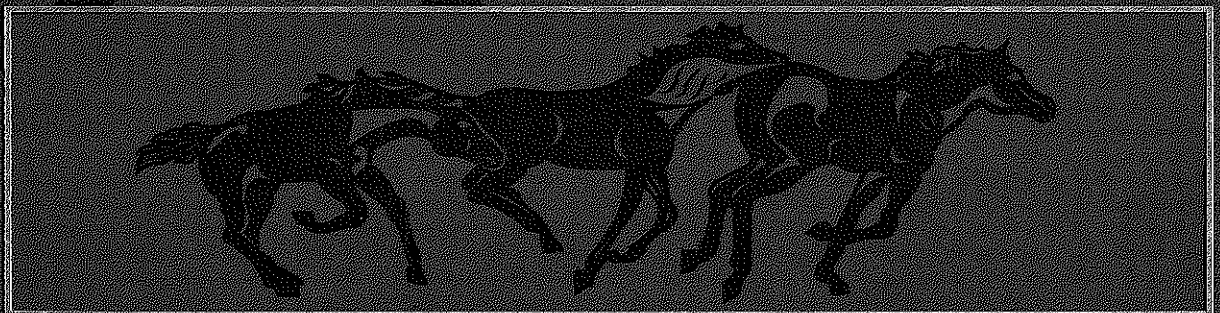


# *Comprehensive Annual Financial Report*

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*City of Scottsdale*  
*For the Fiscal Year Ended June 30, 2000*



*Scottsdale, Arizona*

Cover Design: **John H. Hammer III** .....  
Body Copy Design and Layout: **Kristine Zich**



**Comprehensive  
Annual  
Financial  
Report**

For the Fiscal Year  
Ended June 30, 2000

City of Scottsdale  
Scottsdale, Arizona

**City of Scottsdale, Arizona  
City Council**

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

**Administrative Staff**

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

**Prepared by**

Financial Services Department

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

Craig Clifford, CPA  
Accounting and Budget Director



**Citizens of Scottsdale**

**City Council**

Citizens Advisory Boards  
Citizen Advisory Commissions

**City Manager**

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City Auditor - Cheryl Barcala 480-312-7867  
City Clerk - Sonia Robertson 480-312-2754  
City Judge - B. Monte Morgan 480-312-7027  
City Treasurer - James A. Jenkins 480-312-2427

Executive Assistant to City Manager  
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Executive Assistant to Mayor  
Jeff Kulaga 480-312-7496

**Assistant City Manager**

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**Economic Development**

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**Redevelopment & Urban Design**

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**Police**

Doug Bartosh  
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**Human Resource Systems**

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**Office of Diversity & Dialogue**

Don Logan  
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**Assistant City Manager**

Roger Klingler  
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**Assistant City Manager**

Barbara A. Burns  
480-312-2599

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--	--	---	--	---

- Airport
- Transit
- Traffic Engineering
- Transportation Planning

- Comprehensive Planning
- Community Development
- Environmental Planning & Design
- Development Quality/Compliance
- Development Services
- Neighborhood Services
- Inspection Services

- Redevelopment
- Urban Design Studio

- Uniformed Services
- Investigative Services
- Administrative Services
- Professional Standards

- Resource Center
- Consulting Services
- Employee Programs
- Scottsdale University
- Endowment Program

<b>Intergovernmental Relations</b> Steve Olson 480-312-2423	<b>Water Resources</b> David Mansfield 480-312-5681	<b>Municipal Services</b> Al Dreska 480-312-5555
---	---	--

- Water Resources Operations
- Water Quality
- Solid Waste
- Fleet Management
- Field Services
- Capital Project Management

<b>Community Services</b> Bill Exham 480-312-2377	<b>Financial Services</b> James Jenkins 480-312-2427	<b>Information Systems</b> Carter Hunt 480-312-2795	<b>WestWorld</b> Tom Beat 480-312-7843
---	--	---	--

- Community Maintenance & Recreation
- Library Systems
- Human Services
- Cultural Council Contract Admin.
- Accounting & Budget
- Risk Management
- Purchasing
- Customer Service
- IS Support
- GIS
- Data Svcs
- Application Development
- Y2K
- Departmental Support
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For the Fiscal Year  
Ended June 30, 2000

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Scottsdale, Arizona

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# Introductory Section

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

*Comprehensive Annual Financial Report  
Fiscal Year 1999/2000*

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*City of Scottsdale, Scottsdale Arizona*



## **Transmittal Letter**

For the Fiscal Year  
Ended June 30, 2000

City of Scottsdale  
Scottsdale, Arizona

September 15, 2000

The Honorable Mayor and City Council  
City of Scottsdale, Arizona

Dear Mayor and Members of the City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (the City or Scottsdale), Arizona, for the fiscal year ended June 30, 2000, is submitted in accordance with Article 6, Section 14, of the City Charter. This report was prepared by the City's Accounting and Budget Division. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures that we believe are necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

### **FINANCIAL REPORTING ENTITY**

Scottsdale provides a full range of services including police and fire protection, sanitation/solid waste service, water and sewer services, construction and maintenance of streets, recreational activities, and cultural events. This report includes the financial data of all entities with which the City has a significant operational or financial relationship and which are consequently includable as component units in the City's financial reporting entity, in accordance with Governmental Accounting Standards Board Statement No. 14. The City's component units include the City of Scottsdale Municipal Property Corporation, Scottsdale Mountain Community Facilities District, McDowell Mountain Ranch Community Facilities District, DC Ranch Community Facilities District, Via Linda Road Community Facilities District, Scottsdale Preserve Authority, Los Arcos Multipurpose Facilities District, and Scottswater Company, Inc. Note 1 to the financial statements discusses in more detail the financial reporting entity.

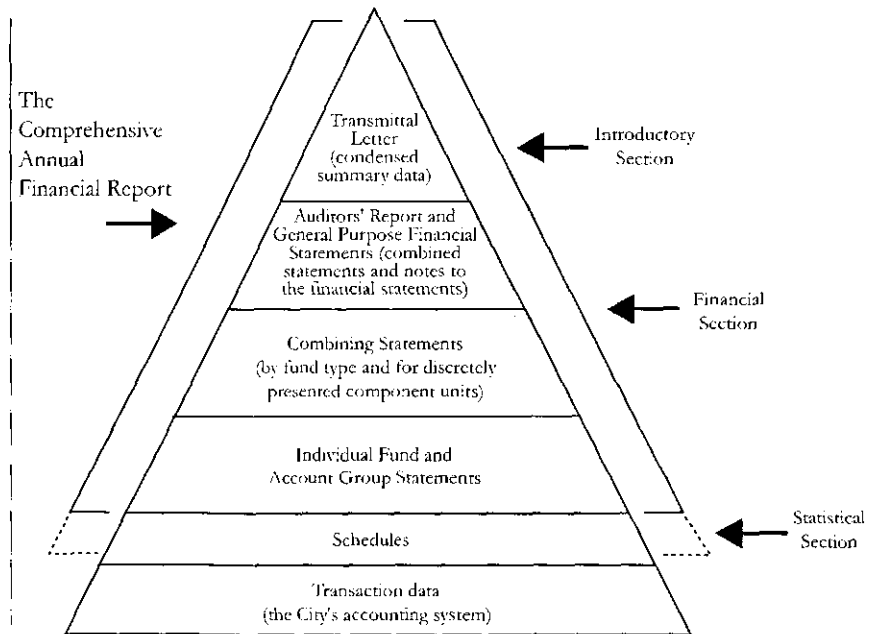
## COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The Comprehensive Annual Financial Report (CAFR) is organized on the basis of what has come to be known as the financial reporting pyramid (see the following graphic). The principle underlying this method of presentation is that readers can move from summary information to more detailed information. The CAFR contains three sections:

1) the **Introductory Section**, which includes this transmittal letter, the City's organizational chart, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting;

2) the **Financial Section**, which includes the independent auditors' report, the general purpose financial statements, notes to the financial statements and financial policies of the City, and the combining and individual funds and account group financial statements and schedules; and

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



## ECONOMIC CONDITION AND OUTLOOK

The City of Scottsdale is centrally located in Maricopa County, with its boundaries encompassing an area of approximately 185 square miles. The City shares common borders with the incorporated communities of Phoenix, Tempe, Mesa, Fountain Hills and Carefree. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.

The economic climate remained strong for the City of Scottsdale during fiscal year 1999/2000. Local economic indicators recorded positive gains and Scottsdale's economic indicators once again exceeded the averages for metro Phoenix. Significant reasons for Scottsdale's positive economic condition at fiscal year end 1999/2000 and continued favorable outlook for fiscal year 2000/2001 include:

**Retail Sales.** Scottsdale's single largest revenue source is sales tax generated from a well-balanced variety of businesses which include automotive, construction, food stores, hotels/motels, restaurants, utilities, rentals, department stores, and miscellaneous retail stores. Nearly every category posted strong gains for the year; receipts for 1999/2000 were up by more than 10.5 percent overall, and are projected to grow by about the same amount for 2000/2001. This marks the 8<sup>th</sup> year in a row that Scottsdale has realized double digit increases in its sales tax receipts; since 1992/93, total sales tax collections have more than

tripled. During the 2000/2001 fiscal year, we expect to see the second phase opening of an 850,000 square foot entertainment/specialty center in North Scottsdale (the Scottsdale Promenade), two new car dealerships, and the start of construction on several key redevelopment projects, including the long-awaited Scottsdale Waterfront. The City has also begun advance-planning work on the development of a new regional mall, to be located at Scottsdale Road and the 101 Freeway, which likely will open in the 2004-2006 timeframe.

**Construction Activity.** Overall construction value reached \$1.1 billion in 1999/2000. The 2000/2001 fiscal year is anticipated to top \$1.1 billion again with the start of construction on several key redevelopment projects. Assessed property values increased 15.5 percent during 1999/2000, a good indicator of the community's economic well-being and revenue base. Assessed property values are expected to grow by 16.5 percent in 2000/2001, based on continued residential and commercial growth.

**Residential Activity.** The 1999/2000 fiscal year resulted in \$735 million dollars in residential construction valuation. Permits for all types of residential activity (detached homes, condos, apartments, guest homes and home renovation projects) were down 1 percent in 1999/2000 from 1998/1999. Custom Homes (over \$400,000) presently account for 62 percent of all single family detached activity. The corresponding guest home activity in 1999/2000 is up 70

percent over 1998/1999. The custom home market will increasingly dominate the Scottsdale residential market.

Single family renovation activity in 1999/2000 was up 22 percent over 1998/1999. The average value of each permit is \$37,000. Travel times are bringing young families to the Scottsdale neighborhoods south of Indian Bend for access to housing (under \$170,000), access to public transportation, developed park/school sites, and a variety of shopping. Activity in the "re-investment" of Scottsdale's older residential areas is anticipated to increase another 10 percent in 2000/2001.

Multifamily activity in 1999/2000 (1,432 units) was up 70 percent over 1998/1999 (836 units). Activity in this category is anticipated to reach 1,000 units in 2000/2001.

**Commercial Activity.** Construction is anticipated to remain steady in the next fiscal year with the start of key redevelopment projects at Los Arcos and Scottsdale Waterfront. The Portales Condominium Project and the Scottsdale Summit retail project are expected to break ground in 2000. Additionally, the completion of the freeway through the Pima Road intersection will serve to further stimulate the Scottsdale Airpark, as well as produce continued major office development in the Perimeter Center and WestWorld areas. Scottsdale has become the office location of choice in the Valley — last year, nearly 50 percent of all new office construction occurred in Scottsdale.

Scottsdale has been very fortunate to enjoy over \$500 million in commercial development the past two years and is anticipated to maintain this level the next several years with both redevelopment and commercial activity. This strong commercial pattern has served to significantly decrease the City's budget reliance on residential construction sales tax revenue unlike other Valley cities.

**Vacancy Rates.** Commercial vacancy rates remained low over the past year, despite significant new construction. Office vacancies are estimated at 8 percent, retail vacancies at 9 percent and industrial vacancies at about 5 percent. A large amount of speculative construction has begun, but absorption remains strong, and therefore vacancy rates should remain low over the next year.

**Job Growth.** Scottsdale attracted 11 major new targeted firms with over 3,000 new jobs in 1999/2000; even more important was that the average salary level of these jobs was \$68,000. Currently there are 18 active prospective firms looking at Scottsdale, with a potential for another 3,700 new jobs. Personal income growth benefits not only from the strong influx of population but also from some gains in higher wage jobs. Employment growth is expected to remain strong in almost every area with the greatest growth occurring in the biomedical industries and in corporate headquarters operations. Major new employers to announce moves to Scottsdale last year

included Maxwell Productions, Metris Financial Services, and Lucent Technologies.

**Employment.** Scottsdale remains a net importer of labor, as the number of jobs physically located in the City (about 140,000) far outweighs the local labor force (about 106,000). Scottsdale's unemployment rate is the lowest of any major city in the valley (currently at a record low of 1.6 percent), and is expected to remain below 2 percent through the end of 2000.

**Tourism.** The local tourism industry has begun to recover from the significant overbuilding that occurred in recent years which drove occupancy rates down to 66 percent in 1999. The combination of no new construction and steady demand growth is now resulting in both occupancy and average room rate gains at local properties. The result has been an increase in bed tax revenues of 13 percent during the first 6 months of 2000. The long-term still looks very positive, and with a continued restraint on new construction, the outlook for the rest of 2000 is good.

These factors contributed to Scottsdale's healthy economy in 1999/2000, and will likely continue into 2000/2001. Much of the revenue growth attributable to the economic resurgence of the past five years has been invested in City reserves to provide funding to maintain citizen services during times of fiscal uncertainty and to build contingency funding for infrastructure deterioration. The outlook is for moderate growth in 2000/2001; however, Scottsdale's five-year financial plans and biennial budget are premised upon conservative economic forecasts in anticipation of a softening economy late in the year and beyond. These factors, coupled with an emphasis on long-range strategic planning which balances desired results with available resources, will enable Scottsdale to continue to grow and prosper over the next several years.

## **MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS**

During 1999/2000 we continued to invest in programs and amenities that define the special character of our City and will keep Scottsdale as a "livable" community for generations to come - a sustainable economic base, meaningful open space, neighborhood preservation, and human services, cultural and arts programs.

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

Service efforts to shape and maintain Scottsdale as a sustainable community that were made in the past year include enhancements to the quality services we provide for our citizens; contributions made to environmentally and fiscally sound infrastructure; and, contributions toward building and maintaining a sustainable economic base. The following are some of the service efforts and accomplishments of City staff during 1999/2000:

### **General Government**

Worked with a Citywide interdepartmental staff team and a wide range of community groups to assure Scottsdale's population was accurately counted in the 2000 Census. Staff estimates the new population figures will mean an extra \$95 million in shared revenues over the next ten years for community programs and services.

Nearred a second year of publication of the Scottsdale Citizen Magazine, focusing on the theme of sustainability during the year 2000, and began production of a companion CityCable television show.

Human Resource Systems focused heavily on staffing the City's human resource needs. A record number of 260 recruitments were conducted and 335 new employees were hired. Additionally, three critical Charter Official executive searches were successfully completed for City Manager, City Attorney and City Judge. Human Resource Systems also developed and implemented a new Judicial Appointments Advisory Board Ordinance to strengthen the process for selecting and re-appointing full-time judges.

City Employees identified and implemented over \$15 million in service and quality improvements, including almost \$4 million in hard dollar savings.

Conducted four municipal elections — September 7, 1999, special election; November 2, 1999, special election; and the general and runoff elections in March and May, 2000. 66 percent of the citizens who voted in March and 77 percent of the citizens who voted in May voted early ballots — either by mail, at Election Central or Via Linda Early Voting location.

Revitalized and structured the employee diversity task force and named it The Diversity Advisory Council. This committee is comprised of employees and citizens who assist the Diversity & Dialogue office in furthering the organization's diversity initiatives through training and education; cultural programming; outreach; and assessment and evaluation.

Mobilized and continue to coordinate an Affordable Housing cross-departmental staff team to conduct a community-wide communication and outreach program for citizens and to determine how the community wants to respond to this issue in Scottsdale.

### **Police**

Developed and implemented a comprehensive action plan in preparation for Y2K which included internal computer systems upgrades, additional training for sworn personnel, and a multitude of contingency plans addressing varying public safety hazards. Also, conducted crisis and disaster planning and response training for the Scottsdale School District.

To address the City's residential burglary rate and increase citizens' knowledge of burglary prevention techniques, the department initiated the "LOCK'EM OUT" program. A collaborative effort of the community, police, and local businesses, the program increases citizens' knowledge of burglary prevention techniques while augmenting proven home security techniques.

Received a \$1.5 million federal grant for twenty patrol officers.

The rate of Part 1 crimes decreased 14 percent from the prior year. The ratio of crime dropped to a 10-year low of 41 crimes per 1,000 citizens.

### **Fire**

Rural/Metro continued to grow and expand with the City of Scottsdale. In November 1999, a new, temporary fire station facility opened in the Desert Mountain area of the community staffed with Advanced Life Support (Paramedic) firefighters. This will increase the protection levels in the northern parts of the City and the Desert Mountain area. Nine additional positions were added to Scottsdale's manpower to increase the resource levels to cover the community. In addition, we graduated six additional firefighters from paramedic school.

At the end of this fiscal year, 37,138 single-family homes are now protected with automatic fire sprinklers. This represents 49.7 percent of all single-family homes in Scottsdale. Again, this year, this type of sprinkler protection demonstrated their ability to have a dramatic, positive impact on fire incidents by saving three of our citizens' lives. This proactive policy decision will continue to offer such substantial benefits to the community as it continues to grow.

### **Financial Services**

Received an upgrade on General Obligation bonds from Fitch (AA+ to AAA) and on MPC bonds from Fitch (AA to AA+). Only 12 cities in the entire nation have an AAA rating from Fitch.

Acting on the department's advice, voters authorized the issuance of \$200 million of General Obligation debt for preservation. This will result in a savings of \$4 million over the life of the program.

Received OSHA re-certification and continuation of the Voluntary Protection Program (VPP) for another three years.

Budget Office received an Award for Excellence in Budgeting and Financial Reporting from the Government Finance Officers Association for its Financial Trends Analysis.

Purchasing was awarded the National Purchasing Institute's Achievement of Excellence in Procurement Award.

The City's flexible procurement processes continue to drive down costs and improve operational efficiency.

Customer Service offers improved citizen access with a move to the North Water Resource Building.

### **Transportation**

The Transportation Systems Department enhanced its commitment to community outreach with the addition of two professional public involvement staff.

Scottsdale Airport automated the administration of leases and permits to more effectively recover operating and maintenance costs.

Bus service in two major north-south corridors increased to 15-minute service during peak hours and ridership increased significantly. The first-ever City-owned buses were delivered in August 2000.

Phase 1 of construction on the new Traffic Operations Center was 95 percent completed.

The City received its Municipal Separate Storm Sewer Permit from the Environmental Protection Agency, a federal mandate. Construction was also completed on the Oak Street Storm Drain, which will allow for the removal of 170 homes in the Ily-View neighborhood from the FEMA floodplain.

### **Community Services**

The Scottsdale Cultural Council was recognized with two awards: Excellence in Business from the Scottsdale Chamber of Commerce, and Arts Organization of the Year from Business Volunteers for the Arts.

Produced an initial 5-year planning document for the Human Services Division, providing programming and budget focus, with the help of a forum attended by more than 200 interested citizens.

Renovated Building 6 at Paiute Neighborhood Center with assistance of Partners for Paiute. The building will house the Early Childhood Learning Center to serve the needs of families in the neighborhood, and will be operated by the YMCA in conjunction with the Head Start program.

Library Operations was selected as one of 70 public library systems in the country to introduce electronic books to their communities.

The Parks, Recreation and Facilities Division attained national re-accreditation in 1999. Originally accredited in 1994 as a pilot agency, this national program signifies that the Parks and Recreation agency has met national standards related to quality operations. Accreditation is for 5 years.

Accepted Pinnacle Peak Park, 150 acres with trails and climbing areas, from the private developer. Scottsdale's first mountain park will likely open to the public in 2001.

### **Information Systems**

Network Upgrades and Improvements - Installed hubs to support higher speed processing and upgraded the enterprise backup system to accommodate the growth of data. Performed testing for new enterprise software upgrade that will include Office 2000, Outlook 2000, Xpressions (voicemail), and Internet Explorer browser.

Generator Project - Installed a 450 KW Diesel Generator to support the City's computer complex located in the Center for the Arts facility. This generator will support all computer equipment as well as the lights and air conditioning for 24 hours before needing to be re-fueled. It has already been put to use during 3 electrical outages during this year's monsoon season.

Internet Hardware - Upgraded the Firewall software and Microsoft Proxy Server software in November 1999 and worked with the Library to migrate the public access network to their own firewall outside of the City network.

IVR Projects - Installed Building Inspections IVR that allows citizens, through the use of their telephone, to schedule inspections by interfacing with our computer database directly.

Census 2000 - Validated 16,000+ residential addresses that were not on the Census Bureau's address list using the Geographic Information System.

### **Community Planning**

A General Plan update is in progress which will incorporate state mandates and include new elements. The update is scheduled to be completed by December, 2001.

The Neighborhood College program, which has provided training for 300+ citizens to prepare them for leadership in their neighborhoods, has been expanded and a Neighborhood Mediation Team has been formed.

The Green Building Program received the Environmental Sensitivity Award from the Construction Specifications Institute (CSI) and the Governor's Award for Energy Conservation in Arizona. Single Family green building designs have increased by 3 percent.

## **Community Development**

New Sensitive Design Guidelines for building in our desert environment established.

Project under Consideration site posting and Citizen Review Plan & Report requirements established for all applicants applying for zoning changes.

Implemented One Stop Shop on-line which allows customers to do business with us 24 hours a day/7 days a week. Customers can apply for a permit, schedule inspections, download/print forms or documents, and view permit and inspection status.

Implemented On-line Code Enforcement complaint form. We currently receive approximately 25 complaints weekly through this system.

Implemented NOTICE (Neighborhoods Organizing to Increase Code Enforcement) program. This program enlists the help of neighborhood volunteers to 'notice' areas of concern in their neighborhood and assist in getting those areas into compliance.

## **Preservation**

An additional 1,185 acres of land were acquired for inclusion in the McDowell Sonoran Preserve. The total land protected in the 36,000 acre Preserve boundary as of July, 2000 stands at 14,600 acres.

A new Chapter 21 of the Revised Scottsdale Code — the Preserve Ordinance was adopted. The Preserve Ordinance is a comprehensive set of rules and regulations for the Preserve that will ensure the sensitive desert environment is protected in a natural state and that the City is a good steward of the land it owns in the Preserve.

Historic Preservation Ordinance and an Archaeological Resources Ordinance were augmented. The purposes of the ordinances are to take pride in past accomplishments, and to protect and preserve "the best of the best" historic resources. To date, 5 properties have been placed on the Scottsdale Historic Register. The archaeological resources ordinance formalizes the City's commitment to identify and protect, recover when necessary, significant resources on public and private project sites in Scottsdale.

## **Water Resources**

Obtained sufficient water supplies to meet the 100-year Assured Water Supply Rules which guarantees that the City has a long-term supply for all current and committed water demands, including lease from San Carlos Apache Tribe of 12,500 acre feet of water rights.

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

Began operations of the expanded CAP Water Treatment Plant, designed at 50 million gallons per day capacity, allowing increased use of surface water and decreased groundwater mining.

Commenced use of expanded radio telemetry control system for operation and monitoring of over 125 sites including the CAP Water Treatment Plant, Wastewater Reclamation Plant, Advanced Water Treatment Plant and the Pumpback system.

Began operations of the Water and Wastewater Quality Laboratory and obtained necessary certifications and testing equipment. Maintained federal and state environmental quality compliance for the municipal water system, continuing to provide safe water to our customers.

## **Municipal Services**

Total residential and commercial refuse collected equaled 155,000 tons. Recyclables represented just under 30 percent of the residential refuse collected. That translates to a savings of \$585,000 in transfer and landfill fees. Residential refuse and recycling collection received a 92 percent and 89 percent approval rating in the 1999 annual citizen survey.

Secured a grant for alternative fuel vehicles from the State of Arizona Department of Commerce Energy Office. The grant gives the City the ability to double the number of alternative fuel vehicles planned for this fiscal year from eighteen to thirty-six. The grant also covered the additional cost associated with the purchase of nine new alternative fuel transit buses.

Marked the one-year anniversary of CHUMS On-Line with over 500 on-line requests for service. CHUMS stands for Customers Helping Us Maintain Scottsdale and is a fast, easy method for customers to create service requests 24 hours a day, 7 days a week. Customers have been very receptive to the program and it is expected that usage will double in the next fiscal year. Early notification and correction of deficiencies greatly reduces the risk of liability and reduces the cost of repairs. CHUMS is in the process of receiving a trademark.

Implemented a new process to verify the ownership status of local streets prior to undertaking expensive resurfacing. This process includes a thorough public record search of City and County-recorded documents. To date, the streets in three subdivisions that were believed to be public have been identified as private streets. The annual hard dollar saving in street pavement maintenance is \$4,500. This is equal to \$135,000 over the lifetime of these street surfaces.

Implemented an Internet accessible map of Capital Improvement Process (CIP) construction for citizen use. The map includes the area of construction, a brief description of the construction, dates for completion, and

whom to contact for further information. This form of public outreach will increase communication regarding Capital Project Management projects that affect traffic for the citizens of Scottsdale.

### **WestWorld**

During FY 1999/2000 the new Self-Managed Event Coordination Team at WestWorld was formed. The goal of this team is to provide "simply better service" to our guests, clients, citizens, and staff. The addition of this team will provide a single source for all event coordination from the planning stages through the completion of the show. The WestWorld Event Coordination Team will result in greatly enhanced customer service and phone coverage.

WestWorld has also completed the installation of a new public address system to assist in making announcements to various areas of the park including arenas and barns. The addition of the updated system is an excellent tool in providing superior service to all shows, which visit WestWorld. Additionally, the Operations staff has spent countless hours working to beautify the grounds of WestWorld. The facility beautification project has included work throughout the recreational vehicle grounds as well as the polo field. This project is ongoing and will serve to draw more events and guests to our park. We are very excited about the future look and sound of WestWorld.

WestWorld successfully hosted its Signature Events (Arabian Horse Association, Thunderbird Balloon Classic, Barrett/Jackson Auto Show, and Sun Country Quarter Horse Association). In addition to the Signature Events, WestWorld hosted many smaller equestrian events, business meetings, and activities.

The Sanctuary Golf Course successfully opened for business on November 8, 1999, and was named to the Audubon International for its ability to preserve desert resources.

### **FOR THE FUTURE**

Plans articulated in the 1999/01 Biennial Budget and Five Year Balanced Financial Plan continue to support basic government services (roads, water, sewer, solid waste management, public transit, parks and recreation, police, fire, etc.), while building on long-term community priorities established in previous years. Scottsdale's strategic planning process is used by the organization to frame the broad targets (critical objectives) which are important to the Community and City Council. The plan by no means describes everything we do, but it does articulate key objectives to which the entire Executive Team pays attention. The review of existing policies and development of critical objectives are also the basis for the City's strategic budget planning, measuring

performance and evaluating proposals for future programs.

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

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

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

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

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

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

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

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

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

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

### **FINANCIAL INFORMATION**

**Internal Control.** Management of the City of Scottsdale is responsible for establishing and maintaining a system of internal control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The



concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. The City's internal accounting controls are considered to be adequate to safeguard the assets and provide reasonable assurance of proper recording of financial transactions.

**Single Audit.** As a recipient of federal, state, and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As part of the single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs. The City's single audit for the fiscal year ended June 30, 2000, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

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

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

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

**General Governmental Functions.** The following schedule presents a summary of the General, Special Revenue, Debt Service, and Capital Projects Funds revenues for the fiscal year ended June 30, 2000, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenues (in thousands of dollars)				
Classification	2000 Amount	Percent of Total	Increase (Decrease) From 1999 Amounts	Percentage Increase (Decrease) From 1999
Taxes	\$ 156,017	55.9%	\$ 14,951	10.6%
Intergovernmental	52,807	18.9%	4,099	8.4%
Grants	5,819	2.1%	(393)	-6.3%
Special Assessments	3,740	1.3%	(617)	-14.2%
Licenses	1,717	0.6%	480	38.8%
Charges for Services	19,711	7.1%	2,484	14.4%
Fines and Forfeitures	5,105	1.8%	(88)	-1.7%
Use of Money and Property	13,256	4.7%	2,832	27.2%
Developer Contributions and Reimbursements from				
Outside Sources	5,191	1.9%	(1,270)	-19.7%
Streight and Services Districts	968	0.3%	4	0.4%
Other	14,940	5.3%	(3,085)	-17.1%
<b>Total</b>	<b>\$ 279,271</b>	<b>100.0%</b>	<b>\$ 19,397</b>	<b>7.5%</b>

The increase in General Governmental revenues was a result of Scottsdale's continued strong economy. Taxes led by construction, automotive sales, and retail sales continue to increase at a double-digit rate. Special Assessments decreased as a result of a decrease in the number of new assessment districts being formed. Licenses increased because of the addition of false alarm revenue. Charges for services increase due to increases in development permit and fees, business licenses, and recreation fees attributable to growth. In addition, development permit and fees and recreation fees charged to citizens were increased. Use of money and property increased due to interest

revenue earned. Interest revenue increased due to greater amounts invested and higher interest rates than the prior year. Reimbursements from Outside Sources decreased due to larger developer contributions to the Community Facilities Districts during the fiscal year 1998/99. Other revenues decreased due to the closing of some clearing account balances to revenue and a refund of long-term disability insurance payments in the prior year.

The following schedule presents a summary of General, Special Revenue, Debt Service, and Capital Projects Funds expenditures for the fiscal year ended June 30, 2000, and the amount and percentage of increases and decreases in relation to prior year expenditures.

Police Department expenditures increased due to market adjustments of salaries and wages throughout the department and additional full-time staff hired due to community growth.

Information Systems expenditures decreased as compared to fiscal year 1998/99 due to large one-time expenditures made in 1998/99 including preparation for the year 2000.

Fire expenditures increased due to contractual increases with Rural/Metro Corporation and the operation of more fire stations during the year. Capital Improvements expenditures decreased due to fewer capital projects throughout the year. In addition, several large projects were completed in the fiscal year 1998/99.

**General Governmental Fund Balances.** Fund balances reflect the accumulated excess of revenues and other financing sources over expenditures and other financing uses for general government functions. Unexpended appropriations lapse at the close of the fiscal year and revert to unreserved fund balance. The following schedule presents increases (decreases) in total fund balances at June 30, 2000, compared to the prior year.

The General Fund balance increased primarily as a result of continued strong revenue growth. The Highway User Fund balance decreased as a result of grants deferred at year-end. The Grants fund balance decreased as a result of reimbursements not received by year-end. The Preserve Tax and Transportation Tax fund balances increased due to tax revenues received in advance of the related capital project expenditures funded by these monies. Debt Service fund balance decreased as a result of increased debt service requirements due to new bond issues. The fund balance for Capital Projects increased as a result of bond sales and other revenues that will be spent on Capital Improvements in subsequent years and fewer capital project expenditures throughout the fiscal year.

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

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

Expenditures (in thousands of dollars)				
Department	2000 Amount	Percent of Total	Increase (Decrease) From 1999 Amounts	Percentage Increase (Decrease) From 1999
General Government	\$ 16,104	4.9%	\$ 1,030	6.8%
Police	41,392	12.7%	3,640	9.6%
Financial Services	6,448	2.0%	89	1.4%
Transportation	7,335	2.3%	336	4.8%
Community Services	41,790	12.8%	1,032	2.5%
Information Systems	6,681	2.1%	(676)	-9.2%
Planning & Development	19,903	6.1%	1,484	8.1%
Fire	14,338	4.4%	1,494	11.6%
Municipal Services	9,695	3.0%	618	6.8%
Streetlight and Services Districts	942	0.3%	(24)	-2.5%
Capital Improvements	101,722	31.3%	(73,930)	-42.1%
Debt Service	59,106	18.2%	3,328	6.0%
<b>Total</b>	<b>\$ 325,456</b>	<b>100.0%</b>	<b>\$ (61,579)</b>	<b>-15.9%</b>

Total Fund Balances (Deficit) (in thousand of dollars)			
Fund	June 30, 1999	June 30, 2000	Increase (Decrease)
General	\$ 62,659	\$ 75,522	\$ 12,863
Special Revenue			
Highway User	37	(403)	(440)
Community Development		(52)	(52)
Home		(36)	(36)
Grants	(111)	(293)	(182)
Section 8	(211)	(427)	(216)
Preserve Tax	1,211	3,430	2,219
Transportation Tax	623	5,818	5,195
Debt Service	13,218	7,024	(6,194)
Capital Projects	102,634	109,686	7,052
<b>Total</b>	<b>\$ 180,060</b>	<b>\$ 200,269</b>	<b>\$ 20,209</b>

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

The retained earnings increase for the Water and Sewer Utility Fund is due to a combination of customer base increases, service rate increases and increased usage because of dry weather. Water and Sewer retained earnings is intended to provide

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

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

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

**Debt Administration.** At June 30, 2000, the City had outstanding debt issues of \$622,938,000. The chart shows the breakdown.

During the 1999/00 fiscal year, \$59,600,000 general obligation bonds, \$3,085,000 Community Facility District Bonds were issued, as well as \$8,147,000 in contractual debt. The City maintained its Aa1 bond rating from Moody's Investor Service, AAA rating from Fitch Investors Service, Inc., and AA+ rating by Standard and Poor's for general obligation bonds this past fiscal year. This represents the

highest combined rating of any City in Arizona. Scottsdale also received an upgrade in the last fiscal year for Water and Sewer Revenue Bonds. General obligation debt is serviced by secondary property taxes. Revenue-supported debt is serviced with the user fees associated with the particular fund activity.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space, parks, playground, and recreational facilities up to an amount not exceeding 20 percent of the secondary assessed valuation of all properties in the City, and general obligation bonds for all purposes other than those listed up to an amount not exceeding 6 percent of the secondary assessed valuation. At June 30, 2000, the City's 20 percent debt limitation was \$496,877,000, providing a debt margin of \$329,214,000, and the 6 percent debt limitation was \$149,063,000, providing a debt margin of \$80,776,000.

**Cash Management.** Cash temporarily idle during the year, excluding that of the Municipal Property Corporation (MPC), and the Community Facilities Districts, was invested primarily in the State Treasurer's Local Government Investment Pool and mutual funds whose portfolios consist solely of U.S. Government Treasury and Agency securities. In addition, amounts were directly invested in obligations of the U.S. Treasury and its agencies, demand deposits, and repurchase agreements. The City utilizes a pooled cash concept in order to invest greater amounts of cash at one time and therefore receives more favorable interest rates. The average yield on pooled investments for the 1999/00 fiscal year was 5.87 percent, and the average daily investment balance was \$366,020,000.

Scottsdale's investment policy is to invest all of the City funds at the highest available interest rate, assuring that all monies are fully secured with emphasis on safety of principal, liquidity, and financial return on principal, in that order.

**Risk Management.** The City is exposed to various risks of loss related to public, property, and aviation liability, and workers compensation. Public liability includes public officials' errors and omissions, automobile and general liability. The City is self-insured for the first \$1,000,000 of public liability, the first \$50,000 of property liability, and the first

Retained Earnings (Accumulated Deficit) (in thousands of dollars)			
Fund	June 30, 1999	June 30, 2000	Increase (Decrease)
Water and Sewer Utility	\$224,149	\$255,886	\$31,737
Airport	290	259	(31)
Solid Waste	1,687	2,816	1,129
Fleet Management	15,701	17,954	2,253
Self-Insurance	(620)	2,529	3,149
<b>Total</b>	<b>\$241,207</b>	<b>\$279,444</b>	<b>\$38,237</b>

Debt (in thousands of dollars)		Principal Balance, June 30, 2000
General Obligation Bonds		\$263,216
Revenue Bonds		96,310
Scottsdale Municipal Property Corporation Bonds		68,675
Preserve Authority Bonds		93,970
Special Assessment Bonds		11,034
Community Facilities District Bonds		35,735
Contracts		25,248
Capital Leases		28,750
<b>Total</b>		<b>\$622,938</b>

\$250,000 of workers compensation. Coverage in excess of these respective amounts is provided through the purchase of commercial insurance. During the fiscal year ending June 30, 2000 there was no significant reduction in excess insurance coverage. Additionally, settlements for each of the past three fiscal years have not exceeded the City's excess insurance coverage amounts.

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

#### **OTHER INFORMATION**

**Independent Audit.** City Charter requires an annual audit by independent certified public accountants. The accounting firm of Deloitte & Touche LLP has been selected by the City Council to audit from 1996 to 2000. The auditors' report is included in the financial section of this report.

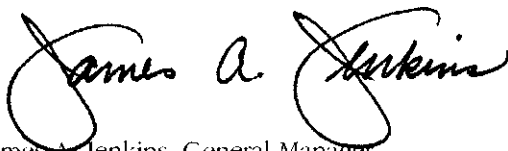
In addition to this report, the auditors were also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements for non-Federal entities that administer Federal awards and implement the Single Audit Act amendments of 1996. Due to the size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

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Scottsdale for its comprehensive annual financial report for the fiscal year ended June 30, 1999. This was the 27th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Scottsdale,  
Arizona

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

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.



*Carly Brueckner*  
President

*Jeffrey L. Esser*  
Executive Director

# Financial Section

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

*Comprehensive Annual Financial Report  
Fiscal Year 1999/2000*

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*City of Scottsdale, Scottsdale, Arizona*

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Scottsdale, Arizona, as of June 30, 2000, and for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the City of Scottsdale, Arizona. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Scottsdale Water Service Company Limited Partnership which were combined with the financial statements of Scottswater Company, Inc., a component unit, and the Los Arcos Multi-Purpose Facilities District, a component unit. The financial statements of Scottsdale Water Service Company Limited Partnership and the Los Arcos Multi-Purpose Facilities District were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for Scottswater Company, Inc., and the Los Arcos Multi-Purpose Facilities District is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Scottsdale Water Service Company Limited Partnership which were combined with the financial statements of Scottswater Company, Inc. a component unit, and the Los Arcos Multi-Purpose Facilities District, a component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not extend to the financial statements of Scottsdale Water Service Company Limited Partnership and the Los Arcos Multi-Purpose Facilities District. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, such general purpose financial statements present fairly, in all material respects, the financial position of the City of Scottsdale, Arizona, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, based on our audit and the

report of other auditors, the combining and individual fund and account group financial statements of the City of Scottsdale, Arizona, present fairly, in all material respects, the financial position of each of the individual funds and account groups as of June 30, 2000, and the results of operations of such funds and the cash flows of individual proprietary and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2000 on our consideration of the City of Scottsdale, Arizona's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Deloitte & Touche LLP*  
September 15, 2000





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

Exhibit A-1

June 30, 2000 (in thousands of dollars)  
with Comparative Totals for June 30, 1999 (Primary Government Only)

	Governmental Fund Types			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>ASSETS AND OTHER DEBITS</b>						
Cash and Investments	\$ 78,420	\$ 8,123	\$ 43,642	\$ 112,022	\$ 116,209	\$ 22,250
Receivables						
Accrued Interest	712	40	6	749	1,361	154
Privilege Tax	3,713	2,730	-	-	-	-
Hotel/Motel Tax	405	-	-	-	-	-
Property Tax	1,043	-	306	-	-	-
Special Assessments	-	-	7,693	-	-	-
State Shared Sales Tax	1,297	-	-	-	-	-
Fuel Tax	-	1,706	-	-	-	-
Grants	-	358	-	-	54	-
Accounts	-	-	-	-	12,503	-
Note	-	-	-	-	-	-
Miscellaneous	1,191	-	2	124	141	45
Deferred Issuance Costs, Net of Accumulated Amortization	-	-	-	-	-	-
Due from County Treasurer	-	-	40	-	-	-
Due from Other Funds	588	-	-	-	-	-
Advances To Other Funds	1,000	-	-	-	-	-
Supplies Inventory	573	-	-	-	-	339
Restricted Cash and Investments	-	-	-	-	15,833	-
Equity in Joint Venture	-	-	-	-	28,973	-
Property, Plant, and Equipment, Net of Accumulated Depreciation	-	-	-	-	654,198	16,920
Excess Purchase Price over Fair Market Value of Assets Acquired, Net	-	-	-	-	285	-
Amount Available in Debt Service Funds	-	-	-	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	-
<b>Total Assets and Other Debits</b>	<b>\$ 86,942</b>	<b>\$ 12,957</b>	<b>\$ 51,689</b>	<b>\$ 112,895</b>	<b>\$ 829,557</b>	<b>\$ 39,708</b>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts Payable	\$ 1,398	\$ 433	\$ -	\$ 1,458	\$ 3,289	\$ 117
Accrued Payroll	8,842	287	-	-	1,429	445
Claims Payable	-	-	-	-	-	5,660
Designated Escrow Payable	-	-	-	-	-	-
Due to Other Funds	-	588	-	-	-	-
Contracts Payable - Current Portion	-	-	-	-	338	-
Bond Interest Payable	-	516	12,056	-	2,806	-
Bonds Payable - Current Portion	-	2,070	21,922	-	7,218	-
Deferred Revenue						
Property Tax	885	-	-	-	-	-
Special Assessments	-	-	7,693	-	-	-
Other	280	1,026	2,990	-	2,199	-
Guaranty and Other Deposits	-	-	-	-	-	-
Advances From Other Funds	-	-	-	1,000	-	-
Due to Other Governments	-	-	-	194	-	-
Other	15	-	4	557	5,417	-
Long-Term Debt (Net of Current Portion)	-	-	-	-	103,459	-
<b>Total Liabilities</b>	<b>11,420</b>	<b>4,920</b>	<b>44,665</b>	<b>3,209</b>	<b>126,155</b>	<b>6,222</b>
Equity and Other Credits						
Contributed Capital, Net of Accumulated Depreciation	-	-	-	-	444,441	13,003
Investment in General Fixed Assets	-	-	-	-	-	-
Retained Earnings (Accumulated Deficit)						
Reserved for						
Water and Sewer System Replacement	-	-	-	-	12,607	-
Acquisition and Construction	-	-	-	-	3,226	-
Unreserved	-	-	-	-	243,128	20,483
Unreserved Minority Interest	-	-	-	-	-	-
Fund Balances						
Reserved for						
Streetlight and Services Districts	918	-	-	-	-	-
Debt Service	-	-	7,024	-	-	-
Unreserved	74,604	8,037	-	109,686	-	-
<b>Total Equity and Other Credits</b>	<b>75,522</b>	<b>8,037</b>	<b>7,024</b>	<b>109,686</b>	<b>703,402</b>	<b>33,486</b>
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$ 86,942</b>	<b>\$ 12,957</b>	<b>\$ 51,689</b>	<b>\$ 112,895</b>	<b>\$ 829,557</b>	<b>\$ 39,708</b>

SEE NOTES TO FINANCIAL STATEMENTS

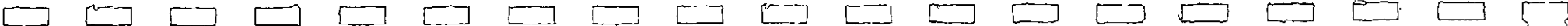
Fiduciary Fund Type	Accounts Groups		Totals (Memorandum Only)		Component Units		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	Primary Government		Los Arcos Multi-Purpose Facilities District June 30, 2000	Scottswater Company, Inc. December 31, 1999	Reporting Entity June 30, 2000
			June 30, 2000	June 30, 1999			
\$ 10,641	\$ -	\$ -	\$ 389,307	\$ 355,912	\$ 85,083	\$ 3,446	\$ 477,836
20	-	-	3,042	2,407	-	-	3,042
-	-	-	6,443	4,446	-	-	6,443
-	-	-	405	343	-	-	405
-	-	-	1,349	1,306	-	-	1,349
-	-	-	7,693	12,731	-	-	7,693
-	-	-	1,297	1,178	-	-	1,297
-	-	-	1,706	1,563	-	-	1,706
-	-	-	412	923	-	-	412
-	-	-	12,503	12,644	-	140	12,643
4,000	-	-	4,000	4,000	-	-	4,000
709	-	-	2,212	2,521	-	7	2,219
-	-	-	-	-	-	488	488
-	-	-	40	126	-	-	40
-	-	-	588	866	-	-	588
-	-	-	1,000	-	-	-	1,000
-	-	-	912	809	-	-	912
-	-	-	15,833	18,975	-	-	15,833
-	-	-	28,973	25,019	-	-	28,973
-	2,426,690	-	3,097,808	2,304,217	-	892	3,098,700
-	-	-	285	305	-	334	619
-	-	7,024	7,024	13,218	-	-	7,024
-	-	516,037	516,037	470,342	-	-	516,037
<u>\$ 15,370</u>	<u>\$ 2,426,690</u>	<u>\$ 523,061</u>	<u>\$ 4,098,869</u>	<u>\$ 3,233,851</u>	<u>\$ 85,083</u>	<u>\$ 5,307</u>	<u>\$ 4,189,259</u>
\$ 118	-	-	\$ 6,813	\$ 14,901	\$ -	\$ 242	\$ 7,055
-	-	-	11,003	10,072	-	-	11,003
-	-	-	5,660	8,143	-	-	5,660
142	-	-	142	70	-	-	142
-	-	-	588	866	-	-	588
-	-	-	338	291	-	-	338
-	-	-	15,378	13,528	-	-	15,378
-	-	-	31,210	28,110	-	-	31,210
-	-	-	885	808	-	-	885
-	-	-	7,693	12,732	-	-	7,693
4,160	-	-	10,655	10,964	-	-	10,655
4,660	-	-	4,660	5,257	-	-	4,660
-	-	-	1,000	-	-	-	1,000
-	-	-	194	-	-	-	194
-	-	-	5,993	4,905	-	-	5,993
-	-	523,061	626,520	594,358	-	15,910	642,430
9,080	-	523,061	728,732	705,005	-	16,152	744,884
-	-	-	457,444	351,090	-	3,600	461,044
-	2,426,690	-	2,426,690	1,750,562	-	-	2,426,690
-	-	-	12,607	10,697	-	-	12,607
-	-	-	3,226	8,278	-	-	3,226
-	-	-	263,611	222,232	-	645	264,256
-	-	-	-	-	-	(15,090)	(15,090)
-	-	-	918	893	-	-	918
-	-	-	7,024	13,218	-	-	7,024
6,290	-	-	198,617	171,876	85,083	-	283,700
6,290	2,426,690	-	3,370,137	2,528,846	85,083	(10,845)	3,444,375
<u>\$ 15,370</u>	<u>\$ 2,426,690</u>	<u>\$ 523,061</u>	<u>\$ 4,098,869</u>	<u>\$ 3,233,851</u>	<u>\$ 85,083</u>	<u>\$ 5,307</u>	<u>\$ 4,189,259</u>

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

Exhibit A-2

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1999 (Primary Government Only)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)		Component Unit	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 2000	June 30, 1999	Los Arcos Multi-Purpose Facilities District June 30, 2000	Reporting Entity June 30, 2000
<b>Revenues</b>									
Taxes - Local	\$ 91,306	\$ 31,420	\$ 33,291	\$ -	\$ -	\$ 156,017	\$ 141,067	\$ -	\$ 156,017
Taxes - Intergovernmental	33,409	19,398	-	-	-	52,807	48,708	-	52,807
Grants	-	5,819	-	-	-	5,819	6,212	-	5,819
Special Assessments	-	-	3,740	-	-	3,740	4,357	-	3,740
Licenses	1,717	-	-	-	-	1,717	1,237	-	1,717
Charges for Current Services	19,711	-	-	-	-	19,711	17,227	-	19,711
Fines and Forfeitures	5,105	-	-	-	-	5,105	5,192	-	5,105
Use of Money and Property	7,058	293	370	5,535	157	13,413	10,540	-	13,413
Developer Contributions	-	-	289	3,612	-	3,901	1,660	-	3,901
Reimbursements from Outside Sources	-	-	-	1,290	-	1,290	4,801	-	1,290
Streetlight and Services Districts	968	-	-	-	-	968	964	-	968
Unrealized (Loss) on Investments	-	-	-	(138)	-	(138)	-	-	(138)
Other	14,071	1	273	733	7,835	22,913	24,723	353,900	376,813
<b>Total Revenues</b>	<b>173,345</b>	<b>56,931</b>	<b>37,963</b>	<b>11,032</b>	<b>7,992</b>	<b>287,263</b>	<b>266,688</b>	<b>353,900</b>	<b>641,163</b>
<b>Expenditures</b>									
Current Operating Departments									
General Government	15,992	112	-	-	-	16,104	15,074	-	16,104
Police	40,072	1,320	-	-	-	41,392	37,752	-	41,392
Financial Services	6,448	-	-	-	-	6,448	6,359	-	6,448
Transportation	-	7,335	-	-	-	7,335	6,999	-	7,335
Community Services	35,424	6,366	-	-	-	41,790	40,758	-	41,790
Information Systems	6,594	87	-	-	-	6,681	7,357	-	6,681
Planning and Development	19,871	32	-	-	-	19,903	18,419	-	19,903
Fire	14,338	-	-	-	-	14,338	12,844	-	14,338
Municipal Services	1,299	8,396	-	-	-	9,695	9,077	-	9,695
Streetlight and Services Districts	942	-	-	-	-	942	966	-	942
Expendable Trusts	-	-	-	-	5,313	5,313	6,848	-	5,313
Economic Development	-	-	-	-	-	-	-	268,817	268,817
Capital Improvements	-	-	-	101,722	-	101,722	175,652	-	101,722
Debt Service									
Principal	1,740	2,550	26,827	-	-	31,117	28,116	-	31,117
Interest and Fiscal Charges	1,846	1,507	24,636	-	-	27,989	25,113	-	27,989
Advanced Refunding Escrow	-	-	-	-	-	-	1,986	-	-
Refunding Bond Issuance Costs	-	-	-	-	-	-	563	-	-
<b>Total Expenditures</b>	<b>144,566</b>	<b>27,705</b>	<b>51,463</b>	<b>101,722</b>	<b>5,313</b>	<b>330,769</b>	<b>393,883</b>	<b>268,817</b>	<b>599,586</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>28,779</b>	<b>29,226</b>	<b>(13,500)</b>	<b>(90,690)</b>	<b>2,679</b>	<b>(43,506)</b>	<b>(127,195)</b>	<b>85,083</b>	<b>41,577</b>



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

**Exhibit A-2**  
(continued)

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1999 (Primary Government Only)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)		Component Unit	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 2000	June 30, 1999	Los Arcos Multi-Purpose Facilities District June 30, 2000	Reporting Entity June 30, 2000
Other Sources (Uses)									
Operating Transfers In	2,265	824	7,306	35,261	30	45,686	51,760	-	45,686
Operating Transfers Out	(18,181)	(23,562)	-	(180)	(2,346)	(44,269)	(53,770)	-	(44,269)
Bond Proceeds	-	-	-	62,661	-	62,661	120,175	-	62,661
Refunding Bond Proceeds	-	-	-	-	-	-	20,475	-	-
Bond Premium	-	-	-	-	-	-	30	-	-
Payment to Refunded Debt Escrow Agent	-	-	-	-	-	-	(19,662)	-	-
Proceeds from Capital Lease	-	-	-	-	-	-	28,750	-	-
Proceeds from Sale of Real Estate	-	-	-	-	-	-	794	-	-
<b>Total Other Sources (Uses)</b>	<b>(15,916)</b>	<b>(22,738)</b>	<b>7,306</b>	<b>97,742</b>	<b>(2,316)</b>	<b>64,078</b>	<b>148,552</b>	<b>-</b>	<b>64,078</b>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	12,863	6,488	(6,194)	7,052	363	20,572	21,357	85,083	105,655
Fund Balances July 1, 1999 as Previously Reported	62,659	1,549	13,218	102,634	5,927	185,987	165,526	-	185,987
Cumulative Effect of Change in Accounting Principle	-	-	-	-	-	-	(190)	-	-
Fund Balance July 1, 1999 as Restated	62,659	1,549	13,218	102,634	5,927	185,987	165,336	-	185,987
Residual Equity Transfer In (Out)	-	-	-	-	-	-	(706)	-	-
<b>Fund Balances June 30, 2000</b>	<b>\$ 75,522</b>	<b>\$ 8,037</b>	<b>\$ 7,024</b>	<b>\$ 109,686</b>	<b>\$ 6,290</b>	<b>\$ 206,559</b>	<b>\$ 185,987</b>	<b>\$ 85,083</b>	<b>\$ 291,642</b>

SEE NOTES TO FINANCIAL STATEMENTS

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

**Exhibit A-3**

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>						
Taxes - Local	\$ 92,284	\$ 91,306	\$ (978)	\$ 30,824	\$ 31,420	\$ 596
Taxes - Intergovernmental	32,894	33,409	515	19,784	19,398	(386)
Special Assessments	-	-	-	-	-	-
Licenses	1,301	1,717	416	-	-	-
Charges for Current Services	19,115	19,711	596	-	-	-
Fines and Forfeitures	6,212	5,105	(1,107)	-	-	-
Use of Money and Property	7,232	7,058	(174)	-	271	271
Other	6,400	1,494	(4,906)	-	-	-
<b>Total Revenues</b>	<b>165,438</b>	<b>159,800</b>	<b>(5,638)</b>	<b>50,608</b>	<b>51,089</b>	<b>481</b>
<b>Expenditures</b>						
<b>Current Operating Departments</b>						
General Government	16,565	15,968	597	-	-	-
Police	39,643	39,926	(283)	-	-	-
Financial Services	7,576	6,439	1,137	-	-	-
Transportation	-	-	-	9,677	7,300	2,377
Community Services	37,030	35,290	1,740	1,660	1,590	70
Information Systems	6,863	6,580	283	-	-	-
Planning & Development	20,764	19,851	913	-	-	-
Fire	14,372	14,337	35	-	-	-
Municipal Services	1,319	1,264	55	9,298	8,396	902
<b>Debt Service</b>						
Principal	7,976	1,740	6,236	2,550	2,550	-
Interest and Fiscal Charges	3,995	1,846	2,149	1,508	1,507	1
<b>Total Expenditures</b>	<b>156,103</b>	<b>143,241</b>	<b>12,862</b>	<b>24,693</b>	<b>21,343</b>	<b>3,350</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>9,335</b>	<b>16,559</b>	<b>7,224</b>	<b>25,915</b>	<b>29,746</b>	<b>3,831</b>
<b>Other Sources (Uses)</b>						
Operating Transfers In	12,518	12,577	59	3,954	757	(3,197)
Operating Transfers Out	(21,853)	(18,181)	3,672	(29,869)	(23,502)	6,367
<b>Total Other Sources (Uses)</b>	<b>(9,335)</b>	<b>(5,604)</b>	<b>3,731</b>	<b>(25,915)</b>	<b>(22,745)</b>	<b>3,170</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>-</b>	<b>10,955</b>	<b>10,955</b>	<b>-</b>	<b>7,001</b>	<b>7,001</b>
<b>Fund Balances July 1, 1999</b>	<b>-</b>	<b>4,391</b>	<b>4,391</b>	<b>-</b>	<b>1,790</b>	<b>1,790</b>
<b>Fund Balances June 30, 2000</b>	<b>\$ -</b>	<b>\$ 15,346</b>	<b>\$ 15,346</b>	<b>\$ -</b>	<b>\$ 8,791</b>	<b>\$ 8,791</b>

SEE NOTES TO FINANCIAL STATEMENTS

**Exhibit A-3  
(continued)**

<b>Debt Service Funds</b>			<b>Totals (Memorandum Only)</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
\$ 31,830	\$ 31,286	\$ (544)	\$ 154,938	\$ 154,012	\$ (926)
		-	52,678	52,807	129
4,518	3,740	(778)	4,518	3,740	(778)
-	-	-	1,301	1,717	416
-	-	-	19,115	19,711	596
-	-	-	6,212	5,105	(1,107)
150	78	(72)	7,382	7,407	25
301	273	(28)	6,701	1,767	(4,934)
<b>36,799</b>	<b>35,377</b>	<b>(1,422)</b>	<b>252,845</b>	<b>246,266</b>	<b>(6,579)</b>
-	-	-	16,565	15,968	597
-	-	-	39,643	39,926	(283)
-	-	-	7,576	6,439	1,137
-	-	-	9,677	7,300	2,377
-	-	-	38,690	36,880	1,810
-	-	-	6,863	6,580	283
-	-	-	20,764	19,851	913
-	-	-	14,372	14,337	35
-	-	-	10,617	9,660	957
24,258	26,227	(1,969)	34,784	30,517	4,267
24,721	22,046	2,675	30,224	25,399	4,825
<b>48,979</b>	<b>48,273</b>	<b>706</b>	<b>229,775</b>	<b>212,857</b>	<b>16,918</b>
(12,180)	(12,896)	(716)	23,070	33,409	10,339
13,557	7,291	(6,266)	30,029	20,625	(9,404)
-	-	-	(51,722)	(41,683)	10,039
<b>13,557</b>	<b>7,291</b>	<b>(6,266)</b>	<b>(21,693)</b>	<b>(21,058)</b>	<b>635</b>
1,377	(5,605)	(6,982)	1,377	12,351	10,974
-	11,165	11,165	-	17,346	17,346
<b>\$ 1,377</b>	<b>\$ 5,560</b>	<b>\$ 4,183</b>	<b>\$ 1,377</b>	<b>\$ 29,697</b>	<b>\$ 28,320</b>

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

Exhibit A-4

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

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2000	June 30, 1999	Scottswater Company, Inc. December 31, 1999	Reporting Entity June 30, 2000
Operating Revenues						
Water Service Fees	\$ 55,273	\$ -	\$ 55,273	\$ 51,549	\$ 2,994	\$ 58,267
Sewer Service Fees	21,002	-	21,002	18,330	-	21,002
Reclaimed Water Distribution	4,556	-	4,556	4,045	-	4,556
Groundwater Treatment Plant	657	-	657	1,427	-	657
Solid Waste Fees	15,107	-	15,107	13,951	-	15,107
Airport Fees	1,264	-	1,264	1,020	-	1,264
Billings to User Programs	-	15,447	15,447	14,537	-	15,447
Other	1,665	88	1,753	2,700	-	1,753
Total Operating Revenues	99,524	15,535	115,059	107,559	2,994	118,053
Operating Expenses						
Water Operations	29,589	-	29,589	25,920	1,286	30,875
Sewer Operations	7,103	-	7,103	8,512	-	7,103
Solid Waste Operations	11,664	-	11,664	11,027	-	11,664
Airport Operations	1,114	-	1,114	1,180	-	1,114
Fleet Management Operations	-	6,032	6,032	4,928	-	6,032
Self-Insurance Administration	-	1,376	1,376	1,170	-	1,376
Self-Insurance Claims	-	484	484	2,167	-	484
Indirect Costs	6,202	-	6,202	7,123	-	6,202
In-Lieu Property Tax	2,273	-	2,273	2,136	-	2,273
Franchise Fees	4,102	-	4,102	3,657	-	4,102
Depreciation and Amortization	20,076	3,489	23,565	16,333	146	23,711
Total Operating Expenses	82,123	11,381	93,504	84,153	1,432	94,936
Operating Income	\$ 17,401	\$ 4,154	\$ 21,555	\$ 23,406	\$ 1,562	\$ 23,117

SEE NOTES TO FINANCIAL STATEMENTS



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

**Exhibit A-4**  
(continued)

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1999 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2000	June 30, 1999	Scottswater Company, Inc. December 31, 1999	Reporting Entity June 30, 2000
Non-Operating Revenues (Expenses)						
Property Tax	\$ -	\$ 1,200	\$ 1,200	\$ 633	\$ -	\$ 1,200
Investment Income	9,018	1,062	10,080	7,052	156	10,236
Gain on Sale of Fixed Assets	-	238	238	139	-	238
Interest Expense	(6,396)	-	(6,396)	(4,750)	(568)	(6,964)
Grants	54	-	54	-	-	54
Litigation Recovery	927	-	927	927	-	927
<b>Net Non-Operating Revenues (Expenses)</b>	<b>3,603</b>	<b>2,500</b>	<b>6,103</b>	<b>4,001</b>	<b>(412)</b>	<b>5,691</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>21,004</b>	<b>6,654</b>	<b>27,658</b>	<b>27,407</b>	<b>1,150</b>	<b>28,808</b>
Operating Transfers In	173	1,325	1,498	2,216	-	1,498
Operating Transfers Out	(338)	(2,577)	(2,915)	(206)	-	(2,915)
<b>Net Operating Transfers Out</b>	<b>(165)</b>	<b>(1,252)</b>	<b>(1,417)</b>	<b>2,010</b>	<b>-</b>	<b>(1,417)</b>
<b>Net Income</b>	<b>20,839</b>	<b>5,402</b>	<b>26,241</b>	<b>29,417</b>	<b>1,150</b>	<b>27,391</b>
Add Depreciation on Fixed Assets Acquired By Contributed Capital	11,996	-	11,996	5,533	-	11,996
<b>Increase In Retained Earnings</b>	<b>32,835</b>	<b>5,402</b>	<b>38,237</b>	<b>34,950</b>	<b>1,150</b>	<b>39,387</b>
Retained Earnings (Accumulated Deficit) July 1, 1999	226,126	15,081	241,207	206,257	(15,595)	225,612
<b>Retained Earnings (Accumulated Deficit) June 30, 2000</b>	<b>\$ 258,961</b>	<b>\$ 20,483</b>	<b>\$ 279,444</b>	<b>\$ 241,207</b>	<b>\$ (14,445)</b>	<b>\$ 264,999</b>

SEE NOTES TO FINANCIAL STATEMENTS

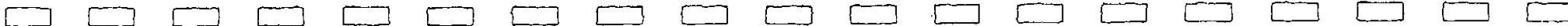
**Combined Statement of Cash Flows - Proprietary Fund Types, and Discretely Presented Component Unit**

Exhibit A-5

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)  
 With Comparative Totals for the Fiscal Year Ended June 30, 1999 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2000	June 30, 1999	Scottswater Company, Inc. December 31, 1999	Reporting Entity June 30, 2000
	Cash Flows from Operating Activities:					
Operating Income (Loss)	\$ 17,401	\$ 4,154	\$ 21,555	\$ 23,406	\$ 1,562	\$ 23,117
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:						
Depreciation and Amortization	20,076	3,489	23,565	16,333	146	23,711
Litigation Recovery	927	-	927	927	-	927
Changes in Assets and Liabilities						
Sources (Uses) of Cash:						
Accounts Receivable	141	-	141	(2,482)	74	215
Miscellaneous Receivables	432	14	446	(28)	(5)	441
Supplies Inventory	-	(19)	(19)	(27)	-	(19)
Accounts Payable	(5,012)	45	(4,967)	1,773	(69)	(5,036)
Accrued Payroll	191	32	223	207	-	223
Due to General Fund	(57)	-	(57)	(1,952)	-	(57)
Claims Payable	-	(2,484)	(2,484)	296	-	(2,484)
Deferred Revenue	(927)	-	(927)	(689)	-	(927)
Other Liabilities	76	-	76	30	-	76
Total Adjustments	15,847	1,077	16,924	14,388	146	17,070
Net Cash Provided By Operating Activities	\$ 33,248	\$ 5,231	\$ 38,479	\$ 37,794	\$ 1,708	\$ 40,187

SEE NOTES TO FINANCIAL STATEMENTS



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

**Exhibit A-5**

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)  
 With Comparative Totals for the Fiscal Year Ended June 30, 1999 (Primary Government Only)

(continued here and on following page)

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>		<u>Component</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Primary Government</u>		<u>Unit</u>	<u>(Memorandum Only)</u>
			<u>June 30, 2000</u>	<u>June 30, 1999</u>	<u>Scottswater Company, Inc. December 31, 1999</u>	<u>Reporting Entity June 30, 2000</u>
Cash Flows from Non-Capital Financing Activities:						
Operating Transfers In	\$ 173	\$ 1,325	\$ 1,498	\$ 2,216	\$ -	\$ 1,498
Operating Transfers Out	(338)	(2,577)	(2,915)	(206)	-	(2,915)
Property Tax	-	1,200	1,200	633	-	1,200
Net Cash Provided (Used) By Non-Capital Financing Activities	(165)	(52)	(217)	2,643	-	(217)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Property and Equipment	(48,985)	(3,644)	(52,629)	(78,635)	-	(52,629)
Sale of Fixed Assets	-	238	238	342	-	238
Principal Payments on Long-Term Debt	(7,388)	-	(7,388)	(5,410)	(1,180)	(8,568)
Interest Paid on Long-Term Debt	(6,289)	-	(6,289)	(2,709)	(568)	(6,857)
Capital Contributions from Other Government Units	1,314	-	1,314	3,705	-	1,314
Other	121	-	121	1,419	-	121
Water and Sewer Development Fees	24,581	-	24,581	32,723	-	24,581
Prepaid Expense	-	-	-	52	-	-
Bond Proceeds	-	-	-	50,000	-	-
Net Cash Provided (Used) By Capital and Related Financing Activities	(36,646)	(3,406)	(40,052)	(3,931)	(1,748)	(41,800)
Cash Flows from Investing Activities:						
Purchase of Investments	-	-	-	-	(1,025)	(1,025)
Proceeds from Sale of Investments	-	-	-	-	1,018	1,018
Income Received on Investments	9,202	979	10,181	7,226	163	10,344
Unrealized Loss on Investments	(384)	-	(384)	-	-	(384)
Net Cash Provided By Investing Activities	8,818	979	9,797	7,226	156	9,953
Net Increase in Cash and Cash Equivalents	5,255	2,752	8,007	43,732	116	8,123
Cash and Cash Equivalents at Beginning of Year	126,591	19,498	146,089	96,939	3,330	149,419
Cash and Cash Equivalents at End of Year	\$ 131,846	\$ 22,250	\$ 154,096	\$ 140,671	\$ 3,446	\$ 157,542

SEE NOTES TO FINANCIAL STATEMENTS

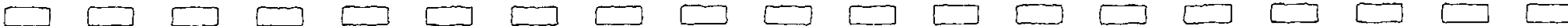
**Combined Statement of Cash Flows - Proprietary Fund Types, and Discretely Presented Component Unit**

**Exhibit A-5**  
(continued)

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)  
With Comparative Totals for the Fiscal Year Ended June 30, 1999 (Primary Government Only)

	Proprietary Fund Types		Totals (Memorandum Only) Primary Government		Component Unit	Totals (Memorandum Only)
	Enterprise	Internal Service	June 30, 2000	June 30, 1999	Scottswater Company, Inc. December 31, 1999	Reporting Entity June 30, 2000
Cash and Cash Equivalents						
At End of Year Includes:						
Cash and Investments	\$ 116,209	\$ 22,250	\$ 138,459	\$ 127,310	\$ 3,446	\$ 141,905
Deduction for Long Term Investments	(196)	-	(196)	(196)	-	(196)
Restricted Cash and Investments	15,833	-	15,833	18,975	-	15,833
<b>Total Cash and Cash Equivalents</b>	<b>\$ 131,846</b>	<b>\$ 22,250</b>	<b>\$ 154,096</b>	<b>\$ 146,089</b>	<b>\$ 3,446</b>	<b>\$ 157,542</b>
Supplemental Disclosure of Noncash						
Financing Activities:						
Additions to Property, Plant, and						
Equipment:						
Contributions:						
From Developers	\$ 91,632	\$ -	\$ 91,632	\$ 4,511	\$ -	\$ 91,632
From Other Government Units	-	606	606	493	-	606
Deductions to Interest Expense:						
Accretion	704	-	704	668	-	704
	<b>\$ 92,336</b>	<b>\$ 606</b>	<b>\$ 92,942</b>	<b>\$ 5,672</b>	<b>\$ -</b>	<b>\$ 92,942</b>

SEE NOTES TO FINANCIAL STATEMENTS



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

Exhibit A-6

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	<b>Totals</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues</b>			
Water Service Fees	\$ 53,840	\$ 55,273	\$ 1,433
Sewer Service Fees	21,311	21,002	(309)
Solid Waste Fees	14,664	14,955	291
Airport Fees	1,068	1,264	196
Property Rental	-	13	13
Interest Earnings	2,510	6,028	3,518
Operating Transfers In	583	173	(410)
Other	1,302	1,383	81
<b>Total Revenues</b>	<b>95,278</b>	<b>100,091</b>	<b>4,813</b>
<b>Expenses</b>			
Water Operations	28,926	24,482	4,444
Sewer Operations	7,763	6,422	1,341
Solid Waste Operations	11,504	11,492	12
Airport Operations	1,170	1,051	119
Debt Service and Reserves	16,284	13,913	2,371
Operating Transfers Out	235	338	(103)
Indirect Costs	6,402	6,202	200
In Lieu Property Tax	2,221	2,221	-
Franchise Fee	3,948	3,959	(11)
<b>Total Expenses</b>	<b>78,453</b>	<b>70,080</b>	<b>8,373</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$ 16,825</b>	<b>\$ 30,011</b>	<b>\$ 13,186</b>

SEE NOTES TO FINANCIAL STATEMENTS



**NOTE 1 - Summary of Significant Accounting Principles**

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

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies.

**A. Financial Reporting Entity**

The financial reporting entity presented in these financial statements consists of the City of Scottsdale (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**1. Individual Component Units - Blended**

- The City of Scottsdale Municipal Property Corporation (MPC), a non-profit corporation, was created by the City in 1967 solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. The MPC is governed by a Board of Directors appointed by the City Council. For financial reporting purposes, transactions of the MPC are included as if it were part of the City's operations.
- The Scottsdale Preserve Authority (SPA), a non-profit corporation, was created by the City in 1997 for the purpose of financing land acquisitions for the McDowell Sonoran Preserve. The City Council must approve the election of the SPA's Board of Directors. For financial reporting purposes, transactions of the SPA are included as if it were part of the City's operations.
- Scottsdale Mountain, McDowell Mountain Ranch, DC Ranch, and Via Linda Road Community Facilities Districts were formed by petition to the City Council in 1992, 1994, 1997, and 1998 respectively. The Districts' purposes are to acquire and improve public infrastructure in specified land areas. As special purpose districts and separate political subdivisions under the Arizona Constitution, the Districts can levy taxes and issue bonds independently of the City. Property owners in the designated areas are assessed for District taxes and thus for the costs of operating the Districts. The City Council serves as the Board of Directors. The City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

Separate financial statements of the MPC, SPA and Scottsdale Mountain, McDowell Mountain Ranch, DC Ranch, and Via Linda Road Community Facilities Districts may be obtained at the City's Financial Services Department, Accounting and Budget Division, 7447 East Indian School Road, Suite 210, Scottsdale, Arizona 85251.

**2. Individual Component Unit - Discrete**

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

The Company is a non-profit corporation established by the City Council in 1993 to act as the general partner in the Scottsdale Water Service Company Limited Partnership (the Partnership). The City Council appoints and approves the Company's Board of Directors and nominates Company officers. The Partnership itself manages and operates a Central Arizona Project water treatment plant that, in conjunction with other City facilities, provides water and water services to Scottsdale citizens. All expenses of operating the water treatment plant are paid by the Partnership, and reimbursed by the City via a service agreement with the Partnership.

The financial information reported for the Company includes the consolidated activity of the Company and the Partnership. Both entities have a fiscal year end of December 31; therefore, the component unit column presents financial statements as of and for the year ended December 31, 1999. For additional discussion of the Company and disclosures regarding the amounts presented in the component unit column, refer to Note 20.

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

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

Separate financial statements of the Company, and the Partnership for the year ended December 31, 1999, may be obtained from the City's Financial Services Department, at 7447 E. Indian School Road, Suite 210, Scottsdale, AZ 85251.

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

The financial information presented for the District in the component unit column is for the fiscal year ended June 30, 2000. For additional discussion of the District and disclosures regarding the amounts presented in the component unit column, refer to Note 19.

Separate financial statements of the District for the year ended June 30, 2000, may be obtained from the City's Financial Services Department at 7447 E. Indian School Road, Suite 210, Scottsdale, AZ., 85251.

**B. Fund Accounting**

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

**Governmental Fund Types**

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

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

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

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



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

**B. Fund Accounting (continued)**

**Proprietary Fund Types**

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

● **Enterprise**

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

● **Internal Service**

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

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

**Fiduciary Fund Types**

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

● **Expendable Trust Funds**

The City's Expendable Trust Fund accounts for assets held in a trustee capacity for libraries, the arts, parks, memorials, and other purposes as designated by the donors or by legal restrictions. Both the principal and earnings of these expendable trust funds can be expended for the trusts' intended purposes. Expendable trust funds use the same flow of current financial resources measurement focus and modified accrual basis of accounting used by governmental funds.

● **Non-Expendable Trust Funds**

The City does not have any non-expendable trust funds as of June 30, 2000.

● **Agency**

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

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

**B. Fund Accounting (continued)**

**Account Groups**

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

• **General Fixed Assets**

This account group provides a record of all fixed assets of the City, other than those recorded directly in the proprietary funds.

• **General Long-Term Debt**

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

**C. Basis of Accounting**

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

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

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

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

**D. Budget And Budgetary Accounting**

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

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

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

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

- On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- At the first regular Council meeting in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. During 1999/00, there were no supplemental budgetary appropriations to the original budget.
- The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Departmental appropriations may be amended during the year.
- Upon the recommendation of the City Manager, and with the approval of the City Council: (1) transfers may be made from the appropriations for contingencies to departments; and (2) unexpended appropriations may be transferred from one department to another.
- Management control of budgets is further maintained at a line item level within the department.
- All expenditure appropriations which have not been expended lapse at year end.
- Certain differences exist between the basis of accounting used for budgetary purposes and that used for reporting in accordance with generally accepted accounting principles. These differences are described in Note 2.

**E. Encumbrances**

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

**F. Cash Equivalents**

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

**G. Investments**

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

**H. Inventories**

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

**I. General Fixed Assets**

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

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

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

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

It is the City's policy to include public domain fixed assets, such as roads, bridges, streets, and similar items in the General Fixed Assets Account Group.

Depreciation is not recorded on general fixed assets.

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

**J. Property, Plant, And Equipment - Proprietary Fund Types**

Property, plant, and equipment of the Enterprise and Internal Service Funds are recorded directly in those funds at actual cost, whether purchased or constructed.

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

Contributions of funds from federal, state, or local grants, subdivider infrastructure, and developer fees restricted for the purpose of purchasing property, plant, or equipment are recorded as contributed capital.

Depreciation and amortization of all proprietary fund assets are recorded and calculated using the straight-line method over the following estimated useful lives:

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

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

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

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

**K. Transactions Between Funds**

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

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 Principles (continued)**

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

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

- General Obligation - Accounts for those general obligation bonds that are repaid through the general resources of the City.
- Municipal Property Corporation (MPC) - Accounts for bonds issued by the MPC, which are repaid through collections of transaction privilege tax (sales tax) and other unrestricted revenues.
- Scottsdale Preserve Authority - Accounts for bonds issued by the SPA, which are repaid through collections of a two tenths of one percent City sales tax approved by voters in September 1996 to be used specifically for this purpose.
- Special Assessments - Accounts for and services all special assessment bonds, which are paid via assessments on the property owners.
- Community Facilities Districts (CFD's)
  - Scottsdale Mountain Community Facilities District
  - McDowell Mountain Community Facilities District
  - DC Ranch Community Facilities District
  - Via Linda Road Community Facilities District

Accounts for all debt issued by the CFD's and repaid through property taxes collected from property owners residing within the District. CFD debt is included in accordance with generally accepted accounting principles since the districts are component units of the City.

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

**M. Compensated Absences**

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

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

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

Data in the "memorandum only" columns do not present financial position, results of operations, or cash flows in accordance with generally accepted accounting principles. The totals do not represent consolidated financial information, and interfund eliminations have not been made.

**NOTE 2 - Budgetary Basis of Accounting**

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

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

- The major differences between the GAAP and budget basis - Funds, activities, and accounts that are not budgeted, or that do not have appropriated budgets, are appropriately included on the GAAP-basis statements, but do not appear on the budget-basis statements.
- Certain revenues, expenditures, and transfers are accrued on the GAAP basis but are not recognized in the budgetary year.
- Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charged to the Enterprise Funds are recognized as revenues and expenses on the GAAP basis but are accounted for as transfers in or out in the budgetary process.
- Capital outlays not recognized as GAAP expenses in the Enterprise Funds are recognized as expenses for budget purposes.
- Debt service principal payments in the Enterprise Funds are not recognized as expenses on the GAAP basis but are recognized as expenses for budget purposes.

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

Total Revenues (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$ 173,345	\$ 56,931	\$ 37,963
Deduct revenues for which appropriated annual budgets are not prepared:			
Streetlight and Services Districts, and Community Facilities Districts	(968)	-	(2,586)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	(5,842)	-
Deduct items recorded as revenues for GAAP purposes that are recorded as operating transfers in, from the Enterprise Fund, for budget purposes:			
Indirect costs	(6,202)	-	-
Franchise fees	(4,102)	-	-
In-lieu property tax	(2,273)	-	-
Total reconciling items	<u>(13,545)</u>	<u>(5,842)</u>	<u>(2,586)</u>
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	<u>\$ 159,800</u>	<u>\$ 51,089</u>	<u>\$ 35,377</u>

**NOTE 2 - Budgetary Basis of Accounting (continued)**

Total Expenditures (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$ 144,566	\$ 27,705	\$ 51,463
Deduct expenditures of districts/funds for which appropriated budgets are not prepared:			
Streetlight and Services Districts, and Community Facilities Districts	(942)	-	(3,190)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	(6,336)	-
Items recorded as expenditures for GAAP purposes that are not recognized for budget purposes:			
Deduct increase in compensated absences	(383)	(26)	-
Total reconciling items	(1,325)	(6,362)	(3,190)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Basis</b>	\$ 143,241	\$ 21,343	\$ 48,273
Total Other Sources (Uses) (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$ (15,916)	\$ (22,738)	\$ 7,306
Add items recorded as revenues for GAAP purposes that are recorded as operating transfers in from the Enterprise Fund for budget purposes:			
Indirect costs	6,202	-	-
Franchise fees	4,102	-	-
In-licu property tax	2,273	-	-
Deduct items for which appropriated budgets are not prepared:			
Section 8 Special Revenue Fund - Total Other Sources	-	-	-
Community Facilities Districts - Total other sources	-	-	(15)
Transfers	(2,265)	(7)	-
Total reconciling items	10,312	(7)	(15)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	\$ (5,604)	\$ (22,745)	\$ 7,291
Fund Balance (Deficit) at June 30, 2000 (in thousands of dollars)	General	Special Revenue	Debt Service
<b>GAAP Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	\$ 75,522	\$ 8,037	\$ 7,024
Add (deduct) total reconciling items previously described for:			
Revenues	(13,545)	(5,842)	(2,586)
Expenditures	1,325	6,362	3,190
Other Sources/(Uses)	10,312	(7)	(15)
Add June 1999 canceled encumbrances	-	-	-
Deduct July 1, 1999 fund balance of funds for which appropriated budgets are not prepared:			
Community Facilities Districts	-	-	(2,202)
CDBG, Home, Grants, & Section 8 Special Revenue Funds	-	322	-
Deduct difference in July 1, 1999 GAAP basis fund balance, compared to July 1, 1999 budget basis fund balance. (Difference results from GAAP/budget differences for prior years)	(58,268)	(81)	149
Total reconciling items	(60,176)	754	(1,464)
<b>Budget Basis - Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual</b>	\$ 15,346	\$ 8,791	\$ 5,560

**NOTE 2 - Budgetary Basis of Accounting (continued)**

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

Revenues (in thousands of dollars)	Enterprise
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>	
Operating revenues	\$ 99,578
Non-operating revenues - interest	9,402
Litigation Recovery	927
Operating transfers in	<u>173</u>
Total revenues and transfers in	110,080
Deduct revenue received for non-budgeted funds	(6,615)
Deduct interest earnings on bond funds not recognized as income for budget purposes	<u>(3,374)</u>
Total reconciling items	(9,989)
<b>Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual</b>	<u><u>\$ 100,091</u></u>

Expenses (in thousands of dollars)	Enterprise
<b>GAAP Basis - Combined Statement of Revenues, Expenses, and Changes in Retained Earnings (Accumulated Deficit)</b>	
Operating expenses	\$ 82,123
Non-operating expenses - interest	6,396
Operating transfers out	<u>338</u>
Total expenses and transfers out	88,857
Deduct items recorded as GAAP expenses that are not recognized as expenses or transfers for budget purposes:	
Compensated absences	(105)
Depreciation and amortization	(20,076)
Transfers Out	
Add items recorded as expenses for budget purposes that are not recognized as expenses for GAAP purposes:	
Capital outlay	354
Debt service principal payments	7,556
Deduct expenses related to non-budgeted activity	<u>(6,506)</u>
Total reconciling items	<u>(18,777)</u>
<b>Budget Basis - Combined Statement of Revenues and Expenses - Budget and Actual</b>	<u><u>\$ 70,080</u></u>



**NOTE 3 - 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 2000 are not available for 1999/00; accordingly, such taxes will not be recognized as revenue until 2000/01. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

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

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

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

**NOTE 4 - Cash and Investments**

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

**Deposits**

At June 30, 2000, the book value of the City's deposits was \$3,460,401, and the bank balance was \$7,772,394. The \$4,311,993 difference represents outstanding checks and other reconciling items.

Risk Category One cash balances, which are covered entirely through a combination of federal depository insurance funds and pledged collateral (of which securities are held by the City's agent in the name of the City), equaled \$4,066,445 at June 30, 2000. Risk Category Two cash balances, which are collateralized with securities held by the pledging bank's trust department or agent but not in the name of the City equaled \$3,705,949 at June 30, 2000, and were held in the name of the Municipal Property Corporation (MPC). At June 30, 2000, there were no cash balances in Risk Category Three.

**Investments**

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

**NOTE 4 - Cash and Investments (continued)**

The City's investments at June 30, 2000, are summarized below. Risk category one includes investments that are registered in the name of the City and held by the City's agent in the name of the City, as well as investments held by the MPC's agent in the name of the MPC. At June 30, 2000, there were no investments in risk categories two or three. Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	<u>Risk Category</u>	<u>Total Fair Value</u>
	1	
U.S. Treasury	\$ 121,291	\$ 121,291
U.S. Agency Securities	124,796	124,796
Repurchase Agreements	30,120	30,120
	<u>\$ 276,207</u>	<u>\$ 276,207</u>
LGIP		112,730
Guaranteed Investment Contracts		3,445
Money Market Funds		<u>9,298</u>
<b>Total Investments</b>		<u><u>\$ 401,680</u></u>

**Reconciliation of Note 4 to Exhibit A-1**  
(in thousands of dollars)

	<u>Note 4</u>		<u>Exhibit A-1</u>
Total Cash/ Book Value	\$ 3,460	Cash Investments	
Total Investments	<u>401,680</u>	General Fund	\$ 76,420
Total	<u><u>\$ 405,140</u></u>	Special Revenue Fund	8,123
		Debt Service Fund	43,642
		Capital Projects Fund	112,022
		Enterprise Fund	116,209
		Internal Service Fund	22,250
		Trust and Agency Fund	10,641
		Restricted Cash and Investments	
		Enterprise Fund	<u>15,833</u>
		Total (Primary Government)	<u><u>\$ 405,140</u></u>

Cash and Investments for Los Arcos Multi-Purpose Facilities District and Scottswater, Inc. are discussed in Note 19 and Note 20, respectively.

**NOTE 5 - Fixed Assets**

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

	Balance 7/1/99	Transfers/ Additions	Transfers/ Deletions	Balance 6/30/00
Land	\$ 195,290	\$ 66,697	\$ -	\$ 261,987
Buildings and Improvements	247,132	6,407	(426)	253,113
Streets and Storm Drains	1,216,206	581,981	(77)	1,798,110
Machinery and Equipment	43,212	4,911	(862)	47,261
Construction in Progress	48,722	20,976	(3,479)	66,219
<b>Total</b>	<b>\$ 1,750,562</b>	<b>\$ 680,972</b>	<b>\$ (4,844)</b>	<b>\$ 2,426,690</b>

General fixed asset construction in progress commitments at June 30, 2000, included as a line item above, were composed of (in thousands of dollars):

	Construction In Progress	Commitments	Budget
Streets	\$ 27,155	\$ 37,602	\$ 64,757
Traffic	2,021	3,162	5,183
Improvement District	17,748	5,699	23,447
Drain/Flood Control	4,720	8,388	13,108
Parks/Recreation	2,002	4,501	6,503
Specialty Areas	5,805	8,264	14,069
Service Facilities	3,754	4,832	8,586
Public Safety	2,315	2,922	5,237
Libraries	42	8	50
Transit	657	2,352	3,009
<b>Total</b>	<b>\$ 66,219</b>	<b>\$ 77,730</b>	<b>\$ 143,949</b>

Estimated costs of general fixed assets contributed to the City during fiscal year 1999/2000 are as follows (in thousands of dollars):

Streets and Storm Drains ..... \$580,120

A summary of Proprietary funds fixed assets at June 30, 2000, as follows (in thousands of dollars):

	Enterprise	Internal Service
Land and Land Improvements	\$ 24,022	\$ -
Water Rights	63,755	-
Water System	381,155	-
Sewer System	234,193	-
Buildings and Improvements	6,691	1,448
Motor Vehicles	-	28,869
Machinery and Equipment	7,110	752
Furniture, Fixtures and Office Equipment	721	22
Construction in Progress	67,525	511
	785,172	31,602
Accumulated Depreciation	(130,974)	(14,682)
<b>Net Fixed Assets</b>	<b>\$ 654,198</b>	<b>\$ 16,920</b>

**NOTE 5 - Fixed Assets (continued)**

Enterprise and Internal Service Funds construction in progress commitments at June 30, 2000, included as a line item above, were composed of the following (in thousands of dollars):

	<b>Construction</b>		
	<b>In Progress</b>	<b>Commitments</b>	<b>Budget</b>
Enterprise:			
Water System Projects	\$ 20,223	\$ 35,308	\$ 55,531
Sewer System Projects	47,302	26,934	74,236
Airport Projects	-	174	174
Total	<u>67,525</u>	<u>62,416</u>	<u>129,941</u>
Internal Service:			
Motor Vehicle Projects	<u>\$ 511</u>	<u>\$ 3,458</u>	<u>\$ 3,969</u>

Estimated costs of fixed assets contributed to the proprietary funds during fiscal year 1999/2000 are as follows (in thousands of dollars):

Water and Sewer Utility Fund Assets:

Water System and Sewer System ..... \$91,728

Fixed Assets for Los Arcos Multi-Purpose Facilities District and Scottswater, Inc. are discussed in Note 19 and Note 20, respectively.

**NOTE 6 - Leases**

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

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

The future lease payments are based on incremental tax revenues, therefore, the following presentation of future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2000 are based on projected sales tax revenues.

<b>Year Ending June 30, 2000</b> (in thousands of dollars)	<b>General Long-term Debt Account Group</b>
2001	\$ 4,626
2002	4,551
2003	5,308
2004	6,139
2005	6,840
2006 and later	<u>15,862</u>
Total Estimated Minimum Lease Payments	43,326
Less: Amount Representing Interest	<u>(14,576)</u>
Present value of Minimum Lease Payments	<u>\$ 28,750</u>

**NOTE 7 - Long-Term Debt**

The following are brief descriptions of bonds outstanding at June 30, 2000. The totals shown are the principal amount outstanding, net of the current portion due July 1, 2000.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

**General Obligation Bonds**

General obligation (GO) bonds are issued, after approval by City of Scottsdale voters at an authorized bond election, to finance the construction of water and sewer systems, artificial lighting, parks and open spaces, recreational facilities, and general purpose improvements. At June 30, 2000, the City had \$2,829,500 authorized but unissued GO bonds. The City has no plans to issue the remaining portion of the unissued GO bonds authorized in 1989 as all projects related to the authorization have been completed. GO bonds are backed by the full faith and credit of the City, and are repaid through the City's levying of property (ad valorem) taxes. However, a portion of the City's GO bonds are recorded in the Water Enterprise Fund as described below, and are repaid through revenues of that fund unless such revenues are insufficient.

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>General Obligation Bonds</b>	
1989 Capital Improvement Project Serial Bonds (Series B issued 1991) due in annual installments of \$740,000 to \$1,175,000 through July 1, 2011; interest at 6.0 percent to 8.5 percent. Original issue amount, \$19,000,000.	\$ 4,285
1989 Capital Improvement Project Serial Bonds (Series C issued 1992)/Refunding Bonds due in annual installments of \$750,000 to \$2,025,000 through July 1, 2012; interest at 5.25 percent to 7.75 percent. On September 3, 1997, \$5,505,000 were refunded. Original issue amount, \$25,055,000.	9,540
1993 Refunding Bonds due in annual installments of \$1,010,000 to \$8,150,000 through July 1, 2009; interest at 4.0 percent to 5.5 percent. \$28,399,993 of these bonds are recorded in and paid out of the Water Fund. Of the total outstanding at June 30, 2000, \$8,388,550 bonds are capital appreciation bonds maturing in 2004 and 2005, of which \$5,452,123 are included in the amount paid out of the Water Fund. The original issue amount for the 1993 Refunding Bonds was \$45,015,000.	41,133
1989 Capital Improvement Project Serial Bonds (Series D issued 1993) due in annual installments of \$500,000 to \$1,475,000 through July 1, 2013; interest at 4.0 percent to 6.5 percent. Original issue amount, \$21,000,000.	14,635
1993A Refunding Bonds due in annual installments of \$475,000 to \$5,560,000 through July 1, 2011; interest at 3.65 percent to 5.1 percent. \$1,315,000 of these bonds are recorded in and paid out of the Water Fund. Of the total outstanding at June 30, 2000, \$4,088,423 bonds are capital appreciation bonds maturing in 2000, 2002, and 2003. The original issue amount for the 1993A Refunding Bonds was \$24,265,000.	23,813
1989 Capital Improvement Project Serial Bonds (Series E issued 1994) due in annual installments of \$450,000 to \$1,150,000 through July 1, 2014; interest at 5.25 percent to 8.25 percent. On September 3, 1997, \$4,325,000 were refunded. Original issue amount, \$14,250,000.	7,150
1994 Various Projects Serial Bonds due in annual installments of \$475,000 to \$775,000 through July 1, 2005; interest at 5.75 percent to 8.25 percent. On September 3, 1997, \$9,525,000 were refunded. Original issue amount, \$16,000,000.	3,475
1995 Storm Sewer, Parks and Pima Road Improvement Serial Bonds (issued November 1, 1995) due in annual installments of \$425,000 to \$1,200,000 through July 1, 2015; interest at 4.65 percent to 7.0 percent. Original issue amount, \$15,000,000.	12,675

**NOTE 7 - Long-Term Debt (continued)**

**General Obligation Bonds (continued)**

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>General Obligation Bonds (continued)</b>	
1989 Capital Improvement Project Serial Bonds (Series H issued January 1, 1997) due in annual installments of \$870,000 to \$2,115,000 through July 1, 2016; interest at 5.0 percent to 7.5 percent. Original issue amount, \$27,500,000.	\$ 23,930
1997 Refunding Bonds (issued August 1, 1997) due in annual installments of \$50,000 to \$3,510,000 through July 1, 2014, interest at 4.45 percent to 5.5 percent. Original issue amount \$19,900,000.	19,900
1989 Capital Improvement Project Serial Bonds (issued April 6, 1998) due in annual installments of \$445,000 to \$1,340,000 through July 1, 2015, interest at 4.3 percent to 6.5 percent. Original issue amount \$20,500,000.	19,355
1999A Transportation, Storm Sewer, Flood Protection and Pima Road Improvements Serial Bonds (issued June 29, 1999) due in annual installments of \$675,000 to \$1,900,000 through July 1, 2019; interest at 4.6 percent to 6.5 percent. Original issue amount \$25,200,000	24,525
1999 Preservation Bonds (issued November 16, 1999) due in annual installments of \$800,000 to \$4,225,000 through July 1, 2024; interest at 7.5 percent to 5.0 percent. Original issue amount \$59,600,000.	<u>58,800</u>
Total General Obligation bonds outstanding	\$ 263,216
Less General Obligation bonds paid out of Water Enterprise Fund	<u>(25,607)</u>
Net General Obligation bonds outstanding recorded as General Long-Term Debt	<u><u>\$ 237,609</u></u>

**HURF Revenue Bonds**

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

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>HURF Revenue Bonds</b>	
1993 Highway User Revenue Refunding Serial Bonds due in annual installments of \$405,000 to \$2,990,000 through July 1, 2007; interest at 4.25 percent to 5.5 percent. Original issue amount, \$26,690,000.	<u><u>\$ 17,830</u></u>

**NOTE 7 - Long-Term Debt (continued)**

**Municipal Property Corporation Bonds**

The Municipal Property Corporation (MPC) is a non-profit corporation created by the City in 1967 to finance the construction or acquisition of certain capital improvement projects. The MPC issues its own bonds, which are repaid through the City's excise tax collections and other unrestricted revenues. The use of property taxes to repay these bonds is specifically prohibited by law. Most of these bonds are recorded as general long-term debt. The 1995 MPC Transfer Station bonds and \$2,800,000 of the 1996 MPC bonds, as described below, however, are recorded in and paid out of revenues of the Solid Waste Enterprise Fund.

	Bonds Outstanding (in thousands of dollars)
<b>Municipal Property Corporation Bonds</b>	
1987 Municipal Property Corporation Certificates of Participation due in annual installments of \$550,000 to \$695,000 beginning July 1, 1997, through July 1, 2001; interest at 5.9 percent to 6.3 percent.	\$ 695
1992 Refunding Series Municipal Property Corporation Certificates of Participation due in semi-annual installments of \$55,000 to \$1,865,000 through November 1, 2014; interest at 5.0 percent to 6.375 percent. Original issue amount, \$47,095,000.	35,485
1993 Municipal Property Corporation Refunding Bonds due in annual installments of \$515,000 to \$4,170,000 through July 1, 2005; interest at 4.25 percent to 5.375 percent. Original issue amount, \$29,475,000.	18,830
1994 Municipal Property Corporation Refunding Bonds due in annual installments of \$775,000 to \$1,080,000 through July 1, 2004; interest at 4.3 percent to 5.15 percent. Original issue amount, \$9,295,000.	4,010
1995 Municipal Property Corporation TPC Land Taxable Excise Tax Revenue Bonds due in annual installments of \$70,000 to \$285,000 through July 1, 2015; interest at 7.7 percent to 9.0 percent. Original issue amount, \$2,950,000.	2,575
1995 Municipal Property Corporation Transfer Station Excise Tax Revenue Serial Bonds (issued November 1, 1995) due in annual installments of \$160,000 to \$330,000 through July 1, 2010; interest at 4.75 percent to 7.25 percent. These bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, \$3,500,000.	2,640
1996 Municipal Property Corporation Excise Tax Revenue Bonds for McCormick/Stillman Park, computers, and curbside recycling (issued July 1, 1996) due in annual installments of \$310,000 to \$1,570,000 through July 1, 2004; interest at 4.4 percent to 5.4 percent. The curbside recycling portion (\$2,800,000 issued, \$664,000 outstanding) of bonds are recorded in and paid out of the Solid Waste Enterprise Fund. Original issue amount, \$7,550,000.	2,315
1998 Municipal Property Corporation Excise Tax Revenue Bonds (issued December 2, 1998) due in annual installments of \$3,500,000 to \$180,000 through July 1, 2008; interest at 4.0 percent. Original issue amount, \$9,150,000.	2,125
Total MPC bonds outstanding	\$ 68,675
Less MPC bonds paid out of Solid Waste Enterprise Fund	(3,304)
Net MPC bonds outstanding recorded as General Long-Term Debt	<u>\$ 65,371</u>

**NOTE 7 - Long-Term Debt (continued)**

**Scottsdale Preserve Authority Bonds**

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

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Scottsdale Preserve Authority Bonds</b>	
1997 Scottsdale Preserve Authority Excise Tax Revenue Bonds due in annual installments of \$170,000 to \$1,475,000 beginning July 1, 1998, through July 1, 2020; interest at 7.75 percent to 5.625 percent. Original issue amount \$20,500,000.	\$ 19,400
1998 Scottsdale Preserve Authority Excise Tax Revenue Bonds due in annual installments of \$1,015,000 to \$6,585,000 beginning July 1, 1999, through July 1, 2024; interest at 6.0 percent to 4.75 percent. Original issue amount \$77,000,000.	74,570
	\$ 93,970
Total Scottsdale Preserve Authority Bonds	\$ 93,970

**Water and Sewer Revenue Bonds**

Water and sewer revenue bonds are issued as authorized by the voters for the construction, acquisition, furnishing and equipping of water and sewer facilities and related systems. At June 30, 2000, the City had \$3,340,000 authorized but unissued water and sewer revenue bonds. These revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's water and sewer utility system, and are repaid via user charges or fees for service. Property taxes cannot be used to pay the debt service on these bonds.

Water and sewer revenue bond covenants require that the City accumulate sufficient reserves to cover the eventual replacement of the water and sewer system. The City has continued to meet this reserve requirement. At June 30, 2000, the funds reserved for this purpose were \$12,606,960.

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Water and Sewer Revenue Bonds</b>	
1989 Water and Sewer Revenue Serial Bonds (Series B issued 1992) due in annual installments of \$165,000 to \$410,000 through July 1, 2012; interest at 5.0 percent to 7.5 percent. Original issue amount, \$5,000,000.	\$ 3,575
1989 Water and Sewer Revenue Bonds (Series C issued 1994) due in annual installments of \$150,000 to \$240,000 through July 1, 2005; interest at 5.75 percent to 8.25 percent. \$3,005,000 of these bonds were refunded on March 1, 1996. Original issue amount, \$5,000,000.	1,075
1996 Water and Sewer Revenue Refunding Serial Bonds (issued March 1, 1996) due in annual installments of \$325,000 to \$1,000,000 beginning July 1, 1997 through July 1, 2014; interest at 3.5 percent to 5.625 percent. For GAAP financial statement purposes, these bonds are reported net of the deferred loss on refunding and deferred issuance costs totaling \$519,752 at June 30, 2000.	7,655
1989 Water and Sewer Revenue Bonds (Series D issued November 1, 1997) due in annual installments of \$425,000 to \$1,050,000 through July 1, 2017; interest at 4.75 percent to 7.25 percent. Original issue amount \$20,000,000.	18,650
1989 Water and Sewer Revenue Bonds (Series E issued December 2, 1998) due in annual installments of \$1,015,000 to \$4,615,000 through July 1, 2023; interest at 4.5 percent to 7.0 percent. Original issue amount \$50,000,000.	47,525
	\$ 78,480
Total Water and Sewer Revenue Bonds outstanding	\$ 78,480



**NOTE 7 - Long-Term Debt (continued)**

**Special Assessment Bonds**

Special assessment bonds are issued by the City on behalf of improvement districts created by property owners for a specific purpose, such as to finance local street, water or sewer improvements, or to acquire an existing water or sewer operation. Property owners in the designated districts agree to be assessed for the principal and interest costs of repaying the bonds. As trustee for improvement districts, the City is responsible for collecting the assessments levied against the owners of property within the improvement districts and for disbursing these amounts to retire the bonds issued to finance the improvements. The receivables, revenues, and debt service expenses related to these bonds are recorded in the Special Assessments Debt Service Fund. At June 30, 2000, special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, were adequate for the scheduled maturities of the bonds payable and the related interest.

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

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

At June 30, 2000, there were 13 separate series of special assessment improvement bonds outstanding, each series issued as serial bonds to be repaid over 10 years.

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Special Assessment Bonds</b>	
Special Assessment Bonds issued August 15, 1989, through September 1, 1998, maturing January 1, 1999, through January 1, 2013; due in annual installments of \$15,000 to \$1,575,000; interest at 4.625 percent to 7.05 percent. Total original issue amount, \$50,355,000.	\$ 11,034

**Community Facilities Districts General Obligation Bonds**

Community Facilities District General Obligation Bonds are issued by community facilities districts (CFDs), which are special purpose districts created specifically to acquire and improve public infrastructure in specified land areas. At June 30, 2000, the Scottsdale Mountain CFD, McDowell Mountain Ranch CFD, DC Ranch CFD, and Via Linda Road CFD had, respectively, \$1,550,000, \$1,140,000, \$12,165,000, and \$275,000 of authorized but unissued general obligation bonds. CFD bonds are repaid by ad valorem taxes levied directly by the districts and collected by the county. Property owners in the districts are assessed for District taxes and thus for all costs associated with the Districts. The City has no liability for community facilities district bonds.

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

**NOTE 7 - Long-Term Debt (continued)**

	<b>Bonds Outstanding (in thousands of dollars)</b>
<b>Community Facilities Districts General Obligation Bonds</b>	
1993A Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of \$90,000 to \$255,000 beginning July 1, 1999 through July 1, 2017; interest at 5.25 percent to 6.20 percent. Original issue amount, \$3,000,000.	\$ 2,815
1993B Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of \$10,000 to \$45,000 beginning July 1, 1999 through July 1, 2017; interest at 7.5 percent to 9.5 percent. Original issue amount, \$525,000.	500
1995 Scottsdale Mountain Community Facilities District General Obligation Bonds due in annual installments of \$45,000 to \$175,000 beginning July 1, 2000 through July 1, 2019; interest at 7.0 percent to 7.625 percent. Original issue amount \$1,925,000.	1,880
1998 DC Ranch Community Facilities District General Obligation Bonds due in annual installments of \$155,000 to \$385,000 beginning July 15, 2005 through July 15, 2023; interest at 4.75% to 5.5%. Original issue amount \$4,750,000.	4,750
1999 Via Linda Road Community Facilities District General Obligation Bonds due in annual installments of \$95,000 to \$255,000 beginning July 15, 2004 through July 15, 2023; interest at 5.0% to 5.75%. Original issue amount \$3,225,000.	3,225
1999 McDowell Mountain Ranch Community Facilities District General Obligation Refunding Bonds due in annual installments of \$320,000 to \$1,455,000 beginning July 15, 1999 through July 15, 2022; interest at 4.0% to 6.0%. Original issue amount \$20,245,000.	19,480
1999 DC Ranch Community Facilities District General Obligation Bonds (issued November 1, 1999) due in annual installments of \$85,000 to \$260,000 beginning July 15, 2005 through July 15, 2011. Interest at 5.45% to 6.50%. Original issue amount \$3,085,000.	3,085
Total Community Facilities Districts General Obligation bonds outstanding	<u>\$ 35,735</u>

**CFD Advance Refundings**

There were no refundings during fiscal year 1999/00. In the prior year, McDowell Mountain Ranch CFD refinanced other bond issues through the issuance of a refunding bond. The proceeds from the refunding bond have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future redemption or payment of principal and interest of the issues refunded.

The assets, liabilities, and financial transactions of all of these trust accounts and the liability for refunded (defeased) bonds are not reflected in the financial statements of the City.

The table reflects refunded debt outstanding at June 30, 2000, and net of any amounts to be paid or retired by the trustee on July 1, 2000 (in thousands of dollars).

<b>Refunded in Prior Year (in thousands of dollars)</b>	
General Obligation Series Series 1994	\$ 9,105
General Obligation Series Series 1994 A	2,845
General Obligation Series 1997	6,910
	<u>\$ 18,860</u>

**NOTE 7 - Long-Term Debt (continued)**

**Statutory Debt Limitation**

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt issued for water, sewer, light, parks, and open space purposes may not exceed 20 percent of a city's net secondary assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of a city's net secondary assessed valuation. Accretion on capital appreciation bonds, which is included for GAAP purposes as outstanding debt, is excluded for this calculation. General obligation bonds of community facilities districts also are not subject to or included in this calculation. The following summarizes the City of Scottsdale's legal general obligation bonded debt borrowing capacity at June 30, 2000 (in thousands of dollars):

**Contracts Payable**

General Obligation Bonds Issued to Provide Water, Sewer, Light,		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$ 496,877	6% Constitutional Limit	\$ 149,063
Less General Obligation 20% Bonds Outstanding	(167,663)	Less General Obligation 6% Bonds Outstanding	(85,457)
Available 20% Limitation Borrowing Capacity	\$ 329,214	Available 6% Limitation Borrowing Capacity	\$ 63,606

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

The following is a summary of debt service requirements to maturity for all long-term contracts payable.

	<b>Contracts Payable (in thousands of dollars)</b>
<b>Payable out of the General Fund</b>	
Contract payable to the U.S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2032; interest at 5.1 percent.	\$ 3,472
Contract payable for the construction of public infrastructure relating to completion of The Dial Corporation new corporate headquarters; due in annual installments beginning September 1998 through September 2007; non-interest bearing.	365
Contract payable for the maintenance of a federal patent; due in three year installments beginning January 1, 2001 through January 1, 2009; non-interest bearing.	6
Contract payable for the oversight and management of the Tournament Players Club Recreational Land Use Agreement; due in annual installments beginning March 1999 through June 2035; non-interest bearing.	1,925
Contract payable for the oversight and management of the Westworld Cost-share and Land Use Agreement; due in annual installments beginning December 2000 through December 2032; non-interest bearing.	1,815
Contract payable for the construction of public infrastructure relating to completion of the Anchor National Life / Portales mixed use development; due in annual installments beginning 2003.	2,240
Contract payable for the construction of the new Dave Wilson Honda dealership; due in quarterly payments beginning March 2000 through March 2001; non interest bearing.	99

**NOTE 7 - Long-Term Debt (continued)**

**Contract Payable (continued)**

	<b>Contracts Payable (in thousands of dollars)</b>
<b>Payable out of the General Fund (continued)</b>	
Contract payable for the construction of the new Sun Pontiac dealership; due in quarterly payments beginning February 2000 through February 2001; non interest bearing.	\$ 28
Contract payable for the construction of the new Dave Wilson Toyota dealership; due in quarterly payments beginning March 2000 through March 2001; non interest bearing.	77
Contract payable for the construction of public infrastructure relating to completion of the Promenade shopping center; due in annual installments beginning March 2000 through March 2007; non interest bearing.	5,385
	15,412
<b>Total Long-Term Contracts Payable from General Fund</b>	<b>\$ 15,412</b>
<b>Payable out of Special Assessments Debt Service Fund</b>	
Contract payables for the undergrounding of 69kv power lines; due in annual installments beginning January 1999 through; interest at 10.0 percent.	\$ 430
<b>Payable out of Special Revenue Fund</b>	
Contract payable for the purchase of a portion of 2,685 acres of land for the McDowell Sonoran Preserve; due in fifteen annual installments beginning July 1, 1999 through July 1, 2013; interest from 3.75 percent to 6.0 percent.	\$ 9,040
<b>Payable out of the Water and Sewer Utility Fund</b>	
Contract for the purchase of Carefree Ranch Water Company water system assets; due in adjustable annual installments through March 1, 2002; non-interest bearing.	704
	25,586
<b>Subtotal of Long-Term Contracts Payable</b>	\$ 25,586
<b>Less Current Portion</b>	(338)
<b>Total Long-Term Contracts Payable, All Funds</b>	<b>\$ 25,248</b>

Amounts include contracts paid out of the General Fund, the Special Revenue Fund and the Water and Sewer Utility Fund (in thousands of dollars).

**Changes in General Long-Term Debt**

<b>Total Requirements to Maturity All Contracts Payable</b>	
<b>Fiscal Year Ending</b>	<b>Total</b>
2001	\$ 9,103
2002	5,700
2003	5,112
2004	4,791
2005	4,103
2006	3,325
2007-2035	16,037
Total all years	\$ 48,171
Less amount representing interest	(22,585)
Net Amount Outstanding	\$ 25,586

**NOTE 7 - Long-Term Debt (continued)**

The following changes occurred in the General Long-Term Debt Account Group for the year ended June 30, 2000. General long-term debt excludes all bonds and contracts recorded in and paid out of the Enterprise Fund (in thousands of dollars).

**Changes in Enterprise Funds Long-Term Debt**

	General Obligation Bonds	HURF Revenue Bonds	Municipal Property Corp Bonds	Scottsdale Preserve Authority Bonds	Special Assessment Bonds	Contracts Payable	Capital Lease	Compen- sated Absences	Total
Balance July 1, 1999	\$ 220,615	\$ 19,900	\$ 76,155	\$ 95,860	\$ 15,466	\$ 19,741	\$ 28,750	\$ 7,073	\$ 483,560
New Debt Issued	62,685	-	-	-	-	8,147	-	-	70,832
Debt Retired During Year	-	-	(1,655)	-	(4,432)	(2,373)	-	-	(8,460)
Current Year Accretion on Capital Appreciation Bonds	1,044	-	(97)	-	-	(633)	-	-	314
Change in Compensated Absences Liability	-	-	-	-	-	-	-	807	807
Debt to be Retired July 1, 2000	(11,000)	(2,070)	(9,032)	(1,890)	-	-	-	-	(23,992)
Balance June 30, 2000	\$ 273,344	\$ 17,830	\$ 65,371	\$ 93,970	\$ 11,034	\$ 24,882	\$ 28,750	\$ 7,880	\$ 523,061

The following table summarizes all changes in bonds and contracts recorded in and paid out of the Enterprise Funds during the year ended June 30, 2000.

**Debt Service Requirements to Maturity**

(in thousands of dollars)	Water and Sewer Utility Fund				Solid Waste Fund
	General Obligation Bonds	Water and Sewer Revenue Bonds	Water and Sewer Contracts	Total Water and Sewer Utility Fund	Municipal Property Corporation Bonds
Balance at July 1, 1999	\$ 28,113	\$ 81,587	\$ 656	\$ 110,356	\$ 4,035
New Debt Issued	-	-	-	-	-
Amortization of Deferred Loss and Issuance Costs	-	73	-	73	-
Debt Retired	-	-	(290)	(290)	-
Current Year Accretion on Capital Appreciation Bonds	704	-	-	704	96
Debt to be Retired July 1, 2000	(3,210)	(3,180)	-	(6,390)	(828)
Balance at June 30, 2000	\$ 25,607	\$ 78,480	\$ 366	\$ 104,453	\$ 3,303

**NOTE 7 - Long-Term Debt (continued)**

Table summarizes debt service requirements to maturity for all bonds payable as of June 30, 2000. Amounts include both general long-term debt and debt paid out of the Enterprise Fund.

**Advance Refundings**

(in thousands of dollars)

Fiscal Year Ending	General Obligation Bonds	HURF Revenue Bonds	Water and Sewer Revenue Bonds	Municipal Property Corp Bonds	Scottsdale Preserve Authority Bonds	Special Assessment Bonds	Community Facilities District Bonds	Total
2001	\$ 28,919	\$ 3,104	\$ 6,535	\$ 13,356	\$ 6,925	\$ 3,647	\$ 2,571	\$ 65,057
2002	28,758	3,103	6,532	10,615	6,916	2,564	2,567	61,055
2003	28,782	3,109	6,507	10,643	6,904	2,252	2,561	60,758
2004	28,757	3,106	6,510	10,652	6,890	1,869	2,668	60,452
2005	28,738	3,119	6,522	9,159	6,882	1,787	2,907	59,114
2006-Maturity	254,957	6,295	96,263	38,550	128,938	372	49,093	574,468
	\$ 398,911	\$ 21,836	\$ 128,869	\$ 92,975	\$ 163,455	\$ 12,491	\$ 62,367	\$ 880,904
Less amount representing interest	(135,695)	(4,006)	(50,389)	(24,300)	(69,485)	(1,457)	(26,632)	(311,964)
Net Amount Outstanding	\$ 263,216	\$ 17,830	\$ 78,480	\$ 68,675	\$ 93,970	\$ 11,034	\$ 35,735	\$ 568,940

There were no refundings during fiscal year 1999/00. In prior years, the City refinanced other bond issues through the issuance of refunding bonds. The proceeds from the refunding bonds have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future redemption or payment of principal and interest of the issues refunded.

The assets, liabilities, and financial transactions of all of these trust accounts and the liability for refunded (defaced) bonds are not reflected in the financial statements of the City.

The table reflects refunded debt outstanding at June 30, 2000, and net of any amounts to be paid or retired by the trustee on July 1, 2000 (in thousands of dollars).

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

**Refunded in Prior Years  
(In Thousands of Dollars)**

1989 General Obligation Series B (1991) Bonds	\$ 10,720
1989 General Obligation Series C (1992) Bonds	5,505
1989 General Obligation Series E (1994) Bonds	4,325
General Obligation Series 1994 Bonds	9,525
1989 Water Revenue Series C Bonds	3,005
	\$ 33,080

Note 19 and Note 20, respectively.

**NOTE 8 - Retirement and Pension Plans**

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

**Arizona State Retirement System**

**Plan Description**

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

**Funding Policy**

The Arizona Revised Statutes (A.R.S.) provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to legislate a contribution rate other than the actuarially determined rate. The actuarially determined contribution rate for the years ended June 30, 2000, 1999, and 1998 were 2.66 percent (2.17% retirement and .49% long-term disability) 3.34 percent, and 3.54 percent, respectively, for both employers and employees. The City's contributions to the System for the years ending June 30, 2000, 1999, and 1998 were \$1,745,319, \$1,980,5527, and \$1,929,437, respectively, equal to the required contributions for each year.

**Public Safety Personnel Retirement System**

**Plan Description**

All of the City's public safety personnel (police officers) participate in the Public Safety Personnel Retirement System (PSPRS), an agent multiple-employer defined benefit pension plan. PSPRS was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes to provide pension benefits for public safety employees of certain state and local governments. The PSPRS is jointly administered by the fund manager and 171 local boards. PSPRS provides retirement benefits, as well as death and disability benefits. The Public Safety Personnel Retirement System of the State of Arizona issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Safety Personnel Retirement System, 1020 East Missouri Avenue, Phoenix, AZ 85014 or by calling (602) 255-5575.

**Funding Policy**

The System is funded through a member contribution of 7.65 percent of gross payroll, an employer contribution set by an actuarial valuation expressed as a percent of gross payroll, and a distribution of the net earnings of the Fund. The City's current contribution rate is 5.50 percent of annual covered payroll, consisting of 11.04 percent for normal cost and (5.54%) for amortization of unfunded actuarial accrued liability. Contribution rates for 1999 and 1998 were 10.65 percent and 6.94 percent, respectively.

**NOTE 8 - Retirement and Pension Plans (continued)**

**Annual Pension Cost**

For 2000, the City's annual pension cost of \$1,194,717 for PSPRS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999 actuarial valuation using the individual entry-age actuarial cost method.

The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 9.0 percent per year compounded annually, (b) projected salary increases of 6.5 percent per year compounded annually, attributable to inflation and other across-the-board factors, and (c) additional projected salary increases ranging from 0.0 percent to 3.0 percent per year, attributable to seniority/merit. Included in (b) is an inflation component of 5.5 percent. The actuarial value of PSPRS assets was determined using techniques that smooth the market value of assets over a 4-year period. PSPRS's unfunded accrued liability is being amortized as a level percent of projected payroll on an open basis. The remaining amortization period at July 1, 1999 was 20 years.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of	
		APC Contributed	Net Pension Obligation
1998	\$ 1,169	100%	-
1999	1,123	100%	-
2000	1,195	100%	-

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

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



**NOTE 8 - Retirement and Pension Plans (continued)**

**Elected Officials' Retirement Plan**

**Plan Description**

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

**Funding Policy**

Covered employees are required by state statute to contribute an amount equal to 7 percent of gross salary. Incorporated city or town employers are required to contribute an amount sufficient to meet both the normal cost of a level-cost method attributable to the EORP, plus the amount required to amortize the unfunded accrued liability for the employer. Such amount is to be determined each year by actuarial valuation and paid as a level percent of compensation. The contribution requirements for plan members are established and may be amended by the Fund Manager, a five-member board. The City's rates for fiscal years ended June 30, 2000, 1999, and 1998 were 10.22 percent, 8.90 percent, and 12.64 percent, respectively. The City's contributions to EORP for the years ending June 30, 2000, 1999, and 1998, were \$11,370, \$9,826, and \$13,955, respectively, equal to the required contributions for each year.

**NOTE 9 - Other Post-Employment Benefits**

In addition to the pension benefits described in Note 8 the City provides an option of post-retirement health care benefits, in accordance with Chapter 14 of the City Code. At retirement, employees with medical leave accumulated prior to September 6, 1976 are eligible for payment of medical leave at one hundred percent cash value at current rate of pay. Employees hired before July 1, 1982 can elect to receive cash equal to fifty percent of the first five hundred twenty hours of unused medical leave plus twenty-five percent of all hours in excess of five hundred twenty. The conversion rate is the employee's average hourly base pay rate for the five years immediately preceding retirement. Any retiring employee with 300 or more hours of accumulated medical leave, who chooses to remain on the city medical plan, may elect to apply the value of the sick leave to the employee's portion of the health care premiums, up until age 65. The value of the accumulated medical leave shall be calculated at the employee's hourly rate of pay at the time of retirement.

The number of participants during fiscal year 1999/00, was seven. The projected liability, as of June 30, 2000, for medical conversion was \$3,065,452. Of this liability, \$2,353,085 is reflected in the General Long-Term Debt Account Group, \$712,367 is recorded in various other funds. The projected liability is based on a January 1, 1998 actuarial valuation, as adjusted, based on the actuarial projection that for every additional 100 participants, future normal costs increase by an additional 3 percent per annum and projected liability of 4 percent of payroll. Significant actuarial assumptions of the January 1, 1998 actuarial valuation include a) mortality rates based on the 1983 Group Annuity Mortality Table set back 1 year for males and no set back for females, b) interest compounded 4.0 percent annually, c) salaries increase at a rate of 3.0 percent per annum, d) projected unit credit cost method based on participant data as of January 1, 1999.

**NOTE 10 - Segments of Enterprise Activities**

Water and sewer, airport, and solid waste are four major services provided by the City which are financed by user charges and are of such significance as to warrant disclosure as segments of enterprise activities. Segment information as of and for the year ended June 30, 2000, was as follows (in thousands of dollars):

	Water and Sewer			
	Utility	Airport	Solid Waste	Total
Operating Revenue	\$ 83,305	\$ 1,264	\$ 14,955	\$ 99,524
Depreciation and Amortization	19,181	696	199	20,076
Operating Transfers In	-	173	-	173
Operating Transfers (Out)	(184)	-	(154)	(338)
Operating Income (Loss)	17,171	(1,224)	1,454	17,401
Net Income (Loss)	20,437	(781)	1,129	20,785
Contributions				
Developers	91,728	-	(97)	91,631
Development Fees	24,581	-	-	24,581
Other Government Units	121	1,410	-	1,531
Property, Plant, and Equipment				
Additions	48,384	770	(169)	48,985
Net Working Capital	112,871	928	1,389	115,188
Total Assets	803,348	18,173	8,036	829,557
Long-Term Debt (Net of Current Portion) and Other Liabilities:				
Payable From Operating Revenue	100,156	-	3,303	103,459
Payable From Other Sources	7,615	1	-	7,616
Total Equity	682,156	18,077	3,169	703,402

**NOTE 11 - Contributed Capital**

During the year ended June 30, 2000, Enterprise Funds' contributed capital increased by the following amounts (in thousands of dollars):

Source	Water and Sewer			
	Utility	Airport	Solid Waste	Total
Development Fees	\$ 24,581	\$ -	\$ -	\$ 24,581
Developers	91,849	-	-	91,849
Federal Government -				
Capital Construction	-	1,410	(96)	1,314
Less Depreciation	(11,300)	(696)	-	(11,996)
Total Change	105,130	714	(96)	105,748
Contributed Capital				
July 1, 1999	321,140	17,104	449	338,693
Contributed Capital				
June 30, 2000	\$ 426,270	\$ 17,818	\$ 353	\$ 444,441

The Internal Service Fund's contributed capital increased by \$605,873 as a result of fleet management assets contributed from other City funds.

**NOTE 12- Risk Management**

The City is exposed to various risks of loss related to public, property, and aviation premises liability, and workers compensation. Public liability includes public officials' errors and omissions, automobile and general liability. The City is self-insured for the first \$1,000,000 of public liability, the first \$75,000 of property coverage and the first \$250,000 of workers compensation. Coverage in excess of these respective amounts is provided through the purchase of commercial insurance. During the fiscal year ending June 30, 2000 there was no significant reduction in excess insurance coverage. Additionally, settlements for each of the past three fiscal years have not exceeded the City's excess insurance coverage amounts.

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

	Year Ended June 30	
	2000	1999
Claims payable, July 1	\$ 8,143	\$ 7,848
Current year claims incurred	484	2,167
Current year claim payments	(2,967)	(1,872)
Claims payable June 30	\$ 5,660	\$ 8,143

**NOTE 13 - Interfund Transfers and Interfund Assets/Liabilities**

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

Operating Transfers Out		Operating Transfers In	
From:		To:	
General	\$ 18,181	Special Revenue (HURF Maintenance)	\$ 194
		Special Revenue (Grants)	5
		Internal Service (Fleet Management)	927
		Capital Projects (All Other Construction)	17,025
		Trust and Agency	30
Special Revenue (HURF)	180	Special Revenue (Grants)	62
		Internal Service (Fleet Management)	118
(Grants)	60	Capital Projects (All Other Construction)	60
(Preserve Tax)	12,488	Debt Service (Preserve Tax)	6,933
		Capital Projects (Preserve Privilege Tax)	5,555
(Transportation Tax)	10,834	Capital Projects (Transportation)	10,230
		Special Revenue (HURF Maintenance)	563
		Enterprise (Airport)	41
Capital Projects (All Other Construction)	132	Enterprise (Airport)	132
(Special Assessments)	27	(All Other Construction)	27
(MPC)	6	Debt Service (MPC)	6
(McDowell Mountain Ranch CFD)	15	Debt Service (McDowell Mountain CFD)	15
		Capital Projects (All Other Construction)	1,994
Trust and Agency	2,346	Debt Service (MPC)	352
		General Fund	50
Enterprise (Water & Sewer)	184	Internal Service (Fleet Management)	134
		General Fund	8
(Solid Waste)	154	Internal Service (Fleet Management)	146
		General Fund	1,007
Internal Service (Fleet Management)	1,377	Capital Projects (All Other Construction)	370
		General Fund	1,200
(Self Insurance)	1,200		
<b>Total</b>	<b>\$ 47,184</b>	<b>Total</b>	<b>\$ 47,184</b>

**NOTE 13 - Interfund Transfers and Interfund Assets/Liabilities (continued)**

Individual funds having amounts due from or due to other funds at June 30, 2000:

<b>Receivable Fund</b>		<b>Payable Fund</b>	
<b>(in thousands of dollars)</b>	<b>Amount</b>	<b>(in thousands of dollars)</b>	<b>Amount</b>
General	\$ 588	Special Revenue	
		Community Development	\$ 39
		Home	36
		Grants	101
		Section 8	412
<b>Total</b>	<b>\$ 588</b>	<b>Total</b>	<b>\$ 588</b>

Individual funds having advances to and from other funds at June 30, 2000:

<b>Advances To:</b>		<b>Advances From:</b>	
<b>(in thousands of dollars)</b>	<b>Amount</b>	<b>(in thousands of dollars)</b>	<b>Amount</b>
General	\$ 1,000	Capital Project	
		Preserve Privilege Tax	\$ 1,000
<b>Total</b>	<b>\$ 1,000</b>	<b>Total</b>	<b>\$ 1,000</b>

**NOTE 14 - Deficits in Fund Balance/Fund Equity/Excess of Expenditures Over Appropriation**

The Highway User Fuel Tax Fund had a deficit balance of (\$403,000) caused by the deferral of certain grant revenues received for transit improvements. These revenues will be recognized when expenditures actually occur for the intended improvements.

The Community Development Fund had a deficit balance of (\$52,000) caused by grant reimbursements due which were not expected to be received within 30 days of fiscal year end. These reimbursements due will be recognized as revenue when actually received.

The Home Fund had a deficit balance of (\$36,000) caused by grant reimbursements due which were not expected to be received within 30 days of fiscal year end. These reimbursements due will be recognized as revenue when actually received.

The Grants Fund had a deficit fund balance of (\$293,000) caused by certain grant reimbursements due which were not expected to be received within 30 days of fiscal year end. These reimbursements due will be recognized as revenue when actually received.

The Section 8 Fund had a deficit fund balance of (\$427,000) caused by rental assistance expenditures exceeding the approved budget from the US Dept. of HUD for the fiscal year. These expenditures are eligible for reimbursement from HUD in the upcoming fiscal year, and will be recognized when received. Excluding timing differences, the Fund has generated an operational surplus since fiscal year ending June 1998. Program administrators expect this trend to continue.

The General Obligation Debt Service fund exceeded its Debt Service expenditure appropriation by \$1,751,000. This over expenditure was funded by available fund balance.

**NOTE 15 - Contingent Liabilities**

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

**NOTE 16 - Commitments and Subsequent Events**

- a.** In July 1991, the City amended a ten-year agreement with Rural/Metro Corporation (Rural/Metro) whereby Rural/Metro will provide fire protection and related services to the City to June 30, 2001. Payments to Rural/Metro amounted to \$13,759,317 for the year ended June 30, 2000. The annual amount due to Rural/Metro in fiscal year 2001 will approximate \$15,369,000.
- b.** The City has a Service Agreement with the Scottsdale Cultural Council (Council) that provides that the Council will manage the arts and cultural affairs within the Scottsdale community for a ten-year period, automatically renewable for two five-year periods. In return, the City will pay service fees to the Council based on the Service Agreement between the City and the Council. Payments to Scottsdale Cultural Council amounted to \$2,270,463 for the year ended June 30, 2000. Annual amounts due in fiscal year 2001 will approximate \$2,339,000.
- c.** The City has an operating and maintenance agreement, and a separate service agreement with Scottsdale Water Service Company Limited Partnership (Partnership). Under these agreements, City staff operate the Partnership's water treatment facility which processes Central Arizona Project water to regulatory quality standards and furnishes this water to the City for distribution to City customers. The City reimburses the Partnership for all operating and debt service costs associated with the water treatment plant, and must maintain a \$300,000 equipment replacement and repair reserve.
- Total costs reimbursed by the City to the Partnership in 1999/00 were \$2,539,306. At termination of the agreement in 2008, the City will have the option to purchase the water treatment plant and other assets from the Partnership. For further discussion of the Partnership and Scottswater Company, Inc., a component unit of the City, see Note 20.
- d.** The City has entered into several agreements whereby it will reimburse developers for construction costs of certain public infrastructure improvements. The funding source for the reimbursements will come from Water and Sewer development fees paid over the life of the development. Only amounts paid subsequent to January 13, 1997 are eligible for reimbursement. The City does not become liable under the agreements until the City has accepted the cost, a development fee has been paid and a water meter has been set. The City has limited its liability to the lesser of the cost accepted by the City or the development fees paid. The City's maximum contingent liability at June 30, 2000, is \$9,078,194.
- e.** The City has also entered into two agreements requiring telecommunications companies to install additional conduit capacity at the time of construction. It is anticipated that the cost of the additional capacity will be reimbursed to telecommunications companies by future telecommunications providers. In the event that the reimbursements are not made within a period of five to seven years after the construction, the City will become liable for the reimbursement. The City's maximum liability under these agreements is \$450,000.
- f.** On September 12, 2000 the voters approved \$358.2 million of bonds to be sold incrementally over future years for the following projects:
- Library & Park Improvements
  - Neighborhood Flood Control
  - Scenic Corridor Restoration, Preservation & Enhancement on Scottsdale Road
  - Public Safety Facilities
  - Transportation Improvements
  - Public Safety Helicopter Air Support

**NOTE 17 - Joint Venture**

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

**NOTE 17 - Joint Venture (continued)**

The City records its share of SROG's cash operating expenses, and its equity in the joint venture in the City's Water and Sewer Utility Fund. For the year ended June 30, 1999 (the latest audited information available from SROG), the City's net investment in SROG was \$22,621,348. SROG's net cash operating expenses for the year ended June 30, 1999 was \$22,670,756, of which the City's share was \$1,937,767, or 8.5 percent. For the year ended June 30, 2000, the City paid SROG \$4,943,841 for capital contributions, \$187,948 for replacement reserve contributions, and \$4,104 for operating reserve contributions (which increased the City's net investment in SROG), and \$1,610,052 for operating expenses.

The Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1999 for the Multi-City Subregional Operating Group (the latest SROG CAFR available), may be obtained from the Arizona Municipal Water Users Association, 4041 N. Central Avenue, Suite 900, Phoenix, AZ 85012.

**NOTE 18 - Related Organization**

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

**NOTE 19 - Los Arcos Multi-Purpose Facilities District**

Component Unit Disclosure - The Los Arcos Multi-Purpose Facilities District was formed by voter approval in May 1999 under Arizona Revised Statute § 48-4201 and includes the City of Scottsdale, the Town of Fountain Hills, the City of Avondale and the Town of Guadalupe. The District's purpose is to develop and construct a multi-purpose arena in the City of Scottsdale. As a special purpose district and separate political subdivision under the Arizona Constitution, the District can issue bonds independently of the municipalities. The municipalities have no liability for District debt. Each participating municipality appoints two board members. However, board voting is weighted by the municipality's population. As a result, the City of Scottsdale appoints a voting majority to the District's Board of Directors. Therefore, for financial reporting purposes, the District is a component unit of the City of Scottsdale.

The District's deposits of \$85,083 as of June 30, 2000 were entirely insured or collateralized with securities held by the City's custodial bank in the City's name. The District had no investments at June 30, 2000.

At June 30, 2000 the District had no fixed assets and no long-term debt.

**NOTE 20 - Scottswater Company, Inc. Component Unit Disclosures**

Scottswater Company, Inc. (the Company) is a non-profit corporation established by the City Council in 1993 to act as the general partner in the Scottsdale Water Service Company Limited Partnership (the Partnership.) The City Council appoints and approves the Company's Board of Directors and nominates Company officers. The Partnership itself manages and operates a Central Arizona Project water treatment plant that, in conjunction with other City facilities, provides water and water services to Scottsdale citizens. All expenses of operating the water treatment plant are paid by the Partnership, and reimbursed by the City via a service agreement with the Partnership. At December 31, 1999, the Partnership had a receivable from the City in the amount of \$139,754.

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

The Company and Partnership have a fiscal year end of December 31; therefore, the component unit column presents financial statements as of and for the year ended December 31, 1999. The financial statements for the City of Scottsdale Enterprise Fund for the year ended June 30, 2000 include a \$1,323,153 reimbursement paid to the Partnership for expenses of operating the water treatment plant for the six months ended June 30, 2000. This amount is not reflected in the consolidated financial statements of the Company due to the difference in year-end. The amount represents revenue to the Partnership and will be reflected in the consolidated financial statements of the Company for the year ending December 31, 2000.

**NOTE 20 - Scottswater Company, Inc. Component Unit Disclosures (continued)**

**Cash and Investments**

At December 31, 1999, the book value of the Company's deposits and the bank balance was \$152,489.

Risk category one cash balances, which are covered entirely through federal depository insurance funds, equaled \$152,489 at December 31, 1999. At December 31, 1999, there were no cash balances in risk category two or three.

**Investments**

Investments consist of amounts held by the trustee for the purpose of satisfying various debt service obligations of the Partnership. Investments at December 31, 1999 are stated at fair value and are summarized below. All of the investments are money market funds.

Investments not subject to credit risk classification are not categorized.

(in thousands of dollars)	<u>Fair Value</u>
Money Market Funds	<u>\$ 3,294</u>

**Reconciliation to Exhibit A-1**

Deposits	\$ 152
Short-Term Investments	<u>3,294</u>
Total Cash and Investments	<u>\$ 3,446</u>

**Fixed Assets**

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



**NOTE 20 - Scottswater Company, Inc. Component Unit Disclosures (continued)**

Summary of the Company's fixed assets at December 31, 1999 (in thousands of dollars):

Land and Land Improvements	\$ 616
Equipment	24,849
	<u>25,465</u>
Accumulated depreciation	(24,573)
Net Fixed Assets	<u>\$ 892</u>

**Long-Term Debt**

The land, improvements and equipment were principally financed from the proceeds of tax-exempt variable interest rate industrial development bonds, with an original face amount of \$25,000,000, issued by the Industrial Development Authority of the City of Scottsdale, Arizona. The nonrecourse bonds, which are insured by the Municipal Bond Insurance Association, are payable in varying installments to July 1, 2008. At December 31, 1999, the interest rate on these bonds was 4.4 percent and the weighted average interest rate during 1998 was 3.46 percent. These bonds pay interest at a variable rate and reprice monthly. Thus, the cost of the bonds is a reasonable estimate of fair value.

Summary of debt service requirements to maturity for the above bonds payable as of December 31, 1999 (in thousands of dollars):

<u>Debt Service Requirements to Maturity</u>	
2000	\$ 1,975
2001	2,019
2002	2,068
2003	2,123
2004	2,182
2005-2008	9,400
	<u>19,767</u>
Less amount representing interest	(3,857)
Net amount outstanding	<u>\$ 15,910</u>

**Operating Lease**

During 1999, the Partnership incurred \$31,227 of expense under an operating lease for the land on which the water treatment plant is located. The Partnership leases the land from the City. The remaining term of the lease is 35 years, expiring in December 2034. However, the Partnership can terminate the operating lease in 2008, which is when the service agreement between the Partnership and the City expires. The lease amount is renegotiated on an annual basis.

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

**Notes to Financial Statements**  
**For the Fiscal Year Ended June 30, 2000**



## **The General Fund**

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

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

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

# General Fund

Exhibit B-1

## Balance Sheet

June 30, 2000 (in thousands of dollars)

---

<b>ASSETS</b>	
Cash and Investments	\$ 76,420
Receivables	
Accrued Interest	712
Privilege Tax	3,713
Hotel/Motel Tax	405
Property Tax	1,043
State Shared Sales Tax	1,297
Miscellaneous	1,191
Due from Other Funds	588
Advance to Other Funds	1,000
Supplies Inventory	573
	<hr/>
Total Assets	\$ 86,942
	<hr/>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 1,398
Accrued Payroll	8,842
Deferred Revenue	
Property Tax	885
Other	280
Other	15
	<hr/>
Total Liabilities	11,420
Fund Balance	
Reserved for	
Streetlight and Services Districts	918
Unreserved	74,604
	<hr/>
Total Fund Balance	75,522
	<hr/>
Total Liabilities and Fund Balance	\$ 86,942
	<hr/>

# General Fund

Exhibit B-2

## Statement of Revenues, Expenditures, and Changes in Fund Balance For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

---

Revenues	
Taxes - Local	\$ 91,306
Taxes - Intergovernmental	33,409
Licenses	1,717
Charges for Current Services	19,711
Fines and Forfeitures	5,105
Use of Money and Property	7,058
Streetlight and Services Districts	968
Other	14,071
	<hr/>
Total Revenues	173,345
Expenditures	
Current Operating Departments	
General Government	15,992
Police	40,072
Financial Services	6,448
Community Services	35,424
Information Systems	6,594
Planning & Development	19,871
Fire	14,338
Municipal Services	1,299
Streetlight and Services Districts	942
Debt Service	
Principal	1,740
Interest and Fiscal Charges	1,846
	<hr/>
Total Expenditures	144,566
	<hr/>
Excess of Revenues Over Expenditures	28,779
Other Sources (Uses)	
Operating Transfers In	2,265
Operating Transfers Out	(18,181)
	<hr/>
Total Other Uses	(15,916)
	<hr/>
Excess of Revenues Over Expenditures and Other Uses	12,863
Fund Balance July 1, 1999	<hr/>
	62,659
Fund Balance June 30, 2000	<hr/>
	\$ 75,522
	<hr/>

# 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, 2000 (in thousands of dollars)

	Budget	Actual	Variance
<b>Revenues</b>			
Taxes - Local	\$ 92,284	\$ 91,306	\$ (978)
Taxes - Intergovernmental	32,894	33,409	515
Licenses	1,301	1,717	416
Charges for Current Services	19,115	19,711	596
Fines and Forfeitures	6,212	5,105	(1,107)
Use of Money and Property	7,232	7,058	(174)
Other	6,400	1,494	(4,906)
<b>Total Revenues</b>	<b>165,438</b>	<b>159,800</b>	<b>(5,638)</b>
<b>Expenditures</b>			
<b>Current Operating Departments</b>			
General Government	16,565	15,968	597
Police	39,643	39,926	(283)
Financial Services	7,576	6,439	1,137
Community Services	37,030	35,290	1,740
Information Systems	6,863	6,580	283
Planning & Development	20,764	19,851	913
Fire	14,372	14,337	35
Municipal Services	1,319	1,264	55
<b>Debt Service</b>			
Principal	7,976	1,740	6,236
Interest and Fiscal Charges	3,995	1,846	2,149
<b>Total Expenditures</b>	<b>156,103</b>	<b>143,241</b>	<b>12,862</b>
Excess of Revenues Over Expenditures	9,335	16,559	7,224
<b>Other Sources (Uses)</b>			
Operating Transfers In	12,518	12,577	59
Operating Transfers Out	(21,853)	(18,181)	3,672
<b>Total Other Uses</b>	<b>(9,335)</b>	<b>(5,604)</b>	<b>3,731</b>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	-	10,955	10,955
Fund Balance July 1, 1999	-	4,391	4,391
Fund Balance June 30, 2000	\$ -	\$ 15,346	\$ 15,346

# General Fund

Exhibit B-4

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

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Budget	Actual	Variance
Taxes - Local			
Property	\$ 11,072	\$ 10,615	\$ (457)
Transaction Privilege	68,898	67,362	(1,536)
Transient Occupancy	6,082	7,207	1,125
Light and Power Franchise	4,126	4,314	188
Cable TV Franchise	1,680	1,376	(304)
Salt River Project In-Lieu	251	231	(20)
Fire Insurance Premium	175	201	26
	92,284	91,306	(978)
Taxes - Intergovernmental			
State-Shared Sales	14,069	14,772	703
State Revenue Sharing	18,825	18,637	(188)
	32,894	33,409	515
Licenses			
Business and Liquor Licenses	1,301	1,717	416
Charges for Current Services			
Building and Related Permits	16,000	16,641	641
Recreation Fees	1,765	1,974	209
Westworld Equestrian Facility Fees	1,350	1,096	(254)
	19,115	19,711	596
Fines and Forfeitures			
Court Fines	3,265	2,941	(324)
Parking	187	127	(60)
Library	306	315	9
Photo Radar	2,454	1,722	(732)
	6,212	5,105	(1,107)
Use of Money and Property			
Interest Earnings	4,541	4,435	(106)
Property Rental	2,691	2,623	(68)
	7,232	7,058	(174)
Other	6,400	1,494	(4,906)
Total Revenues	\$ 165,438	\$ 159,800	\$ (5,638)

# General Fund

Exhibit B-5

## Schedule of Expenditures by Object

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
Current Operating Departments						
General Government	\$ 10,683	\$ 4,410	\$ 645	\$ -	\$ 254	\$ 15,992
Police	30,381	8,275	1,044	-	372	40,072
Financial Services	4,678	808	751	-	211	6,448
Community Services	17,822	14,000	3,221	-	381	35,424
Information Systems	3,917	1,877	475	-	325	6,594
Planning & Development	10,280	8,569	392	-	630	19,871
Fire	-	14,305	33	-	-	14,338
Municipal Services	1,031	167	26	-	75	1,299
Streetlight and Services Districts	-	942	-	-	-	942
Debt Service						
Principal	-	-	-	1,740	-	1,740
Interest and Fiscal Charges	-	-	-	1,846	-	1,846
<b>Expenditures</b>	<b>\$ 78,792</b>	<b>\$ 53,353</b>	<b>\$ 6,587</b>	<b>\$ 3,586</b>	<b>\$ 2,248</b>	<b>\$ 144,566</b>
Operating Transfers Out						
Highway User Fuel Tax Fund	\$ 194					
Fleet Management Fund	927					
Self Insurance Fund	-					
Capital Projects Funds	17,025					
Debt Service Funds	-					
Airport Fund	-					
Grants	5					
Trusts	30					
	<b>\$ 18,181</b>					



## **Special Revenue Funds**

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

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

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

### **Community Development Fund**

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

### **Home Fund**

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

### **Grants Fund**

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

### **Section 8 Fund**

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

### **Preserve Privilege Tax Fund**

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

### **Transportation Privilege Tax Fund**

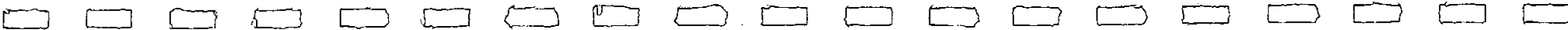
This fund receives a .2% transaction privilege tax approved by the voters for transportation purposes. Revenues are transferred to Capital Projects to fund transportation related improvements.

**Special Revenue Funds**

Exhibit C-1

**Combining Balance Sheet**  
June 30, 2000 (in thousands of dollars)

	Highway User Fuel Tax	Community Development	Home	Grants	Section 8	Preserve Privilege Tax	Transportation Privilege Tax	Total All Funds
<b>ASSETS</b>								
Cash and Investments	\$ 1,645	\$ -	\$ -	\$ -	\$ -	\$ 2,041	\$ 4,437	\$ 8,123
Receivables								
Accrued Interest	-	-	-	-	-	18	22	40
Privilege Tax	-	-	-	-	-	1,371	1,359	2,730
Fuel Tax	1,706	-	-	-	-	-	-	1,706
Grants	-	47	-	311	-	-	-	358
<b>Total Assets</b>	<b>\$ 3,351</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ 311</b>	<b>\$ -</b>	<b>\$ 3,430</b>	<b>\$ 5,818</b>	<b>\$ 12,957</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts Payable	\$ 327	\$ 60	\$ -	\$ 31	\$ 15	\$ -	\$ -	\$ 433
Accrued Payroll	287	-	-	-	-	-	-	287
Due to General Fund	-	39	36	101	412	-	-	588
Bond Interest Payable	516	-	-	-	-	-	-	516
Bonds Payable - Current Portion	2,070	-	-	-	-	-	-	2,070
Deferred Revenue	554	-	-	472	-	-	-	1,026
<b>Total Liabilities</b>	<b>3,754</b>	<b>99</b>	<b>36</b>	<b>604</b>	<b>427</b>	<b>-</b>	<b>-</b>	<b>4,920</b>
Fund Balance								
Unreserved	(403)	(52)	(36)	(293)	(427)	3,430	5,818	8,037
<b>Total Fund Balances (Deficit)</b>	<b>(403)</b>	<b>(52)</b>	<b>(36)</b>	<b>(293)</b>	<b>(427)</b>	<b>3,430</b>	<b>5,818</b>	<b>8,037</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,351</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ 311</b>	<b>\$ -</b>	<b>\$ 3,430</b>	<b>\$ 5,818</b>	<b>\$ 12,957</b>



# Special Revenue Funds

Exhibit C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Highway User Fuel Tax	Community Develop- ment	Home	Grants	Section 8	Preserve Privilege Tax	Trans- portation Privilege Tax	Total All Funds
<b>Revenues</b>								
Taxes-Local	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,540	\$ 15,880	\$ 31,420
Taxes-Intergovernmental	19,398	-	-	-	-	-	-	19,398
Grants	-	988	3	1,401	3,427	-	-	5,819
Use of Money and Property	-	-	-	10	12	122	149	293
Other	-	-	-	-	1	-	-	1
<b>Total Revenues</b>	<b>19,398</b>	<b>988</b>	<b>3</b>	<b>1,411</b>	<b>3,440</b>	<b>15,662</b>	<b>16,029</b>	<b>56,931</b>
<b>Expenditures</b>								
<b>Current Operating Departments</b>								
General Government	-	-	-	112	-	-	-	112
Police	-	-	-	1,320	-	-	-	1,320
Transportation	7,327	-	-	8	-	-	-	7,335
Community Services	1,590	1,040	39	41	3,656	-	-	6,366
Information Systems	-	-	-	87	-	-	-	87
Planning and Development	-	-	-	32	-	-	-	32
Municipal Services	8,396	-	-	-	-	-	-	8,396
<b>Debt Service</b>								
Principal	2,070	-	-	-	-	480	-	2,550
Interest and Fiscal Charges	1,032	-	-	-	-	475	-	1,507
<b>Total Expenditures</b>	<b>20,415</b>	<b>1,040</b>	<b>39</b>	<b>1,600</b>	<b>3,656</b>	<b>955</b>	<b>-</b>	<b>27,705</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(1,017)</b>	<b>(52)</b>	<b>(36)</b>	<b>(189)</b>	<b>(216)</b>	<b>14,707</b>	<b>16,029</b>	<b>29,226</b>
<b>Other Sources (Uses)</b>								
<b>Operating Transfers In</b>								
From General Fund	-	-	-	5	-	-	-	5
From HURF Fund	-	-	-	62	-	-	-	62
From Transportation Privilege Tax Fund	563	-	-	-	-	-	-	563
HURF Maintenance of Effort	194	-	-	-	-	-	-	194
<b>Operating Transfers Out</b>	<b>(180)</b>	<b>-</b>	<b>-</b>	<b>(60)</b>	<b>-</b>	<b>(12,488)</b>	<b>(10,834)</b>	<b>(23,562)</b>
<b>Total Other Sources (Uses)</b>	<b>577</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>(12,488)</b>	<b>(10,834)</b>	<b>(22,738)</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(440)</b>	<b>(52)</b>	<b>(36)</b>	<b>(182)</b>	<b>(216)</b>	<b>2,219</b>	<b>5,195</b>	<b>6,488</b>
<b>Fund Balances (Deficit) July 1, 1999</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>(111)</b>	<b>(211)</b>	<b>1,211</b>	<b>623</b>	<b>1,549</b>
<b>Fund Balances (Deficit) June 30, 2000</b>	<b>\$ (403)</b>	<b>\$ (52)</b>	<b>\$ (36)</b>	<b>\$ (293)</b>	<b>\$ (427)</b>	<b>\$ 3,430</b>	<b>\$ 5,818</b>	<b>\$ 8,037</b>

## Special Revenue Funds

Exhibit C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) - Budget and Actual - Budget Basis  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Highway User Fuel Tax			Preserve Privilege Tax			Transportation Privilege Tax			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues												
Taxes - Local	\$ -	\$ -	\$ -	\$ 15,602	\$ 15,540	\$ (62)	\$ 15,222	\$ 15,880	\$ 658	\$ 30,824	\$ 31,420	\$ 596
Taxes - Intergovernmental	19,784	19,398	(386)	-	-	-	-	-	-	19,784	19,398	(386)
Use of Money and Property	-	-	-	-	122	122	-	149	149	-	271	271
Total Revenues	19,784	19,398	(386)	15,602	15,662	60	15,222	16,029	807	50,608	51,089	481
Expenditures												
Current Operating Departments												
Transportation	9,677	7,300	2,377	-	-	-	-	-	-	9,677	7,300	2,377
Community Services	1,660	1,590	70	-	-	-	-	-	-	1,660	1,590	70
Municipal Services	9,298	8,396	902	-	-	-	-	-	-	9,298	8,396	902
Debt Service												
Principal	2,070	2,070	-	480	480	-	-	-	-	2,550	2,550	-
Interest and Fiscal Charges	1,033	1,032	1	475	475	-	-	-	-	1,508	1,507	1
Total Expenditures	23,738	20,388	3,350	955	955	-	-	-	-	24,693	21,343	3,350
Excess (Deficiency) of Revenues Over Expenditures	(3,954)	(990)	2,964	14,647	14,707	60	15,222	16,029	807	25,915	29,746	3,831
Other Sources (Uses)												
Operating Transfers In												
From Transportation Privilege Tax Fund	3,760	563	(3,197)	-	-	-	-	-	-	3,760	563	(3,197)
HURF Maintenance of Effort	194	194	-	-	-	-	-	-	-	194	194	-
Operating Transfers Out	-	(180)	(180)	(14,647)	(12,488)	2,159	(15,222)	(10,834)	4,388	(29,869)	(23,502)	6,367
Total Other Sources (Uses)	3,954	577	(3,377)	(14,647)	(12,488)	2,159	(15,222)	(10,834)	4,388	(25,915)	(22,745)	3,170
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(413)	(413)	-	2,219	2,219	-	5,195	5,195	-	7,001	7,001
Fund Balance July 1, 1999	-	(44)	(44)	-	1,211	1,211	-	623	623	-	1,790	1,790
Fund Balance (Deficit) June 30, 2000	\$ -	\$ (457)	\$ (457)	\$ -	\$ 3,430	\$ 3,430	\$ -	\$ 5,818	\$ 5,818	\$ -	\$ 8,791	\$ 8,791

## Special Revenue Funds

Exhibit C-4

## Combining Schedule of Revenues and Other Sources

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Highway User Fuel Tax	Community Develop- ment	Home	Grants	Section 8	Preserve Privilege Tax	Trans- portation Privilege Tax	Total All Funds
<b>Taxes - Local</b>								
Transaction Privilege Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,540	\$ 15,880	\$ 31,420
<b>Taxes - Intergovernmental</b>								
Auto Lieu Tax	6,060	-	-	-	-	-	-	6,060
Fuel Tax	12,048	-	-	-	-	-	-	12,048
Local Transportation Assistance Fund	1,198	-	-	-	-	-	-	1,198
State Shared Transit	92	-	-	-	-	-	-	92
	19,398	-	-	-	-	-	-	19,398
<b>Grants</b>								
Federal	-	988	3	1,021	3,427	-	-	5,439
State	-	-	-	368	-	-	-	368
Miscellaneous	-	-	-	12	-	-	-	12
	-	988	3	1,401	3,427	-	-	5,819
<b>Use of Money and Property</b>								
Investment Income	-	-	-	10	12	122	149	293
Other	-	-	-	-	1	-	-	1
<b>Total Revenues</b>	19,398	988	3	1,411	3,440	15,662	16,029	56,931
<b>Other Sources</b>								
Operating Transfers In								
From General Fund	-	-	-	5	-	-	-	5
From HURF Fund	-	-	-	62	-	-	-	62
From Transportation Privilege Tax Fund	563	-	-	-	-	-	-	563
HURF Maintenance of Effort	194	-	-	-	-	-	-	194
<b>Total Other Sources</b>	757	-	-	67	-	-	-	824
<b>Total Revenues and Other Sources</b>	\$ 20,155	\$ 988	\$ 3	\$ 1,478	\$ 3,440	\$ 15,662	\$ 16,029	\$ 57,755

# Special Revenue Funds

Exhibit C-5

Combining Schedule of Expenditures by Object  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Personal Services	Other Services	Supplies	Debt Service	Capital Outlay	Total
<b>HIGHWAY USER FUEL TAX</b>						
Current Operating Departments						
Transportation	\$ 1,953	\$ 5,159	\$ 62	\$ -	\$ 153	\$ 7,327
Community Services	729	760	101	-	-	1,590
Municipal Services	2,157	5,596	616	-	27	8,396
Debt Service						
Principal	-	-	-	2,070	-	2,070
Interest and Fiscal Charges	-	-	-	1,032	-	1,032
Expenditures	4,839	11,515	779	3,102	180	20,415
<b>COMMUNITY DEVELOPMENT</b>						
Current Operating Departments						
Community Services	204	830	5	-	1	1,040
<b>HOME</b>						
Current Operating Departments						
Community Services	37	2	-	-	-	39
<b>GRANTS</b>						
Current Operating Departments						
General Government	99	11	2	-	-	112
Police	1,243	27	50	-	-	1,320
Transportation	-	5	-	-	3	8
Community Services	5	24	12	-	-	41
Information Systems	-	87	-	-	-	87
Community Planning	-	32	-	-	-	32
	1,347	186	64	-	3	1,600
<b>SECTION 8</b>						
Current Operating Departments						
Community Services	212	3,437	6	-	1	3,656
<b>PRESERVE PRIVILEGE TAX</b>						
Debt Service						
Principal	-	-	-	480	-	480
Interest	-	-	-	475	-	475
	-	-	-	955	-	955
Total Expenditures	\$ 6,639	\$ 15,970	\$ 854	\$ 4,057	\$ 185	\$ 27,705

## **Debt Service Funds**

These funds record the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds.

### **General Obligation Bond Fund**

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

### **Municipal Property Corporation Fund**

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

### **Special Assessments Fund**

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

### **Community Facilities Districts Fund**

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

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

### **Scottsdale Preserve Authority Fund**

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

**Debt Service Funds**

Exhibit D-1

**Combining Balance Sheet**

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	General Obligation Bond	Municipal Property Corporation	Special Assessments	Scottsdale Mountain CFD	McDowell Mountain CFD	DC Ranch CFD	Via Linda Road CFD	Scottsdale Preserve Authority	Total All Funds
<b>ASSETS</b>									
Cash and Short-Term Investments	\$ 19,315	\$ 10,705	\$ 3,057	\$ 3,650	\$ 1,504	\$ 306	\$ 694	\$ 4,411	\$ 43,642
Receivables									
Accrued Interest	-	6	-	-	-	-	-	-	6
Property Tax	274	-	-	15	11	6	-	-	306
Special Assessments	-	-	7,693	-	-	-	-	-	7,693
Miscellaneous	-	-	2	-	-	-	-	-	2
Due from County Treasurer	-	-	-	7	24	9	-	-	40
<b>Total Assets</b>	<b>\$ 19,589</b>	<b>\$ 10,711</b>	<b>\$ 10,752</b>	<b>\$ 3,672</b>	<b>\$ 1,539</b>	<b>\$ 321</b>	<b>\$ 694</b>	<b>\$ 4,411</b>	<b>\$ 51,689</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Bond Interest Payable	\$ 7,195	\$ 997	\$ 320	\$ 179	\$ 492	\$ 262	\$ 90	\$ 2,521	\$ 12,056
Bonds Payable - Current Portion	10,400	9,032	-	155	445	-	-	1,890	21,922
Deferred Revenue									
Property Tax	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	7,693	-	-	-	-	-	7,693
Other	-	-	-	2,972	12	6	-	-	2,990
Other	-	4	-	-	-	-	-	-	4
<b>Total Liabilities</b>	<b>17,595</b>	<b>10,033</b>	<b>8,013</b>	<b>3,306</b>	<b>949</b>	<b>268</b>	<b>90</b>	<b>4,411</b>	<b>44,665</b>
<b>Fund Balances</b>									
Reserved for Debt Service	1,994	678	2,739	366	590	53	604	-	7,024
<b>Total Fund Balances</b>	<b>1,994</b>	<b>678</b>	<b>2,739</b>	<b>366</b>	<b>590</b>	<b>53</b>	<b>604</b>	<b>-</b>	<b>7,024</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,589</b>	<b>\$ 10,711</b>	<b>\$ 10,752</b>	<b>\$ 3,672</b>	<b>\$ 1,539</b>	<b>\$ 321</b>	<b>\$ 694</b>	<b>\$ 4,411</b>	<b>\$ 51,689</b>



## Debt Service Funds

Exhibit D-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	General Obligation Bond	Municipal Property Corporation	Special Assessments	Scottsdale Mountain CFD	McDowell Mountain CFD	DC Ranch CFD	Via Linda Road CFD	Scottsdale Preserve Authority	Total All Funds
<b>Revenues</b>									
Taxes - Local									
Property	\$ 19,971	\$ -	\$ -	\$ 425	\$ 1,229	\$ 302	\$ 49	\$ -	\$ 21,976
Transaction Privilege	-	11,287	-	-	-	-	-	-	11,287
Transient Occupancy	-	28	-	-	-	-	-	-	28
<b>Property Tax</b>	<b>19,971</b>	<b>11,315</b>	<b>-</b>	<b>425</b>	<b>1,229</b>	<b>302</b>	<b>49</b>	<b>-</b>	<b>33,291</b>
Special Assessments	-	-	3,740	-	-	-	-	-	3,740
Use of Money and Property									
Investment Income	11	35	30	201	49	10	32	2	370
Developer Contributions	-	-	-	43	129	-	117	-	289
Other	-	273	-	-	-	-	-	-	273
<b>Total Revenues</b>	<b>19,982</b>	<b>11,623</b>	<b>3,770</b>	<b>669</b>	<b>1,407</b>	<b>312</b>	<b>198</b>	<b>2</b>	<b>37,963</b>
<b>Expenditures</b>									
Debt Service									
Principal	10,400	10,687	3,250	155	445	-	-	1,890	26,827
Interest and Fiscal Charges	11,894	4,311	796	512	1,526	373	179	5,045	24,636
<b>Total Expenditures</b>	<b>22,294</b>	<b>14,998</b>	<b>4,046</b>	<b>667</b>	<b>1,971</b>	<b>373</b>	<b>179</b>	<b>6,935</b>	<b>51,463</b>
Excess (Deficiency) of Revenues									
Over Expenditures	(2,312)	(3,375)	(276)	2	(564)	(61)	19	(6,933)	(13,500)
Other Sources									
Operating Transfers In	-	358	-	-	15	-	-	6,933	7,306
<b>Total Other Sources</b>	<b>-</b>	<b>358</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>6,933</b>	<b>7,306</b>
Excess (Deficiency) of Revenues and									
Other Sources Over Expenditures	(2,312)	(3,017)	(276)	2	(549)	(61)	19	-	(6,194)
<b>Fund Balances July 1, 1999</b>	<b>4,306</b>	<b>3,695</b>	<b>3,015</b>	<b>364</b>	<b>1,139</b>	<b>114</b>	<b>585</b>	<b>-</b>	<b>13,218</b>
<b>Fund Balances June 30, 2000</b>	<b>\$ 1,994</b>	<b>\$ 678</b>	<b>\$ 2,739</b>	<b>\$ 366</b>	<b>\$ 590</b>	<b>\$ 53</b>	<b>\$ 604</b>	<b>\$ -</b>	<b>\$ 7,024</b>

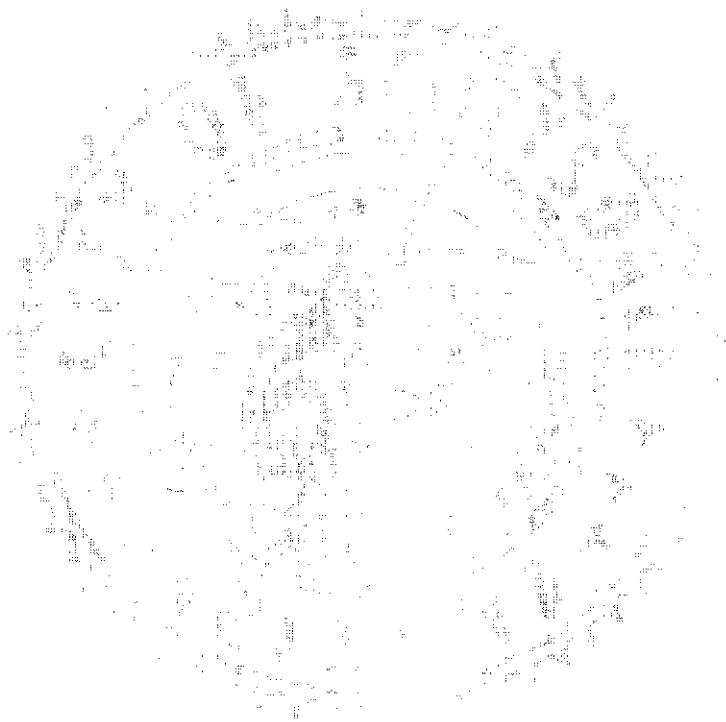
# Debt Service Funds

Exhibit D-3

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Budget Basis  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	General Obligation			Municipal Property Corporation		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues						
Taxes - Local						
Property	\$ 20,543	\$ 19,971	\$ (572)	\$ -	\$ -	\$ -
Transaction Privilege	-	-	-	11,287	11,287	-
Property Tax	-	-	-	-	28	28
	20,543	19,971	(572)	11,287	11,315	28
Special Assessments	-	-	-	-	-	-
Use of Money and Property						
Investment Income	-	11	11	150	35	(115)
Other	-	-	-	301	273	(28)
Total Revenues	20,543	19,982	(561)	11,738	11,623	(115)
Expenditures						
Debt Service						
Principal	8,515	10,400	(1,885)	10,735	10,687	48
Interest and Fiscal Charges	12,028	11,894	134	5,827	4,311	1,516
Total Expenditures	20,543	22,294	(1,751)	16,562	14,998	1,564
Excess (Deficiency) of Revenues Over Expenditures	-	(2,312)	(2,312)	(4,824)	(3,375)	1,449
Other Sources						
Operating Transfers In	-	-	-	6,201	358	(5,843)
Total Other Sources	-	-	-	6,201	358	(5,843)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	(2,312)	(2,312)	1,377	(3,017)	(4,394)
Fund Balances July 1, 1999	-	4,306	4,306	-	3,844	3,844
Fund Balances (Deficit) June 30, 2000	\$ -	\$ 1,994	\$ 1,994	\$ 1,377	\$ 827	\$ (550)

Special Assessments			Scottsdale Preserve Authority			Totals		
Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,543	\$ 19,971	\$ (572)
-	-	-	-	-	-	11,287	11,287	-
-	-	-	-	-	-	-	28	28
-	-	-	-	-	-	31,830	31,286	(544)
4,518	3,740	(778)	-	-	-	4,518	3,740	(778)
-	30	30	-	2	2	150	78	(72)
-	-	-	-	-	-	301	273	(28)
4,518	3,770	(748)	-	2	2	36,799	35,377	(1,422)
3,313	3,250	63	1,695	1,890	(195)	24,258	26,227	(1,969)
1,205	796	409	5,661	5,045	616	24,721	22,046	2,675
4,518	4,046	472	7,356	6,935	421	48,979	48,273	706
-	(276)	(276)	(7,356)	(6,933)	423	(12,180)	(12,896)	(716)
-	-	-	7,356	6,933	(423)	13,557	7,291	(6,266)
-	-	-	7,356	6,933	(423)	13,557	7,291	(6,266)
-	(276)	(276)	-	-	-	1,377	(5,605)	(6,982)
-	3,015	3,015	-	-	-	-	11,165	11,165
\$ -	\$ 2,739	\$ 2,739	\$ -	\$ -	\$ -	\$ 1,377	\$ 5,560	\$ 4,183



## **Capital Project Funds**

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

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

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

### **Special Assessments Bond Construction Fund**

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

### **Municipal Property Corporation Bond Fund**

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

### **Preserve Privilege Tax Fund**

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

### **Transportation Privilege Tax Fund**

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

### **All Other Construction Fund**

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

### **Community Facilities Districts**

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

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

## Capital Projects Funds

Exhibit E-1

## Combining Balance Sheet

June 30, 2000 (in thousands of dollars)

	General Obligation Bond Construction	Special Assessments Bond Construction	Municipal Property Corporation	Preserve Privilege Tax	Transportation Privilege Tax	All Other Construction	DC Ranch Community Facilities District	McDowell Mtn Ranch Community Facilities District	Via Linda Rd Community Facilities District	Total All Funds
<b>ASSETS</b>										
Cash and Investments	\$ 31,638	\$ -	\$ 853	\$ 10,053	\$ 17,100	\$ 50,198	\$ 1,955	\$ 210	\$ 15	\$ 112,022
Receivables										
Accrued Interest	246	-	-	132	125	246	-	-	-	749
Miscellaneous	-	-	-	-	-	124	-	-	-	124
Total Assets	\$ 31,884	\$ -	\$ 853	\$ 10,185	\$ 17,225	\$ 50,568	\$ 1,955	\$ 210	\$ 15	\$ 112,895
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities										
Accounts Payable	\$ 341	\$ -	\$ -	\$ 5	\$ 317	\$ 795	\$ -	\$ -	\$ -	\$ 1,458
Advance From Other Funds	-	-	-	1,000	-	-	-	-	-	1,000
Due to Other Governments	-	-	-	-	-	194	-	-	-	194
Other	557	-	-	-	-	-	-	-	-	557
Total Liabilities	898	-	-	1,005	317	989	-	-	-	3,209
Fund Balances										
Unreserved	30,986	-	853	9,180	16,908	49,579	1,955	210	15	109,686
Total Fund Balances	30,986	-	853	9,180	16,908	49,579	1,955	210	15	109,686
Total Liabilities and Fund Balances	\$ 31,884	\$ -	\$ 853	\$ 10,185	\$ 17,225	\$ 50,568	\$ 1,955	\$ 210	\$ 15	\$ 112,895

# Capital Projects Funds

Exhibit E-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

City of Scottsdale, Scottsdale, Arizona

	General Obligation Bond Construction	Special Assessments Bond Construction	Municipal Property Corporation	Preserve Privilege Tax	Transportation Privilege Tax	All Other Construction	DC Ranch Community Facilities District	McDowell Mtn Ranch Community Facilities District	Via Linda Rd Community Facilities District	Total All Funds
<b>Revenues</b>										
Use of Money and Property	\$ 1,706	\$ -	\$ 5	\$ 913	\$ 865	\$ 1,698	\$ 68	\$ 216	\$ 64	\$ 5,535
Developer Contributions	-	-	-	-	2,565	747	-	-	300	3,612
Reimbursements from Outside Sources	-	-	-	50	-	1,240	-	-	-	1,290
Unrealized (Loss) on Investments	(67)	-	-	-	(50)	(21)	-	-	-	(138)
Other	-	-	-	-	-	733	-	-	-	733
<b>Total Revenues</b>	<b>1,639</b>	<b>-</b>	<b>5</b>	<b>963</b>	<b>3,380</b>	<b>4,397</b>	<b>68</b>	<b>216</b>	<b>364</b>	<b>11,032</b>
<b>Expenditures</b>										
Capital Improvements	4,640	-	1,127	66,639	10,210	13,002	2,285	1,230	2,589	101,722
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(3,001)</b>	<b>-</b>	<b>(1,122)</b>	<b>(65,676)</b>	<b>(6,830)</b>	<b>(8,605)</b>	<b>(2,217)</b>	<b>(1,014)</b>	<b>(2,225)</b>	<b>(90,690)</b>
<b>Other Sources (Uses)</b>										
Operating Transfers In	-	-	-	5,555	10,230	19,476	-	-	-	35,261
Operating Transfers Out	-	(27)	(6)	-	-	(132)	-	(15)	-	(180)
Bond Proceeds	-	-	-	59,600	-	-	3,061	-	-	62,661
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>(27)</b>	<b>(6)</b>	<b>65,155</b>	<b>10,230</b>	<b>19,344</b>	<b>3,061</b>	<b>(15)</b>	<b>-</b>	<b>97,742</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(3,001)</b>	<b>(27)</b>	<b>(1,128)</b>	<b>(521)</b>	<b>3,400</b>	<b>10,739</b>	<b>844</b>	<b>(1,029)</b>	<b>(2,225)</b>	<b>7,052</b>
<b>Fund Balances July 1, 1999</b>	<b>33,987</b>	<b>27</b>	<b>1,981</b>	<b>9,701</b>	<b>13,508</b>	<b>38,840</b>	<b>1,111</b>	<b>1,239</b>	<b>2,240</b>	<b>102,634</b>
<b>Fund Balances June 30, 2000</b>	<b>\$ 30,986</b>	<b>\$ -</b>	<b>\$ 853</b>	<b>\$ 9,180</b>	<b>\$ 16,908</b>	<b>\$ 49,579</b>	<b>\$ 1,955</b>	<b>\$ 210</b>	<b>\$ 15</b>	<b>\$ 109,686</b>





## **Enterprise Funds**

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

### **Water and Sewer Utility Fund**

The Water and Sewer Utility Fund was established for control of the operating revenue and expenses of the City's water and sewer utility systems.

### **Airport Fund**

The Airport Fund was established for control of the operating revenue and expenses of the City's airport.

### **Solid Waste Fund**

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

# Enterprise Funds

Exhibit F-1

## Combining Balance Sheet

June 30, 2000 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 114,477	\$ 926	\$ 806	\$ 116,209
Receivables				
Accrued Interest	1,314	39	8	1,361
Grants	-	54	-	54
Accounts	10,409	-	2,094	12,503
Miscellaneous	92	4	45	141
<b>Total Current Assets</b>	<b>126,292</b>	<b>1,023</b>	<b>2,953</b>	<b>130,268</b>
<b>Restricted Cash and Investments</b>				
Water and Sewer System Replacement	12,307	-	-	12,307
Scottsdale Water Service Company Replacement Reserve	300	-	-	300
Acquisition and Construction Reserve Development Fees	3,226	-	-	3,226
<b>Total Restricted Cash and Investments</b>	<b>15,833</b>	<b>-</b>	<b>-</b>	<b>15,833</b>
Equity In Joint Venture	28,973	-	-	28,973
<b>Property, Plant, and Equipment</b>				
Land and Land Improvements	3,305	19,606	1,111	24,022
Water Rights	63,755	-	-	63,755
Water System	381,155	-	-	381,155
Sewer System	234,193	-	-	234,193
Buildings and Improvements	-	3,767	2,923	6,690
Machinery and Equipment	2,782	2,311	2,017	7,110
Furniture and Fixtures	722	-	-	722
Construction in Progress	67,525	-	-	67,525
<b>Total Property, Plant, and Equipment</b>	<b>753,437</b>	<b>25,684</b>	<b>6,051</b>	<b>785,172</b>
Accumulated Depreciation	(121,472)	(8,534)	(968)	(130,974)
<b>Total Property, Plant, and Equipment,     Net of Accumulated Depreciation</b>	<b>631,965</b>	<b>17,150</b>	<b>5,083</b>	<b>654,198</b>
<b>Excess Purchase Price Over Fair Market</b>				
Value of Water System Assets Acquired, Net of Accumulated Amortization of \$2,635,769	285	-	-	285
<b>Total Assets</b>	<b>\$ 803,348</b>	<b>\$ 18,173</b>	<b>\$ 8,036</b>	<b>\$ 829,557</b>

# Enterprise Funds

Exhibit F-1  
(continued)

Combining Balance Sheet  
June 30, 2000 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>LIABILITIES AND FUND EQUITY</b>				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	\$ 3,027	\$ 25	\$ 237	\$ 3,289
Accrued Payroll	961	70	398	1,429
Contracts Payable - Current Portion	338	-	-	338
Bond Interest Payable	2,705	-	101	2,806
Bonds Payable - Current Portion	6,390	-	828	7,218
<b>Total Current Liabilities</b>	<b>13,421</b>	<b>95</b>	<b>1,564</b>	<b>15,080</b>
Other Liabilities				
Deferred Revenue	2,199	-	-	2,199
Accumulated Accretion	4,297	-	-	4,297
Customer Advances and Deposits	1,119	1	-	1,120
<b>Total Other Liabilities</b>	<b>7,615</b>	<b>1</b>	<b>-</b>	<b>7,616</b>
Long-Term Debt (Net of Current Portion)				
Bonds Payable, Net of Def. Loss/Costs	99,790	-	3,303	103,093
Contracts Payable	366	-	-	366
<b>Total Long-Term Debt</b>	<b>100,156</b>	<b>-</b>	<b>3,303</b>	<b>103,459</b>
<b>Total Liabilities</b>	<b>121,192</b>	<b>96</b>	<b>4,867</b>	<b>126,155</b>
Equity				
Contributed Capital	485,793	26,444	353	512,590
Less Depreciation	(59,523)	(8,626)	-	(68,149)
<b>Net Contributed Capital</b>	<b>426,270</b>	<b>17,818</b>	<b>353</b>	<b>444,441</b>
Retained Earnings				
Reserved for Water and Sewer System Replacement	12,607	-	-	12,607
Reserved for Acquisition and Construction	3,226	-	-	3,226
Unreserved	240,053	259	2,816	243,128
<b>Total Retained Earnings</b>	<b>255,886</b>	<b>259</b>	<b>2,816</b>	<b>258,961</b>
<b>Total Equity</b>	<b>682,156</b>	<b>18,077</b>	<b>3,169</b>	<b>703,402</b>
<b>Total Liabilities and Equity</b>	<b>\$ 803,348</b>	<b>\$ 18,173</b>	<b>\$ 8,036</b>	<b>\$ 829,557</b>

# Enterprise Funds

Exhibit F-2

## Combining Statement of Revenues, Expenses, and Changes In Retained Earnings

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
Operating Revenues				
Water Service Fees	\$ 55,273	\$ -	\$ -	\$ 55,273
Sewer Service Fees	21,002	-	-	21,002
Reclaimed Water Distribution	4,556	-	-	4,556
Groundwater Treatment Plant	657	-	-	657
Solid Waste Fees	152	-	14,955	15,107
Airport Fees	-	1,264	-	1,264
Other	1,665	-	-	1,665
<b>Total Operating Revenues</b>	<b>83,305</b>	<b>1,264</b>	<b>14,955</b>	<b>99,524</b>
Operating Expenses				
Water Operations	29,589	-	-	29,589
Sewer Operations	7,103	-	-	7,103
Solid Waste Operations	-	-	11,664	11,664
Airport Operations	-	1,114	-	1,114
Indirect Costs	3,995	590	1,617	6,202
In-Lieu Property Tax	2,164	88	21	2,273
Franchise Fees	4,102	-	-	4,102
Depreciation and Amortization	19,181	696	199	20,076
<b>Total Operating Expenses</b>	<b>66,134</b>	<b>2,488</b>	<b>13,501</b>	<b>82,123</b>
Operating Income (Loss)	17,171	(1,224)	1,454	17,401
Non-Operating Revenues (Expenses)				
Investment Income	9,099	270	33	9,402
Interest Expense	(6,192)	-	(204)	(6,396)
Unrealized Loss on Investments	(384)	-	-	(384)
Grants	-	54	-	54
Litigation Recovery	927	-	-	927
<b>Net Non-Operating Revenues (Expenses)</b>	<b>3,450</b>	<b>324</b>	<b>(171)</b>	<b>3,603</b>
<b>Net Income (Loss) Before Operating Transfers</b>	<b>20,621</b>	<b>(900)</b>	<b>1,283</b>	<b>21,004</b>
Operating Transfers In	-	173	-	173
Operating Transfers Out	(184)	-	(154)	(338)
<b>Net Operating Transfers In (Out)</b>	<b>(184)</b>	<b>173</b>	<b>(154)</b>	<b>(165)</b>
Net Income (Loss)	20,437	(727)	1,129	20,839
Add Depreciation on Fixed Assets Acquired By Contributed Capita	11,300	696	-	11,996
Increase (Decrease) in Retained Earnings	31,737	(31)	1,129	32,835
Retained Earnings July 1, 1999	224,149	290	1,687	226,126
Retained Earnings June 30,2000	\$ 255,886	\$ 259	\$ 2,816	\$ 258,961

# Enterprise Funds

Exhibit F-3

(continued on following page)

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
<b>Cash Flows from Operating Activities:</b>				
Operating Income (Loss)	\$ 17,171	\$ (1,224)	\$ 1,454	\$ 17,401
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	19,181	696	199	20,076
Litigation Recovery	927	-	-	927
Changes In Assets and Liabilities Sources (Uses) of Cash:				
Accounts Receivable	253	-	(112)	141
Miscellaneous Receivables	388	26	18	432
Accounts Payable	(4,956)	(49)	(7)	(5,012)
Accrued Payroll	149	17	25	191
Due to General Fund	-	-	(57)	(57)
Deferred Revenue	(927)	-	-	(927)
Other Liabilities	76	-	-	76
<b>Total Adjustments</b>	<b>15,091</b>	<b>690</b>	<b>66</b>	<b>15,847</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>32,262</b>	<b>(534)</b>	<b>1,520</b>	<b>33,248</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Operating Transfers In	-	173	-	173
Operating Transfers Out	(184)	-	(154)	(338)
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>(184)</b>	<b>173</b>	<b>(154)</b>	<b>(165)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Property and Equipment	(48,384)	(770)	169	(48,985)
Principal Payments on Long-Term Debt	(6,740)	-	(648)	(7,388)
Interest Paid on Long-Term Debt	(6,069)	-	(220)	(6,289)
Capital Contributions from Other Government Units	-	1,410	(96)	1,314
Developer	121	-	-	121
Water and Sewer Development Fees	24,581	-	-	24,581
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(36,491)</b>	<b>640</b>	<b>(795)</b>	<b>(36,646)</b>
<b>Cash Flows from Investing Activities:</b>				
Income Received on Investments	8,924	239	39	9,202
Unrealized Loss on Investments	(384)	-	-	(384)
<b>Net Cash Provided by Investing Activities</b>	<b>8,540</b>	<b>239</b>	<b>39</b>	<b>8,818</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>4,127</b>	<b>518</b>	<b>610</b>	<b>5,255</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>126,183</b>	<b>408</b>	<b>-</b>	<b>126,591</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 130,310</b>	<b>\$ 926</b>	<b>\$ 610</b>	<b>\$ 131,846</b>

# Enterprise Funds

Exhibit F-3

(continued)

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Water and Sewer Utility	Airport	Solid Waste	Total All Funds
Cash and Cash Equivalents at End of Year Includes:				
Cash and Investments	\$ 114,477	\$ 926	\$ 806	\$ 116,209
Deduction for Long Term Investments			(196)	(196)
Restricted Cash and Investments	15,833	-	-	15,833
<b>Total Cash and Cash Equivalents</b>	<b>\$ 130,310</b>	<b>\$ 926</b>	<b>\$ 610</b>	<b>\$ 131,846</b>
Supplemental Disclosure of Non-Cash Financing Activities:				
Additions to Property, Plant, and Equipment				
Contributions from Developers	\$ 91,728	\$ -	\$ (96)	\$ 91,632
Deductions to Interest Expense				
Accumulated Accretion	704	-	-	704
<b>Total Non-Cash Financing Activities</b>	<b>\$ 92,432</b>	<b>\$ -</b>	<b>\$ (96)</b>	<b>\$ 92,336</b>

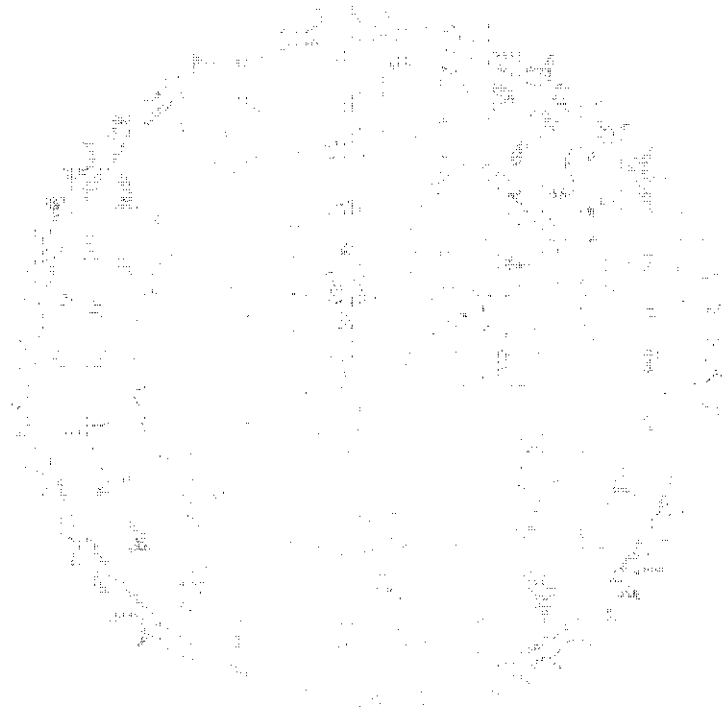
## Enterprise Funds

Exhibit F-4

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

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Water and Sewer Utility			Airport			Solid Waste			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues</b>												
Water Service Fees	\$ 53,840	\$ 55,273	\$ 1,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,840	\$ 55,273	\$ 1,433
Sewer Service Fees	21,311	21,002	(309)	-	-	-	-	-	-	21,311	21,002	(309)
Solid Waste Fees	-	-	-	-	-	-	14,664	14,955	291	14,664	14,955	291
Airport Fees	-	-	-	1,068	1,264	196	-	-	-	1,068	1,264	196
Property Rental	-	13	13	-	-	-	-	-	-	-	13	13
Interest Earnings	2,500	5,725	3,225	-	270	270	10	33	23	2,510	6,028	3,518
Operating Transfers In	-	-	-	583	173	(410)	-	-	-	583	173	(410)
Other	1,302	1,383	81	-	-	-	-	-	-	1,302	1,383	81
<b>Total Revenues</b>	<b>78,953</b>	<b>83,396</b>	<b>4,443</b>	<b>1,651</b>	<b>1,707</b>	<b>56</b>	<b>14,674</b>	<b>14,988</b>	<b>314</b>	<b>95,278</b>	<b>100,091</b>	<b>4,813</b>
<b>Expenses</b>												
Water Operations	28,926	24,482	4,444	-	-	-	-	-	-	28,926	24,482	4,444
Sewer Operations	7,763	6,422	1,341	-	-	-	-	-	-	7,763	6,422	1,341
Solid Waste Operations	-	-	-	-	-	-	11,504	11,492	12	11,504	11,492	12
Airport Operations	-	-	-	1,170	1,051	119	-	-	-	1,170	1,051	119
Debt Service and Reserves	14,804	12,881	1,923	-	-	-	1,480	1,032	448	16,284	13,913	2,371
Operating Transfers Out	89	184	(95)	-	-	-	146	154	(8)	235	338	(103)
Indirect Costs	4,196	3,995	201	590	590	-	1,616	1,617	(1)	6,402	6,202	200
In Lieu Property Tax	2,112	2,112	-	88	88	-	21	21	-	2,221	2,221	-
Franchise Fee	3,948	3,959	(11)	-	-	-	-	-	-	3,948	3,959	(11)
<b>Total Expenses</b>	<b>61,838</b>	<b>54,035</b>	<b>7,803</b>	<b>1,848</b>	<b>1,729</b>	<b>119</b>	<b>14,767</b>	<b>14,316</b>	<b>451</b>	<b>78,453</b>	<b>70,080</b>	<b>8,373</b>
<b>Excess (Deficit) of Revenues</b>												
Over Expenses	\$ 17,115	\$ 29,361	\$ 12,246	\$ (197)	\$ (22)	\$ 175	\$ (93)	\$ 672	\$ 765	\$ 16,825	\$ 30,011	\$ 13,186





## **Internal Service Funds**

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

### **Fleet Management Fund**

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

### **Self-Insurance Fund**

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

# Internal Service Funds

Exhibit G-1

## Combining Balance Sheet

June 30, 2000 (in thousands of dollars)

	Fleet Management	Self- Insurance	Total All Funds
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 12,076	\$ 10,174	\$ 22,250
Receivables			
Accrued Interest	87	67	154
Miscellaneous	10	35	45
Supplies Inventory	339	-	339
<b>Total Current Assets</b>	<b>12,512</b>	<b>10,276</b>	<b>22,788</b>
<b>Property, Plant, and Equipment</b>			
Buildings and Improvements	1,448	-	1,448
Motor Vehicles	28,869	-	28,869
Machinery and Equipment	752	-	752
Furniture and Fixtures	-	22	22
Construction in Progress	511	-	511
<b>Total Property, Plant, and Equipment</b>	<b>31,580</b>	<b>22</b>	<b>31,602</b>
Accumulated Depreciation	(14,660)	(22)	(14,682)
<b>Total Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	<b>16,920</b>	<b>-</b>	<b>16,920</b>
<b>Total Assets</b>	<b>\$ 29,432</b>	<b>\$ 10,276</b>	<b>\$ 39,708</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 117	\$ -	\$ 117
Accrued Payroll	341	104	445
Claims Payable	-	5,660	5,660
<b>Total Current Liabilities</b>	<b>458</b>	<b>5,764</b>	<b>6,222</b>
<b>Equity</b>			
Contributed Capital	11,020	1,983	13,003
Retained Earnings	17,954	2,529	20,483
<b>Net Equity</b>	<b>28,974</b>	<b>4,512</b>	<b>33,486</b>
<b>Total Liabilities and Equity</b>	<b>\$ 29,432</b>	<b>\$ 10,276</b>	<b>\$ 39,708</b>

# 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, 2000 (in thousands of dollars)

	Fleet Management	Self- Insurance	Total All Funds
<b>Operating Revenues</b>			
Billings To User Programs	\$ 10,899	\$ 4,548	\$ 15,447
Other	88	-	88
<b>Total Operating Revenues</b>	<b>10,987</b>	<b>4,548</b>	<b>15,535</b>
<b>Operating Expenses</b>			
Fleet Management Operations	6,032	-	6,032
Self-Insurance Administration	-	1,376	1,376
Self-Insurance Claims	-	484	484
Depreciation	3,489	-	3,489
<b>Total Operating Expenses</b>	<b>9,521</b>	<b>1,860</b>	<b>11,381</b>
<b>Operating Income</b>	<b>1,466</b>	<b>2,688</b>	<b>4,154</b>
<b>Non-Operating Revenues</b>			
Property Tax	-	1,200	1,200
Investment Income	601	461	1,062
Gain on Sale of Fixed Assets	238	-	238
<b>Total Non-Operating Revenues</b>	<b>839</b>	<b>1,661</b>	<b>2,500</b>
<b>Net Income Before Operating Transfers</b>	<b>2,305</b>	<b>4,349</b>	<b>6,654</b>
<b>Operating Transfers In</b>	<b>1,325</b>	<b>-</b>	<b>1,325</b>
<b>Operating Transfers Out</b>	<b>(1,377)</b>	<b>(1,200)</b>	<b>(2,577)</b>
<b>Net Operating Transfers In (Out)</b>	<b>(52)</b>	<b>(1,200)</b>	<b>(1,252)</b>
<b>Increase in Retained Earnings</b>	<b>2,253</b>	<b>3,149</b>	<b>5,402</b>
<b>Retained Earnings (Accumulated Deficit)</b>			
July 1, 1999	15,701	(620)	15,081
<b>Retained Earnings June 30, 2000</b>	<b>\$ 17,954</b>	<b>\$ 2,529</b>	<b>\$ 20,483</b>

# Internal Service Funds

Exhibit G-3

## Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	Fleet Management	Self- Insurance	Total All Funds
<b>Cash Flows from Operating Activities:</b>			
Operating Income	\$ 1,466	\$ 2,688	\$ 4,154
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	3,489	-	3,489
Changes in Assets and Liabilities			
Sources (Uses) of Cash:			
Miscellaneous Receivables	(2)	16	14
Supplies Inventory	(19)	-	(19)
Accounts Payable	46	-	46
Accrued Payroll	16	16	32
Claims Payable	-	(2,384)	(2,384)
<b>Total Adjustments</b>	<b>3,530</b>	<b>(2,352)</b>	<b>1,178</b>
<b>Net Cash Provided by Operating Activities</b>	<b>4,996</b>	<b>237</b>	<b>5,233</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Property Tax	-	1,200	1,200
Operating Transfers In	1,325	-	1,325
Operating Transfers Out	(1,377)	(1,200)	(2,577)
<b>Net Cash Used for Non-Capita Financing Activities</b>	<b>(52)</b>	<b>-</b>	<b>(52)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition, Construction, and Dispos of Property and Equipment	(3,644)	-	(3,644)
Sale of Fixed Assets	238	-	238
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(3,406)</b>	<b>-</b>	<b>(3,406)</b>
<b>Cash Flows from Investing Activities:</b>			
Income Received on Investments	577	400	977
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,115</b>	<b>637</b>	<b>2,752</b>
Cash and Cash Equivalents at Beginning of Year	9,961	9,537	19,498
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,076</b>	<b>\$ 10,174</b>	<b>\$ 22,250</b>
<b>Supplemental Disclosure of Noncash Financing Activities:</b>			
Additions to Property, Plant, and Equipment Contributions from Other Government Units	\$ 606	\$ -	\$ 606

## **Trust and Agency Funds**

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

### **Expendable Trust Fund**

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

### **Family Self-Sufficiency Agency Fund**

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

**Trust and Agency Funds**

**Exhibit H-1**

**Combining Balance Sheet**

June 30, 2000 (in thousands of dollars)

	<b>Expendable Trust</b>	<b>Family Self-Sufficiency Agency</b>	<b>Total All Funds</b>
<b>ASSETS</b>			
Cash and Investments	\$ 10,499	\$ 142	\$ 10,641
Receivables			
Accrued Interest	20	-	20
Note	4,000	-	4,000
Miscellaneous	709	-	709
<b>Total Assets</b>	<b>\$ 15,228</b>	<b>\$ 142</b>	<b>\$ 15,370</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 118	\$ -	\$ 118
Designated Escrow Payable	-	142	142
Deferred Revenue	4,160	-	4,160
Guaranty and Other Deposits	4,660	-	4,660
<b>Total Liabilities</b>	<b>8,938</b>	<b>142</b>	<b>9,080</b>
<b>Fund Balances</b>			
Unreserved	6,290	-	6,290
<b>Total Fund Balances</b>	<b>6,290</b>	<b>-</b>	<b>6,290</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,228</b>	<b>\$ 142</b>	<b>\$ 15,370</b>

**Expendable Trust Fund**

**Exhibit H-2**

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

---

	<u>Expendable Trust</u>
Revenues	
Investment Income	\$ 157
Donations and Other Trust Revenues	<u>7,835</u>
Total Revenues	7,992
Expenditures	
Expendable Trusts	<u>5,313</u>
Excess of Revenues Over Expenditures	2,679
Other Sources (Uses)	
Operating Transfers In	30
Operating Transfers Out	<u>(2,346)</u>
Total Other Uses	<u>(2,316)</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	363
Fund Balance July 1, 1999	<u>5,927</u>
Fund Balance June 30, 2000	<u>\$ 6,290</u>

# Expendable Trust Fund

Exhibit H-3

## Schedule of Expenditures by Object June 30, 2000 (in thousands of dollars)

---

	<u>Personal Services</u>	<u>Other Services</u>	<u>Supplies</u>	<u>Capital Outlay</u>	<u>Total</u>
Expendable Trust	\$ 446	\$ 896	\$ 423	\$ 3,548	\$ 5,313

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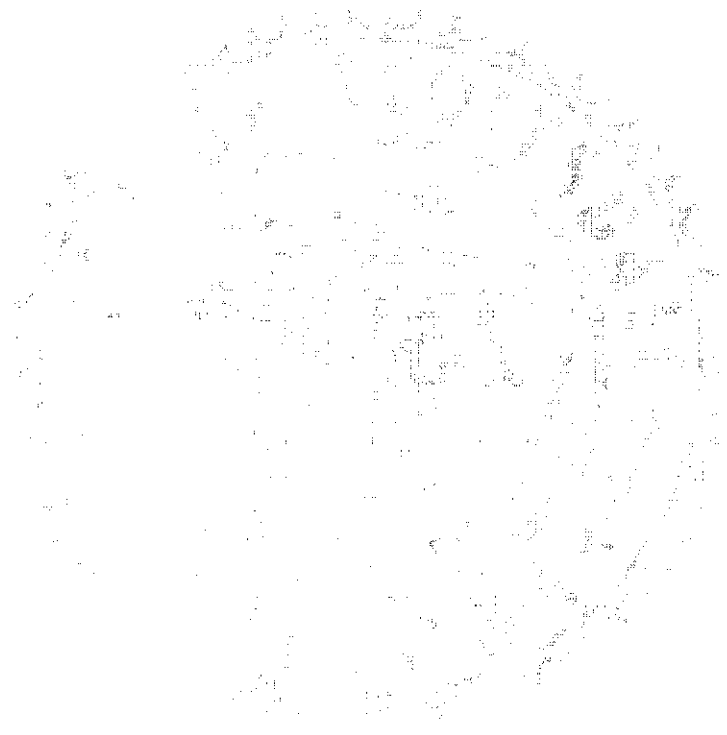
# Family Self-Sufficiency Agency Fund

Exhibit H-4

## Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

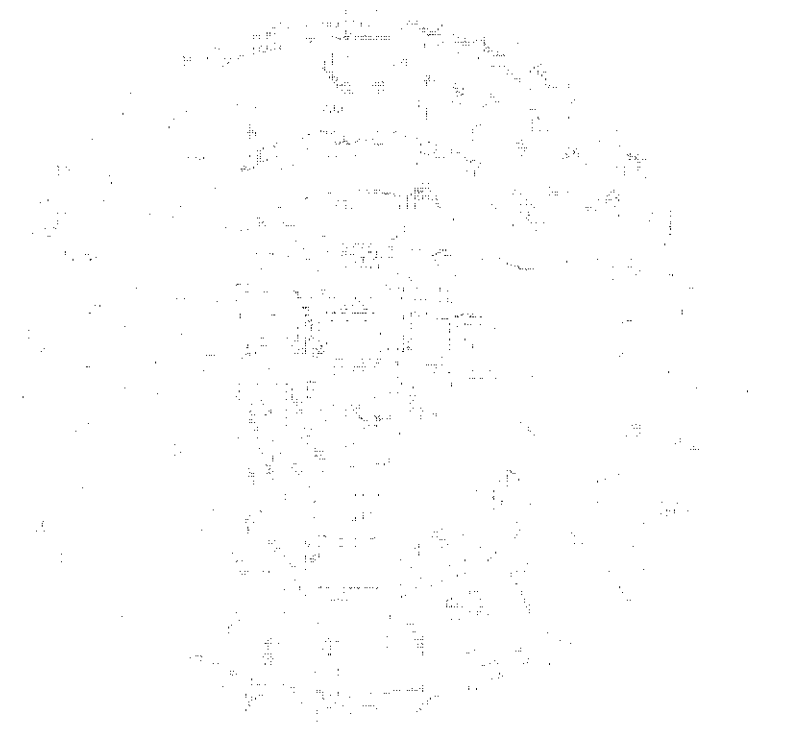
	Family Self-Sufficiency			
	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
<b>ASSETS</b>				
Cash and Investments	\$ 70	\$ 82	\$ 10	\$ 142
<b>Total Assets</b>	<b>\$ 70</b>	<b>\$ 82</b>	<b>\$ 10</b>	<b>\$ 142</b>
<b>LIABILITIES</b>				
Designated Escrow Payable	\$ 70	\$ 82	\$ 10	\$ 142
<b>Total Liabilities</b>	<b>\$ 70</b>	<b>\$ 82</b>	<b>\$ 10</b>	<b>\$ 142</b>



## **General Fixed Assets Account Group**

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

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



# General Fixed Assets Account Group

Exhibit I-1

## Schedule of General Fixed Assets by Source

June 30, 2000 (in thousands of dollars)

---

General Fixed Assets:

Land	\$	261,987
Buildings and Improvements		253,113
Streets and Storm Drains		1,798,110
Machinery and Equipment		47,261
Construction in Progress		66,219
		<hr/>
Total General Fixed Assets	\$	<u>2,426,690</u>

Investment in General Fixed Assets by Source:

General Fund	\$	65,504
Special Revenue Funds		102,546
Capital Projects Funds		731,241
Contributions		1,527,399
		<hr/>
Total Investment in General Fixed Assets	\$	<u>2,426,690</u>

# General Fixed Assets Account Group

Exhibit I-2

Schedule of General Fixed Assets by Function and Activity  
 June 30, 2000 (in thousands of dollars)

DEPARTMENT	Land	Buildings and Improvements	Streets and Storm Drains	Machinery and Equipment	Total
General Government	\$ 464	\$ 4,239	\$ 98	\$ 779	\$ 5,580
Police	37	984	48	2,576	3,645
Financial Services	-	280	-	624	904
Transportation	-	7,128	-	70	7,198
Community Services	7,445	9,483	129	1,438	18,495
Information Systems	-	-	-	8,902	8,902
Planning & Development	-	161	-	368	529
Fire	-	397	-	253	650
Municipal Services	-	-	-	64	64
Capital Projects	254,041	230,441	1,797,835	32,187	2,314,504
Total General Fixed Assets Allocated to Functions	\$ 261,987	\$ 253,113	\$ 1,798,110	\$ 47,261	\$ 2,360,471
Construction in Progress					66,219
Total General Fixed Assets					\$ 2,426,690

# General Fixed Assets Account Group

Exhibit I-3

Schedule of Changes in General Fixed Assets By Function and Activity  
 For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

Department	July 1, 1999	Additions	Deletions	June 30, 2000
General Government	\$ 5,584	\$ -	\$ (4)	\$ 5,580
Police	3,656	6	(17)	3,645
Financial Services	843	61	-	904
Transportation	7,138	60	-	7,198
Community Services	18,480	40	(25)	18,495
Information Systems	6,492	2,410	-	8,902
Planning & Development	317	212	-	529
Fire	656	-	(6)	650
Municipal Services	42	22	-	64
Capital Projects	1,658,632	657,185	(1,313)	2,314,504
Construction in Progress	48,722	20,976	(3,479)	66,219
<b>Total General Fixed Assets</b>	<b>\$ 1,750,562</b>	<b>\$ 680,972</b>	<b>\$ (4,844)</b>	<b>\$ 2,426,690</b>

## **Debt Requirements**

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

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

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

Exhibit J-1

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	July 1, 1999	Issued	Retired	Refunding Bonds Issued	Bonds Deceased	Accretions & Contract Adjustments	June 30, 2000	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>GENERAL OBLIGATION BONDS</b>										
1989 Series A (1990)	\$ 1,200	\$ -	\$ 1,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	07/01/00
1989 Series B (1991)	5,200	-	915	-	-	-	4,285	4,285	-	07/01/04
1991 GO Refunding	720	-	720	-	-	-	-	-	-	07/01/00
1989 Series C (1992)	10,410	-	870	-	-	-	9,540	9,540	-	07/01/12
1993 Refunding	16,707	-	245	-	-	379	16,841	16,841	-	07/01/09
1989 Series D (1993)	15,815	-	1,180	-	-	-	14,635	14,635	-	07/01/13
1993A GO Refunding	22,323	-	490	-	-	665	22,498	22,498	-	07/01/11
1989 Series E (1994)	7,675	-	525	-	-	-	7,150	7,150	-	07/01/14
1994 Various Purpose	4,075	-	600	-	-	-	3,475	3,475	-	07/01/14
1995 GO / Pima Road	13,200	-	525	-	-	-	12,675	12,675	-	07/01/15
1997 Series H - Roads/ Strm Sew/ Pima	24,885	-	955	-	-	-	23,930	23,930	-	07/01/16
1997 GO Refunding	19,900	-	-	-	-	-	19,900	19,900	-	07/01/14
1989 Series I (1998)	20,055	-	700	-	-	-	19,355	19,355	-	07/01/18
1999A GO / Pima Road	25,200	-	675	-	-	-	24,525	24,525	-	07/01/19
1999 GO Preservation	-	59,600	800	-	-	-	58,800	58,800	-	07/01/24
Subtotal	187,365	59,600	10,400	-	-	1,044	237,609	237,609	-	
Enterprise Fund General Obligation Bonds										
1993 Refunding	26,798	-	3,210	-	-	704	24,292	-	24,292	07/01/06
1993 A GO Refunding	1,315	-	-	-	-	-	1,315	-	1,315	07/01/06
Subtotal	28,113	-	3,210	-	-	704	25,607	-	25,607	
Total General Obligation Bonds	\$ 215,478	\$ 59,600	\$ 13,610	\$ -	\$ -	\$ 1,748	\$ 263,216	\$ 237,609	\$ 25,607	
<b>REVENUE BONDS</b>										
Highway User Revenue Fund Bonds										
1993 HURF Refunding	\$ 19,900	\$ -	\$ 2,070	\$ -	\$ -	\$ -	\$ 17,830	\$ 17,830	\$ -	07/01/07
Subtotal	19,900	-	2,070	-	-	-	17,830	17,830	-	
Enterprise Fund Revenue Bonds										
1992 Utility Refunding	865	-	865	-	-	-	-	-	-	07/01/00
1989 Utility Series B (1992)	3,770	-	195	-	-	-	3,575	-	3,575	07/01/12
1989 Utility Series C (1994)	1,255	-	180	-	-	-	1,075	-	1,075	07/01/05
1996 Utility Revenue Series Refunding	8,032	-	450	-	-	73	7,655	-	7,655	07/01/14
1989 Utility Series D (1998)	19,125	-	475	-	-	-	18,650	-	18,650	07/01/22
1989 Utility Series E (1998)	48,540	-	1,015	-	-	-	47,525	-	47,525	07/01/23
Subtotal	81,587	-	3,180	-	-	73	78,480	-	78,480	
Total Revenue Bonds	\$ 101,487	\$ -	\$ 5,250	\$ -	\$ -	\$ 73	\$ 96,310	\$ 17,830	\$ 78,480	

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



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

Exhibit J-1

(continued here and on following page)

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	July 1, 1999	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions & Contract Adjustments	June 30, 2000	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>MUNICIPAL PROPERTY CORPORATION BONDS</b>										
1987 AMFP Certificate of Participation	\$ 1,350	\$ -	\$ 655	\$ -	\$ -	\$ -	695	\$ 695	\$ -	07/01/01
1992 Asset Transfer Refunding	37,140	-	1,655	-	-	-	35,485	\$ 35,485	-	11/01/14
1993 Refunding	22,060	-	3,230	-	-	-	18,830	\$ 18,830	-	07/01/05
1994 Refunding	4,900	-	890	-	-	-	4,010	\$ 4,010	-	07/01/04
1995 MPC Taxable Excise - TPC Land	2,660	-	85	-	-	-	2,575	\$ 2,575	-	07/01/15
1996 McCormick/Stillman Park	1,545	-	232	-	-	(97)	1,216	\$ 1,216	-	07/01/04
1996 Computer Project	850	-	415	-	-	-	435	\$ 435	-	07/01/01
1998 Telephone, HR/Tech Bldg, Westworld	5,650	-	3,525	-	-	-	2,125	\$ 2,125	-	07/01/08
Subtotal	76,155	-	10,687	-	-	(97)	65,371	\$ 65,371	-	
Enterprise Fund Municipal Property Corporation Bonds										
1995 Transfer Station	2,835	-	195	-	-	-	2,640	-	2,640	07/01/10
1996 Recycle	1,200	-	633	-	-	97	664	-	664	07/01/01
Subtotal	4,035	-	828	-	-	97	3,304	-	3,304	
Total Municipal Property Corporation Bonds	\$ 80,190	\$ -	\$ 11,515	\$ -	\$ -	\$ -	\$ 68,675	\$ 65,371	\$ 3,304	
<b>SCOTTSDALE PRESERVE AUTHORITY BONDS</b>										
1997 Excise Tax Revenue	\$ 19,875	\$ -	\$ 475	\$ -	\$ -	\$ -	19,400	\$ 19,400	\$ -	07/01/22
1998 Excise Tax Revenue	75,985	-	1,415	-	-	-	74,570	\$ 74,570	-	07/01/24
Total Scottsdale Preserve Authority Bonds	\$ 95,860	\$ -	\$ 1,890	\$ -	\$ -	\$ -	\$ 93,970	\$ 93,970	\$ -	
<b>SPECIAL ASSESSMENT BONDS</b>										
Pima/CAP Series 92	\$ 1,721	\$ -	\$ 855	\$ -	\$ -	\$ -	866	\$ 866	\$ -	01/01/01
Pima Acres Series 93	260	-	130	-	-	-	130	\$ 130	-	01/01/01
Old Scottsdale/West Main Series 94	325	-	110	-	-	-	215	\$ 215	-	01/01/02
Fifth Ave/Marshall Way Series 95	360	-	120	-	-	-	240	\$ 240	-	01/01/02
Section 31 Series 96	150	-	50	-	-	-	100	\$ 100	-	01/01/02
Pinnacle Vista Series 97	360	-	90	-	-	-	270	\$ 270	-	01/01/03
North Area Water Series 98	700	-	175	-	-	-	525	\$ 525	-	01/01/03
Adobe Miller Series 99	420	-	105	-	-	-	315	\$ 315	-	01/01/03
Craftsman Court Series 100	75	-	15	-	-	-	60	\$ 60	-	01/01/04
Bell Road Series 101	1,791	-	104	-	1,365	-	322	\$ 322	-	01/01/05
Desert Ranch Water Series 102	159	-	28	-	-	-	131	\$ 131	-	01/01/04
Desert Ranch Infrastructure Series 103	8,295	-	1,200	-	-	-	7,095	\$ 7,095	-	01/01/05
Pima Acres Paving & Drainage Series 105	850	-	85	-	-	-	765	\$ 765	-	01/01/09
Total Special Assessment Bonds	\$ 15,466	\$ -	\$ 3,067	\$ -	\$ 1,365	\$ -	\$ 11,034	\$ 11,034	\$ -	

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

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

Exhibit J-1

(continued)

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

	July 1, 1999	Issued	Retired	Refunding Bonds Issued	Bonds Deceased	Accretions & Contract Adjustments	June 30, 2000	General Long- Term Debt	Enterprise Fund	Final Payment Date
<b>COMMUNITY FACILITIES DISTRICT BONDS</b>										
Scottsdale Mountain Series 1993 A	\$ 2,910	\$ -	\$ 95	\$ -	\$ -	\$ -	\$ 2,815	\$ 2,815	\$ -	07/01/17
Scottsdale Mountain Series 1993 B	515	-	15	-	-	-	500	500	-	07/01/17
Scottsdale Mountain Series 1995	1,925	-	45	-	-	-	1,880	1,880	-	07/01/19
McDowell Mtn Ranch Refunding Series 1999	19,925	-	445	-	-	-	19,480	19,480	-	07/15/22
DC Ranch Series 1998	4,750	-	-	-	-	-	4,750	4,750	-	07/15/23
Via Linda Road Series 1999	3,225	-	-	-	-	-	3,225	3,225	-	07/15/23
DC Ranch Series 1999	-	3,085	-	-	-	-	3,085	3,085	-	07/15/24
Total Community Facilities District Bonds	33,250	3,085	600	-	-	-	35,735	35,735	-	
Total Bonds	\$ 541,731	\$ 62,685	\$ 35,932	\$ -	\$ 1,365	\$ 1,821	\$ 568,940	\$ 461,549	\$ 107,391	
<b>CONTRACTS PAYABLE</b>										
US Corps of Engineers	\$ 3,523	\$ -	\$ 51	\$ -	\$ -	\$ -	\$ 3,472	\$ 3,472	\$ -	2032
West Couplet/Camelview	273	-	273	-	-	-	-	-	-	01/31/00
Scottsdale Fiesta Center	250	-	250	-	-	-	-	-	-	02/01/02
Scottsdale Auto Mall	1,327	-	694	-	-	(633)	-	-	-	09/25/99
Carefree Ranch	656	-	299	-	-	9	366	-	366	03/01/02
Dial Corporation	396	-	31	-	-	-	365	365	-	2008
Sonora Village	38	-	38	-	-	-	-	-	-	2000
US Patent Office	6	-	-	-	-	-	6	6	-	2009
McDowell Sonoran Preserve	9,520	-	480	-	-	-	9,040	9,040	-	2013
Bureau of Reclamation\Westworld	1,815	-	-	-	-	-	1,815	1,815	-	2032
Bureau of Reclamation\TPC	1,980	-	55	-	-	-	1,925	1,925	-	2035
Underground Improvement District Series 104	613	-	183	-	-	-	430	430	-	01/01/13
Anchor National Life / Portales	-	2,240	-	-	-	-	2,240	2,240	-	2005
Dave Wilson Honda	-	168	69	-	-	-	99	99	-	2001
Sun Pontiac	-	82	54	-	-	-	28	28	-	2001
Dave Wilson Toyota	-	170	93	-	-	-	77	77	-	2001
Promenade	-	5,487	102	-	-	-	5,385	5,385	-	2007
Total Contracts	\$ 20,397	\$ 8,147	\$ 2,672	\$ -	\$ -	\$ (624)	\$ 25,248	\$ 24,882	\$ 366	
<b>CAPITAL LEASES</b>										
Nordstrom Garage Lease	\$ 28,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,750	\$ 28,750	\$ -	2008
TOTAL BONDS, CONTRACTS AND CAPITAL LEASES	\$ 590,878	\$ 70,832	\$ 38,604	\$ -	\$ 1,365	\$ 1,197	\$ 622,938	\$ 515,181	\$ 107,757	
Compensated Absences								7,880		
Total General Long-Term Debt								\$ 523,061		

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

**Debt Service Requirements to Maturity**

Exhibit J-2

**General Obligation Bonds\***

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

Fiscal Year	General Obligation Bonds Issued To Provide Water, Sewer, Light Parks, and Open Spaces 20% Limitation			General Obligation Bonds Issued For All Other Purposes 6% Limitation			Total General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 7,090	\$ 8,875	\$ 15,965	\$ 8,340	\$ 4,614	\$ 12,954	\$ 15,430	\$ 13,489	\$ 28,919
2002	7,615	8,478	16,093	6,215	6,450	12,665	13,830	14,928	28,758
2003	8,065	8,044	16,109	6,595	6,078	12,673	14,660	14,122	28,782
2004	4,380	13,674	18,054	7,330	3,373	10,703	11,710	17,047	28,757
2005	6,134	13,570	19,704	6,101	2,933	9,034	12,235	16,503	28,738
2006	11,886	7,093	18,979	7,194	2,591	9,785	19,080	9,684	28,764
2007	6,750	6,437	13,187	7,945	2,195	10,140	14,695	8,632	23,327
2008	8,525	6,060	14,585	6,895	1,796	8,691	15,420	7,856	23,276
2009	8,975	5,588	14,563	7,245	1,447	8,692	16,220	7,035	23,255
2010	13,250	5,136	18,386	3,870	1,075	4,945	17,120	6,211	23,331
2011	10,010	4,462	14,472	4,050	883	4,933	14,060	5,345	19,405
2012	8,575	3,953	12,528	4,235	682	4,917	12,810	4,635	17,445
2013	7,255	3,500	10,755	4,455	470	4,925	11,710	3,970	15,680
2014-2019	59,153	15,979	75,132	4,987	355	5,342	64,140	16,334	80,474
Capital									
Appreciation **	6,608	(6,608)	-	3,488	(3,488)	-	10,096	(10,096)	-
<b>TOTALS</b>	<b>\$ 174,271</b>	<b>\$ 104,241</b>	<b>\$ 278,512</b>	<b>\$ 88,945</b>	<b>\$ 31,454</b>	<b>\$ 120,399</b>	<b>\$ 263,216</b>	<b>\$ 135,695</b>	<b>\$ 398,911</b>

\*This page excludes general obligation bonds of community facilities districts. General obligation bonds of community facilities districts are shown on the third page of this exhibit.

\*\* For GAAP financial statement reporting, accretion of capital appreciation bonds is added to the principal balance outstanding.

## Debt Service Requirements to Maturity

Exhibit J-2

(continued here and on following page)

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

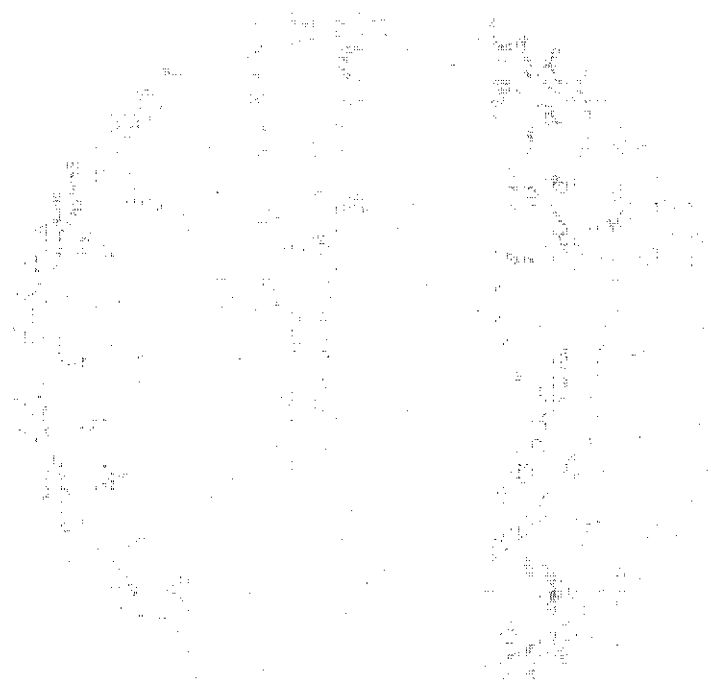
For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

Fiscal Year	Highway User Revenue Bonds			Water and Sewer Revenue Bonds			Municipal Property Corporation Bonds			Scottsdale Preserve Authority Exclse Tax Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 2,170	\$ 934	\$ 3,104	\$ 2,460	\$ 4,075	\$ 6,535	\$ 9,425	\$ 3,931	\$ 13,356	\$ 2,005	\$ 4,920	\$ 6,925
2002	2,275	828	3,103	2,595	3,937	6,532	7,165	3,450	10,615	2,125	4,791	6,916
2003	2,395	714	3,109	2,715	3,792	6,507	7,575	3,068	10,643	2,250	4,654	6,904
2004	2,515	591	3,106	2,860	3,650	6,510	7,995	2,657	10,652	2,380	4,510	6,890
2005	2,660	459	3,119	3,055	3,467	6,522	6,945	2,214	9,159	2,525	4,357	6,882
2006	2,825	316	3,141	3,245	3,270	6,515	2,965	1,815	4,780	2,670	4,195	6,865
2007	2,990	164	3,154	3,400	3,076	6,476	3,140	1,629	4,769	2,820	4,037	6,857
2008	-	-	-	3,565	2,873	6,438	3,330	1,435	4,765	2,970	3,872	6,842
2009	-	-	-	3,725	2,659	6,384	3,355	1,230	4,585	3,125	3,698	6,823
2010	-	-	-	3,220	2,464	5,684	3,570	1,020	4,590	3,280	3,514	6,794
2011	-	-	-	3,345	2,294	5,639	3,445	795	4,240	3,435	3,321	6,756
2012	-	-	-	3,530	2,121	5,651	3,670	574	4,244	3,605	3,138	6,743
2013	-	-	-	3,285	1,937	5,222	3,910	337	4,247	3,785	2,946	6,731
2014-2023	-	-	-	38,000	10,254	48,254	2,185	145	2,330	56,995	17,532	74,527
Deferred Loss and Issuance Costs	-	-	-	(520)	520	-	-	-	-	-	-	-
TOTALS	\$ 17,830	\$ 4,006	\$ 21,836	\$ 78,480	\$ 50,389	\$ 128,869	\$ 68,675	\$ 24,300	\$ 92,975	\$ 93,970	\$ 69,485	\$ 163,455

**Debt Service Requirements to Maturity**Exhibit J-2  
(continued)Special Assessment Bonds, Community Facilities Districts General  
Obligation Bonds, Contracts Payables, and Capital Leases

For the Fiscal Year Ended June 30, 2000 (in thousands of dollars)

Fiscal Year	Special Assessment Bonds			Community Facilities Districts General Obligation Bonds			Contracts Payable			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 3,109	\$ 538	\$ 3,647	\$ 640	\$ 1,931	\$ 2,571	\$ 2,729	\$ 6,374	\$ 9,103	\$ 4	\$ 4,622	\$ 4,626
2002	2,180	384	2,564	675	1,892	2,567	2,523	3,177	5,700	2,000	2,551	4,551
2003	1,981	271	2,252	710	1,851	2,561	2,196	2,916	5,112	2,980	2,328	5,308
2004	1,695	174	1,869	860	1,808	2,668	2,234	2,557	4,791	4,130	2,009	6,139
2005	1,729	58	1,787	1,150	1,757	2,907	2,004	2,099	4,103	5,256	1,584	6,840
2006	85	14	99	1,210	1,690	2,900	1,790	1,535	3,325	6,469	1,054	7,523
2007	85	10	95	1,290	1,619	2,909	1,027	869	1,896	7,273	423	7,696
2008	85	6	91	1,345	1,556	2,901	979	412	1,391	638	5	643
2009	85	2	87	1,415	1,490	2,905	972	367	1,339	-	-	-
2010	-	-	-	1,520	1,420	2,940	1,008	325	1,333	-	-	-
2011	-	-	-	1,605	1,343	2,948	1,053	279	1,332	-	-	-
2012	-	-	-	1,685	1,260	2,945	1,097	232	1,329	-	-	-
2013	-	-	-	1,775	1,172	2,947	1,147	181	1,328	-	-	-
2014-2035	-	-	-	19,855	5,843	25,698	4,827	1,262	6,089	-	-	-
	<u>\$ 11,034</u>	<u>\$ 1,457</u>	<u>\$ 12,491</u>	<u>\$ 35,735</u>	<u>\$ 26,632</u>	<u>\$ 62,367</u>	<u>\$ 25,586</u>	<u>\$22,585</u>	<u>\$ 48,171</u>	<u>\$ 28,750</u>	<u>\$ 14,576</u>	<u>\$ 43,326</u>



# Statistical Section

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

*Comprehensive Annual Financial Report*  
*Fiscal Year 1999/2000*

*City of Scottsdale, Scottsdale, Arizona*

## General Governmental Expenditures by Function

Table I

## General, Special Revenue, and Debt Service Funds

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	General Government	Police	Financial Services	Transportation	Community Services	Information Systems	Planning and Community Development	Fire	Municipal Services	Streetlight Districts	Debt Service	Total
1991	\$ 5,305	\$ 17,057	\$ 3,536	\$ 2,313	\$ 13,705	\$ 4,150	\$ 8,425	\$ 5,811	\$ 9,999	\$ 431	\$ 26,121	\$ 96,853
1992	6,105	18,399	3,550	2,309	14,411	4,446	9,438	6,193	11,182	441	26,971	103,445
1993	9,410	19,754	3,752	2,580	15,465	5,006	9,182	6,595	12,626	449	29,205	114,024
1994	12,437	21,619	4,301	3,128	16,468	-	12,933	7,545	13,993	470	29,611	122,505
1995	13,977	24,226	4,496	3,878	18,256	-	14,002	8,435	14,283	458	31,221	133,232
1996	16,797	27,253	4,967	4,870	19,937	-	16,553	10,132	16,405	486	36,440	153,840
1997	17,449	30,745	5,389	7,551	30,961	-	18,117	10,906	8,853	523	38,923	169,417
1998	13,209	35,093	5,983	5,763	36,316	6,118	17,090	11,817	7,602	449	44,725	184,165
1999	15,074	37,752	6,359	6,999	40,758	7,357	18,419	12,844	9,077	966	53,229	208,834
2000	16,104	41,392	6,448	7,335	41,790	6,681	19,903	14,338	9,695	942	59,106	223,734

Source: City of Scottsdale Financial Services Department

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



## General Governmental Revenues by Source

Table II

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

Fiscal Year	Taxes <sup>(1)</sup>	Inter-Governmental			Licenses	Charges For Services	Fines and Forfeitures	Use of Money and Property			Total
		Revenue	Special Assessments	Streetlight Districts				Property	Miscellaneous		
1991	\$ 46,358	\$ 25,871	\$ 2,774	\$ 630	\$ 5,153	\$ 2,215	\$ 6,346	\$ 558	\$ 2,751	\$ 92,656	
1992	48,890	28,324	4,261	704	6,337	2,228	5,513	500	3,129	99,886	
1993	55,214	31,525	4,941	739	7,587	1,720	4,565	514	9,421	116,226	
1994	63,996	33,609	5,643	876	10,499	1,711	4,818	515	10,194	131,861	
1995	71,635	36,649	5,514	950	12,410	1,990	6,365	543	10,896	146,952	
1996	81,389	40,434	7,896	1,055	12,587	2,748	6,813	474	11,590	164,986	
1997	89,086	48,583	6,696	1,107	14,424	3,344	6,000	505	12,748	182,493	
1998	102,138	49,635	4,927	1,107	17,229	4,274	7,664	558	15,091	202,623	
1999	141,067	54,920	4,357	1,237	17,227	5,192	6,581	964	17,135	248,680	
2000	156,017	58,626	3,740	1,717	19,711	5,105	7,721	968	14,345	267,950	

Source: City of Scottsdale Financial Services Department

## Tax Revenues by Source

Table III

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

Fiscal Year	Privilege & Use <sup>(1)</sup>	Transient Occupancy Tax		General Property	Franchise	In-Lieu Property	Total Taxes
		Property	Franchise				
1991	\$ 27,804	\$ 3,355	\$ 11,925	\$ 3,122	\$ 152	\$ 46,358	
1992	29,743	3,420	12,288	3,282	157	48,890	
1993	32,883	3,856	14,677	3,597	201	55,214	
1994	37,741	4,465	17,666	3,885	239	63,996	
1995	43,755	5,048	18,383	4,160	289	71,635	
1996	49,476	5,702	21,396	4,533	282	81,389	
1997	54,530	6,493	22,836	4,945	282	89,086	
1998	61,771	7,096	27,663	5,332	276	102,138	
1999	98,335	6,637	30,150	5,696	249	141,067	
2000	110,069	7,235	32,591	5,891	231	156,017	

Source: City of Scottsdale Financial Services Department

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

## Excise Tax Collections by Source

Table IV

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

Fiscal Year	Privilege & Use - General	Privilege & Use - Transportation	Privilege & Use - McDowell Mtn	Transient Occupancy Tax	State Shared Sales	State Revenue Sharing	Light & Power Franchise
1991	\$ 27,804	\$ 5,043	\$ -	\$ 3,356	\$ 7,199	\$ 7,303	\$ 2,279
1992	29,744	5,628	-	3,420	7,874	8,060	2,405
1993	32,883	6,226	-	3,856	8,497	8,409	2,635
1994	37,741	7,205	-	4,465	9,210	8,479	2,822
1995	43,755	8,482	-	5,048	10,020	9,375	3,004
1996	49,476	9,522	9,085	5,702	10,676	9,936	3,187
1997	54,530	10,545	10,663	6,493	11,870	12,734	3,484
1998	61,771	11,963	12,168	7,096	12,537	14,387	3,769
1999	70,735	13,673	13,927	6,637	13,439	16,795	3,972
2000	78,649	15,880	15,540	7,235	14,772	18,637	4,314

Fiscal Year	Cable TV Franchise	Fire Insurance Franchise	Business Licenses & Fees	Development Permits & Fees	Recreation Fees	Fines & Forfeitures	Total
1991	\$ 693	\$ 150	\$ 630	\$ 3,623	\$ 1,530	\$ 2,215	\$ 61,825
1992	736	141	705	4,726	1,610	2,228	67,277
1993	819	143	738	5,970	1,617	1,721	73,514
1994	916	148	876	8,733	1,767	1,711	84,073
1995	1,003	152	950	10,590	1,820	1,990	96,189
1996	1,175	171	1,055	10,918	1,669	2,748	115,320
1997	1,275	186	1,107	12,019	2,405	3,344	130,655
1998	1,406	157	1,107	15,595	2,734	4,274	148,964
1999	1,552	172	1,237	14,311	2,916	5,192	164,558
2000	1,376	201	1,717	16,641	3,070	5,105	183,137

Source: City of Scottsdale Financial Services Department.

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

## Privilege and Use Tax Collections by Category

Table V

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

Fiscal Year	Major Department										License Fees, Penalties, Interest & Refunds	Total
	Automotive	Construction	Food	Hotel	Stores	Misc. Retail	Other Tax	Rentals	Restaurants	Utilities		
1991	\$ 4,542	\$ 4,333	\$ 2,296	\$ 2,483	\$ 4,202	\$ 5,214	\$ 1,940	\$ 3,228	\$ 2,196	\$ 1,688	\$ 725	\$ 32,847
1992	4,701	4,796	2,585	2,438	4,335	5,821	2,145	3,512	2,465	1,844	729	35,371
1993	5,283	5,612	2,908	2,585	4,497	6,655	2,288	3,872	2,734	1,868	807	39,109
1994	6,274	7,498	3,261	2,983	4,674	7,483	2,484	4,246	3,170	2,083	790	44,946
1995	7,010	10,322	3,682	3,373	4,755	8,707	2,785	4,816	3,591	2,335	861	52,237
1996	9,403	14,010	4,803	4,459	5,688	11,437	4,174	5,922	4,632	3,026	529	68,083
1997	10,494	16,078	5,571	5,035	5,765	12,160	5,189	6,677	4,930	3,390	449	75,738
1998	12,426	19,183	5,968	5,371	6,580	13,519	5,594	7,788	5,322	3,674	477	85,902
1999	14,533	23,876	7,292	5,332	6,173	15,592	6,118	9,178	5,852	3,966	423	98,335
2000	18,025	24,377	7,899	5,710	7,815	16,562	6,472	10,290	6,471	4,805	1,643	110,069

Source: City of Scottsdale Financial Services Department

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

## Table VI

### General, Special Revenue and Debt Service Funds

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	General	Transportation <sup>(2)</sup>	McDowell Preserve <sup>(3)</sup>	Total
1991	\$ 27,804	\$ 5,043	\$ -	\$ 32,847
1992	29,743	5,628	-	35,371
1993	32,883	6,226	-	39,109
1994	37,741	7,205	-	44,946
1995	43,755	8,482	-	52,237
1996	49,476	9,522	9,085	68,083
1997	54,530	10,545	10,663	75,738
1998	61,771	11,963	12,168	85,902
1999	70,735	13,673	13,927	98,335
2000	78,649	15,880	15,540	110,069

Source: City of Scottsdale Financial Services Department

<sup>(1)</sup> Privilege Tax rates are 1 percent General, .2 percent for Transportation, and .2 percent for McDowell Reserve. Total City Privilege Tax rate is 1.4 percent.

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

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

## Property Tax Levies and Collections

Table VII

Last Ten Fiscal Years (in thousands of dollars)

Tax Year	Fiscal Year	Total Tax Levy	Current Tax Collections	% of Levy Collected	Delinquent Tax Collections	Future Year Tax Collections	Total Tax Collections	Total Collections % of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent % of Current Levy
1990	1991	\$ 12,466	\$ 11,220	90.0%	\$ 645	\$ 60	\$ 11,925	95.7%	\$ 933	7.5%
1991	1992	12,406	11,243	90.6%	833	112	12,188	98.2%	850	6.9%
1992	1993	15,475	14,125	91.3%	441	112	14,678	94.8%	1,355	8.8%
1993	1994	17,133	16,404	95.7%	1,226	36	17,666	103.1%	697	4.1%
1994	1995	20,273	18,993	93.7%	637	9	19,639	96.9%	728	3.6%
1995	1996	21,475	20,960	97.6%	623	19	21,602	100.6%	706	3.3%
1996	1997	24,408	23,862	97.8%	533	21	24,416	100.0%	553	2.3%
1997	1998	28,202	27,433	97.3%	503	20	27,956	99.1%	657	2.3%
1998	1999	30,304	28,993	95.7%	625	1	29,619	97.7%	783	2.6%
1999	2000	32,747	30,896	94.3%	890	-	31,786	97.1%	879	2.7%

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

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

Assessed and Estimated Actual Value of Taxable Property

Table VIIIa

Last Ten Fiscal Years (in thousands of dollars)

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

Fiscal Year	Real Estate	Improvements	Secured Personal	Unsecured Personal	Utilities Rails Wires	Gross Valuation	Exemptions	Net Taxable Valuation	Estimated Actual Valuation
1991 P	\$ -	\$ 1,223,412	\$ 17,661	\$ 77,525	\$ 56,008	\$ 1,374,606	\$ 463	\$ 1,374,144	\$ 9,328,072
S	659,705	667,307	17,661	77,545	56,057	1,478,276	462	1,477,813	9,921,082
1992 P	-	1,220,209	13,420	81,408	59,725	1,374,762	462	1,374,299	9,455,811
S	626,794	644,387	13,420	81,437	59,805	1,425,843	464	1,425,379	9,753,991
1993 P	-	1,187,256	20,121	86,391	60,551	1,354,318	446	1,353,872	9,421,433
S	568,715	643,542	20,121	86,391	60,569	1,379,337	448	1,378,889	9,557,639
1994 P	-	1,136,492	30,271	94,651	67,694	1,329,108	478	1,328,631	9,415,061
S	541,280	619,463	30,271	94,662	67,725	1,353,401	479	1,352,922	9,560,216
1995 P	-	1,175,121	32,826	93,393	70,031	1,371,372	456	1,370,916	9,913,549
S	537,114	666,182	32,826	93,393	70,058	1,399,573	447	1,399,126	10,081,538
1996 P	-	1,296,789	32,768	50,496	73,949	1,454,002	410	1,453,592	10,916,431
S	550,624	822,631	32,768	50,496	73,976	1,530,496	407	1,530,088	11,361,417
1997 P	-	1,484,460	39,384	45,358	101,115	1,670,317	122,496	1,547,821	11,615,286
S	625,326	909,635	39,384	45,358	101,143	1,720,846	129,045	1,591,801	11,869,943
1998 P	-	1,652,051	39,510	49,608	102,884	1,844,053	122,998	1,721,055	13,064,052
S	655,657	1,120,622	39,510	49,608	102,946	1,968,343	129,293	1,839,050	13,876,821
1999 P	-	1,867,600	41,123	50,270	99,765	2,058,758	120,569	1,938,189	14,824,243
S	786,999	1,257,665	41,123	50,270	99,825	2,235,882	133,530	2,102,352	14,875,966
2000 P	-	2,165,457	42,123	54,263	105,941	2,367,784	128,732	2,239,051	17,194,773
S	888,057	1,534,502	42,123	54,623	106,030	2,625,335	155,346	2,469,629	18,597,657

Source: Maricopa County Finance Department

Real estate and improvements are combined in the primary valuation.

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

Assessed Values by Property Class

Table VIIIb

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Class 2 Utilities	Class 3 Commercial	Class 4 Vacant Land	Class 5 Residential	Class 6 Rented Residential	Class 8 Historical	Class 10B Historical Rented Residential	Class 11 Improvements on Government Property	Class 12 Possessory Interest	Total Net Full Cash Assessed Value
1991 P	\$ 43,215	\$ 488,832	\$ 239,360	\$ 499,843	\$ 102,887	\$ 5	\$ -	\$ -	\$ -	\$ 1,374,142
S	43,215	521,041	304,470	504,413	104,667	6	-	-	-	1,477,812
1992 P	46,776	476,394	239,097	517,233	94,773	12	-	-	-	1,374,285
S	46,776	490,136	272,312	520,084	96,064	6	-	-	-	1,425,378
1993 P	45,828	484,619	201,568	533,104	88,746	6	-	-	-	1,353,871
S	45,828	494,350	215,083	534,465	89,157	6	-	-	-	1,378,889
1994 P	51,199	458,830	186,349	552,152	80,086	6	-	7	-	1,328,629
S	51,199	470,717	193,931	554,901	82,161	6	-	7	-	1,352,922
1995 P	52,594	457,581	186,548	597,708	76,428	7	49	-	-	1,370,915
S	52,594	473,001	192,308	602,267	78,901	7	49	-	-	1,399,127
1996 P	55,882	450,852	170,989	688,356	87,279	174	-	59	-	1,453,591
S	55,882	493,284	186,704	694,908	98,650	600	-	59	-	1,530,087
1997 P	60,727	487,528	169,960	725,151	104,198	181	-	-	77	1,547,822
S	60,727	513,849	178,832	727,402	110,978	235	-	-	77	1,592,100
1998 P	63,420	524,955	161,690	859,920	110,800	195	-	77	-	1,721,057
S	63,420	576,409	176,979	900,682	121,287	195	-	77	-	1,839,049
1999 P	61,071	589,670	174,147	992,490	120,495	240	-	76	-	1,938,189
S	61,071	659,386	234,448	1,019,159	127,840	372	-	76	-	2,102,352
2000 P	63,210	700,222	198,745	1,132,548	156,291	525	-	-	-	2,251,541
S	63,210	811,979	269,034	1,172,250	166,530	1,382	-	-	-	2,484,385

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

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

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

Property Tax Rates - Direct and Overlapping Governments

Table IXa

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

Fiscal Year	School Districts											Total
	City of Scottsdale	Scottsdale Unified	Community College	Maricopa County	State of Arizona	Flood District	Central Arizona Project	Fire District	Library	EVIT	Educa. Equalization	
1991 P	0.3941	4.1697	0.7047	1.5045	0.4700	-	-	-	-	-	-	7.2430
S	0.4772	0.9093	0.0916	0.1683	-	0.4235	0.1000	0.0064	0.0420	-	-	2.2183
Total	0.8713	5.0790	0.7963	1.6728	0.4700	0.4235	0.1000	0.0064	0.0420	-	-	9.4613
1992 P	0.4101	4.1346	0.7459	1.5143	0.4700	-	-	-	-	-	-	7.2749
S	0.4750	1.1437	0.0943	0.1741	-	0.4447	0.1400	0.0082	0.0444	-	-	2.5244
Total	0.8851	5.2783	0.8402	1.6884	0.4700	0.4447	0.1400	0.0082	0.0444	-	-	9.7993
1993 P	0.4926	4.1373	0.7938	1.6039	0.4700	-	-	-	-	-	-	7.4976
S	0.6387	1.2120	0.0572	0.1409	-	0.3901	0.1400	0.0099	0.0426	-	-	2.6314
Total	1.1313	5.3493	0.8510	1.7448	0.4700	0.3901	0.1400	0.0099	0.0426	-	-	10.1290
1994 P	0.4990	4.3194	0.8532	1.5848	0.4700	-	-	-	-	-	-	7.7214
S	0.7812	1.5225	-	0.1878	-	0.3632	0.1400	0.0104	0.0417	-	-	3.0468
Total	1.2752	5.8419	0.8532	1.7726	0.4700	0.3632	0.1400	0.0104	0.0417	-	-	10.7682
1995 P	0.5987	4.5296	0.8934	1.2394	0.4700	-	-	-	-	-	0.5300	8.2611
S	0.8623	1.4114	-	0.0052	-	0.3632	0.1400	0.0107	0.0417	0.0554	-	2.8879
Total	1.4610	5.9410	0.8934	1.2426	0.4700	0.3632	0.1400	0.0107	0.0417	0.0554	0.5300	11.1490
1996 P	0.5477	4.6058	0.9455	1.1580	0.4700	-	-	-	-	-	0.5300	8.2570
S	0.8832	1.4597	0.1675	0.1464	-	0.3332	0.1400	0.0108	0.0099	0.0693	-	3.2200
Total	1.4309	6.0655	1.1130	1.3044	0.4700	0.3332	0.1400	0.0108	0.0099	0.0693	0.5300	11.4770
1997 P	0.6480	4.3390	0.9772	1.1054	-	-	-	-	-	-	0.5300	7.5996
S	0.9032	1.5526	0.0704	0.1575	-	0.3425	0.1400	0.0109	0.0421	0.1616	-	3.3808
Total	1.5512	5.8916	1.0476	1.2629	-	0.3425	0.1400	0.0109	0.0421	0.1616	0.5300	10.9804
1998 P	0.5763	4.1859	0.9747	1.1265	-	-	-	-	-	-	0.5300	7.3934
S	0.9941	1.5365	0.1599	0.1364	-	0.3425	0.1400	0.0105	0.0421	0.1216	-	3.4856
Total	1.5704	5.7224	1.1346	1.2629	-	0.3425	0.1400	0.0105	0.0421	0.1216	0.5300	10.8770
1999 P	0.5477	4.2161	0.9866	1.1472	-	-	-	-	-	-	0.5300	7.4276
S	0.9365	1.5842	0.1259	0.1312	-	0.3270	0.1400	0.0103	0.0421	0.1320	-	3.4292
Total	1.4842	5.8003	1.1125	1.2784	-	0.3270	0.1400	0.0103	0.0421	0.1320	0.5300	10.8568
2000 P	0.5450	4.3726	0.9741	1.1884	-	-	-	-	-	-	0.5217	7.6018
S	0.8318	1.3965	0.1544	0.1085	-	0.2858	0.1400	0.0100	0.0421	0.1217	-	3.0908
Total	1.3768	5.7691	1.1285	1.2969	-	0.2858	0.1400	0.0100	0.0421	0.1217	-	10.6926

Scottsdale residents residing outside Scottsdale Unified School District:

School District	1999/00 Tax Rate Total
Balsz Elementary	\$13.49
Cave Creek	10.76
Fountain Hills	16.66
Paradise Valley	12.09
Tempe	10.88

Source: Arizona Tax Research Foundation "1999 Property Tax Rates and Assessed Values"



Property Tax Levies - Direct and Overlapping Governments

Table IXb

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

Fiscal Year	School Districts											Total
	City of Scottsdale	Scottsdale Unified	Community College	Maricopa County	State of Arizona	Flood District	Central Arizona Project	Fire District	Library	East Valley Institute of Technology	Education Equalization	
1991 P	\$ 5,413	\$ 64,113	\$ 99,559	\$ 209,542	\$ 63,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,317
S	7,052	14,778	13,525	26,050	-	46,555	14,187	1,193	5,959	-	-	129,299
TOTAL	12,465	78,891	113,084	235,592	63,690	46,555	14,187	1,193	5,959	-	-	571,616
1992 P	5,636	63,651	103,498	210,113	65,215	-	-	-	-	-	-	448,113
S	6,770	18,015	13,421	25,869	-	46,537	19,929	1,167	6,320	-	-	138,028
TOTAL	12,406	81,666	116,919	235,982	65,215	46,537	19,929	1,167	6,320	-	-	586,141
1993 P	6,669	62,866	108,004	218,224	63,946	-	-	-	-	-	-	459,709
S	8,807	18,650	7,898	19,461	-	39,254	19,332	1,367	5,883	1,587	-	122,239
TOTAL	15,476	81,516	115,902	237,685	63,946	39,254	19,332	1,367	5,883	1,587	-	581,948
1994 P	6,564	63,549	113,440	140,248	62,492	-	-	-	-	-	70,470	456,763
S	10,569	22,690	-	25,360	-	35,142	18,906	1,404	5,631	3,596	-	123,298
TOTAL	17,133	86,239	113,440	165,608	62,492	35,142	18,906	1,404	5,631	3,596	70,470	580,061
1995 P	8,208	67,793	118,842	164,865	62,521	-	-	-	-	-	70,502	492,731
S	12,064	21,559	-	428	-	35,319	18,930	1,447	5,638	2,864	-	98,249
TOTAL	20,272	89,352	118,842	165,293	62,521	35,319	18,930	1,447	5,638	2,864	70,502	590,980
1996 P	7,961	71,686	127,583	156,257	63,421	-	-	-	-	2,391	71,517	500,816
S	13,514	23,677	23,643	20,671	-	36,078	19,767	1,518	1,398	1,452	-	141,718
TOTAL	21,475	95,363	151,226	176,928	63,421	36,078	19,767	1,518	1,398	3,843	71,517	642,534
1997 P	10,031	71,235	136,570	154,487	-	-	-	-	-	3,232	74,071	449,626
S	14,378	26,054	10,100	22,590	-	38,118	20,080	1,567	6,038	6,120	-	145,045
TOTAL	24,409	97,289	146,670	177,077	-	38,118	20,080	1,567	6,038	9,352	74,071	594,671
1998 P	9,919	75,973	146,259	169,046	-	-	-	-	-	3,673	79,533	484,403
S	18,283	29,651	25,144	21,447	-	42,339	22,013	1,646	6,620	4,275	-	171,418
TOTAL	28,202	105,624	171,403	190,493	-	42,339	22,013	1,646	6,620	7,948	79,533	655,821
1999 P	10,615	82,281	158,026	183,750	-	-	-	-	-	4,247	84,892	523,811
S	19,689	32,607	21,174	22,059	-	44,670	23,537	1,737	7,078	5,130	-	177,681
TOTAL	30,304	114,888	179,200	205,809	-	44,670	23,537	1,737	7,078	9,377	84,892	701,492
2000 P	12,204	96,625	170,116	207,541	-	-	-	-	-	3,970	91,109	581,565
S	20,543	33,734	28,833	20,264	-	44,311	26,148	1,874	7,863	5,922	-	189,492
Total	32,747	130,359	198,949	227,805	-	44,311	26,148	1,874	7,863	9,892	91,109	771,057

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

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

## Principal Taxpayers

## Table X

June 30, 2000

	Taxpayer	Type of Business	Assessed Valuation (in thousands of dollars)	% of Secondary Assessed Valuation
1	Arizona Public Service	Electric Utility	\$ 46,153	1.87%
2	U.S. West New Vector Group Inc.	Telecommunications	41,806	1.69%
3	Scottsdale Fashion Square Ptr.	Shopping Center	29,037	1.18%
4	Motorola, Inc.	Electronic Manufacturing	23,914	0.97%
5	Scottsdale Princess Partnership	Resort	18,681	0.76%
6	Mayo Clinic Arizona	Medical Facility	18,191	0.74%
7	Nationwile Realty Investors Ltd.	Real Estate	12,627	0.51%
8	Gainey Drive Associates	Resort	12,014	0.49%
9	PCS Inc.	Commercial Real Estate	11,797	0.48%
10	Southwest Gas Corporation	Gas Utility	11,068	0.45%
			\$ 225,288	9.14%

Source: The City of Scottsdale's Financial Advisor, as obtained from the records of the Arizona Department of Revenue, Division of Utilities and Mines and the tax rolls of the Maricopa County Assessor's office.

The Salt River Project Agricultural Improvement and Power District's (SRP) assessed valuation is not reflected in the total assessed valuation of the City. SRP is subject to a "voluntary contribution" in lieu of ad valorem taxation. The 1999/00 secondary assessed valuation of the Salt River Project within the City is \$16,786,691. The estimated secondary in lieu contribution is \$251,129.

## Special Assessment Billings and Collections

Table XI

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Special Assessments Billed	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1991	\$ 3,155	\$ 3,108	98.5%	\$ 47
1992	4,277	4,232	98.9%	45
1993	4,922	4,893	99.4%	29
1994	5,646	5,599	99.2%	47
1995	6,436	6,404	99.5%	32
1996	7,488	7,467	99.7%	21
1997	5,853	5,833	99.7%	20
1998	4,432	4,412	99.5%	20
1999	3,630	3,614	99.6%	16
2000	3,274	3,226	98.5%	48

Source: City of Scottsdale Financial Services Department

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

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

Table XII

Last Ten Fiscal Years

Fiscal Year	Assessed Value	Population June 30	General Obligation Bonded Debt	Less Fund Balance Reserved for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1991	\$ 1,477,813,367	\$ 133,949	\$ 50,615,000	\$ 5,674,407	\$ 44,940,593	3.0%	\$ 335.51
1992	1,425,378,617	139,050	67,290,000	4,931,821	62,358,179	4.4%	448.46
1993	1,378,884,764	145,920	80,300,000	3,021,190	77,278,810	5.6%	529.60
1994	1,352,922,237	155,260	110,965,000	3,478,905	107,486,095	7.9%	692.30
1995	1,399,126,179	165,260	121,915,000	342,402	121,572,598	8.7%	735.64
1996	1,530,088,317	174,000	131,340,000	829,933	130,510,067	8.5%	750.06
1997	1,591,801,942	183,030	152,235,000	588,100	151,646,900	9.5%	828.54
1998	1,839,050,044	196,310	165,140,000	2,270,562	162,869,438	8.9%	829.65
1999	2,102,351,943	206,280	182,200,000	4,305,508	177,894,492	8.5%	862.39
2000	2,484,385,416	215,030	237,609,000	1,993,643	235,615,357	9.5%	1,095.73

Source: City of Scottsdale Financial Services Department

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

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

## Computation of Legal Debt Margins

Table XIII

June 30, 2000 (in thousands of dollars)

Net Secondary Assessed Valuation as of June 30, 2000	\$ 2,484,385
Debt Limit Equal to 20% of Assessed Valuation	496,877
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2000):	
1989 Series C (1992)	\$ 5,995
1993 Refunding	22,096
1989 Series D (1993)	14,635
1993A Refunding	14,654
1989 Series E (1994)	3,275
1995 Storm Sewer & Streets	12,500
1997 Series H Storm Sewer	6,000
1997 GO Refunding	17,405
1989 GO Series I (1998)	4,500
1999A	7,803
1999 Preservation GO	58,800
Net Outstanding Bonded Debt Subject to 20% Limit	<u>167,663</u>
<b>Legal 20% Debt Margin (Available Borrowing Capacity)</b>	<b>\$ 329,214</b>
Debt Limit Equal to 6% of Assessed Valuation	\$ 149,063
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2000):	
1989 Series B (1991)	\$ 4,285
1989 Series C (1992)	3,545
1993 GO Refunding	12,429
1993A Refunding	5,671
1989 Series E (1994)	3,875
1994 Various Purpose	3,475
1995 Pima Road Improvements	175
1997 Series II Pima Road	14,730
1997 Series II Roads	3,200
1997 GO Refunding	2,495
1989 Series I (1998)	14,855
1999A Streets	12,829
1999A Pima Road	<u>3,893</u>
Net Outstanding Bonded Debt Subject to 6% Limit	<u>85,457</u>
<b>Legal 6% Debt Margin (Available Borrowing Capacity)</b>	<b>\$ 63,606</b>

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

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

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

Source: City of Scottsdale Financial Services.

## Summary of General Governmental Bond Expenditures and Debt Ratios

Table XIV

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Operating Expenditures	Ratio of Total Debt Service To Total Operating Expenditures
1991	\$ 2,515	\$ 3,462	\$ 5,977	\$ 92,217	6.48%
1992	2,325	4,449	6,774	98,617	6.87%
1993	6,045	4,587	10,632	114,024	9.32%
1994	4,585	4,897	9,482	122,505	7.74%
1995	5,050	6,860	11,910	134,366	8.86%
1996	5,575	7,493	13,068	153,841	8.49%
1997	6,605	8,064	14,669	169,417	8.66%
1998	8,140	8,394	16,534	184,165	8.98%
1999	8,140	9,099	17,239	211,051	8.17%
2000	10,400	12,555	22,955	223,734	10.26%

Source: City of Scottsdale Financial Services Department

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

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

Summary of Water and Sewer Utility Bond Expense and Debt Ratios

Table XV

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Operating Revenue	Operating & Maintenance Expenses	Net Operating Revenue	Development Fee Revenue	Total Net Revenue	Revenue Bond Expense	Obligation Bond Expense	Total Bond Expense
1991	\$ 34,102	\$ 25,035	\$ 9,067	\$ 5,402	\$ 14,469	\$ 3,034	\$ 2,527	\$ 5,561
1992	36,785	23,685	13,100	6,050	19,150	2,469	3,165	5,634
1993	38,535	26,114	12,421	10,040	22,461	1,794	2,586	4,380
1994	49,233	33,423	15,810	12,377	28,187	2,672	3,124	5,796
1995 <sup>(1)</sup>	56,900	31,738	25,162	14,934	40,096	3,216	3,927	7,143
1996	68,523	39,422	29,101	15,821	44,922	2,898	3,987	6,885
1997	74,708	41,621	33,087	18,896	51,983	3,231	3,402	6,633
1998	76,468	42,056	34,412	27,463	61,875	4,375	2,112	6,487
1999	85,411	49,264	36,147	32,723	68,870	7,951	3,527	11,478
2000	83,305	46,953	36,352	25,230	61,582	6,347	4,299	10,646

Fiscal Year	Ratio of Total Net Revenue to Total Bond Expense	Ratio of Net Operating Revenue to Total Bond Expense
1991	2.60	1.63
1992	3.40	2.33
1993	5.13	2.84
1994	4.86	2.73
1995 <sup>(1)</sup>	5.61	3.52
1996	6.52	4.23
1997	7.84	4.99
1998	9.54	5.30
1999	6.00	3.15
2000	5.78	3.41

Fiscal Year	Ratio of Net Operating Revenue to Revenue Bond Expense	Ratio of Total Net Revenue to Revenue Bond Expense	Revenue Bond Indenture Required Ratio
1991	2.99	4.77	1.20
1992	5.31	7.76	1.20
1993	6.92	12.52	1.20
1994	5.92	10.55	1.20
1995 <sup>(1)</sup>	7.82	12.47	1.20
1996	10.04	15.50	1.20
1997	10.24	16.09	1.20
1998	7.87	14.14	1.20
1999	4.55	8.66	1.20
2000	5.73	5.78	1.20

Source: City of Scottsdale Financial Services Department

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

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

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

## Total Direct and Overlapping General Obligation Debt

Table XVI

(in thousands of dollars)

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

Name of Governmental Unit	Net Bonds Outstanding	% Applicable within the City of Scottsdale	\$ Applicable within the City of Scottsdale
Maricopa County	\$ 80,774	13.2230%	\$ 10,681
Maricopa County Community College District	265,800	13.2230%	35,147
Tempe Elementary School District No. 3	62,675	0.0146%	9
Balsz Elementary School District No. 31	15,710	3.7286%	586
Scottsdale Unified School District No. 48	209,105	71.2151%	148,914
Paradise Valley Unified School District No. 69	286,370	24.6917%	70,710
Cave Creek Unified School District No. 93	60,150	54.8366%	32,984
Fountain Hills Unified School District No. 98	20,555	0.0921%	19
Phoenix Union High School District No. 210	176,060	0.2737%	482
Tempe Union High School District No. 213	166,300	0.0070%	12
East Valley Institute of Technology District No. 401	24,115	21.8073%	5,259
Scottsdale Mountain Community Facilities District	3,425	100.0000%	3,425
McDowell Mountain Community Facilities District	19,925	100.0000%	19,925
DC Ranch Community Facilities District	4,750	100.0000%	4,750
Via Linda Road Community Facilities District	3,225	100.0000%	3,225
<b>Total Overlapping Debt</b>			336,127
City of Scottsdale	182,200	100.0000%	182,200
<b>Total Direct and Overlapping Debt</b>			<b>\$ 518,327</b>

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



## Demographic Statistics

## Table XVII

Last Ten Fiscal Years

Fiscal Year	Population <sup>(1)</sup>	Per Capita Income <sup>(1)</sup>	Median Age <sup>(1)</sup>	School Enrollment <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
1991	133,949	\$ 20,937	37.0	19,647	3.1
1992	139,050	23,482	39.1	20,357	4.7
1993	145,920	24,186	39.1	21,130	4.2
1994	155,260	24,925	39.1	22,096	3.1
1995	165,260	28,000	39.1	24,089	2.7
1996	174,000	29,288	39.1	24,467	2.2
1997	183,030	30,460	39.7	25,103	2.5
1998	196,310	30,804	39.7	26,011	1.7
1999	206,280	31,900	39.7	26,796	2.0
2000	215,030	33,482	39.4	25,985	2.0

Sources:

<sup>(1)</sup> City of Scottsdale Planning Systems Department<sup>(2)</sup> Arizona Department of Education (Enrollment statistics are not available until six months after the close of the fiscal year. The numbers presented on each line represent the prior years statistics.)<sup>(3)</sup> Arizona Department of Economic Security (fiscal year 1994); City of Scottsdale Planning staff (fiscal years 1990 through 1993, 1995 through 2000)

## Property Value and Construction

## Table XVIII

Last Ten Fiscal Years (in thousands of dollars)

Fiscal Year	Property Value <sup>(1)</sup>			Number of Permits	Commercial Construction <sup>(2)</sup>		Residential Construction <sup>(2)</sup>	
	Commercial	Residential	Nontaxable		Value	Number of Dwelling Units	Value	
1991	\$ 4,131,285	\$ 5,789,786	\$ 607,232	935	\$ 53,179	2,028	\$ 363,706	
1992	3,818,533	5,935,464	621,380	1,296	33,101	2,327	490,763	
1993	3,474,553	6,083,107	677,123	2,489	89,192	4,663	618,384	
1994	3,265,815	6,294,430	671,710	2,516	153,331	4,595	593,418	
1995	3,269,864	6,810,085	743,351	2,751	162,541	4,954	652,363	
1996	3,345,470	8,024,934	735,698	2,923	152,488	4,449	607,708	
1997	3,400,495	8,448,076	723,545	3,275	305,836	4,451	621,891	
1998	3,658,231	10,217,960	806,235	3,512	595,530	5,102	792,477	
1999	4,352,786	9,951,148	2,351,799	3,665	437,945	4,486	775,957	
2000	5,209,857	13,386,035	923,343	3,296	294,157	4,134	743,286	

Source:

<sup>(1)</sup> Arizona Department of Revenue 1999 Abstract of the Assessment Roll<sup>(2)</sup> City of Scottsdale Planning Systems Department Building Inspection Services

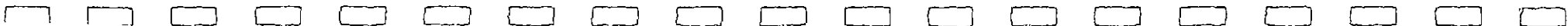
Schedule of Insurance

Table XIX

June 30, 2000

Carrier	Policy Description	Amount of Coverage
St. Paul Guardian Insurance Company	Property Insurance Repair or Replace \$50,000 Deductible	Various Limits By Peril
Lexington Insurance Company	Excess Liability Coverage \$1,000,000 Deductible Per Occurrence	\$75,000,000 Per Occurrence and Aggregate
AIG Aviation	Airport Premises and Hangarkeepers Liability	\$100,000,000 Per Occurrence and Aggregate
National Union Insurance Company of Pittsburgh, PA	Excess Workers' Compensation Coverage \$250,000 Deductible each Occurrence	Statutory
Lumberman's Mutual Casualty Company	Fidelity/Crime Insurance No Deductible	\$1,000,000 Primary \$4,000,000 Excess for specific positions only

Source: City of Scottsdale Financial Services Department Risk Management Division



## Salaries and Surety Bonds of Principal Officials

**Table XX**

For Fiscal Year Ended June 30, 2000

Official Title	Maximum	Bond
Mayor	\$ 36,000	\$ 1,000,000
Councilmen (3)	13,800	1,000,000
Councilmen (3)	18,000	1,000,000
City Manager	144,275	1,000,000
City Clerk	73,674	1,000,000
City Attorney	112,008	1,000,000
City Treasurer	107,286	4,000,000
City Judge	116,001	1,000,000
City Auditor	90,210	1,000,000
<b>Public Employees Honesty and Faithful Performance Bond</b>		
All City Employees	\$1,000,000 per employee	
Accounting Staff With Wire Transfer Authority	\$4,000,000 per employee	

Source: City of Scottsdale Financial Services Department

**Miscellaneous Statistical Data**

**Table XXI**

June 30, 2000

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

<b>Population</b>	
1950 Census .....	2,032
1960 Census .....	10,026
1965 Special Census .....	54,504
1970 Census .....	67,823
1975 Special Census .....	78,065
1980 Census .....	88,412
1985 Census .....	108,447
1990 Census .....	130,069
1995 Census .....	168,176
2000 Est. 06/30/00 .....	215,030



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

**Miles of Sewers**

Storm .....	65.5
Sanitary .....	941.9

**Fire Protection**

Number of Stations ..... 10

The City of Scottsdale has no fire employees but contracts with Rural/Metro Corporation to provide fire service to all residents.

**Police Protection**

Number of Employees .....	461
Number of Traffic Citations (Excluding parking and Criminal) .....	31,026
Number of Photo Radar Citations (Began Photo Radar in Jan, 1997) .....	48,958
Number of Vehicles .....	243

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

**Recreation**

Parks - Developed parks acreage .....	1,108
Number of Swimming Pools .....	3
Number of Other Recreation Facilities .....	66

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

**Water Enterprise**

Number of Water Customers .....	75,481
Annual Consumption (Gallons) .....	23,895,960,000
System Capacity (Gallons Per Day) .....	140,505,760
Miles of Distribution Lines .....	1,345

**Number of Streetlights**

..... 9,332

**Employees as of June 30, 2000**

Full-time .....	1,686
Part-time .....	344
Grant and trust funded - (# is included in full/part-time totals) .....	71
Total .....	2,030

**Elections**

Number of registered voters as of last general election, March 1999 .....	94,879
% of registered voters voting in last municipal election .....	33.9%

**Population**

Median Age of Residents .....	39.4
Mean Average Household Income (1995 Special Census) .....	\$63,000
Mean Average Home Value - Single Family .....	\$249,000

Source: City of Scottsdale Financial Services Department