

**Comprehensive  
Annual  
Financial  
Report**  
  
**for  
the  
Fiscal  
Year  
Ended  
June 30, 1999**

**City of Scottsdale**  
Scottsdale, Arizona





**Comprehensive  
Annual  
Financial  
Report**

For the Fiscal Year  
Ended June 30, 1999

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**

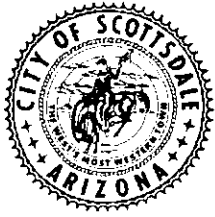
Richard A. Bowers, City Manager  
Barbara A. Burns, Assistant City Manager  
David L. Ellison, Assistant City Manager  
Roger Klingler, Assistant City Manager

**Prepared by**

Financial Services Department

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

Craig Clifford, CPA  
Accounting and Budget Director



Citizens of Scottsdale

City Council

Citizens Advisory Boards  
Citizen Advisory Commissions

City Manager  
Richard A. Bowers  
City Manager  
312-2422

Charter Offices  
City Attorney - Fredda Bisman 312-2405  
City Auditor - Cheryl Barcala 312-7867  
City Clerk - Sonia Robertson 312-2754  
City Judge - George Preston 312-7027  
City Treasurer - James A. Jenkins 312-2427

Senior Executive Assistant  
John Little 312-7806

Executive Assistant  
Lisa Collins 312-7616

Assistant City Manager  
David Ellison  
312-7820

Economic Development  
Dave Rodenque  
312-7601

Redevelopment & Urban Design  
Gary Roe  
312-2318

Police  
Doug Bartosh  
312-5310

Human Resource Systems  
Neal Shearer  
312-2604

Office of Diversity & Dialogue  
Don Logan  
312-7738

Assistant City Manager  
Roger Klingler  
312-5830

Assistant City Manager  
Barbara A. Burns  
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Preservation Bob Cafarella 312-2577	Communications & Public Affairs Pat Dods 312-2336	Community Development John Faramelli 312-2583	Community Planning Debbi Dollar 312-2635	Transportation Steven Hogan 312-2539	Fire/Emergency Services Karl Keierleber 627-6408
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Water Resources David Mansfield 312-5681	Municipal Services Al Dreska 312-5555
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Community Services Bill Exham 312-2377	Financial Services James Jenkins 312-2427	Information Systems Carter Hunt 312-2795	WestWorld Tom Beat 312-7843
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Development Services  
Project Review  
Inspection Services  
Project Coordination

General Planning  
Character Area Planning  
Neighborhood Planning

Airport Transit  
Traffic Engineering  
Transportation Planning

Redevelopment Urban Design Studio

Uniformed Services  
Investigative Services  
Administrative Services  
Professional Standards

Resource Center  
Consulting Services  
Employee Programs  
Scottsdale University  
Endowment Program

Water Resources Operations  
Water Quality

Solid Waste  
Fleet Management  
Field Services  
Capital Project Management

Community Maintenance & Recreation  
Library Systems  
Human Services  
Cultural Council  
Contract Admin.

Accounting & Budget  
Risk Management  
Purchasing  
Customer Service

IS Support  
GIS Data Svcs  
Application Development  
Y2K  
Departmental Support  
Technology Infrastructure  
Web Technologies



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City of Scottsdale  
Scottsdale, Arizona

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Comprehensive Annual  
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Fiscal Year 1998/99

**INTRODU**

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.

City of Scottsdale, Arizona



## **Transmittal Letter**

For the Fiscal Year  
Ended June 30, 1999

City of Scottsdale  
Scottsdale, Arizona

September 24, 1999

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, 1999, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget Division. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures that we believe are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

### **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.



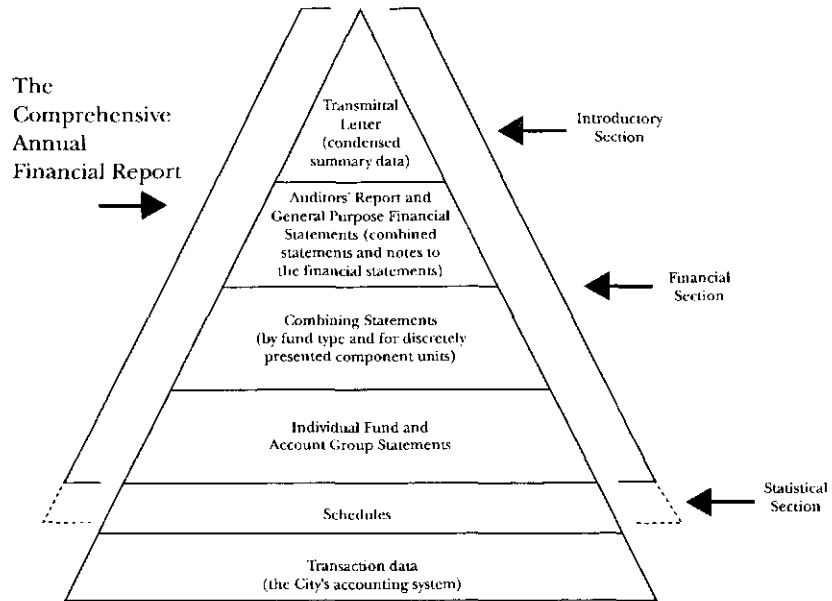
## COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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, notes to the financial statements and financial policies of the City, and the combining and individual funds and account group financial statements and schedules; and

3) the **Statistical Section**, which includes selected financial and demographic information, generally presented on a multi-year basis.



## ECONOMIC CONDITION AND OUTLOOK

The 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 1998/99. 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 1998/99 and continued favorable outlook for fiscal year 1999/00 include:

**Retail Sales.** Scottsdale's single largest revenue source is sales tax generated from a well-balanced variety of businesses which include automotive, construction, food stores, hotels/motels, restaurants, utilities, rentals, department stores, and miscellaneous retail stores. Nearly every category posted strong gains for the year; receipts for 1998/99 were up by more than 15 percent overall, and are projected to grow by 11 percent for 1999/00. This marks the 7<sup>th</sup> year in a row that Scottsdale has realized double digit increases in its sales tax receipts; since 1992/

93, total sales tax collections have more than doubled. During the 1999/00 fiscal year we expect to see the opening of the 850,000 square feet entertainment/specialty center in North Scottsdale (the Scottsdale Promenade), three new car dealerships, and the start of construction on several key redevelopment projects.

**Property Values.** The average first quarter 1999 (12 month average) base price of a new Scottsdale home was \$288,000 (Commerce Realty Advisors Data Base). This strength is underscored by a residential market in Scottsdale where 1,600 or 19% of all Greater Phoenix custom home (8,400) permits were issued with values exceeding \$400,000. This means that Scottsdale production to semi-custom home market has a base price value of \$288,000 and that 43% of all new residential development in Scottsdale are custom homes having a value in excess of \$400,000.

Overall construction value reached \$1.2 billion in 1998/99. The 1999/00 fiscal year is anticipated to reach \$1.1 billion with the start of construction on several key redevelopment projects. Assessed property values increased 14.6 percent during 1998/99, a good indicator of the community's economic well-being and revenue base. Assessed property values are expected to grow by 17.5 percent in 1999/00, based on continued residential and commercial growth.

**Residential Construction.** Single family permits issued in 1998/99 totaled 3,742 compared to 3,961 permits issued in 1997/98, for a 6 percent decline. Nevertheless, Scottsdale captured 19 percent of the custom home and 11 percent of the Valley production and semi-custom residential market. Residential construction is anticipated to reach 3,600 units in 1999/00 with another strong year in high-end custom homes (\$400,000 plus) that will offset (in square footage of new construction) the decline in production and semi-custom homes (average base price of \$288,000).

The renovation of homes in southern Scottsdale neighborhoods has increase from \$6,000,000 in 1992 to \$15,500,000 in 1999 (+158% in construction valuation for labor and materials). Young families moving to Scottsdale are, in large measure, moving into the older existing neighborhoods south of McDonald where homes sell from \$105,000 to \$195,000. They are reinvesting in these neighborhoods with significant home improvement projects.

Multifamily unit permits issued in 1998/99 totaled 748 and are anticipated to reach 750 units in 1999/00.

Total residential (single and multi family) units in 1998/99 reached 4,490 compared to 5,103 in 1997/98. Interest rates are not expected to significantly impact the Scottsdale residential market unless they reach 9.5% and rates, next year, are not anticipated to rise above 8.25% for 30 year mortgages.

**Commercial Activity.** Construction is anticipated to increase in the next fiscal year with the redevelopment projects of Los Arcos and Waterfront Projects. The Portales Condominium Project and Marriott Hotel at Camelback are expected to break ground in 1999. Additionally, the completion of the freeway through the Pima Road intersection will serve to complete the Industrial Airpark, as well as produce continued development in the Perimeter Center with industrial activity.

Scottsdale has been very fortunate to enjoy over \$600 million in commercial development the past two years and is anticipated to maintain this level the next several years with both redevelopment and industrial activity. This strong commercial pattern has served to significantly decrease the City's budget reliance on residential construction sales tax revenue unlike other Valley cities.

**Vacancy Rates.** Commercial vacancy rates remained low over the past year, despite significant new construction. Office vacancies are estimated at 9 percent, retail vacancies at 8 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 14 major new firms with over 2,100 new jobs in 1998/99. Additionally there are 17 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 IRIS Technologies, Albertson's regional headquarters, Tesseract Schools Corporation headquarters and Styling Technologies.

**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 very low 2.0 percent), and is expected to remain at this level through the end of 1999.

**Tourism.** The local tourism industry experienced a difficult year. The combination of substantial new construction (room stock is up 36 percent in 3 years) and rate wars drove occupancy down from 71 percent to 67 percent. This resulted in an overall decline in bed tax revenues of 3 percent in 1998/99. The industry is also struggling with the changing image of the market – from a laid-back, western resort community to a sophisticated urban center. The continuing diversification of Scottsdale also meant that a decline in this industry segment was barely felt by the community; 20 years ago, when the tourism industry experienced a similar decline, total city revenues declined resulting in layoffs. The long-term still looks very positive, as evidenced by the significant new investment being made by key players such as Four Seasons and Marriott.

These factors contributed to Scottsdale's healthy economy in 1998/99, and will likely continue into 1999/00. Much of the revenue growth attributable to the economic resurgence of the past five years has been invested in City reserves to provide funding to maintain citizen services during times of fiscal uncertainty and to build contingency funding for infrastructure deterioration. The outlook is for moderate growth in 1999/00, 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 AND ACCOMPLISHMENTS**

During 1998/99 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 that were made in the past year include enhancements to the quality services we provide for our citizens; contributions made to environmentally and fiscally sound infrastructure; and, contributions toward building and maintaining a sustainable economic base. The following are some of the service efforts and accomplishments of City staff during 1998/99:

### **General Government**

Inaugurated a new opportunity for citizen involvement through the introduction of "Information Workshops." Three workshops were held this past year.

The Victim Assistance Program integrated its services with other community resources to promote public safety and to address healthy development of our youth, families and community. The Victim Assistance Program was awarded an increase in grant funding to support an additional staff member and to develop an informational video in effort to better serve crime victims.

Continued to expand and implement an annual review of the cost-of-services to ensure accurate, timely, and fair distribution of costs in order to provide information to various departments.

Launched the Scottsdale Citizen Magazine and improved coordination of the City's external communications tools by providing internet and e-mail addresses in City publications, promoting CityCable 11 programs on timely issues and ensuring current traffic information is available through the news media, CityCable, PRIDE, the Scottsdale Citizen, the internet site and other sources.

Developed and implemented a comprehensive, citywide performance measurement reporting system that improved the quality of performance measures, standardized the format for reporting performance, and linked all department measures on the City's intranet.

Expanded our community outreach efforts on a regional basis through partnerships with NAACP, Hispanic Chamber of Commerce, Black Chamber of Commerce, AZ Hate Crime Advisory Board, ICCD Board, etc.

Human Resource Systems, the City Attorney's Office and the Office of Diversity and Dialogue partnered to develop the new citywide Anti-Discrimination and Non-Harassment policy, which included training sessions for all managers and employees.

### **Police**

Developed a Chief's Advisory Council in September 1998 consisting of 14 community members to further open the Police Department to citizen involvement and inspection thereby building citizen trust and confidence.

Received a federal grant for six High Enforcement and Arrest Team (HEAT) positions and five park police positions to address public safety concerns within the parks through high visibility police presence.

Achieved a 94% level of satisfaction by the community for the police services provided. This 94% reflects an increase of 18% in the rating category of "very good."

### **Fire**

In 1998 the Arizona Legislature changed State Law and officially allowed local fire jurisdictions to take over all aspects of their annual school inspections and construction projects. This allowed Rural Metro and the City to have total jurisdiction and eliminate the need for duplicate activities and approvals.

Rural Metro began the process of evaluating and implementing a new community injury prevention program called "Risk Watch". The program is a comprehensive program designed to teach injury prevention to Scottsdale children and adults.

### **Financial Services**

Received an upgrade on Water & Sewer Revenue bonds from Moody's (Aa2 to Aa1) and from Fitch (AA- to AA).

Implemented an energy management program to address electric power deregulation issues.

With voter approval, permanently adjusted the State Expenditure Limitation by \$12.5 million allowing the City to continue to provide quality service, including those services added since the limit's inception.

Implemented Desktop Ordering, which combined with the expanded use of Purchasing Cards, significantly reduced associated costs and released warehouse space.

### **Transportation**

Transportation Commission's Citizen Survey and Traffic Talks were completed as part of an update of the City's transportation plan. These offered a grass roots view of the community's needs and desires for the future of transportation.

The new downtown circulator bus, Scottsdale Round-Up, began service.

Scottsdale Connection Route #76, which operated as a one-way only loop, was modified to provide service in two directions.

The first two cameras in the Traffic View System were installed and are being used daily to monitor traffic patterns and adjust traffic signal timing to better correspond to the changing traffic patterns. A grant request was approved that will result in the installation of three to seven additional Traffic View cameras and a Traffic Management Center in the next two years.

Thompson Peak Parkway Crossing was completed creating improved access to the area of the city north of the CAP canal.

### **Community Services**

Completed the City's first museum - the Scottsdale Museum of Contemporary Art. The museum building, designed by prominent architect Will Bruder, will highlight art, architecture and design.

Restructured the Community Maintenance and Recreation Division as a result of input from staff. The new organization streamlined operations and increased efficiencies.

Completed a major renovation of the Scottsdale Mall. The "new" Mall removed physical barriers in compliance with the Americans with Disabilities Act, installed a permanent stage for events, widened and redirected pathways, improved irrigation technology and resolved a variety of on-going maintenance issues.

Major renovation of McCormick-Stillman Railroad Park was completed. A new Stillman Station was constructed, improved layout was achieved and new architectural features were added to enhance this popular facility.

The School District's schedule has necessitated a new program during this period. Intersession programs, to accommodate children out of school during breaks throughout the school year, have been successfully implemented city-wide.

With the cooperation of a number of public and private agencies, housing conditions have been improved and the availability of high quality safe and affordable housing in Scottsdale increased by playing an instrumental role in securing \$6 million in tax credits for the purchaser of Scottsdale New Ventura Apartments to provide improvements and maintain the complex affordability. Additionally, staff secured Section 8 certificates for the residents in the 132 units.

### **Information Services**

Next Generation Telephone System installation was completed in March, 1999. The new system provides an integrated voice and data infrastructure to more than 54 City facilities, the foundation for integration of telephones and computer applications, video teleconferencing, and Internet enabled technologies.

Installed a new high speed redundant fiber optic loop between the Via Linda campus and the Civic Center campus. This fault tolerant link carries both voice and data traffic between the two campuses at four times the speed of the previous link.

Upgraded half of the City's Local Area Network building infrastructure which allows Personal Computer and File Servers to communicate with each other. This new infrastructure allows these systems to communicate at 10 times the speed of the infrastructure it replaced.

The GIS division of Information Systems leveraged its ADDRESS and ZONING databases to identify 17,600 residential addresses that were not in the Census Bureau's address database.

### **Community Planning**

A number of planning processes and documents have been formalized including: the annexation policy, the General Plan Amendment process, the golf course policy, General Plan Introduction/Summary, Guide to Planning and Development, and the CityShape2020 Guiding Principles Points of Consideration.

Extensive public involvement in the planning process has been achieved through six active character area planning efforts and six neighborhood planning activities. In addition, a web-site featuring extensive planning-related material has been created.

Implementation of the Great Sonoran initiative continues with a focus on encouraging more sensitive design in our desert environment.

The Neighborhood College program has prepared over 250 residents to be more effective leaders within their own neighborhoods and the community. The course is designed to provide citizens with the information, tools and resources they need when responding to neighborhood issues and challenges.

### **Community Development**

Phase 1 of the Community Development System came on-line. Benefits include staff time savings, city-wide access to final plan and permit information on-line, and increased ability to provide development information to the community.

The Cost of Services study was completed and development fees will be increased effective 7/1/99 for 100% cost recovery from applicants.

Pilot digital plan submittal process for final plats was implemented January 1999.

Scottsdale's Green Building program, the model for sustainable building in the Sonoran Desert, was developed in conjunction with Community Planning.

Community Development and Planning class was developed and implemented at Scottsdale Community College. The class has been delivered for four terms to Scottsdale residents and students.

More than doubled the geographic area desired for preservation from the original 16,460 acres to 35,830 acres.

Expanded the amount of city owned land in the McDowell Sonoran Preserve which now totals 8,348 acres and began to take on preserve management responsibilities.

### **Water Resources**

Obtained sufficient water supplies to meet the 100 year Assured Water Supply Rules which guarantees that the City has a long-term supply for all current and committed water demands.

Maintained federal and state environmental quality compliance for the municipal water system, continuing to provide safe water to our customers.

Completed Phases 1 and 2 of the Water Campus and the West Pumpback System, giving the City the capability of reclaiming 12 million gallons per day of its wastewater for irrigation purposes and/or further treatment to drinking water standards for groundwater recharge.

Completed expansion of the CAP Water Treatment Plant from 18 to 50 million gallons per day capacity, allowing increased use of surface water and decreased groundwater mining.

Completed the \$1.2 million upgrade and expansion of the radio telemetry control system used to operate and monitor over 125 sites including the CAP Water Treatment Plant, Wastewater Reclamation Plant, Advanced Water Treatment Plant and the Pumpback system.

### **Municipal Services**

Diverted approximately 45,000 tons of recycling material from the landfill through the Scottsdale Curbside Recycling Program. This is approximately 27% of the residential waste stream, and enabled the City to avoid \$810,000 in landfill tipping fees.

Privatized Via Linda Campus compressed natural gas (CNG) fueling facility. The public/private partnership with Trillium, USA updates the City's alternative fuel capabilities to current technology standards without an up front capital expense. It also gives the City the ability to increase the number of alternative fuel vehicles in its fleet.

Privatized the City's police motorcycle maintenance and repair work program to improve equipment safety and increase staff availability for inventory growth.

Installed an electronic reporting system for the EYES (Employees Yielding Effective Savings) Program. City employees use the program to notify appropriate departments of City property that requires maintenance attention. The new system reduces departmental response time by 7 - 10 days. Quick response times keep routine maintenance situations from becoming safety issues.

Completed 48 capital improvement projects with budgets totaling \$105 million. Major projects completed include CAP Water Treatment Plant Expansion, Raw Water Pump Station, North Wastewater Pump Station, McCormick Railroad Park Improvements, Thompson Peak Parkway Extension.

## FOR THE FUTURE

Plans articulated in the 1999/01 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. Scottsdale's strategic planning process is used by the organization to frame the broad targets (critical objectives) which are important to the Community and City Council. The plan by no means describes everything we do, but it does articulate key objectives to which the entire Executive Team pays attention. The review of existing policies and development of critical objectives are also the basis for the City's strategic budget planning, measuring performance and evaluating proposals for future programs.

Departments use these critical objectives to develop departmental plans with specific strategies, tactics and due dates which will be tracked over the coming two years. These critical objectives are also shared widely with every member of this organization, and each of us is challenged to look for ways in which our respective jobs contribute to one or more of the objectives. The following are the Critical Objectives identified in Scottsdale's Strategic Plan for the 1999/01 Biennial Budget period:

**To provide simply better service** - "Emphasize our core strength; service delivery to our citizens and visitors, putting our customers first, and doing common things uncommonly well."

**To actively listen to our citizens** - "Proactively seek opportunities for informed community dialogue and involvement."

**To be a learning organization** - "Develop a high performing, learning organization that adapts and excels in a rapidly changing world."

**To be the best place to live** - "Preserve the quality of everyday life and sense of community through the promotion of safe and healthy neighborhoods and the positive development of people of all ages."

**To be safe and secure** - "Be proactive in the pursuit of community security and public safety through the integration of City and community resources."

**To be economically healthy** - "Continue to strengthen our economic and fiscal vitality and ensure that the community's economic base grows at a faster rate than population."

**To be a travel friendly community** - "Aggressively facilitate improvements in our transportation systems."

**To be a sustainable community** - "Implement a strategic approach to land use, open space, infrastructure and development; to preserve and enhance the unique character of Scottsdale."

**To be a smart community** - "Scottsdale will be nationally recognized as a Smart Community, fully embracing the capabilities and opportunities of the Information Age."

## 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, 1999, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Budgetary Control.** The City also maintains budgetary controls. The objective of these controls is to ensure compliance with budgetary and legal provisions embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the total budget, as adopted.

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

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

**General Governmental Functions.** The following schedule presents a summary of the General, Special Revenue, Debt Service, and Capital Projects Funds revenues for the fiscal year ended June 30, 1999, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues (in thousands of dollars)					
Classification	1999 Amount	Percent of Total	Increase (Decrease) From 1998 Amounts	Percentage Increase (Decrease) From 1998	
Taxes	\$ 141,067	54.3%	\$14,798	11.7%	
Intergovernmental	48,708	18.7%	5,233	12.0%	
Grants	6,212	2.4%	52	0.8%	
Special Assessments	4,357	1.7%	(570)	-11.6%	
Licenses	1,237	0.5%	130	11.7%	
Charges for Services	17,227	6.6%	(1,102)	-6.0%	
Fines and Forfeitures	5,192	2.0%	918	21.5%	
Use of Money and Property	10,424	4.0%	(541)	-4.9%	
Reimbursements from Outside Sources	6,461	2.5%	657	11.3%	
Streetlight and Services Districts	964	0.4%	406	72.8%	
Other	18,025	6.9%	2,865	18.9%	
<b>Total</b>	<b>\$ 259,874</b>	<b>100.0%</b>	<b>\$22,846</b>	<b>9.6%</b>	

The increase in General Governmental revenues was a result of Scottsdale's continued strong economy. Taxes led by construction, automotive sales, and retail sales continue to increase at a double digit rate. Intergovernmental revenues also reflects a strong economy with the State passing on large gains in State Shared Privilege Tax. Special Assessments decreased as a result of a decrease in the number of new assessment districts being formed. Licenses increased because of the addition of false alarm revenue that was implemented this year. Fines and Forfeitures increased as a result of a tax intercept program implemented to recover court fines and additional locations installed for photo radar.

Reimbursements from Outside Sources increased due to developer contributions to the Community Facilities Districts. The Streetlight and Services Districts increase is due to the addition of an Enhanced Services District in this fiscal year. Other revenues increased due to the closing of some clearing account balances to revenue and a refund of long-term disability insurance payments.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 1999, and the amount and percentage of increases and decreases in relation to prior year expenditures.

General Government expenditures increased because of the cost of the addition of the Office of Diversity and Dialogue, repair and maintenance activity at WestWorld, and an expanded citizen outreach program. Transportation expenditures increased because of expanded transit services. Community Services expenditures increased as a result of additional programs for children on school breaks,

Expenditures (in thousands of dollars)				
Department	1999 Amount	Percent of Total	Increase (Decrease) From 1998 Amounts	Percentage Increase (Decrease) From 1998
General Government	\$15,074	3.9%	\$1,865	14.1%
Police	37,752	9.8%	2,659	7.6%
Financial Services	6,359	1.6%	376	6.3%
Transportation	6,999	1.8%	1,236	21.4%
Community Services	40,758	10.5%	4,442	12.2%
Information Systems	7,357	1.9%	1,239	20.3%
Planning & Development	18,419	4.8%	1,329	7.8%
Fire	12,844	3.3%	1,027	8.7%
Municipal Services	9,077	2.3%	1,475	19.4%
Streetlight and Services Districts	966	0.3%	517	115.1%
Capital Improvements	175,652	45.4%	114,144	185.6%
Debt Service	55,778	14.4%	11,053	24.7%
<b>Total</b>	<b>\$387,035</b>	<b>100.0%</b>	<b>\$141,362</b>	<b>57.5%</b>

increased joint use library availability, and the development of a program for youth at risk. Information Systems increases are a result of expenditures necessary for the Year 2000 Compliance Program and expansion of Geographic Information Systems. Municipal Services expenditures increased due to an increased level of street overlay activity. Streetlight and Services Districts added a new Enhanced Services District that accounted for the increased expenditures. Capital Improvements expenditures increased because of a significant amount of land purchased under the Scottsdale Preserve Authority. Debt Service expenditures increased because of the sale of voter authorized General Obligation Bonds, increased contractual debt for a parking garage, and contractual debt issued for land purchases by the Scottsdale Preserve Authority.

**General Governmental Fund Balances.** Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unexpended appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 1999, compared to the prior year.

The General Fund balance increased primarily as a result of continued strong revenue growth. The Highway User Fund balance decreased as a result of expenditures made for increased transit routes and service levels. The Grants fund balance decreased as a result of reimbursements under dispute. 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.

Total Fund Balances (Deficit) (in thousand of dollars)					
Fund	June 30, 1998		June 30, 1999		Increase (Decrease)
General	\$	60,253	\$	62,659	\$ 2,406
Special Revenue:					
Highway User		460		37	(423)
Community Development					
Home		-		-	-
Grants		305		(114)	(416)
Section 8		(234)		(211)	23
Preserve Tax				1,211	1,211
Transportation Tax		-		623	623
Debt Service		10,953		13,218	2,265
Capital Projects		87,142		102,634	15,492
<b>Total</b>	<b>\$</b>	<b>158,879</b>	<b>\$</b>	<b>180,060</b>	<b>\$ 21,181</b>

**Proprietary Funds.** Scottsdale's proprietary funds consist of Enterprise Funds and Internal Service Funds.

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

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

Retained Earnings (Accumulated Deficit) (in thousands of dollars)			
Fund	June 30, 1998	June 30, 1999	Increase (Decrease)
Water and Sewer Utility	\$196,218	\$224,149	\$27,931
Airport	540	290	(250)
Solid Waste	1,026	1,687	661
Fleet Management	11,099	15,701	4,602
Self-Insurance	(2,626)	(620)	2,006
<b>Total</b>	<b>\$206,257</b>	<b>\$241,207</b>	<b>\$34,950</b>

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

The retained earnings increase for the Water and Sewer Utility Fund is due to a combination of customer base increases, service rate increases and increased usage because of dry weather. Water and Sewer retained earnings is intended to provide financial reserves for infrastructure repair and replacement as well as funding for

significant infrastructure expansion needs for the future. The Airport retained earnings decreased because of grant expenses for which revenue had been received previously. Solid Waste retained earnings increased due to customer base increases and service rate increases.



The Fleet Management Fund retained earnings continue to increase because of the City's policy of requiring operating transfers to fund new vehicle purchases. The retained earnings will be used to replace these vehicles in subsequent years. The Self-Insurance Fund increased due to a favorable claim year and a contribution from the General Fund to help fund the Self-Insurance Reserve.

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

**Debt Administration.** At June 30, 1999, the City had outstanding debt issues of \$590,878,000. The chart shows the breakdown.

During the 1998/99 fiscal year, \$25,200,000 general obligation bonds, \$50,000,000 Water/Sewer Revenue Bonds, \$9,150,000 Municipal Property Bonds, \$77,000,000 Scottsdale Preserve Authority Bonds, \$1,556,000 Special Assessment Bonds and Contracts Payable, \$7,975,000 Community Facility District Bonds were issued, as well as \$3,960,000 in contractual debt and \$28,750,000 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.

Debt (in thousands of dollars)	Principal Balance June 30, 1999
General Obligation Bonds	\$215,478
Revenue Bonds	101,487
Scottsdale Municipal Property Corporation Bonds	80,190
Preserve Authority Bonds	95,860
Special Assessment Bonds	15,466
Community Facilities District Bonds	33,250
Contracts	20,397
Capital Leases	28,750
<b>Total</b>	<b>\$590,878</b>

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, 1999, the City's 20 percent debt limitation was \$420,470,000, providing a debt margin of \$307,067,000, and the 6 percent debt limitation was \$126,141,000, providing a debt margin of \$32,824,000.

**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 1998/99 fiscal year was 5.37 percent, and the average daily investment balance was \$291,863,000.

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, 1999 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 1999. The auditors' report is included in the financial section of this report.

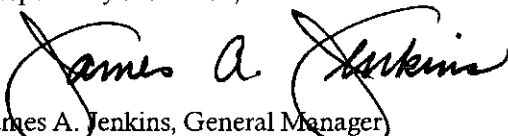
In addition to this report, the auditors were also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements for non-Federal entities that administer Federal awards and implement the Single Audit Act amendments of 1996. Due to the size and complexity of the City's financial system, the single audit report is issued separately from this financial report. Copies are available upon request.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Scottsdale for its comprehensive annual financial report for the fiscal year ended June 30, 1998. This was the 26th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Scottsdale,  
Arizona

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1998

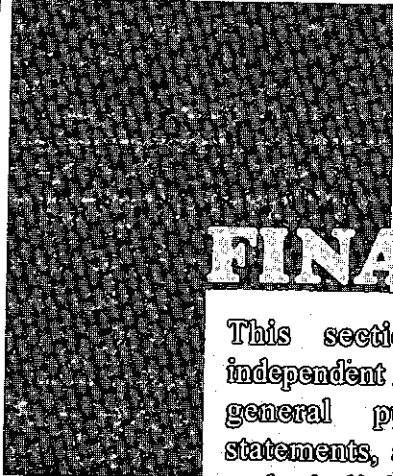
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Douglas R. Ellsworth*  
President

*Jeffrey L. Essler*  
Executive Director

Comprehensive Annual  
Fiscal  
Year 1998/99  
Financial Report



**FINANCIAL**

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.



City of Scottsdale, Arizona

**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, 1999, 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. The financial statements of Scottsdale Water Service Company Limited Partnership 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 the financial statements of Scottsdale Water Service Company Limited Partnership. 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, 1999, 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, 1999, 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.

The year 2000 supplementary information on page 102 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and did not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the City is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

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 24, 1999 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 24, 1999



Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit

Exhibit A-1

June 30, 1999 (in thousands of dollars)  
with Comparative Totals for June 30, 1998 (Primary Government Only)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>ASSETS AND OTHER DEBITS</b>						
Cash and Short-Term Investments	\$ 14,739	\$ 1,977	\$ 43,721	\$ 105,518	\$ 107,616	\$ 19,498
Investments	51,089	-	420	-	196	-
Prepaid Expense	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Accrued Interest	509	83	6	562	1,161	69
Privilege Tax	2,695	1,751	-	-	-	-
Hotel/Motel Tax	343	-	-	-	-	-
Fire Premium Tax	-	-	-	-	-	-
Property Tax	959	-	347	-	-	-
Special Assessments	-	-	12,731	-	-	-
State Shared Sales Tax	1,178	-	-	-	-	-
Fuel Tax	-	1,563	-	-	-	-
Grants	-	923	-	-	-	-
Accounts	-	-	-	-	12,644	-
Note	-	-	-	-	-	-
Miscellaneous	1,119	-	-	100	573	59
Deferred Issuance Costs, Net of Accumulated Amortization	-	-	-	-	-	-
Due from County Treasurer	-	-	126	-	-	-
Due from Other Funds	866	-	-	-	-	-
Supplies Inventory	489	-	-	-	-	320
Restricted Cash and Investments	-	-	-	-	18,975	-
Equity in Joint Venture	-	-	-	-	25,019	-
Property, Plant, and Equipment, Net of Accumulated Depreciation	-	-	-	-	537,496	16,159
Excess Purchase Price over Fair Market Value of Assets Acquired, Net	-	-	-	-	305	-
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>\$ 73,986</b>	<b>\$ 6,297</b>	<b>\$ 57,351</b>	<b>\$ 106,180</b>	<b>\$ 703,985</b>	<b>\$ 36,105</b>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts Payable	\$ 1,975	\$ 838	\$ -	\$ 3,304	\$ 8,302	\$ 71
Accrued Payroll	8,198	224	-	-	1,237	413
Claims Payable	-	-	-	-	-	8,143
Designated Escrow Payable	-	-	-	-	-	-
Due to Other Funds	-	809	-	-	57	-
Contracts Payable - Current Portion	-	-	-	-	291	-
Bond Interest Payable	-	562	9,563	-	3,403	-
Bonds Payable - Current Portion	-	1,980	18,815	-	7,315	-
Deferred Revenue						
Property Tax	789	-	19	-	-	-
Special Assessments	-	-	12,732	-	-	-
Other	343	335	3,000	-	3,126	-
Guaranty and Other Deposits	-	-	-	-	-	-
Other	22	-	4	242	4,637	-
Funds Held for Defeasance	-	-	-	-	-	-
Long-Term Debt (Net of Current Portion)	-	-	-	-	110,798	-
<b>Total Liabilities</b>	<b>11,327</b>	<b>4,748</b>	<b>44,133</b>	<b>3,546</b>	<b>139,166</b>	<b>8,627</b>
Equity and Other Credits						
Contributed Capital, Net of Accumulated Depreciation	-	-	-	-	338,693	12,397
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings (Accumulated Deficit)						
Reserved for						
Water and Sewer System Replacement	-	-	-	-	10,697	-
Acquisition and Construction	-	-	-	-	8,278	-
Unreserved	-	-	-	-	207,151	15,081
Unreserved Minority Interest	-	-	-	-	-	-
Fund Balances						
Reserved for						
Streetlight and Services Districts	893	-	-	-	-	-
Debt Service	-	-	13,218	-	-	-
Unreserved	61,766	1,549	-	102,634	-	-
<b>Total Equity and Other Credits</b>	<b>62,659</b>	<b>1,549</b>	<b>13,218</b>	<b>102,634</b>	<b>564,819</b>	<b>27,478</b>
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$ 73,986</b>	<b>\$ 6,297</b>	<b>\$ 57,351</b>	<b>\$ 106,180</b>	<b>\$ 703,985</b>	<b>\$ 36,105</b>

SEE NOTES TO FINANCIAL STATEMENTS



Fiduciary Fund Type	Accounts Groups		Totals (Memorandum Only)		Component Unit Scottswater Company, Inc. June 30, 1999	Totals (Memorandum Only)	
	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government		Reporting Entity June 30, 1999	
				June 30, 1999			June 30, 1998
\$ 11,138	\$ -	\$ -	\$ 304,207	\$ 254,551	\$ 3,330	\$ 307,537	
-	-	-	51,705	20,841	-	51,705	
-	-	-	-	52	-	-	
17	-	-	2,407	2,788	-	2,407	
-	-	-	4,446	3,870	-	4,446	
-	-	-	343	368	-	343	
-	-	-	-	157	-	-	
-	-	-	1,306	1,013	-	1,306	
-	-	-	12,731	17,309	-	12,731	
-	-	-	1,178	1,082	-	1,178	
-	-	-	1,563	1,320	-	1,563	
-	-	-	923	884	-	923	
-	-	-	12,644	10,162	214	12,858	
4,000	-	-	4,000	4,000	-	4,000	
670	-	-	2,521	1,932	-	2,521	
-	-	-	-	-	551	551	
-	-	-	126	-	-	126	
-	-	-	866	2,593	-	866	
-	-	-	809	708	-	809	
-	-	-	18,975	18,786	-	18,975	
-	-	-	25,019	23,879	-	25,019	
-	1,750,562	-	2,304,217	2,053,882	939	2,305,156	
-	-	-	305	325	372	677	
-	-	13,218	13,218	10,953	-	13,218	
-	-	470,342	470,342	346,285	-	470,342	
<u>\$ 15,825</u>	<u>\$ 1,750,562</u>	<u>\$ 483,560</u>	<u>\$ 3,233,851</u>	<u>\$ 2,777,740</u>	<u>\$ 5,406</u>	<u>\$ 3,239,257</u>	
\$ 411	\$ -	\$ -	\$ 14,901	\$ 10,278	\$ 311	\$ 15,212	
-	-	-	10,072	8,733	-	10,072	
-	-	-	8,143	7,848	-	8,143	
70	-	-	70	23	-	70	
-	-	-	866	2,593	-	866	
-	-	-	291	1,259	-	291	
-	-	-	13,528	10,134	-	13,528	
-	-	-	28,110	19,470	-	28,110	
-	-	-	808	677	-	808	
-	-	-	12,732	17,310	-	12,732	
4,160	-	-	10,964	11,200	-	10,964	
5,257	-	-	5,257	6,102	-	5,257	
-	-	-	4,905	4,350	-	4,905	
-	-	-	-	429	-	-	
-	-	483,560	594,358	425,567	17,090	611,448	
9,898	-	483,560	705,005	525,973	17,401	722,406	
-	-	-	351,090	313,771	3,600	354,690	
-	1,750,562	-	1,750,562	1,566,213	-	1,750,562	
-	-	-	10,697	8,911	-	10,697	
-	-	-	8,278	9,875	-	8,278	
-	-	-	222,232	187,471	(342)	221,890	
-	-	-	-	-	(15,253)	(15,253)	
-	-	-	893	894	-	893	
-	-	-	13,218	10,953	-	13,218	
5,927	-	-	171,876	153,679	-	171,876	
5,927	1,750,562	-	2,528,846	2,251,767	(11,995)	2,516,851	
<u>\$ 15,825</u>	<u>\$ 1,750,562</u>	<u>\$ 483,560</u>	<u>\$ 3,233,851</u>	<u>\$ 2,777,740</u>	<u>\$ 5,406</u>	<u>\$ 3,239,257</u>	

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
All Governmental Fund Types and Expendable Trust Fund**

Exhibit A-2

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1998

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1999	June 30, 1998
<b>Revenues</b>							
Taxes - Local	\$ 82,654	\$ 27,600	\$ 30,813	\$ -	\$ -	\$ 141,067	\$ 126,269
Taxes - Intergovernmental	30,234	18,474	-	-	-	48,708	43,475
Grants	-	6,212	-	-	-	6,212	6,160
Special Assessments	-	-	4,357	-	-	4,357	4,927
Licenses	1,237	-	-	-	-	1,237	1,107
Charges for Current Services	17,227	-	-	-	-	17,227	18,329
Fines and Forfeitures	5,192	-	-	-	-	5,192	4,274
Use of Money and Property	5,590	533	458	3,843	116	10,540	11,128
Developer Contributions	-	-	654	1,006	-	1,660	3,001
Reimbursements from Outside Sources	-	-	-	4,801	-	4,801	2,803
Streetlight and Services Districts	964	-	-	-	-	964	558
Other	16,847	8	280	890	6,698	24,723	18,711
<b>Total Revenues</b>	<b>159,945</b>	<b>52,827</b>	<b>36,562</b>	<b>10,540</b>	<b>6,814</b>	<b>266,688</b>	<b>240,742</b>
<b>Expenditures</b>							
Current Operating Departments							
General Government	14,992	82	-	-	-	15,074	13,209
Police	36,737	1,015	-	-	-	37,752	35,093
Financial Services	6,359	-	-	-	-	6,359	5,983
Transportation	-	6,999	-	-	-	6,999	5,763
Community Services	34,210	6,548	-	-	-	40,758	36,316
Information Systems	7,221	136	-	-	-	7,357	6,118
Planning and Development	18,419	-	-	-	-	18,419	17,090
Fire	12,844	-	-	-	-	12,844	11,817
Municipal Services	1,248	7,829	-	-	-	9,077	7,602
Streetlight and Services Districts	966	-	-	-	-	966	449
Expendable Trusts	-	-	-	-	6,848	6,848	1,787
Capital Improvements	-	-	-	175,652	-	175,652	61,508
Debt Service							
Principal	1,982	2,460	23,674	-	-	28,116	25,628
Interest and Fiscal Charges	2,201	1,598	21,314	-	-	25,113	19,068
Advanced Refunding Escrow	-	-	1,986	-	-	1,986	-
Refunding Bond Issuance Costs	-	-	563	-	-	563	-
Other	-	-	-	-	-	-	29
<b>Total Expenditures</b>	<b>137,179</b>	<b>26,667</b>	<b>47,537</b>	<b>175,652</b>	<b>6,848</b>	<b>393,883</b>	<b>247,460</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>22,766</b>	<b>26,160</b>	<b>(10,975)</b>	<b>(165,112)</b>	<b>(34)</b>	<b>(127,195)</b>	<b>(6,718)</b>
<b>Other Sources (Uses)</b>							
Operating Transfers In	3,193	194	12,222	36,146	5	51,760	19,528
Operating Transfers Out	(23,553)	(25,336)	(149)	(4,231)	(501)	(53,770)	(20,711)
Bond Proceeds	-	-	503	119,672	-	120,175	27,546
Refunding Bond Proceeds	-	-	20,475	-	-	20,475	19,900
Bond Premium	-	-	-	30	-	30	770
Payment to Refunded Debt Escrow Agent	-	-	(19,662)	-	-	(19,662)	(20,492)
Proceeds of Contract Payable	-	-	-	-	-	-	10,000
Proceeds from Capital Lease	-	-	-	28,750	-	28,750	-
Proceeds from Sale of Real Estate	-	-	-	794	-	794	-
<b>Total Other Sources (Uses)</b>	<b>(20,360)</b>	<b>(25,142)</b>	<b>13,389</b>	<b>181,161</b>	<b>(496)</b>	<b>148,552</b>	<b>36,541</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,406</b>	<b>1,018</b>	<b>2,414</b>	<b>16,049</b>	<b>(530)</b>	<b>21,357</b>	<b>29,823</b>
<b>Fund Balances July 1, 1998 as Previously Reported</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>135,953</b>
<b>Cumulative Effect of Change in Accounting Principle</b>	<b>-</b>	<b>(190)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190)</b>	<b>-</b>
<b>Fund Balance July 1, 1998 as Restated</b>	<b>60,253</b>	<b>531</b>	<b>10,953</b>	<b>87,142</b>	<b>6,457</b>	<b>165,336</b>	<b>135,953</b>
<b>Residual Equity Transfer In (Out)</b>	<b>-</b>	<b>-</b>	<b>(149)</b>	<b>(557)</b>	<b>-</b>	<b>(706)</b>	<b>(250)</b>
<b>Fund Balances June 30, 1999</b>	<b>\$ 62,659</b>	<b>\$ 1,549</b>	<b>\$ 13,218</b>	<b>\$ 102,634</b>	<b>\$ 5,927</b>	<b>\$ 185,987</b>	<b>\$ 165,526</b>

SEE NOTES TO FINANCIAL STATEMENTS

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

**Exhibit A-3**

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	General Fund			Special Revenue Funds			Debt Service Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>												
Taxes - Local	\$ 82,959	\$ 82,654	\$ (305)	\$ 28,211	\$ 27,600	\$ (611)	\$ 30,606	\$ 29,649	\$ (957)	\$ 141,776	\$ 139,903	\$ (1,873)
Taxes - Intergovernmental	30,207	30,234	27	17,710	18,474	764	-	-	-	47,917	48,708	791
Special Assessments	-	-	-	-	-	-	5,688	4,357	(1,331)	5,688	4,357	(1,331)
Licenses	1,276	1,237	(39)	-	-	-	-	-	-	1,276	1,237	(39)
Charges for Current Services	17,147	17,227	80	-	-	-	-	-	-	17,147	17,227	80
Fines and Forfeitures	5,022	5,192	170	-	-	-	-	-	-	5,022	5,192	170
Use of Money and Property	7,480	5,590	(1,890)	-	523	523	150	92	(58)	7,630	6,205	(1,425)
Other	3,700	3,930	230	-	-	-	304	280	(24)	4,004	4,210	206
<b>Total Revenues</b>	<b>147,791</b>	<b>146,064</b>	<b>(1,727)</b>	<b>45,921</b>	<b>46,597</b>	<b>676</b>	<b>36,748</b>	<b>34,378</b>	<b>(2,370)</b>	<b>230,460</b>	<b>227,039</b>	<b>(3,421)</b>
<b>Expenditures</b>												
<b>Current Operating Departments</b>												
General Government	15,570	14,970	600	-	-	-	-	-	-	15,570	14,970	600
Police	36,833	36,596	237	-	-	-	-	-	-	36,833	36,596	237
Financial Services	7,096	6,342	754	-	-	-	-	-	-	7,096	6,342	754
Transportation	-	-	-	7,905	6,527	1,378	-	-	-	7,905	6,527	1,378
Community Services	35,036	34,161	875	1,652	1,627	25	-	-	-	36,688	35,788	900
Information Systems	7,207	7,207	-	-	-	-	-	-	-	7,207	7,207	-
Planning & Development	19,118	18,339	779	-	-	-	-	-	-	19,118	18,339	779
Fire	12,843	12,843	-	-	-	-	-	-	-	12,843	12,843	-
Municipal Services	1,282	1,201	81	8,433	7,807	626	-	-	-	9,715	9,008	707
<b>Debt Service</b>												
Principal	4,303	1,982	2,321	2,460	2,460	-	20,143	23,254	(3,111)	26,906	27,696	(790)
Interest and Fiscal Charges	199	2,201	(2,002)	1,598	1,598	-	27,005	19,735	7,270	28,802	23,534	5,268
<b>Total Expenditures</b>	<b>139,487</b>	<b>135,842</b>	<b>3,645</b>	<b>22,048</b>	<b>20,019</b>	<b>2,029</b>	<b>47,148</b>	<b>42,989</b>	<b>4,159</b>	<b>208,683</b>	<b>198,850</b>	<b>9,833</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>8,304</b>	<b>10,222</b>	<b>1,918</b>	<b>23,873</b>	<b>26,578</b>	<b>2,705</b>	<b>(10,400)</b>	<b>(8,611)</b>	<b>1,789</b>	<b>21,777</b>	<b>28,189</b>	<b>6,412</b>
<b>Other Sources (Uses)</b>												
Operating Transfers In	17,649	12,917	(4,732)	3,384	194	(3,190)	13,557	12,222	(1,335)	34,590	25,333	(9,257)
Operating Transfers Out	(25,953)	(23,553)	2,400	(27,257)	(25,336)	1,921	-	-	-	(53,210)	(48,889)	4,321
<b>Total Other Sources (Uses)</b>	<b>(8,304)</b>	<b>(10,636)</b>	<b>(2,332)</b>	<b>(23,873)</b>	<b>(25,142)</b>	<b>(1,269)</b>	<b>13,557</b>	<b>12,222</b>	<b>(1,335)</b>	<b>(18,620)</b>	<b>(23,556)</b>	<b>(4,936)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>(414)</b>	<b>(414)</b>	<b>-</b>	<b>1,436</b>	<b>1,436</b>	<b>3,157</b>	<b>3,611</b>	<b>454</b>	<b>3,157</b>	<b>4,633</b>	<b>1,476</b>
Encumbrances Cancelled	-	3,190	3,190	-	204	204	-	-	-	-	3,394	3,394
Fund Balances July 1, 1998	-	1,615	1,615	-	150	150	-	7,554	7,554	-	9,319	9,319
<b>Fund Balances June 30, 1999</b>	<b>\$ -</b>	<b>\$ 4,391</b>	<b>\$ 4,391</b>	<b>\$ -</b>	<b>\$ 1,790</b>	<b>\$ 1,790</b>	<b>\$ 3,157</b>	<b>\$ 11,165</b>	<b>\$ 8,008</b>	<b>\$ 3,157</b>	<b>\$ 17,346</b>	<b>\$ 14,189</b>

SEE NOTES TO FINANCIAL STATEMENTS

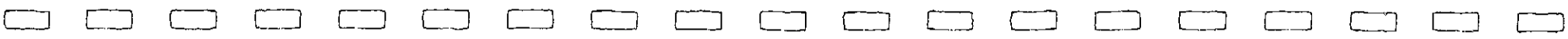
**Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit) - All Proprietary Fund Types, and Discretely Presented Component Unit**

**Exhibit A-4**

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)  
 With Comparative Totals for the Fiscal Year Ended June 30, 1998 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1999	June 30, 1998	Scottswater Company, Inc.	Reporting Entity
					June 30, 1999	June 30, 1999
Operating Revenues						
Water Service Fees	\$ 51,549	\$ -	\$ 51,549	\$ 46,825	\$ 2,870	\$ 54,419
Sewer Service Fees	18,330	-	18,330	16,335	-	18,330
Reclaimed Water Distribution	4,045	-	4,045	3,399	-	4,045
Groundwater Treatment Plant	1,427	-	1,427	871	-	1,427
Solid Waste Fees	13,951	-	13,951	12,931	-	13,951
Airport Fees	1,020	-	1,020	1,061	-	1,020
Billings to User Programs	-	14,537	14,537	12,900	-	14,537
Other	2,485	215	2,700	2,297	-	2,700
<b>Total Operating Revenues</b>	<b>92,807</b>	<b>14,752</b>	<b>107,559</b>	<b>96,619</b>	<b>2,870</b>	<b>110,429</b>
Operating Expenses						
Water Operations	25,920	-	25,920	21,089	1,284	27,204
Sewer Operations	8,512	-	8,512	8,648	-	8,512
Solid Waste Operations	11,027	-	11,027	9,480	-	11,027
Airport Operations	1,180	-	1,180	1,062	-	1,180
Fleet Management Operations	-	4,928	4,928	4,834	-	4,928
Self-Insurance Administration	-	1,170	1,170	1,181	-	1,170
Self-Insurance Claims	-	2,167	2,167	4,578	-	2,167
Indirect Costs	7,123	-	7,123	6,270	-	7,123
In-Lieu Property Tax	2,136	-	2,136	1,871	-	2,136
Franchise Fees	3,657	-	3,657	3,440	-	3,657
Depreciation and Amortization	13,269	3,064	16,333	12,484	146	16,479
<b>Total Operating Expenses</b>	<b>72,824</b>	<b>11,329</b>	<b>84,153</b>	<b>74,937</b>	<b>1,430</b>	<b>85,583</b>
Operating Income	\$ 19,983	\$ 3,423	\$ 23,406	\$ 21,682	\$ 1,440	\$ 24,846

SEE NOTES TO FINANCIAL STATEMENTS



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

**Exhibit A-4**  
(continued)

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

With Comparative Totals for the Fiscal Year Ended June 30, 1998 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1999	June 30, 1998	Scottswater Company, Inc. June 30, 1999	Reporting Entity June 30, 1999
Non-Operating Revenues (Expenses)						
Property Tax	\$ -	\$ 633	\$ 633	\$ 856	\$ -	\$ 633
Investment Income	6,271	781	7,052	7,900	175	7,227
Gain on Sale of Fixed Assets	-	139	139	-	-	139
Interest Expense	(4,750)	-	(4,750)	(3,535)	(630)	(5,380)
Litigation Recovery	927	-	927	914	-	927
Net Non-Operating Revenues (Expenses)	2,448	1,553	4,001	6,135	(455)	3,546
Operating Transfers In	584	1,632	2,216	1,586	-	2,216
Operating Transfers Out	(206)	-	(206)	(402)	-	(206)
Net Operating Transfers In	378	1,632	2,010	1,184	-	2,010
Net Income	22,809	6,608	29,417	29,001	985	30,402
Add Depreciation on Fixed Assets Acquired By Contributed Capital	5,533	-	5,533	5,104	-	5,533
Increase In Retained Earnings	28,342	6,608	34,950	34,105	985	35,935
Retained Earnings (Accumulated Deficit) July 1, 1998	197,784	8,473	206,257	172,152	(16,580)	189,677
Retained Earnings (Accumulated Deficit) June 30, 1999	\$ 226,126	\$ 15,081	\$ 241,207	\$ 206,257	\$ (15,595)	\$ 225,612

SEE NOTES TO FINANCIAL STATEMENTS

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

Exhibit A-5

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

With Comparative Totals for the Fiscal Year Ended June 30, 1998 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1999	June 30, 1998	Scottswater Company, Inc. June 30, 1999	Reporting Entity June 30, 1999
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ 19,983	\$ 3,423	\$ 23,406	\$ 21,682	\$ 1,440	\$ 24,846
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:						
Depreciation/Amortization	13,269	3,064	16,333	12,484	146	16,479
Litigation Recovery	927	-	927	914	-	927
Changes in Assets and Liabilities						
Sources (Uses) of Cash:						
Accounts Receivable	(2,482)	-	(2,482)	504	(214)	(2,696)
Miscellaneous Receivables	(28)	-	(28)	923	8	(20)
Supplies Inventory	-	(27)	(27)	34	-	(27)
Accounts Payable	1,818	(45)	1,773	1,104	36	1,809
Accrued Payroll	185	22	207	(1,416)	-	207
Due to General Fund	(1,952)	-	(1,952)	2,009	-	(1,952)
Claims Payable	-	296	296	1,482	-	296
Deferred Revenue	(689)	-	(689)	(914)	-	(689)
Other Liabilities	30	-	30	83	-	30
Total Adjustments	11,078	3,310	14,388	17,207	(24)	14,364
Net Cash Provided By Operating Activities	\$ 31,061	\$ 6,733	\$ 37,794	\$ 38,889	\$ 1,416	\$ 39,210

SEE NOTES TO FINANCIAL STATEMENTS

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

**Exhibit A-5**

(continued here and on following page)

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)  
 With Comparative Totals for the Fiscal Year Ended June 30, 1998 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1999	June 30, 1998	Scottswater Company, Inc. June 30, 1999	Reporting Entity June 30, 1999
Cash Flows from Non-Capital Financing Activities:						
Operating Transfers In	\$ 584	\$ 1,632	\$ 2,216	\$ 1,586	\$ -	\$ 2,216
Operating Transfers Out	(206)	-	(206)	(402)	-	(206)
Property Tax	-	633	633	856	-	633
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>378</b>	<b>2,265</b>	<b>2,643</b>	<b>2,040</b>	<b>-</b>	<b>2,643</b>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Property and Equipment	(75,614)	(3,021)	(78,635)	(121,684)	-	(78,635)
Sale of Fixed Assets	-	342	342	-	-	342
Principal Payments on Long-Term Debt	(5,410)	-	(5,410)	(6,504)	(1,090)	(6,500)
Interest Paid on Long-Term Debt	(2,709)	-	(2,709)	(2,309)	(587)	(3,296)
Capital Contributions from Other Government Units	3,705	-	3,705	1,126	-	3,705
Other	1,419	-	1,419	-	-	1,419
Water and Sewer Development Fees	32,723	-	32,723	27,463	-	32,723
Prepaid Expense	52	-	52	114	-	52
Bond Proceeds	50,000	-	50,000	20,000	-	50,000
<b>Net Cash Used For Capital and Related Financing Activities</b>	<b>4,166</b>	<b>(2,679)</b>	<b>1,487</b>	<b>(81,794)</b>	<b>(1,677)</b>	<b>(190)</b>
Cash Flows from Investing Activities:						
Purchase of Investments	-	-	-	(196)	(5,836)	(5,836)
Proceeds from Sale of Investments	-	-	-	-	6,315	6,315
Income Received on Investments	6,381	845	7,226	7,277	107	7,333
<b>Net Cash Provided By Investing Activities</b>	<b>6,381</b>	<b>845</b>	<b>7,226</b>	<b>7,081</b>	<b>586</b>	<b>7,812</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>41,986</b>	<b>7,164</b>	<b>49,150</b>	<b>(33,784)</b>	<b>325</b>	<b>49,475</b>
Cash and Cash Equivalents at Beginning of Year	84,605	12,334	96,939	130,723	3,005	99,944
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 126,591</b>	<b>\$ 19,498</b>	<b>\$ 146,089</b>	<b>\$ 96,939</b>	<b>\$ 3,330</b>	<b>\$ 149,419</b>

SEE NOTES TO FINANCIAL STATEMENTS

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

Exhibit A-5  
(continued)

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1998 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 1999	June 30, 1998	Scottswater Company, Inc. June 30, 1999	Reporting Entity June 30, 1999
Cash and Cash Equivalents						
At End of Year Includes:						
Cash and Short-Term Investments	\$ 107,616	\$ 19,498	\$ 127,114	\$ 78,153	\$ 3,330	\$ 130,444
Restricted Cash and Investments	18,975	-	18,975	18,786	-	18,975
<b>Total Cash and Cash Equivalents</b>	<b>\$ 126,591</b>	<b>\$ 19,498</b>	<b>\$ 146,089</b>	<b>\$ 96,939</b>	<b>\$ 3,330</b>	<b>\$ 149,419</b>
Supplemental Disclosure of Noncash Financing Activities:						
Additions to Property, Plant, and Equipment:						
Contributions:						
From Developers	\$ 4,511	\$ -	\$ 4,511	\$ 1,070	\$ -	\$ 4,511
From Other Government Units	-	493	493	459	-	493
Deductions to Interest Expense:						
Accretion	668	-	668	-	-	668
	<b>\$ 5,179</b>	<b>\$ 493</b>	<b>\$ 5,672</b>	<b>\$ 1,529</b>	<b>\$ -</b>	<b>\$ 5,672</b>

SEE NOTES TO FINANCIAL STATEMENTS



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

**Exhibit A-6**

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	<b>Totals</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Water Service Fees	\$ 50,602	\$ 51,549	\$ 947
Sewer Service Fees	18,547	18,330	(217)
Solid Waste Fees	13,852	13,951	99
Airport Fees	937	1,020	83
Property Rental	-	57	57
Interest Earnings	2,847	4,155	1,308
Operating Transfers In	657	584	(73)
Other	2,002	2,588	586
<b>Total Revenues</b>	<b>89,444</b>	<b>92,234</b>	<b>2,790</b>
<b>Expenditures</b>			
Water Operations	28,991	24,482	4,509
Sewer Operations	7,132	6,422	710
Solid Waste Operations	10,809	11,007	(198)
Airport Operations	953	982	(29)
Debt Service and Reserves	15,720	12,279	3,441
Operating Transfers Out	331	205	126
Indirect Costs	6,663	6,663	-
In Lieu Property Tax	2,067	2,067	-
Franchise Fee	3,453	3,453	-
<b>Total Expenditures</b>	<b>76,119</b>	<b>67,560</b>	<b>8,559</b>
<b>Excess of Revenues Over Expenditures</b>	<b>\$ 13,325</b>	<b>\$ 24,674</b>	<b>\$ 11,349</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 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 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, 1998. For additional discussion of the Company and disclosures regarding the amounts presented in the component unit column, refer to Note 21.

## **NOTE 1 - Summary of Significant Accounting Principles (continued)**

### **A. Financial Reporting Entity (continued)**

Separate financial statements of the Company, and the Partnership for the year ended December 31, 1998, may be obtained from the City's Financial Services Department, at 7447 E. Indian School Road, Suite 210, Scottsdale, AZ 85251.

- The City of Scottsdale created the Los Arcos Multipurpose Facilities District on December 17, 1998 to finance the construction of a multi-purpose arena, stadium or similar facility. In a May 18, 1999 election the citizens upheld the formation of the District. The Board of Directors for the District will consist of two members appointed by the governing body of each municipality participating in the District. The District may, with voter approval, use 50 percent of the state sales tax revenue generated by all businesses operating at a multi-purpose facility to finance an arena, entertainment and retail project. The election to allow voters to decide whether to use the state sales tax revenue as a funding source will be held November 2, 1999. As of June 30, 1999, the District had no financial activity.

### **B. Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures or expenses. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the City:

#### **Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities, except those accounted for in proprietary funds, are accounted for through governmental funds.

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

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

- **General**  
The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue**  
Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.
- **Debt Service**  
Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- **Capital Projects**  
Capital Projects Funds account for the resources used to acquire, construct and improve major capital facilities, other than those financed by proprietary funds. Capital Projects Funds allow the City to compile project cost data and demonstrate that legal or contractual requirements, regarding the use of the resources, are fully satisfied.

**NOTE 1 - Summary of Significant Accounting Principles (continued)**

**B. Fund Accounting (continued)**

**Proprietary Fund Types**

Proprietary Funds account for ongoing activities that are similar to those often found in the private sector. All revenues and expenses, including capital construction and issuing and repaying debt, and the assets, liabilities, and equities associated with such business-type activities, are recorded in proprietary funds. The measurement focus of these funds, in contrast with the governmental funds, is on determining net income, financial position, and cash flows.

- **Enterprise**  
Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the expenses of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the City has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy or management control.
- **Internal Service**  
Internal Service Funds account for the financing of goods or services provided by one department or unit to other departments or units of the City, on a cost-reimbursement basis.

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

**Fiduciary Fund Types**

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

- **Expendable Trust Funds**  
The City's Expendable Trust Fund accounts for assets held in a trustee capacity for libraries, the arts, parks, memorials, and other purposes as designated by the donors or by legal restrictions. Both the principal and earnings of these expendable trust funds can be expended for the trusts' intended purposes. Expendable trust funds use the same flow of current financial resources measurement focus and modified accrual basis of accounting used by governmental funds.
- **Non-Expendable Trust Funds**  
The City does not have any non-expendable trust funds as of June 30, 1999.
- **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)**

### **B. Fund Accounting (continued)**

#### **Account Groups**

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

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

### **C. Basis Of Accounting**

The City uses the modified accrual basis of accounting for its governmental and expendable trust funds, and for recording the assets and liabilities of the agency fund. Under the modified accrual basis of accounting, revenue is recorded only when it can be measured and is available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is created—that is, when payment for the event or transaction (such as goods received or services rendered) is expected to draw upon current spendable resources.

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

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

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

### **D. Budget And Budgetary Accounting**

The City prepares a biennial budget that covers fiscal year 1997/98 and 1998/99. The 1998/99 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, Preserve Privilege Tax and Transportation Privilege Tax Special Revenue Funds, Debt Service Funds (except for the Community Facilities Districts Debt Service Fund), and Enterprise Funds. Therefore, these funds have appropriated budgets, and budget to actual information is presented.

The Community Development, Home, Grants, and Section 8 Special Revenue Funds, Community Facilities Districts Funds, Capital Projects Funds, Internal Service Funds, and Trust and Agency Funds have non-appropriated budgets. Accordingly, no comparison of budget to actual is presented in the financial statements for these funds. Budgets for the Community Development, Grants, and Section 8 Funds are established pursuant to the terms of the related grant awards. Budgets for the Community Facilities Districts are established in accordance with Arizona Revised Statutes, which do not require their inclusion in the City budget or adoption by the City Council. Budgets for Capital Projects Funds are established for individual projects and unexpended funds are 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.

**NOTE 1 - Summary of Significant Accounting Principles (continued)**

**D. Budget And Budgetary Accounting (continued)**

- 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 1998/99, there were no supplemental budgetary appropriations to the original budget.
- The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Departmental appropriations may be amended during the year.
- Upon the recommendation of the City Manager, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; and (2) unexpended appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department.
- All expenditure appropriations which have not been expended lapse at year end.

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

**E. Encumbrances**

Beginning July 1, 1998, the City discontinued the use of encumbrance accounting. As such, fund balance amounts are not reserved for purchase orders, contracts, and other commitments. Prior year encumbrance amounts have been restated to conform with the change in policy.

**F. Cash Equivalents**

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

**G. Investments**

GASB Statement No. 31 provides that governmental entities may report all investments at fair value or they may elect to report certain money market investments and participating interest-earning investment contracts at amortized cost. The City has elected to report all investments at fair value. The City's policy is to invest in certificates of deposit, repurchase agreements, direct U.S. Treasury debt, securities guaranteed by the United States Government or any of its agencies, and the State of Arizona Local Government Investment Pool ("LGIP"). The LGIP is overseen by the State of Arizona. The fair value of each share in the LGIP is \$1.

**H. Inventories**

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

**I. General Fixed Assets**

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

**NOTE 1 - Summary of Significant Accounting Principles (continued)**

**I. General Fixed Assets (continued)**

Contributed (donated) fixed assets are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt.

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:

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

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

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

When fixed assets of proprietary fund types are disposed of, the cost and accumulated depreciation or amortization 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.

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

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



**NOTE 1 - Summary of Significant Accounting Principles (continued)**

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

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

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

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

**M. Compensated Absences**

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to a maximum number of hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount unused at year end are forfeited. The City's policy is to pay employees for unused accumulated vacation hours at termination or retirement. Sick leave time can be accumulated without limit. The City's policy, however, is that only those employees hired full-time before July 1, 1982 are paid for unused sick leave at death or retirement. Employees who retire on or after July 1, 1996, and who have accumulated 300 or more hours of sick leave, may elect to apply the value of the sick leave toward their City medical plan premiums. The amount of both types of compensated absences expected to be paid using expendable available financial resources is recorded as a current liability at June 30 in the governmental and proprietary funds. The City calculates this current amount based on vacation taken and an actuarial valuation dated January 1, 1998 for medical leave conversion. The remaining noncurrent amount of compensated absences is recorded in the General Long-Term Debt Account Group (GLTDAG). There is no long-term liability for compensated absences in the proprietary funds.

**N. "Memorandum Only" Comparative Total Columns**

Total columns for the current and prior year for the City (the primary government) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Total columns for the current year only are also presented for the reporting entity (the City and the discretely presented component unit). Certain reclassifications have been made to the prior year columns to conform to the 1999 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. 33 for the year ended June 30, 1999. The statement addresses the timing of recognition of non-exchange transactions. The implementation of this new accounting principle decreased the total beginning fund balance in the Grants Fund by \$190,000.

**NOTE 3 - Budgetary Basis of Accounting**

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

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

- The major differences between the GAAP and budget 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.
- 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 as expenses on the GAAP basis but are recognized as expenses for budget purposes.

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

Total Revenues (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$ 159,945	\$ 52,827	\$ 36,562
Deduct revenues for which appropriated annual budgets are not prepared:			
Streetlight and Services Districts, and Community Facilities Districts	(964)	-	(2,184)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	(6,230)	-
Deduct items recorded as revenues for GAAP purposes that are recorded as operating transfers in, from the Enterprise Fund, for budget purposes:			
Indirect costs	(7,123)	-	-
Franchise fees	(3,657)	-	-
In-lieu property tax	(2,137)	-	-
Total reconciling items	<u>(13,881)</u>	<u>(6,230)</u>	<u>(2,184)</u>
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	<u>\$ 146,064</u>	<u>\$ 46,597</u>	<u>\$ 34,378</u>

**NOTE 3 - Budgetary Basis of Accounting (continued)**

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>	\$ 137,179	\$ 26,667	\$ 47,537
Deduct expenditures of districts/funds for which appropriated budgets are not prepared:			
Streetlight and Services Districts, and Community Facilities Districts	(966)	-	(4,548)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	(6,623)	-
Items recorded as expenditures for GAAP purposes that are not recognized for budget purposes:			
Deduct increase in compensated absences	(371)	(25)	-
Total reconciling items	(1,337)	(6,648)	(4,548)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	<u>\$ 135,842</u>	<u>\$ 20,019</u>	<u>\$ 42,989</u>
<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>	\$ (20,360)	\$ (25,142)	\$ 13,389
Add items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	7,123	-	-
Franchise fees	3,657	-	-
In-lieu property tax	2,137	-	-
Deduct items for which appropriated budgets are not prepared:			
Section 8 Special Revenue Fund - Total Other Sources	-	-	-
Community Facilities Districts - Total other sources	-	-	(1,167)
Transfers	(3,193)	-	-
Total reconciling items	9,724	-	(1,167)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	<u>\$ (10,636)</u>	<u>\$ (25,142)</u>	<u>\$ 12,222</u>
<b>Fund Balance (Deficit) at June 30, 1999 (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>	\$ 62,659	\$ 1,549	\$ 13,218
Add (deduct) total reconciling items previously described for:			
Revenues	(13,881)	(6,230)	(2,184)
Expenditures	1,337	6,648	4,548
Other Sources/(Uses)	9,724	-	(1,167)
Add June 1998 canceled encumbrances	3,190	204	-
Deduct July 1, 1998 fund balance of funds for which appropriated budgets are not prepared:			
Community Facilities Districts	-	-	(3,399)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	(261)	-
Deduct difference in July 1, 1998 GAAP basis fund balance, compared to July 1, 1998 budget basis fund balance. (Difference results from GAAP/budget differences for prior years)	(58,638)	(310)	-
Cumulative Effect of Change in Accounting Principle	-	190	-
Add residual equity transfers out	-	-	149
Total reconciling items	(58,268)	241	(2,053)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	<u>\$ 4,391</u>	<u>\$ 1,790</u>	<u>\$ 11,165</u>

**NOTE 3 - Budgetary Basis of Accounting (continued)**

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

Revenues (in thousands of dollars)	Enterprise
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>	
Operating revenues	\$ 92,807
Non-operating revenues - interest	6,271
Litigation Recovery	927
Operating transfers in	<u>584</u>
Total revenues and transfers in	100,589
Deduct revenue received for non-budgeted funds	(6,239)
Deduct interest earnings on bond funds not recognized as income for budget purposes	<u>(2,116)</u>
Total reconciling items	(8,355)
<b>Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual</b>	<u><u>\$ 92,234</u></u>
<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	\$ 72,824
Non-operating expenses - interest	4,750
Operating transfers out	<u>206</u>
Total expenses and transfers out	77,780
Increase (Deduct) items recorded as GAAP expenses that are not recognized as expenses or transfers for budget purposes:	
Compensated absences	(107)
Depreciation and amortization	(13,269)
Transfers Out	(1)
Add items recorded as expenses for budget purposes that are not recognized as expenses for GAAP purposes:	
Capital outlay	869
Debt service principal payments	7,579
Deduct expenses related to non-budgeted activity	<u>(5,291)</u>
Total reconciling items	<u>(10,220)</u>
<b>Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual</b>	<u><u>\$ 67,560</u></u>

#### **NOTE 4 - Property Tax**

Property taxes are recognized as revenue on the modified accrual basis, i.e., when both measurable and available. Property taxes levied in August 1999 are not available for 1998/99; accordingly, such taxes will not be recognized as revenue until 1999/00. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Delinquent amounts bear interest at the rate of 16 percent. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent.

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1.0 percent of the primary full cash value of such property. In addition, taxes levied for current operation and maintenance expenses on all types of property are limited to a maximum increase of 2.0 percent over the prior year's levy, adjusted for new construction and annexations.

Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

#### **NOTE 5 - Cash and Investments**

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

##### **Deposits**

At June 30, 1999, the book value of the City's deposits was (\$11,718,000), and the bank balance was (\$1,395,694). The \$10,322,306 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 (\$5,189,719) at June 30, 1999. This negative amount represents funds that were included in the City's investment in the State of Arizona Local Government Investment Pool (LGIP) at June 30, 1999, but which were not deposited into the City's servicing bank account on that date. Risk category two 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 \$3,794,025 at June 30, 1999, and were held in the name of the Municipal Property Corporation (MPC). At June 30, 1999, there were no cash balances in risk category three.

##### **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).

**NOTE 5 - Cash and Investments - (continued)**

The City's investments at June 30, 1999, are summarized here. 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, as well as investments held by the MPC's agent in the name of the MPC. At June 30, 1999, there were no investments in risk categories two or three. Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	Risk Category	
	1	Total Fair Value
U.S. Treasury	\$ 8,284	\$ 8,284
U.S. Agency Securities	48,433	48,433
Repurchase Agreements	29,421	29,421
	<u>\$ 86,138</u>	<u>\$ 86,138</u>
LGIP		285,252
Guaranteed Investment Contracts		3,497
Money Market Funds		11,718
<b>Total Investments</b>		<u><u>\$ 386,605</u></u>

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

Note 5		Exhibit A-1	
Total Cash/ Book Value	\$ (11,718)	Cash and Short-Term Investments	
Total Investments	<u>386,605</u>	General Fund	\$ 14,739
Total	<u><u>\$ 374,887</u></u>	Special Revenue Fund	1,977
		Debt Service Fund	43,721
		Capital Projects Fund	105,518
		Enterprise Fund	107,616
		Internal Service Fund	19,498
		Trust and Agency Fund	11,138
		Investments	
		General Fund	51,089
		Debt Service Fund	420
		Enterprise	196
		Restricted Cash and Investments	
		Enterprise Fund	18,975
		Total (Primary Government)	<u><u>\$ 374,887</u></u>

Cash and Investments for Scottswater, Inc. are discussed in Note 21.

**NOTE 6 - Fixed Assets**

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

	Balance 7/1/98	Transfers/ Additions	Transfers/ Deletions	Balance 6/30/99
Land	\$ 111,512	\$ 85,536	\$ (1,758)	\$ 195,290
Buildings and Improvements	201,016	46,814	(698)	247,132
Streets and Storm Drains	1,157,205	59,141	(140)	1,216,206
Machinery and Equipment	43,395	5,568	(5,751)	43,212
Construction in Progress	53,085	20,727	(25,090)	48,722
<b>Total</b>	<b>\$ 1,566,213</b>	<b>\$ 217,786</b>	<b>\$ (33,437)</b>	<b>\$ 1,750,562</b>

General fixed asset construction in progress commitments at June 30, 1999, included as a line item above, were composed of (in thousands of dollars):

	Construction In Progress	Commitments	Budget
Streets	\$ 18,470	\$ 37,908	\$ 56,378
Traffic	846	4,469	5,315
Improvement District	16,401	7,522	23,923
Drain/Flood Control	2,667	11,129	13,796
Parks/Recreation	1,486	3,051	4,537
Specialty Areas	4,102	6,433	10,535
Service Facilities	3,588	3,713	7,301
Public Safety	727	4,120	4,847
Libraries	42	8	50
Transit	393	1,774	2,167
<b>Total</b>	<b>\$ 48,722</b>	<b>\$ 80,127</b>	<b>\$ 128,849</b>

Estimated costs of general fixed assets contributed to the City through June 30, 1999 (in thousands of dollars).

Structures and Improvements	\$3,111
Streets and Storm Drains	25,965

A summary of Proprietary funds fixed assets at June 30, 1999, follows:

(in thousands of dollars)	Enterprise	Internal Service
Land and Land Improvements	\$ 24,035	\$ -
Water Rights	44,538	-
Water System	340,959	-
Sewer System	178,903	-
Buildings and Improvements	6,630	1,448
Motor Vehicles	-	25,365
Machinery and Equipment	6,322	768
Furniture, Fixtures and Office Equipment	789	24
Construction in Progress	47,384	1,110
	649,560	28,715
Accumulated Depreciation	(112,064)	(12,556)
<b>Net Fixed Assets</b>	<b>\$ 537,496</b>	<b>\$ 16,159</b>

**NOTE 6 - Fixed Assets (continued)**

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1999, included as a line item above, were composed of the following (in thousands of dollars):

	<b>Construction</b>		
	<b>In Progress</b>	<b>Commitments</b>	<b>Budget</b>
Enterprise:			
Water System Projects	\$ 9,554	\$ 23,820	\$ 33,374
Sewer System Projects	37,367	18,641	56,008
Airport Projects	463	52	515
Total	<u>47,384</u>	<u>42,513</u>	<u>89,897</u>
Internal Service:			
Motor Vehicle Projects	<u>\$ 1,110</u>	<u>\$ 2,540</u>	<u>\$ 2,540</u>

Estimated costs of fixed assets contributed to the proprietary funds during fiscal year 1998/99 are as follows (in thousands of dollars):

Water and Sewer Utility Fund Assets:

Water System and Sewer System ..... \$4,511

Capitalized Interest is discussed in Note 13.

Fixed Assets for Scottswater, Inc. are discussed in Note 21.

**NOTE 7 - Leases**

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

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

The future lease payments are based on incremental tax revenues, therefore, the following presentation of future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 1999, are based on projected sales tax revenues.

<b>Year Ending June 30, 1999</b> <b>(in thousands of dollars)</b>	<b>General Long-term</b> <b>Debt Account</b> <b>Group</b>
2000	\$ 3,370
2001	3,948
2002	4,551
2003	5,308
2004	6,139
2005 and later	<u>18,943</u>
Total Estimated Minimum Lease Payments	42,259
Less: Amount Representing Interest	<u>(13,509)</u>
Present value of Minimum Lease Payments	<u>\$ 28,750</u>



## NOTE 8 - Long-Term Debt

The following are brief descriptions of bonds outstanding at June 30, 1999. The totals shown are the principal amount outstanding, net of the current portion due July 1, 1999.

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, 1999, the City had \$2,829,500 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.

	Bonds Outstanding (in thousands of dollars)
<b>General Obligation Bonds</b>	
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.	\$ 1,200
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.	5,200
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.	720
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.	10,410
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, 1999, \$7,305,102 bonds are capital appreciation bonds maturing in 2004 and 2005, of which \$4,747,626 are included in the amount paid out of the Water Fund. The original issue amount for the 1993 Refunding Bonds was \$45,015,000.	43,505
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.	15,815
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, 1999, \$3,913,197 bonds are capital appreciation bonds maturing in 2000, 2002, and 2003. The original issue amount for the 1993A Refunding Bonds was \$24,265,000.	23,638
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.	7,675
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.	4,075

**NOTE 8 - Long-Term Debt (continued)**

**General Obligation Bonds (continued)**

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>General Obligation Bonds (continued)</b>	
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.	\$ 13,200
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.	24,885
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.	20,055
1999A Transportation, Storm Sewer, Flood Protection and Pima Road Improvements Serial Bonds (issued June 29, 1999) due in annual installments of \$675,000 to \$1,900,000 through July 1, 2019; interest at 4.6 percent to 6.5 percent. Original issue amount, \$25,200,000.	<u>25,200</u>
Total General Obligation bonds outstanding	\$ 215,478
Less General Obligation bonds paid out of Water Enterprise Fund	<u>(28,113)</u>
Net General Obligation bonds outstanding recorded as General Long-Term Debt	<u>\$ 187,365</u>

**HURF Revenue Bonds**

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

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>HURF Revenue Bonds</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>\$ 19,900</u>

**NOTE 8 - Long-Term Debt (continued)**

**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>
<b>Municipal Property Corporation Bonds</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.	\$ 1,350
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.	37,140
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.	22,060
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.	4,900
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.	2,660
1995 Municipal Property Corporation Transfer Station Excise Tax Revenue Serial Bonds (issued November 1, 1995) due in annual installments of \$160,000 to \$330,000 through July 1, 2010; interest at 4.75 percent to 7.25 percent. These bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, \$3,500,000.	2,835
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, \$1,200,000 outstanding) of bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, \$7,550,000.	3,595
1998 Municipal Property Corporation Excise Tax Revenue Bonds (issued December 2, 1998) due in annual installments of \$3,500,000 to \$180,000 through July 1, 2008; interest at 4.0 percent. Original issue amount, \$9,150,000.	5,650
Total MPC bonds outstanding	\$ 80,190
Less MPC bonds paid out of Solid Waste Enterprise Fund	(4,035)
Net MPC bonds outstanding recorded as General Long-Term Debt	<u>\$ 76,155</u>

**NOTE 8 - Long-Term Debt (continued)**

**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.

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Scottsdale Preserve Authority Bonds</b>	
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.	\$ 19,875
1998 Scottsdale Preserve Authority Excise Tax Revenue Bonds due in annual installments of \$1,015,000 to \$6,585,000 beginning July 1, 1999, through July 1, 2024; interest at 6.0 percent to 4.75 percent. Original issue amount \$77,000,000.	75,985
	95,860
Total Scottsdale Preserve Authority Bonds	\$ 95,860

**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, 1999, the City had \$3,340,000 authorized but unissued water and sewer revenue bonds. These revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's water and sewer utility system, and are repaid via user charges or fees for service. Property taxes cannot be used to pay the debt service on these bonds.

Water and sewer revenue bond covenants require that the City accumulate sufficient reserves to cover the eventual replacement of the water and sewer system. The City has continued to meet this reserve requirement. At June 30, 1999, the funds reserved for this purpose were \$10,397,232.

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Water and Sewer Revenue Bonds</b>	
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.	\$ 865
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.	3,770
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.	1,255
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 \$592,841 at June 30, 1999.	8,032

**NOTE 8 - Long-Term Debt (continued)**

**Water and Sewer Revenue Bonds (continued)**

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Water and Sewer Revenue Bonds (continued)</b>	
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.	\$ 19,125
1989 Water and Sewer Revenue Bonds (Series E issued December 2, 1998) due in annual installments of \$1,015,000 to \$4,615,000 through July 1, 2023; interest at 4.5 percent to 7.0 percent. Original issue amount \$50,000,000.	<u>48,540</u>
Total Water and Sewer Revenue Bonds outstanding	<u>\$ 81,587</u>

**Special Assessment Bonds**

Special assessment bonds are issued by the City on behalf of improvement districts created by property owners for a specific purpose, such as to finance local street, water or sewer improvements, or to acquire an existing water or sewer operation. Property owners in the designated districts agree to be assessed for 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, 1999, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, were adequate for the scheduled maturities of the bonds payable and the related interest.

These bonds are secured by a lien on the property and improvements of all parcels within each district. In the event of default by the property owner, the City may enforce auction sale to satisfy the debt service requirements of the improvement bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

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

At June 30, 1999, there were 13 separate series of special assessment improvement bonds outstanding, each series issued as serial bonds to be repaid over 10 years.

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Special Assessment Bonds</b>	
Special Assessment Bonds issued August 15, 1989, through September 1, 1998, maturing January 1, 1999, through January 1, 2013; due in annual installments of \$15,000 to \$1,575,000; interest at 4.625 percent to 7.05 percent. Total original issue amount, \$50,355,000.	<u>\$ 15,466</u>

**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, 1999, the Scottsdale Mountain CFD, McDowell Mountain Ranch CFD, DC Ranch CFD, and Via Linda Road CFD had, respectively, \$1,550,000, \$1,140,000, \$15,250,000, and \$275,000 of authorized but unissued general obligation bonds. CFD bonds are repaid by ad valorem taxes levied directly by the districts and collected by the county. Property owners in the districts are assessed for District taxes and thus for all costs associated with the Districts. The City has no liability for community facilities district bonds.

**NOTE 8 - Long-Term Debt (continued)**

**Community Facilities Districts General Obligation Bonds (continued)**

CFDs are created only by petition to the City Council by property owners within the district areas. As board of directors for the 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>
<b>Community Facilities Districts General Obligation Bonds</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.	\$ 2,910
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.	515
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
1998 DC Ranch Community Facilities District General Obligation Bonds due in annual installments of \$155,000 to \$385,000 beginning July 15, 2005 through July 15, 2023; interest at 4.75% to 5.5%. Original issue amount \$4,750,000.	4,750
1999 Via Linda Road Community Facilities District General Obligation Bonds due in annual installments of \$95,000 to \$255,000 beginning July 15, 2004 through July 15, 2023; interest at 5.0% to 5.75%. Original issue amount \$3,225,000.	3,225
1999 McDowell Mountain Ranch Community Facilities District General Obligation Refunding Bonds due in annual installments of \$320,000 to \$1,455,000 beginning July 15, 1999 through July 15, 2022; interest at 4.0% to 6.0%. Original issue amount \$20,245,000.	19,925
	<hr/>
Total Community Facilities Districts General Obligation bonds outstanding	<u>\$ 33,250</u>

**CFD Advance Refunding**

On March 16, 1999, the McDowell Mountain Ranch Community Facilities District issued \$20,245,000 General Obligation Refunding Bonds, Series 1999 dated March 1, 1999, with an average interest rate of 5.08%, to advance refund \$9,105,000 of outstanding General Obligation Series 1994 bonds (issued 1994) with an average interest rate of 7.77%, \$2,845,000 of outstanding General Obligation Series 1994A bonds (issued 1994) with an average interest rate of 8.05%, and \$6,910,000 General Obligation Series 1997 bonds (issued 1997) with an average interest rate of 6.16%. The net proceeds of \$19,662,236 (after payment of \$332,606 in underwriting fees, insurance, and other issuance costs) plus an additional \$1,986,000 of sinking fund monies, 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 15, 2004 for the Series 1994 and Series 1994 A and July 15, 2007 for the Series 1997. As a result, the total \$18,860,000 refunded Series 1994, Series 1994 A and Series 1997 bonds are considered to be defeased and the liability for those bonds has been removed from the District's long-term debt account group.

**NOTE 8 - Long-Term Debt (continued)**

**CFD Advance Refunding (continued)**

The McDowell Mountain Ranch Community Facilities District advance refunded the bonds to reduce its total debt service payments over the next 20 years by approximately \$4,452,354 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,858,970.

Refunded in Year Ended June 30, 1999 (in thousands of dollars)	
General Obligation Series Series 1994	\$ 9,105
General Obligation Series Series 1994 A	2,845
General Obligation Series 1997	6,910
	\$ 18,860

**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, 1999 (in thousands of dollars):

General Obligation Bonds Issued to Provide Water, Sewer, Light,		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$ 420,470	6% Constitutional Limit	\$ 126,141
Less General Obligation 20% Bonds Outstanding	(113,403)	Less General Obligation 6% Bonds Outstanding	(93,317)
Available 20% Limitation Borrowing Capacity	\$ 307,067	Available 6% Limitation Borrowing Capacity	\$ 32,824

**Contracts Payable**

The City of Scottsdale has entered into various purchase contracts related to economic development, acquisition of water system facilities, acquisition of recreational facilities and patents. The contract for the acquisition of water system facilities is payable only from the operating revenue of the water and sewer utility system.

Contracts payable at June 30, 1999

Payable out of the General Fund	Contracts Payable (in thousands of dollars)
Contract payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2032; interest at 5.1 percent.	\$ 3,523
Contract payable for the construction of the West Couplet; due in annual installments through January, 2000; non-interest bearing.	273
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.	250

**NOTE 8 - Long-Term Debt (continued)**

**Contracts Payable (continued)**

	<b>Contracts Payable (in thousands of dollars)</b>
<b>Payable out of the General Fund (continued)</b>	
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.	\$ 1,327
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.	396
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.	38
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.	6
Contract payable for the oversight and management of the Tournament Players Club Recreational Land Use Agreement; due in annual installments beginning March 1999 through June 2035; non-interest bearing.	1,980
Contract payable for the oversight and management of the Westworld Cost-share and Land Use Agreement; due in annual installments beginning December 2000 through December 2032; non-interest bearing.	1,815
<b>Total Long-Term Contracts Payable from General Fund</b>	<u>\$ 9,608</u>
<b>Payable out of Special Assessments Debt Service Fund</b>	
Contract payables for the undergrounding of 69kv power lines; due in annual installments beginning January 1999 through; interest at 10.0 percent.	\$ 613
<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.	\$ 9,520
<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.	947
<b>Subtotal of Long-Term Contracts Payable</b>	\$ 20,688
<b>Less Current Portion</b>	(291)
<b>Total Long-Term Contracts Payable, All Funds</b>	<u><u>\$ 20,397</u></u>



**NOTE 8 - Long-Term Debt (continued)**

**Contracts Payable (continued)**

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

<b>Total Requirements to Maturity All Contracts Payable</b>	
<b>Fiscal Year Ending</b>	<b>Total</b>
2000	\$ 2,852
2001	1,756
2002	1,767
2003	1,430
2004	1,427
2005	1,423
2006-2035	<u>17,016</u>
Total all years	\$ 27,671
Less amount representing interest	<u>(6,983)</u>
Net Amount Outstanding	<u>\$ 20,688</u>

**Changes in General Long-Term Debt**

The following changes occurred in the General Long-Term Debt Account Group for the year ended June 30, 1999. General long-term debt excludes all bonds and contracts recorded in and paid out of the Enterprise Fund (in thousands of dollars).

	General Obligation Bonds	HURF Revenue Bonds	Municipal Property Corp Bonds	Scottsdale Preserve Authority Bonds	Special Assessment Bonds	Contracts Payable	Capital Lease	Compen- sated Absences	Total
Balance July 1, 1998	\$ 193,621	\$ 21,880	\$ 77,360	\$ 20,330	\$ 19,671	\$ 17,701	\$ -	\$ 6,675	\$ 357,238
New Debt Issued	33,175	-	9,150	77,000	850	4,666	28,750	-	153,591
Refunding Debt Issued	20,245	-	-	-	-	-	-	-	20,245
Debt Refunded	(18,860)	-	-	-	-	-	-	-	(18,860)
Debt Retired During Year	-	-	(1,570)	-	(5,055)	(2,626)	-	-	(9,251)
Current Year Accretion on Capital Apprec. Bonds	994	-	-	-	-	-	-	-	994
Change in Compensated Absences Liability	-	-	-	-	-	-	-	398	398
Debt to be Retired July 1, 1999	(8,560)	(1,980)	(8,785)	(1,470)	-	-	-	-	(20,795)
Balance June 30, 1999	<u>\$ 220,615</u>	<u>\$ 19,900</u>	<u>\$ 76,155</u>	<u>\$ 95,860</u>	<u>\$ 15,466</u>	<u>\$ 19,741</u>	<u>\$ 28,750</u>	<u>\$ 7,073</u>	<u>\$ 483,560</u>

**NOTE 8 - Long-Term Debt (continued)**

**Changes in Enterprise Funds Long-Term Debt (continued)**

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, 1999.

(in thousands of dollars)

	Water and Sewer Utility Fund				Solid Waste Fund
	General Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Contracts	Total Water and Sewer Utility Fund	Municipal Property Corporation Bonds
Balance at July 1, 1998	\$ 29,715	\$ 35,811	\$ 948	\$ 66,474	\$ 4,780
New Debt Issued	-	50,000	-	50,000	-
Amortization of Deferred Loss and Issuance Costs	-	76	-	76	-
Debt Retired	-	-	(292)	(292)	-
Current Year Accretion on Capital Appreciation Bonds	668	-	-	668	-
Debt to be Retired July 1, 1999	(2,270)	(4,300)	-	(6,570)	(745)
Balance at June 30, 1999	\$ 28,113	\$ 81,587	\$ 656	\$ 110,356	\$ 4,035

**Debt Service Requirements to Maturity**

Table summarizes debt service requirements to maturity for all bonds payable as of June 30, 1999. 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
2000	\$ 23,739	\$ 3,102	\$ 7,433	\$ 15,995	\$ 6,932	\$ 4,064	\$ 2,375	\$ 63,640
2001	24,208	3,104	6,535	13,356	6,925	3,939	2,379	60,446
2002	24,063	3,103	6,532	10,615	6,916	2,843	2,375	56,447
2003	24,110	3,109	6,507	10,643	6,904	2,517	2,369	56,159
2004	24,088	3,106	6,510	10,652	6,890	2,122	2,476	55,844
2005-Maturity	194,192	9,414	102,785	47,709	135,820	2,397	46,469	538,786
	\$ 314,400	\$ 24,938	\$ 136,302	\$ 108,970	\$ 170,387	\$ 17,882	\$ 58,443	\$ 831,322
Less amount representing interest	(98,922)	(5,038)	(54,715)	(28,780)	(74,527)	(2,416)	(25,193)	(289,591)
Net Amount Outstanding	\$ 215,478	\$ 19,900	\$ 81,587	\$ 80,190	\$ 95,860	\$ 15,466	\$ 33,250	\$ 541,731

**NOTE 8 - Long-Term Debt (continued)**

**Advance Refundings**

There were no refundings during fiscal year 1998/99 other than the CFD's. 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, 1999, and net of any amounts to be paid or retired by the trustee on July 1, 1999.

<b>Refunded in Prior Years (In Thousands of Dollars)</b>	
1989 General Obligation Series A (1990) Bonds	\$ 7,885
1989 General Obligation Series B (1991) Bonds	10,720
1989 General Obligation Series C (1992) Bonds	5,505
1989 General Obligation Series E (1994) Bonds	4,325
General Obligation Series 1994 Bonds	9,525
1989 Water Revenue Series C Bonds	3,005
	<u>\$ 40,965</u>

Long-term Debt for Scottswater Company, Inc. is discussed in Note 21.

**NOTE 9 - Retirement and Pension Plans**

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

**Arizona State Retirement System**

**Plan Description**

All full-time City employees (except public safety personnel) participate in the Arizona State Retirement System (System), a multiple-employer cost sharing defined benefit pension plan. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of the Arizona Revised Statutes. The system provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The Arizona State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Arizona State Retirement System, P. O. Box 33910, Phoenix, AZ 85067-3910, or by calling 1-800-621-3778.

**Funding Policy**

The Arizona Revised Statutes (A.R.S.) provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rate for the years ended June 30, 1999, 1998, and 1997 were 3.34% (2.85%

**NOTE 9 - Retirement and Pension Plans (continued)**

retirement and .49% long-term disability) 3.54% and 3.69%, respectively for both employers and employees. The City's contributions to the System for the years ending June 30, 1999, 1998, and 1997 were \$1,980,552, \$1,929,437, and \$1,813,772, 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 167 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 6.77% of annual covered payroll, consisting of 10.65% for normal cost and (3.88%) for amortization of unfunded actuarial accrued liability. Contribution rates for 1998 and 1997 were 6.94% and 9.95%, respectively.

**Annual Pension Cost**

For 1999, the City's annual pension cost of \$1,123,430 for PSPRS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1998 actuarial valuation using the individual entry-age actuarial cost method.

The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 9.0% per year compounded annually, (b) projected salary increases of 6.5% per year compounded annually, attributable to inflation and other across-the-board factors, and (c) additional projected salary increases ranging from 0.0% to 3.0% per year, attributable to seniority/merit. Included in (b) is an inflation component of 5.5%. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a 4-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at July 1, 1998 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
1997	\$ 1,317	100	-
1998	1,169	100	-
1999	1,123	100	-

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

Actuarial Valuation June 30	(1)	(2)	(3)	(4)	(5)	(6) Unfunded AAL as a Percentage of Covered Payroll (4)/(5)
	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Percent Funded (1)/(2)	Unfunded AAL (2) - (1)	Annual Covered Payroll	
1996	\$ 45,490	\$ 42,244	107.7%	\$ (3,246)	\$ 12,617	-
1997	54,611	46,315	117.9%	(8,296)	13,443	-
1998	61,095	51,615	118.4%	(9,480)	15,284	-

**NOTE 9 - Retirement and Pension Plans (continued)****Elected Officials' Retirement Plan****Plan Description**

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing defined benefit pension plan. The EORP was established and is administered by the State of Arizona to provide pension benefits for state and county elected officials, judges, and certain City-elected officials. The fund manager of the PSPRS is also the administrator for the EORP. EORP provides retirement benefits, as well as death and disability benefits. The Elected Officials' Retirement Plan issues a publicly available financial report that includes financial statements and required supplementary information for EORP. That report may be obtained by writing to Elected Officials' Retirement Plan, 1020 East Missouri Avenue, Phoenix, Arizona 85014 or by calling (602) 255-5575.

**Funding Policy**

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the Fund Manager, a five member board. The City's rates for fiscal years ended June 30, 1999, 1998, and 1997 were 8.90%, 12.64%, and 14.76%, respectively. The City's contributions to EORP for the years ending June 30, 1999, 1998 and 1997 were \$9,826, \$13,955, and \$16,294, respectively, equal to the required contributions for each year.

**NOTE 10 - Other Post-Employment Benefits**

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

The number of participants during fiscal year 1998/99, was seven. The projected liability, as of June 30, 1999, for medical conversion was \$2,777,355. Of this liability, \$2,138,479 is reflected in the General Long-Term Debt Account Group, \$638,876 is recorded in various other funds. The projected liability is based on a January 1, 1998 actuarial valuation, as adjusted, based on the actuarial projection that for every additional 100 participants, future normal costs increase by an additional 3% per annum and projected liability of 4% of payroll.

**NOTE 11 - 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, 1999, was as follows (in thousands of dollars):

	Water and Sewer			
	Utility	Airport	Solid Waste	Total
Operating Revenue	\$ 77,836	\$ 1,020	\$ 13,951	\$ 92,807
Depreciation and Amortization	12,459	593	217	13,269
Operating Transfers In	-	584	-	584
Operating Transfers (Out)	(205)	-	(1)	(206)
Operating Income (Loss)	20,571	(1,422)	834	19,983
Net Income (Loss)	22,991	(843)	661	22,809
Contributions				
Developers	5,930	-	-	5,930
Development Fees	32,723	-	-	32,723
Other Government Units	-	3,706	-	3,706
Property, Plant, and Equipment				
Additions	74,979	213	422	75,614
Net Working Capital	100,546	319	720	101,585
Total Assets	678,757	17,522	7,706	703,985
Long-Term Debt (Net of Current Portion) and Other Liabilities:				
Payable From Operating Revenue	106,763	-	4,035	110,798
Payable From Other Sources	7,762	1	-	7,763
Total Equity	545,289	17,394	2,136	564,819

**NOTE 12 - Contributed Capital**

During the year ended June 30, 1999, Enterprise Funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer			Total
	Utility	Airport	Solid Waste	
Development Fees	\$ 32,723	-	-	\$ 32,723
Developers	5,930	-	-	5,930
Federal Government - Capital Construction	-	3,706	-	3,706
Less Depreciation	(4,940)	(593)	-	(5,533)
Total Change	33,713	3,113	-	36,826
Contributed Capital				
July 1, 1998	287,427	13,991	449	301,867
Contributed Capital				
June 30, 1999	\$ 321,140	\$ 17,104	\$ 449	\$ 338,693

The Internal Service Fund's contributed capital increased by \$493,491 as a result of Fleet Management assets contributed from other City funds.

**NOTE 13 - Capitalized Interest**

During the fiscal year 1998/99, the Water and Sewer Utility Fund capitalized net interest costs of \$933,802. Total interest earnings and total interest expense in this fund before capitalization were \$6,156,852 and \$5,392,922 respectively.

**NOTE 14 - 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, 1999, 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:

	Year Ended June 30	
	1999	1998
Claims payable, July 1	\$ 7,848	\$ 6,367
Current year claims incurred	2,167	4,574
Current year claim payments	(1,872)	(3,093)
Claims payable June 30	<u>\$ 8,143</u>	<u>\$ 7,848</u>

**NOTE 15 - Interfund Transfers and Interfund Assets/Liabilities**

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

<u>Operating Transfers Out</u>		<u>Operating Transfers In</u>	
From:		To:	
General	\$ 23,553	Special Revenue (HURF Maintenance)	\$ 194
		Internal Service (Fleet Management)	1,130
		Internal Service (Self Insurance)	500
		Capital Projects (All Other Construction)	15,819
		Debt Service Fund (MPC)	5,326
		Enterprise (Airport)	584
Special Revenue (HURF)	2	Internal Service (Fleet Management)	2
(Preserve Tax)	12,026	Debt Service (Preserve Tax)	6,516
		Capital Projects (McDowell Mountain Preserve)	5,510
(Transportation Tax)	13,308	Capital Projects (Transportation)	13,308
Debt Service (Community Facilities District)	149	Capital Projects (Community Facilities District)	149
Capital Projects (All Other Construction)	72	Capital Projects (Improvement District)	72
(MPC)	4,159	General Fund	2,993
		Capital Projects (All Other Construction)	1,135
Enterprise (Water & Sewer)	205	Debt Service (MPC)	31
		General Fund	200
		Trust & Agency	5
(Solid Waste)	1	Capital Projects (MPC)	1
Trust & Agency	501	Debt Service (MPC)	349
		Capital Projects (All Other Construction)	152
<b>Total</b>	<b>\$ 53,976</b>	<b>Total</b>	<b>\$ 53,976</b>



**NOTE 15 - Interfund Transfers and Interfund Assets/Liabilities (continued)**

Individual funds having residual equity transfers out and receiving funds having a corresponding increase in liabilities during the year ended June 30, 1999.

Residual Equity Out (in thousands of dollars)	Amount	Liability Fund (in thousands of dollars)	Amount
Debt Service (MPC)	\$ 149	Trust & Agency	\$ 149
Capital Projects (All Other Construction)	557	Trust & Agency	557
<b>Total</b>	<b>\$ 706</b>	<b>Total</b>	<b>\$ 706</b>

Individual funds having amounts due from or due to other funds at June 30, 1999:

Receivable Fund (in thousands of dollars)	Amount	Payable Fund (in thousands of dollars)	Amount
General	\$ 866	Special Revenue	
		Community Development	\$ 147
		Home	22
		Grants	416
		Section 8	224
		Enterprise	
		Solid Waste	57
<b>Total</b>	<b>\$ 866</b>	<b>Total</b>	<b>\$ 866</b>

**NOTE 16 - Deficits in Fund Balance/Fund Equity/Excess of Expenditures Over Appropriation**

The Section 8 Housing Fund had a deficit fund balance of (\$211,000) 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 two years.

The Grants Fund had a deficit fund balance of (\$111,000) caused by certain grant reimbursements due which may not be available in the upcoming period. Since these reimbursements are not assured, no revenue was accrued in the current fiscal year. These reimbursements due will be recognized as revenue when actually received.

The Self-Insurance Fund had an accumulated deficit of (\$620,000) caused by higher than anticipated insurance claims in previous years. The deficit is being eliminated by property taxes levied for reimbursement of tort judgments.

**NOTE 17 - 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 18 - 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 \$12,220,956 for the year ended June 30, 1999. The annual amount due to Rural/Metro in fiscal year 2000 will approximate \$13,770,000.
- 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 \$2,204,333 for the year ended June 30, 1999. Annual amounts due in fiscal year 2000 will approximate \$2,270,000.
- 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.

Total costs reimbursed by the City to the Partnership in 1998/99 were \$2,992,147. At termination of the agreement in 2008, the City will have the option to purchase the water treatment plant and other assets from the Partnership. For further discussion of the Partnership and Scottswater Company, Inc., a component unit of the City, see Note 21.

- d. In connection with the Waterfront Area Redevelopment Plan, the City has entered into a garage lease agreement in order to provide unrestricted public parking. The lease has an initial term of 50 years 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.
- e. 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.
- f. The City has also entered into two agreements requiring telecommunications companies to install additional conduit capacity at the time of construction. It is anticipated that the cost of the additional capacity will be reimbursed to telecommunications companies by future telecommunications providers. In the event that the reimbursements are not made within a period of five to seven years after the construction, the City will become liable for the reimbursement. The City's maximum liability under these agreements is \$450,000.
- g. The City has entered into an Intergovernmental Agreement (IGA) with the Scottsdale School District for the development, operation and maintenance of a joint use school/park site in DC Ranch development. The District will own all the elementary and middle school amenities while the City will own the access roads and sports fields and parking lots on the future high school site. The DC Ranch Community Facilities District will issue bonds to pay the costs of the City requested improvements. If the bonds are not sold the City's maximum liability under the IGA is \$1,375,000.
- h. On September 7, 1999, the qualified electors of the City authorized the issuance of \$200,000,000 principal amount of general obligation bonds to be used to finance land acquisitions to preserve the land in an undeveloped state as part of the City's McDowell Sonoran Preserve .

**NOTE 19 - Joint Venture**

The City participates with the cities of Phoenix, Glendale, Mesa, and Tempe in the Multi-City Subregional Operating Group (SROG). SROG was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) in order to govern the construction, operation, and maintenance of jointly used sewage treatment and transportation facilities. The facilities include the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor, and related transportation facilities. The City of Phoenix acts as lead agency and is responsible for the planning, budgeting, construction, operation, and maintenance of the facilities. In addition, the City of Phoenix provides all management, personnel, and financing arrangements and accepts federal grants on behalf of the participants. JEPA requires each city to pay for its share of the actual cash costs of operating and maintaining the facilities based on relative sewage flows and strengths.

The City records its share of SROG's cash operating expenses, and its equity in the joint venture in the City's Water and Sewer Utility Fund. For the year ended June 30, 1998 (the latest audited information available from SROG), the City's net investment in SROG was \$21,778,810. SROG's net cash operating expenses for the year ended June 30, 1998 was \$21,115,197, of which the City's share was \$1,935,699, or 9.2 percent. For the year ended June 30, 1999, the City paid SROG \$1,395,481 for capital contributions and \$194,392 for replacement reserve contributions (which increased the City's net investment in SROG), and \$2,270,341 for operating expenses.

The Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1998 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 20 - 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 21- 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. At December 31, 1998, the Partnership had a receivable from the City in the amount of \$213,739.

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.

**NOTE 21 - Scottswater Company, Inc. Component Unit Disclosures (continued)**

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, 1998. The financial statements for the City of Scottsdale Enterprise Fund for the year ended June 30, 1999 include a \$1,575,560 reimbursement paid to the Partnership for expenses of operating the water treatment plant for the six months ended June 30, 1999. 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, 1999.

**Cash and Investments**

At December 31, 1998, the book value of the Company's deposits and the bank balance was \$100,410.

Risk category one cash balances, which are covered entirely through federal depository insurance funds, equaled \$100,410 at December 31, 1998. At December 31, 1998, 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, 1998 are stated at fair value and are summarized below. All of the investments are money market funds.

Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	<u>Fair Value</u>
Money Market Funds	<u>\$ 3,230</u>

**Reconciliation to Exhibit A-1**

Deposits	\$ 100
Short-Term Investments	3,230
Total Cash & Short-Term Investments	<u>\$ 3,330</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 Internal Revenue Service (IRS) Accelerated Cost Recovery System using the straight-line method with recovery periods of 18 years for land improvements, and 5 years for equipment. Generally accepted accounting principles require that the cost of an asset be depreciated over its useful life using the straight line method of depreciation. The difference between the IRS Accelerated Cost Recovery System using the straight-line method, and straight line depreciation as required by generally accepted accounting principles, is immaterial, and therefore no adjustments have been made to the Company's fixed asset accounts. The excess purchase price over fair market value of assets acquired by the Company is amortized using the straight-line method over 15 years.

Summary of the Company's fixed assets at December 31, 1998 (in thousands of dollars)

Land and Land Improvements	\$616
Equipment	<u>24,849</u>
	25,465
Accumulated depreciation	<u>(24,526)</u>
Net Fixed Assets	<u>\$939</u>

**NOTE 21 - Scottswater Company, Inc. Component Unit Disclosures (continued)**

**Long-Term Debt**

The land, improvements and equipment were principally financed from the proceeds of tax-exempt variable interest rate industrial development bonds, with an original face amount of \$25,000,000, issued by the Industrial Development Authority of the City of Scottsdale, Arizona. The nonrecourse bonds, which are insured by the Municipal Bond Insurance Association, are payable in varying installments to July 1, 2008. At December 31, 1998, the interest rate on these bonds was 3.8 percent and the weighted average interest rate during 1998 was 3.64 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, 1998 (in thousands of dollars):

<b>Debt Service Requirements to Maturity</b>	
1999	\$ 1,829
2000	1,880
2001	1,931
2002	1,989
2003	2,052
2004-2008	11,389
	<u>21,070</u>
Less amount representing interest	<u>(3,980)</u>
Net amount outstanding	<u>\$ 17,090</u>

**Operating Lease**

During 1998, the Partnership incurred \$62,445 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 35 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.



## **General Fund**

The General Fund accounts for the revenue and expenditures necessary to carry out basic governmental activities of the City, such as police protection, fire protection, recreation, planning, legal services, administrative services, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

Revenue for this and other funds is recorded by source, i.e., taxes, licenses, service charges, etc. Expenditures are recorded first by character, then by program, and then by object of the expenditure.

General Fund expenditures are made primarily for current day-to-day operating expenses and operating equipment. Capital expenditures for large-scale public improvements, such as buildings, parks, or streets, are accounted for primarily in the Capital Projects, Special Revenue, or Enterprise Funds.

# General Fund

Exhibit B-1

## Balance Sheet

June 30, 1999 (in thousands of dollars)

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<b>ASSETS</b>	
Cash and Short-Term Investments	\$ 14,739
Investments	51,089
Receivables	
Accrued Interest	509
Privilege Tax	2,695
Hotel/Motel Tax	343
Property Tax	959
State Shared Sales Tax	1,178
Miscellaneous	1,119
Due from Other Funds	866
Supplies Inventory	489
	<hr/>
Total Assets	\$ 73,986
	<hr/>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 1,975
Accrued Payroll	8,198
Deferred Revenue	
Property Tax	789
Other	343
Other	22
	<hr/>
Total Liabilities	11,327
Fund Balance	
Reserved for	
Streetlight and Services Districts	893
Unreserved	61,766
	<hr/>
Total Fund Balance	62,659
	<hr/>
Total Liabilities and Fund Balance	\$ 73,986
	<hr/>

SEE NOTES TO FINANCIAL STATEMENTS



# General Fund

Exhibit B-2

## Statement of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

<hr/>	
Revenues	
Taxes - Local	\$ 82,654
Taxes - Intergovernmental	30,234
Licenses	1,237
Charges for Current Services	17,227
Fines and Forfeitures	5,192
Use of Money and Property	5,590
Streetlight and Services Districts	964
Other	16,847
	<hr/>
Total Revenues	159,945
Expenditures	
Current Operating Departments	
General Government	14,992
Police	36,737
Financial Services	6,359
Community Services	34,210
Information Systems	7,221
Planning & Development	18,419
Fire	12,844
Municipal Services	1,248
Streetlight and Services Districts	966
Debt Service	
Principal	1,982
Interest and Fiscal Charges	2,201
	<hr/>
Total Expenditures	137,179
	<hr/>
Excess of Revenues Over Expenditures	22,766
Other Sources (Uses)	
Operating Transfers In	3,193
Operating Transfers Out	(23,553)
	<hr/>
Total Other Uses	(20,360)
	<hr/>
Excess of Revenues Over Expenditures and Other Uses	2,406
Fund Balance July 1, 1998	60,253
	<hr/>
Fund Balance June 30, 1999	\$ 62,659
	<hr/>

SEE NOTES TO FINANCIAL STATEMENTS

# General Fund

Exhibit B-3

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

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Budget	Actual	Variance
<b>Revenues</b>			
Taxes - Local	\$ 82,959	\$ 82,654	\$ (305)
Taxes - Intergovernmental	30,207	30,234	27
Licenses	1,276	1,237	(39)
Charges for Current Services	17,147	17,227	80
Fines and Forfeitures	5,022	5,192	170
Use of Money and Property	7,480	5,590	(1,890)
Other	3,700	3,930	230
<b>Total Revenues</b>	<b>147,791</b>	<b>146,064</b>	<b>(1,727)</b>
<b>Expenditures</b>			
<b>Current Operating Departments</b>			
General Government	15,570	14,970	600
Police	36,833	36,596	237
Financial Services	7,096	6,342	754
Community Services	35,036	34,161	875
Information Systems	7,207	7,207	-
Planning & Development	19,118	18,339	779
Fire	12,843	12,843	-
Municipal Services	1,282	1,201	81
<b>Debt Service</b>			
Principal	4,303	1,982	2,321
Interest and Fiscal Charges	199	2,201	(2,002)
<b>Total Expenditures</b>	<b>139,487</b>	<b>135,842</b>	<b>3,645</b>
<b>Excess of Revenues Over Expenditures</b>	<b>8,304</b>	<b>10,222</b>	<b>1,918</b>
<b>Other Sources (Uses)</b>			
Operating Transfers In	17,649	12,917	(4,732)
Operating Transfers Out	(25,953)	(23,553)	2,400
<b>Total Other Sources (Uses)</b>	<b>(8,304)</b>	<b>(10,636)</b>	<b>(2,332)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>(414)</b>	<b>(414)</b>
Encumbrances Cancelled	-	3,190	3,190
Fund Balance July 1, 1998	-	1,615	1,615
<b>Fund Balance June 30, 1999</b>	<b>\$ -</b>	<b>\$ 4,391</b>	<b>\$ 4,391</b>

# General Fund

Exhibit B-4

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

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Budget	Actual	Variance
<b>Taxes - Local</b>			
Property	\$ 9,669	\$ 9,716	\$ 47
Transaction Privilege	60,346	60,493	147
Transient Occupancy	7,027	6,500	(527)
Light and Power Franchise	3,967	3,972	5
Cable TV Franchise	1,528	1,552	24
Salt River Project In-Lieu	247	249	2
Fire Insurance Premium	175	172	(3)
	82,959	82,654	(305)
<b>Taxes - Intergovernmental</b>			
State-Shared Sales	13,399	13,439	40
State Revenue Sharing	16,808	16,795	(13)
	30,207	30,234	27
<b>Licenses</b>			
Business and Liquor Licenses	1,276	1,237	(39)
<b>Charges for Current Services</b>			
Building and Related Permits	14,050	14,311	261
Recreation Fees	1,747	1,841	94
Westworld Equestrian Facility Fees	1,350	1,075	(275)
	17,147	17,227	80
<b>Fines and Forfeitures</b>			
Court Fines	2,756	2,669	(87)
Parking	135	133	(2)
Library	306	305	(1)
Photo Radar	1,825	2,085	260
	5,022	5,192	170
<b>Use of Money and Property</b>			
Interest Earnings	5,041	3,053	(1,988)
Property Rental	2,439	2,537	98
	7,480	5,590	(1,890)
<b>Other</b>	3,700	3,930	230
<b>Total Revenues</b>	<b>\$ 147,791</b>	<b>\$ 146,064</b>	<b>\$ (1,727)</b>

## General Fund

Exhibit B-5

## Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
Current Operating Departments						
General Government	\$ 10,029	\$ 4,098	\$ 627	\$ -	\$ 238	\$ 14,992
Police	27,446	7,575	1,033	-	683	36,737
Financial Services	4,636	1,412	87	-	224	6,359
Community Services	16,938	13,508	3,407	-	357	34,210
Information Systems	3,424	2,268	978	-	551	7,221
Planning & Development	9,152	8,521	472	-	274	18,419
Fire	-	12,800	44	-	-	12,844
Municipal Services	1,032	129	22	-	65	1,248
Streetlight and Services Districts	-	966	-	-	-	966
Debt Service						
Principal	-	-	-	1,982	-	1,982
Interest and Fiscal Charges	-	-	-	2,201	-	2,201
Expenditures	<u>\$ 72,657</u>	<u>\$ 51,277</u>	<u>\$ 6,670</u>	<u>\$ 4,183</u>	<u>\$ 2,392</u>	<u>\$ 137,179</u>
Operating Transfers Out						
Highway User Fuel Tax Fund	\$ 194					
Fleet Management Fund	1,130					
Self Insurance Fund	500					
Capital Projects Funds	15,819					
Debt Service Funds	5,326					
Airport Fund	584					
	<u>\$ 23,553</u>					

## **Special Revenue Funds**

Special Revenue Funds are established to finance particular activities and are created out of receipts of specific taxes or other earmarked revenue. Such funds are authorized by statutory or charter provisions to pay for certain activities with some form of continuing revenue.

### **Highway User Fuel Tax Fund**

This fund receives and expends the City's allocation of the Arizona Highway User Revenue tax and other transportation related revenue. The amount available to each city is allocated on a population basis, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance or transit.

### **Community Development Fund**

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

### **Home Fund**

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

### **Grants Fund**

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

### **Section 8 Fund**

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

### **Preserve Privilege Tax Fund**

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

### **Transportation Privilege Tax Fund**

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

## Special Revenue Funds

Exhibit C-1

## Combining Balance Sheet

June 30, 1999 (in thousands of dollars)

	Highway User Fuel Tax	Community Development	Home	Grants	Section 8	Preserve Privilege Tax	Transportation Privilege Tax	Total All Funds
<b>ASSETS</b>								
Cash and Short-Term Investments	\$ 1,977	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,977
Receivables								
Accrued Interest	-	-	-	-	-	42	41	83
Privilege Tax	-	-	-	-	-	1,169	582	1,751
Fuel Tax	1,563	-	-	-	-	-	-	1,563
Grants	-	197	26	671	29	-	-	923
<b>Total Assets</b>	<b>\$ 3,540</b>	<b>\$ 197</b>	<b>\$ 26</b>	<b>\$ 671</b>	<b>\$ 29</b>	<b>\$ 1,211</b>	<b>\$ 623</b>	<b>\$ 6,297</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts Payable	\$ 737	\$ 50	\$ 4	\$ 31	\$ 16	\$ -	\$ -	\$ 838
Accrued Payroll	224	-	-	-	-	-	-	224
Due to General Fund	-	147	22	416	224	-	-	809
Bond Interest Payable	562	-	-	-	-	-	-	562
Bonds Payable - Current Portion	1,980	-	-	-	-	-	-	1,980
Deferred Revenue	-	-	-	335	-	-	-	335
<b>Total Liabilities</b>	<b>3,503</b>	<b>197</b>	<b>26</b>	<b>782</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>4,748</b>
Fund Balance								
Unreserved	37	-	-	(111)	(211)	1,211	623	1,549
<b>Total Fund Balances (Deficit)</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>(211)</b>	<b>1,211</b>	<b>623</b>	<b>1,549</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,540</b>	<b>\$ 197</b>	<b>\$ 26</b>	<b>\$ 671</b>	<b>\$ 29</b>	<b>\$ 1,211</b>	<b>\$ 623</b>	<b>\$ 6,297</b>

SEE NOTES TO FINANCIAL STATEMENTS

**Special Revenue Funds**

Exhibit C-2

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)**  
 For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Highway User Fuel Tax	Community Develop- ment	Home	Grants	Section 8	Preserve Privilege Tax	Trans- portation Privilege Tax	Total All Funds
<b>Revenues</b>								
Taxes-Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,927	\$ 13,673	\$ 27,600
Taxes-Intergovernmental	18,474	-	-	-	-	-	-	18,474
Grants	-	1,251	308	1,442	3,211	-	-	6,212
Use of Money and Property - Interest	1	-	-	2	8	264	258	533
Other	-	3	-	2	3	-	-	8
<b>Total Revenues</b>	<b>18,475</b>	<b>1,254</b>	<b>308</b>	<b>1,446</b>	<b>3,222</b>	<b>14,191</b>	<b>13,931</b>	<b>52,827</b>
<b>Expenditures</b>								
<b>Current Operating Departments</b>								
General Government	-	-	-	82	-	-	-	82
Police	-	-	-	1,015	-	-	-	1,015
Transportation	6,528	-	-	471	-	-	-	6,999
Community Services	1,629	1,254	308	158	3,199	-	-	6,548
Information Systems	-	-	-	136	-	-	-	136
Municipal Services	7,829	-	-	-	-	-	-	7,829
<b>Debt Service</b>								
Principal	1,980	-	-	-	-	480	-	2,460
Interest and Fiscal Charges	1,124	-	-	-	-	474	-	1,598
<b>Total Expenditures</b>	<b>19,090</b>	<b>1,254</b>	<b>308</b>	<b>1,862</b>	<b>3,199</b>	<b>954</b>	<b>-</b>	<b>26,667</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(615)</b>	<b>-</b>	<b>-</b>	<b>(416)</b>	<b>23</b>	<b>13,237</b>	<b>13,931</b>	<b>26,160</b>
<b>Other Sources (Uses)</b>								
<b>Operating Transfers In</b>								
HURF Maintenance of Effort	194	-	-	-	-	-	-	194
<b>Operating Transfers Out</b>								
	(2)	-	-	-	-	(12,026)	(13,308)	(25,336)
<b>Total Other Sources (Uses)</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,026)</b>	<b>(13,308)</b>	<b>(25,142)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(423)</b>	<b>-</b>	<b>-</b>	<b>(416)</b>	<b>23</b>	<b>1,211</b>	<b>623</b>	<b>1,018</b>
<b>Fund Balances (Deficit) July 1, 1998 As Previously Reported</b>	<b>460</b>	<b>-</b>	<b>-</b>	<b>495</b>	<b>(234)</b>	<b>-</b>	<b>-</b>	<b>721</b>
<b>Cumulative Effect of Change in Accounting Principle</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190)</b>
<b>Fund Balances (Deficit) July 1, 1998 As Restated</b>	<b>460</b>	<b>-</b>	<b>-</b>	<b>305</b>	<b>(234)</b>	<b>-</b>	<b>-</b>	<b>531</b>
<b>Fund Balances (Deficit) June 30, 1999</b>	<b>\$ 37</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (111)</b>	<b>\$ (211)</b>	<b>\$ 1,211</b>	<b>\$ 623</b>	<b>\$ 1,549</b>

SEE NOTES TO FINANCIAL STATEMENTS

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual - Budget Basis  
For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Highway User Fuel Tax			Preserve Privilege Tax			Transportation Privilege Tax			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues												
Taxes - Local	\$ -	\$ -	\$ -	\$ 14,275	\$ 13,927	\$ (348)	\$ 13,936	\$ 13,673	\$ (263)	\$ 28,211	\$ 27,600	\$ (611)
Taxes - Intergovernmental	17,710	18,474	764	-	-	-	-	-	-	17,710	18,474	764
Use of Money and Property	-	1	1	-	264	264	-	258	258	-	523	523
Total Revenues	17,710	18,475	765	14,275	14,191	(84)	13,936	13,931	(5)	45,921	46,597	676
Expenditures												
Current Operating Departments												
Transportation	7,905	6,527	1,378	-	-	-	-	-	-	7,905	6,527	1,378
Community Services	1,652	1,627	25	-	-	-	-	-	-	1,652	1,627	25
Municipal Services	8,433	7,807	626	-	-	-	-	-	-	8,433	7,807	626
Debt Service												
Principal	1,980	1,980	-	480	480	-	-	-	-	2,460	2,460	-
Interest and Fiscal Charges	1,124	1,124	-	474	474	-	-	-	-	1,598	1,598	-
Total Expenditures	21,094	19,065	2,029	954	954	-	-	-	-	22,048	20,019	2,029
Excess (Deficiency) of Revenues Over Expenditures	(3,384)	(590)	2,794	13,321	13,237	(84)	13,936	13,931	(5)	23,873	26,578	2,705
Other Sources (Uses)												
Operating Transfers In												
From General Fund	3,190	-	(3,190)	-	-	-	-	-	-	3,190	-	(3,190)
HURF Maintenance of Effort	194	194	-	-	-	-	-	-	-	194	194	-
Operating Transfers Out	-	(2)	(2)	(13,321)	(12,026)	1,295	(13,936)	(13,308)	628	(27,257)	(25,336)	1,921
Total Other Sources (Uses)	3,384	192	(3,192)	(13,321)	(12,026)	1,295	(13,936)	(13,308)	628	(23,873)	(25,142)	(1,269)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(398)	(398)	-	1,211	1,211	-	623	623	-	1,436	1,436
Encumbrances Cancelled	-	204	204	-	-	-	-	-	-	-	204	204
Fund Balance July 1, 1998	-	150	150	-	-	-	-	-	-	-	150	150
Fund Balance (Deficit) June 30, 1999	\$ -	\$ (44)	\$ (44)	\$ -	\$ 1,211	\$ 1,211	\$ -	\$ 623	\$ 623	\$ -	\$ 1,790	\$ 1,790



## Special Revenue Funds

Exhibit C-4

### Combining Schedule of Revenues and Other Sources

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Highway User Fuel Tax	Community Develop- ment	Home	Grants	Section 8	Preserve Privilege Tax	Trans- portation Privilege Tax	Total All Funds
Taxes - Local								
Transaction Privilege Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,927	\$ 13,673	\$ 27,600
Taxes - Intergovernmental								
Auto Lieu Tax	5,485	-	-	-	-	-	-	5,485
Fuel Tax	11,625	-	-	-	-	-	-	11,625
Local Transportation Assistance Fund	1,181	-	-	-	-	-	-	1,181
State Shared Transit	183	-	-	-	-	-	-	183
	18,474	-	-	-	-	-	-	18,474
Grants								
Federal	-	1,251	308	1,002	3,211	-	-	5,772
State	-	-	-	321	-	-	-	321
Miscellaneous	-	-	-	119	-	-	-	119
	-	1,251	308	1,442	3,211	-	-	6,212
Use of Money and Property								
Investment Income	1	-	-	2	8	264	258	533
Other	-	3	-	2	3	-	-	8
	18,475	1,254	308	1,446	3,222	14,191	13,931	52,827
Other Sources								
Operating Transfers In HURF Maintenance of Effort	194	-	-	-	-	-	-	194
	194	-	-	-	-	-	-	194
<b>Total Revenues and Other Sources</b>	<b>\$ 18,669</b>	<b>\$ 1,254</b>	<b>\$ 308</b>	<b>\$ 1,446</b>	<b>\$ 3,222</b>	<b>\$ 14,191</b>	<b>\$ 13,931</b>	<b>\$ 53,021</b>

# Special Revenue Funds

Exhibit C-5

## Combining Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
<b>HIGHWAY USER FUEL TAX</b>						
Current Operating Departments						
Transportation	\$ 1,707	\$ 4,719	\$ 45	\$ -	\$ 57	\$ 6,528
Community Services	719	755	155	-	-	1,629
Municipal Services	2,081	5,222	520	-	6	7,829
Debt Service						
Principal	-	-	-	1,980	-	1,980
Interest and Fiscal Charges	-	-	-	1,124	-	1,124
Expenditures	4,507	10,696	720	3,104	63	19,090
<b>COMMUNITY DEVELOPMENT</b>						
Current Operating Departments						
Community Services	170	986	9	-	89	1,254
<b>HOME</b>						
Current Operating Departments						
Community Services	46	262	-	-	-	308
<b>GRANTS</b>						
Current Operating Departments						
General Government	79	3	-	-	-	82
Police	954	25	25	-	11	1,015
Transportation	-	439	-	-	32	471
Community Services	4	102	21	-	31	158
Information Systems	-	132	4	-	-	136
	1,037	701	50	-	74	1,862
<b>SECTION 8</b>						
Current Operating Departments						
Community Services	198	2,987	5	-	9	3,199
<b>PRESERVE PRIVILEGE TAX</b>						
Debt Service						
Principal	-	-	-	480	-	480
Interest	-	-	-	474	-	474
	-	-	-	954	-	954
Total Expenditures	\$ 5,958	\$ 15,632	\$ 784	\$ 4,058	\$ 235	\$ 26,667

## **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.

# Debt Service Funds

Exhibit D-1

## Combining Balance Sheet

June 30, 1999 (in thousands of dollars)

	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	\$ 16,678	\$ 13,318	\$ 3,442	\$ 6,249	\$ 4,034	\$ 43,721
Investments	-	420	-	-	-	420
Receivables						
Accrued Interest	-	6	-	-	-	6
Property Tax	328	-	-	19	-	347
Special Assessments	-	-	12,731	-	-	12,731
Due from County Treasurer	-	-	-	126	-	126
<b>Total Assets</b>	<b>\$ 17,006</b>	<b>\$ 13,744</b>	<b>\$ 16,173</b>	<b>\$ 6,394</b>	<b>\$ 4,034</b>	<b>\$ 57,351</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Bond Interest Payable	\$ 4,560	\$ 1,260	\$ 426	\$ 753	\$ 2,564	\$ 9,563
Bonds Payable - Current Portion	8,140	8,785	-	420	1,470	18,815
Deferred Revenue						
Property Tax	-	-	-	19	-	19
Special Assessments	-	-	12,732	-	-	12,732
Other	-	-	-	3,000	-	3,000
Other	-	4	-	-	-	4
<b>Total Liabilities</b>	<b>12,700</b>	<b>10,049</b>	<b>13,158</b>	<b>4,192</b>	<b>4,034</b>	<b>44,133</b>
<b>Fund Balances</b>						
Reserved for Debt Service	4,306	3,695	3,015	2,202	-	13,218
<b>Total Fund Balances</b>	<b>4,306</b>	<b>3,695</b>	<b>3,015</b>	<b>2,202</b>	<b>-</b>	<b>13,218</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 17,006</b>	<b>\$ 13,744</b>	<b>\$ 16,173</b>	<b>\$ 6,394</b>	<b>\$ 4,034</b>	<b>\$ 57,351</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Debt Service Funds

Exhibit D-2

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances and Changes in Fund Balances

For the Fiscal Year Ended June 30, 1999 (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	\$ 19,270	\$ -	\$ -	\$ 1,164	\$ -	\$ 20,434
Transaction Privilege	-	10,242	-	-	-	10,242
Transient Occupancy	-	137	-	-	-	137
	19,270	10,379	-	1,164	-	30,813
Special Assessments	-	-	4,357	-	-	4,357
Use of Money and Property						
Investment Income	5	49	38	366	-	458
Developer Contributions	-	-	-	654	-	654
Other	-	280	-	-	-	280
<b>Total Revenues</b>	<b>19,275</b>	<b>10,708</b>	<b>4,395</b>	<b>2,184</b>	<b>-</b>	<b>36,562</b>
<b>Expenditures</b>						
Debt Service						
Principal	8,140	10,355	3,289	420	1,470	23,674
Interest and Fiscal Charges	9,099	4,649	941	1,579	5,046	21,314
Advanced Refunding Escrow	-	-	-	1,986	-	1,986
Refunding Bond Issuance Costs	-	-	-	563	-	563
<b>Total Expenditures</b>	<b>17,239</b>	<b>15,004</b>	<b>4,230</b>	<b>4,548</b>	<b>6,516</b>	<b>47,537</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,036</b>	<b>(4,296)</b>	<b>165</b>	<b>(2,364)</b>	<b>(6,516)</b>	<b>(10,975)</b>
<b>Other Sources (Uses)</b>						
Operating Transfers In	-	5,706	-	-	6,516	12,222
Operating Transfers Out	-	-	-	(149)	-	(149)
Bond Proceeds	-	-	-	503	-	503
Refunding Bond Proceeds	-	-	-	20,475	-	20,475
Payment to Refunded Debt Escrow Agent	-	-	-	(19,662)	-	(19,662)
<b>Total Other Sources</b>	<b>-</b>	<b>5,706</b>	<b>-</b>	<b>1,167</b>	<b>6,516</b>	<b>13,389</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,036</b>	<b>1,410</b>	<b>165</b>	<b>(1,197)</b>	<b>-</b>	<b>2,414</b>
Fund Balances July 1, 1998	2,270	2,434	2,850	3,399	-	10,953
Residual Equity Transfer In (Out)	-	(149)	-	-	-	(149)
<b>Fund Balances June 30, 1999</b>	<b>\$ 4,306</b>	<b>\$ 3,695</b>	<b>\$ 3,015</b>	<b>\$ 2,202</b>	<b>\$ -</b>	<b>\$ 13,218</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Debt Service Funds

Exhibit D-3

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budget Basis  
For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	General Obligation			Municipal Property Corporation		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>						
Taxes - Local						
Property	\$ 19,401	\$ 19,270	\$ (131)	\$ -	\$ -	\$ -
Transaction Privilege	-	-	-	11,205	10,242	(963)
Transient Occupancy	-	-	-	-	137	137
	19,401	19,270	(131)	11,205	10,379	(826)
Special Assessments	-	-	-	-	-	-
Use of Money and Property	-	-	-	-	-	-
Investment Income	-	5	5	150	49	(101)
Other	-	-	-	304	280	(24)
<b>Total Revenues</b>	<b>19,401</b>	<b>19,275</b>	<b>(126)</b>	<b>11,659</b>	<b>10,708</b>	<b>(951)</b>
<b>Expenditures</b>						
Debt Service						
Principal	8,140	8,140	-	6,855	10,355	(3,500)
Interest and Fiscal Charges	11,549	9,099	2,450	8,415	4,649	3,766
<b>Total Expenditures</b>	<b>19,689</b>	<b>17,239</b>	<b>2,450</b>	<b>15,270</b>	<b>15,004</b>	<b>266</b>
Excess (Deficiency) of Revenues Over Expenditures	(288)	2,036	2,324	(3,611)	(4,296)	(685)
Other Sources (Uses)						
Operating Transfers In	-	-	-	6,201	5,706	(495)
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,201</b>	<b>5,706</b>	<b>(495)</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(288)	2,036	2,324	2,590	1,410	(1,180)
Fund Balances July 1, 1998	-	2,270	2,270	-	2,434	2,434
Fund Balances (Deficit) June 30, 1999	\$ (288)	\$ 4,306	\$ 4,594	\$ 2,590	\$ 3,844	\$ 1,254

Special Assessments			Scottsdale Preserve Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,401	\$ 19,270	\$ (131)
-	-	-	-	-	-	11,205	10,242	(963)
-	-	-	-	-	-	-	137	137
-	-	-	-	-	-	30,606	29,649	(957)
5,688	4,357	(1,331)	-	-	-	5,688	4,357	(1,331)
-	38	38	-	-	-	150	92	(58)
-	-	-	-	-	-	304	280	(24)
5,688	4,395	(1,293)	-	-	-	36,748	34,378	(2,370)
3,453	3,289	164	1,695	1,470	225	20,143	23,254	(3,111)
1,380	941	439	5,661	5,046	615	27,005	19,735	7,270
4,833	4,230	603	7,356	6,516	840	47,148	42,989	4,159
855	165	(690)	(7,356)	(6,516)	840	(10,400)	(8,611)	1,789
-	-	-	7,356	6,516	(840)	13,557	12,222	(1,335)
-	-	-	7,356	6,516	(840)	13,557	12,222	(1,335)
855	165	(690)	-	-	-	3,157	3,611	454
-	2,850	2,850	-	-	-	-	7,554	7,554
\$ 855	\$ 3,015	\$ 2,160	\$ -	\$ -	\$ -	\$ 3,157	\$ 11,165	\$ 8,008





## **Capital Projects Funds**

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

### **General Obligation Bond Construction Fund**

Accounts for the proceeds of the sale of 1989 and 1992 voter-approved general obligation bonds that are used for authorized capital improvements.

### **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.

### **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.

## Capital Projects Funds

Exhibit E-1

 Combining Balance Sheet  
 June 30, 1999 (in thousands of dollars)

	General Obligation Bond Construction	Special Assessments Bond Construction	Municipal Property Corporation	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	\$ 35,045	\$ 47	\$ 1,981	\$ 9,662	\$ 14,535	\$ 39,316	\$ 4,932	\$ -	\$ 105,518
Receivables									
Accrued Interest	132	-	-	43	138	249	-	-	562
Miscellaneous	-	-	-	-	-	100	-	-	100
<b>Total Assets</b>	<b>\$ 35,177</b>	<b>\$ 47</b>	<b>\$ 1,981</b>	<b>\$ 9,705</b>	<b>\$ 14,673</b>	<b>\$ 39,665</b>	<b>\$ 4,932</b>	<b>\$ -</b>	<b>\$ 106,180</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts Payable	\$ 948	\$ 20	\$ -	\$ 4	\$ 1,165	\$ 825	\$ 342	\$ -	\$ 3,304
Arbitrage	242	-	-	-	-	-	-	-	242
<b>Total Liabilities</b>	<b>1,190</b>	<b>20</b>	<b>-</b>	<b>4</b>	<b>1,165</b>	<b>825</b>	<b>342</b>	<b>-</b>	<b>3,546</b>
<b>Fund Balances</b>									
Unreserved	33,987	27	1,981	9,701	13,508	38,840	4,590	-	102,634
<b>Total Fund Balances</b>	<b>33,987</b>	<b>27</b>	<b>1,981</b>	<b>9,701</b>	<b>13,508</b>	<b>38,840</b>	<b>4,590</b>	<b>-</b>	<b>102,634</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 35,177</b>	<b>\$ 47</b>	<b>\$ 1,981</b>	<b>\$ 9,705</b>	<b>\$ 14,673</b>	<b>\$ 39,665</b>	<b>\$ 4,932</b>	<b>\$ -</b>	<b>\$ 106,180</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Capital Projects Funds

Exhibit E-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	General Obligation Bond Construction	Special Assessments Bond Construction	Municipal Property Corporation	Preserve Privilege Tax	Transportation Privilege Tax	All Other Construction	Community Facilities Districts	Scottsdale Preserve Authority	Total All Funds
<b>Revenues</b>									
Use of Money and Property	\$ 825	\$ 31	\$ 10	\$ 252	\$ 847	\$ 1,527	\$ 351	\$ -	\$ 3,843
Developer Contributions	-	490	-	-	-	516	-	-	1,006
Reimbursements from Outside Sources	-	-	-	-	-	4,801	-	-	4,801
Other	-	-	-	-	-	783	107	-	890
<b>Total Revenues</b>	<b>825</b>	<b>521</b>	<b>10</b>	<b>252</b>	<b>847</b>	<b>7,627</b>	<b>458</b>	<b>-</b>	<b>10,540</b>
<b>Expenditures</b>									
Capital Improvements	15,939	1,404	3,362	8,425	14,905	45,592	9,025	77,000	175,652
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(15,114)</b>	<b>(883)</b>	<b>(3,352)</b>	<b>(8,173)</b>	<b>(14,058)</b>	<b>(37,965)</b>	<b>(8,567)</b>	<b>(77,000)</b>	<b>(165,112)</b>
<b>Other Sources (Uses)</b>									
Operating Transfers In	-	72	1	5,510	13,308	17,106	149	-	36,146
Operating Transfers Out	-	-	(4,159)	-	-	(72)	-	-	(4,231)
Bond Proceeds	25,200	850	9,150	-	-	-	7,472	77,000	119,672
Bond Premium	-	-	30	-	-	-	-	-	30
Proceeds from Capital Lease	-	-	-	-	-	28,750	-	-	28,750
Proceeds from Sale of Real Estate	-	-	-	-	-	794	-	-	794
<b>Total Other Sources (Uses)</b>	<b>25,200</b>	<b>922</b>	<b>5,022</b>	<b>5,510</b>	<b>13,308</b>	<b>46,578</b>	<b>7,621</b>	<b>77,000</b>	<b>181,161</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>10,086</b>	<b>39</b>	<b>1,670</b>	<b>(2,663)</b>	<b>(750)</b>	<b>8,613</b>	<b>(946)</b>	<b>-</b>	<b>16,049</b>
<b>Fund Balances July 1, 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>
<b>Residual Equity Transfer Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(557)</b>	<b>-</b>	<b>-</b>	<b>(557)</b>
<b>Fund Balances June 30, 1999</b>	<b>\$ 33,987</b>	<b>\$ 27</b>	<b>\$ 1,981</b>	<b>\$ 9,701</b>	<b>\$ 13,508</b>	<b>\$ 38,840</b>	<b>\$ 4,590</b>	<b>\$ -</b>	<b>\$ 102,634</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.).

# Enterprise Funds

Exhibit F-1

## Combining Balance Sheet

June 30, 1999 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Short-Term Investments	\$ 107,208	\$ 408	\$ -	\$ 107,616
Investments			196	196
Receivables				
Accrued Interest	1,139	8	14	1,161
Accounts	10,662	-	1,982	12,644
Miscellaneous	480	30	63	573
<b>Total Current Assets</b>	<b>119,489</b>	<b>446</b>	<b>2,255</b>	<b>122,190</b>
<b>Restricted Cash and Investments</b>				
Water and Sewer System Replacement	10,397	-	-	10,397
Scottsdale Water Service Company				
Replacement Reserve	300	-	-	300
Acquisition and Construction Reserve				
Development Fees	8,278	-	-	8,278
<b>Total Restricted Cash and Investments</b>	<b>18,975</b>	<b>-</b>	<b>-</b>	<b>18,975</b>
Equity In Joint Venture	25,019	-	-	25,019
<b>Property, Plant, and Equipment</b>				
Land and Land Improvements	3,314	19,610	1,111	24,035
Water Rights	44,538	-	-	44,538
Water System	340,959	-	-	340,959
Sewer System	178,903	-	-	178,903
Buildings and Improvements	-	3,707	2,923	6,630
Machinery and Equipment	2,801	1,139	2,382	6,322
Furniture and Fixtures	782	7	-	789
Construction in Progress	46,921	463	-	47,384
<b>Total Property, Plant, and Equipment</b>	<b>618,218</b>	<b>24,926</b>	<b>6,416</b>	<b>649,560</b>
Accumulated Depreciation	(103,249)	(7,850)	(965)	(112,064)
<b>Total Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	<b>514,969</b>	<b>17,076</b>	<b>5,451</b>	<b>537,496</b>
<b>Excess Purchase Price Over Fair Market</b>				
Value of Water System Assets				
Acquired, Net of Accumulated				
Amortization of \$2,615,928	305	-	-	305
<b>Total Assets</b>	<b>\$ 678,757</b>	<b>\$ 17,522</b>	<b>\$ 7,706</b>	<b>\$ 703,985</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Enterprise Funds

Exhibit F-1  
(continued)

Combining Balance Sheet  
June 30, 1999 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>LIABILITIES AND FUND EQUITY</b>				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$ 7,983	\$ 74	\$ 245	\$ 8,302
Accrued Payroll	812	53	372	1,237
Due to General Fund	-	-	57	57
Contracts Payable - Current Portion	291	-	-	291
Bond Interest Payable	3,287	-	116	3,403
Bonds Payable - Current Portion	6,570	-	745	7,315
<b>Total Current Liabilities</b>	<b>18,943</b>	<b>127</b>	<b>1,535</b>	<b>20,605</b>
Other Liabilities				
Deferred Revenue	3,126	-	-	3,126
Accumulated Accretion	3,593	-	-	3,593
Customer Advances and Deposits	1,043	1	-	1,044
<b>Total Other Liabilities</b>	<b>7,762</b>	<b>1</b>	<b>-</b>	<b>7,763</b>
Long-Term Debt (Net of Current Portion)				
Bonds Payable, Net of Def. Loss/Costs	106,107	-	4,035	110,142
Contracts Payable	656	-	-	656
<b>Total Long-Term Debt</b>	<b>106,763</b>	<b>-</b>	<b>4,035</b>	<b>110,798</b>
<b>Total Liabilities</b>	<b>133,468</b>	<b>128</b>	<b>5,570</b>	<b>139,166</b>
Equity				
Contributed Capital	369,363	25,034	449	394,846
Less Depreciation	(48,223)	(7,930)	-	(56,153)
<b>Net Contributed Capital</b>	<b>321,140</b>	<b>17,104</b>	<b>449</b>	<b>338,693</b>
Retained Earnings				
Reserved for Water and Sewer System Replacement	10,697	-	-	10,697
Reserved for Acquisition and Construction	8,278	-	-	8,278
Unreserved	205,174	290	1,687	207,151
<b>Total Retained Earnings</b>	<b>224,149</b>	<b>290</b>	<b>1,687</b>	<b>226,126</b>
<b>Total Equity</b>	<b>545,289</b>	<b>17,394</b>	<b>2,136</b>	<b>564,819</b>
<b>Total Liabilities and Equity</b>	<b>\$ 678,757</b>	<b>\$ 17,522</b>	<b>\$ 7,706</b>	<b>\$ 703,985</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Enterprise Funds

Exhibit F-2

## Combining Statement of Revenues, Expenses, and Changes In Retained Earnings For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>Operating Revenues</b>				
Water Service Fees	\$ 51,549	\$ -	\$ -	\$ 51,549
Sewer Service Fees	18,330	-	-	18,330
Reclaimed Water Distribution	4,045	-	-	4,045
Groundwater Treatment Plant	1,427	-	-	1,427
Solid Waste Fees	-	-	13,951	13,951
Airport Fees	-	1,020	-	1,020
Other	2,485	-	-	2,485
<b>Total Operating Revenues</b>	<b>77,836</b>	<b>1,020</b>	<b>13,951</b>	<b>92,807</b>
<b>Operating Expenses</b>				
Water Operations	25,920	-	-	25,920
Sewer Operations	8,512	-	-	8,512
Solid Waste Operations	-	-	11,027	11,027
Airport Operations	-	1,180	-	1,180
Indirect Costs	4,694	577	1,852	7,123
In-Lieu Property Tax	2,023	92	21	2,136
Franchise Fees	3,657	-	-	3,657
Depreciation and Amortization	12,459	593	217	13,269
<b>Total Operating Expenses</b>	<b>57,265</b>	<b>2,442</b>	<b>13,117</b>	<b>72,824</b>
<b>Operating Income (Loss)</b>	<b>20,571</b>	<b>(1,422)</b>	<b>834</b>	<b>19,983</b>
<b>Non-Operating Revenues (Expenses)</b>				
Investment Income	6,157	47	67	6,271
Interest Expense	(4,459)	(52)	(239)	(4,750)
Litigation Recovery	927	-	-	927
<b>Net Non-Operating Revenues (Expenses)</b>	<b>2,625</b>	<b>(5)</b>	<b>(172)</b>	<b>2,448</b>
<b>Operating Transfers In</b>	<b>-</b>	<b>584</b>	<b>-</b>	<b>584</b>
<b>Operating Transfers Out</b>	<b>(205)</b>	<b>-</b>	<b>(1)</b>	<b>(206)</b>
<b>Net Operating Transfers In (Out)</b>	<b>(205)</b>	<b>584</b>	<b>(1)</b>	<b>378</b>
<b>Net Income (Loss)</b>	<b>22,991</b>	<b>(843)</b>	<b>661</b>	<b>22,809</b>
<b>Add Depreciation on Fixed Assets Acquired By Contributed Capital</b>	<b>4,940</b>	<b>593</b>	<b>-</b>	<b>5,533</b>
<b>Increase (Decrease) in Retained Earnings</b>	<b>27,931</b>	<b>(250)</b>	<b>661</b>	<b>28,342</b>
<b>Retained Earnings July 1, 1998</b>	<b>196,218</b>	<b>540</b>	<b>1,026</b>	<b>197,784</b>
<b>Retained Earnings June 30, 1999</b>	<b>\$ 224,149</b>	<b>\$ 290</b>	<b>\$ 1,687</b>	<b>\$ 226,126</b>

SEE NOTES TO FINANCIAL STATEMENTS



# Enterprise Funds

Exhibit F-3

(continued on following page)

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>Cash Flows from Operating Activities:</b>				
Operating Income (Loss)	\$ 20,571	\$ (1,422)	\$ 834	\$ 19,983
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Depreciation/Amortization	12,459	593	217	13,269
Litigation Recovery	927	-	-	927
<b>Changes In Assets and Liabilities</b>				
<b>Sources (Uses) of Cash:</b>				
Accounts Receivable	(2,318)	-	(164)	(2,482)
Miscellaneous Receivables	(7)	28	(49)	(28)
Accounts Payable	1,670	75	73	1,818
Accrued Payroll	143	5	37	185
Due to General Fund	-	(2,009)	57	(1,952)
Deferred Revenue	(689)	-	-	(689)
Other Liabilities	30	-	-	30
<b>Total Adjustments</b>	<b>12,215</b>	<b>(1,308)</b>	<b>171</b>	<b>11,078</b>
<b>Net Cash Provided by Operating Activities</b>	<b>32,786</b>	<b>(2,730)</b>	<b>1,005</b>	<b>31,061</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Operating Transfers In	-	584	-	584
Operating Transfers Out	(205)	-	(1)	(206)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>(205)</b>	<b>584</b>	<b>(1)</b>	<b>378</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Property and Equipment	(74,979)	(213)	(422)	(75,614)
Principal Payments on Long-Term Debt	(3,711)	(994)	(705)	(5,410)
Interest Paid on Long-Term Debt	(2,398)	(52)	(259)	(2,709)
Capital Contributions from Other Government Units	-	3,705	-	3,705
Developer	1,419	-	-	1,419
Water and Sewer Development Fees	32,723	-	-	32,723
Prepaid Expense	-	52	-	52
Bond Proceeds	50,000	-	-	50,000
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>3,054</b>	<b>2,498</b>	<b>(1,386)</b>	<b>4,166</b>
<b>Cash Flows from Investing Activities:</b>				
Income Received on Investments	6,266	56	59	6,381
<b>Net Cash Provided by Investing Activities</b>	<b>6,266</b>	<b>56</b>	<b>59</b>	<b>6,381</b>
<b>Net increase (Decrease) in Cash and Cash Equivalents</b>	<b>41,901</b>	<b>408</b>	<b>(323)</b>	<b>41,986</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>84,282</b>	<b>-</b>	<b>323</b>	<b>84,605</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 126,183</b>	<b>\$ 408</b>	<b>\$ -</b>	<b>\$ 126,591</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Enterprise Funds

Exhibit F-3

(continued)

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 1999 (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	\$ 107,208	\$ 408	\$ -	\$ 107,616
Restricted Cash and Investments	18,975	-	-	18,975
<b>Total Cash and Cash Equivalents</b>	<b>\$ 126,183</b>	<b>\$ 408</b>	<b>\$ -</b>	<b>\$ 126,591</b>
Supplemental Disclosure of Non-Cash Financing Activities:				
Additions to Property, Plant, and Equipment				
Contributions from Developers	\$ 4,511	\$ -	\$ -	\$ 4,511
Deductions to Interest Expense				
Accumulated Accretion	668	-	-	668
<b>Total Non-Cash Financing Activities</b>	<b>\$ 5,179</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,179</b>

SEE NOTES TO FINANCIAL STATEMENTS

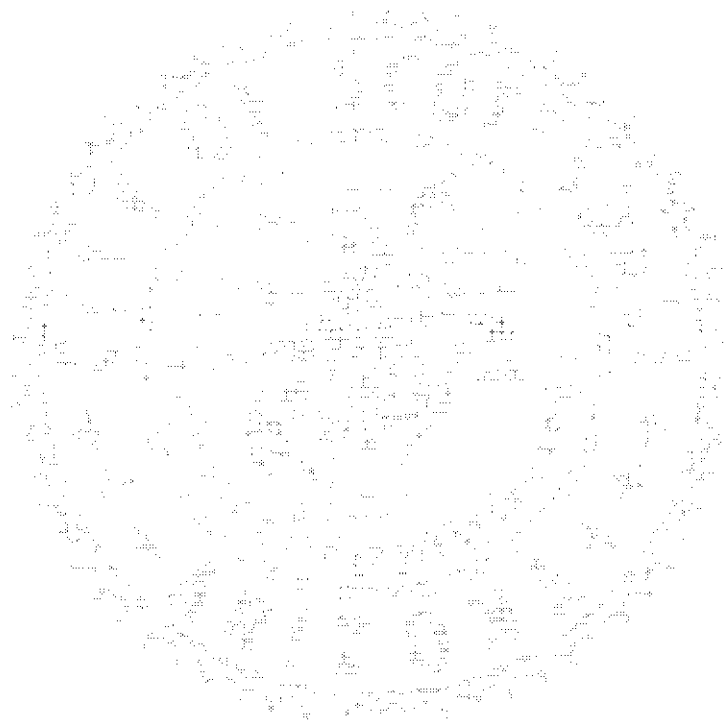
## Enterprise Funds

Exhibit F-4

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

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Water and Sewer Utility			Airport			Solid Waste			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>												
Water Service Fees	\$ 50,602	\$ 51,549	\$ 947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,602	\$ 51,549	\$ 947
Sewer Service Fees	18,547	18,330	(217)	-	-	-	-	-	-	18,547	18,330	(217)
Solid Waste Fees	-	-	-	-	-	-	13,852	13,951	99	13,852	13,951	99
Airport Fees	-	-	-	937	1,020	83	-	-	-	937	1,020	83
Property Rental	-	57	57	-	-	-	-	-	-	-	57	57
Interest Earnings	2,841	4,040	1,199	-	47	47	6	68	62	2,847	4,155	1,308
Operating Transfers In	-	-	-	657	584	(73)	-	-	-	657	584	(73)
Other	2,002	2,588	586	-	-	-	-	-	-	2,002	2,588	586
<b>Total Revenues</b>	<b>73,992</b>	<b>76,564</b>	<b>2,572</b>	<b>1,594</b>	<b>1,651</b>	<b>57</b>	<b>13,858</b>	<b>14,019</b>	<b>161</b>	<b>89,444</b>	<b>92,234</b>	<b>2,790</b>
<b>Expenditures</b>												
Water Operations	28,991	24,482	4,509	-	-	-	-	-	-	28,991	24,482	4,509
Sewer Operations	7,132	6,422	710	-	-	-	-	-	-	7,132	6,422	710
Solid Waste Operations	-	-	-	-	-	-	10,809	11,007	(198)	10,809	11,007	(198)
Airport Operations	-	-	-	953	982	(29)	-	-	-	953	982	(29)
Debt Service and Reserves	14,737	11,294	3,443	-	-	-	983	985	(2)	15,720	12,279	3,441
Operating Transfers Out	138	205	(67)	-	-	-	193	-	193	331	205	126
Indirect Costs	4,234	4,234	-	577	577	-	1,852	1,852	-	6,663	6,663	-
In Lieu Property Tax	1,954	1,954	-	92	92	-	21	21	-	2,067	2,067	-
Franchise Fee	3,453	3,453	-	-	-	-	-	-	-	3,453	3,453	-
<b>Total Expenditures</b>	<b>60,639</b>	<b>52,044</b>	<b>8,595</b>	<b>1,622</b>	<b>1,651</b>	<b>(29)</b>	<b>13,858</b>	<b>13,865</b>	<b>(7)</b>	<b>76,119</b>	<b>67,560</b>	<b>8,559</b>
<b>Excess (Deficit) of Revenues</b>												
Over Expenditures	\$ 13,353	\$ 24,520	\$ 11,167	\$ (28)	\$ -	\$ 28	\$ -	\$ 154	\$ 154	\$ 13,325	\$ 24,674	\$ 11,349



## **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.

### **Fleet Management Fund**

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

### **Self-Insurance Fund**

The Self-Insurance Fund is responsible for the 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.



# Internal Service Funds

Exhibit G-1

## Combining Balance Sheet

June 30, 1999 (in thousands of dollars)

	Fleet Management	Self- Insurance	Total All Funds
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Short-Term Investments	\$ 9,961	\$ 9,537	\$ 19,498
Receivables			
Accrued Interest	63	6	69
Miscellaneous	8	51	59
Supplies Inventory	320	-	320
<b>Total Current Assets</b>	<b>10,352</b>	<b>9,594</b>	<b>19,946</b>
<b>Property, Plant, and Equipment</b>			
Buildings and Improvements	1,448	-	1,448
Motor Vehicles	25,365	-	25,365
Machinery and Equipment	768	-	768
Furniture and Fixtures	2	22	24
Construction in Progress	1,110	-	1,110
<b>Total Property, Plant, and Equipment</b>	<b>28,693</b>	<b>22</b>	<b>28,715</b>
Accumulated Depreciation	(12,534)	(22)	(12,556)
<b>Total Property, Plant, and Equipment,     Net of Accumulated Depreciation</b>	<b>16,159</b>	<b>-</b>	<b>16,159</b>
<b>Total Assets</b>	<b>\$ 26,511</b>	<b>\$ 9,594</b>	<b>\$ 36,105</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 71	\$ -	\$ 71
Accrued Payroll	325	88	413
Claims Payable	-	8,143	8,143
<b>Total Current Liabilities</b>	<b>396</b>	<b>8,231</b>	<b>8,627</b>
<b>Equity (Deficit)</b>			
Contributed Capital	10,414	1,983	12,397
Retained Earnings (Accumulated Deficit)	15,701	(620)	15,081
<b>Net Equity</b>	<b>26,115</b>	<b>1,363</b>	<b>27,478</b>
<b>Total Liabilities and Equity</b>	<b>\$ 26,511</b>	<b>\$ 9,594</b>	<b>\$ 36,105</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Internal Service Funds

Exhibit G-2

## Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit) For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Fleet Management	Self- Insurance	Total All Funds
<b>Operating Revenues</b>			
Billings To User Programs	\$ 10,716	\$ 3,821	\$ 14,537
Other	215	-	215
<b>Total Operating Revenues</b>	<b>10,931</b>	<b>3,821</b>	<b>14,752</b>
<b>Operating Expenses</b>			
Fleet Management Operations	4,928	-	4,928
Self-Insurance Administration	-	1,170	1,170
Self-Insurance Claims	-	2,167	2,167
Depreciation	3,064	-	3,064
<b>Total Operating Expenses</b>	<b>7,992</b>	<b>3,337</b>	<b>11,329</b>
<b>Operating Income</b>	<b>2,939</b>	<b>484</b>	<b>3,423</b>
<b>Non-Operating Revenues</b>			
Property Tax	-	633	633
Investment Income	392	389	781
Gain on Sale of Fixed Assets	139	-	139
<b>Total Non-Operating Revenues</b>	<b>531</b>	<b>1,022</b>	<b>1,553</b>
<b>Operating Transfers In</b>	<b>1,132</b>	<b>500</b>	<b>1,632</b>
<b>Net Income</b>	<b>4,602</b>	<b>2,006</b>	<b>6,608</b>
<b>Retained Earnings (Accumulated Deficit)</b>			
July 1, 1998	11,099	(2,626)	8,473
<b>Retained Earnings (Accumulated Deficit)</b>			
June 30, 1999	\$ 15,701	\$ (620)	\$ 15,081

SEE NOTES TO FINANCIAL STATEMENTS

# Internal Service Funds

Exhibit G-3

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Fleet Management	Self- Insurance	Total All Funds
<b>Cash Flows from Operating Activities:</b>			
Operating Income	\$ 2,939	\$ 484	\$ 3,423
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	3,064	-	3,064
Changes in Assets and Liabilities			
Sources (Uses) of Cash:			
Miscellaneous Receivables	(2)	2	-
Supplies Inventory	(27)	-	(27)
Accounts Payable	(40)	(5)	(45)
Accrued Payroll	13	9	22
Claims Payable	-	296	296
<b>Total Adjustments</b>	<b>3,008</b>	<b>302</b>	<b>3,310</b>
<b>Net Cash Provided by Operating Activities</b>	<b>5,947</b>	<b>786</b>	<b>6,733</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Property Tax	-	633	633
Operating Transfers In	1,132	500	1,632
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>1,132</b>	<b>1,133</b>	<b>2,265</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition, Construction, and Disposal of Property and Equipment	(3,021)	-	(3,021)
Sale of Fixed Assets	342	-	342
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<b>(2,679)</b>	<b>-</b>	<b>(2,679)</b>
<b>Cash Flows from Investing Activities:</b>			
Income Received on Investments	390	455	845
<b>Net Increase in Cash and Cash Equivalents</b>	<b>4,790</b>	<b>2,374</b>	<b>7,164</b>
Cash and Cash Equivalents at Beginning of Year	5,171	7,163	12,334
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 9,961</b>	<b>\$ 9,537</b>	<b>\$ 19,498</b>
<b>Supplemental Disclosure of Noncash Financing Activities:</b>			
Additions to Property, Plant, and Equipment Contributions from Other Government Units	\$ 493	\$ -	\$ 493

SEE NOTES TO FINANCIAL STATEMENTS



## **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.

# Trust and Agency Funds

Exhibit H-1

## Combining Balance Sheet

June 30, 1999 (in thousands of dollars)

	Expendable Trust	Family Self-Sufficiency Agency	Total All Funds
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ 11,068	\$ 70	\$ 11,138
Receivables			
Accrued Interest	17	-	17
Note	4,000	-	4,000
Miscellaneous	670	-	670
<b>Total Assets</b>	<b>\$ 15,755</b>	<b>\$ 70</b>	<b>\$ 15,825</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 411	\$ -	\$ 411
Designated Escrow Payable	-	70	70
Deferred Revenue	4,160	-	4,160
Guaranty and Other Deposits	5,257	-	5,257
<b>Total Liabilities</b>	<b>9,828</b>	<b>70</b>	<b>9,898</b>
Fund Balances			
Unreserved	5,927	-	5,927
<b>Total Fund Balances</b>	<b>5,927</b>	<b>-</b>	<b>5,927</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,755</b>	<b>\$ 70</b>	<b>\$ 15,825</b>

SEE NOTES TO FINANCIAL STATEMENTS

# Expendable Trust Fund

Exhibit H-2

## Statement of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	<u>Expendable Trust</u>
Revenues	
Investment Income	\$ 116
Donations and Other Trust Revenues	<u>6,698</u>
Total Revenues	6,814
Expenditures	
Expendable Trusts	<u>6,848</u>
Excess of Revenues Over Expenditures	(34)
Other Sources (Uses)	
Operating Transfers In	5
Operating Transfers Out	<u>(501)</u>
Total Other Sources (Uses)	<u>(496)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(530)
Fund Balance July 1, 1998	<u>6,457</u>
Fund Balance June 30, 1999	<u><u>\$ 5,927</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

# Expendable Trust Fund

Exhibit H-3

Schedule of Expenditures by Object  
June 30, 1999 (in thousands of dollars)

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	<u>Personal Services</u>	<u>Other Services</u>	<u>Supplies</u>	<u>Capital Outlay</u>	<u>Total</u>
Expendable Trust	\$ 445	\$ 2,774	\$ 378	\$ 3,251	\$ 6,848

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# Family Self-Sufficiency Agency Fund

Exhibit H-4

**Statement of Changes in Assets and Liabilities**  
For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	Family Self-Sufficiency			Balance June 30, 1999
	Balance July 1, 1998	Additions	Deductions	
<b>ASSETS</b>				
Cash and Short-Term Investments	\$ 23	\$ 47	\$ -	\$ 70
Total Assets	\$ 23	\$ 47	\$ -	\$ 70
<b>LIABILITIES</b>				
Designated Escrow Payable	\$ 23	\$ 47	\$ -	\$ 70
Total Liabilities	\$ 23	\$ 47	\$ -	\$ 70

SEE NOTES TO FINANCIAL STATEMENTS



## **General Fixed Assets Account Group**

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

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

# General Fixed Assets Account Group

Exhibit I-1

## Schedule of General Fixed Assets by Source June 30, 1999 (in thousands of dollars)

General Fixed Assets:

Land	\$	195,290
Buildings and Improvements		247,132
Streets and Storm Drains		1,216,206
Machinery and Equipment		43,212
Construction in Progress		48,722
		<hr/>
Total General Fixed Assets	\$	<u>1,750,562</u>

Investment in General Fixed Assets by Source:

General Fund	\$	62,864
Special Revenue Funds		102,079
Capital Projects Funds		638,340
Contributions		947,279
		<hr/>
Total Investment in General Fixed Assets	\$	<u>1,750,562</u>



# General Fixed Assets Account Group

Exhibit I-2

## Schedule of General Fixed Assets by Function and Activity June 30, 1999 (in thousands of dollars)

DEPARTMENT	Land	Buildings and Improvements	Streets and Storm Drains	Machinery and Equipment	Total
General Government	\$ 464	\$ 4,239	\$ 98	\$ 783	\$ 5,584
Police	38	984	48	2,586	3,656
Financial Services	-	280	-	564	844
Transportation	-	7,128	-	9	7,137
Community Services	7,444	9,490	129	1,417	18,480
Information Systems	-	-	-	6,492	6,492
Planning & Development	-	161	-	156	317
Fire	-	397	-	259	656
Municipal Services	-	-	-	42	42
Capital Projects	187,344	224,453	1,215,931	30,904	1,658,632
Total General Fixed Assets Allocated to Functions	\$ 195,290	\$ 247,132	\$ 1,216,206	\$ 43,212	\$ 1,701,840
Construction in Progress					48,722
Total General Fixed Assets					\$ 1,750,562

# General Fixed Assets Account Group

Exhibit I-3

## Schedule of Changes in General Fixed Assets By Function and Activity For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

Department	July 1, 1998	Additions	Deletions	June 30, 1999
General Government	\$ 5,930	\$ 12	\$ (358)	\$ 5,584
Police	4,137	400	(881)	3,656
Financial Services	957	6	(120)	843
Transportation	7,151		(13)	7,138
Community Services	19,013	8	(541)	18,480
Information Systems	9,853	102	(3,463)	6,492
Planning & Development	367	7	(57)	317
Fire	662		(6)	656
Municipal Services	109	8	(75)	42
Capital Projects	1,464,949	196,514	(2,831)	1,658,632
Construction in Progress	53,085	20,727	(25,090)	48,722
<b>Total General Fixed Assets</b>	<b>\$ 1,566,213</b>	<b>\$ 217,784</b>	<b>\$ (33,435)</b>	<b>\$ 1,750,562</b>

## **Debt Requirements**

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

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



## Schedule of Changes in Long-Term Debt\*

Exhibit J-1

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	July 1, 1998	Issued	Retired	Refunding Bonds Issued	Bonds Deceased	Accretions & Contract Adjustments	June 30, 1999	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>GENERAL OBLIGATION BONDS</b>										
1989 Series A (1990)	\$ 2,325	\$ -	\$ 1,125	\$ -	\$ -	\$ -	\$ 1,200	\$ 1,200	\$ -	07/01/00
1989 Series B (1991)	6,055	-	855	-	-	-	5,200	5,200	-	07/01/04
1991 GO Refunding	1,400	-	680	-	-	-	720	720	-	07/01/00
1989 Series C (1992)	11,240	-	830	-	-	-	10,410	10,410	-	07/01/12
1993 Refunding	16,598	-	250	-	-	359	16,707	16,707	-	07/01/09
1989 Series D (1993)	16,840	-	1,025	-	-	-	15,815	15,815	-	07/01/13
1993A GO Refunding	22,163	-	475	-	-	635	22,323	22,323	-	07/01/11
1989 Series E (1994)	8,175	-	500	-	-	-	7,675	7,675	-	07/01/14
1994 Various Purpose	4,625	-	550	-	-	-	4,075	4,075	-	07/01/14
1995 GO / Pima Road	13,700	-	500	-	-	-	13,200	13,200	-	07/01/15
1997 Series H - Roads/ Strm Sew/ Pima	25,790	-	905	-	-	-	24,885	24,885	-	07/01/16
1997 GO Refunding	19,900	-	-	-	-	-	19,900	19,900	-	07/01/14
1989 Series I (1998)	20,500	-	445	-	-	-	20,055	20,055	-	07/01/18
1999A GO / Pima Road	-	25,200	-	-	-	-	25,200	25,200	-	07/01/19
Subtotal	169,311	25,200	8,140	-	-	994	187,365	187,365	-	
Enterprise Fund General Obligation Bonds										
1993 Refunding	28,400	-	2,270	-	-	668	26,798	-	26,798	07/01/06
1993 A GO Refunding	1,315	-	-	-	-	-	1,315	-	1,315	07/01/06
Subtotal	29,715	-	2,270	-	-	668	28,113	-	28,113	
Total General Obligation Bonds	\$ 199,026	\$ 25,200	\$ 10,410	\$ -	\$ -	\$ 1,662	\$ 215,478	\$ 187,365	\$ 28,113	
<b>REVENUE BONDS</b>										
Highway User Revenue Fund Bonds										
1993 HURF Refunding	\$ 21,880	\$ -	\$ 1,980	\$ -	\$ -	\$ -	\$ 19,900	\$ 19,900	\$ -	07/01/07
Subtotal	21,880	-	1,980	-	-	-	19,900	19,900	-	
Enterprise Fund Revenue Bonds										
1992 Utility Refunding	2,460	-	1,595	-	-	-	865	-	865	07/01/00
1989 Utility Series B (1992)	3,955	-	185	-	-	-	3,770	-	3,770	07/01/12
1989 Utility Series C (1994)	1,425	-	170	-	-	-	1,255	-	1,255	07/01/05
1996 Utility Revenue Series Refunding	8,396	-	440	-	-	76	8,032	-	8,032	07/01/14
1989 Utility Series D (1998)	19,575	-	450	-	-	-	19,125	-	19,125	07/01/22
1989 Utility Series E (1998)	-	50,000	1,460	-	-	-	48,540	-	48,540	07/01/23
Subtotal	35,811	50,000	4,300	-	-	76	81,587	-	81,587	
Total Revenue Bonds	\$ 57,691	\$ 50,000	\$ 6,280	\$ -	\$ -	\$ 76	\$ 101,487	\$ 19,900	\$ 81,587	

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

### Schedule of Changes in Long-Term Debt\*

Exhibit J-1

(continued here and on following page)

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	July 1, 1998	Issued	Retired	Refunding Bonds Issued	Bonds Deceased	Accretions & Contract Adjustments	June 30, 1999	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>MUNICIPAL PROPERTY CORPORATION BONDS</b>										
1987 AMFP Certificate of Participation	\$ 1,970	\$ -	\$ 620	\$ -	\$ -	\$ -	-1,350	\$ 1,350	\$ -	07/01/01
1992 Asset Transfer Refunding	38,710	-	1,570	-	-	-	37,140	\$ 37,140	-	11/01/14
1993 Refunding	25,140	-	3,080	-	-	-	22,060	\$ 22,060	-	07/01/05
1994 Refunding	5,745	-	845	-	-	-	4,900	\$ 4,900	-	07/01/04
1995 MPC Taxable Excise - TPC Land	2,740	-	80	-	-	-	2,660	\$ 2,660	-	07/01/15
1996 McCormick/Stillman Park	1,810	-	265	-	-	-	1,545	\$ 1,545	-	07/01/04
1996 Computer Project	1,245	-	395	-	-	-	850	\$ 850	-	07/01/01
1998 Telephone, HR/Tech Bldg, Westworld	-	9,150	3,500	-	-	-	5,650	\$ 5,650	-	07/01/08
Subtotal	77,360	9,150	10,355	-	-	-	76,155	\$ 76,155	-	
Enterprise Fund Municipal Property Corporation Bonds										
1995 Transfer Station	3,020	-	185	-	-	-	2,835	-	2,835	07/01/10
1996 Recycle	1,760	-	560	-	-	-	1,200	-	1,200	07/01/01
Subtotal	4,780	-	745	-	-	-	4,035	-	4,035	
Total Municipal Property Corporation Bonds	\$ 82,140	\$ 9,150	\$ 11,100	\$ -	\$ -	\$ -	\$ 80,190	\$ 76,155	\$ 4,035	
<b>SCOTTSDALE PRESERVE AUTHORITY BONDS</b>										
1997 Excise Tax Revenue	\$ 20,330	\$ -	\$ 455	\$ -	\$ -	\$ -	19,875	19,875	-	07/01/22
1998 Excise Tax Revenue	-	77,000	1,015	-	-	-	75,985	75,985	-	07/01/24
Total Scottsdale Preserve Authority Bonds	\$ 20,330	\$ 77,000	\$ 1,470	\$ -	\$ -	\$ -	\$ 95,860	\$ 95,860	\$ -	
<b>SPECIAL ASSESSMENT BONDS</b>										
CAP @ Hayden Road Series 91	\$ 65	\$ -	\$ 65	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	01/01/99
Pima/CAP Series 92	2,597	-	876	-	-	-	1,721	1,721	-	01/01/01
Pima Acres Series 93	390	-	130	-	-	-	260	260	-	01/01/01
Old Scottsdale/West Main Series 94	435	-	110	-	-	-	325	325	-	01/01/02
Fifth Ave/Marshall Way Series 95	480	-	120	-	-	-	360	360	-	01/01/02
Section 31 Series 96	200	-	50	-	-	-	150	150	-	01/01/02
Pinnacle Vista Series 97	450	-	90	-	-	-	360	360	-	01/01/03
North Area Water Series 98	875	-	175	-	-	-	700	700	-	01/01/03
Adobe Miller Series 99	525	-	105	-	-	-	420	420	-	01/01/03
Craftsman Court Series 100	90	-	15	-	-	-	75	75	-	01/01/04
Bell Road Series 101	3,949	-	299	-	1,859	-	1,791	1,791	-	01/01/05
Desert Ranch Water Series 102	185	-	26	-	-	-	159	159	-	01/01/04
Desert Ranch Infrastructure Series 103	9,430	-	1,135	-	-	-	8,295	8,295	-	01/01/05
Pima Acres Paving & Drainage Series 105	-	850	-	-	-	-	850	850	-	01/01/19
Total Special Assessment Bonds	\$ 19,671	\$ 850	\$ 3,196	\$ -	\$ 1,859	\$ -	\$ 15,466	\$ 15,466	\$ -	

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

**Schedule of Changes in Long-Term Debt\***

Exhibit J-1  
(continued)

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

	July 1, 1998	Issued	Retired	Refunding Bonds Issued	Bonds Deafesed	Accretions & Contract Adjustments	June 30, 1999	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>COMMUNITY FACILITIES DISTRICT BONDS</b>										
Scottsdale Mountain Series 1993 A	\$ 3,000	\$ -	\$ 90	\$ -	\$ -	\$ -	\$ 2,910	\$ 2,910	\$ -	07/01/17
Scottsdale Mountain Series 1993 B	525	-	10	-	-	-	515	515	-	07/01/17
McDowell Mountain Ranch Series 1994	9,105	-	-	-	9,105	-	-	-	-	07/15/19
McDowell Mountain Ranch Series 1994 A	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	-	-	-	-	07/15/22
McDowell Mtn Ranch Refunding Series 1999	-	-	320	20,245	-	-	19,925	19,925	-	07/15/22
DC Ranch Series 1998	-	4,750	-	-	-	-	4,750	4,750	-	07/15/23
Via Linda Road Series 1999	-	3,225	-	-	-	-	3,225	3,225	-	07/15/23
Total Community Facilities District Bonds	\$ 24,310	\$ 7,975	\$ 420	\$ 20,245	\$ 18,860	\$ -	\$ 33,250	\$ 33,250	\$ -	
Total Bonds	\$ 403,168	\$ 170,175	\$ 32,876	\$ 20,245	\$ 20,719	\$ 1,738	\$ 541,731	\$ 427,996	\$ 113,735	
<b>CONTRACTS PAYABLE</b>										
US Corps of Engineers	\$ 3,571	\$ -	\$ 48	\$ -	\$ -	\$ -	\$ 3,523	\$ 3,523	\$ -	2032
West Couplet/Camelview	1,011	-	738	-	-	-	273	273	-	01/31/00
Scottsdale Fiesta Center	809	-	559	-	-	-	250	250	-	02/01/02
Scottsdale Auto Mall	1,756	-	429	-	1,756	-	1,327	1,327	-	09/25/99
Carefree Ranch	948	-	264	-	-	(28)	656	-	656	03/01/02
Dial Corporation	440	-	44	-	-	-	396	396	-	2008
Sonora Village	108	-	70	-	-	-	38	38	-	2000
US Patent Office	6	-	-	-	-	-	6	6	-	2009
McDowell Sonoran Preserve	10,000	-	480	-	-	-	9,520	9,520	-	2013
Bureau of Reclamation/Westworld	-	1,815	-	-	-	-	1,815	1,815	-	2032
Bureau of Reclamation/TPC	-	2,145	165	-	-	-	1,980	1,980	-	2035
Underground Improvement District Series 104	-	706	93	-	-	-	613	613	-	01/01/13
Total Contracts	\$ 18,649	\$ 4,666	\$ 2,890	\$ -	\$ -	\$ (28)	\$ 20,397	\$ 19,741	\$ 656	
<b>CAPITAL LEASES</b>										
Nordstrom Garage Lease	\$ -	\$ 28,750	\$ -	\$ -	\$ -	\$ -	\$ 28,750	\$ 28,750	\$ -	2008
<b>TOTAL BONDS, CONTRACTS AND CAPITAL LEASES</b>	<b>\$ 421,817</b>	<b>\$ 203,591</b>	<b>\$ 35,766</b>	<b>\$ 20,245</b>	<b>\$ 20,719</b>	<b>\$ 1,710</b>	<b>\$ 590,878</b>	<b>\$ 476,487</b>	<b>\$ 114,391</b>	
Compensated Absences								7,073		
Total General Long-Term Debt								\$ 483,560		

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

## Debt Service Requirements to Maturity

Exhibit J-2

## General Obligation Bonds\*

For the Fiscal Year Ended June 30, 1999 (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
2000	\$ 4,540	\$ 5,648	\$ 10,188	\$ 7,860	\$ 5,691	\$ 13,551	\$ 12,400	\$ 11,339	\$ 23,739
2001	5,865	5,389	11,254	8,340	4,614	12,954	14,205	10,003	24,208
2002	6,315	5,083	11,398	6,215	6,450	12,665	12,530	11,533	24,063
2003	6,690	4,747	11,437	6,595	6,078	12,673	13,285	10,825	24,110
2004	2,905	10,480	13,385	7,330	3,373	10,703	10,235	13,853	24,088
2005	4,584	10,486	15,070	6,101	2,933	9,034	10,685	13,419	24,104
2006	10,236	4,125	14,361	7,194	2,591	9,785	17,430	6,716	24,146
2007	5,000	3,594	8,594	7,945	2,195	10,140	12,945	5,789	18,734
2008	6,700	3,348	10,048	6,895	1,796	8,691	13,595	5,144	18,739
2009	7,050	3,013	10,063	7,245	1,447	8,692	14,295	4,460	18,755
2010	11,250	2,657	13,907	3,870	1,075	4,945	15,120	3,732	18,852
2011	7,885	2,085	9,970	4,050	883	4,933	11,935	2,968	14,903
2012	6,350	1,685	8,035	4,235	682	4,917	10,585	2,367	12,952
2013-2019	28,033	4,706	32,739	9,442	826	10,268	37,475	5,532	43,007
Capital Appreciation **	5,525	(5,525)	-	3,233	(3,233)	-	8,758	(8,758)	-
<b>TOTALS</b>	<b>\$ 118,928</b>	<b>\$ 61,521</b>	<b>\$ 180,449</b>	<b>\$ 96,550</b>	<b>\$ 37,401</b>	<b>\$ 133,951</b>	<b>\$ 215,478</b>	<b>\$ 98,922</b>	<b>\$ 314,400</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.

**Debt Service Requirements to Maturity**

Exhibit J-2

(continued here and on following page)

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

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

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
2000	\$ 2,070	\$ 1,032	\$ 3,102	\$ 3,180	\$ 4,253	\$ 7,433	\$ 11,515	\$ 4,480	\$ 15,995	\$ 1,890	\$ 5,042	\$ 6,932
2001	2,170	934	3,104	2,460	4,075	6,535	9,425	3,931	13,356	2,005	4,920	6,925
2002	2,275	828	3,103	2,595	3,937	6,532	7,165	3,450	10,615	2,125	4,791	6,916
2003	2,395	714	3,109	2,715	3,792	6,507	7,575	3,068	10,643	2,250	4,654	6,904
2004	2,515	591	3,106	2,860	3,650	6,510	7,995	2,657	10,652	2,380	4,510	6,890
2005	2,660	459	3,119	3,055	3,467	6,522	6,945	2,214	9,159	2,525	4,357	6,882
2006	2,825	316	3,141	3,245	3,270	6,515	2,965	1,815	4,780	2,670	4,195	6,865
2007	2,990	164	3,154	3,400	3,076	6,476	3,140	1,629	4,769	2,820	4,037	6,857
2008	-	-	-	3,565	2,873	6,438	3,330	1,435	4,765	2,970	3,872	6,842
2009	-	-	-	3,725	2,659	6,384	3,355	1,230	4,585	3,125	3,698	6,823
2010	-	-	-	3,220	2,464	5,684	3,570	1,020	4,590	3,280	3,514	6,794
2011	-	-	-	3,345	2,294	5,639	3,445	795	4,240	3,435	3,321	6,756
2012	-	-	-	3,530	2,121	5,651	3,670	574	4,244	3,605	3,138	6,743
2013-2023	-	-	-	41,285	12,191	53,476	6,095	482	6,577	60,780	20,478	81,258
Deferred Loss and Issuance Costs	-	-	-	(593)	593	-	-	-	-	-	-	-
<b>TOTALS</b>	<b>\$ 19,900</b>	<b>\$ 5,038</b>	<b>\$ 24,938</b>	<b>\$ 81,587</b>	<b>\$ 54,715</b>	<b>\$ 136,302</b>	<b>\$ 80,190</b>	<b>\$ 28,780</b>	<b>\$ 108,970</b>	<b>\$ 95,860</b>	<b>\$ 74,527</b>	<b>\$ 170,387</b>



### Debt Service Requirements to Maturity

Exhibit J-2  
(continued)

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

For the Fiscal Year Ended June 30, 1999 (in thousands of dollars)

Fiscal Year	Special Assessment Bonds			Community Facilities Districts General Obligation Bonds			Contracts Payable			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 3,237	827	\$ 4,064	600	\$ 1,775	\$ 2,375	\$2,137	715	\$2,852	\$762	\$2,608	\$3,370
2001	3,345	594	3,939	640	1,739	2,379	1,077	679	1,756	1,450	2,498	3,948
2002	2,419	424	2,843	675	1,700	2,375	1,125	642	1,767	2,214	2,337	4,551
2003	2,224	293	2,517	710	1,659	2,369	827	603	1,430	3,213	2,095	5,308
2004	1,944	178	2,122	860	1,616	2,476	865	562	1,427	4,386	1,753	6,139
2005	1,957	70	2,027	1,065	1,564	2,629	895	528	1,423	5,536	1,303	6,839
2006	85	13	98	1,120	1,502	2,622	922	492	1,414	6,776	747	7,523
2007	85	10	95	1,195	1,436	2,631	955	454	1,409	4,413	168	4,581
2008	85	6	91	1,245	1,379	2,624	994	415	1,409	-	-	-
2009	85	1	86	1,310	1,319	2,629	986	375	1,361	-	-	-
2010	-	-	-	1,410	1,254	2,664	1,023	329	1,352	-	-	-
2011	-	-	-	1,490	1,184	2,674	1,067	283	1,350	-	-	-
2012	-	-	-	1,560	1,108	2,668	1,112	233	1,345	-	-	-
2013-2035	-	-	-	19,370	5,958	25,328	6,703	673	7,376	-	-	-
	<u>\$ 15,466</u>	<u>\$ 2,416</u>	<u>\$ 17,882</u>	<u>\$ 33,250</u>	<u>\$ 25,193</u>	<u>\$ 58,443</u>	<u>\$ 20,688</u>	<u>\$6,983</u>	<u>\$ 27,671</u>	<u>\$ 28,750</u>	<u>\$ 13,509</u>	<u>\$ 42,259</u>

## **Required Supplemental Information (Unaudited) Year 2000 Issue**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations. The following stages have been identified as necessary to implement a year 2000 ready system. City of Scottsdale efforts towards achieving this goal are included.

**Awareness Stage** -- Encompasses establishing a budget and project plan (for example, a timeline or chart noting major tasks and due dates) for dealing with the year 2000 issue. The City of Scottsdale began in the fall of 1996 by identifying known departmental applications. Departmental inventories were taken, a technical survey developed and letters sent to vendors requesting their year 2000 compliance. Outreach efforts continue to emphasize year 2000 issues.

**Assessment Stage** -- When the organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. All City of Scottsdale departments developed comprehensive lists of functions, identified and categorized associated risks with each function if interrupted. Risk Assessment for all City functions was completed by 6/30/98. The City's risk assessment identified the following systems as high risk and requiring year 2000 remediation.

- Utility Billing, Water Meter Recording Devices, and Remittance Processing
- Financial Reporting, Payroll, Purchasing and Sales Tax Collection
- Alarm, Liquor, and Sales Tax Licensing
- Telephone
- Police Computer Aided Dispatch and Records Management \*
- Fleet Management
- Inspection Tracking and Scheduling
- Permitting
- Citizens Service Center Customer Contact Tracking
- Water Operations Work Order Tracking
- Document Imaging
- Land Information System
- Code Enforcement and Blue Stake Tracking
- Traffic Signal Computer and Controllers\*
- Microsoft Software Service Packs
- HP9000/UNIX Hardware & Software Update
- Geographic Information System UNIX to NT Hardware & Software Conversion
- CLEARPATH Hardware & Software Conversion

**Remediation Stage** -- When the organization actually makes changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems, or switching to compliant systems. City departments developed contingency plans for all functions determined to be high risk systems in the Risk Assessment Stage -- see table listing of high risk systems above. Action plans were also developed to fix or replace high risk systems which were not otherwise year 2000 ready. Remediation of all high risk systems has been completed except as noted\*.

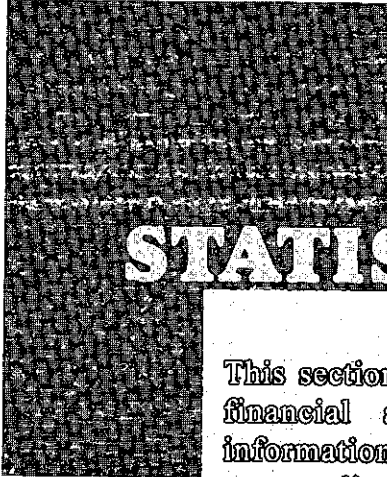
**Validation/Testing Stage** -- When the organization validates and tests the changes made during the conversion process. Validation and Testing of City high risk systems has been completed except as noted below. In addition, to maintain year 2000 readiness on all tested systems, a Change Management Review Program (CMRP) was implemented effective 9/1/99. The CMRP requires all requested changes between 9/1/99 and 1/31/00 to tested systems be reviewed to revalidate year 2000 readiness.

At June 30, 1999, there were no material contracts outstanding for year 2000 issues. Awareness, Risk Assessment, Remediation, Validation and Testing have been completed on all systems identified except as noted\*.

\* Remediation, validation, and testing efforts on these systems are underway and expected to be completed by 12/31/99. In addition, contingency plans have been developed, tested and will be implemented, if necessary, for year 2000 readiness on these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City of Scottsdale is or will be Year 2000 ready, that the City of Scottsdale's remediation efforts will be successful in whole or in part, or that parties with whom Scottsdale does business will be year 2000 ready.

Comprehensive Annual  
Fiscal  
Year 1998/99  
Financial Report



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

Table I

### General, Special Revenue, and Debt Service Funds

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	General Government	Police	Financial Services	Transportation	Community Services	Information Systems	Planning and Community Development	Fire	Municipal Services	Streetlight Districts	Debt Service	Total
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
1999	15,074	37,752	6,359	6,999	40,758	7,357	18,419	12,844	9,077	966	53,229	208,834

Source: City of Scottsdale Financial Services Department

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

**General Governmental Revenues by Source**

Table II

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

Fiscal Year	Taxes <sup>(1)</sup>	Inter-Governmental Revenue	Special Assessments	Licenses	Charges For Services	Fines and Forfeitures	Use of Money and Property	Streetlight Districts	Miscellaneous	Total
1990	\$ 43,301	\$ 25,183	\$ 2,958	\$ 617	\$ 5,464	\$ 2,052	\$ 6,320	\$ 564	\$ 7,079	\$ 93,538
1991	46,358	25,871	2,774	630	5,153	2,215	6,346	558	2,751	92,656
1992	48,890	28,324	4,261	704	6,337	2,228	5,513	500	3,129	99,886
1993	55,214	31,525	4,941	739	7,587	1,720	4,565	514	9,421	116,226
1994	63,996	33,609	5,643	876	10,499	1,711	4,818	515	10,194	131,861
1995	71,635	36,649	5,514	950	12,410	1,990	6,365	543	10,896	146,952
1996	81,389	40,434	7,896	1,055	12,587	2,748	6,813	474	11,590	164,986
1997	89,086	48,583	6,695	1,107	14,424	3,344	6,000	505	12,748	182,493
1998	102,138	49,635	4,927	1,107	17,229	4,274	7,664	558	15,091	202,623
1999	141,067	54,920	4,357	1,237	17,227	5,192	6,581	984	17,135	248,680

Source: City of Scottsdale Financial Services Department

**Tax Revenues by Source**

Table III

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

Fiscal Year	Privilege & Use <sup>(1)</sup>	Transient Occupancy Tax	General Property	Franchise	In-Lieu Property	Total Taxes
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
1999	98,335	6,637	30,150	5,696	249	141,067

Source: City of Scottsdale Financial Services Department

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

### Excise Tax Collections by Source

Table IV

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

Fiscal Year	Privilege & Use - General	Privilege & Use - Transportation	Privilege & Use - McDowell Mtn	Transient Occupancy Tax	State Shared Sales	State Revenue Sharing	Light & Power Franchise
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
1999	70,735	13,673	13,927	6,637	13,439	16,795	3,972

Fiscal Year	Cable TV Franchise	Fire Insurance Franchise	Business Licenses & Fees	Development Permits & Fees	Recreation Fees	Fines & Forfeitures	Total
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
1999	1,552	172	1,237	14,311	2,916	5,192	164,558

Source: City of Scottsdale Financial Services Department

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

**Privilege and Use Tax Collections by Category**

Table V

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

Fiscal Year	Automotive	Construction	Food	Hotel	Major Department Stores	Misc. Retail	Other Tax	Rentals	Restaurants	Utilities	License Fees, Penalties, Interest & Refunds	Total
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
1999	14,533	23,876	7,292	5,332	6,173	15,592	6,118	9,178	5,852	3,966	423	98,335

Source: City of Scottsdale Financial Services Department

**Privilege and Use Tax Collections by Source <sup>(1)</sup>**

Table VI

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

<b>Fiscal Year</b>	<b>General</b>	<b>Transportation <sup>(2)</sup></b>	<b>McDowell Preserve <sup>(3)</sup></b>	<b>Total</b>
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
1999	70,735	13,673	13,927	98,335

Source: City of Scottsdale Financial Services Department

<sup>(1)</sup> 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.

<sup>(2)</sup> Transportation Privilege Tax Legislation became effective in 1990 and is restricted to use for transportation capital projects only.

<sup>(3)</sup> McDowell Preserve Privilege Tax Legislation became effective in 1996 and is restricted to use for acquisition of land for the McDowell Preserve.



**Property Tax Levies and Collections**

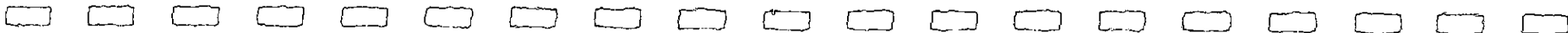
Table VII

Last Ten Fiscal Years (in thousands of dollars)

Tax Year	Fiscal Year	Total Tax Levy	Current Tax Collections	% of Levy Collected	Delinquent Tax Collections	Future Year Tax Collections	Total Tax Collections	Total Collections % of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent % of Current Levy
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%
1998	1999	30,304	28,993	95.7%	625	1	29,619	97.7%	783	2.6%

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

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



### Assessed and Estimated Actual Value of Taxable Property

Table VIIIa

Last Ten Fiscal Years (in thousands of dollars)

#### COMPARATIVE ASSESSED VALUATION CLASSIFICATION

Fiscal Year	Real Estate	Improvements	Secured Personal	Unsecured Personal	Utilities Rails Wires	Gross Valuation	Exemptions	Net Taxable Valuation	Estimated Actual Valuation
1990 P	\$ -	\$ 1,135,696	\$ 16,336	\$ 72,491	\$ 52,966	\$ 1,277,489	\$ 476	\$ 1,277,013	\$ 8,660,247
S	657,419	641,834	16,336	72,491	53,002	1,441,083	478	1,440,604	9,609,263
1991 P	-	1,223,412	17,661	77,525	56,008	1,374,606	463	1,374,144	9,328,072
S	659,705	667,307	17,661	77,545	56,057	1,478,276	462	1,477,813	9,921,082
1992 P	-	1,220,209	13,420	81,408	59,725	1,374,762	462	1,374,299	9,455,811
S	626,794	644,387	13,420	81,437	59,805	1,425,843	464	1,425,379	9,753,991
1993 P	-	1,187,256	20,121	86,391	60,551	1,354,318	446	1,353,872	9,421,433
S	568,715	643,542	20,121	86,391	60,569	1,379,337	448	1,378,889	9,557,639
1994 P	-	1,136,492	30,271	94,651	67,694	1,329,108	478	1,328,631	9,415,061
S	541,280	619,463	30,271	94,662	67,725	1,353,401	479	1,352,922	9,560,216
1995 P	-	1,175,121	32,826	93,393	70,031	1,371,372	456	1,370,916	9,913,549
S	537,114	666,182	32,826	93,393	70,058	1,399,573	447	1,399,126	10,081,538
1996 P	-	1,296,789	32,768	50,496	73,949	1,454,002	410	1,453,592	10,916,431
S	550,624	822,631	32,768	50,496	73,976	1,530,496	407	1,530,088	11,361,417
1997 P	-	1,484,460	39,384	45,358	101,115	1,670,317	122,496	1,547,821	11,615,286
S	625,326	909,635	39,384	45,358	101,143	1,720,846	129,045	1,591,801	11,869,943
1998 P	-	1,652,051	39,510	49,608	102,884	1,844,053	122,998	1,721,055	13,064,052
S	655,657	1,120,622	39,510	49,608	102,946	1,968,343	129,293	1,839,050	13,876,821
1999 P	-	1,867,600	41,123	50,270	99,765	2,058,758	120,569	1,938,189	14,824,243
S	786,999	1,257,665	41,123	50,270	99,825	2,235,882	133,530	2,102,352	14,875,966

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.

Assessed Values by Property Class

Table VIIIb

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Class 2 Utilities	Class 3 Commercial	Class 4 Vacant Land	Class 5 Residential	Class 6 Rented Residential	Class 8 Historical	Class 10B Historical Rented Residential	Class 11 Improvements on Government Property	Class 12 Possessory Interest	Total Net Full Cash Assessed Value
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	-	-	-	1,374,265
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	82,181	6	-	7	-	1,352,922
1995 P	52,594	457,581	186,548	597,708	76,428	7	49	-	-	1,370,915
S	52,594	473,001	192,308	602,267	78,901	7	49	-	-	1,399,127
1996 P	55,882	450,852	170,989	688,356	87,279	174	-	59	-	1,453,591
S	55,882	493,284	186,704	694,908	98,650	600	-	59	-	1,530,087
1997 P	60,727	487,528	169,960	725,151	104,198	181	-	-	77	1,547,822
S	60,727	513,849	178,832	727,402	110,978	235	-	-	77	1,592,100
1998 P	63,420	524,955	161,690	859,920	110,800	195	-	77	-	1,721,057
S	63,420	576,409	176,979	900,682	121,287	195	-	77	-	1,839,049
1999 P	61,071	589,670	174,147	992,490	120,495	240	-	76	-	1,938,189
S	61,071	659,386	234,448	1,019,159	127,840	372	-	76	-	2,102,352

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

Property Class	Percentage
2. Utilities	26%
3. Commercial-Industrial	25%
4. Agriculture, Vacant Land	16%
5. Residential	10%
6. Lease-Rental	10%
8. Historical	5%
10B. Historical Rental	10%
11. Imprvmts on Gov Property	1%

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

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

Table IXa

Tax Rates Per \$100 Assessed Valuation  
Last Ten Fiscal Years

Fiscal Year	School Districts											Total
	City of Scottsdale	Scottsdale Unified	Community College	Maricopa County	State of Arizona	Flood District	Central Arizona Project	Fire District	Library	EVIT	Educa. Equalization	
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
Total	0.7292	5.2857	0.7508	1.6063	0.4700	0.4303	0.1000	0.0064	0.0420	-	-	9.4207
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
Total	0.8713	5.0790	0.7963	1.6728	0.4700	0.4235	0.1000	0.0064	0.0420	-	-	9.4613
1992 P	0.4101	4.1346	0.7459	1.5143	0.4700	-	-	-	-	-	-	7.2749
S	0.4750	1.1437	0.0943	0.1741	-	0.4447	0.1400	0.0082	0.0444	-	-	2.5244
Total	0.8851	5.2783	0.8402	1.6884	0.4700	0.4447	0.1400	0.0082	0.0444	-	-	9.7993
1993 P	0.4926	4.1373	0.7938	1.6039	0.4700	-	-	-	-	-	-	7.4976
S	0.6387	1.2120	0.0572	0.1409	-	0.3901	0.1400	0.0099	0.0426	-	-	2.6314
Total	1.1313	5.3493	0.8510	1.7448	0.4700	0.3901	0.1400	0.0099	0.0426	-	-	10.1290
1994 P	0.4940	4.3194	0.8532	1.5848	0.4700	-	-	-	-	-	-	7.7214
S	0.7812	1.5225	-	0.1878	-	0.3632	0.1400	0.0104	0.0417	-	-	3.0468
Total	1.2752	5.8419	0.8532	1.7726	0.4700	0.3632	0.1400	0.0104	0.0417	-	-	10.7682
1995 P	0.5987	4.5296	0.8934	1.2394	0.4700	-	-	-	-	-	0.5300	8.2611
S	0.8623	1.4114	-	0.0032	-	0.3632	0.1400	0.0107	0.0417	0.0554	-	2.8879
Total	1.4610	5.9410	0.8934	1.2426	0.4700	0.3632	0.1400	0.0107	0.0417	0.0554	0.5300	11.1490
1996 P	0.5477	4.6058	0.9455	1.1580	0.4700	-	-	-	-	-	0.5300	8.2570
S	0.8832	1.4597	0.1675	0.1464	-	0.3332	0.1400	0.0108	0.0099	0.0693	-	3.2200
Total	1.4309	6.0655	1.1130	1.3044	0.4700	0.3332	0.1400	0.0108	0.0099	0.0693	0.5300	11.4770
1997 P	0.6480	4.3390	0.9772	1.1054	-	-	-	-	-	-	0.5300	7.5996
S	0.9032	1.5526	0.0704	0.1575	-	0.3425	0.1400	0.0109	0.0421	0.1616	-	3.3808
Total	1.5512	5.8916	1.0476	1.2629	-	0.3425	0.1400	0.0109	0.0421	0.1616	0.5300	10.9804
1998 P	0.5763	4.1859	0.9747	1.1265	-	-	-	-	-	-	0.5300	7.3934
S	0.9941	1.5365	0.1599	0.1364	-	0.3425	0.1400	0.0105	0.0421	0.1216	-	3.4836
Total	1.5704	5.7224	1.1346	1.2629	-	0.3425	0.1400	0.0105	0.0421	0.1216	0.5300	10.8770
1999 P	0.5477	4.2161	0.9866	1.1472	-	-	-	-	-	-	0.5300	7.4276
S	0.9365	1.5842	0.1259	0.1312	-	0.3270	0.1400	0.0103	0.0421	0.1320	-	3.4292
Total	1.4842	5.8003	1.1125	1.2784	-	0.3270	0.1400	0.0103	0.0421	0.1320	0.5300	10.8568

Scottsdale residents residing outside Scottsdale Unified School District:

School District	1998/99 Tax Rate Total
Balsz Elementary	\$14.23
Cave Creek	11.26
Fountain Hills	12.14
Paradise Valley	12.75
Tempe	10.79

Source: Arizona Tax Research Foundation "1998 Property Tax Rates and Assessed Values"

Property Tax Levies - Direct and Overlapping Governments

Table IXb

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

Fiscal Year	School Districts											Total
	City of Scottsdale	Scottsdale Unified	Community College	Maricopa County	State of Arizona	Flood District	Central Arizona Project	Fire District	Library	East Valley Institute of Technology	Education Equalization	
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
TOTAL	9,864	79,019	103,399	221,471	64,324	47,235	14,688	983	6,619	-	-	547,602
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
TOTAL	12,465	78,891	113,084	235,592	63,690	46,555	14,187	1,193	5,959	-	-	571,616
1992 P	5,636	63,651	103,498	210,113	65,215	-	-	-	-	-	-	448,113
S	6,770	18,015	13,421	25,869	-	46,537	19,929	1,167	6,320	-	-	138,028
TOTAL	12,406	81,666	116,919	235,982	65,215	46,537	19,929	1,167	6,320	-	-	586,141
1993 P	6,669	62,866	108,004	218,224	63,946	-	-	-	-	-	-	459,709
S	8,807	18,650	7,899	19,461	-	39,254	19,332	1,367	5,883	1,587	-	122,239
TOTAL	15,478	81,516	115,902	237,685	63,946	39,254	19,332	1,367	5,883	1,587	-	581,948
1994 P	6,564	63,549	113,440	140,248	62,492	-	-	-	-	-	70,470	456,763
S	10,569	22,690	-	25,360	-	35,142	18,906	1,404	5,631	3,596	-	123,298
TOTAL	17,133	86,239	113,440	165,608	62,492	35,142	18,906	1,404	5,631	3,596	70,470	580,061
1995 P	8,208	67,793	118,842	164,865	62,521	-	-	-	-	-	70,502	492,731
S	12,064	21,559	-	428	-	35,319	18,930	1,447	5,638	2,864	-	98,249
TOTAL	20,272	89,352	118,842	165,293	62,521	35,319	18,930	1,447	5,638	2,864	70,502	590,980
1996 P	7,961	71,686	127,583	156,257	63,421	-	-	-	-	2,391	71,517	500,816
S	13,514	23,677	23,643	20,671	-	36,078	19,767	1,518	1,398	1,452	-	141,718
TOTAL	21,475	95,363	151,226	176,928	63,421	36,078	19,767	1,518	1,398	3,843	71,517	642,534
1997 P	10,031	71,235	136,570	154,487	-	-	-	-	-	-	3,232	449,626
S	14,378	26,054	10,100	22,590	-	38,118	20,080	1,567	6,038	6,120	-	145,045
TOTAL	24,409	97,289	146,670	177,077	-	38,118	20,080	1,567	6,038	9,352	74,071	594,671
1998 P	9,919	75,973	146,259	169,046	-	-	-	-	-	3,673	79,533	484,403
S	18,283	29,651	25,144	21,447	-	42,339	22,013	1,646	6,620	4,275	-	171,418
TOTAL	28,202	105,624	171,403	190,493	-	42,339	22,013	1,646	6,620	7,948	79,533	655,821
1999 P	10,615	82,281	158,026	183,750	-	-	-	-	-	4,247	84,892	523,811
S	19,689	32,607	21,174	22,059	-	44,670	23,537	1,737	7,078	5,130	-	177,681
TOTAL	30,304	114,888	179,200	205,809	-	44,670	23,537	1,737	7,078	9,377	84,892	701,492

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

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

**Principal Taxpayers**

Table X

June 30, 1999

Taxpayer	Type of Business	Assessed Valuation (in thousands of dollars)	% of Secondary Assessed Valuation
Arizona Public Service	Electric Utility	\$ 40,249	1.91%
U.S. West New Vector Group Inc.	Telecommunications	26,067	1.24%
Scottsdale Fashion Square Ptr.	Shopping Center	24,553	1.17%
Motorola, Inc.	Electronic Manufacturing	22,072	1.05%
Scottsdale Princess Partnership	Resort	19,698	0.94%
Mayo Clinic Arizona	Medical Facility	19,372	0.92%
Nationwile Realty Investors Ltd.	Real Estate	11,736	0.56%
Gainey Drive Associates	Resort	11,592	0.55%
PCS Inc.	Commercial Real Estate	8,688	0.41%
Southwest Gas Corporation	Gas Utility	8,601	0.41%
		\$ 192,628	9.16%

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 1998/99 secondary assessed valuation of the Salt River Project within the City is \$16,781,706. The estimated secondary in lieu contribution is \$292,802.

## Special Assessment Billings and Collections

Table XI

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Special Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
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
1999	3,630	3,614	99.6%	16

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.

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

Table XII

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Population June 30	General Obligation Bonded Debt	Less Fund Balance Reserved for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
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
1999	2,102,351,943	206,280	182,200,000	4,305,508	177,894,492	8.5%	862.39

Source: City of Scottsdale Financial Services Department

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

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



**Computation of Legal Debt Margins**

**Table XIII**

June 30, 1999 (in thousands of dollars)

Net Secondary Assessed Valuation as of June 30, 1999	\$	2,102,352
Debt Limit Equal to 20% of Assessed Valuation		420,470
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 1999):		
1991 Refunding	\$	720
1989 Series C (1992)		5,995
1993 Refunding		25,551
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
1999A		<u>7,803</u>
Net Outstanding Bonded Debt Subject to 20% Limit		<u>113,403</u>
<b>Legal 20% Debt Margin (Available Borrowing Capacity)</b>	<b>\$</b>	<b>307,067</b>
Debt Limit Equal to 6% of Assessed Valuation	\$	126,141
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 1999):		
1989 Series A (1990)	\$	1,200
1989 Series B (1991)		5,200
1989 Series C (1992)		4,415
1993 GO Refunding		12,429
1989 Series D (1993)		815
1993A Refunding		5,751
1989 Series E (1994)		4,400
1994 Various Purpose		4,075
1995 Pima Road Improvements		700
1997 Series H Pima Road		15,685
1997 Series H Roads		3,200
1997 GO Refunding		2,495
1989 Series I (1998)		15,555
1999A Streets		13,347
1999A Pima Road		<u>4,050</u>
Net Outstanding Bonded Debt Subject to 6% Limit		<u>93,317</u>
<b>Legal 6% Debt Margin (Available Borrowing Capacity)</b>	<b>\$</b>	<b>32,824</b>

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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.

## Summary of General Governmental Bond Expenditures and Debt Ratios

Table XIV

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Operating Expenditures	Ratio of Total Debt Service To Total Operating Expenditures
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%
1999	8,140	9,099	17,239	211,051	8.17%

Source: City of Scottsdale Financial Services Department

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

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

Summary of Water and Sewer Utility Bond Expense and Debt Ratios

Table XV

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Operating Revenue	Operating & Maintenance Expenses	Net Operating Revenue	Development Fee Revenue	Total Net Revenue	Revenue Bond Expense	General Obligation Bond Expense	Total Bond Expense
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 <sup>(1)</sup>	56,900	31,738	25,162	14,934	40,096	3,216	3,927	7,143
1996	68,523	39,422	29,101	15,821	44,922	2,898	3,987	6,885
1997	74,708	41,621	33,087	18,896	51,983	3,231	3,402	6,633
1998	76,468	42,056	34,412	27,463	61,875	4,375	2,112	6,487
1999	85,411	49,264	36,147	32,723	68,870	7,951	3,527	11,478

Fiscal Year	Ratio of Total Net Revenue to Total Bond Expense	Ratio of Net Operating Revenue to Total Bond Expense	Ratio of Net Operating Revenue to Revenue Bond Expense	Ratio of Total Net Revenue to Revenue Bond Expense	Revenue Bond Indenture Required Ratio
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 <sup>(1)</sup>	5.61	3.52	7.82	12.47	1.20
1996	6.52	4.23	10.04	15.50	1.20
1997	7.84	4.99	10.24	16.09	1.20
1998	9.54	5.30	7.87	14.14	1.20
1999	6.00	3.15	4.55	8.66	1.20

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.

<sup>(1)</sup>1995 interest expense has been restated to reflect an accounting adjustment.



## Total Direct and Overlapping General Obligation Debt

Table XVI

(in thousands of dollars)

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

Name of Governmental Unit	Net Bonds Outstanding	% Applicable within the City of Scottsdale	\$ Applicable within the City of Scottsdale
Maricopa County	\$ 119,045	12.5000%	\$ 14,881
Maricopa County Community College District	300,270	12.5000%	37,534
Tempe Elementary School District No. 3	54,885	0.0003%	-
Balsz Elementary School District No. 31	24,220	3.9167%	949
Scottsdale Unified School District No. 48	245,465	71.4458%	175,374
Paradise Valley Unified School District No. 69	304,110	23.5432%	71,597
Cave Creek Unified School District No. 93	72,895	54.6504%	39,837
Fountain Hills Unified School District No. 98	22,745	0.1750%	40
Phoenix Union High School District No. 210	261,940	0.2843%	745
Tempe Union High School District No. 213	182,900	0.0001%	-
East Valley Institute of Technology District No. 401	36,835	0.2342%	86
Scottsdale Mountain Community Facilities District	5,450	100.0000%	5,450
McDowell Mountain Community Facilities District	20,245	100.0000%	20,245
DC Ranch Community Facilities District	4,750	100.0000%	4,750
Via Linda Road Community Facilities District	3,225	100.0000%	3,225
<b>Total Overlapping Debt</b>			<b>374,713</b>
City of Scottsdale	189,520	100.0000%	189,520
<b>Total Direct and Overlapping Debt</b>			<b>\$ 564,233</b>

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

Demographic Statistics

Table XVII

Last Ten Fiscal Years

Fiscal Year	Population <sup>(1)</sup>	Per Capita Income <sup>(1)</sup>	Median Age <sup>(1)</sup>	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
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
1999	206,280	31,900	39.7	26,796	2.0

Sources:

<sup>(1)</sup> City of Scottsdale Planning staff

<sup>(2)</sup> 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.)

<sup>(3)</sup> Arizona Department of Economic Security (fiscal year 1994); City of Scottsdale Planning staff (fiscal years 1990 through 1993, 1995 through 1999)



## Property Value and Construction

Table XVIII

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Property Value <sup>(1)</sup>			Commercial Construction <sup>(2)</sup>		Residential Construction <sup>(2)</sup>	
	Commercial	Residential	Nontaxable	Number of Permits	Value	Number of Dwelling Units	Value
1990	\$ 4,074,473	\$ 5,534,790	\$ 606,445	1,035	\$ 116,911	1,571	\$ 229,272
1991	4,131,285	5,789,786	607,232	935	53,179	2,028	363,706
1992	3,818,533	5,935,464	621,380	1,296	33,101	2,327	490,763
1993	3,474,553	6,083,107	677,123	2,489	89,192	4,663	618,384
1994	3,265,815	6,294,430	671,710	2,516	153,331	4,595	593,418
1995	3,269,864	6,810,085	743,351	2,751	162,541	4,954	652,363
1996	3,345,470	8,024,934	735,698	2,923	152,488	4,449	607,708
1997	3,400,495	8,448,076	723,545	3,275	305,836	4,451	621,891
1998	3,658,231	10,217,960	806,235	3,512	595,530	5,102	792,477
1999	4,352,786	9,951,148	2,351,799	3,665	437,945	4,486	775,957

Source:

<sup>(1)</sup> Arizona Department of Revenue 1998 Abstract of the Assessment Roll

<sup>(2)</sup> City Building Inspection staff

## Schedule of Insurance

Table XIX

June 30, 1999

Carrier	Policy Description	Amount of Coverage
St. Paul Insurance Company	Property Insurance Repair or Replace \$50,000 Deductible	Various Limits By Peril
Lexington Insurance Company	Excess Liability Coverage \$1,000,000 Deductible Per Occurrence	\$60,000,000 Per Occurrence and Aggregate
AIG Aviation	Airport Premises and Hangarkeepers Liability	\$100,000,000 Per Occurrence and Aggregate
AIG Group	Excess Workers' Compensation Coverage \$250,000 Deductible each Occurrence	Statutory
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

**Salaries and Surety Bonds of Principal Officials**

**Table XX**

For Fiscal Year Ended June 30, 1999

Official Title	Maximum	Bond
Mayor	\$ 27,600	\$ 1,000,000
Councilmen (6)	13,800	1,000,000
City Manager	140,926	1,000,000
City Clerk	68,453	1,000,000
City Attorney	124,696	1,000,000
City Treasurer	104,915	4,000,000
City Judge	97,531	1,000,000
City Auditor	83,803	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



**Miscellaneous Statistical Data**  
June 30, 1999

Table XXI

Date of Incorporation ..... June 25, 1951  
Date Charter Added ..... November 16, 1961  
Form of Government ..... Council/Manager

**Population**

1950 Census	2,032
1960 Census	10,026
1965 Special Census	54,504
1970 Census	67,823
1975 Special Census	78,065
1980 Census	88,412
1985 Census	108,447
1990 Census	130,069
1995 Census	168,176
1999 Est. 06/30/99	206,280

**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
1999	184.50



**Miles of Sewers**

Storm	65.5
Sanitary	939

**Fire Protection**

Number of Stations	9
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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	431
Number of Traffic Citations (Excluding parking and Criminal)	44,299
Number of Photo Radar Citations (Began Photo Radar in Jan, 1997)	64,746
Number of Vehicles	223

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

**Recreation**

Parks - Developed parks acreage	911
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	72,341
Annual Consumption (Gallons)	22,440,820,000
System Capacity (Gallons Per Day)	140,505,760
Miles of Distribution Lines	1,299

**Number of Streetlights**

	9,262
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**Employees as of June 30, 1999**

Full-time	1,547
Part-time	335
Grant and trust funded - (# is included in full/part-time totals)	45
Total	1,882

**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	\$234,000

Source: City of Scottsdale Financial Services Department

