Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

City of Scottsdale
Scottsdale, Arizona

City of Scottsdale, Arizona
City Council

Mary Manross, Mayor
Cynthia Lukas
Ned O'Hearn
David Ortega
Robert Pettycrew
Tom Silverman
George Zraket

Administrative Staff

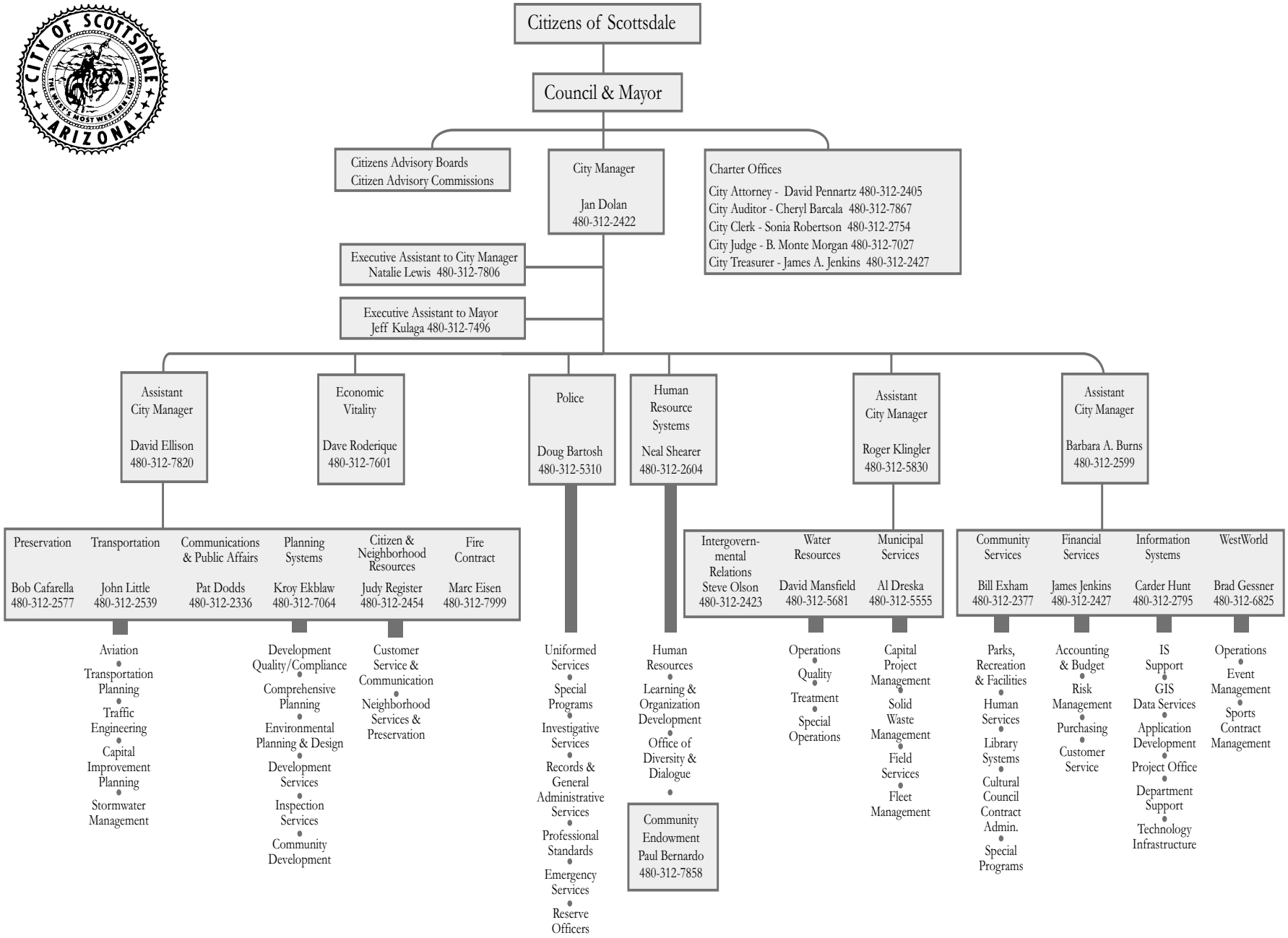
Jan Dolan, City Manager
Barbara A. Burns, Assistant City Manager
David L. Ellison, Assistant City Manager
Roger Klingler, Assistant City Manager

Prepared by

Financial Services Department

James A. Jenkins, General Manager
Financial Services Department and City Treasurer

Craig Clifford, CPA
Accounting and Budget Director


Citizens of Scottsdale
Council & Mayor
Citizens Advisory Boards
Citizen Advisory Commissions
City Manager
Jan Dolan
480-312-2422
Charter Offices
City Attorney - David Pennartz 480-312-2405
City Auditor - Cheryl Barcala 480-312-7867
City Clerk - Sonia Robertson 480-312-2754
City Judge - B. Monte Morgan 480-312-7027
City Treasurer - James A. Jenkins 480-312-2427
Executive Assistant to City Manager
Natalie Lewis 480-312-7806
Executive Assistant to Mayor
Jeff Kulaga 480-312-7496
Assistant City Manager
David Ellison
480-312-7820
Economic Vitality
Dave Roderique
480-312-7601
Police
Doug Bartosh
480-312-5310
Human Resource Systems
Neal Shearer
480-312-2604
Assistant City Manager
Roger Klingler
480-312-5830
Assistant City Manager
Barbara A. Burns
480-312-2599
Preservation
Bob Cafarella
480-312-2577
Transportation
John Little
480-312-2539
Communications & Public Affairs
Pat Dodds
480-312-2336
Planning Systems
Kroy Ekblaw
480-312-7064
Citizen & Neighborhood Resources
Judy Register
480-312-2454
Fire Contract
Marc Eisen
480-312-7999
Intergovern-mental Relations
Steve Olson
480-312-2423
Water Resources
David Mansfield
480-312-5681
Municipal Services
Al Dreska
480-312-5555
Community Services
Bill Exham
480-312-2377
Financial Services
James Jenkins
480-312-2427
Information Systems
Carder Hunt
480-312-2795
WestWorld
Brad Gessner
480-312-6825
Aviation
Transportation Planning
Traffic Engineering
Capital Improvement Planning
Stormwater Management
Development Quality/Compliance
Comprehensive Planning
Environmental Planning & Design
Development Services
Inspection Services
Community Development
Customer Service & Communication
Neighborhood Services & Preservation
Uniformed Services
Special Programs
Investigative Services
Records & General Administrative Services
Professional Standards
Emergency Services
Reserve Officers
Human Resources
Learning & Organization Development
Office of Diversity & Dialogue
Community Endowment
Paul Bernardo
480-312-7858
Operations
Quality
Treatment
Special Operations
Capital Project Management
Solid Waste Management
Field Services
Fleet Management
Parks, Recreation & Facilities
Human Services
Library Systems
Cultural Council Contract Admin.
Special Programs
Accounting & Budget
Risk Management
Purchasing
Customer Service
IS Support
GIS Data Services
Application Development
Project Office
Department Support
Technology Infrastructure
Operations
Event Management
Sports Contract Management

July 2001

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

City of Scottsdale
Scottsdale, Arizona

		Page
	Organization Chart	

INTRODUCTORY SECTION

	Letter of Transmittal – General Manager, Financial Services/City Treasurer	I
	Certificate of Achievement for Excellence in Financial Reporting	X

FINANCIAL SECTION

	Independent Auditors' Report	1

EXHIBITS

GENERAL PURPOSE FINANCIAL STATEMENTS (Combined Statements – Overview)

A-1	Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units	4
A-2	Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund and Discretely Presented Component Unit	6
A-3	Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – Budget Basis – General, Special Revenue, and Debt Service Funds	8
A-4	Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit) – All Proprietary Fund Types and Discretely Presented Component Unit	10
A-5	Combined Statement of Cash Flows - Proprietary Fund Types, and Discretely Presented Component Unit	12
A-6	Combined Statement of Revenues and Expenses - Budget and Actual - Budget Basis - Enterprise Funds	15
	Notes to Financial Statements	17

COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP STATEMENTS AND SCHEDULES

General Fund

	Explanatory Comments	55
B-1	Balance Sheet	56
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	57
B-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual - Budget Basis	58
B-4	Schedule of Revenues - Budget and Actual - Budget Basis	59
B-5	Schedule of Expenditures by Object	60

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

City of Scottsdale
Scottsdale, Arizona

COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP STATEMENTS AND SCHEDULES (continued)

EXHIBITS		Page
	Special Revenue Funds	
	Explanatory Comments	61
C-1	Combining Balance Sheet	62
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	63
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual - Budget Basis	64
C-4	Combining Schedule of Revenues and Other Sources	65
C-5	Combining Schedule of Expenditures by Object	66
	Debt Service Funds	
	Explanatory Comments	67
D-1	Combining Balance Sheet	68
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	69
D-3	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budget Basis	70
	Capital Projects Funds	
	Explanatory Comments	73
E-1	Combining Balance Sheet	74
E-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	75
	Enterprise Funds	
	Explanatory Comments	77
F-1	Combining Balance Sheet	78
F-2	Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	80
F-3	Combining Statement of Cash Flows	81
F-4	Combining Schedule of Revenues and Expenses – Budget and Actual – Budget Basis	83

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

City of Scottsdale
Scottsdale, Arizona

COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP STATEMENTS AND SCHEDULES (continued)

EXHIBITS		Page
	Internal Service Funds	
	Explanatory Comments	85
G-1	Combining Balance Sheet	86
G-2	Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	87
G-3	Combining Statement of Cash Flows	88
	Trust and Agency Funds	
	Explanatory Comments	89
H-1	Combining Balance Sheet	90
H-2	Expendable Trust Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance	91
H-3	Expendable Trust Fund - Schedule of Expenditures by Object	92
H-4	Agency Funds - Combining Statement of Changes in Assets and Liabilities	93
	General Fixed Assets Account Group	
	Explanatory Comments	95
I-1	Schedule of General Fixed Assets by Source	96
I-2	Schedule of General Fixed Assets by Function and Activity	97
I-3	Schedule of Changes in General Fixed Assets by Function and Activity	98
	Debt Requirements	
	Explanatory Comments	99
J-1	Schedule of Changes in Long-Term Debt	100
J-2	Debt Service Requirements to Maturity	103

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

City of Scottsdale
Scottsdale, Arizona

STATISTICAL SECTION

Table		Page
I	General Governmental Expenditures by Function - General, Special Revenue, And Debt Service Funds - Last Ten Fiscal Years	107
II	General Governmental Revenues by Source - General, Special Revenue, And Debt Service Funds - Last Ten Fiscal Years	108
III	Tax Revenues by Source - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	108
IV	Excise Tax Collections By Source - General, Special Revenue, and Debt Service Funds – Last Ten Fiscal Years	109
V	Privilege and Use Tax Collections by Category - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	110
VI	Privilege and Use Tax Collections by Source - General, Special Revenue, and Debt Service Funds - Last Ten Fiscal Years	111
VII	Property Tax Levies and Collections - Last Ten Fiscal Years	112
VIIIa	Assessed and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	113
VIIIb	Assessed Values by Property Class - Last Ten Fiscal Years	114
IXa	Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	115
IXb	Property Tax Levies - Direct and Overlapping Governments - Last Ten Fiscal Years	116
X	Principal Taxpayers	117
XI	Special Assessment Billings and Collections - Last Ten Fiscal Years	118
XII	Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	119
XIII	Computation of Legal Debt Margins	120
XIV	Summary of General Governmental Bond Expenditures and Debt Ratios - Last Ten Fiscal Years	121
XV	Summary of Water and Sewer Utility Bond Expense and Debt Ratios - Last Ten Fiscal Years	122
XVI	Total Direct and Overlapping General Obligation Debt	123
XVII	Demographic Statistics - Last Ten Fiscal Years	124
XVIII	Property Value and Construction - Last Ten Fiscal Years	125
XIX	Schedule of Insurance	126
XX	Salaries and Surety Bonds of Principal Officials	127
XXI	Miscellaneous Statistical Data	128

Transmittal Letter

For the Fiscal Year Ended June 30, 2001

City of Scottsdale
Scottsdale, Arizona

September 14, 2001

The Honorable Mayor and City Council
City of Scottsdale, Arizona

Dear Mayor and Members of the City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (the City or Scottsdale), Arizona, for the fiscal year ended June 30, 2001, 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, national repositories, 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 libraries for use by the general public.

CITY OF SCOTTSDALE PROFILE

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing an area approximately 185.2 square miles. Lying at an elevation of 1,260 feet above sea level, the City averages 314 days of sunshine and 7.74 inches of rainfall per year, with the average minimum and maximum temperatures ranging from 55.7 degrees to 84.6 degrees, respectively. The City is bordered to the west by Phoenix, the state capital, by Tempe to the south, and by the Salt River/ Pima Maricopa Indian Community to the east. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

Scottsdale was founded in the 1800's when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the City. The City incorporated in 1951 and the City Charter, under which it is presently governed, was adopted in 1961. The City has experienced significant increases in population, with the 1950 census reporting 2,032 residents. The City's 1990 census was 130,069. The population grew to 168,176 in October 1995 and was estimated at approximately 202,000 in January 2001.

Scottsdale operates under a council-manager form of government as provided by its Charter. The Mayor and six City Council members are elected at large on a non-partisan ballot for a four-year term. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The City Manager, in turn, appoints City employees and department General Managers under service procedures specified by Charter. City service departments provide a full range of services including police and fire protection, sanitation/ solid waste service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events.

FINANCIAL REPORTING ENTITY

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 City's component units include the City of Scottsdale Municipal Property Corporation, Scottsdale Mountain Community Facilities District, McDowell Mountain Ranch Community Facilities District, DC Ranch Community Facilities District, Via Linda Road Community Facilities District, Scottsdale Preserve Authority, Scottswater Company, Inc., and Los Arcos Multipurpose Facilities District. Note 1 to the Notes to the Financial Statements discusses in more detail the financial reporting entity.

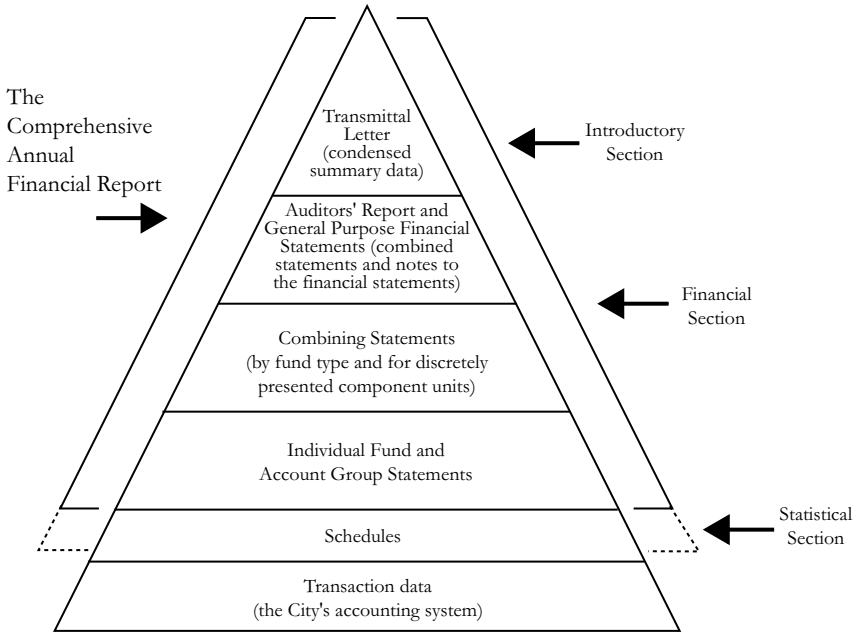
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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 policies 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 economic climate remained positive for the City of Scottsdale during fiscal year 2000/2001. Local economic indicators showed signs of slowing yet Scottsdale's economic indicators once again exceeded the averages for metro Phoenix. Significant reasons for Scottsdale's positive economic condition at fiscal year end 2000/2001 and continued favorable outlook for fiscal year 2001/2002 include:

Retail Sales. Scottsdale's single largest revenue source is sales tax generated from a well-balanced variety of businesses which include automotive, construction, food stores, hotels/motels, restaurants, utilities, rentals, department stores, and miscellaneous retail stores. Nearly every category posted strong gains for the year. Receipts for 2000/2001 were up by more than 5 percent overall, and are projected to grow by about the same amount for 2001/2002. During the 2001/2002 fiscal year, we expect to see the second phase opening of a 900,000 square feet retail/restaurant center in North Scottsdale (the Scottsdale Promenade) and the start of construction on several key redevelopment projects, including the long-awaited Scottsdale Waterfront. The City has also begun advance-planning work on the development of a new regional mall, to be located at Scottsdale Road and the 101 Freeway, which likely will open in the 2004-2006 timeframe.

Construction Activity. Construction activity value reached $1.1 billion in 2000/2001. This is the 5th consecutive year of activity exceeding $1 billion dollars in Scottsdale. 2001/02 is again estimated to reach $1 billion in value with a continued dominance of custom homes and a number of key downtown development projects.

Residential Activity. The 2000/2001 fiscal year resulted in $728 million in construction associated with residential development. Permits for all types of dwelling units (custom single family, production single family,

condominium, apartment, guest homes, residential additions) were down 20% from 1999/2000. However, total residential valuation only declined -1% due to residential market share increases by custom homes (+6%) and residential renovations (+39%). Residential valuation is anticipated to reach $780 million in 2001/2002.

Residential renovations are anticipated to increase by 10% in 2001/2002 with average values reaching $35,000. The area south of McDonald Drive in Scottsdale has 40,000 homes approaching 40 years of age offering housing $150,000 to 250,000 for younger families wishing to locate in Scottsdale. This area of Scottsdale along with Tempe and Paradise Valley is increasingly becoming the residential location of choice for access to professional athletic events, live theatre, dining and entertainment.

Multifamily activity declined by -27% (1,181 units 2000/2001 vs. 1,607 units 1999/2000) for new unit absorption. 2001/2002 is anticipated to continue this absorption process with 1,000 to 1,200 new units.

Commercial Activity. Commercial activity reached $311 million in 2000/2001 and is anticipated to reach $350 to 400 million in 2001/2002. The Portales Condo, Retail/Hotel Phases along with the Scottsdale Waterfront, Promenade Phase II and Summit are anticipated to lead the commercial activity in 2001/2002. Industrial/Commercial renovation activity rose from $11.5 million in 1999/2000 to $41.7 million in 2000/2001 for a $30.2 million increase (+263%) and is anticipated to reach $50 million in 2001/2002. Scottsdale has seen considerable commercial development the past two years and more redevelopment and commercial activity is anticipated for the next several years.

Vacancy Rates. Commercial vacancy rates remained low over the past year, despite significant new construction. Office vacancies are estimated at 9 percent, retail vacancies at 6 percent and industrial vacancies at about 7 percent. A large amount of speculative construction has begun, but absorption remains strong, and therefore vacancy rates should remain low over the next year.

Job Growth. Scottsdale attracted 11 major new-targeted firms with over 2,600 new jobs in 2000/2001; even more important was that the average salary level of these jobs was $72,500. Currently there are 15 active prospective firms looking at Scottsdale, with a potential for another 2,800 new jobs. Personal income growth 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 with the greatest growth occurring in the biomedical industries and in corporate headquarters operations. Major new employers to announce moves to Scottsdale last year included Computer Guidance, Cyclone Commerce E-Funds, Phase 2, and HDS McKeeson.

Employment. Scottsdale remains a net importer of labor, as the number of jobs physically located in the City (about 145,000) far outweighs the local labor force (about 108,000). Scottsdale's unemployment rate is the lowest of any major city in the valley (currently at 2.3 percent), and is expected to remain around 2 percent through the end of 2001.

Tourism. The local tourism industry has begun to recover from the significant overbuilding that occurred in recent years, which drove occupancy rates down to 66 percent in 1999. The combination of no new construction and steady demand growth is now resulting in both occupancy and average room rate gains at local properties. The result has been an increase in bed tax revenues of 5 percent during 2000/2001. The long-term still looks very positive, and with a continued restraint on new construction, the outlook for 2001/2002 is good.

These factors contributed to Scottsdale's healthy economy in 2000/2001, and will likely continue to generate slow but positive growth into 2001/2002. Much of the revenue growth attributable to the economic resurgence of the past five years has been invested in City reserves to provide funding to maintain citizen services during times of fiscal uncertainty and to build contingency funding for infrastructure deterioration. The outlook is for slow growth in 2001/2002; however, Scottsdale's five-year financial plans and budget are premised upon conservative economic forecasts in anticipation of a softer economy in this year and beyond. These factors, coupled with an emphasis on long-range strategic planning which balances desired results with available resources, will enable Scottsdale to continue to grow and prosper over the next several years.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

During 2000/2001 we continued to invest in basic government service programs as well as amenities that define the special character of our City and will keep Scottsdale as a "livable" community for generations to come - a sustainable economic base, meaningful open space, neighborhood preservation, human services, cultural and arts programs.

Service efforts to shape and maintain Scottsdale as a sustainable community that were made in the past year include enhancements to the quality services we provide for our citizens; contributions made to environmentally and fiscally sound infrastructure; and, contributions toward building and maintaining a sustainable economic base. The following are some of the service efforts and accomplishments of City staff during 2000/2001:

Police

Completed construction and opened the 9,300 square foot Police District 3 Station located at Pima Road and Thompson Peak Parkway to serve Scottsdale's far north area in December 2000.

Initiated a pilot program known as "LOCK'EM OUT" to address the City's residential burglary rate. A collaborative

effort of the community, police and local businesses, the program increases citizens' knowledge of burglary prevention techniques while augmenting proven home security measures.

Received federal grants for 20 patrol officers and 7 narcotics officers leveraging over 2 million dollars in federal funds to meet community needs.

Fire

Rural/Metro's firefighters now have access to portable thermal imaging cameras, one of the most technologically advanced firefighting tools available. Thermal imagers allow firefighters to "see" heat through smoke-filled rooms and walls making it much quicker and easier to find a trapped person or the source of a hidden fire.

In December, residents in the North Scottsdale area welcomed the opening of the permanent fire Station #816 near Thompson Peak Parkway and Pima Road.

Financial Services

Received several rating upgrades. Most significantly the City now carries AAA rating (the highest rating possible) from all three of the major rating agencies for our general obligation bond debt.

The department coordinated the September, 2000 bond election. Voters authorized $358.2 million of General Obligation debt for various purposes.

Implemented a new time and attendance system utilizing a large inter/intradepartmental team. This Citywide web application improves accuracy and eliminates many of the manual tasks of the prior paper process.

Transportation

The Cab Connection taxi voucher program for eligible seniors and disabled individuals was launched successfully with an unprecedented positive response.

The Department initiated a Major Investment Study to address the City's growing travel demand and to maintain the potential to connect to a regional transit system.

The first phase of the Traffic Management Center was completed, laying the groundwork for the next stage of the Intelligent Transportation System.

Community Services

Developed and implemented a new work order system providing improved productivity and more efficient deployment of maintenance staff in facilities, irrigation, grounds, and water systems.

Pinnacle Peak Park was dedicated to the City and the land for the trailhead was acquired from the State Land Department.

Opened La Mirada Desert Park, Phase I and began planning for Phase II in response to neighbors' requests.

Completed Apache Park and initiated development at Ironwood and Stonegate Parks.

Vista Del Camino assisted 2,351 families in need of emergency services for utility assistance, food boxes, and financial assistance to prevent eviction and homelessness.

The Library System expanded to 101 public access PCs in the Library that have Internet access, the library catalog, and electronic reference sources available.

Information Systems

Y2K Preparation – Completed all phases of Y2K preparation, remediation, replacement testing, and retesting to ensure the City was ready to handle all Y2K related issues or emergencies. There were very few problems reported, and all systems survived the date rollover.

Rollout 2000 – Completed the upgrade of existing software on all City computers, as well as installed new software that enhanced the daily work experience.

Credit Card Authorization – Partnered with Financial Services to implement a credit card authorization system. This system provides authorization for E-commerce applications, walk-up credit card authorization, voice response systems, and "cardless" applications.

Planning Systems

The CDS (Community Development System) combined all development information from preapplication to certificate of occupancy. The CDS system saves approximately 1,730 staff hours annually and provides 24-hour access to the organization and community.

Implementation of the new automated inspection scheduling request line provides 24-hour automated scheduling for building and encroachment permits, better service to customers, and a 5% reduction in phone calls to staff.

Preservation

Acquired 1,132 acres in 1999 and 532 acres in 2000 for inclusion in the McDowell Sonoran Preserve.

Completed construction of the first six (6) miles of trail in the Preserve in partnership with the McDowell Sonoran Land Trust.

Adopted new Chapter 21 Preserve Ordinance of the Revised Scottsdale City Code to guide use of and rules and regulations for the Preserve.

Completed 230 archaeology study reviews in the one and one-half years the archaeological resources ordinance has been in existence.

Water Resources

Acquired 12,500 acre-feet of additional Central Arizona Project surface water from the San Carlos Apache Tribe to continue to ensure that the City has a long-term renewable supply to meet all current and committed future of water demands.

Completed the 2001 Water Resources Master Plans, which provides policy guidance for the planning, programming and budgeting of the five-year capital program for the Water Resources Department.

Within the current Capital Program, completed the Northeast Wastewater Pump Station and the Water Campus Influent Pump Station, with its associated pipeline; acquired the site and initiated design of the Salt River Project (SRP) Water Treatment Plant; and completed the major pipeline and pump station necessary to transport Central Arizona Project (CAP) surface water north to Pinnacle Peak Road.

Municipal Services

Diverted approximately 27,408 tons of recyclable material from the landfill through Scottsdale's Curbside Recycling Program. This is approximately 30% of the residential wastestream, and enabled the City to avoid over $532,000 in tipping fees. Nearly 99% of the City's residential households participate in the curbside program.

Negotiated a ten-year Intergovernmental Agreement with the Salt River Pima-Maricopa Indian Community for the sorting and marketing of the City's recyclables. This agreement guarantees Scottsdale will receive a minimum of $5 per ton for the material collected from the curbside recycling program for the term of the contract. A permanent facility will be constructed at the Salt River Landfill. This ensures recycling services will be available to Scottsdale residents for the next ten years.

Created an Internet accessible map of construction projects for citizen use. The site's purpose is to inform citizens about City construction projects that affect traffic flow. The map includes the area of construction, a brief description of the project, completion dates, and whom to contact for further information.

Created a complete inventory of maintained paved and unpaved roads, shoulders, washes, streets swept, and developed a database to track daily crew and equipment activities. Reports indicating maintenance locations, intervals, and productivity are readily available for current and past activities. The system includes verification of public and private streets, washes, and maintenance responsibilities.

FOR THE FUTURE

This past year the Mayor and City Council co-created a mission statement as well as seven broad goal categories, which represent key interests and priorities of the Mayor, City Council, and reflect their constituency's suggestions and expectations for the future. Council's approvals of these Mission and Goal statements enable staff to create strategic plans and a programmatic budget that directly responds to the Council's and community's goals and expectations. Plans articulated in the 2001/2002 Budget and Five Year Balanced Financial Plan continue to support basic government services (roads, water, sewer, solid waste management, public transit, parks and recreation, police, fire, etc.), while also addressing the City Council's broad goals and citizen expectations for the community. The following are the mission and broad goals identified by Scottsdale's Mayor and City Council:

Mission:

It is the mission of the City of Scottsdale to build citizen trust by fostering/practicing open, accountable, and responsive government; to provide quality services; to preserve Scottsdale's unique southwestern character; to plan and manage growth in harmony with its desert surroundings; and to promote livability by enhancing and protecting its neighborhoods. Quality of life for residents and visitors shall be the paramount consideration.

Broad Goals:

A. Enhance and protect a diverse, family-oriented community where neighborhoods are safe and well maintained.

B. Preserve the character and environment of Scottsdale.

C. Provide for the safe, efficient and affordable movement of people and goods.

D. Position Scottsdale for long-term economic prosperity by diversifying our economic resources.

E. Coordinate planning to balance infrastructure and resource needs within budget.

F. Make government accessible, responsive, and accountable so that pragmatic decisions reflect community input and expectations.

G. Ensure Scottsdale is fiscally responsible and fair in its management of taxpayer money and City assets.

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, 2001, 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.

Expenditure budgets are presented on a non-GAAP basis. This basis excludes items that are included on a GAAP basis, such 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.

Revenues (in thousands of dollars)

Classification	2001 Amount	Percent of Total	Increase (Decrease) From 2000 Amounts	Percentage Increase (Decrease) From 2000
Taxes - Local	$ 162,567	54.7%	$ 6,550	4.2%
Taxes - Intergovernmental	56,333	19.0%	$ 3,526	6.7%
Intergovernmental	14,721	5.0%	$ 8,902	153.0%
Special Assessments	3,026	1.0%	$ (714)	-19.1%
Licenses	1,676	0.6%	$ (41)	-2.4%
Charges for Services	19,877	6.7%	$ 166	0.8%
Fines and Forfeitures	4,894	1.6%	$ (211)	-4.1%
Use of Money and Property	15,443	5.2%	$ 2,187	16.5%
Developer Contributions and Reimbursements from Outside Sources	2,696	0.9%	$ (2,495)	-48.1%
Streetlight and Services Districts	973	0.3%	$ 5	0.5%
Other	14,922	5.0%	$ (18)	-0.1%
Total	$ 297,128	100.0%	$ 17,857	6.4%

General Governmental Functions. The following schedule presents a summary of the General, Special Revenue, Debt Service, and Capital Projects Funds revenues for the fiscal year ended June 30, 2001, and the amount and percentage of increases and decreases in relation to prior year revenues.

The increase in General Governmental revenues was a result of Scottsdale's strong economy. During the first eight months of the year Taxes-Local led by construction, automotive sales, and retail sales continued to increase. Taxes-Intergovernmental revenues also reflect a strong economy for the first eight months of the fiscal year and slowed in the remaining four months of the year resulting in moderate growth for the year overall. Intergovernmental revenue increased significantly as the City's Transit department received approximately $5.7 million dollars in new federal grants. These transit grants were used to purchase buses to enhance the City's current bus systems and the regional bus routes. Special Assessments decreased since no new assessment districts were formed. Fines and Forfeitures decreased as a result of lower revenues for the photo radar program. Use of money and property increased due to a combination of a favorable average interest rate of 6.09% and higher than expected principal balances. Reimbursements from Outside Sources decreased due to large one-time developer contributions to the Community Facilities Districts received in the prior fiscal year.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 2001, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Expenditures (in thousands of dollars)

Department	2001 Amount	Percent of Total	Increase (Decrease) From 2000 Amounts	Percentage Increase (Decrease) From 2000
General Government	$ 17,504	5.5%	$ 1,400	8.7%
Police	45,860	14.3%	4,468	10.8%
Financial Services	6,685	2.1%	237	3.7%
Transportation	16,192	5.1%	8,857	120.7%
Community Services	45,620	14.3%	3,830	9.2%
Information Systems	7,017	2.2%	336	5.0%
Planning & Development	21,598	6.8%	1,695	8.5%
Fire	15,307	4.8%	969	6.8%
Municipal Services	11,328	3.5%	1,633	16.8%
Streetlight and Services Districts	977	0.3%	35	3.7%
Capital Improvements	73,281	23.0%	(28,441)	-28.0%
Debt Service	57,836	18.1%	(1,270)	-2.1%
Total	$ 319,205	100.0%	$ (6,251)	-1.9%

General Government expenditures increased because of the cost of the addition of the Office of Diversity and Dialogue, repair and maintenance activity at WestWorld, and an expanded citizen outreach program. Police Department expenditures increased due to additional staff hired due to community growth and the addition of a third police station. Transportation expenditures increased due to the purchase of 25 buses used to enhance and expand City and regional transit services. Community Services expenditures increased as a result of additional programs for children on school breaks, increased joint use library availability, and the development of a program for youth at risk. Municipal Services expenditures increased due to an increased level of street overlay activity. Streetlight and Services Districts added a new Enhanced Services District that accounted for the increased expenditures. Capital Improvements expenditures decreased due to fewer capital projects throughout the year.

Total Fund Balances (Deficit) (in thousand of dollars)

Fund	June 30, 2000	June 30, 2001	Increase (Decrease)
General	$ 75,522	$ 74,542	$ (980)
Special Revenue:			
Highway User	(403)	-	403
Community Development	(52)	(59)	(7)
Home	(36)	(16)	20
Grants	(293)	661	954
Section 8	(427)	(381)	46
Preserve Tax	3,430	11,545	8,115
Transportation Tax	5,818	1,413	(4,405)
Debt Service	7,024	9,682	2,658
Capital Projects	109,686	119,039	9,353
Total	$ 200,269	$ 216,426	$ 16,157

General Governmental Fund Balances. Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unexpended appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 2001, compared to the prior year.

The General Fund balance decreased due to the purchase of a parcel of land for redevelopment purposes and as a result of a transfer to the Highway User Fund. The Grants Fund balance increased due to the accrual of receivables at the fiscal year-end for grants funds earned but not received. The Preservation Tax fund balance increased due to the accumulation of funds available for related debt service. The Transportation Tax fund balance decreased due to the transfer of funds to the capital projects funds to finance current projects throughout the City. The Debt Service Fund balance increased as a result of property tax and other revenues received in advance of debt service requirements and revised debt issuance schedules. The fund balance for Capital Projects increased as a result of bond sales and other revenues that will be spent on Capital improvements in subsequent years.

Proprietary Funds. Scottsdale'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 Solid Waste 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, or accountability.

The Internal Service Funds consist of the Fleet Management 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.

Retained Earnings (Accumulated Deficit) (in thousands of dollars)			
Fund	**June 30, 2000**	**June 30, 2001**	**Increase (Decrease)**
Water and Sewer Utility	$255,886	$288,830	$32,944
Airport	259	650	391
Solid Waste	2,816	3,954	1,138
Fleet Management	17,954	20,294	2,340
Self-Insurance	2,529	7,601	5,072
Total	$279,444	$321,329	$41,885

This schedule presents retained earnings (accumulated deficits) for the year compared to the prior year for the Proprietary Funds.

The retained earnings increase for the Water and Sewer Utility Fund is due to a combination of customer base increases, service rate increases and increased usage because of dry weather. Water and Sewer retained earnings is intended to provide financial reserves for infrastructure repair and replacement as well as funding for significant infrastructure expansion needs for the future. The Airport retained earnings increased due to contributions from the General Fund and Transportation Tax Fund. Solid Waste retained earnings increased due to customer base increases and service rate increases.

The Fleet Management Fund retained earnings continue to increase because of the City's policy of requiring operating transfers to fund new vehicle purchases. The retained earnings will be used to replace these vehicles in subsequent years. The Self-Insurance Fund increased due to a favorable claim year and a change in accounting policy. In prior years activities for self-insured benefits were accounted for in the General Fund.

Debt Administration. At June 30, 2001, the City had outstanding debt issues of $622,434,000. The chart shows the breakdown.

During the 2000/2001 fiscal year, $35,000,000 general obligation bonds were issued. This past spring, Scottsdale joined a handful of municipalities across the country in achieving the highest possible rating from all three major credit rating agencies for its General Obligation Bonds. The City received bond ratings of Aaa from Moody's Investor Service, AAA rating from Fitch Investors Service, Inc., and AAA rating by Standard and Poor's for general obligation bonds this past fiscal year. This represents the highest combined rating of any City in Arizona, and one of the highest combined ratings for any city in the country. General obligation debt is serviced by secondary property taxes. Revenue-supported debt is serviced with the user fees associated with the particular fund activity.

Debt (in thousands of dollars)	Principal Balance June 30, 2001
General Obligation Bonds	$284,553
Revenue Bonds	91,750
Scottsdale Municipal Property Corporation Bonds	59,250
Preserve Authority Bonds	91,965
Special Assessment Bonds	7,681
Community Facilities District Bonds	35,095
Contracts	23,390
Capital Leases	28,750
Total	$622,434

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 of all properties in the City, 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, 2001, the City's 20 percent debt limitation was $575,547,000, providing a debt margin of $379,974,000, and the 6 percent debt limitation was $172,664,000, providing a debt margin of $95,547,000.

Cash Management. Cash temporarily idle during the year, excluding that of the Municipal Property Corporation (MPC), and the Community Facilities Districts, 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 2000/2001 fiscal year was 6.09 percent, and the average daily investment balance was $385,359,536.

Scottsdale'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.

Risk Management. The City is exposed to various risks of loss related to public, property, and aviation liability, and workers compensation. Public liability includes public officials' errors and omissions, automobile and general liability. The City is self-insured for the first $1,000,000 of public liability, the first $50,000 of property liability, and the first $250,000 of workers compensation. Coverage in excess of these respective amounts is provided through the purchase of commercial insurance. During the fiscal year ending June 30, 2001 there was no significant reduction in excess insurance coverage. Additionally, settlements for each of the past three fiscal years have not exceeded the City's excess insurance coverage amounts.

Scottsdale 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 investigates 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 Cronstrom & Trbovich has been selected by the City Council to audit from 2001 to 2006. 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 for non-Federal entities that administer Federal awards and implement the Single Audit Act amendments of 1996. 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 of Scottsdale for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the 28th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment. 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 Department and 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, 2000

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.

President

Executive Director

CRONSTROM & TRBOVICH
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements and combining and individual fund and account group financial statement of the City of Scottsdale, Arizona (City), as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the City's 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Scottsdale Water Service Company Limited Partnership which were combined with the financial statements of Scottswater Company, Inc. a component unit, and the Los Arcos Multi-Purpose Facilities District, a component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to the financial statements of Scottsdale Water Service Company Limited Partnership and the Los Arcos Multi-Purpose Facilities District. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Scottsdale, Arizona as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, based on our audit, the combining and individual fund and account group financial statements of the City of Scottsdale, Arizona, present fairly, in all material respects, the financial position of each of the individual funds and account groups as of June 30, 2001, and the result of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with generally accepted accounting principles.

8706 EAST MANZANITA DRIVE, SUITE 100 ▪ SCOTTSDALE, ARIZONA 85258 ▪ (480) 348-1102 ▪ FAX (480) 348-1104
A PROFESSIONAL CORPORATION

As discussed in Notes 2 and 20 to the financial statements, adjustments were made by the City to reflect a change in accounting policy and to correct errors in the previously issued financial statements.

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

The other information included in this report, designated as the "Statistical Section" in the table of contents, was not audited by us and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 14, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cronstrom & Trbovich, P.C.

Cronstrom & Trbovich, P.C.

September 14, 2001

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units **Exhibit A-1**

June 30, 2001 (in thousands of dollars)
With Comparative Totals for June 30, 2000 (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 Investments	$ 73,595	$ 12,728	$ 44,289	$ 134,927	$ 128,261	$ 29,927
Prepaid Expense	-					
Receivables						
Accrued Interest	766	163	6	1,445	2,879	351
Privilege Tax	6,621	2,601	-	-	-	-
Hotel/Motel Tax	373	-	-	-	-	-
Fire Premium Tax	-	-	-	-	-	-
Property Tax	1,125	-	218	-	-	-
Special Assessments	-	-	6,312	-	-	-
State Shared Sales Tax	1,365	-	-	-	-	-
Franchise Fee	1,351	-	-	-	-	-
Fuel Tax	-	1,708	-	-	-	-
Intergovernmental	-	2,546	-	-	207	-
Accounts	-	-	-	-	12,810	-
Note	-	-	-	-	-	-
Miscellaneous	619	-	-	123	165	10
Deferred Issuance Costs, Net of Accumulated Amortization	-	-	-	-	-	-
Due from County Treasurer		-	42	-	-	-
Due from Other Funds	247	-	-	12	-	-
Advances to Other Funds	1,060	-	-	-	-	-
Supplies Inventory	698	-	-	-	-	400
Restricted Cash and Investments	-	-	-	-	15,496	-
Equity in Joint Venture	-	-	-	-	36,519	-
Property, Plant, and Equipment, Net of Accumulated Depreciation	-	-	-	-	694,006	25,986
Excess Purchase Price over Fair Market Value of Assets Acquired, Net	-	-	-	-	266	-
Amount Available in Debt Service Funds	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-
Total Assets and Other Debits	$ 87,820	$ 19,746	$ 50,867	$ 136,507	$ 890,609	$ 56,674
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts Payable	$ 5,935	$ 2,987	$ -	$ 14,784	$ 6,185	$ 200
Accrued Payroll	6,065	303	-	-	1,628	409
Claims Payable	-	-	-	-	-	7,721
Designated Escrow Payable	-	-	-	-	-	-
Due to Other Funds	-	247	12	-	-	-
Contracts Payable - Current Portion	-	-	-	-	294	-
Bond Interest Payable	-	467	11,231	-	2,622	-
Bonds Payable - Current Portion	-	2,170	20,586	-	7,608	-
Deferred Revenue						
Property Tax	967	-	-	-	-	-
Special Assessments	-	-	6,312	-	-	-
Other	286	409	2,991	-	1,017	-
Guaranty and Other Deposits	-	-	-	-	-	-
Advances From Other Funds	-	-	-	1,060	-	-
Due to Other Governments	-	-	-	1,135	-	-
Other	25	-	53	489	6,178	-
Funds Held for Defeasance	-	-	-	-	-	-
Long-Term Debt (Net of Current Portion)	-	-	-	-	95,555	-
Total Liabilities	13,278	6,583	41,185	17,468	121,087	8,330
Equity and Other Credits						
Contributed Capital, Net of Accumulated Depreciation	-	-	-	-	476,088	20,449
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings (Accumulated Deficit)						
Reserved for						
Water and Sewer System Replacement	-	-	-	-	13,379	-
Acquisition and Construction	-	-	-	-	2,117	-
Unreserved	-	-	-	-	277,938	27,895
Unreserved Minority Interest	-	-	-	-	-	-
Fund Balances						
Reserved for						
Advance	1,060	-	-	-	-	-
Streetlight and Services Districts	914	-	-	-	-	-
Debt Service	-	-	9,682	-	-	-
Library Acquisitions						
Unreserved	72,568	13,163	-	119,039	-	-
Total Equity and Other Credits	74,542	13,163	9,682	119,039	769,522	48,344
Total Liabilities, Equity, and Other Credits	$ 87,820	$ 19,746	$ 50,867	$ 136,507	$ 890,609	$ 56,674

SEE NOTES TO FINANCIAL STATEMENTS

Fiduciary Fund Type	Accounts Groups		Totals (Memorandum Only)		Component Units		Totals (Memorandum Only)
			Primary Government				
Trust and Agency	General Fixed Assets	General Long-Term Debt	June 30, 2001	June 30, 2000	Los Arcos Multi-Purpose Facilities District June 30, 2001	Scottswater Company, Inc. December 31, 2000	Reporting Entity June 30, 2001
$ 9,116	$ -	$ -	$ 432,843	$ 389,307	$ -	$ 3,379	$ 436,222
			-	-			-
113	-	-	5,723	3,042	-	-	5,723
-	-	-	9,222	6,443	-	-	9,222
-	-	-	373	405	-	-	373
-	-	-	-	-	-	-	-
-	-	-	1,343	1,349	-	-	1,343
-	-	-	6,312	7,693	-	-	6,312
-	-	-	1,365	1,297	-	-	1,365
-	-	-	1,351				1,351
-	-	-	1,708	1,706	-	-	1,708
768	-	-	3,521	412	-	-	3,521
-	-	-	12,810	12,503	-	386	13,196
4,000	-	-	4,000	4,000	-	-	4,000
12	-	-	929	2,212	-	7	936
-	-	-	-	-	-	425	425
-	-	-	42	40	-	-	42
-	-	-	259	588	-	-	259
-	-	-	1,060	1,000	-	-	1,060
-	-	-	1,098	912		-	1,098
-	-	-	15,496	15,833	-	-	15,496
-	-	-	36,519	28,973	-	-	36,519
-	2,547,056	-	3,267,048	3,097,808	-	846	3,267,894
-	-	-	266	285	-	297	563
-	-	9,682	9,682	7,024	-	-	9,682
-	-	520,455	520,455	516,037	-	-	520,455
$ 14,009	$ 2,547,056	$ 530,137	$ 4,333,425	$ 4,098,869	$ -	$ 5,340	$ 4,338,765
$ 282	$ -	$ -	$ 30,373	$ 6,813	$ -	$ 394	$ 30,767
-	-	-	8,405	11,003	-	-	8,405
-	-	-	7,721	5,660	-	-	7,721
416	-	-	416	142	-	-	416
-	-	-	259	588	-	-	259
-	-	-	294	338	-	-	294
-	-	-	14,320	15,378	-	60	14,380
-	-	-	30,364	31,210	-	-	30,364
-	-	-	967	885	-	-	967
-	-	-	6,312	7,693	-	-	6,312
4,000	-	-	8,703	10,655	-	15	8,718
3,863	-	-	3,863	4,660	-	-	3,863
-	-	-	1,060	1,000	-	-	1,060
-	-	-	1,135	194	-	-	1,135
-	-	-	6,745	5,993	-	-	6,745
-	-	-	-	-	-	-	-
-	-	530,137	625,692	626,520	-	14,635	640,327
8,561	-	530,137	746,629	728,732	-	15,104	761,733
-	-	-	496,537	457,444	-	3,600	500,137
-	2,547,056	-	2,547,056	2,426,690	-	-	2,547,056
-	-	-	13,379	12,607	-	-	13,379
-	-	-	2,117	3,226	-	-	2,117
-	-	-	305,833	263,611	-	(475)	305,358
-	-	-	-	-	-	(12,889)	(12,889)
-	-	-	1,060	-			1,060
-	-	-	914	918	-	-	914
-	-	-	9,682	7,024	-	-	9,682
	-	-	-	-			-
5,448	-	-	210,218	198,617	-	-	210,218
5,448	2,547,056	-	3,586,796	3,370,137	-	(9,764)	3,577,032
$ 14,009	$ 2,547,056	$ 530,137	$ 4,333,425	$ 4,098,869	$ -	$ 5,340	$ 4,338,765

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types, Expendable Trust Fund and Discretely Presented Component Unit

Exhibit A-2

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)		Component Unit	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 2001	June 30, 2000	Los Arcos Multi-Purpose Facilities District June 30, 2001	Reporting Entity June 30, 2001
Revenues									
Taxes - Local	$ 97,845	$ 31,901	$ 32,821	$ -	$ -	$ 162,567	$ 156,017	$ -	$ 162,567
Taxes - Intergovernmental	35,074	21,259	-	-	-	56,333	52,807	-	56,333
Intergovernmental	-	14,721	-	-	269	14,990	5,819	-	14,990
Special Assessments	-	-	3,026	-	-	3,026	3,740	-	3,026
Licenses	1,676	-	-	-	-	1,676	1,717	-	1,676
Charges for Current Services	19,877	-	-	-	-	19,877	19,711	-	19,877
Fines and Forfeitures	4,894	-	-	-	-	4,894	5,105	-	4,894
Use of Money and Property	6,696	804	388	7,555	326	15,769	13,275	-	15,769
Developer Contributions	-	-	333	1,911	-	2,244	3,901	-	2,244
Reimbursements from Outside Sources	-	-	-	452	-	452	1,290	-	452
Streetlight and Services Districts	973	-	-	-	-	973	968	-	973
Other	14,281	137	275	229	4,070	18,992	22,913	68	19,060
Total Revenues	181,316	68,822	36,843	10,147	4,665	301,793	287,263	68	301,861
Expenditures									
Current Operating Departments									
General Government	17,410	94	-	-	-	17,504	16,104	-	17,504
Police	44,427	1,433	-	-	-	45,860	41,392	-	45,860
Financial Services	6,685	-	-	-	-	6,685	6,448	-	6,685
Transportation	-	16,192	-	-	-	16,192	7,335	-	16,192
Community Services	38,289	7,331	-	-	-	45,620	41,790	-	45,620
Information Systems	6,907	110	-	-	-	7,017	6,681	-	7,017
Planning and Development	21,598	-	-	-	-	21,598	19,903	-	21,598
Fire	15,307	-	-	-	-	15,307	14,338	-	15,307
Municipal Services	1,466	9,862	-	-	-	11,328	9,695	-	11,328
Streetlight and Services Districts	977	-	-	-	-	977	942	-	977
Expendable Trusts	-	-	-	-	5,873	5,873	5,313	-	5,873
Economic Development	-	-	-	-	-	-	-	188	188
Capital Improvements	-	-	-	73,281	-	73,281	101,722	-	73,281
Debt Service									
Principal	1,079	2,675	25,534	-	-	29,288	31,117	-	29,288
Interest and Fiscal Charges	2,968	1,380	24,200	-	-	28,548	27,989	-	28,548
Total Expenditures	157,113	39,077	49,734	73,281	5,873	325,078	330,769	188	325,266
Excess (Deficiency) of Revenues Over Expenditures	24,203	29,745	(12,891)	(63,134)	(1,208)	(23,285)	(43,506)	(120)	(23,405)

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types, Expendable Trust Fund and Discretely Presented Component Unit

Exhibit A-2
(continued)

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)		Component Unit	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 2001	June 30, 2000	Los Arcos Multi-Purpose Facilities District June 30, 2001	Reporting Entity June 30, 2001
Other Sources (Uses)									
Operating Transfers In	936	12,480	15,661	46,963	953	76,993	45,686	-	76,993
Operating Transfers Out	(29,493)	(37,099)	(113)	(9,475)	(587)	(76,767)	(44,269)	-	(76,767)
Bond Proceeds	-	-	-	35,000	-	35,000	62,661	-	35,000
Total Other Sources (Uses)	(28,557)	(24,619)	15,548	72,488	366	35,226	64,078	-	35,226
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(4,354)	5,126	2,657	9,354	(842)	11,941	20,572	(120)	11,821
Fund Balances July 1, 2000	78,896	8,037	7,024	109,686	6,290	209,933	185,987	120	210,053
Residual Equity Transfer In (Out)			1	(1)		-	-	-	-
Fund Balances June 30, 2001	$ 74,542	$ 13,163	$ 9,682	$ 119,039	$ 5,448	$ 221,874	$ 206,559	$ -	$ 221,874

SEE NOTES TO FINANCIAL STATEMENTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis - General, Special Revenue, and Debt Service Funds

Exhibit A-3

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	General Fund			Special Revenue Funds		
	Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
Revenues						
Taxes - Local	$ 98,098	$ 97,845	$ (253)	$ 32,287	$ 31,901	$ (386)
Taxes - Intergovernmental	35,152	35,074	(78)	20,834	21,259	425
Special Assessments	-	-	-	-	-	-
Licenses	1,650	1,676	26	-	-	-
Charges for Current Services	21,777	19,877	(1,900)	-	-	-
Fines and Forfeitures	5,089	4,894	(195)	-	-	-
Use of Money and Property	8,660	5,648	(3,012)	300	776	476
Other	1,400	951	(449)	-	-	-
Total Revenues	171,826	165,965	(5,861)	53,421	53,936	515
Expenditures						
Current Operating Departments						
General Government	17,719	17,279	440	-	-	-
Police	43,958	43,952	6	-	-	-
Financial Services	6,878	6,511	367	-	-	-
Transportation	-	-	-	10,907	8,814	2,093
Community Services	42,221	38,229	3,992	-	1,674	(1,674)
Information Systems	7,331	6,894	437	-	-	-
Planning & Development	21,954	21,581	373	-	-	-
Fire	15,344	15,307	37	-	-	-
Municipal Services	1,536	1,460	76	10,089	9,808	281
Debt Service						
Principal	1,536	1,079	457	2,675	2,675	-
Interest and Fiscal Charges	3,004	2,968	36	1,380	1,380	-
Total Expenditures	161,481	155,260	6,221	25,051	24,351	700
Excess (Deficiency) of Revenues Over Expenditures	10,345	10,705	360	28,370	29,585	1,215
Other Sources (Uses)						
Operating Transfers In	18,926	13,330	(5,596)	11,628	11,299	(329)
Operating Transfers Out	(29,271)	(29,493)	(222)	(39,998)	(36,960)	3,038
Total Other Sources (Uses)	(10,345)	(16,163)	(5,818)	(28,370)	(25,661)	2,709
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(5,458)	(5,458)	-	3,924	3,924
Fund Balances July 1, 2000	-	18,720	18,720	-	8,791	8,791
Fund Balances June 30, 2001	$ -	$ 13,262	$ 13,262	$ -	$ 12,715	$ 12,715

SEE NOTES TO FINANCIAL STATEMENTS

Exhibit A-3
(continued)

Debt Service Funds			Totals (Memorandum Only)		
Budget	**Actual**	**Variance**	**Budget**	**Actual**	**Variance**
$ 30,403	$ 30,096	$ (307)	$ 160,788	$ 159,842	$ (946)
		-	55,986	56,333	347
3,735	3,026	(709)	3,735	3,026	(709)
-	-	-	1,650	1,676	26
-	-	-	21,777	19,877	(1,900)
-	-	-	5,089	4,894	(195)
323	94	(229)	9,283	6,518	(2,765)
280	275	(5)	1,680	1,226	(454)
34,741	33,491	(1,250)	259,988	253,392	(6,596)
-	-	-	17,719	17,279	440
-	-	-	43,958	43,952	6
-	-	-	6,878	6,511	367
-	-	-	10,907	8,814	2,093
-	-	-	42,221	39,903	2,318
-	-	-	7,331	6,894	437
-	-	-	21,954	21,581	373
-	-	-	15,344	15,307	37
-	-	-	11,625	11,268	357
24,943	24,894	49	29,154	28,648	506
23,201	22,216	985	27,585	26,564	1,021
48,144	47,110	1,034	234,676	226,721	7,955
(13,403)	(13,619)	(216)	25,312	26,671	1,359
13,403	15,660	2,257	43,957	40,289	(3,668)
-	(113)	(113)	(69,269)	(66,566)	2,703
13,403	15,547	2,144	(25,312)	(26,277)	(965)
-	1,928	1,928	-	394	394
-	5,560	5,560	-	33,071	33,071
$ -	$ 7,488	$ 7,488	$ -	$ 33,465	$ 33,465

Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Fund Types, and Discretely Presented Component Unit

Exhibit A-4

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2001	June 30, 2000	Scottswater Company, Inc. December 31, 2000	Reporting Entity June 30, 2001
Operating Revenues						
Water Service Fees	$ 57,133	$ -	$ 57,133	$ 55,273	$ 3,009	$ 60,142
Sewer Service Fees	24,597	-	24,597	21,002	-	24,597
Reclaimed Water Distribution	2,572	-	2,572	4,556	-	2,572
Groundwater Treatment Plant	911	-	911	657	-	911
Solid Waste Fees	15,833	-	15,833	15,107	-	15,833
Airport Fees	1,444	-	1,444	1,264	-	1,444
Billings to User Programs	-	19,940	19,940	15,447	-	19,940
Other	2,076	407	2,483	1,753	-	2,483
Total Operating Revenues	104,566	20,347	124,913	115,059	3,009	127,922
Operating Expenses						
Water Operations	29,326	-	29,326	29,589	1,176	30,502
Sewer Operations	13,208	-	13,208	7,103	-	13,208
Solid Waste Operations	12,004	-	12,004	11,664	-	12,004
Airport Operations	1,165	-	1,165	1,114	-	1,165
Fleet Management Operations	-	5,706	5,706	6,032	-	5,706
Self-Insurance Administration	-	1,520	1,520	1,376	-	1,520
Self-Insurance Claims	-	7,618	7,618	484	-	7,618
Indirect Costs	6,708	-	6,708	6,202	-	6,708
In-Lieu Property Tax	2,251	-	2,251	2,273	-	2,251
Franchise Fees	4,371	-	4,371	4,102	-	4,371
Depreciation and Amortization	18,990	4,774	23,764	23,565	146	23,910
Total Operating Expenses	88,023	19,618	107,641	93,504	1,322	108,963
Operating Income	$ 16,543	$ 729	$ 17,272	$ 21,555	$ 1,687	$ 18,959

SEE NOTES TO FINANCIAL STATEMENTS

Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Fund Types, and Discretely Presented Component Unit

Exhibit A-4
(continued)

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2001	June 30, 2000	Scottswater Company, Inc. December 31, 2000	Reporting Entity June 30, 2001
Non-Operating Revenues (Expenses)						
Property Tax	$ -	$ 538	$ 538	$ 1,200	$ -	$ 538
Investment Income	13,468	1,783	15,251	10,080	91	15,342
Gain on Sale of Fixed Assets	-	296	296	238	-	296
Interest Expense	(6,069)	-	(6,069)	(6,396)	(697)	(6,766)
Grants	-	-	-	54	-	-
Litigation Recovery	927	-	927	927	-	927
Net Non-Operating Revenues (Expenses)	8,326	2,617	10,943	6,103	(606)	10,337
Net Income (Loss) Before Operating Transfers	24,869	3,346	28,215	27,658	1,081	29,296
Operating Transfers In	653	1,012	1,665	1,498	-	1,665
Operating Transfers Out	(858)	(1,033)	(1,891)	(2,915)	-	(1,891)
Net Operating Transfers Out	(205)	(21)	(226)	(1,417)	-	(226)
Net Income	24,664	3,325	27,989	26,241	1,081	29,070
Add Depreciation on Fixed Assets Acquired By Contributed Capital	9,809	-	9,809	11,996	-	9,809
Increase In Retained Earnings	34,473	3,325	37,798	38,237	1,081	38,879
Retained Earnings (Accumulated Deficit) July 1, 2000	258,961	20,483	279,444	241,207	(14,445)	264,999
Change in Accounting Policy	-	4,087	4,087	-	-	4,087
Retained Earnings July 1, 2000 as restated	258,961	24,570	283,531	241,207	(14,445)	269,086
Retained Earnings (Accumulated Deficit) June 30, 2001	$ 293,434	$ 27,895	$ 321,329	$ 279,444	$ (13,364)	$ 307,965

SEE NOTES TO FINANCIAL STATEMENTS

Combined Statement of Cash Flows - Proprietary Fund Types and Discretely Presented Component Unit

Exhibit A-5

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2001	June 30, 2000	Scottswater Company, Inc. December 31, 2000	Reporting Entity June 30, 2001
Cash Flows from Operating Activities:						
Cash received from customers	$ 101,931	$ 19,974	$ 121,905	$ 113,447	$ 2,778	124,683
Cash paid to suppliers	(53,190)	(9,878)	(63,068)	(62,039)	(1,024)	(64,092)
Cash paid to employees	(12,745)	(2,918)	(15,663)	(15,071)	-	(15,663)
Other operating	2,067	407	2,474	2,142	-	2,474
Net Cash Provided by Operating Activities	38,063	7,585	45,648	38,479	1,754	47,402
Cash Flows from Non-Capital Financing Activities:						
Operating Transfers In	653	1,012	1,665	1,498	-	1,665
Operating Transfers Out	(858)	(1,033)	(1,891)	(2,915)	-	(1,891)
Property Tax	-	538	538	1,200	-	538
Net Cash Provided (Used) By Non-Capital Financing Activities	(205)	517	312	(217)	-	312
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Property and Equipment	(53,467)	(6,394)	(59,861)	(52,629)	-	(59,861)
Sale of Fixed Assets	-	296	296	238	-	296
Principal Payments on Long-Term Debt	(7,558)	-	(7,558)	(7,388)	(1,275)	(8,833)
Interest Paid on Long-Term Debt	(5,511)	-	(5,511)	(6,289)	(637)	(6,148)
Capital Contributions from Other Government Units	2,221	-	2,221	1,314	-	2,221
Other	15	-	15	121	-	15
Water and Sewer Development Fees	26,361	-	26,361	24,581	-	26,361
Capital Grants	(153)	-	(153)	-	-	(153)
Prepaid Expense	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-
Net Cash Provided (Used) By Capital and Related Financing Activities	(38,092)	(6,098)	(44,190)	(40,052)	(1,912)	(46,102)

SEE NOTES TO FINANCIAL STATEMENTS

Combined Statement of Cash Flows - Proprietary Fund Types and Discretely Presented Component Unit

Exhibit A-5

(continued here and on following page)

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2001	June 30, 2000	Scottswater Company, Inc. December 31, 2000	Reporting Entity June 30, 2001
Cash Flows from Investing Activities:						
Purchase of Investments	-	-	-	-	(1,554)	(1,554)
Proceeds from Sale of Investments	12	-	12	-	852	864
Income Received on Investments	10,466	1,586	12,052	10,181	91	12,143
Restricted Funds/Debt Service	-	-	-	-	-	-
Unrealized Gain (Loss) on Investments	1,483	-	1,483	(384)	-	1,483
Net Cash Provided By Investing Activities	11,961	1,586	13,547	9,797	(611)	12,936
Net Increase in Cash and Cash Equivalents	11,727	3,590	15,317	8,007	(769)	14,548
Cash and Cash Equivalents at Beginning of Year	131,846	22,250	154,096	146,089	3,446	157,542
Change in Accounting Policy	-	4,087	4,087	-	-	4,087
Cash and Cash Equivalents at Beginning of Year, as Restated	131,846	26,337	158,183	146,089	3,446	161,629
Cash and Cash Equivalents at End of Year	$ 143,573	$ 29,927	$ 173,500	$ 154,096	$ 2,677	$ 176,177
Cash and Cash Equivalents At End of Year Includes:						
Cash and Investments	$ 128,261	$ 29,927	$ 158,188	$ 138,459	$ 3,379	$ 161,567
Deduction for Long Term Investments	(184)	-	(184)	(196)	(702)	(886)
Restricted Cash and Investments	15,496	-	15,496	15,833	-	15,496
Total Cash and Cash Equivalents	$ 143,573	$ 29,927	$ 173,500	$ 154,096	$ 2,677	$ 176,177

SEE NOTES TO FINANCIAL STATEMENTS

Combined Statement of Cash Flows - Proprietary Fund Types and Discretely Presented Component Unit

Exhibit A-5
(continued)

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)
With Comparative Totals for the Fiscal Year Ended June 30, 2000 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2001	June 30, 2000	Scottswater Company, Inc. December 31, 2000	Reporting Entity June 30, 2001
Cash Flows from Operating Activities:						
Operating Income (Loss)	$ 16,543	$ 729	$ 17,272	$ 21,555	$ 1,687	$ 18,959
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:						
Depreciation and Amortization	18,990	4,774	23,764	23,565	145	23,909
Litigation Recovery	927	-	927	927	-	927
Changes in Assets and Liabilities Sources (Uses) of Cash:						
Accounts Receivable	(307)	-	(307)	141	(246)	(553)
Miscellaneous Receivables	(22)	35	13	446	-	13
Supplies Inventory	-	(61)	(61)	(19)	-	(61)
Accounts Payable	2,897	83	2,980	(4,967)	-	2,980
Accrued Payroll	200	(36)	164	223	-	164
Due to General Fund	-	-	-	(57)	-	-
Claims Payable	-	2,061	2,061	(2,484)	-	2,061
Deferred Revenue	(1,182)	-	(1,182)	(927)	15	(1,167)
Other Liabilities	17	-	17	76	153	170
Total Adjustments	21,520	6,856	28,376	16,924	67	28,443
Net Cash Provided By Operating Activities	$ 38,063	$ 7,585	$ 45,648	$ 38,479	$ 1,754	$ 47,402
Supplemental Disclosure of Noncash Financing Activities:						
Additions to Property, Plant, and Equipment:						
Contributions:						
From Developers	$ 12,859	$ -	$ 12,859	$ 91,632	$ -	$ 12,859
From Other Government Units	2,221	7,446	9,667	606	-	9,667
Deductions to Interest Expense:						
Accretion	743	-	743	704	-	743
	$ 15,823	$ 7,446	$ 23,269	$ 92,942	$ -	$ 23,269

SEE NOTES TO FINANCIAL STATEMENTS

Combined Statement of Revenues and Expenses
Budget and Actual - Budget Basis - Enterprise Funds

Exhibit A-6

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Totals		
	Budget	**Actual**	**Variance**
Revenues			
Water Service Fees	$ 59,132	$ 57,133	$ (1,999)
Sewer Service Fees	25,280	24,597	(683)
Solid Waste Fees	15,822	15,705	(117)
Airport Fees	1,450	1,444	(6)
Property Rental	-	2	2
Interest Earnings	6,360	8,956	2,596
Operating Transfers In	309	653	344
Other	3,832	2,709	(1,123)
Total Revenues	112,185	111,199	(986)
Expenses			
Water Operations	35,825	27,420	8,405
Sewer Operations	8,657	11,459	(2,802)
Solid Waste Operations	12,367	11,942	425
Airport Operations	1,047	1,155	(108)
Debt Service and Reserves	14,192	13,973	219
Operating Transfers Out	494	856	(362)
Indirect Costs	6,702	6,708	(6)
In Lieu Property Tax	2,252	2,251	1
Franchise Fee	4,370	4,371	(1)
Total Expenses	85,906	80,135	5,771
Excess of Revenues Over Expenses	$ 26,279	$ 31,064	$ 4,785

SEE NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The City of Scottsdale (City) was incorporated in 1951. The current City Charter was adopted in 1961, which established the Council/Manager form of government. The City provides basic government services to its citizens including roads, water, sewer, solid waste management, public transit, parks and recreation facilities, police and fire.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) 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 its 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

- The City of Scottsdale Municipal Property Corporation (MPC), a nonprofit 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.
- The Scottsdale Preserve Authority (SPA), a nonprofit corporation, was created by the City in 1997 for the purpose of financing land acquisitions for the McDowell Sonoran Preserve. The City Council must approve the election of the SPA's Board of Directors. For financial reporting purposes, transactions of the SPA are included as if it were part of the City's operations.
- Scottsdale Mountain, McDowell Mountain Ranch, DC Ranch, and Via Linda Road Community Facilities Districts were formed by petition to the City Council in 1992, 1994, 1997, and 1998 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. The City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.
- Separate financial statements of the MPC, SPA and Scottsdale Mountain, McDowell Mountain Ranch, DC Ranch, and Via Linda Road Community Facilities Districts 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 Unit - Discrete

The component unit columns in the combined financial statements reflects the financial data of Scottswater Company, Inc. (the Company) and the Los Arcos Multi-Purpose Facilities District (the District) as described below. The Company and the District are reported as a proprietary fund and a governmental fund, respectively in separate columns to emphasize they are legally separate from the City.

- The Company is a nonprofit corporation established by the City Council in 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 financial information reported for the Company includes the consolidated activity of the Company and the Partnership. Both entities have a fiscal year end of December 31; therefore, the component unit column presents financial statements as of and for the year ended December 31, 2000. For additional discussion of the Company and disclosures regarding the amounts presented in the component unit column, refer to Note 21.

  Separate financial statements of the Company, and the Partnership for the year ended December 31, 2000, may be obtained from the City's Financial Services Department, at 7447 E. Indian School Road, Suite 210, Scottsdale, AZ 85251.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

A. Financial Reporting Entity (continued)

- The City of Scottsdale created the Los Arcos Multipurpose Facilities District on December 17, 1998 to finance the construction of a multipurpose arena, stadium or similar facility. In a May 18, 1999 election the citizens upheld the formation of the District. The Board of Directors for the District will consist of two members appointed by the governing body of each municipality participating in the District. On November 2, 1999, the voters approved the District to use 50 percent of the state sales tax revenue generated by all businesses operating at a multipurpose facility to finance an arena, entertainment and retail project.

  The financial information presented for the District in the component unit column is for the fiscal year ended June 30, 2001. For additional discussion of the District and disclosures regarding the amounts presented in the component unit column, refer to Note 20.

  Separate financial statements of the District for the year ended June 30, 2001, may be obtained from the City's Financial Services Department at 7447 E. Indian School Road, Suite 210, Scottsdale, AZ., 85251.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and 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.

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 determining financial position and changes in financial position rather than on net income. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

B. Fund Accounting (continued)

Proprietary Fund Types

Proprietary Funds account for 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, in contrast with the governmental funds, is on determining net income, financial position, and cash flows.

- **Enterprise**
  Enterprise Funds 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 expenses 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 or management control.
- **Internal Service**
  Internal Service Funds 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.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 requires that proprietary activities apply all applicable GASB pronouncements and certain other pronouncements issued by other standard-setting entities [specifically, Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements]. The City has the option to apply, to its proprietary activities, FASB Statements and Interpretations issued after November 30, 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Fiduciary Fund Types

Fiduciary funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

- **Expendable Trust Funds**
  The City's Expendable Trust Fund accounts for assets held in a trustee capacity for libraries, the arts, parks, memorials, and other purposes as designated by the donors or by legal restrictions. Both the principal and earnings of these expendable trust funds can be expended for the trusts' intended purposes. Expendable trust funds use the same flow of current financial resources measurement focus and modified accrual basis of accounting used by governmental funds.
- **Non-Expendable Trust Funds**
  The City does not have any non-expendable trust funds as of June 30, 2001.
- **Agency**
  Agency funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds are used to record the Family Self-Sufficiency activity and Retainage Escrow activity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

B. Fund Accounting (continued)

Account Groups

Account groups are not funds but are sets of self-balancing accounts used to record a government's general fixed assets and general long-term debt.

- **General Fixed Assets**
  This account group provides a record of all fixed assets of the City, other than those recorded directly in the proprietary funds.
- **General Long-Term Debt**
  This account group provides a record of all unmatured principal of the City's long-term debt. Community facilities districts debt is included in this account group as required by generally accepted accounting principles, since the districts are component units of the City. Long-term debt that is paid out of the enterprise funds is not recorded in the general long-term debt account group, but is recorded directly in the enterprise funds.

C. Basis of Accounting

The City uses the modified accrual basis of accounting for its governmental and expendable trust funds, and for recording the assets and liabilities of the agency fund. Under the modified accrual basis of accounting, revenue is recorded only when it can be measured and is 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 created—that is, when payment for the event or transaction (such as goods received or services rendered) is expected to draw upon current spendable resources.

Property tax, transaction privilege tax, franchise fees, hotel/motel transient occupancy tax, and investment earnings are recorded using the modified accrual basis, when such revenues are both measurable and available. However, licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenue are recorded as revenue when received in cash because they are generally not measurable until actually received.

In recording intergovernmental revenue, the City distinguishes between two types. In the first type, the City must expend funds for specific purposes before any revenue is paid to the City. This type of revenue is recognized based upon appropriate expenditures recorded. In the other type, monies are unrestricted as to purpose of expenditure and can be revoked only if the City fails to comply with certain requirements, e.g., equal employment opportunity. These revenues are recorded when received, or earlier if they meet the criteria of being measurable and available.

The proprietary fund types use the accrual basis of accounting. Under accrual accounting, revenue is recognized when earned and expenses are recognized when incurred.

D. Budget And Budgetary Accounting

The City prepares a biennial budget that covers fiscal year 1999/00 and 2000/01. The 2000/01 budget appropriation is established and reflected in the financial statements as follows:

- The City Council formally adopts the budget and legally allocates, or appropriates, available monies for the General Fund, Highway User Fuel Tax Special Revenue Fund, Debt Service Funds (except for the Community Facilities Districts Debt Service Fund), and Enterprise Funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented.
- The Community Development, Home, Grants, and Section 8 Special Revenue Funds, Community Facilities Districts Funds, Capital Projects Funds, Internal Service Funds, and Trust and Agency Funds have non-appropriated budgets. Accordingly, no comparison of budget to actual is presented in the financial statements for these funds. Budgets for the Community Development, Grants, and Section 8 Funds are established pursuant to the terms of the related grant awards. Budgets for the Community Facilities Districts are established in accordance with Arizona Revised Statutes, which do not require their inclusion in the City budget or adoption by the City Council. Budgets for Capital Projects Funds are established for individual projects and unexpended funds are reappropriated each year until the project is completed and capitalized. Budgets for Internal Service Funds are established in order to help departments control operational costs. Budgets for Trust and Agency Funds are established in accordance with the trust/agency agreements.
- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

D. Budget and Budgetary Accounting (continued)

- 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 2000/01, 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 total budget as adopted. 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) unexpended appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department.
- All expenditure appropriations which have not been expended 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 3.

E. Encumbrances

Beginning July 1, 1998, the City discontinued the use of encumbrance accounting. As such, fund balance amounts are not reserved for purchase orders, contracts, and other commitments.

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

GASB Statement No. 31 provides that governmental entities may report all investments at fair value or they may elect to report certain money market investments and participating interest-earning investment contracts at amortized cost. The City has elected to report all investments at fair 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 ("LGIP"). The LGIP is overseen by the State of Arizona. The fair value of each share in the LGIP is $1.

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 Fleet Management Internal Service Fund. Inventories are valued at year-end based on cost, with cost 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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

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.

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
Land 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 is removed from the accounts, and any resultant gain or loss is recognized.

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.

Nonrecurring 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 City accumulates the resources to pay, and records the payments of principal, interest, and fiscal charges on long-term debt primarily in the City's Debt Service Funds. The City's Debt Service Funds consist of five individual debt service funds:

- General Obligation - Accounts for those general obligation bonds that are repaid through the general resources of the City.
- Municipal Property Corporation (MPC) - Accounts for bonds issued by the MPC, which are repaid through collections of transaction privilege tax (sales tax) and other unrestricted revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

L. Funds Servicing Long-Term Debt (continued)

- Scottsdale Preserve Authority - Accounts for bonds issued by the SPA, which are repaid through collections of a two tenths of one percent City sales tax approved by voters in September 1996 to be used specifically for this purpose.
- Special Assessments - Accounts for and services all special assessment bonds, which are paid via assessments on the property owners.
- Community Facilities Districts (CFD's) - Accounts for all debt issued by the CFD's and repaid through property taxes collected from property owners residing within the District. CFD debt is included in accordance with generally accepted accounting principles since the districts are component units of the City.

In addition, the City accounts for other debt as follows. Payments of principal and interest on contracts that are funded by general revenues are recorded in the General Fund. Payments of principal and interest on contracts funded by the McDowell Mountain privilege tax are recorded in the Preserve Tax Special Revenue Fund. Payments on bonds funded by Highway User revenues are reported in the Highway User Fuel Tax Special Revenue Fund. Finally, the Enterprise Funds account for and service the bonds and contracts paid out of revenues of those funds.

M. Compensated Absences

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 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. The City's policy, however, is that only those employees hired full-time before July 1, 1982 are paid for unused sick leave at death or retirement. Employees who retire on or after July 1, 1996, and who have accumulated 300 or more hours of sick leave, may elect to apply the value of the sick leave toward their City medical plan premiums. 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 an actuarial valuation dated January 1, 1998 for medical leave conversion. The remaining noncurrent amount of compensated absences is recorded in the General Long-Term Debt Account Group (GLTDAG). There is no long-term liability for compensated absences in the proprietary funds.

N. "Memorandum Only" Comparative Total Columns

Total columns for the current and prior year for the City (the primary government) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Total columns for the current year only are also presented for the reporting entity (the City and the discretely presented component units).

Data in the "memorandum only" 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 – CHANGE IN ACCOUNTING POLICY AND PRIOR PERIOD ADJUSTMENT

The City changed the fund used to account for self-insured benefits for the year ended June 30, 2001. In prior years the activity had been accounted for in the General Fund. The activities are recorded in the Self-Insurance Fund for the fiscal year ended June 30, 2001. In addition, two prior period adjustments were made to the General Fund and Los Arcos Multipurpose Facilities District to correct errors made in previous years. See Note 20 for the adjustment to the Los Arcos Multi-Purpose Facilities District. The changes to beginning fund balance/retained earnings are as follows:

	General Fund	Fleet Management Fund	Self-Insurance Fund	Total Internal Service Funds
Fund Balance/Retained Earnings, July 1	$ 75,522	$ 17,954	$ 2,529	$ 20,483
Change in Accounting Policy	-	-	4,087	4,087
Prior Period Adjustment	3,374	-	-	-
Fund Balance/Retained Earnings as restated, July 1	$ 78,896	$ 17,954	$ 6,616	$ 24,570

NOTE 3 - 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) - Enterprise Fund.

However, the City prepares its budget on a basis that 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 (Deficits) - Budget and Actual - Budget Basis - General, Special Revenue, and Debt Service Funds; and in the Combined Statement of Revenue and Expenditures - Budget and Actual - Budget Basis - Enterprise Fund, but on a budgetary basis, to provide a meaningful comparison of actual results with the budget.

- The major differences between the GAAP and budget basis - Funds, activities, and accounts that are not budgeted, or that do not have appropriated budgets, are appropriately included on the GAAP-basis statements, but do not appear on the budget-basis statements.
- Certain revenues, expenditures, and transfers are accrued on the GAAP basis but are not recognized in the budgetary year.
- 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.
- Capital outlays not recognized as GAAP expenses in the Enterprise Funds are recognized as expenses for budget purposes.
- Debt service principal payments in the Enterprise Funds are not recognized on the GAAP basis but are recognized as expenses for budget purposes.

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.

Total Revenues (in thousands of dollars)	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 181,316	$ 68,822	$ 36,843
Deduct revenues for which appropriated annual budgets are not prepared:			
Streetlight and Services Districts, and Community Facilities Districts	(973)	-	(3,352)
CDBG, Home, Grants, Section 8 Special Revenue Funds & other miscellaneous revenue	-	(14,886)	-
Deduct items recorded as revenues for GAAP purposes that are recorded as operating transfers in, from the Enterprise Fund, for budget purposes:			
Indirect costs	(6,708)	-	-
Franchise fees	(4,371)	-	-
In-lieu property tax	(2,251)	-	-
Unrealized Gain on Investments	(1,048)		
Total reconciling items	(15,351)	(14,886)	(3,352)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis	$ 165,965	$ 53,936	$ 33,491

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

Total Expenditures (in thousands of dollars)	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 157,113	$ 39,077	$ 49,734
Deduct expenditures of districts/funds for which appropriated budgets are not prepared:			
Streetlight and Services Districts, and Community Facilities Districts	(977)	-	(2,624)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	(14,663)	-
Items recorded as expenditures for GAAP purposes that are not recognized for budget purposes:			
Deduct increase in compensated absences	(876)	(63)	-
Total reconciling items	(1,853)	(14,726)	(2,624)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis	$ 155,260	$ 24,351	$ 47,110

Total Other Sources (Uses) (in thousands of dollars)	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	$ (28,557)	$ (24,619)	$ 15,548
Add items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	6,708	-	-
Franchise fees	4,371	-	-
In-lieu property tax	2,251	-	-
Deduct items for which appropriated budgets are not prepared:			
Section 8 Special Revenue Fund - Total other sources	-	-	-
Community Facilities Districts - Total other sources	-	-	(1)
Transfers	(936)	(1,042)	-
Total reconciling items	12,394	(1,042)	(1)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	$ (16,163)	$ (25,661)	$ 15,547

Fund Balance (Deficit) at June 30, 2001 (in thousands of dollars)	General	Special Revenue	Debt Service
GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	$ 74,542	$ 13,163	$ 9,682
Add (deduct) total reconciling items previously described for:			
Revenues	(15,351)	(14,886)	(3,352)
Expenditures	1,853	14,726	2,624
Other Sources/(Uses)	12,394	(1,042)	(1)
Add June 2000 canceled encumbrances	-	-	-
Deduct July 1, 2000 fund balance of funds for which appropriated budgets are not prepared:			
Community Facilities Districts	-	-	(1,613)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	808	-
Deduct residual equity transfer in			(1)
Deduct difference in July 1, 2000 GAAP basis fund balance, compared to July 1, 2000 budget basis fund balance. (Difference results from GAAP/budget differences for prior years)	(60,176)	(54)	149
Total reconciling items	(61,280)	(448)	(2,194)
Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	$ 13,262	$ 12,715	$ 7,488

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

Revenues (in thousands of dollars)	Enterprise
GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)	
Operating revenues	$ 104,566
Non-operating revenues - interest	13,468
Litigation Recovery	927
Operating transfers in	653
Total revenues and transfers in	119,614
Deduct revenue received for non-budgeted funds	(3,903)
Deduct interest earnings on bond funds not recognized as income for budget purposes	(4,512)
Total reconciling items	(8,415)
Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual	$ 111,199

Expenses (in thousands of dollars)	Enterprise
GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)	
Operating expenses	$ 88,023
Non-operating expenses - interest	6,069
Operating transfers out	858
Total expenses and transfers out	94,950
Deduct items recorded as GAAP expenses that are not recognized as expenses or transfers for budget purposes:	
Compensated absences	(200)
Depreciation and amortization	(18,990)
Transfers Out	(2)
Add items recorded as expenses for budget purposes that are not recognized as expenses for GAAP purposes:	
Capital outlay	602
Debt service principal payments	7,904
Deduct expenses related to non-budgeted activity	(4,129)
Total reconciling items	(14,815)
Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual	$ 80,135

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 2001 are not available for 2000/01; accordingly, such taxes will not be recognized as revenue until 2001/02. 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 - 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 Funds, which have investments held separately by a trustee.

Deposits

At June 30, 2001, the carrying amount of the City's deposits was $4,914,586, and the bank balance was $13,049,309. The $8,134,723 difference represents outstanding checks and other reconciling items. Of the bank balance, $4,731,342 was covered by federal depository insurance or by collateral held by the City's agent in the name of the City. The remaining balance of $8,317,967 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Investments

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government agencies, Certificates of Deposit, bankers' acceptances, commercial paper (A-1, P-1), repurchase agreements, mutual funds consisting of the foregoing, and the State of Arizona Local Government Investment Pool (LGIP).

Investments are categorized into these three categories of credit risk:

(1) Insured or registered, or securities held by the City or its agent in the City's name.

(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

(3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

The City's investments at June 30, 2001, are summarized below. There were no investments in risk categories two or three. Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	Risk Category 1	Total Fair Value
U.S. Government Securities	$ 254,835	$ 254,835
Repurchase Agreements	30,277	30,277
	$ 285,112	$ 285,112
LGIP		144,634
Guaranteed Investment Contracts		3,432
Money Market Funds		10,247
Total Investments		$ 443,425

NOTE 5 - CASH AND INVESTMENTS (CONTINUED)

Reconciliation of Note 5 to Exhibit A-1
(in thousands of dollars)

Note 5		Exhibit A-1	
Total Cash/ Book Value	$ 4,914	Cash Investments	
Total Investments	443,425	General Fund	$ 73,595
Total	$ 448,339	Special Revenue Fund	12,728
		Debt Service Fund	44,289
		Capital Projects Fund	134,927
		Enterprise Fund	128,261
		Internal Service Fund	29,927
		Trust and Agency Fund	9,116
		Restricted Cash and Investments	
		Enterprise Fund	15,496
		Total (Primary Government)	$ 448,339

Cash and Investments for Los Arcos Multi-Purpose Facilities District and Scottswater, Inc. are discussed in Note 20 and Note 21, respectively.

NOTE 6 - FIXED ASSETS

Summary of changes in general fixed assets (in thousands of dollars).

	Balance 7/1/00	Transfers/ Additions	Transfers/ Deletions	Balance 6/30/01
Land	$ 261,987	$ 34,706	$ -	$ 296,693
Buildings and Improvements	253,113	8,840	(3,845)	258,108
Streets and Storm Drains	1,798,110	59,712	-	1,857,822
Machinery and Equipment	47,261	2,341	(40)	49,562
Construction in Progress	66,219	25,757	(7,105)	84,871
Total	$ 2,426,690	$ 131,356	$ (10,990)	$ 2,547,056

General fixed asset construction in progress commitments at June 30, 2001, included as a line item above, were composed of (in thousands of dollars):

	Construction In Progress	Commitments	Budget
Streets	$ 35,898	$ 21,955	$ 57,853
Traffic	2,699	4,784	7,483
Improvement District	19,450	5,782	25,232
Drain/Flood Control	5,678	9,942	15,620
Parks/Recreation	5,625	5,865	11,490
Specialty Areas	2,809	10,982	13,791
Service Facilities	10,117	7,314	17,431
Public Safety	1,863	5,512	7,375
Libraries	-	-	-
Transit	732	4,478	5,210
Total	$ 84,871	$ 76,614	$ 161,485

NOTE 6 - FIXED ASSETS (CONTINUED)

Estimated costs of general fixed assets contributed to the City during fiscal year 2000/2001 are as follows (in thousands of dollars):

Streets and Storm Drains $59,713

A summary of Proprietary funds fixed assets at June 30, 2001, as follows (in thousands of dollars):

	Enterprise	Internal Service
Land and Land Improvements	$ 25,379	$ -
Water Rights	64,194	-
Water System	400,170	-
Sewer System	253,768	-
Buildings and Improvements	6,690	1,448
Motor Vehicles	-	38,546
Machinery and Equipment	7,274	797
Furniture, Fixtures and Office Equipment	742	22
Construction in Progress	85,733	1,517
	843,950	42,330
Accumulated Depreciation	(149,944)	(16,344)
Net Fixed Assets	$ 694,006	$ 25,986

Enterprise and Internal Service Funds construction in progress commitments at June 30, 2001, included as a line item above, were composed of the following (in thousands of dollars):

	Construction In Progress	Commitments	Budget
Enterprise:			
Water System Projects	$ 42,051	$ 59,939	$ 101,990
Sewer System Projects	42,798	18,669	61,467
Airport Projects	884	325	1,209
Total	85,733	78,933	164,666
Internal Service:			
Motor Vehicle Projects	$ 1,517	$ 1,625	$ 3,142

Estimated costs of fixed assets contributed to the proprietary funds during fiscal year 2000/2001 are as follows (in thousands of dollars):

Water System and Sewer System $12,859
Airport Fund Fixed Assets $2,221

Fixed Assets for Los Arcos Multi-Purpose Facilities District and Scottswater, Inc. are discussed in Note 20 and Note 21, respectively.

NOTE 7 - LEASES

Capital Leases – In connection with the Waterfront Area Redevelopment Plan, the City has entered into a garage lease agreement in order to provide unrestricted public parking. The lease has an initial term of 50 years. The lease is payable over 30 years in the amount of $28,750,000, plus interest at 9.14% per annum, subject to an interest rate buy down option. The exclusive funding source for the lease payments will be new retail sales tax revenues generated by the Nordstrom department store and the multilevel retail bridge linking Nordstrom to Fashion Square, as well as increased retail sales tax revenues (over 1995) from Fashion Square.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded as buildings and other improvements, at the present value of the future minimum lease payments as of the inception date, in the general fixed assets account group.

The future lease payments are based on incremental tax revenues, therefore, the following presentation of future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2001 are based on projected sales tax revenues.

Year Ending June 30, 2001 (in thousands of dollars)	General Long-Term Debt Account Group
2002	$ 2,410
2003	2,464
2004	2,538
2005	2,614
2006	2,692
2007-2011	14,722
2012-2016	17,067
2017-2021	19,786
2022-2026	22,937
2027-2031	10,167
Total Estimated Minimum Lease Payments	97,397
Less: Amount Representing Interest	(68,647)
Present value of Minimum Lease Payments	$ 28,750

NOTE 8 - LONG-TERM DEBT

The following are brief descriptions of bonds outstanding at June 30, 2001. The totals shown are the principal amount outstanding, net of the current portion due July 1, 2001.

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, recreational facilities, and general purpose improvements. At June 30, 2001, the City had $358,200,000 of unissued various purpose GO bonds, which were authorized in September 2000. In addition, the City had $105,400,000 of unissued Preservation GO bonds, which were authorized in September 1999. 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 as described below, and are repaid through revenues of that fund unless such revenues are insufficient.

NOTE 8 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (continued)

General Obligation Bonds	Bonds Outstanding (in thousands of dollars)
1989 Capital Improvement Project Serial Bonds (Series B issued 1991) due in annual installments of $740,000 to $1,175,000 through July 1, 2011; interest at 6.0 percent to 8.5 percent. Original issue amount, $19,000,000.	$ 3,310
1989 Capital Improvement Project Serial Bonds (Series C issued 1992)/Refunding Bonds due in annual installments of $750,000 to $2,025,000 through July 1, 2012; interest at 5.25 percent to 7.75 percent. On September 3, 1997, $5,505,000 were refunded. Original issue amount, $25,055,000.	8,630
1993 Refunding Bonds due in annual installments of $1,010,000 to $8,150,000 through July 1, 2009; interest at 4.0 percent to 5.5 percent. $28,399,993 of these bonds are recorded in and paid out of the Water Fund. Of the total outstanding at June 30, 2001, $9,531,828 bonds are capital appreciation bonds maturing in 2004 and 2005, of which $6,195,524 are included in the amount paid out of the Water Fund. The original issue amount for the 1993 Refunding Bonds was $45,015,000.	37,711
1989 Capital Improvement Project Serial Bonds (Series D issued 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. Original issue amount, $21,000,000.	13,735
1993A Refunding Bonds due in annual installments of $475,000 to $5,560,000 through July 1, 2011; interest at 3.65 percent to 5.1 percent. $1,315,000 of these bonds are recorded in and paid out of the Water Fund. Of the total outstanding at June 30, 2001, $4,712,636 bonds are capital appreciation bonds maturing in 2002 and 2003. The original issue amount for the 1993A Refunding Bonds was $24,265,000.	21,892
1989 Capital Improvement Project Serial Bonds (Series E issued 1994) due in annual installments of $450,000 to $1,150,000 through July 1, 2014; interest at 5.25 percent to 8.25 percent. On September 3, 1997, $4,325,000 were refunded. Original issue amount, $14,250,000.	6,575
1994 Various Projects Serial Bonds due in annual installments of $475,000 to $775,000 through July 1, 2005; interest at 5.75 percent to 8.25 percent. On September 3, 1997, $9,525,000 were refunded. Original issue amount, $16,000,000.	2,850
1995 Storm Sewer, Parks and Pima Road Improvement Serial Bonds (issued November 1, 1995) due in annual installments of $425,000 to $1,200,000 through July 1, 2015; interest at 4.65 percent to 7.0 percent. Original issue amount, $15,000,000.	12,100

NOTE 8 - LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (continued)

General Obligation Bonds (continued)	Bonds Outstanding (in thousands of dollars)
1989 Capital Improvement Project Serial Bonds (Series H issued January 1, 1997) due in annual installments of $870,000 to $2,115,000 through July 1, 2016; interest at 5.0 percent to 7.5 percent. Original issue amount, $27,500,000.	$ 22,920
1997 Refunding Bonds (issued August 1, 1997) due in annual installments of $50,000 to $3,510,000 through July 1, 2014, interest at 4.45 percent to 5.5 percent. Original issue amount $19,900,000.	19,900
1989 Capital Improvement Project Serial Bonds (issued April 6, 1998) due in annual installments of $445,000 to $1,340,000 through July 1, 2015, interest at 4.3 percent to 6.5 percent. Original issue amount $20,500,000.	18,630
1999A Transportation, Storm Sewer, Flood Protection and Pima Road Improvements Serial Bonds (issued June 29, 1999) due in annual installments of $675,000 to $1,900,000 through July 1, 2019; interest at 4.6 percent to 6.5 percent. Original issue amount $25,200,000.	23,725
1999 Preservation Bonds (issued November 16, 1999) due in annual installments of $800,000 to $4,225,000 through July 1, 2024; interest at 7.5 percent to 5.0 percent. Original issue amount $59,600,000.	57,575
2001 Preservation Bonds (issued March 29, 2001) due in annual installments of $920,000 to $2,455,000 through July 1, 2024; interest at 4.0 percent to 6.0 percent. Original issue amount $35,000,000.	35,000
Total General Obligation bonds outstanding	$ 284,553
Less General Obligation bonds paid out of Water Enterprise Fund	(22,070)
Net General Obligation bonds outstanding recorded as General Long-Term Debt	$ 262,483

The 1999 and 2001 Preservation Bonds of $57,575 and $35,000, respectively, are paid from the .2% Preservation Sales Tax.

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.

HURF Revenue Bonds	Bonds Outstanding (in thousands of dollars)
1993 Highway User Revenue Refunding Serial Bonds due in annual installments of $405,000 to $2,990,000 through July 1, 2007; interest at 4.25 percent to 5.5 percent. Original issue amount, $26,690,000.	$ 15,660

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Municipal Property Corporation Bonds

The Municipal Property Corporation (MPC) is a nonprofit corporation created by the City in 1967 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. Most of these bonds are recorded as general long-term debt. The 1995 MPC Transfer Station bonds and $2,800,000 of the 1996 MPC bonds, as described below, however, are recorded in and paid out of revenues of the Solid Waste Enterprise Fund.

Municipal Property Corporation Bonds	**Bonds Outstanding (in thousands of dollars)**
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 5.0 percent to 6.375 percent. Original issue amount, $47,095,000.	$ 33,720
1993 Municipal Property Corporation Refunding Bonds due in annual installments of $515,000 to $4,170,000 through July 1, 2005; interest at 4.25 percent to 5.375 percent. Original issue amount, $29,475,000.	15,435
1994 Municipal Property Corporation Refunding Bonds due in annual installments of $775,000 to $1,080,000 through July 1, 2004; interest at 4.3 percent to 5.15 percent. Original issue amount, $9,295,000.	3,080
1995 Municipal Property Corporation TPC Land Taxable Excise Tax Revenue Bonds due in annual installments of $70,000 to $285,000 through July 1, 2015; interest at 7.7 percent to 9.0 percent. Original issue amount, $2,950,000.	2,480
1995 Municipal Property Corporation Transfer Station Excise Tax Revenue Serial Bonds (issued November 1, 1995) due in annual installments of $160,000 to $330,000 through July 1, 2010; interest at 4.75 percent to 7.25 percent. These bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, $3,500,000.	2,435
1996 Municipal Property Corporation Excise Tax Revenue Bonds for McCormick/Stillman Park, computers, and curbside recycling (issued July 1, 1996) due in annual installments of $310,000 to $1,570,000 through July 1, 2004; interest at 4.4 percent to 5.4 percent. The curbside recycling portion ($2,800,000 issued, $0 outstanding) of bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, $7,550,000.	975
1998 Municipal Property Corporation Excise Tax Revenue Bonds (issued December 2, 1998) due in annual installments of $3,500,000 to $180,000 through July 1, 2008; interest at 4.0 percent. Original issue amount, $9,150,000.	1,125
Total MPC bonds outstanding	$ 59,250
Less MPC bonds paid out of Solid Waste Enterprise Fund	(2,435)
Net MPC bonds outstanding recorded as General Long-Term Debt	$ 56,815

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Scottsdale Preserve Authority Bonds

The Scottsdale Preserve Authority (SPA) is a nonprofit corporation created by the City in 1997 to finance land acquisitions for the McDowell Sonoran Preserve. The SPA issues its own bonds which are repaid through the two tenths of one percent City sales tax approved by voters in September 1996 to be used specifically for this purpose. SPA bonds are recorded as general long-term debt and are paid out of the SPA Debt Service Fund.

Scottsdale Preserve Authority Bonds	Bonds Outstanding (in thousands of dollars)
1997 Scottsdale Preserve Authority Excise Tax Revenue Bonds due in annual installments of $170,000 to $1,475,000 beginning July 1, 1998, through July 1, 2020; interest at 7.75 percent to 5.625 percent. Original issue amount $20,500,000.	$ 18,905
1998 Scottsdale Preserve Authority Excise Tax Revenue Bonds due in annual installments of $1,015,000 to $6,585,000 beginning July 1, 1999, through July 1, 2024; interest at 6.0 percent to 4.75 percent. Original issue amount $77,000,000.	73,060
Total Scottsdale Preserve Authority Bonds	$ 91,965

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, 2001, the City had $3,340,000 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 covenants require that the City accumulate sufficient reserves to cover the eventual replacement of the water and sewer system. The City has continued to meet this reserve requirement. At June 30, 2001, the funds reserved for this purpose were $13,378,755.

Water and Sewer Revenue Bonds	Bonds Outstanding (in thousands of dollars)
1989 Water and Sewer Revenue Serial Bonds (Series B issued 1992) due in annual installments of $165,000 to $410,000 through July 1, 2012; interest at 5.0 percent to 7.5 percent. Original issue amount, $5,000,000.	$ 3,365
1989 Water and Sewer Revenue Bonds (Series C issued 1994) due in annual installments of $150,000 to $240,000 through July 1, 2005; interest at 5.75 percent to 8.25 percent. $3,005,000 of these bonds were refunded on March 1, 1996. Original issue amount, $5,000,000.	885
1996 Water and Sewer Revenue Refunding Serial Bonds (issued March 1, 1996) due in annual installments of $325,000 to $1,000,000 beginning July 1, 1997 through July 1, 2014; interest at 3.5 percent to 5.625 percent. For GAAP financial statement purposes, these bonds are reported net of the deferred loss on refunding and deferred issuance costs totaling $449,915 at June 30, 2001.	7,250
1989 Water and Sewer Revenue Bonds (Series D issued November 1, 1997) due in annual installments of $425,000 to $1,050,000 through July 1, 2017; interest at 4.75 percent to 7.25 percent. Original issue amount $20,000,000.	18,150
1989 Water and Sewer Revenue Bonds (Series E issued December 2, 1998) due in annual installments of $1,015,000 to $4,615,000 through July 1, 2023; interest at 4.5 percent to 7.0 percent. Original issue amount $50,000,000.	46,440
Total Water and Sewer Revenue Bonds outstanding	$ 76,090

NOTE 8 - LONG-TERM DEBT (CONTINUED)

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 the principal and interest 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, 2001, 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.

At June 30, 2001, there were 13 separate series of special assessment improvement bonds outstanding, each series issued as serial bonds to be repaid over 10 years.

	Bonds Outstanding (in thousands of dollars)
Special Assessment Bonds	
Special Assessment Bonds issued August 15, 1989, through September 1, 1998, maturing January 1, 1999, through January 1, 2013; due in annual installments of $15,000 to $1,575,000; interest at 4.625 percent to 7.05 percent. Total original issue amount, $49,040,000.	$ 7,681

Community Facilities Districts 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. At June 30, 2001, the Scottsdale Mountain CFD, McDowell Mountain Ranch CFD, DC Ranch CFD, and Via Linda Road CFD had, respectively, $1,550,000, $1,140,000, $12,165,000, and $275,000 of authorized but unissued general obligation bonds. 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.

CFDs are created only by petition to the City Council by property owners within the district areas. As board of directors for the CFDs, 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 unimproved district property to the proposed district debt, is a minimum of 3 to 1, and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the CFD and administered by the City. In addition, cumulative debt of all CFDs cannot exceed 5 percent of the City's secondary assessed valuation.

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Community Facilities Districts General Obligation Bonds (CONTINUED)

Community Facilities Districts General Obligation Bonds	Bonds Outstanding (in thousands of dollars)
1993A Scottsdale Mountain Community Facilities District General Obligation Bonds 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. Original issue amount, $3,000,000.	$ 2,715
1993B Scottsdale Mountain Community Facilities District General Obligation Bonds 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. Original issue amount, $525,000.	485
1995 Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of $45,000 to $175,000 beginning July 1, 2000 through July 1, 2019; interest at 7.0 percent to 7.625 percent. Original issue amount $1,925,000.	1,830
1998 DC Ranch Community Facilities District General Obligation Bonds due in annual installments of $155,000 to $385,000 beginning July 15, 2005 through July 15, 2023; interest at 4.75% to 5.5%. Original issue amount $4,750,000.	4,750
1999 Via Linda Road Community Facilities District General Obligation Bonds due in annual installments of $95,000 to $255,000 beginning July 15, 2004 through July 15, 2023; interest at 5.0% to 5.75%. Original issue amount $3,225,000.	3,225
1999 McDowell Mountain Ranch Community Facilities District General Obligation Refunding Bonds due in annual installments of $320,000 to $1,455,000 beginning July 15, 1999 through July 15, 2022; interest at 4.0% to 6.0%. Original issue amount $20,245,000.	19,005
1999 DC Ranch Community Facilities District General Obligation Bonds (issued November 1, 1999) due in annual installments of $85,000 to $260,000 beginning July 15, 2005 through July 15, 2011. Interest at 5.45% to 6.50%. Original issue amount $3,085,000.	3,085
Total Community Facilities Districts General Obligation bonds outstanding	$ 35,095

CFD Advance Refundings

There were no refundings during fiscal year 2000/01. In prior years, the McDowell Mountain Ranch CFD refinanced other bond issues through the issuance of a refunding bond. The proceeds from the refunding bond 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 redemption or 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.

The table reflects refunded debt outstanding at June 30, 2001, and net of any amounts to be paid or retired by the trustee on July 1, 2001 (in thousands of dollars).

Refunded in Prior Year (in thousands of dollars)	
General Obligation Series Series 1994	$ 8,800
General Obligation Series Series 1994 A	2,845
General Obligation Series 1997	6,910
	$ 18,555

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Statutory Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt issued for 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. Accretion on capital appreciation bonds, which is included for GAAP purposes as outstanding debt, is excluded for this calculation. General obligation bonds of community facilities districts also are not subject to or included in this calculation. The following summarizes the City of Scottsdale's legal general obligation bonded debt borrowing capacity at June 30, 2001 (in thousands of dollars):

General Obligation Bonds Issued to Provide Water, Sewer, Light,		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	$ 575,547	6% Constitutional Limit	$ 172,664
Less General Obligation 20% Bonds Outstanding	(195,573)	Less General Obligation 6% Bonds Outstanding	(77,117)
Available 20% Limitation Borrowing Capacity	$ 379,974	Available 6% Limitation Borrowing Capacity	$ 95,547

Contracts Payable

The City of Scottsdale has entered into various purchase contracts related to economic development, acquisition of water system facilities, acquisition of recreational facilities and patents. The contract for the acquisition of water system facilities is payable only from the operating revenue of the water and sewer utility system. The following is a summary of debt service to maturity for all long-term contracts payable at June 30, 2001.

Payable out of the General Fund	Contracts Payable (in thousands of dollars)
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.	$ 3,419
Contract payable for the construction of public infrastructure relating to completion of The Dial Corporation new corporate headquarters; due in annual installments beginning September 1998 through September 2007; non-interest bearing.	334
Contract payable for the maintenance of a federal patent; due in three year installments beginning January 1, 2001 through January 1, 2009; non-interest bearing.	5
Contract payable for the oversight and management of the Tournament Players Club Recreational Land Use Agreement; due in annual installments beginning March 1999 through June 2035; non-interest bearing.	1,870
Contract payable for the oversight and management of the Westworld Cost-share and Land Use Agreement; due in annual installments beginning December 2000 through December 2032; non-interest bearing.	1,760
Contract payable for the construction of public infrastructure relating to completion of the Anchor National Life / Portales mixed use development; due in annual installments beginning 2003.	2,117

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Contract Payable (continued)

	Contracts Payable (in thousands of dollars)
Payable out of the General Fund (continued)	
Contract payable for the construction of public infrastructure relating to completion of the Promenade shopping center; due in annual installments beginning March 2000 through March 2007; non interest bearing.	4,759
Total Long-Term Contracts Payable from General Fund	$ 14,264
Payable out of Special Assessments Debt Service Fund	
Contract payables for the undergrounding of 69kv power lines; due in annual installments beginning January 1999 through; interest at 10.0 percent.	$ 297
Payable out of Special Revenue Fund	
Contract payable for the purchase of a portion of 2,685 acres of land for the McDowell Sonoran Preserve; due in fifteen annual installments beginning July 1, 1999 through July 1, 2013; interest from 3.75 percent to 6.0 percent.	$ 8,535
Payable out of the Water and Sewer Utility Fund	
Contract for the purchase of Carefree Ranch Water Company water system assets; due in adjustable annual installments through March 1, 2002; non-interest bearing.	294
Subtotal of Long-Term Contracts Payable	$ 23,390
Less Current Portion	(294)
Total Long-Term Contracts Payable, All Funds	$ 23,096

The following is a summary of debt service requirements to maturity for all long-term contracts payable. Amounts include contracts paid out of the General Fund, the Special Revenue Fund and the Water and Sewer Utility Fund (in thousands of dollars).

Total Requirements to Maturity
All Contracts Payable

Fiscal Year Ending	Total
2002	$ 3,070
2003	2,777
2004	2,775
2005	2,773
2006	2,381
2007-2011	7,112
2012-2016	3,872
2017-2021	1,706
2022-2026	1,706
2027-2031	1,305
2032-2035	348
Total all years	$ 29,825
Less amount representing interest	(6,435)
Net Amount Outstanding	$ 23,390

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following changes occurred in the General Long-Term Debt Account Group for the year ended June 30, 2001. General long-term debt excludes all bonds and contracts recorded in and paid out of the Enterprise Fund (in thousands of dollars).

	General Obligation Bonds	HURF Revenue Bonds	Municipal Property Corp Bonds	Scottsdale Preserve Authority Bonds	Special Assessment Bonds	Contracts Payable	Capital Lease	Compen-sated Absences	Total
Balance July 1, 2000	$ 273,344	$ 17,830	$ 65,371	$ 93,970	$ 11,034	$ 24,882	$ 28,750	$ 7,880	$ 523,061
New Debt Issued	35,000	-	-	-	-	-	-	-	35,000
Debt Retired During Year	-	-	(1,765)	-	(3,353)	(1,786)	-	-	(6,904)
Current Year Accretion on Capital Appreciation Bonds	1,024	-	-	-	-	-	-	-	1,024
Change in Compensated Absences Liability	-	-	-	-	-	-	-	712	712
Debt to be Retired July 1, 2001	(11,790)	(2,170)	(6,791)	(2,005)	-	-	-	-	(22,756)
Balance June 30, 2001	$ 297,578	$ 15,660	$ 56,815	$ 91,965	$ 7,681	$ 23,096	$ 28,750	$ 8,592	$ 530,137

Changes in Enterprise Funds Long-Term Debt

The following table summarizes all changes in bonds and contracts recorded in and paid out of the Enterprise Funds during the year ended June 30, 2001.

(in thousands of dollars)	Water and Sewer Utility Fund				Solid Waste Fund
	General Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Contracts	Total Water and Sewer Utility Fund	Municipal Property Corporation Bonds
Balance at July 1, 2000	$ 25,607	$ 78,480	$ 366	$ 104,453	$ 3,303
New Debt Issued	-	-	-	-	-
Amortization of Deferred Loss and Issuance Costs	-	70	-	70	-
Debt Retired	-	-	(366)	(366)	-
Current Year Accretion on Capital Appreciation Bonds	743	-	-	743	-
Debt to be Retired July 1, 2001	(4,280)	(2,460)	-	(6,740)	(868)
Balance at June 30, 2001	$ 22,070	$ 76,090	$ -	$ 98,160	$ 2,435

NOTE 8 - LONG TERM DEBT (CONTINUED)

Debt Service Requirements to Maturity

Table summarizes debt service requirements to maturity for all bonds payable as of June 30, 2001. Amounts include both general long-term debt and debt paid out of the Enterprise Fund.

(in thousands of dollars)

Fiscal Year Ending	General Obligation Bonds	HURF Revenue Bonds	Water and Sewer Revenue Bonds	Municipal Property Corp Bonds	Scottsdale Preserve Authority Bonds	Special Assessment Bonds	Community Facilities District Bonds	Total
2002	$ 31,351	$ 3,103	$ 6,532	$ 10,615	$ 6,916	$ 2,488	$ 2,567	$ 63,572
2003	31,350	3,109	6,507	10,643	6,904	2,181	2,561	63,255
2004	31,312	3,106	6,510	10,652	6,890	1,791	2,668	62,929
2005	31,284	3,119	6,522	9,159	6,882	1,726	2,907	61,599
2006	31,291	3,141	6,515	4,780	6,865	99	2,900	55,591
2007-2011	125,071	3,154	30,622	22,949	34,072	273	14,603	230,744
2012-2016	81,587	-	25,585	10,821	33,651	-	14,728	166,372
2017-2021	44,012	-	23,912	-	33,803	-	13,146	114,873
2022-2024	20,980	-	9,630	-	20,548	-	3,716	54,874
	$ 428,238	$ 18,732	$ 122,335	$ 79,619	$ 156,531	$ 8,558	$ 59,796	$ 873,809
Less amount representing interest	(143,685)	(3,072)	(46,245)	(20,369)	(64,566)	(877)	(24,701)	(303,515)
Net Amount Outstanding	$ 284,553	$ 15,660	$ 76,090	$ 59,250	$ 91,965	$ 7,681	$ 35,095	$ 570,294

Advance Refundings

There were no refundings during fiscal year 2000/01. 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 redemption or 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.

The table reflects refunded debt outstanding at June 30, 2001, and net of any amounts to be paid or retired by the trustee on July 1, 2001 (in thousands of dollars).

Refunded in Prior Years (In Thousands of Dollars)	
1989 General Obligation Series B (1991) Bonds	$ 10,720
1989 General Obligation Series C (1992) Bonds	5,505
1989 General Obligation Series E (1994) Bonds	4,325
General Obligation Series 1994 Bonds	9,525
1989 Water Revenue Series C Bonds	3,005
	$ 33,080

Long-term Debt for Los Arcos Multi-Purpose Facilities District and Scottswater Company, Inc. is discussed in Note 20 and Note 21, respectively.

NOTE 9 - 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 full-time City employees (except public safety personnel) participate in the Arizona State Retirement System (System), a multiple-employer cost sharing defined benefit pension plan. 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. The system provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The Arizona State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Arizona State Retirement System, P. O. Box 33910, Phoenix, AZ 85067-3910, or by calling 1-800-621-3778.

Funding Policy

The Arizona Revised Statutes (A.R.S.) 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 legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rate for the years ended June 30, 2001, 2000, and 1999 were 2.66% (2.17% retirement and .49% long-term disability) 2.66% and 3.34%, respectively, for both employers and employees. The City's contributions to the System for the years ending June 30, 2001, 2000, and 1999 were $1,925,741, $1,745,319, and $1,980,527, respectively, equal to the required contributions for each year.

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 defined benefit pension plan. 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 171 local boards. PSPRS provides retirement benefits, as well as death and disability benefits. The Public Safety Personnel Retirement System of the State of Arizona issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Safety Personnel Retirement System, 1020 East Missouri Avenue, Phoenix, AZ 85014 or by calling (602) 255-5575.

Funding Policy

The System is funded through a member contribution of 7.65% of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll, and a distribution of the net earnings of the Fund. The City's current contribution rate is 4.48% of annual covered payroll, consisting of 11.02% for normal cost and (6.54%) for amortization of unfunded actuarial accrued liability. Contribution rates for 2000 and 1999 were 5.50% and 10.65%, respectively.

NOTE 9 - RETIREMENT AND PENSION PLANS (CONTINUED)

Annual Pension Cost

For 2001, the City's annual pension cost of $1,094,138 for PSPRS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the individual entry-age actuarial cost method.

The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually, (b) projected salary increases of 6.5% per year compounded annually, attributable to inflation and other across-the-board factors, and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, attributable to seniority/merit. Included in (b) is an inflation component of 5.5%. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a 4-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at July 1, 2000 was 20 years.

Three-Year Trend Information for PSPRS
(in thousands of dollars)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	$ 1,137	100%	-
2000	1,198	100%	-
2001	1,094	100%	-

Schedule of Funding Progress for Public Safety Personnel Retirement System
(in thousands of dollars)

Actuarial Valuation June 30	(1) Actuarial Value of Assets	(2) Entry Age Actuarial Accrued Liability (AAL)	(3) Percent Funded (1)/(2)	(4) Unfunded AAL (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
1996	$ 45,490	$ 42,244	107.7%	$ (3,246)	$ 12,617	-
1997	54,611	46,315	117.9%	(8,296)	13,443	-
1998	61,095	51,615	118.4%	(9,480)	15,284	-
1999	72,177	57,828	124.8%	(14,349)	16,187	-
2000	84,435	65,021	129.9%	(19,414)	18,547	-

NOTE 9 - RETIREMENT AND PENSION PLANS (CONTINUED)

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 defined benefit pension plan. 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. EORP provides retirement benefits, as well as death and disability benefits. The Elected Officials' Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for EORP. That report may be obtained by writing to Elected Officials' Retirement Plan, 1020 East Missouri Avenue, Phoenix, Arizona 85014 or by calling (602) 255-5575.

Funding Policy

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 contribution requirements for plan members are established and may be amended by the Fund Manager, a five-member board. The City's rates for fiscal years ended June 30, 2001, 2000, and 1999 were 10.22%, 10.22%, and 8.90%, respectively. The City's contributions to EORP for the years ending June 30, 2001, 2000 and 1999 were $13,445, $11,370 and $9,826, respectively, equal to the required contributions for each year.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9 the City provides an option of post-retirement health care benefits, in accordance with Chapter 14 of the City Code. At retirement, employees with medical leave accumulated prior to September 6, 1976 are eligible for payment of medical leave at one hundred percent cash value at current rate of pay. Employees hired before July 1, 1982 can elect to receive cash equal to fifty percent of the first five hundred twenty hours of unused medical leave plus twenty-five percent of all hours in excess of five hundred twenty. The conversion rate is the employee's average hourly base pay rate for the five years immediately preceding retirement. Any retiring employee with 300 or more hours of accumulated medical leave, who chooses to remain on the city medical plan, may elect to apply the value of the sick leave to the employee's portion of the health care premiums, up until age 65. The value of the accumulated medical leave shall be calculated at the employee's hourly rate of pay at the time of retirement.

The number of participants during fiscal year 2000/01, was twenty-two. The projected liability, as of June 30, 2001, for medical conversion was $3,377,822. Of this liability, $2,631,082 is reflected in the General Long-Term Debt Account Group, $746,740 is recorded in various other funds. The projected liability is based on a January 1, 1998 actuarial valuation, as adjusted, based on the actuarial projection that for every additional 100 participants, future normal costs increase by an additional 3% per annum and projected liability of 4% of payroll. Significant actuarial assumptions of the January 1, 1998 actuarial valuation include a) mortality rates based on the 1983 Group Annuity Mortality Table set back 1 year for males and no set back for females, b) interest compounded 4.0 percent annually, c) salaries increase at a rate of 3.0 percent per annum, d) projected unit credit cost method based on participant data as of January 1, 1999.

NOTE 11 - SEGMENTS OF ENTERPRISE ACTIVITIES

Water and sewer, airport, and solid waste are four major services provided by the City that 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, 2001, was as follows (in thousands of dollars):

	Water and Sewer Utility	Airport	Solid Waste	Total
Operating Revenue	$ 87,417	$ 1,444	$ 15,705	$ 104,566
Depreciation and Amortization	18,001	790	199	18,990
Operating Transfers In	64	589	-	653
Operating Transfers (Out)	(362)	(2)	(494)	(858)
Operating Income (Loss)	15,995	(1,201)	1,749	16,543
Net Income (Loss)	23,925	(399)	1,138	24,664
Contributions				
Developers	12,859	-	-	12,859
Development Fees	26,361	-	-	26,361
Other Government Units	15	2,221	-	2,236
Property, Plant, and Equipment Additions	64,014	4,459	74	68,547
Net Working Capital	122,893	1,308	1,784	125,985
Total Assets	862,165	20,050	8,394	890,609
Long-Term Debt (Net of Current Portion) and Other Liabilities:				
Payable From Operating Revenue	93,120	-	2,435	95,555
Payable From Other Sources	7,189	6	-	7,195
Total Equity	745,316	19,899	4,307	769,522

NOTE 12 - CONTRIBUTED CAPITAL

During the year ended June 30, 2001, Enterprise Funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer Utility	Airport	Solid Waste	Total
Development Fees	$ 26,361	$ -	$ -	$ 26,361
Developers	12,859	-	-	12,859
Federal Government - Capital Construction	-	2,221		2,221
Municipal Contributions	15	-	-	15
Less Depreciation	(9,019)	(790)	-	(9,809)
Total Change	30,216	1,431	-	31,647
Contributed Capital July 1, 2000	426,270	17,818	353	444,441
Contributed Capital June 30, 2001	$ 456,486	$ 19,249	$ 353	$ 476,088

The Internal Service Fund's contributed capital increased by $7,446,404 as a result of Fleet Management assets contributed from City and Federal funds.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to public, property, and aviation premises liability, self-insured benefits and workers compensation. Public liability includes public officials' errors and omissions, automobile and general liability. The City is self-insured for the first $1,000,000 of public liability, the first $50,000 of property coverage and the first $250,000 of workers compensation. Coverage in excess of these respective amounts is provided through the purchase of commercial insurance. During the fiscal year ending June 30, 2001 there was no significant reduction in excess insurance coverage. Additionally, settlements for each of the past three fiscal years have not exceeded the City's excess insurance coverage amounts.

The City reports its self-insurance activity in its Self-Insurance Internal Service Fund. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The claims liabilities amount recorded in the accompanying financial statements is based on reported pending claims, estimates of claims incurred but not yet reported, actuarial reports and historical analysis. All claims liabilities are reported at their present value, which has been calculated using a 5.5 percent discount rate:

	Year Ended June 30	
	2001	**2000**
Claims payable, July 1	$ 5,660	$ 8,143
Current year claims incurred	7,618	484
Current year claim payments	(5,557)	(2,967)
Claims payable June 30	$ 7,721	$ 5,660

NOTE 14 - INTERFUND TRANSFERS AND INTERFUND ASSETS/LIABILITIES

Net operating transfers by fund (in thousands of dollars):

Operating Transfers Out From:		Operating Transfers In To:	
General	$ 29,493	Special Revenue	
		Highway User Fuel Tax	$ 2,042
		Grants	282
		Capital Projects	
		Transportation Privilege Tax	719
		General CIP Construction	25,612
		Enterprise	
		Airport	372
		Internal Service	
		Fleet Management	356
		Trust and Agency	110
Special Revenue			
Highway User Fuel Tax	946	Special Revenue	
		Grants	899
		Internal Service	
		Fleet Management	11
		Trust and Agency	23
		Capital Projects	
		General CIP Construction	13
Grants	139	Special Revenue	
		Highway User Fuel Tax	84
		General Fund	15
		Internal Service	
		Fleet Management	40
Preserve Privilege Tax	15,360	Debt Service	
		General Obligation Bond	8,434
		Scottsdale Preserve Authority	6,926
Transportation Privilege Tax	20,654	Capital Projects	
		Transportation Privilege Tax	19,264
		Special Revenue	
		Highway User Fuel Tax	1,173
		Enterprise	
		Airport	217
Debt Service			
Municipal Property Corporation	113	General Fund	113

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

Operating Transfers Out From:		Operating Transfers In To:	
Capital Projects			
General CIP Construction	1,435	Trust and Agency	781
		General Fund	490
		Capital Projects Transportation Privilege Tax	100
		Enterprise Water and Sewer	64
Preserve Privilege Tax	8,000	Special Revenue Preserve Privilege Tax	8,000
Transportation Privilege Tax	39	Trust and Agency	39
McDowell Mountain Ranch CFD	1	Debt Service McDowell Mountain Ranch CFD	1
Trust and Agency	587	Capital Projects General CIP Construction	208
		Debt Service Municipal Property Corporation	300
		General Fund	79
Enterprise			
Water and Sewer	362	General Fund	150
		Internal Service Fleet Management	185
		Capital Projects General CIP Construction	27
Solid Waste	494	Internal Service Fleet Management	420
		Capital Projects General CIP Construction	4
		General Fund	70
Airport	2	Capital Projects General CIP Construction	2
Internal Service			
Fleet Management	1,031	General Fund	19
		Capital Projects General CIP Construction	1,012
Self Insurance	2	Capital Projects General CIP Construction	2
Total	$ 78,658	Total	$ 78,658

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

Individual funds having residual equity transfer out and receiving funds during the year ended June 30, 2001.

Residual Equity Transfer Out		Amount
Capital Projects	$	1
Via Linda Rd Community Facilities District		
Total	$	1

Residual Equity Transfer In		Amount
Debt Service	$	1
Via Linda Rd Community Facilities District		
Total	$	1

Individual funds having amounts due from or due to other funds at June 30, 2001:

Receivable Fund (in thousands of dollars)		Amount
General	$	247
Capital Projects		
DC Ranch Community Facilities District		12
Total	$	259

Payable Fund (in thousands of dollars)		Amount
Special Revenue		
Community Development	$	109
Home		111
Section 8		27
Debt Service		
DC Ranch Community Facilities District		12
Total	$	259

Individual funds having advances to and from other funds at June 30, 2001.

Advances To Other Funds: (in thousands of dollars)		Amount
General	$	1,060
Total	$	1,060

Advances From Other Funds: (in thousands of dollars)		Amount
Capital Projects		
Preserve Privilege Tax	$	1,060
Total	$	1,060

NOTE 15 - DEFICITS IN FUND BALANCE/FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATION

The Community Development Fund had a deficit fund balance of ($59,000) caused by certain grant reimbursements due which may not be available in the upcoming period. Since these reimbursements are not assured, no revenue was accrued in the current fiscal year. These reimbursements due will be recognized as revenue when actually received.

The Home Fund had a deficit fund balance of ($16,000) caused by grant reimbursements due which were not expected to be received within 30 days of fiscal year end. These reimbursements due will be recognized as revenue when actually received.

The Section 8 Housing Fund had a deficit fund balance of ($381,000) caused by certain grant reimbursements due which may not be available in the upcoming period. Since these reimbursements are not assured, no revenue was accrued in the current fiscal year. These reimbursements due will be recognized as revenue when actually received. Since January 1998, the Fund has generated a surplus. Program administrators expect this trend to continue and anticipate eliminating the fund deficit within one year.

The Special Assessment Debt Service Fund exceeded its Debt Service Expenditures appropriation by $26,000. This over expenditure was funded by available fund balance.

The Airport Fund exceeded its expense appropriation by $108,000. This over expenditure was funded by available fund balance

NOTE 16 - CONTINGENT LIABILITIES

The City is a party to several lawsuits incidental to its normal operations. Management, with concurrence of the City Attorney, and outside legal counsel, is of the opinion that settlement of these lawsuits will not have a material effect on the financial position of the City. Therefore, no specific provision has been reflected in the accompanying general purpose financial statements for these matters.

NOTE 17 - COMMITMENTS AND SUBSEQUENT EVENTS

a. In July 1991, the City amended a ten-year agreement with Rural/Metro Corporation (Rural/Metro) whereby Rural/Metro will provide fire protection and related services to the City to June 30, 2001. Payments to Rural/Metro amounted to $14,424,630 for the year ended June 30, 2001. In July 2001, the City renewed the contract for six months. The amount due to Rural/Metro for the first six months of fiscal year 2002 will approximate $7,815,330.

b. The City has a Service Agreement with the Scottsdale Cultural Council (Council) that 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. Payments to Scottsdale Cultural Council amounted to $2,338,577 for the year ended June 30, 2001. Annual amounts due in fiscal year 2002 will approximate $2,408,734.

c. The City has an operating and maintenance agreement, and a separate service agreement with Scottsdale Water Service Company Limited Partnership (Partnership). Under these agreements, City staff operate the Partnership's water treatment facility which 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.

Total costs reimbursed by the City to the Partnership in 2000/01 were $3,213,477. At termination of the agreement in 2008, the City will have the option to purchase the water treatment plant and other assets from the Partnership. For further discussion of the Partnership and Scottswater Company, Inc., a component unit of the City, see Note 21.

d. The City has entered into several agreements whereby it will reimburse developers for construction costs of certain public infrastructure improvements. The funding source for the reimbursements will come from Water and Sewer development fees paid over the life of the development. Only amounts paid subsequent to January 13, 1997 are eligible for reimbursement. The City does not become liable under the agreements until the City has accepted the cost, a development fee has been paid and a water meter has been set. The City has limited its liability to the lesser of the cost accepted by the City or the development fees paid. The City's maximum contingent liability at June 30, 2001, is $8,217,459.

e. The City has also entered into two agreements requiring telecommunications companies to install additional conduit capacity at the time of construction. It is anticipated that the cost of the additional capacity will be reimbursed to telecommunications companies by future telecommunications providers. In the event that the reimbursements are not made within a period of five to seven years after the construction, the City will become liable for the reimbursement. The City's maximum liability under these agreements is $450,000.

f. On July 18th 2001, the City issued three series of refunding bonds.

- The City of Scottsdale Municipal Property Corporation (MPC) issued $30,750,000 of Excise Tax Revenue Forward Delivery Refunding Bonds, Series 2002, dated August 7, 2002, with an interest rate of 5.5%, to refund $30,885,000 of Series 1992 Excise Tax Revenue Bonds with an average interest rate of 6.27%. The MPC refunded the bonds to reduce its total debt service payments over the next 10 years by approximately $2,059,698 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $2,073,838.
- The City issued $51,155,000 of General Obligation Refunding Bonds, Series 2001, dated July 18th, 2001, with an average interest rate of 5.1%, to refund $49,835,000 of Series 1991, 1992, 1994,1995 and 1999 General Obligation and Preservation Bonds with an average interest rate of 5.6%. The City refunded the bonds to reduce its total debt service payments over the next 20 years by approximately $1,981,458 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,268,629.

NOTE 17 - COMMITMENTS AND SUBSEQUENT EVENTS (CONTINUED)

- The City issued $17,495,000 of Scottsdale Preserve Authority Excise Tax Revenue Refunding Bonds, Series 2001, dated July 18th, 2001, with an average interest rate of 4.9%, to refund $16,690,000 of Series 1997 Excise Tax Revenue Refunding Bonds with an average interest rate of 5.6%. The City refunded the bonds to reduce its total debt service payments over the next 20 years by approximately $619,921 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $435,418.

g. On August 20, 2001, the City Council approved the purchase of the Ford Motor Credit interest in the Central Arizona Project Treatment Plant at a price of $6,725,000, and agreed to sell $10,600,000 of Municipal Property Corporation Bonds to replace the current Industrial Development Authority (IDA) Bonds. Ford Motor Credit is currently a limited partner in the Scottsdale Water Service Company limited Partnership. See Note 19 for further information on the IDA. The closing date of the bonds is tentatively set for October 10, 2001 with redemption of the IDA Series 1984 bonds on November 1, 2001.

h. Subsequent to June 30, 2001, the City Council approved a settlement for a discrimination lawsuit filed by 10 current and former employees in the amount of $875,000. The amount of the settlement is included in the City's self-insurance claims payable amount at June 30, 2001. See note 13 for additional information on the City's Risk Management Claims.

NOTE 18 - JOINT VENTURE

The City participates with the cities of Phoenix, Glendale, Mesa, and Tempe in the Multi-City Subregional Operating Group (SROG). SROG was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) in order to govern the construction, operation, and maintenance of jointly used sewage treatment and transportation facilities. The facilities include 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. JEPA requires each city to pay for its share of the actual cash costs of operating and maintaining the facilities based on relative sewage flows and strengths.

The City records its share of SROG's cash operating expenses, and its equity in the joint venture in the City's Water and Sewer Utility Fund. For the year ended June 30, 2000 (the latest audited information available from SROG), the City's net investment in SROG was $27,291,000. SROG's net cash operating expenses for the year ended June 30, 2000 was $23,039,588, of which the City's share was $2,041,288, or 8.4 percent. For the year ended June 30, 2001, the City paid SROG $8,189,917 for capital contributions, $187,190 for replacement reserve contributions (which increased the City's net investment in SROG), and $2,621,744 for operating expenses.

The Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2000 for the Multi-City Subregional Operating Group (the latest SROG CAFR available), may be obtained from the Arizona Municipal Water Users Association, 4041 N. Central Avenue, Suite 900, Phoenix, AZ 85012.

NOTE 19 - RELATED ORGANIZATION

The Industrial Development Authority (Authority) is a nonprofit 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 the Authority is appointed by the City Council; however, the City's accountability for the authority does not extend beyond making the appointments.

NOTE 20 - LOS ARCOS MULTI-PURPOSE FACILITIES DISTRICT

Component Unit Disclosure – The Los Arcos Multi-Purpose Facilities District was formed by voter approval in May 1999 under Arizona Revised Statue § 48-4201 and includes the City of Scottsdale, the Town of Fountain Hills, and the Town of Guadalupe. The tax-levying public improvement district was formed to redevelop a parcel of real property in the southern part of the City with a sports arena and retail/office/entertainment/residential facilities. Funding will be derived from a rebate to the District of 50% of the incremental state sales taxes generated in the District for a period of ten years following commencement of the redevelopment, subject to the City's agreement to make direct payments to the District or expend moneys in an equal amount for land, infrastructure or other improvements relating to the redevelopment project.

Although negotiations with one prospective developer of the property were not successful, the City is continuing in its efforts to identify a developer for the project. It is not possible at this time to determine whether and, if so, when a new developer will be identified, whether and, if so, when negotiations of a redevelopment agreement will be successfully concluded or the nature or ultimate success of any project that may be undertaken at the site.

As a special purpose district and separate political subdivision under the Arizona Constitution, the District can issue bonds independently of the municipalities. The municipalities have no liability for District debt. Each participating municipality appoints two board members. However, board voting is weighted by the municipality's population. As a result, the City of Scottsdale appoints a voting majority to the District's Board of Directors. Therefore, for financial reporting purposes, the District is a component unit of the City of Scottsdale.

The District had no deposits or investments at June 30, 2001.

At June 30, 2001 the District had no fixed assets and no long-term debt.

A prior period adjustment was made to correct errors in previous years. The change to beginning fund balance is as follows:

	Los Arcos Multi-Purpose Facilities District
Fund Balance, July 1	$ 85
Prior Period Adjustment	35
Fund Balance as restated, July 1	$ 120

NOTE 21 - SCOTTSWATER COMPANY, INC. COMPONENT UNIT DISCLOSURES

Scottswater Company, Inc. (the Company) is a nonprofit corporation established by the City Council in 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. At December 31, 2000, the Partnership had a receivable from the City in the amount of $386,024.

The Company receives 1 percent of the Partnership's annual income, and will receive 53 percent of the Partnership's net assets upon dissolution of the Partnership. Therefore, the financial information reported in the component unit column in the combined financial statements includes the consolidated financial data of the Company and the Partnership. This information, reported as a proprietary fund type, is presented in a separate column to emphasize that the Company is legally separate from the City.

The Company and Partnership have a fiscal year end of December 31; therefore, the component unit column presents financial statements as of and for the year ended December 31, 2000. The financial statements for the City of Scottsdale Enterprise Fund for the year ended June 30, 2001, include a $1,753,951 reimbursement paid to the Partnership for expenses of operating the water treatment plant for the six months ended June 30, 2001. This amount is not reflected in the consolidated financial statements of the Company due to the difference in year-end. The amount represents revenue to the Partnership and will be reflected in the consolidated financial statements of the Company for the year ending December 31, 2000.

NOTE 21 - SCOTTSWATER COMPANY, INC. COMPONENT UNIT DISCLOSURES (CONTINUED)

Cash and Investments

At December 31, 2000, the book value of the Company's deposits and the bank balance was $77,082.

Risk category one cash balances, which are covered entirely through federal depository insurance funds, equaled $77,082 at December 31, 2000. At December 31, 2000, there were no cash balances in risk category two or three.

Investments

Investments consist of amounts held by the trustee for the purpose of satisfying various debt service obligations of the Partnership. Investments at December 31, 2000, are stated at fair value and are summarized below. All of the investments are money market funds.

Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	Fair Value
U.S. Government Securities	$ 702
Money Market Funds	2,600
	$ 3,302

Reconciliation to Exhibit A-1

Deposits	$ 77
Short-Term Investments	3,302
Total Cash and Investments	$ 3,379

Fixed Assets

The Company's records its land, land improvements, and equipment at cost. Land improvements and equipment are depreciated in accordance with the Internal Revenue Service (IRS) Accelerated Cost Recovery System using the straight-line method with recovery periods of 18 years for land improvements, and 5 years for equipment. Generally accepted accounting principles require that the cost of an asset be depreciated over its useful life using the straight line method of depreciation. The difference between the IRS Accelerated Cost Recovery System using the straight-line method, and straight line depreciation as required by generally accepted accounting principles, is immaterial, and therefore no adjustments have been made to the Company's fixed asset accounts. The excess purchase price over fair market value of assets acquired by the Company is amortized using the straight-line method over 15 years.

Summary of the Company's fixed assets at December 31, 2000 (in thousands of dollars):

Land and Land Improvements	$ 616
Equipment	24,849
	25,465
Accumulated depreciation	(24,619)
Net Fixed Assets	$ 846

NOTE 21 - SCOTTSWATER COMPANY, INC. COMPONENT UNIT DISCLOSURES (CONTINUED)

Long-Term Debt

The land, improvements and equipment were principally financed from the proceeds of tax-exempt variable interest rate industrial development bonds, with an original face amount of $25,000,000, issued by the Industrial Development Authority of the City of Scottsdale, Arizona. The nonrecourse bonds, which are insured by the Municipal Bond Insurance Association, are payable in varying installments to July 1, 2008. At December 31, 2000, the interest rate on these bonds was 4.65 percent and the weighted average interest rate during 2000 was 4.32 percent. These bonds pay interest at a variable rate and repriced monthly. Thus, the cost of the bonds is a reasonable estimate of fair value.

Summary of debt service requirements to maturity for the above bonds payable as of December 31, 2000 (in thousands of dollars):

Debt Service Requirements to Maturity	
2001	$ 2,055
2002	2,102
2003	2,153
2004	2,208
2005	2,262
2006-2008	7,191
	17,971
Less amount representing interest	(3,336)
Net amount outstanding	$ 14,635

The 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

Exhibit B-1

Balance Sheet
June 30, 2001 (in thousands of dollars)

ASSETS	
Cash and Investments	$ 73,595
Receivables	
Accrued Interest	766
Privilege Tax	6,621
Hotel/Motel Tax	373
Property Tax	1,125
State Shared Sales Tax	1,365
Franchise Fee	1,351
Miscellaneous	619
Due from Other Funds	247
Advance to Other Funds	1,060
Supplies Inventory	698
Total Assets	$ 87,820

LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	$ 5,935
Accrued Payroll	6,065
Deferred Revenue	
Property Tax	967
Other	286
Other	25
Total Liabilities	13,278
Fund Balance	
Reserved for	
Advance	1,060
Streetlight and Services Districts	914
Unreserved	72,568
Total Fund Balance	74,542
Total Liabilities and Fund Balance	$ 87,820

General Fund

Exhibit B-2

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

Revenues	
Taxes - Local	$ 97,845
Taxes - Intergovernmental	35,074
Licenses	1,676
Charges for Current Services	19,877
Fines and Forfeitures	4,894
Use of Money and Property	6,696
Streetlight and Services Districts	973
Other	14,281
Total Revenues	181,316
Expenditures	
Current Operating Departments	
General Government	17,410
Police	44,427
Financial Services	6,685
Community Services	38,289
Information Systems	6,907
Planning & Development	21,598
Fire	15,307
Municipal Services	1,466
Streetlight and Services Districts	977
Debt Service	
Principal	1,079
Interest and Fiscal Charges	2,968
Total Expenditures	157,113
Excess of Revenues Over Expenditures	24,203
Other Sources (Uses)	
Operating Transfers In	936
Operating Transfers Out	(29,493)
Total Other Uses	(28,557)
Excess of Revenues Over Expenditures and Other Uses	(4,354)
Fund Balance July 1, 2000	78,896
Fund Balance June 30, 2001	$ 74,542

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, 2001 (in thousands of dollars)

	Budget	Actual	Variance
Revenues			
Taxes - Local	$ 98,098	$ 97,845	$ (253)
Taxes - Intergovernmental	35,152	35,074	(78)
Licenses	1,650	1,676	26
Charges for Current Services	21,777	19,877	(1,900)
Fines and Forfeitures	5,089	4,894	(195)
Use of Money and Property	8,660	5,648	(3,012)
Other	1,400	951	(449)
Total Revenues	171,826	165,965	(5,861)
Expenditures			
Current Operating Departments			
General Government	17,719	17,279	440
Police	43,958	43,952	6
Financial Services	6,878	6,511	367
Community Services	42,221	38,229	3,992
Information Systems	7,331	6,894	437
Planning & Development	21,954	21,581	373
Fire	15,344	15,307	37
Municipal Services	1,536	1,460	76
Debt Service			
Principal	1,536	1,079	457
Interest and Fiscal Charges	3,004	2,968	36
Total Expenditures	161,481	155,260	6,221
Excess of Revenues Over Expenditures	10,345	10,705	360
Other Sources (Uses)			
Operating Transfers In	18,926	13,330	(5,596)
Operating Transfers Out	(29,271)	(29,493)	(222)
Total Other Uses	(10,345)	(16,163)	(5,818)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	(5,458)	(5,458)
Fund Balance July 1, 2000	-	18,720	18,720
Fund Balance June 30, 2001	$ -	$ 13,262	$ 13,262

General Fund

Exhibit B-4

Schedule of Revenues - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Budget	Actual	Variance
Taxes - Local			
Property	$ 12,678	$ 12,890	$ 212
Transaction Privilege	71,552	69,821	(1,731)
Transient Occupancy	7,724	7,559	(165)
Light and Power Franchise	4,832	4,979	147
Cable TV Franchise	956	2,147	1,191
Salt River Project In-Lieu	181	176	(5)
Fire Insurance Premium	175	273	98
	98,098	97,845	(253)
Taxes - Intergovernmental			
State-Shared Sales	15,665	15,514	(151)
State Revenue Sharing	19,487	19,560	73
	35,152	35,074	(78)
Licenses			
Business and Liquor Licenses	1,650	1,676	26
Charges for Current Services			
Building and Related Permits	18,500	16,850	(1,650)
Recreation Fees	2,027	2,010	(17)
Westworld Equestrian Facility Fees	1,250	1,017	(233)
	21,777	19,877	(1,900)
Fines and Forfeitures			
Court Fines	3,311	3,086	(225)
Parking	187	143	(44)
Library	437	407	(30)
Photo Radar	1,154	1,258	104
	5,089	4,894	(195)
Use of Money and Property			
Interest Earnings	5,707	2,839	(2,868)
Property Rental	2,953	2,809	(144)
	8,660	5,648	(3,012)
Other	1,400	951	(449)
Total Revenues	$ 171,826	$ 165,965	$ (5,861)

General Fund

Exhibit B-5

Schedule of Expenditures by Object
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
Current Operating Departments						
General Government	$ 11,946	$ 4,489	$ 740	$ -	$ 235	$ 17,410
Police	34,347	8,630	1,179	-	271	44,427
Financial Services	5,147	1,109	353	-	76	6,685
Community Services	19,308	14,757	3,813	-	411	38,289
Information Systems	4,544	1,831	343	-	189	6,907
Planning & Development	11,456	9,419	321	-	402	21,598
Fire	202	15,029	46	-	30	15,307
Municipal Services	1,037	285	29	-	115	1,466
Streetlight and Services Districts	-	977	-	-	-	977
Debt Service						
Principal	-	-	-	1,079	-	1,079
Interest and Fiscal Charges	-	-	-	2,968	-	2,968
Expenditures	$ 87,987	$ 56,526	$ 6,824	$ 4,047	$ 1,729	$ 157,113

Operating Transfers Out	
Highway User Fuel Tax Fund	$ 2,042
Fleet Management Fund	356
Capital Projects Funds	26,331
Airport CIP Fund	372
Grants	282
Trusts	110
	$ 29,493

Special Revenue Funds

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 and other transportation related revenue. 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, maintenance or transit.

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.

Home Fund

This fund receives and expends monies from the Maricopa County Home Consortium. Expenditures are made to provide affordable housing, expand the capacity of nonprofit housing providers, strengthen the ability of local governments to provide housing and leverage private-sector participation in housing.

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 grant agreement 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.

Preserve Privilege Tax Fund

This fund receives a .2% transaction privilege tax revenue approved by the voters to purchase property in the McDowell Sonoran preserve. Revenues are transferred to Capital Projects Funds for land purchase or are used for debt service payments for land contracts.

Transportation Privilege Tax Fund

This fund receives a .2% transaction privilege tax approved by the voters for transportation purposes. Revenues are transferred to Capital Projects to fund transportation related improvements.

Special Revenue Funds

Exhibit C-1

Combining Balance Sheet
June 30, 2001 (in thousands of dollars)

	Highway User Fuel Tax	Community Development	Home	Grants	Section 8	Preserve Privilege Tax	Transportation Privilege Tax	Total All Funds
ASSETS								
Cash and Investments	$ 1,780	$ -	$ -	$ 751	$ -	$ 10,175	$ 22	$ 12,728
Receivables								
Accrued Interest	1	-	-	2	-	59	101	163
Privilege Tax	-	-	-	-	-	1,311	1,290	2,601
Fuel Tax	1,708	-	-	-	-	-	-	1,708
Intergovernmental	-	105	95	2,346	-	-	-	2,546
Total Assets	$ 3,489	$ 105	$ 95	$ 3,099	$ -	$ 11,545	$ 1,413	$ 19,746
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 549	$ 55	$ -	$ 2,364	$ 19	$ -	$ -	$ 2,987
Accrued Payroll	303	-	-	-		-	-	303
Due to Other Funds	-	109	111	-	27	-	-	247
Bond Interest Payable	467	-	-	-	-	-	-	467
Bonds Payable - Current Portion	2,170	-	-	-	-	-	-	2,170
Deferred Revenue	-	-	-	74	335	-	-	409
Total Liabilities	3,489	164	111	2,438	381	-	-	6,583
Fund Balance								
Unreserved	-	(59)	(16)	661	(381)	11,545	1,413	13,163
Total Fund Balances (Deficit)	-	(59)	(16)	661	(381)	11,545	1,413	13,163
Total Liabilities and Fund Balances	$ 3,489	$ 105	$ 95	$ 3,099	$ -	$ 11,545	$ 1,413	$ 19,746

Special Revenue Funds

Exhibit C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Highway User Fuel Tax	Community Develop-ment	Home	Grants	Section 8	Preserve Privilege Tax	Trans-portation Privilege Tax	Total All Funds
Revenues								
Taxes-Local	$ -	$ -	$ -	$ -	$ -	$ 16,070	$ 15,831	$ 31,901
Taxes-Intergovernmental	21,259	-	-	-	-	-	-	21,259
Intergovernmental	193	1,035	469	9,014	4,010	-	-	14,721
Use of Money and Property	2	-	-	9	19	356	418	804
Other	59	-	-	66	12	-	-	137
Total Revenues	21,513	1,035	469	9,089	4,041	16,426	16,249	68,822
Expenditures								
Current Operating Departments								
General Government	-	-	-	94	-	-	-	94
Police	-	-	-	1,433	-	-	-	1,433
Transportation	8,820	-	-	7,372	-	-	-	16,192
Community Services	1,677	1,042	449	168	3,995	-	-	7,331
Information Systems	-	-	-	110	-	-	-	110
Municipal Services	9,862	-	-	-	-	-	-	9,862
Debt Service								
Principal	2,170	-	-	-	-	505	-	2,675
Interest and Fiscal Charges	934	-	-	-	-	446	-	1,380
Total Expenditures	23,463	1,042	449	9,177	3,995	951	-	39,077
Excess (Deficiency) of Revenues Over Expenditures	(1,950)	(7)	20	(88)	46	15,475	16,249	29,745
Other Sources (Uses)								
Operating Transfers In	3,299	-	-	1,181	-	8,000	-	12,480
Operating Transfers Out	(946)	-	-	(139)	-	(15,360)	(20,654)	(37,099)
Total Other Sources (Uses)	2,353	-	-	1,042	-	(7,360)	(20,654)	(24,619)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	403	(7)	20	954	46	8,115	(4,405)	5,126
Fund Balances (Deficit) July 1, 2000	(403)	(52)	(36)	(293)	(427)	3,430	5,818	8,037
Fund Balances (Deficit) June 30, 2001	$ -	$ (59)	$ (16)	$ 661	$ (381)	$ 11,545	$ 1,413	$ 13,163

Special Revenue Funds

Exhibit C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Highway User Fuel Tax			Preserve Privilege Tax			Transportation PrivilegeTax			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues												
Taxes - Local	$ -	$ -	$ -	$ 16,353	$ 16,070	$ (283)	$ 15,934	$ 15,831	$ (103)	$ 32,287	$ 31,901	$ (386)
Taxes - Intergovernmental	20,834	21,259	425	-	-	-	-	-	-	20,834	21,259	425
Use of Money and Property	-	2	2	-	356	356	300	418	118	300	776	476
Total Revenues	20,834	21,261	427	16,353	16,426	73	16,234	16,249	15	53,421	53,936	515
Expenditures												
Current Operating Departments												
Transportation	10,907	8,814	2,093	-	-	-	-	-	-	10,907	8,814	2,093
Community Services		1,674	(1,674)	-	-	-	-	-	-	-	1,674	(1,674)
Municipal Services	10,089	9,808	281	-	-	-	-	-	-	10,089	9,808	281
Debt Service												-
Principal	2,170	2,170	-	505	505	-	-	-	-	2,675	2,675	-
Interest and Fiscal Charges	934	934	-	446	446	-	-	-	-	1,380	1,380	-
Total Expenditures	24,100	23,400	700	951	951	-	-	-	-	25,051	24,351	700
Excess (Deficiency) of Revenues Over Expenditures	(3,266)	(2,139)	1,127	15,402	15,475	73	16,234	16,249	15	28,370	29,585	1,215
Other Sources (Uses)												
Operating Transfers In	4,005	3,299	(706)	1,805	8,000	6,195	5,818	-	(5,818)	11,628	11,299	(329)
Operating Transfers Out	(739)	(946)	(207)	(17,207)	(15,360)	1,847	(22,052)	(20,654)	1,398	(39,998)	(36,960)	3,038
Total Other Sources (Uses)	3,266	2,353	(913)	(15,402)	(7,360)	8,042	(16,234)	(20,654)	(4,420)	(28,370)	(25,661)	2,709
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	214	214	-	8,115	8,115	-	(4,405)	(4,405)	-	3,924	3,924
Fund Balance July 1, 2000	-	(457)	(457)	-	3,430	3,430	-	5,818	5,818	-	8,791	8,791
Fund Balance (Deficit) June 30, 2001	$ -	$ (243)	$ (243)	$ -	$ 11,545	$ 11,545	$ -	$ 1,413	$ 1,413	$ -	$ 12,715	$ 12,715

Special Revenue Funds

Exhibit C-4

Combining Schedule of Revenues and Other Sources
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Highway User Fuel Tax	Community Develop-ment	Home	Grants	Section 8	Preserve Privilege Tax	Trans-portation Privilege Tax	Total All Funds
Taxes - Local								
Transaction Privilege Tax	$ -	$ -	$ -	$ -	$ -	$ 16,070	$ 15,831	$ 31,901
Taxes - Intergovernmental								
Auto Lieu Tax	6,410	-	-	-	-	-	-	6,410
Fuel Tax	12,420	-	-	-	-	-	-	12,420
Local Transportation Assistance Fund	1,210	-	-	-	-	-	-	1,210
State Shared Transit	1,219	-	-	-	-	-	-	1,219
	21,259	-	-	-	-	-	-	21,259
Intergovernmental								
Federal Grants	123	1,035	469	7,886	4,010	-	-	13,523
State Grants	-	-	-	1,128	-	-	-	1,128
Miscellaneous	70	-	-	-	-	-	-	70
	193	1,035	469	9,014	4,010	-	-	14,721
Use of Money and Property								
Investment Income	2	-	-	9	19	356	418	804
Other	59	-	-	66	12	-	-	137
Total Revenues	21,513	1,035	469	9,089	4,041	16,426	16,249	68,822
Other Sources								
Operating Transfers In	3,299	-	-	1,181	-	8,000	-	12,480
Total Other Sources	3,299	-	-	1,181	-	8,000	-	12,480
Total Revenues and Other Sources	$ 24,812	$ 1,035	$ 469	$ 10,270	$ 4,041	$ 24,426	$ 16,249	$ 81,302

Special Revenue Funds

Exhibit C-5

Combining Schedule of Expenditures by Object
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
HIGHWAY USER FUEL TAX						
Current Operating Departments						
Transportation	$ 2,013	$ 6,617	$ 47	$ -	$ 143	$ 8,820
Community Services	756	809	112	-	-	1,677
Municipal Services	2,432	6,284	1,098	-	48	9,862
Debt Service						
Principal	-	-	-	2,170	-	2,170
Interest and Fiscal Charges	-	-	-	934	-	934
Expenditures	5,201	13,710	1,257	3,104	191	23,463
COMMUNITY DEVELOPMENT						
Current Operating Departments						
Community Services	223	812	7	-	-	1,042
HOME						
Current Operating Departments						
Community Services	23	426	-	-	-	449
GRANTS						
Current Operating Departments						
General Government	94	-	-	-	-	94
Police	1,285	77	65	-	6	1,433
Transportation	-	131	-	-	7,241	7,372
Community Services	5	40	61	-	62	168
Information Systems	-	110	-	-	-	110
Community Planning	-	-	-	-	-	-
	1,384	358	126	-	7,309	9,177
SECTION 8						
Current Operating Departments						
Community Services	272	3,709	8	-	6	3,995
PRESERVE PRIVILEGE TAX						
Debt Service						
Principal	-	-	-	505	-	505
Interest and Fiscal Charges	-	-	-	446	-	446
	-	-	-	951	-	951
Total Expenditures	$ 7,103	$ 19,015	$ 1,398	$ 4,055	$ 7,506	$ 39,077

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 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 Fund

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

Special Assessments Fund

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

Community Facilities Districts Fund

Scottsdale Mountain Community Facilities District Fund
McDowell Mountain Community Facilities District Fund
DC Ranch Community Facilities District Fund
Via Linda Road Community Facilities District Fund

These funds account 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.

Scottsdale Preserve Authority Fund

This fund accounts for the principal and interest requirements of excise tax revenue bonds issued by the Scottsdale Preserve Authority. Financing is provided by a .2 percent transaction privilege tax.

Debt Service Funds

Exhibit D-1

Combining Balance Sheet
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	General Obligation Bond	Municipal Property Corporation	Special Assessments	Scottsdale Mountain CFD	McDowell Mountain CFD	DC Ranch CFD	Via Linda Road CFD	Scottsdale Preserve Authority	Total All Funds
ASSETS									
Cash and Short-Term Investments	$ 22,936	$ 7,736	$ 2,287	$ 3,858	$ 1,818	$ 448	$ 741	$ 4,465	$ 44,289
Receivables									
Accrued Interest	-	6	-	-	-	-	-	-	6
Property Tax	171	-	-	13	21	13	-	-	218
Special Assessments	-	-	6,312	-	-	-	-	-	6,312
Miscellaneous	-	-	-	-	-	-	-	-	-
Due from County Treasurer	-	-	-	8	17	17	-	-	42
Total Assets	$ 23,107	$ 7,742	$ 8,599	$ 3,879	$ 1,856	$ 478	$ 741	$ 4,465	$ 50,867
LIABILITIES AND FUND BALANCES									
Liabilities									
Due to Other Funds	$ -	$ -	$ -	$ -	$ -	$ 12	$ -	$ -	$ 12
Bond Interest Payable	6,798	793	213	175	479	223	90	2,460	11,231
Bonds Payable - Current Portion	11,150	6,791		165	475	-	-	2,005	20,586
Deferred Revenue									
Property Tax	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	6,312	-	-	-	-	-	6,312
Other	-	-	-	2,970	21	-	-	-	2,991
Other	-	4	48	-	-	1	-	-	53
Total Liabilities	17,948	7,588	6,573	3,310	975	236	90	4,465	41,185
Fund Balances									
Reserved for Debt Service	5,159	154	2,026	569	881	242	651	-	9,682
Total Fund Balances	5,159	154	2,026	569	881	242	651	-	9,682
Total Liabilities and Fund Balances	$ 23,107	$ 7,742	$ 8,599	$ 3,879	$ 1,856	$ 478	$ 741	$ 4,465	$ 50,867

Debt Service Funds

Exhibit D-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	General Obligation Bond	Municipal Property Corporation	Special Assessments	Scottsdale Mountain CFD	McDowell Mountain CFD	DC Ranch CFD	Via Linda Road CFD	Scottsdale Preserve Authority	Total All Funds
Revenues									
Taxes - Local									
Property	$ 18,781	$ -	$ -	$ 518	$ 1,638	$ 524	$ 45	$ -	$ 21,506
Transaction Privilege	-	11,287	-	-	-	-	-	-	11,287
Transient Occupancy	-	28	-	-	-	-	-	-	28
Taxes - Local	18,781	11,315	-	518	1,638	524	45	-	32,821
Special Assessments	-	-	3,026	-	-	-	-	-	3,026
Use of Money and Property									
Investment Income	16	54	22	202	54	13	25	2	388
Developer Contributions	-	-	-	-	69	109	155	-	333
Other	-	275	-	-	-	-	-	-	275
Total Revenues	18,797	11,644	3,048	720	1,761	646	225	2	36,843
Expenditures									
Debt Service									
Principal	11,150	8,556	3,183	165	475	-	-	2,005	25,534
Interest and Fiscal Charges	12,916	3,799	578	352	996	457	179	4,923	24,200
Total Expenditures	24,066	12,355	3,761	517	1,471	457	179	6,928	49,734
Excess (Deficiency) of Revenues Over Expenditures	(5,269)	(711)	(713)	203	290	189	46	(6,926)	(12,891)
Other Sources (Uses)									
Operating Transfers In	8,434	300	-	-	1	-	-	6,926	15,661
Operating Transfers Out	-	(113)	-	-	-	-	-	-	(113)
Total Other Sources (Uses)	8,434	187	-	-	1	-	-	6,926	15,548
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	3,165	(524)	(713)	203	291	189	46	-	2,657
Fund Balances July 1, 2000	1,994	678	2,739	366	590	53	604	-	7,024
Residual Equity Transfer In							1		1
Fund Balances June 30, 2001	$ 5,159	$ 154	$ 2,026	$ 569	$ 881	$ 242	$ 651	$ -	$ 9,682

Debt Service Funds

Exhibit D-3

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	General Obligation			Municipal Property Corporation		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Taxes - Local						
Property	$ 18,928	$ 18,781	$ (147)	$ -	$ -	$ -
Transaction Privilege	-	-	-	11,451	11,287	(164)
Transient Occupancy	-	-	-	24	28	4
	18,928	18,781	(147)	11,475	11,315	(160)
Special Assessments	-	-	-	-	-	-
Use of Money and Property						
Investment Income	-	16	16	323	54	(269)
Other	-	-	-	280	275	(5)
Total Revenues	18,928	18,797	(131)	12,078	11,644	(434)
Expenditures						
Debt Service						
Principal	11,150	11,150	-	8,605	8,556	49
Interest and Fiscal Charges	13,951	12,916	1,035	3,773	3,799	(26)
Total Expenditures	25,101	24,066	1,035	12,378	12,355	23
Excess (Deficiency) of Revenues Over Expenditures	(6,173)	(5,269)	904	(300)	(711)	(411)
Other Sources (Uses)						
Operating Transfers In	6,173	8,434	2,261	300	300	-
Operating Transfers Out	-	-	-	-	(113)	(113)
Total Other Sources	6,173	8,434	2,261	300	187	(113)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	3,165	3,165	-	(524)	(524)
Fund Balances July 1, 2000	-	1,994	1,994	-	827	827
Fund Balances (Deficit) June 30, 2001	$ -	$ 5,159	$ 5,159	$ -	$ 303	$ 303

Special Assessments			Scottsdale Preserve Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
$ -	$ -	$ -	$ -	$ -	$ -	$ 18,928	$ 18,781	$ (147)
-	-	-	-	-	-	11,451	11,287	(164)
-	-	-	-	-	-	24	28	4
-	-	-	-	-	-	30,403	30,096	(307)
3,735	3,026	(709)	-	-	-	3,735	3,026	(709)
-	22	22	-	2	2	323	94	(229)
-	-	-	-	-	-	280	275	(5)
3,735	3,048	(687)	-	2	2	34,741	33,491	(1,250)
3,183	3,183	-	2,005	2,005	-	24,943	24,894	49
552	578	(26)	4,925	4,923	2	23,201	22,216	985
3,735	3,761	(26)	6,930	6,928	2	48,144	47,110	1,034
-	(713)	(713)	(6,930)	(6,926)	4	(13,403)	(13,619)	(216)
-	-	-	6,930	6,926	(4)	13,403	15,660	2,257
-	-	-	-	-	-	-	(113)	(113)
-	-	-	6,930	6,926	(4)	13,403	15,547	2,144
-	(713)	(713)	-	-	-	-	1,928	1,928
-	2,739	2,739	-	-	-	-	5,560	5,560
$ -	$ 2,026	$ 2,026	$ -	$ -	$ -	$ -	$ 7,488	$ 7,488

Capital Projects Funds

Capital Projects Funds account for the resources used to acquire, construct and improve major capital assets, 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 and 1992 voter-approved general obligation bonds that are used for authorized capital improvements.

Municipal Property Corporation Bond Fund

Accounts for the proceeds of Municipal Property Corporation bonds issued for acquisition or construction of capital improvements.

Preserve Privilege Tax Fund

Accounts for the May 23, 1995, voter-approved .2 percent transaction privilege tax and the expenditure of proceeds from the sale of 1999 voter-approved general obligation bonds dedicated to acquisition of land within the McDowell Sonoran Preserve.

Transportation Privilege Tax Fund

Accounts for the authorized .2 percent transaction privilege tax dedicated to transportation capital improvements. Voters approved the tax on November 7, 1989.

General Construction Fund

Accounts for the revenues and expenditures for the capital improvements that are funded on a pay-as-you-go basis. Formerly titled "All Other Construction Fund".

Community Facilities Districts

DC Ranch Community Facilities District Fund
McDowell Mountain Community Facilities District Fund
Via Linda Road Community Facilities District Fund

Accounts for the proceeds issued by community facilities districts to acquire and improve public infrastructure in specified areas.

Capital Projects Funds

Exhibit E-1

Combining Balance Sheet
June 30, 2001 (in thousands of dollars)

	General Obligation Bond Construction	Municipal Property Corporation	Preserve Privilege Tax	Transportation Privilege Tax	General CIP Construction	DC Ranch Community Facilities District	McDowell Mtn Ranch Community Facilities District	Via Linda Rd Community Facilities District	Total All Funds
ASSETS									
Cash and Investments	$ 28,528	$ 728	$ 13,398	$ 30,253	$ 59,826	$ 2,010	$ 184	$ -	$ 134,927
Receivables									
Accrued Interest	446	-	75	344	580	-	-	-	1,445
Miscellaneous	-	-	-	-	123		-	-	123
Due From Other Funds	-	-	-	-		12	-	-	12
Total Assets	$ 28,974	$ 728	$ 13,473	$ 30,597	$ 60,529	$ 2,022	$ 184	$ -	$ 136,507
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	$ 1,045	$ -	$ 9,979	$ 2,136	$ 1,624	$ -	$ -	$ -	$ 14,784
Advance From Other Funds	-	-	1,060	-	-	-	-	-	1,060
Due to Other Governments	941	-	-	-	194	-	-	-	1,135
Other	-	-	-	489	-	-	-	-	489
Total Liabilities	1,986	-	11,039	2,625	1,818	-	-	-	17,468
Fund Balances									
Unreserved	26,988	728	2,434	27,972	58,711	2,022	184	-	119,039
Total Fund Balances	26,988	728	2,434	27,972	58,711	2,022	184	-	119,039
Total Liabilities and Fund Balances	$ 28,974	$ 728	$ 13,473	$ 30,597	$ 60,529	$ 2,022	$ 184	$ -	$ 136,507

Capital Projects Funds

Exhibit E-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	General Obligation Bond Construction	Municipal Property Corporation	Preserve Privilege Tax	Transportation Privilege Tax	General CIP Construction	DC Ranch Community Facilities District	McDowell Mtn Ranch Community Facilities District	Via Linda Rd Community Facilities District	Total All Funds
Revenues									
Use of Money and Property	$ 2,158	$ -	$ 459	$ 1,628	$ 3,195	$ 103	$ 11	$ 1	$ 7,555
Developer Contributions	-	-	-	-	1,674	-	-	237	1,911
Reimbursements from Outside Sources	-	-	-	-	452	-	-	-	452
Other	-	-	-	-	229	-	-	-	229
Total Revenues	2,158	-	459	1,628	5,550	103	11	238	10,147
Expenditures									
Capital Improvements	6,156	125	34,205	10,608	21,863	36	36	252	73,281
Excess (Deficiency) of Revenues Over Expenditures	(3,998)	(125)	(33,746)	(8,980)	(16,313)	67	(25)	(14)	(63,134)
Other Sources (Uses)									
Operating Transfers In	-	-	-	20,083	26,880	-	-	-	46,963
Operating Transfers Out	-	-	(8,000)	(39)	(1,435)	-	(1)	-	(9,475)
Bond Proceeds	-	-	35,000	-	-	-	-	-	35,000
Total Other Sources (Uses)	-	-	27,000	20,044	25,445	-	(1)	-	72,488
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(3,998)	(125)	(6,746)	11,064	9,132	67	(26)	(14)	9,354
Fund Balances July 1, 2000	30,986	853	9,180	16,908	49,579	1,955	210	15	109,686
Residual Equity Transfer Out	-	-	-	-	-	-	-	(1)	(1)
Fund Balances June 30, 2001	$ 26,988	$ 728	$ 2,434	$ 27,972	$ 58,711	$ 2,022	$ 184	$ -	$ 119,039

Enterprise Funds

Enterprise Funds account for the financing of self-supporting activities of 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 and Solid Waste 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.

Solid Waste Fund

The Solid Waste Fund was established to control operating revenue and expenses related to the City's sanitation services (solid waste, brush removal, container maintenance, etc.).

Enterprise Funds

Exhibit F-1

Combining Balance Sheet
June 30, 2001 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
ASSETS				
Current Assets				
Cash and Investments	$ 125,921	$ 1,181	$ 1,159	$ 128,261
Receivables				
Accrued Interest	2,813	52	14	2,879
Intergovernmental	-	207	-	207
Accounts	10,598	-	2,212	12,810
Miscellaneous	101	13	51	165
Total Current Assets	139,433	1,453	3,436	144,322
Restricted Cash and Investments				
Water and Sewer System Replacement	13,079	-	-	13,079
Scottsdale Water Service Company Replacement Reserve	300	-	-	300
Acquisition and Construction Reserve Development Fees	2,117	-	-	2,117
Total Restricted Cash and Investments	15,496	-	-	15,496
Equity In Joint Venture	36,519	-	-	36,519
Property, Plant, and Equipment				
Land and Land Improvements	3,235	20,959	1,185	25,379
Water Rights	64,194	-	-	64,194
Water System	400,170	-	-	400,170
Sewer System	253,768	-	-	253,768
Buildings and Improvements	-	3,767	2,923	6,690
Machinery and Equipment	2,946	2,311	2,017	7,274
Furniture and Fixtures	742	-	-	742
Construction in Progress	84,849	884	-	85,733
Total Property, Plant, and Equipment	809,904	27,921	6,125	843,950
Accumulated Depreciation	(139,453)	(9,324)	(1,167)	(149,944)
Total Property, Plant, and Equipment, Net of Accumulated Depreciation	670,451	18,597	4,958	694,006
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of $2,596,086	266	-	-	266
Total Assets	$ 862,165	$ 20,050	$ 8,394	$ 890,609

Enterprise Funds

Exhibit F-1
(continued)

Combining Balance Sheet
June 30, 2001 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
LIABILITIES AND FUND EQUITY				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	$ 5,865	$ 67	$ 253	$ 6,185
Accrued Payroll	1,099	78	451	1,628
Contracts Payable - Current Portion	294	-	-	294
Bond Interest Payable	2,542	-	80	2,622
Bonds Payable - Current Portion	6,740	-	868	7,608
Total Current Liabilities	16,540	145	1,652	18,337
Other Liabilities				
Deferred Revenue	1,017	-	-	1,017
Accumulated Accretion	5,041	-	-	5,041
Customer Advances and Deposits	1,131	6	-	1,137
Total Other Liabilities	7,189	6	-	7,195
Long-Term Debt (Net of Current Portion)				
Bonds Payable, Net of Def. Loss/Costs	93,120	-	2,435	95,555
Contracts Payable	-	-	-	-
Total Long-Term Debt	93,120	-	2,435	95,555
Total Liabilities	116,849	151	4,087	121,087
Equity				
Contributed Capital	525,028	28,665	353	554,046
Less Depreciation	(68,542)	(9,416)	-	(77,958)
Net Contributed Capital	456,486	19,249	353	476,088
Retained Earnings				
Reserved for Water and Sewer System Replacement	13,379	-	-	13,379
Reserved for Acquisition and Construction	2,117	-	-	2,117
Unreserved	273,334	650	3,954	277,938
Total Retained Earnings	288,830	650	3,954	293,434
Total Equity	745,316	19,899	4,307	769,522
Total Liabilities and Equity	$ 862,165	$ 20,050	$ 8,394	$ 890,609

Enterprise Funds

Exhibit F-2

Combining Statement of Revenues, Expenses, and Changes In Retained Earnings
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
Operating Revenues				
Water Service Fees	$ 57,133	$ -	$ -	$ 57,133
Sewer Service Fees	24,597	-	-	24,597
Reclaimed Water Distribution	2,572	-	-	2,572
Groundwater Treatment Plant	911	-	-	911
Solid Waste Fees	128	-	15,705	15,833
Airport Fees	-	1,444	-	1,444
Other	2,076	-	-	2,076
Total Operating Revenues	87,417	1,444	15,705	104,566
Operating Expenses				
Water Operations	29,326	-	-	29,326
Sewer Operations	13,208	-	-	13,208
Solid Waste Operations	-	-	12,004	12,004
Airport Operations	-	1,165	-	1,165
Indirect Costs	4,376	599	1,733	6,708
In-Lieu Property Tax	2,140	91	20	2,251
Franchise Fees	4,371	-	-	4,371
Depreciation and Amortization	18,001	790	199	18,990
Total Operating Expenses	71,422	2,645	13,956	88,023
Operating Income (Loss)	15,995	(1,201)	1,749	16,543
Non-Operating Revenues (Expenses)				
Investment Income	13,202	215	51	13,468
Interest Expense	(5,901)	-	(168)	(6,069)
Litigation Recovery	927	-	-	927
Net Non-Operating Revenues (Expenses)	8,228	215	(117)	8,326
Net Income (Loss) Before Operating Transfers	24,223	(986)	1,632	24,869
Operating Transfers In	64	589	-	653
Operating Transfers Out	(362)	(2)	(494)	(858)
Net Operating Transfers In (Out)	(298)	587	(494)	(205)
Net Income (Loss)	23,925	(399)	1,138	24,664
Add Depreciation on Fixed Assets Acquired By Contributed Capital	9,019	790	-	9,809
Increase (Decrease) in Retained Earnings	32,944	391	1,138	34,473
Retained Earnings July 1, 2000	255,886	259	2,816	258,961
Retained Earnings June 30, 2001	$ 288,830	$ 650	$ 3,954	$ 293,434

Enterprise Funds

Exhibit F-3

(continued on following page)

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
Cash Flows from Operating Activities:				
Cash received from customers	$ 84,909	$ 1,441	$ 15,581	$ 101,931
Cash paid to suppliers	(41,636)	(1,282)	(10,272)	(53,190)
Cash paid to employees	(8,807)	(523)	(3,415)	(12,745)
Other operating	2,067			2,067
Net Cash Provided by Operating Activities	36,533	(364)	1,894	38,063
Cash Flows from Non-Capital Financing Activities:				
Operating Transfers In	64	589	-	653
Operating Transfers Out	(362)	(2)	(494)	(858)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(298)	587	(494)	(205)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Property and Equipment	(51,155)	(2,238)	(74)	(53,467)
Principal Payments on Long-Term Debt	(6,730)	-	(828)	(7,558)
Interest Paid on Long-Term Debt	(5,321)	-	(190)	(5,511)
Capital Contributions from Other Government Units	-	2,221	-	2,221
Developer	15	-	-	15
Water and Sewer Development Fees	26,361	-	-	26,361
Capital Grants	-	(153)	-	(153)
Net Cash Provided (Used) by Capital and Related Financing Activities	(36,830)	(170)	(1,092)	(38,092)
Cash Flows from Investing Activities:				
Proceeds from the Sale of investments	-	-	12	12
Income Received on Investments	10,219	202	45	10,466
Unrealized Gain on Investments	1,483	-	-	1,483
Net Cash Provided by Investing Activities	11,702	202	57	11,961
Net Increase in Cash and Cash Equivalents	11,107	255	365	11,727
Cash and Cash Equivalents at Beginning of Year	130,310	926	610	131,846
Cash and Cash Equivalents at End of Year	$ 141,417	$ 1,181	$ 975	$ 143,573

Enterprise Funds

Exhibit F-3
(continued)

Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
Cash and Cash Equivalents at End of Year Includes:				
Cash and Investments	$ 125,921	$ 1,181	$ 1,159	$ 128,261
Deduction for Long Term Investments	-	-	(184)	(184)
Restricted Cash and Investments	15,496	-	-	15,496
Total Cash and Cash Equivalents	$ 141,417	$ 1,181	$ 975	$ 143,573
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating Income (Loss)	$ 15,995	$ (1,201)	$ 1,749	$ 16,543
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	18,001	790	199	18,990
Litigation Recovery	927	-	-	927
Changes In Assets and Liabilities Sources (Uses) of Cash:				
Accounts Receivable	(189)	-	(118)	(307)
Miscellaneous Receivables	(9)	(8)	(5)	(22)
Accounts Payable	2,839	42	16	2,897
Accrued Payroll	139	8	53	200
Deferred Revenue	(1,182)	-	-	(1,182)
Other Liabilities	12	5	-	17
Total Adjustments	20,538	837	145	21,520
Net Cash Provided by Operating Activities	36,533	(364)	1,894	38,063
Supplemental Disclosure of Non-Cash Financing Activities:				
Additions to Property, Plant, and Equipment				
Contributions from Developers	$ 12,859	$ -	$ -	$ 12,859
Contributions from Other Government Units	-	2,221	-	2,221
Deductions to Interest Expense				
Accumulated Accretion	743	-	-	743
Total Non-Cash Financing Activities	$ 13,602	$ 2,221	$ -	$ 15,823

Enterprise Funds

Exhibit F-4

Combining Schedule of Revenues and Expenses - Budget and Actual - Budget Basis
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Water and Sewer Utility			Airport			Solid Waste			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues												
Water Service Fees	$ 59,132	$ 57,133	$ (1,999)	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,132	$ 57,133	$ (1,999)
Sewer Service Fees	25,280	24,597	(683)	-	-	-	-	-	-	25,280	24,597	(683)
Solid Waste Fees	-	-	-	-	-	-	15,822	15,705	(117)	15,822	15,705	(117)
Airport Fees	-	-	-	1,450	1,444	(6)	-	-	-	1,450	1,444	(6)
Property Rental	-	2	2	-	-	-	-	-	-	-	2	2
Interest Earnings	6,325	8,691	2,366	-	214	214	35	51	16	6,360	8,956	2,596
Operating Transfers In	-	64	64	309	589	280	-	-	-	309	653	344
Other	3,832	2,709	(1,123)	-	-	-	-	-	-	3,832	2,709	(1,123)
Total Revenues	94,569	93,196	(1,373)	1,759	2,247	488	15,857	15,756	(101)	112,185	111,199	(986)
Expenses												
Water Operations	35,825	27,420	8,405	-	-	-	-	-	-	35,825	27,420	8,405
Sewer Operations	8,657	11,459	(2,802)	-	-	-	-	-	-	8,657	11,459	(2,802)
Solid Waste Operations	-	-	-	-	-	-	12,367	11,942	425	12,367	11,942	425
Airport Operations	-	-	-	1,047	1,155	(108)	-	-	-	1,047	1,155	(108)
Debt Service and Reserves	13,164	12,936	228	-	-	-	1,028	1,037	(9)	14,192	13,973	219
Operating Transfers Out	64	362	(298)	-	-	-	430	494	(64)	494	856	(362)
Indirect Costs	4,370	4,376	(6)	599	599	-	1,733	1,733	-	6,702	6,708	(6)
In Lieu Property Tax	2,141	2,140	1	91	91	-	20	20	-	2,252	2,251	1
Franchise Fee	4,370	4,371	(1)	-	-	-	-	-	-	4,370	4,371	(1)
Total Expenses	68,591	63,064	5,527	1,737	1,845	(108)	15,578	15,226	352	85,906	80,135	5,771
Excess (Deficit) of Revenues Over Expenses	$ 25,978	$ 30,132	$ 4,154	$ 22	$ 402	$ 380	$ 279	$ 530	$ 251	$ 26,279	$ 31,064	$ 4,785

Internal Service Funds

Internal Services Funds are established to finance and account for services and/or commodities furnished by one department or unit to other departments or units within the City.

Fleet Management Fund

The Fleet Management 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 demonstration of the City's self-insurance program. Revenue to this fund is derived from charges to user programs. This fund provides coverage of unemployment, self-insured benefits, workmen's compensation, property, and liability claims.

Internal Service Funds

Exhibit G-1

Combining Balance Sheet
June 30, 2001 (in thousands of dollars)

	Fleet Management	Self-Insurance	Total All Funds
ASSETS			
Current Assets			
Cash and Investments	$ 12,641	$ 17,286	$ 29,927
Receivables			
Accrued Interest	177	174	351
Miscellaneous	10	-	10
Supplies Inventory	400	-	400
Total Current Assets	13,228	17,460	30,688
Property, Plant, and Equipment			
Buildings and Improvements	1,448	-	1,448
Motor Vehicles	38,546	-	38,546
Machinery and Equipment	797	-	797
Furniture and Fixtures	-	22	22
Construction in Progress	1,517	-	1,517
Total Property, Plant, and Equipment	42,308	22	42,330
Accumulated Depreciation	(16,322)	(22)	(16,344)
Total Property, Plant, and Equipment, Net of Accumulated Depreciation	25,986	-	25,986
Total Assets	$ 39,214	$ 17,460	$ 56,674
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts Payable	$ 134	$ 66	$ 200
Accrued Payroll	320	89	409
Claims Payable	-	7,721	7,721
Total Current Liabilities	454	7,876	8,330
Equity			
Contributed Capital	18,466	1,983	20,449
Retained Earnings	20,294	7,601	27,895
Net Equity	38,760	9,584	48,344
Total Liabilities and Equity	$ 39,214	$ 17,460	$ 56,674

Internal Service Funds

Exhibit G-2

Combining Statement of Revenues, Expenses and Changes in Retained Earnings
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Fleet Management	Self-Insurance	Total All Funds
Operating Revenues			
Billings To User Programs	$ 11,551	$ 8,389	$ 19,940
Other	119	288	407
Total Operating Revenues	11,670	8,677	20,347
Operating Expenses			
Fleet Management Operations	5,706	-	5,706
Self-Insurance Administration	-	1,520	1,520
Self-Insurance Claims	-	7,618	7,618
Depreciation	4,774	-	4,774
Total Operating Expenses	10,480	9,138	19,618
Operating Income (Loss)	1,190	(461)	729
Non-Operating Revenues			
Property Tax	-	538	538
Investment Income	873	910	1,783
Gain on Sale of Fixed Assets	296	-	296
Total Non-Operating Revenues	1,169	1,448	2,617
Net Income (Loss) Before Operating Transfers	2,359	987	3,346
Operating Transfers In	1,012	-	1,012
Operating Transfers Out	(1,031)	(2)	(1,033)
Net Operating Transfers In (Out)	(19)	(2)	(21)
Increase in Retained Earnings	2,340	985	3,325
Retained Earnings July 1, 2000	17,954	2,529	20,483
Change in Accounting Policy	-	4,087	4,087
Retained Earnings July 1, 2000 as restated	17,954	6,616	24,570
Retained Earnings June 30, 2001	$ 20,294	$ 7,601	$ 27,895

Internal Service Funds

Exhibit G-3

Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Fleet Management	Self-Insurance	Total All Funds
Cash Flows from Operating Activities:			
Cash received from customers	$ 11,551	$ 8,423	$ 19,974
Cash paid to suppliers	(3,399)	(6,479)	(9,878)
Cash paid to employees	(2,372)	(546)	(2,918)
Other operating	119	288	407
Net Cash Provided by Operating Activities	5,899	1,686	7,585
Cash Flows from Non-Capital Financing Activities:			
Operating Transfers In	1,012	-	1,012
Operating Transfers Out	(1,031)	(2)	(1,033)
Property Tax	-	538	538
Net Cash Used for Non-Capital Financing Activities	(19)	536	517
Cash Flows from Capital and Related Financing Activities:			
Acquisition, Construction, and Disposal of Property and Equipment	(6,394)	-	(6,394)
Sale of Fixed Assets	296	-	296
Net Cash Used for Capital and Related Financing Activities	(6,098)	-	(6,098)
Cash Flows from Investing Activities:			
Income Received on Investments	783	803	1,586
Net Increase in Cash and Cash Equivalents	565	3,025	3,590
Cash and Cash Equivalents at Beginning of Year	12,076	10,174	22,250
Change in Accounting Policy	-	4,087	4,087
Cash and Cash Equivalents at Beginning of Year, as Restated	12,076	14,261	26,337
Cash and Cash Equivalents at End of Year	$ 12,641	$ 17,286	$ 29,927
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating Income (Loss)	$ 1,190	$ (461)	$ 729
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	4,774	-	4,774
Changes in Assets and Liabilities Sources (Uses) of Cash:			
Miscellaneous Receivables	-	35	35
Supplies Inventory	(61)	-	(61)
Accounts Payable	17	66	83
Accrued Payroll	(21)	(15)	(36)
Claims Payable	-	2,061	2,061
Total Adjustments	4,709	2,147	6,856
Net Cash Provided by Operating Activities	$ 5,899	$ 1,686	$ 7,585
Supplemental Disclosure of Noncash Financing Activities:			
Additions to Property, Plant, and Equipment			
Contributions from Other Government Units	$ 7,446	$ -	$ 7,446

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 responsibilities placed upon the governmental unit by virtue of law or other similar authority.

Expendable Trust Fund

This fund accounts for gifts that are designated for special purposes. The Expendable Trust Fund includes gifts received for libraries, arts, parks, memorials, senior citizens, and handicapped and training services.

Family Self-Sufficiency Agency Fund

This fund accounts for monies in escrow for Section 8 Housing Program participants.

Retainage Escrow Agency

This fund accounts for monies held in escrow for construction contract retainage payable.

Trust and Agency Funds

Exhibit H-1

Combining Balance Sheet
June 30, 2001(in thousands of dollars)

	Expendable Trust	Family Self-Sufficiency Agency	Retainage Escrow Agency	Total All Funds
ASSETS				
Cash and Investments	$ 8,702	$ 219	$ 195	$ 9,116
Receivables				
Accrued Interest	111	2	-	113
Intergovernmental	768	-	-	768
Note	4,000	-	-	4,000
Miscellaneous	12	-	-	12
Total Assets	$ 13,593	$ 221	$ 195	$ 14,009
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 282	$ -	$ -	$ 282
Designated Escrow Payable	-	221	195	416
Deferred Revenue	4,000	-	-	4,000
Guaranty and Other Deposits	3,863	-	-	3,863
Total Liabilities	8,145	221	195	8,561
Fund Balances				
Unreserved	5,448	-	-	5,448
Total Fund Balances	5,448	-	-	5,448
Total Liabilities and Fund Balances	$ 13,593	$ 221	$ 195	$ 14,009

Expendable Trust Fund

Exhibit H-2

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Expendable Trust
Revenues	
Intergovernmental	$ 269
Investment Income	326
Other	4,070
Total Revenues	4,665
Expenditures	
Expendable Trusts	5,873
Excess of Revenues Over Expenditures	(1,208)
Other Sources (Uses)	
Operating Transfers In	953
Operating Transfers Out	(587)
Total Other Uses	366
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(842)
Fund Balance July 1, 2000	6,290
Fund Balance June 30, 2001	$ 5,448

Expendable Trust Fund

Exhibit H-3

Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Capital Outlay	Total
Expendable Trust	$ 477	$ 1,622	$ 510	$ 3,264	$ 5,873

Agency Funds

Exhibit H-4

Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
Family Self-Sufficiency				
ASSETS				
Cash and Investments	$ 142	$ 106	$ 29	$ 219
Accrued Interest	-	2	-	2
Total Assets	$ 142	$ 108	$ 29	$ 221
LIABILITIES				
Designated Escrow Payable	$ 142	$ 108	$ 29	$ 221
Total Liabilities	$ 142	$ 108	$ 29	$ 221
Retainage Escrow				
ASSETS				
Cash and Investments	$ -	$ 195	$ -	$ 195
Total Assets	$ -	$ 195	$ -	$ 195
LIABILITIES				
Designated Escrow Payable	$ -	$ 195	$ -	$ 195
Total Liabilities	$ -	$ 195	$ -	$ 195
Totals				
ASSETS				
Cash and Investments	$ 142	$ 301	$ 29	$ 414
Accrued Interest	-	2	-	2
Total Assets	$ 142	$ 303	$ 29	$ 416
LIABILITIES				
Designated Escrow Payable	$ 142	$ 303	$ 29	$ 416
Total Liabilities	$ 142	$ 303	$ 29	$ 416

General Fixed Assets Account Group

The General Fixed Assets Account Group controls the City's sizable 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.

General Fixed Assets Account Group

Exhibit I-1

Schedule of General Fixed Assets by Source
June 30, 2001 (in thousands of dollars)

General Fixed Assets:		
Land	$	296,693
Buildings and Improvements		258,108
Streets and Storm Drains		1,857,822
Machinery and Equipment		49,562
Construction in Progress		84,871
Total General Fixed Assets	$	2,547,056

Investment in General Fixed Assets by Source:		
General Fund	$	67,030
Special Revenue Funds		103,599
Capital Projects Funds		794,852
Contributions		1,581,575
Total Investment in General Fixed Assets	$	2,547,056

General Fixed Assets Account Group

Exhibit I-2

Schedule of General Fixed Assets by Function and Activity
June 30, 2001 (in thousands of dollars)

DEPARTMENT	Land	Buildings and Improvements	Streets and Storm Drains	Machinery and Equipment	Total
General Government	$ 464	$ 4,239	$ 98	$ 785	$ 5,586
Police	37	984	48	2,642	3,711
Financial Services	-	247	-	663	910
Transportation	-	7,128	-	94	7,222
Community Services	7,445	9,483	129	1,438	18,495
Information Systems	-	-	-	10,280	10,280
Planning & Development	-	161	-	418	579
Fire	-	397	-	284	681
Municipal Services	-	-	-	124	124
Capital Projects	288,747	235,469	1,857,547	32,834	2,414,597
Total General Fixed Assets Allocated to Functions	$ 296,693	$ 258,108	$ 1,857,822	$ 49,562	$ 2,462,185
Construction in Progress					84,871
Total General Fixed Assets					$ 2,547,056

General Fixed Assets Account Group

Exhibit I-3

Schedule of Changes in General Fixed Assets By Function and Activity
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

Department	July 1, 2000	Additions	Deletions	June 30, 2001
General Government	$ 5,580	$ 15	$ (9)	$ 5,586
Police	3,645	66	-	3,711
Financial Services	904	71	(65)	910
Transportation	7,198	24	-	7,222
Community Services	18,495	-	-	18,495
Information Systems	8,902	1,378	-	10,280
Planning & Development	529	50	-	579
Fire	650	31	-	681
Municipal Services	64	60	-	124
Capital Projects	2,314,504	103,904	(3,811)	2,414,597
Construction in Progress	66,219	25,757	(7,105)	84,871
Total General Fixed Assets	$ 2,426,690	$ 131,356	$ (10,990)	$ 2,547,056

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.

Schedule of Changes in Long-Term Debt*

Exhibit J-1

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	July 1, 2000	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions & Contract Adjustments	June 30, 2001	General Long-Term Debt	Enterprise Fund	Final Payment Date
GENERAL OBLIGATION BONDS										
1989 Series B (1991)	$ 4,285	$ -	$ 975	$ -	$ -	$ -	$ 3,310	$ 3,310	$ -	07/01/04
1989 Series C (1992)	9,540	-	910	-	-	-	8,630	8,630	-	07/01/12
1993 Refunding	16,841	-	285	-	-	400	16,956	16,956	-	07/01/09
1989 Series D (1993)	14,635	-	900	-	-	-	13,735	13,735	-	07/01/13
1993A GO Refunding	22,498	-	2,545	-	-	624	20,577	20,577	-	07/01/11
1989 Series E (1994)	7,150	-	575	-	-	-	6,575	6,575	-	07/01/14
1994 Various Purpose	3,475	-	625	-	-	-	2,850	2,850	-	07/01/14
1995 GO / Pima Road	12,675	-	575	-	-	-	12,100	12,100	-	07/01/15
1997 Series H - Roads/ Strm Sew/ Pima	23,930	-	1,010	-	-	-	22,920	22,920	-	07/01/16
1997 GO Refunding	19,900	-	-	-	-	-	19,900	19,900	-	07/01/14
1989 Series I (1998)	19,355	-	725	-	-	-	18,630	18,630	-	07/01/18
1999A GO / Pima Road	24,525	-	800	-	-	-	23,725	23,725	-	07/01/19
1999 GO Preservation	58,800	-	1,225	-	-	-	57,575	57,575		07/01/24
2001 GO Preservation	-	35,000	-	-	-	-	35,000	35,000	-	07/01/24
Subtotal	237,609	35,000	11,150	-	-	1,024	262,483	262,483	-	
Enterprise Fund General Obligation Bonds										
1993 Refunding	24,292	-	4,280	-	-	743	20,755	-	20,755	07/01/06
1993 A GO Refunding	1,315	-	-	-	-	-	1,315	-	1,315	07/01/06
Subtotal	25,607	-	4,280	-	-	743	22,070	-	22,070	
Total General Obligation Bonds	$ 263,216	$ 35,000	$ 15,430	$ -	$ -	$ 1,767	$ 284,553	$ 262,483	$ 22,070	
REVENUE BONDS										
Highway User Revenue Fund Bonds										
1993 HURF Refunding	$ 17,830	$ -	$ 2,170	$ -	$ -	$ -	$ 15,660	$ 15,660	$ -	07/01/07
Subtotal	17,830	-	2,170	-	-	-	15,660	15,660	-	
Enterprise Fund Revenue Bonds										-
1989 Utility Series B (1992)	3,575	-	210	-	-	-	3,365	-	3,365	07/01/12
1989 Utility Series C (1994)	1,075	-	190	-	-	-	885	-	885	07/01/05
1996 Utility Revenue Series Refunding	7,655	-	475	-	-	70	7,250	-	7,250	07/01/14
1989 Utility Series D (1998)	18,650	-	500	-	-	-	18,150	-	18,150	07/01/22
1989 Utility Series E (1998)	47,525	-	1,085	-	-	-	46,440	-	46,440	07/01/23
Subtotal	78,480	-	2,460	-	-	70	76,090	-	76,090	
Total Revenue Bonds	$ 96,310	$ -	$ 4,630	$ -	$ -	$ 70	$ 91,750	$ 15,660	$ 76,090	

*This exhibit includes both general long-term debt and long-term debt paid out of the Enterprise Funds.

Schedule of Changes in Long-Term Debt*

Exhibit J-1

(continued here and on following page)

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	July 1, 2000	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions & Contract Adjustments	June 30, 2001	General Long-Term Debt	Enterprise Fund	Final Payment Date
MUNICIPAL PROPERTY CORPORATION BONDS										
1987 AMFP Certificate of Participation	$ 695	$ -	$ 695	$ -	$ -	$ -	-	$ -	$ -	07/01/01
1992 Asset Transfer Refunding	35,485	-	1,765	-	-	-	33,720	33,720	-	11/01/14
1993 Refunding	18,830	-	3,395	-	-	-	15,435	15,435	-	07/01/05
1994 Refunding	4,010	-	930	-	-	-	3,080	3,080	-	07/01/04
1995 MPC Taxable Excise - TPC Land	2,575	-	95	-	-	-	2,480	2,480	-	07/01/15
1996 McCormick/Stillman Park	1,216	-	241	-	-	-	975	975	-	07/01/04
1996 Computer Project	435	-	435	-	-	-	-	-	-	07/01/01
1998 Telephone, HR\Tech Bldg, Westworld	2,125	-	1,000	-	-	-	1,125	1,125	-	07/01/08
Subtotal	65,371	-	8,556	-	-	-	56,815	56,815	-	
Enterprise Fund Municipal Property Corporation Bonds										
1995 Transfer Station	2,640	-	205	-	-	-	2,435	-	2,435	07/01/10
1996 Recycle	664	-	664	-	-	-	-	-	-	07/01/01
Subtotal	3,304	-	869	-	-	-	2,435	-	2,435	
Total Municipal Property Corporation Bonds	$ 68,675	$ -	$ 9,425	$ -	$ -	$ -	$ 59,250	$ 56,815	$ 2,435	
SCOTTSDALE PRESERVE AUTHORITY BONDS										
1997 Excise Tax Revenue	$ 19,400	$ -	$ 495	$ -	$ -	$ -	$ 18,905	$ 18,905	$ -	07/01/22
1998 Excise Tax Revenue	74,570	-	1,510	-	-	-	73,060	73,060	-	07/01/24
Total Scottsdale Preserve Authority Bonds	$ 93,970	$ -	$ 2,005	$ -	$ -	$ -	$ 91,965	$ 91,965	$ -	
SPECIAL ASSESSMENT BONDS										
Pima/CAP Series 92	$ 866	$ -	$ 866	$ -	$ -	$ -	$ -	$ -	$ -	01/01/01
Pima Acres Series 93	130	-	130	-	-	-	-	-	-	01/01/01
Old Scottsdale/West Main Series 94	215	-	110	-	-	-	105	105	-	01/01/02
Fifth Ave/Marshall Way Series 95	240	-	120	-	-	-	120	120	-	01/01/02
Section 31 Series 96	100	-	50	-	-	-	50	50	-	01/01/02
Pinnacle Vista Series 97	270	-	90	-	-	-	180	180	-	01/01/03
North Area Water Series 98	525	-	175	-	-	-	350	350	-	01/01/03
Adobe Miller Series 99	315	-	105	-	-	-	210	210	-	01/01/03
Craftsman Court Series 100	60	-	15	-	-	-	45	45	-	01/01/04
Bell Road Series 101	322	-	4	-	303	-	15	15	-	01/01/05
Desert Ranch Water Series 102	131	-	30	-	-	-	101	101	-	01/01/04
Desert Ranch Infrastructure Series 103	7,095	-	1,270	-	-	-	5,825	5,825	-	01/01/05
Pima Acres Paving & Drainage Series 105	765	-	85	-	-	-	680	680	-	01/01/09
Total Special Assessment Bonds	$ 11,034	$ -	$ 3,050	$ -	$ 303	$ -	$ 7,681	$ 7,681	$ -	

*This exhibit includes both general long-term debt and long-term debt paid out of the Enterprise Funds.

Schedule of Changes in Long-Term Debt*

Exhibit J-1
(continued)

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	July 1, 2000	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions & Contract Adjustments	June 30, 2001	General Long-Term Debt	Enterprise Fund	Final Payment Date
COMMUNITY FACILITIES DISTRICT BONDS										
Scottsdale Mountain Series 1993 A	$ 2,815	$ -	$ 100	$ -	$ -	$ -	$ 2,715	$ 2,715	$ -	07/01/17
Scottsdale Mountain Series 1993 B	500	-	15	-	-	-	485	485	-	07/01/17
Scottsdale Mountain Series 1995	1,880	-	50	-	-	-	1,830	1,830	-	07/01/19
McDowell Mtn Ranch Refunding Series 1999	19,480	-	475	-	-	-	19,005	19,005	-	07/15/22
DC Ranch Series 1998	4,750	-	-	-	-	-	4,750	4,750	-	07/15/23
Via Linda Road Series 1999	3,225	-	-	-	-	-	3,225	3,225	-	07/15/23
DC Ranch Series 1999	3,085	-	-	-	-	-	3,085	3,085	-	07/15/24
Total Community Facilities District Bonds	35,735	-	640	-	-	-	35,095	35,095	-	
Total Bonds	$ 568,940	$ 35,000	$ 35,180	$ -	$ 303	$ 1,837	$ 570,294	$ 469,699	$ 100,595	
CONTRACTS PAYABLE										
US Corps of Engineers	$ 3,472	$ -	$ 53	$ -	$ -	$ -	$ 3,419	$ 3,419	$ -	2032
Carefree Ranch	366	-	261	-	-	(105)	-	-	-	03/01/02
Dial Corporation	365	-	31	-	-	-	334	334	-	2008
US Patent Office	6	-	1	-	-	-	5	5	-	2009
McDowell Sonoran Preserve	9,040	-	505	-	-	-	8,535	8,535	-	2013
Bureau of Reclaimation\Westworld	1,815	-	55	-	-	-	1,760	1,760	-	2032
Bureau of Reclaimation\TPC	1,925	-	55	-	-	-	1,870	1,870	-	2035
Underground Improvement District Series 104	430	-	133	-	-	-	297	297	-	01/01/13
Anchor National Life / Portales	2,240	-	123	-	-	-	2,117	2,117	-	2005
Dave Wilson Honda	99		99	-	-	-	-	-	-	2001
Sun Pontiac	28		28	-	-	-	-	-	-	2001
Dave Wilson Toyota	77		77	-	-	-	-	-	-	2001
Promenade	5,385		626	-	-	-	4,759	4,759	-	2007
Total Contracts	$ 25,248	$ -	$ 2,047	$ -	$ -	$ (105)	$ 23,096	$ 23,096	$ -	
CAPITAL LEASES										
Nordstrom Garage Lease	$ 28,750	$ -	$ -	$ -	$ -	$ -	$ 28,750	$ 28,750	$ -	2028
TOTAL BONDS, CONTRACTS AND CAPITAL LEASES	$ 622,938	$ 35,000	$ 37,227	$ -	$ 303	$ 1,732	$ 622,140	$ 521,545	$ 100,595	
Compensated Absences								8,592		
Total General Long-Term Debt								$ 530,137		

*This exhibit includes both general long-term debt and long-term debt paid out of the Enterprise Funds.

Debt Service Requirements to Maturity

Exhibit J-2

General Obligation Bonds*
For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	General Obligation Bonds Issued To Provide Water, Sewer, Light Parks, and Open Spaces 20% Limitation			General Obligation Bonds Issued For All Other Purposes 6% Limitation			Total General Obligation Bonds		
Fiscal Year	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
2002	$ 8,535	$ 10,151	$ 18,686	$ 6,215	$ 6,450	$ 12,665	$ 14,750	$ 16,601	$ 31,351
2003	9,015	9,662	18,677	6,595	6,078	12,673	15,610	15,740	31,350
2004	5,365	15,244	20,609	7,330	3,373	10,703	12,695	18,617	31,312
2005	7,159	15,091	22,250	6,101	2,933	9,034	13,260	18,024	31,284
2006	12,951	8,555	21,506	7,194	2,591	9,785	20,145	11,146	31,291
2007-2011	53,520	34,149	87,669	30,005	7,397	37,402	83,525	41,546	125,071
2012-2016	45,773	20,629	66,402	13,677	1,508	15,185	59,450	22,137	81,587
2017-2021	34,230	9,782	44,012	-	-	-	34,230	9,782	44,012
2022-2024	19,025	1,955	20,980	-	-	-	19,025	1,955	20,980
Capital Appreciation **	7,750	(7,750)	-	- 4,113	(4,113)	-	11,863	(11,863)	-
TOTALS	$ 203,323	$ 117,468	$ 320,791	$ 81,230	$ 26,217	$ 107,447	$ 284,553	$ 143,685	$ 428,238

*This page excludes general obligation bonds of community facilities districts. General obligation bonds of community facilities districts are shown on the third page of this exhibit.
** For GAAP financial statement reporting, accretion of capital appreciation bonds is added to the principal balance outstanding.

Debt Service Requirements to Maturity

Exhibit J-2

(continued here and on following page)

Highway User Revenue Bonds, Water and Sewer Revenue Bonds, Municipal Property Corporation Bonds, and Scottsdale Preserve Authority Bonds

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Highway User Revenue Bonds			Water and Sewer Revenue Bonds			Municipal Property Corporation Bonds			Scottsdale Preserve Authority Excise Tax Revenue Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2002	$ 2,275	$ 828	$ 3,103	$ 2,595	$ 3,937	$ 6,532	$ 7,165	$ 3,450	$ 10,615	$ 2,125	$ 4,791	$ 6,916
2003	2,395	714	3,109	2,715	3,792	6,507	7,575	3,068	10,643	2,250	4,654	6,904
2004	2,515	591	3,106	2,860	3,650	6,510	7,995	2,657	10,652	2,380	4,510	6,890
2005	2,660	459	3,119	3,055	3,467	6,522	6,945	2,214	9,159	2,525	4,357	6,882
2006	2,825	316	3,141	3,245	3,270	6,515	2,965	1,815	4,780	2,670	4,195	6,865
2007-2011	2,990	164	3,154	17,255	13,367	30,622	16,840	6,109	22,949	15,630	18,442	34,072
2012-2016	-	-	-	16,705	8,880	25,585	9,765	1,056	10,821	19,940	13,711	33,651
2017-2021	-	-	-	19,100	4,812	23,912	-	-	-	25,635	8,168	33,803
2022-2024	-	-	-	9,010	620	9,630	-	-	-	18,810	1,738	20,548
Deferred Loss and Issuance Costs	-	-	-	(450)	450	-	-	-	-	-	-	-
TOTALS	$ 15,660	$ 3,072	$ 18,732	$ 76,090	$ 46,245	$ 122,335	$ 59,250	$ 20,369	$ 79,619	$ 91,965	$ 64,566	$ 156,531

Debt Service Requirements to Maturity

Exhibit J-2
(continued)

Special Assessment Bonds, Community Facilities Districts General Obligation Bonds, Contracts Payables, and Capital Leases

For the Fiscal Year Ended June 30, 2001 (in thousands of dollars)

	Special Assessment Bonds			Community Facilities Districts General Obligation Bonds			Contracts Payable			Capital Leases		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2002	$ 2,120	$ 368	$ 2,488	$ 675	$ 1,892	$ 2,567	$ 2,452	$ 618	$ 3,070	$ -	$ 2,410	$ 2,410
2003	1,921	260	2,181	710	1,851	2,561	2,195	582	2,777	-	2,464	2,464
2004	1,636	155	1,791	860	1,808	2,668	2,234	541	2,775	-	2,538	2,538
2005	1,664	62	1,726	1,150	1,757	2,907	2,263	510	2,773	-	2,614	2,614
2006	85	14	99	1,210	1,690	2,900	1,907	474	2,381	-	2,692	2,692
2007-2011	255	18	273	7,175	7,428	14,603	5,324	1,788	7,112	116	14,606	14,722
2012-2016	-	-	-	9,370	5,358	14,728	2,841	1,031	3,872	2,331	14,736	17,067
2017-2021	-	-	-	10,505	2,641	13,146	1,209	497	1,706	6,856	12,930	19,786
2022-2026	-	-	-	3,440	276	3,716	1,396	310	1,706	14,379	8,558	22,937
2027-2031	-	-	-	-	-	-	1,221	84	1,305	5,068	5,099	10,167
2032-2035	-	-	-	-	-	-	348	-	348	-	-	-
	$ 7,681	$ 877	$ 8,558	$ 35,095	$ 24,701	$ 59,796	$ 23,390	$6,435	$ 29,825	$ 28,750	$ 68,647	$ 97,397

General Governmental Expenditures by Function **Table I**

General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	General Government	Police	Financial Services	Transportation	Community Services	Information Systems	Planning and Community Development	Fire	Municipal Services	Streetlight Districts	Debt Service	Total
1992	$ 6,105	$ 18,399	$ 3,550	$ 2,309	$ 14,411	$ 4,446	$ 9,438	$ 6,193	$ 11,182	$ 441	$ 26,971	$ 103,445
1993	9,410	19,754	3,752	2,580	15,465	5,006	9,182	6,595	12,626	449	29,205	114,024
1994	12,437	21,619	4,301	3,128	16,468	-	12,933	7,545	13,993	470	29,611	122,505
1995	13,977	24,226	4,496	3,878	18,256	-	14,002	8,435	14,283	458	31,221	133,232
1996	16,797	27,253	4,967	4,870	19,937	-	16,553	10,132	16,405	486	36,440	153,840
1997	17,449	30,745	5,389	7,551	30,961	-	18,117	10,906	8,853	523	38,923	169,417
1998	13,209	35,093	5,983	5,763	36,316	6,118	17,090	11,817	7,602	449	44,725	184,165
1999	15,074	37,752	6,359	6,999	40,758	7,357	18,419	12,844	9,077	966	53,229	208,834
2000	16,104	41,392	6,448	7,335	41,790	6,681	19,903	14,338	9,695	942	59,106	223,734
2001	17,504	45,860	6,685	16,192	45,620	7,017	21,598	15,307	11,328	977	57,836	245,924

Source: City of Scottsdale Financial Services Department

A departmental reorganization occurred in fiscal 1997/98. Prior years have not been recast.

General Governmental Revenues by Source **Table II**

General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Taxes [1]	Inter-Governmental Revenue	Special Assessments	Licenses	Charges For Services	Fines and Forfeitures	Use of Money and Property	Streetlight Districts	Miscellaneous	Total
1992	$ 48,890	$ 28,324	$ 4,261	$ 704	$ 6,337	$ 2,228	$ 5,513	$ 500	$ 3,129	$ 99,886
1993	55,214	31,525	4,941	739	7,587	1,720	4,565	514	9,421	116,226
1994	63,996	33,609	5,643	876	10,499	1,711	4,818	515	10,194	131,861
1995	71,635	36,649	5,514	950	12,410	1,990	6,365	543	10,896	146,952
1996	81,389	40,434	7,896	1,055	12,587	2,748	6,813	474	11,590	164,986
1997	89,086	48,583	6,696	1,107	14,424	3,344	6,000	505	12,748	182,493
1998	102,138	49,635	4,927	1,107	17,229	4,274	7,664	558	15,091	202,623
1999	141,067	54,920	4,357	1,237	17,227	5,192	6,581	964	17,135	248,680
2000	156,017	58,626	3,740	1,717	19,711	5,105	7,721	968	14,345	267,950
2001	162,567	71,054	3,026	1,676	19,877	4,894	7,888	973	15,026	286,981

Source: City of Scottsdale Financial Services Department

Tax Revenues by Source **Table III**

General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Privilege & Use [1]	Transient Occupancy Tax	General Property	Franchise	In-Lieu Property	Total Taxes
1992	$ 29,743	$ 3,420	$ 12,288	$ 3,282	$ 157	$ 48,890
1993	32,883	3,856	14,677	3,597	201	55,214
1994	37,741	4,465	17,666	3,885	239	63,996
1995	43,755	5,048	18,383	4,160	289	71,635
1996	49,476	5,702	21,396	4,533	282	81,389
1997	54,530	6,493	22,836	4,945	282	89,086
1998	61,771	7,096	27,663	5,332	276	102,138
1999	98,335	6,637	30,150	5,696	249	141,067
2000	110,069	7,235	32,591	5,891	231	156,017
2001	113,009	7,587	34,396	7,399	176	162,567

Source: City of Scottsdale Financial Services Department

[1] Beginning in 1999, Privilege Tax for Transportation and McDowell Mountain were recorded in Special Revenue Funds. Prior to 1999, they were recorded in Capital Projects Funds. Prior years have not been recast. See also Table VI.

Excise Tax Collections by Source **Table IV**

General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Privilege & Use - General	Privilege & Use - Transportation	Privilege & Use - McDowell Mtn	Transient Occupancy Tax	State Shared Sales	State Revenue Sharing	Light & Power Franchise
1992	$ 29,744	$ 5,628	$ -	$ 3,420	$ 7,874	$ 8,060	$ 2,405
1993	32,883	6,226	-	3,856	8,497	8,409	2,635
1994	37,741	7,205	-	4,465	9,210	8,479	2,822
1995	43,755	8,482	-	5,048	10,020	9,375	3,004
1996	49,476	9,522	9,085	5,702	10,676	9,936	3,187
1997	54,530	10,545	10,663	6,493	11,870	12,734	3,484
1998	61,771	11,963	12,168	7,096	12,537	14,387	3,769
1999	70,735	13,673	13,927	6,637	13,439	16,795	3,972
2000	78,649	15,880	15,540	7,235	14,772	18,637	4,314
2001	81,108	15,831	16,070	7,587	15,514	19,560	4,979

Fiscal Year	Cable TV Franchise	Fire Insurance Franchise	Business Licenses & Fees	Development Permits & Fees	Recreation Fees	Fines & Forfeitures	Total
1992	$ 736	$ 141	$ 705	4,726	$ 1,610	$ 2,228	$ 67,277
1993	819	143	738	5,970	1,617	1,721	73,514
1994	916	148	876	8,733	1,767	1,711	84,073
1995	1,003	152	950	10,590	1,820	1,990	96,189
1996	1,175	171	1,055	10,918	1,669	2,748	115,320
1997	1,275	186	1,107	12,019	2,405	3,344	130,655
1998	1,406	157	1,107	15,595	2,734	4,274	148,964
1999	1,552	172	1,237	14,311	2,916	5,192	164,558
2000	1,376	201	1,717	16,641	3,070	5,105	183,137
2001	2,147	273	1,676	16,850	3,027	4,894	189,516

Source: City of Scottsdale Financial Services Department

Beginning in 1999 Privilege Tax for Transportation and McDowell Mountain are recorded in Special Revenue Funds. Prior to 1999 they were recorded in Capital Projects Funds.

Privilege and Use Tax Collections by Category **Table V**

General, Special Revenue, and Debt Service Funds
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Automotive	Construction	Food	Hotel	Major Department Stores	Misc. Retail	Other Tax	Rentals	Restaurants	Utilities	License Fees, Penalties, Interest & Refunds	Total
1992	$ 4,701	$ 4,796	$ 2,585	$ 2,438	$ 4,335	$ 5,821	$ 2,145	$ 3,512	$ 2,465	$ 1,844	$ 729	$ 35,371
1993	5,283	5,612	2,908	2,585	4,497	6,655	2,288	3,872	2,734	1,868	807	39,109
1994	6,274	7,498	3,261	2,983	4,674	7,483	2,484	4,246	3,170	2,083	790	44,946
1995	7,010	10,322	3,682	3,373	4,755	8,707	2,785	4,816	3,591	2,335	861	52,237
1996	9,403	14,010	4,803	4,459	5,688	11,437	4,174	5,922	4,632	3,026	529	68,083
1997	10,494	16,078	5,571	5,035	5,765	12,160	5,189	6,677	4,930	3,390	449	75,738
1998	12,426	19,183	5,968	5,371	6,580	13,519	5,594	7,788	5,322	3,674	477	85,902
1999	14,533	23,876	7,292	5,332	6,173	15,592	6,118	9,178	5,852	3,966	423	98,335
2000	18,025	24,377	7,899	5,710	7,815	16,562	6,472	10,290	6,471	4,805	1,643	110,069
2001	20,297	22,733	7,194	6,296	8,456	16,925	6,850	11,537	7,313	5,245	163	113,009

Source: City of Scottsdale Financial Services Department

Privilege and Use Tax Collections by Source [1] **Table VI**

General, Special Revenue and Debt Service Funds
Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	General	Transportation [2]	McDowell Preserve [3]	Total
1992	$ 29,743	$ 5,628	$ -	$ 35,371
1993	32,883	6,226	-	39,109
1994	37,741	7,205	-	44,946
1995	43,755	8,482	-	52,237
1996	49,476	9,522	9,085	68,083
1997	54,530	10,545	10,663	75,738
1998	61,771	11,963	12,168	85,902
1999	70,735	13,673	13,927	98,335
2000	78,649	15,880	15,540	110,069
2001	81,108	15,831	16,070	113,009

Source: City of Scottsdale Financial Services Department

[1] Privilege Tax rates are 1 percent General, .2 percent for Transportation, and .2 percent for McDowell Reserve. Total City Privilege Tax rate is 1.4 percent.

[2] Transportation Privilege Tax Legislation became effective in 1990 and is restricted to use for transportation capital projects only.

[3] McDowell Preserve Privilege Tax Legislation became effective in 1996 and is restricted to use for acquisition of land for the McDowell Preserve.

Property Tax Levies and Collections **Table VII**

Last Ten Fiscal Years (in thousands of dollars)

Tax Year	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
1991	1992	$ 12,406	$ 11,243	90.6%	$ 833	$ 112	$ 12,188	98.2%	$ 850	6.9%
1992	1993	15,475	14,125	91.3%	441	112	14,678	94.8%	1,355	8.8%
1993	1994	17,133	16,404	95.7%	1,226	36	17,666	103.1%	697	4.1%
1994	1995	20,273	18,993	93.7%	637	9	19,639	96.9%	728	3.6%
1995	1996	21,475	20,960	97.6%	623	19	21,602	100.6%	706	3.3%
1996	1997	24,408	23,862	97.8%	533	21	24,416	100.0%	553	2.3%
1997	1998	28,202	27,433	97.3%	503	20	27,956	99.1%	657	2.3%
1998	1999	30,304	28,993	95.7%	625	1	29,619	97.7%	783	2.6%
1999	2000	32,747	30,896	94.3%	890	-	31,786	97.1%	879	2.7%
2000	2001	32,581	31,230	95.9%	978	-	32,208	98.9%	960	2.9%

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

Amounts represent property taxes recorded in the General, Debt Service and Self-Insurance Fund (beginning in 1995).

Assessed and Estimated Actual Value of Taxable Property **Table VIIIa**

Last Ten Fiscal Years (in thousands of dollars)

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
1992 P	$ -	$ 1,220,209	$ 13,420	$ 81,408	$ 59,725	$ 1,374,762	$ 462	$ 1,374,299	$ 9,455,811
S	626,794	644,387	13,420	81,437	59,805	1,425,843	464	1,425,379	9,753,991
1993 P	-	1,187,256	20,121	86,391	60,551	1,354,318	446	1,353,872	9,421,433
S	568,715	643,542	20,121	86,391	60,569	1,379,337	448	1,378,889	9,557,639
1994 P	-	1,136,492	30,271	94,651	67,694	1,329,108	478	1,328,631	9,415,061
S	541,280	619,463	30,271	94,662	67,725	1,353,401	479	1,352,922	9,560,216
1995 P	-	1,175,121	32,826	93,393	70,031	1,371,372	456	1,370,916	9,913,549
S	537,114	666,182	32,826	93,393	70,058	1,399,573	447	1,399,126	10,081,538
1996 P	-	1,296,789	32,768	50,496	73,949	1,454,002	410	1,453,592	10,916,431
S	550,624	822,631	32,768	50,496	73,976	1,530,496	407	1,530,088	11,361,417
1997 P	-	1,484,460	39,384	45,358	101,115	1,670,317	122,496	1,547,821	11,615,286
S	625,326	909,635	39,384	45,358	101,143	1,720,846	129,045	1,591,801	11,869,943
1998 P	-	1,652,051	39,510	49,608	102,884	1,844,053	122,998	1,721,055	13,064,052
S	655,657	1,120,622	39,510	49,608	102,946	1,968,343	129,293	1,839,050	13,876,821
1999 P	-	1,867,600	41,123	50,270	99,765	2,058,758	120,569	1,938,189	14,824,243
S	786,999	1,257,665	41,123	50,270	99,825	2,235,882	133,530	2,102,352	14,875,966
2000 P	-	2,165,457	42,123	54,263	105,941	2,367,784	128,732	2,239,052	17,194,773
S	888,057	1,534,502	42,123	54,623	106,030	2,625,335	155,346	2,469,989	18,597,657
2001 P	-	2,508,363	41,290	75,333	110,584	2,735,570	154,112	2,581,458	19,705,159
S	-	2,832,250	41,290	75,333	110,715	3,059,588	181,856	2,877,732	21,770,704

Source: Maricopa County Finance Department

Real estate and improvements are combined in the primary valuation.

Under Arizona law, there are two property valuation bases: PRIMARY (P) and SECONDARY (S). The primary (limited assessed valuation is used when levying for maintenance and operation of cities, school districts, community college districts, counties, and the state. The secondary (full cash) assessed valuation is used when levying for debt retirement, voter-approved budget overrides, and maintenance and operation of special service districts.

Beginning in 2001, Real Estate and Improvements are combined in the secondary valuation of the improvements total.

Assessed Values by Property Class **Table VIIIb**

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Class 2 Utilities	Class 3 Commercial	Class 4 Vacant Land	Class 5 Residential	Class 6 Rented Residential	Class 7 Railroad Op, Private Car Co. & Airline	Class 8 Historical	Class 10B Historical Rented Residential	Class 11 Improvements on Government Property	Class 12 Possessory Interest	Total Net Full Cash Assessed Value
1992 P	$ 46,776	$ 476,394	$ 239,097	$ 517,233	$ 94,773	$ -	$ 12	$ -	$ -	$ -	$ 1,374,285
S	46,776	490,136	272,312	520,084	96,064	-	6	-	-	-	1,425,378
1993 P	45,828	484,619	201,568	533,104	88,746	-	6	-	-	-	1,353,871
S	45,828	494,350	215,083	534,465	89,157	-	6	-	-	-	1,378,889
1994 P	51,199	458,830	186,349	552,152	80,086	-	6	-	7	-	1,328,629
S	51,199	470,717	193,931	554,901	82,161	-	6	-	7	-	1,352,922
1995 P	52,594	457,581	186,548	597,708	76,428	-	7	49	-	-	1,370,915
S	52,594	473,001	192,308	602,267	78,901	-	7	49	-	-	1,399,127
1996 P	55,882	450,852	170,989	688,356	87,279	-	174	-	59	-	1,453,591
S	55,882	493,284	186,704	694,908	98,650	-	600	-	59	-	1,530,087
1997 P	60,727	487,528	169,960	725,151	104,198	-	181	-	-	77	1,547,822
S	60,727	513,849	178,832	727,402	110,978	-	235	-	-	77	1,592,100
1998 P	63,420	524,955	161,690	859,920	110,800	-	195	-	77	-	1,721,057
S	63,420	576,409	176,979	900,682	121,287	-	195		77	-	1,839,049
1999 P	61,071	589,670	174,147	992,490	120,495	-	240	-	76	-	1,938,189
S	61,071	659,386	234,448	1,019,159	127,840	-	372	-	76	-	2,102,352
2000 P	63,210	700,222	198,745	1,132,548	156,291	-	525	-	-	-	2,251,541
S	63,210	811,979	269,034	1,172,250	166,530	-	1,382	-	-	-	2,484,385
2001 P	55,991	870,648	215,998	1,293,727	169,591	23	540	452	-	-	2,606,970
S	56,120	972,168	326,440	1,375,453	183,600	24	1,090	486	-	-	2,915,381

Beginning in 2000 Class 7 is a new legal class which is defined as property assessed at 21% of its limited and full cash property value. Class Seven included railroad operating property, private car company and airline flight property.

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

Property Class:	
2. Utilities	25%
3. Commercial-Industrial	25%
4. Agriculture, Vacant Land	16%
5. Residential	10%
6. Lease-Rental	10%
7. Railroad Operating, Private Car Co. and Airline Flight Property	10%
8. Historical	5%
10B. Historical Rental	10%
11. Imprvmts on Gov Property	1%

Source: Arizona Department of Revenue
Abstract of the Assessment Roll Publication
Maricopa County Department of Finance

Property Tax Rates - Direct and Overlapping Governments **Table IXa**

Tax Rates Per $100 Assessed Valuation
Last Ten Fiscal Years

		School Districts										
Fiscal Year	**City of Scottsdale**	**Scottsdale Unified**	**Community College**	**Maricopa County**	**State of Arizona**	**Flood District**	**Central Arizona Project**	**Fire District**	**Library**	**EVIT**	**Education Equalization**	**Total**
1992 P	0.4101	4.1346	0.7459	1.5143	0.4700	-	-	-	-	-	-	7.2749
S	0.4750	1.1437	0.0943	0.1741	-	0.4447	0.1400	0.0082	0.0444	-	-	2.5244
Total	0.8851	5.2783	0.8402	1.6884	0.4700	0.4447	0.1400	0.0082	0.0444	-	-	9.7993
1993 P	0.4926	4.1373	0.7938	1.6039	0.4700	-	-	-	-	-	-	7.4976
S	0.6387	1.2120	0.0572	0.1409	-	0.3901	0.1400	0.0099	0.0426	-	-	2.6314
Total	1.1313	5.3493	0.8510	1.7448	0.4700	0.3901	0.1400	0.0099	0.0426	-	-	10.1290
1994 P	0.4940	4.3194	0.8532	1.5848	0.4700	-	-	-	-	-	-	7.7214
S	0.7812	1.5225	-	0.1878	-	0.3632	0.1400	0.0104	0.0417	-	-	3.0468
Total	1.2752	5.8419	0.8532	1.7726	0.4700	0.3632	0.1400	0.0104	0.0417	-	-	10.7682
1995 P	0.5987	4.5296	0.8934	1.2394	0.4700	-	-	-	-	-	0.5300	8.2611
S	0.8623	1.4114	-	0.0032	-	0.3632	0.1400	0.0107	0.0417	0.0554	-	2.8879
Total	1.4610	5.9410	0.8934	1.2426	0.4700	0.3632	0.1400	0.0107	0.0417	0.0554	0.5300	11.1490
1996 P	0.5477	4.6058	0.9455	1.1580	0.4700	-	-	-	-	-	0.5300	8.2570
S	0.8832	1.4597	0.1675	0.1464	-	0.3332	0.1400	0.0108	0.0099	0.0693	-	3.2200
Total	1.4309	6.0655	1.1130	1.3044	0.4700	0.3332	0.1400	0.0108	0.0099	0.0693	0.5300	11.4770
1997 P	0.6480	4.3390	0.9772	1.1054	-	-	-	-	-	-	0.5300	7.5996
S	0.9032	1.5526	0.0704	0.1575	-	0.3425	0.1400	0.0109	0.0421	0.1616	-	3.3808
Total	1.5512	5.8916	1.0476	1.2629	-	0.3425	0.1400	0.0109	0.0421	0.1616	0.5300	10.9804
1998 P	0.5763	4.1859	0.9747	1.1265	-	-	-	-	-	-	0.5300	7.3934
S	0.9941	1.5365	0.1599	0.1364	-	0.3425	0.1400	0.0105	0.0421	0.1216	-	3.4836
Total	1.5704	5.7224	1.1346	1.2629	-	0.3425	0.1400	0.0105	0.0421	0.1216	0.5300	10.8770
1999 P	0.5477	4.2161	0.9866	1.1472	-	-	-	-	-	-	0.5300	7.4276
S	0.9365	1.5842	0.1259	0.1312	-	0.3270	0.1400	0.0103	0.0421	0.1320	-	3.4292
Total	1.4842	5.8003	1.1125	1.2784	-	0.3270	0.1400	0.0103	0.0421	0.1320	0.5300	10.8568
2000 P	0.5450	4.3726	0.9741	1.1884	-	-	-	-	-	-	0.5217	7.6018
S	0.8318	1.3965	0.1544	0.1085	-	0.2858	0.1400	0.0100	0.0421	0.1217	-	3.0908
Total	1.3768	5.7691	1.1285	1.2969	-	0.2858	0.1400	0.0100	0.0421	0.1217	0.5217	10.6926
2001 P	0.5289	4.0442	0.9691	1.1641	-	-	-	-	-	-	0.5123	7.2186
S	0.6577	1.4113	0.1503	0.1152	-	0.2534	0.1300	0.0096	0.0421	0.1186	-	2.8882
Total	1.1866	5.4555	1.1194	1.2793	-	0.2534	0.1300	0.0096	0.0421	0.1186	0.5123	10.1068

Scottsdale residents residing outside Scottsdale Unified School District:

School District	1999/2000 Tax Rate Total
Balsz Elementary	$13.65
Cave Creek	10.29
Fountain Hills	10.82
Paradise Valley	12.06
Tempe	12.26

Source: Arizona Tax Research Foundation "2000 Property Tax Rates and Assessed Values"

Property Tax Levies - Direct and Overlapping Governments **Table IXb**

Tax Levies
Last Ten Fiscal Years (in thousands of dollars)

		School Districts										
Fiscal Year	**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**	**Total**
1992 P	$ 5,636	$ 63,651	$ 103,498	$ 210,113	$ 65,215	$ -	$ -	$ -	$ -	$ -	$ -	$ 448,113
S	6,770	18,015	13,421	25,869	-	46,537	19,929	1,167	6,320	-	-	138,028
TOTAL	12,406	81,666	116,919	235,982	65,215	46,537	19,929	1,167	6,320	-	-	586,141
1993 P	6,669	62,866	108,004	218,224	63,946	-	-	-	-	-	-	459,709
S	8,807	18,650	7,898	19,461	-	39,254	19,332	1,367	5,883	1,587	-	122,239
TOTAL	15,476	81,516	115,902	237,685	63,946	39,254	19,332	1,367	5,883	1,587	-	581,948
1994 P	6,564	63,549	113,440	140,248	62,492	-	-	-	-	-	70,470	456,763
S	10,569	22,690	-	25,360	-	35,142	18,906	1,404	5,631	3,596	-	123,298
TOTAL	17,133	86,239	113,440	165,608	62,492	35,142	18,906	1,404	5,631	3,596	70,470	580,061
1995 P	8,208	67,793	118,842	164,865	62,521	-	-	-	-	-	70,502	492,731
S	12,064	21,559	-	428	-	35,319	18,930	1,447	5,638	2,864	-	98,249
TOTAL	20,272	89,352	118,842	165,293	62,521	35,319	18,930	1,447	5,638	2,864	70,502	590,980
1996 P	7,961	71,686	127,583	156,257	63,421	-	-	-	-	2,391	71,517	500,816
S	13,514	23,677	23,643	20,671	-	36,078	19,767	1,518	1,398	1,452	-	141,718
TOTAL	21,475	95,363	151,226	176,928	63,421	36,078	19,767	1,518	1,398	3,843	71,517	642,534
1997 P	10,031	71,235	136,570	154,487	-	-	-	-	-	3,232	74,071	449,626
S	14,378	26,054	10,100	22,590	-	38,118	20,080	1,567	6,038	6,120	-	145,045
TOTAL	24,409	97,289	146,670	177,077	-	38,118	20,080	1,567	6,038	9,352	74,071	594,671
1998 P	9,919	75,973	146,259	169,046	-	-	-	-	-	3,673	79,533	484,403
S	18,283	29,651	25,144	21,447	-	42,339	22,013	1,646	6,620	4,275	-	171,418
TOTAL	28,202	105,624	171,403	190,493	-	42,339	22,013	1,646	6,620	7,948	79,533	655,821
1999 P	10,615	82,281	158,026	183,750	-	-	-	-	-	4,247	84,892	523,811
S	19,689	32,607	21,174	22,059	-	44,670	23,537	1,737	7,078	5,130	-	177,681
TOTAL	30,304	114,888	179,200	205,809	-	44,670	23,537	1,737	7,078	9,377	84,892	701,492
2000 P	12,204	96,625	170,116	207,541	-	-	-	-	-	3,970	91,109	581,565
S	20,543	33,734	28,833	20,264	-	44,311	26,148	1,874	7,863	5,922	-	189,492
TOTAL	32,747	130,359	198,949	227,805	-	44,311	26,148	1,874	7,863	9,892	91,109	771,057
2001 P	13,653	99,482	187,643	225,397	-	-	-	-	-	4,786	99,193	630,154
S	18,928	38,232	31,377	24,051	-	44,309	27,141	1,997	8,790	6,155	-	200,980
TOTAL	32,581	137,714	219,020	249,448	-	44,309	27,141	1,997	8,790	10,941	99,193	831,134

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

The primary (P) tax levy is for maintenance and operation of cities, school districts, community college districts, counties, and the state. The secondary (S) tax levy is for debt retirement, voter-approved budget overrides, and maintenance and operation of special state districts.

Principal Taxpayers **Table X**

June 30, 2001

Taxpayer	Type of Business	Assessed Valuation (in thousands of dollars)	% of Secondary Assessed Valuation
Scottsdale Fashion Square Ptr.	Shopping Center	$ 47,335	1.64%
Arizona Public Service Company	Gas and Electric Utility	44,413	1.54%
U S West Wireless LLC	TV System	26,778	0.93%
First American Title	Resort	26,741	0.93%
Motorola Inc.	Industrial Park	20,656	0.72%
Gainey Drive Associates	Resort	18,195	0.63%
92 Mountain View LLC	Office Building Multi-Story	14,965	0.52%
Massachusetts Mutual Life Ins. Co.	Resort	10,832	0.38%
Southwest Gas Corporation	Gas Utility	10,179	0.35%
Gainey Ranch Financial Ltd. Ptr.	Office Building Multi-Story	9,746	0.34%
		$ 229,840	7.98%

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.

The Salt River Project Agricultural Improvement and Power District's (SRP) assessed valuation is not reflected in the total assessed valuation of the City. SRP is subject to a "voluntary contribution" in lieu of ad valorem taxation. The 2000/01 secondary assessed valuation of the Salt River Project within the City is $14,963,743. The estimated secondary in lieu contribution is $251,129.

Special Assessment Billings and Collections **Table XI**

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Special Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1992	$ 4,277	$ 4,232	98.9%	$ 45
1993	4,922	4,893	99.4%	29
1994	5,646	5,599	99.2%	47
1995	6,436	6,404	99.5%	32
1996	7,488	7,467	99.7%	21
1997	5,853	5,833	99.7%	20
1998	4,432	4,412	99.5%	20
1999	3,630	3,614	99.6%	16
2000	3,274	3,226	98.5%	48
2001	2,674	2,626	98.2%	48

Source: City of Scottsdale Financial Services Department

Under Arizona law, public auctions are held in January of each year at which disposition of 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.

Table XII

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Population June 30	General Obligation Bonded Debt	Less Fund Balance Reserved for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1992	$ 1,425,378,617	$ 139,050	$ 67,290,000	$ 4,931,821	$ 62,358,179	4.4%	$ 448.46
1993	1,378,884,764	145,920	80,300,000	3,021,190	77,278,810	5.6%	529.60
1994	1,352,922,237	155,260	110,965,000	3,478,905	107,486,095	7.9%	692.30
1995	1,399,126,179	165,260	121,915,000	342,402	121,572,598	8.7%	735.64
1996	1,530,088,317	174,000	131,340,000	829,933	130,510,067	8.5%	750.06
1997	1,591,801,942	183,030	152,235,000	588,100	151,646,900	9.5%	828.54
1998	1,839,050,044	196,310	165,140,000	2,270,562	162,869,438	8.9%	829.65
1999	2,102,351,943	206,280	182,200,000	4,305,508	177,894,492	8.5%	862.39
2000	2,484,385,416	215,030	237,609,000	1,993,643	235,615,357	9.5%	1,095.73
2001	2,877,733,056	202,705	262,484,000	5,158,963	257,325,037	8.9%	1,269.46

Source: City of Scottsdale Financial Services Department

Includes all General Obligation Bonds outstanding at June 30 except for the 1986 Water System Improvement General Obligation Bonds and all general obligation refunding bonds paid out of the Water Enterprise Fund. Excludes accretion on capital appreciation bonds and original issue premium. Also excludes all general obligation bonds of community facilities districts, since such bonds are not obligations of the City.

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

Computation of Legal Debt Margins **Table XIII**

June 30, 2001 (in thousands of dollars)

Net Secondary Assessed Valuation as of June 30, 2001			$	2,877,733
Debt Limit Equal to 20% of Assessed Valuation				575,547
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2001):				
1989 Series C (1992)	$	5,995		
1993 Refunding		17,531		
1989 Series D (1993)		13,735		
1993A Refunding		14,654		
1989 Series E (1994)		3,275		
1995 Storm Sewer & Streets		12,100		
1997 Series H Storm Sewer		6,000		
1997 GO Refunding		17,405		
1989 GO Series I (1998)		4,500		
1999A		7,803		
1999 Preservation GO		57,575		
2001 Preservation GO		35,000		
Net Outstanding Bonded Debt Subject to 20% Limit				195,573
Legal 20% Debt Margin (Available Borrowing Capacity)			**$**	**379,974**
Debt Limit Equal to 6% of Assessed Valuation			$	172,664
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2001):				
1989 Series B (1991)	$	3,310		
1989 Series C (1992)		2,635		
1993 GO Refunding		12,429		
1993A Refunding		3,126		
1989 Series E (1994)		3,300		
1994 Various Purpose		2,850		
1995 Pima Road Improvements		-		
1997 Series H Pima Road		13,720		
1997 Series H Roads		3,200		
1997 GO Refunding		2,495		
1989 Series I (1998)		14,130		
1999A Streets		12,215		
1999A Pima Road		3,707		
Net Outstanding Bonded Debt Subject to 6% Limit				77,117
Legal 6% Debt Margin (Available Borrowing Capacity)			**$**	**95,547**

(1) Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, light, parks, and open space purposes, but outstanding bonds issued for such purposes may not exceed 20 percent of the City's net secondary assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of the city's net secondary assessed valuation.

(2) The computation of legal debt margins excludes premium on capital appreciation bonds.

(3) General obligation bonds of community facilities districts are not subject to or included in this computation since they are not bonds of the City of Scottsdale.

Source: City of Scottsdale Financial Services.

Table XIV

Summary of General Governmental Bond Expenditures and Debt Ratios

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Operating Expenditures	Ratio of Total Debt Service To Total Operating Expenditures
1992	$ 2,325	$ 4,449	$ 6,774	$ 98,617	6.87%
1993	6,045	4,587	10,632	114,024	9.32%
1994	4,585	4,897	9,482	122,505	7.74%
1995	5,050	6,860	11,910	134,366	8.86%
1996	5,575	7,493	13,068	153,841	8.49%
1997	6,605	8,064	14,669	169,417	8.66%
1998	8,140	8,394	16,534	184,165	8.98%
1999	8,140	9,099	17,239	211,051	8.17%
2000	10,400	12,555	22,955	223,734	10.26%
2001	11,150	13,038	24,188	245,924	9.84%

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.

Summary of Water and Sewer Utility Bond Expense and Debt Ratios **Table XV**

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Operating Revenue	Operating & Maintenance Expenses	Net Operating Revenue	Development Fee Revenue	Total Net Revenue	Revenue Bond Expense	General Obligation Bond Expense	Total Bond Expense
1992	$ 36,785	$ 23,685	$ 13,100	$ 6,050	$ 19,150	$ 2,469	$ 3,165	$ 5,634
1993	38,535	26,114	12,421	10,040	22,461	1,794	2,586	4,380
1994	49,233	33,423	15,810	12,377	28,187	2,672	3,124	5,796
1995 [1]	56,900	31,738	25,162	14,934	40,096	3,216	3,927	7,143
1996	68,523	39,422	29,101	15,821	44,922	2,898	3,987	6,885
1997	74,708	41,621	33,087	18,896	51,983	3,231	3,402	6,633
1998	76,468	42,056	34,412	27,463	61,875	4,375	2,112	6,487
1999	85,411	49,264	36,147	32,723	68,870	7,951	3,527	11,478
2000	83,305	46,953	36,352	24,581	60,933	7,436	4,367	11,803
2001	87,417	53,421	33,996	26,361	60,357	6,538	5,290	11,828

Fiscal Year	Ratio of Total Net Revenue to Total Bond Expense	Ratio of Net Operating Revenue to Total Bond Expense	Ratio of Net Operating Revenue to Revenue Bond Expense	Ratio of Total Net Revenue to Revenue Bond Expense	Revenue Bond Indenture Required Ratio
1992	3.40	2.33	5.31	7.76	1.20
1993	5.13	2.84	6.92	12.52	1.20
1994	4.86	2.73	5.92	10.55	1.20
1995 [1]	5.61	3.52	7.82	12.47	1.20
1996	6.52	4.23	10.04	15.50	1.20
1997	7.84	4.99	10.24	16.09	1.20
1998	9.54	5.30	7.87	14.14	1.20
1999	6.00	3.15	4.55	8.66	1.20
2000	5.16	3.08	4.89	8.19	1.20
2001	5.10	2.87	5.20	9.23	1.20

Source: City of Scottsdale Financial Services Department

Revenue - includes all operating revenues and interest earnings recorded in the Water and Sewer Utility Enterprise Fund.

Expenses - includes total operating expenses and interest expense of the Water and Sewer Utility Enterprise Fund, excluding depreciation and amortization.

[1] 1995 interest expense has been restated to reflect an accounting adjustment.

Total Direct and Overlapping General Obligation Debt **Table XVI**

(in thousands of dollars)

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
Maricopa County	$ 79,595	13.7838%	$ 10,971
Maricopa County Community College District	322,535	13.7838%	44,457
Tempe Elementary School District No. 3	75,850	0.0002%	-
Balsz Elementary School District No. 31	22,060	4.0558%	895
Scottsdale Unified School District No. 48	312,750	70.1004%	219,239
Paradise Valley Unified School District No. 69	311,520	28.1634%	87,735
Cave Creek Unified School District No. 93	89,515	58.8142%	52,648
Fountain Hills Unified School District No. 98	28,570	0.3042%	87
Phoenix Union High School District No. 210	218,145	0.2815%	614
Tempe Union High School District No. 213	166,300	0.0070%	12
East Valley Institute of Technology District No. 401	27,765	20.5931%	5,718
Scottsdale Mountain Community Facilities District	5,110	100.0000%	5,110
McDowell Mountain Community Facilities District	19,480	100.0000%	19,480
DC Ranch Community Facilities District	7,835	100.0000%	7,835
Via Linda Road Community Facilities District	3,225	100.0000%	3,225
Total Overlapping Debt			458,025
City of Scottsdale	262,483	100.0000%	262,483
Total Direct and Overlapping Debt			$ 720,508

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

Demographic Statistics **Table XVII**

Last Ten Fiscal Years

Fiscal Year	Population [1]	Per Capita Income [1]	Median Age [1]	School Enrollment [2]	Unemployment Rate [3]
1992	139,050	$ 23,482	39.1	20,357	4.7%
1993	145,920	24,186	39.1	21,130	4.2
1994	155,260	24,925	39.1	22,096	3.1
1995	165,260	28,000	39.1	24,089	2.7
1996	174,000	29,288	39.1	24,467	2.2
1997	183,030	30,460	39.7	25,103	2.5
1998	196,310	30,804	39.7	26,011	1.7
1999	206,280	31,900	39.7	26,796	2.0
2000	215,030	33,482	39.4	25,985	2.0
2001	202,705	43,400	41.0	26,101	1.9

Sources:

[1] City of Scottsdale Planning staff

[2] Arizona Department of Education (Enrollment statistics are not available until six months after the close of the fiscal year. The numbers presented on each line represent the prior years statistics.)

[3] Arizona Department of Economic Security (fiscal year 1994); City of Scottsdale Planning staff (fiscal years 1990 through 1993, 1995 through 2001).

Property Value and Construction **Table XVIII**

Last Ten Fiscal Years (in thousands of dollars)

	Property Value [1]			Commercial Construction [2]		Residential Construction [2]	
Fiscal Year	Commercial	Residential	Nontaxable	Number of Permits	Value	Number of Dwelling Units	Value
1992	$ 3,818,533	$ 5,935,464	$ 621,380	1,296	$ 33,101	2,327	$ 490,763
1993	3,474,553	6,083,107	677,123	2,489	89,192	4,663	618,384
1994	3,265,815	6,294,430	671,710	2,516	153,331	4,595	593,418
1995	3,269,864	6,810,085	743,351	2,751	162,541	4,954	652,363
1996	3,345,470	8,024,934	735,698	2,923	152,488	4,449	607,708
1997	3,400,495	8,448,076	723,545	3,275	305,836	4,451	621,891
1998	3,658,231	10,217,960	806,235	3,512	595,530	5,102	792,477
1999	4,352,786	9,951,148	2,351,799	3,665	437,945	4,486	775,957
2000	5,209,857	13,386,035	923,343	3,296	294,157	4,134	743,286
2001	6,175,315	15,670,793	844,520	2,957	291,003	3,325	615,942

Source:
(1) Arizona Department of Revenue 2000 Abstract of the Assessment Roll

(2) City of Scottsdale Planning Systems Department Building Inspection Services

Schedule of Insurance **Table XIX**

June 30, 2001

Carrier	Policy Description	Amount of Coverage
St. Paul Insurance Group	Property Insurance Repair or Replace $50,000 Deductible	Various Limits By Peril
Kemper Group and various layers of coverage	Excess Liability Coverage $1,000,000 Deductible Per Occurrence	$75,000,000 Per Occurrence and Aggregate
AIG Aviation	Airport Premises and Hangarkeepers Liability	$100,000,000 Per Occurrence and Aggregate
AIG Group	Excess Workers' Compensation Coverage $250,000 Deductible each Occurrence	Statutory
Kemper Group	Fidelity/Crime Insurance No Deductible	$1,000,000 Primary $4,000,000 Excess for specific positions only

Source: City of Scottsdale Risk Management Division

Salaries and Surety Bonds of Principal Officials **Table XX**

For Fiscal Year Ended June 30, 2001

Official Title	Maximum	Bond
Mayor	$ 36,000	$ 1,000,000
Councilmen (3)	13,800	1,000,000
Councilmen (3)	18,000	1,000,000
City Manager	154,612	1,000,000
City Clerk	79,664	1,000,000
City Attorney	125,632	1,000,000
City Treasurer	122,117	4,000,000
City Judge	116,001	1,000,000
City Auditor	100,173	1,000,000

Public Employees Honesty and Faithful Performance Bond	
All City Employees	$1,000,000 per employee
Accounting Staff With Wire Transfer Authority	$4,000,000 per employee

Source: City of Scottsdale Financial Services Department

Miscellaneous Statistical Data
Table XXI

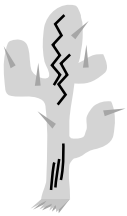
June 30, 2001

Date of Incorporation ..... June 25, 1951

Date Charter Added ..... November 16, 1961

Form of Government ..... Council/Manager

Population	
1950 Census	2,032
1960 Census	10,026
1965 Special Census	54,504
1970 Census	67,823
1975 Special Census	78,065
1980 Census	88,412
1985 Census	108,447
1990 Census	130,069
1995 Census	168,176
2000 Census	202,705
2001 Est. 06/30/01	215,690



Area (Square Miles)	
1951	.62
1961	8.80
1970	62.20
1975	85.80
1979	88.60
1982	113.60
1986	183.60
1987	184.30
1988	184.80
1990	185.20
2000	184.50
2001	185.20

Miles of Sewers

Storm 65.5
Sanitary 996.0

Fire Protection

Number of Stations 10

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 487
Number of Traffic Citations (Excluding parking and Criminal) 40,093
Number of Photo Radar Citations (Began Photo Radar in Jan, 1997) 36,349
Number of Vehicles 251

The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.

Recreation

Parks - Developed parks acreage 813
Number of Swimming Pools 3
Number of Other Recreation Facilities 58

These include schools and school playgrounds in cooperation with Scottsdale Unified School District.

Water Enterprise

Number of Water Customers 78,195
Annual Consumption (Gallons) 23,896,000,000
System Capacity (Gallons Per Day) 146,532,800
Miles of Distribution Lines 1,648.48

Number of Streetlights 9,412

Employees as of June 30, 2001

Full-time 1,764
Part-time 393
Grant and trust funded – (# is included in full/part-time totals) 67
Total 2,157

Elections

Number of registered voters as of last general election, March 1999 98,879
% of registered voters voting in last municipal election 33.98%

Population

Median Age of Residents 41.0
Mean Average Household Income (1995 Special Census) $63,100
Mean Average Home Value - Single Family $242,000

Source: City of Scottsdale Financial Services Department