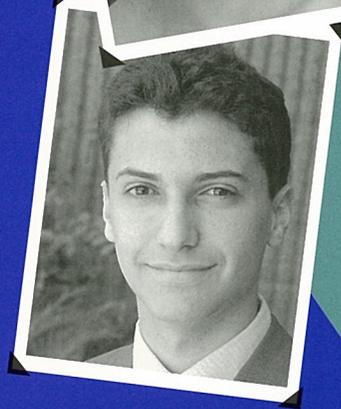
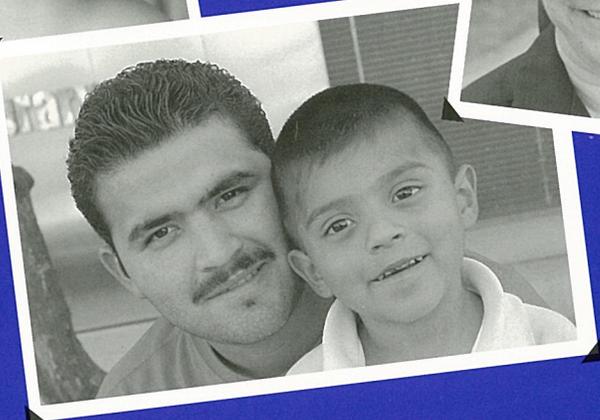
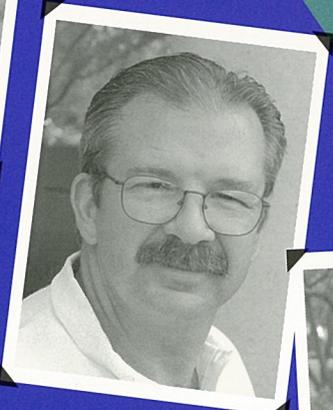
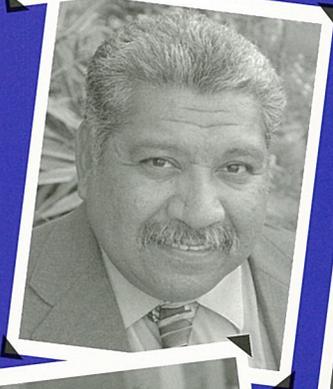
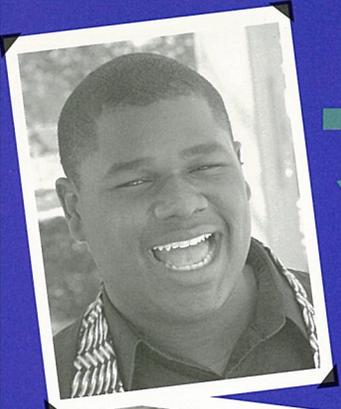


City of Phoenix, Arizona Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

.....



City of Phoenix



Phoenix is Proud of its Diverse Community

At the city of Phoenix, we value and respect diversity both in our workforce and in the more than 1.5 million residents we serve. Our individual differences are what make our community strong, vibrant and interesting.

Consider the firefighters who, in addition to responding to emergencies, spend time teaching swimming pool safety to kids and their parents. Or the police officers and traffic engineers who work with schools to keep each and every child safe to and from classes. Or the housing inspector who, on his own time, provides English classes to public housing residents. The list continues, from services to seniors, Head Start students and their families, to victims of domestic violence and people in need of public housing, to everyday services such as garbage collection, street maintenance, parks and libraries.

In order to serve all customers, we realize that a diverse, high-quality workforce is essential. Workforce diversity spans many areas – age, gender, ethnicity, to name a few, as well as the wide variety of experiences, strengths and abilities that make each individual employee unique.

Our Vision and Values statements are the cornerstone of the way we do business:

- We are dedicated to serving our customers
- We value and respect diversity
- We work as a team
- We each do all we can
- We learn, change and improve
- We focus on results
- We work with integrity
- We make Phoenix better!

This philosophy shapes our commitment to each and every resident and to the people who work in and visit Phoenix. Together, we all contribute to building a better community!





**City of Phoenix
Arizona**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

City Council

Phil Gordon, Mayor
Thelda Williams, District 1
Peggy Neely, Vice Mayor, District 2
Maria Baier, District 3
Tom Simplot, District 4
Claude Mattox, District 5
Greg Stanton, District 6
Michael Nowakowski, District 7
Michael Johnson, District 8

Administrative Staff

Frank Fairbanks, City Manager
Ruth Osuna, Deputy City Manager

Prepared By

Finance Department
Bob Wingenroth, Finance Director



City of Phoenix

Comprehensive Annual Financial Report

Table of Contents

For the Fiscal Year Ended June 30, 2008

Exhibit **Page**

Introductory Section

Letter of Transmittal	I
Certificate of Achievement for Excellence in Financial Reporting	VII
Organizational Chart	VIII
Council Members and District Boundaries	IX

Financial Section

Independent Auditor's Report	1
-------------------------------------	----------

Management's Discussion and Analysis (required supplementary information)	3
--	----------

Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Assets	A-1	13
Statement of Activities	A-2	14

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet	B-1	18
Reconciliation of the Balance Sheet to the Statement of Net Assets	B-2	19
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	B-4	21
Budgetary Comparison Statements - General Fund and Major Special Revenue Funds		
General Fund	B-5	22
Excise Tax Special Revenue Fund	B-6	23

Enterprise Fund Financial Statements

Statement of Net Assets	B-7	24
Statement of Revenues, Expenses and Changes in Net Assets	B-8	26
Statement of Cash Flows	B-9	28

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Assets	B-10	30
Statement of Changes in Fiduciary Net Assets	B-11	31

<u>Notes to the Financial Statements</u>	33
---	-----------

<u>Required Supplementary Information</u>	89
--	-----------

Nonmajor Governmental Funds

Combining Fund Financial Statements

Fund Descriptions		91
Combining Balance Sheet	C-1	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	98

Table of Contents

For the Fiscal Year Ended June 30, 2008

(Continued)

Exhibit **Page**

Other Supplementary Information

Nonmajor Governmental Funds - Budgetary Comparison Schedules

General Fund Schedule of Expenditures and Encumbrances	D-1	103
Highway User Revenue Special Revenue Fund	D-2	104
Local Transportation Assistance Special Revenue Fund	D-3	105
Transit - Transit 2000 Special Revenue Fund	D-4	106
Transit - Other Agency Special Revenue Fund	D-5	107
Transit - Federal Transit Grants Special Revenue Fund	D-6	108
Municipal Court Awards Special Revenue Fund	D-7	109
Development Services Special Revenue Fund	D-8	110
Community Reinvestment Special Revenue Fund	D-9	111
Federal Operating Trust Grants Special Revenue Fund	D-10	112
Community Development Grants Special Revenue Fund	D-11	113
Human Services Grants Special Revenue Fund	D-12	114
Public Housing Special Revenue Fund	D-13	115
Public Housing Hope VI Grant Special Revenue Fund	D-14	116
Sports Facilities Special Revenue Fund	D-15	117
Capital Construction Special Revenue Fund	D-16	118
Parks and Preserves Special Revenue Fund	D-17	119
Other Restricted Special Revenue Funds	D-18	120
Neighborhood Protection Special Revenue Fund	D-19	121
Public Safety Enhancement Special Revenue Fund	D-20	122
Public Safety Expansion Special Revenue Fund	D-21	123
Secondary Property Tax Debt Service Fund	D-22	124
City Improvement Debt Service Fund	D-23	125

Enterprise Funds - Comparative Statements and Schedules

Aviation Enterprise Fund

Comparative Statements of Net Assets	E-1	128
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-2	130
Comparative Statements of Cash Flows	E-3	131
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Aviation	E-4	132
Aviation Operating (Non-Pledged)	E-5	133

Phoenix Convention Center Enterprise Fund

Comparative Statements of Net Assets	E-6	134
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-7	136
Comparative Statements of Cash Flows	E-8	137
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-9	138

Water System Enterprise Fund

Comparative Statements of Net Assets	E-10	140
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-11	142
Comparative Statements of Cash Flows	E-12	143
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Water	E-13	144
Water - Val Vista	E-14	145

Table of Contents

For the Fiscal Year Ended June 30, 2008

(Continued)

	<u>Exhibit</u>	<u>Page</u>
Wastewater Enterprise Fund		
Comparative Statements of Net Assets	E-15	146
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-16	148
Comparative Statements of Cash Flows	E-17	149
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis		
Wastewater	E-18	150
Wastewater - SROG	E-19	151
Solid Waste Enterprise Fund		
Comparative Statements of Net Assets	E-20	152
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-21	154
Comparative Statements of Cash Flows	E-22	155
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-23	156
Golf Courses Enterprise Fund		
Comparative Statements of Net Assets	E-24	158
Comparative Statements of Revenues, Expenses and Changes in Net Assets	E-25	160
Comparative Statements of Cash Flows	E-26	161
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis	E-27	162
 <u>Fiduciary Funds</u>		
Combining Statement of Fiduciary Net Assets	F-1	164
Statement of Changes in Fiduciary Net Assets	F-2	168
Agency Fund - Statement of Changes in Assets and Liabilities	F-3	170
 <u>Other Supporting Schedules</u>		
Summary of Operating Funds - Budget Basis	G-1	174
Summary of Capital Project Funds - Budget Basis	G-2	176
Capital Improvement Program - Expenditures and Encumbrances	G-3	180
Transfers To/From Other Funds	G-4	182
Budgetary Transfers - Budget Basis	G-5	184
Bonds and Certificates Payable	G-6	186
Debt Service Requirements		
General Obligation Bonds		
Limited to Six Percent of Assessed Valuation	G-7	187
Limited to Twenty Percent of Assessed Valuation	G-8	188
By Type of Security to Bondholders	G-9	190
By General Purpose of Assets Acquired	G-10	192
Comparative Schedule of Governmental Capital Assets	G-11	194
Schedule of Governmental Capital Assets - By Function and Activity	G-12	195
Schedule of Changes in Governmental Capital Assets - By Function and Activity	G-13	196

Table of Contents

For the Fiscal Year Ended June 30, 2008

(Continued)

	<u>Table</u>	<u>Page</u>
<u>Statistical Section (Unaudited)</u>		
Financial Trends		
Net Assets by Component	1	198
Changes in Net Assets	2	200
Fund Balances of Governmental Funds	3	206
Changes in Fund Balances of Governmental Funds	4	208
Tax Revenues by Source - Governmental Funds	5	212
Intergovernmental Revenues by Source - Governmental Funds	6	214
Revenue Capacity		
City Transaction Privilege Taxes by Category	7	218
Direct and Overlapping Sales Tax Rates	8	220
Sales Taxpayers by Category	9	222
City Property Tax Levies and Collections	10	225
Property Tax Rates and Levies - Direct and Overlapping Governments	11	226
Property Tax Levies Applicable to Phoenix Property Owners	12	228
Secondary Assessed Valuation and Estimated True Valuation	13	230
Principal Property Taxpayers	14	232
Debt Capacity		
Legal Debt Margin - General Obligation Bonds	15	234
Ratio of Debt Service Expenditures for General Bonded Debt to General Governmental Operating Expenditures	16	236
Revenue Bond Coverage	17	237
Ratio of Outstanding Debt by Type	18	239
Direct and Overlapping Bonded Debt per Capita	19	240
Direct and Overlapping Bonded Debt	20	241
Economic and Demographic Information		
Demographic Statistics	21	243
Principal Employers	22	244
Operating Information		
Statistical Profile	23	246



Introductory Section

The **Introductory Section** includes the City's transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, and the City's organizational chart.





City of Phoenix

FINANCE DEPARTMENT
FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 19, 2008

Honorable Mayor, City Council and City Manager:

In accordance with the requirements of the City Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Phoenix, Arizona (the City), for the fiscal year ended June 30, 2008. These financial statements are prepared and presented in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed in pronouncements of the Governmental Accounting Standards Board (GASB). To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To provide a reasonable basis for making these representations, the City has established a comprehensive framework of internal control that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's Discussion and Analysis (MD&A) beginning on page 3 provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

Independent Audits

The City Charter requires an annual audit by independent certified public accountants. The City's Audit Committee has selected the independent audit firm of Clifton Gunderson LLP to perform the audit of the City's CAFR for fiscal year 2007-2008. The Independent Auditor's Report on the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund and the aggregate remaining funds is included in the financial section of this report.

The City is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Clifton Gunderson LLP was also contracted to perform the single audit of the City's major grant programs. This audit was designed to meet the requirements of the Single Audit Act of 1996 and related OMB Circular A-133. Due to the size and complexity of the City's financial systems, the single audit report is issued separately from this CAFR. Copies are available upon request from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5th floor of 251 W. Washington Street, Phoenix, Arizona, 85003, or on the City's internet site: <http://phoenix.gov/menu/cityfinfinance.html>.

City Profile

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and infrastructure; as well as recreational and cultural activities. The City's six enterprise funds provide aviation, convention, water, wastewater, solid waste disposal and golf course services. In addition, standards set by the GASB regarding the inclusion of certain entities based upon the significance of their operations or financial relationships with the City, require that the activities of the City of Phoenix Employees' Retirement System ("COPERS"), the City of Phoenix Civic Improvement Corporation, the Phoenix Housing Financing Corporation, and the Downtown Phoenix Hotel Corporation be included in the reporting entity.

Phoenix is the fifth most populous city in the United States, the state capital of Arizona, and the center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Goodyear, Tolleson, El Mirage, Surprise, Litchfield Park and Avondale; the towns of Buckeye and Gilbert; and all unincorporated areas of the county. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is widely known for its mild, sunny winters and hot summers and receives average rainfall of 7.66 inches a year.

Phoenix was founded in 1870 as an agricultural community, and in 1881 was incorporated as a city. Phoenix operates under a Council-Manager form of government as provided by the City Charter, which was adopted in 1913. Under this organizational structure, the Mayor and Council appoint a city manager to act as the chief operating officer. The Mayor and City Council set policy direction and the city manager implements those policies in an efficient and effective manner. In 1982, an initiative was passed by the Phoenix voters creating a district system for electing council members and the number of Council seats was increased from six to eight. The Mayor is elected at-large, while Council members are elected by voters in each of eight separate districts they represent. The Mayor and each Council member have equal voting power.

The City has grown steadily since its inception and has shown especially strong growth since 1950. In 1950, the City occupied 17 square miles with a population of almost 107,000, ranking it 99th among American cities. The 2000 census recorded Phoenix's population at 1,321,045 and the 2005 census recorded Phoenix's population at 1,475,834. As of June 30, 2008, the City encompassed 517.87 square miles and the population increased to 1,630,340.

Major employers of the Phoenix metropolitan area include the State of Arizona, Wal-Mart Stores, Inc., Banner Health Arizona, City of Phoenix, Bashas' Inc., Maricopa County, Honeywell International, Inc. (aerospace manufacturing), Arizona State University, Intel Corporation, USAirways, Wells Fargo & Company, United States Postal Service, JP Morgan Chase, Mesa Public Schools, Luke Air Force Base, Target Corporation, American Express, Fry's Food and Drug Stores, Home Depot, Apollo Group, Walgreens and Safeway Inc.

Budgeting Systems and Controls

The City maintains budgetary controls, which are designed to ensure compliance with legal provisions of the annual budget adopted by the City Council. An operating budget is legally adopted by ordinance each fiscal year for the General, special revenue, Secondary Property Tax Debt Service, City Improvement Debt Service and enterprise funds on a modified accrual basis plus encumbrances. The level of legal budget control is by fund, except for the General Fund for which the control is by program.

After tentative adoption of the budget, the Council may make changes, but may not increase the budget totals except in those areas exempted by State budget law. The exemptions apply to Federal funds, Arizona Highway User funds, debt service and bond funds. After final adoption, transfers between budget appropriations for non-exempt areas may be made by the City Council. Throughout the budget year, the Council may also appropriate additional general purpose funds by use of a contingency appropriation reserved to cover emergencies or other necessary expenditures as determined by the Council.

Supplemental appropriations may be adopted for expenditures exempt from the State expenditure limitation, such as federally-funded programs, provided funds are available. State law requires the City to re-budget (reappropriate) funds for the completion of contracts which were originally budgeted for and encumbered in a previous fiscal year. This law necessitates an additional appropriation ordinance to re-budget funds for contracts not completed by June 30.

Economic Condition and Outlook

The rapid population growth noted above has been accompanied by even greater employment growth. Total nonagricultural wage and salary employment from 1950 through June 2008 in the Phoenix-Mesa-Scottsdale metropolitan statistical area ("Greater Phoenix") was up over 2,415.6% to 1,871,600 jobs, while the U.S. as a whole grew 206.7%. Historically, the unemployment rate in Greater Phoenix has been well below that of the U.S. as a whole. The seasonally adjusted unemployment rate in Greater Phoenix as of June 2008 was 3.7% compared to 4.2% for Arizona and 5.1% for the U.S.

According to Elliott D. Pollack & Company, a real estate and economic consulting firm, the Greater Phoenix employment growth turned negative in December 2007. This was due mainly to a slower rate of growth in the U.S. as a whole and the ripple effects from a decline in the housing market and tight credit conditions. Employment growth is expected to slow from a rate of 1.3% in 2007 to forecasted growth rates of 0.5% and 1.4% in 2008 and 2009, respectively.

The weak housing market in the Greater Phoenix area is expected to continue through 2008 and 2009 and dampen the overall economy. A significant inventory of new and existing houses combined with soft demand due to tighter credit standards and slower population growth are expected to exert downward pressure on housing prices and new housing permits. Commercial construction has also weakened in response to employment declines, a slowdown in population growth and higher vacancy rates.

According to the Arizona Department of Commerce, Research Administration, population in Greater Phoenix increased 3.5% in 2007 and is expected to increase by 2.5% in 2008. According to the Greater Phoenix Blue Chip Economic Forecast, retail sales, which increased 7.9% in 2006 and 0.1% in 2007, are expected to increase by 2.2% in 2008. In addition, it is estimated that personal income increased 7.2% in 2007 and is expected to increase by 5.0% in 2008. In light of continued weakness in the overall economy, it is likely that these forecasts will be revised downward. Overall, 2008-2009 will be a difficult year for both the national and Greater Phoenix economies.

The City's property tax base remains strong due to rapid growth over the past few years. The 2008-09 total secondary assessed valuation is \$18.9 billion and includes \$766 million in new construction being added to the rolls. This represents growth of 17.3% over 2007-08 values. The City's total property tax rate (primary and secondary) for 2008-09 will remain at \$1.82 per \$100 of assessed valuation.

The City's Excise Tax Fund, primarily the City sales taxes, began declining in late calendar year 2007 and has continued to decline throughout calendar year 2008. As a result, the City is proposing budget reductions and revenue enhancements beginning in March 2009 to maintain the City's current strong financial position. The magnitude of any necessary reductions or revenue enhancements will be available in early calendar year 2009.

Long-Term Financial Planning

The City's financial planning process is primarily driven by the budget process. This process includes the annual operating budget which is prepared on a modified zero-base budgeting process. This includes an annual base budget for each City department that is subjected to a detailed technical review and is adjusted for base reductions or supplementals (budget additions) based on revenue and expenditure forecasts. City departments are required to review their budget after the third month of the year (3+9) and information is updated after the seventh month of the year (7+5). Input from the departments, the City Manager's Office, City Council and citizens, including numerous community budget hearings, are conducted as part of this process. The City Council formally adopts the budget for the following year in mid-June.

As part of the annual budget process, departments also submit five-year capital plans for review and approval based on available funding. The capital plans are updated annually and approved by the City Council. The plans serve as the primary drivers of the long-term financial planning process. As part of this process, revenue forecasts of property tax revenues, excise taxes, and user fees related to enterprise funds are updated annually in order to determine the long-term funding availability.

At a more detailed level, the water, wastewater and solid waste enterprise funds annually present five-year financial forecasts to the City Council for annual approval as part of their annual rate review process. The City Council reviews the financial plans and approves the associated rates necessary to support the enterprise funds and their capital programs for the upcoming year.

The Aviation Department also routinely updates its long-range capital and financial plans. This process has been very valuable during the economic downturn and the associated impact on the airline industry, and has allowed the Aviation Department to adjust its capital spending and operations accordingly.

Major Initiatives and Awards

In November 2008, Standard & Poor's Ratings Services raised its rating on the City's water and wastewater revenue bonds to AAA from AA. The upgraded rating was based on the City's large, diverse and expanding economic base; sufficient water supply; ample treatment capacity; large but reasonable five year capital improvement plan and low combined water and wastewater rates. The upgrade was also based on the City's water system's low cost water supply, revenue raising flexibility and strong historical financial operations.

Construction continued on the \$600 million Phoenix Convention Center expansion project, a four-level meeting facility. Phase Two of the project, which includes construction of the new north building, broke ground in May 2006. In January 2008, the north building was connected to the completed west building by a 150-foot bridge 54 feet above street level. In February 2008, a "Topping Off" ceremony was held to mark the substantial structural completion of the north building, which is on schedule to be completed by December 2008. It will accommodate its first convention groups on January 2009.

In December 2005, \$350 million of revenue bonds were issued through the Downtown Phoenix Hotel Corporation to finance the planning, design, engineering, construction, equipping, furnishing and opening of a 1,000-room, full-service, first-class, downtown hotel one block north of the Phoenix Convention Center. The hotel officially opened October 1, 2008. It is the first hotel to be built downtown since 1976. With 31 stories, it is the tallest hotel in Arizona.

In March 2008, construction of the METRO light rail system in the downtown and other parts of the city was completed. The 20-mile initial light rail line links Phoenix with Tempe and Mesa. Performance and safety testing progressed to a six-mile stretch of track between Phoenix and Tempe. The first light rail vehicle moved into Mesa and traveled to the end of the line in June 2008, and the first light rail vehicle moved into downtown Phoenix in July 2008. As light rail train testing moved alongside traffic, a comprehensive and multi-channeled safety campaign was launched. The grand opening of the METRO light rail system is on schedule for December 2008.

The first phase of the Arizona State University (ASU) Phoenix campus opened in August 2006 to 6,000 registered students and 600 faculty and staff. Construction was completed on the new Walter Cronkite School of Journalism and Mass Communications facility, and its grand opening was celebrated in November 2008. New student housing is under construction on the ASU Phoenix Campus. The first of two towers, which is 13 stories high and accommodates 750 beds, opened in fall 2008. The second tower, with an additional 550 beds, is expected to open in fall 2009. A phase II building for the College of Nursing and Healthcare is scheduled for completion by the fall of 2009. The University of Arizona continued to expand its colleges of medicine and pharmacy in Phoenix with the construction of the Arizona Biomedical Collaborative building. Research within the building will focus on areas including cancer, diabetes, neurological and cardiovascular diseases. The \$30 million facility was completed in July 2007.

The Neighborhood Services Department received recognition from the National Association of Housing and Redevelopment in July 2007 for its efforts at removing neighborhood blight, building infill housing and removing health and safety hazards from homes in the community.

In November 2007, the Center for Digital Government, a national research and advisory institute on information technology policies and best practices in state and local government, recognized Phoenix as one of the Top Ten Digital Cities for 2007.

In April 2008, the City, along with the Fire, Police and Aviation departments, was honored with the Pro Patria Award from the Employer Support of the Guard and Reserve (ESGR) for supporting employees deployed in Operation Enduring/Iraqi Freedom. The Pro Patria award is presented annually to employers who demonstrate exceptional support for U.S. national defense by adopting personnel policies that make it easier for employees to participate in the National Guard and Reserve.

Also in April 2008, the Planning Department received a National Planning Landmark Award from the American Planning Association for the Phoenix Mountain Preserve Plan. More than 30 years ago, the City set a national precedent when it protected 7,500 acres of open space in the Phoenix Mountains.

In June 2008, the Convention Center's West Building received the U.S. Green Building Council's LEEDS Silver Certification for its use of the Leadership in Energy and Environmental Design (LEED) rating system. The West Building was designed to achieve LEED certification for energy use, lighting, water and material use as well as incorporating a variety of other sustainable strategies.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and the applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received this award continuously since 1976. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

The component unit financial report for COPERS for the year ended June 30, 2007 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

Acknowledgements

I want to thank the staff of the Finance Department's Financial Accounting and Reporting Division for their efforts in preparing this report. I would also like to thank all City departments for their cooperation and assistance throughout the past year. I also appreciate the guidance and support extended by the City Manager and his staff and the Mayor and City Council in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



Bob Wingenroth
Finance Director



City of Phoenix

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Phoenix
Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



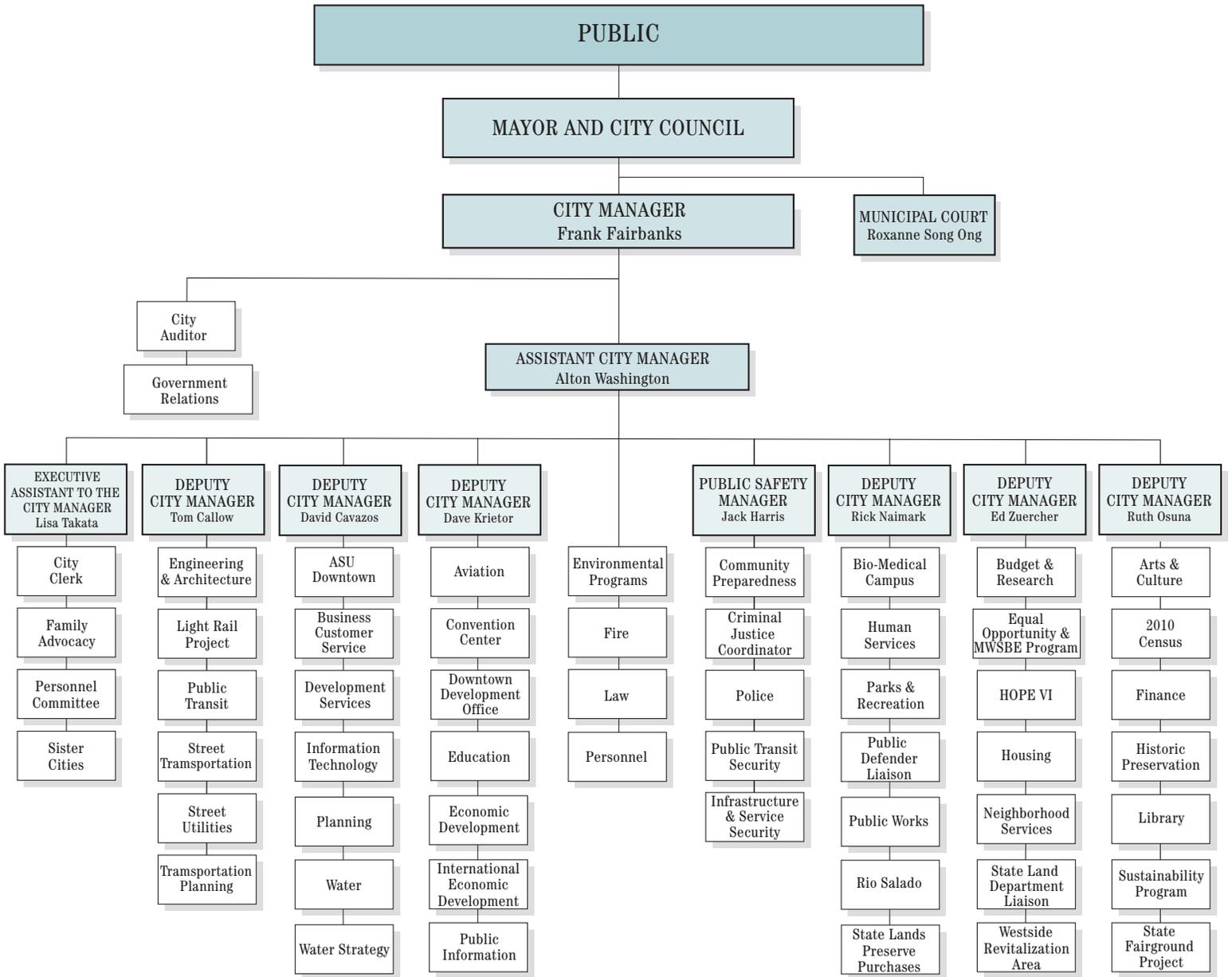
Chloe S. Cox

President

Jeffrey R. Emer

Executive Director

City of Phoenix Organizational Chart



City of Phoenix Council members and district boundaries



Mayor Phil Gordon
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Thelda Williams
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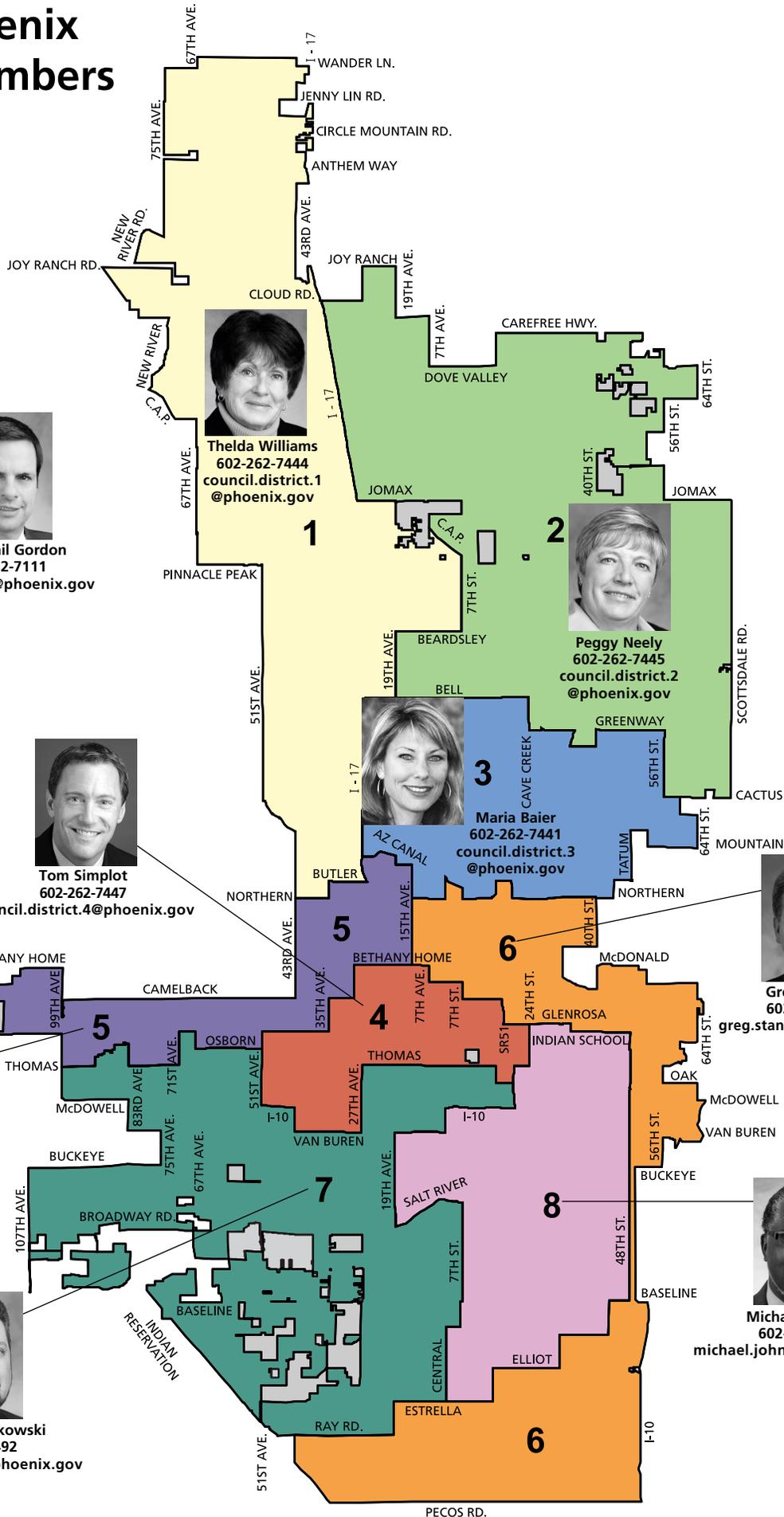
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Michael Johnson
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Financial Section

The **Financial Section** includes the Independent Auditor's Report, Management's Discussion and Analysis, the audited financial statements, notes to the audited financial statements, and supplemental information.



Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Phoenix, Arizona

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Phoenix, Arizona (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the financial section of the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison statements for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 20 to the basic financial statements, the City adopted the provisions of Statement of Governmental Accounting Standards No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective July 1, 2007, which moved the balances and activities of the Healthcare Benefits Trust Fund, the Medical Expense Reimbursement Program, and the Long Term Disability Trust to the new Other Employee Benefit Trust Fiduciary Funds.

The management's discussion and analysis and the schedule of funding progress included in required supplementary information to the basic financial statements on pages 3 through 11, and 89, respectively, 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.

Our audit was conducted for the purpose of forming opinions on the City's basic financial statements. The combining non-major fund financial statements, other supplementary information, capital assets schedules and other supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Clifton Henderson LLP

Phoenix, Arizona
December 19, 2008



Financial Section

**Management's Discussion and
Analysis (required supplementary
information)**



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Phoenix, Arizona, we offer the following narrative overview and analysis of the financial activities of the City of Phoenix, Arizona (the City) for the fiscal year ended June 30, 2008. Readers are encouraged to consider the overview and analysis in combination with the traditional transmittal letter that can be found on pages I – V of this report.

FINANCIAL HIGHLIGHTS

- The total assets of the City exceeded its total liabilities at the close of the fiscal year by \$8.4 billion (net assets). Of this amount, \$1.3 billion (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$684.3 million.
- As of the close of the fiscal year, the City's Governmental Funds reported combined ending fund balances of \$1.6 billion, a decrease of \$439.8 million from last fiscal year. Approximately 58.5 percent of this amount, or \$912.7 million, is available for spending at the City's discretion (*unreserved fund balance*).
- At the close of the fiscal year, unreserved fund balance for the general fund was \$205.3 million, or 71.1 percent of the total general fund balance of \$288.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the Basic Financial Statements themselves. Detail regarding the basic financial statements follows.

1) Basic Financial Statements - Government-Wide Financial Statements

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They are presented in Exhibits A-1 and A-2 beginning on page 13 of this report. Summarized versions of these Exhibits are included in this MD&A and can be found on pages 4 and 7.

The *Statement of Net Assets*, Exhibit A-1, presents information on all of the City'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 City's financial position.

The *Statement of Activities*, Exhibit A-2, presents information showing how the City's net assets changed during the 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*. This is the accrual basis of accounting. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the Statement of Net Assets and the Statement of Activities divide the functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City include general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. The Business-Type Activities of the City include aviation, convention center, water, wastewater, solid waste disposal and golf course activities. In addition, financial information is also presented for the City's discretely presented component units, Phoenix Housing Finance Corporation and the Downtown Phoenix Hotel Corporation. See Note 1 on page 33 for further discussion on the financial reporting entity.

Government-Wide Financial Statement Analysis

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended June 30, 2008.

Net Assets. As noted above, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets, the amount by which assets exceeded liabilities, were \$8.4 billion at the close of the fiscal year.

The largest portion of the City's net assets (\$6.2 billion or 73.4 percent) reflects its investments in capital assets, e.g., land, buildings, improvements, machinery and equipment, and infrastructure, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The following table summarizes Exhibit A-1, the detailed Statement of Net Assets.

	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 2,651,618	\$ 2,825,225	\$ 2,234,370	\$ 2,081,666	\$ 4,885,988	\$ 4,906,891
Capital assets	4,330,958	3,877,620	6,355,636	5,810,826	10,686,594	9,688,446
Total assets	<u>6,982,576</u>	<u>6,702,845</u>	<u>8,590,006</u>	<u>7,892,492</u>	<u>15,572,582</u>	<u>14,595,337</u>
Other Liabilities	156,663	146,647	239,935	313,422	396,598	460,069
Long-term liabilities outstanding	2,603,352	2,751,646	4,174,307	3,669,007	6,777,659	6,420,653
Total liabilities	<u>2,760,015</u>	<u>2,898,293</u>	<u>4,414,242</u>	<u>3,982,429</u>	<u>7,174,257</u>	<u>6,880,722</u>
Net assets:						
Invested in capital assets, net of related debt	2,857,041	2,068,052	3,304,081	3,144,988	6,161,122	5,213,040
Restricted	832,814	1,095,820	153,980	179,365	986,794	1,275,185
Unrestricted	532,706	640,050	717,703	585,710	1,250,409	1,225,760
Total net assets	<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>	<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>	<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>

The *restricted* portion of the City's net assets (\$986.8 million) represents resources that are subject to external restrictions on how they may be used. Such restrictions include debt service payments, development impact fees restricted to growth-related projects, other capital projects and required reserves. The remaining balance, or the *unrestricted net assets* (\$1.3 billion), may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the City had positive balances in all three categories of net assets (1-invested in capital assets net of related debt, 2-restricted and 3-unrestricted), both for the government as a whole, as well as its separate Governmental and Business-Type Activities.

Capital Assets. The City's investment in capital assets for the fiscal year ended June 30, 2008, was \$10.7 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$998.1 million, an increase of \$453.3 million for Governmental Activities and \$544.8 million for Business-Type Activities.

Major additions to capital assets during the fiscal year included the following:

- Construction related to the Convention Center expansion valued at \$176.7 million.
- Various street and storm sewer projects throughout the City valued at \$123.1 million.
- New and replacement water and sewer mains throughout the City valued at \$92.1 million.
- Acquisition of Sonoran Preserve land valued at \$77.0 million.
- Design and construction at the various water treatment plants valued at \$63.5 million.
- Design and construction of the ASU Walter Cronkite School of Journalism valued at \$59.3 million.
- Land acquisition by the Aviation Department valued at \$52.3 million.
- Construction of an In-Line Baggage Explosive Detection System for Sky Harbor International Airport valued at \$41.0 million.
- Land acquisition related to the Light Rail project valued at \$22.6 million.

The following table provides a listing of the capital assets.

City of Phoenix Capital Assets (net of depreciation) as of June 30 (in thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
Buildings	\$ 776,188	\$ 630,244	\$ 1,117,782	\$ 1,134,042	\$ 1,893,970	\$ 1,764,286
Improvements	220,532	169,424	1,638,627	1,642,913	1,859,159	1,812,337
Equipment	303,537	236,923	299,613	295,445	603,150	532,368
Artwork	10,131	9,967	5,750	4,108	15,881	14,075
Land	854,849	744,011	683,907	604,997	1,538,756	1,349,008
Infrastructure	1,599,821	1,463,245	1,032,994	994,766	2,632,815	2,458,011
Construction-in-Progress	565,900	623,806	1,576,963	1,134,555	2,142,863	1,758,361
Total	\$ 4,330,958	\$ 3,877,620	\$ 6,355,636	\$ 5,810,826	\$ 10,686,594	\$ 9,688,446

Additional information regarding the City's capital assets can be found in Note 8 in the Notes to the Financial Statements Section of this report.

Long-term Liabilities. The City had total long-term liabilities or obligations of \$6.8 billion (which is comprised primarily of bonded debt) at the end of the fiscal year. Of this amount, general obligation bonds that are backed by the full faith and credit of the City comprise \$1.4 billion, while municipal corporation obligations account for \$4.4 billion of the total. Revenue bonds total \$94.3 million and an additional \$.6 million are special assessment bonds where the City is contingently liable in the event that the assessment revenues are insufficient to satisfy the debt payments.

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, streets, and transportation facilities up to an amount not exceeding 20% of secondary assessed valuation. General obligation bonds for all other purposes may be issued up to an amount not exceeding 6% of secondary assessed valuation.

The City's available debt margin at June 30, 2008 was \$1.0 billion in the 6% capacity and \$2.7 billion in the 20% capacity. Additional information regarding the debt limitations and capacities can be found in Note 11 and also in Table 15 in the statistical section of this report.

The following table illustrates the long-term obligations of the City.

**City of Phoenix
Long-Term Liabilities
as of June 30
(in thousands)**

	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 1,222,854	\$ 1,251,522	\$ 171,284	\$ 203,958	\$ 1,394,138	\$ 1,455,480
Revenue bonds	94,289	119,567	-	28,745	94,289	148,312
Certificates of Participation	32,151	33,304	-	-	32,151	33,304
Municipal Corporation						
Obligations	816,567	853,793	3,609,901	3,111,050	4,426,468	3,964,843
Special assessment bonds	593	1,257	-	-	593	1,257
Insurance claims payable	94,431	167,143	-	-	94,431	167,143
Compensated absences	138,012	124,292	20,197	17,989	158,209	142,281
Landfill Closure/Post-closure costs	-	-	58,857	34,386	58,857	34,386
Other	204,455	201,398	314,068	272,879	518,523	474,277
Total	<u>\$ 2,603,352</u>	<u>\$ 2,752,276</u>	<u>\$ 4,174,307</u>	<u>\$ 3,669,007</u>	<u>\$ 6,777,659</u>	<u>\$ 6,421,283</u>

The City's total long-term obligations increased by \$356.4 million during the fiscal year just ended, which represents an increase of 5.5 percent. During the fiscal year, the Civic Improvement Corporation issued \$300.0 million Wastewater System Revenue Bonds, proceeds of which will be used to fund improvements to the City's wastewater system, and \$428.4 million Airport Revenue Bonds, proceeds of which were used to defease certain outstanding airport debt and to fund various improvements at the airport.

During 2007, the City's general obligation debt was upgraded from AA+ to AAA by Standard and Poor's (S&P) and maintains a "Aa1" from Moody's. S&P cited the City's continued maintenance of very strong fund balances and strong financial policies and procedures, the ongoing growth and diversification of the City's broad-based economy, and the City's central presence as the economic center of the larger metropolitan region as the reason for the upgrade. Moody's listed the City's outlook as "Stable", and noted strong financial performance, sound management practices, very strong fund balances, strong financial policies and procedures, and a moderate but manageable debt burden as the rationale for the rating.

Further detail pertaining to the City's long-term obligations is available in Note 9 in the Notes to the Financial Statement Section of this report.

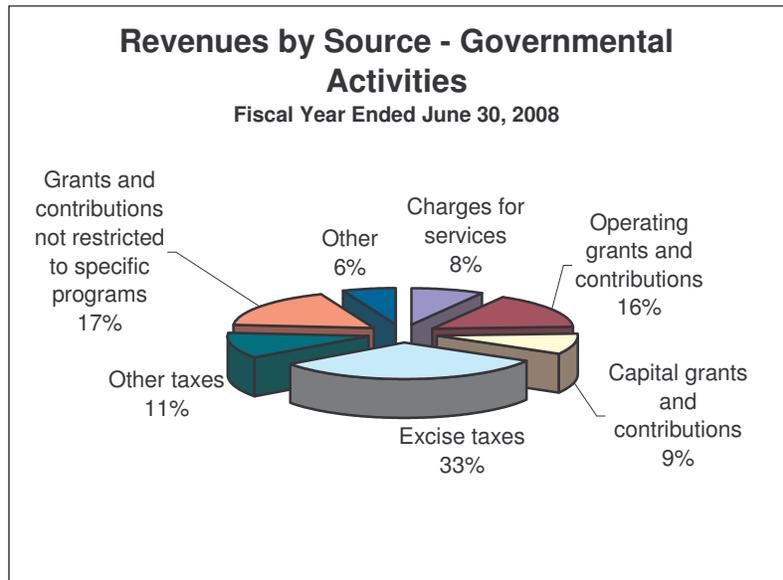
Changes in Net Assets. Detail of the following summarized information can be found in Exhibit A-2, the Statement of Activities.

**City of Phoenix
Changes in Net Assets
For the year ended June 30
(in thousands)**

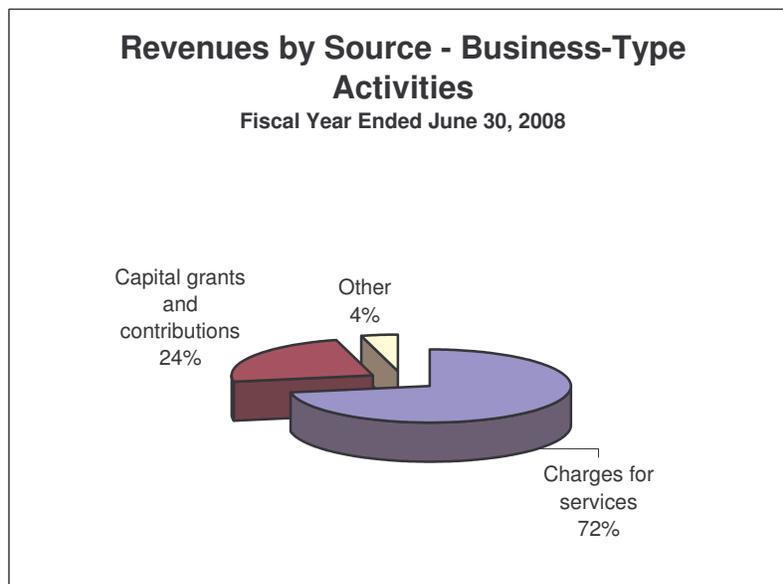
	Governmental Activities		Business-Type Activities		Total Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 196,664	\$ 277,563	\$ 912,054	\$ 853,110	\$ 1,108,718	\$ 1,130,673
Grants and contributions						
Operating	368,938	327,157	-	-	368,938	327,157
Capital	216,788	186,130	300,575	301,660	517,363	487,790
General revenues						
Excise taxes	745,044	739,579	-	-	745,044	739,579
Other taxes	269,059	216,342	-	-	269,059	216,342
Grants/contributions not restricted to specific programs	410,945	374,299	-	-	410,945	374,299
Other	143,061	143,487	52,024	59,200	195,085	202,687
Total revenues	2,350,499	2,264,557	1,264,653	1,213,970	3,615,152	3,478,527
Expenses						
General government	97,369	103,039	-	-	97,369	103,039
Criminal justice	40,258	40,085	-	-	40,258	40,085
Public safety	795,839	732,927	-	-	795,839	732,927
Transportation	182,769	264,347	-	-	182,769	264,347
Environmental Services	38,585	44,329	-	-	38,585	44,329
Community enrichment	278,649	263,031	-	-	278,649	263,031
Community development	205,934	204,768	-	-	205,934	204,768
Interest on long-term debt	103,035	96,401	-	-	103,035	96,401
Aviation	-	-	336,572	312,171	336,572	312,171
Phoenix Convention Center	-	-	70,170	66,378	70,170	66,378
Water services	-	-	327,544	272,341	327,544	272,341
Wastewater services	-	-	160,008	153,100	160,008	153,100
Solid waste	-	-	147,096	126,029	147,096	126,029
Golf courses	-	-	9,572	9,790	9,572	9,790
Total expenses	1,742,438	1,748,927	1,050,962	939,809	2,793,400	2,688,736
Increase in net assets before transfers	608,061	515,630	213,691	274,161	821,752	789,791
Transfers	(52,010)	(42,925)	52,010	42,925	-	-
Increase in net assets	556,051	472,705	265,701	317,086	821,752	789,791
Net Assets - July 1	3,803,922	3,019,314	3,910,063	3,592,977	7,713,985	6,612,291
Prior Period Adjustments	(137,412)	311,903	-	-	(137,412)	311,903
Net Assets - July 1, as restated	3,666,510	3,331,217	3,910,063	3,592,977	7,576,573	6,924,194
Net Assets - June 30	\$ 4,222,561	\$ 3,803,922	\$ 4,175,764	\$ 3,910,063	\$ 8,398,325	\$ 7,713,985

As can be seen above, Governmental Activities increased the City's net assets by \$556.1 million, thereby accounting for 67.7 percent of the total fiscal year growth in the net assets of the City. Business-Type Activities increased the City's net assets by \$265.7 million, or 32.3 percent of the total fiscal year growth in net assets. In addition, beginning net assets of the City were decreased \$137.4 million to reflect the amounts in the Healthcare Benefits Trust fund, the Medical Expense Reimbursement Program, and the Long-Term Disability Trust that were included in the General Fund at June 30, 2007, as part of the City's self-insurance risk management program. The balances and activities of these employee benefit programs are now reported in new Pension and Other Employee Benefit Trust Fiduciary Funds, as discussed in Note 20. A new voter approved excise tax for public safety expansion and enhancements offset the increase in public safety expenditures. Continued budget reduction efforts throughout the City resulted in reduced expenditures compared to prior year in most other program categories, and resulted in the overall increase in net assets.

The sources of the revenues shown above are portrayed in the following charts by percentage for the Governmental Activities and then the Business-Type Activities.



As can be seen, excise taxes, which include City sales and franchise taxes, are the largest source of revenue for the Governmental Activities comprising thirty-three percent of the total. Additional information about tax revenues is presented in Table 5 in the Statistical Section.



As can be seen in this chart, charges for services account for the majority of the Business-Type Activities revenues, which is to be expected for this fund type.

2) Basic Financial Statements - Fund Financial Statements

The Fund Financial Statements are presented in Exhibits B-1 through B-11 beginning on page 18 of this report. 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal activities. All of the funds of the City can be divided into three categories: Governmental Funds (Exhibits B-1 through B-6), Enterprise Funds (Exhibits B-7 through B-9) and Fiduciary Funds (Exhibits B-10 and B-11).

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, which are on a full accrual basis, Governmental Fund Financial Statements focus on *near-term inflow 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. Both the Governmental Funds Balance Sheet (Exhibit B-1) and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit B-3) provide a reconciliation (Exhibits B-2 and B-4, respectively) to the *Governmental Activities* portion of the Government-Wide Financial Statements.

The City maintains twenty-eight individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Excise Tax Special Revenue Fund, Transit Capital Projects Fund, and the General Obligation/Secondary Property Tax Debt Service Fund which are considered to be major funds under GASB 34. Data from the other twenty-four Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major Governmental Funds is provided in the form of *combining statements* later in this report.

The City adopts an annual appropriated budget for all City funds. A Budgetary Comparison Statement has been provided for the General Fund (Exhibit B-5) and the Excise Tax Special Revenue Fund (Exhibit B-6) to demonstrate compliance with this budget.

Enterprise Funds. *Enterprise Funds* are a type of Proprietary Fund, and are the only type of Proprietary Fund currently maintained by the City. Enterprise Funds are used to report the same functions presented as *Business-Type Activities* in the Government-Wide Financial Statements. Enterprise Funds are used to account for the operation of the City's Sky Harbor International Airport and two regional airports, Phoenix Convention Center, water system, wastewater system, solid waste disposal and the City golf courses.

Enterprise Fund Financial Statements provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Enterprise Fund Financial Statements (Exhibits B-7 through B-9 on pages 24-28) provide separate information for each of the six Enterprise Funds noted above as all are considered to be major funds of the City.

Fund Financial Statement Analysis

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related budgetary and legal requirements. The following is a brief discussion of financial highlights from the Fund Financial Statements.

Governmental Funds. The focus of the Governmental Fund Financial Statements (Exhibits B-1 through B-6 on pages 18-23) is to provide information on near-term inflows, outflows and balances of spendable resources (modified accrual basis). All major Governmental Funds are presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the nonmajor funds can be found in Exhibits C-1 and C-2. The following table summarizes information found in Exhibits B-1 and B-3.

City of Phoenix
Changes in Governmental Fund Balances
Fiscal Year Ended June 30, 2008
(in thousands)

	Fund Balances July 1, 2007	Net Change in Fund Balances	Fund Balances June 30, 2008
General	\$ 315,182	\$ (26,517)	\$ 288,665
Transit Capital Projects	290,439	(129,815)	160,624
G.O./Secondary Property Tax	148,698	49,223	197,921
Nonmajor Governmental	1,107,047	(195,246)	911,801
Total	<u>\$ 1,861,366</u>	<u>\$ (302,355)</u>	<u>\$ 1,559,011</u>

As shown in the above table, at the end of the fiscal year, the City's Governmental Funds reported combined ending fund balances of \$1.6 billion, a decrease of \$302.4 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 58.5 percent of this amount, or \$912.7 million (see Exhibit B-1), constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of the combined fund balance is *reserved*: This indicates that it is not available for new spending because it has already been committed 1) to liquidate contract and purchase orders for the prior year (\$270.2 million), 2) to pay debt service (\$277.8 million), 3) to pay for supply inventories (\$20.8 million), 4) for prepaid items (\$1.2 million), and 5) for notes receivable (\$76.3 million).

The General Fund is the chief operating fund of the City and accounts for many of the major functions of the government including general government, criminal justice, public safety, transportation, community enrichment, community development and environmental services. As presented in the table above, the General Fund balance decreased by \$26.5 million. This decrease in fund balance was due primarily to increased public safety expenditures. The Excise Tax Special Revenue Fund is used to account for City sales and franchise taxes. The balance of the Excise Tax Special Revenue Fund at the end of each fiscal year is transferred to other funds resulting in an ending fund balance of zero. The fund balance of the Transit Capital Projects Fund decreased by \$129.8 million, primarily due to the continued spending of bond proceeds received in fiscal year 2004-2005 for the Light Rail project. The fund balance of the General Obligation/Secondary Property Tax Debt Service Fund increased by \$49.2 million. This increase was due to strong secondary property tax revenues which are used for general obligation debt service. The nonmajor Governmental funds had a combined decrease in fund balance of \$195.2 million, primarily due to expenditures in capital projects.

Governments have an option of including the budgetary comparison statements for the general fund and major special revenue funds as either part of the Fund Financial Statements within the Basic Financial Statements, or as required supplementary information after the Notes to the Financial Statements. The City has chosen to present these budgetary statements as part of the Basic Financial Statements (Exhibits B-5 and B-6). Additionally, governments are required to disclose certain information about employee pension funds. The City has provided this information in Note 18 to the financial statements.

There was no change between the original general fund budget and the final amended general fund budget for the fiscal year ended June 30, 2008 (see Exhibit B-5). The final amended general fund budget projected fiscal year expenditures of \$1.2 billion. The actual general fund expenditures for the fiscal year ended June 30, 2008 were \$1.1 billion (see Exhibit B-5).

Enterprise Funds. The Enterprise Fund Financial Statements (Exhibits B-7 through B-9) are prepared and presented using the same accounting basis and measurement focus as the Government-Wide Financial Statements, but in more detail. The following table summarizes Exhibits B-7 and B-8.

City of Phoenix
Changes in Enterprise Fund Net Assets
Fiscal Year Ended June 30, 2008
(in thousands)

	Net Assets July 1, 2007	Change in Net Assets	Net Assets June 30, 2008
Aviation	\$ 1,771,698	\$ 125,221	\$ 1,896,919
Phoenix Convention Center	271,601	4,318	275,919
Water System	1,169,916	69,051	1,238,967
Wastewater	668,986	79,809	748,795
Solid Waste	27,755	(10,416)	17,339
Golf Courses	107	(2,282)	(2,175)
Total	\$ 3,910,063	\$ 265,701	\$ 4,175,764

As shown in the table, Net Assets for the Enterprise Funds increased in total by \$265.7 million during the fiscal year. The Aviation and Wastewater System comprised the majority of this total with increases of \$125.2 million and \$79.8 million, respectively (77.2 percent) due to increased operating income. The Aviation and Water System Funds comprise 75.1 percent (\$1.9 billion and \$1.2 million, respectively) of the total Enterprise Fund Net Assets at June 30, 2008.

3. Basic Financial Statements - Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes to the financial statements can be found beginning on page 33 of this report.

ECONOMIC FACTORS

- The seasonally adjusted annual average unemployment rate in Greater Phoenix area as of June 2008 registered 3.7% versus 4.2% for Arizona and 5.1% for the U.S. In June 2007, the unemployment rates were 3.3% in the Phoenix-Mesa metropolitan area, 3.8% for Arizona and 4.5% nationally.
- Economic forecasts call for employment growth to slow from a rate of 1.3% in 2007 to forecasted growth rates of 0.5% and 1.4% in 2008 and 2009, respectively. The slower rate of unemployment growth is due to a slower rate of growth in the U.S. as a whole and the ripple effects from a decline in the housing market and tight credit conditions.
- The 2008-09 total secondary assessed valuation is \$18.9 billion and includes \$766 million in new construction being added to the rolls. This represents growth of 17.3% over 2007-08 values. The City's property tax rate for 2008-09 remains at \$1.82 per \$100 of assessed valuation.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the City of Phoenix' 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 W. Washington, Phoenix, Arizona, 85003.



City of Phoenix



Financial Section

**Basic Financial Statements -
Government-Wide Financial
Statements**



City of Phoenix, Arizona
Government-Wide Financial Statements
Statement of Net Assets

Exhibit A-1

June 30, 2008
(in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporation
ASSETS					
Cash and Cash Equivalents	\$ 517,500	\$ 72,771	\$ 590,271	\$	\$
Cash Deposits	1,081	458	1,539		
Cash and Securities with Fiscal Agents/Trustees	143,575	-	143,575		
Investments	740,401	189,223	929,624		
Internal Balances	4,191	(4,191)	-		
Receivables, Net of Allowances	449,078	88,413	537,491		4,879
Prepaid Items	1,197	4,325	5,522		
Inventories	20,838	8,180	29,018		
Restricted Assets	-	1,295,210	1,295,210	110,387	
Capital Assets, at Cost					
Non-depreciable	1,853,520	2,266,620	4,120,140	250,805	
Depreciable (net)	2,477,438	4,089,016	6,566,454		
Excess of Cost Over Net Assets Acquired, Net of Accumulated Amortization	-	36	36		
Water Rights, Net of Accumulated Amortization	-	57,713	57,713		
Investment in Joint Use Agreement	758,135	518,483	1,276,618		
Other Postemployment Benefits Asset	15,622	3,749	19,371		
Total Assets	6,982,576	8,590,006	15,572,582	361,192	4,879
LIABILITIES					
Accounts Payable	110,522	42,015	152,537		190
Trust Liabilities and Deposits	46,141	499	46,640		
Unearned Revenue	-	8,673	8,673		
Liabilities Payable from Restricted Assets	-	188,748	188,748	23,698	
Noncurrent Liabilities					
Due Within One Year					
Current Portion of Insurance Claims Payable	35,751	-	35,751		
Current Portion of Accrued Compensated Absences	17,530	2,752	20,282		
Current Portion of Accrued Landfill Postclosure Care Costs	-	2,303	2,303		
Matured Bonds and Certificates Payable	84,500	98,125	182,625		
Interest Payable	54,357	86,231	140,588		
Current Portion of General Obligation Bonds	32,165	25,357	57,522		
Current Portion of Revenue Bonds	27,310	-	27,310		
Current Portion of Certificates of Participation	1,135	-	1,135		
Current Portion of Municipal Corporation Obligations	36,041	70,739	106,780		
Current Portion of Special Assessment Bonds	397	-	397		
Due in More Than One Year					
Insurance Claims Payable	58,680	-	58,680		
Accrued Compensated Absences	120,482	17,445	137,927		
General Obligation Bonds	1,190,689	145,927	1,336,616		
Revenue Bonds	66,979	-	66,979	350,000	
Certificates of Participation	31,016	-	31,016		
Municipal Corporation Obligations	780,526	3,539,162	4,319,688		
Special Assessment Bonds	196	-	196		
Unamortized Premium/(Discount)/(Issue Costs)	62,262	124,303	186,565	(12,810)	
Rebatable Arbitrage	3,336	5,409	8,745		
Accrued Landfill Closure and Postclosure Care Costs	-	56,554	56,554		
Total Liabilities	2,760,015	4,414,242	7,174,257	360,888	190
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt	2,857,041	3,304,081	6,161,122		
Restricted For:					
Capital Projects	409,279	2,950	412,229	48,602	
Debt Service	277,794	21,650	299,444	45,482	
Customer Facility Charges (CFC) Reserves	-	21,050	21,050		
Development Impact Fees	145,741	108,330	254,071		
Unrestricted	532,706	717,703	1,250,409	(93,780)	4,689
Total Net Assets	\$ 4,222,561	\$ 4,175,764	\$ 8,398,325	\$ 304	\$ 4,689

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

City of Phoenix, Arizona
Government-Wide Financial Statements
Statement of Activities

Exhibit A-2

For the Year Ended June 30, 2008
(in thousands)

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Governmental Activities				
General Government	\$ 97,369	\$ 15,672	\$ 807	\$ -
Criminal Justice	40,258	21,746	-	-
Public Safety	795,839	54,702	13,850	113
Transportation	182,769	31,004	218,220	175,608
Community Enrichment	278,649	4,969	43,889	39,453
Community Development	205,934	67,733	91,982	1,614
Environmental Services	38,585	838	190	-
Interest on Long-Term Debt	103,035	-	-	-
Total Governmental Activities	<u>1,742,438</u>	<u>196,664</u>	<u>368,938</u>	<u>216,788</u>
Business-Type Activities				
Aviation	336,572	286,986	-	161,932
Phoenix Convention Center	70,170	12,080	-	1,330
Water Services	327,544	299,568	-	78,017
Wastewater Services	160,008	173,021	-	59,205
Solid Waste	147,096	133,170	-	51
Golf Courses	9,572	7,229	-	40
Total Business-Type Activities	<u>1,050,962</u>	<u>912,054</u>	<u>-</u>	<u>300,575</u>
Total Primary Government	<u>\$ 2,793,400</u>	<u>\$ 1,108,718</u>	<u>\$ 368,938</u>	<u>\$ 517,363</u>
Component Units:				
Downtown Phoenix Hotel Corp.	\$ 3,832		\$ -	
Phoenix Housing Finance Corp.	\$ -		\$ 289	
General Revenues (Expenses)				
Taxes				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues (Expenses) and Transfers				
Change in Net Assets				
Net Assets - July 1				
Prior Period Adjustment				
Net Assets - July 1, as restated (Note 20)				
Net Assets - June 30				

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

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Downtown Phoenix Hotel Corporation	Phoenix Housing Finance Corporation	
\$ (80,890)	\$ -	\$ (80,890)			
(18,512)	-	(18,512)			
(727,174)	-	(727,174)			
242,063	-	242,063			
(190,338)	-	(190,338)			
(44,605)	-	(44,605)			
(37,557)	-	(37,557)			
(103,035)	-	(103,035)			
<u>(960,048)</u>	<u>-</u>	<u>(960,048)</u>			
-	112,346	112,346			
-	(56,760)	(56,760)			
-	50,041	50,041			
-	72,218	72,218			
-	(13,875)	(13,875)			
-	(2,303)	(2,303)			
<u>-</u>	<u>161,667</u>	<u>161,667</u>			
<u>(960,048)</u>	<u>161,667</u>	<u>(798,381)</u>			
			\$ (3,832)		
				\$ 289	
745,044	-	745,044			
106,435	-	106,435			
162,624	-	162,624			
410,945	-	410,945			
91,304	52,024	143,328	286		
51,757	-	51,757			
(52,010)	52,010	-			
<u>1,516,099</u>	<u>104,034</u>	<u>1,620,133</u>	<u>286</u>	<u>-</u>	
556,051	265,701	821,752	(3,546)	289	
3,803,922	3,910,063	7,713,985	3,850	4,400	
(137,412)	-	(137,412)	-	-	
<u>3,666,510</u>	<u>3,910,063</u>	<u>7,576,573</u>	<u>3,850</u>	<u>4,400</u>	
<u>\$ 4,222,561</u>	<u>\$ 4,175,764</u>	<u>\$ 8,398,325</u>	<u>\$ 304</u>	<u>\$ 4,689</u>	



City of Phoenix



Financial Section

Basic Financial Statements – Fund Financial Statements





City of Phoenix

City of Phoenix, Arizona
Fund Financial Statements
Balance Sheet
Governmental Funds

Exhibit B-1

June 30, 2008
(in thousands)

	General	Excise Tax	Transit Capital Project	General Obligation/Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 35,439	\$ -	\$ 13,405	\$ 171,391	\$ 297,265	\$ 517,500
Cash Deposits	1,012	-	-	-	69	1,081
Cash and Securities with Fiscal Agents/Trustees	-	-	-	58,949	84,626	143,575
Investments	123,545	-	181,436	23,278	412,142	740,401
Due from Other Funds	119,725	-	-	-	63,551	183,276
Receivables, Net of Allowance						
Accounts Receivable	27,689	-	876	-	19,539	48,104
Taxes Receivable	1,814	76,557	-	2,955	3	81,329
Delinquent Taxes Receivable	3,061	-	-	4,775	-	7,836
Intergovernmental	3,678	23,491	9,574	-	198,335	235,078
Accrued Interest	4	-	-	297	126	427
Notes Receivable	-	-	-	-	76,304	76,304
Prepaid Items	-	-	-	-	1,197	1,197
Inventories	16,460	-	-	-	4,378	20,838
Total Assets	\$ 332,427	\$ 100,048	\$ 205,291	\$ 261,645	\$ 1,157,535	\$ 2,056,946
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to Other Funds	\$ -	\$ 99,950	\$ 31,768	\$ -	\$ 47,367	\$ 179,085
Accounts Payable	21,544	98	12,899	-	75,981	110,522
Insurance Claims Payable	891	-	-	-	165	1,056
Trust Liabilities and Deposits	15,485	-	-	-	30,656	46,141
Matured Bonds Payable	-	-	-	29,695	54,805	84,500
Interest Payable	-	-	-	29,254	25,103	54,357
Deferred Revenue	5,842	-	-	4,775	11,657	22,274
Total Liabilities	43,762	100,048	44,667	63,724	245,734	497,935
Fund Balances						
Reserved for						
Encumbrances	16,804	-	66,757	-	186,652	270,213
Debt Service	50,115	-	-	197,470	30,209	277,794
Inventories	16,460	-	-	-	4,378	20,838
Prepaid Items	-	-	-	-	1,197	1,197
Notes Receivable	-	-	-	-	76,304	76,304
Unreserved						
Designated for Insurance Claims, reported in:						
General Fund	109,870	-	-	-	-	109,870
Special Revenue Funds	-	-	-	-	2,032	2,032
Designated for Unrealized Gain on Investments, reported in:						
General Fund	3,389	-	-	-	-	3,389
Special Revenue Funds	-	-	-	-	1,203	1,203
Capital Projects Funds	-	-	631	-	541	1,172
Debt Service Funds	-	-	-	451	291	742
Undesignated, reported in:						
General Fund	92,027	-	-	-	-	92,027
Special Revenue Funds	-	-	-	-	479,486	479,486
Capital Projects Funds	-	-	93,236	-	129,508	222,744
Total Fund Balances	288,665	-	160,624	197,921	911,801	1,559,011
Total Liabilities and Fund Balances	\$ 332,427	\$ 100,048	\$ 205,291	\$ 261,645	\$ 1,157,535	\$ 2,056,946

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

City of Phoenix, Arizona
Fund Financial Statements
Reconciliation of the Balance Sheet
to the Statement of Net Assets
Governmental Funds

Exhibit B-2

June 30, 2008
(in thousands)

Fund balances - total governmental funds balance sheet \$ 1,559,011

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	5,599,205	
Accumulated depreciation	<u>(1,268,247)</u>	
		4,330,958

The equity in joint venture is not a financial resource and, therefore, is not reported in the funds. 758,135

The OPEB Asset reported in governmental activities is not a financial resource and, therefore, is not reported in the funds. 15,622

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 22,274

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Governmental bonds payable	(2,228,716)	
Rebatable Arbitrage	(3,336)	
Compensated absences	(138,012)	
Insurance claims payable	<u>(93,375)</u>	
		(2,463,439)

Net assets of governmental activities - statement of net assets \$ 4,222,561

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

City of Phoenix, Arizona
Fund Financial Statements
Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

Exhibit B-3

For the Fiscal Year Ended June 30, 2008
(in thousands)

	General	Excise Tax	Transit Capital Project	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
City Taxes	\$ 106,188	\$ 745,044	\$ -	\$ 161,413	\$ -	\$ 1,012,645
Licenses and Permits	12,216	2,723	-	-	10	14,949
Intergovernmental	61,192	342,828	164,912	-	426,375	995,307
Charges for Services	51,437	-	-	-	100,264	151,701
Fines and Forfeitures	18,549	-	-	-	-	18,549
Parks and Recreation	-	-	-	-	2,933	2,933
Special Assessments	-	-	-	-	643	643
Investment Income						
Net Change in Fair Value of Investments	8,930	-	8,521	177	16,875	34,503
Interest	22,701	-	2,574	5,887	25,639	56,801
Dwelling Rentals	-	-	-	-	8,452	8,452
Other	28,146	-	8	-	23,538	51,692
Total Revenues	<u>309,359</u>	<u>1,090,595</u>	<u>176,015</u>	<u>167,477</u>	<u>604,729</u>	<u>2,348,175</u>
EXPENDITURES						
Current Operating						
General Government	65,905	-	-	-	2,781	68,686
Criminal Justice	37,406	-	-	-	1,133	38,539
Public Safety	666,806	-	-	-	98,658	765,464
Transportation	58,774	-	-	-	178,964	237,738
Community Enrichment	183,769	-	-	-	42,828	226,597
Community Development	32,352	-	-	-	157,396	189,748
Environmental Services	23,730	-	-	-	702	24,432
Capital Outlay	29,085	-	304,104	-	508,492	841,681
Debt Service						
Principal	-	-	-	29,695	65,514	95,209
Interest	-	-	-	59,816	50,368	110,184
Bond Issuance Costs	-	-	-	10	21	31
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	40	171	211
Total Expenditures	<u>1,097,827</u>	<u>-</u>	<u>304,104</u>	<u>89,561</u>	<u>1,107,028</u>	<u>2,598,520</u>
Excess (Deficiency) of Revenues Over Expenditures	(788,468)	1,090,595	(128,089)	77,916	(502,299)	(250,345)
OTHER FINANCING SOURCES (USES)						
Transfers From Other Funds	772,214	-	-	-	413,969	1,186,183
Transfers to Other Funds	(10,263)	(1,090,595)	(1,726)	(28,693)	(106,916)	(1,238,193)
Total Other Financing Sources and Uses	<u>761,951</u>	<u>(1,090,595)</u>	<u>(1,726)</u>	<u>(28,693)</u>	<u>307,053</u>	<u>(52,010)</u>
Net Change in Fund Balances	(26,517)	-	(129,815)	49,223	(195,246)	(302,355)
FUND BALANCES, JULY 1 as previously reported	452,594	-	290,439	148,698	1,107,047	1,998,778
Prior Period Adjustment	(137,412)	-	-	-	-	(137,412)
FUND BALANCES, JULY 1 as restated	<u>315,182</u>	<u>-</u>	<u>290,439</u>	<u>148,698</u>	<u>1,107,047</u>	<u>1,861,366</u>
FUND BALANCES, JUNE 30	<u>\$ 288,665</u>	<u>\$ -</u>	<u>\$ 160,624</u>	<u>\$ 197,921</u>	<u>\$ 911,801</u>	<u>\$ 1,559,011</u>

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

City of Phoenix, Arizona
Fund Financial Statements
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008
(in thousands)

Exhibit B-4

Net change in fund balances - total governmental funds \$ (302,355)

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, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital acquisitions (\$629,167) plus the increase in the equity share of the joint venture (\$233,052) exceeded depreciation (\$135,297) and loss on disposals of capital assets (\$40,532) in the current period. 686,390

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (50)

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.

Bond principal payments	92,989
Amortization of bond premium	8,656

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Compensated absences	(13,720)
Insurance claims	67,565
Rebatable arbitrage	954
Other Postemployment Benefit (OPEB) Asset	15,622

Change in net assets of governmental activities - statement of activities \$ 556,051

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

City of Phoenix, Arizona
Fund Financial Statements
Budgetary Comparison Statement
General Fund

Exhibit B-5

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
City Taxes	\$ 105,123	\$ 105,123	\$ 106,188	\$ 1,065
Licenses and Permits	12,910	12,910	12,216	(694)
Intergovernmental	64,888	64,888	61,192	(3,696)
Charges for Services	58,406	58,406	53,558	(4,848)
Fines and Forfeitures	24,580	24,580	18,536	(6,044)
Interest	3,987	3,987	2,414	(1,573)
Miscellaneous	12,985	12,985	18,347	5,362
Total Revenues	<u>282,879</u>	<u>282,879</u>	<u>272,451</u>	<u>(10,428)</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	104,173	104,173	94,866	9,307
Criminal Justice	39,291	39,291	37,172	2,119
Public Safety	698,597	698,597	662,565	36,032
Transportation	58,175	58,175	56,212	1,963
Community Enrichment	191,779	191,696	183,486	8,210
Community Development	33,977	33,977	30,731	3,246
Environmental Services	23,932	23,932	21,870	2,062
Capital	15,105	15,188	6,067	9,121
Lease-Purchase Payments	39	39	39	-
Contingency	34,230	34,230	-	34,230
Total Expenditures and Encumbrances	<u>1,199,298</u>	<u>1,199,298</u>	<u>1,093,008</u>	<u>106,290</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(916,419)	(916,419)	(820,557)	95,862
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Staff and Administrative	28,319	28,319	27,797	(522)
In-Lieu Property Taxes	18,165	18,165	17,620	(545)
Excise Taxes and Other	803,585	803,585	757,389	(46,196)
Transfers to Other Funds				
Miscellaneous	(6,072)	(6,072)	(13,323)	(7,251)
Recovery of Prior Years Expenditures	1,500	1,500	1,515	15
Total Other Financing Sources and Uses	<u>845,497</u>	<u>845,497</u>	<u>790,998</u>	<u>(54,499)</u>
Net Change in Fund Balance	<u>\$ (70,922)</u>	<u>\$ (70,922)</u>	<u>(29,559)</u>	<u>\$ 41,363</u>
Fund Balance, July 1			<u>68,689</u>	
Fund Balance, June 30			<u>\$ 39,130</u>	

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

City of Phoenix, Arizona
Fund Financial Statements
Budgetary Comparison Statement
Excise Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit B-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
City Taxes	\$ 964,734	\$ 810,500	\$ 744,697	\$ (65,803)
Licenses and Permits	2,603	2,603	2,723	120
Intergovernmental	207,826	362,060	342,828	(19,232)
Total Revenues	<u>1,175,163</u>	<u>1,175,163</u>	<u>1,090,248</u>	<u>(84,915)</u>
OTHER FINANCING USES				
Transfers to Other Funds				
General Fund	(803,090)	(803,090)	(734,609)	68,481
Transit 2000	(137,456)	(137,456)	(115,914)	21,542
Parks and Preserves	(34,364)	(34,364)	(28,979)	5,385
Sports Facilities	(18,193)	(18,193)	(16,010)	2,183
Capital Construction	(19,927)	(19,927)	(20,710)	(783)
Police Neighborhood Protection	(24,057)	(24,057)	(20,285)	3,772
Block Watch Neighborhood Protection	(1,718)	(1,718)	(1,450)	268
Fire Neighborhood Protection	(8,591)	(8,591)	(7,246)	1,345
Police Public Safety Enhancement	(16,230)	(16,230)	(15,282)	948
Fire Public Safety Enhancement	(9,672)	(9,672)	(9,371)	301
Police Public Safety Expansion	-	-	(25,771)	(25,771)
Fire Public Safety Expansion	-	-	(6,443)	(6,443)
City Improvement	(31,984)	(31,984)	(30,052)	1,932
Phoenix Convention Center	(69,881)	(69,881)	(58,126)	11,755
Total Other Financing Sources and Uses	<u>(1,175,163)</u>	<u>(1,175,163)</u>	<u>(1,090,248)</u>	<u>84,915</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance, July 1			<u>-</u>	
Fund Balance, June 30			<u>\$ -</u>	

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

City of Phoenix, Arizona
Fund Financial Statements
Enterprise Funds
Statement of Net Assets

Exhibit B-7

June 30, 2008
(in thousands)

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 25,569	\$ 9,442
Investments	15,478	32,800
Receivables, Net of Allowances	5,914	209
Prepaid Items	510	-
Cash Deposits	458	-
Inventories, at Average Cost	1,225	138
Total Unrestricted Current Assets	<u>49,154</u>	<u>42,589</u>
Restricted Assets		
Cash and Cash Equivalents	201,913	48,594
Cash Deposits	-	2,092
Cash and Securities with Fiscal Agents/Trustees	113,791	9,451
Investments	197,770	94,090
Receivables, Net of Allowances	27,976	1
Total Restricted Current Assets	<u>541,450</u>	<u>154,228</u>
Total Current Assets	<u>590,604</u>	<u>196,817</u>
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,379,578	826,057
Excess of Cost Over Net Assets Acquired, Net of Accumulated Amortization	-	-
Water Rights, Net of Accumulated Amortization	-	-
Investment in Joint Use Agreement	-	-
OPEB Asset	1,032	245
Total Noncurrent Assets	<u>2,380,610</u>	<u>826,302</u>
Total Assets	<u>2,971,214</u>	<u>1,023,119</u>
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	12,778	983
Due to Other Funds	-	-
Trust Liabilities and Deposits	486	-
Deferred Revenue	8,503	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Accrued Compensated Absences	776	206
Total Current Liabilities Payable from Current Assets	<u>22,543</u>	<u>1,189</u>
Current Liabilities Payable from Restricted Assets		
Accounts Payable	18,209	39,468
Trust Liabilities and Deposits	-	2,092
Bond Anticipation Notes Payable	-	-
Matured Bonds and Certificates Payable	24,555	985
Interest Payable	20,114	8,466
Current Portion of General Obligation Bonds	1,385	-
Current Portion of Municipal Corporation Obligations	25,430	1,705
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	<u>89,693</u>	<u>52,716</u>
Total Current Liabilities	<u>112,236</u>	<u>53,905</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment	11,065	-
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment	938,661	644,218
Unamortized Premium (Discount)	7,387	42,973
Rebatable Arbitrage	-	4,832
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	4,946	1,272
Total Noncurrent Liabilities	<u>962,059</u>	<u>693,295</u>
Total Liabilities	<u>1,074,295</u>	<u>747,200</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,531,043	278,693
Restricted for Capital Projects	-	-
Restricted for Debt Service	16,772	4,878
Restricted for CFC Transportation O&M / Improvement Reserves	21,050	-
Restricted for Development Impact Fees	-	-
Unrestricted	328,054	(7,652)
Total Net Assets	<u>\$ 1,896,919</u>	<u>\$ 275,919</u>

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

Exhibit B-7

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 15,372	\$ 14,350	\$ 8,003	\$ 35	\$ 72,771
61,273	51,322	28,350	-	189,223
55,982	18,465	7,838	5	88,413
3,815	-	-	-	4,325
-	-	-	-	458
5,646	878	-	293	8,180
142,088	85,015	44,191	333	363,370
37,531	103,487	44,689	144	436,358
3,655	209	66	-	6,022
64,688	41,073	15,838	593	245,434
131,215	120,616	35,704	-	579,395
6	17	1	-	28,001
237,095	265,402	96,298	737	1,295,210
379,183	350,417	140,489	1,070	1,658,580
2,025,180	975,183	137,770	11,868	6,355,636
36	-	-	-	36
57,713	-	-	-	57,713
121,584	396,899	-	-	518,483
1,295	455	620	102	3,749
2,205,808	1,372,537	138,390	11,970	6,935,617
2,584,991	1,722,954	278,879	13,040	8,594,197
15,493	8,335	4,368	58	42,015
-	-	-	4,191	4,191
-	-	-	13	499
59	-	-	111	8,673
-	-	2,303	-	2,303
977	318	340	135	2,752
16,529	8,653	7,011	4,508	60,433
10,888	11,462	10	-	80,037
4,133	209	66	-	6,500
100,000	-	-	-	100,000
39,235	21,530	11,476	344	98,125
28,517	24,523	4,362	249	86,231
12,686	5,506	5,780	-	25,357
18,310	18,640	6,287	367	70,739
-	-	2,211	-	2,211
213,769	81,870	30,192	960	469,200
230,298	90,523	37,203	5,468	529,633
70,354	45,602	18,906	-	145,927
996,829	809,093	141,604	8,757	3,539,162
42,290	26,891	4,618	144	124,303
-	-	577	-	5,409
-	-	56,554	-	56,554
6,253	2,050	2,078	846	17,445
1,115,726	883,636	224,337	9,747	3,888,800
1,346,024	974,159	261,540	15,215	4,418,433
851,450	631,178	9,198	2,519	3,304,081
2,950	-	-	-	2,950
-	-	-	-	21,650
-	-	-	-	21,050
71,467	34,529	2,334	-	108,330
313,100	83,088	5,807	(4,694)	717,703
\$ 1,238,967	\$ 748,795	\$ 17,339	\$ (2,175)	\$ 4,175,764

City of Phoenix, Arizona
Fund Financial Statements
Enterprise Funds
Statement of Revenues, Expenses and
Changes in Net Assets

Exhibit B-8

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Landing and Terminals Fees	\$ 136,211	\$ -
Sales	-	-
Rentals	128,116	2,964
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Golf Fees	-	-
Concessions	-	7,539
Other	19,967	1,577
Total Operating Revenues	<u>284,294</u>	<u>12,080</u>
Operating Expenses		
Administration and Engineering	-	24,742
Operation and Maintenance	210,975	13,169
Promotion	-	2,253
Depreciation and Amortization	86,364	13,621
Staff and Administrative	6,388	2,331
Other	-	2,115
Total Operating Expenses	<u>303,727</u>	<u>58,231</u>
Operating Income (Loss)	<u>(19,433)</u>	<u>(46,151)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	4,600	4,822
Interest on Investments	9,542	-
Interest on Capital Debt	(32,845)	(11,501)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	2,692	(438)
Total Non-Operating Revenues (Expenses)	<u>(16,011)</u>	<u>(7,117)</u>
Income (Loss) Before Contributions and Transfers	<u>(35,444)</u>	<u>(53,268)</u>
Capital Contributions	161,932	1,330
Transfers from Other Funds	-	58,126
Transfers to Other Funds	(1,267)	(1,870)
Change in Net Assets	<u>125,221</u>	<u>4,318</u>
Net Assets, July 1	<u>1,771,698</u>	<u>271,601</u>
Net Assets, June 30	<u>\$ 1,896,919</u>	<u>\$ 275,919</u>

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

Exhibit B-8

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ -	\$ -	\$ -	\$ -	\$ 136,211
248,991	-	-	-	248,991
-	-	-	-	131,080
-	134,265	-	-	134,265
-	-	119,344	-	119,344
-	-	-	4,992	4,992
-	-	-	2,067	9,606
50,577	38,756	13,826	170	124,873
299,568	173,021	133,170	7,229	909,362
22,522	11,196	18,558	718	77,736
162,728	59,949	98,436	7,302	552,559
-	-	-	-	2,253
82,032	39,081	11,198	736	233,032
6,578	1,581	4,736	264	21,878
-	-	6,343	4	8,462
273,860	111,807	139,271	9,024	895,920
25,708	61,214	(6,101)	(1,795)	13,442
5,793	3,768	2,385	9	21,377
11,178	7,772	2,136	19	30,647
(45,243)	(32,708)	(7,806)	(546)	(130,649)
(4,949)	(15,413)	-	-	(20,362)
(3,492)	(80)	(19)	(2)	(1,339)
(36,713)	(36,661)	(3,304)	(520)	(100,326)
(11,005)	24,553	(9,405)	(2,315)	(86,884)
78,017	59,205	51	40	300,575
22,249	6,444	-	-	86,819
(20,210)	(10,393)	(1,062)	(7)	(34,809)
69,051	79,809	(10,416)	(2,282)	265,701
1,169,916	668,986	27,755	107	3,910,063
\$ 1,238,967	\$ 748,795	\$ 17,339	\$ (2,175)	\$ 4,175,764

City of Phoenix, Arizona
Fund Financial Statements
Enterprise Funds
Statement of Cash Flows

Exhibit B-9

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Aviation	Phoenix Convention Center
Cash Flows from Operating Activities		
Receipts from Customers	\$ 286,945	\$ 13,224
Payments to Suppliers	(147,281)	(27,069)
Payments to Employees	(60,735)	(15,530)
Payment of Staff and Administrative Expenses	(6,388)	(2,331)
Net Cash Provided (Used) by Operating Activities	<u>72,541</u>	<u>(31,706)</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	-	58,126
Transfers to Other Funds	(1,267)	(1,870)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,267)</u>	<u>56,256</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	-
Principal Paid on Capital Debt	217,886	(1,340)
Interest Paid on Capital Debt	(34,873)	(17,257)
Loans from Other Funds	-	-
Acquisition and Construction of Capital Assets	(209,461)	(192,205)
Proceeds from Sales of Capital Assets	2,865	38
Capital Contributions	158,211	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>134,628</u>	<u>(210,764)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(561,390)	(2,698,755)
Proceeds from Sale and Maturities of Investment Securities	566,039	2,897,936
Net Activity for Short-Term Investments	(7,044)	(60,011)
Interest on Investments	14,584	15,120
Net Cash Provided (Used) by Investing Activities	<u>12,189</u>	<u>154,290</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>218,091</u>	<u>(31,924)</u>
Cash and Cash Equivalents, July 1	123,182	101,503
Cash and Cash Equivalents, June 30	<u>\$ 341,273</u>	<u>\$ 69,579</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (19,433)	\$ (46,151)
Adjustments		
Depreciation and Amortization	86,364	13,621
(Increase) Decrease in Assets		
Deposits	-	-
Receivables	1,261	41
Allowance for Doubtful Accounts	685	-
Prepaid Items	170	-
Inventories	150	9
OPEB Asset	(1,032)	(245)
Increase (Decrease) in Liabilities		
Accounts Payable	2,951	(249)
Trust Liabilities and Deposits	-	1,103
Deferred Revenue	705	-
Accrued Compensated Absences	720	165
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 72,541</u>	<u>\$ (31,706)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 1,329
Bond Capital Appreciation	-	13,966
Refunding Issuance in Excess of Bond Retirement	(446)	62
Increase (Decrease) in Fair Value of Investments	(34)	(1,608)
Total Noncash Transactions Affecting Financial Position	<u>\$ (480)</u>	<u>\$ 13,749</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 25,569	\$ 9,442
Restricted		
Cash and Cash Equivalents	201,913	48,594
Cash with Fiscal Agents/Trustees	113,791	9,451
Customer and Other Deposits	-	2,092
	<u>315,704</u>	<u>60,137</u>
	<u>\$ 341,273</u>	<u>\$ 69,579</u>

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

Exhibit B-9

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 296,166	\$ 170,323	\$ 133,603	\$ 7,239	\$ 907,500
(109,108)	(50,857)	(64,010)	(2,979)	(401,304)
(77,372)	(19,945)	(35,025)	(5,057)	(213,664)
(6,578)	(1,581)	(4,736)	(264)	(21,878)
103,108	97,940	29,832	(1,061)	270,654
22,249	6,444	-	-	86,819
(20,210)	(10,393)	(1,062)	(7)	(34,809)
2,039	(3,949)	(1,062)	(7)	52,010
-	185,072	-	-	185,072
(26,790)	(18,113)	(11,197)	(328)	160,118
(60,862)	(37,398)	(9,623)	(513)	(160,526)
-	-	-	1,941	1,941
(162,467)	(122,287)	(14,894)	(159)	(701,473)
158	161	2,014	2	5,238
21,287	11,243	51	-	190,792
(228,674)	18,678	(33,649)	943	(318,838)
(494,119)	(3,404,966)	(1,348,121)	(4,370)	(8,511,721)
582,226	3,294,940	1,351,694	4,440	8,697,275
28,072	73,319	(3,679)	(69)	30,588
16,983	11,537	5,118	28	63,370
133,162	(25,170)	5,012	29	279,512
9,635	87,499	133	(96)	283,338
111,611	71,620	68,463	868	477,247
\$ 121,246	\$ 159,119	\$ 68,596	\$ 772	\$ 760,585
\$ 25,708	\$ 61,214	\$ (6,101)	\$ (1,795)	\$ 13,442
82,032	39,081	11,198	736	233,032
(133)	-	-	-	(133)
(5,460)	(2,964)	137	2	(6,983)
801	279	289	-	2,054
(645)	-	-	-	(475)
(1,540)	20	-	27	(1,334)
(1,295)	(455)	(620)	(102)	(3,749)
1,568	520	172	(29)	4,933
1,257	(13)	7	5	2,359
-	-	-	3	708
815	258	157	92	2,207
-	-	24,593	-	24,593
\$ 103,108	\$ 97,940	\$ 29,832	\$ (1,061)	\$ 270,654
\$ 56,730	\$ 47,962	\$ -	\$ 40	\$ 106,061
333	-	-	-	14,299
810	2,965	11	-	3,402
1,320	149	(121)	-	(294)
\$ 59,193	\$ 51,076	\$ (110)	\$ 40	\$ 123,468
\$ 15,372	\$ 14,350	\$ 8,003	\$ 35	\$ 72,771
37,531	103,487	44,689	144	436,358
64,688	41,073	15,838	593	245,434
3,655	209	66	-	6,022
105,874	144,769	60,593	737	687,814
\$ 121,246	\$ 159,119	\$ 68,596	\$ 772	\$ 760,585

City of Phoenix, Arizona
Fund Financial Statements
Fiduciary Funds
Statement of Fiduciary Net Assets

Exhibit B-10

June 30, 2008
(in thousands)

	Pension and Other Employee Benefit Trusts	Agency Funds
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 281,673	\$ 13,621
Investments		
Treasurer's Pooled Investments	4	45,601
Temporary Investments	347,922	-
Fixed Income	505,438	-
Domestic Equities	886,965	-
International Equities	413,484	-
Receivables	-	-
Accounts Receivable	111,624	-
Contributions Receivable	4,921	-
Interest and Dividends	4,597	-
Total Assets	<u>2,556,628</u>	<u>59,222</u>
<u>LIABILITIES</u>		
Accounts Payable	557,749	-
Accrued Payroll Payable	-	59,222
Claims Payable	21,401	-
Non-current Claims Payable	179	-
Total Liabilities	<u>579,329</u>	<u>59,222</u>
<u>NET ASSETS</u>		
Held in trust for pension and other employee benefits	<u>\$ 1,977,299</u>	<u>\$ -</u>

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

City of Phoenix, Arizona
Fund Financial Statements
Fiduciary Funds
Statement of Changes in Fiduciary
Net Assets

Exhibit B-11

For the Fiscal Year Ended June 30, 2008
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>
<u>ADDITIONS</u>	
Contributions	
City of Phoenix	\$ 246,945
Employees	88,579
Inter-System Transfers	12,701
Other	4,087
Total Contributions	<u>352,312</u>
Investment Income (Loss)	
From Investing Activities	
Net Decrease in Fair Value of Investments	(149,600)
Interest	30,276
Dividends	23,794
Other	653
Investment Income (Loss)	<u>(94,877)</u>
Less: Investment Expense	<u>7,005</u>
Net Investment Income (Loss) from Investing Activities	(101,882)
Net Income from Security Lending Activity	<u>1,909</u>
Total Net Investment Income (Loss)	<u>(99,973)</u>
Total Additions	<u>252,339</u>
<u>DEDUCTIONS</u>	
Benefit Payments	298,894
Refunds of Contributions	2,652
Inter-System Transfers	12,068
Other	7,993
Total Deductions	<u>321,607</u>
Net Decrease	(69,268)
Net Assets Held in Trust for Pension and Other Employee Benefits	
Beginning of Year, July 1	<u>2,046,567</u>
End of Year, June 30	<u>\$ 1,977,299</u>

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



City of Phoenix



Financial Section

Notes to the Financial Statements

The Notes to the Financial Statements include a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying financial statements. An index to the Notes follows:

<u>Note</u>	<u>Description</u>
1	Summary of Significant Accounting Policies
2	Budget Basis of Accounting
3	Property Tax
4	Cash and Investments
5	Receivables
6	Interfund Transactions
7	Restricted Assets and Liabilities Payable from Restricted Assets
8	Capital Assets
9	Long-Term Obligations
10	Refunded and Refinanced Obligations
11	Legal Debt Margin
12	Risk Management
13	Operating Leases
14	Contractual and Other Commitments
15	Contingent Liabilities
16	Joint Use Agreements
17	Deferred Compensation Plan
18	Pension Plans
19	Other Postemployment Benefits
20	Prior Period Adjustment
21	Subsequent Events



City of Phoenix, Arizona
Notes to the Financial Statements
As of and for the Fiscal Year Ended June 30, 2008

The City of Phoenix (the “City”) was incorporated on February 25, 1881. On October 11, 1913, voters ratified a City Charter providing for a Council-Manager form of government. The government of the City of Phoenix is operated by authority of its charter, as limited by the state legislature.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

The City’s other significant accounting policies are described below:

a. Reporting Entity

The accompanying financial statements include the City and all of its component units, collectively referred to as “the financial reporting entity”. In accordance with GASB No. 14, the component units discussed below have been included in the City’s reporting entity because of the significance of their operational or financial relationships with the City.

City of Phoenix Employees’ Retirement System (“COPERS”)

All full-time general employees participate in COPERS, which is governed by a nine-member Retirement Board (the “Board”). Four statutory Board members are members of City management. Three Board members are elected from and by the COPERS’ active members. One Board member is a citizen and one is a retiree. Employees contribute 5% of their covered compensation, with the City funding all remaining costs based on actuarial valuations. COPERS is reported in the accompanying financial statements as an employee pension trust fiduciary fund. Separate financial statements for COPERS can be obtained through COPERS’ administrative office at 101 S. Central Avenue, Suite 600, Phoenix, Arizona, 85004.

City of Phoenix Civic Improvement Corporation (“CIC”)

The CIC was organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. The corporation is governed by a self-perpetuating board of directors, who are responsible for approving the corporation’s bond sales. Bond sales must also be ratified by the Mayor and City Council. Although the CIC is legally separate from the City, the corporation is reported as if it were part of the primary government, using the blending method, because its sole purpose is to finance and construct public facilities for the City. Separate financial statements for the CIC can be obtained from the City’s Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

Phoenix Housing Finance Corporation (“PHFC”)

The PHFC was incorporated as a nonprofit corporation under the laws of the State of Arizona. The corporation was created to act as an instrumentality of the City to aid in the development and financing of housing for low income persons. The corporation is governed by a self-perpetuating Board of Directors consisting of at least three persons who are appointed by and consist of City management. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to

Notes to the Financial Statements

(Continued)

be reported as a discretely presented component unit of the City for financial reporting purposes because of the City's accountability via the appointment of the board members. Separate financial statements for the corporation can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

Downtown Phoenix Hotel Corporation ("DPHC")

The DPHC is a nonprofit public benefit corporation established in January, 2005, to facilitate the financing, development, construction, and operation of a full-service convention center hotel in downtown Phoenix. The City Council of the City of Phoenix appoints the corporation's Board of Directors, approves the annual budget, and approves amendments to the Articles of Incorporation and Bylaws. Upon future dissolution of the corporation, remaining assets will revert to the City. Accordingly, the corporation is considered to be a governmental unit for financial reporting purposes. Although the corporation is legally separate from the City, governmental accounting standards require the corporation to be reported as a discretely presented component unit of the City for financial reporting purposes because of the City Council's relationship to the corporation. Separate financial statements for the corporation can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

b. Jointly Governed Organizations

Regional Public Transportation Authority (the "Authority")

The Authority is a voluntary association of local governments, including Phoenix, Tempe, Scottsdale, Glendale, Mesa and Maricopa County. Its purpose is to create a regional public transportation plan for Maricopa County. The Board of Directors consists of the mayors of those cities and a member of the County Board of Supervisors. The Authority is accounted for using the equity method.

Arizona Municipal Water Users Association ("AMWUA")

AMWUA is a nonprofit corporation established and funded by cities in Maricopa County for the development of an urban water policy and to represent the cities' interests before the Arizona legislature. In addition, AMWUA contracts with the cities jointly using the 91st Avenue Wastewater Treatment Plant to perform certain accounting, administrative and support services (see Note 16).

Williams Gateway Airport Authority ("WGAA")

WGAA is a nonprofit corporation established and funded by the City Of Phoenix, City of Mesa, Towns of Gilbert and Queen Creek, and the Gila River Indian Community. The purpose of the entity is the redevelopment of Williams Air Force Base that was closed in September 1993 to become WGAA. The Board of Directors consists of the mayors for the respective municipalities and the governor of the tribal community. The City Of Phoenix contributed \$5.3 million this fiscal year (life to date \$7.4 million) to the WGAA operating and capital budget.

c. Basic Financial Statements

The basic financial statements constitute the core of the financial section of the City's Comprehensive Annual Financial Report (CAFR). The basic financial statements include the government-wide financial statements, fund financial statements, and the accompanying notes to these financial statements.

The government-wide financial statements (statement of net assets and statement of activities) report on the City and its component units as a whole, excluding fiduciary activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-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 government-wide financial statements focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type

Notes to the Financial Statements

(Continued)

activities are shown in the government-wide financial statements. The City does not utilize any internal service funds.

Interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate costs of programs. The rates used are intended to reflect full costs in accordance with generally accepted cost accounting principles.

The government-wide statement of net assets reports all financial and capital resources of the government (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt, are capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those whose use is subject to constraints that are: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or law 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 City 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 government, whether by administrative policy or legislative actions of the reporting government, are not shown on the government-wide financial statements.

The government-wide statement of activities demonstrates the degree to which the direct expenses of the various functions and segments of the City are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt and depreciation expense on assets shared by multiple functions are not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other revenues not identifiable with particular functions or segments are included as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although the model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. The City has opted to add some funds as major funds because of outstanding debt or community focus. Nonmajor funds are combined in a single column on the fund financial statements and are detailed in combining statements included as supplementary information after the basic financial statements.

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental fund financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following the fund statements. These reconciliations explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary (enterprise) fund and fiduciary fund financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary fund financial statements will directly reconcile to the business-type activities column on the government-wide financial

Notes to the Financial Statements

(Continued)

statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds may be eliminated in the consolidation for the government-wide financial statements but is included in the fund columns in the proprietary fund financial statements.

d. **Fund Accounting**

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund equity, revenues and expenditures/expenses. The City uses the following fund categories, further divided by fund type:

Governmental Funds

Governmental funds are those through which most of the governmental functions of the City are financed. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund will always be considered a major fund in the basic financial statements.

Excise Tax Special Revenue Fund

The Excise Tax Fund is the only special revenue fund that is presented as a major fund in the basic financial statements. Revenues received for various sales and franchise taxes are recorded in the Excise Tax Fund and then subsequently transferred to the specific fund that has been budgeted to utilize the taxes.

Transit Capital Projects Fund

The Transit Fund is the only capital projects fund that is presented as a major fund in the basic financial statements. It is used to account for the purchase, construction and equipping of facilities and vehicles to provide public transit services, including a light rail transit system.

General Obligation/Secondary Property Tax Debt Service Fund

The General Obligation/Secondary Property Tax Fund is the only debt service fund that is presented as a major fund in the basic financial statements. It is used to account for debt service on all various purpose general obligation bonds. Funding is provided by the City's secondary property tax revenues, which may be used only for debt service.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Thirteen nonmajor special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Four nonmajor debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest.

Notes to the Financial Statements

(Continued)

Capital Projects Funds

Seven nonmajor capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector and where cost recovery and the determination of net income is useful or necessary for sound fiscal management. The measurement focus is based upon determination of net income, changes in net assets, financial position and cash flows.

Enterprise Funds

Enterprise funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs. The City has six enterprise funds, which are all presented as major funds in the basic financial statements and are used to account for the operation of the City's Sky Harbor International Airport and two regional airports, Phoenix Convention Center, water system, wastewater system, solid waste disposal system and golf courses.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements since they are not assets of the City available to support City programs.

Pension and Other Employee Benefit Trust Funds

Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post employment benefit plans, or other employee benefit plans. The City has two pension trust funds to account for the activities of the City of Phoenix Employees' Retirement System and the Excess Benefit Arrangement.

Employee Benefit Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of post employment benefit plans (other than pensions) or other employee benefit plans. The City has four other employee benefit trust funds to account for the activities of the Health Care Benefits, Retiree Rate Stabilization, Medical Expense Reimbursement Program and Long Term Disability.

Agency Funds

Agency funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units and other funds. The City has three agency funds to account for accrued payroll liabilities such as withholding taxes, and contributions to the Post Employment Health Plan and the Deferred Compensation Plan.

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. Statements of revenues, expenditures and changes in fund balance present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

Notes to the Financial Statements (Continued)

Enterprise funds and pension trust funds are accounted for on a flow of economic resources measurement focus whereby all assets and liabilities associated with the operation of these funds are included on the statement of net assets. Statements of revenues, expenditures and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by governmental funds. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days after year-end.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues susceptible to accrual include property tax, privilege license tax, highway user tax, state shared sales tax, vehicle license tax, and interest earned on investments. Licenses and permits, charges for services, fines and forfeitures, parks and recreation charges and miscellaneous revenues are recorded when received in cash since they are generally not measurable until actually received.

The accrual basis of accounting is followed for all enterprise funds and trust funds, whereby revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized when incurred. Employee contributions to the trust funds are recognized as revenue in the period in which employee services are performed and the contributions are therefore earned. Employer contributions are recognized at the same time, as the City is formally committed to contribute the actuarially determined amount each year. Benefit payments received the first of each month by retirees are recognized as an expense of the prior month; and refunds are recognized as expenses when paid out, in accordance with the terms of the plans.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus.

f. Budget and Budgetary Accounting

An operating budget is legally adopted by ordinance each fiscal year for the General Fund, all special revenue funds, Secondary Property Tax Debt Service Fund, City Improvement Debt Service Fund and all enterprise funds on a modified accrual basis plus encumbrances. Due to the number of individual special revenue funds, the Transit, Development Services, Grants, and Public Housing special revenue funds include two or more budgeted funds with similar purposes for GAAP financial statement presentation. The level of legal budgetary control is by fund, except for the General Fund, for which the control is by program (ie: related activities performed by one or more departments, such as public safety or community enrichment). For the applicable level of control, the budget can be amended only by City Council action subject to state law limitations. Transfers of sums within any specific appropriation may be made, but require the City Manager's approval. The General Fund, Development Services Fund, Transit 2000 Fund, and several enterprise funds include an appropriation for contingencies. Expenditures may be made from these appropriations only with City Council approval.

Notes to the Financial Statements
(Continued)

Unexpended appropriations, including those encumbered, lapse at fiscal year end. Since all expenditures must be covered by an appropriation, the City reappropriates outstanding encumbrances. For 2007-08, the reappropriation budget was \$2,298,800,000.

Expenditure Limitation

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City’s actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2007-08 expenditure limit supplied by the Economic Estimates Commission was \$1,220,301,846. The City increased this limit to \$7,578,633,000 to adjust for additional voter-approved modifications, as follows:

The Constitution exempts certain expenditures from the limitation. The principal exemptions for the City of Phoenix are payments for debt service and other long-term obligations, as well as expenditures of federal funds and certain state-shared revenues. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may also be adjusted for the transfer of functions between governmental jurisdictions.

The Constitution provides four processes, all requiring voter approval, to modify the expenditure limitation:

1. A four-year home rule option.
2. A permanent adjustment to the 1979-80 base.
3. A one-time override for the following fiscal year.
4. An accumulation for pay-as-you-go capital expenditures.

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2003 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option will be in effect through 2007-08. Previously established exclusions for pay-as-you-go capital projects continue to apply. On September 11, 2007, the voters approved a similar home rule option to be in effect for the four year period of fiscal year 2008-09 through 2011-12.

Budget Calendar

Each year the City Manager issues a budget calendar giving specific completion dates for various phases of the budget process. Both the City Charter and State Statutes are followed by completing each step by the earlier of the two legal “deadlines”, described below:

Action	City Charter	State Statutes
City Manager’s proposed budget for ensuing year submitted to Council	On or before the first Tuesday in June	No provision
Publish general summary of budget and notice of public hearing	Publish in newspaper of general circulation at least two weeks prior to first public hearing	No provision
Public hearing and tentative budget adoption	On or before the last day of June	On or before the third Monday in July
Publish budget summary and notice of public hearing	No provision	Once a week for two consecutive weeks following tentative adoption

Notes to the Financial Statements
(Continued)

Public hearing and final budget adoption	No provision	No later than the second Monday in August
Property tax levy adoption	No later than the last regular Council meeting in July	No sooner than fourteen days following final budget adoption and no later than the third Monday in August

Final adoption of the operating budget is by ordinance. Differences between the basis of accounting used for budgetary purposes and that used for reporting in accordance with GAAP are discussed in Note 2.

g. 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, liabilities, and net assets, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

h. Reservations and Designations

In the governmental fund financial statements, 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.

i. Pooled Cash and Investments

The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer. Excluded from this pool are the investments of COPERS and certain other legally restricted funds. COPERS' investments are managed by fifteen professional fund managers and are held by a plan custodian who is COPERS' agent. Interest earned by the pool is distributed monthly to individual funds based on daily equity in the pool.

The City's cash and cash equivalents are considered to be cash in bank, cash on hand, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investments are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

j. Inventories

Inventories consist of expendable supplies held for consumption. Inventories in governmental funds are stated at average cost. Enterprise fund inventories are stated at the lower of average cost or market. Inventories are primarily accounted for on the consumption method. The reserve for inventories in the governmental funds is equal to the amount of inventories to indicate that a portion of the fund balance is not available for future expenditure.

k. Capital Assets

All capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term capital assets or depreciation are shown in the governmental fund financial statements.

Public domain infrastructure (e.g. roads, bridges, sidewalks and other assets that are immovable and of value only to the City) has both depreciable and non-depreciable components. Non-depreciable infrastructure consists of sub-grade preparation. According to the Streets Department engineers, sub-grade preparation, which is necessary for the initial construction of a street, will not have to be replaced in order to maintain the streets at an acceptable level. Therefore, the sub-grade preparation is treated as a permanent improvement.

Notes to the Financial Statements

(Continued)

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than two years. All artwork, land and non-depreciable infrastructure is capitalized. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of projects is reflected in the capitalized value of the asset constructed for the enterprise funds. See Note 8 for presentation of capital additions and interest costs capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciable capital assets are depreciated or amortized using the straight-line method and the following estimated useful lives:

Buildings and improvements	5 to 50 years
Motor vehicles and motorized equipment	3 to 25 years
Furniture, machinery and equipment	5 to 25 years
General government infrastructure	6 to 100 years
Mains, hydrants, meters and service connections	5 to 50 years

Gain or loss is recognized when assets are retired from service or are otherwise disposed of. Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation) or net realizable value, if lower, as of the date of the transfer.

I. Compensated Absences

Vacation and compensatory time benefits are accrued as liabilities as employees earn the benefits to the extent that they meet both of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; and 2) it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as cash payments.

Sick leave benefits are accrued as a liability as the benefits are earned by employees, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' termination or retirement. For governmental funds, a liability for these amounts is reported only if they have matured, for example, as a result of employee resignations and retirements. For the government-wide financial statements, as well as the enterprise fund financial statements, all of the outstanding compensated absences are recorded as a liability.

m. Long-Term Obligations

In the government-wide financial statements, and in the enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Unamortized bond premiums or discounts are reported separately in the financial statements.

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.

n. Fund Deficits

Deficits sometimes occur in the capital projects funds which are recovered through future bond sales and/or the award of federal grants. Although there were no governmental fund deficits at June 30, 2008, the Golf Enterprise Fund had a fund deficit of \$2,175,000.

o. Interfund Transactions

Interfund transactions, consisting of services performed for other funds or costs billed to other funds are treated as expenditures in the fund receiving the services and as a reimbursement reducing expenditures in the fund performing the services, except for sales of water to other City departments, which are recorded as revenue, and in-lieu property taxes, which are recorded as revenue in the General Fund and expenses in the Enterprise funds. In addition, operating transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

p. Statements of Cash Flows

For purposes of the statements of cash flows, all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased are considered to be cash equivalents. Under the provisions of GASB No. 9, the trust funds are not required to present a statement of cash flows.

q. New Accounting Pronouncements

In November 2006, GASB issued Statement No. 49, ***Accounting and Financial Reporting for Pollution Remediation Obligations***. The statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This statement is effective for the City's financial statements for periods beginning after December 15, 2007. The City is in the process of reviewing and evaluating this statement. Therefore, the potential impact of this new accounting pronouncement on the financial statements cannot be determined at this time.

In June 2007, GASB issued Statement No. 51, ***Accounting and Reporting for Intangible Assets***. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. This statement is effective for the City's financial statements for periods beginning after June 15, 2009. The City is in the process of reviewing and evaluating this statement. Therefore, the potential impact of this new accounting pronouncement on the financial statements cannot be determined at this time.

In November 2007, GASB issued Statement No. 52, ***Land and Other Real Estate Held as Investments by Endowments***. The statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. This statement is effective for the City's financial statements for periods beginning after June 15, 2008. The City is in the process of reviewing and evaluating this statement. Although the potential impact of this new accounting pronouncement on the financial statements cannot be determined at this time, it is thought to be minimal.

In June 2008, GASB issued Statement No. 53, ***Accounting and Financial Reporting for Derivative Instruments***. The statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is effective for the City's financial statements for periods beginning after June 15, 2009. The City is in the process of reviewing and evaluating this statement. Although the potential impact of this new accounting pronouncement on the financial statements cannot be determined at this time, it is thought to be minimal.

Notes to the Financial Statements
(Continued)

2. Budget Basis of Accounting

The City's budget is adopted on a basis other than GAAP. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual for the General and major Special Revenue Funds (Exhibits B-5 and B-6) are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP bases are:

	Budget	GAAP
Encumbrances	The equivalent of expenditures	A reservation of fund balance
Grant Revenues	Recognized on a modified cash basis	Recognized on the accrual basis
Investment Income	Unrealized gain or loss on investments not recognized	Unrealized gain or loss on investments recognized
Reservations of Fund Balance	Not recognized	Recognized
Designation of Fund Balance for Unrealized Gains on Investments	Not recognized	Recognized
In-Lieu Property Taxes	Interfund Transfers	Revenues and expenses
Staff and Administrative Costs	Interfund Transfers	Reimbursable expenses

Subfunds without legally adopted budgets (and, therefore, not included in the budgetary balances) are reported for GAAP. In addition, certain revenues, expenditures and transfers not recognized in the budgetary year are accrued for GAAP purposes.

Adjustments necessary to convert the results of operations for the fiscal year ended June 30, 2008 on the budget basis to the GAAP basis are as follows (in thousands):

	Excess of Sources of Financial Resources Over Uses of Financial Resources	
	General	Excise Tax Special Revenue
Budget basis	\$ (29,559)	\$ -
Entity differences - amounts not budgeted	(446)	-
Transfers not recognized for budget purposes	(27,556)	(347)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	(709)	347
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	27,709	-
Unrealized gain or loss on investments	10,400	-
Encumbrances at June 30 recognized as expenditures for budget purposes	(6,356)	-
GAAP basis	<u>\$ (26,517)</u>	<u>\$ -</u>

Notes to the Financial Statements
(Continued)

Adjustments necessary to convert the fund balances at June 30, 2008 on the budget basis to the GAAP basis are as follows (in thousands):

	Fund Balances at June 30	
	General	Excise Tax Special Revenue
Budget basis	\$ 39,130	\$ -
Entity differences - amounts not budgeted	180,928	-
Transfers not recognized for budget purposes	(27,486)	(347)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	(103)	347
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	21,162	-
Unrealized gain or loss on investments	56,745	-
Encumbrances at June 30 recognized as expenditures for budget purposes	18,289	-
GAAP basis	<u>\$ 288,665</u>	<u>\$ -</u>

3. Property Tax

Levy, Assessment and Collection

Arizona's property tax system provides for two separate tax systems:

1. A primary system for taxes levied to pay current operation and maintenance expenses.
2. A secondary system for taxes levied to pay principal and interest on bonded indebtedness as well as for the determination of the maximum permissible bonded indebtedness.

Specific provisions are made under each system for determining the full cash and limited values of property, the basis of assessment, and the maximum annual tax levies on certain types of property and by certain taxing authorities. Under the primary system, the limited value of locally-assessed real property (residential, commercial, industrial, agricultural and unimproved property) may increase by more than 10% annually only under certain circumstances. Under the secondary system, there is no limitation on the annual increase in full cash value of any property. Primary levies are limited to a 2% increase annually plus levies attributable to assessed valuation added as a result of growth and annexation. In addition, levies may be increased by an amount equal to payments made during the year by the City pursuant to involuntary tort judgements. Secondary tax levies do not have a limitation. City of Phoenix assessed valuations for tax year 2008 are: primary \$14,664,583,196 and secondary \$18,856,072,373.

The City Council adopts the annual tax levy not later than the last regularly scheduled meeting in July. The City's property tax is levied each year on or before the third Monday in August. The basis of this levy is the full cash value as determined by the Maricopa County Assessor. For locally assessed property, the full cash value is determined as of January 1 of the year preceding the tax year, known as the valuation year. For utilities and other centrally valued properties, the full cash value is determined as of January 1 of the tax year. The City has a legal enforceable claim to the property when the property tax is levied. The County collects all property taxes on behalf of the City and all other tax levying jurisdictions within the County.

Notes to the Financial Statements
(Continued)

Property Taxes Receivable for the year were as follows (in thousands):

	2007 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 7,090	\$ 7,090
Current Tax Levy	103,664	163,227	266,891	-	266,891
Adjustments by County Assessor	247	218	465	(1,452)	(987)
	103,911	163,445	267,356	5,638	272,994
Less: Collections	(100,766)	(158,205)	(258,971)	(4,382)	(263,353)
Taxes Receivable, June 30	\$ 3,145	\$ 5,240	\$ 8,385	\$ 1,256	\$ 9,641

In fiscal 2007-08, current property tax collections were \$258,971,000, or 97.0% of the tax levy, and were recognized as revenue when received. At fiscal year end, the delinquent property tax expected to be collected within 60 days was recognized as revenue and recorded as a receivable for the governmental funds. As delinquent payments are received in 2008-09, the receivable will be credited until the full amount has been satisfied. Any additional collections will be credited to revenue. Property tax revenues on the government-wide statements are recognized, net of estimated uncollectible amounts, in the period for which the taxes are levied.

The year end fund balance in the Secondary Property Tax Debt Service Fund must remain in that fund and be used for future debt service payments. Any year that total primary tax collections, excluding delinquent collections, exceed the primary tax levy, the excess amount must be deducted from the maximum levy of the following year.

Taxes Due and Payable

Property taxes are due and payable at the office of the County Treasurer in two equal installments on October 1 and March 1 following the levy date, and become delinquent the first business day of November and May, respectively. Interest at 16% per annum attaches on the first and second installments following their delinquent dates. Interest on delinquent taxes is retained by the County. The County Treasurer remits to the City on the 15th day of each month all monies collected the previous month on property taxes due the City.

Delinquent Taxes - Sales and Redemption

Public auctions for sale of delinquent real estate taxes are held in the office of the County Treasurer in February following the May 1 date upon which the second half taxes become delinquent. Tax bills are sold to the highest bidder who offers to pay the accumulated amount of tax and to charge thereon the lowest rate of interest. The maximum amount of interest provided by law is 16% per annum. The purchaser is given a Certificate of Purchase issued by the County Treasurer. Five years from the date of sale, the holder of a Certificate of Purchase, which has not been redeemed, may demand of the County Treasurer a County Treasurer's Deed. However, at the end of three full years, a holder of a Certificate may institute a quiet title action. If the suit is successful, the Court will instruct the County Treasurer to issue a County Treasurer's Deed.

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

Unsecured Personal Property

The foregoing is applicable to real property, improvements thereon and secured personal property (personal property attached to real property), utilities and other centrally assessed property. During fiscal 2007-08, 0.01% of the total property tax collections represented taxes on unsecured personal property, which are assessed on a monthly basis using different procedures than those applicable to secured property.

Notes to the Financial Statements
(Continued)

4. Cash and Investments

Cash and cash equivalents at June 30, 2008, was comprised of the following (in thousands):

Cash in Bank	\$ 3,419
Cash on Hand	203
Short-Term Pooled Investments	245,571
Short-Term Non-Pooled Investments	1,124,967
Cash with Fiscal Agent (1)	19,175
Total Cash and Cash Equivalents	<u>\$ 1,393,335</u>

- (1) Represents cash advanced by the City to fiscal agents on June 30, 2008 for debt service payments on refunded/defeased bonds due to bondholders on July 1, 2008. The City was reimbursed on July 1, 2008, from proceeds of investments maturing in escrow accounts held by the respective fiscal/escrow agents.

A summary of cash and cash equivalents by fund follows (in thousands):

Primary Government	
Unrestricted	
General Fund	\$ 35,439
Transit Capital Projects	13,405
General Obligation/Secondary Property Tax	171,391
Non-Major Governmental Funds	297,265
Enterprise Funds	
Aviation	25,569
Phoenix Convention Center	9,442
Water System	15,372
Wastewater	14,350
Solid Waste	8,003
Golf Courses	35
Total Unrestricted	<u>590,271</u>
Restricted	
Enterprise Funds	
Aviation	201,913
Phoenix Convention Center	48,594
Water System	37,531
Wastewater	103,487
Solid Waste	44,689
Golf Courses	144
Total Restricted	<u>436,358</u>
Total Primary Government	1,026,629
Component Unit - DPHC	71,412
Fiduciary Funds	
Pension and Other Employee Benefit Trusts	281,673
Payroll Agency	13,621
Total Reporting Entity	<u>\$ 1,393,335</u>

Notes to the Financial Statements

(Continued)

Deposits

Cash deposits are subject to custodial risk. Custodial risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City's deposits during the year and at fiscal year end were entirely covered by federal depository insurance or by collateral held by the City's agent in the City's name. The carrying amount of the City's deposits at June 30, 2008 was \$3,419,000 and the bank ledger balance was \$17,378,000.

Cash and securities with fiscal agents and trustees are subject to custodial risk. The City's contracts with the fiscal agents and trustees call for these deposits to be fully covered by collateral held in the fiscal agents' and trustees' trust departments but not in the City's name. Each trust department pledges a pool of collateral against all trust deposits it holds. The carrying amount of the City's cash and securities with fiscal agents and trustees at June 30, 2008 was \$389,010,000 and the bank ledger balance was \$399,781,000.

Investments

The City Charter and ordinances authorize the City to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, commercial paper, money market accounts, 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 carried at fair value. It is the City's policy generally to hold investments until maturity. In addition to the types of investments described above, COPERS is also authorized to invest in certain types of investment grade domestic preferred and common stocks, and real property. The City Charter allows COPERS to invest up to 60% in common stocks.

Total investments at June 30, 2008, stated at fair value, were \$3,746,935,000. The following summarizes those amounts reported in "Investments" in the accompanying financial statements (in thousands):

Notes to the Financial Statements
(Continued)

	Credit Quality Rating	Fair Value	Weighted Average Maturity (Years)
City Investments			
Pooled Investments			
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	\$ 90,765	0.003
Commercial Paper	A1+	34,226	0.004
U.S. Treasury Securities	N/A (1)	347,264	1.300
U.S. Government Agency Securities			
FNMA Notes	AAA	96,348	1.154
FHLMC Notes	AAA	176,491	1.695
FHLB Notes	AAA	219,968	1.605
FFCB Notes	AAA	120,049	0.175
HUD	N/A (1)	13,829	1.086
Total U.S. Government Agency Securities		<u>626,685</u>	1.276
Municipal Securities	AA+	47,545	1.603
Mortgage Backed Securities			
GNMA	N/A (1)	118,380	3.799
FNMA Notes	AAA	6,920	2.043
FHLMC Notes	AAA	47,555	2.261
Total Mortgage Backed Securities		<u>172,855</u>	3.306
Collateralized Mortgage Obligations			
FNMA Notes	AAA	34,299	4.062
FHLMC Notes	AAA	61,527	2.423
Total Collateralized Mortgage Obligations		<u>95,826</u>	3.010
Total Pooled Investments		1,415,166	1.288
Less: SROG Pooled Investments		(47,196)	
Less: Val Vista Pooled Investments		(10,035)	
Less: Short-Term Pooled Investments		(312,120)	
Net Pooled Investments		<u>1,045,815</u>	
Non-Pooled Investments			
Short-Term Investment Funds	AAA	148,158	0.003
Repurchase Agreements collateralized by U.S. Treasury Securities	Not Rated	52,649	0.003
Commercial Paper	A1+	10,400	0.003
U.S. Treasury Securities	N/A (1)	810,219	0.280
U.S. Government Agency Securities			
FHLB Notes	AAA	393,915	0.041
FFCB Notes	AAA	34,781	0.012
HUD	N/A (1)	9,945	1.086
Total U.S. Government Agency Securities		<u>438,641</u>	0.062
Municipal Securities	AA+	4,050	1.138
		1,464,117	0.177
Less: Short-Term Non-Pooled Investments		(938,263)	
Total Non-Pooled Investments		<u>525,854</u>	
Arizona State Treasurer's LGIP	Not Rated	2,950	0.122
Total City Investments		<u>1,574,619</u>	
Component Unit Investments			
Downtown Phoenix Hotel Corporation			
Government Investment Contracts collateralized by U.S. Treasury Securities	Not Rated	36,967	0.003
U.S. Government Agency Securities			
FNMA Notes	AAA	17,223	0.886
FHLMC Notes	AAA	12,693	2.589
FHLB Notes	AAA	8,586	0.489
Total U.S. Government Agency Securities		<u>38,502</u>	
Total Component Unit Investments		75,469	0.695
Less: Short-Term Investments		(36,967)	
Net Component Unit Investments		<u>38,502</u>	

(1) U.S. Government Guaranteed

Notes to the Financial Statements
(Continued)

	Credit Quality Rating	Fair Value	Remaining Maturity (Years)					
			0-5	6-10	11-15	16-20	21-25	Over 25
COPERS Investments								
Fixed Income Investments								
Options	Not Rated	\$ (294)	\$ (294)	\$ -	\$ -	\$ -	\$ -	\$ -
Swaps	Not Rated	(3,760)	(2,234)	(404)	(162)	-	-	(960)
U.S. Treasury	Not Rated	17,153	-	-	-	-	-	17,153
U.S. Treasury	AAA	90,586	4,840	6,957	1,040	37,646	34,690	5,413
Total U.S. Treasury		107,739	4,840	6,957	1,040	37,646	34,690	22,566
U.S. Govt. Agency Securities	AAA	4,793	2,031	2,155	277	-	143	187
Mortgage Backed Securities	Not Rated	92,863	-	-	-	-	-	92,863
Mortgage Backed Securities	AAA	146,940	1,341	8,999	16,033	2,662	11,677	106,228
Mortgage Backed Securities	AA	479	-	-	-	-	-	479
Mortgage Backed Securities	A	499	-	-	-	-	-	499
Total Mortgage Backed Securities		240,781	1,341	8,999	16,033	2,662	11,677	200,069
Asset Backed Securities	Not Rated	3,242	1,623	261	-	-	-	1,358
Asset Backed Securities	AAA	26,402	5,345	7,396	2,195	811	1,062	9,593
Asset Backed Securities	AA	563	127	25	245	-	-	166
Asset Backed Securities	A	445	170	-	-	-	-	275
Asset Backed Securities	BBB	1,255	-	-	158	12	-	1,085
Total Asset Backed Securities		31,907	7,265	7,682	2,598	823	1,062	12,477
Corporate Bonds	Not Rated	787	-	-	-	-	-	787
Corporate Bonds	AAA	902	665	-	1	-	-	236
Corporate Bonds	AA	8,289	3,365	2,939	-	-	-	1,985
Corporate Bonds	A	17,574	2,981	7,697	707	-	471	5,718
Corporate Bonds	BBB	28,798	10,043	10,069	435	355	2,158	5,738
Corporate Bonds	BB	103	-	103	-	-	-	-
Corporate Bonds	B	2,539	2,202	68	269	-	-	-
Corporate Bonds	CCC	1,193	362	218	-	22	120	471
Total Corporate Bonds		60,185	19,618	21,094	1,412	377	2,749	14,935
International Bonds	Not Rated	28,761	-	598	-	-	-	28,163
International Bonds	AAA	171	72	99	-	-	-	-
International Bonds	AA	2,396	2,069	327	-	-	-	-
International Bonds	A	3,484	2,147	903	-	234	-	200
International Bonds	BBB	8,245	761	4,425	697	-	-	2,362
International Bonds	BB	1,035	-	1,035	-	-	-	-
Total International Bonds		44,092	5,049	7,387	697	234	-	30,725
Total Fixed Income Investments		485,443	\$ 37,616	\$ 53,870	\$ 21,895	\$ 41,742	\$ 50,321	\$ 279,999
Temporary Investments from Securities Lending Collateral		347,922						
Domestic Equities								
Common Stocks		675,626						
Commodities Exchange Traded Fund		5,461						
Real Estate		205,878						
Total Domestic Equities		886,965						
International Equities		413,484						
Total COPERS Investments		2,133,814						
Total Investments		\$ 3,746,935						

Notes to the Financial Statements
(Continued)

A summary of investments by fund follows (in thousands):

Primary Government	
Unrestricted	
General Fund	\$ 123,545
Transit Capital Projects	181,436
General Obligation/Secondary Property Tax	23,278
Non-Major Governmental Funds	412,142
Enterprise Funds	
Aviation	15,478
Phoenix Convention Center	32,800
Water System	61,273
Wastewater	51,322
Solid Waste	28,350
Total Unrestricted	<u>929,624</u>
Restricted	
Enterprise Funds	
Aviation	197,770
Phoenix Convention Center	94,090
Water System	131,215
Wastewater	120,616
Solid Waste	35,704
Total Restricted	<u>579,395</u>
Total Primary Government	1,509,019
Component Unit - DPHC	38,502
Fiduciary Funds	
Pension and Other Employee Benefit Trusts	2,153,813
Payroll Agency	45,601
Total Reporting Entity	<u>\$ 3,746,935</u>

Interest Rate Risk

In order to limit interest rate risk, the City's investment policy limits maturities as follows:

U.S. Treasury Securities	5 year final maturity
U.S. Government Agency Securities	5 year final maturity
Repurchase Agreements	60 days
Municipal Obligations	5 years for long-term issues
Money Market Mutual Funds	90 days
Commercial Paper	270 days

For Mortgage Backed Securities (MBS) and Collateralized Mortgage Obligations (CMO), the maximum weighted average life using current Public Securities Association (PSA) prepayment assumptions shall be 12 years at the time of purchase for MBS and 5 years at the time of purchase for CMO.

The decision making responsibility for COPERS' investment activity has been delegated from the COPERS Board to professional fund managers in order to diversify the composition of the fund's investments and to allow for more active management of the portfolio. COPERS' investment policy guidelines require Wells Capital Management to maintain duration within 10% of the Lehman Aggregate Bond Index with duration not below 90% and not higher than 110% of the index. COPERS' investment services agreement with Western Asset Management Company directs them to maintain an average weighted duration of portfolio security holdings including futures and options positions within \pm 20% of the Lehman Aggregate Bond Index. Subsequent to June 30, 2008, the name of the "Lehman" index changed to "Barclays Capital". COPERS also diversifies its fixed income investments into active and passive bond management, which further limits the volatility to changes in interest rates. COPERS' Plan assets include several collateralized mortgage obligations and mortgage backed securities which could be considered as highly sensitive to interest rate changes depending upon the exercise of prepayment options.

Notes to the Financial Statements

(Continued)

Credit Risk

The City's investment policy limits its investments to 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. Repurchase agreements are collateralized by U.S. Treasuries at 102%. Municipal securities must have a short-term minimum rating of A1 by S&P and P1 by Moody's and a long-term uninsured 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. Money market mutual funds must have a current minimum money market rating of AAAM by S&P and Aaa by Moody's. For commercial paper, an Issuer's program must have a minimum rating of "A1" by S&P and "P1" by Moody's. The issuing corporation must be organized and operating in the United States and have a minimum long-term debt rating of "A+" by S&P and "A1" by Moody's. Programs rated by only one of the agencies are ineligible.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. COPERS' investment policy permits purchasing any security that is included in the Lehman Aggregate Bond Index and relies on the methodology used by Lehman to determine if a security is investment grade. COPERS' currently has two managers responsible for fixed income investments. Wells Capital Management and Western Asset Management Company are active bond managers. Northern Trust Investments managed COPERS' commingled index fund until October 3, 2007 when funds were liquidated and reinvested in Wells Capital, Western Asset, JP Morgan and Research Affiliates.

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Fair Value</u>
FNMA	137,567
FHLMC	285,573
FHLB	613,883
FFCB	154,830
GNMA	118,380

COPERS' investment policy does not allow for an investment in any one issuer that is in excess of five percent of COPERS' total investments, except investments issued or explicitly guaranteed by the U.S. government. As of June 30, 2008, COPERS did not have any investments with any one issuer in excess of five percent.

Foreign Currency Risk

COPERS' investment policy includes a target of 23% of the COPERS plan's total assets in international investments. The current actual international investment allocation is 21.7% of total COPERS' assets as of June 30, 2008. The fair value of COPERS' international commingled equity funds managed by Pyramis Global Advisors, GMO and AXA/Rosenberg was \$395,019,000 as of June 30, 2008. Dollar denominated holdings accounted for 78.3% of the international investments. Non-dollar denominated holdings amounted to 21.7%.

Notes to the Financial Statements
(Continued)

5. Receivables

Receivables at June 30, 2008 are stated net of the allowance for doubtful accounts, and are summarized as follows (in thousands):

	Accounts	Taxes	Interest	Intergov- ernmental (1)	Notes	Total
Unrestricted						
Governmental Activities						
General Fund	\$ 27,689	\$ 4,875	\$ 4	\$ 3,678	\$ -	\$ 36,246
Excise Tax	-	76,557	-	23,491	-	100,048
Transit Capital Project	876	-	-	9,574	-	10,450
G.O./Secondary Property Tax	-	7,730	297	-	-	8,027
Nonmajor	19,539	3	126	198,335	76,304	294,307
	<u>48,104</u>	<u>89,165</u>	<u>427</u>	<u>235,078</u>	<u>76,304</u>	<u>449,078</u>
Business-Type Activities						
Aviation	5,914	-	-	-	-	5,914
Phoenix Convention Center	209	-	-	-	-	209
Water System	52,347	-	-	3,635	-	55,982
Wastewater	17,294	-	-	1,171	-	18,465
Solid Waste	7,834	-	-	4	-	7,838
Golf Courses	5	-	-	-	-	5
	<u>83,603</u>	<u>-</u>	<u>-</u>	<u>4,810</u>	<u>-</u>	<u>88,413</u>
	<u>131,707</u>	<u>89,165</u>	<u>427</u>	<u>239,888</u>	<u>76,304</u>	<u>537,491</u>
Restricted						
Business-Type Activities						
Aviation	9,692	-	2	18,282	-	27,976
Phoenix Convention Center	-	-	1	-	-	1
Water System	-	-	6	-	-	6
Wastewater	-	-	3	14	-	17
Solid Waste	-	-	1	-	-	1
	<u>9,692</u>	<u>-</u>	<u>13</u>	<u>18,296</u>	<u>-</u>	<u>28,001</u>
	<u>\$ 141,399</u>	<u>\$ 89,165</u>	<u>\$ 440</u>	<u>\$ 258,184</u>	<u>\$ 76,304</u>	<u>\$ 565,492</u>

- (1) Intergovernmental Receivables include monies due from other governmental entities for grants as well as for sales of water, wastewater, and solid waste products and services for the enterprise funds.

Notes to the Financial Statements
(Continued)

The following is a summary of the allowance for doubtful accounts for all funds and the bad debt expense for the enterprise funds at June 30, 2008 (in thousands):

Allowance for Doubtful Accounts			
	Accounts	Taxes	Total
Governmental			
General Fund	\$ 23,765	\$ -	\$ 23,765
Excise Tax	-	7,331	7,331
Nonmajor	301	-	301
Business-Type			
Aviation	1,250	-	1,250
Phoenix Convention Center	21	-	21
Water System	2,065	-	2,065
Wastewater	976	-	976
Solid Waste	1,035	-	1,035
Golf Courses	5	-	5
	<u>\$ 29,418</u>	<u>\$ 7,331</u>	<u>\$ 36,749</u>

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2008, as follows (in thousands):

Aviation	\$ 5,000
Water System	20,509
Wastewater	8,068
Solid Waste	5,094
	<u>\$ 38,671</u>

Notes Receivable

The City has entered into a loan agreement with Native American Connections, Inc. "NACI" for the sale of property to NACI. The loan agreement has been recorded as a note receivable in the Municipal Buildings and Service Centers Capital Projects Fund. The note amount is \$996,000, with a maturity date of June 30, 2040, and an interest rate of 5.06%.

The City has also entered into a loan agreement with the Mathew Henson Partnership, LLP, for financing of the Mathew Henson housing project, to include a mix of public housing units and market rate units. The loan has been recorded as a note receivable in the Public Housing Special Revenue Fund. The loan amount as of June 30, 2008, is \$10,109,000. The loan is to be repaid from a portion of the operating proceeds of the housing project and is due in approximately 55 years.

The City has entered into a lease purchase financing agreement with Valley Metro Rail, Inc. "VMRI" for the financing of 14 Light Rail Transit vehicles. The agreement has been recorded as a note receivable in the Transit Special Revenue Fund. The receivable amount as of June 30, 2008, is \$32,616,000. The lease payments to the City will be made in four annual installments commencing on June 1, 2011 and include an annual interest rate of 5.1%.

Notes to the Financial Statements
(Continued)

The City has entered into intergovernmental agreements with the Arizona Department of Transportation and the Regional Transportation Plan to accelerate three road construction projects. The intergovernmental agreements have been recorded as Notes Receivable in the Streets Improvement Capital Projects Fund. The receivable amount as of June 30, 2008 is \$19,243,000. The first of these agreements, with a receivable of \$12,529,000 as of June 30, 2008, will be payable to the City in fiscal year 2012. The second and third agreements are payable to the City in fiscal years 2022 and 2023, respectively.

The City has also entered into various loan agreements with third parties related to its public housing programs. These loan agreements have been recorded as notes receivable within the Public Housing Special Revenue Fund. Under these agreements, the City has loaned money to nonprofit corporations for the purpose of establishing and/or improving public housing units. The loans are secured by an interest in the property being acquired and/or improved. The following is a summary of these notes:

Note Amount	Dated	Due	Interest Rate	Monthly Payments		Balance June 30, 2008
				Amount	Commencing	
\$ 250,000	04/10/94	04/01/19	4%	\$ 1,363	09/01/95	\$ 180,272
150,000	04/01/94	08/01/18	4%	883	09/01/95	96,827
248,660	01/01/95	01/01/25	2%	919	02/01/95	155,552
86,000	02/01/95	08/01/19	2%	370	03/01/95	44,422
64,000	02/01/95	08/01/19	2%	276	03/01/95	32,980
250,000	05/01/95	11/01/19	2%	1,076	06/01/95	131,735
52,350	04/01/95	04/01/10	2%	337	05/01/95	7,918
250,000	06/01/95	11/30/24	4%	1,320	07/01/95	195,093
43,521	06/01/95	10/01/16	2%	220	07/01/95	11,958
250,000	12/01/95	12/01/21	4%	1,290	01/01/96	187,198
250,000	04/01/96	11/01/25	4%	1,202	05/01/96	180,763
197,803	01/01/96	01/01/21	2%	838	02/01/96	111,843
91,000	11/01/96	11/01/26	2%	336	12/01/96	62,067
62,030	12/01/96	10/01/16	2%	316	11/01/97	29,043
250,061	03/01/97	09/01/21	2%	1,077	04/01/97	150,263
207,355	11/27/96	04/01/27	2%	766	05/01/97	144,755
189,079	07/01/03	05/01/27	2%	832	08/01/03	163,288
134,000	03/01/98	03/01/28	2%	495	04/01/98	96,908
81,766	05/01/99	05/01/19	2%	414	06/01/99	48,643
250,000	09/01/98	09/01/28	2%	924	10/01/98	181,425
250,000	07/01/99	07/01/29	4%	1,194	08/01/99	251,253
250,000	02/01/00	02/01/30	4%	1,194	03/01/00	209,326
500,000	01/01/02	07/01/40	4%	12,782	07/01/02	541,374
250,000	04/01/00	01/01/23	4%	1,207	06/01/02	267,929
250,000	07/01/01	10/01/36	4%	1,198	02/01/03	314,708
250,000	11/01/01	12/01/32	4%	1,246	01/01/03	236,500
250,000	12/01/02	12/01/32	2%	924	11/01/03	214,633
1,000,000	06/01/01	07/01/52	6%	4,100	07/01/01	1,398,246
9,398,545	various	various	4%	various	various	3,772,140
450,000	01/01/03	06/01/40	4%	6,442	02/01/03	241,278
199,000	08/01/03	08/01/33	4%	950	09/01/03	187,729
500,000	11/01/03	04/01/33	4%	30,617	03/01/05	586,599
250,000	04/01/03	04/01/23	4%	1,530	07/01/03	218,746
250,000	07/01/04	11/01/35	4%	1,210	03/01/05	252,893
321,640	09/01/05	09/01/35	2%	1,189	10/01/05	299,514
						\$ 11,205,821

Notes to the Financial Statements
(Continued)

6. Interfund Transactions

Net interfund receivables and payables between governmental activities and business-type activities in the amount of \$4,191,000 are included in the government-wide financial statements at June 30, 2008. The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2008 (in thousands):

	<u>Due To</u>	<u>Due From</u>
Unrestricted		
Governmental Funds		
General Fund	\$ -	\$ 119,725
Excise Tax	99,950	-
Transit Capital Project	31,768	-
Nonmajor Governmental	47,367	63,551
Total Governmental Funds	<u>179,085</u>	<u>183,276</u>
Enterprise Funds		
Golf Courses	<u>4,191</u>	<u>-</u>
Total Due To/Due From	<u>\$ 183,276</u>	<u>\$ 183,276</u>

Interfund balances at June 30, 2008 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. All interfund balances outstanding at June 30, 2008 are expected to be repaid within one year.

Net transfers of \$52,010,000 from governmental activities to business-type activities on the government-wide statement of activities is primarily the result of the monthly transfer of earmarked excise tax to the Phoenix Convention Center Enterprise fund. The following interfund transfers are reflected in the fund financial statements for the year ended June 30, 2008 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 10,263	\$ 772,214
Excise Tax	1,090,595	-
Transit Capital Projects	1,726	-
GO Secondary Property Tax	28,693	-
Nonmajor Governmental	106,916	413,969
Total Governmental Funds	<u>1,238,193</u>	<u>1,186,183</u>
Enterprise Funds		
Aviation	1,267	-
Phoenix Convention Center	1,870	58,126
Water System	20,210	22,249
Wastewater	10,393	6,444
Solid Waste	1,062	-
Golf Courses	7	-
Total Enterprise Funds	<u>34,809</u>	<u>86,819</u>
Total Transfers	<u>\$ 1,273,002</u>	<u>\$ 1,273,002</u>

Interfund transfers are primarily used for 1) debt service payments made from a debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted general funds; or 3) transfers to move excise tax revenues from the excise tax fund to the various funds that receive earmarked excise tax revenues and to the general fund.

Notes to the Financial Statements
(Continued)

7. Restricted Assets and Liabilities Payable from Restricted Assets

Restricted assets and liabilities payable from restricted assets recorded in the Enterprise Funds at June 30, 2008, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 436,358
Cash Deposits	6,022
Cash and Securities with Fiscal Agents/Trustees	245,434
Investments	579,395
Receivables, Net of Allowances	28,001
	<hr/>
Total Restricted Assets	<u>\$ 1,295,210</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 80,037
Trust Liabilities and Deposits	6,500
Bond Anticipation Notes Payable	100,000
Accrued Landfill Closure Costs	2,211
	<hr/>
Subtotal	<u>188,748</u>
Matured Bonds and Certificates Payable	98,125
Interest Payable	86,231
Current Portion of General Obligation Bonds	25,357
Current Portion of Municipal Corporation Obligations	70,739
	<hr/>
Total Liabilities Payable from Restricted Assets	<u>\$ 469,200</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2008, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 71,412
Investments	38,502
Receivables, Net of Allowances	473
	<hr/>
Total Restricted Assets	<u>\$ 110,387</u>
Liabilities Payable from Restricted Assets	
Accounts and Interest Payable	\$ 13,373
Trust Liabilities and Deposits	10,325
	<hr/>
Subtotal	<u>\$ 23,698</u>

Notes to the Financial Statements
(Continued)

8. Capital Assets

A summary of capital asset activity for the government-wide financial statements follows (in thousands):

	Balances July 1, 2007	Additions	Deletions	Balances June 30, 2008
Governmental activities:				
Non-depreciable assets:				
Land	\$ 744,011	\$ 116,614	\$ (5,776)	\$ 854,849
Infrastructure	402,693	19,947	-	422,640
Artwork	9,967	164	-	10,131
Construction-in-Progress	623,806	319,694	(377,600)	565,900
Total non-depreciable assets	<u>1,780,477</u>	<u>456,419</u>	<u>(383,376)</u>	<u>1,853,520</u>
Depreciable assets:				
Buildings	954,560	181,502	(10,689)	1,125,373
Improvements	308,604	66,739	(2,867)	372,476
Infrastructure	1,484,674	159,819	(13,940)	1,630,553
Equipment	530,046	116,777	(29,540)	617,283
Total depreciable assets	<u>3,277,884</u>	<u>524,837</u>	<u>(57,036)</u>	<u>3,745,685</u>
Less accumulated depreciation for:				
Buildings	(324,316)	(29,438)	4,569	(349,185)
Improvements	(139,180)	(14,951)	2,187	(151,944)
Infrastructure	(424,122)	(43,070)	13,820	(453,372)
Equipment	(293,123)	(47,838)	27,215	(313,746)
Total accumulated depreciation	<u>(1,180,741)</u>	<u>(135,297)</u>	<u>47,791</u>	<u>(1,268,247)</u>
Total depreciable assets, net	<u>2,097,143</u>	<u>389,540</u>	<u>(9,245)</u>	<u>2,477,438</u>
Governmental activities, capital assets, at cost, net	<u>\$ 3,877,620</u>	<u>\$ 845,959</u>	<u>\$ (392,621)</u>	<u>\$ 4,330,958</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 604,997	\$ 80,231	\$ (1,321)	\$ 683,907
Artwork	4,108	1,642	-	5,750
Construction-in-Progress	1,134,555	704,404	(261,996)	1,576,963
Total non-depreciable assets	<u>1,743,660</u>	<u>786,277</u>	<u>(263,317)</u>	<u>2,266,620</u>
Depreciable assets:				
Buildings	1,630,518	56,236	(2,214)	1,684,540
Improvements	2,641,108	87,703	(7,135)	2,721,676
Infrastructure	1,341,806	73,511	(2,777)	1,412,540
Equipment	531,049	50,297	(20,268)	561,078
Total depreciable assets	<u>6,144,481</u>	<u>267,747</u>	<u>(32,394)</u>	<u>6,379,834</u>
Less accumulated depreciation for:				
Buildings	(496,476)	(71,776)	1,494	(566,758)
Improvements	(998,195)	(88,262)	3,408	(1,083,049)
Infrastructure	(347,040)	(32,899)	393	(379,546)
Equipment	(235,604)	(38,955)	13,094	(261,465)
Total accumulated depreciation	<u>(2,077,315)</u>	<u>(231,892)</u>	<u>18,389</u>	<u>(2,290,818)</u>
Total depreciable assets, net	<u>4,067,166</u>	<u>35,855</u>	<u>(14,005)</u>	<u>4,089,016</u>
Business-type activities, capital assets, at cost, net	<u>\$ 5,810,826</u>	<u>\$ 822,132</u>	<u>\$ (277,322)</u>	<u>\$ 6,355,636</u>

Notes to the Financial Statements

(Continued)

Depreciation expense was charged to governmental functions in the government-wide financial statements for the year ended June 30, 2008, as follows (in thousands):

General Government	\$	10,503
Criminal Justice		726
Public Safety		20,696
Transportation		67,084
Community Enrichment		20,043
Community Development		7,245
Environmental Services		9,000
		<hr/>
	\$	135,297
		<hr/> <hr/>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2008, was as follows (in thousands):

Aviation	\$	8,845
Convention Center		14,802
Water System		12,286
Wastewater		13,868
Solid Waste		378
		<hr/>
	\$	50,179
		<hr/> <hr/>

Notes to the Financial Statements

(Continued)

9. Long-Term Obligations

Changes in long-term obligations during fiscal 2007-08 are summarized as follows (in thousands):

	Balances July 1	Additions (1)	Reductions (2)	Balances June 30	Amounts Due Within One Year
Governmental activities					
Bonds and notes payable:					
General Obligation Bonds	\$ 1,262,652	\$ -	\$ 29,695	\$ 1,232,957	\$ 32,165
Revenue Bonds					
Street and Highway User Revenue	123,011	-	25,840	97,171	27,005
Housing Revenue	805	-	500	305	305
Certificates of Participation	32,870	-	1,110	31,760	1,135
Municipal Corporation Obligations	857,461	-	37,400	820,061	36,041
Special Assessment Bonds	1,257	-	664	593	397
	<u>2,278,056</u>	<u>-</u>	<u>95,209</u>	<u>2,182,847</u>	<u>97,048</u>
Deferred Loss on Refunding	(18,613)	(44)	(2,264)	(16,393)	2,221
Total bonds and notes payable	<u>2,259,443</u>	<u>(44)</u>	<u>92,945</u>	<u>2,166,454</u>	<u>99,269</u>
Other liabilities:					
Insurance Claims Payable	167,143	94,431	167,143	94,431	35,751
Accrued Compensated Absences	124,292	138,012	124,292	138,012	17,530
Total other liabilities	<u>291,435</u>	<u>232,443</u>	<u>291,435</u>	<u>232,443</u>	<u>53,281</u>
Total governmental activities	<u>\$ 2,550,878</u>	<u>\$ 232,399</u>	<u>\$ 384,380</u>	<u>\$ 2,398,897</u>	<u>\$ 152,550</u>
Business-type activities					
Bonds and notes payable:					
General Obligation Bonds	\$ 206,149	\$ -	\$ 34,151	\$ 171,998	\$ 25,357
Revenue Bonds	28,745	-	28,745	-	-
Municipal Corporation Obligations	3,123,256	728,370	245,810	3,605,816	70,739
	<u>3,358,150</u>	<u>728,370</u>	<u>308,706</u>	<u>3,777,814</u>	<u>96,096</u>
Deferred Loss on Refunding	(40,289)	(1,918)	(5,394)	(36,813)	4,162
Cumulative capital appreciation on general obligation minibonds	3,105	333	-	3,438	211
Cumulative capital appreciation on State of AZ distrib. revenue bonds	22,780	13,966	-	36,746	14,625
Total bonds and notes payable	<u>3,343,746</u>	<u>740,751</u>	<u>303,312</u>	<u>3,781,185</u>	<u>115,094</u>
Other liabilities:					
Accrued Compensated Absences	17,989	20,197	17,989	20,197	2,752
Rebatable Arbitrage	-	5,409	-	5,409	-
Accrued Landfill Closure and Postclosure Care Costs	34,386	25,972	1,501	58,857	2,303
Total other liabilities	<u>52,375</u>	<u>51,578</u>	<u>19,490</u>	<u>84,463</u>	<u>5,055</u>
Total business-type activities	<u>\$ 3,396,121</u>	<u>\$ 792,329</u>	<u>\$ 322,802</u>	<u>\$ 3,865,648</u>	<u>\$ 120,149</u>
Component Units					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ -

(1) Additions include \$333,000 for accrued interest on capital appreciation enterprise general obligation minibonds and \$13,966,000 for accrued interest on capital appreciation State of Arizona distribution revenue bonds.

(2) For the Governmental Activities, Insurance Claims Payable and Compensated Absences are generally liquidated by the General Fund.

Notes to the Financial Statements
(Continued)

The amounts reported above have been reduced by deposits made with the City's fiscal agent for July 1, 2008 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2008, were as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Funds			
General Obligation Bonds	\$ 29,695	\$ 29,254	\$ 58,949
Street and Highway User Revenue Bonds	25,840	2,703	28,543
Municipal Corporation Obligations	27,855	21,634	49,489
Special Assessment Bonds	-	17	17
	<u>83,390</u>	<u>53,608</u>	<u>136,998</u>
Enterprise Funds			
General Obligation Bonds	32,205	4,615	36,820
Revenue Bonds	4,675	907	5,582
Municipal Corporation Obligations	56,835	77,709	134,544
	<u>93,715</u>	<u>83,231</u>	<u>176,946</u>
	<u>\$ 177,105</u>	<u>\$ 136,839</u>	<u>\$ 313,944</u>

Issues of long-term debt, excluding deferred losses of \$53,206 and accumulated appreciation on general obligation mini-bonds (\$3,438) and State of Arizona distribution revenue bonds (\$36,746) were as follows at June 30, 2008 (dollars in thousands):

<u>Issue Date</u>	<u>Purpose</u>	<u>Maturity Dates</u>	<u>Effective Interest Rate</u>	<u>Average Life (Years)</u>	<u>Original Amount</u>	<u>Principal Outstanding (1)</u>	<u>Interest Outstanding (1)</u>	<u>Unamortized Discount (Premium)</u>
General Obligation Bonds								
12/01/89	Various Improvements	7/1/00-10	7.01	14.7	\$ 12,242	\$ 1,150	\$ 3,728	\$ -
12/06/91	Sanitary Sewer	7/1/95-11	4.56	13.9	30,000	11,516	1,233	-
04/15/93	Refunding	7/1/95-10	5.45	13.4	335,165	25,735	1,893	-
09/15/93	Refunding	7/1/94-09	5.12	15.2	70,550	2,555	142	(2)
12/01/93	Water Improvements	7/1/04-14	4.98	13.8	17,229	8,713	3,341	-
07/01/95	Refunding	7/1/10-17	5.56	19.9	85,000	31,195	13,475	-
01/15/98	Various Improvements	7/1/01-22	4.67	15.9	75,000	24,670	12,634	11
01/15/99	Refunding	7/1/99-20	4.44	12.4	163,820	84,710	21,275	(249)
02/01/99	Various Improvements	7/1/01-23	4.74	15.8	58,000	11,305	7,047	(3)
07/15/00	Various Improvements	7/1/03-10	5.42	16.9	50,000	925	86	-
12/12/01	Sanitary Sewer	7/1/03-21	3.70	18.0	6,075	4,587	1,274	-
05/22/02	Various Improvements-Taxable	7/1/10	5.66	7.1	10,000	2,000	230	-
05/22/02	Refunding	7/1/03-18	4.37	8.4	144,495	78,370	14,811	(1,571)
05/22/02	Various Improvements	7/1/15-27	5.11	18.3	89,970	41,465	29,704	(565)
05/22/02	Refunding	7/1/14-15	4.77	12.4	14,680	8,525	2,700	(194)
05/21/03	Refunding	7/1/05-16	3.25	9.1	83,320	79,250	13,733	(2,304)
03/01/04	Various Improvements	7/1/10-28	4.22	16.3	200,000	157,230	95,151	(2,971)
03/01/04	Refunding	7/1/11-19	3.74	11.7	50,870	39,165	14,293	(2,703)
07/01/05	Various Improvements	7/1/11-25	4.23	13.9	257,000	231,820	120,069	(4,155)
06/13/07	Various Improvements	7/1/13-27	4.37	14.1	342,700	342,700	197,475	(4,461)
06/13/07	Refunding	7/1/09-27	4.22	11.3	151,720	151,720	73,797	(6,378)
06/13/07	Various Improvements - Taxable	7/1/08-13	5.44	3.4	77,550	65,650	9,630	3
	Total General Obligation Bonds				2,325,386	1,404,956	637,721	(25,542)

(Continued)

Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
Revenue Bonds								
03/15/92	Street/Highway Refunding	7/1/93-11	6.72	13.4	117,880	5,045	643	-
12/15/92	Street/Highway Refunding (2)	7/1/94-13	6.33	15.0	58,226	13,701	32,070	-
08/01/95	Municipal Housing Refunding	12/1/95-09	6.03	7.7	4,960	305	15	-
01/01/99	Street/Highway Refunding	7/1/99-11	4.65	9.1	10,375	4,440	408	-
05/01/02	Street/Highway Refunding (2)	7/1/03-11	3.76	5.3	123,125	40,215	4,170	(833)
06/01/03	Street/Highway Refunding	7/1/05-11	2.56	6.2	47,360	33,770	3,271	(1,332)
	Total Revenue Bonds				361,926	97,476	40,577	(2,165)
Certificates of Participation								
07/21/04	Amphitheatre Refunding (2) (3b)	8/1/05-19	4.71	13.3	10,900	8,805	2,613	(58)
07/21/04	Amphitheatre, Stadium and Housing (2) (3b)	8/1/05-24	4.71	13.3	9,555	7,945	3,135	(51)
07/21/04	Superblock Refinancing (2) (3b)	8/1/20-24	4.71	13.3	15,010	15,010	10,223	136
	Total Certificates of Participation				35,465	31,760	15,971	27
Special Assessment Bonds								
Various	Unredeemed Matured Bonds	-	-	-	44	44	-	-
1993	Various Improvements	1/1/02-09	5.38-6.90	10.0	2,470	240	6	-
1999	Various Improvements	1/1/00-09	6.90	10.0	278	28	1	-
2000	Various Improvements	1/1/01-10	6.90	10.0	274	54	4	-
2001	Various Improvements	1/1/02-11	6.90	10.0	174	52	5	-
2002	Various Improvements	1/1/03-12	6.90	10.0	268	107	15	-
2003	Various Improvements	1/1/04-13	6.90	10.0	136	68	12	-
	Total Special Assessment Bonds				3,644	593	43	-
Municipal Corporation Obligations								
01/15/98	Multipurpose Arena Refunding (2) (3b)	7/1/98-19	6.64	14.1	48,740	34,490	13,808	-
05/01/98	Water System Refunding (2) (4)	7/1/99-19	5.03	16.3	109,155	105,525	34,349	373
08/01/98	Airport Revenue (6)	7/1/06-25	5.08	18.1	150,000	34,285	27,484	(6)
06/01/99	Phoenix Municipal Courthouse (3a)	7/1/05-10	5.32	20.7	79,000	3,965	315	-
06/01/99	Adams Street Garage (3a)	7/1/05-11	5.31	20.7	15,000	1,170	119	-
06/01/00	Wastewater System Revenue (2) (7)	7/1/05-10	5.91	16.4	135,000	9,525	827	(9)
08/01/00	Municipal Facilities Revenue (2) (3b)	7/1/01-11	5.35	8.2	65,000	8,270	941	(3)
07/01/01	Wastewater System Refunding (7)	7/1/02-24	5.02	16.4	166,260	153,600	77,864	(1,587)
08/01/01	Water System Refunding (2) (4)	7/1/02-24	4.68	14.1	99,980	74,780	40,094	(2,996)
04/01/02	Water System Revenue (2) (4)	7/1/07-26	5.08	16.3	220,000	206,540	115,330	(1,566)
05/01/02	Airport Sr. Lien Refunding (2) (6)	7/1/08-13	4.82	9.5	23,225	23,105	4,378	(535)
05/01/02	Airport Sr. Lien Revenue (2) (6)	7/1/14-32	5.53	22.7	231,390	231,390	203,288	1,820
05/01/03	New City Hall Refunding (3a)	7/1/04-29	4.43	15.6	47,600	23,010	11,041	(676)
05/01/03	Solid Waste Improvements (2)(8)	7/1/04-14	4.17	12.3	80,000	20,995	3,824	(452)
05/01/03	Municipal Facilities (2)(3b)	7/1/05-25	4.03	11.8	25,000	20,465	7,595	(490)
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.64	20.8	25,000	25,000	22,061	112
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.66	20.8	10,000	10,000	8,847	55
10/01/03	Water System Refunding (4)	7/1/05-22	4.53	15.6	11,325	11,040	5,333	156
06/01/04	Excise Tax Revenue (2)(3b)	7/1/06-25	4.14	8.4	22,000	17,320	5,155	(736)
06/01/04	Excise Tax Revenue Refunding (2)(3b)	7/1/15-25	4.89	16.6	5,700	5,700	3,560	(53)
06/02/04	Rental Car Facility (Taxable) (2)(9)	7/1/07-29	6.20	16.5	260,000	247,860	198,927	-
07/21/04	Water Rights Land Acq. Ref. (2)(4)	8/1/06-17	4.13	8.3	27,775	23,510	5,108	-
12/10/04	Transit Excise Tax Revenue (2)(10)	7/1/06-20	4.08	10.9	500,000	471,100	185,361	(29,567)
12/16/04	Wastewater System Revenue (2)(7)	7/1/10-29	4.59	16.6	180,000	175,040	115,401	(6,375)
01/11/05	Wastewater System VR Ref. (12)(13)	7/1/16-23	5.00	-	130,260	130,260	118,098	-
01/11/05	Wastewater System Ref. (11)(13)	7/1/06-15	3.67	10.9	102,020	83,270	17,226	(4,678)
06/01/05	Water System Revenue (2)(4)	7/1/10-29	4.28	16.4	600,000	600,000	393,227	(37,691)
09/13/05	Excise Tax Revenue (2)(3b)	7/1/17-41	4.62	26.3	300,000	300,000	350,331	(16,586)
10/06/05	State Distribution Revenues (2)(14)	7/1/12-44	4.72	28.9	275,362	275,362	576,964	(26,555)
06/01/06	Solid Waste Improvements (2)(8)	7/1/07-26	4.45	12.4	84,265	79,645	40,954	(1,347)
06/01/06	Municipal Facilities (2)(3b)	7/1/07-13	3.89	3.7	28,230	19,575	2,293	(110)
06/01/06	Municipal Facilities (Taxable) (2)(3b)	7/1/07-35	6.10	19.0	41,920	41,095	43,334	(163)
06/01/07	Excise Tax Revenue Refunding (3a)	7/1/09-29	4.51	14.5	103,605	103,605	67,711	(5,837)
06/01/07	Excise Tax Revenue (2)(3b)	7/1/08-27	4.46	12.0	21,115	20,505	10,972	(465)
06/01/07	Excise Tax Revenue Refunding (2)(3b)	7/1/09-23	4.33	10.5	71,820	71,820	33,489	(1,206)
06/01/07	Excise Tax Revenue Ref.(Taxable) (2)(3b)	7/1/08-22	5.81	9.2	35,670	34,685	16,527	168
10/30/07	Wastewater System Revenue (2)(7)	7/1/12-37	4.65	20.0	300,000	300,000	290,122	(13,599)
05/29/08	Airport Revenue (6)	7/1/20-38	5.02	22.5	206,840	206,840	232,426	(670)
05/29/08	Airport Revenue (Taxable) (6)	7/1/12-19	4.68	7.8	43,160	43,160	17,493	(1,638)
05/29/08	Airport Revenue Refunding (6)	7/1/09-22	4.26	8.0	109,850	109,850	41,379	(3,559)
05/29/08	Airport Revenue Refunding (Taxable) (6)	7/1/09-20	4.58	5.6	68,520	68,520	20,100	(2,412)
	Total Municipal Corporation Obligations				5,059,787	4,425,877	3,363,656	(158,883)
Total Primary Government Bonds					\$ 7,786,208	\$ 5,960,662	4,057,968	\$ (186,563)

Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Effective Interest Rate	Average Life (Years)	Original Amount	Principal Outstanding (1)	Interest Outstanding (1)	Unamortized Discount (Premium)
Component Units								
12/20/05	Senior Revenue (Hotel) (2)(15)	7/1/12-40	5.29	25.1	\$ 156,710	\$ 156,710	176,721	\$ (4,135)
12/20/05	Subordinate Revenue (Hotel) (2)(16)	7/1/19-40	5.09	26.2	164,425	164,425	192,488	(2,916)
12/20/05	Subord.Revenue-Taxable (Hotel) (2)(16)	7/1/12-19	5.67	10.2	28,865	28,865	11,609	-
Total Component Unit Bonds					\$ 350,000	\$ 350,000	380,818	\$ (7,051)

- (1) Pledged revenues on all outstanding bonds are equal to the remaining principal and interest outstanding. Additional information relating to pledged revenues can be found in the Debt Capacity Statistical Section, Table 17 "Pledged-Revenue Bond Coverage."
- (2) Insured by a municipal bond insurance policy, a reserve account surety bond, a debt service reserve fund, or an irrevocable direct pay letter of credit.
- (3) The City has pledged excise taxes as security. The taxes pledged are as follows:
 - (a) Senior lien pledge on all outstanding excise tax obligations.
 - (b) Subordinated junior lien pledge on all outstanding excise tax obligations.
- (4) The City has pledged designated Water System revenues as security.
- (5) Variable rate demand bonds. The interest rate cannot exceed 12%.
- (6) The City has pledged net airport revenues on a senior lien basis as security for these bonds.
- (7) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (8) The City has pledged excise taxes on a subordinated junior lien basis as security; however, debt service requirements on these obligations are paid from Solid Waste revenues.
- (9) The City has made a first priority pledge of a \$4.50 per day car rental usage fee to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport as security for the bonds.
- (10) The City has made a first priority pledge of funds received by the City from a 0.4 percent increment to the City's privilege license (sales) tax, which increment was approved at a special election held in and for the City on March 14, 2000 and subsequently adopted by the City Council of the City pursuant to Ordinance No. G-4254, enacted April 5, 2000.
- (11) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (12) The City will grant the 2004A Counterparty a pledge of and security interest in the net operating revenue on a parity with the pledge of net operating revenues securing payment of the City's obligation to make purchase payments with respect to the bonds and any additional senior lien obligations.
- (13) The scheduled payment of principal and interest on the 2004A Bonds, and the 2004B bonds maturing July 1 2009 through and including July 1, 2015, will be guaranteed by separate financial guaranty insurance policies with respect to each series to be issued simultaneously with the issuance of the bonds.
- (14) The primary source of revenue for loan payments is State of Arizona distributions the City is to receive pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State. To secure its obligation to make loan payments from other than State distributions, if needed, the City has pledged its excise taxes on a subordinated junior lien basis.
- (15) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by a senior leasehold interest in the site and the hotel.
- (16) Debt service requirements on these obligations are payable from gross operating revenues derived from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture, on a basis junior to senior bonds. The bonds are further secured by a subordinate leasehold interest in the site and the hotel as well as amounts received from the City under a room block leaseback agreement in the event hotel revenues are insufficient to make debt service payments on the subordinate bonds.

The City has complied with all significant financial covenants of its bonded indebtedness. A brief description of the City's long-term obligations follows.

General Obligation Bonds

As a general rule, the City has given priority to using general obligation bonds for capital programs of general government departments (non-enterprise departments). These include cultural facilities, fire, police, library, parks and recreation, mountain preserves, storm sewers, streets and transportation. The annual debt service on these bonds is paid from secondary property taxes. Under State law, the City's secondary property tax levy can only be used for payment of principal and interest on long-term debt.

Revenue Bonds

In addition to general obligation bonds, under Arizona State law the City is authorized to issue voter-approved highway user revenue and utility revenue bonds, which in Phoenix's case includes airport revenue bonds. The airport revenue bonds are secured by a pledge of revenues from this enterprise, and do not constitute a general obligation of the City backed by general taxing authority. The highway user revenue bonds are secured by State-shared gas taxes and other highway user fees and charges, and are also not a general obligation of the City.

Notes to the Financial Statements

(Continued)

The City has also issued a relatively small amount of public housing revenue bonds since 1974. Debt service on these bonds is paid with housing assistance payments from the federal government and from tenant income derived from the operation of the various housing projects.

- In June 2008, the CIC refunded \$28,745,000 of Airport Refunding Bonds, Series 1994B, 1994C and Airport Improvement Bonds, Series 1994D with the issuance of Senior Lien Airport Revenue Refunding Bonds, Series 2008C and 2008D.

Certificates of Participation

The City has pledged excise taxes as security for the certificates of participation. The pledge is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

Municipal Corporation Obligations

The City has entered into certain agreements with the City of Phoenix Civic Improvement Corporation (the "CIC") an affiliated nonprofit corporation, for the construction and acquisition of certain facilities and equipment. Under the terms of these agreements, the CIC issued bonds or certificates of participation to finance the facilities, and the City agreed to make lease and purchase payments sufficient to pay principal and interest on the outstanding obligations. The City also pays all expenses of operating and maintaining the facilities and equipment.

- In August 2007, the CIC redeemed \$2,780,000 of certain callable Patriots Square Parking Garage Refunding Bonds, Series 1993, prior to maturity. The City deposited \$2,780,000 plus accrued interest of \$18,688 in Excise Tax Special Revenue and General Funds into an account for optional full redemption of the bonds.
- In October 2007, the CIC issued \$300,000,000 of Junior Lien Wastewater System Revenue Bonds, Series 2007. Proceeds of the bonds will be used to refund \$150,000,000 aggregate principal amount of the Corporation's Wastewater System Revenue Bond Anticipation Notes, Series 2006 and to pay the cost of certain improvements of the City's wastewater system which are part of the City's five-year capital improvement program. The bonds have an average life of 20.0 years and were sold at a true interest cost of 4.65%.
- In May 2008, the CIC issued \$206,840,000 Senior Lien Airport Revenue Bonds, Series 2008A (Non-AMT). Proceeds of the bonds will be used for the financing of various improvements at the Airport. The bonds have an average life of 22.5 years and were sold at a true interest cost of 5.02%.
- In May 2008, the CIC issued \$43,160,000 Senior Lien Airport Revenue Bonds, Series 2008B. Proceeds of the bonds will be used for the financing of various improvements at the Airport. The bonds have an average life of 7.8 years and were sold at a true interest cost of 4.68%.
- In May 2008, the CIC issued \$109,850,000 of Senior Lien Airport Revenue Refunding Bonds, Series 2008C (Non-AMT). Proceeds of the bonds will be used to refund outstanding Senior Lien Excise Tax Bonds, Series 1994, and Airport Revenue Bonds, Series 1994B and 1998A. The bonds have an average life of 8.0 years, were sold at a true interest cost of 4.26% and produced present value debt service savings, net of transaction costs, of \$4,269,282.
- In May 2008, the CIC issued \$68,520,000 of Senior Lien Airport Revenue Refunding Bonds, Series 2008D. Proceeds of the bonds will be used to refund outstanding Airport Revenue Bonds, Series 1994C and 1994D, Subordinated Excise Tax VRDO's, Series 1995 and Senior Lien Excise Tax Bonds, Series 1998. The bonds have an average life of 5.6 years, were sold at a true interest cost of 4.58% and produced present value debt service savings, net of transaction costs, of \$1,178,021.
- In June 2008, the CIC defeased \$8,240,000 of outstanding Bus Acquisition Special Revenue Bonds, Series 2000. The City deposited \$6,405,995 from various Transit Special Revenue funds, plus \$2,006,931 from a reserve held with the trustee, into an irrevocable trust account to fund the defeasance.

Notes to the Financial Statements

(Continued)

Special Assessment Bonds

Proceeds from special assessment bonds are used for improvements such as paving, sidewalks and sewers. Payments made by the assessed property owners are pledged to pay debt service on the bonds. In the event of default by a property owner, the lien created by the assessment is sold at public auction and the proceeds are used to offset the defaulted assessment. If there is no purchase at the public auction, the City is required to buy the property with funds appropriated from the General Fund.

Component Units

In December 2005, the Downtown Phoenix Hotel Corporation (the "Hotel Corporation") issued senior revenue and subordinate revenue bonds to (1) finance the planning, design, engineering, development, construction, equipping, furnishing and opening of a 1,000 room hotel in downtown Phoenix; (2) finance a parking garage underneath the hotel; (3) finance initial operating supplies and inventories for the hotel; (4) pay capitalized interest on the bonds during construction of the project and for the first six months following the anticipated substantial completion date of October 1, 2008; (5) fund the initial deposits to certain reserves; and (6) fund initial working capital. The bonds are special revenue obligations of the Hotel Corporation, payable from gross operating revenues derived by the Hotel Corporation from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by senior and subordinate leasehold deeds of trust granted to the trustee by the Hotel Corporation with respect to the Hotel Corporation's leasehold interest in the site and the hotel. The subordinated bonds are payable and secured on a basis junior and subordinate to the senior bonds with respect to the revenues of the hotel and the Hotel Corporation's leasehold interest in the site and the hotel.

The subordinated bonds are also secured by amounts received from the City under a room block leaseback agreement in the event hotel revenues are insufficient to make debt service payments on the subordinate bonds. Pursuant to the room block leaseback agreement, the obligation of the City to make lease payments is secured by a pledge of certain sports facilities taxes. Sports facilities taxes are one component of excise taxes and include (1) an incremental three percent tax levied on the gross income from the business activity of any hotel or motel engaging within the City in the business of charging for lodging and/or lodging space furnished to any person who, for a period of not more than thirty consecutive days, obtains lodging or lodging space in any hotel or motel, and (2) an incremental two percent tax levied on the gross income from the business activity of any person engaging in the business of leasing, licensing for use, or renting any motor vehicle with a gross vehicle weight of less than twelve thousand pounds for a term of not more than thirty-one calendar days.

The City has covenanted in the room block leaseback agreement to first apply excise taxes (other than sports facilities taxes) to the payment of senior excise tax obligations before applying sports facilities taxes. The City's pledge of sports facilities taxes under the room block leaseback agreement is a second priority pledge of the sports facilities taxes and therefore is subordinate and junior to the City's first priority pledge of excise taxes (which include sports facilities taxes) with respect to the City's senior excise tax obligations.

Interest Rate Swaps

Objective of the swaps. In January 2005, in order to protect against the potential of rising interest rates, the City entered into two separate pay-fixed, receive-variable interest rate swap agreements on its \$130,260,000 Civic Improvement Corporation Senior Lien Wastewater System Variable Rate Demand Revenue Refunding Bonds, Series 2004A. The counterparty on one swap is BNP Paribas and on the other swap is Bear Stearns Financial Products, Inc. ("Bear Stearns").

Notes to the Financial Statements

(Continued)

Terms, fair values and risks. The credit ratings of the counterparties, terms and fair value of the outstanding swaps as of June 30, 2008 are as follows (dollar amounts in thousands):

	BNP Paribas	Bear Stearns	Total
Credit Ratings ⁽¹⁾	Aa1/AA	Aaa/AAA	
Notional Amount	\$78,156	\$52,104	\$130,260
Effective Date	1/11/2005	1/11/2005	
Fixed-Rate Paid	3.521%	3.521%	
Variable-Rate Received	72% of LIBOR ⁽²⁾	72% of LIBOR ⁽²⁾	
Termination Date	7/1/2023	7/1/2023	
Fair Value	\$(2,340)	\$(1,560)	\$(3,900)

(1) Moody's Investors Service and Standard & Poors, respectively.

(2) One-month LIBOR reset monthly. One-month LIBOR as of June 30, 2008 was 2.46%.

The notional amounts of the swaps match the principal amount of the associated debt. The swap agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated debt.

Fair values. As of June 30, 2008, the fair value of the BNP Paribas and Bear Stearns swaps were \$(2,339,601) and \$(1,559,734), respectively. The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap agreements, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. If the swaps were terminated on June 30, 2008, the City would not have had any credit exposure to the counterparties since the City would have owed a payment.

Basis risk. The City is exposed to basis risk on the swaps when the relationship between 72% of one-month LIBOR and the actual rates on the associated variable-rate bonds diverge. From the January 11, 2005 effective date through June 30, 2008, the weighted average rate on the variable-rate bonds was 3.41% while 72% of the weighted average of one-month LIBOR was 3.13%, and the City's interest cost on the bonds exceeded its floating-rate swap receipts by approximately \$1,233,000 during that period.

Termination risk. The swap agreements provide for certain events that could cause the counterparties or the City to terminate the swaps, including (i) the failure to make payments when due, (ii) a material breach of representations or warranties, an event of illegality, (iii) the failure by either the City or the counterparties to maintain ratings of at least Baa1 by Moody's and BBB+ by Standard & Poor's and (iv) the failure to comply with any other provisions of the agreements after a specified notice period. The City also has the right to terminate the swap agreements at any time. If at the time of termination a swap has a negative fair value, the City would owe the counterparty a termination payment equal to the fair value.

Notes to the Financial Statements

(Continued)

As of December 2007, the City's floating-rate swap receipts exceeded its interest cost on its variable rate bonds by \$296,643. In early 2008, credit concerns about bond insurers created turbulence in the municipal variable rate market causing many municipal governments to experience significantly higher interest on their variable rate bonds. While the auction bond market was the first to experience higher interest rates, insured variable rate demand bonds, including the City's MBIA-insured variable rate bonds, were also affected because of concerns from money market funds that immediate termination events in most liquidity agreements were based solely on the credit strength of the bond insurers, rather than the issuer. During late February and early March 2008, rates on the City's variable rate demand bonds had reached 8.5% and remained relatively high through early May. From May to early June, the City's rates stabilized at lower levels and were as low as 1.48% in early June. Rates spiked much higher shortly thereafter upon downgrades of MBIA by Standard and Poor's from AAA to AA, and by Moody's from Aaa to A2.

The City expects to refund its variable rate bonds with fixed-rate bonds in 2008 and also expects to terminate the BNP Paribas and Bear Stearns swaps concurrently with the refunding.

Recent events concerning Bear Stearns. On March 14, 2008 Bear Stearns Companies Inc. ("BSC" and Bear Stearns parent) was downgraded by Moody's, from A2/P-1 to Baa1/P-2, and by S&P, from A/A-1 to BBB/A-3, due to a substantial deterioration of its liquidity position. Under S&P's structured rating requirements for Bear Stearns, the downgrade of BSC's short-term rating to A-3 resulted in a "trigger event", which in turn required a "contingent manager" to assume responsibility of Bear Stearns's swap portfolio. CIBC is the firm under contract with Bear Stearns to serve as the contingent manager upon a trigger event. To resolve BSC's liquidity crisis, JP Morgan Chase & Co. ("JP Morgan"), in conjunction with the Federal Reserve Bank of New York, provided a 28 day emergency loan to BSC on March 14, 2008. On March 16, 2008, BSC agreed to be acquired by JP Morgan, which guaranteed all BSC obligations, including those of Bear Stearns. After the agreement, CIBC's managerial duties were suspended and it assumed a role as a transition manager pending final approval of the acquisition. JP Morgan's acquisition of Bear Stearns was completed on May 30, 2008, and became a subsidiary of JP Morgan. CIBC's role as the contingent manager was terminated but it remains under contract to serve in that capacity in the event of a subsequent trigger event. After the acquisition, Bear Stearn's Aaa and AAA ratings were affirmed by Moody's and S&P, respectively.

Swap payments and associated debt. Using actual payment amounts through June 30, 2008 and rates as of that date for subsequent fiscal years, net swap payments and debt service requirements of the associated variable-rate debt are presented in the following debt service requirements schedules.

Notes to the Financial Statements
(Continued)

Debt Service Requirements

Debt service requirements, including principal, interest and reserve contributions are as follows (in thousands):

City of Phoenix Bonds - Governmental Activities									
Fiscal Years	General Obligation		Highway User Revenue		Housing Revenue		Total Other Obligations (1)		Debt Service Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 32,165	\$ 56,603	\$ 27,005	\$ 4,235	\$ 305	\$ 15	\$ 37,573	\$ 43,057	\$ 200,958
2010	47,162	56,821	28,285	2,961	-	-	40,890	41,229	217,348
2011	58,255	52,824	29,740	1,507	-	-	45,537	39,156	227,019
2012	64,255	50,155	6,266	15,734	-	-	47,340	36,857	220,607
2013	56,690	47,227	5,875	16,125	-	-	51,884	34,452	212,253
2014-18	330,990	195,153	-	-	-	-	313,015	130,211	969,369
2019-23	376,085	107,528	-	-	-	-	209,310	49,964	742,887
2024-28	267,355	26,864	-	-	-	-	71,330	20,443	385,992
2029-33	-	-	-	-	-	-	29,920	6,175	36,095
2034-38	-	-	-	-	-	-	5,615	510	6,125
	\$ 1,232,957	\$ 593,175	\$ 97,171	\$ 40,562	\$ 305	\$ 15	\$ 852,414	\$ 402,054	\$ 3,218,653

Authorized	\$ 2,617,800	\$ 356,966	\$ 4,960
Unissued	\$ 622,357	\$ -	\$ -
Interest Rates	2.8 - 7.4%	3.3 - 7.6%	5.2 - 6.3%

(1) Other obligations consist of the following (in thousands):

Fiscal Years	Certificates of Participation		Municipal Corporation Obligations		Special Assessment Bonds		Total Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 1,135	\$ 1,465	\$ 36,041	\$ 41,568	\$ 397	\$ 24	\$ 37,573	\$ 43,057
2010	1,175	1,426	39,630	39,792	85	11	40,890	41,229
2011	1,230	1,381	44,250	37,769	57	6	45,537	39,156
2012	1,275	1,332	46,025	35,523	40	2	47,340	36,857
2013	1,315	1,282	50,555	33,170	14	-	51,884	34,452
2014-18	6,665	5,560	306,350	124,651	-	-	313,015	130,211
2019-23	15,120	3,342	194,190	46,622	-	-	209,310	49,964
2024-28	3,845	183	67,485	20,260	-	-	71,330	20,443
2029-33	-	-	29,920	6,175	-	-	29,920	6,175
2034-38	-	-	5,615	510	-	-	5,615	510
	\$ 31,760	\$ 15,971	\$ 820,061	\$ 386,040	\$ 593	\$ 43	\$ 852,414	\$ 402,054

Notes to the Financial Statements
(Continued)

City of Phoenix Bonds - Business-Type Activities						Component Units	
Fiscal Years	General Obligation		Total Other Obligations (1)		Debt Service	Downtown Phoenix Hotel Corporation	
	Principal	Interest	Principal	Interest	Total	Principal	Interest
2009	\$ 25,357	\$ 9,651	\$ 70,739	\$ 175,660	\$ 281,407	\$ -	\$ 17,412
2010	26,937	8,749	96,695	171,620	304,001	-	17,412
2011	27,350	5,521	102,005	166,906	301,782	-	17,412
2012	11,029	4,295	117,095	161,979	294,398	4,565	17,412
2013	11,390	3,805	132,153	161,359	308,707	4,890	17,179
2014-18	61,968	11,812	668,029	788,756	1,530,565	30,020	81,751
2019-23	7,968	713	856,317	583,271	1,448,269	40,795	73,442
2024-28	-	-	711,895	365,610	1,077,505	54,840	61,980
2029-33	-	-	393,264	214,433	607,697	72,690	46,833
2034-38	-	-	295,338	133,249	428,587	95,915	26,483
2039-43	-	-	142,466	71,229	213,695	46,285	3,502
2044-48	-	-	19,820	10,179	29,999	-	-
	<u>\$ 171,999</u>	<u>\$ 44,546</u>	<u>\$ 3,605,816</u>	<u>\$ 3,004,251</u>	<u>\$ 6,826,612</u>	<u>\$ 350,000</u>	<u>\$ 380,818</u>
Authorized	\$ 726,900					\$ 350,000	
Unissued	\$ -					\$ -	
Interest Rates	2.8 - 7.4%					4.0 -5.3%	

(1) Other obligations consist of the following (in thousands):

Fiscal Years	Municipal Corporation Obligations		Variable Rate Bonds (2)		Swaps, Net (3) (4)	Total Other Obligations	
	Principal	Interest	Principal	Interest		Principal	Interest
2009	\$ 70,739	\$ 163,285	\$ -	\$ 10,095	\$ 2,280	\$ 70,739	\$ 175,660
2010	96,695	159,248	-	10,095	2,277	96,695	171,620
2011	102,005	154,534	-	10,095	2,277	102,005	166,906
2012	117,095	149,616	-	10,095	2,268	117,095	161,979
2013	132,153	148,978	-	10,095	2,286	132,153	161,359
2014-18	623,739	731,003	44,290	47,130	10,623	668,029	788,756
2019-23	770,347	558,154	85,970	20,493	4,624	856,317	583,271
2024-28	711,895	365,610	-	-	-	711,895	365,610
2029-33	393,264	214,433	-	-	-	393,264	214,433
2034-38	295,338	133,249	-	-	-	295,338	133,249
2039-43	142,466	71,229	-	-	-	142,466	71,229
2044-48	19,820	10,179	-	-	-	19,820	10,179
	<u>\$ 3,475,556</u>	<u>\$ 2,859,518</u>	<u>\$ 130,260</u>	<u>\$ 118,098</u>	<u>\$ 26,635</u>	<u>\$ 3,605,816</u>	<u>\$ 3,004,251</u>

(2) Amounts for FY 2009 through FY 2027 are based on rates as of June 30, 2008. One-month LIBOR was 2.46% and the latest VRDB reset was 7.75% on that date. As rates vary, variable-rate bond interest payments and net swap payments will vary.

(3) Fixed-rate swap payments less floating-rate swap receipts.

(4) The City expects to refund its variable rate bonds with fixed-rate bonds in FY 2009 and also expects to terminate the BNP Paribas and BSFP swaps concurrently with the refunding.

Notes to the Financial Statements

(Continued)

Capital Leases

The City has entered into a lease agreement with an independent third-party for the purpose of acquiring structural improvements at Sky Harbor International Airport. The leased assets totaled \$4,332,000 at June 30, 2008. Interest on the capital lease in the amount of \$108,539 has been fully expensed and is included in the amount reported as a component of the capital leases obligation. The following is a schedule of future minimum lease payments, as of June 30, 2008 (in thousands):

<u>Years Ending June 30</u>	<u>Aviation Enterprise Fund</u>
2008	\$ 109
2008 Adjustment	0
2009	0
2009 Adjustment	0
Total Minimum Lease Payments	109
Less: Current Portion	(109)
Future Minimum Lease Payments	<u>\$ 0</u>

Accrued Landfill Closure and Postclosure Care Costs

The Solid Waste Enterprise Fund ("Solid Waste") currently operates one landfill, the SR-85 Landfill, and monitors five additional closed landfills. Federal and state regulations require that certain postclosure care costs be incurred to maintain and monitor closed landfills for thirty years after closure to mitigate and prevent future environmental damage. In addition, numerous costs are incurred in the process of closing a landfill. These closure costs include the capping of the landfill with soil, installing such items as drainage and monitoring systems, and remediation of any environmental damage caused by the landfill. These costs are estimated based on what it would cost to perform all closure and postclosure care for the landfills at June 30, 2008 and are subject to change due to inflation, technology changes and applicable legal or regulatory requirements.

Total closure and postclosure care costs for the five closed landfills are currently estimated to be \$125,821,000, including \$67,674,000 that has already been paid out and an estimated \$58,147,000 that will be paid out in future years as postclosure care efforts continue. The entire unpaid amount has been reported as a liability in the accompanying financial statements. The accrual for these costs was increased by \$21,672,000 during fiscal 2007-08 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$53,095,000, which will be paid out in future years. \$2,920,000 of this has been recorded as a liability on the accompanying financial statements based on the use of approximately 5.5% of the estimated capacity of the landfill.

Of the liabilities discussed above, \$2,211,000 is included in liabilities payable from restricted assets.

Certain environmental remediation costs associated with one of the closed landfills are recoverable from third parties. The City has recovered a total of \$29,015,000 from third parties. These recoveries are used to reduce remediation expense in the year the recovery is assured. A total of \$11,028,000 (which includes recoveries and applicable interest earnings) has been included in restricted assets on the enterprise fund balance sheet. Any postclosure care costs not recovered from third parties will be funded from revenues of the Solid Waste Enterprise Fund.

Notes to the Financial Statements

(Continued)

10. Refunded, Refinanced and Defeased Obligations

Future debt service on refunded bonds has been provided through advanced 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 and 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 the securities, will be sufficient to service the previously issued bonds.

During fiscal year 2007-08, the City issued Senior Lien Airport Revenue Refunding Bonds, Series 2008C (non-AMT) and Senior Lien Airport Revenue Refunding Bonds, Series 2008D (AMT) to reduce the present value of future debt service payments. These savings were available due to improved municipal bond market conditions (i.e., lower interest rates) during the year. The effects of the refundings and refinancings are summarized as follows (in thousands):

	<u>Civic Improvement Corporation</u>	
	<u>Senior Lien Airport Revenue (non-AMT)</u>	<u>Senior Lien Airport Revenue (AMT)</u>
Series	2008 C	2008 D
Closing Date	6/18/08	6/18/08
Net Interest Rate	4.35%	4.69%
Refunding Bonds Issued	\$ 109,850	\$ 68,520
Premium (Discount)	2,971	2,075
Issuance Costs and Insurance	(355)	(221)
Net Proceeds	<u>\$ 112,466</u>	<u>\$ 70,374</u>
Refunded Amount	\$ 111,440	\$ 39,200
Decrease in Debt Service	\$ 5,819	\$ 1,328
Economic Gain	\$ 4,269	\$ 1,178
Number of Years Affected	14	6

On July 16, 2007, the City of Phoenix defeased \$2,780,000 of outstanding City Of Phoenix Civic Improvement Corporation Subordinated Junior Lien Excise Tax Revenue Refunding Bonds (Patriot's Square Project), Series 1993.

On March 28, 2008, the City defeased \$28,940,000 of outstanding City Of Phoenix Civic Improvement Corporation junior lien wastewater system revenue bonds.

On March 30, 2008, the City defeased \$6,765,000 of outstanding City Of Phoenix Civic Improvement Corporation Bus Acquisition Special Revenue Bonds, Series 2000.

Notes to the Financial Statements

(Continued)

The deferred and amortized amounts of accounting losses on bond refundings (which are netted against outstanding bond obligations) at June 30, 2008, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions	Reductions due to Refundings	Amortization	Deferred Amount June 30
General Government					
General Obligation	\$ 11,131	\$ -	\$ -	\$ (1,028)	\$ 10,103
Revenue	4,248	-	-	(1,061)	3,187
Certificates of Participation	(434)	-	-	43	(391)
Civic Improvement Corporation	3,668	-	-	(174)	3,494
	<u>\$ 18,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,220)</u>	<u>\$ 16,393</u>
Enterprise Funds					
Aviation					
General Obligation	\$ 1,362	\$ -	\$ -	\$ (232)	\$ 1,130
Civic Improvement Corporation	1,401	1,865	(769)	(418)	2,079
Convention Center					
Civic Improvement Corporation	933	-	-	(63)	870
Water					
General Obligation	2,152	-	-	(349)	1,803
Civic Improvement Corporation	6,719	-	-	(463)	6,256
Wastewater					
General Obligation	1,258	-	-	(493)	765
Civic Improvement Corporation	26,439	-	(63)	(2,414)	23,962
Solid Waste					
General Obligation	525	-	-	(71)	454
Civic Improvement Corporation	(964)	-	-	60	(904)
Golf					
Civic Improvement Corporation	464	-	-	(66)	398
	<u>\$ 40,289</u>	<u>\$ 1,865</u>	<u>\$ (832)</u>	<u>\$ (4,509)</u>	<u>\$ 36,813</u>

Notes to the Financial Statements
(Continued)

Advanced refunding and defeasance arrangements at June 30, 2008 were as follows (in thousands):

Date Refunded/ Defeased	Refunded and Defeased Bonds		Balance Outstanding	Assets Held in Trust (1)
	Issue Dates	Type		
05/07/86	03/01/81 - 12/01/85	General Obligation Aviation	\$ 4,000	\$ 4,225
03/04/92	05/15/86 - 07/01/90	Junior Lien Street and Highway User Revenue	\$ 4,330	\$ 4,301
12/16/92	03/15/87 - 02/01/92	Junior Lien Street and Highway User Revenue	\$ 7,500	\$ 8,614
04/27/93	12/01/78 - 12/06/91	General Obligation General Government Water System	\$ 4,868 1,131 \$ 5,999	\$ 10,408
07/10/01	07/01/97 - 06/01/00	Civic Improvement Corporation Wastewater System Revenue	\$ 109,310	\$ 109,522
06/12/02	04/01/91 - 07/15/00	General Obligation General Government Solid Waste	\$ 20,885 4,810 \$ 25,695	\$ 27,924
04/01/04	07/01/95 - 06/01/02	General Obligation General Government Sanitary Sewer Solid Waste	\$ 31,580 745 1,380 \$ 33,705	\$ 34,711
06/22/04	08/01/00	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 2,555	\$ 2,647
07/19/06	07/01/95 - 7/01/05	General Obligation General Government	\$ 133,350	\$ 135,389
06/13/07	01/15/98 - 06/01/02	General Obligation General Government Sanitary Sewer Solid Waste	\$ 65,390 1,590 5,435 \$ 72,415	\$ 74,108
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 99,365	\$ 101,144
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Subordinated Excise Tax Revenue	\$ 70,680	\$ 65,311
03/28/08	07/01/01 - 12/01/04	Civic Improvement Corporation Wastewater System Revenue	\$ 12,150	\$ 13,261

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

Notes to the Financial Statements

(Continued)

11. Legal Debt Margin

As discussed in Note 3, secondary property taxes are used to finance bond principal and interest payments. Under Arizona law, general obligation bonds for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and street and transportation facilities may not exceed 20% of a city's secondary assessed valuation. General obligation bonds for all other purposes may not exceed 6% of the secondary assessed valuation. The total debt margin available at July 1, 2008 was as follows (in thousands):

Six Percent Bonds	\$ 1,001,014
Twenty Percent Bonds	<u>2,699,231</u>
	<u>\$ 3,700,245</u>

12. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2008, as described below.

General Fund and Transit Special Revenue Fund

Liability – The City maintained a self-insured retention of \$7,500,000 for most public entity liability exposures and a self-insured retention of \$5,000,000 for transit operations. Excess liability coverage was purchased for losses that exceed the self-insured retention. Airport operations as well as other specialty liability exposures were covered by specific commercial insurance policies.

Property – The City purchased blanket commercial property and boiler/machinery insurance for City owned buildings and structures. Other specialty property exposures were covered by specific commercial insurance policies.

Workers' Compensation – The City maintained a self-insured retention of \$15,000,000 for its workers' compensation exposure. Excess workers' compensation insurance was purchased for losses exceeding the self-insured retention. Workers' Compensation for Phoenix Transit employees was self-insured up to \$400,000 and excess workers' compensation insurance was purchased for losses exceeding that amount.

Fidelity and Surety – The City purchased certain public official bonds and surety bonds as required by state statute or City Charter. In addition, the City purchased coverage through a blanket "Crime" policy.

Unemployment Compensation Liability was self-insured. Basic life, commuter life, basic AD&D and occupational AD&D insurance were provided through commercial insurance.

Self-insured claims are reported as liabilities in the accompanying financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. This determination is based on an actuarial analysis of reported claims and estimates of claims incurred but not reported.

With the exception of health, dental and long-term disability, the City reports its self-insurance activities in the General Fund, the Transit Special Revenue Fund (for transit related claims only) and the government-wide statement of net assets, with the other funds reimbursing the General Fund for their share of the cost of the City's self-insurance program. At June 30, 2008, claims payable totaled \$94.4 million. Changes in this liability for the last two fiscal years follow (in thousands):

Notes to the Financial Statements
(Continued)

	Year Ended June 30	
	2008	2007
Claims Payable, July 1	\$ 86,932	\$ 86,973
Current Year Claims and Changes in Estimates	32,593	27,152
Claim Payments	(25,094)	(27,193)
Claims Payable, June 30	<u>\$ 94,431</u>	<u>\$ 86,932</u>

Claims that are expected to be paid with expendable available financial resources are accounted for in the General Fund. All other claims are accounted for in the government-wide statement of net assets. These balances were as follows (in thousands):

	June 30	
	2008	2007
Amounts due within one year	\$ 35,751	\$ 29,783
Amounts due in more than one year	58,680	57,149
	<u>\$ 94,431</u>	<u>\$ 86,932</u>

In addition, assets of \$109,869,751 and \$2,031,827 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2008 for purposes of funding the claims liability reported in the government-wide statement of net assets. As a result, \$109,869,751 of the General Fund balance and \$2,031,827 of the Transit Special Revenue Fund balance are designated for payment of claims.

Fiduciary Funds

Health and Dental – The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust fiduciary fund. Stop loss coverage was purchased generally for individual losses exceeding \$900,000 and aggregate losses exceeding \$193,289,451. Dental coverage was provided through two different plans. A dental PPO was self-insured through the City of Phoenix Health Care Benefits Trust and a dental HMO was provided through commercial insurance accounted for in the General Fund.

Long-Term Disability benefits were self-insured through the City Of Phoenix Long-Term Disability Trust fiduciary fund. As a funded other post-employment benefit, effective June 30, 2008, no liability is reflected in the Government-Wide Statement of Net Assets. See Note 19 for additional information.

At June 30, 2008, claims payable totaled \$21.6 million. Changes in this liability for the last two fiscal years follow (in thousands):

	Year Ended June 30	
	2008	2007
Claims Payable, July 1	\$ 80,210	\$ 83,649
Current Year Claims and Changes in Estimates	108,243	143,360
Claim Payments	(166,873)	(146,799)
Claims Payable, June 30	<u>\$ 21,580</u>	<u>\$ 80,210</u>

Notes to the Financial Statements
(Continued)

Claims are accounted for in the Health Care Benefits Trust Fiduciary Trust Statement of Net Assets. These balances were as follows (in thousands):

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
Amounts due within one year	\$ 21,401	\$ 21,337
Amounts due in more than one year	179	58,873
	<u>\$ 21,580</u>	<u>\$ 80,210</u>

Liability information for 2007 has been restated to reflect the movement of the City of Phoenix Health Care Benefits Trust and City of Phoenix Long-Term Disability Trust to fiduciary funds.

13. Operating Leases

The City's public housing program leases housing facilities that are, in turn, subleased to low income and elderly tenants. These lease obligations are subsidized by the federal government. Total rental expense for these leases was \$36,810,236 for the fiscal year ended June 30, 2008.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2008 were as follows (in thousands):

Years Ending	
<u>June 30</u>	
2009	\$ 65,250
2010	63,984
2011	55,785
2012	47,161
2013	46,812
2014-2068	<u>388,247</u>
	<u>\$ 667,239</u>

The above amounts do not include contingent rentals, which also may be received under the airport facilities leases, primarily as a percentage of sales in excess of stipulated minimums. Contingent rentals amounted to \$25,070,793 for the fiscal year ended June 30, 2008. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2008 is as follows (in thousands):

Buildings	\$ 942,162
Less: Accumulated Depreciation	<u>(374,991)</u>
	<u>\$ 567,171</u>

Notes to the Financial Statements

(Continued)

14. Contractual and Other Commitments

Public Transit

The City provides public transit service through the following private contractors: Veolia Transportation, First Transit Inc. and MV Transportation Service. In addition, the City purchases fixed route bus service from the Regional Public Transportation Authority "RPTA". The services provided by these contractors, the expiration dates of the current agreements and the estimated contract amount to be provided by the City through June 30, 2009 are as follows (in thousands):

<u>Contractor</u>	<u>Type of Service</u>	<u>Expiration Date</u>	<u>Estimated Annual Subsidy</u>
MV Transportation Service	Dial-a-Ride	June 30, 2009	\$ 13,461
First Transit Inc.	Bus Service	June 30, 2012	23,274
Veolia Transportation	Downtown Area Shuttle	June 30, 2010	878
Veolia Transportation	Bus Service	June 30, 2010	82,434
Regional Public Transportation Authority	Bus Service	June 30, 2009	6,039
MV Transportation Service	ALEX	June 30, 2009	1,085
			<u>\$ 127,171</u>

Approximately 13.6% of the total net transit costs will be reimbursed to the City by adjacent communities and the RPTA. In addition, the City will apply for funding to support daily operations from the Department of Transportation, Federal Transit Administration. This grant is expected to fund approximately 4.0% of the total transit costs for fiscal 2008-09. The City has been the designated recipient for these grants since 1975.

Plan Six Funding Agreements

The Plan Six Funding Agreement provides for a cost sharing arrangement to ensure timely completion of the Plan Six facilities of the Central Arizona Project. These facilities include the new Waddell Dam on the Agua Fria River and modifications of the Roosevelt and Stewart Mountain dams on the Salt River. The parties to this agreement include the United States Government, the State of Arizona, the Central Arizona Water Conservation District, Maricopa County Flood Control District, the Salt River Project, and the cities of Phoenix, Chandler, Glendale, Mesa, Scottsdale, Tempe and Tucson. The Plan Six Funding Agreement does not constitute a joint venture as cost sharing projects are not considered joint ventures as the participating governments do not retain an on-going financial interest or responsibility in the project, in accordance with GASB Statement No. 14, "The Financial Reporting Entity".

Deposited funds from prior fiscal years are held in the Arizona State Treasurer's Local Government Investment Pool "LGIP" for Plan Six and, as disbursements are made from this fund, the City records an asset (water rights). Upon completion, the City will amortize this asset over a 40-year life. No further contributions are required.

Notes to the Financial Statements

(Continued)

Other Contracts

The City's enterprise funds have entered into various construction contracts and these commitments have not been recorded in the accompanying financial statements. Only the currently payable portions of these contracts have been included in accounts payable in the accompanying financial statements. The following funds have remaining commitments at June 30, 2008, as follows (in thousands):

Aviation	\$ 214,713
Phoenix Convention Center	80,213
Water System	232,024
Wastewater	246,797
Solid Waste	12,731
	<hr/>
	\$ 786,478
	<hr/>

In addition, the Downtown Phoenix Hotel Corporation has entered into various contracts to complete the construction and furnishing of the hotel project. The total estimated cost to complete construction is \$230 million. As of June 30, 2008, the construction is considered to be approximately 90% complete.

15. Contingent Liabilities

Pending Litigation

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. As discussed in Note 12, the City is primarily self-insured, and has accrued a liability for estimated claims outstanding. As with any risk retention program, however, the City is contingently liable in respect to claims beyond those currently accrued. In the opinion of City management, based on the advice of the City Attorney, the outcome of such claims will not have a material adverse effect on the City's financial position, results of operations or liquidity at June 30, 2008.

Public Housing Notes Payable

Excluded from the City's long-term obligations in the accompanying financial statements are Public Housing Notes Payable. These obligations were incurred in connection with the City's public housing activities, but are entirely supported by the federal government. The City would be obligated to pay the debt service on these bonds only in the event of default by the federal government. The outstanding balances on these notes at June 30, 2008 were \$743,757.

Sick Leave

Sick leave is continuously accumulated at the rate of 15 days per year but can only be taken in the event of illness. Upon retirement, for every 173 hours of unused sick leave, one month of creditable service is allowed in determining a General Employee Retirement Plan pension. A balance of over 80 hours after making the above calculation will allow an extra month of creditable service. The dollar amount of any cash payment as described below is included in the final average compensation, but the hours used are excluded from credited service.

Police who have accumulated 900 qualifying hours or more of unused sick leave at the time of normal service retirement are eligible to receive a payment equal to 35% or more (depending on the number of qualifying hours) of their base hourly rate for hours in excess of 450 hours. Police also have the option of monthly conversion of sick leave accrual to pay as salary for a minimum of three years and maximum of six years if they have at least 1,714 unused hours.

Firefighters who have accumulated 900 qualifying hours or more of unused sick leave at the time of normal service retirement (1,260 qualifying hours or more for employees not on a 40 hour per week work schedule) are eligible to receive a payment equal to 35% or more (depending on the number of qualifying hours) of their base hourly rate for hours in excess of 450 hours (630 hours for employees not on a 40 hour per week work schedule). Firefighters also have the option of monthly conversion of sick leave accrual to pay as salary for a minimum of three years and maximum of six years. Firefighters must have 17 years of service and at least 2,400 unused hours for 56-hour employees or the 40-hour employee equivalent.

Notes to the Financial Statements

(Continued)

Supervisory and Professional, Confidential Office and Clerical, Field Unit 1, Field Unit 2, and Office and Clerical employees who have accumulated 750 qualifying hours or more of unused sick leave at the time of normal service retirement are eligible to receive a payment equal to their base hourly rate for 25% of the hours in excess of 250 hours.

Middle management and Executive General City employees who have accumulated 750 qualifying hours or more of accrued or unused sick leave at the time of normal service retirement are eligible to receive a payment up to 20% of their base hourly rate. Sworn Police and Fire Middle Managers and Executives have the option of monthly conversion of sick leave accrual to pay as salary for a minimum of three years and maximum of six years if they have at least 1,714 unused hours.

Sick leave is accrued as a liability as it is earned by the employees only if the leave is attributable to past service and it is probable that the employees will be compensated through cash payments conditioned on the employees' termination or retirement. In accordance with these criteria, a portion of the sick leave accumulated by police, firefighters, and general employees as described above has been accrued as a liability in the accompanying financial statements. The June 30, 2008, actuarial valuation of the sick leave liability was based on the termination method, with the liability pro-rated based on the current service of a participant. The projected sick leave benefit payment under the termination method is calculated as the maximum sick leave hours eligible for payment multiplied by the probability of an individual employee reaching retirement multiplied by the employee's projected salary at first eligibility for retirement pro-rated based on the employee's current service to date over the projected service to retirement increased by the cost of salary-related fringe benefits.

The sick leave benefit balances (both accrued and unaccrued) at June 30 were as follows (in thousands):

	<u>2008</u>
General	\$ 166,494
Police	115,314
Fire	<u>46,013</u>
	327,821
Less: Amounts Accrued as a Liability	<u>(74,741)</u>
	<u><u>\$ 253,080</u></u>

Liabilities Under Grants

The City participates in a number of federal and state-assisted grant programs. The audits of these programs for earlier years and the year ended June 30, 2008 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although City management believes any such claims would be immaterial to the City's financial position at June 30, 2008.

The City has accepted grant funds from the Federal Aviation Administration (the "FAA") to purchase land near Phoenix Sky Harbor International Airport (the "Airport") for noise compatibility purposes. After the City purchased the land, it was developed and leased to private corporations. The FAA gave the City written approval to use the proceeds of these leases for the operation and maintenance of the Airport. On January 13, 2006, the FAA notified the City that based on the Department of Transportation's Office of Inspector General's audit of eleven airports, including the Airport, the FAA determined that leasing the land the City purchased for noise compatibility purposes constituted disposal of the property purchased with FAA grant funds. The FAA has contacted the City claiming it is entitled to its fair share of the proceeds of the leases under Federal law. According to the FAA, the City has been authorized to receive approximately \$89,000,000 in grants from the FAA for noise compatibility purposes. Further investigation is necessary by both the City and the FAA to determine: (i) if the City will be required to reimburse the FAA for some of the grants; (ii) whether the leases can be treated as an exchange of land rather than a disposal of land; or (iii) whether other grant eligible projects may be used by the City to offset any monies the City owes the FAA. The City intends to pursue all avenues with the FAA to establish that the City is not liable to reimburse the FAA.

Notes to the Financial Statements
(Continued)

16. Joint Use Agreements

Valley Metro Rail, Inc. "VMRI"

The City currently participates with the cities of Tempe, Mesa, and Glendale in a joint powers agreement for the design, construction and operation of a light rail transit system. The Valley Metro Rail, Inc. "VMRI" is the management agency that was incorporated to administer the joint powers agreement between the cities. The VMRI has oversight responsibility for the planning, designing, construction and operation of a regional mass transit light rail system. The agreement provides voting rights for members of the representative cities related to strategic initiatives including passage of an annual budget.

The City has an ongoing financial responsibility as a result of the joint powers agreement to participate in the cost to construct and operate the light rail project less any Federal reimbursements and operating fares. The City's share of costs is determined based on the number of rail mileage located within each City, plus dedicated local costs. The equity interest for the City at June 30, 2008, is \$758,135,210.

Separate financial statements may be obtained from Valley Metro Rail, Inc., 101 N. Central Avenue, Suite 1300, Phoenix, Arizona 85003.

Wastewater

Phoenix participates with the cities of Glendale, Mesa, Scottsdale and Tempe in the Subregional Operating Group ("SROG") Agreement for the construction, operation and maintenance of jointly used facilities, including the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor and related transportation facilities. As lead agency, the City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the plant. Phoenix provides all management personnel and financing arrangements and accepts federal grants on behalf of the participants. The other participants pay for costs of operation and maintenance based on sewage flows and strengths, and for purchased capacity in plant and related transportation facilities based on approved engineering billing schedules.

The City of Phoenix holds title to the land comprising the plant site and rights of way. The City's investment under the joint use agreement is \$396,898,529 and is included in the Wastewater Enterprise Fund financial statements as part of the total wastewater system. The SROG members participate in each facility at varying rates depending on their needs at the time each facility was constructed. The system has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal years ended June 30, 2008 is provided below (in thousands).

	<u>2008</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 47,197
Receivables	22,720
Inventories, at average cost	530
Capital Assets, Net of Accumulated Depreciation	<u>796,149</u>
Total Assets	866,596
Liabilities	<u>(60,939)</u>
Net Assets	<u>\$ 805,657</u>
Total Revenues	\$ 170,890
Total Expenses	<u>(67,887)</u>
Increase in Net Assets	<u>\$ 103,003</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the AMWUA office at 4041 N. Central Avenue, Phoenix, Arizona 85012.

Notes to the Financial Statements

(Continued)

Water

Phoenix participates with the City of Mesa in the Val Vista Water Treatment Plant and Transmission Line agreement for the construction, operation and maintenance of the jointly used facilities. As lead agency, the City of Phoenix is responsible for the planning, budgeting, construction, operation and maintenance of the Plant. Phoenix provides all management personnel and financing arrangements. The City of Mesa pays for costs of operation and maintenance based on flows and purchased capacity, and for purchased capacity in the Plant and related transmission line based on approved engineering billing schedules.

The City's investment under the joint use agreement is \$121,584,192 and is included in the Water Enterprise Fund financial statements as part of the total water system. The plant has no bonded debt outstanding. Summary financial information on the joint use agreement as of and for the fiscal years ended June 30, 2008 is provided below (in thousands).

	<u>2008</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 10,036
Receivables	6,698
Inventories, at average cost	199
Capital Assets, Net of Accumulated Depreciation	<u>182,226</u>
Total Assets	199,159
Liabilities	<u>(11,940)</u>
Net Assets	<u>\$ 187,219</u>
Total Revenues	\$ 26,424
Total Expenses	<u>(26,809)</u>
Decrease in Net Assets	<u>\$ (385)</u>

Separate financial statements for the activity under the joint use agreement can be obtained through the City of Phoenix, Finance Department, Utilities Accounting Division, 305 W. Washington Street, Phoenix, Arizona 85003.

17. Deferred Compensation Plan (DCP)

The City provides eligible employees with two voluntary investment options designed to supplement income at retirement. These programs allow an employee to defer income from peak earning years to provide additional income upon retirement. The City offers a 457 Deferred Compensation Plan (the "457 Plan") that has numerous investment options, and allows enrollment or changes on an ongoing basis. The second, a 401(a) Defined Contribution Plan (the "401(a) Plan"), has more restrictions for participation, but has higher contribution limits.

A governing board makes decisions about the fund options available under these Plans. For full-time and job-share employees, the City contributes a percentage of salary to DCP. Due to the tax-deferred nature of the Plans, generally speaking, the funds cannot be withdrawn while still employed by the City, unless a severe financial hardship exists. IRS regulations provide guidance regarding hardship withdrawals. Nationwide Investment Services Corporation is currently the plan administrator for both Plans.

The 457 Plan was created in accordance with Internal Revenue Code Section 457. The 457 Plan permits employees to defer a portion of their salaries until future years. The amount deferred is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees may choose to defer the lesser of 100% of includable income for 457 deferrals, or \$15,500 during calendar year 2008. A 1996 federal law requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No.S-25613 that amended the Plan to comply with the 1996 federal law. The Ordinance established a trust into which all assets of the Plan were transferred December 4, 1998.

Notes to the Financial Statements

(Continued)

The City's newest retirement savings plan, the 401(a) Plan, provides employees with an additional option for tax-deferred retirement savings. Eligible employees may make personal contributions to the City 401(a) Plan by electing to defer a designated percentage of their salary to the Plan. 401(a) personal contribution elections are irrevocable. For active employees, the 2008 annual maximum is \$46,000. The City also contributes to the 401(a) on the eligible employee's behalf an amount equal to a percentage of employee's base annual salary.

18. Pension Plans

Plan Descriptions

Substantially all full-time employees and elected officials of the City are covered by one of three contributory pension plans. In addition to normal retirement benefits, all of the plans also provide for disability and survivor benefits, as well as deferred pensions for former employees. Pension benefits vest after five years for general City employees and elected officials and after ten years for public safety employees.

The City of Phoenix Employees' Retirement Plan ("COPERS") is a single-employer defined benefit pension plan for all full-time classified civil service general City employees. Members are eligible for retirement benefits upon meeting one of the following age and service requirements:

1. Age 60 years, with ten or more years of credited service.
2. Age 62 years, with five or more years of credited service.
3. Any age, which added to years of credited service equals 80 (Rule of 80).

The Plan is authorized by and administered in accordance with Chapter XXIV of the Charter of the City of Phoenix. Authority to make amendments to the plan rests with City voters. The Plan is administered by a nine-member Retirement Board. COPERS has been included as part of the City's reporting entity as a pension trust fund. Copies of the separately issued COPERS financial report, which includes financial statements and required supplemental information, may be obtained from COPERS, Barrister Place, 101 South Central Avenue, Suite 600, Phoenix, Arizona 85004.

The Arizona Public Safety Personnel Retirement System ("APSPRS") is an agent multiple-employer defined benefit pension plan for all sworn police officers and fire fighters. Members are eligible for normal retirement benefits after 20 years of service or at age 62 with completion of 10 years of service. It is authorized by and administered in accordance with Arizona Revised Statutes Title 38, Chapter 5, Article 4, Section 38.841-859. Authority to make amendments rests with the Arizona State Legislature. Benefits are projected based on benefit levels and cost-sharing arrangements as of the date of valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations. The Plan is administered by local boards consisting of the City Mayor, two members elected by employees and two citizens appointed by the mayor and approved by the City Council. The same board administers both the Fire Fighters and Police pension plans for the City.

The Elected Officials' Retirement Plan of Arizona ("EORPA") is a cost-sharing multiple-employer defined benefit pension plan for all elected officials of the City. Members are eligible for retirement benefits upon ceasing to hold office and meeting one of the following age and service requirements:

1. Any age, with twenty or more years of credited service.
2. Age 62 years, with ten or more years of credited service.
3. Age 65 years, with five or more years of credited service.
4. Early retirement, with five years of service and ceasing to hold office (reduced pension).

Notes to the Financial Statements

(Continued)

Benefits are based on 4% of the member's final annual salary multiplied by the years of credited service. The maximum is 80% of the member's final annual salary. Benefits for early retirees (option 4 above) are reduced by 3/12 of 1% for each month that early retirement precedes normal retirement age. EORPA is authorized by and administered in accordance with Arizona Revised Statutes Title 38, Chapter 5, Article 3, Section 802 as amended. The authority to make amendments rests with the Arizona State Legislature. The Plan is administered by the Arizona Public Safety Personnel Retirement System.

Copies of the publicly available financial reports for the APSPRS and EORPA may be obtained from Arizona Public Safety Personnel Retirement System, 1020 East Missouri, Phoenix, Arizona 85014-2613.

Funding Policy and Annual Pension Cost

The City contributes an actuarially determined amount to COPERS to fully fund benefits for active members and to amortize any unfunded actuarial liability as a level percent of projected member payroll over an open period of 20 years from July 1, 2008. The employee contribution rate is 5% of compensation.

In addition to funding the plan for benefits, the City pays the administrative costs of the plan as a City expense. Investment expenses are paid by the plan from investment earnings.

Contribution rates for APSPRS are specified by State statute, with a 7.65% employee share and an employer's share equal to a level percent of compensation to fund normal cost and unfunded accrued liability over an open period of 30 years from July 1, 2008, but not less than 8% beginning with fiscal year 2007-08. Optionally, the employer may increase its contributions in order to lower the employees' share.

Contribution rates for EORPA are specified by State statute, with a 7% employee share and an actuarially determined employer's share equal to a level percent of compensation to fund normal cost and unfunded accrued liability over an open period of 30 years from July 1, 2008.

Below is three-year contribution trend information for the Elected Officials' cost-sharing multiple-employer retirement plan:

	Contributions Required and Contributions Made			
	Fiscal	Annual	Percentage	Net
	Year	Pension	Of APC	Pension
	Ending	Cost (APC)	Contributed	Obligation
Elected Officials	6/30/08	\$ 121,651	100 %	N/A
	6/30/07	107,735	100	N/A
	6/30/06	107,486	100	N/A

Notes to the Financial Statements
(Continued)

The City's annual pension costs for the current year and related information for each plan is as follows:

	COPERS	APSPRS		EORPA
		Police	Fire	
Contribution Rates:				
City	12.12%	19.03%	20.13%	20.21%
Plan Members	5.00%	7.65%	7.65%	7.00%
Annual Pension Costs (thousands) (1)	\$ 64,198	\$ 45,787	\$ 20,860	\$ 122
Contributions Made (thousands)	\$ 64,198	\$ 45,787	\$ 20,860	\$ 122
Actuarial Valuation Date	6/30/08	6/30/07	6/30/07	6/30/07
Actuarial Cost Method	Entry Age, Normal Cost	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage of Payroll, Open	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years	29 years	29 years	29 years
Asset Valuation Method	4-year smoothed market	4-year smoothed market	4-year smoothed market	4-year smoothed market
Actuarial Assumptions:				
Investment Rate of Return	8.0%	8.5%	8.5%	8.5%
Projected Salary Increases *	5.0 - 9.0%	5.5 - 8.5%	5.5 - 8.5%	5.0%
* Includes Inflation at	4.5%	5.0%	5.0%	5.0%
Cost-of-Living Adjustments	-	-	-	-

(1) A fire premium tax levied by the State is credited toward the City's contribution. This amount reported above is before the fire premium tax credit allowance.

Three-year trend information for the City's single employer and the agent multiple employer defined benefit pension plans follows:

	Contributions Required and Contributions Made			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
General City Employees	6/30/08	\$ 64,198,136	100 %	N/A
	6/30/07	58,151,324	100	N/A
	6/30/06	53,093,606	100	N/A
Public Safety Employees - Police	6/30/08	\$ 45,786,753	100 %	N/A
	6/30/07	32,180,647	100	N/A
	6/30/06	26,356,877	100	N/A
Public Safety Employees - Fire	6/30/08	\$ 20,830,308	100 %	N/A
	6/30/07	16,399,283	100	N/A
	6/30/06	13,183,125	100	N/A

Notes to the Financial Statements
(Continued)

Funded Status and Funding Progress (as of the most recent valuation)

Schedule of Funding Progress (in thousands)							
	Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
General City Employees	6/30/08	\$ 1,908,414	\$ 2,413,365	\$ 504,951	79.1 %	\$ 566,512	89.1 %
Public Safety Employees - Police	6/30/08	\$ (1)	\$ (1)	\$ (1)	(1) %	\$ (1)	(1) %
	6/30/07	1,046,953	1,569,290	522,337	66.7	211,112	247.4
Public Safety Employees - Fire	6/30/08	\$ (1)	\$ (1)	\$ (1)	(1) %	\$ (1)	(1) %
	6/30/07	613,892	894,775	280,883	68.6	104,118	269.8

(1) Amounts from fiscal year ended June 30, 2007, were the most recent available for Public Safety Employees - Police and Fire.

A schedule for funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

19. Other Postemployment Benefits (OPEB)

In accordance with the compensation plan adopted by the City Council each fiscal year, the City offers continuation of group medical and conversion of group life insurance to retirees or to those eligible for long-term disability benefits. If converted, the life insurance premium must be paid in full by the retiree, but the City continues to contribute toward the medical insurance premium for a certain period of time. Continuation of the City's contribution towards retiree medical coverage is dependent on the annual budget authorization by the City Council.

Postemployment Healthcare

The City provides certain postemployment health care benefits for its retired employees. Retired employees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. Retirees may choose single or family coverage. As of August 1, 2007, separate rates have been established for active and retiree health insurance.

Medical Expense Reimbursement Plan

Employees eligible to retire in 15 years or less from August 1, 2007, will receive a monthly subsidy from the City's Medical Expense Reimbursement Plan (MERP) when they retire, as current retirees do. The MERP is a single-employer, defined benefit plan. Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP.

The monthly subsidy reimburses retirees for qualified medical expenses, including hospital, doctor and prescription drug charges. The City's contribution varies with length of service or bargaining unit, from \$117 to \$202 per month. Retirees may be eligible for additional City contributions depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program. Current and future retirees who are eligible to receive the MERP and choose to purchase health insurance through the City's plan during retirement, will receive an additional City contribution to minimize the impact of unblending health insurance rates for active and retired employees.

Notes to the Financial Statements
(Continued)

The City has established the City of Phoenix MERP Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in the MERP. The City has delegated responsibility for fiduciary oversight of the MERP Trust to the five-member Board of Trustees, subject to oversight of the City Council. The MERP issues a separate report that can be obtained from the City's Finance Department, through the Financial Accounting and Reporting Division on the 5th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003.

The number of participants as of August 1, 2006, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	General City Employees	Public Safety Employees	Total
Active employees	6,199	3,730	9,929
Retired employees	3,327	1,605	4,932
Spouses of retired employees	605	587	1,192
Surviving spouses	65	18	83
Total	10,196	5,940	16,136

The City has implemented GASB Statement No. 45, **Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions**, effective June 30, 2008, and is implementing these requirements prospectively. The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

Annual required contribution	\$ 39,000
Contributions made	53,758
Increase in net OPEB asset	14,758
Net OPEB asset, beginning of year	0
Net OPEB asset, end of year	<u>\$ 14,758</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2008, were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2008	\$39,000	\$53,758	137.8%	\$14,758

As of August 1, 2006, the most recent actuarial valuation date, the MERP was 0 percent funded. The actuarial accrued liability for benefits was \$345,579,125 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$345,579,125. The covered payroll (annual payroll of active employees covered by the plan) was \$563,569,606, and the ratio of the UAAL to the covered payroll was 61.3 percent.

In the August 1, 2006, actuarial valuation, the projected unit credit method was used to determine the normal cost and UAAL. The actuarial assumptions included a 7.0 percent investment rate, the expected long-term investment return on plan assets. The UAAL is being amortized as a level dollar amount such that the ARC contribution equals \$39,000,000. The amortization period will not exceed 30 years.

Notes to the Financial Statements

(Continued)

Post Employment Health Plan

Benefit eligible employees with more than 15 years until retirement eligibility, as of August 1, 2007, receive \$150 per month while employed by the City as a defined contribution to the Post Employment Health Plan (PEHP). This is a 100% employer-paid benefit. The program provides employees who have a payroll deduction for City medical insurance coverage (single or family) with a PEHP account. This account is to be used by the employee when he/she retires or separates employment with the City for qualified medical expenses (including health insurance premiums). The current administrator of the City's PEHP is Nationwide Retirement Solutions.

Long-Term Disability Program

Long-term disability (LTD) benefits are available to all regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. Coverage for benefit eligible employees provides income protection of 66 2/3 percent of an employee's monthly base salary following a continuous three-month waiting period from the last day worked; provided all leave accruals have been exhausted, generally continuing to age 75 for general city employees and age 80 for public safety employees. Employees receiving long-term disability benefits are entitled to continuation of group medical, dental and life insurance for a specified period. Contributions to the LTD Trust by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City pays 100 percent of the cost for this benefit.

The City has established the City of Phoenix Long-Term Disability Trust to fund all or a portion of the City's liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.323 City of Phoenix Long-Term Disability Program. The City has delegated responsibility for administering the LTD trust to the five-member Board of Trustees, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained from the City's Finance Department, through the Risk Management Division on the 8th Floor of 251 W. Washington Street, Phoenix, Arizona, 85003. As of June 30, 2008, the trust agreement had not been executed. Assets of \$64,956,403 have been segregated for deposit upon execution of the trust.

The number of participants as of July 1, 2007, the effective date of the biannual OPEB valuation, follows.

	Fire Employees	Police Employees	General City Employees	Total
Current Active Employees	1,511	2,795	8,631	12,937
Currently Disabled Employees	6	7	329	342
Total Covered Participants	1,517	2,802	8,960	13,279

There have been no significant changes in the number or category of employees covered since that date. The benefit duration has been extended to age 80 for all employees effective July 1, 2008.

The City has implemented GASB 45 effective July 1, 2007, and has calculated the beginning OPEB asset in accordance with the parameters of GASB 45. The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an actuarially determined amount in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset (in thousands):

Annual required contribution	\$	0
Contributions made		0
Net OPEB asset, beginning of year		4,613
Net OPEB asset, end of year	\$	4,613

Notes to the Financial Statements

(Continued)

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008 were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2008	\$ 0	\$ 0	N/A	\$4,613

As of July 1, 2007, the most recent actuarial valuation date, the LTD was 123 percent funded. The actuarial accrued liability for benefits was \$60,343,875, and the actuarial value of assets was \$74,072,101, resulting in an actuarial accrued liability (AAL) surplus of \$13,728,226. The covered payroll (annual payroll of active employees covered by the plan) was \$856,509,964, and the ratio of the AAL to the covered payroll was (1.6) percent. Prior year actuarial valuations were not performed in accordance with GASB Statement 45. Therefore, prior year trend information is not presented.

In the July 1, 2007, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets. The actuarial value of assets was equal to market value. The AAL, or in this case surplus, is amortized over a period such that the normal cost plus the amortization payment equals the budgeted contribution amount. The amortization will not exceed 30 years.

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

20. Prior Period Adjustment

New Fiduciary Funds

During fiscal year 2007-08, the City began reporting the balances and activities of the Healthcare Benefits Trust Fund, the Medical Expense Reimbursement Program, and the Long Term Disability Trust in new Employee Benefit Trust Fiduciary Funds. In previous years, this activity was included in the General Fund as they were part of the City's self-insurance risk management program. The change was made in accordance with GASB guidance on accounting for Other Postemployment Benefits (OPEB).

The effect of this restatement was to decrease beginning fund balance of the General Fund, on a modified accrual basis, by \$137,411,732.

Notes to the Financial Statements

(Continued)

21. Subsequent Events

Debt Issuances

On August 20, 2008, the City of Phoenix Civic Improvement Corporation issued \$50,000,000 of Water System Revenue Bond Anticipation Notes, Series 2007A and \$50,000,000 of Water System Revenue Bond Anticipation Notes, Series 2007B for a total of \$100,000,000 in notes. The notes were issued as commercial paper in varying maturities up to 270 days and at various interest rates.

On October 1, 2008, the City of Phoenix issued \$22,097,000 of Improvement District Bonds, Series 1303. The bonds were issued at a true interest cost of 6.90%.

On October 24, 2008, the City of Phoenix Civic Improvement Corporation issued \$133,400,000 Senior Lien Wastewater System Revenue Refunding Bonds, Series 2008. The bonds were issued by the Corporation for the purposes of refunding the Corporation's outstanding Senior Lien Wastewater System Variable Rate Demand Revenue Refunding Bonds, Series 2004A and paying related expenses incurred in connection with the termination of two derivative products. These bonds were issued at an all-in true interest cost of 5.78% and were delivered on November 18, 2008.

On December 9, 2008, the City of Phoenix Civic Improvement Corporation issued \$40,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008A and \$40,000,000 of Airport Revenue Bond Anticipation Notes, Series 2008B. The notes were issued as commercial paper in varying maturities up to 270 days and at various interest rates.



Financial Section

Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress (in thousands)

	Actuarial Valuation Date	Funding Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
PENSION PLANS							
General City Employees	6/30/08	\$ 1,908,414	\$ 2,413,365	\$ 504,951	79.1 %	\$ 566,512	89.1 %
	6/30/07	1,816,508	2,166,119	349,611	83.9	535,079	65.3
	6/30/06	1,626,741	2,000,346	373,605	81.3	497,105	75.2
Public Safety Employees - Police	6/30/08	\$ (1)	\$ (1)	\$ (1)	(1) %	\$ (1)	(1) %
	6/30/07	1,046,953	1,569,290	522,337	66.7	211,112	247.4
	6/30/06	1,113,932	1,437,105	323,173	77.5	187,484	172.4
	6/30/05	1,093,687	1,313,400	219,713	83.3	179,224	122.6
Public Safety Employees - Fire	6/30/08	\$ (1)	\$ (1)	\$ (1)	(1) %	\$ (1)	(1) %
	6/30/07	613,892	894,775	280,883	68.6	104,118	269.8
	6/30/06	654,121	837,732	183,611	78.1	95,677	191.9
	6/30/05	645,255	756,267	111,012	85.3	87,974	126.2
MERP	8/01/06	\$ 0	\$ 345,579	\$ 345,579	0.0 %	\$ 563,570	61.3 %
LTD	7/01/07	\$ 74,072	\$ 60,344	\$ (13,728)	122.7 %	\$ 856,510	(1.60) %

(1) Information not available



City of Phoenix



Financial Section

**Nonmajor Governmental Funds -
Combining Fund Financial
Statements**



Fund Descriptions - Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Highway User Revenue - to account for the City's share of the Arizona Highway User Revenue Tax. This money is used solely for highway and street improvements.

Local Transportation Assistance - to account for the City's share of Arizona State Lottery proceeds. This money is used for mass transit operating and capital purposes. Up to 10% may be used for cultural, educational, historical, recreational or scientific facilities or programs.

Transit - to account for federal grant operating funds, Regional Public Transportation Assistance funds, Transit 2000 revenues and the City's local matching funds. Expenditures are for the administrative and operating costs of the public transit system.

Municipal Court - to account for revenue received from court award of confiscated property under both the Federal and State Organized Crime Acts, court technology enhancement fees and the City's portion of local Judicial Collection Enhancement Fund monies. These funds are to be spent on additional law enforcement activity and court computer system improvements.

Development Services - to account for development user fees that finance the City's development review and permitting process, and for community reinvestment and impact fees to be used for redevelopment purposes.

Grants - to account for federal and state revenues to be used for community services, including neighborhood and community development, and human resources programs.

Public Housing - to account for rental receipts and expenditures for the administration, management and maintenance of various public housing units. The U.S. Department of Housing and Urban Development exercises indirect control over the activities of the City's housing programs.

Sports Facilities - to account for revenues and expenditures earmarked for the downtown sports arena.

Capital Construction - to account for the portion of the utility tax on telecommunications services which is earmarked for infrastructure improvements in the public right-of-way, including street and sidewalk modernization and improvement.

Parks and Preserves - to account for funds generated by the desert preserve tax. The funds are to be used for the purchase of state trust lands for the Sonoran Desert Preserve Open Space, and the development and improvement of regional and neighborhood parks.

Other Restricted - to account for restricted fees for recreation and other programs, and donations specified for various city programs.

Neighborhood Protection - to account for all revenues and expenditures associated with the Fire and Police Neighborhood Protection Programs and the Police Block Watch Program, funded by the 0.1% local sales tax rate increase authorized by the voters in 1993.

Public Safety Enhancement - to account for the Fire, Police, and Emergency Management share of a 2.0% increment of the 2.7% privilege license tax on utilities with franchise agreements which became effective May 2005, and the 2.0% public safety expansion sales tax which was implemented in December 2007.

Fund Descriptions - Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

Street Improvements - to account for the acquisition of rights-of-way and the improvement, construction and reconstruction of streets and highways within the City.

Police and Fire Protection - to account for the purchase, construction and equipping of public safety buildings and fire stations.

Storm Sewers - to account for the planning, construction, extension and improvement of storm sewer trunk lines and detention basins.

Parks, Recreation and Libraries - to account for the acquisition and development of parks, playgrounds, recreational facilities and public libraries.

Public Housing - to account for the acquisition, construction and modification of public housing complexes and housing for the elderly.

Municipal Buildings and Service Centers - to account for the construction or renovation and equipping of buildings for use by municipal departments, including maintenance and service facilities.

Sports and Cultural Facilities - to account for the acquisition, construction and improvement of community, cultural and sports facilities.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for and payment of bond principal and interest payable from governmental resources, and special assessment bond principal and interest payable from special assessment levies, when the government is obligated in some manner for the payment. Principal payments are due annually. Interest is due semi-annually.

Streets and Highways - to account for debt service on major street and Squaw Peak Parkway highway user revenue bonds. Funding is provided by transfers of state-shared gasoline tax revenues from the Highway User Special Revenue Fund.

Public Housing - to account for debt service on housing revenue bonds. Funding is provided by transfers from the Public Housing Special Revenue Fund and by contributions from the federal government (HUD).

City Improvement - to account for debt service on certificates of participation and certain municipal corporation obligations. Funding is provided by transfers from the Excise Tax Special Revenue Fund.

Special Assessment - to account for debt service on special assessment bonds. Funding is provided by special assessments made against the benefiting property owners.



City of Phoenix

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds

Exhibit C-1

June 30, 2008
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Local Trans- portation Assistance	Transit	Municipal Court	Develop- ment Services
ASSETS					
Cash and Cash Equivalents	\$ 11,057	\$ -	\$ 4,469	\$ 2,807	\$ 32,013
Cash Deposits	69	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	51,923	-	36,322	10,003	120,428
Due from Other Funds	-	-	31,768	-	-
Receivables, Net of Allowance					
Accounts Receivable	181	-	2,095	-	3,865
Taxes Receivable	-	-	-	-	-
Delinquent Taxes Receivable	-	-	-	-	-
Intergovernmental	10,341	-	149,793	-	67
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	32,616	-	-
Prepaid Items	-	-	1,197	-	-
Inventories	-	-	4,306	-	-
Total Assets	<u>\$ 73,571</u>	<u>\$ -</u>	<u>\$ 262,566</u>	<u>\$ 12,810</u>	<u>\$ 156,373</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	12,496	-	8,951	326	1,014
Insurance Claims Payable	-	-	165	-	-
Trust Liabilities and Deposits	1,685	-	29	2,744	6,148
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	3,470
Total Liabilities	<u>14,181</u>	<u>-</u>	<u>9,145</u>	<u>3,070</u>	<u>10,632</u>
Fund Balances					
Reserved					
Encumbrances	35,779	-	18,318	715	14,445
Debt Service	-	-	10,698	-	-
Inventories	-	-	4,306	-	-
Prepaid Items	-	-	1,197	-	-
Notes Receivable	-	-	32,616	-	-
Unreserved					
Designated for Insurance Claims	-	-	2,032	-	-
Designated for Unrealized Gain on Investments	264	-	292	41	-
Undesignated	23,347	-	183,962	8,984	131,296
Total Fund Balances	<u>59,390</u>	<u>-</u>	<u>253,421</u>	<u>9,740</u>	<u>145,741</u>
Total Liabilities and Fund Balances	<u>\$ 73,571</u>	<u>\$ -</u>	<u>\$ 262,566</u>	<u>\$ 12,810</u>	<u>\$ 156,373</u>

Special Revenue Funds

Grants	Public Housing	Sports Facilities	Capital Construction	Parks and Preserves	Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total
\$ 901	\$ 29,938	\$ 5,941	\$ 4,818	\$ 17,731	\$ 4,987	\$ 1,364	\$ 3,994	\$ 120,020
-	-	-	-	-	-	-	-	69
-	6,578	-	-	-	-	-	-	6,578
-	683	19,888	17,014	59,452	12,959	3,301	13,972	345,945
-	-	-	-	-	-	-	-	31,768
1,344	510	3,181	-	-	36	-	-	11,212
-	-	-	-	-	3	-	-	3
-	-	-	-	-	-	-	-	-
13,904	6,868	-	-	-	3,294	-	-	184,267
-	6	-	-	-	-	-	-	6
-	23,449	-	-	-	-	-	-	56,065
-	-	-	-	-	-	-	-	1,197
-	72	-	-	-	-	-	-	4,378
\$ 16,149	\$ 68,104	\$ 29,010	\$ 21,832	\$ 77,183	\$ 21,279	\$ 4,665	\$ 17,966	\$ 761,508
\$ 5,225	\$ 1,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,312
1,733	756	479	7,329	20,956	640	-	1,072	55,752
-	-	-	-	-	-	-	-	165
2,735	15,794	-	-	-	310	716	-	30,161
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
6,456	21	-	-	-	-	-	-	9,947
16,149	17,658	479	7,329	20,956	950	716	1,072	102,337
1,813	4,644	938	3,615	2,968	2,569	1,260	1,221	88,285
-	-	1,160	1,758	2,675	-	2,675	7,559	26,525
-	72	-	-	-	-	-	-	4,378
-	-	-	-	-	-	-	-	1,197
-	23,449	-	-	-	-	-	-	56,065
-	-	-	-	-	-	-	-	2,032
-	20	92	92	299	63	1	39	1,203
(1,813)	22,261	26,341	9,038	50,285	17,697	13	8,075	479,486
-	50,446	28,531	14,503	56,227	20,329	3,949	16,894	659,171
\$ 16,149	\$ 68,104	\$ 29,010	\$ 21,832	\$ 77,183	\$ 21,279	\$ 4,665	\$ 17,966	\$ 761,508

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds

Exhibit C-1
(Continued)

June 30, 2008
(in thousands)

	Capital Projects Funds				
	Street Improve- ments	Police and Fire Protection	Storm Sewers	Parks, Recreation and Libraries	Public Housing
ASSETS					
Cash and Cash Equivalents	\$ 19,354	\$ 18,554	\$ 4,047	\$ 36,744	\$ 13,862
Cash Deposits	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	49,476	-	-	-	-
Due from Other Funds	-	-	4,427	17,014	-
Receivables, Net of Allowance					
Accounts Receivable	621	-	-	7	-
Taxes Receivable	-	-	-	-	-
Delinquent Taxes Receivable	-	-	-	-	-
Intergovernmental	14,068	-	-	-	-
Accrued Interest	114	1	-	2	-
Notes Receivable	19,243	-	-	-	-
Prepaid Items	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 102,876</u>	<u>\$ 18,555</u>	<u>\$ 8,474</u>	<u>\$ 53,767</u>	<u>\$ 13,862</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 9,105	\$ 13,445	-	-	\$ 3,061
Accounts Payable	3,492	3,316	553	3,896	806
Insurance Claims Payable	-	-	-	-	-
Trust Liabilities and Deposits	-	-	-	423	2
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>12,597</u>	<u>16,761</u>	<u>553</u>	<u>4,319</u>	<u>3,869</u>
Fund Balances					
Reserved					
Encumbrances	18,457	12,201	6,860	20,794	4,012
Debt Service	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Notes Receivable	19,243	-	-	-	-
Unreserved					
Designated for Insurance Claims	-	-	-	-	-
Designated for Unrealized Gain on Investments	261	21	21	108	15
Undesignated	52,318	(10,428)	1,040	28,546	5,966
Total Fund Balances	<u>90,279</u>	<u>1,794</u>	<u>7,921</u>	<u>49,448</u>	<u>9,993</u>
Total Liabilities and Fund Balances	<u>\$ 102,876</u>	<u>\$ 18,555</u>	<u>\$ 8,474</u>	<u>\$ 53,767</u>	<u>\$ 13,862</u>

Exhibit C-1

(Continued)

Capital Projects Funds			Debt Service Funds					Total Non-Major Governmental Funds
Municipal Buildings and Service Centers	Sports and Cultural Facilities	Total	Streets and Highways	Public Housing	City Improve- ment	Special Assess- ment	Total	
\$ 47,156	\$ 36,627	\$ 176,344	\$ -	\$ -	\$ 201	\$ 700	\$ 901	\$ 297,265
-	-	-	-	-	-	-	-	69
-	-	-	28,542	-	49,489	17	78,048	84,626
11,552	-	61,028	-	-	5,169	-	5,169	412,142
10,342	-	31,783	-	-	-	-	-	63,551
7,148	3	7,779	-	-	-	548	548	19,539
-	-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	-	-
-	-	14,068	-	-	-	-	-	198,335
1	1	119	-	-	-	1	1	126
996	-	20,239	-	-	-	-	-	76,304
-	-	-	-	-	-	-	-	1,197
-	-	-	-	-	-	-	-	4,378
\$ 77,195	\$ 36,631	\$ 311,360	\$ 28,542	\$ -	\$ 54,859	\$ 1,266	\$ 84,667	\$ 1,157,535
\$ -	\$ 15,444	\$ 41,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,367
324	7,842	20,229	-	-	-	-	-	75,981
-	-	-	-	-	-	-	-	165
-	-	425	-	-	-	70	70	30,656
-	-	-	25,840	-	28,965	-	54,805	54,805
-	-	-	2,702	-	22,384	17	25,103	25,103
996	-	996	-	-	-	714	714	11,657
1,320	23,286	62,705	28,542	-	51,349	801	80,692	245,734
9,406	26,637	98,367	-	-	-	-	-	186,652
-	-	-	(106)	-	3,325	465	3,684	30,209
-	-	-	-	-	-	-	-	4,378
-	-	-	-	-	-	-	-	1,197
996	-	20,239	-	-	-	-	-	76,304
-	-	-	-	-	-	-	-	2,032
69	46	541	106	-	185	-	291	2,035
65,404	(13,338)	129,508	-	-	-	-	-	608,994
75,875	13,345	248,655	-	-	3,510	465	3,975	911,801
\$ 77,195	\$ 36,631	\$ 311,360	\$ 28,542	\$ -	\$ 54,859	\$ 1,266	\$ 84,667	\$ 1,157,535

City of Phoenix, Arizona
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds

Exhibit C-2

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Local Trans- portation Assistance	Transit	Municipal Court	Develop- ment Services
REVENUES					
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	125,656	6,910	85,637	-	-
Charges for Services	57	-	27,405	5,694	58,826
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	911	-	1,706	110	2,199
Interest	2,786	-	3,909	300	5,411
Dwelling Rentals	-	-	-	-	-
Other	540	-	9,381	-	290
Total Revenues	129,950	6,910	128,038	6,104	66,726
EXPENDITURES					
Current Operating					
General Government	-	-	-	225	-
Criminal Justice	-	-	-	1,133	-
Public Safety	-	-	-	4,658	2,318
Transportation	39,048	6,808	133,024	-	-
Community Enrichment	-	106	156	-	-
Community Development	-	-	-	-	53,420
Environmental Services	-	-	-	-	-
Capital Outlay	72,662	-	38,271	839	36,250
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	111,710	6,914	171,451	6,855	91,988
Excess (Deficiency) of Revenues Over Expenditures	18,240	(4)	(43,413)	(751)	(25,262)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	-	119,186	-	-
Transfers to Other Funds	(31,245)	-	(48,187)	-	-
Total Other Financing Sources and Uses	(31,245)	-	70,999	-	-
Net Change in Fund Balances	(13,005)	(4)	27,586	(751)	(25,262)
FUND BALANCES, JULY 1	72,395	4	225,835	10,491	171,003
FUND BALANCES, JUNE 30	\$ 59,390	\$ -	\$ 253,421	\$ 9,740	\$ 145,741

Special Revenue Funds

Grants	Public Housing	Sports Facilities	Capital Construction	Parks and Preserves	Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ 10
90,354	60,381	-	-	-	5,561	-	-	374,499
317	-	-	3	-	7,962	-	-	100,264
-	-	-	-	-	2,933	-	-	2,933
-	-	-	-	-	-	-	-	-
98	100	213	222	851	318	59	(56)	6,731
466	1,593	992	699	2,307	828	79	79	19,449
-	8,298	-	-	-	154	-	-	8,452
656	595	388	42	4	6,542	411	-	18,849
91,891	70,967	1,593	966	3,162	24,308	549	23	531,187
807	-	109	-	-	1,640	-	-	2,781
-	-	-	-	-	-	-	-	1,133
13,850	-	993	-	-	4,007	30,493	42,339	98,658
17	-	-	-	-	67	-	-	178,964
37,889	-	670	-	176	3,831	-	-	42,828
28,948	73,113	294	-	-	1,621	-	-	157,396
190	-	-	74	-	438	-	-	702
10,190	(4,644)	(19)	24,200	66,888	8,593	1,153	3,890	258,273
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
91,891	68,469	2,047	24,274	67,064	20,197	31,646	46,229	740,735
-	2,498	(454)	(23,308)	(63,902)	4,111	(31,097)	(46,206)	(209,548)
-	355	16,010	20,710	28,979	-	30,965	56,867	273,072
-	(5,715)	(9,595)	(1,546)	(381)	(700)	(464)	(1,136)	(98,969)
-	(5,360)	6,415	19,164	28,598	(700)	30,501	55,731	174,103
-	(2,862)	5,961	(4,144)	(35,304)	3,411	(596)	9,525	(35,445)
-	53,308	22,570	18,647	91,531	16,918	4,545	7,369	694,616
\$ -	\$ 50,446	\$ 28,531	\$ 14,503	\$ 56,227	\$ 20,329	\$ 3,949	\$ 16,894	\$ 659,171

City of Phoenix, Arizona
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds

Exhibit C-2

(Continued)

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Capital Projects Funds				
	Street Improve- ments	Police and Fire Protection	Storm Sewers	Parks, Recreation and Libraries	Public Housing
REVENUES					
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,696	113	-	39,378	985
Charges for Services	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	2,108	1,033	452	1,547	595
Interest	1,376	460	267	1,099	240
Dwelling Rentals	-	-	-	-	-
Other	1,704	257	1	577	711
Total Revenues	<u>15,884</u>	<u>1,863</u>	<u>720</u>	<u>42,601</u>	<u>2,531</u>
EXPENDITURES					
Current Operating					
General Government	-	-	-	-	-
Criminal Justice	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community Enrichment	-	-	-	-	-
Community Development	-	-	-	-	-
Environmental Services	-	-	-	-	-
Capital Outlay	16,954	34,622	16,875	65,169	18,338
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	<u>16,954</u>	<u>34,622</u>	<u>16,875</u>	<u>65,169</u>	<u>18,338</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,070)	(32,759)	(16,155)	(22,568)	(15,807)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	6,300	-	-	-
Transfers to Other Funds	-	-	-	(430)	(1,553)
Total Other Financing Sources and Uses	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>(430)</u>	<u>(1,553)</u>
Net Change in Fund Balances	(1,070)	(26,459)	(16,155)	(22,998)	(17,360)
FUND BALANCES, JULY 1	91,349	28,253	24,076	72,446	27,353
FUND BALANCES, JUNE 30	<u>\$ 90,279</u>	<u>\$ 1,794</u>	<u>\$ 7,921</u>	<u>\$ 49,448</u>	<u>\$ 9,993</u>

Exhibit C-2

(Continued)

Capital Projects Funds			Debt Service Funds					Total Non-Major Governmental Funds
Municipal Buildings and Service Centers	Sports and Cultural Facilities	Total	Streets and Highways	Public Housing	City Improvement	Special Assessment	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10
629	75	51,876	-	-	-	-	-	426,375
-	-	-	-	-	-	-	-	100,264
-	-	-	-	-	-	-	-	2,933
-	-	-	-	-	-	643	643	643
1,799	2,424	9,958	-	-	186	-	186	16,875
781	859	5,082	-	-	1,081	27	1,108	25,639
-	-	-	-	-	-	-	-	8,452
1,099	335	4,684	-	-	-	5	5	23,538
4,308	3,693	71,600	-	-	1,267	675	1,942	604,729
-	-	-	-	-	-	-	-	2,781
-	-	-	-	-	-	-	-	1,133
-	-	-	-	-	-	-	-	98,658
-	-	-	-	-	-	-	-	178,964
-	-	-	-	-	-	-	-	42,828
-	-	-	-	-	-	-	-	157,396
-	-	-	-	-	-	-	-	702
8,097	90,164	250,219	-	-	-	-	-	508,492
-	-	-	25,840	500	38,510	664	65,514	65,514
-	-	-	5,405	43	44,865	55	50,368	50,368
-	-	-	-	-	21	-	21	21
-	-	-	-	-	171	-	171	171
8,097	90,164	250,219	31,245	543	83,567	719	116,074	1,107,028
(3,789)	(86,471)	(178,619)	(31,245)	(543)	(82,300)	(44)	(114,132)	(502,299)
12,903	2,747	21,950	31,245	543	87,159	-	118,947	413,969
(28)	-	(2,011)	-	-	(5,795)	(141)	(5,936)	(106,916)
12,875	2,747	19,939	31,245	543	81,364	(141)	113,011	307,053
9,086	(83,724)	(158,680)	-	-	(936)	(185)	(1,121)	(195,246)
66,789	97,069	407,335	-	-	4,446	650	5,096	1,107,047
\$ 75,875	\$ 13,345	\$ 248,655	\$ -	\$ -	\$ 3,510	\$ 465	\$ 3,975	\$ 911,801



City of Phoenix



Financial Section

Other Supplementary Information

Nonmajor Governmental Funds - Budgetary Comparison Schedules



City of Phoenix, Arizona
Schedule of Expenditures and Encumbrances
Budget and Actual - Budget Basis
General Fund

Exhibit D-1

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budget			Actual			Variance with Final Budget Positive (Negative)
	Originally Adopted	Reallocation Transfers (1)	Final	Expend- itures	Encum- brances	Total	
General Government (2)							
Mayor	\$ 2,365	\$ -	\$ 2,365	\$ 2,320	\$ 1	\$ 2,321	\$ 44
City Council	4,744	-	4,744	4,386	22	4,408	336
City Manager	1,214	-	1,214	1,084	4	1,088	126
Deputy City Managers	1,724	-	1,724	1,543	18	1,561	163
City Auditor	3,353	-	3,353	2,979	144	3,123	230
Information Technology	4,609	-	4,609	485	2,176	2,661	1,948
Equal Opportunity	3,847	-	3,847	3,395	-	3,395	452
City Clerk	5,870	-	5,870	5,027	161	5,188	682
Elections	1,378	-	1,378	2,227	10	2,237	(859)
Personnel	16,157	-	16,157	14,848	96	14,944	1,213
Law	22,915	-	22,915	21,176	148	21,324	1,591
Budget and Research	4,101	-	4,101	3,615	13	3,628	473
Finance	25,497	-	25,497	22,884	449	23,333	2,164
Engineering & Architectural Services	(145)	-	(145)	(757)	334	(423)	278
Other	1,877	-	1,877	1,638	114	1,752	125
Total General Government	99,506	-	99,506	86,850	3,690	90,540	8,966
Criminal Justice							
Municipal Court	34,537	-	34,537	31,942	606	32,548	1,989
Public Defender	4,754	-	4,754	4,616	8	4,624	130
Total Criminal Justice	39,291	-	39,291	36,558	614	37,172	2,119
Public Safety							
Police	452,488	150	452,638	430,379	5,408	435,787	16,851
Fire	244,403	(150)	244,253	222,377	3,122	225,499	18,754
Other	1,706	-	1,706	1,257	22	1,279	427
Total Public Safety	698,597	-	698,597	654,013	8,552	662,565	36,032
Transportation							
Street Transportation	30,255	-	30,255	27,114	1,651	28,765	1,490
Public Transit	27,146	-	27,146	26,763	-	26,763	383
Total Transportation	57,401	-	57,401	53,877	1,651	55,528	1,873
Community Enrichment							
Parks & Recreation	116,032	-	116,032	111,511	1,237	112,748	3,284
Library	39,267	(83)	39,184	36,061	970	37,031	2,153
Human Services	30,001	-	30,001	27,031	937	27,968	2,033
Other	6,323	-	6,323	5,483	105	5,588	735
Total Community Enrichment	191,623	(83)	191,540	180,086	3,249	183,335	8,205
Community Development							
Planning	7,503	-	7,503	6,857	108	6,965	538
Economic Development	3,904	-	3,904	3,825	36	3,861	43
Neighborhood Services	17,431	-	17,431	14,853	71	14,924	2,507
Other	5,139	-	5,139	4,968	14	4,982	157
Total Community Development	33,977	-	33,977	30,503	229	30,732	3,245
Environmental Services							
Public Works	22,263	-	22,263	17,506	3,059	20,565	1,698
Other	1,669	-	1,669	1,271	34	1,305	364
Total Environmental Services	23,932	-	23,932	18,777	3,093	21,870	2,062
Cable							
General Government	4,706	-	4,706	4,355	9	4,364	342
Transportation	774	-	774	683	-	683	91
Community Enrichment	156	-	156	151	-	151	5
Total Cable	5,636	-	5,636	5,189	9	5,198	438
Capital							
Community Enrichment	788	83	871	-	649	649	222
Community Development	-	-	-	-	100	100	(100)
Public Safety	-	-	-	121	-	121	(121)
Environmental Services	14,317	-	14,317	3,885	1,313	5,198	9,119
Total Capital	15,105	83	15,188	4,006	2,062	6,068	9,120
Contingency	34,230	-	34,230	-	-	-	34,230
Totals	\$ 1,199,298	\$ -	\$ 1,199,298	\$ 1,069,859	\$ 23,149	\$ 1,093,008	\$ 106,290

City of Phoenix, Arizona
Budgetary Comparison Schedule
Highway User Revenue Special Revenue Fund

Exhibit D-2

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Highway User	\$ 133,458	\$ 133,458	\$ 125,289	\$ (8,169)
State Government	-	-	367	367
Interest	1,800	1,800	3,180	1,380
Miscellaneous	800	800	597	(203)
Total Revenues	136,058	136,058	129,433	(6,625)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	37,282	39,142	39,048	94
Capital	96,358	94,498	76,734	17,764
Debt Service				
Principal	25,840	25,840	25,840	-
Interest	5,406	5,406	5,405	1
Total Expenditures and Encumbrances	164,886	164,886	147,027	17,859
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(28,828)	(28,828)	(17,594)	11,234
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
Impact Fees Capital Fund	-	-	2,373	2,373
Transfers To Other Funds				
Transit Capital Project Fund	-	-	(1,172)	(1,172)
Streets Capital Project Fund	-	-	(19)	(19)
Aviation Enterprise Fund	-	-	(1,843)	(1,843)
Recovery of Prior Years Expenditures	700	700	898	198
Total Other Financing Sources and Uses	700	700	237	(463)
Net Change in Fund Balance	<u>\$ (28,128)</u>	<u>\$ (28,128)</u>	(17,357)	<u>\$ 10,771</u>
Fund Balance, July 1			34,341	
Fund Balance, June 30			<u>\$ 16,984</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Local Transportation Assistance Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-3

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,880	\$ 6,880	\$ 6,910	\$ 30
Total Revenues	6,880	6,880	6,910	30
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	6,777	6,977	6,808	169
Community Enrichment	106	106	105	1
Total Expenditures and Encumbrances	6,883	7,083	6,913	170
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(3)	(203)	(3)	200
Net Change in Fund Balance	<u>\$ (3)</u>	<u>\$ (203)</u>	(3)	<u>\$ 200</u>
Fund Balance, July 1			3	
Fund Balance, June 30			<u>\$ -</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit 2000 Special Revenue Fund

Exhibit D-4

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 30,795	\$ 30,795	\$ 35,179	\$ 4,384
Interest	5,281	5,281	6,521	1,240
Miscellaneous	196	196	1,119	923
Total Revenues	36,272	36,272	42,819	6,547
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	119,674	126,674	115,261	11,413
Community Enrichment	156	156	156	-
Capital	42,920	35,920	16,734	19,186
Contingency	11,700	11,700	-	11,700
Total Expenditures and Encumbrances	174,450	174,450	132,151	42,299
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(138,178)	(138,178)	(89,332)	48,846
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Fund	137,456	137,456	115,914	(21,542)
Federal Transit Grants Special Revenue	-	-	1,701	1,701
Capital Construction Special Revenue	-	-	1,546	1,546
RTP Transit Special Revenue	-	-	22,928	22,928
Capital Projects Fund	-	-	1,726	1,726
LTD Trust Fund	-	-	67	67
Transfers to Other Funds				
City Improvement Debt Service Fund	(39,995)	(39,995)	(39,987)	8
Infrastructure Repayment Agreement Trust	(1,525)	(1,525)	(1,525)	-
Recovery of Prior Years Expenditures	500	500	3,756	3,256
Total Other Financing Sources and Uses	96,436	96,436	106,126	9,690
Net Change in Fund Balance	<u>\$ (41,742)</u>	<u>\$ (41,742)</u>	16,794	<u>\$ 58,536</u>
Fund Balance, July 1			212,770	
Fund Balance, June 30			<u>\$ 229,564</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Other Agency Special Revenue Funds

Exhibit D-5

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,116	\$ 25,116	\$ 72,483	\$ 47,367
Charges for Services	70	70	55	(15)
Interest	(250)	(250)	(185)	65
Miscellaneous	-	-	32	32
Total Revenues	24,936	24,936	72,385	47,449
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	15,061	15,361	15,045	316
Capital	15,428	15,128	3,326	11,802
Total Expenditures and Encumbrances	30,489	30,489	18,371	12,118
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(5,553)	(5,553)	54,014	59,567
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Capital Projects Fund	-	-	58	58
Transfers to Transit 2000 Special Revenue	-	-	(22,928)	(22,928)
Recovery of Prior Years Expenditures	-	-	278	278
Total Other Financing Sources and Uses	-	-	(22,592)	(22,592)
Net Change in Fund Balance	<u>\$ (5,553)</u>	<u>\$ (5,553)</u>	31,422	<u>\$ 36,975</u>
Fund Balance, July 1			(16,717)	
Fund Balance, June 30			<u>\$ 14,705</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Federal Transit Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 13,046	\$ 13,046	\$ 13,153	\$ 107
Interest	-	-	176	176
Total Revenues	13,046	13,046	13,329	283
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	4,623	5,323	3,218	2,105
Capital	6,506	5,806	2,526	3,280
Lease-Purchase Payments	1,917	1,917	6,675	(4,758)
Total Expenditures and Encumbrances	13,046	13,046	12,419	627
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	-	910	910
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
Transit 2000	-	-	(1,701)	(1,701)
Recovery of Prior Years Expenditures	-	-	8	8
Total Other Financing Sources and Uses	-	-	(1,693)	(1,693)
Net Change in Fund Balance	\$ -	\$ -	(783)	\$ (783)
Fund Balance, July 1			2,870	
Fund Balance, June 30			\$ 2,087	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Municipal Court Awards Special Revenue Fund

Exhibit D-7

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 3,174	\$ 3,174	\$ 4,403	\$ 1,229
Total Revenues	3,174	3,174	4,403	1,229
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	178	178	217	(39)
Public Safety	3,099	5,299	4,851	448
Capital	-	200	-	200
Total Expenditures and Encumbrances	3,277	5,677	5,068	609
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(103)	(2,503)	(665)	1,838
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	14	14
Total Other Financing Sources and Uses	-	-	14	14
Net Change in Fund Balance	<u>\$ (103)</u>	<u>\$ (2,503)</u>	(651)	<u>\$ 1,852</u>
Fund Balance, July 1			1,198	
Fund Balance, June 30			<u>\$ 547</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Development Services Special Revenue Fund

Exhibit D-8

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 57,760	\$ 57,760	\$ 49,256	\$ (8,504)
Interest	1,100	1,100	-	(1,100)
Miscellaneous	(60)	(60)	(63)	(3)
Total Revenues	58,800	58,800	49,193	(9,607)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	2,638	2,638	2,391	247
Community Development	70,544	70,169	49,415	20,754
Capital	25	400	196	204
Total Expenditures and Encumbrances	73,207	73,207	52,002	21,205
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(14,407)	(14,407)	(2,809)	11,598
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
LTD Trust Fund	-	-	351	351
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,459)	(4,459)	(3,869)	590
Recovery of Prior Years Expenditures	-	-	1	1
Total Other Financing Sources and Uses	(4,459)	(4,459)	(3,517)	942
Net Change in Fund Balance	<u>\$ (18,866)</u>	<u>\$ (18,866)</u>	<u>(6,326)</u>	<u>\$ 12,540</u>
Fund Balance, July 1			28,056	
Fund Balance, June 30			<u>\$ 21,730</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Reinvestment Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-9

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 2,354	\$ 2,354	\$ 2,183	\$ (171)
Rentals	-	-	9	9
Interest	226	226	422	196
Miscellaneous	-	-	(9)	(9)
Total Revenues	2,580	2,580	2,605	25
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	80	80	234	(154)
Capital	6,547	5,547	320	5,227
Total Expenditures and Encumbrances	6,627	5,627	554	5,073
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(4,047)	(3,047)	2,051	5,098
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	300	300
Total Other Financing Sources and Uses	-	-	300	300
Net Change in Fund Balance	<u>\$ (4,047)</u>	<u>\$ (3,047)</u>	2,351	<u>\$ 5,398</u>
Fund Balance, July 1			8,498	
Fund Balance, June 30			<u>\$ 10,849</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Federal Operating Trust Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-10

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 36,815	\$ 36,815	\$ 36,542	\$ (273)
Interest	64	64	209	145
Miscellaneous	190	190	453	263
Total Revenues	37,069	37,069	37,204	135
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	604	604	678	(74)
Public Safety	17,807	16,592	16,327	265
Transportation	33	33	18	15
Community Enrichment	3,436	3,436	2,306	1,130
Community Development	14,785	14,785	11,615	3,170
Environmental Services	275	275	304	(29)
Capital	129	10,344	6,083	4,261
Total Expenditures and Encumbrances	37,069	46,069	37,331	8,738
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(9,000)	(127)	8,873
OTHER FINANCING SOURCES (USES)				
Transfer to Other Funds				
Sports Facilities	-	-	(19)	(19)
Recovery of Prior Years Expenditures	-	-	146	146
Total Other Financing Sources and Uses	-	-	127	127
Net Change in Fund Balance	\$ -	\$ (9,000)	-	\$ 9,000
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Development Grants Special Revenue Fund

Exhibit D-11

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 37,611	\$ 37,611	\$ 19,586	\$ (18,025)
Interest	-	-	102	102
Miscellaneous	22	22	369	347
Total Revenues	37,633	37,633	20,057	(17,576)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	201	201	208	(7)
Community Enrichment	936	936	1,147	(211)
Community Development	32,574	23,505	16,476	7,029
Capital	3,672	3,741	1,831	1,910
Debt Service				
Principal	212	212	212	-
Interest	38	38	38	-
Total Expenditures and Encumbrances	37,633	28,633	19,912	8,721
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	9,000	145	(8,855)
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
Public Housing-Hope VI	-	-	(147)	(147)
Recovery of Prior Years Expenditures	-	-	2	2
Total Other Financing Sources and Uses	-	-	(145)	(145)
Net Change in Fund Balance	\$ -	\$ 9,000	-	\$ (9,000)
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Human Services Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-12

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 33,938	\$ 33,938	\$ 34,353	\$ 415
Interest	10	10	8	(2)
Miscellaneous	308	308	311	3
Total Revenues	34,256	34,256	34,672	416
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	-	-	18	(18)
Community Enrichment	34,256	35,056	34,697	359
Total Expenditures and Encumbrances	34,256	35,056	34,715	341
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(800)	(43)	757
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	43	43
Total Other Financing Sources and Uses	-	-	43	43
Net Change in Fund Balance	\$ -	\$ (800)	-	\$ 800
Fund Balance, July 1			-	
Fund Balance, June 30			\$ -	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Housing Special Revenue Fund

Exhibit D-13

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 57,136	\$ 57,136	\$ 55,528	\$ (1,608)
Interest	1,287	1,287	1,065	(222)
Dwelling Rentals	5,587	5,587	6,488	901
Miscellaneous	2,557	2,557	1,152	(1,405)
Total Revenues	66,567	66,567	64,233	(2,334)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	12	12	-	12
Community Development	73,557	76,357	67,179	9,178
Capital	2,850	4,450	1,099	3,351
Debt Service				
Principal	504	504	500	4
Interest	44	44	43	1
Total Expenditures and Encumbrances	76,967	81,367	68,821	12,546
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(10,400)	(14,800)	(4,588)	10,212
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	-	-	(302)	(302)
Housing Hope VI Special Revenue Fund	-	-	(2,124)	(2,124)
Capital Projects Fund	-	-	(4,600)	(4,600)
City Improvement	-	-	(70)	(70)
Recovery of Prior Years Expenditures	-	-	280	280
Total Other Financing Sources and Uses	-	-	(6,816)	(6,816)
Net Change in Fund Balance	<u>\$ (10,400)</u>	<u>\$ (14,800)</u>	(11,404)	<u>\$ 3,396</u>
Fund Balance, July 1			32,299	
Fund Balance, June 30			<u>\$ 20,895</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Housing Hope VI Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-14

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 8,325	\$ 8,325	\$ 3,351	\$ (4,974)
Interest	-	-	62	62
Miscellaneous	-	-	281	281
Total Revenues	8,325	8,325	3,694	(4,631)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	-	-	278	(278)
Capital	8,325	8,325	4,109	4,216
Total Expenditures and Encumbrances	8,325	8,325	4,387	3,938
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	-	(693)	(693)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Public Housing Special Revenue Fund	-	-	2,124	2,124
Community Development Grants Fund	-	-	147	147
Recovery of Prior Years Expenditures	-	-	179	179
Total Other Financing Sources and Uses	-	-	2,450	2,450
Net Change in Fund Balance	\$ -	\$ -	1,757	\$ 1,757
Fund Balance, July 1			49	
Fund Balance, June 30			\$ 1,806	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Sports Facilities Special Revenue Fund

Exhibit D-15

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 550	\$ 550	\$ 1,420	\$ 870
Miscellaneous	-	-	388	388
Total Revenues	550	550	1,808	1,258
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	132	132	109	23
Public Safety	993	1,059	993	66
Community Enrichment	502	569	504	65
Community Development	151	218	150	68
Lease-Purchase Payments	9,173	9,173	9,006	167
Total Expenditures and Encumbrances	10,951	11,151	10,762	389
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(10,401)	(10,601)	(8,954)	1,647
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds				
Excise Tax Special Revenue Fund	18,193	18,193	16,010	(2,183)
Federal Operating Grant Fund	-	-	19	19
Transfers to Other Funds				
General Fund				
Staff and Administrative	(127)	(127)	(105)	22
Other	(79)	(79)	(79)	-
Capital Project Fund	-	-	(167)	(167)
Infrastructure Repayment Agreement Trust	(425)	(425)	(417)	8
Total Other Financing Sources and Uses	17,562	17,562	15,261	(2,301)
Net Change in Fund Balance	<u>\$ 7,161</u>	<u>\$ 6,961</u>	6,307	<u>\$ (654)</u>
Fund Balance, July 1			22,957	
Fund Balance, June 30			<u>\$ 29,264</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Capital Construction Special Revenue Fund

Exhibit D-16

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 750	\$ 750	\$ 825	\$ 75
Miscellaneous	-	-	45	45
Total Revenues	750	750	870	120
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Environmental Services	101	101	75	26
Capital	28,415	28,415	19,240	9,175
Total Expenditures and Encumbrances	28,516	28,516	19,315	9,201
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(27,766)	(27,766)	(18,445)	9,321
OTHER FINANCING SOURCES (USES)				
Transfer from Excise Tax Fund	19,927	19,927	20,710	783
Transfers to Other Funds				
Transit 2000 Special Revenue	-	-	(1,546)	(1,546)
Aviation Enterprise Fund	-	-	(741)	(741)
Recovery of Prior Years Expenditures	-	-	364	364
Total Other Financing Sources and Uses	19,927	19,927	18,787	(1,140)
Net Change in Fund Balance	<u>\$ (7,839)</u>	<u>\$ (7,839)</u>	342	<u>\$ 8,181</u>
Fund Balance, July 1			9,310	
Fund Balance, June 30			<u>\$ 9,652</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Parks and Preserves Special Revenue Fund

Exhibit D-17

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 2,600	\$ 2,600	\$ 3,304	\$ 704
Miscellaneous	-	-	4	4
Total Revenues	2,600	2,600	3,308	708
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	186	186	176	10
Capital	119,116	95,116	46,901	48,215
Total Expenditures and Encumbrances	119,302	95,302	47,077	48,225
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(116,702)	(92,702)	(43,769)	48,933
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	34,364	34,364	28,979	(5,385)
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(400)	(400)	(381)	19
Recovery of Prior Years Expenditures	100	100	530	430
Total Other Financing Sources and Uses	34,064	34,064	29,128	(4,936)
Net Change in Fund Balance	<u>\$ (82,638)</u>	<u>\$ (58,638)</u>	<u>(14,641)</u>	<u>\$ 43,997</u>
Fund Balance, July 1			89,016	
Fund Balance, June 30			<u>\$ 74,375</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Other Restricted Special Revenue Funds

Exhibit D-18

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions/Donations	\$ 856	\$ 856	\$ 2,988	\$ 2,132
Licenses and Permits	6	6	10	4
Intergovernmental	300	300	5,561	5,261
Charges for Services	2,770	2,770	9,237	6,467
Fines and Forfeitures	-	-	46	46
Parks and Recreation	2,755	2,755	3,133	378
Rentals	1,541	1,541	2,470	929
Interest	787	787	1,139	352
Miscellaneous	533	533	2,169	1,636
Total Revenues	9,548	9,548	26,753	17,205
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	1,233	1,233	988	245
Criminal Justice	2,709	2,709	1,657	1,052
Public Safety	442	1,542	4,296	(2,754)
Transportation	67	67	67	-
Community Enrichment	5,120	5,106	4,055	1,051
Community Development	6,736	6,736	2,057	4,679
Environmental Services	631	631	438	193
Capital	1,363	8,177	7,281	896
Total Expenditures and Encumbrances	18,301	26,201	20,839	5,362
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(8,753)	(16,653)	5,914	22,567
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
General Fund	-	-	302	302
Public Housing Capital Projects Fund	-	-	53	53
Transfers to Other Funds				
Police & Fire Protection Capital Projects	-	-	(200)	(200)
Sports & Cultural Facilities Capital Projects	-	-	(700)	(700)
Recovery of Prior Years Expenditures	-	-	41	41
Total Other Financing Sources and Uses	-	-	(504)	(504)
Net Change in Fund Balance	<u>\$ (8,753)</u>	<u>\$ (16,653)</u>	5,410	<u>\$ 22,063</u>
Fund Balance, July 1			27,261	
Fund Balance, June 30			<u>\$ 32,671</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Neighborhood Protection Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-19

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 75	\$ 75	\$ 97	\$ 22
Miscellaneous	136	136	202	66
Total Revenues	211	211	299	88
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	34,505	34,505	31,688	2,817
Total Expenditures and Encumbrances	34,505	34,505	31,688	2,817
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(34,294)	(34,294)	(31,389)	2,905
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
General Fund	-	-	1,984	1,984
Excise Tax Special Revenue Fund	34,366	34,366	28,981	(5,385)
LTD Trust Fund	-	-	209	209
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(476)	(476)	(464)	12
Total Other Financing Sources and Uses	33,890	33,890	30,710	(3,180)
Net Change in Fund Balance	<u>\$ (404)</u>	<u>\$ (404)</u>	(679)	<u>\$ (275)</u>
Fund Balance, July 1			2,953	
Fund Balance, June 30			<u>\$ 2,274</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Safety Enhancement Special Revenue Fund
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit D-20

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	\$ 29,037	\$ 29,037	\$ 27,932	\$ 1,105
Contingency	900	900	-	900
Total Expenditures and Encumbrances	29,937	29,937	27,932	2,005
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(29,937)	(29,937)	(27,932)	2,005
OTHER FINANCING SOURCES (USES)				
Transfers from Excise Tax Fund	25,902	25,902	24,653	(1,249)
Transfers to General Fund	-	-	(1,125)	(1,125)
Total Other Financing Sources and Uses	25,902	25,902	23,528	(2,374)
Net Change in Fund Balance	<u>\$ (4,035)</u>	<u>\$ (4,035)</u>	(4,404)	<u>\$ (369)</u>
Fund Balance, July 1			7,277	
Fund Balance, June 30			<u>\$ 2,873</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Safety Expansion Special Revenue Fund

Exhibit D-21

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 107	\$ 107
Miscellaneous	-	-	-	-
Total Revenues	-	-	107	107
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	-	24,000	19,184	4,816
Contingency	-	-	-	-
Total Expenditures and Encumbrances	-	24,000	19,184	4,816
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(24,000)	(19,077)	4,923
OTHER FINANCING SOURCES (USES)				
Transfers from Excise Tax Fund	-	-	32,214	32,214
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	-	-	(10)	(10)
Recovery of Prior Years Expenditures	-	-	-	-
Total Other Financing Sources and Uses	-	-	32,204	32,204
Net Change in Fund Balance	\$ -	\$ (24,000)	13,127	\$ 37,127
Fund Balance, July 1			-	
Fund Balance, June 30			\$ 13,127	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Secondary Property Tax Debt Service Fund

Exhibit D-22

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 163,227	\$ 163,227	\$ 161,413	\$ (1,814)
Interest	900	900	1,742	842
Total Revenues	164,127	164,127	163,155	(972)
EXPENDITURES AND ENCUMBRANCES				
General Obligation Bond Debt Service				
Principal	25,320	25,320	54,551	(29,231)
Interest	63,206	63,206	63,654	(448)
Early Redemption	75,597	77,297	47,573	29,724
Arbitrage Rebate and Fiscal Agent Fees	4	4	10	(6)
Other Debt Service Costs	-	-	39	(39)
Total Expenditures and Encumbrances	164,127	165,827	165,827	-
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(1,700)	(2,672)	(972)
OTHER FINANCING SOURCES (USES)				
Transfer to Other Debt Service Fund	-	-	(868)	(868)
Total Other Financing Sources and Uses	-	-	(868)	(868)
Net Change in Fund Balance	\$ -	\$ (1,700)	(3,540)	\$ (1,840)
Fund Balance, July 1			3,640	
Fund Balance, June 30			\$ 100	

City of Phoenix, Arizona
Budgetary Comparison Schedule
City Improvement Debt Service Fund

Exhibit D-23

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 223	\$ 223
Total Revenues	-	-	223	223
EXPENDITURES AND ENCUMBRANCES				
Lease-Purchase Payments	71,960	73,060	67,695	5,365
Fiscal Agent Fees	19	19	17	2
Other Debt Service Costs	-	-	171	(171)
Total Expenditures and Encumbrances	71,979	73,079	67,883	5,196
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(71,979)	(73,079)	(67,660)	5,419
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	31,984	31,984	30,052	(1,932)
General Fund	-	-	1,291	1,291
Transit 2000 Special Revenue Fund	39,995	39,995	39,987	(8)
Public Housing Special Revenue Fund	-	-	70	70
Capital Projects Fund	-	-	74	74
Transfers to Capital Projects Fund	-	-	(5,795)	(5,795)
Total Other Financing Sources and Uses	71,979	71,979	65,679	(6,300)
Net Change in Fund Balance	\$ -	\$ (1,100)	(1,981)	\$ (881)
Fund Balance, July 1 (Restated)			2,682	
Fund Balance, June 30			\$ 701	



City of Phoenix



Financial Section

Other Supplementary Information

Enterprise Funds – Comparative Statements and Schedules

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

Aviation - to account for the operations of Sky Harbor International Airport, Deer Valley Airport and Goodyear Airport.

Phoenix Convention Center - to account for the operations of the Phoenix Convention Center and theatrical facilities.

Water System - to account for the operations of the City's water system, including the Val Vista Water Treatment Plant, a joint-use agreement with the City of Mesa.

Wastewater - to account for the operations of the City's sanitary sewer system, including facilities serving the Sub-Regional Operating Group, a joint-use agreement with the Cities of Glendale, Mesa, Scottsdale and Tempe.

Solid Waste - to account for the operations of the City's landfills and its solid waste collection system.

Golf Courses - to account for the operations of all City-owned golf courses.





City of Phoenix

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-1

June 30, 2008 and 2007
(in thousands)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 25,569	\$ 23,498
Investments	15,478	101,306
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2008, \$1,250 and 2007, \$565)	5,914	7,860
Deposits in Escrow	458	458
Prepaid Items	510	680
Inventories, at Average Cost	1,225	1,375
Total Unrestricted Current Assets	<u>49,154</u>	<u>135,177</u>
Restricted Assets		
Debt Service		
Cash and Cash Equivalents	597	3
Cash with Fiscal Agent/Trustee	44,786	45,488
Revenue Bond Reserve		
Cash and Cash Equivalents	-	7,201
Investments	16,772	22,279
Accrued Interest Receivable	2	443
Airport Improvement Reserve		
Cash and Cash Equivalents	38,228	7,517
Investments	127,979	32,047
Passenger Facility Charge		
Cash and Cash Equivalents	8,942	3,529
Investments	31,969	16,860
Accounts Receivable	7,087	10,803
Customer Facility Charge		
Cash and Cash Equivalents	-	-
Accounts Receivable	2,605	3,131
Investments	21,050	20,190
Cash with Fiscal Agent/Trustee	69,005	33,101
Capital Projects		
Cash and Cash Equivalents	154,146	2,845
Investments	-	18,169
Receivables		
Intergovernmental	18,282	10,320
Total Restricted Current Assets	<u>541,450</u>	<u>233,926</u>
Total Current Assets	<u>590,604</u>	<u>369,103</u>
Noncurrent Assets		
Capital Assets		
Land	498,399	436,375
Buildings	942,162	908,281
Improvements Other Than Buildings	948,926	951,509
Equipment	100,152	82,206
Construction in Progress	754,225	650,761
Less: Accumulated Depreciation	(864,286)	(779,630)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,379,578</u>	<u>2,249,502</u>
OPEB Asset	1,032	-
Total Noncurrent Assets	<u>2,380,610</u>	<u>2,249,502</u>
Total Assets	<u>2,971,214</u>	<u>2,618,605</u>

<u>LIABILITIES</u>	<u>2008</u>	<u>2007</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	12,669	9,718
Trust Liabilities and Deposits	486	486
Deferred Revenue	8,503	7,798
Capital Leases	109	517
Current Portion of Accrued Compensated Absences	776	662
Total Current Liabilities Payable from Current Assets	22,543	19,181
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	-	4,000
Matured Bonds Payable	24,555	24,435
Interest Payable	20,114	20,879
Current Portion of General Obligation Bonds	1,385	3,780
Current Portion of Revenue Bonds	-	4,675
Current Portion of Rental Car Facility Revenue Bonds	6,440	6,180
Current Portion of Municipal Corporation Obligations	18,990	9,920
Capital Projects		
Accounts Payable	18,209	19,903
Total Current Liabilities Payable from Restricted Assets	89,693	93,772
Total Current Liabilities	112,236	112,953
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2008, \$1,130 and 2007, \$1,362)	11,065	12,218
Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2008, \$0 and 2007, \$0)	-	24,070
Rental Car Facility Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2008, \$0 and 2007, \$0)	241,420	247,860
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2008, \$2,079 and 2007, \$1,401)	697,241	446,108
Unamortized Premium (Discount)	7,387	(641)
Capital Leases	-	-
Accrued Compensated Absences	4,946	4,339
Total Noncurrent Liabilities	962,059	733,954
Total Liabilities	1,074,295	846,907
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,531,043	1,533,973
Restricted for Bond Retirement	16,772	29,481
Restricted for CFC Transportation O&M / Improvement Reserves	21,050	20,190
Unrestricted	328,054	188,054
Total Net Assets	\$ 1,896,919	\$ 1,771,698

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Assets

Exhibit E-2

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Landing and Terminals Fees	\$ 136,211	\$ 133,565
Parking and Car Rentals	128,116	123,042
Other	19,967	20,621
Total Operating Revenues	<u>284,294</u>	<u>277,228</u>
Operating Expenses		
Operation and Maintenance	210,975	175,806
Depreciation	86,364	86,269
Staff and Administrative	6,388	6,188
Total Operating Expenses	<u>303,727</u>	<u>268,263</u>
Operating Income (Loss)	(19,433)	8,965
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	4,600	4,868
Interest	9,542	13,637
Interest on Capital Debt	(32,845)	(43,711)
Gain (Loss) on Disposal of Capital Assets	2,692	(197)
Total Non-Operating Revenues (Expenses)	<u>(16,011)</u>	<u>(25,403)</u>
Net Loss Before Contributions	(35,444)	(16,438)
Capital Contributions	161,932	158,033
Transfers to Special Risk Fund	-	(60)
Transfers to Capital Projects Funds	(1,267)	(74)
Change in Net Assets	<u>125,221</u>	<u>141,461</u>
Net Assets, July 1	1,771,698	1,630,237
Net Assets, June 30	<u>\$ 1,896,919</u>	<u>\$ 1,771,698</u>

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

Exhibit E-3

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 286,945	\$ 272,995
Payments to Suppliers	(147,281)	(118,649)
Payments to Employees	(60,735)	(55,615)
Payment of Staff and Administrative Expenses	(6,388)	(6,188)
Net Cash Provided by Operating Activities	<u>72,541</u>	<u>92,543</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(1,267)	(134)
	<u>(1,267)</u>	<u>(134)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	-
Principal Paid on Capital Debt	217,886	(174,843)
Interest Paid on Capital Debt	(34,873)	(55,976)
Receipts of Passenger Facility Charges	-	-
Acquisition and Construction of Capital Assets	(209,461)	(272,983)
Proceeds from Sales of Capital Assets	2,865	107
Capital Contributions	158,211	166,465
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>134,628</u>	<u>(337,230)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(561,390)	(613,260)
Proceeds from Sale and Maturities of Investment Securities	566,039	621,954
Net Activity for Short-Term Investments	(7,044)	130,720
Interest on Investments	14,584	19,252
Net Cash Provided by Investing Activities	<u>12,189</u>	<u>158,666</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>218,091</u>	<u>(86,155)</u>
Cash and Cash Equivalents, July 1	123,182	209,337
Cash and Cash Equivalents, June 30	<u>\$ 341,273</u>	<u>\$ 123,182</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (19,433)	\$ 8,965
Adjustments		
Depreciation	86,364	86,269
(Increase) Decrease in Assets		
Receivables	1,261	(2,944)
Allowance for Doubtful Accounts	685	(315)
Deposits in Escrow	-	68
Prepaid Items	170	170
Inventories	150	(284)
OPEB Asset	(1,032)	-
Increase (Decrease) in Liabilities		
Accounts Payable	2,951	694
Trust Liabilities and Deposits	-	(68)
Deferred Revenue	705	(905)
Accrued Compensated Absences	720	893
Net Cash Provided by Operating Activities	<u>\$ 72,541</u>	<u>\$ 92,543</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ (446)	\$ 683
Increase (Decrease) in Fair Value of Investments	(34)	(339)
Total Noncash Transactions Affecting Financial Position	<u>\$ (480)</u>	<u>\$ 344</u>

City of Phoenix, Arizona
Aviation Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-4

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Landing Area	\$ 32,345	\$ 32,345	\$ 34,780	\$ 2,435
Terminal Area	98,555	98,555	100,787	2,232
Ground Transportation	125,075	125,075	121,604	(3,471)
Hangar Area	3,834	3,834	3,827	(7)
Business and Commercial Area	13,684	13,684	18,035	4,351
Interest on Investments	6,400	6,400	9,709	3,309
Other	8,737	8,737	9,925	1,188
Total Revenues	288,630	288,630	298,667	10,037
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Administration	29,906	29,092	27,315	1,777
Sky Harbor				
Operations	38,328	37,953	36,049	1,904
Maintenance	63,615	57,179	61,194	(4,015)
Technology	15,782	15,287	15,978	(691)
Security Services	30,512	30,512	32,569	(2,057)
Custodial Services	11,902	11,022	11,909	(887)
Contingency	14,000	14,000	-	14,000
Phoenix - Deer Valley	1,816	1,816	1,713	103
Phoenix - Goodyear	1,173	1,173	1,425	(252)
Total Operating Expenditures	207,034	198,034	188,152	9,882
Net Revenue Available for Revenue Bond Debt Service	81,596	90,596	110,515	19,919
Revenue Bond Debt Service				
Principal	9,395	9,395	9,697	(302)
Interest	22,688	22,688	22,735	(47)
Total Revenue Bond Debt Service	32,083	32,083	32,432	(349)
Net Revenue Available After Revenue Bond Debt Service	49,513	58,513	78,083	19,570
Other Expenditures				
Capital Improvement Program	34,320	46,320	43,743	2,577
General Obligation Bond Debt Service	4,571	4,571	4,550	21
Lease-Purchase Payments	28,330	28,330	7,750	20,580
Total Other Expenditures	67,221	79,221	56,043	23,178
Total Expenditures and Encumbrances	306,338	309,338	276,627	32,711
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(17,708)	(20,708)	22,040	42,748
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	2,191	2,191
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,481)	(6,481)	(6,388)	93
Capital Projects Fund	-	-	(1,268)	(1,268)
Transfers from Other Funds				
Long Term Disability Trust Fund	-	-	447	447
Highway User Special Revenue Fund	-	-	1,843	1,843
Capital Construction Special Revenue Fund	-	-	741	741
Water Enterprise Fund	-	-	208	208
Total Other Financing Sources (Uses)	(6,481)	(6,481)	(2,226)	4,255
Net Increase (Decrease) in Fund Balance	\$ (24,189)	\$ (27,189)	19,814	\$ 47,003
FUND BALANCE, JULY 1			76,552	
FUND BALANCE, JUNE 30			<u>\$ 96,366</u>	

City of Phoenix, Arizona
Aviation Enterprise Operating (Non-Pledged) Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-5

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Customer Facility Charge	\$ 34,343	\$ 33,935	\$ 35,568	\$ 1,633
Interest on Investments	-	408	1,836	1,428
Total Revenues	34,343	34,343	37,404	3,061
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Rental Car Center				
Operations	10,154	10,154	11,202	(1,048)
Maintenance	76	76	239	(163)
Total Operating Expenditures	10,230	10,230	11,441	(1,211)
Net Revenue Available for Revenue Bond Debt Service	24,113	24,113	25,963	1,850
Revenue Bond Debt Service				
Principal	6,208	6,208	6,195	13
Interest	15,098	15,098	15,098	-
Total Revenue Bond Debt Service	21,306	21,306	21,293	13
Net Revenue Available After Revenue Bond Debt Service	2,807	2,807	4,670	1,863
Total Expenditures and Encumbrances	31,536	31,536	32,734	(1,198)
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	2,807	2,807	4,670	1,863
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds				
Aviation Capital Fund	-	-	(3,429)	(3,429)
Total Other Financing Sources (Uses)	-	-	(3,429)	(3,429)
Net Increase in Fund Balance	\$ 2,807	\$ 2,807	1,241	\$ (1,566)
FUND BALANCE, JULY 1			36,911	
FUND BALANCE, JUNE 30			<u>\$ 38,152</u>	

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-6

June 30, 2008 and 2007
(in thousands)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 9,442	\$ 2,598
Investments	32,800	12,118
Accounts Receivable, Net of Allowance for Doubtful Accounts (2008, \$21 and 2007, \$9)	209	250
Inventories, at Average Cost	138	147
Total Unrestricted Current Assets	<u>42,589</u>	<u>15,113</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	9,451	9,962
Capital Projects		
Cash and Cash Equivalents	48,594	87,954
Investments	94,090	253,942
Receivables		
Accrued Interest	1	2,157
Customer and Other Deposits	2,092	989
Total Restricted Current Assets	<u>154,228</u>	<u>355,004</u>
Total Current Assets	<u>196,817</u>	<u>370,117</u>
Noncurrent Assets		
Capital Assets		
Land	59,874	59,874
Buildings	395,646	386,306
Improvements Other Than Buildings	14,141	13,657
Equipment	7,743	9,019
Construction in Progress	464,965	241,251
Less: Accumulated Depreciation	(116,312)	(105,591)
Total Capital Assets, Net of Accumulated Depreciation	<u>826,057</u>	<u>604,516</u>
OPEB Asset	245	-
Total Noncurrent Assets	<u>826,302</u>	<u>604,516</u>
Total Assets	<u>1,023,119</u>	<u>974,633</u>

<u>LIABILITIES</u>	2008	2007
Current Liabilities Payable from Current Assets		
Accounts Payable	983	1,232
Current Portion of Accrued Compensated Absences	206	180
Total Current Liabilities Payable from Current Assets	1,189	1,412
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	985	1,340
Interest Payable	8,466	8,767
Current Portion of Municipal Corporation Obligations	1,705	985
Capital Projects		
Accounts Payable	39,468	12,167
Customer Deposits	2,092	989
Total Current Liabilities Payable from Restricted Assets	52,716	24,248
Total Current Liabilities	53,905	25,660
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2008, \$870 and 2007, \$933)	644,218	631,895
Unamortized Premium (Discount)	42,973	44,344
Rebatable Arbitrage	4,832	-
Accrued Compensated Absences	1,272	1,133
Total Noncurrent Liabilities	693,295	677,372
Total Liabilities	747,200	703,032
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	278,693	264,047
Restricted for Debt Service	4,878	4,940
Unrestricted	(7,652)	2,614
Total Net Assets	\$ 275,919	\$ 271,601

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Assets

Exhibit E-7

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 2,964	\$ 2,194
Concessions	7,539	6,587
Box Office Services	244	137
Other	1,333	1,600
Total Operating Revenues	<u>12,080</u>	<u>10,518</u>
Operating Expenses		
Administration	24,742	21,778
Operation and Maintenance	13,169	11,038
Promotion	2,253	2,185
Depreciation	13,621	10,394
Staff and Administrative	2,331	2,194
Security	2,115	2,469
Total Operating Expenses	<u>58,231</u>	<u>50,058</u>
Operating Loss	(46,151)	(39,540)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	4,822	10,019
Interest	-	1,933
Interest on Capital Debt	(11,501)	(2,042)
Loss on Disposal of Capital Assets	(438)	(14,278)
Total Non-Operating Revenues (Expenses)	<u>(7,117)</u>	<u>(4,368)</u>
Loss Before Contributions and Transfers	(53,268)	(43,908)
Capital Contributions - Municipalities	1,330	1
Transfers from Excise Tax Fund	58,126	61,647
Transfers to Capital Projects	(644)	-
Transfers to Infrastructure Repayment Agreement Trust Fund	(1,226)	(709)
Transfers to Special Risk Trust	-	(14)
Change in Net Assets	<u>4,318</u>	<u>17,017</u>
Net Assets, July 1	271,601	254,584
Net Assets, June 30	<u>\$ 275,919</u>	<u>\$ 271,601</u>

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

Exhibit E-8

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 13,224	\$ 11,147
Payments to Suppliers	(27,069)	(23,657)
Payments to Employees	(15,530)	(13,968)
Payment of Staff and Administrative Expenses	(2,331)	(2,194)
Net Cash Used by Operating Activities	<u>(31,706)</u>	<u>(28,672)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	58,126	61,647
Operating Transfers to Other Funds	(1,870)	(723)
Net Cash Provided by Noncapital Financing Activities	<u>56,256</u>	<u>60,924</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	296
Principal Paid on Capital Debt	(1,340)	(4,800)
Interest Paid on Capital Debt	(17,257)	(17,257)
Acquisition and Construction of Capital Assets	(192,205)	(159,235)
Proceeds from Sales of Capital Assets	38	37
Net Cash Used by Capital and Related Financing Activities	<u>(210,764)</u>	<u>(180,959)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(2,698,755)	(6,469,571)
Proceeds from Sale and Maturities of Investment Securities	2,897,936	6,585,576
Net Activity for Short-Term Investments	(60,011)	(344,660)
Interest on Investments	15,120	22,134
Proceeds from Collections of Long-Term Receivable	-	-
Net Cash Provided (Used) by Investing Activities	<u>154,290</u>	<u>(206,521)</u>
Net Decrease in Cash and Cash Equivalents	<u>(31,924)</u>	<u>(355,228)</u>
Cash and Cash Equivalents, July 1	101,503	456,731
Cash and Cash Equivalents, June 30	<u>\$ 69,579</u>	<u>\$ 101,503</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (46,151)	\$ (39,540)
Adjustments		
Depreciation and Amortization	13,621	10,394
(Increase) Decrease in Assets		
Accounts Receivable	41	422
Inventories	9	13
OPEB Asset	(245)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(249)	(291)
Customer Deposits	1,103	207
Accrued Compensated Absences	165	123
Net Cash Used by Operating Activities	<u>\$ (31,706)</u>	<u>\$ (28,672)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 1,329	\$ -
Bond Capital Appreciation	13,966	13,343
Refunding Issuance in Excess of Bond Retirement	62	-
Increase (Decrease) in Fair Value of Investments	(1,608)	1,173
Total Noncash Transactions Affecting Financial Position	<u>\$ 13,749</u>	<u>\$ 14,516</u>

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-9

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Rental of Facilities and Equipment	\$ 2,294	\$ 2,294	\$ 2,835	\$ 541
Concessions	6,032	6,032	8,187	2,155
Box Office Services	124	124	244	120
Interest	1,500	1,500	2,298	798
Other	1,018	1,018	757	(261)
Total Revenues	10,968	10,968	14,321	3,353
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	48,754	48,755	39,248	9,507
Capital Improvement Program	39,830	26,130	13,158	12,972
Lease-Purchase Payments	18,586	18,584	17,940	644
Total Expenditures and Encumbrances	107,170	93,469	70,346	23,123
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(96,202)	(82,501)	(56,025)	26,476
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	189	189
Transfers from Other Funds				
Excise Tax Fund	69,881	69,881	58,126	(11,755)
Long Term Disability Trust Fund	-	-	114	114
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,298)	(2,298)	(2,331)	(33)
Capital Projects Fund	-	-	(644)	(644)
Infrastructure Repayment Agreement Trust Fund	(1,125)	(1,125)	(1,227)	(102)
Total Other Financing Sources (Uses)	66,458	66,458	54,227	(12,231)
Net Decrease in Fund Balance	\$ (29,744)	\$ (16,043)	(1,798)	\$ 14,245
FUND BALANCE, JULY 1			43,807	
FUND BALANCE, JUNE 30			\$ 42,009	



City of Phoenix

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-10

June 30, 2008 and 2007
(in thousands)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 15,372	\$ 16,251
Investments	61,273	86,234
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2008, \$2,065 and 2007, \$1,264)	52,347	49,748
Intergovernmental	3,635	1,575
Prepaid Items	3,815	3,170
Inventories, at Average Cost	5,646	4,106
Total Unrestricted Current Assets	<u>142,088</u>	<u>161,084</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	64,688	53,920
Capital Projects		
Cash and Cash Equivalents	37,531	38,564
Investment in L.G.I.P. for Plan Six	2,950	2,817
Investments	128,265	219,483
Receivables		
Accrued Interest	6	18
Customer and Other Deposits	3,655	2,876
Total Restricted Current Assets	<u>237,095</u>	<u>317,678</u>
Total Current Assets	<u>379,183</u>	<u>478,762</u>
Noncurrent Assets		
Capital Assets		
Land	87,353	69,395
Buildings	213,262	210,770
Improvements Other Than Buildings	594,232	584,876
Equipment	235,101	232,919
Mains, Hydrants, Meters and Service Connections	1,412,540	1,341,806
Construction in Progress	227,456	140,948
Less: Accumulated Depreciation	(744,764)	(669,465)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,025,180</u>	<u>1,911,249</u>
Other Assets		
Excess of Cost Over Net Assets Acquired, Less Accumulated Amortization (2008, \$406 and 2007, \$387)	36	55
Water Rights, Less Accumulated Amortization (2008, \$14,706 and 2007, \$13,585)	57,713	31,148
Investment in Val Vista Treatment Plant Joint Use Agreement	121,584	122,829
OPEB Asset	1,295	-
Total Other Assets	<u>180,628</u>	<u>154,032</u>
Total Noncurrent Assets	<u>2,205,808</u>	<u>2,065,281</u>
Total Assets	<u>2,584,991</u>	<u>2,544,043</u>

LIABILITIES	2008	2007
Current Liabilities Payable from Current Assets		
Accounts Payable	15,493	13,925
Deferred Revenue	59	59
Current Portion of Accrued Compensated Absences	977	846
Total Current Liabilities Payable from Current Assets	<u>16,529</u>	<u>14,830</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	100,000	100,000
Matured Bonds Payable	39,235	26,790
Interest Payable	28,517	29,616
Current Portion of General Obligation Bonds	12,686	19,655
Current Portion of Municipal Corporation Obligations	18,310	19,580
Capital Projects		
Accounts Payable	10,888	12,508
Customer and Other Deposits	4,133	2,876
Total Current Liabilities Payable from Restricted Assets	<u>213,769</u>	<u>211,025</u>
Total Current Liabilities	<u>230,298</u>	<u>225,855</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2008, \$1,803 and 2007, \$2,151)	70,354	82,360
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2008, \$6,256 and 2007, \$6,719)	996,829	1,014,676
Unamortized Premium (Discount)	42,290	45,667
Accrued Compensated Absences	6,253	5,569
Total Noncurrent Liabilities	<u>1,115,726</u>	<u>1,148,272</u>
Total Liabilities	<u>1,346,024</u>	<u>1,374,127</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	851,450	834,452
Restricted for Plan Six	2,950	2,817
Restricted for Enabling Legislation	71,467	92,121
Unrestricted	313,100	240,526
Total Net Assets	<u>\$ 1,238,967</u>	<u>\$ 1,169,916</u>

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Assets

Exhibit E-11

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Water Sales	\$ 248,991	\$ 226,356
Environmental Charges	35,978	31,337
Other	14,599	14,498
Total Operating Revenues	<u>299,568</u>	<u>272,191</u>
Operating Expenses		
Administration and Engineering	22,522	20,373
Operation and Maintenance		
Customer Service	18,613	18,112
Production and Treatment	77,094	56,027
Distribution and Centralized Functions	67,021	62,021
Depreciation and Amortization	82,032	67,680
Staff and Administrative	6,578	6,483
Total Operating Expenses	<u>273,860</u>	<u>230,696</u>
Operating Income	25,708	41,495
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	5,793	4,820
Interest	11,178	10,142
Interest on Capital Debt	(45,243)	(35,545)
Equity Interest in Joint Use Agreement Operating Loss	(4,949)	(4,558)
Loss on Disposal of Capital Assets	(3,492)	(1,542)
Total Non-Operating Revenues (Expenses)	<u>(36,713)</u>	<u>(26,683)</u>
Net Income (Loss) Before Contributions and Transfers	(11,005)	14,812
Capital Contributions	78,017	82,869
Transfers from Debt Service Fund	22,249	-
Transfers to General Fund - In Lieu Property Taxes	(9,085)	(9,363)
Transfers to General Fund - Reserve	(11,125)	-
Transfers to Special Risk Trust Fund	-	(75)
Change in Net Assets	<u>69,051</u>	<u>88,243</u>
Net Assets, July 1	1,169,916	1,081,673
Net Assets, June 30	<u>\$ 1,238,967</u>	<u>\$ 1,169,916</u>

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Cash Flows

Exhibit E-12

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 296,166	\$ 266,640
Payments to Suppliers	(109,108)	(76,950)
Payments to Employees	(77,372)	(74,975)
Payment of Staff and Administrative Expenses	(6,578)	(6,483)
Net Cash Provided by Operating Activities	<u>103,108</u>	<u>108,232</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	22,249	-
Operating Transfers to Other Funds	(20,210)	(9,438)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,039</u>	<u>(9,438)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	100,000
Principal Paid on Capital Debt	(26,790)	(20,980)
Interest Paid on Capital Debt	(60,862)	(59,345)
Acquisition and Construction of Capital Assets	(162,467)	(140,172)
Proceeds from Sales of Capital Assets	158	142
Capital Contributions	21,287	31,649
Net Cash Used by Capital and Related Financing Activities	<u>(228,674)</u>	<u>(88,706)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(494,119)	(447,076)
Proceeds from Sales and Maturities of Investment Securities	582,226	482,093
Net Activity for Short-Term Investments	28,072	(54,600)
Interest on Investments	16,983	15,236
Net Cash Provided (Used) by Investing Activities	<u>133,162</u>	<u>(4,347)</u>
Net Increase in Cash and Cash Equivalents	<u>9,635</u>	<u>5,741</u>
Cash and Cash Equivalents, July 1	<u>111,611</u>	<u>105,870</u>
Cash and Cash Equivalents, June 30	<u>\$ 121,246</u>	<u>\$ 111,611</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 25,708	\$ 41,495
Adjustments		
Depreciation and Amortization	82,032	67,680
(Increase) Decrease in Assets		
Deposits for Plan Six	(133)	1,522
Receivables	(5,460)	(6,218)
Allowance for Doubtful Accounts	801	321
Prepaid Expenses	(645)	111
Inventories	(1,540)	(1,269)
OPEB Asset	(1,295)	-
Increase (Decrease) in Liabilities		
Accounts Payable	1,568	4,011
Customer and Other Deposits	1,257	346
Accrued Compensated Absences	815	233
Net Cash Provided by Operating Activities	<u>\$ 103,108</u>	<u>\$ 108,232</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 56,730	\$ 51,220
Bond Capital Appreciation	333	313
Refunding Issuance in Excess of Bond Retirement	810	957
Increase (Decrease) in Fair Value of Investments	1,320	562
Total Noncash Transactions Affecting Financial Position	<u>\$ 59,193</u>	<u>\$ 53,052</u>

City of Phoenix, Arizona
Water System Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
(In Expense Priority Established by Bond Ordinance)
For the Fiscal Year Ended June 30, 2008
(in thousands)

Exhibit E-13

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Water Sales	\$ 252,212	\$ 252,212	\$ 249,009	\$ (3,203)
Environmental Charges	34,953	34,953	35,977	1,024
Development Occupational Fees	6,500	6,500	4,772	(1,728)
Water Service Fees	4,663	4,663	5,834	1,171
Distribution	7,163	7,163	6,451	(712)
Interest	14,657	14,657	13,949	(708)
Other	6,417	6,417	8,026	1,609
Total Revenues	326,565	326,565	324,018	(2,547)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	177,491	161,683	142,549	19,134
Operation and Maintenance - Val Vista	17,916	17,916	9,397	8,519
Total Operating Expenditures and Encumbrances	195,407	179,599	151,946	27,653
Net Revenue Available for Revenue Bond Debt Service	131,158	146,966	172,072	25,106
Junior Lien Revenue Bond Debt Service				
Principal	19,580	19,580	19,580	-
Interest	51,681	51,681	51,681	-
Total Junior Lien Revenue Bond Debt Service	71,261	71,261	71,261	-
Net Revenue Available After Junior Lien Revenue Bond Debt Service	59,897	75,705	100,811	25,106
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	17,500	-	2,892	(2,892)
Operating Capital Outlay	6,849	6,957	5,289	1,668
Capital Improvement Program	67,840	102,840	94,912	7,928
General Obligation Bond Debt Service				
Principal	19,655	19,655	-	19,655
Interest	5,188	5,188	2,594	2,594
Total Other Expenditures and Encumbrances	117,032	134,640	105,687	28,953
Total Expenditures and Encumbrances	383,700	385,500	328,894	56,606
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(57,135)	(58,935)	(4,876)	54,059
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	1,530	1,530
Transfers from Other Funds	-	-	589	589
Long Term Disability Trust Fund	-	-	589	589
Transfers to Other Funds	-	-	-	-
General Fund - Staff and Administrative	(6,793)	(6,793)	(6,578)	215
General Fund - In-Lieu Property Taxes	(9,691)	(9,691)	(9,085)	606
General Fund - Reserve	-	-	(11,125)	(11,125)
Aviation Fund - Public Relations	-	-	(190)	(190)
Total Other Financing Sources (Uses)	(16,484)	(16,484)	(24,859)	(8,375)
Net Decrease in Fund Balance	\$ (73,619)	\$ (75,419)	(29,735)	\$ 45,684
FUND BALANCE, JULY 1			174,462	
FUND BALANCE, JUNE 30			\$ 144,727	

City of Phoenix, Arizona
Water System Enterprise Fund
Val Vista Water Treatment Plant
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-14

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Val Vista Water System	\$ 6,652	\$ 6,652	\$ 7,737	\$ 1,085
Operating Revenue - Water	17,916	17,916	9,397	(8,519)
Interest	110	110	150	40
Total Revenues	<u>24,678</u>	<u>24,678</u>	<u>17,284</u>	<u>(7,394)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	23,562	21,762	15,047	6,715
Capital Outlay				
Operating	142	142	78	64
Capital Improvement Program	838	838	812	26
Total Expenditures and Encumbrances	<u>24,542</u>	<u>22,742</u>	<u>15,937</u>	<u>6,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>136</u>	<u>1,936</u>	<u>1,347</u>	<u>(589)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	8	8
Transfers to Other Funds				
General Fund - Staff and Administrative	(884)	(884)	(841)	43
Total Other Financing Sources (Uses)	<u>(884)</u>	<u>(884)</u>	<u>(833)</u>	<u>51</u>
Net Increase in Fund Balance	<u>\$ (748)</u>	<u>\$ 1,052</u>	<u>514</u>	<u>\$ (538)</u>
FUND BALANCE, JULY 1			<u>3,017</u>	
FUND BALANCE, JUNE 30			<u>3,531</u>	
Members' Contributed Operating Reserve			<u>2,418</u>	
Members' Contributed Replacement Reserve			<u>1,902</u>	
FUND DEFICIT, UNRESERVED			<u>\$ (789)</u>	

Note: The deficit unreserved fund balance is primarily due to encumbrances, which are accounted for as uses of financial resources. The participating Val Vista cities are billed (and revenue is recognized) only to the extent of actual expenditures.

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-15

June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 14,350	\$ 7,818
Investments	51,322	45,122
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2008, \$976 and 2007, \$697)	17,294	15,513
Intergovernmental	1,171	251
Inventories, at Average Cost	878	898
Total Unrestricted Current Assets	<u>85,015</u>	<u>69,602</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	41,073	29,432
Capital Projects		
Cash and Cash Equivalents	103,487	34,148
Investments	120,616	90,108
Receivables		
Intergovernmental	14	33
Accrued Interest	3	-
Customer Deposits and Other Trust Liabilities	209	222
Total Restricted Current Assets	<u>265,402</u>	<u>153,943</u>
Total Current Assets	<u>350,417</u>	<u>223,545</u>
Noncurrent Assets		
Capital Assets		
Land	19,744	19,744
Buildings	64,149	62,129
Improvements Other Than Buildings	1,118,131	1,053,127
Equipment	128,304	121,322
Construction in Progress	123,483	79,950
Less: Accumulated Depreciation	(478,628)	(439,528)
Total Capital Assets, Net of Accumulated Depreciation	<u>975,183</u>	<u>896,744</u>
Other Assets		
Investment in SROG Joint Use Agreement	396,899	346,466
OPEB Asset	455	-
Total Noncurrent Assets	<u>1,372,537</u>	<u>1,243,210</u>
Total Assets	<u>1,722,954</u>	<u>1,466,755</u>

	2008	2007
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	8,335	7,815
Current Portion of Accrued Compensated Absences	318	275
Total Current Liabilities Payable from Current Assets	8,653	8,090
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	-	100,000
Matured Bonds Payable	21,530	18,113
Interest Payable	24,523	15,664
Current Portion of General Obligation Bonds	5,506	5,200
Current Portion of Municipal Corporation Obligations	18,640	16,330
Capital Projects		
Accounts Payable	11,462	11,974
Customer Deposits and Other Trust Liabilities	209	222
Total Current Liabilities Payable from Restricted Assets	81,870	167,503
Total Current Liabilities	90,523	175,593
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2008, \$765 and 2007, \$1,258)	45,602	50,615
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2008, \$23,962 and 2007, \$26,433)	809,093	554,202
Unamortized Premium (Discount)	26,891	15,524
Accrued Compensated Absences	2,050	1,835
Total Noncurrent Liabilities	883,636	622,176
Total Liabilities	974,159	797,769
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	631,178	510,024
Restricted for Enabling Legislation	34,529	27,517
Unrestricted	83,088	131,445
Total Net Assets	\$ 748,795	\$ 668,986

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Revenues, Expenses and
Changes in Net Assets

Exhibit E-16

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Sewer Service Charges	\$ 134,265	\$ 121,354
Environmental Charges	33,752	31,429
Other	5,004	4,816
Total Operating Revenues	<u>173,021</u>	<u>157,599</u>
Operating Expenses		
Administration	11,196	9,066
Operation and Maintenance		
Wastewater Treatment Plants	30,103	27,057
Sewer Maintenance and Collections	24,639	33,387
Industrial Waste/Pre-Treatment	5,207	5,551
Depreciation	39,081	35,858
Staff and Administrative	1,581	1,438
Total Operating Expenses	<u>111,807</u>	<u>112,357</u>
Operating Income	61,214	45,242
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	3,768	2,400
Interest	7,772	5,315
Interest on Capital Debt	(32,708)	(27,303)
Equity Interest in Joint Use Agreement Operating Loss	(15,413)	(13,440)
Gain (Loss) on Disposal of Capital Assets	(80)	2,498
Total Non-Operating Revenues (Expenses)	<u>(36,661)</u>	<u>(30,530)</u>
Net Income Before Contributions and Transfers	24,553	14,712
Capital Contributions	59,205	60,194
Transfers from Debt Service Fund	6,444	-
Transfers to General Fund - In Lieu Property Taxes	(7,171)	(7,119)
Transfers to General Fund - Reserve	(3,222)	-
Transfers to Special Risk Trust Fund	-	(17)
Change in Net Assets	<u>79,809</u>	<u>67,770</u>
Net Assets, July 1	668,986	601,216
Net Assets, June 30	<u>\$ 748,795</u>	<u>\$ 668,986</u>

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

Exhibit E-17

	2008	2007
Cash Flows from Operating Activities		
Receipts from Customers	\$ 170,323	\$ 156,188
Payments to Suppliers	(50,857)	(57,281)
Payments to Employees	(19,945)	(17,834)
Payment of Staff and Administrative Expenses	(1,581)	(1,438)
Net Cash Provided by Operating Activities	<u>97,940</u>	<u>79,635</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	6,444	-
Operating Transfers to Other Funds	(10,393)	(7,136)
Net Cash Used by Noncapital Financing Activities	<u>(3,949)</u>	<u>(7,136)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	185,072	100,000
Principal Paid on Capital Debt	(18,113)	(16,973)
Interest Paid on Capital Debt	(37,398)	(34,188)
Acquisition and Construction of Capital Assets	(122,287)	(114,047)
Proceeds from Sales of Capital Assets	161	3,176
Capital Contributions	11,243	19,679
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>18,678</u>	<u>(42,353)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(3,404,966)	(220,361)
Proceeds from Sales and Maturities of Investment Securities	3,294,940	212,792
Net Activity for Short-Term Investments	73,319	(16,621)
Interest on Investments	11,537	7,715
Net Cash Used by Investing Activities	<u>(25,170)</u>	<u>(16,475)</u>
Net Increase in Cash and Cash Equivalents	87,499	13,671
Cash and Cash Equivalents, July 1	71,620	57,949
Cash and Cash Equivalents, June 30	<u>\$ 159,119</u>	<u>\$ 71,620</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 61,214	\$ 45,242
Adjustments		
Depreciation	39,081	35,858
(Increase) Decrease in Assets		
Receivables	(2,964)	(1,463)
Allowance for Doubtful Accounts	279	185
Inventories	20	(140)
OPEB Asset	(455)	-
Increase (Decrease) in Liabilities		
Accounts Payable	520	(568)
Customer Deposits	(13)	(133)
Accrued Compensated Absences	258	654
Net Cash Provided by Operating Activities	<u>\$ 97,940</u>	<u>\$ 79,635</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 47,962	\$ 40,515
Refunding Issuance in Excess of Bond Retirement	2,965	2,886
Increase (Decrease) in Fair Value of Investments	149	65
Total Noncash Transactions Affecting Financial Position	<u>\$ 51,076</u>	<u>\$ 43,466</u>

City of Phoenix, Arizona
Wastewater Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-18

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Sewer Service Charges	\$ 130,334	\$ 130,334	\$ 134,279	\$ 3,945
Environmental Charges	29,248	29,248	33,752	4,504
Development Occupational Fees	7,000	7,000	4,117	(2,883)
Interest	9,267	9,267	10,442	1,175
Other	3,988	3,988	4,945	957
Total Revenues	<u>179,837</u>	<u>179,837</u>	<u>187,535</u>	<u>7,698</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	58,219	58,219	49,352	8,867
Operation and Maintenance - SROG	26,344	26,344	19,118	7,226
Total Operating Expenditures and Encumbrances	<u>84,563</u>	<u>84,563</u>	<u>68,470</u>	<u>16,093</u>
Net Revenue Available for Revenue Bond Debt Service	95,274	95,274	119,065	23,791
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	9,870	9,870	9,870	-
Interest	16,948	16,948	10,530	6,418
Total Senior Lien Revenue Bond Debt Service	<u>26,818</u>	<u>26,818</u>	<u>20,400</u>	<u>6,418</u>
Net Revenue Available for Junior Lien Revenue Bond Debt Service	68,456	68,456	98,665	30,209
Junior Lien Revenue Bond Debt Service				
Principal	6,460	6,460	6,460	-
Interest	19,012	19,012	27,825	(8,813)
Total Junior Lien Revenue Bond Debt Service	<u>25,472</u>	<u>25,472</u>	<u>34,285</u>	<u>(8,813)</u>
Net Revenue Available After Junior Lien Revenue Bond Debt Service	42,984	42,984	64,380	21,396
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	19,250	15,750	2,212	13,538
Operating Capital Outlay	709	709	402	307
Capital Improvement Program	40,652	37,152	24,238	12,914
General Obligation Bond Debt Service				
Principal	5,200	5,200	-	5,200
Interest	2,489	2,489	1,293	1,196
Total Other Expenditures and Encumbrances	<u>68,300</u>	<u>61,300</u>	<u>28,145</u>	<u>33,155</u>
Total Expenditures and Encumbrances	<u>205,153</u>	<u>198,153</u>	<u>151,300</u>	<u>46,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(25,316)</u>	<u>(18,316)</u>	<u>36,235</u>	<u>54,551</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	370	370
Transfers from Other Funds				
Long Term Disability Trust Fund	-	-	209	209
Wastewater Capital Project Funds	-	-	6,437	6,437
Transfers to Other Funds				
General Fund - Staff and Administrative	(1,245)	(1,245)	(1,581)	(336)
General Fund - In-Lieu Property Taxes	(7,368)	(7,368)	(7,171)	197
General Fund - Reserve	-	-	(3,222)	(3,222)
Total Other Financing Sources (Uses)	<u>(8,613)</u>	<u>(8,613)</u>	<u>(4,958)</u>	<u>3,655</u>
Net Increase (Decrease) in Fund Balance	<u>\$ (33,929)</u>	<u>\$ (26,929)</u>	<u>31,277</u>	<u>\$ 58,206</u>
FUND BALANCE, JULY 1			<u>81,145</u>	
FUND BALANCE, JUNE 30			<u>\$ 112,422</u>	

City of Phoenix, Arizona
Wastewater Enterprise Fund
Sub-Regional Operating Group ("SROG")
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-19

For the Fiscal Year Ended June 30, 2008
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Multi-City Sewer System	\$ 21,081	\$ 21,081	\$ 18,184	\$ (2,897)
Operating Revenue - Wastewater	26,344	26,344	19,118	(7,226)
Sales of By-Products	1,680	1,680	2,251	571
Interest	401	401	311	(90)
Other	70	70	67	(3)
Total Revenues	<u>49,576</u>	<u>49,576</u>	<u>39,931</u>	<u>(9,645)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	47,047	47,005	33,679	13,326
Capital Outlay				
Operating	680	722	818	(96)
Capital Improvement Program	5,000	5,000	4,659	341
Total Expenditures and Encumbrances	<u>52,727</u>	<u>52,727</u>	<u>39,156</u>	<u>13,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(3,151)</u>	<u>(3,151)</u>	<u>775</u>	<u>3,926</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	17	17
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,278)	(1,278)	(1,104)	174
Special Risk Trust Fund	-	-	(18)	(18)
Total Other Financing Sources (Uses)	<u>(1,278)</u>	<u>(1,278)</u>	<u>(1,105)</u>	<u>173</u>
Net Decrease in Fund Balance	<u>\$ (4,429)</u>	<u>\$ (4,429)</u>	<u>(330)</u>	<u>\$ 4,099</u>
FUND BALANCE, JULY 1			<u>7,991</u>	
FUND BALANCE, JUNE 30			<u>7,661</u>	
Members' Contributed Replacement Reserve			<u>6,488</u>	
Members' Contributed Operating Reserve			<u>5,342</u>	
FUND DEFICIT, UNRESERVED			<u>\$ (4,169)</u>	

Note: The deficit unreserved fund balance is primarily due to encumbrances, which are accounted for as uses of financial resources. The participating SROG cities are billed (and revenue is recognized) only to the extent of actual expenditures.

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-20

June 30, 2008 and 2007
(in thousands)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 8,003	\$ 5,277
Investments	28,350	28,327
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2008, \$1,035 and 2007, \$746)	7,834	8,261
Intergovernmental	4	3
Total Unrestricted Current Assets	<u>44,191</u>	<u>41,868</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	15,838	16,255
Capital Projects		
Cash and Cash Equivalents	44,689	46,872
Investments	35,704	35,621
Receivables		
Accrued Interest	1	21
Customer Deposits	66	59
Total Restricted Current Assets	<u>96,298</u>	<u>98,828</u>
Total Current Assets	<u>140,489</u>	<u>140,696</u>
Noncurrent Assets		
Capital Assets		
Land	13,553	14,625
Buildings	66,605	60,316
Improvements Other Than Buildings	32,575	24,268
Equipment	91,677	85,738
Construction in Progress	6,759	21,645
Less: Accumulated Depreciation	<u>(73,399)</u>	<u>(70,187)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>137,770</u>	<u>136,405</u>
OPEB Asset	620	-
Total Noncurrent Assets	<u>138,390</u>	<u>136,405</u>
Total Assets	<u>278,879</u>	<u>277,101</u>

Exhibit E-20
(Continued)

	<u>2008</u>	<u>2007</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	4,368	4,196
Accrued Landfill Postclosure Care Costs	2,303	1,645
Current Portion of Accrued Compensated Absences	340	313
Total Current Liabilities Payable from Current Assets	7,011	6,154
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	11,476	11,197
Interest Payable	4,362	5,222
Current Portion of General Obligation Bonds	5,780	5,515
Current Portion of Municipal Corporation Obligations	6,287	5,961
Capital Projects		
Accounts Payable	10	686
Accrued Landfill Closure Costs	2,211	2,089
Customer Deposits	66	59
Total Current Liabilities Payable from Restricted Assets	30,192	30,729
Total Current Liabilities	37,203	36,883
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment (2008, \$454 and 2007, \$525)	18,906	24,615
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2008, \$(904) and 2007, \$(964))	141,604	147,951
Unamortized Premium (Discount)	4,618	5,208
Rebatable Arbitrage	577	-
Accrued Landfill Closure and Postclosure Care Costs	56,554	32,741
Accrued Compensated Absences	2,078	1,948
Total Noncurrent Liabilities	224,337	212,463
Total Liabilities	261,540	249,346
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	9,198	(359)
Restricted for Enabling Legislation	2,334	2,299
Unrestricted	5,807	25,815
Total Net Assets	\$ 17,339	\$ 27,755

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Assets

Exhibit E-21

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Solid Waste Service Fees	\$ 112,997	\$ 107,817
Landfill Fees	6,347	6,682
Recycling	13,167	9,268
Other	659	190
Total Operating Revenues	<u>133,170</u>	<u>123,957</u>
Operating Expenses		
Administration	18,558	17,870
Solid Waste Collections	43,184	40,209
Environmental Services	-	1
Landfills		
Operations	25,050	31,431
Closure and Postclosure Care Costs	25,972	4,468
Recycling	4,230	4,802
Depreciation	11,198	9,748
Staff and Administrative	4,736	4,539
Other	6,343	6,264
Total Operating Expenses	<u>139,271</u>	<u>119,332</u>
Operating Income (Loss)	(6,101)	4,625
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value of Investments	2,385	2,977
Interest	2,136	3,060
Interest on Capital Debt	(7,806)	(6,697)
Gain on Disposal of Capital Assets	(19)	1,394
Total Non-Operating Revenues (Expenses)	<u>(3,304)</u>	<u>734</u>
Net Income (Loss) Before Contributions and Transfers	(9,405)	5,359
Capital Contributions - Municipalities	50	49
Capital Contributions - Subdividers	1	514
Transfers to General Fund - In Lieu Property Taxes	(1,062)	(1,069)
Transfers to Special Risk Trust Fund	-	(39)
Transfers to Capital Projects Funds	-	(177)
Change in Net Assets	<u>(10,416)</u>	<u>4,637</u>
Net Assets, July 1	27,755	23,118
Net Assets, June 30	<u>\$ 17,339</u>	<u>\$ 27,755</u>

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

Exhibit E-22

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 133,603	\$ 123,580
Payments to Suppliers	(64,010)	(66,256)
Payments to Employees	(35,025)	(33,474)
Payment of Staff and Administrative Expenses	(4,736)	(4,539)
Net Cash Provided by Operating Activities	<u>29,832</u>	<u>19,311</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(1,062)	(1,285)
Net Cash Used by Noncapital Financing Activities	<u>(1,062)</u>	<u>(1,285)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	384
Principal Paid on Capital Debt	(11,197)	(9,765)
Interest Paid on Capital Debt	(9,623)	(8,135)
Acquisition and Construction of Capital Assets	(14,894)	(14,619)
Proceeds from Sales of Capital Assets	2,014	1,586
Capital Contributions	51	563
Net Cash Used by Capital and Related Financing Activities	<u>(33,649)</u>	<u>(29,986)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(1,348,121)	(1,274,987)
Proceeds from Sales and Maturities of Investment Securities	1,351,694	1,285,779
Net Activity for Short-Term Investments	(3,679)	(32,983)
Interest on Investments	5,118	6,017
Net Cash Provided (Used) by Investing Activities	<u>5,012</u>	<u>(16,174)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	133	(28,134)
Cash and Cash Equivalents, July 1	68,463	96,597
Cash and Cash Equivalents, June 30	<u>\$ 68,596</u>	<u>\$ 68,463</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (6,101)	\$ 4,625
Adjustments		
Depreciation and Amortization	11,198	9,748
(Increase) Decrease in Assets		
Receivables	137	(554)
Allowance for Doubtful Accounts	289	158
OPEB Asset	(620)	-
Increase (Decrease) in Liabilities		
Accounts Payable	172	1,871
Customer Deposits	7	19
Accrued Compensated Absences	157	206
Accrued Landfill Closure and Postclosure Care	24,593	3,238
Net Cash Provided by Operating Activities	<u>\$ 29,832</u>	<u>\$ 19,311</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 11	\$ 46
Increase (Decrease) in Fair Value of Investments	(121)	199
Total Noncash Transactions Affecting Financial Position	<u>\$ (110)</u>	<u>\$ 245</u>

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-23

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Solid Waste Service Fees	\$ 118,387	\$ 118,387	\$ 126,154	\$ 7,767
City Landfill Fees	6,919	6,919	6,347	(572)
Interest	1,206	1,206	1,778	572
Other	417	417	1,429	1,012
Total Revenues	<u>126,929</u>	<u>126,929</u>	<u>135,708</u>	<u>8,779</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	116,889	116,889	106,850	10,039
Capital Improvement Program	5,674	5,674	4,954	720
General Obligation Bond Debt Service				
Principal	5,515	5,515	5,515	-
Interest	1,488	1,488	1,499	(11)
Lease-Purchase Payments	13,263	13,263	13,224	39
Total Expenditures and Encumbrances	<u>142,829</u>	<u>142,829</u>	<u>132,042</u>	<u>10,787</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(15,900)</u>	<u>(15,900)</u>	<u>3,666</u>	<u>19,566</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	571	571
Transfers from Other Funds				
Long Term Disability Trust	-	-	247	247
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,754)	(4,754)	(4,736)	18
In-Lieu Property Taxes	(1,106)	(1,106)	(1,062)	44
Solid Waste Capital Funds	(1,238)	(1,238)	(1,231)	7
Total Other Financing Sources (Uses)	<u>(7,098)</u>	<u>(7,098)</u>	<u>(6,211)</u>	<u>887</u>
Net Decrease in Fund Balance	<u>\$ (22,998)</u>	<u>\$ (22,998)</u>	<u>(2,545)</u>	<u>\$ 20,453</u>
FUND BALANCE, JULY 1			<u>34,777</u>	
FUND BALANCE, JUNE 30			<u>\$ 32,232</u>	



City of Phoenix

City of Phoenix, Arizona
Golf Courses Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-24

June 30, 2008 and 2007
(in thousands)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets		
Cash and Cash Equivalents	\$ 35	\$ 67
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2008, \$5 and 2007, \$5)	5	7
Inventories, at Average Cost	293	320
Total Unrestricted Current Assets	<u>333</u>	<u>394</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	593	588
Capital Projects		
Cash and Cash Equivalents	144	213
Total Restricted Current Assets	<u>737</u>	<u>801</u>
Total Current Assets	<u>1,070</u>	<u>1,195</u>
Noncurrent Assets		
Capital Assets		
Land	4,984	4,984
Buildings	2,716	2,716
Improvements Other Than Buildings	13,671	13,671
Equipment	3,851	3,953
Construction in Progress	75	-
Less: Accumulated Depreciation	(13,429)	(12,914)
Total Capital Assets, Net of Accumulated Depreciation	<u>11,868</u>	<u>12,410</u>
OPEB Asset	102	-
Total Noncurrent Assets	<u>11,970</u>	<u>12,410</u>
Total Assets	<u>13,040</u>	<u>13,605</u>

<u>LIABILITIES</u>	<u>2008</u>	<u>2007</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	58	87
Current Portion of Accrued Compensated Absences	135	118
Deferred Revenue	111	108
Trust Liabilities and Deposits	13	8
Due to Other Funds	4,191	2,250
Total Current Liabilities Payable from Current Assets	<u>4,508</u>	<u>2,571</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	344	328
Interest Payable	249	264
Current Portion of Municipal Corporation Obligations	367	344
Total Current Liabilities Payable from Restricted Assets	<u>960</u>	<u>936</u>
Total Current Liabilities	<u>5,468</u>	<u>3,507</u>
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2008, \$398 and 2007, \$464)	8,757	9,058
Unamortized Premium (Discount)	144	162
Accrued Compensated Absences	846	771
Total Noncurrent Liabilities	<u>9,747</u>	<u>9,991</u>
Total Liabilities	<u>15,215</u>	<u>13,498</u>
 <u>NET ASSETS (DEFICIT)</u> 		
Invested in Capital Assets, Net of Related Debt	2,519	2,851
Unrestricted	(4,694)	(2,744)
Total Net Assets (Deficit)	<u>\$ (2,175)</u>	<u>\$ 107</u>

City of Phoenix, Arizona
Golf Courses Enterprise Fund
Comparative Statements of Revenues, Expenses
and Changes in Net Assets

Exhibit E-25

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Operating Revenues		
Fees	\$ 4,992	\$ 5,301
Concessions	2,067	2,244
Coffee Shops	64	86
Other	106	94
Total Operating Revenues	<u>7,229</u>	<u>7,725</u>
Operating Expenses		
Administration	718	506
Operation and Maintenance	7,302	7,551
Depreciation	736	763
Parks Administrative Charges	264	397
Other	4	9
Total Operating Expenses	<u>9,024</u>	<u>9,226</u>
Operating Loss	<u>(1,795)</u>	<u>(1,501)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value of Investments	9	10
Interest	19	19
Interest on Capital Debt	(546)	(564)
Gain (Loss) on Disposal of Capital Assets	(2)	-
Total Non-Operating Revenues (Expenses)	<u>(520)</u>	<u>(535)</u>
Net Loss Before Contributions and Transfers	<u>(2,315)</u>	<u>(2,036)</u>
Capital Contributions - Municipalities	40	-
Transfers to Capital Projects Funds	(7)	-
Transfers to Special Risk Trust Fund	-	(6)
Change in Net Assets	<u>(2,282)</u>	<u>(2,042)</u>
Net Assets, July 1	107	2,149
Net Assets (Deficit), June 30	<u>\$ (2,175)</u>	<u>\$ 107</u>

City of Phoenix, Arizona
Golf Courses Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

Exhibit E-26

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 7,239	\$ 7,838
Payments to Suppliers	(2,979)	(3,167)
Payments to Employees	(5,057)	(4,629)
Payment of Staff and Administrative Expenses	(264)	(397)
Net Cash Used by Operating Activities	<u>(1,061)</u>	<u>(355)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(7)	(6)
Net Cash Used by Noncapital Financing Activities	<u>(7)</u>	<u>(6)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	9
Loans from Other Funds	1,941	1,107
Principal Paid on Capital Debt	(328)	(60)
Interest Paid on Capital Debt	(513)	(514)
Acquisition and Construction of Capital Assets	(159)	71
Proceeds from Sale of Capital Assets	2	1
Net Cash Provided by Capital and Related Financing Activities	<u>943</u>	<u>614</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(4,370)	(4,798)
Proceeds from Sales and Maturities of Investment Securities	4,440	4,812
Net Activity for Short-Term Investments	(69)	(15)
Interest on Investments	28	31
Net Cash Provided by Investing Activities	<u>29</u>	<u>30</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(96)</u>	<u>283</u>
Cash and Cash Equivalents, July 1	<u>868</u>	<u>585</u>
Cash and Cash Equivalents, June 30	<u>\$ 772</u>	<u>\$ 868</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities		
Net Operating Loss	\$ (1,795)	\$ (1,501)
Adjustments		
Depreciation and Amortization	736	763
(Increase) Decrease in Assets		
Accounts Receivable	2	17
Allowance for Doubtful Accounts	-	5
Inventories	27	(96)
OPEB Asset	(102)	-
Increase (Decrease) in Liabilities		
Accounts Payable	(29)	(83)
Accrued Compensated Absences	92	449
Deferred Revenue	3	98
Trust Liabilities and Deposits	5	(7)
Net Cash Used by Operating Activities	<u>\$ (1,061)</u>	<u>\$ (355)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	<u>\$ 40</u>	<u>\$ -</u>
	<u>\$ 40</u>	<u>\$ -</u>

City of Phoenix, Arizona
Golf Courses Enterprise Fund
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis

Exhibit E-27

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>REVENUES</u>				
Fees	\$ 5,550	\$ 5,550	\$ 4,584	\$ (966)
Concessions	2,945	2,945	2,478	(467)
Coffee Shops	80	80	64	(16)
Interest	(50)	(50)	(169)	(119)
Other	32	32	69	37
Total Revenues	<u>8,557</u>	<u>8,557</u>	<u>7,026</u>	<u>(1,531)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	9,142	9,142	8,150	992
Lease-Purchase Payments	850	850	843	7
Total Expenditures and Encumbrances	<u>9,992</u>	<u>9,992</u>	<u>8,993</u>	<u>999</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(1,435)</u>	<u>(1,435)</u>	<u>(1,967)</u>	<u>(532)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Long Term Disability Trust Fund	-	-	38	38
Transfers to Other Funds				
General Fund	(416)	(416)	(264)	152
Capital Projects Funds	-	-	(7)	(7)
Total Other Financing Sources (Uses)	<u>(416)</u>	<u>(416)</u>	<u>(233)</u>	<u>183</u>
Net Decrease in Fund Balance	<u>\$ (1,851)</u>	<u>\$ (1,851)</u>	<u>(2,200)</u>	<u>\$ (349)</u>
FUND DEFICIT, JULY 1			<u>(2,915)</u>	
FUND DEFICIT, JUNE 30			<u>\$ (5,115)</u>	



Financial Section

**Other Supplementary
Information –**

**Fiduciary Funds –
Combining Fund Financial
Statements**





City of Phoenix

City of Phoenix, Arizona
Fiduciary Funds
Combining Statement of Fiduciary Net Assets

Exhibit F-1

June 30, 2008
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 115,292	\$ 954
Investments		
Treasurer's Pooled Investments	-	2
Temporary Investments	347,922	-
Fixed Income	485,443	-
Domestic Equities	886,965	-
International Equities	413,484	-
Receivables		
Accounts Receivable	109,455	-
Contributions Receivable	3,824	-
Interest and Dividends	4,558	-
Total Assets	<u>2,366,943</u>	<u>956</u>
<u>LIABILITIES</u>		
Accounts Payable	556,274	-
Accrued Payroll Payable	-	-
Claims Payable	-	-
Non-current Claims Payable	-	-
Total Liabilities	<u>556,274</u>	<u>-</u>
<u>NET ASSETS</u>		
Held in trust for pension and other employee benefits	<u>\$ 1,810,669</u>	<u>\$ 956</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 66,589	\$ 241	\$ 34,148	\$ 64,449	\$ 281,673
-	-	2	-	4
-	-	-	-	347,922
19,995	-	-	-	505,438
-	-	-	-	886,965
-	-	-	-	413,484
-	-	-	-	-
2,169	-	-	-	111,624
1,097	-	-	-	4,921
39	-	-	-	4,597
<u>89,889</u>	<u>241</u>	<u>- 34,150</u>	<u>64,449</u>	<u>2,556,628</u>
24	-	-	1,451	557,749
-	-	-	-	-
21,401	-	-	-	21,401
179	-	-	-	179
<u>21,604</u>	<u>-</u>	<u>-</u>	<u>1,451</u>	<u>579,329</u>
<u>\$ 68,285</u>	<u>\$ 241</u>	<u>\$ 34,150</u>	<u>\$ 62,998</u>	<u>\$ 1,977,299</u>

City of Phoenix, Arizona
Fiduciary Funds
Combining Statement of Fiduciary Net Assets

Exhibit F-1
(continued)

June 30, 2008
(in thousands)

	<u>Agency Funds</u>			
	<u>Post Employment Health Plan</u>	<u>Deferred Compensation Plan</u>	<u>Accrued Payroll</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 13,621	\$ 13,621
Investments				
Treasurer's Pooled Investments	-	-	45,601	45,601
Temporary Investments	-	-	-	-
Fixed Income	-	-	-	-
Domestic Equities	-	-	-	-
International Equities	-	-	-	-
Receivables				
Accounts Receivable	-	-	-	-
Contributions Receivable	-	-	-	-
Interest and Dividends	-	-	-	-
Total Assets	<u>-</u>	<u>-</u>	<u>59,222</u>	<u>59,222</u>
<u>LIABILITIES</u>				
Accounts Payable	-	-	-	-
Accrued Payroll Payable	-	-	59,222	59,222
Claims Payable	-	-	-	-
Non-current Claims Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>59,222</u>	<u>59,222</u>
<u>NET ASSETS</u>				
Held in trust for pension and other employee benefits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



City of Phoenix

City of Phoenix, Arizona
Fund Financial Statements
Fiduciary Funds
Combining Statement of Changes in Fiduciary
Net Assets

Exhibit F-2

For the Fiscal Year Ended June 30, 2008
(in thousands)

	<u>Pension and Other Employee Benefit Trusts</u>	
	<u>City of Phoenix Employee Retirement System (COPERS)</u>	<u>Excess Benefit Arrangement</u>
<u>ADDITIONS</u>		
Contributions		
City of Phoenix	\$ 64,198	\$ 390
Employees	31,237	-
Inter-System Transfers	4,755	-
Other	-	-
Total Contributions	<u>100,190</u>	<u>390</u>
Investment Income (Loss)		
From Investing Activities		
Net Increase in Fair Value of Investments	(150,161)	1
Interest	24,741	26
Dividends	23,794	-
Other	653	-
Investment Income (Loss)	<u>(100,973)</u>	<u>27</u>
Less: Investment Expense	6,958	-
Net Investment Income (Loss) from Investing Activities	<u>(107,931)</u>	<u>27</u>
Net Income from Security Lending Activity	<u>1,909</u>	<u>-</u>
Total Net Investment Income (Loss)	<u>(106,022)</u>	<u>27</u>
Total Additions	<u>(5,832)</u>	<u>417</u>
<u>DEDUCTIONS</u>		
Benefit Payments	109,308	239
Refunds of Contributions	2,623	-
Inter-System Transfers	2,103	-
Other	-	-
Total Deductions	<u>114,034</u>	<u>239</u>
Net Increase (Decrease)	(119,866)	178
Net Assets Held in Trust for Pension and Other Employee Benefits		
Beginning of Year, July 1	1,930,535	778
End of Year, June 30	<u>\$ 1,810,669</u>	<u>\$ 956</u>

Pension and Other Employee Benefit Trusts

Health Care Benefits	Retiree Rate Stabilization	Medical Expense Reimbursement Plan	Long Term Disability	Total
\$ 128,359	\$ 241	\$ 53,757	\$ -	\$ 246,945
57,342	-	-	-	88,579
7,946	-	-	-	12,701
3,407	-	680	-	4,087
<u>197,054</u>	<u>241</u>	<u>54,437</u>	<u>-</u>	<u>352,312</u>
360	-	200	-	(149,600)
2,590	-	326	2,593	30,276
-	-	-	-	23,794
-	-	-	-	653
<u>2,950</u>	<u>-</u>	<u>526</u>	<u>2,593</u>	<u>(94,877)</u>
<u>47</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,005</u>
2,903	-	526	2,593	(101,882)
-	-	-	-	1,909
<u>2,903</u>	<u>-</u>	<u>526</u>	<u>2,593</u>	<u>(99,973)</u>
<u>199,957</u>	<u>241</u>	<u>54,963</u>	<u>2,593</u>	<u>252,339</u>
164,030	-	20,796	4,521	298,894
29	-	-	-	2,652
9,965	-	-	-	12,068
7,946	-	17	30	7,993
<u>181,970</u>	<u>-</u>	<u>20,813</u>	<u>4,551</u>	<u>321,607</u>
17,987	241	34,150	(1,958)	(69,268)
50,298	-	-	64,956	2,046,567
<u>\$ 68,285</u>	<u>\$ 241</u>	<u>\$ 34,150</u>	<u>\$ 62,998</u>	<u>\$ 1,977,299</u>

City of Phoenix, Arizona
 Agency Fund
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended June 30, 2008
 (in thousands)

Exhibit F-3

Post Employment Health Plan

	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 7,946	\$ 7,946	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	\$ -	\$ 7,946	\$ 7,946	\$ -

LIABILITIES

Accrued Payroll Payable	\$ -	\$ 7,946	\$ 7,946	\$ -
Total Liabilities	\$ -	\$ 7,946	\$ 7,946	\$ -

Deferred Compensation Plan

	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ 100,345	\$ 100,345	\$ -
Treasurer's Pooled Investments	-	-	-	-
Total Assets	\$ -	\$ 100,345	\$ 100,345	\$ -

LIABILITIES

Accrued Payroll Payable	\$ -	\$ 100,345	\$ 100,345	\$ -
Total Liabilities	\$ -	\$ 100,345	\$ 100,345	\$ -

City of Phoenix, Arizona
 Agency Fund
 Combining Statement of Changes in Assets and Liabilities
 For the Fiscal Year Ended June 30, 2008
 (in thousands)

Exhibit F-3
 (continued)

	<i>Accrued Payroll</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 8,621	\$ 428,689	\$ 423,689	\$ 13,621
Treasurer's Pooled Investments	36,753	1,427,285	1,418,437	45,601
Total Assets	<u>\$ 45,374</u>	<u>\$ 1,855,974</u>	<u>\$ 1,842,126</u>	<u>\$ 59,222</u>
<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 45,374	\$ 1,855,974	\$ 1,842,126	\$ 59,222
Total Liabilities	<u>\$ 45,374</u>	<u>\$ 1,855,974</u>	<u>\$ 1,842,126</u>	<u>\$ 59,222</u>

	<i>Totals</i>			
	Balance July 1	Additions	Deductions	Balance June 30
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 8,621	\$ 536,980	\$ 531,980	\$ 13,621
Treasurer's Pooled Investments	36,753	1,427,285	1,418,437	45,601
Total Assets	<u>\$ 45,374</u>	<u>\$ 1,964,265</u>	<u>\$ 1,950,417</u>	<u>\$ 59,222</u>
<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 45,374	\$ 1,964,265	\$ 1,950,417	\$ 59,222
Total Liabilities	<u>\$ 45,374</u>	<u>\$ 1,964,265</u>	<u>\$ 1,950,417</u>	<u>\$ 59,222</u>



City of Phoenix



Financial Section

**Other Supplementary
Information –**

**Other Supporting
Schedules**





City of Phoenix

City of Phoenix, Arizona
Summary of Operating Funds - Budget Basis

Exhibit G-1

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Resources					
	Fund Balances		Recov- eries	Fund Transfers		Total
	July 1	Revenues		From	To	
General Purpose Funds						
General Fund	\$ 68,689	\$ 272,451	\$ 1,515	\$ 802,806	\$ (13,323)	\$ 1,132,138
Excise Tax	-	1,090,248	-	-	(1,090,248)	-
Total General Purpose Funds	68,689	1,362,699	1,515	802,806	(1,103,571)	1,132,138
Federal Funds						
Transit - Federal Grants	2,870	13,329	8	-	(1,701)	14,506
Grants						
Human Services	-	34,672	43	-	-	34,715
Community Development	-	20,057	2	-	(147)	19,912
Federal Operating Trust	-	37,204	146	-	(19)	37,331
Public Housing Hope VI	49	3,694	179	2,271	-	6,193
Total Federal Funds	2,919	108,956	378	2,271	(1,867)	112,657
Other Special Revenue and Debt						
Service Funds						
Highway User Revenue	34,341	129,433	898	2,373	(3,034)	164,011
Local Transportation Assistance	3	6,910	-	-	-	6,913
Transit 2000	212,770	42,819	3,756	143,882	(41,512)	361,715
Transit - Other Agency	(16,717)	72,385	278	58	(22,928)	33,076
Court Awards	1,198	4,403	14	-	-	5,615
Parks and Preserves	89,016	3,308	530	28,979	(381)	121,452
Development Services	28,056	49,193	1	351	(3,869)	73,732
Community Reinvestment	8,498	2,605	300	-	-	11,403
Public Housing	32,299	64,233	280	-	(7,096)	89,716
Sports Facilities	22,957	1,808	-	16,029	(768)	40,026
Capital Construction	9,310	870	364	20,710	(2,287)	28,967
Other Restricted	27,261	26,753	41	355	(900)	53,510
Neighborhood Protection	2,953	299	-	31,174	(464)	33,962
Public Safety Enhancement	7,277	-	-	24,653	(1,125)	30,805
Public Safety Expansion	-	107	-	32,214	(10)	32,311
Secondary Property Tax Debt Service	3,640	163,155	-	-	(868)	165,927
City Improvement	2,682	223	-	71,474	(5,795)	68,584
Total Other Funds	465,544	568,504	6,462	372,252	(91,037)	1,321,725
Enterprise Funds						
Aviation	76,552	298,667	2,191	3,239	(7,656)	372,993
Aviation - Operating (Non-Pledged)	36,911	37,404	-	-	(3,429)	70,886
Phoenix Convention Center	43,807	14,321	189	58,240	(4,202)	112,355
Water System	174,462	324,018	1,530	589	(26,978)	473,621
Water System - Val Vista	3,017	17,284	8	-	(841)	19,468
Wastewater	81,145	187,535	370	6,646	(11,974)	263,722
Wastewater - SROG	7,991	39,931	17	-	(1,122)	46,817
Solid Waste	34,777	135,708	571	247	(7,029)	164,274
Golf Courses	(2,915)	7,026	-	38	(271)	3,878
Total Enterprise Funds	455,747	1,061,894	4,876	68,999	(63,502)	1,528,014
Total Operating Funds	\$ 992,899	\$ 3,102,053	\$ 13,231	1,246,328	(1,259,977)	\$ 4,094,534
Other Transfers - Non-budgeted Funds				33,888	(20,239)	
				\$ 1,280,216	\$ (1,280,216)	

(1) Includes operating capital outlay and utility repayment agreements.

Exhibit G-1
(Continued)

Expenditures and Encumbrances						Fund
Current Operating (1)	Capital Impr. Program	Debt Service	Lease- Purchase	Total	Balances June 30	
\$ 1,086,902	\$ 6,067	\$ -	\$ 39	\$ 1,093,008	\$ 39,130	-
-	-	-	-	-	-	-
1,086,902	6,067	-	39	1,093,008	39,130	-
3,218	2,526	-	6,675	12,419	2,087	-
34,715	-	-	-	34,715	-	-
17,831	1,831	250	-	19,912	-	-
31,248	6,083	-	-	37,331	-	-
278	4,109	-	-	4,387	1,806	-
87,290	14,549	250	6,675	108,764	3,893	-
39,046	76,736	31,245	-	147,027	16,984	-
6,913	-	-	-	6,913	-	-
115,417	16,734	-	-	132,151	229,564	-
15,045	3,326	-	-	18,371	14,705	-
5,068	-	-	-	5,068	547	-
176	46,901	-	-	47,077	74,375	-
51,806	196	-	-	52,002	21,730	-
234	320	-	-	554	10,849	-
67,179	1,099	543	-	68,821	20,895	-
1,756	-	-	9,006	10,762	29,264	-
75	19,240	-	-	19,315	9,652	-
13,558	7,281	-	-	20,839	32,671	-
31,688	-	-	-	31,688	2,274	-
27,932	-	-	-	27,932	2,873	-
19,184	-	-	-	19,184	13,127	-
-	-	165,827	-	165,827	100	-
-	-	-	67,883	67,883	701	-
395,077	171,833	197,615	76,889	841,414	480,311	-
188,152	43,743	36,982	7,750	276,627	96,366	-
11,441	-	21,293	-	32,734	38,152	-
39,248	13,158	-	17,940	70,346	42,009	-
160,127	94,912	73,855	-	328,894	144,727	-
15,125	812	-	-	15,937	3,531	-
71,084	24,238	55,978	-	151,300	112,422	-
34,497	4,659	-	-	39,156	7,661	-
106,850	4,954	7,014	13,224	132,042	32,232	-
8,150	-	-	843	8,993	(5,115)	-
634,674	186,476	195,122	39,757	1,056,029	471,985	-
\$ 2,203,943	\$ 378,925	\$ 392,987	\$ 123,360	\$ 3,099,215	\$ 995,319	-

City of Phoenix, Arizona
Summary of Capital Projects Funds -
Budget Basis

Exhibit G-2

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Resources			
	Beginning Balances, July 1	Current Revenue		
		Grants	Interest	Other
General Government				
1984 Bond Program	261	-	-	-
2001 Bond Program	4,199	-	105	-
2006 Bond Program	(298)	-	13	-
General Gov't Lease Purchase	23,961	-	1,073	-
Mega IV Lease Purchase	19,825	-	1,013	628
Mega V Lease Purchase	(7,209)	-	216	322
Trunked Radio System	(1,364)	629	-	-
	39,375	629	2,420	950
Public Safety				
1988 Bond Program	305	-	-	-
2001 Bond Program	(4,040)	-	-	-
2006 Bond Program	6,127	-	1,324	257
CAD Equipment-Other Cities	3,578	-	-	-
Impact Fees	10,543	-	498	1,487
Other Cities Reimbursement - 800Mhz	(195)	112	-	-
	16,318	112	1,822	1,744
Transportation				
1988 Bond Program	1,348	-	-	-
2001 Bond Program	1,355	-	683	-
2004 CIC Transit LRT Revenue Bonds	244,848	-	11,150	0
2006 Bond Program	3,647	-	141	-
AHUR Capital Reserve	49,649	-	2,284	-
Federal Aid - Street Transportation	-	4,747	-	-
Federal Transportation Administration Grants	(57,548)	37,837	-	-
Impact Fees	39,880	-	1,807	(1,707)
State Aid - Street Transportation	-	6,425	-	1,228
	283,179	49,009	16,065	(479)
Public Works				
1988 Bond Program	(4)	-	-	-
2001 Bond Program	1,289	-	14	0
2006 Bond Program	10,648	-	506	0
Capital Replacement Fund	2,731	-	109	1,100
Impact Fees	7,594	-	396	1,153
	22,258	-	1,025	2,253
Community Enrichment				
1988 Bond Program	120	-	-	-
2001 Bond Program	16,063	-	68	-
2006 Bond Program	48,979	-	2,215	-
Impact Fees	62,669	-	2,702	5,739
Parks & Rec Grants	(258)	39,315	-	-
Parks and Rec Dept Capital Gifts	1,048	63	-	567
Parks land sale proceeds	2,274	-	105	8
	130,895	39,378	5,090	6,314
Community Development				
1988 Bond Program	64	-	-	(11)
1989 Bond Program	410	-	-	10
2001 Bond Program	13,423	76	395	93
2006 Bond Program	47,702	-	3,321	4
830 E Jefferson Remodel	(34)	-	-	-
Downtown Education	-	-	-	-
Federal Modernization Grants	(319)	1,304	-	-
Impact Fees	101	-	-	1,008
	61,347	1,380	3,716	1,104

Recovery of Prior Years Expenditures	Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Balances June 30 (1)	Bonds Available for Sale
				Expenditures and Encumbrances			
-	-	-	261	-		261	-
34	-	(656)	3,682	5,012		(1,330)	6,500
-	-	-	(285)	-		(285)	15,200
-	-	4,600	29,634	4,374		25,260	-
166	-	2,012	23,645	698		22,947	-
203	-	11,039	4,571	7,454		(2,883)	-
-	-	-	(736)	-		(736)	-
403	-	16,995	60,772	17,538		43,234	21,700
-	-	-	305	269		36	-
2,009	-	755	(1,276)	7,041		(8,317)	18,350
12	-	6,300	14,020	15,065		(1,045)	147,825
0	-	-	3,578	2,909		669	-
0	-	(98)	12,430	6,153		6,277	-
-	-	-	(83)	-		(83)	-
2,021	-	6,957	28,974	31,437		(2,463)	166,175
152	-	-	1,500	427		1,073	1,000
309	-	-	2,347	3,044		(697)	6,200
55	-	1,172	257,225	121,536		135,689	-
0	-	-	3,788	3,608		180	77,000
-	-	-	51,933	-		51,933	-
53	-	-	4,800	4,800		-	-
866	-	(1,784)	(20,629)	11,082		(31,711)	-
36	-	(4,843)	35,173	4,411		30,762	-
73	-	29	7,755	7,778		(23)	-
1,544	-	(5,426)	343,892	156,686		187,206	84,200
53	-	-	49	-		49	-
406	-	1	1,710	5,191		(3,481)	8,270
0	-	-	11,154	7,982		3,172	71,284
-	-	-	3,940	1		3,939	-
23	-	-	9,166	719		8,447	-
482	-	1	26,019	13,893		12,126	79,554
446	-	-	566	(2)		568	-
96	-	-	16,227	4,224		12,003	14,200
1,471	-	-	52,665	36,596		16,069	141,691
96	-	-	71,206	20,224		50,982	-
60	-	-	39,117	38,663		454	-
-	-	-	1,678	579		1,099	-
19	-	-	2,406	81		2,325	-
2,188	-	0	183,865	100,365		83,500	155,891
-	-	(53)	(0)	-		(0)	-
-	-	-	420	87		333	-
957	-	-	14,944	4,355		10,589	7,730
811	-	(1,500)	50,338	47,772		2,566	107,105
-	-	-	(34)	-		(34)	-
-	-	-	-	10,000		(10,000)	-
57	-	-	1,042	2,021		(979)	-
-	-	-	1,109	-		1,109	-
1,825	-	(1,553)	67,819	64,235		3,584	114,835

City of Phoenix, Arizona
Summary of Capital Projects Funds -
Budget Basis

Exhibit G-2

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Resources			
	Beginning Balances, July 1	Current Revenue		
		Grants	Interest	Other
Aviation				
1998 Airport Rev Bnds Non-AMT (Series A)	3,768	-	-	-
1998 Airport Rev Bonds AMT (Series B)	(3)	-	-	-
2004 CFC Bonds - Construction Fund	8,497	-	379	-
Airport Expansion Bonds	12,482	-	-	-
Airport Facilities Improvement Grants	1,342	24,953	-	-
Airport Rev Bnd Rsrv-Restrict Inv Acct	29,413	-	-	-
Aviation Commercial Paper Fund	(103,227)	(1,828)	-	-
Aviation Reserve - City Improvement	97,115	-	-	-
CFC Trustee-Improvement Reserves/Surplus	12,179	-	629	-
City Improvement Aviation Bonds	6	-	27	-
Junior Lien Airport Revenue Bonds	(59,741)	-	-	-
Passenger Facility Charges	70,864	10,788	18,317	63,035
Rent-A-Car Customer Facility Charge	(8,193)	-	(202)	-
Senior Lien Airport Revenue Bonds	(147,975)	-	(253)	11
Transportation Security Admin Grant	1,666	19,820	248	-
	(81,807)	53,733	19,145	63,046
Phoenix Convention Center				
CC Expansion Series A	22,514	-	9,467	-
CC Expansion Series B	7,887	-	344	-
CPBC (Capital Trust Fund)	860	-	3	-
Phoenix Convention Center East Garage	1,472	-	2	-
	32,733	-	9,816	-
Water System				
CIC Water Bonds	(37,611)	-	-	253
Impact Fees	50,279	-	2,487	10,063
Plan Six Facilities	2,817	-	133	-
Proceeds/Wtr Asset Sale-Scottsdale	21,422	-	-	-
Special Water Improvement	79,373	-	-	-
Val Vista - Other Agencies' Participation	(5,297)	-	-	4,218
Wtr Imp Dist Proj-Prop Owner Participati	(13)	-	-	-
	110,970	-	2,620	14,534
Wastewater				
CIC Waste Water Bonds	(100,906)	48	2	15
Impact Fees	27,517	-	1,388	7,065
Special Wastewater Improvement	70,000	-	-	-
SROG - Other Agencies' Participation	(66,417)	-	-	66,645
	(69,806)	48	1,390	73,725
Solid Waste				
End Use Reserve	10,776	-	500	-
Impact Fees	2,229	-	102	1
Solid - Mega IV	51,107	-	2,680	-
Solid Waste Disposal CIC Bonds Prin/Int	2,523	-	5	-
Solid Waste Remediation Funds	10,051	-	463	-
	76,686	-	3,750	1
Golf				
Golf CIC Bonds Prin/Int	120	-	0	-
	120	-	0	-
	622,268	144,289	66,859	163,192

Exhibit G-2
(Continued)

Recovery of Prior Years Expenditures	Bonds Sold	Fund Transfers To(From)	Total Resources	Uses		Balances June 30 (1)	Bonds Available for Sale
				Expenditures and Encumbrances			
9	-	-	3,777	91		3,686	-
-	-	-	(3)	-		(3)	-
-	-	-	8,876	76		8,800	-
12	-	-	12,494	32		12,462	-
-	-	-	26,295	8,488		17,807	-
-	-	-	29,413	-		29,413	-
35	-	-	(105,020)	434		(105,454)	-
57	-	-	97,172	8		97,164	-
-	-	(1,890)	10,918	3,973		6,945	-
-	189,387	(182,840)	6,580	207		6,373	-
14,133	-	-	(45,608)	5,293		(50,901)	-
2,115	-	-	165,119	118,274		46,845	-
2,912	-	-	(5,483)	654		(6,137)	-
13,732	253,033	-	118,548	65,299		53,249	-
-	-	-	21,734	-		21,734	-
33,005	442,420	(184,730)	344,812	202,829		141,983	-
41	-	(5,677)	26,345	18,045		8,300	-
854	-	-	9,085	1,147		7,938	-
0	-	-	863	864		(1)	-
1	-	-	1,475	1,514		(39)	-
896	-	(5,677)	37,768	21,570		16,198	-
2,867	-	-	(34,491)	207,436		(241,927)	-
45	-	-	62,874	2,764		60,110	-
-	-	-	2,950	-		2,950	-
-	-	-	21,422	-		21,422	-
-	-	-	79,373	-		79,373	-
83	-	-	(996)	2,960		(3,956)	-
-	-	-	(13)	-		(13)	-
2,995	-	-	131,119	213,160		(82,041)	-
2,233	211,891	(6,437)	106,846	174,933		(68,087)	-
5	-	-	35,975	1,446		34,529	-
-	-	-	70,000	30,000		40,000	-
204	-	-	432	67,390		(66,958)	-
2,442	211,891	(6,437)	213,253	273,769		(60,516)	-
-	-	1,232	12,508	-		12,508	-
-	-	-	2,332	-		2,332	-
512	-	-	54,299	4,426		49,873	-
-	-	-	2,528	60		2,468	-
22	-	-	10,536	895		9,641	-
534	-	1,232	82,203	5,381		76,822	-
-	-	-	120	1		119	-
-	-	-	120	1		119	-
48,335	654,311	(178,638)	1,520,616	1,100,864		419,752	622,355

City of Phoenix, Arizona
Capital Improvement Program
Expenditures and Encumbrances

Exhibit G-3

For the Fiscal Years Ended June 30, 2008 and 2007
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2008	2007	2008	2007	2008	2007
General Government						
Information Technology	\$ 11,760	\$ 864	\$ 10,469	\$ 11,397	\$ 22,229	\$ 12,261
Public Safety						
Fire Protection	-	-	19,198	12,642	19,198	12,642
Police Protection	121	-	19,605	24,211	19,726	24,211
	121	-	38,803	36,853	38,924	36,853
Transportation						
Street Improvements						
Major Streets	53,038	36,187	12,252	18,158	65,290	54,345
Other	28,780	29,485	3,196	7,145	31,976	36,630
Freeway Mitigation	-	-	496	73	496	73
Traffic Improvements	7,731	10,217	1,804	3,264	9,535	13,481
Transit	22,831	27,067	135,015	270,469	157,846	297,536
	112,380	102,956	152,763	299,109	265,143	402,065
Public Works						
Energy Conservation	1,004	1,056	-	-	1,004	1,056
Facilities Management	8,325	3,028	955	2,329	9,280	5,357
Storm Sewer Improvements	455	600	16,939	28,215	17,394	28,815
	9,784	4,684	17,894	30,544	27,678	35,228
Community Enrichment						
Arts and Cultural Facilities	1,271	3,152	3,948	5,371	5,219	8,523
Libraries	244	133	7,635	9,701	7,879	9,834
Parks and Mountain Preserves	50,904	6,288	89,639	22,962	140,543	29,250
	52,419	9,573	101,222	38,034	153,641	47,607
Community Development						
Downtown Development	418	1,011	46,154	78,884	46,572	79,895
Economic Development	-	-	-	-	-	-
Elderly Service Facilities	-	-	3,554	7,595	3,554	7,595
Historic Preservation	100	87	2,907	3,590	3,007	3,677
HOPE VI	7,866	10,044	1,335	1,931	9,201	11,975
Public Housing	(9)	58	5,960	2,676	5,951	2,734
Neighborhood Development	879	535	5,293	661	6,172	1,196
	9,254	11,735	65,203	95,337	74,457	107,072
Aviation	43,478	48,172	202,830	363,711	246,308	411,883
Convention Center	13,577	34,026	22,444	(8,555)	36,021	25,471
Water System	95,371	46,757	213,423	126,175	308,794	172,932
Wastewater	28,679	28,755	271,734	242,314	300,413	271,069
Solid Waste	2,102	6,755	4,079	17,289	6,181	24,044
	<u>\$ 378,925</u>	<u>\$ 294,277</u>	<u>\$ 1,100,864</u>	<u>\$ 1,252,208</u>	<u>\$ 1,479,789</u>	<u>\$ 1,546,485</u>

(1) The amounts reported on this exhibit are by program, not by funding source. For the enterprise operating funds, funding for capital improvement program expenditures for the fiscal year ended June 30, 2008 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 43,743
Convention Center	13,158
Water	94,912
Water - Val Vista	812
Wastewater	24,238
Wastewater - SROG	4,659
Solid Waste	4,954
	<u>\$ 186,476</u>



City of Phoenix

City of Phoenix, Arizona
Transfers To/From Other Funds

Exhibit G-4

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Special			
	General Fund	Transit	Neighborhood Protection	Sports Facilities
Transfers From				
General Fund	\$ -	\$ -	\$ 1,984	\$ -
Special Revenue				
Excise Tax	734,956	115,914	28,981	16,010
Highway User Revenue	-	-	-	-
Transit	1,525	-	-	-
Parks & Preserves	381	-	-	-
Development Services	-	-	-	-
Public Housing	302	-	-	-
Sports Facilities	418	-	-	-
Capital Construction	-	1,546	-	-
Public Safety Enhancement	1,136	-	-	-
Neighborhood Protection	464	-	-	-
Other Restricted	-	-	-	-
Total Special Revenue	739,182	117,460	28,981	16,010
Debt Service				
General Obligation/ Secondary Property Tax	-	-	-	-
Streets and Highways	-	-	-	-
Public Housing	-	-	-	-
City Improvement	-	-	-	-
Special Assessment	141	-	-	-
Total Debt Service	141	-	-	-
Capital Projects				
Street Improvements	-	-	-	-
Police and Fire Protection	-	-	-	-
Storm Sewers	-	-	-	-
Parks & Preserves	-	-	-	-
Public Housing	-	-	-	-
Municipal Buildings and Service Centers	-	-	-	-
Transit	-	1,726	-	-
Sports and Cultural Facilities	-	-	-	-
Total Capital Projects	-	1,726	-	-
Enterprise				
Aviation	-	-	-	-
Phoenix Convention Center	1,226	-	-	-
Water System	20,210	-	-	-
Wastewater	10,393	-	-	-
Solid Waste	1,062	-	-	-
Golf Courses	-	-	-	-
Total Enterprise	32,891	-	-	-
Totals	\$ 772,214	\$ 119,186	\$ 30,965	\$ 16,010

- (1) Capital Construction (\$20,710,000), Park and Preserves (\$28,979,000), Police and Fire Public Safety Enhancement (24,653,000), and Police and Fire Public Safety Expansion (\$32,214,000) Special Revenue Funds
- (2) Public Housing Special Revenue Fund
- (3) Other Restricted Special Revenue Fund
- (4) Water (\$22,249,000) and Wastewater (\$6,444,000) Enterprise Funds

Exhibit G-4

(Continued)

Transfers to						
Revenue						
Other Special Revenue	Debt Service	Capital Projects	Enterprise			
			Convention Center	Other		Totals
\$ 302 (2)	\$ 1,291	\$ 6,686	\$ -	\$ -		\$ 10,263
106,556 (1)	30,052	-	58,126	-		1,090,595
-	31,245	-	-	-		31,245
-	46,662	-	-	-		48,187
-	-	-	-	-		381
-	-	-	-	-		-
-	613	4,800	-	-		5,715
-	9,010	167	-	-		9,595
-	-	-	-	-		1,546
-	-	-	-	-		1,136
-	-	-	-	-		464
-	-	700	-	-		700
106,556	117,582	5,667	58,126	-		1,189,564
-	-	-	-	28,693 (4)		28,693
-	-	-	-	-		-
-	-	5,795	-	-		5,795
-	-	-	-	-		141
-	-	5,795	-	28,693		34,629
-	-	-	-	-		-
-	-	-	-	-		-
-	-	-	-	-		-
-	46	384	-	-		430
53 (3)	-	1,500	-	-		1,553
-	28	-	-	-		28
-	-	-	-	-		1,726
-	-	-	-	-		-
53	74	1,884	-	-		3,737
-	-	1,267	-	-		1,267
-	-	644	-	-		1,870
-	-	7	-	-		20,217
-	-	-	-	-		10,393
-	-	-	-	-		1,062
-	-	-	-	-		-
-	-	1,918	-	-		34,809
\$ 106,911	\$ 118,947	\$ 21,950	\$ 58,126	\$ 28,693		\$ 1,273,002

City of Phoenix, Arizona
Budgetary Transfers - Budget Basis

Exhibit G-5

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Transfers to					
	General Fund			Special		
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neighbor- hood Protection	Transit 2000
Transfers from						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 1,984	\$ -
Special Revenue						
Excise Tax	-	-	734,609	734,609	28,981	115,914
Highway User Revenue	-	-	-	-	-	-
Transit 2000	-	-	-	-	-	-
Transit Other Agency	-	-	-	-	-	22,928
Federal Transit Grants	-	-	-	-	-	1,701
Development Services	3,869	-	-	3,869	-	-
Federal Operating Trust Grants	-	-	-	-	-	-
Community Development Grants	-	-	-	-	-	-
Public Housing	-	302	-	302	-	-
Sports Facilities	105	-	79	184	-	-
Capital Construction	-	-	-	-	-	1,546
Parks and Preserves	-	-	-	-	-	-
Other Restricted	-	-	-	-	-	-
Public Safety Enhancement	-	-	1,125	1,125	-	-
Neighborhood Protection	-	-	-	-	-	-
Total Special Revenue	3,974	302	735,813	740,089	28,981	142,089
Debt Service						
Secondary Property Tax	-	-	-	-	-	-
City Improvement	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-
Enterprise						
Aviation	6,388	-	-	6,388	-	-
Aviation (Non-Pledged)	-	-	-	-	-	-
Phoenix Convention Center	2,331	-	-	2,331	-	-
Water System	6,578	9,085	11,125	26,788	-	-
Water System - Val Vista	841	-	-	841	-	-
Wastewater	1,581	7,171	3,222	11,974	-	-
Wastewater - SROG	1,104	-	-	1,104	-	-
Solid Waste	4,736	1,062	-	5,798	-	-
Golf Courses	264	-	-	264	-	-
Total Enterprise	23,823	17,318	14,347	55,488	-	-
Other Funds not Budgeted						
Long Term Disability Trust	-	-	7,229	7,229	209	67
Impact Fees Capital Fund	-	-	-	-	-	-
Transit Capital Projects	-	-	-	-	-	1,726
Public Housing Capital Projects	-	-	-	-	-	-
Wastewater Capital Projects	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	7,229	7,229	209	1,793
Totals	\$ 27,797	\$ 17,620	\$ 757,389	\$ 802,806	\$ 31,174	\$ 143,882

(1) Capital Construction (\$20,710,000), Sports Facilities (\$16,010,000), Park and Preserves (\$28,979,000), Police and Fire Public Safety Enhancement (\$24,653,000), and Police and Fire Public Safety Expansion (\$32,214,000) Special Revenue Funds

(2) Public Housing Special Revenue Fund

(3) Municipal Buildings Capital Projects Fund

(4) Aviation Enterprise Fund

(5) Transit (\$1,172,000) and Street Improvements (\$19,000) Capital Projects Funds

(6) Sports Facilities Special Revenue Fund

(7) Public Housing-Hope VI Special Revenue Fund

(8) Public Housing Capital Projects Fund

(9) Police and Fire Protection (\$200,000) and Sports and Cultural Facilities (\$700,000) Capital Projects Funds

(10) Aviation Enterprise Capital Projects Fund

(11) Phoenix Convention Center Capital Projects Fund

(12) Solid Waste Enterprise Capital Projects Fund

(13) Golf Enterprise Capital Projects Fund

Exhibit G-5
(Continued)

Revenue		Transfers to				Funds Not Budgeted		Totals
Other	Debt Service	Phoenix Convention Center	Enterprise Other	Infrastructure Repayment Agreement	Other			
\$ 302 (2)	\$ 1,291	\$ -	\$ -	\$ 5,146	\$ 4,600 (3)	\$	13,323	
122,566 (1)	30,052	58,126	-	-	-	-	1,090,248	
-	-	-	1,843 (4)	-	1,191 (5)	-	3,034	
-	39,987	-	-	1,525	-	-	41,512	
-	-	-	-	-	-	-	22,928	
-	-	-	-	-	-	-	1,701	
-	-	-	-	-	-	-	3,869	
19 (6)	-	-	-	-	-	-	19	
147 (7)	-	-	-	-	-	-	147	
2,124 (7)	70	-	-	-	-	-	7,096	
-	-	-	-	417	167 (3)	-	768	
-	-	-	741 (4)	-	-	-	2,287	
-	-	-	-	381	-	-	381	
-	-	-	-	-	900 (9)	-	900	
-	-	-	-	10	-	-	1,135	
-	-	-	-	464	-	-	464	
124,856	70,109	58,126	- 2,584	2,797	6,858	-	1,176,489	
-	-	-	-	-	868 (20)	-	868	
-	-	-	-	-	5,795 (21)	-	5,795	
-	-	-	-	-	6,663	-	6,663	
-	-	-	-	-	1,268 (10)	-	7,656	
-	-	-	-	-	3,429 (10)	-	3,429	
-	-	-	-	1,227	644 (11)	-	4,202	
-	-	-	190 (4)	-	-	-	26,978	
-	-	-	-	-	-	-	841	
-	-	-	-	-	-	-	11,974	
-	-	-	18 (4)	-	-	-	1,122	
-	-	-	-	-	1,231 (12)	-	7,029	
-	-	-	-	-	7 (13)	-	271	
-	-	-	208	1,227	6,579	-	63,502	
351 (16)	-	114	1,530 (14)	-	-	-	9,500	
2,373 (17)	-	-	-	-	-	-	2,373	
58 (18)	74	-	-	-	-	-	1,858	
53 (19)	-	-	-	-	-	-	53	
-	-	-	6,437 (15)	-	-	-	6,437	
2,835	74	114	- 7,967	-	-	-	20,221	
\$ 127,993	\$ 71,474	\$ 58,240	\$ 10,759	\$ 9,170	\$ 24,700	\$	1,280,198	

(14) Aviation (\$447,000), Water (\$589,000), Wastewater (\$209,000), Solid Waste (\$247,000) and Golf (\$38,000) Enterprise Funds

(15) Wastewater Enterprise Fund

(16) Development Services Special Revenue Fund

(17) Highway User Special Revenue Fund

(18) Transit-Other Agency Special Revenue Fund

(19) Other Restricted Special Revenue Funds

(20) Other Unbudgeted Debt Service Reserve Funds

(21) Capital Projects Funds

City of Phoenix, Arizona
Bonds and Certificates Payable

Exhibit G-6

June 30, 2008
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2008 (1)		
						Total	Payable from	
							General Property Taxes	City Revenues/ Other (3)
General Obligation Bonds								
6% Limitation								
Various Purpose	\$ 628,280	\$ 452,045	\$ 176,235	\$ 146,720	\$ -	\$ 305,325	\$ 305,325	\$ -
Solid Waste	97,645	97,645	-	73,435	-	24,210	-	24,210
20% Limitation								
Various Purpose	1,989,520	1,543,398	446,122	615,766	-	927,632	927,632	-
Airport	43,175	43,175	-	29,595	-	13,580	-	13,580
Sanitary Sewers	178,140	178,140	-	126,267	-	51,873	-	51,873
Water	400,530	400,530	-	319,124	3,438	84,844	-	84,844
Refunding (2)	7,410	7,410	-	6,480	-	930	-	930
Total General Obligation Bonds	3,344,700	2,722,343	622,357	1,317,387	3,438	1,408,394	1,232,957	175,437
Revenue Bonds								
Airport	89,550	89,550	-	89,550	-	-	-	-
Public Housing	4,960	4,960	-	4,655	-	305	-	305
Street and Highway User	356,966	356,966	-	259,795	-	97,171	-	97,171
Total Revenue Bonds	451,476	451,476	-	354,000	-	97,476	-	97,476
Total General Obligation and Revenue Bonds	3,796,176	3,173,819	622,357	1,671,387	3,438	1,505,870	1,232,957	272,913
Certificates of Participation	35,465	35,465	-	3,705	-	31,760	-	31,760
Municipal Corporation Obligations								
General Government	1,030,941	1,030,941	-	210,880	-	820,061	-	820,061
Enterprise	4,239,576	4,239,576	-	633,760	36,746	3,642,562	-	3,642,562
Total Municipal Corp- oration Obligations	5,270,517	5,270,517	-	844,640	36,746	4,462,623	-	4,462,623
Special Assessment Bonds	3,644	3,644	-	3,051	-	593	-	593
Subtotal	9,105,802	8,483,445	622,357	2,522,783	40,184	6,000,846	1,232,957	4,767,889
Downtown Phoenix Hotel Corp. Bonds-Component Unit	350,000	350,000	-	-	-	350,000	-	350,000
Totals	\$ 9,455,802	\$ 8,833,445	\$ 622,357	\$ 2,522,783	\$ 40,184	\$ 6,350,846	\$ 1,232,957	\$ 5,117,889

(1) Net of July 1, 2008 payments deposited with the City's fiscal agent. Balances have not been reduced for amount held in restricted early redemption fund. Restricted early redemption fund balance totaled \$199.2 million at June 30, 2008.

(2) In addition to the Solid Waste bonds, the 1993C Refunding Bonds are also supported by Solid Waste Enterprise Fund revenues.

(3) These bonds are supported by City enterprise revenues, excise taxes, special revenues, special assessments and grants.

City of Phoenix, Arizona
Debt Service Requirements
General Obligation Bonds Limited to
Six Percent of Assessed Valuation (1)

Exhibit G-7

June 30, 2008
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Solid Waste Bonds			Total 6% Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008-09	13,730	14,879	28,609	4,850	1,156	6,006	18,580	16,035	34,615
2009-10	14,250	14,170	28,420	3,785	930	4,715	18,035	15,100	33,135
2010-11	19,615	13,436	33,051	3,995	752	4,747	23,610	14,188	37,798
2011-12	7,110	12,483	19,593	1,280	566	1,846	8,390	13,049	21,439
2012-13	13,970	12,174	26,144	1,345	502	1,847	15,315	12,676	27,991
2013-14	21,760	11,544	33,304	925	435	1,360	22,685	11,979	34,664
2014-15	20,235	10,502	30,737	980	388	1,368	21,215	10,890	32,105
2015-16	29,140	9,517	38,657	1,030	342	1,372	30,170	9,859	40,029
2016-17	28,500	8,051	36,551	1,080	292	1,372	29,580	8,343	37,923
2017-18	27,010	6,644	33,654	1,145	239	1,384	28,155	6,883	35,038
2018-19	28,370	5,318	33,688	1,195	183	1,378	29,565	5,501	35,066
2019-20	29,805	3,926	33,731	1,265	123	1,388	31,070	4,049	35,119
2020-21	28,425	2,474	30,899	650	60	710	29,075	2,534	31,609
2021-22	20,010	1,071	21,081	685	31	716	20,695	1,102	21,797
2022-23	1,720	166	1,886	-	-	-	1,720	166	1,886
2023-24	1,025	84	1,109	-	-	-	1,025	84	1,109
2024-25	650	32	682	-	-	-	650	32	682
	<u>\$ 305,325</u>	<u>\$ 126,471</u>	<u>\$ 431,796</u>	<u>\$ 24,210</u>	<u>\$ 5,999</u>	<u>\$ 30,209</u>	<u>\$ 329,535</u>	<u>\$ 132,470</u>	<u>\$ 462,005</u>

(1) Various purpose general obligation bonds are limited to 6% of assessed valuation, except for bonds issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and street and transportation facilities, which are limited to 20% of assessed valuation (see Exhibit G-8).

City of Phoenix, Arizona
Debt Service Requirements
General Obligation Bonds Limited to
Twenty Percent of Assessed Valuation (1)

Exhibit G-8

June 30, 2008
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Airport Bonds			Water Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008-09	18,435	41,724	60,159	1,385	563	1,948	12,686	5,647	18,333
2009-10	32,912	42,652	75,564	845	498	1,343	11,483	5,357	16,840
2010-11	38,640	39,389	78,029	850	464	1,314	10,330	2,803	13,133
2011-12	57,145	37,672	94,817	885	430	1,315	4,685	2,304	6,989
2012-13	42,720	35,053	77,773	710	395	1,105	4,935	2,082	7,017
2013-14	27,010	33,058	60,068	505	366	871	4,062	2,816	6,878
2014-15	36,070	31,807	67,877	4,090	347	4,437	5,265	1,692	6,957
2015-16	45,630	30,254	75,884	4,310	183	4,493	15,525	1,455	16,980
2016-17	45,055	27,997	73,052	-	-	-	5,755	662	6,417
2017-18	50,580	25,778	76,358	-	-	-	6,165	302	6,467
2018-19	50,315	23,408	73,723	-	-	-	515	25	540
2019-20	49,415	21,023	70,438	-	-	-	-	-	-
2020-21	42,380	18,768	61,148	-	-	-	-	-	-
2021-22	54,535	16,899	71,434	-	-	-	-	-	-
2022-23	71,110	14,475	85,585	-	-	-	-	-	-
2023-24	71,790	11,253	83,043	-	-	-	-	-	-
2024-25	75,805	8,008	83,813	-	-	-	-	-	-
2025-26	50,535	4,519	55,054	-	-	-	-	-	-
2026-27	52,830	2,525	55,355	-	-	-	-	-	-
2027-28	14,720	442	15,162	-	-	-	-	-	-
	927,632	466,704	1,394,336	13,580	3,246	16,826	81,406	25,145	106,551
Capital									
Appreciation (3)	-	-	-	-	-	-	3,438	(3,438)	-
	<u>\$ 927,632</u>	<u>\$ 466,704</u>	<u>\$ 1,394,336</u>	<u>\$ 13,580</u>	<u>\$ 3,246</u>	<u>\$ 16,826</u>	<u>\$ 84,844</u>	<u>\$ 21,707</u>	<u>\$ 106,551</u>

(1) Various purpose bonds limited to 20% of assessed valuation are those issued for water, sewer, artificial light, open space preserves, parks, playgrounds, recreational facilities, public safety, law enforcement, fire and emergency services facilities, and streets and transportation facilities. Other general obligation bonds are limited to 6% of assessed valuation (see Exhibit G-7).

(2) Bonds are supported by the revenues of the Solid Waste Enterprise Fund.

(3) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise purposes is added to the principal balance outstanding.

Exhibit G-8

(Continued)

Sanitary Sewer Bonds			Refunding Bonds (2)			Total 20% Bonds		
Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
5,506	2,229	7,735	930	56	986	38,942	50,219	89,161
10,825	1,964	12,789	-	-	-	56,065	50,471	106,536
12,175	1,502	13,677	-	-	-	61,995	44,158	106,153
4,178	995	5,173	-	-	-	66,893	41,401	108,294
4,400	826	5,226	-	-	-	52,765	38,356	91,121
1,127	646	1,773	-	-	-	32,704	36,886	69,590
1,195	599	1,794	-	-	-	46,620	34,445	81,065
6,243	551	6,794	-	-	-	71,708	32,443	104,151
1,251	277	1,528	-	-	-	52,061	28,936	80,997
1,315	220	1,535	-	-	-	58,060	26,300	84,360
1,389	159	1,548	-	-	-	52,219	23,592	75,811
1,459	98	1,557	-	-	-	50,874	21,121	71,995
810	34	844	-	-	-	43,190	18,802	61,992
-	-	-	-	-	-	54,535	16,899	71,434
-	-	-	-	-	-	71,110	14,475	85,585
-	-	-	-	-	-	71,790	11,253	83,043
-	-	-	-	-	-	75,805	8,008	83,813
-	-	-	-	-	-	50,535	4,519	55,054
-	-	-	-	-	-	52,830	2,525	55,355
-	-	-	-	-	-	14,720	442	15,162
51,873	10,100	61,973	930	56	986	1,075,421	505,251	1,580,672
-	-	-	-	-	-	3,438	(3,438)	-
<u>\$ 51,873</u>	<u>\$ 10,100</u>	<u>\$ 61,973</u>	<u>\$ 930</u>	<u>\$ 56</u>	<u>\$ 986</u>	<u>\$ 1,078,859</u>	<u>\$ 501,813</u>	<u>\$ 1,580,672</u>

City of Phoenix, Arizona
Debt Service Requirements
By Type of Security to Bondholders

Exhibit G-9

June 30, 2008
(in thousands)

Fiscal Year	General Obligation			Street and Highway User Revenue			Public Housing		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008-09	57,522	66,254	123,776	27,005	4,235	31,240	305	15	320
2009-10	74,100	65,571	139,671	28,285	2,961	31,246	-	-	-
2010-11	85,605	58,346	143,951	29,740	1,507	31,247	-	-	-
2011-12	75,283	54,450	129,733	6,266	15,734	22,000	-	-	-
2012-13	68,080	51,032	119,112	5,875	16,125	22,000	-	-	-
2013-14	55,389	48,865	104,254	-	-	-	-	-	-
2014-15	67,835	45,335	113,170	-	-	-	-	-	-
2015-16	101,878	42,302	144,180	-	-	-	-	-	-
2016-17	81,641	37,279	118,920	-	-	-	-	-	-
2017-18	86,215	33,183	119,398	-	-	-	-	-	-
2018-19	81,784	29,093	110,877	-	-	-	-	-	-
2019-20	81,944	25,170	107,114	-	-	-	-	-	-
2020-21	72,265	21,336	93,601	-	-	-	-	-	-
2021-22	75,230	18,001	93,231	-	-	-	-	-	-
2022-23	72,830	14,641	87,471	-	-	-	-	-	-
2023-24	72,815	11,337	84,152	-	-	-	-	-	-
2024-25	76,455	8,040	84,495	-	-	-	-	-	-
2025-26	50,535	4,519	55,054	-	-	-	-	-	-
2026-27	52,830	2,525	55,355	-	-	-	-	-	-
2027-28	14,720	442	15,162	-	-	-	-	-	-
	<u>1,404,956</u>	<u>637,721</u>	<u>2,042,677</u>	<u>97,171</u>	<u>40,562</u>	<u>137,733</u>	<u>305</u>	<u>15</u>	<u>320</u>
Capital Appreciation (1)	3,438	(3,438)	-	-	-	-	-	-	-
	<u>\$ 1,408,394</u>	<u>\$ 634,283</u>	<u>\$ 2,042,677</u>	<u>\$ 97,171</u>	<u>\$ 40,562</u>	<u>\$ 137,733</u>	<u>\$ 305</u>	<u>\$ 15</u>	<u>\$ 320</u>

(1) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise purposes is added to the principal balance outstanding.



City of Phoenix

City of Phoenix, Arizona
Debt Service Requirements
By General Purpose of Assets Acquired

Exhibit G-10

June 30, 2008
(in thousands)

Fiscal Year	General Government (1)			Public Housing		
	Principal	Interest	Total	Principal	Interest	Total
2008-09	59,170	60,838	120,008	305	15	320
2009-10	75,447	59,783	135,230	-	-	-
2010-11	87,995	54,332	142,327	-	-	-
2011-12	70,521	65,889	136,410	-	-	-
2012-13	62,565	63,352	125,917	-	-	-
2013-14	48,770	44,602	93,372	-	-	-
2014-15	56,305	42,309	98,614	-	-	-
2015-16	74,770	39,771	114,541	-	-	-
2016-17	73,555	36,048	109,603	-	-	-
2017-18	77,590	32,422	110,012	-	-	-
2018-19	78,685	28,726	107,411	-	-	-
2019-20	79,220	24,949	104,169	-	-	-
2020-21	70,805	21,242	92,047	-	-	-
2021-22	74,545	17,970	92,515	-	-	-
2022-23	72,830	14,641	87,471	-	-	-
2023-24	72,815	11,337	84,152	-	-	-
2024-25	76,455	8,040	84,495	-	-	-
2025-26	50,535	4,519	55,054	-	-	-
2026-27	52,830	2,525	55,355	-	-	-
2027-28	14,720	442	15,162	-	-	-
	1,330,128	633,737	1,963,865	305	15	320
Capital Appreciation (3)	-	-	-	-	-	-
	<u>\$ 1,330,128</u>	<u>\$ 633,737</u>	<u>\$ 1,963,865</u>	<u>\$ 305</u>	<u>\$ 15</u>	<u>\$ 320</u>

(1) Includes all property tax supported various purpose general obligation bonds and street and highway user revenue bonds.

(2) Includes all general obligation and revenue bonds issued for the City's enterprise funds.

(3) For GAAP financial statement reporting, accrued interest on capital appreciation bonds issued for enterprise purposes is added to the principal balance outstanding.

Exhibit G-10

(Continued)

Enterprise (2)			Total Requirements		
Principal	Interest	Total	Principal	Interest	Total
25,357	9,651	35,008	84,832	70,504	155,336
26,938	8,749	35,687	102,385	68,532	170,917
27,350	5,521	32,871	115,345	59,853	175,198
11,028	4,295	15,323	81,549	70,184	151,733
11,390	3,805	15,195	73,955	67,157	141,112
6,619	4,263	10,882	55,389	48,865	104,254
11,530	3,026	14,556	67,835	45,335	113,170
27,108	2,531	29,639	101,878	42,302	144,180
8,086	1,231	9,317	81,641	37,279	118,920
8,625	761	9,386	86,215	33,183	119,398
3,099	367	3,466	81,784	29,093	110,877
2,724	221	2,945	81,944	25,170	107,114
1,460	94	1,554	72,265	21,336	93,601
685	31	716	75,230	18,001	93,231
-	-	-	72,830	14,641	87,471
-	-	-	72,815	11,337	84,152
-	-	-	76,455	8,040	84,495
-	-	-	50,535	4,519	55,054
-	-	-	52,830	2,525	55,355
-	-	-	14,720	442	15,162
171,999	44,546	216,545	1,502,432	678,298	2,180,730
3,438	(3,438)	-	3,438	(3,438)	-
<u>\$ 175,437</u>	<u>\$ 41,108</u>	<u>\$ 216,545</u>	<u>\$ 1,505,870</u>	<u>\$ 674,860</u>	<u>\$ 2,180,730</u>

City of Phoenix, Arizona
Comparative Schedule of Governmental Capital Assets

Exhibit G-11

June 30, 2008 and 2007
(in thousands)

<u>Capital Assets</u>	<u>2008</u>	<u>2007</u>
Land	\$ 854,849	\$ 744,010
Buildings	1,125,373	954,559
Improvements Other Than Buildings	372,476	308,604
Infrastructure	2,053,193	1,887,369
Equipment	627,414	540,013
Net Capital Assets in Service	5,033,305	4,434,555
Construction in Progress	565,900	623,806
Total Capital Assets	<u>\$ 5,599,205</u>	<u>\$ 5,058,361</u>

<u>Investment in Capital Assets</u>		
General Obligation Bonds	\$ 1,838,721	\$ 1,675,720
Operating Revenues	2,163,332	1,861,239
Federal Grants	681,426	569,868
Capital Leases	454,413	450,567
Municipal Corporation Obligations	73,127	84,828
Gifts and Contributions	297,713	273,054
Revenue Bonds	70,784	124,537
Certificates of Participation	13,232	13,232
Enterprise Fund Contributions	6,020	4,879
Annexations	437	437
Total Investment in Capital Assets	<u>\$ 5,599,205</u>	<u>\$ 5,058,361</u>

City of Phoenix, Arizona
Schedule of Governmental Capital Assets
By Function and Activity

Exhibit G-12

June 30, 2008
(in thousands)

	Land	Buildings	Improvements Other than Buildings	Infrastructure	Equipment	Totals
General Government						
Mayor and Council	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ 34
City Manager	-	-	-	-	11	11
Other Management Office Functions	-	12	12	-	3,042	3,066
Law	-	-	-	-	341	341
City Auditor	-	-	-	-	189	189
City Clerk	262	1,030	-	-	3,480	4,772
Personnel	250	8,748	3,230	-	383	12,611
Budget and Research	-	-	-	-	1,237	1,237
Information Technology	-	578	74	-	38,239	38,891
Finance	13,500	111,594	-	-	28,876	153,970
Engineering and Architectural Services	-	-	-	-	1,161	1,161
Out of Service (Surplus)	-	-	-	-	5,951	5,951
Total General Government	14,012	121,962	3,316	-	82,944	222,234
Criminal Justice						
Municipal Court	-	-	-	-	7,421	7,421
Public Defender	-	-	-	-	5	5
Total Criminal Justice	-	-	-	-	7,426	7,426
Public Safety						
Police	8,453	93,705	3,002	-	104,266	209,426
Family Advocacy Center	7,725	-	-	-	75	7,800
Fire	18,059	75,902	9,576	-	85,923	189,460
Emergency Management Services	-	-	-	-	36	36
Total Public Safety	34,237	169,607	12,578	-	190,300	406,722
Transportation						
Street Maintenance	164,921	4,966	1,412	2,047,334	35,889	2,254,522
Traffic Engineering	1,140	5,569	472	-	8,016	15,197
Transit	112,751	81,471	46,789	4,102	215,886	460,999
Total Transportation	278,812	92,006	48,673	2,051,436	259,791	2,730,718
Community Enrichment						
Parks and Recreation	344,751	123,443	273,998	1,757	27,484	771,433
Libraries	14,304	72,668	231	-	2,854	90,057
Historic Preservation	248	-	-	-	11	259
Education and Youth Programs	-	-	-	-	633	633
Phoenix Arts and Culture	8,048	2,598	28	-	8,787	19,461
Public Parking Facilities	2,985	11,840	-	-	188	15,013
Human Services	10,004	25,549	566	-	5,853	41,972
Total Community Enrichment	380,340	236,098	274,823	1,757	45,810	938,828
Environmental Services						
Public Works	17,740	281,975	21,378	-	20,557	341,650
Environmental Programs	-	-	-	-	53	53
Total Environmental Services	17,740	281,975	21,378	-	20,610	341,703
Community Development						
Development Services	-	814	-	-	6,923	7,737
Housing	18,454	107,853	11,589	-	5,133	143,029
HOPE VI	7,136	-	-	-	-	7,136
Planning	373	-	-	-	228	601
Neighborhood Services	25,616	2,818	119	-	2,563	31,116
Downtown Development	78,129	108,741	-	-	5,606	192,476
Economic Development	-	3,499	-	-	80	3,579
Total Community Development	129,708	223,725	11,708	-	20,533	385,674
Total Allocated to Functions	\$ 854,849	\$ 1,125,373	\$ 372,476	\$ 2,053,193	\$ 627,414	5,033,305
Construction in Progress						565,900
Total Capital Assets						<u>\$ 5,599,205</u>

City of Phoenix, Arizona
Schedule of Changes in Governmental Capital Assets
By Function and Activity

Exhibit G-13

For the Fiscal Year Ended June 30, 2008
(in thousands)

	Balance July 1	Additions	Retirements	Transfers In/(Out)	Balance June 30
General Government					
Mayor and Council	\$ 34	\$ -	\$ -	\$ -	\$ 34
City Manager	11	-	-	-	11
Other Management Office Functions	3,039	52	(25)	-	3,066
Law	297	88	(44)	-	341
City Auditor	189	-	-	-	189
City Clerk	4,768	372	(143)	(225)	4,772
Personnel	12,916	87	(38)	(354)	12,611
Budget and Research	1,237	-	-	-	1,237
Information Technology	34,610	4,316	(22)	(13)	38,891
Finance	155,264	128	(1,174)	(248)	153,970
Engineering and Architectural Services	957	221	(6)	(11)	1,161
Out of Service (Surplus)	10,994	-	(20,874)	15,831	5,951
Total General Government	224,316	5,264	(22,326)	14,980	222,234
Criminal Justice					
Municipal Court	7,272	149	-	-	7,421
Public Defender	5	-	-	-	5
Total Criminal Justice	7,277	149	-	-	7,426
Public Safety					
Police	147,483	66,267	(2,313)	(2,011)	209,426
Family Advocacy Center	19,057	105	-	(11,362)	7,800
Fire	182,713	13,573	(2,854)	(3,972)	189,460
Emergency Management Services	30	6	-	-	36
Total Public Safety	349,283	79,951	(5,167)	(17,345)	406,722
Transportation					
Street Maintenance	2,077,239	192,675	(14,046)	(1,346)	2,254,522
Traffic Engineering	14,995	429	(8)	(219)	15,197
Transit	361,257	108,477	(4,027)	(4,708)	460,999
Total Transportation	2,453,491	301,581	(18,081)	(6,273)	2,730,718
Community Enrichment					
Parks and Recreation	610,433	164,092	(1,925)	(1,167)	771,433
Libraries	84,683	5,567	(117)	(76)	90,057
Historic Preservation	269	1	(11)	-	259
Education and Youth Programs	621	22	(10)	-	633
Phoenix Arts and Culture	19,206	255	-	-	19,461
Public Parking Facilities	25,073	-	(10,060)	-	15,013
Human Services	30,711	11,982	(177)	(544)	41,972
Total Community Enrichment	770,996	181,919	(12,300)	(1,787)	938,828
Environmental Services					
Public Works	296,021	38,928	(138)	6,839	341,650
Environmental Programs	29	24	-	-	53
Total Environmental Services	296,050	38,952	(138)	6,839	341,703
Community Development					
Development Services	7,196	773	-	(232)	7,737
Housing	138,491	702	(64)	3,900	143,029
HOPE VI	5,607	1,529	-	-	7,136
Planning	603	18	(20)	-	601
Neighborhood Services	29,157	2,567	(581)	(27)	31,116
Downtown Development	148,460	44,016	-	-	192,476
Economic Development	3,628	13	(7)	(55)	3,579
Total Community Development	333,142	49,618	(672)	3,586	385,674
Net Capital Assets in Service	4,434,555	657,434	(58,684)	-	5,033,305
Construction in Progress	623,806	319,694	(377,600)	-	565,900
Total Capital Assets	\$ 5,058,361	\$ 977,128	\$ (436,284)	\$ -	\$ 5,599,205



Statistical Section

Financial Trends

These schedules contain trend information to show how the City's financial performance and position have changed over time.





City of Phoenix

**City of Phoenix, Arizona
Net Assets by Component**

Table 1

Last Seven Fiscal Years (1)
(accrual basis of accounting)
(in thousands)

	Fiscal Year	
	2008	2007
GOVERNMENTAL ACTIVITIES		
Invested in Capital Assets, Net of Related Debt	\$ 2,857,041	\$ 2,068,052
Restricted	832,814	1,095,820
Unrestricted	532,706	640,050
Total Governmental Activities Net Assets	<u>\$ 4,222,561</u>	<u>\$ 3,803,922</u>
BUSINESS-TYPE ACTIVITIES		
Invested in Capital Assets, Net of Related Debt	\$ 3,304,081	\$ 3,144,988
Restricted	153,980	179,365
Unrestricted	717,703	585,710
Total Business-Type Activities Net Assets	<u>\$ 4,175,764</u>	<u>\$ 3,910,063</u>
PRIMARY GOVERNMENT		
Invested in Capital Assets, Net of Related Debt	\$ 6,161,122	\$ 5,213,040
Restricted	986,794	1,275,185
Unrestricted	1,250,409	1,225,760
Total Primary Government Net Assets	<u>\$ 8,398,325</u>	<u>\$ 7,713,985</u>

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Table 1
(Continued)

Fiscal Year				
2006	2005	2004	2003	2002
\$ 1,434,512	\$ 1,471,516	\$ 1,737,512	\$ 1,574,940	\$ 1,390,460
996,048	1,073,630	719,892	618,268	568,862
588,754	197,631	116,437	140,917	98,832
\$ 3,019,314	\$ 2,742,777	\$ 2,573,841	\$ 2,334,125	\$ 2,058,154
\$ 2,688,581	\$ 2,746,082	\$ 2,149,567	\$ 2,009,693	\$ 1,857,544
148,571	39,443	36,293	36,232	36,930
755,825	478,840	744,935	656,784	564,613
\$ 3,592,977	\$ 3,264,365	\$ 2,930,795	\$ 2,702,709	\$ 2,459,087
\$ 4,123,093	\$ 4,217,598	\$ 3,887,079	\$ 3,584,633	\$ 3,248,004
1,144,619	1,113,073	756,185	654,500	605,792
1,344,579	676,471	861,372	797,701	663,445
\$ 6,612,291	\$ 6,007,142	\$ 5,504,636	\$ 5,036,834	\$ 4,517,241

City of Phoenix, Arizona
Changes in Net Assets

Table 2

Last Seven Fiscal Years (1)
 (accrual basis of accounting)
 (in thousands)

	Fiscal Year	
	2008	2007
Expenses		
Governmental Activities		
General Government	\$ 97,369	\$ 103,039
Criminal Justice	40,258	40,085
Public Safety	795,839	732,927
Transportation	182,769	264,347
Public Works	38,585	44,656
Community Enrichment	278,649	263,031
Community Development	205,934	204,441
Interest on Long-Term Debt	103,035	96,401
Total Governmental Activities Expenses	1,742,438	1,748,927
Business-Type Activities		
Aviation	336,572	312,171
Phoenix Convention Center	70,170	66,378
Water Services	327,544	272,341
Wastewater Services	160,008	153,100
Solid Waste	147,096	126,029
Golf Courses	9,572	9,790
Total Business-Type Activities Expenses	1,050,962	939,809
Total Primary Government Expenses	\$ 2,793,400	\$ 2,688,736

Table 2
(Continued)

Fiscal Year				
2006	2005	2004	2003	2002
\$ 94,129	\$ 78,351	\$ 74,749	\$ 63,728	\$ 63,036
37,702	35,432	31,768	372,545	334,656
667,663	577,358	537,018	173,281	157,625
316,356	316,295	250,951	218,055	136,828
44,668	40,065	30,035	24,091	11,598
251,403	249,739	211,238	198,131	169,750
196,374	172,217	156,389	148,962	128,227
102,428	83,812	64,531	60,370	55,910
1,710,723	1,553,269	1,356,679	1,259,163	1,057,630
279,873	231,493	228,891	210,773	196,375
68,801	42,165	46,687	48,142	50,774
276,073	232,470	210,114	206,673	192,404
148,480	141,543	120,966	111,124	113,828
115,107	92,264	92,565	84,030	74,459
8,446	7,881	7,084	7,632	7,949
896,780	747,816	706,307	668,374	635,789
\$ 2,607,503	\$ 2,301,085	\$ 2,062,986	\$ 1,927,537	\$ 1,693,419

City of Phoenix, Arizona
Changes in Net Assets
 Last Seven Fiscal Years (1)
 (accrual basis of accounting)
 (in thousands)

Table 2
 (Continued)

	Fiscal Year	
	2008	2007
Program Revenue		
Governmental Activities		
Charges for Services:		
General Government	\$ 15,672	\$ 20,939
Criminal Justice	21,746	27,383
Public Safety	54,702	43,099
Transportation	31,004	81,502
Public Works	838	577
Community Enrichment	4,969	3,187
Community Development	67,733	100,876
Operating Grants and Contributions	368,938	327,157
Capital Grants and Contributions	216,788	186,130
Total Governmental Activities Program Revenue	<u>782,390</u>	<u>790,850</u>
Business-Type Activities		
Charges for Services:		
Aviation	286,986	277,228
Phoenix Convention Center	12,080	10,518
Water Services	299,568	272,191
Wastewater Services	173,021	160,097
Solid Waste	133,170	125,351
Golf Courses	7,229	7,725
Capital Grants and Contributions	300,575	301,660
Total Business-Type Activities Program Revenue	<u>1,212,629</u>	<u>1,154,770</u>
Total Primary Government Program Revenue	<u>\$ 1,995,019</u>	<u>\$ 1,945,620</u>
Net (Expense)/Revenue		
Governmental Activities	\$ (960,048)	\$ (958,077)
Business-Type Activities	161,667	214,961
Total Primary Government Net Expense	<u>\$ (798,381)</u>	<u>\$ (743,116)</u>

Table 2
(Continued)

Fiscal Year									
2006		2005		2004		2003		2002	
\$	19,358	\$	14,226	\$	13,849	\$	13,655	\$	13,645
	28,174		20,942		19,434		32,253		12,733
	34,371		43,018		34,069		20,994		17,576
	26,875		26,370		24,242		22,945		23,010
	577		569		694		700		1,207
	3,028		2,670		6,857		6,661		7,348
	98,960		99,432		88,257		74,839		63,238
	312,712		311,601		287,534		267,731		246,738
	164,500		97,779		126,272		51,596		87,295
	688,555		616,607		601,208		491,374		472,790
	246,288		222,313		213,671		206,316		188,505
	9,351		9,316		10,054		10,275		9,669
	257,415		225,859		224,150		216,870		210,634
	139,418		124,541		114,946		104,647		99,075
	117,121		108,067		98,995		93,441		86,872
	6,842		5,857		6,179		6,686		7,444
	360,381		295,856		245,792		232,511		145,327
	1,136,816		991,809		913,787		870,746		747,526
\$	1,825,371	\$	1,608,416	\$	1,514,995	\$	1,362,120	\$	1,220,316
\$	(1,022,168)	\$	(936,662)	\$	(755,471)	\$	(767,789)	\$	(584,840)
	240,036		243,993		207,480		202,372		111,737
\$	(782,132)	\$	(692,669)	\$	(547,991)	\$	(565,417)	\$	(473,103)

City of Phoenix, Arizona
Changes in Net Assets

Table 2
(Continued)

Last Seven Fiscal Years (1)
(accrual basis of accounting)
(in thousands)

	Fiscal Year	
	2008	2007
General Revenues and Other Changes in Net Assets		
Governmental Activities		
Taxes	\$ 1,014,103	\$ 955,921
Grants and Contributions Not Restricted	410,945	374,299
Investment Earnings, Net	91,304	92,700
Loss on Disposal of Capital Assets	-	-
Miscellaneous	51,757	50,787
Transfers - Internal Activities	(52,010)	(42,925)
Total Governmental Activities	<u>1,516,099</u>	<u>1,430,782</u>
Business-Type Activities		
Investment Earnings, Net	52,024	59,200
Equity Interest in Joint Use		
Agreement Operating Loss	-	-
Loss on Disposal of Capital Assets	-	-
Transfers	52,010	42,925
Total BusinessType Activities	<u>104,034</u>	<u>102,125</u>
Total Primary Government	1,620,133	1,532,907
Change in Net Assets		
Governmental Activities	556,051	472,705
Business-Type Activities	265,701	317,086
Total Primary Government	<u>\$ 821,752</u>	<u>\$ 789,791</u>

(1) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Table 2
(Continued)

Fiscal Year				
2006	2005	2004	2003	2002
\$ 896,212	\$ 777,911	\$ 716,164	\$ 685,050	\$ 678,912
338,907	305,456	271,298	306,175	288,839
64,379	44,077	3,800	44,245	55,311
-	-	-	(14,558)	(4,077)
40,242	46,166	26,134	58,743	37,124
(41,035)	(68,012)	(22,209)	(35,895)	(36,430)
1,298,705	1,105,598	995,187	1,043,760	1,019,679
47,541	21,565	(1,603)	23,525	32,705
-	-	-	(15,827)	(13,917)
-	-	-	(2,343)	(4,584)
41,035	68,012	22,209	35,895	36,430
88,576	89,577	20,606	41,250	50,634
1,387,281	1,195,175	1,015,793	1,085,010	1,070,313
276,537	168,936	239,716	275,971	434,839
328,612	333,570	228,086	243,622	162,371
\$ 605,149	\$ 502,506	\$ 467,802	\$ 519,593	\$ 597,210

City of Phoenix, Arizona
Fund Balances of Governmental Funds

Table 3

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2008	2007	2006	2005
General Fund				
Reserved	\$ 83,379	\$ 89,651	\$ 81,275	\$ 76,076
Unreserved	205,286	362,943	311,166	250,217
Total General Fund	288,665	452,594	392,441	326,293
All Other Governmental Funds				
Reserved	562,967	601,198	719,962	567,202
Unreserved, reported in				
Transit Capital Project Fund	93,867	164,852	265,693	437,422
Special Revenue Funds	482,721	523,035	483,611	399,595
Capital Project Funds	130,049	255,845	(29,347)	(216,263)
Debt Service Funds	742	1,254	1,752	1,125
Total All Other Governmental Funds	1,270,346	1,546,184	1,441,671	1,189,081
Total Fund Balances of Governmental Funds	\$ 1,559,011	\$ 1,998,778	\$ 1,834,112	\$ 1,515,374

Table 3
(Continued)

Fiscal Year					
2004	2003	2002	2001	2000	1999
\$ 62,992	\$ 57,616	\$ 55,361	\$ 70,535	\$ 69,523	\$ 61,487
240,712	276,842	229,419	116,120	136,545	86,858
303,704	334,458	284,780	186,655	206,068	148,345
526,043	416,817	339,581	294,823	231,418	220,473
-	-	-	-	-	-
365,091	289,279	258,033	217,711	130,588	70,947
(77,749)	(9,867)	28,335	57,748	(23,780)	18,552
890	21,079	22,704	22,178	17,449	433
814,275	717,308	648,653	592,460	355,675	310,405
\$ 1,117,979	\$ 1,051,766	\$ 933,433	\$ 779,115	\$ 561,743	\$ 458,750

City of Phoenix, Arizona
Changes in Fund Balances of Governmental Funds

Table 4

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2008	2007	2006	2005
Revenues				
City Taxes (see Table 5)	\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467
Licenses and Permits	14,949	15,787	14,206	13,648
Intergovernmental (see Table 6)	995,307	885,478	800,697	711,777
Charges for Services	151,701	177,374	168,646	164,283
Fines and Forfeitures	18,549	19,141	19,932	18,561
Parks and Recreation	2,933	2,838	2,524	2,179
In-Lieu Property Taxes	-	-	-	-
Special Assessments	643	678	1,233	1,544
Investment Income	91,304	92,700	64,379	44,077
Dwelling Rentals	8,452	8,098	7,818	6,263
Other	51,692	50,484	51,947	45,771
Total Revenues	2,348,175	2,207,339	2,028,377	1,787,570
Expenditures				
General Government	68,686	67,097	59,697	60,437
Criminal Justice	38,539	36,160	33,952	32,826
Public Safety	765,464	665,817	620,215	560,964
Transportation	237,738	244,728	137,817	178,023
Community Enrichment	226,597	211,695	197,445	201,552
Community Development	189,748	185,596	173,710	159,453
Environmental Services	24,432	19,529	17,024	19,121
Debt Service:				
Principal	95,209	279,183	83,768	63,361
Interest	110,184	94,369	101,851	82,811
Bond Issuance Costs	31	1,185	500	452
Other	211	790	77	549
Capital	841,681	641,795	618,506	506,844
Total Expenditures	2,598,520	2,447,944	2,044,562	1,866,393
Excess (Deficiency) of Revenues Over Expenditures	(250,345)	(240,605)	(16,185)	(78,823)

Table 4
(Continued)

Fiscal Year						
	2004	2003	2002	2001	2000	1999
\$	716,952	\$ 670,744	\$ 661,765	\$ 647,475	\$ 539,785	\$ 479,424
	13,275	13,088	13,522	12,988	12,310	9,889
	650,515	613,204	622,872	565,501	555,937	493,060
	143,067	128,955	114,848	106,164	64,837	71,507
	16,892	16,779	14,060	15,323	15,292	16,969
	5,976	5,774	6,241	4,004	4,217	4,032
	-	13,000	11,865	10,703	9,805	8,814
	1,641	1,692	1,835	1,954	2,187	2,645
	3,800	44,245	55,311	78,314	43,298	19,592
	6,488	6,507	6,881	-	-	-
	26,155	58,025	21,889	37,502	32,626	20,629
	<u>1,584,761</u>	<u>1,572,013</u>	<u>1,531,089</u>	<u>1,479,928</u>	<u>1,280,294</u>	<u>1,126,561</u>
	59,643	51,786	54,917	56,716	57,757	55,142
	30,187	343,838	287,358	331,284	289,359	281,793
	526,601	164,087	151,446	145,712	136,774	127,677
	176,118	156,859	124,506	133,761	85,764	91,225
	187,531	178,488	168,591	163,247	147,947	139,287
	148,805	139,479	127,411	120,791	103,512	96,284
	21,106	14,426	8,258	17,240	13,496	13,804
	61,325	43,541	41,187	55,524	52,256	51,733
	61,828	58,551	54,933	65,420	65,723	61,537
	742	1,779	484	-	-	-
	1,961	40	493	41	26	873
	446,920	327,199	400,752	223,093	206,182	209,286
	<u>1,722,767</u>	<u>1,480,073</u>	<u>1,420,336</u>	<u>1,312,829</u>	<u>1,158,796</u>	<u>1,128,641</u>
	(138,006)	91,940	110,753	167,099	121,498	(2,080)

City of Phoenix, Arizona
Changes in Fund Balances of Governmental Funds

Table 4
(Continued)

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2008	2007	2006	2005
Other Financing Sources (Uses)				
Transfers From Other Funds	\$ 1,186,183	\$ 1,094,014	\$ 1,104,360	\$ 1,018,096
Transfers to Other Funds	(1,238,193)	(1,136,939)	(1,145,395)	(1,086,108)
Issuance of Debt:				
General Obligation and Revenue Bonds	-	420,250	300,000	-
Premium on General Obligation and Revenue Bonds	-	11,501	5,246	-
Certificates of Participation and Municipal Corporation Obligations	-	21,115	70,150	500,000
Premium on Certificates of Participation and Municipal Corporation Obligations	-	5,437	562	43,667
Special Assessment Bonds	-	-	-	-
Refunding Bonds	-	265,995	-	35,465
Deposit to Refunding Escrow	-	(276,102)	-	(34,902)
Total Other Financing Sources and Uses	(52,010)	405,271	334,923	476,218
Net Change in Fund Balances	\$ (302,355)	\$ 164,666	\$ 318,738	\$ 397,395

Debt Service as a Percentage of Noncapital Expenditures	11.7%	20.8%	13.1%	10.8%
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Table 4
(Continued)

Fiscal Year						
	2004	2003	2002	2001	2000	1999
\$	937,041	\$ 898,268	\$ 876,924	\$ 931,617	\$ 833,985	742,957
	(959,250)	(934,163)	(913,354)	(966,003)	(870,850)	(778,898)
	200,000	-	99,505	41,730	-	138,697
	8,599	-	850	-	-	-
	20,000	60,000	-	42,655	18,082	-
	1,311	611	-	-	-	-
	-	135	443	274	278	-
	42,020	157,237	264,674	-	-	92,919
	(45,502)	(155,695)	(287,424)	-	-	(92,116)
	204,219	26,393	41,618	50,273	(18,505)	103,559
\$	66,213	\$ 118,333	\$ 152,371	\$ 217,372	\$ 102,993	\$ 101,479

	9.9%	9.0%	9.5%	11.1%	12.4%	12.4%
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City of Phoenix, Arizona
Tax Revenues by Source - Governmental Funds (1)

Table 5

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2008	2007	2006	2005
General Property Taxes				
Primary - Operating	\$ 103,033	\$ 95,060	\$ 89,721	\$ 82,547
Secondary - Debt Service	161,413	117,337	107,763	100,761
Total General Property Taxes	264,446	212,397	197,484	183,308
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	310,120	325,996	311,111	270,717
Use Tax	13,015	13,925	13,096	10,584
Utility and Franchise Tax	96,323	92,745	83,720	77,664
Earmarked for:				
Sports Facilities	16,010	15,992	14,834	13,660
Convention Center	58,126	61,647	56,889	48,003
Neighborhood Protection	28,980	31,105	29,634	25,337
Public Safety Enhancement	24,653	23,656	20,330	3,136
Public Safety Expansion	32,214	-	-	-
Parks & Preserves	28,979	31,106	29,633	25,363
Capital Construction	20,710	18,975	18,870	17,679
Transit 2000	115,914	124,432	118,537	101,462
Total City Sales and Franchise Taxes	745,044	739,579	696,654	593,605
Special Taxing District	1,848	1,554	1,595	1,270
Salt River Project In-Lieu Taxes	1,307	1,231	1,262	1,284
Total City Taxes	\$ 1,012,645	\$ 954,761	\$ 896,995	\$ 779,467

(1) Includes general, special revenue and debt service funds.

Table 5
(Continued)

Fiscal Year					
2004	2003	2002	2001	2000	1999
\$ 76,392	\$ 65,107	\$ 61,818	\$ 59,586	\$ 56,214	\$ 53,852
94,263	88,425	81,559	71,342	65,017	56,455
170,655	153,532	143,377	130,928	121,231	110,307
248,049	234,751	212,621	213,654	211,253	212,373
11,439	9,815	9,492	10,353	11,143	7,387
75,653	72,534	94,822	92,303	84,319	79,509
12,577	11,948	11,300	12,679	12,624	11,721
40,322	36,849	37,281	37,547	37,465	35,941
23,051	21,807	22,208	22,145	21,794	20,303
-	-	-	-	-	-
-	-	-	-	-	-
23,073	21,808	22,129	21,938	14,297	-
17,196	17,966	18,130	18,350	16,447	-
92,349	87,092	88,028	85,553	7,089	-
543,709	514,570	516,011	514,522	416,431	367,234
1,316	1,480	1,206	1,063	1,029	765
1,272	1,162	1,171	962	1,094	1,118
\$ 716,952	\$ 670,744	\$ 661,765	\$ 647,475	\$ 539,785	\$ 479,424

City of Phoenix, Arizona
Intergovernmental Revenues by Source - Governmental Funds (1)

Table 6

Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

	Fiscal Year			
	2008	2007	2006	2005
State Shared Revenue				
Highway User Tax	\$ 125,288	\$ 130,223	\$ 124,791	\$ 117,464
State Sales Tax	135,134	141,466	141,194	123,788
State Income Tax	207,694	167,560	138,313	121,440
Vehicle License Tax	59,244	61,158	63,108	56,552
Local Transportation Assistance	6,910	6,969	7,034	7,136
Total State Shared Revenue	<u>534,270</u>	<u>507,376</u>	<u>474,440</u>	<u>426,380</u>
Federal Grants	194,960	186,665	177,550	178,628
Other Intergovernmental Revenue	<u>266,077</u>	<u>191,437</u>	<u>148,707</u>	<u>106,769</u>
Total Intergovernmental Revenues	<u>\$ 995,307</u>	<u>\$ 885,478</u>	<u>\$ 800,697</u>	<u>\$ 711,777</u>

(1) Includes general, special revenue and capital projects funds.

Table 6
(Continued)

Fiscal Year					
2004	2003	2002	2001	2000	1999
\$ 111,757	\$ 104,597	\$ 100,405	\$ 102,598	\$ 100,348	\$ 97,729
111,594	103,408	102,211	105,331	101,708	92,459
119,118	140,600	137,787	133,684	127,374	114,788
53,522	47,757	45,844	43,221	41,243	37,802
7,246	7,343	7,499	7,336	7,483	7,627
403,237	403,705	393,746	392,170	378,156	350,405
160,685	148,421	136,525	137,789	114,167	109,061
86,593	61,078	92,601	35,542	63,614	33,594
\$ 650,515	\$ 613,204	\$ 622,872	\$ 565,501	\$ 555,937	\$ 493,060



City of Phoenix



Statistical Section

Revenue Capacity

These schedules present information on the City's sales tax and property tax collections.





City of Phoenix

City of Phoenix, Arizona
City Transaction Privilege Taxes by Category
 Last Ten Fiscal Years
 (in thousands)

Table 7

Category	Fiscal Year			
	2008	2007	2006	2005
Retail	\$ 254,949	\$ 268,642	\$ 264,184	\$ 228,411
Utilities & Telecommunications	118,051	103,157	100,296	75,193
Construction Contracting	87,306	99,171	89,213	68,760
Commercial Rental	56,395	51,661	47,904	43,894
Restaurants & Bars	49,685	49,067	46,967	41,800
Hotel/Motel Lodging	35,643	35,819	32,643	29,231
Tangible Personal Property Rental	23,276	23,589	20,925	18,865
Apartment/Residential Rental	21,566	21,250	19,949	18,123
Motor Vehicle Rental	17,103	16,878	15,955	14,572
Amusements	7,210	7,260	6,901	5,840
Advertising	4,111	4,657	4,151	3,682
Job Printing	3,146	3,189	3,152	3,312
Publishing	531	575	552	572
Transportation	7	14	24	11
Use Tax	20,037	20,407	18,592	15,778
Jet Fuel	3,224	3,191	3,575	2,981
Total	\$ 702,240	\$ 708,527	\$ 674,983	\$ 571,025

Source: City of Phoenix Finance Department-Tax Division

Table 7
(Continued)

Fiscal Year					
2004	2003	2002	2001	2000	1999
\$ 204,956	\$ 192,612	\$ 191,522	\$ 195,648	\$ 143,258	\$ 127,060
68,758	66,350	66,353	66,531	61,589	57,430
47,683	42,836	44,464	38,971	32,074	29,828
40,224	39,243	37,798	35,718	25,637	22,223
37,648	35,195	33,881	33,846	24,314	21,683
25,760	23,049	21,419	24,533	21,289	19,973
17,822	19,256	22,416	22,800	16,635	15,071
17,407	17,422	17,530	17,172	12,723	11,353
14,040	13,309	12,550	14,235	12,330	11,405
5,441	5,656	6,139	5,726	4,355	3,660
3,409	3,253	2,958	3,379	3,332	2,993
3,054	3,224	3,294	3,683	2,900	2,795
571	594	606	660	529	542
5	5	7	11	20	16
14,466	13,445	13,127	14,429	11,119	6,976
3,081	3,149	2,975	3,170	3,081	2,713
\$ 504,325	\$ 478,598	\$ 477,039	\$ 480,512	\$ 375,185	\$ 335,721

City of Phoenix, Arizona
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Table 8

Category (1)	As of June 30			
	2008	2007	2006	2005
City Rates				
Retail	2.00 %	1.80 %	1.80 %	1.80 %
Utilities	2.70	2.70	2.70	2.70
Telecommunications	4.70	4.70	4.70	4.70
Construction Contracting	2.00	1.80	1.80	1.80
Commercial Rental	2.10	1.90	1.90	1.90
Restaurants & Bars	2.00	1.80	1.80	1.80
Hotel/Motel Lodging	5.00	4.80	4.80	4.80
Tangible Personal Property Rental	2.00	1.80	1.80	1.80
Apartment/Residential Rental	2.00	1.80	1.80	1.80
Motor Vehicle Rental	4.00	3.80	3.80	3.80
Amusements	2.00	1.80	1.80	1.80
Advertising	0.50	0.50	0.50	0.50
Job Printing	2.00	1.80	1.80	1.80
Publishing	2.00	1.80	1.80	1.80
Transportation	2.00	1.80	1.80	1.80
Use Tax	2.00	1.80	1.80	1.80
Jet Fuel (2)	0.73	0.73	0.73	0.73
County Rates				
Commercial Rental	0.50 %	0.50 %	0.50 %	0.50 %
Hotel/Motel Lodging	1.77	1.77	1.77	1.77
All Others	0.70	0.70	0.70	0.70
Jet Fuel (2)	0.31	0.31	0.31	0.31

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

Source: City of Phoenix, Finance Department-Tax Division

Table 8
(Continued)

As of June 30					
2004	2003	2002	2001	2000	1999
1.80 %	1.80 %	1.80 %	1.80 %	1.80 %	1.30 %
2.70	2.70	2.70	2.70	2.70	2.70
4.70	4.70	4.70	4.70	4.70	4.70
1.80	1.80	1.80	1.80	1.80	1.30
1.90	1.90	1.90	1.90	1.90	1.40
1.80	1.80	1.80	1.80	1.80	1.30
4.80	4.80	4.80	4.80	4.80	4.30
1.80	1.80	1.80	1.80	1.80	1.30
1.80	1.80	1.80	1.80	1.80	1.30
3.80	3.80	3.80	3.80	3.80	3.30
1.80	1.80	1.80	1.80	1.80	1.30
0.50	0.50	0.50	0.50	0.50	0.50
1.80	1.80	1.80	1.80	1.80	1.30
1.80	1.80	1.80	1.80	1.80	1.30
1.80	1.80	1.80	1.80	1.80	1.30
1.80	1.80	1.80	1.80	1.80	1.30
0.73	0.73	0.73	0.73	0.73	0.73
0.50 %	0.50 %	0.50 %	0.50 %	0.50 %	0.50 %
1.77	1.77	1.77	1.77	0.77	0.77
0.70	0.70	0.70	0.70	0.70	0.70
0.31	0.31	0.31	0.31	0.31	0.31

City of Phoenix, Arizona
City Transaction Privilege Tax Payers - By Category
 Current Fiscal Year and Three Years Ago (1)

Table 9

Category	2008			
	Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	20,451	38.73 %	\$ 254,949	36.30 %
Utilities & Telecommunications	573	1.09	118,051	16.80
Construction Contracting	10,654	20.17	87,306	12.43
Commercial Rental	7,187	13.61	56,395	8.03
Restaurants & Bars	2,923	5.53	49,685	7.08
Hotel/Motel Lodging	238	0.45	35,643	5.08
Tangible Personal Property Rental	1,555	2.94	23,276	3.31
Apartment/Residential Rental	4,115	7.79	21,566	3.07
Motor Vehicle Rental	41	0.08	17,103	2.44
Amusements	408	0.77	7,210	1.03
Advertising	197	0.37	4,111	0.59
Job Printing	392	0.74	3,146	0.45
Publishing	83	0.16	531	0.08
Transportation	10	0.02	7	0.00
Use Tax	3,948	7.48	20,037	2.85
Jet Fuel	35	0.07	3,224	0.46
Total	52,810	100.00 %	\$ 702,240	100.00 %

(1) Information is unavailable prior to FY 2004-05 due to limits of tax software.

Source: City of Phoenix Finance Department

Table 9
(Continued)

2005			
Average Monthly Taxpayers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
19,633	40.36 %	\$ 228,411	40.00 %
607	1.25	75,193	13.17
8,692	17.88	68,760	12.04
6,625	13.63	43,894	7.69
2,906	5.98	41,800	7.32
232	0.48	29,231	5.12
1,614	3.32	18,865	3.30
3,781	7.78	18,123	3.17
39	0.08	14,572	2.55
440	0.91	5,840	1.02
192	0.39	3,682	0.64
404	0.83	3,312	0.58
81	0.17	572	0.10
11	0.02	11	0.00
3,326	6.84	15,778	2.76
37	0.08	2,981	0.52
48,620	100.00 %	\$ 571,025	100.00 %



City of Phoenix

City of Phoenix, Arizona
City Property Tax Levies and Collections
 Last Ten Fiscal Years
 (in thousands)

Table 10

Fiscal Year Ended June 30,	Tax Levy	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years (1)	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	\$ 266,892	\$ 258,971	97.03 %	\$ -	\$ 258,971	97.03 %
2007	216,132	211,511	97.86	3,360	214,871	99.42
2006	201,122	195,836	97.37	2,860	198,696	98.79
2005	185,056	180,952	97.78	1,913	182,865	98.82
2004	171,899	167,281	97.31	3,406	170,687	99.29
2003	155,950	151,012	96.83	2,875	153,887	98.68
2002	145,395	140,187	96.42	3,536	143,723	98.85
2001	133,110	129,188	97.05	2,654	131,842	99.05
2000	121,582	118,826	97.73	1,977	120,803	99.36
1999	110,129	108,069	98.13	2,177	110,246	100.11

(1) Excluding penalties

Source: Maricopa County, Arizona Treasurer's Office

City of Phoenix, Arizona
Property Tax Rates and Levies - Direct and
Overlapping Governments
 Last Ten Fiscal Years
 (in thousands)

Table 11

	City of Phoenix			Maricopa County	Flood Control	Central Arizona Water Conservation District
	Primary	Secondary	Total			
<u>Tax Rates per \$100 of Assessed Valuation</u>						
2008-09	\$ 0.76	\$ 1.06	\$ 1.82	\$ 1.03	\$ 0.14	\$ 0.10
2007-08	0.80	1.02	1.82	1.10	0.15	0.10
2006-07	0.85	0.97	1.82	1.18	0.20	0.12
2005-06	0.86	0.96	1.82	1.63	0.21	0.12
2004-05	0.85	0.97	1.82	1.67	0.21	0.12
2003-04	0.85	0.97	1.82	1.75	0.21	0.12
2002-03	0.80	1.02	1.82	1.78	0.21	0.13
2001-02	0.82	1.00	1.82	1.77	0.23	0.13
2000-01	0.86	0.96	1.82	1.79	0.25	0.13
1999-00	0.87	0.95	1.82	1.82	0.29	0.14

Tax Levies

2008-09	\$ 111,568	\$ 199,724	\$ 311,292	\$ 151,441	\$ 24,151	\$ 18,860
2007-08	103,665	163,227	266,892	142,387	22,845	16,132
2006-07	96,623	119,509	216,132	134,812	22,667	14,724
2005-06	91,311	109,811	201,122	173,698	21,580	13,691
2004-05	83,304	101,752	185,056	163,353	19,654	12,599
2003-04	76,915	94,984	171,899	159,101	18,229	11,764
2002-03	66,002	89,948	155,950	147,589	16,149	11,448
2001-02	62,753	82,642	145,395	136,439	16,283	10,702
2000-01	60,407	72,703	133,110	126,476	16,073	9,845
1999-00	56,141	65,441	121,582	117,380	16,408	9,682

- (1) Tax rates between the various elementary and high school districts within the City vary. The rates shown on this table are for Phoenix Elementary District No. 1 and Phoenix Union High School District.

Source: Maricopa County Finance Department

Table 11
(Continued)

Maricopa County Library District	Volunteer Fire District Assistance	Maricopa Special Health Care District	School Districts				Total
			Community College	East Valley Inst. of Technology	West Maricopa Education Center	Elementary and High School (1)	
\$ 0.04	\$ 0.01	\$ 0.09	\$ 0.94	\$ 0.05	\$ 0.05	\$ 8.52	\$ 12.79
0.04	0.01	0.09	0.98	0.05	0.05	8.74	13.13
0.05	0.01	0.12	1.06	0.05	0.05	9.84	14.50
0.05	0.01	0.12	1.03	0.06	0.05	9.09	14.19
0.05	0.01	-	1.04	0.10	-	10.38	15.40
0.05	0.01	-	1.08	0.10	-	11.08	16.22
0.04	0.01	-	1.11	0.11	-	11.42	16.63
0.04	0.01	-	1.11	0.11	-	10.78	16.00
0.04	0.01	-	1.12	0.12	-	11.76	17.04
0.04	0.01	-	1.13	0.12	-	11.52	16.89
\$ 6,656	\$ 1,000	\$ 16,141	\$ 144,491	\$ 1,259	\$ 4,263	\$ 244,653	\$ 924,207
6,283	855	15,024	130,622	1,136	3,609	234,344	840,129
6,216	834	14,517	123,210	816	2,671	232,450	769,049
5,950	787	13,759	110,803	905	1,551	217,167	761,013
5,465	724	-	102,450	1,537	-	211,283	702,121
5,102	686	-	98,614	1,382	-	213,090	679,867
3,706	669	-	92,806	1,363	-	209,836	639,516
3,466	749	-	86,233	1,285	-	189,620	590,172
3,188	727	-	79,453	1,258	-	189,940	560,070
2,912	692	-	73,265	1,124	-	182,978	526,023

City of Phoenix, Arizona
Property Tax Levies
Applicable to Phoenix Property Owners
(in thousands)

Table 12

	2008-09 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Within Phoenix			Total	Within Phoenix				
	Percent	Amount	Percent	Amount	Percent	Amount				
City of Phoenix	\$ 14,664,583	100.0	% 14,664,583	\$ 0.7608	\$ 18,856,072	100.0	% 18,856,072	\$ 1.0592	\$ 311,292	
Maricopa County	44,881,603	32.7	14,664,583	1.0327	58,303,635	32.3	18,856,072	-	151,441	
Education Equalization	44,881,603	32.7	14,664,583	-	-	-	-	-	-	
Flood Control	-	-	-	-	54,626,432	32.3	17,666,822	0.1367	24,151	
Central Arizona Water Conservation District	-	-	-	-	58,315,605	32.3	18,859,943	0.1000	18,860	
Maricopa County Library District	-	-	-	-	58,303,635	32.3	18,856,072	0.0353	6,656	
Volunteer Fire District Assistance	-	-	-	-	58,315,605	32.3	18,859,943	0.0053	1,000	
East Valley Institute of Technology	-	-	-	-	24,064,056	10.5	2,518,087	0.0500	1,259	
West Maricopa Education Center	-	-	-	-	20,557,736	41.5	8,525,707	0.0500	4,263	
Maricopa Special Health Care District	-	-	-	-	58,303,635	32.3	18,856,072	0.0856	16,141	
State of Arizona	67,556,592	21.7	14,664,583	-	86,183,352	21.9	18,856,072	-	-	
School Districts										
Maricopa County Community College District	44,881,603	32.7	14,664,583	0.7752	58,303,635	32.3	18,856,072	0.1634	144,491	
High School Districts										
Phoenix Union	6,360,857	95.6	6,079,654	2.4582	8,137,089	95.4	7,766,633	0.6059	196,508	
Glendale Union	2,218,646	76.9	1,707,148	2.0193	2,865,808	76.1	2,181,003	0.7065	49,881	
Tempe High	4,063,367	29.6	1,204,322	1.7597	5,041,536	30.4	1,531,705	0.5228	29,200	
Tolleson Union	1,253,088	48.1	602,659	1.6001	1,647,278	48.6	800,194	1.0062	17,695	
Agua Fria Union	1,206,472	0.5	5,600	1.8833	1,638,855	0.4	6,573	0.5248	140	
Total High School Districts									293,424	
Elementary School Districts										
No. 1 Phoenix	\$ 819,627	100.0	% 819,627	\$ 3.9167	\$ 1,039,881	100.0	% 1,039,881	\$ 1.5427	\$ 48,145	
No. 2 Riverside	356,687	96.4	343,875	1.1421	408,226	96.3	393,249	0.5420	6,059	
No. 3 Tempe	1,769,843	17.0	300,121	2.4288	2,148,512	16.8	360,495	1.0776	11,174	
No. 5 Isaac	218,200	100.0	218,200	5.0022	276,131	100.0	276,131	1.7773	15,822	
No. 6 Washington	1,760,403	97.0	1,707,123	2.1398	2,252,651	96.8	2,181,003	1.5521	70,380	
No. 7 Wilson	142,751	100.0	142,751	3.1133	158,690	100.0	158,690	2.5853	8,547	
No. 8 Osborn	571,705	100.0	571,449	1.6297	759,901	100.0	759,645	1.1118	17,759	
No. 14 Creighton	501,110	89.0	446,138	2.1484	658,440	88.0	579,465	1.2466	16,808	
No. 17 Tolleson	189,018	26.2	49,580	2.4618	240,867	29.4	70,737	1.6927	2,418	
No. 21 Murphy	132,747	100.0	132,716	2.1698	162,139	100.0	162,108	1.8558	5,888	
No. 28 Kyrene	2,293,524	39.4	904,201	1.5212	2,893,024	40.5	1,171,210	1.3684	29,782	
No. 31 Balsz	365,046	94.7	345,578	1.9629	445,511	94.0	418,925	0.8512	10,349	
No. 38 Madison	1,195,177	99.9	1,194,476	1.8889	1,531,863	100.0	1,531,162	0.9018	36,370	
No. 40 Glendale	458,243	-	24	2.3854	613,157	-	-	1.9206	1	
No. 45 Fowler	274,473	89.1	244,619	1.1488	345,506	89.5	309,284	1.6952	8,053	
No. 48 Scottsdale (Unified)	5,359,073	14.0	749,301	2.8179	7,156,544	13.8	986,382	1.0742	31,710	
No. 59 Laveen	292,371	76.5	223,629	1.8947	410,713	76.3	313,455	1.3329	8,415	
No. 62 Union	77,731	95.8	74,500	2.7007	105,366	96.0	101,160	0.8724	2,895	
No. 65 Littleton	309,815	14.6	45,237	2.3839	408,766	15.1	61,824	1.3941	1,940	
No. 66 Roosevelt	828,264	98.7	817,690	2.9124	1,079,105	98.6	1,063,964	0.4822	28,945	
No. 68 Alhambra	480,259	81.6	391,778	0.9609	606,916	81.7	495,556	2.5471	16,387	
No. 69 Paradise Valley (Unified)	3,628,416	69.5	2,487,187	2.9798	4,708,518	68.8	3,240,522	1.7466	130,712	
No. 79 Litchfield	806,931	0.7	5,600	1.7569	1,111,726	0.6	6,573	0.7732	149	
No. 83 Cartwright	431,928	100.0	431,747	2.5930	574,583	100.0	574,402	2.2617	24,186	
No. 92 Pendergast	402,051	46.9	188,723	1.8991	546,774	47.0	257,189	3.0200	11,351	
No. 93 Cave Creek (Unified)	2,128,128	11.0	234,926	1.5912	2,795,494	11.2	313,302	0.2095	4,395	
No. 97 Deer Valley (Unified)	2,858,612	53.5	1,529,404	3.3266	3,713,049	52.7	1,956,733	1.5933	82,054	
Total Elementary School Districts									630,694	
Total All School Districts									1,068,609	
Total Levies Applicable to Phoenix									\$ 1,603,672	

Sources: Maricopa County Finance Department and the State of Arizona

City of Phoenix, Arizona
Property Tax Levies
Applicable to Phoenix Property Owners
(in thousands)

Table 12
(Continued)

	2007-08 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Within Phoenix			Total	Within Phoenix				
	Percent	Amount		Percent	Amount					
City of Phoenix	\$ 12,890,386	100.0 %	12,890,386	\$ 0.8042	\$ 16,068,816	100.0 %	16,068,816	\$ 1.0158	\$ 266,892	
Maricopa County	38,930,268	33.1	12,890,386	1.1046	49,534,574	32.4	16,068,816	-	142,387	
Education Equalization	38,930,268	33.1	12,890,386	-	-	-	-	-	-	
Flood Control	-	-	-	-	45,937,945	32.4	14,902,084	0.1533	22,845	
Central Arizona Water Conservation District	-	-	-	-	49,730,785	32.4	16,132,466	0.1000	16,132	
Maricopa County Library District	-	-	-	-	49,534,574	32.4	16,068,816	0.0391	6,283	
Volunteer Fire District Assistance	-	-	-	-	49,730,785	32.4	16,132,466	0.0053	855	
East Valley Institute of Technology	-	-	-	-	21,881,488	10.4	2,271,052	0.0500	1,136	
West Maricopa Education Center	-	-	-	-	17,648,506	40.9	7,217,268	0.0500	3,609	
Maricopa Special Health Care District	-	-	-	-	49,534,574	32.4	16,068,816	0.0935	15,024	
State of Arizona	58,327,806	22.1	12,890,386	-	71,852,630	22.4	16,068,816	-	-	
School Districts										
Maricopa County Community College District	38,930,268	33.1	12,890,386	0.0825	49,534,574	32.4	16,068,816	0.1514	130,622	
High School Districts										
Phoenix Union	5,662,069	96.0	5,437,717	2.7474	6,844,051	95.9	6,561,999	0.6699	193,355	
Glendale Union	1,981,959	77.5	1,535,702	2.1955	2,422,636	77.1	1,867,226	0.8348	49,304	
Tempe High	3,738,495	29.0	1,085,881	1.7436	4,543,977	30.9	1,405,321	0.7638	29,667	
Tolleson Union	1,026,215	47.4	486,866	1.6222	1,295,769	47.9	620,997	1.2415	15,608	
Agua Fria Union	964,578	0.2	1,690	1.6200	1,286,732	0.1	1,696	1.0121	45	
Total High School Districts									287,979	
Elementary School Districts										
No. 1 Phoenix	\$ 726,451	100.0 %	726,451	\$ 3.5141	\$ 854,847	100.0 %	854,847	\$ 1.8086	\$ 40,989	
No. 2 Riverside	333,109	96.8	322,534	1.6914	362,707	96.7	350,775	0.7404	8,052	
No. 3 Tempe	1,675,713	16.3	272,707	2.5909	1,947,869	16.0	310,966	1.2282	10,885	
No. 5 Isaac	200,467	100.0	200,467	5.5256	236,774	100.0	236,774	2.0867	16,018	
No. 6 Washington	1,581,980	97.1	1,535,678	2.1946	1,925,409	97.0	1,867,202	1.6469	64,453	
No. 7 Wilson	139,357	100.0	139,357	3.6307	148,896	100.0	148,496	2.6905	9,055	
No. 8 Osborn	509,894	99.9	509,635	1.7644	608,380	100.0	608,122	1.3212	17,027	
No. 14 Creighton	447,648	89.9	401,027	2.2391	569,090	89.1	506,923	1.4940	16,553	
No. 17 Tolleson	162,589	25.6	41,575	2.0555	194,657	28.9	56,252	2.1539	2,066	
No. 21 Murphy	121,730	99.9	121,669	2.4778	141,626	100.0	141,565	2.4565	6,492	
No. 28 Kyrene	2,062,782	39.4	813,174	1.9511	2,596,108	42.2	1,094,355	1.5409	32,729	
No. 31 Balsz	356,706	94.9	338,372	1.3863	419,665	94.0	394,687	1.1220	9,119	
No. 38 Madison	1,086,469	99.9	1,085,667	1.9142	1,359,074	99.9	1,358,272	1.0706	35,323	
No. 40 Glendale	399,980	-	24	2.4968	497,227	-	24	2.8828	1	
No. 45 Fowler	224,069	88.0	197,214	3.6805	268,308	89.0	238,813	2.0917	12,254	
No. 48 Scottsdale (Unified)	4,651,237	14.3	663,126	3.4210	6,183,080	14.0	865,731	1.2634	33,623	
No. 59 Laveen	218,949	73.9	161,763	1.9638	292,973	73.8	216,080	1.5205	6,462	
No. 62 Union	65,557	95.6	62,672	5.4943	87,164	96.1	83,749	1.6113	4,793	
No. 65 Littleton	242,780	11.5	27,879	2.3306	310,786	12.1	37,722	1.6135	1,258	
No. 66 Roosevelt	702,005	98.7	692,902	3.2483	863,614	98.6	851,505	0.3791	25,736	
No. 68 Alhambra	439,988	81.5	358,691	0.8588	522,638	82.3	429,899	3.0255	16,087	
No. 69 Paradise Valley (Unified)	3,164,361	68.1	2,154,257	3.3017	4,097,281	68.0	2,786,109	1.9749	126,150	
No. 79 Litchfield	639,958	0.3	1,690	1.8211	870,875	0.2	1,696	0.9013	46	
No. 83 Cartwright	379,294	100.0	379,182	2.0996	464,166	100.0	464,054	2.7964	20,938	
No. 92 Pendergast	331,220	47.6	157,526	1.9942	434,854	47.0	204,461	3.3229	9,935	
No. 93 Cave Creek (Unified)	1,818,794	11.0	199,295	1.7539	2,374,268	11.6	275,165	0.6472	5,276	
No. 97 Deer Valley (Unified)	2,457,657	53.1	1,305,372	3.6335	3,224,835	51.3	1,654,909	1.6800	75,233	
Total Elementary School Districts									606,553	
Total All School Districts									1,025,154	
Total Levies Applicable to Phoenix									\$ 1,500,317	

City of Phoenix, Arizona
Secondary Assessed Valuation and
Estimated True Valuation

Table 13

Last Ten Fiscal Years
(dollars in thousands except for per capita amounts)

	Secondary Assessed Valuation by Classification (1)				
	Direct Rate	Commercial/ Utilities/ Industrial	Residential	Rural and Other	Total Net Assessed Valuation
2008-09	\$ 1.06	\$ 7,378,160	\$ 10,598,307	\$ 879,605	\$ 18,856,072
2007-08	1.02	6,466,329	8,915,253	687,234	16,068,816
2006-07	0.97	5,902,715	5,770,798	587,621	12,261,134
2005-06	0.96	5,409,748	5,523,958	485,913	11,419,619
2004-05	0.97	5,279,811	4,768,484	441,627	10,489,922
2003-04	0.97	4,818,035	4,617,599	356,554	9,792,188
2002-03	1.02	4,604,780	3,817,332	380,771	8,802,883
2001-02	1.00	4,178,526	3,739,298	314,310	8,232,134
2000-01	0.96	3,868,110	3,392,357	312,744	7,573,211
1999-00	0.95	3,612,823	3,031,538	271,599	6,915,960

Sources: City of Phoenix Development Services Department
Maricopa County Finance Department

For further information and explanation of property taxes, see Note 3 to the financial statements.

- (1) In 2000-01, Maricopa County began utilizing new legal class codes for the classification of property as required by legislation passed by the Arizona Legislature. Due to the change in legal class codes, utilities have been combined with commercial and industrial property. Fiscal year 1999-2000 has been restated to conform with the new classification.

Table 13

(Continued)

Percent Change in Net Valuation	Assessed Valuation Per Capita		Estimated True Valuation
	Actual	Uninflated	
17.35 %	\$ 11,566	\$ 9,566	\$ 167,520,964
31.05	10,073	8,642	140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978
7.13	7,038	6,622	83,439,807
11.24	6,728	6,469	79,124,595
6.93	6,398	6,287	67,638,014
8.70	6,087	6,087	63,269,039
9.50	5,875	6,076	56,520,869
11.51	5,472	4,328	51,170,109

City of Phoenix, Arizona
Principal Property Taxpayers
 Current Year and Nine Years Ago
 (in thousands)

Table 14

Taxpayer	2007-08			1998-99		
	Secondary Assessed Valuation	Ranking	As a Percent of Total City	Secondary Assessed Valuation	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 380,570	1	2.37 %	\$ 195,202	2	3.15 %
Qwest Communications	195,349	2	1.22	199,522	1	3.22
Southwest Gas Corporation	74,226	3	0.46	50,056	3	0.81
Pulte Homes	55,826	4	0.35			
Pointe South Mountain Resort LLC	54,979	5	0.34			
Cox Communications	54,935	6	0.34			
United Services Automobile Association	53,371	7	0.33			
Teachers Insurance & Annuity Assoc. of America	52,220	8	0.32			
Metropolitan Life Insurance Company	51,355	9	0.32			
Starwood Hotels and Resorts	50,141	10	0.31			
Motorola, Inc				45,915	4	0.74
AT&T Corporation				35,506	5	0.57
ITT Sheraton Corporation et al				32,495	6	0.52
Westcorp Company LP				31,777	7	0.51
Allied Signal, Inc.				31,062	8	0.50
American Express Companies				29,603	9	0.48
Honeywell International Inc.				26,281	10	0.42
Total	<u>1,022,972</u>		<u>6.36</u>	<u>677,419</u>		<u>10.92</u>
City Total Secondary Assessed Valuation	<u>\$ 16,068,816</u>			<u>\$ 6,202,275</u>		

Sources: Maricopa County Assessor
 Arizona Department of Revenue
 City of Phoenix Finance Department



Statistical Section

Debt Capacity

These schedules present information regarding the City's current levels of outstanding debt and the City's capacity to issue additional debt.





City of Phoenix

City of Phoenix, Arizona
Legal Debt Margin -
General Obligation Bonds
 Last Ten Fiscal Years
 (in thousands)

Table 15

	Fiscal Year			
	2008	2007	2006	2005
6% Limitation				
Legal Debt Limitation	\$ 1,131,364	\$ 964,129	\$ 735,668	\$ 685,177
General Obligation Bonds Outstanding (1)	329,535	346,240	518,445	355,230
Less: Assets held in Restricted Redemption Funds	(199,185)	(146,625)	(286,753)	(259,161)
	130,350	199,615	231,692	96,069
Total Debt Margin Available	<u>\$ 1,001,014</u>	<u>\$ 764,514</u>	<u>\$ 503,976</u>	<u>\$ 589,108</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	11.52%	20.70%	31.49%	14.02%
20% Limitation				
Legal Debt Limitation	\$ 3,771,214	\$ 3,213,763	\$ 2,452,227	\$ 2,283,924
General Obligation Bonds Outstanding (1)	1,075,421	1,122,561	780,116	710,373
Less: Capital Appreciation (2)	(3,438)	(3,105)	(2,792)	(2,496)
	1,071,983	1,119,456	777,324	707,877
Total Debt Margin Available	<u>\$ 2,699,231</u>	<u>\$ 2,094,307</u>	<u>\$ 1,674,903</u>	<u>\$ 1,576,047</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	28.43%	34.83%	31.70%	30.99%
Secondary Assessed Valuation	<u>\$ 18,856,072</u>	<u>\$ 16,068,816</u>	<u>\$ 12,261,134</u>	<u>\$ 11,419,619</u>

(1) Prior to fiscal year 2006-07, under Arizona law, cities could issue general obligation bonds for purposes of water, sewer, artificial light, open space preserves, parks, playgrounds, and recreational facilities, up to an amount not exceeding 20% of a city's net secondary assessed valuation. In fiscal year 2006-07, Arizona voters approved an amendment to the Arizona Constitution to allow cities to include debt for the acquisition and development of public safety, law enforcement, fire and emergency facilities and streets and transportation facilities in the 20% debt limit. General obligation bonds for all other purposes may be issued up to an amount not exceeding 6% of secondary assessed valuation.

The General Obligation Bonds Outstanding prior to 2007 have not been adjusted retroactively to apply the effects of the change to the Arizona Constitution approved by voters in fiscal year 2006-07.

(2) The general obligation bonds outstanding balance includes accrued interest, or capital appreciation, on capital appreciation bonds. For purposes of the legal debt margin computation, the bonds outstanding balance must be reduced by the amount of this capital appreciation.

Table 15

(Continued)

							Fiscal Year					
2004		2003		2002		2001		2000		1999		
\$	629,395	\$	587,531	\$	528,173	\$	493,928	\$	454,393	\$	414,958	
	376,240		270,980		294,075		248,255		263,370		293,220	
	(275,873)		(243,195)		(220,345)		(190,152)		(149,954)		(139,800)	
	100,367		27,785		73,730		58,103		113,416		153,420	
\$	529,028	\$	559,746	\$	454,443	\$	435,825	\$	340,977	\$	261,538	
	15.95%		4.73%		13.96%		11.76%		24.96%		36.97%	
\$	2,097,984	\$	1,958,438	\$	1,760,577	\$	1,646,427	\$	1,514,642	\$	1,383,192	
	746,640		717,435		747,005		742,295		737,286		774,319	
	(3,386)		(4,140)		(3,637)		(3,163)		(2,714)		(3,132)	
	743,254		713,295		743,368		739,132		734,572		771,187	
\$	1,354,730	\$	1,245,143	\$	1,017,209	\$	907,295	\$	780,070	\$	612,005	
	35.43%		36.42%		42.22%		44.89%		48.50%		55.75%	
\$	10,489,922	\$	9,792,188	\$	8,802,883	\$	8,232,134	\$	7,573,211	\$	6,915,960	

**Ratio of Debt Service Expenditures for General Bonded Debt (1)
to General Governmental Operating Expenditures - Budget Basis**

Last Ten Fiscal Years
(in thousands)

	Total Debt Service	Total General Governmental Operating Expenditures (2)	Ratio of Debt Service to General Governmental Operating Expenditures
2007-08	\$ 197,865	\$ 2,043,186	9.7%
2006-07	151,292	1,802,039	8.4%
2005-06	144,076	1,703,991	8.5%
2004-05	131,471	1,606,079	8.2%
2003-04	128,276	1,445,759	8.9%
2002-03	107,643	1,405,721	7.7%
2001-02	94,879	1,331,042	7.1%
2000-01	105,832	1,284,478	8.2%
1999-00	102,247	1,119,669	9.1%
1998-99	93,543	1,028,431	9.1%

(1) Does not include general obligation bonds reported in the enterprise funds and special assessment debt with City commitment.

(2) Includes all funds other than the enterprise funds. See Exhibit G-1.

City of Phoenix, Arizona
Pledged-Revenue Bond Coverage (1)

Last Ten Fiscal Years
(in thousands)

Table 17
(Continued)

Fiscal Year Ended	Rental Car Facility Charge Revenue Bonds (5)				Special Assessment Bonds (6)				Transit Excise Tax Revenue Bonds (7)			
	Customer Facility Charge Revenues	Principal	Interest	Coverage	Special Assessment Collections	Principal	Interest	Coverage	Transit Excise Tax Revenues	Principal	Interest	Coverage
June 30, 2008	\$ 34,162	\$ 6,180	\$ 15,098	1.61	\$ 643	\$ 664	\$ 55	0.89	\$115,914	\$ 14,910	\$ 24,369	2.95
2007	34,428	5,960	15,318	1.62	678	628	95	0.94	124,432	12,420	24,990	3.33
2006	32,519	-	15,318	2.12	1,233	1,213	154	0.90	118,537	1,570	25,068	4.45
2005	30,632	-	16,552	1.85	1,544	1,511	244	0.88	101,462	-	13,996	7.25
2004	26,732	-	-	N/A	1,641	1,492	342	0.89	92,349	-	-	N/A
2003	-	-	-	-	1,692	1,434	436	0.90	87,092	-	-	N/A
2002	-	-	-	-	1,835	1,484	524	0.91	88,028	-	-	N/A
2001	-	-	-	-	1,378	1,414	595	0.69	85,553	-	-	N/A
2000	-	-	-	-	1,518	1,421	672	0.73	7,089	-	-	N/A
1999	-	-	-	-	1,898	1,898	756	0.72	-	-	-	-

Fiscal Year Ended	Wastewater Revenue Bonds				Water Revenue Bonds			
	Operating Revenues	Operating Expenses	Net Operating Revenue	Coverage	Operating Revenues	Operating Expenses	Net Operating Revenue	Coverage
June 30, 2008	\$ 187,905	\$ 68,470	\$ 119,435	2.10	\$ 333,443	\$ 157,596	\$ 175,847	2.37
2007	177,471	62,954	114,517	2.59	313,707	142,740	170,967	2.39
2006	158,014	60,070	97,944	2.69	301,137	132,285	168,852	2.66
2005	139,829	54,606	85,223	2.51	256,077	121,627	134,450	3.72
2004	128,436	49,589	78,847	2.29	259,100	114,041	145,059	4.20
2003	116,909	45,974	70,935	2.11	253,244	108,743	144,501	3.52
2002	112,378	46,023	66,355	2.13	236,519	102,310	134,209	3.87
2001	109,782	39,610	70,172	2.20	229,578	96,106	133,472	4.29
2000	101,516	41,588	59,928	2.95	218,225	94,282	123,943	4.13
1999	103,467	37,415	66,052	2.92	209,557	89,605	119,952	4.62

(1) Includes bonds issued by the City of Phoenix as well as the City of Phoenix Civic Improvement Corporation.

(2) Payments are payable solely from certain federal grants received from the Federal Transit Administration pursuant to 49 U.S.C. Section 5307 and the Fixed Guideway Modernization Program under 49 U.S.C. Section 5309 ("Federal Grant Funds") as well as local matching funds of the City ("Local Matching Funds"). The City has agreed to make debt service payments from the Federal Grant Funds (83% of each debt service payment) and from the Local Matching Funds (17% of each debt service payment). The City covenants that budget officials will include in the budget presented to the City Council each year sufficient funds to provide Local Matching Funds for such year. Pledged Revenues include all Federal Grant Funds received by the City as well as the amount to be paid from Local Matching Funds (17% of debt service). Starting in 2007, funds from the Guideway Modernization Program were apportioned to other jurisdictions. On May 15, 2008, the outstanding bus acquisition special revenue bonds were paid in full.

(3) Includes debt service on bonds paid from airport revenues and solid waste revenues.

(4) Housing bonds are secured primarily by payments received from the U.S. Department of Housing and Urban Development in accordance with contracts entered into pursuant to Sections 8 and 23 of the United States Housing Act of 1937, as amended. In addition, these bonds are also secured by a first lien on and pledge of the gross tenant rental revenues derived from the projects financed with the proceeds of the refunded issues.

(5) Revenues are derived primarily from daily usage fees to be paid by rental car customers arriving at Phoenix Sky Harbor International Airport. The current rate is \$4.50 per transaction day.

(6) Coverage ratio is less than 1.0 due to prepayment of assessments that are currently in fund balance.

(7) The City has pledged 100% of a 0.4% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000 to be used for expanded bus service, the construction of a light rail system and other transportation improvements.

Table 18

City of Phoenix, Arizona
 Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

(in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Total Debt as a Percentage of Personal Income (1)	Total Debt Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Municipal Corporation Bonds	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Revenue Bonds			
2008	\$ 1,232,957	\$ 97,476	\$ 820,061	\$ 593	\$ 31,760	\$ 175,437	\$ -	\$ 3,642,562	10.8 %	\$ 3,681
2007	1,262,652	123,816	857,461	1,257	32,870	209,254	28,745	3,123,256	10.3	3,535
2006	1,068,107	148,671	868,560	1,886	33,945	230,454	33,155	3,330,997	11.2	3,663
2005	811,027	172,496	813,180	3,099	34,985	254,576	37,315	2,711,305	10.2	3,172
2004	842,594	190,655	324,169	4,610	35,465	280,286	41,240	2,009,921	8.5	2,502
2003	674,724	209,856	327,129	6,102	20,455	313,691	54,950	1,772,656	8.1	2,322
2002	700,659	220,981	272,708	7,400	21,200	340,421	64,340	1,727,692	8.5	2,439
2001	629,848	239,081	280,370	9,855	21,910	360,702	86,480	1,111,945	7.2	2,037
2000	616,188	254,391	247,100	9,581	22,595	384,468	107,575	1,114,890	7.9	2,080
1999	644,048	268,436	237,065	10,725	23,240	423,491	127,750	999,460	8.5	2,163

(1) See Table 21 for personal income and population data.

City of Phoenix, Arizona
Direct and Overlapping Bonded Debt per Capita
 Last Ten Fiscal Years

Table 19

	Bonded Debt (in thousands)	Per Capita	As a Percent of Valuations	
			Assessed	Estimated True
<u>Direct Bonded Debt (1)</u>				
2007-08	\$ 1,306,685	\$ 801.48	6.9 %	0.8 %
2006-07	1,477,842	926.40	9.2	1.1
2005-06	1,193,634	764.96	9.7	1.2
2004-05	1,016,849	666.61	8.9	1.1
2003-04	1,078,902	723.89	10.3	1.3
2002-03	1,010,026	693.97	10.3	1.3
2001-02	1,106,056	803.87	12.6	1.6
2000-01	1,125,959	836.88	13.7	1.8
1999-00	1,212,668	914.95	16.0	2.1
1998-99	1,323,925	1,047.50	19.1	2.6
<u>Overlapping Bonded Debt (2)</u>				
2007-08	\$ 1,490,631	\$ 914.31	7.9 %	0.9 %
2006-07	1,456,850	913.24	9.1	1.0
2005-06	1,304,006	835.70	10.6	1.3
2004-05	1,383,527	906.99	12.1	1.5
2003-04	1,265,978	849.41	12.1	1.5
2002-03	1,264,568	868.86	12.9	1.6
2001-02	1,339,369	973.45	15.2	2.0
2000-01	1,376,478	1,023.08	16.7	2.2
1999-00	1,330,178	1,003.61	17.6	2.4
1998-99	1,294,205	1,023.98	18.7	2.5
<u>Total Direct and Overlapping Bonded Debt</u>				
2007-08	\$ 2,797,316	\$ 1,715.79	14.8 %	1.7 %
2006-07	2,934,692	1,839.64	18.3	2.1
2005-06	2,497,640	1,600.66	20.4	2.5
2004-05	2,400,376	1,573.60	21.0	2.6
2003-04	2,344,880	1,573.30	22.4	2.8
2002-03	2,274,594	1,562.83	23.2	2.9
2001-02	2,445,425	1,777.32	27.8	3.6
2000-01	2,502,437	1,859.96	30.4	4.0
1999-00	2,542,846	1,918.56	33.6	4.5
1998-99	2,618,130	2,071.48	37.9	5.1

(1) Includes all City bonded debt, net of assets held in restricted early redemption funds. See Table 20.

(2) Includes proportionate share of general obligation bonds of Maricopa County and all school districts which are wholly or partially within the City. Also included are City improvement districts and a community facilities district. See Table 20.

City of Phoenix, Arizona
Direct and Overlapping Bonded Debt
 June 30, 2008
 (in thousands)

Table 20

	Bonded Debt	Less: Self- Supporting Debt	Net Bonded Debt
Direct Debt - City of Phoenix (1)			
General Obligation Bonds			
6% Limitation			
Various Purpose	\$ 305,325	\$ -	\$ 305,325
Solid Waste	24,210	24,210	-
20% Limitation			
Various Purpose	927,632	-	927,632
Airport	13,580	13,580	-
Refunding	930	930	-
Water	84,844	84,844	-
Sanitary Sewer	51,873	51,873	-
Total General Obligation Bonds	<u>1,408,394</u>	<u>175,437</u>	<u>1,232,957</u>
Street and Highway User Revenue Bonds	97,171	97,171	-
Public Housing Revenue Bonds	305	305	-
Total Direct Debt	<u>\$ 1,505,870</u>	<u>\$ 272,913</u>	<u>1,232,957</u>
Less: Assets Held in Restricted Early Redemption Funds			(199,185)
Net Direct Debt			<u>1,033,772</u>
	Bonded Debt	Valuation Percent to City	
Overlapping Debt (2)			
City Improvement Districts	593	100.0	593
Tatum Ranch Community Facilities District	4,125	100.0	4,125
Maricopa County Community College District	525,690	32.3	169,798
High School Districts			
Phoenix Union	304,795	95.4	290,774
Glendale Union	107,340	76.1	81,686
Tempe High	98,000	30.4	29,792
Tolleson Union	71,570	48.6	34,783
Agua Fria Union	56,120	0.4	224
Elementary School Districts			
No. 1 Phoenix	51,240	100.0	51,240
No. 2 Riverside	14,510	96.3	13,973
No. 3 Tempe	110,975	16.8	18,644
No. 5 Isaac	2,640	100.0	2,640
No. 6 Washington	111,255	96.8	107,695
No. 7 Wilson	7,430	100.0	7,430
No. 8 Osborn	45,405	100.0	45,405
No. 14 Creighton	6,805	88.0	5,988
No. 17 Tolleson	6,995	29.4	2,057
No. 21 Murphy	4,000	100.0	4,000
No. 28 Kyrene	101,010	40.5	40,909
No. 31 Balsz	10,200	94.0	9,588
No. 38 Madison	66,405	100.0	66,405
No. 40 Glendale	23,865	-	-
No. 45 Fowler	13,530	89.5	12,109
No. 48 Scottsdale (Unified)	330,305	13.8	45,582
No. 59 Laveen	11,625	76.3	8,870
No. 62 Union	640	96.0	614
No. 65 Littleton	14,510	15.1	2,191
No. 66 Roosevelt	39,070	98.6	38,523
No. 68 Alhambra	27,340	81.7	22,337
No. 69 Paradise Valley (Unified)	354,440	68.8	243,855
No. 79 Litchfield	28,565	0.6	171
No. 92 Pendergast	24,225	47.0	11,386
No. 93 Cave Creek (Unified)	22,795	11.2	2,553
No. 97 Deer Valley (Unified)	217,630	52.7	114,691
Total Overlapping Debt	<u>\$ 2,815,643</u>		<u>1,490,631</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,524,403</u>

(1) Net of cash with fiscal agent for July 1, 2008 maturities.

(2) Source: Maricopa County Finance Department



City of Phoenix



Statistical Section

Economic and Demographic Information

These schedules offer economic and demographic indicators to show the environment within which the City's financial activities take place.



City of Phoenix, Arizona
Demographic Statistics
 June 30, 2008

Table 21

Fiscal Year	Population (June 30)	Personal Income (in thousands)	Per Capita Income (1)	Median Age (2)	Elementary & High School Enrollment	Unemployment Rate (1)
2008	1,630,340	\$ 55,782,083	\$34,215 (3)	33.0	284,810 (4)	3.2%
2007	1,595,260	54,581,821	34,215	33.0	281,399	3.5%
2006	1,560,380	50,962,011	32,660	33.0	280,284	4.1%
2005	1,525,400	47,284,349	30,998	33.0	271,182	4.0%
2004	1,490,420	43,675,268	29,304	33.0	263,262	4.9%
2003	1,455,440	41,947,236	28,821	33.0	254,826	5.6%
2002	1,375,906	39,437,594	28,663	33.0	249,583	2.6%
2001	1,345,422	38,146,750	28,353	33.0	241,855	2.6%
2000	1,325,396	34,970,573	26,385	32.0	236,334	2.9%
1999	1,263,895	32,192,670	25,471	32.0	212,077	2.7%

(1) Calendar Year

(2) For fiscal years 1999 through 2000, median age is based on the 1990 U.S. Census. For fiscal years 2001 through 2008, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2008; therefore, 2007 calendar year per capita income was used.

(4) Amount not yet available for fiscal year 2008; therefore, 2007 fiscal year data was used for the enrollment calculation.

Source: City of Phoenix Planning Department
 U.S Department of Commerce, Bureau of Economic Analysis
 Arizona Department of Education
 Arizona Department of Economic Security

City of Phoenix, Arizona
Principal Employers
 Current Year and Nine Years Ago

Table 22

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	50,079	1	2.44%	60,116	1	4.12%
Wal-Mart	30,174	2	1.47%	10,800	5	0.74%
Banner Health Systems	17,020	3	0.83%			
City of Phoenix	14,453	4	0.70%	11,964	3	0.82%
Maricopa County	14,057	5	0.69%	11,396	4	0.78%
Wells Fargo	14,000	6	0.68%			
Arizona State University	12,727	7	0.62%			
Fry's Food & Drug	11,780	8	0.57%			
US Postal Service	11,000	9	0.54%	10,728	6	0.74%
Honeywell Aerospace	10,700	10	0.52%			
Motorola, Inc.				19,642	2	1.35%
Mesa Public Schools				9,737	7	0.67%
Intel Corporation				9,275	8	0.64%
Safeway Stores				9,021	9	0.62%
AlliedSignal				9,000	10	0.62%

Source: Phoenix Business Journal Book of Lists
 Arizona Department of Commerce, Workforce Development

Note: Top employers in Maricopa County.
 Employee count is total Arizona employees.



Statistical Section

Operating Information

These schedules contain service and infrastructure data to show how the City's financial information relates to the services the City provides and the activities it performs.





City of Phoenix

City of Phoenix, Arizona
Statistical Profile
 Last Ten Fiscal Years

Table 23

	2008	2007	2006	2005
AREA (square miles)	517.9	517.2	515.9	515.0
POPULATION AND DWELLING UNITS (1)				
City of Phoenix	1,630,340	1,595,260	1,560,380	1,525,400
Maricopa County (Metro Phoenix)	3,669,095	3,637,981	3,543,415	3,383,980
Number of Dwelling Units (City)	576,227	568,127	556,590	544,804
CITY EMPLOYEES				
Governmental:				
General Government	1,339	1,341	1,357	1,333
Criminal Justice	361	359	354	349
Public Safety	6,486	6,069	5,945	5,730
Transportation	824	810	807	778
Environmental Services	482	474	466	458
Community Enrichment	1,613	1,671	1,577	1,605
Community Development	893	1,005	969	884
Total Governmental Employees	11,998	11,729	11,475	11,137
Public Enterprise:				
Aviation	762	751	716	710
Phoenix Convention Center	197	188	176	172
Water Services	1,050	1,008	1,079	1,057
Wastewater Services	302	298	236	230
Solid Waste	538	528	503	491
Golf	61	64	64	65
Total Public Enterprise Employees	2,910	2,837	2,774	2,725
Total Full-Time Employees	14,908	14,566	14,249	13,862
Governmental per 1,000 Population	7.7	7.6	7.6	7.6
PUBLIC SAFETY				
<u>Police Protection</u>				
Police Precincts	6	6	6	6
Police Employees	4,961	4,378	4,169	3,999
Dispatched Calls for Service	823,497	890,665	899,214	892,092
Total Calls for 911/Crimestop	2,435,385	2,650,475	2,575,793	2,650,215
<u>Fire Protection</u>				
Fire Stations	57	52	52	50
Fire Employees	2,105	2,002	1,885	1,873
Total Calls for Service	145,279	149,058	153,037	149,553
COMMUNITY ENRICHMENT				
<u>Libraries</u>				
Number	15	15	14	14
Total Stock (in thousands)	2,165	2,537	1,963	2,179
Circulation (in thousands)	15,835	14,987	12,991	12,264
<u>Parks And Recreation</u>				
Number of Playgrounds	164	154	149	143
City Parks (number of acres)	37,991	38,059	37,716	37,599

(1) Source: City of Phoenix Planning Department

Table 23

(Continued)

2004	2003	2002	2001	2000	1999
514.8	511.9	484.5	478.8	477.6	475.6
1,490,420	1,455,440	1,375,906	1,345,422	1,325,396	1,263,895
3,283,028	3,171,980	3,072,400	2,975,266	2,885,071	2,879,492
531,481	522,909	513,880	505,005	497,758	489,386
1,341	1,303	1,345	1,262	1,200	1,241
360	361	369	344	351	335
5,574	5,377	5,390	5,079	4,932	4,871
763	747	745	677	652	651
478	484	496	459	486	556
1,596	1,529	1,554	1,536	1,490	1,496
906	865	896	805	757	753
<u>11,018</u>	<u>10,666</u>	<u>10,795</u>	<u>10,162</u>	<u>9,868</u>	<u>9,903</u>
688	668	664	644	631	629
174	175	181	172	165	163
1,043	982	959	846	813	841
228	229	200	235	242	267
435	441	435	398	386	280
64	72	80	80	79	64
<u>2,632</u>	<u>2,567</u>	<u>2,519</u>	<u>2,375</u>	<u>2,316</u>	<u>2,244</u>
<u>13,650</u>	<u>13,233</u>	<u>13,314</u>	<u>12,537</u>	<u>12,184</u>	<u>12,147</u>
<u>7.8</u>	<u>7.6</u>	<u>7.8</u>	<u>7.7</u>	<u>7.6</u>	<u>7.5</u>
6	6	6	6	6	6
3,877	3,812	3,717	3,660	3,577	3,419
888,281	868,290	876,227	872,886	861,285	851,727
2,563,100	2,569,959	2,513,108	2,333,570	2,076,261	2,035,983
49	48	47	46	45	45
1,719	1,710	1,663	1,577	1,526	1,465
135,306	129,149	135,708	129,765	127,000	122,025
13	13	13	13	13	13
2,048	2,000	1,974	2,016	1,906	1,920
11,529	11,396	10,802	9,151	8,279	6,820
139	137	134	125	124	124
37,599	35,977	35,345	33,881	33,871	33,236

Table 23

(Continued)

	2008	2007	2006	2005
TRANSPORTATION				
<u>Public Transit</u>				
Ridership (in thousands)	45,543	44,109	45,381	43,489
<u>Traffic Control And Lighting</u>				
Signalized Intersections	1,012	992	979	963
Street Lights in Use	89,632	86,524	82,971	79,732
<u>Streets</u>				
Miles of Streets	4,799	4,995	4,886	4,782
Miles Resurfaced and Sealed:				
Major/Collector Streets	22	13	21	38
Local Streets	94	97	122	147
COMMUNITY DEVELOPMENT				
Construction Permits (2)				
Number of Permits Issued	33,610	43,894	46,413	41,269
Market Value (in thousands)	\$3,440,591	\$5,431,181	\$4,474,346	\$4,379,205
AVIATION				
Scheduled Airlines Served	21	22	22	25
Aircraft Traffic Movements (in thousands)	1,085	1,130	1,083	1,006
Passengers Enplaned/Deplaned (in thousands)	43,646	41,886	41,673	40,529
PHOENIX CONVENTION CENTER				
Number of Conventions	52	49	40	49
WATER SERVICES				
Production (billion gallons)	106.6	106.0	109.4	102.1
Average Daily Production (million gallons)	291.2	290.4	299.9	279.8
Miles of Water Mains	6,905	6,790	6,630	6,377
Number of Accounts	403,752	401,937	394,155	383,011
WASTEWATER SERVICES				
Miles of Sewer Lines	4,943	4,730	4,696	4,584
Number of Accounts	374,555	373,035	364,555	353,099
SOLID WASTE COLLECTION SERVICES				
Residences Served	386,389	379,047	366,903	355,345
City Disposal (tons)	711,365	732,360	719,438	711,265
Total Disposal (tons)	1,054,206	1,150,580	1,114,186	1,106,600
GOLF				
Rounds of Golf Played	295,000	313,000	326,000	326,000
Acres of Golf Courses Maintained	922	922	922	922

(2) Construction permits include plumbing, electrical and mechanical permits, which are excluded from Table 13.

Table 23

(Continued)

2004	2003	2002	2001	2000	1999
41,459	38,313	35,351	32,289	30,965	32,076
946	935	919	906	884	865
77,302	75,227	72,683	70,692	67,500	67,000
4,606	4,550	4,486	4,158	4,107	4,100
39	42	38	38	50	43
173	179	181	196	191	197
36,717	33,471	31,032	31,465	33,150	38,534
\$3,284,089	\$2,579,581	\$2,627,213	\$2,962,397	\$2,121,291	\$2,431,354
23	24	23	21	24	25
1,040	1,068	1,042	1,069	1,045	951
38,253	36,615	34,179	36,699	34,976	32,402
40	42	50	51	41	53
108.1	103.1	111.3	105.1	106.0	104.0
295.5	282.2	305.4	288.9	289.6	287.6
6,230	6,011	5,911	5,771	5,702	5,635
371,708	362,643	355,225	350,367	345,197	339,287
4,376	4,363	4,282	4,174	4,104	4,012
344,400	335,800	331,500	327,487	324,292	316,123
346,854	339,336	332,571	327,953	322,779	317,688
710,199	689,746	644,864	679,308	651,475	627,695
1,080,598	1,003,470	982,950	1,030,142	1,055,905	1,024,433
347,000	395,000	439,000	449,000	446,000	415,000
922	922	925	925	925	758



City of Phoenix