

Desert Broom Library



Pecos Park



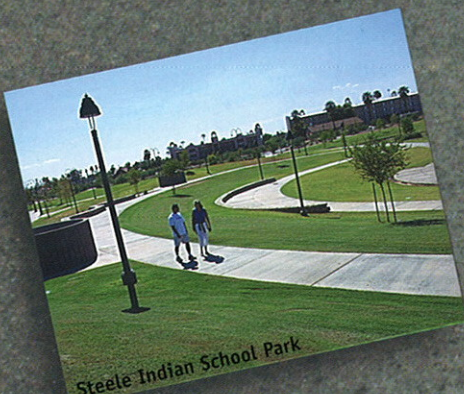
Henson Village



Maryvale Community Center



Rio Salado Project



Steele Indian School Park



North Mountain Visitor's Center



Public Safety Helicopter

City of Phoenix, Arizona Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

.....
*Moving Our
Community Forward*



Moving Our Community Forward

Phoenix is a city on the rise. Not just downtown, but all across the city, we're focused on moving our community forward. The photos on the cover are just examples of some of the newest services and amenities that make our city safer and more livable.

The Desert Broom Library in northeast Phoenix is designed to fit within its desert site with minimal disturbance. The branch has earned many awards for environmental and architectural design.

The new Maryvale Community Center features an indoor gymnasium, exercise area, dance/aerobics room, senior lounge area, multi-purpose, arts and crafts and teen rooms. The new Palo Verde Library connects to the center by a breezeway creating a one-of-a-kind community complex.

Steele Indian School Park in central Phoenix features a lake, an outdoor amphitheater, an entry garden and a neighborhood park. This signature park is host to a variety of community events such as the Fabulous Phoenix 4th of July celebration and Moonlight Movies.

Pecos Park in Ahwatukee features soccer, football and multipurpose athletic fields, a skate plaza, dog park, large playground, swimming pool, basketball and tennis courts, ramadas and volleyball courts.

The Rio Salado Habitat Restoration Area encompasses a five-mile stretch of the Salt River just south of downtown Phoenix. This once-deteriorated dumping site is now

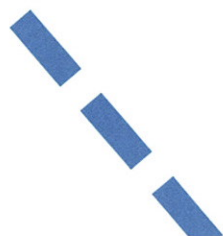
transformed into a lush riparian corridor where visitors can enjoy more than 100 bird species and other animals as well as hiking, biking and horseback riding.

Visitors to the North Mountain Visitor's Center can gain new insights into the richness and diversity of the Sonoran Desert. The center offers educational classes and displays to interpret and understand the Sonoran Desert found right outside the center's doors. A series of trails adjacent to the center mean desert exploration is just a step away.

HOPE VI is a federal, grant-funded program created to rebuild old and/or severely distressed public housing. The new, diverse and vibrant Henson Village community is located between Seventh and 15th avenues and Grant and Pima streets, but HOPE VI is boosting the whole neighborhood and downtown Phoenix.

The twin-engine Agusta 109E helicopter is a unique joint partnership between the Phoenix Police and Fire departments. Specially designed for police and fire missions, this helicopter makes it safer and more durable for many of the tasks it's called on to perform such as fighting fires, mountain rescues and search-and-rescue operations.

The future holds even more exciting plans for our community. In March 2006, Phoenix voters approved seven bond propositions that bring a comprehensive \$878.5 million plan to improve the quality of life and economic vitality of Phoenix. Each and every day, every decision we make is committed to moving our community forward.



City of Phoenix, Arizona



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

City Council

Phil Gordon, Mayor
Dave Siebert, Vice-Mayor, District 1
Peggy Neely, District 2
Peggy Bilsten, District 3
Tom Simplot, District 4
Claude Mattox, District 5
Greg Stanton, District 6
Doug Lingner, District 7
Michael Johnson, District 8

Administrative Staff

Frank Fairbanks, City Manager
Cynthia Seelhammer, Deputy City Manager

Prepared By

Finance Department
Bob Wingenroth, Finance Director

CITY OF PHOENIX
Organizational Chart
Effective 11/26/07

PUBLIC

Mayor and City Council

City Manager
Frank Fairbanks

Municipal Court
Roxanne Song Ong

City Auditor
Intergov. Programs

Assistant City Manager
Alton Washington

Exec. Asst.
L Takata

Transportation Mgr.
T Callow

Deputy City Mgr.
D Cavazos

Deputy City Mgr.
D Krietor

Public Safety Mgr.
J Harris

Deputy City Mgr.
R Naimark

Deputy City Mgr.
E Zuercher

Deputy City Mgr.
Seelhammer

Special Asst.
D Richert

City Clerk
Personnel Committee
Sister Cities

Engineering & Architecture
Light Rail Project
Public Transit
Street Transportation

ASU Downtown
Business Customer Service
Development Services
Planning
Water
Water Strategy

Aviation
Convention Center Expansion
DDO
Education
Economic Development
Public Information

Environ. Programs
Fire
Law
Personnel

Community Preparedness
Criminal Justice Coord.
Police

Bio-Medical Campus
Human Services
Library
Parks & Recreation
Rio Salado

Arts & Culture
Equal Opportunity
Housing
M W S B E Program
Neighborhood Services
HOPE VI

Budget & Research
Finance
Family Advocacy
Historic Preservation
Information Technology
Public Works

Convention Center
Court Liaison
State Land Programs
West Phoenix Revitalization Area

Comprehensive Annual Financial Report

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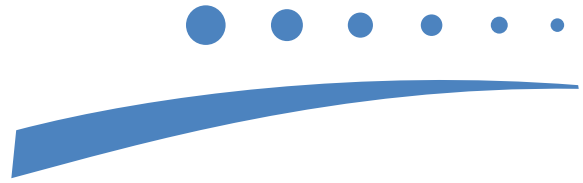
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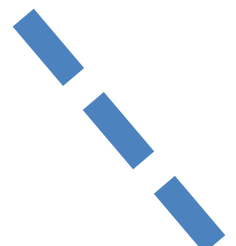
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Introductory Section

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





City of Phoenix



City of Phoenix

FINANCE DEPARTMENT
FINANCIAL ACCOUNTING AND REPORTING DIVISION

December 21, 2007

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, 2007. These financial statements are prepared and presented in conformity with generally accepted accounting principles (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 2006-2007. 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.

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 Civic Plaza Building 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, Buckeye and Avondale; the town of 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 sets 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 voters in each of the eight separate districts they represent elect Council members. 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 population at 1,321,045 and the 2005 census recorded Phoenix's population at 1,475,834. As of June 30, 2007, the City encompassed 516.63 square miles and the population increased to 1,595,260.

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, Bank of America, Fry's Food and Drug Stores, Home Depot, Apollo Group, Walgreens, Safeway Inc. and Albertson's-Osco.

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 2007 in the Phoenix-Mesa-Scottsdale metropolitan statistical area ("Greater Phoenix") was up over 2,503.2% to 1,936,800 jobs, while the U.S. as a whole grew 207.9%. 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 2007 was 3.3% compared to 3.8% for Arizona and 4.5% for the U.S.

According to Elliott D. Pollack & Company, a real estate and economic consulting firm, the Greater Phoenix area continues to enjoy employment growth, albeit at a slower rate than experienced earlier. Employment growth is expected to slow from a rate of 6.0% in 2006 to forecasted growth rates of 3.4% and 3.1% in 2007 and 2008, respectively. The slower rate of employment growth projected for 2007 and 2008 is due primarily to a slowing U.S. economy as a whole and a decline in housing permits in Greater Phoenix. While employment growth in the Greater Phoenix area continues to perform well vis-à-vis other metropolitan areas, Greater Phoenix is at a point in the economic cycle where the rate of employment growth is likely to slow until the next expansionary period.

The weak housing market in the Greater Phoenix area is expected to continue through 2007 and 2008 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. It is expected that strength in the commercial construction sector will partially offset the weak housing market.

According to the Arizona Department of Economic Security, population in Greater Phoenix increased 5.1% in 2006 and is expected to increase by 3.1% in 2007. According to the Greater Phoenix Blue Chip Economic Forecast, retail sales, which increased 14.2% in 2005 and 7.9% in 2006, are expected to increase by 6.0% in 2007. In addition, it is estimated that personal income increased 8.4% in 2006 and is expected to increase by 7.2% in 2007.

The City's property tax base is strong. The 2007-08 total secondary assessed valuation is \$16.1 billion and includes \$635 million in new construction being added to the rolls. This represents growth of 31.1% over 2006-07 values. The City's total property tax rate (primary and secondary) for 2007-08 will remain at \$1.82 per \$100 of assessed valuation.

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 undertook a comprehensive long-range capital planning exercise for the fiscal year ended June 30, 2007. In February 2007, Aviation presented to the City Council a \$2.9 billion, ten-year capital plan that includes the starter segment of an automated train, development of a new 33-gate West Terminal, and airport facility rehabilitation and maintenance. The capital plan resulted from the development of a long-range financial plan that included forecasted airport revenues, expenses and planned bond sales to support the capital plan. The City Council also authorized the Aviation Department to sell an additional \$1.33 billion of airport revenue and passenger facility charge bonds to support the program as outlined in the long-term financial forecast.

MAJOR INITIATIVES AND AWARDS

In May 2006, Standard & Poor's Ratings Services raised its rating on the City's general obligation bonds to AAA from AA+. The upgraded rating was based on 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.

On September 11, 2007, City of Phoenix voters approved a 0.2% increase in the City's privilege license (sales) tax rate. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (CSI) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services. Effective December 1, 2007, the increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining.

Phase One of the \$600 million Phoenix Convention Center expansion project, a four-level meeting facility, was completed in July 2006. Phase Two of the project, which includes construction of the new north building, broke ground in May 2006 and is on schedule to be completed December 2008.

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. Exterior construction of the hotel was completed and celebrated with a "topping off" ceremony in August 2007. The hotel is schedule to open in Fall 2008.

Construction of the METRO light rail system in the downtown and other parts of the city progressed, with 150,000 feet of in-street tracks installed throughout the Phoenix, Tempe and Mesa routes. In December 2006, the system's Operations and Maintenance Center opened and Vehicle 101, the first of 50 METRO light rail vehicles, was delivered. Performance and safety testing on a mile-long test track began in March 2007. Construction has begun on several light rail stations along with the installation of 7,800 light rail power poles. The City's Downtown Development Office has been pursuing residential housing and mixed-use projects along the 20-mile route, which is scheduled to be completed in 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. The new Walter Cronkite School of Journalism and Mass Communications facility is under construction for opening in August 2008. In addition, new student housing with 1,300 beds is under construction on the ASU Phoenix Campus, with the first of two towers expected to open in August 2008. As part of its plan to expand its colleges of medicine and pharmacy in Phoenix, the University of Arizona has renovated three historic former Phoenix Union High School buildings located on the Phoenix Biomedical Campus for the first phase of the medical school. The \$27 million renovation project was completed in September 2006.

The International District Energy Association (IDEA) recognized Phoenix Mayor Phil Gordon with a Sustainable Energy Leadership Award. The award was presented in recognition of exemplary public leadership for sound sustainable energy policy, effective collaboration and community investment, which reflect the vision of IDEA and the district energy industry. The City of Phoenix has formed a City Council Sustainability Subcommittee. The City's citizen-based Environmental Quality Commission has been developing environmental policy and recommendations to help shape City programs since the 1980s.

In March 2007, SustainLane, a group that compiles information on sustainability, ranked Phoenix seventh in its list of the top 10 large U.S. cities that are running the highest percentage of their municipal vehicle fleets on alternative fuels. Phoenix runs 28 percent of its fleet with compressed or liquid natural gas or biodiesel.

In May 2007, the Public Technology Institute selected the City's Neighborhood Services Department (NSD) for a "Technology Solutions" award. NSD was recognized nationally for its use of the Geographic Information System (GIS) in a Web-based application that enables City staff and law enforcement entities to share graffiti-related data. Graffiti Web Services integrates City graffiti data and neighborhood association information to help graffiti detectives and county prosecutors identify neighborhoods and graffiti crime victims to identify trends of graffiti vandals and assist in their apprehension and conviction.

The City's Neighborhood Services Department (NSD) also received the highest federal government rating in 2007 for its work removing lead hazards in homes throughout Phoenix. The City exceeded federal standards and it received a "green" designation from the Department of Housing and Urban Development.

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, 2006. 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, 2006 was also awarded a GFOA Certificate of Achievement. COPERS has received this award each year since 1985.

ACKNOWLEDGMENTS

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 and divisions 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, 2006

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.



A handwritten signature in black ink, appearing to read "Thomas J. Blain".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

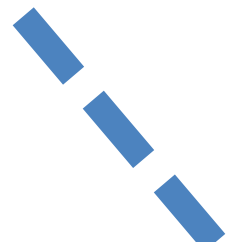


City of Phoenix



Financial Section

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





City of Phoenix

Independent Auditor's Report

To 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, 2007, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison statements for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the schedule of funding progress included in Note 18 to the basic financial statements on pages 3 through 11 and 82 through 83, 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.

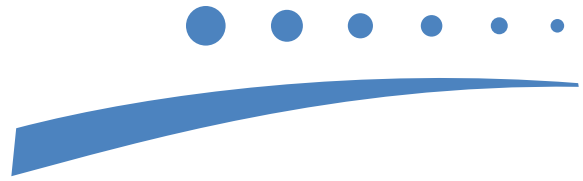
Our audit was conducted for the purpose of forming opinions on the City's basic financial statements. The combining nonmajor fund financial statements, other supplementary information, capital assets schedules and other supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. However, the Housing Development Financial Data Schedules are required by the U. S. Department of Housing and Urban Development. Such information for 2007 has been subjected to the auditing procedures applied in the audit of the 2007 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 City's basic financial statements as of and for the year ended June 30, 2006, which are not presented with the accompanying financial statements, were audited by other auditors whose report thereon dated December 22, 2006, expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information. Their report on the 2006 comparison totals included in the combining and individual fund statements and schedules stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as of and for the year ended June 30, 2006, 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 21, 2007, 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.

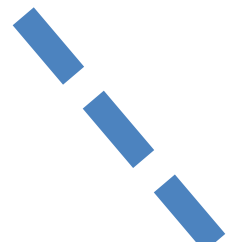
Clifton Gunderson LLP

Phoenix, Arizona
December 21, 2007



Financial Section

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





City of Phoenix

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, 2007. 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 \$7.7 billion (net assets). Of this amount, \$1.2 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 \$789.8 million.
- As of the close of the fiscal year, the City's Governmental Funds reported combined ending fund balances of \$2.0 billion, an increase of \$164.7 million from last fiscal year. Approximately 65.4 percent of this amount, or \$1.3 billion, 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 \$362.9 million, or 80.2 percent of the total general fund balance of \$452.6 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 full-accrual method 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, 2007.

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 \$7.7 billion at the close of the fiscal year.

The largest portion of the City's net assets (\$5.2 billion or 67.6 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 2,825,225	\$ 2,129,413	\$ 2,081,666	\$ 2,319,147	\$ 4,906,891	\$ 4,448,560
Capital assets	<u>3,877,620</u>	<u>3,600,093</u>	<u>5,810,826</u>	<u>5,265,319</u>	<u>9,688,446</u>	<u>8,865,412</u>
Total assets	<u>6,702,845</u>	<u>5,729,506</u>	<u>7,892,492</u>	<u>7,584,466</u>	<u>14,595,337</u>	<u>13,313,972</u>
Other Liabilities	146,647	135,685	313,422	113,381	460,069	249,066
Long-term liabilities outstanding	<u>2,752,276</u>	<u>2,574,507</u>	<u>3,669,007</u>	<u>3,878,108</u>	<u>6,421,283</u>	<u>6,452,615</u>
Total liabilities	<u>2,898,923</u>	<u>2,710,192</u>	<u>3,982,429</u>	<u>3,991,489</u>	<u>6,881,352</u>	<u>6,701,681</u>
Net assets:						
Invested in capital assets, net of related debt	2,068,052	1,434,512	3,144,988	2,688,581	5,213,040	4,123,093
Restricted	1,095,820	996,048	179,365	148,571	1,275,185	1,144,619
Unrestricted	640,050	588,754	585,710	755,825	1,225,760	1,344,579
Total net assets	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>

The *restricted* portion of the City's net assets (\$1.3 billion) 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* (\$1.2 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, 2007, was \$9.7 billion, net of accumulated depreciation. This represents an increase from the prior fiscal year of \$823.0 million, an increase of \$277.5 million for Governmental Activities and \$545.5 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 \$147.1 million.
- Land acquisition, design and construction related to the Light Rail project valued at \$168.2 million.
- Various street and storm sewer projects throughout the City valued at \$86.9 million.
- New and replacement water and sewer mains throughout the City valued at \$115.9 million.
- Design and construction at the various water treatment plants valued at \$63.2 million
- Land acquisition by the Aviation Department valued at \$90.6 million.
- Construction of an In-Line Baggage Explosive Detection System for Sky Harbor International Airport valued at \$44.6 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	
	2007	2006	2007	2006	2007	2006
Buildings	\$ 630,244	\$ 597,517	\$ 1,134,042	\$ 848,445	\$ 1,764,286	\$ 1,445,962
Improvements	169,424	159,697	1,642,913	1,541,921	1,812,337	1,701,618
Equipment	236,923	234,946	295,445	249,178	532,368	484,124
Artwork	9,967	9,634	4,108	3,874	14,075	13,508
Land	744,011	664,222	604,997	517,307	1,349,008	1,181,529
Infrastructure	1,463,245	1,372,879	994,766	827,847	2,458,011	2,200,726
Construction-in-Progress	623,806	561,198	1,134,555	1,276,747	1,758,361	1,837,945
Total	\$ 3,877,620	\$ 3,600,093	\$ 5,810,826	\$ 5,265,319	\$ 9,688,446	\$ 8,865,412

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 \$6.4 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 \$1.5 billion, while municipal corporation obligations account for \$4.0 billion of the total. Revenue bonds total \$148.3 million and an additional \$1.3 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, 2007 was \$764.5 million in the 6% capacity and \$2.09 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	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 1,251,522	\$ 1,058,139	\$ 203,958	\$ 224,607	\$ 1,455,480	\$ 1,282,746
Revenue bonds	119,567	143,360	28,745	33,155	148,312	176,515
Certificates of Participation	33,304	34,422	-	-	33,304	34,422
Municipal Corporation						
Obligations	853,793	866,908	3,111,050	3,301,958	3,964,843	4,168,866
Special assessment bonds	1,257	1,886	-	-	1,257	1,886
Insurance claims payable	167,143	170,622	-	-	167,143	170,622
Compensated absences	124,292	104,758	17,989	15,431	142,281	120,189
Landfill Closure/Post-						
closure costs	-	-	34,386	29,888	34,386	29,888
Other	201,398	194,412	272,879	273,069	474,277	467,481
Total	<u>\$ 2,752,276</u>	<u>\$ 2,574,507</u>	<u>\$ 3,669,007</u>	<u>\$ 3,878,108</u>	<u>\$ 6,421,283</u>	<u>\$ 6,452,615</u>

The City's total long-term obligations decreased by \$31.3 million during the fiscal year just ended, which represents a decrease of 0.5 percent. During the fiscal year, the City sold \$420.3 million long-term fixed rate general obligation bonds. In addition, the Civic Improvement Corporation issued \$21.1 million Subordinated Excise Tax Revenue Bonds, Series 2007A, proceeds of which will be used to fund the construction and equipping of two police precincts.

The City's general obligation debt was upgraded from AA+ to AAA by Standard and Poor's (S&P) during the fiscal year, 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.

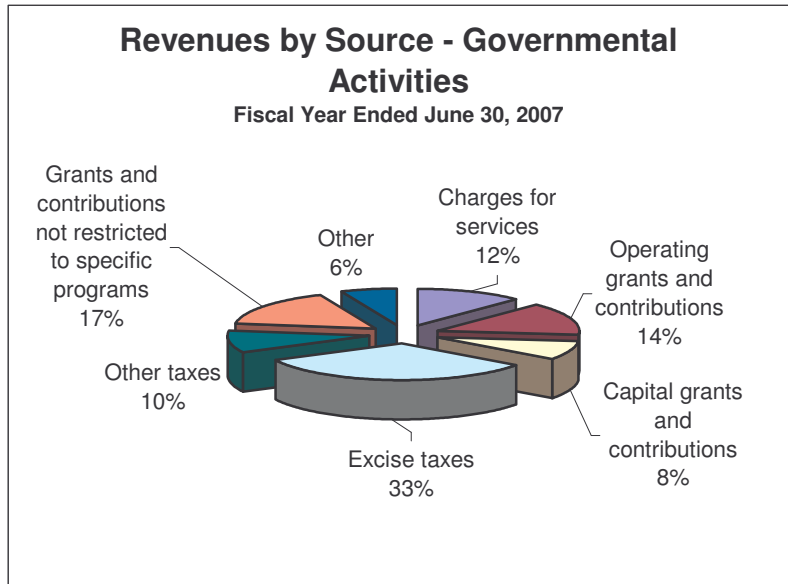
Changes in Net Assets. Detail of the following summarized information can be found in Exhibit A-2, the Statement of Activities.

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

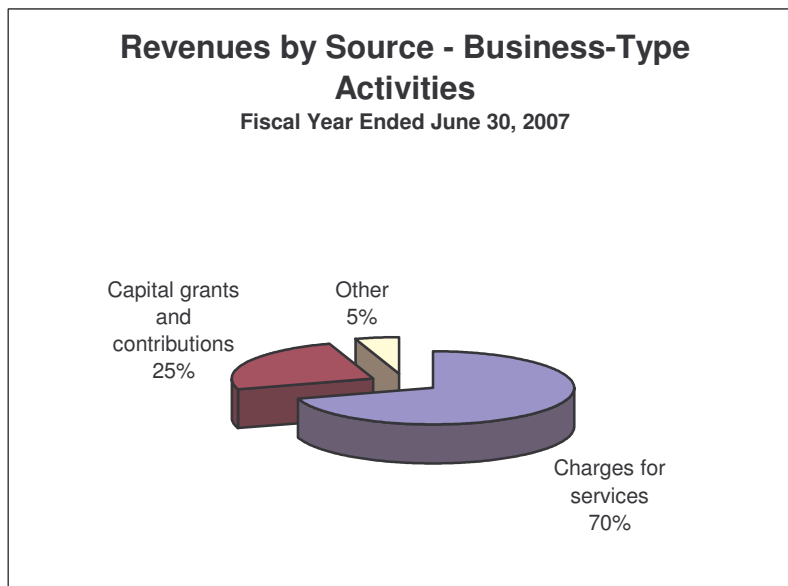
	Governmental Activities		Business-Type Activities		Total Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$ 277,563	\$ 211,343	\$ 853,110	\$ 776,435	\$ 1,130,673	\$ 987,778
Grants and contributions						
Operating	327,157	312,712	-	-	327,157	312,712
Capital	186,130	164,500	301,660	360,381	487,790	524,881
General revenues						
Excise taxes	739,579	696,654	-	-	739,579	696,654
Other taxes	216,342	199,558	-	-	216,342	199,558
Grants/contributions not restricted						
to specific programs	374,299	338,907	-	-	374,299	338,907
Other	143,487	104,621	59,200	47,541	202,687	152,162
Total revenues	<u>2,264,557</u>	<u>2,028,295</u>	<u>1,213,970</u>	<u>1,184,357</u>	<u>3,478,527</u>	<u>3,212,652</u>
Expenses						
General government	103,039	94,129	-	-	103,039	94,129
Criminal justice	40,085	37,702	-	-	40,085	37,702
Public safety	732,927	667,663	-	-	732,927	667,663
Transportation	264,347	316,356	-	-	264,347	316,356
Environmental Services	44,329	44,668	-	-	44,329	44,668
Community enrichment	263,031	251,403	-	-	263,031	251,403
Community development	204,768	196,374	-	-	204,768	196,374
Interest on long-term debt	96,401	102,428	-	-	96,401	102,428
Aviation	-	-	312,171	279,873	312,171	279,873
Phoenix Convention Center	-	-	66,378	68,801	66,378	68,801
Water services	-	-	272,341	276,073	272,341	276,073
Wastewater services	-	-	153,100	148,480	153,100	148,480
Solid waste	-	-	126,029	115,107	126,029	115,107
Golf courses	-	-	9,790	8,446	9,790	8,446
Total expenses	<u>1,748,927</u>	<u>1,710,723</u>	<u>939,809</u>	<u>896,780</u>	<u>2,688,736</u>	<u>2,607,503</u>
Increase in net assets						
before transfers	515,630	317,572	274,161	287,577	789,791	605,149
Transfers	<u>(42,925)</u>	<u>(41,035)</u>	<u>42,925</u>	<u>41,035</u>	<u>-</u>	<u>-</u>
Increase in net assets	472,705	276,537	317,086	328,612	789,791	605,149
Net Assets - July 1	3,019,314	2,742,777	3,592,977	3,264,365	6,612,291	6,007,142
Prior Period Adjustments	311,903	-	-	-	311,903	-
Net Assets - July 1, as restated	<u>3,331,217</u>	<u>2,742,777</u>	<u>3,592,977</u>	<u>3,264,365</u>	<u>6,924,194</u>	<u>6,007,142</u>
Net Assets - June 30	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>

As can be seen above, Governmental Activities increased the City's net assets by \$472.7 million, thereby accounting for 59.9 percent of the total fiscal year growth in the net assets of the City. Business-Type Activities increased the City's net assets by \$317.1 million, or 40.1 percent of the total fiscal year growth in net assets. In addition, beginning net assets of the City were increased \$311.9 million to restate the City's equity interest in the Valley Metro Rail, Inc. joint powers agreement at June 30, 2006, as discussed in Note 20. Consistent overall spending combined with positive revenue growth 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.



As can be seen in this chart, charges for services account for the majority of the Business-Type Activities revenues.

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, 2007
(in thousands)

	Fund Balances July 1, 2006	Net Change in Fund Balances	Fund Balances June 30, 2007
General	\$ 392,441	\$ 60,153	\$ 452,594
Transit Capital Projects	359,746	(69,307)	290,439
G.O./Secondary Property Tax	286,443	(137,745)	148,698
Nonmajor Governmental	795,482	311,565	1,107,047
Total	<u>\$ 1,834,112</u>	<u>\$ 164,666</u>	<u>\$ 1,998,778</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 \$2.0 billion, an increase of \$164.7 million from last fiscal year. Of the total governmental funds combined ending balances, approximately 65.4 percent of this amount, or \$1.3 billion (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 (\$400.4 million), 2) to pay debt service (\$227.0 million), 3) to pay for supply inventories (\$17.0 million), 4) for prepaid items (\$1.5 million), and 5) for notes receivable (\$44.9 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 increased by \$60.2 million. This increase in fund balance was due primarily to increased sales tax revenues and, in part, to increases in the reserve balances of the City's various self-insurance trust funds, which are non-budgeted funds. 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 \$69.3 million, primarily due to the 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 decreased by \$137.7 million. This decrease was due to the defeasance of \$198.1 million in general obligation debt. The nonmajor Governmental funds had a combined increase in fund balance of \$311.6 million, primarily due to the receipt of GO bond proceeds which are planned for various projects over the next few years.

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, 2007 (see Exhibit B-5). The final amended general fund budget projected fiscal year expenditures of \$1.1 billion. The actual general fund expenditures for the fiscal year ended June 30, 2007 were \$1.0 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, 2007
(in thousands)

	Net Assets July 1, 2006	Change in Net Assets	Net Assets June 30, 2007
Aviation	\$ 1,630,237	\$ 141,461	\$ 1,771,698
Phoenix Convention Center	254,584	17,017	271,601
Water System	1,081,673	88,243	1,169,916
Wastewater	601,216	67,770	668,986
Solid Waste	23,118	4,637	27,755
Golf Courses	2,149	(2,042)	107
Total	\$ 3,592,977	\$ 317,086	\$ 3,910,063

As shown in the table, Net Assets for the Enterprise Funds increased in total by \$317.1 million during the fiscal year. The Aviation and Water System comprised the majority of this total with increases of \$141.5 million and \$88.2 million, respectively (72.4 percent) due to increased operating income. The Aviation and Water System Funds also comprise 75.2 percent (\$1.8 billion and \$1.2 million, respectively) of the total Enterprise Fund Net Assets at June 30, 2007.

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 2007 registered 3.3% versus 3.8% for Arizona and 4.5% for the U.S. In December 2006, the unemployment rates were 3.6% in the Phoenix-Mesa metropolitan area, 4.1% for Arizona and 4.6% nationally.
- Economic forecasts call for employment growth to slow from a rate of 6.0% in 2006 to growth rates of 3.4% and 3.1% in 2007 and 2008, respectively. The slower rate of unemployment growth is due to a slowing U.S. economy and a decline in housing permits in Greater Phoenix.
- The 2007-08 total secondary assessed valuation is \$16.1 billion and includes \$635 million in new construction being added to the rolls. This represents growth of 31.1% over 2006-07 values. The City's property tax rate for 2007-08 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.

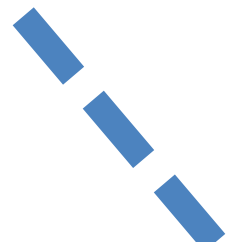


City of Phoenix



Financial Section

Basic Financial Statements - Government-Wide Financial Statements





City of Phoenix

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

Exhibit A-1

June 30, 2007
(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	\$ 664,744	\$ 55,509	\$ 720,253	\$	\$
Cash Deposits	1,040	458	1,498		
Cash and Securities with Fiscal Agents/Trustees	129,409	-	129,409		
Investments	1,102,064	273,107	1,375,171		
Internal Balances	2,250	(2,250)	-		
Receivables, Net of Allowances	382,148	83,468	465,616		4,590
Prepaid Items	1,472	3,850	5,322		
Inventories	17,015	6,846	23,861		
Restricted Assets	-	1,160,180	1,160,180	240,209	
Capital Assets, at Cost					
Non-depreciable	1,780,477	1,743,660	3,524,137	131,491	
Depreciable (net)	2,097,143	4,067,166	6,164,309		
Excess of Cost Over Net Assets Acquired, Net of Accumulated Amortization	-	55	55		
Water Rights, Net of Accumulated Amortization	-	31,148	31,148		
Investment in Joint Use Agreement	525,083	469,295	994,378		
Total Assets	<u>6,702,845</u>	<u>7,892,492</u>	<u>14,595,337</u>	<u>371,700</u>	<u>4,590</u>
LIABILITIES					
Accounts Payable	100,639	37,490	138,129		190
Trust Liabilities and Deposits	46,008	494	46,502		
Unearned Revenue	-	7,965	7,965		
Liabilities Payable from Restricted Assets	-	267,473	267,473	31,039	
Noncurrent Liabilities					
Due Within One Year					
Current Portion of Insurance Claims Payable	51,120	-	51,120		
Current Portion of Accrued Compensated Absences	15,142	2,394	17,536		
Current Portion of Accrued Landfill Postclosure Care Costs	-	1,645	1,645		
Matured Bonds and Certificates Payable	79,950	82,203	162,153		
Interest Payable	46,240	80,412	126,652		
Current Portion of General Obligation Bonds	29,695	34,150	63,845		
Current Portion of Revenue Bonds	26,340	4,675	31,015		
Current Portion of Certificates of Participation	1,110	-	1,110		
Current Portion of Municipal Corporation Obligations	29,210	59,300	88,510		
Current Portion of Special Assessment Bonds	664	-	664		
Due in More Than One Year					
Insurance Claims Payable	116,023	-	116,023		
Accrued Compensated Absences	109,150	15,595	124,745		
General Obligation Bonds	1,221,827	169,808	1,391,635		
Revenue Bonds	93,227	24,070	117,297	350,000	
Certificates of Participation	32,194	-	32,194		
Municipal Corporation Obligations	824,583	3,051,750	3,876,333		
Special Assessment Bonds	593	-	593		
Unamortized Premium/(Discount)/(Issue Costs)	70,918	110,264	181,182	(13,189)	
Rebatable Arbitrage	4,290	-	4,290		
Accrued Landfill Closure and Postclosure Care Costs	-	32,741	32,741		
Total Liabilities	<u>2,898,923</u>	<u>3,982,429</u>	<u>6,881,352</u>	<u>367,850</u>	<u>190</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	2,068,052	3,144,988	5,213,040		
Restricted For:					
Capital Projects	697,774	2,817	700,591	157,546	
Debt Service	227,043	34,421	261,464	63,774	
Customer Facility Charges (CFC) Reserves	-	20,190	20,190		
Development Impact Fees	171,003	121,937	292,940		
Unrestricted	640,050	585,710	1,225,760	(217,470)	4,400
Total Net Assets	<u>\$ 3,803,922</u>	<u>\$ 3,910,063</u>	<u>\$ 7,713,985</u>	<u>\$ 3,850</u>	<u>\$ 4,400</u>

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, 2007
(in thousands)

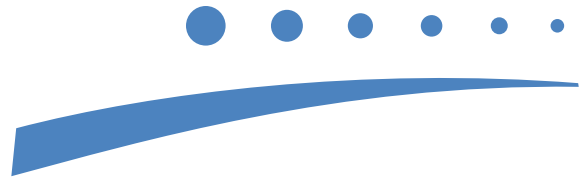
	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Governmental Activities				
General Government	\$ 103,039	\$ 20,939	\$ 788	\$ -
Criminal Justice	40,085	27,383	-	-
Public Safety	732,927	43,099	15,646	111
Transportation	264,347	81,502	180,888	181,644
Community Enrichment	263,031	3,187	36,761	1,969
Community Development	204,441	100,876	93,074	2,406
Environmental Services	44,656	577	-	-
Interest on Long-Term Debt	96,401	-	-	-
Total Governmental Activities	<u>1,748,927</u>	<u>277,563</u>	<u>327,157</u>	<u>186,130</u>
Business-Type Activities				
Aviation	312,171	277,228	-	158,033
Phoenix Convention Center	66,378	10,518	-	1
Water Services	272,341	272,191	-	82,869
Wastewater Services	153,100	160,097	-	60,194
Solid Waste	126,029	125,351	-	563
Golf Courses	9,790	7,725	-	-
Total Business-Type Activities	<u>939,809</u>	<u>853,110</u>	<u>-</u>	<u>301,660</u>
Total Primary Government	<u>\$ 2,688,736</u>	<u>\$ 1,130,673</u>	<u>\$ 327,157</u>	<u>\$ 487,790</u>
Component Units:				
Downtown Phoenix Hotel Corp.	\$ 2,911		\$	5,000
Phoenix Housing Finance Corp.	\$ -		\$	1,272
General Revenues (Expenses)				
Taxes				
Excise Taxes				
Property Taxes, Levied for General Purposes				
Property Taxes, Levied for Debt Service				
In-Lieu Property Taxes				
Grants and Contributions Not Restricted to Specific Programs				
Investment Earnings, Net				
Miscellaneous				
Transfers - Internal Activities				
Total General Revenues, General Expenses and Transfers				
Change in Net Assets				
Net Assets - July 1				
Prior Period Adjustments/Restatements				
Net Assets - July 1, as restated				
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	
\$ (81,312)	\$ -	\$ (81,312)			
(12,702)	-	(12,702)			
(674,071)	-	(674,071)			
179,687	-	179,687			
(221,114)	-	(221,114)			
(8,085)	-	(8,085)			
(44,079)	-	(44,079)			
(96,401)	-	(96,401)			
<u>(958,077)</u>	<u>-</u>	<u>(958,077)</u>			
-	123,090	123,090			
-	(55,859)	(55,859)			
-	82,719	82,719			
-	67,191	67,191			
-	(115)	(115)			
-	(2,065)	(2,065)			
<u>-</u>	<u>214,961</u>	<u>214,961</u>			
<u>(958,077)</u>	<u>214,961</u>	<u>(743,116)</u>			
			\$	2,089	
				\$	<u>1,272</u>
739,579	-	739,579			
98,321	-	98,321			
118,021	-	118,021			
-	-	-			
374,299	-	374,299			
92,700	59,200	151,900	3,587		
50,787	-	50,787			
(42,925)	42,925	-			
<u>1,430,782</u>	<u>102,125</u>	<u>1,532,907</u>	<u>3,587</u>		<u>-</u>
472,705	317,086	789,791	5,676		1,272
3,019,314	3,592,977	6,612,291	(3,268)		3,128
311,903	-	311,903	1,442		
<u>3,331,217</u>	<u>3,592,977</u>	<u>6,924,194</u>	<u>(1,826)</u>		
<u>\$ 3,803,922</u>	<u>\$ 3,910,063</u>	<u>\$ 7,713,985</u>	<u>\$ 3,850</u>	<u>\$</u>	<u>4,400</u>

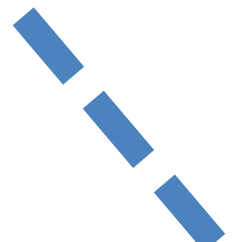


City of Phoenix



Financial Section

Basic Financial Statements – Fund Financial Statements



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

Exhibit B-1

June 30, 2007
(in thousands)

	General	Excise Tax	Transit Capital Project	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 95,406	\$ -	\$ 737	\$ 120,778	\$ 447,823	\$ 664,744
Cash Deposits	972	-	-	-	68	1,040
Cash and Securities with Fiscal Agents/Trustees	-	-	1	43,383	86,025	129,409
Investments	208,265	-	338,523	25,736	529,540	1,102,064
Due from Other Funds	147,544	-	-	-	61,874	209,418
Receivables, Net of Allowance						
Accounts Receivable	22,629	-	822	-	20,508	43,959
Taxes Receivable	1,140	71,253	-	1,867	-	74,260
Delinquent Taxes Receivable	3,130	-	-	3,564	-	6,694
Intergovernmental	7,653	24,482	19,917	-	159,169	211,221
Accrued Interest	241	-	126	317	422	1,106
Notes Receivable	-	-	-	-	44,908	44,908
Prepaid Items	4	-	-	-	1,468	1,472
Inventories	14,475	-	-	-	2,540	17,015
Total Assets	\$ 501,459	\$ 95,735	\$ 360,126	\$ 195,645	\$ 1,354,345	\$ 2,507,310
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to Other Funds	\$ -	\$ 95,290	\$ 40,539	\$ -	\$ 71,339	\$ 207,168
Accounts Payable	21,761	445	29,148	-	49,285	100,639
Insurance Claims Payable	6,177	-	-	-	26	6,203
Trust Liabilities and Deposits	15,457	-	-	-	30,551	46,008
Matured Bonds Payable	-	-	-	23,690	56,260	79,950
Interest Payable	-	-	-	19,693	26,547	46,240
Deferred Revenue	5,470	-	-	3,564	13,290	22,324
Total Liabilities	48,865	95,735	69,687	46,947	247,298	508,532
Fund Balances						
Reserved for						
Encumbrances	22,813	-	125,587	-	252,011	400,411
Debt Service	52,359	-	-	148,076	26,608	227,043
Inventories	14,475	-	-	-	2,540	17,015
Prepaid Items	4	-	-	-	1,468	1,472
Notes Receivable	-	-	-	-	44,908	44,908
Unreserved						
Designated for Insurance Claims, reported in:						
General Fund	265,298	-	-	-	-	265,298
Special Revenue Funds	-	-	-	-	1,994	1,994
Designated for Unrealized Gain on Investments, reported in:						
General Fund	5,996	-	-	-	-	5,996
Special Revenue Funds	-	-	-	-	3,867	3,867
Capital Projects Funds	-	-	3,194	-	640	3,834
Debt Service Funds	-	-	-	622	632	1,254
Undesignated, reported in:						
General Fund	91,649	-	-	-	-	91,649
Special Revenue Funds	-	-	-	-	517,174	517,174
Capital Projects Funds	-	-	161,658	-	255,205	416,863
Total Fund Balances	452,594	-	290,439	148,698	1,107,047	1,998,778
Total Liabilities and Fund Balances	\$ 501,459	\$ 95,735	\$ 360,126	\$ 195,645	\$ 1,354,345	\$ 2,507,310

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
June 30, 2007
(in thousands)

Exhibit B-2

Fund balances - total governmental funds balance sheet \$ 1,998,778

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	5,058,361	
Accumulated depreciation	<u>(1,180,741)</u>	
		3,877,620

The equity in joint venture is not a financial resource and, therefore, is not reported in the funds. 525,083

Other assets used in governmental activities are not available to pay for current period expenditures and, therefore, are deferred in the funds. 22,324

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	(2,330,361)	
Rebatable Arbitrage	(4,290)	
Compensated absences	(124,292)	
Insurance claims payable	<u>(160,940)</u>	
		(2,619,883)

Net assets of governmental activities - statement of net assets \$ 3,803,922

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, 2007
(in thousands)

	General	Excise Tax	Transit Capital Project	General Obligation/ Secondary Property Tax	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
City Taxes	\$ 97,845	\$ 739,579	\$ -	\$ 117,337	\$ -	\$ 954,761
Licenses and Permits	13,254	2,531	-	-	2	15,787
Intergovernmental	63,041	309,026	163,371	-	350,040	885,478
Charges for Services	48,038	-	-	-	129,336	177,374
Fines and Forfeitures	19,141	-	-	-	-	19,141
Parks and Recreation	-	-	-	-	2,838	2,838
Special Assessments	-	-	-	-	678	678
Investment Income						
Net Change in Fair Value of Investments	4,989	-	17,964	(92)	9,411	32,272
Interest	28,857	-	2,030	4,628	24,913	60,428
Dwelling Rentals	-	-	-	-	8,098	8,098
Other	24,689	-	-	-	25,795	50,484
Total Revenues	299,854	1,051,136	183,365	121,873	551,111	2,207,339
EXPENDITURES						
Current Operating						
General Government	64,505	-	-	-	2,592	67,097
Criminal Justice	35,547	-	-	-	613	36,160
Public Safety	592,473	-	-	-	73,344	665,817
Transportation	44,698	-	-	-	200,030	244,728
Community Enrichment	168,098	-	-	-	43,597	211,695
Community Development	28,877	-	-	-	156,719	185,596
Environmental Services	19,209	-	-	-	320	19,529
Capital	23,009	-	252,672	-	366,114	641,795
Debt Service						
Principal	-	-	-	221,815	57,368	279,183
Interest	-	-	-	41,145	53,224	94,369
Bond Issuance Costs	-	-	-	729	456	1,185
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	119	31	150
Other	-	-	-	-	640	640
Total Expenditures	976,416	-	252,672	263,808	955,048	2,447,944
Excess (Deficiency) of Revenues Over Expenditures	(676,562)	1,051,136	(69,307)	(141,935)	(403,937)	(240,605)
OTHER FINANCING SOURCES (USES)						
Transfers From Other Funds	736,754	-	-	-	357,260	1,094,014
Transfers to Other Funds	(39)	(1,051,136)	-	-	(85,764)	(1,136,939)
Issuance of Debt						
General Obligation and Revenue Bonds	-	-	-	-	420,250	420,250
Premium on General Obligation and Revenue Bonds	-	-	-	10,165	1,336	11,501
Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	21,115	21,115
Premium on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	5,437	5,437
Refunding Bonds	-	-	-	138,695	127,300	265,995
Deposit to Refunding Escrow	-	-	-	(144,670)	(131,432)	(276,102)
Total Other Financing Sources and Uses	736,715	(1,051,136)	-	4,190	715,502	405,271
Net Change in Fund Balances	60,153	-	(69,307)	(137,745)	311,565	164,666
FUND BALANCES, JULY 1	392,441	-	359,746	286,443	795,482	1,834,112
FUND BALANCES, JUNE 30	\$ 452,594	\$ -	\$ 290,439	\$ 148,698	\$ 1,107,047	\$ 1,998,778

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

Exhibit B-4

For the Year Ended June 30, 2007
(in thousands)

Net change in fund balances - total governmental funds \$ 164,666

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 and contributions (\$405,007) plus the increase in the equity share of the joint venture (\$213,180) exceeded depreciation (\$119,329) and loss on disposals of capital assets (\$8,151) in the current period. 490,707

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,591

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bond issuances (\$710,214) and the amount of the increase in unamortized premium (\$10,052) exceeded repayments and amounts refunded (\$555,486). (164,780)

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 [\$19,534 compensated absences, (\$3,345) insurance claims and \$4,290 rebatable arbitrage]. (20,479)

Change in net assets of governmental activities - statement of activities \$ 472,705

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, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
City Taxes	\$ 98,317	\$ 98,317	\$ 97,845	\$ (472)
Licenses and Permits	11,618	11,618	13,254	1,636
Intergovernmental	62,390	62,390	63,041	651
Charges for Services	51,185	51,185	50,202	(983)
Fines and Forfeitures	22,248	22,248	19,117	(3,131)
Interest	5,487	5,487	4,985	(502)
Miscellaneous	13,903	13,903	16,991	3,088
Total Revenues	<u>265,148</u>	<u>265,148</u>	<u>265,435</u>	<u>287</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	102,250	102,250	93,734	8,516
Criminal Justice	38,476	38,476	35,874	2,602
Public Safety	629,900	636,900	613,544	23,356
Transportation	51,786	54,786	51,907	2,879
Community Enrichment	177,553	177,553	172,155	5,398
Community Development	30,718	30,718	29,153	1,565
Environmental Services	23,721	23,721	22,515	1,206
Capital	9,708	9,708	3,724	5,984
Lease-Purchase Payments	39	39	39	-
Contingency	28,860	18,860	-	18,860
Total Expenditures and Encumbrances	<u>1,093,011</u>	<u>1,093,011</u>	<u>1,022,645</u>	<u>70,366</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(827,863)	(827,863)	(757,210)	70,653
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Staff and Administrative	26,116	26,116	27,040	924
In-Lieu Property Taxes	17,179	17,179	17,876	697
Miscellaneous	727,279	727,279	715,813	(11,466)
Transfers to Other Funds	(4,931)	(4,931)	(4,331)	600
Recovery of Prior Years Expenditures	1,500	1,500	740	(760)
Total Other Financing Sources and Uses	<u>767,143</u>	<u>767,143</u>	<u>757,138</u>	<u>(10,005)</u>
Net Change in Fund Balance	<u>\$ (60,720)</u>	<u>\$ (60,720)</u>	<u>(72)</u>	<u>\$ 60,648</u>
Fund Balance, July 1			<u>68,761</u>	
Fund Balance, June 30			<u>\$ 68,689</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, 2007
(in thousands)

Exhibit B-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
City Taxes	\$ 757,861	\$ 757,861	\$ 739,467	\$ (18,394)
Licenses and Permits	2,533	2,533	2,531	(2)
Intergovernmental	310,947	310,947	309,026	(1,921)
Total Revenues	<u>1,071,341</u>	<u>1,071,341</u>	<u>1,051,024</u>	<u>(20,317)</u>
OTHER FINANCING USES				
Transfers to Other Funds				
General Fund	(726,852)	(726,852)	(715,340)	11,512
Transit	(129,179)	(129,179)	(124,432)	4,747
Parks and Preserves	(32,295)	(32,295)	(31,106)	1,189
Sports Facilities	(16,164)	(16,164)	(15,992)	172
Capital Construction	(20,811)	(20,811)	(18,975)	1,836
Police Neighborhood Protection	(22,605)	(22,605)	(21,775)	830
Block Watch Neighborhood Protection	(1,615)	(1,615)	(1,554)	61
Fire Neighborhood Protection	(8,074)	(8,074)	(7,776)	298
Police Public Safety Enhancement	(13,555)	(13,555)	(14,668)	(1,113)
Fire Public Safety Enhancement	(8,124)	(8,124)	(8,988)	(864)
City Improvement	(29,514)	(29,514)	(28,770)	744
Phoenix Convention Center	(62,553)	(62,553)	(61,648)	905
Total Other Financing Sources and Uses	<u>(1,071,341)</u>	<u>(1,071,341)</u>	<u>(1,051,024)</u>	<u>20,317</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, 2007
(in thousands)

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 23,498	\$ 2,598
Investments	101,306	12,118
Receivables, Net of Allowances	7,860	250
Prepaid Items	680	-
Cash Deposits	458	-
Inventories, at Average Cost	1,375	147
Total Unrestricted Current Assets	135,177	15,113
Restricted Assets		
Cash and Cash Equivalents	21,095	87,954
Cash Deposits	-	989
Cash and Securities with Fiscal Agents/Trustees	78,589	9,962
Investments	109,545	253,942
Receivables, Net of Allowances	24,697	2,157
Total Restricted Current Assets	233,926	355,004
Total Current Assets	369,103	370,117
Noncurrent Assets		
Capital Assets, at Cost, Net of Accumulated Depreciation	2,249,502	604,516
Excess of Cost Over Net Assets Acquired, Net of Accumulated Amortization	-	-
Water Rights, Net of Accumulated Amortization	-	-
Investment in Joint Use Agreement	-	-
Total Noncurrent Assets	2,249,502	604,516
Total Assets	2,618,605	974,633
LIABILITIES		
Current Liabilities Payable from Current Assets		
Accounts Payable	10,235	1,232
Due to Other Funds	-	-
Trust Liabilities and Deposits	486	-
Deferred Revenue	7,798	-
Accrued Landfill Postclosure Care Costs	-	-
Current Portion of Accrued Compensated Absences	662	180
Total Current Liabilities Payable from Current Assets	19,181	1,412
Current Liabilities Payable from Restricted Assets		
Accounts Payable	19,903	12,167
Trust Liabilities and Deposits	-	989
Bond Anticipation Notes Payable	4,000	-
Matured Bonds and Certificates Payable	24,435	1,340
Interest Payable	20,879	8,767
Current Portion of General Obligation Bonds	3,780	-
Current Portion of Revenue Bonds	4,675	-
Current Portion of Municipal Corporation Obligations	16,100	985
Accrued Landfill Closure Costs	-	-
Total Current Liabilities Payable from Restricted Assets	93,772	24,248
Total Current Liabilities	112,953	25,660
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest Expense Adjustment	12,218	-
Revenue Bonds, Net of Deferred Interest Expense Adjustment	24,070	-
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment	693,968	631,895
Unamortized Premium (Discount)	(641)	44,344
Accrued Landfill Closure and Postclosure Care Costs	-	-
Accrued Compensated Absences	4,339	1,133
Total Noncurrent Liabilities	733,954	677,372
Total Liabilities	846,907	703,032
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,533,973	264,047
Restricted for Capital Projects	-	-
Restricted for Debt Service	29,481	4,940
Restricted for CFC Transportation O&M / Improvement Reserves	20,190	-
Restricted for Development Impact Fees	-	-
Unrestricted	188,054	2,614
Total Net Assets	\$ 1,771,698	\$ 271,601

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

Exhibit B-7

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ 16,251	\$ 7,818	\$ 5,277	\$ 67	\$ 55,509
86,234	45,122	28,327	-	273,107
51,323	15,764	8,264	7	83,468
3,170	-	-	-	3,850
-	-	-	-	458
4,106	898	-	320	6,846
161,084	69,602	41,868	394	423,238
38,564	34,148	46,872	213	228,846
2,876	222	59	-	4,146
53,920	29,432	16,255	588	188,746
222,300	90,108	35,621	-	711,516
18	33	21	-	26,926
317,678	153,943	98,828	801	1,160,180
478,762	223,545	140,696	1,195	1,583,418
1,911,249	896,744	136,405	12,410	5,810,826
55	-	-	-	55
31,148	-	-	-	31,148
122,829	346,466	-	-	469,295
2,065,281	1,243,210	136,405	12,410	6,311,324
2,544,043	1,466,755	277,101	13,605	7,894,742
13,925	7,815	4,196	87	37,490
-	-	-	2,250	2,250
-	-	-	8	494
59	-	-	108	7,965
-	-	1,645	-	1,645
846	275	313	118	2,394
14,830	8,090	6,154	2,571	52,238
12,508	11,974	686	-	57,238
2,876	222	59	-	4,146
100,000	100,000	-	-	204,000
26,790	18,113	11,197	328	82,203
29,616	15,664	5,222	264	80,412
19,655	5,200	5,515	-	34,150
-	-	-	-	4,675
19,580	16,330	5,961	344	59,300
-	-	2,089	-	2,089
211,025	167,503	30,729	936	528,213
225,855	175,593	36,883	3,507	580,451
82,360	50,615	24,615	-	169,808
-	-	-	-	24,070
1,014,676	554,202	147,951	9,058	3,051,750
45,667	15,524	5,208	162	110,264
-	-	32,741	-	32,741
5,569	1,835	1,948	771	15,595
1,148,272	622,176	212,463	9,991	3,404,228
1,374,127	797,769	249,346	13,498	3,984,679
834,452	510,024	(359)	2,851	3,144,988
2,817	-	-	-	2,817
-	-	-	-	34,421
-	-	-	-	20,190
92,121	27,517	2,299	-	121,937
240,526	131,445	25,815	(2,744)	585,710
\$ 1,169,916	\$ 668,986	\$ 27,755	\$ 107	\$ 3,910,063

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, 2007
(in thousands)

	Aviation	Phoenix Convention Center
Operating Revenues		
Landing and Terminals Fees	\$ 133,565	\$ -
Sales	-	-
Rentals	123,042	2,194
Sewer Service Charges	-	-
Sanitation and Landfill Fees	-	-
Golf Fees	-	-
Concessions	-	6,587
Other	20,621	1,737
Total Operating Revenues	<u>277,228</u>	<u>10,518</u>
Operating Expenses		
Administration and Engineering	-	21,778
Operation and Maintenance	175,806	11,038
Promotion	-	2,185
Depreciation and Amortization	86,269	10,394
Staff and Administrative	6,188	2,194
Other	-	2,469
Total Operating Expenses	<u>268,263</u>	<u>50,058</u>
Operating Income (Loss)	<u>8,965</u>	<u>(39,540)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	4,868	10,019
Interest on Investments	13,637	1,933
Interest on Capital Debt	(43,711)	(2,042)
Equity Interest in Joint Use Agreement Operating Loss	-	-
Gain (Loss) on Disposal of Capital Assets	(197)	(14,278)
Total Non-Operating Revenues (Expenses)	<u>(25,403)</u>	<u>(4,368)</u>
Income (Loss) Before Contributions and Transfers	<u>(16,438)</u>	<u>(43,908)</u>
Capital Contributions	158,033	1
Transfers from Other Funds	-	61,647
Transfers to Other Funds	(134)	(723)
Change in Net Assets	<u>141,461</u>	<u>17,017</u>
Net Assets, July 1	<u>1,630,237</u>	<u>254,584</u>
Net Assets, June 30	<u>\$ 1,771,698</u>	<u>\$ 271,601</u>

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

Exhibit B-8

(Continued)

Water System	Wastewater	Solid Waste	Golf Courses	Total
\$ -	\$ -	\$ -	\$ -	\$ 133,565
226,356	-	-	-	226,356
-	-	-	-	125,236
-	121,354	-	-	121,354
-	-	114,499	-	114,499
-	-	-	5,301	5,301
-	-	-	2,244	8,831
45,835	36,245	9,458	180	114,076
272,191	157,599	123,957	7,725	849,218
20,373	9,066	17,870	506	69,593
136,160	65,995	80,911	7,551	477,461
-	-	-	-	2,185
67,680	35,858	9,748	763	210,712
6,483	1,438	4,539	397	21,239
-	-	6,264	9	8,742
230,696	112,357	119,332	9,226	789,932
41,495	45,242	4,625	(1,501)	59,286
4,820	2,400	2,977	10	25,094
10,142	5,315	3,060	19	34,106
(35,545)	(27,303)	(6,697)	(564)	(115,862)
(4,558)	(13,440)	-	-	(17,998)
(1,542)	2,498	1,394	-	(12,125)
(26,683)	(30,530)	734	(535)	(86,785)
14,812	14,712	5,359	(2,036)	(27,499)
82,869	60,194	563	-	301,660
-	-	-	-	61,647
(9,438)	(7,136)	(1,285)	(6)	(18,722)
88,243	67,770	4,637	(2,042)	317,086
1,081,673	601,216	23,118	2,149	3,592,977
\$ 1,169,916	\$ 668,986	\$ 27,755	\$ 107	\$ 3,910,063

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

Exhibit B-9

For the Fiscal Year Ended June 30, 2007
(in thousands)

	<u>Aviation</u>	<u>Phoenix Convention Center</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 272,995	\$ 11,147
Payments to Suppliers	(118,649)	(23,657)
Payments to Employees	(55,615)	(13,968)
Payment of Staff and Administrative Expenses	(6,188)	(2,194)
Net Cash Provided (Used) by Operating Activities	<u>92,543</u>	<u>(28,672)</u>
Cash Flows from Noncapital Financing Activities		
Transfers from Other Funds	-	61,647
Transfers to Other Funds	(134)	(723)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(134)</u>	<u>60,924</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	-	296
Principal Paid on Capital Debt	(174,843)	(4,800)
Interest Paid on Capital Debt	(55,976)	(17,257)
Loans from Other Funds	-	-
Acquisition and Construction of Capital Assets	(272,983)	(147,461)
Proceeds from Sales of Capital Assets	107	37
Capital Contributions	166,465	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(337,230)</u>	<u>(169,185)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(613,260)	(6,469,571)
Proceeds from Sale and Maturities of Investment Securities	621,954	6,585,576
Net Activity for Short-Term Investments	130,720	(344,660)
Interest on Investments	19,252	22,134
Proceeds from Collections of Long-Term Receivable	-	-
Net Cash Provided (Used) by Investing Activities	<u>158,666</u>	<u>(206,521)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(86,155)</u>	<u>(343,454)</u>
Cash and Cash Equivalents, July 1	209,337	456,731
Cash and Cash Equivalents, June 30	<u>\$ 123,182</u>	<u>\$ 113,277</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 8,965	\$ (39,540)
Adjustments		
Depreciation and Amortization	86,269	10,394
(Increase) Decrease in Assets		
Deposits	68	-
Receivables	(2,944)	422
Allowance for Doubtful Accounts	(315)	-
Prepaid Items	170	-
Inventories	(284)	13
Increase (Decrease) in Liabilities		
Accounts Payable	694	(291)
Trust Liabilities and Deposits	(68)	207
Deferred Revenue	(905)	-
Accrued Compensated Absences	893	123
Accrued Landfill Closure and Postclosure Care Costs	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 92,543</u>	<u>\$ (28,672)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ -
Bond Capital Appreciation	-	13,343
Refunding Issuance in Excess of Bond Retirement	683	-
Increase (Decrease) in Fair Value of Investments	(339)	10,020
Total Noncash Transactions Affecting Financial Position	<u>\$ 344</u>	<u>\$ 23,363</u>
Cash and Cash Equivalents		
Unrestricted		
Cash and Cash Equivalents	\$ 23,498	\$ 2,598
Restricted		
Cash and Cash Equivalents	21,095	87,954
Cash with Fiscal Agents/Trustees	78,589	9,962
Customer and Other Deposits	-	989
	<u>99,684</u>	<u>98,905</u>
	<u>\$ 123,182</u>	<u>\$ 101,503</u>

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

Exhibit B-9

(Continued)

	Water System	Wastewater	Solid Waste	Golf Courses	Total
\$	266,640	\$ 156,188	\$ 123,580	\$ 7,838	\$ 838,388
	(76,950)	(57,281)	(66,256)	(3,167)	(345,960)
	(74,975)	(17,834)	(33,474)	(4,629)	(200,495)
	(6,483)	(1,438)	(4,539)	(397)	(21,239)
	108,232	79,635	19,311	(355)	270,694
	-	-	-	-	61,647
	(9,438)	(7,136)	(1,285)	(6)	(18,722)
	(9,438)	(7,136)	(1,285)	(6)	42,925
	100,000	100,000	384	9	200,689
	(20,980)	(16,973)	(9,765)	(60)	(227,421)
	(59,345)	(34,188)	(8,135)	(514)	(175,415)
	-	-	-	1,107	1,107
	(140,172)	(114,047)	(14,619)	71	(689,211)
	142	3,176	1,586	1	5,049
	31,649	19,679	563	-	218,356
	(88,706)	(42,353)	(29,986)	614	(666,846)
	(447,076)	(220,361)	(1,274,987)	(4,798)	(9,030,053)
	482,093	212,792	1,285,779	4,812	9,193,006
	(54,600)	(16,621)	(32,983)	(15)	(318,159)
	15,236	7,715	6,017	31	70,385
	-	-	-	-	-
	(4,347)	(16,475)	(16,174)	30	(84,821)
	5,741	13,671	(28,134)	283	(438,048)
	105,870	57,949	96,597	585	927,069
\$	111,611	\$ 71,620	\$ 68,463	\$ 868	\$ 489,021
\$	41,495	\$ 45,242	\$ 4,625	\$ (1,501)	\$ 59,286
	67,680	35,858	9,748	763	210,712
	1,522	-	-	-	1,590
	(6,218)	(1,463)	(554)	17	(10,740)
	321	185	158	5	354
	111	-	-	-	281
	(1,269)	(140)	-	(96)	(1,776)
	4,011	(568)	1,871	(83)	5,634
	346	(133)	19	(7)	364
	-	-	-	98	(807)
	233	654	206	449	2,558
	-	-	3,238	-	3,238
\$	108,232	\$ 79,635	\$ 19,311	\$ (355)	\$ 270,694
\$	51,220	\$ 40,515	\$ -	\$ -	\$ 91,735
	313	-	-	-	13,656
	957	2,886	46	-	4,572
	562	65	2,977	-	13,285
\$	53,052	\$ 43,466	\$ 3,023	\$ -	\$ 123,248
\$	16,251	\$ 7,818	\$ 5,277	\$ 67	\$ 55,509
	38,564	34,148	46,872	213	228,846
	53,920	29,432	16,255	588	188,746
	2,876	222	59	-	4,146
	95,360	63,802	63,186	801	421,738
\$	111,611	\$ 71,620	\$ 68,463	\$ 868	\$ 477,247

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

Exhibit B-10

June 30, 2007
(in thousands)

	<u>General Employees' Retirement Plan</u>	<u>Payroll Agency Fund</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 73,046	\$ 8,621
Investments		
Treasurer's Pooled Investments	-	36,753
Temporary Investments	283,909	-
Fixed Income	496,112	-
Domestic Equities	1,081,022	-
International Equities	371,553	-
Receivables		
Accounts Receivable	42,855	-
Contributions Receivable	2,860	-
Interest and Dividends	3,880	-
Total Assets	<u>2,355,237</u>	<u>45,374</u>
<u>LIABILITIES</u>		
Accounts Payable	424,702	-
Accrued Payroll Payable	-	45,374
Total Liabilities	<u>424,702</u>	<u>45,374</u>
<u>NET ASSETS</u>		
Held in trust for pension benefits and other purposes	<u>\$ 1,930,535</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

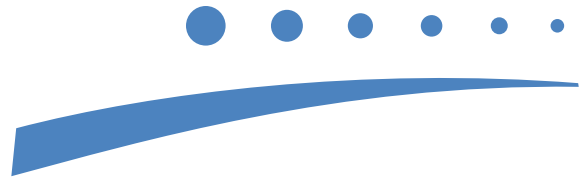
For the Fiscal Year Ended June 30, 2007
(in thousands)

	<u>General Employees' Retirement Plan</u>
<u>ADDITIONS</u>	
Contributions	
City of Phoenix	\$ 58,151
Employees	30,207
Inter-System Transfers	4,507
Total Contributions	<u>92,865</u>
Investment Income	
From Investing Activities	
Net Increase in Fair Value of Investments	241,419
Interest	18,953
Dividends	12,808
Other	2,903
Investment Income	<u>276,083</u>
Less: Investment Expense	4,391
Net Investment Income	
from Investing Activities	<u>271,692</u>
Net Income from Security Lending Activity	<u>359</u>
Total Net Investment Income	<u>272,051</u>
Total Additions	<u>364,916</u>
<u>DEDUCTIONS</u>	
Benefit Payments	100,366
Refunds of Contributions	2,770
Inter-System Transfers	1,798
Total Deductions	<u>104,934</u>
Net Increase	259,982
Net Assets Held in Trust for Pension Benefits	
Beginning of Year, July 1	<u>1,670,553</u>
End of Year, June 30	<u>\$ 1,930,535</u>

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



City of Phoenix

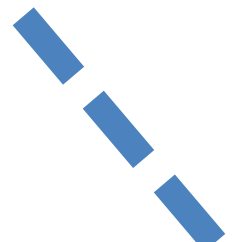


Financial Section

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	Postemployment Health and Life Insurance Benefits
20	Prior Period Adjustment
21	Subsequent Events





City of Phoenix

City of Phoenix, Arizona
Notes to the Financial Statements
As of and for the Fiscal Year Ended June 30, 2007

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 the Pension Trust 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/
Phoenix Civic Plaza Building Corporation**

These nonprofit corporations are organized under the laws of the State of Arizona to assist the City in the acquisition and financing of municipal projects and facilities. Both corporations are governed by self-perpetuating boards of directors, who are responsible for approving the corporations’ respective bond sales. Bond sales must also be ratified by the Mayor and City Council. Although they are legally separate from the City, the corporations are reported as if they were part of the primary government, using the blending method, because their sole purpose is to finance and construct public facilities for the City. Separate financial statements for the corporations 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). The City accounts for AMWUA using the equity method.

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 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.

Notes to the Financial Statements

(Continued)

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 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.

Capital Projects Funds

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). The City has seven nonmajor capital projects funds.

Notes to the Financial Statements

(Continued)

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 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 one Pension Trust Fund to account for the activities of the City of Phoenix Employees' Retirement System.

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 one Agency Fund to account for accrued payroll liabilities such as withholding taxes and contributions.

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.

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.

Notes to the Financial Statements (Continued)

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 the Pension Trust Fund, 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 Pension Trust Fund 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 plan.

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.

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 2006-07, the reappropriation budget was \$2,484,800,000.

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 2006-07 expenditure limit supplied by the Economic Estimates Commission was \$1,138,794,154. The City increased this limit to \$7,566,095,000 to adjust for additional voter-approved modifications, as follows:

Notes to the Financial Statements
(Continued)

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
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.

Notes to the Financial Statements

(Continued)

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 appropriate 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.

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.

Notes to the Financial Statements

(Continued)

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. There were no fund deficits at June 30, 2007.

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.

Notes to the Financial Statements
(Continued)

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 Pension Trust Fund is not required to present a statement of cash flows.

q. New Accounting Pronouncements

In April 2004, GASB issued Statement No. 43, **Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans**. GASB Statement No. 43 addresses the financial reporting for other postemployment benefits plans. The City was not required to implement this statement as of June 30, 2007, as there was no trust established at that time.

In June 2004, GASB issued Statement No. 45, **Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions**. GASB No. 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do for pensions. This statement is effective for the City's financial statements for periods beginning after December 15, 2006.

The City provides certain health care benefits for its retired employees. Retired employees meeting certain qualifications are eligible to participate in the City Health Insurance Program along with the City's active employees. In addition, retirees receive a direct subsidy to offset health care costs during retirement. This subsidy, known as the Medical Expense Reimbursement Plan (MERP), generally ranges from \$117 to \$202 per month for each retiree.

In May 2006, the City contracted with an actuarial firm to determine its preliminary liability assuming no changes to the benefit package in place at the time. The preliminary results yielded a funded actuarial accrued liability (AAL) of \$516 million with an annual required contribution (ARC) of \$55 million. Over half of the AAL related to the implicit subsidy arising from the blending of active employee and retiree health insurance premiums.

Using the preliminary actuarial data as a starting point, the City embarked on a comprehensive review of its health care benefits for retired employees to assure that the City maintains quality benefits for its retirees for the long term. The benefit program, which went into effect on August 1, 2007, has the following key components:

- Establishment of separate rates for active employee and retiree health insurance. This approach eliminates the "implicit subsidy" component of the preliminary AAL.
- Current retirees will continue to receive MERP.
- Active employees with 15 years or less until retirement eligibility will receive MERP once they retire.
- Current and future retirees who are eligible to receive MERP and choose to purchase health insurance through the City's plan during retirement will receive a City contribution to minimize the initial impact of unblending health insurance rates.
- Employees with more than 15 years until retirement eligibility will not be eligible for MERP or the monthly City contribution, but will instead receive \$150 per month while employed by the City as a defined contribution to a Post Employment Health Plan (PEHP).

In March 2007, the City contracted with an actuarial firm to value the revised post employment medical plan. Results of the valuation are as follows:

Actuarial Accrued Liability (AAL)	\$345 million
Annual Required Contribution (ARC)	\$39 million
Amortization Period	28 years

The ARC is made up of two components—the Normal Cost and the Amortization Amount. The Normal Cost, which is the present value of the benefits deemed to accrue in the plan year, is \$10.5 million. The Amortized Amount, which is the present value of the accrued benefit, is \$28.5 million. The Amortized Amount has been calculated on a level dollar basis over a 28 year amortization period.

Notes to the Financial Statements

(Continued)

The City will establish a trust for the MERP benefits and fully intends to contribute the ARC each year to fund the OPEB liability. The City will develop an investment policy for the trust with the objective of achieving a long-term return on assets contributed to the trust of 7.0 percent. In accordance with GASB 43, separate audited financial statements will be issued for the trust for the fiscal year ended June 30, 2008. In addition, the City will reflect proper treatment and note disclosure of Health Care Benefits for Retired Employees in accordance with GASB 45 beginning with the fiscal year ended June 30, 2008.

In September 2006, GASB issued Statement No. 48, ***Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues***. The statement provides guidance for reporting transactions occurring from the pledging of receivables. The statement also discusses the valuation of assets transferred between reporting entity components. This statement is effective for the City's financial statements for periods beginning after December 15, 2006. 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 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 May 2007, GASB issued Statement No. 50, ***Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27***. The statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. This statement is effective for the City's financial statements for periods beginning after June 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.

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, 2007 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	\$ (72)	\$ -
Entity differences - amounts not budgeted	65,366	-
Transfers not recognized for budget purposes	101	(112)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	(37)	112
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	(17,858)	-
Unrealized gain or loss on investments	9,524	-
Encumbrances at June 30 recognized as expenditures for budget purposes	3,129	-
GAAP basis	<u>\$ 60,153</u>	<u>\$ -</u>

Notes to the Financial Statements
(Continued)

Adjustments necessary to convert the fund balances at June 30, 2007 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	\$ 68,689	\$ -
Entity differences - amounts not budgeted	318,785	-
Transfers not recognized for budget purposes	70	(112)
Accrued/(deferred) revenue not recognized for budget purposes (net of reversals of prior year accruals)	629	112
Accrued expenditures not recognized for budget purposes (net of reversals of prior year accruals)	(6,538)	-
Unrealized gain or loss on investments	46,345	-
Encumbrances at June 30 recognized as expenditures for budget purposes	24,614	-
GAAP basis	<u>\$ 452,594</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 2007 are: primary \$12,890,386,440 and secondary \$16,068,816,499.

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):

	2006 Levy			Prior Levies	Total
	Primary	Secondary	Total		
Taxes Receivable, July 1	\$ -	\$ -	\$ -	\$ 6,096	\$ 6,096
Current Tax Levy	96,622	119,509	216,131	-	216,131
Adjustments by County Assessor	464	558	1,022	(3,595)	(2,573)
	97,086	120,067	217,153	2,501	219,654
Less: Collections	(94,652)	(116,859)	(211,511)	(1,053)	(212,564)
Taxes Receivable, June 30	\$ 2,434	\$ 3,208	\$ 5,642	\$ 1,448	\$ 7,090

In fiscal 2006-07, current property tax collections were \$211,511,000, or 97.9% 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 2007-08, 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 2006-07, 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, 2007, was comprised of the following (in thousands):

	Unrestricted	Restricted	Total
Cash in Bank	\$ 28,834	\$ -	\$ 28,834
Cash on Hand	205	-	205
Short-Term Pooled Investments	186,758	70,024	256,782
Short-Term Non-Pooled Investments	563,423	344,506	907,929
Cash with Fiscal Agent (1)	22,700	-	22,700
Total Cash and Cash Equivalents	<u>\$ 801,920</u>	<u>\$ 414,530</u>	<u>\$ 1,216,450</u>

- (1) Represents cash advanced by the City to fiscal agents on June 30, 2007 for debt service payments on refunded/defeased bonds due to bondholders on July 1, 2007. The City was reimbursed on July 1, 2007, 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	\$ 95,406
Transit Capital Projects	737
G.O./Secondary Property Tax Debt Service	120,778
Nonmajor Governmental Funds	447,823
Fiduciary Funds	
General Employees Retirement Plan	73,046
Payroll Agency	8,621
Enterprise Funds	
Aviation	23,498
Phoenix Convention Center	2,598
Water System	16,251
Wastewater	7,818
Solid Waste	5,277
Golf Courses	67
Total Unrestricted	<u>801,920</u>
Restricted	
Enterprise Funds	
Aviation	21,095
Phoenix Convention Center	87,954
Water System	38,564
Wastewater	34,148
Solid Waste	46,872
Golf Courses	213
Total Restricted	<u>228,846</u>
Total Primary Government	1,030,766
Component Unit - DPHC	<u>185,684</u>
Total Reporting Entity	<u>\$ 1,216,450</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, 2007 was \$28,834,000 and the bank ledger balance was \$6,550,000.

Cash and securities with fiscal agents and trustees totaled \$318,155,000 at June 30, 2007. 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.

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, 2007, stated at fair value, were \$4,409,524,000. 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	\$ 46,315	0.006
Commercial Paper	A1+	246,898	0.017
U.S. Treasury Securities	N/A (1)	184,969	1.726
U.S. Government Agency Securities			
FNMA Notes	AAA	254,113	1.697
FHLMC Notes	AAA	281,930	2.491
FHLB Notes	AAA	288,851	2.868
FFCB Notes	AAA	9,608	2.91
HUD	N/A (1)	13,437	2.086
Total U.S. Government Agency Securities		<u>847,939</u>	2.380
Mortgage Backed Securities			
GNMA	N/A (1)	83,305	4.236
FNMA Notes	AAA	8,694	2.624
FHLMC Notes	AAA	58,720	2.793
Total Mortgage Backed Securities		<u>150,719</u>	3.581
Collateralized Mortgage Obligations			
FNMA Notes	AAA	40,127	4.687
FHLMC Notes	AAA	70,927	3.145
Total Collateralized Mortgage Obligations		<u>111,054</u>	3.702
Total Pooled Investments		1,587,894	1.815
Less: SROG Pooled Investments		(52,358)	
Less: Val Vista Pooled Investments		(7,775)	
Less: Short-Term Pooled Investments		<u>(290,076)</u>	
Net Pooled Investments		1,237,685	
Non-Pooled Investments			
Short-Term Investment Funds	AAA	91,916	0.003
Repurchase Agreements			
collateralized by U.S. Treasury Securities	Not Rated	69,311	0.006
Commercial Paper	A1+	163,071	0.022
U.S. Treasury Securities	N/A (1)	314,407	0.459
U.S. Government Agency Securities			
FNMA Notes	AAA	378,493	0.178
FHLMC Notes	AAA	271,730	0.233
FHLB Notes	AAA	201,077	0.250
FFCB Notes	AAA	38,005	0.006
Total U.S. Government Agency Securities		<u>889,305</u>	0.204
Municipal Securities	AA+	4,127	2.471
		1,532,137	0.222
Less: Short-Term Non-Pooled Investments		<u>(649,199)</u>	
Total Non-Pooled Investments		<u>882,938</u>	
Arizona State Treasurer's LGIP	Not Rated	2,817	0.213
Total City Investments		<u>2,123,440</u>	
Component Unit Investments			
Downtown Phoenix Hotel Corporation			
Government Investment Contracts			
collateralized by U.S. Treasury Securities	Not Rated	147,527	0.003
U.S. Government Agency Securities			
FNMA Notes	AAA	16,567	1.903
FHLMC Notes	AAA	28,428	1.968
FHLB Notes	AAA	8,493	1.506
Total U.S. Government Agency Securities		<u>53,488</u>	
Total Component Unit Investments		201,015	0.5010
Less: Short-Term Investments		<u>(147,527)</u>	
Net Component Unit Investments		<u>53,488</u>	

(1) U.S. Government Guaranteed

(continued)

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	28	28	-	-	-	-	-	-
Convertibles	Not Rated	157	157	-	-	-	-	-	-
Swaps	Not Rated	(393)	(280)	36	-	-	-	-	(149)
Credit Card Receivable	Not Rated	1,877	1,877	-	-	-	-	-	-
U.S. Treasury	Not Rated	6,328	-	-	-	-	-	-	6,328
U.S. Treasury	AAA	66,109	32,938	10,335	987	8,407	5,845	7,597	
Total U.S. Treasury		<u>72,437</u>	<u>32,938</u>	<u>10,335</u>	<u>987</u>	<u>8,407</u>	<u>5,845</u>	<u>13,925</u>	
U.S. Govt. Agency Securities	Not Rated	82,564	-	-	-	-	-	-	82,564
U.S. Govt. Agency Securities	AAA	95,603	4,660	12,300	14,321	16,899	7,183	40,240	
Total U.S. Govt. Agency Securities		<u>178,167</u>	<u>4,660</u>	<u>12,300</u>	<u>14,321</u>	<u>16,899</u>	<u>7,183</u>	<u>122,804</u>	
Mortgage Backed Securities	Not Rated	4,766	-	-	-	-	-	-	4,766
Mortgage Backed Securities	AAA	53,692	-	271	-	-	2,257	51,164	
Mortgage Backed Securities	AA	707	-	-	-	-	-	707	
Mortgage Backed Securities	A	470	-	-	-	-	470	-	
Total Mortgage Backed Securities		<u>59,635</u>	<u>-</u>	<u>271</u>	<u>-</u>	<u>-</u>	<u>2,727</u>	<u>56,637</u>	
Asset Backed Securities	Not Rated	1,305	-	-	-	-	-	-	1,305
Asset Backed Securities	AAA	12,603	4,517	197	500	200	417	6,772	
Asset Backed Securities	AA	96	-	-	-	-	-	96	
Asset Backed Securities	BBB	1,154	-	304	-	148	702	-	
Asset Backed Securities	B	366	-	-	366	-	-	-	
Total Asset Backed Securities		<u>15,524</u>	<u>4,517</u>	<u>501</u>	<u>866</u>	<u>348</u>	<u>1,119</u>	<u>8,173</u>	
Corporate Bonds	Not Rated	1,822	987	835	-	-	-	-	
Corporate Bonds	AAA	2,647	2,052	595	-	-	-	-	
Corporate Bonds	AA	6,099	4,129	1,834	-	-	-	136	
Corporate Bonds	A	11,065	2,589	5,663	-	-	548	2,265	
Corporate Bonds	BBB	21,060	8,322	6,486	2,441	-	-	3,811	
Corporate Bonds	BB	2,293	1,509	263	245	25	-	251	
Corporate Bonds	B	1,688	1,390	70	-	-	-	228	
Corporate Bonds	CCC	165	-	-	-	-	165	-	
Total Corporate Bonds		<u>46,839</u>	<u>20,978</u>	<u>15,746</u>	<u>2,686</u>	<u>25</u>	<u>713</u>	<u>6,691</u>	
International Bonds	Not Rated	454	350	104	-	-	-	-	
International Bonds	AAA	2,038	2,038	-	-	-	-	-	
International Bonds	AA	815	815	-	-	-	-	-	
International Bonds	A	3,563	699	1,584	480	-	-	800	
International Bonds	BBB	9,413	1,471	3,764	271	-	765	3,142	
International Bonds	BB	287	-	287	-	-	-	-	
Total Corporate Bonds		<u>16,570</u>	<u>5,373</u>	<u>5,739</u>	<u>751</u>	<u>-</u>	<u>765</u>	<u>3,942</u>	
Totals by Maturity Dates		390,841	\$ 70,248	\$ 44,928	\$ 19,611	\$ 25,679	\$ 18,352	\$ 212,023	
Commingled Bond Index Fund	Not Rated	105,271							
Total Fixed Income Investments		<u>496,112</u>							
Temporary Investments from Securities Lending Collateral		283,909							
Domestic Equities									
Common Stocks		626,242							
Commingled Equity Index Fund		227,799							
Real Estate		132,159							
Real Return		94,822							
Total Domestic Equities		<u>1,081,022</u>							
International Equities		<u>371,553</u>							
Total COPERS Investments		<u>2,232,596</u>							
Total Investments		<u>\$ 4,409,524</u>							(concluded)

Notes to the Financial Statements
(Continued)

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

Primary Government	
Unrestricted	
General Fund	\$ 208,265
Transit Capital Projects	338,523
G.O. Secondary Property Tax Debt Service	25,736
Non-Major Governmental Funds	529,540
Fiduciary Funds	
Payroll Agency	36,753
COPERS	2,232,596
Enterprise Funds	
Aviation	101,306
Phoenix Convention Center	12,118
Water System	86,234
Wastewater	45,122
Solid Waste	28,327
Total Unrestricted	<u>3,644,520</u>
Restricted	
Enterprise Funds	
Aviation	109,545
Phoenix Convention Center	253,942
Water System	222,300
Wastewater	90,108
Solid Waste	35,621
Total Restricted	<u>711,516</u>
Total Primary Government	<u>4,356,036</u>
Component Unit - DPHC	<u>53,488</u>
Total Reporting Entity	<u><u>\$ 4,409,524</u></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 with no call option
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. COPERS' investment policy guidelines require Western Asset Management Company to maintain an average weighted duration of portfolio security holdings including futures and options positions within $\pm 20\%$ of the Lehman Aggregate Bond Index. 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.

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. Average quality rating must be at least AA, and 100% of the portfolio must be investment grade. COPERS currently has three managers responsible for fixed income investments. Wells Capital Management and Western Asset Management Company are active bond managers. Northern Trust Investments manages COPERS' commingled index fund representative of the intermediate government and corporate securities sectors of the United States bond and debt market, as characterized by the Lehman Brothers Intermediate Government/Credit Bond Index. The Northern Trust Commingled Bond Index Fund is not rated.

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>
Citigroup Funding Inc.	\$ 154,267
GE Capital	122,475
Prudential Funding	133,227
FNMA	302,934
FHLMC	411,577
FHLB	288,851

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, 2007, 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 19% of total COPERS' assets as of June 30, 2007. The fair market value of COPERS' international commingled equity funds managed by Pyramis Global Advisors, GMO and AXA/Rosenberg was \$371,553,000 as of June 30, 2007. Dollar denominated holdings accounted for 83.8% of the international investments. Non-dollar denominated holdings amounted to 16.2%.

Notes to the Financial Statements
(Continued)

5. Receivables

Receivables at June 30, 2007 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	\$ 22,629	\$ 4,270	\$ 241	\$ 7,653	\$ -	\$ 34,793
Excise Tax	-	71,253	-	24,482	-	95,735
Transit Capital Project	822	-	126	19,917	-	20,865
G.O./Secondary Property Tax	-	5,431	317	-	-	5,748
Nonmajor	20,508	-	422	159,169	44,908	225,007
	<u>43,959</u>	<u>80,954</u>	<u>1,106</u>	<u>211,221</u>	<u>44,908</u>	<u>382,148</u>
Business-Type Activities						
Aviation	7,860	-	-	-	-	7,860
Convention Center	250	-	-	-	-	250
Water System	49,748	-	-	1,575	-	51,323
Wastewater	15,513	-	-	251	-	15,764
Solid Waste	8,261	-	-	3	-	8,264
Golf Courses	7	-	-	-	-	7
	<u>81,639</u>	<u>-</u>	<u>-</u>	<u>1,829</u>	<u>-</u>	<u>83,468</u>
	<u>125,598</u>	<u>80,954</u>	<u>1,106</u>	<u>213,050</u>	<u>44,908</u>	<u>465,616</u>
Restricted						
Business-Type Activities						
Aviation	13,934	-	443	10,320	-	24,697
Convention Center	-	-	2,157	-	-	2,157
Water System	-	-	18	-	-	18
Wastewater	-	-	-	33	-	33
Solid Waste	-	-	21	-	-	21
	<u>13,934</u>	<u>-</u>	<u>2,639</u>	<u>10,353</u>	<u>-</u>	<u>26,926</u>
	<u>\$ 139,532</u>	<u>\$ 80,954</u>	<u>\$ 3,745</u>	<u>\$ 223,403</u>	<u>\$ 44,908</u>	<u>\$ 492,542</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, 2007 (in thousands):

Allowance for Doubtful Accounts			
	Accounts	Taxes	Total
Governmental			
General Fund	\$ 25,734	\$ -	\$ 25,734
Excise Tax	-	5,174	5,174
Nonmajor	181	-	181
Business-Type			
Aviation	565	-	565
Convention Center	9	-	9
Water System	1,264	-	1,264
Wastewater	697	-	697
Solid Waste	746	-	746
Golf Courses	5	-	5
	\$ 29,201	\$ 5,174	\$ 34,375

Enterprise fund Accounts Receivable included unbilled charges at June 30, 2007, as follows (in thousands):

Aviation	\$ 4,882
Water System	19,221
Wastewater	7,440
Solid Waste	4,856
	\$ 36,399

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, 2007, 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, 2007, is \$21,476,000. 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 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, 2007
				Amount	Commencing	
\$ 250,000	05/10/94	05/01/19	4%	\$ 1,471	09/01/95	\$ 180,272
150,000	05/10/94	05/01/19	4%	883	09/01/95	96,827
248,660	01/01/95	01/01/25	2%	919	02/01/95	163,385
86,000	02/01/95	09/01/19	2%	370	03/01/95	47,939
64,000	02/01/95	09/01/19	2%	276	03/01/95	35,598
250,000	04/01/95	12/01/19	2%	1,076	06/01/95	141,066
52,350	04/01/95	05/01/10	2%	337	05/01/95	11,761
250,000	06/01/95	06/01/20	4%	1,320	07/01/95	202,953
43,521	06/01/95	07/01/15	2%	220	07/01/95	13,560
250,000	06/30/95	12/31/21	4%	1,290	01/01/96	187,198
250,000	12/31/95	05/01/26	4%	1,202	05/01/96	187,806
197,803	01/01/96	02/01/21	2%	838	02/01/96	119,583
91,000	06/27/96	12/01/26	2%	336	12/01/96	64,832
62,030	07/01/95	11/01/16	2%	316	11/01/96	32,219
250,061	09/19/96	10/01/21	2%	1,077	04/01/97	160,070
207,355	11/27/96	05/01/27	2%	766	05/01/97	150,989
225,000	12/20/96	06/01/27	2%	832	06/01/97	163,846
134,000	10/10/97	03/01/28	2%	495	04/01/98	100,870
81,766	11/20/98	05/01/19	2%	414	06/01/99	52,591
250,000	05/01/98	09/01/28	2%	924	10/01/98	189,413
250,000	07/22/99	07/01/29	4%	1,194	08/01/99	251,462
250,000	12/07/98	02/01/30	4%	1,194	03/01/00	214,194
500,000	01/23/01	01/01/41	4%	12,782	07/01/02	541,374
272,594	04/17/00	05/01/37	4%	1,207	06/01/02	267,929
270,786	01/13/01	05/01/39	4%	1,198	06/01/04	314,708
261,053	10/15/01	12/01/32	4%	1,246	01/01/03	242,317
250,000	12/27/01	10/01/32	2%	924	11/01/02	221,355
1,000,000	06/26/01	07/01/09	6%	4,100	07/01/09	1,398,246
2,631,342	various	various	4%	various	various	1,909,250
2,167,507	various	various	4%	various	various	933,582
4,599,696	various	various	4%	various	various	1,921,313
457,500	01/01/03	07/01/33	4%	2,184	07/01/03	241,278
199,000	06/28/03	08/01/33	4%	950	08/01/03	187,729
530,865	12/13/02	04/01/33	4%	30,617	04/01/05	586,599
250,000	04/01/03	04/01/23	4%	1,530	02/01/04	228,152
250,000	05/01/02	12/01/35	4%	1,210	12/09/05	257,198
321,640	06/25/03	09/01/35	2%	1,189	10/26/05	307,701
						<u>\$ 12,327,165</u>

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 \$2,250,000 are included in the government-wide financial statements at June 30, 2007. The following amounts due to other funds or due from other funds are included in the fund financial statements at June 30, 2007 (in thousands):

	<u>Due To</u>	<u>Due From</u>
Unrestricted		
Governmental Funds		
General Fund	\$ -	\$ 147,544
Excise Tax	95,290	-
Transit Capital Project	40,539	-
Nonmajor Governmental	71,339	61,874
Total Governmental Funds	<u>207,168</u>	<u>209,418</u>
Enterprise Funds		
Golf Courses	<u>2,250</u>	<u>-</u>
Total Due To/Due From	<u>\$ 209,418</u>	<u>\$ 209,418</u>

Interfund balances at June 30, 2007 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, 2007 are expected to be repaid within one year.

Net transfers of \$42,925,000 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, 2007 (in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General Fund	\$ 39	\$ 736,754
Excise Tax	1,051,136	-
Nonmajor Governmental	85,764	357,260
Total Governmental Funds	<u>1,136,939</u>	<u>1,094,014</u>
Enterprise Funds		
Aviation	134	-
Convention Center	723	61,647
Water System	9,438	-
Wastewater	7,136	-
Solid Waste	1,285	-
Golf Courses	6	-
Total Enterprise Funds	<u>18,722</u>	<u>61,647</u>
Total Transfers	<u>\$ 1,155,661</u>	<u>\$ 1,155,661</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, 2007, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 228,846
Cash Deposits	4,146
Cash and Securities with Fiscal Agents/Trustees	188,746
Investments	711,516
Receivables, Net of Allowances	26,926
	<hr/>
Total Restricted Assets	<u>\$ 1,160,180</u>
Liabilities Payable from Restricted Assets	
Accounts Payable	\$ 57,238
Trust Liabilities and Deposits	4,146
Bond Anticipation Notes Payable	204,000
Accrued Landfill Closure Costs	2,089
	<hr/>
Subtotal	<u>267,473</u>
Matured Bonds and Certificates Payable	82,203
Interest Payable	80,412
Current Portion of General Obligation Bonds	34,150
Current Portion of Revenue Bonds	4,675
Current Portion of Municipal Corporation Obligations	59,300
	<hr/>
Total Liabilities Payable from Restricted Assets	<u>\$ 528,213</u>

Restricted assets and liabilities payable from restricted assets recorded in the Downtown Phoenix Hotel Corporation component unit at June 30, 2007, are summarized as follows (in thousands):

Restricted Assets	
Cash and Cash Equivalents	\$ 185,684
Investments	53,488
Receivables, Net of Allowances	1,037
	<hr/>
Total Restricted Assets	<u>\$ 240,209</u>
Liabilities Payable from Restricted Assets	
Accounts and Interest Payable	\$ 20,739
Trust Liabilities and Deposits	10,300
	<hr/>
Subtotal	<u>\$ 31,039</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, 2006	Additions	Deletions	Balances June 30, 2007
Governmental activities:				
Non-depreciable assets:				
Land	\$ 664,222	\$ 83,366	\$ (3,577)	\$ 744,011
Infrastructure	383,955	27,727	(8,989)	402,693
Artwork	9,634	339	(6)	9,967
Construction-in-Progress	561,198	278,587	(215,979)	623,806
Total non-depreciable assets	<u>1,619,009</u>	<u>390,019</u>	<u>(228,551)</u>	<u>1,780,477</u>
Depreciable assets:				
Buildings	896,026	58,792	(258)	954,560
Improvements	286,415	22,536	(347)	308,604
Infrastructure	1,388,219	101,467	(5,012)	1,484,674
Equipment	507,051	48,109	(25,114)	530,046
Total depreciable assets	<u>3,077,711</u>	<u>230,904</u>	<u>(30,731)</u>	<u>3,277,884</u>
Less accumulated depreciation for:				
Buildings	(298,509)	(25,985)	178	(324,316)
Improvements	(126,718)	(12,756)	294	(139,180)
Infrastructure	(399,295)	(38,903)	14,076	(424,122)
Equipment	(272,105)	(41,685)	20,667	(293,123)
Total accumulated depreciation	<u>(1,096,627)</u>	<u>(119,329)</u>	<u>35,215</u>	<u>(1,180,741)</u>
Total depreciable assets, net	<u>1,981,084</u>	<u>111,575</u>	<u>4,484</u>	<u>2,097,143</u>
Governmental activities, capital assets, at cost, net	<u>\$ 3,600,093</u>	<u>\$ 501,594</u>	<u>\$ (224,067)</u>	<u>\$ 3,877,620</u>
Business-type activities:				
Non-depreciable assets:				
Land	\$ 517,307	\$ 87,756	\$ (66)	\$ 604,997
Artwork	3,874	234	-	4,108
Construction-in-Progress	1,276,747	530,465	(672,657)	1,134,555
Total non-depreciable assets	<u>1,797,928</u>	<u>618,455</u>	<u>(672,723)</u>	<u>1,743,660</u>
Depreciable assets:				
Buildings	1,321,403	351,594	(42,479)	1,630,518
Improvements	2,463,985	197,820	(20,697)	2,641,108
Infrastructure	1,196,409	186,843	(41,446)	1,341,806
Equipment	463,162	81,870	(13,983)	531,049
Total depreciable assets	<u>5,444,959</u>	<u>818,127</u>	<u>(118,605)</u>	<u>6,144,481</u>
Less accumulated depreciation for:				
Buildings	(472,958)	(53,272)	29,754	(496,476)
Improvements	(922,064)	(95,000)	18,869	(998,195)
Infrastructure	(368,562)	(27,905)	49,427	(347,040)
Equipment	(213,984)	(33,395)	11,775	(235,604)
Total accumulated depreciation	<u>(1,977,568)</u>	<u>(209,572)</u>	<u>109,825</u>	<u>(2,077,315)</u>
Total depreciable assets, net	<u>3,467,391</u>	<u>608,555</u>	<u>(8,780)</u>	<u>4,067,166</u>
Business-type activities, capital assets, at cost, net	<u>\$ 5,265,319</u>	<u>\$ 1,227,010</u>	<u>\$ (681,503)</u>	<u>\$ 5,810,826</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, 2007, as follows (in thousands):

General Government	\$	10,429
Criminal Justice		718
Public Safety		17,576
Transportation		58,872
Community Enrichment		16,810
Community Development		6,588
Environmental Services		8,336
		<u>8,336</u>
	\$	<u>119,329</u>

The amount of net enterprise fund interest cost capitalized for the year ended June 30, 2007, was as follows (in thousands):

Aviation	\$	6,246
Convention Center		15,277
Water System		21,693
Wastewater		7,179
Solid Waste		2,840
		<u>2,840</u>
	\$	<u>53,235</u>

Notes to the Financial Statements

(Continued)

9. Long-Term Obligations

Changes in long-term obligations during fiscal 2006-07 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	\$ 1,058,139	\$ 559,868	\$ 366,485	\$ 1,251,522	\$ 29,695
Revenue Bonds					
Street and Highway User Revenue	142,075	1,062	24,375	118,762	25,840
Housing Revenue	1,285	-	480	805	500
Certificates of Participation	34,422	-	1,118	33,304	1,110
Municipal Corporation Obligations	866,908	149,284	162,399	853,793	29,210
Special Assessment Bonds	1,886	-	629	1,257	664
	<u>2,104,715</u>	<u>710,214</u>	<u>555,486</u>	<u>2,259,443</u>	<u>87,019</u>
Deferred Loss on Refunding	16,461	(2,860)	(5,012)	18,613	-
Total bonds and notes payable	<u>2,121,176</u>	<u>707,354</u>	<u>550,474</u>	<u>2,278,056</u>	<u>87,019</u>
Other liabilities:					
Insurance Claims Payable	170,622	167,143	170,622	167,143	51,120
Accrued Compensated Absences	104,758	124,292	104,758	124,292	15,142
Total other liabilities	<u>275,380</u>	<u>291,435</u>	<u>275,380</u>	<u>291,435</u>	<u>66,262</u>
Total governmental activities	<u>\$ 2,396,556</u>	<u>\$ 998,789</u>	<u>\$ 825,854</u>	<u>\$ 2,569,491</u>	<u>\$ 153,281</u>
Business-type activities					
Bonds and notes payable:					
General Obligation Bonds	\$ 224,607	\$ 14,659	\$ 35,308	\$ 203,958	\$ 34,150
Revenue Bonds	33,155	-	4,410	28,745	4,675
Municipal Corporation Obligations	3,301,952	101,645	292,547	3,111,050	59,300
	<u>3,559,714</u>	<u>116,304</u>	<u>332,265</u>	<u>3,343,753</u>	<u>98,125</u>
Deferred Loss on Refunding	44,323	(5,822)	(1,788)	40,289	-
Cummulative capital appreciation on general obligation minibonds	(2,792)	(313)	-	(3,105)	-
Cummulative capital appreciation on State of AZ distrib. revenue bonds	(9,437)	(13,343)	-	(22,780)	-
Total bonds and notes payable	<u>3,591,808</u>	<u>96,826</u>	<u>330,477</u>	<u>3,358,157</u>	<u>98,125</u>
Other liabilities:					
Accrued Compensated Absences	15,431	17,989	15,431	17,989	2,394
Capital Leases	882	-	882	-	-
Utility Repayment Agreements	1,044	-	1,044	-	-
Accrued Landfill Closure and Postclosure Care Costs	29,888	5,728	1,230	34,386	1,645
Total other liabilities	<u>47,245</u>	<u>23,717</u>	<u>18,587</u>	<u>52,375</u>	<u>4,039</u>
Total business-type activities	<u>\$ 3,639,053</u>	<u>\$ 120,543</u>	<u>\$ 349,064</u>	<u>\$ 3,410,532</u>	<u>\$ 102,164</u>
Component Units					
Downtown Phoenix Hotel Corporation					
Revenue Bonds	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ -

- (1) Additions include \$313,000 for accrued interest on capital appreciation enterprise general obligation minibonds and \$13,343,000 for accrued interest on capital appreciation State of Arizona distribution revenue bonds. Also included in additions and reductions for bonds and notes payable are new deferred gains and losses with corresponding annual amortizations, as well as new bond issuances and principal payments.
- (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, 2007 maturities, a portion of which is included in restricted assets for the enterprise funds. These deposits at June 30, 2007, were as follows (in thousands):

	Principal	Interest	Total
Governmental Funds			
General Obligation Bonds	\$ 23,690	\$ 19,693	\$ 43,383
Street and Highway User Revenue Bonds	24,375	3,433	27,808
Municipal Corporation Obligations	30,810	22,314	53,124
Special Assessment Bonds	-	38	38
	<hr/> 78,875	<hr/> 45,478	<hr/> 124,353
Enterprise Funds			
General Obligation Bonds	19,790	5,773	25,563
Revenue Bonds	4,410	1,041	5,451
Municipal Corporation Obligations	54,730	69,629	124,359
	<hr/> 78,930	<hr/> 76,443	<hr/> 155,373
	<hr/> \$ 157,805	<hr/> \$ 121,921	<hr/> \$ 279,726

Notes to the Financial Statements

(Continued)

Issues of long-term debt, excluding deferred losses of \$58,902 and accumulated appreciation on general obligation mini-bonds (\$3,105) and State of Arizona distribution revenue bonds (\$22,780) were as follows at June 30, 2007 (dollars in thousands):

Issue Date	Purpose	Maturity Dates	Net Interest Rate	Effective Interest Rate	Average Life (Years)	Original Amount	Balance Outstanding	Unamortized Discount (Premium) (2)
General Obligation Bonds								
12/01/89	Various Improvements	7/1/00-10	7.01	(1)	14.7	\$ 12,242	\$ 1,150	\$ -
12/06/91	Sanitary Sewer	7/1/95-11	4.62	4.56	13.9	30,000	13,190	-
04/15/93	Refunding	7/1/95-10	5.48	5.45	13.4	335,165	50,735	-
09/15/93	Refunding	7/1/94-09	5.11	5.12	15.2	70,550	2,555	(12)
12/01/93	Water Improvements	7/1/04-14	5.03	4.98	13.8	17,229	8,713	-
07/01/95	Refunding	7/1/10-17	5.59	5.56	19.9	85,000	31,195	-
02/01/96	Refunding	7/1/96-08	4.86	4.85	10.3	35,280	295	-
01/15/98	Various Improvements	7/1/01-22	4.74	4.67	15.9	75,000	25,025	12
01/15/99	Refunding	7/1/99-20	4.47	4.44	12.4	163,820	100,905	(320)
02/01/99	Various Improvements	7/1/01-23	4.77	4.74	15.8	58,000	12,020	(1)
07/15/00	Various Improvements	7/1/03-10	5.48	5.42	16.9	50,000	1,225	(1)
12/07/01	Sanitary Sewer	7/1/03-21	3.70	3.70	18.0	6,075	4,858	-
05/22/02	Various Improvements-Taxable	7/1/08-10	5.65	5.66	7.1	10,000	2,000	-
05/22/02	Refunding	7/1/03-18	4.46	4.37	8.4	144,495	83,195	(2,031)
05/22/02	Various Improvements	7/1/11-27	5.11	5.11	18.3	89,970	41,465	(611)
05/22/02	Refunding	7/1/14-15	4.83	4.77	12.4	14,680	8,525	(225)
05/21/03	Refunding	7/1/05-16	3.36	3.25	9.1	83,320	81,565	(2,878)
03/01/04	Various Improvements	7/1/09-28	4.24	4.22	16.3	200,000	157,230	(3,229)
03/01/04	Refunding	7/1/11-19	3.94	3.74	11.7	50,870	39,165	(3,097)
07/01/05	Various Improvements	7/1/10-25	4.28	4.23	13.9	257,000	231,820	(4,528)
06/13/07	Various Improvements	7/1/13-27	4.36	4.37	14.1	342,700	342,700	(4,831)
06/13/07	Refunding	7/1/09-27	4.34	4.22	11.3	151,720	151,720	(7,012)
06/13/07	Various Improvements - Taxable	7/1/08-13	5.41	5.44	3.4	77,550	77,550	4
Total General Obligation Bonds						2,360,666	1,468,801	(28,760)
Revenue Bonds								
03/15/92	Street/Highway Refunding	7/1/93-11	6.50	6.72	13.4	117,880	6,535	-
12/15/92	Street/Highway Refunding (2)	7/1/94-13	7.96	6.33	15.0	58,226	14,606	-
05/01/94	Airport Improvements (2)	7/1/03-12	6.44	6.52	14.1	31,500	18,060	54
05/01/94	Airport Refunding (2)	7/1/95-12	5.56	5.65	5.7	36,400	2,250	7
05/01/94	Airport Refunding (2)	7/1/95-12	6.31	6.41	11.1	21,650	8,435	26
08/01/95	Municipal Housing Refunding	12/1/95-09	6.06	6.03	7.7	4,960	805	-
01/01/99	Street/Highway Refunding	7/1/99-11	4.40	4.65	9.1	10,375	5,805	-
05/10/02	Street/Highway Refunding (2)	7/1/03-11	3.61	3.76	5.3	123,125	55,225	(1,367)
05/28/03	Street/Highway Refunding	7/1/05-11	2.76	2.56	6.2	47,360	40,840	(1,990)
Total Revenue Bonds						451,476	152,561	(3,270)
Certificates of Participation								
07/21/04	Amphitheatre Refunding (2) (3b)	8/1/05-24	4.70	4.71	13.3	10,900	9,440	(66)
07/21/04	Amphitheatre, Stadium and Housing (2) (3b)	8/1/05-24	4.70	4.71	13.3	9,555	8,420	(58)
07/21/04	Superblock Refinancing (2) (3b)	8/1/05-24	4.70	4.71	13.3	15,010	15,010	146
Total Certificates of Participation						35,465	32,870	22
Special Assessment Bonds								
Various	Unredeemed Matured Bonds	-	-	-	-	44	44	-
1992	Various Improvements	1/1/02-07	6.50-6.90	(1)	10.0	3,210	320	-
1993	Various Improvements	1/1/02-09	5.38-6.90	(1)	10.0	2,470	470	-
1999	Various Improvements	1/1/00-09	6.90	(1)	10.0	278	57	-
2000	Various Improvements	1/1/01-10	6.90	(1)	10.0	274	81	-
2001	Various Improvements	1/1/02-11	6.90	(1)	10.0	174	70	-
2002	Various Improvements	1/1/03-12	6.90	(1)	10.0	268	134	-
2003	Various Improvements	1/1/04-13	6.90	(1)	10.0	136	81	-
Total Special Assessment Bonds						6,854	1,257	-

(Continued)

Notes to the Financial Statements

(Continued)

Issue Date	Purpose	Maturity Dates	Net Interest Rate	Effective Interest Rate	Average Life (Years)	Original Amount	Balance Outstanding	Unamortized Discount (Premium) (2)
Municipal Corporation Obligations								
06/01/93	Patriots Sq. Park. Garage Ref. (2) (3b)	7/1/96-09	5.25	5.61	10.4	14,350	2,780	-
05/01/94	Airport Refunding (4)	7/1/95-14	6.09	6.13	11.7	33,705	9,385	21
04/25/95	Airport Improvements (2) (8)	6/1/10-20	(8)	(8)	22.0	31,000	31,000	-
07/01/97	Wastewater System (2) (10)	7/1/03-17	5.35	5.32	17.2	75,000	16,790	(28)
01/15/98	Multipurpose Arena Refunding (2) (3b)	7/1/98-19	6.83	6.64	14.1	48,740	36,625	-
02/01/98	Airport Refunding (4)	7/1/98-14	4.67	4.68	9.6	38,355	19,815	(152)
05/01/98	Water System Refunding (2) (5)	7/1/99-19	5.05	5.03	16.3	109,155	105,725	430
08/01/98	Airport Revenue (9)	7/1/03-25	5.06	5.08	18.1	150,000	141,455	(70)
06/01/99	Phoenix Municipal Courthouse (3a)	7/1/05-29	5.35	5.32	20.7	79,000	3,965	-
06/01/99	Adams Street Garage (3a)	7/1/05-29	5.34	5.31	20.7	15,000	1,170	-
02/01/00	Bus Acquisition Special Revenue (2) (11)	7/1/00-12	5.40	5.42	6.7	18,320	8,240	-
06/01/00	Wastewater System Revenue (2) (10)	7/1/05-10	5.97	5.91	16.4	135,000	13,905	(18)
08/01/00	Municipal Facilities Revenue (2) (3b)	7/1/01-20	5.11	4.94	8.2	65,000	10,010	(8)
07/01/01	Wastewater System Refunding (10)	7/1/02-24	5.06	5.02	16.4	166,260	162,870	(1,814)
08/01/01	Water System Refunding (2) (5)	7/1/02-24	4.88	4.68	14.1	99,980	84,740	(3,329)
04/01/02	Water System Revenue (2) (5)	7/1/07-26	5.10	5.08	16.3	220,000	213,420	(1,715)
05/01/02	Airport Sr. Lien Refunding (2) (9)	7/1/08-13	4.91	4.82	9.5	23,225	23,225	(691)
05/01/02	Airport Sr. Lien Revenue (2) (9)	7/1/14-32	5.40	5.53	22.7	231,390	231,390	1,932
05/01/03	New City Hall Refunding (3a)	7/1/04-29	4.53	4.43	15.6	47,600	23,010	(726)
05/01/03	Solid Waste Improvements (2)(12)	7/1/04-23	4.38	4.17	12.3	80,000	23,935	(593)
05/01/03	Municipal Facilities (2)(3b)	7/1/05-25	4.13	4.03	11.8	25,000	21,680	(553)
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.64	(1)	20.8	25,000	25,000	119
05/01/03	Municipal Facilities (Taxable) (2)(3b)	7/1/09-33	5.65	5.66	20.8	10,000	10,000	59
10/01/03	Water System Refunding (5)	7/1/05-22	4.47	4.53	15.6	11,325	11,115	170
06/01/04	Excise Tax Revenue (2)(3b)	7/1/06-25	4.44	4.14	8.4	22,000	18,930	(884)
06/01/04	Excise Tax Revenue Refunding (2)(3b)	7/1/15-25	4.98	4.89	16.6	5,700	5,700	(58)
06/02/04	Rental Car Facility (Taxable) (2)(13)	7/1/07-29	6.12	6.20	16.5	260,000	254,040	-
07/21/04	Water Rights Land Acq. Ref. (2)(5)	8/1/06-17	4.08	4.13	8.3	27,775	25,975	-
12/10/04	Transit Excise Tax Revenue (2)(14)	7/1/06-20	4.25	4.08	10.9	500,000	486,010	(33,454)
12/16/04	Wastewater System Revenue (2)(10)	7/1/10-29	4.72	4.59	16.6	180,000	180,000	(6,963)
01/11/05	Wastewater System VR Ref. (16)(17)	7/1/16-23	(8)	(8)	-	130,260	130,260	-
01/11/05	Wastewater System Ref. (15)(17)	7/1/06-15	3.59	3.67	10.9	102,020	93,140	(5,912)
06/01/05	Water System Revenue (2)(5)	7/1/10-27	4.45	4.28	16.4	600,000	600,000	(40,522)
09/13/05	Excise Tax Revenue (2)(3b)	7/1/17-41	4.76	4.62	26.3	300,000	300,000	(17,293)
10/06/05	State Distribution Revenues (2)(18)	7/1/12-44	N/A	4.72	28.9	275,362	275,362	(27,242)
06/01/06	Solid Waste Improvements (2)(12)	7/1/07-26	4.53	4.45	12.4	84,265	82,205	(1,469)
06/01/06	Municipal Facilities (2)(3b)	7/1/07-13	3.96	3.89	3.7	28,230	24,110	(161)
06/01/06	Municipal Facilities (Taxable) (2)(3b)	7/1/07-35	6.10	6.10	19.0	41,920	41,525	(239)
06/01/07	Excise Tax Revenue Refunding (3a)	7/1/09-29	4.62	4.51	14.5	103,605	103,605	(6,339)
06/01/07	Excise Tax Revenue (2)(3b)	7/1/08-27	4.57	4.46	12.0	21,115	21,115	(510)
06/01/07	Excise Tax Revenue Refunding (2)(3b)	7/1/09-23	4.49	4.33	10.5	71,820	71,820	(1,352)
06/01/07	Excise Tax Revenue Ref. (Taxable) (2)(3b)	7/1/08-22	5.83	5.81	9.2	35,670	35,670	190
Total Municipal Corporation Obligations						4,542,147	3,980,717	(149,174)
Total Primary Government Bonds						\$ 7,396,608	\$ 5,636,206	\$ (181,182)
Component Units								
12/20/05	Senior Revenue (Hotel) (2)(19)	7/1/12-40	4.94	5.29	25.1	\$ 156,710	\$ 156,710	\$ (4,500)
12/20/05	Subordinate Revenue (Hotel) (2)(20)	7/1/19-40	4.93	5.09	26.2	164,425	164,425	(3,161)
12/20/05	Subord.Revenue-Taxable (Hotel) (2)(20)	7/1/12-19	5.39	5.67	10.2	28,865	28,865	-
Total Component Unit Bonds						\$ 350,000	\$ 350,000	\$ (7,661)

- (1) Effective rate equals the net interest rate.
- (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 excise taxes on a senior lien basis as security; however, debt service requirements on these obligations are paid from airport revenues.
- (5) The City has pledged designated Water System revenues as security.
- (6) Variable rate demand bonds. The interest rate cannot exceed 18%.
- (7) Variable rate demand bonds. The interest rate cannot exceed 12%.
- (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 airport revenues.

Notes to the Financial Statements

(Continued)

- (9) The City has pledged net airport revenues on a senior lien basis as security for these bonds.
- (10) The City has made a junior lien pledge of Wastewater System revenues as security for these bonds.
- (11) Debt service requirements on these obligations are payable solely from certain federal grants received from the Federal Transit Administration, as well as matching funds from the City.
- (12) 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.
- (13) 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.
- (14) 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.
- (15) The City has made a senior lien pledge of Wastewater System revenues as security for these bonds.
- (16) 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.
- (17) 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.
- (18) 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.
- (19) 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.
- (20) 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.

The City has also used general obligation bonds for airport, solid waste, sanitary sewer and water purposes, when deemed appropriate, with annual debt service on these bonds paid from the revenues of these enterprises, not from property taxes or other general revenues. This has been the case with the water system since 1942, with airport operations since 1967, with the sanitary sewer system since 1981, and with solid waste operations since 1991.

- In July 2006, the City defeased \$198,125,000 of outstanding various purpose general obligation bonds. The City deposited \$199,998,317 from the early redemption fund into an irrevocable trust account to fund the defeasance.
- In June 2007, the City sold \$342,700,000 of long-term fixed rate general obligation bonds. The bond proceeds were used for various purpose projects. The bonds have an average life of 14.1 years and were sold at a true interest cost of 4.37%.
- In June 2007, the City refunded \$155,460,000 of outstanding general obligation bonds with the issuance of \$151,720,000 of general obligation refunding bonds. The refunding bonds have an average life of 11.3 years, were sold at a true interest cost of 4.22% and produced present value debt service savings, net of transaction costs, of \$6,813,367.
- In June 2007, the City sold \$77,550,000 of long-term fixed rate general obligation bonds. The bond proceeds were used for various purpose projects. The bonds have an average life of 3.4 years and were sold at a true interest cost of 5.44%.

Notes to the Financial Statements

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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.

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.

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 June 2007, the CIC issued \$21,115,000 Subordinated Excise Tax Revenue Bonds, Series 2007A. Proceeds of the bonds will be used to pay the costs of constructing and equipping two police precinct stations. The bonds have an average life of 12.0 years and were sold at a true interest cost of 4.46%.
- In June 2007, the CIC refunded \$104,040,000 of outstanding senior lien excise tax revenue bonds with the issuance of \$103,605,000 of senior lien excise tax refunding bonds. The refunding bonds have an average life of 14.5 years, were sold at a true interest cost of 4.51% and produced present value debt service savings, net of transaction costs, of \$4,969,308.
- In June 2007, the CIC refunded \$34,380,000 of outstanding taxable subordinated excise tax revenue bonds with the issuance of \$35,670,000 of taxable subordinated excise tax refunding bonds. The refunding bonds have an average life of 9.2 years, were sold at a true interest cost of 5.81% and produced present value debt service savings, net of transaction costs, of \$660,271.
- In June 2007, the CIC refunded \$72,570,000 of outstanding subordinated excise tax revenue bonds with the issuance of \$71,820,000 of subordinated excise tax refunding bonds. The refunding bonds have an average life of 10.5 years, were sold at a true interest cost of 4.33% and produced present value debt service savings, net of transaction costs, of \$2,080,179.

Notes to the Financial Statements

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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.

Notes to the Financial Statements

(Continued)

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").

Terms, fair values and risks. The credit ratings of the counterparties, terms and fair value of the outstanding swaps as of June 30, 2007 are as follows (dollar amounts in thousands):

	BNP Paribas	Bear Stearns	Total
Credit Ratings ⁽¹⁾	Aa2/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	\$2,327	\$1,552	\$3,879

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

(2) One-month LIBOR reset monthly. One-month LIBOR as of June 30, 2007 was 5.32%.

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, 2007, the fair value of the BNP Paribas and Bear Stearns swaps were \$2,327,405 and \$1,551,604, 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, 2007, the fair values of the swaps would represent the City's credit exposure to the counterparties if the counterparties could not make the termination 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. In this situation the expected savings may not be realized. From the January 11, 2005 effective date through June 30, 2007, the weighted average rate on the variable-rate bonds was 3.13% while 72% of the weighted average of one-month LIBOR was 3.19%, and the City's floating-rate swap receipts exceeded its interest cost on its variable-rate bonds by approximately \$190,000 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.

Swap payments and associated debt. Using actual payment amounts through June 30, 2007 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	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2008	\$ 29,695	\$ 59,816	\$ 25,840	\$ 5,405	\$ 500	\$ 43	\$ 31,027	\$ 45,566	\$ 197,892	
2009	32,165	56,603	27,005	4,235	305	15	40,514	43,496	204,338	
2010	47,162	56,821	28,285	2,961	-	-	42,531	41,507	219,267	
2011	58,255	52,824	29,740	1,507	-	-	47,262	39,347	228,935	
2012	64,255	50,155	6,266	15,734	-	-	49,180	36,958	222,548	
2013-17	310,090	209,958	5,875	16,125	-	-	293,104	144,871	980,023	
2018-22	380,845	125,309	-	-	-	-	264,420	63,338	833,912	
2023-27	325,465	41,063	-	-	-	-	74,825	24,187	465,540	
2028-32	14,720	442	-	-	-	-	38,045	8,214	61,421	
2033-37	-	-	-	-	-	-	10,680	1,145	11,825	
	\$ 1,262,652	\$ 652,991	\$ 123,011	\$ 45,967	\$ 805	\$ 58	\$ 891,588	\$ 448,629	\$ 3,425,701	
Authorized	\$ 2,617,800		\$ 457,456		\$ 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
2008	\$ 1,110	\$ 1,500	\$ 29,210	\$ 44,011	\$ 707	\$ 55	\$ 31,027	\$ 45,566
2009	1,135	1,465	39,026	42,007	353	24	40,514	43,496
2010	1,175	1,426	41,270	40,070	86	11	42,531	41,507
2011	1,230	1,381	45,975	37,961	57	5	47,262	39,347
2012	1,275	1,332	47,865	35,623	40	3	49,180	36,958
2013-17	6,625	5,853	286,465	139,018	14	-	293,104	144,871
2018-22	12,800	3,974	251,620	59,364	-	-	264,420	63,338
2023-27	7,520	540	67,305	23,647	-	-	74,825	24,187
2028-32	-	-	38,045	8,214	-	-	38,045	8,214
2033-37	-	-	10,680	1,145	-	-	10,680	1,145
	\$ 32,870	\$ 17,471	\$ 857,461	\$ 431,060	\$ 1,257	\$ 98	\$ 891,588	\$ 448,629

Notes to the Financial Statements
(Continued)

City of Phoenix Bonds - Business-Type Activities									Component Units	
Fiscal Years	General Obligation		Airport Revenue		Total Other Obligations (1)		Debt Service Total	Downtown Phoenix Hotel Corporation		
	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest	
2008	\$ 34,150	\$ 9,956	\$ 4,675	\$ 1,813	\$ 59,300	\$ 144,167	\$ 254,061	\$ -	\$ 17,412	
2009	25,357	9,616	4,965	1,524	65,749	140,945	248,156	-	17,412	
2010	26,937	8,720	6,780	1,213	89,950	137,681	271,281	-	17,412	
2011	27,350	5,497	5,970	788	96,255	133,206	269,066	-	17,412	
2012	11,029	4,296	6,355	406	101,190	128,455	251,731	4,565	17,412	
2013-17	64,733	14,857	-	-	613,553	645,836	1,338,979	28,085	83,206	
2018-22	16,593	1,472	-	-	764,289	495,725	1,278,079	38,480	75,257	
2023-27	-	-	-	-	656,480	310,955	967,435	51,710	64,583	
2028-32	-	-	-	-	345,204	173,236	518,440	68,750	50,218	
2033-37	-	-	-	-	137,157	119,022	256,179	90,790	31,022	
2038-42	-	-	-	-	155,524	79,406	234,930	67,620	6,883	
2043-44	-	-	-	-	38,605	21,389	59,994	-	-	
	<u>\$ 206,149</u>	<u>\$ 54,414</u>	<u>\$ 28,745</u>	<u>\$ 5,744</u>	<u>\$ 3,123,256</u>	<u>\$ 2,530,023</u>	<u>\$ 5,948,331</u>	<u>\$ 350,000</u>	<u>\$ 398,229</u>	
Authorized	\$ 788,845		\$ 95,490					\$ 350,000		
Unissued	\$ -		\$ -					\$ -		
Interest Rates	2.8 - 7.4%		4.7 - 8.7%					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)	Total Other Obligations	
	Principal	Interest	Principal	Interest		Principal	Interest
2008	\$ 59,300	\$ 139,704	\$ -	\$ 4,859	\$ (396)	\$ 59,300	\$ 144,167
2009	65,749	136,483	-	4,859	(397)	65,749	140,945
2010	89,950	133,225	-	4,859	(403)	89,950	137,681
2011	96,255	128,750	-	4,859	(403)	96,255	133,206
2012	101,190	124,019	-	4,859	(423)	101,190	128,455
2013-17	584,588	624,049	28,965	23,763	(1,976)	613,553	645,836
2018-22	681,514	483,829	82,775	12,951	(1,055)	764,289	495,725
2023-27	637,960	310,325	18,520	691	(61)	656,480	310,955
2028-32	345,204	173,236	-	-	-	345,204	173,236
2033-37	137,157	119,022	-	-	-	137,157	119,022
2038-42	155,524	79,406	-	-	-	155,524	79,406
2043-44	38,605	21,389	-	-	-	38,605	21,389
	<u>\$ 2,992,996</u>	<u>\$ 2,473,437</u>	<u>\$ 130,260</u>	<u>\$ 61,700</u>	<u>\$ (5,114)</u>	<u>\$ 3,123,256</u>	<u>\$ 2,530,023</u>

(2) Amounts for FY 2008 through FY 2023 are based on rates as of June 30, 2007. One-month LIBOR was 5.32% and BMA was 3.73% 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.

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, 2007. Interest on the capital lease in the amount of \$517,000 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, 2007 (in thousands):

<u>Years Ending June 30</u>	<u>Aviation Enterprise Fund</u>
2008	\$ 458
2008 Adjustment	59
2009	424
2009 Adjustment	(424)
Total Minimum Lease Payments	517
Less: Current Portion	(517)
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, 2007 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 \$102,220,000, including \$66,295,000 that has already been paid out and an estimated \$36,475,000 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 \$3,238,000 during fiscal 2006-07 in connection with these landfills.

Total closure and postclosure care costs for the SR-85 Landfill are currently estimated to be \$45,058,000, which will be paid out in future years, and is not yet reflected as a liability due to the minimal amount of use through June 30, 2007.

Of the liabilities discussed above, \$2,089,000 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 \$10,955,000 (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 or guaranteed by the United States government. These securities are then deposited in an irrevocable trust under an escrow agreement which states that all proceeds from the trust will be used to fund the principal and interest payments of the previously issued debt being refunded. The trust deposits have been computed so that the securities in the trust, along with future cash flows generated by the securities, will be sufficient to service the previously issued bonds.

During fiscal year 2006-07, the City issued General Obligation Refunding Bonds, Series 2007B, Senior Lien Excise Tax Revenue Refunding Bonds, Series 2007, Subordinated Excise Tax Revenue Refunding Bonds, Series 2007B and Subordinated Excise Tax Revenue Refunding Bonds, Series 2007C (Taxable) 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):

	City of Phoenix	Civic Improvement Corporation		
	General Obligation Bonds	Senior Lien Excise Tax Revenue	Subordinated Excise Tax Revenue	Subordinated Excise Tax Revenue (Taxable)
Series	2007 B	2007	2007 B	2007 C
Closing Date	06/13/07	6/27/07	6/27/07	6/27/07
Net Interest Rate	4.34%	4.62%	4.49%	5.83%
Refunding Bonds Issued	\$ 151,720	\$ 103,605	\$ 71,820	\$ 35,670
Premium (Discount)	6,675	3,454	3,285	(155)
Issuance Costs and Insurance	(169)	(182)	(127)	(63)
Net Proceeds	\$ 158,226	\$ 106,877	\$ 74,978	\$ 35,452
Refunded Amount	\$ 155,460	\$ 104,040	\$ 72,570	\$ 34,380
Decrease in Debt Service	\$ 10,409	\$ 4,807	\$ 1,915	\$ 531
Economic Gain	\$ 6,815	\$ 4,605	\$ 1,826	\$ 514
Number of Years Affected	20	22	16	15

On July 19, 2006, the City of Phoenix defeased \$198,125,000 of outstanding various purpose general obligation bonds. The City deposited \$199,998,317 from the early redemption fund into an irrevocable trust account to fund the defeasance.

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, 2007, are summarized as follows (in thousands):

	Deferred Amount July 1	Additions	Reductions due to Refundings	Amortization	Deferred Amount June 30
General Government					
General Obligation	\$ 9,969	\$ 2,085	\$ -	\$ (923)	\$ 11,131
Revenue	5,310	-	-	(1,062)	4,248
Certificates of Participation	(477)	-	-	43	(434)
Civic Improvement Corporation	1,659	2,885	(794)	(82)	3,668
	<u>\$ 16,461</u>	<u>\$ 4,970</u>	<u>\$ (794)</u>	<u>\$ (2,024)</u>	<u>\$ 18,613</u>
Enterprise Funds					
Aviation					
General Obligation	\$ 1,427	\$ 238	\$ (110)	\$ (193)	\$ 1,362
Civic Improvement Corporation	2,019	(66)	(12)	(540)	1,401
Convention Center					
Civic Improvement Corporation	-	933	-	-	933
Water					
General Obligation	2,645	-	-	(493)	2,152
Civic Improvement Corporation	7,182	-	-	(463)	6,719
Wastewater					
General Obligation	1,553	183	-	(478)	1,258
Civic Improvement Corporation	28,842	-	-	(2,403)	26,439
Solid Waste					
General Obligation	222	349	-	(46)	525
Civic Improvement Corporation	-	(964)	-	-	(964)
Golf					
Civic Improvement Corporation	433	85	-	(54)	464
	<u>\$ 44,323</u>	<u>\$ 758</u>	<u>\$ (122)</u>	<u>\$ (4,670)</u>	<u>\$ 40,289</u>

Notes to the Financial Statements

(Continued)

Advanced refunding and defeasance arrangements at June 30, 2007 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	\$ 8,775	\$ 9,134
03/04/92	05/15/86 - 07/01/90	Junior Lien Street and Highway User Revenue	\$ 8,350	\$ 7,821
12/16/92	03/15/87 - 02/01/92	Junior Lien Street and Highway User Revenue	\$ 7,500	\$ 8,860
04/27/93	12/01/78 - 12/06/91	General Obligation General Government Water System	\$ 4,868 1,131 \$ 5,999	\$ 10,153
07/10/01	07/01/97 - 06/01/00	Civic Improvement Corporation Wastewater System Revenue	\$ 109,310	\$ 109,218
06/12/02	04/01/91 - 07/15/00	General Obligation General Government Sanitary Sewer Solid Waste	\$ 32,180 2,310 4,810 \$ 39,300	\$ 40,457
04/01/04	07/01/95 - 06/01/02	General Obligation General Government Sanitary Sewer Solid Waste	\$ 31,580 745 1,380 \$ 33,705	\$ 34,262
06/22/04	08/01/00	Civic Improvement Corporation Subordinate Excise Tax Revenue	\$ 2,900	\$ 2,967
07/19/06	07/01/95 - 7/01/05	General Obligation General Government	\$ 170,330	\$ 166,250
06/13/07	01/15/98 - 06/01/02	General Obligation General Government Sanitary Sewer Solid Waste	\$ 99,925 4,345 5,435 \$ 109,705	\$ 112,108
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Senior Lien Excise Tax Revenue	\$ 104,040	\$ 106,877
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Subordinate Excise Tax Revenue	\$ 72,570	\$ 74,825
06/27/07	01/15/98 - 06/01/02	Civic Improvement Corporation Subordinate Excise Tax Revenue	\$ 34,380	\$ 35,185

(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, 2007 was as follows (in thousands):

Six Percent Bonds	\$ 764,514
Twenty Percent Bonds	<u>2,094,307</u>
	<u>\$ 2,858,821</u>

12. Risk Management

The City maintained a combination of commercial insurance and self-insurance during the year ended June 30, 2007, as described below.

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 that might possibly exceed 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.

Health and Dental – The City health insurance plans were self-insured through the City of Phoenix Health Care Benefits Trust and stop loss coverage was purchased for individual losses exceeding \$750,000 and aggregate losses exceeding \$123,665,054. 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.

Long-Term Disability and Unemployment Compensation Liability were 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.

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, 2007, claims payable totaled \$167.1 million. Changes in this liability for the last two fiscal years follow (in thousands):

Notes to the Financial Statements
(Continued)

	Year Ended June 30	
	2007	2006
Claims Payable, July 1	\$ 170,622	\$ 158,458
Current Year Claims and Changes in Estimates	169,982	180,531
Claim Payments	<u>(173,461)</u>	<u>(168,367)</u>
Claims Payable, June 30	<u>\$ 167,143</u>	<u>\$ 170,622</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	
	2007	2006
Amounts due within one year	\$ 51,120	\$ 51,548
Amounts due in more than one year	116,023	119,074
	<u>\$ 167,143</u>	<u>\$ 170,622</u>

In addition, assets of \$265,298,337 and \$1,993,577 are held in the General Fund and Transit Special Revenue Fund, respectively, at June 30, 2007 for purposes of funding the claims liability reported in the government-wide statement of net assets. As a result, \$265,298,337 of the General Fund balance and \$1,993,577 of the Transit Special Revenue Fund balance are designated for payment of claims.

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 \$32,769,725 for the fiscal year ended June 30, 2007. In addition, \$2,711,568 was paid during fiscal year 2006-07 on contracts, which the Housing Department administers for HUD.

The City also leases certain airport facilities to third parties. Minimum future rentals on non-cancelable operating leases at June 30, 2007 were as follows (in thousands):

Years Ending June 30	
2008	\$ 64,127
2009	56,042
2010	55,488
2011	54,438
2012	45,374
2013-2068	<u>423,859</u>
	<u>\$ 699,328</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 \$21,613,945 for the fiscal year ended June 30, 2007. A summary of the assets leased to third parties under the airport operating lease agreements at June 30, 2007 is as follows (in thousands):

Buildings	\$ 908,281
Less: Accumulated Depreciation	<u>(327,465)</u>
	<u>\$ 580,816</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, Laidlaw Transit Services, 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, 2008 are as follows (in thousands):

Contractor	Type of Service	Expiration Date	Estimated Annual Subsidy
Laidlaw Transit Service	Bus Service	December 31, 2007	\$ 8,792
MV Transportation Service	Dial-a-Ride	June 30, 2009	13,024
First Transit Inc.	Bus Service	June 30, 2008	12,627
Veolia Transportation	Downtown Area Shuttle	June 30, 2010	855
Veolia Transportation	Bus Service	June 30, 2010	80,195
Regional Public Transportation Authority	Bus Service	June 30, 2008	5,689
MV Transportation Service	ALEX	June 30, 2009	1,001
			<u>\$ 122,183</u>

Approximately 12.3% 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 4.1% of the total transit costs for fiscal 2007-08. 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, 2007, as follows (in thousands):

Aviation	\$ 223,736
Phoenix Convention Center	278,329
Water System	129,962
Wastewater	166,720
Solid Waste	13,293
	<hr/>
	\$ 812,040
	<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, 2007, the construction is considered to be approximately 50% 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, 2007.

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, 2007 were \$795,245.

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, Middle Management, Executive, 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 employees have no minimum base 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, 2007, 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>2007</u>
General	\$ 159,336
Police	111,105
Fire	<u>45,576</u>
	316,017
Less: Amounts Accrued as a Liability	<u>(61,843)</u>
	<u>\$ 254,174</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, 2007 have not been completed in all cases; accordingly, final determination of the City's compliance with applicable grant requirements will 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, 2007.

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, 2007, is \$525,082,945.

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 \$346,466,453 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, 2007 is provided below (in thousands).

	<u>2007</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 52,359
Receivables	23,852
Inventories, at average cost	682
Capital Assets, Net of Accumulated Depreciation	<u>694,205</u>
Total Assets	771,098
Liabilities	<u>(68,444)</u>
Net Assets	<u>\$ 702,654</u>
Total Revenues	\$ 161,445
Total Expenses	<u>(62,933)</u>
Increase in Net Assets	<u>\$ 98,512</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 \$122,828,574 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, 2007 is provided below (in thousands).

	<u>2007</u>
Assets	
Cash Equivalents and Pooled Investments	\$ 7,776
Receivables	10,250
Inventories, at average cost	11
Capital Assets, Net of Accumulated Depreciation	<u>183,658</u>
Total Assets	201,695
Liabilities	<u>(14,091)</u>
Net Assets	<u>\$ 187,604</u>
Total Revenues	\$ 39,358
Total Expenses	<u>(26,202)</u>
Increase in Net Assets	<u>\$ 13,156</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

The City offers its employees a Deferred Compensation Plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan permits the 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.

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 the participants and their beneficiaries. On September 23, 1998, the City Council approved Ordinance No. S-25613 which amended the City's Plan to comply with the 1996 federal law. The Ordinance establishes a trust into which all assets of the Plan were transferred December 4, 1998. Nationwide Investment Services Corporation is currently the Plan administrator.

Notes to the Financial Statements

(Continued)

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. 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).

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.

Notes to the Financial Statements
(Continued)

Funding Policy and Annual Pension Cost (Unaudited)

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, 2007. 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, 2007. 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 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, 2007.

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	11.66%	15.63%	15.87%	18.55%
Plan Members	5.00%	7.65%	7.65%	7.00%
Annual Pension Costs (thousands) (1)	\$ 58,151	\$ 32,181	\$ 16,399	\$ 108
Contributions Made (thousands)	\$ 58,151	\$ 32,181	\$ 16,399	\$ 108
Actuarial Valuation Date	6/30/07	6/30/06	6/30/06	6/30/06
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, Open	Level Percentage of Payroll, Open	Level Percentage of Payroll, Open
Remaining Amortization Period	20 years	30 years	30 years	30 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.

Notes to the Financial Statements
(Continued)

Three-year trend information follows:

	Contributions Required and Contributions Made			
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
General City Employees	6/30/07	\$ 58,151,324	100 %	N/A
	6/30/06	53,093,606	100	N/A
	6/30/05	44,274,921	100	N/A
Public Safety Employees - Police	6/30/07	\$ 32,180,647	100 %	N/A
	6/30/06	26,356,877	100	N/A
	6/30/05	19,066,760	100	N/A
Public Safety Employees - Fire	6/30/07	\$ 16,399,283	100 %	N/A
	6/30/06	13,183,125	100	N/A
	6/30/05	9,472,385	100	N/A
Elected Officials	6/30/07	\$ 107,735	100 %	N/A
	6/30/06	107,486	100	N/A
	6/30/05	64,049	100	N/A

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	6/30/07	\$ 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
	6/30/05	1,511,553	1,795,514	283,961	84.2	467,998	60.7
Public Safety Employees - Police	6/30/07	\$ (1)	\$ (1)	\$ (1)	(1) %	\$ (1)	(1) %
	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
	6/30/04	1,075,909	1,178,667	102,758	91.3	172,095	59.7
Public Safety Employees - Fire	6/30/07	\$ (1)	\$ (1)	\$ (1)	(1) %	\$ (1)	(1) %
	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
	6/30/04	629,648	668,297	38,649	94.2	85,026	45.5

(1) Information not available

Notes to the Financial Statements

(Continued)

19. Postemployment Health and Life Insurance Benefits

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 on long-term disability benefits. At June 30, 2007, approximately 5,660 former employees were eligible for these 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. Continuation of the City's contribution towards medical coverage is dependent on the annual budget authorization by the City Council.

Medical insurance benefits are the same as those offered to active employees and include hospital, doctor and prescription drug charges. Retirees may choose single or family coverage. The City contribution to the medical insurance varies with length of service, from \$117 per month for retirees with less than five years of active credited service to \$202 per month for retirees with 25 or more years of active credited service. In addition, the City contribution of \$202 per month is for all Fire retirees without regard to years of service, for all Managers and Executives retiring on or after July 1, 2006 without regard to years of service, and for all Supervisory and Professional, Police Supervisor and Professional retiring on or after July 1, 2007 without regard to years of service.

General retirees who were supervisory level or above and who retired before July 1, 1996, with 500 hours or more of unused sick leave were eligible for an additional City contribution of \$20 per month. Police and Fire retirees who were supervisors or above, and who retired between August 1979 and July 1984 with 1,000 hours or more of sick leave, were eligible for an additional City contribution of \$30 per month. Beginning July 1, 1998, all employees in the Supervisory and Professional, Middle Manager, Executive and City Manager categories will have an additional \$100 monthly benefit added to their monthly medical insurance contribution if they meet the following conditions: a) they enroll in the City's family medical insurance and b) no covered person is eligible for Medicare Part B and eligible for a reduced family premium rate. Beginning July 1, 2006, Unit 1 employees will have an additional \$100 monthly benefit added to their monthly medical insurance contribution if they are enrolled in the City's single or family medical insurance.

The total medical insurance premium is collected from retirees monthly. The City provides a pay-as-you-go contribution. The cost to the City for retiree medical insurance for the fiscal years ended June 30, 2007 and 2006 was \$12,740,284 and \$11,681,151, respectively. All eligible retirees receive the City's medical insurance contribution in cash. This medical insurance contribution is tax free when used for eligible health-related expenses during the calendar year in which it is received. If all the tax-free medical insurance contribution is not used for health-related expenses, the money must be returned to the City.

The City offers a flexible medical insurance plan which provides the services of a staff model type of health maintenance organization ("HMO"), an independent practice association type of health maintenance organization ("IPA"), a preferred provider network ("PPO") and an indemnity plan. Coverage is provided for retirees, covered surviving dependents and other eligible dependents. If a retiree with family coverage dies, coverage for dependents may be continued. The length of coverage is dependent upon the survivor's pension. The City's contribution for surviving dependents is the same as for a retiree except that it does not include the sick leave conversion benefit.

Long-term disability benefits are available to all regular, benefit-eligible employees who meet certain age requirements and have been employed by the City for at least 12 consecutive months. Employees receiving long-term disability benefits are entitled to continuation of group medical, dental and life insurance for a specified period. The cost of these benefits for the fiscal years ended June 30, 2007 and 2006 was approximately \$421,309 and \$314,033, respectively. The City funds this cost on a pay-as-you-go basis.

Notes to the Financial Statements

(Continued)

20. Prior Period Adjustment

Valley Metro Rail, Inc. "VMRI"

The City has participated 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 since October 2002 (see Note 16 for additional information on VMRI and the joint powers agreement). The City did not have an equity interest in the joint powers agreement until the fiscal year ending June 30, 2006; however, due to the timing and uncertainty of the estimated valuation between the participating cities, the City's equity interest was not recorded in the government-wide financial statements for the fiscal year ended June 30, 2006.

The final, audited valuation of the City's equity interest at June 30, 2006, has been applied retroactively by restating Net Assets – July 1 in the government-wide Statement of Activities. The effect of this restatement was to increase beginning net assets of Governmental Activities by \$311,903,047.

Downtown Phoenix Hotel Corporation

The Downtown Phoenix Hotel Corporation ("DPHC") issued tax-exempt bonds in December 2005 to finance the planning, design, engineering, construction, equipping and furnishing of a downtown hotel. FASB Statement No. 62 requires that interest capitalized on borrowings that are "externally restricted to finance acquisition of specified qualifying assets or to service the related debt" be calculated as the net effect of interest expense and related interest revenue.

For the fiscal year ended June 30, 2006, capitalized interest for the DPHC was calculated in accordance with FASB Statement No. 34, which applies an interest rate to average accumulated expenditures, without considering the interest earnings on the tax-exempt portion of the bonds.

The requirements of FASB Statement No. 62 have been applied retroactively by restating the Net Assets – July 1 in the government-wide Statement of Activities for the Downtown Phoenix Hotel Corporation component unit. The effect of this prior period adjustment was to increase beginning net assets of the DPHC by \$1,442,000.

21. Subsequent Events

Dissolution of Phoenix Civic Plaza Building Corporation

At its April 2007 annual meeting, the board of the Phoenix Civic Plaza Building Corporation voted by majority to authorize dissolution of the Corporation and approved a formal Plan of Complete Liquidation. In accordance with the Plan, on June 1, 2007, \$35,670,000 of Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 2007C, were issued through the City of Phoenix Civic Improvement Corporation. The proceeds were placed in an irrevocable trust account to fully refund the Phoenix Civic Plaza Building Corporation's Subordinated Excise Tax Revenue Bonds, Taxable Series 1998, which was the sole remaining outstanding debt of the Phoenix Civic Plaza Building Corporation. All remaining assets of the Corporation were transferred to the City prior to June 30, 2007. The legal dissolution of the Corporation is in process, and expected to be completed prior to June 30, 2008.

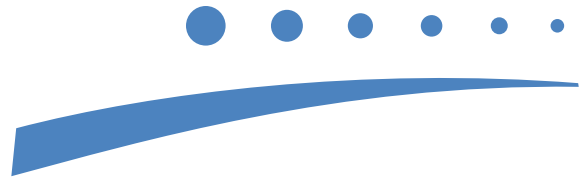
Debt Issuances

On August 9, 2007, the City of Phoenix Civic Improvement Corporation issued \$50,000,000 of Wastewater System Revenue Bond Anticipation Notes, Series 2006. The notes were issued as commercial paper maturing on November 27, 2007 at a rate of 3.68%. The commercial paper was subsequently refunded by a portion of the \$300,000,000 Junior Lien Wastewater System Revenue Bonds, Series 2007 delivered on November 27, 2007.

On October 30, 2007, the City of Phoenix Civic Improvement Corporation issued \$300,000,000 Junior Lien Wastewater System Revenue Bonds, Series 2007, with \$150,000,000 used to refund outstanding bond anticipation notes. These bonds were issued at a true interest cost of 4.65% and were delivered on November 27, 2007.

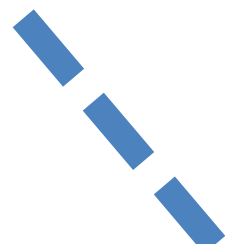


City of Phoenix



Financial Section

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





City of Phoenix

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.

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, 2007
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Local Trans- portation Assistance	Transit	Municipal Court	Develop- ment Services
ASSETS					
Cash and Cash Equivalents	\$ 12,357	\$ 1	\$ 13,878	\$ 2,236	\$ 32,235
Cash Deposits	68	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	56,690	3	65,385	11,655	147,013
Due from Other Funds	-	-	40,539	-	-
Receivables, Net of Allowance					
Accounts Receivable	5	-	1,496	-	5,952
Intergovernmental	11,748	-	90,141	-	96
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	21,476	-	-
Prepaid Items	-	-	1,242	-	-
Inventories	-	-	2,506	-	-
Total Assets	<u>\$ 80,868</u>	<u>\$ 4</u>	<u>\$ 236,663</u>	<u>\$ 13,891</u>	<u>\$ 185,296</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	6,217	-	10,771	250	4,356
Insurance Claims Payable	-	-	26	-	-
Trust Liabilities and Deposits	2,256	-	31	3,150	4,407
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	5,530
Total Liabilities	<u>8,473</u>	<u>-</u>	<u>10,828</u>	<u>3,400</u>	<u>14,293</u>
Fund Balances					
Reserved					
Encumbrances	27,092	-	38,069	860	14,928
Debt Service	-	-	11,400	-	-
Inventories	-	-	2,506	-	-
Prepaid Items	-	-	1,242	-	-
Notes Receivable	-	-	21,476	-	-
Unreserved					
Designated for Insurance Claims	-	-	1,994	-	-
Designated for Unrealized Gain on Investments	488	4	886	83	1,336
Undesignated	44,815	-	148,262	9,548	154,739
Total Fund Balances	<u>72,395</u>	<u>4</u>	<u>225,835</u>	<u>10,491</u>	<u>171,003</u>
Total Liabilities and Fund Balances	<u>\$ 80,868</u>	<u>\$ 4</u>	<u>\$ 236,663</u>	<u>\$ 13,891</u>	<u>\$ 185,296</u>

Special Revenue Funds

Grants	Public Housing	Sports Facilities	Capital Construction	Parks and Preserves	Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total
\$ 1,322	\$ 33,676	\$ 3,684	\$ 3,941	\$ 17,412	\$ 4,366	\$ 361	\$ 1,386	\$ 126,855
-	-	-	-	-	-	-	-	68
-	5,055	-	-	-	-	-	-	5,055
-	105	15,705	17,054	74,874	13,379	4,199	6,161	412,223
-	-	-	-	-	-	-	-	40,539
1,028	69	3,181	-	-	56	-	-	11,787
14,956	11,948	-	-	-	-	-	-	128,889
-	-	-	-	-	-	-	-	-
-	22,436	-	-	-	-	-	-	43,912
-	226	-	-	-	-	-	-	1,468
-	34	-	-	-	-	-	-	2,540
<u>\$ 17,306</u>	<u>\$ 73,549</u>	<u>\$ 22,570</u>	<u>\$ 20,995</u>	<u>\$ 92,286</u>	<u>\$ 17,801</u>	<u>\$ 4,560</u>	<u>\$ 7,547</u>	<u>\$ 773,336</u>
\$ 6,394	\$ 3,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,482
2,459	407	-	2,346	755	783	-	178	28,522
-	-	-	-	-	-	-	-	26
3,361	16,433	-	-	-	100	15	-	29,753
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,092	313	-	2	-	-	-	-	10,937
<u>17,306</u>	<u>20,241</u>	<u>-</u>	<u>2,348</u>	<u>755</u>	<u>883</u>	<u>15</u>	<u>178</u>	<u>78,720</u>
2,264	2,009	590	7,339	3,279	3,565	1,258	264	101,517
-	-	1,071	1,699	2,850	-	2,849	2,275	22,144
-	34	-	-	-	-	-	-	2,540
-	226	-	-	-	-	-	-	1,468
-	22,436	-	-	-	-	-	-	43,912
-	-	-	-	-	-	-	-	1,994
-	9	108	150	657	111	35	-	3,867
(2,264)	28,594	20,801	9,459	84,745	13,242	403	4,830	517,174
-	53,308	22,570	18,647	91,531	16,918	4,545	7,369	694,616
<u>\$ 17,306</u>	<u>\$ 73,549</u>	<u>\$ 22,570</u>	<u>\$ 20,995</u>	<u>\$ 92,286</u>	<u>\$ 17,801</u>	<u>\$ 4,560</u>	<u>\$ 7,547</u>	<u>\$ 773,336</u>

City of Phoenix, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds

Exhibit C-1
(Continued)

June 30, 2007
(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	\$ 28,505	\$ 49,310	\$ 17,359	\$ 49,331	\$ 24,215
Cash Deposits	-	-	-	-	-
Cash and Securities with Fiscal Agents/Trustees	-	-	-	-	-
Investments	52,995	13,026	4,684	11,498	2,806
Due from Other Funds	-	-	4,242	14,452	842
Receivables, Net of Allowance					
Accounts Receivable	384	-	2	-	-
Intergovernmental	29,961	-	-	-	319
Accrued Interest	161	44	15	34	11
Notes Receivable	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 112,006</u>	<u>\$ 62,380</u>	<u>\$ 26,302</u>	<u>\$ 75,315</u>	<u>\$ 28,193</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 14,639	\$ 28,566	\$ -	\$ -	\$ 336
Accounts Payable	6,018	5,561	2,226	2,146	502
Insurance Claims Payable	-	-	-	-	-
Trust Liabilities and Deposits	-	-	-	723	2
Matured Bonds Payable	-	-	-	-	-
Interest Payable	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	<u>20,657</u>	<u>34,127</u>	<u>2,226</u>	<u>2,869</u>	<u>840</u>
Fund Balances					
Reserved					
Encumbrances	24,767	18,889	11,549	13,978	4,143
Debt Service	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Unreserved					
Designated for Insurance Claims	-	-	-	-	-
Designated for Unrealized Gain on Investments	98	85	39	131	38
Undesignated	66,484	9,279	12,488	58,337	23,172
Total Fund Balances	<u>91,349</u>	<u>28,253</u>	<u>24,076</u>	<u>72,446</u>	<u>27,353</u>
Total Liabilities and Fund Balances	<u>\$ 112,006</u>	<u>\$ 62,380</u>	<u>\$ 26,302</u>	<u>\$ 75,315</u>	<u>\$ 28,193</u>

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	
\$ 46,992	\$ 102,855	\$ 318,567	\$ -	\$ -	\$ 1,513	\$ 888	\$ 2,401	\$ 447,823
-	-	-	-	-	-	-	-	68
-	-	-	27,808	-	53,124	38	80,970	86,025
10,965	16,107	112,081	-	-	5,236	-	5,236	529,540
1,799	-	21,335	-	-	-	-	-	61,874
7,147	-	7,533	-	-	-	1,188	1,188	20,508
-	-	30,280	-	-	-	-	-	159,169
54	53	372	-	-	47	3	50	422
996	-	996	-	-	-	-	-	44,908
-	-	-	-	-	-	-	-	1,468
-	-	-	-	-	-	-	-	2,540
<u>\$ 67,953</u>	<u>\$ 119,015</u>	<u>\$ 491,164</u>	<u>\$ 27,808</u>	<u>\$ -</u>	<u>\$ 59,920</u>	<u>\$ 2,117</u>	<u>\$ 89,845</u>	<u>\$ 1,354,345</u>
\$ -	\$ 18,316	\$ 61,857	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,339
168	3,630	20,251	-	-	512	-	512	49,285
-	-	-	-	-	-	-	-	26
-	-	725	-	-	-	73	73	30,551
-	-	-	24,375	-	31,885	-	56,260	56,260
-	-	-	3,433	-	23,077	37	26,547	26,547
996	-	996	-	-	-	1,357	1,357	13,290
<u>1,164</u>	<u>21,946</u>	<u>83,829</u>	<u>27,808</u>	<u>-</u>	<u>55,474</u>	<u>1,467</u>	<u>84,749</u>	<u>247,298</u>
10,509	66,659	150,494	-	-	-	-	-	252,011
-	-	-	(191)	-	4,005	650	4,464	26,608
-	-	-	-	-	-	-	-	2,540
-	-	-	-	-	-	-	-	1,468
996	-	996	-	-	-	-	-	44,908
-	-	-	-	-	-	-	-	1,994
30	219	640	191	-	441	-	632	5,139
55,254	30,191	255,205	-	-	-	-	-	772,379
66,789	97,069	407,335	-	-	4,446	650	5,096	1,107,047
<u>\$ 67,953</u>	<u>\$ 119,015</u>	<u>\$ 491,164</u>	<u>\$ 27,808</u>	<u>-</u>	<u>\$ 59,920</u>	<u>\$ 2,117</u>	<u>\$ 89,845</u>	<u>\$ 1,354,345</u>

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, 2007
(in thousands)

	Special Revenue Funds				
	Highway User Revenue	Local Trans- portation Assistance	Transit	Municipal Court	Develop- ment Services
REVENUES					
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	130,889	6,969	43,000	-	-
Charges for Services	43	-	26,157	7,962	92,444
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	435	-	1,123	47	959
Interest	2,580	-	5,154	258	5,277
Dwelling Rentals	-	-	-	-	-
Other	124	-	8,010	-	-
Total Revenues	<u>134,071</u>	<u>6,969</u>	<u>83,444</u>	<u>8,267</u>	<u>98,680</u>
EXPENDITURES					
Current Operating					
General Government	-	-	-	215	-
Criminal Justice	-	-	-	613	-
Public Safety	-	-	-	4,622	1,895
Transportation	38,103	6,860	154,974	-	-
Community Enrichment	-	105	156	-	-
Community Development	-	-	-	-	55,719
Environmental Services	-	-	-	-	-
Capital	69,034	-	30,425	702	24,692
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	<u>107,137</u>	<u>6,965</u>	<u>185,555</u>	<u>6,152</u>	<u>82,306</u>
Excess (Deficiency) of Revenues Over Expenditures	26,934	4	(102,111)	2,115	16,374
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	-	125,635	-	-
Transfers to Other Funds	(31,242)	-	(41,386)	-	(37)
Issuance of Debt					
General Obligation and Revenue Bonds	-	-	-	-	-
Premium/(Discount) on General Obligation and Revenue Bonds	-	-	-	-	-
Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Premium/(Discount) on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources and Uses	<u>(31,242)</u>	<u>-</u>	<u>84,249</u>	<u>-</u>	<u>(37)</u>
Net Change in Fund Balances	(4,308)	4	(17,862)	2,115	16,337
FUND BALANCES, JULY 1	76,703	-	243,697	8,376	154,666
FUND BALANCES, JUNE 30	<u>\$ 72,395</u>	<u>\$ 4</u>	<u>\$ 225,835</u>	<u>\$ 10,491</u>	<u>\$ 171,003</u>

Special Revenue Funds

Grants	Public Housing	Sports Facilities	Capital Construction	Parks and Preserves	Other Restricted	Neighborhood Protection	Public Safety Enhancement	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 2
85,332	60,967	-	-	-	124	-	-	327,281
147	-	-	-	-	2,583	-	-	129,336
5	-	-	-	-	2,833	-	-	2,838
-	-	-	-	-	-	-	-	-
28	215	71	114	419	109	11	-	3,531
584	1,909	893	565	2,476	557	97	-	20,350
-	7,953	-	-	-	145	-	-	8,098
1,427	560	403	37	-	6,245	123	-	16,929
87,523	71,604	1,367	716	2,895	12,598	231	-	508,365
788	2	24	-	-	1,563	-	-	2,592
-	-	-	-	-	-	-	-	613
15,646	-	993	-	-	412	28,817	20,959	73,344
30	-	-	-	-	63	-	-	200,030
38,952	-	589	-	174	3,621	-	-	43,597
26,120	73,342	303	-	-	1,235	-	-	156,719
-	-	-	19	-	301	-	-	320
5,987	(3,861)	-	19,127	11,874	5,374	-	829	164,183
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
87,523	69,483	1,909	19,146	12,048	12,569	28,817	21,788	641,398
-	2,121	(542)	(18,430)	(9,153)	29	(28,586)	(21,788)	(133,033)
-	-	15,992	18,975	31,106	-	31,105	23,657	246,470
-	(1,198)	(9,433)	(1,204)	(333)	-	(395)	(5)	(85,233)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(1,198)	6,559	17,771	30,773	-	30,710	23,652	161,237
-	923	6,017	(659)	21,620	29	2,124	1,864	28,204
-	52,385	16,553	19,306	69,911	16,889	2,421	5,505	666,412
\$ -	\$ 53,308	\$ 22,570	\$ 18,647	\$ 91,531	\$ 16,918	\$ 4,545	\$ 7,369	\$ 694,616

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, 2007
(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	18,273	111	-	1,969	2,406
Charges for Services	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Special Assessments	-	-	-	-	-
Investment Income					
Net Change in Fair Value of Investments	1,892	470	349	537	642
Interest	1,732	121	172	274	289
Dwelling Rentals	-	-	-	-	-
Other	764	3,461	16	954	1,021
Total Revenues	22,661	4,163	537	3,734	4,358
EXPENDITURES					
Current Operating					
General Government	-	-	-	-	-
Criminal Justice	-	-	-	-	-
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Community Enrichment	-	-	-	-	-
Community Development	-	-	-	-	-
Environmental Services	-	-	-	-	-
Capital	49,480	60,783	16,301	29,241	19,339
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	80	-	-	-
Arbitrage Rebate and Fiscal Agent Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	49,480	60,863	16,301	29,241	19,339
Excess (Deficiency) of Revenues Over Expenditures	(26,819)	(56,700)	(15,764)	(25,507)	(14,981)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	-	-	-	384	238
Transfers to Other Funds	(4)	-	-	-	-
Issuance of Debt					
General Obligation and Revenue Bonds	31,575	65,072	24,680	76,436	18,385
Premium/(Discount) on General Obligation and Revenue Bonds	124	204	97	179	51
Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Premium/(Discount) on Certificates of Participation and Municipal Corporation Obligations	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Deposit to Refunding Escrow	-	-	-	-	-
Total Other Financing Sources and Uses	31,695	65,276	24,777	76,999	18,674
Net Change in Fund Balances	4,876	8,576	9,013	51,492	3,693
FUND BALANCES, JULY 1	86,473	19,677	15,063	20,954	23,660
FUND BALANCES, JUNE 30	\$ 91,349	\$ 28,253	\$ 24,076	\$ 72,446	\$ 27,353

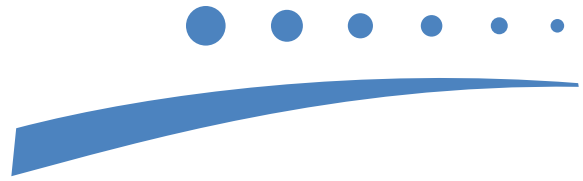
Exhibit C-2

(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 Improve- ment	Special Assess- ment	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2
-	-	22,759	-	-	-	-	-	350,040
-	-	-	-	-	-	-	-	129,336
-	-	-	-	-	-	-	-	2,838
-	-	-	-	-	-	678	678	678
1,368	612	5,870	-	-	10	-	10	9,411
715	233	3,536	-	-	990	37	1,027	24,913
-	-	-	-	-	-	-	-	8,098
2,302	347	8,865	-	-	-	1	1	25,795
4,385	1,192	41,030	-	-	1,000	716	1,716	551,111
-	-	-	-	-	-	-	-	2,592
-	-	-	-	-	-	-	-	613
-	-	-	-	-	-	-	-	73,344
-	-	-	-	-	-	-	-	200,030
-	-	-	-	-	-	-	-	43,597
-	-	-	-	-	-	-	-	156,719
-	-	-	-	-	-	-	-	320
2,363	24,424	201,931	-	-	-	-	-	366,114
-	-	-	24,375	480	31,885	628	57,368	57,368
-	-	-	6,866	74	46,189	95	53,224	53,224
11	365	456	-	-	-	-	-	456
-	-	-	1	-	30	-	31	31
-	-	-	-	-	632	8	640	640
2,374	24,789	202,387	31,242	554	78,736	731	111,263	955,048
2,011	(23,597)	(161,357)	(31,242)	(554)	(77,736)	(15)	(109,547)	(403,937)
294	-	916	31,242	554	78,078	-	109,874	357,260
(384)	-	(388)	-	-	-	(143)	(143)	(85,764)
3,597	200,505	420,250	-	-	-	-	-	420,250
14	667	1,336	-	-	-	-	-	1,336
21,115	-	21,115	-	-	-	-	-	21,115
510	-	510	-	-	4,927	-	4,927	5,437
-	-	-	-	-	127,300	-	127,300	127,300
-	-	-	-	-	(131,432)	-	(131,432)	(131,432)
25,146	201,172	443,739	31,242	554	78,873	(143)	110,526	715,502
27,157	177,575	282,382	-	-	1,137	(158)	979	311,565
39,632	(80,506)	124,953	-	-	3,309	808	4,117	795,482
\$ 66,789	\$ 97,069	\$ 407,335	\$ -	\$ -	\$ 4,446	\$ 650	\$ 5,096	\$ 1,107,047



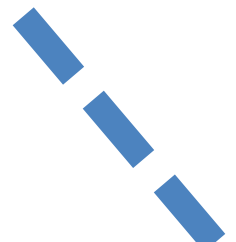
City of Phoenix



Financial Section

Other Supplementary Information

Nonmajor Governmental Funds - Budgetary Comparison Schedules





City of Phoenix

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, 2007
(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	\$ 2,392	\$ -	\$ 2,392	\$ 2,244	\$ 1	\$ 2,245	\$ 147
City Council	4,625	-	4,625	4,341	34	4,375	250
City Manager	1,174	-	1,174	1,095	2	1,097	77
Deputy City Managers	1,686	-	1,686	1,497	21	1,518	168
City Auditor	3,239	-	3,239	3,055	24	3,079	160
Information Technology	7,257	-	7,257	(160)	4,717	4,557	2,700
Equal Opportunity	3,878	-	3,878	3,489	10	3,499	379
City Clerk	5,854	-	5,854	5,660	222	5,882	(28)
Elections	624	-	624	667	22	689	(65)
Personnel	15,269	-	15,269	14,022	138	14,160	1,109
Law	21,391	-	21,391	19,746	261	20,007	1,384
Budget and Research	3,852	-	3,852	3,568	46	3,614	238
Finance	24,464	-	24,464	24,047	331	24,378	86
Engineering & Architectural Services	(64)	-	(64)	(2,182)	566	(1,616)	1,552
Other	1,754	-	1,754	1,661	30	1,691	63
Total General Government	97,395	-	97,395	82,750	6,425	89,175	8,220
Criminal Justice							
Municipal Court	34,129	-	34,129	30,981	511	31,492	2,637
Public Defender	4,347	-	4,347	4,374	8	4,382	(35)
Total Criminal Justice	38,476	-	38,476	35,355	519	35,874	2,602
Public Safety							
Police	408,753	7,000	415,753	396,299	4,030	400,329	15,424
Fire	219,705	-	219,705	205,599	6,429	212,028	7,677
Emergency Management	1,442	-	1,442	1,136	51	1,187	255
Total Public Safety	629,900	7,000	636,900	603,034	10,510	613,544	23,356
Transportation							
Street Transportation	24,678	3,000	27,678	22,666	2,432	25,098	2,580
Public Transit	26,146	-	26,146	26,146	-	26,146	-
Total Transportation	50,824	3,000	53,824	48,812	2,432	51,244	2,580
Community Enrichment							
Parks & Recreation	108,000	-	108,000	102,197	2,527	104,724	3,276
Library	36,915	-	36,915	35,598	495	36,093	822
Human Services	27,111	-	27,111	25,112	760	25,872	1,239
Other	5,390	-	5,390	5,252	62	5,314	76
Total Community Enrichment	177,416	-	177,416	168,159	3,844	172,003	5,413
Community Development							
Planning	6,795	-	6,795	6,875	95	6,970	(175)
Economic Development	3,661	-	3,661	3,700	43	3,743	(82)
Neighborhood Services	15,926	-	15,926	14,243	105	14,348	1,578
Other	4,336	-	4,336	4,044	48	4,092	244
Total Community Development	30,718	-	30,718	28,862	291	29,153	1,565
Environmental Services							
Public Works	22,248	-	22,248	18,224	3,039	21,263	985
Other	1,473	-	1,473	1,238	14	1,252	221
Total Environmental Services	23,721	-	23,721	19,462	3,053	22,515	1,206
Cable							
General Government	4,894	-	4,894	4,177	421	4,598	296
Transportation	962	-	962	663	-	663	299
Community Enrichment	137	-	137	148	4	152	(15)
Total Cable	5,993	-	5,993	4,988	425	5,413	580
Capital							
Community Enrichment	319	-	319	18	129	147	172
Environmental Services	9,389	-	9,389	2,465	1,112	3,577	5,812
Total Capital	9,708	-	9,708	2,483	1,241	3,724	5,984
Contingency	28,860	(10,000)	18,860	-	-	-	18,860
Totals	\$ 1,093,011	\$ -	\$ 1,093,011	\$ 993,905	\$ 28,740	\$ 1,022,645	\$ 70,366

(1) Includes allocation of the original contingency appropriation within the General Fund as follows:

Public Safety	\$ 7,000
Transportation	3,000
	<u>\$ 10,000</u>

(2) Includes lease purchase payments of \$39,000.

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

Exhibit D-2

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental				
Highway User	\$ 119,623	\$ 119,623	\$ 130,223	\$ 10,600
Interest	750	750	3,130	2,380
Miscellaneous	-	-	833	833
Total Revenues	120,373	120,373	134,186	13,813
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	38,447	41,447	38,103	3,344
Capital	72,201	72,201	59,444	12,757
Debt Service				
Principal	24,375	24,375	24,375	-
Interest	6,866	6,866	6,867	(1)
Total Expenditures and Encumbrances	141,889	144,889	128,789	16,100
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(21,516)	(24,516)	5,397	29,913
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds				
Street Improvements Capital Projects Fund	-	-	882	882
Streets and Highways Debt Service Fund	-	-	20	20
Recovery of Prior Years Expenditures	2,200	2,200	820	(1,380)
Total Other Financing Sources and Uses	2,200	2,200	1,722	(478)
Net Change in Fund Balance	\$ (19,316)	\$ (22,316)	7,119	\$ 29,435
Fund Balance, July 1			27,222	
Fund Balance, June 30			\$ 34,341	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Local Transportation Assistance Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-3

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,966	\$ 6,966	\$ 6,969	\$ 3
Total Revenues	6,966	6,966	6,969	3
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	6,860	6,860	6,860	-
Community Enrichment	106	106	106	-
Total Expenditures and Encumbrances	6,966	6,966	6,966	-
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	-	3	3
Net Change in Fund Balance	\$ -	\$ -	3	\$ 3
Fund Balance, July 1			-	
Fund Balance, June 30			\$ 3	

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

Exhibit D-4

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 27,814	\$ 27,814	\$ 32,369	\$ 4,555
Interest	5,279	5,279	8,114	2,835
Miscellaneous	135	135	544	409
Total Revenues	33,228	33,228	41,027	7,799
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	101,296	101,296	92,370	8,926
Community Enrichment	156	156	156	-
Capital	40,889	31,089	11,834	19,255
Contingency	14,500	4,500	-	4,500
Total Expenditures and Encumbrances	156,841	137,041	104,360	32,681
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(123,613)	(103,813)	(63,333)	40,480
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Fund	129,179	129,179	124,432	(4,747)
Capital Construction Special Revenue	-	-	1,203	1,203
Transit-Other Agency Special Revenue	-	-	11,502	11,502
Transfers to Other Funds				
City Improvement Debt Service Fund	(38,126)	(38,126)	(38,127)	(1)
Infrastructure Repayment Agreement Trust	(1,275)	(1,275)	(1,334)	(59)
Special Risk Trust Fund	(7)	(7)	(7)	-
Recovery of Prior Years Expenditures	500	500	4,597	4,097
Total Other Financing Sources and Uses	90,271	90,271	102,266	11,995
Net Change in Fund Balance	<u>\$ (33,342)</u>	<u>\$ (13,542)</u>	38,933	<u>\$ 52,475</u>
Fund Balance, July 1			173,837	
Fund Balance, June 30			<u>\$ 212,770</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Other Agency Special Revenue Funds
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-5

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 35,662	\$ 35,662	\$ 29,654	\$ (6,008)
Charges for Services	80	80	325	245
Interest	50	50	26	(24)
Total Revenues	<u>35,792</u>	<u>35,792</u>	<u>30,005</u>	<u>(5,787)</u>
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	8,672	13,672	12,415	1,257
Capital	<u>25,662</u>	<u>25,662</u>	<u>12,973</u>	<u>12,689</u>
Total Expenditures and Encumbrances	<u>34,334</u>	<u>39,334</u>	<u>25,388</u>	<u>13,946</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	1,458	(3,542)	4,617	8,159
OTHER FINANCING SOURCES (USES)				
Transfers to Transit 2000 Special Revenue	-	-	(11,502)	(11,502)
Net Change in Fund Balance	<u>\$ 1,458</u>	<u>\$ (3,542)</u>	<u>(6,885)</u>	<u>\$ (3,343)</u>
Fund Balance, July 1			<u>(9,832)</u>	
Fund Balance, June 30			<u>\$ (16,717)</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Transit - Federal Transit Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-6

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,983	\$ 6,983	\$ 12,024	\$ 5,041
Interest	-	-	71	71
Total Revenues	6,983	6,983	12,095	5,112
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Transportation	5,064	5,564	5,173	391
Capital	-	2,000	1,558	442
Lease-Purchase Payments	1,919	1,919	1,919	-
Total Expenditures and Encumbrances	6,983	9,483	8,650	833
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(2,500)	3,445	5,945
Net Change in Fund Balance	\$ -	\$ (2,500)	3,445	\$ 5,945
Fund Balance, July 1			(575)	
Fund Balance, June 30			\$ 2,870	

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

Exhibit D-7

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 3,182	\$ 3,182	\$ 6,670	\$ 3,488
Total Revenues	3,182	3,182	6,670	3,488
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	166	166	202	(36)
Public Safety	3,017	6,017	5,573	444
Total Expenditures and Encumbrances	3,183	6,183	5,775	408
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(1)	(3,001)	895	3,896
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	17	17
Total Other Financing Sources and Uses	-	-	17	17
Net Change in Fund Balance	\$ (1)	\$ (3,001)	912	\$ 3,913
Fund Balance, July 1			286	
Fund Balance, June 30			\$ 1,198	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Development Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-8

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 60,296	\$ 60,296	\$ 54,994	\$ (5,302)
Miscellaneous	(55)	(55)	(37)	18
Total Revenues	60,241	60,241	54,957	(5,284)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	2,638	2,638	1,894	744
Community Development	61,777	61,777	52,878	8,899
Capital	75	75	-	75
Total Expenditures and Encumbrances	64,490	64,490	54,772	9,718
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(4,249)	(4,249)	185	4,434
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
Staff and Administrative	(3,756)	(3,756)	(4,258)	(502)
Special Risk Trust Fund	(37)	(37)	(37)	-
Recovery of Prior Years Expenditures	-	-	196	196
Total Other Financing Sources and Uses	(3,793)	(3,793)	(4,099)	(306)
Net Change in Fund Balance	<u>\$ (8,042)</u>	<u>\$ (8,042)</u>	<u>(3,914)</u>	<u>\$ 4,128</u>
Fund Balance, July 1			31,970	
Fund Balance, June 30			<u>\$ 28,056</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Community Reinvestment Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-9

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 2,010	\$ 2,010	\$ 3,422	\$ 1,412
Interest	147	147	305	158
Total Revenues	2,157	2,157	3,727	1,570
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	71	171	64	107
Capital	1,469	1,469	1,404	65
Total Expenditures and Encumbrances	1,540	1,640	1,468	172
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	617	517	2,259	1,742
Net Change in Fund Balance	<u>\$ 617</u>	<u>\$ 517</u>	2,259	<u>\$ 1,742</u>
Fund Balance, July 1			6,239	
Fund Balance, June 30			<u>\$ 8,498</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Federal Operating Trust Grants Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-10

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 41,499	\$ 41,499	\$ 33,961	\$ (7,538)
Interest	42	42	128	86
Miscellaneous	514	514	795	281
Total Revenues	42,055	42,055	34,884	(7,171)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	487	487	586	(99)
Public Safety	21,716	21,716	18,994	2,722
Transportation	26	26	30	(4)
Community Enrichment	3,124	3,124	2,593	531
Community Development	16,188	19,188	12,549	6,639
Environmental Services	100	100	(327)	427
Capital	389	889	540	349
Total Expenditures and Encumbrances	42,030	45,530	34,965	10,565
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	25	(3,475)	(81)	3,394
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	81	81
Total Other Financing Sources and Uses	-	-	81	81
Net Change in Fund Balance	\$ 25	\$ (3,475)	-	\$ 3,475
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, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 34,481	\$ 34,481	\$ 16,000	\$ (18,481)
Interest	48	48	307	259
Miscellaneous	-	-	313	313
Total Revenues	34,529	34,529	16,620	(17,909)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	184	184	184	-
Community Enrichment	1,174	1,174	1,152	22
Community Development	29,665	29,665	13,691	15,974
Capital	3,256	3,256	1,653	1,603
Debt Service				
Principal	196	196	204	(8)
Interest	54	54	46	8
Total Expenditures and Encumbrances	34,529	34,529	16,930	17,599
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	-	(310)	(310)
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	310	310
Total Other Financing Sources and Uses	-	-	310	310
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
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, 2007
(in thousands)

Exhibit D-12

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 32,833	\$ 32,833	\$ 34,215	\$ 1,382
Interest	7	7	118	111
Miscellaneous	-	-	470	470
Total Revenues	32,840	32,840	34,803	1,963
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	-	-	18	(18)
Community Enrichment	32,840	37,840	34,749	3,091
Community Development	-	-	64	(64)
Total Expenditures and Encumbrances	32,840	37,840	34,831	3,009
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(5,000)	(28)	4,972
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	28	28
Total Other Financing Sources and Uses	-	-	28	28
Net Change in Fund Balance	\$ -	\$ (5,000)	-	\$ 5,000
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, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 65,668	\$ 65,668	\$ 50,138	\$ (15,530)
Interest	758	758	1,693	935
Dwelling Rentals	5,225	5,225	6,305	1,080
Miscellaneous	2,416	2,416	1,912	(504)
Total Revenues	74,067	74,067	60,048	(14,019)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	19	19	2	17
Community Development	89,758	89,758	62,746	27,012
Capital	900	900	-	900
Debt Service				
Principal	480	480	480	-
Interest	74	74	74	-
Total Expenditures and Encumbrances	91,231	91,231	63,302	27,929
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(17,164)	(17,164)	(3,254)	13,910
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds				
General Fund				
In-Lieu Property Taxes	(303)	(303)	(325)	(22)
Capital Projects Fund	-	-	(238)	(238)
City Improvement	-	-	(71)	(71)
Special Risk Trust Fund	(11)	(11)	(11)	-
Recovery of Prior Years Expenditures	-	-	45	45
Total Other Financing Sources and Uses	(314)	(314)	(600)	(286)
Net Change in Fund Balance	<u>\$ (17,478)</u>	<u>\$ (17,478)</u>	(3,854)	<u>\$ 13,624</u>
Fund Balance, July 1			36,153	
Fund Balance, June 30			<u>\$ 32,299</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Housing Hope VI Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-14

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,956	\$ 5,956	\$ 9,190	\$ 3,234
Interest	-	-	590	590
Miscellaneous	-	-	231	231
Total Revenues	5,956	5,956	10,011	4,055
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Development	-	-	4	(4)
Capital	5,956	9,956	9,950	6
Total Expenditures and Encumbrances	5,956	9,956	9,954	2
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	-	(4,000)	57	4,057
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	2	2
Total Other Financing Sources and Uses	-	-	2	2
Net Change in Fund Balance	\$ -	\$ (4,000)	59	\$ 4,059
Fund Balance, July 1			(10)	
Fund Balance, June 30			\$ 49	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Sports Facilities Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-15

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 1,249	\$ 1,249
Miscellaneous	500	500	403	(97)
Total Revenues	500	500	1,652	1,152
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	128	128	24	104
Public Safety	993	993	993	-
Community Enrichment	502	502	501	1
Community Development	148	148	107	41
Lease-Purchase Payments	9,838	9,838	9,190	648
Total Expenditures and Encumbrances	11,609	11,609	10,815	794
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(11,109)	(11,109)	(9,163)	1,946
OTHER FINANCING SOURCES (USES)				
Transfer from Excise Tax Fund	16,164	16,164	15,992	(172)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(159)	(159)	(121)	38
Other	(76)	(76)	(76)	-
Infrastructure Repayment Agreement Trust	(226)	(226)	(240)	(14)
Recovery of Prior Years Expenditures	-	-	2	2
Total Other Financing Sources and Uses	15,703	15,703	15,557	(146)
Net Change in Fund Balance	<u>\$ 4,594</u>	<u>\$ 4,594</u>	6,394	<u>\$ 1,800</u>
Fund Balance, July 1			16,563	
Fund Balance, June 30			<u>\$ 22,957</u>	

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

Exhibit D-16

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 750	\$ 750	\$ 709	\$ (41)
Miscellaneous	-	-	38	38
Total Revenues	750	750	747	(3)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Environmental Services	100	200	17	183
Capital	25,083	25,083	17,199	7,884
Total Expenditures and Encumbrances	25,183	25,283	17,216	8,067
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(24,433)	(24,533)	(16,469)	8,064
OTHER FINANCING SOURCES (USES)				
Transfer from Excise Tax Fund	20,811	20,811	18,975	(1,836)
Transfers to Other Funds				
Transit 2000 Special Revenue	-	-	(1,203)	(1,203)
Street Improvement Capital Projects	-	-	(91)	(91)
Infrastructure Repayment Agreement Trust	(5)	(5)	(1)	4
Recovery of Prior Years Expenditures	-	-	383	383
Total Other Financing Sources and Uses	20,806	20,806	18,063	(2,743)
Net Change in Fund Balance	<u>\$ (3,627)</u>	<u>\$ (3,727)</u>	1,594	<u>\$ 5,321</u>
Fund Balance, July 1			7,716	
Fund Balance, June 30			<u>\$ 9,310</u>	

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

Exhibit D-17

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 600	\$ 600	\$ 3,564	\$ 2,964
Total Revenues	600	600	3,564	2,964
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Community Enrichment	180	180	174	6
Capital	67,942	62,342	5,901	56,441
Total Expenditures and Encumbrances	68,122	62,522	6,075	56,447
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(67,522)	(61,922)	(2,511)	59,411
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	32,295	32,295	31,106	(1,189)
Transfers to Other Funds				
Infrastructure Repayment Agreement Trust	(325)	(325)	(333)	(8)
Recovery of Prior Years Expenditures	100	100	130	30
Total Other Financing Sources and Uses	32,070	32,070	30,903	(1,167)
Net Change in Fund Balance	<u>\$ (35,452)</u>	<u>\$ (29,852)</u>	28,392	<u>\$ 58,244</u>
Fund Balance, July 1			60,624	
Fund Balance, June 30			<u>\$ 89,016</u>	

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

Exhibit D-18

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Contributions/Donations	\$ 4,961	\$ 4,961	\$ 4,331	\$ (630)
Licenses and Permits	6	6	2	(4)
Intergovernmental	-	-	124	124
Charges for Services	4,156	4,156	3,835	(321)
Fines and Forfeitures	-	-	26	26
Parks and Recreation	3,277	3,277	3,036	(241)
Rentals	2,085	2,085	1,691	(394)
Interest	498	498	923	425
Miscellaneous	597	597	1,210	613
Total Revenues	15,580	15,580	15,178	(402)
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
General Government	1,593	1,593	894	699
Criminal Justice	1,949	1,949	769	1,180
Public Safety	400	400	381	19
Transportation	63	63	63	-
Community Enrichment	4,913	4,913	3,677	1,236
Community Development	2,006	2,006	2,609	(603)
Environmental Services	1,702	1,702	301	1,401
Capital	3,873	3,873	3,336	537
Total Expenditures and Encumbrances	16,499	16,499	12,030	4,469
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(919)	(919)	3,148	4,067
OTHER FINANCING SOURCES (USES)				
Recovery of Prior Years Expenditures	-	-	37	37
Total Other Financing Sources and Uses	-	-	37	37
Net Change in Fund Balance	<u>\$ (919)</u>	<u>\$ (919)</u>	3,185	<u>\$ 4,104</u>
Fund Balance, July 1			24,076	
Fund Balance, June 30			<u>\$ 27,261</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Neighborhood Protection Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit D-19

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ 56	\$ 56	\$ 136	\$ 80
Miscellaneous	125	125	123	(2)
Total Revenues	181	181	259	78
EXPENDITURES AND ENCUMBRANCES				
Current Operating				
Public Safety	32,188	32,188	30,099	2,089
Total Expenditures and Encumbrances	32,188	32,188	30,099	2,089
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(32,007)	(32,007)	(29,840)	2,167
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds				
Excise Tax Special Revenue Fund	32,294	32,294	31,105	(1,189)
Transfers to Other Funds				
Special Risk Trust Fund	(13)	(13)	(13)	-
Infrastructure Repayment Agreement Trust	(376)	(376)	(382)	(6)
Total Other Financing Sources and Uses	31,905	31,905	30,710	(1,195)
Net Change in Fund Balance	<u>\$ (102)</u>	<u>\$ (102)</u>	870	<u>\$ 972</u>
Fund Balance, July 1			2,083	
Fund Balance, June 30			<u>\$ 2,953</u>	

City of Phoenix, Arizona
Budgetary Comparison Schedule
Public Safety Enhancement Special Revenue Fund
For the Fiscal Year Ended June 30, 2007
(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	\$ 23,856	\$ 23,856	\$ 20,708	\$ 3,148
Contingency	733	733	-	733
Total Expenditures and Encumbrances	24,589	24,589	20,708	3,881
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(24,589)	(24,589)	(20,708)	3,881
OTHER FINANCING SOURCES (USES)				
Transfers from Excise Tax Fund	21,679	21,679	23,656	1,977
Transfers to Special Risk Trust Fund	(5)	(5)	(5)	-
Recovery of Prior Years Expenditures	-	-	11	11
Total Other Financing Sources and Uses	21,674	21,674	23,662	1,988
Net Change in Fund Balance	<u>\$ (2,915)</u>	<u>\$ (2,915)</u>	2,954	<u>\$ 5,869</u>
Fund Balance, July 1			4,323	
Fund Balance, June 30			<u>\$ 7,277</u>	

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

Exhibit D-21

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 119,509	\$ 119,509	\$ 117,337	\$ (2,172)
Interest	700	700	1,259	559
Total Revenues	120,209	120,209	118,596	(1,613)
EXPENDITURES AND ENCUMBRANCES				
General Obligation Bond Debt Service				
Principal	48,605	48,605	23,690	24,915
Interest	53,854	53,854	39,386	14,468
Early Redemption	18,554	18,554	55,506	(36,952)
Arbitrage Rebate and Fiscal Agent Fees	4	4	5	(1)
Other Debt Service Costs	-	-	659	(659)
Total Expenditures and Encumbrances	121,017	121,017	119,246	1,771
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(808)	(808)	(650)	158
OTHER FINANCING SOURCES (USES)				
Proceeds from General Obligation Bonds	-	-	148,860	148,860
Deposits to Refunding Escrow	-	-	(144,670)	(144,670)
Total Other Financing Sources and Uses	-	-	4,190	4,190
Net Change in Fund Balance	<u>\$ (808)</u>	<u>\$ (808)</u>	3,540	<u>\$ 4,348</u>
Fund Balance, July 1			100	
Fund Balance, June 30			<u>\$ 3,640</u>	

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

Exhibit D-22

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 24	\$ 24
Total Revenues	-	-	24	24
EXPENDITURES AND ENCUMBRANCES				
Lease-Purchase Payments	67,620	68,620	66,966	1,654
Fiscal Agent Fees	20	20	26	(6)
Other Debt Service Costs	-	-	63	(63)
Total Expenditures and Encumbrances	67,640	68,640	67,055	1,585
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	(67,640)	(68,640)	(67,031)	1,609
OTHER FINANCING SOURCES (USES)				
Proceeds from Refunding Bonds	-	-	131,658	131,658
Transfers from Other Funds				
Excise Tax Special Revenue Fund	29,514	29,514	28,770	(744)
Transit 2000 Special Revenue Fund	38,126	38,126	38,127	1
Public Housing Special Revenue Fund	-	-	71	71
Deposits to Refunding Escrow	-	-	(131,432)	(131,432)
Total Other Financing Sources and Uses	67,640	67,640	67,194	(446)
Net Change in Fund Balance	\$ -	\$ (1,000)	163	\$ 1,163
Fund Balance, July 1			-	
Fund Balance, June 30			\$ 163	



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.

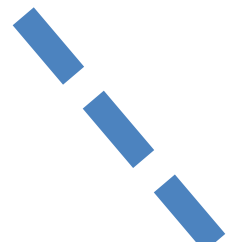
Phoenix Convention Center - to account for the operations of the Phoenix Convention Center and theatrical facilities.

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, Arizona
Aviation Enterprise Fund
Comparative Statements of Net Assets

Exhibit E-1

June 30, 2007 and 2006
(in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and Cash Equivalents	\$ 23,498	\$ 20,588
Investments	101,306	81,498
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2007, \$565 and 2006, \$880)	7,860	4,601
Deposits in Escrow	458	526
Prepaid Items	680	850
Inventories, at Average Cost	1,375	1,091
Total Unrestricted Current Assets	<u>135,177</u>	<u>109,154</u>
Restricted Assets		
Debt Service		
Cash and Cash Equivalents	3	-
Cash with Fiscal Agent/Trustee	45,488	46,617
Revenue Bond Reserve		
Cash and Cash Equivalents	7,201	-
Investments	22,279	29,630
Accrued Interest Receivable	443	128
Airport Improvement Reserve		
Cash and Cash Equivalents	7,517	8,704
Investments	32,047	30,860
Passenger Facility Charge		
Cash and Cash Equivalents	3,529	41,021
Investments	16,860	149,809
Accounts Receivable	10,803	8,962
Customer Facility Charge		
Cash and Cash Equivalents	-	14,806
Accounts Receivable	3,131	2,625
Investments	20,190	6,806
Cash with Fiscal Agent/Trustee	33,101	40,923
Capital Projects		
Cash and Cash Equivalents	2,845	36,678
Investments	18,169	51,664
Receivables		
Intergovernmental	10,320	21,097
Total Restricted Current Assets	<u>233,926</u>	<u>490,330</u>
Total Current Assets	<u>369,103</u>	<u>599,484</u>
Noncurrent Assets		
Capital Assets		
Land	436,375	350,438
Buildings	908,281	855,914
Improvements Other Than Buildings	951,509	928,987
Equipment	82,206	78,131
Construction in Progress	650,761	540,386
Less: Accumulated Depreciation	(779,630)	(700,120)
Total Capital Assets, Net of Accumulated Depreciation	<u>2,249,502</u>	<u>2,053,736</u>
Total Noncurrent Assets	<u>2,249,502</u>	<u>2,053,736</u>
Total Assets	<u>2,618,605</u>	<u>2,653,220</u>

<u>LIABILITIES</u>	2007	2006
Current Liabilities Payable from Current Assets		
Accounts Payable	9,718	9,024
Trust Liabilities and Deposits	486	554
Deferred Revenue	7,798	8,703
Capital Leases	517	458
Current Portion of Accrued Compensated Absences	662	533
Total Current Liabilities Payable from Current Assets	19,181	19,272
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	4,000	4,000
Matured Bonds Payable	24,435	20,930
Interest Payable	20,879	25,614
Current Portion of General Obligation Bonds	3,780	3,590
Current Portion of Revenue Bonds	4,675	4,410
Current Portion of Rental Car Facility Revenue Bonds	6,180	5,960
Current Portion of Municipal Corporation Obligations	9,920	13,940
Capital Projects		
Accounts Payable	19,903	16,793
Total Current Liabilities Payable from Restricted Assets	93,772	95,237
Total Current Liabilities	112,953	114,509
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2007, \$1,362 and 2006, \$1,427)	12,218	15,823
Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2007, \$0 and 2006, \$0)	24,070	28,745
Rental Car Facility Revenue Bonds, Net of Deferred Interest		
Expense Adjustment (2007, \$0 and 2006, \$0)	247,860	254,040
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2007, \$1,401 and 2006, \$2,019)	446,108	605,146
Unamortized Premium (Discount)	(641)	263
Capital Leases	-	882
Accrued Compensated Absences	4,339	3,575
Total Noncurrent Liabilities	733,954	908,474
Total Liabilities	846,907	1,022,983
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	1,533,973	1,329,221
Restricted for Bond Retirement	29,481	29,630
Restricted for CFC Transportation O&M / Improvement Reserves	20,190	19,164
Unrestricted	188,054	252,222
Total Net Assets	\$ 1,771,698	\$ 1,630,237

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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Landing and Terminals Fees	\$ 133,565	\$ 126,642
Parking and Car Rentals	123,042	102,321
Other	20,621	17,325
Total Operating Revenues	<u>277,228</u>	<u>246,288</u>
Operating Expenses		
Operation and Maintenance	175,806	176,455
Depreciation	86,269	65,438
Staff and Administrative	6,188	6,121
Total Operating Expenses	<u>268,263</u>	<u>248,014</u>
Operating Income (Loss)	8,965	(1,726)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair		
Value of Investments	4,868	3,398
Interest	13,637	8,292
Interest on Capital Debt	(43,711)	(31,648)
Loss on Disposal of Capital Assets	(197)	(211)
Total Non-Operating Revenues (Expenses)	<u>(25,403)</u>	<u>(20,169)</u>
Net Loss Before Contributions	(16,438)	(21,895)
Capital Contributions	158,033	183,818
Transfers to Special Risk Fund	(60)	-
Transfers to Capital Project Funds	(74)	-
Change in Net Assets	<u>141,461</u>	<u>161,923</u>
Net Assets, July 1	1,630,237	1,468,314
Net Assets, June 30	<u>\$ 1,771,698</u>	<u>\$ 1,630,237</u>

City of Phoenix, Arizona
Aviation Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

Exhibit E-3

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 272,995	\$ 246,479
Payments to Suppliers	(118,649)	(123,648)
Payments to Employees	(55,615)	(51,568)
Payment of Staff and Administrative Expenses	(6,188)	(6,121)
Net Cash Provided by Operating Activities	<u>92,543</u>	<u>65,142</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(134)	-
	<u>(134)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(174,843)	(21,473)
Interest Paid on Capital Debt	(55,976)	(42,917)
Acquisition and Construction of Capital Assets	(272,983)	(327,436)
Proceeds from Sales of Capital Assets	107	42
Capital Contributions	166,465	172,451
Net Cash Used by Capital and Related Financing Activities	<u>(337,230)</u>	<u>(219,333)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(613,260)	(2,017,530)
Proceeds from Sale and Maturities of Investment Securities	621,954	2,152,345
Net Activity for Short-Term Investments	130,720	(42,452)
Interest on Investments	19,252	14,039
Net Cash Provided by Investing Activities	<u>158,666</u>	<u>106,402</u>
Net Decrease in Cash and Cash Equivalents	<u>(86,155)</u>	<u>(47,789)</u>
Cash and Cash Equivalents, July 1	209,337	257,126
Cash and Cash Equivalents, June 30	<u>\$ 123,182</u>	<u>\$ 209,337</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 8,965	\$ (1,726)
Adjustments		
Depreciation	86,269	65,438
(Increase) Decrease in Assets		
Receivables	(2,944)	(1,650)
Allowance for Doubtful Accounts	(315)	419
Deposits in Escrow	68	(300)
Prepaid Items	170	170
Inventories	(284)	(226)
Increase (Decrease) in Liabilities		
Accounts Payable	694	1,532
Trust Liabilities and Deposits	(68)	299
Deferred Revenue	(905)	1,122
Accrued Compensated Absences	893	64
Net Cash Provided by Operating Activities	<u>\$ 92,543</u>	<u>\$ 65,142</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 683	\$ 732
Increase (Decrease) in Fair Value of Investments	(339)	(546)
Total Noncash Transactions Affecting Financial Position	<u>\$ 344</u>	<u>\$ 186</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, 2007
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Landing Area	\$ 31,203	\$ 31,203	\$ 34,289	\$ 3,086
Terminal Area	93,493	93,493	98,038	4,545
Ground Transportation	103,095	103,095	118,048	14,953
Hangar Area	3,844	3,844	2,814	(1,030)
Business and Commercial Area	14,376	14,376	14,142	(234)
Interest on Investments	6,225	6,225	8,848	2,623
Other	14,751	14,751	10,594	(4,157)
Total Revenues	266,987	266,987	286,773	19,786
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Administration	28,207	28,158	25,346	2,812
Sky Harbor				
Operations	34,344	37,812	35,275	2,537
Maintenance	60,834	60,084	57,982	2,102
Technology	15,764	15,764	14,552	1,212
Security Services	28,052	28,052	32,472	(4,420)
Custodial Services	12,232	12,823	10,958	1,865
Contingency	10,000	8,000	-	8,000
Phoenix - Deer Valley	1,718	1,718	1,649	69
Phoenix - Goodyear	1,149	1,174	1,074	100
Total Operating Expenditures	192,300	193,585	179,308	14,277
Net Revenue Available for Revenue Bond Debt Service	74,687	73,402	107,465	34,063
Revenue Bond Debt Service				
Principal	8,790	8,790	8,790	-
Interest	23,165	23,165	23,165	-
Total Revenue Bond Debt Service	31,955	31,955	31,955	-
Net Revenue Available After Revenue Bond Debt Service	42,732	41,447	75,510	34,063
Other Expenditures				
Capital Improvement Program	35,572	35,572	47,855	(12,283)
General Obligation Bond Debt Service	4,694	4,694	4,694	-
Lease-Purchase Payments	19,246	19,243	9,651	9,592
Total Other Expenditures	59,512	59,509	62,200	(2,691)
Total Expenditures and Encumbrances	283,767	285,049	273,463	11,586
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(16,780)	(18,062)	13,310	31,372
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	13	13
Transfers to Other Funds				
General Fund				
Staff and Administrative	(6,274)	(6,274)	(6,188)	86
Special Risk Trust Fund	(60)	(60)	(60)	-
Transfers from Other Funds				
Aviation Capital Fund	(14,570)	(14,570)	-	14,570
Total Other Financing Sources (Uses)	(20,904)	(20,904)	(6,235)	14,669
Net Increase (Decrease) in Fund Balance	\$ (37,684)	\$ (38,966)	7,075	\$ 46,041
FUND BALANCE, JULY 1			69,477	
FUND BALANCE, JUNE 30			<u>\$ 76,552</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
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit E-5

	<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>				
Customer Facility Charge	\$ -	\$ -	\$ 33,921	\$ 33,921
Interest on Investments	-	-	2,177	2,177
Total Revenues	-	-	36,098	36,098
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance				
Rental Car Center				
Operations	14,570	11,235	9,871	1,364
Maintenance	-	48	209	(161)
Total Operating Expenditures	14,570	11,283	10,080	1,203
Net Revenue Available for Revenue Bond Debt Service	(14,570)	(11,283)	26,018	37,301
Revenue Bond Debt Service				
Principal	5,960	5,960	5,960	-
Interest	15,318	15,321	15,318	3
Total Revenue Bond Debt Service	21,278	21,281	21,278	3
Net Revenue Available After Revenue Bond Debt Service	(35,848)	(32,564)	4,740	37,304
Total Expenditures and Encumbrances	35,848	32,564	31,358	1,206
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(35,848)	(32,564)	4,740	37,304
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Other Funds				
Airport Revenue Fund	14,570	14,570	-	(14,570)
Aviation Capital Fund	21,278	-	1,254	(1,254)
Total Other Financing Sources (Uses)	35,848	14,570	1,254	(15,824)
Net Increase (Decrease) in Fund Balance	\$ -	\$ (17,994)	5,994	\$ 21,480
FUND BALANCE, JULY 1			30,917	
FUND BALANCE, JUNE 30			<u>\$ 36,911</u>	

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

Exhibit E-6

June 30, 2007 and 2006
(in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and Cash Equivalents	\$ 2,598	\$ 4,172
Investments	12,118	17,709
Accounts Receivable, Net of Allowance for Doubtful Accounts (2007, \$9 and 2006, \$20)	250	672
Inventories, at Average Cost	147	160
Total Unrestricted Current Assets	<u>15,113</u>	<u>22,713</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	9,962	13,578
Capital Projects		
Cash and Cash Equivalents	87,954	438,199
Investments	253,942	19,696
Receivables		
Accrued Interest	2,157	421
Customer and Other Deposits	989	782
Total Restricted Current Assets	<u>355,004</u>	<u>472,676</u>
Total Current Assets	<u>370,117</u>	<u>495,389</u>
Noncurrent Assets		
Capital Assets		
Land	59,874	59,874
Buildings	386,306	241,992
Improvements Other Than Buildings	13,657	17,093
Equipment	9,019	10,414
Construction in Progress	241,251	260,317
Less: Accumulated Depreciation	(105,591)	(128,242)
Total Capital Assets, Net of Accumulated Depreciation	<u>604,516</u>	<u>461,448</u>
Total Noncurrent Assets	<u>604,516</u>	<u>461,448</u>
Total Assets	<u>974,633</u>	<u>956,837</u>

<u>LIABILITIES</u>	<u>2007</u>	<u>2006</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	1,232	1,523
Current Portion of Accrued Compensated Absences	180	160
Total Current Liabilities Payable from Current Assets	1,412	1,683
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	1,340	4,800
Interest Payable	8,767	8,778
Current Portion of Municipal Corporation Obligations	985	1,340
Capital Projects		
Accounts Payable	12,167	18,906
Customer Deposits	989	782
Total Current Liabilities Payable from Restricted Assets	24,248	34,606
Total Current Liabilities	25,660	36,289
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2007, \$933 and 2006, \$0)	631,895	619,179
Unamortized Premium (Discount)	44,344	45,755
Accrued Compensated Absences	1,133	1,030
Total Noncurrent Liabilities	677,372	665,964
Total Liabilities	703,032	702,253
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	264,047	244,053
Restricted for Debt Service	4,940	4,415
Unrestricted	2,614	6,116
Total Net Assets	\$ 271,601	\$ 254,584

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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Rental of Facilities and Equipment	\$ 2,194	\$ 2,101
Concessions	6,587	6,279
Box Office Services	137	128
Other	1,600	843
Total Operating Revenues	<u>10,518</u>	<u>9,351</u>
Operating Expenses		
Administration	21,778	24,708
Operation and Maintenance	11,038	11,062
Promotion	2,185	1,719
Depreciation	10,394	10,266
Staff and Administrative	2,194	2,095
Security	2,469	1,949
Total Operating Expenses	<u>50,058</u>	<u>51,799</u>
Operating Loss	(39,540)	(42,448)
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	10,019	13,767
Interest	1,933	3,575
Interest on Capital Debt	(2,042)	(16,994)
Loss on Disposal of Capital Assets	(14,278)	(8)
Total Non-Operating Revenues (Expenses)	<u>(4,368)</u>	<u>340</u>
Loss Before Contributions and Transfers	(43,908)	(42,108)
Capital Contributions - Municipalities	1	16,805
Transfers from Excise Tax Fund	61,647	56,288
Transfers to Infrastructure Repayment Agreement Trust Fund	(709)	(1,048)
Transfers to Special Risk Trust	(14)	-
Change in Net Assets	<u>17,017</u>	<u>29,937</u>
Net Assets, July 1	254,584	224,647
Net Assets, June 30	<u>\$ 271,601</u>	<u>\$ 254,584</u>

City of Phoenix, Arizona
Phoenix Convention Center Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

Exhibit E-8

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 11,147	\$ 8,995
Payments to Suppliers	(23,657)	(25,019)
Payments to Employees	(13,968)	(13,161)
Payment of Staff and Administrative Expenses	(2,194)	(2,095)
Net Cash Used by Operating Activities	<u>(28,672)</u>	<u>(31,280)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	61,647	56,288
Operating Transfers to Other Funds	(723)	(1,048)
Net Cash Provided by Noncapital Financing Activities	<u>60,924</u>	<u>55,240</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	296	631,725
Principal Paid on Capital Debt	(4,800)	(4,515)
Interest Paid on Capital Debt	(17,257)	(17,787)
Acquisition and Construction of Capital Assets	(147,461)	(172,698)
Proceeds from Sales of Capital Assets	37	12
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(169,185)</u>	<u>436,737</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(6,469,571)	(6,380,341)
Proceeds from Sale and Maturities of Investment Securities	6,585,576	5,930,924
Net Activity for Short-Term Investments	(344,660)	412,067
Interest on Investments	22,134	16,930
Proceeds from Collections of Long-Term Receivable	-	186
Net Cash Used by Investing Activities	<u>(206,521)</u>	<u>(20,234)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(343,454)</u>	<u>440,463</u>
Cash and Cash Equivalents, July 1	456,731	16,268
Cash and Cash Equivalents, June 30	<u>\$ 113,277</u>	<u>\$ 456,731</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (39,540)	\$ (42,448)
Adjustments		
Depreciation and Amortization	10,394	10,266
(Increase) Decrease in Assets		
Accounts Receivable	422	(472)
Inventories	13	(13)
Increase (Decrease) in Liabilities		
Accounts Payable	(291)	1,255
Customer Deposits	207	116
Accrued Compensated Absences	123	16
Net Cash Used by Operating Activities	<u>\$ (28,672)</u>	<u>\$ (31,280)</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ -	\$ 16,805
Bond Capital Appreciation	13,343	-
Increase (Decrease) in Fair Value of Investments	10,020	1,625
Total Noncash Transactions Affecting Financial Position	<u>\$ 23,363</u>	<u>\$ 18,430</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, 2007
(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>				
Rental of Facilities and Equipment	\$ 1,946	\$ 1,946	\$ 2,525	\$ 579
Concessions	6,382	6,382	7,100	718
Box Office Services	104	104	137	33
Interest	1,229	1,229	2,851	1,622
Other	912	912	728	(184)
Total Revenues	<u>10,573</u>	<u>10,573</u>	<u>13,341</u>	<u>2,768</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	41,151	43,255	35,584	7,671
Capital Improvement Program	42,849	40,745	34,983	5,762
Lease-Purchase Payments	18,585	18,585	18,585	-
Total Expenditures and Encumbrances	<u>102,585</u>	<u>102,585</u>	<u>89,152</u>	<u>13,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(92,012)</u>	<u>(92,012)</u>	<u>(75,811)</u>	<u>16,201</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	44	44
Transfers from Other Funds				
Excise Tax Fund	62,553	62,553	61,648	(905)
Transfers to Other Funds				
General Fund				
Staff and Administrative	(2,147)	(2,147)	(2,194)	(47)
Special Risk Trust Fund	(14)	(14)	(14)	-
Infrastructure Repayment Agreement Trust Fund	(575)	(575)	(709)	(134)
Total Other Financing Sources (Uses)	<u>59,817</u>	<u>59,817</u>	<u>58,775</u>	<u>(1,042)</u>
Net Decrease in Fund Balance	<u>\$ (32,195)</u>	<u>\$ (32,195)</u>	<u>(17,036)</u>	<u>\$ 15,159</u>
FUND BALANCE, JULY 1			<u>60,843</u>	
FUND BALANCE, JUNE 30			<u>\$ 43,807</u>	



City of Phoenix

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

Exhibit E-10

June 30, 2007 and 2006
(in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and Cash Equivalents	\$ 16,251	\$ 19,910
Investments	86,234	80,161
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2007, \$1264 and 2006, \$943)	49,748	44,484
Intergovernmental	1,575	942
Prepaid Items	3,170	3,281
Inventories, at Average Cost	4,106	2,837
Total Unrestricted Current Assets	<u>161,084</u>	<u>151,615</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	53,920	49,615
Capital Projects		
Cash and Cash Equivalents	38,564	33,815
Investment in L.G.I.P. for Plan Six	2,817	4,339
Investments	219,483	205,972
Receivables		
Accrued Interest	18	292
Customer and Other Deposits	2,876	2,530
Total Restricted Current Assets	<u>317,678</u>	<u>296,563</u>
Total Current Assets	<u>478,762</u>	<u>448,178</u>
Noncurrent Assets		
Capital Assets		
Land	69,395	68,114
Buildings	210,770	128,328
Improvements Other Than Buildings	584,876	489,464
Equipment	232,919	181,385
Mains, Hydrants, Meters and Service Connections	1,341,806	1,196,409
Construction in Progress	140,948	376,438
Less: Accumulated Depreciation	<u>(669,465)</u>	<u>(655,493)</u>
Total Capital Assets, Net of Accumulated Depreciation	1,911,249	1,784,645
Other Assets		
Excess of Cost Over Net Assets Acquired, Less Accumulated Amortization (2007, \$387 and 2006, \$368)	55	74
Water Rights, Less Accumulated Amortization (2007, \$13,585 and 2006, \$12,464)	31,148	30,569
Investment in Val Vista Treatment Plant Joint Use Agreement	122,829	110,097
Total Other Assets	<u>154,032</u>	<u>140,740</u>
Total Noncurrent Assets	<u>2,065,281</u>	<u>1,925,385</u>
Total Assets	<u>2,544,043</u>	<u>2,373,563</u>

<u>LIABILITIES</u>	<u>2007</u>	<u>2006</u>
Current Liabilities Payable from Current Assets		
Accounts Payable	13,925	9,914
Deferred Revenue	59	59
Current Portion of Accrued Compensated Absences	846	804
Total Current Liabilities Payable from Current Assets	<u>14,830</u>	<u>10,777</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	100,000	-
Matured Bonds Payable	26,790	20,980
Interest Payable	29,616	29,575
Current Portion of General Obligation Bonds	19,655	8,975
Current Portion of Municipal Corporation Obligations	19,580	17,815
Capital Projects		
Accounts Payable	12,508	11,774
Customer and Other Deposits	2,876	2,530
Total Current Liabilities Payable from Restricted Assets	<u>211,025</u>	<u>91,649</u>
Total Current Liabilities	<u>225,855</u>	<u>102,426</u>
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2007, \$2,151 and 2006, \$2,645)	82,360	101,208
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2007, \$6,719 and 2006, \$7,182)	1,014,676	1,033,793
Unamortized Premium (Discount)	45,667	49,085
Accrued Compensated Absences	5,569	5,378
Total Noncurrent Liabilities	<u>1,148,272</u>	<u>1,189,464</u>
Total Liabilities	<u>1,374,127</u>	<u>1,291,890</u>
 <u>NET ASSETS</u> 		
Invested in Capital Assets, Net of Related Debt	834,452	756,562
Restricted for Plan Six	2,817	4,339
Restricted for Enabling Legislation	92,121	70,101
Unrestricted	240,526	250,671
Total Net Assets	<u>\$ 1,169,916</u>	<u>\$ 1,081,673</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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Water Sales	\$ 226,356	\$ 216,244
Environmental Charges	31,337	26,663
Other	14,498	14,508
Total Operating Revenues	<u>272,191</u>	<u>257,415</u>
Operating Expenses		
Administration and Engineering	20,373	23,811
Operation and Maintenance		
Customer Service	18,112	17,486
Production and Treatment	56,027	57,066
Distribution and Centralized Functions	62,021	60,572
Depreciation and Amortization	67,680	61,144
Staff and Administrative	6,483	6,209
Total Operating Expenses	<u>230,696</u>	<u>226,288</u>
Operating Income	41,495	31,127
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	4,820	5,115
Interest	10,142	8,693
Interest on Capital Debt	(35,545)	(43,253)
Equity Interest in Joint Use Agreement Operating Loss	(4,558)	(5,671)
Loss on Disposal of Capital Assets	(1,542)	(861)
Total Non-Operating Revenues (Expenses)	<u>(26,683)</u>	<u>(35,977)</u>
Net Income (Loss) Before Contributions and Transfers	14,812	(4,850)
Capital Contributions	82,869	86,314
Transfers to General Fund - In Lieu Property Taxes	(9,363)	(8,964)
Transfers to Special Risk Trust Fund	(75)	-
Change in Net Assets	<u>88,243</u>	<u>72,500</u>
Net Assets, July 1	1,081,673	1,009,173
Net Assets, June 30	<u>\$ 1,169,916</u>	<u>\$ 1,081,673</u>

City of Phoenix, Arizona
Water System Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

Exhibit E-12

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 266,640	\$ 252,906
Payments to Suppliers	(76,950)	(86,151)
Payments to Employees	(74,975)	(75,644)
Payment of Staff and Administrative Expenses	(6,483)	(6,209)
Net Cash Provided by Operating Activities	<u>108,232</u>	<u>84,902</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(9,438)	(8,964)
Net Cash Used by Noncapital Financing Activities	<u>(9,438)</u>	<u>(8,964)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	100,000	-
Principal Paid on Capital Debt	(20,980)	(18,488)
Interest Paid on Capital Debt	(59,345)	(47,969)
Acquisition and Construction of Capital Assets	(140,172)	(235,416)
Proceeds from Sales of Capital Assets	142	430
Capital Contributions	31,649	24,104
Net Cash Used by Capital and Related Financing Activities	<u>(88,706)</u>	<u>(277,339)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(447,076)	(781,036)
Proceeds from Sales and Maturities of Investment Securities	482,093	1,046,900
Net Activity for Short-Term Investments	(54,600)	(123,182)
Interest on Investments	15,236	14,597
Net Cash Provided (Used) by Investing Activities	<u>(4,347)</u>	<u>157,279</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>5,741</u>	<u>(44,122)</u>
Cash and Cash Equivalents, July 1	105,870	149,992
Cash and Cash Equivalents, June 30	<u>\$ 111,611</u>	<u>\$ 105,870</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 41,495	\$ 31,127
Adjustments		
Depreciation and Amortization	67,680	61,144
(Increase) Decrease in Assets		
Deposits for Plan Six	1,522	(178)
Receivables	(6,218)	(5,004)
Allowance for Doubtful Accounts	321	16
Prepaid Expenses	111	181
Inventories	(1,269)	(44)
Increase (Decrease) in Liabilities		
Accounts Payable	4,011	(2,682)
Deferred Revenue	-	18
Customer and Other Deposits	346	461
Accrued Compensated Absences	233	(137)
Net Cash Provided by Operating Activities	<u>\$ 108,232</u>	<u>\$ 84,902</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 51,220	\$ 62,210
Bond Capital Appreciation	313	296
Refunding Issuance in Excess of Bond Retirement	957	957
Increase (Decrease) in Fair Value of Investments	562	975
Total Noncash Transactions Affecting Financial Position	<u>\$ 53,052</u>	<u>\$ 64,438</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, 2007
(in thousands)

Exhibit E-13

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Water Sales	\$ 224,029	\$ 224,029	\$ 226,376	\$ 2,347
Environmental Charges	31,227	31,227	31,337	110
Development Occupational Fees	6,515	6,515	8,712	2,197
Water Service Fees	4,594	4,594	4,747	153
Distribution	7,820	7,820	7,809	(11)
Interest	9,205	9,205	15,874	6,669
Other	6,612	6,612	9,786	3,174
Total Revenues	290,002	290,002	304,641	14,639
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	161,755	161,842	128,279	33,563
Operation and Maintenance - Val Vista	15,140	15,140	9,260	5,880
Total Operating Expenditures and Encumbrances	176,895	176,982	137,539	39,443
Net Revenue Available for Revenue Bond Debt Service	113,107	113,020	167,102	54,082
Junior Lien Revenue Bond Debt Service				
Principal	17,815	17,815	17,815	-
Interest	52,409	52,409	52,409	-
Total Junior Lien Revenue Bond Debt Service	70,224	70,224	70,224	-
Net Revenue Available After Junior Lien Revenue Bond Debt Service	42,883	42,796	96,878	54,082
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	8,700	8,700	1,254	7,446
Operating Capital Outlay	4,149	4,061	3,261	800
Capital Improvement Program	57,926	57,926	45,486	12,440
General Obligation Bond Debt Service				
Principal	8,975	8,975	8,975	-
Interest	5,722	5,722	5,722	-
Total Other Expenditures and Encumbrances	85,472	85,384	64,698	20,686
Total Expenditures and Encumbrances	332,591	332,590	272,461	60,129
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(42,589)	(42,588)	32,180	74,768
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	1,647	1,647
Transfers from Other Funds				
Water Capital Project Funds	-	-	12,628	12,628
Transfers to Other Funds				
General Fund - Staff and Administrative	(6,449)	(6,449)	(6,485)	(36)
General Fund - In-Lieu Property Taxes	(8,993)	(8,993)	(9,363)	(370)
Special Risk Trust Fund	(75)	(75)	(75)	-
Water Capital Reserve Funds	-	-	(20,000)	(20,000)
Total Other Financing Sources (Uses)	(15,517)	(15,517)	(21,648)	(6,131)
Net Increase (Decrease) in Fund Balance	\$ (58,106)	\$ (58,105)	10,532	\$ 68,637
FUND BALANCE, JULY 1			163,930	
FUND BALANCE, JUNE 30			<u>\$ 174,462</u>	

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
 For the Fiscal Year Ended June 30, 2007
 (in thousands)

Exhibit E-14

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Val Vista Water System	\$ 6,459	\$ 6,459	\$ 7,196	\$ 737
Operating Revenue - Water	15,140	15,140	9,260	(5,880)
Interest	57	57	57	-
Other	-	-	41	41
Total Revenues	<u>21,656</u>	<u>21,656</u>	<u>16,554</u>	<u>(5,102)</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	20,034	20,034	14,461	5,573
Capital Outlay				
Operating	-	-	28	(28)
Capital Improvement Program	555	555	590	(35)
Total Expenditures and Encumbrances	<u>20,589</u>	<u>20,589</u>	<u>15,079</u>	<u>5,510</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>1,067</u>	<u>1,067</u>	<u>1,475</u>	<u>408</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	166	166
Transfers to Other Funds				
General Fund - Staff and Administrative	(797)	(797)	(846)	(49)
Special Risk Trust Fund	(3)	(3)	(3)	-
Total Other Financing Sources (Uses)	<u>(800)</u>	<u>(800)</u>	<u>(683)</u>	<u>117</u>
Net Increase in Fund Balance	<u>\$ 267</u>	<u>\$ 267</u>	<u>792</u>	<u>\$ 525</u>
FUND BALANCE, JULY 1			<u>2,225</u>	
FUND BALANCE, JUNE 30			<u>3,017</u>	
Members' Contributed Operating Reserve			<u>1,969</u>	
Members' Contributed Replacement Reserve			<u>1,386</u>	
FUND DEFICIT, UNRESERVED			<u>\$ (338)</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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 7,818	\$ 7,725
Investments	45,122	30,418
Receivables		
Accounts Receivable, Net of Allowance for		
Doubtful Accounts (2007, \$697 and 2006, \$512)	15,513	14,107
Intergovernmental	251	398
Inventories, at Average Cost	898	758
Total Unrestricted Current Assets	<u>69,602</u>	<u>53,406</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	29,432	23,555
Capital Projects		
Cash and Cash Equivalents	34,148	26,314
Investments	90,108	80,622
Receivables		
Intergovernmental	33	14
Customer Deposits and Other Trust Liabilities	222	355
Total Restricted Current Assets	<u>153,943</u>	<u>130,860</u>
Total Current Assets	<u>223,545</u>	<u>184,266</u>
Noncurrent Assets		
Capital Assets		
Land	19,744	19,272
Buildings	62,129	62,073
Improvements Other Than Buildings	1,053,127	1,005,108
Equipment	121,322	117,432
Construction in Progress	79,950	34,137
Less: Accumulated Depreciation	<u>(439,528)</u>	<u>(414,755)</u>
Total Capital Assets, Net of Accumulated Depreciation	896,744	823,267
Other Assets		
Investment in SROG Joint Use Agreement	346,466	305,171
Total Noncurrent Assets	<u>1,243,210</u>	<u>1,128,438</u>
Total Assets	<u>1,466,755</u>	<u>1,312,704</u>

	2007	2006
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	7,815	8,383
Utility Repayment Agreements	-	3,969
Current Portion of Accrued Compensated Absences	275	186
Total Current Liabilities Payable from Current Assets	8,090	12,538
Current Liabilities Payable from Restricted Assets		
Debt Service		
Bond Anticipation Notes Payable	100,000	-
Matured Bonds Payable	18,113	11,978
Interest Payable	15,664	16,098
Current Portion of General Obligation Bonds	5,200	4,733
Current Portion of Municipal Corporation Obligations	16,330	13,380
Capital Projects		
Accounts Payable	11,974	8,967
Customer Deposits and Other Trust Liabilities	222	355
Total Current Liabilities Payable from Restricted Assets	167,503	55,511
Total Current Liabilities	175,593	68,049
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2007, \$1,258 and 2006, \$1,553)	50,615	55,535
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2007, \$26,433 and 2006, \$28,842)	554,202	568,123
Unamortized Premium (Discount)	15,524	17,467
Utility Repayment Agreements	-	1,044
Accrued Compensated Absences	1,835	1,270
Total Noncurrent Liabilities	622,176	643,439
Total Liabilities	797,769	711,488
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	510,024	362,114
Restricted for Enabling Legislation	27,517	19,227
Unrestricted	131,445	219,875
Total Net Assets	\$ 668,986	\$ 601,216

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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Sewer Service Charges	\$ 121,354	\$ 110,331
Environmental Charges	31,429	24,939
Other	4,816	4,148
Total Operating Revenues	<u>157,599</u>	<u>139,418</u>
Operating Expenses		
Administration	9,066	10,761
Operation and Maintenance		
Wastewater Treatment Plants	27,057	29,910
Sewer Maintenance and Collections	33,387	25,500
Industrial Waste/Pre-Treatment	5,551	5,332
Depreciation	35,858	31,829
Staff and Administrative	1,438	1,286
Total Operating Expenses	<u>112,357</u>	<u>104,618</u>
Operating Income	45,242	34,800
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase (Decrease) in Fair Value of Investments	2,400	104
Interest	5,315	3,442
Interest on Capital Debt	(27,303)	(29,286)
Equity Interest in Joint Use Agreement Operating Loss	(13,440)	(14,138)
Gain (Loss) on Disposal of Capital Assets	2,498	(438)
Total Non-Operating Revenues (Expenses)	<u>(30,530)</u>	<u>(40,316)</u>
Net Income (Loss) Before Contributions and Transfers	14,712	(5,516)
Capital Contributions	60,194	72,036
Transfers to General Fund - In Lieu Property Taxes	(7,119)	(6,795)
Transfers to Special Risk Trust Fund	(17)	-
Change in Net Assets	<u>67,770</u>	<u>59,725</u>
Net Assets, July 1	601,216	541,491
Net Assets, June 30	<u>\$ 668,986</u>	<u>\$ 601,216</u>

City of Phoenix, Arizona
Wastewater Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

Exhibit E-17

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 156,188	\$ 139,096
Payments to Suppliers	(57,281)	(54,451)
Payments to Employees	(17,834)	(14,598)
Payment of Staff and Administrative Expenses	(1,438)	(1,286)
Net Cash Provided by Operating Activities	<u>79,635</u>	<u>68,761</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(7,136)	(6,795)
Net Cash Used by Noncapital Financing Activities	<u>(7,136)</u>	<u>(6,795)</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	100,000	-
Principal Paid on Capital Debt	(16,973)	(14,074)
Interest Paid on Capital Debt	(34,188)	(33,864)
Acquisition and Construction of Capital Assets	(114,047)	(45,486)
Proceeds from Sales of Capital Assets	3,176	78
Capital Contributions	19,679	14,806
Net Cash Used by Capital and Related Financing Activities	<u>(42,353)</u>	<u>(78,540)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(220,361)	(181,788)
Proceeds from Sales and Maturities of Investment Securities	212,792	221,967
Net Activity for Short-Term Investments	(16,621)	(62,308)
Interest on Investments	7,715	3,546
Net Cash Used by Investing Activities	<u>(16,475)</u>	<u>(18,583)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>13,671</u>	<u>(35,157)</u>
Cash and Cash Equivalents, July 1	57,949	93,106
Cash and Cash Equivalents, June 30	<u>\$ 71,620</u>	<u>\$ 57,949</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 45,242	\$ 34,800
Adjustments		
Depreciation	35,858	31,829
(Increase) Decrease in Assets		
Receivables	(1,463)	(585)
Allowance for Doubtful Accounts	185	105
Inventories	(140)	(34)
Increase (Decrease) in Liabilities		
Accounts Payable	(568)	2,496
Customer Deposits	(133)	158
Accrued Compensated Absences	654	(8)
Net Cash Provided by Operating Activities	<u>\$ 79,635</u>	<u>\$ 68,761</u>
Noncash Transactions Affecting Financial Position		
Contributions of Capital Assets	\$ 40,515	\$ 57,230
Refunding Issuance in Excess of Bond Retirement	2,886	2,889
Increase (Decrease) in Fair Value of Investments	65	(101)
Total Noncash Transactions Affecting Financial Position	<u>\$ 43,466</u>	<u>\$ 60,018</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, 2007
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>REVENUES</u>				
Sewer Service Charges	\$ 114,824	\$ 114,824	\$ 121,341	\$ 6,517
Environmental Charges	28,597	28,597	31,429	2,832
Development Occupational Fees	6,500	6,500	8,187	1,687
Interest	7,347	7,347	8,387	1,040
Other	3,906	3,906	7,525	3,619
Total Revenues	161,174	161,174	176,869	15,695
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	53,410	53,410	47,050	6,360
Operation and Maintenance - SROG	18,703	18,703	15,904	2,799
Total Operating Expenditures and Encumbrances	72,113	72,113	62,954	9,159
Net Revenue Available for Revenue Bond Debt Service	89,061	89,061	113,915	24,854
Revenue Bond Debt Service				
Senior Lien Revenue Bond Debt Service				
Principal	8,780	8,780	8,780	-
Interest	17,387	17,387	9,328	8,059
Total Senior Lien Revenue Bond Debt Service	26,167	26,167	18,108	8,059
Net Revenue Available for Junior Lien Revenue Bond Debt Service	62,894	62,894	95,807	32,913
Junior Lien Revenue Bond Debt Service				
Principal	4,600	4,600	4,600	-
Interest	19,276	19,276	19,276	-
Total Junior Lien Revenue Bond Debt Service	23,876	23,876	23,876	-
Net Revenue Available After Junior Lien Revenue Bond Debt Service	39,018	39,018	71,931	32,913
Other Expenditures and Encumbrances				
Bond Anticipation Note Interest	12,375	12,375	2,214	10,161
Operating Capital Outlay	1,896	1,896	1,426	470
Capital Improvement Program	30,901	30,901	24,592	6,309
General Obligation Bond Debt Service				
Principal	4,733	4,733	4,733	-
Interest	2,892	2,892	2,937	(45)
Total Other Expenditures and Encumbrances	52,797	52,797	35,902	16,895
Total Expenditures and Encumbrances	174,953	174,953	140,840	34,113
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(13,779)	(13,779)	36,029	49,808
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	602	602
Transfers to Other Funds				
General Fund				
Staff and Administrative	(1,187)	(1,187)	(1,438)	(251)
In-Lieu Property Taxes	(6,888)	(6,888)	(7,119)	(231)
Special Risk Trust Fund	(17)	(17)	(17)	-
Wastewater Capital Reserve Funds	-	-	(11,900)	(11,900)
Total Other Financing Sources (Uses)	(8,092)	(8,092)	(19,872)	(11,780)
Net Increase (Decrease) in Fund Balance	\$ (21,871)	\$ (21,871)	16,157	\$ 38,028
FUND BALANCE, JULY 1			64,988	
FUND BALANCE, JUNE 30			<u>\$ 81,145</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
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit E-19

	<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	\$ 16,906	\$ 16,906	\$ 18,830	\$ 1,924
Operating Revenue - Wastewater	18,703	18,703	15,904	(2,799)
Sales of By-Products	1,680	1,680	1,973	293
Interest	289	289	303	14
Other	50	50	109	59
Total Revenues	37,628	37,628	37,119	(509)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operation and Maintenance	40,029	40,029	31,312	8,717
Capital Outlay				
Operating	392	392	277	115
Capital Improvement Program	4,000	4,000	4,392	(392)
Total Expenditures and Encumbrances	44,421	44,421	35,981	8,440
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	(6,793)	(6,793)	1,138	7,931
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	60	60
Transfers to Other Funds				
General Fund				
Staff and Administrative	-	-	(971)	(971)
Special Risk Trust Fund	-	-	(9)	(9)
Total Other Financing Sources (Uses)	-	-	(920)	(920)
Net Increase (Decrease) in Fund Balance	\$ (6,793)	\$ (6,793)	218	\$ 7,011
FUND BALANCE, JULY 1			<u>7,773</u>	
FUND BALANCE, JUNE 30			7,991	
Members' Contributed Replacement Reserve			6,541	
Members' Contributed Operating Reserve			4,597	
FUND DEFICIT, UNRESERVED			<u>\$ (3,147)</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, 2007 and 2006
(in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and Cash Equivalents	\$ 5,277	\$ 6,806
Investments	28,327	28,088
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2007, \$746 and 2006, \$588)	8,261	7,867
Intergovernmental	3	1
Total Unrestricted Current Assets	<u>41,868</u>	<u>42,762</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent/Trustee	16,255	12,688
Capital Projects		
Cash and Cash Equivalents	46,872	77,063
Investments	35,621	13,669
Receivables		
Accrued Interest	21	2
Customer Deposits	59	40
Total Restricted Current Assets	<u>98,828</u>	<u>103,462</u>
Total Current Assets	<u>140,696</u>	<u>146,224</u>
Noncurrent Assets		
Capital Assets		
Land	14,625	14,625
Buildings	60,316	30,379
Improvements Other Than Buildings	24,268	9,662
Equipment	85,738	75,688
Construction in Progress	21,645	65,366
Less: Accumulated Depreciation	<u>(70,187)</u>	<u>(66,759)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>136,405</u>	<u>128,961</u>
Total Noncurrent Assets	<u>136,405</u>	<u>128,961</u>
Total Assets	<u>277,101</u>	<u>275,185</u>

<u>LIABILITIES</u>	2007	2006
Current Liabilities Payable from Current Assets		
Accounts Payable	4,196	2,325
Accrued Landfill Postclosure Care Costs	1,645	1,534
Current Portion of Accrued Compensated Absences	313	280
Total Current Liabilities Payable from Current Assets	6,154	4,139
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	11,197	9,765
Interest Payable	5,222	3,209
Current Portion of General Obligation Bonds	5,515	4,365
Current Portion of Municipal Corporation Obligations	5,961	6,832
Capital Projects		
Accounts Payable	686	762
Accrued Landfill Closure Costs	2,089	3,349
Customer Deposits	59	40
Total Current Liabilities Payable from Restricted Assets	30,729	28,322
Total Current Liabilities	36,883	32,461
Noncurrent Liabilities		
General Obligation Bonds, Net of Deferred Interest		
Expense Adjustment (2007, \$525 and 2006, \$222)	24,615	30,378
Municipal Corporation Obligations, Net of Deferred Interest		
Expense Adjustment (2007, \$(964) and 2006, \$0)	147,951	152,693
Unamortized Premium (Discount)	5,208	6,406
Accrued Landfill Closure and Postclosure Care Costs	32,741	28,354
Accrued Compensated Absences	1,948	1,775
Total Noncurrent Liabilities	212,463	219,606
Total Liabilities	249,346	252,067
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	(359)	(7,010)
Restricted for Enabling Legislation	2,299	1,695
Unrestricted	25,815	28,433
Total Net Assets	\$ 27,755	\$ 23,118

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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Solid Waste Service Fees	\$ 107,817	\$ 101,744
Landfill Fees	6,682	6,753
Recycling	9,268	8,273
Other	190	301
Total Operating Revenues	<u>123,957</u>	<u>117,071</u>
Operating Expenses		
Administration	17,870	18,138
Solid Waste Collections	40,209	35,114
Environmental Services	1	1
Landfills		
Operations	31,431	34,015
Closure and Postclosure Care Costs	4,468	(989)
Recycling	4,802	4,925
Depreciation	9,748	10,194
Staff and Administrative	4,539	4,136
Other	6,264	5,839
Total Operating Expenses	<u>119,332</u>	<u>111,373</u>
Operating Income	4,625	5,698
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value		
of Investments	2,977	(125)
Interest	3,060	1,258
Interest on Capital Debt	(6,697)	(3,734)
Gain on Disposal of Capital Assets	1,394	50
Total Non-Operating Revenues (Expenses)	<u>734</u>	<u>(2,551)</u>
Net Income Before Contributions and Transfers	5,359	3,147
Capital Contributions - Municipalities	49	86
Capital Contributions - Subdividers	514	1,322
Transfers from Capital Projects Funds	-	2,436
Transfers to General Fund - In Lieu Property Taxes	(1,069)	(882)
Transfers to Special Risk Trust Fund	(39)	-
Transfers to Capital Projects Funds	(177)	-
Change in Net Assets	<u>4,637</u>	<u>6,109</u>
Net Assets, July 1	<u>23,118</u>	<u>17,009</u>
Net Assets, June 30	<u>\$ 27,755</u>	<u>\$ 23,118</u>

City of Phoenix, Arizona
Solid Waste Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

Exhibit E-22

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 123,580	\$ 116,987
Payments to Suppliers	(66,256)	(69,029)
Payments to Employees	(33,474)	(30,916)
Payment of Staff and Administrative Expenses	(4,539)	(4,136)
Net Cash Provided by Operating Activities	<u>19,311</u>	<u>12,906</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers from Other Funds	-	2,436
Operating Transfers to Other Funds	(1,285)	(882)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,285)</u>	<u>1,554</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	384	85,871
Principal Paid on Capital Debt	(9,765)	(9,354)
Interest Paid on Capital Debt	(8,135)	(5,748)
Acquisition and Construction of Capital Assets	(14,619)	(35,487)
Proceeds from Sales of Capital Assets	1,586	393
Capital Contributions	563	1,408
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(29,986)</u>	<u>37,083</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(1,274,987)	(110,827)
Proceeds from Sales and Maturities of Investment Securities	1,285,779	66,175
Net Activity for Short-Term Investments	(32,983)	50,289
Interest on Investments	6,017	1,131
Net Cash Provided (Used) by Investing Activities	<u>(16,174)</u>	<u>6,768</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(28,134)</u>	<u>58,311</u>
Cash and Cash Equivalents, July 1	<u>96,597</u>	<u>38,286</u>
Cash and Cash Equivalents, June 30	<u>\$ 68,463</u>	<u>\$ 96,597</u>
Reconciliation of Operating Income to		
Net Cash Provided by Operating Activities		
Operating Income	\$ 4,625	\$ 5,698
Adjustments		
Depreciation and Amortization	9,748	10,194
(Increase) Decrease in Assets		
Receivables	(554)	(149)
Allowance for Doubtful Accounts	158	82
Increase (Decrease) in Liabilities		
Accounts Payable	1,871	(808)
Customer Deposits	19	(17)
Accrued Compensated Absences	206	305
Accrued Landfill Closure and Postclosure Care	3,238	(2,399)
Net Cash Provided by Operating Activities	<u>\$ 19,311</u>	<u>\$ 12,906</u>
Noncash Transactions Affecting Financial Position		
Refunding Issuance in Excess of Bond Retirement	\$ 46	\$ 46
Increase (Decrease) in Fair Value of Investments	2,977	(39)
Total Noncash Transactions Affecting Financial Position	<u>\$ 3,023</u>	<u>\$ 7</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, 2007
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Solid Waste Service Fees	\$ 108,486	\$ 108,486	\$ 117,083	\$ 8,597
City Landfill Fees	6,416	6,416	6,684	268
Interest	1,200	1,200	1,812	612
Other	359	359	1,832	1,473
Total Revenues	<u>116,461</u>	<u>116,461</u>	<u>127,411</u>	<u>10,950</u>
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	108,050	108,050	99,988	8,062
Capital Improvement Program	4,507	4,507	6,865	(2,358)
General Obligation Bond Debt Service				
Principal	4,365	4,365	4,365	-
Interest	2,596	2,596	2,596	-
Lease-Purchase Payments	15,570	15,570	14,384	1,186
Total Expenditures and Encumbrances	<u>135,088</u>	<u>135,088</u>	<u>128,198</u>	<u>6,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	<u>(18,627)</u>	<u>(18,627)</u>	<u>(787)</u>	<u>17,840</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	355	355
Transfers from Other Funds				
Solid Waste Capital Funds	-	-	145	145
Transfers to Other Funds				
General Fund				
Staff and Administrative	(4,240)	(4,240)	(4,539)	(299)
In-Lieu Property Taxes	(995)	(995)	(1,069)	(74)
Special Risk Trust Fund	(39)	(39)	(39)	-
Total Other Financing Sources (Uses)	<u>(5,274)</u>	<u>(5,274)</u>	<u>(5,147)</u>	<u>127</u>
Net Decrease in Fund Balance	<u>\$ (23,901)</u>	<u>\$ (23,901)</u>	<u>(5,934)</u>	<u>\$ 17,967</u>
FUND BALANCE, JULY 1			<u>40,711</u>	
FUND BALANCE, JUNE 30			<u>\$ 34,777</u>	



City of Phoenix

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

Exhibit E-24

June 30, 2007 and 2006
(in thousands)

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and Cash Equivalents	\$ 67	\$ 39
Receivables		
Accounts Receivable, Net of Allowance for Doubtful Accounts (2007, \$5 and 2006, \$0)	7	29
Inventories, at Average Cost	320	224
Total Unrestricted Current Assets	<u>394</u>	<u>292</u>
Restricted Assets		
Debt Service		
Cash with Fiscal Agent	588	318
Capital Projects		
Cash and Cash Equivalents	213	228
Total Restricted Current Assets	<u>801</u>	<u>546</u>
Total Current Assets	<u>1,195</u>	<u>838</u>
Noncurrent Assets		
Capital Assets		
Land	4,984	4,984
Buildings	2,716	2,716
Improvements Other Than Buildings	13,671	13,671
Equipment	3,953	3,987
Construction in Progress	-	103
Less: Accumulated Depreciation	<u>(12,914)</u>	<u>(12,199)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>12,410</u>	<u>13,262</u>
Total Noncurrent Assets	<u>12,410</u>	<u>13,262</u>
Total Assets	<u>13,605</u>	<u>14,100</u>

	<u>2007</u>	<u>2006</u>
<u>LIABILITIES</u>		
Current Liabilities Payable from Current Assets		
Accounts Payable	87	170
Current Portion of Accrued Compensated Absences	118	59
Deferred Revenue	108	10
Trust Liabilities and Deposits	8	15
Due to Other Funds	2,250	1,143
Total Current Liabilities Payable from Current Assets	<u>2,571</u>	<u>1,397</u>
Current Liabilities Payable from Restricted Assets		
Debt Service		
Matured Bonds Payable	328	60
Interest Payable	264	258
Current Portion of Municipal Corporation Obligations	344	328
Capital Projects		
Accounts Payable	-	16
Total Current Liabilities Payable from Restricted Assets	<u>936</u>	<u>662</u>
Total Current Liabilities	<u>3,507</u>	<u>2,059</u>
Noncurrent Liabilities		
Municipal Corporation Obligations, Net of Deferred Interest Expense Adjustment (2007, \$464 and 2006, \$433)	9,058	9,389
Unamortized Premium (Discount)	162	122
Accrued Compensated Absences	771	381
Total Noncurrent Liabilities	<u>9,991</u>	<u>9,892</u>
Total Liabilities	<u>13,498</u>	<u>11,951</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	2,851	3,641
Unrestricted	(2,744)	(1,492)
Total Net Assets	<u>\$ 107</u>	<u>\$ 2,149</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, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Fees	\$ 5,301	\$ 5,223
Concessions	2,244	1,456
Coffee Shops	86	64
Other	94	99
Total Operating Revenues	<u>7,725</u>	<u>6,842</u>
Operating Expenses		
Administration	506	340
Operation and Maintenance	7,551	6,377
Depreciation	763	801
Parks Administrative Charges	397	366
Other	9	1
Total Operating Expenses	<u>9,226</u>	<u>7,885</u>
Operating Loss	<u>(1,501)</u>	<u>(1,043)</u>
Non-Operating Revenues (Expenses)		
Investment Income		
Net Increase in Fair Value of Investments	10	14
Interest	19	8
Interest on Capital Debt	<u>(564)</u>	<u>(561)</u>
Total Non-Operating Revenues (Expenses)	<u>(535)</u>	<u>(539)</u>
Net Loss Before Contributions and Transfers	<u>(2,036)</u>	<u>(1,582)</u>
Transfers to Special Risk Trust Fund	<u>(6)</u>	<u>-</u>
Change in Net Assets	<u>(2,042)</u>	<u>(1,582)</u>
Net Assets, July 1	2,149	3,731
Net Assets, June 30	<u>\$ 107</u>	<u>\$ 2,149</u>

City of Phoenix, Arizona
Golf Courses Enterprise Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

Exhibit E-26

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Receipts from Customers	\$ 7,838	\$ 6,810
Payments to Suppliers	(3,167)	(2,250)
Payments to Employees	(4,629)	(4,418)
Payment of Staff and Administrative Expenses	(397)	(366)
Net Cash Used by Operating Activities	<u>(355)</u>	<u>(224)</u>
Cash Flows from Noncapital Financing Activities		
Operating Transfers to Other Funds	(6)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(6)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Capital Debt	9	-
Loans from Other Funds	1,107	879
Principal Paid on Capital Debt	(60)	-
Interest Paid on Capital Debt	(514)	(453)
Acquisition and Construction of Capital Assets	71	(469)
Proceeds from Sale of Capital Assets	1	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>614</u>	<u>(43)</u>
Cash Flows from Investing Activities		
Purchases of Investment Securities	(4,798)	(8,575)
Proceeds from Sales and Maturities of Investment Securities	4,812	8,954
Net Activity for Short-Term Investments	(15)	(379)
Interest on Investments	31	22
Net Cash Provided by Investing Activities	<u>30</u>	<u>22</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>283</u>	<u>(245)</u>
Cash and Cash Equivalents, July 1	585	830
Cash and Cash Equivalents, June 30	<u>\$ 868</u>	<u>\$ 585</u>
Reconciliation of Operating Loss to		
Net Cash Used by Operating Activities		
Net Operating Loss	\$ (1,501)	\$ (1,043)
Adjustments		
Depreciation and Amortization	763	801
(Increase) Decrease in Assets		
Accounts Receivable	17	(19)
Allowance for Doubtful Accounts	5	(6)
Inventories	(96)	(127)
Increase (Decrease) in Liabilities		
Accounts Payable	(83)	137
Accrued Compensated Absences	449	40
Deferred Revenue	98	(18)
Trust Liabilities and Deposits	(7)	11
Net Cash Used by Operating Activities	<u>\$ (355)</u>	<u>\$ (224)</u>
Noncash Transactions Affecting Financial Position	<u>\$ -</u>	<u>\$ -</u>

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

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

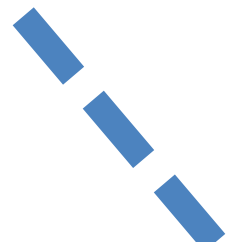
For the Fiscal Year Ended June 30, 2007
(in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<u>REVENUES</u>				
Fees	\$ 5,860	\$ 5,860	\$ 4,891	\$ (969)
Concessions	3,167	3,167	2,650	(517)
Coffee Shops	75	75	86	11
Interest	(43)	(43)	(93)	(50)
Other	22	22	94	72
Total Revenues	9,081	9,081	7,628	(1,453)
<u>EXPENDITURES AND ENCUMBRANCES</u>				
Operations	8,050	8,250	7,733	517
Lease-Purchase Payments	848	848	848	-
Total Expenditures and Encumbrances	8,898	9,098	8,581	517
Excess (Deficiency) of Revenues Over (Under) Expenditures and Encumbrances	183	(17)	(953)	(936)
<u>OTHER FINANCING SOURCES (USES)</u>				
Recovery of Prior Years Expenditures	-	-	9	9
Transfers to Other Funds				
General Fund	(351)	(351)	(397)	(46)
Special Risk Trust Fund	(6)	(6)	(6)	-
Total Other Financing Sources (Uses)	(357)	(357)	(394)	(37)
Net Decrease in Fund Balance	\$ (174)	\$ (374)	(1,347)	\$ (973)
FUND DEFICIT, JULY 1			(1,568)	
FUND DEFICIT, JUNE 30			<u>\$ (2,915)</u>	



Financial Section

**Other Supplementary
Information –
Capital Assets**





City of Phoenix

City of Phoenix, Arizona
Comparative Schedule of Governmental Capital Assets

Exhibit F-1

June 30, 2007 and 2006
(in thousands)

	<u>2007</u>	<u>2006</u>
<u>Capital Assets</u>		
Land	\$ 744,010	\$ 664,222
Buildings	954,559	896,025
Improvements Other Than Buildings	308,604	286,415
Infrastructure	1,887,369	1,772,175
Equipment	540,013	516,685
Net Capital Assets in Service	4,434,555	4,135,522
Construction in Progress	623,806	561,198
Total Capital Assets	<u>\$ 5,058,361</u>	<u>\$ 4,696,720</u>

<u>Investment in Capital Assets</u>		
General Obligation Bonds	\$ 1,675,720	\$ 1,459,726
Operating Revenues	1,861,239	1,709,100
Federal Grants	569,868	508,745
Capital Leases	450,567	535,042
Municipal Corporation Obligations	84,828	85,356
Gifts and Contributions	273,054	272,556
Revenue Bonds	124,537	107,393
Certificates of Participation	13,232	13,232
Enterprise Fund Contributions	4,879	5,133
Annexations	437	437
Total Investment in Capital Assets	<u>\$ 5,058,361</u>	<u>\$ 4,696,720</u>

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

Exhibit F-2

June 30, 2007
(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	-	13	12	-	3,014	3,039
Law	-	-	-	-	297	297
City Auditor	-	-	-	-	189	189
City Clerk	262	1,030	-	-	3,476	4,768
Personnel	250	8,748	3,230	-	688	12,916
Budget and Research	-	-	-	-	1,237	1,237
Information Technology	-	578	73	-	33,959	34,610
Finance	14,665	111,594	-	-	29,005	155,264
Engineering and Architectural Services	-	-	-	-	957	957
Out of Service (Surplus)	-	-	-	-	10,994	10,994
Total General Government	15,177	121,963	3,315	-	83,861	224,316
Criminal Justice						
Municipal Court	-	-	-	-	7,272	7,272
Public Defender	-	-	-	-	5	5
Total Criminal Justice	-	-	-	-	7,277	7,277
Public Safety						
Police	8,108	44,815	3,020	-	91,540	147,483
Family Advocacy Center	11,529	7,453	-	-	75	19,057
Fire	17,212	75,858	2,598	-	87,045	182,713
Emergency Management Services	-	-	-	-	30	30
Total Public Safety	36,849	128,126	5,618	-	178,690	349,283
Transportation						
Street Maintenance	154,628	1,154	1,156	1,886,343	33,958	2,077,239
Traffic Engineering	1,140	5,569	472	-	7,814	14,995
Transit	118,653	41,056	45,038	1,026	155,484	361,257
Total Transportation	274,421	47,779	46,666	1,887,369	197,256	2,453,491
Community Enrichment						
Parks and Recreation	254,497	109,844	220,576	-	25,516	610,433
Libraries	14,271	67,436	323	-	2,653	84,683
Historic Preservation	246	-	-	-	23	269
Education and Youth Programs	-	-	-	-	621	621
Phoenix Arts and Culture	8,048	2,507	28	-	8,623	19,206
Public Parking Facilities	2,986	20,906	891	-	290	25,073
Human Services	4,265	20,504	347	-	5,595	30,711
Total Community Enrichment	284,313	221,197	222,165	-	43,321	770,996
Environmental Services						
Public Works	13,999	247,641	19,159	-	15,222	296,021
Environmental Programs	-	-	-	-	29	29
Total Environmental Services	13,999	247,641	19,159	-	15,251	296,050
Community Development						
Development Services	-	814	-	-	6,382	7,196
Housing	13,958	107,853	11,540	-	5,140	138,491
HOPE VI	5,607	-	-	-	-	5,607
Planning	373	-	-	-	230	603
Neighborhood Services	23,775	2,773	141	-	2,468	29,157
Downtown Development	75,538	72,914	-	-	8	148,460
Economic Development	-	3,499	-	-	129	3,628
Total Community Development	119,251	187,853	11,681	-	14,357	333,142
Total Allocated to Functions	\$ 744,010	\$ 954,559	\$ 308,604	\$ 1,887,369	\$ 540,013	4,434,555
Construction in Progress						623,806
Total Capital Assets						\$ 5,058,361

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

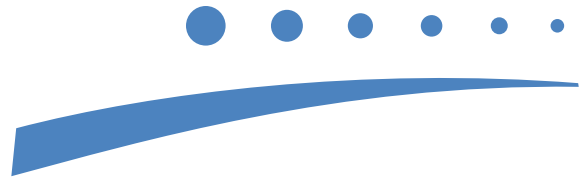
Exhibit F-3

For the Fiscal Year Ended June 30, 2007
(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	2,648	404	(13)	-	3,039
Law	286	11	-	-	297
City Auditor	200	-	-	(11)	189
City Clerk	4,776	720	(724)	(4)	4,768
Personnel	12,505	411	-	-	12,916
Budget and Research	1,237	-	-	-	1,237
Information Technology	33,175	2,462	(1,004)	(23)	34,610
Finance	158,000	113	(99)	(2,750)	155,264
Engineering and Architectural Services	922	97	(34)	(28)	957
Out of Service (Surplus)	10,602	-	(21,050)	21,442	10,994
Total General Government	224,396	4,218	(22,924)	18,626	224,316
Criminal Justice					
Municipal Court	7,185	108	(21)	-	7,272
Public Defender	5	-	-	-	5
Total Criminal Justice	7,190	108	(21)	-	7,277
Public Safety					
Police	139,937	13,492	(335)	(5,611)	147,483
Family Advocacy Center	3,984	15,073	-	-	19,057
Fire	171,328	16,596	(351)	(4,860)	182,713
Emergency Management Services	110	31	(7)	(104)	30
Total Public Safety	315,359	45,192	(693)	(10,575)	349,283
Transportation					
Street Maintenance	1,945,489	146,918	(14,329)	(839)	2,077,239
Traffic Engineering	14,360	784	79	(228)	14,995
Transit	320,531	48,667	(958)	(6,983)	361,257
Total Transportation	2,280,380	196,369	(15,208)	(8,050)	2,453,491
Community Enrichment					
Parks and Recreation	565,796	47,504	(2,829)	(38)	610,433
Libraries	74,025	10,658	-	-	84,683
Historic Preservation	23	246	-	-	269
Education and Youth Programs	621	-	-	-	621
Phoenix Arts and Culture	18,935	277	(6)	-	19,206
Public Parking Facilities	25,036	37	-	-	25,073
Human Services	24,504	6,420	(190)	(23)	30,711
Total Community Enrichment	708,940	65,142	(3,025)	(61)	770,996
Environmental Services					
Public Works	288,830	6,289	(50)	952	296,021
Environmental Programs	29	-	-	-	29
Total Environmental Services	288,859	6,289	(50)	952	296,050
Community Development					
Development Services	6,099	1,603	(115)	(391)	7,196
Housing	135,160	3,042	-	289	138,491
HOPE VI	1,739	4,103	-	(235)	5,607
Planning	652	36	(16)	(69)	603
Neighborhood Services	28,236	2,639	(1,217)	(501)	29,157
Downtown Development	134,862	13,590	-	8	148,460
Economic Development	3,650	5	(34)	7	3,628
Total Community Development	310,398	25,018	(1,382)	(892)	333,142
Net Capital Assets in Service	4,135,522	342,336	(43,303)	-	4,434,555
Construction in Progress	561,198	278,587	(215,979)	-	623,806
Total Capital Assets	\$ 4,696,720	\$ 620,923	\$ (259,282)	\$ -	\$ 5,058,361



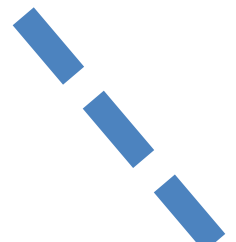
City of Phoenix



Financial Section

**Other Supplementary
Information –**

**Other Supporting
Schedules**



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

Exhibit G-1

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Resources					
	Fund Balances		Recov- eries	Fund Transfers		Total
	July 1	Revenues		From	To	
General Purpose Funds						
General Fund	\$ 68,761	\$ 265,435	\$ 740	\$ 760,729	\$ (4,331)	\$ 1,091,334
Excise Tax	-	1,051,024	-	-	(1,051,024)	-
Total General Purpose Funds	68,761	1,316,459	740	760,729	(1,055,355)	1,091,334
Federal Funds						
Transit - Federal Grants Grants	(575)	12,095	-	-	-	11,520
Human Services	-	34,803	28	-	-	34,831
Community Development	-	16,620	310	-	-	16,930
Federal Operating Trust	-	34,884	81	-	-	34,965
Public Housing Hope VI	(10)	10,011	2	-	-	10,003
Total Federal Funds	(585)	108,413	421	-	-	108,249
Other Special Revenue and Debt Service Funds						
Highway User Revenue	27,222	134,186	820	902	-	163,130
Local Transportation Assistance	-	6,969	-	-	-	6,969
Transit 2000	173,837	41,027	4,597	137,137	(39,468)	317,130
Transit - Other Agency	(9,832)	30,005	-	-	(11,502)	8,671
Court Awards	286	6,670	17	-	-	6,973
Parks and Preserves	60,624	3,564	130	31,106	(333)	95,091
Development Services	31,970	54,957	196	-	(4,295)	82,828
Community Reinvestment	6,239	3,727	-	-	-	9,966
Public Housing	36,153	60,048	45	-	(645)	95,601
Sports Facilities	16,563	1,652	2	15,992	(437)	33,772
Capital Construction	7,716	747	383	18,975	(1,295)	26,526
Other Restricted	24,076	15,178	37	-	-	39,291
Neighborhood Protection	2,083	259	-	31,105	(395)	33,052
Public Safety Enhancement	4,323	-	11	23,656	(5)	27,985
Debt Service	100	118,596	-	148,860	(144,670)	122,886
City Improvement (2)	-	24	-	198,626	(131,432)	67,218
Total Other Funds	381,360	477,609	6,238	606,359	(334,477)	1,137,089
Enterprise Funds						
Aviation	69,477	286,773	13	-	(6,248)	350,015
Aviation - Operating (Non-Pledged)	30,917	36,098	-	1,254	-	68,269
Phoenix Civic Plaza	60,843	13,341	44	61,648	(2,917)	132,959
Water System	163,930	304,641	1,647	12,628	(35,923)	446,923
Water System - Val Vista	2,225	16,554	166	-	(849)	18,096
Wastewater	64,988	176,869	602	-	(20,474)	221,985
Wastewater - SROG	7,773	37,119	60	-	(980)	43,972
Solid Waste	40,711	127,411	355	145	(5,647)	162,975
Golf Courses	(1,568)	7,628	9	-	(403)	5,666
Total Enterprise Funds	439,296	1,006,434	2,896	75,675	(73,441)	1,450,860
Total Operating Funds	\$ 888,832	\$ 2,908,915	\$ 10,295	1,442,763	(1,463,273)	\$ 3,787,532
Other Transfers - Non-budgeted Funds				41,109	(13,675)	
Debt Service Adjustment (2)				(4,416)	-	
				\$ 1,479,456	\$ (1,476,948)	

- (1) Includes operating capital outlay and utility repayment agreements.
(2) Fund Transfers include amounts for proceeds from various bonds. These amounts are adjusted out of the Fund Transfer total to show actual transfer balances.

Exhibit G-1
(Continued)

Expenditures and Encumbrances					
Current Operating (1)	Capital Impr. Program	Debt Service	Lease- Purchase	Total	Fund Balances June 30
\$ 1,018,882	\$ 3,724	\$ -	\$ 39	\$ 1,022,645	\$ 68,689
-	-	-	-	-	-
1,018,882	3,724	-	39	1,022,645	68,689
5,173	1,558	-	1,919	8,650	2,870
34,831	-	-	-	34,831	-
15,027	1,653	250	-	16,930	-
34,425	540	-	-	34,965	-
4	9,950	-	-	9,954	49
89,460	13,701	250	1,919	105,330	2,919
38,103	59,444	31,242	-	128,789	34,341
6,966	-	-	-	6,966	3
92,526	11,834	-	-	104,360	212,770
12,415	12,973	-	-	25,388	(16,717)
5,775	-	-	-	5,775	1,198
174	5,901	-	-	6,075	89,016
54,772	-	-	-	54,772	28,056
64	1,404	-	-	1,468	8,498
62,748	-	554	-	63,302	32,299
1,625	-	-	9,190	10,815	22,957
17	17,199	-	-	17,216	9,310
8,694	3,336	-	-	12,030	27,261
30,099	-	-	-	30,099	2,953
20,708	-	-	-	20,708	7,277
-	-	119,246	-	119,246	3,640
-	-	-	67,055	67,055	163
334,686	112,091	151,042	76,245	674,064	463,025
179,308	47,855	36,649	9,651	273,463	76,552
10,080	-	21,278	-	31,358	36,911
35,584	34,983	-	18,585	89,152	43,807
142,054	45,486	84,921	-	272,461	174,462
14,489	590	-	-	15,079	3,017
66,594	24,592	49,654	-	140,840	81,145
31,589	4,392	-	-	35,981	7,991
99,988	6,865	6,961	14,384	128,198	34,777
7,733	-	-	848	8,581	(2,915)
587,419	164,763	199,463	43,468	995,113	455,747
\$ 2,030,447	\$ 294,279	\$ 350,755	\$ 121,671	\$ 2,797,152	\$ 990,380

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

Exhibit G-2

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Resources			
	Balances July 1	Current Revenue		
		Grants	Interest	Other
General Government				
1984 Fire, Criminal Justice and Municipal Center	\$ 261	\$ -	\$ -	\$ -
2001 Information Technology	2,730	-	145	-
Civic Improvement Corporation - Palace West	590	-	71	28
Civic Improvement Corporation - Superblock - City Reserve	2,174	-	119	-
Mega IV - Lease Purchase Funds	17,606	-	1,188	854
Mega V - Lease Purchase Funds	(101,704)	589	370	15
Trunked Radio System	299	-	-	1
Contingent Participation	1,365	-	-	-
Lease Purchase Capital Reserve	7,058	-	406	-
County Condemnation	38	-	(38)	-
General Gov't Lease Purchase	-	-	12	-
	(69,583)	589	2,273	898
Criminal Justice				
1988 Police Protection	71	-	-	-
2001 Police Protection	(16,095)	-	190	-
2001 Police Technology	1,795	-	-	-
2006 GO Police Protection	-	-	94	-
Criminal Justice Facility	(2)	-	-	-
Northern Police Impact fees	2,708	-	126	924
	(11,523)	-	410	924
Public Safety				
Northern Fire Impact fees	209	-	21	842
Southern Fire Southwest Impact fees	2,207	-	111	832
Other Cities Reimbursement	(385)	111	-	-
CAD Equipment - Other Cities	1,593	-	-	3,461
2001 Fire Protection	(6,437)	-	164	-
2006 GO Fire Protection (Emergency)	-	-	54	-
2001 Fire Technology	2,432	-	11	-
2006 GO Fire Technology	-	-	2	-
	(381)	111	363	5,135
Transportation				
Street Improvements				
2001 Street Improvements	(17,791)	1	368	182
Capital Reserve Fund	4	-	-	-
Northern Streets Des Vie Imp	5,324	-	342	6,282
Impact Fee Desert View	1	-	-	(1)
AHUR Capital Reserve	49,557	-	2,592	-
State Aid - Street Transportation	-	10,835	-	111
Federal Aid - Street Transportation	(471)	7,908	-	-
Northern Streets NG BCC Imp	1,663	-	108	1,283
Southern Streets Laveen Impa	10,966	-	528	2,170
Southern Storm Drng Laveen Impa	7,632	-	364	1,268
Southern Streets Estrelia N I	1,292	-	65	161
Southern Streets Estrelia S I	5,059	-	244	942
1988 Freeway Mitigation	129	-	-	-
2001 Freeway Mitigation	(1,930)	-	88	-
2004 Transit LRT Revenue Bonds	317,921	-	18,980	-
2006 GO Street Improv-DDO, St	-	-	11	-
Federal Transportation Administration Grants	(42,875)	163,371	-	-
	336,481	182,115	23,690	12,398
Public Works				
1988 Storm Sewer System	(31)	-	-	-
Southern Police Ahwatukee Imp	79	-	14	2
Northern Equipment Repair Imp	356	-	19	214
Northern Strom Drng Des View I	25	-	1	2
Southern Strom Drng Estrelia I	4,032	-	219	1,664
2001 GO Brownfields	656	-	28	-
2001 Service Centers	(1,210)	-	-	-
2001 Rio Salado Flood Control	(395)	-	5	-
2001 Storm Sewers	8,157	-	376	15
2006 GO Storm Sewer Improvement	-	-	60	1
2006 GO Fac Mgmt	-	-	-	-
	11,669	-	722	1,898

(Continued)

Exhibit G-2
(Continued)

				Uses		Balances June 30 (1)	Bonds Available for Sale
	Recovery of Prior Years Expenditures	Bonds Sold	Fund Transfers To/(From)	Total Resources	Expenditures and Encumbrances		
\$ -	\$ -	\$ -	\$ 261	\$ -	\$ 261	\$ -	
13	(43)	-	2,845	1,230	1,615	1,200	
-	-	-	689	-	689	-	
-	-	-	2,293	-	2,293	-	
1	-	176	19,825	-	19,825	-	
1,908	(67)	89,050	(9,839)	2,369	(12,208)	-	
-	-	-	300	1,664	(1,364)	-	
-	-	4	1,369	-	1,369	-	
-	-	-	7,464	-	7,464	-	
-	-	-	-	-	-	-	
-	21,496	-	21,508	11	21,497	-	
1,922	21,386	89,230	46,715	5,274	41,441	1,200	
-	297	-	368	62	306	-	
3	17,786	-	1,884	4,165	(2,281)	12,350	
4	(64)	-	1,735	2,332	(597)	3,000	
-	20,441	-	20,535	21,877	(1,342)	86,820	
1	-	-	(1)	(1)	-	-	
-	-	-	3,758	915	2,843	-	
8	38,460	-	28,279	29,350	(1,071)	102,170	
-	-	-	1,072	15	1,057	-	
-	-	-	3,150	305	2,845	-	
-	-	-	(274)	(78)	(196)	-	
-	-	-	5,054	1,475	3,579	-	
279	12,418	-	6,424	8,184	(1,760)	6,000	
-	8,693	-	8,747	1,278	7,469	66,005	
-	4,275	-	6,718	3,536	3,182	2,300	
-	899	-	901	1,200	(299)	10,200	
279	26,285	-	31,792	15,915	15,877	84,505	
21	20,124	-	2,905	4,567	(1,662)	6,200	
-	-	(4)	-	-	-	-	
-	-	-	11,948	1,012	10,936	-	
-	-	-	-	-	-	-	
-	-	-	52,149	2,500	49,649	-	
201	-	(695)	10,452	10,451	1	-	
202	-	(177)	7,462	7,462	-	-	
-	-	-	3,054	-	3,054	-	
-	-	-	13,664	6,485	7,179	-	
-	-	(1,945)	7,319	-	7,319	-	
-	-	-	1,518	361	1,157	-	
45	-	-	6,290	10	6,280	-	
-	1,290	-	1,419	71	1,348	1,000	
-	4,985	-	3,143	127	3,016	-	
-	-	-	336,901	92,053	244,848	-	
-	4,996	-	5,007	1,361	3,646	76,575	
95	-	-	120,591	178,139	(57,548)	-	
564	31,395	(2,821)	583,822	304,599	279,223	83,775	
81	(8)	-	42	45	(3)	-	
-	-	-	95	-	95	-	
-	-	-	589	-	589	-	
-	-	-	28	26	2	-	
-	-	-	5,915	671	5,244	-	
-	(12)	-	672	154	518	-	
115	1,188	-	93	21	72	800	
17	397	-	24	6	18	100	
348	7,974	81	16,951	16,269	682	7,370	
-	16,187	-	16,248	5,600	10,648	49,200	
-	-	-	-	-	-	22,084	
561	25,726	81	40,657	22,792	17,865	79,554	

(Continued)

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

Exhibit G-2

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Resources			
	Balances July 1	Current Revenue		
		Grants	Interest	Other
Community Enrichment				
Libraries Impact Fees	5,644	-	287	1,949
1988 Parks and Recreation Facilities	103	-	-	-
Parks Impact Fees	51,342	13	2,670	15,101
Parks Improvement Grant Funds	(798)	669	1,300	10
Parks Land Sale Proceeds	1,525	-	82	931
1988 Community Education/Cultural Facilities	79	-	-	-
2001 Parks, Open Space and Recreation	5,296	-	380	-
2006 GO Parks	-	-	116	-
2001 Library Facilities	1,666	-	115	-
2006 GO Libraries	-	-	34	-
2001 Arts & Cultural Facilities	7,056	-	288	300
2006 Arts & Cultural Facilities	-	-	25	-
2001 Rio Salado Recreation	(2,595)	-	45	-
	69,318	682	5,342	18,291
Community Development				
1988 Affordable Housing for Poor & Elderly	53	-	-	-
1988 Nbrhd Stablztn/Slum/Blig	-	-	-	11
1989 Historic and Cultural Preservation	528	-	-	-
Federal Modernization Grants	(1,605)	2,088	-	-
2001 Preserving Phoenix Heritage	(153)	-	123	46
2001 Central City Revitalization	(333)	(589)	-	-
2001 Senior and Family Service Centers	728	-	92	-
2001 Neighborhood Historic Preservation	223	-	13	-
2001 Neighborhood Preservation	5,087	-	162	93
2001 Citizen Service Centers	(491)	-	9	26
2001 Affordable Housing	5,858	-	562	48
2001 Homeless Shelter	6,898	-	-	-
830 E. Jefferson	(35)	-	-	-
Deer Valley Dr & 56th St Proj.	84	-	-	-
Downtown Hotel Initiative	(6,588)	-	-	-
2006 GO Downtown Education	-	-	262	-
2006 GO Human Svcs	-	-	12	-
2006 GO Econ Develop	-	-	3	-
2006 GO Housing	-	-	11	-
2006 GO Neighborhood Services	-	-	23	-
	10,254	1,499	1,272	224
Aviation				
1981 Municipal Airport Expansion	18,813	-	-	-
1984 Municipal Airport Expansion	4,909	-	-	-
1988 Municipal Airport Improvements and Expansion	(11,237)	-	-	-
Passenger Facility Charges	251,740	-	12,052	84,414
1998 Airport AMT	(3)	-	-	-
1998 Airport Non-AMT	3,694	-	-	-
2000 Airport Revenue Bonds	(136,468)	-	1,061	-
2007 Senior Lien Airport Reve	-	-	-	-
Rent-A-Car Customer Facility	(16,953)	-	(220)	-
2002 Junior Lien Airport Revenue	(45,227)	-	-	-
2004 CFC Bonds Construction	3,195	-	160	-
Transportation Security Admin	-	36,239	59	-
Aviation Commercial Paper Fund	(86,916)	-	(768)	-
CFC Trustee - Improvements Rese	27,664	-	1,073	-
America West Airlines Maintenance Facility	(74)	-	-	-
Aviation Reserve - City Improvement	94,184	-	-	-
Airport Facilities Improvement Grants	772	8,398	-	-
	108,093	44,637	13,417	84,414

(Continued)

Exhibit G-2
(Continued)

	Recovery of Prior Years Expenditures	Bonds Sold	Fund Transfers To/(From)	Total Resources	Uses		Bonds Available for Sale
					Expenditures and Encumbrances	Balances June 30 (1)	
(1)	-	-	-	7,879	891	6,988	-
-	-	-	-	103	76	27	-
421	-	-	-	69,547	14,263	55,284	-
19	-	-	-	1,200	409	791	-
-	-	-	-	2,538	264	2,274	-
-	-	-	-	79	-	79	-
168	9,926	(60)	-	15,710	3,979	11,731	4,425
-	51,046	(11,341)	-	39,821	3,741	36,080	69,375
5	7,743	-	-	9,529	7,547	1,982	5,500
-	5,695	-	-	5,729	1,263	4,466	23,478
22	1,565	-	-	9,231	6,111	3,120	3,075
-	9,992	-	-	10,017	1,585	8,432	48,838
-	1,782	-	-	(768)	-	(768)	1,200
634	87,749	(11,401)	-	170,615	40,129	130,486	155,891
-	-	-	-	53	-	53	-
-	-	-	-	11	-	11	-
-	-	-	-	528	118	410	-
53	-	237	-	773	1,093	(320)	-
261	208	-	-	485	911	(426)	2,075
-	428	-	-	(494)	1,125	(1,619)	1,165
2	5,667	-	-	6,489	697	5,792	2,490
103	360	-	-	699	287	412	440
48	-	(77)	-	5,313	1,562	3,751	-
5	2,387	-	-	1,936	2,209	(273)	1,560
27	-	-	-	6,495	2,856	3,639	-
-	-	-	-	6,898	4,751	2,147	-
1	-	-	-	(34)	-	(34)	-
-	-	-	-	84	-	84	-
-	-	-	-	(6,588)	-	(6,588)	-
-	186,755	(75,587)	-	111,430	74,342	37,088	12,525
-	4,845	-	-	4,857	2,147	2,710	18,850
-	1,004	-	-	1,007	48	959	14,595
-	4,490	-	-	4,501	51	4,450	25,420
-	3,337	-	-	3,360	865	2,495	36,140
500	209,481	(75,427)	-	147,803	93,062	54,741	115,260
-	-	-	-	18,813	1	18,812	-
-	-	-	-	4,909	-	4,909	-
-	-	-	-	(11,237)	3	(11,240)	-
1	-	(40,461)	-	307,746	236,882	70,864	-
-	-	-	-	(3)	-	(3)	-
2	-	-	-	3,696	(72)	3,768	-
3,101	-	39,823	-	(92,483)	53,059	(145,542)	-
-	-	-	-	-	2,433	(2,433)	-
2	-	436	-	(16,735)	(8,542)	(8,193)	-
-	-	-	-	(45,227)	14,513	(59,740)	-
-	-	7,743	-	11,098	2,601	8,497	-
-	-	-	-	36,298	34,632	1,666	-
-	-	639	-	(87,045)	16,182	(103,227)	-
-	-	(9,433)	-	19,304	7,125	12,179	-
-	-	74	-	-	-	-	-
(1)	-	-	-	94,183	(2,932)	97,115	-
-	-	-	-	9,170	7,827	1,343	-
3,105	-	(1,179)	-	252,487	363,712	(111,225)	-

(Continued)

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

Exhibit G-2

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Resources			
	Balances July 1	Revenue		
		Grants	Interest	Other
Civic Plaza				
Civic Plaza East Garage	1,453	-	92	-
Civic Plaza Expansion	786	-	113	-
Civic Plaza Expansion Approval	(22,268)	-	-	-
CP Expansion Series A	8,549	-	-	-
CP Expansion Series A Premium	9,550	-	15,313	-
	(1,930)	-	15,518	-
Water System				
Plan Six Facilities	4,339	-	177	-
Proceeds from Water Asset Sale	21,422	-	-	-
Special Water Improvement Fund	59,373	-	-	-
Water Impact Fees	31,179	-	1,602	12,720
2004 CIC Water Bonds	22,631	-	-	18
2007 CIC Water Bonds	(36,860)	-	2	18
Val Vista - Other Agencies' Participation	(4,899)	-	-	3,295
	97,185	-	1,781	16,051
Wastewater				
2004 CIC Wastewater Bonds	24,960	-	-	-
2006 CIC Wastewater Bonds	(91,541)	45	1	5
Northern Wst Wtr Des Vie Impact Fees	2,144	-	98	3,184
Southern Wst Wtr Laveen West Impact	5,804	-	279	1,168
Southern Wst Wtr Estrelia S Impact	5,662	-	293	1,351
Special Wastewater Improvement Fund	58,100	-	-	-
SROG - Other Agencies' Participation	(22,828)	-	-	63,014
	(17,699)	45	671	68,722
Solid Waste				
Solid Waste Remediation	9,633	-	456	-
Northern Solid Waste Impact Fees	377	-	23	206
Solid Waste Lease Purchase Fund	63,992	-	3,990	-
Special Solid Waste Improvement Fund	9,138	-	427	-
	83,140	-	4,896	206
	\$ 615,024	\$ 229,678	\$ 70,355	\$ 209,161

(1) Deficit fund balances will be funded either through future bond sales or by receipt of grant and other revenues.

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			
21	-	-	1,566	95		1,471	-
11	-	-	910	50		860	-
1,812	-	-	(20,456)	(20,269)		(187)	-
8	-	-	8,557	847		7,710	-
-	-	-	24,863	10,059		14,804	-
1,852	-	-	15,440	(9,218)		24,658	-
-	-	-	4,516	1,700		2,816	-
-	-	-	21,422	-		21,422	-
-	-	20,000	79,373	-		79,373	-
8	-	-	45,509	1,002		44,507	-
4,608	-	(12,628)	14,629	154		14,475	-
52	100,000	-	63,212	115,298		(52,086)	-
28	-	-	(1,576)	3,721		(5,297)	-
4,696	100,000	7,372	227,085	121,875		105,210	-
860	-	-	25,820	4		25,816	-
1,026	100,000	-	9,536	136,258		(126,722)	-
-	-	-	5,426	1,036		4,390	-
-	-	-	7,251	2		7,249	-
260	-	-	7,566	-		7,566	-
-	-	11,900	70,000	-		70,000	-
2,516	-	-	42,702	109,119		(66,417)	-
4,662	100,000	11,900	168,301	246,419		(78,118)	-
-	-	-	10,089	38		10,051	-
-	-	-	606	-		606	-
2,919	-	(1,534)	69,367	18,261		51,106	-
-	-	1,212	10,777	-		10,777	-
2,919	-	(322)	90,839	18,299		72,540	-
\$ 21,702	\$ 640,482	\$ 17,433	\$ 1,803,835	\$ 1,252,208		\$ 551,627	\$ 622,355

City of Phoenix, Arizona
Capital Improvement Program
Expenditures and Encumbrances

Exhibit G-3

For the Fiscal Years Ended June 30, 2007 and 2006
(in thousands)

	Operating Funds (1)		Capital Funds		Totals	
	2007	2006	2007	2006	2007	2006
General Government						
Information Technology	\$ 864	\$ 4,588	\$ 11,397	\$ 8,897	\$ 12,261	\$ 13,485
Public Safety						
Fire Protection	-	(5)	12,642	18,726	12,642	18,721
Police Protection	-	-	24,211	18,987	24,211	18,987
	-	(5)	36,853	37,713	36,853	37,708
Transportation						
Street Improvements						
Major Streets	36,187	35,364	18,158	55,453	54,345	90,817
Other	29,485	25,820	7,145	1,779	36,630	27,599
Freeway Mitigation	-	-	73	1,924	73	1,924
Traffic Improvements	10,217	12,445	3,264	4,114	13,481	16,559
Transit	27,067	45,865	270,469	292,162	297,536	338,027
	102,956	119,494	299,109	355,432	402,065	474,926
Public Works						
Energy Conservation	1,056	2,449	-	-	1,056	2,449
Facilities Management	3,028	2,691	2,329	10,745	5,357	13,436
Storm Sewer Improvements	600	2,680	28,215	19,607	28,815	22,287
	4,684	7,820	30,544	30,352	35,228	38,172
Community Enrichment						
Arts and Cultural Facilities	3,152	502	5,371	1,169	8,523	1,671
Libraries	133	93	9,701	1,784	9,834	1,877
Parks and Mountain Preserves	6,288	23,277	22,962	27,069	29,250	50,346
	9,573	23,872	38,034	30,022	47,607	53,894
Community Development						
Downtown Development	1,011	3,614	78,884	56,225	79,895	59,839
Economic Development	-	15	-	-	-	15
Elderly Service Facilities	-	-	7,595	971	7,595	971
Historic Preservation	87	10	3,590	2,574	3,677	2,584
HOPE VI	10,044	10,507	1,931	3,649	11,975	14,156
Public Housing	58	67	2,676	8,558	2,734	8,625
Neighborhood Development	535	1,004	661	2,946	1,196	3,950
	11,735	15,217	95,337	74,923	107,072	90,140
Aviation	48,172	33,546	363,711	141,218	411,883	174,764
Convention Center	34,026	14,150	(8,555)	422,220	25,471	436,370
Water System	46,757	33,949	126,175	111,901	172,932	145,850
Wastewater	28,755	27,025	242,314	106,914	271,069	133,939
Solid Waste	6,755	2,375	17,289	11,503	24,044	13,878
	<u>\$ 294,277</u>	<u>\$ 282,031</u>	<u>\$ 1,252,208</u>	<u>\$ 1,331,095</u>	<u>\$ 1,546,485</u>	<u>\$ 1,613,126</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, 2007 as reported in the accompanying budgetary financial statements was as follows:

Aviation	\$ 47,855
Convention Center	34,983
Water	45,486
Water - Val Vista	590
Wastewater	24,592
Wastewater - SROG	4,392
Solid Waste	6,865
	<u>\$ 164,763</u>



City of Phoenix

City of Phoenix, Arizona
Transfers To/From Other Funds
For the Fiscal Year Ended June 30, 2007
(in thousands)

Exhibit G-4

	Transfers to		
	General Fund	Transit	Special Neighborhood Protection
Transfers From			
General Fund	\$ -	\$ -	\$ -
Special Revenue			
Excise Tax	715,452	124,432	31,105
Highway User Revenue	-	-	-
Transit	1,341	-	-
Parks & Preserves	333	-	-
Development Services	37	-	-
Public Housing	336	-	-
Sports Facilities	240	-	-
Capital Construction	1	1,203	-
Public Safety Enhancement	5	-	-
Neighborhood Protection	395	-	-
Total Special Revenue	718,140	125,635	31,105
Debt Service			
Special Assessment	143	-	-
Total Debt Service	143	-	-
Capital Projects			
Street Improvements	-	-	-
Municipal Buildings and Service Centers	-	-	-
Total Capital Projects	-	-	-
Enterprise			
Aviation	60	-	-
Phoenix Convention Center	723	-	-
Water System	9,438	-	-
Wastewater	7,136	-	-
Solid Waste	1,108	-	-
Golf Courses	6	-	-
Total Enterprise	18,471	-	-
Totals	\$ 736,754	\$ 125,635	\$ 31,105

(1) Capital Construction (\$18,975,000), Sports Facilities (\$15,992,000), Park and Preserves (\$31,106,000), Police Public Safety Enhancement (14,668,000), and Fire Public Safety Enhancement (\$8,989,000) Special Revenue Funds

Exhibit G-4

(Continued)

Transfers to					
<u>Revenue</u>					
Other Special Revenue	Debt Service	Capital Projects	<u>Enterprise Convention Center</u>	Totals	
\$ -	\$ -	\$ 39	\$ -	\$ -	\$ 39
89,730 (1)	28,770	-	61,647		1,051,136
-	31,242	-	-		31,242
-	40,045	-	-		41,386
-	-	-	-		333
-	-	-	-		37
-	624	238	-		1,198
-	9,193	-	-		9,433
-	-	-	-		1,204
-	-	-	-		5
-	-	-	-		395
<u>89,730</u>	<u>109,874</u>	<u>238</u>	<u>61,647</u>		<u>1,136,369</u>
-	-	-	-		143
-	-	-	-		143
-	-	(4)	-		(4)
-	-	4	-		4
-	-	-	-		-
-	-	74	-		134
-	-	-	-		723
-	-	-	-		9,438
-	-	-	-		7,136
-	-	177	-		1,285
-	-	-	-		6
<u>-</u>	<u>-</u>	<u>251</u>	<u>-</u>		<u>18,722</u>
<u>\$ 89,730</u>	<u>\$ 109,874</u>	<u>\$ 528</u>	<u>\$ 61,647</u>	<u>\$ -</u>	<u>\$ 1,155,273</u>

City of Phoenix, Arizona
Budgetary Transfers - Budget Basis

Exhibit G-5

For the Fiscal Year Ended June 30, 2007
(in thousands)

	Transfers to					
	General Fund				Special	
	Staff and Admin- istrative	In-Lieu Property Taxes	Other Transfers	Total General Fund	Neigh- bor- hood Protection	Transit
Transfers from						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue						
Excise Tax	-	-	715,340	715,340	31,105	124,432
Transit 2000	-	-	-	-	-	-
Transit Other Agency	-	-	-	-	-	11,502
Development Services	4,258	-	-	4,258	-	-
Public Housing	-	325	-	325	-	-
Sports Facilities	121	-	76	197	-	-
Capital Construction	-	-	-	-	-	1,203
Parks and Preserves	-	-	-	-	-	-
Public Safety Enhancement	-	-	-	-	-	-
Neighborhood Protection	-	-	-	-	-	-
Total Special Revenue	4,379	325	715,416	720,120	31,105	137,137
Enterprise						
Aviation	6,188	-	-	6,188	-	-
Aviation (Non-Pledged)	-	-	-	-	-	-
Phoenix Convention Center	2,194	-	-	2,194	-	-
Water System	6,485	9,363	-	15,848	-	-
Water System - Val Vista	846	-	-	846	-	-
Wastewater	1,438	7,119	-	8,557	-	-
Wastewater - SROG	971	-	-	971	-	-
Solid Waste	4,539	1,069	-	5,608	-	-
Golf Courses	-	-	397	397	-	-
Total Enterprise	22,661	17,551	397	40,609	-	-
Other Funds not Budgeted						
Capital Projects -Street Improvement	-	-	-	-	-	-
Street & Highway Int & Redemption	-	-	-	-	-	-
Water Capital Projects	-	-	-	-	-	-
Solid Waste Capital Funds	-	-	-	-	-	-
Total Other Funds not Budgeted	-	-	-	-	-	-
Totals	\$ 27,040	\$ 17,876	\$ 715,813	\$ 760,729	\$ 31,105	\$ 137,137

(1) Capital Construction (\$18,975,000), Sports Facilities (\$15,992,000), Park and Preserves (\$31,106,000), Police Public Safety Center Enhancement (14,668,000), and Fire Public Safety Enhancement (\$8,988,000) Special Revenue Funds

(2) Highway User Revenue Special Revenue Fund

(3) Aviation Capital Fund

(4) Water System Enterprise Fund

(5) Solid Waste Enterprise Fund

(6) Capital Projects Fund

(7) Capital Projects Fund-Street Improvements

(8) Water Capital Reserve Fund

(9) Wastewater Capital Reserve Funds

Exhibit G-5
(Continued)

Transfers to									
Revenue		Enterprise				Funds Not Budgeted			Totals
Other	Total Special Revenue	Debt Service	Phoenix Convention Center	Other	Special Risk	Infrastructure Repayment Agreement	Other		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 781	\$ 3,550	\$ -	\$ 4,331	
89,729 (1)	245,266	28,770	61,648	-	-	-	-	1,051,024	
-	-	38,127	-	-	7	1,334	-	39,468	
-	11,502	-	-	-	-	-	-	11,502	
-	-	-	-	-	37	-	-	4,295	
-	-	71	-	-	11	-	238 (6)	645	
-	-	-	-	-	-	240	-	437	
-	1,203	-	-	-	-	1	91 (7)	1,295	
-	-	-	-	-	-	333	-	333	
-	-	-	-	-	5	-	-	5	
-	-	-	-	-	13	382	-	395	
89,729	257,971	66,968	61,648	-	73	2,290	329	1,109,399	
-	-	-	-	-	60	-	-	6,248	
-	-	-	-	-	-	-	1,254 (3)	1,254	
-	-	-	-	-	14	709	-	2,917	
-	-	-	-	-	75	-	20,000 (8)	35,923	
-	-	-	-	-	3	-	-	849	
-	-	-	-	-	17	-	11,900 (9)	20,474	
-	-	-	-	-	9	-	-	980	
-	-	-	-	-	39	-	-	5,647	
-	-	-	-	-	6	-	-	403	
-	-	-	-	-	223	709	33,154	74,695	
882 (2)	882	-	-	-	-	-	-	882	
20 (2)	20	-	-	-	-	-	-	20	
-	-	-	-	12,628 (4)	-	-	-	12,628	
-	-	-	-	145 (5)	-	-	-	145	
902	902	-	-	12,628	-	-	-	13,675	
\$ 90,631	\$ 258,873	\$ 66,968	\$ 61,648	\$ 12,773	\$ 1,077	\$ 6,549	\$ 33,483	\$ 1,202,100	

City of Phoenix, Arizona
Bonds and Certificates Payable

Exhibit G-6

June 30, 2007
(in thousands)

	Authorized	Sold	Unsold	Retired/ Refunded/ Defeased	Capital Apprecia- tion	Outstanding at June 30, 2007 (1)		
						Total	Payable from	
							General Property Taxes	City Revenues/ Other (3)
General Obligation Bonds								
6% Limitation								
Various Purpose	\$ 628,280	\$ 452,045	\$ 176,235	\$ 134,635	\$ -	\$ 317,410	\$ 317,410	\$ -
Solid Waste	97,645	97,645	-	68,815	-	28,830	-	28,830
20% Limitation								
Various Purpose	1,989,520	1,543,398	446,122	598,156	-	945,242	945,242	-
Airport	43,175	43,175	-	25,815	-	17,360	-	17,360
Sanitary Sewers	178,140	178,140	-	121,067	-	57,073	-	57,073
Water	400,530	400,530	-	299,469	3,105	104,166	-	104,166
Refunding (2)	7,410	7,410	-	5,585	-	1,825	-	1,825
Total General Obligation Bonds	3,344,700	2,722,343	622,357	1,253,542	3,105	1,471,906	1,262,652	209,254
Revenue Bonds								
Airport	95,490	95,490	-	66,745	-	28,745	-	28,745
Public Housing	4,960	4,960	-	4,155	-	805	-	805
Street and Highway User	457,456	457,456	-	334,445	-	123,011	-	123,011
Total Revenue Bonds	557,906	557,906	-	405,345	-	152,561	-	152,561
Total General Obligation and Revenue Bonds	3,902,606	3,280,249	622,357	1,658,887	3,105	1,624,467	1,262,652	361,815
Certificates of Participation	35,465	35,465	-	2,595	-	32,870	-	32,870
Municipal Corporation Obligations								
General Government	1,073,941	1,073,941	-	216,480	-	857,461	-	857,461
Enterprise	3,680,706	3,680,706	-	557,450	-	3,123,256	-	3,123,256
Total Municipal Corp- oration Obligations	4,754,647	4,754,647	-	773,930	-	3,980,717	-	3,980,717
Special Assessment Bonds	6,854	6,854	-	5,597	-	1,257	-	1,257
Subtotal	8,699,572	8,077,215	622,357	2,441,009	3,105	5,639,311	1,262,652	4,376,659
Downtown Phoenix Hotel Corp. Bonds-Component Unit	350,000	350,000	-	-	-	350,000	-	350,000
Totals	\$ 9,049,572	\$ 8,427,215	\$ 622,357	\$ 2,441,009	\$ 3,105	\$ 5,989,311	\$ 1,262,652	\$ 4,726,659

(1) Net of July 1, 2007 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 \$146.6 million at June 30, 2007.

(2) In addition to the Solid Waste bonds, the 1993C and 2003 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, 2007
(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
2007-08	12,085	16,133	28,218	4,620	1,417	6,037	16,705	17,550	34,255
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
2025-26	-	-	-	-	-	-	-	-	-
2026-27	-	-	-	-	-	-	-	-	-
2027-28	-	-	-	-	-	-	-	-	-
	<u>\$ 317,410</u>	<u>\$ 142,604</u>	<u>\$ 460,014</u>	<u>\$ 28,830</u>	<u>\$ 7,416</u>	<u>\$ 36,246</u>	<u>\$ 346,240</u>	<u>\$ 150,020</u>	<u>\$ 496,260</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, 2007
(in thousands)

Fiscal Year	Property Tax Supported Various Purpose Bonds			Airport Bonds			Water Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007-08	17,610	43,683	61,293	3,780	770	4,550	19,655	5,188	24,843
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	-	-	-	-	-	-
	945,242	510,387	1,455,629	17,360	4,016	21,376	101,061	30,333	131,394
Capital									
Appreciation (3)	-	-	-	-	-	-	3,105	(3,105)	-
	<u>\$ 945,242</u>	<u>\$ 510,387</u>	<u>\$ 1,455,629</u>	<u>\$ 17,360</u>	<u>\$ 4,016</u>	<u>\$ 21,376</u>	<u>\$ 104,166</u>	<u>\$ 27,228</u>	<u>\$ 131,394</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-8).

(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
5,200	2,498	7,698	895	83	978	47,140	52,222	99,362
5,506	2,194	7,700	930	56	986	38,942	50,184	89,126
10,825	1,935	12,760	-	-	-	56,065	50,442	106,507
12,175	1,478	13,653	-	-	-	61,995	44,134	106,129
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
57,073	12,510	69,583	1,825	139	1,964	1,122,561	557,385	1,679,946
-	-	-	-	-	-	3,105	(3,105)	-
<u>\$ 57,073</u>	<u>\$ 12,510</u>	<u>\$ 69,583</u>	<u>\$ 1,825</u>	<u>\$ 139</u>	<u>\$ 1,964</u>	<u>\$ 1,125,666</u>	<u>\$ 554,280</u>	<u>\$ 1,679,946</u>

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

Exhibit G-9

June 30, 2007
(in thousands)

Fiscal Year	General Obligation			Street and Highway User Revenue		
	Principal	Interest	Total	Principal	Interest	Total
2007-08	63,845	69,772	133,617	25,840	5,405	31,245
2008-09	57,522	66,219	123,741	27,005	4,235	31,240
2009-10	74,100	65,542	139,642	28,285	2,961	31,246
2010-11	85,605	58,322	143,927	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>1,468,801</u>	<u>707,405</u>	<u>2,176,206</u>	<u>123,011</u>	<u>45,967</u>	<u>168,978</u>
Capital Appreciation (2)	3,105	(3,105)	-	-	-	-
	<u>\$ 1,471,906</u>	<u>\$ 704,300</u>	<u>\$ 2,176,206</u>	<u>\$ 123,011</u>	<u>\$ 45,967</u>	<u>\$ 168,978</u>

(1) Does not reflect the Airport Revenue Bond Reserve Fund which is funded with a surety bond and which, as of June 30, 2007, had a balance of \$20.26 million; the total requirement is \$20.26 million.

(2) 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, Arizona
Debt Service Requirements
By General Purpose of Assets Acquired

Exhibit G-10

June 30, 2007
(in thousands)

Fiscal Year	General Government (1)			Public Housing		
	Principal	Interest	Total	Principal	Interest	Total
2007-08	55,535	65,221	120,756	500	43	543
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	-	-	-
	<u>1,385,663</u>	<u>698,958</u>	<u>2,084,621</u>	<u>805</u>	<u>58</u>	<u>863</u>
Capital Appreciation (3)	-	-	-	-	-	-
	<u>\$ 1,385,663</u>	<u>\$ 698,958</u>	<u>\$ 2,084,621</u>	<u>\$ 805</u>	<u>\$ 58</u>	<u>\$ 863</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 for which the debt service is paid from revenues of 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
38,825	11,769	50,594	94,860	77,033	171,893
30,322	11,140	41,462	89,797	71,993	161,790
33,718	9,933	43,651	109,165	69,716	178,881
33,320	6,285	39,605	121,315	60,617	181,932
17,383	4,701	22,084	87,904	70,590	158,494
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
234,894	60,158	295,052	1,621,362	759,174	2,380,536
3,105	(3,105)	-	3,105	(3,105)	-
<u>\$ 237,999</u>	<u>\$ 57,053</u>	<u>\$ 295,052</u>	<u>\$ 1,624,467</u>	<u>\$ 756,069</u>	<u>\$ 2,380,536</u>

City of Phoenix, Arizona
Housing Department Financial Data Schedule
Balance Sheet of Federal Grants
June 30, 2007

Exhibit G-11

Line Item #	Account Description	Low Rent Public Housing 14.850a	Section 8 MOD Rehab. SRO 14.249	LIHAP Section 8 MOD Rehab. 02 14.856	LIHAP Section 8 MOD Rehab. 03 14.856	Housing Choice Voucher 14.871
ASSETS:						
CURRENT ASSETS:						
Cash:						
111	Cash - unrestricted	-	109,027	87,510	-	7,116,896
114	Cash - tenant security deposits	-	-	-	-	-
100	Total cash	-	109,027	87,510	-	7,116,896
Accounts and notes receivables:						
122	Accounts receivable - HUD other projects	497,005	15,549	14,922	13,945	-
125	Accounts receivable - miscellaneous	-	-	-	-	2,841
126	Accounts receivable- tenants - dwelling rents	71,851	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(5,935)	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	(2,841)
129	Accrued interest receivable	323	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	563,244	15,549	14,922	13,945	-
Current investments						
131	Investments - unrestricted	13,716,316	-	-	-	-
132	Investments - restricted	7,733,322	-	-	-	267,494
142	Prepaid expenses and other assets	-	-	-	-	-
143	Inventories	57,543	-	-	-	-
143.1	Allowance for obsolete inventories	(29)	-	-	-	-
150	TOTAL CURRENT ASSETS	22,070,396	124,576	102,432	13,945	7,384,390
NON CURRENT ASSETS:						
Fixed assets:						
161	Land	8,445,462	-	-	-	-
162	Buildings	70,146,186	-	-	-	-
163	Furniture, equipment & machinery - dwellings	1,497,641	-	-	-	-
164	Furniture, equipment & machinery - administration	2,462,266	-	-	-	-
165	Leasehold improvements	8,728,861	-	-	-	-
166	Accumulated depreciation	(60,321,633)	-	-	-	-
167	Construction in progress	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	30,958,783	-	-	-	-
180	TOTAL NON CURRENT ASSETS	30,958,783	-	-	-	-
190	TOTAL ASSETS	53,029,179	124,576	102,432	13,945	7,384,390
LIABILITIES AND EQUITY:						
LIABILITIES:						
CURRENT LIABILITIES						
312	Accounts payable < 90 days	147,441	-	-	3,517	-
322	Accrued compensated absences - current portion	171,530	-	22	4	35,775
325	Accrued interest payable	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	4,264	27,505	-	-
332	Accounts Payable - PHA Projects	-	42	-	-	356
333	Accounts payable - other government	-	-	-	-	-
341	Tenant security deposits	457,462	-	-	-	-
342	Deferred revenues	15,503	-	-	-	-
343	Current portion of L/T debt - capital projects/mortgage revenue bonds	-	-	-	-	-
345	Other current liabilities	36,941	-	-	-	-
346	Accrued liabilities - other	113,995	-	-	-	-
310	TOTAL CURRENT LIABILITIES	942,872	4,306	27,527	3,521	36,131
NON CURRENT LIABILITIES						
351	Long-term debt, net of current- capital projects/ mortgage revenue bonds	-	-	-	-	-
353	non current liabilities- other	1,298,167	-	-	-	267,494
354	Accrued Compensated Absences - non current	225,361	150	79	14	79,160
350	TOTAL NON CURRENT LIABILITIES	1,523,528	150	79	14	346,654
300	TOTAL LIABILITIES	2,466,400	4,456	27,606	3,535	382,785
EQUITY:						
508.1	Invested in Capital Assets, Net of Related Debt	30,958,783	-	-	-	-
RESERVED FUND BALANCE:						
512.1	Unrestricted Net Assets	19,603,996	120,120	74,826	10,410	7,001,605
513	TOTAL EQUITY/NET ASSETS	50,562,779	120,120	74,826	10,410	7,001,605
600	TOTAL LIABILITIES and EQUITY/NET ASSETS	53,029,179	124,576	102,432	13,945	7,384,390

Exhibit G-11

(continued)

Resident Opportunity and Supportive Services 14.87	Revitalization of Severely Distressed Public Housing 14.866	Capital Fund Program 14.872	PIH Drug Elimination Program 14.854	Multifamily Housing Service Coordinator 14.191	Community Development Block Grants 14.218	N/C S/R Section 8 Program 14.182	City General Obligation Bonds State/Local	TOTAL
-	-	-	-	-	-	3,478,802	-	10,792,235
-	-	-	-	-	-	46,972	-	46,972
-	-	-	-	-	-	3,525,774	-	10,839,207
48,512	5,870,254	319,447	-	-	-	11,367	-	6,791,001
-	-	-	-	-	-	-	-	2,841
-	-	-	-	-	-	2,838	-	74,689
-	-	-	-	-	-	(6)	-	(5,941)
-	-	-	-	-	-	-	-	(2,841)
-	-	-	-	-	-	-	-	323
48,512	5,870,254	319,447	-	-	-	14,199	-	6,860,072
-	-	-	-	-	-	-	-	13,716,316
-	-	-	-	-	-	-	-	8,000,816
-	-	-	-	-	-	225,513	-	225,513
-	-	-	-	-	-	6,073	-	63,616
-	-	-	-	-	-	(5)	-	(34)
48,512	5,870,254	319,447	-	-	-	3,771,554	-	39,705,506
-	5,607,059	-	-	-	-	329,701	-	14,382,222
-	-	-	-	-	-	6,477,096	-	76,623,282
-	-	-	-	-	-	-	-	1,497,641
-	-	-	-	-	-	89,020	-	2,551,286
-	-	-	-	-	-	724,259	-	9,453,120
-	-	-	-	-	-	(4,676,003)	-	(64,997,636)
-	1,406,990	1,059,981	-	-	-	-	4,488,536	6,955,507
-	7,014,049	1,059,981	-	-	-	2,944,073	4,488,536	46,465,422
-	7,014,049	1,059,981	-	-	-	2,944,073	4,488,536	46,465,422
48,512	12,884,303	1,379,428	-	-	-	6,715,627	4,488,536	86,170,928
-	5,870,254	319,447	-	-	-	10,407	-	6,351,066
-	-	-	-	-	-	18,184	-	225,515
-	-	-	-	-	-	7,167	-	7,167
-	-	-	-	-	-	25,668	-	53,437
-	-	-	-	-	-	-	-	398
48,512	-	-	-	-	-	-	-	48,512
-	-	-	-	-	-	45,014	-	502,476
-	-	-	-	-	-	1,428	-	16,931
-	-	-	-	-	-	500,000	-	500,000
-	-	-	-	-	-	2,519	-	39,460
-	-	-	-	-	-	-	-	113,995
48,512	5,870,254	319,447	-	-	-	610,387	-	7,862,957
-	-	-	-	-	-	305,000	-	305,000
-	-	-	-	-	-	2,227	-	1,567,888
-	-	-	-	-	-	31,352	-	336,116
-	-	-	-	-	-	338,579	-	2,209,004
48,512	5,870,254	319,447	-	-	-	948,966	-	10,071,961
-	-	7,014,049	1,059,981	-	-	2,139,073	4,488,536	45,660,422
-	-	-	-	-	-	3,627,588	-	30,438,545
-	7,014,049	1,059,981	-	-	-	5,766,661	4,488,536	76,098,967
48,512	12,884,303	1,379,428	-	-	-	6,715,627	4,488,536	86,170,928

City of Phoenix, Arizona
Housing Department Financial Data Schedule
Statement of Revenues and Expenditures
June 30, 2007

Exhibit G-11
(continued)

Line Item #	Account Description	Low Rent Public Housing 14,850a	Section 8 MOD Rehab. SRO 14,249	LIHAP Section 8 MOD Rehab. 02 14,856	LIHAP Section 8 MOD Rehab. 03 14,856	Housing Choice Voucher 14,871
REVENUE:						
703	Net tenant rental revenue	5,421,188	-	-	-	-
704	Tenant revenue - other	262,603	-	-	-	-
705	Total tenant revenue	5,683,791	-	-	-	-
706	HUD PHA operating grants	6,096,155	221,359	103,476	29,215	37,890,489
708	Other government grants	-	-	-	-	-
711	Investment income - unrestricted	660,577	5,647	6164	37	356,760
715	Other revenue	87,073	-	-	-	178
716	Gain or loss on the sale of fixed assets	57,482	-	-	-	-
720	Investment income - restricted	376,466	-	-	-	3,426
700	TOTAL REVENUE	12,961,544	227,006	109,640	29,252	38,250,853
EXPENSES:						
Administrative						
911	Administrative salaries	2,455,122	5,540	2,975	410	1,536,573
912	Auditing fees	13,461	74	38	6	4,679
914	Compensated absences	11,729	34	21	1	14,185
915	Employee benefit contributions- administrative	1,099,992	2,394	1,282	179	643,344
916	Other operating- administrative	743,346	1,221	642	89	453,603
	Subtotal	4,323,650	9,263	4,958	685	2,652,384
Tenant services						
924	Tenant services - other	372,789	-	-	-	-
	Subtotal	372,789	-	-	-	-
Utilities						
931	Water	647,536	-	-	-	-
932	Electricity	1,222,831	-	-	-	-
933	Gas	156,690	-	-	-	-
938	Other utilities expense	256,716	-	-	-	-
	Subtotal	2,283,773	-	-	-	-
Ordinary maintenance & operation						
941	Ordinary maintenance and operations - labor	2,119,160	-	-	-	-
942	Ordinary maintenance and operations - materials & other	521,637	8	4	1	2,534
943	Ordinary maintenance and operations - contract costs	1,139,643	239	130	22	83,461
945	Employee benefit contributions- ordinary maintenance	535,404	-	-	-	-
	Subtotal	4,315,844	247	134	23	85,995
Protective services						
952	Protective services- other contract costs	1,112	-	-	-	-
	Subtotal	1,112	-	-	-	-
General expenses						
961	Insurance premiums	258,369	106	57	8	44,449
962	Other General Expenses	-	-	-	-	-
963	Payments in lieu of taxes	325,315	-	-	-	-
964	Bad debt - tenant rents	906	-	-	-	-
966	Bad debt - other	-	-	-	-	(28,283)
967	Interest expense	-	-	-	-	-
	Subtotal	584,590	106	57	8	16,166
969	TOTAL OPERATING EXPENSES	11,881,758	9,616	5,149	716	2,754,545
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	1,079,786	217,390	104,491	28,536	35,496,308
971	Extraordinary maintenance	-	-	-	-	-
973	Housing assistance payments	-	179,071	80,507	26,082	32,560,532
974	Depreciation expense	8,972,322	-	-	-	-
900	TOTAL EXPENSES	20,854,080	188,687	85,656	26,798	35,315,077
OTHER FINANCING SOURCES (USES)						
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(7,892,536)	38,319	23,984	2,454	2,935,776
MEMO :						
1103	Beginning equity	50,804,646	81,754	50,842	7,956	4,087,460
1104	Prior period adjustments, equity transfers and correction of errors	7,650,669	47	-	-	(21,631)
1120	Unit months available	29,220	972	528	72	62,940
1121	Number of unit months leased	28,376	903	359	55	55,529
Equity Roll Forward Test:						
	Calculation from R/E Statement	50,562,779	120,120	74,826	10,410	7,001,605
	B/S Line 513	50,562,779	120,120	74,826	10,410	7,001,605
	Difference	-	-	-	-	-

Exhibit G-11
(continued)

Resident Opportunity and Supportive Services	Revitalization of Severely Distressed Public Housing	Capital Fund Program	PIH Drug Elimination Program	Multifamily Housing Service Coordinator	Community Development Block Grants	N/C S/R Section 8 Program	City General Obligation Bonds State/Local	TOTAL
14.87	14.866	14.872	14.854	14.191	14.218	14.182		
-	-	-	-	-	-	616,234	-	6,037,422
-	-	-	-	-	-	4,656	-	267,259
-	-	-	-	-	-	620,890	-	6,304,681
303,155	14,382,523	2,405,986	-	-	57,666	2,857,583	-	64,347,607
-	-	-	-	-	-	1,201,015	204,382	1,405,397
-	-	-	-	-	-	187,493	-	1,216,678
-	-	-	-	-	-	47,039	-	134,290
-	-	-	-	-	-	(43,755)	-	13,727
-	-	-	-	-	-	-	-	379,892
303,155	14,382,523	2,405,986	-	-	57,666	4,870,265	204,382	73,802,272
92,682	-	-	-	-	-	342,663	-	4,435,965
-	-	-	-	-	-	9,256	-	27,514
-	-	-	-	-	-	5,940	-	31,910
31,987	-	-	-	-	-	119,531	-	1,898,709
130,535	26,430,555	1,137,233	-	-	-	69,331	-	28,966,555
255,204	26,430,555	1,137,233	-	-	-	546,721	-	35,360,653
-	-	-	-	-	-	-	-	372,789
-	-	-	-	-	-	-	-	372,789
-	-	-	-	-	-	38,909	-	686,445
-	-	-	-	-	-	188,789	-	1,411,620
-	-	-	-	-	-	-	-	156,690
-	-	-	-	-	-	19,206	-	275,922
-	-	-	-	-	-	246,904	-	2,530,677
-	-	-	-	-	-	206,613	-	2,325,773
142	-	115,476	-	-	-	27,005	-	666,807
1,078	-	1,153,277	-	-	57,666	87,195	-	2,522,711
-	-	-	-	-	-	114,770	-	650,174
1,220	-	1,268,753	-	-	57,666	435,583	-	6,165,465
-	-	-	-	-	-	83	-	1,195
-	-	-	-	-	-	83	-	1,195
1,931	-	-	-	-	-	24,544	-	329,464
44,800	-	-	-	-	-	-	-	44,800
-	-	-	-	-	-	-	-	325,315
-	-	-	-	-	-	-	-	906
-	-	-	-	-	-	-	-	(28,283)
-	-	-	-	-	-	68,460	-	68,460
46,731	-	-	-	-	-	93,004	-	740,662
303,155	26,430,555	2,405,986	-	-	57,666	1,322,295	-	45,171,441
-	(12,048,032)	-	-	-	-	3,547,970	204,382	28,630,831
-	-	-	-	-	-	750	-	750
-	-	-	-	-	-	2,711,568	-	35,557,760
-	-	-	-	-	-	198,986	-	9,171,308
303,155	26,430,555	2,405,986	-	-	57,666	4,233,599	-	89,901,259
-	-	-	-	-	-	-	-	-
-	(12,048,032)	-	-	-	-	636,666	204,382	(16,098,987)
-	19,062,081	1,052,283	-	-	-	5,129,995	4,284,154	84,561,171
-	-	7,698	-	-	-	-	-	7,636,783
-	-	-	-	-	-	8,520	-	102,252
-	-	-	-	-	-	8,518	-	93,740
-	7,014,049	1,059,981	-	-	-	5,766,661	4,488,536	76,098,967
-	7,014,049	1,059,981	-	-	-	5,766,661	4,488,536	76,098,967
-	-	-	-	-	-	-	-	-

Agency Fund

Statement of Changes in Assets and Liabilities

For the Fiscal Year Ended June 30, 2007

(in thousands)

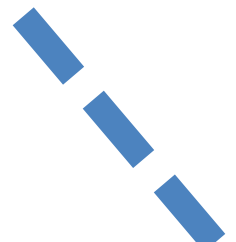
	<i>PAYROLL</i>			Balance June 30
	Balance July 1	Additions	Deductions	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,413	\$ 344,965	\$ 345,757	\$ 8,621
Treasurer's Pooled Investments	33,372	1,477,398	1,474,017	36,753
Total Assets	<u>\$ 42,785</u>	<u>\$ 1,822,363</u>	<u>\$ 1,819,774</u>	<u>\$ 45,374</u>
<u>LIABILITIES</u>				
Accrued Payroll Payable	\$ 42,785	\$ 1,822,363	\$ 1,819,774	\$ 45,374
Total Liabilities	<u>\$ 42,785</u>	<u>\$ 1,822,363</u>	<u>\$ 1,819,774</u>	<u>\$ 45,374</u>



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, Arizona
Net Assets by Component

Table 1

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

	Fiscal Year	
	2007	2006
GOVERNMENTAL ACTIVITIES		
Invested in Capital Assets, Net of Related Debt	\$ 2,068,052	\$ 1,434,512
Restricted	1,095,820	996,048
Unrestricted	640,050	588,754
Total Governmental Activities Net Assets	<u>\$ 3,803,922</u>	<u>\$ 3,019,314</u>
BUSINESS-TYPE ACTIVITIES		
Invested in Capital Assets, Net of Related Debt	\$ 3,144,988	\$ 2,688,581
Restricted	179,365	148,571
Unrestricted	585,710	755,825
Total Business-Type Activities Net Assets	<u>\$ 3,910,063</u>	<u>\$ 3,592,977</u>
PRIMARY GOVERNMENT		
Invested in Capital Assets, Net of Related Debt	\$ 5,213,040	\$ 4,123,093
Restricted	1,275,185	1,144,619
Unrestricted	1,225,760	1,344,579
Total Primary Government Net Assets	<u>\$ 7,713,985</u>	<u>\$ 6,612,291</u>

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

Table 1
(Continued)

Fiscal Year			
2005	2004	2003	2002
\$ 1,471,516	\$ 1,737,512	\$ 1,574,940	\$ 1,390,460
1,073,630	719,892	618,268	568,862
197,631	116,437	140,917	98,832
<u>\$ 2,742,777</u>	<u>\$ 2,573,841</u>	<u>\$ 2,334,125</u>	<u>\$ 2,058,154</u>
\$ 2,746,082	\$ 2,149,567	\$ 2,009,693	\$ 1,857,544
39,443	36,293	36,232	36,930
478,840	744,935	656,784	564,613
<u>\$ 3,264,365</u>	<u>\$ 2,930,795</u>	<u>\$ 2,702,709</u>	<u>\$ 2,459,087</u>
\$ 4,217,598	\$ 3,887,079	\$ 3,584,633	\$ 3,248,004
1,113,073	756,185	654,500	605,792
676,471	861,372	797,701	663,445
<u>\$ 6,007,142</u>	<u>\$ 5,504,636</u>	<u>\$ 5,036,834</u>	<u>\$ 4,517,241</u>

City of Phoenix, Arizona
Changes in Net Assets

Table 2

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

	Fiscal Year	
	2007	2006
Expenses		
Governmental Activities		
General Government	\$ 103,039	\$ 94,129
Criminal Justice	40,085	37,702
Public Safety	732,927	667,663
Transportation	264,347	316,356
Public Works	44,656	44,668
Community Enrichment	263,031	251,403
Community Development	204,441	196,374
Interest on Long-Term Debt	96,401	102,428
Total Governmental Activities Expenses	1,748,927	1,710,723
Business-Type Activities		
Aviation	312,171	279,873
Phoenix Convention Center	66,378	68,801
Water Services	272,341	276,073
Wastewater Services	153,100	148,480
Solid Waste	126,029	115,107
Golf Courses	9,790	8,446
Total Business-Type Activities Expenses	939,809	896,780
Total Primary Government Expenses	\$ 2,688,736	\$ 2,607,503

Table 2
(Continued)

Fiscal Year			
2005	2004	2003	2002
\$ 78,351	\$ 74,749	\$ 63,728	\$ 63,036
35,432	31,768	372,545	334,656
577,358	537,018	173,281	157,625
316,295	250,951	218,055	136,828
40,065	30,035	24,091	11,598
249,739	211,238	198,131	169,750
172,217	156,389	148,962	128,227
83,812	64,531	60,370	55,910
1,553,269	1,356,679	1,259,163	1,057,630
231,493	228,891	210,773	196,375
42,165	46,687	48,142	50,774
232,470	210,114	206,673	192,404
141,543	120,966	111,124	113,828
92,264	92,565	84,030	74,459
7,881	7,084	7,632	7,949
747,816	706,307	668,374	635,789
\$ 2,301,085	\$ 2,062,986	\$ 1,927,537	\$ 1,693,419

City of Phoenix, Arizona
Changes in Net Assets

Table 2
(Continued)

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

	Fiscal Year	
	2007	2006
Program Revenue		
Governmental Activities		
Charges for Services:		
General Government	\$ 20,939	\$ 19,358
Criminal Justice	27,383	28,174
Public Safety	43,099	34,371
Transportation	81,502	26,875
Public Works	577	577
Community Enrichment	3,187	3,028
Community Development	100,876	98,960
Operating Grants and Contributions	327,157	312,712
Capital Grants and Contributions	186,130	164,500
Total Governmental Activities Program Revenue	<u>790,850</u>	<u>688,555</u>
Business-Type Activities		
Charges for Services:		
Aviation	277,228	246,288
Phoenix Convention Center	10,518	9,351
Water Services	272,191	257,415
Wastewater Services	160,097	139,418
Solid Waste	125,351	117,121
Golf Courses	7,725	6,842
Capital Grants and Contributions	301,660	360,381
Total Business-Type Activities Program Revenue	<u>1,154,770</u>	<u>1,136,816</u>
Total Primary Government Program Revenue	<u>\$ 1,945,620</u>	<u>\$ 1,825,371</u>
Net (Expense)/Revenue		
Governmental Activities	\$ (958,077)	\$ (1,022,168)
Business-Type Activities	214,961	240,036
Total Primary Government Net Expense	<u>\$ (743,116)</u>	<u>\$ (782,132)</u>

Table 2
(Continued)

Fiscal Year			
2005	2004	2003	2002
\$ 14,226	\$ 13,849	\$ 13,655	\$ 13,645
20,942	19,434	32,253	12,733
43,018	34,069	20,994	17,576
26,370	24,242	22,945	23,010
569	694	700	1,207
2,670	6,857	6,661	7,348
99,432	88,257	74,839	63,238
311,601	287,534	267,731	246,738
97,779	126,272	51,596	87,295
616,607	601,208	491,374	472,790
222,313	213,671	206,316	188,505
9,316	10,054	10,275	9,669
225,859	224,150	216,870	210,634
124,541	114,946	104,647	99,075
108,067	98,995	93,441	86,872
5,857	6,179	6,686	7,444
295,856	245,792	232,511	145,327
991,809	913,787	870,746	747,526
\$ 1,608,416	\$ 1,514,995	\$ 1,362,120	\$ 1,220,316
\$ (936,662)	\$ (755,471)	\$ (767,789)	\$ (584,840)
243,993	207,480	202,372	111,737
\$ (692,669)	\$ (547,991)	\$ (565,417)	\$ (473,103)

City of Phoenix, Arizona
Changes in Net Assets

Table 2
(Continued)

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

	Fiscal Year	
	2007	2006
General Revenues and Other Changes in Net Assets		
Governmental Activities		
Taxes	\$ 955,921	\$ 896,212
Grants and Contributions Not Restricted	374,299	338,907
Investment Earnings, Net	92,700	64,379
Loss on Disposal of Capital Assets	-	-
Miscellaneous	50,787	40,242
Transfers - Internal Activities	(42,925)	(41,035)
Total Governmental Activities	<u>1,430,782</u>	<u>1,298,705</u>
Business-Type Activities		
Investment Earnings, Net	59,200	47,541
Equity Interest in Joint Use		
Agreement Operating Loss	-	-
Loss on Disposal of Capital Assets	-	-
Transfers	42,925	41,035
Total BusinessType Activities	<u>102,125</u>	<u>88,576</u>
Total Primary Government	1,532,907	1,387,281
Change in Net Assets		
Governmental Activities	472,705	276,537
Business-Type Activities	317,086	328,612
Total Primary Government	<u>\$ 789,791</u>	<u>\$ 605,149</u>

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

Table 2
(Continued)

Fiscal Year			
2005	2004	2003	2002
\$ 777,911	\$ 716,164	\$ 685,050	\$ 678,912
305,456	271,298	306,175	288,839
44,077	3,800	44,245	55,311
-	-	(14,558)	(4,077)
46,166	26,134	58,743	37,124
(68,012)	(22,209)	(35,895)	(36,430)
1,105,598	995,187	1,043,760	1,019,679
21,565	(1,603)	23,525	32,705
-	-	(15,827)	(13,917)
-	-	(2,343)	(4,584)
68,012	22,209	35,895	36,430
89,577	20,606	41,250	50,634
1,195,175	1,015,793	1,085,010	1,070,313
168,936	239,716	275,971	434,839
333,570	228,086	243,622	162,371
\$ 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			
	2007	2006	2005	2004
General Fund				
Reserved	\$ 89,651	\$ 81,275	\$ 76,076	\$ 62,992
Unreserved	362,943	311,166	250,217	240,712
Total General Fund	\$ 452,594	\$ 392,441	\$ 326,293	\$ 303,704
All Other Governmental Funds				
Reserved	\$ 601,198	\$ 719,962	\$ 567,202	\$ 526,043
Unreserved, reported in				
Transit Capital Project Fund	164,852	265,693	437,422	-
Special Revenue Funds	523,035	483,611	399,595	365,091
Capital Project Funds	255,845	(29,347)	(216,263)	(77,749)
Debt Service Funds	1,254	1,752	1,125	890
Total All Other Governmental Funds	\$ 1,546,184	\$ 1,441,671	\$ 1,189,081	\$ 814,275
Total Fund Balances of Governmental Funds	\$ 1,998,778	\$ 1,834,112	\$ 1,515,374	\$ 1,117,979

Table 3
(Continued)

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$ 57,616	\$ 55,361	\$ 70,535	\$ 69,523	\$ 61,487	\$ 55,577
276,842	229,419	116,120	136,545	86,858	71,011
\$ 334,458	\$ 284,780	\$ 186,655	\$ 206,068	\$ 148,345	\$ 126,588
\$ 416,817	\$ 339,581	\$ 294,823	\$ 231,418	\$ 220,473	\$ 268,743
-	-	-	-	-	-
289,279	258,033	217,711	130,588	70,947	51,618
(9,867)	28,335	57,748	(23,780)	18,552	(91,688)
21,079	22,704	22,178	17,449	433	2,010
\$ 717,308	\$ 648,653	\$ 592,460	\$ 355,675	\$ 310,405	\$ 230,683
\$ 1,051,766	\$ 933,433	\$ 779,115	\$ 561,743	\$ 458,750	\$ 357,271

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			
	2007	2006	2005	2004
Revenues				
City Taxes (see Table 5)	\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952
Licenses and Permits	15,787	14,206	13,648	13,275
Intergovernmental (see Table 6)	885,478	800,697	711,777	650,515
Charges for Services	177,374	168,646	164,283	143,067
Fines and Forfeitures	19,141	19,932	18,561	16,892
Parks and Recreation	2,838	2,524	2,179	5,976
In-Lieu Property Taxes	-	-	-	-
Special Assessments	678	1,233	1,544	1,641
Investment Income	92,700	64,379	44,077	3,800
Dwelling Rentals	8,098	7,818	6,263	6,488
Other	50,484	51,947	45,771	26,155
Total Revenues	<u>2,207,339</u>	<u>2,028,377</u>	<u>1,787,570</u>	<u>1,584,761</u>
Expenditures				
General Government	67,097	59,697	60,437	59,643
Criminal Justice	36,160	33,952	32,826	30,187
Public Safety	665,817	620,215	560,964	526,601
Transportation	244,728	137,817	178,023	176,118
Community Enrichment	211,695	197,445	201,552	187,531
Community Development	185,596	173,710	159,453	148,805
Environmental Services	19,529	17,024	19,121	21,106
Debt Service:				
Principal	279,183	83,768	63,361	61,325
Interest	94,369	101,851	82,811	61,828
Bond Issuance Costs	1,185	500	452	742
Other	790	77	549	1,961
Capital	641,795	618,506	506,844	446,920
Total Expenditures	<u>2,447,944</u>	<u>2,044,562</u>	<u>1,866,393</u>	<u>1,722,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(240,605)</u>	<u>(16,185)</u>	<u>(78,823)</u>	<u>(138,006)</u>

Table 4
(Continued)

							Fiscal Year					
							2003	2002	2001	2000	1999	1998
\$	670,744	\$	661,765	\$	647,475	\$	539,785	\$	479,424	\$	438,754	
	13,088		13,522		12,988		12,310		9,889		9,043	
	613,204		622,872		565,501		555,937		493,060		455,737	
	128,955		114,848		106,164		64,837		71,507		43,824	
	16,779		14,060		15,323		15,292		16,969		17,071	
	5,774		6,241		4,004		4,217		4,032		4,302	
	13,000		11,865		10,703		9,805		8,814		8,748	
	1,692		1,835		1,954		2,187		2,645		2,491	
	44,245		55,311		78,314		43,298		19,592		27,332	
	6,507		6,881		-		-		-		-	
	58,025		21,889		37,502		32,626		20,629		39,631	
	1,572,013		1,531,089		1,479,928		1,280,294		1,126,561		1,046,933	
	51,786		54,917		56,716		57,757		55,142		59,409	
	343,838		287,358		331,284		289,359		281,793		265,820	
	164,087		151,446		145,712		136,774		127,677		120,857	
	156,859		124,506		133,761		85,764		91,225		86,283	
	178,488		168,591		163,247		147,947		139,287		130,321	
	139,479		127,411		120,791		103,512		96,284		95,872	
	14,426		8,258		17,240		13,496		13,804		15,063	
	43,541		41,187		55,524		52,256		51,733		47,387	
	58,551		54,933		65,420		65,723		61,537		62,522	
	1,779		484		-		-		-		-	
	40		493		41		26		873		181	
	327,199		400,752		223,093		206,182		209,286		179,083	
	1,480,073		1,420,336		1,312,829		1,158,796		1,128,641		1,062,798	
	91,940		110,753		167,099		121,498		(2,080)		(15,865)	

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			
	2007	2006	2005	2004
Other Financing Sources (Uses)				
Transfers From Other Funds	\$ 1,094,014	\$ 1,104,360	\$ 1,018,096	\$ 937,041
Transfers to Other Funds	(1,136,939)	(1,145,395)	(1,086,108)	(959,250)
Issuance of Debt:				
General Obligation and Revenue Bonds	420,250	300,000	-	200,000
Premium on General Obligation and Revenue Bonds	11,501	5,246	-	8,599
Certificates of Participation and Municipal Corporation Obligations	21,115	70,150	500,000	20,000
Premium on Certificates of Participation and Municipal Corporation Obligations	5,437	562	43,667	1,311
Special Assessment Bonds	-	-	-	-
Refunding Bonds	265,995	-	35,465	42,020
Deposit to Refunding Escrow	(276,102)	-	(34,902)	(45,502)
Total Other Financing Sources and Uses	<u>405,271</u>	<u>334,923</u>	<u>476,218</u>	<u>204,219</u>
Net Change in Fund Balances	<u>\$ 164,666</u>	<u>\$ 318,738</u>	<u>\$ 397,395</u>	<u>\$ 66,213</u>

Debt Service as a Percentage of Noncapital Expenditures	20.8%	13.1%	10.8%	9.9%
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Table 4
(Continued)

Fiscal Year						
	2003	2002	2001	2000	1999	1998
\$	898,268	876,924	931,617	833,985	742,957	642,263
	(934,163)	(913,354)	(966,003)	(870,850)	(778,898)	(674,025)
	-	99,505	41,730	-	138,697	65,697
	-	850	-	-	-	-
	60,000	-	42,655	18,082	-	-
	611	-	-	-	-	-
	135	443	274	278	-	-
	157,237	264,674	-	-	92,919	-
	(155,695)	(287,424)	-	-	(92,116)	-
	26,393	41,618	50,273	(18,505)	103,559	33,935
\$	118,333	152,371	217,372	102,993	101,479	18,070

9.0%	9.5%	11.1%	12.4%	12.4%	12.5%
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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			
	2007	2006	2005	2004
General Property Taxes				
Primary - Operating	\$ 95,060	\$ 89,721	\$ 82,547	\$ 76,392
Secondary - Debt Service	117,337	107,763	100,761	94,263
Total General Property Taxes	212,397	197,484	183,308	170,655
City Sales and Franchise Taxes				
General Government Purposes:				
Privilege License Tax and Fees	325,996	311,111	270,717	248,049
Use Tax	13,925	13,096	10,584	11,439
Utility and Franchise Tax	92,745	83,720	77,664	75,653
Earmarked for:				
Sports Facilities	15,992	14,834	13,660	12,577
Convention Center	61,647	56,889	48,003	40,322
Neighborhood Protection	31,105	29,634	25,337	23,051
Public Safety Enhancement	23,656	20,330	3,136	-
Parks & Preserves	31,106	29,633	25,363	23,073
Capital Construction	18,975	18,870	17,679	17,196
Transit 2000	124,432	118,537	101,462	92,349
Total City Sales and Franchise Taxes	739,579	696,654	593,605	543,709
Special Taxing District	1,554	1,595	1,270	1,316
Salt River Project In-Lieu Taxes	1,231	1,262	1,284	1,272
Total City Taxes	\$ 954,761	\$ 896,995	\$ 779,467	\$ 716,952

(1) Includes general, special revenue and debt service funds.

Table 5
(Continued)

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$ 65,107	\$ 61,818	\$ 59,586	\$ 56,214	\$ 53,852	\$ 51,579
88,425	81,559	71,342	65,017	56,455	52,960
153,532	143,377	130,928	121,231	110,307	104,539
234,751	212,621	213,654	211,253	212,373	195,993
9,815	9,492	10,353	11,143	7,387	8,236
72,534	94,822	92,303	84,319	79,509	66,294
11,948	11,300	12,679	12,624	11,721	11,485
36,849	37,281	37,547	37,465	35,941	31,762
21,807	22,208	22,145	21,794	20,303	18,387
-	-	-	-	-	-
21,808	22,129	21,938	14,297	-	-
17,966	18,130	18,350	16,447	-	-
87,092	88,028	85,553	7,089	-	-
514,570	516,011	514,522	416,431	367,234	332,157
1,480	1,206	1,063	1,029	765	884
1,162	1,171	962	1,094	1,118	1,174
\$ 670,744	\$ 661,765	\$ 647,475	\$ 539,785	\$ 479,424	\$ 438,754

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			
	2007	2006	2005	2004
State Shared Revenue				
Highway User Tax	\$ 130,223	\$ 124,791	\$ 117,464	\$ 111,757
State Sales Tax	141,466	141,194	123,788	111,594
State Income Tax	167,560	138,313	121,440	119,118
Vehicle License Tax	61,158	63,108	56,552	53,522
Local Transportation Assistance	6,969	7,034	7,136	7,246
Total State Shared Revenue	<u>507,376</u>	<u>474,440</u>	<u>426,380</u>	<u>403,237</u>
Federal Grants	186,665	177,550	178,628	160,685
Other Intergovernmental Revenue	<u>191,437</u>	<u>148,707</u>	<u>106,769</u>	<u>86,593</u>
Total Intergovernmental Revenues	<u>\$ 885,478</u>	<u>\$ 800,697</u>	<u>\$ 711,777</u>	<u>\$ 650,515</u>

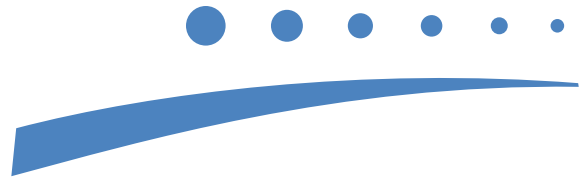
(1) Includes general, special revenue and capital projects funds.

Table 6
(Continued)

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$ 104,597	\$ 100,405	\$ 102,598	\$ 100,348	\$ 97,729	\$ 88,302
103,408	102,211	105,331	101,708	92,459	86,169
140,600	137,787	133,684	127,374	114,788	98,326
47,757	45,844	43,221	41,243	37,802	32,583
7,343	7,499	7,336	7,483	7,627	7,719
403,705	393,746	392,170	378,156	350,405	313,099
148,421	136,525	137,789	114,167	109,061	105,236
61,078	92,601	35,542	63,614	33,594	37,402
\$ 613,204	\$ 622,872	\$ 565,501	\$ 555,937	\$ 493,060	\$ 455,737



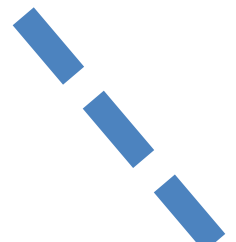
City of Phoenix



Statistical Section

Revenue Capacity

These schedules present information on the City's sales tax and property tax collections.



City of Phoenix, Arizona
City Transaction Privilege Taxes by Category
 Last Ten Fiscal Years
 (in thousands)

Table 7

Category	Fiscal Year			
	2007	2006	2005	2004
Retail	\$ 268,642	\$ 264,184	\$ 228,411	\$ 204,956
Utilities & Telecommunications	103,157	100,296	75,193	68,758
Construction Contracting	99,171	89,213	68,760	47,683
Commercial Rental	51,661	47,904	43,894	40,224
Restaurants & Bars	49,067	46,967	41,800	37,648
Hotel/Motel Lodging	35,819	32,643	29,231	25,760
Tangible Personal Property Rental	23,589	20,925	18,865	17,822
Apartment/Residential Rental	21,250	19,949	18,123	17,407
Motor Vehicle Rental	16,878	15,955	14,572	14,040
Amusements	7,260	6,901	5,840	5,441
Advertising	4,657	4,151	3,682	3,409
Job Printing	3,189	3,152	3,312	3,054
Publishing	575	552	572	571
Transportation	14	24	11	5
Use Tax	20,407	18,592	15,778	14,466
Jet Fuel	3,191	3,575	2,981	3,081
Total	\$ 708,527	\$ 674,983	\$ 571,025	\$ 504,325

Table 7
(Continued)

Fiscal Year					
2003	2002	2001	2000	1999	1998
\$ 192,612	\$ 191,522	\$ 195,648	\$ 143,258	\$ 127,060	\$ 117,563
66,350	66,353	66,531	61,589	57,430	44,869
42,836	44,464	38,971	32,074	29,828	25,706
39,243	37,798	35,718	25,637	22,223	20,196
35,195	33,881	33,846	24,314	21,683	20,206
23,049	21,419	24,533	21,289	19,973	18,830
19,256	22,416	22,800	16,635	15,071	12,986
17,422	17,530	17,172	12,723	11,353	10,606
13,309	12,550	14,235	12,330	11,405	11,136
5,656	6,139	5,726	4,355	3,660	3,471
3,253	2,958	3,379	3,332	2,993	2,863
3,224	3,294	3,683	2,900	2,795	2,597
594	606	660	529	542	591
5	7	11	20	16	13
13,445	13,127	14,429	11,119	6,976	6,606
3,149	2,975	3,170	3,081	2,713	2,622
\$ 478,598	\$ 477,039	\$ 480,512	\$ 375,185	\$ 335,721	\$ 300,861

City of Phoenix, Arizona
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

Table 8

Category (1)	As of June 30			
	2007	2006	2005	2004
City Rates				
Retail	1.80 %	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	1.80	1.80	1.80	1.80
Commercial Rental	1.90	1.90	1.90	1.90
Restaurants & Bars	1.80	1.80	1.80	1.80
Hotel/Motel Lodging	4.80	4.80	4.80	4.80
Tangible Personal Property Rental	1.80	1.80	1.80	1.80
Apartment/Residential Rental	1.80	1.80	1.80	1.80
Motor Vehicle Rental	3.80	3.80	3.80	3.80
Amusements	1.80	1.80	1.80	1.80
Advertising	0.50	0.50	0.50	0.50
Job Printing	1.80	1.80	1.80	1.80
Publishing	1.80	1.80	1.80	1.80
Transportation	1.80	1.80	1.80	1.80
Use Tax	1.80	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
All Others	5.60	5.60	5.60	5.60

(1) Excludes State Rates.

(2) Rate shown as cents per gallon.

Table 8
(Continued)

As of June 30					
2003	2002	2001	2000	1999	1998
1.80 %	1.80 %	1.80 %	1.80 %	1.30 %	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	1.30	1.30
1.90	1.90	1.90	1.90	1.40	1.40
1.80	1.80	1.80	1.80	1.30	1.30
4.80	4.80	4.80	4.80	4.30	4.30
1.80	1.80	1.80	1.80	1.30	1.30
1.80	1.80	1.80	1.80	1.30	1.30
3.80	3.80	3.80	3.80	3.30	3.30
1.80	1.80	1.80	1.80	1.30	1.30
0.50	0.50	0.50	0.50	0.50	0.50
1.80	1.80	1.80	1.80	1.30	1.30
1.80	1.80	1.80	1.80	1.30	1.30
1.80	1.80	1.80	1.80	1.30	1.30
1.80	1.80	1.80	1.80	1.30	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	0.77	0.77	0.55
0.70	0.70	0.70	0.70	0.70	0.50
0.31	0.31	0.31	0.31	0.31	0.31
5.60	5.60	5.00	5.00	5.00	5.00

City of Phoenix, Arizona
City Transaction Privilege Tax Payers - By Category
 Current Fiscal Year and Two Years Ago (1)

Table 9

Category	2007			
	Number of Payers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
Retail	243,811	39.25 %	\$ 268,642	37.92 %
Utilities & Telecommunications	7,011	1.13	103,157	14.56
Construction Contracting	120,724	19.43	99,171	14.00
Commercial Rental	83,231	13.40	51,661	7.29
Restaurants & Bars	36,000	5.80	49,067	6.93
Hotel/Motel Lodging	2,823	0.45	35,819	5.06
Tangible Personal Property Rental	18,844	3.03	23,589	3.33
Apartment/Residential Rental	48,701	7.84	21,250	3.00
Motor Vehicle Rental	517	0.08	16,878	2.38
Amusements	5,025	0.81	7,260	1.02
Advertising	2,303	0.37	4,657	0.66
Job Printing	4,769	0.77	3,189	0.45
Publishing	989	0.16	575	0.08
Transportation	140	0.02	14	0.00
Use Tax	45,900	7.39	20,407	2.88
Jet Fuel	414	0.07	3,191	0.45
Total	621,202	100.00 %	\$ 708,527	100.00 %

(1) Information is unavailable prior to FY 2004-05 due to limits of tax software.

Table 9

(Continued)

2005			
Number of Payers	Percentage of Total Payers	Sales Tax Paid (thousands)	Percentage of Total Sales Tax
235,595	40.38 %	\$ 228,411	40.00 %
7,279	1.25	75,193	13.17
104,305	17.88	68,760	12.04
79,497	13.63	43,894	7.69
34,873	5.98	41,800	7.32
2,778	0.48	29,231	5.12
19,372	3.32	18,865	3.30
45,375	7.78	18,123	3.17
471	0.08	14,572	2.55
5,284	0.91	5,840	1.02
2,299	0.39	3,682	0.64
4,849	0.83	3,312	0.58
971	0.17	572	0.10
132	0.02	11	0.00
39,913	6.84	15,778	2.76
445	0.08	2,981	0.52
583,438	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
2007	\$ 216,132	\$ 211,511	97.86 %	\$ -	\$ 211,511	97.86 %
2006	201,122	195,836	97.37	2,977	198,813	98.85
2005	185,056	180,952	97.78	2,008	182,960	98.87
2004	171,899	167,281	97.31	3,429	170,710	99.31
2003	155,950	151,012	96.83	2,907	153,919	98.70
2002	145,395	140,187	96.42	3,576	143,763	98.88
2001	133,110	129,188	97.05	2,651	131,839	99.05
2000	121,582	118,826	97.73	1,976	120,802	99.36
1999	110,129	108,069	98.13	2,176	110,245	100.11
1998	104,716	102,552	97.93	2,059	104,611	99.90

(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>						
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
1998-99	0.91	0.91	1.82	1.81	0.33	0.14

Tax Levies

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
1998-99	53,713	56,416	110,129	107,091	16,479	8,683

- (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	\$ 0.98	\$ 0.05	\$ 0.05	8.74	\$ 13.14
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
0.04	0.01	-	1.11	0.13	-	11.69	17.08
\$ 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
2,611	639	-	66,017	1,075	-	173,768	486,492

City of Phoenix, Arizona
Property Tax Levies
Applicable to Phoenix Property Owners
(in thousands)

Table 12

	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	

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)

	2006-07 Levies									
	Primary Assessed Valuations			Primary Tax Rate Per \$100	Secondary Assessed Valuations			Secondary Tax Rate Per \$100	Total Phoenix Tax Levy	
	Total	Percent	Amount		Total	Percent	Amount			
			Within Phoenix							
City of Phoenix	\$ 11,430,546	100.0 %	11,430,546	\$ 0.8453	\$ 12,261,134	100.0 %	12,261,134	\$ 0.9747	\$ 216,132	
Maricopa County	33,807,465	33.8	11,430,546	1.1794	36,294,694	33.8	12,261,134	-	134,812	
Education Equalization	33,807,465	33.8	11,430,546	-	-	-	-	-	-	
Flood Control	-	-	-	-	32,778,027	33.8	11,073,128	0.2047	22,667	
Central Arizona Water Conservation District	-	-	-	-	36,321,339	33.8	12,270,135	0.1200	14,724	
Maricopa County Library District	-	-	-	-	36,294,694	33.8	12,261,134	0.0507	6,216	
Volunteer Fire District Assistance	-	-	-	-	36,321,339	33.8	12,270,135	0.0068	834	
East Valley Institute of Technology	-	-	-	-	15,753,830	10.4	1,632,416	0.0500	816	
West Maricopa Education Center	-	-	-	-	12,801,623	41.7	5,341,033	0.0500	2,671	
Maricopa Special Health Care District	-	-	-	-	36,294,694	33.8	12,261,134	0.1184	14,517	
State of Arizona	50,663,763	22.6	11,430,546	-	54,436,547	22.5	12,261,134	-	-	
School Districts										
Maricopa County Community College District	33,807,465	33.8	11,430,546	0.8815	36,294,694	33.8	12,261,134	0.1831	123,210	
High School Districts										
Phoenix Union	5,107,473	96.3	4,915,968	2.9776	5,575,580	96.2	5,365,276	0.8087	189,767	
Glendale Union	1,799,851	77.7	1,398,106	2.3148	1,886,109	77.6	1,462,855	1.0171	47,242	
Tempe High	3,418,737	28.1	959,268	1.7441	3,612,607	27.7	1,000,868	0.8859	25,597	
Tolleson Union	849,413	46.5	394,764	2.7086	921,276	46.0	424,073	1.5516	17,272	
Agua Fria Union	768,077	0.2	1,584	2.2412	845,612	0.2	1,592	1.3463	57	
Total High School Districts									279,935	
Elementary School Districts										
No. 1 Phoenix	\$ 675,696	100.0 %	675,696	\$ 3.8753	\$ 756,935	100.0 %	756,935	\$ 2.1795	\$ 42,683	
No. 2 Riverside	305,487	97.8	298,688	1.7512	324,272	97.6	316,330	0.6647	7,333	
No. 3 Tempe	1,566,782	16.0	250,417	2.6127	1,666,916	16.2	269,928	1.3757	10,256	
No. 5 Isaac	181,427	100.0	181,427	6.0480	199,159	100.0	199,159	2.2872	15,528	
No. 6 Washington	1,440,087	97.1	1,398,082	2.1366	1,506,048	97.1	1,462,831	1.9823	58,869	
No. 7 Wilson	135,579	100.0	135,579	2.8275	141,501	100.0	141,501	2.7658	7,747	
No. 8 Osborn	479,961	99.9	479,716	2.1306	527,409	100.0	527,146	1.1244	16,148	
No. 14 Creighton	401,586	89.9	360,882	2.4361	431,060	89.9	387,353	1.9535	16,358	
No. 17 Tolleson	136,101	24.4	33,162	2.6420	150,923	23.2	34,986	2.2340	1,658	
No. 21 Murphy	112,734	100.0	112,717	2.7201	127,714	100.0	127,696	2.7861	6,624	
No. 28 Kyrene	1,851,955	38.3	708,851	1.8922	1,945,691	37.6	730,940	2.0794	28,612	
No. 31 Balsz	319,589	94.9	303,365	1.9709	343,665	95.1	326,996	1.3665	10,447	
No. 38 Madison	977,767	99.9	976,977	2.0308	1,067,288	99.9	1,066,498	1.3526	34,266	
No. 40 Glendale	359,764	-	24	2.5540	380,061	-	24	3.9538	2	
No. 45 Fowler	194,571	86.2	167,749	2.2165	212,245	85.7	181,815	2.3129	7,923	
No. 48 Scottsdale (Unified)	4,061,837	14.5	589,476	3.4496	4,363,146	14.5	631,548	1.2620	28,305	
No. 59 Laveen	144,665	69.3	100,261	2.6252	166,078	68.3	113,376	1.6228	4,472	
No. 62 Union	42,402	93.6	39,685	8.0802	46,292	93.6	43,331	1.8429	4,005	
No. 65 Littleton	190,403	10.5	19,934	1.2224	207,182	11.0	22,889	1.8760	673	
No. 66 Roosevelt	611,676	98.8	604,290	4.2774	679,257	98.7	670,745	0.3796	28,394	
No. 68 Alhambra	405,614	81.6	330,863	2.7624	435,353	81.7	355,837	3.2025	20,535	
No. 69 Paradise Valley (Unified)	2,757,069	68.4	1,886,395	3.8144	2,954,250	66.9	1,975,240	2.6373	124,048	
No. 79 Litchfield	504,376	0.3	1,584	2.0284	556,867	0.3	1,592	1.2399	52	
No. 83 Cartwright	355,692	99.9	355,507	2.3765	375,889	100.0	375,704	3.2480	20,651	
No. 92 Pendergast	285,936	46.9	134,234	2.1443	304,635	46.3	141,052	3.6143	7,976	
No. 93 Cave Creek (Unified)	1,285,515	13.2	170,302	2.5215	1,423,615	12.6	179,125	1.2410	6,517	
No. 97 Deer Valley (Unified)	2,053,016	53.5	1,099,264	3.7767	2,236,216	53.8	1,202,775	2.2574	68,667	
Total Elementary School Districts									578,749	
Total All School Districts									981,894	
Total Levies Applicable to Phoenix									1,395,283	

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) (2)				
	Direct Rate	Commercial/ Utilities/ Industrial	Residential	Rural and Other	Total Net Assessed Valuation
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
1998-99	0.91	3,156,227	2,783,189	262,859	6,202,275

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 years 1997-98 through 1999-2000 have been restated to conform with the new classification.

Table 13

(Continued)

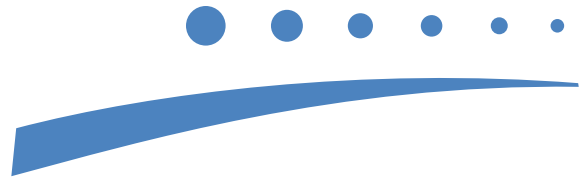
Percent Change in Net Valuation	Assessed Valuation Per Capita		Estimated True Valuation
	Actual	Uninflated	
31.05 %	\$ 10,073	\$ 8,642	\$ 140,052,671
7.37	7,858	6,914	100,948,091
8.86	7,486	6,838	92,230,978
7.13	7,038	6,622	83,439,807
11.24	6,728	6,469	79,124,595
6.93	6,398	6,287	67,638,014
8.70	6,087	6,087	63,269,039
9.50	5,875	6,076	56,520,869
11.51	5,472	4,328	51,170,109
5.21	5,009	4,078	46,338,898

City of Phoenix, Arizona
Principal Property Taxpayers
 Current Year and Nine Years Ago
 (in thousands)

Table 14

Taxpayer	2006-07			1997-98		
	Secondary Assessed Valuation	Ranking	As a Percent of Total City	Secondary Assessed Valuation	Ranking	As a Percent of Total City
Arizona Public Service Company	\$ 346,705	1	2.83 %	\$ 202,735	2	3.44 %
Qwest Communications	181,931	2	1.48	206,479	1	3.50
Starwood Hotels and Resorts	79,679	3	0.65			0.00
Southwest Gas Corporation	76,301	4	0.62	51,982	3	0.88
Cox Communications	58,240	5	0.47			0.00
Honeywell International Inc.	47,955	6	0.39	25,884	10	0.44
Metropolitan Life Insurance Company	45,664	7	0.37			
Westcor Company LP	43,830	8	0.36	32,224	7	0.55
JP Morgan Chase	38,049	9	0.31			
Teachers Insurance & Annuity Assoc. of America	30,648	10	0.25			0.00
Motorola, Inc				49,324	4	0.84
AT&T Corporation				35,183	5	0.60
ITT Sheraton Corporation et al				33,342	6	
Allied Signal, Inc.				27,361	8	
American Express Companies				26,894	9	
Total	<u>949,002</u>		<u>7.73</u>	<u>691,408</u>		<u>10.25</u>
City Total Secondary Assessed Valuation	<u><u>\$ 12,261,134</u></u>			<u><u>\$ 5,894,963</u></u>		

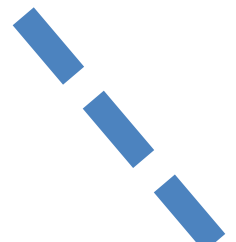
Sources: Maricopa County Assessor
 Arizona Department of Revenue
 City of Phoenix Finance Department



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, Arizona
Legal Debt Margin -
General Obligation Bonds
 Last Ten Fiscal Years
 (in thousands)

Table 15

	Fiscal Year			
	2007	2006	2005	2004
6% Limitation				
Legal Debt Limitation (1)	\$ 964,129	\$ 735,668	\$ 685,177	\$ 629,395
General Obligation Bonds Outstanding	346,240	518,445	355,230	376,240
Less: Assets held in Restricted Redemption Funds	(146,625)	(286,753)	(259,161)	(275,873)
	199,615	231,692	96,069	100,367
Total Debt Margin Available	<u>\$ 764,514</u>	<u>\$ 503,976</u>	<u>\$ 589,108</u>	<u>\$ 529,028</u>
Total Net Debt Applicable to the 6% Limit as a percentage of 6% Debt Limit	20.70%	31.49%	14.02%	15.95%
20% Limitation				
Legal Debt Limitation (1)	\$ 3,213,763	\$ 2,452,227	\$ 2,283,924	\$ 2,097,984
General Obligation Bonds Outstanding	1,122,561	780,116	710,373	746,640
Less: Capital Appreciation (2)	(3,105)	(2,792)	(2,496)	(3,386)
	1,119,456	777,324	707,877	743,254
Total Debt Margin Available	<u>\$ 2,094,307</u>	<u>\$ 1,674,903</u>	<u>\$ 1,576,047</u>	<u>\$ 1,354,730</u>
Total Net Debt Applicable to the 20% Limit as a percentage of 20% Debt Limit	34.83%	31.70%	30.99%	35.43%
Secondary Assessed Valuation	<u>\$ 16,068,816</u>	<u>\$ 12,261,134</u>	<u>\$ 11,419,619</u>	<u>\$ 10,489,922</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									
		2003	2002	2001	2000	1999	1998				
\$	587,531	\$	528,173	\$	493,928	\$	454,393	\$	414,958	\$	372,137
	270,980		294,075		248,255		263,370		293,220		276,755
	(243,195)		(220,345)		(190,152)		(149,954)		(139,800)		(151,044)
	27,785		73,730		58,103		113,416		153,420		125,711
\$	559,746	\$	454,443	\$	435,825	\$	340,977	\$	261,538	\$	246,426
	4.73%		13.96%		11.76%		24.96%		36.97%		33.78%
\$	1,958,438	\$	1,760,577	\$	1,646,427	\$	1,514,642	\$	1,383,192	\$	1,240,455
	717,435		747,005		742,295		737,286		774,319		784,323
	(4,140)		(3,637)		(3,163)		(2,714)		(3,132)		(2,627)
	713,295		743,368		739,132		734,572		771,187		781,696
\$	1,245,143	\$	1,017,209	\$	907,295	\$	780,070	\$	612,005	\$	458,759
	36.42%		42.22%		44.89%		48.50%		55.75%		63.02%
\$	9,792,188	\$	8,802,883	\$	8,232,134	\$	7,573,211	\$	6,915,960	\$	6,202,275

**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
2006-07	\$ 150,488	\$ 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%
1997-98	90,552	978,272	9.3%

(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)

Table 17

Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30,	Airport Revenue Bonds						Bus Acquisition Special Revenue Bonds (2)			
	Operating Revenues	Less: Operating Expenses	Net Operating Revenues	Principal	Interest	Coverage	Pledged Revenues	Principal	Interest	Coverage
2007	\$ 286,786	\$ 179,308	\$ 107,478	\$ 8,790	\$ 23,165	3.36	\$ 23,688	\$ 1,400	\$ 519	12.34
2006	258,239	164,315	93,924	8,325	23,633	2.94	24,728	1,330	592	12.87
2005	231,626	149,845	81,781	9,170	24,127	2.46	22,374	1,260	658	11.67
2004	220,089	139,541	80,548	8,705	24,592	2.42	22,988	1,200	721	11.97
2003	216,236	133,321	82,915	8,270	25,030	2.49	21,308	1,140	778	11.11
2002	196,858	123,464	73,394	-	14,271	5.14	23,411	1,085	832	12.21
2001	199,666	103,517	96,149	15,380	13,101	3.38	14,895	1,035	884	7.76
2000	186,705	93,988	92,717	14,460	13,885	3.27	10,880	1,630	402	5.35
1999	170,530	85,637	84,893	12,705	13,276	3.27	-	-	-	-
1998	163,890	77,774	86,116	12,035	6,809	4.57	-	-	-	-

Fiscal Year Ended June 30,	Excise Tax Revenue Bonds (3)				Highway User Revenue Bonds				Municipal Housing Revenue Bonds (4)			
	Excise Tax Revenues	Principal	Interest	Coverage	Highway User Tax Revenues	Principal	Interest	Coverage	Housing Revenues	Principal	Interest	Coverage
2007	\$ 864,381	\$ 32,660	\$ 49,110	10.57	\$ 130,223	\$ 24,375	\$ 6,867	4.17	\$ 1,822	\$ 480	\$ 73	3.29
2006	801,402	28,360	41,337	11.50	124,791	23,385	7,862	3.99	1,856	440	102	3.42
2005	689,130	24,860	30,738	12.39	117,464	20,540	8,667	4.02	1,865	420	128	3.40
2004	638,598	21,090	30,857	12.29	111,757	21,605	9,526	3.59	1,876	395	151	3.44
2003	630,418	17,360	25,274	14.79	104,597	10,965	10,644	4.84	1,872	370	174	3.44
2002	626,212	17,945	27,222	13.86	100,405	18,615	13,270	3.15	1,869	345	195	3.46
2001	626,416	20,395	28,264	12.87	102,598	17,775	15,223	3.11	1,873	335	215	3.41
2000	604,783	19,654	20,701	14.99	104,086	19,966	16,034	2.89	1,864	310	232	3.44
1999	556,509	19,141	23,296	13.11	99,309	19,069	16,931	2.76	1,879	300	247	3.44
1998	500,446	17,990	22,296	12.42	88,302	18,119	17,881	2.45	1,886	270	262	3.55

City of Phoenix, Arizona
Pledged-Revenue Bond Coverage (1)

Table 17
(Continued)

Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30,	Rental Car Facility Charge Revenue Bonds (5)				Special Assessment Bonds (6)				Transit Excise Tax Revenue Bonds (7)			
	Customer Facility Charge				Special Assessment				Transit Excise Tax			
	Revenues	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Revenues	Principal	Interest	Coverage
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	-	-	-	-
1998	-	-	-	-	1,676	1,937	885	0.59	-	-	-	-

Fiscal Year Ended June 30,	Wastewater Revenue Bonds						Water Revenue Bonds							
	Operating Revenues	Less: Operating Expenses		Net Operating Revenue	Principal	Interest	Coverage	Operating Revenues	Less: Operating Expenses		Net Operating Revenue	Principal	Interest	Coverage
		Operating Expenses	Operating Revenue						Operating Expenses	Operating Revenue				
2007	\$ 177,471	\$ 62,954	\$ 114,517	\$ 13,380	\$ 30,818	2.59	\$ 313,707	\$ 152,000	\$ 161,707	\$ 17,815	\$ 53,663	2.26		
2006	158,014	60,066	97,948	7,300	29,156	2.69	301,137	132,285	168,852	9,720	53,675	2.66		
2005	139,829	54,606	85,223	6,810	27,165	2.51	256,077	121,627	134,450	8,815	27,305	3.72		
2004	128,436	49,589	78,847	10,240	24,172	2.29	259,100	114,041	145,059	9,235	25,337	4.20		
2003	116,909	45,974	70,935	9,745	23,815	2.11	253,244	108,743	144,501	15,190	25,851	3.52		
2002	112,378	46,023	66,355	7,180	23,913	2.13	236,519	102,310	134,209	15,030	19,657	3.87		
2001	109,782	39,610	70,172	6,235	25,610	2.20	229,578	96,106	133,472	13,410	17,715	4.29		
2000	101,516	41,588	59,928	3,170	17,158	2.95	218,225	94,282	123,943	13,025	16,955	4.13		
1999	103,467	37,415	66,052	5,190	17,417	2.92	209,557	89,605	119,952	8,350	17,634	4.62		
1998	99,204	38,451	60,753	4,455	17,498	2.77	196,316	85,701	110,615	7,990	18,258	4.21		

- (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).
- (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.

City of Phoenix, Arizona
Ratio of Outstanding Debt by Type
 Last Ten Fiscal Years
 (in thousands, except per capita)

Table 18

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	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	Municipal Corporation Bonds			
2007	\$ 1,262,652	\$ 123,011	\$ 857,461	\$ 1,257	\$ 32,870	\$ 209,254	\$ 29,550	\$ 3,123,256	\$ 5,639,311	10.9 %	\$ 3,535
2006	1,068,107	147,386	868,560	1,886	33,945	230,454	34,440	3,330,997	5,715,775	11.3	3,663
2005	811,027	170,771	813,180	3,099	34,985	254,576	39,040	2,711,305	4,837,983	10.3	3,172
2004	842,594	188,510	324,169	4,610	35,465	280,286	43,385	2,009,921	3,728,940	8.5	2,502
2003	674,724	207,316	327,129	6,102	20,455	313,691	57,490	1,772,656	3,379,563	8.1	2,322
2002	700,659	218,071	272,708	7,400	21,200	340,421	67,250	1,727,692	3,355,401	8.5	2,439
2001	629,848	235,826	280,370	9,855	21,910	360,702	89,735	1,111,945	2,740,191	7.2	2,037
2000	616,188	250,801	247,100	9,581	22,595	384,468	111,165	1,114,890	2,756,788	7.9	2,080
1999	644,048	264,536	237,065	10,725	23,240	423,491	131,650	999,460	2,734,215	8.5	2,163
1998	622,077	278,521	151,230	12,623	23,860	439,001	150,340	852,665	2,530,317	8.5	2,044

(1) See Table 21 for personal income and population data.

City of Phoenix, Arizona
Net 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>				
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
1997-98	1,338,895	1,081.39	21.6	2.9
<u>Overlapping Bonded Debt (2)</u>				
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
1997-98	1,370,774	1,107.14	22.1	3.0
<u>Total Direct and Overlapping Bonded Debt</u>				
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
1997-98	2,709,669	2,188.53	43.7	5.8

(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, 2007
 (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	\$ 317,410	\$ -	\$ 317,410
Solid Waste	28,830	28,830	-
20% Limitation			
Various Purpose	945,242	-	945,242
Airport	17,360	17,360	-
Refunding	1,825	1,825	-
Water	104,166	104,166	-
Sanitary Sewer	57,073	57,073	-
Total General Obligation Bonds	<u>1,471,906</u>	<u>209,254</u>	<u>1,262,652</u>
Street and Highway User Revenue Bonds	123,011	123,011	-
Public Housing Revenue Bonds	805	805	-
Enterprise Revenue Bonds			
Airport	28,745	28,745	-
Total Enterprise Revenue Bonds	<u>28,745</u>	<u>28,745</u>	<u>-</u>
Total Direct Debt	<u>\$ 1,624,467</u>	<u>\$ 361,815</u>	<u>1,262,652</u>
Less: Assets Held in Restricted Early Redemption Funds			(146,625)
Net Direct Debt			<u>1,116,027</u>

	Bonded Debt	Valuation Percent to City	
Overlapping Debt (2)			
City Improvement Districts	1,257	100.0	1,257
Tatum Ranch Community Facilities District	4,540	100.0	4,540
Maricopa County Community College District	579,430	32.4	187,735
High School Districts			
Phoenix Union	319,995	95.9	306,875
Glendale Union	116,090	77.1	89,505
Tempe High	117,540	30.9	36,320
Tolleson Union	64,355	47.9	30,826
Agua Fria Union	60,555	0.1	61
Elementary School Districts			
No. 1 Phoenix	56,990	100.0	56,990
No. 2 Riverside	10,260	96.7	9,921
No. 3 Tempe	92,350	16.0	14,776
No. 5 Isaac	3,890	100.0	3,890
No. 6 Washington	113,070	97.0	109,678
No. 7 Wilson	9,340	100.0	9,340
No. 8 Osborn	48,125	100.0	48,125
No. 14 Creighton	10,035	89.1	8,941
No. 17 Tolleson	8,365	28.9	2,417
No. 21 Murphy	3,350	100.0	3,350
No. 28 Kyrene	76,240	42.2	32,173
No. 31 Balsz	12,035	94.0	11,313
No. 38 Madison	66,485	99.9	66,419
No. 40 Glendale	28,560	-	-
No. 45 Fowler	11,650	89.0	10,369
No. 48 Scottsdale (Unified)	388,660	14.0	54,412
No. 59 Laveen	8,755	73.8	6,461
No. 62 Union	1,040	96.1	999
No. 65 Littleton	9,270	12.1	1,122
No. 66 Roosevelt	20,720	98.6	20,430
No. 68 Alhambra	30,125	82.3	24,793
No. 69 Paradise Valley (Unified)	285,660	68.0	194,249
No. 79 Litchfield	21,525	0.2	43
No. 92 Pendergast	18,020	47.0	8,469
No. 93 Cave Creek (Unified)	33,075	11.6	3,837
No. 97 Deer Valley (Unified)	189,500	51.3	97,214
Total Overlapping Debt	<u>\$ 2,820,857</u>		<u>1,456,850</u>
Net Direct and Overlapping Bonded Debt			<u>\$ 2,572,877</u>

(1) Net of cash with fiscal agent for July 1, 2007 maturities.

(2) Source: Maricopa County Finance Department



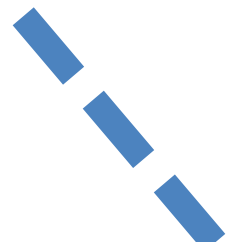
City of Phoenix



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

City of Phoenix, Arizona
Demographic Statistics

Table 21

June 30, 2007

Fiscal Year	Population (June 30)	Personal Income (in thousands)	Per Capita Income (1)	Median Age (2)	Elementary & High School Enrollment	Unemployment Rate (1)
2007	1,595,260	\$51,708,758	\$32,414 (3)	33.0	281,399	3.5%
2006	1,560,380	50,578,157	32,414	33.0	269,877	4.1%
2005	1,525,400	47,122,657	30,892	33.0	258,917	4.0%
2004	1,490,420	43,696,134	29,318	33.0	256,300	4.9%
2003	1,455,440	41,980,711	28,844	33.0	256,840	5.6%
2002	1,375,906	39,465,112	28,683	33.0	239,869	2.6%
2001	1,345,422	38,154,822	28,359	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	213,084	2.7%
1998	1,238,120	29,693,832	23,983	32.0	209,485	3.0%

(1) Calendar Year

(2) For fiscal years 1997-98 through 1999-00, median age is based on the 1990 U.S. Census. For fiscal years 2000-01 through 2006-07, median age is based on the 2000 U.S. Census.

(3) Amount not yet available for calendar year 2007; therefore, 2006 calendar year per capita income was used.

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	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Arizona	49,305	1	2.44%	59,719	1	4.17%
Wal-Mart	28,800	2	1.43%	10,128	7	0.71%
Banner Health Systems	16,400	3	0.81%			
City of Phoenix	14,566	4	0.72%	12,184	3	0.85%
Maricopa County	13,274	5	0.66%	11,259	5	0.79%
Arizona State University	12,083	6	0.60%			
Wells Fargo	11,800	7	0.58%			
Fry's Food & Drug	11,780	8	0.58%			
US Postal Service	11,000	9	0.55%	10,782	6	0.75%
Honeywell Aerospace	10,700	10	0.53%			
Motorola, Inc.				19,642	2	1.37%
Samaritan Health Systems				11,796	4	0.82%
AlliedSignal				9,169	8	0.64%
Intel Corporation				7,972	9	0.56%
American Express				7,800	10	0.54%

Source: Phoenix Business Journal Book of Lists
 Greater Phoenix Economic Council
 Arizona Department of Economic Security

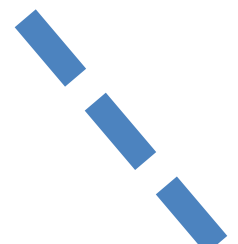
Note: Top employers in Maricopa County.
 Employee count is total Arizona employees.



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, Arizona
Statistical Profile
 Last Ten Fiscal Years

Table 23

	2007	2006	2005	2004
AREA (square miles)	517.2	515.9	515.0	514.8
POPULATION AND DWELLING UNITS (1)				
City of Phoenix	1,595,260	1,560,380	1,525,400	1,490,420
Maricopa County (Metro Phoenix)	3,633,666	3,483,726	3,391,590	3,260,690
Number of Dwelling Units (City)	568,097	556,590	544,080	531,481
CITY EMPLOYEES				
Governmental:				
General Government	1,341	1,357	1,333	1,341
Criminal Justice	359	354	349	360
Public Safety	6,069	5,945	5,730	5,574
Transportation	810	807	778	763
Environmental Services	474	466	458	478
Community Enrichment	1,671	1,577	1,605	1,596
Community Development	1,005	969	884	906
Total Governmental Employees	11,729	11,475	11,137	11,018
Public Enterprise:				
Aviation	751	716	710	688
Phoenix Convention Center	188	176	172	174
Water Services	1,008	1,079	1,057	1,043
Wastewater Services	298	236	230	228
Solid Waste	528	503	491	435
Golf	64	64	65	64
Total Public Enterprise Employees	2,837	2,774	2,725	2,632
Total Full-Time Employees	14,566	14,249	13,862	13,650
Governmental per 1,000 Population	7.6	7.6	7.6	7.8
PUBLIC SAFETY				
<u>Police Protection</u>				
Police Precincts	6	6	6	6
Police Employees	4,378	4,159	3,999	3,877
Dispatched Calls for Service	890,665	899,215	892,092	888,281
Total Calls for 911/Crimestop	2,650,475	2,575,793	2,650,215	2,563,100
<u>Fire Protection</u>				
Fire Stations	52	52	50	49
Fire Employees	2,002	1,885	1,873	1,719
Total Calls for Service	149,058	153,037	149,553	135,306
COMMUNITY ENRICHMENT				
<u>Libraries</u>				
Number	15	14	14	13
Total Stock (in thousands)	2,537	1,963	2,179	2,048
Circulation (in thousands)	14,987	12,991	12,264	11,529
<u>Parks And Recreation</u>				
Number of Playgrounds	154	149	143	139
City Parks (number of acres)	38,059	37,716	37,599	37,599

(1) Source: City of Phoenix Planning Department

Table 23

(Continued)

2003	2002	2001	2000	1999	1998
511.9	484.5	478.8	477.6	475.6	469.9
1,455,440	1,375,906	1,345,422	1,325,396	1,263,895	1,238,120
3,180,602	3,094,213	3,000,815	2,912,087	2,879,492	2,803,325
522,901	513,871	504,981	497,758	489,386	480,000
1,303	1,345	1,262	1,200	1,241	1,208
361	369	344	351	335	336
5,377	5,390	5,079	4,932	4,871	4,706
747	745	677	652	651	651
484	496	459	486	556	542
1,529	1,554	1,536	1,490	1,496	1,394
865	896	805	757	753	709
10,666	10,795	10,162	9,868	9,903	9,546
668	664	644	631	629	610
175	181	172	165	163	147
982	959	846	813	841	832
229	200	235	242	267	276
441	435	398	386	280	278
72	80	80	79	64	46
2,567	2,519	2,375	2,316	2,244	2,189
13,233	13,314	12,537	12,184	12,147	11,735
7.6	7.8	7.7	7.6	7.5	7.6
6	6	6	6	6	6
3,812	3,717	3,660	3,577	3,419	3,363
868,290	876,227	872,886	861,285	851,727	895,114
2,569,959	2,513,108	2,333,570	2,076,261	2,035,983	2,095,303
48	47	46	45	45	45
1,710	1,663	1,577	1,526	1,465	1,440
129,149	135,708	129,765	127,000	122,025	118,532
13	13	13	13	13	13
2,000	1,974	2,016	1,906	1,920	1,933
11,396	10,802	9,151	8,279	6,820	6,685
137	134	125	124	124	124
35,977	35,345	33,881	33,871	33,236	33,236

Table 23

(Continued)

	2007	2006	2005	2004
TRANSPORTATION				
<u>Public Transit</u>				
Ridership (in thousands)	44,519	45,789	43,489	41,459
<u>Traffic Control And Lighting</u>				
Signalized Intersections	992	979	963	946
Street Lights in Use	86,524	82,971	79,732	77,302
<u>Streets</u>				
Miles of Streets	4,995	4,886	4,782	4,606
Miles Resurfaced and Sealed:				
Major/Collector Streets	13	21	38	39
Local Streets	97	122	147	173
COMMUNITY DEVELOPMENT				
Construction Permits (2)				
Number of Permits Issued	43,894	46,413	41,269	36,717
Market Value (in thousands)	\$5,431,181	\$4,474,346	\$4,379,204	\$3,496,696
AVIATION				
Scheduled Airlines Served	22	22	25	23
Aircraft Traffic Movements				
(in thousands)	1,130	1,083	1,006	1,040
Passengers Enplaned/Deplaned				
(in thousands)	41,886	41,673	40,529	38,253
PHOENIX CONVENTION CENTER				
Number of Conventions	51	40	49	40
WATER SERVICES				
Production (billion gallons)	106.0	109.4	102.1	108.1
Average Daily Production				
(million gallons)	290.4	299.9	279.8	295.5
Miles of Water Mains	6,790	6,630	6,377	6,230
Number of Accounts	401,937	394,155	383,011	371,708
WASTEWATER SERVICES				
Miles of Sewer Lines	4,730	4,696	4,584	4,376
Number of Accounts	373,035	364,555	353,099	344,400
SOLID WASTE COLLECTION SERVICES				
Residences Served	379,047	366,903	355,345	346,854
City Disposal (tons)	732,360	719,438	711,265	710,199
Total Disposal (tons)	1,150,580	1,114,186	1,106,600	1,080,598
GOLF				
Rounds of Golf Played	326,000	326,000	326,000	347,000
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)

2003	2002	2001	2000	1999	1998
38,313	35,351	32,289	30,965	32,076	31,926
935	919	906	884	865	845
75,227	72,683	70,692	67,500	67,000	65,000
4,550	4,486	4,158	4,107	4,100	4,015
42	38	38	50	43	41
179	181	196	191	197	153
33,471	31,032	31,465	33,150	38,534	32,216
\$2,579,581	\$2,627,213	\$2,962,397	\$2,121,291	\$2,431,354	\$2,215,037
24	23	21	24	25	26
1,068	1,042	1,069	1,045	951	909
36,615	34,179	36,699	34,976	32,402	31,050
42	50	51	41	53	48
103.1	111.3	105.1	106.0	104.0	97.0
282.2	305.4	288.9	289.6	287.6	247.2
6,011	5,911	5,771	5,702	5,635	5,582
362,643	355,225	350,367	345,197	339,287	332,898
4,363	4,282	4,174	4,104	4,012	4,012
335,800	331,500	327,487	324,292	316,123	310,447
339,336	332,571	327,953	322,779	317,688	312,372
689,746	644,864	679,308	651,475	627,695	621,058
1,003,470	982,950	1,030,142	1,055,905	1,024,433	917,927
395,000	439,000	449,000	446,000	415,000	391,000
922	925	925	925	758	726



City of Phoenix