

City of Phoenix Civic Improvement Corporation
An Arizona Nonprofit Corporation
(A Component Unit of the City of Phoenix, Arizona)

Annual Financial Report
For the Fiscal Year Ended June 30, 2011

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

Annual Financial Report
For the Fiscal Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
ADMINISTRATIVE ORGANIZATION	3
FINANCIAL SECTION	
Independent Auditor's Report	5
Management's Discussion and Analysis	7
Basic Financial Statements	
Entity-Wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Governmental Fund Financial Statements	
Balance Sheet	14
Reconciliation of the Balance Sheet to the Statement of Net Assets	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to the Financial Statements	
1. Summary of Significant Accounting Policies	18
2. Investments	22
3. Sales Contracts Receivable	23
4. Notes Receivable	34
5. Refunded Obligations	35
6. Bonds and Certificates Payable	36
7. Bond Anticipation Notes Payable	61
8. Construction Commitments	61
9. Subsequent Events	61



CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

ADMINISTRATIVE ORGANIZATION

Board Members

Wallace Estfan
President

Michael R. Davis
Vice President

James H. Lundy
Secretary/Treasurer

Barbara Barone
Director

Bruce Covill
Director

Karlene Keogh
Director

City of Phoenix Administrative Staff

David Cavazos
City Manager

Jeffrey S. DeWitt
Finance Director



Independent Auditor's Report

Board of Directors
City of Phoenix Civic Improvement Corporation
Phoenix, Arizona

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Phoenix Civic Improvement Corporation (the "Corporation") (a Component Unit of the City of Phoenix, Arizona) as of and for the year ended June 30, 2011, which collectively comprise the Corporation's basic financial statements as listed in the financial section of the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Phoenix Civic Improvement Corporation as of June 30, 2011 and the respective changes in financial position for the year ended June 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 7 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

CliftonLarsonAllen LLP

Phoenix, Arizona
February 28, 2012



Management's Discussion and Analysis

As management of the City of Phoenix Civic Improvement Corporation (the "Corporation"), a component unit of the City of Phoenix, Arizona (the "City") we offer the readers of the Corporation's basic financial statements this narrative overview and analysis of financial activities of the Corporation for the fiscal year ended June 30, 2011.

Overview of the Basic Financial Statements

The Corporation is a blended component unit of the City of Phoenix. This discussion and analysis is intended to serve as an introduction to the Corporation's separate basic financial statements.

The Corporation's basic financial statements are comprised of the following three components:

- Entity-wide financial statements
- Fund financial statements
- Notes to the financial statements

Entity-wide financial statements. The *entity-wide financial statements* are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business. These statements are presented on pages 12-13 of this report. Summarized versions of these statements are included in this MD&A.

The *Statement of Net Assets* presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of changes in the Corporation's financial position.

The *Statement of Activities* presents information showing how the Corporation's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods e.g., accounts payable. This is the full accrual method of accounting.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal activities. All of the funds of the Corporation are categorized as governmental funds. The fund financial statements are presented on pages 14-17 of this report.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the entity-wide financial statements. However, unlike the entity-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year, which is the modified accrual basis of accounting.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18-61 of this report.

Condensed Financial Information and Analysis of Overall Financial Position

The following tables and analysis discuss the financial position and changes to the financial position for the Corporation as a whole as of and for the year ended June 30, 2011. The prior year's financial position and results are presented for comparative purposes.

Summary of net assets (in thousands):

	<u>2011</u>	<u>2010</u>
Total noncapital assets	\$ 5,819,173	\$ 5,452,313
Total assets	<u>5,819,173</u>	<u>5,819,173</u>
Current Liabilities	389,646	626,578
Long-term liabilities	<u>5,377,637</u>	<u>4,707,364</u>
Total liabilities	<u>5,767,283</u>	<u>5,333,942</u>
Net assets		
Restricted for debt service	152,897	66,479
Unrestricted	<u>(101,007)</u>	<u>51,892</u>
Total net assets	\$ <u>(51,890)</u>	\$ <u>118,371</u>

Summary of changes in net assets (in thousands):

	<u>2011</u>	<u>2010</u>
Program revenues	\$ 994,499	\$ 591,133
Investment income	1,382	1,892
Payments from the City of Phoenix	15,604	1,564
Other Government Participation	<u>10,000</u>	<u>5,000</u>
Total revenues	<u>1,021,485</u>	<u>599,589</u>
Cost of sales	835,946	343,776
Interest on long-term debt	241,085	231,413
Other expenses	<u>10,935</u>	<u>3,030</u>
Total expenses	<u>1,087,966</u>	<u>578,219</u>
Increase (Decrease) in net assets	\$ <u>(66,481)</u>	\$ <u>21,370</u>

Total assets increased by 6.7% in the current fiscal year from \$5,452,313 at June 30, 2010 to \$5,819,173 as of June 30, 2011. Total liabilities increased by 8.1% in the current fiscal year from \$5,333,942 in fiscal year 2010 to \$5,767,283 in fiscal year 2011. The increase in liabilities of \$433,341 is primarily due an increase in bonds payable offset by a decrease in current liabilities. The net assets of the Corporation decreased \$66,481 for the fiscal year ended June 30, 2011.

As noted earlier, the Corporation uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives. The following table and analysis summarizes changes in fund balances by major fund (in thousands).

	<u>Fund Balances June 30, 2010</u>	<u>Net Change in Fund Balances</u>	<u>Fund Balances June 30, 2011</u>
General	\$ 90	\$ (18)	\$ 72
Debt Service	66,479	86,418	152,897
Capital Projects	(52,283)	309,012	256,729
Total	<u>\$ 14,286</u>	<u>\$ 395,412</u>	<u>\$ 409,698</u>

The General Fund accounts for trustee fees and other miscellaneous expenditures. The decrease in fund balance is primarily due to a decrease in interest receivable from the Native American Connections, Inc (NACI) notes receivable that was restructured during fiscal year 2010. In addition, there was a slight decrease in prepaid items. Fund balance for the rest of the general fund was essentially unchanged as the City provided financial resources to meet the expenditures of the fund.

The Debt Service Fund accounts primarily for current year principal and interest debt service payments. Fund balance increased by \$86,418. The Corporation issued new airport bonds in fiscal year 2011 which required a cash reserve of \$56,645. A cash reserve of \$19,655 was also required for previous 2002 airport bonds. In addition, \$10,000 of the increase was due to funds received from the State of Arizona placed in reserve to pay for future debt service on the State of Arizona Distribution Revenue Bonds, Series 2005A. The remainder of the difference is from interest earned on reserve balances or, alternatively, the transfer of reserve balances to pay for debt service.

The Capital Projects Fund accounts for the investment and expenditure of monies used for capital acquisitions and construction. The increase in fund balance is primarily due to the issuance of \$664,025 of new debt from the 2010 airport issues and \$86,725 of new debt from the 2011 excise tax issues. This increase was offset by the \$200,000 refunding of previously issued airport bond anticipation notes.

Capital Asset and Debt Administration

The Corporation records assets under construction or purchased with bond proceeds as assets held for sale to the City of Phoenix. Upon completion of the purchase and construction of the assets they are sold to the City. The Corporation does not record the completed assets on its financial statements, as the Corporation does not own any capital assets.

During the fiscal year ended June 30, 2011, the Corporation's bond and certificates payable increased by \$652,642. The Corporation issued \$696,105 in new Airport Bonds and \$161,335 in new Excise Tax Bonds. This increase was offset by \$91,662 of principal refunded by these issues and routine debt service payments.

In August 2010, bond anticipation notes payable decreased by \$200,000 due to the total refunding of Series 2008A and 2008B by the issuance of Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT).

Further detail pertaining to the Corporation's outstanding long-term debt is available in Note 6 on pages 36 -60.

Economic Factors

There have been no changes in the Corporation's agreement with the City to receive payments for debt service requirements on outstanding debt. There have been no adverse changes in the City's financial position that would affect their ability to continue to make payments to the Corporation to fund payments on debt service.

Requests for Financial Information

This financial report is designed to provide a general overview of the City of Phoenix Civic Improvement Corporation's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Phoenix, Calvin C. Goode Municipal Building, Ninth Floor, 251 West Washington, Phoenix, Arizona, 85003.



CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

STATEMENT OF NET ASSETS

June 30, 2011

(in thousands)

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Restricted Cash and Securities with Fiscal Agents	\$ 143,472
Investments	426,772
Interest Receivable	604
Receivable from the City of Phoenix	30
Prepaid Items	28
Current Portion of Sales Contracts Receivable	<u>109,953</u>
Total Current Assets	680,859
Notes Receivable	859
Sales Contracts Receivable, Less Current Portion	3,750,100
Assets Held for Sale to the City of Phoenix	<u>1,387,355</u>
Total Assets	<u>5,819,173</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	61,208
Advances from the City of Phoenix	82,790
Bond Anticipation Notes Payable	100,000
Current Portion of Bonds and Certificates Payable	<u>145,648</u>
Total Current Liabilities	389,646
Payable to the City of Phoenix	859
Bonds and Certificates Payable, Less Current Portion	5,192,335
Unamortized Premium	184,271
Rebatable Arbitrage	<u>172</u>
Total Liabilities	<u>5,767,283</u>
NET ASSETS	
Restricted for Debt Service	152,897
Unrestricted	<u>(101,007)</u>
Total Net Assets	<u>\$ 51,890</u>

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2011

(in thousands)

	Governmental Activities
EXPENSES	
Cost of Sales	\$ 851,973
Interest on Long-Term Debt	225,058
Issuance Costs	6,299
Trustee Fees	63
Other	4,573
Total Expenses	<u>1,087,966</u>
PROGRAM REVENUES	
Sales Contracts Income	766,521
Sales Contracts Interest Income	227,978
Total Program Revenues	<u>994,499</u>
Net Program Expenses	<u>(93,467)</u>
GENERAL REVENUES	
Investment Income	1,382
Payments from the City of Phoenix	15,604
Other Government Participation	10,000
Total General Revenues	<u>26,986</u>
Change in Net Assets	(66,481)
NET ASSETS, JULY 1, 2010	<u>118,371</u>
NET ASSETS, JUNE 30, 2011	<u><u>\$ 51,890</u></u>

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011
(in thousands)

	General	Debt Service	Capital Projects	Totals
ASSETS				
Cash and Securities with Fiscal Agents	\$ -	\$ 143,472	\$ -	\$ 143,472
Investments	-	9,424	417,348	426,772
Interest Receivable	44	1	559	604
Receivable from the City of Phoenix	-	30	-	30
Prepaid Items	28	-	-	28
Total Assets	\$ 72	\$ 152,927	\$ 417,907	\$ 570,906
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ -	\$ 30	\$ 61,178	\$ 61,208
Bond Anticipation Notes Payable	-	-	100,000	100,000
Total Liabilities	-	30	161,178	161,208
Fund Balances				
Non-Spendable				
Prepaid Items	28	-	-	28
Spendable				
Restricted for Debt Service	-	152,897	-	152,897
Restricted for Capital Projects	-	-	256,729	256,729
Unassigned	44	-	-	44
Total Fund Balances	72	152,897	256,729	409,698
Total Liabilities and Fund Balances	\$ 72	\$ 152,927	\$ 417,907	\$ 570,906

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2011
(in thousands)

Fund balances - total governmental funds balance sheet	\$ 409,698
Amounts reported for governmental activities in the statement of net assets are different because:	
Assets held for sale to the City of Phoenix are not financial resources and, therefore, are not reported in the governmental funds.	1,387,355
Sales contracts and notes receivable are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds.	3,860,912
Advances from the City of Phoenix that are payments for long-term liabilities are not reported in the governmental funds.	(82,790)
Long-term liabilities, including bonds and certificates payable and rebatable arbitrage, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(5,523,285)
Net assets of governmental activities - statement of net assets	<u>\$ 51,890</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2011

(in thousands)

	General	Debt Service	Capital Projects	Totals
REVENUES				
Investment Income	\$ 26	\$ 317	\$ 1,039	\$ 1,382
Payments from the City of Phoenix	2,910	391,257	-	394,167
Other Government Participation	-	10,000	-	10,000
Total Revenues	2,936	401,574	1,039	405,549
EXPENDITURES				
Debt Service				
Principal	-	131,733	-	131,733
Interest	-	243,197	-	243,197
Capital Outlay	-	-	408,666	408,666
Payments to the City of Phoenix	40	5,075	-	5,115
Issuance Costs	-	921	5,378	6,299
Trustee Fees	63	-	-	63
Other	2,851	-	1,722	4,573
Total Expenditures	2,954	380,926	415,766	799,646
Revenues Over (Under) Expenditures	(18)	20,648	(414,727)	(394,097)
OTHER FINANCING SOURCES (USES)				
Transfers from (to) Other Funds	-	2,481	(2,481)	-
Bond Proceeds	-	60,033	696,712	756,745
Proceeds from Refunding Bonds	-	100,694	-	100,694
Premium on Bonds	-	5,390	29,508	34,898
Deposit to Refunding Escrow	-	(102,828)	-	(102,828)
Net Increase (Decrease) in Fund Balances	(18)	86,418	309,012	395,412
FUND BALANCES, JULY 1, 2010	90	66,479	(52,283)	14,286
FUND BALANCES, JUNE 30, 2011	\$ 72	\$ 152,897	\$ 256,729	\$ 409,698

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2011
(in thousands)

Net change in fund balances - total governmental funds	\$ 395,412
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, those costs are reported as assets held for sale to the City of Phoenix.	408,666
Payments from the City of Phoenix for principal debt service payments provide current financial resources to the governmental funds but reduce long-term receivables in the statement of net assets.	(131,733)
Payments to the City of Phoenix use current financial resources of the governmental funds but increase long-term receivables in the statement of net assets.	(13,737)
Sales contracts income provides program revenue and cost of sales are an expense in the statement of activities. This is the amount by which the sales contracts income exceeded the costs of sales. Cost of sales and sales contracts income are not reported in the governmental funds.	(85,452)
Some expenses reported in the statement of activities including rebatable arbitrage, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	1,770
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which acquisitions \$892,338 exceeded repayments and amounts refunded (\$234,562).	(657,776)
Bond discounts and premiums are amortized in the statement of activities but do not require the use of current financial resources and, therefore, are not reported in the governmental funds.	<u>16,369</u>
Change in net assets of governmental activities - statement of activities	<u><u>\$ (66,481)</u></u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The City of Phoenix Civic Improvement Corporation (the "Corporation"), a component unit of the City of Phoenix, Arizona (the "City"), was organized under the laws of the State of Arizona as a nonprofit corporation for the purpose of acquiring real estate and constructing or otherwise acquiring or equipping buildings, structures or improvements to be utilized by the City for the benefit, common good, and general welfare of the City and its inhabitants. Upon dissolution, any remaining assets are to be distributed to the City. As a political subdivision, the Corporation is exempt from Federal income taxes and, accordingly, it has obtained an exemption from Arizona income taxes. The City performs and absorbs significantly all administrative functions and costs on behalf of the Corporation, including construction commitments.

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The following is a summary of the significant policies:

a. Reporting Entity

The Corporation is legally separate from the City; however, because its sole purpose is to finance and construct public facilities for the City, the Corporation's financial statements are included as a blended component unit of the City's reporting entity.

b. Basic Financial Statements

The basic financial statements constitute the core of the financial section of the Corporation's Annual Financial Report. The basic financial statements include the entity-wide financial statements, governmental fund financial statements, and the accompanying notes to these financial statements.

The entity-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Corporation as a whole. All activities are reported in the entity-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The entity-wide financial statements focus more on the sustainability of the Corporation as an entity and the change in aggregate financial position resulting from the activities of the fiscal year.

The entity-wide Statement of Net Assets reports all financial resources of the entity. It is displayed in a format of assets less liabilities equal net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are displayed in two components: 1) restricted and 2) unrestricted. Restricted net assets are those with constraints placed on their use. Those constraints are either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted are shown as unrestricted. Generally, the Corporation would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Reservations or designations of net assets imposed by the reporting entity, whether by administrative policy or legislative actions of the reporting entity, are not shown on the entity-wide financial statements. Cash is restricted for capital project expenditures, debt service, and trustee fees.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. Since the governmental fund financial statements are presented on a different basis than the entity-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to transform the fund financial statements into the entity-wide financial statements.

c. Fund Accounting

The Corporation uses governmental funds to report on its financial position and the results of its operations. The Corporation's fund financial statements are prepared using fund accounting to aid management by segregating transactions related to certain activities.

A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund balance, revenues and expenditures.

The Corporation considers the following funds to be major funds.

General Fund

The general fund is used to account for all financial resources except those required to be accounted for in other funds. This fund receives various financial resources that are used to pay trustee fees and other miscellaneous expenses. Financial resources may be transferred to other funds as needed.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, the principal and interest payments on the Corporation's debt.

Capital Projects Fund

The capital projects fund is used to account for the investment and expenditure of financial resources used for the acquisition or construction of capital facilities to be sold to the City of Phoenix. Funds in the capital projects fund can also be used for debt service payments.

d. Fund Balances

Fund balances are classified as Nonspendable, Restricted, Committed, Assigned and Unassigned based on the extent to which the Corporation is bound to observe constraints imposed on the use of resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors through debt covenants, grantors, contributors, or laws or regulation of other governments or it's imposed by law through enabling legislation.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Corporation has no authority to formally commit funds separate from the authorization to raise the underlying revenue. Therefore, committed fund balance does not apply to the Corporation.

Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council or City Management.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the general fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative fund balance.

Generally, the Corporation would first apply restricted resources and then assigned and unassigned resources when an expense is incurred for purposes for which more than one classification of fund balance is available.

e. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus whereby only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The fund financial statements of the Corporation have been prepared using the modified accrual basis of accounting. Fund balances are restricted for use in debt retirement or payment of related expenditures, as provided for in the bond documents.

f. Budget and Budgetary Accounting

Budgeting for the financial activities of the Corporation is performed at the City level, not at the component unit level. As such, no budgetary disclosures are presented.

g. Reservations and Designations

Reservations and designations of fund balance are recorded to signify that a portion of fund balance is not appropriable for expenditure, or is legally segregated or earmarked by management for specific future use. The Corporation's fund balances are reserved for debt service and capital encumbrances.

h. Assets Held for Sale to the City of Phoenix

The Corporation's assets held for sale are comprised solely of construction in progress. Upon completion of the purchase and construction, the assets are sold to the City, and the Corporation records a sales contract receivable and program revenue from the City of Phoenix. Assets sold to the City are either capital assets of the City or used as contributions for City joint ventures. Additionally, assets held for sale are reduced by the cost of the asset sold and charged to cost of sales.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

i. Advances from the City of Phoenix

Any principal debt service payments received from the City prior to the recording of the sales contract receivable are classified as advances from the City of Phoenix.

j. Long-Term Obligations

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, in the period in which the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

k. Deferred Gains and Losses

From time to time, the corporation issues refunding bonds, wherein the proceeds and additional resources are used to purchase securities guaranteed by the United States government which are deposited in an irrevocable trust under an escrow agreement that states that all proceeds from the trust are to be used to fund principal and interest payments of the refunded debt. In accordance with the Corporation's stated purpose to promote the common good and general welfare of the City of Phoenix, any gains and/or losses realized as a result of a refunding issuance are not gains and/or losses of the Corporation, rather the gains and/or losses are realized by the City of Phoenix. Deferred gains and losses are due to the unamortized premium and discounts on the original bonds at the time of the refunding and the net book value difference between the original bonds and the refunding bonds. As of June 30, 2011, the City has recorded \$44 million of net deferred gains and losses from refunding.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

m. New Accounting Pronouncements

General Accounting Standards Board (GASB) Statement No. 54, ***Fund Balance Reporting and Governmental Fund Type Definitions***, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which the entity is bound to observe constraints imposed upon the use of resources reported in the governmental funds. This statement was effective for the Corporation's financial statements for periods beginning after June 15, 2010.

The Corporation has implemented GASB Statement No. 54 on the Governmental Balance Sheet for the fiscal year ended June 30, 2011. See Note 1d. for a complete description of the fund balance classifications as required by GASB 54.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

2. Investments

Investments are held in the City's name. The City Charter and ordinances authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, money market accounts, commercial paper, certificates of deposit, the State Treasurer's Local Government Investment Pool (LGIP), highly rated obligations issued or guaranteed by any state or political subdivision thereof rated in the highest short-term or second highest long-term category and investment grade corporate bonds, debentures, notes and other evidence of indebtedness issued or guaranteed by a solvent U.S. corporation which are not in default as to principal or interest.

Investments are stated at fair value. Fair value is defined as the price at which two willing parties would complete the exchange. Management intends to hold these investments until maturity. The fair value of these securities at June 30, 2011, is as follows (in thousands):

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Securities	AAA (1)	\$ 173,860	0.324
U.S. Government Agency Securities			
FHLB Notes	AAA	61,286	0.171
FHLMC Notes	AAA	82,966	0.291
FNMA Notes	AAA	108,660	0.457
Total U.S. Government Agency Securities		<u>252,912</u>	0.334
Total Investments		<u>\$ 426,772</u>	0.330
(1) U.S. Government Guaranteed			

The distribution of the investments by bond issuance and bond anticipation note is as follows (in thousands):

Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A	\$ 204
Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2006A	15,367
Subordinated Excise Tax Revenue Bonds, Series 2006B	98
Subordinated Excise Tax Revenue Bonds, Series 2007A	4,757
State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B	9,424
Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004	80,412
Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT)	44,524
Senior Lien Airport Revenue Bonds, Series 2008B (AMT)	16,705
Wastewater Bond Anticipation Notes, Series 2009	12,951
Junior Lien Airport Revenue Bonds, Series 2010	218,776
Senior Lien Excise Tax Revenue Bonds, Series 2011	23,554
Totals	<u>\$ 426,772</u>

Interest Rate Risk

Exposure to interest rate risk is managed by matching investment maturities with anticipated expenses, and by limiting maturities as follows:

Commercial Paper	270 days final maturity
U.S. Treasury Securities	5 year final maturity
U.S. Government Agency Securities	5 year final maturity
Municipal Securities	5 years for long-term issues

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Credit Risk

Investments are limited to those with the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's (S&P) and Moody's Investors Service (Moody's). The portfolio is primarily invested in securities issued by the U.S. Treasury or by U.S. Government Agency Securities which carry long-term AAA ratings from both rating organizations. Subsequent to June 30, 2011, citing deficits, rating agency S&P downgraded U.S. Treasuries and U.S. Government Agency Securities from AAA to AA+. Commercial paper and municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term unsecured rating of A+ by S&P and A1 by Moody's. The rating requirements do not apply to obligations issued by the City of Phoenix, Arizona.

Concentration of Credit Risk

Investments in any one issuer that represent 5% or more of total investments are as follows (in thousands):

<u>Issuer</u>	<u>Investment Type</u>	<u>Fair Value</u>
FHLB	U.S. Government Agency Securities	\$ 61,286
FHLMC	U.S. Government Agency Securities	82,966
FNMA	U.S. Government Agency Securities	108,660

3. Sales Contracts Receivable

Under the terms of the sales contract agreements, the City agrees to pay a purchase price equal to the debt service requirements of the bonds and certificates issued by the Corporation to finance or refinance the purchases or construction of the property and equipment, plus expenses incurred by the Corporation for purposes approved by the City, less interest income earned on the Corporation's investments. Asset acquisition and construction costs are recorded as assets held for sale to the City of Phoenix. When construction is completed the asset is sold to the City.

The accompanying statement of net assets reflects the amounts due for completed assets as a receivable from the City. Principal and interest payments due from the City at June 30, 2011 are as follows (in thousands):

Total receivable from the City of Phoenix	\$6,550,129
Less: Deferred interest	<u>(2,690,076)</u>
	3,860,053
Less: Current portion	<u>(109,953)</u>
Sales Contracts Receivable	<u>\$3,750,100</u>

The descriptions of the sales contracts that are accounted for at the entity-wide level of the Corporation follow.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003

The issuance of \$47,600,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003, dated May 1, 2003, refunded the outstanding \$46,645,000 of Senior Lien Excise Tax Revenue Bonds (New City Hall Project), Series 1993. The proceeds from the issuance of \$47,600,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003, were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

In June 2007, \$19,915,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003 was refunded. The proceeds from the issuance of \$103,605,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007 were placed in an irrevocable trust to be applied to a portion of the maturing annual principal payments dated July 1, 2008 through July 1, 2026. Debt service payments and other costs related to the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003 which were not refunded are included in the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003.

In June 2011, \$4,664,050 of principal and interest of the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003 was refunded. The proceeds from the issuance of \$47,110,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C and 2011D were placed in an irrevocable trust to be applied to a the principal and interest payments for 2011 and 2012. Debt service payments and other costs related to the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003 which were not refunded are included in the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007.

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007

The issuance of \$103,605,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, dated June 1, 2007, refunded \$19,915,000 of Senior Lien Excise Tax Revenue Refunding Bonds (New City Hall), Series 2003; \$70,020,000 of Senior Lien Excise Tax Revenue Bonds (Phoenix Municipal Courthouse), Series 1999A; \$12,865,000 in Senior Lien Excise Tax Revenue Bonds (Adams Street Garage), Series 1999B; and \$1,240,000 of Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994. The proceeds from the issuance of \$103,605,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007 were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

In June 2011, \$14,599,300 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007 was refunded. The proceeds from the issuance of \$47,110,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C and 2011D were placed in an irrevocable trust to be applied to a the principal and interest payments for 2011 and 2012. Debt service payments and other costs related to the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003 which were not refunded are included in the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Senior Lien Excise Tax Revenue Bonds, Series 2011A

On June 7, 2011 the Corporation entered into an agreement with the City whereby the Corporation agreed to fund or reimburse the City for the costs of acquisition of vehicles and equipment identified for lease-purchase in the current and prior fiscal years through the issuance of \$27,530,000 of Senior Lien Excise Tax Revenue Bonds, Series 2011A.

Senior Lien Excise Tax Revenue Bonds, Taxable Series 2011B

On June 7, 2011 the Corporation entered into an agreement with the City whereby the Corporation agreed to fund or reimburse the City for the costs of acquisition of vehicles and equipment identified for lease-purchase in the current and prior fiscal years; the costs to complete the fourth and fifth floors of the ASU School of Nursing Building; and the purchase of the CityScape Parking Garage through the issuance of \$59,195,000 of Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable.)

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C

The issuance of \$24,305,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C, dated June 7, 2011, refunded \$420,250 in Senior Lien Excise Tax Revenue Bonds (Adams Street Garage Project), Series 1999B; \$2,224,157 in Municipal Facilities Subordinated Excise Tax Revenue Bonds; Series 2000; \$3,329,013 in Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B; \$3,393,888 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003; \$3,753,144 in Subordinated Excise Tax Revenue Bonds, Series 2004; \$7,782,525 in Subordinated Excise Tax Revenue Bonds, Series 2006B; \$1,855,225 in Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B; and \$4,282,875 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007. The proceeds from the issuance of \$24,305,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds. The purpose of the refunding was to restructure existing debt payments to match forecasted future revenues.

	(in thousands)
Refunding Bonds Issued	\$ 34,305
Original Issue Premium	2,832
Issuance Costs	(113)
Net Proceeds	<u>\$ 27,024</u>
Refunded Amount	\$ 22,247
Increase in Debt Service	(12,280)
Economic Loss	(749)
Number of Years Affected	18

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Senior Lien Excise Tax Revenue Refunding Bonds, Taxable Series 2011D

The issuance of \$22,805,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D, dated June 7, 2011, refunded \$10,250 in Senior Lien Excise Tax Revenue Bonds (Adams Street Garage Project), Series 1999B; \$62,157 in Municipal Facilities Subordinated Excise Tax Revenue Bonds; Series 2000; \$1,044,288 in Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B; \$1,270,163 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003; \$1,088,831 in Subordinated Excise Tax Revenue Bonds, Series 2004; \$312,325 in Subordinated Excise Tax Revenue Bonds, Series 2006B; \$3,429,275 in Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B; \$10,316,425 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007; and \$5,074,535 of non-Civic Improvement Corporation debt. The proceeds from the issuance of \$22,805,000 of Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable) were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds. The purpose of the refunding was to restructure existing debt payments to match forecasted future revenues.

	(in thousands)
Refunding Bonds Issued	\$ 22,805
Original Issue Discount	(109)
Issuance Costs	(114)
Net Proceeds	\$ 22,582
Refunded Amount	\$ 7,780
Increase in Debt Service	(6,706)
Economic Loss	(291)
Number of Years Affected	11

Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A

On May 1, 2003, the Corporation entered into an agreement with the City under which the Corporation assisted in the financing of the acquisition of equipment and real property and construction of certain improvements to the City's solid waste collection and disposal system through the issuance of \$80,000,000 in Subordinated Excise Tax Revenue Bonds, Series 2003A.

In June 2007, \$45,610,000 of Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A was refunded. The proceeds from the issuance of \$71,820,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B were placed in an irrevocable trust to be applied to a portion of the maturing annual principal payment dated July 1, 2015 through July 1, 2023. Debt service payments and other costs related to the Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A which were not refunded are included in the Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A.

Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B

On May 1, 2003, the Corporation entered into an agreement with the City under which the Corporation assisted in the financing of the acquisition of certain equipment and real property, and construction and renovation of certain improvements through the issuance of \$25,000,000 of Subordinated Excise Tax Revenue Bonds, Series 2003B.

In June 2011, \$4,373,300 of principal and interest of Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B was refunded. The proceeds from the issuance of \$47,110,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C and 2011D were placed in an irrevocable trust to be applied to the principal and interest payments for 2011 and 2012. Debt service payments and other costs related to the Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B which were not refunded are included in the Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003C and 2003D

On May 1, 2003, the Corporation entered into an agreement with the City under which the Corporation assisted in the financing of the acquisition and construction of economic development projects in downtown Phoenix through the issuance of \$35,000,000 of Subordinated Excise Tax Revenue Bonds, Series 2003C and 2003D.

Subordinated Excise Tax Revenue Bonds, Series 2004

On June 1, 2004, the Corporation entered into an agreement with the City under which the Corporation assisted in the financing of the acquisition of certain equipment and real property and construction of certain improvements through issuance of \$22,000,000 of Subordinated Excise Tax Revenue Bonds, Series 2004.

In June 2009, the City of Phoenix defeased \$1,810,000 of outstanding City of Phoenix Civic Improvement Corporation Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2004. Debt service payments and other costs related to the Subordinated Excise Tax Revenue Bonds, Series 2004 which were not defeased are included in the Subordinated Excise Tax Revenue Bonds, Series 2004.

In June 2011, \$4,841,975 of Subordinated Excise Tax Revenue Bonds, Series 2004 was refunded. The proceeds from the issuance of \$47,110,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C and 2011D were placed in an irrevocable trust to be applied to a the principal and interest payments for 2011 and 2012. Debt service payments and other costs related to the Subordinated Excise Tax Revenue Bonds, Series 2004 which were not refunded are included in the Subordinated Excise Tax Revenue Bonds, Series 2004.

Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A

In September 2005, the Corporation entered into an agreement with the City for the purpose of paying a portion of the costs of constructing, expanding, modifying and improving the Phoenix Civic Plaza Convention Center through the issuance of \$300,000,000 of Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A.

Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2006A

On June 1, 2006, the Corporation entered into an agreement with the City under which the Corporation assisted in financing the acquisition of equipment and real property and construction of certain improvements to the City's solid waste collection and disposal system through the issuance of \$84,265,000 of Subordinated Excise Tax Revenue Bonds, Series 2006A.

Subordinated Excise Tax Revenue Bonds, Series 2006B

On June 1, 2006, the Corporation entered into an agreement with the City under which the Corporation assisted in financing the acquisition of certain equipment and real property, and construction and renovation of certain improvements through the issuance of \$28,230,000 of Subordinated Excise Tax Revenue Bonds, Series 2006B.

In June 2011, \$8,094,850 of Subordinated Excise Tax Revenue Bonds, Series 2006B was refunded. The proceeds from the issuance of \$47,110,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C and 2011D were placed in an irrevocable trust to be applied to a the principal and interest payments for 2011 and 2012. Debt service payments and other costs related to the Subordinated Excise Tax Revenue Bonds, Series 2006B which were not refunded are included in the Subordinated Excise Tax Revenue Bonds, Series 2006B.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Subordinated Excise Tax Revenue Bonds, Taxable Series 2006C

On June 1, 2006, the Corporation entered into an agreement with the City under which the Corporation assisted in financing the acquisition of certain equipment and real property, and construction and renovation of certain improvements through the issuance of \$41,920,000 of Subordinated Excise Tax Revenue Bonds, Series 2006C.

Subordinated Excise Tax Revenue Bonds, Series 2007A

On June 1, 2007, the Corporation entered into an agreement with the City under which the Corporation assisted in financing the construction of two new City of Phoenix Police Precincts through the issuance of \$21,115,000 of Subordinated Excise Tax Revenue Bonds, Series 2007A.

Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B

The issuance of \$71,820,000 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B, dated June 1, 2007, refunded \$7,775,000 of Municipal Facilities Subordinated Excise Tax Revenue Refunding Bonds, Series 1997; \$19,185,000 of Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2000; and \$45,610,000 of Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A. The proceeds from the issuance of \$71,820,000 in Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B, were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

In June 2009, the City of Phoenix defeased \$1,100,000 of outstanding City of Phoenix Civic Improvement Corporation Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B. Debt service payments and other costs related to the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B which were not defeased are included in the Subordinated Excise Tax Revenue Bonds, Series 2007B.

In June 2011, \$5,284,500 of Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B was refunded. The proceeds from the issuance of \$47,110,000 in Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C and 2011D were placed in an irrevocable trust to be applied to the principal and interest payments for 2011 and 2012. Debt service payments and other costs related to the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B which were not refunded are included in the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B.

Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2007C

On June 1, 2007, the Corporation entered into a purchase agreement with the City under which the Corporation assisted in refunding the outstanding \$34,380,000 of bonds issued by the Civic Plaza Building Corporation in 1998. The bonds were refunded through the issuance of \$35,670,000 in Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2007C.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2011

On June 1, 2011, the Corporation entered into a purchase agreement with the City under which the Corporation assisted in refunding the total outstanding \$27,235,000 of Municipal Multipurpose Arena Subordinated Excise Tax Revenue Refunding Bonds, Series 1998. The bonds were refunded through the issuance of \$27,500,000 in Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2011.

	(in thousands)
Refunding Bonds Issued	\$ 27,500
Original Issue Discount	(123)
Issuance Costs	(111)
Net Proceeds	\$ 27,266
Refunded Amount	\$ 27,235
Decrease in Debt Service	2,685
Economic Gain	2,602
Number of Years Affected	9

State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B

In October 2005, the Corporation entered into an agreement with the City for the purpose of paying a portion of the costs of constructing, expanding, modifying and improving the Phoenix Civic Plaza Convention Center through the issuance of \$275,362,352 of State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B.

Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004

In December 2004, the Corporation entered into an agreement with the City under which the Corporation assisted the City in the financing of a portion of the design, acquisition, equipping and construction of the City's light rail transit system through the issuance of \$500,000,000 of Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004.

Senior Lien Airport Revenue Refunding Bonds, Series 2002A (AMT)

The issuance of \$23,225,000 in Senior Lien Airport Revenue Refunding Bonds, Series 2002A, dated May 1, 2002 refunded \$2,880,000 in Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994; \$1,810,000 in Airport Terminal Senior Lien Excise Tax Revenue Refunding Bonds, Series 1998; and \$19,750,000 in various City General Obligation and Airport Revenue Bonds. The proceeds from the issuance of \$23,225,000 in Senior Lien Airport Revenue Refunding Bonds, Series 2002A were placed in an irrevocable trust to provide for the maturing principal amounts due on July 1, 2002 on the refunded bonds.

The City agreed to purchase the improvements funded with the proceeds of the refunded bonds pursuant to the City purchase agreement. The City's payments under the purchase agreement are to be made solely from net airport revenues. Net airport revenues generally include all income and revenue derived from the use and operation of the City's airports (excluding passenger facility charges, federal grants and special facility revenues) and net of all expenses reasonably incurred in connection with the operation and maintenance of the airports (excluding depreciation and interest on money borrowed.)

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Senior Lien Airport Revenue Bonds, Series 2002B (AMT)

On May 1, 2002, the Corporation entered into a purchase agreement with the City to pay a portion of the cost of certain improvements and expansion projects at the City's airports. The purchase was financed through the issuance of \$231,390,000 in Senior Lien Airport Revenue Bonds, Series 2002B.

The City agreed to purchase the improvements funded with the proceeds of the Senior Lien Airport Revenue Bonds, Series 2002B pursuant to the City purchase agreement. The City's payments under the purchase agreement are to be made solely from net airport revenues. Net airport revenues generally include all income and revenue derived from the use and operation of the City's airports (excluding passenger facility charges, federal grants and special facility revenues) and net of all expenses reasonably incurred in connection with the operation and maintenance of the airports (excluding depreciation and interest on money borrowed).

Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT)

On June 1, 2008, the Corporation entered into a purchase agreement with the City to pay a portion of the cost of various improvements at the Airport. The purchase was financed through the issuance of \$206,840,000 in Senior Lien Airport Revenue Bonds, Series 2008A.

The City agreed to purchase the improvements funded with the proceeds of the Senior Lien Airport Revenue Bonds, Series 2008A pursuant to the City purchase agreement. The City's payments under the purchase agreement are to be made solely from net airport revenues or amounts available in the 2008 Bond Reserve Fund. Net airport revenues generally include all income and revenue derived from the use and operation of the City's airports (excluding passenger facility charges, federal grants and special facility revenues) and net of all expenses reasonably incurred in connection with the operation and maintenance of the airports (excluding depreciation and interest on money borrowed).

Senior Lien Airport Revenue Bonds, Series 2008B (AMT)

On June 1, 2008, the Corporation entered into a purchase agreement with the City to pay a portion of the cost of various improvements at the Airport. The purchase was financed through the issuance of \$43,160,000 in Senior Lien Airport Revenue Bonds, Series 2008B.

The City agreed to purchase the improvements funded with the proceeds of the Senior Lien Airport Revenue Bonds, Series 2008B pursuant to the City purchase agreement. The City's payments under the purchase agreement are to be made solely from net airport revenues or amounts available in the 2008 Bond Reserve Fund. Net airport revenues generally include all income and revenue derived from the use and operation of the City's airports (excluding passenger facility charges, federal grants and special facility revenues) and net of all expenses reasonably incurred in connection with the operation and maintenance of the airports (excluding depreciation and interest on money borrowed).

Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT)

The issuance of \$109,850,000 in Senior Lien Airport Revenue Refunding Bonds, Series 2008C, dated June 18, 2008, refunded \$6,615,000 in Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994; \$2,250,000 in Airport Revenue Bonds, Series 1994B; and \$102,575,000 in Airport Revenue Bonds, Series 1998A. The proceeds from the issuance of \$109,850,000 in Senior Lien Airport Revenue Refunding Bonds, Series 2008C were transferred to the respective paying agents for the bonds and interest being refunded.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT)

The issuance of \$68,520,000 in Senior Lien Airport Revenue Refunding Bonds, Series 2008D, dated June 18, 2008, refunded \$6,945,000 in Airport Revenue Bonds, Series 1994C; \$14,875,000 in Airport Revenue Bonds, Series 1994D; \$31,000,000 in Subordinated Excise Tax Variable Rate Demand Revenue Bonds (Airport Improvements), Series 1995; and \$17,380,000 in Airport Terminal Senior Lien Excise Tax Revenue Refunding Bonds, Series 1998. The proceeds from the issuance of \$68,520,000 in Senior Lien Airport Revenue Refunding Bonds, Series 2008D were transferred to the respective paying agents for the bonds and interest being refunded.

Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT)

On August 1, 2010, the Corporation entered into a purchase agreement with the City to finance a portion of the Phoenix Sky Train at Sky Harbor International Airport. Proceeds of the bonds were also used to refund \$200,000,000 aggregate principal amount of Corporation's Airport Revenue Bond Anticipation Notes, Series 2008A and 2008B. The purchase and refunding were financed through the issuance of \$642,680,000 in Junior Lien Airport Revenue Bonds, Series 2010A.

Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds – Direct Payment)

In September 2010, the Corporation issued \$21,345,000 of Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds-Direct Payment).

The Corporation elected to receive subsidy payments in the amount of 45% of each interest payment on the Recovery Zone Economic Development Bonds, paid directly to US Bank, National Association, as trustee, from the United States Treasury. Proceeds from the bonds will fund land acquisition for noise mitigation and related capital costs that are unrelated to the Phoenix Sky Train.

Junior Lien Airport Revenue Refunding Bonds, Series 2010C (Non-AMT)

On August 1, 2011, the Corporation entered into a purchase agreement with the City under which the Corporation refunded the total outstanding \$34,285,000 of Senior Lien Airport Revenue Bonds, Series 1998A and 1998B. The bonds were refunded through the issuance of \$32,080,000 in Junior Lien Airport Revenue Bonds, Series 2010C.

(in thousands)	
Refunding Bonds Issued	\$ 32,080
Original Issue Premium	2,274
Issuance Costs	(70)
Net Proceeds	\$ 34,284
Refunded Amount	\$ 34,285
Decrease in Debt Service	3,667
Economic Gain	2,242
Number of Years Affected	15

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Rental Car Facility Charge Revenue Bonds, Taxable Series 2004

In June 2004, the Corporation entered into a purchase agreement with the City to pay a portion of the cost of designing, acquiring, constructing, and equipping certain facilities, infrastructure, site development, and equipment necessary for the operation of a consolidated rental car center at the Airport. The purchase was financed through the issuance of \$260,000,000 in Rental Car Facility Charge Revenue Bonds, Taxable Series 2004.

The City agreed to purchase the improvements funded with the proceeds of the Rental Car Facility Charge Revenue Bonds, Taxable Series 2004 pursuant to the City purchase agreement. The City's payments under the purchase agreement are to be made from a first priority pledge of the pledged revenues. The pledged revenues consist primarily of customer facility charges that have been collected from rental car customers from June 1, 2002 through the issuance of the 2004 Bonds and deposited to certain Trustee funds, customer facility charges collected after issuance of the 2004 Bonds and transferred to the Trustee, and investment income from investments therein. The pledged revenues do not include amounts paid by the rental car center companies as ground rentals or concession fees or customer facility charges which exceed the pledged rate.

Junior Lien Water System Revenue Refunding Bonds, Series 2001

The issuance of \$99,980,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2001, dated August 1, 2001 refunded \$87,120,000 of Junior Lien Water System Revenue Bonds, Series 1994 and \$12,795,000 of Junior Lien Water System Revenue Bonds, Series 1996. The proceeds from the issuance of \$99,980,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2001 were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

Junior Lien Water System Revenue Bonds, Series 2002

On April 1, 2002, the Corporation and the City entered into a purchase agreement to refund \$170,000,000 of outstanding bond anticipation notes and to pay \$50,000,000 of the cost of certain improvements of the City's water system. The purchase was financed through the issuance of \$220,000,000 of Junior Lien Water System Revenue Bonds, Series 2002.

The City's payments under the purchase agreement are to be made solely from designated revenues which are described as net operating revenues less the outstanding senior lien debt service requirements. Net operating revenues generally include all income and revenue derived from the ownership, use or operation of the City's Water System (excluding proceeds of special assessments; local, state or federal grants; capital improvement contract payments; or other money received for capital improvements to the Water System) and net of all expenses reasonably incurred in connection with the operation and maintenance of the Water System (excluding payments to others for construction of facilities to provide additional capacity for the Water System).

Junior Lien Water System Revenue Refunding Bonds, Series 2003

The issuance of \$11,325,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2003, dated October 1, 2003 refunded \$10,000,000 of the City's Senior Lien Water System Revenue Refunding Bonds, Series 1993 and refunded \$591,000 of interest that was coming due on January 1, 2004 with respect to the Corporation's Junior Lien Water System Revenue Bonds, Series 2002. The proceeds from the issuance of \$11,325,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2003 were transferred to the respective paying agents for the bonds and interest being refunded.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Junior Lien Water System Refunding Certificates of Participation, Series 17

The issuance of \$27,775,000 of Junior Lien Water System Refunding Certificates of Participation, Series 17, dated July 1, 2004, refunded the outstanding Junior Lien Water System Refunding Certificates of Participation, Series 1. The proceeds from the issuance were placed in an irrevocable trust to provide for future debt service payments on the refunded certificates.

Junior Lien Water System Revenue Bonds, Series 2005

On June 1, 2005, the Corporation and the City entered into an agreement under which the Corporation assisted in the financing of certain improvements of the City's water system and for the purpose of refunding the Corporation's outstanding Water System Revenue Bond Anticipation Notes, Series 2003. This agreement was financed through the issuance of \$600,000,000 of Junior Lien Water System Revenue Bonds, Series 2005.

Junior Lien Water System Revenue Bonds, Series 2009A

On June 2, 2009, the Corporation and the City entered into an agreement under which the Corporation assisted in the financing of certain improvements of the City's water system and for the purpose of refunding the Corporation's outstanding Water System Revenue Bond Anticipation Notes, Series 2007A and Series 2007B. This agreement was financed through the issuance of \$450,000,000 of Junior Lien Water System Revenue Bonds, Series 2009A.

Junior Lien Water System Revenue Refunding Bonds, Series 2009B

The issuance of \$90,295,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2009B, dated June 2, 2009 fully refunded \$98,385,000 of the City's Junior Lien Water System Revenue Refunding Bonds, Series 1998. The proceeds from the issuance of \$90,295,000 of Junior Lien Water System Revenue Refunding Bonds, Series 2009B were transferred to the respective paying agents for the bonds and interest being refunded.

Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B

In January 2005, the Corporation entered into an agreement with the City for the purpose of refunding the Corporation's outstanding Wastewater System Lease Revenue Bonds, Series 1993 and Wastewater System Lease Revenue Refunding Bonds, Series 1993. The Senior Lien Wastewater System Revenue Refunding Bonds were issued in two series. The Senior Lien Wastewater System Variable Rate Demand Revenue Refunding Bonds, Series 2004A, were issued in a par amount of \$130,260,000 as variable rate bonds and the Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B, were issued in a par amount of \$102,020,000 as fixed rate bonds.

Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008

The issuance of \$133,400,000 in Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008, dated November 18, 2008, refunded \$130,260,000 in Senior Lien Variable Rate Demand Revenue Refunding Bonds, Series 2008. The City also terminated two interest rate swap agreements with respect to the refunded variable rate wastewater bonds.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION
(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2011

Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001

The issuance of \$166,260,000 of Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001, dated July 1, 2001 refunded \$48,355,000 in Junior Lien Wastewater System Revenue Bonds, Series 1997 and \$109,310,000 in Junior Lien Wastewater System Revenue Bonds, Series 2000. The proceeds from the issuance of \$166,260,000 of Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001 were placed in an irrevocable trust to provide for future debt service payments on the refunded bonds.

Junior Lien Wastewater System Revenue Bonds, Series 2004

On December 1, 2004, the Corporation and the City entered into an agreement to refund \$100,000,000 of the Corporation's outstanding Wastewater System Bond Anticipation Notes, Series 2003 and to pay the cost of certain improvements of the City's wastewater system through the issuance of \$180,000,000 in Junior Lien Wastewater System Revenue Bonds, Series 2004.

Junior Lien Wastewater System Revenue Bonds, Series 2007

On November 1, 2007, the Corporation and the City entered into an agreement to refund \$150,000,000 of the Corporation's outstanding Wastewater System Bond Anticipation Notes, Series 2006 and to pay the cost of certain improvements of the City's wastewater system through the issuance of \$300,000,000 in Junior Lien Wastewater System Revenue Bonds, Series 2007.

4. Notes Receivable

On June 15, 2000, the Corporation and the City entered into a purchase agreement to purchase property and pay the cost of certain improvements to the property. The Corporation simultaneously entered into a purchase and loan agreement with Native American Connections, Inc. (NACI) for the resale of the property to NACI and to act as the lender for the purchase of and improvements to the property. In fiscal year 2010, the City renegotiated the loan agreement with the NACI, adjusting the terms of the payment agreement. As of June 30, 2011, the note amount is \$859,016, with a maturity date of January 1, 2021, and an interest rate of 3%. The loan agreement has been recorded as a note receivable in the Native American Connections, Inc. Loan Funds.

The NACI makes monthly payments of \$3,361 each. Payments are applied to the accrued interest receivable balance and monthly interest until December 1, 2013. Monthly payments will then be applied to principal and interest. In addition to the monthly payments, the NACI will make regularly scheduled principal payments of \$150,000 on January 1, 2014, \$250,000 on January 1, 2016 and \$282,363 on January 1, 2021.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

5. Refunded Obligations

Future debt service on refunded bonds has been provided through advance refunding bond issues whereby 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 states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by securities, will be sufficient to service the previously issued bonds.

The outstanding balance of the refunded debt and the related assets held in trust are not included in the accompanying financial statements. Advance refunding arrangements at June 30, 2011 were as follows (in thousands):

Date Refunded/ Deceased	Issue Dates	Type	Balance Outstanding	Assets Held in Trust (1)
6/27/07	1/15/98 and 6/01/02	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$18,675	\$18,693
6/27/07	1/15/98 and 6/01/02	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$45,610	\$45,653
3/28/08	07/01/01 and 12/01/04	Civic Improvement Corporation Wastewater System Revenue	\$4,960	\$5,241
6/26/09	08/30/00 and 6/27/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$8,365	\$8,567
06/07/11	06/01/99 and 06/01/07	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$4,415	\$7,795
06/07/11	01/15/98	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$27,235	\$28,096
06/07/11	08/01/00 and 06/01/07	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$10,825	\$17,455

(1) Assets held in trust for advanced refunded bonds reflect the market value of those assets.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

6. Bonds and Certificates Payable

A schedule of the Corporation's long-term debt is as follows:

Issue	Issue Date	Original Issuance
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003	05/01/03	\$ 47,600,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007	06/01/07	\$ 103,605,000
Senior Lien Excise Tax Revenue Bonds, Series 2011A	06/07/11	\$ 27,530,000
Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)	06/07/11	\$ 59,195,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C	06/07/11	\$ 24,305,000

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Purpose	Call and Redemption Terms
To refund a portion of the Corporation's Senior Lien Excise Tax Revenue Bonds (New City Hall Project), Series 1993.	Bonds maturing on or after July 1, 2014 are callable on 7/1/13 and thereafter, in whole or in part at any time at 100% of par.
To refund a portion of the Senior Lien Excise Tax Revenue Refunding Bonds (New City Hall), Series 2003; a portion of the Senior Lien Excise Tax Revenue Bonds (Phoenix Municipal Courthouse), Series 1999A; a portion of the Senior Lien Excise Tax Revenue Bonds (Adams Street Garage), Series 1999B and a portion of Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To fund the costs of vehicles and equipment identified as lease-purchase in the current and prior fiscal years.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par
To fund the costs of vehicles and equipment identified as lease-purchase in the current and prior fiscal years; the costs to complete the fourth and fifth floors of the ASU School of Nursing Building; and the purchase of the CityScape Parking Garage.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To partially refund the Senior Lien Excise Tax Revenue Bonds (Adams Street Garage Project), Series 1999B, the Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2000, the Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B, the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003, the Subordinated Excise Tax Revenue Bonds, Series 2004, the Subordinated Excise Tax Revenue Bonds, Series 2006B, the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, and the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Issue	Issue Date	Original Issuance
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable)	06/07/11	\$ 22,805,000
Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A	05/01/03	\$ 80,000,000
Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B	05/01/03	\$ 25,000,000
Municipal Facilities Subordinated Excise Tax Revenue Bonds, Taxable Series 2003C and 2003D	05/01/03	\$ 35,000,000
Subordinated Excise Tax Revenue Bonds, Series 2004	06/01/04	\$ 22,000,000
Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A	09/13/05	\$ 300,000,000
Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2006A	06/01/06	\$ 84,265,000
Subordinated Excise Tax Revenue Bonds, Series 2006B	06/01/06	\$ 28,230,000

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Purpose	Call and Redemption Terms
To partially refund the Subordinated Excise Tax Revenue Bonds, Series 2004, the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, the Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B and Non-CIC debt.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par
To fund the acquisition of certain equipment and real property and construction of certain improvements to the City's solid waste collection and disposal system.	Bonds maturing on or after July 1, 2014 are callable on 7/1/13 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition of certain equipment and real property and funding the construction and renovation of certain improvements.	Bonds maturing on or after July 1, 2014 are callable on 7/1/13 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition and construction of economic development projects in downtown Phoenix.	Bonds maturing on or after July 1, 2014 are callable on 7/1/13 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition of certain equipment and real property and funding the construction of certain improvements.	Bonds maturing on or after July 1, 2015 are callable on 7/1/14 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of the costs of the constructing, expanding, modifying and improving of the Phoenix Civic Plaza Convention Center.	Bonds maturing on or after July 1, 2017 are callable on 7/1/15 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition, construction, equipment, and improvement of certain real and personal property for the City's solid waste collection and disposal system.	Bonds maturing on or after July 1, 2017 are callable on 7/1/16 and thereafter, in whole or in part at any time, at 100% of par.
To fund the acquisition, construction, equipment, and improvement of certain real and personal property.	Bonds maturing on or after July 1, 2017 are callable on 7/1/16 and thereafter, in whole or in part at any time, at 100% of par.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Issue	Issue Date	Original Issuance
Subordinated Excise Tax Revenue Bonds, Taxable Series 2006C	06/01/06	\$ 41,920,000
Subordinated Excise Tax Revenue Bonds, Series 2007A	06/01/07	\$ 21,115,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B	06/01/07	\$ 71,820,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2007C (Taxable)	06/01/07	\$ 35,670,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable)	06/07/11	\$ 27,500,000
State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B	10/06/05	\$ 275,362,352
Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004	12/10/04	\$ 500,000,000
Senior Lien Airport Revenue Refunding Bonds, Series 2002A (AMT)	05/01/02	\$ 23,225,000
Senior Lien Airport Revenue Bonds, Series 2002B (AMT)	05/01/02	\$ 231,390,000
Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT)	06/18/08	\$ 206,840,000

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Purpose	Call and Redemption Terms
To fund the acquisition, construction, equipment, and improvement of certain real and personal property.	Bonds maturing on or after July 1, 2017 are callable on 7/1/16 and thereafter, in whole or in part at any time, at 100% of par.
To fund the construction of a new City of Phoenix Police Precinct.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Municipal Facilities Subordinated Excise Tax Revenue Refunding Bonds, Series 1997. Also, to refund a portion of Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2000 and a portion of Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding bonds issued by the Phoenix Civic Plaza Building Corporation in 1998 to build the Civic Plaza East Garage.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Municipal Multipurpose Arena Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 1998.	Bonds maturing on or after July 1, 2022 are callable on 7/1/2021 and thereafter, in whole or in part at any time at 100% of par.
To fund a portion of the cost of constructing, expanding, modifying and improving the Phoenix Civic Plaza Convention Center.	Bonds are not subject to redemption prior to maturity.
To fund a portion of the costs of the design, acquisition, equipping and construction of the City's light rail transit system.	Bonds maturing on or after July 1, 2015 are callable on 7/1/14 and thereafter, in whole or in part at any time, at 100% of par.
To refund a portion of the outstanding Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994; a portion of the Airport Terminal Senior Lien Excise Tax Revenue Refunding Bonds, Series 1998; and a portion of various Airport General Obligation and Airport Revenue bonds.	Bonds maturing on or after July 1, 2013 are callable on 7/1/12 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of certain improvements and expansion projects at the City's airports.	Bonds maturing on or after July 1, 2013 are callable on 7/1/12 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of certain improvements at the City's airports.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Issue	Issue Date	Original Issuance
Senior Lien Airport Revenue Bonds, Series 2008B (AMT)	06/18/08	\$ 43,160,000
Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT)	06/18/08	\$ 109,850,000
Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT)	06/18/08	\$ 68,520,000
Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT)	09/01/10	\$ 642,680,000
Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds-Direct Payment)	09/01/10	\$ 21,345,000
Junior Lien Airport Revenue Refunding Bonds, Series 2010C (Non-AMT)	09/01/10	\$ 32,080,000
Rental Car Facility Charge Revenue Bonds, Taxable Series 2004	06/02/04	\$ 260,000,000
Junior Lien Water System Revenue Refunding Bonds, Series 2001	08/01/01	\$ 99,980,000

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Purpose	Call and Redemption Terms
To fund a portion of certain improvements at the City's airports.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Senior Lien Excise Tax Revenue Refunding Bonds (Airport Improvements), Series 1994 and a 1994 Airport general obligation bond. Refunding a portion of the Senior Lien Airport Revenue Bonds, Series 1998A and 1998B.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the Subordinated Excise Tax Variable Rate Demand Revenue Bonds (Airport Improvements), Series 1995 and the Airport Terminal Senior Lien Excise Tax Revenue Refunding Bonds, Series 1998. Refunding various Airport general obligation bonds.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To fund a portion of the costs related to the Phoenix Sky Train, Phoenix Sky Train related land and other land acquisition costs. A portion of the proceeds will be applied to the payment of principal and interest on the Airport Revenue Bond Anticipation Notes, Series 2008A and 2008B.	Bonds maturing on or after July 1, 2021 (excluding the bond maturing on July 1, 2034), are callable on July 1, 2020 and thereafter, in whole or in part at any time, at 100% of par. The bond maturing on July 1, 2034 is callable on July 1, 2015 and thereafter, in whole or in part at any time, at 100% of par.
To fund land acquisition for noise mitigation and related capital costs unrelated to the Phoenix Sky Train.	The bonds are subject to redemption prior to their maturity of July 1, 2040 in whole or in part at the make-whole premium.
To refund a portion of the Senior Lien Airport Revenue Bonds, Series 1998A.	Bonds are callable on July 1, 2020 and thereafter, in whole or in part at any time, at 100% of par.
To fund the majority of the cost of designing, acquiring, constructing and equipping certain facilities, infrastructures, site development, and equipment necessary for the operation of a consolidated rental car center at the Airport.	Bonds are callable in whole or in part at any time prior to maturity at 100% of par plus the make-whole premium, if any.
To refund a portion of the outstanding Junior Lien Water System Revenue Bonds, Series 1994 and a portion of the outstanding Junior Lien Water System Revenue Bonds, Series 1996.	Bonds are not subject to redemption prior to stated maturity.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Issue	Issue Date	Original Issuance
Junior Lien Water System Revenue Bonds, Series 2002	04/01/02	\$ 220,000,000
Junior Lien Water System Revenue Refunding Bonds, Series 2003	10/01/03	\$ 11,325,000
Junior Lien Water System Refunding Certificates of Participation, Series 17	07/21/04	\$ 27,775,000
Junior Lien Water System Revenue Bonds, Series 2005	06/01/05	\$ 600,000,000
Junior Lien Water System Revenue Bonds, Series 2009A	06/02/09	\$ 450,000,000
Junior Lien Water System Revenue Refunding Bonds, Series 2009B	06/02/09	\$ 90,295,000
Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B	01/11/05	\$ 102,020,000
Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008	11/18/08	\$ 133,400,000
Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001	07/01/01	\$ 166,260,000
Junior Lien Wastewater System Revenue Bonds, Series 2004	12/16/04	\$ 180,000,000
Junior Lien Wastewater System Revenue Bonds, Series 2007	11/27/07	\$ 300,000,000

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Purpose	Call and Redemption Terms
To fund the improvements to the water system, and refunding of the outstanding Water System Revenue Bond Anticipation Notes, Series 2001A and 2001B.	Bonds maturing on or after July 1, 2013 are callable in whole at any time or in part on any interest payment date at 100% of par.
To refund the outstanding Senior Lien Water System Revenue Refunding Bonds, Series 1993 and paying a portion of the interest with respect to the Junior Lien Water System Revenue Bonds, Series 2002.	Bonds maturing on or after July 1, 2015 are callable in whole or in part at any time, at 100% of par.
To refund of the outstanding Junior Lien Water System Refunding Certificates of Participation, Series 1, dated September 1, 1992.	Certificates maturing after August 1, 2014 are callable prior to maturity in whole or in part on any interest payment date thereafter at 100% of par.
To refund the outstanding Water System Revenue Bond Anticipation Notes, Series 2003 and to fund the cost of certain improvements of the City's water system.	Bonds maturing on or after July 1, 2016 are callable in whole or in part at any time, at 100% of par.
To refund the outstanding Water System Revenue Bond Anticipation Notes, Series 2007A and 2007B and to fund the cost of certain improvements of the City's water system.	Bonds maturing on or after July 1, 2020 are callable on 7/1/19 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Junior Lien Water System Revenue Refunding Bonds, Series 1998.	Bonds are not subject to redemption prior to maturity.
To refund the outstanding Wastewater System Lease Revenue Bonds, Series 1993, and Wastewater System Lease Revenue Refunding Bonds, Series 1993.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Senior Lien Wastewater System Variable Rate Demand Revenue Refunding Bonds, Series 2004.	Bonds maturing on or after July 1, 2019 are callable on 7/1/18 and thereafter, in whole or in part at any time, at 100% of par.
To refund a portion of the outstanding Junior Lien Wastewater System Revenue Bonds, Series 1997 and a portion of the outstanding Junior Lien Wastewater System Revenue Bonds, Series 2000.	Bonds maturing on or after July 1, 2012 are callable on 7/1/11 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Wastewater System Bond Anticipation Notes, Series 2003 and to fund the cost of certain improvements of the City's wastewater system.	Bonds maturing on or after July 1, 2015 are callable on 7/1/14 and thereafter, in whole or in part at any time, at 100% of par.
To refund the outstanding Wastewater System Bond Anticipation Notes, Series 2006 and to fund the cost of certain improvements of the City's wastewater system.	Bonds maturing on or after July 1, 2018 are callable on 7/1/17 and thereafter, in whole at any time or in part on any interest payment date at 100% of par.

Maturities for the bond issues and certificates of participation are on the following pages.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2003			
2012	\$ -	\$ -	\$ -
2013	1,530,000	799,275	2,329,275
2014	1,610,000	722,775	2,332,775
2015	1,675,000	658,375	2,333,375
2016	1,740,000	591,375	2,331,375
2017-2021	1,830,000	2,155,875	3,985,875
2022-2026	2,450,000	1,733,625	4,183,625
2027-2029	6,725,000	501,750	7,226,750
	<u>\$ 17,560,000</u>	<u>\$ 7,163,050</u>	<u>\$ 24,723,050</u>

Coupon rates 2.00 - 5.00%
 Effective interest rate 4.43%

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007

2012	\$ -	\$ -	\$ -
2013	3,075,000	4,754,350	7,829,350
2014	3,235,000	4,600,600	7,835,600
2015	3,390,000	4,440,850	7,830,850
2016	3,555,000	4,278,175	7,833,175
2017-2021	28,905,000	17,943,875	46,848,875
2022-2026	36,640,000	10,013,875	46,653,875
2027-2029	18,885,000	1,821,387	20,706,387
	<u>\$ 97,685,000</u>	<u>\$ 47,853,112</u>	<u>\$ 145,538,112</u>

Coupon rates 4.00 - 5.00%
 Effective interest rate 4.51%

Senior Lien Excise Tax Revenue Bonds, Series 2011A

2012	\$ -	\$ 1,178,749	\$ 1,178,749
2013	-	1,105,077	1,105,077
2014	3,895,000	1,105,077	5,000,077
2015	2,675,000	1,027,177	3,702,177
2016	2,730,000	946,927	3,676,927
2017-2021	14,065,000	2,426,737	16,491,737
2022-2026	1,880,000	716,724	2,596,724
2027-2031	2,285,000	309,079	2,594,079
	<u>\$ 27,530,000</u>	<u>\$ 8,815,547</u>	<u>\$ 36,345,547</u>

Coupon rates 2.00 - 5.00%
 Effective interest rate 2.86%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)			
2012	\$ -	\$ 2,785,498	\$ 2,785,498
2013	-	2,611,405	2,611,405
2014	-	2,611,405	2,611,405
2015	3,695,000	2,611,405	6,306,405
2016	3,830,000	2,525,385	6,355,385
2017-2021	20,230,000	10,609,156	30,839,156
2022-2026	9,590,000	7,200,882	16,790,882
2027-2031	9,715,000	4,984,617	14,699,617
2032-2036	12,135,000	2,098,839	14,233,839
	<u>\$ 59,195,000</u>	<u>\$ 38,038,592</u>	<u>\$ 97,233,592</u>

Coupon rates	<u>2.328 - 5.007%</u>
Effective interest rate	<u>4.86%</u>

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C

2012	\$ -	\$ 1,280,433	\$ 1,280,433
2013	-	1,200,406	1,200,406
2014	-	1,200,406	1,200,406
2015	-	1,200,406	1,200,406
2016	-	1,200,406	1,200,406
2017-2021	4,260,000	6,002,030	10,262,030
2022-2026	18,215,000	2,815,283	21,030,283
2027-2028	1,830,000	116,395	1,946,395
	<u>\$ 24,305,000</u>	<u>\$ 15,015,765</u>	<u>\$ 39,320,765</u>

Coupon rates	<u>4.125 - 5.00%</u>
Effective interest rate	<u>3.79%</u>

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D, (Taxable)

2012	\$ -	\$ 892,462	\$ 892,462
2013	-	836,683	836,683
2014	-	836,683	836,683
2015	810,000	836,683	1,646,683
2016	1,775,000	817,826	2,592,826
2017-2021	20,220,000	2,288,653	22,508,653
	<u>\$ 22,805,000</u>	<u>\$ 6,508,990</u>	<u>\$ 29,313,990</u>

Coupon rates	<u>2.328 - 4.257%</u>
Effective interest rate	<u>3.91%</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2003A			
2012	\$ 3,575,000	\$ 563,250	\$ 4,138,250
2013	3,750,000	384,500	4,134,500
2014	3,940,000	197,000	4,137,000
	<u>\$ 11,265,000</u>	<u>\$ 1,144,750</u>	<u>\$ 12,409,750</u>

Coupon rates	<u>2.00 - 5.00%</u>
Effective interest rate	<u>4.17%</u>

Municipal Facilities Subordinated Excise Tax Revenue Bonds, Series 2003B

2012	\$ -	\$ -	\$ -
2013	1,535,000	648,525	2,183,525
2014	1,610,000	571,775	2,181,775
2015	1,105,000	510,595	1,615,595
2016	985,000	467,500	1,452,500
2017-2021	5,575,000	1,695,670	7,270,670
2022-2025	4,195,000	408,005	4,603,005
	<u>\$ 15,005,000</u>	<u>\$ 4,302,070</u>	<u>\$ 19,307,070</u>

Coupon rates	<u>2.00 - 5.00%</u>
Effective interest rate	<u>4.03%</u>

Municipal Facilities Subordinated Excise Tax Revenue Bonds, Taxable Series 2003C and 2003D

2012	\$ 825,000	\$ 1,813,519	\$ 2,638,519
2013	860,000	1,775,039	2,635,039
2014	900,000	1,734,497	2,634,497
2015	945,000	1,691,106	2,636,106
2016	995,000	1,644,666	2,639,666
2017-2021	5,790,000	7,390,650	13,180,650
2022-2026	7,565,000	5,611,828	13,176,828
2027-2031	9,995,000	3,184,064	13,179,064
2032-2033	4,855,000	422,626	5,277,626
	<u>\$ 32,730,000</u>	<u>\$ 25,267,995</u>	<u>\$ 57,997,995</u>

Coupon rates	<u>3.95 - 5.75%</u>
Effective interest rate	<u>5.65%</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Subordinated Excise Tax Revenue Bonds, Series 2004			
2012	\$ -	\$ -	\$ -
2013	1,715,000	447,125	2,162,125
2014	1,805,000	357,088	2,162,088
2015	1,670,000	262,325	1,932,325
2016	1,760,000	174,650	1,934,650
2017-2021	1,490,000	201,250	1,691,250
2022-2024	155,000	15,750	170,750
	<u>\$ 8,595,000</u>	<u>\$ 1,458,188</u>	<u>\$ 10,053,188</u>

Coupon rates	<u>3.00 - 5.63%</u>
Effective interest rate	<u>4.14%</u>

Subordinated Excise Tax Revenue Bonds (Civic Plaza Expansion Project), Series 2005A

2012	\$ -	\$ 14,925,000	\$ 14,925,000
2013	-	14,925,000	14,925,000
2014	-	14,925,000	14,925,000
2015	-	14,925,000	14,925,000
2016	-	14,925,000	14,925,000
2017-2021	34,885,000	71,307,000	106,192,000
2022-2026	44,510,000	61,669,500	106,179,500
2027-2031	56,610,000	49,569,750	106,179,750
2032-2036	72,050,000	34,145,000	106,195,000
2037-2041	91,945,000	14,240,000	106,185,000
	<u>\$ 300,000,000</u>	<u>\$ 305,556,250</u>	<u>\$ 605,556,250</u>

Coupon rates	<u>4.25 - 5.00%</u>
Effective interest rate	<u>4.62%</u>

Subordinated Excise Tax Revenue Bonds (Solid Waste Improvements), Series 2006A

2012	\$ 3,170,000	\$ 3,285,688	\$ 6,455,688
2013	3,345,000	3,158,887	6,503,887
2014	3,530,000	3,025,088	6,555,088
2015	3,725,000	2,883,887	6,608,887
2016	3,930,000	2,734,888	6,664,888
2017-2021	23,140,000	10,863,987	34,003,987
2022-2026	30,250,000	4,447,687	34,697,687
	<u>\$ 71,090,000</u>	<u>\$ 30,400,112</u>	<u>\$ 101,490,112</u>

Coupon rates	<u>4.00 - 5.00%</u>
Effective interest rate	<u>4.45%</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
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Subordinated Excise Tax Revenue Bonds, Series 2006B

2012	\$ -	\$ -	\$ -
2013	2,270,000	90,800	2,360,800
	<u>\$ 2,270,000</u>	<u>\$ 90,800</u>	<u>\$ 2,360,800</u>

Coupon rates 4.00 - 5.00%

Effective interest rate 3.89%

Subordinated Excise Tax Revenue Bonds, Taxable Series 2006C

2012	\$ 960,000	\$ 2,414,108	\$ 3,374,108
2013	1,015,000	2,354,107	3,369,107
2014	1,080,000	2,298,283	3,378,283
2015	1,145,000	2,238,342	3,383,342
2016	1,205,000	2,174,795	3,379,795
2017-2021	5,695,000	9,873,790	15,568,790
2022-2026	7,625,000	7,794,250	15,419,250
2027-2031	10,225,000	5,094,900	15,319,900
2032-2035	10,610,000	1,638,000	12,248,000
	<u>\$ 39,560,000</u>	<u>\$ 35,880,575</u>	<u>\$ 75,440,575</u>

Coupon rates 5.50 - 6.50%

Effective interest rate 6.10%

Subordinated Excise Tax Revenue Bonds, Series 2007A

2012	\$ 805,000	\$ 851,100	\$ 1,656,100
2013	840,000	818,900	1,658,900
2014	870,000	785,300	1,655,300
2015	910,000	748,325	1,658,325
2016	950,000	709,650	1,659,650
2017-2021	5,425,000	2,858,825	8,283,825
2022-2026	6,890,000	1,390,838	8,280,838
2027	1,580,000	75,050	1,655,050
	<u>\$ 18,270,000</u>	<u>\$ 8,237,988</u>	<u>\$ 26,507,988</u>

Coupon rates 4.00 - 5.00%

Effective interest rate 4.46%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B			
2012	\$ 720,000	\$ 2,390,300	\$ 3,110,300
2013	3,790,000	3,162,200	6,952,200
2014	3,460,000	2,982,700	6,442,700
2015	7,750,000	2,817,200	10,567,200
2016	7,140,000	2,437,200	9,577,200
2017-2021	30,275,000	7,471,000	37,746,000
2022-2023	11,950,000	872,900	12,822,900
	<u>\$ 65,085,000</u>	<u>\$ 22,133,500</u>	<u>\$ 87,218,500</u>

Coupon rates 3.75 - 4.50%

Effective interest rate 4.33%

Subordinated Excise Tax Revenue Refunding Bonds, Series 2007C (Taxable)

2012	\$ 2,000,000	\$ 1,660,097	\$ 3,660,097
2013	2,110,000	1,550,096	3,660,096
2014	2,220,000	1,433,414	3,653,414
2015	2,350,000	1,309,893	3,659,893
2016	2,480,000	1,178,669	3,658,669
2017-2021	14,675,000	3,616,591	18,291,591
2022	3,455,000	198,662	3,653,662
	<u>\$ 29,290,000</u>	<u>\$ 10,947,422</u>	<u>\$ 40,237,422</u>

Coupon rates 5.44 - 5.63%

Effective interest rate 5.81%

Subordinated Excise Tax Revenue Bonds, Series 2011 (Taxable)

2012	\$ 795,000	\$ 929,306	\$ 1,724,306
2013	3,530,000	859,968	4,389,968
2014	3,595,000	799,393	4,394,393
2015	3,670,000	716,636	4,386,636
2016	3,770,000	612,848	4,382,848
2017-2019	12,140,000	1,023,022	13,163,022
	<u>\$ 27,500,000</u>	<u>\$ 4,941,173</u>	<u>\$ 32,441,173</u>

Coupon rates 1.416 - 4.407%

Effective interest rate 3.71%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B			
2012	\$ 572,735	\$ -	\$ 572,735
2013	18,495,000	-	18,495,000
2014	-	20,449,000	20,449,000
2015	-	20,449,000	20,449,000
2016	-	20,449,000	20,449,000
2017-2021	11,024,929	101,432,100	65,563,487
2022-2026	28,871,938	95,922,475	186,059,556
2027-2031	50,363,333	84,780,025	135,143,358
2032-2036	75,650,432	66,491,700	142,142,132
2037-2041	99,370,133	40,896,625	140,266,758
2042-2044	73,719,946	9,061,250	82,781,196
	<u>\$ 358,068,446</u>	<u>\$ 459,931,175</u>	<u>\$ 817,999,621</u>

Coupon rates 3.85 - 4.72%

Effective interest rate 4.72%

Transit Excise Tax Revenue Bonds (Light Rail Project), Series 2004

2012	\$ 27,215,000	\$ 20,526,287	\$ 47,741,287
2013	31,035,000	19,097,500	50,132,500
2014	35,090,000	17,545,750	52,635,750
2015	39,480,000	15,791,250	55,271,250
2016	44,215,000	13,817,250	58,032,250
2017-2020	232,130,000	30,503,500	262,633,500
	<u>\$ 409,165,000</u>	<u>\$ 117,281,537</u>	<u>\$ 526,446,537</u>

Coupon rates 5.00 - 5.25%

Effective interest rate 4.08%

Senior Lien Airport Revenue Refunding Bonds, Series 2002A (AMT)

2012	\$ 5,515,000	\$ 654,075	\$ 6,169,075
2013	6,100,000	350,750	6,450,750
	<u>\$ 11,615,000</u>	<u>\$ 1,004,825</u>	<u>\$ 12,619,825</u>

Coupon rates 4.20 - 5.75%

Effective interest rate 5.51%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Senior Lien Airport Revenue Bonds, Series 2002B (AMT)			
2012	\$ -	\$ 12,410,137	\$ 12,410,137
2013	-	12,410,137	12,410,137
2014	7,200,000	12,410,138	19,610,138
2015	7,615,000	11,996,138	19,611,138
2016	8,055,000	11,558,275	19,613,275
2017-2021	47,730,000	50,327,113	98,057,113
2022-2026	62,035,000	36,027,075	98,062,075
2027-2031	80,120,000	17,940,300	98,060,300
2032	18,635,000	978,337	19,613,337
	<u>\$ 231,390,000</u>	<u>\$ 166,057,650</u>	<u>\$ 397,447,650</u>

Coupon rates	<u>5.25 - 5.75%</u>
Effective interest rate	<u>5.51%</u>

Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT)

2012	\$ -	\$ 10,339,550	\$ 10,339,550
2013	-	10,339,550	10,339,550
2014	-	10,339,550	10,339,550
2015	-	10,339,550	10,339,550
2016	-	10,339,550	10,339,550
2017-2021	13,885,000	51,359,000	65,244,000
2022-2026	41,270,000	44,300,750	85,570,750
2027-2031	52,660,000	32,906,850	85,566,850
2032-2036	67,205,000	18,363,750	85,568,750
2037-2038	31,820,000	2,406,000	34,226,000
	<u>\$ 206,840,000</u>	<u>\$ 201,034,100</u>	<u>\$ 407,874,100</u>

Coupon rates	<u>4.80 - 5.00%</u>
Effective interest rate	<u>5.02%</u>

Senior Lien Airport Revenue Bonds, Series 2008B (AMT)

2012	\$ 4,505,000	\$ 2,230,400	\$ 6,735,400
2013	4,730,000	2,005,150	6,735,150
2014	4,965,000	1,768,650	6,733,650
2015	5,215,000	1,520,400	6,735,400
2016	5,490,000	1,246,613	6,736,613
2017-2019	18,255,000	1,949,587	20,204,587
	<u>\$ 43,160,000</u>	<u>\$ 10,720,800</u>	<u>\$ 53,880,800</u>

Coupon rates	<u>5.00 - 5.25%</u>
Effective interest rate	<u>4.68%</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT)			
2012	\$ 6,055,000	\$ 4,232,950	\$ 10,287,950
2013	7,070,000	3,930,200	11,000,200
2014	7,405,000	3,597,850	11,002,850
2015	7,250,000	3,250,550	10,500,550
2016	7,615,000	2,888,050	10,503,050
2017-2021	43,705,000	8,784,250	52,489,250
2022	10,025,000	472,700	10,497,700
	<u>\$ 89,125,000</u>	<u>\$ 27,156,550</u>	<u>\$ 116,281,550</u>

Coupon rates	<u>3.00 - 5.00%</u>
Effective interest rate	<u>4.26%</u>

Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT)

2012	\$ 9,580,000	\$ 2,296,663	\$ 11,876,663
2013	4,005,000	1,769,762	5,774,762
2014	4,160,000	1,549,488	5,709,488
2015	3,590,000	1,320,687	4,910,687
2016	3,815,000	1,132,213	4,947,213
2017-2020	17,990,000	2,395,250	20,385,250
	<u>\$ 43,140,000</u>	<u>\$ 10,464,063</u>	<u>\$ 53,604,063</u>

Coupon rates	<u>4.00 - 5.50%</u>
Effective interest rate	<u>4.58%</u>

Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT)

2012	\$ -	\$ 31,748,731	\$ 31,748,731
2013	11,710,000	31,748,731	43,458,731
2014	12,105,000	31,350,331	43,455,331
2015	12,705,000	30,751,081	43,456,081
2016	13,310,000	30,147,381	43,457,381
2017-2021	76,710,000	140,578,430	217,288,430
2022-2026	97,305,000	119,978,187	217,283,187
2027-2031	123,880,000	93,398,490	217,278,490
2032-2036	158,400,000	58,910,751	217,310,751
2037-2040	136,555,000	15,949,750	152,504,750
	<u>\$ 642,680,000</u>	<u>\$ 584,561,863</u>	<u>\$ 1,227,241,863</u>

Coupon rates	<u>2.00 - 5.00%</u>
Effective interest rate	<u>4.69%</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Junior Lien Airport Revenue Bonds, Taxable Series 2010B (Recovery Zone Economic Development Bonds Direct Payment)			
2012	\$ -	\$ 1,408,770	\$ 1,408,770
2013	-	1,408,770	1,408,770
2014	-	1,408,770	1,408,770
2015	-	1,408,770	1,408,770
2016	-	1,408,770	1,408,770
2017-2021	-	7,043,850	7,043,850
2022-2026	-	7,043,850	7,043,850
2027-2031	-	7,043,850	7,043,850
2032-2036	-	7,043,850	7,043,850
2037-2040	21,345,000	5,635,080	26,980,080
	<u>\$ 21,345,000</u>	<u>\$ 40,854,330</u>	<u>\$ 62,199,330</u>

Coupon rates	<u>6.60%</u>
Effective interest rate	<u>3.67%</u>

Junior Lien Airport Revenue Refunding Bonds, Series 2010C (Non-AMT)

2012	\$ -	\$ 1,604,000	\$ 1,604,000
2013	-	1,604,000	1,604,000
2014	-	1,604,000	1,604,000
2015	-	1,604,000	1,604,000
2016	-	1,604,000	1,604,000
2017-2021	-	8,020,000	8,020,000
2022-2025	32,080,000	4,864,250	36,944,250
	<u>\$ 32,080,000</u>	<u>\$ 20,904,250</u>	<u>\$ 52,984,250</u>

Coupon rates	<u>5.00%</u>
Effective interest rate	<u>4.33%</u>

Rental Car Facility Charge Revenue Bonds, Taxable Series 2004

2012	\$ 7,435,000	\$ 13,838,167	\$ 21,273,167
2013	7,845,000	13,431,473	21,276,473
2014	8,285,000	12,992,152	21,277,152
2015	8,750,000	12,526,536	21,276,536
2016	9,255,000	12,021,661	21,276,661
2017-2021	55,165,000	51,204,125	106,369,125
2022-2026	74,275,000	32,105,109	106,380,109
2027-2029	56,610,000	7,219,062	63,829,062
	<u>\$ 227,620,000</u>	<u>\$ 155,338,285</u>	<u>\$ 382,958,285</u>

Coupon rates	<u>3.69-6.25%</u>
Effective interest rate	<u>6.20%</u>

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
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Junior Lien Water System Revenue Refunding Bonds, Series 2001

2012	\$ 3,825,000	\$ 3,645,294	\$ 7,470,294
2013	4,020,000	3,454,044	7,474,044
2014	4,225,000	3,253,043	7,478,043
2015	4,440,000	3,036,512	7,476,512
2016	4,670,000	2,803,412	7,473,412
2017-2021	27,300,000	10,071,424	59,794,411
2022-2024	20,180,000	2,259,400	22,439,400
	<u>\$ 68,660,000</u>	<u>\$ 28,523,129</u>	<u>\$ 97,183,129</u>

Coupon rates 4.00 - 5.50%

Effective interest rate 4.68%

Junior Lien Water System Revenue Bonds, Series 2002

2012	\$ 8,360,000	\$ 9,521,675	\$ 17,881,675
2013	8,735,000	9,145,475	17,880,475
2014	9,215,000	8,665,050	17,880,050
2015	9,725,000	8,158,225	17,883,225
2016	10,260,000	7,623,350	17,883,350
2017-2021	60,220,000	29,187,950	89,407,950
2022-2026	77,415,000	11,989,750	89,404,750
	<u>\$ 183,930,000</u>	<u>\$ 84,291,475</u>	<u>\$ 268,221,475</u>

Coupon rates 4.00 - 5.50%

Effective interest rate 5.08%

Junior Lien Water System Revenue Refunding Bonds, Series 2003

2012	\$ 85,000	\$ 463,063	\$ 548,063
2013	90,000	459,875	549,875
2014	90,000	456,500	546,500
2015	95,000	453,125	548,125
2016	100,000	449,325	549,325
2017-2021	8,430,000	1,559,187	9,989,187
2022	1,915,000	86,175	2,001,175
	<u>\$ 10,805,000</u>	<u>\$ 3,927,250</u>	<u>\$ 14,732,250</u>

Coupon rates 2.00 - 4.50%

Effective interest rate 4.53%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Junior Lien Water System Refunding Certificates of Participation, Series 17			
2012	\$ 2,250,000	\$ 688,650	\$ 2,938,650
2013	2,930,000	598,650	3,528,650
2014	2,950,000	481,450	3,431,450
2015	2,860,000	363,450	3,223,450
2016	2,775,000	245,475	3,020,475
2017	2,685,000	127,537	2,812,537
	<u>\$ 16,450,000</u>	<u>\$ 2,505,212</u>	<u>\$ 18,955,212</u>

Coupon rates 2.50 - 4.75%

Effective interest rate 4.13%

Junior Lien Water System Revenue Bonds, Series 2005

2012	\$ 18,155,000	\$ 27,666,200	\$ 45,821,200
2013	18,470,000	26,758,450	45,228,450
2014	19,495,000	25,834,950	45,329,950
2015	20,675,000	24,860,200	45,535,200
2016	21,910,000	23,826,450	45,736,450
2017-2021	138,335,000	101,196,250	239,531,250
2022-2026	189,370,000	61,657,349	251,027,349
2027-2029	136,755,000	13,780,063	150,535,063
	<u>\$ 563,165,000</u>	<u>\$ 305,579,912</u>	<u>\$ 868,744,912</u>

Coupon rates 4.75 - 5.00%

Effective interest rate 4.28%

Junior Lien Water System Revenue Bonds, Series 2009A

2012	\$ -	\$ 22,443,100	\$ 22,443,100
2013	-	22,443,100	22,443,100
2014	9,445,000	22,443,100	31,888,100
2015	9,915,000	21,970,850	31,885,850
2016	-	21,475,100	21,475,100
2017-2021	57,540,000	101,905,250	159,445,250
2022-2026	73,370,000	86,069,813	159,439,813
2027-2031	93,545,000	65,895,312	159,440,312
2032-2036	119,325,000	40,114,238	159,439,238
2037-2039	86,860,000	8,805,637	95,665,637
	<u>\$ 450,000,000</u>	<u>\$ 413,565,500</u>	<u>\$ 863,565,500</u>

Coupon rates 3.50 - 5.00%

Effective interest rate 4.63%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Junior Lien Water System Revenue Refunding Bonds, Series 2009B			
2012	\$ 6,270,000	\$ 3,222,688	\$ 9,492,688
2013	6,460,000	3,034,587	9,494,587
2014	9,155,000	2,729,638	11,884,638
2015	9,510,000	2,376,437	11,886,437
2016	9,945,000	1,940,438	11,885,438
2017-2019	32,600,000	3,067,237	35,667,237
	<u>\$ 73,940,000</u>	<u>\$ 16,371,025</u>	<u>\$ 90,311,025</u>

Coupon rates 2.75 - 5.00%

Effective interest rate 2.78%

Senior Lien Wastewater System Revenue Refunding Bonds, Series 2004B

2012	\$ 11,805,000	\$ 2,537,200	\$ 14,342,200
2013	12,385,000	1,952,250	14,337,250
2014	13,005,000	1,333,000	14,338,000
2015	13,655,000	682,750	14,337,750
	<u>\$ 50,850,000</u>	<u>\$ 6,505,200</u>	<u>\$ 57,355,200</u>

Coupon rates 2.50 - 5.00%

Effective interest rate 3.67%

Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008

2012	\$ -	\$ 7,337,000	\$ 7,337,000
2013	-	7,337,000	7,337,000
2014	-	7,337,000	7,337,000
2015	-	7,337,000	7,337,000
2016	14,390,000	7,337,000	21,727,000
2017-2021	63,280,000	25,591,500	88,871,500
2022-2024	55,730,000	6,568,925	62,298,925
	<u>\$ 133,400,000</u>	<u>\$ 68,845,425</u>	<u>\$ 202,245,425</u>

Coupon rates 5.50%

Effective interest rate 5.02%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001			
2012	\$ 9,645,000	\$ 7,063,244	\$ 16,708,244
2013	10,160,000	6,544,825	16,704,825
2014	6,820,000	5,998,725	12,818,725
2015	-	5,632,150	5,632,150
2016	7,575,000	5,632,150	13,207,150
2017-2021	64,875,000	20,218,631	85,093,631
2022-2024	37,985,000	3,555,750	41,540,750
	<u>\$ 137,060,000</u>	<u>\$ 54,645,475</u>	<u>\$ 191,705,475</u>

Coupon rates 4.50 - 5.38%

Effective interest rate 5.02%

Junior Lien Wastewater System Revenue Bonds, Series 2004

2012	\$ 6,065,000	\$ 8,095,998	\$ 14,160,998
2013	6,275,000	7,889,787	14,164,787
2014	6,605,000	7,560,350	14,165,350
2015	1,990,000	7,213,588	9,203,588
2016	7,295,000	7,114,087	14,409,087
2017-2021	42,295,000	29,761,737	72,056,737
2022-2026	53,945,000	18,107,688	72,052,688
2027-2029	39,285,000	3,951,811	43,236,811
	<u>\$ 163,755,000</u>	<u>\$ 89,695,046</u>	<u>\$ 253,450,046</u>

Coupon rates 3.40 - 5.25%

Effective interest rate 4.59%

Junior Lien Wastewater System Revenue Bonds, Series 2007

2012	\$ 5,460,000	\$ 14,825,388	\$ 20,285,388
2013	5,760,000	14,606,988	20,366,988
2014	6,075,000	14,318,988	20,393,988
2015	6,410,000	14,056,088	20,466,088
2016	6,760,000	13,772,337	20,532,337
2017-2021	39,810,000	63,545,185	103,355,185
2022-2026	52,030,000	52,486,837	104,516,837
2027-2031	68,005,000	37,983,875	105,988,875
2032-2036	88,880,000	19,010,000	107,890,000
2037	20,810,000	1,040,500	21,850,500
	<u>\$ 300,000,000</u>	<u>\$ 245,646,186</u>	<u>\$ 545,646,186</u>

Coupon rates 4.00 - 5.00%

Effective interest rate 4.65%

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

Fiscal Year Ending June 30	Principal	Interest	Total
Total Bonds and Certificates Payable			
2012	\$ 145,647,735	\$ 243,768,740	\$ 389,416,475
2013	195,640,000	243,803,397	439,443,397
2014	198,040,000	255,613,957	453,653,957
2015	199,395,000	245,976,542	445,371,542
2016	214,280,000	236,251,847	450,531,847
2017-2021	1,282,564,929	997,557,204	2,280,122,133
2022-2026	1,093,171,938	688,385,892	1,781,557,830
2027-2031	819,073,333	430,556,630	1,249,629,963
2032-2036	627,745,432	249,217,091	876,962,523
2037-2041	488,705,133	88,973,592	577,678,725
2042-2044	73,719,946	9,061,250	82,781,196
	<u>\$ 5,337,983,446</u>	<u>\$ 3,689,166,142</u>	<u>\$ 9,027,149,588</u>

Changes in long-term debt during fiscal year 2010-11 are summarized as follows (in thousands)

Bonds and Certificates Payable, July 1	\$ 4,685,341
Additions (3)	873,467
Reductions	<u>(220,825)</u>
Bonds and Certificates Payable, June 30	<u>\$ 5,337,983</u>

(3) Additions include \$16,027 for accrued interest on the State of Arizona Distribution Revenue Bonds (Civic Plaza Expansion Project), Series 2005B, capital appreciation bonds

Interest payable amounts accrued through June 30 by the Corporation but not yet funded by the City have been recorded as a receivable from the City.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

(A Component Unit of the City of Phoenix, Arizona)

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2011

7. Bond Anticipation Notes Payable

The City entered into city purchase agreements with the the City of Phoenix Civic Improvement Corporation for the acquisition and construction of improvements to the wastewater system of the City. The Corporation is currently authorized to issue up to an aggregate principal amount of \$150,000,000 of its Wastewater System Revenue Bond Anticipation Notes, Series 2009 (the "Wastewater BANS").

The notes are issued as commercial paper in varying maturities up to 270 days and are currently outstanding in an aggregate principal amount of \$100,000,000. Interest rates paid on the notes range from 0.16% through 0.40%. The notes are secured by irrevocable, direct pay letters of credit issued by Bank of America N.A. (the "Bank"). While the City has not granted any lien on the wastewater system to the owners of the notes, under the purchase agreement, the City has granted the Bank lien of the respective junior subordinate lien revenues to secure its obligation to satisfy the Corporation's payment obligations under the reimbursement agreements.

During fiscal year 2011, \$200,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008A and Series 2008B were fully refunded by the issuance of \$642,680,000 of Junior Lien Airport Revenue Bonds, Series 2010A (Non-AMT).

Changes in bond anticipation notes payable (in thousands):

Bond Anticipation Notes Payable, July 1	\$	300,000
Additions		-
Reductions		(200,000)
Bond Anticipation Notes Payable, June 30	\$	<u>100,000</u>

8. Construction Commitments

As of June 30, 2011, the Corporation has outstanding construction commitments related to the various bond issues. The commitments have not been recorded in the accompanying financial statements. Only the currently payable portion of the contracts have been included in accounts payable in the accompanying financial statements.

9. Subsequent Events

On November 1, 2011 the City of Phoenix Civic Improvement Corporation issued \$167,510,000 Junior Lien Water System Revenue Refunding Bonds, Series 2011. The bonds were issued at an all-in true interest cost of 3.12% and were delivered on November 22, 2011.

On December 7, 2011 the Corporation issued \$118,290,000 of Junior Lien Wastewater System Revenue Refunding Bonds Series 2011. The bonds were issued at an all-in true interest cost of 2.53% and were delivered on December 22, 2011.

