

Basic Financial Statements

Statement of Net Assets

June 30, 2009 (in thousands of dollars)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 287,647	\$ 103,461	\$ 391,108
Cash with Fiscal Agent	42,903	18,285	61,188
Receivable (net of uncollectible amounts of \$ 18,335)			
Property Taxes and Penalties	12,609	-	12,609
Other Local Taxes	17,448	14	17,462
Intergovernmental	25,773	176	25,949
Charges for Services	-	16,005	16,005
Interest and Other	13,527	2,323	15,850
Prepaid Expenses	748	-	748
Supplies Inventory	779	-	779
Restricted Cash, Cash Equivalents, and Investments:			
Customer Advances and Deposits	-	1,534	1,534
Other Restricted Assets			
Joint Venture Construction Deposits	-	7,730	7,730
Total Current Assets	401,434	149,528	550,962
Noncurrent Assets			
Equity in Joint Venture	-	123,632	123,632
Deferred Charges	3,371	1,524	4,895
Pollution Remediation Recoveries	-	29,143	29,143
Restricted Cash, Cash Equivalents, and Investments:			
Deferred Revenue	-	8,491	8,491
Water and Sewer System Replacement	-	26,568	26,568
Capital Assets			
Land, Water Rights, and Construction in Progress	1,638,628	288,565	1,927,193
Facilities, Infrastructure, and Equipment (net of depreciation)	1,751,346	1,016,898	2,768,244
Total Capital Assets (net of accumulated depreciation)	3,389,974	1,305,463	4,695,437
Total Noncurrent Assets	3,393,345	1,494,821	4,888,166
Total Assets	3,794,779	1,644,349	5,439,128
LIABILITIES			
Current Liabilities			
Accounts Payable	25,046	11,460	36,506
Accrued Payroll and Benefits	16,598	1,319	17,917
Accrued Compensated Absences-Current	155	-	155
Accrued Compensated Absences-Due within One Year	10,570	1,179	11,749
Claims Payable	11,530	-	11,530
Due to Other Governments	3,856	-	3,856
Customer Advances and Deposits	2,128	1,534	3,662
Matured Bonds, Loans, Other Payables	28,920	10,715	39,635
Matured Bonds, Loans, Other Interest Payable	19,140	7,570	26,710
Bonds, Loans, and Other Payables-Due within One Year	33,652	11,116	44,768
Unearned Revenue	11,209	-	11,209
Other Liabilities	3,327	-	3,327
Total Current Liabilities	166,131	44,893	211,024
Noncurrent Liabilities			
Accrued Compensated Absences-Due in More Than One Year	11,983	1,618	13,601
Deferred Revenue	-	8,492	8,492
Bonds, Loans, and Other Payables-Due in More Than One Year	814,318	303,142	1,117,460
Pollution Remediation Obligation	-	29,143	29,143
Total Noncurrent Liabilities	826,301	342,395	1,168,696
Total Liabilities	992,432	387,288	1,379,720
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,586,731	991,390	3,578,121
Restricted			
Debt Service	24,236	-	24,236
Transportation and Preserve Privilege Tax Activities	39,108	-	39,108
Capital Projects	56,639	-	56,639
Grants	768	-	768
Special Programs	10,351	-	10,351
Streetlight and Service District	630	-	630
Water and Sewer System Replacement	-	26,568	26,568
Unrestricted	83,884	239,103	322,987
Total Net Assets	\$ 2,802,347	\$ 1,257,061	\$ 4,059,408

The notes to the financial statements are an integral part of this statement.

Statement of Activities

For the Year Ended June 30, 2009 (in thousands of dollars)

Function/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities							
General Government	\$ 20,646	\$ 14,670	\$ 3	\$ 1,104	\$ (4,869)	\$ -	\$ (4,869)
Police	92,530	5,703	2,573	-	(84,254)	-	(84,254)
Financial Services	9,913	-	-	-	(9,913)	-	(9,913)
Transportation	87,552	-	14,892	236,776	164,116	-	164,116
Community Services	78,523	4,619	8,635	242	(65,027)	-	(65,027)
Information Systems	13,723	-	-	-	(13,723)	-	(13,723)
The Downtown Group	4,595	-	-	-	(4,595)	-	(4,595)
Fire	31,174	2,275	80	-	(28,819)	-	(28,819)
Municipal Services	22,887	-	-	2,158	(20,729)	-	(20,729)
Citizen and Neighborhood Resources	3,802	-	12	-	(3,790)	-	(3,790)
Human Resources	3,545	-	17	-	(3,528)	-	(3,528)
Economic Vitality	8,553	-	45	9	(8,499)	-	(8,499)
Planning and Development	29,029	6,393	15	-	(22,621)	-	(22,621)
WestWorld	595	2,682	-	-	2,087	-	2,087
Streetlight and Services Districts	631	599	-	-	(32)	-	(32)
Interest on Long-term Debt	42,242	-	-	-	(42,242)	-	(42,242)
Total Governmental Activities	449,940	36,941	26,272	240,289	(146,438)	-	(146,438)
Business-Type Activities							
Water Utility	81,391	91,546	-	12,994	-	23,149	23,149
Sewer Utility	33,509	34,198	-	8,584	-	9,273	9,273
Airport	3,482	2,813	-	489	-	(180)	(180)
Solid Waste	19,650	20,049	-	-	-	399	399
Total Business-Type Activities	138,032	148,606	-	22,067	-	32,641	32,641
Total Government	\$ 587,972	\$ 185,547	\$ 26,272	\$ 262,356	(146,438)	32,641	(113,797)
General Revenues							
Taxes							
Property Taxes					61,138	-	61,138
Sales and Use Taxes					148,558	117	148,675
Franchise Taxes					11,576	-	11,576
Intergovernmental							
State Shared Sales					18,677	-	18,677
State Revenue Sharing					35,103	-	35,103
Other					10,365	-	10,365
Interest and Investment Income					14,653	4,958	19,611
Other Revenue					5,038	408	5,446
Transfers					9,932	(9,932)	-
Total General Revenues and Transfers					315,040	(4,449)	310,591
Change in Net Assets					168,602	28,192	196,794
Net Assets - Beginning					2,633,745	1,228,869	3,862,614
Net Assets - Ending					\$ 2,802,347	\$ 1,257,061	\$ 4,059,408

The notes to the financial statements are an integral part of this statement.

Balance Sheet

Governmental Funds
June 30, 2009 (in thousands of dollars)

	Total					
	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Privilege Tax Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 71,058	\$ 18,575	\$ 63,657	\$ 25,687	\$ 70,033	\$ 249,010
Cash with Fiscal Agent	459	27,871	259	-	14,314	42,903
Receivables (net of allowance for uncollectibles)						
Interest	624	-	321	72	477	1,494
Privilege Tax	7,252	-	-	-	3,434	10,686
Hotel/Motel Tax	73	-	-	-	293	366
Property Tax	902	1,418	-	-	218	2,538
State Shared Sales Tax	1,521	-	-	-	-	1,521
Franchise Fee	2,786	-	-	-	-	2,786
Court Receivable	10,071	-	-	-	-	10,071
Highway User Tax	-	-	-	-	1,272	1,272
Auto Lieu Tax	817	-	-	-	-	817
Intergovernmental	6	-	-	1,827	23,461	25,294
Grants	-	-	100	-	379	479
Special Assessments	-	-	-	-	2,542	2,542
Miscellaneous	6,025	-	3,007	-	233	9,265
Due from Other Funds	40	-	-	-	-	40
Supplies Inventory	205	-	-	-	-	205
Total Assets	\$ 101,839	\$ 47,864	\$ 67,344	\$ 27,586	\$ 116,656	\$ 361,289

(continued)

Balance Sheet

Governmental Funds

June 30, 2009 (in thousands of dollars)

	Total					
	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Privilege Tax Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 6,630	\$ 1	\$ 7,325	\$ 5,999	\$ 3,306	\$ 23,261
Accrued Payroll and Benefits	15,226	-	32	21	1,120	16,399
Due to Other Funds	-	-	-	-	40	40
Matured Bond Interest Payable	88	13,092	-	-	5,960	19,140
Matured Bonds Payable	370	22,990	-	-	5,560	28,920
Deferred Revenue						
Property Tax	605	940	-	-	143	1,688
Special Assessments	-	-	-	-	2,542	2,542
Court	4,235	-	-	-	-	4,235
Tax Audit	4,526	-	-	-	-	4,526
Intergovernmental	-	-	-	-	-	26,223
Other	994	-	6	2,406	332	3,738
Due to Other Governments	3,827	-	29	-	-	3,856
Guaranty and Other Deposits	1,593	-	313	-	222	2,128
Other	3,323	-	-	-	4	3,327
Total Liabilities	41,417	37,023	7,705	8,426	45,452	140,023
Fund Balances						
Reserved for						
Inventory	205	-	-	-	-	205
Streetlight and Services Districts	630	-	-	-	-	630
Debt Service	-	10,841	-	-	13,395	24,236
Miscellaneous Receivable	-	-	3,000	-	-	3,000
Unreserved, Reported in						
General Fund - Designated	30,860	-	-	-	-	30,860
General Fund - Undesignated	28,727	-	-	-	-	28,727
Capital Projects Funds	-	-	56,639	19,160	27,099	102,898
Special Revenue Funds	-	-	-	-	30,710	30,710
Total Fund Balances	60,422	10,841	59,639	19,160	71,204	221,266
Total Liabilities and Fund Balances	\$ 101,839	\$ 47,864	\$ 67,344	\$ 27,586	\$ 116,656	\$ 361,289

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2009 (in thousands of dollars)

Fund Balances -Total Governmental Funds	\$ 221,266
Amounts reported for governmental activities in the statement of net assets are different because (see Note II A):	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,361,080
Bond issuance costs are not financial resources and, therefore, are not reported in the funds.	3,371
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(870,059)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred revenue in the funds.	31,743
Internal Service Funds are used by management to charge the costs of certain activities, such as, insurance and vehicles to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net assets.	<u>54,946</u>
Net Assets of Governmental Activities	<u>\$ 2,802,347</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2009 (in thousands of dollars)

	General			General CIP		Transportation		Total	
	General	Obligation Bond Debt Service	Construction Capital Projects	Privilege Tax Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds			
REVENUES									
Taxes - Local									
Property	\$ 21,892	\$ 34,932	\$ -	\$ -	\$ -	\$ -	\$ 3,669	\$ 60,493	
Transaction Privilege	94,118	-	-	-	-	-	45,262	139,380	
Transient Occupancy	1,515	-	-	-	-	-	6,062	7,577	
Light and Power Franchise	7,831	-	-	-	-	-	-	7,831	
Cable TV Franchise	3,606	-	-	-	-	-	-	3,606	
Salt River Project In-Lieu	139	-	-	-	-	-	-	139	
Other Taxes	820	-	-	-	-	-	-	820	
Taxes - Intergovernmental									
State-Shared Sales	18,677	-	-	-	-	-	-	18,677	
State Revenue Sharing	35,103	-	-	-	-	-	-	35,103	
Auto Lieu Tax	8,530	-	-	-	-	-	-	8,530	
Highway User Tax	-	-	-	-	14,083	-	-	14,083	
Local Transportation Assistance Fund	1,733	-	-	-	1,015	-	-	1,015	
Business and Liquor Licenses									
Charges for Current Services	6,446	-	-	-	-	-	-	6,446	
Building and Related Permits	2,275	-	-	-	-	-	-	2,275	
Fire Fees	3,186	-	-	-	1,130	-	-	4,316	
Recreation Fees	2,682	-	-	-	-	-	-	2,682	
Westworld Equestrian Facility Fees									
Fines, Fees and Forfeitures									
Court Fines	6,671	-	-	-	4	-	-	6,675	
Parking	423	-	-	-	-	-	-	423	
Photo Radar	2,466	-	-	-	-	-	-	2,466	
Court Enhancement	-	-	-	-	967	-	-	967	
Library	303	-	-	-	-	-	-	303	
Police Fees	-	-	-	-	-	-	625	625	
Special Assessments	-	-	-	-	-	-	821	821	
Property Rental	3,074	-	-	-	-	-	453	3,527	
Interest Earnings	6,753	-	2,518	846	-	-	3,374	13,491	
Intergovernmental									
Federal Grants	-	-	242	1,203	-	-	7,147	8,592	
State Grants	-	-	-	-	-	-	720	720	
Miscellaneous	1,225	-	-	18,622	-	-	2,654	22,501	
Developer Contributions	14	-	368	9,043	-	-	-	9,425	
Streetlight and Services Districts	599	-	-	-	-	-	-	599	
Contributions and Donations	1	-	-	-	1,518	-	-	1,519	
Reimbursements from Outside Sources	492	-	212	246	-	-	260	1,210	
Indirect Costs	14,038	-	-	-	879	-	-	14,917	
Other	647	-	-	-	344	-	-	991	
Total Revenues	245,259	34,932	3,340	29,960	90,987	404,478			

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Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2009 (in thousands of dollars)

	General				Total	
	General	Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Privilege Tax Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES						
Current						
General Government	18,682	-	-	-	534	19,216
Police	88,415	-	-	-	1,387	89,802
Financial Services	9,701	-	-	-	-	9,701
Transportation	124	-	-	-	15,456	15,580
Community Services	60,505	-	-	-	10,302	70,807
Information Systems	9,904	-	-	-	-	9,904
The Downtown Group	4,475	-	-	-	152	4,627
Fire	30,687	-	-	-	80	30,767
Municipal Services	1,679	-	-	-	17,121	18,800
Citizen and Neighborhood Resources	3,721	-	-	-	11	3,732
Human Resources	3,447	-	-	-	18	3,465
Economic Vitality	1,337	-	-	-	6,909	8,246
Planning and Development	16,650	-	-	-	21	16,671
WestWorld	3,615	-	-	-	89	3,704
Streetlight and Services Districts	632	-	-	-	-	632
Debt Service						
Principal	1,058	22,990	105	-	7,155	31,308
Interest and Fiscal Charges	2,542	26,885	7	-	12,178	41,612
Capital Improvements	-	-	89,646	54,364	11,348	155,358
Total Expenditures	257,174	49,875	89,758	54,364	82,761	533,932
Excess (Deficiency) of Revenues Over Expenditures	(11,915)	(14,943)	(86,418)	(24,404)	8,226	(129,454)
OTHER FINANCING SOURCES (USES)						
Transfers In	28,330	16,264	59,774	22,607	33,344	160,319
Transfers Out	(18,296)	-	(14,787)	(8,600)	(103,674)	(145,357)
Total Other Financing Sources and (Uses)	10,034	16,264	44,987	14,007	(70,330)	14,962
Net Change in Fund Balances	(1,881)	1,321	(41,431)	(10,397)	(62,104)	(114,492)
Fund Balances - Beginning	62,303	9,520	101,070	29,557	133,308	335,758
Fund Balances - Ending	\$ 60,422	\$ 10,841	\$ 59,639	\$ 19,160	\$ 71,204	\$ 221,266

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2009 (in thousands of dollars)

Net Change in Fund Balances - Total Governmental Funds	\$ (114,492)
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Amounts reported for governmental activities in the statement of activities are different because (see Note II B):

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	51,079
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Donations of capital assets are not reflected on the governmental fund statements but are shown in the statement of activities.	209,561
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Transfer of capital asset to the Internal Service Fund.	(2,021)
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Some expenses reported in the statement of activities do not require the use of current financial resources and; therefore, are not reported as expenditures in governmental funds.	(605)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(4,581)
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Bond issuance costs are expended in the governmental funds when paid, and are capitalized and amortized in the statement of net assets. This is the amount by which current year bond issuance costs exceed amortization expense in the current period.	(293)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net assets. This is the amount by which debt proceeds exceeded principal retirement in the current period.	31,308
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Additional interest accretion calculated on bonds and notes payable and amortization of bond premium and deferred amounts on refunding.	(337)
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The net revenues of certain activities of internal service funds is reported with governmental activities.	(1,017)
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Changes in Net Assets of Governmental Activities	\$ 168,602
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The notes to the financial statements are an integral part of this statement.

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2009 (in thousands of dollars)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Taxes - Local						
Property	\$ 22,361	\$ 22,167	\$ 22,607	\$ (715)	\$ 21,892	\$ 440
Transaction Privilege	116,611	96,910	95,757	(1,639)	94,118	(1,153)
Transient Occupancy	1,972	1,598	1,525	(10)	1,515	(73)
Light and Power Franchise	7,718	8,200	7,791	40	7,831	(409)
Cable TV Franchise	3,603	3,603	3,566	40	3,606	(37)
Salt River Project In-Lieu	175	139	139	-	139	-
Other Taxes	842	830	814	6	820	(16)
Taxes - Intergovernmental						
State-Shared Sales	22,000	19,900	18,936	(259)	18,677	(964)
State Revenue Sharing	34,000	34,600	35,103	-	35,103	503
Auto Lieu Tax	9,700	8,000	8,151	379	8,530	151
Business and Liquor Licenses	1,835	1,669	1,733	-	1,733	64
Charges for Current Services						
Building and Related Permits	14,500	6,616	6,912	(466)	6,446	296
Fire Fees	1,440	2,331	1,752	523	2,275	(579)
Recreation Fees	3,114	3,114	3,206	(20)	3,186	92
Westworld Equestrian Facility Fees	2,387	2,728	2,663	19	2,682	(65)
Fines, Fees and Forfeitures						
Court Fines	6,451	6,368	6,671	-	6,671	303
Parking	318	475	423	-	423	(52)
Photo Radar	2,844	2,315	2,466	-	2,466	151
Library	382	302	303	-	303	1
Property Rental	3,381	3,327	3,222	(148)	3,074	(105)
Interest Earnings	4,500	3,498	3,691	3,062	6,753	193
Intergovernmental						
Miscellaneous	675	1,064	1,160	65	1,225	96
Developer Contributions	-	14	14	-	14	-
Streetlight and Services Districts	732	732	600	(1)	599	(132)
Contributions and Donations	-	-	1	-	1	1
Reimbursements from Outside Sources	350	365	456	36	492	91
Indirect Costs	12,937	14,016	14,038	-	14,038	22
Other	1,000	1,016	628	19	647	(388)
Total Revenues	<u>275,828</u>	<u>245,897</u>	<u>244,328</u>	<u>931</u>	<u>245,259</u>	<u>(1,569)</u>
EXPENDITURES						
Current						
General Government	19,129	19,391	18,645	37	18,682	746
Police	90,335	92,438	88,325	90	88,415	4,113
Financial Services	9,993	9,982	9,586	115	9,701	396
Transportation	201	127	123	1	124	4
Community Services	58,822	61,906	60,380	125	60,505	1,526
Information Systems	10,603	10,136	9,888	16	9,904	248
The Downtown Group	4,581	4,577	4,479	(4)	4,475	98
Fire	33,238	32,118	30,733	(46)	30,687	1,385
Municipal Services	1,687	2,147	1,673	6	1,679	474
Citizen and Neighborhood Resources	3,775	3,793	3,691	30	3,721	102
Human Resources	4,316	3,647	3,439	8	3,447	208
Economic Vitality	1,503	1,367	1,323	14	1,337	44
Planning and Development	17,132	17,393	16,620	30	16,650	773
WestWorld	3,550	3,852	3,609	6	3,615	243
Streetlight and Services Districts	732	732	632	-	632	100
Inventory/Other	-	-	249	(249)	-	(249)
Debt Service						
Principal	1,528	1,561	1,058	-	1,058	503
Interest and Fiscal Charges	4,498	4,506	2,542	-	2,542	1,964
Total Expenditures	<u>265,623</u>	<u>269,673</u>	<u>256,995</u>	<u>179</u>	<u>257,174</u>	<u>12,678</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,205</u>	<u>(23,776)</u>	<u>(12,667)</u>	<u>752</u>	<u>(11,915)</u>	<u>11,109</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	11,691	28,078	28,330	-	28,330	252
Transfers Out	(22,898)	(17,054)	(18,296)	-	(18,296)	(1,242)
Total Other Financing Sources and (Uses)	<u>(11,207)</u>	<u>11,024</u>	<u>10,034</u>	<u>-</u>	<u>10,034</u>	<u>(990)</u>
Net Change in Fund Balance	<u>(1,002)</u>	<u>(12,752)</u>	<u>(2,633)</u>	<u>752</u>	<u>(1,881)</u>	<u>10,119</u>
Fund Balance - Beginning	<u>41,359</u>	<u>44,887</u>	<u>44,887</u>	<u>17,416</u>	<u>62,303</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 40,357</u>	<u>\$ 32,135</u>	<u>\$ 42,254</u>	<u>\$ 18,168</u>	<u>\$ 60,422</u>	<u>\$ 10,119</u>

The notes to the financial statements are an integral part of this statement.

General Fund

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2009 (in thousands of dollars)

Explanation of Differences:

Items recorded as revenues for GAAP purposes that are not recorded for budget purposes:

Change in Fair Value of Investments	\$	(3,658)
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The City budgets revenues on the cash basis, rather than on the modified accrual basis:

Change in Receivables		<u>4,589</u>
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Total Revenue Reconciling Items:		<u>931</u>
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The City budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Claims and Compensated Absences		321
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Bad Debt Expense		107
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Inventory/Other Expenses		<u>(249)</u>
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Total Expenditure Reconciling Items:		<u>179</u>
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Net Increase in Fund Balance - Budget to GAAP		752
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The beginning balance for Actual Amounts Budgetary Basis was adjusted to the fiscal year ending fund balance amounts for fiscal year 2007/08 in the City of Scottsdale Adopted Fiscal Year Ending 2009/10 Budget Balance:

Fund Balance - Beginning		<u>17,416</u>
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Fund Balance - Ending	\$	<u><u>18,168</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Assets

Proprietary Funds

June 30, 2009 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets					
Cash and Investments	\$ 91,834	\$ 5,169	\$ 6,458	\$ 103,461	\$ 38,637
Cash with Fiscal Agent	18,285	-	-	18,285	-
Receivables					
Privilege Tax	-	14	-	14	-
Charges for Services	14,084	-	1,921	16,005	-
Intergovernmental	-	176	-	176	-
Interest	876	30	40	946	220
Miscellaneous	1,188	148	41	1,377	6
Prepaid Expenses					748
Supplies Inventory	-	-	-	-	574
Restricted Cash, Cash Equivalents, and Investments:					
Customer Advances and Deposits	1,467	67	-	1,534	-
Other Restricted Assets					
Joint Venture Construction Deposits	7,730	-	-	7,730	-
Total Current Assets	135,464	5,604	8,460	149,528	40,185
Noncurrent Assets					
Equity in Joint Venture	123,632	-	-	123,632	-
Deferred Charges	1,524	-	-	1,524	-
Pollution Remediation Recoveries	29,143	-	-	29,143	-
Restricted Cash, Cash Equivalents, and Investments:					
Deferred Revenue	8,447	44	-	8,491	-
Water and Sewer System Replacement	26,568	-	-	26,568	-
Capital Assets					
Land	27,294	9,564	1,111	37,969	-
Water Rights	89,701	-	-	89,701	-
Water System	911,050	-	-	911,050	-
Sewer System	417,352	-	-	417,352	-
Buildings and Improvements	-	19,295	3,005	22,300	1,847
Motor Vehicles	-	-	-	-	66,838
Machinery and Equipment	14,936	956	1,933	17,825	768
Furniture and Fixtures	621	-	-	621	-
Construction in Progress	159,440	721	734	160,895	3,901
Less Accumulated Depreciation	(341,773)	(7,824)	(2,653)	(352,250)	(44,460)
Total Capital Assets (net of accumulated depreciation)	1,278,621	22,712	4,130	1,305,463	28,894
Total Noncurrent Assets	1,467,935	22,756	4,130	1,494,821	28,894
Total Assets	\$ 1,603,399	\$ 28,360	\$ 12,590	\$ 1,644,349	\$ 69,079

(continued)

Statement of Net Assets

Proprietary Funds

June 30, 2009 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 10,898	\$ 124	\$ 438	\$ 11,460	\$ 1,785
Accrued Payroll and Benefits	1,013	133	173	1,319	354
Accrued Compensated Absences - Due Within One Year	824	59	296	1,179	201
Claims Payable	-	-	-	-	11,530
Customer Advances and Deposits	1,467	67	-	1,534	-
Matured Bonds Payable	10,715	-	-	10,715	-
Matured Bond Interest Payable	7,570	-	-	7,570	-
Bonds Payable and Other Payables - Due Within One Year	11,116	-	-	11,116	-
Total Current Liabilities	<u>43,603</u>	<u>383</u>	<u>907</u>	<u>44,893</u>	<u>13,870</u>
Noncurrent Liabilities					
Accrued Compensated Absences - Due in More Than One Year	1,006	68	544	1,618	217
Deferred Revenue	8,447	45	-	8,492	-
Bonds Payable and Other Payables - Due in More Than One Year	303,080	9	53	303,142	46
Pollution Remediation Obligation	29,143	-	-	29,143	-
Total Noncurrent Liabilities	<u>341,676</u>	<u>122</u>	<u>597</u>	<u>342,395</u>	<u>263</u>
Total Liabilities	<u>385,279</u>	<u>505</u>	<u>1,504</u>	<u>387,288</u>	<u>14,133</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	964,548	22,712	4,130	991,390	28,894
Restricted for Water and Sewer System Replacement	26,568	-	-	26,568	-
Unrestricted	227,004	5,143	6,956	239,103	26,052
Total Net Assets	<u>\$ 1,218,120</u>	<u>\$ 27,855</u>	<u>\$ 11,086</u>	<u>\$ 1,257,061</u>	<u>\$ 54,946</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2009 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Operating Revenues					
Charges for Sales and Services					
Water Service Fees	\$ 84,722	\$ -	\$ -	\$ 84,722	\$ -
Sewer Service Fees	34,198	-	-	34,198	-
Proprietary - Non-Potable Water Fees	6,824	-	-	6,824	-
Solid Waste Fees	-	-	20,049	20,049	-
Airport Fees	-	2,813	-	2,813	-
Other Services	-	-	-	-	49,644
Other	408	-	-	408	1,305
Total Operating Revenues	126,152	2,813	20,049	149,014	50,949
Operating Expenses					
Costs for Sales and Services					
Water Operations	44,551	-	-	44,551	-
Sewer Operations	16,927	-	-	16,927	-
Solid Waste Operations	-	-	16,884	16,884	-
Airport Operations	-	1,900	-	1,900	-
Other Services	-	-	-	-	44,648
Indirect Costs	9,758	611	2,568	12,937	-
Depreciation	34,253	971	198	35,422	5,451
Total Operating Expenses	105,489	3,482	19,650	128,621	50,099
Operating Income	20,663	(669)	399	20,393	850
Non-Operating Revenues (Expenses)					
Property Tax	-	-	-	-	23
Transaction Privilege Tax	-	117	-	117	-
Investment Income	4,630	134	194	4,958	1,162
Interest Expense	(9,411)	-	-	(9,411)	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	(43)
Net Non-Operating Revenues (Expenses)	(4,781)	251	194	(4,336)	1,142
Income Before Contributions and Transfers	15,882	(418)	593	16,057	1,992
Capital Contributions	21,578	489	-	22,067	2,021
Transfers In	150	-	71	221	-
Transfers Out	(9,702)	(58)	(393)	(10,153)	(5,030)
Change in Net Assets	27,908	13	271	28,192	(1,017)
Total Net Assets - Beginning	1,190,212	27,842	10,815	1,228,869	55,963
Total Net Assets - Ending	\$ 1,218,120	\$ 27,855	\$ 11,086	\$ 1,257,061	\$ 54,946

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2009 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 126,194	\$ 2,842	\$ 20,035	\$ 149,071	\$ 49,642
Cash Paid to Suppliers	(55,295)	(1,236)	(13,310)	(69,841)	(39,050)
Cash Paid to Employees	(17,594)	(1,092)	(5,972)	(24,658)	(4,607)
Other Operating	501	-	-	501	1,305
Net Cash Provided by Operating Activities	<u>53,806</u>	<u>514</u>	<u>753</u>	<u>55,073</u>	<u>7,290</u>
Cash Flows from Non-Capital Financing Activities					
Property Tax	-	-	-	-	23
Transaction Privilege Tax	-	119	-	119	-
Transfers In	150	-	71	221	-
Transfers Out	(9,702)	(58)	(393)	(10,153)	(5,030)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(9,552)</u>	<u>61</u>	<u>(322)</u>	<u>(9,813)</u>	<u>(5,007)</u>
Cash Flows from Capital and Related Financing Activities					
Capital Contributions from Other					
Water and Sewer Development Fees	3,169	-	-	3,169	-
Capital Grants	2	1,242	-	1,244	-
Capital Contributions					
Acquisition and Construction of Property and Equipment	(79,000)	(697)	(580)	(80,277)	(6,093)
Principal Payments on Capital Debt	(8,418)	-	-	(8,418)	-
Interest Paid on Capital Debt	(13,321)	-	-	(13,321)	-
Investment in Joint Venture & CIP Deposit	(3,515)	-	-	(3,515)	-
Sale of Capital Assets	564	-	-	564	168
Net Cash Used for Capital and Related Financing Activities	<u>(100,519)</u>	<u>545</u>	<u>(580)</u>	<u>(100,554)</u>	<u>(5,925)</u>
Cash Flows from Investing Activities					
Income Received on Investments	4,913	144	215	5,272	1,291
Net Cash Provided by Investing Activities	<u>4,913</u>	<u>144</u>	<u>215</u>	<u>5,272</u>	<u>1,291</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(51,352)	1,264	66	(50,022)	(2,351)
Cash and Cash Equivalents at Beginning of Year	197,953	4,016	6,392	208,361	40,988
Cash and Cash Equivalents at End of Year	<u>\$ 146,601</u>	<u>\$ 5,280</u>	<u>\$ 6,458</u>	<u>\$ 158,339</u>	<u>\$ 38,637</u>

(continued on next page)

Statement of Cash Flows

Proprietary Funds

(Concluded)

For the Year Ended June 30, 2009 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Cash and Cash Equivalents					
at End of Year Includes					
Cash and Investments	\$ 91,834	\$ 5,169	\$ 6,458	\$ 103,461	\$ 38,637
Cash with Fiscal Agent	18,285	-	-	18,285	-
Restricted Cash and Investments	36,482	111	-	36,593	-
Total Cash and Cash Equivalents	\$ 146,601	\$ 5,280	\$ 6,458	\$ 158,339	\$ 38,637
Reconciliation of Operating Income to Net Cash					
Provided by Operating Activities					
Operating Income	\$ 20,663	\$ (669)	\$ 399	\$ 20,393	\$ 850
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation and Amortization	34,253	971	198	35,422	5,451
Changes In Assets and Liabilities					
Sources (Uses) of Cash					
Accounts Receivable	(386)	-	(29)	(415)	-
Miscellaneous Receivables	93	22	15	130	2
Prepaid Expenses	-	-	-	-	(748)
Supplies Inventory	-	-	-	-	218
Accounts Payable	(2,291)	70	38	(2,183)	249
Accrued Payroll and Benefits	684	112	125	921	239
Claims Payable	-	-	-	-	1,011
Deferred Revenue	837	7	-	844	(4)
Other Liabilities	(47)	1	7	(39)	22
Total Adjustments	33,143	1,183	354	34,680	6,440
Net Cash Provided by Operating Activities	\$ 53,806	\$ 514	\$ 753	\$ 55,073	\$ 7,290
Supplemental Disclosure of Non-Cash					
Financing Activities					
Additions to Property, Plant, and Equipment					
Contributions from Developers	\$ 18,426	\$ -	\$ -	\$ 18,426	\$ -
Contributions from Other Government Units	-	-	-	-	2,021
Amortization of Deferred Charges	(154)	-	-	(154)	-
Loss on Sale of Capital Assets	(563)	-	-	(563)	-
Total Non-Cash Financing Activities	\$ 17,709	\$ -	\$ -	\$ 17,709	\$ 2,021

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009 (in thousands of dollars)

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 3	\$ 9,467
Total Assets	<u>3</u>	<u>9,467</u>
LIABILITIES		
Accounts Payable	-	127
Designated Escrow Payable	-	<u>9,340</u>
Total Liabilities	<u>-</u>	<u>9,467</u>
NET ASSETS		
Held in Trust for Other Purposes	<u>\$ 3</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2009 (in thousands of dollars)

	<u>Private Purpose Trust Funds</u>
ADDITIONS	
Contributions:	
Private Donations	<u>\$ 5</u>
Total Additions	<u>5</u>
DEDUCTIONS	
Scholarships	<u>6</u>
Total Deductions	<u>6</u>
Change in Net Assets	(1)
Net Assets - Beginning	<u>4</u>
Net Assets - Ending	<u><u>\$ 3</u></u>

The notes to the financial statements are an integral part of this statement.