

City of Scottsdale Arizona



Comprehensive
Annual Financial
Report for the Fiscal
Year Ended
June 30, 1993

About the Cover

A look back

Built in 1955, the original Scottsdale Stadium – with wooden sides painted rustic red and a Western theme – served as spring training headquarters for several major-league baseball teams.

In 1956, the Baltimore Orioles were the first major-league team to use Scottsdale Stadium. On their roster was a rookie third baseman named Brooks Robinson. Other baseball immortals who played in the original stadium included Ted Williams, Ferguson Jenkins, Joe DiMaggio, Ty Cobb and Dizzy Dean. Each spring, Scottsdale citizens and visitors alike enjoyed the “Great American Pastime” watching teams such as the Boston Red Sox, Chicago Cubs, Oakland A’s and San Francisco Giants.

For many years, Scottsdale Stadium was but a home-run ball away from the rodeo grounds, where the annual Parada del Sol Rodeo was held. Not much else was around – and plenty of space to spare.

A look ahead

In the 1989 bond election, Scottsdale voters agreed by a 2-to-1 margin that the City should pay \$8.4 million to build a new downtown stadium and upgrade the training facilities at Indian School Park and Club Sar. The proposed stadium would be a “multi-use complex for sports and cultural activities.”

Constructed in 1991 at a cost of \$7 million, the new stadium occupies the same 10-acre site at the northeast corner of Civic Center Boulevard and Osborn Road as the original stadium, and seats 7,000 people, 2,000 more than its predecessor. It also features seating for up to 3,000 people in a landscaped, amphitheater-style setting beyond the outfield fences.

In March, 1991 the San Francisco Giants signed an agreement to play in Scottsdale’s new stadium through 1996. With spring training, Firebirds baseball, cultural programs, festivals, and concerts on its roster of events, the stadium serves as a year-round host to a wide variety of events and activities.

No longer boasting room to spare, the Scottsdale stadium is now surrounded by the cosmopolitan atmosphere of Scottsdale’s thriving downtown.

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Inset photos – Mike Cousineau



**CITY OF SCOTTSDALE
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 1993**

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

**GREGORY S. BIELLI
JAMES BURKE
SAM KATHRYN CAMPANA**

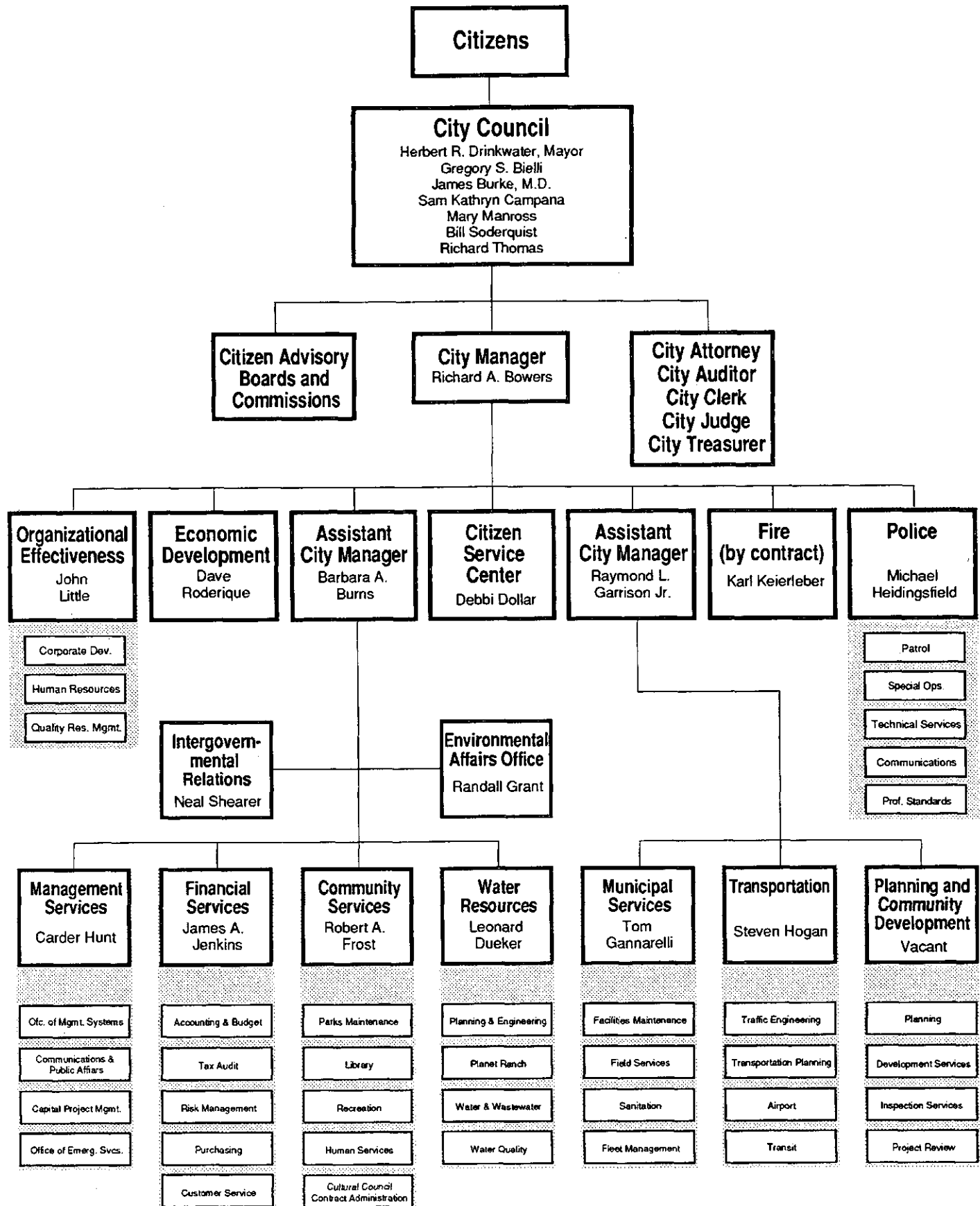
**MARY MANROSS
BILL SODERQUIST
RICHARD THOMAS**

RICHARD A. BOWERS, CITY MANAGER

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

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

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



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September 10, 1993

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

Dear Mayor and City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (City), Arizona, for the fiscal year ended June 30, 1993, 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.

The Comprehensive Annual Financial Report contains three sections: 1) the **Introductory Section**, which includes this transmittal letter, the City's organizational chart, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting; 2) the **Financial Section**, which includes the independent auditors' report, the general purpose financial statements, and 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.

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

The City provides a full range of services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events. This report includes the funds and account groups of all organizational entities for which the City has oversight responsibility and are consequently determined to be includable in the City's financial reporting entity, in accordance with Governmental Accounting Standards Board Statement No. 1. The statements include the activities and functions of the City of Scottsdale Municipal Property Corporation but not those of the Industrial Development Authority or the Scottsdale Cultural Council. Further data defining these determinations is available in the Notes to Financial Statements.

ECONOMIC CONDITION AND OUTLOOK

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

Currently, the Phoenix metro area (the Valley) is beginning to pull out of the economic downturn that has affected it over the past several years. While Scottsdale was definitely impacted by this downturn, it weathered this better than many other communities in the Valley and is showing good signs of recovery. There are a number of reasons for this, including:

- Scottsdale has an estimated population of 145,920 with a total housing inventory of 76,000 dwelling units. Since 1990, when the last federal census was taken, Scottsdale has experienced an impressive average annual rate of **population growth** of 3.85% while the metro area, overall, has had an average increase of 2.6% per year.
- **Median family income** in Scottsdale is \$48,202, 34% higher than the metro area \$36,078 average. Higher income families, which represent the majority of Scottsdale's population growth in the last three years, tend to be less impacted by a recessionary economy.
- Population growth created a demand for a significant amount of new, upscale, single family dwellings and apartments. **Single family construction activity** added 6,990 new units and multi-family construction another 900 apartments for an increase of 29% and 100% respectively from 1991/92, the highest number of new residential units constructed in one year since 1987/88. This growth is occurring during a period when the residential construction industry, generally, was continuing to suffer a slowdown that began in the late 1980's. Projections for 1993/94 are for residential construction activity to increase by 10%.
- Scottsdale's **rate of job creation** is one of the best in the Valley. Historically, Scottsdale has been creating jobs faster than its population or labor force has grown by a ratio of nearly 2 to 1. Even in the current environment of slower than normal job creation, we expect job creation to exceed population growth in Scottsdale over the next year or two.
- On a per capita basis, Scottsdale has by far the highest **assessed value per resident** as well as a growth rate that is more favorable than that for the metro area. Although metro area assessed values, including Scottsdale, have declined the past several years due to the recession, Scottsdale's values showed signs of recovery in fiscal year 1992/93; a good sign that improvement is on the horizon. A modest 1% growth is forecasted for 1993/94.
- **Sales tax collections** continue to rise, increasing 10% for fiscal year 1992/93. Collections for the coming year are expected to increase another 8%. On a per capita basis, Scottsdale's sales tax collections are far greater than the rest of the metro area and continue to rise rapidly.
- **Commercial construction** in Scottsdale increased by 92% primarily attributable to offices, banks and professional buildings. During the 1993/94 fiscal year the industrial building activity is expected to increase as space vacancy has reached a point below 20% and there is significant supply of improved industrial property ready for development in and around the Scottsdale Airpark.
- A large portion of the City's economy is based upon **tourism** and this industry rebounded well in the last year, with bed tax receipts up nearly 13% compared to a 3.7% increase for the Phoenix metro area. A study on resort, full service and limited service hotels in the metro area conducted by Young, Warnick, Cunningham and Company confirmed that a recovery is underway. Total room nights demanded is expected to increase by 5.5% for the metro area which should signal an even greater increase for Scottsdale.

- Arizona is experiencing growth at a rate substantially in excess of the U.S. as a whole and the general forecast of local economists is for **moderate growth for the Phoenix metro area**. Overall, Arizona's fate appears tied to the national economy. If growth nationally continues and modestly accelerates as projected, and we continue to do better than the U.S. as a whole, the spread between how the U.S. is doing and how Arizona is doing should widen.

It is important for us to recognize the significance of the Valley-wide economic downturn and its impact on Scottsdale. However, statistics would suggest that Scottsdale has not been nearly as impacted as many of the other Valley communities. Hopefully, these factors will enable Scottsdale to continue to grow and prosper over the coming years.

MAJOR INITIATIVES

- Scottsdale was awarded first place in the 1993 City livability awards competition at the 61st Annual Conference of Mayors meeting in New York on June 21. The City was recognized for its vision in implementing the City's Downtown Redevelopment Plan and Bond Program.
- The City of Scottsdale has maintained the exceptional service standards its customers--our citizens--have come to expect over the past 40 years. A 1992 citizen survey indicated that this commitment has paid off--97% of Scottsdale residents rated our services as good or very good. Since Scottsdale's goal is not only to maintain but to improve service levels, we continued our "Simply Better Service" campaign initiated in October 1991. The campaign emphasized the concept of *KAIZEN*, a Japanese term symbolizing small, gradual improvements over time involving every member of a work force.
- Scottsdale's Community Visioning Process invited citizens to address several long-range community priorities including urban development, economics, transportation, community and leisure activities, health and human services, and arts and culture. During 1992 a Visioning contract with Community Options Group was finalized. The Citizen's Visioning Advisory Committee has been incorporated as a non-profit organization and will oversee the implementation of the 24 visioning goals established during the Visioning process.
- 1992 marked the opening of Scottsdale's Arizona Technology Incubator, a place for new businesses to share resources and management development opportunities. Nationwide, incubator businesses boast a survival rate of greater than 80%. It is estimated that within five years, the Arizona Technology Incubator will generate over 500 high technology and research jobs. This program is the result of the City's partnership with the State of Arizona, Arizona State University, U.S. West, Arizona Public Service, Salt River Project, and the private sector.
- Scottsdale's Endowment Program, initiated in 1992, promotes the concept of community betterment (youth services, parks, libraries, etc.) through private donations and gift-giving to the City of Scottsdale. Motorola, Inc., became the program's first corporate donor.
- In 1992, Scottsdale hired its first Volunteer Coordinator to create new ways for citizens to become involved in their government. Over 100 volunteer opportunities were developed in the first phase of the program. Last year, Scottsdale citizens donated over 88,000 hours to the City, resulting in a savings of more than \$690,000.
- The Intergovernmental Relations Office selected an affiliate of a non-profit Washington, D.C. based firm to assist the City in developing and implementing a federal program. The City is actively pursuing federal partnerships in several areas and monitoring a wide range of federal issues that may affect Scottsdale and the Valley.

- The City Council amended the City's General Plan to include the Desert Greenbelt concept. Specifically, it identifies the Rawhide, Beardsley, and Reata Washes as the locations of the future greenbelt treatments.
- The City Council adopted a resolution on February 16, 1993, to form the Waterfront Redevelopment area following intensive discussions with area property owners and other stakeholders. By the end of the century, the Arizona Canal's banks will be a cultural and entertainment district unlike any other in the Southwest. The City has been working closely with the Salt River Project and a citizens advisory committee to encourage shops, restaurants, and businesses to interact with special landscaping, public art, and pedestrian gathering places along its banks.
- The Hospitality Commission analyzed existing and potential special events and adopted funding increases and procedural streamlining to accommodate more events which bring visitors to Scottsdale. In particular, the Commission set aside a portion of the event funds for long-term support of signature events which have a major economic impact on the community. This series of actions dovetailed with the City Manager's review and restructuring of the special event approval process designed to make the City's role more user-friendly.
- Since July, 1992, the City has had two pilot self-led (or self-directed) teams in place: Project Coordination Managers and Human Resources Analysts. Program evaluation has focused on service to the customer and productivity, team dynamics and functionality, employee satisfaction, and whether greater responsibilities are in order e.g., peer performance reviews, hiring, and discipline decisions.
- The 1992 Arizona Supreme Court "Award for Excellence" was awarded to Scottsdale City Court for a jury trial case processing project.
- The Financial Services Department embarked upon Quality Work Design Project to evaluate current work methods and to improve upon them. Anticipated results of the project include: creating an atmosphere for continuous improvement, creating a foundation for employee development and participation, increasing employee job satisfaction, having a more productive work environment, and improving customer service.
- The Police Department formally adopted Community-based policing as the department's philosophy and approach to police service delivery. A number of community policing projects were initiated including regular formal meetings with private security agencies to seek input; meetings with homeowner associations, neighborhood groups and school associations to address gang activity; and implementing processes encouraging officers to work with residents to solve neighborhood problems.
- The Police Department began active pursuit of national accreditation through the Commission on Accreditation for Law Enforcement Agencies (CALEA). A key component of the accreditation effort is the development of a written directive system that provides structure and guidance to employees at all levels. Approximately 60% of the orders have been completed and are under review by the Police Review Committee. In June, 1993, the City Council authorized the agreement with CALEA to seek national accreditation. The target date for completion of the written directive system is December, 1993, with full accreditation achieved in late 1994.
- During the summer of 1992, two wildfires burned more than 5,000 acres of Scottsdale's Sonoran Desert and threatened hundreds of homes and properties. Substantial resources were used from numerous jurisdictions and, in spite of the large amount of open desert destruction, no Scottsdale homes were lost or destroyed. A massive public education campaign was initiated to alert citizens to the danger of the wildland/urban interface conditions and limit human access to sensitive desert areas during periods of high fire danger.

- The City of Scottsdale and Rural Metro expanded the fire protection levels this year by opening a fire station on-site at the Scottsdale Airport. This mid-runway facility opened on April 1, 1993. At the same time, suppression service levels were increased by adding the manpower and equipment for the new station, which has been approved for construction at 74th Street and Shea Boulevard. Additionally, another full-time fire inspector was added to assist with the tremendous increase in residential and commercial development here in the City.
- The installation of traffic signal preemption equipment to speed emergency response was completed following successful procurement of a proven system. The project was a good joint effort between City staff and Rural Metro.
- Cholla Park, a 15-acre neighborhood park funded by voter-approved bonds and an Arizona State Parks Heritage Fund Grant supported by Arizona Lottery dollars was brought on line in May 1993. The park was built in cooperation with the Scottsdale School District. Heritage Grants will also help fund the future Rio Montana Park, sports lighting at several existing Scottsdale parks, and community center improvements throughout the City.
- Pulte Park, currently under construction at 100th Street and Frank Lloyd Wright Boulevard, is the City's first completely integrated partnership with the Scottsdale School District. Through an intergovernmental agreement, the City is building the park and the School District is building the neighboring elementary school. The park and school grounds will feature common landscaping and design.
- The Civic Center Library Expansion Project was initiated in March/April following a partnering retreat with all the major City, architect, and construction participants. This was soon followed by the formation of a Civic Center Library Expansion Task Force and subcommittees to plan the library expansion and preparation activities to coincide with the construction project.
- In 1992, the City ensured that all public facilities were in compliance with the Americans With Disabilities Act (ADA). In addition, Scottsdale collaborated with the State Attorney General's Office and the Council for Developmental Disabilities on the development of state ADA legislation.
- During the summer and fall of 1992, the City Attorney's Office, the Intergovernmental Relations Office, and the Water Resources Department assisted the Mayor and City Council in working toward the passage of the San Carlos Apache Water Rights Settlement Act. Scottsdale was part of a coalition of Arizona interests pushing the U.S. Congress and the Bush Administration to pass the bill. This bill allows Scottsdale to negotiate a 100-year lease for nearly 44,000 acre-feet annually of Central Arizona Project water--enough to meet the future needs of 88,000 households.
- Design began in 1992 on the \$80 million Scottsdale Water Campus, funded in part by voter-approved bonds. The Water Campus will be located west of Pima Road near the future alignment of Union Hills Road. This project will be one of the most comprehensive and innovative water management programs in the country, ensuring Scottsdale's water supply for future generations.
- The City's Reclaimed Water Distribution System was completed in the spring of 1993 and began delivering effluent to six Scottsdale golf courses, which will save approximately one billion gallons of drinking water this year. This 14-mile pipeline was jointly funded by voter-approved bonds, Desert Mountain Properties, and participating golf courses. The system is capable of providing 20 million gallons of water per day to approximately 20 north area golf courses.
- In 1992, construction began on the North Indian Bend Wash Groundwater Treatment Facility. This \$7 million plant is being built as part of the City's Superfund cleanup agreement, with all construction and operating costs being paid by Motorola, Siemens Corporation, and SmithKline Beecham. This cooperative effort has allowed the City to move forward aggressively to restore its underground aquifer.

- A solid waste plan was implemented to remedy the short-term crisis created by the closure of the Tri-City Landfill. In addition, long range solutions for solid waste management were developed including the design of a waste transfer station and implementation of pilot recycling programs. The pilot programs will provide comparisons of effectiveness and efficiency of various recycling approaches in our community.
- Scottsdale and all other Valley cities and public utilities will soon be "speaking the same language". As part of the Central Arizona Regional Geographic Information System, these municipalities are working together to build a joint information system for regional problem solving.
- The City received a number of awards for transit and trip reduction during the year. Of key note was the Arizona Transit Association's "Outstanding Transit Organization" award. This recognized, in particular, the City's commitment toward transit and alternative modes.
- The Federal Aviation Administration Flight Standards District Office expansion was completed and a new lease negotiated which will bring an additional \$80,000 into the Airport enterprise fund each year.
- "Our Future in Progress" is the theme of the City's \$287.2 million bond program approved by Scottsdale voters in 1989. Significant projects completed in 1992/93 include: the Reclaimed Water Distribution System, the Pima Road/Shea Boulevard to Frank Lloyd Wright Boulevard, East Indian School storm drain, the West Couplet/Indian School Road - Camelback Road, Scottsdale Road/Shea Boulevard Loop, Frank Lloyd Wright Boulevard & Thunderbird Road intersection and Cholla Park.

For the Future

The City's future financial plans emphasize three key elements:

Financial Stability - The City must continue to improve its financial planning process to ensure community stability, service quality, and responsible fiscal management. Use of economic stabilization funds were used by the City to weather recessionary times and maintain citizen service levels. In 1993/94 the City will begin rebuilding its reserves and continue to utilize long-range financial planning to support and stabilize the City's elastic revenue base.

As part of the 1993/94 financial strategy, the City is reviewing and responding to a wide variety of infrastructure and basic service issues. These issues are addressed in a manner which keeps community needs and quality of life in balance. In addition, the City continues to invest in the maintenance of its existing infrastructure to avoid more expensive reconstruction programs in the future.

Promote Quality Service - The success of the City organization is largely dependent on the commitment of every member of the work force to quality service and continuous improvement. This focus assists us in establishing and maintaining an organization valued by the citizenry and positions us to meet the challenges of the 90s. Performance measurement, work force empowerment, and fiscal responsibility are integral components of our effort.

Among the challenges of the 90s is the need to have a work force representative of the community it services. The City continues to develop effective programs to promote an optimum working environment which places value on diversity, ensures open access, and provides equal opportunities.

Strengthen Partnerships - The eagerness of the citizens to be involved in their government and in the support of their community has long been a Scottsdale trademark. Maintaining Scottsdale's quality lifestyle requires continuous planning, foresight, hard work, and cooperation. By pursuing a citizen-oriented visioning process, soliciting ways to forge public/private partnerships, and investing energy and finances in vital areas of the community, we can collectively ensure that the Scottsdale of tomorrow will present the same special quality of life as we enjoy today.

The decade of the 90s will bring about tremendous change to the traditional ways of doing business. Technological advances, compliance with a variety of federal and state environmental requirements, the strengthening of trade agreements with our Mexican neighbors, expanding demand for regional cooperation, and the emergence of a global economy require that Scottsdale be poised to meet the many and varied challenges of the future. These challenges can only be effectively met through carefully forged partnerships among parties of common interest--citizens, businesses, and other governmental entities.

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, 1993, provided no instances of material weaknesses in the internal control structure, or significant violations of applicable laws and regulations.

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

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

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

General Government Functions. The following schedule presents a summary of the general fund, special revenue funds, debt service funds, and capital project funds revenues for the fiscal year ended June 30, 1993, and the amount and percentage of increases and decreases in relation to prior year revenues.

| Classification | Revenues | | | |
|------------------------------|--------------------------|---------------------|---|---|
| | 1993 Amount (000s) | Percent of Total | Increase (Decrease) From 1992 (000s) | Percentage Increase (Decrease) From 1992 |
| Taxes | \$ 61,441 | 48.9% | \$ 6,923 | 12.7% |
| Intergovernmental | 27,970 | 22.2 | 1,417 | 5.3 |
| Special Assessments | 4,942 | 3.9 | 681 | 16.0 |
| Licenses | 738 | 0.6 | 33 | 4.7 |
| Charges for Services | 7,587 | 6.0 | 1,250 | 19.7 |
| Fines and Forfeitures | 1,720 | 1.4 | (508) | (22.8) |
| Use of Money and Property | 5,855 | 4.7 | (1,552) | (21.0) |
| Streetlight Districts | 514 | 0.4 | 14 | 2.8 |
| Miscellaneous/Other | 15,013 | 11.9 | 1,199 | 8.7 |
| Total | \$125,780 | 100.0% | \$ 9,457 | 8.1% |

Revenue has rebounded well in 1992/93. Tax revenue increased primarily due to the resurgence of retail sales and associated sales tax. Special assessment revenue has increased considerably over the past year with the addition of several new assessment districts. Building activity also increased considerably, with increased fees collected as charges for services.

Decreases occurred in fines and forfeitures brought about by a shift to community policing which resulted in a reduced number of citations. Decreases in use of money and property are attributable to a continued decline in interest rates which reduced interest income by 26%. Miscellaneous revenue increased due to reimbursements to the capital projects funds and one-time recoveries of prior year expenditures.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 1993, and the amount and percentage of increases and decreases in relation to prior year expenditures.

| Expenditures | | | | |
|---------------------------------------|-----------------------------------|-----------------------------|---|---|
| Department | 1993 Amount (000s) | Percent of Total | Increase (Decrease) From 1992 (000s) | Percentage Increase (Decrease) From 1992 |
| General Government | \$ 9,410 | 6.0% | \$ 554 | 6.3% |
| Police | 19,754 | 12.5 | 1,355 | 7.4 |
| Financial Services | 3,752 | 2.4 | 416 | 12.5 |
| Transportation | 2,580 | 1.6 | 271 | 11.7 |
| Community Services | 15,465 | 9.9 | 1,054 | 7.3 |
| Management Services | 5,006 | 3.2 | 560 | 12.6 |
| Planning and Community Development | 9,182 | 5.9 | 2,281 | 33.1 |
| Fire | 6,595 | 4.2 | 402 | 6.5 |
| Municipal Services | 12,626 | 8.1 | 1,444 | 12.9 |
| Streetlight Districts | 449 | 0.3 | 8 | 1.8 |
| Capital Improvements | 42,793 | 27.3 | 1,808 | 4.4 |
| Debt Service | 29,205 | 18.6 | 2,234 | 8.3 |
| Total | \$156,817 | 100.0% | \$12,387 | 8.6% |

The increases in expenditures are attributable to the additional emphasis on police protection, the increase in activity in the Capital Projects Funds, the addition of the Section 8 housing program, and debt service payments necessary to carry out voter-approved bond sales.

General Government Fund Balances. Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unencumbered appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. Encumbered amounts are reported as reservations of fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 1993, compared to the prior year.

| Total Fund Balances | | | |
|----------------------------|----------------------|----------------------|--------------------------------|
| Fund | June 30, 1992 | June 30, 1993 | Increase (Decrease) |
| General | \$42,285,367 | \$44,682,233 | \$2,396,866 |
| Special Revenue | | | |
| Highway User | 144,753 | 417,621 | 272,868 |
| Community Development | 0 | 64,729 | 64,729 |
| Grants | 493,116 | 57,195 | (435,921) |
| Section 8 | 0 | 1,247 | 1,247 |
| Debt Service | 11,341,344 | 9,529,569 | (1,811,775) |
| Capital Projects | 23,446,675 | 12,876,183 | (10,570,492) |
| Total | \$77,711,255 | \$67,628,777 | \$(10,082,478) |

The General Fund balance increased as a result of revenue increases (especially privilege tax) and departmental budget expenditure savings. The Debt Service Fund balance decreased as a result of a debt payment from a previously reserved sinking fund. The Capital Projects Fund balance decreased because of the normal expenditure of bond funds that were issued in prior years.

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

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

The following schedule presents retained earnings (accumulated deficits) for the year compared to the prior year for the proprietary funds (the Public Housing Fund has no retained earnings):

| Fund | Retained Earnings | | Increase (Decrease) |
|-------------------------|---------------------|---------------------|------------------------|
| | June 30, 1992 | June 30, 1993 | |
| Water and Sewer Utility | \$70,267,928 | \$77,494,392 | \$7,226,464 |
| Airport | 53,295 | 45,829 | (7,466) |
| Sanitation | 255,352 | 624,447 | 369,095 |
| Motor Pool | 1,104,530 | 1,824,714 | 720,184 |
| Self Insurance | (1,953,194) | (3,042,180) | (1,088,986) |
| Total | \$69,727,911 | \$76,947,202 | \$7,219,291 |

Retained earnings of the Water and Sewer Utility Fund increased based on use rate increases and increased usage. Retained earnings of the Self-Insurance Fund decreased primarily due to payment of a large liability claim (\$1 million).

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

Fiduciary Fund. The Trust and Agency Fund consists of miscellaneous expendable trust funds and the Deferred Compensation Agency Fund. All amounts of compensation deferred under the plan are the property of the City, subject to the claims of general creditors. The City has the duty of due care. Investments are managed by an independent plan administrator. The balance in this agency fund increased by \$1,166,329 due to continued contributions to the deferred compensation fund.

Debt Administration. At June 30, 1993, the City had outstanding debt issues of \$293,735,220. The breakdown was:

| Debt | Principal Balance June 30, 1993 |
|---|--|
| General Obligation Bonds | \$115,000,000 |
| Revenue Bonds | 50,625,000 |
| Scottsdale Municipal Property Corporation Bonds | 97,880,000 |
| Special Assessment Bonds | 21,959,000 |
| Contracts | 8,271,220 |
| Total | \$293,735,220 |

During the fiscal year, \$19,000,000 of general obligation bonds, and \$5,000,000 of water and sewer utility revenue bonds were issued. In addition, the City issued \$51,070,000 general obligation refunding, \$26,690,000 highway user fund tax revenue refunding, and \$29,475,000 Municipal Property Corporation refunding bonds, effectively refunding a total of \$100,010,000 outstanding bonds of the City. Additional detail on these refundings is found in Note 6 to the financial statements. The City maintained its Aa1 bond rating from Moody's Investor Service and AA rating from Standard and Poor's for general obligation bonds.

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

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

At June 30, 1993, the 20% debt limitation was \$275,777,753, providing a debt margin of \$206,172,353, and the 6% debt limitation was \$82,733,326, providing a debt margin of \$37,338,726.

Cash Management. Cash temporarily idle during the year, excluding that of Municipal Property Corporation and ICMA Plan investments, was invested primarily in the State Treasurer's Local Government Investment Pool and mutual funds whose portfolios consist solely of U.S. Government Treasury and agency securities. In addition, amounts were directly invested in obligations of the U.S. Treasury and its agencies, demand deposits, and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time and therefore receives more favorable interest rates. The average yield on pooled investments for the 1992/93 fiscal year was 4.5%, and the average daily investment balance was \$135,244,574.

The City's investment policy is to invest all of the City funds at the highest available interest rate, assuring that all monies are fully secured with emphasis on safety of principal, liquidity, and financial return on principal. At June 30, 1993, 98% of investments held by the City were classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board. Remaining investments were held by the City's bank in the bank's trust department in the name of the Municipal Property Corporation.

Risk Management. The City's Self-Insurance Fund, established in fiscal year 1979, is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The Self-Insurance Fund is protected by excess insurance designed to limit the exposure to loss for any single loss occurrence. For fiscal year 1993, the Self-Insurance Fund was responsible for the first \$300,000 per occurrence for workers' compensation claims and the first \$1,000,000 for liability claims against the City. The Fund was also responsible for vehicle damage over \$1,000, and all unemployment claims.

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

OTHER INFORMATION

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

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 1992, marking the twentieth consecutive year Scottsdale has received this prestigious award.

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

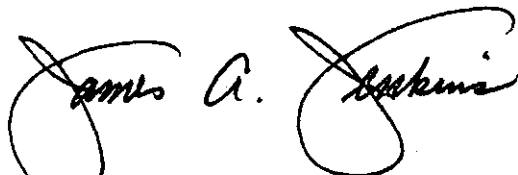
A Certificate of Achievement is valid for a period of one year only. The current report is believed to conform to Certificate of Achievement program requirements and will be submitted to the GFOA in order to determine its eligibility for a certificate.

The City also received the GFOA's award for Distinguished Budget Presentation for our 1992/93 annual budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be especially notable as a policy document and proficient in financial planning and organization.

In addition, the City received the Municipal Treasurers Association Certificate of Excellence Award for developing an outstanding written investment policy.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "James A. Jenkins". The signature is written in black ink and is positioned above the printed name.

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

JAJ:id

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, 1992

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.



[Signature]
President
[Signature]
Jeffrey L. Esler
Executive Director

Financial Section

KPMG Peat Marwick

Certified Public Accountants

2020 North Central Avenue
Phoenix, AZ 85004

Independent Auditors' Report

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

We have audited the accompanying general purpose financial statements and the combining, individual fund, and individual account group financial statements of the City of Scottsdale, Arizona as of and for the year ended June 30, 1993, as listed in the financial section 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 conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Scottsdale, Arizona, as of June 30, 1993, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and individual account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and individual account groups of the City of Scottsdale, Arizona, as of June 30, 1993, and the results of operations of such funds and cash flows of the individual proprietary funds and nonexpendable trust funds for the year then ended, in conformity with generally accepted accounting principles.

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

KPMG Peat Marwick

September 10, 1993



CITY OF SCOTTSDALE, ARIZONA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

EXHIBIT A-1

JUNE 30, 1993

WITH COMPARATIVE TOTALS FOR JUNE 30, 1992

| ASSETS AND OTHER DEBITS | GOVERNMENTAL FUND TYPES | | | | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | ACCOUNT GROUPS | | TOTALS (MEMORANDUM ONLY) | |
|---|-------------------------|--------------------|---------------------|---------------------|------------------------|---------------------|---------------------|------------------------|------------------------|--------------------------|------------------------|
| | GENERAL | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | ENTERPRISE | INTERNAL SERVICE | TRUST AND AGENCY | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | JUNE 30, 1993 | JUNE 30, 1992 |
| CASH AND SHORT-TERM INVESTMENTS | \$41,354,937 | \$65,446 | \$8,949,054 | \$27,718,369 | \$7,156,283 | \$6,032,893 | \$5,310,890 | \$ | \$ | \$94,587,872 | \$108,619,487 |
| CASH WITH FISCAL AGENTS | | 1,564,904 | 13,823,432 | | 3,511,786 | | | | | 18,900,122 | 19,808,008 |
| INVESTMENTS | 6,287,795 | | 3,058,794 | | | | 6,093,985 | | | 15,440,574 | 6,844,453 |
| RECEIVABLES | | | | | | | | | | | |
| ACCRUED INTEREST | 244,752 | | 77,458 | 138,106 | 188,151 | 31,135 | 13,944 | | | 703,546 | 1,394,989 |
| PROPERTY TAX | 1,465,025 | | 20,899 | | | | | | | 1,485,924 | 864,876 |
| SPECIAL ASSESSMENTS | | | 21,451,617 | | | | | | | 21,451,617 | 22,048,422 |
| STATE SHARED SALES TAX | 771,875 | | | | | | | | | 771,875 | 682,163 |
| AUTO LIEU TAX | 197,167 | | | | | | | | | 197,167 | 186,476 |
| FUEL TAX | | 685,828 | | | | | | | | 685,828 | 591,152 |
| GRANTS | | 346,541 | | | | | | | | 346,541 | 209,863 |
| ACCOUNTS | | | | | 5,358,829 | | | | | 5,358,829 | 4,821,599 |
| MISCELLANEOUS | 602,804 | 16,369 | | 105,000 | 669,608 | 50,313 | 213 | | | 1,744,305 | 2,463,114 |
| DUE FROM OTHER FUNDS | 304,872 | | | | 12,080,562 | | | | | 12,385,434 | 7,409,828 |
| SUPPLIES INVENTORY | 181,045 | | | | | 270,602 | | | | 451,647 | 419,546 |
| RESTRICTED CASH, INVESTMENTS, AND RECEIVABLES | | | | | 36,072,348 | | | | | 36,072,348 | 25,530,228 |
| PROPERTY, PLANT, AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION | | | | | 247,737,891 | 8,113,010 | | 1,056,500,612 | | 1,312,351,513 | 1,202,000,009 |
| EXCESS PURCHASE PRICE OVER FAIR MARKET VALUE OF WATER SYSTEM ASSETS ACQUIRED, NET | | | | | 546,417 | | | | | 546,417 | 627,278 |
| AMOUNT AVAILABLE IN DEBT SERVICE FUNDS | | | | | | | | | 9,529,589 | 9,529,569 | 11,341,344 |
| AMOUNT TO BE PROVIDED FOR RETIREMENT OF GENERAL LONG-TERM DEBT | | | | | | | | | 231,029,018 | 231,029,018 | 198,548,111 |
| TOTAL ASSETS AND OTHER DEBITS | \$51,710,272 | \$2,679,088 | \$45,381,254 | \$27,961,475 | \$313,331,873 | \$14,497,953 | \$11,419,032 | \$1,056,500,612 | \$240,558,587 | \$1,764,040,146 | \$1,614,610,924 |

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

EXHIBIT A-1
(CONT'D)

JUNE 30, 1993

WITH COMPARATIVE TOTALS FOR JUNE 30, 1992

| LIABILITIES AND FUND EQUITY | GOVERNMENTAL FUND TYPES | | | | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | ACCOUNT GROUPS | | TOTALS (MEMORANDUM ONLY) | |
|--|-------------------------|--------------------|---------------------|---------------------|------------------------|---------------------|---------------------|------------------------|------------------------|--------------------------|------------------------|
| | GENERAL | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | ENTERPRISE | INTERNAL SERVICE | TRUST AND AGENCY | GENERAL FIXED ASSETS | GENERAL LONG-TERM DEBT | JUNE 30, 1993 | JUNE 30, 1992 |
| LIABILITIES | | | | | | | | | | | |
| ACCOUNTS PAYABLE | \$586,073 | \$134,658 | \$ | \$2,417,479 | \$1,564,793 | \$14,226 | \$5,049 | \$ | \$ | \$4,722,278 | \$5,365,330 |
| ACCRUED PAYROLL | 4,269,610 | 228,474 | | 34,544 | 741,004 | 234,423 | | | | 5,508,055 | 4,699,483 |
| CLAIMS PAYABLE | | | 123,961 | | | 4,775,631 | | | | 4,899,592 | 4,091,279 |
| DESIGNATED DEFERRED COMPENSATION BENEFITS DUE TO GENERAL FUND | | 210,259 | | | 84,613 | | 8,093,985 | | | 6,093,985 | 4,927,658 |
| DUE TO WATER FUND | | | | 12,080,562 | | | | | | 304,872 | 1,250,885 |
| ACCRUED INTEREST PAYABLE | 37,622 | | 452,675 | | | | | | | 12,080,562 | 6,158,941 |
| CONTRACTS PAYABLE - CURRENT PORTION | | | | | 258,525 | | | | | 490,297 | 466,379 |
| BOND INTEREST PAYABLE | | 484,905 | 4,448,432 | | 1,285,802 | | | | | 258,525 | 402,936 |
| BONDS PAYABLE - CURRENT PORTION | | 1,080,000 | 9,375,000 | | 2,220,000 | | | | | 6,219,139 | 8,138,044 |
| DEFERRED REVENUE | | | | | | | | | | 12,675,000 | 8,333,566 |
| PROPERTY TAXES | 1,403,357 | | | | | | | | | 1,403,357 | 901,754 |
| SPECIAL ASSESSMENTS | | | 21,451,617 | | | | | | | 21,451,617 | 22,048,422 |
| OTHER | 731,377 | | | | 1,191,465 | | | | | 1,922,842 | 1,492,102 |
| GUARANTY AND OTHER DEPOSITS | | | | | 904,816 | | 1,270,001 | | | 2,174,917 | 4,451,199 |
| OTHER | | | | 552,707 | 131,858 | | | | | 684,365 | 665,033 |
| LONG-TERM DEBT (LESS CURRENT PORTION) | | | | | 55,375,000 | | | | 240,558,587 | 295,933,587 | 262,742,880 |
| TOTAL LIABILITIES | 7,028,039 | 2,138,298 | 35,851,685 | 15,085,292 | 63,767,776 | 5,024,280 | 7,369,035 | | 240,558,587 | 376,822,990 | 336,155,969 |
| FUND EQUITY AND OTHER CREDITS | | | | | | | | | | | |
| CONTRIBUTED CAPITAL | | | | | 171,399,429 | 10,691,139 | | | | 182,090,568 | 163,680,582 |
| INVESTMENT IN GENERAL FIXED ASSETS | | | | | | | | 1,056,500,612 | | 1,056,500,612 | 963,367,365 |
| RETAINED EARNINGS (DEFICIT) | | | | | | | | | | | |
| RESERVED FOR | | | | | | | | | | | |
| REVENUE BOND RETIREMENT | | | | | 2,454,431 | | | | | 2,454,431 | 2,241,876 |
| WATER AND SEWER SYSTEM REPLACEMENT | | | | | 6,966,533 | | | | | 6,966,533 | 5,927,249 |
| ACQUISITION AND CONSTRUCTION | | | | | 26,641,596 | | | | | 26,641,596 | 17,351,859 |
| UNRESERVED | | | | | 42,102,108 | (1,217,466) | | | | 40,884,642 | 44,206,827 |
| FUND BALANCES | | | | | | | | | | | |
| RESERVED FOR | | | | | | | | | | | |
| ENCUMBRANCES | 1,723,377 | 440,038 | | 12,488,632 | | | 32,582 | | | 14,684,629 | 8,886,349 |
| SINKING FUND | | | | | | | | | | | 3,340,152 |
| STREETLIGHT DISTRICTS | 684,313 | | | | | | | | | 684,313 | 619,024 |
| DEBT SERVICE | | | 9,529,569 | | | | | | | 9,529,569 | 8,001,182 |
| LIBRARY ACQUISITIONS | | | | | | | 184,201 | | | 184,201 | 174,351 |
| UNRESERVED | 42,274,543 | 100,754 | | 387,551 | | | 3,833,214 | | | 46,596,062 | 60,656,029 |
| TOTAL RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCES | 44,682,233 | 540,792 | 9,529,569 | 12,876,183 | 79,164,868 | (1,217,466) | 4,049,997 | | | 148,625,976 | 151,407,008 |
| TOTAL FUND EQUITY AND OTHER CREDITS | 44,682,233 | 540,792 | 9,529,569 | 12,876,183 | 249,564,097 | 9,473,673 | 4,049,997 | 1,056,500,612 | | 1,387,217,156 | 1,278,454,955 |
| TOTAL LIABILITIES AND FUND EQUITY | \$51,710,272 | \$2,679,088 | \$45,381,254 | \$27,961,475 | \$313,331,873 | \$14,497,953 | \$11,419,032 | \$1,056,500,612 | \$240,558,587 | \$1,764,040,146 | \$1,614,610,924 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

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

EXHIBIT A-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1993
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

| | GOVERNMENTAL FUND TYPES | | | | FIDUCIARY FUND TYPE | TOTALS (MEMORANDUM ONLY) | |
|--|-------------------------|--------------------|-----------------|---------------------|------------------------|-----------------------------|---------------|
| | GENERAL | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | EXPENDABLE TRUSTS | JUNE 30, 1993 | JUNE 30, 1992 |
| REVENUES | | | | | | | |
| TAXES - LOCAL | \$36,909,018 | | \$18,305,088 | \$6,226,443 | \$ | \$61,440,547 | \$54,517,978 |
| TAXES - INTERGOVERNMENTAL | 19,253,767 | 8,718,521 | | | | 27,970,288 | 28,553,493 |
| GRANTS | | 3,554,974 | | | | 3,554,974 | 1,770,685 |
| SPECIAL ASSESSMENTS | | | 4,941,556 | | | 4,941,556 | 4,260,961 |
| LICENSES | 737,854 | | | | | 737,854 | 704,935 |
| CHARGES FOR CURRENT SERVICES | 7,588,803 | | | | | 7,588,803 | 6,336,520 |
| FINES AND FORFEITURES | 1,720,511 | | | | | 1,720,511 | 2,228,091 |
| USE OF MONEY AND PROPERTY | 4,015,637 | | 549,055 | 1,290,687 | 122,526 | 5,977,885 | 7,528,183 |
| STREETLIGHT DISTRICTS | 513,846 | | | | | 513,846 | 499,529 |
| OTHER | 9,183,532 | 237,483 | | 2,037,596 | 1,310,324 | 12,768,955 | 13,648,886 |
| TOTAL REVENUES | 78,920,988 | 12,508,978 | 23,795,899 | 9,554,708 | 1,432,850 | 127,213,219 | 118,049,281 |
| EXPENDITURES | | | | | | | |
| CURRENT OPERATING DEPARTMENTS | | | | | | | |
| GENERAL GOVERNMENT | 9,409,602 | | | | | 9,409,602 | 8,856,119 |
| POLICE | 19,876,575 | 77,315 | | | | 19,953,890 | 18,399,147 |
| FINANCIAL SERVICES | 3,751,965 | | | | | 3,751,965 | 3,335,772 |
| TRANSPORTATION | | 2,580,418 | | | | 2,580,418 | 2,308,546 |
| COMMUNITY SERVICES | 14,995,747 | | | | | 15,465,007 | 14,410,886 |
| MANAGEMENT SERVICES | 5,005,942 | | | | | 5,005,942 | 4,445,653 |
| PLANNING & COMMUNITY DEVELOPMENT | 8,042,985 | 3,139,467 | | | | 11,182,452 | 8,900,665 |
| FIRE | 6,595,200 | | | | | 6,595,200 | 6,193,207 |
| MUNICIPAL SERVICES | 8,131,118 | 6,494,532 | | | | 14,625,650 | 11,181,964 |
| STREETLIGHT DISTRICTS | 448,557 | | | | | 448,557 | 440,809 |
| EXPENDABLE TRUSTS | | | | | 1,212,736 | 1,212,736 | 589,112 |
| CAPITAL IMPROVEMENTS | | | | 42,792,604 | | 42,792,604 | 40,985,281 |
| DEBT SERVICE | | | | | | | |
| PRINCIPAL | 797,815 | 1,080,000 | 13,874,000 | | | 15,751,815 | 11,018,844 |
| INTEREST | 246,785 | 1,426,390 | 11,780,346 | | | 13,453,521 | 15,952,495 |
| TOTAL EXPENDITURES | 73,102,291 | 15,267,382 | 25,654,346 | 42,792,604 | 1,212,736 | 158,029,359 | 144,998,502 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 6,818,696 | (2,758,404) | (1,858,647) | (33,237,898) | 220,114 | (30,816,140) | (26,949,241) |
| OTHER SOURCES (USES) | | | | | | | |
| BOND PROCEEDS | | | | 21,850,000 | | 21,850,000 | 20,450,000 |
| PROCEEDS FROM CONTRACTS PAYABLE | | | | | | | 4,525,000 |
| OPERATING TRANSFERS IN | 205,996 | 3,117,323 | 18,118 | 1,338,224 | 300,000 | 4,979,661 | 6,800,499 |
| OPERATING TRANSFERS OUT | (4,627,825) | (455,898) | | (988,118) | | (6,051,939) | (7,302,838) |
| PROCEEDS OF REFUNDING BONDS | | 26,434,531 | 52,924,042 | | | 79,358,573 | 48,560,925 |
| PAYMENT TO REFUNDED BOND ESCROW AGENT | | (26,434,531) | (52,895,288) | | | (79,329,819) | (48,560,925) |
| RESERVE FUND CONTRIBUTION | | | | | | | (1,931,562) |
| TOTAL OTHER SOURCES (USES) | (4,421,829) | 2,661,327 | 48,872 | 22,220,106 | 300,000 | 20,806,476 | 22,541,298 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 2,396,866 | (97,077) | (1,811,775) | (11,017,792) | 520,114 | (10,009,664) | (4,407,943) |
| FUND BALANCES JULY 1 | 42,285,367 | 637,889 | 11,341,344 | 23,446,675 | 3,782,925 | 81,494,180 | 85,902,123 |
| RESIDUAL EQUITY TRANSFER IN | | | | 1,042,831 | | 1,042,831 | 1,073,879 |
| RESIDUAL EQUITY TRANSFER OUT | | | | (595,531) | (437,700) | (1,033,231) | (1,073,879) |
| FUND BALANCES JUNE 30 | \$44,682,233 | \$540,792 | \$9,529,569 | \$12,876,183 | \$3,865,339 | \$71,494,116 | \$81,494,180 |

SEE NOTES TO FINANCIAL STATEMENTS

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

EXHIBIT A-3

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | GENERAL FUND | | | SPECIAL REVENUE FUNDS | | | DEBT SERVICE FUNDS | | | TOTALS (MEMORANDUM ONLY) | | |
|---|--------------|----------------|--|-----------------------|-------------|--|--------------------|--------------|--|-----------------------------|---------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | | | | | | | | | | |
| TAXES - LOCAL | \$37,078,795 | \$36,909,016 | (\$169,779) | \$ | \$ | \$ | \$19,298,816 | \$19,305,088 | (\$96,272) | \$56,377,611 | \$55,214,104 | (\$1,163,507) |
| TAXES - INTERGOVERNMENTAL | 19,055,000 | 19,253,767 | 198,767 | 8,561,000 | 8,718,521 | 155,521 | | | | 27,616,000 | 27,970,288 | 354,288 |
| SPECIAL ASSESSMENTS | | | | | | | 4,869,857 | 4,941,556 | 71,699 | 4,869,857 | 4,941,556 | 71,699 |
| LICENSES | 700,000 | 737,854 | 37,854 | | | | | | | 700,000 | 737,854 | 37,854 |
| CHARGES FOR CURRENT SERVICES | 7,225,000 | 7,586,803 | 361,803 | | | | | | | 7,225,000 | 7,586,803 | 361,803 |
| FINES AND FORFEITURES | 1,785,000 | 1,720,511 | (64,489) | | | | | | | 1,785,000 | 1,720,511 | (64,489) |
| USE OF MONEY AND PROPERTY | 4,029,000 | 4,015,637 | (13,363) | | | | 879,000 | 529,768 | (349,232) | 4,909,000 | 4,545,405 | (363,595) |
| OTHER | 1,783,000 | 1,946,113 | 163,113 | | | | | | | 1,783,000 | 1,946,113 | 163,113 |
| TOTAL REVENUES | 71,655,795 | 72,169,701 | 513,906 | 8,561,000 | 8,718,521 | 155,521 | 25,047,673 | 23,776,412 | (1,271,261) | 105,264,468 | 104,682,834 | (601,634) |
| EXPENDITURES | | | | | | | | | | | | |
| CURRENT OPERATING DEPARTMENTS | | | | | | | | | | | | |
| GENERAL GOVERNMENT | 10,009,878 | 10,009,835 | 43 | | | | | | | 10,009,878 | 10,009,835 | 43 |
| POLICE | 20,097,211 | 19,922,083 | 175,128 | | | | | | | 20,097,211 | 19,922,083 | 175,128 |
| FINANCIAL SERVICES | 4,032,898 | 4,003,289 | 29,609 | | | | | | | 4,032,898 | 4,003,289 | 29,609 |
| TRANSPORTATION | | | | 2,807,965 | 2,607,156 | 200,809 | | | | 2,807,965 | 2,607,156 | 200,809 |
| COMMUNITY SERVICES | 15,485,221 | 15,403,787 | 81,434 | | | | | | | 15,485,221 | 15,403,787 | 81,434 |
| MANAGEMENT SERVICES | 5,221,916 | 5,104,417 | 117,499 | | | | | | | 5,221,916 | 5,104,417 | 117,499 |
| PLANNING & COMMUNITY DEVELOPMENT | 6,160,018 | 6,159,925 | 93 | | | | | | | 6,160,018 | 6,159,925 | 93 |
| FIRE | 6,664,709 | 6,607,198 | 57,511 | | | | | | | 6,664,709 | 6,607,198 | 57,511 |
| MUNICIPAL SERVICES | 5,896,416 | 6,260,353 | (381,935) | 6,743,549 | 6,859,055 | (115,506) | | | | 12,641,967 | 13,139,408 | (497,441) |
| CONTINGENCY | 190,157 | | 190,157 | | | | | | | 190,157 | | 190,157 |
| DEBT SERVICE | | | | | | | | | | | | |
| PRINCIPAL | 831,839 | 797,815 | (165,976) | 1,080,000 | 1,080,000 | | 9,659,000 | 10,374,000 | (715,000) | 11,370,839 | 12,251,815 | (880,976) |
| INTEREST | 544,873 | 546,785 | (1,912) | 2,033,473 | 1,426,390 | 607,083 | 15,203,923 | 11,576,622 | 3,627,301 | 17,782,269 | 13,549,797 | 4,232,472 |
| TOTAL EXPENDITURES | 74,937,136 | 74,835,467 | 101,671 | 12,664,967 | 11,972,601 | 692,366 | 24,862,923 | 21,950,622 | 2,912,301 | 112,465,048 | 108,758,690 | 3,706,358 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (3,281,343) | (2,665,766) | 615,577 | (4,103,967) | (3,256,080) | 847,907 | 184,750 | 1,825,790 | 1,641,040 | (7,200,580) | (4,096,056) | 3,104,524 |
| OTHER SOURCES (USES) | | | | | | | | | | | | |
| OPERATING TRANSFERS IN | 7,443,435 | 7,443,435 | | 4,103,987 | 3,117,323 | (986,664) | | 18,118 | 18,118 | 11,547,422 | 10,578,876 | (968,546) |
| OPERATING TRANSFERS OUT | (4,162,092) | (4,127,825) | 34,267 | | | | (362,882) | (198,319) | 174,563 | (4,524,974) | (4,316,144) | 208,830 |
| TRANSFER TO SINKING FUND | | | | | | | | (1,341,359) | (1,341,359) | (1,341,359) | (1,341,359) | |
| TOTAL OTHER SOURCES (USES) | 3,281,343 | 3,315,610 | 34,267 | 4,103,987 | 3,117,323 | (986,664) | (362,882) | (1,511,560) | (1,148,678) | 7,022,448 | 4,921,373 | (2,101,075) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | 649,844 | 649,844 | | (138,757) | (138,757) | (178,132) | 314,230 | 492,362 | (178,132) | 825,317 | 1,003,449 |
| ENCUMBRANCES CANCELLED | | 1,883,903 | 1,883,903 | | 144,753 | 144,753 | | | | | 2,028,656 | 2,028,656 |
| FUND BALANCES (DEFICIT) JULY 1, 1992 | | (16,341,439) | (16,341,439) | | (188,990) | (188,990) | 178,132 | 4,762,947 | 4,584,815 | 178,132 | (11,787,482) | (11,945,814) |
| FUND BALANCES (DEFICIT) JUNE 30, 1993 | \$ | (\$13,807,692) | (\$13,807,692) | \$ | (\$182,994) | (\$182,994) | \$ | \$5,077,177 | \$5,077,177 | \$ | (\$8,913,509) | (\$8,913,509) |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

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

EXHIBIT A-4

FOR THE FISCAL YEAR ENDED JUNE 30, 1993
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | TOTALS (MEMORANDUM ONLY) | |
|---------------------------------|------------------------|---------------------|------------------------|-----------------------------|-------------------|
| | ENTERPRISE | INTERNAL SERVICE | NONEXPENDABLE TRUST | JUNE 30, 1993 | JUNE 30, 1992 |
| OPERATING REVENUES | | | | | |
| WATER SERVICE FEES | \$28,570,614 | \$ | \$ | \$28,570,614 | \$26,180,321 |
| SEWER SERVICE FEES | 7,681,358 | | | 7,681,358 | 7,454,093 |
| PLANET RANCH | 466,221 | | | 466,221 | 380,535 |
| SANITATION FEES | 7,832,385 | | | 7,832,385 | 6,344,547 |
| AIRPORT FEES | 580,273 | | | 580,273 | 626,447 |
| BILLINGS TO USER PROGRAMS | | 8,121,865 | | 8,121,865 | 8,166,519 |
| INTEREST EARNINGS | | | 7,785 | 7,785 | 10,641 |
| OTHER | | 56,525 | | 56,525 | 267,644 |
| TOTAL OPERATING REVENUES | 45,130,851 | 8,178,390 | 7,785 | 53,317,026 | 49,430,747 |
| OPERATING EXPENSES | | | | | |
| WATER OPERATIONS | 16,530,883 | | | 16,530,883 | 15,770,894 |
| SEWER OPERATIONS | 3,490,024 | | | 3,490,024 | 2,063,776 |
| SANITATION OPERATIONS | 6,302,202 | | | 6,302,202 | 5,329,204 |
| AIRPORT OPERATIONS | 674,793 | | | 674,793 | 606,144 |
| MOTOR POOL OPERATIONS | | 3,983,740 | | 3,983,740 | 3,774,173 |
| SELF-INSURANCE ADMINISTRATION | | 1,002,271 | | 1,002,271 | 1,015,948 |
| SELF-INSURANCE CLAIMS | | 2,831,961 | | 2,831,961 | 3,803,880 |
| TRUST OPERATIONS | | | 8,044 | 8,044 | 11,189 |
| DEPRECIATION AND AMORTIZATION | 7,284,013 | 1,556,187 | | 8,840,200 | 8,432,098 |
| INDIRECT COST | 4,871,832 | | | 4,871,832 | 4,827,292 |
| IN LIEU PROPERTY TAX | 682,453 | | | 682,453 | 620,148 |
| FRANCHISE FEE | 1,889,150 | | | 1,889,150 | 1,723,250 |
| TOTAL OPERATING EXPENSES | 41,725,350 | 9,374,159 | 8,044 | 51,107,553 | 47,977,996 |
| OPERATING INCOME (LOSS) | 3,405,501 | (1,195,769) | (259) | 2,209,473 | 1,452,751 |

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE – ALL PROPRIETARY FUND TYPES
 AND NONEXPENDABLE TRUST FUND

EXHIBIT A-4
 (CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | TOTALS (MEMORANDUM ONLY) | |
|--|------------------------|---------------------|------------------------|-----------------------------|---------------|
| | ENTERPRISE | INTERNAL SERVICE | NONEXPENDABLE TRUST | JUNE 30, 1993 | JUNE 30, 1992 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| INTEREST EARNINGS | 1,846,471 | 290,967 | | 2,137,438 | 3,055,588 |
| INTEREST EXPENSE | (1,578,642) | | | (1,578,642) | (3,279,043) |
| NET NON-OPERATING REVENUES (EXPENSES) | 267,829 | 290,967 | | 558,796 | (223,455) |
| OPERATING TRANSFERS IN | 663,278 | 536,000 | | 1,199,278 | 502,140 |
| OPERATING TRANSFERS OUT | (127,000) | | | (127,000) | |
| NET OPERATING TRANSFERS IN | 536,278 | 536,000 | | 1,072,278 | 502,140 |
| NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM | 4,209,608 | (368,802) | (259) | 3,840,547 | 1,731,436 |
| EXTRAORDINARY ITEM LOSS ON BOND REFUNDING | | | | | (780,000) |
| NET INCOME (LOSS) | 4,209,608 | (368,802) | (259) | 3,840,547 | 951,436 |
| ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CONTRIBUTED CAPITAL | 3,378,485 | | | 3,378,485 | 3,106,479 |
| INCREASE (DECREASE) IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE | 7,588,093 | (368,802) | (259) | 7,219,032 | 4,057,915 |
| RETAINED EARNINGS (ACCUMULATED DEFICIT)/ FUND BALANCE JULY 1 | 70,576,575 | (848,664) | 184,917 | 69,912,828 | 65,854,913 |
| RETAINED EARNINGS (ACCUMULATED DEFICIT)/ FUND BALANCE JUNE 30 | \$78,164,668 | (\$1,217,466) | \$184,658 | \$77,131,860 | \$69,912,828 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPES
AND NONEXPENDABLE TRUST FUND

EXHIBIT A-5

FOR THE FISCAL YEAR ENDED JUNE 30, 1993
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | TOTALS (MEMORANDUM ONLY) | |
|---|------------------------|---------------------|------------------------|-----------------------------|---------------|
| | ENTERPRISE | INTERNAL SERVICE | NONEXPENDABLE TRUST | JUNE 30, 1993 | JUNE 30, 1992 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| OPERATING INCOME (LOSS) | \$3,405,501 | (\$1,195,769) | (\$259) | \$2,209,473 | \$1,452,751 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES: | | | | | |
| DEPRECIATION | 7,203,152 | 1,556,187 | | 8,759,339 | 8,351,237 |
| AMORTIZATION | 80,861 | | | 80,861 | 80,861 |
| CHANGES IN ASSETS AND LIABILITIES (SOURCES (USES) OF CASH): | | | | | |
| ACCRUED INTEREST RECEIVABLE | | | | | 1,549 |
| ACCOUNTS RECEIVABLE | (437,230) | | | (437,230) | (79,850) |
| MISCELLANEOUS RECEIVABLES | (73,578) | (18,833) | | (92,411) | (376,697) |
| SUPPLIES INVENTORY | | (11,298) | | (11,298) | (12,470) |
| ACCOUNTS PAYABLE | (1,221,890) | (7,141) | | (1,229,031) | 2,384,538 |
| ACCRUED PAYROLL | 97,228 | 25,494 | | 122,722 | 144,259 |
| DUE TO GENERAL FUND | (337,296) | | | (337,296) | 492,963 |
| CLAIMS PAYABLE – REPORTED | | (1,554,948) | | (1,554,948) | 2,115,795 |
| CLAIMS PAYABLE – UNREPORTED | | 2,239,300 | | 2,239,300 | 353,142 |
| DEFERRED REVENUE | (132,243) | | | (132,243) | 402,151 |
| OTHER LIABILITIES | (1,717,517) | | | (1,717,517) | 1,173,404 |
| DUE FROM CAPITAL PROJECTS FUNDS | (5,921,621) | | | (5,921,621) | (6,158,941) |
| TOTAL ADJUSTMENTS | (2,460,134) | 2,228,761 | | (231,373) | 8,871,941 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | 945,367 | 1,032,992 | (259) | 1,978,100 | 10,324,692 |

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED STATEMENT OF CASH FLOWS.— PROPRIETARY FUND TYPES
AND NONEXPENDABLE TRUST FUND

EXHIBIT A-5
(CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | TOTALS (MEMORANDUM ONLY) | |
|---|------------------------|---------------------|------------------------|-----------------------------|---------------|
| | ENTERPRISE | INTERNAL SERVICE | NONEXPENDABLE TRUST | JUNE 30, 1993 | JUNE 30, 1992 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| NET OPERATING TRANSFERS IN | 536,278 | 536,000 | | 1,072,278 | 502,140 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| ACQUISITION AND CONSTRUCTION OF PROPERTY AND EQUIPMENT | (15,894,815) | (2,407,666) | | (18,302,481) | (15,761,222) |
| PRINCIPAL PAYMENTS ON LONG-TERM DEBT | (2,187,936) | | | (2,187,936) | (2,111,739) |
| INTEREST PAID ON LONG-TERM DEBT | (2,217,393) | | | (2,217,393) | (3,359,994) |
| CAPITAL CONTRIBUTION FROM OTHER GOVERNMENT UNITS | 687,120 | 10,255 | | 697,375 | 822,377 |
| WATER AND SEWER DEVELOPMENT FEES | 10,040,502 | | | 10,040,502 | 6,050,204 |
| CAPITAL CONTRIBUTIONS FROM DEVELOPERS | 3,375,479 | | | 3,375,479 | 5,474,112 |
| PROCEEDS FROM SALE OF BONDS | 37,791,373 | | | 37,791,373 | 8,505,000 |
| PRINCIPAL DELETION OF REFUNDED DEBT | (32,791,373) | | | (32,791,373) | (7,725,000) |
| LOSS ON BOND REFUNDING | | | | | (780,000) |
| NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES | (1,197,043) | (2,397,411) | | (3,594,454) | (8,886,262) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| INTEREST RECEIVED ON INVESTMENTS | 2,068,033 | 326,362 | | 2,394,395 | 2,974,002 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,352,635 | (502,057) | (259) | 1,850,319 | 4,914,572 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 44,377,993 | 6,534,950 | 184,917 | 51,097,860 | 46,183,288 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$46,730,628 | \$6,032,893 | \$184,658 | \$52,948,179 | \$51,097,860 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS -- PROPRIETARY FUND TYPES
AND NONEXPENDABLE TRUST FUND

EXHIBIT A-5
(CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1992

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | TOTALS (MEMORANDUM ONLY) | |
|---|------------------------|---------------------|------------------------|-----------------------------|--------------------|
| | ENTERPRISE | INTERNAL SERVICE | NONEXPENDABLE TRUST | JUNE 30, 1993 | JUNE 30, 1992 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR INCLUDES: | | | | | |
| CASH AND SHORT-TERM INVESTMENTS | \$7,156,283 | | | | |
| CASH WITH FISCAL AGENTS | 3,511,786 | | | | |
| RESTRICTED CASH AND INVESTMENTS | 36,072,348 | | | | |
| LESS NOTE RECEIVABLE | <u>(9,789)</u> | | | | |
| TOTAL CASH AND CASH EQUIVALENTS | <u>\$46,730,628</u> | | | | |
| SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES: | | | | | |
| ADDITIONS TO PROPERTY, PLANT, AND EQUIPMENT | | | | | |
| CONTRIBUTIONS FROM DEVELOPERS | \$8,280,115 | | | \$8,280,115 | \$3,294,474 |
| CONTRIBUTIONS FROM OTHER GOVERNMENT UNITS | 595,400 | | | 595,400 | |
| CONTRIBUTIONS TO OTHER GOVERNMENT UNITS | <u>(605,000)</u> | | | <u>(605,000)</u> | <u>1,118,758</u> |
| | <u>\$8,270,515</u> | | | <u>\$8,270,515</u> | <u>\$4,413,232</u> |

SEE NOTES TO FINANCIAL STATEMENTS

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -

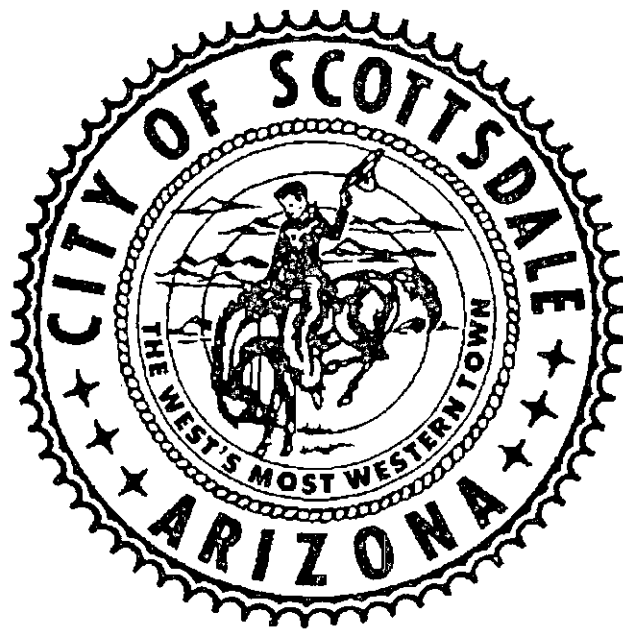
EXHIBIT A-6

BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | ENTERPRISE FUNDS | | | INTERNAL SERVICE FUNDS | | | TOTALS (MEMORANDUM ONLY) | | |
|--|------------------|--------------|--|------------------------|---------------|--|-----------------------------|--------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | | | | | | | |
| WATER SERVICE FEES | \$28,058,000 | \$28,820,615 | \$762,615 | \$ | \$ | \$ | \$28,058,000 | \$28,820,615 | \$762,615 |
| WATER RESOURCE FEES | 3,900,000 | 4,250,911 | 350,911 | | | | 3,900,000 | 4,250,911 | 350,911 |
| SEWER SERVICE FEES | 8,000,000 | 7,681,358 | (318,642) | | | | 8,000,000 | 7,681,358 | (318,642) |
| PLANET RANCH | 425,000 | 466,221 | 41,221 | | | | 425,000 | 466,221 | 41,221 |
| SANITATION FEES | 7,831,000 | 7,832,385 | 1,385 | | | | 7,831,000 | 7,832,385 | 1,385 |
| AIRPORT FEES | 700,000 | 580,273 | (119,727) | | | | 700,000 | 580,273 | (119,727) |
| BILLINGS TO USER PROGRAMS | | | | 8,015,000 | 8,121,865 | 106,865 | 8,015,000 | 8,121,865 | 106,865 |
| CONTRIBUTIONS FROM MUNICIPALITY | | | | 536,000 | 536,000 | | 536,000 | 536,000 | |
| INTEREST EARNINGS | 600,000 | 847,067 | 247,067 | 285,000 | 290,967 | 5,967 | 885,000 | 1,138,034 | 253,034 |
| OPERATING TRANSFERS IN | 273,956 | 413,278 | 139,322 | | | | 273,956 | 413,278 | 139,322 |
| OTHER | | | | | 56,525 | 56,525 | | 56,525 | 56,525 |
| TOTAL REVENUES | 49,787,956 | 50,892,108 | 1,104,152 | 8,836,000 | 9,005,357 | 169,357 | 58,623,956 | 59,897,465 | 1,273,509 |
| EXPENDITURES | | | | | | | | | |
| WATER OPERATIONS | 17,674,305 | 16,804,412 | 869,893 | | | | 17,674,305 | 16,804,412 | 869,893 |
| SEWER OPERATIONS | 3,587,543 | 3,486,751 | 100,792 | | | | 3,587,543 | 3,486,751 | 100,792 |
| SANITATION OPERATIONS | 6,776,691 | 6,317,105 | 459,586 | | | | 6,776,691 | 6,317,105 | 459,586 |
| AIRPORT OPERATIONS | 694,581 | 697,214 | (2,633) | | | | 694,581 | 697,214 | (2,633) |
| MOTOR POOL OPERATIONS | | | | 7,659,906 | 7,146,482 | 513,424 | 7,659,906 | 7,146,482 | 513,424 |
| SELF-INSURANCE OPERATIONS | | | | 3,128,208 | 3,171,104 | (42,896) | 3,128,208 | 3,171,104 | (42,896) |
| DEBT SERVICE AND RESERVES | 7,495,855 | 6,444,093 | 1,051,762 | | | | 7,495,855 | 6,444,093 | 1,051,762 |
| OPERATING TRANSFERS OUT | 127,000 | 127,000 | | | | | 127,000 | 127,000 | |
| INDIRECT COSTS | 7,443,435 | 7,443,435 | | | | | 7,443,435 | 7,443,435 | |
| TOTAL EXPENDITURES | 43,799,410 | 41,320,010 | 2,479,400 | 10,788,114 | 10,317,586 | 470,528 | 54,587,524 | 51,637,596 | 2,949,928 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$5,988,546 | \$9,572,098 | \$3,583,552 | (\$1,952,114) | (\$1,312,229) | \$639,885 | \$4,036,432 | \$8,259,869 | \$4,223,437 |

SEE NOTES TO FINANCIAL STATEMENTS



**NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Scottsdale (City) was incorporated on June 25, 1951, under Arizona Revised Statute Chapter 9, Section 101. The current City Charter was adopted on November 16, 1961, under Arizona Revised Statute Chapter 9, Section 281. The Charter provides for the Council/Manager form of government and provides such services as are authorized by the Charter, as limited by the State Constitution.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. REPORTING ENTITY

The Codification of Governmental Accounting and Financial Reporting Standards requires certain organizations, functions, and activities of government that meet the following criteria to be included in the general purpose financial statements. The criteria are defined as:

1. Manifestation of oversight by:
 - a. financial interdependency
 - b. selection of governing authority
 - c. designation of management
 - d. ability to significantly influence operations
 - e. accountability for fiscal matters

2. Scope of public service by:
 - a. benefits of reporting entity and/or its residents
 - b. geographic boundaries

Applying these criteria and the accounting concept of materiality, the City includes all necessary entities to be in compliance with GASB Statement No. 1. The City's major operations include police protection, parks and recreation, health and certain social services, and general administration service. In addition, the City owns and operates enterprise funds which include water, sewer, sanitation, and airport.

The accompanying financial statements also include the activities and functions of the City of Scottsdale Municipal Property Corporation since the City has significant oversight responsibilities, participation in the selection of the governing authority and the designation of management, and the ability to significantly influence operations and accountability for fiscal matters.

The accompanying financial statements do not include the activities and functions of the Industrial Development Authority (Authority). The City does appoint the Board of Directors for the Authority, however, the City has no financial interdependency, such as responsibility for financing deficits, entitlements to surpluses, or guarantees of or "moral responsibilities" for debt. The City does not designate management of the Authority, does not significantly influence operations, and does not have accountability for the Authority's fiscal matters.

The accompanying financial statements do not include the activities and functions of the Scottsdale Cultural Council. The City does not select the Chief Executive Officer or designate management of the Council and has no financial interdependency such as responsibility for financing deficits, entitlements to surpluses, or guarantees of or "moral responsibilities" for debt. The City does not significantly influence operations and does not have accountability for the Cultural Council's fiscal matters (see Note 16).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**B. FUND ACCOUNTING**

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

Governmental Fund Types

Governmental Funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in proprietary funds--are accounted for through governmental funds (general, special revenue, capital projects, and debt service 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 determination of financial position and changes in financial position rather than on net income determination. The statement of revenues, expenditures, and changes in fund balance is the primary 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 are used to ensure that revenue designated for certain purposes is properly used. A Capital Projects Fund further enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

Proprietary Fund Types

Proprietary Funds are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business and quasi-business activities--where net income and capital maintenance are measured--are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows.

Enterprise - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. FUND ACCOUNTING (Cont'd)

Fiduciary Fund Types

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

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

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

Account Groups

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

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

General Long-Term Debt - This account group is established to account for all long-term debt of the City, except that which is accounted for in the proprietary funds.

C. BASIS OF ACCOUNTING

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

In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of this revenue. In one, monies must be expended on the specific purpose of project before any amounts will be paid to the City; therefore, revenue is recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements, e.g., equal employment opportunity. These resources are reflected as revenue at the time of receipt, or earlier if they meet the available criterion.

Transaction privilege tax, licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenue (except investment earnings) are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. See Note 4 regarding property taxes.

The proprietary fund types and non-expendable trust fund are accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**D. BUDGET AND BUDGETARY ACCOUNTING**

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

- All funds have legally adopted annual budgets except for the Community Development, Grants, and Section 8 Funds (included as Special Revenue Funds), Capital Projects Funds, Trust and Agency Funds, and the Public Housing Fund (included as an Enterprise Fund).
- The budgetary process encompasses both the appropriated budget and the legally authorized non-appropriated budget. The General, Highway User Fuel Tax Fund (a Special Revenue Fund), Debt Service, Enterprise, and Internal Service Funds have appropriated budgets. The Capital Projects and Trust and Agency Funds have non-appropriated budgets. The Community Development and Grants Funds have non-appropriated budgets within the applicable fund.
- 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 1992-93, there were no supplemental budgetary appropriations to the original budget.
- The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the sum of all departmental expenditure appropriations. Departmental appropriations may be amended during the year.
- Upon the recommendation of the City Manager, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; and (2) unencumbered appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department. Transfers between line items within a department may be done only upon approval of the City Manager.
- Initial year budget information may be amended during the year in a legally permissible manner.
- All expenditure appropriations which have not been encumbered lapse at year end.

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

Budgets for the Community Development, Grants, and Section 8 Funds, included as Special Revenue Funds, are established pursuant to the terms of the related grant awards. Budgets for Capital Projects Funds are established for individual projects and lapse at final completion of construction. Budgets for Trust and Agency Funds are established in accordance with the trust agreements. Accordingly, no annual budget is prepared and no comparison of budget to actual is presented in the financial statements for these funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. ENCUMBRANCES

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

Encumbrance accounting is not employed in the proprietary fund types. Commitments in the proprietary funds at June 30, 1993, aggregated approximately \$7,375,000.

F. INVESTMENTS

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

G. INVENTORIES

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

H. GENERAL FIXED ASSETS

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental fund types, and are capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded in general fixed assets 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.

No depreciation has been provided on general fixed assets.

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

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

Property, plant, and equipment of the Enterprise and Internal Service Funds are stated at cost or, if donated, at estimated fair market value on the date of receipt. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

| | |
|---|----------------|
| Water System | 10 to 75 Years |
| Sewer System | 30 to 50 Years |
| Buildings and Improvements | 25 Years |
| Machinery and Equipment | 20 Years |
| Motor Vehicles | 3 to 10 Years |
| Furniture, Fixtures, and Office Equipment | 5 to 10 Years |

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. PROPERTY, PLANT, AND EQUIPMENT - PROPRIETARY FUND TYPES (Cont'd)

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

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 of contributed assets is recorded as an expense in the respective fund's statement of revenues, expenses, and changes in retained earnings and is closed to the respective fund's contributed capital account.

J. EXCESS PURCHASE PRICE OVER FAIR MARKET VALUE OF ASSETS ACQUIRED

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

K. PROPERTY, PLANT, AND EQUIPMENT - ESTIMATED FAIR MARKET VALUE

Fair market value of contributed fixed assets is determined by reference to historical costs of the donor if recently constructed, and if such records are not available, at estimated fair market value on the date of receipt. Estimates used for such fixed assets contributed through June 30, 1993, are as follows:

| | |
|--------------------------------------|---------------|
| General Fixed Assets: | |
| Streets and Storm Drains | \$648,730,163 |
| Land | 13,686,000 |
| Traffic Signal Equipment | 606,000 |
| Water and Sewer Utility Fund Assets: | |
| Water System and Sewer System | 113,340,115 |

L. TRANSACTIONS BETWEEN FUNDS

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. FUNDS SERVICING LONG-TERM DEBT

The General Obligation Bond Debt Service Fund is specifically established to account for and service all general long-term debt of the City except as noted below:

- The General Fund accounts for and services contracts payable funded by general revenues.
- The Highway User Fuel Tax Fund (a Special Revenue Fund) accounts for and services bonds funded by Highway User revenues.
- The Municipal Property Corporation Debt Service Fund accounts for and services all Municipal Property Corporation bonds.
- The Special Assessments Debt Service Fund accounts for and services all Special Assessment bonds.
- Each Enterprise Fund individually accounts for and services the applicable bonds and contracts payable which benefit that fund.

N. COMPENSATED ABSENCES

Compensated absences are included in the funds of the City in accordance with GASB Statement No. 1, which set forth the authoritative status of National Council on Governmental Accounting Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*.

For governmental funds, the percentage of vacation normally taken in the first sixty (60) days of the next fiscal year is recorded as a current liability. The remaining value of vacation accrued is recorded in the General Long-Term Debt Account Group.

For proprietary funds, all of the outstanding vacation accrual is recorded as a current liability.

O. SELF-INSURANCE FUND

The City established a Self-Insurance Fund during fiscal year 1979. The Self-Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The Self-Insurance Fund is protected by excess insurance designed to limit the exposure of loss for any single loss occurrence. For fiscal year 1993, the Self-Insurance Fund was responsible for the first \$300,000 per occurrence for workers' compensation claims, and the first \$1,000,000 for liability claims against the City. The Fund was also responsible for vehicle damage above \$1,000, and all unemployment claims.

P. INCURRED-BUT-NOT-REPORTED (IBNR) CLAIMS/LOSSES

IBNR claims are included in the Self-Insurance Internal Service Fund. IBNR claim amounts are actuarially determined.

Q. CASH EQUIVALENTS

Cash equivalents for purposes of the statement of cash flows are investments (including restricted assets) in the State of Arizona 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. "MEMORANDUM ONLY" COMPARATIVE TOTAL COLUMNS

Comparative total columns for the current and prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial operations.

Data in these columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. These totals do not represent consolidated financial information. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

The City prepares its annual budget on a basis which differs from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the combined statement of revenue, expenditures, and changes in fund balances - budget and actual - budget basis for General, Special Revenue, and Debt Service funds and the combined statement of revenue and expenses - budget basis for all Proprietary fund types to provide a meaningful comparison of actual results with the budget.

The major differences between the budget and GAAP bases are:

1. Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).
2. Indirect administrative cost allocations (including in lieu property tax and franchise fees) to the enterprise funds are not recognized in the budgetary process but are accounted for as expenses, expenditure credits, or revenue (GAAP).
3. Debt sinking fund principal transactions are not recognized in the budgetary process but are accounted for as expenditures (GAAP).
4. Certain expenditures, revenues, and transfers not recognized in the budgetary year are accrued (GAAP).
5. Capital items in the Enterprise and Internal Service Funds are recognized as expenses (budget).
6. Non-budgeted activities are recognized as expenditures/expenses (GAAP).
7. Debt service principal in the Enterprise Funds is recognized as an expense for budget purposes.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Cont'd)

Adjustments necessary to convert the fund balances (deficits) and the excess (deficiency) of revenue and other sources over expenditures and other uses at and for the year ended June 30, 1993, on a GAAP basis to budget basis are as follows:

| | Fund Balances (Deficit) at June 30, 1993 | | |
|--|---|------------------------|---------------------|
| | General | Special Revenue | Debt Service |
| GAAP Basis | \$44,682,233 | \$540,792 | \$9,529,569 |
| Basis Differences | | | |
| Reserved encumbrances at June 30, 1993, recognized as expenditures for budget purposes. | (1,723,377) | (417,621) | |
| Compensated absences at June 30, 1993, not recognized as an expenditure for budget purposes. | 542,324 | 46,398 | |
| Capital project fund expenditures for the asset transfer program recognized as expenditures for budget purposes. | (23,686,547) | | |
| Debt service not recognized as an expenditure for budget purposes. | 1,788,188 | | |
| Revenue and expenditures for certain MPC excise debt accounted for in the general fund (budget) and in the debt service fund (GAAP). | (1,995,554) | | |
| Prior period adjustment and operating transfer in not recognized as revenue for budget purposes. | | | (1,259,480) |
| Timing Differences | | | |
| Reduction in fund balance from sinking fund not recognized for budget purposes. | | | 2,158,641 |
| Perspective Differences | | | |
| Indirect costs allocated to proprietary funds are not recognized as a reduction of expenditures for budget purposes. | (26,050,721) | (229,392) | |
| In lieu property tax from proprietary funds not recognized as revenue for budget purposes. | (1,914,825) | | |
| Franchise fee from proprietary funds not recognized as revenue for budget purposes. | (4,765,100) | | |
| Entity Differences | | | |
| Fund balance for non-budgeted activity, streetlights, and MPC. | (684,313) | | (5,351,553) |
| Fund balance for funds for which no annual budgets are prepared. | | (123,171) | |
| Budget Basis | (\$13,807,692) | (\$182,994) | \$ 5,077,177 |

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Cont'd)

| | Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses | | |
|---|---|--------------------|-----------------|
| | General | Special Revenue | Debt Service |
| GAAP Basis | \$2,396,866 | (\$97,077) | (\$1,811,775) |
| Basis Differences | | | |
| Reserved encumbrances at June 30, 1993, recognized as expenditures for budget purposes. | (1,723,377) | (417,621) | |
| Compensated absences are not recognized as an expenditure for budget purposes. | 41,644 | 5,996 | |
| Gain on sale of investments not recognized as revenue for budget purposes. | | | (19,287) |
| Reduction in sinking fund for retirement of debt. | | | 3,688,319 |
| Transfers out not budgeted. | | | (1,529,678) |
| Perspective Differences | | | |
| Excess of revenues and expenditures on GAAP basis due to recognition of trust revenues and expenditures not recognized on a budget basis. | | | 15,405 |
| Entity Differences | | | |
| Excess of revenue and other sources over expenditures for non-budgeted streetlights. | (65,289) | | |
| Net proceeds from refunded bond escrow agent not recognized for budget purposes. | | | (28,754) |
| Deficiency of revenue and other sources under expenditures and other uses of funds for which no annual budgets are prepared. | | 369,945 | |
| Budget Basis | \$ 649,844 | (\$138,757) | \$ 314,230 |

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Cont'd)

Adjustments necessary to convert the results of operations for the year on a GAAP basis to the budget are as follows:

| | Enterprise | Internal Service |
|--|---------------------|-----------------------------|
| GAAP Basis Net Income (Loss) | \$ 4,209,608 | (\$ 368,802) |
| Basis Differences | | |
| Encumbrances at June 30, 1993, recognized as expense for budget purposes. | (936,652) | (788,483) |
| Net increase in compensated absences not recognized as expense for budget purposes. | 51,542 | 16,575 |
| Net increase in claims payable not recognized for budget purposes. | | 684,352 |
| Perspective Differences | | |
| Capital outlay recognized as expense for budget purposes. | (63,536) | (2,412,059) |
| Depreciation and amortization not recognized as expense for budget purposes. | 7,284,013 | 1,556,188 |
| Debt service principal payments and capitalized interest recognized as expense for budget purposes. | (3,913,702) | |
| Retained earnings reservation change recognized as expense for budget purposes. | (951,739) | |
| Contribution recognized as revenue for budget purposes. | 4,250,911 | |
| Interest earnings bond funds not recognized as income for budget purposes. | (999,403) | |
| Deficiency of revenue and other sources over expenses and other uses for non-budgeted bond activity. | 641,056 | |
| Budget Basis Excess (Deficiency) of Revenues Over Expenditures | \$ 9,572,098 | (\$1,312,229) |

NOTE 3 - CASH AND INVESTMENTS

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

Deposits

At June 30, 1993, the book value of the City's deposits were (\$17,158,572), and the bank balance was \$827,329. The \$17,985,901 difference represents outstanding checks and other reconciling items. The positive cash balances are covered entirely through a combination of federal depository insurance funds and securities held by the pledging bank's trust department in the City's name.

Cash with fiscal agent at June 30, 1993, of \$18,900,122 is covered entirely through a combination of federal depository insurance funds and securities held by the pledging bank's trust department in the City's name.

Investments

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U.S. Treasury, U.S. Government Agencies, Certificates of Deposit, bankers' acceptances, commercial paper (A-1, P-1), repurchase agreements, mutual funds consisting of the foregoing, and the State of Arizona Local Government Investment Pool. At June 30, 1993, 100% of the funds invested in mutual funds are in funds whose portfolios consist solely of U.S. Government Treasury and Agency securities.

The City's investments at June 30, 1993, are summarized below. Category 1 includes investments that are registered in the name of the City and held by the City's agent in the name of the City. Category 2 includes uninsured and unregistered investments of the Municipal Properties Corporation held by the bank's trust department in the name of the Municipal Properties Corporation.

| | Category | | Carrying Amount | Market Value |
|--|-------------|-------------|----------------------|----------------------|
| | 1 | 2 | | |
| U.S. Treasury Securities | \$4,996,625 | \$ 128,839 | \$5,125,464 | \$5,132,339 |
| Government Agency Securities | 1,256,170 | 3,058,794 | 4,314,964 | 4,276,680 |
| City of Scottsdale Improvement District Bonds | 35,000 | | 35,000 | 35,000 |
| | \$6,287,795 | \$3,187,633 | 9,475,428 | 9,444,019 |
| State of Arizona Local Government Investment Pool (Short-Term Investments) | | | 77,068,030 | 77,068,030 |
| Mutual Funds | | | 70,612,134 | 70,595,825 |
| Investment in ICMA Plan | | | 6,093,985 | 6,093,985 |
| Total Investments | | | \$163,249,577 | \$163,201,859 |

NOTE 3 - CASH AND INVESTMENTS (Cont'd)

Reconciliation of Note 3 to Exhibit A-1

| Note 3 | | Exhibit A-1 | |
|---------------------|----------------------|---------------------------------|----------------------|
| Total Cash/Deposits | (\$ 17,158,572) | Cash and Short-Term Investments | |
| Total Investments | 163,249,577 | General | \$41,354,937 |
| | | Special Revenue | 65,446 |
| Total | <u>\$146,091,005</u> | Debt Service | 6,949,054 |
| | | Capital Projects | 27,718,369 |
| | | Enterprise | 7,156,283 |
| | | Internal Service | 6,032,893 |
| | | Trust and Agency | 5,310,890 |
| | | Investments | |
| | | General | 6,287,795 |
| | | Debt Service | 3,058,794 |
| | | Trust and Agency | 6,093,985 |
| | | Restricted Cash and Investments | |
| | | Enterprise | 36,062,559 * |
| | | Total | <u>\$146,091,005</u> |

* This amount is shown in A-1 as \$36,072,348, which is \$9,789 higher due to a restricted receivable in the Public Housing Fund.

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, 1993, are not available for 1992/93; accordingly, such taxes will not be recognized as revenue until 1993/94. 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 September 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%. 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. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale the holder of a Certificate of Purchase which has not been redeemed may demand of the County Treasurer a County Treasurer's Deed.

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1.0% 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% over the prior year's levy, adjusted for new construction and annexations.

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

NOTE 5 - FIXED ASSETS

A summary of changes in general fixed assets follows:

| | Balance June 30, 1992 | Transfers/ Additions | Transfers/ Deletions | Balance June 30, 1993 |
|----------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| Land | \$ 43,590,570 | \$ | \$ | \$ 43,590,570 |
| Buildings and Improvements | 129,024,478 | 12,894,190 | | 141,918,668 |
| Streets and Storm Drains | 730,516,514 | 69,739,839 | | 800,256,353 |
| Machinery and Equipment | 22,604,056 | 1,377,922 | (21,176) | 23,960,802 |
| Construction in Progress | 37,631,747 | 42,955,914 | (33,813,442) | 46,774,219 |
| Total | \$963,367,365 | \$126,967,865 | \$(33,834,618) | \$1,056,500,612 |

General fixed asset construction in progress commitments at June 30, 1993, are composed of the following:

| | Construction In Progress | Commitments | Budget |
|------------------------|-----------------------------|---------------------|----------------------|
| Streets | \$18,090,367 | \$25,697,175 | \$ 43,787,542 |
| Traffic | 541,404 | 3,059,321 | 3,600,724 |
| Improvement Districts | 5,032,043 | 374,180 | 5,406,223 |
| Drainage/Flood Control | 4,862,239 | 9,249,179 | 14,111,418 |
| Parks/Recreation | 2,563,902 | 3,673,727 | 6,237,630 |
| Specialty Areas | 9,538,474 | 7,101,147 | 16,639,621 |
| Service Facilities | 1,697,096 | 5,665,544 | 7,362,640 |
| Public Safety | 2,390,872 | 3,105,128 | 5,496,000 |
| Libraries | 2,032,488 | 10,478,812 | 12,511,300 |
| Transit | 25,334 | 100,298 | 125,632 |
| Total | \$46,774,219 | \$68,504,511 | \$115,278,730 |

NOTE 5 - FIXED ASSETS (Cont'd)

A summary of proprietary fund types fixed assets at June 30, 1993, follows:

| | <u>Enterprise</u> | <u>Internal Service</u> |
|----------------------------|-----------------------------|---------------------------|
| Land and Land Improvements | \$ 16,572,899 | \$ |
| Water Rights | 20,289,136 | |
| Water System | 154,010,925 | |
| Sewer System | 91,458,698 | |
| Buildings and Improvements | 1,607,600 | 1,425,580 |
| Motor Vehicles | | 14,910,373 |
| Furniture and Fixtures | 470,084 | 57,823 |
| Machinery and Equipment | 1,254,779 | 1,018,316 |
| Construction in Progress | 20,801,161 | 696,268 |
| | <hr/> | <hr/> |
| Accumulated Depreciation | 306,465,282 (58,727,391) | 18,108,360 (9,995,350) |
| | <hr/> | <hr/> |
| | <u>\$247,737,891</u> | <u>\$ 8,113,010</u> |

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1993, are composed of the following:

| | <u>Construction In Progress</u> | <u>Commitments</u> | <u>Budget</u> |
|-------------------------|-------------------------------------|--------------------|---------------|
| Enterprise | | | |
| Water System Projects | \$17,752,990 | \$19,088,225 | \$36,841,215 |
| Sewer System Projects | 2,594,601 | 16,755,578 | 19,350,179 |
| Airport Projects | 453,570 | 1,754,921 | 2,208,491 |
| | <hr/> | <hr/> | <hr/> |
| | \$20,801,161 | \$37,598,724 | \$58,399,885 |
| Internal Service | | | |
| Motor Vehicle Projects | \$ 696,268 | \$ 602,461 | \$ 1,298,729 |
| | <hr/> | <hr/> | <hr/> |

NOTE 6- LONG-TERM DEBT

The following are brief descriptions of the City's bonds outstanding at June 30, 1993, net of the current portion, due July 1, 1993.

General Obligation Bonds

| | |
|--|----------------------------------|
| <p>\$1,400,000 1968 Civic Center Improvement Serial Bonds due in annual installments of \$200,000 to \$250,000 through July 1, 1996; interest at 4.7%.</p> | <p>\$ 725,000</p> |
| <p>\$38,000,000 1986 Water System Acquisition and Improvement Serial Bonds due in annual installments of \$800,000 to \$1,315,000 through July 1, 1998; interest at 6.3% to 8.3%. \$29,075,000 of these bonds were refunded on April 1, 1993.</p> | <p>5,625,000*</p> |
| <p>\$28,785,000 1989 Capital Improvement Project Serial Bonds (Series A issued 1990) due in annual installments of \$615,000 to \$1,470,000 beginning July 1, 1996 through July 1, 2003; interest at 6.7% to 8.5%. \$15,940,000 of these bonds were refunded on April 1, 1993.</p> | <p>12,845,000</p> |
| <p>\$19,000,000 1989 Capital Improvement Project Serial Bonds (Series B issued 1991) due in annual installments of \$685,000 to \$1,850,000 beginning July 1, 1996, through July 1, 2011; interest at 6.0% to 8.5%.</p> | <p>19,000,000</p> |
| <p>\$25,055,000 1992 General Obligation Bonds consisting of \$19,000,000 1989 Capital Improvement Project Serial Bonds (Series C) and \$6,055,000 Refunding Bonds due in annual installments of \$792,027 to \$2,125,000 through July 1, 2012; interest at 3.4% to 7.75%.</p> | <p>23,175,000</p> |
| <p>\$8,830,000 1991 Refunding Bonds due in annual installments of \$505,000 to \$980,000 through July 1, 2005; interest at 5.7% to 7.5%.</p> | <p>8,615,000</p> |
| <p>\$45,015,000 1993 Refunding Bonds due in annual installments of \$540,000 to \$8,150,000 beginning July 1, 1994 through July 1, 2009; interest at 2.75% to 5.5%.</p> | <p>45,015,000**</p> |
| | <hr/> <p>\$115,000,000</p> <hr/> |

* These bonds are serviced by and recorded in the Water Enterprise Fund.

** \$29,075,000 of these bonds are serviced by and recorded in the Water Enterprise Fund.

NOTE 6 - LONG-TERM DEBT (Cont'd)

HURF Revenue Bonds

\$9,800,000 1983 Highway User Fund Tax Revenue Serial Bonds (Series C issued 1987) due in annual installments of \$65,000 to \$70,000 through July 1, 1995; interest at 9.1%. \$9,365,000 of these bonds were refunded on April 1, 1993. \$ 135,000

\$15,900,000 1989 Highway User Fund Tax Revenue Refunding Serial Bonds due in annual installments of \$165,000 to \$1,380,000 through July 1, 1997; interest at 6.3% to 7.0%. \$12,400,000 of these bonds were refunded on April 1, 1993. 3,125,000

\$26,690,000 1993 Highway User Fund Tax Revenue Refunding Serial Bonds due in annual installments of \$405,000 to \$2,990,000 beginning July 1, 1994, through July 1, 2007; interest at 3.0% to 5.5%. 26,690,000

\$ 29,950,000

Municipal Property Corporation Bonds

\$7,130,000 1974 Municipal Property Corporation Bonds due in annual installments of \$540,000 to \$1,420,000 through July 1, 1996; interest at 5.5%. \$ 2,530,000

\$13,000,000 1984 Municipal Property Corporation Recreation Facilities Bonds due in annual installments of \$535,000 to \$1,420,000 through July 1, 2004; interest at 9.6% to 10.4%. 9,990,000

\$3,100,000 1987 Municipal Property Corporation Certificates of Participation due in annual installments of \$550,000 to \$695,000 beginning July 1, 1997, through July 1, 2001; interest at 5.9% to 6.3%. 3,100,000

\$41,205,000 1987 Refunding Series Municipal Property Corporation Certificates of Participation due in annual installments of \$1,115,000 to \$2,250,000 through July 1, 1997; interest at 6.3% to 6.9%. \$25,375,000 of these bonds were refunded April 1, 1993. 7,320,000

\$47,095,000 1992 Refunding Series Municipal Property Corporation Certificates of Participation due in semi-annual installments of \$55,000 to \$1,865,000 through November 1, 2014; interest at 3.75% to 6.25%. 45,465,000

\$29,475,000 1993 Municipal Property Corporation Refunding Bonds due in annual installments of \$375,000 to \$4,170,000 beginning July 1, 1995, through July 1, 2005; interest at 3.5% to 5.375%. 29,475,000

\$ 97,880,000

NOTE 6 - LONG-TERM DEBT (Cont'd)

Special Assessment Bonds

\$35,028,883 Special Assessment Bonds issued August 7, 1975, through September 30, 1992, maturing January 1, 1994, through January 1, 2003; due in annual installments of \$17,000 to \$1,065,000; interest at 3.8% to 9.5% \$ 21,959,000

Utility Revenue Bonds

\$3,910,000 1973 Utility Revenue Refunding Issue Serial Bonds due in annual installments of \$285,000 to \$310,000 through July 1, 1995; interest at 4.5% to 5.1% \$ 595,000

\$8,505,000 1992 Utility Refunding Serial Bonds due in annual installments of \$725,000 to \$1,595,000 beginning July 1, 1994, through July 1, 2000; interest at 4.25% to 5.7% 8,505,000

\$7,500,000 1989 Utility Revenue Serial Bonds (Series A issued 1990) due in annual installments of \$250,000 to \$680,000 through July 1, 2009; interest at 6.0% to 8.5% 6,835,000

\$5,000,000 1989 Utility Revenue Serial Bonds (Series B issued 1992) due in annual installments of \$140,000 to \$410,000 through July 1, 2012; interest at 5.0% to 7.5% 4,740,000

\$ 20,675,000

Statutory Debt Limitation

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, and open space purposes may not exceed 20% of a City's net secondary assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6% of a City's net secondary assessed valuation. The following is a summary of legal borrowing capacity at June 30, 1993:

| Water, Sewer, Light, and Parks and Open Space Purposes Bonds | | All Other General Obligation Bonds | |
|---|---------------|---|--------------|
| 20% Constitutional Limit | \$275,777,753 | 6% Constitutional Limit | \$82,733,326 |
| Net Such General Obligation Bonds Outstanding | (69,605,400) | Net Such General Obligation Bonds Outstanding | (45,394,600) |
| Available 20% Limitation Borrowing Capacity | \$206,172,353 | Available 6% Limitation Borrowing Capacity | \$37,338,726 |

On June 30, 1993, the City had authorized but unissued bonds approved by the voters: General Obligation - \$142,279,500; Revenue - \$78,340,000.

NOTE 6 - LONG-TERM DEBT (Cont'd)

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.

Utility revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's utility system. The bond indenture ordinances require the maintenance of certain defined reserve funds. The aggregate amount of funds restricted for these requirements was \$9,420,964 at June 30, 1993.

Contracts Payable

Contracts payable, including capital lease agreements, at June 30, 1993, were as follows:

| | General Fund | Water and Sewer Utility Fund | Total |
|--|--------------------|---------------------------------------|--------------------|
| Purchase Contracts | | | |
| Contract payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2039; interest at 5.1%. | \$3,780,588 | \$ | \$3,780,588 |
| Purchase contract, Plan Six Agreement, to acquire a new water supply and hydropower generation benefits; due in quarterly installments through July, 1994; non-interest bearing. | | 258,525 | 258,525 |
| Contract payable for the construction of the West Couplet; due in annual installments through January, 2002; non-interest bearing. | 3,726,471 | | 3,726,471 |
| Contract payable for the construction of the East Couplet; due in annual installments through November, 1997; non-interest bearing. | 420,000 | | 420,000 |
| Subtotal Purchase Contracts | 7,927,059 | 258,525 | 8,185,584 |
| Capital Lease Agreements | | | |
| Lease-purchase agreement for acquisition of a ladder truck; due in annual installments through September, 1993; interest at 7.34%. | 85,636 | | 85,636 |
| Subtotal Capital Lease Agreements | 85,636 | | 85,636 |
| Subtotal Contracts Payable | 8,012,695 | 258,525 | 8,271,220 |
| Less Current Portion | | 258,525 | 258,525 |
| Long-Term Portion of Contracts Payable | \$8,012,695 | \$ | \$8,012,695 |

NOTE 6 - LONG-TERM DEBT (Cont'd)

The purchase contracts for the acquisition of water system improvements are payable only from the operating revenue of the water and sewer utility system.

The following is a schedule of the future minimum lease payments under the preceding capital lease agreement for the acquisition of a ladder truck.

| <u>Fiscal Year Ending June 30</u> | |
|--|-----------------|
| 1994 | \$87,106 |
| Less: Amount Representing Interest | (4,709) |
| Present Value of Net Minimum Lease Payments at June 30, 1993 | <u>\$82,397</u> |

Changes in General Long-Term Debt

The following changes occurred in the General Long-Term Debt Account Group during the fiscal year. All amounts exclude general obligation bonds paid out of the Water Enterprise Fund, which at June 30, 1993, consisted of \$5,625,000 1986 General Obligation Water System Improvement Bonds, and \$29,075,000 1993 General Obligation Refunding Bonds.

| | <u>General Obligation Bonds</u> | <u>HURF Revenue Bonds</u> | <u>Municipal Property Corp Bonds</u> | <u>Special Assessment Bonds</u> | <u>Contracts Payable</u> | <u>Compensated Absences</u> | <u>Total</u> |
|--|---|-----------------------------------|--|---|------------------------------|---------------------------------|----------------------|
| Balance June 30, 1992 | \$67,290,000 | \$27,960,000 | \$98,220,000 | \$22,498,000 | \$8,810,844 | \$ 2,019,624 | \$226,798,468 |
| Increase in Compensated Absences Liability | | | | | | 437,268 | 437,268 |
| Debt Incurred | 40,995,000 | 26,690,000 | 29,475,000 | 2,850,000 | | | 100,010,000 |
| Debt Retired | | | (1,630,000) | (2,869,000) | (798,149) | | (5,297,149) |
| Debt Refunded | (21,940,000) | (23,620,000) | (25,375,000) | | | | (70,935,000) |
| Debt To Be Retired July 1, 1993 | (6,045,000) | (1,080,000) | (2,810,000) | (520,000) | | | (10,455,000) |
| Balance June 30, 1993 | <u>\$80,300,000</u> | <u>\$29,950,000</u> | <u>\$97,880,000</u> | <u>\$21,959,000</u> | <u>\$8,012,695</u> | <u>\$2,456,892</u> | <u>\$240,558,587</u> |

NOTE 6 - LONG-TERM DEBT (Cont'd)

The following table summarizes all changes in long-term bonds paid out of the Water Enterprise Fund during the fiscal year ended June 30, 1993.

| | General Obligation | Utility Revenue | Total |
|--|-----------------------|---------------------|---------------------|
| Long-Term Bonds Payable at June 30, 1992 | \$35,500,000 | \$17,095,000 | \$52,595,000 |
| New Debt Issued | | 5,000,000 | 5,000,000 |
| Refunding Debt Issued | 29,075,000 | | 29,075,000 |
| Debt Refunded (Defeased) | (29,075,000) | | (29,075,000) |
| Subtotal - Bonds Payable at June 30, 1993 | 35,500,000 | 22,095,000 | 57,595,000 |
| Debt to be Retired July 1, 1993 | (800,000) | (1,420,000) | (2,220,000) |
| Long-Term Bonds Payable at June 30, 1993 | <u>\$34,700,000</u> | <u>\$20,675,000</u> | <u>\$55,375,000</u> |

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for all bonds and contracts payable as of June 30, 1993. The interest portion of the total is \$166,990,791.

| Fiscal Year Ending | General Obligation Bonds | HURF Revenue Bonds | Municipal Property Corp Bonds | Special Assessment Bonds | Contracts Payable | Utility Revenue Bonds | Total |
|--------------------------|--------------------------------|--------------------------|-------------------------------------|--------------------------------|----------------------|-----------------------------|----------------------|
| 1994 | \$10,890,921 | \$ 2,612,830 | \$ 10,215,061 | \$ 5,174,744 | \$ 1,082,897 | \$2,670,485 | \$32,646,938 |
| 1995 | 11,189,426 | 3,105,515 | 10,591,385 | 4,868,885 | 736,161 | 2,877,113 | 33,368,485 |
| 1996 | 11,063,906 | 3,107,270 | 10,467,276 | 3,780,189 | 736,160 | 2,872,538 | 32,027,339 |
| 1997 | 11,100,228 | 3,103,210 | 10,573,648 | 3,447,099 | 736,161 | 2,863,863 | 31,824,209 |
| 1998 | 11,092,588 | 3,098,538 | 10,587,075 | 2,724,882 | 632,785 | 2,867,343 | 31,003,211 |
| 1999 | 11,065,636 | 3,103,488 | 10,587,886 | 2,285,834 | 631,160 | 2,861,723 | 30,535,727 |
| 2000 | 11,830,651 | 3,101,913 | 10,595,008 | 2,095,117 | 631,160 | 2,033,988 | 30,287,837 |
| 2001 | 12,722,626 | 3,103,588 | 10,620,520 | 1,971,642 | 631,160 | 1,120,603 | 30,170,139 |
| 2002 | 12,743,569 | 3,102,800 | 9,870,346 | 685,871 | 757,045 | 1,118,528 | 28,278,159 |
| 2003 | 12,795,620 | 3,109,050 | 9,891,354 | 380,653 | 231,160 | 1,118,468 | 27,526,305 |
| 2004 | 12,860,908 | 3,106,306 | 9,896,138 | | 231,160 | 1,120,178 | 27,214,690 |
| 2005 | 12,918,438 | 3,119,269 | 8,336,938 | | 231,160 | 1,123,307 | 25,729,112 |
| 2006-2032 | 49,109,921 | 6,295,744 | 33,278,652 | | 5,626,289 | 5,803,254 | 100,113,860 |
| | <u>\$191,384,438</u> | <u>\$43,069,521</u> | <u>\$155,511,287</u> | <u>\$27,414,916</u> | <u>\$12,894,458</u> | <u>\$30,451,391</u> | <u>\$460,726,011</u> |

NOTE 6 - LONG-TERM DEBT (Cont'd)**Advance Refundings**

On December 14, 1992, the City issued \$6,055,000 General Obligation Refunding Bonds with average interest rates of 3.602%. The entire proceeds of \$6,303,359 (net of \$25,000 in underwriting fees and other issuance costs) were used to pay off \$6,000,000 of 1983 General Obligation Capital Improvement Bonds, Series A issued 1984, on January 1, 1993. This refunding/payoff transaction will result in a decrease in debt service payments of \$307,267 and an economic gain (present value savings) of \$301,148 in general long-term debt over the life of the 1992 Refunding Bonds.

On April 1, 1993, the City issued \$45,015,000 General Obligation Refunding Bonds, \$26,690,000 Highway User Fund Tax Revenue Refunding Bonds, and \$29,475,000 Municipal Property Corporation Refunding Bonds with average interest rates of 3.734%, 5.133%, and 5.024%, respectively. The entire proceeds of \$50,772,230, \$26,602,349, and \$29,345,779 (net of \$423,964, \$237,818, and \$272,383 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities which were deposited in individual irrevocable trusts with an escrow agent to provide for the future debt service payments on these bonds. As a result, \$45,015,000, \$23,620,000, and \$25,375,000, respectively, in bonded debt is considered to be defeased. The refunding transactions will result in a decrease in debt service payments of \$1,632,302, \$1,142,329, and \$1,314,861, respectively, and will result in an economic gain (present value savings) of \$3,063,868 in general long-term debt, and \$1,078,364 in long-term debt of the Water Enterprise Fund over the life of the 1993 Refunding Bonds.

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

The assets, liabilities, and financial transactions of all of these trust accounts and the liability for refunded (defeased) bonds are not reflected in the financial statements of the City. Refunded debt outstanding at June 30, 1993, is as follows:

| Refunded in Year Ended June 30, 1993 | | Refunded in Prior Years | |
|--------------------------------------|---------------|------------------------------------|---------------|
| 1986 Water System Acquisition | \$ 29,075,000 | 1964 Sewer Revenue | \$ 850,000 |
| 1989 General Obligation | 15,940,000 | 1966 Sewer Revenue | 450,000 |
| 1987 Certificates of Participation | 25,375,000 | 1971 Water Revenue | 420,000 |
| 1983 HURF Revenue, Series A | 525,000 | 1984 Certificates of Participation | 31,112,239 |
| 1983 HURF Revenue, Series B | 1,330,000 | 1984 Municipal Facilities | 13,665,000 |
| 1983 HURF Revenue, Series C | 9,365,000 | 1985 Municipal Facilities | 16,735,000 |
| 1989 HURF Revenue | 12,400,000 | 1984 HURF Revenue | 7,000,000 |
| | <hr/> | 1985 HURF Revenue | 6,270,000 |
| | \$ 94,010,000 | 1985 General Obligation | 7,760,000 |
| | <hr/> | 1986 Certificates of Participation | 43,475,000 |
| | | 1983 Utility Revenue | 7,725,000 |
| | | | <hr/> |
| | | | \$135,462,239 |
| | | | <hr/> |

NOTE 7 - SPECIAL ASSESSMENTS DEBT SERVICE FUNDS

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 1993, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and the related interest. Improvement bonds are collateralized by properties within the districts. 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.

NOTE 8 - RETIREMENT AND PENSION PLANS

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

ARIZONA STATE RETIREMENT SYSTEM**Plan Description**

All the City's full-time employees participate in the Arizona State Retirement System (System), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1993, was \$34,616,826; the City's total payroll was \$46,931,810.

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

At June 30, 1992 and 1991, (the latest information available), the number of participating local government employer groups was:

| EMPLOYER UNITS | 1992 | 1991 |
|-----------------------------|-------------|-------------|
| School Districts | 214 | 212 |
| Cities and Towns | 55 | 55 |
| Counties | 14 | 14 |
| Special Districts | 11 | 10 |
| Community College Districts | 10 | 9 |
| State Government | 1 | 1 |
| Total | 305 | 301 |

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

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**ARIZONA STATE RETIREMENT SYSTEM (Cont'd)**

At June 30, 1992, and 1991, statewide System membership consisted of:

| EMPLOYEE MEMBERS | 1992 | 1991 |
|--|----------------|----------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 56,668 | 53,695 |
| Current Employees | | |
| Vested | 74,392 | 75,982 |
| Non-Vested | 65,241 | 58,769 |
| Total | 196,301 | 188,446 |

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

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

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

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

Related Party Investments

The System had no related party investments.

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)

ARIZONA STATE RETIREMENT SYSTEM (Cont'd)

Funding Status and Progress

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

The pension benefit obligation was determined as part of an actuarial valuation at June 30, 1992, and 1991. Significant actuarial assumptions used include: a) a rate of return on investment of present and future assets of 8% per year, compounded annually; b) projected salary increases of 5.5%, compounded annually, attributable to cost-of-living and salary merit increases ranging from .5% to 3.0%; and c) no post-retirement benefit increases. Legislation during fiscal year 1992 resulted in an increase in the pension benefit obligation due to System amendments and assumption changes by \$81,040,457 and \$199,450,178, respectively. System amendments that became effective after June 30, 1992, accounted for a \$261,197,558 increase in the pension benefit obligation, subsequent to June 30, 1992.

The System does not prepare separate measurements of assets and pension benefit obligations for individual employers. The assets in excess of the pension benefit obligation for the System as a whole as of June 30, 1992, and 1991, were as follows:

| | June 30 | |
|---|-----------------|-----------------|
| | 1992 | 1991 |
| Pension Benefit Obligation | | |
| Retirees and beneficiaries currently receiving benefits | \$3,066,775,687 | \$2,715,084,696 |
| Disabled members receiving benefits | 87,583,500 | 52,004,400 |
| Terminated employees not yet receiving benefits | 157,875,744 | 141,063,466 |
| Current Employees | | |
| Accumulated employee contributions, including allocated investment income | 1,931,862,207 | 1,649,712,301 |
| Employer financed - vested | 2,216,611,793 | 1,955,040,687 |
| Employer financed - non-vested | 619,051,600 | 577,239,400 |
| Total Pension Benefit Obligation | 8,079,760,531 | 7,090,144,950 |
| Net assets available for benefits, at cost (market value \$9,437,180,124 and \$8,352,509,215, respectively) | 8,458,861,357 | 7,819,848,712 |
| Assets in Excess of Pension Benefit Obligation | \$ 379,100,826 | \$ 729,703,762 |

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**ARIZONA STATE RETIREMENT SYSTEM (Cont'd)****Contributions Required and Contributions Made**

The Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to change the contribution rate from that actuarially determined. The actuarial computation is made two years in advance based on the June 30 information (the rate for 1992 was based on June 30, 1990, information). The contribution rates were actuarially determined using the Projected Unit Credit funding method. The contribution rate consists of a factor to cover normal costs using the same actuarial assumptions used to compute the pension benefit obligation, and a factor to amortize the overfunded past service liability based on the criteria of the Arizona Revised Statutes, not to exceed an amortization period of 45 years. The current amortization period is 11 years.

Covered employees were required by state statute to contribute 3.59% of their salary to the System during the year ended June 30, 1993, and the City was required to match it. Total contributions made by the City and its covered employees were \$2,554,721; \$1,277,361, or 3.59% of covered payroll for both the employer's and employees' portion. The amount of the City's contribution attributable to normal cost and to amortization of the past service liability, and as a proportion of the total amount contributed by all System employers in 1993, is unavailable.

During the year ended June 30, 1992, contributions for the System as a whole totaled \$264,546,632 (\$132,273,316 for both employers and employees), in accordance with actuarial requirements. Contributions consisted of \$342,073,492 for normal cost, and (\$77,526,860) for amortization of the overfunded past service liability. The City's contribution of \$1,195,973 in 1992 represented less than one percent of the total amount contributed by all System employers in 1992.

Trend Information

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

| Fiscal Year | (1) Net Assets Available For Benefits | (2) Pension Benefit Obligation | (3) Percent Funded (1) / (2) | (4) Assets In Excess Of PBO (1) - (2) | (5) Annual Covered Payroll | (6) Assets In Excess Of PBO As A Percentage Of Covered Payroll (4) / (5) |
|-------------|--|-----------------------------------|---------------------------------|--|-------------------------------|---|
| 1988 | \$5,989.8 | \$5,392.7 | 111.1% | \$597.1 | \$2,817.7 | 21.2% |
| 1989 | 6,652.7 | 6,016.9 | 110.6 | 635.8 | 2,993.6 | 21.2 |
| 1990 | 7,287.9 | 6,639.7 | 109.8 | 648.2 | 3,211.7 | 20.2 |
| 1991 | 7,819.8 | 7,090.1 | 110.3 | 729.7 | 3,453.0 | 21.1 |
| 1992 | 8,458.9 | 8,079.8 | 104.7 | 379.1 | 3,616.0 | 10.5 |

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

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**ARIZONA STATE RETIREMENT SYSTEM (Cont'd)**

of the progress being made in maintaining sufficient assets to pay benefits when due. Generally, the larger this percentage, the stronger the plan.

Ten-year historical trend information presenting the System's progress in accumulating sufficient assets to pay benefits when due is presented in the Arizona State Retirement System *39th Component Unit Financial Report for the Year Ended June 30, 1992*.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM**Plan Description**

All of the City's public safety personnel (police officers) participate in the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer pension plan. The payroll for employees covered by this plan for the year ended June 30, 1993, was \$9,656,649; the City's total payroll was \$46,931,810.

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

At June 30, 1992, and 1991, (the latest information available), the number of participating local government employer groups was:

| EMPLOYER UNITS | 1992 | 1991 |
|-----------------------|-------------|-------------|
| Cities and Towns | 101 | 100 |
| Counties | 15 | 15 |
| State Agencies | 6 | 6 |
| Special Districts | 15 | 14 |
| Total | 137 | 135 |

Any state or local government in the State of Arizona may elect to have its paid, full-time eligible employees (generally, fire fighters and police officers) covered by the PSPRS. At June 30, 1992, and 1991, statewide PSPRS membership consisted of:

| EMPLOYEE MEMBERS | 1992 | 1991 |
|--|---------------|---------------|
| Retirees and beneficiaries currently receiving benefits | 3,184 | 2,969 |
| Current Employees Vested | 5,432 | 4,928 |
| Non-Vested | 5,254 | 5,684 |
| Total | 13,870 | 13,581 |

PSPRS provides retirement benefits, as well as death and disability benefits. A member of the PSPRS does not have vested rights to benefits until the member files an application for benefits and is found to be eligible for those benefits. An eligible claimant's rights to benefits vest on the date of the application for those benefits, or the last day of employment under the plan, whichever occurs first.

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Cont'd)

Public safety personnel retiring after completion of 20 years of service, or at age 62 and after completion of 15 years of service, are eligible for benefits.

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

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

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

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

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

Related Party Investments

The PSPRS had no related party investments.

Funding Status and Progress

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

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1992, and 1991. Significant actuarial assumptions used in determining the pension benefit obligation include a) a rate of return on the investment of present and future assets of 9.0% per year, compounded annually; b) projected salary increases of 6.5% per year, compounded annually, attributable to inflation; and c) additional projected salary increases ranging from 0.0% to 3.0% per year, depending on age, attributable to seniority/merit.

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Cont'd)

The assets in excess of the City's pension benefit obligation for the PSPRS as of June 30, 1992, and 1991, were as follows:

| | June 30 | |
|---|--------------|--------------|
| | 1992 | 1991 |
| Pension Benefit Obligation | | |
| Retirees and beneficiaries currently receiving benefits | \$ 8,678,810 | \$ 7,210,537 |
| Terminated employees not yet receiving benefits | None | None |
| Current Employees | | |
| Accumulated employee contributions including allocated investment income | 4,604,098 | 4,188,296 |
| Employer financed - vested | 9,248,217 | 8,635,166 |
| Employer financed - non-vested | 2,265,365 | 1,980,648 |
| Health Insurance | 456,981 | 417,975 |
| Total Pension Benefit Obligation | 25,253,471 | 22,432,622 |
| Net assets available for benefits, at cost (market value \$31,182,057 and \$26,389,471, respectively) | 26,495,978 | 23,363,418 |
| Assets In Excess of Pension Benefit Obligation | \$1,242,507 | \$930,796 |

During the year ended June 30, 1992, the City experienced a net change of \$2,820,849 in its pension benefit obligation. Of that change, \$222,852 was attributable to cost-of-living adjustments for retired members.

Contributions Required and Contributions Made

The PSPRS' funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 40 years (from July 1, 1978). Twenty-five years remain from June 30, 1993.

During the year ended June 30, 1993, City contributions totaling \$1,703,467 (\$964,699 employer and \$738,767 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1991. Employer contributions represented 9.99%, and employee contributions represented 7.65% of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability, and as a proportion of the total amount contributed by all EORP employer members in 1993, is unavailable.

During the year ended June 30, 1992, City contributions totaling \$1,538,224 (\$858,762 employer and \$679,482 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1990. Employer contributions consisted of \$785,052 for normal cost, and \$73,710 for amortization of the unfunded actuarial accrued liability. City contributions represented 9.67% of covered payroll, and represented approximately two percent of the total amount contributed by all PSPRS employers in 1992.

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

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM (Cont'd)

Trend Information

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

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

* Change in benefit provisions.

** Change in assumptions.

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

Ten-year historical trend information presenting the PSPRS' progress in accumulating sufficient assets to pay benefits when due is presented in the Public Safety Personnel Retirement System *24th Annual Report, June 30, 1992*.

ELECTED OFFICIALS' RETIREMENT PLAN

Plan Description

The City's Mayor and Council participate in the Elected Officials' Retirement Plan (EORP), a multiple-employer cost sharing pension plan. The payroll for employees covered by this plan for the year ended June 30, 1993, was \$116,398; the City's total payroll was \$46,931,810.

The fund manager of the PSPRS is also the administrator for the EORP, which 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.

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)**

At June 30, 1992, and 1991, (the latest information available), the number of participating local governmental employer groups was:

| EMPLOYER UNITS | 1992 | 1991 |
|-----------------------|-------------|-------------|
| Cities and Towns | 13 | 11 |
| Counties | 15 | 15 |
| State Agencies | 1 | 1 |
| Total | 29 | 27 |

All state and county elected officials and judges are members of the EORP except LaPaz County elected officials. Any city in the state of Arizona may elect to have its elected officials covered by the EORP. At June 30, 1992, and 1991, statewide EORP membership consisted of:

| EMPLOYEE MEMBERS | 1992 | 1991 |
|---|--------------|--------------|
| Retirees and beneficiaries currently receiving benefits | 375 | 365 |
| Terminated vested employees | 40 | 79 |
| Current Employees | | |
| Vested | 386 | 372 |
| Non-Vested | 272 | 299 |
| Total | 1,073 | 1,115 |

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

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

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

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

Related Party Investments

The EORP had no related party investments.

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)****Funding Status and Progress**

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

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

The pension benefit obligation was determined as part of an actuarial valuation of the plan as of June 30, 1991; and 1990. Significant actuarial assumptions used in determining the pension benefit obligation include: a) a rate of return on the investment of present and future assets of 9.0% per year, compounded annually; and b) projected salary increases of 5.5% per year, compounded annually, attributable to inflation, plus 1.5% attributable to other factors.

The EORP does not prepare separate measurements of assets and pension benefit obligations for individual employers. At June 30, 1991, and 1990 (the latest information available), the assets in excess (unfunded) of the pension benefit obligation for the EORP as a whole were as follows:

| | June 30 | |
|---|--------------|---------------|
| | 1991 | 1990 |
| Pension Benefit Obligation | | |
| Retirees and beneficiaries currently receiving benefits | \$44,222,354 | \$38,245,692 |
| Terminated employees not yet receiving benefits | 1,027,884 | 1,020,849 |
| Current Employees | | |
| Accumulated employee contributions, including allocated investment income | 11,027,733 | 9,922,914 |
| Employer financed - vested | 42,013,268 | 40,742,336 |
| Employer financed - non-vested | 2,985,058 | 2,671,553 |
| Health Insurance | 1,364,200 | 1,304,639 |
| Total Pension Benefit Obligation | 102,640,497 | 93,907,983 |
| Net assets available for benefits | 103,569,921 | 92,420,766 |
| Assets in Excess (Unfunded) of Pension Benefit Obligation | \$ 929,424 | (\$1,487,217) |

During the year ended June 30, 1991, the EORP experienced a net change of \$8,732,514 in the pension benefit obligation. Of that change, \$1.1 million was attributable to cost-of-living adjustments for retired members, and \$125,120 was attributable to the 1991 statutory amendment increasing future death benefits. During the year ended June 30, 1990, the plan experienced a net change of

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)**ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)**

\$9,191,024 in the pension benefit obligation. Of that change, approximately \$1.4 million was attributable primarily to the new health insurance benefits and post retirement pension increases. Health insurance benefits are being accounted for in the same manner as the other benefits the plan provides.

Contributions Required and Contributions Made

The EORP's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 35 years (from June 30, 1987). Thirty years remain from June 30, 1992.

Scottsdale's contribution requirement for the year ended June 30, 1993, was \$27,411, which consisted of \$8,147 from employees, and \$19,264 from the City, as required. Employee contributions represent 7%, and employer contributions represent 16.55% of covered payroll. The amount of the City's contribution attributable to normal cost and to amortization of the unfunded actuarial accrued liability, and as a proportion of the total amount contributed by all EORP employer members in 1993, is unavailable.

During the year ended June 30, 1992, contributions for the EORP as a whole totaling \$6,928,413 (\$4,830,326 employer and \$2,098,087 employee) were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of June 30, 1990. The amount of these contributions attributable to normal cost and to amortization of the unfunded actuarial accrued liability is unavailable. The City's contribution for the year ended June 30, 1992, \$18,835, represented less than one percent of the total amount contributed by all EORP employers in 1992.

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

Trend Information

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

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

* Includes statutory amendment and assumption change.

NOTE 8 - RETIREMENT AND PENSION PLANS (Cont'd)

ELECTED OFFICIALS' RETIREMENT PLAN (Cont'd)

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

Ten-year historical trend information presenting the EORP's progress in accumulating sufficient assets to pay benefits when due is presented in the Elected Officials' Retirement Plan *11th Annual Report, June 30, 1992*.

NOTE 9 - DEFERRED COMPENSATION PLAN (AGENCY FUND)

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

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

NOTE 10 - CONTINGENT LIABILITIES

The City is a party to several lawsuits incident to its normal operations. Management, with concurrence of the City Attorney, is of the opinion that settlement of these lawsuits will not have a material effect on the financial position of the City.

Sick leave benefits provide for ordinary sick pay and are not vested with the employee. Unused benefits are payable only upon the death or retirement of an employee. The amount not recorded in the accounts for accrued sick pay benefits aggregated \$1,743,199 at June 30, 1993.

NOTE 11 - SEGMENTS OF ENTERPRISE ACTIVITIES

Water and sewer, airport, housing, and sanitation are four major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information as of and for the year ended June 30, 1993, is as follows (in thousands of dollars):

| | Water and Sewer Utility | Airport | Public Housing | Sanitation | Total |
|---|--|----------------|---------------------------|-------------------|--------------|
| Operating Revenue | \$36,718 | \$ 580 | \$ | \$7,833 | \$ 45,131 |
| Depreciation and Amortization | 6,750 | 494 | | 40 | 7,284 |
| Operating Income (Loss) | 3,854 | (915) | | 466 | 3,405 |
| Net Income (Loss) | 4,342 | (502) | | 369 | 4,209 |
| Contributions | | | | | |
| Subdividers | 11,656 | | | | 11,656 |
| Development Fees | 10,040 | | | | 10,040 |
| Other Government Units | (605) | 687 | | | 82 |
| Property, Plant, and Equipment Additions | 23,118 | 424 | | 21 | 23,563 |
| Net Working Capital | 21,875 | 464 | | 471 | 22,810 |
| Total Assets | 299,886 | 11,854 | 10 | 1,582 | 313,332 |
| Long-Term Debt (Net of Current Portion) and Other Liabilities: | | | | | |
| Payable From Operating Revenue | 55,375 | | | | 55,375 |
| Payable From Other Services | 122 | | 10 | | 132 |
| Total Equity | 236,662 | 11,800 | | 1,102 | 249,564 |

NOTE 12 - CONTRIBUTED CAPITAL

During the year ended June 30, 1993, enterprise funds' contributed capital increased by the following amounts (in thousands of dollars):

| Source | Water and Sewer Utility | Airport | Sanitation | Total |
|--|----------------------------|----------|------------|-----------|
| Development Fees | \$ 10,040 | \$ | \$ | \$ 10,040 |
| Subdividers | 3,375 | | | 3,375 |
| Capital Contributions from Developers | 8,280 | | | 8,280 |
| Municipality - Capital Construction | (605) | 595 | | (10) |
| Federal Government - Capital Construction | | 92 | | 92 |
| Less Depreciation | (2,884) | (494) | | (3,378) |
| | 18,206 | 193 | | 18,399 |
| Contributed Capital July 1, 1992 | 140,961 | 11,561 | 478 | 153,000 |
| Contributed Capital June 30, 1993 | \$159,167 | \$11,754 | \$478 | \$171,399 |

In addition, Internal Service Funds' contributed capital increased \$10,255 because of a contribution of a vehicle from the General Fund to the Motor Pool Fund.

NOTE 13 - DEFICITS IN FUND/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund has an excess of expenditures over appropriations for the Municipal Services and Debt Service departments. The excess in the Municipal Services department is caused by utility expenses. The excess in the Debt Service department is caused by pre-payment of existing debt. Both departments have operations in several funds and have not exceeded their total appropriations.

The Highway User Fuel Tax Fund has an excess of expenditures over appropriations for the Municipal Services department caused by an increase in street overlay expenses. The Municipal Services department has operations in several funds and has not exceeded the total appropriation for the department.

The All Other Construction Fund has a deficit fund balance of \$4,556,602, which is a result of the purchase of an asset with cash borrowed from the Water Fund. This was approved by the City Council. The fund will be reimbursed in fiscal year 1993-94 when Municipal Properties Corporation bonds are issued, thereby eliminating the deficit fund balance. Total fund balance for the capital projects funds is positive.

The General Obligation Bond Construction Fund has a deficit unreserved fund balance of \$2,753,739 caused by the City issuing bonds as cash is needed to meet near-term liabilities, while the reserve for encumbrances includes a large longer term construction contract. The deficit unreserved fund balance will be eliminated as bonds are issued during fiscal year 1993-94. Total fund balance for the Capital Projects funds is positive.

NOTE 13 - DEFICITS IN FUND/EXCESS OF EXPENDITURES OVER APPROPRIATIONS (Cont'd)

The Self-Insurance Fund has an accumulated deficit of \$3,042,180 caused by higher than anticipated insurance claims. The deficit will be eliminated in future years by operating transfers to this fund from the General Fund.

The Self-Insurance Fund also has an excess of expenditures over appropriations of \$42,896 caused by increased claim activity. Self-insurance operations are a part of the Financial Services Department, which has operations in several funds and has not exceeded its appropriations.

NOTE 14 - CAPITALIZED INTEREST

During fiscal year 1993, the Water and Sewer Fund capitalized net interest costs of \$1,270,950. Total interest income and expense in that fund before capitalization was \$1,816,345 and \$2,849,592, respectively.

NOTE 15 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS

Due From/To Other Funds

| Receivable Fund | Amount | Payable Fund | Amount |
|-------------------------|---------------------|---------------------------------|---------------------|
| General | \$ 304,872 | Sanitation | \$ 94,613 |
| | | Section 8 | 97,690 |
| | | Community Development | 112,569 |
| Water and Sewer Utility | 12,080,562 | Capital Projects (All Other) | 12,080,652 |
| | <u>\$12,385,434</u> | | <u>\$12,385,524</u> |

| Residual Equity Transfer Out | | Residual Equity Transfer In | |
|--|--------------------|---|--------------------|
| From: | | To: | |
| Capital Projects (Special Assessments) | \$ 131 | Capital Projects (All Other) | \$ 131 |
| Capital Projects (All Other) | 595,400 | Airport (As An Increase To Contributed Capital) | 595,400 |
| Trust and Agency | 437,700 | Capital Projects (All Other) | 437,700 |
| Enterprise Fund (Water and Sewer Utility, As A Decrease to Contributed Capital) | 605,000 | Capital Projects (All Other) | 605,000 |
| | <u>\$1,638,231</u> | | <u>\$1,638,231</u> |

NOTE 15 - INTERFUND ASSETS/LIABILITIES AND TRANSFERS (Cont'd)

Net operating transfers are reported in the following funds:

| <u>Operating Transfers Out</u> | | <u>Operating Transfers In</u> | |
|---|--------------------|---|--------------------|
| From: | | To: | |
| General Fund | \$4,627,825 | Internal Service (Motor Pool) | \$ 209,000 |
| | | Special Revenue (HURF Fund) | 2,923,323 |
| | | Special Revenue (HURF Fund accounted for as HURF maintenance of effort) | 194,000 |
| | | Internal Service (Self Insurance) | 200,000 |
| | | Expendable Trust | 300,000 |
| | | Enterprise Fund (Airport) | 413,278 |
| | | Capital Projects (All Other) | 388,224 |
| Capital Projects (Special Assessments) | 18,118 | Debt Service (Special Assessments) | 18,118 |
| Capital Projects (G.O. Bond Construction) | 950,000 | Capital Projects (All Other) | 950,000 |
| Special Revenue (Grants) | 455,996 | General Fund | 205,996 |
| | | Enterprise Fund (Water and Sewer Utility) | 250,000 |
| Enterprise Fund (Sanitation) | 127,000 | Internal Service (Motor Pool) | 127,000 |
| | | | |
| | <u>\$6,178,939</u> | | <u>\$6,178,939</u> |

NOTE 16 - COMMITMENTS, SUBSEQUENT EVENTS, AND OTHER MATTERS

- A. In fiscal 1983 the City entered into a ten-year agreement with Rural/Metro Corporation (Rural/Metro) whereby Rural/Metro will provide fire protection and related services to the City. In July, 1991, the City amended this agreement and extended the new agreement to June 30, 1996. Annual amounts due in fiscal year 1994 will approximate \$7,025,908. Payments to Rural/Metro amounted to \$6,099,948 for the year ended June 30, 1993.
- B. In December, 1984, the City entered into a service agreement and land lease with Scottsdale Water Service Company Limited Partnership (Partnership). The service agreement provides that the Partnership's water treatment facility will treat Central Arizona Project water to quality standards established by the City and other regulatory agencies and furnish this water to the City for distribution to its customers. In return, the City will pay service fees based on all of the Partnership's debt service payments and operating costs subsequent to substantial completion of the facility, which was in December, 1986, and the City is obligated to maintain a \$300,000 equipment replacement and repair account. The City will retain ownership of the water and responsibility for deliveries to final users. Payments to the Partnership amounted to approximately \$2,750,000 for the year ended June 30, 1993.

Interest on the bonds of the Partnership is due semi-annually on July 1 and January 1, with principal due in varying amounts through July 1, 2008, as follows:

| | |
|------------|----------------------------|
| 1994 | \$ 805,000 |
| 1995 | 865,000 |
| 1996 | 935,000 |
| 1997 | 1,010,000 |
| 1998 | 1,090,000 |
| Thereafter | 17,090,000 |
| | <hr style="width: 100%;"/> |
| | \$21,795,000 |
| | <hr style="width: 100%;"/> |

The bonds bear interest at a variable rate (3.1% for June, 1993) based on a specified municipal bond index. There is an option under certain circumstances to establish a fixed interest rate.

- C. Since 1987, the City has levied water resource development fees for the purpose of acquiring additional long-term water supplies for new developments. The Homebuilders Association (HBA) sued the City challenging the legal authority of the City to levy a water resource development fee. The trial court ruled adversely to the City. The City has appealed the original judgment to the Court of Appeals and a stay was granted so that the City may continue to collect the fees. Testimony was heard by the Court of Appeals in March, 1993, and a decision is expected in the next fiscal year. The City has amended the ordinance to provide for refunds to taxpayers if funds are not used for the stated purposes.
- D. In June, 1988, the City entered into a Service Agreement with Scottsdale Cultural Council (Council). The Service Agreement provides that the Council will manage the arts and cultural affairs within the Scottsdale community for a five-year period beginning July 1, 1988. In return, the City will pay service fees to the Council based on the Service Agreement between the City and the Council. Annual amounts due in fiscal year 1994 will approximate \$1,901,477. Payments to Scottsdale Cultural Council amounted to \$1,846,094 for the year ended June 30, 1993.

NOTE 16 - COMMITMENTS, SUBSEQUENT EVENTS, AND OTHER MATTERS (Cont'd)

- E. During the fiscal year ended June 30, 1993, the City Council authorized an interfund loan from the Water Enterprise Fund to the All Other Construction Capital Projects Fund of approximately \$6.5 million to provide interim financing for the purchase of a 123-acre site at the northeast corner of Hayden and Bell Roads. Interest will accrue on the unpaid receivable balance. Repayment of the principal and interest will occur within six months from the date of purchase from the issuance of Municipal Properties Corporation bonds.
- F. In September, 1993, the City Council approved a resolution calling for the sale of \$21,000,000 general obligation bonds for the purpose of providing funds for improvements to transportation, police, fire, and court facilities; storm, sewer, and flood protection; improvements to parks, recreation facilities and libraries; reimbursements to the City for certain improvements to multi-use sports and cultural facilities; and payment of costs relating to the issuance of the bonds. The bonds are scheduled to be sold competitively on October 4, 1993.

NOTE 17 - EQUITY IN JOINT VENTURE

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

The different cities participated in the construction of the facilities at varying rates depending on their needs at the time each facility was constructed, therefore, the City's share of assets, liabilities, equity, and changes in equity cannot be determined.

The City has financed its share of construction costs through the issuance of general obligation bonds, development fees, and grants. The bonds are collateralized by a pledge of water revenues and are reflected in the financial statements of the Water and Sewer Utility Enterprise Fund. The joint venture itself has not issued any debt.

NOTE 17 - EQUITY IN JOINT VENTURE (Cont'd)

Each City pays for its costs of operation and maintenance based on relative sewage flows and strengths. The City accounts for its investment using the equity method in the Water and Sewer Utility Enterprise Fund. Summary financial information on the joint venture (GAAP basis) as of and for the fiscal year ended June 30, 1992, (the latest information available) is shown below. The City of Scottsdale's share of net operating expenditures (included in total expenses) was \$1,678 (all amounts in thousands).

| | <u>1992</u> |
|--|-------------------|
| Assets | |
| Cash and Receivables | \$ 7,426 |
| Fixed Assets, Net of Accumulated Depreciation | 178,001 |
| Construction in Progress | <u>2,464</u> |
| | <u>\$187,891</u> |
| Liabilities and Equity | |
| Total Liabilities | \$ 4,551 |
| Equity | |
| City of Phoenix | 101,251 |
| Other Members | <u>82,089</u> |
| | <u>183,340</u> |
| | <u>\$187,891</u> |
| | |
| Total Revenues | 20,175 |
| Total Expenses | (26,414) |
| Equity Transfer - Phoenix Only | <u>(3,094)</u> |
| | <u>(\$ 9,333)</u> |

Audited Statements of Net Operating Expenditures and Supplementary Information for the jointly used wastewater treatment and transportation facilities may be obtained from the Arizona Municipal Water Users Association in Phoenix, Arizona.



GENERAL FUND

The general fund is established to account 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 capital projects, special revenue, or enterprise funds.

GENERAL FUND
BALANCE SHEET
JUNE 30, 1993

EXHIBIT B-1

ASSETS

| | |
|---------------------------------|---------------------|
| Cash and Short-Term Investments | \$41,354,937 |
| Investments | 6,287,795 |
| Receivables | |
| Accrued Interest | 244,752 |
| Property Taxes | 1,465,025 |
| State Shared Sales Tax | 771,875 |
| Auto Lieu Tax | 197,167 |
| Miscellaneous | 902,804 |
| Due From Other Funds | 304,872 |
| Supplies Inventory | 181,045 |
| | <hr/> |
| Total Assets | <u>\$51,710,272</u> |

LIABILITIES AND FUND BALANCE

| | |
|------------------------------------|---------------------|
| Liabilities | |
| Accounts Payable | \$586,073 |
| Accrued Payroll | 4,269,610 |
| Accrued Interest Payable | 37,622 |
| Deferred Revenue | |
| Property Taxes | 1,403,357 |
| Other | 731,377 |
| | <hr/> |
| Total Liabilities | 7,028,039 |
| Fund Balance | |
| Reserved for | |
| Encumbrances | 1,723,377 |
| Streetlight Districts | 684,313 |
| Unreserved | 42,274,543 |
| | <hr/> |
| Total Fund Balance | 44,682,233 |
| | <hr/> |
| Total Liabilities and Fund Balance | <u>\$51,710,272</u> |

SEE NOTES TO FINANCIAL STATEMENTS

GENERAL FUND

EXHIBIT B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | |
|---|---------------------|
| Revenues | |
| Taxes – Local | \$36,909,016 |
| Taxes – Intergovernmental | 19,253,767 |
| Licenses | 737,854 |
| Charges for Current Services | 7,586,803 |
| Fines and Forfeitures | 1,720,511 |
| Use of Money and Property | 4,015,637 |
| Streetlight Districts | 513,846 |
| Other | 9,183,552 |
| | <hr/> |
| Total Revenues | 79,920,986 |
| Expenditures | |
| Current Operating Departments | |
| General Government | 9,409,602 |
| Police | 19,676,575 |
| Financial Services | 3,751,965 |
| Community Services | 14,995,747 |
| Management Services | 5,005,942 |
| Planning & Community Development | 6,042,985 |
| Fire | 6,595,200 |
| Municipal Services | 6,131,118 |
| Streetlight Districts | 448,557 |
| Debt Service | |
| Principal | 797,815 |
| Interest | 246,785 |
| | <hr/> |
| Total Expenditures | 73,102,291 |
| | <hr/> |
| Excess of Revenues Over Expenditures | 6,818,695 |
| Other Sources (Uses) | |
| Operating Transfers In | 205,996 |
| Operating Transfers Out | (4,627,825) |
| | <hr/> |
| Total Other Sources (Uses) | (4,421,829) |
| | <hr/> |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | 2,396,866 |
| | <hr/> |
| Fund Balance July 1, 1992 | 42,285,367 |
| | <hr/> |
| Fund Balance June 30, 1993 | <u>\$44,682,233</u> |

SEE NOTES TO FINANCIAL STATEMENTS

GENERAL FUND

EXHIBIT B-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------|----------------|--|
| Revenues | | | |
| Taxes - Local | \$37,078,795 | \$36,909,016 | (\$169,779) |
| Taxes - Intergovernmental | 19,055,000 | 19,253,767 | 198,767 |
| Licenses | 700,000 | 737,854 | 37,854 |
| Charges for Current Services | 7,225,000 | 7,586,803 | 361,803 |
| Fines and Forfeitures | 1,785,000 | 1,720,511 | (64,489) |
| Use of Money and Property | 4,029,000 | 4,015,637 | (13,363) |
| Other | 1,783,000 | 1,946,113 | 163,113 |
| Total Revenues | 71,655,795 | 72,169,701 | 513,906 |
| Expenditures | | | |
| Current Operating Departments | | | |
| General Government | 10,009,878 | 10,009,835 | 43 |
| Police | 20,097,211 | 19,922,083 | 175,128 |
| Financial Services | 4,032,898 | 4,003,269 | 29,629 |
| Community Services | 15,485,221 | 15,403,787 | 81,434 |
| Management Services | 5,221,916 | 5,104,417 | 117,499 |
| Planning & Community Development | 6,160,018 | 6,159,925 | 93 |
| Fire | 6,664,709 | 6,607,198 | 57,511 |
| Municipal Services | 5,898,418 | 6,280,353 | (381,935) |
| Contingency | 190,157 | | 190,157 |
| Debt Service | | | |
| Principal | 631,839 | 797,815 | (165,976) |
| Interest | 544,873 | 546,785 | (1,912) |
| Total Expenditures | 74,937,138 | 74,835,467 | 101,671 |
| Deficiency of Revenues Over Expenditures | (3,281,343) | (2,665,766) | 615,577 |
| Other Sources (Uses) | | | |
| Operating Transfers In | 7,443,435 | 7,443,435 | |
| Operating Transfers Out | (4,162,092) | (4,127,825) | 34,267 |
| Total Other Sources (Uses) | 3,281,343 | 3,315,610 | 34,267 |
| Excess of Revenues and Other Sources Over Expenditures and Other Uses | | 649,844 | 649,844 |
| Encumbrances Cancelled | | 1,883,903 | 1,883,903 |
| Fund Balance July 1, 1992 | | (16,341,439) | (16,341,439) |
| Fund Balance June 30, 1993 | \$ | (\$13,807,692) | (\$13,807,692) |

GENERAL FUND

EXHIBIT B-4

SCHEDULE OF REVENUES – BUDGET AND ACTUAL – BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|------------------------------|--------------|--------------|--|
| Taxes – Local | | | |
| Property Tax | \$6,451,031 | \$6,342,635 | (\$108,396) |
| Transaction Privilege | 23,107,764 | 22,912,591 | (195,173) |
| Hotel/Motel Transient Tax | 3,775,000 | 3,856,181 | 81,181 |
| Light and Power Franchise | 2,600,000 | 2,634,645 | 34,645 |
| Cable TV Franchise | 800,000 | 819,009 | 19,009 |
| Salt River Project In Lieu | 200,000 | 200,563 | 563 |
| Fire Insurance Premium Tax | 145,000 | 143,392 | (1,608) |
| | 37,078,795 | 36,909,016 | (169,779) |
| Taxes – Intergovernmental | | | |
| State-Shared Sales Tax | 8,347,000 | 8,497,024 | 150,024 |
| Automobile in Lieu | 2,300,000 | 2,347,408 | 47,408 |
| State Revenue Sharing | 8,408,000 | 8,409,335 | 1,335 |
| | 19,055,000 | 19,253,767 | 198,767 |
| Licenses | | | |
| Business and Liquor Licenses | 700,000 | 737,854 | 37,854 |
| Charges for Current Services | | | |
| Building and Related Permits | 5,650,000 | 5,970,233 | 320,233 |
| Recreation Fees | 1,575,000 | 1,616,570 | 41,570 |
| | 7,225,000 | 7,586,803 | 361,803 |
| Fines and Forfeitures | | | |
| Court Fines | 1,392,000 | 1,349,391 | (42,609) |
| Parking | 225,000 | 209,990 | (15,010) |
| Library | 168,000 | 161,130 | (6,870) |
| | 1,785,000 | 1,720,511 | (64,489) |
| Use of Money and Property | | | |
| Interest Earnings | 2,436,000 | 2,279,695 | (156,305) |
| Property Rental | 1,593,000 | 1,735,942 | 142,942 |
| | 4,029,000 | 4,015,637 | (13,363) |
| Other | 1,783,000 | 1,946,113 | 163,113 |
| Total Revenues | \$71,655,795 | \$72,169,701 | \$513,906 |

CITY OF SCOTTSDALE, ARIZONA

GENERAL FUND

EXHIBIT B-5

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | PERSONAL SERVICES | OTHER SERVICES | SUPPLIES | DEBT SERVICE | CAPITAL OUTLAY | TOTAL |
|----------------------------------|----------------------|---------------------|--------------------|--------------------|-------------------|---------------------|
| Current Operating Departments | | | | | | |
| General Government | \$5,097,290 | \$3,838,656 | \$237,766 | \$ | \$235,890 | \$9,409,602 |
| Police | 16,228,748 | 2,737,837 | 480,473 | | 229,517 | 19,676,575 |
| Financial Services | 3,224,163 | 424,177 | 26,054 | | 77,571 | 3,751,965 |
| Community Services | 9,131,221 | 4,507,347 | 1,266,583 | | 90,596 | 14,995,747 |
| Management Services | 3,169,174 | 1,503,044 | 235,045 | | 98,679 | 5,005,942 |
| Planning & Community Development | 4,441,228 | 1,422,205 | 118,481 | | 61,071 | 6,042,985 |
| Fire | 211,682 | 6,346,139 | 37,379 | | | 6,595,200 |
| Municipal Services | 1,862,628 | 3,845,968 | 407,135 | | 15,387 | 6,131,118 |
| Streetlight Districts | | 448,557 | | | | 448,557 |
| Debt Service | | | | | | |
| Principal | | | | 797,815 | | 797,815 |
| Interest | | | | 246,785 | | 246,785 |
| Expenditures | <u>\$43,366,134</u> | <u>\$25,073,930</u> | <u>\$2,808,916</u> | <u>\$1,044,600</u> | <u>\$808,711</u> | <u>\$73,102,291</u> |
| Operating Transfers Out | | | | | | |
| Highway User Fuel Tax Fund | \$3,117,323 | | | | | |
| Expendable Trusts | 300,000 | | | | | |
| Self-Insurance Fund | 200,000 | | | | | |
| Airport Fund | 413,278 | | | | | |
| Capital Projects Fund | 388,224 | | | | | |
| Motor Pool | 209,000 | | | | | |
| | <u>\$4,627,825</u> | | | | | |

SPECIAL REVENUE FUNDS

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

Highway User Fuel Tax Fund

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

Community Development Fund

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

Grants Fund

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

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1993

EXHIBIT C-1

| ASSETS | HIGHWAY USER FUEL TAX | COMMUNITY DEVELOPMENT | GRANTS | SECTION 8 | TOTAL ALL FUNDS |
|--|-----------------------------|--------------------------|-----------------|------------------|-----------------------|
| Cash and Short-Term Investments | \$25,858 | \$ | \$39,588 | \$ | \$65,446 |
| Cash with Fiscal Agents | 1,564,904 | | | | 1,564,904 |
| Receivables | | | | | |
| Fuel Tax | 685,828 | | | | 685,828 |
| Grants | | 217,809 | 25,682 | 103,050 | 346,541 |
| Miscellaneous | 16,369 | | | | 16,369 |
| Total Assets | \$2,292,959 | \$217,809 | \$65,270 | \$103,050 | \$2,679,088 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$96,012 | \$34,251 | \$4,395 | | \$134,658 |
| Accrued Payroll | 214,421 | 6,260 | 3,680 | 4,113 | 228,474 |
| Due to General Fund | | 112,569 | | 97,690 | 210,259 |
| Bond Interest Payable | 484,905 | | | | 484,905 |
| Bonds Payable - Current Portion | 1,080,000 | | | | 1,080,000 |
| Total Liabilities | 1,875,338 | 153,080 | 8,075 | 101,803 | 2,138,296 |
| Fund Balances | | | | | |
| Reserved for Encumbrances | 417,621 | 1,220 | 16,958 | 4,239 | 440,038 |
| Unreserved | | 63,509 | 40,237 | (2,992) | 100,754 |
| Total Fund Balances | 417,621 | 64,729 | 57,195 | 1,247 | 540,792 |
| Total Liabilities and Fund Balances | \$2,292,959 | \$217,809 | \$65,270 | \$103,050 | \$2,679,088 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | HIGHWAY USER FUEL TAX | COMMUNITY DEVELOPMENT | GRANTS | SECTION 8 | TOTAL ALL FUNDS |
|---|-----------------------------|--------------------------|------------------|------------------|-----------------------|
| Revenues | | | | | |
| Taxes—Intergovernmental | \$8,716,521 | \$ | \$ | \$ | \$8,716,521 |
| Grants | | 1,231,823 | 587,014 | 1,736,137 | 3,554,974 |
| Other | | 114,729 | | 122,754 | 237,483 |
| Total Revenues | 8,716,521 | 1,346,552 | 587,014 | 1,858,891 | 12,508,978 |
| Expenditures | | | | | |
| Current Operating Departments | | | | | |
| Police | | | 77,315 | | 77,315 |
| Transportation | 2,560,054 | | 20,364 | | 2,580,418 |
| Community Services | | | 469,260 | | 469,260 |
| Planning & Community Development | | 1,281,823 | | 1,857,644 | 3,139,467 |
| Municipal Services | 6,494,532 | | | | 6,494,532 |
| Debt Service | | | | | |
| Principal | 1,080,000 | | | | 1,080,000 |
| Interest | 1,426,390 | | | | 1,426,390 |
| Total Expenditures | 11,560,976 | 1,281,823 | 566,939 | 1,857,644 | 15,267,382 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,844,455) | 64,729 | 20,075 | 1,247 | (2,758,404) |
| Other Sources (Uses) | | | | | |
| Operating Transfer In | | | | | |
| From General Fund | 2,923,323 | | | | 2,923,323 |
| HURF Maintenance of Effort | 194,000 | | | | 194,000 |
| Operating Transfer Out | | | (455,996) | | (455,996) |
| Proceeds of Refunding Bonds | 26,434,531 | | | | 26,434,531 |
| Payment to Refunded Bond Escrow Agent | (26,434,531) | | | | (26,434,531) |
| Total Other Sources (Uses) | 3,117,323 | | (455,996) | | 2,661,327 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | 272,868 | 64,729 | (435,921) | 1,247 | (97,077) |
| Fund Balances July 1, 1992 | 144,753 | | 493,116 | | 637,869 |
| Fund Balances June 30, 1993 | \$417,621 | \$64,729 | \$57,195 | \$1,247 | \$540,792 |

SEE NOTES TO FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

EXHIBIT C-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | HIGHWAY USER FUEL TAX | | |
|---|-----------------------|-------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| Revenues | | | |
| Taxes - Intergovernmental | \$8,561,000 | \$8,716,521 | \$155,521 |
| Total Revenues | 8,561,000 | 8,716,521 | 155,521 |
| Expenditures | | | |
| Current Operating Departments | | | |
| Transportation | 2,807,965 | 2,607,156 | 200,809 |
| Municipal Services | 6,743,549 | 6,859,055 | (115,506) |
| Debt Service | | | |
| Principal | 1,080,000 | 1,080,000 | |
| Interest | 2,033,473 | 1,426,390 | 607,083 |
| Total Expenditures | 12,664,987 | 11,972,601 | 692,386 |
| Deficiency of Revenues Over Expenditures | (4,103,987) | (3,256,080) | 847,907 |
| Other Sources | | | |
| Operating Transfer In From General Fund | 3,909,987 | 2,923,323 | (986,664) |
| HURF Maintenance of Effort | 194,000 | 194,000 | |
| Total Other Sources | 4,103,987 | 3,117,323 | (986,664) |
| Deficiency of Revenues and Other Sources Over Expenditures | | (138,757) | (138,757) |
| Encumbrances Cancelled | | 144,753 | 144,753 |
| Fund Balance July 1, 1992 | | (188,990) | (188,990) |
| Fund Balance June 30, 1993 | \$ | (\$182,994) | (\$182,994) |

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-4

COMBINING SCHEDULE OF REVENUES AND OTHER SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | HIGHWAY USER FUEL TAX | COMMUNITY DEVELOPMENT | GRANTS | SECTION 8 | TOTAL ALL FUNDS |
|---|-----------------------------|--------------------------|-----------|-------------|-----------------------|
| Taxes – Intergovernmental | | | | | |
| Fuel Tax | \$7,655,486 | \$ | \$ | \$ | \$7,655,486 |
| Local Transportation Assistance Fund | 1,061,035 | | | | 1,061,035 |
| | 8,716,521 | | | | 8,716,521 |
| Grants | | | | | |
| Federal | | 1,231,823 | 68,858 | 1,736,137 | 3,036,818 |
| State | | | 483,185 | | 483,185 |
| Miscellaneous | | | 34,971 | | 34,971 |
| | | 1,231,823 | 587,014 | 1,736,137 | 3,554,974 |
| Other | | 114,729 | | 122,754 | 237,483 |
| Total Revenues | 8,716,521 | 1,346,552 | 587,014 | 1,858,891 | 12,508,978 |
| Other Sources | | | | | |
| Operating Transfers In | | | | | |
| From General Fund | 2,923,323 | | | | 2,923,323 |
| HURF Maintenance of Effort | 194,000 | | | | 194,000 |
| Total Other Sources | 3,117,323 | | | | 3,117,323 |
| Total Revenues and Other Sources | \$11,833,844 | \$1,346,552 | \$587,014 | \$1,858,891 | \$15,626,301 |

CITY OF SCOTTSDALE, ARIZONA

SPECIAL REVENUE FUNDS

EXHIBIT C-5

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | PERSONAL SERVICES | OTHER SERVICES | SUPPLIES | DEBT SERVICE | CAPITAL OUTLAY | TOTAL |
|------------------------------------|-------------------|----------------|-------------|--------------|----------------|--------------|
| HIGHWAY USER FUEL TAX | | | | | | |
| Current Operating Departments | | | | | | |
| Transportation | \$1,300,131 | \$1,229,008 | \$25,547 | \$ | \$5,368 | \$2,560,054 |
| Municipal Services | 2,117,229 | 2,607,193 | 1,757,842 | | 12,268 | 6,494,532 |
| Debt Service | | | | | | |
| Principal | | | | 1,080,000 | | 1,080,000 |
| Interest | | | | 1,426,390 | | 1,426,390 |
| | 3,417,360 | 3,836,201 | 1,783,389 | 2,506,390 | 17,636 | 11,560,976 |
| COMMUNITY DEVELOPMENT | | | | | | |
| Current Operating Departments | | | | | | |
| Planning and Community Development | 152,116 | 1,010,746 | 5,255 | | 113,706 | 1,281,823 |
| GRANTS | | | | | | |
| Current Operating Departments | | | | | | |
| Police | 77,315 | | | | | 77,315 |
| Transportation | | 1,043 | 2,442 | | 16,879 | 20,364 |
| Community Services | 27,893 | 20,590 | 15,679 | | 405,098 | 469,260 |
| | 105,208 | 21,633 | 18,121 | | 421,977 | 566,939 |
| SECTION 8 | | | | | | |
| Current Operating Departments | | | | | | |
| Planning and Community Development | 98,733 | 1,732,321 | 10,960 | | 15,630 | 1,857,644 |
| Total Expenditures | \$3,773,417 | \$6,600,901 | \$1,817,725 | \$2,506,390 | \$568,949 | \$15,267,382 |

DEBT SERVICE FUNDS

These funds are established to account for the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the enterprise funds.

General Obligation Bond Debt Service Fund

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

Municipal Property Corporation Debt Service Fund

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

Special Assessments Debt Service Fund

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

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-1

COMBINING BALANCE SHEET

JUNE 30, 1993

| | GENERAL OBLIGATION BOND | MUNICIPAL PROPERTY CORPORATION | SPECIAL ASSESSMENTS | TOTAL ALL FUNDS |
|--|-------------------------------|--------------------------------------|------------------------|-----------------------|
| ASSETS | | | | |
| Cash and Short-Term Investments | \$2,960,557 | \$3,149,065 | \$839,432 | \$6,949,054 |
| Cash with Fiscal Agents | 8,519,857 | 4,094,271 | 1,209,304 | 13,823,432 |
| Investments | | 3,058,794 | | 3,058,794 |
| Receivables | | | | |
| Accrued Interest | 39,734 | 37,724 | | 77,458 |
| Property Tax | 20,899 | | | 20,899 |
| Special Assessments | | | 21,451,617 | 21,451,617 |
| Total Assets | \$11,541,047 | \$10,339,854 | \$23,500,353 | \$45,381,254 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Claims Payable | \$ | \$123,961 | \$ | \$123,961 |
| Accrued Interest Payable | | 452,675 | | 452,675 |
| Payable from Cash with Fiscal Agents | | | | |
| Bonds Interest Payable | 2,474,857 | 1,284,271 | 689,304 | 4,448,432 |
| Bonds Payable - Current Portion | 6,045,000 | 2,810,000 | 520,000 | 9,375,000 |
| Deferred Revenue | | | | |
| Special Assessments | | | 21,451,617 | 21,451,617 |
| Total Liabilities | 8,519,857 | 4,670,907 | 22,660,921 | 35,851,685 |
| Fund Balances | | | | |
| Reserved for | | | | |
| Debt Service | 3,021,190 | 5,668,947 | 839,432 | 9,529,569 |
| Total Fund Balances | 3,021,190 | 5,668,947 | 839,432 | 9,529,569 |
| Total Liabilities and Fund Balances | \$11,541,047 | \$10,339,854 | \$23,500,353 | \$45,381,254 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-2

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | GENERAL OBLIGATION BOND | MUNICIPAL PROPERTY CORPORATION | SPECIAL ASSESSMENTS | TOTAL ALL FUNDS |
|--|-------------------------------|--------------------------------------|------------------------|-----------------------|
| Revenues | | | | |
| Taxes - Local | | | | |
| Property | \$8,334,434 | \$ | \$ | \$8,334,434 |
| Transaction Privilege | | 9,970,654 | | 9,970,654 |
| | 8,334,434 | 9,970,654 | | 18,305,088 |
| Special Assessments | | | 4,941,556 | 4,941,556 |
| Use of Money and Property | | | | |
| Interest Earnings | 386,831 | 142,937 | | 529,768 |
| Gain on Sale of Investments | | 19,287 | | 19,287 |
| | 386,831 | 162,224 | | 549,055 |
| Total Revenues | 8,721,265 | 10,132,878 | 4,941,556 | 23,795,699 |
| Expenditures | | | | |
| Debt Service | | | | |
| Principal | 6,045,000 | 4,440,000 | 3,389,000 | 13,874,000 |
| Interest | 4,586,896 | 5,723,482 | 1,469,968 | 11,780,346 |
| Total Expenditures | 10,631,896 | 10,163,482 | 4,858,968 | 25,654,346 |
| Excess (Deficiency) of Revenues Over Expenditures | (1,910,631) | (30,604) | 82,588 | (1,858,647) |
| Other Sources (Uses) | | | | |
| Operating Transfer In | | | 18,118 | 18,118 |
| Proceeds of Refunding Bonds | 23,686,893 | 29,237,149 | | 52,924,042 |
| Payment to Refunded Bond Escrow Agent | (23,686,893) | (29,208,395) | | (52,895,288) |
| Total Other Sources (Uses) | | 28,754 | 18,118 | 46,872 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (1,910,631) | (1,850) | 100,706 | (1,811,775) |
| Fund Balances July 1, 1992 | 4,931,821 | 5,670,797 | 738,726 | 11,341,344 |
| Fund Balances June 30, 1993 | \$3,021,190 | \$5,668,947 | \$839,432 | \$9,529,569 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE FUNDS

EXHIBIT D-3

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | GENERAL OBLIGATION | | | MUNICIPAL PROPERTY CORPORATION | | | SPECIAL ASSESSMENTS | | | TOTALS (MEMORANDUM ONLY) | | |
|--|--------------------|-------------|--|--------------------------------|-------------|--|---------------------|-------------|--|-----------------------------|-------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| Revenues | | | | | | | | | | | | |
| Taxes - Local | | | | | | | | | | | | |
| Property | \$8,806,586 | \$6,334,434 | (\$472,152) | \$ | \$ | \$ | \$ | \$ | \$ | \$8,806,586 | \$6,334,434 | (\$472,152) |
| Transaction Privilege | | | | 10,492,230 | 9,970,654 | (521,576) | | | | 10,492,230 | 9,970,654 | (521,576) |
| | 8,806,586 | 6,334,434 | (472,152) | 10,492,230 | 9,970,654 | (521,576) | | | | 19,298,816 | 16,305,088 | (993,728) |
| Special Assessments | | | | | | | 4,869,857 | 4,941,556 | 71,699 | 4,869,857 | 4,941,556 | 71,699 |
| Use of Money and Property | | | | | | | | | | | | |
| Interest Earnings | 372,000 | 386,831 | 14,831 | 507,000 | 142,937 | (364,063) | | | | 879,000 | 529,768 | (349,232) |
| Total Revenues | 9,178,586 | 6,721,265 | (457,321) | 10,999,230 | 10,113,591 | (885,639) | 4,869,857 | 4,941,556 | 71,699 | 25,047,673 | 23,776,412 | (1,271,261) |
| Expenditures | | | | | | | | | | | | |
| Debt Service | | | | | | | | | | | | |
| Principal | 2,665,000 | 2,545,000 | 120,000 | 3,605,000 | 4,440,000 | (835,000) | 3,389,000 | 3,389,000 | | 9,659,000 | 10,374,000 | (715,000) |
| Interest | 6,328,836 | 4,398,577 | 1,930,259 | 7,394,230 | 5,708,077 | 1,686,153 | 1,480,657 | 1,469,968 | 10,889 | 15,203,923 | 11,576,622 | 3,627,301 |
| Total Expenditures | 8,993,836 | 6,943,577 | 2,050,259 | 10,999,230 | 10,148,077 | 851,153 | 4,869,857 | 4,858,968 | 10,889 | 24,862,923 | 21,950,622 | 2,912,301 |
| Excess (Deficiency) of Revenues Over Expenditures | 184,750 | 1,777,688 | 1,592,938 | | (34,466) | (34,466) | | 82,588 | 82,588 | 184,750 | 1,825,790 | 1,641,040 |
| Other Sources (Uses) | | | | | | | | | | | | |
| Transfers In | | | | | | | 18,118 | 18,118 | | | 18,118 | 18,118 |
| Transfers Out | (362,882) | (188,319) | 174,563 | | | | | | | (362,882) | (188,319) | 174,563 |
| Transfer to Sinking Fund | | (1,341,359) | (1,341,359) | | | | | | | | (1,341,359) | (1,341,359) |
| Total Other Sources (Uses) | (362,882) | (1,529,678) | (1,166,796) | | | | | 18,118 | 18,118 | (362,882) | (1,511,560) | (1,148,676) |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (178,132) | 248,010 | 426,142 | | (34,466) | (34,466) | | 100,706 | 100,706 | (178,132) | 314,230 | 492,362 |
| Fund Balances (Deficits) | | | | | | | | | | | | |
| July 1, 1992 | 178,132 | 2,773,180 | 2,595,048 | | 2,510,521 | 2,510,521 | | (520,754) | (520,754) | 178,132 | 4,762,947 | 4,584,815 |
| Fund Balances (Deficits) June 30, 1993 | \$ | \$3,021,190 | \$3,021,190 | \$ | \$2,476,035 | \$2,476,035 | \$ | (\$420,046) | (\$420,046) | \$ | \$5,077,177 | \$5,077,177 |

CAPITAL PROJECTS FUNDS

A capital projects fund is established to account for the resources expended to acquire assets of a relatively permanent nature. (Special revenue and enterprise fund resources are not included in this category.) These funds evolved from the need for special accounting for bond proceeds, dedicated revenues, and contributions for the acquisition of capital assets.

A capital projects fund provides a formal mechanism which enables administrators to ensure that revenue designated for certain purposes is properly used. A capital projects fund further enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

Capital projects funds utilized by the City of Scottsdale are:

General Obligation Bond Construction Fund - accounts for the proceeds of the sale of 1989 General Obligation Bonds, which are used for authorized capital improvements.

Special Assessment Bond Construction Fund - accounts for the proceeds of Special Assessment Bonds issued for construction of capital improvements within individual improvement districts.

Transaction Privilege Tax Fund - accounts for an authorized .2% increase of transaction privilege tax dedicated to transportation capital improvements.

All Other Construction Fund - accounts for pay-as-you-go capital improvement revenues and expenditures.

CITY OF SCOTTSDALE, ARIZONA

CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1993

EXHIBIT E-1

| | GENERAL OBLIGATION BOND CONSTRUCTION | SPECIAL ASSESSMENT BOND CONSTRUCTION | TRANSACTION PRIVILEGE TAX | ALL OTHER CONSTRUCTION | TOTAL ALL FUNDS |
|--|---|---|------------------------------|---------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and Short-Term Investments | \$8,582,481 | \$593,844 | \$9,858,619 | \$8,683,425 | \$27,718,369 |
| Receivables | | | | | |
| Accrued Interest | 65,024 | 8,379 | | 64,703 | 138,106 |
| Miscellaneous | | | | 105,000 | 105,000 |
| Total Assets | \$8,647,505 | \$602,223 | \$9,858,619 | \$8,853,128 | \$27,961,475 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$731,734 | \$240,958 | \$120,080 | \$1,324,707 | \$2,417,479 |
| Accrued Payroll | 26,415 | 623 | 3,045 | 4,461 | 34,544 |
| Due to Water Fund | | | | 12,080,562 | 12,080,562 |
| Other | 438,651 | 114,056 | | | 552,707 |
| Total Liabilities | 1,196,800 | 355,637 | 123,125 | 13,409,730 | 15,085,292 |
| Fund Balances | | | | | |
| Reserved for Encumbrances | 10,204,444 | 82,940 | 1,043,732 | 1,157,516 | 12,488,632 |
| Unreserved | (2,753,739) | 163,646 | 8,691,762 | (5,714,118) | 387,551 |
| Total Fund Balances | 7,450,705 | 246,586 | 9,735,494 | (4,556,602) | 12,876,183 |
| Total Liabilities and Fund Balances | \$8,647,505 | \$602,223 | \$9,858,619 | \$8,853,128 | \$27,961,475 |

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, 1993

| | GENERAL OBLIGATION BOND CONSTRUCTION | SPECIAL ASSESSMENT BOND CONSTRUCTION | TRANSACTION PRIVILEGE TAX | ALL OTHER CONSTRUCTION | TOTAL ALL FUNDS |
|--|---|---|------------------------------|---------------------------|-----------------------|
| Revenues | | | | | |
| Transaction Privilege Tax | \$ | \$ | \$6,226,443 | \$ | \$6,226,443 |
| Use of Money and Property | 607,680 | 78,307 | | 604,680 | 1,290,667 |
| Other | | 992,323 | | 1,045,273 | 2,037,596 |
| Total Revenue | 607,680 | 1,070,630 | 6,226,443 | 1,649,953 | 9,554,706 |
| Expenditures | | | | | |
| Capital Improvements | 24,597,850 | 4,553,489 | 3,148,710 | 10,492,555 | 42,792,604 |
| Excess (Deficiency) of Revenue Over Expenditures | (23,990,170) | (3,482,859) | 3,077,733 | (8,842,602) | (33,237,898) |
| Other Sources (Uses) | | | | | |
| Bond Proceeds | 19,000,000 | 2,850,000 | | | 21,850,000 |
| Operating Transfer In | | | | 1,338,224 | 1,338,224 |
| Operating Transfer Out | (950,000) | (18,118) | | | (968,118) |
| Total Other Sources (Uses) | 18,050,000 | 2,831,882 | | 1,338,224 | 22,220,106 |
| Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses | (5,940,170) | (650,977) | 3,077,733 | (7,504,378) | (11,017,792) |
| Fund Balances July 1, 1992 | 13,390,875 | 897,694 | 6,657,761 | 2,500,345 | 23,446,675 |
| Residual Equity Transfer In | | | | 1,042,831 | 1,042,831 |
| Residual Equity Transfer Out | | (131) | | (595,400) | (595,531) |
| Fund Balances June 30, 1993 | \$7,450,705 | \$246,586 | \$9,735,494 | (\$4,556,602) | \$12,876,183 |

SEE NOTES TO FINANCIAL STATEMENTS

CAPITAL PROJECTS FUNDS

EXHIBIT E-3

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | PERSONAL SERVICES | OTHER SERVICES | SUPPLIES | CAPITAL OUTLAY | TOTAL |
|--|----------------------|-------------------|------------------|---------------------|---------------------|
| General Obligation Bond Construction Fund Capital Improvements | \$998,269 | \$207,969 | \$145,422 | \$23,246,190 | \$24,597,850 |
| Special Assessment Bond Construction Fund Capital Improvements | 57,794 | 131,306 | 26 | 4,364,363 | 4,553,489 |
| Transaction Privilege Tax Capital Improvements | 98,404 | 162,900 | 4,261 | 2,883,145 | 3,148,710 |
| All Other Construction Fund Capital Improvements | 77,659 | 160,442 | 7,174 | 10,247,280 | 10,492,555 |
| Total Expenditures | <u>\$1,232,126</u> | <u>\$662,617</u> | <u>\$156,883</u> | <u>\$40,740,978</u> | <u>\$42,792,604</u> |

ENTERPRISE FUNDS

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

Water and Sewer Utility Fund

The water and sewer utility fund was established for control of the operating revenue and expenses of the City's water and sewer utility. Although a program of the City government, the utility is operated as a separate enterprise, and the accounting records are maintained on an enterprise fund basis. Accordingly, the account classifications used are designed specifically for the water and sewer operations.

Airport Fund

The airport fund was established for control of the operating revenue and expenses of the City's airport. Airport fund accounts are maintained on an enterprise fund basis with account classifications designed specifically for airport operations.

Public Housing Fund

The public housing fund was established to provide low cost housing for families displaced by the Neighborhood Development Project of the City and is operated as an enterprise of the City. In fiscal year 1985, all the housing units were sold.

Sanitation Fund

The sanitation fund was established July 1, 1989, for control of the operating revenue and expenses related to the City's sanitation services (solid waste, brush removal, container maintenance, etc.). Although a program of the City government, the fund is operated as a separate enterprise. Sanitation fund accounts are maintained on an enterprise fund basis with account classifications designed specifically for its operations.

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-1

COMBINING BALANCE SHEET

JUNE 30, 1993

| | WATER AND SEWER UTILITY | AIRPORT | PUBLIC HOUSING | SANITATION | TOTAL ALL FUNDS |
|---|-------------------------------|---------------------|-------------------|--------------------|-----------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and Short-Term Investments | \$6,698,729 | \$457,554 | \$ | \$ | \$7,156,283 |
| Cash with Fiscal Agents | 3,511,786 | | | | 3,511,786 |
| Receivables | | | | | |
| Accrued Interest | 194,927 | | | 3,224 | 198,151 |
| Accounts | 4,447,829 | | | 911,000 | 5,358,829 |
| Miscellaneous | 573,179 | 60,288 | | 36,139 | 669,606 |
| Due From Capital Projects Funds | 12,080,562 | | | | 12,080,562 |
| Total Current Assets | 27,507,012 | 517,842 | | 950,363 | 28,975,217 |
| Restricted Cash, Investments, and Receivables | | | | | |
| Revenue Bond Reserves | 2,454,431 | | | | 2,454,431 |
| Water and Sewer Replacement Reserve | 6,666,532 | | | | 6,666,532 |
| Scottsdale Water Service Company Replacement Reserve | 300,000 | | | | 300,000 |
| Acquisition and Construction Reserve | | | | | |
| Bond Proceeds | 4,174,011 | | | | 4,174,011 |
| Development Fees | 22,467,585 | | | | 22,467,585 |
| Notes Receivable | | | 9,789 | | 9,789 |
| | 36,062,559 | | 9,789 | | 36,072,348 |
| Property, Plant, and Equipment | | | | | |
| Land and Land Improvements | 2,524,950 | 14,047,949 | | | 16,572,899 |
| Water Rights | 20,289,136 | | | | 20,289,136 |
| Water System | 154,010,925 | | | | 154,010,925 |
| Sewer System | 91,458,698 | | | | 91,458,698 |
| Buildings and Improvements | | 1,244,044 | | 363,556 | 1,607,600 |
| Furniture and Fixtures | 431,535 | 27,548 | | 11,001 | 470,084 |
| Machinery and Equipment | 629,805 | 139,458 | | 485,516 | 1,254,779 |
| Construction in Progress | 20,347,591 | 453,570 | | | 20,801,161 |
| | 289,692,640 | 15,912,569 | | 860,073 | 306,465,282 |
| Accumulated Depreciation | (53,922,351) | (4,576,088) | | (228,952) | (58,727,391) |
| | 235,770,289 | 11,336,481 | | 631,121 | 247,737,891 |
| Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,374,841 | | | | | |
| | 546,417 | | | | 546,417 |
| Total Assets | \$299,886,277 | \$11,854,323 | \$9,789 | \$1,581,484 | \$313,331,873 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1993

EXHIBIT F-1
 (CONT'D)

| | WATER AND SEWER UTILITY | AIRPORT | PUBLIC HOUSING | SANITATION | TOTAL ALL FUNDS |
|---|-------------------------------|---------------------|-------------------|--------------------|-----------------------|
| LIABILITIES AND FUND EQUITY | | | | | |
| Current Liabilities (Payable from Current Assets) | | | | | |
| Accounts Payable | \$1,409,635 | \$12,110 | \$ | \$143,048 | \$1,564,793 |
| Accrued Payroll | 457,319 | 42,117 | | 241,568 | 741,004 |
| Due To General Fund | | | | 94,613 | 94,613 |
| Contracts Payable - Current Portion | 258,525 | | | | 258,525 |
| Total | 2,125,479 | 54,227 | | 479,229 | 2,658,935 |
| Current Liabilities (Payable from Restricted Assets) | | | | | |
| Bonds Interest Payable | 1,285,802 | | | | 1,285,802 |
| Bonds Payable - Current Portion | 2,220,000 | | | | 2,220,000 |
| Total | 3,505,802 | | | | 3,505,802 |
| Total Current Liabilities | 5,631,281 | 54,227 | | 479,229 | 6,164,737 |
| Other Liabilities | | | | | |
| Deferred Revenue | 1,191,465 | | | | 1,191,465 |
| Customer Advances and Deposits | 904,916 | | | | 904,916 |
| Other | | | | | |
| Arbitrage Interest | 121,869 | | | | 121,869 |
| Unearned Grant Revenue (Payable from Restricted Notes Receivable) | | | 9,789 | | 9,789 |
| Total Other | 121,869 | | 9,789 | | 131,658 |
| Total Other Liabilities | 2,218,250 | | 9,789 | | 2,228,039 |
| Long-Term Debt (Net of Current Portion) | | | | | |
| Bonds Payable | 55,375,000 | | | | 55,375,000 |
| Total | 55,375,000 | | | | 55,375,000 |
| Total Liabilities | 63,224,531 | 54,227 | 9,789 | 479,229 | 63,767,776 |
| Fund Equity | | | | | |
| Contributed Capital | 182,678,552 | 16,362,752 | | 477,808 | 199,519,112 |
| Less Depreciation | (23,511,198) | (4,608,485) | | | (28,119,683) |
| Net Contributed Capital | 159,167,354 | 11,754,267 | | 477,808 | 171,399,429 |
| Retained Earnings | | | | | |
| Reserved for | | | | | |
| Revenue Bond Retirement | 2,454,431 | | | | 2,454,431 |
| Water and Sewer System Replacement | 6,966,533 | | | | 6,966,533 |
| Acquisition and Construction | 26,641,596 | | | | 26,641,596 |
| Unreserved | 41,431,832 | 45,829 | | 624,447 | 42,102,108 |
| Total Retained Earnings | 77,494,392 | 45,829 | | 624,447 | 78,164,668 |
| Total Fund Equity | 236,661,746 | 11,800,096 | | 1,102,255 | 249,564,097 |
| Total Liabilities and Fund Equity | \$299,886,277 | \$11,854,323 | \$9,789 | \$1,581,484 | \$313,331,873 |

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, 1993

| | WATER AND SEWER UTILITY | AIRPORT | SANITATION | TOTAL ALL FUNDS |
|---|-------------------------------|-----------|------------|-----------------------|
| Operating Revenues | | | | |
| Water Service Fees | \$28,570,614 | \$ | \$ | \$28,570,614 |
| Sewer Service Fees | 7,681,358 | | | 7,681,358 |
| Planet Ranch | 466,221 | | | 466,221 |
| Sanitation Fees | | | 7,832,385 | 7,832,385 |
| Airport Fees | | 580,273 | | 580,273 |
| Total Operating Revenues | 36,718,193 | 580,273 | 7,832,385 | 45,130,851 |
| Operating Expenses | | | | |
| Water Operations | 16,530,883 | | | 16,530,883 |
| Sewer Operations | 3,490,024 | | | 3,490,024 |
| Sanitation Operations | | | 6,302,202 | 6,302,202 |
| Airport Operations | | 674,793 | | 674,793 |
| Depreciation and Amortization | 6,750,017 | 494,162 | 39,834 | 7,284,013 |
| Indirect Cost | 3,551,707 | 295,745 | 1,024,380 | 4,871,832 |
| In Lieu Property Tax | 651,974 | 30,479 | | 682,453 |
| Franchise Fee | 1,889,150 | | | 1,889,150 |
| Total Operating Expenses | 32,863,755 | 1,495,179 | 7,366,416 | 41,725,350 |
| Operating Income (Loss) | 3,854,438 | (914,906) | 465,969 | 3,405,501 |
| Non-Operating Revenues (Expenses) | | | | |
| Interest Earnings | 1,816,345 | | 30,126 | 1,846,471 |
| Interest Expense | (1,578,642) | | | (1,578,642) |
| Net Non-Operating Revenues (Expenses) | 237,703 | | 30,126 | 267,829 |
| Operating Transfer In | 250,000 | 413,278 | | 663,278 |
| Operating Transfer Out | | | (127,000) | (127,000) |
| Net Income (Loss) | 4,342,141 | (501,628) | 369,095 | 4,209,608 |
| Add Depreciation On Fixed Assets Acquired By Contributed Capital | 2,884,323 | 494,162 | | 3,378,485 |
| Increase (Decrease) in Retained Earnings | 7,226,464 | (7,466) | 369,095 | 7,588,093 |
| Retained Earnings July 1, 1992 | 70,267,928 | 53,295 | 255,352 | 70,576,575 |
| Retained Earnings June 30, 1993 | \$77,494,392 | \$45,829 | \$624,447 | \$78,164,668 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-3

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | WATER AND SEWER UTILITY | AIRPORT | PUBLIC HOUSING | SANITATION | TOTAL ALL FUNDS |
|---|-------------------------------|-------------|-------------------|------------|-----------------------|
| Cash Flows From Operating Activities: | | | | | |
| Operating Income (Loss) | \$3,854,438 | (\$914,906) | \$ | \$465,969 | \$3,405,501 |
| Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided by (Used for) Operating Activities: | | | | | |
| Depreciation | 6,669,156 | 494,162 | | 39,834 | 7,203,152 |
| Amortization | 80,861 | | | | 80,861 |
| Changes In Assets and Liabilities (Sources (Uses) of Cash): | | | | | |
| Accounts Receivable | (307,288) | | | (129,942) | (437,230) |
| Miscellaneous Receivables | (59,502) | | | (14,076) | (73,578) |
| Accounts Payable | (2,029,006) | 752,066 | | 55,050 | (1,221,890) |
| Accrued Payroll | 45,539 | 10,051 | | 41,638 | 97,228 |
| Due To General Fund | | 8,815 | | (346,111) | (337,296) |
| Deferred Revenue | 430,740 | (562,983) | | | (132,243) |
| Other Liabilities | (1,717,517) | | | | (1,717,517) |
| Due From Capital Projects Funds | (5,921,621) | | | | (5,921,621) |
| Total Adjustments | (2,808,638) | 702,111 | | (353,607) | (2,460,134) |
| Net Cash Provided By (Used For) Operating Activities | 1,045,800 | (212,795) | | 112,362 | 945,367 |
| Cash Flows from Non-Capital Financing Activities: | | | | | |
| Operating Transfers In (Out) | 250,000 | 413,278 | | (127,000) | 536,278 |
| Cash Flows From Capital and Related Financing Activities: | | | | | |
| Acquisition and Construction Of Property and Equipment | (15,443,609) | (430,228) | | (20,978) | (15,894,815) |
| Principal Payments On Long-Term Debt | (2,187,936) | | | | (2,187,936) |
| Interest Paid on Long-Term Debt | (2,217,393) | | | | (2,217,393) |
| Capital Contributions From Other Government Units | | 687,120 | | | 687,120 |
| Water and Sewer Development Fees | 10,040,502 | | | | 10,040,502 |
| Capital Contributions from Developers | 3,375,479 | | | | 3,375,479 |
| Proceeds from Sale of Bonds | 37,791,373 | | | | 37,791,373 |
| Principal Deletion of Refunded Debt | (32,791,373) | | | | (32,791,373) |
| Net Cash Provided By (Used For) Capital and Related Financing Activities | (1,432,957) | 256,892 | | (20,978) | (1,197,043) |
| Cash Flows From Investing Activities | | | | | |
| Interest Received On Investments | 2,032,238 | 179 | | 35,616 | 2,068,033 |
| Net Increase In Cash and Cash Equivalents | 1,895,081 | 457,554 | | | 2,352,635 |
| Cash and Cash Equivalents At Beginning Of Year | 44,377,993 | | | | 44,377,993 |
| Cash and Cash Equivalents At End Of Year | \$46,273,074 | \$457,554 | \$ | \$ | \$46,730,628 |

SEE NOTES TO FINANCIAL STATEMENTS

CITY OF SCOTTSDALE, ARIZONA

ENTERPRISE FUNDS

EXHIBIT F-3
(CONT'D)

COMBINING STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | WATER AND SEWER UTILITY | AIRPORT | PUBLIC HOUSING | SANITATION | TOTAL ALL FUNDS |
|---|-------------------------------|------------------|-------------------|------------|-----------------------|
| Cash and Cash Equivalents at End of Year Includes | | | | | |
| Cash and Short-Term Investments | \$6,698,729 | \$457,554 | \$ | \$ | \$7,156,283 |
| Cash with Fiscal Agents | 3,511,786 | | | | 3,511,786 |
| Restricted Cash and Investments | 36,062,559 | | 9,789 | | 36,072,348 |
| Less Note Receivable | | | (9,789) | | (9,789) |
| Total Cash and Cash Equivalents | <u>\$46,273,074</u> | <u>\$457,554</u> | <u>\$</u> | <u>\$</u> | <u>\$46,730,628</u> |
| Supplemental Disclosure Of Noncash Financing Activities: | | | | | |
| Additions To Property, Plant, and Equipment | | | | | |
| Contributions From Developers | \$8,280,115 | \$ | \$ | \$ | \$8,280,115 |
| Contributions From Other Government Units | | 595,400 | | | 595,400 |
| Contributions To Other Government Units | (605,000) | | | | (605,000) |
| | <u>\$7,675,115</u> | <u>\$595,400</u> | <u>\$</u> | <u>\$</u> | <u>\$8,270,515</u> |

SEE NOTES TO FINANCIAL STATEMENTS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | WATER AND SEWER UTILITY | | | AIRPORT | | | SANITATION | | | TOTALS | | |
|--|-------------------------|--------------------|----------------------------------|-------------------|-------------------|----------------------------------|-------------------|------------------|----------------------------------|--------------------|--------------------|----------------------------------|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| Revenues | | | | | | | | | | | | |
| Water Service Fees | \$28,058,000 | \$28,820,615 | \$762,615 | \$ | \$ | \$ | \$ | \$ | \$ | \$28,058,000 | \$28,820,615 | \$762,615 |
| Water Resources Fees | 3,900,000 | 4,250,911 | 350,911 | | | | | | | 3,900,000 | 4,250,911 | 350,911 |
| Sewer Service Fees | 8,000,000 | 7,681,358 | (318,642) | | | | | | | 8,000,000 | 7,681,358 | (318,642) |
| Planet Ranch | 425,000 | 466,221 | 41,221 | | | | | | | 425,000 | 466,221 | 41,221 |
| Sanitation Fees | | | | | | | 7,831,000 | 7,832,385 | 1,385 | 7,831,000 | 7,832,385 | 1,385 |
| Airport Fees | | | | 700,000 | 580,273 | (119,727) | | | | 700,000 | 580,273 | (119,727) |
| Interest Earnings | 600,000 | 816,941 | 216,941 | | | | | 30,126 | 30,126 | 600,000 | 847,067 | 247,067 |
| Operating Transfer | | | | 273,956 | 413,278 | 139,322 | | | | 273,956 | 413,278 | 139,322 |
| Total Revenues | 40,983,000 | 42,036,046 | 1,053,046 | 973,956 | 993,551 | 19,595 | 7,831,000 | 7,862,511 | 31,511 | 49,787,956 | 50,892,108 | 1,104,152 |
| Expenditures | | | | | | | | | | | | |
| Water Operations | 17,674,305 | 18,804,412 | 869,893 | | | | | | | 17,674,305 | 18,804,412 | 869,893 |
| Sewer Operations | 3,587,543 | 3,486,751 | 100,792 | | | | | | | 3,587,543 | 3,486,751 | 100,792 |
| Sanitation Operations | | | | | | | 6,776,691 | 6,317,105 | 459,586 | 6,776,691 | 6,317,105 | 459,586 |
| Airport Operations | | | | 684,581 | 697,214 | (2,633) | | | | 684,581 | 697,214 | (2,633) |
| Debt Service and Reserves | 7,495,855 | 6,444,093 | 1,051,762 | | | | | | | 7,495,855 | 6,444,093 | 1,051,762 |
| Operating Transfer | | | | | | | 127,000 | 127,000 | | | 127,000 | |
| Indirect Cost | 6,092,841 | 6,092,841 | | 326,214 | 326,214 | | 1,024,380 | 1,024,380 | | 7,443,435 | 7,443,435 | |
| Total Expenditures | 34,850,544 | 32,828,097 | 2,022,447 | 1,020,795 | 1,023,428 | (2,633) | 7,928,071 | 7,468,485 | 459,586 | 43,799,410 | 41,320,010 | 2,479,400 |
| Excess (Deficiency) of Revenues Over Expenditures | \$6,132,456 | \$9,207,949 | \$3,075,493 | (\$46,839) | (\$29,877) | \$16,962 | (\$97,071) | \$394,026 | \$491,097 | \$5,988,546 | \$9,572,098 | \$3,563,552 |



INTERNAL SERVICE FUNDS

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

Motor Pool Fund

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

Self-Insurance Fund

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

INTERNAL SERVICE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1993

EXHIBIT G-1

| | MOTOR POOL | SELF INSURANCE | TOTAL ALL FUNDS |
|---|---------------------|--------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Short-Term Investments | \$2,351,652 | \$3,681,241 | \$6,032,893 |
| Receivables | | | |
| Accrued Interest | 12,353 | 18,782 | 31,135 |
| Miscellaneous | 17,389 | 32,924 | 50,313 |
| Supplies Inventory | 270,602 | | 270,602 |
| Total Current Assets | 2,651,996 | 3,732,947 | 6,384,943 |
| Property, Plant, and Equipment | | | |
| Buildings and Improvements | 1,425,580 | | 1,425,580 |
| Motor Vehicles | 14,910,373 | | 14,910,373 |
| Machinery and Equipment | 1,018,316 | | 1,018,316 |
| Furniture, Fixtures, and Office Equipment | 16,831 | 40,992 | 57,823 |
| Construction in Progress | 696,268 | | 696,268 |
| | 18,067,368 | 40,992 | 18,108,360 |
| Accumulated Depreciation | (9,974,469) | (20,881) | (9,995,350) |
| | 8,092,899 | 20,111 | 8,113,010 |
| Total Assets | \$10,744,895 | \$3,753,058 | \$14,497,953 |
| LIABILITIES AND FUND EQUITY | | | |
| Current Liabilities | | | |
| Accounts Payable | \$12,684 | \$1,542 | \$14,226 |
| Accrued Payroll | 199,446 | 34,977 | 234,423 |
| Claims Payable | | 4,775,631 | 4,775,631 |
| Total Current Liabilities | 212,130 | 4,812,150 | 5,024,280 |
| Fund Equity | | | |
| Contributed Capital | 8,708,051 | 1,983,088 | 10,691,139 |
| Retained Earnings (Accumulated Deficit) | 1,824,714 | (3,042,180) | (1,217,466) |
| Net Fund Equity | 10,532,765 | (1,059,092) | 9,473,673 |
| Total Liabilities and Fund Equity | \$10,744,895 | \$3,753,058 | \$14,497,953 |

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, 1993

| | MOTOR POOL | SELF INSURANCE | TOTAL ALL FUNDS |
|--|--------------------|----------------------|-----------------------|
| Operating Revenues | | | |
| Billings To User Programs | \$5,756,748 | \$2,365,117 | \$8,121,865 |
| Other | 49,157 | 7,368 | 56,525 |
| Total Operating Revenues | 5,805,905 | 2,372,485 | 8,178,390 |
| Operating Expenses | | | |
| Motor Pool Operations | 3,983,740 | | 3,983,740 |
| Self-Insurance Administration | | 1,002,271 | 1,002,271 |
| Self-Insurance Claims | | 2,831,961 | 2,831,961 |
| Depreciation | 1,553,423 | 2,764 | 1,556,187 |
| Total Operating Expenses | 5,537,163 | 3,836,996 | 9,374,159 |
| Operating Income (Loss) | 268,742 | (1,464,511) | (1,195,769) |
| Non-Operating Revenues/ Operating Transfers | | | |
| Interest Earnings | 115,442 | 175,525 | 290,967 |
| Operating Transfer In | 336,000 | 200,000 | 536,000 |
| Total Non-Operating Revenues/ Operating Transfers | 451,442 | 375,525 | 826,967 |
| Net Income (Loss) | 720,184 | (1,088,986) | (368,802) |
| Retained Earnings (Accumulated Deficit) July 1, 1992 | 1,104,530 | (1,953,194) | (848,664) |
| Retained Earnings (Accumulated Deficit) June 30, 1993 | \$1,824,714 | (\$3,042,180) | (\$1,217,466) |

SEE NOTES TO FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT G-3

| | MOTOR POOL | SELF INSURANCE | TOTAL ALL FUNDS |
|---|---------------|-------------------|-----------------------|
| Cash Flows From Operating Activities: | | | |
| Operating Income (Loss) | \$268,742 | (\$1,464,511) | (\$1,195,769) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | |
| Depreciation | 1,553,423 | 2,764 | 1,556,187 |
| Changes in Assets and Liabilities (Sources (Uses) of Cash): | | | |
| Miscellaneous Receivables | (12,547) | (6,286) | (18,833) |
| Supplies Inventory | (11,298) | | (11,298) |
| Accounts Payable | (2,551) | (4,590) | (7,141) |
| Accrued Payroll | 18,879 | 6,615 | 25,494 |
| Claims Payable – Reported | | (1,554,948) | (1,554,948) |
| Claims Payable – Unreported | | 2,239,300 | 2,239,300 |
| Total Adjustments | 1,545,906 | 682,855 | 2,228,761 |
| Net Cash Provided by (Used for) Operating Activities | 1,814,648 | (781,656) | 1,032,992 |
| Cash Flows From Non-Capital Financing Activities: | | | |
| Operating Transfer | 336,000 | 200,000 | 536,000 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| Acquisition and Construction of Property and Equipment | (2,399,011) | (8,655) | (2,407,666) |
| Capital Contributions from Other Governmental Units | 10,255 | | 10,255 |
| Net Cash Used for Capital and Related Financing Activities | (2,388,756) | (8,655) | (2,397,411) |
| Cash Flows From Investing Activities: | | | |
| Interest Received On Investments | 129,797 | 196,565 | 326,362 |
| Net Decrease in Cash and Cash Equivalents | (108,311) | (393,746) | (502,057) |
| Cash and Cash Equivalents at Beginning of Year | 2,459,963 | 4,074,987 | 6,534,950 |
| Cash and Cash Equivalents at End of Year | \$2,351,652 | \$3,681,241 | \$6,032,893 |

SEE NOTES TO FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

EXHIBIT G-4

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | MOTOR POOL | | | SELF INSURANCE | | | TOTALS | | |
|---|---------------|-------------|--|----------------|-------------|--|---------------|---------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| Revenues | | | | | | | | | |
| Billings To User Programs | \$5,676,000 | \$5,756,748 | \$80,748 | \$2,339,000 | \$2,365,117 | \$26,117 | \$8,015,000 | \$8,121,865 | \$106,865 |
| Contributions from Municipality | 336,000 | 336,000 | | 200,000 | 200,000 | | 536,000 | 536,000 | |
| Interest Earnings | 85,000 | 115,442 | 30,442 | 200,000 | 175,525 | (24,475) | 285,000 | 290,967 | 5,967 |
| Other | | 49,157 | 49,157 | | 7,368 | 7,368 | | 56,525 | 56,525 |
| Total Revenues | 6,097,000 | 6,257,347 | 160,347 | 2,739,000 | 2,748,010 | 9,010 | 8,836,000 | 9,005,357 | 169,357 |
| Expenditures | | | | | | | | | |
| Motor Pool Operations | 7,659,906 | 7,146,482 | 513,424 | | | | 7,659,906 | 7,146,482 | 513,424 |
| Self Insurance Operations | | | | 3,128,208 | 3,171,104 | (42,896) | 3,128,208 | 3,171,104 | (42,896) |
| Total Expenditures | 7,659,906 | 7,146,482 | 513,424 | 3,128,208 | 3,171,104 | (42,896) | 10,788,114 | 10,317,586 | 470,528 |
| Deficiency of Revenues Over Expenditures | (\$1,562,906) | (\$889,135) | \$673,771 | (\$389,208) | (\$423,094) | (\$33,886) | (\$1,952,114) | (\$1,312,229) | \$639,885 |

SEE NOTES TO FINANCIAL STATEMENTS



TRUST AND AGENCY FUNDS

The trust and agency funds are established to administer resources received and held by a governmental unit 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 Trusts Fund

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

Nonexpendable Trust Fund

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

Deferred Compensation Agency Fund

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

TRUST AND AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1993

EXHIBIT H-1

| | EXPENDABLE TRUSTS | NONEXPENDABLE TRUST | DEFERRED COMPENSATION AGENCY | TOTAL ALL FUNDS |
|--|----------------------|------------------------|------------------------------------|-----------------------|
| ASSETS | | | | |
| Cash and Short-Term Investments | \$5,126,232 | \$184,658 | \$ | \$5,310,890 |
| Investments | | | 6,093,985 | 6,093,985 |
| Accrued Interest | 13,944 | | | 13,944 |
| Miscellaneous Receivables | 213 | | | 213 |
| Total Assets | \$5,140,389 | \$184,658 | \$6,093,985 | \$11,419,032 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts Payable | \$5,049 | \$ | \$ | \$5,049 |
| Designated Deferred Compensation Benefits | | | 6,093,985 | 6,093,985 |
| Guaranty and Other Deposits | 1,270,001 | | | 1,270,001 |
| Total Liabilities | 1,275,050 | | 6,093,985 | 7,369,035 |
| Fund Balances | | | | |
| Reserved for Encumbrances | 32,125 | 457 | | 32,582 |
| Reserved for Library Acquisitions | | 184,201 | | 184,201 |
| Unreserved | 3,833,214 | | | 3,833,214 |
| Total Fund Balances | 3,865,339 | 184,658 | | 4,049,997 |
| Total Liabilities and Fund Balances | \$5,140,389 | \$184,658 | \$6,093,985 | \$11,419,032 |

SEE NOTES TO FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

EXHIBIT H-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – EXPENDABLE TRUSTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | <u>EXPENDABLE TRUSTS</u> |
|---|------------------------------|
| Revenues | |
| Interest Earnings | \$122,526 |
| Other | <u>1,310,324</u> |
| Total Revenues | 1,432,850 |
| Expenditures | |
| Expendable Trusts | <u>1,212,736</u> |
| Excess of Revenues Over Expenditures | 220,114 |
| Other Sources | |
| Operating Transfers In | <u>300,000</u> |
| Excess of Revenues and Other Sources Over Expenditures | 520,114 |
| Fund Balance July 1, 1992 | 3,782,925 |
| Residual Equity Transfer Out | <u>(437,700)</u> |
| Fund Balance June 30, 1993 | <u><u>\$3,865,339</u></u> |

SEE NOTES TO FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

EXHIBIT H-3

SCHEDULE OF EXPENDITURES BY OBJECT - EXPENDABLE TRUSTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | <u>PERSONAL SERVICES</u> | <u>OTHER SERVICES</u> | <u>SUPPLIES</u> | <u>CAPITAL OUTLAY</u> | <u>TOTAL</u> |
|-------------------|------------------------------|---------------------------|-----------------|---------------------------|--------------|
| Expendable Trusts | \$101,045 | \$625,150 | \$175,489 | \$311,052 | \$1,212,736 |

TRUST AND AGENCY FUNDS

EXHIBIT H-4

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND BALANCE – NONEXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | <u>NONEXPENDABLE TRUST</u> |
|----------------------------|--------------------------------|
| Operating Revenues | |
| Interest Earnings | \$7,785 |
| Operating Expenses | <u>8,044</u> |
| Operating Loss | (259) |
| Net Loss | (259) |
| Fund Balance July 1, 1992 | <u>184,917</u> |
| Fund Balance June 30, 1993 | <u><u>\$184,658</u></u> |

SEE NOTES TO FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

EXHIBIT H-5

STATEMENT OF CASH FLOWS – NONEXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | |
|--|----------------------------|
| Cash Flows From Operating Activities: | |
| Operating Income | <u> (\$259)</u> |
| Net Cash Used for Operating Activities | (259) |
| | |
| Net Decrease In Cash and Cash Equivalents | (259) |
| | |
| Cash and Cash Equivalents At Beginning Of Year | <u> 184,917</u> |
| | |
| Cash and Cash Equivalents At End Of Year | <u> \$184,658</u> |

TRUST AND AGENCY FUNDS

EXHIBIT H-6

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - DEFERRED COMPENSATION AGENCY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| | DEFERRED COMPENSATION AGENCY | | | |
|--|------------------------------|-------------|------------|--------------------------|
| | BALANCE JULY 1, 1992 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 1993 |
| ASSETS | | | | |
| Investments | \$4,927,656 | \$1,417,017 | \$250,688 | \$6,093,985 |
| Total Assets | \$4,927,656 | \$1,417,017 | \$250,688 | \$6,093,985 |
| LIABILITIES | | | | |
| Designated Deferred Compensation Benefits | \$4,927,656 | \$1,417,017 | \$250,688 | \$6,093,985 |
| Total Liabilities | \$4,927,656 | \$1,417,017 | \$250,688 | \$6,093,985 |

SEE NOTES TO FINANCIAL STATEMENTS



GENERAL FIXED ASSETS ACCOUNT GROUP

The general fixed assets account group is established for controlling the City's sizeable investment in fixed assets which are tangible assets of significant value having a utility which extends beyond a year. This control also allows establishing custodial responsibility for the assets. No depreciation is provided on such assets.

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

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
AS OF JUNE 30, 1993

EXHIBIT I-1

Property and Equipment

| | |
|----------------------------|------------------------|
| Land | \$43,590,570 |
| Buildings and Improvements | 141,918,668 |
| Streets and Storm Drains | 800,256,353 |
| Machinery and Equipment | 23,960,802 |
| Construction in Progress | <u>46,774,219</u> |
| Total General Fixed Assets | <u>\$1,056,500,612</u> |

Investment in General Fixed Assets From

| | |
|--|------------------------|
| General Fund | \$84,778,660 |
| Special Revenue Funds | 53,141,294 |
| Capital Projects Funds | 228,907,023 |
| Contributions | 657,391,149 |
| Improvement Districts | <u>32,282,486</u> |
| Total Investment in General Fixed Assets | <u>\$1,056,500,612</u> |

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY

EXHIBIT I-2

AS OF JUNE 30, 1993

| DEPARTMENT | LAND | BUILDINGS AND IMPROVEMENTS | STREETS AND STORM DRAIN | MACHINERY AND EQUIPMENT | TOTAL |
|--|---------------------|----------------------------------|-------------------------------|-------------------------------|------------------------|
| General Government | \$464,153 | \$953,031 | \$ | \$626,292 | \$2,043,476 |
| Police | | 1,009,159 | | 3,025,572 | 4,034,731 |
| Financial Services | | 304,985 | | 713,508 | 1,018,493 |
| Transportation | | 7,104,885 | | 141,849 | 7,246,734 |
| Community Services | 7,444,399 | 9,715,761 | 134,747 | 1,837,954 | 19,132,861 |
| Management Services | 40,855 | 13,733 | 48,038 | 12,135,773 | 12,238,399 |
| Planning & Community Development | | 13,121 | | 270,245 | 283,366 |
| Fire | | 397,962 | | 293,929 | 691,891 |
| Municipal Services | | | | 193,458 | 193,458 |
| Capital Projects | 35,641,163 | 122,406,032 | 800,073,568 | 4,722,221 | 962,842,984 |
| Total General Fixed Assets Allocated to Functions | <u>\$43,590,570</u> | <u>\$141,918,669</u> | <u>\$800,256,353</u> | <u>\$23,960,801</u> | <u>1,009,726,393</u> |
| Construction in Progress | | | | | <u>46,774,219</u> |
| Total General Fixed Assets | | | | | <u>\$1,056,500,612</u> |

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT I-3

| DEPARTMENT | JULY 1, 1992 | ADDITIONS | DELETIONS | JUNE 30, 1993 |
|----------------------------------|----------------------|----------------------|-----------------------|------------------------|
| General Government | \$1,793,163 | \$253,119 | (\$2,806) | \$2,043,476 |
| Police | 3,936,201 | 196,703 | (98,173) | 4,034,731 |
| Financial Services | 900,897 | 207,626 | (90,030) | 1,018,493 |
| Transportation | 7,287,767 | 83,966 | (124,999) | 7,246,734 |
| Community Services | 19,038,755 | 96,440 | (2,334) | 19,132,861 |
| Management Services | 12,062,752 | 179,624 | (3,977) | 12,238,399 |
| Planning & Community Development | 338,695 | 52,877 | (108,206) | 283,366 |
| Fire | 691,891 | | | 691,891 |
| Municipal Services | 58,637 | 134,821 | | 193,458 |
| Capital Projects | 879,626,860 | 83,216,124 | | 962,842,984 |
| Construction in Progress | 37,631,747 | 32,184,245 | (23,041,773) | 46,774,219 |
| Total General Fixed Assets | <u>\$963,367,365</u> | <u>\$116,605,545</u> | <u>(\$23,472,298)</u> | <u>\$1,056,500,612</u> |

DEBT REQUIREMENTS

The supplemental debt service schedules are presented to 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.

CITY OF SCOTTSDALE, ARIZONA

SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT J-1

| | JULY 1, 1992 | ISSUED | RETIRED | ADVANCE REFUNDINGS | | JUNE 30, 1993 | FINAL PAYMENT DATE |
|---|----------------------|---------------------|--------------------|---------------------|---------------------|----------------------|--------------------|
| | | | | ISSUED | DEFEASSED | | |
| GENERAL OBLIGATION BONDS | | | | | | | |
| 1968 Civic Center | \$925,000 | \$ | \$200,000 | \$ | \$ | \$725,000 | 07/01/96 |
| 1973 Storm Sewer | 3,500,000 | | 3,500,000 | | | | |
| 1984 Public Buildings | 4,320,000 | | | | 4,320,000 | | |
| 1984 Parks & Recreation | 1,500,000 | | | | 1,500,000 | | |
| 1984 Storm Sewer | 180,000 | | | | 180,000 | | |
| 1985 Public Buildings | 112,500 | | 112,500 | | | | |
| 1985 Parks & Recreation | 146,250 | | 146,250 | | | | |
| 1985 Storm Sewer | 116,250 | | 116,250 | | | | |
| 1986 Water Acquisition | 35,500,000 | | 800,000 | | 29,075,000 | 5,625,000 | 07/01/98 |
| 1989 Series A (1990) CIP | 28,785,000 | | | | 15,940,000 | 12,845,000 | 07/01/03 |
| 1991 G.O. Refunding | 8,705,000 | | 90,000 | | | 8,615,000 | 07/01/05 |
| 1989 Series B (1991) CIP | 19,000,000 | | | | | 19,000,000 | 07/01/11 |
| 1989 Series C (1992) CIP/Refunding | | 19,000,000 | 1,880,000 | 6,055,000 | | 23,175,000 | 07/01/12 |
| 1993 Refunding | | | | 45,015,000 | | 45,015,000 | 07/01/09 |
| Total General Obligation Bonds | \$102,790,000 | \$19,000,000 | \$6,845,000 | \$51,070,000 | \$51,015,000 | \$115,000,000 | |
| REVENUE BONDS | | | | | | | |
| 1973 Utility Refunding | \$895,000 | \$ | \$300,000 | \$ | \$ | \$595,000 | 07/01/95 |
| 1984 Utility | 625,000 | | 625,000 | | | | |
| 1989 Utility Series A (1990) | 7,070,000 | | 235,000 | | | 6,835,000 | 07/01/09 |
| 1992 Refunding | 8,505,000 | | | | | 8,505,000 | 07/01/00 |
| 1989 Utility Series B (1992) | | 5,000,000 | 260,000 | | | 4,740,000 | 07/01/12 |
| 1984 HURF Series A | 1,000,000 | | 475,000 | | 525,000 | | |
| 1985 HURF Series B | 1,710,000 | | 380,000 | | 1,330,000 | | |
| 1987 HURF Series C | 9,560,000 | | 60,000 | | 9,365,000 | 135,000 | 07/01/95 |
| 1989 HURF Refunding | 15,690,000 | | 165,000 | | 12,400,000 | 3,125,000 | 07/01/97 |
| 1993 HURF Refunding | | | | 26,690,000 | | 26,690,000 | 07/01/07 |
| Total Revenue Bonds | \$45,055,000 | \$5,000,000 | \$2,500,000 | \$26,690,000 | \$23,620,000 | \$50,625,000 | |
| MUNICIPAL PROPERTY CORPORATION BONDS | | | | | | | |
| 1974 Arts | \$3,045,000 | \$ | \$515,000 | \$ | \$ | \$2,530,000 | 07/01/96 |
| 1984 Recreation Facilities | 10,480,000 | | 490,000 | | | 9,990,000 | 07/01/04 |
| 1987 Certificates of Participation | 3,100,000 | | | | | 3,100,000 | 07/01/01 |
| 1987 Refunding Certificates of Participation | 34,500,000 | | 1,805,000 | | 25,375,000 | 7,320,000 | 07/01/97 |
| 1992 Asset Transfer Refunding | 47,095,000 | | 1,630,000 | | | 45,465,000 | 11/01/14 |
| 1993 Refunding | | | | 29,475,000 | | 29,475,000 | 07/01/05 |
| Total Municipal Property Corporation Bonds | \$98,220,000 | \$ | \$4,440,000 | \$29,475,000 | \$25,375,000 | \$97,880,000 | |

SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT J-1
(CONT'D)

| | ADVANCE REFUNDINGS | | | | | JUNE 30, 1993 | FINAL PAYMENT DATE |
|---|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|
| | JULY 1, 1992 | ISSUED | RETIRED | ISSUED | DEFEASED | | |
| SPECIAL ASSESSMENTS | | | | | | | |
| RW-6805 5th Ave. | \$3,000 | \$ | \$3,000 | \$ | \$ | | 01/01/93 |
| RW-6806 Thomas, Civic Center, Earll | 52,000 | | 17,000 | | | 35,000 | 01/01/95 |
| P-8861 Gary Road Paving | 6,000 | | 6,000 | | | | 01/01/93 |
| W-7829 North Scottsdale | 1,965,000 | | 655,000 | | | 1,310,000 | 01/01/95 |
| S-7830 Sewer Project | 510,000 | | 170,000 | | | 340,000 | 01/01/95 |
| WSP-8871 Escondido Estates | 37,000 | | 18,000 | | | 19,000 | 01/01/94 |
| WSP-8741 Hayden Road Extension | 575,000 | | 140,000 | | | 435,000 | 01/01/96 |
| WSP-8978 N. Airport Industrial | 2,605,000 | | 520,000 | | | 2,085,000 | 07/01/97 |
| I5502 NW Airpark | 1,035,000 | | 175,000 | | | 860,000 | 01/01/98 |
| 08739 Via Linda | 700,000 | | 120,000 | | | 580,000 | 01/01/98 |
| I8501 CAP @ Hayden Road | 480,000 | | 70,000 | | | 410,000 | 01/01/99 |
| I0601 Pima/CAP | 9,590,000 | | 1,070,000 | | | 8,520,000 | 01/01/01 |
| O8834 Pima Acres | 1,180,000 | | 135,000 | | | 1,045,000 | 01/01/01 |
| I0003 Old Scottsdale/West Main | 1,095,000 | | 110,000 | | | 985,000 | 01/01/02 |
| I0004 Fifth Avenue/Marshall Way | 1,215,000 | | 125,000 | | | 1,090,000 | 01/01/02 |
| I2001 Section 31 | 525,000 | | 55,000 | | | 470,000 | 01/01/02 |
| I9001 Pinnacle Vista | 925,000 | | | | | 925,000 | 01/01/03 |
| I6001 North Area Water | | 1,775,000 | | | | 1,775,000 | 01/01/03 |
| I1001 Adobe/Miller | | 1,075,000 | | | | 1,075,000 | 01/01/03 |
| Total Special Assessment Bonds | \$22,498,000 | \$2,850,000 | \$3,389,000 | \$ | \$ | \$21,959,000 | |
| Total Bonds | \$268,563,000 | \$26,850,000 | \$17,174,000 | \$107,235,000 | \$100,010,000 | \$285,464,000 | |
| CONTRACTS PAYABLE | | | | | | | |
| U.S. Corps of Engineers - Indian Bend Wash | \$3,816,503 | \$ | \$35,915 | \$ | \$ | \$3,780,588 | 2043 |
| Pepperwood | 304,018 | | 304,018 | | | | 06/30/92 |
| Plan 6 | 661,462 | | 402,937 | | | 258,525 | 07/01/94 |
| Ladder Truck | 165,323 | | 79,687 | | | 85,636 | 09/30/93 |
| East Couplet/Galleria | 525,000 | | 105,000 | | | 420,000 | 06/30/97 |
| West Couplet/Camelview | 4,000,000 | | 273,529 | | | 3,726,471 | 2001 |
| Total Contracts | \$9,472,306 | \$ | \$1,201,086 | \$ | \$ | \$8,271,220 | |
| TOTAL BONDS AND CONTRACTS | \$278,035,306 | \$26,850,000 | \$18,375,086 | \$107,235,000 | \$100,010,000 | \$293,735,220 | |

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS

EXHIBIT J-2

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| FISCAL YEAR | GENERAL PURPOSE - 6% LIMITATION | | | UTILITY PURPOSE - 20% LIMITATION | | | TOTAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS | | |
|-------------|---------------------------------|---------------------|---------------------|----------------------------------|---------------------|----------------------|--|---------------------|----------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL |
| 1993-94 | \$855,000 | \$2,964,414 | \$3,819,414 | \$3,455,000 | \$3,616,507 | \$7,071,507 | \$4,310,000 | \$6,580,921 | \$10,890,921 |
| 1994-95 | 835,000 | 2,911,714 | 3,746,714 | 3,985,000 | 3,457,712 | 7,442,712 | 4,820,000 | 6,369,426 | 11,189,426 |
| 1995-96 | 2,840,000 | 2,857,889 | 5,697,889 | 2,105,000 | 3,261,017 | 5,366,017 | 4,945,000 | 6,118,906 | 11,063,906 |
| 1996-97 | 2,560,000 | 2,647,451 | 5,207,451 | 2,740,000 | 3,152,777 | 5,892,777 | 5,300,000 | 5,800,228 | 11,100,228 |
| 1997-98 | 2,640,000 | 2,438,126 | 5,078,126 | 3,010,000 | 3,004,462 | 6,014,462 | 5,650,000 | 5,442,588 | 11,092,588 |
| 1998-99 | 2,810,000 | 2,219,651 | 5,029,651 | 3,200,000 | 2,835,985 | 6,035,985 | 6,010,000 | 5,055,636 | 11,065,636 |
| 1999-22 | 2,985,000 | 1,987,026 | 4,972,026 | 4,175,000 | 2,683,625 | 6,858,625 | 7,160,000 | 4,670,651 | 11,830,651 |
| 2000-01 | 3,170,000 | 1,742,571 | 4,912,571 | 5,330,000 | 2,480,055 | 7,810,055 | 8,500,000 | 4,222,626 | 12,722,626 |
| 2001-02 | 3,365,000 | 1,525,829 | 4,890,829 | 5,640,000 | 2,212,740 | 7,852,740 | 9,005,000 | 3,738,569 | 12,743,569 |
| 2002-03 | 3,575,000 | 1,321,466 | 4,896,466 | 5,975,000 | 1,924,154 | 7,899,154 | 9,550,000 | 3,245,620 | 12,795,620 |
| 2003-04 | 1,850,000 | 1,103,479 | 2,953,479 | 2,218,236 | 7,689,193 | 9,907,429 | 4,068,236 | 8,792,672 | 12,860,908 |
| 2004-05 | 1,250,000 | 996,866 | 2,246,866 | 2,966,764 | 7,704,808 | 10,671,572 | 4,216,764 | 8,701,674 | 12,918,438 |
| 2005-06 | 3,669,000 | 921,866 | 4,590,866 | 7,001,000 | 1,403,192 | 8,404,192 | 10,670,000 | 2,325,058 | 12,995,058 |
| 2006-07 | 4,605,000 | 719,232 | 5,324,232 | 1,255,000 | 1,029,714 | 2,284,714 | 5,860,000 | 1,748,946 | 7,608,946 |
| 2007-08 | 4,835,600 | 465,226 | 5,300,826 | 1,369,400 | 957,552 | 2,326,952 | 6,205,000 | 1,422,778 | 7,627,778 |
| 2008-09 | 3,550,000 | 195,250 | 3,745,250 | 3,035,000 | 878,713 | 3,913,713 | 6,585,000 | 1,073,963 | 7,658,963 |
| 2009-12 | | | | 12,145,000 | 1,074,176 | 13,219,176 | 12,145,000 | 1,074,176 | 13,219,176 |
| TOTALS | <u>\$45,994,600</u> | <u>\$27,018,056</u> | <u>\$72,412,656</u> | <u>\$69,605,400</u> | <u>\$49,366,382</u> | <u>\$118,971,782</u> | <u>\$115,000,000</u> | <u>\$76,384,438</u> | <u>\$191,384,438</u> |

DEBT SERVICE REQUIREMENTS TO MATURITY
 UTILITY REVENUE BONDS AND HIGHWAY USER REVENUE BONDS

EXHIBIT J-2
 (CONT'D)

FOR THE FISCAL YEAR ENDED JUNE 30, 1993

| FISCAL YEAR | WATER AND SEWER UTILITY REVENUE BONDS | | | HIGHWAY USER REVENUE BONDS | | | TOTAL WATER AND SEWER UTIL AND HIGHWAY USER REVENUE BONDS | | |
|----------------|--|--------------------|---------------------|-------------------------------|---------------------|---------------------|---|---------------------|---------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL |
| 1993-94 | \$1,425,000 | \$1,245,485 | \$2,670,485 | \$1,080,000 | \$1,532,830 | \$2,612,830 | \$2,505,000 | \$2,778,315 | \$5,283,315 |
| 1994-95 | 1,710,000 | 1,167,113 | 2,877,113 | 1,615,000 | 1,490,515 | 3,105,515 | 3,325,000 | 2,657,628 | 5,982,628 |
| 1995-96 | 1,800,000 | 1,072,538 | 2,872,538 | 1,700,000 | 1,407,270 | 3,107,270 | 3,500,000 | 2,479,808 | 5,979,808 |
| 1996-97 | 1,895,000 | 968,863 | 2,863,863 | 1,785,000 | 1,318,210 | 3,103,210 | 3,680,000 | 2,287,073 | 5,967,073 |
| 1997-98 | 2,010,000 | 857,343 | 2,867,343 | 1,890,000 | 1,208,538 | 3,098,538 | 3,900,000 | 2,065,881 | 5,965,881 |
| 1998-99 | 2,125,000 | 736,723 | 2,861,723 | 1,980,000 | 1,123,488 | 3,103,488 | 4,105,000 | 1,860,211 | 5,965,211 |
| 1999-00 | 1,425,000 | 608,988 | 2,033,988 | 2,070,000 | 1,031,913 | 3,101,913 | 3,495,000 | 1,640,901 | 5,135,901 |
| 2000-01 | 600,000 | 520,603 | 1,120,603 | 2,170,000 | 933,588 | 3,103,588 | 2,770,000 | 1,454,191 | 4,224,191 |
| 2001-02 | 640,000 | 478,528 | 1,118,528 | 2,275,000 | 827,800 | 3,102,800 | 2,915,000 | 1,306,328 | 4,221,328 |
| 2002-03 | 685,000 | 433,468 | 1,118,468 | 2,395,000 | 714,050 | 3,109,050 | 3,080,000 | 1,147,518 | 4,227,518 |
| 2003-04 | 730,000 | 390,178 | 1,120,178 | 2,515,000 | 591,306 | 3,106,306 | 3,245,000 | 981,484 | 4,226,484 |
| 2004-05 | 780,000 | 343,307 | 1,123,307 | 2,660,000 | 459,269 | 3,119,269 | 3,440,000 | 802,576 | 4,242,576 |
| 2005-06 | 830,000 | 292,933 | 1,122,933 | 2,825,000 | 316,294 | 3,141,294 | 3,655,000 | 609,227 | 4,264,227 |
| 2006-07 | 890,000 | 238,473 | 1,128,473 | 2,990,000 | 164,450 | 3,154,450 | 3,880,000 | 402,923 | 4,282,923 |
| 2007-08 | 955,000 | 179,923 | 1,134,923 | | | | 955,000 | 179,923 | 1,134,923 |
| 2008-09 | 1,020,000 | 121,675 | 1,141,675 | | | | 1,020,000 | 121,675 | 1,141,675 |
| 2009-12 | 1,155,000 | 120,250 | 1,275,250 | | | | 1,155,000 | 120,250 | 1,275,250 |
| TOTALS | <u>\$20,675,000</u> | <u>\$9,776,391</u> | <u>\$30,451,391</u> | <u>\$29,950,000</u> | <u>\$13,119,521</u> | <u>\$43,069,521</u> | <u>\$50,625,000</u> | <u>\$22,895,912</u> | <u>\$73,520,912</u> |

CITY OF SCOTTSDALE, ARIZONA

DEBT SERVICE REQUIREMENTS TO MATURITY
MUNICIPAL PROPERTY CORPORATION, SPECIAL ASSESSMENT BONDS, AND CONTRACTS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

EXHIBIT J-2
(CONT'D)

| FISCAL YEAR | MUNICIPAL PROPERTY CORPORATION DEBT SERVICE REQUIREMENTS | | | SPECIAL ASSESSMENT BONDS DEBT SERVICE REQUIREMENTS | | | CONTRACTS PAYABLE | | |
|-------------|---|---------------------|----------------------|---|--------------------|---------------------|--------------------|--------------------|---------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL |
| 1993-94 | \$4,220,000 | \$5,995,061 | \$10,215,061 | \$3,767,000 | \$1,407,744 | \$5,174,744 | \$887,934 | \$194,963 | \$1,082,897 |
| 1994-95 | 4,850,000 | 5,741,385 | 10,591,385 | 3,737,000 | 1,131,885 | 4,868,885 | 544,699 | 191,462 | 736,161 |
| 1995-96 | 5,020,000 | 5,447,276 | 10,467,276 | 2,885,000 | 895,189 | 3,780,189 | 546,733 | 189,427 | 736,160 |
| 1996-97 | 5,430,000 | 5,143,648 | 10,573,648 | 2,745,000 | 702,099 | 3,447,099 | 548,870 | 187,291 | 736,161 |
| 1997-98 | 5,800,000 | 4,787,075 | 10,587,075 | 2,210,000 | 514,882 | 2,724,882 | 446,118 | 186,667 | 632,785 |
| 1998-99 | 6,130,000 | 4,457,886 | 10,587,886 | 1,910,000 | 375,834 | 2,285,834 | 448,478 | 182,682 | 631,160 |
| 1999-00 | 6,495,000 | 4,100,008 | 10,595,008 | 1,845,000 | 250,117 | 2,095,117 | 450,962 | 180,198 | 631,160 |
| 2000-01 | 6,910,000 | 3,710,520 | 10,620,520 | 1,845,000 | 126,642 | 1,971,642 | 453,573 | 177,587 | 631,160 |
| 2001-02 | 6,585,000 | 3,285,346 | 9,870,346 | 645,000 | 40,871 | 685,871 | 582,205 | 174,840 | 757,045 |
| 2002-03 | 7,020,000 | 2,871,354 | 9,891,354 | 370,000 | 10,653 | 380,653 | 59,206 | 171,954 | 231,160 |
| 2003-04 | 7,475,000 | 2,421,138 | 9,896,138 | | | | 62,240 | 168,920 | 231,160 |
| 2004-05 | 6,405,000 | 1,931,938 | 8,336,938 | | | | 65,431 | 165,729 | 231,160 |
| 2005-06 | 2,385,000 | 1,563,340 | 3,948,340 | | | | 67,839 | 160,168 | 228,007 |
| 2006-07 | 2,540,000 | 1,408,906 | 3,948,906 | | | | 72,216 | 158,950 | 231,166 |
| 2007-08 | 2,695,000 | 1,247,031 | 3,942,031 | | | | 75,910 | 155,256 | 231,166 |
| 2008-09 | 2,870,000 | 1,075,781 | 3,945,781 | | | | 79,794 | 151,372 | 231,166 |
| 2009-32 | 15,050,000 | 2,443,594 | 17,493,594 | | | | 2,879,012 | 1,825,772 | 4,704,784 |
| TOTALS | <u>\$97,880,000</u> | <u>\$57,631,287</u> | <u>\$155,511,287</u> | <u>\$21,959,000</u> | <u>\$5,455,916</u> | <u>\$27,414,916</u> | <u>\$8,271,220</u> | <u>\$4,623,238</u> | <u>\$12,894,458</u> |

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

TABLE I

| FISCAL YEAR | GENERAL GOVERNMENT | POLICE | FINANCIAL SERVICES | TRANSPORTATION | COMMUNITY SERVICES | MANAGEMENT SERVICES | PLANNING AND COMMUNITY DEVELOPMENT | FIRE | WATER RESOURCES | MUNICIPAL SERVICES | STREETLIGHT DISTRICTS (1) | CAPITAL IMPROVEMENTS | DEBT SERVICE | TOTAL |
|-------------|--------------------|--------------|--------------------|----------------|--------------------|---------------------|------------------------------------|-------------|-----------------|--------------------|---------------------------|----------------------|--------------|---------------|
| 1983 | \$9,409,602 | \$19,753,890 | \$3,751,965 | \$2,580,418 | \$15,485,007 | \$5,005,842 | \$9,182,452 | \$8,595,200 | \$ | \$12,625,860 | \$448,557 | \$ | \$29,205,336 | \$114,024,019 |
| (2) 1982 | 6,104,747 | 18,399,147 | 3,550,155 | 2,308,548 | 14,410,886 | 4,445,853 | 9,437,654 | 6,193,207 | | 11,181,964 | 440,808 | | 26,971,339 | 103,444,109 |
| (2) 1981 | 5,305,288 | 17,057,240 | 3,535,711 | 2,312,864 | 13,704,744 | 4,150,444 | 8,424,594 | 5,810,722 | | 9,998,878 | 431,424 | | 26,121,373 | 98,852,880 |
| (2) 1980 | 3,917,752 | 14,510,678 | 2,465,924 | 6,782,224 | 12,179,223 | 4,892,759 | 5,935,822 | 5,020,994 | | 2,891,348 | 432,177 | | 25,752,256 | 84,881,157 |
| 1989 | 5,202,464 | 14,138,466 | 2,858,972 | 6,504,125 | 12,323,666 | 4,441,009 | 5,889,490 | 4,787,139 | 1,418,078 | 8,081,417 | 415,041 | 1,976,266 | 27,611,812 | 95,846,945 |
| 1986 | 3,532,276 | 13,571,854 | 2,665,064 | 13,592,848 | 12,455,464 | 4,482,015 | 5,758,673 | 4,155,740 | 1,283,882 | | 408,668 | 1,269,248 | 26,551,691 | 89,727,533 |
| 1987 | 2,721,381 | 11,836,704 | 2,190,533 | 11,872,258 | 10,204,757 | 3,912,789 | 5,883,408 | 3,973,055 | | | 443,276 | 5,810,259 | 26,385,767 | 85,304,187 |
| 1986 | 2,689,123 | 9,475,467 | 1,942,012 | 11,037,959 | 8,730,701 | 7,321,889 | 8,185,838 | | | | | 7,583,511 | 22,805,850 | 79,682,450 |
| 1985 | 2,138,651 | 8,352,188 | 1,873,189 | 10,573,974 | 8,155,034 | 7,625,803 | 7,118,544 | | | | | 544,579 | 11,661,857 | 58,041,919 |
| 1984 | 1,927,456 | 7,433,027 | 1,792,739 | 9,035,611 | 7,198,146 | 5,833,280 | 5,878,868 | | | | | 9,388,874 | 2,428,846 | 50,714,853 |

(1) Streetlight Districts were not classified as General Government expenditures until fiscal year 1987.

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

CITY OF SCOTTSDALE, ARIZONA

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

TABLE II

| FISCAL YEAR | TAXES | INTER-GOVERNMENT REVENUE | SPECIAL ASSESSMENTS* | LICENSES | CHARGES FOR SERVICES | FINES AND FORFEITURES | USE OF MONEY AND PROPERTY | STREETLIGHT DISTRICTS* | MISCELLANEOUS | TOTAL |
|-------------|--------------|--------------------------|----------------------|-----------|----------------------|-----------------------|---------------------------|------------------------|---------------|---------------|
| 1993 | \$55,214,104 | \$27,970,288 | \$4,941,556 | \$737,854 | \$7,586,803 | \$1,720,511 | \$4,564,692 | \$513,846 | \$12,976,009 | \$116,225,663 |
| 1992 | 48,890,219 | 26,553,493 | 4,260,961 | 704,935 | 6,336,520 | 2,228,091 | 5,512,701 | 499,529 | 9,727,189 | 104,713,638 |
| 1991 | 46,358,382 | 25,176,007 | 2,774,035 | 630,070 | 5,152,757 | 2,215,138 | 6,345,610 | 558,163 | 8,079,640 | 97,289,802 |
| 1990 | 43,300,830 | 25,182,676 | 2,957,646 | 617,200 | 5,463,953 | 2,052,306 | 6,320,488 | 564,046 | 7,079,453 | 93,538,598 |
| 1989 | 40,349,302 | 23,956,139 | 2,527,537 | 596,233 | 10,594,369 | 1,838,594 | 7,708,925 | 509,184 | 6,305,752 | 94,386,035 |
| 1988 | 37,560,884 | 23,136,401 | 3,132,161 | 489,775 | 10,921,238 | 1,515,621 | 6,499,076 | 299,856 | 5,853,038 | 89,408,050 |
| 1987 | 34,165,734 | 22,208,618 | 1,317,697 | 474,633 | 9,394,683 | 1,091,268 | 6,020,676 | 255,020 | 5,067,864 | 79,996,193 |
| 1986 | 30,814,928 | 20,808,629 | | 421,354 | 9,150,054 | 1,533,450 | 8,086,213 | | 5,057,791 | 75,872,419 |
| 1985 | 27,324,172 | 19,651,559 | | 403,829 | 7,953,178 | 1,147,666 | 4,545,911 | | 2,975,630 | 64,001,945 |
| 1984 | 23,760,587 | 16,644,270 | | 385,009 | 7,085,896 | 1,009,111 | 1,377,798 | | 2,088,500 | 52,351,171 |

* Special Assessments and Streetlight Districts were not classified as General Government revenue until fiscal year 1987.

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

TABLE III

| FISCAL YEAR | PRIVILEGE TAXES | GENERAL PROPERTY TAX | FRANCHISE | IN LIEU PROPERTY | TOTAL TAXES |
|-------------|-----------------|----------------------|-------------|------------------|--------------|
| 1993 | \$36,739,426 | \$14,677,069 | \$3,597,046 | \$200,563 | \$55,214,104 |
| 1992 | 33,163,422 | 12,287,540 | 3,281,655 | 157,602 | 48,890,219 |
| 1991 | 31,159,495 | 11,924,840 | 3,122,093 | 151,954 | 46,358,382 |
| 1990 | 30,462,121 | 9,822,930 | 2,935,445 | 80,334 | 43,300,830 |
| 1989 | 28,401,262 | 9,125,216 | 2,720,995 | 101,829 | 40,349,302 |
| 1988 | 25,953,299 | 9,094,087 | 2,407,878 | 105,620 | 37,560,884 |
| 1987 | 24,273,366 | 7,707,177 | 2,093,052 | 92,139 | 34,165,734 |
| 1986 | 22,080,785 | 6,782,380 | 1,865,339 | 86,424 | 30,814,928 |
| 1985 | 20,051,172 | 5,580,004 | 1,628,787 | 64,209 | 27,324,172 |
| 1984 | 17,460,418 | 4,980,289 | 1,267,485 | 52,395 | 23,760,587 |

**CITY OF SCOTTSDALE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

TABLE IV

| FISCAL YEAR | TOTAL TAX LEVY | CURRENT TAX COLLECTIONS | % OF LEVY COLLECTIONS | DELINQUENT TAX COLLECTIONS | FUTURE YEAR TAX COLLECTIONS | TOTAL TAX COLLECTIONS | TOTAL COLLECTIONS % OF CURRENT LEVY | OUTSTANDING DELINQUENT TAXES | OUTSTANDING DELINQUENT % OF CURRENT LEVY |
|-------------|----------------|-------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|-------------------------------------|------------------------------|--|
| 1993 | \$15,475,472 | \$14,124,653 | 91.27 | \$440,545 | \$111,871 | \$14,677,069 | 94.84 | \$1,354,977 | 8.76 |
| 1992 | 12,406,428 | 11,242,860 | 90.62 | 833,008 | 111,672 | 12,187,540 | 98.24 | 850,230 | 6.85 |
| 1991 | 12,465,643 | 11,220,265 | 90.01 | 644,872 | 59,702 | 11,924,839 | 95.66 | 933,490 | 7.49 |
| 1990 | 9,863,616 | 9,179,323 | 93.06 | 601,806 | 41,967 | 9,823,096 | 99.59 | 740,805 | 7.51 |
| 1989 | 9,095,857 | 8,540,625 | 93.90 | 537,687 | 46,904 | 9,125,216 | 100.32 | 692,636 | 7.61 |
| 1988 | 8,943,980 | 8,321,524 | 93.04 | 669,796 | 102,767 | 9,094,087 | 101.68 | 602,824 | 6.74 |
| 1987 | 7,973,800 | 7,316,676 | 91.76 | 315,643 | 74,858 | 7,707,177 | 96.66 | 726,036 | 9.11 |
| 1986 | 6,776,237 | 6,498,494 | 95.90 | 183,078 | 100,807 | 6,782,379 | 100.09 | 351,720 | 5.19 |
| 1985 | 5,481,042 | 5,346,783 | 97.55 | 204,822 | 27,971 | 5,579,576 | 101.80 | 227,482 | 4.15 |
| 1984 | 5,008,462 | 4,674,445 | 93.33 | 187,583 | 28,399 | 4,890,427 | 97.64 | 227,075 | 4.53 |

CITY OF SCOTTSDALE, ARIZONA

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

TABLE Va

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

| FISCAL YEAR | REAL ESTATE* | IMPROVEMENTS | SECURED PERSONAL | UNSECURED PERSONAL | UTILITIES RAILS WIRES | GROSS VALUATION | EXEMPTIONS | NET TAXABLE VALUATION | ESTIMATED ACTUAL VALUATION (000) |
|-------------|---------------|-----------------|------------------|--------------------|-----------------------|-----------------|-------------|-----------------------|----------------------------------|
| 1992-93 P | | \$1,187,255,765 | \$20,121,045 | \$86,390,875 | \$60,550,760 | \$1,354,318,445 | (\$446,309) | \$1,353,872,136 | \$9,421,433 |
| S | \$588,714,830 | 643,541,770 | 20,121,045 | 86,390,875 | 60,568,640 | 1,379,337,160 | (448,396) | 1,378,888,764 | 9,557,639 |
| 1991-92 P | | 1,220,208,593 | 13,420,160 | 81,408,370 | 59,724,632 | 1,374,761,755 | 462,386 | 1,374,299,369 | 9,455,811 |
| S | \$626,794,230 | 644,386,540 | 13,420,160 | 81,436,505 | 59,805,265 | 1,425,842,700 | 464,083 | 1,425,378,617 | 9,753,991 |
| 1990-91 P | | 1,223,412,100 | 17,661,195 | 77,524,985 | 56,007,880 | 1,374,606,160 | 462,542 | 1,374,143,616 | 9,328,072 |
| S | \$659,705,245 | 667,306,900 | 17,661,195 | 77,544,940 | 56,057,300 | 1,478,275,580 | 462,211 | 1,477,813,367 | 9,921,082 |
| 1989-90 P | | 1,135,696,035 | 16,335,940 | 72,491,425 | 52,966,020 | 1,277,489,420 | 475,955 | 1,277,013,465 | 8,660,247 |
| S | \$657,418,600 | 641,834,315 | 16,335,940 | 72,491,425 | 53,002,235 | 1,441,082,515 | 478,065 | 1,440,604,450 | 9,609,263 |
| 1988-89 P | | 997,492,015 | 16,141,580 | 61,292,800 | 48,590,545 | 1,123,516,940 | 506,116 | 1,123,010,824 | 7,599,557 |
| S | \$575,199,010 | 584,018,330 | 16,141,580 | 61,280,715 | 48,689,065 | 1,285,328,700 | 506,543 | 1,284,822,17 | 8,503,650 |
| 1987-88 P | | 884,855,850 | 15,960,085 | 52,975,475 | 46,231,835 | 1,000,023,245 | 511,936 | 999,511,309 | 6,824,658 |
| S | \$500,624,140 | 539,400,325 | 15,960,085 | 53,014,855 | 46,258,720 | 1,155,258,125 | 501,752 | 1,154,756,373 | 7,766,372 |
| 1986-87 P | | 754,011,020 | 20,209,940 | 51,209,830 | 37,742,485 | 863,173,275 | 544,917 | 862,628,358 | 5,924,016 |
| S | \$359,032,815 | 543,595,755 | 20,209,940 | 51,284,540 | 37,742,495 | 1,011,865,545 | 536,119 | 1,011,329,426 | 6,818,621 |
| 1985-86 P | | 612,418,575 | 19,491,720 | 31,181,985 | 34,897,580 | 697,989,860 | 347,947 | 697,641,913 | 4,996,510 |
| S | \$289,289,410 | 442,267,375 | 19,491,720 | 31,282,385 | 34,897,580 | 817,228,470 | 335,622 | 816,892,848 | 5,498,018 |
| 1984-85 P | | 497,307,980 | 5,586,005 | 34,234,800 | 32,718,135 | 569,846,920 | 404,295 | 569,442,625 | 4,008,323 |
| S | \$238,256,260 | 360,033,625 | 5,586,005 | 34,344,260 | 32,718,135 | 670,938,285 | 379,760 | 670,558,525 | 4,684,493 |
| 1983-84 P | | 415,957,110 | 7,117,670 | 44,027,420 | 31,163,760 | 498,265,960 | 432,103 | 497,833,857 | 3,450,866 |
| S | \$207,127,235 | 328,758,240 | 7,117,670 | 44,179,445 | 31,163,760 | 618,346,350 | 359,684 | 617,986,666 | 4,252,661 |

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

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

CITY OF SCOTTSDALE, ARIZONA
 ASSESSED VALUES BY PROPERTY CLASS
 LAST TEN FISCAL YEARS

TABLE Vb

| FISCAL YEAR | CLASS 1 | CLASS 2 | CLASS 3 | CLASS 4 | CLASS 5 | CLASS 6 | CLASS 7 | CLASS 8 | CLASS 9 | TOTAL NET FULL CASH ASSESSED VALUE |
|-------------|---------|--------------|---------------|---------------|---------------|--------------------|-----------|------------|-----------|------------------------------------|
| | MINES | UTILITIES | COMMERCIAL | VACANT LAND | RESIDENTIAL | RENTED RESIDENTIAL | RAILROADS | HISTORICAL | LIVESTOCK | |
| 1992-93 P | NA | \$45,828,070 | \$484,619,388 | \$201,567,942 | \$533,104,153 | \$88,746,323 | NA | \$6,260 | NA | \$1,353,872,136 |
| S | NA | 45,828,070 | 494,350,123 | 215,082,726 | 534,464,840 | 89,156,745 | NA | 6,260 | NA | 1,378,888,764 |
| 1991-92 P | NA | \$46,776,336 | \$476,394,419 | \$239,096,014 | \$517,233,050 | \$94,773,830 | NA | \$12,066 | NA | \$1,374,286,316 |
| S | NA | 46,776,336 | 490,136,001 | 272,312,329 | 520,084,030 | 96,064,146 | NA | 5,775 | NA | 1,425,378,617 |
| 1990-91 P | NA | \$43,215,227 | \$488,832,901 | \$239,360,252 | \$499,843,286 | \$102,886,527 | NA | \$5,425 | NA | \$1,374,143,618 |
| S | NA | 43,215,227 | 521,041,917 | 304,470,173 | 504,412,569 | 104,667,098 | NA | 6,385 | NA | 1,477,813,369 |
| 1989-90 P | NA | \$48,800,726 | \$440,747,098 | \$208,646,463 | \$471,956,166 | \$106,859,077 | NA | \$4,935 | NA | \$1,277,013,465 |
| S | NA | 48,800,726 | 486,625,184 | 314,428,116 | 479,914,364 | 110,829,675 | NA | 6,385 | NA | 1,440,604,450 |
| 1988-89 P | NA | \$43,939,855 | \$385,803,297 | \$163,237,782 | \$429,633,087 | \$100,392,353 | NA | \$4,450 | NA | \$1,123,010,824 |
| S | NA | 43,939,855 | 444,221,727 | 253,517,568 | 437,349,078 | 105,788,039 | NA | 5,900 | NA | 1,284,822,157 |
| 1987-88 P | NA | \$42,671,505 | \$335,971,112 | \$128,316,121 | \$397,851,311 | \$94,691,433 | NA | \$5,132 | NA | \$999,506,614 |
| S | NA | 42,671,505 | 375,874,187 | 222,146,580 | 414,219,343 | 99,832,903 | NA | 7,160 | NA | 1,154,751,678 |
| 1986-87 P | NA | \$35,380,685 | \$294,567,527 | \$86,511,874 | \$348,235,976 | \$97,929,006 | NA | \$3,290 | NA | \$862,628,358 |
| S | NA | 35,380,685 | 348,726,069 | 146,152,054 | 371,453,280 | 109,612,898 | NA | 4,440 | NA | 1,011,329,426 |
| 1985-86 P | NA | \$34,897,579 | \$219,464,144 | \$69,345,430 | \$287,355,425 | \$86,576,429 | NA | \$2,905 | NA | \$697,641,912 |
| S | NA | 34,897,579 | 265,595,126 | 117,944,983 | 304,196,358 | 94,255,896 | NA | 2,905 | NA | 816,892,847 |
| 1984-85 P | NA | \$32,718,136 | \$178,222,565 | \$48,774,863 | \$261,855,396 | \$47,869,196 | NA | \$2,670 | NA | \$569,442,626 |
| S | NA | 32,718,136 | 209,394,227 | 92,108,746 | 281,982,563 | 54,352,059 | NA | 2,795 | NA | 670,558,526 |
| 1983-84 P | NA | \$31,163,760 | \$165,706,530 | \$30,078,797 | \$228,278,921 | \$42,603,419 | NA | \$2,430 | NA | \$497,833,857 |
| S | NA | 31,163,760 | 201,683,074 | 69,396,718 | 264,205,993 | 51,634,311 | NA | 2,810 | NA | 617,986,666 |

In 1988, a statewide reappraisal program was compiled in which a property's value was assessed by usage classification on varying percentages of actual cash value. These percentages are as follows:

| Property Class | Ratio |
|-----------------------------|-------|
| 1. Mining, Timber | 30% |
| 2. Utilities | 30 |
| 3. Commercial-Industrial | 25 |
| 4. Agriculture, Vacant Land | 16 |
| 5. Residential | 10 |
| 6. Lease-Rental | 12 |
| 7. Railroads | 24 |
| 8. Historic | 5 |
| 9. Livestock | 8 |

CITY OF SCOTTSDALE, ARIZONA

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

TABLE VIa

TAX RATES PER \$100 ASSESSED VALUATIONS

| FISCAL YEAR | SCHOOL DISTRICTS | | | | | | | FIRE DISTRICT | LIBRARY | TOTAL |
|----------------|--------------------|--------------------|-------------------|-------------------|------------------|----------------|-------------------------|---------------|----------|---------------------|
| | CITY OF SCOTTSDALE | SCOTTSDALE UNIFIED | COMMUNITY COLLEGE | MARICOPA COUNTY | STATE OF ARIZONA | FLOOD DISTRICT | CENTRAL ARIZONA PROJECT | | | |
| 1992-93 P S | \$.4926 .6387 | \$4.1373 1.2120 | \$.7938 .0572 | \$1.6039 .1409 | \$.4700 | \$.3901 | \$.1400 | \$.0099 | \$.0426 | \$ 7.4976 2.6314 |
| TOTAL | \$1.1313 | \$5.3493 | \$.8510 | \$1.7448 | \$.4700 | \$.3901 | \$.1400 | \$.0099 | \$.0426 | \$10.1290 |
| 1991-92 P S | \$.4101 .4750 | \$4.1346 1.1437 | \$.7459 .0943 | \$1.5143 .1741 | \$.4700 | \$.4447 | \$.1400 | \$.0082 | \$.0444 | \$ 7.2749 2.5244 |
| TOTAL | \$.8851 | \$5.2783 | \$.8402 | \$1.6884 | \$.4700 | \$.4447 | \$.1400 | \$.0082 | \$.0444 | \$ 9.7993 |
| 1990-91 P S | \$.3941 .4772 | \$4.1697 .9093 | \$.7047 .0916 | \$1.5045 .1683 | \$.4700 | \$.4235 | \$.1000 | \$.0064 | \$.0420 | \$ 7.2430 2.2183 |
| TOTAL | \$.8713 | \$5.0790 | \$.7963 | \$1.6728 | \$.4700 | \$.4235 | \$.1000 | \$.0064 | \$.0420 | \$ 9.4613 |
| 1989-90 P S | \$.3919 .3373 | \$4.3220 .9637 | \$.6869 .0639 | \$1.4426 .1637 | \$.4700 | \$.4303 | \$.1000 | \$.0064 | \$.0420 | \$ 7.3134 2.1073 |
| TOTAL | \$.7292 | \$5.2857 | \$.7508 | \$1.6063 | \$.4700 | \$.4303 | \$.1000 | \$.0064 | \$.0420 | \$ 9.4207 |
| 1988-89 P S | \$.4031 .3556 | \$4.3393 .8458 | \$.6473 .0684 | \$1.4370 .1656 | \$.4700 | \$.5000 | \$.1000 | \$.0087 | \$.0445 | \$ 7.2987 2.0886 |
| TOTAL | \$.7587 | \$5.1851 | \$.7157 | \$1.6026 | \$.4700 | \$.5000 | \$.1000 | \$.0087 | \$.0445 | \$ 9.3853 |
| 1987-88 P S | \$.4100 .4200 | \$5.2000 .4900 | \$.6100 .0700 | \$1.4300 .2100 | \$.3800 | \$.5000 | \$.1000 | \$.0100 | \$.0300 | \$ 8.0300 1.8300 |
| TOTAL | \$.8300 | \$5.6900 | \$.6800 | \$1.6400 | \$.3800 | \$.5000 | \$.1000 | \$.0100 | \$.0300 | \$ 9.8600 |
| 1986-87 P S | \$.4200 .4400 | \$4.9100 .8500 | \$.6600 .0600 | \$1.4500 .2200 | \$.3800 | \$.5000 | \$.0700 | | | \$ 7.8200 1.9600 |
| TOTAL | \$.8600 | \$5.5600 | \$.7400 | \$1.6700 | \$.3800 | \$.5000 | \$.0700 | | | \$ 9.7800 |
| 1985-86 P S | \$.4300 .4600 | \$4.7800 | \$.7100 .1100 | \$1.4500 .1600 | \$.4000 | \$.5000 | \$.0700 | | | 7.7500 \$ 1.3000 |
| TOTAL | \$.8900 | \$4.7800 | \$.8200 | \$1.6100 | \$.4000 | \$.5000 | \$.0700 | | | \$ 9.0500 |
| 1984-85 P S | \$.4800 .4200 | \$4.3000 | \$.7500 | \$1.5000 .1800 | \$.4000 | \$.5000 | \$.0700 | | | \$ 7.4300 1.1500 |
| TOTAL | \$.9000 | \$4.3000 | \$.7500 | \$1.6600 | \$.4000 | \$.5000 | \$.0700 | | | \$ 8.5800 |
| 1983-84 P S | \$.5100 .4000 | \$4.4340 .1300 | \$.7700 | \$1.5300 .2400 | \$.7500 | \$.4800 | \$.0500 | | | \$ 7.9940 1.3000 |
| TOTAL | \$.9100 | \$4.5640 | \$.7700 | \$1.7700 | \$.7500 | \$.4800 | \$.0500 | | | \$ 9.2940 |

Scottsdale residents residing outside Scottsdale Unified School District:

| School District | 1992-93 Tax Rate Total |
|------------------|------------------------|
| Balsz Elementary | \$12.02 |
| Cave Creek | 10.20 |
| Fountain Hills | 10.56 |
| Paradise Valley | 12.81 |
| Tempe | 12.53 |

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

TABLE VIb

TAX LEVIES

| FISCAL YEAR | SCHOOL DISTRICTS | | | | | | | | | | TOTAL |
|-------------|--------------------|--------------------|-------------------|-----------------|------------------|----------------|-------------------------|---------------|-------------|-------------------------------------|---------------|
| | CITY OF SCOTTSDALE | SCOTTSDALE UNIFIED | COMMUNITY COLLEGE | MARICOPA COUNTY | STATE OF ARIZONA | FLOOD DISTRICT | CENTRAL ARIZONA PROJECT | FIRE DISTRICT | LIBRARY | EAST VALLEY INSTITUTE OF TECHNOLOGY | |
| 1992-93 P | \$ 6,668,886 | \$62,866,388 | \$108,004,302 | \$218,224,368 | \$63,945,919 | \$ | \$ | \$ | \$ | \$ | \$459,709,863 |
| S | 8,806,586 | 18,650,305 | 7,898,265 | 19,461,200 | | 39,254,429 | 19,332,340 | 1,367,073 | 5,882,555 | 1,586,673 | 122,239,426 |
| TOTAL | \$15,475,472 | \$81,516,693 | \$115,902,567 | \$237,685,568 | \$63,945,919 | \$39,254,429 | \$19,332,340 | \$1,367,073 | \$5,882,555 | \$1,586,673 | \$581,949,289 |
| 1991-92 P | \$5,636,002 | \$63,651,363 | \$103,498,218 | \$210,113,008 | \$65,215,394 | \$ | \$ | \$ | \$ | \$ | \$448,113,985 |
| S | 6,770,426 | 18,014,779 | 13,421,470 | 25,868,883 | | 46,536,815 | 19,929,247 | 1,167,284 | 6,320,418 | | 138,029,322 |
| TOTAL | \$12,406,428 | \$81,666,142 | \$116,919,688 | \$235,981,891 | \$65,215,394 | \$46,536,815 | \$19,929,247 | \$1,167,284 | \$6,320,418 | | \$586,143,307 |
| 1990-91 P | \$5,413,466 | \$64,113,108 | \$99,559,163 | \$209,542,215 | \$63,689,678 | \$ | \$ | \$ | \$ | \$ | \$442,317,630 |
| S | 7,052,177 | 14,778,034 | 13,524,900 | 26,049,981 | | 46,551,742 | 14,187,398 | 1,192,883 | 5,958,707 | | 129,295,822 |
| TOTAL | \$12,465,643 | \$78,891,142 | \$113,084,063 | \$235,592,196 | \$63,689,678 | \$46,551,742 | \$14,187,398 | \$1,192,883 | \$5,958,707 | | \$571,613,452 |
| 1989-90 P | \$5,004,616 | \$63,682,375 | \$94,016,141 | \$197,430,202 | \$64,324,340 | \$ | \$ | \$ | \$ | \$ | \$424,457,674 |
| S | 4,859,000 | 15,336,527 | 9,382,900 | 24,041,307 | | 47,234,724 | 14,687,785 | 982,630 | 6,618,870 | | 123,143,743 |
| TOTAL | \$9,863,616 | \$79,018,902 | \$103,399,041 | \$221,471,509 | \$64,324,340 | \$47,234,724 | \$14,687,785 | \$982,630 | \$6,618,870 | | \$547,601,417 |
| 1988-89 P | \$4,526,857 | \$57,697,334 | \$80,098,810 | \$177,809,767 | \$58,121,461 | \$ | \$ | \$ | \$ | \$ | \$378,254,229 |
| S | 4,569,000 | 12,426,366 | 9,218,850 | 12,324,183 | | 50,832,192 | 13,480,787 | 1,179,127 | 6,000,000 | | 110,030,505 |
| TOTAL | \$9,095,857 | \$70,123,700 | \$89,317,660 | \$190,133,950 | \$58,121,461 | \$50,832,192 | \$13,480,787 | \$1,179,127 | \$6,000,000 | | \$488,284,734 |
| 1987-88 P | \$4,131,980 | \$63,154,347 | \$70,272,141 | \$165,318,498 | \$43,656,031 | \$ | \$ | \$ | \$ | \$ | \$348,532,997 |
| S | 4,812,000 | 6,532,030 | 9,057,513 | 27,251,761 | | 47,860,799 | 12,402,456 | 1,184,118 | 4,135,868 | | 113,236,545 |
| TOTAL | \$8,943,980 | \$69,686,377 | \$79,329,654 | \$192,570,259 | \$43,656,031 | \$47,860,799 | \$12,402,456 | \$1,184,118 | \$4,135,868 | | \$469,769,542 |
| 1986-87 P | \$3,609,800 | \$53,017,998 | \$64,252,038 | \$140,945,425 | \$37,058,981 | \$ | \$ | \$ | \$ | \$ | \$298,884,242 |
| S | 4,364,000 | 7,966,614 | 8,936,900 | 26,639,165 | | 44,850,000 | 7,674,515 | | | | 100,431,194 |
| TOTAL | \$7,973,800 | \$60,984,612 | \$73,188,938 | \$167,584,590 | \$37,058,981 | \$44,850,000 | \$7,674,515 | | | | \$399,315,436 |
| 1985-86 P | \$3,042,009 | \$43,000,993 | \$57,198,367 | \$117,171,280 | \$31,718,427 | \$ | \$ | \$ | \$ | \$ | \$252,131,076 |
| S | 3,734,228 | 9,265,991 | 14,500,000 | | | 35,258,000 | 6,326,751 | | | | 69,084,970 |
| TOTAL | \$6,776,237 | \$43,000,993 | \$66,464,358 | \$131,671,280 | \$31,718,427 | \$35,258,000 | \$6,326,751 | | | | \$321,216,046 |
| 1984-85 P | \$2,719,021 | \$32,632,320 | \$52,825,981 | \$105,958,455 | \$28,197,257 | \$ | \$ | \$ | \$ | \$ | \$222,333,034 |
| S | 2,762,021 | | | 11,919,468 | | 29,484,792 | 5,544,888 | | | | 49,711,169 |
| TOTAL | \$5,481,042 | \$32,632,320 | \$52,825,981 | \$117,877,923 | \$28,197,257 | \$29,484,792 | \$5,544,888 | | | | \$272,044,203 |
| 1983-84 P | \$2,558,626 | \$29,535,753 | \$49,021,392 | \$97,060,969 | \$47,791,464 | \$ | \$ | \$ | \$ | \$ | \$225,968,194 |
| S | 2,449,836 | 1,044,991 | | 17,945,309 | | 25,750,000 | 3,738,606 | | | | 50,928,742 |
| TOTAL | \$5,008,462 | \$30,580,744 | \$49,021,392 | \$115,006,278 | \$47,791,464 | \$25,750,000 | \$3,738,606 | | | | \$276,896,936 |

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Beginning with fiscal year 1980-81, all governmental units are required to enact a primary levy for operating expenses and a secondary levy for debt service requirements.

**PRINCIPAL TAXPAYERS
JUNE 30, 1993**

TABLE VII

| TAXPAYER | TYPE OF BUSINESS | ASSESSED VALUATION | % OF SECONDARY ASSESSED VALUATION |
|-------------------------------------|-----------------------------|---------------------------|--|
| Arizona Public Service | Electric Utility | \$ 29,589,245 | 2.15 |
| Motorola, Inc. | Electronics Manufacturing | 23,971,435 | 1.74 |
| U.S. West Communications | Telecommunications | 20,637,305 | 1.50 |
| Westcor Company II Ltd. Partnership | Shopping Center | 16,894,775 | 1.23 |
| Mayo Foundation for Medicine | Medical Facility | 12,839,165 | 0.93 |
| Herberger Enterprises & Trust | Residential Property Owners | 10,161,220 | 0.74 |
| Pharmaceutical Card Systems | Medical Provider | 9,872,005 | 0.72 |
| Gainey Drive Associates | Real Estate Development | 9,602,440 | 0.70 |
| Galleria | Shopping Center | 8,000,010 | 0.58 |
| Robert Blackwell | Land Owner | 7,873,480 | 0.57 |
| Southwest Gas | Gas Utility | 6,762,400 | 0.49 |
| Registry Resort | Resort | 6,631,315 | 0.48 |
| | | \$162,834,795 | 11.83 |

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

TABLE VIII

| FISCAL YEAR | SPECIAL ASSESSMENTS BILLED | CURRENT ASSESSMENTS COLLECTED | RATIO OF COLLECTIONS TO AMOUNT DUE | TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS |
|----------------|----------------------------------|-------------------------------------|--|---|
| 1992-93 | \$4,922,155 | \$4,893,184 | 99.4% | \$28,971 |
| 1991-92 | 4,277,490 | 4,232,313 | 98.9 | 45,177 |
| 1990-91 | 3,154,734 | 3,107,553 | 98.5 | 47,181 |
| 1989-90 | 3,000,779 | 2,936,746 | 97.9 | 64,033 |
| 1988-89 | 3,039,493 | 3,000,260 | 98.7 | 39,233 |
| 1987-88 | 3,052,968 | 3,029,100 | 99.2 | 23,868 |
| 1986-87 | 2,145,044 | 2,128,060 | 99.2 | 16,984 |
| 1985-86 | 1,885,731 | 1,884,530 | 99.9 | 1,201 |
| 1984-85 | 469,277 | 468,058 | 99.7 | 1,219 |
| 1983-84 | 307,290 | 302,047 | 98.3 | 5,243 |

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

CITY OF SCOTTSDALE, ARIZONA

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

TABLE IX

| FISCAL YEAR | POPULATION (1) | ASSESSED VALUE | GROSS BONDED DEBT (2) | LESS DEBT SERVICE FUNDS | NET BONDED DEBT | RATIO OF NET BONDED DEBT TO ASSESSED VALUE | NET BONDED DEBT PER CAPITA |
|-------------|----------------|-----------------|-----------------------|-------------------------|-----------------|--|----------------------------|
| 1992-93 | 145,920 | \$1,378,884,764 | \$80,300,000 | \$3,021,190 | \$77,278,810 | 5.6% | \$529.60 |
| 1991-92 | 139,050 | 1,425,378,617 | 67,290,000 | 4,931,821 | 62,358,179 | 4.4 | 448.46 |
| 1990-91 | 133,949 | 1,477,813,367 | 50,615,000 | 5,674,407 | 44,940,593 | 3.0 | 335.51 |
| 1989-90 | 130,720 | 1,440,604,450 | 52,400,000 | 5,438,209 | 46,961,791 | 3.3 | 359.25 |
| 1988-89 | 127,553 | 1,284,822,157 | 29,535,000 | 6,256,289 | 23,278,711 | 1.8 | 182.50 |
| 1987-88 | 124,562 | 1,154,756,373 | 32,950,000 | 7,028,420 | 25,921,580 | 2.2 | 208.10 |
| 1986-87 | 120,541 | 1,011,329,426 | 36,335,000 | 7,769,234 | 28,565,766 | 2.8 | 236.98 |
| 1985-86 | 114,993 | 816,892,848 | 40,195,000 | 8,270,674 | 31,924,326 | 3.9 | 277.62 |
| 1984-85 | 107,900 | 670,558,525 | 30,800,000 | 6,525,723 | 24,274,277 | 3.6 | 224.97 |
| 1983-84 | 100,900 | 617,986,666 | 31,000,000 | 6,492,884 | 24,507,116 | 4.0 | 242.89 |

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(1) Source: City Planning staff

(2) Excludes 1986 Water System Acquisition and Improvement General Obligation Bonds and 1993 General Obligation Refunding Bonds which are paid for with Water Utility Revenue.

**COMPUTATION OF LEGAL DEBT MARGINS
JUNE 30, 1993**

TABLE X

| | | | |
|---|------------|------------|------------------------|
| Net Secondary Assessed Valuation | | | \$1,378,888,764 |
| Debt Limit Equal to 20% of Assessed Valuation | | | \$ 275,777,753 |
| General Obligation Bonded Debt Subject to 20% Debt Limit | | | |
| 1973 Storm Sewer Series A | 3,500,000 | | |
| 1986 Water Improvements | 6,425,000 | | |
| 1989 Series A (1990) CIP | 3,755,000 | | |
| 1991 Refunding | 6,900,000 | | |
| 1989 Series B (1991) CIP | 5,239,400 | | |
| 1989 Series C (1992) CIP | 16,980,000 | | |
| 1993 Refunding | 32,586,000 | 75,385,400 | |
| | | | |
| Less: | | | |
| Cash in Debt Service Funds | | | |
| 1973 Storm Sewer Series A | 3,500,000 | | |
| 1986 Water Improvements | 800,000 | | |
| 1989 Series C (1992) CIP | 1,480,000 | 5,780,000 | |
| | | | |
| Total Debt Subject to 20% Debt Limit | | | 69,605,400 |
| | | | |
| Legal 20% Debt Margin (Available 20% Borrowing Capacity) | | | \$206,172,353 |
| | | | |
| Debt Limit Equal to 6% of Assessed Valuation | | | \$82,733,326 |
| General Obligation Bonded Debt Subject to 6% Debt Limit | | | |
| 1968 Civic Center | 925,000 | | |
| 1985 Series B CIP | 375,000 | | |
| 1989 Series A (1990) CIP | 9,090,000 | | |
| 1991 Refunding | 1,805,000 | | |
| 1989 Series B (1991) CIP | 13,760,600 | | |
| 1989 Series C (1992) CIP | 8,075,000 | | |
| 1993 Refunding | 12,429,000 | 46,459,600 | |
| | | | |
| Less: | | | |
| Cash in Debt Service Funds | | | |
| 1968 Civic Center | 200,000 | | |
| 1985 Series B CIP | 375,000 | | |
| 1991 Refunding | 90,000 | | |
| 1989 Series C (1992) CIP | 400,000 | 1,065,000 | |
| | | | |
| Total Debt Subject to 6% Debt Limit | | | 45,394,600 |
| | | | |
| Legal 6% Debt Margin (Available 6% Borrowing Capacity) | | | \$37,338,726 |
| | | | |

CITY OF SCOTTSDALE, ARIZONA

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

TABLE XI

| FISCAL YEAR | PRINCIPAL | INTEREST | TOTAL DEBT SERVICE* | TOTAL OPERATING EXPENDITURES* | RATIO OF TOTAL DEBT SERVICE TO TOTAL OPERATING EXPENDITURES |
|------------------------|------------------|-----------------|--------------------------------|--|--|
| 1993 | \$6,045,000 | \$4,586,896 | \$10,631,896 | \$114,024,019 | 9.32% |
| 1992 | 2,325,000 | 4,448,878 | 6,773,878 | 98,616,817 | 6.87 |
| 1991 | 2,515,000 | 3,462,318 | 5,977,318 | 92,217,407 | 6.48 |
| 1990 | 2,475,000 | 2,724,699 | 5,199,699 | 84,881,157 | 6.13 |
| 1989 | 3,445,000 | 2,178,611 | 5,623,611 | 95,645,945 | 5.88 |
| 1988 | 3,415,000 | 2,339,321 | 5,754,321 | 91,528,855 | 6.29 |
| 1987 | 3,385,000 | 2,651,968 | 6,036,968 | 84,961,071 | 7.11 |
| 1986 | 3,860,000 | 2,782,036 | 6,642,036 | 79,682,450 | 8.34 |
| 1985 | 975,000 | 2,080,725 | 3,055,725 | 58,041,919 | 5.26 |
| 1984 | 670,000 | 1,114,165 | 1,784,165 | 50,714,853 | 3.52 |

* All amounts exclude general obligation water system improvement bonded debt and general obligation refunding debt serviced by and paid out of the Water Enterprise Fund.

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

TABLE XII

RATIO INCLUDING 1986 GENERAL OBLIGATION AND 1993 REFUNDING BOND EXPENSES

| FISCAL YEAR | GROSS REVENUE | OPERATING & MAINTENANCE EXPENSES | NET REVENUE AVAILABLE FOR DEBT SERVICE | PRINCIPAL | INTEREST | TOTAL BOND EXPENSE | RATIO OF NET REVENUE TO TOTAL BOND EXPENSE | REQUIRED RATIO |
|-------------|---------------|----------------------------------|--|-------------|-------------|--------------------|--|----------------|
| 1993 | \$38,534,538 | \$26,113,738 | \$12,420,800 | \$1,912,500 | \$2,467,289 | \$4,379,789 | 2.84 | 1.20 |
| 1992 | 36,784,727 | 23,685,494 | 13,099,233 | 1,785,000 | 3,849,104 | 5,634,104 | 2.33 | 1.20 |
| 1991 | 34,101,914 | 25,034,722 | 9,067,192 | 1,805,000 | 3,956,008 | 5,561,008 | 1.63 | 1.20 |
| 1990 | 33,204,682 | 19,749,304 | 13,455,378 | 1,295,000 | 3,742,838 | 5,037,838 | 2.67 | 1.20 |
| 1989 | 28,081,975 | 15,044,722 | 13,037,253 | 1,170,000 | 3,562,876 | 4,732,876 | 2.75 | 1.20 |
| 1988 | 26,327,551 | 12,208,834 | 14,118,717 | 1,050,000 | 3,624,851 | 4,674,851 | 3.02 | 1.20 |
| 1987 | 19,757,728 | 11,333,904 | 8,423,824 | 690,000 | 3,001,897 | 3,691,897 | 2.28 | 1.20 |
| 1986 | 16,048,667 | 6,275,565 | 9,773,102 | 950,000 | 1,084,061 | 2,034,061 | 4.80 | 1.20 |
| 1985 | 12,936,684 | 5,259,787 | 7,676,897 | 1,270,000 | 1,151,571 | 2,421,571 | 3.17 | 1.20 |
| 1984 | 10,415,234 | 4,843,415 | 5,571,819 | 1,200,000 | 770,132 | 1,970,132 | 2.83 | 1.20 |

RATIO NOT INCLUDING 1986 GENERAL OBLIGATION AND 1993 REFUNDING BOND EXPENSES

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

DEFINITIONS:

- Revenue - includes all revenues, all receipts, interest income, etc., actually realized for services and interest. Development fees are not included.
- Expenses - include operating and maintenance expenses necessary for on-going operations.
 - depreciation and amortization are non-operating expenses and are not included.
 - indirect cost, in lieu property tax, and franchise fee expenses result from a regular business agreement with other funds, therefore they are included.
 - principal payments on contracts are not included.

CITY OF SCOTTSDALE, ARIZONA

TOTAL DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT

TABLE XIII

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

| Name of Governmental Unit | Net Bond Outstanding | % Applicable to the City of Scottsdale | \$ Applicable to the City of Scottsdale |
|--|----------------------|--|---|
| State of Arizona | None | 6.29 | \$ |
| Maricopa County | \$176,025,000 | 9.99 | 17,584,898 |
| Maricopa County Community College District | None | 9.99 | |
| Tempe Elementary School District No. 3 | 58,320,000 | 0.00 | 268 |
| Balsz Elementary School District No. 31 | None | 4.51 | |
| Scottsdale Unified School District No. 48 | 169,892,000 | 68.07 | 115,645,484 |
| Paradise Valley Unified School District No. 69 | 193,100,000 | 19.42 | 37,500,020 |
| Cave Creek Unified School District No. 93 | 25,425,000 | 40.47 | 10,289,498 |
| Tempe Union High School District No. 213 | 63,110,000 | 0.00 | 169 |
| Phoenix Union High School District No. 210 | 139,190,000 | 0.25 | 347,975 |
| Total Overlapping Debt | | | 181,368,312 |
| City of Scottsdale | 80,300,000 | 100.00 | 80,300,000 |
| Total Direct and Overlapping Debt | | | \$261,668,312 |

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE XIV

| FISCAL YEAR | POPULATION (1) | PER CAPITA INCOME (2) (5) | MEDIAN AGE (2) (5) | EDUCATION LEVEL IN YEARS OF SCHOOLING (2) | SCHOOL ENROLLMENT (3) | UNEMPLOYMENT RATE (4) (5) |
|------------------------|---------------------------|--|-----------------------------------|--|--------------------------------------|--|
| 1993 | 145,920 | \$24,186 | 39.1 | N/A | 21,130 | 4.2% |
| 1992 | 139,050 | 23,482 | 39.1 | N/A | 20,357 | 4.7 |
| 1991 | 133,949 | 20,937 | 37.0 | N/A | 19,647 | 3.1 |
| 1990 | 130,720 | 20,543 | 35.0 | N/A | 19,276 | 3.0 |
| 1989 | 127,553 | 17,926 | 35.0 | N/A | 19,350 | 2.7 |
| 1988 | 124,562 | 16,891 | 39.0 | N/A | 20,081 | 3.5 |
| 1987 | 120,541 | 14,975 | 39.0 | N/A | 19,337 | 4.3 |
| 1986 | 114,993 | 14,716 | 36.9 | 13.5 | 19,255 | 3.9 |
| 1985 | 107,900 | 14,071 | 43.5 | 14.2 | 18,830 | 3.6 |
| 1984 | 100,900 | 10,900 | 38.5 | 12.0 | 19,032 | 2.9 |

Sources:

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

CITY OF SCOTTSDALE, ARIZONA

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

TABLE XV

| FISCAL YEAR | COMMERCIAL CONSTRUCTION (1) | | RESIDENTIAL CONSTRUCTION (1) | | BANK DEPOSITS MARICOPA COUNTY (000) (2) | PROPERTY VALUE (3) | | |
|-------------|-----------------------------|---------------|------------------------------|---------------|---|--------------------|-----------------|---------------|
| | NUMBER OF PERMITS | VALUE | NUMBER OF DWELLING UNITS | VALUE | | COMMERCIAL | RESIDENTIAL | NONTAXABLE |
| 1993 | 2,489 | \$ 89,192,106 | 4,663 | \$618,384,060 | \$19,011,574 | \$3,474,552,966 | \$6,083,107,311 | \$677,123,439 |
| 1992 | 1,296 | 33,101,112 | 2,327 | 490,763,126 | 19,425,952 | 3,818,532,680 | 5,935,463,922 | 621,380,175 |
| 1991 | 935 | 53,179,292 | 2,028 | 363,705,832 | 18,992,331 | 4,131,284,706 | 5,789,786,355 | 607,232,155 |
| 1990 | 1,035 | 116,911,202 | 1,571 | 229,271,970 | 17,119,454 | 4,074,473,248 | 5,534,789,752 | 606,445,209 |
| 1989 | 1,287 | 243,007,000 | 1,932 | 360,424,000 | 14,491,100 | 3,507,955,829 | 5,076,358,189 | 457,067,285 |
| 1988 | 1,416 | 172,700,000 | 3,996 | 545,900,000 | 15,373,219 | 3,034,294,469 | 4,807,553,647 | 390,010,293 |
| 1987 | 2,369 | 241,225,414 | 3,907 | 400,622,346 | 16,305,623 | 2,419,008,011 | 4,339,613,412 | 300,069,057 |
| 1986 | 2,436 | 190,962,782 | 4,027 | 386,391,288 | 13,973,325 | 1,935,264,476 | 3,596,269,350 | 220,255,201 |
| 1985 | 2,691 | 184,975,825 | 3,917 | 363,121,381 | 12,287,691 | 1,453,886,486 | 3,118,169,191 | 253,820,222 |
| 1984 | 2,529 | 124,939,954 | 3,504 | 294,370,574 | 10,286,853 | 1,276,210,112 | 2,925,474,200 | 230,412,720 |

Sources

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

**MISCELLANEOUS STATISTICAL DATA
JUNE 30, 1993**

TABLE XVI

| | | | |
|---|---|--------------------------|----------------------------|
| Date of Incorporation | - | June 25, 1951 | Area (Square Miles) |
| Date Charter Adopted | - | November 16, 1961 | 1951 - .62 |
| Form of Government | - | Council/Manager | 1961 - 8.80 |
| Population | | | 1970 - 62.20 |
| 1950 Census | - | 2,032 | 1975 - 85.80 |
| 1960 Census | - | 10,026 | 1979 - 88.60 |
| 1965 Special Census | - | 54,504 | 1982 - 113.60 |
| 1970 Census | - | 67,823 | 1986 - 183.60 |
| 1975 Special Census | - | 78,065 | 1987 - 184.30 |
| 1980 Census | - | 88,412 | 1988 - 184.80 |
| 1985 Census | - | 108,447 | 1990 - 185.20 |
| 1990 Census | - | 130,069 | |
| 1993 Est. 06/30/93 | - | 145,920 | |
| Miles of Sewers | | | |
| Storm | | | 29.17 |
| Sanitary | | | 710.60 |
| Fire Protection | | | |
| Number of Stations | | | 6 |
| 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 | | | 325 |
| Number of Traffic Citations (excluding parking) | | | 31,056 |
| Number of Vehicles | | | 156 |
| The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail. | | | |
| Recreation | | | |
| Parks - Number of Acres | | | 2,576 |
| Number of Swimming Pools | | | 3 |
| Number of Other Recreation Facilities | | | 39 |
| These include schools and school playgrounds in cooperation with Scottsdale School District. | | | |
| Water Enterprise | | | |
| Number of Water Customers | | | 50,735 |
| Annual Consumption (Gallons) | | | 13,736,116,516 |
| System Capacity (Gallons Per Day) | | | 86,645,120 |
| Miles of Distribution Lines | | | 1,017.30 |
| Number of Streetlights | | | |
| | | | 8,157 |
| Employees as of June 30, 1993 | | | |
| Full-Time | | | 1,185 |
| Part-Time | | | 269 |
| Grant Funded | | | 12 |
| Total | | | 1,466 |
| Elections | | | |
| Number of registered voters as of last regular election, March, 1992 | | | 87,535 |
| Number/% voting in last municipal election | | | 17,098/19.5% |
| Population | | | |
| Median Age of Residents | | | 39.1 |
| Mean Average Household Income | | | 48,202 |
| Mean Average Home Value - Single Family | | | \$148,358 |

**SCHEDULE OF INSURANCE
JUNE 30, 1993**

TABLE XVII

| CARRIER | POLICY DESCRIPTION | AMOUNT OF COVERAGE |
|--|--|--------------------|
| Arkwright Mutual Insurance Company 12/01/90 to 12/31/95 | Property Insurance Repair or Replace \$25,000 Deductible | \$137,421,000 |
| Insurance Company of the West 07/01/93 to 07/01/94 | Excess Liability Coverage \$1,000,000 Retention | \$ 1,000,000 |
| Insurance Company of the West 07/01/93 to 07/01/94 | Excess Liability Coverage | \$ 9,000,000 |
| National Union Fire Insurance 07/01/93 to 07/01/94 | Airport, Hangarkeepers, and Non-owned Aviation Coverage \$5,000 Deductible | \$ 50,000,000 |
| Employers Reinsurance Corporation 07/01/93 to 07/01/94 | Excess Workers' Compensation Coverage \$300,000 Retention | Statutory |

**SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
FOR FISCAL YEAR ENDED JUNE 30, 1993**

TABLE XVIII

| OFFICIAL TITLE | MAXIMUM | BOND |
|-----------------------|----------------|-------------|
| Mayor | \$ 33,600 | \$ 10,000 |
| Councilmen (6) | 13,800 | 10,000 |
| City Manager | 113,984 | 1,000,000 |
| City Clerk | 57,533 | 1,000,000 |
| City Attorney | 93,766 | 1,000,000 |
| City Treasurer | 89,294 | 1,000,000 |
| City Judge | 80,870 | 1,000,000 |
| City Auditor | 69,909 | 1,000,000 |

**PUBLIC EMPLOYEES HONESTY
AND FAITHFUL PERFORMANCE BOND**

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

