

City of Scottsdale

ARIZONA



Comprehensive Annual Financial
Report for the Fiscal Year
Ended June 30, 1994

The City of Scottsdale's scenic beauty serves as the backdrop for a collage of images mirroring the City's commitment to preserving the desert while trying to keep pace with the demand for new infrastructure and development.

COVER DESIGN:
Rick Forgas
City of Scottsdale





**CITY OF SCOTTSDALE
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 1994**

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

**GREGORY S. BIELLI
MARY MANROSS
DONALD J. PRIOR**

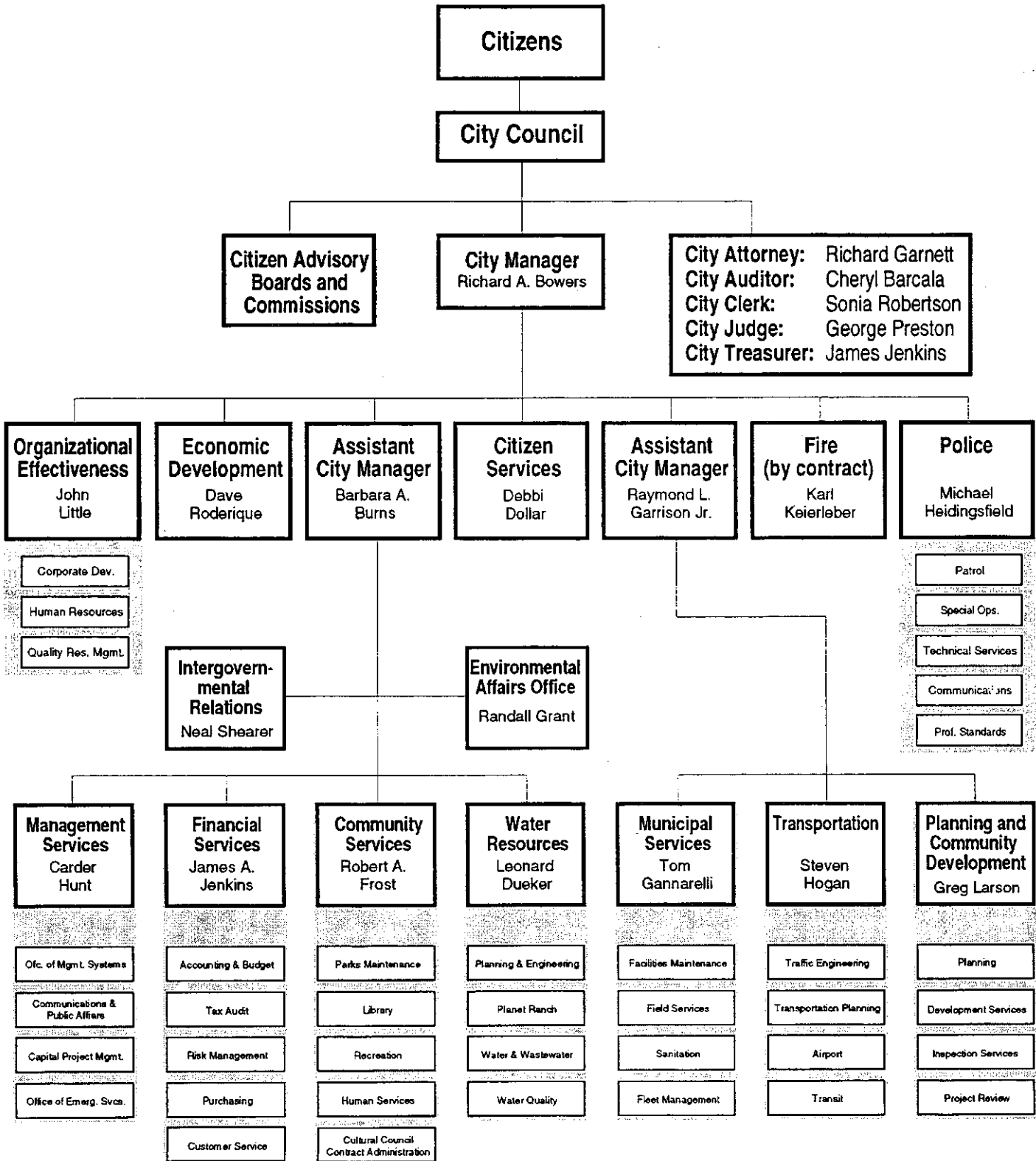
**JAMES BURKE, M.D.
ROBERT C. PETTYCREW
RICHARD THOMAS**

RICHARD A. BOWERS, CITY MANAGER

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

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

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



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June 30, 1994

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Introductory Section

This section includes the transmittal letter from the General Manager and City Treasurer, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.



• "Most Livable City" U.S. Conference of Mayors •

September 16, 1994

The Honorable Mayor and City Council
City of Scottsdale, Arizona

Dear Mayor and Member of the City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (City), Arizona, for the fiscal year ended June 30, 1994, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget division. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures that we believe are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

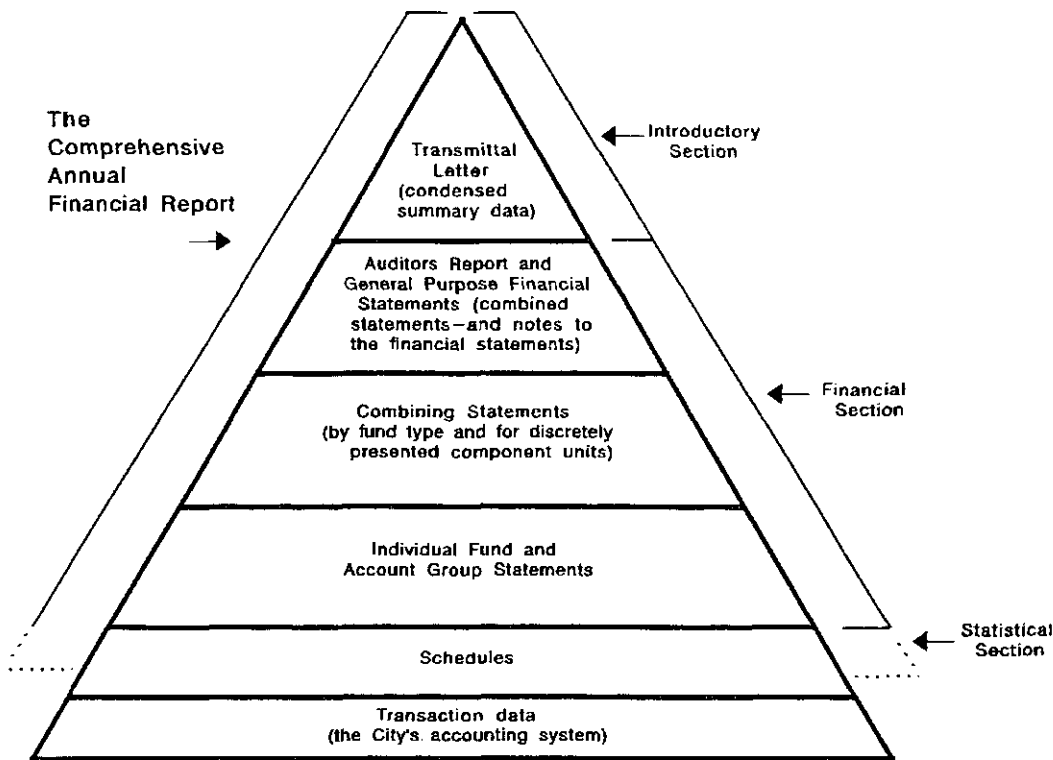
This report represents management's report to its governing body, constituents, legislative and oversight bodies, and investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, and other agencies which have expressed an interest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

FINANCIAL REPORTING ENTITY

Scottsdale provides a full range of services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events. This report includes the financial data of all entities with which the City has a significant operational or financial relationship and which are consequently includable as component units in the City's financial reporting entity, in accordance with Governmental Accounting Standards Board *Statement No. 14*. The statements include the activities and functions of the City of Scottsdale Municipal Property Corporation and Scottsdale Mountain Community Facilities District, and discrete presentation of the Industrial Development Authority and Scottswater Company, Incorporated. Further data defining these determinations is available in the Notes to the Financial Statements.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The Comprehensive Annual Financial Report (CAFR) is organized on the basis of what has come to be known as the financial reporting pyramid (see the following graphic). The principle underlying this method of presentation is that readers can move from summary information to more detailed information. The CAFR contains three sections: 1) the **Introductory Section**, which includes this transmittal letter, the City's organizational chart, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting; 2) the **Financial Section**, which includes the independent auditors' report, the general purpose financial statements, notes to the financial statements and financial policy of the City and the combining and individual funds and account group financial statements and schedules; and 3) the **Statistical Section**, which includes selected financial and demographic information, generally presented on a multi-year basis.



ECONOMIC CONDITION AND OUTLOOK

The City of Scottsdale is centrally located in Maricopa County, with its boundaries encompassing an area of approximately 185.2 square miles. The City is bordered by Phoenix, the state capital, to the west and the City of Tempe to the south. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

Fiscal year 1993/94 was an extremely positive one for Scottsdale's economy. Nearly every local economic indicator posted record levels, and in most instances bettered the averages for metro Phoenix. There are a number of reasons for this including:

Retail Sales. Sales tax receipts in 1993/94 were up by 15 percent overall, and are projected to grow by 10-15 percent for 1994/95. The tremendous growth was led by construction activity up 36 percent, automotive sales up 20 percent, hotels & motels up 17 percent, miscellaneous retail up 27 percent and restaurants up 16 percent. The gains are indicative of Scottsdale's strong tax base which is spread amongst a variety of businesses. Over one million square feet of new retail space is currently under construction in Scottsdale.

Assessed Property Values. Assessed property values, up 3.4 percent, after three consecutive years of negative growth is also a positive sign of the resurgence of Scottsdale's economy. Assessed property values are expected to grow by 3-5 percent in 1994/95.

Job Growth. Scottsdale attracted a record 26 major new firms, employing approximately 3,000 persons in 1993/94. Currently there are 45 active prospect firms looking at Scottsdale, with a potential for 8,000 new jobs. Personal income growth also benefits not only from the strong influx of population but also from some gains in higher wage jobs. Employment growth is expected to remain strong in almost every area.

Employment. Scottsdale remains a net importer of labor, as the number of jobs physically located in the City (about 105,000) far outweighs the local labor force (about 83,000). Scottsdale's unemployment rate is the lowest of any major city in the valley (currently 3.5 percent), and is expected to remain at this level for the balance of the fiscal year.

Construction. Single family building permits in Scottsdale rose by 40 percent last year. The total value of all construction activity last year was about \$550 million, the second busiest year in Scottsdale's history. Three major new master planned communities (McDowell Mountain Ranch, Grayhawk, and DC Ranch) will be breaking ground over the next year; a total of 15,000 new units are planned in these communities.

Tourism. Scottsdale's number one industry continues to post record gains; the number of visitors to Scottsdale rose by 10 percent last year to about 5.4 million annually; hotel occupancy rates rose last year to a record 74 percent, and hotel bed tax receipts were up 19 percent. With the addition of several new hotels this year, and continued strong growth in national tourism trends, the tourism industry will likely post further records in 1994/95.

Vacancy Rates. Commercial vacancy rates dropped substantially over the past year. Office vacancies are estimated to be 12 percent, while both retail and industrial vacancies are running at about eight percent. Rapid absorption, combined with little new speculative construction, should result in continued declines in these vacancy rates over the next year.

These factors contributed to the resurgence of Scottsdale's economy in 1993/94. Nevertheless, the City also began rebuilding its reserves in 1993/94 and continues to utilize long-range financial planning to support and stabilize Scottsdale's elastic revenue base. Economic stabilization funds are being set aside by the City to weather recessionary times and maintain citizen service levels. The outlook for 1994/95 looks very positive, with continued strong economic growth. Hopefully these factors will enable Scottsdale to continue to grow and prosper over the next several years.

MAJOR INITIATIVES and SERVICE EFFORTS & ACCOMPLISHMENTS

The City's first "Venture Team," made up of three senior City executives with a combined 58 years experience in professional public management, authored "A Blueprint for Change" in June 1994. The Venture Team examined how the City of Scottsdale could be structured to meet the demands of the 21st century. In order to continue its high level of service to Scottsdale's customers, the Venture Team suggests that City government should: concentrate on performance and outcomes; demand individual and team accountability; and embrace service to the community and to customers. The vision for the City is a structure that is flat, flexible, team-based, matrixed in functions and goals, customer-focused, technologically enabled, open and accessible, self-changing and self-controlling.

As the City grows, greater demands are being placed on City government. Identifying new and better opportunities for service delivery has become increasingly important as we meet increased service demands with fewer resources. One of our organizational values is to "risk, create, and innovate," and the following are some of the service and quality improvements implemented by our employees this past year.

Citizen Service Center

Scottsdale's first satellite Citizen Service Center opened in November 1993 at Los Arcos Mall. This "City Hall in the Mall" filled 2,737 requests for service during its first three months of operation. In May 1994, the Citizen Service Center was selected in the government category by the Community Forum and the Arizona Republic/Phoenix Gazette as one of four "Community Vision Weavers" in the Valley. The award was based on innovation, implementation of the community vision and formation of community partnerships.

The Citizen Service Center implemented a comprehensive citywide volunteer program in 1993 that created more than 100 new volunteer job opportunities. During the fiscal year 1993/94, City of Scottsdale volunteers contributed more than \$825,000 in services based on over 91,000 volunteer hours. These totals include hours contributed by Scottsdale's new volunteers, in addition to hours contributed by boards and commissions members.

Organizational Effectiveness

Employee benefit costs were saved via several innovative programs. The development of an on-site lactation and spousal-support program for City employees allows mothers to return to work more quickly after giving birth. The program is projected to annually save \$50,000 in health and medical leave costs. An arrangement with Tucson Association for Child Care, Inc. dba Arizona Child Care Resources, in-home care is provided at a greatly-reduced rate for ill children of City employees. This service allows parents to come to work knowing their child is well-cared for at home. It's estimated that the program will save \$45,000 annually in parental medical leave. In addition, all contracts for health, life and mental health services for City employees have quality performance standards built in. When providers fail to meet standards, the City withholds a percentage of the provider's premium. Along with ensuring service accountability, this program annually saves the City \$16,000 in premiums.

Accounting

A new bank contract was negotiated in 1993/94 that provides for direct charges in comparison to compensating balances left on deposit. This idea earned the City \$80,000 over the past year, while an additional \$16,000 was saved by changing utility statements to accommodate scan lines for automated payment readings.

Purchasing

The City's Purchasing Division, with savings from a cost-per-copy contract for city copiers, replaced its printing presses with newer technology and upgraded a design computer in 1993/94 to become the only governmental graphics shop in Arizona capable of producing full-color printing and simultaneous two-sided printing. With this new equipment, the graphics shop is producing the majority of the City's printed material at a cost that averages 30 percent less than commercial shops. The 1993/94 savings was approximately \$42,000.

Office of Management Systems

New disk technology was implemented in 1993/94 on the City's mainframe computer system. The \$280,000 technology investment will pay for itself in less than three years through reduced maintenance (\$67,000 annually) and heating and cooling (\$35,000 annually) costs. Additionally, the technology has increased system performance and reliability.

In 1993/94, a Geographic Information System (GIS) application was developed to enter all registered Scottsdale voters. As a result, the City Clerk's office will save \$40,000 every two years by not having to hire a consultant to redraw voting precincts for City elections. By using GIS base maps to help create a master drainage plan south of the Central Arizona Project (CAP) canal, the City saved \$25,000 during the past year by not having to hire a consultant to develop the maps. Because the plan is included in the City's GIS, it can be easily accessed and modified in the future. Another \$140,000 was saved by purchasing GIS land parcel maps from Salt River Project, instead of spending the time and money to internally recreate the maps. The savings will be used to create other GIS applications.

Municipal Services

The Municipal Services Department saved nearly \$66,000 in 1993/94 by purchasing, instead of renting, uniforms for department personnel. Uniforms, which had been rented and cleaned under one contract in previous years, are now purchased.

Field Services

In the first nine months since Scottsdale's Field Services Division began using Arizona Department of Corrections' inmate labor to perform median and right-of-way maintenance and litter control, the inmates have worked 6,376 hours, at a labor cost of \$3,188 to the City. Using inmate labor to conduct these tasks has so far saved approximately \$64,000 in administrative costs. Field Services implemented a night shift street sweeper program during the past year to increase productivity and safety when sweeping the downtown business district and median curbs. Additionally, night street sweepers report street lights that are not working and respond to some emergency calls from police for maintenance.

During the past year, the City purchased and began operating and maintaining a streetlight system that is located in the Scottsdale areas served by Arizona Public Service. The purchase saved \$100,000 in 1993/94 in maintenance and operation costs, while improving service-response times to the system.

Fleet Management

The City began purchasing residential refuse trucks during the past year with 15 percent more capacity, which saved approximately \$55,000 in 1993/94 in fuel usage, maintenance and the need for additional trucks by reducing landfill trips.

Development Services

Business hours for the City's One Stop Shop, which handles all building and development services, were extended to 7:30 a.m.-6:00 p.m., Monday through Friday, to allow customers to conduct

business before or after their work days. The extended hours have been implemented at no additional cost to the City by staggering employee work hours. An "express lane" was also implemented in 1993/94 within its One Stop Shop where customers who purchase documents or drop off plans can be immediately served without having to take a number. The express lane has allowed customers to be served more effectively and efficiently.

Police

As part of the City's enhanced community policing efforts, police officer space was acquired at the Bashas' Shopping Center at Hayden and Indian School roads. The vacant retail space, which would rent for \$17,000 per year, was donated by Bashas'. The office opened in February 1994 and was furnished using surplus City furniture and fixtures. Officers visit with citizens, write reports and perform other administrative duties at the center.

Transit

By contracting Scottsdale bus service with private providers, the City annually saves between \$100,000 and \$150,000. Due to those savings, additional services and bus routes are available to Scottsdale residents.

Water Quality

Water Resources saved the City nearly \$64,000 in 1993/94 by bidding out Dioxin sampling, rather than having the City's laboratory subcontract out this service. Dioxin sampling is conducted to ensure the City's drinking water meets all applicable regulations.

Water and Wastewater Operations

Through the use of an innovative rotating schedule, the Central Arizona Project (CAP) plant is staffed 24 hours daily, seven days per week, by four operators, in comparison to most other Valley cities that use five operators to run similar plants. There is no built-in overtime at the CAP plant and the rotating schedule saves \$30,000 annually in administrative costs.

FOR THE FUTURE

Plans for fiscal 1994/95 continue to support priorities established in previous budget years including programs specifically related to public safety, transportation, growth and the environment. New priorities include the preservation of the McDowell Mountains, infrastructure maintenance and replacement, and commitment to technology improvements. To accomplish these goals, in 1994/95 we will:

Improve Our Financial Stability. A comprehensive financial policy that encompasses the sound financial management principles promulgated by the International City Management Association, the Government Finance Officers Association, independent bond credit rating agencies, the City's financial advisor, City Manager, and Financial Services Department staff was recently adopted by Council. A sound financial policy demonstrates to the public, the credit rating industry and prospective investors (bond buyers) the City's commitment to preserving Scottsdale's fiscal integrity. It sets forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. The City is currently in compliance with the comprehensive financial policies some of which are identified in the Notes to the Financial Statements.

Five budgetary reserves protect the City's financial condition and provide for unexpected economic challenges. An Economic Stabilization Reserve addresses key issues in difficult years; a Contingency Reserve covers unexpected revenue shortfalls or emergency expenditures; a Facilities Maintenance Reserve provides funding for emergency repairs and replacement of infrastructure

equipment; a Self-Insurance Reserve indemnifies the City for property and liability risk; and a Solid Waste Management Reserve meets unpredictable costs associated with solid waste disposal. Financial policy calls for other reserves to be established as resources allow.

Facilitate Responsible Development. A priority for the City in the coming year will be to conduct a comprehensive financial and operational analysis. This study will address all aspects of the City's finances, specifically costs of service delivery, capital improvement construction, and the overall community impact of growth. This analysis will provide the City with a much better picture of where revenues come from, how they are used, and how changes in a variety of activities (including land use planning, new development, levels of services, and differential rate structures) will impact the future fiscal health of Scottsdale. It will explore ways to pay for future infrastructure replacement costs, and ensure that new development consistently adds financial value to the community.

Citizens' involvement is essential to addressing the impact of growth. We must continue to work in partnership with our citizens if we are to be successful in preserving Scottsdale's quality of life. Issues to be addressed in 1994/95 include: formulating policies relating to the Environmentally Sensitive Lands Ordinance; preserving the Sonoran Desert and McDowell Mountains; and assessing the impact of federal clean air mandates. All must be done with substantial public discussion and involvement.

Position the Organization for the Future. As the City of Scottsdale approaches the 21st century, organizational structure will need to adapt itself to an everchanging environment. Already we are preparing for the future by using cross-departmental and self-led teams to address key issues including diversity, workplace literacy and front-line service delivery. As part of this effort, all City departments and the City's first "Venture Team" are researching future opportunities in the areas of technology, work methods, multiyear budgeting and other programs to enhance the way we do business. Partnerships, privatization and continually challenging ourselves to do better will ensure the best possible future for Scottsdale.

The 1994/95 budget embraces technology by including over \$2 million for computer technology. Funding is included for continued implementation of open systems and the geographic information system; technology upgrades and replacements throughout the organization, specifically targeting obsolete terminals and printers; and an imaging system for Customer Service information. The City is also working with NASA and Arizona State University (ASU) on new technology which will enhance our GIS capabilities. This funding is part of a continuing commitment to position our organization to take advantage of technology to improve productivity and provide more effective service delivery.

Foster a More Collaborative Community. Creation of new partnerships are essential. Scottsdale's community policing effort will collaborate with Community Services staff on youth intervention programs in the next fiscal year. New positions will be added to open a second Citizen Service Center at 75th Street and Sweetwater; a third library (Palomino) at 124th and Via Linda; and a new North Senior Center. These facilities will also be supported by citizen volunteers.

Volunteerism will continue to be promoted by the City's "I'll Do It" volunteer program. In 1993/94, we now have a reliable bank of citizen resources. These dedicated individuals contributed over 85,000 hours of their time to the City in 1993/94; City boards and commissions contributed another 6,000 hours. And, in the universal spirit of volunteerism, City employees donated over 91,000 hours of time to their community. The goal in 1994/95 is to increase volunteer hours, both inside and outside the organization, by at least 5 percent.

Another partnership we hope to see take off in 1994/95 is the City's Endowment Program. The success of this program is critical to our City's future livability. We must all contribute financially to projects and programs which benefit the entire community. This year citizens will have an opportunity to financially support priorities such as the preservation of the McDowell Mountains and the restoration and expansion of McCormick Railroad Park. The City this year will contribute \$50,000 to the McDowell Mountains Preservation Fund. In addition, we will commit up to \$200,000 from our operating budget contingency to match community donations to this fund. On a smaller scale, citizens' contributions, from park benches to street lights, will be encouraged and celebrated.

FINANCIAL INFORMATION

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

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

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

As part of the single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs. The City's single audit for the fiscal year ended June 30, 1994, provided no instances of material weaknesses in the internal control structure, or significant violations of applicable laws and regulations.

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

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

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions. The following schedule presents a summary of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds revenues for the fiscal year ended June 30, 1994, and the amount and percentage of increases and decreases in relation to prior year revenues.

Classification	Revenues			
	1994 Amount (000s)	Percent of Total	Increase (Decrease) From 1993 (000s)	Percentage Increase (Decrease) From 1993
Taxes	\$71,201	49.3%	\$9,760	15.9%
Intergovernmental	29,941	20.7	1,971	7.1
Special Assessments	5,644	3.9	702	14.2
Licenses	876	0.6	138	18.7
Charges for Services	10,499	7.3	2,912	38.4
Fines and Forfeitures	1,711	1.2	(9)	(0.5)
Use of Money and Property	6,201	4.3	346	5.9
Streetlight Districts	515	0.4	1	0.2
Miscellaneous/Other	17,825	12.3	2,812	18.7
Total	\$144,413	100.0%	\$18,633	14.8%

Revenue for 1993/94 general governmental funds increased \$18,633,000 (14.8 %) over 1992/93. Scottsdale's healthy economy was responsible for higher than anticipated receipts of sales tax and construction related revenues. Special assessment revenue increased as an indication of increased development activity. The addition of an alarm permit charge was responsible for the increase in licenses.

Fines and forfeitures decreased slightly attributable to the shift to community policing and a reduction in the number of citations issued.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 1994, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Expenditures				
Department	1994 Amount (000s)	Percent of Total	Increase (Decrease) From 1993 (000s)	Percentage Increase (Decrease) From 1993
General Government	\$10,878	6.3%	\$1,468	15.6%
Police	21,378	12.3	1,624	8.2
Financial Services	4,301	2.5	549	14.6
Transportation	3,128	1.8	548	21.2
Community Services	16,468	9.5	1,003	6.5
Management Services	5,493	3.2	487	9.7
Planning & Community Development	9,851	5.7	669	7.3
Fire	7,545	4.3	950	14.4
Municipal Services	13,382	7.7	756	6.0
Streetlight Districts	470	0.3	21	4.7
Capital Improvements	51,286	29.4	8,493	19.9
Debt Service	29,611	17.0	406	1.4
Total	\$173,791	100.0%	\$16,974	10.8%

The increases in expenditures are attributable to the addition of the Citizen Service Center, continued emphasis on public safety, the addition of banking services direct charges, expanded bus services, expenditures necessary for the installation of computer networks and other automation needs, the increased activity in the Capital Projects Funds, and a contractual fire service increase.

General Government Fund Balances. Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 1994, compared to the prior year.

Total Fund Balances (Deficit)			
Fund	June 30, 1993 as Restated	June 30, 1994	Increase (Decrease)
General	\$44,657,096	\$52,110,488	\$7,453,392
Special Revenue			
Highway User	415,830	236,916	(178,914)
Community Development	64,729	83,162	18,433
Grants	57,195	758,653	701,458
Section 8	1,247	(147,739)	(148,986)
Debt Service	9,529,569	6,440,627	(3,088,942)
Capital Projects	12,876,183	37,672,993	24,796,810
Total	\$67,601,849	\$97,155,100	\$29,553,251

The General Fund balance increased as a result of revenue increases (especially privilege tax and construction permits) and departmental budget expenditure savings. The Debt Service Fund balance decreased as a result of the use of previously reserved funds. The Grants Fund balance increased due to a cash advance on ball field improvement grants. The Capital Projects Fund balance increased because of the bond funds issued for future capital expenditures.

Proprietary Funds. The City's proprietary funds consist of Enterprise Funds and Internal Service Funds. The Enterprise Funds are comprised of the Water and Sewer Utility Fund, the Airport Fund, and the Sanitation Fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to proprietary (private business) enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges, or (b) it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

The following schedule presents retained earnings (accumulated deficits) for the year compared to the prior year for the proprietary funds.

Fund	Retained Earnings		
	June 30, 1993 as Restated	June 30, 1994	Increase (Decrease)
Water and Sewer Utility	\$77,423,392	\$87,543,130	\$10,119,738
Airport	39,211	199,040	159,829
Sanitation	524,694	947,639	422,945
Motor Pool	1,775,512	3,265,728	1,490,216
Self-Insurance	(3,048,142)	(2,779,942)	268,200
Total	\$76,714,667	\$89,175,595	\$12,460,928

Retained earnings of the Water and Sewer Utility Fund increased based on service rate increases and increased usage because of dry weather. The Airport Fund increased due to an increase in airport operating revenue. The Sanitation Fund retained earnings increase is due to a savings in operating expenses. The Motor Pool Fund increased because of a change in policy that now requires operating transfers to fund new vehicle purchases. Retained earnings of the Self-Insurance Fund increased primarily due to an operating transfer from the General Fund.

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

Fiduciary Fund. The Trust and Agency Fund consists of miscellaneous expendable and nonexpendable trust funds and the Deferred Compensation Agency Fund. All amounts of compensation deferred under the plan are the property of the City, subject to the claims of general creditors. The City has the duty of due care. Investments are managed by an independent plan administrator. The balance in this agency fund increased by \$920,069 due to continued contributions to the deferred compensation fund.

Debt Administration. At June 30, 1994, the City had outstanding debt issues of \$336,225,770. The breakdown was:

Debt	Principal Balance June 30, 1994
General Obligation Bonds	\$144,240,000
Revenue Bonds	48,120,000
Scottsdale Municipal Property Corporation Bonds	93,000,000
Special Assessment Bonds	36,612,000
Community Facilities District Bonds	3,525,000
Contracts	10,728,770
Total	\$336,225,770

During the fiscal year, \$35,250,000 general obligation bonds, \$18,420,000 Special Assessment bonds, and \$3,525,000 Community Facilities District bonds were issued, as well as \$3,365,679 in contract debt. In addition, the City issued \$24,265,000 general obligation refunding, and \$9,295,000 Municipal Property Corporation refunding bonds, effectively refunding a total of \$34,255,000 outstanding bonds of the City. Additional detail on these refundings is found in Note 6 to the Financial Statements. The City maintained its Aa1 bond rating from Moody's Investor Service and AA rating from Standard and Poor's for general obligation bonds. In 1993/94, Fitch Investors Service, Inc. also began to rate these bonds, issuing a rating of AA+.

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

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

At June 30, 1994, the 20 percent debt limitation was \$270,584,447, providing a debt margin of \$182,034,047, and the 6 percent debt limitation was \$81,175,334, providing a debt margin of \$25,485,734.

Cash Management. Cash temporarily idle during the year, excluding that of the Municipal Property Corporation (MPC), Scottsdale Mountain Community Facilities District, and ICMA Plan investments, was invested primarily in the State Treasurer's Local Government Investment Pool and mutual funds whose portfolios consist solely of U.S. Government Treasury and agency securities. In addition, amounts were directly invested in obligations of the U.S. Treasury and its agencies, demand deposits, and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time and therefore receives more favorable interest rates. The average yield on pooled investments for the 1993/94 fiscal year was 4.2 percent, and the average daily investment balance was \$155,796,144.

The City's investment policy is to invest all of the City funds at the highest available interest rate, assuring that all monies are fully secured with emphasis on safety of principal, liquidity, and financial return on principal, in that order. At June 30, 1994, 98 percent of investments held by the City were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Remaining investments were held by the MPC's bank in the bank's trust department in the name of the MPC, and by the Scottsdale Mountain Community Facilities District's trustee in the name of the District.

Risk Management. The City's 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 1994, the Self-Insurance Fund was responsible for the first \$300,000 per occurrence for workers' compensation claims and the first \$1,000,000 for liability claims against the City. The Fund was also responsible for vehicle damage over \$1,000, and all unemployment claims.

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

OTHER INFORMATION

Independent Audit. City Charter requires an annual audit by independent certified public accountants. The accounting firm of KPMG Peat Marwick has been selected by the City Council to audit from 1990 to 1995. The auditors' report is included in the financial section of this report.

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 1993, marking twenty-one consecutive years Scottsdale has received this prestigious award.

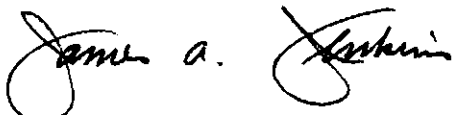
In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The City also received the GFOA's award for Distinguished Budget Presentation for our 1993/94 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a Policy Document, as a Financial Plan, as an Operation Guide and as a Communication Device.

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

Respectfully submitted,



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

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, 1993

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



Arnold H. Hahn

President

Jeffrey L. Essler

Executive Director



Financial Section

This section includes the independent auditors' report, the general purpose financial statements, and the combining and individual funds and account group financial statements and schedules

2020 North Central Avenue
Phoenix, AZ 85004

Independent Auditors' Report

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

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of City of Scottsdale, Arizona, as of and for the year ended June 30, 1994, as listed in the financial section table of contents. These financial statements are the responsibility of City of Scottsdale, Arizona management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Scottsdale, Arizona, as of June 30, 1994, and the results of its operations and cash flows of its proprietary and nonexpendable trust fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of City of Scottsdale, Arizona, as of June 30, 1994, and the results of operations of such funds and the cash flows of individual proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

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

KPMG Peat Marwick LLP

September 16, 1994



CITY OF SCOTTSDALE, ARIZONA

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNITS

EXHIBIT A-1

JUNE 30, 1994

WITH COMPARATIVE TOTALS FOR JUNE 30, 1993 (PRIMARY GOVERNMENT ONLY)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE
ASSETS AND OTHER DEBITS						
Cash and Short-Term Investments	\$24,111,431	\$768,234	\$5,379,074	\$47,768,760	\$14,072,246	\$7,121,950
Cash with Fiscal Agents	-	1,846,416	12,927,876	-	4,323,858	-
Investments	30,940,197	-	4,410,281	-	-	-
Receivables						
Accrued Interest	220,230	-	12,370	126,641	192,696	25,914
Property Tax	755,809	-	83,352	-	-	-
Special Assessments	-	-	35,729,744	-	-	-
State Shared Sales Tax	795,239	-	-	-	-	-
Auto Lieu Tax	383,821	-	-	-	-	-
Fuel Tax	-	720,330	-	-	-	-
Grants	-	124,578	-	-	-	-
Accounts	-	-	-	-	6,165,116	-
Miscellaneous	702,156	7,185	-	1,036,861	5,182,325	33,781
Deferred Issuance Costs, Net of Accumulated Amortization	-	-	-	-	-	-
Due from Other Funds	141,269	-	-	-	7,095,362	-
Supplies Inventory	200,775	-	-	-	-	275,817
Restricted Cash, Investments, and Receivables	-	-	-	-	42,009,404	-
Property, Plant, and Equipment, Net of Accumulated Depreciation	-	-	-	-	280,521,579	8,906,136
Excess Purchase Price over Fair Market Value of Water System Assets Acquired, Net	-	-	-	-	465,556	-
Excess Purchase Price over Book Value of Partnership Interest Acquired	-	-	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-
Total Assets and Other Debits	\$58,250,927	\$3,466,743	\$58,542,697	\$48,932,262	\$360,028,142	\$16,363,598
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts Payable	\$533,719	\$293,573	-	\$4,122,376	\$2,672,847	\$146,044
Accrued Payroll	4,895,848	254,494	-	40,177	970,342	349,913
Claims Payable	-	-	-	-	-	4,690,716
Designated Deferred Compensation Benefits	-	-	-	-	-	-
Due to Other Funds	-	141,269	-	7,095,362	-	-
Accrued Interest Payable	-	-	\$444,450	-	6,010	-
Contracts Payable - Current Portion	-	-	-	-	244,203	-
Bond Interest Payable	-	766,415	4,862,876	-	1,473,859	-
Bonds Payable - Current Portion	-	1,080,000	8,065,000	-	2,850,000	-
Deferred Revenue						
Property Tax	710,872	-	-	-	-	-
Special Assessments	-	-	35,729,744	-	-	-
Other	-	-	3,000,000	-	5,079,865	-
Guaranty and Other Deposits	-	-	-	-	1,018,128	-
Other	-	-	-	1,354	-	-
Long-Term Debt (Net of Current Portion)	-	-	-	-	55,803,930	-
Total Liabilities	\$6,140,439	\$2,535,751	\$52,102,070	\$11,259,269	\$70,119,184	\$5,186,673
Equity and Other Credits						
Contributed Capital	-	-	-	-	201,219,149	10,691,139
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings (Accumulated Deficit)						
Reserved for						
Revenue Bond Retirement	-	-	-	-	2,681,675	-
Water and Sewer System Replacement	-	-	-	-	7,887,874	-
Acquisition and Construction	-	-	-	-	31,739,855	-
Unreserved	-	-	-	-	46,380,405	485,786
Minority Interest	-	-	-	-	-	-
Fund Balances						
Reserved for						
Encumbrances	2,144,435	272,312	-	21,913,974	-	-
Streetslight Districts	729,626	-	-	-	-	-
Debt Service	-	-	6,440,627	-	-	-
Library Acquisitions	-	-	-	-	-	-
Unreserved	49,236,427	658,680	-	15,759,019	-	-
Total Retained Earnings (Accumulated Deficit)/Fund Balances	52,110,488	930,992	6,440,627	37,672,993	88,689,809	485,786
Total Equity and Other Credits	52,110,488	930,992	6,440,627	37,672,993	289,908,958	11,176,925
Total Liabilities, Equity, and Other Credits	\$58,250,927	\$3,466,743	\$58,542,697	\$48,932,262	\$360,028,142	\$16,363,598

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

EXHIBIT A-1
(Continued)

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		(MEMORANDUM ONLY)		COMPONENT UNITS JUNE 30, 1994	(MEMORANDUM ONLY) REPORTING ENTITY JUNE 30, 1994
	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	PRIMARY GOVERNMENT JUNE 30, 1994		
\$5,721,813	-	-	\$104,943,508	\$94,587,872	\$239,080	\$105,182,588
-	-	-	19,098,150	18,900,122	-	19,098,150
7,014,054	-	-	42,364,532	15,440,574	3,280,660	45,645,192
11,695	-	-	589,546	703,546	1,554	591,100
-	-	-	839,161	1,485,924	-	839,161
-	-	-	35,729,744	21,451,617	-	35,729,744
-	-	-	795,239	771,875	-	795,239
-	-	-	383,821	197,167	-	383,821
-	-	-	720,330	685,828	-	720,330
-	-	-	124,578	346,541	-	124,578
-	-	-	6,165,116	5,358,829	34,255	6,199,371
160,000	-	-	7,122,308	1,744,305	2,928	7,125,236
-	-	-	-	-	860,087	860,087
-	-	-	7,236,631	12,385,434	-	7,236,631
-	-	-	476,592	451,647	-	476,592
-	-	-	42,009,404	36,072,348	-	42,009,404
-	\$1,125,973,790	-	1,415,401,505	1,312,351,513	1,186,496	1,416,588,001
-	-	-	465,556	546,417	-	465,556
-	-	\$6,440,627	-	6,440,627	557,336	557,336
-	-	278,294,616	278,294,616	231,029,018	-	278,294,616
<u>\$12,907,562</u>	<u>\$1,125,973,790</u>	<u>\$284,735,243</u>	<u>\$1,969,200,964</u>	<u>\$1,764,040,146</u>	<u>\$6,162,396</u>	<u>\$1,975,363,360</u>
-	-	-	\$7,768,559	\$4,722,276	\$133,854	\$7,902,413
-	-	-	6,510,774	5,508,055	-	6,510,774
-	-	-	4,690,716	4,899,592	-	4,690,716
\$7,014,054	-	-	7,014,054	6,093,985	-	7,014,054
-	-	-	7,236,631	12,385,434	-	7,236,631
-	-	-	450,460	490,297	-	450,460
-	-	-	244,203	258,525	-	244,203
-	-	-	7,103,150	6,219,139	-	7,103,150
-	-	-	11,995,000	12,675,000	-	11,995,000
-	-	-	710,872	1,403,357	-	710,872
-	-	-	35,729,744	21,451,617	-	35,729,744
160,000	-	-	8,239,865	1,922,842	-	8,239,865
1,418,147	-	-	2,436,275	2,174,917	-	2,436,275
-	-	-	1,354	684,365	-	1,354
-	-	\$284,735,243	340,539,173	295,933,587	21,795,000	362,334,173
\$8,592,201	-	\$284,735,243	\$440,670,830	\$376,822,990	\$21,928,854	\$462,599,664
-	-	-	211,910,288	182,090,568	3,600,000	215,510,288
-	\$1,125,973,790	-	1,125,973,790	1,056,500,612	-	1,125,973,790
-	-	-	2,681,675	2,454,431	-	2,681,675
-	-	-	7,887,874	6,966,533	-	7,887,874
-	-	-	31,739,855	26,841,596	-	31,739,855
-	-	-	46,866,191	40,884,642	(11,568,513)	35,297,678
-	-	-	-	-	(7,797,945)	(7,797,945)
20,423	-	-	24,351,144	14,684,629	-	24,351,144
-	-	-	729,626	684,313	-	729,626
-	-	-	6,440,627	9,529,569	-	6,440,627
183,514	-	-	183,514	184,201	-	183,514
4,111,424	-	-	69,765,550	46,596,062	-	69,765,550
<u>4,315,361</u>	<u>-</u>	<u>-</u>	<u>190,646,056</u>	<u>148,625,976</u>	<u>(19,366,458)</u>	<u>171,279,598</u>
<u>4,315,361</u>	<u>1,125,973,790</u>	<u>-</u>	<u>1,528,530,134</u>	<u>1,387,217,156</u>	<u>(15,766,458)</u>	<u>1,512,763,676</u>
<u>\$12,907,562</u>	<u>\$1,125,973,790</u>	<u>\$284,735,243</u>	<u>\$1,969,200,964</u>	<u>\$1,764,040,146</u>	<u>\$6,162,396</u>	<u>\$1,975,363,360</u>

CITY OF SCOTTSDALE, ARIZONA

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

EXHIBIT A-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1994
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	JUNE 30, 1994	JUNE 30, 1993
Revenues							
Taxes - Local	\$46,261,626	-	\$17,734,581	\$7,205,262	-	\$71,201,469	\$61,440,547
Taxes - Intergovernmental	20,657,882	\$9,282,919	-	-	-	29,940,801	27,970,288
Grants	-	3,667,664	-	-	-	3,667,664	3,554,974
Special Assessments	-	-	5,643,993	-	-	5,643,993	4,941,556
Licenses	875,563	-	-	-	-	875,563	737,854
Charges for Current Services	10,499,462	-	-	-	-	10,499,462	7,586,803
Fines and Forfeitures	1,711,295	-	-	-	-	1,711,295	1,720,511
Use of Money and Property	4,426,470	-	391,480	1,383,497	\$123,604	6,325,051	5,977,885
Reimbursements from Outside Sources	-	-	-	2,465,067	-	2,465,067	-
Streetlight Districts	514,956	-	-	-	-	514,956	513,846
Other	9,873,394	320,275	-	1,497,882	1,107,209	12,798,760	12,768,955
Total Revenues	94,820,648	13,270,858	23,770,054	12,551,708	1,230,813	145,644,081	127,213,219
Expenditures							
Current Operating Departments							
General Government	10,877,693	-	-	-	-	10,877,693	9,409,602
Police	21,332,609	45,864	-	-	-	21,378,473	19,753,890
Financial Services	4,300,956	-	-	-	-	4,300,956	3,751,965
Transportation	-	3,128,180	-	-	-	3,128,180	2,580,418
Community Services	16,344,503	123,468	-	-	-	16,467,971	15,465,007
Management Services	5,493,259	-	-	-	-	5,493,259	5,005,942
Planning & Community Development	6,625,844	3,224,921	-	-	-	9,850,765	9,182,452
Fire	7,544,821	-	-	-	-	7,544,821	6,595,200
Municipal Services	6,300,320	7,081,473	-	-	-	13,381,793	12,625,650
Streetlight Districts	469,644	-	-	-	-	469,644	448,557
Expendable Trusts	-	-	-	-	1,154,784	1,154,784	1,212,736
Capital Improvements	-	-	-	51,286,355	-	51,286,355	42,792,604
Debt Service							
Principal	562,855	1,080,000	12,537,000	-	-	14,179,855	15,751,815
Interest	223,095	1,519,564	12,093,587	-	-	13,836,246	13,453,521
Refunding Bond Issuance Costs	-	-	1,595,304	-	-	1,595,304	-
Total Expenditures	80,075,599	16,203,470	26,225,891	51,286,355	1,154,784	174,946,099	158,029,359
Excess (Deficiency) of Revenues over Expenditures	14,745,049	(2,932,612)	(2,455,837)	(38,734,647)	76,029	(29,302,018)	(30,816,140)
Other Sources (Uses)							
Operating Transfers In	602,880	3,324,603	6,075	6,174,864	300,000	10,408,423	4,979,661
Operating Transfers Out	(7,894,537)	-	(853,436)	(2,608,083)	(113,862)	(11,469,918)	(6,051,939)
Bond Proceeds	-	-	173,962	56,964,676	-	57,138,638	21,850,000
Proceeds of Refunding Bonds	-	-	34,788,416	-	-	34,788,416	79,358,573
Payment to Refunded Bond Escrow Agent	-	-	(34,748,123)	-	-	(34,748,123)	(79,329,819)
Proceeds from Sale of Real Estate	-	-	-	3,000,000	-	3,000,000	-
Total Other Sources (Uses)	(7,291,657)	3,324,603	(633,105)	63,531,457	186,138	59,117,436	20,806,476
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	7,453,392	391,991	(3,088,942)	24,796,810	262,167	29,815,418	(10,009,664)
Fund Balances July 1, as Previously Reported	44,682,233	540,792	9,529,569	12,876,183	3,865,339	71,494,116	81,494,180
Prior Period Adjustment	(25,137)	(1,791)	-	-	-	(26,928)	-
Fund Balances July 1 as Restated	44,657,096	539,001	9,529,569	12,876,183	3,865,339	71,467,188	81,494,180
Residual Equity Transfer In	-	-	-	-	-	-	1,042,831
Residual Equity Transfer Out	-	-	-	-	-	-	(1,033,231)
Fund Balances June 30	\$52,110,488	\$930,992	\$6,440,627	\$37,672,993	\$4,127,506	\$101,282,606	\$71,484,516

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

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

EXHIBIT A-3

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues												
Taxes - Local	\$44,759,202	\$46,261,626	\$1,502,424	-	-	-	-	-	-	\$44,759,202	\$46,261,626	\$1,502,424
Taxes - Intergovernmental	20,226,400	20,657,882	431,482	\$9,180,000	\$9,282,919	\$102,919	\$17,975,977	\$17,734,581	(\$241,396)	47,382,377	47,675,382	293,005
Special Assessments	-	-	-	-	-	-	5,302,544	5,643,993	341,449	5,302,544	5,643,993	341,449
Licenses	992,500	875,563	(116,937)	-	-	-	-	-	-	992,500	875,563	(116,937)
Charges for Current Services	9,627,055	10,499,462	872,407	-	-	-	-	-	-	9,627,055	10,499,462	872,407
Fines and Forfeitures	1,708,740	1,711,295	2,555	-	-	-	-	-	-	1,708,740	1,711,295	2,555
Use of Money and Property	4,862,018	4,426,470	(435,548)	-	-	-	300,000	319,944	19,944	5,162,018	4,746,414	(415,604)
Other	1,363,000	1,149,778	(213,222)	-	-	-	-	-	-	1,363,000	1,149,778	(213,222)
Total Revenues	83,538,915	85,582,076	2,043,161	9,180,000	9,282,919	102,919	23,578,521	23,698,518	119,997	116,297,436	118,563,513	2,266,077
Expenditures												
Current Operating Departments												
General Government	11,417,940	11,234,319	183,621	-	-	-	-	-	-	11,417,940	11,234,319	183,621
Police	21,628,081	21,520,365	107,716	-	-	-	-	-	-	21,628,081	21,520,365	107,716
Financial Services	4,654,764	4,621,013	33,751	-	-	-	-	-	-	4,654,764	4,621,013	33,751
Transportation	-	-	-	3,288,181	3,219,011	69,170	-	-	-	3,288,181	3,219,011	69,170
Community Services	16,930,895	16,928,645	2,250	-	-	-	-	-	-	16,930,895	16,928,645	2,250
Management Services	5,740,683	5,695,375	45,308	-	-	-	-	-	-	5,740,683	5,695,375	45,308
Planning & Community Development	7,025,896	7,019,689	6,217	-	-	-	-	-	-	7,025,896	7,019,689	6,217
Fire	7,574,434	7,553,792	20,642	-	-	-	-	-	-	7,574,434	7,553,792	20,642
Municipal Services	6,623,918	6,665,179	(41,261)	7,103,126	7,203,152	(100,026)	-	-	-	13,727,044	13,868,331	(141,287)
Contingency	121	-	121	-	-	-	-	-	-	121	-	121
Debt Service												
Principal	939,581	562,855	376,726	1,080,000	1,080,000	-	12,102,096	12,537,000	(434,904)	14,121,677	14,179,855	(58,178)
Interest	499,691	523,095	(23,404)	1,713,321	1,519,564	193,757	13,879,932	11,853,915	2,026,017	16,092,944	13,896,574	2,196,370
Total Expenditures	83,035,994	82,324,307	711,687	13,184,628	13,021,727	162,901	25,982,028	24,990,915	1,591,113	122,202,650	119,736,949	2,465,701
Excess (Deficiency) of Revenues over Expenditures	502,921	3,257,769	2,754,848	(4,004,628)	(3,738,808)	265,820	(2,403,507)	(892,397)	1,711,110	(5,905,214)	(1,173,436)	4,731,778
Other Sources (Uses)												
Operating Transfers In	8,723,569	9,326,496	602,927	4,004,628	3,324,603	(680,025)	-	-	-	12,728,197	12,651,099	(77,098)
Operating Transfers Out	(9,226,490)	(7,344,537)	1,881,953	-	-	-	-	(853,436)	(853,436)	(9,226,490)	(8,197,973)	1,028,517
Total other Sources (Uses)	(502,921)	1,981,959	2,484,880	4,004,628	3,324,603	(680,025)	-	(853,436)	(853,436)	3,501,707	4,453,126	951,419
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	-	5,239,728	5,239,728	-	(414,205)	(414,205)	(2,403,507)	(1,545,833)	857,674	(2,403,507)	9,279,690	5,683,197
Encumbrances Cancelled	-	1,723,377	1,723,377	-	417,621	417,621	-	-	-	-	2,140,998	2,140,998
Fund Balances (Deficits) July 1, 1993	-	(13,807,692)	(13,807,692)	-	(182,994)	(182,994)	-	5,077,177	5,077,177	-	(8,913,509)	(8,913,509)
Fund Balances (Deficits) June 30, 1994	-	(\$6,844,587)	(\$6,844,587)	-	(\$179,578)	(\$179,578)	(\$2,403,507)	\$3,531,344	\$5,934,651	(\$2,403,507)	(\$3,492,821)	(\$1,089,314)

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

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

EXHIBIT A-4

FOR THE FISCAL YEAR ENDED JUNE 30, 1994
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1993 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES			FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNITS JUNE 30, 1994	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT	TOTALS			REPORTING ENTITY JUNE 30, 1994
					JUNE 30, 1994	JUNE 30, 1993		
Operating Revenues								
Water Service Fees	\$35,058,561	-	-		\$35,058,561	\$28,570,614	\$2,938,987	\$37,995,548
Sewer Service Fees	10,554,454	-	-		10,554,454	7,681,358	-	10,554,454
Planet Ranch	571,025	-	-		571,025	466,221	-	571,025
Sanitation Fees	8,530,904	-	-		8,530,904	7,832,385	-	8,530,904
Airport Fees	635,357	-	-		635,357	580,273	-	635,357
Billings to User Programs	-	\$8,224,027	-		8,224,027	8,121,865	-	8,224,027
Development Service Fees	-	-	-		-	-	98,734	98,734
Interest Earnings	-	-	7,603	7,603	7,603	7,785	-	7,603
Other	169,669	227,042	-		396,711	56,525	-	396,711
Total Operating Revenues	55,517,970	8,451,069	7,603		63,978,642	53,317,026	3,037,721	67,014,363
Operating Expenses								
Water Operations	21,484,587	-	-		21,484,587	16,530,883	1,614,040	23,098,627
Sewer Operations	4,839,772	-	-		4,839,772	3,490,024	-	4,839,772
Sanitation Operations	6,818,575	-	-		6,818,575	6,302,202	-	6,818,575
Airport Operations	551,220	-	-		551,220	674,793	-	551,220
Motor Pool Operations	-	4,183,842	-		4,183,842	3,983,740	-	4,183,842
Self-Insurance Administration	-	829,395	-		829,395	1,002,271	-	829,395
Self-Insurance Claims	-	1,717,566	-		1,717,566	2,831,961	-	1,717,566
Trust Operations	-	-	4,406	4,406	4,406	8,044	-	4,406
Development Authority Operations	-	-	-		-	8,840,200	185,182	185,182
Indirect Costs	5,690,064	-	-		5,690,064	4,871,832	-	5,690,064
In-Lieu Property Tax	939,336	-	-		939,336	682,453	-	939,336
Franchise Fees	2,094,216	-	-		2,094,216	1,889,150	-	2,094,216
Depreciation and Amortization	7,759,628	1,488,053	-		9,247,681	-	80,452	9,328,133
Total Operating Expenses	50,177,398	8,218,856	4,406		58,400,660	51,107,553	1,879,674	60,280,334
Operating Income	5,340,572	232,213	3,197		5,575,982	2,209,473	1,158,047	6,734,029

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

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

EXHIBIT A-4
(Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 1994
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1993 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNITS JUNE 30, 1994	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT JUNE 30, 1994 JUNE 30, 1993			(MEMORANDUM ONLY)
							REPORTING ENTITY JUNE 30, 1994
Non-Operating Revenues (Expenses)							
Interest Earnings	2,927,940	290,727	-	3,218,667	2,137,438	148,300	3,366,967
Interest Expense	(1,055,219)	-	-	(1,055,219)	(1,578,642)	(708,295)	(1,763,514)
Other	-	-	-	-	-	1,000	1,000
Net Non-Operating Revenues (Expenses)	1,872,721	290,727	-	2,163,448	558,796	(558,995)	1,604,453
Operating Transfers In	454,007	1,235,476	-	1,689,483	1,199,278	-	1,689,483
Operating Transfers Out	(627,988)	-	-	(627,988)	(127,000)	-	(627,988)
Net Operating Transfers (Out) In	(173,981)	1,235,476	-	1,061,495	1,072,278	-	1,061,495
Net Income	7,039,312	1,758,416	3,197	8,800,925	3,840,547	599,052	9,399,977
Add Depreciation on Fixed Assets Acquired By Contributed Capital	3,663,325	-	-	3,663,325	3,378,485	-	3,663,325
Deduct Minority Interest	-	-	-	-	-	(669,110)	(669,110)
Increase (Decrease) In Retained Earnings (Accumulated Deficit)/Fund Balance	10,702,637	1,758,416	3,197	12,464,250	7,219,032	(70,058)	12,394,192
Retained Earnings (Accumulated Deficit)/ Fund Balance July 1 as Previously Reported	78,164,668	(1,217,466)	184,658	77,131,860	69,912,828	(11,481,119)	65,650,741
Prior Period Adjustment	(177,496)	(55,184)	-	(232,660)	-	-	(232,660)
Retained Earnings (Accumulated Deficit)/ Fund Balance July 1 as Restated	77,987,172	(1,272,630)	184,658	76,899,200	69,912,828	(11,481,119)	65,418,081
Distribution	-	-	-	-	-	(17,336)	(17,336)
Retained Earnings (Accumulated Deficit)/ Fund Balance June 30	<u>\$88,689,809</u>	<u>\$485,786</u>	<u>\$187,855</u>	<u>\$89,363,450</u>	<u>\$77,131,860</u>	<u>(\$11,568,513)</u>	<u>\$77,794,937</u>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPES,
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNITS

EXHIBIT A-5

FOR THE FISCAL YEAR ENDED JUNE 30, 1994
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1993 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNITS	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT		JUNE 30, 1994	REPORTING ENTITY
				JUNE 30, 1994	JUNE 30, 1993		JUNE 30, 1994
Cash Flows from Operating Activities:							
Operating Income	\$5,340,572	\$232,213	\$3,197	\$5,575,982	\$2,209,473	\$1,158,047	\$6,734,029
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:							
Depreciation	7,678,767	1,488,053	-	9,166,820	8,759,339	18,991	9,185,811
Amortization	80,861	-	-	80,861	80,861	98,883	179,744
Interest Earnings	-	-	(7,603)	(7,603)	-	-	(7,603)
Changes in Assets and Liabilities (Sources (Uses) of Cash):							
Investments	-	-	-	-	-	(50,030)	(50,030)
Accrued Interest Receivable	-	-	-	-	-	44,600	44,600
Accounts Receivable	(806,290)	-	-	(806,290)	(437,230)	(31,588)	(837,878)
Miscellaneous Receivables	(4,512,716)	16,532	-	(4,496,184)	(92,411)	-	(4,496,184)
Supplies Inventory	-	(5,215)	-	(5,215)	(11,298)	-	(5,215)
Other Assets	-	-	-	-	-	285	285
Accounts Payable	1,108,054	131,818	-	1,239,872	(1,229,031)	(88,585)	1,151,287
Accrued Payroll	51,842	60,326	-	112,168	122,722	-	112,168
Due to General Fund	(94,613)	-	-	(94,613)	(337,296)	-	(94,613)
Claims Payable – Reported	-	(84,915)	-	(84,915)	(1,554,948)	-	(84,915)
Claims Payable – Unreported	-	-	-	-	2,239,300	-	-
Deferred Revenue	3,888,400	-	-	3,888,400	(132,243)	-	3,888,400
Other Liabilities	(8,657)	-	-	(8,657)	(1,717,517)	(9,065)	(17,722)
Due from Capital Projects Funds	4,985,200	-	-	4,985,200	(5,921,621)	-	4,985,200
Total Adjustments	12,370,848	1,606,599	(7,603)	13,969,844	(231,973)	(16,509)	13,953,335
Net Cash Provided by (Used For) Operating Activities	17,711,420	1,838,812	(4,406)	19,545,826	1,978,100	1,141,538	20,687,364

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES,
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNITS

EXHIBIT A-5
(Continued here and on following page)

FOR THE FISCAL YEAR ENDED JUNE 30, 1994
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1993 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNITS JUNE 30, 1994	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT			REPORTING ENTITY
				JUNE 30, 1994	JUNE 30, 1993		JUNE 30, 1994
Cash Flows from Non-Capital Financing Activities:							
Operating Transfers In	\$404,540	\$1,235,476	--	\$1,640,016	\$1,199,278	--	\$1,640,016
Operating Transfers Out	(578,521)	--	--	(578,521)	(127,000)	--	(578,521)
Net Cash Provided by (Used For) Non-Capital Financing Activities	(173,981)	1,235,476	--	1,061,495	1,072,278	--	1,061,495
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Property and Equipment	(20,098,306)	(2,281,179)	--	(22,379,485)	(18,302,481)	--	(22,379,485)
Acquisition of Partnership Interest	--	--	--	--	--	(3,600,000)	(3,600,000)
Principal Payments on Long-Term Debt	(2,864,322)	--	--	(2,864,322)	(2,187,936)	(745,000)	(3,609,322)
Interest Paid on Long-Term Debt	(351,152)	--	--	(351,152)	(2,217,393)	(754,449)	(1,105,601)
Capital Contributions from Other Government Units	741,998	--	--	741,998	697,375	--	741,998
Capital Contributions from Developers	--	--	--	--	3,375,479	--	--
Capital Contributions from Primary Government	--	--	--	--	--	3,601,000	3,601,000
Water and Sewer Development Fees	12,376,897	--	--	12,376,897	10,040,502	--	12,376,897
Proceeds from Sale of Bonds	--	--	--	--	37,791,373	--	--
Principal Deletion of Refunded Debt	--	--	--	--	(32,791,373)	--	--
Proceeds from Contracts Payable Distributions	3,398,930	--	--	3,398,930	--	(17,336)	3,398,930
Net Cash Used for Capital and Related Financing Activities	(6,795,955)	(2,281,179)	--	(9,077,134)	(3,594,454)	(1,515,785)	(10,592,919)
Cash Flows from Investing Activities:							
Purchase of Investments	--	--	--	--	--	(10,728,137)	(10,728,137)
Proceeds from Sale of Investments	--	--	--	--	--	10,766,504	10,766,504
Interest Received on Investments	2,933,396	295,948	7,603	3,236,947	2,394,395	194,454	3,431,401
Net Cash Provided by Investing Activities	2,933,396	295,948	7,603	3,236,947	2,394,395	232,821	3,469,768
Net Increase (Decrease) in Cash and Cash Equivalents	13,674,880	1,089,057	3,197	14,767,134	1,850,319	(141,426)	14,625,708
Cash and Cash Equivalents at Beginning of Year	46,730,628	6,032,893	184,658	52,948,179	51,097,860	380,506	53,328,685
Cash and Cash Equivalents at End of Year	\$60,405,508	\$7,121,950	\$187,855	\$67,715,313	\$52,948,179	\$239,080	\$67,954,393

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES,
NONEXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNITS

EXHIBIT A-5
(Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 1994
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1993 (PRIMARY GOVERNMENT ONLY)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)		COMPONENT UNITS JUNE 30, 1994	TOTALS
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PRIMARY GOVERNMENT			REPORTING ENTITY
				JUNE 30, 1994	JUNE 30, 1993		
Cash and Cash Equivalents							
At End of Year Includes:							
Cash and Short-Term Investments	\$14,072,246	\$7,121,950	\$187,855	\$21,382,051	\$13,373,834	\$239,080	\$21,621,131
Cash with Fiscal Agents	4,323,858	-	-	4,323,858	3,511,786	-	4,323,858
Restricted Cash and Investments	42,009,404	-	-	42,009,404	36,072,348	-	42,009,404
Less Note Receivable	-	-	-	-	(9,789)	-	-
Total Cash and Cash Equivalents	\$60,405,508	\$7,121,950	\$187,855	\$67,715,313	\$52,948,179	\$239,080	\$67,964,393
Supplemental Disclosure of Noncash Financing Activities:							
Additions to Property, Plant, and Equipment:							
Contributions							
From Developers	\$8,470,607	-	-	\$8,470,607	\$8,280,115	-	\$8,470,607
From Others	8,030,235	-	-	8,030,235	-	-	8,030,235
From Other Government Units	3,863,308	-	-	3,863,308	595,400	-	3,863,308
To Other Government Units	-	-	-	-	(605,000)	-	-
	\$20,364,150	-	-	\$20,364,150	\$8,270,515	-	\$20,364,150

SEE NOTES TO FINANCIAL STATEMENTS

10

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

EXHIBIT A--6

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Water Service Fees	\$34,941,000	\$34,773,479	(\$167,521)	-	-	-	\$34,941,000	\$34,773,479	(\$167,521)
Water Resource Fees	4,117,000	4,454,649	337,649	-	-	-	4,117,000	4,454,649	337,649
Sewer Service Fees	9,994,000	9,933,220	(60,780)	-	-	-	9,994,000	9,933,220	(60,780)
Planet Ranch	490,000	571,024	81,024	-	-	-	490,000	571,024	81,024
Sanitation Fees	8,398,500	8,530,904	132,404	-	-	-	8,398,500	8,530,904	132,404
Airport Fees	675,000	672,868	(2,132)	-	-	-	675,000	672,868	(2,132)
Billings to User Programs	-	-	-	\$8,224,000	\$8,224,027	\$27	8,224,000	8,224,027	27
Contributions from Municipality	-	-	-	1,235,476	1,235,476	-	1,235,476	1,235,476	-
Interest Earnings	1,469,832	2,223,657	753,825	300,000	290,727	(9,273)	1,769,832	2,514,384	744,552
Operating Transfers In	399,532	279,916	(119,616)	-	-	-	399,532	279,916	(119,616)
Other	855,000	986,664	131,664	-	227,042	227,042	855,000	1,213,706	358,706
Total Revenues	61,339,864	62,426,381	1,086,517	9,759,476	9,977,272	217,796	71,099,340	72,403,653	1,304,313
Expenditures									
Water Operations	17,746,755	18,034,257	(287,502)	-	-	-	17,746,755	18,034,257	(287,502)
Sewer Operations	4,430,766	3,946,538	484,228	-	-	-	4,430,766	3,946,538	484,228
Sanitation Operations	7,132,118	6,847,196	284,922	-	-	-	7,132,118	6,847,196	284,922
Airport Operations	725,400	683,391	42,009	-	-	-	725,400	683,391	42,009
Motor Pool Operations	-	-	-	8,421,861	8,081,684	340,177	8,421,861	8,081,684	340,177
Self-Insurance Operations	-	-	-	2,637,409	2,652,494	(15,085)	2,637,409	2,652,494	(15,085)
Debt Service and Reserves	8,098,277	7,129,696	968,581	-	-	-	8,098,277	7,129,696	968,581
Operating Transfers Out	77,200	337,200	(260,000)	-	-	-	77,200	337,200	(260,000)
Indirect Costs	8,723,572	8,723,616	(44)	-	-	-	8,723,572	8,723,616	(44)
Total Expenditures	46,934,088	45,701,894	1,232,194	11,059,270	10,734,178	325,092	57,993,358	56,436,072	1,557,286
Excess (Deficiency) of Revenues Over Expenditures	\$14,405,776	\$16,724,487	\$2,318,711	(\$1,299,794)	(\$756,906)	\$542,888	\$13,105,982	\$15,967,581	\$2,861,599

SEE NOTES TO FINANCIAL STATEMENTS



**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1994**

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. FINANCIAL REPORTING ENTITY

The financial reporting entity presented in these financial statements consists of the City of Scottsdale (the primary government) and four component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

1. Individual Component Units - Blended

- a. The City of Scottsdale Municipal Property Corporation (MPC), a non-profit corporation, was created by the City in 1967 solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. The MPC is governed by a Board of Directors appointed by the City Council. For financial reporting purposes, transactions of the MPC are included as if it were part of the City's operations.
- b. The Scottsdale Mountain Community Facilities District and the McDowell Mountain Ranch Community Facilities District were formed by petition to the City Council in December 1992 and February 1994, respectively. The Districts' purposes are to acquire and improve public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the districts can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the Districts. The City Council serves as the Board of Directors; however, the City has no liability for the districts' debt. For financial reporting purposes, transactions of the Scottsdale Mountain Community Facilities District (SMCFD) are included as if the District were part of the City's operations.

The McDowell Mountain Ranch Community Facilities District has had no financial transactions as of or for the year ended June 30, 1994; however, in August 1994, this District issued \$9,105,000 District General Obligation Bonds.

Separate financial statements of the MPC and the SMCFD may be obtained at the City's Financial Services Department, Accounting and Budget Division, 7447 East Indian School Road, Suite 210, Scottsdale, Arizona 85251.

2. Individual Component Units - Discrete

The component unit columns in the combined financial statements include the financial data of the City's other two component units. The units are combined and reported in a separate column to emphasize that they are legally separate from the City. Both units are reported as proprietary fund types.

- a. The Industrial Development Authority (Authority) is a non-profit corporation established by the City in 1984 to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate and remain in Scottsdale. The Board of Directors of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. FINANCIAL REPORTING ENTITY (Continued)

the Authority is appointed by the City Council and may be removed by the Council at will. The condensed financial statements which follow include the activity of the Authority as of and for the year ended June 30, 1993, since information for the year ended June 30, 1994, is not yet available. Audited financial statements of the Authority may be obtained via writing P.O. Box 130, Scottsdale, AZ 85252.

- b. Scottswater Company, Inc. (the Company) is a non-profit corporation established by the City Council in December 1993 to act as the general partner in the Scottsdale Water Service Company Limited Partnership (the Partnership). The City Council appoints and approves the Company's Board of Directors and nominates Company officers. The Partnership itself manages and operates a Central Arizona Project water treatment plant that, in conjunction with other City facilities, provides water and water services to Scottsdale citizens. All expenses of operating the water treatment plant are paid by the Partnership, and reimbursed by the City via a service agreement with the Partnership.

The condensed financial statements that follow for the Company include all activity of the Company and, as the managing general partner, 100 percent of the Partnership's assets, liabilities, revenues, and expenses. However, in accordance with the Company's separate agreement with the Partnership, the Company would receive only 53 percent of these amounts upon dissolution of the Partnership.

The Company and Partnership have a fiscal year end of December 31; therefore, the condensed financial statements are as of and for the year ended December 31, 1993. The financial statements for the City of Scottsdale Enterprise Fund as of and for the year ended June 30, 1994, include a \$101,534 amount payable at June 30, 1994, and \$382,474 reimbursement paid to the Partnership for expenses of operating the water treatment plant for the six months ended June 30, 1994. These amounts are not reflected in the financial statements for the Company due to the difference in year end. The amounts represent a receivable and revenue to the Partnership and will be reflected in the separately issued financial statements of the Company and Partnership for the year ending December 31, 1994.

Separate unaudited financial statements of the Company, and separate audited financial statements of the Partnership for the year ended December 31, 1993, may be obtained from the administrative offices at 9388 E. San Salvador Drive, Scottsdale, AZ 85258.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**A. FINANCIAL REPORTING ENTITY (Continued)**

The following schedules present condensed financial statements for each of the two discretely presented component units.

CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS**Balance Sheets**

	Industrial Development Authority	Scottswater Company, Inc.	Totals
Assets:			
Current Assets	\$420,536	\$3,998,028	\$4,418,564
Property, Plant and Equipment	-	1,743,832	1,743,832
Total Assets	\$420,536	\$5,741,860	\$6,162,396
Liabilities:			
Current Liabilities	11,130	122,724	133,854
Bonds Payable	-	21,795,000	21,795,000
Total Liabilities	11,130	21,917,724	21,928,854
Equity (Accumulated Deficit):			
Contributed Capital - Primary Government	-	3,600,000	3,600,000
Retained Earnings (Accumulated Deficit)	409,406	(11,977,919)	(11,568,513)
Minority Interest	-	(7,797,945)	(7,797,945)
Net Fund Equity (Accumulated Deficit)	409,406	(16,175,864)	(15,766,458)
Total Liabilities and Fund Equity	\$420,536	\$5,741,860	\$6,162,396

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**A. FINANCIAL REPORTING ENTITY - Discretely Presented Component Units (Continued)****Statements of Revenues, Expenses and Changes in Equity**

	Industrial Development Authority	Scottswater Company, Inc.	Totals
Operating Revenues			
Operating Fees paid by Primary Government	-	\$2,938,987	\$2,938,987
Operating Revenues Paid by Other Component Units	\$21,795	-	21,795
Other Operating Revenues	76,939	-	76,939
Total Operating Revenues	98,734	2,938,987	3,037,721
Operating Expenses			
Depreciation and Amortization	-	80,452	80,452
Other Operating Expenses	185,182	1,614,040	1,799,222
Total Operating Expenses	185,182	1,694,492	1,879,674
Operating (Loss) Income	(86,448)	1,244,495	1,158,047
Non-Operating Revenues Paid by Primary Government	-	1,000	1,000
Other Non-Operating Revenues (Expenses)	14,838	(574,833)	(559,995)
Net (Loss) Income	(71,610)	670,662	599,052
Minority Interest	-	(669,110)	(669,110)
Increase (Decrease) in Retained Earnings (Accumulated Deficit)	(71,610)	1,552	(70,058)
Retained Earnings (Accumulated Deficit), Beginning of Year	481,016	(11,962,135)	(11,481,119)
Distribution	-	(17,336)	(17,336)
Retained Earnings (Accumulated Deficit), End of Year	\$409,406	(\$11,977,919)	(\$11,568,513)

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

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities—except those accounted for in proprietary funds—are accounted for through governmental funds (General, Special Revenue, Debt Service, and Capital Projects).

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

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

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

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

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

Capital Projects - Capital Projects Funds account for the resources used to acquire, construct and improve major capital facilities, other than those financed by proprietary funds. Capital Projects Funds allow the City to compile project cost data and demonstrate that legal or contractual requirements regarding the use of the resources are fully satisfied.

Proprietary Fund Types

Proprietary Funds are used to account for a government's ongoing activities that are similar to those often found in the private sector. All revenues and expenses, including capital construction and issuing and repaying debt, and the assets, liabilities, and equities associated with such business-type activities, are recorded in proprietary funds. The measurement focus of these funds is on the determination of net income, financial position, and cash flows. The City's proprietary funds consist of Enterprise and Internal Service Funds.

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 City 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 City 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)**

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

Fiduciary Fund Types

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

Agency - An Agency Fund is used to account for assets of the City's deferred compensation plan (see Note 9).

Trust - The City's Expendable Trust Fund accounts for assets held in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds, which is accounted and reported similar to governmental funds. A Non-Expendable Trust Fund is used to account for assets held by the City in which the principal cannot be depleted. The measurement focus is on determination of net income, financial position, and cash flows.

Account Groups

Account groups are used to establish accounting control and accountability for a government's general fixed assets and unmatured principal of general long-term debt.

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

General Long-Term Debt - This account group is established to account for all long-term debt of the City, except that which is accounted for in the proprietary funds. Although debt of community facilities districts does not represent legal obligations of the City, such bonds are included in this account group in accordance with generally accepted accounting principles.

C. BASIS OF ACCOUNTING

The modified accrual basis of accounting is followed by the City's governmental and fiduciary fund types (except for the Non-Expendable Trust Fund). Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of intergovernmental revenue. In one, monies must be expended on the specific purpose of the 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

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

D. BUDGET AND BUDGETARY ACCOUNTING

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

- All funds have legally adopted annual budgets except for the Community Development, Grants, and Section 8 Funds (included as Special Revenue Funds), Community Facilities Districts Debt Service Fund, Capital Projects Funds, and Trust and Agency Funds.
- The budgetary process encompasses both the appropriated budget and the legally authorized non-appropriated budget. The General, Highway User Fuel Tax Fund (a Special Revenue Fund), Debt Service (except for Community Facilities Districts Debt Service), Enterprise, and Internal Service Funds have appropriated budgets.
- Budgets for Community Development, Grants, and Section 8 Special Revenue Funds; Community Facilities Districts Debt Service Funds; Capital Projects Funds; and Trust and Agency Funds have non-appropriated budgets. Budgets for the Community Development, Grants, and Section 8 Funds are established pursuant to the terms of the related grant awards. The Community Facilities Districts are required to prepare budgets beginning in fiscal year 1994/95. Budgets for Capital Projects Funds are established for individual projects and lapse at final completion of construction. Budgets for Trust and Agency Funds are established in accordance with the trust agreements. Accordingly, no annual budget is prepared and no comparison of budget to actual is presented in the financial statements for these funds.
- On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- At the first regular Council meeting in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. During 1993/94, there were no supplemental budgetary appropriations to the original budget.
- The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the sum of all departmental expenditure appropriations. Departmental appropriations may be amended during the year.
- Upon the recommendation of the City Manager, and with the approval of the City Council:
(1) transfers may be made from the appropriations for contingencies to departments; and
(2) unencumbered appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department. Transfers between line items within a department may be done only upon approval of the City Manager.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BUDGET AND BUDGETARY ACCOUNTING (Continued)

- All expenditure appropriations which have not been encumbered lapse at year end.

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

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 employed in the proprietary fund types for budget purposes only. Commitments in the proprietary funds at June 30, 1994, aggregated approximately \$9,117,950.

F. CASH EQUIVALENTS

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

G. INVESTMENTS

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

H. INVENTORIES

The costs of inventory items are recorded under the consumption method as expenditures when consumed for financial statement purposes. Supplies inventory is included on the balance sheet of the General Fund and the Motor Pool Fund (an Internal Service Fund). Inventories are valued at year-end based on cost, with cost being determined using an average cost method.

I. GENERAL FIXED ASSETS

General fixed assets are all land, buildings, and equipment that have been acquired or constructed for general governmental purposes. General fixed assets are recorded as expenditures in the governmental funds when purchased or constructed, and are capitalized at historical cost in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. GENERAL FIXED ASSETS (Continued)

Contributed (donated) fixed assets are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt. Estimated costs of such general fixed assets contributed to the City through June 30, 1994, are as follows:

Land	\$16,389,927
Streets and Storm Drains	671,696,021
Traffic Signal Equipment	606,000

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.

Depreciation is not recorded on general fixed assets.

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

J. PROPERTY, PLANT, AND EQUIPMENT - PROPRIETARY FUND TYPES

Property, plant, and equipment of the Enterprise and Internal Service Funds are recorded directly in those funds at actual cost, whether purchased or constructed.

Fixed assets contributed (donated) to those funds are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt. Estimated costs of such assets contributed through June 30, 1994, are as follows:

Water and Sewer Utility Fund Assets:	
Water System and Sewer System	\$127,607,640

Contributions of funds from federal, state, or local grants, subdivider infrastructure, and developer fees restricted for the purpose of purchasing property, plant, or equipment are recorded as contributed capital.

Depreciation and amortization of all proprietary fund assets are recorded and calculated using the straight-line method over the following estimated useful lives:

Water System	10 to 75 Years
Sewer System	25 to 50 Years
Buildings and Improvements	25 Years
Machinery and Equipment	20 Years
Motor Vehicles	3 to 10 Years
Furniture, Fixtures, and Office Equipment	5 to 10 Years

Depreciation of contributed assets is recorded as an expense and is closed to the respective fund's contributed capital account.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**K. TRANSACTIONS BETWEEN FUNDS**

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

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

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

L. FUNDS SERVICING LONG-TERM DEBT

The General Obligation Bond Debt Service Fund accounts for and services all long-term debt of the City except as noted below:

- The General Fund accounts for and services contracts payable funded by general revenues.
- The Highway User Fuel Tax Fund accounts for and services bonds funded by Highway User revenues.
- The Municipal Property Corporation Debt Service Fund accounts for and services all Municipal Property Corporation bonds.
- The Special Assessments Debt Service Fund accounts for and services all special assessment bonds.
- The Community Facilities Districts Debt Service Fund accounts for all debt issued and paid for by community facilities districts. Although such debt is not legally an obligation of the City, generally accepted accounting principles require that the debt be included in the City's financial statements because the City Council serves as the Districts' Board of Directors.
- Each Enterprise Fund individually accounts for and services the bonds and contracts payable which benefit that fund.

M. COMPENSATED ABSENCES/PRIOR PERIOD ADJUSTMENT

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to a maximum number of hours of vacation depending on years of service, but any vacation hours in excess of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**M. COMPENSATED ABSENCES/PRIOR PERIOD ADJUSTMENT (Continued)**

the maximum amount unused at year end are forfeited. The City's policy is to pay employees for unused accumulated vacation hours at termination or retirement. Sick leave time can be accumulated without limit; however, the City's policy is that only those employees hired full-time before July 1, 1982 are paid for unused sick leave at death or retirement. The amount of both types of compensated absences expected to be paid using expendable available financial resources is recorded as a current liability at June 30 in the governmental and proprietary funds. The City calculates this current amount based on vacation taken (and sick leave retirement payoff benefits paid) in the prior fiscal year. At June 30, the total current liability (included in Accrued Payroll), in the governmental funds was \$26,552. There was no current liability for the proprietary funds at June 30, 1994.

The remaining noncurrent amount of compensated absences is recorded in the General Long-Term Debt Account Group (GLTDAG), or in the proprietary funds if employees are paid out of the proprietary funds. At June 30, 1994, the total long-term liability for compensated absences was \$1,118,776 in the GLTDAG and in the proprietary funds, \$178,365.

Prior Period Adjustment

The enactment of *Statement No. 16* of the Governmental Accounting Standards Board requires that compensated absences for sick leave retirement payoff benefits be included in the financial statements at June 30, 1994 as a liability, as described above. Prior to the year ended June 30, 1994, such potential payoff benefits were included only in the notes to the financial statements. *Statement No. 16* further indicates that the comparable amounts at June 30, 1993, be restated if such prior year information is presented; however, it is not practicable for the City to restate the individual funds' and departments' assets, liabilities, and expenditures or expenses for the 1993 fiscal year. Therefore, although the amounts are immaterial to the individual funds (insignificant in total dollar effect), the effect of this change in accounting principle for sick leave retirement benefits is presented as a prior period adjustment of beginning fund balance or retained earnings at July 1, 1993, in the General, Special Revenue, and Enterprise Funds. The long-term portion of this change is shown as an adjustment to July 1, 1993 compensated absences in the schedule of changes in General Long-Term Debt found in Note 6.

N. SELF-INSURANCE FUND

The Self-Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The fund is protected by excess insurance designed to limit the exposure of loss for any single loss occurrence. For fiscal year 1994, the fund was responsible for the first \$300,000 per occurrence for workers' compensation claims, and the first \$1,000,000 for liability claims against the City. The fund was also responsible for vehicle damage above \$1,000, and all unemployment claims.

Incurred-but-not-reported (IBNR) claims and losses are included in the Self-Insurance Fund. IBNR claim amounts are actuarially determined.

O. "MEMORANDUM ONLY" COMPARATIVE TOTAL COLUMNS

Comparative total columns for the current and prior year for the City (the primary government) have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial operations. Total columns for the current year only are also presented for the reporting entity (the City and its discretely presented component units).

Data in these columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. The totals do not represent consolidated financial information, and interfund eliminations have not been made.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

The City's financial transactions are presented in accordance with generally accepted accounting principles (GAAP) in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types, and in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Fund Types.

However, the City prepares its annual *budget* on a basis which differs from GAAP. Therefore, the City's budget, and essentially the same transactions as shown in the above statements, are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Budget and Actual - Budget Basis - General, Special Revenue, and Debt Service Funds; and in the Combined Statement of Revenue and Expenses - Budget and Actual - Budget Basis - All Proprietary Fund Types, but on a *budgetary* basis, to provide a meaningful comparison of actual results with the budget.

The major differences between the GAAP and budget bases are:

1. Funds, activities, and accounts that are not budgeted are appropriately included on the GAAP-basis statements, but do not appear on the budget-basis statements.
2. Certain revenues, expenditures, and transfers are accrued on the GAAP basis but are not recognized in the budgetary year.
3. Encumbrances are recorded as a reservation of fund balance on the GAAP basis but as the equivalent of expenditures on the budget basis.
4. Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charged to the Enterprise Funds are recognized as revenues and expenses on the GAAP basis but are accounted for as transfers in or out in the budgetary process.
5. Capital outlays not recognized as GAAP expenses in the Enterprise and Internal Service Funds are recognized as expenditures on the budget.
6. Debt service principal payments in the Enterprise Funds are not recognized on the GAAP basis but are recognized as expenditures for budget purposes.

The following schedules present the adjustments necessary to reconcile total revenues, expenditures, other sources (uses), and fund balances (deficit) as shown on the GAAP basis statement to the budget basis statement for the General, Special Revenue, and Debt Service Funds.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Total Revenues	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$94,820,648	\$13,270,858	\$23,770,054
Deduct revenues/add back losses of funds/districts/trust accounts for which annual budgets are not prepared:			
Streetlight and Community Facilities Districts	(514,956)	-	(174,982)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(3,987,939)	-
MPC trusts - loss on sale of investment	-	-	103,446
Deduct items recorded as revenues for GAAP purposes that are recorded as transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	(5,690,064)	-	-
Franchise fees	(2,094,216)	-	-
In-lieu property tax	(939,336)	-	-
Total reconciling items	(9,238,572)	(3,987,939)	(71,536)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis	\$85,582,076	\$9,282,919	\$23,698,518
Total Expenditures	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$80,075,599	\$16,203,470	\$26,225,891
Deduct expenditures of funds/districts/accounts for which annual budgets are not prepared:			
Streetlight and Community Facilities Districts	(469,644)	-	(239,672)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(3,417,034)	-
MPC trusts - refunding bond issuance costs	-	-	(1,595,304)
Items recorded as expenditures for GAAP purposes that are not recognized for budget purposes:			
Decrease (increase) in compensated absences	23,917	(1,625)	-
Add items recorded as expenditures for budget purposes that are recorded as transfers out for GAAP purposes:			
Transfers to Self-Insurance and Expendable Trust	550,000	-	-
Add reserve for encumbrances at June 30, 1994, recognized as expenditures for budget purposes	2,144,435	236,916	-
Total reconciling items	2,248,708	(3,181,743)	(1,834,976)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis	\$82,324,307	\$13,021,727	\$24,390,915

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Total Other Sources (Uses)	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	(\$7,291,657)	\$3,324,603	(\$633,105)
Add items recorded as revenues for GAAP purposes that are recorded as transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	5,690,064	-	-
Franchise fees	2,094,216	-	-
In-lieu property tax	939,336	-	-
Add items recorded as expenditures for budget purposes that are recorded as transfers out for GAAP purposes:			
Transfers to Self-Insurance and Expendable Trust	550,000	-	-
Deduct items recorded in funds/trust accounts for which annual budgets are not prepared:			
MPC trusts - Net proceeds from refunding bond escrow agent	-	-	(40,293)
Community Facilities Districts	-	-	(180,038)
Total reconciling items	9,273,616	-	(220,331)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	\$1,981,959	\$3,324,603	(\$853,436)
<hr/>			
Fund Balance (Deficit) at June 30, 1994	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	\$52,110,488	\$930,992	\$6,440,627
Add (deduct) total reconciling items previously described for:			
Revenues	(9,238,572)	(3,987,939)	(71,536)
Expenditures	(2,248,708)	3,181,743	1,834,976
Other Sources/Uses	9,273,616	-	(220,331)
Add cancelled encumbrances	1,723,377	417,621	-
Adjustment for difference in restated fund balance at July 1, 1993, due to prior years' GAAP/budget differences	(58,464,788)	(721,995)	(4,452,392)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	(\$6,844,587)	(\$179,578)	\$3,531,344

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Adjustments necessary to reconcile the revenues and expenses for the proprietary funds as presented on the GAAP basis statement to revenues and expenditures shown on the budget basis statement are as follows:

Revenues	Enterprise	Internal Service
GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)		
Operating revenues	\$55,517,970	\$8,451,069
Non-operating revenues - interest	2,927,940	290,727
Operating transfers in	454,007	1,235,476
Total revenues and transfers in	\$58,899,917	\$9,977,272
Deduct operating transfer in to non-budgeted fund	(174,091)	-
Add contribution recognized as revenue for budget purposes	4,454,649	-
Deduct revenue received for non-budgeted funds	(49,811)	-
Deduct interest earnings on bond funds not recognized as income for budget purposes	(704,283)	-
Total reconciling items	3,526,464	-
Budget Basis - Combined Statement of Revenues and Expenditures - Budget and Actual	\$62,426,381	\$9,977,272
<hr/>		
Expenses/Expenditures	Enterprise	Internal Service
GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)		
Operating expenses	\$50,177,398	\$8,218,856
Non-operating expenses - interest	1,055,219	-
Operating transfers out	627,988	-
Total expenses and transfers out	\$51,860,605	\$8,218,856
Items recorded as GAAP expenses that are not recognized as expenditures for budget purposes:		
Compensated absences	(23,196)	(46,455)
Depreciation and amortization	(7,759,628)	(1,488,053)
Decrease in claims payable		84,915
Transfers out from non-budgeted funds	(290,788)	-
Items recorded as expenditures for budget purposes that are not recognized as expenses for GAAP purposes:		
Capital outlay	83,111	2,350,895
Encumbrances at June 30, 1994	904,283	1,614,020
Debt service principal payments and capitalized interest	4,925,891	-
Increase in reserved retained earnings	1,148,586	-
Deduct expenditures related to non-budgeted bond activity	(5,146,970)	-
Total reconciling items	(6,158,711)	2,515,322
Budget Basis - Combined Statement of Revenues and Expenditures - Budget and Actual	\$45,701,894	\$10,734,178

NOTE 3 - CASH AND INVESTMENTS

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

Deposits

At June 30, 1994, the book value of the City's deposits was (\$22,509,934), and the bank balance was \$778,089. The \$23,288,023 difference represents outstanding checks and other reconciling items.

Risk category one cash balances, which are covered entirely through a combination of federal depository insurance funds and pledged collateral (of which securities are held by the City's agent in the name of the City), equalled \$434,137 at June 30, 1994. Risk category three cash balances, which are collateralized with securities held by the pledging bank's trust department or agent but not in the name of the City equalled \$343,952 at June 30, 1994. Of this amount \$229,117 was held in the name of the Municipal Property Corporation (MPC), and \$114,835 was held in the name of the Scottsdale Mountain Community Facilities District (SMCFD).

Cash with fiscal agent at June 30, 1994, of \$12,816,427 was invested in the Local Government Investment Pool (category one). Additional cash with fiscal agent of \$111,449 was held by the SMCFD's trustee in the name of the SMCFD (category three). At June 30, 1994, there were no cash balances in risk category two.

Investments

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government agencies, Certificates of Deposit, bankers' acceptances, commercial paper (A-1, P-1), repurchase agreements, mutual funds consisting of the foregoing, and the State of Arizona Local Government Investment Pool (LGIP). At June 30, 1994, 100 percent of the funds invested in mutual funds were in funds whose portfolios consist solely of U.S. Government Treasury and agency securities.

The City's investments at June 30, 1994, are summarized below. Risk category one includes investments that are registered in the name of the City and held by the City's agent in the name of the City. Category three includes uninsured and unregistered investments not held in the name of the City. Category three includes \$1,410,281 of investments of the MPC, held by the MPC's agent in the name of the MPC, and \$3,000,000 in Guaranteed Investment Contracts of the SMCFD, held by the SMCFD's trustee in the name of the SMCFD. At June 30, 1994, there were no investments in risk category two.

	Category		Carrying Amount	Market Value
	1	3		
U.S. Treasury	\$40,023,333		\$40,023,333	\$39,523,438
U.S. Agency Securities	857,935	\$1,410,281	2,268,216	1,306,009
City of Scottsdale Improvement District Bonds	17,000		17,000	17,000
Guaranteed Investment Contracts		3,000,000	3,000,000	3,000,000
	\$40,898,268	\$4,410,281	45,308,549	43,846,447
LGIP			34,660,014	34,660,014
Mutual Funds			124,844,761	119,235,641
ICMA			7,014,054	7,014,054
Total Investments			\$211,827,378	\$204,756,156

NOTE 3 - CASH AND INVESTMENTS (Continued)

Reconciliation of Note 3 to Exhibit A-1			
Note 3		Exhibit A-1	
Total		Cash and Short-Term	
Cash/Deposits	(\$22,509,934)	Investments	
Total Investments	211,827,378	General	\$24,111,431
		Special Revenue	768,234
Total	<u>\$189,317,444</u>	Debt Service	5,379,074
		Capital Projects	47,768,760
		Enterprise	14,072,246
		Internal Service	7,121,950
		Trust and Agency	5,721,813
		Investments	
		General	30,940,197
		Debt Service	4,410,281
		Trust and Agency	7,014,054
		Restricted Cash and	
		Investments	
		Enterprise	42,009,404
		Total (Primary Government)	<u>\$189,317,444</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, 1994, are not available for 1993/94; accordingly, such taxes will not be recognized as revenue until 1994/95. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Delinquent amounts bear interest at the rate of 16 percent. 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.

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1.0 percent of the primary full cash value of such property. In addition, taxes levied for current operation and maintenance expenses on all types of property are limited to a maximum increase of 2.0 percent 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, 1993	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 1994
Land	\$43,590,570	\$10,386,269	-	\$ 53,976,839
Buildings and Improvements	141,918,668	3,518,470	-	145,437,138
Streets and Storm Drains	800,256,353	38,937,327	-	839,193,680
Machinery and Equipment	23,960,802	2,852,784	(\$14,150)	26,799,436
Construction in Progress	46,774,219	41,260,267	(27,467,789)	60,566,697
Total	\$1,056,500,612	\$96,955,117	(\$27,481,939)	\$1,125,973,790

General fixed asset construction in progress commitments at June 30, 1994, included as a line item above, were composed of the following:

	Construction In Progress	Commitments	Budget
Streets	\$23,812,030	\$20,206,839	\$44,018,869
Traffic	968,512	771,388	1,739,900
Transit	27,671	15,786	43,457
Improvement Districts	6,510,850	12,780,306	19,291,156
Drainage/Flood Control	6,803,814	9,476,336	16,280,150
Parks/Recreation	3,211,540	4,069,264	7,280,804
Specialty Areas	3,911,979	6,819,113	10,731,092
Service Facilities	4,697,673	5,904,578	10,602,251
Public Safety	2,413,180	3,817,720	6,230,900
Libraries	8,209,448	3,960,265	12,169,713
Total	\$60,566,697	\$67,821,595	\$128,388,292

A summary of proprietary fund types fixed assets at June 30, 1994, follows:

	Enterprise	Internal Service
Land and Land Improvements	\$ 17,077,738	-
Water Rights	22,910,281	-
Water System	175,737,258	-
Sewer System	96,701,080	-
Buildings and Improvements	1,929,146	\$1,448,103
Motor Vehicles	-	15,494,789
Furniture and Fixtures	491,503	76,828
Machinery and Equipment	1,260,698	1,013,398
Construction in Progress	30,809,739	875,808
	346,917,443	18,908,926
Accumulated Depreciation	(66,395,864)	(10,002,790)
Total	\$280,521,579	\$ 8,906,136

NOTE 5 - FIXED ASSETS (Continued)

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1994, included as a line item above, were composed of the following:

	Construction In Progress	Commitments	Budget
Enterprise			
Water System Projects	\$26,272,607	\$56,907,920	\$83,180,527
Sewer System Projects	4,115,456	32,805,344	36,920,800
Airport Projects	421,677	1,993,723	2,415,400
	<u>\$30,809,740</u>	<u>\$91,706,987</u>	<u>\$122,516,727</u>
Internal Service:			
Motor Vehicle Projects	\$875,808	\$779,443	\$1,655,251

NOTE 6 - LONG-TERM DEBT

The following are brief descriptions of bonds outstanding at June 30, 1994. The totals shown are net of the current portion due July 1, 1994.

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.

General Obligation Bonds

General obligation (GO) bonds are issued, after approval by City of Scottsdale voters at an authorized bond election, to finance the construction of water and sewer systems, artificial lighting, parks and open spaces, and recreational facilities; and for general purpose improvements. At June 30, 1994, the City had \$107,029,500 authorized but unissued GO bonds. GO bonds are backed by the full faith and credit of the City, and are repaid through the City's levying of property (ad valorem) taxes. However, a portion of the City's GO bonds are recorded in the Water Enterprise Fund, and are repaid through revenues of that fund unless such revenues are insufficient.

1968 Civic Center Improvement Serial Bonds due in annual installments of \$250,000 through July 1, 1996; interest at 4.7 percent.	\$500,000
1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$1,045,000 to \$1,220,000 through July 1, 1997; interest at 6.3 percent to 8.3 percent. These bonds are recorded in and paid out of the Water Fund.	3,395,000
1989 Capital Improvement Project Serial Bonds (Series A issued 1990) due in annual installments of \$615,000 to \$1,200,000 beginning July 1, 1996, through July 1, 2000; interest at 8.5 percent.	4,960,000
1989 Capital Improvement Project Serial Bonds (Series B issued 1991) due in annual installments of \$685,000 to \$1,175,000 beginning July 1, 1996, through July 1, 2011; interest at 6.0 percent to 8.5 percent.	8,280,000
1991 Refunding Bonds due in annual installments of \$535,000 to \$720,000 through July 1, 2000; interest at 5.7 percent to 7.5 percent.	3,765,000

NOTE 6 - LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

1989 Capital Improvement Project Serial Bonds (Series C issued 1992)/Refunding Bonds due in annual installments of \$715,000 to \$2,025,000 through July 1, 2012; interest at 3.9 percent to 7.75 percent.	\$21,050,000
1993 Refunding Bonds due in annual installments of \$940,000 to \$8,150,000 through July 1, 2009; interest at 3.4 percent to 5.5 percent. \$28,565,000 of these bonds are recorded in and paid out of the Water Fund.	44,475,000
1989 Capital Improvement Project Serial Bonds (Series D issued October 1, 1993) due in annual installments of \$500,000 to \$1,475,000 through July 1, 2013; interest at 4.0 percent to 6.5 percent.	19,500,000
1993 A Refunding Bonds (issued October 1, 1993) due in annual installments of \$445,000 to \$5,560,000 through July 1, 2011; interest at 3.1 percent to 5.1 percent. \$1,315,000 of these bonds are recorded in and paid out of the Water Fund.	24,065,000
1989 Capital Improvement Project Serial Bonds (Series E issued May 1, 1994) due in annual installments of \$400,000 to \$1,150,000 through July 1, 2014; interest at 5.25 percent to 8.25 percent.	14,250,000
	<u>\$144,240,000</u>

HURF Revenue Bonds

Highway User Revenue Fee (HURF) bonds are issued specifically for the purpose of constructing street and highway projects. These bonds are repaid out of the Special Revenue Fund by gas tax revenues collected by the State of Arizona and distributed to cities and towns based on a formula of population and gas sales within each county.

1983 Highway User Revenue Serial Bonds (Series C issued 1987) due in one remaining installment of \$70,000 on July 1, 1995; interest at 9.1 percent.	\$70,000
1989 Highway User Revenue Refunding Serial Bonds due in annual installments of \$760,000 to \$1,380,000 through July 1, 1997; interest at 6.5 percent to 6.7 percent.	2,950,000
1993 Highway User Revenue Refunding Serial Bonds due in annual installments of \$785,000 to \$2,990,000 through July 1, 2007; interest at 3.5 percent to 5.5 percent.	25,850,000
	<u>\$28,870,000</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Municipal Property Corporation Bonds

The Municipal Property Corporation (MPC) is a non-profit corporation created by the City to finance the construction or acquisition of certain capital improvement projects. The MPC issues its own bonds, which are repaid through the City's excise tax collections and other unrestricted revenues. The use of property taxes to repay these bonds is specifically prohibited by law.

1974 Municipal Property Corporation Bonds due in annual installments of \$570,000 to \$1,420,000 through July 1, 1996; interest at 5.5 percent.	\$1,990,000
1987 Municipal Property Corporation Certificates of Participation due in annual installments of \$550,000 to \$695,000 beginning July 1, 1997, through July 1, 2001; interest at 5.9 percent to 6.3 percent.	3,100,000
1987 Refunding Series Municipal Property Corporation Certificates of Participation due in annual installments of \$1,115,000 to \$2,250,000 through July 1, 1997; interest at 6.5 percent to 6.9 percent.	5,400,000
1992 Refunding Series Municipal Property Corporation Certificates of Participation due in semi-annual installments of \$55,000 to \$1,865,000 through November 1, 2014; interest at 4.3 percent to 6.375 percent.	44,240,000
1993 Municipal Property Corporation Refunding Bonds due in annual installments of \$375,000 to \$4,170,000 beginning July 1, 1995, through July 1, 2005; interest at 3.5 percent to 5.375 percent.	29,475,000
1994 Municipal Property Corporation Refunding Bonds (issued April 1, 1994) due in annual installments of \$720,000 to \$1,080,000 through July 1, 2004; interest at 3.4 percent to 5.15 percent.	8,795,000
	<u>\$93,000,000</u>

Water and Sewer Revenue Bonds

Water and sewer revenue bonds are issued as authorized by the voters for the construction, acquisition, furnishing and equipping of water and sewer facilities and related systems. At June 30, 1994, the City had \$78,340,000 authorized but unissued water and sewer revenue bonds. These revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's water and sewer utility system, and are repaid via user charges or fees for service. Property taxes cannot be used to pay the debt service on these bonds.

Water and sewer revenue bond agreements require that the City accumulate reserves to cover the maximum annual debt service payment on the bonds and for water and sewer system replacement. The City has continued to meet all necessary reserve requirements. At June 30, 1994, the funds reserved for these purposes were \$10,269,549.

1973 Water and Sewer Revenue Refunding Issue Serial Bonds due in one remaining installment of \$285,000 on July 1, 1995; interest at 4.5 percent.	\$285,000
1989 Water and Sewer Revenue Serial Bonds (Series A issued 1990) due in annual installments of \$265,000 to \$680,000 through July 1, 2009; interest at 6.0 percent to 8.5 percent.	6,585,000

NOTE 6 - LONG-TERM DEBT (Continued)

Water and Sewer Revenue Bonds (Continued)

1992 Water and Sewer Refunding Serial Bonds due in annual installments of \$865,000 to \$1,595,000 through July 1, 2000; interest at 4.75 percent to 5.7 percent.	\$7,780,000
1989 Water and Sewer Revenue Serial Bonds (Series B issued 1992) due in annual installments of \$150,000 to \$410,000 through July 1, 2012; interest at 5.0 percent to 7.5 percent.	<u>4,600,000</u>
	<u><u>\$19,250,000</u></u>

Special Assessment Bonds

Special assessment bonds are issued by the City on behalf of improvement districts created by property owners for a specific purpose, such as to finance local street, water or sewer improvements, or to acquire an existing water or sewer operation. Property owners in the designated districts agree to be assessed for all costs of repaying the bonds. As trustee for improvement districts, the City is responsible for collecting the assessments levied against the owners of property within the improvement districts and for disbursing these amounts to retire the bonds issued to finance the improvements. The receivables, revenues, and debt service expenses related to these bonds are recorded in the Special Assessments Debt Service Fund. At June 30, 1994, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, were adequate for the scheduled maturities of the bonds payable and the related interest.

These bonds are secured by a lien on the property and improvements of all parcels within each district. 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.

The City Council's adopted policy is that special assessment improvement debt is permitted only when the ratio of the full cash value of the property (prior to improvements being installed) when compared to debt is a minimum of 3 to 1 prior to issuance of debt, and 5 to 1 or higher after construction of improvements. In addition, cumulative improvement district debt is not permitted to exceed 5 percent of the City's secondary assessed valuation.

Special Assessment Bonds issued August 7, 1975, through June 1, 1994, maturing January 1, 1995, through January 1, 2004; due in annual installments of \$17,000 to \$1,740,000; interest at 3.75 percent to 9.5 percent.	<u><u>\$ 36,612,000</u></u>
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Community Facilities District General Obligation Bonds

Community Facilities District General Obligation Bonds are issued by community facilities districts (CFDs), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. CFD bonds are repaid by ad valorem taxes levied directly by the districts and collected by the County. Property owners in the districts are assessed for District taxes and thus for all costs associated with the Districts. The City has no liability for community facilities district bonds.

NOTE 6 - LONG-TERM DEBT (Continued)

Community Facilities District General Obligation Bonds (Continued)

CFDs are created only by petition to the City Council by property owners within the district areas. As board of directors for the districts, the City Council has adopted a formal policy that CFD debt will be permitted only when the ratio of the full cash value of the district property (prior to improvements being installed), when compared to proposed district debt, is a minimum of 3 to 1 prior to issuance of debt and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the district and administered by the City. In addition, cumulative debt of all CFDs cannot exceed 5 percent of the City's secondary assessed valuation.

As of June 30, 1994, only one community facilities district had issued any bonds, as shown below.

Scottsdale Mountain Community Facilities District General Obligation Bonds Series 1993 A (issued July 14, 1993) due in annual installments of \$90,000 to \$255,000 beginning July 1, 1999 through July 1, 2017; interest at 5.25 percent to 6.20 percent.	\$3,000,000
Scottsdale Mountain Community Facilities District General Obligation Bonds Series 1993 B (issued July 14, 1993) due in annual installments of \$10,000 to \$45,000 beginning July 1, 1999 through July 1, 2017; interest at 7.5 percent to 9.5 percent.	<u>525,000</u>
	<u><u>\$3,525,000</u></u>

Statutory Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, and open space purposes may not exceed 20 percent of a city's net secondary assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a city's net secondary assessed valuation. General obligation bonds of community facilities districts are not subject to or included in this calculation. The following is a summary of the City of Scottsdale's legal general obligation bonded debt borrowing capacity at June 30, 1994:

<u>Water, Sewer, Light, Parks and Open Space Purposes Bonds</u>		<u>All Other General Obligation Bonds</u>	
20% Constitutional Limit	\$270,584,447	6% Constitutional Limit	\$81,175,334
Less General Obligation 20% Bonds Outstanding	<u>(88,550,400)</u>	Less General Obligation 6% Bonds Outstanding	<u>(55,689,600)</u>
Available 20% Limitation Borrowing Capacity	<u><u>\$182,034,047</u></u>	Available 6% Limitation Borrowing Capacity	<u><u>\$25,485,734</u></u>

NOTE 6 - LONG-TERM DEBT (Continued)**Contracts Payable**

The City of Scottsdale has entered into various purchase contracts related to economic development and for the acquisition of water system facilities. Contracts for the acquisition of water system facilities and improvements are payable only from the operating revenue of the water and sewer utility system. Contracts payable at June 30, 1994, were as shown below.

Payable out of the General Fund

Contract payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2032; interest at 5.1 percent.	\$3,742,835
Contract payable for the construction of the East Couplet; due in annual installments through November, 1997; non-interest bearing.	420,000
Contract payable for the construction of the West Couplet; due in annual installments through January, 2002; non-interest bearing.	<u>3,287,005</u>
Total Long-Term Contracts Payable from General Fund	<u><u>\$7,449,840</u></u>

Payable out of the Water and Sewer Utility Fund

Purchase contract, Plan Six Agreement, to acquire a new water supply and hydropower generation benefits; due in quarterly installments through April 1996; non-interest bearing.	\$128,341
Contract payable for the purchase of a Water Resources office/warehouse; due in monthly installments of \$7,633 through October 1, 1995 with a final payment November 1, 1995 of \$978,811; interest at 7.25 percent.	994,709
Contract for the purchase of Carefree Ranch Water Company water system assets; due in adjustable annual installments of \$160,095 to \$441,857 through March 1, 2002; non-interest bearing.	<u>2,400,083</u>
Subtotal	<u>\$3,523,133</u>
Less Current Portion	<u>(244,203)</u>
Total Long-Term Contracts Payable from Water and Sewer Utility Fund	<u><u>3,278,930</u></u>

Total Long-Term Contracts Payable, All Funds	<u><u>\$10,728,770</u></u>
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NOTE 6 - LONG-TERM DEBT (Continued)

The following is a summary of debt service requirements to maturity for all long-term contracts payable, net of current portion.

<u>Fiscal Year Ending</u>	<u>Total</u>	<u>Fiscal Year Ending</u>	<u>Total</u>
1995	\$1,159,390	2002	\$673,023
1996	2,587,263	2003	231,166
1997	1,566,703	2004	231,166
1998	1,149,816	2005	231,166
1999	563,140	2006	231,166
2000	596,337	2007-2032	<u>5,397,347</u>
2001	632,854		
		Total all Years	15,250,537
		Less Amount Representing Interest	<u>(4,521,767)</u>
		Net Amount Outstanding	<u>\$10,728,770</u>

Changes in General Long-Term Debt

The following changes occurred in the General Long-Term Debt Account Group for the year ended June 30, 1994. General long-term debt excludes all general obligation bonds and contracts recorded in and paid out of the Water and Sewer Utility Fund.

Compensated absences consist of accumulated vacation hours and sick leave retirement benefits for which the City is obligated to pay at employees' termination or retirement. The prior period adjustment below for compensated absences shows the beginning balance at July 1, 1993, restated to include sick leave retirement benefits accumulated as of that date. (See also Note 1, part M).

	<u>General Obligation Bonds</u>	<u>HURF Revenue Bonds</u>	<u>Municipal Property Corp Bonds</u>	<u>Special Assessment Bonds</u>	<u>Contracts Payable</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance July 1, 1993, as Previously Reported	\$80,300,000	\$29,950,000	\$97,880,000	\$21,959,000	\$8,012,695	\$2,456,892	\$240,558,587
Prior Period Adjustment	-	-	-	-	-	<u>1,536,214</u>	<u>1,536,214</u>
Balance July 1, 1993, as Restated	80,300,000	29,950,000	97,880,000	21,959,000	8,012,695	3,993,096	242,094,791
New Debt Issued	35,250,000	-	9,295,000	18,420,000	-	-	62,965,000
Community Facilities District Debt Issued	3,525,000	-	-	-	-	-	3,525,000
Refunding Debt Issued	22,950,000	-	-	-	-	-	22,950,000
Debt Retired	-	-	(1,225,000)	(3,247,000)	(562,855)	-	(5,034,855)
Debt Refunded (Defeased)	(22,950,000)	-	(9,990,000)	-	-	-	(32,940,000)
Increase in Compensated Absences Liability	-	-	-	-	-	320,307	320,307
Debt to be Retired July 1, 1994	<u>(4,585,000)</u>	<u>(1,080,000)</u>	<u>(2,960,000)</u>	<u>(520,000)</u>	-	-	<u>(9,145,000)</u>
Balance June 30, 1994	<u>\$114,490,000</u>	<u>\$28,870,000</u>	<u>\$93,000,000</u>	<u>\$36,612,000</u>	<u>\$7,449,840</u>	<u>\$4,313,403</u>	<u>\$284,735,243</u>

NOTE 6 - LONG-TERM DEBT (Continued)**Changes in Water and Sewer Utility Fund Long-Term Bonds**

The following table summarizes all changes in long-term bonds paid out of the Water and Sewer Utility Fund during the year ended June 30, 1994. General obligation bonds paid out of this fund at June 30, 1994, consisted of \$3,395,000 1986 Water System Acquisition and Improvement Bonds, \$28,565,000 1993 Refunding Bonds, and \$1,315,000 1993A Refunding Bonds.

	General Obligation Bonds	Water and Sewer Revenue Bonds	Total
Balance at July 1, 1993	\$34,700,000	\$20,675,000	\$55,375,000
Refunding Debt Issued	1,315,000	-	1,315,000
Debt Refunded (Defeased)	(1,315,000)	-	(1,315,000)
Debt to be Retired July 1, 1994	(1,425,000)	(1,425,000)	(2,850,000)
Balance at June 30, 1994	<u>\$33,275,000</u>	<u>\$19,250,000</u>	<u>\$52,525,000</u>

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds payable as of June 30, 1994. Amounts include both general long-term debt and debt paid out of the Water and Sewer Utility Fund.

Fiscal Year Ending	General Obligation Bonds	HURF Revenue Bonds	Municipal Property Corp Bonds	Special Assessment Bonds	Water and Sewer Revenue Bonds	Community Facilities District Bonds	Total
1995	14,218,680	3,105,515	10,157,418	5,962,678	2,877,113	222,898	36,544,302
1996	14,088,590	3,107,270	10,030,866	6,542,463	2,872,538	222,898	36,864,625
1997	13,917,955	3,103,210	10,141,293	6,120,383	2,863,863	222,898	36,369,602
1998	13,714,253	3,098,538	10,154,715	6,302,676	2,867,343	222,898	36,360,423
1999	14,166,595	3,103,488	10,155,196	4,760,600	2,861,723	322,898	35,370,500
2000	14,999,498	3,101,913	10,162,465	4,475,470	2,033,988	327,223	35,100,557
2001	15,546,460	3,103,588	10,185,023	4,257,298	1,120,603	325,715	34,538,687
2002	15,478,863	3,102,800	9,433,999	2,881,013	1,118,528	323,840	32,339,043
2003	15,505,850	3,109,050	9,457,416	2,480,528	1,118,468	321,640	31,992,952
2004	15,522,543	3,106,306	9,464,078	2,009,180	1,120,178	329,055	31,551,340
2005	15,600,008	3,119,269	8,336,938	1,781,845	1,123,308	325,315	30,286,683
2006	15,670,488	3,141,294	3,948,341	-	1,122,933	321,165	24,204,221
2007-2032	55,737,917	3,154,448	29,330,310	-	4,681,214	3,584,100	96,487,989
	234,167,700	40,456,689	140,958,058	49,574,134	27,781,800	7,072,543	500,010,924
Less amt representing interest	(89,927,700)	(11,586,689)	(47,958,058)	(12,962,134)	(8,531,800)	(3,547,543)	(174,513,924)
Net amt Outstanding	<u>\$144,240,000</u>	<u>\$28,870,000</u>	<u>\$93,000,000</u>	<u>\$36,612,000</u>	<u>\$19,250,000</u>	<u>\$3,525,000</u>	<u>\$325,497,000</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Advance Refundings

On October 1, 1993, the City issued \$24,265,000 General Obligation (GO) Refunding Bonds, Series 1993 A, with average coupon rates of 6.53 percent, in order to refund (defease) a total \$24,265,000 of the General Obligation bonded debt then outstanding. The refunding bond proceeds of \$27,146,350, net of \$77,382 in underwriting fees and other issuance costs, were used to purchase U.S. Government securities which were deposited in irrevocable trusts with an escrow agent to provide for the future debt service payments on the refunded bonds. As a result, \$24,265,000 of the General Obligation bonded debt then outstanding is considered to be defeased. The refunding transaction will result in a decrease in debt service payments of \$613,961 and an economic gain (present value savings) of \$636,951 in general long-term debt, and a decrease in debt service payments of \$35,179 and an economic gain of \$36,496 in long-term debt of the Enterprise Fund, over the life of the 1993A GO Refunding bonds.

On April 1, 1994, the City, through the Municipal Property Corporation (MPC), issued \$9,295,000 MPC Refunding Bonds, Series 1994, with average coupon rates of 4.85 percent, in order to refund (defease) a total \$9,990,000 of the MPC bonded debt then outstanding. The entire proceeds of \$10,607,832, net of \$84,096 in underwriting fees and other issuance costs, were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for the retirement of the refunded bonds. The refunding MPC bonds were paid off by the escrow agent on July 1, 1994. As a result, \$9,990,000 of the MPC bonded debt then outstanding is considered to be defeased. The refunding transaction will result in a decrease in debt service payments of \$4,786,224 and an economic gain (present value savings) of \$2,281,539 in general long-term debt over the life of the 1994 MPC Refunding bonds.

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

The assets, liabilities, and financial transactions of all of these trust accounts and the liability for refunded (defeased) bonds are not reflected in the financial statements of the City. Refunded debt outstanding at June 30, 1994, net of any amounts paid or retired by the trustee on July 1, 1994, was as follows:

<u>Refunded in Year Ended June 30, 1994</u>		<u>Refunded in Prior Years</u>	
1986 General Obligation -		1985 General Obligation	\$7,355,000
Water System Acquisition	\$1,315,000	1986 General Obligation -	
1989 General Obligation		Water System Acquisition	29,075,000
Series A (1990)	7,885,000	1984 HURF Revenue, Series A	6,850,000
1989 General Obligation		1985 HURF Revenue, Series B	7,535,000
Series B (1991)	10,720,000	1984 Certificates of	
1991 General Obligation		Participation	29,279,365
Refunding	4,345,000	1984 Municipal Facilities	13,200,000
	<u>\$24,265,000</u>	1985 Municipal Facilities	15,840,000
		1986 Certificates of	
		Participation	42,630,000
		1966 Sewer Revenue	350,000
		1971 Water Revenue	220,000
		1983 Utility Revenue	7,025,000
			<u>\$159,359,365</u>

NOTE 7 - RETIREMENT AND PENSION PLANS

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

ARIZONA STATE RETIREMENT SYSTEM**Plan Description**

All the City's full-time employees participate in the Arizona State Retirement System (System), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1994, was \$38,258,402; the City's total payroll was \$50,656,500.

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

At June 30, 1993 and 1992, (the latest information available), the number of participating local government employer groups was:

EMPLOYER UNITS	1993	1992
School Districts	215	214
Cities and Towns	56	55
Counties	14	14
Special Districts	16	11
Community College Districts	10	10
State Government	1	1
Total	312	305

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

At June 30, 1993, and 1992, statewide System membership consisted of:

EMPLOYEE MEMBERS	1993	1992
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	64,249	56,668
Current Employees		
Vested	79,236	74,392
Non-Vested	65,241	65,241
Total	208,726	196,301

The System provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit. Members are eligible for full retirement benefits on the first day

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**ARIZONA STATE RETIREMENT SYSTEM (Continued)**

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

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

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

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

Related Party Investments

The System had no related party investments.

Funding Status and Progress

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

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1993, and 1992. Significant actuarial assumptions used include: a) a rate of return on investment of present and future assets of 8 percent per year, compounded annually; b) projected salary increases of 5.5 percent, compounded annually, attributable to cost-of-living and salary merit increases ranging from .5 percent to 3.0 percent; and c) no post-retirement benefit increases.

For the fiscal year 1993, there were no changes in the actuarial funding or the actuarial assumptions and methods. No material change occurred in the benefit provision. Legislation during fiscal year 1993 resulted in an increase in the pension benefit obligation due to System

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**ARIZONA STATE RETIREMENT SYSTEM (Continued)**

amendments passed in fiscal year 1992 of \$261,197,558. There are no System amendments which became effective after June 30, 1993. Consequently, all changes are reflected in the pension benefit obligation as of June 30, 1993.

The System does not prepare separate measurements of assets and pension benefit obligations for individual employers. The assets in excess of the pension benefit obligation for the System as a whole as of June 30, 1993, and 1992, were as follows:

	June 30	
	1993	1992
Pension Benefit Obligation		
Retirees and beneficiaries currently receiving benefits	\$3,697,034,133	\$3,066,775,687
Disabled members receiving benefits	109,359,800	87,583,500
Terminated employees not yet receiving benefits	166,178,451	157,875,744
Current Employees		
Accumulated employee contributions, including allocated investment income	1,884,685,445	1,931,862,207
Employer financed - vested	2,320,141,000	2,216,611,793
Employer financed - non-vested	791,846,090	619,051,600
Total Pension Benefit Obligation	<u>8,969,244,919</u>	<u>8,079,760,531</u>
Net assets available for benefits, at cost (market value \$10,797,270,068 and \$9,437,180,124, respectively)	9,240,873,898	8,458,861,357
Assets in Excess of Pension Benefit Obligation	<u>\$271,628,979</u>	<u>\$379,100,826</u>

Contributions Required and Contributions Made

The Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to change the contribution rate from that actuarially determined. The actuarial computation is made two years in advance based on the June 30 information (the rate for 1993 was based on June 30, 1991, information). The contribution rates were actuarially determined using the Projected Unit Credit funding method. The contribution rate consists of a factor to cover normal costs using the same actuarial assumptions used to compute the pension benefit obligation, and a factor to amortize the overfunded past service liability based on the criteria of the Arizona Revised Statutes, not to exceed an amortization period of 45 years. The current amortization period is 11 years.

Covered employees were required by state statute and actuarial computations to contribute 3.14 percent of their salary to the System during the year ended June 30, 1994, and the City was required to match it. Total contributions made by the City and its covered employees were \$2,402,628; \$1,201,314, or 3.14 percent of covered payroll for both the employer's and employees' portion. The amount of the City's contribution attributable to normal cost and to amortization of the past service liability, and as a proportion of the total amount contributed by all System employers in 1994, is unavailable.

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**ARIZONA STATE RETIREMENT SYSTEM (Continued)**

During the year ended June 30, 1993, contributions for the System as a whole totaled \$271,289,736 (\$135,644,868 for both employers and employees), in accordance with actuarial requirements. Contributions consisted of \$361,971,542 for normal cost, and (\$90,681,806) for amortization of the overfunded past service liability. The City's and covered employees' contributions of \$2,554,721 in 1993, in accordance with actuarial requirements, represented less than one percent of the total amount contributed by all System employers in 1993.

Trend Information

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

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation (PBO)	(3) Percent Funded (1) / (2)	(4) Assets In Excess of PBO (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess of PBO As A Percentage of Covered Payroll (4) / (5)
1987	\$5,497.3	\$4,990.6	110.2%	506.7%	\$2,477.7	20.5%
1988	5,989.8	5,392.7	111.1	597.1	2,817.7	21.2
1989	6,652.7	6,016.9	110.6	635.8	2,993.6	21.2
1990	7,287.9	6,639.7	109.8	648.2	3,211.7	20.2
1991	7,819.8	7,090.1	110.3	729.7	3,453.0	21.1
1992	8,458.9	8,079.8	104.7	379.1	3,616.0	10.5
1993	9,240.9	8,969.3	103.0	271.6	3,748.2	7.3

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

Governmental Accounting Standards Board *Statement No. 5* requires a ten year historical trend presentation of the analysis of the funding progress for years beginning after December 15, 1986. The system has this information available beginning fiscal year ended June 30, 1987, as presented above, providing a seven year comparison.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**Plan Description**

All of the City's public safety personnel (police officers) participate in the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer pension plan. The payroll for employees covered by this plan for the year ended June 30, 1994, was \$10,360,616; the City's total payroll was \$50,656,500.

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Continued)**

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

At June 30, 1993, and 1992, (the latest information available), the number of participating local government employer groups was:

EMPLOYER UNITS	1993	1992
Cities and Towns	103	101
Counties	15	15
State Agencies	7	6
Special Districts	20	15
Total	145	137

Any state or local government in the State of Arizona may elect to have its paid, full-time eligible employees (generally, fire fighters and police officers) covered by the PSPRS. At June 30, 1993, and 1992, statewide PSPRS membership consisted of:

EMPLOYEE MEMBERS	1993	1992
Retirees and beneficiaries currently receiving benefits	3,634	3,184
Current Employees Vested	5,007	5,432
Non-Vested	5,865	5,254
Total	14,506	13,870

PSPRS provides retirement benefits, as well as death and disability benefits. A member of the PSPRS does not have vested rights to benefits until the member files an application for benefits and is found to be eligible for those benefits. An eligible claimant's rights to benefits vest on the date of the application for those benefits, or the last day of employment under the plan, whichever occurs first. Public safety personnel retiring after completion of 20 years of service, or at age 62 and after completion of 15 years of service, are eligible for benefits.

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

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

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

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

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Continued)**

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

Related Party Investments

The PSPRS had no related party investments.

Funding Status and Progress

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

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1993, and 1992. Significant actuarial assumptions used in determining the pension benefit obligation include a) a rate of return on the investment of present and future assets of 9.0 percent per year, compounded annually; b) projected salary increases of 6.5 percent per year, compounded annually, attributable to inflation; and c) additional projected salary increases ranging from 0.0 percent to 3.0 percent per year, depending on age, attributable to seniority/merit.

The assets in excess of the City's pension benefit obligation for the PSPRS as of June 30, 1993, and 1992, were as follows:

	June 30	
	1993	1992
Pension Benefit Obligation		
Retirees and beneficiaries currently receiving benefits	\$9,096,492	\$8,678,810
Terminated employees not yet receiving benefits	None	None
Current Employees		
Accumulated employee contributions including allocated investment income	5,256,053	4,604,098
Employer financed - vested	10,513,117	9,248,217
Employer financed - non-vested	2,702,224	2,265,365
Health Insurance	501,743	456,981
Total Pension Benefit Obligation	<u>28,069,629</u>	<u>25,253,471</u>
Net assets available for benefits, at cost (market value \$34,867,231 and \$31,182,057, respectively)	30,051,481	26,495,978
Assets In Excess of Pension Benefit Obligation	<u>\$1,981,852</u>	<u>\$1,242,507</u>

During the year ended June 30, 1993, the City experienced a net change of \$2,816,158 in its pension benefit obligation. Of that change, \$165,288 was attributable to cost-of-living adjustments for retired members.

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Continued)

Contributions Required and Contributions Made

The PSPRS' funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 40 years (from July 1, 1978). Twenty-four years remain from July 1, 1994.

City contributions during the year ended June 30, 1994 totaled \$1,820,362 (\$1,027,773 employer and \$792,589 employee). Employer contributions represented 9.92 percent, and employee contributions 7.65 percent of covered payroll.

During the year ended June 30, 1993, City contributions totaling \$1,712,039 (\$964,699 employer and \$747,340 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1991. Employer contributions represented 9.99 percent, and employee contributions represented 7.65 percent of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability is unavailable. The City's and covered employees' contributions of \$1,712,039 in 1993, in accordance with actuarial requirements, represented 2.4 percent of the total amount contributed by all PSPRS employer members in 1993.

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

Trend Information

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

Fiscal Year	(1) Net Assets Available For Benefits	(2) Pension Benefit Obligation (PBO)	(3) Percent Funded (1) / (2)	(4) Assets In Excess of PBO (1) - (2)	(5) Annual Covered Payroll	(6)
						Assets In Excess of PBO As A Percentage of Covered Payroll (4) / (5)
1987*	\$14,010.7	\$12,828.2	109.2%	\$1,182.5	\$5,826.3	20.3%
1988	16,112.9	15,307.2	105.3	805.7	6,525.3	12.4
1989**	18,267.5	17,498.5	104.4	769.0	6,614.7	11.6
1990*	20,747.0	19,995.3	103.8	751.7	7,639.7	9.8
1991*	23,363.4	22,432.6	104.2	930.8	8,209.2	11.3
1992	26,496.0	25,253.5	104.9	1,242.5	8,940.3	13.9
1993	30,051.5	28,069.6	107.1	1,981.9	9,780.9	20.3

* Change in benefit provisions.

** Change in assumptions.

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Continued)**

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

Governmental Accounting Standards Board *Statement No. 5* requires a ten year historical trend presentation of the analysis of the funding progress for years beginning after December 15, 1986. PSPRS has this information available beginning fiscal year ended June 30, 1987, as presented above, providing a seven year comparison.

ELECTED OFFICIALS' RETIREMENT PLAN**Plan Description**

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1994, was \$116,510; the City's total payroll was \$50,656,500.

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

At June 30, 1993, and 1992, (the latest information available), the number of participating local government employer groups was:

EMPLOYER UNITS	1993	1992
Cities and Towns	14	13
Counties	15	15
State Agencies	1	1
Total	30	29

All state and county elected officials and judges are members of the EORP except LaPaz County elected officials. Any city in the state of Arizona may elect to have its elected officials covered by the EORP. At June 30, 1993, and 1992, statewide EORP membership consisted of:

EMPLOYEE MEMBERS	1993	1992
Retirees and beneficiaries currently receiving benefits	421	375
Terminated vested employees	39	40
Current Employees		
Vested	357	386
Non-Vested	356	272
Total	1,173	1,073

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**ELECTED OFFICIALS' RETIREMENT PLAN (Continued)**

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

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

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

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

Related Party Investments

The EORP had no related party investments.

Funding Status and Progress

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

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

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1992, and 1991. Significant actuarial assumptions used in determining the pension benefit obligation include: a) a rate of return on the investment of present and future assets of 9.0 percent per year, compounded annually; and b) projected salary increases of 5.5 percent per year, compounded annually, attributable to inflation, plus 1.5 percent attributable to other factors.

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**ELECTED OFFICIALS' RETIREMENT PLAN (Continued)**

The EORP does not prepare separate measurements of assets and pension benefit obligations for individual employers. At June 30, 1992, and 1991 (the latest information available), the assets in excess (unfunded) of the pension benefit obligation for the EORP as a whole were as follows:

	June 30	
	1992	1991
Pension Benefit Obligation		
Retirees and beneficiaries currently receiving benefits	\$47,775,043	\$44,222,354
Terminated employees not yet receiving benefits	667,399	1,027,884
Current Employees		
Accumulated employee contributions, including allocated investment income	12,163,749	11,027,733
Employer financed - vested	42,746,017	42,013,268
Employer financed - non-vested	3,090,658	2,985,058
Health Insurance	1,430,411	1,364,200
Total Pension Benefit Obligation	107,873,277	102,640,497
Net assets available for benefits	115,868,729	103,569,921
Assets in Excess of Pension Benefit Obligation	\$7,995,452	\$929,424

During the year ended June 30, 1992, the plan experienced a change of \$5,232,780 in the pension benefit obligation. Of that change, \$610,536 was attributable to cost-of-living adjustments for retired members and survivors.

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

Contributions Required and Contributions Made

The EORP's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 35 years (from June 30, 1987). Twenty-eight years remain from June 30, 1994.

Scottsdale's contribution for the year ended June 30, 1994, was \$26,354, which consisted of \$8,155 from employees, and \$18,199 from the City, as actuarially determined. Employee contributions represent 7.0 percent, and employer contributions represent 15.62 percent of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability, and as a proportion of the total amount contributed by all EORP employer members in 1994, is unavailable.

During the year ended June 30, 1993, contributions for the EORP as a whole totaling \$7,179,456 (\$4,941,470 employer and \$2,237,986 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1991. The amount

NOTE 7 - RETIREMENT AND PENSION PLANS (Continued)**ELECTED OFFICIALS' RETIREMENT PLAN (Continued)**

of these contributions attributable to normal cost and to amortization of the unfunded actuarial accrued liability is unavailable. The City's and covered elected official's contributions for the year ended June 30, 1993, \$27,411, as actuarially determined, represented less than one percent of the total amount contributed by all EORP employers in 1993.

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

Trend Information

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

Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)
	Net Assets Available For Benefits	Pension Benefit Obligation (PBO)	Percent Funded (1) / (2)	Assets In Excess (Unfunded) of PBO (1) - (2)	Annual Covered Payroll	Assets In Excess (Unfunded) of PBO As A Percentage of Covered Payroll (4) / (5)
1987*	\$65,818.2	\$63,116.2	104.3%	\$2,702.0	\$20,409.0	13.2%
1988	73,993.4	71,798.9	103.1	2,194.5	21,444.3	10.2
1989	84,258.5	84,717.0	99.5	(458.5)	24,604.7	(1.9)
1990	92,420.8	93,908.0	98.4	(1,487.2)	25,775.6	(5.8)
1991	103,569.9	102,640.5	100.9	929.4	27,837.8	3.3
1992	115,868.7	107,873.3	107.4	7,995.4	27,777.5	28.8

* Includes statutory amendment and assumption change.

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

Governmental Accounting Standards Board *Statement No. 5* requires a ten year historical trend presentation of the analysis of the funding progress for years beginning after December 15, 1986. EORP has this information available beginning fiscal year ended June 30, 1987, as presented above, providing a six year comparison.

NOTE 8 - 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 (until paid or made available to the employee or other beneficiary) are solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

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

NOTE 9 - 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.

NOTE 10 - SEGMENTS OF ENTERPRISE ACTIVITIES

Water and sewer, airport, and sanitation are four major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information as of and for the year ended June 30, 1994, is as follows (in thousands of dollars):

	Water and Sewer Utility	Airport	Sanitation	Total
Operating Revenue	\$46,352	\$635	\$8,531	\$55,518
Depreciation and Amortization	7,231	489	40	7,760
Operating Income (Loss)	5,698	(725)	368	5,341
Net Income (Loss)	6,945	(329)	423	7,039
Contributions				
Subdividers	16,501	-	-	16,501
Development Fees	12,376	-	-	12,376
Other Government Units	3,864	742	-	4,606
Property, Plant, and Equipment Additions	39,656	807	3	40,466
Net Working Capital	27,428	557	831	28,816
Total Assets	345,788	12,252	1,988	360,028
Long-Term Debt (Net of Current Portion) and Other Liabilities:				
Payable From Operating Revenue	55,804	-	-	55,804
Payable From Other Services	6,097	-	-	6,097
Total Equity	276,278	12,206	1,425	289,909

NOTE 11 - CONTRIBUTED CAPITAL

During the year ended June 30, 1994, Enterprise Funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer Utility	Airport	Sanitation	Total
Development Fees	\$12,376	-	-	\$12,376
Subdividers	16,501	-	-	16,501
Municipality -				
Capital Construction	3,864	-	-	3,864
Federal Government -				
Capital Construction	-	742	-	742
Less Depreciation	(3,174)	(489)	-	(3,663)
	29,567	253	-	29,820
Contributed Capital July 1, 1993	159,167	11,754	478	171,399
Contributed Capital June 30, 1994	\$188,734	\$12,007	\$478	\$201,219

NOTE 12 - DEFICITS IN FUND BALANCE/FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund had an excess of expenditures over appropriations for the Municipal Services department. The excess was caused by utility expenses. The Municipal Services department has operations in several funds and did not exceed its total appropriation.

The All Other Construction Fund had a deficit fund balance of \$281,058, which was a result of the purchase of an asset with cash borrowed from the Water Fund. This was approved by the City Council. The fund will be reimbursed in fiscal year 1994/95 when Municipal Property Corporation bonds are issued, thereby eliminating the deficit fund balance. Total fund balance for the Capital Projects Funds was positive.

The Section 8 Housing Fund had a deficit fund balance of \$147,739 caused by a deficit transferred from Maricopa County when the Section 8 program was transferred to City of Scottsdale. This deficit is currently being resolved between Maricopa County and the City of Scottsdale.

The Self-Insurance Fund had an accumulated deficit of \$2,779,942 caused by higher than anticipated insurance claims. The deficit will be eliminated in future years by property taxes levied for reimbursement of tort judgments.

The Self-Insurance Fund also had an excess of expenditures over appropriations of \$15,085 caused by increased claim activity. Self-insurance operations are a part of the Financial Services Department, which has operations in several funds and did not exceed its appropriations.

NOTE 13 - CAPITALIZED INTEREST

During fiscal year 1994, the Water and Sewer Utility Fund capitalized net interest costs of \$1,987,451. Total interest income and expense in that fund before capitalization was \$2,881,628 and \$3,042,670 respectively.

NOTE 14 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS

Net operating transfers are reported in the following funds:

Operating Transfers Out		Operating Transfers In	
From:		To:	
General Fund	\$7,894,537	Internal Service Fund (Motor Pool)	\$514,206
		Special Revenue Fund (HURF)	3,092,851
		Special Revenue Fund (Accounted for as HURF maintenance of effort)	194,000
		Internal Service Fund (Self-Insurance)	250,000
		Trust and Agency Fund (Expendable Trust)	300,000
		Enterprise Fund (Airport)	225,340
		Capital Projects Fund (All Other Construction)	3,318,140
Capital Projects (General Obligation Bond Construction)	1,712,500	Capital Projects (All Other Construction)	1,712,500
Expendable Trust	113,862	Internal Service (Motor Pool)	113,862
Enterprise (Water & Sewer Utility)	620,233	Internal Service (Motor Pool)	337,200
Capital Projects (All Other Construction)	889,507	Capital Projects (All Other Construction)	283,033
		General Fund	602,880
		Special Revenue (HURF Fund)	37,752
		Enterprise (Water & Sewer Utility)	41,712
		(Airport)	178,291
		(Sanitation)	8,664
		Internal Service (Motor Pool)	13,104
		(Self-Insurance)	7,104
Capital Projects (Community Facilities Districts)	6,076	Debt Service (Community Facilities Districts)	6,076
Debt Service (General Obligation Bond)	853,436	Capital Projects (All Other Construction)	853,436
Enterprise (Airport)	7,755	Capital Projects (All Other Construction)	7,755
	\$12,097,906		\$12,097,906

NOTE 14 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS (Continued)

The following are the individual funds having amounts due from or due to other funds at June 30, 1994:

Due From/To Other Funds

Receivable Fund	Amount	Payable Fund	Amount
General	\$141,269	Section 8	\$141,269
Water and Sewer Utility	7,095,362	Capital Projects (All Other Construction)	7,095,362
	\$7,236,631		\$7,236,631
	\$7,236,631		\$7,236,631

NOTE 15 - JOINT VENTURE

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

Each city pays for its share of the costs of operation and maintenance of the facilities based on relative sewage flows and strengths. Although the cities participated in the construction of the facilities, each city's share of assets, liabilities, equity, and changes in equity cannot be determined. For the year ended June 30, 1993 (the latest information available), the City of Scottsdale's share of net operating expenses, recorded in the Water and Sewer Utility Fund, was \$1,850,849, or 8.6 percent of total expenses of the joint venture.

Audited Statements of Net Operating Expenditures and Supplementary Information for the jointly used wastewater treatment and transportation facilities may be obtained from the Arizona Municipal Water Users Association, 4041 N. Central Avenue, Suite 900, Phoenix, AZ 85012.

NOTE 16 - COMMITMENTS

- A. In fiscal year 1983 the City entered into a ten-year agreement with Rural/Metro Corporation (Rural/Metro) whereby Rural/Metro will provide fire protection and related services to the City. In July, 1991, the City amended this agreement and extended the new agreement to June 30, 1996. Annual amounts due in fiscal year 1995 will approximate \$8,477,653. Payments to Rural/Metro amounted to \$7,444,297 for the year ended June 30, 1994.
- B. Since 1987, the City has levied water resource development fees for the purpose of acquiring additional long-term water supplies for new developments. The Homebuilders Association (HBA) sued the City challenging the legal authority of the City to levy a water resource development fee. The trial court ruled adversely to the City. The City has appealed the original judgment to the Court of Appeals and a stay was granted so that the City may continue to collect the fees. Testimony was heard by the Court of Appeals in March, 1993, and a decision

NOTE 16 - COMMITMENTS (Continued)

is expected in the next fiscal year. The City has amended the ordinance to provide for refunds to taxpayers if funds are not used for the stated purposes.

C. In June, 1993, the City entered into a new Service Agreement with Scottsdale Cultural Council (Council). The Service Agreement provides that the Council will manage the arts and cultural affairs within the Scottsdale community for a ten-year period, automatically renewable for two five-year periods. In return, the City will pay service fees to the Council based on the Service Agreement between the City and the Council. Annual amounts due in fiscal year 1995 will approximate \$1,958,521. Payments to Scottsdale Cultural Council amounted to \$1,901,477 for the year ended June 30, 1994.

D. In December, 1993, the City entered into an agreement for operating and maintenance services, and amended its December 1984 service agreement with Scottsdale Water Service Company Limited Partnership (Partnership). Under these agreements, the Partnership's water treatment facility processes Central Arizona Project water to regulatory quality standards and furnishes this water to the City for distribution to City customers. The City reimburses the Partnership for all operating and debt service costs associated with the water treatment plant, and must maintain a \$300,000 equipment replacement and repair reserve. The amendment provides that the City will staff and operate the facility.

Total costs reimbursed to the Partnership in 1993/94 were \$2,632,933. The costs are expected to remain at that level until termination of the agreement in 2008. At termination, the City will have the option to purchase the water treatment plant and other assets from the Partnership.

GENERAL FUND

The General Fund accounts 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 the Capital Projects, Special Revenue, or Enterprise Funds.

GENERAL FUND
BALANCE SHEET
JUNE 30, 1994

EXHIBIT B-1

ASSETS

Cash and Short-Term Investments	\$24,111,431
Investments	30,940,197
Receivables	
Accrued Interest	220,230
Property Tax	755,809
State Shared Sales Tax	795,239
Auto Lieu Tax	383,821
Miscellaneous	702,156
Due from Other Funds	141,269
Supplies Inventory	200,775
	<hr/>
Total Assets	<u>\$58,250,927</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$533,719
Accrued Payroll	4,895,848
Deferred Revenue	
Property Tax	710,872
	<hr/>
Total Liabilities	6,140,439
Fund Balance	
Reserved for	
Encumbrances	2,144,435
Streetlight Districts	729,626
Unreserved	49,236,427
	<hr/>
Total Fund Balance	52,110,488
	<hr/>
Total Liabilities and Fund Balance	<u>\$58,250,927</u>

SEE NOTES TO FINANCIAL STATEMENTS

GENERAL FUND

EXHIBIT B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

Revenues	
Taxes – Local	\$46,261,626
Taxes – Intergovernmental	20,657,882
Licenses	875,563
Charges for Current Services	10,499,462
Fines and Forfeitures	1,711,295
Use of Money and Property	4,426,470
Streetlight Districts	514,956
Other	9,873,394
Total Revenues	<u>94,820,648</u>
Expenditures	
Current Operating Departments	
General Government	10,877,693
Police	21,332,609
Financial Services	4,300,956
Community Services	16,344,503
Management Services	5,493,259
Planning & Community Development	6,625,844
Fire	7,544,821
Municipal Services	6,300,320
Streetlight Districts	469,644
Debt Service	
Principal	562,855
Interest	223,095
Total Expenditures	<u>80,075,599</u>
Excess of Revenues Over Expenditures	14,745,049
Other Sources (Uses)	
Operating Transfers In	602,880
Operating Transfers Out	<u>(7,894,537)</u>
Total Other Sources (Uses)	<u>(7,291,657)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	7,453,392
Fund Balance July 1, 1993 as Previously Reported	44,682,233
Prior Period Adjustment	<u>(25,137)</u>
Fund Balance July 1, 1993 as Restated	<u>44,657,096</u>
Fund Balance June 30, 1994	<u><u>\$52,110,488</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

GENERAL FUND

EXHIBIT B-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes – Local	\$44,759,202	\$46,261,626	\$1,502,424
Taxes – Intergovernmental	20,226,400	20,657,882	431,482
Licenses	992,500	875,563	(116,937)
Charges for Current Services	9,627,055	10,499,462	872,407
Fines and Forfeitures	1,708,740	1,711,295	2,555
Use of Money and Property	4,862,018	4,426,470	(435,548)
Other	1,363,000	1,149,778	(213,222)
Total Revenues	83,538,915	85,582,076	\$2,043,161
Expenditures			
Current Operating Departments			
General Government	11,417,940	11,234,319	183,621
Police	21,628,081	21,520,365	107,716
Financial Services	4,654,764	4,621,013	33,751
Community Services	16,930,895	16,928,645	2,250
Management Services	5,740,683	5,695,375	45,308
Planning & Community Development	7,025,886	7,019,669	6,217
Fire	7,574,434	7,553,792	20,642
Municipal Services	6,623,918	6,665,179	(41,261)
Contingency	121	–	121
Debt Service			
Principal	939,581	562,855	376,726
Interest	499,691	523,095	(23,404)
Total Expenditures	83,035,994	82,324,307	711,687
Excess of Revenues Over Expenditures	502,921	3,257,769	2,754,848
Other Sources (Uses)			
Operating Transfers In	8,723,569	9,326,496	602,927
Operating Transfers Out	(9,226,490)	(7,344,537)	1,881,953
Total Other Sources (Uses)	(502,921)	1,981,959	2,484,880
Excess of Revenues and Other Sources Over Expenditures and Other Uses	–	5,239,728	5,239,728
Encumbrances Cancelled	–	1,723,377	1,723,377
Fund Balance July 1, 1993	–	(13,807,692)	(13,807,692)
Fund Balance June 30, 1994	–	(\$6,844,587)	(\$6,844,587)

GENERAL FUND

EXHIBIT B-4

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Taxes – Local			
Property	\$6,564,100	\$6,872,883	\$308,783
Transaction Privilege	29,672,602	30,799,248	1,126,646
Hotel/Motel Transient	4,437,500	4,465,415	27,915
Light and Power Franchise	2,800,000	2,821,729	21,729
Cable TV Franchise	900,000	916,197	16,197
Salt River Project In-Lieu	240,000	238,635	(1,365)
Fire Insurance Premium	145,000	147,519	2,519
	44,759,202	46,261,626	1,502,424
Taxes – Intergovernmental			
State--Shared Sales	9,026,400	9,209,619	183,219
Automobile In-Lieu	2,700,000	2,968,899	268,899
State Revenue Sharing	8,500,000	8,479,364	(20,636)
	20,226,400	20,657,882	431,482
Licenses			
Business and Liquor Licenses	992,500	875,563	(116,937)
Charges for Current Services			
Building and Related Permits	7,812,200	8,732,504	920,304
Recreation Fees	1,814,855	1,766,958	(47,897)
	9,627,055	10,499,462	872,407
Fines and Forfeitures			
Court Fines	1,340,740	1,344,268	3,528
Parking	170,000	191,080	21,080
Library	198,000	175,947	(22,053)
	1,708,740	1,711,295	2,555
Use of Money and Property			
Interest Earnings	2,806,193	2,603,786	(202,407)
Property Rental	2,055,825	1,822,684	(233,141)
	4,862,018	4,426,470	(435,548)
Other	1,363,000	1,149,778	(213,222)
Total Revenues	\$83,538,915	\$85,582,076	\$2,043,161

GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
Current Operating Departments						
General Government	\$5,680,622	\$4,543,316	\$264,406	-	\$389,349	\$10,877,693
Police	17,623,803	2,920,995	505,480	-	282,331	21,332,609
Financial Services	3,440,103	722,255	(10,653)	-	149,251	4,300,956
Community Services	9,677,885	5,017,353	1,490,022	-	159,243	16,344,503
Management Services	3,465,517	1,608,582	226,472	-	192,688	5,493,259
Planning & Community Development	4,687,288	1,664,281	115,298	-	158,977	6,625,844
Fire	89,710	7,424,721	30,390	-	-	7,544,821
Municipal Services	1,984,653	3,804,340	496,339	-	14,988	6,300,320
Streetlight Districts	-	469,644	-	-	-	469,644
Debt Service						
Principal	-	-	-	\$562,755	-	562,755
Interest	-	-	-	223,195	-	223,195
Expenditures	<u>\$46,649,581</u>	<u>\$28,175,487</u>	<u>\$3,117,754</u>	<u>\$785,950</u>	<u>\$1,346,827</u>	<u>\$80,075,599</u>
Operating Transfers Out						
Highway User Fuel Tax Fund	\$3,286,851					
Expendable Trusts Fund	300,000					
Self-Insurance Fund	250,000					
Airport Fund	225,340					
Capital Projects Fund	3,318,140					
Motor Pool Fund	514,206					
	<u>\$7,894,537</u>					

SPECIAL REVENUE FUNDS

A Special Revenue Funds are established to finance particular activities and are 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 monies must be used for street construction, reconstruction, and maintenance.

Community Development Fund

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

Grants Fund

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

Section 8 Fund

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

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1994

EXHIBIT C-1

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
ASSETS					
Cash and Short-Term Investments	\$35,052	\$5,857	\$727,325	-	\$768,234
Cash with Fiscal Agents	1,846,416	-	-	-	1,846,416
Receivables					
Fuel Tax	720,330	-	-	-	720,330
Grants	-	90,437	34,141	-	124,578
Miscellaneous	7,185	-	-	-	7,185
Total Assets	\$2,608,983	\$96,294	\$761,466	-	\$3,466,743
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$284,868	\$6,812	\$1,893	-	\$293,573
Accrued Payroll	240,784	6,320	920	\$6,470	254,494
Due to General Fund	-	-	-	141,269	141,269
Bond Interest Payable	766,415	-	-	-	766,415
Bonds Payable - Current Portion	1,080,000	-	-	-	1,080,000
Total Liabilities	2,372,067	13,132	2,813	147,739	2,535,751
Fund Balances (Deficit)					
Reserved for Encumbrances	236,916	8,129	21,183	6,084	272,312
Unreserved	-	75,033	737,470	(153,823)	658,680
Total Fund Balances (Deficit)	236,916	83,162	758,653	(147,739)	930,992
Total Liabilities and Fund Balances	\$2,608,983	\$96,294	\$761,466	-	\$3,466,743

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
Revenues					
Taxes - Intergovernmental	\$9,282,919	-	-	-	\$9,282,919
Grants	-	\$990,142	\$893,571	\$1,783,951	3,667,664
Other	-	151,923	-	168,352	320,275
Total Revenues	9,282,919	1,142,065	893,571	1,952,303	13,270,858
Expenditures					
Current Operating Departments					
Police	-	-	45,864	-	45,864
Transportation	3,105,399	-	22,781	-	3,128,180
Community Services	-	-	123,468	-	123,468
Planning & Community Development	-	1,123,632	-	2,101,289	3,224,921
Municipal Services	7,081,473	-	-	-	7,081,473
Debt Service					
Principal	1,080,000	-	-	-	1,080,000
Interest	1,519,564	-	-	-	1,519,564
Total Expenditures	12,786,436	1,123,632	192,113	2,101,289	16,203,470
Excess (Deficiency) of Revenues Over Expenditures	(3,503,517)	18,433	701,458	(148,986)	(2,932,612)
Other Sources					
Operating Transfers In					
From General Fund	3,130,603	-	-	-	3,130,603
HURF Maintenance of Effort	194,000	-	-	-	194,000
Total Other Sources	3,324,603	-	-	-	3,324,603
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	(178,914)	18,433	701,458	(148,986)	391,991
Fund Balances July 1, 1993 as Previously Reported	417,621	64,729	57,195	1,247	540,792
Prior Period Adjustment	(1,791)	-	-	-	(1,791)
Fund Balances July 1, 1993 as Restated	415,830	64,729	57,195	1,247	539,001
Fund Balances June 30, 1994	\$236,916	\$83,162	\$758,653	(\$147,739)	\$930,992

SEE NOTES TO FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

EXHIBIT C-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	HIGHWAY USER FUEL TAX		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
Taxes - Intergovernmental	\$9,180,000	\$9,282,919	\$102,919
Total Revenues	9,180,000	9,282,919	102,919
Expenditures			
Current Operating Departments			
Transportation	3,288,181	3,219,011	69,170
Municipal Services	7,103,126	7,203,152	(100,026)
Debt Service			
Principal	1,080,000	1,080,000	
Interest	1,713,321	1,519,564	193,757
Total Expenditures	13,184,628	13,021,727	162,901
Deficiency of Revenues Over Expenditures	(4,004,628)	(3,738,808)	265,820
Other Sources			
Operating Transfers In			
From General Fund	3,810,628	3,130,603	(680,025)
HURF Maintenance of Effort	194,000	194,000	
Total Other Sources	4,004,628	3,324,603	(680,025)
Deficiency of Revenues and Other Sources Over Expenditures	-	(414,205)	(414,205)
Encumbrances Cancelled	-	417,621	417,621
Fund Balance July 1, 1993	-	(182,994)	(182,994)
Fund Balance June 30, 1994	-	(\$179,578)	(\$179,578)

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-4

COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
Taxes – Intergovernmental					
Fuel Tax	\$8,203,602	-	-	-	\$8,203,602
Local Transportation Assistance Fund	1,079,317	-	-	-	1,079,317
	9,282,919	-	-	-	9,282,919
Grants					
Federal	-	\$990,142	\$172,695	\$1,783,951	2,946,788
State	-	-	660,567	-	660,567
Miscellaneous	-	-	60,309	-	60,309
	-	990,142	893,571	1,783,951	3,667,664
Other	-	151,923	-	168,352	320,275
Total Revenues	9,282,919	1,142,065	893,571	1,952,303	13,270,858
Other Sources					
Operating Transfers In From General Fund	3,130,603	-	-	-	3,130,603
HURF Maintenance of Effort	194,000	-	-	-	194,000
Total Other Sources	3,324,603	-	-	-	3,324,603
Total Revenues and Other Sources	\$12,607,522	\$1,142,065	\$893,571	\$1,952,303	\$16,595,461

SPECIAL REVENUE FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	DEBT SERVICE	CAPITAL OUTLAY	TOTAL
HIGHWAY USER FUEL TAX						
Current Operating Departments						
Transportation	\$1,393,941	\$1,657,257	\$23,661	-	\$30,540	\$3,105,399
Municipal Services	2,128,341	4,453,594	467,301	-	32,237	7,081,473
Debt Service						
Principal	-	-	-	\$1,080,000	-	1,080,000
Interest	-	-	-	1,519,564	-	1,519,564
	3,522,282	6,110,851	490,962	2,599,564	62,777	12,786,436
COMMUNITY DEVELOPMENT						
Current Operating Departments						
Planning & Community Development	167,604	848,896	16,480	-	90,652	1,123,632
GRANTS						
Current Operating Departments						
Police	45,864	-	-	-	-	45,864
Transportation	-	159	-	-	22,622	22,781
Community Services	31,817	35,655	4,255	-	51,741	123,468
	77,681	35,814	4,255	-	74,363	192,113
SECTION 8						
Current Operating Departments						
Planning & Community Development	150,782	1,915,635	20,399	-	14,473	2,101,289
Total Expenditures	\$3,918,349	\$8,911,196	\$532,096	\$2,599,564	\$242,265	\$16,203,470

DEBT SERVICE FUNDS

These funds record the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds.

General Obligation Bond Debt Service Fund

This fund accounts for the principal and interest requirements of the City's general obligation bonds. Financing is provided from the levy of secondary property tax.

Municipal Property Corporation Debt Service Fund

This fund accounts for the principal and interest requirements of the City's Municipal Property Corporation bonds. Financing is provided by transaction privilege tax.

Special Assessments Debt Service Fund

This fund accounts for the principal and interest requirements of special assessment bonds. Financing is provided by special assessment levies against the benefitted property holders.

Community Facilities Districts Debt Service Fund

This fund accounts for the principal and interest of general obligation bonds issued by community facilities districts. Although these bonds are *not* obligations of the City, generally accepted accounting principles indicate that the bonds should be disclosed herein.

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-1

COMBINING BALANCE SHEET

JUNE 30, 1994

	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
ASSETS					
Cash and Short-Term Investments	\$3,395,553	\$556,767	\$1,311,919	\$114,835	\$5,379,074
Cash with Fiscal Agents	7,504,093	4,147,493	1,164,841	111,449	12,927,876
Investments	-	1,410,281	-	3,000,000	4,410,281
Receivables					
Accrued Interest	-	11,857	-	513	12,370
Property Tax	83,352	-	-	-	83,352
Special Assessments	-	-	35,729,744	-	35,729,744
Total Assets	\$10,982,998	\$6,126,398	\$38,206,504	\$3,226,797	\$58,542,697
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued Interest Payable	-	\$444,450	-	-	\$444,450
Payable from Cash with Fiscal Agents					
Bond Interest Payable	\$2,919,093	1,187,493	\$644,841	\$111,449	4,862,876
Bonds Payable - Current Portion	4,585,000	2,960,000	520,000	-	8,065,000
Deferred Revenue					
Special Assessments	-	-	35,729,744	-	35,729,744
Developers	-	-	-	3,000,000	3,000,000
Total Liabilities	7,504,093	4,591,943	36,894,585	3,111,449	52,102,070
Fund Balances					
Reserved for Debt Service	3,478,905	1,534,455	1,311,919	115,348	6,440,627
Total Fund Balances	3,478,905	1,534,455	1,311,919	115,348	6,440,627
Total Liabilities and Fund Balances	\$10,982,998	\$6,126,398	\$38,206,504	\$3,226,797	\$58,542,697

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	GENERAL OBLIGATION BOND	MUNICIPAL PROPERTY CORPORATION	SPECIAL ASSESSMENTS	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
Revenues					
Taxes – Local					
Property	\$10,792,889	–	–	–	\$10,792,889
Transaction Privilege	–	\$6,941,692	–	–	6,941,692
	10,792,889	6,941,692	–	–	17,734,581
Special Assessments			\$5,643,993		5,643,993
Use of Money and Property					
Interest Earnings	–	319,944	–	\$174,982	494,926
Loss on Sale of Investment	–	(103,446)	–	–	(103,446)
	–	216,498	–	174,982	391,480
Total Revenues	10,792,889	7,158,190	5,643,993	174,982	23,770,054
Expenditures					
Debt Service					
Principal	4,585,000	4,185,000	3,767,000	–	12,537,000
Interest	4,896,738	5,552,671	1,404,506	239,672	12,093,587
Refunding Bond Issuance Costs	–	1,595,304	–	–	1,595,304
Total Expenditures	9,481,738	11,332,975	5,171,506	239,672	26,225,891
Excess (Deficiency) of Revenues Over Expenditures	1,311,151	(4,174,785)	472,487	(64,690)	(2,455,837)
Other Sources (Uses)					
Operating Transfers In	–	–	–	6,076	6,076
Operating Transfers Out	(853,436)	–	–	–	(853,436)
Bond Proceeds	–	–	–	173,962	173,962
Proceeds of Refunding Bonds	25,602,011	9,186,405	–	–	34,788,416
Payment to Refunded Bond Escrow Agent	(25,602,011)	(9,146,112)	–	–	(34,748,123)
Total Other Sources (Uses)	(853,436)	40,293	–	180,038	(633,105)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	457,715	(4,134,492)	472,487	115,348	(3,088,942)
Fund Balances July 1, 1993	3,021,190	5,668,947	839,432	–	9,529,569
Fund Balances June 30, 1994	\$3,478,905	\$1,534,455	\$1,311,919	\$115,348	\$6,440,627

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	GENERAL OBLIGATION			MUNICIPAL PROPERTY CORPORATION			SPECIAL ASSESSMENTS			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues												
Taxes - Local												
Property	\$10,569,176	\$10,792,889	\$223,713	-	-	-	-	-	-	\$10,569,176	\$10,792,889	\$223,713
Transaction Privilege	-	-	-	7,408,801	6,941,692	(465,109)	-	-	-	7,408,801	6,941,692	(465,109)
	10,569,176	10,792,889	223,713	7,408,801	6,941,692	(465,109)	-	-	-	17,975,977	17,734,581	(241,396)
Special Assessments							5,302,544	5,643,993	341,449	5,302,544	5,643,993	341,449
Use of Money and Property												
Interest Earnings	-	-	-	300,000	319,944	19,944	-	-	-	300,000	319,944	19,944
Total Revenues	10,569,176	10,792,889	223,713	7,706,801	7,261,636	(445,165)	5,302,544	5,643,993	341,449	23,578,521	23,698,518	119,997
Expenditures												
Debt Service												
Principal	4,506,126	4,585,000	(78,874)	3,764,970	4,185,000	(420,030)	3,831,000	3,767,000	64,000	12,102,096	12,537,000	(434,904)
Interest	5,966,557	4,896,738	1,069,819	6,441,831	5,552,671	889,160	1,471,544	1,404,506	67,038	13,879,932	11,853,915	2,026,017
Total Expenditures	10,472,683	9,481,738	990,945	10,206,801	9,737,671	469,130	5,302,544	5,171,506	131,038	25,982,028	24,390,915	1,591,113
Excess (Deficiency) of Revenues Over Expenditures	96,493	1,311,151	1,214,658	(2,500,000)	(2,476,035)	23,965		472,487	472,487	(2,403,507)	(692,397)	1,711,110
Other Uses												
Operating Transfers Out	-	(853,436)	(853,436)	-	-	-	-	-	-	-	(853,436)	(853,436)
Total Other Uses	-	(853,436)	(853,436)	-	-	-	-	-	-	-	(853,436)	(853,436)
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	96,493	457,715	361,222	(2,500,000)	(2,476,035)	23,965	-	472,487	472,487	(2,403,507)	(1,545,833)	857,674
Fund Balances (Deficits)												
July 1, 1993	-	3,021,190	3,021,190	-	2,476,035	2,476,035	-	(420,048)	(420,048)	-	5,077,177	5,077,177
Fund Balances (Deficits) June 30, 1994	\$96,493	\$3,478,905	\$3,382,412	(\$2,500,000)	-	\$2,500,000	-	\$52,439	\$52,439	(\$2,403,507)	\$3,531,344	\$5,894,851

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the resources used to acquire, construct and improve major capital facilities, other than those financed by proprietary funds. Capital Projects Funds allow the City to Compile project cost data and demonstrate that legal or contractual requirements regarding the use of the resources are fully satisfied.

General Obligation Bond Construction Fund

Accounts for the proceeds of the sale of 1989 General Obligation Bonds, which are used for authorized capital improvements.

Special Assessment Bond Construction Fund

Accounts for the proceeds of special assessment bonds issued for construction of capital improvements within individual improvement districts.

Transaction Privilege Tax Fund

Accounts for an authorized .2% increase of transaction privilege tax dedicated to transportation capital improvements.

All Other Construction Fund

Accounts for pay-as-you-go capital improvement revenues and expenditures.

Community Facilities Districts Fund

Accounts for the expenditure of proceeds of general obligation bonds issued by community facilities districts.

CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1994

EXHIBIT E-1

	GENERAL OBLIGATION BOND CONSTRUCTION	SPECIAL ASSESSMENT BOND CONSTRUCTION	TRANSACTION PRIVILEGE TAX	ALL OTHER CONSTRUCTION	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
ASSETS						
Cash and Short-Term Investments	\$17,293,996	\$15,187,240	\$9,415,196	\$5,872,326	\$2	47,768,760
Receivables						
Accrued Interest	53,190	20,897	-	52,554	-	126,641
Miscellaneous	-	-	-	1,036,861	-	1,036,861
Total Assets	\$17,347,186	\$15,208,137	\$9,415,196	\$6,961,741	\$2	\$48,932,262
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$1,106,711	\$2,086,880	\$789,516	\$139,269	-	\$4,122,376
Accrued Payroll	19,607	815	11,587	8,168	-	40,177
Due to Water Fund	-	-	-	7,095,362	-	7,095,362
Other	-	1,354	-	-	-	1,354
Total Liabilities	1,126,318	2,089,049	801,103	7,242,799	-	11,259,269
Fund Balances						
Reserved for Encumbrances	6,447,347	11,012,536	2,320,858	2,133,233	-	21,913,974
Unreserved	9,773,521	2,106,552	6,293,235	(2,414,291)	2	15,759,019
Total Fund Balances	16,220,868	13,119,088	8,614,093	(281,058)	2	37,672,993
Total Liabilities and Fund Balances	\$17,347,186	\$15,208,137	\$9,415,196	\$6,961,741	\$2	\$48,932,262

SEE NOTES TO FINANCIAL STATEMENTS

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CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS

EXHIBIT E-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	GENERAL OBLIGATION BOND CONSTRUCTION	SPECIAL ASSESSMENT BOND CONSTRUCTION	TRANSACTION PRIVILEGE TAX	ALL OTHER CONSTRUCTION	COMMUNITY FACILITIES DISTRICTS	TOTAL ALL FUNDS
Revenues						
Transaction Privilege Tax	-	-	\$7,205,262	-	-	\$7,205,262
Use of Money and Property	\$592,377	\$224,029	-	\$565,964	\$1,127	1,383,497
Reimbursements from Outside Sources	-	-	-	2,465,067	-	2,465,067
Other	-	486,704	-	1,011,178	-	1,497,882
Total Revenues	592,377	710,733	7,205,262	4,042,209	1,127	12,551,708
Expenditures						
Capital Improvements	25,359,714	6,258,231	8,326,663	8,052,022	3,289,725	51,286,355
Excess (Deficiency) of Revenues Over Expenditures	(24,767,337)	(5,547,498)	(1,121,401)	(4,009,813)	(3,288,598)	(38,734,647)
Other Sources (Uses)						
Bond Proceeds	35,250,000	18,420,000	-	-	3,294,676	56,964,676
Proceeds from Sale of Real Estate	-	-	-	3,000,000	-	3,000,000
Operating Transfers In	-	-	-	6,174,864	-	6,174,864
Operating Transfers Out	(1,712,500)	-	-	(889,507)	(6,076)	(2,608,083)
Total Other Sources (Uses)	33,537,500	18,420,000	-	8,285,357	3,288,600	63,531,457
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	8,770,163	12,872,502	(1,121,401)	4,275,544	2	24,796,810
Fund Balances (Deficit) July 1, 1993	7,450,705	246,586	9,735,494	(4,556,602)	-	12,876,183
Fund Balances (Deficit) June 30, 1994	\$16,220,868	\$13,119,088	\$8,614,093	(\$281,058)	\$2	\$37,672,993

SEE NOTES TO FINANCIAL STATEMENTS

CAPITAL PROJECTS FUNDS

EXHIBIT E-3

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	PERSONAL SERVICES	OTHER SERVICES	SUPPLIES	CAPITAL OUTLAY	TOTAL
General Obligation Bond Construction Fund Capital Improvements	\$579,847	\$254,969	\$30,510	\$24,494,388	\$25,359,714
Special Assessment Bond Construction Fund Capital Improvements	69,480	167,230	-	6,021,521	6,258,231
Transaction Privilege Tax Capital Improvements	259,790	350,881	714	7,715,278	8,326,663
All Other Construction Fund Capital Improvements	124,342	88,950	745	7,837,985	8,052,022
Community Facilities Districts Capital Improvements	-	-	-	3,289,725	3,289,725
Total Expenditures	<u>\$1,033,459</u>	<u>\$862,030</u>	<u>\$31,969</u>	<u>\$49,358,897</u>	<u>\$51,286,355</u>

ENTERPRISE FUNDS

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

Water and Sewer Utility Fund

The Water and Sewer Utility Fund was established for control of the operating revenue and expenses of the City's water and sewer utility systems.

Airport Fund

The Airport Fund was established for control of the operating revenue and expenses of the City's airport.

Sanitation Fund

The Sanitation Fund was established July 1, 1989, for control of the operating revenue and expenses related to the City's sanitation services (solid waste, brush removal, container maintenance, etc.).

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1994

EXHIBIT F-1

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
ASSETS				
Current Assets				
Cash and Short-Term Investments	\$13,437,675	\$245,215	\$389,356	\$14,072,246
Cash with Fiscal Agents	4,323,858	-	-	4,323,858
Receivables				
Accrued Interest	188,568	-	4,128	192,696
Accounts	5,196,262	-	968,854	6,165,116
Miscellaneous	4,794,944	356,568	30,813	5,182,325
Due from Capital Projects Funds	7,095,362	-	-	7,095,362
Total Current Assets	35,036,669	601,783	1,393,151	37,031,603
Restricted Cash and Investments				
Revenue Bond Reserves	2,681,675	-	-	2,681,675
Water and Sewer System Replacement Scottsdale Water Service Company Replacement Reserve	7,587,874	-	-	7,587,874
Acquisition and Construction Reserve	300,000	-	-	300,000
Development Fees	31,439,855	-	-	31,439,855
Total Restricted Cash and Investments	42,009,404	-	-	42,009,404
Property, Plant, and Equipment				
Land and Land Improvements	2,524,950	14,552,788	-	17,077,738
Water Rights	22,910,281	-	-	22,910,281
Water System	175,737,258	-	-	175,737,258
Sewer System	96,701,080	-	-	96,701,080
Buildings and Improvements	-	1,565,590	363,556	1,929,146
Furniture and Fixtures	443,513	33,829	14,161	491,503
Machinery and Equipment	634,557	140,625	485,516	1,260,698
Construction in Progress	30,388,062	421,677	-	30,809,739
Total Property, Plant, and Equipment	329,339,701	16,714,509	863,233	346,917,443
Accumulated Depreciation	(61,063,026)	(5,063,997)	(268,841)	(66,395,864)
Total Property, Plant, and Equipment, Net of Accumulated Depreciation	268,276,675	11,650,512	594,392	280,521,579
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,455,702				
	465,556	-	-	465,556
Total Assets	\$345,788,304	\$12,252,295	\$1,987,543	\$360,028,142

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1994

EXHIBIT F-1
 (Continued)

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
LIABILITIES AND FUND EQUITY				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$2,482,479	\$17,753	\$172,615	\$2,672,847
Accrued Payroll	553,418	27,443	389,481	970,342
Accrued Interest Payable	6,010	-	-	6,010
Contracts Payable - Current Portion	244,203	-	-	244,203
Subtotal	3,286,110	45,196	562,096	3,893,402
Current Liabilities (Payable from Restricted Assets)				
Bond Interest Payable	1,473,859	-	-	1,473,859
Bonds Payable - Current Portion	2,850,000	-	-	2,850,000
Subtotal	4,323,859	-	-	4,323,859
Total Current Liabilities	7,609,969	45,196	562,096	8,217,261
Other Liabilities				
Deferred Revenue	5,079,865	-	-	5,079,865
Customer Advances and Deposits	1,017,128	1,000	-	1,018,128
Total Other Liabilities	6,096,993	1,000	-	6,097,993
Long-Term Debt (Net of Current Portion)				
Bonds Payable	52,525,000	-	-	52,525,000
Contracts Payable	3,278,930	-	-	3,278,930
Total Long-Term Debt	55,803,930	-	-	55,803,930
Total Liabilities	69,510,892	46,196	562,096	70,119,184
Fund Equity				
Contributed Capital	215,419,599	17,104,750	477,808	233,002,157
Less Depreciation	(26,685,317)	(5,097,691)	-	(31,783,008)
Net Contributed Capital	188,734,282	12,007,059	477,808	201,219,149
Retained Earnings				
Reserved for				
Revenue Bond Retirement	2,681,675			2,681,675
Water and Sewer System				
Replacement	7,887,874			7,887,874
Acquisition and Construction	31,739,855			31,739,855
Unreserved	45,233,726	199,040	947,639	46,380,405
Total Retained Earnings	87,543,130	199,040	947,639	88,689,809
Total Fund Equity	276,277,412	12,206,099	1,425,447	289,908,958
Total Liabilities and Fund Equity	\$345,788,304	\$12,252,295	\$1,987,543	\$360,028,142

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Operating Revenues				
Water Service Fees	\$35,056,561	-	-	\$35,056,561
Sewer Service Fees	10,554,454	-	-	10,554,454
Planet Ranch	571,025	-	-	571,025
Sanitation Fees	-	-	\$8,530,904	8,530,904
Airport Fees	-	\$635,357	-	635,357
Other	169,669	-	-	169,669
Total Operating Revenues	46,351,709	635,357	8,530,904	55,517,970
Operating Expenses				
Water Operations	21,484,587	-	-	21,484,587
Sewer Operations	4,839,772	-	-	4,839,772
Sanitation Operations	-	-	6,818,575	6,818,575
Airport Operations	-	551,220	-	551,220
Indirect Costs	4,107,132	278,460	1,304,472	5,690,064
In-Lieu Property Tax	897,612	41,724	-	939,336
Franchise Fees	2,094,216	-	-	2,094,216
Depreciation and Amortization	7,230,534	489,206	39,888	7,759,628
Total Operating Expenses	40,653,853	1,360,610	8,162,935	50,177,398
Operating Income (Loss)	5,697,856	(725,253)	367,969	5,340,572
Non-Operating Revenues (Expenses)				
Interest Earnings	2,881,628	-	46,312	2,927,940
Interest Expense	(1,055,219)	-	-	(1,055,219)
Net Non-Operating Revenues (Expenses)	1,826,409	-	46,312	1,872,721
Operating Transfers In	41,712	403,631	8,664	454,007
Operating Transfers Out	(620,233)	(7,755)	-	(627,988)
Net Operating Transfers (Out) In	(578,521)	395,876	8,664	(173,981)
Net Income (Loss)	6,945,744	(329,377)	422,945	7,039,312
Add Depreciation On Fixed Assets Acquired By Contributed Capital	3,174,119	489,206	-	3,663,325
Increase in Retained Earnings	10,119,863	159,829	422,945	10,702,637
Retained Earnings July 1, 1993 as Previously Reported	77,494,392	45,829	624,447	78,164,668
Prior Period Adjustment	(71,125)	(6,618)	(99,753)	(177,496)
Retained Earnings July 1, 1993 as Restated	77,423,267	39,211	524,694	77,987,172
Retained Earnings June 30, 1994	\$87,543,130	\$199,040	\$947,639	\$88,689,809

SEE NOTES TO FINANCIAL STATEMENTS

ENTERPRISE FUNDS

EXHIBIT F-3

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$5,697,856	(\$725,253)	\$367,969	\$5,340,572
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	7,149,673	489,206	39,888	7,678,767
Amortization	80,861	-	-	80,861
Changes In Assets and Liabilities (Sources (Uses) of Cash):				
Accounts Receivable	(748,436)	-	(57,854)	(806,290)
Miscellaneous Receivables	(4,221,762)	(296,280)	5,326	(4,512,716)
Accounts Payable	1,072,844	5,643	29,567	1,108,054
Accrued Payroll	24,974	(21,292)	48,160	51,842
Due to General Fund	-	-	(94,613)	(94,613)
Deferred Revenue	3,888,400	-	-	3,888,400
Other Liabilities	(9,657)	1,000	-	(8,657)
Due from Capital Projects Funds	4,985,200	-	-	4,985,200
Total Adjustments	12,222,097	178,277	(29,526)	12,370,848
Net Cash Provided by (Used for) Operating Activities	17,919,953	(546,976)	338,443	17,711,420
Cash Flows from Non-Capital Financing Activities:				
Operating Transfers In	-	395,876	8,664	404,540
Operating Transfers Out	(578,521)	-	-	(578,521)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(578,521)	395,876	8,664	(173,981)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Property and Equipment	(19,291,909)	(803,237)	(3,160)	(20,098,306)
Principal Payments on Long-Term Debt	(2,864,322)	-	-	(2,864,322)
Interest Paid on Long-Term Debt	(351,152)	-	-	(351,152)
Capital Contributions from Other Government Units	-	741,998	-	741,998
Water and Sewer Development Fees	12,376,897	-	-	12,376,897
Proceeds from Contracts Payable	3,398,930	-	-	3,398,930
Net Cash Used for Capital and Related Financing Activities	(6,731,556)	(61,239)	(3,160)	(6,795,955)
Cash Flows from Investing Activities:				
Interest Received on Investments	2,887,987	-	45,409	2,933,396
Net Increase (Decrease) in Cash and Cash Equivalents	13,497,863	(212,339)	389,356	13,674,880
Cash and Cash Equivalents at Beginning of Year	46,273,074	457,554	-	46,730,628
Cash and Cash Equivalents at End of Year	\$59,770,937	\$245,215	\$389,356	\$60,405,508

SEE NOTES TO FINANCIAL STATEMENTS

ENTERPRISE FUNDS

EXHIBIT F-3
(Continued)

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	WATER AND SEWER UTILITY	AIRPORT	SANITATION	TOTAL ALL FUNDS
Cash and Cash Equivalents at End of Year Includes:				
Cash and Short-Term Investments	\$13,437,675	\$245,215	\$389,356	\$14,072,246
Cash with Fiscal Agents	4,323,858	-	-	4,323,858
Restricted Cash and Investments	42,009,404	-	-	42,009,404
Total Cash and Cash Equivalents	<u>\$59,770,937</u>	<u>\$245,215</u>	<u>\$389,356</u>	<u>\$60,405,508</u>
Supplemental Disclosure of Noncash Financing Activities:				
Additions to Property, Plant, and Equipment				
Contributions from Developers	\$8,470,607	-	-	\$8,470,607
Contributions from Others	8,030,235	-	-	8,030,235
Contributions from Other Government Units	3,863,308	-	-	3,863,308
	<u>\$20,364,150</u>	<u>-</u>	<u>-</u>	<u>\$20,364,150</u>

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-4

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	WATER AND SEWER UTILITY			AIRPORT			SANITATION			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues												
Water Service Fees	\$34,941,000	\$34,773,479	(\$167,521)	-	-	-	-	-	-	\$34,941,000	\$34,773,479	(\$167,521)
Water Resource Fees	4,117,000	4,454,649	337,649	-	-	-	-	-	-	4,117,000	4,454,649	337,649
Sewer Service Fees	9,994,000	9,933,220	(60,780)	-	-	-	-	-	-	9,994,000	9,933,220	(60,780)
Planet Ranch	490,000	571,024	81,024	-	-	-	-	-	-	490,000	571,024	81,024
Sanitation Fees	-	-	-	-	-	-	-	-	-	-	-	-
Airport Fees	-	-	-	\$675,000	\$672,868	(\$2,132)	\$8,398,500	\$8,530,904	\$132,404	8,398,500	8,530,904	132,404
Interest Earnings	1,429,832	2,177,345	747,513	-	-	-	40,000	46,312	6,312	1,469,832	2,223,657	753,825
Operating Transfers In	41,712	41,712	-	349,156	229,540	(119,616)	8,664	8,664	-	399,532	279,916	(119,616)
Other	855,000	988,664	131,664	-	-	-	-	-	-	855,000	988,664	131,664
Total Revenues	51,868,544	52,938,093	1,069,549	1,024,156	902,408	(121,748)	8,447,164	8,585,880	138,716	61,339,864	62,426,381	1,086,517
Expenditures												
Water Operations	17,746,755	18,034,257	(287,502)	-	-	-	-	-	-	17,746,755	18,034,257	(287,502)
Sewer Operations	4,430,766	3,946,538	484,228	-	-	-	-	-	-	4,430,766	3,946,538	484,228
Sanitation Operations	-	-	-	-	-	-	7,132,118	6,847,196	284,922	7,132,118	6,847,196	284,922
Airport Operations	-	-	-	725,400	683,391	42,009	-	-	-	725,400	683,391	42,009
Debt Service and Reserves	7,794,977	7,129,696	665,281	58,738	-	58,738	244,562	-	244,562	8,098,277	7,129,696	968,581
Operating Transfers Out	77,200	337,200	(260,000)	-	-	-	-	-	-	77,200	337,200	(260,000)
Indirect Costs	7,098,923	7,098,960	(37)	320,177	320,184	(7)	1,304,472	1,304,472	-	8,723,572	8,723,618	(44)
Total Expenditures	37,148,821	38,548,651	601,970	1,104,315	1,003,575	100,740	8,881,152	8,151,668	529,484	46,934,068	45,701,894	1,232,194
Excess (Deficiency) of Revenues Over Expenditures	\$14,719,723	\$16,391,442	\$1,871,519	(\$80,159)	(\$101,167)	(\$21,008)	(\$233,988)	\$434,212	\$668,200	\$14,405,778	\$16,724,487	\$2,318,711



INTERNAL SERVICE FUNDS

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

Motor Pool Fund

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

Self-Insurance Fund

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

INTERNAL SERVICE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1994

EXHIBIT G-1

	MOTOR POOL	SELF- INSURANCE	TOTAL ALL FUNDS
ASSETS			
Current Assets			
Cash and Short-Term Investments	\$3,241,125	\$3,880,825	\$7,121,950
Receivables			
Accrued Interest	11,092	14,822	25,914
Miscellaneous	4,697	29,084	33,781
Supplies Inventory	275,817	-	275,817
Total Current Assets	3,532,731	3,924,731	7,457,462
Property, Plant, and Equipment			
Buildings and Improvements	1,448,103	-	1,448,103
Motor Vehicles	15,494,789	-	15,494,789
Furniture and Fixtures	16,831	59,997	76,828
Machinery and Equipment	1,013,398	-	1,013,398
Construction in Progress	875,808	-	875,808
Total Property, Plant, and Equipment	18,848,929	59,997	18,908,926
Accumulated Depreciation	(9,976,343)	(26,447)	(10,002,790)
Total Property, Plant, and Equipment, Net of Accumulated Depreciation	8,872,586	33,550	8,906,136
Total Assets	\$12,405,317	\$3,958,281	\$16,363,598
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts Payable	\$133,758	\$12,286	\$146,044
Accrued Payroll	297,780	52,133	349,913
Claims Payable	-	4,690,716	4,690,716
Total Current Liabilities	431,538	4,755,135	5,186,673
Fund Equity			
Contributed Capital	8,708,051	1,983,088	10,691,139
Retained Earnings (Accumulated Deficit)	3,265,728	(2,779,942)	485,786
Net Fund Equity	11,973,779	(796,854)	11,176,925
Total Liabilities and Fund Equity	\$12,405,317	\$3,958,281	\$16,363,598

SEE NOTES TO FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

EXHIBIT G-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	MOTOR POOL	SELF- INSURANCE	TOTAL ALL FUNDS
Operating Revenues			
Billings To User Programs	\$5,859,012	\$2,365,015	\$8,224,027
Other	195,130	31,912	227,042
Total Operating Revenues	6,054,142	2,396,927	8,451,069
Operating Expenses			
Motor Pool Operations	4,183,842	-	4,183,842
Self-Insurance Administration	-	829,395	829,395
Self-Insurance Claims	-	1,717,566	1,717,566
Depreciation	1,482,901	5,152	1,488,053
Total Operating Expenses	5,666,743	2,552,113	8,218,856
Operating Income (Loss)	387,399	(155,186)	232,213
Non-Operating Revenues			
Interest Earnings	124,445	166,282	290,727
Operating Transfers In	978,372	257,104	1,235,476
Total Non-Operating Revenues/ Operating Transfers	1,102,817	423,386	1,526,203
Net Income	1,490,216	268,200	1,758,416
Retained Earnings (Accumulated Deficit)			
July 1, 1993 as Previously Reported	1,824,714	(3,042,180)	(1,217,466)
Prior Period Adjustment	(49,202)	(5,962)	(55,164)
Retained Earnings (Accumulated Deficit) July 1, 1993 as Restated	1,775,512	(3,048,142)	(1,272,630)
Retained Earnings (Accumulated Deficit) June 30, 1994	<u>\$3,265,728</u>	<u>(\$2,779,942)</u>	<u>\$485,786</u>

SEE NOTES TO FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

EXHIBIT G-3

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	MOTOR POOL	SELF- INSURANCE	TOTAL ALL FUNDS
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$387,399	(\$155,186)	\$232,213
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	1,482,901	5,152	1,488,053
Changes in Assets and Liabilities (Sources (Uses) of Cash):			
Miscellaneous Receivables	12,692	3,840	16,532
Supplies Inventory	(5,215)	-	(5,215)
Accounts Payable	121,074	10,744	131,818
Accrued Payroll	49,132	11,194	60,326
Claims Payable - Reported	-	(84,915)	(84,915)
Total Adjustments	1,660,584	(53,985)	1,606,599
Net Cash Provided by (Used for) Operating Activities	2,047,983	(209,171)	1,838,812
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers In	978,372	257,104	1,235,476
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Property and Equipment	(2,262,588)	(18,591)	(2,281,179)
Net Cash Used for Capital and Related Financing Activities	(2,262,588)	(18,591)	(2,281,179)
Cash Flows from Investing Activities:			
Interest Received on Investments	125,706	170,242	295,948
Net Increase in Cash and Cash Equivalents	889,473	199,584	1,089,057
Cash and Cash Equivalents at Beginning of Year	2,351,652	3,681,241	6,032,893
Cash and Cash Equivalents at End of Year	\$3,241,125	\$3,880,825	\$7,121,950

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

INTERNAL SERVICE FUNDS

EXHIBIT G-4

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	MOTOR POOL			SELF-INSURANCE			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues									
Billings To User Programs	\$5,860,000	\$5,859,012	(\$988)	\$2,364,000	\$2,365,015	\$1,015	\$8,224,000	\$8,224,027	\$27
Contributions from Municipality	978,372	978,372	-	257,104	257,104	-	1,235,476	1,235,476	-
Interest Earnings	100,000	124,445	24,445	200,000	166,282	(33,718)	300,000	290,727	(9,273)
Other	-	195,130	195,130	-	31,912	31,912	-	227,042	227,042
Total Revenues	6,938,372	7,156,959	218,587	2,821,104	2,820,313	(791)	9,759,476	9,977,272	217,796
Expenditures									
Motor Pool Operations	8,421,861	8,081,684	340,177	-	-	-	8,421,861	8,081,684	340,177
Self-Insurance Operations	-	-	-	2,637,409	2,652,494	(15,085)	2,637,409	2,652,494	(15,085)
Total Expenditures	8,421,861	8,081,684	340,177	2,637,409	2,652,494	(15,085)	11,059,270	10,734,178	325,092
(Deficiency) Excess of Revenues Over Expenditures	(\$1,483,489)	(\$924,725)	\$558,764	\$183,695	\$167,819	(\$15,876)	(\$1,299,794)	(\$756,906)	\$542,888

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TRUST AND AGENCY FUNDS

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

Expendable Trust Fund

Used to account for gifts that are designated for special purposes. The Expendable Trust Fund includes gifts received for libraries, arts, parks, memorials, senior citizens, handicapped, and training services, and includes amounts accumulated to pay employee benefits at retirement.

Nonexpendable Trust Fund

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

Deferred Compensation Agency Fund

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

TRUST AND AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1994

EXHIBIT H-1

	EXPENDABLE TRUST	NON- EXPENDABLE TRUST	DEFERRED COMPENSATION AGENCY	TOTAL ALL FUNDS
ASSETS				
Cash and Short-Term Investments	\$5,533,958	\$187,855	-	\$5,721,813
Investments	-	-	\$7,014,054	7,014,054
Accrued Interest	11,695	-	-	11,695
Miscellaneous Receivables	160,000	-	-	160,000
Total Assets	\$5,705,653	\$187,855	\$7,014,054	\$12,907,562
LIABILITIES AND FUND BALANCES				
Liabilities				
Designated Deferred Compensation Benefits	-	-	\$7,014,054	\$7,014,054
Deferred Revenue	\$160,000	-	-	160,000
Guaranty and Other Deposits	1,418,147	-	-	1,418,147
Total Liabilities	1,578,147	-	7,014,054	8,592,201
Fund Balances				
Reserved for Encumbrances	16,082	\$4,341	-	20,423
Reserved for Library Acquisitions	-	183,514	-	183,514
Unreserved	4,111,424	-	-	4,111,424
Total Fund Balances	4,127,506	187,855	-	4,315,361
Total Liabilities and Fund Balances	\$5,705,653	\$187,855	\$7,014,054	\$12,907,562

SEE NOTES TO FINANCIAL STATEMENTS

EXPENDABLE TRUST FUND

EXHIBIT H-2

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	<u>EXPENDABLE TRUST</u>
Revenues	
Interest Earnings	\$123,604
Donations and Other Trust Revenues	<u>1,107,209</u>
Total Revenues	1,230,813
Expenditures	
Expendable Trust	<u>1,154,784</u>
Excess of Revenues Over Expenditures	76,029
Other Sources (Uses)	
Operating Transfers In	300,000
Operating Transfers Out	<u>(113,862)</u>
Total Other Sources (Uses)	<u>186,138</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	262,167
Fund Balance July 1, 1993	<u>3,865,339</u>
Fund Balance June 30, 1994	<u><u>\$4,127,506</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

EXPENDABLE TRUST FUND

EXHIBIT H-3

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
Expendable Trust	\$210,544	\$664,185	\$148,851	\$131,204	\$1,154,784

NONEXPENDABLE TRUST FUND

EXHIBIT H-4

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	<u>NON- EXPENDABLE TRUST</u>
Operating Revenues	
Interest Earnings	\$7,603
Operating Expenses	
Trust Operations	<u>4,406</u>
Operating Income	<u>3,197</u>
Net Income	3,197
Fund Balance July 1, 1993	<u>184,658</u>
Fund Balance June 30, 1994	<u><u>\$187,855</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

NONEXPENDABLE TRUST FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 1994

EXHIBIT H-5

	<u>NON- EXPENDABLE TRUST</u>
Cash Flows from Operating Activities:	
Operating Income	\$3,197
Adjustment to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Deduct Interest Earnings	<u>(7,603)</u>
Net Cash Used for Operating Activities	(4,406)
Cash Flows from Investing Activities:	
Interest Received on Investments	<u>7,603</u>
Net Increase in Cash and Cash Equivalents	3,197
Cash and Cash Equivalents at Beginning of Year	<u>184,658</u>
Cash and Cash Equivalents at End of Year	<u><u>\$187,855</u></u>
SEE NOTES TO FINANCIAL STATEMENTS	

DEFERRED COMPENSATION AGENCY FUND

EXHIBIT H-6

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

DEFERRED COMPENSATION AGENCY				
	BALANCE JULY 1, 1993	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1994
ASSETS				
Investments	\$6,093,985	\$1,205,039	\$284,970	\$7,014,054
Total Assets	\$6,093,985	\$1,205,039	\$284,970	\$7,014,054
LIABILITIES				
Designated Deferred Compensation Benefits	\$6,093,985	\$1,205,039	\$284,970	\$7,014,054
Total Liabilities	\$6,093,985	\$1,205,039	\$284,970	\$7,014,054



GENERAL FIXED ASSETS ACCOUNT GROUP

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

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

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
AS OF JUNE 30, 1994

EXHIBIT I-1

General Fixed Assets:

Land	\$53,976,839
Buildings and Improvements	145,437,138
Streets and Storm Drains	839,193,680
Machinery and Equipment	26,799,436
Construction in Progress	<u>60,566,697</u>
Total General Fixed Assets	<u>\$1,125,973,790</u>

Investment in General Fixed Assets by Source:

General Fund	\$102,625,153
Special Revenue Funds	63,757,040
Capital Projects Funds	241,859,247
Contributions	683,060,934
Improvement Districts	<u>34,671,416</u>
Total Investment in General Fixed Assets	<u>\$1,125,973,790</u>

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

EXHIBIT I-2

AS OF JUNE 30, 1994

DEPARTMENT	LAND	BUILDINGS AND IMPROVEMENTS	STREETS AND STORM DRAINS	MACHINERY AND EQUIPMENT	TOTAL
General Government	\$464,153	\$1,002,465	-	\$701,086	\$2,167,704
Police	-	1,010,645	-	3,169,276	4,179,921
Financial Services	-	304,985	-	762,648	1,067,633
Transportation	-	7,128,098	-	140,737	7,268,835
Community Services	7,444,399	9,721,924	\$134,747	1,926,503	19,227,573
Management Services	40,855	13,733	48,038	12,197,356	12,299,982
Planning & Community Development	-	13,121	-	288,268	301,389
Fire	-	397,962	-	293,929	691,891
Municipal Services	-	-	-	198,558	198,558
Capital Projects	46,027,432	125,844,205	839,010,895	7,121,075	1,018,003,607
Total General Fixed Assets Allocated to Functions	\$53,976,839	\$145,437,138	\$839,193,680	\$26,799,436	1,065,407,093
Construction in Progress					60,566,697
Total General Fixed Assets					\$1,125,973,790

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SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

EXHIBIT I-3

BY FUNCTION AND ACTIVITY

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

DEPARTMENT	JULY 1, 1993	ADDITIONS	DELETIONS	JUNE 30, 1994
General Government	\$2,043,476	\$130,236	(\$6,008)	\$2,167,704
Police	4,034,731	147,991	(2,801)	4,179,921
Financial Services	1,018,493	49,140	-	1,067,633
Transportation	7,246,734	23,213	(1,112)	7,268,835
Community Services	19,132,861	94,712	-	19,227,573
Management Services	12,238,399	62,398	(815)	12,299,982
Planning & Community Development	283,366	21,437	(3,414)	301,389
Fire	691,891	-	-	691,891
Municipal Services	193,458	5,100	-	198,558
Capital Projects	962,842,984	55,160,623	-	1,018,003,607
Construction in Progress	46,774,219	41,260,267	(27,467,789)	60,566,697
Total General Fixed Assets	<u>\$1,056,500,612</u>	<u>\$96,955,117</u>	<u>(\$27,481,939)</u>	<u>\$1,125,973,790</u>

DEBT REQUIREMENTS

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

Debt issued by community facilities districts is included for full disclosure although such debt is not legally an obligation of the City.

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 1994

EXHIBIT J-1

	JULY 1, 1993	ISSUED	RETIRED	ADVANCE REFUNDINGS		JUNE 30, 1994	FINAL PAYMENT DATE
				ISSUED	DEFEASED		
GENERAL OBLIGATION BONDS							
1968 Civic Center	\$725,000	-	\$225,000	-	-	\$500,000	07/01/96
1986 Water Acquisition	5,625,000	-	915,000	-	\$1,315,000	3,395,000	07/01/97
1989 Series A (1990)	12,845,000	-	-	-	7,885,000	4,960,000	07/01/00
1989 Series B (1991)	19,000,000	-	-	-	10,720,000	8,280,000	07/01/04
1991 GO Refunding	8,615,000	-	505,000	-	4,345,000	3,765,000	07/01/00
1989 Series C (1992)	23,175,000	-	2,125,000	-	-	21,050,000	07/01/12
1993 Refunding	45,015,000	-	540,000	-	-	44,475,000	07/01/09
1989 Series D (1993)	-	\$21,000,000	1,500,000	-	-	19,500,000	07/01/13
1993A GO Refunding	-	-	200,000	\$24,265,000	-	24,065,000	07/01/11
1989 Series E (1994)	-	14,250,000	-	-	-	14,250,000	07/01/14
Total General Obligation Bonds	\$115,000,000	\$35,250,000	\$6,010,000	\$24,265,000	\$24,265,000	\$144,240,000	
REVENUE BONDS							
1973 Utility Refunding	\$595,000	-	\$310,000	-	-	\$285,000	07/01/95
1989 Utility Series A (1990)	6,835,000	-	250,000	-	-	6,585,000	07/01/09
1992 Utility Refunding	8,505,000	-	725,000	-	-	7,780,000	07/01/00
1992 Utility Series B (1992)	4,740,000	-	140,000	-	-	4,600,000	07/01/12
1984 HURF Series C (1987)	135,000	-	65,000	-	-	70,000	07/01/95
1989 HURF Refunding	3,125,000	-	175,000	-	-	2,950,000	07/01/97
1993 HURF Refunding	26,690,000	-	840,000	-	-	25,850,000	07/01/07
Total Revenue Bonds	\$50,625,000	-	\$2,505,000	-	-	\$48,120,000	
MUNICIPAL PROPERTY CORPORATION BONDS							
1974 MPC - 5 Arts	\$2,530,000	-	\$540,000	-	-	\$1,990,000	07/01/96
1984 TPC Golf Course	9,990,000	-	-	-	\$9,990,000	-	
1987 AMFP Certif. of Partic.	3,100,000	-	-	-	-	3,100,000	07/01/01
1987 Refunding	7,320,000	-	1,920,000	-	-	5,400,000	07/01/97
1992 Asset Transfer Refunding	45,465,000	-	1,225,000	-	-	44,240,000	11/01/14
1993 Refunding	29,475,000	-	-	-	-	29,475,000	07/01/05
1994 Refunding	-	-	500,000	\$9,295,000	-	8,795,000	07/01/04
Total Municipal Property Corporation Bonds	\$97,880,000	-	\$4,185,000	\$9,295,000	\$9,990,000	\$93,000,000	

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 1994

EXHIBIT J-1
(Continued)

	ADVANCE REFUNDINGS					JUNE 30, 1994	FINAL PAYMENT DATE
	JULY 1, 1993	ISSUED	RETIRED	ISSUED	DEFEASED		
SPECIAL ASSESSMENT BONDS							
Thomas, Civic Ctr, Earll Series 72	\$35,000	-	\$18,000	-	-	\$17,000	01/01/95
North Scottsdale Series 84	1,310,000	-	655,000	-	-	655,000	01/01/95
Sewer Project Series 85	340,000	-	170,000	-	-	170,000	01/01/95
Escondido Estates Series 86	19,000	-	19,000	-	-	-	-
Hayden Road Extension Series 87	435,000	-	145,000	-	-	290,000	01/01/96
N. Airport Industrial Series 88	2,085,000	-	520,000	-	-	1,565,000	07/01/97
NW Airpark Series 89	860,000	-	175,000	-	-	685,000	01/01/98
Via Linda Series 90	580,000	-	120,000	-	-	460,000	01/01/98
CAP @ Hayden Road Series 91	410,000	-	70,000	-	-	340,000	01/01/99
Pima/CAP Series 92	8,520,000	-	1,065,000	-	-	7,455,000	01/01/01
Pima Acres Series 93	1,045,000	-	135,000	-	-	910,000	01/01/01
Old Scottsdale/West Main Series 94	985,000	-	110,000	-	-	875,000	01/01/02
Fifth Ave/Marshall Way Series 95	1,090,000	-	125,000	-	-	965,000	01/01/02
Section 31 Series 96	470,000	-	55,000	-	-	415,000	01/01/02
Pinnacle Vista Series 97	925,000	-	95,000	-	-	830,000	01/01/03
North Area Water Series 98	1,775,000	-	180,000	-	-	1,595,000	01/01/03
Adobe Miller Series 99	1,075,000	-	110,000	-	-	965,000	01/01/03
Craftsman Court Series 100	-	\$140,000	-	-	-	140,000	01/01/04
Bell Road Series 101	-	17,365,000	-	-	-	17,365,000	01/01/05
Desert Ranch Series 102	-	915,000	-	-	-	915,000	01/01/04
Total Special Assessment Bonds	\$21,959,000	\$18,420,000	\$3,767,000	-	-	\$36,612,000	
COMMUNITY FACILITIES DISTRICT BONDS							
Scottsdale Mountain Series 1993 A	-	\$3,000,000	-	-	-	\$3,000,000	07/01/17
Scottsdale Mountain Series 1993 B	-	525,000	-	-	-	525,000	07/01/17
Total Community Facilities District Bonds	-	\$3,525,000	-	-	-	\$3,525,000	
Total Bonds	\$285,464,000	\$57,195,000	\$16,467,000	\$33,560,000	\$34,255,000	\$325,497,000	
CONTRACTS PAYABLE							
East Couplet/Galleria	\$420,000	-	-	-	-	\$420,000	07/01/95
US Corps of Engineers	3,780,588	-	\$37,753	-	-	3,742,835	2032
West Couplet/Camelview	3,726,471	-	439,466	-	-	3,287,005	01/31/98
Ladder Truck	85,636	-	85,636	-	-	-	-
Plan 6	135,104	-	70,763	-	-	64,341	10/01/95
Water Resources Bldg	-	\$992,278	17,677	-	-	974,601	11/01/95
Carefree Ranch	-	2,373,401	133,413	-	-	2,239,988	03/01/02
Total Contracts	\$8,147,799	\$3,365,679	\$784,708	-	-	\$10,728,770	
TOTAL BONDS AND CONTRACTS	\$293,611,799	\$60,560,679	\$17,251,708	\$33,560,000	\$34,255,000	\$336,225,770	

DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS *

EXHIBIT J-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

FISCAL YEAR	WATER, SEWER, LIGHT, PARKS, AND OPEN SPACE PURPOSES BONDS 20% LIMITATION			GENERAL PURPOSE BONDS 6% LIMITATION			TOTAL GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1995	\$3,985,000	\$4,404,818	\$8,389,818	\$2,415,000	\$3,413,862	\$5,828,862	\$6,400,000	\$7,818,680	\$14,218,680
1996	2,105,000	4,208,123	6,313,123	4,510,000	3,265,467	7,775,467	6,615,000	7,473,590	14,088,590
1997	2,740,000	4,099,883	6,839,883	4,125,000	2,953,072	7,078,072	6,865,000	7,052,955	13,917,955
1998	1,695,000	3,951,568	5,646,568	5,420,000	2,647,685	8,067,685	7,115,000	6,599,253	13,714,253
1999	3,200,000	3,868,565	7,068,565	4,810,000	2,288,030	7,098,030	8,010,000	6,156,595	14,166,595
2000	4,540,000	3,716,205	8,256,205	4,405,000	2,338,293	6,743,293	8,945,000	6,054,498	14,999,498
2001	5,465,000	3,488,910	8,953,910	5,005,000	1,587,550	6,592,550	10,470,000	5,076,460	15,546,460
2002	5,715,000	3,211,290	8,926,290	2,890,000	3,662,573	6,552,573	8,605,000	6,873,863	15,478,863
2003	6,040,000	2,917,015	8,957,015	3,030,000	3,518,835	6,548,835	9,070,000	6,435,850	15,505,850
2004	2,230,000	8,695,595	10,925,595	3,575,000	1,021,948	4,596,948	5,805,000	9,717,543	15,522,543
2005	3,884,400	8,733,148	12,617,548	2,150,600	831,860	2,982,460	6,035,000	9,565,008	15,600,008
2006	9,486,000	2,405,358	11,891,358	3,059,000	720,130	3,779,130	12,545,000	3,125,488	15,670,488
2007	4,450,000	1,910,038	6,360,038	3,385,000	556,995	3,941,995	7,835,000	2,467,033	10,302,033
2008	4,890,000	1,680,905	6,570,905	3,360,000	376,690	3,736,690	8,250,000	2,057,595	10,307,595
2009	5,180,000	1,426,695	6,606,695	3,550,000	195,250	3,745,250	8,730,000	1,621,945	10,351,945
2010	9,270,000	1,153,313	10,423,313	-	-	-	9,270,000	1,153,313	10,423,313
2011-2014	13,675,000	678,031	14,353,031	-	-	-	13,675,000	678,031	14,353,031
TOTALS	\$88,550,400	\$60,549,460	\$149,099,860	\$55,689,600	\$29,378,240	\$85,067,840	\$144,240,000	\$89,927,700	\$234,167,700

*This table excludes general obligation bonds of community facilities districts. See separate schedule in this exhibit.

DEBT SERVICE REQUIREMENTS TO MATURITY
HIGHWAY USER REVENUE BONDS, WATER AND SEWER REVENUE BONDS,
AND MUNICIPAL PROPERTY CORPORATION BONDS

EXHIBIT J-2
(Continued here and on following page)

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

FISCAL YEAR	HIGHWAY USER REVENUE BONDS			WATER AND SEWER REVENUE BONDS			MUNICIPAL PROPERTY CORPORATION BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1995	\$1,615,000	\$1,490,515	\$3,105,515	\$1,710,000	\$1,167,113	\$2,877,113	\$4,985,000	\$5,172,418	\$10,157,418
1996	1,700,000	1,407,270	3,107,270	1,800,000	1,072,538	2,872,538	5,120,000	4,910,866	10,030,866
1997	1,785,000	1,318,210	3,103,210	1,895,000	968,863	2,863,863	5,500,000	4,641,293	10,141,293
1998	1,890,000	1,208,538	3,098,538	2,010,000	857,343	2,867,343	5,830,000	4,324,715	10,154,715
1999	1,980,000	1,123,488	3,103,488	2,125,000	736,723	2,861,723	6,115,000	4,040,196	10,155,196
2000	2,070,000	1,031,913	3,101,913	1,425,000	608,988	2,033,988	6,430,000	3,732,465	10,162,465
2001	2,170,000	933,588	3,103,588	600,000	520,603	1,120,603	6,785,000	3,400,023	10,185,023
2002	2,275,000	827,800	3,102,800	640,000	478,528	1,118,528	6,395,000	3,038,999	9,433,999
2003	2,395,000	714,050	3,109,050	685,000	433,468	1,118,468	6,760,000	2,697,416	9,457,416
2004	2,515,000	591,306	3,106,306	730,000	390,178	1,120,178	7,135,000	2,329,078	9,464,078
2005	2,660,000	459,269	3,119,269	780,000	343,308	1,123,308	6,405,000	1,931,938	8,336,938
2006	2,825,000	316,294	3,141,294	830,000	292,933	1,122,933	2,385,000	1,563,341	3,948,341
2007	2,990,000	164,448	3,154,448	890,000	238,473	1,128,473	2,540,000	1,408,906	3,948,906
2008	-	-	-	955,000	179,923	1,134,923	2,695,000	1,247,031	3,942,031
2009	-	-	-	1,020,000	121,675	1,141,675	2,870,000	1,075,781	3,945,781
2010	-	-	-	360,000	60,900	420,900	3,050,000	893,750	3,943,750
2011-2014	-	-	-	795,000	60,243	855,243	12,000,000	1,549,842	13,549,842
TOTALS	\$28,870,000	\$11,586,689	\$40,456,689	\$19,250,000	\$8,531,800	\$27,781,800	\$93,000,000	\$47,958,058	\$140,958,058

**DEBT SERVICE REQUIREMENTS TO MATURITY
SPECIAL ASSESSMENT BONDS, CONTRACTS PAYABLE, AND
COMMUNITY FACILITIES DISTRICTS GENERAL OBLIGATION BONDS**

**EXHIBIT J-2
(Continued)**

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

FISCAL YEAR	SPECIAL ASSESSMENT BONDS			CONTRACTS PAYABLE			COMMUNITY FACILITIES DISTRICTS GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1995	\$3,837,000	\$2,125,678	\$5,962,678	\$894,683	\$264,707	\$1,159,390	--	\$222,898	\$222,898
1996	4,710,000	1,832,463	6,542,463	2,377,771	209,492	2,587,263	--	222,898	222,898
1997	4,580,000	1,540,383	6,120,383	1,379,385	187,318	1,566,703	--	222,898	222,898
1998	4,045,000	4,257,676	8,302,676	964,741	185,075	1,149,816	--	222,898	222,898
1999	3,745,000	1,015,600	4,760,600	380,422	182,718	563,140	\$100,000	222,898	322,898
2000	3,685,000	790,470	4,475,470	416,098	180,239	596,337	110,000	217,223	327,223
2001	3,690,000	567,298	4,257,298	455,220	177,634	632,854	115,000	210,715	325,715
2002	2,495,000	386,013	2,881,013	498,130	174,893	673,023	120,000	203,840	323,840
2003	2,225,000	255,528	2,480,528	59,151	172,015	231,166	125,000	196,640	321,640
2004	1,865,000	144,180	2,009,180	62,177	168,989	231,166	140,000	189,055	329,055
2005	1,735,000	46,845	1,781,845	65,358	165,808	231,166	145,000	180,315	325,315
2006	--	--	--	68,701	162,465	231,166	150,000	171,165	321,165
2007	--	--	--	72,216	158,950	231,166	165,000	161,595	326,595
2008	--	--	--	75,910	155,256	231,166	175,000	150,820	325,820
2009	--	--	--	79,794	151,372	231,166	190,000	139,645	329,645
2010	--	--	--	83,877	147,289	231,166	200,000	127,475	327,475
2011-2032	--	--	--	2,795,136	1,677,547	4,472,683	1,790,000	484,565	2,274,565
	<u>\$36,612,000</u>	<u>\$12,962,134</u>	<u>\$49,574,134</u>	<u>\$10,728,770</u>	<u>\$4,521,767</u>	<u>\$15,250,537</u>	<u>\$3,525,000</u>	<u>\$3,547,543</u>	<u>\$7,072,543</u>

DISCRETELY PRESENTED COMPONENT UNITS

The following two entities are considered component units of the City of Scottsdale and are presented in the component unit columns included in the City of Scottsdale's combined financial statements.

Industrial Development Authority

The Authority is a non-profit corporation established by the City to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate and remain in Scottsdale. The information for the Authority included in the combining schedules which follow is as of and for the year ended June 30, 1993 (the most recent available).

Scottswater Company, Inc.

This non-profit corporation (the Company) was established by the City Council to act as the general partner in the Scottsdale Water Service Company Limited Partnership, which manages and operates a Central Arizona Project water treatment plant. The plant, in conjunction with other City facilities, provides water and water services to Scottsdale citizens. The information for the Company included in the combining schedules which follow is as of and for the year ended December 31, 1993, and, since the Company is the managing general partner, includes the activity of the Partnership for the same period.

COMPONENT UNITS

EXHIBIT K-1

COMBINING BALANCE SHEET

JUNE 30, 1994

	INDUSTRIAL DEVELOPMENT AUTHORITY	SCOTTSWATER COMPANY, INC.	TOTAL
ASSETS			
Cash and Short-Term Investments	\$103,111	\$135,969	\$239,080
Investments	283,170	2,997,490	3,280,660
Accrued Interest Receivable	-	1,554	1,554
Accounts Receivable	34,255	-	34,255
Deferred Issuance Costs, Net of Accumulated Amortization	-	860,087	860,087
Miscellaneous	-	2,928	2,928
Property, Plant and Equipment, Net of Accumulated Depreciation	-	1,186,496	1,186,496
Excess Purchase Price over Book Value of Partnership Interest Acquired	-	557,336	557,336
Total Assets	\$420,536	\$5,741,860	\$6,162,396
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	\$11,130	\$122,724	\$133,854
Bonds Payable	-	21,795,000	21,795,000
Total Liabilities	11,130	21,917,724	21,928,854
Fund Equity			
Contributed Capital - Primary Government	-	3,600,000	3,600,000
Retained Earnings (Accumulated Deficit)			
Unreserved	409,406	(11,977,919)	(11,568,513)
Minority Interest	-	(7,797,945)	(7,797,945)
Total Retained Earnings (Accumulated Deficit)	409,406	(19,775,864)	(19,366,458)
Net Fund Equity	409,406	(16,175,864)	(15,766,458)
Total Liabilities and Fund Equity	\$420,536	\$5,741,860	\$6,162,396

SEE NOTES TO FINANCIAL STATEMENTS

COMPONENT UNITS

EXHIBIT K-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	INDUSTRIAL DEVELOPMENT AUTHORITY	SCOTTSWATER COMPANY, INC.	TOTAL
Operating Revenues			
Operating Fees Paid by Primary Government	-	\$2,938,987	\$2,938,987
Operating Revenues Paid by Other Component Units	\$21,795	-	21,795
Other Operating Revenues	76,939	-	76,939
Total Operating Revenues	98,734	2,938,987	3,037,721
Operating Expenses			
Development Authority Operations	185,182	-	185,182
Water Treatment Plant Operations	-	1,614,040	1,614,040
Depreciation and Amortization	-	80,452	80,452
Total Operating Expenses	185,182	1,694,492	1,879,674
Operating (Loss) Income	(86,448)	1,244,495	1,158,047
Non-Operating Revenues (Expenses)			
Paid by Primary Government	-	1,000	1,000
Interest Earnings	14,838	133,462	148,300
Interest Expense	-	(708,295)	(708,295)
Total Non-Operating Revenues (Expenses)	14,838	(573,833)	(558,995)
Net (Loss) Income	(71,610)	670,662	599,052
Deduct Minority Interest	-	(669,110)	(669,110)
(Decrease) Increase in Retained Earnings (Accumulated Deficit)	(71,610)	1,552	(70,058)
Retained Earnings (Accumulated Deficit), Beginning of Year	481,016	(11,962,135)	(11,481,119)
Distribution	-	(17,336)	(17,336)
Retained Earnings (Accumulated Deficit), End of Year	\$409,406	(\$11,977,919)	(\$11,568,513)

SEE NOTES TO FINANCIAL STATEMENTS

COMPONENT UNITS

EXHIBIT K-3

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1994

	INDUSTRIAL DEVELOPMENT AUTHORITY	SCOTTSWATER COMPANY, INC.	TOTAL
Cash Flows from Operating Activities:			
Operating (Loss) Income	(\$86,448)	\$1,244,495	\$1,158,047
Adjustments to Reconcile Operating (Loss) Income to Net Cash (Used for) Provided by Operating Activities:			
Depreciation	—	18,991	18,991
Amortization	—	98,883	98,883
Changes in Assets and Liabilities (Sources (Uses) of Cash):			
Investments	—	(50,030)	(50,030)
Accrued Interest Receivable	—	44,600	44,600
Accounts Receivable	(31,588)	—	(31,588)
Other Assets	—	285	285
Accounts Payable	3,319	(91,904)	(88,585)
Other Liabilities	—	(9,065)	(9,065)
Total Adjustments	(28,269)	11,760	(16,509)
Net Cash (Used for) Provided by Operating Activities	(114,717)	1,256,255	1,141,538
Cash Flows from Capital and Related Financing Activities			
Acquisition of Partnership Interest	—	(3,600,000)	(3,600,000)
Principal Payments on Long-Term Debt	—	(745,000)	(745,000)
Interest Paid on Long-Term Debt	—	(754,449)	(754,449)
Contributions from Primary Government	—	3,601,000	3,601,000
Distributions	—	(17,336)	(17,336)
Net Cash Used for Capital and Related Financing Activities	—	(1,515,785)	(1,515,785)
Cash Flows from Investing Activities:			
Purchase of Investments	—	(10,728,137)	(10,728,137)
Proceeds from Sale of Investments	75,789	10,690,715	10,766,504
Interest Received on Investments	14,838	179,616	194,454
Net Cash Provided by Investing Activities	90,627	142,194	232,821
Net Decrease in Cash and Cash Equivalents	(24,090)	(117,336)	(141,426)
Cash and Cash Equivalents at Beginning of Year	127,201	253,305	380,506
Cash and Cash Equivalents at End of Year	\$103,111	\$135,969	\$239,080

SEE NOTES TO FINANCIAL STATEMENTS

Statistical Section

This section includes selected financial and demographic information for the City and surrounding areas, generally presented on a multi-year basis

CITY OF SCOTTSDALE, ARIZONA

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

TABLE I

FISCAL YEAR	GENERAL GOVERNMENT	POLICE	FINANCIAL SERVICES	TRANSPOR-TATION	COMMUNITY SERVICES	MANAGEMENT SERVICES	PLANNING AND COMMUNITY DEVELOPMENT	FIRE	WATER RESOURCES	MUNICIPAL SERVICES	STREETLIGHT DISTRICTS (1)	CAPITAL IMPROVEMENTS	DEBT SERVICE	TOTAL
1985	\$2,138,651	\$8,352,188	\$1,873,189	\$10,573,974	\$8,155,034	\$7,625,803	\$47,116,544	-	-	-	-	\$544,579	\$11,681,957	\$98,041,919
1986	2,589,123	9,475,467	1,942,012	11,037,959	8,730,701	7,321,889	8,195,938	-	-	-	-	7,583,511	22,805,850	79,682,450
1987	2,721,381	11,836,704	2,190,533	11,872,258	10,294,757	3,912,789	6,883,408	\$3,973,055	-	-	\$443,276	5,810,259	26,365,767	85,304,187
1988	3,532,276	13,571,954	2,665,064	13,592,848	12,455,464	4,482,015	5,758,673	4,155,740	\$1,283,892	-	408,668	1,269,248	26,551,891	89,727,533
1989	5,202,464	14,138,466	2,856,972	6,504,125	12,323,666	4,441,009	5,889,490	4,787,139	1,418,078	\$8,081,417	415,041	1,978,266	27,611,812	95,645,945
(2) 1990	3,917,752	14,510,678	2,465,924	6,782,224	12,179,223	4,992,759	5,935,822	5,020,994	-	2,891,348	432,177	-	25,752,256	84,881,157
(2) 1991	5,305,286	17,057,240	3,535,711	2,312,664	13,704,744	4,150,444	8,424,594	5,810,722	-	9,998,678	431,424	-	28,121,373	96,852,880
(2) 1992	6,104,747	18,399,147	3,550,155	2,308,548	14,410,886	4,445,653	9,437,654	6,193,207	-	11,181,964	440,809	-	26,971,339	103,444,109
1993	9,409,602	19,753,890	3,751,965	2,580,418	15,465,007	5,005,942	9,182,452	6,595,200	-	12,625,650	448,557	-	29,205,336	114,024,019
1994	10,877,693	21,378,473	4,300,956	3,128,180	16,467,971	5,493,259	9,850,765	7,544,821	-	13,381,793	469,644	-	29,611,405	122,504,960

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Source: City of Scottsdale Financial Services Department

(1) Expenditures of Streetlight Districts were not classified as general governmental expenditures until fiscal year 1987.

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

CITY OF SCOTTSDALE, ARIZONA

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

TABLE II

FISCAL YEAR	TAXES	INTER-GOVERNMENTAL REVENUE	SPECIAL ASSESSMENTS*	LICENSES	CHARGES FOR SERVICES	FINES AND FORFEITURES	USE OF MONEY AND PROPERTY	STREETLIGHT DISTRICTS*	MISCELLANEOUS	TOTAL
1985	\$27,324,172	\$19,651,559	-	\$403,829	\$7,953,178	\$1,147,666	\$4,545,911	-	\$2,975,830	\$64,001,845
1986	30,814,928	20,808,629	-	421,354	9,150,054	1,533,450	8,086,213	-	5,057,791	75,872,419
1987	34,165,734	22,208,618	\$1,317,697	474,633	9,394,883	1,091,268	6,020,676	\$255,020	5,067,864	79,996,193
1988	37,560,884	23,136,401	3,132,161	489,775	10,921,238	1,515,621	6,499,076	299,856	5,853,038	89,408,050
1989	40,349,302	23,956,139	2,527,537	596,233	10,594,389	1,838,594	7,708,925	509,184	6,305,752	94,386,035
1990	43,300,830	25,182,676	2,957,646	617,200	5,483,953	2,052,306	6,320,488	564,046	7,079,453	93,538,598
1991	46,358,382	25,176,007	2,774,035	630,070	5,152,757	2,215,138	6,345,610	558,163	8,079,640	97,289,802
1992	48,890,219	26,553,493	4,260,961	704,935	6,336,520	2,228,091	5,512,701	499,529	9,727,189	104,713,638
1993	55,214,104	27,970,288	4,941,556	737,854	7,586,803	1,720,511	4,564,692	513,846	12,976,009	116,225,663
1994	63,996,207	29,940,801	5,643,993	875,563	10,499,462	1,711,295	4,817,950	514,956	13,861,333	131,861,560

Source: City of Scottsdale Financial Services Department

* Revenues of Special Assessment and Streetlight Districts were not classified as general governmental revenue until fiscal year 1987.

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

TABLE III

FISCAL YEAR	PRIVILEGE	GENERAL PROPERTY	FRANCHISE	IN-LIEU PROPERTY	TOTAL TAXES
1985	\$20,051,172	\$5,580,004	\$1,628,787	\$64,209	\$27,324,172
1986	22,080,785	6,782,380	1,865,339	86,424	30,814,928
1987	24,273,366	7,707,177	2,093,052	92,139	34,165,734
1988	25,953,299	9,094,087	2,407,878	105,620	37,560,884
1989	28,401,262	9,125,216	2,720,995	101,829	40,349,302
1990	30,462,121	9,822,930	2,935,445	80,334	43,300,830
1991	31,159,495	11,924,840	3,122,093	151,954	46,358,382
1992	33,163,422	12,287,540	3,281,655	157,602	48,890,219
1993	36,739,426	14,677,069	3,597,046	200,563	55,214,104
1994	42,206,355	17,665,772	3,885,445	238,635	63,996,207

Source: City of Scottsdale Financial Services Department

CITY OF SCOTTSDALE, ARIZONA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE IV

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	% OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS	FUTURE YEAR TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL COLLECTIONS % OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT % OF CURRENT LEVY
1985	\$5,481,042	\$5,346,783	97.6%	\$204,822	\$27,971	\$5,579,576	101.8%	\$227,482	4.2%
1986	6,776,237	6,498,494	95.9	183,078	100,807	6,782,379	100.1	351,720	5.2
1987	7,973,800	7,316,676	91.8	315,643	74,858	7,707,177	96.7	726,036	9.1
1988	8,943,980	8,321,524	93.0	669,796	102,767	9,094,087	101.7	602,824	6.7
1989	9,095,857	8,540,625	93.9	537,687	46,904	9,125,216	100.3	692,636	7.6
1990	9,863,616	9,179,323	93.1	601,806	41,967	9,823,096	99.6	740,805	7.5
1991	12,465,643	11,220,265	90.0	644,872	59,702	11,924,839	95.7	933,490	7.5
1992	12,406,428	11,242,860	90.6	833,008	111,672	12,187,540	98.2	850,230	6.9
1993	15,475,472	14,124,653	91.3	440,545	111,871	14,677,069	94.8	1,354,977	8.8
1994	17,133,276	16,403,621	95.7	1,225,789	36,361	17,665,771	103.1	697,135	4.1

Source: Maricopa County Treasurer's Office
Annual Collection and Delinquency Report

CITY OF SCOTTSDALE, ARIZONA

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

TABLE Va

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

FISCAL YEAR	REAL ESTATE*	IMPROVEMENTS	SECURED PERSONAL	UNSECURED PERSONAL	UTILITIES RAILS WIRES	GROSS VALUATION	EXEMPTIONS	NET TAXABLE VALUATION	ESTIMATED ACTUAL VALUATION (000)
1985 P	-	\$497,307,980	\$5,588,005	\$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
1986 P	-	612,418,575	19,491,720	31,181,985	34,897,580	697,989,860	347,947	697,641,913	4,996,510
S	\$289,289,410	442,267,375	19,491,720	31,282,385	34,897,580	817,228,470	335,622	816,892,848	21.8 ⁸ 5,498,018
1987 P	-	754,011,020	20,209,940	51,209,830	37,742,485	863,173,275	544,917	862,628,358	5,924,016
S	\$359,032,815	543,595,755	20,209,940	51,284,540	37,742,495	1,011,865,545	536,119	1,011,329,426	23.8 6,818,621
1988 P	-	884,855,850	15,960,085	52,975,475	46,231,835	1,000,023,245	511,936	999,511,309	6,824,658
S	\$500,624,140	539,400,325	15,960,085	53,014,855	46,258,720	1,155,258,125	501,752	1,154,756,373	14.2 7,766,372
1989 P	-	997,492,015	16,141,580	61,292,800	48,590,545	1,123,516,940	506,116	1,123,010,824	7,599,557
S	\$575,199,010	584,018,330	16,141,580	61,280,715	48,689,065	1,285,328,700	506,543	1,284,822,157	11.3 8,503,650
1990 P	-	1,135,696,035	18,335,940	72,491,425	52,966,020	1,277,489,420	475,955	1,277,013,465	8,660,247
S	\$657,418,600	641,834,315	18,335,940	72,491,425	53,002,235	1,441,082,515	478,065	1,440,604,450	12.1 9,609,263
1991 P	-	1,223,412,100	17,661,195	77,524,985	56,007,880	1,374,806,160	462,542	1,374,143,616	9,328,072
S	\$659,705,245	667,306,900	17,661,195	77,544,940	56,057,300	1,478,275,580	462,211	1,477,813,367	2.6 9,921,082
1992 P	-	1,220,208,593	13,420,160	81,408,370	59,724,632	1,374,761,755	462,386	1,374,299,369	9,455,811
S	\$826,794,230	644,386,540	13,420,160	81,436,505	59,805,265	1,425,842,700	464,083	1,425,378,617	3.5 9,753,991
1993 P	-	1,187,255,765	20,121,045	86,390,875	60,550,760	1,354,318,445	(446,309)	1,353,872,136	9,421,433
S	\$568,714,830	643,541,770	20,121,045	86,390,875	60,568,640	1,379,337,160	(448,396)	1,378,888,764	3.3 9,557,639
1994 P	-	1,136,492,041	30,271,207	94,650,835	67,694,174	1,329,108,257	(477,507)	1,328,630,750	9,415,061
S	\$541,279,527	619,463,313	30,271,207	94,662,190	67,724,546	1,353,400,783	(478,546)	1,352,922,237	1.9 9,560,216

1399 126 179 3.4
1530088317 9.4

Source: Maricopa County Finance Department

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

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

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CITY OF SCOTTSDALE, ARIZONA

ASSESSED VALUES BY PROPERTY CLASS
LAST TEN FISCAL YEARS

TABLE Vb

FISCAL YEAR	CLASS 1	CLASS 2	CLASS 3	CLASS 4	CLASS 5	CLASS 6	CLASS 7	CLASS 8	CLASS 11 (Formerly Class 9)	TOTAL NET FULL CASH ASSESSED VALUE
	MINES	UTILITIES	COMMERCIAL	VACANT LAND	RESIDENTIAL	RENTED RESIDENTIAL	RAILROADS	HISTORICAL	LIVESTOCK	
1985 P	NA	\$32,718,136	\$178,222,565	\$48,774,663	\$261,855,396	\$47,869,196	NA	\$2,670	NA	\$669,442,626
S	NA	32,718,136	209,394,227	92,108,746	281,982,563	54,352,059	NA	2,795	NA	670,558,526
1986 P	NA	\$34,897,579	\$219,464,144	\$69,345,430	\$287,355,425	\$86,576,429	NA	\$2,905	NA	\$697,641,912
S	NA	34,897,579	265,595,128	117,944,983	304,198,358	94,255,898	NA	2,905	NA	816,892,847
1987 P	NA	\$35,380,885	\$294,567,527	\$86,511,874	\$348,235,976	\$97,929,006	NA	\$3,290	NA	\$862,628,358
S	NA	35,380,885	348,726,069	146,152,054	371,453,280	109,612,898	NA	4,440	NA	1,011,329,426
1988 P	NA	\$42,671,505	\$335,971,112	\$128,316,121	\$397,851,311	\$94,691,433	NA	\$5,132	NA	\$999,506,614
S	NA	42,671,505	375,874,187	222,146,580	414,219,343	98,832,903	NA	7,160	NA	1,154,751,678
1989 P	NA	\$43,939,855	\$385,803,297	\$163,237,782	\$429,633,087	\$100,392,353	NA	\$4,450	NA	\$1,123,010,624
S	NA	43,939,855	444,221,727	253,517,558	437,348,078	105,788,039	NA	5,900	NA	1,284,822,157
1990 P	NA	\$48,800,726	\$440,747,098	\$208,645,463	\$471,956,166	\$106,859,077	NA	\$4,935	NA	\$1,277,013,465
S	NA	48,800,726	486,825,184	314,428,116	479,914,364	110,829,675	NA	6,385	NA	1,440,604,450
1991 P	NA	\$43,215,227	\$488,832,901	\$239,360,252	\$499,843,286	\$102,886,527	NA	\$5,425	NA	\$1,374,143,618
S	NA	43,215,227	521,041,917	304,470,173	504,412,569	104,667,098	NA	6,385	NA	1,477,813,369
1992 P	NA	\$46,776,336	\$476,394,419	\$239,096,614	\$517,233,050	\$94,773,830	NA	\$12,066	NA	\$1,374,286,315
S	NA	46,776,336	490,136,001	272,312,329	520,084,030	96,064,146	NA	5,775	NA	1,425,378,617
1993 P	NA	\$45,828,070	\$484,619,388	\$201,567,942	\$533,104,153	\$88,746,323	NA	\$6,260	NA	\$1,353,872,136
S	NA	45,828,070	494,350,123	215,082,726	534,464,840	89,156,745	NA	6,260	NA	1,378,888,764
1994 P	NA	\$51,199,357	\$458,830,925	\$186,348,823	\$552,151,868	\$80,086,449	NA	\$6,260	7,068	\$1,328,630,750
S	NA	51,199,357	470,717,424	193,930,770	554,900,677	82,160,681	NA	6,260	7,068	1,352,922,237

A statewide reappraisal program assesses property values by usage classification on varying percentages of actual cash value. These percentages are as follows:

Property Class	Ratio
1. Mining, Timber	30%
2. Utilities	30
3. Commercial-Industrial	25
4. Agriculture, Vacant Land	16
5. Residential	10
6. Lease-Rental	11
7. Railroads	24
8. Historic	5
11. Livestock	8

Source: Arizona Department of Revenue
Abstract of the Assessment Roll Publication

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CITY OF SCOTTSDALE, ARIZONA

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

TABLE VIa

TAX RATES PER \$100 ASSESSED VALUATIONS

FISCAL YEAR	SCHOOL DISTRICTS					FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	TOTAL
	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA					
1985 P	\$.4800	\$4.3000	\$.7500	\$1.5000	\$.4000	-	-	-	-	\$7.4300
S	.4200	-	-	.1600	-	\$.5000	\$.0700	-	-	1.1500
TOTAL	\$.9000	\$4.3000	\$.7500	\$1.6600	\$.4000	.5000	.0700	-	-	\$8.5800
1986 P	\$.4300	\$4.7800	\$.7100	\$1.4500	\$.4000	-	-	-	-	\$7.7500
S	.4600	-	.1100	.1600	-	.5000	.0700	-	-	1.3000
TOTAL	\$.8900	\$4.7800	\$.8200	\$1.6100	\$.4000	\$.5000	\$.0700	-	-	\$9.0500
1987 P	\$.4200	\$4.9100	\$.6600	\$1.4500	\$.3800	-	-	-	-	\$7.8200
S	.4400	.6500	.0800	.2200	-	.5000	.0700	-	-	1.9600
TOTAL	\$.8600	\$5.5600	\$.7400	\$1.6700	\$.3800	\$.5000	\$.0700	-	-	\$9.7800
1988 P	\$.4100	\$5.2000	\$.6100	\$1.4300	\$.3800	-	-	-	-	\$8.0300
S	.4200	.4900	.0700	.2100	-	.5000	.1000	.0100	.0300	1.8300
TOTAL	\$.8300	\$5.6900	\$.6800	\$1.6400	\$.3800	\$.5000	\$.1000	\$.0100	\$.0300	\$9.8600
1989 P	\$.4031	\$4.3393	\$.6473	\$1.4370	\$.4700	-	-	-	-	\$7.2967
S	.3556	.8458	.0684	.1656	-	.5000	.1000	.0087	.0445	2.0886
TOTAL	\$.7587	\$5.1851	\$.7157	\$1.6026	\$.4700	\$.5000	\$.1000	\$.0087	\$.0445	\$9.3853
1990 P	\$.3918	\$4.3220	\$.6869	\$1.4426	\$.4700	-	-	-	-	\$7.3134
S	.3373	.9637	.0639	.1637	-	.4303	.1000	.0064	.0420	2.1073
TOTAL	\$.7292	\$5.2857	\$.7508	\$1.6063	\$.4700	\$.4303	\$.1000	\$.0064	\$.0420	\$9.4207
1991 P	\$.3941	\$4.1697	\$.7047	\$1.5045	\$.4700	-	-	-	-	\$7.2430
S	.4772	.9093	.0916	.1683	-	.4235	.1000	.0064	.0420	2.2183
TOTAL	\$.8713	\$5.0790	\$.7963	\$1.6728	\$.4700	\$.4235	\$.1000	\$.0064	\$.0420	\$9.4613
1992 P	\$.4101	\$4.1346	\$.7459	\$1.5143	\$.4700	-	-	-	-	\$7.2749
S	.4750	1.1437	.0943	.1741	-	.4447	.1400	.0082	.0444	2.5244
TOTAL	\$.8851	\$5.2783	\$.8402	\$1.6884	\$.4700	\$.4447	\$.1400	\$.0082	\$.0444	\$9.7993
1993 P	\$.4926	\$4.1373	\$.7938	\$1.6039	\$.4700	-	-	-	-	\$7.4976
S	.6387	1.2120	.0572	.1409	-	.3901	.1400	.0099	.0426	2.6314
TOTAL	\$1.1313	\$5.3493	\$.8510	\$1.7448	\$.4700	\$.3901	\$.1400	\$.0099	\$.0426	\$10.1290
1994 P	\$.4940	\$4.3194	\$.8532	\$1.6848	\$.4700	-	-	-	-	\$7.7214
S	.7812	1.5225	-	.1878	-	.3632	.1400	.0104	.0417	3.0468
TOTAL	\$1.2752	\$5.8419	\$.8532	\$1.7726	\$.4700	\$.3632	\$.1400	\$.0104	\$.0417	\$10.7682

Scottsdale residents residing outside Scottsdale Unified School District:

School District	1993/94 Tax Rate Total
Balez Elementary	\$12.39
Cave Creek	11.98
Fountain Hills	11.71
Paradise Valley	13.14

Source: Maricopa County Assessor's Office
Maricopa County Tax Levies and Rates Publication

CITY OF SCOTTSDALE, ARIZONA

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

TABLE VIb

TAX LEVIES

FISCAL YEAR	SCHOOL DISTRICTS										TOTAL	
	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	FIRE DISTRICT	LIBRARY	EAST VALLEY INSTITUTE OF TECHNOLOGY		EDUCATION EQUALIZATION
1985 P	\$2,719,021	\$32,632,320	\$52,825,981	\$105,958,455	\$28,197,257	-	-	-	-	-	-	\$222,333,034
S	2,762,021	-	-	11,919,468	-	\$29,484,792	\$5,544,888	-	-	-	-	49,711,169
TOTAL	\$5,481,042	\$32,632,320	\$52,825,981	\$117,877,923	\$28,197,257	\$29,484,792	\$5,544,888	-	-	-	-	\$272,044,203
1986 P	\$3,042,009	\$43,000,993	\$57,198,367	\$117,171,280	\$31,718,427	-	-	-	-	-	-	\$252,131,076
S	3,734,228	-	9,265,991	14,500,000	-	\$35,258,000	\$6,326,751	-	-	-	-	69,084,970
TOTAL	\$6,776,237	\$43,000,993	\$66,464,358	\$131,671,280	\$31,718,427	\$35,258,000	\$6,326,751	-	-	-	-	\$321,216,046
1987 P	\$3,609,800	\$53,017,998	\$64,252,038	\$140,945,425	\$37,058,981	-	-	-	-	-	-	\$298,884,242
S	4,364,000	7,966,614	8,936,900	26,639,165	-	\$44,850,000	\$7,674,515	-	-	-	-	100,431,194
TOTAL	\$7,973,800	\$60,984,612	\$73,188,938	\$167,584,590	\$37,058,981	\$44,850,000	\$7,674,515	-	-	-	-	\$399,315,436
1988 P	\$4,131,980	\$63,154,347	\$70,272,141	\$165,318,498	\$43,656,031	-	-	-	-	-	-	\$346,532,997
S	4,812,000	6,532,030	9,057,513	27,251,761	-	\$47,860,799	\$12,402,456	\$1,184,118	\$4,135,868	-	-	113,236,545
TOTAL	\$8,943,980	\$69,686,377	\$79,329,654	\$192,570,259	\$43,656,031	\$47,860,799	\$12,402,456	\$1,184,118	\$4,135,868	-	-	\$459,769,542
1989 P	\$4,526,857	\$57,897,334	\$80,098,910	\$177,809,767	\$58,121,461	-	-	-	-	-	-	\$378,254,229
S	4,569,000	12,426,386	9,218,850	12,324,183	-	\$50,832,192	\$13,480,787	\$1,179,127	\$6,000,000	-	-	110,030,505
TOTAL	\$9,095,857	\$70,323,720	\$89,317,760	\$190,133,950	\$58,121,461	\$50,832,192	\$13,480,787	\$1,179,127	\$6,000,000	-	-	\$488,284,734
1990 P	\$5,004,616	\$63,682,375	\$94,016,141	\$197,430,202	\$64,324,340	-	-	-	-	-	-	\$424,457,674
S	4,859,000	15,336,527	9,382,900	24,041,307	-	\$47,234,724	\$14,687,785	\$982,630	\$6,618,870	-	-	123,143,743
TOTAL	\$9,863,616	\$79,018,902	\$103,399,041	\$221,471,509	\$64,324,340	\$47,234,724	\$14,687,785	\$982,630	\$6,618,870	-	-	\$547,601,417
1991 P	\$5,413,466	\$64,113,108	\$99,559,163	\$209,542,215	\$63,689,678	-	-	-	-	-	-	\$442,317,630
S	7,052,177	14,778,034	13,524,900	26,049,981	-	\$46,551,742	\$14,187,399	\$1,192,883	\$5,958,707	-	-	129,295,822
TOTAL	\$12,465,643	\$78,891,142	\$113,084,063	\$235,592,196	\$63,689,678	\$46,551,742	\$14,187,399	\$1,192,883	\$5,958,707	-	-	\$571,613,452
1992 P	\$5,636,002	\$63,651,363	\$103,498,218	\$210,113,008	\$65,215,394	-	-	-	-	-	-	\$448,113,985
S	6,770,426	18,014,779	13,421,470	25,868,883	-	\$46,536,815	\$19,929,247	\$1,167,284	\$6,320,418	-	-	138,029,322
TOTAL	\$12,406,428	\$81,666,142	\$116,919,688	\$235,981,891	\$65,215,394	\$46,536,815	\$19,929,247	\$1,167,284	\$6,320,418	-	-	\$586,143,307
1993 P	\$6,668,886	\$62,866,388	\$108,004,302	\$218,224,368	\$63,945,919	-	-	-	-	-	-	\$459,709,863
S	8,806,586	18,650,305	7,898,265	19,461,200	-	\$39,254,429	\$19,332,340	\$1,367,073	\$5,882,555	\$1,586,673	-	122,239,426
TOTAL	\$15,475,472	\$81,516,693	\$115,902,567	\$237,685,568	\$63,945,919	\$39,254,429	\$19,332,340	\$1,367,073	\$5,882,555	\$1,586,673	-	\$581,949,289
1994 P	\$6,564,100	\$63,548,946	\$113,440,000	\$140,248,266	\$62,492,117	-	-	-	-	-	\$70,469,834	\$466,763,263
S	10,569,176	22,689,826	-	25,360,203	-	\$35,142,441	\$18,905,751	\$1,404,427	\$5,631,213	\$3,595,963	-	123,299,000
TOTAL	\$17,133,276	\$86,238,772	\$113,440,000	\$165,608,469	\$62,492,117	\$35,142,441	\$18,905,751	\$1,404,427	\$5,631,213	\$3,595,963	\$70,469,834	\$580,062,263

Source: Maricopa County Assessor's Office
Maricopa County Tax Levies and Rates Publication

All governmental units are required to enact a primary levy (P) for operating expenses and a secondary levy (S) for debt service requirements.

CITY OF SCOTTSDALE, ARIZONA

**PRINCIPAL TAXPAYERS
JUNE 30, 1994**

TABLE VII

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF SECONDARY ASSESSED VALUATION
Arizona Public Service	Electric Utility	\$34,451,278	2.55%
U.S. West Communications	Telecommunications	24,549,680	1.81
Motorola GEG	Electronics Manufacturing	22,659,766	1.67
Westcor Partners	Shopping Center	11,944,770	.88
Gainey Drive Associates	Real Estate Development	9,651,980	.71
Evans Withycombe	Real Estate Development	8,502,308	.63
Mayo Foundation	Medical Facility	8,485,390	.63
Galleria Limited Partnership	Shopping Center	8,000,010	.59
Business Realty of Arizona	Commercial Real Estate	7,244,753	.54
Southwest Gas Corporation	Gas Utility	6,691,364	.49
Registry Resort	Resort	5,616,645	.42
Trammell Crow Residential	Real Estate Development	5,560,845	.41
		\$153,358,789	11.33%

Source: The City of Scottsdale's Financial Advisor, as obtained from the records of the Arizona Department of Revenue, Division of Utilities and Mines and the tax rolls of the Maricopa County Assessor's office.

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

TABLE VIII

FISCAL YEAR	SPECIAL ASSESSMENTS BILLED	CURRENT ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS
1985	\$469,277	\$468,058	99.7%	\$1,219
1986	1,885,731	1,884,530	99.9	1,201
1987	2,145,044	2,128,060	99.2	16,984
1988	3,052,968	3,029,100	99.2	23,868
1989	3,039,493	3,000,260	98.7	39,233
1990	3,000,779	2,936,746	97.9	64,033
1991	3,154,734	3,107,553	98.5	47,181
1992	4,277,490	4,232,313	98.9	45,177
1993	4,922,155	4,893,184	99.4	28,971
1994	5,646,017	5,598,649	99.2	47,368

Source: City of Scottsdale Financial Services Department

* Under Arizona law, public auctions are held in January of each year at which disposition of then-delinquent assessments is made. By bid, special lien rights to properties against which due but unpaid assessments exist are offered in return for payment of all outstanding amounts plus penalties. In the event there are not interested bidders, the delinquency must be satisfied from budgetary funds of the sponsoring governmental unit. Thus, in January of each year, all outstanding delinquent assessments are collected. The amounts shown in this column represent unpaid balances of the June 1 semi-annual interest installment only.

CITY OF SCOTTSDALE, ARIZONA

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

TABLE IX

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE	GROSS BONDED DEBT (2)	LESS FUND BALANCE RESERVED FOR DEBT SERVICE (3)	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1985	107,900	\$670,558,525	\$30,800,000	\$6,525,723	\$24,274,277	3.6%	\$224.97
1986	114,993	816,892,848	40,195,000	8,270,674	31,924,326	3.9	277.62
1987	120,541	1,011,329,426	36,335,000	7,769,234	28,565,766	2.8	236.98
1988	124,562	1,154,756,373	32,950,000	7,028,420	25,921,580	2.2	208.10
1989	127,553	1,284,822,157	29,535,000	6,256,289	23,278,711	1.8	182.50
1990	130,720	1,440,604,450	52,400,000	5,438,209	46,961,791	3.3	359.25
1991	133,949	1,477,813,367	50,615,000	5,674,407	44,940,593	3.0	335.51
1992	139,050	1,425,378,617	67,290,000	4,931,821	62,358,179	4.4	448.46
1993	145,920	1,378,884,764	80,300,000	3,021,190	77,278,810	5.6	529.60
1994	155,260	1,352,922,237	115,550,000	3,478,905	112,071,095	8.3	721.83

Source: City of Scottsdale Financial Services Department

(1) Amounts obtained from City Planning staff

(2) Excludes 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund. Also excludes all general obligation bonds of community facilities districts, since such bonds are not obligations of the City.

(3) Includes the fund balance of the General Obligation Bond Debt Service Fund only.

COMPUTATION OF LEGAL DEBT MARGINS
JUNE 30, 1994

TABLE X

Net Secondary Assessed Valuation	\$1,352,922,237
Debt Limit Equal to 20% of Assessed Valuation	\$270,584,447
General Obligation Bonded Debt Subject to 20% Debt Limit	
1986 Water Improvements	\$4,310,000
1991 Refunding	2,555,000
1989 Series C (1992) CIP	15,500,000
1993 Refunding	32,586,000
1989 Series D (1993)	15,000,000
1993A Refunding	14,654,400
1989 Series E (1994)	7,400,000
	92,005,400
Less:	
Amount Available in Debt Service Funds at June 30:	
1986 Water Improvements	(915,000)
1989 Series C (1992) CIP	(2,000,000)
1993 Refunding	(540,000)
	(3,455,000)
	88,550,400
Legal 20% Debt Margin (Available 20% Borrowing Capacity)	\$182,034,047
Debt Limit Equal to 6% of Assessed Valuation	\$81,175,334
General Obligation Bonded Debt Subject to 6% Debt Limit	
1968 Civic Center	\$725,000
1989 Series A (1990) CIP	4,960,000
1991 Refunding	1,715,000
1989 Series B (1991) CIP	8,280,000
1989 Series C (1992) CIP	7,675,000
1993 Refunding	12,429,000
1989 Series D (1993)	6,000,000
1993A Refunding	9,610,600
1989 Series E (1994)	6,850,000
	58,244,600
Less:	
Amount Available in Debt Service Funds at June 30:	
1968 Civic Center	(225,000)
1991 Refunding	(505,000)
1989 Series C (1992) CIP	(125,000)
1989 Series D (1993)	(1,500,000)
1993A Refunding	(200,000)
	(2,555,000)
	55,689,600
Legal 6% Debt Margin (Available 6% Borrowing Capacity)	\$25,485,734

Source: City of Scottsdale Financial Services Department

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

TABLE XI

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE*	TOTAL GENERAL GOVERNMENTAL OPERATING EXPENDITURES**	RATIO OF TOTAL DEBT SERVICE TO TOTAL OPERATING EXPENDITURES
1985	\$975,000	\$2,080,725	\$3,055,725	\$58,041,919	5.26%
1986	3,860,000	2,782,036	6,642,036	79,682,450	8.34
1987	3,385,000	2,651,968	6,036,968	84,961,071	7.11
1988	3,415,000	2,339,321	5,754,321	91,528,855	6.29
1989	3,445,000	2,178,611	5,623,611	95,645,945	5.88
1990	2,475,000	2,724,699	5,199,699	84,881,157	6.13
1991	2,515,000	3,462,318	5,977,318	92,217,407	6.48
1992	2,325,000	4,448,878	6,773,878	98,616,817	6.87
1993	6,045,000	4,586,896	10,631,896	114,024,019	9.32
1994	4,585,000	4,896,738	9,481,738	122,504,960	7.74

Source: City of Scottsdale Financial Services Department

* Amounts exclude 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund. Also excluded are all general obligation bonds of community facilities districts, since such bonds are not obligations of the City.

** Includes total expenditures of the General, Special Revenue, and Debt Service Funds.

CITY OF SCOTTSDALE, ARIZONA

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

TABLE XII

RATIO INCLUDING 1986 WATER SYSTEM IMPROVEMENT GENERAL OBLIGATION BONDS
AND ALL GENERAL OBLIGATION REFUNDING BOND EXPENSES PAID OUT OF THE WATER ENTERPRISE FUND

FISCAL YEAR	GROSS REVENUE (1)	OPERATING & MAINTENANCE EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL BOND EXPENSE	RATIO OF NET REVENUE TO TOTAL BOND EXPENSE	REQUIRED RATIO
1985	\$12,936,684	\$5,259,787	\$7,676,897	\$1,270,000	\$1,151,571	\$2,421,571	3.17%	1.20%
1986	16,048,667	6,275,565	9,773,102	950,000	1,084,061	2,034,061	4.80	1.20
1987	19,757,728	11,333,904	8,423,824	690,000	3,001,897	3,691,897	2.28	1.20
1988	26,327,551	12,208,834	14,118,717	1,050,000	3,624,851	4,674,851	3.02	1.20
1989	28,081,975	15,044,722	13,037,253	1,170,000	3,562,876	4,732,876	2.75	1.20
1990	33,204,682	19,749,304	13,455,378	1,295,000	3,742,838	5,037,838	2.67	1.20
1991	34,101,914	25,034,722	9,067,192	1,605,000	3,956,008	5,561,008	1.63	1.20
1992	36,784,727	23,685,494	13,099,233	1,785,000	3,849,104	5,634,104	2.33	1.20
1993	38,534,538	26,113,738	12,420,800	1,912,500	2,467,289	4,379,789	2.84	1.20
1994	49,233,337	33,423,319	15,810,018	2,850,000	2,945,990	5,795,990	2.73	1.20

RATIO EXCLUDING 1986 WATER SYSTEM IMPROVEMENT GENERAL OBLIGATION BONDS
AND ALL GENERAL OBLIGATION REFUNDING BOND EXPENSES PAID OUT OF THE WATER ENTERPRISE FUND

FISCAL YEAR	GROSS REVENUE (1)	OPERATING & MAINTENANCE EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST	TOTAL BOND EXPENSE	RATIO OF NET REVENUE TO TOTAL BOND EXPENSE
1987	\$19,757,728	\$11,333,904	\$8,423,824	\$690,000	\$1,033,111	\$1,723,111	4.89%
1988	26,327,551	12,208,834	14,118,717	725,000	999,798	1,724,798	8.19
1989	28,081,975	15,044,722	13,037,253	765,000	964,798	1,729,798	7.54
1990	33,204,682	19,749,304	13,455,378	800,000	1,178,375	1,978,375	6.80
1991	34,101,914	25,034,722	9,067,192	1,020,000	2,014,346	3,034,346	2.99
1992	36,784,727	23,685,494	13,099,233	1,095,000	1,374,281	2,469,281	5.30
1993	38,534,538	26,113,738	12,420,800	1,112,500	681,594	1,794,094	6.92
1994	49,233,337	33,423,319	15,810,018	1,425,000	1,247,210	2,672,210	5.92

Source: City of Scottsdale Financial Services Department

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

(2) Expenses - include operating and maintenance expenses necessary for on-going operations.
- exclude depreciation and amortization which are non-operating expenses.
- include indirect costs, in-lieu property tax, and franchise fee expenses resulting from a regular business agreement with other funds.
- exclude principal payments on contracts.

CITY OF SCOTTSDALE, ARIZONA

TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

TABLE XIII

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

Name of Governmental Unit	Net Bonds Outstanding	% Applicable within the City of Scottsdale	\$ Applicable within the City of Scottsdale
State of Arizona	None	6.22%	-
Maricopa County	\$169,400,000	10.02	\$16,973,880
Maricopa County Community College District	None	10.02	-
Tempe Elementary School District No. 3	52,400,000	0.00	249
Balsz Elementary School District No. 31	None	4.74	-
Scottsdale Unified School District No. 48	203,435,000	67.92	138,173,052
Paradise Valley Unified School District No. 69	205,280,000	19.87	40,789,136
Cave Creek Unified School District No. 93	42,595,000	40.37	17,195,602
Tempe Union High School District No. 213	58,195,000	0.00	156
Phoenix Union High School District No. 210	130,725,000	0.26	339,885
Total Overlapping Debt			213,471,960
City of Scottsdale*	110,965,000	100.00%	110,965,000
Total Direct and Overlapping Debt			\$324,436,960

Source: The City of Scottsdale's Financial Advisor, obtained from the Maricopa County Assessor's Office

* Amounts exclude 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund.

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE XIV

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME (2) (5)	MEDIAN AGE (2) (5)	EDUCATION LEVEL IN YEARS OF SCHOOLING (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4) (6)
1985	107,900	\$14,071	43.5	14.2	18,830	3.6%
1986	114,993	14,716	36.9	13.5	19,255	3.9
1987	120,541	14,975	39.0	N/A	19,337	4.3
1988	124,562	16,891	39.0	N/A	20,081	3.5
1989	127,553	17,926	35.0	N/A	19,350	2.7
1990	130,720	20,543	35.0	N/A	19,276	3.0
1991	133,949	20,937	37.0	N/A	19,647	3.1
1992	139,050	23,482	39.1	N/A	20,357	4.7
1993	145,920	24,186	39.1	N/A	21,130	4.2
1994	155,270	24,925	39.1	N/A	22,096	3.1

Sources:

- (1) City Planning staff
- (2) Inside Phoenix (Republic and Gazette) (fiscal years 1985 through 1987 only)
- (3) Arizona Department of Education
- (4) Arizona Department of Economic Security
- (5) City Planning staff (beginning fiscal year 1988)
- (6) City Planning staff (fiscal years 1988 through 1993 only)

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

TABLE XV

FISCAL YEAR	COMMERCIAL CONSTRUCTION (1)		RESIDENTIAL CONSTRUCTION (1)		BANK DEPOSITS MARICOPA COUNTY (000) (2)	PROPERTY VALUE (3)		
	NUMBER OF PERMITS	VALUE	NUMBER OF DWELLING UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
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
1986	2,436	190,962,782	4,027	386,391,288	13,973,325	1,935,264,476	3,596,269,350	220,255,201
1987	2,369	241,225,414	3,907	400,622,346	16,305,623	2,419,008,011	4,339,613,412	300,069,057
1988	1,416	172,700,000	3,996	545,900,000	15,373,219	3,034,294,469	4,807,553,647	390,010,293
1989	1,287	243,007,000	1,932	360,424,000	14,491,100	3,507,955,829	5,076,358,189	457,067,285
1990	1,035	116,911,202	1,571	229,271,970	17,119,454	4,074,473,248	5,534,789,752	606,445,209
1991	935	53,179,292	2,028	363,705,832	18,992,331	4,131,284,706	5,789,786,355	607,232,155
1992	1,296	33,101,112	2,327	490,763,126	19,425,952	3,818,532,680	5,935,463,922	621,380,175
1993	2,489	89,192,106	4,663	618,384,060	19,011,574	3,474,552,966	6,083,107,311	677,123,439
1994	2,516	153,331,023	4,595	593,418,369	20,598,522	3,265,815,082	6,294,430,240	671,709,817

Sources:

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

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MISCELLANEOUS STATISTICAL DATA
JUNE 30, 1994

TABLE XVI

Date of Incorporation	- June 25, 1951	Area (Square Miles)
Date Charter Adopted	- November 16, 1961	1951 - .62
Form of Government	- Council/Manager	1961 - 8.80
Population		1970 - 62.20
1950 Census	- 2,032	1975 - 85.80
1960 Census	- 10,026	1979 - 88.60
1965 Special Census	- 54,504	1982 - 113.60
1970 Census	- 67,823	1986 - 183.60
1975 Special Census	- 78,065	1987 - 184.30
1980 Census	- 88,412	1988 - 184.80
1985 Census	- 108,447	1990 - 185.20
1990 Census	- 130,069	
1994 Est. 06/30/94	- 155,260	
Miles of Sewers		
Storm		55
Sanitary		725.1
Fire Protection		
Number of Stations		7
The City of Scottsdale has no fire employees but contracts with Rural/Metro Corporation to provide fire service to all residents.		
Police Protection		
Number of Employees		354
Number of Traffic Citations (excluding parking)		30,567
Number of Vehicles		174
The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.		
Recreation		
Parks - Number of Acres		2,586
Number of Swimming Pools		3
Number of Other Recreation Facilities		40
These include schools and school playgrounds in cooperation with Scottsdale Unified School District.		
Water Enterprise		
Number of Water Customers		53,619
Annual Consumption (Gallons)		16,202,000,000
System Capacity (Gallons Per Day)		86,645,120
Miles of Distribution Lines		1,037.8
Number of Streetlights		8,374
Employees as of June 30, 1994		
Full-Time		1,233
Part-Time		253
Grant Funded		11
Total		1,497
Elections		
Number of registered voters as of last regular election, March 1994		102,268
Number/% voting in last municipal election		6,076/6%
Population		
Median Age of Residents		39.1
Mean Average Household Income		\$48,202
Mean Average Home Value - Single Family		\$148,358

Source: City of Scottsdale Financial Services Department

**SCHEDULE OF INSURANCE
JUNE 30, 1994**

TABLE XVII

CARRIER	POLICY DESCRIPTION	AMOUNT OF COVERAGE
Arkwright Mutual Insurance Company 12/01/90 to 12/31/95	Property Insurance Repair or Replace \$25,000 Deductible	\$154,000,000
Insurance Company of the West 07/01/94 to 07/01/95	Excess Liability Coverage \$1,000,000 Deductible	\$1,000,000
Insurance Company of the West 07/01/94 to 07/01/95	Excess Liability Coverage	\$9,000,000
Associate Aviation Underwriters 07/01/94 to 07/01/95	Airport, Hangarkeepers, and Non-owned Aviation Coverage \$5,000 Deductible	\$50,000,000
American Home Insurance Company 07/01/94 to 07/01/95	Excess Workers' Compensation Coverage \$300,000 Deductible	Statutory

Kristina

Source: City of Scottsdale Risk Management Division

**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
FOR FISCAL YEAR ENDED JUNE 30, 1994**

TABLE XVIII

OFFICIAL TITLE	MAXIMUM	BOND
Mayor	\$33,600	\$10,000
Councilmen (6)	13,800	10,000
City Manager	118,602	1,000,000
City Clerk	59,842	1,000,000
City Attorney	97,552	1,000,000
City Treasurer	92,914	1,000,000
City Judge	86,133	1,000,000
City Auditor	72,738	1,000,000

**PUBLIC EMPLOYEES HONESTY
AND FAITHFUL PERFORMANCE BOND**

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

Source: City of Scottsdale Financial Services Department

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Amy Foster / Bernice Ramirez

