u>	<u>FEDERAL REVENUE SHARING</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>GRANTS</u>
Cash and Short-Term Investments	\$ 87,879	\$	\$	\$	\$ 87,879
Cash with Fiscal Agents	1,417,967	1,417,967			
Receivables					
Fuel Tax	534,163	534,163			
Grants	186,094			127,219	58,875
Miscellaneous	151,548	151,548			
<u>Total Assets</u>	<u>\$2,377,651</u>	<u>\$2,103,678</u>	<u>\$ -0-</u>	<u>\$ 127,219</u>	<u>\$ 146,754</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Cash Overdraft	\$ 54,177	\$	\$	\$ 54,177	\$
Accounts Payable	339,391	299,436		37,805	2,150
Accrued Payroll	85,135	85,135			
Bond Interest Payable	922,967	922,967			
Bonds Payable - Current Portion	495,000	495,000			
<u>Total Liabilities</u>	<u>1,896,670</u>	<u>1,802,538</u>		<u>91,982</u>	<u>2,150</u>
Fund Balances					
Reserved for Encumbrances	290,187	179,969		51,728	58,490
Unreserved	190,794	121,171		(16,491)	86,114
<u>Total Fund Balances</u>	<u>480,981</u>	<u>301,140</u>		<u>35,237</u>	<u>144,604</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$2,377,651</u>	<u>\$2,103,678</u>	<u>\$ -0-</u>	<u>\$ 127,219</u>	<u>\$ 146,754</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT C-2

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	FEDERAL REVENUE SHARING	COMMUNITY DEVELOPMENT	GRANTS
Revenues					
Taxes-Intergovernmental	\$ 7,799,897	\$7,799,897	\$	\$	\$
Grants	1,278,776		162,768	631,077	484,931
Other	207,122	207,122			
Total Revenues	<u>9,285,795</u>	<u>8,007,019</u>	<u>162,768</u>	<u>631,077</u>	<u>484,931</u>
Expenditures					
Current Operating					
General Government	34,319				34,319
Field Operations	4,408,259	4,408,259			
Community Services	476,348				476,348
Community Development	1,431,900	800,823		631,077	
Planning and Economic Development	557,478	557,478			
Capital Improvements	903,810	741,042	162,768		
Debt Service					
Principal	495,000	495,000			
Interest	1,846,978	1,846,978			
Total Expenditures	<u>10,154,092</u>	<u>8,849,580</u>	<u>162,768</u>	<u>631,077</u>	<u>510,667</u>
Deficiency of Revenues Over Expenditures	(868,297)	(842,561)			(25,736)
Other Sources (Uses)					
Operating Transfer In					
From General Fund	1,264,874	1,264,874			
Operating Transfer Out					
To Water and Sewer Utility Fund	(65,289)				(65,289)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses					
	331,288	422,313			(91,025)
Fund Balances (Deficit) July 1, 1986	149,693	(121,173)		35,237	235,629
Fund Balances June 30, 1987	<u>\$ 480,981</u>	<u>\$ 301,140</u>	<u>\$ -0-</u>	<u>\$ 35,237</u>	<u>\$ 144,604</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

SPECIAL REVENUE FUNDS

EXHIBIT C-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTALS			HIGHWAY USER FUEL TAX			FEDERAL REVENUE SHARING		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Taxes - Intergovernmental	\$ 7,959,000	\$ 7,799,897	\$ (159,103)	\$ 7,959,000	\$ 7,799,897	\$ (159,103)	\$	\$	\$
Grants	876,000	162,768	(713,232)				876,000	162,768	(713,232)
Other		207,122	207,122		207,122	207,122			
Total Revenues	8,835,000	8,169,787	(665,213)	7,959,000	8,007,019	48,019	876,000	162,768	(713,232)
Expenditures									
Current Operating									
Field Operations	4,490,673	4,492,333	(1,660)	4,490,673	4,492,333	(1,660)			
Community Development	745,584	798,873	(53,289)	745,584	798,873	(53,289)			
Planning and Economic Development	555,043	628,701	(73,658)	555,043	628,701	(73,658)			
Capital Improvements	2,113,138	910,687	1,202,451	1,237,138	747,919	489,219	876,000	162,768	713,232
Debt Service									
Principal	495,000	495,000		495,000	495,000				
Interest	1,847,422	1,846,978	444	1,847,422	1,846,978	444			
Total Expenditures	10,246,860	9,172,572	1,074,288	9,370,860	9,009,804	361,056	876,000	162,768	713,232
Deficiency of Revenues Over Expenditures	(1,411,860)	(1,002,785)	409,075	(1,411,860)	(1,002,785)	409,075			
Other Sources									
Operating Transfer In From General Fund	1,411,860	1,264,874	(146,986)	1,411,860	1,264,874	(146,986)			
Deficiency of Revenues and Other Sources Over Expenditures		262,089	262,089		262,089	262,089			
Encumbrances Canceled		101,325	101,325		101,325	101,325			
Fund Deficits July 1, 1986		(386,501)	(386,501)		(386,501)	(386,501)			
Fund Deficits June 30, 1987	\$ -0-	\$ (23,087)	\$ (23,087)	\$ -0-	\$ (23,087)	\$ (23,087)	\$ -0-	\$ -0-	\$ -0-

CITY OF SCOTTSDALE

EXHIBIT C-4

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL ALL FUNDS</u>	<u>HIGHWAY USER FUEL TAX</u>	<u>FEDERAL REVENUE SHARING</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>GRANTS</u>
Taxes - Intergovernmental Fuel Tax	\$ 7,799,897	\$7,799,897	\$	\$	\$
Grants					
Federal	799,983		162,768	631,077	6,138
State	38,651				38,651
Miscellaneous	440,142				440,142
	<u>1,278,776</u>		<u>162,768</u>	<u>631,077</u>	<u>484,931</u>
Other	<u>207,122</u>	<u>207,122</u>			
Total Revenues	9,285,795	8,007,019	162,768	631,077	484,931
Other Sources					
Operating Transfer In From General Fund	<u>1,264,874</u>	<u>1,264,874</u>			
Total Revenues and Other Sources	<u>\$10,550,669</u>	<u>\$9,271,893</u>	<u>\$ 162,768</u>	<u>\$ 631,077</u>	<u>\$ 484,931</u>

CITY OF SCOTTSDALE

EXHIBIT C-5

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>
<u>HIGHWAY USER FUEL TAX</u>						
Current Operating						
Field Operations	\$ 4,408,259	\$1,695,440	\$1,084,129	\$1,628,690	\$	\$
Community Development	800,823	211,828	586,947	1,608		440
Planning and Economic						
Development	557,478	33,256	524,011	37		174
Capital Improvements	741,042	21,989	2,839	370,622		345,592
Debt Service						
Principal	495,000				495,000	
Interest	1,846,978				1,846,978	
	<u>8,849,580</u>	<u>1,962,513</u>	<u>2,197,926</u>	<u>2,000,957</u>	<u>2,341,978</u>	<u>346,206</u>
<u>FEDERAL REVENUE SHARING</u>						
Capital Improvements	162,768					162,768
<u>COMMUNITY DEVELOPMENT</u>						
Current Operating						
Community Development	631,077	124,702	214,709	4,088		287,578
<u>GRANTS</u>						
Current Operating						
General Government	34,319	25,778	8,541			
Community Services	476,348	12,997	452,088	3,266		7,997
	<u>510,667</u>	<u>38,775</u>	<u>460,629</u>	<u>3,266</u>		<u>7,997</u>
Total Expenditures	<u>\$10,154,092</u>	<u>\$2,125,990</u>	<u>\$2,873,264</u>	<u>\$2,008,311</u>	<u>\$2,341,978</u>	<u>\$ 804,549</u>
Operating Transfer To:						
Water and Sewer						
Utility Fund	<u>\$ 65,289</u>					

DEBT SERVICE FUNDS

These funds are established to account for the accumulation and disbursement of money needed to comply with the interest and principal redemption requirements of the general obligation and Municipal Property Corporation bond issues. Provisions are made in the City's general property tax levy for monies sufficient to meet the general obligation debt and from the transaction privilege tax for the Municipal Property Corporation debt.

General Obligation Bond Debt Service funds presently established are as follows:

1967	Civic Center Improvement Bonds
1968	Civic Center Improvement Bonds
1973	Storm Sewer Construction Bonds
1976	Storm Sewer Construction Bonds
1983	Capital Improvement Project Bonds For Public Buildings, Parks and Recreation, and Storm Sewer Improvements
1985	Capital Improvement Project Bonds For Public Buildings, Parks and Recreation, and Storm Sewer Improvements

Municipal Property Corporation Bond Debt Service Funds presently established are as follows:

1974	Municipal Property Corporation Bonds
1984	Recreational Facilities Bonds
1984	Civic Center Underpass
1985	Municipal Facilities Bonds
1985	Municipal Facilities Bonds - Series B
1986	Asset Transfer Certificates of Participation Refunding
1987	Municipal Property Corporation Certificates of Participation

CITY OF SCOTTSDALE
 DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1987

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL DEBT SERVICE</u>	<u>MUNICIPAL PROPERTY CORPORATION</u>
<u>ASSETS</u>			
Cash and Short-Term Investments	\$ 2,856,245	\$	\$ 2,856,245
Cash with Fiscal Agents	13,367,603	9,091,411	4,276,192
Investments	9,730,163		9,730,163
Receivables			
Accrued Interest	183,816		183,816
Property Tax	64,861	64,861	
Total Assets	<u>\$26,202,688</u>	<u>\$ 9,156,272</u>	<u>\$17,046,416</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Cash Overdraft	\$ 5,396	\$ 5,396	\$ 603,216
Accrued Interest Payable	603,216		603,216
Payable from Cash with Fiscal Agents			
Bonds Interest Payable-Current Portion	3,858,369	1,322,177	2,536,192
Bonds Payable-Current Portion	5,125,000	3,385,000	1,740,000
Total Liabilities	9,591,981	4,712,573	4,879,408
Fund Balance			
Reserved for			
Sinking Fund Requirements	4,384,234	4,384,234	
Debt Service	12,226,473	59,465	12,167,008
Total Fund Balance	16,610,707	4,443,699	12,167,008
Total Liabilities and Fund Balance	<u>\$26,202,688</u>	<u>\$ 9,156,272</u>	<u>\$17,046,416</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

DEBT SERVICE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL DEBT SERVICE</u>	<u>MUNICIPAL PROPERTY CORPORATION</u>
Revenues			
Taxes - Local			
Property	\$ 4,257,873	\$ 4,257,873	\$
Transaction Privilege	9,765,836		9,765,836
	<u>14,023,709</u>	<u>4,257,873</u>	<u>9,765,836</u>
Use of Money and Property			
Interest Earnings	<u>2,217,058</u>	<u>1,037,301</u>	<u>1,179,757</u>
Total Revenues	16,240,767	5,295,174	10,945,593
Expenditures			
Debt Service			
Principal	6,115,000	3,385,000	2,730,000
Interest	<u>11,366,520</u>	<u>2,651,968</u>	<u>8,714,552</u>
Total Expenditures	<u>17,481,520</u>	<u>6,036,968</u>	<u>11,444,552</u>
Deficiency of Revenues Over Expenditures	(1,240,753)	(741,794)	(498,959)
Other Sources			
Operating Transfers In MPC Construction Fund	<u>523,065</u>		<u>523,065</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(717,688)	(741,794)	24,106
Fund Balances July 1, 1986	<u>17,328,395</u>	<u>5,185,493</u>	<u>12,142,902</u>
Fund Balances June 30, 1987	<u>\$16,610,707</u>	<u>\$ 4,443,699</u>	<u>\$12,167,008</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

DEBT SERVICE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTALS			GENERAL DEBT SERVICE			MUNICIPAL PROPERTY CORPORATION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Taxes - Local									
Property	\$ 4,400,000	\$ 4,257,813	\$ (142,187)	\$ 4,400,000	\$ 4,257,813	\$ (142,127)	\$	\$	\$
Transaction Privilege	5,335,776	4,878,659	(457,117)	157,265		(157,265)	5,178,511	4,878,659	(299,852)
	9,735,776	9,136,472	(599,304)	4,557,265	4,257,813	(299,452)	5,178,511	4,878,659	(299,852)
Use of Money and Property									
Interest Earnings		1,694,682	1,694,682		1,037,301	1,037,301		657,381	657,381
Total Revenues	9,735,776	10,831,154	1,095,378	4,557,265	5,295,114	737,849	5,178,511	5,536,040	357,529
Expenditures									
Debt Service									
Principal	3,682,700	3,682,700	-0-	2,385,000	2,385,000	-0-	1,297,700	1,297,700	-0-
Interest	6,533,134	6,890,308	(357,174)	2,652,323	2,651,968	355	3,880,811	4,238,340	(357,529)
Total Expenditures	10,215,834	10,573,008	(357,174)	5,037,323	5,036,968	355	5,178,511	5,536,040	(357,529)
Excess (Deficiency) of Revenues Over Expenditures	(480,058)	258,146	738,204	(480,058)	258,146	738,204	-0-	-0-	-0-
Fund Balances (Deficit) July 1, 1986	(679,278)	26,912	706,190	(679,278)	26,912	706,190	-0-	-0-	-0-
Fund Balances (Deficit) June 30, 1987	<u>\$(1,159,336)</u>	<u>\$ 285,058</u>	<u>\$1,444,394</u>	<u>\$(1,159,336)</u>	<u>\$ 285,058</u>	<u>\$1,444,394</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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CAPITAL PROJECTS FUNDS

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

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

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

General Obligation Bond Construction Fund

Highway User Bond Construction Fund

Asset Transfer Construction Fund

Municipal Property Corporation Construction Fund

CITY OF SCOTTSDALE
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1987

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL OBLIGATION BOND CONSTRUCTION FUND</u>	<u>HIGHWAY USER BOND CONSTRUCTION FUND</u>	<u>ASSET TRANSFER CONSTRUCTION FUND</u>	<u>MUNICIPAL PROPERTY CORPORATION CONSTR. FUND</u>
<u>ASSETS</u>					
Cash and Short-Term Investments	\$26,620,308	\$7,341,419	\$9,782,450	\$	\$9,496,439
Receivables					
Accrued Interest	274,079	73,922	100,016		100,141
Accounts	10,564	10,564			
Total Assets	<u>\$26,904,951</u>	<u>\$7,425,905</u>	<u>\$9,882,466</u>	<u>\$</u>	<u>\$9,596,580</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 1,976,843	\$ 694,825	\$ 818,907	\$	\$ 463,111
Fund Balances					
Reserved for Encumbrances	2,711,396	123,728	1,183,376		1,404,292
Unreserved	<u>22,216,712</u>	<u>6,607,352</u>	<u>7,880,183</u>		<u>7,729,177</u>
Total Fund Balances	<u>24,928,108</u>	<u>6,731,080</u>	<u>9,063,559</u>		<u>9,133,469</u>
Total Liabilities and Fund Balances	<u>\$26,904,951</u>	<u>\$7,425,905</u>	<u>\$9,882,466</u>	<u>\$</u>	<u>\$9,596,580</u>

See Notes to Financial Statements.

EXHIBIT E-2

CITY OF SCOTTSDALE

CAPITAL PROJECTS FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL OBLIGATION BOND CONSTRUCTION FUND</u>	<u>HIGHWAY USER BOND CONSTRUCTION FUND</u>	<u>ASSET TRANSFER CONSTRUCTION FUND</u>	<u>MUNICIPAL PROPERTY CORPORATION CONSTR. FUND</u>
Revenues					
Use of Money and Property					
Interest Earnings	\$ 3,178,538	\$ 1,002,805	\$ 1,356,083	\$	\$ 819,650
Other	<u>265,079</u>	<u>265,079</u>	<u> </u>	<u> </u>	<u> </u>
Total Revenue	3,443,617	1,267,884	1,356,083		819,650
Expenditures					
Capital Improvements	<u>34,959,479</u>	<u>7,399,889</u>	<u>8,151,625</u>	<u>9,790,771</u>	<u>9,617,194</u>
Deficiency of Revenue Over Expenditures	(31,515,862)	(6,132,005)	(6,795,542)	(9,790,771)	(8,797,544)
Other Sources (Uses)					
Bond Proceeds	3,100,000				3,100,000
Transfer Out to MPC Debt Service Fund	<u>(523,065)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(523,065)</u>
Deficiency of Revenue and Other Sources Over Expenditures and Other Uses	(28,938,927)	(6,132,005)	(6,795,542)	(9,790,771)	(6,220,609)
Fund Balances July 1, 1986	<u>53,867,035</u>	<u>12,863,085</u>	<u>15,859,101</u>	<u>9,790,771</u>	<u>15,354,078</u>
Fund Balances June 30, 1987	<u>\$24,928,108</u>	<u>\$ 6,731,080</u>	<u>\$ 9,063,559</u>	<u>\$</u>	<u>\$ 9,133,469</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>
General Obligation Bond Construction Fund Capital Improvements	\$ 7,399,889	\$ 14,509	\$ 723,723	\$ 199,912	\$ 6,461,745
Highway User Bond Construction Fund Capital Improvements	8,151,625	247,762	444,958	8,196	7,450,709
Asset Transfer Construction Fund Capital Improvements	9,790,771				9,790,771
Municipal Property Corporation Construction Fund Capital Improvements	<u>9,617,194</u>	<u>32,315</u>	<u>132,278</u>	<u>343</u>	<u>9,452,258</u>
Total Expenditures	<u>\$34,959,479</u>	<u>\$ 294,586</u>	<u>\$ 1,300,959</u>	<u>\$ 208,451</u>	<u>\$33,155,483</u>

SPECIAL ASSESSMENTS FUND

A special assessments fund is established to finance and account for the construction or purchase of improvements (or provision of services) which are to be paid for from special assessments levied against the benefited properties.

Usually the total cost of a project to be financed by special assessments is so large that the fund cannot expect to collect in a single installment the entire amount of the needed contribution from each property owner benefited. Accordingly, the option of paying the assessment in annual installments over a specified period is granted. Improvement district serial bonds are issued to pay contractors and suppliers who must be paid upon completion of the project. These bonds are repaid from the annual installments paid by the property owners.

CITY OF SCOTTSDALE
 SPECIAL ASSESSMENTS FUND
 BALANCE SHEET
 JUNE 30, 1987

EXHIBIT F-1

ASSETS

Cash and Short-Term Investments	\$ 1,530,151
Cash with Fiscal Agents	570,016
Accrued Interest Receivable	27,290
Special Assessments Receivable - Current	1,549,695
Special Assessments Receivable - Long-Term	<u>12,113,092</u>
Total Assets	<u>\$15,790,244</u>

LIABILITIES AND FUND DEFICIT

Liabilities	
Deferred Revenue	
Special Assessments	\$12,113,092
Other	11,200
Bonds Interest Payable	570,016
Bonds Payable	<u>14,143,000</u>
Total Liabilities	26,837,308
Fund Deficit	
Reserved for	
Street Light Districts	316,367
Unreserved	<u>(11,363,431)</u>
Total Fund Deficit	<u>(11,047,064)</u>
Total Liabilities and Fund Deficit	<u>\$15,790,244</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE
 SPECIAL ASSESSMENTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND DEFICIT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1987

Revenues	
Use of Money and Property	
Interest Earnings	\$ 370,442
Other	
Penalty Income	2,991
Street Light Districts	255,020
Special Assessments	<u>1,510,277</u>
	<u>1,768,288</u>
Total Revenues	2,138,730
Expenditures	
Current Operating	
Street Light Districts	443,276
Capital Improvements	
Capital Improvement Projects	5,300,163
Debt Service	
Interest	<u>1,165,292</u>
Total Expenditures	<u>6,908,731</u>
Deficiency of Revenues Over Expenditures	(4,770,001)
Fund Deficit July 1, 1986	<u>(6,277,063)</u>
Fund Deficit June 30, 1987	<u><u>\$(11,047,064)</u></u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE
 SPECIAL ASSESSMENTS FUND
 SCHEDULE OF EXPENDITURES BY OBJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1987

EXHIBIT F-3

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>
Current Operating						
Street Light Districts	\$ 443,276	\$	\$ 443,276	\$	\$	\$
Capital Improvements						
Capital Improvement Projects	5,300,163	58,743	87,411	3,004		5,151,005
Debt Service						
Interest	<u>1,165,292</u>				<u>1,165,292</u>	
Total Expenditures	<u>\$6,908,731</u>	<u>\$ 58,743</u>	<u>\$ 530,687</u>	<u>\$ 3,004</u>	<u>\$1,165,292</u>	<u>\$5,151,005</u>

TRUST AND AGENCY FUND

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

Expendable Trusts: Fine Arts
Parks Enhancement
Railroad and Mechanical Society
Employee Benefits
Senior Citizens
Arizona Governmental Training Services
Library Book Sales
Special Recreation
Chamber of Commerce
Rotary Park Development
Little America Lease
Library Gifts-Memorial
Bud Tims Memorial
Cactus Park Facilities
Dearie Karatz Memorial
McCormick Park Restrooms
Harry J. Lazarus Memorial
Mayor's Committee on Employment
of Handicapped

Agency: Deferred Compensation Plan

CITY OF SCOTTSDALE
 TRUST AND AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1987

EXHIBIT G-1

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>EXPENDABLE TRUST FUND</u>	<u>DEFERRED COMPENSATION AGENCY FUND</u>
Cash and Short-Term Investments	\$5,623,504	\$5,623,504	\$
Cash With Trustee	70,006	70,006	
Deferred Compensation Investments	1,610,635		1,610,635
Miscellaneous Receivables	42,232	42,232	
Total Assets	<u>\$7,346,377</u>	<u>\$5,735,742</u>	<u>\$1,610,635</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts Payable	\$ 19,108	\$ 19,108	\$
Designated Deferred Compensation Benefits	1,610,635		1,610,635
Guaranty and Other Deposits	4,693,384	4,693,384	
Total Liabilities	6,323,127	4,712,492	1,610,635
Fund Balance			
Reserved for Encumbrances	131,409	131,409	
Unreserved	891,841	891,841	
Total Fund Balance	<u>1,023,250</u>	<u>1,023,250</u>	
Total Liabilities and Fund Balance	<u>\$7,346,377</u>	<u>\$5,735,742</u>	<u>\$1,610,635</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT G-2

TRUST AND AGENCY FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>EXPENDABLE TRUSTS</u>
Revenues	
Other	\$ 893,896
Expenditures	
Current Operating	
Expendable Trusts	<u>611,035</u>
Excess of Revenues Over Expenditures	282,861
Fund Balance July 1, 1986	<u>740,389</u>
Fund Balance June 30, 1987	<u><u>\$1,023,250</u></u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE
 TRUST AND AGENCY FUND
 SCHEDULE OF EXPENDITURES BY OBJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1987

EXHIBIT G-3

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>
Expendable Trusts					
Current Operating					
Expendable Trusts	<u>\$611,035</u>	<u>\$ 86,230</u>	<u>\$356,195</u>	<u>\$80,870</u>	<u>\$87,740</u>
Total Expenditures	<u>\$611,035</u>	<u>\$ 86,230</u>	<u>\$356,195</u>	<u>\$80,870</u>	<u>\$87,740</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, and Public Housing Funds are operated as enterprise funds, their expenditures are controlled through budgetary accounting procedures similar to other City funds.

Water and Sewer Utility Fund

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

Airport Fund

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

Public Housing Fund

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

CITY OF SCOTTSDALE
 ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1987

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>WATER AND SEWER UTILITY</u>	<u>AIRPORT</u>	<u>PUBLIC HOUSING</u>
Current Assets				
Cash and Short-Term Investments	\$ 42,777	\$	\$ 42,777	\$
Receivables				
Accrued Interest	269,129	269,129		
Accounts	3,685,147	3,685,147		
Miscellaneous	274,005	76,220	197,785	
Total Current Assets	<u>4,271,058</u>	<u>4,030,496</u>	<u>240,562</u>	
Restricted Cash, Investments, and Receivables				
Cash with Fiscal Agents	3,192,199	3,192,199		
Revenue Bond Reserves	1,718,091	1,718,091		
Water and Sewer Replacement Reserve	2,163,981	2,163,981		
Acquisition and Construction Reserve	14,063,769	14,063,769		
Notes Receivable	481,499			481,499
	<u>21,619,539</u>	<u>21,138,040</u>		<u>481,499</u>
Property, Plant, and Equipment				
Land and Water Rights	17,338,798	5,776,577	11,562,221	
Water System	102,728,832	102,728,832		
Sewer System	52,832,497	52,832,497		
Buildings and Improvements	1,244,044		1,244,044	
Furniture and Fixtures	448,470	296,965	151,505	
Construction in Progress	12,271,532	12,247,974	23,558	
	<u>186,864,173</u>	<u>173,882,845</u>	<u>12,981,328</u>	
Accumulated Depreciation	<u>(22,188,896)</u>	<u>(20,297,839)</u>	<u>(1,891,057)</u>	
	164,675,277	153,585,006	11,090,271	
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$1,911,296				
	<u>725,408</u>	<u>725,408</u>		
Total Assets	<u><u>\$191,291,282</u></u>	<u><u>\$179,478,950</u></u>	<u><u>\$11,330,833</u></u>	<u><u>\$ 481,499</u></u>

See Notes to Financial Statements.

LIABILITIES AND FUND EQUITY	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Current Liabilities (Payable from Current Assets)				
Cash Overdraft	\$ 237,360	\$ 237,360	\$	\$
Accounts Payable	1,322,918	1,313,661	9,257	
Accrued Payroll	156,709	141,972	14,737	
Accrued Interest Payable	37,046	37,046		
Current Portion of Contracts Payable	598,030	598,030		
Total	<u>2,352,063</u>	<u>2,328,069</u>	<u>23,994</u>	
Current Liabilities (Payable from Restricted Assets)				
Bonds Interest Payable	2,502,199	2,502,199		
Current Portion of Bonds Payable	690,000	690,000		
Total	<u>3,192,199</u>	<u>3,192,199</u>		
Total Current Liabilities	<u>5,544,262</u>	<u>5,520,268</u>	<u>23,994</u>	
Other Liabilities				
Customer Advances and Deposits	295,369	295,369		
Deferred Revenue	423,650	423,650		
Other				
Arbitrage Interest	310,259	310,259		
Unearned Grant Revenue (Payable from Restricted Notes Receivable)	481,499			481,499
Total Other	<u>791,758</u>	<u>310,259</u>		<u>481,499</u>
	<u>1,510,777</u>	<u>1,029,278</u>		<u>481,499</u>
Long-Term Debt (Less Current Portion)				
Bonds Payable	51,220,000	51,220,000		
Contracts Payable	3,720,134	3,720,134		
	<u>54,940,134</u>	<u>54,940,134</u>		
Total Liabilities	61,995,173	61,489,680	23,994	481,499
Fund Equity				
Contributed Capital	77,303,559	64,037,359	13,266,200	
Retained Earnings (Deficit)				
Reserved for				
Revenue Bond Retirement	1,718,091	1,718,091		
Water and Sewer System Replacement	2,163,981	2,163,981		
Acquisition and Construction	14,063,769	14,063,769		
Unreserved	34,046,709	36,006,070	(1,959,361)	
Total Retained Earnings (Deficit)	<u>51,992,550</u>	<u>53,951,911</u>	<u>(1,959,361)</u>	
Total Fund Equity	<u>129,296,109</u>	<u>117,989,270</u>	<u>11,306,839</u>	
Total Liabilities and Fund Equity	<u>\$191,291,282</u>	<u>\$179,478,950</u>	<u>\$11,330,833</u>	<u>\$ 481,499</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN RETAINED EARNINGS (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Operating Revenues				
Water Service Fees	\$12,291,675	\$12,291,675	\$	\$
Water Connection Fee	304,429	304,429		
Water Development Fees	1,764,795	1,764,795		
Sewer Service Fees	3,605,797	3,605,797		
Sewer Development Fees	1,878,555	1,878,555		
Airport Fees	541,836		541,836	
Other	291,305	291,305		
Total Operating Revenues	<u>20,678,392</u>	<u>20,136,556</u>	<u>541,836</u>	
Operating Expenses				
Water Operations	7,576,976	7,576,976		
Sewer Operations	1,506,629	1,506,629		
Airport Operations	342,324		342,324	
Depreciation and Amortization	3,588,535	3,342,929	245,606	
Indirect Cost	2,461,358	2,250,299	211,059	
Total Operating Expenses	<u>15,475,822</u>	<u>14,676,833</u>	<u>798,989</u>	
Operating Income (Loss)	5,202,570	5,459,723	(257,153)	
Non-Operating Revenues (Expenses)				
Interest Earnings	3,281,116	3,264,522	16,594	
Interest Expense	(2,097,298)	(2,097,298)		
Sale of Property	1,156,162	1,156,162		
Total Non-Operating Revenues	<u>2,339,980</u>	<u>2,323,386</u>	<u>16,594</u>	
Net Income (Loss)	7,542,550	7,783,109	(240,559)	
Retained Earnings (Deficit)				
July 1, 1986	<u>44,450,000</u>	<u>46,168,802</u>	<u>(1,718,802)</u>	
Retained Earnings (Deficit)				
June 30, 1987	<u>\$51,992,550</u>	<u>\$53,951,911</u>	<u>\$(1,959,361)</u>	\$

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Sources of Funds				
Operations				
Net Income (Loss)	\$ 7,542,550	\$ 7,783,109	\$ (240,559)	\$
Noncash Charge-Depreciation and Amortization	<u>3,588,535</u>	<u>3,342,929</u>	<u>245,606</u>	
Total from (Used by) Operations	11,131,085	11,126,038	5,047	
Contributions				
Water/Sewer Assets from Subdividers	7,365,995	7,365,995		
From Government Units	5,843,721	4,624,992	1,218,729	
Increase In				
Current Liabilities	1,684,416	1,684,416		
Other Liabilities	809,060	809,060		
Long-term Debt	36,710,110	36,710,110		
Decrease In				
Notes Receivables	27,391			27,391
Long Term Investments	<u>7,890,304</u>	<u>7,890,304</u>		
	<u>71,462,082</u>	<u>70,210,915</u>	<u>1,223,776</u>	<u>27,391</u>
Uses of Funds				
Contributions of Water/Sewer Assets from Subdividers	7,365,995	7,365,995		
Contribution to Municipality (General Fund)	20,781,979	20,781,979		
Increase in Property, Plant and Equipment	34,037,355	32,888,157	1,149,198	
Increase In				
Receivables	1,266,053	1,118,520	147,533	
Restricted Cash and Invest- ments	9,919,775	9,919,775		
Decrease In				
Current Liabilities	48,727		17,642	31,085
Other Liabilities	<u>27,391</u>			<u>27,391</u>
	<u>73,447,275</u>	<u>72,074,426</u>	<u>1,314,373</u>	<u>58,476</u>
Decrease in Cash and Short-Term Investments	(1,985,193)	(1,863,511)	(90,597)	(31,085)
Cash and Short-Term Investments July 1, 1986	<u>2,027,970</u>	<u>1,863,511</u>	<u>133,374</u>	<u>31,085</u>
June 30, 1987	<u>\$ 42,777</u>	<u>\$</u>	<u>\$ 42,777</u>	<u>\$</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-4

ENTERPRISE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL			WATER AND SEWER UTILITY			AIRPORT		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Revenues									
Water Service Fees	\$14,720,000	\$12,291,675	\$(2,428,325)	\$14,720,000	\$12,291,675	\$(2,428,325)	\$	\$	\$
Water Connection Fee	312,000	304,429	(7,571)	312,000	304,429	(7,571)			
Water Development Fees	1,690,500	1,764,795	74,295	1,690,500	1,764,795	74,295			
Sewer Service Fees	4,167,000	3,605,797	(561,203)	4,167,000	3,605,797	(561,203)			
Sewer Development Fees	1,690,500	1,878,555	188,055	1,690,500	1,878,555	188,055			
Development Fees	2,000,000		(2,000,000)	2,000,000		(2,000,000)			
Airport Fees	520,000	541,836	21,836				520,000	541,836	21,836
Interest Earnings	1,428,000	2,063,924	635,924	1,428,000	2,047,330	619,330		16,594	16,594
CIP Reimbursement		2,751,920	2,751,920		2,751,920	2,751,920			
Other	66,000	261,000	195,000	66,000	261,000	195,000			
Total Revenues	26,594,000	25,463,931	(1,130,069)	26,074,000	24,905,501	(1,168,499)	520,000	558,430	38,430
Expenditures									
Water Operations	7,505,463	7,288,869	216,594	7,505,463	7,288,869	216,594			
Sewer Operations	1,690,327	1,608,466	81,861	1,690,327	1,608,466	81,861			
Airport Operations	365,122	366,578	(1,456)				365,122	366,578	(1,456)
Capital Outlay	14,315,002	7,737,753	6,577,249	14,315,002	7,736,397	6,578,605		1,356	(1,356)
Debt Service and Reserves	5,416,359	4,560,768	855,591	5,416,359	4,560,768	855,591			
Total Expenditures	29,292,273	21,562,434	7,729,839	28,927,151	21,194,500	7,732,651	365,122	367,934	(2,812)
Excess (Deficiency) of Revenues Over Expenditures	<u>\$(2,698,273)</u>	<u>\$ 3,901,497</u>	<u>\$ 6,599,770</u>	<u>\$(2,853,151)</u>	<u>\$ 3,711,001</u>	<u>\$ 6,564,152</u>	<u>\$ 154,878</u>	<u>\$ 190,496</u>	<u>\$ 35,618</u>

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INTERNAL SERVICE FUNDS

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

Motor Pool Fund

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

Self Insurance Fund

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

CITY OF SCOTTSDALE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1987

EXHIBIT I-1

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>MOTOR POOL</u>	<u>SELF INSURANCE</u>
Current Assets			
Cash and Short-Term Investments	\$ 1,564,859	\$	\$ 1,564,859
Receivables			
Accrued Interest	11,816		11,816
Accounts	6,917		6,917
Total Current Assets	<u>1,583,592</u>		<u>1,583,592</u>
Property, Plant, and Equipment			
Land	67,904	67,904	
Buildings and Improvements	440,164	440,164	
Motor Vehicles	8,651,665	8,651,665	
Machinery and Equipment	1,851,398	1,850,898	500
Furniture, Fixtures, and Office Equipment	38,723	16,369	22,354
Construction in Progress	487,032	487,032	
	<u>11,536,886</u>	<u>11,514,032</u>	<u>22,854</u>
Accumulated Depreciation	<u>(5,893,272)</u>	<u>(5,887,515)</u>	<u>(5,757)</u>
	<u>5,643,614</u>	<u>5,626,517</u>	<u>17,097</u>
Total Assets	<u>\$ 7,227,206</u>	<u>\$ 5,626,517</u>	<u>\$ 1,600,689</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities			
Accounts Payable	\$ 118,119	\$ 110,783	\$ 7,336
Accrued Payroll	131,278	121,863	9,415
Claims Payable			
Reported	871,463		871,463
Unreported	92,300		92,300
	<u>963,763</u>		<u>963,763</u>
Total Current Liabilities	<u>1,213,160</u>	<u>232,646</u>	<u>980,514</u>
Fund Equity			
Contributed Capital	7,728,703	6,246,368	1,482,335
Accumulated Deficit	<u>(1,714,657)</u>	<u>(852,497)</u>	<u>(862,160)</u>
Total Fund Equity	<u>6,014,046</u>	<u>5,393,871</u>	<u>620,175</u>
Total Liabilities and Fund Equity	<u>\$ 7,227,206</u>	<u>\$ 5,626,517</u>	<u>\$ 1,600,689</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT I-2

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN ACCUMULATED DEFICIT
FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
Operating Revenues			
Billings To User Programs	\$ 5,129,469	\$ 3,839,400	\$ 1,290,069
Other	<u>323,411</u>	<u>65,895</u>	<u>257,516</u>
Total Operating Revenues	5,452,880	3,905,295	1,547,585
Operating Expenses			
Motor Pool Operations	3,337,988	3,337,988	
Self Insurance Operations	1,758,241		1,758,241
Depreciation	<u>1,180,707</u>	<u>1,178,658</u>	<u>2,049</u>
Total Operating Expenses	<u>6,276,936</u>	<u>4,516,646</u>	<u>1,760,290</u>
Net Loss	(824,056)	(611,351)	(212,705)
Accumulated Deficit July 1, 1986	<u>(890,601)</u>	<u>(241,146)</u>	<u>(649,455)</u>
Accumulated Deficit June 30, 1987	<u><u>\$ (1,714,657)</u></u>	<u><u>\$ (852,497)</u></u>	<u><u>\$ (862,160)</u></u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT I-3

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
Sources of Funds			
Operations			
Net Loss	\$ (824,056)	\$ (611,351)	\$ (212,705)
Noncash Charge - Depreciation	<u>1,180,707</u>	<u>1,178,658</u>	<u>2,049</u>
Total From (Used by) Operations	356,651	567,307	(210,656)
Contributions from Municipality	1,983,974	1,245,974	738,000
Increase in Current Liabilities	<u>43,957</u>	<u>43,957</u>	
	2,384,582	1,857,238	527,344
Uses of Funds			
Increase in Property, Plant, and Equipment	1,918,375	1,904,694	13,681
Increase in Receivables	1,659		1,659
Decrease in Current Liabilities	<u>98,639</u>		<u>98,639</u>
	<u>2,018,673</u>	<u>1,904,694</u>	<u>113,979</u>
Increase (Decrease) in Cash and Short-Term Investments	365,909	(47,456)	413,365
Cash and Short-Term Investments July 1, 1986	<u>1,198,950</u>	<u>47,456</u>	<u>1,151,494</u>
June 30, 1987	<u>\$ 1,564,859</u>	<u>\$</u>	<u>\$ 1,564,859</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT I-4

INTERNAL SERVICE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	TOTAL			MOTOR POOL			SELF INSURANCE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Revenues									
Billings To User Programs	\$ 5,059,000	\$ 5,129,469	\$ 70,469	\$ 3,814,000	\$ 3,839,400	\$ 25,400	\$ 1,245,000	\$ 1,290,069	\$ 45,069
Contribution from Municipality	2,253,153	1,953,454	(299,699)	1,515,153	1,215,454	(299,699)	738,000	738,000	
Other	120,000	323,411	203,411		65,895	65,895	120,000	257,516	137,516
Total Revenues	7,432,153	7,406,334	(25,819)	5,329,153	5,120,749	(208,404)	2,103,000	2,285,585	182,585
Expenditures									
Motor Pool Operations	5,629,581	5,706,784	(77,203)	5,629,581	5,706,784	(77,203)			
Self Insurance Operations	1,940,770	1,843,556	97,214				1,940,770	1,843,556	97,214
Total Expenditures	7,570,351	7,550,340	20,011	5,629,581	5,706,781	(77,203)	1,940,770	1,843,556	97,214
Deficiency of Revenues Over Expenditures	\$ (138,198)	\$ (144,006)	\$ (5,808)	\$ (300,428)	\$ (586,035)	\$ (285,607)	\$ 162,230	\$ 442,029	\$ 279,799



GENERAL FIXED ASSETS ACCOUNT GROUP

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

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

CITY OF SCOTTSDALE

EXHIBIT J-1

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1987

Property and Equipment

Land	\$ 47,024,890
Buildings and Improvements	81,840,972
Streets and Storm Drains	385,068,879
Machinery and Equipment	21,560,700
Construction in Progress	<u>43,699,238</u>
Total General Fixed Assets	<u>\$579,194,679</u>

Investment in General Fixed Assets From

General Fund	\$ 71,190,972
Special Revenue Funds	21,536,594
Capital Projects Funds	151,391,532
Contributions	325,263,701
Improvement Districts	<u>9,811,880</u>
Total Investment in General Fixed Assets	<u>\$579,194,679</u>

CITY OF SCOTTSDALE
 SCHEDULE OF GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>STREETS AND STORM DRAINS</u>	<u>MACHINERY AND EQUIPMENT</u>
General Government	\$ 24,043,831	\$ 6,560,850	\$ 16,743,043	\$	\$ 739,938
Police	4,283,669	40,855	1,456,968	48,038	2,737,808
Management Services	1,512,259	552,201	316,392		643,666
Field Operations	461,496,782	32,867,191	41,897,665	383,645,358	3,086,568
Community Services	22,376,187	4,488,482	15,818,797	134,747	1,934,161
Community Development	9,466,431	2,515,311	5,100,958	1,240,736	609,426
Non Departmental	11,952,692		184,110		11,768,582
Fire	<u>363,590</u>		<u>323,039</u>		<u>40,551</u>
Total General Fixed Assets Allocated to Functions	\$535,495,441	<u>\$ 47,024,890</u>	<u>\$ 81,840,972</u>	<u>\$385,068,879</u>	<u>\$ 21,560,700</u>
Construction in Progress	<u>43,699,238</u>				
Total General Fixed Assets	<u>\$579,194,679</u>				

CITY OF SCOTTSDALE
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 1987

	<u>JULY 1, 1986</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ DELETIONS</u>	<u>JUNE 30, 1987</u>
General Government	\$ 24,033,397	\$ 12,668	\$ 2,234	\$ 24,043,831
Police	4,151,113	139,988	7,432	4,283,669
Management Services	1,446,414	290,403	224,558	1,512,259
Field Operations	385,722,584	78,774,198	3,000,000	461,496,782
Community Services	22,263,981	155,946	43,740	22,376,187
Community Development	9,447,519	21,415	2,503	9,466,431
Non Departmental	6,975,573	4,977,119		11,952,692
Fire	363,590			363,590
Construction in Progress	<u>56,293,712</u>	<u>44,154,864</u>	<u>56,749,338</u>	<u>43,699,238</u>
Total General Fixed Assets	<u>\$510,697,883</u>	<u>\$128,526,601</u>	<u>\$ 60,029,805</u>	<u>\$579,194,679</u>

**STATISTICAL
SECTION**

TABLE I

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

FISCAL YEAR	TOTAL	GENERAL GOVERNMENT	PUBLIC SAFETY	MANAGEMENT SERVICES	FIELD OPERATIONS	COMMUNITY SERVICES	COMMUNITY DEVELOPMENT	MUNICIPAL UTILITIES	NON-DEPARTMENTAL	PLANNING & ECONOMIC DEVELOPMENT	FIRE	DEBT SERVICES	CAPITAL IMPROVEMENTS
*1987	\$84,961,071	\$2,721,381	\$11,836,704	\$2,190,533	\$11,872,258	\$10,294,757	\$ 5,883,408	\$	\$ 3,912,789	\$ 2,583,452	\$3,973,055	\$23,882,475	\$ 5,810,259
*1986	79,682,450	2,589,123	9,475,467	1,942,012	11,037,959	8,730,701	8,195,938		7,321,889			22,805,850	7,583,511
*1985	58,041,919	2,138,651	8,352,188	1,873,189	10,573,974	8,155,034	7,116,544		7,625,803			11,661,957	544,579
*1984	50,714,853	1,927,456	7,433,027	1,792,739	9,035,611	7,198,146	5,678,868		5,833,286			2,428,846	9,386,874
*1983	44,551,039	3,681,626	9,847,607	2,488,759	8,329,776	6,469,869	5,402,471					1,625,465	6,705,466
*1982	39,846,106	3,300,839	8,721,281	2,520,130	7,658,942	6,451,148	4,571,909	378,320				1,591,632	4,651,905
*1981	36,502,778	2,508,933	7,731,176	2,556,277	7,091,973	5,813,913	4,151,823	226,151				1,532,127	4,890,405
*1980	32,161,034	1,956,224	6,685,001	2,516,505	5,680,964	5,377,929	4,504,456	407,185				1,526,660	3,506,110
1979	30,210,507	1,304,630	6,161,448	2,260,310	5,660,651	6,765,247	3,929,206	285,847				2,131,927	1,711,241
1978	21,685,841	1,568,749	4,703,394	1,816,144	4,578,124	3,598,038	1,633,725	38,852				2,170,692	1,578,123

*Data Reported Without Encumbrances; Prior Years' Data Reported With Encumbrances.

TABLE II

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

FISCAL YEAR	TOTAL	TAXES	LICENSES AND PERMITS	INTER-GOVERNMENT REVENUE	CHARGES FOR SERVICES	FORFEITS	USES OF MONEY AND PROPERTY	MISCELLANEOUS
1987	\$76,874,990	\$34,165,734	\$ 5,134,106	\$22,208,618	\$ 4,735,210	\$ 1,091,268	\$ 6,460,596	\$ 3,079,458
1986	74,306,839	30,814,928	5,018,643	20,808,629	4,552,765	1,533,450	8,086,213	3,492,211
1985	63,083,250	27,324,172	4,101,638	19,651,559	4,255,369	1,147,666	4,545,911	2,056,935
1984	51,576,944	23,760,587	3,662,366	16,644,270	3,808,539	1,009,111	1,377,798	1,314,273
1983	42,899,061	18,845,162	2,181,695	15,419,637	3,430,126	722,696	1,381,218	918,527
1982	37,454,895	17,266,878	1,404,914	13,070,978	2,928,160	459,034	1,628,091	696,840
1981	35,614,819	15,655,414	1,408,602	11,101,021	2,676,846	578,808	1,440,043	2,754,085
1980	32,970,292	14,697,250	1,301,665	11,364,598	2,153,174	564,704	1,374,275	1,514,626
1979	31,720,927	13,760,978	1,747,776	12,121,733	1,799,987	528,652	1,132,908	628,893
1978	23,769,172	11,623,061	1,318,170	7,179,902	1,812,947	485,337	731,343	618,412

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TABLE III

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

FISCAL YEAR	TOTAL TAXES	PRIVILEGE TAXES	GENERAL PROPERTY TAX	FRANCHISE	IN-LIEU PROPERTY
1987	\$34,165,734	\$24,273,366	\$ 7,707,177	\$ 2,093,052	\$ 92,139
1986	30,814,928	22,080,785	6,782,380	1,865,339	86,424
1985	27,324,172	20,051,172	5,580,004	1,628,787	64,209
1984	23,760,587	17,460,418	4,980,289	1,267,485	52,395
1983	18,845,162	14,399,311	3,371,348	1,022,688	51,915
1982	17,266,878	12,910,294	3,494,953	805,769	55,862
1981	15,655,414	11,636,852	3,148,907	807,330	62,325
1980	14,697,250	11,209,020	2,949,749	489,739	48,742
1979	13,760,978	10,133,373	3,171,299	399,006	57,300
1978	11,623,061	7,832,052	3,412,532	320,135	58,342

TABLE IV

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

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>% OF LEVY COLLECTIONS</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>FUTURE YEAR TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>TOTAL COLLECTIONS % OF CURRENT LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>OUTSTANDING DELINQUENT AS % OF CURRENT LEVY</u>
1987	\$ 7,973,800	\$ 7,316,676	91.80	\$ 315,643	\$ 74,858	\$ 7,707,177	96.65	\$ 726,036	9.11
1986	6,776,237	6,498,494	95.90	183,078	100,807	6,782,379	100.00	351,720	5.19
1985	5,481,042	5,346,783	97.55	204,822	27,971	5,579,576	101.80	227,482	4.15
1984	5,008,462	4,674,445	93.33	187,583	28,399	4,890,427	97.64	227,075	4.49
1983	3,448,356	3,264,176	94.65	44,053	118,261	3,426,490	99.37	198,681	5.76
1982	3,306,068	3,381,094	102.27	113,858	89,076	3,584,028	108.41	96,093	2.91
1981	3,164,000	3,032,354	95.84	65,853	50,700	3,148,907	99.52	128,391	4.06
1980	2,941,981	2,843,369	96.65	61,451	44,929	2,949,749	100.26	79,553	2.70
1979	3,118,364	3,081,311	98.81	75,095	14,893	3,171,299	101.70	66,929	2.15
1978	3,395,254	3,323,293	97.88	66,122	23,117	3,412,532	100.51	10,952	.32

TABLE V

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

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

	REAL ESTATE	IMPROVEMENTS	SECURED PERSONAL	UNSECURED PERSONAL	UTILITIES RAILS, WIRES	GROSS VALUATION	EXEMPTIONS	NET TAXABLE VALUATION	ESTIMATED ACTUAL VALUATION (\$000)
1986-87 P	\$ NOTE	\$754,011,020	\$ 20,209,940	\$ 51,209,830	\$ 37,742,485	\$ 863,173,275	\$ 544,917	\$ 862,628,358	\$ 5,924,016
S	359,032,815	543,595,755	20,209,940	51,284,540	37,742,495	1,011,865,545	536,119	1,011,329,426	6,818,621
1985-86 P	NOTE	612,418,575	19,491,720	31,181,985	34,897,580	697,989,860	347,947	697,641,913	4,996,510
S	289,289,410	442,267,375	19,491,720	31,282,385	34,897,580	817,228,470	335,622	816,892,848	5,498,018
1984-85 P	NOTE	497,307,980	5,586,005	34,234,800	32,718,135	569,846,920	404,295	569,442,625	4,008,323
S	238,256,260	360,033,625	5,586,005	34,344,260	32,718,135	670,938,285	379,760	670,558,525	4,684,493
1983-84 P	NOTE	415,957,110	7,117,670	44,027,420	31,163,760	498,265,960	432,103	497,833,857	3,450,866
S	207,127,235	328,758,240	7,117,670	44,179,445	31,163,760	618,346,350	359,684	617,986,666	4,252,661
1982-83 P	NOTE	337,368,075	873,145	23,763,595	34,378,830	396,383,645	489,152	395,894,493	3,250,168
S	118,468,430	294,573,905	873,145	23,971,545	34,378,830	472,265,855	424,824	471,841,031	2,781,027
1981-82 P	NOTE	293,254,155	4,816,520	22,475,660	29,581,930	350,128,265	388,617	349,739,648	2,431,972
S	78,168,180	299,115,465	4,816,520	22,481,685	29,581,930	434,163,780	222,812	433,940,968	3,129,428
1980-81 P	56,061,565	195,178,565	4,387,300	16,910,048	26,185,865	298,723,343	381,890	298,341,453	2,060,862
S	62,607,985	204,893,090	4,387,300	16,910,048	26,185,865	314,984,288	381,209	314,603,079	2,164,592
1979-80	64,707,360	214,606,835	4,905,525	18,168,440	26,686,105	329,074,265	524,208	328,550,057	1,736,654
1978-79	58,113,425	178,910,680	2,991,890	14,343,335	23,759,140	278,118,470	556,772	277,561,698	1,447,302
1977-78	53,849,005	154,935,375	2,368,435	12,172,310	21,493,915	244,819,040	556,121	244,262,919	1,251,931

NOTE: Real Estate and Improvements Combined in Primary Valuation.

ASSESSED VALUATION HISTORIES

YEAR	CITY OF SCOTTSDALE	MARICOPA COUNTY	STATE OF ARIZONA
1986-87 P	\$ 862,628,358	\$ 9,752,363,542	\$15,869,884,369
S	1,011,329,426	10,963,593,442	17,651,286,504
1985-86 P	697,641,913	8,073,816,168	13,660,461,630
S	816,892,848	9,038,215,631	15,187,957,117
1984-85 P	569,442,625	7,057,697,234	12,136,753,090
S	670,558,525	7,929,606,629	13,527,994,589
1983-84 P	497,833,857	6,372,193,869	11,135,717,824
S	617,986,666	7,477,212,494	12,864,444,352
1982-83 P	395,894,493	5,257,521,736	9,943,400,152
S	471,841,031	6,034,315,165	11,199,119,863
1981-82 P	349,739,648	4,537,736,695	8,884,731,595
S	433,940,968	5,999,244,436	9,953,647,817
1980-81 P	298,341,453	3,822,449,353	8,872,496,646
S	314,603,079	3,994,223,482	9,940,994,609
1979-80	328,550,057	4,089,042,274	8,192,513,552
1978-79	277,561,698	3,488,588,940	7,226,035,626
1977-78	244,262,919	3,058,514,752	6,655,381,547

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

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

TAX RATES PER \$100 ASSESSED VALUATIONS		SCHOOL DISTRICTS							
FISCAL YEAR		CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	TOTAL
1987-88	Primary	\$.41	\$5.20	\$.61	\$1.43	\$.38	\$	\$	\$ 8.03
	Secondary	.42	.49	.07	.21		.50	.10	1.79
	Total	\$.83	\$5.69	\$.68	\$1.64	\$.38	\$.50	\$.10	\$ 9.82
1986-87	Primary	\$.42	\$4.91	\$.66	\$1.45	\$.38	\$	\$	\$ 7.82
	Secondary	.44	.65	.08	.22		.50	.07	1.96
	Total	\$.86	\$5.56	\$.74	\$1.67	\$.38	\$.50	\$.07	\$ 9.78
1985-86	Primary	\$.43	\$4.76	\$.71	\$1.45	\$.40	\$	\$	\$ 7.75
	Secondary	.46		.11	.16		.50	.07	1.30
	Total	\$.89	\$4.76	\$.82	\$1.61	\$.40	\$.50	\$.07	\$ 9.05
1984-85	Primary	\$.48	\$4.30	\$.75	\$1.50	\$.40	\$	\$	\$ 7.43
	Secondary	.42			.16		.50	.07	1.15
	Total	\$.90	\$4.30	\$.75	\$1.66	\$.40	\$.50	\$.07	\$ 8.58
1983-84	Primary	\$.51	\$4.34	\$.77	\$1.53	\$.75	\$	\$	\$ 7.90
	Secondary	.40	.13		.24		.48	.05	1.30
	Total	\$.91	\$4.47	\$.77	\$1.77	\$.75	\$.48	\$.05	\$ 9.20
1982-83	Primary	\$.55	\$3.98	\$.80	\$1.57	\$.75	\$	\$	\$ 7.65
	Secondary	.26	.21		.16		.50	.03	1.16
	Total	\$.81	\$4.19	\$.80	\$1.73	\$.75	\$.50	\$.03	\$ 8.81
1981-82	Primary	\$.59	\$4.11	\$.78	\$1.60	\$.95	\$	\$	\$ 8.03
	Secondary	.30	.29	.03	.18		.34	.03	1.17
	Total	\$.89	\$4.40	\$.81	\$1.78	\$.95	\$.34	\$.03	\$ 9.20
1980-81	Primary	\$.63	\$3.92	\$.88	\$1.76	\$1.25	\$	\$	\$ 8.44
	Secondary	.41	.33	.04	.22		.43	.04	1.47
	Total	\$1.04	\$4.25	\$.92	\$1.98	\$1.25	\$.43	\$.04	\$ 9.91
1979-80		1.03	5.64	.94	2.30	.48	.20	.03	10.62
1978-79		1.18	5.41	.84	2.30	1.10	.20	.03	11.06

TAX LEVIES

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

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

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

TABLE VII

CITY OF SCOTTSDALE
PRINCIPAL TAXPAYERS
JUNE 30, 1987

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Mountain Bell Telephone & Telegraph	Telephone Utility	\$20,331,134	2.01
Motorola, Inc.	Electronics Manufacturing	16,948,064	1.68
Arizona Public Service	Electric Utility	15,924,351	1.57
The Registry Resort	Resort Hotel	7,562,745	.75
Sentry Insurance Co.	Insurance Headquarters	6,997,683	.69
Camelview Plaza Shopping Center	Retail Mall	5,713,805	.57
Fashion Square Shopping Center	Retail Mall	4,644,510	.46
Los Arcos Shopping Mall	Retail Mall	3,761,864	.37
Scottsdale Conference Center	Convention Center	3,593,142	.36
The Boulders Resort	Resort Hotel	2,730,784	.27
Armour & Co.	Product Research	2,140,341	.21
Southwest Gas Corp.	Utility	<u>1,608,380</u>	<u>.16</u>
		<u>\$91,956,803</u>	<u>9.10</u>

TABLE VIII

CITY OF SCOTTSDALE
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	CURRENT ASSESSMENTS DUE	CURRENT ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS
1986-87	\$ 2,145,044	\$ 2,128,060	99.2%	\$16,984
1985-86	1,885,731	1,884,530	99.9	1,201
1984-85	469,277	468,058	99.7	1,219
1983-84	307,290	302,047	98.3	5,243
1982-83	530,838	522,765	98.5	8,073
1981-82	738,597	731,731	99.0	6,866
1980-81	857,444	837,888	97.7	19,556
1979-80	967,385	954,370	98.7	13,015
1978-79	1,123,385	1,119,671	99.7	3,714
1977-78	838,132	834,603	99.6	3,529

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

TABLE IX

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

FISCAL YEAR	POPULATION*	ASSESSED VALUE	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1986-87	122,000	\$1,011,329,426	\$ 74,335,000	\$ 7,769,234	\$ 66,565,766	6.6%	\$545.62
1985-86	115,509	816,892,848	40,195,000	8,270,674	31,924,326	3.9	276.38
1984-85	107,900	670,558,525	30,800,000	6,525,723	24,274,277	3.6	224.97
1983-84	100,900	617,986,666	31,000,000	6,492,884	24,507,116	4.0	242.89
1982-83	98,600	471,841,031	11,365,000	6,047,735	5,317,265	1.1	53.93
1981-82	96,100	433,940,968	11,725,000	5,322,701	6,402,299	1.5	66.22
1980-81	90,700	314,603,079	12,080,000	4,666,093	7,413,907	2.4	81.74
1979-80	88,900	328,550,057	12,430,000	4,065,852	8,364,148	2.5	94.08
1978-79	87,400	277,561,698	12,750,000	3,502,116	9,247,884	3.3	105.81
1977-78	81,100	244,262,919	13,065,000	2,929,844	10,135,156	4.2	124.97

*Source: City Planning Staff

CITY OF SCOTTSDALE
COMPUTATION OF LEGAL DEBT MARGINS
JUNE 30, 1987

Assessed Value			\$1,011,329,426
Debt Limit 6% of Assessed Value			60,679,766
Amount of Debt Applicable to Debt Limit			
Total 6% General Obligation Bonded Debt			
1967 Civic Center	635,000		
1968 Civic Center	1,400,000		
1983 CIP Series A Public Buildings	12,960,000		
1985 CIP Series B Public Buildings	2,900,000	<u>17,895,000</u>	
Less:			
Cash in Debt Service Funds			
1967 Civic Center	165,000		
1983 CIP Series A	1,440,000		
1985 CIP Series B	60,000	<u>1,665,000</u>	
Total Debt Applicable to Debt Limit			16,230,000
Legal Debt Margin			<u>\$ 44,449,766</u>
Debt Limit 20% of Assessed Value			\$202,265,885
Amount of Debt Applicable to Debt Limit			
Total 20% General Obligation Bonded Debt			
1973 Storm Sewer Series A	3,500,000		
1973 Storm Sewer Series C	3,000,000		
1983 CIP Series A Parks Storm Sewer	4,500,000 540,000		
1985 CIP Series B Parks Storm Sewer	3,800,000 3,100,000		
1986 Water Improvements	38,000,000	<u>56,440,000</u>	
Less:			
Cash in Debt Service Funds			
1973 Storm Sewer Series	4,384,234		
1983 CIP Series A Parks Storm Sewer	500,000 60,000		
1985 CIP Series B Parks Storm Sewer	90,000 70,000	<u>5,104,234</u>	
Total Debt Applicable to Debt Limit			51,335,766
Legal Debt Margin			<u>\$150,930,119</u>

TABLE XI

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

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>DEBT SERVICE</u>	<u>TOTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL EXPENDITURES</u>
*1987	\$3,385,000	\$2,651,968	\$ 6,036,968	\$84,961,071	7.11%
*1986	3,860,000	2,782,036	6,642,036	79,682,450	8.34
*1985	975,000	2,080,725	3,055,725	58,041,919	5.26
*1984	670,000	1,114,165	1,784,165	50,714,853	3.52
*1983	660,000	589,860	1,249,860	44,551,039	2.81
*1982	655,000	605,285	1,260,285	39,846,106	3.16
*1981	650,000	630,260	1,280,260	36,502,778	3.51
*1980	645,000	647,160	1,292,160	32,161,034	4.02
1979	680,000	666,805	1,346,805	30,210,507	4.46
1978	750,000	626,410	1,376,410	21,685,841	6.35

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

TABLE XII

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

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>OPERATING & MAINTENANCE EXPENSES</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>COVERAGE</u>	<u>REQUIRED COVERAGE</u>
1987	\$24,557,240	\$12,426,534(1)	\$12,130,706	\$ 690,000	\$ 2,502,199	\$ 3,192,199	3.80	1.20
1986	20,482,747	7,732,022(1)	12,750,725	950,000	542,030	1,492,030	8.55	1.20
1985	16,940,220	6,732,262(1)	10,207,958	1,270,000	575,785	1,845,785	5.53	1.20
1984	13,932,644	5,978,867(1)	7,953,777	1,200,000	771,131	1,971,131	4.04	1.20
1983	9,907,951	5,104,171(1)	4,803,780	685,000	490,573	1,175,573	4.09	1.20
1982	8,466,963	4,205,257	4,261,706	600,000	522,323	1,122,323	3.80	1.20
1981	7,244,494	2,433,428	4,811,066	535,000	549,748	1,084,748	4.44	1.20
1980	6,231,513	1,902,516	4,328,997	500,000	481,434	981,434	4.41	1.20
1979	6,899,446	1,880,591	5,018,855	425,000	499,008	924,008	5.43	1.20
1978	5,076,901	1,187,611	3,889,290	345,000	516,483	861,483	4.51	1.20

(1)Excludes internal allocation for indirect costs.

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

TABLE XIII

CITY OF SCOTTSDALE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME (2)</u>	<u>MEDIAN AGE (2)</u>	<u>EDUC. LEVEL IN YEARS OF SCHOOLING (2)</u>	<u>SCHOOL ENROLLMENT (3)</u>	<u>UNEMPLOYMENT RATE (4)</u>
1987	122,000	14,734	39.0	N/A	19,337	4.3%
1986	115,509	14,650	36.9	13.5	19,255	3.9
1985	107,900	14,000	43.5	14.2	18,830	3.6
1984	100,900	10,900	38.5	12.0	19,032	2.9
1983	98,600	12,200	39.4	13.0	19,803	5.9
1982	96,100	10,013	39.2	13.3	20,855	6.3
1981	90,700	11,116	34.6	14.7	22,060	3.9
1980	88,900	8,968	34.3	14.4	23,309	4.4
1979	87,400	8,397	33.3	14.5	24,440	3.4
1978	81,100	7,826	32.4	14.6	25,478	4.2

Sources:

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

TABLE XIV

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

FISCAL YEAR	COMMERCIAL CONSTRUCTION (1)		RESIDENTIAL CONSTRUCTION (1)		BANK DEPOSITS MARICOPA COUNTY (\$000) (2)	PROPERTY VALUE (3) (4)		
	NUMBER OF PERMITS	VALUE	NUMBER DWELLING UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
1987	2,369	\$241,225,414	2,541	\$400,622,346	\$16,305,623	\$2,419,008,011	\$4,399,613,412	\$300,069,057
1986	2,436	190,962,782	3,994	386,391,288	13,973,325	1,935,264,476	3,596,269,350	220,255,201
1985	2,691	184,975,825	3,917	363,121,381	12,287,691	1,453,886,466	3,118,169,191	253,820,222
1984	2,529	124,939,954	5,212	294,370,574	10,286,853	1,276,210,112	2,925,474,200	230,412,720
1983	1,949	67,585,662	2,404	137,180,307	8,603,186	810,425,162	2,439,742,604	194,655,713
1982	2,278	62,902,183	1,103	63,345,423	7,888,962	702,699,595	2,429,906,884	107,081,672
1981	2,723	52,387,384	1,906	96,450,635	7,415,347	569,123,360	1,595,467,446	101,065,967
1980	3,827	47,930,450	1,433	58,675,933	6,705,628	482,728,948	1,253,925,269	154,602,436
1979	3,933	47,245,774	4,543	130,673,316	5,736,650	420,469,277	1,026,832,307	137,822,740
1978	2,693	31,196,225	3,523	113,863,766	4,820,917	443,481,361	808,449,825	107,680,243

Note (1) Source - City Building Inspection Staff

Note (2) Source - Arizona Bankers Association

Note (3) Source - Abstract published by the Arizona State Department of Revenue. Data not available prior to 1978.

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

CITY OF SCOTTSDALE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION, MUNICIPAL PROPERTY CORPORATION, AND GENERAL FUND CONTRACT DEBT
AS OF JUNE 30, 1987

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
1987-88	\$ 1,686,016	\$ 1,175,716	\$ 2,861,732	\$ 1,053,984	\$ 3,541,333	\$ 4,595,317	\$ 2,740,000	\$ 4,717,049	\$ 7,457,049
1988-89	1,698,413	1,067,100	2,765,513	1,151,587	3,460,499	4,612,086	2,850,000	4,527,599	7,377,599
1989-90	1,714,331	953,239	2,667,570	1,255,669	3,369,586	4,625,255	2,970,000	4,322,825	7,292,825
1990-91	1,733,208	834,560	2,567,768	1,366,792	3,268,674	4,636,466	3,100,000	4,105,234	7,203,234
1991-92	1,740,606	710,119	2,450,725	1,489,394	3,157,061	4,646,455	3,230,000	3,867,180	7,097,180
1992-93	1,750,962	582,559	2,333,521	1,624,038	3,033,850	4,657,888	3,375,000	3,616,409	6,991,409
1993-94	1,784,839	450,463	2,235,302	1,760,161	2,897,647	4,657,808	3,545,000	3,348,110	6,893,110
1994-95	1,818,716	317,274	2,135,990	1,911,284	2,752,056	4,663,340	3,730,000	3,069,330	6,799,330
1995-96	389,073	183,633	572,706	1,460,927	2,597,411	4,058,338	1,850,000	2,781,044	4,631,044
1996-97	150,909	160,461	311,370	1,579,091	2,499,104	4,078,192	1,730,000	2,659,565	4,389,565
1997-98	162,745	147,936	310,681	1,702,255	2,391,219	4,093,474	1,865,000	2,539,155	4,404,155
1998-99	176,060	134,265	310,325	1,843,940	2,273,215	4,117,155	2,020,000	2,407,480	4,427,480
1999-00	190,855	119,300	310,155	2,799,145	2,143,554	4,942,699	2,990,000	2,262,854	5,252,854
2000-01	207,130	102,887	310,017	3,942,870	1,949,728	5,892,598	4,150,000	2,052,615	6,202,615
2001-02	224,884	85,073	309,957	4,260,116	1,676,191	5,936,307	4,485,000	1,761,264	6,246,264
2002-03	244,117	65,509	309,626	4,605,883	1,378,198	5,984,081	4,850,000	1,443,707	6,293,707
2003-04	264,830	44,148	308,978	4,975,170	1,053,672	6,028,842	5,240,000	1,097,820	6,337,820
2004-05	287,028	22,954	309,982	5,372,972	707,815	6,080,787	5,660,000	730,769	6,390,769
2005-06				5,070,000	329,550	5,399,550	5,070,000	329,550	5,399,550
TOTALS	<u>\$16,224,722</u>	<u>\$ 7,157,196</u>	<u>\$23,381,918</u>	<u>\$49,225,278</u>	<u>\$44,480,363</u>	<u>\$21,078,411</u>	<u>\$65,450,000</u>	<u>\$51,637,559</u>	<u>\$117,087,559</u>

*EXCLUDES GENERAL OBLIGATION BOND PRINCIPAL AND INTEREST PAYMENTS TO BE MADE FROM THE FULLY FUNDED SINKING FUND;
PRINCIPAL \$4,500,000, INTEREST \$1,296,000.

FISCAL YEAR	MUNICIPAL PROPERTY CORPORATION DEBT SERVICE REQUIREMENTS			LONG-TERM CONTRACTS			TOTAL ALL DEBT SERVICE REQUIREMENTS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1987-88	\$ 2,330,000	\$ 8,645,438	\$ 10,975,438	\$ 3,720,365	\$ 1,194,079	\$ 4,914,444	\$ 8,790,365	\$ 14,556,566	\$ 23,346,931
1988-89	2,480,000	8,496,542	10,976,542	3,722,876	894,391	4,617,267	9,052,876	13,918,532	22,971,408
1989-90	2,645,000	8,324,155	10,969,155	3,047,826	624,842	3,672,668	8,662,826	13,271,822	21,934,648
1990-91	2,825,000	8,146,077	10,971,077	2,372,121	416,629	2,788,750	8,297,121	12,665,940	20,963,061
1991-92	3,030,000	7,941,686	10,971,686	1,058,825	291,997	1,350,822	7,318,825	12,100,863	19,419,688
1992-93	3,255,000	7,716,479	10,971,479	37,926	254,000	291,926	6,667,926	11,586,888	18,254,814
1993-94	3,495,000	7,467,520	10,962,520	40,471	251,435	291,906	7,080,471	11,067,085	18,147,556
1994-95	3,765,000	7,193,459	10,958,459	43,210	248,716	291,926	7,538,210	10,511,505	18,049,715
1995-96	3,840,000	6,891,263	10,731,263	46,158	245,768	291,926	5,736,158	9,918,075	15,654,233
1996-97	4,230,000	6,604,077	10,834,077	49,335	242,591	291,926	6,009,335	9,506,233	15,515,568
1997-98	4,595,000	6,246,315	10,841,315	52,760	239,166	291,926	6,512,760	9,024,636	15,537,396
1998-99	4,995,000	5,847,912	10,842,912	56,454	235,472	291,926	7,071,454	8,490,864	15,562,318
1999-00	5,445,000	5,411,100	10,856,100	60,442	231,484	291,926	8,495,442	7,905,438	16,400,880
2000-01	5,940,000	4,928,110	10,868,110	64,749	227,177	291,926	10,154,749	7,207,902	17,362,651
2001-02	5,725,000	4,399,406	10,124,406	69,403	222,523	291,926	10,279,403	6,383,193	16,662,596
2002-03	6,265,000	3,869,162	10,134,162	74,435	217,491	291,926	11,189,435	5,530,360	16,719,795
2003-04	6,855,000	3,288,392	10,143,392	79,880	212,046	291,926	12,174,880	4,598,258	16,773,138
2004-05	4,110,000	2,652,608	6,762,608	85,776	206,150	291,926	9,855,776	3,589,527	13,445,303
2005-37	<u>29,625,000</u>	<u>11,829,559</u>	<u>41,454,559</u>	<u>3,927,435</u>	<u>4,115,584</u>	<u>8,043,019</u>	<u>38,622,435</u>	<u>16,274,693</u>	<u>54,897,128</u>
	<u>\$105,450,000</u>	<u>\$125,899,260</u>	<u>\$231,349,260</u>	<u>\$18,610,447</u>	<u>\$10,571,561</u>	<u>\$29,182,008</u>	<u>\$189,510,447</u>	<u>\$188,108,380</u>	<u>\$377,618,827</u>

TABLE XVb

CITY OF SCOTTSDALE
DEBT SERVICE REQUIREMENTS TO MATURITY
SPECIAL ASSESSMENT BONDS
JUNE 30, 1987

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
1988	\$ 1,832,000	\$ 1,085,000	\$ 2,917,000
1989	1,720,000	942,272	2,662,272
1990	1,652,000	804,945	2,456,945
1991	1,594,000	671,992	2,265,992
1992	1,592,000	541,136	2,133,136
1993	1,529,000	413,264	1,942,264
1994	1,527,000	288,393	1,815,393
1995	1,507,000	164,571	1,671,571
1996	665,000	79,041	744,041
1997	525,000	36,750	561,750
	<u>\$14,143,000</u>	<u>\$ 5,027,364</u>	<u>\$19,170,364</u>

DEBT SERVICE REQUIREMENTS TO MATURITY
HIGHWAY USER REVENUE BONDS

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
1988	\$ 540,000	\$ 1,795,200	\$ 2,335,200
1989	590,000	1,739,850	2,329,850
1990	665,000	1,679,374	2,344,374
1991	715,000	1,611,213	2,326,213
1992	770,000	1,543,325	2,313,325
1993	855,000	1,472,900	2,327,900
1994	935,000	1,394,763	2,329,763
1995	1,015,000	1,315,779	2,330,779
1996	1,105,000	1,230,386	2,335,386
1997	1,195,000	1,135,377	2,330,377
1998	1,285,000	1,029,908	2,314,908
1999	1,410,000	915,937	2,325,937
2000	1,535,000	790,563	2,325,563
2001	1,665,000	654,062	2,319,062
2002	1,830,000	504,213	2,334,213
2003	1,995,000	339,512	2,334,512
2004	920,000	165,713	1,085,713
2005	1,005,000	82,912	1,087,912
	<u>\$20,030,000</u>	<u>\$19,400,987</u>	<u>\$39,430,987</u>

CITY OF SCOTTSDALE
DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS AND LONG-TERM CONTRACTS
ENTERPRISE FUNDS
JUNE 30, 1987

FISCAL YEAR	WATER AND SEWER UTILITY REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
1988	\$ 725,000	\$ 999,798	\$ 1,724,798
1989	765,000	964,798	1,729,798
1990	800,000	927,073	1,727,073
1991	810,000	887,623	1,697,623
1992	875,000	847,123	1,722,123
1993	925,000	800,623	1,725,623
1994	1,010,000	719,998	1,729,998
1995	1,085,000	630,688	1,715,688
1996	1,175,000	549,062	1,724,062
1997	1,275,000	446,250	1,721,250
1998	1,400,000	332,775	1,732,775
1999	1,525,000	206,775	1,731,775
2000	850,000	68,000	918,000
	<u>\$13,220,000</u>	<u>\$ 8,380,586</u>	<u>\$21,600,586</u>

TABLE XVc

WATER AND SEWER UTILITY LONG TERM CONTRACTS			WATER AND SEWER UTILITY TOTAL REQUIREMENTS		
PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
\$ 581,791	\$ 79,898	\$ 661,689	\$ 1,306,791	\$ 1,079,696	\$ 2,386,487
612,823	76,000	688,823	1,377,823	1,040,798	2,418,621
612,823	72,103	684,926	1,412,823	999,176	2,411,999
1,197,441	35,077	1,232,518	2,007,441	922,700	2,930,141
506,739		506,739	1,381,739	847,123	2,228,862
422,762		422,762	1,347,762	800,623	2,148,385
313,023		313,023	1,323,023	719,998	2,043,021
70,765		70,765	1,155,765	630,688	1,786,453
			1,175,000	549,062	1,724,062
			1,275,000	446,250	1,721,250
			1,400,000	332,775	1,732,775
			1,525,000	206,775	1,731,775
			850,000	68,000	918,000
<u>\$ 4,318,167</u>	<u>\$ 263,078</u>	<u>\$ 4,581,245</u>	<u>\$17,538,167</u>	<u>\$ 8,643,664</u>	<u>\$26,181,831</u>

CITY OF SCOTTSDALE
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 1987

TABLE XVI

Date of Incorporation	- June 25, 1951	
Date Charter Adopted	- November 16, 1961	
Form of Government	- Council/Manager	
Population		Area - Square Miles
1951 Census	- 2,032	1951 - .62
1960 Census	- 10,026	1961 - 4.90
1965 Special Census	- 54,504	1970 - 62.20
1970 Census	- 67,823	1971 - 73.60
1975 Special Census	- 78,065	1975 - 85.80
1980 Census	- 88,900	1979 - 88.60
1985 Census	- 107,900	1982 - 116.00
1987 Est. 6/30/87	- 122,539	1987 - 147.00
Miles of Streets and Alleys		1986 - 183.00
Streets		586.51
Alleys		152.54
Miles of Sewers		
Storm		19.35
Sanitary		585.67
Fire Protection		
Number of Stations		5
The City of Scottsdale has no fire employees but contracts with Metropolitan Fire Department Inc. to provide fire service to all residents.		
Police Protection		
Number of Employees		265
Number of Traffic Citations (excluding parking)		48,685
Number of Vehicles		133
The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.		
Recreation		
Parks - Number of Acres		2,007
Number of Swimming Pools		3
Number of Other Recreation Facilities		36
These include schools and school playgrounds in cooperation with Scottsdale School District.		
Water Enterprise		
Number of Users (No. Units)		65,450
Annual Consumption (Gallons)		9,111,684,858
Plant Capacity (Gallons Per Day)		89,923,935
Miles of Distribution Lines		808.86
Number of Street Lights		6,346
Employees as of June 30, 1987		
Full Time		1,001
Part Time		245
Grant Funded		8
Total		1,254
Elections		
Number of Registered Voters as of last regular Election, March, 1986		62,778
Number/% Voting in Last Municipal Election		12,535/20%
Population		
Median Age of Residents		41.6
Median Household Income		34,800
Median Home Value - Single Family		109,700

TABLE XVII

CITY OF SCOTTSDALE
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 1987

<u>CARRIER</u>	<u>POLICY DESCRIPTION</u>	<u>AMOUNT OF COVERAGE</u>
Arkwright Mutual Insurance Co. 07/01/87 to 06/30/88	Property Insurance - All Risk Repair or Replace \$5,000 Deductible	\$100,000,000
The Insurance Company of the State of Pennsylvania 06/30/87 to 06/29/88	Excess Liability Coverage \$1,000,000 Retention	\$ 5,000,000
Transamerica and Lloyd's of London 07/01/87 to 06/30/88	Airport and Hangarkeepers Coverage \$5,000 Deductible	\$ 50,000,000
Employers Reinsurance 07/01/87 to 06/30/88	Excess Workers' Compensation Coverage \$175,000 Retention	Unlimited
Aetna 07/01/87 to 06/30/88	Workers' Compensation Guaranty Bond (Value of Bond \$100,000)	

TABLE XVIIa

CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1987

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/87)</u>
<u>Parks</u>				
<u>Aqua Linda Park Bldg.</u> 8732 East McDonald	Conc./Block	04/75	1,300	\$ 85,680
<u>Cactus Park</u> 7202 East Cactus Road	Conc./Block	04/87	11,000 & 17 Acres	2,608,000
<u>Chaparral Park</u> 5401 North Hayden Road	Conc./Block	10/74	4,650	265,200
Recreation Center	Conc./Block	10/81	2,000	153,000
<u>Chesnut Park</u>				
4565 North Granite Reef Senior Citizen Center	Adobe	08/65	950	53,040
Ramadas	Conc./Block	07/69	693	17,136
<u>Eldorado Park</u>				
Recreation Center 2311 North Miller Rd.	Conc./Block	10/68	10,000	612,000
Pool/Bath House 2301 North Miller Rd.	Conc./Block	06/68	3,515	179,520
Restrooms 2301 North Miller Rd.	Conc./Block	07/70	350	16,320
South Control Bldg. 1909 North Miller Rd.	Conc./Block	07/70	1,944	127,500
Concession Stand 2301 North Miller Rd.	Conc./Block	1970	210	5,100
<u>Paiute Park</u>				
6535 East Osborn Control Building	Conc./Block	07/82	1,500	124,440
Maintenance Compound	Conc./Block	--	720	30,600
<u>Pima Park</u>				
8600 East Thomas Road	Conc./Block	--	500	43,860
<u>Baseball Stadium</u> 7408 East Osborn	Wood Frame	--	12,000	408,000
<u>Vista Del Camino</u> 7700 East Roosevelt	Conc./Block	08/73	8,753	816,000

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1987REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/87)</u>
Parks (Continued)				
<u>Horseman's Park</u>				
<u>16600 North Pima Road</u>				
Control/Restrooms	Conc./Block	05/83	1,260	\$ 83,640
Park Residence	Block/Frame	06/84	2,800	173,400
<u>McCormick Park</u>				
<u>7303 East Indian Bend</u>				
Bldg./N. Branch Library	Adobe	12/67	3,108	196,860
Storage Building	Adobe	12/67	616	26,520
Railroad Train Shed	Steel	12/71	6,400	255,000
Train Depot	Wood Frame	04/75	504	25,500
Peoria Building	Wood Frame	04/75	1,008	56,100
Machine Shop Museum	Wood Frame	1974	180	5,916
North Star-Train Car	Steel	--	750	208,080
<u>Indian School Park</u>				
<u>4289 North Hayden Road</u>				
Sports Control Bldg.	Conc./Block	02/80	2,265	177,480
Visitor Center	Conc./Block	02/80	3,918	306,000
Shower and Lockers	Conc./Block	02/80	3,600	306,000
<u>Mountain View Park</u>				
<u>8625 East Mountain View</u>				
Restrooms/Storage	Conc./Block	1986	12,000	846,600
	Conc./Block	1986	800	<u>28,560</u>
TOTAL PARKS				<u>\$ 8,241,052</u>
<u>Maintenance Complex</u>				
<u>Street Maintenance</u>				
Storage Building	Conc./Block	08/71	8,479	\$ 762,450
1327 East McKellips	Metal	07/66	600	12,240
<u>Sanitation Center</u>				
1325 East McKellips	Conc./Block	07/66	3,640	246,840
<u>Fleet Maintenance</u>				
1323 East McKellips	Conc./Block	11/64	20,646	1,081,200
<u>P/M Building</u>				
1323 East McKellips	Conc./Block	02/69	1,600	142,800
<u>Auto Parts Building</u>				
1323 East McKellips	Sheet Metal	11/74	1,600	183,600

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1987REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/87)</u>
Maintenance Complex (Continued)				
<u>Corporation Yard</u> 9191 San Salvador	Conc./Block	01/87	93,720	\$ 6,376,020
<u>Facilities Maintenance Shop</u> 1601 East McKellips	Sheet Metal	11/74	1,600	47,940
<u>Facilities Maintenance Building</u> 1601 East McKellips	Conc./Block	02/75	5,400	816,000
<u>Mower Shop</u> 1323 East McKellips	Conc./Block	09/67	780	32,640
<u>Municipal Utilities</u> 1501 North Miller	Conc./Block	06/79	4,760	<u>1,147,500</u>
TOTAL MAINTENANCE COMPLEX				<u>\$10,849,230</u>
Airport				
<u>Terminal</u> 7600 East Butherus Dr.	Conc./Block	01/68	10,250	\$ 994,500
<u>Service Hangar</u> 7600 East Butherus Dr.	Conc./Block	01/68	15,714	818,040
<u>"T" Hangars</u> 7600 East Butherus Dr.	Conc./Block	11/71	14,400	459,000
<u>F. A. A. Building</u> 7600 East Butherus Dr.	Conc./Block	07/72	5,930	561,000
<u>Maintenance Shop</u> 7600 East Butherus Dr.	Conc./Block	06/82	1,400	<u>71,400</u>
TOTAL AIRPORT				<u>\$ 2,903,940</u>
Civic Center Complex				
<u>City Hall</u> 3939 Civic Center Plaza	Conc./Block	10/68	37,000	\$ 3,613,860
<u>Library</u> 3839 Civic Center Plaza	Conc./Block	10/68	40,000	8,025,360

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1987REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/87)</u>
Civic Center Complex (Continued)				
<u>Public Service</u> 3739 Civic Center Plaza	Conc./Block	04/71	23,260	\$ 3,674,040
<u>Pepperwood Building</u>	Conc./Block	08/84	10,195	1,122,000
<u>Civic Center Pool</u> 3639 Civic Center Plaza	Conc./Block	06/66	1,200	66,300
<u>Mall Parking Facility</u> 7335 Civic Center Mall (446 Spaces)	Conc./Block	12/74	140,000	2,040,000
<u>Court Building</u> 3629 Civic Center Plaza	Conc./Block	09/75	7,500	612,000
<u>One Civic Center</u>	Conc./Block	11/84	58,000	9,302,400
<u>Center For The Arts</u> 7384 East Second Street	Conc./Block	09/75	88,000	16,891,200
<u>Civic Center Parking Structure</u>	Conc./Block	1986		6,120,000
<u>Pedestrian Mall Overpass</u> Civic Center and 2nd St.	Conc./Block	1986		6,120,000
<u>Senior Center I</u>	Conc./Block	09/76	5,200	428,400
<u>Senior Center II</u>	Conc./Block	11/77	5,145	443,700
<u>Senior Center III</u> 7375 East Second Street	Conc./Block	02/79	3,712	265,200
TOTAL CIVIC CENTER COMPLEX				\$58,724,460
Fire Department				
<u>Fire Station #10</u> 2857 North Miller Road	Conc./Block	08/68	8,424	\$ 513,060
<u>Fire Station #11</u> 7339 East McDonald	Conc./Block	12/71	4,023	276,420
<u>Fire Station #12</u> 13665 N. Scottsdale Rd.	Conc./Block	12/71	2,120	144,840

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1987REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/87)</u>
Fire Department (Continued)				
<u>Fire Station #19</u> <u>10850 Via Linda</u>	Conc./Block	1986	8,800	\$ <u>617,100</u>
TOTAL FIRE DEPARTMENT				\$ <u>1,551,420</u>
Planet Ranch				
Residences	Conc./Block	1985	9,000	\$ 306,000
Manager Residence	Conc./Block	1985	2,000	61,200
Guest House	Wood Frame	1985	2,000	117,300
Steel Shop	Sheet Metal	1985	2,500	540,600
Remodeled Home	Conc./Block	1985	1,500	<u>71,400</u>
TOTAL PLANET RANCH				\$ <u>1,096,500</u>
Miscellaneous				
<u>Graphics</u> <u>7501 East Second Street</u>	Conc./Block	1972	17,200	\$ 912,900
<u>Mustang Library</u> <u>10101 North 70th Street</u>	Conc./Block	05/87	31,420	5,100,000
<u>Gainey Ranch Water</u> <u>1283 East Mountain View Road</u>	Conc./Block		2,000 & 2 Acres	3,570,000
<u>Police Annex</u> <u>3720 North 75th Street</u>	Block	1980	2,752	172,380
<u>Brooks Building</u>	Conc./Block	1984	5,400	357,000
<u>Bishop Plaza</u> <u>7120 East 4th Street</u>	Conc./Block	1986	6,200	343,740
<u>Scottsdale Plumbing</u> <u>3700 North 75th Street</u>	Conc./Block	1986	6,000	408,000
<u>Various Structures</u>				<u>5,769,378</u>
TOTAL MISCELLANEOUS				\$ <u>16,633,398</u>
TOTAL REAL PROPERTY				\$ <u>100,000,000</u>

TABLE XVIII

CITY OF SCOTTSDALE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
FOR FISCAL YEAR ENDED JUNE 30, 1987

<u>OFFICIAL TITLE</u>	<u>MAXIMUM</u>	<u>BOND</u>
Mayor	\$21,600	\$ 10,000
Councilmen (6)	10,800	10,000
City Manager/City Clerk	96,329	1,000,000
City Attorney	80,364	1,000,000
City Treasurer	76,000	1,000,000
City Judge	68,480	1,000,000

PUBLIC EMPLOYEES HONESTY AND FAITHFUL PERFORMANCE BOND

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

CITY OF SCOTTSDALE
EXPENDITURE LIMITATION
FISCAL YEAR 1986-87

Expenditure Limit Base (1979-80)		\$ 30,472,056
Population Factor:	$\frac{1985 \text{ Population}}{1978 \text{ Population}} = \frac{108,402}{83,000}$	1.3060
Inflation Factor:	$\frac{1985 \text{ GNP Deflator}}{1978 \text{ GNP Deflator}} = \frac{111.7}{72.2}$	1.5471
Expenditure Limitation Fiscal Year 1986-87		\$ 61,571,445
Total Expenditures Fiscal Year 1986-87	\$167,756,490	
Exclusions	<u>114,229,488</u>	
Expenditures Subject to Limitation		<u>53,527,002</u>
Expenditures Under Limitation		<u>\$ 8,044,443</u>