

City  
of  
Scottsdale,  
Arizona

**Comprehensive  
Annual Financial  
Report**

For The Fiscal Year  
Ended June 30, 1998



View from the McDowell Mountains near Saddleback and Shea Blvd.  
The wildflowers represent the beauty and fragile nature found in our deserts.

Cover Design: Rick Forgas  
Photo: Don Meserve



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Annual  
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Report**

For the Fiscal Year  
Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

**City of Scottsdale, Arizona**

**City Council**

Sam Kathryn Campana, Mayor  
Cynthia Lukas  
Mary Manross  
Robert Pettycrew  
George Zraket  
Dennis Robbins  
Richard Thomas

**Administrative Staff**

Richard A. Bowers, 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,  
Financial Services General Manager/City Treasurer

Craig Clifford, CPA  
Accounting and Budget Director



**Citizen Advisory Boards**  
**Citizen Advisory Commissions**

**City Manager**  
Richard A. Bowers  
994-2422

**City Attorney - Fredda Bisman** 994-2405  
**City Auditor - Cheryl Barcala** 994-7867  
**City Clerk - Sonia Robertson** 994-2754  
**City Judge - George Preston** 994-2772  
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**Senior Executive Assistant**  
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**Executive Assistant**  
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**Assistant City Manager**  
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Dave Roderique 994-7601

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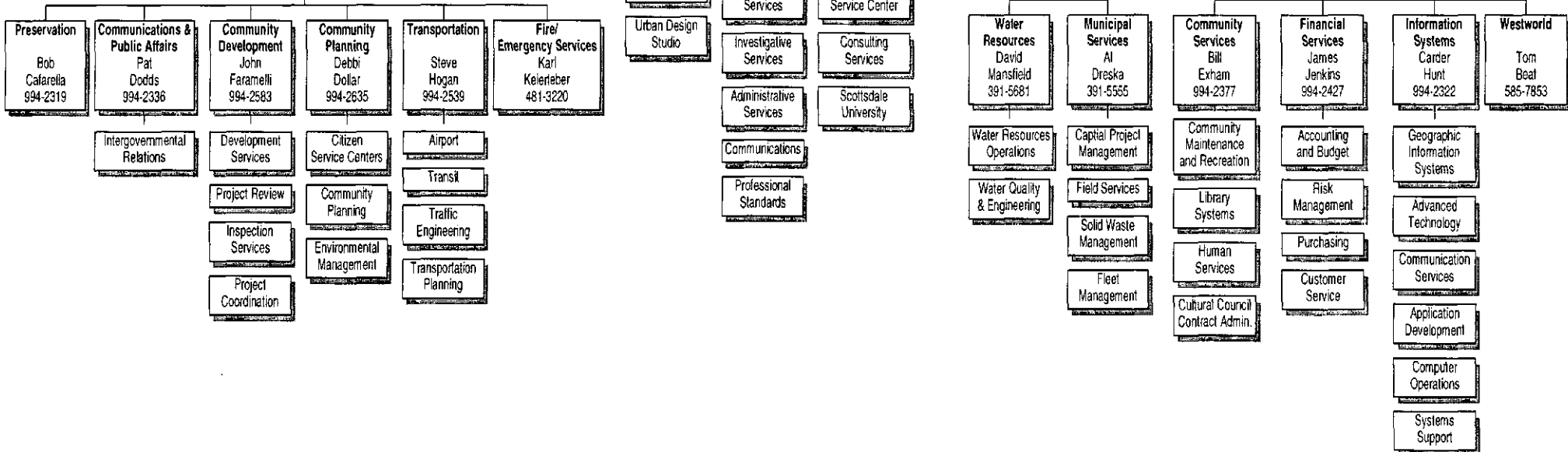
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Doug Bartosh 391-5310

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**Office of Diversity and Dialogue**  
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**Assistant City Manager**  
Roger Klingler 391-5830

**Assistant City Manager**  
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## **Introductory Section**

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





## Transmittal Letter

For the Fiscal Year  
Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

September 23, 1998

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, 1998, 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 library for use by the general public.

### **FINANCIAL REPORTING ENTITY**

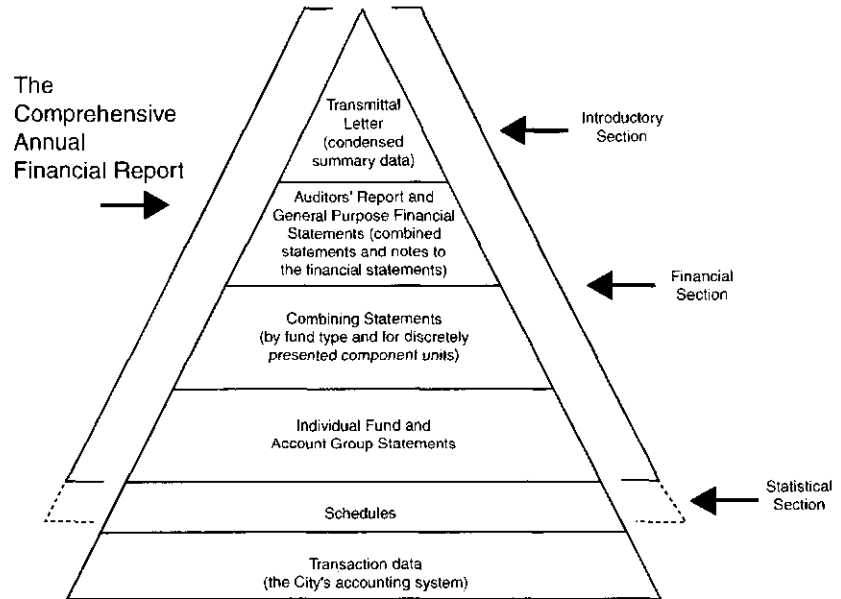
Scottsdale provides a full range of services including police and fire protection, sanitation/solid waste service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events. This report includes the financial data of all entities with which the City 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, and Scottswater Company, Inc. Note 1 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 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 City of Scottsdale is centrally located in Maricopa County, with its boundaries encompassing an area of approximately 185 square miles. The City shares common borders with the incorporated communities of Phoenix, Tempe, Mesa, Fountain Hills and Carefree. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

The economic climate remained strong for the City of Scottsdale during fiscal year 1997/98. Local economic indicators recorded positive gains and Scottsdale's economic indicators once again exceeded the averages for metro Phoenix. Significant reasons for Scottsdale's positive economic condition at fiscal year end 1997/98 and continued favorable outlook for fiscal year 1998/99 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, hotel/motels, restaurants, utilities, rentals, department stores, and miscellaneous retail stores. All categories of sales posted gains for the year; receipts for 1997/98 were up by 14 percent overall, and are projected to grow by 15 percent for 1998/99. During the 1998/99 fiscal year we expect to see the opening of the expanded Fashion Square Mall (including a new Nordstrom's Department Store), the start of construction of a 600,000 square feet entertainment/specialty center in North Scottsdale (the Scottsdale Promenade) and three new car dealerships.

**Property Values.** The average 4th quarter base price of a new Scottsdale home (via Scottsdale Realty Advisors data base) was \$266,000. The average 4th quarter base price of a new home in the Phoenix metropolitan area was \$160,000. This demonstrates the strength of the Scottsdale construction value in relation to the rest of the Valley. This strength is largely based on the Master Planned Community approach for managing growth and development. Buyers are willing to pay for the amenities built into their Master Planned Community. Overall construction value reached \$1.2 billion in FY 97/98. The first six months of 1998 resulted in \$837 million in new construction with a year end projection of between \$1.4 and \$1.5 billion. Assessed property values increased 11.2 percent during 1997/98, a good indicator of the community's economic well-being and revenue base. Assessed property values are expected to grow by 12.6 percent in 1998/99.



**Residential Construction.** Single family permits issued in 1997/98 totaled 3,977 compared to 3,170 permits issued in 1996/97. Scottsdale continues to capture just over 10% of the Valley single family housing market. Multifamily permits totaled 1,006 in 1997/98 compared to 1,274 in 1996/97. The multifamily market is expected to decline in activity over the next two years as vacant multifamily land supply declines and new units are absorbed into the market.

**Commercial Activity.** Construction should increase next year with much of the focus on downtown Scottsdale, including the Waterfront project, the Arizona Cultural District, and the redevelopment of the Galleria. Additional development will include the Portales mixed use project and the redevelopment of the old Scottsdale High School site (Lincoln Towne Center). The Four Seasons Resort at Crescent Moon (North Scottsdale) has started construction and the Ritz Carlton, and Marriott will also begin construction in 1998/99.

**Vacancy Rates.** Commercial vacancy rates remained low over the past year, despite significant new construction. Office vacancies are estimated at 8 percent, retail vacancies at 7 percent and industrial vacancies at about 5 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 17 major new firms with over 6,000 new jobs in 1997/98. Additionally there are 22 active prospective firms looking at Scottsdale, with a potential for another 7,200 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 the Vanguard Group, Greentree Financial, J.D.A. Software, Merck Pharmaceutical, and Semy Engineering.

**Employment.** Scottsdale remains a net importer of labor, as the number of jobs physically located in the City (about 130,000) far outweighs the local labor force (about 99,000). Scottsdale's unemployment rate is the lowest of any major city in the valley (currently a record low 1.7 percent), and is expected to remain at this level through the end of 1998.

**Tourism.** Scottsdale's largest industry recorded a mixed year. While the number of visitors to Scottsdale rose by 5 percent last year to about 7.4 million annually, and hotel bed tax receipts were up 6 percent, occupancy rates declined from 74% to 71%, due to unusual weather patterns (El Nino) and significant new room stock (up 12%). Although still higher than national occupancy rate averages we do expect occupancy to decline further in the coming year due to the addition of seven new hotels (which will increase the total room stock by 1,400 rooms). Long term trends remain very positive, however.

These factors contributed to Scottsdale's strong economy in 1997/98, and will likely continue into 1998/99. Much of the revenue growth attributable to the economic resurgence of the past four 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 sustained growth in 1998/99, however, Scottsdale's five-year financial plans and biennial budget are premised upon conservative economic forecasts in anticipation of a softening economy late in the 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 & ACCOMPLISHMENTS**

During 1997/98 we continued to invest in programs and 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, and human services, cultural and arts programs.

Use of thoughtful, integrated community-based strategic planning continues to be the key to achieving a sustainable community. The foundation of our community-based strategic planning process is premised upon long-term citizen driven plans - the 1992 Shared Vision Report, Cityshape 2020, the City's General Plan elements for land use, transportation, water resources, open space and other public amenities, as well as citizen participation in the Biennial Budget process and Five Year Balanced Financial Plan.

Service efforts to shape and maintain Scottsdale as a sustainable community 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 1997/98:

#### **WestWorld**

- After in-depth planning, researching and benchmarking, a cross-departmental team received Council approval in March of 1998 to implement the WestWorld Business Plan. The Business Plan serves to develop the financial, operational, and strategic focus for WestWorld. It also addresses the many challenges and opportunities now facing the City as a result of assuming management responsibility and purchasing the fixed assets of WestWorld effective January 1, 1997.
- A partnership was developed with PD Mounted Patrol and WestWorld providing office space for officers and also providing a police presence on-site at the Administration Office at various hours of the day and night.
- A new automated RV reservation system was installed at WestWorld replacing hand written reservations. The new system accurately avoids double-booking RV sites; staff can now easily make changes from one site to another to accommodate guest preferences; provide quick availability of open sites; and provide reporting on income and RV nights allocated per event.

#### **Environmental Management**

- Through the city's participation in the EPA Green Lights Program, city facilities are being retrofitted with energy-efficient lighting, resulting in annual reductions of over \$100,000 in electric costs.
- The city has developed an environmental homepage ([www.ecogecko.net](http://www.ecogecko.net)) designed to serve both the city's employees and citizens. The page describes city environmental activities and provides information and environmental tips in a fun and user-friendly way.
- In two events jointly sponsored by the Pride Committee, the Neighborhood Enhancement Commission, and city departments, more than 1,400 backyard composters have been sold to Scottsdale residents. Use of these composters helps to reduce the amount of green waste taken to landfills, and promote conservation awareness in the community.
- A unique public/private partnership has resulted in the development of an innovative way to reuse waste glass. The glass is pulverized and then reused in place of sand in a wide variety of ways. Glass is not accepted in the city's curbside recycling program, so a drop-off location was created to collect and process glass from Scottsdale businesses and residents.

#### **Court**

- Continued to make progress on the Criminal Justice Team Integration project aimed at increasing efficiencies within the Police/Courts/Prosecutor divisions.
- Implemented a cashier window at the front counter, to reduce customer wait time and to improve customer service.
- Implemented a motion filing process to improve customer service.

#### **Police**

- Produced a new program titled SAVE (Students Against Violent Environment) designed for middle/elementary school students as an educational effort related to violence and components/temptations which need to be resisted.
- The department reinstated ethics training for all department employees to reconfirm our values and examine ourselves related to the issue of diversity.
- The department implemented the HEAT Unit (High Enforcement Arrest Team) which supports the Patrol function by increasing opportunities for problem solving in troubled areas of the community.
- The Criminal Justice Team is currently acting as the project manager to integrate the Police Records Management System (RMS) citation, warrants and court calendar/officer court scheduling modules with the City Court FACTS technology, along with automating the Prosecution Division.

#### **Fire**

- The Insurance Service Organization (ISO) fire service rating for the city improved from a four to three classification recognizing the numerous improvements that have been made for the citizens and business community.
- A temporary Fire Station operation was placed in service for the developing area of Scottsdale that includes Grayhawk, DC Ranch, and some of the greater Pinnacle Peak area including an advanced life support engine company and an additional unit for wildland brush response.

- During early 1998, a new coalition of local education activists and Rural Metro began the process of evaluating and implementing a new community injury prevention program called "Risk Watch". The steering committee consists of representatives from the Scottsdale School District, City Police Department, Scottsdale Memorial Health Systems, City Parks and Recreation, Arizona Safe Kids and Rural Metro.

#### **Municipal Services**

- The Solid Waste division reorganized and changed collection routes to establish three service areas. Collections are now 5 days a week versus 4, increasing productivity, efficiency and enhancing customer service.
- Increased the City's alternative fuel vehicles to 31% of the eligible fleet and completed construction of a "state of the art" compressed natural gas (CNG) fueling station at the Via Linda Complex. The fueling station was a joint venture with Southwest Gas; Trillium, USA; and Fleet, resulting in no City capital outlay.
- Field Services completed the 1<sup>st</sup> phase of a 6 year program of signal light change out to LED's (light emitting diode). Cost savings of the program over 10 years estimated to be \$584,000 in electrical consumption and maintenance plus an improvement in the safety of signalized intersections.
- 20,445 tons or 26% of the residential refuse collected was diverted from the landfill by our curbside recycling program. This represents an average of 708 lbs. diverted by each residential household.

#### **Financial Services**

- Negotiated an installment financing agreement for \$10 million and prepared to issue another \$77 million of bonds for purchase of 2,685 acres in the McDowell Sonoran Preserve.
- Payment processing, previously outsourced, has been brought back to the City to improve the timeliness and accuracy of posting our customer payments.
- Office supplies are now ordered from the Internet and no longer stocked by the warehouse. The City saves 56% on the retail cost and no longer has to stock 350 items in the warehouse saving about \$30,000 in labor costs.
- A City-wide team was formed to assess all the potential impacts of impending deregulation of the electric industry. A new Energy Management Division will be formed in the Financial Services Department to coordinate all energy related issues.

#### **Information Systems**

- Developed spatial technology service delivery applications including: Land Information System (LIS), now on over 500 desktops throughout the city, and permitting and plan review backflow management; zoning notifications; automated blue stake requests; and code enforcement.
- Introduced Information System's internal consultant team, providing focused technology expertise to the operating departments.
- Opened the North campus training facility, doubling our organizational capacity to provide technology learning and eliminating the need for trips between the two campuses for technology classes.
- Received international recognition for Scottsdale's state-of-the-art computing network architecture — scalable, flexible and secure.

#### **Community Development**

- Case Fact Sheets, containing summary development request information, were developed and placed on the Internet for easy community access.
- Phase 1 of the Community Development System (CDS) came on-line January 1998. The CDS consolidates all of the independent development tracking systems into one high-tech database and provides on-line access to case information from pre-application to certificate of occupancy.
- Implemented Field Engineering Daily Service Log Tracking System (FEDS) in Access which allows contractors to call in and schedule an inspection. Routes are generated for inspectors the night before and responses are entered enabling project tracking and history reporting through to the final acceptance letter.
- Implemented a new inspection process incorporating inspection by the Planning Unit before the Temporary Certificate of Occupancy is issued.

## Community Planning

- Increased accessibility of city services by opening a Citizen Service Center at Grayhawk (in partnership with the Paradise Valley School District); expanding the Citizen Service Center internet site and enhancing the Center at Los Arcos Mall.
- Created a number of new opportunities for citizen involvement in the planning process through the initiation of five character area plans, five neighborhood plans, and a new general plan amendment process which establishes guidelines for neighborhood involvement.
- Created the role of a Community Issues Advisor to proactively engage and inform citizens of major City projects that may impact their neighborhoods and responds to residents' questions before there may be an issue or concern. In conjunction with this effort, the Neighborhood Services "Walk the Talk" program was introduced as an opportunity for staff to visit with residents one-on-one in a more proactive and informal manner, and inform them of the work and services we provide.
- Developed Scottsdale's Green Building program in partnership with Community Development. The Green Building Program is a voluntary effort designed to encourage sustainable and healthy building practices among builders and home buyers. The program provides guidance on energy, building materials, water and solid waste by suggesting environmentally-friendly options.
- Created the Neighborhood Speed Awareness Program — a four step program which relies on direct citizen involvement aimed at reducing neighborhood traffic speeds.

## Transportation

- Initiated program "reconstruction" involving major community outreach and alternative evaluation to determine the transportation future of the city.
- Began Desert Greenbelt flood control construction (following completion of environmental clearances) to protect existing and future homes and businesses and the Pima Freeway.
- Assisted Arizona Department of Transportation during construction of Pima Freeway through Scottsdale from Via Linda to Scottsdale Road. Major work between Shea and Princess Drive to begin this year.
- Continued deployment of intelligent transportation system (ITS) technology for better traffic management throughout the city and region.
- Implemented Airport/Airpark agreement to improve financial and operational management of airport.

## Community Services

- Secured 132 new Section-8 housing vouchers, enrolled senior citizens and worked with the new owner of a former HUD apartment complex to secure tax credits so an apartment complex could continue to be an affordable housing project.
- In February 1998, the Scottsdale Public Library System introduced "Pegasus", a web-based library catalog which provides full internet access to the public. Twenty-five terminals are available throughout the four library facilities with plans to add an additional 42 terminals in the next few years to meet public demand.
- Renovation of McCormick-Stillman Railroad Park was completed this past year with the majority of funds coming from the sale of donated property by the McCormick family. New facilities included an expanded railroad station, playground, covered snack bar area, train loading platform, restrooms as well as renovated walkways and grounds. The Scottsdale Railroad and Mechanical Society provided a new carousel and a clock tower was built in cooperation with Cellular One as another amenity which also included a cellular tower. Since reopening of the park, train ridership has increased 39% over the previous year.
- In partnership with the Scottsdale Boys/Girls Club, Eldorado Community Center was expanded from 12,000 SF to over 30,000 SF. The renovated and expanded facility is now accommodating Boys/Girls Club programs which were relocated from their Osborn branch.
- In partnership with the Scottsdale Cultural Council, work began on the new Scottsdale Museum of Contemporary Art. The City acquired the UA Theater building on Scottsdale Mall and the Cultural Council raised over \$2,000,000 for the renovation of the facility. Renovation of Civic Center Mall grounds has also begun and both projects should be completed at the end of 1998.

## Water Resources

- Maintained federal and state environmental quality compliance for all municipal water, wastewater, and reclaimed water systems to continue providing safe water to our customers.

- Awarded construction of Water Campus for Phases I and II (approximately \$74 million) assuring implementation of irrigation and water reuse strategies.
- Awarded construction of the CAP Water Treatment Plant Expansion from 18 million gallons per day (mgd) to 50 mgd.
- Awarded the construction of the west and north sections of the effluent pumpback system for transmission to the Water Campus for reclamation opportunities.
- Adopted the updated Water, Water Resources, and Sewer Development Fees providing that new development will pay its fair share of growth capital cost.

## **FOR THE FUTURE**

Plans articulated in the 1997/99 Biennial 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 building on long-term community priorities established in previous years. The following are the Critical Objectives identified in Scottsdale's Strategic Plan for the Biennial Budget period:

- **Implement a strategic approach to land use, open space, infrastructure, and development** - Integrate recommendations from CityShape 2020 and Scottsdale Visioning into a comprehensive plan for the development/redevelopment of a sustainable community that preserves and enhances the unique character of Scottsdale.
- **Recognize public safety in the formation of community** - Establish a proactive approach in the pursuit of community security and public safety through the integration of city and community resources.
- **Preserve and promote the health, stability and long-term vitality of our neighborhoods** -Provide a sense of community and security, as well as livability, within all Scottsdale neighborhoods.
- **Focus on the positive development of youth and social well-being of families and adults of all ages** -Scottsdale will be widely recognized as a "family-friendly" place to live and work, where citizens are supported in their efforts to safely grow, learn, overcome hardships, achieve full potential and contribute to the well being of others and the total community.
- **Apply creativity and innovation to the organizational structure and the delivery of services** -To fully integrate new technologies into redesigned work systems and processes, ensuring all services are benchmarked and competitive in both cost and quality, leveraging our capacity to create and innovate.
- **Continue to strengthen and enhance our economic and fiscal vitality** -The overall target of this goal is to ensure that Scottsdale continues to enjoy its economic advantage by maintaining a comprehensive overall Economic Development program which helps the community's economic base grow at a faster pace than population growth.
- **Seek organizational renewal on a continual basis** - This organizational objective seeks to develop a high performing, learning organization that excels in a rapidly changing world.
- **Enhance opportunities for informed community dialogue and involvement** - This objective seeks to enhance the quality and quantity of connections and understanding between City staff and Community through focused efforts at both the individual and the organizational level.

## **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, 1998 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

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

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

**General Government Functions.** The following schedule presents a summary of the General, Special Revenue, Debt Service, and Capital Projects Funds revenues for the fiscal year ended June 30, 1998, 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 continued strong economy. Taxes and charges for current services (which includes building permits) continued to increase at a double digit rate. Grants and Special Assessments decreased as a result of a reduction of grant activity and no new assessment bonds being issued during the fiscal year. Fines and Forfeitures increased as a result of the first full year revenue of the photo radar program. The increase in the Use of Money and Property category was the result of unrealized gains in the market value of our investments. Reimbursements from Outside Sources increased due to developer contributions to the Community Facilities Districts.

Revenues (in thousands of dollars)				
Classification	1998 Amount (000s)	Percent of Total	Increase (Decrease) From 1997 Amounts (000s)	Percentage Increase (Decrease) From 1997
Taxes	\$126,269	52.3%	\$15,975	14.5%
Intergovernmental	43,475	18.1	2,380	5.8
Grants	6,160	2.6	(1,329)	(17.7)
Special Assessments	4,927	2.0	(1,769)	(26.4)
Licenses	1,107	.5	-	-
Charges for Services	17,229	7.2	3,605	26.5
Fines and Forfeitures	4,274	1.8	930	27.8
Use of Money and Property	12,228	5.1	2,325	23.5
Reimbursements from Outside Sources	5,804	2.4	723	14.2
Streetlight Districts	558	0.2	53	10.5
Other	18,711	7.8	5,410	40.7
<b>Total</b>	<b>\$240,742</b>	<b>100.0%</b>	<b>\$28,303</b>	<b>13.3%</b>



The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 1998, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Police expenditures increased because of the cost of the photo radar contract and expenditures for officers added under new Police grants. Transportation expenditures decreased because of transit costs that were delayed until next fiscal year. Information Systems expenditures increased as a result of NASA grants for advanced technology.

Increases in Planning and Development are a direct result of Scottsdale's building boom. Municipal Services expenditures decreased because street overlay projects were accelerated in 1996/97 and reduced in 1997/98. Capital Improvements expenditures decreased because of a reduction of Scottsdale Preserve Authority activity. Debt Service expenditures increased because of the sale of voter authorized General Obligation Bonds.

**General Government Fund Balances.** Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 1998, compared to the prior year.

The General Fund balance increased primarily as a result of a strong revenue growth. The Highway User Fund balance increased as a result of expenditures being delayed until next fiscal year. The Grants fund balance increased as a result of more timely reimbursements of grant expenditures. Debt Service fund balance increased as a result of property tax and other revenues received in advance of debt service requirements. 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 Motor Pool Fund and the Self-Insurance Fund. Internal Service Funds

Department	Expenditures (in thousands of dollars)			
	1998 Amount (000s)	Percent of Total	Increase (Decrease) From 1997 Amounts (000s)	Percentage Increase (Decrease) From 1997
General Government	\$13,209	5.4%	\$655	5.2%
Police	35,093	14.3	4,348	14.1
Financial Services	5,983	2.4	594	11.0
Transportation	5,763	2.3	(1,788)	(23.7)
Community Services	36,316	14.8	1,647	4.8
Information Systems	6,118	2.5	1,223	24.9
Planning & Development	17,090	7.0	2,681	18.6
Fire	11,817	4.8	911	8.4
Municipal Services	7,602	3.1	(1,251)	(14.1)
Streetlight Districts	449	.2	(74)	(14.1)
Capital Improvements	61,508	25.0	(12,751)	17.2
Debt Service	44,725	18.2	5,802	14.9
<b>Total</b>	<b>\$245,673</b>	<b>100.0%</b>	<b>\$1,997</b>	<b>.8%</b>

Fund	Total Fund Balances (Deficit) (in thousand of dollars)		
	June 30, 1997	June 30, 1998	Increase (Decrease)
General	\$60,159	\$60,253	\$ 94
Special Revenue:			
Highway User	149	460	311
Community Development	(6)	-	6
Grants	419	495	76
Section 8	(227)	(234)	(7)
Debt Service	6,770	10,953	4,183
Capital Projects	63,559	87,142	23,583
<b>Total</b>	<b>\$130,823</b>	<b>\$159,069</b>	<b>\$28,246</b>

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.

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

Fund	Retained Earnings (Accumulated Deficit) (in thousands of dollars)		
	June 30, 1997	June 30, 1998	Increase (Decrease)
Water and Sewer Utility	\$165,761	\$196,218	\$30,457
Airport	1,003	540	(463)
Solid Waste	(189)	1,026	1,215
Motor Pool	7,745	11,099	3,354
Self-Insurance	(2,168)	(2,626)	(458)
<b>Total</b>	<b>\$5,577</b>	<b>\$206,257</b>	<b>\$34,105</b>

Retained earnings increase for the Water and Sewer Utility Fund are due to a combination of customer base increases, service rate increases and increased usage because of dry weather. Water and Sewer retained earnings are 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 decreased because of grant expenses for which revenue had been received previously. Solid Waste retained earnings increased because of the full revenue affect of the curbside recycling program.

The Motor Pool 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 decreased due to a jump in the actuarially determined claims payable.

**Fiduciary Fund.** The Fiduciary Funds consist of miscellaneous expendable and nonexpendable trust funds and the Family Self Sufficiency Fund.

**Debt Administration.** At June 30, 1998, the City had outstanding debt issues of \$423,076. The chart shows the breakdown.

Debt (in thousands of dollars)	Principal Balance June 30, 1998
General Obligation Bonds	\$199,026
Revenue Bonds	57,691
Scottsdale Municipal Property Corporation Bonds	82,140
Preserve Authority Bonds	20,330
Special Assessment Bonds	19,671
Community Facilities District Bonds	24,310
Contracts	19,908
<b>Total</b>	<b>\$423,076</b>

During the 1997/98 fiscal year, \$20,500,000 general obligation bonds, \$20,000,000 Water/Sewer Revenue Bonds, \$6,190,000 Community Facility District Bonds were issued, as well as \$554,000 in contractual debt and \$10,000,000 in Capital Leases. The City maintained its Aa1 bond rating from Moody's

Investor Service, AA+ rating from Fitch Investors Service, Inc., and AA+ 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. Scottsdale also received an upgrade in the last fiscal year for Water and Sewer Revenue Bonds. General obligation debt is serviced by secondary property taxes. Revenue-supported debt is serviced with the user fees associated with the particular fund activity.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space, parks, playground, and recreational facilities up to an amount not exceeding 20 percent of the secondary assessed valuation 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, 1998, the City's 20 percent debt limitation was \$367,810,000, providing a debt margin of \$259,010,000, and the 6 percent debt limitation was \$110,343,000, providing a debt margin of \$27,213,000.

**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 1997/98 fiscal year was 5.74 percent, and the average daily investment balance was \$294,094,000.

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, 1998 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 Deloitte & Touche LLP has been selected by the City Council to audit from 1996 to 1998. The auditors' report is included in the financial section of this report.

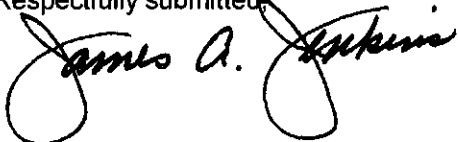
In addition to this report, the auditors were also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements for non-Federal entities that administer Federal awards and implement the Single Audit Act amendments of 1996. Due to the size 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 for its comprehensive annual financial report for the fiscal year ended June 30, 1997, marking twenty-five consecutive years Scottsdale has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

**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/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, 1997

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.



*Douglas R. Ellsworth*  
President

*Jeffrey L. Essler*  
Executive Director

## **Financial Section**

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



## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Scottsdale, Arizona, as of June 30, 1998, and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the City of Scottsdale, Arizona. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Scottsdale Water Service Company Limited Partnership which were combined with the financial statements of Scottswater Company, Inc., a component unit. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for Scottswater Company, Inc., is based solely on the report of the other auditors.

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, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to that component unit. 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, based on our audit and the report of the other auditors, such general purpose financial statements present fairly, in all material respects, the financial position of the City of Scottsdale, Arizona, as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, based on our audit and the report of other auditors, 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, 1998, and the results of operations of such funds and the cash flows of individual proprietary and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements 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 foregoing 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 accounts groups taken as a whole.

The statistical data listed in the Statistical Section of the table of contents are presented for purpose of additional analysis and is not a required part of the general purpose financial statements of the City of Scottsdale, Arizona. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 1998 on our consideration of the City of Scottsdale, Arizona's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Deloitte & Touche LLP*  
September 23, 1998





City of Scottsdale, Arizona  
**Combined Balance Sheet - All Fund Types, Account Groups,  
and Discretely Presented Component Unit**  
June 30, 1998 (in thousands of dollars)  
with Comparative Totals for June 30, 1997 (Primary Government Only)

Exhibit A-1

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
Cash and Short-Term Investments	\$ 40,369	\$ 2,702	\$ 34,500	\$ 88,739
Investments	20,215	-	430	-
Prepaid Expense	-	-	-	-
Receivables	-	-	-	-
Accrued Interest	639	-	8	714
Privilege Tax	2,273	-	-	1,597
Hotel/Motel Tax	368	-	-	-
Fire Premium Tax	157	-	-	-
Property Tax	778	-	235	-
Special Assessments	-	-	20,355	-
State Shared Sales Tax	1,082	-	-	-
Fuel Tax	-	1,320	-	-
Grants	-	884	-	-
Accounts	-	-	-	-
Note	-	-	-	-
Miscellaneous	-	-	80	127
Deferred Issuance Costs, Net of Accumulated Amortization	-	-	-	-
Due from Other Funds	2,593	-	-	-
Supplies Inventory	415	-	-	-
Restricted Cash and Investments	-	-	-	-
Equity in Joint Venture	-	-	-	-
Property, Plant, and Equipment, Net of Accumulated Depreciation	-	-	-	-
Excess Purchase Price over Fair Market Value of Assets Acquired, Net	-	-	-	-
Amount Available in Debt Service Funds	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 68,889</b>	<b>\$ 4,906</b>	<b>\$ 55,608</b>	<b>\$ 91,177</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<i>Liabilities</i>				
Accounts Payable	431	920	-	2,298
Accrued Payroll	7,090	199	-	-
Claims Payable	-	-	-	-
Designated Escrow Payable	-	-	-	-
Due to Other Funds	-	572	-	12
Contracts Payable - Current Portion	-	-	-	-
Bond Interest Payable	-	604	7,502	-
Bonds Payable - Current Portion	-	1,890	13,355	-
Deferred Revenue	-	-	-	-
Property Tax	664	-	13	-
Special Assessments	-	-	20,356	-
Other	225	-	3,000	-
Guaranty and Other Deposits	-	-	-	1,540
Other	226	-	-	185
Funds Held for Defeasance	-	-	429	-
Long-Term Debt (Net of Current Portion)	-	-	-	-
<b>Total Liabilities</b>	<b>8,636</b>	<b>4,185</b>	<b>44,655</b>	<b>4,035</b>
<i>Equity and Other Credits</i>				
Contributed Capital, Net of Accumulated Depreciation	-	-	-	-
Investment in General Fixed Assets	-	-	-	-
Retained Earnings (Accumulated Deficit)	-	-	-	-
Reserved for	-	-	-	-
Water and Sewer System Replacement	-	-	-	-
Acquisition and Construction	-	-	-	-
Unreserved	-	-	-	-
Unreserved Minority Interest	-	-	-	-
Fund Balances	-	-	-	-
Reserved for	-	-	-	-
Encumbrances	3,190	423	-	13,587
Streetlight Districts	894	-	-	-
Debt Service	-	-	10,953	-
Library Acquisitions	-	-	-	-
Unreserved	56,169	298	-	73,555
<b>Total Equity and Other Credits</b>	<b>60,253</b>	<b>721</b>	<b>10,953</b>	<b>87,142</b>
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$ 68,889</b>	<b>\$ 4,906</b>	<b>\$ 55,608</b>	<b>\$ 91,177</b>

SEE NOTES TO FINANCIAL STATEMENTS

Proprietary Fund Types		Fiduciary Fund Type	Accounts Groups		Totals (Memorandum Only)		Component Unit	Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government		Scottswater Company, Inc.	Reporting Entity
					June 30, 1998	June 30, 1997	June 30, 1998	June 30, 1998
\$ 65,819	\$ 12,334	\$ 10,088	\$ -	\$ -	\$ 254,551	\$ 223,784	\$ 3,415	\$ 257,966
196	-	-	-	-	20,841	46,839	-	20,841
52	-	-	-	-	52	166	-	52
1,270	133	24	-	-	2,788	1,489	1	2,789
-	-	-	-	-	3,870	2,846	-	3,870
-	-	-	-	-	368	144	-	368
-	-	-	-	-	157	186	-	157
-	-	-	-	-	1,013	873	-	1,013
-	-	-	-	-	20,355	21,364	-	20,355
-	-	-	-	-	1,082	1,028	-	1,082
-	-	-	-	-	1,320	1,341	-	1,320
-	-	-	-	-	884	1,809	-	884
10,162	-	-	-	-	10,162	10,667	-	10,162
-	-	4,000	-	-	4,000	4,000	-	4,000
548	59	1,118	-	-	1,932	3,512	8	1,940
-	-	-	-	-	-	-	614	614
-	-	-	-	-	2,593	1,534	-	2,593
-	293	-	-	-	708	631	-	708
18,786	-	-	-	-	18,786	41,950	-	18,786
23,879	-	-	-	-	23,879	23,943	-	23,879
471,757	15,912	-	1,566,213	-	2,053,882	1,859,582	985	2,054,867
325	-	-	-	-	325	345	409	734
-	-	-	-	10,953	10,953	6,840	-	10,953
-	-	-	-	346,285	346,285	343,890	-	346,285
<u>\$ 592,794</u>	<u>\$ 28,731</u>	<u>\$ 15,230</u>	<u>\$ 1,566,213</u>	<u>\$ 357,238</u>	<u>\$ 2,780,786</u>	<u>\$ 2,598,763</u>	<u>\$ 5,432</u>	<u>\$ 2,786,218</u>
6,485	116	28	-	-	10,278	8,826	232	10,510
1,054	390	-	-	-	8,733	9,051	-	8,733
-	7,848	-	-	-	7,848	6,367	-	7,848
-	-	23	-	-	23	15,705	-	23
2,009	-	-	-	-	2,593	1,534	-	2,593
1,259	-	-	-	-	1,259	1,299	-	1,259
2,028	-	-	-	-	10,134	9,373	-	10,134
4,225	-	-	-	-	19,470	18,875	-	19,470
-	-	-	-	-	677	3,576	-	677
-	-	-	-	-	20,356	21,364	-	20,356
3,815	-	4,160	-	-	11,200	4,261	-	11,200
-	-	4,562	-	-	6,102	2,471	-	6,102
3,939	-	-	-	-	4,350	8,529	-	4,350
-	-	-	-	-	429	-	-	429
68,329	-	-	-	357,238	425,567	405,013	18,180	443,747
93,143	8,354	8,773	-	357,238	529,019	516,244	18,412	547,431
301,867	11,904	-	-	-	313,771	288,758	3,600	317,371
-	-	-	1,566,213	-	1,566,213	1,482,726	-	1,566,213
8,911	-	-	-	-	8,911	8,911	-	8,911
9,875	-	-	-	-	9,875	33,039	-	9,875
178,998	8,473	-	-	-	187,471	131,626	(274)	187,197
-	-	-	-	-	-	-	(16,306)	(16,306)
-	-	345	-	-	17,545	14,703	-	17,545
-	-	-	-	-	894	785	-	894
-	-	-	-	-	10,953	6,840	-	10,953
-	-	-	-	-	-	186	-	-
-	-	6,112	-	-	136,134	114,945	-	136,134
499,651	20,377	6,457	1,566,213	-	2,251,767	2,082,519	(12,980)	2,238,787
<u>\$ 592,794</u>	<u>\$ 28,731</u>	<u>\$ 15,230</u>	<u>\$ 1,566,213</u>	<u>\$ 357,238</u>	<u>\$ 2,780,786</u>	<u>\$ 2,598,763</u>	<u>\$ 5,432</u>	<u>\$ 2,786,218</u>

City of Scottsdale, Arizona  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1997

Exhibit A-2

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1998	June 30, 1997
<b>Revenues</b>							
Taxes - Local	\$ 73,305	\$ -	\$ 28,833	\$ 24,131	\$ -	\$ 126,269	\$ 110,294
Taxes - Intergovernmental	26,924	16,551	-	-	-	43,475	41,095
Grants	-	6,160	-	-	-	6,160	7,489
Special Assessments	-	-	4,927	-	-	4,927	6,696
Licenses	1,107	-	-	-	-	1,107	1,107
Charges for Current Services	17,229	-	-	-	-	17,229	13,624
Fines and Forfeitures	4,274	-	-	-	-	4,274	3,344
Use of Money and Property	7,190	-	474	4,401	163	12,228	9,903
Developer Contributions	-	-	1,707	1,294	-	3,001	1,341
Reimbursements from Outside Sources	-	-	-	2,803	-	2,803	3,740
Streetlight Districts	558	-	-	-	-	558	506
Other	13,047	64	273	1,776	3,551	18,711	13,301
<b>Total Revenues</b>	<b>143,634</b>	<b>22,775</b>	<b>36,214</b>	<b>34,405</b>	<b>3,714</b>	<b>240,742</b>	<b>212,439</b>
<b>Expenditures</b>							
<b>Current Operating Departments</b>							
General Government	13,155	54	-	-	-	13,209	12,554
Police	33,721	1,372	-	-	-	35,093	30,745
Financial Services	5,983	-	-	-	-	5,983	5,389
Transportation	-	5,763	-	-	-	5,763	7,551
Community Services	30,827	5,489	-	-	-	36,316	34,669
Information Systems	5,502	616	-	-	-	6,118	4,895
Planning & Development	17,090	-	-	-	-	17,090	14,409
Fire	11,817	-	-	-	-	11,817	10,906
Municipal Services	1,299	6,303	-	-	-	7,602	8,853
Streetlight Districts	449	-	-	-	-	449	523
Expendable Trusts	-	-	-	-	1,787	1,787	1,281
Capital Improvements	-	-	-	61,508	-	61,508	74,259
Debt Service							
Principal	5,181	1,890	18,557	-	-	25,628	21,135
Interest and Fiscal Charges	280	1,209	17,579	-	-	19,068	17,788
Other	-	-	29	-	-	29	-
<b>Total Expenditures</b>	<b>125,304</b>	<b>22,696</b>	<b>36,165</b>	<b>61,508</b>	<b>1,787</b>	<b>247,460</b>	<b>244,957</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>18,330</b>	<b>79</b>	<b>49</b>	<b>(27,103)</b>	<b>1,927</b>	<b>(6,718)</b>	<b>(32,518)</b>
<b>Other Sources (Uses)</b>							
Operating Transfers In	-	327	2,891	16,310	-	19,528	21,501
Operating Transfers Out	(18,236)	(20)	(2)	(1,853)	(600)	(20,711)	(22,483)
Bond Proceeds	-	-	1,067	26,479	-	27,546	52,750
Refunding Bond Proceeds	-	-	19,900	-	-	19,900	-
Bond Premium	-	-	770	-	-	770	-
Payment to Refunded Debt							
Escrow Agent	-	-	(20,492)	-	-	(20,492)	-
Proceeds of Contract Payable	-	-	-	10,000	-	10,000	282
Proceeds from Sale of Real Estate	-	-	-	-	-	-	367
<b>Total Other Sources (Uses)</b>	<b>(18,236)</b>	<b>307</b>	<b>4,134</b>	<b>50,936</b>	<b>(600)</b>	<b>36,541</b>	<b>52,417</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>94</b>	<b>386</b>	<b>4,183</b>	<b>23,833</b>	<b>1,327</b>	<b>29,823</b>	<b>19,899</b>
<b>Fund Balances July 1, 1997 as Previously Reported</b>	<b>60,726</b>	<b>335</b>	<b>6,839</b>	<b>64,343</b>	<b>5,212</b>	<b>137,455</b>	<b>117,373</b>
<b>Cumulative Effect of Change in Accounting Principle</b>	<b>(567)</b>	<b>-</b>	<b>(69)</b>	<b>(784)</b>	<b>(82)</b>	<b>(1,502)</b>	<b>-</b>
<b>Fund Balance July 1, 1997 as Restated</b>	<b>60,159</b>	<b>335</b>	<b>6,770</b>	<b>63,559</b>	<b>5,130</b>	<b>135,953</b>	<b>117,373</b>
<b>Residual Equity Transfer Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(250)</b>	<b>-</b>	<b>(250)</b>	<b>-</b>
<b>Fund Balances June 30, 1998</b>	<b>\$ 60,253</b>	<b>\$ 721</b>	<b>\$ 10,953</b>	<b>\$ 87,142</b>	<b>\$ 6,457</b>	<b>\$ 165,526</b>	<b>\$ 137,272</b>

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona  
**Combined Statement of Revenues, Expenditures and Changes**  
**in Fund Balances (Deficits) - Budget and Actual -**  
**Budget Basis - General, Special Revenue, and Debt Service Funds**  
**For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)**

Exhibit A-3

	General Fund			Special Revenue Funds			Debt Service Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>												
Taxes - Local	\$ 72,259	\$ 73,305	\$ 1,046	\$ -	\$ -	\$ -	\$ 28,819	\$ 28,270	\$ (549)	\$ 101,078	\$ 101,575	\$ 497
Taxes - Intergovernmental	26,740	26,924	184	16,584	16,551	(33)	-	-	-	43,324	43,475	151
Special Assessments	-	-	-	-	-	-	5,933	4,927	(1,006)	5,933	4,927	(1,006)
Licenses	1,276	1,107	(169)	-	-	-	-	-	-	1,276	1,107	(169)
Charges for Current Services	16,420	17,229	809	-	-	-	-	-	-	16,420	17,229	809
Fines and Forfeitures	6,036	4,274	(1,762)	-	-	-	-	-	-	6,036	4,274	(1,762)
Use of Money and Property	9,365	7,190	(2,175)	-	-	-	111	110	(1)	9,476	7,300	(2,176)
Other	1,400	1,465	65	-	-	-	305	273	(32)	1,705	1,738	33
<b>Total Revenues</b>	<b>133,496</b>	<b>131,494</b>	<b>(2,002)</b>	<b>16,584</b>	<b>16,551</b>	<b>(33)</b>	<b>35,168</b>	<b>33,580</b>	<b>(1,588)</b>	<b>185,248</b>	<b>181,625</b>	<b>(3,623)</b>
<b>Expenditures</b>												
Current Operating Departments												
General Government	13,825	13,204	621	-	-	-	-	-	-	13,825	13,204	621
Police	34,229	34,229	-	-	-	-	-	-	-	34,229	34,229	-
Financial Services	6,401	6,049	352	-	-	-	-	-	-	6,401	6,049	352
Transportation	-	-	-	6,524	5,758	766	-	-	-	6,524	5,758	766
Community Services	32,739	32,463	276	1,530	1,413	117	-	-	-	34,269	33,876	393
Information Systems	6,471	5,895	576	-	-	-	-	-	-	6,471	5,895	576
Planning & Development	17,328	17,328	-	-	-	-	-	-	-	17,328	17,328	-
Fire	11,855	11,818	37	-	-	-	-	-	-	11,855	11,818	37
Municipal Services	1,427	1,328	99	6,561	6,343	218	-	-	-	7,988	7,671	317
Debt Service												
Principal	4,821	5,181	(360)	1,890	1,990	-	19,943	18,557	1,386	26,654	25,628	1,026
Interest and Fiscal Charges	376	280	96	1,210	1,209	1	23,520	15,862	7,658	25,106	17,351	7,755
<b>Total Expenditures</b>	<b>129,472</b>	<b>127,775</b>	<b>1,697</b>	<b>17,715</b>	<b>16,613</b>	<b>1,102</b>	<b>43,463</b>	<b>34,419</b>	<b>9,044</b>	<b>190,650</b>	<b>178,807</b>	<b>11,843</b>
<b>Excess (Deficiency) of Revenues</b>												
<b>Over Expenditures</b>	<b>4,024</b>	<b>3,719</b>	<b>(305)</b>	<b>(1,131)</b>	<b>(62)</b>	<b>1,069</b>	<b>(8,295)</b>	<b>(839)</b>	<b>7,456</b>	<b>(5,402)</b>	<b>2,816</b>	<b>8,220</b>
<b>Other Sources (Uses)</b>												
Proceeds of Refunding Bonds	-	-	-	-	-	-	-	20,670	20,670	-	20,670	20,670
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	-	(20,492)	(20,492)	-	(20,492)	(20,492)
Operating Transfers In	18,763	11,582	(7,181)	2,096	194	(1,902)	7,305	2,891	(4,414)	28,164	14,667	(13,497)
Operating Transfers Out	(22,787)	(18,236)	4,551	-	(20)	(20)	-	-	-	(22,787)	(18,256)	4,531
<b>Total Other Sources (Uses)</b>	<b>(4,024)</b>	<b>(6,654)</b>	<b>(2,630)</b>	<b>2,096</b>	<b>174</b>	<b>(1,922)</b>	<b>7,305</b>	<b>3,069</b>	<b>(4,236)</b>	<b>5,377</b>	<b>(3,411)</b>	<b>(8,788)</b>
<b>Excess (Deficiency) of Revenues and</b>												
<b>Other Sources Over Expenditures</b>	<b>-</b>	<b>(2,935)</b>	<b>(2,935)</b>	<b>965</b>	<b>112</b>	<b>(853)</b>	<b>(990)</b>	<b>2,230</b>	<b>3,220</b>	<b>(25)</b>	<b>(593)</b>	<b>(568)</b>
Encumbrances Cancelled	-	2,294	2,294	-	149	149	-	-	-	-	2,443	2,443
Fund Balances July 1, 1997 as Previously Reported	-	2,256	2,256	(965)	(111)	854	990	5,393	4,403	25	7,538	7,513
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	-	(69)	(69)	-	(69)	(69)
Fund Balances (Deficits) July 1, 1997 as Restated	-	2,256	2,256	(965)	(111)	854	990	5,324	4,334	25	7,469	7,444
Fund Balances (Deficits) June 30, 1998	\$ -	\$ 1,615	\$ 1,615	\$ -	\$ 150	\$ 150	\$ -	\$ 7,554	\$ 7,554	\$ -	\$ 9,319	\$ 9,319

SEE NOTES TO FINANCIAL STATEMENTS

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

Exhibit A-4

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1997 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1998	June 30, 1997	Scottswater Company, Inc. June 30, 1998	Reporting Entity June 30, 1998
Operating Revenues						
Water Service Fees	\$ 46,825	\$ -	\$ 46,825	\$ 45,464	\$ 2,974	\$ 49,799
Sewer Service Fees	16,335	-	16,335	14,468	-	16,335
Reclaimed Water Distribution	3,399	-	3,399	3,434	-	3,399
Groundwater Treatment Plant	871	-	871	1,048	-	871
Solid Waste Fees	12,931	-	12,931	11,893	-	12,931
Airport Fees	1,061	-	1,061	968	-	1,061
Billings to User Programs	-	12,900	12,900	11,449	-	12,900
Interest Earnings	-	-	-	9	-	-
Other	2,000	297	2,297	3,189	-	2,297
<b>Total Operating Revenues</b>	<b>83,422</b>	<b>13,197</b>	<b>96,619</b>	<b>91,922</b>	<b>2,974</b>	<b>99,593</b>
Operating Expenses						
Water Operations	21,089	-	21,089	22,355	1,362	22,451
Sewer Operations	8,648	-	8,648	7,604	-	8,648
Solid Waste Operations	9,480	-	9,480	10,934	-	9,480
Airport Operations	1,062	-	1,062	770	-	1,062
Motor Pool Operations	-	4,834	4,834	5,033	-	4,834
Self-Insurance Administration	-	1,181	1,181	1,177	-	1,181
Self-Insurance Claims	-	4,578	4,578	2,523	-	4,578
Trust Operations	-	-	-	17	-	-
Indirect Costs	6,270	-	6,270	5,693	-	6,270
In-Lieu Property Tax	1,871	-	1,871	1,565	-	1,871
Franchise Fees	3,440	-	3,440	2,995	-	3,440
Depreciation and Amortization	9,788	2,696	12,484	12,038	145	12,629
<b>Total Operating Expenses</b>	<b>61,648</b>	<b>13,289</b>	<b>74,937</b>	<b>72,704</b>	<b>1,507</b>	<b>76,444</b>
Operating Income (Loss)	\$ 21,774	\$ (92)	\$ 21,682	\$ 19,218	\$ 1,467	\$ 23,149

SEE NOTES TO FINANCIAL STATEMENTS

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

**Exhibit A-4**  
(Continued)

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

With Comparative Totals for the Fiscal Year Ended June 30, 1997 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1998	June 30, 1997	Scottswater Company, Inc. June 30, 1998	Reporting Entity June 30, 1998
Non-Operating Revenues (Expenses)						
Property Tax	\$ -	\$ 856	\$ 856	\$ 1,843	\$ -	\$ 856
Investment Income	7,139	761	7,900	8,012	153	8,053
Interest Expense	(3,535)	-	(3,535)	(3,591)	(706)	(4,241)
Litigation Recovery	914	-	914	914	-	914
Net Non-Operating Revenues (Expenses)	4,518	1,617	6,135	7,178	(553)	5,582
Operating Transfers In	215	1,371	1,586	1,383	-	1,586
Operating Transfers Out	(402)	-	(402)	(401)	-	(402)
Net Operating Transfers In	(187)	1,371	1,184	982	-	1,184
Net Income	26,105	2,896	29,001	27,378	914	29,915
Add Depreciation on Fixed Assets Acquired By Contributed Capital	5,104	-	5,104	5,092	-	5,104
Increase In Retained Earnings/Fund Balance	31,209	2,896	34,105	32,470	914	35,019
Retained Earnings (Accumulated Deficit)/ Fund Balance July 1, 1997 as previously reported	167,883	5,694	173,577	141,293	(17,494)	156,083
Cumulative Effect of Change in Accounting Principle	(1,308)	(117)	(1,425)	-	-	(1,425)
Retained Earnings (Accumulated Deficit)/ Fund Balance July 1, 1997 as Restated	166,575	5,577	172,152	141,293	(17,494)	154,658
Retained Earnings (Accumulated Deficit)/ Fund Balance June 30, 1998	\$ 197,784	\$ 8,473	\$ 206,257	\$ 173,763	\$ (16,580)	\$ 189,677

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona

Exhibit A-5

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

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

With Comparative Totals for the Fiscal Year Ended June 30, 1997 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1998	June 30, 1997	Scottswater Company, Inc. June 30, 1998	Reporting Entity June 30, 1998
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ 21,774	\$ (92)	\$ 21,682	\$ 19,218	\$ 1,467	\$ 23,149
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:						
Depreciation/Amortization	9,788	2,696	12,484	12,038	145	12,629
Litigation Recovery	914	-	914	-	-	914
Interest Earnings	-	-	-	(9)	-	-
Changes in Assets and Liabilities (Sources (Uses) of Cash):						
Accounts Receivable	504	-	504	(801)	-	504
Miscellaneous Receivables	924	(1)	923	422	(7)	916
Supplies Inventory	-	34	34	12	-	34
Accounts Payable	1,010	94	1,104	1,583	(54)	1,050
Accrued Payroll	(1,038)	(378)	(1,416)	1,558	-	(1,416)
Due to General Fund	2,009	-	2,009	(1,670)	-	2,009
Claims Payable	-	1,482	1,482	369	-	1,482
Deferred Revenue	(914)	-	(914)	(1,299)	-	(914)
Other Liabilities	83	-	83	(254)	-	83
Total Adjustments	13,280	3,927	17,207	11,797	84	17,291
Net Cash Provided By Operating Activities	\$ 35,054	\$ 3,835	\$ 38,889	\$ 31,015	\$ 1,551	\$ 40,440

SEE NOTES TO FINANCIAL STATEMENTS

**City of Scottsdale, Arizona**  
**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, 1998 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1997 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1998	June 30, 1997	Scottswater Company, Inc. June 30, 1998	Reporting Entity June 30, 1998
Cash Flows from Non-Capital Financing Activities:						
Operating Transfers In	\$ 215	\$ 1,371	\$ 1,586	\$ 1,383	\$ -	\$ 1,586
Operating Transfers Out	(402)	-	(402)	(401)	-	(402)
Other	-	856	856	2,757	-	856
Net Cash Provided by (Used In) Non-Capital Financing Activities	(187)	2,227	2,040	3,739	-	2,040
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Property and Equipment	(115,780)	(5,904)	(121,684)	(52,749)	-	(121,684)
Principal Payments on Long-Term Debt	(6,504)	-	(6,504)	(5,427)	(1,010)	(7,514)
Interest Paid on Long-Term Debt	(2,942)	-	(2,942)	(3,601)	(768)	(3,710)
Accumulated Accretion	633	-	633	2,292	-	633
Capital Contributions from Other Government Units	1,126	-	1,126	287	-	1,126
Water and Sewer Development Fees	27,463	-	27,463	18,896	-	27,463
Proceeds for Contracts Payable	-	-	-	1,974	-	-
Prepaid Expense	114	-	114	(166)	-	114
Bond Proceeds	20,000	-	20,000	2,675	-	20,000
Net Cash Used For Capital and Related Financing Activities	(75,890)	(5,904)	(81,794)	(35,667)	(1,778)	(83,572)
Cash Flows from Investing Activities:						
Purchase of Investments	(196)	-	(196)	-	-	(196)
Proceeds from Sale of Investments	-	-	-	-	170	170
Income Received on Investments	6,576	701	7,277	8,593	154	7,431
Net Cash Provided By Investing Activities	6,380	701	7,081	8,593	324	7,405
Net Increase (Decrease) in Cash and Cash Equivalents	(34,643)	859	(33,784)	7,680	97	(33,687)
Cash and Cash Equivalents at Beginning of Year	120,556	11,592	132,148	124,655	2,908	135,056
Cummulative Effect of Change in Accounting Principle	(1,308)	(117)	(1,425)	-	-	(1,425)
Cash and Cash Equivalents at Beginning of Year As Restated	119,248	11,475	130,723	124,655	2,908	133,631
Cash and Cash Equivalents at End of Year	\$ 84,605	\$ 12,334	\$ 96,939	\$ 132,335	\$ 3,005	\$ 99,944

SEE NOTES TO FINANCIAL STATEMENTS



City of Scottsdale, Arizona  
**Combined Statement of Cash Flows - Proprietary Fund Types,  
and Discretely Presented Component Unit**

**Exhibit A-5**  
(Continued)

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1997 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1998	June 30, 1997	Scottswater Company, Inc. June 30, 1998	Reporting Entity June 30, 1998
Cash and Cash Equivalents						
At End of Year Includes:						
Cash and Short-Term Investments	\$ 65,819	\$ 12,334	\$ 78,153	\$ 90,384	\$ 3,415	\$ 81,568
Less non-cash equivalents included in Short-Term Investments	-	-	-	-	(410)	(410)
Restricted Cash and Investments	18,786	-	18,786	41,951	-	18,786
<b>Total Cash and Cash Equivalents</b>	<b>\$ 84,605</b>	<b>\$ 12,334</b>	<b>\$ 96,939</b>	<b>\$ 132,335</b>	<b>\$ 3,005</b>	<b>\$ 99,944</b>
Supplemental Disclosure of Noncash Financing Activities:						
Additions to Property, Plant, and Equipment:						
Contributions:						
From Developers	1,070	-	1,070	5,709	-	1,070
From Other Government Units	-	459	459	505	-	459
	<b>\$ 1,070</b>	<b>\$ 459</b>	<b>\$ 1,529</b>	<b>\$ 6,214</b>	<b>\$ -</b>	<b>\$ 1,529</b>

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona  
**Combined Statement of Revenues and Expenses -**  
**Budget and Actual - Budget Basis - Enterprise Funds**  
For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

Exhibit A-6

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Water Service Fees	\$ 44,748	\$ 46,825	\$ 2,077
Sewer Service Fees	16,278	16,335	57
Solid Waste Fees	12,750	12,931	181
Airport Fees	902	1,061	159
Property Rental	-	72	72
Interest Earnings	2,496	3,339	843
Operating Transfers In	565	34	(531)
Other	1,382	1,658	276
<b>Total Revenues</b>	<b>79,121</b>	<b>82,255</b>	<b>3,134</b>
<b>Expenses</b>			
Water Operations	23,247	21,772	1,475
Sewer Operations	6,078	5,454	624
Solid Waste Operations	10,179	9,993	186
Airport Operations	939	1,067	(128)
Debt Service and Reserves	8,219	7,048	1,171
Operating Transfers Out	55	402	(347)
Indirect Costs	5,810	5,827	(17)
In Lieu Property Tax	1,811	1,811	-
Franchise Fees	3,241	3,241	-
<b>Total Expenses</b>	<b>59,579</b>	<b>56,615</b>	<b>2,964</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 19,542</b>	<b>\$ 25,640</b>	<b>\$ 6,098</b>

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 non-profit corporation, was created by the City in 1967 solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. The MPC is governed by a Board of Directors appointed by the City Council. For financial reporting purposes, transactions of the MPC are included as if it were part of the City's operations.
- The Scottsdale Preserve Authority (SPA), a non-profit 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 column in the combined financial statements reflects the financial data of the City's other component unit, Scottswater Company, Inc. (the Company) as described below. The Company is reported as a proprietary fund in a separate column to emphasize that it is legally separate from the City.

The Company is a non-profit 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



## Notes to Financial Statements

For the Fiscal Year  
Ended June 30, 1998

City of Scottsdale  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

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, 1997. For additional discussion of the Company and disclosures regarding the amounts presented in the component unit column, refer to Note 19.

Separate unaudited financial statements of the Company, and separate audited financial statements of the Partnership for the year ended December 31, 1997, 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.

*The City's  
Governmental  
Funds:*

**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.



**Notes to  
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**Notes to  
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**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.

*The City's  
Proprietary Funds*

**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.

*The City's  
Fiduciary 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, 1998.

**Agency**  
Agency funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The City's agency fund is used to record the Family Self-Sufficiency activity.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (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.

*The City's Account Groups*

**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.



**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

**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 1997/98 and 1998/99. The 1997/98 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, 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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**



**Notes to  
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For the Fiscal Year  
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City of Scottsdale  
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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 re-appropriated 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.
- 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 1997/98, 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) unencumbered appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department.
- All expenditure appropriations which have not been encumbered lapse at year end.

Certain differences exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. These differences are described in Note 3.

**E. Encumbrances**

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

Encumbrance accounting is employed in the proprietary fund types for budget purposes only.





Notes to Financial Statements

For the Fiscal Year Ended June 30, 1998

City of Scottsdale Scottsdale, Arizona

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 Motor Pool 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.

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:

Table with 2 columns: Asset Type and Estimated Useful Life. Rows include 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), and Furniture, Fixtures, and Office Equipment (5 to 10 Years).

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

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

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

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

**K. Transactions Between Funds**

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

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

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

**L. Funds Servicing Long-Term Debt**

The 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:

<i>General Obligation</i>	Accounts for those general obligation bonds that are repaid through the general resources of the City.
<i>Municipal Property Corporation (MPC)</i>	Accounts for bonds issued by the MPC, which are repaid through collections of transaction privilege tax (sales tax) and other unrestricted revenues.
<i>Scottsdale Preserve Authority</i>	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.
<i>Special Assessment</i>	Accounts for and services all special assessment bonds, which are paid via assessments on the property owners.
<i>Community Facilities Districts (CFD's)</i>	Accounts for all debt issued by the CFD's and repaid through property taxes collected from property owners residing in the CFD's. CFD debt is included in accordance with generally accepted accounting principles since the districts are component units of the City.



**Notes to  
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For the Fiscal Year  
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City of Scottsdale  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

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 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 unit). Certain reclassifications have been made to the prior year columns to conform to the 1998 presentation.

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 PRINCIPLE**

The City implemented Governmental Accounting Standards Board Statement No. 31 for the year ended June 30, 1998. The statement requires that governmental entities report investments at fair value. The implementation of this new accounting principle decreased the City's total beginning equity by \$2,927,545. Table reflects how the \$2,927,545 is distributed by Fund.

Fund	(in thousands of dollars)		Total
	Beginning Fund Balance	Beginning Retained Earnings	
General	\$567	\$ -	\$567
Debt Service:			
G.O. Debt Service	20	-	20
MPC Excise Debt	18	-	18
Special Assessment Debt	31	-	31
Capital Projects:			
General Obligation Bond Construction	234	-	234
McDowell Preserve Privilege Tax	122	-	122
Transportation Privilege Tax	136	-	136
All Other Construction	292	-	292
Trust & Agency Fund	82	-	82
Water and Sewer Utility	-	1,308	1,308
Internal Service Funds:			
Motor Pool	-	49	49
Self-Insurance	-	68	68
<b>Total</b>	<b>\$1,502</b>	<b>\$1,425</b>	<b>\$2,927</b>



**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 1998

City of Scottsdale  
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**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 which differs from GAAP. Therefore, the City's budget, and essentially the same transactions as shown in the above statements, are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (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.



**Notes to  
Financial  
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For the Fiscal Year  
Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

*The major differences between the GAAP and budget bases*

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.

Encumbrances are recorded as a reservation of fund balance on the GAAP basis but as the equivalent of expenditures on the budget basis.

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. (in thousands of dollars).

Total Revenues (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$143,634	\$22,775	\$36,214
Deduct revenues for which appropriated annual budgets are not prepared:			
Streetlight and Community Facilities Districts	(558)	-	(2,634)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(6,224)	-
Deduct items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	(6,270)	-	-
Franchise fees	(3,440)	-	-
In-lieu property tax	(1,871)	-	-
Total reconciling items	(12,139)	(6,224)	(2,634)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	<b>\$131,495</b>	<b>\$16,551</b>	<b>\$33,580</b>

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)**

(in thousands of dollars)



**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

Total Expenditures (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$125,304	\$22,696	\$36,165
Deduct expenditures of districts/funds for which appropriated budgets are not prepared:			
Streetlight and Community Facilities Districts	(449)	-	(1,746)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(6,282)	-
Items recorded as expenditures for GAAP purposes that are not recognized for budget purposes:			
Deduct increase in compensated absences	(270)	(5)	-
Add reserve for encumbrances at June 30, 1998, recognized as expenditures for budget purposes	3,190	204	-
Total reconciling items	2,471	(6,083)	(1,746)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	\$127,775	\$16,613	\$34,419
<b>Total Other Sources (Uses) (in thousands of dollars)</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	(\$18,236)	\$307	\$4,134
Add items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	6,270	-	-
Franchise fees	3,440	-	-
In-lieu property tax	1,871	-	-
Deduct items recorded in funds for which appropriated budgets are not prepared:			
Section 8 Special Revenue Fund - Total Other Sources	-	(133)	-
Community Facilities Districts - Total other sources	-	-	(1,065)
Total reconciling items	11,581	(133)	(1,065)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	(\$6,655)	\$174	\$3,069
<b>Fund Balance (Deficit) at June 30, 1998 (in thousands of dollars)</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$60,253	\$721	\$10,953
Add (deduct) total reconciling items previously described for:			
Revenues	(12,139)	(6,224)	(2,634)
Expenditures	(2,471)	6,083	1,746
Other Sources/(Uses)	11,581	(133)	(1,065)
Add canceled encumbrances	2,294	149	-
Deduct July 1, 1997 fund balance of funds for which appropriated budgets are not prepared:			
Community Facilities Districts	-	-	(1,446)
CDBG, Grants, & Section 8 Special Revenue Funds	-	(186)	-
Deduct difference in July 1, 1997 GAAP basis fund balance, compared to July 1, 1997 budget basis fund balance. (Difference results from GAAP/budget differences for prior years)	(58,470)	(260)	-
Cumulative Effect of Change in Accounting Principle	567	-	-
Total reconciling items	(58,638)	(571)	(3,399)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	\$1,615	\$150	\$7,554

**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:



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Revenues (in thousands of dollars)	Enterprise
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>	
Operating revenues	\$83,422
Non-operating revenues - interest	7,139
Litigation Recovery	914
Operating transfers in	215
<b>Total revenues and transfers in</b>	<b>91,690</b>
Deduct operating transfer in to non-budgeted fund	(181)
Deduct revenue received for non-budgeted funds	(5,454)
Deduct interest earnings on bond funds not recognized as income for budget purposes	(3,800)
<b>Total reconciling items</b>	<b>(9,435)</b>
<b>Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual</b>	<b>\$82,255</b>
<b>Expenses (in thousands of dollars)</b>	
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>	
Operating expenses	\$61,648
Non-operating expenses - interest	3,535
Operating transfers out	402
<b>Total expenses and transfers out</b>	<b>65,585</b>
Increase (Deduct) items recorded as GAAP expenses that are not recognized as expenses for budget purposes:	
Compensated absences	989
Depreciation and amortization	(9,788)
Add items recorded as expenses for budget purposes that are not recognized as expenses for GAAP purposes:	
Capital outlay	191
Encumbrances at June 30, 1998	949
Debt service principal payments	4,225
Deduct expenses related to non-budgeted activity	(5,536)
<b>Total reconciling items</b>	<b>(8,970)</b>
<b>Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual</b>	<b>\$56,615</b>

**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, 1998, are not available for 1997/98; accordingly, such taxes will not be recognized as revenue until 1998/99. 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.

**NOTE 4 - PROPERTY TAX (continued)**

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, 1998, the book value of the City's deposits was (\$8,502,000), and the bank balance was \$2,916,048. The \$11,418,048 difference represents outstanding checks and other reconciling items.

Risk category one cash balances, which are covered entirely through a combination of federal depository insurance funds and pledged collateral (of which securities are held by the City's agent in the name of the City), equaled \$2,820,555 at June 30, 1998. Risk category three cash balances, which are collateralized with securities held by the pledging bank's trust department or agent but not in the name of the City equaled \$95,493 at June 30, 1998, and were held in the name of the Municipal Property Corporation (MPC). At June 30, 1998, there were no cash balances in risk category two.

**Investments**

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government agencies, Certificates of Deposit, bankers' acceptances, commercial paper (A-1, P-1), repurchase agreements, mutual funds consisting of the foregoing, and the State of Arizona Local Government Investment Pool (LGIP). At June 30, 1998, 100 percent of the funds invested in mutual funds were in funds whose portfolios consist solely of U.S. Government Treasury and Agency securities.

The City's investments at June 30, 1998, are summarized below. Risk category one includes investments that are registered in the name of the City and held by the City's agent in the name of the City. Category three includes uninsured and unregistered investments not held in the name of the City. All category three investments are held by the MPC's agent in the name of the MPC. At June 30, 1998, there were no investments in risk category two. Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	Category		Total Fair Value
	1	3	
U.S. Treasury	\$40,085	\$636	\$40,721
U.S. Agency Securities	218	430	648
Repurchase Agreements	-	27,772	27,772
	\$40,303	\$28,838	69,141
LGIP			159,328
Mutual Funds			61,380
Guaranteed Investment Contracts			4,208
Money Market Funds			8,623
<b>Total Investments</b>			<b>\$302,680</b>



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**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	(\$8,502)	Cash and Short-Term Investments	
Total Investments	302,680	General Fund	\$ 40,369
Total	<u>\$294,178</u>	Special Revenue Fund	2,702
		Debt Service Fund	34,500
		Capital Projects Fund	88,739
		Enterprise Fund	65,819
		Internal Service Fund	12,334
		Trust and Agency Fund	10,088
		Investments	
		General Fund	20,215
		Debt Service Fund	430
		Enterprise	196
		Restricted Cash and Investments	
		Enterprise Fund	18,786
		Total (Primary Government)	<u>\$294,178</u>



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Cash and Investments for Scottswater, Inc. are discussed in Note 19.

**NOTE 6 - FIXED ASSETS**

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

	Balance June 30, 1997	Transfers/ Additions	Transfers/ Deletions	Balance June 30, 1998
Land	\$96,899	\$14,693	\$(80)	\$111,512
Buildings and Improvements	192,232	8,802	(18)	201,016
Streets and Storm Drains	1,116,994	42,223	(2,012)	1,157,205
Machinery and Equipment	36,872	6,562	(39)	43,395
Construction in Progress	39,729	26,528	(13,172)	53,085
Total	<u>\$1,482,726</u>	<u>\$98,808</u>	<u>\$(15,321)</u>	<u>\$1,566,213</u>

*General fixed  
asset construc-  
tion in progress  
commitments at  
June 30, 1998,  
included as a  
line item above,  
were composed  
of:*

*(in thousands  
of dollars)*

	Construction In Progress	Commitments	Budget
Streets	\$24,634	\$25,730	\$50,364
Traffic	561	1,569	2,130
Improvement District	54	1,995	2,049
Drain/Flood Control	17,477	13,702	31,179
Parks/Recreation	3,041	2,855	5,896
Specialty Areas	2,158	9,622	11,780
Service Facilities	1,214	9,061	10,275
Public Safety	301	2,260	2,561
Libraries	33	17	50
Transit	3,612	802	4,414
Total	<u>\$53,085</u>	<u>\$67,613</u>	<u>\$120,698</u>

*Estimated costs  
of general fixed  
assets contrib-  
uted to the City  
through  
June 30, 1998*

*(in thousands  
of dollars)*

Land	\$16,390
Streets and Storm Drains	906,849
Traffic Signal Equipment	606



**NOTE 6 - FIXED ASSETS**

A summary of Proprietary funds fixed assets at June 30, 1998.

(in thousands of dollars)	Enterprise	Internal Service
Land and Land Improvements	\$23,611	-
Water Rights	40,199	-
Water System	261,711	-
Sewer System	162,225	-
Buildings and Improvements	6,634	\$1,448
Motor Vehicles	-	23,364
Machinery and Equipment	5,342	857
Furniture and Fixtures	726	24
Construction in Progress	70,253	2,422
	570,701	28,115
Accumulated Depreciation	(98,944)	(12,203)
Net Fixed Assets	<u>\$471,757</u>	<u>\$15,912</u>



**Notes to Financial Statements**

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Enterprise and Internal Service Funds construction in progress commitments at June 30, 1998, included as a line item above, were composed of the following (in thousands of dollars):

	Construction In Progress	Commitments	Budget
Enterprise:			
Water System Projects	\$52,520	\$34,685	\$87,205
Sewer System Projects	16,475	15,323	31,798
Airport Projects	1,258	659	1,917
Total	<u>\$70,253</u>	<u>\$50,667</u>	<u>\$120,920</u>
Internal Service:			
Motor Vehicle Projects	<u>\$2,422</u>	<u>\$1,946</u>	<u>\$1,946</u>

Estimated costs of fixed assets contributed to the proprietary funds through June 30, 1998 are as follows (in thousands of dollars):

Water and Sewer Utility Fund Assets:

Water System and Sewer System ..... \$144,810

Fixed Assets for Scottswater, Inc. are discussed in Note 19.

**NOTE 7 - LONG-TERM DEBT**

The following are brief descriptions of bonds outstanding at June 30, 1998. The totals shown are the principal amount outstanding, net of the current portion due July 1, 1998.

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, 1998, the City had \$28,029,500 authorized but unissued GO bonds. GO bonds are backed by the full faith and credit of the City, and are repaid through the City's levying of property (ad valorem) taxes. However, a portion of the City's GO bonds are recorded in the Water Enterprise Fund as described below, and are repaid through revenues of that fund unless such revenues are insufficient.



## Notes to Financial Statements

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### General Obligation Bonds

	Bonds Outstanding (in thousands of dollars)
1989 Capital Improvement Project Serial Bonds (Series A issued 1990) due in annual installments of \$970,000 to \$1,200,000 through July 1, 2000; interest at 8.5 percent. Original issue amount, \$28,785,000	\$2,325
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.	6,055
1991 Refunding Bonds due in annual installments of \$610,000 to \$720,000 through July 1, 2000; interest at 5.85 percent to 6.2 percent. Original issue amount, \$8,830,000.	1,400
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.	11,240
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, 1998, \$6,278,347 bonds are capital appreciation bonds maturing in 2004 and 2005, of which \$4,079,992 are included in the amount paid out of the Water Fund. The original issue amount for the 1993 Refunding Bonds was \$45,015,000.	44,998
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.	16,840
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, 1998, \$3,278,297 bonds are capital appreciation bonds maturing in 2000, 2002, and 2003. The original issue amount for the 1993A Refunding Bonds was \$24,265,000.	23,478
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.	8,175
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.	4,625
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.	13,700
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.	25,790
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.	20,500
Total General Obligation bonds outstanding	\$199,026
Less General Obligation bonds paid out of Water Enterprise Fund	(29,715)
Net General Obligation bonds outstanding recorded as General Long-Term Debt	\$169,311

**NOTE 7 - LONG-TERM DEBT (continued)**

**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.

	<b>Bonds Outstanding (in thousands of dollars)</b>
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.	<u>\$21,880</u>

**Municipal Property Corporation Bonds**

The Municipal Property Corporation (MPC) is a non-profit 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.

	<b>Bonds Outstanding (in thousands of dollars)</b>
1987 Municipal Property Corporation Certificates of Participation due in annual installments of \$550,000 to \$695,000 beginning July 1, 1997, through July 1, 2001; interest at 5.9 percent to 6.3 percent.	\$1,970
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.	38,710
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.	25,140
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.	5,745
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.	2,740
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.	3,020
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, \$1,760,000 outstanding) of bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, \$7,550,000.	<u>4,815</u>
Total MPC bonds outstanding	\$82,140
Less MPC bonds paid out of Solid Waste Enterprise Fund	<u>(4,780)</u>
Net MPC bonds outstanding recorded as General Long-Term Debt	<u>\$77,360</u>

**Scottsdale Preserve Authority Bonds**

The Scottsdale Preserve Authority (SPA) is a non-profit 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.



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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.

\$20,330

**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, 1998, the City had \$53,340,000 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, 1998, the funds reserved for this purpose were \$8,611,102.



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Bonds  
Outstanding  
(in thousands  
of dollars)

1992 Water and Sewer Refunding Serial Bonds due in annual installments of \$865,000 to \$1,595,000 through July 1, 2000; interest at 5.15 percent to 5.7 percent. Original issue amount, \$8,505,000.

\$2,460

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.

3,955

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.

1,425

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 \$669,011 at June 30, 1998.

8,396

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.

19,575

Total Water and Sewer Revenue Bonds outstanding

\$35,811

**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, 1998, 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

**NOTE 7 - LONG-TERM DEBT (continued)**

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, 1998, there were 13 separate series of special assessment improvement bonds outstanding, each series issued as serial bonds to be repaid over 10 years.



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Special Assessment Bonds issued November 1, 1988, through September 1, 1994, maturing January 1, 1999, through January 1, 2005; due in annual installments of \$15,000 to \$1,575,000; interest at 4.9 percent to 7.05 percent. Total original issue amount, \$50,195,000.

**Bonds  
Outstanding  
(in thousands  
of dollars)**

\$19,671

**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, 1998, the Scottsdale Mountain CFD, McDowell Mountain Ranch CFD, DC Ranch CFD, and Via Linda Road CFD had, respectively, \$1,550,000, \$1,140,000, \$20,000,000, and \$3,500,000 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.

	<b>Bonds Outstanding (in thousands of dollars)</b>
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.	\$3,000
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.	525
1994 McDowell Mountain Ranch Community Facilities District General Obligation Bonds due in annual installments of \$305,000 to \$660,000 beginning July 15, 2000 through July 15, 2019; interest at 7.5 percent to 8.25 percent. Original issue amount, \$9,105,000.	9,105
1994A McDowell Mountain Ranch Community Facilities District General Obligation bonds due in annual installments of \$195,000 to \$395,000 beginning July 15, 2010 through July 15, 2019; interest at 8.0 percent to 8.25 percent. Original issue amount \$2,845,000.	2,845
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.	1,925
1997 McDowell Mountain Ranch Community Facilities District General Obligation Bonds due in annual installments of \$155,000 to \$1,690,000 beginning July 15, 2010 through July 15, 2022; interest at 6.0% to 6.5%. Original issue amount \$6,910,000.	6,910
	<u>\$24,310</u>
Total Community Facilities Districts General Obligation bonds outstanding	<u>\$24,310</u>



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Scottsdale, Arizona

**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, 1998 (in thousands of dollars):

<b>General Obligation Bonds Issued to Provide Water, Sewer, Light, Parks and Open Spaces</b>		<b>General Obligation Bonds Issued for All Other Purposes</b>	
20% Constitutional Limit	\$367,810	6% Constitutional Limit	\$110,343
Less General Obligation 20% Bonds Outstanding	<u>(108,800)</u>	Less General Obligation 6% Bonds Outstanding	<u>(83,130)</u>
Available 20% Limitation Borrowing Capacity	<u>\$259,010</u>	Available 6% Limitation Borrowing Capacity	<u>\$27,213</u>

**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, airport improvements, 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 contract for airport improvements will be paid through the forfeiture of future FAA grants.

**Contracts payable at June 30, 1998**

<b>Payable out of the General Fund</b>	<b>Contracts Payable (in thousands)</b>
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.	\$3,571
Contract payable for the construction of the West Couplet; due in annual installments through January, 2000; non-interest bearing.	1,011
Contract payable for the construction of public infrastructure relating to the development of the Scottsdale Fiesta Shopping Center, based on 50 percent of the 1 percent General Fund sales tax collected by the Center; due in annual installments beginning in May 1996 through 2002; non-interest bearing.	809
Contract payable for the construction of public infrastructure relating to the North Scottsdale Auto Mall, Inc., based on 50 percent of the 1 percent General Fund sales tax collected by the Auto Mall; due in semi-annual installments beginning in September 1997 through 1999; non-interest bearing.	1,756
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.	440
Contract payable for the construction of public infrastructure relating to Sonora Village commercial center; due in annual installments beginning September 1998 through September 1999; non-interest bearing.	108
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.	<u>6</u>
<b>Total Long-Term Contracts Payable from General Fund</b>	<b>7,701</b>

**NOTE 7 - LONG-TERM DEBT (continued)**



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For the Fiscal Year  
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	<b>Contracts Payable (in thousands)</b>
<b>Payable out of Special Revenue Fund</b>	
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 5.0 percent.	10,000
<b>Payable out of the Water and Sewer Utility Fund</b>	
Contract for the purchase of Carefree Ranch Water Company water system assets; due in adjustable annual installments through March 1, 2002; non-interest bearing.	1,213
<b>Payable out of the Airport Fund</b>	
Contract payable for airport improvements; due in annual installments beginning June 1998 through June 1999; interest at 5.8%.	994
<b>Subtotal</b>	<u>\$19,908</u>
<b>Less Current Portion</b>	<u>(1,259)</u>
<b>Total Long-Term Contracts Payable, All Funds</b>	<u>\$18,649</u>

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, the Water and Sewer Utility Fund, and the Airport Fund.

<i>(in thousands of dollars)</i>	<b>Total Requirements to Maturity All Contracts Payable</b>	
	<b>Fiscal Year Ending</b>	<b>Total</b>
	1999	\$5,434
	2000	2,311
	2001	1,548
	2002	1,563
	2003	1,230
	2004	1,232
	2005-2032	14,623
	Total all years	27,941
	Less amount representing interest	(8,033)
	Net Amount Outstanding	<u>\$19,908</u>



**Notes to Financial Statements**

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**Changes in General Long-Term Debt**

The following changes occurred in the General Long-Term Debt Account Group for the year ended June 30, 1998. 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 ①	HURF Revenue Bonds	Municipal Property Corp Bonds	Scottsdale Preserve Authority Bonds	Special Assessment Bonds	Contracts Payable	Compensated Absences	Total
Balance July 1, 1997	\$172,860	\$23,770	\$83,895	\$20,500	\$23,690	\$12,829	\$13,186	\$350,730
New Debt Issued	27,410	-	-	-	-	10,554	-	37,964
Refunding Debt Issued	19,900	-	-	-	-	-	-	19,900
Debt Refunded	(19,355)	-	-	-	-	-	-	(19,355)
Debt Retired During Year	-	-	(1,490)	-	(4,019)	(5,682)	-	(11,191)
Current Year Accretion on Capital Apprec. Bonds	946	-	-	-	-	-	-	946
Change in Compensated Absences Liability	-	-	-	-	-	-	(6,511)	(6,511)
Debt to be Retired July 1, 1998	(8,140)	(1,890)	(5,045)	(170)	-	-	-	(15,245)
Balance June 30, 1998	\$193,621	\$21,880	\$77,360	\$20,330	\$19,671	\$17,701	\$6,675	\$357,238

① Includes Community Facilities District Debt

**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, 1998.

(in thousands of dollars)

	Water and Sewer Utility Fund			Airport Fund	Solid Waste Fund	
	General Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Contracts	Total Water and Sewer Utility Fund	Airport Contract	Municipal Property Corporation Bonds
Balance at July 1, 1997	\$29,902	\$18,432	\$1,762	\$50,096	\$994	\$5,485
New Debt Issued	-	20,000	-	20,000	-	-
Amortization of Deferred Loss and Issuance Costs	-	79	-	79	-	-
Debt Retired	-	-	(814)	(814)	(994)	-
Current Year Accretion on Capital Appreciation Bonds	633	-	-	633	-	-
Debt to be Retired July 1, 1998	(820)	(2,700)	-	(3,520)	-	(705)
Balance at June 30, 1998	\$29,715	\$35,811	\$948	\$66,474	\$-	\$4,780

**Debt Service Requirements to Maturity**

Table summarizes debt service requirements to maturity for all bonds payable as of June 30, 1998. 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
1999	\$20,842	\$3,103	\$4,819	\$12,236	\$1,670	\$4,491	\$1,861	\$49,022
2000	21,615	3,102	3,981	12,244	1,655	4,286	2,215	49,098
2001	22,114	3,104	3,058	12,271	1,638	4,150	2,217	48,552
2002	21,971	3,103	3,034	10,430	1,620	3,044	2,212	45,414
2003	22,024	3,109	2,986	10,454	1,605	2,708	2,210	45,096
2004-Maturity	185,894	12,520	39,833	57,423	29,492	4,483	40,686	370,331
	294,460	28,041	57,711	115,058	37,680	23,162	51,401	607,513
Less amount representing interest	(95,434)	(6,161)	(21,900)	(32,918)	(17,350)	(3,491)	(27,091)	(204,345)
Net Amount Outstanding	\$199,026	\$21,880	\$35,811	\$82,140	\$20,330	\$19,671	\$24,310	\$403,168





**Notes to  
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City of Scottsdale  
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**Advance Refundings**

On September 3, 1997, the City issued \$19,900,000 General Obligation Refunding Bonds, Series 1997 dated August 1, 1997, with an average interest rate of 5.36%, to advance refund \$5,505,000 of outstanding 1989 General Obligation Series C bonds (issued 1992) with an average interest rate of 5.75%, \$4,325,000 of outstanding 1989 General Obligation Series E bonds (issued 1994) with an average interest rate of 5.86%, and \$9,525,000 General Obligation Series 1994 bonds (issued 1994) with an average interest rate of 6.0%. The net proceeds of \$20,491,667 (after premium of \$769,644 and payment of \$177,977 in underwriting fees, insurance, and other issuance costs), were used to purchase U.S. Government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds until the refunded bonds are called (repaid by the trustee) on July 1, 2002. As a result, the total \$19,355,000 refunded 1989 Series C, 1989 Series E and Series 1994 bonds are considered to be defeased and the liability for those bonds has been removed from the City's long-term debt account group.

The City advance refunded the bonds to reduce its total debt service payments over the next 17 years by approximately \$667,700 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$585,900.

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, 1998, and net of any amounts to be paid or retired by the trustee on July 1, 1998 (in thousands of dollars).

Refunded in Year Ended June 30, 1998	
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
	\$19,355
Refunded in Prior Years	
1989 General Obligation Series A (1990) Bonds	\$ 7,885
1989 General Obligation Series B (1991) Bonds	10,720
1991 General Obligation Refunding Bonds	4,345
1989 Water Revenue Series A Bonds	5,420
1989 Water Revenue Series C Bonds	3,005
	\$31,375

Long-term Debt for Scottswater Company, Inc. is discussed in Note 19.

**NOTE 8 - 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 ASRS. 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, 1998, 1997, and 1996 were 3.54% (3.05% retirement and .49% long-term disability) 3.69% and 3.85%, respectively for both employers and employees. The City's contributions to ASRS for the years ending June 30, 1998, 1997, and 1996 were \$1,929,437, \$1,813,772, and \$1,559,559, 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 162 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 6.94% of annual covered payroll, consisting of 10.80% for normal cost and (3.86%) for amortization of unfunded actuarial accrued liability. Contribution rates for 1997 and 1996 were 9.95% and 9.66%, respectively.

**Annual Pension Cost**

For 1998, the City's annual pension cost of \$1,169,392 for PSPRS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1997 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



## Notes to Financial Statements

For the Fiscal Year  
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City of Scottsdale  
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**NOTE 8 - RETIREMENT AND PENSION PLANS (continued)**

factors, and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, 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, 1997 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
1996	\$1,206	100%	\$0
1997	1,317	100	0
1998	1,169	100	0



**Notes to  
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City of Scottsdale  
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**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	-

**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, 1998, 1997, and 1996 were 12.64%, 14.76%, and 15.76%, respectively. The City's contributions to EORP for the years ending June 30, 1998, 1997 and 1996 were \$13,955, \$16,294, and \$18,172, respectively, equal to the required contributions for each year.

**NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 8, 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 as of the actuarial valuation date, January 1, 1998, was four. The actuarially determined projected liability, as of January 1, 1998, for medical conversion and annual service cost, were \$2,340,562 and \$174,259, respectively. Of this liability, \$1,883,009 is reflected in the General Long-Term Debt Account Group, \$544,570 is recorded in various other funds, and the remaining balance will be reflected on the City's June 30, 1999 financial statements. Significant actuarial assumptions 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, 1998.

**NOTE 10 - SEGMENTS OF ENTERPRISE ACTIVITIES**

Water and sewer, airport, and solid waste are four major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information as of and for the year ended June 30, 1998, was as follows (in thousands of dollars):

	Water and Sewer Utility	Airport	Solid Waste	Total
Operating Revenue	\$69,430	\$1,061	\$12,931	\$83,422
Depreciation and Amortization	8,972	599	217	9,788
Operating Transfers In	-	181	34	215
Operating Transfers (Out)	(402)	-	-	(402)
Operating Income (Loss)	21,547	(1,219)	1,446	21,774
Net Income (Loss)	25,952	(1,062)	1,215	26,105
Contributions				
Developers	1,070	-	-	1,070
Development Fees	27,463	-	-	27,463
Other Government Units	-	1,126	-	1,126
Property, Plant, and Equipment Additions	111,865	3,915	-	115,780
Net Working Capital	66,854	(2,924)	1,012	64,942
Total Assets	567,609	17,583	7,602	592,794
Long-Term Debt (Net of Current Portion) and Other Liabilities:				
Payable From Operating Revenue	63,549	-	4,780	68,329
Payable From Other Sources	7,753	1	-	7,754
Total Equity	483,645	14,531	1,475	499,651



## Notes to Financial Statements

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City of Scottsdale  
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**NOTE 11 - CONTRIBUTED CAPITAL**

**NOTE 11 - CONTRIBUTED CAPITAL**

During the year ended June 30, 1998, Enterprise Funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer Utility	Airport	Solid Waste	Total
Development Fees	\$27,463	-	-	\$27,463
Subdividers	1,070	-	-	1,070
Federal Government - Capital Construction	-	\$1,126	-	1,126
Less Depreciation	(4,506)	(599)	-	(5,105)
Total Change	24,027	527	-	24,554
Contributed Capital July 1, 1997	263,400	13,464	\$449	277,313
Contributed Capital June 30, 1997	\$287,427	\$13,991	\$449	\$301,867

The Internal Service Fund's contributed capital increased by \$459,000 as a result of Motor Pool assets contributed from other City funds.

**NOTE 12 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to public, property, and aviation premises 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 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, 1998 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 6 percent discount rate:

*Summary of changes in the claims liability for the past two fiscal years (in thousands of dollars)*

	Year Ended June 30	
	1998	1997
Claims payable, July 1	\$6,367	\$5,998
Current year claims incurred	4,574	2,512
Current year claim payments	(3,093)	(2,143)
Claims payable June 30	\$7,848	\$6,367



**Notes to Financial Statements**

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City of Scottsdale  
Scottsdale, Arizona

**NOTE 13 - INTERFUND TRANSFERS AND INTERFUND ASSETS/LIABILITIES**

**NOTE 13 - INTERFUND TRANSFERS AND INTERFUND ASSETS/LIABILITIES**

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

<b>Operating Transfers Out From:</b>		<b>Operating Transfers In To:</b>	
General	\$18,236	Special Revenue (HURF Maintenance)	\$194
		Special Revenue (Section 8)	133
		Debt Service (MPC)	955
		Capital Projects (All Other Construction)	15,663
		Internal Service (Motor Pool)	791
		Internal Service (Self-Insurance)	500
Special Revenue (HURF)	20	Internal Service (Motor Pool)	20
Debt Service (CFD's)	2	Capital Projects (CFD's)	2
Capital Projects (MPC)	65	Debt Service (MPC)	31
		Enterprise (Solid Waste)	34
Capital Projects (Transportation Privilege Tax)	181	Enterprise (Airport)	181
Capital Projects (Preserve Authority)	1,608	Debt Service (Preserve Authority)	1,608
Enterprise (Water & Sewer)	402	Capital Projects (All Other Construction)	345
		Internal Service (Motor Pool)	57
Trust & Agency	600	Debt Service (MPC)	297
		Capital Projects (All Other Construction)	300
		Internal Service (Motor Pool)	3
<b>Total</b>	<b>\$21,114</b>	<b>Total</b>	<b>\$21,114</b>



**Notes to  
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**NOTE 13 - INTERFUND TRANSFERS AND INTERFUND ASSETS/LIABILITIES (continued)**

Individual funds having amounts due from or due to other funds at June 30, 1998:

<u>(in thousands of dollars)</u>		<u>(in thousands of dollars)</u>	
<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General	\$2,593	Special Revenue	
		Community Development	\$186
		Section 8	386
		Capital Projects	
		Special Assessments	12
		Enterprise	
		Airport	2,009
<u>Total</u>	<u>\$2,593</u>	<u>Total</u>	<u>\$2,593</u>

**NOTE 14 - DEFICITS IN FUND BALANCE/FUND EQUITY/EXCESS OF EXPENDITURES OVER APPROPRIATION**

The Section 8 Housing Fund had a deficit fund balance of (\$234,000) caused by a deficit transferred from Maricopa County when the administration of the program was transferred to City of Scottsdale. Since January 1998, the Fund has generated a surplus. Program administrators expect this trend to continue and anticipate eliminating the fund deficit within three years.

The Special Assessments Bond Construction Fund had a deficit fund balance of (\$12,000) which will be reimbursed by bond proceeds.

The Self-Insurance Fund had an accumulated deficit of (\$2,626,000) caused by higher than anticipated insurance claims. The deficit is being eliminated by property taxes levied for reimbursement of tort judgments.

**NOTE 15 - 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 16 - 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 \$11,379,000 for the year ended June 30, 1998. The annual amount due to Rural/Metro in fiscal year 1999 will approximate \$12,221,000.
- 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 \$2,140,129 for the year ended June 30, 1998. Annual amounts due in fiscal year 1999 will approximate \$2,204,000.
- 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.



**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 1998

City of Scottsdale  
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**NOTE 16 - COMMITMENTS AND SUBSEQUENT EVENTS (continued)**



**Notes to  
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City of Scottsdale  
Scottsdale, Arizona

- d Total costs reimbursed by the City to the Partnership in 1997/98 were \$2,913,158. 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 19.
- e On July 9, 1998 the Scottsdale Preserve Authority issued \$77,000,000 of Excise Tax Revenue Bonds, Series 1998, to finance the purchase of a portion of 2,685 acres of land for the McDowell Sonoran Preserve. The bonds are payable over 25 years at interest rates between 4.50% and 6.00%.
- f In connection with the Waterfront Area Redevelopment Plan, the City has entered into two garage lease agreements in order to provide unrestricted public parking. One lease has an initial term of 50 years with rent commencing upon opening of the garage. The lease is payable over 30 years in the amount of \$31,375,000, 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 multi-level retail bridge linking Nordstrom to Fashion Square, as well as increased retail sales tax revenues (over 1995) from Fashion Square. Lease payments are to begin October 1998.

The second lease has an initial term of 50 years with rent commencing upon opening of the garage. The lease is payable over 25 years to a maximum amount of \$7,700,000, plus interest at 9% per annum. The exclusive funding source for the lease payments will be new retail sales tax revenues generated by new Waterfront businesses other than Nordstrom, the retail bridge, and Fashion Square. The City will become liable for the payments once a certificate of occupancy is issued and the garage is open to the public.

- g The City has entered into several agreements whereby it will reimburse businesses for development fees or the construction costs of certain public infrastructure improvements. The City does not become liable for the reimbursements until construction is complete. The funding source for the reimbursements will come from new tax revenues generated by the businesses. The City's maximum liability under these agreements is \$3,119,618.
- h The City of Scottsdale began addressing Y2K issues in 1996, and has developed a project plan to ensure business continuation into the next millennium. The City's Executive Team and the City's Technology Board provide full support to the City's Y2K Project Office. A working group comprised of departmental and major division representatives has also been established to assist the Y2K Project Office. All work plans and contingency planning is premised upon project completion, testing, and re-evaluation of risks before the year 2000.

Staff is concurrently working on all phases of the Y2K project plan, and have progressed through the Awareness and Assessment phases and currently are focused on Remediation, Validation and Implementation efforts for known Y2K problems. Contingency Plans are also underway for critical business processes. As required by GASB proposed Technical Bulletin No. 98-a, the City is developing a process to identify year 2000 compliance costs for the next reporting period.

**NOTE 17 - 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



**NOTE 17 - JOINT VENTURE (continued)**

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, 1997 (the latest audited information available from SROG), the City's net investment in SROG was \$23,436,868. SROG's net cash operating expenses for the year ended June 30, 1997 was \$19,810,404, of which the City's share was 8.6 percent, or \$1,703,040. For the year ended June 30, 1998, the City paid SROG \$442,912 for capital contributions (which increased the City's net investment in SROG), and \$3,005,074 for operating expenses.

The Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1997 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 18 - RELATED ORGANIZATION**

The Industrial Development Authority (Authority) is a non-profit corporation established by the City in 1984 to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate and remain in Scottsdale. The Board of Directors of the Authority is appointed by the City Council; however, the City's accountability for the authority does not extend beyond making the appointments.

**NOTE 19 - SCOTTSWATER COMPANY, INC. COMPONENT UNIT DISCLOSURES**

Scottswater Company, Inc. (the Company) is a non-profit 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 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, 1997. The financial statements for the City of Scottsdale Enterprise Fund for the year ended June 30, 1998 include a \$1,452,146 reimbursement paid to the Partnership for expenses of operating the water treatment plant for the six months ended June 30, 1998. 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, 1998.

**Cash and Investments**

At December 31, 1997, the book value of the Company's deposits and the bank balance were both \$97,177.



**Notes to  
Financial  
Statements**

For the Fiscal Year  
Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

Risk category one cash balances, which are covered entirely through federal depository insurance funds, equaled \$97,177 at December 31, 1997. At December 31, 1997, 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, 1997 are stated at fair value and are summarized below. All of the investments are categorized in risk category three.



**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

*Risk category three includes uninsured and unregistered investments not held in the name of the Partnership. Investments not subject to credit risk classification are not categorized.*

(in thousands of dollars)	Risk Category 3	Fair Value
U.S. Treasury Notes	\$327	\$327
U.S. Treasury Bills	83	83
	\$410	410
Money Market Funds		2,908
Total Investments		<u>\$3,318</u>
<b>Reconciliation to Exhibit A-1</b>		
Deposits		\$97
Short-Term Investments		3,318
Total Cash & Short-Term Investments		<u>\$3,415</u>

**Fixed Assets**

The Company's records its land, land improvements, and equipment at cost. Land improvements and equipment are depreciated in accordance with the 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, 1997 (in thousands of dollars)*

Land and Land Improvements	\$616
Equipment	24,849
	<u>25,465</u>
Accumulated depreciation	(24,480)
Net Fixed Assets	<u>\$985</u>

**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, 1997, the interest rate on these bonds was 3.95 percent and the weighted average interest rate during 1997 was 3.81 percent. These bonds pay interest at a variable rate and reprice 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, 1997 (in thousands of dollars):*

<b>Debt Service Requirements to Maturity</b>	
1998	\$ 1,808
1999	1,855
2000	1,903
2001	1,953
2002	2,009
2003-2008	<u>13,508</u>
	23,036
Less amount representing interest	<u>(4,856)</u>
Net amount outstanding	<u>\$18,180</u>

**Operating Lease**

During 1997, the Partnership incurred \$52,037 of expense under an operating lease for the land on which the water treatment plant is located. The Partnership leases the land from the City. The remaining term of the lease is 36 years, expiring in December 2034. However, the Partnership can terminate the operating lease in 2008, which is when the service agreement between the Partnership and the City expires. The lease amount is renegotiated on an annual basis.

Subsequent to December 1996, the Partnership entered into a sublease with the City whereby the City will sublease land from the Partnership in order to construct expansion facilities at the plant. Sublease payments will equal the lease payments of the subleased premises. The sublease terminates on the same date as the operating lease.



**Notes to Financial Statements**

For the Fiscal Year Ended June 30, 1998

City of Scottsdale  
Scottsdale, Arizona

**City of Scottsdale  
Scottsdale, Arizona**

**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.

**City of Scottsdale, Arizona**  
**General Fund**  
**Balance Sheet**  
 June 30, 1998 (in thousands of dollars)

Exhibit B-1

**ASSETS**

Cash and Short-Term Investments	\$ 40,369
Investments	20,215
Receivables	
Accrued Interest	639
Privilege Tax	2,273
Hotel/Motel Tax	368
Fire Premium Tax	157
Property Tax	778
State Shared Sales Tax	1,082
Due from Other Funds	2,593
Supplies Inventory	415
	<hr/>
Total Assets	\$ 68,889

**LIABILITIES AND FUND BALANCE**

Liabilities	
Accounts Payable	\$ 431
Accrued Payroll	7,090
Deferred Revenue	
Property Tax	664
Other	225
Other	226
	<hr/>
Total Liabilities	8,636
Fund Balance	
Reserved for	
Encumbrances	3,190
Streelight Districts	894
Unreserved	56,169
	<hr/>
Total Fund Balance	60,253
	<hr/>
Total Liabilities and Fund Balance	\$ 68,889

SEE NOTES TO FINANCIAL STATEMENTS

## General Fund

Statement of Revenues, Expenditures,  
and Changes in Fund Balance

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

Revenues	
Taxes - Local	\$ 73,305
Taxes - Intergovernmental	26,924
Licenses	1,107
Charges for Current Services	17,229
Fines and Forfeitures	4,274
Use of Money and Property	7,190
Streetlight Districts	558
Other	<u>13,047</u>
Total Revenues	143,634
Expenditures	
Current Operating Departments	
General Government	13,155
Police	33,721
Financial Services	5,983
Community Services	30,827
Information Systems	5,502
Planning & Development	17,090
Fire	11,817
Municipal Services	1,299
Streetlight Districts	449
Debt Service	
Principal	5,181
Interest and Fiscal Charges	<u>280</u>
Total Expenditures	<u>125,304</u>
Excess of Revenues Over Expenditures	18,330
Other Sources (Uses)	
Operating Transfers Out	<u>(18,236)</u>
Total Other Uses	<u>(18,236)</u>
Excess of Revenues Over Expenditures and Other Uses	94
Fund Balance July 1, 1997 As Previously Reported	60,726
Cumulative Effect of Change in Accounting Principle	<u>(567)</u>
Fund Balance July 1, 1997 As Restated	<u>60,159</u>
Fund Balance June 30, 1998	<u>\$ 60,253</u>

SEE NOTES TO FINANCIAL STATEMENTS

## General Fund

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes - Local	\$ 72,259	\$ 73,305	\$ 1,046
Taxes - Intergovernmental	26,740	26,924	184
Licenses	1,276	1,107	(169)
Charges for Current Services	16,420	17,229	809
Fines and Forfeitures	6,036	4,274	(1,762)
Use of Money and Property	9,365	7,190	(2,175)
Other	1,400	1,465	65
<b>Total Revenues</b>	<b>133,496</b>	<b>131,494</b>	<b>(2,002)</b>
<b>Expenditures</b>			
<b>Current Operating Departments</b>			
General Government	13,825	13,204	621
Police	34,229	34,229	-
Financial Services	6,401	6,049	352
Community Services	32,739	32,463	276
Information Systems	6,471	5,895	576
Planning & Development	17,328	17,328	-
Fire	11,855	11,818	37
Municipal Services	1,427	1,328	99
<b>Debt Service</b>			
Principal	4,821	5,181	(360)
Interest and Fiscal Charges	376	280	96
<b>Total Expenditures</b>	<b>129,472</b>	<b>127,775</b>	<b>1,697</b>
<b>Excess of Revenues Over Expenditures</b>	<b>4,024</b>	<b>3,719</b>	<b>(305)</b>
<b>Other Sources (Uses)</b>			
Operating Transfers In	18,763	11,582	(7,181)
Operating Transfers Out	(22,787)	(18,236)	4,551
<b>Total Other Sources (Uses)</b>	<b>(4,024)</b>	<b>(6,654)</b>	<b>(2,630)</b>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>(2,935)</b>	<b>(2,935)</b>
Encumbrances Cancelled	-	2,294	2,294
Fund Balance July 1, 1997	-	2,256	2,256
<b>Fund Balance June 30, 1998</b>	<b>\$ -</b>	<b>\$ 1,615</b>	<b>\$ 1,615</b>

## General Fund

## Schedule of Revenues - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Budget	Actual	Variance Favorable (Unfavorable)
Taxes - Local			
Property	\$ 9,047	\$ 9,052	\$ 5
Transaction Privilege	50,912	52,005	1,093
Transient Occupancy	6,569	6,640	71
Light and Power Franchise	4,011	3,769	(242)
Cable TV Franchise	1,264	1,406	142
Salt River Project In-Lieu	281	276	(5)
Fire Insurance Premium	175	157	(18)
	72,259	73,305	1,046
Taxes - Intergovernmental			
State-Shared Sales	12,797	12,537	(260)
State Revenue Sharing	13,943	14,387	444
	26,740	26,924	184
Licenses			
Business and Liquor Licenses	1,276	1,107	(169)
Charges for Current Services			
Building and Related Permits	14,500	15,595	1,095
Recreation Fees	1,920	1,634	(286)
	16,420	17,229	809
Fines and Forfeitures			
Court Fines	2,809	2,207	(602)
Parking	185	76	(109)
Library	306	306	-
Photo Radar	2,736	1,685	(1,051)
	6,036	4,274	(1,762)
Use of Money and Property			
Interest Earnings	4,780	3,610	(1,170)
Property Rental	4,585	3,580	(1,005)
	9,365	7,190	(2,175)
Other	1,400	1,465	65
Total Revenues	\$ 133,496	\$ 131,494	\$ (2,002)



City of Scottsdale, Arizona

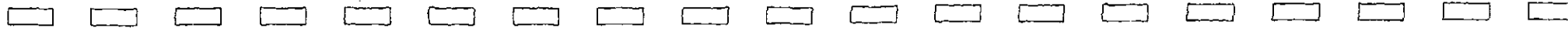
Exhibit B-5

General Fund

Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
<b>Current Operating Departments</b>						
General Government	\$ 9,041	\$ 3,222	\$ 668	\$ -	\$ 224	\$ 13,155
Police	25,759	6,626	838	-	498	33,721
Financial Services	4,240	1,328	12	-	403	5,983
Community Services	15,805	11,658	3,022	-	342	30,827
Information Systems	3,076	1,564	392	-	470	5,502
Planning & Development	8,598	7,839	292	-	361	17,090
Fire	-	11,807	10	-	-	11,817
Municipal Services	895	162	130	-	112	1,299
Streetlight Districts	-	449	-	-	-	449
<b>Debt Service</b>						
Principal	-	-	-	5,181	-	5,181
Interest and Fiscal Charges	-	-	-	280	-	280
<b>Expenditures</b>	<b>\$ 67,414</b>	<b>\$ 44,655</b>	<b>\$ 5,364</b>	<b>\$ 5,461</b>	<b>\$ 2,410</b>	<b>\$ 125,304</b>
<b>Operating Transfers Out</b>						
Highway User Fuel Tax Fund	\$ 194					
Motor Pool	791					
Self Insurance Fund	500					
Capital Projects Fund	15,663					
Debt Service Fund	955					
Section 8 Fund	133					
	<b>\$ 18,236</b>					



**City of Scottsdale  
Scottsdale, Arizona**  
**Special Reveune 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. The amount available to each city is allocated on a population basis, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, and maintenance.

**Community Development Fund**

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

**Grants Fund**

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

**Section 8 Fund**

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

City of Scottsdale, Arizona  
Special Revenue Funds  
Combining Balance Sheet  
June 30, 1998 (in thousands of dollars)

Exhibit C-1

	Highway User Fuel Tax	Community Development	Grants	Section 8	Total All Funds
<b>ASSETS</b>					
Cash and Short-Term Investments	\$ 2,701	\$ -	\$ 1	\$ -	\$ 2,702
Receivables					
Fuel Tax	1,320	-	-	-	1,320
Grants	-	215	517	152	884
Total Assets	\$ 4,021	\$ 215	\$ 518	\$ 152	\$ 4,906
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 868	\$ 29	\$ 23	\$ -	\$ 920
Accrued Payroll	199	-	-	-	199
Due to Other Funds					
General Fund	-	186	-	386	572
Bond Interest Payable	604	-	-	-	604
Bonds Payable - Current Portion	1,890	-	-	-	1,890
Total Liabilities	3,561	215	23	386	4,185
<b>Fund Balances (Deficit)</b>					
Reserved for Encumbrances	204	110	102	7	423
Unreserved	256	(110)	393	(241)	298
Total Fund Balances (Deficit)	460	-	495	(234)	721
Total Liabilities and Fund Balances	\$ 4,021	\$ 215	\$ 518	\$ 152	\$ 4,906

SEE NOTES TO FINANCIAL STATEMENTS

## Special Revenue Funds

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Deficit)

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	HIGHWAY USER FUEL TAX	COMMUNITY DEVELOPMENT	GRANTS	SECTION 8	TOTAL ALL FUNDS
<b>Revenues</b>					
Taxes-Intergovernmental	\$ 16,551	\$ -	\$ -	\$ -	\$ 16,551
Grants	-	1,553	2,220	2,387	6,160
Other	-	13	48	3	64
<b>Total Revenues</b>	<b>16,551</b>	<b>1,566</b>	<b>2,268</b>	<b>2,390</b>	<b>22,775</b>
<b>Expenditures</b>					
Current Operating Departments					
General Government	-	-	54	-	54
Police	-	-	1,372	-	1,372
Transportation	5,686	-	77	-	5,763
Community Services	1,326	1,560	73	2,530	5,489
Information Systems	-	-	616	-	616
Municipal Services	6,303	-	-	-	6,303
Debt Service					
Principal	1,890	-	-	-	1,890
Interest and Fiscal Charges	1,209	-	-	-	1,209
<b>Total Expenditures</b>	<b>16,414</b>	<b>1,560</b>	<b>2,192</b>	<b>2,530</b>	<b>22,696</b>
Excess (Deficiency) of Revenues Over Expenditures	137	6	76	(140)	79
<b>Other Sources (Uses)</b>					
Operating Transfers In					
From General Fund	-	-	-	133	133
HURF Maintenance of Effort	194	-	-	-	194
Operating Transfers Out	(20)	-	-	-	(20)
<b>Total Other Sources (Uses)</b>	<b>174</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>307</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	311	6	76	(7)	386
Fund Balances (Deficit) July 1, 1997	149	(6)	419	(227)	335
Fund Balances (Deficit) June 30, 1998	\$ 460	\$ -	\$ 495	\$ (234)	\$ 721

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona  
Special Revenue Funds  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance (Deficit) -  
Budget and Actual - Budget Basis

Exhibit C-3

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Highway User Fuel		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes - Intergovernmental	\$ 16,584	\$ 16,551	\$ (33)
Total Revenues	16,584	16,551	(33)
Expenditures			
Current Operating Departments			
Transportation	6,524	5,758	766
Community Services	1,530	1,413	117
Municipal Services	6,561	6,343	218
Debt Service			
Principal	1,890	1,890	-
Interest and Fiscal Charges	1,210	1,209	1
Total Expenditures	17,715	16,613	1,102
Deficiency of Revenues Over Expenditures	(1,131)	(62)	1,069
Other Sources (Uses)			
Operating Transfers In			
From General Fund	1,902	-	(1,902)
HURF Maintenance of Effort	194	194	-
Operating Transfers Out	-	(20)	(20)
Total Other Sources (Uses)	2,096	174	(1,922)
Excess of Revenues and Other Sources Over Expenditures and Other Uses	965	112	(853)
Encumbrances Cancelled	-	149	149
Fund Balance (Deficit) July 1, 1997	(965)	(111)	854
Fund Balance (Deficit) June 30, 1998	\$ -	\$ 150	\$ 150

## Special Revenue Funds

## Combining Schedule of Revenues and Other Sources

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Highway User Fuel Tax	Community Development	Grants	Section 8	Total All Funds
Taxes - Intergovernmental					
Auto Lieu Tax	\$ 4,800	\$ -	\$ -	\$ -	\$ 4,800
Fuel Tax	10,584	-	-	-	10,584
Local Transportation Assistance Fund	1,167	-	-	-	1,167
	16,551	-	-	-	16,551
Grants					
Federal	-	1,553	1,563	2,387	5,503
State	-	-	506	-	506
Miscellaneous	-	-	151	-	151
	-	1,553	2,220	2,387	6,160
Other	-	13	48	3	64
Total Revenues	16,551	1,566	2,268	2,390	22,775
Other Sources					
Operating Transfers In From General Fund	-	-	-	133	133
HURF Maintenance of Effort	194	-	-	-	194
Total Other Sources	194	-	-	133	327
Total Revenues and Other Sources	\$ 16,745	\$ 1,566	\$ 2,268	\$ 2,523	\$ 23,102

## Special Revenue Funds

## Combining Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
<b>HIGHWAY USER FUEL TAX</b>						
Current Operating Departments						
Transportation	\$ 1,565	\$ 4,039	\$ 40	\$ -	\$ 42	\$ 5,686
Community Services	643	624	59	-	-	1,326
Municipal Services	2,022	3,783	478	-	20	6,303
Debt Service						
Principal	-	-	-	1,890	-	1,890
Interest and Fiscal Charges	-	-	-	1,209	-	1,209
	4,230	8,446	577	3,099	62	16,414
<b>COMMUNITY DEVELOPMENT</b>						
Current Operating Departments						
Community Services	266	1,251	6	-	37	1,560
<b>GRANTS</b>						
Current Operating Departments						
General Government	52	2	-	-	-	54
Police	1,166	16	52	-	138	1,372
Transportation	1	16	-	-	60	77
Community Services	-	10	35	-	28	73
Information Systems	77	531	2	-	6	616
	1,296	575	89	-	232	2,192
<b>SECTION 8</b>						
Current Operating Departments						
Community Services	127	2,382	5	-	16	2,530
Total Expenditures	\$ 5,919	\$ 12,654	\$ 677	\$ 3,099	\$ 347	\$ 22,696

**City of Scottsdale  
Scottsdale, Arizona**  
**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**

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

**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.



City of Scottsdale, Arizona  
 Debt Service Funds  
 Combining Balance Sheet  
 June 30, 1998 (in thousands of dollars)

Exhibit D-1

	General Obligation Bond	Municipal Property Corporation	Special Assessments	Community Facilities Districts	Scottsdale Preserve Authority	Total All Funds
<b>ASSETS</b>						
Cash and Short-Term Investments	\$ 14,477	\$ 8,099	\$ 3,861	\$ 7,279	\$ 784	\$ 34,500
Investments	-	430	-	-	-	430
Receivables						
Accrued Interest	-	8	-	-	-	8
Property Tax	222	-	-	13	-	235
Special Assessments	-	-	20,355	-	-	20,355
Other	-	60	-	-	-	60
<b>Total Assets</b>	<b>\$ 14,699</b>	<b>\$ 8,617</b>	<b>\$ 24,216</b>	<b>\$ 7,292</b>	<b>\$ 784</b>	<b>\$ 55,608</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Bond Interest Payable	\$ 4,289	\$ 1,138	\$ 581	\$ 880	\$ 614	\$ 7,502
Bonds Payable - Current Portion	8,140	5,045	-	-	170	13,355
Deferred Revenue						
Property Taxes	-	-	-	13	-	13
Special Assessments	-	-	20,356	-	-	20,356
Other	-	-	-	3,000	-	3,000
Funds Held for Defeasance	-	-	429	-	-	429
<b>Total Liabilities</b>	<b>12,429</b>	<b>6,183</b>	<b>21,366</b>	<b>3,893</b>	<b>784</b>	<b>44,655</b>
<b>Fund Balances</b>						
Reserved for Debt Service	2,270	2,434	2,850	3,399	-	10,953
<b>Total Fund Balances</b>	<b>2,270</b>	<b>2,434</b>	<b>2,850</b>	<b>3,399</b>	<b>-</b>	<b>10,953</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,699</b>	<b>\$ 8,617</b>	<b>\$ 24,216</b>	<b>\$ 7,292</b>	<b>\$ 784</b>	<b>\$ 55,608</b>

SEE NOTES TO FINANCIAL STATEMENTS

## Debt Service Funds

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	General Obligation Bond	Municipal Property Corporation	Special Assessments	Community Facilities Districts	Scottsdale Preserve Authority	Total All Funds
<b>Revenues</b>						
Taxes - Local						
Property	\$ 18,048	\$ -	\$ -	\$ 563	\$ -	\$ 18,611
Transaction Privilege	-	9,766	-	-	-	9,766
Transient Occupancy	-	456	-	-	-	456
	18,048	10,222	-	563	-	28,833
Special Assessments	-	-	4,927	-	-	4,927
Use of Money and Property						
Investment Income	10	54	46	364	-	474
Developer Contributions	-	-	-	1,707	-	1,707
Other	-	273	-	-	-	273
<b>Total Revenues</b>	<b>18,058</b>	<b>10,549</b>	<b>4,973</b>	<b>2,634</b>	<b>-</b>	<b>36,214</b>
<b>Expenditures</b>						
Debt Service						
Principal	8,140	6,535	3,712	-	170	18,557
Interest and Fiscal Charges	8,394	4,755	1,275	1,717	1,438	17,579
Other	-	-	-	29	-	29
<b>Total Expenditures</b>	<b>16,534</b>	<b>11,290</b>	<b>4,987</b>	<b>1,746</b>	<b>1,608</b>	<b>36,165</b>
Excess (Deficiency) of Revenues Over Expenditures	1,524	(741)	(14)	888	(1,608)	49
<b>Other Sources (Uses)</b>						
Operating Transfers In	-	1,283	-	-	1,608	2,891
Operating Transfers Out	-	-	-	(2)	-	(2)
Bond Proceeds	-	-	-	1,067	-	1,067
Refunding Bond Proceeds	19,900	-	-	-	-	19,900
Bond Premium	770	-	-	-	-	770
Payment to Refunded Debt Escrow Agent	(20,492)	-	-	-	-	(20,492)
<b>Total Other Sources</b>	<b>178</b>	<b>1,283</b>	<b>-</b>	<b>1,065</b>	<b>1,608</b>	<b>4,134</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,702	542	(14)	1,953	-	4,183
Fund Balances July 1, 1997, as Previously Reported	588	1,910	2,895	1,446	-	6,839
Cumulative Effect of Change in Accounting Principle	(20)	(18)	(31)	-	-	(69)
Fund Balances July 1, 1997, as Restated	568	1,892	2,864	1,446	-	6,770
Fund Balances June 30, 1998	\$ 2,270	\$ 2,434	\$ 2,850	\$ 3,399	\$ -	\$ 10,953

SEE NOTES TO FINANCIAL STATEMENTS

## Debt Service Funds

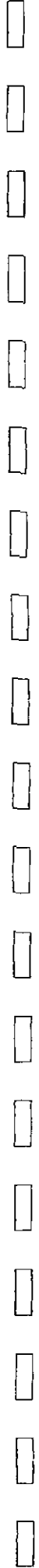
## Combining Schedule of Revenues, Expenditures, and Changes in Fund

## Balances - Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	General Obligation			Municipal Property Corporation		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes - Local						
Property	\$ 18,283	\$ 18,048	\$ (235)	\$ -	\$ -	\$ -
Transaction Privilege	-	-	-	10,080	9,766	(314)
Transient Occupancy	-	-	-	456	456	-
	18,283	18,048	(235)	10,536	10,222	(314)
Special Assessments	-	-	-	-	-	-
Use of Money and Property						
Investment Income	-	10	10	111	54	(57)
Other	-	-	-	305	273	(32)
<b>Total Revenues</b>	<b>18,283</b>	<b>18,058</b>	<b>(225)</b>	<b>10,952</b>	<b>10,549</b>	<b>(403)</b>
<b>Expenditures</b>						
Debt Service						
Principal	8,140	8,140	-	6,535	6,535	-
Interest and Fiscal Charges	11,133	8,394	2,739	5,219	4,755	464
<b>Total Expenditures</b>	<b>19,273</b>	<b>16,534</b>	<b>2,739</b>	<b>11,754</b>	<b>11,290</b>	<b>464</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(990)</b>	<b>1,524</b>	<b>2,514</b>	<b>(802)</b>	<b>(741)</b>	<b>61</b>
<b>Other Sources (Uses)</b>						
Proceeds of Refunding Bonds	-	19,900	19,900	-	-	-
Bond Premium	-	770	770	-	-	-
Payment to Refunded Debt						
Escrow Agent	-	(20,492)	(20,492)	-	-	-
Operating Transfers In	-	-	-	802	1,283	481
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>178</b>	<b>178</b>	<b>802</b>	<b>1,283</b>	<b>481</b>
<b>Excess of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(990)</b>	<b>1,702</b>	<b>2,692</b>	<b>-</b>	<b>542</b>	<b>542</b>
<b>Fund Balances July 1, 1997 as Previously Reported</b>	<b>990</b>	<b>588</b>	<b>(402)</b>	<b>-</b>	<b>1,910</b>	<b>1,910</b>
<b>Cumulative Effect of Change in Accounting Principle</b>	<b>-</b>	<b>(20)</b>	<b>(20)</b>	<b>-</b>	<b>(18)</b>	<b>(18)</b>
<b>Fund Balances July 1, 1997, as Restated</b>	<b>990</b>	<b>568</b>	<b>(422)</b>	<b>-</b>	<b>1,892</b>	<b>1,892</b>
<b>Fund Balances June 30, 1998</b>	<b>\$ -</b>	<b>\$ 2,270</b>	<b>\$ 2,270</b>	<b>\$ -</b>	<b>\$ 2,434</b>	<b>\$ 2,434</b>

Special Assessments			Scottsdale Preserve Authority			Totals		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,283	\$ 18,048	\$ (235)
-	-	-	-	-	-	10,080	9,766	(314)
-	-	-	-	-	-	456	456	-
-	-	-	-	-	-	28,819	28,270	(549)
5,933	4,927	(1,006)	-	-	-	5,933	4,927	(1,006)
-	46	46	-	-	-	111	110	(1)
-	-	-	-	-	-	305	273	(32)
5,933	4,973	(960)	-	-	-	35,168	33,580	(1,588)
3,880	3,712	168	1,388	170	1,218	19,943	18,557	1,386
2,053	1,275	778	5,115	1,438	3,677	23,520	15,862	7,658
5,933	4,987	946	6,503	1,608	4,895	43,463	34,419	9,044
-	(14)	(14)	(6,503)	(1,608)	4,895	(8,295)	(839)	7,456
-	-	-	-	-	-	-	19,900	19,900
-	-	-	-	-	-	-	770	770
-	-	-	-	-	-	-	(20,492)	(20,492)
-	-	-	6,503	1,608	(4,895)	7,305	2,891	(4,414)
-	-	-	6,503	1,608	(4,895)	7,305	3,069	(4,236)
-	(14)	(14)	-	-	-	(990)	2,230	3,220
-	2,895	2,895	-	-	-	990	5,393	4,403
-	(31)	(31)	-	-	-	-	(69)	(69)
-	2,864	2,864	-	-	-	990	5,324	4,334
\$ -	\$ 2,850	\$ 2,850	\$ -	\$ -	\$ -	\$ -	\$ 7,554	\$ 7,554



**City of Scottsdale  
Scottsdale, Arizona**  
**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 general obligation bonds that are used for authorized capital improvements.

**Special Assessments Bond Construction Fund**

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

**Municipal Property Corporation Bond Fund**

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

**McDowell Preserve Privilege Tax Fund**

Accounts for the authorized .2 percent transaction privilege tax dedicated to acquisition of land within the McDowell Sonoran Preserve. Voters approved the 30 year tax on May 23, 1995.

**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.

**All Other Construction Fund**

Accounts for the revenues and expenditures for the capital improvements that are funded on a pay-as-you-go basis.

**Community Facilities Districts**

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

**Scottsdale Preserve Authority Fund**

Accounts for the expenditure of proceeds of revenue bonds issued by the Scottsdale Preserve Authority for the acquisition of land within the McDowell Sonoran Preserve.

City of Scottsdale, Arizona  
 Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 1998 (in thousands of dollars)

Exhibit E-1

	General Obligation Bond Construction	Special Assessments Bond Construction	Municipal Property Corporation	McDowell Preserve Privilege Tax	Transportation Privilege Tax	All Other Construction	Community Facilities Districts	Scottsdale Preserve Authority	Total All Funds
<b>ASSETS</b>									
Cash and Short-Term Investments	\$ 25,015	\$ -	\$ 390	\$ 11,253	\$ 13,679	\$ 31,311	\$ 5,551	\$ 1,540	\$ 88,739
Receivables									
Accrued Interest	190	-	-	97	139	288	-	-	714
Privilege Tax	-	-	-	1,091	506	-	-	-	1,597
Miscellaneous	-	-	-	-	-	127	-	-	127
<b>Total Assets</b>	<b>\$ 25,205</b>	<b>\$ -</b>	<b>\$ 390</b>	<b>\$ 12,441</b>	<b>\$ 14,324</b>	<b>\$ 31,726</b>	<b>\$ 5,551</b>	<b>\$ 1,540</b>	<b>\$ 91,177</b>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities									
Accounts Payable	\$ 1,119	\$ -	\$ 79	\$ 77	\$ 66	\$ 942	\$ 15	\$ -	\$ 2,298
Due to Other Funds	-	12	-	-	-	-	-	-	12
Good Faith Deposit	-	-	-	-	-	-	-	1,540	1,540
Other	185	-	-	-	-	-	-	-	185
<b>Total Liabilities</b>	<b>1,304</b>	<b>12</b>	<b>79</b>	<b>77</b>	<b>66</b>	<b>942</b>	<b>15</b>	<b>1,540</b>	<b>4,035</b>
Fund Balances									
Reserved for Encumbrances	9,376	-	90	17	941	3,163	-	-	13,587
Unreserved	14,525	(12)	221	12,347	13,317	27,621	5,536	-	73,555
<b>Total Fund Balances</b>	<b>23,901</b>	<b>(12)</b>	<b>311</b>	<b>12,364</b>	<b>14,258</b>	<b>30,784</b>	<b>5,536</b>	<b>-</b>	<b>87,142</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,205</b>	<b>\$ -</b>	<b>\$ 390</b>	<b>\$ 12,441</b>	<b>\$ 14,324</b>	<b>\$ 31,726</b>	<b>\$ 5,551</b>	<b>\$ 1,540</b>	<b>\$ 91,177</b>

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona  
 Capital Projects Funds  
 Combining Statement of Revenues, Expenditures,  
 and Changes in Fund Balances

Exhibit E-2

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	General Obligation Bond Construction	Special Assessments Bond Construction	Municipal Property Corporation	McDowell Preserve Privilege Tax	Transportation Privilege Tax	All Other Construction	Community Facilities Districts	Scottsdale Preserve Authority	Total All Funds
Revenues									
Taxes - Local									
Transaction Privilege	\$ -	\$ -	\$ -	\$ 12,168	\$ 11,963	\$ -	\$ -	\$ -	\$ 24,131
Use of Money and Property	1,113	-	46	569	804	1,658	211	-	4,401
Developer Contributions	-	-	-	-	-	1,245	49	-	1,294
Reimbursements from Outside Sources	-	-	-	-	-	2,803	-	-	2,803
Other	-	-	-	-	-	1,776	-	-	1,776
<b>Total Revenues</b>	<b>1,113</b>	<b>-</b>	<b>46</b>	<b>12,737</b>	<b>12,767</b>	<b>7,482</b>	<b>260</b>	<b>-</b>	<b>34,405</b>
Expenditures									
Capital Improvements	21,325	12	839	14,739	9,711	13,876	1,006	-	61,508
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(20,212)</b>	<b>(12)</b>	<b>(793)</b>	<b>(2,002)</b>	<b>3,056</b>	<b>(6,394)</b>	<b>(746)</b>	<b>-</b>	<b>(27,103)</b>
Other Sources (Uses)									
Operating Transfers In	-	-	-	-	-	16,308	2	-	16,310
Operating Transfers Out	-	-	(64)	(1,608)	(181)	-	-	-	(1,853)
Bond Proceeds	20,636	-	-	-	-	-	5,843	-	26,479
Proceeds of Contracts Payable	-	-	-	10,000	-	-	-	-	10,000
<b>Total Other Sources (Uses)</b>	<b>20,636</b>	<b>-</b>	<b>(64)</b>	<b>8,392</b>	<b>(181)</b>	<b>16,308</b>	<b>5,845</b>	<b>-</b>	<b>50,936</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>424</b>	<b>(12)</b>	<b>(857)</b>	<b>6,390</b>	<b>2,875</b>	<b>9,914</b>	<b>5,099</b>	<b>-</b>	<b>23,833</b>
Fund Balances July 1, 1997 as Previously Reported	23,711	-	1,418	6,096	11,519	21,162	437	-	64,343
Prior Period Adjustment	(234)	-	-	(122)	(136)	(292)	-	-	(784)
Fund Balances July 1, 1997 as Restated	23,477	-	1,418	5,974	11,383	20,870	437	-	63,559
Residual Equity Transfer Out	-	-	(250)	-	-	-	-	-	(250)
<b>Fund Balances June 30, 1998</b>	<b>\$ 23,901</b>	<b>\$ (12)</b>	<b>\$ 311</b>	<b>\$ 12,364</b>	<b>\$ 14,258</b>	<b>\$ 30,784</b>	<b>\$ 5,536</b>	<b>\$ -</b>	<b>\$ 87,142</b>

SEE NOTES TO FINANCIAL STATEMENTS



Capital Projects Funds

Combining Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Capital Outlay	Total
General Obligation Bond Construction Fund Capital Improvements	\$ 416	\$ 635	\$ 3	\$ 20,271	\$ 21,325
Special Assessments Bond Construction Fund Capital Improvements	8	4	-	-	12
Municipal Property Corporation Bond Fund Capital Improvements	27	50	-	762	839
McDowell Preserve Privilege Tax Capital Improvements	2	116	-	14,621	14,739
Transportation Privilege Tax Capital Improvements	347	977	29	8,358	9,711
All Other Construction Fund Capital Improvements	212	1,802	301	11,561	13,876
Community Facilities Districts Capital Improvements	-	428	-	578	1,006
<b>Total Expenditures</b>	<b>\$ 1,012</b>	<b>\$ 4,012</b>	<b>\$ 333</b>	<b>\$ 56,151</b>	<b>\$ 61,508</b>

**City of Scottsdale**  
**Scottsdale, Arizona**  
**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.).

**City of Scottsdale, Arizona**  
**Enterprise Funds**  
**Combining Balance Sheet**  
June 30, 1998 (in thousands of dollars)

Exhibit F-1

<b>ASSETS</b>	<b>Water and Sewer Utility</b>	<b>Airport</b>	<b>Solid Waste</b>	<b>Total All Funds</b>
<b>Current Assets</b>				
Cash and Short-Term Investments	\$ 65,496	\$ -	\$ 323	\$ 65,819
Investments			196	196
Prepaid Expense	-	52	-	52
Receivables				
Accrued Interest	1,248	17	5	1,270
Accounts	8,344	-	1,818	10,162
Miscellaneous	473	58	17	548
<b>Total Current Assets</b>	<b>75,561</b>	<b>127</b>	<b>2,359</b>	<b>78,047</b>
<b>Restricted Cash and Investments</b>				
Water and Sewer System Replacement	8,611	-	-	8,611
Scottsdale Water Service Company Replacement Reserve	300	-	-	300
Acquisition and Construction Reserve Development Fees	9,875	-	-	9,875
<b>Total Restricted Cash and Investments</b>	<b>18,786</b>	<b>-</b>	<b>-</b>	<b>18,786</b>
Equity In Joint Venture	23,879	-	-	23,879
<b>Property, Plant, and Equipment</b>				
Land and Land Improvements	3,315	19,610	686	23,611
Water Rights	40,199	-	-	40,199
Water System	261,711	-	-	261,711
Sewer System	162,225	-	-	162,225
Buildings and Improvements	-	3,711	2,923	6,634
Machinery and Equipment	2,819	141	2,382	5,342
Furniture and Fixtures	715	11	-	726
Construction in Progress	68,995	1,258	-	70,253
<b>Total Property, Plant, and Equipment</b>	<b>539,979</b>	<b>24,731</b>	<b>5,991</b>	<b>570,701</b>
Accumulated Depreciation	(90,921)	(7,275)	(748)	(98,944)
<b>Total Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	<b>449,058</b>	<b>17,456</b>	<b>5,243</b>	<b>471,757</b>
<b>Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,596,086</b>				
	325	-	-	325
<b>Total Assets</b>	<b>\$ 567,609</b>	<b>\$ 17,583</b>	<b>\$ 7,602</b>	<b>\$ 592,794</b>

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona  
Enterprise Funds  
Combining Balance Sheet  
June 30, 1998 (in thousands of dollars)

Exhibit F-1  
(Continued)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>LIABILITIES AND FUND EQUITY</b>				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$ 6,314	\$ -	\$ 171	\$ 6,485
Accrued Payroll	670	48	336	1,054
Due to General Fund	-	2,009	-	2,009
Contracts Payable - Current Portion	265	994	-	1,259
Bond Interest Payable	1,893	-	135	2,028
Bonds Payable - Current Portion	3,520	-	705	4,225
<b>Total Current Liabilities</b>	<b>12,662</b>	<b>3,051</b>	<b>1,347</b>	<b>17,060</b>
Other Liabilities				
Deferred Revenue	3,815	-	-	3,815
Accumulated Accretion	2,925	-	-	2,925
Customer Advances and Deposits	1,013	1	-	1,014
<b>Total Other Liabilities</b>	<b>7,753</b>	<b>1</b>	<b>-</b>	<b>7,754</b>
Long-Term Debt (Net of Current Portion)				
Bonds Payable, Net of Def. Loss/Costs	62,601	-	4,780	67,381
Contracts Payable	948	-	-	948
<b>Total Long-Term Debt</b>	<b>63,549</b>	<b>-</b>	<b>4,780</b>	<b>68,329</b>
<b>Total Liabilities</b>	<b>83,964</b>	<b>3,052</b>	<b>6,127</b>	<b>93,143</b>
Fund Equity				
Contributed Capital	330,710	21,328	449	352,487
Less Depreciation	(43,283)	(7,337)	-	(50,620)
<b>Net Contributed Capital</b>	<b>287,427</b>	<b>13,991</b>	<b>449</b>	<b>301,867</b>
Retained Earnings				
Reserved for Water and Sewer System Replacement	8,911	-	-	8,911
Reserved for Acquisition and Construction	9,875	-	-	9,875
Unreserved	177,432	540	1,026	178,998
<b>Total Retained Earnings</b>	<b>196,218</b>	<b>540</b>	<b>1,026</b>	<b>197,784</b>
<b>Total Fund Equity</b>	<b>483,645</b>	<b>14,531</b>	<b>1,475</b>	<b>499,651</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 567,609</b>	<b>\$ 17,583</b>	<b>\$ 7,602</b>	<b>\$ 592,794</b>

SEE NOTES TO FINANCIAL STATEMENTS

**City of Scottsdale, Arizona**  
**Enterprise Funds**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Retained Earnings**

**Exhibit F-2**

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>Operating Revenues</b>				
Water Service Fees	\$ 46,825	\$ -	\$ -	\$ 46,825
Sewer Service Fees	16,335	-	-	16,335
Reclaimed Water Distribution	3,399	-	-	3,399
Groundwater Treatment Plant	871	-	-	871
Solid Waste Fees	-	-	12,931	12,931
Airport Fees	-	1,061	-	1,061
Other	2,000	-	-	2,000
<b>Total Operating Revenues</b>	<b>69,430</b>	<b>1,061</b>	<b>12,931</b>	<b>83,422</b>
<b>Operating Expenses</b>				
Water Operations	21,089	-	-	21,089
Sewer Operations	8,648	-	-	8,648
Solid Waste Operations	-	-	9,480	9,480
Airport Operations	-	1,062	-	1,062
Indirect Costs	3,964	538	1,768	6,270
In-Lieu Property Tax	1,770	81	20	1,871
Franchise Fees	3,440	-	-	3,440
Depreciation and Amortization	8,972	599	217	9,788
<b>Total Operating Expenses</b>	<b>47,883</b>	<b>2,280</b>	<b>11,485</b>	<b>61,648</b>
<b>Operating Income (Loss)</b>	<b>21,547</b>	<b>(1,219)</b>	<b>1,446</b>	<b>21,774</b>
<b>Non-Operating Revenues (Expenses)</b>				
Investment Income	7,038	90	11	7,139
Interest Expense	(3,145)	(114)	(276)	(3,535)
Litigation Recovery	914	-	-	914
<b>Net Non-Operating Revenues (Expenses)</b>	<b>4,807</b>	<b>(24)</b>	<b>(265)</b>	<b>4,518</b>
Operating Transfers In	-	181	34	215
Operating Transfers Out	(402)	-	-	(402)
<b>Net Operating Transfers In (Out)</b>	<b>(402)</b>	<b>181</b>	<b>34</b>	<b>(187)</b>
<b>Net Income (Loss)</b>	<b>25,952</b>	<b>(1,062)</b>	<b>1,215</b>	<b>26,105</b>
Add Depreciation on Fixed Assets Acquired By Contributed Capital	4,505	599	-	5,104
<b>Increase (Decrease) in Retained Earnings</b>	<b>30,457</b>	<b>(463)</b>	<b>1,215</b>	<b>31,209</b>
Retained Earnings July 1, 1997, As Previously Reported	167,069	1,003	(189)	167,883
Cumulative Effect of Change in Accounting Principle Retained Earnings July 1, 1997, As Restated	(1,308)	-	-	(1,308)
<b>Retained Earnings, June 30, 1998</b>	<b>\$ 196,218</b>	<b>\$ 540</b>	<b>\$ 1,026</b>	<b>\$ 197,784</b>

SEE NOTES TO FINANCIAL STATEMENTS

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 21,547	\$ (1,219)	\$ 1,446	\$ 21,774
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation/Amortization	8,972	599	217	9,788
Litigation Recovery	914	-	-	914
Changes In Assets and Liabilities (Sources (Uses) of Cash):				
Accounts Receivable	638	-	(134)	504
Miscellaneous Receivables	7	546	371	924
Accounts Payable	1,128	(20)	(98)	1,010
Accrued Payroll	(583)	25	(480)	(1,038)
Due to General Fund	-	2,009	-	2,009
Deferred Revenue	(914)	-	-	(914)
Other Liabilities	83	-	-	83
Total Adjustments	10,245	3,159	(124)	13,280
Net Cash Provided by Operating Activities	31,792	1,940	1,322	35,054
Cash Flows from Non-Capital Financing Activities:				
Operating Transfers In	-	181	34	215
Operating Transfers Out	(402)	-	-	(402)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(402)	181	34	(187)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Property and Equipment	(111,865)	(3,915)	-	(115,780)
Principal Payments on Long-Term Debt	(4,859)	(980)	(665)	(6,504)
Interest Paid on Long-Term Debt	(2,532)	(114)	(296)	(2,942)
Accumulated Accretion	633	-	-	633
Capital Contributions from Other Government Units	-	1,126	-	1,126
Water and Sewer Development Fees	27,463	-	-	27,463
Prepaid Expense	-	114	-	114
Bond Proceeds	20,000	-	-	20,000
Net Cash Used for Capital and Related Financing Activities	(71,160)	(3,769)	(961)	(75,890)
Cash Flows from Investing Activities:				
Income Received on Investments	6,491	75	10	6,576
Purchase of Investments	-	-	(196)	(196)
Net Cash Provided by (Used for) Investing Activities	6,491	75	(186)	6,380
Net Increase (Decrease) in Cash and Cash Equivalents	(33,279)	(1,573)	209	(34,643)
Cash and Cash Equivalents at Beginning of Year	118,869	1,573	114	120,556
Cummulative Effect of Change in Accounting Principle	(1,308)	-	-	(1,308)
Cash and Cash Equivalents at Beginning of Year as Restated	117,561	1,573	114	119,248
Cash and Cash Equivalents at End of Year	\$ 84,282	\$ -	\$ 323	\$ 84,605

SEE NOTES TO FINANCIAL STATEMENTS

Enterprise Funds

(Continued)

Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 1998 (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 Short-Term Investments	\$ 65,496	\$ -	\$ 323	\$ 65,819
Restricted Cash and Investments	18,786	-	-	18,786
<b>Total Cash and Cash Equivalents</b>	<b>\$ 84,282</b>	<b>\$ -</b>	<b>\$ 323</b>	<b>\$ 84,605</b>
Supplemental Disclosure of Non-Cash Financing Activities:				
Additions to Property, Plant, and Equipment Contributions from Developers	\$ 1,070	\$ -	\$ -	\$ 1,070
<b>Total Non-Cash Financing Activities</b>	<b>\$ 1,070</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,070</b>

SEE NOTES TO FINANCIAL STATEMENTS

City of Scottsdale, Arizona

Enterprise Funds

Exhibit F-4

Combining Schedule of Revenues and Expenses -

Budget and Actual - Budget Basis

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Water and Sewer Utility			Airport			Solid Waste			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>												
Water Service Fees	\$ 44,748	\$ 46,825	\$ 2,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,748	\$ 46,825	\$ 2,077
Sewer Service Fees	16,278	16,335	57	-	-	-	-	-	-	16,278	16,335	57
Solid Waste Fees	-	-	-	-	-	-	12,750	12,931	181	12,750	12,931	181
Airport Fees	-	-	-	902	1,061	159	-	-	-	902	1,061	159
Property Rental	-	72	72	-	-	-	-	-	-	-	72	72
Interest Earnings	2,421	3,237	816	-	90	90	75	12	(63)	2,496	3,339	843
Operating Transfers In	-	-	-	565	-	(565)	-	34	34	565	34	(531)
Other	1,382	1,658	276	-	-	-	-	-	-	1,382	1,658	276
<b>Total Revenues</b>	<b>64,829</b>	<b>68,127</b>	<b>3,298</b>	<b>1,467</b>	<b>1,151</b>	<b>(316)</b>	<b>12,825</b>	<b>12,977</b>	<b>152</b>	<b>79,121</b>	<b>82,255</b>	<b>3,134</b>
<b>Expenditures</b>												
Water Operations	23,247	21,772	1,475	-	-	-	-	-	-	23,247	21,772	1,475
Sewer Operations	6,078	5,454	624	-	-	-	-	-	-	6,078	5,454	624
Solid Waste Operations	-	-	-	-	-	-	10,179	9,993	186	10,179	9,993	186
Airport Operations	-	-	-	939	1,067	(128)	-	-	-	939	1,067	(128)
Debt Service and Reserves	7,243	5,953	1,290	-	114	(114)	976	981	(5)	8,219	7,048	1,171
Operating Transfers Out	55	402	(347)	-	-	-	-	-	-	55	402	(347)
Indirect Costs	3,521	3,521	-	521	538	(17)	1,768	1,768	-	5,810	5,827	(17)
In Lieu Property Tax	1,710	1,710	-	81	81	-	20	20	-	1,811	1,811	-
Franchise Fee	3,241	3,241	-	-	-	-	-	-	-	3,241	3,241	-
<b>Total Expenditures</b>	<b>45,095</b>	<b>42,053</b>	<b>3,042</b>	<b>1,541</b>	<b>1,800</b>	<b>(259)</b>	<b>12,943</b>	<b>12,762</b>	<b>181</b>	<b>59,579</b>	<b>56,615</b>	<b>2,964</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 19,734</b>	<b>\$ 26,074</b>	<b>\$ 6,340</b>	<b>\$ (74)</b>	<b>\$ (649)</b>	<b>\$ (575)</b>	<b>\$ (118)</b>	<b>\$ 215</b>	<b>\$ 333</b>	<b>\$ 19,542</b>	<b>\$ 25,640</b>	<b>\$ 6,098</b>





**City of Scottsdale  
Scottsdale, Arizona  
Internal Service Funds**

Internal Service 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.

**Motor Pool Fund**

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

**Self-Insurance Fund**

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

City of Scottsdale, Arizona  
Internal Service Funds  
Combining Balance Sheet  
June 30, 1998 (in thousands of dollars)

Exhibit G-1

	Motor Pool	Self- Insurance	Total All Funds
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Short-Term Investments	\$ 5,171	\$ 7,163	\$ 12,334
Receivables			
Accrued Interest	61	72	133
Miscellaneous	6	53	59
Supplies Inventory	293	-	293
<b>Total Current Assets</b>	<b>5,531</b>	<b>7,288</b>	<b>12,819</b>
<b>Property, Plant, and Equipment</b>			
Buildings and Improvements	1,448	-	1,448
Motor Vehicles	23,364	-	23,364
Machinery and Equipment	857	-	857
Furniture and Fixtures	2	22	24
Construction in Progress	2,422	-	2,422
<b>Total Property, Plant, and Equipment</b>	<b>28,093</b>	<b>22</b>	<b>28,115</b>
Accumulated Depreciation	(12,181)	(22)	(12,203)
<b>Total Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	<b>15,912</b>	<b>-</b>	<b>15,912</b>
<b>Total Assets</b>	<b>\$ 21,443</b>	<b>\$ 7,288</b>	<b>\$ 28,731</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 111	\$ 5	\$ 116
Accrued Payroll	312	78	390
Claims Payable	-	7,848	7,848
<b>Total Current Liabilities</b>	<b>423</b>	<b>7,931</b>	<b>8,354</b>
<b>Fund Equity (Deficit)</b>			
Contributed Capital	9,921	1,983	11,904
Retained Earnings (Accumulated Deficit)	11,099	(2,626)	8,473
<b>Net Fund Equity (Deficit)</b>	<b>21,020</b>	<b>(643)</b>	<b>20,377</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 21,443</b>	<b>\$ 7,288</b>	<b>\$ 28,731</b>

SEE NOTES TO FINANCIAL STATEMENTS

**City of Scottsdale, Arizona**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses,**  
**and Changes in Retained Earnings (Accumulated Deficit)**  
For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

**Exhibit G-2**

	<b>Motor Pool</b>	<b>Self- Insurance</b>	<b>Total All Funds</b>
<b>Operating Revenues</b>			
Billings To User Programs	\$ 9,367	\$ 3,533	\$ 12,900
Other	297	-	297
<b>Total Operating Revenues</b>	<b>9,664</b>	<b>3,533</b>	<b>13,197</b>
<b>Operating Expenses</b>			
Motor Pool Operations	4,834	-	4,834
Self-Insurance Administration	-	1,181	1,181
Self-Insurance Claims	-	4,578	4,578
Depreciation	2,696	-	2,696
<b>Total Operating Expenses</b>	<b>7,530</b>	<b>5,759</b>	<b>13,289</b>
Operating Income (Loss)	2,134	(2,226)	(92)
<b>Non-Operating Revenues</b>			
Property Tax	-	856	856
Investment Earnings	349	412	761
<b>Total Non-Operating Revenues</b>	<b>349</b>	<b>1,268</b>	<b>1,617</b>
Operating Transfers In	871	500	1,371
Net Income (Loss)	3,354	(458)	2,896
<b>Retained Earnings (Accumulated Deficit)</b>			
July 1, 1997, as Previously Reported	7,794	(2,100)	5,694
Cumulative Effect of Change in Accounting Principle	(49)	(68)	(117)
Retained Earnings (Accumulated Deficit) July 1, 1997 as restated	7,745	(2,168)	5,577
Retained Earnings (Accumulated Deficit) June 30, 1998	<u>\$ 11,099</u>	<u>\$ (2,626)</u>	<u>\$ 8,473</u>

SEE NOTES TO FINANCIAL STATEMENTS

## Internal Service Funds

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	Motor Pool	Self- Insurance	Total All Funds
<b>Cash Flows from Operating Activities:</b>			
Operating Income (Loss)	\$ 2,134	\$ (2,226)	\$ (92)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	2,696	-	2,696
Changes in Assets and Liabilities (Sources (Uses) of Cash):			
Miscellaneous Receivables		(1)	(1)
Supplies Inventory	34	-	34
Accounts Payable	89	5	94
Accrued Payroll	(331)	(47)	(378)
Claims Payable	-	1,482	1,482
Total Adjustments	2,488	1,439	3,927
Net Cash Provided by (Used for) Operating Activities	4,622	(787)	3,835
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Property Tax	-	856	856
Operating Transfers In	871	500	1,371
Net Cash Provided by Non-Capital Financing Activities	871	1,356	2,227
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition, Construction, and Disposal of Property and Equipment	(5,904)	-	(5,904)
<b>Cash Flows from Investing Activities:</b>			
Income Received on Investments	323	378	701
Net Increase (Decrease) in Cash and Cash Equivalents	(88)	947	859
Cash and Cash Equivalents at Beginning of Year	5,308	6,284	11,592
Cumulative Effect of Change in Accounting Principle	(49)	(68)	(117)
Cash and Cash Equivalents at Beginning of Year as Restated	5,259	6,216	11,475
Cash and Cash Equivalents at End of Year	\$ 5,171	\$ 7,163	\$ 12,334
<b>Supplemental Disclosure of Noncash Financing Activities:</b>			
Additions to Property, Plant, and Equipment			
Contributions from Other Government Units	\$ 459	\$ -	\$ 459

SEE NOTES TO FINANCIAL STATEMENTS

**City of Scottsdale  
Scottsdale, Arizona  
Trust and Agency Funds**

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

**Expendable Trust Fund**

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

**Family Self-Sufficiency Agency Fund**

Accounts for monies in escrow for Section 8 Housing Program participants.

City of Scottsdale, Arizona  
Trust and Agency Funds  
Combining Balance Sheet  
June 30, 1998 (in thousands of dollars)

Exhibit H-1

	Expendable Trust	Family Self-Sufficiency Agency	Total All Funds
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 10,065	\$ 23	\$ 10,088
Receivables			
Accrued Interest	24	-	24
Miscellaneous	1,118	-	1,118
Note	4,000	-	4,000
<b>Total Assets</b>	<b>\$ 15,207</b>	<b>\$ 23</b>	<b>\$ 15,230</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 28	\$ -	\$ 28
Designated Escrow Payable	-	23	23
Deferred Revenue	4,160	-	4,160
Guaranty and Other Deposits	4,562	-	4,562
<b>Total Liabilities</b>	<b>8,750</b>	<b>23</b>	<b>8,773</b>
Fund Balances			
Reserved for Encumbrances	345	-	345
Unreserved	6,112	-	6,112
<b>Total Fund Balances</b>	<b>6,457</b>	<b>-</b>	<b>6,457</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,207</b>	<b>\$ 23</b>	<b>\$ 15,230</b>

SEE NOTES TO FINANCIAL STATEMENTS

**City of Scottsdale, Arizona**  
**Expendable Trust Fund**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**

**Exhibit H-2**

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

	<u>Expendable Trust</u>
Revenues	
Interest Earnings	\$ 163
Donations and Other Trust Revenues	3,551
	<hr/>
Total Revenues	3,714
Expenditures	
Expendable Trusts	1,787
	<hr/>
Excess of Revenues Over Expenditures	1,927
Other Uses	
Operating Transfers Out	(600)
	<hr/>
Total Other Uses	(600)
Excess of Revenues Over Expenditures and Other Uses	1,327
Fund Balance July 1, 1997 as Previously Reported	5,212
Cumulative Effect of Change in Accounting Principle	(82)
	<hr/>
Fund Balance July 1, 1997 as Restated	5,130
	<hr/>
Fund Balance June 30, 1998	\$ 6,457
	<hr/> <hr/>

SEE NOTES TO FINANCIAL STATEMENTS



City of Scottsdale, Arizona  
Expendable Trust Fund  
Schedule of Expenditures by Object  
June 30, 1998 (in thousands of dollars)

Exhibit H-3

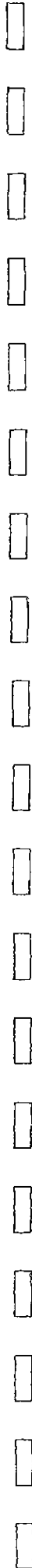
	Personal Services	Other Services	Supplies	Capital Outlay	Total
Expendable Trust	\$ 225	\$ 1,073	\$ 346	\$ 143	\$ 1,787

City of Scottsdale, Arizona  
 Family Self-Sufficiency Agency Fund  
 Statement of Changes in Assets and Liabilities  
 June 30, 1998 (in thousands of dollars)

Exhibit H-4

	Family Self-Sufficiency			
	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
<b>ASSETS</b>				
Cash and Short-Term Investments	\$ -	\$ 23	\$ -	\$ 23
Total Assets	\$ -	\$ 23	\$ -	\$ 23
<b>LIABILITIES</b>				
Designated Escrow Payable	\$ -	\$ 23	\$ -	\$ 23
Total Liabilities	\$ -	\$ 23	\$ -	\$ 23

SEE NOTES TO FINANCIAL STATEMENTS



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

**General Fixed Assets  
Account Group** | The investment in fixed assets of proprietary fund types are accounted for in their respective funds.

City of Scottsdale, Arizona  
Schedule of General Fixed Assets by Source  
June 30, 1998 (in thousands of dollars)

Exhibit I-1

General Fixed Assets:

Land	\$	111,513
Buildings and Improvements		201,016
Streets and Storm Drains		1,157,204
Machinery and Equipment		43,395
Construction in Progress		53,085
		<hr/>
Total General Fixed Assets	\$	<u>1,566,213</u>

Investment in General Fixed Assets by Source:

General Fund	\$	68,089
Special Revenue Funds		102,453
Capital Projects Funds		477,464
Contributions		918,207
		<hr/>
Total Investment in General Fixed Assets	\$	<u>1,566,213</u>

Schedule of General Fixed Assets by Function and Activity

June 30, 1998 (in thousands of dollars)

DEPARTMENT	Land	Buildings and Improvements	Streets and Storm Drains	Machinery and Equipment	Total
General Government	\$ 464	\$ 4,329	\$ 98	\$ 1,039	\$ 5,930
Police	41	996	48	3,052	4,137
Financial Services	-	293	-	664	957
Transportation	-	7,128	-	23	7,151
Community Services	7,444	9,670	133	1,766	19,013
Information Systems	-	9	-	9,844	9,853
Planning & Development	-	170	-	197	367
Fire	-	397	-	265	662
Municipal Services	-	-	-	109	109
Capital Projects	103,564	178,024	1,156,925	26,436	1,464,949
Total General Fixed Assets Allocated to Functions	\$ 111,513	\$ 201,016	\$ 1,157,204	\$ 43,395	\$ 1,513,128
Construction in Progress					53,085
Total General Fixed Assets					\$ 1,566,213

## Schedule of Changes in General Fixed Assets

## By Function and Activity

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

Department	July 1, 1997	Additions	Deletions	June 30, 1998
General Government	\$ 5,926	\$ 4	\$ -	\$ 5,930
Police	4,007	130	-	4,137
Financial Services	706	278	(27)	957
Transportation	7,151	-	-	7,151
Community Services	18,927	97	(11)	19,013
Information Systems	7,773	2,080	-	9,853
Planning & Development	311	60	(4)	367
Fire	662	-	-	662
Municipal Services	109	-	-	109
Capital Projects	1,397,425	67,627	(103)	1,464,949
Construction in Progress	39,729	26,528	(13,172)	53,085
Total General Fixed Assets	\$ 1,482,726	\$ 96,804	\$ (13,317)	\$ 1,566,213

**City of Scottsdale  
Scottsdale, Arizona  
Debt Requirements**

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

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



City of Scottsdale, Arizona  
 Schedule of Changes in Long-Term Debt\*  
 For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

Exhibit J-1

	July 1, 1997	Issued	Retired	Refunding Bonds Issued	Bonds defeased	Accretions & Contract Adjustments	June 30, 1998	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>GENERAL OBLIGATION BONDS</b>										
1989 Series A (1990)	\$ 3,375	\$ -	\$ 1,050	\$ -	\$ -	\$ -	\$ 2,325	\$ 2,325	\$ -	07/01/00
1989 Series B (1991)	6,855	-	800	-	-	-	6,055	6,055	-	07/01/04
1991 GO Refunding	2,045	-	645	-	-	-	1,400	1,400	-	07/01/00
1989 Series C (1992)	17,535	-	790	-	5,505	-	11,240	11,240	-	07/01/12
1993 Refunding	16,488	-	230	-	-	340	16,598	16,598	-	07/01/09
1989 Series D (1993)	17,340	-	500	-	-	-	16,840	16,840	-	07/01/13
1993A GO Refunding	23,362	-	1,805	-	-	606	22,163	22,163	-	07/01/11
1989 Series E (1994)	12,975	-	475	-	4,325	-	8,175	8,175	-	07/01/14
1994 Various Purpose	14,650	-	500	-	9,525	-	4,625	4,625	-	07/01/14
1995 GO / Pima Road	14,175	-	475	-	-	-	13,700	13,700	-	07/01/15
1997 Series H - Roads/ Strm Sew/ Pima	26,660	-	870	-	-	-	25,790	25,790	-	07/01/16
1997 GO Refunding	-	-	-	19,900	-	-	19,900	19,900	-	07/01/14
1989 Series I (1998)	-	20,500	-	-	-	-	20,500	20,500	-	07/01/18
Subtotal	156,460	20,500	8,140	19,900	19,355	946	169,311	169,311	-	
Enterprise Fund General Obligation Bonds										
1993 Refunding	28,587	-	820	-	-	633	28,400	-	28,400	07/01/06
1993 A GO Refunding	1,315	-	-	-	-	-	1,315	-	1,315	07/01/06
Subtotal	29,902	-	820	-	-	633	29,715	-	29,715	
Total General Obligation Bonds	185,362	20,500	8,960	19,900	19,355	1,579	199,026	169,311	29,715	
<b>REVENUE BONDS</b>										
Highway User Revenue Fund Bonds										
1993 HURF Refunding	23,770	-	1,890	-	-	-	21,880	21,880	-	07/01/07
Subtotal	23,770	-	1,890	-	-	-	21,880	21,880	-	
Enterprise Fund Revenue Bonds										
1992 Utility Refunding	3,975	-	1,515	-	-	-	2,460	-	2,460	07/01/00
1989 Utility Series B (1992)	4,130	-	175	-	-	-	3,955	-	3,955	07/01/12
1989 Utility Series C (1994)	1,585	-	160	-	-	-	1,425	-	1,425	07/01/05
1996 Utility Revenue Series Refunding	8,742	-	425	-	-	79	8,396	-	8,396	07/01/14
1989 Utility Series D (1998)	-	20,000	425	-	-	-	19,575	-	19,575	07/01/22
Subtotal	18,432	20,000	2,700	-	-	79	35,811	-	35,811	
Total Revenue Bonds	42,202	20,000	4,590	-	-	79	57,691	21,880	35,811	
<b>MUNICIPAL PROPERTY CORPORATION BONDS</b>										
1987 AMFP Certificate of Participation	\$ 2,550	\$ -	\$ 580	\$ -	\$ -	\$ -	\$ 1,970	\$ 1,970	\$ -	07/01/01
1992 Asset Transfer Refunding	40,200	-	1,490	-	-	-	38,710	38,710	-	11/01/14
1993 Refunding	28,090	-	2,950	-	-	-	25,140	25,140	-	07/01/05
1994 Refunding	6,555	-	810	-	-	-	5,745	5,745	-	07/01/04
1995 MPC Taxable Excise - TPC Land	2,815	-	75	-	-	-	2,740	2,740	-	07/01/15
1996 McCormick/Stiltman Park	2,060	-	250	-	-	-	1,810	1,810	-	07/01/04
1996 Computer Project	1,625	-	380	-	-	-	1,245	1,245	-	07/01/01
Subtotal	83,895	-	6,535	-	-	-	77,360	77,360	-	
Enterprise Fund Municipal Property Corporation Bonds										
1995 Transfer Station	3,190	-	170	-	-	-	3,020	-	3,020	07/01/10
1996 Recycle	2,295	-	535	-	-	-	1,760	-	1,760	07/01/01
Subtotal	5,485	-	705	-	-	-	4,780	-	4,780	
Total Municipal Property Corporation Bonds	89,380	-	7,240	-	-	-	82,140	77,360	4,780	
<b>SCOTTSDALE PRESERVE AUTHORITY BONDS</b>										
1997 Excise Tax Revenue	\$20,500	\$ -	\$ 170	\$ -	\$ -	\$ -	\$ 20,330	\$ 20,330	\$ -	07/01/22

City of Scottsdale, Arizona  
 Schedule of Changes in Long-Term Debt\*  
 For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

Exhibit J-1  
 (continued)

	July 1, 1997	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions & Contract Adjustments	June 30, 1998	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>SPECIAL ASSESSMENT BONDS</b>										
N. Airport Industrial Series 88	\$ 170	\$ -	\$ 170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	01/01/98
Via Linda Series 90	115	-	115	-	-	-	-	-	-	01/01/98
CAP @ Hayden Road Series 91	130	-	65	-	-	-	65	65	-	01/01/99
Pima/CAP Series 92	3,462	-	865	-	-	-	2,597	2,597	-	01/01/01
Pima Acres Series 93	520	-	130	-	-	-	390	390	-	01/01/01
Old Scottsdale/West Main Series 94	545	-	110	-	-	-	435	435	-	01/01/02
Fifth Ave/Marshall Way Series 95	600	-	120	-	-	-	480	480	-	01/01/02
Section 31 Series 96	250	-	50	-	-	-	200	200	-	01/01/02
Pinnacle Vista Series 97	545	-	95	-	-	-	450	450	-	01/01/03
North Area Water Series 98	1,055	-	180	-	-	-	875	875	-	01/01/03
Adobe Miller Series 99	635	-	110	-	-	-	525	525	-	01/01/03
Craftsman Court Series 100	105	-	15	-	-	-	90	90	-	01/01/04
Bell Road Series 101	4,843	-	587	-	307	-	3,949	3,949	-	01/01/05
Desert Ranch Water Series 102	210	-	25	-	-	-	185	185	-	01/01/04
Desert Ranch Infrastructure Series 103	10,505	-	1,075	-	-	-	9,430	9,430	-	01/01/05
<b>Total Special Assessment Bonds</b>	<b>\$ 23,690</b>	<b>\$ -</b>	<b>\$ 3,712</b>	<b>\$ -</b>	<b>\$ 307</b>	<b>\$ -</b>	<b>\$ 19,671</b>	<b>\$ 19,671</b>	<b>\$ -</b>	
<b>COMMUNITY FACILITIES DISTRICT BONDS</b>										
Scottsdale Mountain Series 1993 A	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ 3,000	\$ -	07/01/17
Scottsdale Mountain Series 1993 B	525	-	-	-	-	-	525	525	-	07/01/17
McDowell Mountain Ranch Series 1994	9,105	-	-	-	-	-	9,105	9,105	-	07/15/19
McDowell Mountain Ranch Series 1994 A	2,845	-	-	-	-	-	2,845	2,845	-	07/15/19
Scottsdale Mountain Series 1995	1,925	-	-	-	-	-	1,925	1,925	-	07/01/19
McDowell Mountain Ranch Series 1997	-	6,910	-	-	-	-	6,910	6,910	-	
<b>Total Community Facilities District Bonds</b>	<b>\$ 17,400</b>	<b>\$ 6,910</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,310</b>	<b>\$ 24,310</b>	<b>\$ -</b>	
<b>Total Bonds</b>	<b>\$ 378,534</b>	<b>\$ 47,410</b>	<b>\$ 24,872</b>	<b>\$ 19,900</b>	<b>\$ 19,662</b>	<b>\$ 1,658</b>	<b>\$ 403,168</b>	<b>\$ 332,862</b>	<b>\$ 70,308</b>	
<b>CONTRACTS PAYABLE</b>										
East Couplet/Galleria	\$ 105	\$ -	\$ 105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	07/01/98
US Corps of Engineers	3,617	-	46	-	-	-	3,571	3,571	-	2032
West Couplet/Camelview	1,570	-	559	-	-	-	1,011	1,011	-	01/31/99
Scottsdale Townie Center	137	-	137	-	-	-	-	-	-	02/01/97
Scottsdale Fiesta Center	1,303	-	494	-	-	-	809	809	-	02/01/02
Scottsdale Auto Mall	2,100	-	344	-	-	-	1,756	1,756	-	09/25/99
WestWorld	3,997	-	3,997	-	-	-	-	-	-	2001
Carefree Ranch	1,762	-	221	-	-	(593)	948	-	948	03/01/02
Arizona Department of Transportation	994	-	994	-	-	-	-	-	-	1999
Dial Corporation	-	440	-	-	-	-	440	440	-	2008
Sonora Village	-	108	-	-	-	-	108	108	-	2000
US Patent Office	-	6	-	-	-	-	6	6	-	2009
McDowell Sonoran Preserve	-	10,000	-	-	-	-	10,000	10,000	-	2013
<b>Total Contracts</b>	<b>\$ 15,585</b>	<b>\$ 10,554</b>	<b>\$ 6,897</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (593)</b>	<b>\$ 18,649</b>	<b>\$ 17,701</b>	<b>\$ 948</b>	
<b>TOTAL BONDS AND CONTRACTS</b>	<b>\$ 394,119</b>	<b>\$ 57,964</b>	<b>\$ 31,569</b>	<b>\$ 19,900</b>	<b>\$ 19,662</b>	<b>\$ 1,065</b>	<b>\$ 421,817</b>	<b>\$ 350,563</b>	<b>\$ 71,254</b>	
Compensated Absences								6,875		
<b>Total General Long-Term Debt</b>								<b>\$ 357,238</b>		

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

City of Scottsdale, Arizona

Exhibit J-2

Debt Service Requirements to Maturity

General Obligation Bonds\*

For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

Fiscal Year	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		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 3,200	\$ 5,423	\$ 8,623	\$ 7,210	\$ 5,009	\$ 12,219	\$ 10,410	\$ 10,432	\$ 20,842
2000	4,540	5,226	9,766	7,185	4,664	11,849	11,725	9,890	21,615
2001	5,865	4,999	10,864	7,540	3,710	11,250	13,405	8,709	22,114
2002	6,315	4,693	11,008	5,365	5,598	10,963	11,680	10,291	21,971
2003	6,690	4,357	11,047	5,695	5,282	10,977	12,385	9,639	22,024
2004	2,905	10,090	12,995	6,380	2,635	9,015	9,285	12,725	22,010
2005	4,584	10,096	14,680	5,101	2,258	7,359	9,685	12,354	22,039
2006	10,236	3,735	13,971	6,144	1,980	8,124	16,380	5,715	22,095
2007	5,000	3,204	8,204	6,845	1,652	8,497	11,845	4,856	16,701
2008	6,700	2,958	9,658	5,745	1,303	7,048	12,445	4,261	16,706
2009	7,050	2,622	9,672	6,045	1,008	7,053	13,095	3,630	16,725
2010	11,250	2,266	13,516	2,620	693	3,313	13,870	2,959	16,829
2011	7,885	1,695	9,580	2,750	561	3,311	10,635	2,256	12,891
2012-2018	26,580	3,919	30,499	8,505	894	9,399	35,085	4,813	39,898
	108,800	65,283	174,083	83,130	37,247	120,377	191,930	102,530	294,460
Capital Appreciation **	4,498	(4,498)	-	2,598	(2,598)	-	7,096	(7,096)	
<b>TOTALS</b>	<b>\$ 113,298</b>	<b>\$ 60,785</b>	<b>\$ 174,083</b>	<b>\$ 85,728</b>	<b>\$ 34,649</b>	<b>\$ 120,377</b>	<b>\$ 199,026</b>	<b>\$ 95,434</b>	<b>\$ 294,460</b>

\*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.

City of Scottsdale, Arizona  
 Debt Service Requirements to Maturity  
 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, 1998 (in thousands of dollars)

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

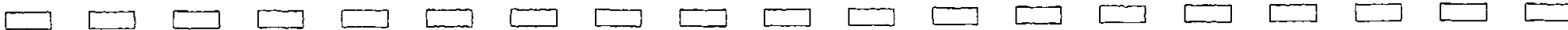
Fiscal Year	Highway User Revenue Bonds			Water and Sewer Revenue Bonds			Municipal Property Corporation Bonds			Scottsdale Preserve Authority Excise Tax Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 1,980	\$ 1,123	\$ 3,103	\$ 2,840	\$ 1,979	\$ 4,819	\$ 7,600	\$ 4,636	\$ 12,236	\$ 455	\$ 1,215	\$ 1,670
2000	2,070	1,032	3,102	2,165	1,816	3,981	7,990	4,254	12,244	475	1,180	1,655
2001	2,170	934	3,104	1,375	1,683	3,058	8,425	3,846	12,271	495	1,143	1,638
2002	2,275	828	3,103	1,440	1,594	3,034	7,025	3,405	10,430	515	1,105	1,620
2003	2,395	714	3,109	1,485	1,501	2,986	7,425	3,029	10,454	540	1,065	1,605
2004	2,515	591	3,106	1,550	1,414	2,964	7,840	2,623	10,463	565	1,023	1,588
2005	2,660	459	3,119	1,655	1,322	2,977	6,785	2,187	8,972	595	979	1,574
2006	2,825	316	3,141	1,755	1,224	2,979	2,795	1,794	4,589	620	933	1,553
2007	2,990	164	3,154	1,850	1,134	2,984	2,970	1,615	4,585	655	898	1,553
2008	-	-	-	1,945	1,040	2,985	3,150	1,428	4,578	685	862	1,547
2009	-	-	-	2,040	939	2,979	3,355	1,230	4,585	720	826	1,546
2010	-	-	-	1,460	832	2,292	3,570	1,020	4,590	760	786	1,546
2011	-	-	-	1,510	755	2,265	3,445	795	4,240	800	745	1,545
2012-2022	-	-	-	13,410	3,998	17,408	9,765	1,056	10,821	12,450	4,590	17,040
Deferred Loss and Issuance Costs	-	-	-	(669)	669	-	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 21,880</b>	<b>\$ 6,161</b>	<b>\$ 28,041</b>	<b>\$ 35,811</b>	<b>\$ 21,900</b>	<b>\$ 57,711</b>	<b>\$ 82,140</b>	<b>\$ 32,918</b>	<b>\$ 115,058</b>	<b>\$ 20,330</b>	<b>\$ 17,350</b>	<b>\$ 37,680</b>



**City of Scottsdale, Arizona**  
**Debt Service Requirements to Maturity**  
**Special Assessment Bonds, Contracts Payable, and**  
**Community Facilities Districts General Obligation Bonds**  
 For the Fiscal Year Ended June 30, 1998 (in thousands of dollars)

**Exhibit J-2**  
 (Continued)

Fiscal Year	Special Assessment Bonds			Contracts Payable			Community Facilities Districts General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 3,445	\$ 1,046	\$ 4,491	\$ 4,725	\$ 709	\$ 5,434	\$ 100	\$ 1,761	\$ 1,861
2000	3,450	836	4,286	1,656	655	2,311	460	1,755	2,215
2001	3,525	625	4,150	924	624	1,548	495	1,722	2,217
2002	2,600	444	3,044	971	592	1,563	525	1,687	2,212
2003	2,405	303	2,708	673	557	1,230	560	1,650	2,210
2004	2,133	177	2,310	711	521	1,232	610	1,610	2,220
2005	2,113	60	2,173	741	491	1,232	650	1,566	2,216
2006	-	-	-	768	459	1,227	695	1,520	2,215
2007	-	-	-	801	426	1,227	750	1,470	2,220
2008	-	-	-	840	391	1,231	805	1,414	2,219
2009	-	-	-	833	353	1,186	870	1,354	2,224
2010	-	-	-	869	314	1,183	970	1,290	2,260
2011	-	-	-	913	272	1,185	1,045	1,220	2,265
2012-2032	-	-	-	4,483	1,669	6,152	15,775	7,072	22,847
	<u>\$ 19,671</u>	<u>\$ 3,491</u>	<u>\$ 23,162</u>	<u>\$ 19,908</u>	<u>\$ 8,033</u>	<u>\$ 27,941</u>	<u>\$ 24,310</u>	<u>\$ 27,091</u>	<u>\$ 51,401</u>



## **Statistical Section**

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

City of Scottsdale, Arizona  
**General Governmental Expenditures by Function**  
**General, Special Revenue, and Debt Service Funds**  
 Last Ten Fiscal Years (in thousands of dollars)

Table I

Fiscal Year	General Government	Police	Financial Services	Transportation	Community Services	Information Systems	Planning and Community Development	Fire	Water Resources	Municipal Services	Streetlight Districts	Capital Improvements	Debt Service	Total
1989	\$ 5,202	\$ 14,138	\$ 2,857	\$ 6,504	\$ 12,324	\$ 4,441	\$ 5,889	\$ 4,787	\$ 1,418	\$ 8,081	\$ 415	\$ 1,976	\$ 27,612	\$ 95,644
1990	3,918	14,511	2,466	6,782	12,179	4,993	5,936	5,021	-	2,891	432	-	25,752	84,881
1991	5,305	17,057	3,536	2,313	13,705	4,150	8,425	5,811	-	9,999	431	-	26,121	96,853
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

Source: City of Scottsdale Financial Services Department

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

City of Scottsdale, Arizona  
**General Governmental Revenues by Source**  
**General, Special Revenue, and Debt Service Funds**  
 Last Ten Fiscal Years (in thousands of dollars)

Table II

Fiscal Year	Taxes *	Inter-										Total
		Governmental Revenue	Special Assessments	Licenses	Charges For Services	Fines and Forfeitures	Use of Money and Property	Streetlight Districts	Miscellaneous			
1989	\$ 40,349	\$ 23,956	\$ 2,528	\$ 596	\$ 10,594	\$ 1,839	\$ 7,709	\$ 509	\$ 6,306	\$ 94,386		
1990	43,301	25,183	2,958	617	5,464	2,052	6,320	564	7,079	93,538		
1991	46,358	25,176	2,774	630	5,153	2,215	6,346	558	8,080	97,290		
1992	48,890	26,553	4,261	704	6,337	2,228	5,513	500	9,727	104,713		
1993	55,214	27,970	4,941	739	7,589	1,720	4,565	514	12,976	116,228		
1994	63,996	29,941	5,643	876	10,499	1,711	4,818	515	13,861	131,860		
1995	71,635	32,831	5,514	950	12,410	1,990	6,384	543	14,715	146,972		
1996	81,389	34,649	7,896	1,055	12,587	2,748	6,813	474	17,375	164,986		
1997	89,086	41,095	6,696	1,107	14,423	3,343	5,999	505	20,237	182,491		
1998	102,138	43,475	4,927	1,107	17,229	4,274	7,664	558	21,251	202,623		

Source: City of Scottsdale Financial Services Department

City of Scottsdale, Arizona  
**Tax Revenues by Source**  
**General, Special Revenue, and Debt Service Funds**  
 Last Ten Fiscal Years (in thousands of dollars)

Table III

Fiscal Year	Privilege & Use *	Transient Occupancy Tax	General Property	Franchise	In-Lieu Property	Total Taxes
1989	\$ 25,816	\$ 2,585	\$ 9,125	\$ 2,721	\$ 102	\$ 40,349
1990	27,242	3,220	9,823	2,936	80	43,301
1991	27,804	3,355	11,925	3,122	152	46,358
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

Source: City of Scottsdale Financial Services Department

\* Privilege taxes restricted for transportation and the McDowell Preserve are recorded in the Capital Projects funds. See also Table VI.



**City of Scottsdale, Arizona**  
**Excise Tax Collections by Source**  
**General, Debt Service, and Capital Projects Funds**  
 Last Ten Fiscal Years (in thousands of dollars)

Table IV

Fiscal Year	Privilege & Use			Transient		State Shared Sales	State Revenue Sharing	Light & Power Franchise
	- General	Transportation	-McDowell Mtn	Occupancy Tax				
1989	\$ 25,816	\$ -	\$ -	\$ 2,585	\$ 6,680	\$ 6,375	\$ 2,061	
1990	27,242	-	-	3,220	6,978	6,630	2,163	
1991	27,804	5,043	-	3,356	7,199	7,303	2,279	
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	

Fiscal Year	Business					Recreation Fees	Fines & Forfeitures	Total
	Cable TV Franchise	Fire Insurance Franchise	Licenses & Fees	Development Permits & Fees				
1989	\$ 511	\$ 148	\$ 596	\$ 4,451	\$ 1,212	\$ 1,839	\$ 52,274	
1990	621	152	617	4,070	1,394	2,052	55,139	
1991	693	150	630	3,623	1,530	2,215	61,825	
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	

Source: City of Scottsdale Financial Services Department

City of Scottsdale, Arizona  
 Privilege and Use Tax Collections by Category  
 General, Debt Service, and Capital Projects Funds  
 Last Ten Fiscal Years (in thousands of dollars)

Table V

Fiscal Year	Automotive	Construction	Food	Hotel	Major Department Stores	Misc. Retail	Other Tax	Rentals	Restaurants	Utilities	License Fees, Penalties, Interest & Refunds		Total
1989	\$ 3,565	\$ 4,309	\$ 1,659	\$ 1,884	\$ 3,615	\$ 3,933	\$ 1,432	\$ 2,409	\$ 1,615	\$ 1,296	\$ 276	\$ 25,993	
1990	4,095	4,019	1,867	2,346	3,747	4,420	1,780	2,790	1,902	1,461	512	28,939	
1991	4,542	4,333	2,296	2,483	4,202	5,214	1,940	3,228	2,196	1,688	725	32,847	
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	

Source: City of Scottsdale Financial Services Department

Table VI

**City of Scottsdale, Arizona**  
**Privilege and Use Tax Collections by Source \***  
**General, Debt Service, and Capital Projects Funds**  
 Last Ten Fiscal Years (in thousands of dollars)

<b>Fiscal Year</b>	<b>General</b>	<b>Transportation **</b>	<b>McDowell Preserve ***</b>	<b>Total</b>
1989	\$ 25,993	\$ -	\$ -	\$ 25,993
1990	26,911	2,028	-	28,939
1991	27,804	5,043	-	32,847
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

Source: City of Scottsdale Financial Services Department

- \* 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.
- \*\* Transportation Privilege Tax Legislation became effective in 1990 and is restricted to use for transportation capital projects only.
- \*\*\* McDowell Preserve Privilege Tax Legislation became effective in 1996 and is restricted to use for acquisition of land for the McDowell Preserve.

**City of Scottsdale, Arizona**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years (in thousands of dollars)

**Table VII**

TaxYear	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
1988	1989	\$ 9,096	\$ 8,541	93.9%	\$ 538	\$ 47	\$ 9,126	100.3%	\$ 693	7.6%
1989	1990	9,864	9,179	93.1%	602	42	9,823	99.6%	741	7.5%
1990	1991	12,466	11,220	90.0%	645	60	11,925	95.7%	933	7.5%
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%

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

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

City of Scottsdale, Arizona  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years (in thousands of dollars)

Table VIIIa

**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
1989 P	\$ -	\$ 997,492	\$ 16,142	\$ 61,293	\$ 48,591	\$ 1,123,517	\$ 506	\$ 1,123,011	\$ 7,600
S	575,199	584,018	16,142	61,281	48,689	1,285,329	507	1,284,822	8,504
1990 P	-	1,135,696	16,336	72,491	52,966	1,277,489	476	1,277,013	8,660
S	657,419	641,834	16,336	72,491	53,002	1,441,083	478	1,440,604	9,609
1991 P	-	1,223,412	17,661	77,525	56,008	1,374,606	463	1,374,144	9,328
S	659,705	667,307	17,661	77,545	56,057	1,478,276	462	1,477,813	9,921
1992 P	-	1,220,209	13,420	81,408	59,725	1,374,762	462	1,374,299	9,456
S	626,794	644,387	13,420	81,437	59,805	1,425,843	464	1,425,379	9,754
1993 P	-	1,187,256	20,121	86,391	60,551	1,354,318	446	1,353,872	9,421
S	568,715	643,542	20,121	86,391	60,569	1,379,337	448	1,378,889	9,558
1994 P	-	1,136,492	30,271	94,651	67,694	1,329,108	478	1,328,631	9,415
S	541,280	619,463	30,271	94,662	67,725	1,353,401	479	1,352,922	9,560
1995 P	-	1,175,121	32,826	93,393	70,031	1,371,372	456	1,370,916	9,914
S	537,114	666,182	32,826	93,393	70,058	1,399,573	447	1,399,126	10,081
1996 P	-	1,296,789	32,768	50,496	73,949	1,454,002	410	1,453,592	10,916
S	550,624	822,631	32,768	50,496	73,976	1,530,496	407	1,530,088	11,361
1997 P	-	1,484,460	39,384	45,358	101,115	1,670,317	122,496	1,547,821	11,615
S	625,326	909,635	39,384	45,358	101,143	1,720,846	129,045	1,591,801	11,870
1998 P	-	1,652,051	39,510	49,608	102,884	1,844,053	122,998	1,721,055	13,064
S	655,657	1,120,622	39,510	49,608	102,946	1,968,343	129,293	1,839,050	13,877

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.

City of Scottsdale, Arizona  
**Assessed Values by Property Class**  
 Last Ten Fiscal Years (in thousands of dollars)

Table VIIIb

Fiscal Year	Class 2 Utilities	Class 3 Commercial	Class 4 Vacant Land	Class 5 Residential	Class 6 Rented Residential	Class 8 Historical	Class 10B Historical Rented Residential	Class 11 Improvements on Government Property	Class 12 Possessory Interest	Total Net Full Cash Assessed Value
1989 P	\$ 43,940	\$ 385,803	\$ 163,238	\$ 429,633	\$ 100,392	\$ 4	\$ -	\$ -	\$ -	\$ 1,123,010
S	43,940	444,221	253,518	437,349	105,788	6	-	-	-	1,284,822
1990 P	48,801	440,747	208,645	471,956	106,859	5	-	-	-	1,277,013
S	48,801	486,625	314,428	479,914	110,830	6	-	-	-	1,440,604
1991 P	43,215	488,832	239,360	499,843	102,887	5	-	-	-	1,374,142
S	43,215	521,041	304,470	504,413	104,667	6	-	-	-	1,477,812
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
1997P	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

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

Source:	Arizona Department of Revenue	Property Class:	
	Abstract of the Assessment Roll Publication	2. Utilities	27%
	Maricopa County Department of Finance	3. Commercial-Industrial	25%
		4. Agriculture, Vacant Land	16%
		5. Residential	10%
		6. Lease-Rental	10%
		8. Historical	5%
		10B. Historical Rental	10%
		11. Imprymts on Gov Property	1%

City of Scottsdale, Arizona  
 Property Tax Rates - Direct and Overlapping Governments  
 Last Ten Fiscal Years

Table IXa

Tax Rates Per \$100 Assessed Valuation

Fiscal Year	School Districts						Flood District	Central Arizona Project	Fire District	Library	EVIT	Educa. Equalization	Total
	City of Scottsdale	Scottsdale Unified	Community College	Maricopa County	State of Arizona								
1989 P	\$ 0.4031	\$ 4.3393	\$ 0.6473	\$ 1.4370	\$ 0.4700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7.2967
S	0.3556	0.8458	0.0684	0.1656	-	0.5000	0.1000	0.0087	0.0445	-	-	-	2.0886
<b>Total</b>	<b>0.7587</b>	<b>5.1851</b>	<b>0.7157</b>	<b>1.6026</b>	<b>0.4700</b>	<b>0.5000</b>	<b>0.1000</b>	<b>0.0087</b>	<b>0.0445</b>	-	-	-	<b>9.3853</b>
1990 P	0.3919	4.3220	0.6869	1.4426	0.4700	-	-	-	-	-	-	-	7.3134
S	0.3373	0.9637	0.0639	0.1637	-	0.4303	0.1000	0.0064	0.0420	-	-	-	2.1073
<b>Total</b>	<b>0.7292</b>	<b>5.2857</b>	<b>0.7508</b>	<b>1.6063</b>	<b>0.4700</b>	<b>0.4303</b>	<b>0.1000</b>	<b>0.0064</b>	<b>0.0420</b>	-	-	-	<b>9.4207</b>
1991 P	0.3941	4.1697	0.7047	1.5045	0.4700	-	-	-	-	-	-	-	7.2430
S	0.4772	0.9093	0.0916	0.1683	-	0.4235	0.1000	0.0064	0.0420	-	-	-	2.2183
<b>Total</b>	<b>0.8713</b>	<b>5.0790</b>	<b>0.7963</b>	<b>1.6728</b>	<b>0.4700</b>	<b>0.4235</b>	<b>0.1000</b>	<b>0.0064</b>	<b>0.0420</b>	-	-	-	<b>9.4613</b>
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
<b>Total</b>	<b>0.8851</b>	<b>5.2783</b>	<b>0.8402</b>	<b>1.6884</b>	<b>0.4700</b>	<b>0.4447</b>	<b>0.1400</b>	<b>0.0082</b>	<b>0.0444</b>	-	-	-	<b>9.7993</b>
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
<b>Total</b>	<b>1.1313</b>	<b>5.3493</b>	<b>0.8510</b>	<b>1.7448</b>	<b>0.4700</b>	<b>0.3901</b>	<b>0.1400</b>	<b>0.0099</b>	<b>0.0426</b>	-	-	-	<b>10.1290</b>
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
<b>Total</b>	<b>1.2752</b>	<b>5.8419</b>	<b>0.8532</b>	<b>1.7726</b>	<b>0.4700</b>	<b>0.3632</b>	<b>0.1400</b>	<b>0.0104</b>	<b>0.0417</b>	-	-	-	<b>10.7682</b>
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
<b>Total</b>	<b>1.4610</b>	<b>5.9410</b>	<b>0.8934</b>	<b>1.2426</b>	<b>0.4700</b>	<b>0.3632</b>	<b>0.1400</b>	<b>0.0107</b>	<b>0.0417</b>	<b>0.0554</b>	-	<b>0.5300</b>	<b>11.1490</b>
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
<b>Total</b>	<b>1.4309</b>	<b>6.0655</b>	<b>1.1130</b>	<b>1.3044</b>	<b>0.4700</b>	<b>0.3332</b>	<b>0.1400</b>	<b>0.0108</b>	<b>0.0099</b>	<b>0.0693</b>	-	<b>0.5300</b>	<b>11.4770</b>
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
<b>Total</b>	<b>1.5512</b>	<b>5.8916</b>	<b>1.0476</b>	<b>1.2629</b>	-	<b>0.3425</b>	<b>0.1400</b>	<b>0.0109</b>	<b>0.0421</b>	<b>0.1616</b>	-	<b>0.5300</b>	<b>10.9804</b>
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
<b>Total</b>	<b>1.5704</b>	<b>5.7224</b>	<b>1.1346</b>	<b>1.2629</b>	-	<b>0.3425</b>	<b>0.1400</b>	<b>0.0105</b>	<b>0.0421</b>	<b>0.1216</b>	-	<b>0.5300</b>	<b>10.8770</b>

Scottsdale residents residing outside Scottsdale Unified School District:  
 Source: Maricopa County Assessor's Office  
 Maricopa County Tax Levies and Rates Publication

School District	1997/98 Tax Rate Total
Balsz Elementary	\$15.12
Cave Creek	12.00
Fountain Hills	12.28
Paradise Valley	12.96
Tempe	12.44

**City of Scottsdale, Arizona**  
**Property Tax Levies - Direct and Overlapping Governments**  
 Last Ten Fiscal Years (in thousands of dollars)

Table IXb

**Tax Levies**

Fiscal Year	City of Scottsdale	School Districts				State of Arizona	Flood District	Central Arizona Project	Fire District	Library	East Valley Institute of Technology	Education Equalization	Total
		Scottsdale Unified	Community College	Maricopa County									
1989 P	\$ 4,527	\$ 57,697	\$ 80,099	\$ 177,810	\$ 58,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 378,254	
S	4,569	12,426	9,219	12,324	-	50,832	13,481	1,179	6,000	-	-	110,030	
<b>TOTAL</b>	<b>9,096</b>	<b>70,123</b>	<b>89,318</b>	<b>190,134</b>	<b>58,121</b>	<b>50,832</b>	<b>13,481</b>	<b>1,179</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>488,284</b>	
1990 P	5,005	63,682	94,016	197,430	64,324	-	-	-	-	-	-	424,457	
S	4,859	15,337	9,383	24,041	-	47,235	14,688	983	6,619	-	-	123,145	
<b>TOTAL</b>	<b>9,864</b>	<b>79,019</b>	<b>103,399</b>	<b>221,471</b>	<b>64,324</b>	<b>47,235</b>	<b>14,688</b>	<b>983</b>	<b>6,619</b>	<b>-</b>	<b>-</b>	<b>547,602</b>	
1991 P	5,413	64,113	99,559	209,542	63,690	-	-	-	-	-	-	442,317	
S	7,052	14,778	13,525	26,050	-	46,555	14,187	1,193	5,959	-	-	129,299	
<b>TOTAL</b>	<b>12,465</b>	<b>78,891</b>	<b>113,084</b>	<b>235,592</b>	<b>63,690</b>	<b>46,555</b>	<b>14,187</b>	<b>1,193</b>	<b>5,959</b>	<b>-</b>	<b>-</b>	<b>571,616</b>	
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	
<b>TOTAL</b>	<b>12,406</b>	<b>81,666</b>	<b>116,919</b>	<b>235,982</b>	<b>65,215</b>	<b>46,537</b>	<b>19,929</b>	<b>1,167</b>	<b>6,320</b>	<b>-</b>	<b>-</b>	<b>586,141</b>	
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	
<b>TOTAL</b>	<b>15,476</b>	<b>81,516</b>	<b>115,902</b>	<b>237,685</b>	<b>63,946</b>	<b>39,254</b>	<b>19,332</b>	<b>1,367</b>	<b>5,883</b>	<b>1,587</b>	<b>-</b>	<b>581,948</b>	
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	
<b>TOTAL</b>	<b>17,133</b>	<b>86,239</b>	<b>113,440</b>	<b>165,608</b>	<b>62,492</b>	<b>35,142</b>	<b>18,906</b>	<b>1,404</b>	<b>5,631</b>	<b>3,596</b>	<b>70,470</b>	<b>580,061</b>	
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	
<b>TOTAL</b>	<b>20,272</b>	<b>89,352</b>	<b>118,842</b>	<b>165,293</b>	<b>62,521</b>	<b>35,319</b>	<b>18,930</b>	<b>1,447</b>	<b>5,638</b>	<b>2,864</b>	<b>70,502</b>	<b>590,980</b>	
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	
<b>TOTAL</b>	<b>21,475</b>	<b>95,363</b>	<b>151,226</b>	<b>176,928</b>	<b>63,421</b>	<b>36,078</b>	<b>19,767</b>	<b>1,518</b>	<b>1,398</b>	<b>3,843</b>	<b>71,517</b>	<b>642,534</b>	
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	
<b>TOTAL</b>	<b>24,409</b>	<b>97,289</b>	<b>146,670</b>	<b>177,077</b>	<b>-</b>	<b>38,118</b>	<b>20,080</b>	<b>1,567</b>	<b>6,038</b>	<b>9,352</b>	<b>74,071</b>	<b>594,671</b>	
1998P	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	
<b>TOTAL</b>	<b>28,202</b>	<b>105,624</b>	<b>171,403</b>	<b>190,493</b>	<b>-</b>	<b>42,339</b>	<b>22,013</b>	<b>1,646</b>	<b>6,620</b>	<b>7,948</b>	<b>79,533</b>	<b>655,821</b>	

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.



**City of Scottsdale, Arizona**  
**Principal Taxpayers**  
 June 30, 1998

<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation (in thousands of dollars)</b>	<b>% of Secondary Assessed Valuation</b>
Arizona Public Service	Electric Utility	\$ 41,799	2.27%
U.S. West Communications	Telecommunications	26,500	1.44%
Scottsdale Fashion Square	Shopping Center	24,499	1.33%
Motorola	Electronics Manufacturing	20,862	1.13%
Scottsdale Princess Partnership	Resort	18,149	0.99%
Mayo Clinic Arizona	Medical Facility	16,726	0.91%
Gainey Dr. Associates	Resort	11,592	0.63%
PCS, Inc.	Commercial Real Estate	9,850	0.54%
Nationwide Realty	Real Estate	9,628	0.52%
Southwest Gas Corporation	Gas Utility	8,932	0.49%
		<b>\$ 188,537</b>	<b>10.25%</b>

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 1997/98 secondary assessed valuation of the Salt River Project within the City is \$17,589,655. The estimated secondary in lieu contribution is \$174,859.

**City of Scottsdale, Arizona**  
**Special Assessment Billings and Collections**  
 Last Ten Fiscal Years (in thousands of dollars)

**Table XI**

<b>Fiscal Year</b>	<b>Special Assessments Billed</b>	<b>Current Assessments Collected</b>	<b>Ratio of Collections to Amount Due</b>	<b>Total Outstanding Current and Delinquent Assessments</b>
1989	\$ 3,039	\$ 3,000	98.7%	\$ 39
1990	3,001	2,937	97.9%	64
1991	3,155	3,108	98.5%	47
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

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.

**City of Scottsdale, Arizona**  
**Ratio of Net General Obligation Bonded Debt to Assessed Value**  
**and Net Bonded Debt Per Capita**  
 Last Ten Fiscal Years

**Table XII**

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Population June 30</b>	<b>General Obligation Bonded Debt</b>	<b>Less Fund Balance Reserved for Debt Service</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
1989	\$ 1,284,822,157	127,553	\$ 29,535,000	\$ 6,256,289	\$ 23,278,711	1.8%	\$ 182.50
1990	1,440,604,450	130,720	52,400,000	5,438,209	46,961,791	3.3%	359.25
1991	1,477,813,367	133,949	50,615,000	5,674,407	44,940,593	3.0%	335.51
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

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.

**City of Scottsdale, Arizona**  
**Computation of Legal Debt Margins**  
 June 30, 1998 (in thousands of dollars)

**Table XIII**

Net Secondary Assessed Valuation as of June 30, 1998 \$1,839,050

Debt Limit Equal to 20% of Assessed Valuation 367,810

General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 1998):

1991 Refunding	\$ 1,400
1989 Series C (1992) CIP	5,995
1993 Refunding	28,071
1989 Series D (1993)	15,000
1993A Refunding	14,654
1989 Series E (1994)	3,275
1995 Storm Sewer & Streets	12,500
1997 Series H Storm Sewer	6,000
1997 GO Refunding	17,405
1989 GO Series I (1998)	4,500

Net Outstanding Bonded Debt Subject to 20% Limit 108,800

**Legal 20% Debt Margin (Available Borrowing Capacity) \$259,010**

Debt Limit Equal to 6% of Assessed Valuation \$110,343

General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 1998):

1989 Series A (1990) CIP	2,325
1989 Series B (1991) CIP	6,055
1989 Series C (1992) CIP	5,245
1993 Refunding	12,429
1989 Series D (1993) CIP	1,840
1993A Refunding	6,226
1989 Series E (1994)	4,900
1994 Various Purpose	4,625
1995 Pima Road Improvements	1,200
1997 Series H Pima Road	3,200
1997 Series H Roads	16,590
1997 GO Refunding	2,495
1989 GO Series I (1998)	16,000

Net Outstanding Bonded Debt Subject to 6% Limit 83,130

**Legal 6% Debt Margin (Available Borrowing Capacity) \$27,213**

- (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

**City of Scottsdale, Arizona**  
**Summary of General Governmental Bond Expenditures and Debt Ratios**  
 Last Ten Fiscal Years (in thousands of dollars)

**Table XIV**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Operating Expenditures</b>	<b>Ratio of Total Debt Service To Total Operating Expenditures</b>
1989	\$ 3,445	\$ 2,179	\$ 5,624	\$ 95,646	5.88%
1990	2,475	2,725	5,200	84,881	6.13%
1991	2,515	3,462	5,977	92,217	6.48%
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%

Source: City of Scottsdale Financial Services Department

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

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

City of Scottsdale, Arizona  
**Summary of Water and Sewer Utility Bond Expense and Debt Ratios**  
 Last Ten Fiscal Years (in thousands of dollars)

Table XV

Fiscal Year	Operating Revenue	Operating & Maintenance Expenses	Net Operating Revenue	Development Fee Revenue	Total Net Revenue	General		
						Revenue Bond Expense	Obligation Bond Expense	Total Bond Expense
1989	\$ 28,082	\$ 15,045	\$ 13,037	\$ 5,930	\$ 18,967	\$ 1,730	\$ 3,003	\$ 4,733
1990	33,205	19,749	13,456	4,368	17,824	1,978	3,059	5,037
1991	34,102	25,035	9,067	5,402	14,469	3,034	2,527	5,561
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 *	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

Fiscal Year	Ratio of Net		Ratio of Net		
	Ratio of Total Net Revenue to Total Bond Expense	Operating Revenue to Total Bond Expense	Operating Revenue to Revenue Bond Expense	Ratio of Total Net Revenue to Revenue Bond Expense	Revenue Bond Indenture Required Ratio
1989	4.01	2.75	7.54	10.96	1.20
1990	3.54	2.67	6.80	9.01	1.20
1991	2.60	1.63	2.99	4.77	1.20
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 *	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

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.

\*1995 interest expense has been restated to reflect an accounting adjustment.

**City of Scottsdale, Arizona**  
**Total Direct and Overlapping General Obligation Debt**  
(in thousands of dollars)

**Table XVI**

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:

<b>Name of Governmental Unit</b>	<b>Net Bonds Outstanding</b>	<b>% Applicable within the City of Scottsdale</b>	<b>\$ Applicable within the City of Scottsdale</b>
Maricopa County	\$ 137,215	11.6960%	\$ 16,049
Maricopa County Community College District	205,720	11.6960%	24,061
Tempe Elementary School District No. 3	57,155	0.0003%	-
Balsz Elementary School District No. 31	24,650	4.3720%	1,078
Scottsdale Unified School District No. 48	240,110	71.2010%	170,961
Paradise Valley Unified School District No. 69	277,515	20.0420%	55,620
Cave Creek Unified School District No. 93	77,395	47.0050%	36,380
Fountain Hills Unified School District No. 98	23,855	0.2130%	51
Phoenix Union High School District No. 210	189,540	0.3050%	578
Tempe Union High School District No. 213	161,575	0.0001%	-
East Valley Institute of Technology Districe No. 401	41,055	21.0140%	8,627
Scottsdale Mountain Community Facilities District	5,450	100.0000%	5,450
McDowell Mountain Community Facilities District	18,860	100.0000%	18,860
<b>Total Overlapping Debt</b>			<b>337,714</b>
City of Scottsdale	200,890	100.0000%	200,890
<b>Total Direct and Overlapping Debt</b>			<b>\$ 538,604</b>

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

**City of Scottsdale, Arizona**  
**Demographic Statistics**  
 Last Ten Fiscal Years

**Table XVII**

<b>Fiscal Year</b>	<b>Population *</b>	<b>Per Capita Income *</b>	<b>Median Age *</b>	<b>School Enrollment **</b>	<b>Unemployment Rate ***</b>
1989	127,553	\$ 17,926	35.0	19,350	2.7
1990	130,720	20,543	35.0	19,276	3.0
1991	133,949	20,937	37.0	19,647	3.1
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

Sources:

- \* City of Scottsdale Planning staff
- \*\* 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.)
- \*\*\* Arizona Department of Economic Security (fiscal year 1994); City of Scottsdale Planning staff (fiscal years 1998 through 1993, 1995 through 1998)



City of Scottsdale, Arizona  
 Property Value, Construction, and Bank Deposits  
 Last Ten Fiscal Years (dollars in thousands)

Table XVIII

Fiscal Year	Property Value *			Commercial Construction **		Residential Construction **		Bank Deposits Maricopa County ***
	Commercial	Residential	Nontaxable	Number of Permits	Value	Number of Dwelling Units	Value	
1989	\$ 3,507,956	\$ 5,076,358	\$ 457,067	1,287	\$ 243,007	1,932	\$ 360,424	\$ 14,491,100
1990	4,074,473	5,534,790	606,445	1,035	116,911	1,571	229,272	17,119,454
1991	4,131,285	5,789,786	607,232	935	53,179	2,028	363,706	18,992,331
1992	3,818,533	5,935,464	621,380	1,296	33,101	2,327	490,763	19,425,952
1993	3,474,553	6,083,107	677,123	2,489	89,192	4,663	618,384	19,011,574
1994	3,265,815	6,294,430	671,710	2,516	153,331	4,595	593,418	20,598,522
1995	3,269,864	6,810,085	743,351	2,751	162,541	4,954	652,363	20,753,634
1996	3,345,470	8,024,934	735,698	2,923	152,488	4,449	607,708	21,124,505
1997	3,400,495	8,448,076	723,545	3,275	305,836	4,451	621,891	20,998,441
1998	3,658,231	10,217,960	806,235	3,512	595,530	5,102	792,477	20,568,058

Source:

\* Abstract published by the Arizona Department of Revenue

\*\* City Building Inspection staff

\*\*\* Arizona Banker Association

City of Scottsdale, Arizona  
 Schedule of Insurance  
 June 30, 1998

Table XIX

Carrier	Policy Description	Amount of Coverage
USF&G Insurance Company	Property Insurance Repair or Replace \$50,000 Deductible	\$20,000,000 Per Occurrence
Lexington Insurance Company	Excess Liability Coverage \$1,000,000 Deductible Per Occurrence	\$20,000,000 Per Occurrence and Aggregate
Associated Aviation Underwriters	Airport Premises and Hangarkeepers Liability	\$100,000,000 Per Occurrence and Aggregate
American Home Insurance Company	Excess Workers' Compensation Coverage \$250,000 Deductible each Occurrence.	Statutory
Lumberman's Mutual Casualty Company	Fidelity/Crime Insurance No Deductible	\$1,000,000 Primary \$4,000,000 Excess for specific positions only

Source: City of Scottsdale Risk Management Division

**City of Scottsdale, Arizona**  
**Salaries and Surety Bonds of Principal Officials**  
 For Fiscal Year Ended June 30, 1998

**Table XX**

<b>Official Title</b>	<b>Maximum</b>	<b>Bond</b>
Mayor	\$ 27,600	\$ 1,000,000
Councilmen (6)	13,800	1,000,000
City Manager	136,392	1,000,000
City Clerk	64,210	1,000,000
City Attorney	116,958	1,000,000
City Treasurer	101,026	4,000,000
City Judge	91,478	1,000,000
City Auditor	78,624	1,000,000
<b>Public Employees Honesty and Faithful Performance Bond</b>		
All City Employees		\$1,000,000 per employee

Source: City of Scottsdale Financial Services Department

Date of Incorporation - June 25, 1951  
 Date Charter Adopted - 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
1998 Est. 06/30/98	196,310



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
1998	184.50

**Miles of Sewers**

Storm .....62  
 Sanitary .....885

**Fire Protection**

Number of Stations .....9

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 .....412  
 Number of Traffic Citations (Excluding parking and Criminal) ..... 40,629  
 Number of Photo Radar Citations (Began Photo Radar in Jan, 1997) ..... 51,647  
 Number of Vehicles .....213

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

**Recreation**

Parks - Developed parks acreage .....555  
 Number of Swimming Pools .....3  
 Number of Other Recreation Facilities .....60

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

**Water Enterprise**

Number of Water Customers ..... 68,248  
 Annual Consumption (Gallons)..... 20,477,860,000  
 System Capacity (Gallons Per Day) ..... 107,205,760  
 Miles of Distribution Lines .....1,225

**Number of Streetlights** .....9,159

**Employees as of June 30, 1998**

Full-Time .....1,495  
 Part-Time.....327  
 Grant and trust funded .....47  
 Total .....1,869

**Elections**

Number of registered voters as of last general election, March 1998 ..... 109,228  
 % of registered voters voting in last municipal election ..... 16.93%

**Population**

Median Age of Residents .....39.7  
 Mean Average Household Income (1995 Special Census) ..... \$48,319  
 Mean Average Home Value - Single Family ..... \$175,500

Source: City of Scottsdale Financial Services Department