



## CITY AUDITOR

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Date: February 17, 2026  
To: Honorable Mayor and Members of the City Council  
From: Lai Cluff, Acting City Auditor  
Subject: Report No. 2601.01, *Fiscal Year 2024/25 Annual Expenditure Limitation Report*

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Enclosed is the FY 2024/25 Annual Expenditure Limitation Report (AELR), with the accompanying independent accountant's report, which is required to satisfy a state reporting requirement.

Arizona Revised Statutes §41-1279.07 requires the certified public accountant performing a city's annual audit to attest to its AELR. The annual financial audit reports were completed and presented to Audit Committee in December and presented to Council on January 12<sup>th</sup>. The examination of the AELR is typically completed by January or February.

The City's CPA firm, Heinfeld, Meech and Co., P.C., completed the attestation examination of the AELR on January 23, 2026 and issued an unqualified opinion in its independent accountant's report. Also in accordance with statute, the City Treasurer's Office submitted the AELR, with the independent accountant's report, to the Arizona Office of the Auditor General on February 11, 2026.

Arizona Revised Statutes §9-481 requires the AELR to be posted on the City's website. Therefore, we post the AELR on the Audit Reports webpage where the associated annual financial audit reports are currently available. As well, the City Treasurer's Office posts the AELR with the annual financial reports.

If you have any questions or need additional information, please feel free to contact me at (480) 312-7851 or [lcluff@scottsdaleaz.gov](mailto:lcluff@scottsdaleaz.gov).

# Annual Expenditure Limitation Report



**City of Scottsdale, Arizona**  
For the Fiscal Year Ended June 30, 2025



**CITY OF SCOTTSDALE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2025**

CITY OF SCOTTSDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2025

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## Independent Accountant's Report

The Auditor General of the State of Arizona

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Scottsdale, Arizona for the year ended June 30, 2025, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System, in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented, in all material respects, in accordance with the Uniform Expenditure Reporting System as described in Note 1.

*Heinfeld Meech & Co. PC*

Heinfeld, Meech & Co., P.C.  
Scottsdale, Arizona  
January 23, 2026

CITY OF SCOTTSDALE, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
 FISCAL YEAR ENDED JUNE 30, 2025  
 (in thousands of dollars)

1. Economic Estimates Commission expenditure limitation	\$	613,423
2. Voter-approved alternative expenditure limitation		<u>N/A</u>
3. Enter applicable amount from line 1 or line 2		<u>\$ 613,423</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	\$	566,937
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)		-
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec 20(2)(b), Arizona Constitution)		-
7. Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec 20(2)(c), Arizona Constitution)		<u>-</u>
8. Subtotal		<u>566,937</u>
9. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec 20(2)(b), Arizona Constitution)		<u>-</u>
10. Total adjusted amount subject to expenditure limitation; add lines 8 and 9		<u>\$ 566,937</u>
11. Amount under (in excess of) the expenditure limitation (Subtract Line 10 from Line 3)		<u><u>\$ 46,486</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: \_\_\_\_\_ 

Name and Title: Sonia Andrews, City Treasurer/Chief Financial Officer

Telephone Number (480) 312-2364

Date: 2/6/26

See accompanying notes to report

CITY OF SCOTTSDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
FISCAL YEAR ENDED JUNE 30, 2025  
(in thousands of dollars)

	GOVERNMENTAL FUNDS	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	FIDUCIARY FUNDS	TOTAL
A. Amounts reported on the <b>Reconciliation, Line D</b>	\$ 695,635	\$ 282,340	\$ 92,713	\$ -	\$ 1,070,688
B. Less exclusions claimed:					
1. Debt proceeds (Part II, Note B-1)	17,198	-	-	-	17,198
2. Debt service requirements (Part II, Note B-2)	89,572	26,083	-	-	115,655
3. Dividends, interest, and gains on the sale or redemption of investment securities (Part II, Note B-3)	17,802	7,911	-	-	25,713
4. Trustee or custodian (Part II, Note B-4)	-	-	-	-	-
5. Grants and aid from the Federal Government (Part II, Note B-5)	14,010	2,369	-	-	16,379
6. Grants, aid, contributions, or gifts from private agency or organization or individual except amounts received in lieu of taxes. (Part II, Note B-6)	1,656	8	-	-	1,664
7. Amounts received from the State of Arizona (Part II, Note B-7)	5,152	-	-	-	5,152
8. Quasi-external interfund transactions (Part II, Note B-8)	9,345	-	80,579	-	89,924
9. Voter-approved amounts accumulated for purchase of land, and the purchase or construction of buildings or improvements (Part II, Note B-9)	114,746	95,698	-	-	210,444
10. Highway user revenues in excess of those received in fiscal year 1979-80 (Part II, Note B-10)	17,488	-	-	-	17,488
11. Contracts with other political subdivisions (Part II, Note B-11)	1,210	-	-	-	1,210
12. Refunds, reimbursements, and other recoveries (Part II, Note B-12)	1,941	-	983	-	2,924
13. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-	-
14. Prior years carryforward	-	-	-	-	-
15. Qualifying capital improvement expenditures repaid in accordance with A.R.S. Sec. 41-1279.07	-	-	-	-	-
16. Total Exclusions Claimed:	290,120	132,069	81,562	-	503,751
C. Amounts subject to expenditure limitation	\$ 405,515	\$ 150,271	\$ 11,151	\$ -	\$ 566,937

See accompanying notes to report.

**CITY OF SCOTTSDALE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION**  
**FISCAL YEAR ENDED JUNE 30, 2025**  
(in thousands of dollars)

DESCRIPTION	GOVERNMENTAL FUNDS	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	FIDUCIARY FUNDS	TOTAL
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements (Reconciliation Note A-2, ACFR pgs. 42 and 50).	\$ 704,516	\$ 215,019	\$ 88,750	\$ -	\$ 1,008,285
B. Subtractions:					
1. Items not requiring use of current financial resources:					
a. Depreciation and amortization (ACFR pg. 50)	\$ -	\$ 67,447	\$ 12,159	\$ -	\$ 79,606
b. Loss on disposal of capital assets (ACFR pg. 50)	-	281	-	-	281
c. Bad debt expense	-	-	-	-	-
d. Pension expense (ACFR pg. 50 (included in operating expense)), fire insurance premium tax (ACFR pg. 42 (included in total expenditures)) and other postemployment benefits expense (OPEB (n/a))	3,888	2,743	332	-	6,963
e. Claims incurred but not reported (IBNR) (ACFR pg. 111)	-	-	23,472	-	23,472
f. Landfill closure and post closure care costs and pollution remediation	-	-	-	-	-
g. Compensated Absences (ACFR pg. 108)	-	4,072	532	-	4,604
h. Loss on investments in joint ventures	-	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Reconciliation, Note B-2).	25,711	-	-	-	25,711
3. Required fees paid to the Industrial Commission of Arizona (Reconciliation, Note B-3).	-	-	616	-	616
4. Present value of net minimum lease, subscription-based IT arrangement, and installment purchase contract payments recorded as expenditures at inception of the agreement (Reconciliation, Note B-4).	2,719	-	-	-	2,719
5. Involuntary court judgements (Reconciliation, Note B-5).	-	-	436	-	436
6. Total subtractions	\$ 32,318	\$ 74,543	\$ 37,547	\$ -	\$ 144,408
C. Additions:					
1. Principal payments on long-term debt (Part II-Note B-2)	\$ -	\$ 19,801	\$ -	\$ -	\$ 19,801
2. Amortization of bond premiums (ACFR pg. 108)	-	2,148	-	-	2,148
3. Acquisition of capital assets/investment in joint venture (ACFR pg. 52)	-	111,997	19,524	-	131,521
4. Amounts paid in the current year but reported as expenses in previous years:					
Claims previously recognized as IBNR (ACFR pg. 111)	-	-	20,958	-	20,958
Landfill closure and post closure care costs and pollution remediation (N/A)	-	-	-	-	-
Compensated absences (ACFR pg. 108)	-	4,399	449	-	4,848
5. Pension contributions (ACFR pg. 53) and OPEB contributions (N/A) paid in the current year	-	3,519	579	-	4,098
6. Total amount transferred to a separate legal entity from city monies (ACFR pg. 166)	23,437	-	-	-	23,437
6. Total additions	23,437	141,864	41,510	-	206,811
D. Amounts reported on Part II, line A	\$ 695,635	\$ 282,340	\$ 92,713	\$ -	\$ 1,070,688

See accompanying notes to report.

**CITY OF SCOTTSDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2025**  
(in thousands of dollars)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  


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FISCAL YEAR ENDED JUNE 30, 2025

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes, Section 41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 20, from the total expenditures, expenses, or deductions reported in the basic financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the basic financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the governmental funds; Statement of Revenues, Expenses and Changes in Fund Net Position for the proprietary funds; and the Statement of Cash Flows for the proprietary funds and the notes to the financial statements.

**PART II - NOTE B-1 - DEBT PROCEEDS**  


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**Governmental Funds**

General Obligation Bond Construction Fund expenditures that were paid from bond proceeds	ACFR pg. 170	\$ <u>17,198</u>
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**PART II - NOTE B-2 - DEBT SERVICE REQUIREMENTS**  


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**Governmental Funds**

**Debt Service (General Obligation Bond)**

Principal (net of SBITAs, PPPs)	ACFR pg. 42	\$ 55,595
Interest and issuance charges (net of SBITAs, PPPs)	ACFR pg. 42	<u>10,540</u>
		<u>66,135</u>

**Debt Service (Municipal Property Corporation)**

Principal (partially funded by transfer from governmental funds)	ACFR pg. 166	\$ 19,282
Interest and fiscal charges (funded by transfer from governmental funds)	ACFR pg. 166	<u>4,155</u>
		<u>23,437</u>

Total Governmental Funds Debt Service Requirements		<u>\$ 89,572</u>
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**Enterprise Funds:**

Principal Payments on Long-Term Debt (net of SBITAs & Leases)	ACFR pg. 52	\$ 19,801
Interest Payments on Long-Term Debt (net of SBITAs & Leases)	ACFR pg. 50	<u>6,282</u>
Total Principal & Interest on Long-Term Debt		<u>\$ 26,083</u>

CITY OF SCOTTSDALE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
FISCAL YEAR ENDED JUNE 30, 2025  
(in thousands of dollars)

**PART II - NOTE B-3 - DIVIDENDS, INTEREST, AND GAINS ON SALE OF SECURITIES**

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**General Fund:**

Interest earnings (partial, excludes leases)	ACFR pg. 41	\$ 14,141
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**Special Revenue Funds:**

Tourism-Interest Earnings	ACFR pg. 154	\$ 410
Transportation - Interest Earnings	ACFR pg. 153	2,849
Special Programs - Interest earnings	ACFR pg. 154	231
Stadium Fund- Interest earnings	ACFR pg. 154	171
Total Special Revenue Fund		\$ 3,661

Total Governmental Funds Dividends, Interest, and Gains on Sale of Securities		\$ 17,802
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**Enterprise Funds:**

Investment Income (partial)	ACFR pg. 50	\$ 7,911
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**PART II - NOTE B-4 - TRUSTEE OR CUSTODIAN**

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Fiduciary Funds - deductions	N/A	\$ -
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**PART II - NOTE B-5 - GRANTS AND AID FROM FEDERAL GOVERNMENT**

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**Governmental Funds:**

General Fund (included in intergovernmental miscellaneous)	ACFR pg. 41	\$ 169
Special Programs Fund (included in intergovernmental miscellaneous)	ACFR pg. 153	306
		\$ 475

**Special Revenue Funds:**

CDBG-Grants and aid from federal government partial	ACFR pg. 42, 153	\$ 1,574
HOME-Grants and aid from federal government	ACFR pg. 153	254
Grants-Grants and aid from federal government partial	ACFR pg. 42, 153	2,086
Housing Choice Voucher-Grants and aid from federal government	ACFR pg. 153	9,622
Housing Choice Voucher-Grants and aid from federal government (non-excludable amount; to be carried forward)		(1)
		\$ 13,535

**Enterprise Funds:**

Water and Sewer- Other Operating Revenue (partial)	ACFR pg. 50	\$ 2,369
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**PART II - NOTE B-6 - GRANTS AND DONATIONS FROM PRIVATE DONORS**

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**Governmental Funds**

Grants Fund - grants/donations	ACFR pg. 153	\$ 1,191
Special Programs Fund - grants/donations	ACFR pg. 154	432
Stadium Facility Fund- contributions/donations	ACFR pg. 154	33
Total expenditures from grants and donations from private donors		\$ 1,656

**Enterprise Funds**

Water and Sewer- Other Operating Revenue (partial)		
Total expenditures from grants and donations from private donors	ACFR pg. 50	\$ 8

**CITY OF SCOTTSDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2025**  
(in thousands of dollars)

**PART II - NOTE B-7 - EXPENDITURES FROM AMOUNTS RECEIVED FROM THE STATE**

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<b>Governmental Funds</b>		
Grants Fund	ACFR pg. 153	\$ 3,366
Special Programs (included in intergovernmental miscellaneous)	ACFR pg. 154	1,786
Total expenditures of amounts received from the State		<u>\$ 5,152</u>

**PART II - NOTE B-8 - QUASI-EXTERNAL INTERFUND TRANSACTIONS**

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The following expenses/expenditures are from amounts included in General Fund, or Internal Service Fund revenues. Therefore, these expenses are excluded in the General Fund and Internal Services Funds. The amounts excluded do not exceed expenditures of these revenues.

Enterprise Funds expenses included in General Fund - indirect costs	ACFR pg. 41, 50	<u>\$ 9,345</u>
	ACFR pg.175 charges for sales and services/billings	
Governmental Fund and Enterprise expenses included in Internal Service Fund revenues		<u>\$ 80,579</u>

**PART II - NOTE B-9 - AMOUNTS ACCUMULATED FOR CONSTRUCTION\***

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<b>Governmental Funds</b>		
Capital Improvement Expenditures		
General CIP Construction Capital Project Fund	ACFR pg. 42	\$ 65,313
Transportation Capital Project Fund	ACFR pg. 42	32,484
External Sources Capital Project Fund	ACFR pg. 42	26,361
Preserve Privilege Tax Capital Project Fund	ACFR pg. 170	122
Less: Furniture, Machinery & Equipment		<u>(9,534)</u>
Total amount accumulated for construction		<u>\$ 114,746</u>
<b>Enterprise Funds</b>		
Capital improvements purchases	ACFR pg. 52	\$ 99,252
Less: Furniture, Machinery & Equipment purchases		<u>(3,554)</u>
Total amount accumulated for construction		<u>\$ 95,698</u>

\* Amounts or property accumulated and used for the acquisition of land, and the purchase or construction of buildings and improvements, which received a permanent voter exclusion in 1982.

**CITY OF SCOTTSDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2025**  
(in thousands of dollars)

**PART II - NOTE B-10 - EXPENDITURES FROM HIGHWAY USER REVENUES IN EXCESS OF FISCAL YEAR 1979-80 SPECIAL REVENUE FUNDS**

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Total HURF revenue	ACFR pg. 153	\$ 19,136
Less:		
1979-80 HURF base		(1,467)
Maximum HURF exclusion available		<u>17,669</u>
Total HURF expenditures (partial)	ACFR pg. 153	\$ 17,488
Less:		
Maximum HURF exclusion available		(17,669)
Total HURF expenditures not covered by non-local revenue		<u>(181)</u>
HURF exclusion claimed		<u>\$ 17,488</u>
HURF carryforward		<u>\$ 181</u>

**PART II - NOTE B-11 - CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS**

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**Governmental Funds**

General Fund - intergovernmental miscellaneous (partial)	ACFR pg. 41	<u>\$ 1,210</u>
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**PART II - NOTE B-12 - REFUNDS, REIMBURSEMENTS, AND OTHER RECOVERIES**

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**Governmental Funds**

General Fund - reimbursements from outside sources and partial intergovernmental miscellaneous	ACFR pg. 41	\$ 1,346
Transportation Fund - partial reimbursements from outside sources and intergovernmental miscellaneous	ACFR pg. 153	346
Special Programs Fund - partial reimbursements from outside sources	ACFR pg. 154	156
Stadium Fund - reimbursements from outside sources	ACFR pg. 154	93
		<u>\$ 1,941</u>

**Internal Service Funds:**

Self-Insurance - partial other revenue	ACFR pg. 50	<u>\$ 983</u>
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**CITY OF SCOTTSDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2025**  
(in thousands of dollars)

**RECONCILIATION - NOTE A-2 - TOTAL EXPENDITURES/EXPENSES/DEDUCTIONS REPORTED IN THE FUND FINANCIAL STATEMENTS**

FISCAL YEAR ENDED JUNE 30, 2025

<b>Governmental Funds:</b>		
Total expenditures	ACFR pg. 42	\$ <u>704,516</u>
<b>Enterprise Funds:</b>		
Total operating expenses	ACFR pg. 50	\$ 208,443
Interest paid	ACFR pg. 50	6,295
Loss on sale of fixed assets	ACFR pg. 50	281
Total expenses		<u>\$ 215,019</u>
<b>Internal Service Funds:</b>		
Total operating expenses	ACFR pg. 50	\$ 88,736
Loss on sale of fixed assets	ACFR pg. 50	14
Total expenses	ACFR pg. 50	<u>\$ 88,750</u>

**RECONCILIATION - NOTE B-2 - EXPENDITURES WHICH ARE NOT INCLUDED IN EEC BASE LIMITATION**

The \$25,711 subtraction for separate legal entities established under Arizona Revised Statutes consists of expenditures of streetlight and service districts, community facility districts, and a municipal property corporation included within the city's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements:

<b>Streetlight and Service Districts</b>	ACFR pg. 154	\$ 577
<b>Municipal Property Corporation</b>		
Principal	ACFR pg. 166	\$ 19,290
Interest and other charges	ACFR pg. 166	4,155
Total		<u>\$ 23,445</u>
<b>Community Facilities Districts</b>		
Operating expenditures	ACFR pg. 153-154	\$ 168
Principal	ACFR pg. 166	1,355
Interest and other charges	ACFR pg. 166	166
Total		<u>\$ 1,689</u>
Total Expenditures not included in EEC Base Limitation:		<u>\$ 25,711</u>

**RECONCILIATION - NOTE B-3 - REQUIRED FEES PAID TO THE INDUSTRIAL COMMISSION OF ARIZONA**

The subtraction of \$616 is the result of the State fees paid to the Industrial Commission of Arizona pursuant to A.R.S. §23-1703 for the Municipal Firefighter Cancer Reimbursement Fund.

<b>Internal Service Funds</b>		
Operating expenses included in the Internal Service Funds (partial)	ACFR pg. 175	<u>\$ 616</u>

**RECONCILIATION - NOTE B-4 - PRESENT VALUE OF NET MINIMUM LEASE, SUBSCRIPTION-BASED IT ARRANGEMENT, AND INSTALLMENT PURCHASE CONTRACT PAYMENTS RECORDED AS EXPENDITURES AT INCEPTION OF THE AGREEMENT**

The subtraction of \$2,719 is the result of leases for financed purchases, subscription-based IT arrangements, and installment purchase contract payments at their inception.

General Fund	ACFR pg. 42	\$ 2,366
Transportation Fund	ACFR pg. 153	78
Grants Fund	ACFR pg. 153	271
Special Programs Fund	ACFR pg. 154	4
		<u>\$ 2,719</u>

**RECONCILIATION - NOTE B-5 - INVOLUNTARY COURT JUDGMENTS OR INVOLUNTARY SETTLEMENTS**

The subtraction of \$436 is the result of tortious acts for which the City was required to pay involuntarily settlement.

<b>Internal Service Funds</b>		
Operating expenses included in the Internal Service Funds (partial)	ACFR pg. 175	<u>\$ 436</u>