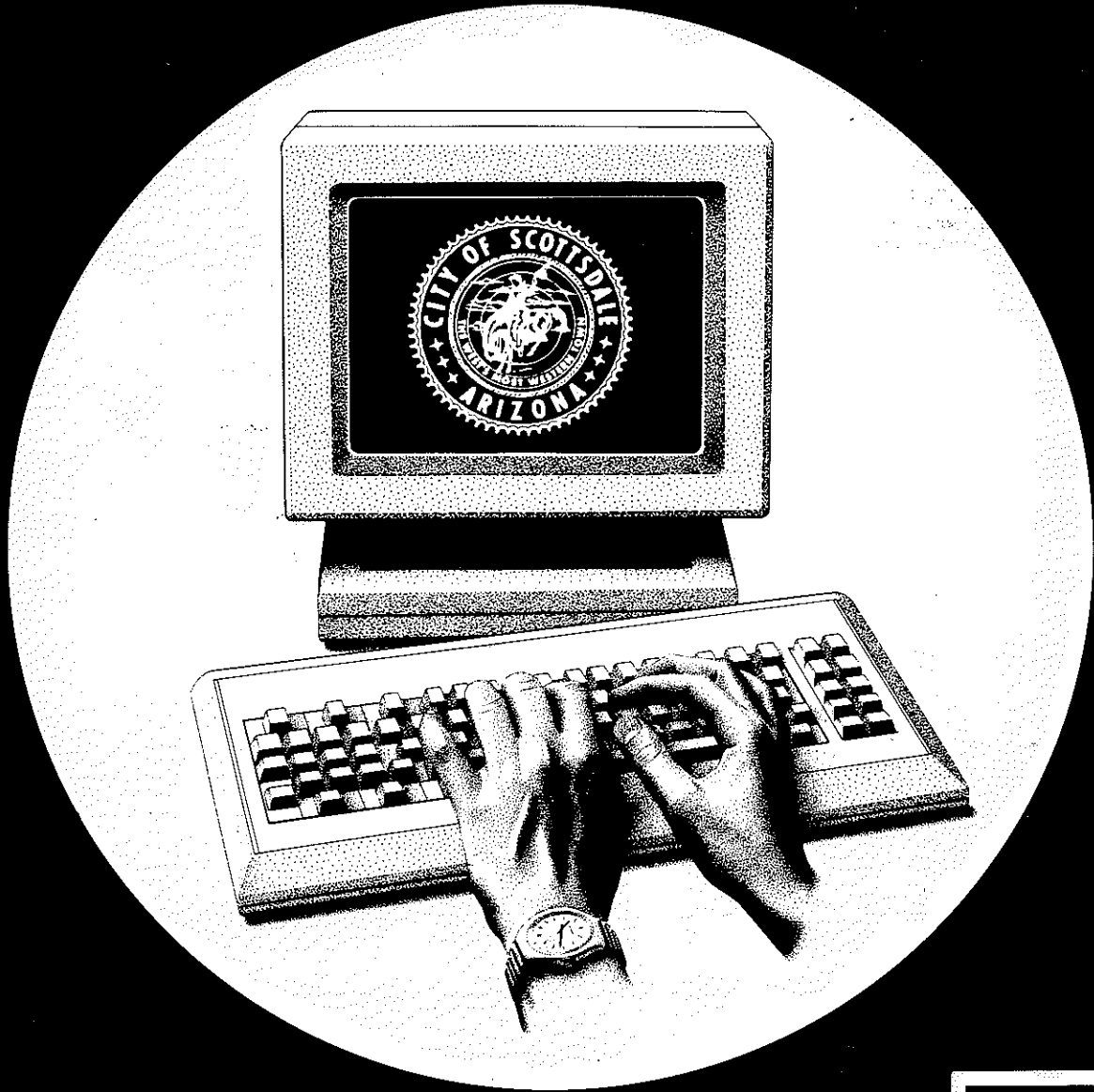


CITY OF SCOTTSDALE

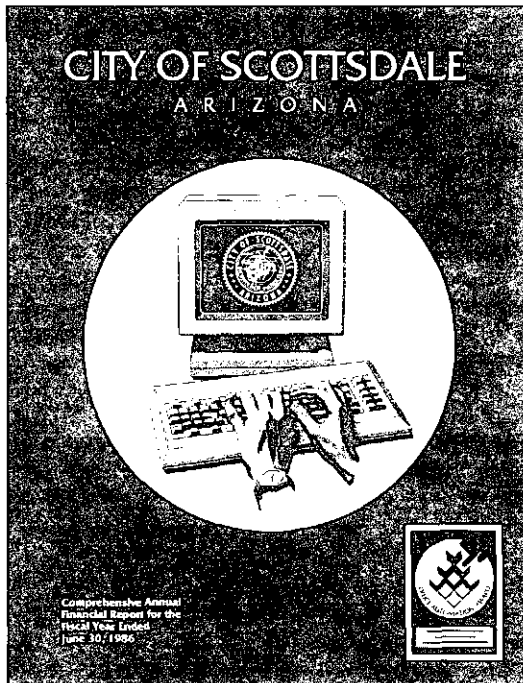
ARIZONA



**Comprehensive Annual
Financial Report for the
Fiscal Year Ended
June 30, 1986**



ABOUT THE COVER



It's no secret that Scottsdale is a growing city. In 1960, 30,500 people lived in the City of Scottsdale; today, 115,000 call this world-class city home. Confronted by such rapid population growth and the need for better, more effective management and automated tools to help the government strategically plan and serve its citizens, the City of Scottsdale has installed and implemented a comprehensive City-wide computer system.

In 1984, the City installed a new telephone system and a main-frame computer with 147 terminals. Scottsdale's Office Automation (OA) system features electronic mail, meeting scheduling, personal calendars, calculating programs, word processing, and a sophisticated filing system. Several city reports, including budget information, are also available on the computer system. This provides managers with immediate access to information that allows them to make decisions and produce reports in minutes that previously took days.

In recognition of the City's OA achievements, *Office Administration and Automation* magazine has named Scottsdale as the recipient of the Gold First Award in the publication's prestigious Office Automation Awards competition for 1985. "For its overriding concern and commitment to its users, through the establishment of a comprehensive office automation system/telecommunications network and an equally comprehensive program to elicit management and user support through training and employee incentive programs, the City of Scottsdale is the recipient of the Gold First Award," states the magazine.



CITY OF SCOTTSDALE, ARIZONA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED
JUNE 30, 1986

CITY COUNCIL

HERBERT R. DRINKWATER, MAYOR

JAMES D. BRUNER

SAM KATHRYN CAMPANA

MYRON R. DEIBEL

BILL SODERQUIST

BILL WALTON

RENÉ WENDELL

ROY R. PEDERSON - CITY MANAGER

TOM DAVIS - ASSISTANT CITY MANAGER

Prepared by

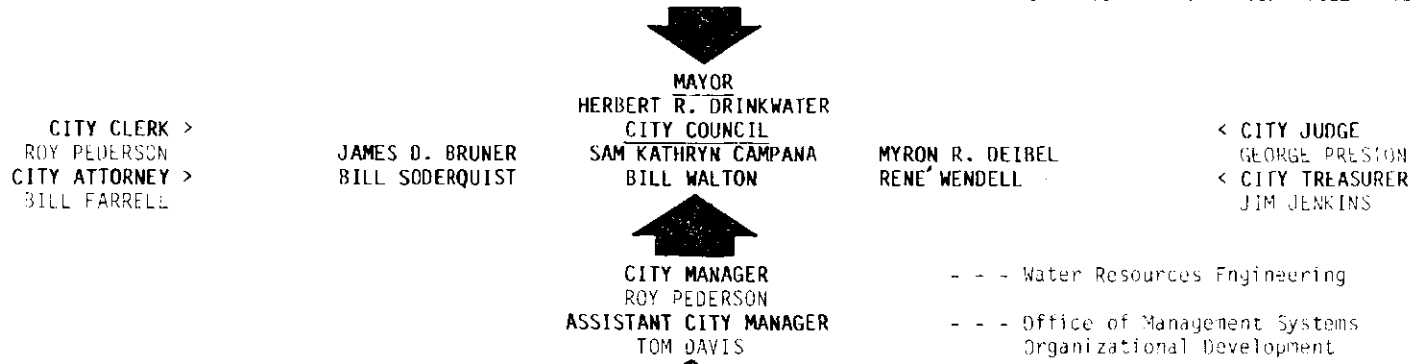
Management Services Department
James A. Jenkins

Management Services General Manager/City Treasurer

ORGANIZATIONAL STRUCTURE FOR SCOTTSDALE CITY GOVERNMENT

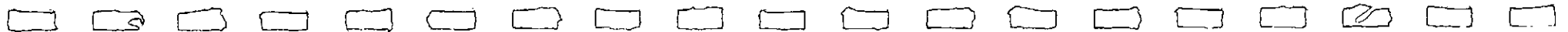
PERSONNEL BOARD FINE ARTS COMMISSION HUMAN SERVICES ADVISORY COMMISSION PLANNING COMMISSION
 LIBRARY ADVISORY BOARD BOARD OF ADJUSTMENT PARKS & RECREATION COMMISSION AIRPORT ADVISORY COMMISSION
 DEVELOPMENT REVIEW BOARD BUILDING ADVISORY BOARD OF APPEALS CABLE TELEVISION COMMISSION

Citizen advisory groups such as those above provide input and make recommendations to the City Council in a variety of areas



City Departments and Divisions

GENERAL GOVERNMENT	COMMUNITY SERVICES	MANAGEMENT SERVICES	POLICE DEPARTMENT	COMMUNITY DEVELOPMENT	FIELD OPERATIONS	SPECIAL PROJECTS	PLANNING & ECONOMIC DEVELOPMENT
DICK BOWERS DEPUTY CITY MGR	BOB FROST GENERAL MANAGER	JIM JENKINS GENERAL MANAGER	MIKE GANNON CHIEF	BARBARA BURNS GENERAL MANAGER	CARL DARDEN GENERAL MANAGER	DAVE HARRIS DEPUTY CITY MGR	LARRY BUSSARD GENERAL MANAGER
Airport Cable Commons City Court Communications & Public Affairs Human Resources Intergovernmental Relations	Arts Human Services Library Parks Recreation	Accounting/ Budget Customer Svcs Purchasing Risk Mgmt	Patrol Bureau Criminal Investigations Bureau Technical Svcs Bureau	Community Projects Development Svcs Inspection Svcs Project Coord Project Mgmt Project Review Master Planning	Field Svcs Fleet Mgmt Planet Ranch Sanitation Water & Wastewater	Special developmental & long-range projects	Advanced Planning Community Development Community Promotion Community Development Block Grant Economic Development Neighborhood & Downtown Planning Transit



City of Scottsdale

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**INTRODUCTORY
SECTION**



August 29, 1986

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

Dear Mayor and City Council:

The Comprehensive Annual Financial Report of the City of Scottsdale (City), Arizona, for the fiscal year ended June 30, 1986, 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 presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Staff believes the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This report consists of three sections. The Introductory Section contains this letter of transmittal which highlights the financial affairs of the City for the fiscal year and the Certificate of Achievement in Financial Reporting issued to the City for its June 30, 1985, annual financial report. The Financial Section includes: (1) The opinion of the independent certified public accountants based upon their audit as required by City Charter and State Law; (2) Combined financial statements; (3) Combining statements - by fund type and individual fund; and (4) Schedules presenting greater detail for information reported in the statements. The Statistical Section includes financial information for both prior and current periods of time and related non-financial data which provide insight into the financial basis of the City.

Financial Policies

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units.

The Proprietary Funds are maintained on the accrual basis of accounting. The accrual basis of accounting recognizes revenue when it is earned and measurable and expenses when incurred, if measurable. The Governmental and Fiduciary Funds are maintained on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenue when cash is received, except for amounts, which, if determinable, are recognized as revenue when measurable and available. Expenditures are recognized when

Financial Policies (Continued)

liabilities are incurred, if measurable, except for unmatured interest on special assessment indebtedness secured by interest-bearing special assessment liens, which are recognized when due.

The City's accounting system gives due consideration to the adequacy of internal accounting controls. 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.

Budgetary control is maintained by a monthly allotment system and the encumbrance of allotment balances with purchase orders prior to their release to vendors. Purchase orders which exceed allotment balances are not released until additional appropriations are made. Open encumbrances are reported as reservations of fund balance at June 30, 1986.

This report includes the funds and account groups of all organizational entities for which the City has oversight responsibility and are consequently determined to be includable in the City's financial reporting entity in accordance with National Council on Governmental Accounting Statement 3, Defining the Governmental Reporting Entity. The statements include the activities and functions of the City of Scottsdale Municipal Property Corporation but not those of the Industrial Development Authority for the City of Scottsdale nor the Scottsdale Public School System. Further data defining these determinations is available in the Notes to Financial Statements.

Financial Overview

A comparison of fund balances for Governmental and Fiduciary Funds shows a small decrease in total. The General Fund, Community Development Fund, and Trust and Agency Fund show an increase in fund balance. The General Fund increase can be attributed to continued economic expansion and the effect of the Asset Transfer Program which provides for Capital Improvements to be funded from the Capital Projects Funds. The Special Assessment Fund balance decreased. This occurs because expenditures are recorded currently, whereas the revenue associated with the Special Assessments is recorded over the life of the special assessment receivable. The assessment receivable is greater than the deficit shown. The Capital Projects Fund decreased due to the expenditure of funds for the various capital projects.

Financial Overview (Continued)

	<u>FY 1985-86</u>	<u>FY 1984-85</u>	<u>Increase (Decrease)</u>
General	\$19,373,914	\$15,838,841	\$ 3,535,073
Highway User	(121,173)	305,934	(427,107)
Community Development	35,237	15,208	20,029
Grants	235,629	313,161	(77,532)
Debt Service	17,328,395	18,428,792	(1,100,397)
Capital Projects	53,867,035	61,820,669	(7,953,634)
Special Assessments	(6,277,063)	(6,256,135)	(20,928)
Trust and Agency	740,389	373,420	366,969
Total Fund Balances	<u>\$85,182,363</u>	<u>\$90,839,890</u>	<u>\$(5,657,527)</u>

A comparison of total retained earnings for Proprietary Funds reveals a substantial increase over last year. Water and Sewer increased significantly over last year. This is necessary to fund the extensive capital improvement expenditures that are planned to keep pace with the City's growth. Airport, Motor Pool, and Self-Insurance all decreased. The Self-Insurance retained earnings decreased due to the unanticipated increase in the cost of insurance. The Motor Pool decrease was planned; objective was to reduce the user rates to the break-even point

	<u>FY 1985-86</u>	<u>FY 1984-85</u>	<u>Increase (Decrease)</u>
Water and Sewer	\$46,168,802	\$35,636,781	\$10,532,021
Airport	(1,718,802)	(1,281,799)	(437,003)
Public Housing		31,085	(31,085)
Motor Pool	(241,146)	748,361	(989,507)
Self Insurance	(649,455)	664,697	(1,314,152)
Total Retained Earnings	<u>\$43,559,399</u>	<u>\$35,799,125</u>	<u>\$ 7,760,274</u>

Governmental and Fiduciary Funds Revenue

Revenue for Governmental and Fiduciary Funds totaled \$84,115,005 in 1986, an increase of 21.3 percent over 1985. Taxes - Local increased \$3,490,756 over 1985, with local privilege tax providing the major portion of the increase. Taxes - Intergovernmental increased \$1,875,792 over 1985, with State Shared Sales Tax reflecting a strong statewide economic recovery and Auto Lieu Tax displaying the rebound of auto sales. Grants decreased \$718,722 from last year's actual as a result of decreased Federal aid. Charges for current services are over last year's actual by \$1,196,876 which represents continued growth in the construction industry. Use of Money and Property increased \$4,697,683 over 1985 because of interest generated by unexpended bond proceeds, and the Asset Transfer Program. Miscellaneous revenue increased \$3,980,073 partially as a result of a property sale.

Governmental and Fiduciary Funds Revenue (Continued)

<u>Revenue Source</u>	<u>FY 1985-86</u>	<u>FY 1984-85</u>	<u>Increase (Decrease)</u>	<u>%</u>
Taxes-Local	\$30,814,928	\$27,324,172	\$ 3,490,756	12.8
Taxes-Intergovernmental	18,519,022	16,643,230	1,875,792	11.3
Grants	2,289,607	3,008,329	(718,722)	(23.9)
Licenses	421,354	403,829	17,525	4.3
Charges for Current Services	9,150,054	7,953,178	1,196,876	15.0
Fines and Forfeitures	1,533,450	1,147,666	385,784	33.6
Use of Money & Property	13,564,815	8,867,132	4,697,683	53.0
Miscellaneous	6,864,075	2,884,002	3,980,073	138.0
CIP Reimbursements	957,700	1,121,351	(163,651)	(14.6)
Total	<u>\$84,115,005</u>	<u>\$69,352,889</u>	<u>\$14,762,116</u>	<u>21.3</u>

Another interesting comparison is that of percentage contribution by revenue source. This comparison generally shows changes that are explained above.

<u>Revenue Source</u>	<u>FY 1985-86</u>	<u>FY 1984-85</u>	<u>Increase (Decrease)</u>
Taxes-Local	36.6%	39.4%	(2.8)%
Taxes-Intergovernmental	22.0	24.0	(2.0)
Grants	2.7	4.3	(1.6)
Licenses	.5	.6	(.1)
Charges for Current Services	10.9	11.5	(.6)
Fines and Forfeitures	1.8	1.7	.1
Use of Money & Property	16.2	12.7	3.5
Miscellaneous	8.2	4.2	4.0
CIP Reimbursements	1.1	1.6	(.5)
Total	<u>100.0%</u>	<u>100.0%</u>	<u>-0-</u>

Governmental and Fiduciary Funds Expenditures

Expenditures of Governmental and Fiduciary Funds increased by 40.6 percent or \$38,919,313 over 1985. The unusual increases occurred in Debt Services and Capital Improvements which increased \$11,012,072 and \$24,288,787, respectively. Debt Service reflects the new bonds issued in 1985 plus the increases in contractual obligations such as Municipal Properties Corporation debt. Capital Improvements increased due to the expenditure of the funds created by new bonds and Municipal Properties financings.

Governmental and Fiduciary Funds Expenditures (Continued)

<u>Department</u>	<u>FY 1985-86</u>	<u>FY 1984-85</u>	<u>Increase (Decrease)</u>	<u>%</u>
General Government	\$ 3,425,581	\$ 2,814,361	\$ 611,220	21.7
Police	9,475,467	8,352,188	1,123,279	13.5
Management Services	1,942,012	1,873,189	68,823	3.7
Field Operations	11,037,959	10,573,974	463,985	4.4
Community Services	8,730,701	8,155,034	575,667	7.1
Community Development	8,195,938	7,116,544	1,079,394	15.2
Debt Service	23,732,369	12,720,297	11,012,072	86.6
Non Departmental	7,321,889	7,625,803	(303,914)	(4.0)
Capital Improvements	60,985,500	36,696,713	24,288,787	66.2
Total	<u>\$134,847,416</u>	<u>\$95,928,103</u>	<u>\$38,919,313</u>	<u>40.6</u>

Treasury Management

Temporarily, idle cash was invested during the year in Time Certificates of Deposit, U. S. Treasury Securities, Federal Agency Securities, the State of Arizona Investment Pool, and Repurchase Agreements. These investments yielded 11.31 percent on an average daily invested balance of \$97,040,144. At June 30, 1986, the investments totaled \$119,904,218 and consisted of:

U. S. Treasury Securities	\$ 11,164,119	9.3%
Federal Agency Securities	30,593,102	25.5%
State Investment Pool	59,470,000	49.6%
Improvement District Bonds	197,000	.2%
Certificates of Deposit	18,479,997	15.4%
	<u>\$119,904,218</u>	<u>100.0%</u>

The maturities for these investments range from five days to thirty years with interest yields from 6.5% to 12.75%.

Debt Administration

The ratio of annual debt service for general bonded debt to total general expenditures provides an indication of a municipality's ability to meet debt service requirements. This percentage is 8.34 percent for 1985-86 compared to 5.26 percent for 1984-85. More detailed information about bonded debt can be found in the Statistical Section.

The City presently has the following bond ratings: General Obligation Bonds Moody's Investor Service Aa 1, Standard and Poor's AA; Water and Sewer Revenue bonds - Moody's Investor Service A-1, Standard and Poor's A; Highway User Revenue Bonds - Moody's Investor Service A-1, Standard and Poor's AA. Additionally, the City has a legal debt margin of \$31,118,571 for 6% General Obligation Bonds and \$149,349,243 for 20% General Obligation Bonds. There is no legal limit on Revenue Bonds.

General Fixed Assets

The general fixed assets of the City are those assets used in the performance of general governmental functions and exclude the fixed assets of utilities and other enterprise activities. As of June 30, 1986, the general fixed assets of the City amounted to \$510,697,883. This amount represents the original cost of assets or the estimated fair market value where the asset was contributed by a developer or other party to the City. The values for land and for buildings and improvements for statement purposes are considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

Water and Sewer System

The retained earnings for the water and sewer system have increased \$10,532,021 over last year. The primary reasons for this increase are higher revenues for water service charges of \$1,867,063, water development fees, \$244,739, sewer development fees, \$185,805, and sewer service charges, \$763,504.

Expenses have increased \$1,538,464 over last year for a total of \$9,101,227. Water and Sewer operations have increased \$385,856 and \$91,218, respectively, over last year. Depreciation and amortization expense increased \$522,686 over last year due to added system facilities.

Airport

The net loss for the Airport increased \$184,693 from last year to \$437,003 for fiscal year 1985-86. Revenue decreased \$14,752 from last year's due primarily to an adjustment of airport use fees. Expenses increased \$227,214 from last year with \$51,360 occurring in airport operating expenses, \$67,674 in depreciation and \$108,180 in indirect costs.

Public Housing Fund

The Public Housing Fund is operated in conjunction with the Neighborhood Development Project providing low-cost, subsidized housing for those families that were displaced by the project. During 1984-85 all remaining rental properties were sold. Notes Receivable in the amount of \$508,890 are held by the City from the property sales.

Internal Service Funds

These funds provide services or commodities to other divisions within the City. The intent is to be self-sustaining by charging the users a fee that is consistent with the fund's cost of providing the service. The Motor Pool Fund had a decrease in unreserved retained earnings of \$989,507 on total

Internal Service Funds (Continued)

revenue of \$3,240,401 down from last year's total revenue of \$3,679,910. This revenue reduction was planned this year to reduce the amount of retained earnings.

The Self-Insurance Fund's unreserved retained earnings decreased \$1,314,152 due to an increase in expenses of \$1,565,034 over the previous year. Insurance premiums increased \$735,848 and claims expense increased \$757,053.

Significant Events and Accomplishments for Fiscal Year 1985-86

- o The local economy registered a significant increase over last year.

Local Privilege Tax receipts increased \$1,968,619 or 10.4 percent. Inflation as measured by the Phoenix Metro CPI increased 2.9 percent during the same period.

State Shared Sales Tax increased \$316,267 or 6.3 percent. This tax source did not grow as much as the local privilege tax.

3,994 residential building unit permits were issued, up 77 permits from last year. Single family unit permits were up 146 and multi-family unit permits were down 69.

Residential and non-residential permit valuations totaled \$570.5 million for 1985-86, up \$22.2 million over last year. Of the total, residential permit values were \$386.3 million up \$23.5 million over last year.

- o In January of 1986 "Scottsflex - The Benefits of Choice" was implemented. This comprehensive, flexible, benefit program incorporates with the City's Corporate Wellness program to reinforce health care cost containment and provide savings to the City in benefit costs while meeting the benefit needs of a diverse workforce.
- o In just the first year of the Corporate Wellness program, there were 1,714 participants in the health screenings, exercise programs, Fitness Center, Miracle Mile, smoking cessation, aqua aerobics, brown bag series, and stress counseling. Of those people who had initial and follow-up health screenings within the first year, 77% showed improvement in stress reduction, lower cholesterol level, significant weight loss, reduced tobacco usage, and an overall higher fitness level.
- o The Arizona Governmental Training Service, a City co-sponsored regional training center, broke all previous records and trained over 4,000 governmental employees across the State in FY 1985-86.
- o The City promoted the Scottsdale film industry which included a feature film entitled, "Raising Arizona" and brought \$1.8 million to the Scottsdale economy in just six months.
- o Obtained passage by the State Legislature of historic water recharge/storage bill which will help to secure the City's water future.

Significant Events and Accomplishments for Fiscal Year 1985-86 (Continued)

- o Received Honorable Mention for the Olsten Award for Records Management.
- o Several new facilities were completed during the year for use by the public:
 - Added a new 700 square foot Senior Citizen multi-purpose room.
 - Opened new Club SAR facility at Indian School Park.
 - Opened and began operating Mountain View Community Center.
 - Completed Construction of handicapped ramps and remodeling of Scottsdale Mall Amphitheater.
 - The Deucy Building was purchased to provide additional space at the Senior Center.
 - The Civic Center Mall extension over the depressed portion of Civic Center Plaza was completed and dedicated.
 - A 750 space parking structure was completed in the Civic Center area to relieve parking shortages in the downtown.
- o Began construction on new 6,000 square foot Scottsdale Center for the Arts Mezzanine Gallery. Half of the project, over \$200,000 was funded by the Scottsdale Men's League, the remaining half by the City.
- o Began construction on Scottsdale Rotary Park, Cactus Park, and Mustang Library.
- o ATLAS (A Total Library Automated System) was introduced to the public on July 11. This new service enables patrons to use state of the art technology when seeking information on books and other library materials. ATLAS also speeds check in and check out services.
- o The City Council passed an ordinance providing 1% of capital budgets for the Arts. This will fund the "Art In Public Places" program beginning July 1, 1986.
- o City Council approved \$300,000 of City funds for the Frank Lloyd Wright international exhibit currently being mounted by Staff and the Scottsdale Arts Center Association (SACA).
- o The Downtown and Neighborhood Development staff published its first issue of the The Downtown Exchange in an effort to keep the public informed and increase communication in areas of concern to the downtown citizens.
- o The Heritage, a residential complex with 115 units, is the first project to be completed under the new downtown ordinance.
- o Zoning was approved for several major downtown properties: 366 new residential units, 900-1,000 new hotel rooms, and 2.8 million square feet of office and residential space.

Significant Events and Accomplishments for Fiscal Year 1985-86 (Continued)

- o On January 27, 1986, the City began the Scottsdale Connection, an intra-City bus system designed to complement the inter-City system already provided by contract with the City of Phoenix.
- o A golf course study providing an analysis of golf course development in Scottsdale from an economic and land use perspective will provide the basis for future golf course development policies.
- o CDBG funds were used to pay for critical repairs to 161 owner-occupied, mature residences in Scottsdale through the Housing Rehabilitation Program.
- o A private operator/developer has been selected to construct Horseman's Park Phases II and III and operate the facility. The park is continuing toward its opening as a "World Class Equestrian Facility".
- o Completed a \$48,595,000 refinancing of the Asset Transfer Program saving the City approximately \$300,000 a year in interest.
- o Implemented a new on-line Utility Billing System in Customer Service called Customer Information System (CIS).
- o An aggressive truck safety program was implemented with a total of sixteen (16) inspection projects held. The projects resulted in a total of 3,006 trucks being inspected. A total of 363 trucks were placed out of service, and a total of 5,502 traffic safety violations uncovered.
- o The Motorcycle Unit continued its successful operation and was responsible for issuing a total of 11,495 traffic citations during the year. This total is approximately 20% of all citations issued by the Department.
- o C. P. R. training via Police Department instructors was initiated for City employees.
- o The "Neighborhood Watch" Program was enhanced with the addition of video programs and brochures through the department's Community Relations Officer.
- o The information center in City Hall received 29,868 citizen assistance contacts during the year.
- o The Video Production Office produced 54 new video programs. Citycable 7 continued to cablecast programming and information to Scottsdale cable subscribers 24 hours every day.
- o Scottsdale City Court eliminated long lines at the counter and improved service delivery by introducing a number system, waiting chairs, and television viewing in the lobby area.
- o The cable television regulatory ordinance was revised to increase the City's flexibility in licensing a cable system for unlicensed areas and to bring the ordinance in to compliance with the Federal Cable Act of 1984.

Significant Events and Accomplishments For Fiscal Year 1985-86 (Continued)

- o Scottsdale Municipal Airport received a grant from the F. A. A. in the amount of \$1,001,666 for the construction of a new aircraft parking apron with 136 small plane tie downs.
- o The economic impact study of Scottsdale Airport, completed in May, 1986, demonstrates that Scottsdale Airport and Airpark adds an additional 389 million dollars each year to the Scottsdale economy.
- o Automation continues with the installation of the Computer Aided Dispatch System for the Police and Fire Department, an Uninterrupted Power Supply System, and the Voice Information Processing System.
- o Completed Phase One of the Uniform Drainage Criteria project with the Maricopa County Flood Control District and other valley cities.
- o Completed the Hayden Road Extension Improvement District. This project, which was a cooperative effort between the City and the property owners, completed the last link of Hayden Road thereby making it possible to travel from the City's southern boundary at McKellips Road north to CAP Parkway (Bell Road).
- o In maturing City neighborhoods applied 572,089 square yards of asphalt treatment.
- o The Sanitation Division purchased five Crane Carrier Integrated Front Loader commercial refuse trucks. These state-of-the-art trucks will allow the City to maintain the current commercial service levels for the next five years without adding equipment or personnel.
- o Sanitation served an additional 2,047 homes with residential refuse and brush collection services without adding additional equipment or personnel.
- o Sanitation removed 188,250,000 pounds of refuse, an average of 1,711 pounds per citizen.
- o Pumped 7,713.89 million gallons of water, up from 6,566.23 million gallons last year.
- o Increased the City's water allotment from Planet Ranch by putting an additional 800 acres of land into production. During the year the ranch produced 10,660 tons of hay.

Future Outlook

The 1986-87 budget provides for an operating expenditure level of \$77 million, up 20 percent from last year. In addition a contingency program of \$34 million was approved of which \$30 million is designated for capital improvements. The capital improvements projects will be awarded periodically if sufficient revenue is received to fund the projects. This insures that the operating programs can be funded before capital programs, should the actual economic situation be less favorable than anticipated at budget preparation time.

Future Outlook (Continued)

The budget for 1986-87 estimates current revenue at \$23 million more than budgeted for 1985-86. This is a 24 percent increase with the significant revenue increases being:

Privilege Tax increases \$1,070,000 over the adopted budget for FY 1985-86. Construction and Automotive are projected to increase approximately 14%; Food, Rentals, Hotels, Utilities, 8%; and Major Department Stores, Miscellaneous Retail, Restaurants, and Other, no change.

Interest earnings increases \$1,405,000 over adopted budget for FY 1985-86. This is due primarily to an increase in average daily balances to invest.

Property Tax revenue increases \$1,121,000. This is due primarily to new construction. The primary tax portion of the levy increase \$455,228 and the secondary tax increases \$665,772. The estimated combined property tax rate is \$.86, down three cents from FY 1985-86 rate of \$.89 per hundred dollars of assessed valuation.

Water service fee revenue increases \$5,276,000. The anticipated purchase of the Phoenix Water facilities used to serve Scottsdale residents adds \$4,086,000. The balance is due in part to a projected 10% increase in existing water rates.

The All Other category of revenue increases \$9,512,000. This represents 32 individual revenue sources each with a total revenue value for FY 1986-87 of less than \$4 million.

Operational expenditures are budgeted for 1986-87 at \$13 million more than 1985-86. This is a 20 percent increase with the significant increases being:

An increase of \$3,040,000 for personal services includes the projected cost changes for existing fringe benefits and a provision for wage adjustments for employees during FY 1986-87.

The Contractual Services increase of \$6,335,000 includes the costs associated with the purchase of a portion of the Phoenix Water Company and operation of the CAP Water Treatment Plant. Fleet maintenance and operations charges were low in the 1985-86 budget year to reduce the amount of the reserve but have returned to normal levels in this budget (an increase of \$635,000). The Mail, Graphics, and Stores Sections of Purchasing are Internal Service Funds for the first time beginning in the 1986-87 budget year, resulting in contractual expense to the various users (\$720,000) and corresponding revenue. The cost of the Rural Metro Fire Contract has increased \$460,000 due primarily to rising insurance costs and service improvements. Computer Phase IV requires contractual expenditures for maintenance, consultants, and other professional services. Rapidly escalating insurance costs have drastically impacted our self-insurance program. A contribution from the General Fund of \$738,000 as well as increased charges to each division (\$600,000 overall increase) are needed to meet the required liability and reserve levels.

Future Outlook (Continued)

An increase of \$2,799,000 for Commodities is due primarily to purchases of Phoenix water and CAP water.

Debt Service requirements have increased \$4,076,000 including \$1,330,000 for the acquisition of the portion of the Phoenix Water Company serving Scottsdale residents and \$1,420,000 for the new water treatment plant which will begin receiving CAP water in FY 1986-87.

The budget includes the addition of 65 full-time positions over the current authorized position level of 945. The FY 1985-86 budget originally authorized 942 full-time positions with 3 positions being authorized during the fiscal year.

This is the fifth year that the City is subject to the State expenditure limitation law. The 1986-87 budget is estimated to be \$6.9 million under the State calculated expenditure maximum. The voter approved exclusion for capital improvement projects is included; without it, the 1986-87 budget would be \$25.4 million in excess of the limitation.

The self-insurance reserve fund balance is planned to increase \$426,773 to \$1,600,484 by the end of FY 1986-87. During FY 1985-86 insurance costs have increased substantially, affecting an anticipated \$742,713 decrease in the reserve fund balance at June 30, 1986. Two measures have been taken in the FY 1986-87 budget to restore a positive direction to the change in the reserve fund balance. The rate assessed to City departments has been increased \$534,000 for FY 1986-87, and a \$738,000 contribution is planned to be made directly to the reserve fund.

Two new water facilities are anticipated to be on line in FY 1986-87. The CAP Water Treatment Plant is expected to be operational in January, 1987. The Plant will receive CAP water, treat the water to meet current potable water standards, and then pass the treated water on to the City's water distribution system. This process will permit Scottsdale to reduce the draw on ground water sources by an equal volume of water. The second water facility is the purchase of that portion of the Phoenix Water System that serves residents of Scottsdale. This acquisition is planned to be completed in January, 1987, and will add approximately 15,000 customers to the existing water system.

The Police Department has several new services included in the 1986-87 budget. A team of three officers will form a surveillance group to provide a pro-active stance toward burglary, narcotics violations, and other crimes. A new position of Police Crisis Intervention Specialist Lead will allow expansion into the area of juvenile diversion and sexual abuse awareness. The juvenile work will be closely coordinated with the Youth Services Program in Human Services.

A new service is being added by the Community Development Department. The "as built" program will survey the underground locations for water, sewer, cable and other utility lines as new construction occurs in the public right-of-way. With accurate data on file for future use, this program will significantly reduce the number of utility line breaks during future construction work.

Future Outlook (Continued)

Several new recreational facilities will come on line in the FY 1986-87 budget year. Cactus Park will provide new open space as well as providing a needed detention basin. Cactus Pool will feature the first movable bulkhead in a municipal pool in the State of Arizona. Rotary Park on Gainey Ranch will be dedicated this year. Also, construction will begin on Scottsdale Ranch Park this year.

A new program in the area of Youth Sports is designed to provide a Youth Sports program for 7th and 8th grade boys and girls. The School District no longer provides this program for the young people.

The Mustang Library is now under construction and should be operational in September, 1987. This Library, Scottsdale's first branch, will provide much needed services for North Scottsdale. This new facility, with 30,000 square feet of space, is being constructed with bond funds.

The Human Services Division this year for the first time will offer in conjunction with the Scottsdale Police Department, a Youth Services Program. Teens will be able to receive assistance with drug and alcohol abuse, family counseling, crisis intervention, and other related services. All of these programs will be coordinated through the Youth Services Manager in the Human Services Division.

Scottsdale Horseman's Park, a world class equestrian facility, is now under construction and is currently scheduled to open in September, 1986.

Phase IV of the computer system is planned for FY 1986-87. This will include new processors and additional terminals for use by staff throughout the City. This addition, based upon the capacity planning evaluation of our current system together with the anticipated future usage, will meet the needs of the City for office automation and computing resources for the next five years. Two older computer systems (Honeywell and Wang) are scheduled to be removed from service this year.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 1985.

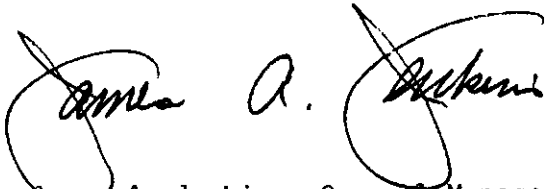
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized, comprehensive, annual, financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. It is believed the current report continues to conform to Certificate of Achievement Program requirements, and the City will submit it to Governmental Finance Officers Association to determine its eligibility for another certificate.

Acknowledgment

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the accounting division, who assisted and contributed in its preparation. I also wish to thank your office and members of the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "James A. Jenkins". The signature is written in dark ink and is somewhat stylized.

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

JAJ:bkc

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, 1985

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



John T. Walsh
President

Jeffrey L. Esser
Executive Director



**FINANCIAL
SECTION**



Arthur Young

1700 Valley Bank Center
Phoenix, Arizona 85073
Telephone: (602) 258-4831

The Honorable Mayor and City Council
City of Scottsdale, Arizona

We have examined the accompanying general purpose financial statements of the City of Scottsdale, Arizona, and the combining, individual fund, and account group financial statements as of and for the year ended June 30, 1986, listed as financial statements under the Financial Section of the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of the City of Scottsdale, Arizona, at June 30, 1986, and the results of its operations and the changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the combining, individual fund, and individual account group financial statements referred to above present fairly the financial position of each of the individual funds and the account group of the City of Scottsdale, Arizona, at June 30, 1986, and the results of operations of such funds and the changes in financial position of individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of expressing an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund and individual account group financial statements. The accompanying additional information listed as supplemental information under the Financial Section of the 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. Such information has been subjected to the auditing procedures applied in the examination of the general purpose, combining, individual fund, and individual account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and the account group taken as a whole.

Arthur Young & Company

August 29, 1986

CITY OF SCOTTSDALE
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1986
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1985

EXHIBIT A-1

ASSETS AND OTHER DEBITS	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	TRUST AND AGENCY	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	JUNE 30, 1986	JUNE 30, 1985	
Cash and Short-term Investments	\$ 3,933,613	\$ 117,529	\$ 5,640,137	\$ 51,392,070	\$ 2,781,469	\$ 4,319,122	\$ 2,027,970	\$ 1,198,950	\$	\$	\$ 71,410,660	\$ 77,162,257	
Cash with Fiscal Agents		1,185,781	13,698,931		443,116						15,287,828	7,667,016	
Cash with Trustee Investments	17,429,641		7,063,852	4,499,800		212,362	7,890,304				212,362	36,883,597	36,111,739
Deferred Compensation Plan Assets						1,188,603					1,188,603	823,027	
Receivables													
Accrued Interest	424,049		490,751	660,210	19,198		171,215	12,088			1,771,511	1,639,028	
Property Taxes	423,359		28,289								451,648	290,685	
State Shared Sales Tax	500,102										500,102	418,239	
Auto Lieu Tax	123,902										123,902	99,598	
Fuel Tax		461,987									461,987	537,015	
Federal Revenue Sharing		206,384									206,384	210,585	
Grants		554,516									554,516	321,357	
Special Assessments													
Current					1,183,994						1,183,994	521,894	
Deferred					8,596,490						8,596,490	8,069,724	
Accounts	486,790			27,397			2,551,589	4,986			5,070,762	2,968,708	
Miscellaneous	741,303	16,205				28,184	239,424				1,029,116	366,211	
Due from Municipal Property Corp.												104,230	
Inventory of Supplies	216,257										216,257	197,183	
Prepaid Expenses												2,001	
Restricted Cash, Investments, and Receivables							11,727,155				11,727,155	5,475,707	
Property, Plant, and Equipment - Less Applicable Accumulated Depreciation and Amortization							126,787,610	4,905,946	510,697,883		642,391,459	525,714,518	
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired							798,260				798,260	871,222	
Amount Available in Debt Service Fund										17,328,395	17,328,395	13,428,792	
Amount to be Provided for Retirement of Long-term Debt										164,377,075	164,377,075	117,064,907	
Total Assets and Other Debits	\$ 24,279,016	\$ 2,542,202	\$ 26,881,960	\$ 56,579,477	\$ 13,024,267	\$ 5,748,271	\$152,193,527	\$ 6,121,970	\$10,697,883	\$181,705,470	\$979,774,043	\$807,086,643	

See Notes to Financial Statements.

ANNUAL FINANCIAL REPORT

CITY OF SCOTTSDALE
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1986
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1985

EXHIBIT A-1

LIABILITIES AND FUND EQUITY (DEFICIT)	GOVERNMENTAL FUND TYPES					FIDUCIARY FUND TYPE	PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	TRUST AND AGENCY	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)	
											JUNE 30, 1986	JUNE 30, 1985
Liabilities												
Cash Overdraft	\$	\$ 1,030,884	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,030,884	\$ 1,678,655
Accounts Payable	1,760,078	106,791		2,706,910		18,075	773,847	175,961			5,541,660	4,107,179
Accrued Payroll	1,129,387	69,055		5,332		1,755	102,757	113,581			1,428,067	1,051,375
Claims Payable								978,300			978,300	531,970
Designated Deferred Compensation Benefits						1,188,603					1,188,603	825,027
Accrued Interest Payable	917,928		305,308				142,734				965,970	1,034,654
Guaranty and Other Deposits						3,799,451					3,799,451	2,847,565
Deferred Revenue												
Property Taxes	399,825										399,825	255,453
Special Assessments					8,596,490						8,596,490	8,469,724
Other	7,209				724						7,933	36,305
Bonds Interest Payable		935,779	5,978,257		443,716		542,030				5,899,187	5,820,814
Bonds Payable - Current		250,000	5,270,000				950,000				6,470,000	1,950,000
Contracts Payable - Current	1,090,675						1,591,205				2,481,880	2,256,175
Long-term Debt (Less Current Portion)					10,261,000		18,230,024			181,705,470	210,196,494	161,240,523
Due To General Fund												704,250
Other							729,108				729,108	686,885
Total Liabilities	4,905,102	2,392,509	9,555,565	2,712,442	19,301,350	5,007,882	22,867,705	1,267,842		181,705,470	249,713,847	191,894,510
Commitments and Contingencies												
Fund Equity (Deficit)												
Contributed Capital							84,875,822	5,744,729			90,620,551	74,006,816
Investment in General Fixed Assets										510,697,883	510,697,883	414,546,307
Retained Earnings (Deficit)												
Reserved for												
Revenue Bond Retirement							1,703,402				1,703,402	1,688,708
Water and Sewer System Replacement							1,665,375				1,665,375	1,293,761
Debt Service												
Acquisition & Construction							6,359,458				6,359,458	
Unreserved							34,727,765	(890,601)			35,833,164	32,816,656
Fund Balances (Deficit)												
Reserved for												
Encumbrances	821,988	71,451		12,754,229	3,120	14,334					13,745,122	12,478,218
Inventory of Supplies	216,257										216,257	197,183
Sinking Fund			4,410,674								4,410,674	6,415,413
Street Light Districts					504,623						504,623	566,260
Unreserved	18,335,569	(21,758)	12,917,721	41,152,806	(6,764,806)	726,055					66,305,687	71,184,816
Total Retained Earnings/ Fund Balance (Deficit)	19,373,914	149,693	17,328,395	53,857,035	(6,277,063)	740,389	44,450,000	(890,601)			128,741,762	126,635,015
Total Fund Equity (Deficit)	19,373,914	149,693	17,328,395	53,857,035	(6,277,063)	740,389	129,325,822	4,854,128	510,697,883		730,060,196	615,192,133
Total Liabilities and Fund Equity (Deficit)	\$ 24,279,016	\$ 2,542,202	\$ 26,881,960	\$ 56,579,477	\$ 13,024,287	\$ 5,748,271	\$ 132,193,527	\$ 6,121,970	\$ 510,697,883	\$ 181,705,470	\$ 979,774,043	\$ 807,086,643

See Notes to Financial Statements.

EXHIBIT A-2

CITY OF SCOTTSDALE
 COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1985

	GOVERNMENTAL FUND TYPES					FIDUCIARY	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL ASSESSMENTS	TRUST AND AGENCY	(MEMORANDUM ONLY) JUNE 30, 1986	JUNE 30, 1985
Revenue								
Taxes - Local	\$ 19,599,356		\$ 11,215,572	\$	\$		\$ 30,814,928	\$ 27,324,172
Taxes - Intergovernmental	11,518,205	7,000,817					18,519,022	16,643,230
Grants		2,289,607					2,289,607	3,008,329
Licenses	421,354						421,354	403,829
Charges for Current Services	9,150,054						9,150,054	7,953,178
Fines and Forfeitures	1,533,450						1,533,450	1,147,666
Use of Money and Property	6,290,248		1,795,965	5,241,138	237,464		13,564,515	8,867,132
Miscellaneous	2,408,450	126,061		303,137	3,190,594	835,833	6,864,075	2,884,002
CIP Reimbursements	957,700						957,700	1,121,351
Total Revenue	51,878,817	9,416,485	13,011,537	5,544,275	3,428,058	835,833	84,115,005	69,352,889
Expenditures								
Current								
General Government	2,586,356	2,757					2,589,123	2,138,651
Police	9,475,467						9,475,467	8,352,188
Management Services	1,942,012						1,942,012	1,873,189
Field Operations	6,533,876	4,504,083					11,037,959	10,573,974
Community Services	8,259,919	470,782					8,730,701	8,155,034
Community Development	6,065,802	2,130,136					8,195,938	7,116,544
Non-Departmental	7,321,889						7,321,889	7,625,803
Street Light Districts					367,594		367,594	322,270
Trust and Agency						468,864	468,864	353,440
Capital Improvements	6,039,104	1,544,407		51,248,807	2,153,182		60,985,500	36,696,713
Debt Service								
Principal Retirement	2,883,616	250,000	6,275,000				9,408,616	3,687,298
Interest and Fiscal Charges	1,342,595	1,730,920	10,323,719		926,519		14,323,753	9,032,999
Total Expenditures	52,450,636	10,633,095	16,598,719	51,248,807	3,447,295	468,864	134,847,416	95,928,703
Excess (Deficiency) of Revenue Over Expenditures								
	(571,819)	(1,216,610)	(3,587,182)	45,704,532	(19,237)	366,969	(50,732,411)	(26,575,214)
Other Sources (Uses)								
Investments of Municipal Property Corporation								1,023,982
Bond Proceeds			49,359,231	37,750,898			87,110,129	72,442,239
Loss on Sale of Securities								(684,107)
Proceeds From Contracts Payable	6,179,394						6,179,394	
Refunding of Debt of MPC			(47,436,920)				(47,436,920)	
Operating Transfers In		732,000	564,474				1,296,474	1,006,474
Operating Transfers (Out)	(1,296,474)						(1,296,474)	(1,006,474)
Excess (Deficiency) of Revenue and Other Sources Over Expenditures and Other Uses								
	4,311,101	(484,610)	(1,100,397)	(7,953,634)	(19,237)	366,969	(4,879,806)	46,206,900
Fund Balances (Deficit) July 1	15,838,941	634,303	18,428,792	61,820,669	(6,256,135)	373,420	90,839,890	39,791,351
Reserve for Inventory	19,074						19,074	(17,721)
Residual Equity Transfers In								4,881,386
Residual Equity Transfers Out	(795,102)				(1,691)		(796,793)	(22,026)
Fund Balances (Deficit) June 30	\$ 19,373,914	\$ 149,693	\$ 17,328,395	\$ 53,867,035	\$ (6,277,065)	\$ 740,389	\$ 85,182,363	\$ 90,839,890

See Notes To Financial Statements.

ANNUAL FINANCIAL REPORT

CITY OF SCOTTSDALE
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)-
 BUDGET AND ACTUAL-BUDGET BASIS-GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

EXHIBIT A-3

	TOTALS			GENERAL FUND			SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue												
Taxes - Local	\$ 32,159,000	\$ 30,740,819	\$ (1,418,181)	\$ 26,628,572	\$ 24,320,691	\$ (2,307,881)	\$	\$	\$	\$ 5,530,428	\$ 6,420,128	\$ 889,700
Taxes - Intergovernmental	18,408,000	18,519,022	111,022	11,413,000	11,518,205	105,205	6,995,000	7,000,817	5,817			
Grants	876,000	886,192	10,192				876,000	886,192	10,192			
Licenses	426,000	421,354	(4,646)	426,000	421,354	(4,646)						
Charges for Current Services	8,142,000	9,150,054	1,008,054	8,142,000	9,150,054	1,008,054						
Fines and Forfeitures	1,077,000	1,533,450	456,450	1,077,000	1,533,450	456,450						
Use of Money and Property	5,732,000	7,120,151	388,151	6,226,700	6,311,536	84,836				505,300	808,615	303,315
Miscellaneous	870,000	2,695,511	1,825,511	870,000	2,569,450	1,699,450		126,061	126,061			
CIP Reimbursements	5,000,000	957,733	(4,042,267)	5,000,000	957,733	(4,042,267)						
Total Revenue	<u>73,690,000</u>	<u>72,024,253</u>	<u>(1,665,747)</u>	<u>59,783,272</u>	<u>56,782,440</u>	<u>(3,000,832)</u>	<u>7,871,000</u>	<u>8,013,070</u>	<u>142,070</u>	<u>6,035,728</u>	<u>7,228,743</u>	<u>1,193,015</u>
Expenditures												
Current												
General Government	2,815,327	2,847,756	(32,429)	2,815,327	2,847,756	(32,429)						
Police	9,815,863	9,524,966	290,897	9,815,863	9,524,966	290,897						
Management Services	2,334,212	2,253,280	80,932	2,334,212	2,253,280	80,932						
Field Operations	12,237,352	11,983,353	253,999	7,469,329	7,023,545	445,784	4,768,023	4,559,808	208,215			
Community Services	8,662,207	8,925,046	(262,839)	8,662,207	8,529,046	133,161						
Community Development	7,778,408	7,360,820	417,588	6,571,727	6,187,797	383,930	1,206,681	1,173,023	33,658			
Non-Departmental	8,028,165	8,040,143	(11,978)	8,028,165	8,040,143	(11,978)						
Contingency	4,025,825	4,025,825		4,025,825	4,025,825							
Capital Improvements	14,491,212	9,624,015	4,867,197	12,778,212	6,075,946	4,702,266	1,719,000	1,548,069	170,931			
Debt Service												
Principal Retirement	8,145,987	7,759,781	386,206	4,868,110	4,566,932	301,178	421,104	250,000	171,104	2,856,773	2,942,849	(86,076)
Interest & Fiscal Charges	14,447,461	11,579,000	2,868,461	8,106,994	4,809,826	3,297,168	1,950,963	1,730,920	220,043	4,389,504	5,038,254	(648,750)
Total Expenditures	<u>92,788,019</u>	<u>79,098,160</u>	<u>13,689,859</u>	<u>79,475,971</u>	<u>61,855,237</u>	<u>13,620,734</u>	<u>10,065,771</u>	<u>9,261,820</u>	<u>803,951</u>	<u>7,246,277</u>	<u>7,981,103</u>	<u>(734,826)</u>
Excess (Deficiency) of Revenue Over Expenditures	(19,098,019)	(7,073,907)	12,024,112	(15,692,699)	(5,072,797)	10,619,902	(2,194,771)	(1,248,750)	946,021	(1,210,549)	(752,360)	458,189
Other Sources (Uses)												
Operating Transfers In	13,213,470	732,000	(12,481,470)	16,024,699		(16,024,699)	2,194,771	732,000	(1,462,771)			
Operating Transfers Out	(332,000)	(1,295,474)	(963,474)	(332,000)	(1,295,474)	(963,474)						
Deficiency of Revenue and Other Sources Over Expenditures and Other Uses	(1,210,549)	(7,638,581)	(6,427,832)	(6,369,271)	(6,369,271)		(516,750)	(516,750)		(1,210,549)	(752,360)	458,189
Encumbrances Canceled		1,077,356	1,077,356		985,070	985,070		92,286	92,286			
Fund Balances July 1, 1985	531,271	5,096,037	4,564,766	4,278,802	4,278,802			37,963		531,271	179,272	248,001
Residual Equity Transfer Out		(654,812)	(654,812)		(654,812)							
Fund Balances (Deficit) June 30, 1986	<u>\$ (679,278)</u>	<u>\$ (2,119,800)</u>	<u>\$ (1,440,522)</u>	<u>\$ -0-</u>	<u>\$ (1,760,211)</u>	<u>\$ (1,760,211)</u>	<u>\$ -0-</u>	<u>\$ (386,501)</u>	<u>\$ (386,501)</u>	<u>\$ (579,278)</u>	<u>\$ 25,912</u>	<u>\$ 706,190</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT A-4

COMBINED STATEMENT OF REVENUE, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1986
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1985

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1986	JUNE 30, 1985
Operating Revenue				
Water Service Fees	\$ 9,276,226	\$	\$ 9,276,226	\$ 7,409,163
Water Connection Fees	376,613		376,613	341,059
Water Development Fees	2,057,655		2,057,655	1,812,916
Sewer Service Fees	4,026,200		4,026,200	3,262,696
Sewer Development Fees	2,376,425		2,376,425	2,190,620
Airport Fees	455,908		455,908	474,345
Property Rentals				23,331
Billings to User Programs		3,952,632	3,952,632	4,202,880
Other	288,080	291,921	580,001	641,396
Total Operating Revenue	<u>18,857,107</u>	<u>4,244,553</u>	<u>23,101,660</u>	<u>20,358,406</u>
Operating Expenses				
Water Operations	3,287,261		3,287,261	2,901,405
Sewer Operations	1,619,099		1,619,099	1,527,881
Airport Operations	456,927		456,927	405,567
Public Housing Operations				29,119
Motor Pool Operations		3,069,982	3,069,982	2,848,499
Self-Insurance Operations		2,316,880	2,316,880	752,019
Depreciation and Amortization	3,055,716	1,161,350	4,217,066	3,319,726
Indirect Cost	1,565,580		1,565,580	918,696
Total Operating Expenses	<u>9,984,583</u>	<u>6,548,212</u>	<u>16,532,795</u>	<u>12,702,912</u>
Operating Income (Loss)	8,872,524	(2,303,659)	6,568,865	7,655,494
Non-Operating Revenue (Expenses)				
Interest Earnings	2,085,233		2,085,233	1,588,585
Interest Expense	(862,739)		(862,739)	(969,879)
Other	(31,085)		(31,085)	177,633
Total Non-Operating Revenue (Expenses)	<u>1,191,409</u>		<u>1,191,409</u>	<u>796,339</u>
Net Income (Loss)	10,063,933	(2,303,659)	7,760,274	8,451,833
Retained Earnings July 1	<u>34,386,067</u>	<u>1,413,058</u>	<u>35,799,125</u>	<u>27,347,292</u>
Retained Earnings (Deficit) June 30	<u>\$ 44,450,000</u>	<u>\$ (890,601)</u>	<u>\$ 43,559,399</u>	<u>\$ 35,799,125</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT A-5

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION -
ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 1985

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 1986	JUNE 30, 1985
Sources of Funds				
Operations				
Net Income(Loss)	\$ 10,063,933	\$ (2,303,659)	\$ 7,760,274	\$ 8,451,833
Noncash Charge-Deprecia- tion and Amortization	3,055,716	1,161,350	4,217,066	3,319,726
Total From (Used By) Operations	13,119,649	(1,142,309)	11,977,340	11,771,559
Contributions				
Water/Sewer Assets From Subdividers	2,752,271		2,752,271	20,178,822
From Government Units	15,843,889		15,843,889	1,289,875
From Municipality		2,111,133	2,111,133	172,432
Increase In				
Current Liabilities	47,822	524,165	571,987	645,130
Long-Term Debt	2,397,200		2,397,200	
Other Liabilities	60,658		60,658	298,205
Decrease In				
Receivables	13,443	25,578	39,021	489,995
Property, Plant, and Equipment				254,657
	<u>34,234,932</u>	<u>1,518,567</u>	<u>35,753,499</u>	<u>35,100,675</u>
Uses of Funds				
Increase in Long-Term Invest- ment	980,826		980,826	6,909,478
Acquisition of Water/Sewer Assets From Subdividers	2,752,271		2,752,271	20,178,822
Contributions to Municipality	4,093,558		4,093,558	6,456,125
Purchase of Other Property, Equipment, and Construc- tion In Progress	19,189,943	2,727,230	21,917,173	9,149,696
Increase In Receivables	281,141		281,141	289,468
Increase In Restricted Cash and Investments	6,263,891		6,263,891	624,226
Decrease In				
Other Liabilities	13,443		13,443	1,060
Long-Term Debt				2,665,700
Contributions from Govern- ment Units				404,575
Current Liabilities	1,593,502	96,429	1,689,931	
	<u>35,168,575</u>	<u>2,823,659</u>	<u>37,992,234</u>	<u>46,679,150</u>
Decrease in Cash and Short- Term Investments	(933,643)	(1,305,092)	(2,238,735)	(11,578,475)
Cash and Short-Term Investments				
July 1	2,961,613	2,504,042	5,465,655	17,044,130
June 30	<u>\$ 2,027,970</u>	<u>\$ 1,198,950</u>	<u>\$ 3,226,920</u>	<u>\$ 5,465,655</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT A-6

COMBINED STATEMENT OF REVENUE AND EXPENDITURES

BUDGET AND ACTUAL - BUDGET BASIS - ALL PROPRIETARY FUND TYPES

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTALS			ENTERPRISE FUND			INTERNAL SERVICE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue									
Water Service Fees	\$ 9,353,500	\$ 9,276,226	\$ (77,274)	\$ 9,353,500	\$ 9,276,226	\$ (77,274)	\$	\$	\$
Water Connection Fees	420,000	376,613	(43,387)	420,000	376,613	(43,387)			
Water Development Fees	1,824,000	2,057,655	233,655	1,824,000	2,057,655	233,655			
Sewer Service Fees	3,268,000	4,026,200	758,200	3,268,000	4,026,200	758,200			
Sewer Development Fees	1,824,000	2,376,425	552,425	1,824,000	2,376,425	552,425			
Airport Fees	463,000	455,908	(7,092)	463,000	455,908	(7,092)			
Billings to User Programs	3,837,000	3,952,632	115,632				3,837,000	3,952,632	115,632
Interest Earnings	2,330,000	1,763,069	(566,931)	2,330,000	1,763,069	(566,931)			
Other	289,500	842,543	553,043	83,500	550,622	467,122	206,000	291,921	85,921
Total Revenue	23,609,000	25,127,271	1,518,271	19,566,000	20,882,718	1,316,718	4,043,000	4,244,553	201,553
Expenditures									
Water Operations	3,588,093	3,447,456	140,637	3,588,093	3,447,456	140,637			
Sewer Operations	1,767,270	1,698,001	69,269	1,767,270	1,698,001	69,269			
Airport Operations	435,610	529,644	(94,034)	435,610	529,644	(94,034)			
Motor Pool Operations	3,032,002	3,132,399	(100,397)				3,032,002	3,132,399	(100,397)
Self Insured Operations	1,748,338	1,874,497	(126,159)				1,748,338	1,874,497	(126,159)
Capital Outlay	12,658,030	7,917,825	4,740,205	9,835,627	5,220,048	4,615,579	2,822,403	2,697,777	124,626
Debt Service & Reserves	3,571,260	4,035,168	(463,908)	3,571,260	4,035,168	(463,908)			
Total Expenditures	26,800,603	22,634,990	4,165,613	19,197,860	14,930,317	4,267,543	7,602,743	7,704,673	(101,930)
Excess (Deficiency) of Revenue Over Expenditures	<u>\$(3,191,603)</u>	<u>\$ 2,492,281</u>	<u>\$ 5,683,884</u>	<u>\$ 368,140</u>	<u>\$ 5,952,401</u>	<u>\$ 5,584,261</u>	<u>\$(3,559,743)</u>	<u>\$(3,460,120)</u>	<u>\$ 99,623</u>

CITY OF SCOTTSDALE
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis Of Presentation - Fund Accounting

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

GOVERNMENTAL FUND TYPES

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 special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects - Capital Projects Funds are used to ensure that revenue designated for certain purposes is properly used. A Capital Projects Fund further enhances reporting to ensure that requirements regarding the use of the revenue were fully satisfied.

Special Assessment - Special Assessment Funds are used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

FIDUCIARY FUND TYPES

Trust and Agency - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUND TYPES (Continued)

The City's Trust and Agency Fund is an expendable Trust and Agency Fund, which is accounted for and reported as a governmental fund.

PROPRIETARY FUND TYPES

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

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

ACCOUNT GROUPS

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

General Long-Term Debt - This account group is established to account for all long-term debt of the City except that accounted for in the Proprietary Funds and Special Assessment Funds.

B. Basis of Accounting

The modified accrual basis of accounting is followed by the governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

The proprietary fund types are accounted for using the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Unbilled utility service receivables are recorded at year end.

C. Budgetary Data

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

- o All funds have legally adopted budgets.
- o The budgetary process encompasses both the appropriated budget and the legally authorized but non-appropriated budget. The General, Enterprise, Internal Service, Special Revenue, and Debt Service Funds have appropriated budgets. The Capital Projects, Special Assessments, and Trust and Agency Funds have non-appropriated budgets. Grants have non-appropriated budgets within the applicable fund.
- o 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.
- o Two public hearings are held prior to the budget's final adoption in order to obtain taxpayer comments.
- o 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. No such action was taken during this fiscal year.
- o The expenditure appropriations in the adopted budget are by department. The maximum legal expenditure permitted for the fiscal year is the sum of all departmental expenditure appropriations. Departmental appropriations may be amended during the year.
- o Upon the recommendation of the City Manager and with the approval of the City Council, transfers may be made from the appropriations for contingencies to departments. At the request of the City Manager and within the last three months of the fiscal year, the City Council may transfer unencumbered appropriations from one department to another.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data (Continued)

- o Management control of budgets is further maintained at a line item level within department. Transfers between line items within a department may be done only upon approval of the City Manager.
- o Initial year budget information can be amended during the year in a legally permissible manner.
- o All expenditure appropriations lapse at year-end.

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

Budgets for the Community Development and Grants Funds, included as Special Revenue Funds, are established pursuant to the terms of the related grant awards. Accordingly, no annual budget is prepared and no comparison of budget to actual is presented in the financial statements.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental and fiduciary fund types. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Encumbrance accounting is not employed in the proprietary fund types since they are reported on the accrual basis. Commitments in the proprietary funds at June 30, 1986, aggregated approximately \$659,000.

E. Investments

Investments are stated at cost, or amortized cost, which approximates market. 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.

F. Inventories

The costs of inventory items are recorded as expenditures when purchased for financial statement purposes and are included on the balance sheet of the General Fund. Inventories aggregated \$216,257 at June 30, 1986, based on a lower of cost or market valuation with cost being determined using an average cost method.

G. General Fixed Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. General Fixed Assets (Continued)

Account Group. Contributed fixed assets are recorded in general fixed assets at estimated fair market value on the date of receipt.

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

No depreciation has been provided on general fixed assets.

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

H. Property, Plant, and Equipment - Proprietary Fund Types

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

Water System	10 to 75 Years
Sewer System	30 to 50 Years
Buildings and Improvements	25 Years
Motor Vehicles and Other Equipment	5 to 10 Years
Furniture, Fixtures, and Office Equipment	5 to 10 Years

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

Contributions of funds from Federal, State, or local grants restricted for the purpose of purchasing property, plant, or equipment are recorded as contributed capital. Depreciation of contributed assets is recorded as an expense in the respective fund's statement of revenues, expenses, and changes in retained earnings.

I. Excess Purchase Price Over Fair Market Value of Assets Acquired

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

J. Property, Plant, and Equipment - Estimated Fair Market Value

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Property, Plant, and Equipment - Estimated Fair Market Value (Continued)

General Fixed Assets:

Streets and Storm Drains	\$299,532,000
Land	4,664,000
Traffic Signal Equipment	606,000

Water and Sewer Utility Fund:

Water System and Sewer System	65,965,000
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K. Comparative Total Columns

Comparative total columns for the current and prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the City's financial operations. Data in these columns do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles. These totals do not represent consolidated financial information. Interfund eliminations have not been made in the aggregation of this data. Certain amounts have been reclassified in 1985 to conform to the 1986 presentation.

L. Transactions Between Funds

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

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.

M. Funds Servicing Long-Term Debt

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

- o The General Fund accounts for and services contracts payable funded by general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Funds Servicing Long-Term Debt (Continued)

- o The Highway User Fuel Tax Fund accounts for and services bonds funded by Highway User Revenues.
- o The Special Assessments Fund accounts for and services all Special Assessment Bonds.
- o Each Enterprise Fund individually accounts for and services the applicable bonds and contracts payable which benefit that fund.

N. Reporting Entity

The financial statements of the City include the funds and account groups of all organizational entities for which the City has oversight responsibility and are consequently determined to be includable in the City's financial reporting entity in accordance with National Council on Governmental Accounting Statement 3, Defining the Governmental Reporting Entity. The City's major operations include police protection, parks and recreation, health and certain social services, and general administration service. In addition, the City owns and operates enterprise funds which include water, sewer, and airport.

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

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

O. Compensated Absences

Compensated absences are included in the funds of the City in accordance with the National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences.

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

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

Adjustments necessary to convert the fund balances (deficits) and the excess (deficiency) of revenue and other sources over expenditures and other uses at and for the year ended June 30, 1986, on a GAAP basis to budget basis are as follows:

	FUND BALANCES (DEFICITS) AT JUNE 30, 1986		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
GAAP Basis	\$ 19,373,914	\$ 149,693	\$17,328,395
Basis Differences			
Reserved encumbrances at June 30, 1986, recognized as expenditures for budget purposes	(821,988)	(101,325)	
Reserve for inventory supplies recognized as expenditures for budget purposes	(216,257)		
Accrued payroll at June 30, 1986, not recognized as an expenditure for budget purposes	968,664	65,389	
Asset Transfer Program recognized as expenditures for budget purposes	(18,561,239)		
Debt Service not recognized as an expenditure for budget purposes	1,788,188		
Debt Service recognized as an expenditure for budget purposes	(5,150,548)		(412,390)
Debt Service recognized as revenue for budget purposes	4,742,623		
Timing Differences			
Fund balance from sinking fund not recognized for budget purposes			(4,410,674)
Accrued Interest not reflected in Sinking Fund Balance			(335,517)

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	FUND BALANCES (DEFICITS) AT JUNE 30, 1986		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
Perspective Differences			
Indirect costs allocated to Proprietary Funds not recognized as a reduction of expenditures for budget purposes	(3,883,568)	(229,392)	
Entity Differences			
Fund balance for non-budgeted activity of Municipal Property Corporation			(12,142,902)
Fund Balance for Non-Budget Funds		(270,866)	
Budget Basis	<u>\$ (1,760,211)</u>	<u>\$ (386,501)</u>	<u>\$ 26,912</u>

	EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
GAAP Basis	\$ 4,311,101	\$ (484,610)	\$ (1,100,397)
Basis Differences			
Reserved encumbrances at June 30, 1986, recognized as expenditures for budget purposes	(821,988)	(101,325)	
Accrued payroll not recognized as an expenditure for budget purposes	170,355	11,682	
Provision for litigation recognized as revenue for budget purposes	161,000		
Asset Transfer Program recognized as expenditures for budget purposes	(8,075,945)		
Debt Service recognized as an expenditure for budget purposes	(5,150,548)		
Debt Service recognized as revenue for budget purposes	4,742,623		
Timing Differences			
Principal payment from sinking fund not recognized as an expenditure for budget purposes			1,700,000

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
Perspective Differences			
Indirect costs allocated to Proprietary Funds not recognized as a reduction of expenditures for budget purposes	(1,565,580)		
Residual equity transfer recognized as expenditures for budget purposes	(140,289)		
Entity Differences			
Deficiency of revenue and other sources over expenditures and other uses for unbudgeted Municipal Property Activity			(1,351,963)
Excess of revenue and other sources over expenditures and other uses for unbudgeted funds		57,503	
Budget Basis	<u>\$ (6,369,271)</u>	<u>\$ (516,750)</u>	<u>\$ (752,360)</u>

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

	NET INCOME (LOSS)	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
GAAP Basis	\$10,063,933	\$(2,303,659)
Basis Differences		
Encumbrances at June 30, 1986, recognized as expense for budget purposes	(361,869)	(174,963)
Net increase in accrued payroll not recognized as expense for budget purposes	4,994	17,988
Net increase in claims payable not recognized as expense for budget purposes		446,730
Perspective Differences		
Capital outlay recognized as expense for budget purposes	(5,671,029)	(2,607,566)
Depreciation and amortization not recognized as expense for budget purposes	3,055,715	1,161,350
Indirect costs not recognized as expense for budget purposes	1,565,580	

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	NET INCOME (LOSS)	
	ENTERPRISE	INTERNAL SERVICE
Perspective Differences		
Debt service principal payments recognized as expense for budget purposes	(2,292,077)	
Retained Earnings reservation change recognized as expense for budget purposes	(384,308)	
Contributions recognized as revenue for budget purposes	262,541	
Interest earnings on non-pooled and bond funds not recognized as income for budget purposes	(322,164)	
Entity Difference		
Housing expense not budgeted	31,085	
Budget Basis	<u>\$ 5,952,401</u>	<u>\$(3,460,120)</u>

NOTE 3 - CASH AND INVESTMENTS

The City maintains a cash and investment pool for use by all funds except the Municipal Properties Corporation funds whose investments are held separately by a trustee.

Deposits

The City's deposits, cash and certificates of deposit, at June 30, 1986, were entirely insured by federal depository insurance or secured by collateral held in the pledging bank's trust department in the City's name or the Municipal Properties Corporation trust name.

Investments

City Charter, Ordinance, and Trust Agreements authorize the City to invest in obligations of the U. S. Treasury, U. S. Government Agencies, repurchase agreements, and the State of Arizona Local Government Investment Pool.

The City's investments at June 30, 1986, are summarized below. Category 1 includes investments that are registered in the name of the City and held by the trust department of the bank for which the securities are held by the City. Category 2 includes uninsured and unregistered investments of the Municipal Properties Corporation for which the securities are held by and in the name of the trust department of the bank.

NOTE 3 - CASH AND INVESTMENTS (Continued)

	Category		Carrying Amount	Market Value
	1	2		
U. S. Treasury Securities	\$	\$11,164,119	\$ 11,164,119	\$ 12,382,707
Federal Agency Securities	29,622,746	970,356	30,593,102	32,115,311
City of Scottsdale Improve- ment District Bonds	197,000		197,000	197,000
	<u>\$29,819,746</u>	<u>\$12,134,475</u>	41,954,221	44,695,018
State of Arizona Local Government Investment Pool			<u>59,470,000</u>	<u>59,470,000</u>
Total Investments			<u>\$101,424,221</u>	<u>\$104,165,018</u>

The City also invested in repurchase agreements during the year.

NOTE 4 - PROPERTY TAX

Property taxes are recognized as revenue on the modified accrual basis, i.e., when both measurable and available. Property taxes levied in August, 1986, are not available for the current year; accordingly, such taxes will not be recognized as revenue until the subsequent fiscal year. Prior year levies were recorded using these same principles, and remaining receivables from such levies are also recognized as revenue, when available.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments on September 1 and March 1, and become delinquent on November 1 and May 1, respectively. Delinquent amounts bear interest at the rate of 16%. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes. Public auctions of properties which have delinquent real estate taxes are held in February following the May 1 date upon which the second half taxes become delinquent. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale the holder of a Certificate of Purchase which has not been redeemed may demand of the County Treasurer a County Treasurer's Deed.

Property taxes levied for current operation and maintenance expenses on residential property are limited to 1% 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% over the prior year's levy adjusted for new construction and annexations.

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

NOTE 5 - FIXED ASSETS

A summary of changes in general fixed assets follows:

	BALANCE 6/30/85	ADDITIONS	TRANSFERS/ DELETIONS	BALANCE 6/30/86
Land	\$ 28,840,216	\$ 5,746,832	\$	\$ 34,587,048
Buildings and Improvements	42,370,989	11,838,217		54,209,206
Streets and Storm Drains	314,193,183	36,742,112		350,935,295
Machinery and Equipment	10,974,400	3,740,905	42,682	14,672,623
Construction in Progress	18,167,514	43,666,988	5,540,791	56,293,711
	<u>\$414,546,302</u>	<u>\$101,735,054</u>	<u>\$ 5,583,473</u>	<u>\$510,697,883</u>

General fixed asset construction in progress commitments at June 30, 1986, is composed of the following:

	CONSTRUCTION IN PROGRESS	COMMITMENTS	BUDGET
Management Systems	\$ 2,304,564	\$ 718,370	\$ 3,022,934
Property and Capital Resources	3,675,184	3,485,829	7,161,013
Field Operations	5,812,602	1,948,148	7,760,750
Aid to Development	1,296,152	605,026	1,901,178
Parks	16,794,098	6,393,319	23,187,417
Flood Control	927,803	932,491	1,860,294
Improvement Districts	1,164,752	973,692	2,138,444
Public Buildings	2,752,605	13,523,874	16,276,479
Street Projects	4,263,636	10,059,056	14,322,692
Traffic Projects	17,274,711	1,777,155	19,051,866
Other Projects	27,604		27,604
	<u>\$ 56,293,711</u>	<u>\$ 40,416,960</u>	<u>\$ 96,710,671</u>

A summary of proprietary fund types fixed assets at June 30, 1986, follows:

	ENTERPRISE	INTERNAL SERVICE
Land	\$ 11,860,989	\$ 67,904
Water Rights	4,356,136	
Water System	75,211,182	
Sewer System	46,959,342	
Buildings and Improvements	1,129,654	436,374
Motor Vehicles		8,021,320
Machinery and Equipment		1,458,783
Furniture and Fixtures	420,778	24,887
Construction in Progress	5,754,754	357,293
	<u>145,692,835</u>	<u>10,366,561</u>
Accumulated Depreciation and Amortization	<u>(18,905,225)</u>	<u>(5,460,615)</u>
	<u>\$126,787,610</u>	<u>\$ 4,905,946</u>

NOTE 5 - FIXED ASSETS (Continued)

Enterprise and Internal Service Funds construction in progress commitments at June 30, 1986, is composed of the following:

	<u>CONSTRUCTION IN PROGRESS</u>	<u>COMMITMENTS</u>	<u>BUDGET</u>
Enterprise:			
Water System Projects	\$ 2,048,446	\$ 1,921,770	\$ 3,970,216
Sewer System Projects	3,550,484	251,772	3,802,256
Airport Projects	121,140		121,140
Other Projects	34,684		34,684
	<u>\$ 5,754,754</u>	<u>\$ 2,173,542</u>	<u>\$ 7,928,296</u>
Internal Service:			
Motor Vehicle Projects	<u>\$ 357,293</u>	<u>\$ 88,771</u>	<u>\$ 446,064</u>

NOTE 6 - MUNICIPAL PROPERTY CORPORATION

In fiscal 1974, the City of Scottsdale Municipal Property Corporation ("Corporation"), an Arizona not for profit corporation organized for the purpose of financing the construction of municipal buildings on land owned by the City, issued bonds aggregating \$9,020,000 for the construction of the Scottsdale Center for the Arts, for a parking facility, and for the refinancing of outstanding debt. Concurrently, the City entered into contracts with the Corporation, whereby the City will pay to the Corporation amounts sufficient to retire the Corporation's bonds and related interest.

In fiscal 1985 the Corporation issued \$13,000,000 of bonds for the purpose of constructing and acquiring two 18 hole golf courses, a clubhouse, and other related improvements. Also in fiscal 1985 the Corporation issued \$17,825,000 of bonds for the purpose of constructing and acquiring a Civic Center Underpass, public parking garage, and certain other public improvements upon land owned by the City. In fiscal 1986 the Corporation issued \$21,090,000 of bonds for the purpose of constructing and acquiring auxiliary police and library facilities, an addition to the Civic Center Library, and an Equestrian Center on land owned and leased by the City. Concurrently, the City entered into contracts with the Corporation whereby the City will pay to the Corporation amounts sufficient to retire these bonds issued by the Corporation and related interest.

In accordance with National Council on Governmental Accounting Statement 5, the bonds payable of the Corporation are recorded in the General Long-Term Debt Account Group, the construction activity is recorded in the Capital Projects Fund, and the assets are recorded in the General Fixed Assets Account Group at June 30, 1986.

The City has collateralized the bonds of the Corporation by, (1) a pledge of all net revenues from the project, and (2) a pledge of the City's excise taxes.

The Corporation retains legal title to the properties until the contracts receivable from the City are paid in full. The City has the sole right to the use of the facilities and is responsible for all operating and maintenance costs.

NOTE 6 - MUNICIPAL PROPERTY CORPORATION (Continued)

In fiscal 1985 the City entered into a sale and leaseback arrangement (Asset Transfer Program) with the Corporation whereby the City sold various municipal properties to the Corporation and in turn entered into a long-term lease with the Corporation for the use of these properties. The Corporation issued \$41,617,239 of Certificates of Participation evidencing the proportionate interests of the owners thereof in the lease payments to be made by the City. On June 26, 1986, the Corporation advance refunded all of the remaining outstanding Certificates of Participation from the original issue in the amount of \$40,612,239. Note 7, Long-Term Debt, details the advance refunding transaction. The Corporation's Certificates of Participation, Refunding Series 1986, total \$48,595,000. In accordance with National Council on Government Accounting Statement 5, the Certificates of Participation (Refunding Series 1986) have been recorded in the General Long-Term Debt Account Group, and the properties are recorded in the General Fixed Assets of the City at their original acquisition cost. No gain or loss on the sale of these properties has been recorded in the City's financial statements. The City is using the proceeds of this sale to finance various capital improvement projects.

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in general long-term debt:

	GENERAL OBLIGATION BONDS	HURF REVENUE	MUNICIPAL PROPERTY CORP. BONDS	CONTRACTS PAYABLE	CITY OWNED SPECIAL ASSESSMENTS	COMPENSATED ABSENCES	TOTAL
Balance June 30, 1985	\$30,395,000	\$10,775,000	\$ 78,422,239	\$14,689,779	\$ 3,145	\$ 1,228,536	\$135,513,699
Provision for Compensated Absences						130,531	130,531
Debt Incurred	9,800,000	10,000,000	69,685,000	6,592,645			96,077,645
Debt Retired			(1,005,000)	(2,878,774)	(392)		(3,884,166)
Debt Advance Refunded			(40,612,239)				(40,612,239)
Debt To Be Retired July 1, 1986	<u>(3,860,000)</u>	<u>(250,000)</u>	<u>(1,410,000)</u>				<u>(5,520,000)</u>
Balance June 30, 1986	<u>\$36,335,000</u>	<u>\$20,525,000</u>	<u>\$105,080,000</u>	<u>\$18,403,650</u>	<u>\$ 2,753</u>	<u>\$ 1,359,067</u>	<u>\$181,705,470</u>

On June 26, 1986, the City, through the Municipal Property Corporation, issued \$48,595,000 in Certificates of Participation (1986 Refunding Series) with an average interest rate of 7.7% to advance refund \$40,612,239 of 1984 Certificates of Participation (1984 Refunded Series) with an average interest rate of 10.1%. The entire proceeds of the \$48,595,000 (net of \$1,900,445 in underwriting fees, insurance, and other issuance costs) plus an additional \$742,365 of reserve fund monies were used to purchase U. S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1984 Refunded Series. As a result, the 1984 Refunded Series are considered to be defeased, and the liability for those bonds has been removed from the general long-term debt account group. The refunding transaction will result in a decrease in debt service payments of \$6,726,052 and will result in an economic gain (present value savings) of \$2,179,997 over the life of the 1986 Refunding Series.

NOTE 7 - LONG-TERM DEBT (Continued)

The following is a summary of debt service requirements to maturity, including contracts payable, as of June 30, 1986. The interest portion of the total is \$197,440,623.

FISCAL YEAR	GENERAL OBLIGATION BONDS	UTILITY REVENUE BONDS	HURF REVENUE BONDS	SPECIAL ASSESSMENT BONDS	MUNICIPAL PROPERTY CORPORATION	OTHER DEBT	TOTAL
1987	\$ 4,671,102	\$ 1,723,111	\$ 2,340,938	\$ 2,149,129	\$ 11,030,705	\$ 6,468,059	\$ 28,383,044
1988	4,506,997	1,724,798	2,335,200	2,038,000	10,790,957	5,052,790	26,448,742
1989	4,374,522	1,729,798	2,329,850	1,814,322	10,792,856	4,414,928	25,456,276
1990	4,233,362	1,727,073	2,344,374	1,645,395	10,791,953	3,470,448	24,212,605
1991	4,094,857	1,697,623	2,326,213	1,490,842	10,788,788	3,178,365	23,576,688
1992	3,932,357	1,722,123	2,313,325	1,394,386	10,790,233	1,067,801	21,220,225
1993	3,773,857	1,725,623	2,327,900	1,239,914	10,790,961	969,819	20,828,074
1994	3,626,957	1,729,998	2,329,763	1,149,443	10,782,843	846,075	20,465,079
1995	3,479,122	1,715,688	2,330,779	1,042,021	10,779,706	589,811	19,937,127
1996	1,312,572	1,724,062	2,335,386	150,891	10,553,581	505,041	16,581,533
1997	1,052,282	1,721,250	2,330,377		10,107,413	491,036	15,702,358
1998	1,049,952	1,732,775	2,314,908		10,118,261	477,031	15,692,927
1999	1,048,752	1,731,775	2,325,937		10,115,923	463,026	15,685,413
2000-2033	6,281,587	918,000	11,486,975		99,352,709	10,027,815	128,067,086
	<u>\$47,438,278</u>	<u>\$23,323,697</u>	<u>\$41,771,925</u>	<u>\$14,114,343</u>	<u>\$237,586,889</u>	<u>\$38,022,045</u>	<u>\$402,257,177</u>

The summary above does not reflect General Obligation Bond principal payments from the Sinking Fund of \$1,000,000 on July 1, 1987, 1988, and 1989, and \$3,500,000 on July 1, 1993.

NOTE 8 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT

The following is a summary of bond transactions of the City:

	GENERAL OBLIGATION	UTILITY REVENUE	HURF REVENUE	MUNICIPAL PROPERTY CORP.	SPECIAL ASSESSMENT	TOTAL
Bonds Payable at June 30, 1985	\$30,850,000	\$16,130,000	\$11,000,000	\$ 78,422,239	\$ 9,894,000	\$146,296,239
New Debt Issued:						
Municipal Property Corp.				69,685,000		69,685,000
1985 Series B	9,800,000		10,000,000			19,800,000
Special Assessments					1,415,000	1,415,000
Debt Retired						
Serial Bonds (Paid 07/01/85)	(455,000)	(1,270,000)	(225,000)			(1,950,000)
Serial Bonds (Paid 11/01/85)				(495,000)		(495,000)
Serial Bonds (Paid 01/01/86)					(1,048,000)	(1,048,000)
Serial Bonds (Paid 05/01/86)				(510,000)		(510,000)
Advance Refunding (6/26/86)				(40,612,239)		(40,612,239)
Bonds Payable at June 30, 1986	40,195,000	14,860,000	20,775,000	106,490,000	10,261,000	192,581,000
Less Current Portion	3,860,000	950,000	250,000	1,410,000		6,470,000
Long-Term Bonds Payable June 30, 1986	<u>\$36,335,000</u>	<u>\$13,910,000</u>	<u>\$20,525,000</u>	<u>\$105,080,000</u>	<u>\$10,261,000</u>	<u>\$186,111,000</u>

NOTE 8 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT (Continued)

Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, and (after January 1, 1974) parks and open space purposes may not exceed 20% of a City's net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a City's net secondary assessed valuation. The following is a summary of legal borrowing capacity:

<u>Water, Sewer, Light, and Parks and Open Space Pur- poses Bonds</u>		<u>All Other General Obliga- tion Bonds</u>	
20% Constitutional Limit	\$163,378,569	6% Constitutional Limit	\$ 49,013,571
Net such general obligation bonds outstanding	<u>14,029,326</u>	Net such general obligation bonds outstanding	<u>17,895,000</u>
Available 20% limitation borrowing capacity	<u>\$149,349,243</u>	Available 6% limitation borrowing capacity	<u>\$ 31,118,571</u>

On June 30, 1986, the City had authorized but unissued bonds approved by the voters at (1) a special bond election on June 21, 1983, and (2) the regular election on February 18, 1986.

<u>Type of Bond</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Amount Unissued</u>
General Obligation (2)	\$38,000,000	\$	\$38,000,000
Revenue (1)	39,200,000	29,400,000	9,800,000
Total	<u>\$77,200,000</u>	<u>\$29,400,000</u>	<u>\$47,800,000</u>

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.

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:

<u>NAME OF GOVERNMENTAL UNIT</u>	<u>NET BOND OUTSTANDING</u>	<u>% APPLICABLE TO THIS MUNICIPALITY</u>	<u>CITY OF SCOTTSDALE SHARE OF DEBT</u>
Maricopa County	\$37,675,000	9.22	\$ 3,473,635
Maricopa County C. C. D.	23,700,000	9.22	2,185,140
Tempe Elementary S.D. No. 3	23,039,480	0.002	461
Scottsdale Unified S.D. No. 48	26,762,241	67.77	18,136,770
Paradise Valley Unified S.D. No. 69	89,709,938	14.86	13,330,896
Cave Creek Unified S.D. No 93	22,201,015	29.41	6,529,318
Tempe Union H.S.D. No. 213	25,744,646	0.001	257
Phoenix Union H.S.D. No. 210	18,557,645	0.25	46,394
City of Scottsdale	31,924,326	100.00	31,924,326
Total Direct and Overlapping Debt			<u>\$75,627,197</u>

Water and sewer utility revenue bonds are collateralized by revenue in excess of operating and maintenance expenses of the City's utility system. The bond indenture ordinances require the maintenance of certain defined reserve funds. The aggregate amount of funds restricted for these requirements was \$3,366,777 at June 30, 1986.

NOTE 8 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT (Continued)

General Obligation Bonds

\$1,000,000 1967 Civic Center Improvement Serial Bonds due in annual installments of \$10,000 to \$180,000 through July 1, 1990; interest at 3.7% to 5.0%.	\$ 635,000
\$1,400,000 1968 Civic Center Improvement Serial Bonds due in annual installments of \$75,000 to \$250,000 beginning July 1, 1990, through July 1, 1996; interest at 4.7% to 5.0%.	1,400,000
\$3,500,000 1973 Storm Sewer Series A Term Bonds due in one installment of \$3,500,000 on July 1, 1993; interest at 5.4%.	3,500,000*
\$4,000,000 1976 Storm Sewer Series C Term Bonds due in annual installments of \$1,000,000 through July 1, 1989; interest at 5.6% to 5.9%.	3,000,000*
\$20,000,000 1983 Capital Improvement Projects Bonds due in annual installments of \$2,000,000 through July 1, 1995; interest at 6.6% to 8.6%.	18,000,000
\$9,800,000 1985 Capital Improvement Project Bonds due in annual installments of \$220,000 to \$970,000 beginning July 1, 1987, through July 1, 2005; interest at 8.0% to 10.0%	9,800,000
	<u>\$ 36,335,000</u>

*All bond retirements are paid from the Sinking Fund which is fully funded.

Revenue Bonds

\$3,910,000 1973 Utility Revenue Refunding Issue Serial Bonds due in annual installments of \$50,000 to \$315,000 through July 1, 1995; interest at 4.8% to 5.8%.	\$ 2,360,000
\$4,000,000 1977 Utility Revenue Series C Serial Bonds due in annual installments of \$400,000 to \$550,000 through July 1, 1992; interest at 4.8% to 5.5%.	3,150,000
\$8,400,000 1983 Utility Revenues Serial Bonds due in annual installments of \$50,000 to \$1,525,000 beginning July 1, 1992, through July 1, 2000; interest at 8.6% to 10.5%.	8,400,000
\$11,000,000 1983 Highway User Fuel Tax Revenue Serial Bonds due in annual installments of \$225,000 to \$1,150,000 through July 1, 2003; interest at 8.3% to 10.3%.	10,525,000
\$10,000,000 1985 Highway User Fund Tax Revenue Serial Bonds due in annual installments of \$220,000 to \$1,005,000 beginning July 1, 1987, through July 1, 2005; interest at 8.3% to 10.3%.	\$ 10,000,000
	<u>\$ 34,435,000</u>

NOTE 8 - BONDS PAYABLE - EXCLUDING REFUNDED DEBT (Continued)

Municipal Property Corporation Bonds

\$7,130,000 1974 Municipal Property Corporation Bonds; due in annual installments of \$185,000 to \$1,420,000 through June 30, 1996; interest at 5.2% to 6.0%.	\$ 5,625,000
\$17,825,000 1984 Municipal Property Corporation Civic Center Underpass Bonds; due in annual installments of \$385,000 to \$1,825,000 through July, 2005; interest at 5.8% to 9.7%.	17,440,000
\$13,000,000 1984 Municipal Property Corporation Recreation Facilities Bonds; due in annual installments of \$285,000 to \$1,420,000 through July 1, 2004; interest at 6.8% to 10.4%.	12,715,000
\$21,090,000 1985 Municipal Property Corporation Municipal Facilities Bonds; due in annual installments of \$650,000 to \$2,195,000 through July 1, 2005; interest at 5.5% to 9.3%.	20,705,000
\$48,595,000 1986 Municipal Property Corporation Certificates of Participation due in semi-annual installments of \$290,000 to \$2,025,000 beginning November 1, 1986, through November 1, 2014; interest at 4.4% to 7.9%.	48,595,000
	<u>\$105,080,000</u>

Special Assessment Bonds

\$13,584,000 Special Assessment Bonds issued May 17, 1972, through July 11, 1985, maturing January 1, 1988, through January 1, 1996; due in annual installments of \$2,000 to \$655,000; interest 6.0% to 10.0%.	<u>\$ 10,261,000</u>
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NOTE 9 - CONTRACTS PAYABLE

Contracts payable at June 30, 1986, include the following:

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
Contracts payable to the U. S. Army Corps of Engineers for the construction of flood control and recreation facilities; due in annual installments through 2036; interest 5.1%.	\$ 4,500,000	\$	\$ 4,500,000
Purchase contracts for acquisition of water companies; due in annual installments through 1987; interest 5.8% to 12.0%.		608,080	608,080
Purchase contract for land, water, and wastewater treatment plants; due in annual installments through December, 1990; interest at 12.0%.		747,013	747,013

NOTE 9 - CONTRACTS PAYABLE (Continued)

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
Purchase contract for City-owned telephone system; due in monthly installments through January, 1989; interest at 9.1%.	372,190		372,190
Purchase contract for Phase II of the City-owned telephone system; due in annual installments through September, 1990; interest at 8.4%.	260,580		260,580
Purchase contract for acquisition of land for agricultural use and future water rights; due in annual installments through January, 1991; interest at 9.0%.	4,750,000		4,750,000
Purchase contract for acquisition of library computer equipment; due in semi-annual installments through April, 1990; interest at 8.0%.	531,000		531,000
Purchase contract for Phase I of computer equipment; due in semi-annual installments through March, 1989; interest at 8.4%.	1,423,996		1,423,996
Purchase contract for Phase II of computer equipment; due in semi-annual installments through August, 1989; interest at 9.4%.	1,123,338		1,123,338
Purchase contract for Phase III of computer equipment; due in semi-annual installments through October, 1990; interest at 7.6%.	922,778		922,778
Purchase contract for acquisition of Pepperwood office building; due in monthly installments through February, 2006; interest at 10.0% to 12.0%.	557,599		557,599
Purchase contract for acquisition of Brooks office building and land for downtown right-of-way; due in semi-annual installments through March, 1988; interest at 12.0%.	\$ 669,425		\$ 669,425
Purchase contract for acquisition of Skipton and Loloma buildings and land for downtown right-of-way; due in monthly installments through October, 1987; interest at 12.0% to 13.0%.	248,961		248,961
Purchase contract for acquisition of Scottsdale Plumbing property; due in semi-annual installments through July, 1991; interest at 12.0%.	475,000		475,000

NOTE 9 - CONTRACTS PAYABLE (Continued)

	GENERAL FUND	WATER AND SEWER UTILITY FUND	TOTAL
Purchase contract for the Police Computer Aided Dispatch System; due in semi-annual installments through April, 1991; interest at 7.2%.	1,376,032		1,376,032
Purchase contract for acquisition of State land for the TPC golf course; due in annual installments through September, 2000; interest at 11.0%.	1,909,800		1,909,800
Purchase contract for acquisition of a fire truck; due in annual installments through March, 1989; interest at 9.0%.	140,290		140,290
Purchase contract for acquisition of the Frank Lloyd Wright "1951 Home"; due in monthly installments through August, 1987; non-interest bearing.	233,336		233,336
Purchase contract, Plan Six Agreement, to acquire a new water supply and hydropower generation benefits; due in quarterly installments through July, 1994; non-interest bearing.		4,356,136	4,356,136
	<u>19,494,325</u>	<u>5,711,229</u>	<u>25,205,554</u>
Less Current Portion	1,090,675	1,391,205	2,481,880
	<u>\$18,403,650</u>	<u>\$ 4,320,024</u>	<u>\$22,723,674</u>

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

In fiscal 1976, the City entered into an agreement with the U. S. Army Corps of Engineers for the construction of flood control and recreation facilities throughout Indian Bend Wash. The City agreed to pay half of the total construction cost of the recreation facilities, with payment to be made in 50 annual installments plus interest at 5.1%, commencing from the date the recreation facilities were completed. In fiscal 1986, the facilities were substantially completed but final determination of the amount to be paid has not been made. Accordingly, the City has recorded an estimate of the contract payable amount of \$4,500,000 in the Long-Term Debt Account Group, and an estimate of the fixed assets value of \$9,000,000 in the General Fixed Asset Account Group. Upon final determination of the amount to be paid, the estimates will be revised and payment will begin.

NOTE 10 - ADVANCE REFUNDINGS

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

The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. Refunded debt outstanding of the City at June 30, 1986, is as follows:

1964 Sewer Revenue	\$	850,000
1966 Sewer Revenue		910,000
1968 Municipal Facilities		125,000
1971 Water Revenue		985,000
1971 Municipal Facilities		430,000
1984 Certificates of Participation		<u>40,612,239</u>
		<u>\$43,912,239</u>

NOTE 11 - SPECIAL ASSESSMENTS FUNDS

As trustee for improvement districts, the City is responsible for collection of assessments levied against the owners of property within the improvement districts and for disbursement of these amounts for retirement of the respective bonds issued to finance the improvements. At June 30, 1986, the special assessments receivable, together with amounts paid in advance and interest to be received over the life of the assessment period, are adequate for the scheduled maturities of the bonds payable and the related interest.

Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may enforce auction sale to satisfy the debt service requirements of the improvement bonds. The City is contingently liable on special assessment bonds to the extent that proceeds from auction sales are insufficient to retire outstanding bonds.

NOTE 12 - RETIREMENT AND PENSION PLANS

Substantially all full-time employees are covered by one of two contributory retirement and pension plans which are administered by the State of Arizona.

City policemen are covered by the Arizona Public Safety Personnel Retirement System (System). Funding of the System is provided by (1) member contributions amounting to 8 percent of compensation as set by State law, and, (2) employer contributions, as described below. The total employer pension expense for 1985-86 was \$381,849, which was paid to the system. This amount is computed as a level percent of payroll (8.01 percent for 1985-86) which includes current service costs and the amortization of unfunded accrued normal costs over a period of 32 years beginning July 1, 1986. Based upon the most recent actuarial valuation of the System (June 30, 1985), the actuarially computed value of vested benefits for the City participants was less than the pension fund assets attributed to those participants resulting in unfunded accrued normal costs for the City participants of \$2,743.

NOTE 12 - RETIREMENT AND PENSION PLANS (Continued)

The Arizona State Retirement Plan ("Plan") covers all City employees except policemen. Funding of the Plan is provided by (1) member contributions amounting to 5.67 percent of compensation as set by State law, and (2) employer contributions also at 5.67 percent as set by State law. The total employer pension expense for 1985-86 was \$1,045,208, which was paid to the Plan. This amount includes current service costs and will amortize the unfunded accrued normal costs over a period of 29 years beginning July 1, 1986.

Based upon the most recent actuarial valuation of the Plan (June 30, 1985), the Plan's total unfunded accrued normal costs was \$300.7 Million. Separate actuarial data for the City's portion is not available. The City has 778 employee participants in the Plan, which has 155,038 participants in total.

NOTE 13 - DEFERRED COMPENSATION PLAN (TRUST FUND)

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. The plan assets are recorded at fair market value at June 30, 1986.

NOTE 14 - CONTINGENT LIABILITIES

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

Sick leave benefits provide for ordinary sick pay and are not vested with the employee. Unused benefits are payable only upon the death or retirement of an employee. The amount not recorded in the accounts for accrued sick pay benefits aggregated \$1,349,000 at June 30, 1986.

NOTE 15 - SEGMENTS OF ENTERPRISE ACTIVITIES

Water and sewer, airport, and housing are three 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. All the housing rental units were sold in fiscal 1985. Segment information for the year ended June 30, 1986, is as follows (in thousands of dollars):

	<u>TOTAL</u>	<u>WATER AND SEWER</u>	<u>AIRPORT</u>	<u>HOUSING</u>
Operating Revenue	\$ 18,858	\$ 18,398	\$ 460	\$
Depreciation and Amortiza- tion Expense	3,056	2,826	230	
Operating Income (Loss)	8,872	9,296	(424)	
Operating Grants, Entitle- ments, and Shared Revenue				
Operating Transfers In Out				
Tax Revenues				
Net Income or (Loss)	10,064	10,532	(437)	(31)
Current Capital Contributions Transfers	14,503	11,661	2,842	
Plant Property and Equipment Additions Deletions	21,942	21,047	895	
Net Working Capital	8,933	8,791	142	
Total Assets	152,194	141,283	10,371	540
Bonds & Other Long-Term Liabilities Payable From Operating Revenues	18,230	18,230		
Payable From Other Services	729	220	509	
Total Equity	129,326	118,997	10,329	

NOTE 16 - DEFICITS IN FUNDS/EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The Highway User Fuel Tax Fund has a total fund deficit of \$121,173. This deficit will be funded by additional revenue in future years.

The Special Assessments Fund has a total fund deficit of \$6,277,063. This deficit occurs because expenditures for special assessments districts are recorded currently, whereas the revenue for special assessments districts is recorded over the life of the special assessment receivable. The total special assessment receivables will more than offset the deficit at June 30, 1986.

The Airport Fund has an accumulated deficit of \$1,718,802 and an excess of operating expenses over appropriations of \$10,053. This deficit is due to the small size of the operation, the amount of contributed capital, and recording depreciation on the contributed assets. The total fund equity for the Airport Fund is positive.

The Motor Pool Fund has an accumulated deficit of \$241,146 because the rates to users were lowered to reduce the prior year retained earnings balance.

The Self-Insurance Fund has an accumulated deficit of \$649,455 and an excess of expenditures over appropriations of \$123,661 resulting from the increase in liability insurance premiums during fiscal 1986. This deficit should be reduced by additional revenue in future years.

The Federal Revenue Sharing Fund has an excess of expenditures over appropriations of \$10,192 as a result of actual revenues received exceeding the appropriation and all such revenue was expended.

The Municipal Property Corporation Debt Service Fund has an excess of expenditures over appropriations of \$1,168,738, as a result of the required debt payments related to the Municipal Property Corporation bonds issued in fiscal 1986. This excess expenditure was offset by the allocation of additional transaction privilege tax receipts to this fund.

NOTE 17 - CAPITALIZED INTEREST

During fiscal year 1986, the Water and Sewer Fund capitalized net interest costs of \$477,701 (interest expense of \$527,095, reduced by interest income of \$49,394). Total interest income and expense in that fund before capitalization was \$2,134,627 and \$1,376,594, respectively.

During fiscal year 1986, the Airport Fund incurred \$31,594 of interest expense of which \$18,354 was capitalized.

NOTE 18 - RESIDUAL EQUITY TRANSFERS/CONTRIBUTION

All Residual Equity Transfers Out in the General Fund appear as Residual Equity Transfers In in other governmental funds and as a change in contributed capital in proprietary funds.

General Fund Residual Equity Transfer Out:

\$ 2,800,000	- to Airport Fund as an increase in contributed capital
2,090,290	- to Motor Pool Fund as an increase in contributed capital
(4,093,497)	- from Water and Sewer Utility Fund as a reduction of contributed capital
<u>(1,691)</u>	- from Special Assessment Fund as a Residual Equity Transfer Out
<u>\$ 795,102</u>	- General Fund Net Residual Equity Transfer Out

NOTE 19 - OTHER MATTERS

- A. In fiscal 1983 the City entered into a ten-year agreement with Metropolitan Fire Department, Inc. ("Metropolitan") whereby Metropolitan will provide fire protection and related services to the City. Annual amounts due in fiscal year 1987 will approximate \$3,610,000.
- B. The City established a Self Insurance Fund during fiscal year 1979. The Self Insurance Fund is responsible for the budgeting, investigation, and payment of claims that are incurred by the City. The Self Insurance Fund is protected by excess insurance designed to limit the exposure to loss for any single loss occurrence. For fiscal year 1986 the Self Insurance Fund was responsible for the first \$150,000 per occurrence for worker's compensation claims and the first \$250,000 for liability claims against the City. The Fund was also responsible for vehicle damage above \$1,000 and all unemployment claims.
- C. On May 19, 1986, the City approved a contract with the City of Phoenix for the purchase of the Phoenix Water System located within the City of Scottsdale in the amount of \$24,978,535, and the sale to the City of Phoenix of portions of the City of Scottsdale water system located in the City of Phoenix for \$2,654,218. The execution of the contract is scheduled to take place January 7, 1987.
- D. On August 4, 1986, the City Council authorized the sale of \$38,000,000 of general obligation bonds. The bond proceeds will be used to purchase that portion of the City of Phoenix Water System located in the City of Scottsdale mentioned in C above and for the costs related to connecting the system to the existing Scottsdale Water System. The date of sale for the bonds is September 16, 1986.
- E. On December 3, 1984, the City approved a service agreement and land lease with the Scottsdale Water Service Company (SWSC). The SWSC will design, construct, operate and own the Scottsdale Central Arizona Project Water Treatment Plant. The service agreement provides that SWSC will treat Central Arizona Project water to quality standards set by the City and other regulating agencies, and furnish this water to the City for distribution to its customers. The City will retain ownership of the water and responsibility for deliveries to the final users. This plant is anticipated to begin operations in January, 1987.
- F. On August 4, 1986, the City sold \$5,355,000 of Special Assessment Bonds for the North Airport Industrial Improvement District Project No. 08978. Proceeds from the sale of the bonds, together with cash received through the payment of assessments, will be used to pay for the construction of water and sewer lines and paving and drainage improvements. The bonds are dated August 1, 1986, with annual principal payments of \$535,000 to \$540,000 commencing July 1, 1988, through July 1, 1997, with interest at 7.0%.

GENERAL FUND

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

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

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

CITY OF SCOTTSDALE
 GENERAL FUND
 BALANCE SHEET
 JUNE 30, 1986

EXHIBIT B-1

ASSETS

Cash and Short-Term Investments	\$ 3,933,613
Investments	17,429,641
Receivables	
Accrued Interest	424,049
Property Taxes	423,359
State-Shared Sales Tax	500,102
Auto Lieu Tax	123,902
Accounts, Including Unbilled of \$250,758	486,790
Miscellaneous	741,303
Inventory of Supplies	<u>216,257</u>
Total Assets	<u>\$ 24,279,016</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 1,760,078
Accrued Payroll	1,129,387
Installment Contracts Payable	1,090,675
Accrued Interest Payable	517,928
Deferred Revenue - Property Taxes	399,825
Other	<u>7,209</u>
Total Liabilities	4,905,102
Commitments and Contingencies	
Fund Balance	
Reserved for	
Encumbrances	821,988
Inventory of Supplies	216,257
Unreserved	18,335,669
Total Fund Balance	<u>19,373,914</u>
Total Liabilities and Fund Balance	<u>\$ 24,279,016</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-2

GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

Revenue

Taxes - Local	\$ 19,599,356
Taxes - Intergovernmental	11,518,205
Licenses	421,354
Charges for Current Services	9,150,054
Fines and Forfeitures	1,533,450
Use of Money and Property	6,290,248
Sale of Real Estate	908,986
Improvement District Incidentals	491,197
Miscellaneous	1,008,267
CIP Reimbursements	957,700
Total Revenue	<u>51,878,817</u>

Expenditures

Current

General Government	2,586,356
Police	9,475,467
Management Services	1,942,012
Field Operations	6,533,876
Community Services	8,259,919
Community Development	6,065,802
Non-Departmental	7,321,889
Capital Improvements	6,039,104
Debt Service	
Principal Retirement	2,883,616
Interest and Fiscal Charges	1,342,595
Total Expenditures	<u>52,450,636</u>

Excess of Revenue Over Expenditures (571,819)

Other Sources (Uses)

Proceeds From Contracts Payable	6,179,394
Operating Transfers Out	<u>(1,296,474)</u>
Excess of Revenue and Other Sources Over Expenditures and Other Uses	4,311,101

Fund Balance July 1, 1985	15,838,841
Change in Reserve for Inventory	19,074
Residual Equity Transfer Out	<u>795,102</u>
Fund Balance June 30, 1986	<u>\$ 19,373,914</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-3

GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue			
Taxes - Local	\$ 26,628,572	\$ 24,320,691	\$ (2,307,881)
Taxes - Intergovernmental	11,413,000	11,518,205	105,205
Licenses	426,000	421,354	(4,646)
Charges for Current Services	8,142,000	9,150,054	1,008,054
Fines and Forfeitures	1,077,000	1,533,450	456,450
Use of Money and Property	6,226,700	6,311,536	84,836
Sale of Real Estate		908,986	908,986
Improvement District Incidentals	400,000	491,197	91,197
Miscellaneous	470,000	1,169,267	699,267
CIP Reimbursements	5,000,000	957,700	(4,042,300)
Total Revenue	<u>59,783,272</u>	<u>56,782,440</u>	<u>(3,000,832)</u>
Expenditures			
Current			
General Government	2,815,327	2,847,756	(32,429)
Police	9,815,863	9,524,966	290,897
Management Services	2,334,212	2,253,280	80,932
Field Operations	7,469,329	7,023,545	445,784
Community Services	8,662,207	8,525,046	137,161
Community Development	6,571,727	6,187,797	383,930
Non-Departmental	8,028,165	8,040,143	(11,978)
Capital Improvements	12,778,212	8,075,946	4,702,266
Contingency	4,025,825		4,025,825
Debt Service			
Principal Retirement	4,868,110	4,566,932	301,178
Interest and Fiscal Charges	8,106,994	4,809,826	3,297,168
Total Expenditures	<u>75,475,971</u>	<u>61,855,237</u>	<u>13,620,734</u>
Deficiency of Revenue Over Expenditures	(15,692,699)	(5,072,797)	10,619,902
Other Sources (Uses)			
Operating Transfers	16,024,699		(16,024,699)
Operating Transfers	(332,000)	(1,296,474)	(964,474)
Deficiency of Revenue Over Expenditures and Other Uses		(6,369,271)	(6,369,271)
Encumbrances Canceled		985,070	985,070
Fund Balance July 1, 1985		4,278,802	4,278,802
Residual Equity Transfer Out		(654,812)	(654,812)
Fund Balance (Deficit) June 30, 1986	<u>\$ -0-</u>	<u>\$ (1,760,211)</u>	<u>\$ (1,760,211)</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT B-4

GENERAL FUND

SCHEDULE OF REVENUE - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL OVER/(UNDER) ESTIMATED</u>
Taxes - Local			
Property Tax	\$ 3,045,000	\$ 3,073,967	\$ 28,967
Transaction Privilege	20,220,572	18,197,759	(2,022,813)
Hotel/Motel Transient Tax	1,368,000	1,097,202	(270,798)
Light and Power Franchise	1,460,000	1,470,160	10,160
Cable TV Franchise	350,000	271,433	(78,567)
Salt River Project In Lieu	72,000	86,424	14,424
Fire Insurance Premium Tax	113,000	123,746	10,746
	<u>26,628,572</u>	<u>24,320,691</u>	<u>(2,307,881)</u>
Taxes - Intergovernmental			
State-Shared Sales Tax	5,373,000	5,314,375	(58,625)
Automobile in Lieu	1,337,000	1,509,643	172,643
State Revenue Sharing	4,703,000	4,694,187	(8,813)
	<u>11,413,000</u>	<u>11,518,205</u>	<u>105,205</u>
Licenses			
Business Licenses	173,000	166,740	(6,260)
Liquor Licenses	253,000	254,614	1,614
	<u>426,000</u>	<u>421,354</u>	<u>(4,646)</u>
Charges for Current Services			
Refuse Collection Charges	3,885,000	3,898,005	13,005
Building and Related Permits	3,619,000	4,603,289	984,289
Recreation Fees	638,000	648,760	10,760
	<u>8,142,000</u>	<u>9,150,054</u>	<u>1,008,054</u>
Fines and Forfeitures			
Moving Violations	710,000	1,055,726	345,726
Parking	183,000	236,196	53,196
Other Court Fees	142,000	185,232	43,232
Library	42,000	56,296	14,296
	<u>1,077,000</u>	<u>1,533,450</u>	<u>456,450</u>
Use of Money and Property			
Interest Earnings	4,359,700	5,271,705	912,005
Property Rental	1,867,000	1,039,831	(827,169)
	<u>6,226,700</u>	<u>6,311,536</u>	<u>84,836</u>
Sale of Real Estate			
Improvement District Incidentals	400,000	908,986	908,986
		491,197	91,197
Miscellaneous			
	470,000	1,169,267	699,267
CIP Reimbursements			
	<u>5,000,000</u>	<u>957,700</u>	<u>(4,042,300)</u>
Total Revenue	<u><u>\$ 59,783,272</u></u>	<u><u>\$ 56,782,440</u></u>	<u><u>\$ (3,000,832)</u></u>

CITY OF SCOTTSDALE

EXHIBIT 8-5

GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>
Current						
General Government	\$ 2,829,196	\$ 1,560,568	\$ 1,172,578	\$ 49,707	\$	\$ 46,343
Police	9,475,467	7,936,160	1,075,366	202,033		261,908
Management Services	2,219,084	1,857,051	297,749	(24,973)		89,257
Field Operations	6,915,092	2,562,944	3,135,257	1,002,418		214,473
Community Services	8,264,919	5,141,665	1,942,464	591,664		589,126
Community Development	6,065,802	3,899,454	1,982,454	119,478		64,416
Non-Departmental	7,981,341	2,891,847	4,622,218	267,120		200,156
Capital Improvements	2,729,304					2,729,304
Debt Service						
Principal Retirement	2,883,616				2,883,616	
Interest & Fiscal Charges	1,342,595				1,342,595	
Expenditures	\$ 50,706,416	\$ 25,849,689	\$ 14,228,086	\$ 2,207,447	\$ 4,226,211	\$ 4,194,983
Indirect Cost Allocation Out	(1,565,580)					
Total Expenditures	\$ 49,140,836					
Operating Transfer to:						
Highway User Fuel Tax Fund	\$ 732,000					
Municipal Properties Corporation Debt Service	564,474					
Total Operating Transfers	\$ 1,296,474					

SPECIAL REVENUE FUNDS

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

Highway User Fuel Tax Fund

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

Federal Revenue Sharing Fund

This fund receives and expends the City's allocation of Federal Revenue Sharing money. The amount available to each city is allocated on the basis of a formula established by the Congress of the United States. Federal Revenue Sharing may be used for any purpose which is considered a permissible use of the government's own revenue under applicable state and local law.

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 Housing and Urban Development Department upon application for funding by the City. Community Development Block Grant revenues may be used only for those projects approved in the grant budget and is subject to agency expenditure guidelines.

Grants Fund

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

CITY OF SCOTTSDALE
 SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1986

EXHIBIT C-1

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>HIGHWAY USER FUEL TAX</u>	<u>FEDERAL REVENUE SHARING</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>GRANTS</u>
Cash and Short-Term Investments	\$ 117,329	\$	\$	\$	\$ 117,329
Cash with Fiscal Agents	1,185,781	1,185,781			
Receivables					
Fuel Tax	461,987	461,987			
Federal Revenue Sharing	206,384		206,384		
Grants	554,516			430,230	124,286
Miscellaneous	16,205	16,205			
<u>Total Assets</u>	<u>\$ 2,542,202</u>	<u>\$ 1,663,973</u>	<u>\$ 206,384</u>	<u>\$ 430,230</u>	<u>\$ 241,615</u>
<u>LIABILITIES AND FUND BALANCES (DEFICIT)</u>					
Liabilities					
Cash Overdraft	\$ 1,030,884	\$ 443,388	\$ 206,384	\$ 381,112	\$
Accounts Payable	106,791	90,590		10,396	5,841
Accrued Payroll	69,055	65,389		3,485	145
Bond Interest Payable	935,779	935,779			
Bonds Payable	250,000	250,000			
<u>Total Liabilities</u>	<u>2,392,509</u>	<u>1,785,146</u>	<u>206,384</u>	<u>394,993</u>	<u>5,986</u>
Fund Balances (Deficit)					
Reserved for Encumbrances	171,451	101,325		17,468	52,658
Unreserved	(21,758)	(222,498)		17,769	182,971
<u>Total Fund Balances (Deficit)</u>	<u>149,693</u>	<u>(121,173)</u>		<u>35,237</u>	<u>235,629</u>
<u>Total Liabilities and Fund Balances (Deficit)</u>	<u>\$ 2,542,202</u>	<u>\$ 1,663,973</u>	<u>\$ 206,384</u>	<u>\$ 430,230</u>	<u>\$ 241,615</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT C-2

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTAL ALL FUNDS	HIGHWAY USER FUEL TAX	FEDERAL REVENUE SHARING	COMMUNITY DEVELOPMENT	GRANTS
Revenue					
Taxes-Intergovernmental	\$ 7,000,817	\$ 7,000,817	\$	\$	\$
Grants	2,289,607		886,192	805,702	597,713
Miscellaneous	126,061	126,061			
Total Revenue	<u>9,416,485</u>	<u>7,126,878</u>	<u>886,192</u>	<u>805,702</u>	<u>597,713</u>
Expenditures					
Current					
General Government	2,767				2,767
Field Operations	4,504,083	3,599,893	886,192		17,998
Community Services	470,782				470,782
Community Development	2,130,136	1,160,765		785,673	183,698
Capital Improvements	1,544,407	1,544,407			
Debt Service	1,980,920	1,980,920			
Total Expenditures	<u>10,633,095</u>	<u>8,285,985</u>	<u>886,192</u>	<u>785,673</u>	<u>675,245</u>
Excess (Deficiency) of Revenue Over Expenditures	(1,216,610)	(1,159,107)		20,029	(77,532)
Other Sources					
Operating Transfer In	<u>732,000</u>	<u>732,000</u>			
Excess (Deficiency) of Revenue and Other Sources Over Expenditures	(484,610)	(427,107)		20,029	(77,532)
Fund Balances July 1, 1985	<u>634,303</u>	<u>305,934</u>		<u>15,208</u>	<u>313,161</u>
Fund Balances (Deficit) June 30, 1986	<u>\$ 149,693</u>	<u>\$ (121,173)</u>	<u>\$ -0-</u>	<u>\$ 35,237</u>	<u>\$ 235,629</u>

See Notes to Financial Statements.

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CITY OF SCOTTSDALE

SPECIAL REVENUE FUNDS

EXHIBIT C-3

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTALS			HIGHWAY USER FUEL TAX			FEDERAL REVENUE SHARING		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue									
Taxes - Intergovernmental	\$ 6,995,000	\$ 7,000,817	\$ 5,817	\$ 6,995,000	\$ 7,000,817	\$ 5,817	\$	\$	\$
Grants	876,000	886,192	10,192				876,000	886,192	10,192
Miscellaneous		126,061	126,061		126,061	126,061			
Total Revenue	<u>7,871,000</u>	<u>8,013,070</u>	<u>142,070</u>	<u>6,995,000</u>	<u>7,126,878</u>	<u>131,878</u>	<u>876,000</u>	<u>886,192</u>	<u>10,192</u>
Expenditures									
Current									
Field Operations	4,768,023	4,559,808	208,215	3,892,023	3,673,616	218,407	876,000	886,192	(10,192)
Community Development	1,206,681	1,173,023	33,658	1,206,681	1,173,023	33,658			
Capital Improvements	1,719,000	1,548,069	170,931	1,719,000	1,548,069	170,931			
Debt Service	2,372,067	1,980,920	391,147	2,372,067	1,980,920	391,147			
Total Expenditures	<u>10,065,771</u>	<u>9,261,820</u>	<u>803,951</u>	<u>9,189,771</u>	<u>8,375,628</u>	<u>814,143</u>	<u>876,000</u>	<u>886,192</u>	<u>(10,192)</u>
Excess (Deficiency) of Revenue Over Expenditures	(2,194,771)	(1,248,750)	946,021	(2,194,771)	(1,248,750)	946,021			
Other Sources									
Operating Transfer	<u>2,194,771</u>	<u>732,000</u>	<u>(1,462,771)</u>	<u>2,194,771</u>	<u>732,000</u>	<u>(1,462,771)</u>			
Deficiency of Revenue and Other Sources Over Expenditures		(516,750)	(516,750)		(516,750)	(516,750)			
Encumbrances Canceled		92,286	92,286		92,286	92,286			
Fund Balances July 1, 1985		<u>37,963</u>	<u>37,963</u>		<u>37,963</u>	<u>37,963</u>			
Fund Balances (Deficit) June 30, 1986	<u>\$ -0-</u>	<u>\$ (386,501)</u>	<u>\$ (386,501)</u>	<u>\$ -0-</u>	<u>\$ (386,501)</u>	<u>\$ (386,501)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE
 SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF REVENUE AND OTHER SOURCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

EXHIBIT C-4

	<u>TOTAL ALL FUNDS</u>	<u>HIGHWAY USER FUEL TAX</u>	<u>FEDERAL REVENUE SHARING</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>GRANTS</u>
Taxes - Intergovernmental					
Fuel Tax	\$ 7,000,817	\$ 7,000,817	\$	\$	\$
Grants					
Federal	1,704,020		886,192	805,702	12,126
State	128,652				128,652
Miscellaneous	456,935				456,935
	<u>2,289,607</u>		<u>886,192</u>	<u>805,702</u>	<u>597,713</u>
Miscellaneous	<u>126,061</u>	<u>126,061</u>			
Total Revenue	9,416,485	7,126,878	886,192	805,702	597,713
Other Sources					
Operating Transfer In	<u>732,000</u>	<u>732,000</u>			
Total Revenue and Other Sources	<u>\$10,148,485</u>	<u>\$ 7,858,878</u>	<u>\$ 886,192</u>	<u>\$ 805,702</u>	<u>\$ 597,713</u>

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EXHIBIT C-5

CITY OF SCOTTSDALE
 SPECIAL REVENUE FUNDS
 COMBINING SCHEDULE OF EXPENDITURES BY OBJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>
<u>HIGHWAY USER FUEL TAX</u>						
Current						
Field Operations	\$ 3,599,893	\$ 1,513,379	\$ 954,081	\$ 1,120,857	\$	\$ 11,576
Community Develop- ment	1,160,765	199,094	938,573	2,868		20,230
Capital Improvements	1,544,407	69,797	3,488	689,677		781,445
Debt Service	1,980,920				1,980,920	
	<u>8,285,985</u>	<u>1,782,270</u>	<u>1,896,142</u>	<u>1,813,402</u>	<u>1,980,920</u>	<u>813,251</u>
<u>FEDERAL REVENUE SHARING</u>						
Current						
Field Operations	886,192		886,192			
<u>COMMUNITY DEVELOPMENT</u>						
Current						
Community Develop- ment	785,673	131,825	252,085	1,302		400,461
<u>GRANTS</u>						
Current						
General Government	2,767		2,767			
Field Operations	17,998	341				17,657
Community Services	470,782	4,356	457,935	3,007		5,484
Community Development	183,698	438	9,139			174,121
	<u>675,245</u>	<u>5,135</u>	<u>469,841</u>	<u>3,007</u>		<u>197,262</u>
Total Expenditures	<u>\$10,633,095</u>	<u>\$ 1,919,230</u>	<u>\$ 3,504,260</u>	<u>\$ 1,817,711</u>	<u>\$ 1,980,920</u>	<u>\$ 1,410,974</u>

DEBT SERVICE FUNDS

These funds are established to account for the accumulation and disbursement of money needed to comply with the interest and principal redemption requirements of the general obligation and Municipal Property Corporation bond issues. Provisions are made in the City's general property tax levy for monies sufficient to meet the general obligation debt and from the transaction privilege tax for the Municipal Property Corporation debt.

General Obligation Bond Debt Service funds presently established are as follows:

1966	Parks and Recreation Improvement Bonds
1967	Civic Center Improvement Bonds
1968	Civic Center Improvement Bonds
1973	Storm Sewer Construction Bonds
1976	Storm Sewer Construction Bonds
1978	Storm Sewer Construction Bonds
1983	Capital Improvement Project Bonds For Public Buildings, Parks and Recreation, and Storm Sewer Improvements

Municipal Property Corporation Bond Debt Service Funds presently established are as follows:

1974	Municipal Property Corporation Bonds
1984	Recreational Facilities Bonds
1985	Municipal Facilities Bonds
1985	Municipal Facilities Bonds - Series B
1986	Asset Transfer Certificates of Participation Refunding

EXHIBIT D-1

CITY OF SCOTTSDALE
 DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1986

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL DEBT SERVICE</u>	<u>MUNICIPAL PROPERTY CORPORATION</u>
<u>ASSETS</u>			
Cash and Short-Term Investments	\$ 5,640,137	\$ 411,013	\$ 5,229,124
Cash with Fiscal Agents	13,658,931	9,729,528	3,929,403
Investments	7,063,852		7,063,852
Receivables:			
Accrued Interest	490,751	335,517	155,234
Property Tax	28,289	28,289	
Total Assets	<u>\$26,881,960</u>	<u>\$10,504,347</u>	<u>\$16,377,613</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accrued Interest Payable	\$ 305,308	\$	\$ 305,308
Payable from Cash with Fiscal Agents			
Bonds Interest Payable	3,978,257	1,458,854	2,519,403
Bonds Payable	5,270,000	3,860,000	1,410,000
Total Liabilities	9,553,565	5,318,854	4,234,711
Fund Balance			
Reserved for Sinking Fund Requirements	4,410,674	4,410,674	
Unreserved	12,917,721	774,819	12,142,902
Total Fund Balance	17,328,395	5,185,493	12,142,902
Total Liabilities and Fund Balance	<u>\$26,881,960</u>	<u>\$10,504,347</u>	<u>\$16,377,613</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

DEBT SERVICE FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL DEBT SERVICE</u>	<u>MUNICIPAL PROPERTY CORPORATION</u>
Revenue			
Taxes - Local			
Property	\$ 3,708,413	\$ 3,708,413	\$
Transaction Privilege	7,507,159		7,507,159
Interest Earnings	<u>1,795,965</u>	<u>485,864</u>	<u>1,310,101</u>
Total Revenue	13,011,537	4,194,277	8,817,260
Expenditures			
Debt Service			
Principal	6,275,000	3,860,000	2,415,000
Interest	10,303,956	2,782,036	7,521,920
Fiscal Agents' Fees	<u>19,763</u>	<u>4,601</u>	<u>15,162</u>
Total Expenditures	<u>16,598,719</u>	<u>6,646,637</u>	<u>9,952,082</u>
Deficiency of Revenue Over Expenditures	(3,587,182)	(2,452,360)	(1,134,822)
Other Sources (Uses)			
Bond Proceeds	49,359,231		49,359,231
Refunding of Debt of Municipal Property Corporation	(47,436,920)		(47,436,920)
Operating Transfers In	<u>564,474</u>		<u>564,474</u>
Deficiency of Revenue and Other Sources Over Expenditures and Other Uses	(1,100,397)	(2,452,360)	1,351,963
Fund Balances July 1, 1985	<u>18,428,792</u>	<u>7,637,853</u>	<u>10,790,939</u>
Fund Balances June 30, 1986	<u>\$17,328,395</u>	<u>\$ 5,185,493</u>	<u>\$12,142,902</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTALS			GENERAL DEBT SERVICE			MUNICIPAL PROPERTY CORPORATION		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenue									
Taxes - Local									
Property	\$3,734,000	\$3,708,413	\$ (25,587)	\$3,734,000	\$3,708,413	\$ (25,587)	\$	\$	\$
Transaction Privilege	1,796,428	2,711,715	915,287				1,796,428	2,711,715	915,287
Interest Earnings	505,300	808,615	303,315	436,000	485,864	49,864	69,300	322,751	253,451
Total Revenue	6,035,728	7,228,743	1,193,015	4,170,000	4,194,277	24,277	1,865,728	3,034,466	1,168,738
Expenditures									
Debt Service									
Principal	2,856,773	2,942,849	(86,076)	2,331,104	2,160,000	171,104	525,669	782,849	(257,180)
Interest	4,378,872	5,032,861	(653,989)	3,040,865	2,782,036	258,829	1,338,007	2,250,825	(912,818)
Fiscal Agents' Fees	10,632	5,393	5,239	8,580	4,601	3,979	2,052	792	1,260
Total Expenditures	7,246,277	7,981,103	(734,826)	5,380,549	4,946,637	433,912	1,865,728	3,034,466	(1,168,738)
Deficiency of Revenue Over Expenditures	(1,210,549)	(752,360)	458,189	(1,210,549)	(752,360)	458,189			
Fund Balances July 1, 1985	531,271	779,272	248,001	531,271	779,272	248,001			
Fund Balances June 30, 1986	<u>\$ (679,278)</u>	<u>\$ 26,912</u>	<u>\$ 706,190</u>	<u>\$ (679,278)</u>	<u>\$ 26,912</u>	<u>\$ 706,190</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Notes to Financial Statements

CAPITAL PROJECTS FUNDS

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

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

A bond construction fund is utilized for receiving and expending proceeds from bond sales. Bonds are authorized by the general electorate for specific capital project construction periods, rather than on an annual basis. Each bond construction fund is terminated upon final completion of construction of the project for which it was created. Those presently in existence are as follows:

General Obligation Bond Construction Fund

Highway User Bond Construction Fund

Asset Transfer Construction Fund

Municipal Property Corporation Construction Fund

EXHIBIT E-1

CITY OF SCOTTSDALE
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1986

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL OBLIGATION BOND CONSTRUCTION FUND</u>	<u>HIGHWAY USER BOND CONSTRUCTION FUND</u>	<u>ASSET TRANSFER CONSTRUCTION FUND</u>	<u>MUNICIPAL PROPERTY CORPORATION CONSTR. FUND</u>
<u>ASSETS</u>					
Cash and Short-Term Investments	\$51,392,070	\$13,372,120	\$16,163,149	\$ 5,290,971	\$16,565,830
Accrued Interest Receivable	660,210	136,876	139,809		383,525
Accounts Receivable	27,397	10,564	16,833		
Long-Term Investments	4,499,800			4,499,800	
Total Assets	<u>\$56,579,477</u>	<u>\$13,519,560</u>	<u>\$16,319,791</u>	<u>\$ 9,790,771</u>	<u>\$16,949,355</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Accounts Payable	\$ 1,789,580	\$ 516,060	\$ 456,430	\$	\$ 817,090
Accrued Payroll	5,532	734	4,260		538
Retentions Payable	917,330	139,681			777,649
Total Liabilities	<u>2,712,442</u>	<u>656,475</u>	<u>460,690</u>		<u>1,595,277</u>
Fund Balances					
Reserved for Encumbrances	12,734,229	1,410,408	854,789	1,205,477	9,263,555
Unreserved	<u>41,132,806</u>	<u>11,452,677</u>	<u>15,004,312</u>	<u>8,585,294</u>	<u>6,090,523</u>
Total Fund Balances	<u>53,867,035</u>	<u>12,863,085</u>	<u>15,859,101</u>	<u>9,790,771</u>	<u>15,354,078</u>
Total Liabilities and Fund Balances	<u>\$56,579,477</u>	<u>\$13,519,560</u>	<u>\$16,319,791</u>	<u>\$ 9,790,771</u>	<u>\$16,949,355</u>

See Notes to Financial Statements.

EXHIBIT E-2

CITY OF SCOTTSDALE

CAPITAL PROJECTS FUNDS

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

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL ALL FUNDS</u>	<u>GENERAL OBLIGATION BOND CONSTRUCTION FUND</u>	<u>HIGHWAY USER BOND CONSTRUCTION FUND</u>	<u>ASSET TRANSFER CONSTRUCTION FUND</u>	<u>MUNICIPAL PROPERTY CORPORATION CONSTR. FUND</u>
Revenue					
Interest Earnings	\$ 5,241,138	\$ 1,690,560	\$ 1,726,782	\$	\$ 1,823,796
Miscellaneous	<u>303,137</u>	<u>81,190</u>	<u>208,322</u>	<u></u>	<u>13,625</u>
Total Revenue	5,544,275	1,771,750	1,935,104		1,837,421
Expenditures					
Capital Improvements	<u>51,248,807</u>	<u>8,742,597</u>	<u>4,169,944</u>	<u>11,205,566</u>	<u>27,130,700</u>
Deficiency of Revenue Over Expenditures	(45,704,532)	(6,970,847)	(2,234,840)	(11,205,566)	(25,293,279)
Other Sources					
Bond Proceeds	<u>37,750,898</u>	<u>9,800,000</u>	<u>10,000,000</u>	<u></u>	<u>17,950,898</u>
Excess (Deficiency) of Revenue and Other Sources Over Expenditures	(7,953,634)	2,829,153	7,765,160	(11,205,566)	(7,342,381)
Fund Balances July 1, 1985	<u>61,820,669</u>	<u>10,033,932</u>	<u>8,093,941</u>	<u>20,996,337</u>	<u>22,696,459</u>
Fund Balances June 30, 1986	<u>\$53,867,035</u>	<u>\$12,863,085</u>	<u>\$15,859,101</u>	<u>\$ 9,790,771</u>	<u>\$15,354,078</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

CAPITAL PROJECTS FUNDS

COMBINING SCHEDULE OF EXPENDITURES BY OBJECT

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>
General Obligation Bond Construction Fund Capital Improvements	\$ 8,742,597	\$ 48,749	\$ 138,551	\$ 1,283	\$ 8,554,014
Highway User Bond Construction Fund Capital Improvements	4,169,944	178,977	193,377	8,245	3,789,345
Asset Transfer Construction Fund Capital Improvements	11,205,566				11,205,566
Municipal Property Corporation Construction Fund Capital Improvements	<u>27,130,700</u>	<u>12,119</u>	<u>60,540</u>	<u>932</u>	<u>27,057,109</u>
Total Expenditures	<u>\$51,248,807</u>	<u>\$ 239,845</u>	<u>\$ 392,468</u>	<u>\$ 10,460</u>	<u>\$50,606,034</u>

SPECIAL ASSESSMENTS FUND

A special assessments fund is established to finance and account for the construction or purchase of improvements (or provision of services) which are to be paid for from special assessments levied against the benefited properties.

Usually the total cost of a project to be financed by special assessments is so large that the fund cannot expect to collect in a single installment the entire amount of the needed contribution from each property owner benefited. Accordingly, the option of paying the assessment in annual installments over a specified period is granted. Improvement district serial bonds are issued to pay contractors and suppliers who must be paid upon completion of the project. These bonds are repaid from the annual installments paid by the property owners.

CITY OF SCOTTSDALE
 SPECIAL ASSESSMENTS FUND
 BALANCE SHEET
 JUNE 30, 1986

EXHIBIT F-1

ASSETS

Cash and Short-Term Investments	\$ 2,781,469
Cash with Fiscal Agents	443,116
Accrued Interest Receivable	19,198
Special Assessments Receivable - Current	1,183,994
Special Assessments Receivable - Deferred	<u>8,596,490</u>
Total Assets	<u>\$13,024,267</u>

LIABILITIES AND FUND DEFICIT

Liabilities	
Bonds Interest Payable	\$ 443,116
Bonds Payable	10,261,000
Deferred Special Assessment Revenue	8,596,490
Other	<u>724</u>
Total Liabilities	19,301,330
Fund Deficit	
Reserved for:	
Encumbrances	3,120
Street Light Districts	504,623
Unreserved	<u>(6,784,806)</u>
Total Fund Deficit	<u>(6,277,063)</u>
Total Liabilities and Fund Deficit	<u>\$13,024,267</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT F-2

SPECIAL ASSESSMENTS FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND DEFICIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

Revenue	
Penalty Income	\$ 9,651
Street Light Districts	305,957
Special Assessments	2,874,986
Interest Income	<u>237,464</u>
Total Revenue	3,428,058
Expenditures	
Capital Improvements	
Street Light Districts	367,594
Capital Improvement Projects	2,153,182
Debt Service	
Interest Expense	<u>926,519</u>
Total Expenditures	<u>3,447,295</u>
Deficiency of Revenues Over Expenditures	(19,237)
Fund Deficit July 1, 1985	(6,256,135)
Residual Equity Transfer Out	<u>(1,691)</u>
Fund Deficit June 30, 1986	<u><u>\$(6,277,063)</u></u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE
 SPECIAL ASSESSMENTS FUND
 SCHEDULE OF EXPENDITURES BY OBJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

EXHIBIT F-3

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>
Special Assessments Fund					
Capital Improvements					
Street Light Districts	\$ 367,594	\$	\$ 367,594	\$	\$
Capital Improvement Projects	2,153,182	90,775	38,476		2,023,931
Debt Service					
Interest and Fiscal Charges	<u>926,519</u>			<u>926,519</u>	
Total Expenditures	<u>\$3,447,295</u>	<u>\$ 90,775</u>	<u>\$ 406,070</u>	<u>\$ 926,519</u>	<u>\$2,023,931</u>

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TRUST AND AGENCY FUND

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

Included are:

- Fine Arts Trust
- Parks Enhancement Trust
- Railroad and Mechanical Society Trust
- Employee Benefits Trust
- Senior Citizens Trust
- Arizona Governmental Training Services Trust
- Library Book Sales Trust
- Kachina Open Junior Trust
- Law Enforcement Intelligence Agency Trust
- Air Fair Five Kilometer Trust
- Special Recreation Trust
- Chamber of Commerce Trust
- Rotary Park Development Trust
- Little America Lease Trust
- Library Gifts-Memorial Trust
- Bud Tims Memorial Trust
- Save The Yearlings Trust

CITY OF SCOTTSDALE
 TRUST AND AGENCY FUND
 BALANCE SHEET
 JUNE 30, 1986

EXHIBIT G-1

ASSETS

Cash and Short-Term Investments	\$ 4,319,122
Deferred Compensation Plan Assets	1,188,603
Cash With Trustee	212,362
Miscellaneous Receivables	<u>28,184</u>
Total Assets	<u>\$ 5,748,271</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$ 18,073
Accrued Payroll	1,755
Designated Deferred Compensation Benefits	1,188,603
Guaranty and Other Deposits	<u>3,799,451</u>
Total Liabilities	5,007,882
Fund Balance	
Reserved for Encumbrances	14,334
Unreserved	<u>726,055</u>
Total Fund Balance	<u>740,389</u>
Total Liabilities and Fund Balance	<u>\$ 5,748,271</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT G-2

TRUST AND AGENCY FUND

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

Revenue

Miscellaneous	\$ 835,833
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Expenditures

Current

Trust and Agency	<u>468,864</u>
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Excess of Revenues Over Expenditures	366,969
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Fund Balance July 1, 1985	<u>373,420</u>
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Fund Balance June 30, 1986	<u><u>\$ 740,389</u></u>
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See Notes to Financial Statements.

CITY OF SCOTTSDALE
 TRUST AND AGENCY FUND
 SCHEDULE OF EXPENDITURES BY OBJECT
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

EXHIBIT G-3

	<u>TOTAL</u>	<u>PERSONAL SERVICES</u>	<u>OTHER SERVICES</u>	<u>SUPPLIES</u>	<u>CAPITAL OUTLAY</u>
Trust and Agency Fund					
Current					
Trust and Agency	\$ 468,864	\$ 69,527	\$ 278,636	\$ 79,056	\$ 41,645
Total Expenditures	<u>\$ 468,864</u>	<u>\$ 69,527</u>	<u>\$ 278,636</u>	<u>\$ 79,056</u>	<u>\$ 41,645</u>

ENTERPRISE FUNDS

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

Water and Sewer Utility Fund

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

Airport Fund

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

Public Housing Fund

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

CITY OF SCOTTSDALE

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1986

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>WATER AND SEWER UTILITY</u>	<u>AIRPORT</u>	<u>PUBLIC HOUSING</u>
Current Assets				
Cash and Short-Term Investments	\$ 2,027,970	\$ 1,863,511	\$ 133,374	\$ 31,085
Accounts Receivable, Including Unbilled of \$1,314,448	2,551,589	2,551,589		
Accrued Interest Receivable	171,215	171,215		
Miscellaneous Receivables	239,424	189,172	50,252	
Total Current Assets	<u>4,990,198</u>	<u>4,775,487</u>	<u>183,626</u>	<u>31,085</u>
Restricted Cash, Investments, and Receivables				
Cash with Fiscal Agents	1,492,030	1,492,030		
Revenue Bond Reserves	1,703,402	1,703,402		
Water and Sewer Replacement	1,663,375	1,663,375		
Acquisition and Construction	6,359,458	6,359,458		
Notes Receivable	508,890			508,890
	<u>11,727,155</u>	<u>11,218,265</u>		<u>508,890</u>
Long Term Investments	7,890,304	7,890,304		
Property, Plant, and Equipment				
Land and Water Rights	16,217,125	5,776,577	10,440,548	
Water System	75,211,182	75,211,182		
Sewer System	46,959,342	46,959,342		
Buildings and Improvements	1,129,654		1,129,654	
Furniture and Fixtures	420,778	280,621	140,157	
Construction in Progress	5,754,754	5,632,983	121,771	
	<u>145,692,835</u>	<u>133,860,705</u>	<u>11,832,130</u>	
Accumulated Depreciation and Amortization	(18,905,225)	(17,259,774)	(1,645,451)	
	<u>126,787,610</u>	<u>116,600,931</u>	<u>10,186,679</u>	
Excess Purchase Price Over Fair Market Value of Water System Assets Acquired, Net of Accumulated Amortization of \$1,838,335				
	<u>798,260</u>	<u>798,260</u>		
Total Assets	<u>\$152,193,527</u>	<u>\$141,283,247</u>	<u>\$10,370,305</u>	<u>\$ 539,975</u>

See Notes to Financial Statements.

<u>LIABILITIES AND FUND EQUITY</u>	<u>TOTAL ALL FUNDS</u>	<u>WATER AND SEWER UTILITY</u>	<u>AIRPORT</u>	<u>PUBLIC HOUSING</u>
Current Liabilities				
Accounts Payable	\$ 773,847	\$ 711,235	\$ 31,527	\$ 31,085
Accrued Payroll	108,757	98,648	10,109	
Accrued Interest Payable	142,734	142,734		
Current Portion of Contracts Payable	<u>1,391,205</u>	<u>1,391,205</u>		
Total Current Liabilities (Payable from Current Assets)	2,416,543	2,343,822	41,636	31,085
Current Liabilities (Payable from Restricted Assets)				
Bonds Interest Payable	542,030	542,030		
Current Portion of Bonds Payable	<u>950,000</u>	<u>950,000</u>		
Total Current Liabilities (Payable from Restricted Assets)	<u>1,492,030</u>	<u>1,492,030</u>		
Total Current Liabilities	<u>3,908,573</u>	<u>3,835,852</u>	<u>41,636</u>	<u>31,085</u>
Long-Term Debt (Less Current Portion)				
Bonds Payable	13,910,000	13,910,000		
Contracts Payable	<u>4,320,024</u>	<u>4,320,024</u>		
	18,230,024	18,230,024		
Other Liabilities				
Customer Advances and Deposits	220,218	220,218		
Unearned Grant Revenue (Payable from Restricted Notes Receivable)	<u>508,890</u>			508,890
	<u>729,108</u>	<u>220,218</u>		<u>508,890</u>
Total Liabilities	<u>22,867,705</u>	<u>22,286,094</u>	<u>41,636</u>	<u>539,975</u>
Fund Equity				
Contributed Capital	84,875,822	72,828,351	12,047,471	
Retained Earnings (Deficit) Reserved for				
Revenue Bond Retirement	1,703,402	1,703,402		
Water and Sewer System Replacement	1,663,375	1,663,375		
Acquisition and Construction	6,359,458	6,359,458		
Unreserved	<u>34,723,765</u>	<u>36,442,567</u>	<u>(1,718,802)</u>	
Total Retained Earnings (Deficit)	44,450,000	46,168,802	(1,718,802)	
Total Fund Equity	<u>129,325,822</u>	<u>118,997,153</u>	<u>10,328,669</u>	
Total Liabilities and Fund Equity	<u>\$152,193,527</u>	<u>\$141,283,247</u>	<u>\$10,370,305</u>	<u>\$ 539,975</u>

CITY OF SCOTTSDALE

EXHIBIT H-2

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES

IN RETAINED EARNINGS (DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Operating Revenue				
Water Service Fees	\$ 9,276,226	\$ 9,276,226	\$	\$
Water Connection Fee	376,613	376,613		
Water Development Fees	2,057,655	2,057,655		
Sewer Service Fees	4,026,200	4,026,200		
Sewer Development Fees	2,376,425	2,376,425		
Airport Fees	455,908		455,908	
Other	288,080	284,395	3,685	
Total Operating Revenue	<u>18,857,107</u>	<u>18,397,514</u>	<u>459,593</u>	
Operating Expenses				
Water Operations	3,287,261	3,287,261		
Sewer Operations	1,619,099	1,619,099		
Airport Operations	456,927		456,927	
Depreciation and Amortization	3,055,716	2,825,662	230,054	
Indirect Cost	1,565,580	1,369,205	196,375	
Total Operating Expenses	<u>9,984,583</u>	<u>9,101,227</u>	<u>883,356</u>	
Operating Income (Loss)	8,872,524	9,296,287	(423,763)	
Non-Operating Revenue (Expenses)				
Interest Earnings	2,085,233	2,085,233		
Interest Expense	(862,739)	(849,499)	(13,240)	
Other	(31,085)			(31,085)
Total Non-Operating Revenue (Expenses)	<u>1,191,409</u>	<u>1,235,734</u>	<u>(13,240)</u>	<u>(31,085)</u>
Net Income (Loss)	10,063,933	10,532,021	(437,003)	(31,085)
Retained Earnings (Deficit)				
July 1, 1985	<u>34,386,067</u>	<u>35,636,781</u>	<u>(1,281,799)</u>	<u>31,085</u>
Retained Earnings (Deficit)				
June 30, 1986	<u>\$44,450,000</u>	<u>\$46,168,802</u>	<u>\$(1,718,802)</u>	<u>\$ -0-</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-3

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTAL ALL FUNDS	WATER AND SEWER UTILITY	AIRPORT	PUBLIC HOUSING
Sources of Funds				
Operations				
Net Income (Loss)	\$10,063,933	\$10,532,021	\$ (437,003)	\$ (31,085)
Noncash Charge-Depreciation and Amortization	<u>3,055,716</u>	<u>2,825,662</u>	<u>230,054</u>	
Total from (Used by) Operations	13,119,649	13,357,683	(206,949)	(31,085)
Contributed Capital				
Water/Sewer Assets from Subdividers	2,752,271	2,752,271		
From Government Units	15,843,889	13,002,018	2,841,871	
Increase In				
Long-term Debt	2,397,200	2,397,200		
Other Liabilities	60,658	60,658		
Current Liabilities	47,822	16,737		31,085
Decrease In Receivables	<u>13,443</u>			<u>13,443</u>
	<u>34,234,932</u>	<u>31,586,567</u>	<u>2,634,922</u>	<u>13,443</u>
Uses of Funds				
Increase in Long-Term Invest- ments	980,826	980,826		
Acquisition of Water/Sewer Assets from Subdividers	2,752,271	2,752,271		
Contribution to Municipality	4,093,558	4,093,558		
Purchase of Other Property, Equipment, and Construction In Progress	19,189,943	18,295,142	894,801	
Increase In Receivables	281,141	267,896	13,245	
Restricted Cash and Invest- ments	6,263,891	6,263,891		
Decrease In				
Other Liabilities	13,443			13,443
Current Liabilities	<u>1,593,502</u>		<u>1,593,502</u>	
	<u>35,168,575</u>	<u>32,653,584</u>	<u>2,501,548</u>	<u>13,443</u>
Increase (Decrease) in Cash and Short-Term Investments				
	(933,643)	(1,067,017)	133,374	
Cash and Short-Term Investments				
July 1, 1985	2,961,613	2,930,528		31,085
June 30, 1986	<u>\$ 2,027,970</u>	<u>\$ 1,863,511</u>	<u>\$ 133,374</u>	<u>\$ 31,085</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT H-4

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTAL			WATER AND SEWER UTILITY			AIRPORT		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Revenue									
Water Service Fees	\$ 9,353,500	\$ 9,276,226	\$ (77,274)	\$ 9,353,500	\$ 9,276,226	\$ (77,274)	\$	\$	\$
Water Connection Fee	420,000	376,613	(43,387)	420,000	376,613	(43,387)			
Water Development Fees	1,824,000	2,057,655	233,655	1,824,000	2,057,655	233,655			
Sewer Service Fees	3,268,000	4,026,200	758,200	3,268,000	4,026,200	758,200			
Sewer Development Fees	1,824,000	2,376,425	552,425	1,824,000	2,376,425	552,425			
Airport Fees	463,000	455,908	(7,092)				463,000	455,908	(7,092)
Interest Earnings	2,330,000	1,763,069	(566,931)	2,330,000	1,763,069	(566,931)			
Other	83,500	550,622	467,122	83,500	546,937	463,437		3,685	3,685
Total Revenue	19,566,000	20,882,718	1,316,718	19,103,000	20,423,125	1,320,125	463,000	459,593	(3,407)
Expenditures									
Water Operations	3,588,093	3,447,456	140,637	3,588,093	3,447,456	140,637			
Sewer Operations	1,767,270	1,698,001	69,269	1,767,270	1,698,001	69,269			
Airport Operations	435,610	529,644	(94,034)				435,610	529,644	(94,034)
Capital Outlay	9,835,627	5,220,048	4,615,579	8,918,052	4,386,461	4,531,591	917,575	833,587	83,988
Debt Service & Reserve Expense	3,571,260	4,035,168	(463,908)	3,189,109	3,653,010	(463,901)	382,151	382,158	(7)
Total Expenditures	19,197,860	14,930,317	4,267,543	17,462,524	13,184,928	4,277,596	1,735,336	1,745,389	(10,053)
Excess (Deficiency) of Revenue Over Expenditures	\$ 368,140	\$ 5,952,401	\$ 5,584,261	\$ 1,640,476	\$ 7,238,197	\$ 5,597,721	\$ (1,272,336)	\$ (1,285,796)	\$ (13,460)

INTERNAL SERVICE FUNDS

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

Motor Pool Fund

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

Self Insurance Fund

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

CITY OF SCOTTSDALE
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1986

EXHIBIT I-1

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>	<u>MOTOR POOL</u>	<u>SELF INSURANCE</u>
Current Assets			
Cash and Short-Term Investments	\$ 1,198,950	\$ 47,456	\$ 1,151,494
Accrued Interest Receivable	12,088		12,088
Accounts Receivable	4,986		4,986
Total Current Assets	<u>1,216,024</u>	<u>47,456</u>	<u>1,168,568</u>
Property, Plant, and Equipment			
Land	67,904	67,904	
Buildings and Improvements	436,374	436,374	
Motor Vehicles	8,021,320	8,021,320	
Machinery and Equipment	1,458,783	1,458,128	655
Furniture, Fixtures, and Office Equipment	24,887	16,369	8,518
Construction in Progress	357,293	357,293	
	<u>10,366,561</u>	<u>10,357,388</u>	<u>9,173</u>
Accumulated Depreciation	(5,460,615)	(5,456,907)	(3,708)
	<u>4,905,946</u>	<u>4,900,481</u>	<u>5,465</u>
Total Assets	<u>\$ 6,121,970</u>	<u>\$ 4,947,937</u>	<u>\$ 1,174,033</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Current Liabilities			
Accounts Payable	\$ 175,961	\$ 83,893	\$ 92,068
Claims Payable			
Reported	927,300		927,300
Unreported	51,000		51,000
Accrued Payroll	113,581	104,796	8,785
Total Current Liabilities	<u>1,267,842</u>	<u>188,689</u>	<u>1,079,153</u>
Fund Equity			
Contributed Capital	5,744,729	5,000,394	744,335
Accumulated Deficit	(890,601)	(241,146)	(649,455)
Total Fund Equity	<u>4,854,128</u>	<u>4,759,248</u>	<u>94,880</u>
Total Liabilities and Fund Equity	<u>\$ 6,121,970</u>	<u>\$ 4,947,937</u>	<u>\$ 1,174,033</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT I-2

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED EARNINGS
(ACCUMULATED DEFICIT)

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL ALL FUNDS</u>	<u>MOTOR POOL</u>	<u>SELF INSURANCE</u>
Operating Revenue			
Billings To User Programs	\$ 3,952,632	\$ 3,191,520	\$ 761,112
Other	<u>291,921</u>	<u>48,881</u>	<u>243,040</u>
Total Operating Revenue	4,244,553	3,240,401	1,004,152
Operating Expenses			
Salaries and Wages	1,269,117	1,134,247	134,870
Materials Purchased	1,000,904	1,000,904	
Gas, Oil, and Lubricants	535,729	535,729	
Depreciation	1,161,350	1,159,926	1,424
Other Shop Expenses	80,872	80,872	
General and Administrative	123,033	16,312	106,721
Outside Services	301,918	301,918	
Insurance Premiums	872,212		872,212
Insurance Claims	<u>1,203,077</u>		<u>1,203,077</u>
Total Operating Expenses	<u>6,548,212</u>	<u>4,229,908</u>	<u>2,318,304</u>
Net Loss	(2,303,659)	(989,507)	(1,314,152)
Retained Earnings July 1, 1985	<u>1,413,058</u>	<u>748,361</u>	<u>664,697</u>
Accumulated Deficit June 30, 1986	<u>\$ (890,601)</u>	<u>\$ (241,146)</u>	<u>\$ (649,455)</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT I-3

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTAL ALL FUNDS	MOTOR POOL	SELF INSURANCE
Sources of Funds			
Operations			
Net Loss	\$ (2,303,659)	\$ (989,507)	\$ (1,314,152)
Noncash Charge - Depreciation	<u>1,161,350</u>	<u>1,159,926</u>	<u>1,424</u>
Total from (Used by) Operations	(1,142,309)	170,419	(1,312,728)
Contributions from Municipality	2,111,133	2,111,133	
Decrease in Accounts Receivable	25,578	13,420	12,158
Increase in Current Liabilities	<u>524,165</u>		<u>524,165</u>
	1,518,567	2,294,972	(776,405)
Uses of Funds			
Increase in Property, Plant, and Equipment	2,727,230	2,724,314	2,916
Decrease in Current Liabilities	<u>96,429</u>	<u>96,429</u>	
	<u>2,823,659</u>	<u>2,820,743</u>	<u>2,916</u>
Decrease in Cash and Short-Term Investments	(1,305,092)	(525,771)	(779,321)
Cash and Short-Term Investments July 1, 1985	<u>2,504,042</u>	<u>573,227</u>	<u>1,930,815</u>
June 30, 1986	<u>\$ 1,198,950</u>	<u>\$ 47,456</u>	<u>\$ 1,151,494</u>

See Notes to Financial Statements.

CITY OF SCOTTSDALE

EXHIBIT I-4

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL - BUDGET BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	TOTAL			MOTOR POOL			SELF INSURANCE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
Revenue									
Billings To User Programs	\$ 3,837,000	\$ 3,952,632	\$ 115,632	\$ 3,130,000	\$ 3,191,520	\$ 61,520	\$ 707,000	\$ 761,112	\$ 54,112
Other	206,000	291,921	85,921		48,881	48,881	206,000	243,040	37,040
Total Revenue	4,043,000	4,244,553	201,553	3,130,000	3,240,401	110,401	913,000	1,004,152	91,152
Expenditures									
Salaries and Wages	1,225,087	1,279,146	(54,059)	1,112,904	1,147,208	(34,304)	112,183	131,938	(19,755)
Materials Purchased	1,038,209	1,048,720	(10,511)	1,038,209	1,048,720	(10,511)			
Gas, Oil, and Lubricants	525,250	535,729	(10,479)	525,250	535,729	(10,479)			
Capital Outlay	2,822,403	2,697,777	124,626	2,816,728	2,694,600	122,128	5,675	3,177	2,498
Other Shop Expenses	76,160	81,135	(4,975)	76,160	81,135	(4,975)			
General and Administrative	145,227	123,496	21,731	16,400	16,585	(185)	116,987	106,911	10,076
Outside Services	263,079	303,022	(39,943)	263,079	303,022	(39,943)			
Insurance Premiums	875,787	872,212	3,575				875,787	872,212	3,575
Insurance Claims	631,541	763,436	(131,895)				643,381	763,436	(120,055)
Total Expenditures	7,602,743	7,704,673	(101,930)	5,848,730	5,826,999	21,731	1,754,013	1,877,674	(123,661)
Deficiency of Revenue Over Expenditures	<u>\$(3,559,743)</u>	<u>\$(3,460,120)</u>	<u>\$ 99,623</u>	<u>\$(2,718,730)</u>	<u>\$(2,586,598)</u>	<u>\$ 132,132</u>	<u>\$(841,013)</u>	<u>\$(873,522)</u>	<u>\$ (32,509)</u>

See Notes to Financial Statements.



GENERAL FIXED ASSETS ACCOUNT GROUP

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

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

CITY OF SCOTTSDALE

EXHIBIT J-1

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1986

Property and Equipment

Land	\$ 34,587,048
Buildings and Improvements	54,209,206
Streets and Storm Drains	350,935,295
Machinery and Equipment	14,672,623
Construction in Progress	56,293,711

Total General Fixed Assets	<u>\$510,697,883</u>
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Investment in General Fixed Assets From

General Fund	\$ 65,826,590
Special Revenue Funds	21,646,305
Capital Projects Funds	108,623,188
Contributions	304,801,557
Improvement Districts	9,800,243

Total Investment in General Fixed Assets	<u>\$510,697,883</u>
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EXHIBIT J-2

CITY OF SCOTTSDALE
 SCHEDULE OF GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS AND IMPROVEMENTS</u>	<u>STREETS AND STORM DRAINS</u>	<u>MACHINERY AND EQUIPMENT</u>
General Government	\$ 24,033,397	\$ 6,560,850	\$ 16,743,043	\$	\$ 729,504
Police	4,151,113	40,855	1,451,172	48,038	2,611,048
Management Services	1,444,305	552,201	286,064		606,040
Field Operations	385,722,584	20,429,349	14,370,841	349,511,775	1,410,619
Community Services	22,589,500	4,488,482	16,075,145	134,747	1,891,126
Community Development	9,447,014	2,515,311	5,100,958	1,240,735	590,010
Non Departmental	<u>7,016,259</u>		<u>181,983</u>		<u>6,834,276</u>
Total General Fixed Assets Allocated to Functions	\$454,404,172	<u>\$ 34,587,048</u>	<u>\$ 54,209,206</u>	<u>\$350,935,295</u>	<u>\$ 14,672,623</u>
Construction in Progress	<u>56,293,711</u>				
Total General Fixed Assets	<u>\$510,697,883</u>				

CITY OF SCOTTSDALE
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 1986

	<u>07/01/85</u>	<u>ADDITIONS</u>	<u>TRANSFERS/ DELETIONS</u>	<u>06/30/86</u>
General Government	\$ 24,023,275	\$ 11,182	\$ 1,060	\$ 24,033,397
Police	2,517,247	1,652,144	18,278	4,151,113
Management Services	795,329	658,615	9,639	1,444,305
Field Operations	333,841,642	51,880,942		385,722,584
Community Services	20,240,310	2,355,250	6,060	22,589,500
Community Development	9,392,824	58,210	4,020	9,447,014
Non Departmental	5,568,161	1,451,723	3,625	7,016,259
Construction in Progress	<u>18,167,514</u>	<u>43,666,988</u>	<u>5,540,791</u>	<u>56,293,711</u>
	<u>\$414,546,302</u>	<u>\$101,735,054</u>	<u>\$ 5,583,473</u>	<u>\$510,697,883</u>

**STATISTICAL
SECTION**

TABLE 1

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

FISCAL YEAR	TOTAL	GENERAL GOVERNMENT	PUBLIC SAFETY	MANAGEMENT SERVICES	FIELD OPERATIONS	COMMUNITY SERVICES	COMMUNITY DEVELOPMENT	MUNICIPAL UTILITIES	NON-DEPARTMENTAL	DEBT SERVICES	CAPITAL IMPROVEMENTS
*1986	\$79,682,450	\$ 2,589,123	\$ 9,475,467	\$ 1,942,012	\$11,037,959	\$ 8,730,701	\$ 8,195,938	\$	\$ 7,321,889	\$22,805,850	\$ 7,583,511
*1985	58,041,919	2,138,651	8,352,188	1,873,189	10,573,974	8,155,034	7,116,544		7,625,803	11,661,957	544,579
*1984	50,714,853	1,927,456	7,433,027	1,792,739	9,035,611	7,198,146	5,678,868		5,833,286	2,428,846	9,386,874
*1983	44,551,039	3,681,626	9,847,607	2,488,759	8,329,776	6,469,869	5,402,471			1,625,465	6,705,466
*1982	39,846,106	3,300,839	8,721,281	2,520,130	7,658,942	6,451,148	4,571,909	378,320		1,591,632	4,651,905
*1981	36,502,778	2,508,933	7,731,176	2,556,277	7,091,973	5,813,913	4,151,823	226,151		1,532,127	4,890,405
*1980	32,161,034	1,956,224	6,685,001	2,516,505	5,680,964	5,377,929	4,504,456	407,185		1,526,660	3,506,110
1979	30,210,507	1,304,630	6,161,448	2,260,310	5,660,651	6,765,247	3,929,206	285,847		2,131,927	1,711,241
1978	21,685,841	1,568,749	4,703,394	1,816,144	4,578,124	3,598,038	1,633,725	38,852		2,170,692	1,578,123
Reorganization March, 1977											
1977	18,415,674	3,648,165	4,521,225		5,185,420	2,957,806				2,103,058	

*Data Reported Without Encumbrances; Prior Years' Data Reported With Encumbrances.

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TABLE II

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

FISCAL YEAR	TOTAL	TAXES	LICENSES AND PERMITS	INTER-GOVERNMENT REVENUE	CHARGES FOR SERVICES	FORFEITS	USES OF MONEY AND PROPERTY	MISCELLANEOUS
1986	\$74,306,839	\$30,814,928	\$ 5,018,643	\$20,808,629	\$ 4,552,765	\$ 1,533,450	\$ 8,086,213	\$ 3,492,211
1985	63,083,250	27,324,172	4,101,638	19,651,559	4,255,369	1,147,666	4,545,911	2,056,935
1984	51,576,944	23,760,587	3,662,366	16,644,270	3,808,539	1,009,111	1,377,798	1,314,273
1983	42,899,061	18,845,162	2,181,695	15,419,637	3,430,126	722,696	1,381,218	918,527
1982	37,454,895	17,266,878	1,404,914	13,070,978	2,928,160	459,034	1,628,091	696,840
1981	35,614,819	15,655,414	1,408,602	11,101,021	2,676,846	578,808	1,440,043	2,754,085
1980	32,970,292	14,697,250	1,301,665	11,364,598	2,153,174	564,704	1,374,275	1,514,626
1979	31,720,927	13,760,978	1,747,776	12,121,733	1,799,987	528,652	1,132,908	628,893
1978	23,769,172	11,623,061	1,318,170	7,179,902	1,812,947	485,337	731,343	618,412
1977	19,292,257	9,463,545	665,819	6,415,559	1,523,559	338,246	427,322	458,207

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

TABLE III

FISCAL YEAR	TOTAL TAXES	PRIVILEGE TAXES	GENERAL PROPERTY TAX	FRANCHISE	IN-LIEU PROPERTY
1986	\$30,814,928	\$22,080,785	\$ 6,782,380	\$ 1,865,339	\$ 86,424
1985	27,324,172	20,051,172	5,580,004	1,628,787	64,209
1984	23,760,587	17,460,418	4,980,289	1,267,485	52,395
1983	18,845,162	14,399,311	3,371,348	1,022,688	51,915
1982	17,266,878	12,910,294	3,494,953	805,769	55,862
1981	15,655,414	11,636,852	3,148,907	807,330	62,325
1980	14,697,250	11,209,020	2,949,749	489,739	48,742
1979	13,760,978	10,133,373	3,171,299	399,006	57,300
1978	11,623,061	7,832,052	3,412,532	320,135	58,342
1977	9,463,545	6,242,303	2,905,835	255,922	59,485

TABLE IV

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

<u>FISCAL YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>% OF LEVY COLLECTIONS</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>FUTURE YEAR TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>	<u>TOTAL COLLECTIONS % OF CURRENT LEVY</u>	<u>OUTSTANDING DELINQUENT TAXES</u>	<u>OUTSTANDING DELINQUENT AS % OF CURRENT LEVY</u>
1986	\$ 6,776,237	\$ 6,599,301	97.39	\$ 183,078	\$ 100,807	\$ 6,855,215	101.16	\$ 351,720	5.19
1985	5,481,042	5,346,783	97.55	204,822	27,971	5,579,576	101.80	227,482	4.15
1984	5,008,462	4,674,445	93.33	187,583	28,399	4,890,427	97.64	227,075	4.49
1983	3,448,356	3,264,176	94.65	44,053	118,261	3,426,490	99.37	198,681	5.76
1982	3,306,068	3,381,094	102.27	113,858	89,076	3,584,028	108.41	96,093	2.91
1981	3,164,000	3,032,354	95.84	65,853	50,700	3,148,907	99.52	128,391	4.06
1980	2,941,981	2,843,369	96.65	61,451	44,929	2,949,749	100.26	79,553	2.70
1979	3,118,364	3,081,311	98.81	75,095	14,893	3,171,299	101.70	66,929	2.15
1978	3,395,254	3,323,293	97.88	66,122	23,117	3,412,532	100.51	10,952	.32
1977	2,812,007	2,781,386	98.91	104,974	19,475	2,905,835	103.34	77,287	2.75

TABLE V

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

COMPARATIVE ASSESSED VALUATION CLASSIFICATION

	REAL ESTATE	IMPROVEMENTS	SECURED PERSONAL	UNSECURED PERSONAL	UTILITIES RAILS, WIRES	GROSS VALUATION	EXEMPTIONS	NET TAXABLE VALUATION	ESTIMATED ACTUAL VALUATION (\$000)
1985-86 P	\$ NOTE	\$612,418,575	\$ 19,491,720	\$ 31,181,985	\$ 34,897,580	\$697,989,860	\$ 347,947	\$697,641,913	\$ 4,996,510
S	289,289,410	442,267,375	19,491,720	31,282,385	34,897,580	817,228,470	335,622	816,892,848	5,498,018
1984-85 P	NOTE	497,307,980	5,586,005	34,234,800	32,718,135	569,846,920	404,295	569,442,625	4,008,323
S	238,296,260	360,033,625	5,586,005	34,344,260	32,718,135	670,938,285	379,760	670,558,525	4,684,493
1983-84 P	NOTE	415,957,110	7,117,670	44,027,420	31,163,760	498,265,960	432,103	497,833,857	3,450,866
S	207,127,235	328,758,240	7,117,670	44,179,445	31,163,760	618,346,350	359,684	617,986,666	4,252,661
1982-83 P	NOTE	337,368,075	873,145	23,763,595	34,578,830	396,383,645	489,152	395,894,493	3,250,168
S	118,468,430	294,573,905	873,145	23,971,545	34,378,830	472,265,855	424,824	471,841,031	2,781,027
1981-82 P	NOTE	293,254,155	4,816,520	22,475,660	29,581,930	350,128,265	388,617	349,739,648	2,431,972
S	78,168,180	299,115,465	4,816,520	22,481,685	29,581,930	434,153,780	222,812	433,940,968	3,129,428
1980-81 P	NOTE	195,178,565	4,387,500	16,910,048	26,185,865	298,723,343	381,890	298,341,453	2,060,862
S	62,607,985	204,893,090	4,387,500	16,910,048	26,185,865	314,984,288	381,209	314,603,079	2,164,592
1979-80	64,707,360	214,606,835	4,905,525	18,168,440	26,686,105	329,074,265	524,208	328,550,057	1,736,654
1978-79	58,113,425	178,910,680	2,991,890	14,343,335	23,759,140	278,118,470	556,772	277,561,698	1,447,302
1977-78	53,849,005	154,935,375	2,368,435	12,172,310	21,493,915	244,819,040	556,121	244,262,919	1,251,931
1976-77	48,704,580	144,585,650	2,088,180	10,476,390	19,670,520	225,525,320	564,759	224,960,561	1,147,690

NOTE: Real Estate and Improvements Combined in Primary Valuation.

ASSESSED VALUATION HISTORIES

YEAR	CITY OF SCOTTSDALE	MARICOPA COUNTY	STATE OF ARIZONA
1985-86 P	\$ 697,641,913	\$ 8,073,816,168	\$13,660,461,630
S	816,892,848	9,038,215,631	15,187,957,117
1984-85 P	569,442,625	7,057,697,234	12,136,753,090
S	670,558,525	7,929,606,629	13,527,994,589
1983-84 P	497,833,857	6,572,193,869	11,135,717,824
S	617,986,666	7,477,212,494	12,864,444,352
1982-83 P	395,894,493	5,257,521,736	9,943,400,152
S	471,841,031	6,034,315,165	11,199,119,863
1981-82 P	349,739,648	4,537,736,695	8,884,731,595
S	433,940,968	5,999,244,436	9,953,647,817
1980-81 P	298,341,453	3,822,449,353	8,872,496,646
S	314,603,079	5,994,223,482	9,940,994,609
1979-80	328,550,057	4,089,042,274	8,192,513,552
1978-79	277,561,698	3,488,588,940	7,226,035,626
1977-78	244,262,919	3,058,514,752	6,655,381,547
1976-77	224,960,561	2,844,314,021	6,200,230,075
1975-76	213,009,630	2,678,051,825	5,826,289,483

NOTE: Property tax reform legislation approved by the voters on June 3, 1980, created PRIMARY (P) SECONDARY (S) valuation bases. Taxes levied on PRIMARY valuations are for maintenance and operation of counties, cities, school districts, community college districts, and the state. Taxes levied on SECONDARY valuations are for debt retirement, voter-approved budget overrides, and maintenance and operation of special-service districts.

CITY OF SCOTTSDALE
PROPERTY TAX RATES AND TAX LEVIES - ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

TAX RATES PER \$100 ASSESSED VALUATIONS		SCHOOL DISTRICTS							
FISCAL YEAR	CITY OF SCOTTSDALE	SCOTTSDALE UNIFIED	COMMUNITY COLLEGE	MARICOPA COUNTY	STATE OF ARIZONA	FLOOD DISTRICT	CENTRAL ARIZONA PROJECT	TOTAL	
1986-87	Primary \$.42	\$4.91	\$.66	\$1.45	\$.38	\$	\$	\$ 7.82	
	Secondary .44	.65	.08	.22		.50	.07	1.96	
	Total \$.86	\$5.56	\$.74	\$1.67	\$.38	\$.50	\$.07	\$ 9.78	
1985-86	Primary \$.43	\$4.76	\$.71	\$1.45	\$.40	\$	\$	\$ 7.75	
	Secondary .46		.11	.16		.50	.07	1.30	
	Total \$.89	\$4.76	\$.82	\$1.61	\$.40	\$.50	\$.07	\$ 9.05	
1984-85	Primary \$.48	\$4.30	\$.75	\$1.50	\$.40	\$	\$	\$ 7.43	
	Secondary .42			.16		.50	.07	1.15	
	Total \$.90	\$4.30	\$.75	\$1.66	\$.40	\$.50	\$.07	\$ 8.58	
1983-84	Primary \$.51	\$4.34	\$.77	\$1.53	\$.75	\$	\$	\$ 7.90	
	Secondary .40	.15		.24		.48	.05	1.30	
	Total \$.91	\$4.47	\$.77	\$1.77	\$.75	\$.48	\$.05	\$ 9.20	
1982-83	Primary \$.55	\$3.98	\$.80	\$1.57	\$.75	\$	\$	\$ 7.65	
	Secondary .26	.21		.16		.50	.03	1.16	
	Total \$.81	\$4.19	\$.80	\$1.73	\$.75	\$.50	\$.03	\$ 8.81	
1981-82	Primary \$.59	\$4.11	\$.78	\$1.60	\$.95	\$	\$	\$ 8.03	
	Secondary .30	.29	.03	.18		.34	.03	1.17	
	Total \$.89	\$4.40	\$.81	\$1.78	\$.95	\$.34	\$.03	\$ 9.20	
1980-81	Primary \$.63	\$3.92	\$.88	\$1.76	\$1.25	\$	\$	\$ 8.44	
	Secondary .41	.33	.04	.22		.43	.04	1.47	
	Total \$1.04	\$4.25	\$.92	\$1.98	\$1.25	\$.43	\$.04	\$ 9.91	
1979-80	1.03	5.64	.94	2.30	.48	.20	.03	10.62	
1978-79	1.18	5.41	.84	2.30	1.10	.20	.03	11.06	
1977-78	1.39	5.35	.76	2.67	1.60	.20	.03	12.00	
TAX LEVIES									
1986-87	Primary \$ 3,609,800	\$ 53,017,998	\$ 64,252,038	\$140,945,425	\$ 37,058,981	\$	\$	\$298,884,242	
	Secondary 4,364,000	7,966,614	8,936,900	26,639,165		44,850,000	7,674,515	100,431,194	
	Total \$ 7,973,800	\$ 60,984,612	\$ 73,188,938	\$167,584,590	\$ 37,058,981	\$ 44,850,000	\$ 7,674,515	\$399,315,436	
1985-86	Primary \$ 3,042,009	\$ 43,000,993	\$ 57,198,367	\$117,171,280	\$ 31,718,427	\$	\$	\$252,131,076	
	Secondary 3,734,228		9,265,991	14,500,000		35,258,000	6,326,751	69,084,970	
	Total \$ 6,776,237	\$ 43,000,993	\$ 66,464,358	\$131,671,280	\$ 31,718,427	\$ 35,258,000	\$ 6,326,751	\$321,216,046	
1984-85	Primary \$ 2,719,021	\$ 32,632,320	\$ 52,825,981	\$105,958,455	\$ 28,197,257	\$	\$	\$222,333,034	
	Secondary 2,762,021			11,919,468		29,484,792	5,544,888	49,711,169	
	Total \$ 5,481,042	\$ 32,632,320	\$ 52,825,981	\$117,877,923	\$ 28,197,257	\$ 29,484,792	\$ 5,544,888	\$272,044,203	
1983-84	Primary \$ 2,558,626	\$ 29,535,753	\$ 49,021,392	\$ 97,060,969	\$ 47,791,454	\$	\$	\$225,968,194	
	Secondary 2,449,836	1,044,991		17,945,309		25,750,000	3,738,606	50,928,742	
	Total \$ 5,008,462	\$ 30,580,744	\$ 49,021,392	\$115,006,278	\$ 47,791,454	\$25,750,000	\$ 3,738,606	\$276,896,936	
1982-85	Primary \$ 2,189,451	\$ 22,663,965	\$ 42,157,932	\$ 82,722,892	\$ 39,432,461	\$	\$	\$189,165,701	
	Secondary 1,259,905	1,441,572		9,655,311		22,348,935	1,810,371	36,516,094	
	Total \$ 3,448,356	\$ 24,105,537	\$ 42,157,932	\$ 92,378,203	\$ 39,432,461	\$ 22,348,935	\$ 1,810,371	\$225,681,795	
1981-82	Primary \$ 2,035,753	\$ 20,619,199	\$ 35,382,235	\$ 72,719,050	\$ 43,109,179	\$	\$	\$173,865,416	
	Secondary 1,270,315	1,806,942	1,502,500	9,605,781		13,500,000	1,599,438	29,284,976	
	Total \$ 3,306,068	\$ 22,426,141	\$ 36,884,735	\$ 82,324,831	\$ 43,109,179	\$ 13,500,000	\$ 1,599,438	\$203,150,392	
1980-81	Primary \$ 1,882,000	\$ 17,123,070	\$ 33,805,756	\$ 67,153,941	\$ 47,780,616	\$	\$	\$167,745,385	
	Secondary 1,282,000	1,511,100	1,560,000	8,493,229		12,292,400	1,636,096	26,774,825	
	Total \$ 3,164,000	\$ 18,634,170	\$ 35,365,756	\$ 75,647,170	\$ 47,780,616	\$ 12,292,400	\$ 1,636,096	\$194,520,208	
1979-80	2,941,981	24,808,895	33,407,254	81,741,154	17,059,023	5,342,316	1,066,189	166,366,812	
1978-79	3,118,364	22,305,645	27,905,341	76,402,005	75,760,851	5,026,367	996,548	211,513,121	
1977-78	3,395,254	20,777,865	23,244,733	81,662,344	106,486,104	4,674,825	917,554	241,158,679	

For Scottsdale residents residing within the Phoenix Union High School District and the Balsz Elementary District, the 1986-87 tax rate total is \$9.40. For those residing within the Paradise Valley Unified School District, the 1986-87 tax rate total is \$11.21.

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

TABLE VII

CITY OF SCOTTSDALE
PRINCIPAL TAXPAYERS
JUNE 30, 1986

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>PERCENT OF TOTAL ASSESSED VALUATION</u>
Mountain Bell Telephone & Telegraph	Telephone Utility	\$20,331,134	2.01
Motorola, Inc.	Electronics Manufacturing	16,948,064	1.68
Arizona Public Service	Electric Utility	15,924,351	1.57
The Registry Resort	Resort Hotel	7,562,745	.75
Sentry Insurance Co.	Insurance Headquarters	6,997,683	.69
Camelview Plaza Shopping Center	Retail Mall	5,713,805	.57
Fashion Square Shopping Center	Retail Mall	4,644,510	.46
Los Arcos Shopping Mall	Retail Mall	3,761,864	.37
Scottsdale Conference Center	Convention Center	3,593,142	.36
The Boulders Resort	Resort Hotel	2,730,784	.27
Armour & Co.	Product Research	2,140,341	.21
Southwest Gas Corp.	Utility	<u>1,608,380</u>	<u>.16</u>
		<u>\$91,956,803</u>	<u>9.10</u>

TABLE VIII

CITY OF SCOTTSDALE
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR	CURRENT ASSESSMENTS DUE	CURRENT ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING* CURRENT AND DELINQUENT ASSESSMENTS
1985-86	\$ 1,885,731	\$ 1,884,530	99.9%	\$ 1,201
1984-85	469,277	468,058	99.7%	1,219
1983-84	307,290	302,047	98.3	5,243
1982-83	530,838	522,765	98.5	8,073
1981-82	738,597	731,731	99.0	6,866
1980-81	857,444	837,888	97.7	19,556
1979-80	967,385	954,370	98.7	13,015
1978-79	1,123,385	1,119,671	99.7	3,714
1977-78	838,132	834,603	99.6	3,529
1976-77	930,939	926,059	99.5	4,880

*Under Arizona law, public auctions are held in January of each year at which disposition of then-delinquent assessments is made. By bid, special lien rights to properties against which due but unpaid assessments exist are offered in return for payment of all outstanding amounts plus penalties. In the event there are no 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, if any, represent unpaid balances of the June 1 semi-annual interest installment only.

TABLE IX

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

<u>FISCAL YEAR</u>	<u>POPULATION*</u>	<u>ASSESSED VALUE</u>	<u>GROSS BONDED DEBT</u>	<u>LESS DEBT SERVICE FUNDS</u>	<u>NET BONDED DEBT</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
1985-86	115,509	\$816,892,848	\$ 40,195,000	\$ 8,270,674	\$ 31,924,326	3.9%	\$276.38
1984-85	107,900	670,558,525	30,800,000	6,525,723	24,274,277	3.6	224.97
1983-84	100,900	617,986,666	31,000,000	6,492,884	24,507,116	4.0	242.89
1982-83	98,600	471,841,031	11,365,000	6,047,735	5,317,265	1.1	53.93
1981-82	96,100	433,940,968	11,725,000	5,322,701	6,402,299	1.5	66.22
1980-81	90,700	314,603,079	12,080,000	4,666,093	7,413,907	2.4	81.74
1979-80	88,900	328,550,057	12,430,000	4,065,852	8,364,148	2.5	94.08
1978-79	87,400	277,561,698	12,750,000	3,502,116	9,247,884	3.3	105.81
1977-78	81,100	244,262,919	13,065,000	2,929,844	10,135,156	4.2	124.97
1976-77	78,300	224,960,561	12,510,000	2,468,356	10,041,644	4.5	128.25

*Source: City Planning Staff

CITY OF SCOTTSDALE
COMPUTATION OF LEGAL DEBT MARGINS
JUNE 30, 1986

Assessed Value			\$816,892,848
Debt Limit 6% of Assessed Value			49,013,571
Amount of Debt Applicable to Debt Limit			
Total 6% General Obligation Bonded Debt			
1966 Parks and Recreation	75,000		
1967 Civic Center	720,000		
1968 Civic Center	1,400,000		
1983 CIP Series A			
Public Buildings	14,400,000		
1985 CIP Series B			
Public Buildings	<u>2,900,000</u>	<u>19,495,000</u>	
Less:			
Cash in Debt Service Funds			
1967 Civic Center	85,000		
1966 Parks and Recreation	75,000		
1983 CIP Series A	<u>1,440,000</u>	<u>1,600,000</u>	
Total Debt Applicable to Debt Limit			<u>17,895,000</u>
Legal Debt Margin			<u>\$ 31,118,571</u>
Debt Limit 20% of Assessed Value			\$163,378,569
Amount of Debt Applicable to Debt Limit			
Total 20% General Obligation Bonded Debt			
1973 Storm Sewer Series A	3,500,000		
1973 Storm Sewer Series C	3,000,000		
1983 CIP Series A			
Parks	5,000,000		
Storm Sewer	600,000		
1985 CIP Series B			
Parks	3,800,000		
Storm Sewer	<u>3,100,000</u>	<u>19,000,000</u>	
Less:			
Cash in Debt Service Funds			
1973 Storm Sewer Series	4,410,674		
1983 CIP Series A			
Parks	500,000		
Storm Sewer	<u>60,000</u>	<u>4,970,674</u>	
Total Debt Applicable to Debt Limit			<u>14,029,326</u>
Legal Debt Margin			<u>\$149,349,243</u>

TABLE XI

CITY OF SCOTTSDALE
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
 FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>DEBT SERVICE</u>	<u>TOTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO TOTAL EXPENDITURES</u>
*1986	\$3,860,000	\$2,782,036	\$ 6,642,036	\$79,682,450	8.34%
*1985	975,000	2,080,725	3,055,725	58,041,919	5.26
*1984	670,000	1,114,165	1,784,165	50,714,853	3.52
*1983	660,000	589,860	1,249,860	44,551,039	2.81
*1982	655,000	605,285	1,260,285	39,846,106	3.16
*1981	650,000	630,260	1,280,260	36,502,778	3.51
*1980	645,000	647,160	1,292,160	32,161,034	4.02
1979	680,000	666,805	1,346,805	30,210,507	4.46
1978	750,000	626,410	1,376,410	21,685,841	6.35
1977	815,000	652,810	1,467,810	18,415,674	7.97

*Data reported without encumbrances; prior years' data reported with encumbrances.

TABLE XII

CITY OF SCOTTSDALE
WATER AND SEWER UTILITY REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

FISCAL YEAR	GROSS REVENUE	OPERATING & MAINTENANCE EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICES	PRINCIPAL	INTEREST	TOTAL	COVERAGE	REQUIRED COVERAGE
1986	\$20,482,747	\$ 7,732,022(1)	\$12,750,725	\$ 950,000	\$ 542,030	\$ 1,492,030	8.55	1.20
1985	16,940,220	6,732,262(1)	10,207,958	1,270,000	575,785	1,845,785	5.53	1.20
1984	13,932,644	5,978,867(1)	7,953,777	1,200,000	771,131	1,971,131	4.04	1.20
1983	9,907,951	5,104,171(1)	4,803,780	685,000	490,573	1,175,573	4.09	1.20
1982	8,466,963	4,205,257	4,261,706	600,000	522,323	1,122,323	3.80	1.20
1981	7,244,494	2,433,428	4,811,066	535,000	549,748	1,084,748	4.44	1.20
1980	6,231,513	1,902,516	4,328,997	500,000	481,434	981,434	4.41	1.20
1979	6,899,446	1,880,591	5,018,855	425,000	499,008	924,008	5.43	1.20
1978	5,076,901	1,187,611	3,889,290	345,000	516,483	861,483	4.51	1.20
1977	3,242,466	939,703	2,302,763	320,000	401,178	721,178	3.19	1.20

(1)Excludes internal allocation for indirect costs.

The 1964 and 1966 Sewer Revenue Bonds and the 1971 Water Revenue Bonds were refunded in 1973 by a \$3,910,000 Refunding Issue. Principal and interest on the 1973 refunding bonds is payable from the now combined operation of the City of Scottsdale Water and Sewer Utility System after providing sufficient funds for the current expenses of the system.

TABLE XIII

CITY OF SCOTTSDALE
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>PER CAPITA INCOME (2)</u>	<u>MEDIAN AGE (2)</u>	<u>EDUC. LEVEL IN YEARS OF SCHOOLING (2)</u>	<u>SCHOOL ENROLLMENT (3)</u>	<u>UNEMPLOYMENT RATE (4)</u>
1986	115,509	14,650	36.9	13.5	19,255	3.9
1985	107,900	14,000	43.5	14.2	18,830	3.6
1984	100,900	10,900	38.5	12.0	19,032	2.9
1983	98,600	12,200	39.4	13.0	19,803	5.9
1982	96,100	10,013	39.2	13.3	20,855	6.3
1981	90,700	11,116	34.6	14.7	22,060	3.9
1980	88,900	8,968	34.3	14.4	23,309	4.4
1979	87,400	8,397	33.3	14.5	24,440	3.4
1978	81,100	7,826	32.4	14.6	25,478	4.2
1977	78,300	6,786	31.4	14.1	26,264	5.8

Sources:

- (1) City Planning Staff
- (2) Inside Phoenix (Republic and Gazette)
- (3) Scottsdale School District
- (4) Arizona Department of Economic Security

TABLE XIV

CITY OF SCOTTSDALE
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

FISCAL YEAR	COMMERCIAL CONSTRUCTION (1)		RESIDENTIAL CONSTRUCTION (1)		BANK DEPOSITS MARICOPA COUNTY (\$000) (2)	PROPERTY VALUE (3) (4)		
	NUMBER OF PERMITS	VALUE	NUMBER DWELLING UNITS	VALUE		COMMERCIAL	RESIDENTIAL	NONTAXABLE
1986	1,821	\$156,361,608	3,094	\$424,964,479	\$13,973,325	\$1,935,264,476	\$3,596,269,350	\$220,255,201
1985	2,691	184,975,825	3,917	363,121,381	12,287,691	1,453,886,466	3,118,169,191	253,820,222
1984	2,529	124,939,954	5,212	294,370,574	10,286,853	1,276,210,112	2,925,474,200	230,412,720
1983	1,949	67,585,662	2,404	137,180,307	8,603,186	810,425,162	2,439,742,604	194,655,713
1982	2,278	62,902,183	1,103	63,345,423	7,888,962	702,699,595	2,429,906,884	107,081,672
1981	2,723	52,387,384	1,906	96,450,635	7,415,347	569,123,360	1,595,467,446	101,065,967
1980	3,827	47,930,450	1,433	58,675,933	6,705,628	482,728,948	1,253,925,269	154,602,436
1979	3,933	47,245,774	4,543	130,673,316	5,736,650	420,469,277	1,026,832,307	137,822,740
1978	2,693	31,196,225	3,523	113,863,766	4,820,917	443,481,361	808,449,825	107,680,243
1977	2,163	19,096,608	1,681	34,897,790	4,180,598			

Note (1) Source - City Building Inspection Staff

Note (2) Source - Arizona Bankers Association

Note (3) Source - Abstract published by the Arizona State Department of Revenue. Data not available prior to 1978.

Note (4) Source - Estimated actual value Secondary Assessed Valuation

CITY OF SCOTTSDALE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION AND MUNICIPAL PROPERTY CORPORATION DEBT
AS OF JUNE 30, 1986

FISCAL YEAR	GENERAL PURPOSE 6% LIMITATION			UTILITY PURPOSE 20% LIMITATION			TOTAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1986-87	\$ 1,670,098	\$ 1,307,851	\$ 2,977,949	\$ 714,902	\$ 978,251	\$ 1,693,153	\$ 2,385,000	\$ 2,286,102	\$ 4,671,102
1987-88	1,686,016	1,175,716	2,861,732	728,984	916,281	1,645,265	2,415,000	2,091,997	4,506,997
1988-89	1,698,413	1,067,100	2,765,513	746,587	862,422	1,609,009	2,445,000	1,929,522	4,374,522
1989-90	1,714,331	953,239	2,667,570	760,669	805,123	1,565,792	2,475,000	1,758,362	4,233,362
1990-91	1,733,208	834,560	2,567,768	781,792	745,297	1,527,089	2,515,000	1,579,857	4,094,857
1991-92	1,740,606	710,119	2,450,725	799,594	682,238	1,481,832	2,540,000	1,592,557	3,932,357
1992-93	1,750,962	582,559	2,333,521	824,038	616,298	1,440,336	2,575,000	1,198,857	3,773,857
1993-94	1,784,839	450,463	2,235,302	845,161	546,494	1,391,655	2,630,000	996,957	3,626,957
1994-95	1,818,716	317,274	2,135,990	866,284	476,848	1,343,132	2,685,000	794,122	3,479,122
1995-96	389,073	183,633	572,706	330,927	408,939	739,866	720,000	592,572	1,312,572
1996-97	150,909	160,461	311,370	359,091	381,821	740,912	510,000	542,282	1,052,282
1997-98	162,745	147,936	310,681	387,255	352,016	739,271	550,000	499,952	1,049,952
1998-99	176,060	134,265	310,325	418,940	319,487	738,427	595,000	453,752	1,048,752
1999-00	190,855	119,300	310,155	454,145	283,877	738,022	645,000	403,177	1,048,177
2000-01	207,130	102,887	310,017	492,870	244,820	737,690	700,000	347,707	1,047,707
2001-02	224,884	85,073	309,957	535,116	202,434	737,550	760,000	287,507	1,047,507
2002-03	244,117	65,509	309,626	580,883	155,878	736,761	825,000	221,387	1,046,387
2003-04	264,830	44,148	308,978	630,170	105,052	735,222	895,000	149,200	1,044,200
2004-05	287,028	22,954	309,982	682,972	54,655	737,627	970,000	77,609	1,047,609
TOTALS	<u>\$17,894,820</u>	<u>\$ 8,465,047</u>	<u>\$26,359,867</u>	<u>\$11,940,180</u>	<u>\$ 9,138,231</u>	<u>\$21,078,411</u>	<u>\$29,835,000</u>	<u>\$17,603,278</u>	<u>\$47,438,278</u>

FISCAL YEAR	MUNICIPAL PROPERTY CORPORATION DEBT SERVICE REQUIREMENTS			LONG-TERM CONTRACTS			TOTAL ALL DEBT SERVICE REQUIREMENTS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
1986-87	\$ 2,730,000	\$ 8,300,705	\$ 11,030,705	\$ 5,007,584	\$ 1,460,475	\$ 6,468,059	\$ 10,122,584	\$ 12,047,282	\$ 22,169,866
1987-88	2,330,000	8,460,957	10,790,957	3,915,858	1,136,932	5,052,790	8,660,858	11,689,886	20,350,744
1988-89	2,480,000	8,312,856	10,792,856	3,540,762	874,166	4,414,928	8,465,762	11,116,544	19,582,306
1989-90	2,645,000	8,146,953	10,791,953	2,807,749	662,699	3,470,448	7,927,749	10,568,014	18,495,763
1990-91	2,825,000	7,963,788	10,788,788	2,654,987	523,378	3,178,365	7,994,987	10,067,023	18,062,010
1991-92	3,030,000	7,760,233	10,790,233	671,848	395,953	1,067,801	6,241,848	9,548,543	15,790,391
1992-93	3,255,000	7,535,961	10,790,961	590,031	379,788	969,819	6,420,031	9,114,606	15,534,637
1993-94	3,495,000	7,287,843	10,782,843	482,532	363,543	846,075	6,607,532	8,648,343	15,255,875
1994-95	3,765,000	7,014,706	10,779,706	242,599	347,212	589,811	6,692,599	8,156,040	14,848,639
1995-96	3,840,000	6,713,581	10,553,581	174,247	330,794	505,041	4,734,247	7,636,947	12,371,194
1996-97	3,680,000	6,427,413	10,107,413	176,755	314,281	491,036	4,366,755	7,283,976	11,650,731
1997-98	4,015,000	6,103,261	10,118,261	179,365	297,666	477,031	4,744,365	6,900,879	11,645,244
1998-99	4,375,000	5,740,923	10,115,923	182,080	280,946	463,026	5,152,080	6,475,621	11,627,701
1999-00	4,790,000	5,343,346	10,133,346	184,880	264,140	449,020	5,619,880	6,010,663	11,630,543
2000-01	5,245,000	4,902,543	10,147,543	187,805	247,210	435,015	6,132,805	5,497,460	11,630,265
2001-02	5,725,000	4,419,040	10,144,040	63,529	230,141	293,670	6,548,529	4,936,688	11,485,217
2002-03	6,265,000	3,890,345	10,155,345	66,696	226,994	293,690	7,156,696	4,338,726	11,495,422
2003-04	6,855,000	3,311,318	10,166,318	69,992	223,698	293,690	7,819,992	3,684,216	11,504,208
2004-37	<u>33,735,000</u>	<u>14,871,117</u>	<u>48,606,117</u>	<u>4,006,255</u>	<u>4,256,475</u>	<u>8,262,730</u>	<u>38,711,255</u>	<u>19,205,201</u>	<u>57,916,456</u>
	<u>\$105,080,000</u>	<u>\$132,506,889</u>	<u>\$237,586,889</u>	<u>\$ 25,205,534</u>	<u>\$ 12,816,491</u>	<u>\$ 38,022,045</u>	<u>\$160,120,554</u>	<u>\$162,926,658</u>	<u>\$323,047,212</u>

TABLE XVb

CITY OF SCOTTSDALE
DEBT SERVICE REQUIREMENTS TO MATURITY
SPECIAL ASSESSMENT BONDS
JUNE 30, 1986

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
1987	\$ 1,318,000	\$ 831,129	\$ 2,149,129
1988	1,317,000	721,000	2,038,000
1989	1,200,000	614,322	1,814,322
1990	1,132,000	513,395	1,645,395
1991	1,074,000	416,842	1,490,842
1992	1,072,000	322,386	1,394,386
1993	1,009,000	230,914	1,239,914
1994	1,007,000	142,443	1,149,443
1995	987,000	55,021	1,042,021
1996	145,000	5,891	150,891
	<u>\$10,261,000</u>	<u>\$ 3,853,343</u>	<u>\$14,114,343</u>

DEBT SERVICE REQUIREMENTS TO MATURITY
HIGHWAY USER REVENUE BONDS

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
1987	\$ 495,000	\$ 1,845,938	\$ 2,340,938
1988	540,000	1,795,200	2,335,200
1989	590,000	1,739,850	2,329,850
1990	665,000	1,679,374	2,344,374
1991	715,000	1,611,213	2,326,213
1992	770,000	1,543,325	2,313,325
1993	855,000	1,472,900	2,327,900
1994	935,000	1,394,763	2,329,763
1995	1,015,000	1,315,779	2,330,779
1996	1,105,000	1,230,386	2,335,386
1997	1,195,000	1,135,377	2,330,377
1998	1,285,000	1,029,908	2,314,908
1999	1,410,000	915,937	2,325,937
2000	1,535,000	790,563	2,325,563
2001	1,665,000	654,062	2,319,062
2002	1,830,000	504,213	2,334,213
2003	1,995,000	339,512	2,334,512
2004	920,000	165,713	1,085,713
2005	1,005,000	82,912	1,087,912
	<u>\$20,525,000</u>	<u>\$21,246,925</u>	<u>\$41,771,925</u>

CITY OF SCOTTSDALE
DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS AND LONG-TERM CONTRACTS
ENTERPRISE FUNDS
JUNE 30, 1986

FISCAL YEAR	WATER AND SEWER UTILITY REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
1987	\$ 690,000	\$ 1,033,111	\$ 1,723,111
1988	725,000	999,798	1,724,798
1989	765,000	964,798	1,729,798
1990	800,000	927,073	1,727,073
1991	810,000	887,623	1,697,623
1992	875,000	847,123	1,722,123
1993	925,000	800,623	1,725,623
1994	1,010,000	719,998	1,729,998
1995	1,085,000	630,688	1,715,688
1996	1,175,000	549,062	1,724,062
1997	1,275,000	446,250	1,721,250
1998	1,400,000	332,775	1,732,775
1999	1,525,000	206,775	1,731,775
2000	850,000	68,000	918,000
	<u>\$13,910,000</u>	<u>\$ 9,413,697</u>	<u>\$23,323,697</u>

TABLE XVc

WATER AND SEWER UTILITY LONG TERM CONTRACTS			WATER AND SEWER UTILITY TOTAL REQUIREMENTS		
PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
\$ 1,393,062	\$ 114,706	\$ 1,507,768	\$ 2,083,062	\$ 1,147,817	\$ 3,230,879
581,791	79,898	661,689	1,306,791	1,079,696	2,386,487
612,823	76,000	688,823	1,377,823	1,040,798	2,418,621
612,823	72,103	684,926	1,412,823	999,176	2,411,999
1,197,441	37,026	1,234,467	2,007,441	924,649	2,932,090
506,739		506,739	1,381,739	847,123	2,228,862
422,762		422,762	1,347,762	800,623	2,148,385
313,023		313,023	1,323,023	719,998	2,043,021
70,765		70,765	1,155,765	630,688	1,786,453
			1,175,000	549,062	1,724,062
			1,275,000	446,250	1,721,250
			1,400,000	332,775	1,732,775
			1,525,000	206,775	1,731,775
			850,000	68,000	918,000
<u>\$ 5,711,229</u>	<u>\$ 379,733</u>	<u>\$ 6,090,962</u>	<u>\$19,621,229</u>	<u>\$ 9,793,430</u>	<u>\$29,414,659</u>

CITY OF SCOTTSDALE
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 1986

TABLE XVI

Date of Incorporation	- June 25, 1951	
Date Charter Adopted	- November 16, 1961	
Form of Government	- Council/Manager	
Population		Area - Square Miles
1951 Census	- 2,032	1951 - .62
1960 Census	- 10,026	1961 - 4.90
1965 Special Census	- 54,504	1970 - 62.20
1970 Census	- 67,823	1971 - 73.60
1975 Special Census	- 78,065	1975 - 85.80
1980 Census	- 88,900	1979 - 88.60
1985 Census	- 107,900	1982 - 116.00
1986 Est. 6/30/86	- 115,509	1984 - 147.00
Miles of Streets and Alleys		1986 - 183.00
Streets		569.56
Alleys		152.54
Miles of Sewers		
Storm		18.71
Sanitary		568.44
Fire Protection		
Number of Stations		6
The City of Scottsdale has no fire employees but contracts with Metropolitan Fire Department Inc. to provide fire service to all residents.		
Police Protection		
Number of Employees		256
Number of Traffic Citations (excluding parking)		59,309
Number of Vehicles		130
The City jail is a holding facility. All long-term prisoners are incarcerated in the County jail.		
Recreation		
Parks - Number of Acres		1,917
Number of Swimming Pools		2
Number of Other Recreation Facilities		35
These include schools and school playgrounds in cooperation with Scottsdale School District.		
Water Enterprise		
Number of Users (No. Units)		30,629
Annual Consumption (Gallons)		7,714,000,000
Plant Capacity (Gallons Per Day)		37,263,000
Miles of Distribution Lines		577.57
Number of Street Lights		6,063
Employees as of June 30, 1986		
Full Time		1,010
Part Time		291
Grant Funded		8
Total		1,309
Elections		
Number of Registered Voters as of last regular Election, March, 1986		62,778
Number/% Voting in Last Municipal Election		12,535/20%
Population		
Median Age of Residents		36.9
Median Household Income		35,100
Median Home Value - Single Family		109,200

TABLE XVII

CITY OF SCOTTSDALE
SCHEDULE OF INSURANCE IN FORCE
JUNE 30, 1986

<u>CARRIER</u>	<u>POLICY DESCRIPTION</u>	<u>AMOUNT OF COVERAGE</u>
Arkwright-Boston Insurance 07/01/86 to 06/30/87	Property Insurance - All Risk Repair or Replace \$5,000 Deductible	\$85,000,000
Planet & Insurance Co. 07/01/86 to 06/30/87	Excess Liability Coverage \$250,000 Retention	\$ 2,000,000
Transamerica 07/01/86 to 06/30/87	Airport and Hangarkeepers Coverage \$5,000 Deductible	\$50,000,000
Employers Reinsurance 07/01/86 to 06/30/87	Excess Workers' Compensation Coverage \$175,000 Retention	Unlimited
Aetna 07/01/86 to 06/30/87	Workers' Compensation Guaranty Bond (Value of Bond (\$100,000))	

TABLE XVIIa

CITY OF SCOTTSDALE
GENERAL INSURANCE
JUNE 30, 1986

REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/86)</u>
<u>Parks</u>				
<u>Aqua Linda Park Bldg.</u> 8732 East McDonald	Conc./Block	04/75	1,300	\$ 84,000
<u>Chaparral Park</u> 5401 North Hayden Road	Conc./Block	10/74	4,650	260,000
Recreation Center	Conc./Block	10/81	2,000	150,000
<u>Chesnutt Park</u>				
4565 North Granite Reef Senior Citizen Center	Adobe	08/65	950	52,000
Ramadas	Conc./Block	07/69	693	16,800
<u>Eldorado Park</u>				
Recreation Center 2311 North Miller Rd.	Conc./Block	10/68	10,000	600,000
Pool/Bath House 2301 North Miller Rd.	Conc./Block	06/68	3,515	176,000
Restrooms 2301 North Miller Rd.	Conc./Block	07/70	350	16,000
South Control Bldg. 1909 North Miller Rd.	Conc./Block	07/70	1,944	125,000
Concession Stand 2301 North Miller Rd.	Conc./Block	1970	210	5,000
<u>Paiute Park</u>				
6535 East Osborn Control Building	Conc./Block	07/82	1,500	122,000
Maintenance Compound	Conc./Block	--	720	30,000
<u>Pima Park</u>				
8600 East Thomas Road	Conc./Block	--	500	43,000
<u>Baseball Stadium</u>				
7408 East Osborn	Wood Frame	--	12,000	400,000
<u>Vista Del Camino</u>				
7700 East Roosevelt	Conc./Block	08/73	8,753	800,000
<u>Horseman's Park</u>				
16600 North Pima Road Control/Restrooms	Conc./Block	05/83	1,260	82,000
Park Residence	Block/Frame	06/84	2,800	170,000

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1986REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/86)</u>
Parks (Continued)				
<u>McCormick Park</u>				
<u>7303 East Indian Bend</u>				
Bldg./N. Branch Library	Adobe	12/67	3,108	\$ 193,000
Storage Building	Adobe	12/67	616	26,000
Railroad Train Shed	Steel	12/71	6,400	250,000
Train Depot	Wood Frame	04/75	504	25,000
Peoria Building	Wood Frame	04/75	1,008	55,000
Machine Shop Museum	Wood Frame	1974	180	5,800
North Star-Train Car	Steel	--	750	204,000
<u>Indian School Park</u>				
<u>4289 North Hayden Road</u>				
Sports Control Bldg.	Conc./Block	02/80	2,265	174,000
Visitor Center	Conc./Block	02/80	3,918	300,000
Shower and Lockers	Conc./Block	02/80	3,600	300,000
<u>Mountain View Park</u>				
<u>8625 East Mountain View</u>				
Restrooms/Storage	Conc./Block	1986	12,000	830,000
	Conc./Block	1986	800	28,000
TOTAL PARKS				<u>\$ 5,522,600</u>
<u>Maintenance Complex</u>				
<u>Street Maintenance</u>				
Storage Building	Conc./Block	08/71	8,479	\$ 747,500
1327 East McKellips	Metal	07/66	600	12,000
<u>Sanitation Center</u>				
1325 East McKellips	Conc./Block	07/66	3,640	242,000
<u>Fleet Maintenance</u>				
1323 East McKellips	Conc./Block	11/64	20,646	1,060,000
<u>P/M Building</u>				
1323 East McKellips	Conc./Block	02/69	1,600	140,000
<u>Auto Parts Building</u>				
1323 East McKellips	Sheet Metal	11/74	1,600	180,000

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1986REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/86)</u>
Maintenance Complex (Continued)				
<u>Facilities Maintenance</u>				
<u>Shop</u> 1601 East McKellips	Sheet Metal	11/74	1,600	\$ 47,000
<u>Facilities Maintenance</u>				
<u>Building</u> 1601 East McKellips	Conc./Block	02/75	5,400	800,000
<u>Mower Shop</u> 1323 East McKellips	Conc./Block	09/67	780	32,000
<u>Municipal Utilities</u> 1501 North Miller	Conc./Block	06/79	4,760	<u>1,125,000</u>
TOTAL MAINTENANCE COMPLEX				<u>\$ 4,385,500</u>
Airport				
<u>Terminal</u> 7600 East Butherus Dr.	Conc./Block	01/68	10,250	\$ 975,000
<u>Service Hangar</u> 7600 East Butherus Dr.	Conc./Block	01/68	15,714	802,000
<u>"T" Hangars</u> 7600 East Butherus Dr.	Conc./Block	11/71	14,400	450,000
<u>F. A. A. Building</u> 7600 East Butherus Dr.	Conc./Block	07/72	5,930	550,000
<u>Maintenance Shop</u> 7600 East Butherus Dr.	Conc./Block	06/82	1,400	<u>70,000</u>
TOTAL AIRPORT				<u>\$ 2,847,000</u>
Civic Center Complex				
<u>City Hall</u> 3939 Civic Center Plaza	Conc./Block	10/68	37,000	\$ 3,543,000
<u>Library</u> 3839 Civic Center Plaza	Conc./Block	10/68	40,000	7,868,000
<u>Public Service</u> 3739 Civic Center Plaza	Conc./Block	04/71	23,260	3,602,000

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1986REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/86)</u>
Civic Center Complex (Continued)				
<u>Pepperwood Building</u>	Conc./Block	08/84	10,195	\$ 1,100,000
<u>Civic Center Pool</u> 3639 Civic Center Plaza	Conc./Block	06/66	1,200	65,000
<u>Mall Parking Facility</u> 7335 Civic Center Mall (446 Spaces)	Conc./Block	12/74	140,000	2,000,000
<u>Court Building</u> 3629 Civic Center Plaza	Conc./Block	09/75	7,500	600,000
<u>One Civic Center</u>	Conc./Block	11/84	58,000	9,120,000
<u>Center For The Arts</u> 7384 East Second Street	Conc./Block	09/75	88,000	16,560,000
<u>Civic Center Parking Structure</u>	Conc./Block	1986		6,000,000
<u>Pedestrian Mall Overpass</u> Civic Center and 2nd St.	Conc./Block	1986		6,000,000
<u>Senior Center I</u>	Conc./Block	09/76	5,200	420,000
<u>Senior Center II</u>	Conc./Block	11/77	5,145	435,000
<u>Senior Center III</u> 7375 East Second Street	Conc./Block	02/79	3,712	<u>260,000</u>
TOTAL CIVIC CENTER COMPLEX				<u>\$57,573,000</u>
Fire Department				
<u>Fire Station #10</u> 2857 North Miller Road	Conc./Block	08/68	8,424	\$ 503,000
<u>Fire Station #11</u> 7339 East McDonald	Conc./Block	12/71	4,023	271,000
<u>Fire Station #12</u> 13665 N. Scottsdale Rd.	Conc./Block	12/71	2,120	142,000
<u>Fire Station #19</u> 10850 Via Linda	Conc./Block	1986	8,800	605,000
TOTAL FIRE DEPARTMENT				<u>\$ 1,521,000</u>

TABLE XVIIa
(Continued)CITY OF SCOTTSDALE
GENERAL INSURANCE
June 30, 1986REAL PROPERTY (BUILDINGS)

<u>FACILITY/ADDRESS</u>	<u>CONSTRUCTION</u>	<u>ACQ. DATE</u>	<u>AREA SQ. FEET</u>	<u>REPLACEMENT COST (6/30/86)</u>
Planet Ranch				
Residences	Conc./Block	1985	9,000	300,000
Manager Residence	Conc./Block	1985	2,000	60,000
Guest House	Wood Frame	1985	2,000	115,000
Steel Shop	Sheet Metal	1985	2,500	530,000
Remodeled Home	Conc./Block	1985	1,500	<u>70,000</u>
				<u>1,075,000</u>
Miscellaneous				
<u>Warehouse</u> 7501 East Second Street	Conc./Block	1972	17,200	\$ 895,000
<u>Police Annex</u> 3720 North 75th Street	Block	1980	2,752	169,000
<u>Brooks Building</u>	Conc./Block	1984	5,400	350,000
<u>Bishop Plaza</u> 7120 East 4th Street	Conc./Block	1986	6,200	337,000
<u>Scottsdale Plumbing</u> 3700 North 75th Street	Conc./Block	1986	6,000	400,000
<u>Various Structures</u>				<u>7,319,500</u>
				<u>\$ 9,470,500</u>
				<u>\$82,394,600</u>

TABLE XVIII

CITY OF SCOTTSDALE
SALARIES AND SURETY BONDS OF PRINCIPAL OFFICIALS
FOR FISCAL YEAR ENDED JUNE 30, 1986

<u>OFFICIAL TITLE</u>	<u>MAXIMUM</u>	<u>BOND</u>
Mayor	\$21,600	\$ 10,000
Councilmen (6)	10,800	10,000
City Manager/City Clerk	96,512	1,000,000
City Attorney	69,552	1,000,000
City Treasurer	73,000	1,000,000
City Judge	59,000	1,000,000

PUBLIC EMPLOYEES HONESTY AND FAITHFUL PERFORMANCE BOND

All City Employees	\$1,000,000 per employee
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TABLE XIX

CITY OF SCOTTSDALE
EXPENDITURE LIMITATION
FISCAL YEAR 1985-86

Expenditure Limit Base (1979-80)		\$ 30,472,056
Population Factor:	$\frac{1984 \text{ Population}}{1978 \text{ Population}} = \frac{110,120}{83,000}$	1.3267
Inflation Factor:	$\frac{1984 \text{ GNP Deflator}}{1978 \text{ GNP Deflator}} = \frac{223.43}{150.42}$	1.4854

Expenditure Limitation Fiscal Year 1985-86		\$ 60,051,764
Total Expenditures Fiscal Year 1985-86	\$143,625,276	
Exclusions	99,830,998	
Expenditures Subject to Limitation		43,794,278
Expenditures Under Limitation		\$ 16,257,486