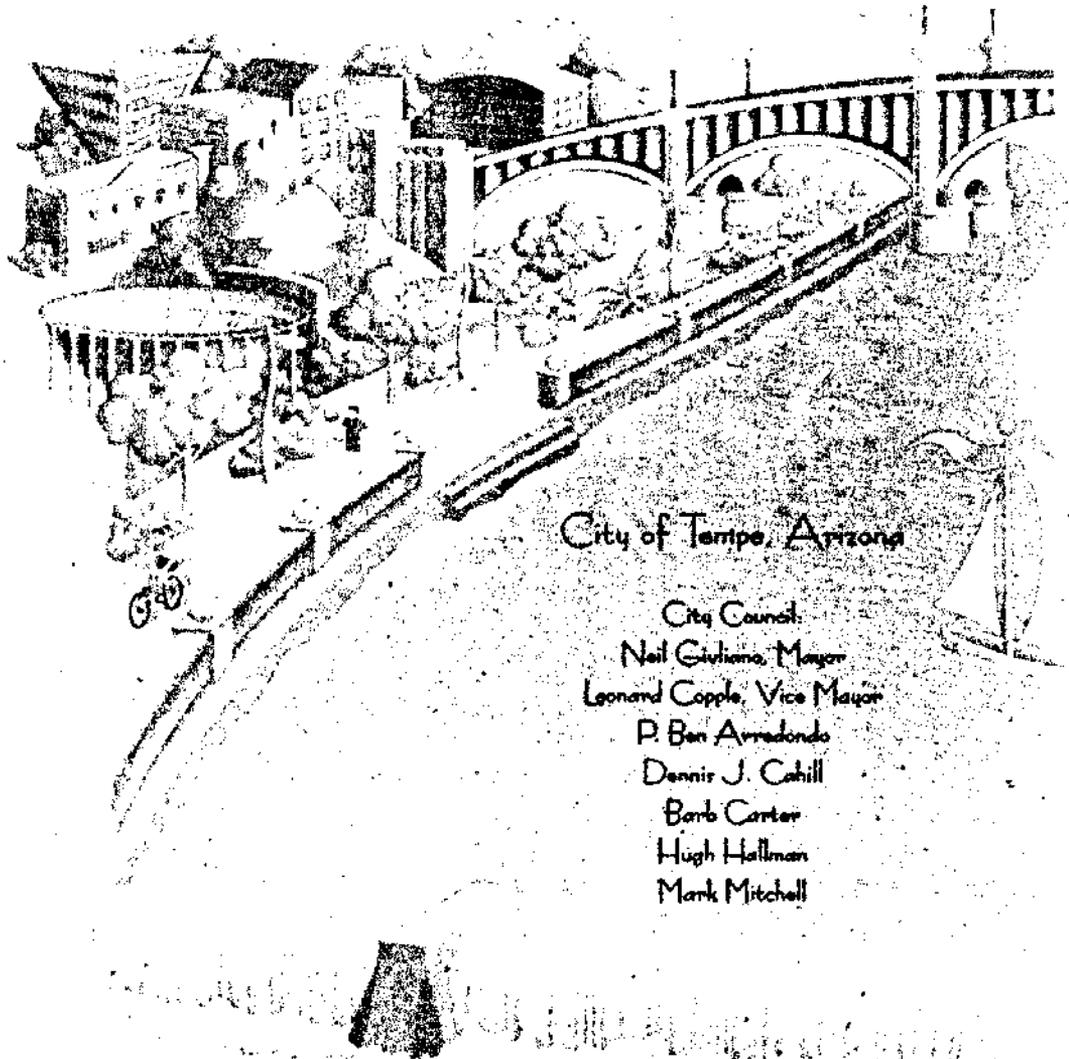


Comprehensive
Annual Financial Report
For the fiscal year ended June 30, 2001



City of Tempe, Arizona

City Council:

Neil Civiama, Mayor
Leonard Copple, Vice Mayor
P. Ben Arradondo
Dennis J. Cahill
Barb Carter
Hugh Hallman
Mark Mitchell

Administrative Staff:

Will Manley, City Manager
Patrick M. Flynn, CPA, Assistant City Manager
Randy Gross, Assistant City Manager

Presented by:

Rich Oesterle, Financial Services Manager
Jerry Hart, CPA, Deputy Financial Services Manager
Tom Duensing, CPA, Accounting Supervisor
Karen Huffman, CPA, Accounting Supervisor

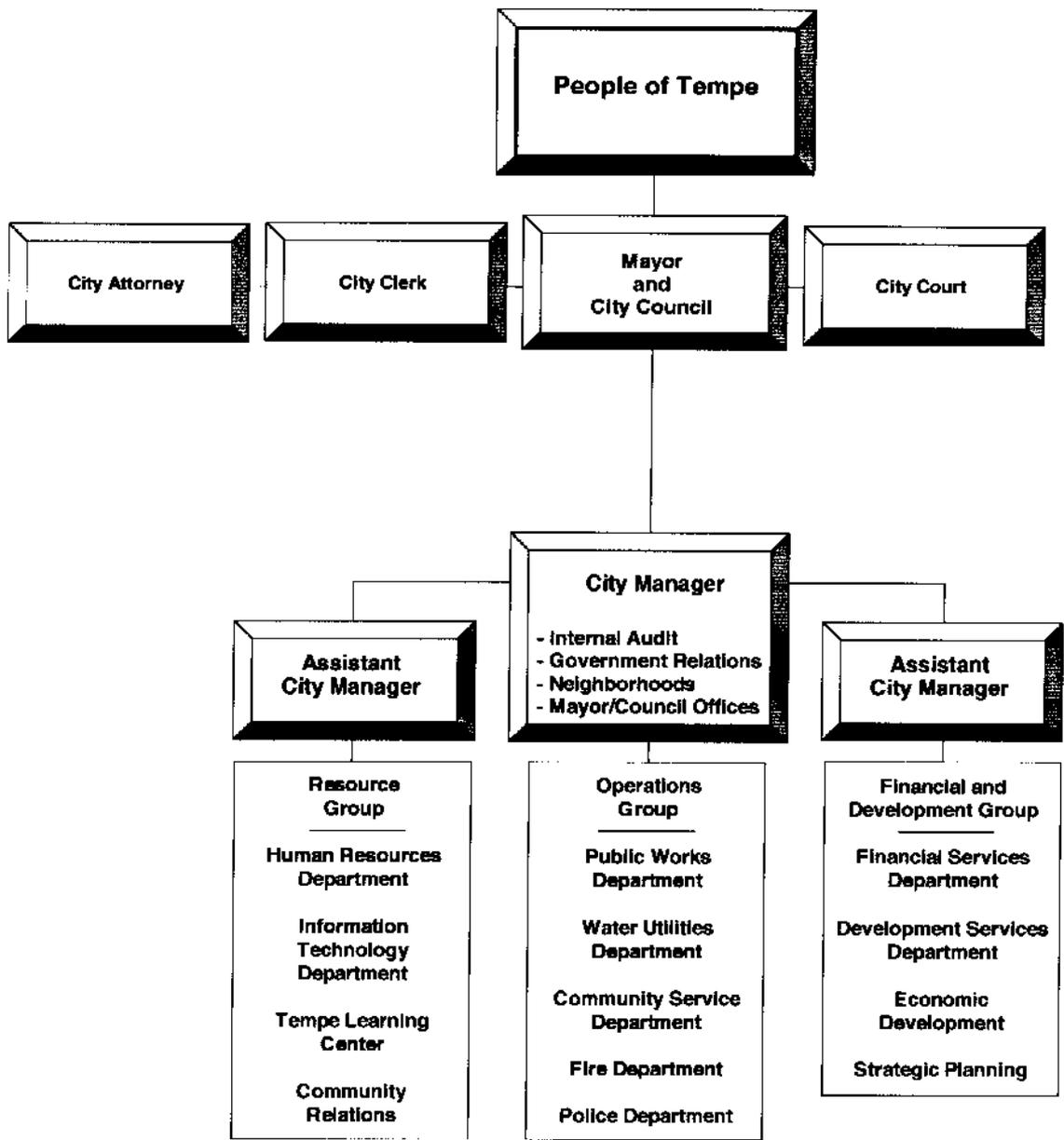




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**CITY OF TEMPE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



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CITY OF TEMPE
P.O. BOX 5002
20 EAST SIXTH STREET
TEMPE, AZ 85280
480.350.8350



FINANCIAL SERVICES

October 9, 2001

Honorable Mayor, City Council and City Manager:

The Comprehensive Annual Financial Report for the City of Tempe, Arizona for the fiscal year ended June 30, 2001, is submitted for your review. Responsibility for the accuracy and completeness of the presented data, including all disclosures, rests with the City. To the best of our knowledge and belief, this report is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report is presented in three sections: 1) the **Introductory Section** which includes this transmittal letter, and the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting; 2) the **Financial Section** which includes the independent auditors' report, the general-purpose financial statements, required supplemental information and the combining and individual fund and account group financial statements and schedules; and 3) the **Statistical Section** which includes selected financial and demographic information, generally presented on a multi-year basis.

This Comprehensive Annual Financial Report (CAFR) represents management's report to its governing body, constituents, legislative and oversight bodies, investors and creditors. Copies of this report will be sent to elected officials, City management personnel, bond rating agencies, Nationally Recognized Municipal Securities Information Repositories, and other agencies which have expressed an interest in Tempe's financial matters. Copies of this financial report will also be placed in the City library for use by the general public.

This report includes all funds and account groups of the City. The City provides a full range of municipal services including police and fire protection, water, sewer and refuse services, development services, municipal courts, recreational activities, streets, transit, traffic control, and general administrative services. In addition to general governmental activities, standards set by the Governmental Accounting Standards Board ("GASB") regarding the inclusion of certain entities based upon the significance of their operational or financial relationships with the City, require that the activities of the Tempe Municipal Property Corporation, Tempe Sports Authority Corporation and the Rio Salado Community Facilities District be included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Tempe continues to be financially strong despite the recent economic slowdown. Over the last three years, the City experienced significant economic growth that led to increasing tax revenue collections (local sales tax, property tax, state sales tax, state income tax). During the year, the City did begin to see some signs of a slowing economy. Most notably, monthly sales tax revenue collections began to slowly decline reflecting reduced consumer spending. Additionally, development-related revenues began to decline reflecting reduced commercial and residential development activity.

Any doubt that the national, state, and local economy was headed toward a recession was erased by the September 11, 2001 terrorists attacks in New York and Washington D.C. This event had a significant impact on consumer confidence across the nation and shocked the already weakened financial markets. Consumers severely curtailed spending in many industries in the weeks following the attacks. This in turn led to further weakening in retail and wholesale sales, as well as industrial production. The long-term impact of this event on the overall economic environment is at this point unclear.

The level of state-shared revenues (sales tax, income tax, etc.) is another challenge facing the City. The 2000 Official U.S. Census numbers indicated that Tempe's share of the total state population declined relative to other cities. This is largely due to the fact that the City is landlocked and has very little undeveloped land. State-shared revenues are allocated based on population, meaning that Tempe will be receiving a reduced percentage of those revenues in the future.

Over the years, through sound financial decision making, the City has positioned itself well to weather economic downturns, to create a fertile environment for economic development, and to provide enhanced financial flexibility. This has been accomplished over the years through the establishment and maintenance of prudent fund balance reserves.

MAJOR INITIATIVES

For the Year

A one-tenth of a percent (.1%) sales tax increase became effective January 1, 2001. This increase, approved by voters on May 16, 2000, will fund the construction of a state-of-the-art performing and visual arts center which will assist in meeting the cultural services needs of the community. The Tempe Performing and Visual Arts Center would be comprised of an art gallery, 600-seat theater, 200-seat studio theater and an art park. During the year, the facility went through an extensive, competitive design process in an effort to ensure that it will be a first-class project. The center will be strategically located at the west end of the Rio Salado Town Lake, near downtown Tempe, and will help to further spur development efforts around the lake.

The first significant private development efforts around Town Lake began during the year. Hayden Ferry Lakeside, a massive construction project of upscale condominiums, a hotel, and office buildings, broke ground in the spring. This project will ultimately be comprised of 300 condos, offices, and a 258-room Marriott hotel. Completion of the first phase of this project is expected by mid 2002. This project will also help to foster more planned development around the Town Lake.

During the year, the City was pleased to receive an AAA rating on its general obligations bonds by Fitch. This rating, the first by Fitch for a Tempe bond issue, was in recognition of Tempe's ongoing financial strength and sound management practices. Such a rating means that our bonds are of excellent investment quality and that the City will realize reduce interest costs into the future.

For the Future

Construction of the Tempe Westside Multigenerational Center was completed late in year and opened this summer. As the name implies, the facility is designed to meet the recreational/educational needs of all citizens including both young and old. The 31,000 square foot facility includes:

- An indoor gym with two basketball courts and a variety of indoor sports equipment
- A Youth Center complete with pool table, table tennis, bumper pool and more
- A Teen Center with two computers, foosball, table games and more
- An Adult Fitness area with a 4-stack multi-gym, an elliptical cross-trainer, bikes and treadmills
- A Library Resource Center with 14 computers
- Five classrooms available for public use to non-profit organizations
- A Senior Center with a variety of activities to choose from

The facility is the third such center constructed by the City over the last twenty years. These facilities exist in south, east, and now west Tempe. The City is currently planning the construction of a similar facility in north Tempe and it is included in the City's Capital Improvements Program budget.

Tempe is also in the early planning stages for the construction of a new Police/Courts complex. The Police Department and the Municipal Court have outgrown their current facility located in the downtown area. Seeing the need to encourage more redevelopment along Apache Boulevard, the City decided to locate the new complex in this redevelopment area. Also to be located in this facility will be the City Prosecutor's Office and the Community Services Diversion Division.

Tempe is continuing its considerable efforts to improve its mass transit services. In the last two years, the City has implemented bus service citywide and now has over 97 buses in its fleet. The next planned service expansion is the implementation of a regional light rail system. The initial 21-mile segment of this system will run from northwest Phoenix through Tempe and into Mesa and is projected to be completed by 2007. Tempe's portion of the initial segment is approximately 5.8 miles. Currently Tempe, along with its partner cities, is seeking federal transportation grants to fund 50% of the cost of construction of the light rail system. The receipt of federal funding for this project is highly anticipated.

FINANCIAL INFORMATION

Internal Control

The management of the City of Tempe is responsible for establishing and maintaining a system of internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and that adequate accounting data are compiled to allow for the preparation of general-purpose financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The City also maintains budgetary controls which are designed to ensure compliance with budgetary and legal provisions embodied in the annually appropriated operating budget approved by the City Council. Activities of the General Fund, Special Revenue Funds (except for the Performing Arts, Grant and Court Awards), General Obligation Debt Service Fund, and Proprietary Funds are included in the annually appropriated operating budget. Project-length budgets are prepared for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the total operating budget, as adopted by the City Council. However, for budget administrative purposes, the City maintains budgeting controls at department appropriation levels. In addition to maintaining budgetary control via a formal appropriation, the City maintains an

encumbrance accounting system. Encumbrances are made against appropriations upon the issuance of a purchase order. Encumbered appropriations are carried forward at the end of each fiscal year. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Single Audit

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

As a part of the City's single audit, performed in accordance with the Single Audit Act of 1996 and the U. S. Office of Management and Budget Circular A-133, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2001, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

General Governmental Functions

Revenues

Fiscal year 2000/01 general governmental revenue by source is presented, on a generally accepted accounting principles (GAAP) basis, in the following tabulation:

Revenues	2000/01	Percent of Total	Increase (Decrease) From 1999/00	Percent of Increase (Decrease)
Taxes	\$116,709,523	56.0%	\$8,853,511	8.2%
Intergovernmental	60,987,547	29.3	1,970,919	3.3
Investment Income	14,889,640	7.1	6,231,308	72.0
Charges for Services	6,977,643	3.4	(168,652)	(2.4)
Fines and Forfeitures	4,924,823	2.4	(575,195)	(10.5)
Licenses and Permits	1,081,485	0.5	(119,107)	(9.9)
Miscellaneous	2,705,437	1.3	(520,250)	(16.1)
	<u>\$208,276,098</u>	<u>100.0%</u>	<u>\$15,672,534</u>	<u>8.1%</u>

Revenues for governmental funds (general fund, special revenue funds and the general obligation debt service fund) for the fiscal year ended June 30, 2001, totaled \$208,276,098, a 8% increase from the preceding year.

Taxes include privilege taxes, property taxes (both primary and secondary), franchise taxes, and in-lieu property taxes. Total tax revenue increased by 8.2% over the prior year. This increase is attributable to continuing local sales tax growth and increased primary and secondary assessed valuations. Additionally, the sales tax increased by 0.1% (from 1.7% to 1.8%) effective January 1, 2001 to fund the construction of the Tempe Performing and Visual Arts Center. This increase is expected to generate approximately \$5 million dollars annually.

Intergovernmental revenues include state income tax, state sales tax, auto lieu tax, and Highway User Revenue Fund excise tax. Intergovernmental revenues increased by 11% over the prior year, an increase that was largely reflective of the strong state economy during the year.

The increase in investment income reflects the availability of higher cash balances resulting mainly from increased tax and intergovernmental revenue collection and the issuance of bonds for capital project financing during the year. Additionally, the valuation of our investment portfolio was significantly increased during last year, due to the strength of the government bond market.

Expenditures

Fiscal year 2000/01 general governmental expenditures by program is presented on a GAAP basis in the following tabulation:

Expenditures	2000/01	Percent of Total	Increase (Decrease) from 1999/00	Percent of Increase (Decrease)
Current				
Public Safety	\$59,524,774	34.0%	\$3,259,892	5.8%
Environmental Health	821,087	0.5	83,438	11.3
Community Development	19,400,638	11.1	1,915,788	11.0
Leisure Opportunities	23,506,769	13.4	2,122,440	9.9
Public Transportation	25,816,458	14.7	4,636,910	21.9
Policy Management	26,705,472	15.2	7,449,765	38.7
Debt Service				
Principal	13,180,389	7.5	(805,047)	(5.8)
Interest and Fiscal Fees	6,297,442	3.6	175,640	2.9
	<u>\$175,253,029</u>	<u>100.0%</u>	<u>\$18,838,826</u>	<u>12.0%</u>

Expenditures for governmental funds (general fund, special revenue funds and the general obligation debt service fund) for the fiscal year totaled \$175,253,029, a 12% increase over the prior year. The increase in Public Safety is due to increased personnel costs relating to the hiring of several new police officers and park rangers, an enhanced fringe benefit package, and merit increases.

The increase in Community Development is due to increased federally funded housing assistance for low-income residents and staffing in the Development Services Department. The increase in Leisure Opportunities is due to expanded before and after school child care programs and general recreation programs. The increase in Public Transportation is primarily due to continuing expansion of bus transit services. The increase in Policy Management is due to increased risk management and health care costs, increased legal fees, and information technology improvements.

General Governmental Fund Balances

Fund balances reflect the excess of revenues over expenditures and other changes in financial reserves. Unencumbered appropriations lapse at the close of the fiscal year and revert back to unreserved/undesignated fund balance. Encumbered amounts are reported as reservations of fund balance. The following table is a summary of general governmental fund balances, presented on GAAP basis, as of June 30, 2001.

Fund Balances	June 30, 2001	June 30, 2000	Increase (Decrease)	Percent of Increase (Decrease)
General Fund:				
Reserved/Designated	\$44,782,216	\$43,339,743	\$1,442,473	3.3%
Unreserved/Undesignated	36,985,072	38,615,537	(1,630,465)	(4.2)
Special Revenue Funds:				
Transit	31,717,426	28,723,037	2,994,389	10.4
Performing Arts	2,041,963	-	2,041,963	100.0
Highway User Revenue	6,637,552	6,586,022	51,530	0.8
Local Transportation Assistance	2,616,475	1,977,951	638,524	32.3
Rio Salado	5,032,088	1,782,512	3,249,576	182.3
Grants and Court Awards	301,734	1,098,855	(797,121)	(72.5)
Community Facilities District	-	752,250	(752,250)	(100.0)
General Obligation Debt Service	9,135,690	7,302,028	1,833,662	25.1
	<u>\$139,250,216</u>	<u>\$130,177,935</u>	<u>\$9,072,281</u>	7.0%

General governmental fund balances increased by 7% over the prior year. The increase in General Fund reserved/designated and the corresponding decrease in unreserved/undesignated are primarily due to the designation of fund balances for future capital improvements. The increase in Performing Arts is due to the January 1, 2001 implementation of the sales tax increase to fund the construction of the Tempe Performing and Visual Arts Center. The increase in Transit reflects increased revenue collections over the past fiscal year. The increase in Rio Salado reflects continued funding of development efforts around the Rio Salado Town Lake. Finally, the increase in General Obligation Debt Service is due to a combination of increased revenue collection and decreased debt service expenditures and related transfers.

Capital Project Funds

The Capital Project Funds account for resources used for the acquisition or construction of major capital facilities other than those financed by Enterprise Funds. Capital improvement expenditures are financed through a combination of bond issuances, pay as you go financing from various revenue sources, fund balances carried forward from the previous year, and State and Federal grants. During 2000/01, capital improvement expenditures amounted to \$31,821,955. The Capital Projects' fund balance carried forward to the 2001/02 fiscal year in order to complete capital projects amounted to \$62,082,307.

Enterprise Operations

The City's enterprise operations are comprised of four separate and distinct activities — water, wastewater, refuse, and the municipal golf courses. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to proprietary (private business) enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services is to be financed or recovered primarily through user charges, or (b) for which periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The schedule here presents, on a GAAP basis, current year income (loss) before operating transfers for the Enterprise funds:

	Income (Loss)	
	Before Operating Transfers	
		Increase (Decrease)
	2000/01	From 1999/00
Water and Wastewater	\$14,317,834	\$1,398,009
Refuse	(732,961)	(780,880)
Golf	(25,715)	(198,534)

The increase in the Water and Wastewater Fund is due to continuing implementation of cost control measures within the Water Utility Department, improved investment income and development opportunities requiring service. The decrease in the Refuse is principally due to increased personnel and landfill costs. Additionally, Refuse rates have not been increased since 1998. The decrease in Golf is due to a reduction of the number of rounds played. The City is currently exploring several alternatives for improving income generation at the two golf facilities.

Debt Administration

During the past year, the City maintained its AA+ rating from Standard and Poor's and its Aa1 from Moody's Investor Service. Additionally, the City received an AAA rating from Fitch for its \$24 million, 2001A general obligation bonds issued in December 2000. Tax supported debt is serviced by a combination of secondary property taxes, in-lieu fees, excise and franchise taxes, and Highway User Revenue Funds. Enterprise Fund supported debt is serviced with the user fees collected. Special Assessment debt is serviced by assessments levied against property owners within the respective improvement districts.

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

At June 30, 2001, the 20% debt limitation was \$271,285,879 providing a debt margin of \$173,925,879, and the 6% debt limitation was \$81,385,764 providing a debt margin of \$25,740,764. Total long-term outstanding debt issues (excluding capital improvement notes), at June 30, 2001, were \$210,395,000 as shown in the following table:

Long-Term Outstanding Debt	Balance June 30, 2001
Tax Supported Bonds	
General Obligation	\$72,105,000
Tempe Certificates of Participation	4,270,000
Tempe Variable Rate Demand Excise Tax Revenue Bonds	40,500,000
Total Tax Supported Bonds	116,875,000
Enterprise Fund Supported	
Water and Wastewater General Obligation	70,860,000
Tempe Municipal Property Corporation (Golf Course)	735,000
Total Enterprise Fund Supported	71,595,000
Subtotal (Tax and Enterprise Supported)	188,470,000
Special Assessment Debt (Improvement Districts)	21,925,000
Total Long-Term Outstanding Debt	\$210,395,000

Cash Management

The City utilizes a pooled cash and investment concept for all funds. Each fund type's portion of the pool is displayed in the general-purpose financial statements as "Pooled cash and investments."

The City's investment policy is to invest pooled cash in a manner which will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City and conforming to all applicable State and City statutes governing the investment of public funds. The City is permitted to invest in obligations of the U.S. Government or any of its agencies and instrumentalities, certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements and the State of Arizona's Local Government Investment Pool. The City's effective annual yield on pooled cash and investments for the 2000/01 fiscal year was 5.81%.

Risk Management

The City of Tempe maintains a protected self-insurance program for its liability (general, automobile, and professional), property, workers' compensation, and group insurance coverages. Liability, property and workers' compensation claims are administered by the Risk Management Division of the Financial Services Department, and group insurance claims are administered by the Human Resources Department.

The City maintains a sound loss fund to pay for claims within its various self-insured retentions (SIR) for each of the above lines of coverage. At June 30, 2001, the loss fund had a fund balance of \$9.5 million. Excess insurance is purchased for claims above the SIRs, thus, making this a protected self-insurance program.

OTHER INFORMATION

Independent Audit

City Charter requires an annual audit by independent certified public accountants. Through a Request for Proposal process, the accounting firm of KPMG LLP has been selected by the City Council. The auditors' report on the general-purpose financial statements is included in the financial section of this report.

In addition to this report, KPMG LLP was also contracted to perform the Single Audit of the City's federal grant programs. This audit was designed to meet the requirements of the Federal Single Audit Act of 1996 and the related Office of Management and Budget Circular A-133. Due to the size and complexity of the City's financial reporting system, the single audit report is issued separately from this financial report. Copies are available upon request.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in the preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-five consecutive years (fiscal years 1976-2000). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The City also received the GFOA's award for Distinguished Budget Presentation for our 1999/01 biennial budget. The City's budget document was judged to be an outstanding policy document, financial plan, operations guide and communications medium. Special recognition was also given for demonstrating exceptional proficiency at integrating capital information into the operating budget.

Acknowledgment

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the Accounting Division, the assistance of administrative personnel in the various departments, and the competent service of our independent auditors. To them and to the City Council and City Manager for their support and interest in improving Tempe's fiscal policies and practices, I express my sincere appreciation.

Respectfully submitted,



Rich Oesterle
Financial Services Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tempe,
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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



Thomas A. Brewer
President

Jeffrey L. Esser
Executive Director





The Honorable Mayor and Members of the City Council
City of Tempe, Arizona
Page 2

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

In addition, the accompanying Financial Data Schedule on pages 104 and 105 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the U.S. Department of Housing and Urban Development. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

October 9, 2001



CITY OF TEMPE, ARIZONA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Exhibit 1)

June 30, 2001

with comparative totals for June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
Pooled cash and investments	\$ 86,116,172	45,029,528	1,126,315	62,242,101
Receivables:				
Taxes	6,905,338	2,865,592	339,188	-
Accounts	410,240	-	-	-
Special assessments	-	-	15,905,705	-
Accrued interest	1,233,534	314,881	-	-
Due from other governments	1,451,895	2,480,468	-	1,520,560
Due from other funds	546,884	-	-	-
Inventories	204,661	644,036	-	-
Prepaid items	594,779	-	-	425,000
Restricted assets:				
Cash and investments	-	5,966,751	15,987,216	859,939
Inventories	-	-	-	-
Capital improvement notes receivable	294,353	-	-	-
Equity in joint venture	-	-	-	-
Property, plant and equipment (net of accumulated depreciation in Proprietary funds)	-	-	-	-
Other debits:				
Amount available in governmental fund types	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
Total assets and other debits	<u>\$ 97,757,856</u>	<u>57,301,256</u>	<u>33,358,424</u>	<u>65,047,600</u>
<u>Liabilities, Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts payable	\$ 2,654,336	3,927,140	13,071	2,954,113
Deposits	3,973,986	81,789	-	1,199
Accrued expenditures/expenses and claims payable	9,255,033	706,352	-	-
Accrued interest payable	-	-	-	-
Due to other funds	-	536,903	-	9,981
Due to other governments	-	106	-	-
Deferred revenue	107,213	2,378,978	16,069,239	-
Matured bonds and notes payable	-	1,131,750	4,995,750	-
Matured interest payable	-	191,000	2,945,932	-
Current liabilities-payable from restricted assets	-	-	-	-
General obligation bonds payable (net of amortized premium in Proprietary funds)	-	-	-	-
Special assessment bonds payable with governmental commitment	-	-	-	-
Tempe Municipal Property Corporation bonds payable	-	-	-	-
Tempe Certificates of Participation	-	-	-	-
Tempe Variable Rate Demand Excise Tax Revenue bonds	-	-	-	-
Capital improvement notes payable	-	-	-	-
Capital leases	-	-	-	-
Total liabilities	<u>15,990,568</u>	<u>8,954,018</u>	<u>24,023,992</u>	<u>2,965,293</u>
<u>Equity and other credits</u>				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund balance (deficit):				
Reserved	3,002,950	883,191	9,334,432	17,129,085
Unreserved:				
Designated	41,779,266	2,351,250	-	45,902,288
Undesignated	36,985,072	45,112,797	-	(949,066)
Total equity and other credits	<u>81,767,288</u>	<u>48,347,238</u>	<u>9,334,432</u>	<u>62,082,307</u>
Total liabilities, equity and other credits	<u>\$ 97,757,856</u>	<u>57,301,256</u>	<u>33,358,424</u>	<u>65,047,600</u>

The accompanying notes are an integral part of these general-purpose financial statements.

CITY OF TEMPE, ARIZONA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (Exhibit 1)

Proprietary Fund Types		Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	2001	2000
45,114,775	7,539,273	-	-	247,168,164	204,038,960
-	-	-	-	10,110,118	10,064,679
5,817,103	-	-	-	6,227,343	6,448,372
657,139	-	-	-	15,905,705	17,257,468
744,965	-	-	-	2,205,554	1,740,957
-	-	-	-	6,197,888	7,258,446
-	-	-	-	546,884	7,393,432
-	-	-	-	848,697	894,469
-	-	-	-	1,019,779	-
31,977,691	-	-	-	54,791,597	77,667,975
392,754	-	-	-	392,754	322,235
4,282,952	-	-	-	4,577,305	4,986,659
60,658,288	-	-	-	60,658,288	46,857,198
186,824,887	-	264,550,107	-	451,374,994	430,962,636
-	-	-	9,334,432	9,334,432	7,561,172
-	-	-	158,197,848	158,197,848	164,797,169
<u>336,470,554</u>	<u>7,539,273</u>	<u>264,550,107</u>	<u>167,532,280</u>	<u>1,029,557,350</u>	<u>988,251,827</u>
2,718,241	45,883	-	-	12,312,784	13,214,954
785,566	-	-	-	4,842,540	4,933,467
1,838,905	7,493,390	-	5,097,498	24,391,178	17,830,931
2,145,290	-	-	-	2,145,290	1,866,919
-	-	-	-	546,884	7,393,432
-	-	-	-	106	76,456
-	-	-	-	18,555,430	19,039,582
6,997,500	-	-	-	13,125,000	15,822,070
-	-	-	-	3,136,932	2,955,426
123,703	-	-	-	123,703	833,472
70,860,000	-	-	72,105,000	142,965,000	129,005,000
-	-	-	21,925,000	21,925,000	23,550,000
735,000	-	-	-	735,000	835,000
-	-	-	4,270,000	4,270,000	4,710,000
-	-	-	40,500,000	40,500,000	40,500,000
2,863,676	-	-	15,032,452	17,896,128	30,640,372
-	-	-	8,602,330	8,602,330	9,143,670
<u>89,067,881</u>	<u>7,539,273</u>	<u>-</u>	<u>167,532,280</u>	<u>316,073,305</u>	<u>322,350,751</u>
124,904,569	-	-	-	124,904,569	124,904,569
-	-	264,550,107	-	264,550,107	246,420,147
65,434,873	-	-	-	65,434,873	55,627,557
57,063,231	-	-	-	57,063,231	52,923,018
-	-	-	-	30,349,658	27,544,870
-	-	-	-	90,032,804	89,548,207
-	-	-	-	81,148,803	68,932,708
<u>247,402,673</u>	<u>-</u>	<u>264,550,107</u>	<u>-</u>	<u>713,484,045</u>	<u>665,901,076</u>
<u>336,470,554</u>	<u>7,539,273</u>	<u>264,550,107</u>	<u>167,532,280</u>	<u>1,029,557,350</u>	<u>988,251,827</u>

CITY OF TEMPE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -

ALL GOVERNMENTAL FUND TYPES (Exhibit 2)

For the fiscal year ended June 30, 2001

with comparative totals for the fiscal year ended June 30, 2000

	General	Governmental Special Revenue
Revenues:		
Taxes	\$ 74,648,477	30,711,825
Intergovernmental	37,490,378	23,497,169
Investment income	9,432,305	4,960,963
Charges for services	6,928,053	49,590
Fines and forfeitures	4,566,819	358,004
Other entities' participation	-	-
Special assessments	-	-
Sale of real estate	-	267,400
Licenses and permits	1,081,485	-
Miscellaneous	1,896,567	541,470
Total revenues	<u>136,044,084</u>	<u>60,386,421</u>
Expenditures:		
Current:		
Public safety	57,729,360	1,795,414
Environmental health	821,087	-
Community development	9,438,003	9,962,635
Leisure opportunities	22,681,109	825,660
Public transportation	203,637	25,612,821
Policy management	26,697,148	8,324
Total current expenditures	<u>117,570,344</u>	<u>38,204,854</u>
Capital improvements	-	-
Debt service:		
Principal retirement	-	4,441,778
Interest and fiscal fees	-	1,898,055
Total expenditures	<u>117,570,344</u>	<u>44,544,687</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>18,473,740</u>	<u>15,841,734</u>
Other financing sources (uses):		
Operating transfers in:		
General fund	-	8,974,578
Special revenue funds	118,780	1,995,848
Debt service funds	-	1,567,957
Capital projects funds	1,857,417	-
Enterprise funds	3,462,158	1,320
Operating transfers out:		
General fund	-	(118,780)
Special revenue funds	(8,974,578)	(1,995,848)
Debt service funds	(1,553,361)	(4,367,663)
Capital projects funds	(14,643,382)	(14,116,360)
Enterprise funds	(303,028)	(356,175)
Bond proceeds, net	-	-
Capital lease proceeds	1,374,262	-
Loan proceeds	-	-
Total other financing sources (uses)	<u>(18,661,732)</u>	<u>(8,415,123)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(187,992)	7,426,611
Fund balance at beginning of year	81,955,280	40,920,627
Fund balance at end of year	<u>\$ 81,767,288</u>	<u>48,347,238</u>

The accompanying notes are an integral part of these general-purpose financial statements.

CITY OF TEMPE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES (Exhibit 2)

Fund Types	Totals (Memorandum Only)	
	2001	2000
Debt Service	Capital Projects	
11,349,221	5,640	116,715,163
-	2,571,486	63,559,033
496,372	129,989	15,019,629
-	-	6,977,643
-	-	4,924,823
-	611,011	611,011
2,899,583	-	2,899,583
-	-	267,400
-	-	1,081,485
-	60,751	2,498,788
<u>14,745,176</u>	<u>3,378,877</u>	<u>214,554,558</u>
-	-	59,524,774
-	-	821,087
-	-	19,400,638
-	-	23,506,769
-	-	25,816,458
-	-	26,705,472
-	-	<u>155,775,198</u>
-	31,821,955	31,821,955
10,427,569	-	14,869,347
5,670,414	-	7,568,469
<u>16,097,983</u>	<u>31,821,955</u>	<u>210,034,969</u>
<u>(1,352,807)</u>	<u>(28,443,078)</u>	<u>4,519,589</u>
1,553,361	14,643,382	25,171,321
4,367,663	14,116,360	20,598,651
-	-	1,567,957
2,073,000	2,539,433	6,469,850
-	552,246	4,015,724
-	(1,857,417)	(1,976,197)
(1,567,957)	-	(12,538,383)
-	(2,073,000)	(7,994,024)
-	(2,539,433)	(31,299,175)
(3,300,000)	(444,892)	(4,404,095)
-	10,000,000	10,000,000
-	-	1,374,262
-	-	-
<u>3,126,067</u>	<u>34,936,679</u>	<u>10,985,891</u>
1,773,260	6,493,601	15,505,480
7,561,172	55,588,706	186,025,785
<u>9,334,432</u>	<u>62,082,307</u>	<u>201,531,265</u>
		<u>186,025,785</u>

CITY OF TEMPE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL,
SPECIAL REVENUE AND DEBT SERVICE FUND TYPES-
BUDGET BASIS (Exhibit 3)

For the fiscal year ended June 30, 2001

	General Fund			Special Revenue	
	Budget	Actual	Variance	Budget	Actual
Revenues:					
Taxes	\$ 73,853,590	74,648,477	794,887	27,963,900	28,104,284
Intergovernmental	34,604,080	37,490,378	2,886,298	19,904,383	21,875,293
Investment income	4,500,000	9,432,305	4,932,305	217,000	4,884,576
Charges for services	6,874,176	6,928,053	53,877	-	49,590
Fines and forfeitures	4,803,022	4,566,819	(236,203)	10,000	-
Sale of real estate	-	-	-	-	267,400
Licenses and permits	970,695	1,081,485	110,790	-	-
Miscellaneous	1,316,577	1,781,947	465,370	20,000	165,517
Total revenues	126,922,140	135,929,464	9,007,324	48,115,283	55,346,660
Expenditures:					
Current:					
Public safety	57,508,863	57,436,333	72,530	-	-
Environmental health	771,311	820,786	(49,475)	-	-
Community development	8,510,867	8,792,506	(281,639)	11,957,496	9,837,727
Leisure opportunities	23,813,239	23,387,960	425,279	-	-
Public transportation	-	-	-	27,211,128	26,140,744
Policy management	22,335,722	21,919,445	416,277	-	-
Total current expenditures	112,940,002	112,357,030	582,972	39,168,624	35,978,471
Debt service	-	-	-	6,466,778	6,339,833
Contingency	390,267	-	390,267	1,025,668	-
Total expenditures	113,330,269	112,357,030	973,239	46,661,070	42,318,304
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	13,591,871	23,572,434	9,980,563	1,454,213	13,028,356
Other financing sources (uses):					
Operating transfers in:					
General fund	-	-	-	1,850,000	8,974,578
Special revenue funds	-	118,780	118,780	305,400	1,995,848
Debt service funds	-	-	-	-	1,567,957
Capital projects funds	-	1,857,417	1,857,417	-	-
Enterprise funds	137,482	3,462,158	3,324,676	-	1,320
Operating transfers out:					
General fund	-	-	-	-	(118,254)
Special revenue funds	(1,850,000)	(8,974,578)	(7,124,578)	(305,400)	(1,995,848)
Debt service funds	(1,553,361)	(1,553,361)	-	(4,931,614)	(4,367,663)
Capital projects funds	(14,094,450)	(14,643,382)	(548,932)	(12,460,284)	(13,070,689)
Enterprise funds	(267,792)	(303,028)	(35,236)	(356,175)	(356,175)
Total other financing sources (uses)	(17,628,121)	(20,035,994)	(2,407,873)	(15,898,073)	(7,368,926)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,036,250)	3,536,440	7,572,690	(14,443,860)	5,659,430
Fund balance at beginning of year	79,783,715	79,783,715	-	39,601,254	39,601,254
Fund balance at end of year	\$ 75,747,465	83,320,155	7,572,690	25,157,394	45,260,684

The accompanying notes are an integral part of these general-purpose financial statements.

CITY OF TEMPE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL,
SPECIAL REVENUE AND DEBT SERVICE FUND TYPES-
BUDGET BASIS (Exhibit 3)

Funds	Debt Service Fund			Totals (Memorandum Only)			
	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	140,384	12,299,889	11,349,221	(950,668)	114,117,379	114,101,982	(15,397)
	1,970,910	-	-	-	54,508,463	59,365,671	4,857,208
	4,667,576	11,000	496,372	485,372	4,728,000	14,813,253	10,085,253
	49,590	-	-	-	6,874,176	6,977,643	103,467
	(10,000)	-	-	-	4,813,022	4,566,819	(246,203)
	267,400	-	-	-	-	267,400	267,400
	-	-	-	-	970,695	1,081,485	110,790
	145,517	-	-	-	1,336,577	1,947,464	610,887
	<u>7,231,377</u>	<u>12,310,889</u>	<u>11,845,593</u>	<u>(465,296)</u>	<u>187,348,312</u>	<u>203,121,717</u>	<u>15,773,405</u>
	-	-	-	-	57,508,863	57,436,333	72,530
	-	-	-	-	771,311	820,786	(49,475)
	2,119,769	-	-	-	20,468,363	18,630,233	1,838,130
	-	-	-	-	23,813,239	23,387,960	425,279
	1,070,384	-	-	-	27,211,128	26,140,744	1,070,384
	-	-	-	-	22,335,722	21,919,445	416,277
	<u>3,190,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,108,626</u>	<u>148,335,501</u>	<u>3,773,125</u>
	126,945	14,139,024	13,137,998	1,001,026	20,605,802	19,477,831	1,127,971
	1,025,668	-	-	-	1,415,935	-	1,415,935
	<u>4,342,766</u>	<u>14,139,024</u>	<u>13,137,998</u>	<u>1,001,026</u>	<u>174,130,363</u>	<u>167,813,332</u>	<u>6,317,031</u>
	11,574,143	(1,828,135)	(1,292,405)	535,730	13,217,949	35,308,385	22,090,436
	7,124,578	1,553,361	1,553,361	-	3,403,361	10,527,939	7,124,578
	1,690,448	4,931,614	4,367,663	(563,951)	5,237,014	6,482,291	1,245,277
	1,567,957	-	-	-	-	1,567,957	1,567,957
	-	2,073,000	2,073,000	-	2,073,000	3,930,417	1,857,417
	1,320	-	-	-	137,482	3,463,478	3,325,996
	(118,254)	-	-	-	-	(118,254)	(118,254)
	(1,690,448)	-	(1,567,957)	(1,567,957)	(2,155,400)	(12,538,383)	(10,382,983)
	563,951	-	-	-	(6,484,975)	(5,921,024)	563,951
	(610,405)	-	-	-	(26,554,734)	(27,714,071)	(1,159,337)
	-	-	(3,300,000)	(3,300,000)	(623,967)	(3,959,203)	(3,335,236)
	<u>8,529,147</u>	<u>8,557,975</u>	<u>3,126,067</u>	<u>(5,431,908)</u>	<u>(24,968,219)</u>	<u>(24,278,853)</u>	<u>689,366</u>
	20,103,290	6,729,840	1,833,662	(4,896,178)	(11,750,270)	11,029,532	22,779,802
	-	7,302,028	7,302,028	-	126,686,997	126,686,997	-
	<u>20,103,290</u>	<u>14,031,868</u>	<u>9,135,690</u>	<u>(4,896,178)</u>	<u>114,936,727</u>	<u>137,716,529</u>	<u>22,779,802</u>

CITY OF TEMPE, ARIZONA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND EQUITY - PROPRIETARY FUND TYPES (Exhibit 4)

For the fiscal year ended June 30, 2001

with comparative totals for the fiscal year ended June 30, 2000

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
Operating revenues:				
Charges for services	\$ 51,829,346	-	51,829,346	52,893,834
Self insurance contributions	-	6,726,636	6,726,636	2,107,824
Miscellaneous	2,425,952	-	2,425,952	5,452,337
Total operating revenues	<u>54,255,298</u>	<u>6,726,636</u>	<u>60,981,934</u>	<u>60,453,995</u>
Operating expenses:				
Personal services	11,872,278	-	11,872,278	11,526,934
Supplies and materials	2,196,963	-	2,196,963	2,532,612
Fees and services	19,510,560	-	19,510,560	17,504,074
Claims incurred	-	6,726,636	6,726,636	2,107,824
Depreciation	9,837,920	-	9,837,920	10,165,111
Total operating expenses	<u>43,417,721</u>	<u>6,726,636</u>	<u>50,144,357</u>	<u>43,836,555</u>
Operating income	10,837,577	-	10,837,577	16,617,440
Nonoperating revenues (expenses):				
Investment income	5,108,509	-	5,108,509	3,505,466
Interest and fiscal fees	(4,016,516)	-	(4,016,516)	(3,885,990)
Net gain (loss) loss from joint venture	1,629,588	-	1,629,588	(3,096,353)
Income before operating transfers	13,559,158	-	13,559,158	13,140,563
Operating transfers:				
Transfer from general fund	303,028	-	303,028	290,983
Transfer from special revenue funds	356,175	-	356,175	356,175
Transfer from debt service funds	3,300,000	-	3,300,000	-
Transfer from capital projects funds	444,892	-	444,892	-
Transfer to general fund	(3,462,158)	-	(3,462,158)	(260,504)
Transfer to special revenue funds	(1,320)	-	(1,320)	-
Transfer to capital projects funds	(552,246)	-	(552,246)	(1,947,145)
Net income	13,947,529	-	13,947,529	11,580,072
Fund equity at beginning of year	233,455,144	-	233,455,144	221,875,072
Fund equity at end of year	<u>\$ 247,402,673</u>	<u>-</u>	<u>247,402,673</u>	<u>233,455,144</u>

The accompanying notes are an integral part of these general-purpose financial statements.

CITY OF TEMPE, ARIZONA

COMBINED STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES (Exhibit 5)

For the fiscal year ended June 30, 2001
 with comparative totals for the fiscal year ended June 30, 2000

	Proprietary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	2001	2000
Cash flows from operating activities:				
Cash received from customers	\$ 55,617,954	-	55,617,954	56,540,737
Cash received from other funds	-	6,726,636	6,726,636	2,107,824
Cash paid to employees for services	(11,821,581)	-	(11,821,581)	(11,183,801)
Cash paid to suppliers for goods and services or in settlement of claims	(24,095,753)	(2,088,352)	(26,184,105)	(19,110,119)
Net cash provided by operating activities	<u>19,700,620</u>	<u>4,638,284</u>	<u>24,338,904</u>	<u>28,354,641</u>
Cash flows from noncapital financing activities:				
Operating transfers in	4,404,095	-	4,404,095	647,158
Operating transfers out	(4,015,724)	-	(4,015,724)	(2,207,649)
Net cash provided (used) by noncapital financing activities	<u>388,371</u>	<u>-</u>	<u>388,371</u>	<u>(1,560,491)</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of bonds	14,000,000	-	14,000,000	-
Proceeds from capital improvement notes	-	-	-	5,035,000
Principal paid on long-term debt	(10,457,646)	-	(10,457,646)	(10,032,784)
Interest and fiscal fees	(3,729,986)	-	(3,729,986)	(4,707,607)
Acquisition of capital assets	(12,120,318)	-	(12,120,318)	(6,199,619)
Investment in joint venture	(12,171,502)	-	(12,171,502)	(14,324,825)
Net cash used by capital and related financing activities	<u>(24,479,452)</u>	<u>-</u>	<u>(24,479,452)</u>	<u>(30,229,835)</u>
Cash flows from investing activities:				
Interest received	4,934,839	-	4,934,839	3,455,883
Collection of notes receivable	281,624	-	281,624	261,975
Net cash provided by investing activities	<u>5,216,463</u>	<u>-</u>	<u>5,216,463</u>	<u>3,717,858</u>
Net increase in cash and cash equivalents	826,002	4,638,284	5,464,286	282,173
Cash and cash equivalents at beginning of year	76,266,464	2,900,989	79,167,453	78,885,280
Cash and cash equivalents at end of year	<u>\$ 77,092,466</u>	<u>7,539,273</u>	<u>84,631,739</u>	<u>79,167,453</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 10,837,577	-	10,837,577	16,617,440
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	9,837,920	-	9,837,920	10,165,111
Change in assets and liabilities:				
(Increase) decrease in receivables	1,362,656	-	1,362,656	(1,805,434)
(Increase) decrease in inventories	(70,519)	-	(70,519)	123,357
Increase (decrease) in deposits	72,671	-	72,671	91,326
Increase (decrease) in payables	(2,390,382)	-	(2,390,382)	2,002,357
Increase (decrease) in accrued expenses	50,697	4,638,284	4,688,981	1,160,484
Net cash provided by operating activities	<u>\$ 19,700,620</u>	<u>4,638,284</u>	<u>24,338,904</u>	<u>28,354,641</u>
Noncash transactions affecting financial position:				
Net gain (loss) from joint venture	\$ 1,629,588	-	1,629,588	(3,096,353)
Net noncash transactions affecting financial position	<u>\$ 1,629,588</u>	<u>-</u>	<u>1,629,588</u>	<u>(3,096,353)</u>

The accompanying notes are an integral part of these general-purpose financial statements.





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NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2001



The City of Tempe, Arizona (the "City") was incorporated on November 26, 1894. On October 19, 1964, a Home Rule City Charter was ratified by the electors in accordance with Arizona State Law. The City operates under a Council-Manager form of government and provides services as authorized by its charter including: public safety (police, fire, building inspection), highways and streets, public transit, sanitation, water and wastewater, cultural-recreational, public improvements, planning and zoning, and general and administrative.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the City's significant accounting policies is presented to assist the reader in interpreting the general-purpose financial statements and other data in this report. The general-purpose financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units.

A. Reporting Entity

The accompanying general-purpose financial statements include the City and all its component units, collectively referred to as "the financial reporting entity". In accordance with the Governmental Accounting Standards Board's ("GASB") Statement 14, the component units discussed below have been included in the City's financial reporting entity because of the significance of their financial relationships with the City.

City of Tempe Municipal Property Corporation: The Tempe Municipal Property Corporation (the "Municipal Property Corporation") is a nonprofit corporation organized under the laws of the State of Arizona to assist the City in financing its capital improvements projects.

Tempe Sports Authority Corporation: The Tempe Sports Authority Corporation is a nonprofit corporation organized under the laws of the State of Arizona for the express purpose of aiding and assisting the City in financing municipal facilities.

Rio Salado Community Facilities District: The Rio Salado Community Facilities District (CFD) was organized on February 20, 1997, under the laws of the State of Arizona to facilitate development of the Rio Salado Town Lake project.

Data for these component units have been included in the City's general-purpose financial statements utilizing the "blending" method because their sole purpose is to finance public facilities for the City. Blending involves aggregating the component units' data and data from the City at the combined, combining and individual financial statement level. Separately issued financial statements are not available for the City's component units.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid in the City's financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The following fund types and account groups are used by the City:

Governmental Fund Types

Governmental Funds are those through which most of the governmental functions of the City are financed. The flow of current financial resources is the measurement focus used which is based upon the determination of changes in financial position rather than upon net income. In addition, all governmental fund types use the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental Fund Types (continued)

susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" is defined as collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable.

Revenues susceptible to accrual include property tax, local sales tax, state-shared sales tax, highway user tax, vehicle license tax, special assessments and interest earned on pooled investments. Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are generally recorded as revenues when received in cash because they are not measurable until actually received. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to the purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The City has adopted the provisions of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", beginning with the fiscal year ended June 30, 2001. However, the adoption had no material impact on the general purpose financial statements.

Governmental funds include the following fund types:

General - The General Fund is the general operating fund of the City. It is used to account for all activities of the City not accounted for in some other fund.

Special Revenue - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for 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 obligation, special assessment, and excise tax revenue bonds, principal, interest and related costs, except for the debt service accounted for in the Special Revenue Funds and Enterprise Funds.

Capital Projects - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the City's ongoing operations and activities which are similar to those often found in the private sector. Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

GASB No. 20 requires that governments with proprietary activities apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

Proprietary funds include the following fund types:

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

Equity in Joint Venture - The equity method is used to account for the City's equity interest in a joint venture (See Note 7). Under this method, the equity interest is recorded in the balance sheet as a single amount. In addition, the City's share of the net income or loss is reported in the operating statement as a nonoperating revenue or expense.

Internal Service - Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations.

General Fixed Assets Account Group - This account group is used to account for the City's general fixed assets, except those accounted for in the Proprietary Funds.

General Long-Term Debt Account Group - This account group accounts for the City's amounts to be provided for the retirement of the unmatured principal on its general obligation and special assessment debt, as well as for any amounts to be provided for the retirement of other general long-term obligations.

C. Budgetary Data

Even though Tempe has adopted a biennial budget plan, State law mandates that cities and towns adopt a budget annually. As a result, an operating budget is legally adopted by resolution each fiscal year for the General, Special Revenue (except Grants and Court Awards), Debt Service (except Special Assessments), and Proprietary Funds on a modified accrual basis plus encumbrances. (The separately issued biennial budget may be obtained from the City's Financial Services Department, Budget and Research Division, 20 East Sixth Street, Tempe, Arizona, 85280).



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data (Continued)

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

The legal level of budgetary control is the total operating budget as adopted. Management may amend the budget at any level below the total operating budget as adopted. The total operating budget can only be amended by the City Council subject to limitations in the State law (see Note 1D). At the end of each fiscal year, all amounts encumbered are reappropriated along with the following year's operating budget. Any appropriations that are either unexpended or unencumbered lapse at fiscal year-end. No supplemental appropriations were necessary during the year.

The City adheres to the following procedures in establishing the budgetary data reflected in the general-purpose financial statements:

- 1) Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenues and expenditures.
- 2) Public hearings are conducted to obtain taxpayer comments.
- 3) Prior to July 1, the budget is legally enacted through passage of a resolution.

D. Expenditure Limitation

On June 3, 1980, the voters of Arizona approved an expenditure limitation for all local governments, which restricts the annual growth of expenditures to a percentage determined by population and inflation. Certain types of expenditures are excluded from the limitation. Article 9, Sections 20 and 21 of the Arizona Constitution require the Economic Estimate Commission to determine each year the expenditure limitation for the following fiscal year for each city. The limitation is calculated based upon the amount of FY 1979-1980 actual payments of local revenues, referred to as the "base limit". Each year, the base limits for local jurisdictions are adjusted for population and inflation to reach the expenditure limitations. The inflation index used by the Commission is the GDP price deflator.

Every four years, the GDP price deflator is adjusted by the U.S. Department of Commerce. The municipalities have expressed concern that the most recent adjustment to this index will have the effect of lowering, relative to FY 1999-2000 and in some cases several fiscal years prior, the expenditure limitations for FY 2000-2001. Recent legislation has addressed this concern with a provision to allow a city to exceed its FY 2000-2001 expenditure limitation as calculated by the Economics Estimates Commission with a penalty of \$100, if the city or county does not exceed an alternative limitation. The provision establishes an alternative limitation for the cities equal to the expenditure limitation calculated for FY 1999-2000 multiplied by the percentage change in population and multiplied by an inflation growth rate of three per cent. In addition, the cities have requested that the Commission be directed to work with interested parties to develop a new index.

The City of Tempe's 2000-2001 Expenditure Limitation is \$151,578,120. The adjusted limitation is \$161,592,142. Local governments may carryforward to later years revenues which are not subject to the expenditure limitation and which were not expended in the year of receipt. The City chose to maximize their carryforward exclusions and therefore utilized the adjusted limitation. The City carryforwards totaled \$54,353,028 as of June 30, 2001.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since the commitments (to be honored in subsequent years) do not constitute current period expenditures or liabilities.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Pooled Cash and Investments

Cash resources of the City are combined to form a pool of cash and investments managed by the Accounting Division. Excluded from this pool are certain legally restricted cash resources. In accordance with the City's legally adopted budget, the interest earned on pooled investments is recorded in the General Fund, except for the earnings of Enterprise Funds and other funds whose interest earnings are specifically mandated by law or an outside regulating agency to remain in those funds. Investments are stated at fair value.

The City's investment policy permits investment in the following instruments:

- 1) Obligations of the United States Government, its agencies and instrumentalities;
- 2) Fully insured or collateralized certificates of deposit and other evidences of deposit at banks and savings and loan associations;
- 3) Bankers' acceptances issued by the 10 largest domestic banks and the 20 largest international banks, provided collateral meets the standards set by the Financial Services Manager;
- 4) A-1/P-1 rated commercial paper secured by an irrevocable line of credit or collateralized by U.S. government securities;
- 5) Repurchase agreements whose underlying collateral consist of the foregoing;
- 6) Money market funds whose portfolios consist of the foregoing; and
- 7) The State of Arizona's Local Government Investment Pool.

G. Inventories

Inventories consist of expendable supplies held for consumption. The Enterprise Fund inventory and the auto parts inventory in the General Fund are valued at average cost. Other inventories in the General Fund and inventory in the Special Revenue Funds are valued at cost as determined on the first-in first-out ("FIFO") basis. Inventories are accounted for using the consumption method.

H. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. When purchased, assets are recorded as expenditures in the appropriate governmental funds and recorded at cost in the General Fixed Assets Account Group. Contributed assets are recorded in the General Fixed Assets Account Group at fair market value on the date received. Additionally, assets in the General Fixed Assets Account Group are not depreciated.

Fixed assets consisting of certain infrastructure improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

I. Property, Plant and Equipment - Enterprise Funds

Property, plant and equipment owned by the Enterprise Funds are stated at historical cost. Contributed assets are recorded at fair market value on the date received. Depreciation is computed using the straight-line method; the estimated useful lives are as follows:

- Buildings: 30-70 years
- Improvements: 10-50 years
- Machinery and Equipment 5-20 years



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Accumulated unpaid vacation, vested sick pay and vested "Mediflex" supplementary health maintenance benefits are accrued in Governmental and Proprietary Funds. The Governmental Funds' long-term portion of these benefits not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group.

Vacation leave will be absorbed by time off from work or, within certain limitations, may be payable to the employees.

Sick leave is accumulated at the rate of 96 hours (or a proportionate equivalent for employees with work weeks other than 40 hours) per year up to a maximum of 480 hours. Each year, hours accumulated in excess of 480 hours are either converted to cash at a 4-for-1 rate or accumulated in a "sick bank". Upon retirement or resignation, employees with 10 years service are eligible for compensation of up to 50 percent (not more than 240 hours) of accumulated sick leave.

Each employee with 3 years service receives a "Mediflex" allowance each year as reimbursement for all otherwise nonreimbursed health maintenance costs. Benefits are prorated based on length of service and increase up to a maximum of \$650 a year. Unused credits are cumulative and upon employee termination are "banked" at the following rates: after 10 years, 50 percent; after 15 years, 75 percent; after 20 years, 100 percent.

K. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in either a Debt Service Fund or a Special Revenue Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. Interfund Transactions

Interfund transactions consist of identified services performed for other funds or costs billed to other funds and are recorded as expenditures in the fund receiving the services and as a reimbursement, reducing expenditures, in the fund performing the services except for sales of water, sewer and refuse services to other City departments and the Internal Service risk management charges which are recorded as revenue and expenditures in the appropriate funds.

All other interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

M. Contributed Capital - Enterprise Fund

Contributed capital, as recorded in the Enterprise Fund, represent primarily federal and state grants received, gifts from the public, subdividers' costs of installing water and sewer lines, service connections installed at the customer's expense, and transfers of equipment from the General Fixed Assets Account Group. Such capital amounts have been segregated from retained earnings due to the nature of their acquisition.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Equity

Reserved fund equity is defined as that portion of fund equity that has legally been segregated for specific purposes. Designated fund equity is defined as that portion of fund equity for which the City has made tentative plans for future use of financial resources. Unreserved/Undesignated fund equity is defined as that portion of fund equity which is available for use in a future period.

O. Statements of Cash Flows

The City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. For the purposes of the statement of cash flows, all pooled cash and investments are also considered to be cash equivalents, although there are investments with maturities in excess of three months when purchased in the portfolio. This is due to the fact that the Proprietary funds may deposit or withdraw cash at any time without prior notice or penalty, having the characteristics of demand deposits. In a statement of cash flows, cash receipts and payments are classified according to whether they stem from operating, noncapital financing, capital and related financing, or investing activities.

P. Comparative Data

Comparative data for the prior year have been presented in the accompanying general-purpose financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain prior year data have been reclassified to conform with current year presentation.

Q. "Memorandum Only" Total Columns on Combined Statements

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in the columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

R. Use of Estimates

The preparation of general-purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the general-purpose financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGET BASIS OF ACCOUNTING

Arizona state statutes require accounting for certain transactions to be on a basis other than GAAP. The actual results of operations, in accordance with state statutes ("budget basis") are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Fund Types to provide a meaningful comparison of actual results with the budget.

The major differences between the budget and GAAP bases are:

- 1) Certain subfunds reported (GAAP) do not have a legally adopted budget.
- 2) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).
- 3) Certain revenues and expenditures not recognized in the budgetary year are accrued (GAAP).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 2 - BUDGET BASIS OF ACCOUNTING (Continued)

Adjustments necessary to convert the fund balances at June 30, 2001, on a GAAP basis to the budget basis are as follows:

	Fund Balances at June 30, 2001		
	General	Special Revenue	Debt Service
GAAP basis	\$ 81,767,288	48,347,238	9,334,432
Unbudgeted funds:			
Tempe Health Fund	(1,432,924)	-	-
Special Assessment Debt Service	-	-	(198,742)
Grants and Court Awards	-	(301,734)	-
Performing Arts	-	(2,041,963)	-
Encumbrances reserved at June 30, 2001 but recognized as expenditures for budget purposes	(2,509,012)	(1,005,350)	-
Expenses and claims payable not recognized as expenditures for budget purposes	15,198,288	906,529	-
Supply inventory expended when purchased for budget, when consumed for GAAP	(204,661)	(644,036)	-
Fund balance designated for self insurance purposes for GAAP and expended for budget purposes	(9,498,824)	-	-
Budget basis	<u>\$ 83,320,155</u>	<u>45,260,684</u>	<u>9,135,690</u>

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2001, from a GAAP to the budget basis are as follows:

	Excess of Revenues and Other Sources over Expenditures and Other Uses		
	General	Special Revenue	Debt Service
GAAP basis	\$ (187,992)	7,426,611	1,773,260
Unbudgeted funds:			
Tempe Health Fund	(240,015)	-	-
Special Assessment Debt Service	-	-	60,402
Grants and Court Awards	-	797,121	-
Performing Arts	-	(2,041,963)	-
Net increase (decrease) in reserve for supply inventory not recognized as appropriable	73,848	(28,076)	-
Increase due to expenditures of amounts encumbered during year ended June 30, 2000	1,032,370	289,396	-
Decrease due to reserved encumbrances during year ended June 30, 2001, recognized as expenditures for budget purposes	(2,509,012)	(1,005,350)	-
Decrease due to changes in self insurance reserve designated for GAAP purposes and expended for budget purposes	(114,620)	-	-
Decrease due to accrued expenses and claims payable not recognized as expenditures for budget purposes during the year ended June 30, 2000	(9,716,427)	(684,838)	-
Increase due to accrued expenses and claims payable not recognized as expenditures for budget purposes during the year ended June 30, 2001	15,198,288	906,529	-
Budget basis	<u>\$ 3,536,440</u>	<u>5,659,430</u>	<u>1,833,662</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 3 - PROPERTY TAXES

Under Arizona law a two-tiered tax system exists: (1) a primary system for taxes levied to pay for current operation and maintenance expenses, and (2) a secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of the maximum permissible bonded indebtedness.

Specific provisions are made under each system for determining full cash values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the full cash value of locally-assessed real property (consisting of residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% only under certain circumstances. Under the secondary system, there is no limitation on annual increases in full cash value of any property. Primary levies are limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. Secondary tax levies do not have a limitation.

The City's property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments on October 1 and March 1, and become delinquent on November 1 and May 1, respectively. 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 installment becomes 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. Additionally, a lien against property assessed attaches on the first day of January preceding the assessment and levy thereof.

Property taxes are recognized as revenue on the modified accrual basis, i.e., when both measurable and available. Property taxes levied in August 2001 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.

NOTE 4 - CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Pooled cash and investments." Pooled cash and investments are stated at fair value, with accrued interest shown under a separate caption on the balance sheet. The change in fair value of the investments is recorded in investment income. Restricted cash and investments are amounts held separately by trustees and amounts segregated due to their source and future intent. Amounts held by trustees are invested in money market securities, maturing within one year from the time of purchase, and are reported at amortized cost.

Deposits

At year-end, the carrying amount of the City's deposits with financial institutions was \$(77,016) and the bank balance was \$5,395,825. Of the bank balance, \$200,000 was covered by federal depository insurance (Category 1) and \$5,195,825 was covered by collateral held in the pledging bank's trust department in the City's name (Category 2).

Investments

City Charter, Ordinance, and Trust Agreements authorize the City to invest in U.S. government, federal agency, and instrumentality obligations. In addition, the City may invest in certificates of deposit, bankers' acceptances, commercial paper, repurchase agreements, and the State of Arizona's Local Government Investment Pool.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 4 - CASH AND INVESTMENTS (Continued)

The City's investment in the State of Arizona Local Government Investment Pool (LGIP) is stated at fair value, which approximates the value of the City's pool shares. The LGIP is operated by the Arizona State Treasurer's Office, as authorized by Arizona Revised Statutes, §35-326. Arizona Revised Statutes, §35-312 and §35-313, regulate authorized investments. The State Treasurer's office is under the control of the Arizona State Legislature.

The City's investments at June 30, 2001, stated at fair value, are categorized below to give an indication of the level of risk assumed by the City. Category 1 includes investments that are insured or registered or for which the securities are held or registered by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the bank's trust department in the City's name. Category 3 includes uninsured and unregistered investments for which the securities custodian is the counterparty.

	Category 1	Category 2	Category 3	Carrying Amount
U.S. Government Securities	\$130,209,466	87,920,984	-	218,130,450
Repurchase Agreements	-	13,072,610	-	13,072,610
	<u>\$130,209,466</u>	<u>100,993,594</u>	<u>-</u>	<u>231,203,060</u>
Investments in State of Arizona Local Government Investment Pool				48,167,442
Investments in Money Market Funds				22,666,275
Total Investments				<u>\$302,036,777</u>

Reconciliation of pooled cash and investments as reported on the Combined Balance Sheet

Carrying Amount of Investments	\$302,036,777
Carrying Amount of Cash Deposits	(77,016)
Total Pooled Cash and Investments	<u>\$301,959,761</u>
Pooled Cash and Investments – unrestricted	\$247,168,164
Restricted Cash and Investments	54,791,597
Total Pooled Cash and Investments	<u>\$301,959,761</u>

NOTE 5 - DUE TO/FROM OTHER FUNDS

Due to/from other funds consisted of the following at June 30, 2001:

	Due to	Due from
General Fund	\$ -	546,884
Special Revenue Funds:		
Community Development	536,903	-
Capital Projects Funds:		
Signals	9,981	-
	<u>\$ 546,884</u>	<u>546,884</u>

NOTE 6 - CAPITAL IMPROVEMENT NOTES RECEIVABLE

Capital improvement notes receivable represent loans to provide long-term financing for certain major capital improvement projects. Repayment of the receivable to the Water/Wastewater Fund will be made from the General and Highway User Special Revenue funds. Repayment of the receivable to the General Fund will be made from the Refuse Fund and the Tempe Convention and Visitors Bureau.

At June 30, 2001, capital improvement notes receivable totaled \$4,282,952 in the Water and Wastewater Fund and \$294,353 in the General Fund. The notes bear interest at 7.50% and 6.25%, respectively (see Note 9).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 7 - JOINT VENTURE

The City participates with the cities of Phoenix, Mesa, Scottsdale, and Glendale in an intergovernmental agreement for the construction, operation and maintenance of jointly used facilities including the 91st Avenue Wastewater Treatment Plant, the Salt River Project Outfall Sewer, the Southern Avenue Interceptor and related transportation facilities. The City of Phoenix is the management agency who has agreed to be responsible for the planning, designing, constructing, operating and maintaining of the jointly used sewerage facilities and to perform the required accounting, administrative and other support functions.

The agreement provides for the formation of a Multicity Subregional Operating Group Committee ("Multicity SROG"), whose members are composed of a representative officially appointed upon motion and order of each city, for the specific purpose of making recommendations concerning specific decisions or courses of action for the jointly used facilities. The Multicity SROG annually reviews and approves the capital improvements and replacements budget and also the operating budget for the jointly used facilities.

The City has a 14.9% equity interest or purchased capacity in the 91st Avenue Wastewater Treatment Plant and other varied, yet less significant percentages of equity interest in the other jointly used facilities. Purchased capacity is a measure of the right of use owned by the City in the total capacity of the wastewater treatment plant. The City contributes to capital improvements based upon equity interest and contributes to operating and maintenance expenses based upon proportional flow and sewage strength. The City has financed its share of capital improvement costs through the issuance of general obligation bonds, development fees and grants. The bonds are collateralized by a pledge of water revenues and are recorded in the Water and Wastewater Enterprise Fund. The joint venture has not issued any debt.

Summary financial information on the joint venture (GAAP basis) as of and for the fiscal year ended June 30, 2000 (the latest information available), is as follows (in thousands):

Total assets	<u>\$ 340,475</u>
Total liabilities	<u>\$ 16,025</u>
Retained earnings	<u>324,450</u>
Total liabilities and retained earnings	<u>\$ 340,475</u>
Total revenues	<u>\$ 92,744</u>
Total expenses	<u>(33,996)</u>
Net increase in retained earnings	<u>\$ 58,748</u>

The City's net investment and its share of operating and maintenance expenses are recorded in the Water and Wastewater Enterprise Fund. The City's equity in joint venture at June 30, 2001, was \$60,658,288; separately audited financial statements for the jointly used wastewater treatment and transportation facilities may be obtained from the Arizona Municipal Water Users Associations, 4041 North Central, Suite 900, Phoenix, Arizona, 85012.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in general fixed assets for the fiscal year ended June 30, 2001 are as follows:

	Balance June 30, 2000	Additions	Transfers/ Retirements	Balance June 30, 2001
Land	\$24,015,328	584,131	-	24,599,459
Buildings	79,031,185	4,597,228	-	83,628,413
Improvements	29,554,231	5,804,865	(214,037)	35,145,059
Machinery and equipment	67,239,520	7,393,170	(814,572)	73,818,118
Construction-in-progress	46,579,883	16,465,495	(15,686,320)	47,359,058
	<u>\$246,420,147</u>	<u>34,844,889</u>	<u>(16,714,929)</u>	<u>264,550,107</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

General fixed asset construction-in-progress and related construction commitments as of June 30, 2001, are as follows:

	Construction- In-Progress	Commitments
Transit	\$ 315,201	6,752,833
Park improvements	11,239,392	977,445
Fire station renovations and equipment	673,452	671,746
Police/Courts facilities	3,312,996	390,888
Community development	31,818,017	2,319,449
	<u>\$47,359,058</u>	<u>11,112,361</u>

A comparative summary of Proprietary Fund type property, plant and equipment follows:

	June 30	
	2001	2000
Land	\$10,484,737	10,484,737
Buildings	49,080,864	48,989,669
Improvements	224,220,709	221,499,968
Machinery and equipment	34,139,621	33,097,067
Construction-in-progress	13,857,186	6,571,089
	<u>331,783,117</u>	<u>320,642,530</u>
Less accumulated depreciation	<u>(144,958,230)</u>	<u>(136,100,041)</u>
	<u>\$186,824,887</u>	<u>184,542,489</u>

Proprietary Fund type construction-in-progress and related construction commitments as of June 30, 2001, are as follows:

	Construction- In-Progress	Commitments
Water and Wastewater projects	<u>\$13,857,186</u>	<u>10,868,478</u>

NOTE 9 - LONG-TERM DEBT

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. Bonds issued for proprietary activities are reported in the Proprietary Funds as they are to be repaid from proprietary revenues. In addition, general obligation bonds have been issued to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10-20 year serial bonds with varying amounts of principal maturing each year. General obligation bonds outstanding at June 30, 2001, were as follows:

\$48,425,000 1992A Capital Improvement Refunding Issue Serial Bonds in annual installments of \$275,000 to \$9,505,000 through July 1, 2003; interest at 3.5% to 6.0%	\$7,425,000
\$17,500,000 1992B Capital Improvement Serial Bonds due in annual installments of \$275,000 to \$1,630,000 beginning July 1, 1995 through July 1, 2012; interest at 6.0% to 8.0%	3,985,000
\$17,305,000 1993A Capital Improvement Refunding Issue Serial Bonds due in annual installments of \$80,000 to \$5,035,000 through July 1, 2011; interest at 2.6% to 5.4%	16,005,000
\$14,000,000 1994 Capital Improvement Serial Bonds due in annual installments of \$280,000 to \$1,120,000 beginning July 1, 1995 through July 1, 2015; interest at 5.25% to 7.25%	11,130,000
\$26,300,000 1995 Capital Improvement Serial Bonds due in annual installments of \$800,000 to \$2,130,000 beginning July 1, 1997 through July 1, 2015; interest at 4.50% to 6.50%	21,740,000

Continued >

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 9 - LONG-TERM DEBT (Continued)

\$14,500,000 1997 Capital Improvement Serial Bonds due in annual installments of \$300,000 to \$1,150,000 beginning July 1, 1998 through July 1, 2017; interest at 5.125% to 6.625%	12,760,000
\$12,755,000 1998 Capital Improvements Refunding Issue Serial Bonds due in annual installments of \$90,000 to \$2,450,000 beginning July 1, 2002 through July 1, 2012; interest at 4.25% to 4.90%	12,755,000
\$37,500,000 1998A Capital Improvement Serial Bonds due in annual installments of \$1,210,000 to \$2,755,000 beginning July 1, 1999 through July 1, 2018; interest at 4.00% to 5.50%	33,165,000
\$24,000,000 2001A Capital Improvement Serial Bonds due in annual installments of \$650,000 to \$1,630,000 beginning July 1, 2002 through July 1, 2018; interest at 4.50% to 6.00%	<u>24,000,000</u>
Total general obligation bonds outstanding (excluding current portion of Enterprise Fund general obligation bonds outstanding)	<u>\$142,965,000</u>

Special Assessment Bonds Payable with Governmental Commitment. 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, 2001, the special assessments receivable of \$15,905,705, 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. The City expects to collect assessments sufficient to cover the remaining \$6,019,295 beginning next fiscal year.

Improvement bonds are collateralized by properties within the districts. In the event of default by the property owner, the City may enforce an 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. Special assessment bonds payable with governmental commitment outstanding at June 30, 2001, were as follows:

\$29,405,000 Special Assessment Bonds Payable with Governmental Commitment issued May 1, 1985 through April 6, 1999; maturing through January 1, 2015; due in annual installments of \$5,000 to \$1,655,000; interest at 4.700% to 10.125%	<u>\$21,925,000</u>
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Tempe Municipal Property Corporation Bonds. In 1992, the Corporation issued \$1,400,000 of excise tax revenue bonds. Proceeds were used to renovate and replace the irrigation system at the City's Ken McDonald Municipal Golf Course and pay costs incurred to issue the bonds.

The City has entered into contracts with the Corporation whereby the City will pay the Corporation amounts sufficient to retire the above Corporation bonds and related interest. The City has collateralized all the bonds of the Corporation by a pledge of all excise taxes (transaction, franchise, privilege, business taxes, state-shared sales and income taxes, fees for licenses and permits, and state revenue-sharing) which the City presently or in the future validly imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose. The City covenants and agrees that the excise taxes which it presently imposes will continue to be imposed in each fiscal year so that the amount of excise taxes shall be equal to at least three times the total obligation debt service requirements for all outstanding parity obligations in such fiscal year.

Tempe Municipal Property Corporation Bonds outstanding at June 30, 2001, are as follows:

\$1,400,000 1992 Excise Tax Revenue Bonds due in annual installments of \$70,000 to \$140,000 through July 1, 2007; interest rate at 5.5% to 7.1%; retirements are to a sinking fund account	<u>\$735,000</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 9 - LONG-TERM DEBT (Continued)

Refunding Certificates of Participation. On June 1, 1999, the City issued \$5,110,000 of Refunding Certificates of Participation (COP). The proceeds were used to refund \$4,775,000 of the 1989 Tempe Sports Authority Facilities Bonds (TSAF), and pay costs incurred to issue the certificates. The City has collateralized the obligations by a pledge of all excise taxes (transaction, franchise, privilege, business taxes, state-shared sales and income taxes, fees for licenses and permits, and state revenue-sharing) which the City presently or in the future validly imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose. The City covenants and agrees that the excise taxes which it presently imposes will continue to be imposed in each fiscal year so that the amount of excise taxes shall be equal to at least three times the total obligation debt service requirements for all outstanding parity obligations in such fiscal year.

\$5,110,000 1999 Refunding Certificates of Participation due in annual installments of
\$400,000 to \$625,000 through July 1, 2009; interest at 4.20% to 4.90% \$4,270,000

Tempe Variable Rate Demand Excise Tax Revenue Bonds. On February 12, 1998, the City entered into a purchase agreement with First Trust of Arizona, N.A. to pay costs associated with the construction/acquisition of portions of the City's Rio Salado Project and the acquisition of buses for use in connection with the City's transit system. These costs were financed through the issuance of \$47,100,000 of variable rate demand excise tax revenue obligations (Obligations). The Obligations are remarketed by Dain Rauscher, Inc., serving as the remarketing agent, at an interest rate which would cause the Obligations to have a market value, on the commencement date of such rate period, equal to the principal amount plus accrued interest, but not to exceed 12%.

During the fiscal year ended June 30, 2001, the interest rate on these Obligations was reset on a daily basis and interest paid monthly. The City has the option of converting from the daily rate to either a weekly rate or a term rate, including a term rate period through the final maturity of the Obligations. In the event that the Obligations are converted to a term rate (other than daily or weekly), the Obligations are subject to mandatory tender for purchase.

The City has entered into a standby obligation purchase agreement with State Street Bank and Trust Company and U.S. Bank Trust, N.A. (acting as trustee and paying agent). The stated expiration date of the standby obligation purchase agreement is February 28, 2003, with extension request options available to the City thereafter. State Street Bank is providing liquidity and is obligated to purchase the Obligations that are tendered for purchase and not remarketed. The semi-annual fee paid to State Street Bank for this liquidity support is an annualized rate of .095% of the average daily available commitment for principal and interest. As of June 30, 2001, there were no draws outstanding or bonds presented for debt service payments under this standby obligation.

If the standby obligation purchase agreement were to be exercised and all outstanding obligations were purchased by State Street Bank because they could not be remarketed, the maximum repayment liability would be \$49,926,000.

The average annualized interest rate paid on these Obligations during the fiscal year ended June 30, 2001 was 3.80%. The repayment of these bonds, assuming a maximum interest rate of 12% through final maturity, is as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2002	\$ -	4,860,000	4,860,000
2003	1,200,000	4,860,000	6,060,000
2004	1,300,000	4,716,000	6,016,000
2005	1,400,000	4,560,000	5,960,000
2006	1,400,000	4,392,000	5,792,000
Thereafter	35,200,000	42,084,000	77,284,000
	<u>\$40,500,000</u>	<u>65,472,000</u>	<u>105,972,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 9 - LONG-TERM DEBT (Continued)

The City has collateralized the bonds by a pledge of all excise taxes (transaction, franchise, privilege, business taxes, state-shared sales and income taxes, fees for licenses and permits, and state revenue-sharing) which the City presently or in the future validly imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose. The City covenants and agrees that the excise taxes which it presently imposes will continue to be imposed so that the amount of excise taxes shall be equal to at least three times the total obligation debt service requirements for all outstanding parity obligations in each fiscal year.

Capital Improvement Notes. Capital improvement notes represent borrowings to provide long-term financing for certain major capital improvement program projects (see Note 6).

Capital improvement notes outstanding at June 30, 2001 were as follows:

\$11,440,000 capital improvement notes issued in 1990 due to the Water and Wastewater Enterprise Fund from the General Fund and Highway Users Special Revenue Fund and payable in equal annual installments through January 1, 2011; interest at 7.50%	\$4,282,952
\$1,000,000 capital improvement notes issued in 1993 due to the General Fund from the Refuse Enterprise Fund and payable in equal annual installments through January 1, 2003; interest at 6.25%	251,176
\$3,850,000 capital improvement note issued in 1998 due to Maricopa County from the Capital Projects Funds payable in three annual payments ranging from \$750,000 to \$2,073,000 through July 2001; non-interest bearing	1,027,000
\$17,310,000 2000A capital improvement excise tax obligations due in semi-annual payments from January 1, 2001, through July 1, 2002, and then annual payments from July 1, 2003, through July 1, 2016. A final payment is then due on July 1, 2020. Payments range from \$245,000 to \$2,880,000; interest at 4.825% to 5.625%.	<u>12,335,000</u>
Total capital improvement notes outstanding (excluding current portion of Enterprise Fund capital improvement notes outstanding)	<u>\$17,896,128</u>

The City has collateralized the 2000A capital improvement excise tax obligations by a pledge of all excise taxes (transaction, franchise, privilege, business taxes, state-shared sales and income taxes, fees for licenses and permits, and state revenue-sharing) which the City presently or in the future validly imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose. The City covenants and agrees that the excise taxes which it presently imposes will continue to be imposed in each fiscal year so that the amount of excise taxes shall be equal to at least three times the total obligation debt service requirements for all outstanding parity obligations in such fiscal year.

Capital Leases. The City has entered into capital lease agreements which include options to purchase. The leased assets and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. The cost of capital lease assets totaled \$11,498,152 at June 30, 2001. The following is a schedule of future minimum lease payments, together with the net present value of the minimum lease payments as of June 30, 2001.

	<u>Fiscal Years Ending June 30,</u>	<u>General Long-Term Debt Account Group</u>
	2002	\$1,543,198
	2003	1,380,536
	2004	813,931
	2005	680,000
	2006	812,750
	Thereafter	10,565,750
Total minimum lease payments		15,796,165
Less: interest at 0.00 % to 8.50%		(7,193,835)
Present value of future minimum lease payments		<u>\$8,602,330</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 9 - LONG-TERM DEBT (Continued)

Statutory Debt Limitation. In the absence of more restrictive bond authorization ballot limitations, the City is subject to state statutory limitations on the amount of net bonded debt (exclusive of revenue and special assessment bonds and purchase contracts) it may have outstanding. The statutory debt limitation is 20 percent of the secondary assessed valuation for purposes of water, sewer, open space and artificial lighting and 6 percent of the secondary assessed valuation for all other purposes.

At June 30, 2001, the 20 percent debt limitation was \$271,285,879 providing a debt margin of \$173,925,879 and the 6 percent debt limitation was \$81,385,764 providing a debt margin of \$25,740,764. The authorized, unissued debt subject to the statutory limitations of 20 percent and 6 percent at June 30, 2001, was \$33,965,000.

Bond Covenants. The various bond indentures contain certain limitations and restrictions on annual debt service requirements, maintenance and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. The City is in compliance with all such significant limitations and restrictions as of June 30, 2001.

Debt Service Requirements to Maturity. The following is a summary of debt service cash requirements to maturity for all fixed rate general obligation bonds, special assessment bonds, Tempe Municipal Property Corporation bonds and Certificates of Participation including interest of \$59,556,107, \$7,646,783, \$154,168, and \$948,505, respectively.

Fiscal Years Ending June 30,	General Obligation Bonds			Tempe Municipal Property Corp.	Certificates of Participation	Total
	Enterprise Funds	General Long- Term Debt Account Group	Special Assessment			
2002	\$10,133,940	8,519,642	2,908,056	146,555	655,685	22,363,878
2003	8,890,679	8,020,015	2,861,902	145,780	651,365	20,569,741
2004	8,396,337	8,467,338	2,821,904	149,675	650,940	20,486,194
2005	6,320,929	6,957,900	2,704,827	148,015	654,160	16,785,831
2006	6,257,658	6,998,172	2,665,507	150,953	650,760	16,723,050
Thereafter	60,066,936	63,491,561	15,609,587	148,190	1,955,595	141,271,869
	<u>\$100,066,479</u>	<u>102,454,628</u>	<u>29,571,783</u>	<u>889,168</u>	<u>5,218,505</u>	<u>238,200,563</u>

Changes in Long-Term Debt. The following is a summary of changes in long-term debt, excluding capital improvement notes and capital leases, of the City for the fiscal year ended June 30, 2001:

	General Obligation			Tempe Municipal Property Corporation		COP	Tempe Variable Rate Demand Excise Tax Revenue Bonds	Total
	Governmental	Enterprise	Special Assessments	Governmental	Enterprise			
	Long-term debt at June 30, 2000	\$70,535,000	67,995,000	23,550,000	617,070	1,652,930	5,110,000	40,500,000
New Issues	10,000,000	14,000,000	-	-	-	-	-	24,000,000
Retirements:								
July 1, 2000	(4,130,000)	(5,395,000)	-	(617,070)	(817,930)	(400,000)	-	(11,360,000)
January 1, 2001	-	-	(1,625,000)	-	-	-	-	(1,625,000)
	76,405,000	76,600,000	21,925,000	-	835,000	4,710,000	40,500,000	220,975,000
Less: Current portion	(4,300,000)	(5,740,000)	-	-	(100,000)	(440,000)	-	(10,580,000)
Long-term debt at June 30, 2001	<u>\$72,105,000</u>	<u>70,860,000</u>	<u>21,925,000</u>	<u>-</u>	<u>735,000</u>	<u>4,270,000</u>	<u>40,500,000</u>	<u>210,395,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 9 - LONG-TERM DEBT (Continued)

Changes in Long-Term Debt. (Continued)

Detail for the changes in long-term debt, excluding capital improvement notes and capital leases, for the Enterprise Fund type is as follows:

	General Obligation	Tempe Municipal Property Corporation		
	Water/ Wastewater	Water/ Wastewater	Golf	Total
Long-term debt at June 30, 2000	\$67,995,000	\$722,930	930,000	1,652,930
New Issues	14,000,000	-	-	-
Retirements: July 1, 2000	(5,395,000)	(722,930)	(95,000)	(817,930)
	76,600,000	-	835,000	835,000
Less: Current portion	(5,740,000)	-	(100,000)	(100,000)
Long-term debt at June 30, 2001	<u>\$70,860,000</u>	<u>\$ -</u>	<u>735,000</u>	<u>735,000</u>

Changes in Long-Term Liabilities. The following changes occurred in liabilities reported in the General Long-Term Debt Account Group during the fiscal year ended June 30, 2001:

	Balance June 30, 2000	Additions	Reductions	Balance June 30, 2001
Accrued employee benefits	\$ 3,330,291	275,039	-	3,605,330
Insurance claims	964,917	527,251	-	1,492,168
General obligation bonds	66,405,000	10,000,000	(4,300,000)	72,105,000
Special assessment bonds payable with governmental commitment	23,550,000	-	(1,625,000)	21,925,000
Tempe Certificates of Participation	4,710,000	-	(440,000)	4,270,000
Tempe Variable Rate Demand Excise Tax Revenue Bonds	40,500,000	-	-	40,500,000
Capital Improvement notes payable	23,754,463	-	(8,722,011)	15,032,452
Capital leases	9,143,670	-	(541,340)	8,602,330
	<u>\$172,358,341</u>	<u>10,802,290</u>	<u>(15,628,351)</u>	<u>167,532,280</u>

NOTE 10 - BONDS TO BE PAID FROM ASSETS HELD IN TRUST

Advance Bond Refundings

Future debt service on refunded bonds has been provided through advance refunding bond issues. Under an advance refunding arrangement, refunding bonds are issued and the net proceeds, plus any additional resources that may be required, are used to purchase securities issued or guaranteed by the United States government. These securities are then deposited in an irrevocable trust under an escrow agreement which provides that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued bonded debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flow generated by the securities, will be sufficient to service the previously issued bonds.

Bonds which have been advance refunded (and thus not included in the debt of the City) and are still outstanding as of June 30, 2001, are as follows:

\$15,000,000 general obligation bonds issued in 1991 and refunded in 1994	\$9,610,000
\$15,000,000 general obligation bonds issued in 1991 and partially refunded in 1998	745,000
\$10,250,000 general obligation bonds issued in 1992 and partially refunded in 1998	1,670,000
\$17,500,000 general obligation bonds issued in 1992 and partially refunded in 1998	9,620,000
Total bonds advance refunded	<u>\$21,645,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 11 - OPERATING LEASES

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's account groups.

The following is a schedule by year of future minimum lease payments:

Years Ending June 30,	Amount
2002	\$250,165
2003	170,462
2004	64,994
2005	28,973
2006	8,293
Total minimum payments required	<u>\$522,887</u>

NOTE 12 - RETIREMENT AND PENSION PLANS

The City contributes to four separate defined benefit pension plans for the benefit of all full-time employees and elected officials. The Arizona Public Safety Personnel Retirement System administers separate agent multiple-employer retirement plans for all full-time police and fire personnel. The Arizona Public Safety Personnel Retirement System also acts as fund administrator for the Elected Officials Retirement Plan, a multiple-employer cost-sharing plan for elected officials of the City. The Arizona State Retirement System administers a multiple-employer cost-sharing plan for all other full-time employees. The City has met all required payment dates for these plans.

Arizona Public Safety Personnel Retirement System (Full-time Police and Fire Employees)

A. Plan Description

The City contributes to the Arizona Public Safety Personnel Retirement System ("PSPRS"), an agent multiple-employer public safety employee retirement system that acts as a common investment and administrative agent for the various fire and police agencies within the state. All police and fire personnel are eligible to participate in the plan. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The PSPRS is jointly administered by the Fund Manager and 162 Local Boards and was established by Title 38, Chapter 5, Article 4 of the Arizona Revised Statutes (A.R.S). The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Arizona Public Safety Personnel Retirement System, 1020 East Missouri, Phoenix, Arizona, 85014 or by calling 1-602-255-5575.

B. Funding Policy

PSPRS members are required to contribute 7.65% for fire (2% of which is paid for by the City based on a labor agreement) and 7.65% for police of their annual covered salary and the City is required to contribute an actuarially determined rate. The rate for fiscal year 2000-01 was 1.36% for fire personnel and 9.77% for police members. Benefit and contribution provisions are established by law and may be amended only by the State of Arizona Legislature (A.R.S. Section 38-843).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 12 - RETIREMENT AND PENSION PLANS (Continued)

C. Annual Pension Cost

Police personnel contributed \$1,373,591 and fire personnel \$500,276 during fiscal year 2000-01. For 2001, the City's annual pension cost of \$1,754,181 for police and \$297,509 for fire was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 9% investment rate of return (b) projected salary increases of 6.50% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.00% to 3.00% per year, depending on age, attributable to seniority/merit. The actuarial value of the PSPRS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 4-year period. PSPRS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2000 was 20 years.

D. Three Year Trend Information for PSPRS (Latest Available Information):

Police

<u>Fiscal Years Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
1998	\$1,168,130	100%	-
1999	975,885	100	-
2000	1,115,495	100	-

Fire

<u>Fiscal Years Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
1998	\$213,370	100%	-
1999	314,684	100	-
2000	327,507	100	-

E. Required Supplementary Information (Unaudited)

Schedule of Funding Progress (Latest Information Available):

Police

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
1998	\$53,268,549	52,538,032	101.4%	(730,517)	14,470,770	N/A
1999	62,764,558	61,206,221	102.5	(1,558,337)	16,658,167	N/A
2000	72,879,843	67,802,125	107.5	(5,077,718)	17,446,020	N/A

Fire

<u>Valuation Date June 30,</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Percent Funded</u>	<u>Unfunded AAL</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a % of Covered Payroll</u>
1998	47,605,106	37,489,470	127.0	(10,115,636)	7,624,428	N/A
1999	54,999,099	41,989,922	131.0	(13,009,177)	8,195,445	N/A
2000	62,805,409	46,999,401	133.6	(15,806,008)	8,597,893	N/A



NOTE 12 - RETIREMENT AND PENSION PLANS (Continued)

Arizona State Retirement System (All Other Full-time Employees)

A. Plan Description

The City has elected to participate in the Arizona State Retirement System (ASRS or The System), a multiple-employer cost-sharing retirement plan, which provides retirement benefits for all full-time employees, except police and fire employees. The plan provides for retirement, disability, health insurance premium benefits, and death and survivor benefits. The System was established by the State of Arizona to provide pension benefits for employees of the state and employees of participating political subdivisions and school districts. The System is administered in accordance with Title 38, Chapter 5, of the Arizona Revised Statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Arizona State Retirement System, 3300 North Central Avenue, Suite 1300, Phoenix, Arizona, 85012 or by calling 1-602-240-2000.

B. Funding Policy

The Arizona Revised Statutes provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of covered payroll. Employers are required to contribute at the same rate as employees. Although the statutes prescribe the basis of making the actuarial calculation, the Arizona legislature is able to change the contribution rate from that actuarially determined.

Covered employees contributed 2.17% of their annual compensation to the plan, as actuarially determined and set by State statute and the City contributed an amount equal to employee contributions each pay period. The City's contributions to the ASRS for the years ended June 30, 2001, 2000, and 1999 were \$1,197,155, \$1,088,696, and \$1,297,573 respectively, equal to the required contributions for each year.

Elected Officials Retirement Plan (Mayor and City Council)

A. Plan Description

The City's Mayor and Councilmembers participate in the Elected Officials Retirement Plan ("EORP") a multiple employer, cost-sharing pension plan. The Fund Manager of the Arizona Public Safety Personnel Retirement System ("PSPRS") is the administrator for the EORP which was established by Title 38, Chapter 5, Article 3 of the Arizona Revised Statutes to provide pension benefits for state and county elected officials, judges and certain city elected officials. EORP provides retirement benefits as well as death and disability benefits. The authority to amend Title 38, Chapter 5, Article 3 is reserved for the State Legislature. EORP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Elected Officials Retirement Plan, 1020 East Missouri Avenue, Phoenix, Arizona, 85014 or by calling 1-602-255-5575.

B. Funding Policy

The retirement plan's funding policy (required by State Statutes) provides for periodic employer contributions at actuarially determined rates and employee contributions of 7.00% of their annual covered salary. The employer rate for 2000-01 was 10.22%. The City's contributions to EORP for the fiscal years ended June 30, 2001, 2000, and 1999 were \$12,816, \$12,483, and \$10,556, respectively, equal to the required contributions for each year. The City's employees contributed \$8,778, \$8,551, and \$8,306 for the same time period.



NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 12, the City offers the continuation of group health insurance benefits, in accordance with Resolution 90.63 of the City Council, to all retired employees who meet the following eligibility requirements: (a) be at least sixty (60) years of age, (b) have at least 10 years of service, (c) be enrolled in one of the City's group health insurance plans, and (d) at the time of retirement, be or have been eligible to receive benefits from one of the City sponsored state retirement plans. Currently, 374 retirees meet those eligibility requirements.

The City offers three health plans to its retirees; Tempe Basic and Tempe Preferred Provider Organization (PPO), which are the City's self-insurance plans, and the CIGNA Health Maintenance Organization (HMO) plan. The benefits provided by the group health insurance are the same as those offered to active employees.

The City and the pension administrators subsidize the health insurance premium of eligible retirees depending on type of health plan chosen, coverage selected, and years of service. Approximately 77% of retiree premiums were subsidized by the City during the fiscal year. The City's accounting policy with regard to expenditure recognition of these health insurance benefits is to record the benefits when they are paid. During the fiscal year, expenditures of \$1,400,357 were recognized for post retirement health care.

NOTE 14 - DEFERRED COMPENSATION PLAN

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. The City's fiduciary responsibility is that of exercising "due care" in selecting a third-party administrator.

Federal legislation requires that Section 457 plan assets be held in trust for employees. This change, means that employee assets held in Section 457 plans are no longer the property of the City and subject to claims of the City's general creditors. Therefore, the Deferred Compensation Agency assets are not included in the City's general purpose financial statements.

NOTE 15 - COMMITMENTS

All construction commitments are disclosed either in the general-purpose financial statements as reserves for encumbrances or in the notes to the financial statements.

NOTE 16 - FUND EQUITY

Reservations and designations of retained earnings and fund balances at June 30 were as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 16 - FUND EQUITY (Continued)

	Government Fund Types				Proprietary Fund Types	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	2001	2000
Contributed capital	\$ -	-	-	-	124,904,569	124,904,569	124,904,569
Retained Earnings:							
Reserved							
Capital improvements	-	-	-	-	17,314,943	17,314,943	20,933,331
Asset replacement	-	-	-	-	48,119,930	48,119,930	28,481,296
Total Reserved Retained Earnings	-	-	-	-	65,434,873	65,434,873	49,414,627
Unreserved	-	-	-	-	57,063,231	57,063,231	59,135,948
Fund Balances:							
Reserved							
Encumbrances	2,503,936	239,155	-	17,129,085	-	19,872,176	18,667,146
Debt service							
General obligation bonds	-	-	9,135,690	-	-	9,135,690	7,302,028
Special assessment bonds	-	-	198,742	-	-	198,742	259,144
Inventories	204,661	644,036	-	-	-	848,697	894,469
Notes receivable	294,353	-	-	-	-	294,353	422,083
Total Reserved Fund Balances	3,002,950	883,191	9,334,432	17,129,085	-	30,349,658	27,544,870
Unreserved							
Designated							
Self-insurance purposes	9,498,824	-	-	-	-	9,498,824	9,384,204
Health self-insurance	1,432,924	-	-	-	-	1,432,924	1,192,909
Rainy day	8,000,000	-	-	-	-	8,000,000	8,000,000
Capital projects	10,095,280	2,351,250	-	45,902,288	-	58,348,818	51,324,294
West Tempe Improvements	-	-	-	-	-	-	46,800
Rio Salado	9,145,422	-	-	-	-	9,145,422	10,000,000
Commercial enhancement	1,000,000	-	-	-	-	1,000,000	1,500,000
Arbitrage rebate	500,000	-	-	-	-	500,000	500,000
Powerline undergrounding	2,106,816	-	-	-	-	2,106,816	2,000,000
Carryforward appropriations	-	-	-	-	-	-	5,600,000
Total designated	41,779,266	2,351,250	-	45,902,288	-	90,032,804	89,548,207
Undesignated	36,985,072	45,112,797	-	(949,066)	-	81,148,803	68,932,708
Total Unreserved Fund Balances	78,764,338	47,464,047	-	44,953,222	-	171,181,607	158,480,915
Total Fund Equity	<u>\$81,767,288</u>	<u>48,347,238</u>	<u>9,334,432</u>	<u>62,082,307</u>	<u>247,402,673</u>	<u>448,933,938</u>	<u>419,480,929</u>

Reservations of Retained Earnings

At June 30, 2001, amounts were reserved for the following purposes: capital improvements - for purposes of future capital improvements; and, asset replacement - for purposes of future asset replacement.

Reservations of Fund Balances

At June 30, 2001, amounts were reserved for the following purposes: encumbrances - represent purchase obligations outstanding at the end of the fiscal year; debt service - for payment of future amounts of principal and interest due; inventories - the value of materials and supplies needed to maintain adequate levels of operating supplies; notes receivable - represents notes receivable for capital improvement projects.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 16 - FUND EQUITY (Continued)

Designations of Fund Balances

At June 30, 2001, amounts were designated for the following purposes: self-insurance - amount designated for payment of material, unanticipated claims against the City; health self-insurance - amount designated for payment of health self-insurance claims; rainy day - amounts designated for unforeseen events; capital projects - amount designated for future capital projects; Rio Salado - amount designated for the Rio Salado project; commercial enhancement - fulfills development agreement commitment within the Community Facilities District; arbitrage rebate - amount designated for future arbitrage rebate; powerline undergrounding - amounts designated for potential future payment to Arizona Public Service.

NOTE 17 - SEGMENTS OF ENTERPRISE ACTIVITIES

The City's enterprise activities operate under three segments which are financed primarily by user charges. The key financial data for the year ended June 30, 2001, is as follows:

	Water and Wastewater	Refuse	Golf Course	Total
Operating revenues	\$42,500,389	9,687,543	2,067,366	54,255,298
Depreciation expense	8,134,744	1,389,903	313,273	9,837,920
Operating income (loss)	11,733,867	(827,585)	(68,705)	10,837,577
Net gain from joint venture	1,629,588	-	-	1,629,588
Operating transfers from other funds	3,928,967	-	475,128	4,404,095
Operating transfers to other funds	(3,870,814)	(143,110)	(1,800)	(4,015,724)
Net income (loss)	14,375,987	(876,071)	447,613	13,947,529
Acquisition of capital assets	(9,799,501)	(1,110,726)	(1,210,091)	(12,120,318)
Investment in joint venture	12,171,502	-	-	12,171,502
Net increase (decrease) in cash and cash equivalents	1,597,836	(208,378)	(563,456)	826,002
Net working capital	68,749,913	451,358	893,951	70,095,222
Total assets	325,023,032	5,708,728	5,738,794	336,470,554
Long-term debt	73,472,500	251,176	735,000	74,458,676
Retained earnings	116,823,048	2,349,563	3,325,493	122,498,104
Total fund equity	238,160,060	4,529,682	4,712,931	247,402,673

NOTE 18 - RISK FINANCING ACTIVITIES

The City is exposed to risks arising from general liability, automobile liability (physical damage and bodily injury), property liability, workers compensation, and employee health claims.

The City has established a Risk Management Fund (internal service fund) to account for and finance its uninsured risks of loss. Amounts are paid into the internal service fund by all other funds and are available to pay claims and to fund claim reserves. As with any risk retention program, the City is contingently liable in respect to claims beyond those actuarially projected. These interfund premiums are used to reduce the amount of claim expenditures reported in the internal service fund.

The City is self-insured for the first \$1.0 million for general liability and automobile liability claims. The City is self-insured for property, health claims, employer's liability and statutory workers' compensation claims up to \$232.5 million, \$6.0 million, \$1.0 million, and statutory limitation amounts, respectively. The self-insured retention per incident is \$100,000, \$125,000, \$250,000 and \$250,000, respectively. Coverage in excess of the self-insured retention level per incident is provided through the purchase of commercial insurance. During the year, there were no significant reductions in the amounts of excess coverage purchased, nor has the City experienced any settlements in excess of insurance coverage over the past ten years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 18 - RISK FINANCING ACTIVITIES (Continued)

At fiscal year end, the estimated, unpaid insurance claims liability was based on a case-by-case review of actual pending claims and an estimated amount for incurred but not reported claims. A liability for a known claim was established if information indicated that it was probable that a loss had been incurred as of June 30, 2001, and that the amount was reasonably estimable. A liability for incurred but not reported claims was based on historical experience.

The following is a summary of changes in insurance claims payable, accounted for in the governmental and proprietary funds, for the last two fiscal years:

	June 30, 2000	Claims Incurred Net of Change in Estimates	Payments	June 30, 2001
General liability	\$1,202,955	3,606,565	(484,393)	4,325,127
Automobile liability	1,141,652	619,688	(179,457)	1,581,883
Property liability	70,122	446,065	(265,074)	251,113
Workers' compensation	399,502	2,054,318	(1,118,553)	1,335,267
Health insurance	408,245	6,369,950	(6,366,027)	412,168
	<u>\$3,222,476</u>	<u>13,096,586</u>	<u>(8,413,504)</u>	<u>7,905,558</u>

	June 30, 1999	Claims Incurred Net of Change in Estimates	Payments	June 30, 2000
General liability	\$220,507	1,108,219	(125,771)	1,202,955
Automobile liability	1,116,338	97,736	(72,422)	1,141,652
Property liability	179,041	86,942	(195,861)	70,122
Workers' compensation	440,196	819,905	(860,599)	399,502
Health insurance	397,376	5,299,582	(5,288,713)	408,245
	<u>\$2,353,458</u>	<u>7,412,384</u>	<u>(6,543,366)</u>	<u>3,222,476</u>

Additionally, at June 30, 2001, the City had \$9,498,824 of General Fund balance designated for self-insurance purposes and \$1,432,924 designated for health insurance.

NOTE 19 - CONTINGENT LIABILITIES

The City is subject to a number of lawsuits, investigations, and other claims that are incidental to the ordinary course of its operations. Although the City Attorney does not currently possess sufficient information to reasonably estimate the amounts of the liabilities to be recorded upon the settlement of such claims and lawsuits, some claims could be significant to the City's operations. While the ultimate resolution of such lawsuits, investigations, and claims cannot be determined at this time, in the opinion of City management, based on the advice of the City Attorney, the resolution of these matters will not have a materially adverse effect on the City's financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



NOTE 20 - RELATED ORGANIZATION

The Industrial Development Authority (IDA) is a non-profit corporation established by the City in 1981 to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate and remain in Tempe. The Board of Directors of the IDA is appointed by the City Council; however, the City does not have a financial benefit/burden relationship nor is the City able to impose its will on the IDA as defined in GASB Statement No. 14; therefore, data for the IDA is not included in the City's general-purpose financial statements. Separately issued financial statements are not available for the IDA.

NOTE 21 - DEFICIT IN FUND BALANCE

The Signals Capital Projects Fund had a deficit fund balance of \$81,897 at June 30, 2001. The deficit will be funded by general obligation bonds expected to be issued during fiscal year 2001/02.

NOTE 22 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2001, expenditures exceeded appropriations in the Housing Assistance Fund of the Special Revenue Fund by \$39,662. The overexpenditure was a result of unbudgeted intergovernmental expenditures, which are offset by intergovernmental revenues. In addition, the amount was not in excess of the legal level of control; the level at which expenditures cannot legally exceed the appropriated amount which is the total operating budget as adopted by the City Council.

NOTE 23 - NEW ACCOUNTING PRONOUNCEMENT (Effective for the Fiscal Year Ending June 30, 2002)

In June 1999, the Governmental Accounting Standards Board ("GASB") adopted GASB Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." The City is required to adopt the provisions of GASB Statement No. 34 effective for the fiscal year ending June 30, 2002.

This new reporting model requires that, at a minimum, the City include in its basic financial statements: (1) management's discussion and analysis as a component of required supplementary information, (2) both government-wide financial statements and fund financial statements, (3) notes to the financial statements and (4) required supplementary information other than management's discussion and analysis.



GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, building safety, general administration of the City, and other activity for which a special fund has not been created.

CITY OF TEMPE, ARIZONA

GENERAL FUND

BALANCE SHEET (Exhibit A-1)

June 30, 2001

with comparative totals for June 30, 2000

	<u>2001</u>	<u>2000</u>
<u>Assets</u>		
Pooled cash and investments	\$ 86,116,172	78,760,961
Receivables:		
Taxes	6,905,338	7,245,530
Accounts	410,240	295,763
Accrued interest	1,233,534	1,054,537
Due from other governments	1,451,895	1,361,722
Due from other funds	546,884	7,393,432
Inventories	204,661	278,509
Prepaid items	594,779	-
Capital improvement notes receivable	294,353	422,083
	<u>97,757,856</u>	<u>96,812,537</u>
Total assets	<u>\$ 97,757,856</u>	<u>96,812,537</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	\$ 2,654,336	2,450,005
Deposits	3,973,986	4,043,661
Accrued expenditures	9,255,033	8,258,555
Deferred revenue	107,213	105,036
	<u>15,990,568</u>	<u>14,857,257</u>
Total liabilities	<u>15,990,568</u>	<u>14,857,257</u>
Fund balance:		
Reserved for encumbrances	2,503,936	1,061,877
Reserved for inventories	204,661	278,509
Reserved for notes receivable	294,353	422,083
Unreserved:		
Designated:		
Self-insurance purposes	9,498,824	9,384,204
Health self-insurance	1,432,924	1,192,909
Rainy day	8,000,000	8,000,000
Capital projects	10,095,280	4,953,361
West Tempe improvements	-	46,800
Rio Salado	9,145,422	10,000,000
Commercial enhancement	1,000,000	1,500,000
Arbitrage rebate	500,000	500,000
Powerline undergrounding	2,106,816	2,000,000
Carryforward appropriations	-	4,000,000
Undesignated	36,985,072	38,615,537
	<u>81,767,288</u>	<u>81,955,280</u>
Total fund balance	<u>81,767,288</u>	<u>81,955,280</u>
Total liabilities and fund balance	<u>\$ 97,757,856</u>	<u>96,812,537</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Exhibit A-2)
For the fiscal year ended June 30, 2001
with comparative totals for the fiscal year ended June 30, 2000**

	2001	2000
Revenues:		
Taxes	\$ 74,648,477	69,687,831
Intergovernmental	37,490,378	36,055,371
Investment income	9,432,305	5,939,944
Charges for services	6,928,053	7,101,357
Fines and forfeitures	4,566,819	4,778,418
Licenses and permits	1,081,485	1,200,592
Miscellaneous	1,896,567	1,729,249
Total revenues	136,044,084	126,492,762
Expenditures:		
Current:		
Public safety	57,729,360	53,705,944
Environmental health	821,087	737,649
Community development	9,438,003	7,940,413
Leisure opportunities	22,681,109	21,095,643
Public transportation	203,637	209,997
Policy management	26,697,148	19,253,020
Total expenditures	117,570,344	102,942,666
Excess of revenues over expenditures before other financing sources (uses)	18,473,740	23,550,096
Other financing sources (uses):		
Operating transfers in:		
Special revenue funds	118,780	694,284
Debt service funds	-	3,000,000
Capital projects funds	1,857,417	2,001,627
Enterprise funds	3,462,158	260,504
Operating transfers out:		
Special revenue funds	(8,974,578)	(9,110,000)
Debt service funds	(1,553,361)	(1,553,361)
Capital projects funds	(14,643,382)	(19,547,720)
Enterprise funds	(303,028)	(290,983)
Capital lease proceeds	1,374,262	1,386,176
Total other financing sources (uses)	(18,661,732)	(23,159,473)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(187,992)	390,623
Fund balance at beginning of year	81,955,280	81,564,657
Fund balance at end of year	\$ 81,767,288	81,955,280

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit A-3)**

**For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000**

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 73,853,590	74,648,477	794,887	69,687,831
Intergovernmental	34,604,080	37,490,378	2,886,298	36,055,371
Investment income	4,500,000	9,432,305	4,932,305	5,939,944
Charges for services	6,874,176	6,928,053	53,877	7,101,357
Fines and forfeitures	4,803,022	4,566,819	(236,203)	4,778,418
Licenses and permits	970,695	1,081,485	110,790	1,200,592
Miscellaneous	1,316,577	1,781,947	465,370	1,871,372
Total revenues	<u>126,922,140</u>	<u>135,929,464</u>	<u>9,007,324</u>	<u>126,634,885</u>
Expenditures:				
Current:				
Public safety:				
Police	40,784,760	40,730,477	54,283	38,367,673
Fire	13,801,485	13,798,496	2,989	12,963,364
City courts	2,922,618	2,907,360	15,258	2,532,438
Total public safety	<u>57,508,863</u>	<u>57,436,333</u>	<u>72,530</u>	<u>51,863,475</u>
Environmental health:				
Public works	771,311	820,786	(49,475)	699,917
Total environmental health	<u>771,311</u>	<u>820,786</u>	<u>(49,475)</u>	<u>699,917</u>
Community development:				
Development	4,530,821	4,482,663	48,158	3,502,502
Building safety	2,844,228	2,822,822	21,406	2,496,628
Engineering:				
Design	1,403,029	1,479,959	(76,930)	1,378,237
Administration	813,367	805,094	8,273	757,401
Construction	685,260	789,462	(104,202)	572,667
Interdepartmental charges	(1,765,838)	(1,587,494)	(178,344)	(1,507,567)
Total community development	<u>8,510,867</u>	<u>8,792,506</u>	<u>(281,639)</u>	<u>7,199,868</u>
Leisure opportunities:				
Parks maintenance	6,143,538	5,885,163	258,375	5,723,792
Recreation	6,703,601	6,867,339	(163,738)	5,837,374
Library	4,615,414	4,474,643	140,771	4,033,271
Social services	5,027,001	4,893,365	133,636	4,277,103
Community services administration	647,358	628,929	18,429	675,272
Historical museum	676,327	638,521	37,806	560,457
Total leisure opportunities	<u>23,813,239</u>	<u>23,387,960</u>	<u>425,279</u>	<u>21,107,269</u>

CITY OF TEMPE, ARIZONA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit A-3)

	2001			2000
	Budget	Actual	Variance	Actual
Policy management:				
Mayor and council	536,174	535,417	757	402,388
City manager	3,084,145	3,255,832	(171,687)	2,669,442
City clerk	446,910	445,788	1,122	618,882
City attorney	2,551,452	2,492,869	58,583	1,849,228
Human resources	2,598,303	2,541,915	56,388	1,950,601
Financial Services	4,556,754	4,411,152	145,602	4,158,621
Tempe Learning Center	658,421	684,411	(25,990)	147,894
Management support	116,001	118,245	(2,244)	-
Economic Development	521,005	465,522	55,483	448,336
Strategic Planning	175,970	174,823	1,147	-
Information Technology	12,164,174	12,034,000	130,174	11,434,661
Public works administration	329,521	64,585	264,936	12,788
Equipment maintenance	4,918,906	4,711,613	207,293	5,060,582
Interdepartmental charges	(16,475,129)	(16,018,208)	(456,921)	(16,224,478)
Building maintenance	2,845,900	2,701,437	144,463	2,540,698
Transportation	201,321	204,077	(2,756)	210,012
Non-departmental	3,105,894	3,095,967	9,927	2,207,524
Total policy management	<u>22,335,722</u>	<u>21,919,445</u>	<u>416,277</u>	<u>17,487,179</u>
Total current expenditures	112,940,002	112,357,030	582,972	98,357,708
Contingency	390,267	-	390,267	-
Total expenditures	<u>113,330,269</u>	<u>112,357,030</u>	<u>973,239</u>	<u>98,357,708</u>
Excess of revenues over expenditures before other financing sources (uses)	<u>13,591,871</u>	<u>23,572,434</u>	<u>9,980,563</u>	<u>28,277,177</u>
Other financing sources (uses):				
Operating transfers in:				
Special revenue funds	-	118,780	118,780	694,284
Debt service funds	-	-	-	3,000,000
Capital projects funds	-	1,857,417	1,857,417	2,001,627
Enterprise funds	137,482	3,462,158	3,324,676	260,504
Operating transfers out:				
Special revenue funds	(1,850,000)	(8,974,578)	(7,124,578)	(9,110,000)
Debt service funds	(1,553,361)	(1,553,361)	-	(1,553,361)
Capital projects funds	(14,094,450)	(14,643,382)	(548,932)	(19,547,720)
Enterprise funds	(267,792)	(303,028)	(35,236)	(290,983)
Total other financing sources (uses)	<u>(17,628,121)</u>	<u>(20,035,994)</u>	<u>(2,407,873)</u>	<u>(24,545,649)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(4,036,250)</u>	<u>3,536,440</u>	<u>7,572,690</u>	<u>3,731,528</u>
Fund balance at beginning of year	<u>79,783,715</u>	<u>79,783,715</u>	<u>-</u>	<u>76,052,187</u>
Fund balance at end of year	<u>\$ 75,747,465</u>	<u>83,320,155</u>	<u>7,572,690</u>	<u>79,783,715</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.





SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues used to finance certain projects or activities as required by law or contractual agreement.

- Transit Fund - to account for the receipt and expenditure of the Transit Tax monies. These monies are restricted to financing transit improvements including the purchase of buses and traffic flow improvements.
- Performing Arts Fund - to account for the receipt and expenditure of the Performing Arts Tax monies. These monies are restricted to financing the performing and visual arts center.
- Highway User Revenue Fund - to account for the receipt and expenditure of the City's share of the highway user taxes. State law restricts the use of these monies to maintenance, construction and reconstruction of streets, and repayment of transportation-related general obligation debt.
- Local Transportation Assistance Fund - to account for the receipt and expenditure of the City's share of state lottery allocations. These monies are restricted to transportation programs only.
- Community Development Fund - to account for the receipt and expenditure of U.S. Department of Housing and Urban Development Community Development Block Grant and Home Program monies.
- Housing Assistance Fund - to account for the receipt and expenditure of U.S. Department of Housing and Urban Development Lower Income Housing Assistance Program grant monies.
- Rio Salado - to account for the receipt and expenditure of miscellaneous monies used to foster the development of Rio Salado.
- Grants and Court Awards - to account for the receipt and expenditure of miscellaneous grant monies and revenue received from court awarded confiscated property under both the Federal and State Organized Crime Acts.
- Community Facilities District - to account for the receipt and expenditure of monies for the Rio Salado Community Facilities District.

CITY OF TEMPE, ARIZONA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET (Exhibit B-1)
June 30, 2001
with comparative totals for June 30, 2000

	<u>Transit</u>	<u>Performing Arts</u>	<u>Highway User Revenue</u>	<u>Local Transportation Assistance</u>
<u>Assets</u>				
Pooled cash and investments	\$ 27,437,115	1,598,081	5,935,798	2,617,185
Taxes receivable	2,334,433	457,011	-	-
Accrued interest receivable	272,842	1,046	-	-
Due from other governments	126,652	-	859,380	-
Inventories	-	-	644,036	-
Restricted cash and investments	5,952,390	-	-	-
	<u>36,123,432</u>	<u>2,056,138</u>	<u>7,439,214</u>	<u>2,617,185</u>
Total assets	<u>\$ 36,123,432</u>	<u>2,056,138</u>	<u>7,439,214</u>	<u>2,617,185</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 3,117,391	12,300	337,598	-
Deposits	-	-	-	-
Accrued expenditures	66,893	1,875	464,064	710
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Matured bonds payable	1,131,750	-	-	-
Matured interest payable	89,972	-	-	-
	<u>4,406,006</u>	<u>14,175</u>	<u>801,662</u>	<u>710</u>
Total liabilities	<u>4,406,006</u>	<u>14,175</u>	<u>801,662</u>	<u>710</u>
Fund balance:				
Reserved for encumbrances	47,216	-	165,110	-
Reserved for inventories	-	-	644,036	-
Unreserved:				
Designated:				
Capital projects	2,351,250	-	-	-
Carryforward appropriations	-	-	-	-
Undesignated	29,318,960	2,041,963	5,828,406	2,616,475
	<u>31,717,426</u>	<u>2,041,963</u>	<u>6,637,552</u>	<u>2,616,475</u>
Total fund balance	<u>31,717,426</u>	<u>2,041,963</u>	<u>6,637,552</u>	<u>2,616,475</u>
Total liabilities and fund balance	<u>\$ 36,123,432</u>	<u>2,056,138</u>	<u>7,439,214</u>	<u>2,617,185</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET (Exhibit B-1)

Community Development	Housing Assistance	Rio Salado	Grants and Court Awards	Community Facilities District	Totals	
					2001	2000
-	694,719	4,989,499	1,515,715	241,416	45,029,528	29,911,151
-	-	74,148	-	-	2,865,592	2,460,228
-	-	40,993	-	-	314,881	202,952
688,031	361,374	-	445,031	-	2,480,468	3,646,997
-	-	-	-	-	644,036	615,960
-	-	-	-	14,361	5,966,751	13,518,690
<u>688,031</u>	<u>1,056,093</u>	<u>5,104,640</u>	<u>1,960,746</u>	<u>255,777</u>	<u>57,301,256</u>	<u>50,355,978</u>
129,038	56,010	37,465	82,695	154,643	3,927,140	3,405,299
-	-	-	81,789	-	81,789	-
22,090	41,643	35,087	73,990	-	706,352	673,127
536,903	-	-	-	-	536,903	1,304,947
-	-	-	-	106	106	76,456
-	958,440	-	1,420,538	-	2,378,978	1,466,611
-	-	-	-	-	1,131,750	2,253,504
-	-	-	-	101,028	191,000	255,407
<u>688,031</u>	<u>1,056,093</u>	<u>72,552</u>	<u>1,659,012</u>	<u>255,777</u>	<u>8,954,018</u>	<u>9,435,351</u>
-	-	-	26,829	-	239,155	356,125
-	-	-	-	-	644,036	615,960
-	-	-	-	-	2,351,250	7,482,466
-	-	-	-	-	-	1,600,000
-	-	5,032,088	274,905	-	45,112,797	30,866,076
-	-	5,032,088	301,734	-	48,347,238	40,920,627
<u>688,031</u>	<u>1,056,093</u>	<u>5,104,640</u>	<u>1,960,746</u>	<u>255,777</u>	<u>57,301,256</u>	<u>50,355,978</u>

CITY OF TEMPE, ARIZONA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Exhibit B-2)

For the fiscal year ended June 30, 2001

with comparative totals for the fiscal year ended June 30, 2000

	Transit	Performing Arts	Highway User Revenue	Local Transportation Assistance
Revenues:				
Taxes	\$ 27,310,246	2,607,541	-	-
Intergovernmental	2,485,397	-	11,213,830	957,786
Investment income	4,228,650	7,170	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Sale of real estate	-	-	-	-
Miscellaneous	500	-	10,859	-
Total revenues	<u>34,024,793</u>	<u>2,614,711</u>	<u>11,224,689</u>	<u>957,786</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Leisure opportunities	-	147,077	-	-
Public transportation	17,666,631	-	7,946,190	-
Policy management	-	-	-	-
Total current expenditures	<u>17,666,631</u>	<u>147,077</u>	<u>7,946,190</u>	<u>-</u>
Debt service:				
Principal retirement	4,441,778	-	-	-
Interest and fiscal fees	330,098	-	-	-
Total expenditures	<u>22,438,507</u>	<u>147,077</u>	<u>7,946,190</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>11,586,286</u>	<u>2,467,634</u>	<u>3,278,499</u>	<u>957,786</u>
Other financing sources (uses):				
Operating transfers in:				
General fund	-	-	1,850,000	-
Special revenue funds	319,262	-	-	-
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Enterprise funds	-	-	1,320	-
Operating transfers out:				
General fund	(1,800)	-	(95,545)	-
Special revenue funds	-	-	-	(319,262)
Debt service fund	-	-	(4,367,663)	-
Capital projects funds	(8,909,359)	(425,671)	(258,906)	-
Enterprise funds	-	-	(356,175)	-
Total other financing sources (uses)	<u>(8,591,897)</u>	<u>(425,671)</u>	<u>(3,226,969)</u>	<u>(319,262)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,994,389	2,041,963	51,530	638,524
Fund balance at beginning of year	<u>28,723,037</u>	<u>-</u>	<u>6,586,022</u>	<u>1,977,951</u>
Fund balance at end of year	<u>\$ 31,717,426</u>	<u>2,041,963</u>	<u>6,637,552</u>	<u>2,616,475</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Exhibit B-2)

Community Development	Housing Assistance	Rio Salado	Grants and Court Awards	Community Facilities District	Totals	
					2001	2000
-	-	794,038	-	-	30,711,825	27,076,764
2,085,273	5,157,962	-	1,596,921	-	23,497,169	22,961,257
-	26,672	628,245	69,217	1,009	4,960,963	2,482,498
-	-	9,826	-	39,764	49,590	44,938
-	-	-	358,004	-	358,004	721,600
-	-	267,400	-	-	267,400	888,348
-	-	28,541	375,953	125,617	541,470	449,543
<u>2,085,273</u>	<u>5,184,634</u>	<u>1,728,050</u>	<u>2,400,095</u>	<u>166,390</u>	<u>60,386,421</u>	<u>54,624,948</u>
-	-	-	1,795,414	-	1,795,414	2,558,938
2,085,273	5,184,634	653,055	94,369	1,945,304	9,962,635	9,544,437
-	-	-	678,583	-	825,660	288,686
-	-	-	-	-	25,612,821	20,969,551
-	-	-	8,324	-	8,324	2,687
<u>2,085,273</u>	<u>5,184,634</u>	<u>653,055</u>	<u>2,576,690</u>	<u>1,945,304</u>	<u>38,204,854</u>	<u>33,364,299</u>
-	-	-	-	-	4,441,778	4,438,472
-	-	-	-	1,567,957	1,898,055	1,926,026
<u>2,085,273</u>	<u>5,184,634</u>	<u>653,055</u>	<u>2,576,690</u>	<u>3,513,261</u>	<u>44,544,687</u>	<u>39,728,797</u>
-	-	1,074,995	(176,595)	(3,346,871)	15,841,734	14,896,151
-	-	6,270,000	-	854,578	8,974,578	9,110,000
-	-	752,250	-	924,336	1,995,848	2,616,561
-	-	-	-	1,567,957	1,567,957	1,616,425
-	-	-	-	-	-	3,600
-	-	-	-	-	1,320	-
-	-	(20,909)	(526)	-	(118,780)	(694,284)
-	-	(924,336)	-	(752,250)	(1,995,848)	(2,616,561)
-	-	-	-	-	(4,367,663)	(4,000,000)
-	-	(3,902,424)	(620,000)	-	(14,116,360)	(18,843,129)
-	-	-	-	-	(356,175)	(356,175)
-	-	<u>2,174,581</u>	<u>(620,526)</u>	<u>2,594,621</u>	<u>(8,415,123)</u>	<u>(13,163,563)</u>
-	-	3,249,576	(797,121)	(752,250)	7,426,611	1,732,588
-	-	1,782,512	1,098,855	752,250	40,920,627	39,188,039
-	-	<u>5,032,088</u>	<u>301,734</u>	<u>-</u>	<u>48,347,238</u>	<u>40,920,627</u>

CITY OF TEMPE, ARIZONA

TRANSIT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-3)**

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 27,235,300	27,310,246	74,946	26,384,487
Intergovernmental	558,882	2,485,397	1,926,515	1,406,799
Investment income	180,000	4,228,650	4,048,650	1,936,134
Fines and forfeitures	10,000	-	(10,000)	16,407
Miscellaneous	-	500	500	6,703
Total revenues	<u>27,984,182</u>	<u>34,024,793</u>	<u>6,040,611</u>	<u>29,750,530</u>
Expenditures:				
Current:				
Public transportation	19,248,979	18,475,219	773,760	13,936,959
Total current expenditures	<u>19,248,979</u>	<u>18,475,219</u>	<u>773,760</u>	<u>13,936,959</u>
Contingency	449,232	-	449,232	-
Debt service:				
Principal retirement	4,441,778	4,441,778	-	4,438,472
Interest and fiscal fees	-	330,098	(330,098)	309,601
Total expenditures	<u>24,139,989</u>	<u>23,247,095</u>	<u>892,894</u>	<u>18,685,032</u>
Excess of revenues over expenditures before other financing sources (uses)	3,844,193	10,777,698	6,933,505	11,065,498
Other financing sources (uses):				
Operating transfers in:				
Special revenue fund	305,400	319,262	13,862	325,338
Operating transfers out:				
General fund	-	(1,800)	(1,800)	-
Capital projects funds	(8,557,860)	(8,909,359)	(351,499)	(9,271,610)
Total other financing sources (uses)	<u>(8,252,460)</u>	<u>(8,591,897)</u>	<u>(339,437)</u>	<u>(8,946,272)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,408,267)	2,185,801	6,594,068	2,119,226
Fund balance at beginning of year	<u>28,793,058</u>	<u>28,793,058</u>	-	<u>26,673,832</u>
Fund balance at end of year	<u>\$ 24,384,791</u>	<u>30,978,859</u>	<u>6,594,068</u>	<u>28,793,058</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

HIGHWAY USER REVENUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-4)**

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 10,383,600	11,213,830	830,230	11,041,068
Miscellaneous	-	10,859	10,859	33,303
Total revenues	<u>10,383,600</u>	<u>11,224,689</u>	<u>841,089</u>	<u>11,074,371</u>
Expenditures:				
Current:				
Public transportation	7,962,149	7,665,525	296,624	7,195,412
Total expenditures	<u>7,962,149</u>	<u>7,665,525</u>	<u>296,624</u>	<u>7,195,412</u>
Excess of revenues over expenditures before other financing sources (uses)	2,421,451	3,559,164	1,137,713	3,878,959
Other financing sources (uses):				
Operating transfers in:				
General fund	1,850,000	1,850,000	-	1,850,000
Enterprise funds	-	1,320	1,320	-
Operating transfers out:				
General fund	-	(95,545)	(95,545)	-
Debt service fund	(4,931,614)	(4,367,663)	563,951	(4,000,000)
Capital Projects	-	(258,906)	(258,906)	-
Enterprise funds	(356,175)	(356,175)	-	(356,175)
Total other financing sources (uses)	<u>(3,437,789)</u>	<u>(3,226,969)</u>	<u>210,820</u>	<u>(2,506,175)</u>
Excess of revenues and other sources over expenditures and other uses	(1,016,338)	332,195	1,348,533	1,372,784
Fund balance at beginning of year	6,265,906	6,265,906	-	4,893,122
Fund balance at end of year	<u>\$ 5,249,568</u>	<u>6,598,101</u>	<u>1,348,533</u>	<u>6,265,906</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

LOCAL TRANSPORTATION ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-5)

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 925,500	957,786	32,286	976,015
Total revenues	<u>925,500</u>	<u>957,786</u>	<u>32,286</u>	<u>976,015</u>
Expenditures:				
Current:				
Public transportation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures before other financing sources (uses)	925,500	957,786	32,286	976,015
Other financing sources (uses):				
Operating transfers out:				
Special revenue funds	(305,400)	(319,262)	(13,862)	(325,338)
Total other financing uses	<u>(305,400)</u>	<u>(319,262)</u>	<u>(13,862)</u>	<u>(325,338)</u>
Excess of revenues and other sources over expenditures and other uses	620,100	638,524	18,424	650,677
Fund balance at beginning of year	<u>1,977,951</u>	<u>1,977,951</u>	<u>-</u>	<u>1,327,274</u>
Fund balance at end of year	<u>\$ 2,598,051</u>	<u>2,616,475</u>	<u>18,424</u>	<u>1,977,951</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

COMMUNITY DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-6)

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 2,897,489	2,066,378	(831,111)	2,537,074
Total revenues	<u>2,897,489</u>	<u>2,066,378</u>	<u>(831,111)</u>	<u>2,537,074</u>
Expenditures:				
Current:				
Community development	2,897,489	2,066,378	831,111	2,537,074
Total expenditures	<u>2,897,489</u>	<u>2,066,378</u>	<u>831,111</u>	<u>2,537,074</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

HOUSING ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-7)

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Intergovernmental	\$ 5,138,912	5,151,902	12,990	4,474,308
Investment income	-	26,672	26,672	24,376
Total revenues	<u>5,138,912</u>	<u>5,178,574</u>	<u>39,662</u>	<u>4,498,684</u>
Expenditures:				
Current:				
Community development	5,138,912	5,178,574	(39,662)	4,498,684
Total expenditures	<u>5,138,912</u>	<u>5,178,574</u>	<u>(39,662)</u>	<u>4,498,684</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

RIO SALADO FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-8)**

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 728,600	794,038	65,438	692,277
Investment income	37,000	628,245	591,245	472,623
Charges for services	-	9,826	9,826	-
Fines and forfeitures	-	-	-	300,000
Sale of real estate	-	267,400	267,400	888,348
Miscellaneous	20,000	28,541	8,541	33,242
Total revenues	785,600	1,728,050	942,450	2,386,490
Expenditures:				
Current:				
Community development	1,386,102	678,782	707,320	565,111
Total community development	1,386,102	678,782	707,320	565,111
Contingency	376,436	-	376,436	-
Total expenditures	1,762,538	678,782	1,083,756	565,111
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(976,938)	1,049,268	2,026,206	1,821,379
Other financing sources (uses):				
Operating transfers in:				
General fund	-	6,270,000	6,270,000	7,260,000
Special revenue funds	-	752,250	752,250	-
Operating transfers out:				
General fund	-	(20,909)	(20,909)	(694,284)
Special revenue funds	-	(924,336)	(924,336)	(2,291,223)
Capital projects funds	(3,902,424)	(3,902,424)	-	(9,510,808)
Total other financing sources (uses)	(3,902,424)	2,174,581	6,077,005	(5,236,315)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(4,879,362)	3,223,849	8,103,211	(3,414,936)
Fund balance at beginning of year	1,843,400	1,843,400	-	5,258,336
Fund balance (deficit) at end of year	\$ (3,035,962)	5,067,249	8,103,211	1,843,400

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

COMMUNITY FACILITIES DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit B-9)

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Investment income	\$ -	1,009	1,009	5,150
Charges for services	-	39,764	39,764	44,938
Miscellaneous	-	125,617	125,617	122,570
Total revenues	-	166,390	166,390	172,658
Expenditures:				
Current:				
Community development	2,534,993	1,913,993	621,000	1,843,453
Total current expenditures	2,534,993	1,913,993	621,000	1,843,453
Contingency	200,000	-	200,000	-
Debt service:				
Interest and fiscal fees	2,025,000	1,567,957	457,043	1,616,425
Total expenditures	4,759,993	3,481,950	1,278,043	3,459,878
Deficiency of revenues over expenditures before other financing sources (uses)	(4,759,993)	(3,315,560)	1,444,433	(3,287,220)
Other financing sources (uses):				
Operating transfers in:				
General fund	-	854,578	854,578	-
Special revenue fund	-	924,336	924,336	2,291,223
Debt service fund	-	1,567,957	1,567,957	1,616,425
Capital projects funds	-	-	-	3,600
Operating transfers out:				
Special revenue fund	-	(752,250)	(752,250)	-
Total other financing sources (uses)	-	2,594,621	2,594,621	3,911,248
Excess (deficiency) of revenues and other sources over expenditures	(4,759,993)	(720,939)	4,039,054	624,028
Fund balance at beginning of year	720,939	720,939	-	96,911
Fund balance (deficit) at end of year	\$ (4,039,054)	-	4,039,054	720,939

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.



DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources and payments of debt other than debt issued for and serviced by Enterprise and Special Revenue Funds.

- General Obligation - for the accumulation of resources and payments of general obligation debt.
- Special Assessment - for the accumulation of resources and payments of special assessment debt.

CITY OF TEMPE, ARIZONA

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET (Exhibit C-1)

June 30, 2001

with comparative totals for June 30, 2000

	General Obligation	Special Assessment	Totals	
			2001	2000
Assets				
Pooled cash and investments	\$ 925,073	201,242	1,126,315	890,681
Receivables:				
Taxes	339,188	-	339,188	358,921
Special assessments	-	15,905,705	15,905,705	17,257,468
Restricted cash and investments	15,374,983	612,233	15,987,216	21,807,228
Total assets	\$ 16,639,244	16,719,180	33,358,424	40,314,298
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 10,571	2,500	13,071	11,773
Deposits	-	-	-	176,911
Due to other funds	-	-	-	5,730,806
Deferred revenue	163,534	15,905,705	16,069,239	17,440,035
Matured bonds payable	4,740,000	-	4,740,000	5,147,070
Matured interest payable	2,333,699	612,233	2,945,932	2,700,019
Capital improvement notes payable	255,750	-	255,750	1,546,512
Total liabilities	7,503,554	16,520,438	24,023,992	32,753,126
Fund balance:				
Reserved for debt service:				
General obligation bonds	9,135,690	-	9,135,690	7,302,028
Special assessment bonds	-	198,742	198,742	259,144
Total fund balance	9,135,690	198,742	9,334,432	7,561,172
Total liabilities and fund balance	\$ 16,639,244	16,719,180	33,358,424	40,314,298

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Exhibit C-2)

For the fiscal year ended June 30, 2001

with comparative totals for the fiscal year ended June 30, 2000

	General Obligation	Special Assessment	Totals	
			2001	2000
Revenues:				
Taxes	\$ 11,349,221	-	11,349,221	11,091,417
Investment income	496,372	-	496,372	235,890
Special assessments	-	2,899,583	2,899,583	2,601,706
Miscellaneous	-	-	-	158,547
Total revenues	11,845,593	2,899,583	14,745,176	14,087,560
Expenditures:				
Debt service:				
Principal retirement	8,738,611	1,688,958	10,427,569	10,951,964
Interest and fiscal fees	4,399,387	1,271,027	5,670,414	5,616,627
Total expenditures	13,137,998	2,959,985	16,097,983	16,568,591
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(1,292,405)	(60,402)	(1,352,807)	(2,481,031)
Other financing sources (uses):				
Operating transfers in:				
General fund	1,553,361	-	1,553,361	1,553,361
Special revenue funds	4,367,663	-	4,367,663	4,000,000
Debt service funds	-	-	-	1,259,829
Capital projects funds	2,073,000	-	2,073,000	750,000
Operating transfers out:				
General fund	-	-	-	(3,000,000)
Special revenue funds	(1,567,957)	-	(1,567,957)	(1,616,425)
Debt service funds	-	-	-	(1,259,829)
Enterprise funds	(3,300,000)	-	(3,300,000)	-
Total other financing sources (uses)	3,126,067	-	3,126,067	1,686,936
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,833,662	(60,402)	1,773,260	(794,095)
Fund balance at beginning of year	7,302,028	259,144	7,561,172	8,355,267
Fund balance at end of year	\$ 9,135,690	198,742	9,334,432	7,561,172

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

GENERAL OBLIGATION
DEBT SERVICE FUNDSCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGET BASIS (Exhibit C-3)For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Revenues:				
Taxes	\$ 12,299,889	11,349,221	(950,668)	11,091,417
Investment income	11,000	496,372	485,372	235,890
Miscellaneous	-	-	-	11,096
Total revenues	<u>12,310,889</u>	<u>11,845,593</u>	<u>(465,296)</u>	<u>11,338,403</u>
Expenditures:				
Debt service:				
Principal retirement	9,214,030	8,738,611	475,419	8,326,639
Interest and fiscal fees	4,924,994	4,399,387	525,607	4,156,272
Total expenditures	<u>14,139,024</u>	<u>13,137,998</u>	<u>1,001,026</u>	<u>12,482,911</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(1,828,135)</u>	<u>(1,292,405)</u>	<u>535,730</u>	<u>(1,144,508)</u>
Other financing sources (uses):				
Operating transfers in:				
General fund	1,553,361	1,553,361	-	1,553,361
Special revenue funds	4,931,614	4,367,663	(563,951)	4,000,000
Capital projects funds	2,073,000	2,073,000	-	750,000
Operating transfers out:				
General fund	-	-	-	(3,000,000)
Special revenue funds	-	(1,567,957)	(1,567,957)	(1,616,425)
Debt service funds	-	-	-	(1,259,829)
Enterprise funds	-	(3,300,000)	(3,300,000)	-
Total other financing sources (uses)	<u>8,557,975</u>	<u>3,126,067</u>	<u>(5,431,908)</u>	<u>427,107</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>6,729,840</u>	<u>1,833,662</u>	<u>(4,896,178)</u>	<u>(717,401)</u>
Fund balance at beginning of year	<u>7,302,028</u>	<u>7,302,028</u>	<u>-</u>	<u>8,019,429</u>
Fund balance at end of year	<u>\$ 14,031,868</u>	<u>9,135,690</u>	<u>(4,896,178)</u>	<u>7,302,028</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.



CAPITAL PROJECTS FUNDS

Capital Projects Funds account for all current financial resources used for the acquisition of capital facilities except those financed by Enterprise Funds. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major sources of financing are derived from bond proceeds and special revenues.

- Streets Fund - used for improving, constructing and reconstructing major streets, highways, collector and local streets within the City, and to acquire rights-of-way.
- Police Fund - used for purchasing, constructing and equipping public safety buildings.
- Fire Fund - used for purchasing, constructing and equipping fire stations.
- Performing Arts Fund - used for construction of the performing and visual arts center.
- Library Fund - used for acquiring, constructing, equipping and furnishing library facilities.
- Storm Sewers Fund - used for planning, constructing, extending and improving storm drain trunk lines and detention basins.
- Transit Fund - used for purchasing of buses and construction of transportation infrastructure.
- Parks Fund - used for acquiring, developing and equipping parks, playgrounds and recreation facilities.
- Rio Salado Fund - used for consulting and engineering studies necessary to the design of the Rio Salado lakes and for constructing a wildlife habitat.
- Community Development Fund - used for acquiring, reconstructing, remodeling, renovating and equipping existing buildings that house municipal departments, and for acquiring and constructing housing for the elderly and the redevelopment of the downtown area.
- Bikeways Fund - used for improving, constructing and reconstructing bikeways within the City, and to acquire rights-of-way.
- Signals Fund - used for purchasing, constructing and equipping street light and traffic signal upgrades and for the planning of an overall transportation plan.

CITY OF TEMPE, ARIZONA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET (Exhibit D-1)

June 30, 2001

with comparative totals for June 30, 2000

	Streets	Police	Fire	Performing Arts	Storm Sewers
<u>Assets</u>					
Pooled cash and investments	\$ 5,347,711	3,758,424	1,164,945	175,483	1,508,831
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted cash and investments	132,942	-	-	-	-
Total assets	\$ 5,480,653	3,758,424	1,164,945	175,483	1,508,831
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts payable	\$ 400,533	25,290	52,810	175,483	298,452
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	400,533	25,290	52,810	175,483	298,452
Fund balance (deficit):					
Reserved for encumbrances	2,375,828	390,888	671,746	337,804	1,419,321
Unreserved designated for capital projects	2,704,292	3,342,246	440,389	-	-
Unreserved	-	-	-	(337,804)	(208,942)
Total fund balance (deficit)	5,080,120	3,733,134	1,112,135	-	1,210,379
Total liabilities and fund balance	\$ 5,480,653	3,758,424	1,164,945	175,483	1,508,831

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET (Exhibit D-1)

Transit	Parks	Rio Salado	Community Development	Bikeways	Signals	Totals	
						2001	2000
30,216,053	3,420,664	4,711,395	11,504,088	434,507	-	62,242,101	55,140,810
1,520,560	-	-	-	-	-	1,520,560	477,612
-	-	-	425,000	-	-	425,000	-
-	-	726,997	-	-	-	859,939	2,509,961
<u>31,736,613</u>	<u>3,420,664</u>	<u>5,438,392</u>	<u>11,929,088</u>	<u>434,507</u>	<u>-</u>	<u>65,047,600</u>	<u>58,128,383</u>
164,404	456,712	80,211	1,164,614	64,887	70,717	2,954,113	2,152,496
-	-	-	-	-	1,199	1,199	1,602
-	-	-	-	-	9,981	9,981	357,679
-	-	-	-	-	-	-	27,900
<u>164,404</u>	<u>456,712</u>	<u>80,211</u>	<u>1,164,614</u>	<u>64,887</u>	<u>81,897</u>	<u>2,965,293</u>	<u>2,539,677</u>
6,752,833	977,445	1,255,040	2,319,448	308,309	320,423	17,129,085	17,249,144
24,819,376	1,986,507	4,103,141	8,445,026	61,311	-	45,902,288	38,888,467
-	-	-	-	-	(402,320)	(949,066)	(548,905)
<u>31,572,209</u>	<u>2,963,952</u>	<u>5,358,181</u>	<u>10,764,474</u>	<u>369,620</u>	<u>(81,897)</u>	<u>62,082,307</u>	<u>55,588,706</u>
<u>31,736,613</u>	<u>3,420,664</u>	<u>5,438,392</u>	<u>11,929,088</u>	<u>434,507</u>	<u>-</u>	<u>65,047,600</u>	<u>58,128,383</u>

CITY OF TEMPE, ARIZONA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Exhibit D-2)

For the fiscal year ended June 30, 2001

with comparative totals for the fiscal year ended June 30, 2000

	Streets	Police	Fire	Performing Arts	Storm Sewers
Revenues:					
Taxes	\$ -	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income	-	-	-	-	-
Other entities' participation	115,331	-	-	-	384,550
Miscellaneous	21,874	-	-	1,367	-
Total revenues	137,205	-	-	1,367	384,550
Expenditures:					
Capital improvements	4,373,099	2,435,785	698,735	426,825	942,337
Total expenditures	4,373,099	2,435,785	698,735	426,825	942,337
Excess (deficiency) of revenues over expenditures before other financing sources (uses)					
	(4,235,894)	(2,435,785)	(698,735)	(425,458)	(557,787)
Other financing sources (uses):					
Operating transfers in:					
General fund	837,507	2,710,770	5,489	-	3,000
Special revenue funds	16,000	-	-	425,671	-
Capital projects funds	386,106	1,159,849	18,859	-	338,380
Enterprise funds	-	-	-	-	-
Operating transfers out:					
General fund	(100,000)	(900)	(495)	-	-
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	(546,286)	-	-	(23,880)	(239,200)
Enterprise funds	(5,000)	-	-	-	-
Bond proceeds, net	3,031,000	700,000	510,000	-	1,140,000
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	3,619,327	4,569,719	533,853	401,791	1,242,180
Excess (deficiency) of revenues and other sources over expenditures and other uses					
	(616,567)	2,133,934	(164,882)	(23,667)	684,393
Fund balance (deficit) at beginning of year	5,696,687	1,599,200	1,277,017	23,667	525,986
Fund balance (deficit) at end of year	\$ 5,080,120	3,733,134	1,112,135	-	1,210,379

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (Exhibit D-2)

Transit	Parks	Rio Salado	Community Development	Bikeways	Signals	Totals	
						2,001	2000
-	5,640	-	-	-	-	5,640	257,080
1,408,581	-	1,139,256	-	-	23,649	2,571,486	9,342,483
-	-	129,989	-	-	-	129,989	197,106
-	-	-	-	-	111,130	611,011	588,087
-	-	13,455	24,055	-	-	60,751	503,800
<u>1,408,581</u>	<u>5,640</u>	<u>1,282,700</u>	<u>24,055</u>	<u>-</u>	<u>134,779</u>	<u>3,378,877</u>	<u>10,888,556</u>
<u>4,719,896</u>	<u>4,894,173</u>	<u>5,386,269</u>	<u>6,258,101</u>	<u>177,958</u>	<u>1,508,777</u>	<u>31,821,955</u>	<u>52,184,088</u>
<u>4,719,896</u>	<u>4,894,173</u>	<u>5,386,269</u>	<u>6,258,101</u>	<u>177,958</u>	<u>1,508,777</u>	<u>31,821,955</u>	<u>52,184,088</u>
<u>(3,311,315)</u>	<u>(4,888,533)</u>	<u>(4,103,569)</u>	<u>(6,234,046)</u>	<u>(177,958)</u>	<u>(1,373,998)</u>	<u>(28,443,078)</u>	<u>(41,295,532)</u>
-	2,042,000	-	8,947,488	38,625	58,503	14,643,382	19,547,720
8,786,000	-	3,773,674	876,015	-	239,000	14,116,360	18,843,129
20,000	50,000	294,207	155,523	115,968	541	2,539,433	3,018,147
-	-	-	552,246	-	-	552,246	1,947,145
-	-	(1,500,000)	(256,022)	-	-	(1,857,417)	(2,001,627)
-	-	-	-	-	-	-	(3,600)
-	-	(2,073,000)	-	-	-	(2,073,000)	(750,000)
(245,968)	(376,499)	(158,200)	(889,400)	(60,000)	-	(2,539,433)	(3,018,147)
-	(439,892)	-	-	-	-	(444,892)	-
-	950,000	2,000,000	-	219,000	1,450,000	10,000,000	-
-	-	-	-	-	-	-	12,100,000
<u>8,560,032</u>	<u>2,225,609</u>	<u>2,336,681</u>	<u>9,385,850</u>	<u>313,593</u>	<u>1,748,044</u>	<u>34,936,679</u>	<u>49,682,767</u>
5,248,717	(2,662,924)	(1,766,888)	3,151,804	135,635	374,046	6,493,601	8,387,235
<u>26,323,492</u>	<u>5,626,876</u>	<u>7,125,069</u>	<u>7,612,670</u>	<u>233,985</u>	<u>(455,943)</u>	<u>55,588,706</u>	<u>47,201,471</u>
<u>31,572,209</u>	<u>2,963,952</u>	<u>5,358,181</u>	<u>10,764,474</u>	<u>369,620</u>	<u>(81,897)</u>	<u>62,082,307</u>	<u>55,588,706</u>





ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supported by user charges.

The significant characteristic of an Enterprise Fund is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprise. Thus, the reports of Enterprise Funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as the performance of investor-owned enterprises in the same industry.

- Water and Wastewater Fund - to account for the provision of water and sewer services to the residents of the City and some residents in the adjoining Town of Guadalupe. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection.
- Refuse Fund - to account for the provision of refuse collection and disposal services for both residential and commercial customers. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance, financing, billing and collection.
- Golf Course Fund - to account for the operations of the Rolling Hills and Ken McDonald golf courses. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operation, maintenance and financing.

CITY OF TEMPE, ARIZONA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET (Exhibit E-1)

June 30, 2001

with comparative totals for June 30, 2000

Assets	Water and Wastewater	Refuse	Golf Course	Totals	
				2001	2000
Current assets:					
Pooled cash and investments	\$ 42,888,411	1,177,750	1,048,614	45,114,775	36,434,368
Accounts receivable	5,663,602	153,501	-	5,817,103	6,152,609
Accrued interest receivable	596,665	47,977	12,497	657,139	483,468
Due from other governments	744,965	-	-	744,965	1,772,115
Total current assets	<u>49,893,643</u>	<u>1,379,228</u>	<u>1,061,111</u>	<u>52,333,982</u>	<u>44,842,560</u>
Restricted assets:					
Capital improvements:					
Cash and investments	22,711,198	-	-	22,711,198	20,904,143
Inventory	392,754	-	-	392,754	322,235
Debt Service:					
Cash and investments	9,142,790	-	123,703	9,266,493	18,927,953
Total restricted assets	<u>32,246,742</u>	<u>-</u>	<u>123,703</u>	<u>32,370,445</u>	<u>40,154,331</u>
Capital improvement notes receivable	4,282,952	-	-	4,282,952	4,564,576
Equity in joint venture	60,658,288	-	-	60,658,288	46,857,198
Property, plant and equipment (net of accumulated depreciation)	<u>177,941,407</u>	<u>4,329,500</u>	<u>4,553,980</u>	<u>186,824,887</u>	<u>184,542,489</u>
Total assets	<u>\$ 325,023,032</u>	<u>5,708,728</u>	<u>5,738,794</u>	<u>336,470,554</u>	<u>320,961,154</u>

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(continued)

CITY OF TEMPE, ARIZONA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET (Exhibit E-1)

	Water and Wastewater	Refuse	Golf Course	Totals	
				2001	2000
Liabilities and Fund Equity					
Current liabilities (payable from current assets):					
Accounts payable	\$ 1,762,464	550,692	22,966	2,336,122	4,550,709
Deposits	785,566	-	-	785,566	712,895
Accrued expenses	1,317,533	377,178	144,194	1,838,905	1,788,208
Accrued interest payable	2,145,290	-	-	2,145,290	1,866,919
General obligation bonds payable	5,740,000	-	-	5,740,000	5,395,000
Capital improvement notes payable	1,257,500	-	-	1,257,500	1,479,984
Total current liabilities (payable from current assets)	<u>13,008,353</u>	<u>927,870</u>	<u>167,160</u>	<u>14,103,383</u>	<u>15,793,715</u>
Current liabilities (payable from restricted assets):					
Accounts payable	382,119	-	-	382,119	557,914
Tempe Municipal Property Corporation bonds payable	-	-	100,000	100,000	817,930
Accrued interest payable	-	-	23,703	23,703	15,543
Total current liabilities (payable from restricted assets)	<u>382,119</u>	<u>-</u>	<u>123,703</u>	<u>505,822</u>	<u>1,391,387</u>
Long-term debt:					
General obligation bonds payable:					
Current interest bonds	70,860,000	-	-	70,860,000	62,600,000
Tempe Municipal Property Corporation bonds payable	-	-	735,000	735,000	835,000
Capital improvement notes payable	2,612,500	251,176	-	2,863,676	6,885,908
Total long-term debt	<u>73,472,500</u>	<u>251,176</u>	<u>735,000</u>	<u>74,458,676</u>	<u>70,320,908</u>
Total liabilities	<u>86,862,972</u>	<u>1,179,046</u>	<u>1,025,863</u>	<u>89,067,881</u>	<u>87,506,010</u>
Fund equity:					
Contributed capital	121,337,012	2,180,119	1,387,438	124,904,569	124,904,569
Retained earnings:					
Reserved for capital improvements	17,314,943	-	-	17,314,943	20,933,331
Reserved for asset replacement	43,790,183	1,898,205	2,431,542	48,119,930	34,694,226
Unreserved	55,717,922	451,358	893,951	57,063,231	52,923,018
Total retained earnings	<u>116,823,048</u>	<u>2,349,563</u>	<u>3,325,493</u>	<u>122,498,104</u>	<u>108,550,575</u>
Total fund equity	<u>238,160,060</u>	<u>4,529,682</u>	<u>4,712,931</u>	<u>247,402,673</u>	<u>233,455,144</u>
Total liabilities and fund equity	<u>\$ 325,023,032</u>	<u>5,708,728</u>	<u>5,738,794</u>	<u>336,470,554</u>	<u>320,961,154</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY (Exhibit E-2)
For the fiscal year ended June 30, 2001
with comparative totals for the fiscal year ended June 30, 2000**

	Water and Wastewater	Refuse	Golf Course	Totals	
				2001	2000
Operating revenues:					
Charges for services	\$ 40,197,607	9,567,741	2,063,998	51,829,346	52,893,834
Miscellaneous	2,302,782	119,802	3,368	2,425,952	5,452,337
Total operating revenues	<u>42,500,389</u>	<u>9,687,543</u>	<u>2,067,366</u>	<u>54,255,298</u>	<u>58,346,171</u>
Operating expenses:					
Personal services	7,777,136	3,205,806	889,336	11,872,278	11,526,934
Supplies and materials	1,631,680	319,524	245,759	2,196,963	2,532,612
Fees and services	13,222,962	5,599,895	687,703	19,510,560	17,504,074
Depreciation	8,134,744	1,389,903	313,273	9,837,920	10,165,111
Total operating expenses	<u>30,766,522</u>	<u>10,515,128</u>	<u>2,136,071</u>	<u>43,417,721</u>	<u>41,728,731</u>
Operating income (loss)	11,733,867	(827,585)	(68,705)	10,837,577	16,617,440
Nonoperating revenues (expenses):					
Investment income	4,921,476	94,624	92,409	5,108,509	3,505,466
Interest and fiscal fees	(3,967,097)	-	(49,419)	(4,016,516)	(3,885,990)
Net gain (loss) from joint venture	1,629,588	-	-	1,629,588	(3,096,353)
Income (loss) before operating transfers	<u>14,317,834</u>	<u>(732,961)</u>	<u>(25,715)</u>	<u>13,559,158</u>	<u>13,140,563</u>
Operating transfers:					
Transfer from general fund	267,792	-	35,236	303,028	290,983
Transfer from special revenue funds	356,175	-	-	356,175	356,175
Transfer from debt service funds	3,300,000	-	-	3,300,000	-
Transfer from capital projects funds	5,000	-	439,892	444,892	-
Transfer to general fund	(3,321,414)	(138,944)	(1,800)	(3,462,158)	(260,504)
Transfer to special revenue funds	(1,320)	-	-	(1,320)	-
Transfer to capital projects funds	(548,080)	(4,166)	-	(552,246)	(1,947,145)
Net income (loss)	<u>14,375,987</u>	<u>(876,071)</u>	<u>447,613</u>	<u>13,947,529</u>	<u>11,580,072</u>
Fund equity at beginning of year	223,784,073	5,405,753	4,265,318	233,455,144	221,875,072
Fund equity at end of year	<u>\$ 238,160,060</u>	<u>4,529,682</u>	<u>4,712,931</u>	<u>247,402,673</u>	<u>233,455,144</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

ENTERPRISE FUNDS

**COMBINING STATEMENT OF CASH FLOWS (Exhibit E-3)
For the fiscal year ended June 30, 2001
with comparative totals for the fiscal year ended June 30, 2000**

				Totals	
	Water and Wastewater	Refuse	Golf Course	2001	2000
Cash flows from operating activities:					
Cash received from customers	\$ 43,430,318	10,120,270	2,067,366	55,617,954	56,540,737
Cash paid to employees for services	(7,742,300)	(3,191,769)	(887,512)	(11,821,581)	(11,183,801)
Cash paid to suppliers for goods and services	(17,292,780)	(5,857,614)	(945,359)	(24,095,753)	(17,819,646)
Net cash provided by operating activities	<u>18,395,238</u>	<u>1,070,887</u>	<u>234,495</u>	<u>19,700,620</u>	<u>27,537,290</u>
Cash flows from noncapital financing activities:					
Operating transfers in	3,928,967	-	475,128	4,404,095	647,158
Operating transfers out	(3,870,814)	(143,110)	(1,800)	(4,015,724)	(2,207,649)
Net cash provided (used) by noncapital financing activities	<u>58,153</u>	<u>(143,110)</u>	<u>473,328</u>	<u>388,371</u>	<u>(1,560,491)</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of bonds	14,000,000	-	-	14,000,000	-
Proceeds from capital improvement notes	-	-	-	-	5,035,000
Principal paid on long-term debt	(10,248,026)	(114,620)	(95,000)	(10,457,646)	(10,032,784)
Interest and fiscal fees	(3,677,646)	-	(52,340)	(3,729,986)	(4,707,607)
Acquisition of capital assets	(9,799,501)	(1,110,726)	(1,210,091)	(12,120,318)	(6,199,619)
Investment in joint venture	(12,171,502)	-	-	(12,171,502)	(14,324,825)
Net cash used by capital and related financing activities	<u>(21,896,675)</u>	<u>(1,225,346)</u>	<u>(1,357,431)</u>	<u>(24,479,452)</u>	<u>(30,229,835)</u>
Cash flows from investing activities:					
Interest received	4,759,496	89,191	86,152	4,934,839	3,455,883
Collection of notes receivable	281,624	-	-	281,624	261,975
Net cash provided by investing activities	<u>5,041,120</u>	<u>89,191</u>	<u>86,152</u>	<u>5,216,463</u>	<u>3,717,858</u>
Net increase (decrease) in cash and cash equivalents	1,597,836	(208,378)	(563,456)	826,002	(535,178)
Cash and cash equivalents at beginning of year	73,144,563	1,386,128	1,735,773	76,266,464	76,801,642
Cash and cash equivalents at end of year	<u>\$ 74,742,399</u>	<u>1,177,750</u>	<u>1,172,317</u>	<u>77,092,466</u>	<u>76,266,464</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 11,733,867	(827,585)	(68,705)	10,837,577	16,617,440
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	8,134,744	1,389,903	313,273	9,837,920	10,165,111
Change in assets and liabilities:					
(Increase) decrease in receivables	929,929	432,727	-	1,362,656	(1,805,434)
(Increase) decrease in inventories	(70,519)	-	-	(70,519)	123,357
Increase (decrease) in deposits	72,671	-	-	72,671	91,326
Increase (decrease) in payables	(2,440,290)	61,805	(11,897)	(2,390,382)	2,002,357
Increase (decrease) in accrued expenses	34,836	14,037	1,824	50,697	343,133
Net cash provided by operating activities	<u>\$ 18,395,238</u>	<u>1,070,887</u>	<u>234,495</u>	<u>19,700,620</u>	<u>27,537,290</u>
Noncash transactions affecting financial position:					
Net gain (loss) from joint venture	\$ 1,629,588	-	-	1,629,588	(3,096,353)
Net noncash transactions affecting financial position	<u>\$ 1,629,588</u>	<u>-</u>	<u>-</u>	<u>1,629,588</u>	<u>(3,096,353)</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

WATER AND WASTEWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGET BASIS (Exhibit E-4)

For the fiscal year ended June 30, 2001

with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Operating revenues:				
Charges for services	\$ 38,387,300	40,197,607	1,810,307	41,156,228
Miscellaneous	500,000	942,774	442,774	571,518
Total operating revenues	<u>38,887,300</u>	<u>41,140,381</u>	<u>2,253,081</u>	<u>41,727,746</u>
Operating expenditures:				
Personal services	8,314,797	7,736,000	578,797	7,402,950
Supplies and materials	2,417,421	1,548,669	868,752	1,581,931
Other services	13,946,009	12,820,841	1,125,168	11,354,143
Capital outlay	199,200	518,520	(319,320)	371,987
Contingency	1,000,000	-	1,000,000	-
Total operating expenditures	<u>25,877,427</u>	<u>22,624,030</u>	<u>3,253,397</u>	<u>20,711,011</u>
Excess of operating revenues over operating expenditures	13,009,873	18,516,351	5,506,478	21,016,735
Nonoperating revenues (expenditures):				
Investment income	2,110,000	4,921,476	2,811,476	3,328,294
Debt service payments	<u>(14,081,364)</u>	<u>(13,614,709)</u>	<u>466,655</u>	<u>(13,570,291)</u>
Excess of revenues over expenditures	<u>\$ 1,038,509</u>	<u>9,823,118</u>	<u>8,784,609</u>	<u>10,774,738</u>

Note: This schedule is prepared on a modified accrual basis that corresponds to the City's budget practices. It is not intended to present the results of operations in accordance with generally accepted accounting principles but to demonstrate legal budgetary compliance.

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

REFUSE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGET BASIS (Exhibit E-5)

For the fiscal year ended June 30, 2001
with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Operating revenues:				
Charges for services	\$ 9,337,500	9,567,741	230,241	9,530,049
Miscellaneous	-	119,802	119,802	193,226
Total operating revenues	<u>9,337,500</u>	<u>9,687,543</u>	<u>350,043</u>	<u>9,723,275</u>
Operating expenditures:				
Personal services	3,181,291	3,191,957	(10,666)	3,011,015
Supplies and materials	154,940	155,999	(1,059)	159,099
Other services	5,458,181	5,594,385	(136,204)	5,000,901
Capital outlay	1,392,600	1,232,632	159,968	1,865,171
Contingency	50,000	-	50,000	-
Total operating expenditures	<u>10,237,012</u>	<u>10,174,973</u>	<u>62,039</u>	<u>10,036,186</u>
Deficiency of operating revenues over operating expenditures	(899,512)	(487,430)	412,082	(312,911)
Nonoperating revenues:				
Interest earnings	<u>85,000</u>	<u>94,624</u>	<u>9,624</u>	<u>99,704</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (814,512)</u>	<u>(392,806)</u>	<u>421,706</u>	<u>(213,207)</u>

Note: This schedule is prepared on a modified accrual basis that corresponds to the City's budget practices. It is not intended to present the results of operations in accordance with generally accepted accounting principles but to demonstrate legal budgetary compliance.

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

GOLF COURSE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - BUDGET BASIS (Exhibit E-6)

For the fiscal year ended June 30, 2001

with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Operating revenues:				
Charges for services	\$ 2,401,424	2,063,998	(337,426)	2,207,557
Miscellaneous	-	3,368	3,368	18,929
Total operating revenues	<u>2,401,424</u>	<u>2,067,366</u>	<u>(334,058)</u>	<u>2,226,486</u>
Operating expenditures:				
Personal services	1,000,749	887,511	113,238	819,970
Supplies and materials	146,476	242,591	(96,115)	187,901
Other services	810,046	690,712	119,334	676,467
Capital outlay	80,750	176,770	(96,020)	96,281
Total operating expenditures	<u>2,038,021</u>	<u>1,997,584</u>	<u>40,437</u>	<u>1,780,619</u>
Excess of operating revenues over operating expenditures	363,403	69,782	(293,621)	445,867
Nonoperating revenues (expenditures):				
Interest earnings	54,000	92,409	38,409	77,468
Debt service payments	<u>(147,405)</u>	<u>(149,419)</u>	<u>(2,014)</u>	<u>(150,262)</u>
Excess of revenues over expenditures	<u>\$ 269,998</u>	<u>12,772</u>	<u>(257,226)</u>	<u>373,073</u>

Note: This schedule is prepared on a modified accrual basis that corresponds to the City's budget practices. It is not intended to present the results of operations in accordance with generally accepted accounting principles but to demonstrate legal budgetary compliance.

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.



INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other government units, on a cost reimbursement basis.

- Risk Management Fund – used to account for the costs of general liability, automobile liability, property liability and worker's compensation claims by the City under a self-insurance program.

CITY OF TEMPE, ARIZONA

INTERNAL SERVICE FUND
RISK MANAGEMENT FUND

BALANCE SHEET (Exhibit F-1)
June 30, 2001
with comparative totals for June 30, 2000

	<u>2001</u>	<u>2000</u>
<u>Assets</u>		
Current assets:		
Pooled cash and investments	\$ 7,539,273	2,900,989
Total assets	<u>\$ 7,539,273</u>	<u>2,900,989</u>
<u>Liabilities and Fund Equity</u>		
Current liabilities:		
Accounts payable	\$ 45,883	86,758
Accrued expenses and claims payable	7,493,390	2,814,231
Total liabilities	<u>7,539,273</u>	<u>2,900,989</u>
Retained earnings:		
Unreserved	-	-
Total retained earnings	<u>-</u>	<u>-</u>
Total liabilities and retained earnings	<u>\$ 7,539,273</u>	<u>2,900,989</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

INTERNAL SERVICE FUND
RISK MANAGEMENT FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY (Exhibit F-2)

For the fiscal year ended June 30, 2001
with comparative totals for the fiscal year ended June 30, 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Self insurance contributions	\$ 6,726,636	2,107,824
Total operating revenues	<u>6,726,636</u>	<u>2,107,824</u>
Operating expenses:		
Claims incurred	<u>6,726,636</u>	<u>2,107,824</u>
Total operating expenses	<u>6,726,636</u>	<u>2,107,824</u>
Net income	-	-
Fund equity at beginning of year	-	-
Fund equity at end of year	<u>\$ -</u>	<u>-</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

INTERNAL SERVICE FUND
RISK MANAGEMENT FUND

STATEMENT OF CASH FLOWS (Exhibit F-3)
For the fiscal year ended June 30, 2001
with comparative totals for the fiscal year ended June 30, 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Cash received from other funds	\$ 6,726,636	2,107,824
Cash paid in settlement of claims	(2,088,352)	(1,290,473)
Net cash provided by operating activities	<u>4,638,284</u>	<u>817,351</u>
Net increase in cash and cash equivalents	4,638,284	817,351
Cash and cash equivalents, beginning of year	<u>2,900,989</u>	<u>2,083,638</u>
Cash and cash equivalents, end of year	<u>\$ 7,539,273</u>	<u>2,900,989</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ -	-
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase in accrued expenses	4,638,284	817,351
Net cash provided by operating activities	<u>\$ 4,638,284</u>	<u>817,351</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

RISK MANAGEMENT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL - BUDGET BASIS (Exhibit F-4)
 For the fiscal year ended June 30, 2001
 with comparative actual totals for the fiscal year ended June 30, 2000

	2001			2000
	Budget	Actual	Variance	Actual
Operating revenues:				
Self insurance contributions	\$ 1,482,500	2,047,477	564,977	1,254,652
Total operating revenues	<u>1,482,500</u>	<u>2,047,477</u>	<u>564,977</u>	<u>1,254,652</u>
Operating expenditures:				
Claims incurred	1,482,500	2,047,477	(564,977)	1,254,652
Total operating expenditures	<u>1,482,500</u>	<u>2,047,477</u>	<u>(564,977)</u>	<u>1,254,652</u>
Excess of revenues over expenditures	\$ -	-	-	-

Note: This schedule is prepared on a modified accrual basis that corresponds to the City's budget practices. It is not intended to present the results of operations in accordance with generally accepted accounting principles but to demonstrate legal budgetary compliance.

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.





GENERAL FIXED ASSETS ACCOUNT GROUP

A General Fixed Assets Account Group is established for controlling the sizable investment in fixed assets which are not accounted for in an Enterprise Fund. Fixed assets 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 Enterprise Fund types are accounted for in their respective funds.

CITY OF TEMPE, ARIZONA

GENERAL FIXED ASSETS

SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE (Exhibit G-1)

June 30, 2001

with comparative totals for June 30, 2000

	<u>2001</u>	<u>2000</u>
General fixed assets:		
Land	\$ 24,599,459	24,015,328
Buildings	83,628,413	79,031,185
Improvements	35,145,059	29,554,231
Machinery and equipment	<u>73,818,118</u>	<u>67,239,520</u>
Total general fixed assets before construction-in-progress	217,191,049	199,840,264
Construction-in-progress	<u>47,359,058</u>	<u>46,579,883</u>
Total general fixed assets	<u>\$ 264,550,107</u>	<u>246,420,147</u>
Investment in general fixed assets from:		
General fund	\$ 65,090,358	63,151,490
Special revenue funds	1,550,952	1,532,443
Capital projects funds	177,810,134	163,031,792
Capital leases	20,048,684	18,674,422
Donations	<u>49,979</u>	<u>30,000</u>
Total investment in general fixed assets	<u>\$ 264,550,107</u>	<u>246,420,147</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

GENERAL FIXED ASSETS

SCHEDULE OF GENERAL FIXED ASSETS
BY PROGRAM (Exhibit G-2)
June 30, 2001

Program	Land	Buildings	Improvements	Machinery and Equipment	Total
Public safety	\$ 2,525,168	23,361,203	1,350,194	11,380,446	38,617,011
Environmental health	12,927	-	-	305,067	317,994
Community development	729,088	-	380,624	198,262	1,307,974
Leisure opportunities	14,272,813	47,123,870	18,256,714	3,878,650	83,532,047
Public transportation	272,873	99,906	145,834	37,501,287	38,019,900
Policy management	6,786,590	13,043,434	15,011,693	20,554,406	55,396,123
Total general fixed assets by program	<u>\$ 24,599,459</u>	<u>83,628,413</u>	<u>35,145,059</u>	<u>73,818,118</u>	217,191,049
Construction-in-progress					<u>47,359,058</u>
Total general fixed assets					<u>\$ 264,550,107</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.

CITY OF TEMPE, ARIZONA

GENERAL FIXED ASSETS

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY PROGRAM (Exhibit G-3)
 For the fiscal year ended June 30, 2001

<u>Program</u>	<u>Balance July 1, 2000</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance June 30, 2001</u>
Public safety	\$ 32,434,342	6,414,643	(231,974)	38,617,011
Environmental health	308,575	-	9,419	317,994
Community development	1,202,605	123,827	(18,458)	1,307,974
Leisure opportunities	83,429,623	433,595	(331,171)	83,532,047
Public transportation	36,755,628	1,505,541	(241,269)	38,019,900
Policy management	45,709,491	9,901,788	(215,156)	55,396,123
Construction-in-progress	<u>46,579,883</u>	<u>16,465,495</u>	<u>(15,686,320)</u>	<u>47,359,058</u>
Total	<u>\$ 246,420,147</u>	<u>34,844,889</u>	<u>(16,714,929)</u>	<u>264,550,107</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.



GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group accounts for all long-term obligations other than those accounted for in the Enterprise Funds.

CITY OF TEMPE, ARIZONA

SCHEDULE OF GENERAL LONG-TERM DEBT (Exhibit H-1)

June 30, 2001
with comparative totals for June 30, 2000

<u>Amounts Available and to be Provided for Retirement of General Long-Term Obligations</u>	<u>2001</u>	<u>2000</u>
Amount available in debt service funds	\$ 9,334,432	7,561,172
Amount to be provided for retirement of general long-term obligations	122,573,020	127,808,291
Amount to be provided from special assessment taxes	<u>21,925,000</u>	<u>23,550,000</u>
 Total amounts available and to be provided for retirement of general long-term obligations	 <u>153,832,452</u>	 <u>158,919,463</u>
 Other amounts to be provided:		
Accrued employee benefits	3,605,330	3,330,291
Insurance claims	1,492,168	964,917
Capital leases	<u>8,602,330</u>	<u>9,143,670</u>
 Total other amounts to be provided	 <u>13,699,828</u>	 <u>13,438,878</u>
 Total amounts available and to be provided	 <u>\$ 167,532,280</u>	 <u>172,358,341</u>

General Long-Term Obligations Payable

Accrued employee benefits	\$ 3,605,330	3,330,291
Insurance claims	1,492,168	964,917
General obligation bonds:		
Current interest bonds	72,105,000	66,405,000
Special assessment bonds payable with governmental commitment	21,925,000	23,550,000
Tempe Certificates of Participation	4,270,000	4,710,000
Tempe Variable Rate Demand Excise Tax Revenue bonds	40,500,000	40,500,000
Capital improvement notes payable	15,032,452	23,754,463
Capital leases	<u>8,602,330</u>	<u>9,143,670</u>
 Total general long-term obligations payable	 <u>\$ 167,532,280</u>	 <u>172,358,341</u>

The accompanying notes are an integral part of these combining and individual fund and account group financial statements.



OTHER SUPPLEMENTARY INFORMATION - FINANCIAL DATA SCHEDULE

The Financial Data Schedules in this section are presented as required by the U.S. Department of Housing and Urban Development in accordance with the Uniform Financial Reporting Standards Rule as contained in the Federal Register (24CFR, Part 5, Subpart H). These schedules are presented on a modified accrual basis of accounting.

CITY OF TEMPE, ARIZONA

HOUSING ASSISTANCE FUND

OTHER SUPPLEMENTARY INFORMATION - FINANCIAL DATA SCHEDULE
BALANCE SHEET
June 30, 2001

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Certificate Program</u>	<u>Section 8 Voucher Program</u>
<u>Assets</u>			
111	Cash - Unrestricted	\$ -	781,278
121	Accounts Receivable - PHA Projects	251,871	109,503
	Total Assets	<u>\$ 251,871</u>	<u>890,781</u>
<u>Liabilities</u>			
311	Bank Overdraft	\$ 86,559	-
312	Accounts Payable < = 90 Days	1,723	54,288
321	Accrued Wage/Payroll Taxes Payable	219	10,495
322	Accrued Compensated Absences	30,929	-
331	Accounts Payable - HUD PHA Programs	-	-
342	Deferred Revenues	132,441	825,998
	Total Liabilities	<u>251,871</u>	<u>890,781</u>
<u>Equity</u>			
512	Undesignated Fund Balance	-	-
	Total Equity	<u>-</u>	<u>-</u>
	Total Liabilities and Equity	<u>\$ 251,871</u>	<u>890,781</u>

CITY OF TEMPE, ARIZONA

HOUSING ASSISTANCE FUND

OTHER SUPPLEMENTARY INFORMATION - FINANCIAL DATA SCHEDULE
REVENUES AND EXPENSES

For the fiscal year ended June 30, 2001

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Certificate Program</u>	<u>Section 8 Voucher Program</u>
<u>Revenues</u>			
706	HUD PHA Grants	\$ 500,837	4,657,125
711	Investment Income - Unrestricted	4,208	22,463
	Total Revenues	<u>505,045</u>	<u>4,679,588</u>
<u>Expenses</u>			
911	Administrative Salaries	77,641	179,099
912	Auditing Fees	3,000	3,000
914	Compensated Absences	16,556	12,872
915	Employee Benefit Contributions - Administrative	21,773	35,131
916	Other Operating - Administrative	13,475	32,729
973	Housing Assistance Payments	372,600	4,416,757
	Total Expenses	<u>505,045</u>	<u>4,679,588</u>
	Excess (Deficiency) of Revenues Over (Under) Expenses	<u>\$ -</u>	<u>-</u>
<u>Memo Account Information</u>			
1113	Maximum Annual Contributions Commitment (Per ACC)	\$ 226,628	4,771,801
1115	Contingency Reserve, ACC Program Reserve	906,454	355,816
1116	Total Annual Contributions Available	<u>\$ 1,133,082</u>	<u>5,127,617</u>
1120	Unit Months Available	300	11,556
1121	Number of Unit Months Leased	1,607	8,403





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CITY OF TEMPE, ARIZONA

GENERAL GOVERNMENTAL
 (General, Special Revenue and Debt Service Funds)
 REVENUES BY SOURCE - GAAP BASIS (Exhibit S-1)
 Last Ten Fiscal Years

Fiscal Year	Taxes	Inter-governmental	Investment Income	Charges for Services	Fines and Forfeitures	Special Assessments	Licenses and Permits	Miscellaneous	Total
1991-92	\$ 38,373,291	34,093,615	3,598,890	3,698,878	2,831,624	2,101,837	744,548	2,530,062	87,972,745
1992-93	40,716,134	36,612,766	2,726,967	3,886,566	2,617,124	3,199,073	768,693	1,601,337	92,128,660
1993-94	49,443,193	38,926,910	2,148,984	5,778,518	2,766,169	2,715,475	821,244	1,609,172	104,209,665
1994-95	61,169,579	43,067,593	3,704,351	5,829,027	3,031,153	2,673,189	862,605	2,008,062	122,345,559
1995-96	64,307,545	42,974,050	4,819,518	5,923,546	3,691,911	2,527,526	951,585	5,479,838	130,675,519
1996-97	77,573,590	44,565,117	5,309,812	7,120,367	3,522,706	17,735,854	936,866	4,120,450	160,884,762
1997-98	98,767,270	48,136,786	6,794,487	7,760,931	4,089,198	1,949,841	946,895	1,543,932	169,989,340
1998-99	101,865,345	53,161,165	7,178,510	6,576,694	4,877,353	2,603,350	1,100,281	2,156,437	179,519,135
1999-00	107,856,012	59,016,628	8,658,332	7,146,295	5,500,018	2,601,706	1,200,592	3,225,687	195,205,270
2000-01	116,709,523	60,987,547	14,889,640	6,977,643	4,924,823	2,899,583	1,081,485	2,705,437	211,175,681

CITY OF TEMPE, ARIZONA

GENERAL GOVERNMENTAL

(General, Special Revenue, Debt Service, and Capital Projects Funds)

TAX REVENUES BY SOURCE - GAAP BASIS (Exhibit S-2)

Last Ten Fiscal Years

Fiscal Year	City Sales (A)	Primary Property	Secondary Property	Residential Development	Utility Franchise	Cable TV Franchise	SRP In-Lieu	Local Bed/Other	Total
1991-92	\$ 24,093,273	3,975,644	7,552,489	101,563	399,202	430,312	1,059,624	761,184	38,373,291
1992-93	26,465,872	3,963,174	7,360,338	61,790	415,755	485,805	1,101,364	862,036	40,716,134
1993-94	33,859,498	4,225,048	7,578,152	586,825	379,700	536,881	1,311,706	965,383	49,443,193
1994-95	45,870,050	4,247,312	7,068,557	566,915	321,075	577,636	1,357,799	1,160,235	61,169,579
1995-96	48,488,110	4,760,417	7,537,093	372,790	304,008	658,508	1,322,950	1,236,459	64,680,335
1996-97	60,931,843	5,141,986	7,666,645	554,387	313,835	705,149	1,263,705	1,551,297	78,128,847
1997-98	80,495,003	5,382,818	8,449,186	636,430	402,305	966,068	1,199,458	1,779,972	99,311,240
1998-99	82,509,157	5,665,473	9,506,815	173,515	344,845	876,096	1,144,363	1,820,476	102,040,740
1999-00	86,935,628	6,145,575	10,416,361	256,610	364,856	913,477	1,110,420	1,970,165	108,113,092
2000-01	94,253,436	6,879,783	10,778,142	6,110	590,350	924,152	967,193	2,315,997	116,715,163

(A) In fiscal year 1996-97, City of Tempe voters approved a 0.5% increase in the City sales tax. In fiscal year 1999-00, City of Tempe voters approved a 0.1% increase in the City sales tax.

GENERAL GOVERNMENTAL
(General and Special Revenue Funds)
INTERGOVERNMENTAL REVENUES BY SOURCE - GAAP BASIS (Exhibit S-3)
Last Ten Fiscal Years

Fiscal Year	State Sales Tax	State Income Tax	County Auto In-Lieu Tax	Highway User Tax	Local Transportation Assistance	Federal Grants	Miscellaneous Grants	Total
1991-92	\$ 8,597,264	8,790,598	2,599,146	8,081,278	1,142,116	4,450,476	432,737	34,093,615
1992-93	9,280,399	9,175,251	2,560,309	8,349,688	1,130,372	5,637,371	479,376	36,612,766
1993-94	10,062,083	9,256,278	3,238,167	8,954,978	1,123,762	5,950,264	341,378	38,926,910
1994-95	10,937,688	11,139,519	4,031,788	9,435,501	1,107,750	5,329,298	1,086,049	43,067,593
1995-96	11,474,002	9,939,947	3,863,004	10,238,951	1,109,176	5,666,784	682,186	42,974,050
1996-97	10,857,058	11,661,618	4,150,865	9,788,235	1,143,695	6,093,228	870,418	44,565,117
1997-98	11,466,965	13,158,548	4,390,865	9,684,269	1,019,776	6,738,777	1,677,586	48,136,786
1998-99	12,208,316	15,361,479	4,971,529	10,767,285	1,000,596	6,416,229	2,435,731	53,161,165
1999-00	13,511,356	17,045,903	5,497,492	11,041,068	976,015	6,895,654	4,049,140	59,016,628
2000-01	13,951,532	17,890,338	5,632,181	11,213,830	957,785	7,042,160	4,299,721	60,987,547

CITY OF TEMPE, ARIZONA

GENERAL GOVERNMENTAL

(General, Special Revenue and Debt Service Funds)

EXPENDITURES BY FUNCTION - GAAP BASIS (Exhibit S-4)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Public Safety</u>	<u>Environmental Health</u>	<u>Community Development</u>	<u>Leisure Opportunities</u>	<u>Public Transportation</u>	<u>Policy Management</u>	<u>Debt Service</u>	<u>Total</u>
1991-92	\$30,172,485	780,848	7,529,537	11,868,524	6,162,896	13,357,749	20,926,446	90,798,485
1992-93	31,338,068	1,059,693	8,208,600	12,221,712	6,682,498	11,947,559	16,936,901	88,395,031
1993-94	34,008,721	1,145,547	8,766,138	13,056,167	6,678,089	16,695,032	16,604,634	96,954,328
1994-95	35,987,439	1,111,761	9,188,511	14,065,033	8,121,872	14,513,491	17,927,332	100,915,439
1995-96	38,791,706	752,683	10,745,332	15,923,782	9,394,613	17,690,170	22,750,079	116,048,365
1996-97	40,667,690	868,546	19,722,881	17,495,818	10,293,629	17,051,668	37,893,772	143,994,004
1997-98	45,359,068	596,194	13,431,264	16,418,117	11,429,318	18,709,555	15,077,853	121,021,369
1998-99	48,523,408	864,098	15,911,825	19,124,877	15,489,488	19,661,618	24,025,234	143,600,548
1999-00	56,264,882	737,649	17,484,850	21,384,329	21,179,548	19,255,707	22,933,089	159,240,054
2000-01	59,524,774	821,087	19,400,638	23,506,769	25,816,458	26,705,472	22,437,816	178,213,014

CITY OF TEMPE, ARIZONA

GENERAL PROPERTY TAX INFORMATION (Exhibit S-5)

Tax Levy Limitations

Beginning in 1980-81, the total tax levy is comprised of two elements: a primary levy for operating costs and a secondary levy for general obligation bond debt service requirements. The primary levy was limited to a 7% increase for 1980-81 and a 2% annual increase thereafter. In addition, the primary levy on residential property only is limited to an amount not more than 1% of market value. The secondary levy is unlimited.

Assessments and Collections

Since 1950-51, Maricopa County, at no charge to the cities, has assessed and collected all municipal property taxes. Remittances are made to the respective cities periodically as collections accrue.

Taxes Due

First installment, October 1st; second installment, March 1st.

Taxes Payable

City property taxes are payable at the office of the County Treasurer. Taxes for the first half of the year can be paid on the first of September through the first of November. Second half taxes can be paid on the first of March through the first of May.

Taxes Delinquent

The first half becomes delinquent on the first day of November at 5 p.m. The second half becomes delinquent on the first day of May at 5 p.m. Interest at the rate of 16% per annum attaches on the first and second installments following the delinquent dates.

Tax Sale

The sale of delinquent tax bills is begun on a date not earlier than February 1 nor later than March 1 following the May 1 date upon which the second half taxes become delinquent. The sale is made at public auction in the office of the County Treasurer. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest allowed by law is 12% per annum. The purchaser is given a Certificate of Purchase for each parcel.

Tax Deed

Five years subsequent to the tax sale, the holder of a Certificate of Purchase which has not been redeemed by the delinquent property owner may demand a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate of Purchase may institute quiet title action and the court will instruct the County Treasurer to issue a County Treasurer's Deed if the suit is successful.

Redemption

Redemption may be made by the delinquent property owner or any interested party by payment in full of all accumulated charges at any time before issuance of the tax deed. Payment may be made to the County Treasurer.

CITY OF TEMPE, ARIZONA

SECURED PROPERTY TAX LEVIES AND COLLECTIONS (Exhibit S-6)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections		Delinquent Tax Collections	Total Tax Collections		Outstanding Delinquent Taxes	
		Amount	% of Levy		Amount	% of Levy	Amount	% of Levy
1991-92	\$ 10,101,924	9,558,727	94.6 %	\$ 455,586	10,014,313	99.1 %	\$ 618,067	6.1 %
1992-93	10,127,300	9,650,443	95.3	356,861	10,007,304	98.8	471,889	4.7
1993-94	10,210,274	9,862,842	96.6	255,276	10,118,118	99.1	267,655	2.6
1994-95	10,017,269	9,793,078	97.8	134,929	9,928,007	99.1	217,234	2.2
1995-96	11,005,571	10,660,436	96.9	168,873	10,829,309	98.4	331,786	3.0
1996-97	11,434,626	11,207,792	98.0	250,976	11,458,768	100.2	332,277	2.9
1997-98	12,406,900	12,116,241	97.7	187,710	12,303,951	99.2	265,567	2.1
1998-99	13,667,448	13,357,098	97.7	241,824	13,598,922	99.5	275,818	2.0
1999-00	15,393,449	14,946,148	97.1	211,624	15,157,772	98.5	358,878	2.3
2000-01	16,198,733	15,795,257	97.5	899,687	16,694,944	103.1	366,985	2.3

Source: District #506, Maricopa County Finance Office
Secured Levy Report

CITY OF TEMPE, ARIZONA

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (Exhibit S-7)

Last Ten Fiscal Years

Tax Rates per \$100 of Assessed Valuation

Fiscal Year		City of Tempe	Schools			
			Tempe Union	Tempe Elementary (A)	Community College	East Valley Institute of Technology
1991-92	Primary	\$ 0.45	2.16	3.21	0.75	-
	Secondary	0.85	0.69	0.95	0.09	0.03
	Total	1.30	2.85	4.16	0.84	0.03
1992-93	Primary	0.48	2.42	3.44	0.79	-
	Secondary	0.87	0.78	1.10	0.06	0.03
	Total	1.35	3.20	4.54	0.85	0.03
1993-94	Primary	0.51	2.48	3.49	0.85	-
	Secondary	0.89	0.75	1.07	-	0.07
	Total	1.40	3.23	4.56	0.85	0.07
1994-95	Primary	0.53	2.53	3.58	0.89	-
	Secondary	0.86	0.74	0.97	-	0.06
	Total	1.39	3.27	4.55	0.89	0.06
1995-96	Primary	0.56	2.54	4.01	0.95	-
	Secondary	0.84	0.86	1.13	0.17	0.03
	Total	1.40	3.40	5.14	1.12	0.03
1996-97	Primary	0.57	2.35	3.53	0.98	-
	Secondary	0.83	0.96	1.12	0.07	0.11
	Total	1.40	3.31	4.65	1.05	0.11
1997-98	Primary	0.56	2.23	3.00	0.98	-
	Secondary	0.84	1.00	1.10	0.16	0.07
	Total	1.40	3.23	4.10	1.14	0.07
1998-99	Primary	0.54	2.30	3.18	0.99	-
	Secondary	0.86	1.27	1.17	0.13	0.07
	Total	1.40	3.57	4.35	1.12	0.07
1999-00	Primary	0.55	2.45	3.37	0.97	-
	Secondary	0.85	1.45	1.00	0.15	0.07
	Total	1.40	3.90	4.37	1.12	0.07
2000-01	Primary	0.55	2.05	3.40	0.97	-
	Secondary	0.80	1.26	1.01	0.15	0.07
	Total	1.35	3.31	4.41	1.12	0.07

(A) Tempe property owners residing within the Kyrene Elementary School District No. 28, Scottsdale Unified School District No. 48 or Mesa Unified School District No. 4 have combined rates of \$5.52, \$5.80, and \$7.71, respectively. Also, see the Net Direct and Overlapping General Obligation Bonded Debt Schedule (S-13).

CITY OF TEMPE, ARIZONA

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (Exhibit S-7)

Last Ten Fiscal Years

(Continued)

Maricopa County	State of Arizona	Flood District	Central Arizona Project	Fire District Assistance	County Free Library District	Total
1.51	0.47	-	-	-	-	8.55
0.17	-	0.44	0.14	0.01	0.04	3.41
<u>1.68</u>	<u>0.47</u>	<u>0.44</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>11.96</u>
1.60	0.47	-	-	-	-	9.20
0.14	-	0.39	0.14	0.01	0.04	3.56
<u>1.74</u>	<u>0.47</u>	<u>0.39</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>12.76</u>
1.58	0.47	-	-	-	-	9.38
0.19	-	0.36	0.14	0.01	0.04	3.52
<u>1.77</u>	<u>0.47</u>	<u>0.36</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>12.90</u>
1.77	0.47	-	-	-	-	9.77
0.01	-	0.36	0.14	0.01	0.04	3.19
<u>1.78</u>	<u>0.47</u>	<u>0.36</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>12.96</u>
1.69	0.47	-	-	-	-	10.22
0.15	-	0.33	0.14	0.01	0.01	3.67
<u>1.84</u>	<u>0.47</u>	<u>0.33</u>	<u>0.14</u>	<u>0.01</u>	<u>0.01</u>	<u>13.89</u>
1.64	-	-	-	-	-	9.07
0.16	-	0.34	0.14	0.01	0.04	3.78
<u>1.80</u>	<u>0.00</u>	<u>0.34</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>12.85</u>
1.66	-	-	-	-	-	8.43
0.14	-	0.34	0.14	0.01	0.04	3.84
<u>1.80</u>	<u>0.00</u>	<u>0.34</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>12.27</u>
1.68	-	-	-	-	-	8.69
0.13	-	0.33	0.14	0.01	0.04	4.15
<u>1.81</u>	<u>0.00</u>	<u>0.33</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>12.84</u>
1.71	-	-	-	-	-	9.05
0.11	-	0.29	0.14	0.01	0.04	4.11
<u>1.82</u>	<u>0.00</u>	<u>0.29</u>	<u>0.14</u>	<u>0.01</u>	<u>0.04</u>	<u>13.16</u>
1.68	-	-	-	-	-	8.65
0.12	-	0.25	0.13	0.01	0.04	3.84
<u>1.80</u>	<u>0.00</u>	<u>0.25</u>	<u>0.13</u>	<u>0.01</u>	<u>0.04</u>	<u>12.49</u>

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

CITY OF TEMPE, ARIZONA

PROPERTY TAX LEVIES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (Exhibit S-8)

Last Ten Fiscal Years

Tax Levies

Fiscal Year		City of Tempe	Schools			
			Tempe Union	Tempe Elementary (A)	Community College	East Valley Institute of Technology (C)
1991-92	Primary	\$ 3,970,365	28,279,371	25,810,497	103,498,218	-
	Secondary	7,556,617	9,240,978	7,819,246	13,421,470	1,534,249
	Total	11,526,982	37,520,349	33,629,743	116,919,688	1,534,249
1992-93	Primary	4,094,223	31,962,008	26,563,961	108,004,302	-
	Secondary	7,600,000	10,397,159	8,598,563	7,898,265	1,586,673
	Total	11,694,223	42,359,167	35,162,524	115,902,567	1,586,673
1993-94	Primary	4,299,653	33,427,473	26,385,373	113,440,000	-
	Secondary	7,700,000	10,239,242	8,242,241	-	3,595,963
	Total	11,999,653	43,666,715	34,627,614	113,440,000	3,595,963
1994-95	Primary	4,463,534	34,663,388	26,296,909	118,841,866	-
	Secondary	7,350,000	10,348,734	7,233,778	-	2,863,873
	Total	11,813,534	45,012,122	33,530,687	118,841,866	2,863,873
1995-96	Primary	4,707,304	36,298,864	28,651,005	127,583,281	-
	Secondary	7,439,366	12,962,978	8,606,098	23,643,816	1,452,107
	Total	12,146,670	49,261,842	37,257,103	151,227,097	1,452,107
1996-97	Primary	5,058,289	35,822,152	26,455,974	136,570,230	-
	Secondary	7,548,414	15,067,689	8,781,347	10,099,590	6,120,184
	Total	12,606,703	50,889,841	35,237,321	146,669,820	6,120,184
1997-98	Primary	5,303,027	37,304,352	23,951,371	146,259,046	-
	Secondary	8,388,168	17,447,673	8,842,996	25,143,528	4,274,560
	Total	13,691,195	54,752,025	32,794,367	171,402,574	4,274,560
1998-99	Primary	5,612,357	42,137,221	27,500,363	158,026,342	-
	Secondary	9,490,562	24,250,898	10,736,890	21,173,925	5,130,129
	Total	15,102,919	66,388,119	38,237,253	179,200,267	5,130,129
1999-00	Primary	6,270,439	49,048,837	31,471,163	170,115,611	-
	Secondary	10,557,655	31,196,746	10,270,170	28,833,135	5,922,133
	Total	16,828,094	80,245,583	41,741,333	198,948,746	5,922,133
2000-01	Primary	6,956,983	45,938,017	35,072,934	187,642,684	-
	Secondary	10,812,099	30,369,063	11,339,936	31,377,241	6,155,098
	Total	17,769,082	76,307,080	46,412,870	219,019,925	6,155,098

(A) For levies for Tempe property owners residing within Kyrene, Scottsdale or Mesa School Districts, see the Net Direct and Overlapping General Obligation Bonded Debt Schedule (S-13)

(B) Districts which had their first secondary tax levies set in FY 87-88

(C) District which had it's first secondary tax levy set in FY 91-92.

CITY OF TEMPE, ARIZONA

PROPERTY TAX LEVIES - ALL DIRECT AND OVERLAPPING GOVERNMENTS (Exhibit S-8)

Last Ten Fiscal Years
(Continued)

Maricopa County	State of Arizona	Flood District	Central Arizona Project	Fire District Assistance (B)	County Free Library District (C)	Total
210,113,008	65,215,394	-	-	-	-	436,886,853
25,868,883	-	46,536,850	19,929,246	1,167,284	6,320,418	139,395,241
<u>235,981,891</u>	<u>65,215,394</u>	<u>46,536,850</u>	<u>19,929,246</u>	<u>1,167,284</u>	<u>6,320,418</u>	<u>576,282,094</u>
218,224,368	63,945,919	-	-	-	-	452,794,781
19,461,200	-	39,254,429	19,332,340	1,367,073	5,882,555	121,378,257
<u>237,685,568</u>	<u>63,945,919</u>	<u>39,254,429</u>	<u>19,332,340</u>	<u>1,367,073</u>	<u>5,882,555</u>	<u>574,173,038</u>
210,718,100	62,492,117	-	-	-	-	450,762,716
25,360,203	-	35,142,441	18,905,751	1,404,427	5,631,213	116,221,481
<u>236,078,303</u>	<u>62,492,117</u>	<u>35,142,441</u>	<u>18,905,751</u>	<u>1,404,427</u>	<u>5,631,213</u>	<u>566,984,197</u>
235,367,648	62,520,935	-	-	-	-	482,154,280
428,377	-	35,318,672	18,929,645	1,447,315	5,638,330	89,558,724
<u>235,796,025</u>	<u>62,520,935</u>	<u>35,318,672</u>	<u>18,929,645</u>	<u>1,447,315</u>	<u>5,638,330</u>	<u>571,713,004</u>
227,774,077	63,420,563	-	-	-	-	488,435,094
20,670,863	-	36,078,354	19,767,209	1,517,982	1,397,824	133,536,597
<u>248,444,940</u>	<u>63,420,563</u>	<u>36,078,354</u>	<u>19,767,209</u>	<u>1,517,982</u>	<u>1,397,824</u>	<u>621,971,691</u>
228,558,077	-	-	-	-	-	432,464,722
22,590,472	-	38,118,477	20,080,420	1,567,061	6,038,469	136,012,123
<u>251,148,549</u>	<u>-</u>	<u>38,118,477</u>	<u>20,080,420</u>	<u>1,567,061</u>	<u>6,038,469</u>	<u>568,476,845</u>
248,578,872	-	-	-	-	-	461,396,668
21,446,852	-	42,339,342	22,012,897	1,645,591	6,619,593	158,161,200
<u>270,025,724</u>	<u>-</u>	<u>42,339,342</u>	<u>22,012,897</u>	<u>1,645,591</u>	<u>6,619,593</u>	<u>619,557,868</u>
268,641,579	-	-	-	-	-	501,917,862
22,058,679	-	44,670,223	23,536,796	1,737,365	7,078,280	169,863,747
<u>290,700,258</u>	<u>-</u>	<u>44,670,223</u>	<u>23,536,796</u>	<u>1,737,365</u>	<u>7,078,280</u>	<u>671,781,609</u>
298,649,736	-	-	-	-	-	555,555,786
20,264,361	-	44,310,754	26,147,563	1,873,777	7,862,946	187,239,240
<u>318,914,097</u>	<u>-</u>	<u>44,310,754</u>	<u>26,147,563</u>	<u>1,873,777</u>	<u>7,862,946</u>	<u>742,795,026</u>
324,589,568	-	-	-	-	-	600,200,186
24,051,128	-	44,309,245	27,141,030	1,997,318	8,789,518	196,341,676
<u>348,640,696</u>	<u>-</u>	<u>44,309,245</u>	<u>27,141,030</u>	<u>1,997,318</u>	<u>8,789,518</u>	<u>796,541,862</u>

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

CITY OF TEMPE

**NET ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (Exhibit S-9)
Last Ten Fiscal Years**

		Net Assessed Valuations (A)	Percent of Increase	Estimated Actual Cash Value (B)	Net Secondary / Primary Assessed Valuation as a percentage of the Estimated Actual Valuation
1991-92	Primary	\$ 875,687,118	(2.617) %	\$ 6,301,911,430	13.90 %
	Secondary	892,584,064	(4.308)	5,443,401,717	16.40
1992-93	Primary	859,729,934	(1.822)	6,250,216,898	13.76
	Secondary	868,129,508	(2.740)	5,345,517,768	16.24
1993-94	Primary	850,646,171	(1.057)	6,205,846,749	13.71
	Secondary	863,130,790	(0.576)	5,328,172,482	16.20
1994-95	Primary	836,494,386	(1.664)	6,211,790,007	13.47
	Secondary	850,390,750	(1.476)	5,346,201,868	15.91
1995-96	Primary	837,449,511	0.114	6,241,416,783	13.42
	Secondary	887,858,508	4.406	5,791,836,968	15.33
1996-97	Primary	882,618,954	5.394	6,692,577,587	13.19
	Secondary	912,856,941	2.816	5,874,679,875	15.54
1997-98	Primary	954,640,295	8.160	7,176,757,224	13.30
	Secondary	993,270,348	8.809	6,480,327,901	15.33
1998-99	Primary	1,046,495,824	9.622	7,625,529,090	13.72
	Secondary	1,098,826,160	10.627	6,969,687,327	15.77
1999-00	Primary	1,142,364,500	9.161	8,194,877,901	13.94
	Secondary	1,240,471,800	12.891	7,767,094,564	15.97
2000-01	Primary	1,258,271,357	10.146	8,978,914,806	14.01
	Secondary	1,356,429,397	9.348	8,604,588,323	15.76

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

(B) In 1968, a statewide re-appraisal program was completed in which a property's value was assessed by usage classification on varying percentages of actual cash value. These percentages have since been modified and are currently as follows:

Property Class	Current Ratio
1. Mining, Timber	25%
2. Utilities	25
3. Commercial-Industrial	25
4. Agricultural, Vacant Land	16
5. Residential	10
6. Lease-Rental	10
7. Railroads	21
8. Historic	5

Source: Maricopa County Assessor's Office
Cities & Towns Valuations, Abstract by Tax Authority & Legal Class Report

CITY OF TEMPE, ARIZONA

ESTIMATED ASSESSED VALUATIONS OF MAJOR TAXPAYERS (Exhibit S-10)

<u>Taxpayer</u>	<u>Estimated 2000/01 Net Secondary Assessed Value</u>	<u>Percent of City's Total Net Secondary Assessed Value</u>
Motorola, Incorporated	\$ 37,310,550	2.75 %
Qwest Communications Corp./U.S. West	27,509,679	2.03
Arizona Mills LLC	24,966,387	1.84
Arizona Public Service Company	18,969,146	1.40
Amberjack, Ltd.	10,144,459	0.75
Allied Signal, Inc./Honeywell	8,832,019	0.65
Centerpoint Associates/Kimco Realty Corp.	7,763,474	0.57
Wells Fargo Bank	7,347,142	0.54
Phoenix Coca-Cola Bottling Co.	6,860,129	0.51
Micro-Rel Inc.	6,338,937	0.47
Principal Mutual Life Insurance Company	6,113,708	0.45
St. Paul Properties, Inc.	5,851,890	0.43
Southwest Gas Corp.	5,232,128	0.39
Trinet Essential Facilities XXVII, Inc.	4,850,387	0.36
SPT Real Estate Corp. E/The Shidler Group	4,696,217	0.35
Gateway Montrose, Inc.	4,760,765	0.35
Safeway Stores	4,071,907	0.30
Southwestco Wireless LP	3,849,365	0.28
United Dairywomen of Arizona	3,793,086	0.28
Corporate Property Investors/Safeway	3,717,041	0.27
Total	<u>\$ 202,978,416</u>	<u>14.96 %</u>

Source: Maricopa County Assessor's Office

CITY OF TEMPE, ARIZONA

**SPECIAL ASSESSMENT COLLECTIONS (Exhibit S-11)
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Current Assessments Due (A)</u>	<u>Current Assessments Collections</u>	<u>Percent of Collections to Amount Due (B)</u>	<u>Total Principal Outstanding</u>
1991-92	\$ 3,050,322	3,043,365	99.77 %	\$ 34,147,823
1992-93	3,210,195	3,208,845	99.96	33,334,108
1993-94	2,719,911	2,715,475	99.84	32,147,126
1994-95	2,674,809	2,673,189	99.94	30,954,855
1995-96	2,528,052	2,527,526	99.98	29,803,828
1996-97	17,735,945	17,735,854	100.00	12,716,535
1997-98	1,950,731	1,950,578	99.99	20,146,746
1998-99	2,604,881	2,604,881	100.00	24,768,881
1999-00	2,604,043	2,604,043	100.00	17,257,468
2000-01	2,899,583	2,899,583	100.00	15,750,000

(A) Current assessments due includes principal, interest and prior year delinquencies but does not include advertising or title search fees.

(B) Under Arizona law, public auctions are held the first quarter of each year, at which time disposition of then delinquent assessments are made. By bid, special lien rights to properties against which assessments are due but unpaid 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 the first quarter of each year, all outstanding delinquent assessments, except those delayed by bankruptcy proceedings, are collected. The percent of collected assessments to amounts due is less than 100% only when June 1st interest installments are uncollected or bankruptcy cases remain open at June 30th.

CITY OF TEMPE, ARIZONA

**PERCENT OF NET DIRECT DEBT TO ASSESSED VALUATIONS AND
NET DIRECT DEBT PER CAPITA (Exhibit S-12)
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Debt</u>	<u>Less: Debt Service Reserves</u>	<u>Net Direct Debt</u>	<u>Assessed Valuation (A)</u>	<u>Percent of Net Direct Debt To Assessed Valuation</u>	<u>Population (B)</u>	<u>Net Direct Debt Per Capita</u>
1991-92	\$ 64,619,035	10,251,177	54,367,858	892,584,064	6.1 %	144,375	\$ 376.57
1992-93	69,004,710	11,115,326	57,889,384	868,129,508	6.7	147,030	393.72
1993-94	70,202,470 (C)	13,067,969	57,134,501	863,130,790	6.6	148,470	384.82
1994-95	61,737,864 (C)	11,657,373	50,080,491	850,390,750	5.9	153,821	325.58
1995-96	67,164,944 (C)	9,597,875	57,567,069	887,858,508	6.5	154,770	371.95
1996-97	64,946,129 (C)	6,845,960	58,100,169	912,856,941	6.4	155,725	373.09
1997-98	58,247,603 (C)	7,620,884	50,626,719	993,270,348	5.1	156,686	323.11
1998-99	70,535,000	8,019,429	62,515,571	1,098,826,160	5.7	157,653	396.54
1999-00	66,405,000	7,302,028	59,102,972	1,240,471,800	4.8	158,625	372.60
2000-01	72,105,000	9,135,690	62,969,310	1,356,429,397	4.6	160,388	392.61

- (A) Assessed valuation from Maricopa County Assessor's Office
- (B) Population estimates from City of Tempe Planning Division
- (C) Includes accreted interest and premium on Capital Appreciation Bonds.

CITY OF TEMPE, ARIZONA

**NET DIRECT AND OVERLAPPING
GENERAL OBLIGATION BONDED DEBT (Exhibit S-13)
June 30, 2001**

<u>Jurisdiction</u>	<u>2000-01 Secondary Assessed Valuation</u>	<u>Net Bonded Debt</u>	<u>Portion Applicable To City of Tempe</u>		<u>2000-01 Combined Tax Rate Per \$100 Assessed</u>
			<u>Percent</u>	<u>Amount</u>	
<u>Net Direct</u>					
City of Tempe - General (net)	\$ 1,356,429,397	62,969,310 (A)	100.00 %	\$ 62,969,310	1.35
<u>Overlapping</u>					
State of Arizona	None	None	N/A	None	N/A
Maricopa County	20,877,715,546	79,595,000	6.50	5,173,675	2.23
Maricopa County Community College	20,877,715,546	269,990,000	6.50	17,549,350	1.12
Tempe Union High School District No. 213	2,408,577,317	230,010,000	55.35	127,310,535	3.31
Tempe Elementary School District No. 3	1,117,378,469	75,580,000	83.25	62,920,350	4.42
Kyrene Elementary School District No. 28	1,291,198,848	71,100,000	31.21	22,190,310	4.68
Scottsdale Unified School District No. 48	2,415,557,323	234,285,000	1.03	2,413,136	5.46
Mesa Unified School District No. 4	2,051,301,721	279,505,000	0.63	1,760,882	7.55
Total overlapping debt		<u>1,240,065,000</u>		<u>239,318,238</u>	
Total net direct and overlapping debt		<u>\$ 1,303,034,310</u>		<u>\$ 302,287,548 (B)</u>	

(A) Total outstanding general obligation less debt service fund reserve.

(B) Excludes the outstanding principal amount of Maricopa County Hospital District No.1 general obligation bonds, as this obligation has historically and is presently being paid from revenues generated from the operations of the District.

Source: All information except City of Tempe provided by Dain Rauscher.

CITY OF TEMPE, ARIZONA

COMPUTATION OF LEGAL DEBT MARGIN (Exhibit S-14)

June 30, 2001

Assessed Valuation			<u>\$1,356,429,397</u>
(A) Debt limit - 20% of assessed valuation			\$271,285,879
Amount of debt applicable to debt limit:			
General obligation debt outstanding (see Note 9)			
Governmental general obligation debt outstanding	\$76,405,000		
Enterprise general obligation debt outstanding	<u>76,600,000</u>		
Total general obligation debt outstanding		\$153,005,000	
Less:			
6% General obligation bonds		<u>55,645,000</u>	
Total amount of debt applicable to 20% limit			<u>97,360,000</u>
Legal debt margin - 20% bonds			<u>173,925,879</u>
(B) Debt limit - 6% of assessed valuation			81,385,764
Amount of debt applicable to debt limit:			
General obligation debt outstanding (see Note 9)			
Governmental general obligation debt outstanding	\$76,405,000		
Enterprise general obligation debt outstanding	<u>76,600,000</u>		
Total general obligation debt outstanding		153,005,000	
Less:			
20% General obligation bonds		<u>97,360,000</u>	
Total amount of debt applicable to 6% limit			<u>55,645,000</u>
Legal debt margin - 6% bonds			<u>25,740,764</u>
Total debt margin available			<u><u>\$199,666,643</u></u>

(A) Under Arizona law, cities can issue general obligation bonds for purposes of water, wastewater and artificial light, and open space preserves, parks, playgrounds and recreational facilities up to an amount not exceeding 20% of assessed valuation.

(B) Under Arizona law, cities can issue general obligation bonds for all purposes other than those listed in Note (A) above up to an amount not exceeding 6% of assessed valuation.

CITY OF TEMPE, ARIZONA

**REMAINING GENERAL OBLIGATION BOND
AUTHORIZATIONS (Exhibit S-15)
June 30, 2001**

<u>1990 Program</u>	<u>Authorization</u>	<u>Prior Issues</u>	<u>Current Year Issue</u>	<u>Remaining Authorization</u>
Water / Wastewater	\$ 30,000,000	30,000,000	-	-
Storm Drains	4,500,000	1,950,000	1,140,000	1,410,000
Streets / Transportation	20,000,000	20,000,000	-	-
Police Protection	6,000,000	6,000,000	-	-
Fire Protection	4,000,000	4,000,000	-	-
Library / Museum	1,000,000	1,000,000	-	-
Park Improvements	9,000,000	9,000,000	-	-
Subtotal	74,500,000	71,950,000	1,140,000	1,410,000
<u>1997 Program</u>				
Water / Wastewater	51,000,000	22,770,000	14,000,000	14,230,000
Streets / Transportation	18,000,000	825,000	6,700,000	10,475,000
Police Protection	3,000,000	1,835,000	700,000	465,000
Fire Protection	8,000,000	3,900,000	510,000	3,590,000
Park Improvements	10,000,000	5,255,000	950,000	3,795,000
Subtotal	90,000,000	34,585,000	22,860,000	32,555,000
 TOTAL	 \$ 164,500,000	 106,535,000	 24,000,000	 33,965,000

CITY OF TEMPE, ARIZONA

**EXCISE TAX COLLECTIONS (Exhibit S-16)
FY 1995-96 TO FY 2000-01**

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Privilege and Use Tax (A) (B)	\$ 48,488,110	50,502,412	56,822,673	57,366,200	59,967,673	69,041,522
State Shared Sales Tax	11,474,380	10,857,058	11,466,965	12,292,002	13,511,356	13,951,532
State Revenue Sharing	9,939,947	11,646,558	13,158,548	15,361,479	17,045,903	17,890,338
Franchise Tax	962,516	1,022,850	1,371,466	1,224,033	1,284,518	1,781,068
Permits and Fees	3,120,100	3,932,006	4,360,719	3,315,362	3,534,325	3,062,151
Fines and Forfeitures	3,334,199	3,268,420	3,782,103	4,439,503	4,778,418	4,566,819
Total	\$ 77,319,252	81,229,304	90,962,474	93,998,579	100,122,193	110,293,430

(A) Amounts exclude the 0.5% Excise Tax approved by voters on September 10, 1996 as a dedicated "transit tax".

(B) Amounts exclude the 0.1% Excise Tax approved by voters on May 16, 2000 as a dedicated performing arts and visual arts center tax.

Source: City of Tempe Comprehensive Annual Financial Report, Fiscal Years 1995-96 through 2000-01 and City of Tempe "Revenue and Expenditure by Account by Fund" report.

**PLEGGED REVENUE, PROJECTED DEBT SERVICE AND
ESTIMATED COVERAGE (Exhibit S-17)**

Fiscal Year	2001 Pledged Excise Tax Revenues (A)	Total Outstanding Parity Obligations Debt Service Requirements (B)	Estimated Coverage (C)
2000-01	\$110,293,430	14,544,767	7.58
2001-02		9,032,273	12.21
2002-03		4,802,365	22.97
2003-04		4,845,931	22.76
2004-05		4,881,490	
2005-06		4,813,883	
2006-07		4,837,565	
2007-08		4,622,725	
2008-09		4,647,610	
2009-10		4,008,810	
2010-11		3,923,920	
2011-12		3,932,070	
2012-13		3,937,710	
2013-14		3,835,125	
2014-15		3,835,340	
2015-16		3,821,980	
2016-17		3,805,800	
2017-18		3,783,119	
2018-19		3,753,050	
2019-20		3,715,594	
2020-21		3,065,750	
2021-22		3,016,250	
2022-23		2,961,000	
2023-24		-	

(A) Excise Tax Revenues received by the City in Fiscal Year 2000-01.

(B) Includes the annual debt service requirements of the City of Tempe Municipal Property Corporation's Series 1992 Bonds, currently outstanding in the principal amount of \$735,000; the City of Tempe, Arizona, Variable Rate Demand Excise Tax Revenue Obligations, Series 1998, currently outstanding in the principal amount of \$40,500,000; the City's Refunding Certificates of Participation, Series 10, currently outstanding in the principal amount of \$4,270,000, and the City of Tempe, Arizona Excise Tax Revenue Obligation, Series 2000A, currently outstanding in the principal amount of \$12,335,000. In accordance with City Documents, interest on the Series 1998 Obligations is assumed to be the interest rates after conversion to fixed rates to maturity of such Obligations, which on average are assumed to be 4.91%.

(C) The Estimated Coverage figures shown reflect the ratio of actual fiscal year 2000-01 Excise Tax Revenues to Total Debt Service Requirements for the City's revenue bonds.

CITY OF TEMPE, ARIZONA

PERCENT OF ANNUAL DEBT SERVICE EXPENDITURES TO
 TOTAL GENERAL EXPENDITURES (Exhibit S-18)
 (General, Special Revenue and Debt Service Funds)
 Last Ten Fiscal Years

Fiscal Year	Debt Service Expenditures		Total Debt Service Expenditures	Total General Expenditures (A)	Percent
	Principal	Interest and Fiscal Fees			
1991-92	\$ 13,419,650	7,506,796	20,926,446	90,798,485	23.0 %
1992-93	8,982,169	7,954,732	16,936,901	88,395,031	19.2
1993-94	9,575,560	7,029,074	16,604,634	96,954,328	17.1
1994-95	10,921,177	7,006,155	17,927,332	100,915,439	17.8
1995-96	15,800,737	6,949,342	22,750,079	116,048,365	19.6
1996-97	31,497,222	6,396,550	37,893,772	143,994,004	26.3
1997-98	8,205,923	6,871,930	15,077,853	121,021,369	12.5
1998-99	16,534,670	7,490,564	24,025,234	143,600,548	16.7
1999-00	15,390,436	7,542,653	22,933,089	159,240,054	14.4
2000-01	14,869,347	7,568,469	22,437,816	178,213,014	12.6

(A) GAAP Basis.

CITY OF TEMPE, ARIZONA
PRINCIPAL EMPLOYERS (Exhibit S-19)

<u>Company</u>	<u>Type of Business</u>	<u>Estimated Employees</u>
Arizona State University	State University	14,227 (A)
Motorola, Inc.	Computer & Electronics Manufacturing	3,465
America West Airlines	Airline	2,722
Allied-Signal	Aerospace Manufacturing	2,700
Kyrene Elementary School District	Education	2,100
Salt River Project	Utility	1,898
Tempe Elementary School District	Education	1,791
Chase Bankcard Services	Bank	1,700
City of Tempe	Government	1,657
Federated Stores	Department Store Financial Services	1,400
Tempe Union High School District	Education	1,314
Wells Fargo Operation Center	Bank	1,120
Insight	Computer Direct Sales	1,002
Medtronics Micro-Rel Inc.	Electronics Manufacturing	950

(A) Figure includes 8,007 part-time and student employees and was provided by ASU Office of Institutional Analysis.

Source: Dain Rauscher

CITY OF TEMPE, ARIZONA
DEMOGRAPHIC STATISTICS (Exhibit S-20)
Last Ten Fiscal Years

Fiscal Year	Population (A)	Median Household Income (B)	Median Adult Age (B)	Percent College Educated (B)	Elementary District Enrollment (C)	High School District Enrollment (C)	Arizona State University Enrollment (D)	Average Annual Employment (E)	Percent Unemployed (E)
1991-92	144,375	N/A	N/A	N/A	12,586	8,164	38,401	84,792	4.1 %
1992-93	147,030	\$ 33,200	35.8	71.0 %	12,812	8,603	41,250	82,570	5.5
1993-94	148,470	N/A	N/A	N/A	13,250	8,942	39,082	84,862	4.3
1994-95	153,821	N/A	N/A	N/A	13,244	9,467	39,499	91,622	4.0
1995-96	154,770	N/A	N/A	N/A	13,449	10,167	39,519	100,058	2.9
1996-97	155,725	N/A	N/A	N/A	13,297	10,920	42,463	102,566	3.1
1997-98	156,686	N/A	N/A	N/A	12,888	11,787	41,006	111,620	2.5
1998-99	157,653	N/A	N/A	N/A	12,888	12,301	48,922	112,253	2.3
1999-00	158,625	N/A	N/A	N/A	12,719	12,605	50,365	118,284	2.4
2000-01	160,388	N/A	N/A	N/A	12,710	13,300	44,126	116,423	2.3

Source: (A) City of Tempe, Planning Division Estimate
(B) Arizona Republic & Gazette Market Study
(C) Tempe School District
(D) ASU, Office of Institutional Analysis
(E) Dain Rauscher

N/A Information not available

MARICOPA COUNTY
AVERAGE ANNUAL
NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT
(Exhibit S-21)

<u>Industry</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Manufacturing	\$ 149,400	155,700	165,500	161,800	162,200
Mining and Quarrying	800	1,100	1,200	1,100	1,200
Construction	86,400	94,200	97,800	112,300	117,900
Transportation, Communication & Public Utilities	61,300	68,300	73,500	78,600	83,300
Wholesale & Retail Trade	316,300	336,200	347,700	357,000	366,400
Finance, Insurance & Real Estate	89,100	101,700	114,400	118,000	119,800
Services & Miscellaneous	377,200	421,900	450,800	486,200	512,000
Government	154,600	165,600	168,000	172,100	181,900
Total Wage & Salary Employer	\$ <u>1,235,100</u>	<u>1,344,700</u>	<u>1,418,900</u>	<u>1,487,100</u>	<u>1,544,700</u>

Source: Dain Rauscher

CITY OF TEMPE, ARIZONA

**Total Taxable Sales and Net Taxable Retail Sales
Last Ten Fiscal Years
(Exhibit S-22)**

<u>Fiscal Year</u>	<u>Total Taxable Sales</u>	<u>Net Taxable Retail Sales</u>	<u>% of Net Taxable Retail Sales to Total Taxable Sales</u>
1991-92	\$ 2,388,447,673	1,127,015,770	47.19 %
1992-93	2,607,507,237	1,251,232,640	47.99
1993-94	3,042,884,441	1,499,728,081	49.29
1994-95	3,783,186,421	1,864,627,865	49.29
1995-96	4,014,724,109	2,222,203,718	55.35
1996-97	4,158,465,174	2,301,925,879	55.36
1997-98	4,780,741,615	2,518,818,941	52.69
1998-99	5,035,009,069	2,633,934,014	52.31
1999-00	5,269,802,104	2,737,598,174	51.95
2000-01	5,571,574,000	2,880,678,000	51.70

Source: City of Tempe - Tax & License Division

NOTE: The City of Tempe tax rate is 1.8% for all taxable products and/or services.

CITY OF TEMPE, ARIZONA

NEW CONSTRUCTION ACTIVITY (Exhibit S-23)

Last Ten Years

Calendar Year	Number of Housing Starts	Value of Building Permits Issued			
		Residential	Commercial & Industrial	Other	Total
1991	214	\$ 31,171,000	73,105,000	14,214,000	118,490,000
1992	196	28,235,000	69,187,000	23,649,000	121,071,000
1993	298	43,649,000	50,772,000	8,528,000	102,949,000
1994	1,632	124,247,000	154,333,000	42,005,000	320,585,000
1995	1,161	63,922,000	118,609,000	73,335,000	255,866,000
1996	1,361	49,798,000	275,023,000	36,528,000	361,349,000
1997	1,694	47,319,000	328,367,000	53,768,000	429,454,000
1998	394	55,679,000	270,115,000	40,096,000	365,890,000
1999	711	60,413,000	183,558,000	30,945,000	274,916,000
2000	48	16,348,000	202,057,000	91,426,000	309,831,000

Source: Dain Rauscher

CITY OF TEMPE, ARIZONA

MARICOPA COUNTY BANK DEPOSITS (Exhibit S-24)

Last Ten Fiscal Years

(in thousands)

<u>Fiscal Year</u>	<u>Amount</u>
1991-92	\$ 19,448,091 (A)
1992-93	19,358,015 (A)
1993-94	19,485,966 (A)
1994-95	20,017,167 (A)
1995-96	21,171,950 (A)
1996-97	17,806,183 (A)
1997-98	20,568,058 (B)
1998-99	24,529,547 (C)
1999-00	26,490,225 (D)
2000-01	28,379,815 (D)

(A) Amount represents Maricopa County Bank Deposits as of December 31 of the respective fiscal year.

(B) Amount represents Maricopa County Bank Deposits as of 06/30/98.

(C) Amount represents Maricopa County Bank Deposits as of 03/31/99.

(D) Amount represents Maricopa County Bank Deposits as of June 30 of the respective fiscal year.

Source: Arizona Bankers Association

CITY OF TEMPE, ARIZONA
SCHEDULE OF INSURANCE (Exhibit S-25)

	<u>Carrier and Policy Data</u>	<u>Annual Renewal Date</u>	<u>Coverage Limits</u>	<u>Annual Premium</u>
Primary Public Liability:				
General Liability & Automobile				
A. Primary	Self-insured	N/A	\$1,000,000	None
B. Excess	Royal Indemnity Company #RHJ090201	7/1/00	25,000,000	192,750
	Gulf Insurance Company #GA0626471	7/1/00	X/S 1,000,000 25,000,000 X/S 1,000,000	36,150
Property				
A. Primary	Self-insured	N/A	100,000	None
B. Excess	St. Paul Guardian Insurance Co. #CF08900120	7/1/00	215,560,635	109,764
C. Cardinal's Training Facility	St. Paul Guardian Insurance Co. #CF08900121	7/1/00	13,100,000	5,922
D. Inland Marine Town Lake Dams	Fireman's Fund Insurance Co. #MXI98377016	7/1/00	5,000,000	25,806
Workers' Compensation and Employer's Liability				
A. Primary	Self-insured	N/A	250,000	None
B. Excess	National Union Fire Insurance Co. of Pittsburgh (AIG) #4159002	7/1/00	1,000,000 Employer's Liability Statutory Worker's Compensation	64,057
Bonds				
A. Position	Hartford Fire Insurance Company # SUN405246	7/28/00	1,000,000 Rich Oesterle	2,940
B. Public Employee Blanket	Hartford Fire Insurance Company #59BPEAD6547	7/1/00	1,000,000	10,053

N/A - Not applicable

Source: City of Tempe, Risk Management Division

CITY OF TEMPE, ARIZONA

MISCELLANEOUS STATISTICAL DATA (Exhibit S-26)

Date of Incorporation	-	November 26, 1894	Total Construction Activity:		
Date Charter Adopted	-	October 19, 1964		<u>F/Y</u>	<u>No. of Permits</u>
Form of Government	-	Council/Manager			<u>Value</u>
			2000-01	1,417	\$ 262,266,000
			1999-00	1,717	317,142,700
Area - Square Miles:			1998-99	1,905	304,600,000
2000	40.0		1997-98	2,533	492,419,400
1999	39.8		1996-97	1,984	406,820,800
1998	39.8		1995-96	2,038	248,475,500
1997	39.8		1994-95	2,291	275,408,500
1996	39.8		1993-94	2,298	265,148,300
1995	39.8		1992-93	1,307	87,840,900
1990	39.3		1991-92	1,374	147,168,200
1980	38.1				
1970	25.3		Fire Protection:		
1960	17.5		No. of Stations		6
1950	2.7		No. of employees (FT)		158
			No. of fire calls		2,300
Population:			No. of medical calls		12,600
2000-01 Official U.S. Cens	160,388		No. of other assistance calls		1,835
1999-00	158,625		Emergency service average		
1998-99	157,653		response time (minimum)		5:12
1997-98	156,686				
1996-97	155,725		Police Protection:		
1995-96 Interim Census	154,770		No. of employees		490
1990-91 Official U.S. Cens	141,993		Crime index (CY)		15,661
1980-81 Official U.S. Cens	106,920		Crime rate (per 100,000 pop.)		9,767
1970-71	63,550		Traffic accidents		7,284
1960-61	24,897		Emergency service average		
			response time (minimum)		5:30
Elections:			Refuse Collection (residential):		
Registered voters	65,976		Refuse accounts served		34,265
No. of ballots cast last			Refuse collected (tons)		38,638
City general election	15,407				
Percentage voting last			Water:		
City election	23.4		Connections		40,822
School Registration:			Production (billions of gallons)		18.5
Tempe Elementary District	12,710		Miles of lines		814
Tempe High School District	13,300		Sanitary Sewers:		
Arizona State University	44,126		Connections		35,201
Municipal Parks:			Miles of lines		496
No. of parks	46		Miles of Storm Sewers		166
Developed acres	1,074		Miles of:		
City playgrounds	42		Streets - maintained		1,241
Swimming pools	4		Paved alleys - maintained		15
Golf courses	2		Unpaved alleys - maintained		165
Lighted ballfields	25				
Lighted multipurpose fields	41		City employees:		
Libraries:			Governmental		1,529
No. of items in collection	464,177		Utility		128
Annual circulation	1,101,510		Total		<u>1,657</u>
Registered borrowers	165,000				

